

**Daniela Bretthauer:**

Good afternoon. Welcome, everyone, to the disclosure results for the 4Q20 of Via Varejo. I am the Director of IR, and I joined Via Varejo in the end of the year. We decided to migrate to this video conference format since the pandemic scenario is uncertain, and we feel this format can bring us closer.

At this moment, everyone is connected just as listeners, but after the presentation we will open up to Q&A, which can be done by video or phone, through dialing. But when you do have a question by video, please, open up your camera.

This video conference is being recorded, and an important notice to journalists, if you have any questions, send them to our e-mail address at [imprensa@viavarejo.com.br](mailto:imprensa@viavarejo.com.br). We will answer ASAP.

The presentation and the slides will be controlled by our team and transmitted simultaneously online through our IR website, and we will have simultaneous translation in English as well, which will also be transmitted and broadcasted on YouTube in Portuguese.

Before we move on, I would like to clarify that possible declarations that could happen during the teleconference related to any perspective for the business in the Company must be considered expectations only and forecasts that are based on the intentions and beliefs, as well as the expectations of the directors in regard to the future of the Company. These expectations are highly dependent on shifts in the market, the economic performance of Brazilian economy, the retail industry and the international markets, and the effects of the pandemic towards the business, which are thus subject to changes.

In this video conference, we have Roberto Fulcherberguer, our CEO; and Padilha, our CFO. They will be talking about the main highlights in the 4Q and the year 2020. Now I will pass on the word to Roberto, who is the CEO of Via Varejo, to start the presentation.

**Roberto Fulcherberguer:**

Thank you, Daniela. Good afternoon, everyone. I hope you are all doing well and healthy. And I would like to all thank you for being here during our call.

The year 2020 was certainly historical, not only for Brazilians but all over the world. It was a year of a lot of uncertainty, losses and challenges for people and companies. In a single year, the Company reinvented all of its operation, implemented and deployed many projects. And we increased our competitive advantage in this new scenario of a unified retail for the physical and online world, operating in an integrated manner.

On slide 2, I would like to share some of the main highlights for 2020. We are digital. There's no doubt. The sales on the digital channel represented almost 50% of the Company's GMV. The gross GMV was R\$12.8 billion in the 4Q, an increase of 31%, and about R\$39 billion in 2020, with an evolution of 21%. We also had a robust growth in our e-commerce platform from 112% in the 4Q and with 174% in 2020 with a growth of 84% in the 4Q and 90% in the overall year. These numbers give us the certainty that we are on the right track and that the turnaround has already begun successfully.

On slide 3, I am going to highlight some of our main deliverables. The online salesperson strategy, Me Chama no Zap, was developed in record timing, and it was fundamental to

leverage our digital sales. We have an army of over 20,000 sales reps, and they were able to deliver R\$2.8 billion in sales, even with all of the restrictions and lockdowns that happened and that continue to happen.

Just in the 4Q, Me Chama no Zap was able to sell over R\$1 billion. This is a very important differential that no one else in the market has. We are very well prepared in the year 2021 to continue to grow, earning share when compared to the last year and the beginning of the pandemic.

Now an important asset, our customers, they have also evolved in the last year. Their participation of mobile and our sales reached 70%, leveraged by the new versions of the apps for Casas Bahia and Ponto Frio and also by the launch of the Extra.com. Our customers are at the center of our strategy. And this obsession in working with them better and better can be noticed in the evolution of our NPS indicators at our stores and on our website. We also had significant improvements in the Reclame Aqui ranking, as you can notice.

Our logistical network is a huge differential with ASAP Log we acquired in April 2020, already has over 200,000 delivery trucks around Brazil. And it's still one of the best last mile operators in the country. We can also work with third parties in many different categories, including clothing, cosmetics, consumer goods and other categories with national coverage.

At the end of February, we were able to deliver over 40% of all of the orders in 24 hours, and 48 hours, about 60% of everything that we had transactions. All of this was done with a cost reduction and greater efficiency. Now in the 4Q, the same-day delivery that happened at the same date represent already 15% and of all of our online sales.

So from everything we sell online, 15% is already delivered on the same date all over Brazil regardless of whether the item is light or heavy. This is a differential, and especially when we think about heavy stuff. Selling ice cream and delivering it quickly is easy, but selling the refrigerator that's going to be storing that ice cream and delivering in the same-day is a difficult and expensive challenge.

So these investments are already supported by the current numbers with the expected growth for 2021. We will take advantage even more of our installed capacity, accelerating the productivity gains.

Another important strength is our offering of financial services through banQi. We finished the year with an increase of our payment book by R\$1 billion, with a final portfolio of R\$6.4 billion. I do not know if you remember, but when we started off, we said that strength of this company was the payment booklet and that we were going to leverage this.

Another important good news is that we have preapproved limits of R\$11 billion. So we have an insured sale of R\$11 billion for our preapproved customers. And also with co-brand card, the volume of credit was increased by R\$7 billion. So our policies for approval and for provisioning are still extremely conservative, which explains a drop in the default indicators, which can be presented by the over 30 and over 90 indexes, reduction of 29%, which goes back to the pre-pandemic levels.

BanQi will be an important player in our strategy for financial inclusion. We are able to digitalize the entire credit approval process from the concession until the receipt of the installment.

Even the famous Casas Bahia payment book was reinvented, the *crediário*, and it's already available digitally. We finished the year with about R\$2 billion under management, with 1.8 million accounts opened and about 300 million TPV.

So even if we consider the control of Airfox, ASAP Log and i9XP company that specialized in development of technology for e-commerce, and we should also mention our stake at Distrito, an innovation hub for startups.

In June 2020, the Company reopened to the public market with a follow-on of R\$4.5 billion. This operation received the award of the best follow-on offering in Latin America by Latin Finance. All of these acquisitions that I just mentioned were able to leverage our strategy and should contribute a lot to new market share gains in 2021.

On slide 4, you can notice that quarter-by-quarter, we have been growing above market levels. On average, our growth was 2x greater than the market according to the data. From Compre and Confie, we were able to gain about 4 p.p. in market share.

As I mentioned, our speed in adapting to this new scenario and the launch of the online sales team was fundamental for this big turnover. In the 4Q, the online sales team reached 21% of our total sales. The improvement in the product mix and more availability of products were also fundamental to help us gain share.

Our customers are becoming more and more multichannel. And these customers that are more digital spent 2x more and come back with a lot more frequency. Our penetration in higher income clients also doubled in the end of last year due to the strength of our strategy, our commercial strategy and also the good acceptance of our brands.

The repositioning campaign, the Bahianinho for Casas Bahia, was an absolute success. We have customers for many different social levels and age groups. So the real democratization is accessibility of our strategy. We were able to resume our opening of new stores in 2021.

And we will be opening 120 stores. 15 were already opened in January and February. The focus will be in the North and Northeast regions, where our market share is still very much below our real potential, especially when compared to our presence in the Southeast region.

We have room to double the number of stores in this region. I would also like to share some information that reinforces our expansion in this region. So productivity per square meter in the recently launched stores in the Northeast is 40% above the Company's average.

And we were able to close down 32 stores in the 4Q. And we had already mentioned that we would be closing about 100 stores. But we are assessing in the 1Q how many would still need to be closed. This is because we are renegotiating all of the rents. And in some cases, we are very successful, which removes the need to close down these stores.

I would also like to present the new visual identity of the shopping mall stores with the greater emphasis on technology, such as what you are looking at in this screen. So we are strongly working on different initiatives to accelerate our marketplace and really win. We will win in the marketplace this year.

On slide 7, we highlight some of these efforts. Constant improvement in the onboard process was an important reduction in the term for admitting new sellers. We already have the new onboard version. I have a little video to demonstrate this as well, but to sum it up, in three minutes, a seller can sign up and start up a new store operation with us.

I am going to share the video, and you will understand a little better.

**Video:**

For your store to be on, come here to sell on the Casas Bahia app. My store is on, and I do not have to pay anything. My store is on with Casas Bahia. With the presence of Casas Bahia, you can expand your business, you can sell to all over Brazil. With the logistical advantages of Casas Bahia, in three minutes you can register your store and you will have more than 20,000 salespeople working with you.

I work and I sell on WhatsApp. My store is on with Casas Bahia.

**Roberto Fulcherberguer:**

You could see on the video that we certainly are calling the sellers here. We have an onboarding process that is extremely accelerated. In three minutes, the seller can sign up. We have this film on open TV with them calling new sellers on social media and specialized media, and also with over 40,000 e-mail marketing efforts to specific sellers environment to Via Varejo.

So certainly, we have got into a strong acceleration journey. So we are focused on expanding our portfolio, participating in new categories and new items.

Just in the month of February, we were able to add on about one million SKUs in our platform, launches of special deals and special promotional tools, and improvement in the product tracking system, modifications on the delivery dates and cancellations, a new visual for the process to register products, updating prices and inventories, major offering of delivery services in the marketplace. And we are also going to expand our relationship of banQi with some store owners in the marketplace with some corporate bank accounts and other financial services, such as the payment booklet for the marketplace customers.

So on slide 8, we also want to highlight some of banQi's differentials, an important tool for financial inclusion for level B and C. We already have over R\$2.3 million. We have 1.8 million accounts active. And it's R\$2.3 billion under management, the TPV is around R\$R\$300 million and PIX already represents 11% of this. We have a complete digital account, including payment services and a QR code. Over 7 million of facilities already accept banQi as a payment method, with this integration of the Casas Bahia stores making it possible to cash money and also deposit money at any of the stores, all the days in the week.

Now I am going to pass on the word to Padilha, our CFO, so that he can go into the financial highlights. Padilha?

**Orivaldo Padilha:**

Thank you, Roberto. The numbers for 2020 are the results of our determination and the success of the strategy we adopted on slide 10. I have some of the data of the 4Q and the year of 2020 according to the accounting criteria.

I want to highlight the evolution of our gross GMV. So the 4Q growth was up 31% to about R\$12.7 billion. And in the year, this was 21%, so to almost R\$39 billion. The gross profit increased 30% to R\$2.8 billion with a gross margin of 30.5%. And the overall year, the increase of the gross margin was 4 p.p. to 32.8%. The EBITDA went from a negative number in the 4Q of 2019 to R\$545 million in the 4Q, and it almost doubled to level of almost R\$3 billion. This shift in the profitability can be observed in the net profit that went from major losses in 2019 to robust profits of over R\$1 billion in 2020.

On slide 11, I can represent some of the reconciliation of the nonrecurring effects for the main lines in our results so that you can match the operational and accounting performance in the quarter.

Here on slide 12, we have the highlights of the quarter and the year from the operational perspective. So the gross GMV performance, as I mentioned in the previous slide, but the gross margin adjusted for nonrecurring effects was of 29.2%, one p.p. lower, which is explained by the shift in the channel mix with greater participation in e-commerce and the in total sales.

The adjusted EBITDA was of R\$709 million, a 13% higher compared to the last year, with an EBITDA margin adjusted of R\$7.5 million, which represents good control on expenses. In the 1Q, we had net profit reaching R\$209 million with a net margin of 2.2%. In 2020, we had a shift in the losses, almost R\$0.5 billion to profits of R\$167 million.

Now I would like to mention in greater detail some points about our financial strategy on slide 13. In the year 2020, the financial results were negative by R\$697 million, 27% lower year by year. And as a percentage of the net revenue was R\$2.4 million. And then during the 4Q, we had resumed the policy of discounts of receivables on credit cards but at a lower profession due to the improvement in our capital structure due to the follow-on offering.

We finished the quarter with a cash position of R\$8.5 billion or R\$9.3 billion if you include the value of the anticipation for suppliers. Our net cash is R\$4 billion, considering the non-deducted portfolio. And the financial leverage indicator just for the last 12 months was 1.4x. So basically stable compared to the previous year.

On slide 14, I would like to mention some of the production indicators and the performance of our payment booklet. While the performance of the portfolio had an evolution to R\$6.4 billion.

We had a major improvement in indicators such as delays in the second semester so that we closed the year with a reduction in all of the delays over 30, over 90 and over with 60 with 29% of the PDD. The level resumed to the levels pre-pandemic.

Now I will pass the word back on to Roberto as he talks about some final indicators when it comes to ESG practices.

**Roberto Fulcherberguer:**

Thank you, Padilha. In the environmental field, even with a very challenging year with stores closed down and many different restrictions in the operation of our stores, we reinforced our reverse logistics program. So when we think about emissions, we are able to have significant reduction with the reorganization of Via Varejo logistics based on mini



hub system with ASAP Log using lighter vehicles, reducing the number of displacements or trips of trucks to be able to make products reach our customers. The number of used appliances and electronics collected at the stores was tripled, reaching a total of 400.

And we continue to invest in renewable energy sources. We disclosed yesterday our annual sustainability report. To download this report completely, you can access our Investor Relations website at Via Varejo. We continue to see major opportunities for growth for Via Varejo in 2021 and intense potential for value generate information.

We are proud of our evolution, and we will deliver even more. I would like to finish this presentation by mentioning some of the important strategic leverages for 2021. We will win the game in the marketplace with a big scope of services provided to our sellers.

That's it, guys, we are starting with a major focus on marketplace because we want to win. We are going to expand our market share. We are going to leverage our logistics through that lot, providing solutions for light and heavy products such as deliveries on the same day all over the country and a full scope of services to collect and distribute and store products for our sellers. So we are going to win our share in high-volume categories and increase our share in higher income customers.

Here, it's very important to leverage of furniture and match this. So replace the third and fourth places, they do not even get close to our position. So we have even more room for leveraging this. We are going to be focused on the North and Northeast for new store openings, and we are going to accelerate our credit offerings through payment booklets, the digital model, offering credit to our customers in the marketplace and through our co-brand carts.

And finally, we are going to be growing above the market level. So I am going to complete this presentation. And now we would like to open up to Q&A.

**Guilherme Assis, Safra:**

Good afternoon. Thank you for taking my questions. I have two main questions. One is that we are experiencing an uncertain moment in the economy now. And so I would like to understand you guys perspectives for 2021. I think it's very clear to see your focus on the marketplace. If you could maybe give some impact on how the performance has been after the closure of the quarter because we had the phase out of the corona voucher, and we also have a lot of uncertainty in the macroeconomic scenario.

So what I understand, if you guys have seen, for example, that the end of the corona voucher had some impact in your sales after Christmas, for example, on New Year's. This is my question. And also my second question, it's also pretty clear to see that you guys have a strategy now to have this new platform with the marketplace. And you guys have also described all of the initiatives and the strategic focuses to be able to leverage sales in the marketplace.

We also see that the competitive environment is a little more intense now. We have seen competitors like B2W shifting their commercial policy to be able to also leverage growth, and MELI also announced some intense investments to be able to set up a fulfillment platform as well and as well as in Mercado Pago with about R\$10 million in investments in Brazil. How would you imagine this competitive environment? And how do you respond to it to be able to deliver the growth that you guys are expecting for the marketplace?

**Roberto Fulcherberguer:**

About 2021, we began the year in January and February, and we are at the same growth rhythm as we had in the 4Q. So we continue to grow significantly. We are still gaining market share. And we continue to gain market share at levels that are very similar to what we demonstrated here.

About coronavoucher and its impact in our business, it's important to highlight that in the 3Q, corona voucher was 100%. In the 4Q, it was about half. And when we migrate to January and February, we still have no impact due to the growth that we continue to work on in January and February.

We were very attentive to who was receiving and how they were using. Most of this was used for food, actually. So almost 50%. And there was greater penetration in the North and Northeast, where we still have lower penetration, and we are going to revert this with the launch of new stores.

But we also had this important benefit. I could say that the absence of this corona voucher in our business did not have much of an impact. We continue to gain market share and selling well now in January and February, about the year overall. Yes, it is a more complex year, but we are very optimistic.

I think everything we have planted in 2020 kind of led us to this path for this year and gives us a chance to compete a lot more in this market and continue to win over share. We will continue to win share quarter-by-quarter this year.

About more intense competition, I think it would be important here to highlight because there's some players that leave 1P, go back to 1P. We are already used to this kind of dynamic. There are players that go back to 1P and then they burn cash very quickly. This already happened. It's not the first time. We know exactly how to deal with this.

And all of our strategy for negotiation with industry, we already have basically the whole year planned. We have a lot of share to eliminate or reduce any kind of aggressive competition that we cannot monitor. This has not impacted our business up until now.

So these free transportation practices and all that do not impact our business. And so I believe we are very well structured. The investments you mentioned, for example, of like R\$10 billion for MELI, when you read their interview, you can see that it's not necessarily investment. There is a lot of expenses involved. And if you were to compare that with us, ours is probably about 30% higher than that, if you compare what is included in those R\$10 billion.

So we respect our competitors, but Via Varejo is a Via Varejo has been evolved a lot more. If we were to consider logistics, for example, we are already doing what no one else does. We are already doing like 15% of I think that's delivered online basically happening on the same day, regardless of if it's a light or heavy item. So for heavy items, I would risk saying that no one else in the market can do. We do this all over Brazil, in all of the markets, in all the regions.

Another example is that in the past year, it's not like we have the condition to deliver all over Brazil. We delivered 99.9% of the municipalities last year. Maybe like 5 municipalities, we were not able to reach. We are even calling around so you can deliver some products in these municipalities also. So this is ready already. And if we consider

same-day delivery, we are still on version number 1. We have another three versions to get in this semester.

So this version considers four distribution incentives and 200 stores from the 1,100 stores that are mini hub. So we are going to evolve with a number of stores. And then you can imagine the potential of where these 15% can reach.

Another thing is that we already have in the 3Q in our pipeline that we are not going to be talking about same delivery anymore. We are going to be talking about same hour delivery. We are going to have ultra-express delivery. And we are going to be delivering at the same moment when the order is completed.

So with all of this, and it is important to be clear that we are investing in technology, but all of the assets are already here. They were already here, actually. What we were doing in this turnaround was to connect all of these things in place and make them work. So we definitely have what it takes to compete. No one has a more aggressive freight chart as we do because of everything we already do all over Brazil.

So I would say is that what was done so far has not affected our competitive advantage. And if it does affect, in any way, we have a lot of assets and room for maneuvers at ships in different areas and operate even better than what is set in the market.

**Guilherme Assis:**

And just some follow-up, Roberto. We can see that you guys continue to have healthy margins while other players are talking about improving service level, giving up some margins to be able to fund their growth initially and then reach profitability in the future. But how can you consider this all of a sudden? You guys mentioned this now at the end of the answer, right, that you have this room, a little room. But how do you imagine this dynamic, the competitiveness and the fact that you guys still have a margin that's a bit above what we see in competition?

Of course, there are services, financial services and other things. But do you think that at some moment, you guys could maybe give up a bit of margin to be able to fight this kind of competition if it's very intense to be able to continue growing and gaining market share as you have done?

**Roberto Fulcherberguer:**

Guilherme, here's some good news, everyone is like burning down margins to improve the services, but I already have this level of service. So the assets are ready here. We just have to move a little more here that way. But it's already happening. And we were able to win over a lot of market share.

We were able to evolve strongly in the service level, and we didn't give up margins for this. When we look at the competition, we see some competitors that have been opening up, giving up margins quarter-by-quarter.

And then there's going to be a limit, right? This is the moment where you cannot give up that much more. And so we are already balancing outgrowth here without giving up any kind of margin. And we have other competitors that never made money. So the marketplace in Brazil, no one makes money like this here in Brazil. We are really focused



on evolving the marketplace making money. And we have the necessary attributes to do this.

**Guilherme Assis:**

Thank you.

**Danniela Eiger, XP:**

Congratulations on your results. I have two questions. The first one is about the impact of nonrecurring elements in this quarter. We saw about R\$550 million in adjustments in operational expenses considering SG&A and others. I want to understand what kind of expenses they are, if you could give us more details on what was what.

And also, another point that I wanted to understand is the impact of the recent decision about default with ICMS by the Supreme Court, how this impacts you, if you have been affected by this financially and what this could represent on your operation?

And the third one is another question about the video that you presented. You guys mentioned about 0 commission. What is the 0 commission exactly for a salesperson?

**Orivaldo Padilha:**

Thank you, Daniela. I will talk about default. Actually, a very important decision for retail, for electronics and for Via Varejo, this is the same thing. Due to the importance of the electronic commerce, we stopped paying two taxes. We only pay one. And this impact for Via Varejo is strategically more important because we made some decisions.

And the legal and technical sphere during the process, we have a process under progress, lawsuit that's under progress until there's a Supreme Court decision is more favorable.

For Via Varejo, this is an important impact. It's recurring on about 100 bps in our margin that can be applied in greater competitive advantage from now on. It's important to also mention that the recent decisions from the judicial power in Brazil also brought in another competitive advantage, which is what we call subvention.

So everything that has an incentive also has incentive trials of taxes, not only those direct impact or direct taxes, which brought in an important effect in our income tax and social contributions with 40 bps that are recurrent. And so the two impacts together that are recurring from January onwards, and default since January represent about 140 bps in our competitive advantage when it comes to this. And this is one of the most relevant point.

About your first question, the Company has a legacy, and we have been working on this. In the case of the most relevant contingency, which is labor, liabilities. And we already reduced about 50% of the volume of losses that we had in the Company in the past. And this is an important adjustment to consider the current risk.

Obviously, we also know, and this administration has been able to bring in other benefits that more than offset this increase in the risks and the labor liabilities. I do not know if you were in the Investor Day in November 2019 when we talked about this a lot, but we disclosed that the Company had other credits and we are internalizing this.

These are materializing themselves, and these are important because they provide high liquidity. We are talking about 2.5 years to be able to monetize 100% of these cuts. And we have been able to balance this out in a very significant way with a positive balance.

**Roberto Fulcherberguer:**

So about the commissioning that's on the video, it is really that. So we are providing the opportunity with small sellers registering zero commissions during three months. This is a huge opportunity for small sellers to come to Via Varejo and connect with our platform so that they can also experiment our ecosystem and that we can promote loyalty.

So that's really it. It is limited to three months. So far, there is nothing new. We actually even have retailers that give sellers cash back. We are, at this moment, proposing these three months.

The good news is that the onboarding of sellers is something that we kind of left aside in the 2H in order to focus on 1P. And as I had already mentioned, the focus this year is marketplace.

The acquisition we had of i9XP, we brought a team of over 100 professionals that are specialized in commerce and marketplace, and they added up to our team. We quickly completed the onboarding process, and we completed the year with 10,000 sellers on the 31st of December. We finished February with 15,000 sellers. And we still had it included in this promotion. Nothing was in the air. We only have this new platform. And now I could say that the rhythm of onboarding in the sellers, considering that they are able to create their store in just three minutes, we are doing per day what we would do in a full month.

So there's no more limitation. We can onboard sellers exponentially. We have intense work done as a sign up. One of the important assets that this company has is really brands, so we do not want to put them at risk. So we have some important control with the new sellers entering, but we have no more limitations. We quickly reached the seller volumes that competition has if this is interesting to us.

**Danniela Eiger:**

Thank you. Very clear.

**Ruben Couto, Santander:**

Good morning. I want to talk about the marketplace still. Now it's clear that this is a central strategy for you guys. But how can you ensure the same level of service that you guys have at one peak with all this onboarding of the sellers that you guys are accelerating a lot.

And can you also talk about this ENVVIAS platform and when we should imagine some kind of significance in 3P with this platform. Have you guys considered the hypothesis of some incentives for sellers to bring them into the platform. What should we expect for the rest of this year?

**Roberto Fulcherberguer:**

Thank you, Ruben, for your question. I want to start talking about ENVVIAS, which is really talking about how we are going to maintain the standard of quality in our business. So it's already operational.

And the second phase of ENVVIAS is already available, which is ENVVIAS Coleta. And when the seller performs the sale, I collect this places in our logistical structure and finalize delivery.

So more and more, we are operating with the sellers logistics. And this is just the beginning. We have a very important journey up ahead with the evolution in ENVVIAS. And we already have the two main points that guarantee the level of service.

And another important detail is that ASAP Log already has a huge amount of delivery people connected, and they are already all over Brazil. So ASAP Log is not only operating for Via Varejo, but it also really combines with the logistical strategy of Via Varejo. So they will be major operators for other players out of our ecosystem.

For example, today, we already operate Riachuelo and other brands, and we are strongly active in the logistical development so that we can ensure this quality.

When it comes to incentives for the sellers, I could tell you the following: the success we are having with onboarding sellers without working on anything similar to what is done in the market, with the success we are having, I think we are not going to need to create incentives.

As I mentioned, just look at the balance. No one makes money with the marketplace. And it seems almost like the more cash you burn, the more the Company's price goes up here.

We kind of believe in the opposite. So we think that you need to give money as well. But we have attributes as well. So who's purely marketplace, that really depends on commissions only, eventually may have problems if they start with a commission war.

But we are very well prepared. In just a little time through banQi, we can have our payment booklet, providing credit also to marketplace items. And so all of you guys know how profitable our payment booklet is and how well controlled our default rates are. So here, you can see only the positive numbers. That's an important source of revenue.

And our logistics as well. I do not need to have investments to improve my logistical quality. The logistic I have is already ready and it's already participating in my results. So as I add on more and more sellers that are operating with my logistics, I just optimize my costs, that will increase costs or just reduce the average cost of my business.

And then, of course, we can have costs that are extremely accessible with our freight making a lot of money. So I would say the following: for those who are purely marketplace operators and really rely on this commission, they can have problems because if we need to do something here in regard to commissions in the long run, this will not affect our results in any way.

**Ruben Couto:**

Thank you. That is clear.

**Eric Huang, Eleven Financial:**

Thank you for answering my question. Also in regard to the marketplace, you guys mentioned in your release about the expansion of your product portfolio. So we want to understand what would be considered priority segments when it comes to the increase in the portfolio. We saw an acquisition by one of your competitors of a player connected to the Food Retail segment. Would it make sense for you guys to do something like this?

And also, a second question is about inventory. You ended up in the 4Q with a very robust inventory. And you guys mentioned some lack of supply risk. So I want to understand if there's some specific item where you see this and if these supply risks could affect the sellers in the 3P. It's just going to lead to any kind of negative impact.

**Roberto Fulcherberguer:**

Thank you. Eric, your video just appeared. Now we see you. In regard to the product portfolio and assortment, just in the month of February, we were able to add on one million SKUs in our marketplace. We already have 11 million. And with this accelerated onboarding process, we will be having this infinite shelf in the next month. So in another two or three months, we will have an assortment without owing other players anything.

When it comes to food, well, Eric, me and Padilha, we already went through the food sector. We know about the challenges in operating with perishable goods, for example. So at this moment, we are not looking at the food sector. We think that there's a risk in worsening our services.

But circumstantially, this does not mean that we won't look at this. And I think that instead of us doing this directly, we do not have the ego of wanting to do everything. So we really believe in partnerships. So now in the nearby future, we can have some partnerships. And then it's just about plugging into the ecosystem. And from night to day, you will have the necessary assortment and portfolio. So we do not see a challenge.

But it's not our priority at the moment. We do believe that there are many other intelligent ways and less risky ways to work with consumers to be able to win our recurrence. And that's what everyone is searching for at the end of the day.

We consider this something very important. In the next month, we will have something that's very disruptive, and we believe that this will add on a lot of value and new business opportunities.

I cannot mention this exactly at this moment. But we believe that there are other ways that are more efficient for our business model here to bring in recurrence. Now when it comes to inventory, certainly, we finished the year with an inventory at a very relevant level due to the lack of supply scenario, but the good news is that we still have a good inventory.

Of course, there are some problems with supply in some categories. But in our case here, we do not have any situation that generates a direct impact on our sales. What could happen is that maybe inside one category, for example, we will have 10 models, we will have 8 instead.

But we would not, in any way, lack supplies for any of our categories. So we have been moving on with significant growth in the two months of the 1Q, and we are still gaining share.

And it's important to mention that we are gaining share. And our market share measurement is with by GFK, which are the tools that basically can study everyone in the market.

It is important to mention that we do not exchange data with EBIT | Nielsen. So whoever is using EBIT | Nielsen to compare is comparing with their own selves because there's very few retailers in the platform. We are one of the biggest in the 1P segment. We are not in this platform. We could be in the future, but currently, we are not. So we are using Compre and Confie and GFK, which everyone is operating with.

**Eric Huang:**

Thank you.

**Richard Cathcart, Bradesco:**

Good afternoon. I have another question about logistics. You demonstrated some relevant advances in the release, mentioning about up to 60% of the deliveries in 48 hours. I wanted to talk about free transportation, which competitors are maybe investing more in. So I wanted to understand how much this represents in your business, and how important this is to you. And what you guys are expecting, or how you guys imagine this in regard to free transportation, free freight costs, and with regards to the marketplace as this gain scale throughout this year?

**Roberto Fulcherberguer:**

Thank you for this question. In regard to free freight, yes, we are monitoring what is happening. This has been working ever since the 4Q. This is basically giving us zero impact on our sales. So we are growing, and we continue to gain market share. What happens with the free freight costs from competitors is not impacting our business.

If we are going to do something like this in the marketplace, like free shipping, if there's someone with the capacity to do this with very low cost, it's us. Because we already have the network all over Brazil. So just adding on more stuff into this network and optimizing it more, so adding more stuff into this is going to lead to relatively cheap marginal cost.

So we are going to keep up in June, but we are going to make money here. If it's not necessary, we won't do it. But if necessary, we have the logistical network to do this. And the attributes that I've already mentioned, for example, to make money in the marketplace.

Once again, I think it's important that we have added in the marketplace is not a plan or dream, it already became a reality. We are already active in marketplace. We are growing strongly now in this semester in the marketplace.

And as we add on more sellers, the sellers into this ecosystem, we will earn a lot more depth. Another important point. Is that we are very passionate with our service. It's in our DNA to work with our customers and sellers. For us, they are not retailers, they are clients.



And they need to be very well serviced, and there needs to be an ecosystem working for them. And that's what they are going to have here. So they will have all of the Via Varejo ecosystem with over 20,000 salespeople through the Me Chama no Zap selling for them. So I think no one in the market has this kind of possibility currently.

With the strength we have through the Me Chama no Zap. Just check out the numbers that this already represent. So our logistical structure will be available. They'll have our payment footprint and all of the traffic we already have, and our 20,000 salespeople working on the marketplace as well.

So we have a trend in the relationship we want to build with the seller, which is different than the purely commercial relationship in the market. We want to really build a relationship where the seller is our customer. So we have many possibilities for success without having to throw away so much money as the market has been recently.

**Orivaldo Padilha:**

I just wanted to add on to Roberto's answer. In the presentation, we presented the Me Chama no Zap participation, but this is the general participation. So it's also participating in the marketplace. We didn't strategically disclose share, but I could mention that it is very relevant.

So the online sales personnel also sold about R\$2.8 billion in 2020, also sold the marketplace, and it's already relevant. So we have an ecosystem that is very interesting. And we have many differentials here relatively into the marketplace with a lot of strength.

**Richard Cathcart:**

Great. If I could maybe just have some quick follow-up about the marketplace. You mentioned in your presentation that this year, you are going to be winning over the marketplace gain. But what are the metrics that we should consider throughout the year? Is it purely growth? Is it GMV? The number of sellers? Or a combination maybe of everything?

**Roberto Fulcherberguer:**

I think it's a combination of all of this, Richard. What really interests us at the end of the day is GMV, and the recurrence of this is going to add on to our business. So the number of sellers is just a consequence. Maybe with 30,000 sellers, we can already have this, maybe 80,000.

It's really going to depend. We are going to assess this as we escalate, and with the amount and the sellers that are most important for us and our ecosystem. So I think it's a set of factors that will define our success rate at the end of the year.

**Richard Cathcart:**

Thank you.

**Tobias Stingelin, Citi:**

Congratulations for the results. It was an impressive year. But now, let's shift a bit and talk about physical retail. So where are we at when it comes to the turnaround of the

physical retail? It was very clear to see that you wanted to stabilize e-commerce and you focused on 1P. But now, you guys already talked about closing 100 stores but you are opening 120. I want to understand these main variables and how you are considering physical retail? That's the first question.

And then the second one, if I could mention, is if anyone falls on a parachute, they look at this sector, they are going to think it's successful because the number of sales in the market are very strong. But it's not in line with the economy. Of course, you had the pandemic. You had some shifts in habit. You guys even talked about corona voucher was also relevant. But this growth in market share, where does it come from? You do not need to give me a specific number, but how can we understand, because I imagine that the market as a whole is not growing as much as your numbers. So if you could give some context. I thought the market's growing 5, and we are growing this much, because it's very significant.

**Roberto Fulcherberguer:**

Tobias, I am sorry to interrupt you. My camera is not appearing. I am so sorry, for some reason, my camera is not appearing here. We cannot see you, but we have your images. So thank you very much.

So let's start off by the physical stores. I would say that for example, we have some basic renovation work. And all of them, we have already corrected them, and this took place in the first 6 to 8 months of our management.

We understood when the Me Chama no Zap started, that we could start maybe solving some aspects of the number of stores. So we announced about up to 100 stores. We closed 30. We shouldn't reach those 100. We are renegotiating some contracts for rentals with basically all of the stores.

And we have been very successful on this. So some stores, we were going to close, but when we are able to see such a reduction, it doesn't make sense. So in this aspect, maybe there's another 30 or 40 stores in this band that we should still close. We went back to the expansion plan, the Company has stopped the expansion at the pandemic. We have 120 stores this year. 15, we have already launched.

We will add on a lot to the North and Northeast. This is pure sales market share because these are markets where we are not present yet. And the good news is that these stores we launched at 40% higher productivity compared to the other stores we already have. So we are very precise. We had some competitors that were swimming on their own. Now that's done.

Traditionally, we sell 2x more than competition. And we are not going to give this up. We are going to continue to search for this. So I could say that physical stores, we have a turnaround done. But of course, the physical store we have currently is not behind when compared to the other stores.

But we have a plan for normal renovation work that's like maintenance. And as we perform more maintenance, we already add on, this is already included into the new standard. And as we perform the more intense renovation work, we adjust the stores to the new standards.

Another important piece of information, that the store is not only a store. but 100% of our stores are pick up from store points. This is a huge differential. So customers can buy and pick up in up to two hours because of the credit card approval process because the item's available when they buy it.

So when they buy and they approve their credit, their invoice is already ready. And all of our stores are logistical last mile hubs, so we have a lot more productivity in the stores. It's not always the sale, but everything that it represents when it comes to service levels together.

**Tobias Stingelin:**

So just one more point. I remember in the beginning, you are just saying, "Hey, let's go back to retailing." Right? You had to shift the managers of the store, stabilize Via+, is all of that pretty much solved? Is your team set up? Are you already training new people? I know that there are other elements that were a little more intangible, but it is also very important.

**Roberto Fulcherberguer:**

Tobias, I jumped this because this is 100% solved. We already have the team we want. It's a real good team. Of course, I am the CEO of the Company, but our sales team is definitely the best in the market and we have the same level of success in our services online as well.

So this is the real show that they are demonstrating on the Me Chama no Zap Call me on WhatsApp, this program that started in the beginning of the pandemic. And if you were to consider just the last quarter, we had R\$1 billion in sales. So people are really very successful.

Our sales team is already 100% digital. BMI is also completely stable. We have mobile in the hands of all the sales team, and they finalized the sale and also the payment footprint in mobile due to the fact that credit approval normally doesn't have a human interaction. So everything is transacting in the hands of the sales team.

So is there more room for growth and improvement? Yes, constant improvement. We have lots to do, but the basics are complete already, and we are adding on some improvement that can continue to move us to higher levels compared to the market.

About market share, I did demonstrate in the graph that we are growing 2x above market level. So this is the reality. It's the number as it is. And if we look at Gfk, it's higher than this. So we are basically robbing share from everyone.

You have been following us ever since the beginning. And now, we really went back to *varejando*, the term, which is basically in all of the segments, we want to be retailing.

So we are winning over share in the full market, and I cannot tell you exactly who is losing share. I think that the subsequent disclosures will help us understand this, but some small regional players are having more difficulty as well as those people that depend on our categories.

And their marketplaces are also suffering more because we are very precise with the industry. We have big players in our segment also suffering. We are winning over some

share, and there are some areas where the players were basically on their own. And now we are reaching this point with online operations and with the stores. So I could say that there is an important mix.

If we were to consider the Gfk numbers last year, obviously, there is no growth. We see there was a major risk the market was considering possible anticipation and consumption due to the sale that was being done. But when I look at the numbers for the full year, you will not see any kind of anticipation on consumption. Growth was pretty much nonexistent. And what we can see is that we did certainly grow, and we are continuing to gain market share.

**Tobias Stingelin:**

Great, Roberto. So two last questions. The same market data, do you have this for January and February? What is Gfk saying? Are they saying that it grew or did not grow?

**Roberto Fulcherberguer:**

With Compre & Confie, I do not remember this, but I could say, Tobias, is that we have the same trend, the market share gains that we have been having. I do not have this number exactly. I could maybe send this later on. But it's pretty much of the same rhythm as last year.

**Tobias Stingelin:**

Okay. And the last question, you said you have 15,000 sellers and you are maybe onboarding every three minutes. But you have a concern also with controlling who enters. So can you do this? How can I go in, in three minutes, and you can still control this? And you are saying that 50% already are Envvias.

**Roberto Fulcherberguer:**

Yes, they are already using Envvias. And we just launched one week ago the Envvias Coleta, which is still a small number. We just launched it, but it is going to be ramping up very quickly. So what we had said we were going to be unleashing, we certainly did. So now we have a whole different company, and this is already the reality.

About the control processes, all of the onboarding work is done in three minutes, and then they register items. And at the same time, while all this is happening, we have a lot of robots and AI working and performing this kind of control.

So I am not going to give you complete details about how we do this. I think there's also some of our business secrets, but it's intense control, because it is one of the most important assets for us is our brand, and we do not want to risk it.

**Tobias Stingelin:**

Okay. Thank you very much. Congratulations. Good afternoon.

**Olivia Petronilho, JPMorgan:**

Good afternoon. Thank you for accepting my questions. I have two questions. First of all, I wanted to continue just with the 1P aspects about online. You made it clear that the idea

is to grow in the marketplace. But I want to understand how we should consider the 1P assortment because we saw a lot of players giving up part of their assortment on 1P to transfer this to 3P. So how do you balance this growth at both platforms up ahead?

And the second question, still on the service level. We see the service level is really high in the Reclame Aqui level from your sellers. So you have a factor here, some sellers are bigger and more professionalized. But I think I want to understand where you have this gap on the service level with them on Reclame Aqui, and your own level of service as well. So Is there still stuff that we need to adjust in the operation of 1P? And the final question is about banQi. We see significant results in regard to the payment booklet. And I want to understand if you guys have more initiatives now in the short-term in regard to most recurring use such as the wallet and how we can maybe accelerate this?

**Roberto Fulcherberguer:**

Thank you, Olivia, for your question. About the composition between 1P and 3P, obviously, we make more money when the item is in our 1P. We are not going to give up profitability just to have growth in 3P and then make the market happier with it.

What we do have is that we have a lot of industries and we basically have like the full operation. So when the item becomes extremely relevant, and we understand that it makes sense to have this item in 1P, we migrate it from 3P to 1P. Because at the end of the day, what is sustainable about this whole business is that the market price does definitely add on a major possibility to improve the recurrence, considering the expanded assortment.

But if it's going to be transitioning to 1P or 3P that's indifferent. What is important is that we want to ensure an assortment and the recurrence. So if we consider this is indifferent in the long run, some will reach the conclusion that it's the obligation to have a marketplace is functional and what was it is really the sum of both.

And the recurrence of the customers they are able to conquer as well, it is going to value what provides more profitability to the Company. That's what we are going to be valuing, and I think that's more sustainable for the Company's health in the long run.

Now about the service level, if I understood correctly, you were talking a bit about our gap in regard to competition. Is that it?

**Daniela Bretthauer:**

Yes. And with the sellers in the marketplace.

**Olivia Petronilho:**

Yes. Compared to marketplace and your own 1P. So I thought your numbers are very interesting. I understand now that you guys have more professionalized history than the avenue of the marketplaces. But I wanted to understand where the service gap comes from?

**Roberto Fulcherberguer:**

We improved basically everything. We reinvented all of the processes in this company. So it was a turnaround. It was definitely very complete. When we came here, we had a



lot of little faces on the Reclame Aqui, and we started off January 2020 with some of this little yellow faces. And now, we do not have anymore.

Bartira is already very strong and all of the other ones as well are above 7. And we have seen some important progress month by month. So if we were to consider in the last 12 months in the volume of complaints in Reclame Aqui, our brands do not at any moment overcome the number of complaints from our competitors. All of them have more components than we did.

So we had a problem there with a solution, but this is solved. The maximum time the solutions of critical cases are between two and three days. But most of the cases have a solution that is basically immediate.

So that's what has been contributing to this improvement. So we should see throughout this year some continuity in the improvement of our index. And all of our brands moving along to the maximum level of adjustment.

And just to your last question about banQi, yes, it has been evolving and growing. We are very happy with it. It already has more than R\$2 billion managed, and customers are already using banQi to pay for their payment booklet.

The arrival of PIX was very positive for banQi. So while we consider the TPV from PIX is not very high, and it's already our complete platform really for Class C when it comes to user friendliness and payment method.

But now, what we are working on at the end of the 3Q and the beginning of the first, we are starting to have personal loans, and that's when we see major differentials because we are going to have the acquisition costs trending to like a year. So it becomes very cheap to acquire customers as well. They already have a financial relationship with us for quite a while.

And we have over 30 million customers from the payment booklet where we have their full profile. As we evolve with the number of customers, and this has been growing month-by-month with a continuous approach; and we start to also have some personal loans using the credit models you already have and the knowledge we already have about this consumer, which should be extremely precise when it comes to low default, we are going to start having more greater potential with banQi.

So in our next call, we should have Via Varejo Day in April, and banQi will be a specific part of the call, where we will have a separate topic of discussion to talk about banQi because it's very a unique case. And we are going to have one of the most powerful fintech in Class C here in Brazil.

**Olívia Petronilho:**

Great. Thank you very much.

**Gustavo Oliveira, UBS:**

Good afternoon. I have two questions. One, if you guys could still explain the benefits of PIX in this operation and how this has been impacting your P&L. And also, maybe if you get to know your customers better with this data, and it's really significant, 11% adoption is very significant.

And the second question, still about profitability. Very clear that you guys are very confident in regard to OPEX, logistics, marketing. As you have mentioned, you really reinvented the platform and you are a lot more confident, but how are you imagining possible gross margin expressions in the business due to greater competitiveness or devaluation in the currency? And all the variables that could be impacting your business in 2021?

**Roberto Fulcherberguer:**

Thank you, Gustavo. Great question. About PIX, purchase and recurrence moment is very significant. And then customers do not have any costs. So it basically increased and have been increasing the use of systems. So it really added on and leveraged everything we already wanted to do in banQi.

We started together with the launch of the PIX, and we have been conquering some important groups. So it really helps in many different ways with the recurrence. As we begin to have personal loans and customers start using balance, we are going to be present in their day-to-day relationships. So that need to have recurrence with customers, banQi will already give us a daily update with these consumers.

Another recurrence is the payment booklet. So customers will have like 12 to 14 months of recurrence with us. And just as we can see some important elements come into our brand in the next month, with banQi is a good step-up ahead. And so our marketplace for banQi is going to be active.

And certainly, we will be building a recurrent ecosystem on banQi as well. And we will have one brand leveraging the other, and that's pretty much our road map. So we have a full call, just to talk about everything about road map. And we are going to approach this problem in the Via Varejo Day in April. So about the gross margin.

The market is pretty intense already. The 4Q was very competitive. The 1Q is also very competitive, and we have been supporting and sustaining our margin level. So I think that these margin levels that we are seeing, we believe, are going to be sustainable for the Company. And we already have 50% of our sales online.

So the margin pressure is already presented and this is pretty much what we have. So we would not be able to have this margin composition. But we aren't really seeing any kind of event that would pressure us more than what we are used to.

So we have been able to use all of our intelligence to be able to really handle these issues. And also, our increases, we already transferred some of the price increases. So what was considered with cost increase is already reflected to the final consumer we are still selling. I cannot tell you exactly what the level of the price increases was, because that's within our commercial strategy, but we do not have anything locked here.

So whatever we have received is already transferred, and we have a price in reals, so there's no dollar risk. And eventually, if there is any kind of variation, we are going to sit down with the industry, negotiate and, of course, transfer this to the final consumer cost.

**Gustavo Oliveira:**

So do you have any kind of hedge for 2021?

**Roberto Fulcherberguer:**

Yes, I have some orders placed for like 100% of the year in the main industries that we relate with. So in October last year, we already defined a purchase for the full year. So what I mentioned in that huge increase, basically, someone asked us once why other guys are not able to do it. That is because the volume I carry in the industry. We have some categories that have about 40% debt. So industry starts up about 40% of the production sold. So industry has significant benefit from this. And they know that what we can decide on, we will implement.

So we have the necessary logistical capacity to support this. And this is a huge differential. So we see some competitors that have some problems with the day-to-day operation. We do not have this. We have the necessary logistical capacity. And this kind of differential, is also reciprocal in regard to everything that happened in the price variation.

And so the hedge I have is that I've already negotiated through the whole year. So eventually, we might have to sit down and talk about this, but starting off with business has already been defined as a major volume.

**Gustavo Oliveira:**

Thank you.

**Robert Ford, Bank of America:**

Congratulations on these results. Roberto, do you think you could give me an update on how you have been developing in the dry grocery and consumer product categories and how important it is in regard to your strategy and your frequency?

And when you are talking about new stores, do you think that the performance is caused by the lack of competition, or that the performance is leveraged due to greater functionality in the North and Northeast. And how does it shift your CAPEX plan for the current base of stores you have?

**Roberto Fulcherberguer:**

Thank you for your question. I am going to start off by the stores. The greater productivity that we have had is not because we do not have competition. It's just because we have a very unique operation. So when we look at our average income of store versus the average income in the market, we see this productivity, we operate better. Logistical operation is also very unique and it also helps de-leverage this.

Our payment booklet also helped us. And so all this said, this emphasis that we have here in Via Varejo really helped us with this advantage. And our sales team is really unique, and this is a major differential for us. And now we have the success of also having this online. So this 20,000 salespeople team all became online. So these are competitive advantages that the Company carries because it operates better than the average market in these items I mentioned.

And the launch is strong in the North, for example, the market that we haven't been in before, have already become a recognized brand. There, we are already top of mind in the consumers' mind because the Company discloses Brazil over 30 years.

So this image is already set up. We reach the consumer, and they say, "Hey, you have finally made it." So it's a very different relationship. And actually, the opening of the physical store is also leveraging online sale. So we have a very important sector.

And in markets we have already entered, we already had Me Chama no Zap working well. We already have some relevance in the market through the Me Chama no Zap, and then we open up the physical store, and we have important sales. And online is also selling a lot better.

So I think this set of attributes here is important to consider. So in regard to CAPEX, we will be opening about 120 stores this year. 15 were already opened. And besides 120 stores, we have room for another 200 stores in these markets that are close to where we are already headed.

We have a road map for store openings that is going to be followed for the next years. And we have room for expansion in the physical stores with the advantage now that the physical stores are not just stores that are selling, they are also logistics.

**Daniela Bretthauer:**

In the North and the Northeast, Bob, we have 150 stores, and we have the potential to double the number of stores there. Our main competitor has doubled the amount of stores we have in that region.

**Roberto Fulcherberguer:**

And it's important to mention that these new stores also have a product line of furniture that's also really unique. So if you add up all the next four positions in the market, they all add up to our numbers. And this is really contributing to our sales on the payment booklet. So it's a really important set of profitability, and the new stores are going to help increase the profitability of the Company.

It is also important to highlight that online sales in Brazil are between 10% to 12% of the population buys online. So we have like 88% of people that do not buy online. And we do, through the online sales team, and we bring this volume of people into the online environment as well, and then we can be their first online experience.

So the first experience, we will never forget. We have the chance to really make them loyal at this first experience.

**Daniela Bretthauer:**

And the question about the nonperishables and how we can add so other products, right?

**Roberto Fulcherberguer:**

Nonperishable goods, we are already selling and we are going to reinforce these categories if it makes sense. The categories add on to recurrence. But our only concern is the perishable goods, because one thing is if you delay 0.5 hour on the delivery of the refrigerator, but the other thing is if you delay 0.5 hour in the items that are going to use for the lunch.

So since you have logistical complexity, and logistics are very expensive, we believe that there may be more efficient ways of doing this and bringing recurrence among our customers. But the nonperishables are really what we are going to be intensifying. So it is a trend at the onboarding of services.

**Robert Ford:**

But Roberto, are you satisfied with this variety of consumer goods? And how are you scaling this category, please?

**Roberto Fulcherberguer:**

We are not satisfied, Bob. And I think that we should be adding on more sellers to be able to have a better assortment. And this was our limitation. So now, in about two or three months, I will have the amount of sellers I need to be able to provide the variety we want to offer.

Just in February, we added one million SKUs in the platform. And just this month of March, we may be working on the onboard that we are not able to do. So we are going to win over the level of assortment that we consider to be ideal.

**Robert Ford:**

But you'd imagine this would be outsourced category?

**Roberto Fulcherberguer:**

Some items, Bob, we can maybe operate with some items through 1P. We already have, for example, diapers. It's being operated through 1P. It's not food, but it's like considered a supermarket item for hygiene and cleaning. So some items, we could eventually operate through 1P.

But now, since you already have a logistical platform working for the seller. And for the pickup process, I could operate it through 3P, but I could have all the logistics and make it arrive with our speed and quality. So we are going to be making these decisions. According to how the process evolves, but there are some items that we want to use on 1P.

**Robert Ford:**

Thank you, Roberto. Congratulations.

**Andrew Ruben, Morgan Stanly:**

We have two questions. One is if we could discuss the main initiatives to leverage the furniture and mattress category online.

And the second one is, how have you been able to bring the higher income customers?



**Roberto Fulcherberguer:**

Thank you for the question. I will start answering the second one. We had important presence and growth of the customers with higher income throughout the last year, and it was more significant in the 4Q.

So I think that from the moment when these customers are operating online and we have a service level that's almost excellent, our brands never had rejection levels. If our quality is very good with the assortment, and we are very competitive online, and our platform is already basically all redone and have its usability very efficient and we deliver quickly, we have all that attribute that this level of society is searching for, there's no reason why they do not want to buy with us.

And here is a bit of what this represents. Our share in iPhone sales in Brazil is more than half. Of all the iPhones that are sold in Brazil were sold through our brands through the Via Varejo brand. So we have a significant share in the industry in greater added value-add items. Whether this is because of a greater access to Class C with the payment booklet, or because we are offering this to A and B class.

So we have brands that are extremely democratic at Via Varejo. And I think that now, they are even more democratic. All of the different social levels can interact with this company, and this is a big differential. We bring from the management level, on negotiation level we have with the industry, connected to all of the turnaround in the Company and all of the service level have also improved significantly.

In regard to online furniture, we have some good news. It's going extremely well. It's probably one of the main categories for online. I do not want to say where is that because I do not want to give my competitive information. But there's already a significant positioning in the ranging of online participation.

And that's excellent news for us because we have the biggest volume of furniture in the market which is the biggest furniture factory in Latin America. And we have infinite growth in the furniture sector because we have the biggest capacity to supply furniture. So while we did have major difficulties in supplying furniture at the moment in the last quarter, for example, at the beginning of this year, we had a factory at our disposal.

And with a lot of efficiency, we are able to anticipate the negotiation of wood to be able to produce the furniture, and we didn't suffer as much with this lack of supplies.

But I think that our online case for furniture is already Via Varejo. We are already the biggest sales company for furniture. So here, you have all the user ability and all the modifications that really facilitated exposing and promoting furniture.

And then we move on to continuous evolution and there's a lot to be done to add on even more to the sales of furniture. So furniture brings the payment booklet together. And this payment booklet's functional. We are already offering it to many different consumers. And this set of elements will generate a lot more of a differential also for furniture online.

**Irma Sgarz, Goldman Sachs:**

Just two more questions quickly. First, from the online deliveries that arrive at the consumer's house, I think it's very clear that you guys have a competitive advantage through the network stores you guys have and distribution centers. But I wanted to

understand from those deliveries that really arrive at the consumer's door, whether or not they pick up from store, what the share of deliveries that come directly from the distribution centers from you guys, and which ones are going to be operating through the stores, through the inventories or through the trucks that already make it all the way to the store and that leave it there for the last mile. So that's the first question.

The second question is if you could maybe give us the CAPEX that you guys are considering for this year. I think it was very clear that you guys are completing a number of stores, but just maybe in numbers, maybe how much you guys feel you are going to be spending on CAPEX?

**Roberto Fulcherberguer:**

Thank you for your question. In regard to the online delivery, about half of deliveries already used our stores as logistical hubs. So that's why it is so much important in having this asset that we have, which gives us a significant advantage.

Now I just want to reinforce one point: that we are in the first version of the same-day delivery software during the first semester. We have another two versions. They are not in all of the stores. It already represents 15% of the total deliveries online.

And as I already mentioned, in the 3Q, we are going to be prepared to discuss the same hour delivery. So we are going to be performing deliveries. As soon as consumers confirm orders, about an hour, they will receive the items at home.

So we have the necessary investment levels for this and technologies. We have all efforts for this. Another important part of the transformation is that we are going to be starting off during the end of March.

As we look to ESG, I am really happy to upload the report together with the results. So we are going to be launching by the end of March with some deliveries in electric vehicles as well. And this is very important as we consider all of the best practices and improvement in the environment. And we are already starting off in the month of March with delivery with some electric vehicles.

And now about CAPEX, I do not think I can provide this guidance. Danny will kick me here if I say this. But it is significantly greater than last year, and we will provide about 60% of this CAPEX into technology.

So we have a significant process of acceleration. We already have an important shift that gives us the necessary conditions to do all of this. And I think we have an important trend that's happening month by month.

That gives us the chance to not be the same as the market, but through this combined technology, will make it even better than what we have at the market. So of course, the market is continuing to evolve, but we need to be quicker to evolve quicker than the market.

**Daniela Bretthauer:**

At this moment, we finished our session of Q&A. I will pass on the word to Roberto for his final comments.

**Roberto Fulcherberguer:**

First of all, I want to thank you all for having been here. We really evolved. And we tried to make the call very quick so we could have more time for Q&A to clarify all of your questions. I would like it that all of you could be sure that it's not Via Varejo in the future. Via Varejo is already online.

We are already the future. So you had a lot of questions if we would survive. At the pandemic, we have become online and survived, had very significant follow-on where the Company is already online.

And it's important because we have about six quarters of really promising and delivering things. So it's important to notice the consistency of our promise and what we are delivering. I do not think we have failed so far. And I am sure that we are going to be shifting the game in the marketplace this year.

This is already happening. It's already a reality. And I think that what is happening now with the Company increasing value is not in line with the actual value of this company. But that doesn't depend on us.

We work hard and deliver excellent results, and this is what we are going to continue to do. And we have the expectation that all of your analysts and investors will start to have greater comprehension about the main differentials that this Company has, and it is one of the biggest candidates to be in the top of the game here, online physical and through our fintech banQi, which is already growing in an accelerated manner.

So thank you very much. I hope you guys are all well and healthy. Thank you, all.

"This document is a transcript produced by MZ. MZ uses its best efforts to guarantee the quality (current, accurate and complete) of the transcript. However, it is not responsible for possible flaws, as outputs depend on the quality of the audio and on the clarity of speech of participants. Therefore, MZ is not responsible or liable, contingent or otherwise, for any injury or damages, arising in connection with the use, access, security, maintenance, distribution or transmission of this transcript. This document is a simple transcript and does not reflect any investment opinion of MZ. The entire content of this document is sole and total responsibility of the Company hosting this event, which was transcribed by MZ. Please, refer to the Company's Investor Relations (and/or institutional) website for further specific and important terms and conditions related to the usage of this transcript"