

Q3 2021 Earnings Call

Company Participants

- Anna Saicali, Chief Executive Officer, Fintech and Innovation Platform
- Fabien Picavet, Director, Investor Relations
- Marcio Cruz, Chief Executive Officer, Digital Platform
- Miguel Gutierrez, President Director and IRO
- Raoni Lapagesse, Director
- Timotheo Barros, Chief Executive Officer, Physical Platform and Chief Financial Officer
- Unidentified Speaker

Other Participants

- Analyst
- Danniela Eiger
- Joao Soares
- Joseph Giordano
- Luiz Felipe Poli Guanais Banco
- Maria Clara Infantozzi
- Victor Saragiotto

Presentation

Operator

Good afternoon, and welcome for Americanas S.A. Conference Call and Lojas Americanas to announce the results of Q3 2021. Here today with us are Mr.Miguel Gutierrez; CEO of Americanas S.A.; Anna Saicali; Timotheo Barros; and Marcio Cruz, CEOs of the platforms as well as Mr.Raoni Lapagesse and Fabien Picavet, Directors of Investors Relations. This event is being recorded and all participants are in a listen-only mode during the company's remarks after that we will open for the Q&A session when further instructions will be provided. (Operator Instructions)

We'd like to remind you that today's presentation has a slide deck available at ri.americanas.com. Forward-looking statements done during this presentation regarding the company's business prospects financial and operating projections and goals are based on company's -- company's management's beliefs and assumptions, as well as on the information currently available. Forward-looking statements are no guarantee of performance. They involve risks and uncertainties and assumptions because they refer to future events.

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Therefore they depends on circumstances that may or may not occur. Investors should understand the general economic conditions, industry conditions and other operating factors may affect Americanas S.A. performance and could lead to results that differ materially from those expressed in such forward-looking statements. The company has clarified that the account information, available or made during these comments are presented in accordance with international financial reporting standards IFRS, with the standards issued by the Brazilian Securities and Exchange Commission and in Brazilian reais. Now I'd like to turn it over to Americanas S.A. CEO Mr.Miguel, please go ahead.

Miguel Gutierrez {BIO 22149287 <GO>}

Thank you. Good afternoon everyone. Thank you for participating in this call. As we have already mentioned, the third quarter marks the beginning of a new journey in which digital and physical combined boost each other, creating a new company to deliver the best experience to customers partners and investors. It's a new history that is right now beginning and the purpose is to bring together the best in the world, to improve people's lives. The initial results of this operating company -- operating combination are bearing fruits and are very encouraging. Our quarterly results demonstrates the strength of our business with profitability cash generation and growth potential.

This quarter we also have the integration of the Unico Group. Also, the acquisition of Hortifruti Natural da Terra and Skoob. This is our now totaling 29 acquisitions over the last 15 years and everything we have been doing, share the same motivation to increase recurrent purchases and improve our customer's experience, who will find anything, anywhere, anytime. Considering these opportunities, and considering the successful combination of our operations, we also announced the simplification of our shareholding - of our corporate structure, consolidating their shareholders base of LAME3, LAME4 and embracing the new market. We are a single company Americanas S.A. with a single team committed to transforming the customer experience. We remain confident in our strategy, proud of our social role, and excited about the opportunities that present to ourselves.

With that, I'd like to turn it over to Fabien and Raoni.

Raoni Lapagesse {BIO 20391786 <GO>}

Thank you, Miguel. This is Raoni, I'm starting on the Slide 4. These are the opportunities that have been captured in these first 90 days. Some initiatives that have been concluded, we have unified inventories, improving management and resource allocation. Logistics now has a single grid reducing delivery times and optimizing replenishment of inventories. Communications are unified improving contact with customer, and increasing the scope of Americanas throughout all platforms.

On Slide 5, we see other initiatives currently underway. We are now implementing the new organizational structure. We have combined financial commercial and CSC areas our shared services center.

As to dark stores, we've mapped over 300,000 square meters of back office. They are now being converted into advanced units to store products and distribute them. We've also started implementing the new financial services areas in O2O. This is part of a new layout to improve customer experience, allowing stores to become not only a purchasing center, they can also become an experimentation a distribution a services hub and also a media for new introductions. We'll have over 1,200 stores with this new layout.

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After Slide 7 or starting on Slide 7. These are the results for the quarter. We have BRL12.9 billion for October GMV, a 24% evolution when compared to a 3% drop in the market, according to GFK. Digital GMV, which is a combination of partners GMV with the gross revenue reached BRL9.9 billion in the quarter, a 30% increase compared to a fast growth of 54.7% in the previous year. GMV partners grew by 30.2%, reaching BRL5.4 billion. That growth has been driven by the improvement of UX implanted over the quarter. They increased conversions by 15% in websites and apps. In the physical store a growth of 6.5% growth was a major achievement during the quarter 18.4% of stores sales areas operated still with some restrictions due to the pandemic. Same store concept, the growth was 6%.

On to Slide 8. This is the market share gain of our digital platform. After two quarters in which we have moved up a lot in the digital area reducing the growth gap compared to competitors. We are 3 percentage points above top competitors. So this strengthens our objective to keep on increasing our market share and growing more than our main competitors. We're growing sustainably. A healthy balance between growth and profitability as we've seen in the quarter focusing on the long term, of course. In that sense, on to the next slide, we see the adjusted EBITDA reached BRL742.9 million above the registered amount in Q3 of 2020.

We have a strong sequential acceleration when compared to BRL653 million in Q2 of this year. This quarter's EBITDA margin was 11.8% excluding investments in the financial platform, adjusted EBITDA would have been BRL804 million with an EBITDA margin of 12.8%. Net profit reached BRL240.6 million in the quarter, including the I or the income tax reversal. The recurring net profit was BRL6 million. Excluding these investments. Our profit would have been BRL43.2 million above numbers from last year. In the quarter cash generation was BRL108 million and the net cash reached BRL3 billion on September, the 30th cash generation is measured by the variation of the debt, excluding one-off events such as M&A and repurchasing of stocks.

Slide 10. This is the important movement of KPIs, in the quarter we reached 50 million active customers for the first time. An addition of 5 million new customers in the past 12 months, in that period transactions increased by 30% surpassing the mark of 398 million. This is growing faster than the active base of customers.

In other words, customers are purchasing more and more and they're more engaged. We have increased the number of sellers connected to our marketplace. We have 114,000 sellers, 34.1 new or 34,000 new sellers connected. We have over 127 million available items, a 125% increase when compared to last year.

On to Slide 11. These are some of the operational highlights up until September, we opened 32 new stores reaching our goal of opening 150 new stores in 2021. In the quarter, 3 hour deliveries accounted for 15% of the total over 50% have already been conducted in less than an hour. That's 52% of all volumes including 1P and 3P deliveries. In October, we opened up a new DC in Parana, we now have 25 CDs in 12 states. Also in October, we introduced the -- Americanas Entrega that will be 800 collection points from sellers in the drop-off model.

On to Slide 12. These are the Ame highlights. Results have been consistent and the growth has been exponential. In past 12 months, Ame reached a TPV of BRL22 billion, a three-fold increase when compared to last year. In the quarter, Ame surpassed 25 million downloads and the daily active users DAU reached 1 million. In October, we have exceeded the number of 1 million credit cards and a completely digital experience, fast and easy to hire. And we also introduced the buy now pay later through Ame credit line, Ami customers are 2.6x more frequent and has a 2.5x greater spending than other customers.

On Slide 13, Ame has become a complete financial platform aiming at monetizing the ecosystem, so that that we can have a substantial stake in the results of Americanas S.A. I mean, benefits from customers from the entire ecosystem. Consumers, sellers, merchants, suppliers or franchisees and also from the e-comm of the commerce fulfillment add an innovation engine platforms to offer financial and non-financial products with the low acquisition cost, the CAC.

Our customer base, the TPV and the relevance of Ame as a means of payment within and outside platforms built in only three years indicate that we're heading in the right direction in building a single business that will have a relevant contribution in our journey to generate value.

Now, I'll turn over back to Fabien for the remainder of the presentation.

Fabien Picavet {BIO 20402159 <GO>}

Thank you. Good afternoon. This is Fabien Picavet and I'll continue on Slide 15. This slide starts the presentation of our proposal to simplify the corporate structure as published on November 3, after its approval by the general meeting. We will have the consolidation of the share base. Providing that Lojas Americanas will be incorporated by Americanas S.A., with that reference shareholder will hold 29.2% of Americanas S.A. shares and free float 70.8% of the shares AMER3 actions from Lojas Americanas owned by Americanas S.A. will be distribute the -- LAME3 for shareholders in equal proportion each common or preferred Lojas Americanas share will be comforted by 0.1860 on a share. Separation[ph] also foreseen changes in our bylaws, with the inclusion of a poison pill will trigger 15% as a means to protect the company's shareholder's basis.

In a nutshell, the new structure seeks to generate more value to our shareholders, simplifying the corporate structure eliminating the holding discount also consolidating the share basis improving liquidity and improving and strengthening our company. In order to

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make that possible, the current controlling shareholder of Lojas Americanas will become the reference shareholder, giving up control without charging a premium for it. The group present in the company since the 1980 has always had this guiding element to ensure this value creation strategy. Our GMV has grown 34 fold in 20 years from BRL1.599 billion to BRL51.3 billion in the last 12 months. And our EBITDA presented the 137 fold impressive growth in the spirit achieving BRL3.4 billion. The reference shareholder stresses its commitment with the long-term vision and the guide to generate future volume.

On Slide 18, we have our strategic model. Our growth strategies boosted and strengthened by unique assets built over this 90 year history. We're talking about our active client base of BRL15 million business platforms and our 37.2 thousand associates with the strong ownership culture, thanks to these unique assets. Also broad assortment focusing on recurrent items, convenience, multinational national reach and low customer acquisition cost.

Our model six profitable growth with our unique assets and competitive advantages will or able to accelerate our dream of organic growth, driven by the constant development evolution of our platforms. To do that, we have well determined goals. It also includes an organic growth with strategic acquisitions in order to expand on businesses and brands. We look for new businesses that complement our customer's consumption journey and that can be leveraged by our unique assets. We look for companies with a high digitization potential that are present in relevant markets with good business models and talented teams. We stick for enablers that strengthen our infrastructure and increase our platform capacity. We are also looking for new technologies, new business models that are innovative and people with skills that complement those of our teams.

On Slide 20. We have the history of our M&A. Over the last 15 years, the company has conducted 29 M&A transactions including 10 new businesses in 2020 and 2021. All transactions contributed to accelerate the growth of our business adding knowledge, talent, innovation, new verticals and technology solutions which really increased our consumers journey and the power of our platforms. The last two acquisitions were Hortifruti Natural da Terra the largest retailer specialized in fresh products, focusing on fruits and vegetables, and Skoob, a large digital platform providing content to readers in Brazil, with more than 8 -- million ready skoobers.

We also integrated Unico with 438 stores creating new growth potential. And once that's approved by cardi[ph]. We will start to operate also more than 1,200 convenience stores from Birmania. With that, we will double the number of stores to 3,500 units. Consider Americanas Hortifruti Unico and Birmania. On Slide 21, we are going to address our ESG strategies. Americanas S.A. has a purpose to add the best in the world to improve the lives of people in order to also support or develop a more inclusive and more sustainable world aligned to the 2030 program from the United Nations. We have five priority sustainable development goals. We are also working in order to neutralize carbon emissions of the entire Americanas by 2025.

On July 22, we stress our eco efficient fleet, the largest in the most complete in the market. Today, our fleet comes with electric vehicles conventional and electric bikes not to mention trucks that run on natural gas and biomethane we also have 82 electrical stations

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and we will also add another 100 electric vehicles, by doing that 21% of deliveries will be based on eco-efficient deliveries with that we avoid the emission of 500 tons of CO2, in 2021 besides sustainable deliveries our operation is also committed to inclusive deliveries. So serving 100% of Brazilian zip codes. That's also -- that will also generate positive impact in the entire chain. This is the guideline that allowed us to start a program called the Americanas nas da favela this project started in the -- favela and is now presenting 6 favelas in Sao Paulo and Rio de Janeiro. We are now serving the thousands of people who live in these communities working in partnership with NGOs. And also with a start-up specialized in logistics in these areas.

And finally on Slide 20. We strengthen our strategy. Focusing on improving and providing more convenient and customized purchase experience. And it's important to say that our core lies on Americanas Submarino Shoptime and Skoob. On the second layer, our organic growth initiatives, such as marketplace and ads besides inorganic growth with acquisitions and partnerships that allows us to enter new markets and increase our reach. And the future layer led by IF, we have many disruptive initiatives that encourage the use of new technologies in all platforms and boost the development of new businesses. All together, the three layers of our ecosystem enhance each other and generate a powerful network effect increasing the services or the quality of the services we provide and our relevance by providing speedy services with profitability.

So now we open for the Q&A session. Thank you very much.

Questions And Answers

Operator

(Question And Answer)

Thank you very much. Now we will open for the Q&A session (Operator Instructions). Our first question comes from Joao Soares, Citibank.

Q - Joao Soares {BIO 19213781 <GO>}

Good morning, everyone. Thank you for this presentation. I have two questions. First, considering the Black Friday and the supply chain. We know that the industry is facing many challenges, specifically with regard to electronic products. So how is the inventory level? And what do you expect regarding that? My second question is about of this pay grade, you talked about fulfillment in this quarter -- take rate, sorry. So it's very important that we understand how this is working? And what you expect regarding fulfillment and perhaps with other initiatives? So take rate is my second question. Thank you.

A - Marcio Cruz {BIO 20930484 <GO>}

Hi, Joao. This is Marcio. Thank you for your question. As to the first question, Black Friday and supply chain. I think the first important thing to highlight is our assortment. Our assortment is very comprehensive. We operate in 1P and marketplace. We don't have a concentration in electronics. Of course, they bear a heavy burden, but it's more

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encompassing or comprehensive. That's the beauty of our business among other things. But when you compare inventory levels, this September, when September last year, we are 30% -- 38% higher. So that means we are ready in early October, getting ready for Black Friday.

The reasons behind supply chain issues throughout the world are well known. Chipset [ph], we've been working with the industry to minimize these impacts. So we have a very robust inventory level in early October. So being prepared for Black Friday. Actually, it's already started. We had some sales starting in October 28th. So we're going to anticipate most of those sales too. As to the marketplace, we have focused even more that preparation with sellers, and sellers are being involved in that offers, ahead of time, because Black Friday has already started in a nutshell.

As to the take rate, this has been stable. You also touched upon fulfillment, we have been moving along too. But it hasn't been impacting our take rate. We've been talking about it since the beginning of the year. We've been doing this to improve delivery times, that's why we have to have more sellers in the fulfillment. As to the ads platform, we have also been progressing or have been involved in that. With sellers, it's also a way for them to speed up their sale process. In the end, it all helps to balance the take rate. It's been around 10%. It's been stable quarter-on-quarter. Thank you, Joao.

Q - Joao Soares {BIO 19213781 <GO>}

Thank you very much for talking to us about assortment. But can you talk about GMV and we know that that's related to recurrent margin.

A - Unidentified Speaker

Hi, Joao. This is Ronnie [ph]. We do not break that down by category. I cannot give you that piece of information. It's not public. But the most important thing is what Marcio said. We have an assortment that is less concentrated when compared to the market. This has been less and less concentrated and we have several market categories. We've seen that increase in what we've been doing quarter-after-quarter. Assortment has been growing, so it's less and less concentrated with a more important take from the long tail. I cannot give you the number. I'm sorry.

Q - Joao Soares {BIO 19213781 <GO>}

Okay. Thank you very much, Ronnie.

A - Unidentified Speaker

Thank you.

Operator

Our next question from Luiz Guanais, BTG Pactual.

Q - Luiz Felipe Poli Guanais Banco

Good afternoon, everyone. My question is about the combination of physical and digital combination. I'd like to know more about the online platform and multi-channel operations. You have a slides talking about deliveries within 24 hours and within three hours. I'd like to know how much decrease your had in delivery time?

A - Miguel Gutierrez {BIO 22149287 <GO>}

Hi, Guanais. Thank you for question. This is Miguel. It's been the fifth -- November will be the fifth month the combination of the companies. We're all very excited as we find new alternatives. And we've been coming to the realization. They will be able to better service -- serve our customers. And once we have more inventory level of those products that are relevant, conversion rates have been over 50% and that makes us able to deliver faster. So it flows more naturally, as you introduce these new elements. So our business is a multi retail type of business. And as we progress, we walk down that road. We end up to -- we end up finding new possibilities to better serve our customers, always trying to increase recurrence and customer base. So it's a multi-platform business that evolves, and it's only natural that in the end, it will be one single thing.

These elements will be so integrated that you won't realize, you won't find any scenes [ph]. In the past, we had some limitations. So the implementation speed wasn't as fast as we wanted. Once you remove these barriers. The speed is constant. It's growing for almost all categories. So that's why we remain very excited about this dynamic. It's been growing constantly and very quickly.

Q - Luiz Felipe Poli Guanais Banco

Thank you very much, Miguel.

A - Miguel Gutierrez {BIO 22149287 <GO>}

Thank you.

Operator

Next question Danniela Eiger, XP Investment.

Q - Danniela Eiger {BIO 20250080 <GO>}

Good morning, everyone. I have two questions. First is related to take rate, but the consolidation certainly stands out and now so. How well you are doing? And considering the competition, wouldn't it make sense, for example, if you decreased your margins in order to accelerate your growth and better consolidate the market, considering what is going on regarding profitability? And second question. Can you please add more color about Ame's [ph] credit? I think that was something new. Where is this credit coming from? Is it from a third-party, so if you can please give us more information about Ame's credit line? Thank you.

A - Miguel Gutierrez {BIO 22149287 <GO>}

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Good afternoon, Danniela. Thank you for your question. Let me try to address the first and then second, I'll turn over to Anna. Ever since the beginning, our goal was to grow with profitability and cash generation. And why do we believe in these things. The way we see it, that's the only way to have consistent growth. This is a very strong belief. We've been saying time and time again that we'll find ways to be very competitive nonetheless. What do I mean by that? There are several initiatives that will be leaders in this market. And in these categories, we would be competitive just like we have been seeing in several verticals. As to speeding up the dynamics, I can't see whether it's difficult or not so difficult situation, because retail is such a huge business. There's so many challenges. There's no such thing as someone that will carry everything, it hasn't been the case throughout history.

We still believe that the business will keep on growing with sustainability, while generating cash to keep on investing in the company to pursue our dreams, to keep on growing. That's what we're going to be doing. This dynamics will evolve as time goes by, we have to adjust and adapt. But the number one message I would like to convey is that we are becoming more and more competitive. And this is only at the start. Anna, would you please fill the second question?

A - Anna Saicali

Hi, Danniela. You talked about the buy now pay later, right? This is a new payment method we are offering customers at our Ame shop. It's good for customers. It's good for the merchant. We do that with partners there's no risk whatsoever to us. It's conducted over the app and it's visible to those that have a relationship with Ame already. So we're very excited with this new initiative. Zero credit risk and we do that with partners.

Q - Danniela Eiger {BIO 20250080 <GO>}

Thank you very much.

A - Miguel Gutierrez {BIO 22149287 <GO>}

Thank you.

Operator

Next question Victor Saragiotto, Credit Suisse.

Q - Victor Saragiotto {BIO 19504427 <GO>}

Good morning, everyone. Congratulations for the results. I have a question about brick and mortar stores and retail. Considering that last year's Black Friday, we still had some restrictions because of the pandemic. And also I remember some preliminary studies about having the company listed abroad. I'd like to know where that stands? Thank you very much.

A - Timotheo Barros {BIO 15896838 <GO>}

Hi, Victor, this is Timotheo. I'll answer the first question. Let me talk about the physical platform. When we look at the movement throughout 2021, we have been on the rise. We've seen several flows, customer visitations that has been growing -- going up. The pandemic remains a reality. So we still have to adopt certain protocols, certain measures to make sure employees and customers remain healthy, and we see the same dynamic in Q3.

Let me remind you that the store today is something new to completely new model when we compared to that of two, three years ago. When we look at all our O2O operations, we have over 1 million transactions of going through some sort of O2O initiative, that infinite shelf coming to our stores, to our apps, or coming to our kiosks. There are customers coming in through apps and websites. They use this store as a distribution center. So the profile is completely different. When you combine all these things, that helps us in increasing same-store sales that generates way more productivity for our stores.

A - Miguel Gutierrez {BIO 22149287 <GO>}

I'll answer the second question. First off, thank you for the question and for the congratulations. This is the phase in which we asked our assembly to combine our shares. We're still waiting for that approval that decision will be made on December 10th. But this has shown how flexible we are in generating value. Once that decision is approved, we'll find the best strategy to take our shares to the American market. It's too soon to make any plans because we're still pending that approval. It's up to the assembly to make that final decision. That's what we're doing now, I cannot give you any information, because again, it would be too soon. It would be premature.

Q - Victor Saragiotto {BIO 19504427 <GO>}

Thank you very much.

A - Miguel Gutierrez {BIO 22149287 <GO>}

Thank you.

Operator

Next question (inaudible) Santander.

Q - Analyst

Good morning, everyone. Talking about the most recent trends. You have talked about to the dynamics in the fourth quarter, but what about e-commerce in October, just as you talked about the physical platform? And I have one more question, about having now just a single share, what about the optimization of layout of stores? Can you please talk to us about the number of stores that will undergo this optimization process, and also the dark stores? And what about the CapEx related to the renovation of these stores? And how does that relate to the combination of your businesses and the synergy between them?

A - Marcio Cruz {BIO 20930484 <GO>}

Hi, Rumens [ph], this is Marcio. Let me talk about growth. First, when we look at October, we see growth rates going up when compared to the end of Q3. I'm talking about both physical and digital platforms. In October, we had an important event Children's Day. We had Singles Day yesterday. We are very confident for Q4 with Black Friday. Miguel talked about the combination and we've seen some interesting effects.

Let me talk about digital for a minute. When you use the DAU, the daily users through Americanas, you can have access to that data. In the first days of November, when compared with the first days of October, we have an increase of over 30% in the DAU. We have been able to engage customers more intensely. They've been coming to our platform. And that's the result of being able to reach more frequently these 15 million new customers, offering a comprehensive assortment and more resilient assortment, our 1P has been delivering shipping these goods from the store already. These are positive indicators that make us feel confident for Q4 over to too much.

Ruben, let me answer your second question. I've just told Victor. That we have over 1 million transactions a month/customers generated by O2O. That brings us back to that initiative to redesign the store experience and by doing so, it involves format assortment, embedded technology. We do have initiatives to providing Wi-Fi at every store, digital manager, WhatsApp, so the store is way more connected. One of them that you asked is format. We are offering financial services and O2O services, that has been implemented in 70 stores. And by year's end, we'll have a little over 200 stores, but this is a continuum.

Of course, we have a major event going on, Black Friday and Christmas, we have to concentrate there. And as of Q1, we're going to speed up that layout refurbishing. The initial numbers are very encouraging. Service time in O2O, that is brought down by 50%. Let me remind you that a customer that comes to pick up a product, 50% to 54% end up purchasing something else at our stores. And financial services, this new design using Ame, follows the same pattern. We have a 20% increase in our conversion rates of all financial orders, a 20% increase that includes extended warranty, theft control, offering Ame's credit cards. So again, we're very excited. This is only the beginning. We still have a long way to go. That's it. Thank you for the question.

Q - Analyst

Thank you very much. But what about the CapEx in order to make this adjustments at the store level?

A - Marcio Cruz {BIO 20930484 <GO>}

This has been included in our CapEx for the year.

Q - Analyst

Thank you very much.

Operator

Next question, Joseph Giordano, JPMorgan.

Q - Joseph Giordano {BIO 17751061 <GO>}

Hello everyone. Good afternoon. Thank you for taking my question. Can you please elaborate on the operating combination of assets, today there are many moving pieces. So I'd like to understand. How can you leverage Lojas Americanas operations at a Natural da Terra for example, in order to have that nationwide? And also the integration of digital platforms. Today we have separate apps for Ame's, Submarino, Americanas, and I'd like to know whether you consider developing a super app. So to have everything combined in the single app for your customer? Thank you.

A - Miguel Gutierrez {BIO 22149287 <GO>}

Thank you, Joseph. This is Miguel. The integration, it's only natural that is a challenge when you combine digital and physical companies and this is an additional challenge when you include all the other companies. So digital and physical integration would be a challenge in itself. But I think we can talk about the concept of what we're doing. When we made the decision to acquire Uni.co, to invite them to be part of our universe, we've always said, that was another vertical. A new product line, a new segment of products that we thought would make sense to our universe. It's a new business model that franchises and it's an extraordinary team.

I'd like to give you this example with these three conditions. Here's what we do. It's not an integration. Just like when you do when you acquire a similar company, when you have an extraordinary team that is joining forces with yet another extraordinary team. We are designing a roadmap based on these principles, and this is the plan to better capture these synergies.

A very classic example there can be, what we see in China. They had one operation, when we started our operation. Now, there are two operations with very strong capabilities, very strong performances. They are thinking about as to how better work together. Our front office there in China was still believe that there are excellent opportunities there. Air Freight is much faster now. It's almost on a daily basis. That's the result of the scale and the dynamics we have been implementing.

From the digital perspective, the same thing applies. We already have some initiatives, things that are already on our website. This has been going on in a much better fashion way more than simply by acquiring a company and period. Our intention is to add value to both companies. That's the rationale behind that integration. Uni.co and then the same thing applies to Hortifruti it's just amazing. When we look at these companies with Uni.co, we have over 2,000 POS' [ph] in Brazil. And we took yet another step with BR Mania, we have almost 4,000 points in Brazil, when we look back in 2000, when they had 94 stores. This of course, makes us very proud and makes us feel very enthusiastic about it.

Another piece of information, BR Mania will maintain its principles, we're just waiting for the authorities to give us that definitive approval. Kaji [ph] government agency has to follow their own deadlines, their own times so that they can come up with a final decision.

It's a unique initiative. No one has done this before. And we respect their decision, but we believe that their final decision and we hope it is favorable. It should come out in the coming weeks. So we'll move to almost 4,000 points. So it's a completely different dynamic with the franchise model completed different from what we have been doing. But we are willing to learn, of course, and those in Uni.co are the experts on the matter and they'll be helping us very directly.

In the meantime or at the same time, we'll be able to transform digitally their franchise business. There are several initiatives going on. We want to find that sweet spot, something that is good for everyone. The franchisee, the company, again, a very challenging mix, albeit, very -- a very interesting one. As we conclude certain stages everyone will be duly informed.

Q - Joseph Giordano {BIO 17751061 <GO>}

Perfect. Thank you very much.

A - Miguel Gutierrez {BIO 22149287 <GO>}

Thank you.

A - Unidentified Speaker

Joseph, this is Ronnie, and let me address the apps. The app point of view is something that we have come a long way. App accounts for over half of our traffic coming from apps, so it's extremely important. We have been improving it on a constant basis. We have been improving the UX [ph], that brought a 15% increase in conversion. We have been using other improvements in the UX, and we'll introduce the Americanas app in December. Our super-app is the Ame's app. We have over 70 functionalities. You combine not only shopping, but separate useabilities, and the focus has been on credit. We have several customer profiles, so having different brands, it's because of our customer profiles. But the super app vision is that of Ame. It has been giving us fantastic results with over 25 million downloads.

Q - Joseph Giordano {BIO 17751061 <GO>}

Thank you very much, Ronnie.

A - Unidentified Speaker

Thank you.

Operator

Next question, Maria Clara, Itau.

Q - Maria Clara Infantozzi {BIO 20433688 <GO>}

Hello, everyone. Thank you for taking my question. I'd like to have a better understanding of your echo system. I understood how this has evolved over the last two years and also

with purchase recurrence, but are there any other pillars that you believe will add choose increase the frequency of purchases something you do not see in the platform yet? So I appreciated if you can add some color on that. Thank you.

A - Miguel Gutierrez {BIO 22149287 <GO>}

Hi, Maria Clara. Thank you for your question. Our system is very simple. We have our platforms. And we have development verticals. There is a list of other initiatives that have been mapped out. We have shown you that to a certain extent. However, today we are very concentrated in that multi-retail system that we already are. Let me give you an example.

We are the largest sellers of toys on Children's Day. We want to be the number one seller in both the digital and physical world's, that in itself is a completely different challenge. We know that these are completely different experiences. We can increase our assortment to offer with the IP, the sellers, and the store. We can offer products in all categories every available item in Brazil or even abroad. So that's the dynamics we want to build as time goes by. There are so many initiatives currently underway and it wouldn't be fair to say -- special -- to say that, especially when we talk about the fourth quarter, we have Black Friday, which is huge. Okay, let's start selling before, still start selling before or ahead of time, Black Friday remains huge, and then there's Christmas.

In current initiatives, allow us to have important growth in the future, but we do have that roadmap of possible future initiatives, because today we are a multi-platform business and we also are a multi-retail business. We've been saying time and time again, the power of that multi-retail concept, we have been growing constantly throughout our existence with the minimum profitability and the necessary cash generation to keep on pursuing our dreams which are always bold. This is what I can provide as far as information goes. Alright?

Q - Maria Clara Infantozzi {BIO 20433688 <GO>}

Okay. Thank you very much. Very clear.

A - Miguel Gutierrez {BIO 22149287 <GO>}

Thank you.

Operator

We now close the Q&A session. I'd like to turn it over to Mr.Gutierrez for his final remarks.

A - Miguel Gutierrez {BIO 22149287 <GO>}

I'd like to thank you all for attending this earnings call. Let me just say that we're getting close to the top sales events of the year, Black Friday and Christmas. Our team's extremely motivated to have the biggest and the best Black Friday in our history. On our stores, app and sites and our recently acquired companies as well. We are one Americanas already. And once we have that approval in our assembly, that will take place

on December 10th, will also be one Americanas also to our investors. Thank you everyone. Have a great afternoon.

Operator

With that we close this conference call. Thank you all for participating, and have a great afternoon.

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