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Bloomberg Transcript

Q1 2021 Earnings Call

Company Participants

- Daniela Bretthauer, Investor Relations Director
- Orivaldo Padilha, Vice President of Finance and Investor Relations Officer
- Roberto Fulcherberguer, Chief Executive Officer

Other Participants

- Bob Ford, Analyst
- Danni Eiger, Analyst
- Guilherme Assis, Analyst
- Joao Soares, Analyst
- Joseph Giordano, Analyst

Presentation

Daniela Bretthauer {BIO 13380169 <GO>}

Good afternoon, and I hope you are all doing well. We are Via, we're digital, we are a powerful ecosystem that's open generation, we're a marketplace and we have customers at the center of our business. Just recently, we had the transition from the transactional retail model to a relationship-based platform model, where we focus on the customer base to increase the lifetime value of the customer and the ongoing improvement of the customers' experience. The initial results of this transformation are already apparent and we're going to present these with you today. The slides for this presentation are available for download on the IR investment site. This presentation is being broadcasted by our YouTube channel and it has simultaneous translation into English. We will have a quick presentation on the earnings and results. And then after, of course, we'll open up for Q&A.

Now, I would like to invite Roberto, our CEO, to begin the presentation of Via's results for the first quarter of 2021. Roberto, it's all yours.

Roberto Fulcherberguer {BIO 17276995 <GO>}

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

In the first quarter, if we could maybe just highlight the first quarter, our GMV had a total peak of 27% going to BRL10.3 billion. Our online sales were very much accelerated compared to the fourth quarter, even. Our 1P is growing 123% to BRL4 billion and 3P moved on to 124% moving on to BRL1 billion. Our 3P already represents 10% of our total GMV. In the first quarter of 2020, this number was something around 5%. Our digital sales represent 56% of our GMV versus 33% that we had back in 2020 in the comparable period, an important lever of our digital performance is the online seller. He is responsible for BRL1.2 billion representing 21% of the GMV. The online salesperson has the system, the vendor [ph] online has the same GMV.

Dani, I think we missed your presentation for a second. So, I'm going to continue here. And our online sales rep has the same performance as the fourth quarter, so exactly BRL1.2 billion. And in the fourth quarter, we have Christmas and Black Friday. So, that represents significant evolution in this channel that is so important to us. The good news is that we are still keeping up with the strong growth pace in April and also in May now with accelerated growth.

On the next slide, if you could maybe switch slides now. Great. So, we have our online performance, as you can see on this graph with the graph below is from -- the source is Compre & Confie. So, the survey -- and the sixth quarter consecutively we grew above market levels. Our growth is completely in line with the strategy we have designed and the product we are working on. So, it's important to highlight here that it's the sixth quarter with this kind of performance.

So, we just have a little technical issue here with -- a problem with the slides, so please if you could maybe solve this. Of course. Since we have a little technical issue with our slide. Just one minute, we have a little technical issue, we'll be back in a second. (inaudible) we have news from the team, of course, and if we can solve this problem. We will be coming back soon. Sorry, again, we had a little problem here, but now it seems like it's working.

So, let's move on. As I had mentioned before, I think we'll go back here. We had a quarter with a 27% peak. We evolved to BRL10.3 billion of GMV. Our online sales really accelerated in regard to the fourth quarter and our 1P has grown 123% to BRL4 billion. Our 3P is growing 124% to BRL1 billion and already represents 10% of our GMV. It's important to mention as well that in the same comparable period, it was representing 5% of our GMV. So, our digital sales already represent 56% of our total GMV versus 33% in the comparable period.

An important leverage in our digital performance is the online seller that made BRL1.2 billion, representing 21% of our GMV. It's important to highlight also that our online sales program also performed the same GMV as the fourth quarter of last year, the quarter where we have Christmas and Black Friday. Good news is that we continue to be very strong at this growth rhythm. April was strong and May also with significant growth.

Our next slide, please. As you can notice here on this graph, for the sixth quarter, consecutively, we grew above market level. This graph has -- is based on information from Compre & Confie's public data. And it's important to highlight the consistency of the growth that Via is undergoing. And what's most important is that from the third quarter of last year, there is already significant competition. So, I think the concern a lot of investors had in the market about competition that would take place in the online market in Brazil and the potential winners of this competition, we've been in this competition ever since the third quarter of last year. And you can notice that up ahead here that beyond growth above market levels, we continue to be a profitable company. So, we are more than prepared to really face this intense competition that's already present ever since the third quarter last year.

Just take a look at what's going on with the margins among other players in Brazil. Important data here that this growth above market level that we've been working on gave us share gain. We gained over 8 percentage points in share compared to the period where we took over the company in the third quarter of 2019. So, one thing that's really important to look at is the strong pace growth above market level that leads to an important achievement in the market share.

We had a lot of questions coming in ever since we performed the Investor Day event, where we had a lot of questions about our ambitions and prospects for the future of having 20% market share by 2025. We had a lot of people asking us, how? Well, the 9 point gain in less than two years demonstrates that we have what it takes to deliver our consistent deliveries and our strategy to reach this level. So, we're really confident that we have an important pathway up ahead, but it's already pretty much set based on everything we're able to deliver up until now. So, in two years, we already gained 9 points of share. And in five years, if we -- we'll be making the rest of the share that's missing, which is not an impossible challenge. So, we think it's possible to overcome this challenge.

Moving on to the next slide here, you can see some of our main pillars that we consider to be fundamental. First to reach is ambition. We have a strong omnichannel approach with financial solutions and omnichannel logistics and innovation and customers really at the center of our strategy. So, I'm going to try to go over each of these pillars a bit as we talk about the results and what's up ahead, so that we can provide more tangibility on where we're headed.

Next please, Dani. Well, I'm going to start talking about the marketplace. We are aware that one of the most important components to be able to increase LTV -- or GMV is recurrence. And in order to do this, we are focused on making this year the year of the marketplace. We're going to be offering more assortments, greater categories and generate more frequent consumption. No doubt, to do this, we must have a strong marketplace. And our strategy here for this year, we have been strongly evolving with the amount of sellers. We ended the first quarter with already 26,000 sellers and we're on track with the 70,000 to 90,000 sellers for this year. So, the new sellers entering is in line with our ambition of having 70,000 to 90,000 sellers this year.

When we think about the SKUs, we've already taken on an important leap. We have 24 million already. Our GMV per marketplace is already above BRL1 billion and we still do not consider this strong growth that we had in sellers and GMV. And this was mostly due to what happened in March and it's not considered in our GMV load. No doubt, it's not only about adding sellers, it's not about the more sellers you add the better it is, it's about really making the sellers generate GMV on our platform. So, we are convinced that we're continuing to add sellers and more categories and we have a very well plan -- well designed plan to make these sellers interact with us more and also with our consumer platform generating a significant increase in GMV.

On the next slide, just to talk about how we're going to be doing this. We -- in this year, we have important evolution taking place in our marketplace platform. So, we have a lot of improvements coming up for the sellers, so that we can make their lives easier as they create and manage ads, messages, recommendations and a lot of improvement in the platform. And I'm going to talk about some of these. We're going to have the Via ads. So, that's where we're going to have an advertising solution for our online channel, which is going to be terminating ourselves even more. So, it's going to be in the hands of our seller to hire all of the ads through our platforms.

We will also be setting up a price club or an award club. So, we already have this in 1P, the industry can buy this coin that we call Vivas, an internal currency or coin. And then you can manage incentive plans with our over 20,000 sales professionals to really promote the sale of these items and then we're going to be extending this throughout this year also to the sellers. So, sellers are going to be able to hire special campaigns directly with our 20,000 sales professionals and really accelerate this, so that they can sell these items. And this is going to be done through this process of -- and in just a bit, these sellers themselves will be able to create their own campaigns.

Another item that's really important is our advantage club, where it's basically like a loyalty program, so the more GMV and the more services the sellers have with us, the more advantages they'll have in the Via ecosystem, their banking credit also is going to be something new also. That's really important for us. So, besides the anticipation of receivables, we're also going to be launching some credit offers to sellers and also our payment booklet that's going to be available. So, besides this, you have a lot of other initiatives that are listed. Everything that's listed here is for this year. So, besides this, you have full commerce. So, we are going to be working on this this year still and we're going to be delivering the full solution to sellers that need this kind of solution and then we'll also have that marketplace out. These are two points that are not included here, but we are very much convinced that we'll be able to deliver throughout this year.

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

And then on the next slide here, Dani. When it comes to financial solutions, another very important pillar is -- for this Via ecosystem. Right? So, you have a lot of new features. But before this, I want to talk about how you organize these services and financial solutions at this moment right now. So, I want to -- we needed to provide more information on this, so now we are providing this information. By the end of the presentation, you'll understand how powerful this service really is with our payment booklet system to really ensure recurrence.

So, I want to highlight the winning strategy we started in the payment book and how much we've collected in results in just one year. So, we really started working on this strongly. And on the left side, you can observe our pre-approved customer base. And it already went over 14 million, so this came together with the significant growth of estimated limit and there is a limit of BRL42.5 billion to be able to perform purchases with us with instalments. And we would be able to deliver a limit that's a little higher in their capacity to do payment, and this increases greater conversion and recurrence. And in about a year, we started customizing all of the different actions we work on with the payment booklet and this brought in a conversion rate that was very accelerated and also recurrence that was a lot greater than what we already had. And all of this evolution really brought in a more youthful target audience.

If you can see the average age range, you can see that we've also reached customers that have a low -- greater income potential. And so, these are customers -- we also have customers that are entering higher income levels. So, sometimes they even have a credit card and they're exchanging this option. So, they're going to do this through our payment booklets and occupy their limits. And besides all of this, our essence is still preserved. 46% of the base are customers that don't have income statements or records. So, providing credit to this 46% that are autonomous individuals that have no income proof is very complex and we know how to do this. So, our numbers demonstrate this.

If we could move on to the next slide, please. So, this brought in a lot of relevant growth in the share of this payment method in our GMV. We went from 17% share in May 2020 to 33% share in our physical stores. So, the payment booklet gained basically double its relevance in the last year, but maybe the most important news here is the recurrence of this payment method providing to this ecosystem. And here on the right side of the graph, you can see that in just 24 months, basically half of the customers went back to performing purchases that are financed with us.

So, if we consider our average term of payment booklet being 14 months, we could state that the customer, when they stop paying, you already start another one. And sometimes when they are lacking one instalment, they already start paying another one. So, there's a lot of recurrence and they're basically protected in our ecosystem. It's their credit method to be able to access consumption. And they are recurrent and taking advantage of this credit possibility that we provide them as well as the relationship they build throughout so many years with our brands.

On the next slide, please. I want to show you some great news here is that payment booklet we just saw on the physical store really has that power, imagine it now in digital. So, our solution for the payment booklet is already open ocean. Right? We already have 25 million customers that we already know about in-depth and they are ready and prepared to perform these credit purchases digitally. So, engagement has also grown quarter-by-quarter. And another very important differential is that with digital we really rupture once again our physical borders. We have already granted credit to over 500 municipalities where we have no physical presence. We've never had a store in these municipalities.

Let me give you some examples here. We provided credit to customers in Fortuna, in Piaui, we never had a store there, in (inaudible) in Mato Grosso do Sul (inaudible). We granted credit in these cities where we've never had any physical presence. And once again, you can see digital really rupturing and overcoming borders and boundaries adding on more customers to our ecosystem. Some another good news is that all of this evolution is in line with a very precise customer journey, simple and frictionless. 44% of our customers say that this is the only access method for credit. So, you can see the level of importance in this tool. And now with digital, there is no borders.

Next, Dani, please. Now, while all of this as I've just mentioned is really important when they asked us how we would get there with our ambitions during the Investor Day, it's important to mention how we got where we're at now. This didn't come as a miracle, it came through evolution of our financial service platform. A very committed team here at Via for the accelerated implementation increasing sales a lot, so it's not like stop, implement and then sell more. It's really the simultaneous real-time execution as well as with the strong alignment with our long-term strategy.

So, this is very much in line with our strategic vision and it's quick execution of the team. The team at Via is really capable of growing and transforming, I think, simultaneously and quickly and we're not stopping here. We have a strong delivery agenda in the next quarters with a special highlight to the payment booklet on our marketplace, our credit platform for credit as a service. And here you can see our payment booklet adding up other players to our ecosystem. So, this is our ecosystem being expanded through the payment booklet. And you can see a lot of deliveries this year and here are some of them and a lot more will come this year as well.

So, next one, please, Dani. Great. So, you are used to hearing me talk about the payment booklet and banking, but our platform of financial solutions also considers co-branded card. So, we have over 2.5 million customers active that generated in the past -- or in the first quarter about BRL4.1 billion in TPV. So, all of the co-branded cards generated BRL4.1 billion TPV. And so, our base also grew. We added about over 200,000 consumers using our cards. We're growing our customer base at our payment booklet also here in our customer base.

Next, please. Well, just as the payment booklet, just a minute, banQi is also growing at a very accelerated profit. So, all of the indicators are very positive. Up until -- till May, we reached about 4 million downloads. So, just to remind you that in November, we had disclosed that we had about 2 million downloads. In regards to account openings, we reached 2.2 million customers with accounts opened. And also here in May and then in November also, we were considering 1 million accounts. So, in just five months, basically, we were able to add up 1.2 million new customers with banQi accounts.

So, when it comes to TPV, we've already overcome BRL500 million and we've already started a request for a license together with BACEN, the central bank. One of the limitations was having a TPV above BRL500 million and we already reached this. With -- we've started this request. The total transactions reached BRL900 million. And in indicator, you also consider the deposits in accounts, which is greater than TPV. So, we are in a very precise journey with banQi. All of the numbers are extremely positive and we have also been following an important journey for acceleration in transformation of banking.

So, now the next journey for evolution of our digital account is accelerate it. And we have a very good defined strategy and we're focused on delivering these items. We'd like to highlight the expansion of banQi Shop. So, this is our marketplace here with a super app, banQi. We will intensify the -- what it offers and we'll have a very robust marketplace in the super app. And then, of course, the credit card that will also be coming around this year and we'll also have an account in credit for legal entities. So, for all of the small businesses and legal entities, but also of those that will be in our marketplace sellers.

So, it's an additional service that we're going to offer them and also to all of the over 300,000 delivery guys that will also -- that our card shipping has, which is AsapLog. Now, we also have a process to approve an operation at Kaji with our FinTech seller to add payment methods and acquire solutions. So, we're going to have another vertical to really fill in our platform and ecosystem for financial solutions.

Next please, Dani. Well, as we move on to logistics, just as the other pillars are very important, logistics is also essential. So, considering this robust platform that you can see at the base of this image, here we can really see that we are leveraged when it comes to the service level and speed of delivery, transforming this robust logistical structure we already had. As you can notice on the top, our delivery in 24 hours was 7% when we arrived and it's already reached 42%. And the same-day deliveries are already at 15%.

If we consider the logistics differential of heavy items that we have, well, one thing is to have light items in the big centers and other thing is to perform logistics-relied items in all over Brazil and all of the municipalities. Just to give you an idea, this year, we just didn't deliver in about 50 municipalities, all the rest we've delivered. So, just as we have our payment booklet penetrating in different municipalities, here with logistics, that's the same thing. When it comes to light items, we have coverage nationally. And when it comes to heavy items, we also have national coverage with precision index of about 98%.

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

On the next one here, Dani. Just as we have demonstrated in the other pillars, this also didn't come from -- as a miracle, there is a big transformation, a lot of accelerating in our technological platform. And the good news is that we have so many other deliveries and things we're going to be offering in 2021 still. So, what is already pretty much accelerated is going to be accelerated even more. So, we have this open ocean fulfillment. And by the beginning of the fourth quarter this year, we will also be performing the fulfillment service [ph] in any marketplace. So, we want to be the logistical solution as well where -- wherever they perform the sale. And along with this, there are so many other initiatives in our logistics.

Next one, please. Well, when it comes to innovation and new business, this is really at the center of our ecosystem at Via. So, we have two agendas here. One is the short-term agenda and the other one is long-term. So, this goes through our huge tech team that was considered the Via Hub, which is the team that's really transforming everything that we've seen here and was demonstrated so far and has been doing this at really accelerated rhythm. And so, the team is being -- is able to do more and quicker. When it comes to M&A, also, there are other strategies as well.

So, just as we worked on with AsapLog where we anticipated 12 or 15 months of ours with banQi and seller network we've been working on now, we really understand that there are other possibilities and we are looking at this in an ongoing manner with M&As that can really accelerate this process very quickly as well as our long-term innovation. So, our open innovation here is looking at the long-term. One of the pathways here is through the CVC that we launched on our Investor Day. And then here, we're really focused on FinTechs, retail techs, log techs and mar techs. So, marketing, logistics and retail as it is and then different possibilities as well for evolution and different FinTechs that we can add on here through banQi.

On the next slide, we highlighted the beginning of a new strategic cycle for growth, where the entire Via ecosystem is operating with a single vision really customer-focused and customer-centric vision. We implemented this transition model moving on to this relation-based platform that focuses on the increase of the customer base and LTV and continuous improvement of the experience for our customer. So, these transition models is already done. Now, we've reached a point where we have our ecosystem at a mature level, so we can perform this transition. And now, our main focus is really in the lifetime value of the customer and the customer experience here in our ecosystem.

I'll give a little more tangibility with numbers on how some of these examples of initiatives that are already reaching effect and are increasing the LTV. So, we have the significant evolution of our monthly active users in our app went from 8 million to 16 million users if we compare quarter-by-quarter, which generated an important increase in share from our apps in the total GMV. So, pure app already represent 48% of the total GMV, which is really important because this helps us a lot with our customer relationship. It helps this relationship be even more accessible and less expensive. And if we were to look at the total for mobile, where we also have another relevant share in the M-site that really takes us to the mobile first. That's already been consolidated here. We have -- and more and more we are going to continue to increase penetration from the mobile and the pure app and the relationship with customers.

So, next slide here, Dani. Other advances that contributed to this are the increased indicators of expanding and all of the different channels, with a special highlight towards the multi-channel customer. That really highlights our omnichannel strategy. So, from last year, we saw a relevant increase and the pure off customers grew 23% and pure on grew 45%. So, we are very convinced that we are on the right path and these numbers are better and better. And then when we think about the average revenue per user, the evolution is also significant and it translates that our growth is sustainable.

So, we are not going to search for growth just to grow, we want to increase overall level, but together with the ARPU growth. So, we're at a sustainable journey and we understand there's really no point in just growing for no reason because there is an abandonment rate. So, we're increasing the MAU rate with the ARPU rate. And another important highlight here is that greater penetration of the digital is also bringing an important increase among young customers, so we have more youthful customers. We saw this happen with the payment booklet system (inaudible) and we're also noticing how this is happening with our full customer role regardless of if they're in the payment booklet system or not.

Next slide. Now, another very important example here about how we are searching for greater customer loyalty is through the CB Play. So, CB Play is very successful, it is a very precise experience. And in just 30 days, it increased 50% of the amount of downloads through our app. And the best news is that it really improved the app conversion by 42% compared to the previous month. So, it's super-powerful. And here, there is a lot of news coming, so we can't tell you about this yet, but this is a real pathway for relationship and loyalty that we will continue to follow and there is no stopping us now with our growth.

So, another important piece of information here is that on the social network, we're also at another level. On the graph, you can notice the evolution of engagement and the timeline, where we overcome other players in the market positioning our brands as the brands with the greatest sector engagement. On the right side, you can see a little photograph of the month of April.

On the left side, you have the history ever since 2020. And then on the right side, you see just the month of April from the main social networks in Brazil and then you can see the brand -- or brands really leading among those three places that we have the first and second place in Facebook, on Instagram and on Twitter, we're on the first and second place as well. So, an important message here is that there is no point with just having a huge amount of followers. Well, most important is really the engagement that makes this ecosystem really move along. So, we need to generate greater engagement.

And if we were to look at the next slide now, Dani, please. You can see our score here that are already close to the maximum number, which is 5. So, we see relevant improvements in the ratings and scores on our apps. That demonstrate that our users are happy with the customer experience. Since we have clients at the center, we are focused on a constant improvement of the experience. And in the second quarter, we're going to be implementing 500 better improvement. And so, just in this quarter a lot of them are already valid. And then during the entire second semester, we'll have 500 new improvements that really improve user ability and certainly will help a lot with our conversion rates as we also improve our final note -- result. So, even though our notes are close to the limit, which are 5, we are at an accelerated process to improve our apps as well.

And then on the next slide, here, we are completely committed to the ongoing and continuous improvement of the customer experience. So, the advancement of our NPS that went from 62 to 74 and also in the physical stores that went from 65 to 75. And here in Reclame Aqui, we have significantly advanced and we are in this pathway and our journey is really exciting and in just a bit we'll have this as well.

And what's not least important when we look at Procon, this is also valid when we think about customer focus. So, our resolution rate at Procon, we already have the best rates in the market. If we consider the accumulated amount in the year, we already have the best rating. And if we look at the other 60 days, we also have a 2-point gain, which demonstrates that we are moving along. Even though we are already at very good levels, we are still improving our operations with customers at the center of our ecosystem. So, this really demonstrates how we are extremely focused on bringing the relationship and consumer platform for Brazilians. And this is where we are headed.

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

Orivaldo Padilha {BIO 21118157 <GO>}

Thank you, Roberto. Can everyone hear me? Yeah. So, let's start off with the highlights, the financial highlights and results. This first slide here is the P&L. And here, you can see those BRL10.3 billion GMV are transformed into BRL8.8 billion in gross revenue, with a growth of 18% to BRL1.4 billion more than the first quarter last year and a revenue of BRL7.5 billion, growth of BRL1.2 billion, 19.1% better than last year. And I'm going to talk about this a lot in the next slides. About the gross margins, we had excellent news here. Via is -- it's a real important strength of our business with our profitability and the possibility to generate gross margin.

So, the EBITDA is also very robust BRL584 million, 7.7%. Just last year, we had 9.8% and then we had some important non-recurring effects last year and this 9.8% that are more comparable with the 8.10%. So, this small reduction is very much connected to the factor of some stores being closed -- physical stores being closed in March due to the second wave of COVID. So, that's why we reached a net income of BRL180 million, considering BRL13 million last year, over 13 times greater in this quarter. Also a very important factor was that the company recognized a tax incentive that was directly impacting the income tax and social contributions and then we performed this reconciliation of all the benefits that were recognized of BRL150 million, BRL117 million referred to previous periods before the first quarter of 2021. So, the net income comparable to last year is BRL63 million, about 5 times better than last year.

Moving on here to the gross income, we -- in the gross profit, we can have an improvement of 1.1% in gains in commercial margins, 110 bps. And this is due to positive effect of the elimination of payments of ICMS and stay -- sales from e-commerce. So, this really leverages our e-commerce in a very competitive way and makes us therefore a lot more competitive. I would say that 1 point of this total amount is recurrent from the moment when we reopened the stores in the second quarter. And then certainly these leverages then brings even more competitiveness to our e-commerce.

So, we had two important negative impacts on the gross profit, which is basically generation of revenue last year in payment booklets and cards and services. This is basically related to the physical stores being closed during basically all of the month of March and significant gains from 0.1% in the logistics leveraged by the online GMV. So, we went from 30.7% to 31.4%. This is a number that's very robust, even though there were significant changes in the profile of the sales mix from physical stores to online.

So, on the next slide, we are going to demonstrate the bridge of the expenses. With sales and administrative expenses we left from 21.9% to 24.5%, an increase of 2.6% in expenses. This is explained by the following. The comparable base of the first quarter of 2020 needs to be adjusted due to an exceptional effect that took place in the first quarter. With the important recovery of some legal expenses, so the comparable base is 23.6% compared to 24.5% and then we have a 1.2% growth in the expenses due to the non-dilution of expenses due to the stores being closed. This is the second effect. It is of course recoverable from the moment that the stores reopened.

So, then for the two next effects with the dilution of the effects of the entire online sales process and the reduction of administrative expenses are here to stay and they are related to this increase in volume of GMV and gross sales, gross revenue for the company. So, the third important event for 20 -- of 0.20% is basically related to banQi. Last year, we didn't have banQi, no structure for results and it is still in an initial phase. So, we have more expenses and revenue. We have 0.20% impact, approximately BRL15 million. And within the quarter, what is very much recurring in the quarter we have another increase of 0.10% in labor claims. We're working on the elimination of this expense, which explains this kind of expense. So, if you think of this from a recurring perspective, our level would be leaving those 23.6% to 23.10%. This is the recurring level because of the first quarter, which demonstrates an important benefit and positive gain of 0.50%.

On the next slide, we bring in the explanation about the evolution comparing 2021 in the first quarter of the total profit of the P&L comparing net profit and income, and I have already explained the effects in the gross income and SG&A. And then, of course, we mentioned the first gain in depreciation that was leveraged by the increase in revenue, generally more productivity for our fixed assets and then the second gain that was very important was financial expenses was also leveraged by the better cash position of the company after the follow on. So, we stopped spending money with discounts on receivables from credit cards, and this already brings in an important effect of almost BRL100 million per quarter.

It's also an interesting effect here that we call the RNO, the non-operational results. This is not a game, actually last year there was negative impact and we have assets and liabilities that are not operational in the company. So, we have an agenda for solutions. And last year, we started this process of cleaning out these different matters from our legacy. But certainly in this quarter compared to the previous quarter, there was a reduction of BRL60 million, actually only BRL10 million in this quarter. And our commitment is to adjust this to eliminate this expense compared to the previous quarter. And you have a 0.80% improvement. So, that's why we reached the comparable profit of BRL60 million, 0.80% against 0.20%, an improvement of 5 times and also BRL117 million from the (inaudible) of previous periods with the -- which represents an improvement of about 13.8 times compared to the same comparable quarter in last year.

So, cash position and cash flow. As you can notice here in the highlights, we have the cash generation highlight and consumption, where you can see that it's very normal to see this kind of consumption in the first quarter, it's very seasonal. But despite all of the GMV sales gains, the cash consumption was below last year. And it would way lower if it wasn't due to a company strategy to work on this amidst temperatures that are higher during the entire pandemic period, where they have greater scarcity for products.

This is good cash utilization because supply chain is resuming operations to normal levels and the company has the conditions to recover this in a very quick manner. So, we have a very robust position, and non-discounted cards, and we have a very good application for our cash anticipated payments to suppliers re-composing this cash with this fund, BRL651 million and this is why we consider the (inaudible) BRL7.2 billion cash position that is extremely robust and comfortable, which demonstrates in regards to the debt level that company is very much solid.

Moving on to the next slide, just heading on. This is the last slide, then we'll move on to Q&A. So, the company was also very successful here with this month, actually last week. So, the liquidation and this Monday of our first debenture connected to sustainability indicators. And connected to this, we were just able to have a rating from S&P with AA position that is extremely important for the company. That really strengthens our debt profile as low risk debt profile. This debenture was placed basically to the market 96% and 23 investment funds basically reopened the market for Brazilian debt as we did in the past and our follow-on where we also reopened the market. And basically 96%, so 4% still from bank portfolios that should be -- also be entering the secondary market. And our expectation is that then we'll have 100% market based structures.

So, we had two thresholds, one for three years and one for five years. 77% in the three-year one and 23% in the longest one. And when it comes to costs, the company is at a new level of cost of debt. And we had the first debenture that was at the market with a cost of CDI plus 4.05%. Our average cost before the debenture was CDI plus 3.50%. And so, if we were to consider this cost of CDI plus 1.95% and the weighted value of the debenture, we're talking about a reduction of 1.55 to 2.10 percentage points in our debt cost, which really highlights the solidity and safety and trust of our investors when it comes to debt level.

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

Questions And Answers

A - Daniela Bretthauer {BIO 13380169 <GO>}

Thank you very much, Roberto and Padilha. Here, we have our first question from Joseph Giordano. He had his birthday this year. So, Joe, you can ask your question, please.

Q - Joseph Giordano {BIO 17751061 <GO>}

Okay, thank you. Good afternoon. Padilha (Foreign Language) My question -- well, basically I have two questions. The first one is a little bit related to the e-commerce strategy and the onboarding of sellers. How do you look at the competitive advantage or competitiveness in the market? So, we've seen some players investing in subsidies to the marketplace, they are a little more aggressive. But even though the company is still growing, so how have you guys really differentiated yourselves? And then I'll get into my second question, which is related to tax issue. So, temporary credit recognition, till when this benefit will be valid? I think it's five years from the first CDI operation. And then the second question is about defaults in e-commerce. So, you guys mentioned an explanatory observation about judicial deposits about BRL105 million in the legal account. So, is this attributed due to default? And if, in this case, we will consider this as a reinvestment? Thank you very much.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

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

So, in regards to competition, I think it's really important to consider, and the market needs to understand this because whenever this kind of competition grows, the market thinks this is going to make our life more difficult. But it's important to say, look, it's already a bloodbath ever since the third quarter of last year. We've seen this reflected in the results in all of the companies that operate in the marketplace structure result. So, this bloodbath is not starting now, it already -- maybe it's growing a bit for some players. Right? But our reaction in regards to everything that's going on is what you've seen here. We kept on gaining market share in a consistent and strong manner and we didn't lose margins because of this.

So, the ecosystem that Via has, ever since I arrived, I have been saying, look, this company has an ecosystem that no one else has in the market. And more and more this is being consolidated, more and more this is becoming evident because it's not natural to have this bloodbath that's going on in the market and still continue to gain market share and grow a lot more than our competitors. So, this is only happening because we have this powerful ecosystem. The pillars we have in-house, no one else has. So, we are convinced, if we look at what's going on in April and in May, we continue to grow above market levels. We are seeing share gains daily, with all of these indicators, they continue with the growth rhythm and pace has really accelerated. So, everyone is kind of ripping money.

Then I'm being able to get it right and I am still winning share and I'm still making money, then I think that should be a positive point for us. Right? So, we are really focused on that and we want to as much as possible more and more gain more share and preserve profitability. That's our goal. The good news for us is that if at any moment we need to be more aggressive, then we have the necessary conditions to do so because our margins are preserved entirely. So, with the second quarter a little more challenging, we had stores closed in April, so we have a little more challenge in regards to profitability, but nothing that we haven't undergone in the past and we know how to handle this. The tools we have and we really respect competition and we think that competition is good, it makes everyone evolve quicker. However, we are not afraid of competition and what's going on in the market. We have been aware, we're consistent and we're confident about the ecosystem we have here and the differentials we have to also win the game in the marketplace scenario.

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

A - Orivaldo Padilha {BIO 21118157 <GO>}

Right. Thank you, Roberto. So, two questions that are really important. Let's start of with (inaudible). So, this is related directly to the collection of taxes by the states without the existence of a complementary or previous laws. So, there was a decision just to remind you that states would collect taxes also when entering those states when there was an interstate sale on line and the company adopted a strategy that was proven to be a winning strategy. The decision took place on February 14th in the Supreme Court at the Plenary. And then at that vote, it was clear that whoever had judicial deposits and a lawsuit that had already begun already had the right to recognize the asset and revenue and also has priority to receive those resources since they did not appear in the cash -- in the account of other state. So, they are in judicial deposits and the lawsuit and decision is very quick in this case and then you can actually access those resources quicker. It's available in a judicial deposit account, so it's quicker process.

So, this increase was really due to default. Of course, we recognize the revenue and this, of course, accelerates our -- it makes us more competitive I think generally speaking with three types of beneficiaries with this kind of decision, so whoever has a lawsuit, whoever has judicial deposits and whoever does not have. Whoever does not have needs to wait for the law, who has these lawsuits open already needs to request the money back from the states. And in our case, we are going to have this quicker because it's in a judicial account and not in the states accounts. So, part of this commercial strategy really is important for a legal framework. And we have 15 states -- sorry, 22 states involved and our forecast is that the resources will return to the company in the second semester of this year already. So, this is the default issue. All right?

Now, in regards to (inaudible) (1:01:07.1) it's a little different. It happens because the company has fiscal incentives, tax incentives in over 22 states -- sorry, defaults in 15 states and (inaudible) is present fiscal incentive (inaudible) within the states. So, these are ICMS tax credits, reduction in the calculation based and this represents a percentage in 2020 of about 3% of the revenue for Via goods. And now, in the first quarter, about 2% of our revenue in goods. So, the incentivized part is very low in the total revenue, but it is important because it generates significant values. In the quarter, we had BRL150 million recognized certain amount from previous periods and BRL33 million from the actual year. And this already generates the recovery of taxes in the next quarters already.

So, I have a big bag or wallet of fiscal credits from all types income taxes and social contributions. And then this is going to be setting up the amount of reductions and payments that we're going to have throughout the year. So, if you would allow me, Joseph, to mention that this is a very important topic for Via and all of you as investors to understand we consolidate some charts within our ITR and in the release as well that demonstrate that we have BRL5.5 billion in credit -- fiscal credits related to sales and BRL1.9 billion of fiscal credits related to profits. So, we have BRL7.4 billion in tax credits. We also have on slide 39 and 22 of our ITR the monetization curve and expectations for monetization in these resources. So, I think this is really important if we knew this capital. In 2021, we're expecting BRL1.2 billion monetized and in '22 BRL1.7 billion to BRL1.8 billion. And in '24, BRL1 billion. And in '25 and '26, about BRL500 million each. So, we're expecting that for the next five years BRL6.4 billion, 86% of that base going back to the company's cash.

Q - Joseph Giordano {BIO 17751061 <GO>}

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

A - Daniela Bretthauer {BIO 13380169 <GO>}

Our next question comes from Joao from Citibank. Joao?

Q - Joao Soares {BIO 17386703 <GO>}

Thank you, Dani. Good afternoon Padilha and Roberto. There's two points here I wanted to cover with you guys. I think the first one you guys mentioned a lot about recurrence in regards to the banQi and FinTechs, the payment booklet. I think it's a normal trend that people would start performing greater purchases if they pay for the instalments, but I want to hear about, out of this context, what are the efforts to increase recurrence maybe when you think about the assortment? And then we're asking a bit about the conversation in the Investor Day of the different categories of potential M&A that you may work on to really accelerate using recurrence. And I understand that food retail was not considered your priority, but once again the different categories and increasing the assortment to accelerate recurrence.

And the second point, as we consider the inventory, I think it was very clear, Padilha, where you mentioned there should be a recovery based on the supply chain as supply chains normalize, right, at the inventory level. But can you already have some visibility about this recovery? And if in the -- maybe in the second quarter, there would already be a reduction in the stock levels? And then if we take (inaudible) (1:05:32.7) point, what's the mindset on the cash generation for this year?

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Excellent, Joao. Thank you for that question. Good afternoon. So, now, in regards to recurrence, I believe that the good news is -- in our ecosystem is that it does not depend only on products, so we've demonstrated that the payment booklet is also a strong motor or lever for recurrence. So, customers that really plant to have 14 months of funding with also have 14 months of contact with us. And 50% of these customers, I convert the new sales for them. So -- within this period where they are connected to this kind of payment booklet with us. So, it's a very powerful instrument for recurrence and it is regardless of the product assortment. When we look at the other side, all of the initiatives we're working on, like CB Play for example is an item that generates engagement for us and recurrence because customers are more present with us as we include them and supply entertainment for free, for example. We also have announced during the Investor Day that there is an important relationship plan with customers throughout this semester, that's going to be a very powerful tool to intensify this relationship even more that generates a lot of recurrence with customers.

So, no doubt, we know that to search for this, we need to have a marketplace that is really structured and has a good assortment, and this is what we're building this year. So, we've already set up those 10,000 sellers and we will mention these items that are strong recurrence items. This is what the whole market has and this is what we're going to have here as well. So, we're not contrary to food items, what we're saying is, look, if there's a priority, the number one priority is not this, but it maybe could be priority number two. Once onboard is accelerated and we have this pretty much in line, then obviously we will look at any segment that can ensure the recurrence. So, this is our mindset when it comes to M&A and also organic growth that we're going to be providing to the business.

I hope to have answered your question.

Q - Joao Soares {BIO 17386703 <GO>}

No, I think that's really clear. Thank you.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

And then in regards to inventory, I'm going to start off here and then Padilha will end as well. So, we are understanding that there is some visibility about the improvement of the index of supply in the industry for the third quarter, so we are already starting in this quarter to de-accelerate the stock and inventory levels. But this is a tactical and strategic matter for us at the same time, we're measuring this daily. So, all of the indicators we're looking at till now lead us to believe that this is possible, we will have more of a flat supply structure in the third quarter. If we understand something is different, we'll take a step back, but everything is pretty much headed towards recovery of this level of inventory in this quarter.

A - Orivaldo Padilha {BIO 21118157 <GO>}

Great. I think that pretty -- that's pretty much clear. I think the inventory is set up and adjustment -- or increase of the inventory is strategic and this is reflected a lot in our profitability, commercially speaking. And I'd say that regularization or adjustment could bring in BRL501 billion of cash -- BRL500 million, BRL1 billion of cash back to our operations. Although we consider inventory to be operation, but as I mentioned monetization is about more than BRL1 million. And our EBITDA is very important for operational generation -- cash generation. So, if you consider our EBITDA and our forecast on sales and you add on these two elements, basically, that's our operational generation forecast that we have an expectation for a strong operational cash generation this year.

Q - Joao Soares {BIO 17386703 <GO>}

Perfect. Thank you, Padilha. Thank you for those questions. Great, thank you.

A - Daniela Bretthauer {BIO 13380169 <GO>}

All right. We will move on to the next question now. I think it's also a video question here. And if we could maybe head on to the next question. We have the next question now. Mr. Richard? I think we have Richard from Bradesco. Let's just give him a second. Mr. Richard, can you hear us? Well, meanwhile, I'll talk about -- let's move on with Guilherme from Safra. Okay, and then we'll forward the next question.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Great. Hi, Gui. How's it going?

A - Daniela Bretthauer {BIO 13380169 <GO>}

Guilherme, you're on mute.

Q - Guilherme Assis {BIO 16143141 <GO>}

So sorry. All right. Now yes. Great.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Hi. Good afternoon, Guilherme. How's it going?

Q - Guilherme Assis {BIO 16143141 <GO>}

Hi, Roberto, Padilha and Dani. Thank you for my question -- answering my question here. I want to go back to two points just very quickly. I think we're already discussing this, you guys already mentioned this, and I have a question about this. But it's important for us I think to understand the dynamics that are taking place there. So, one is the market share gain that you guys have. We've noticed a very aggressive environment, right, Roberto, you were mentioning this. And yes, I agree with you, we have already seen this ever since the beginning of last year, but this year especially for example we had competitors shifting their commercial strategies to accelerate growth. So, you've noticed that growth is coming around, but it's coming at the cost of margins. So, my question is the following. Have you maintained growth? Are you being able to continue to have this growth and really capture sales with the stores closed with the successful migration with their online and rollout of marketplace, but we've noticed that their margins are still positive, so there are some impacts maybe that are non-recurrent with tax default?

But looking up ahead, I want to understand that if -- should we expect you to maintain this gross margin at this level or should we expect that you guys are going to try to defend yourselves or maybe this market share gains will kind of give up a bit of margins? How are you looking at this, right, considering the performance now and in the relationship with the sellers and customers in regards to margins? So, that's a question. And then also the second one is, how you are looking at Mother's Day and after Mother's Day, right, I think another concern is that the comparison basis is maybe going to be a little more difficult now. So, you guys demonstrated actually in the release some of the market share gains and results in April. So, you've noticed that the sales are reducing because of the competition, do you think you can keep this kind of rhythm of growth?

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Well, thank you for that question, Guilherme, and actually questions, right, in plural. But this environment that's more aggressive, which I agree is clear -- is pretty visible once again, we are -- we have about -- over 30 years ever since I've been in retail, online, physical, I've already seen retail in so many different ways. But together with me, I certainly brought a lot of retail experience. And to be honest, I don't see the market has this kind of aggressiveness that everyone is talking about. I've already been in markets that were a lot more aggressive that actually led many players to go bankrupt. But the market now, I don't really think there is so much an aggressive approach that everyone mentions. Okay. Yes, it's a little more aggressive than it was maybe in the first semester, but come on, it's very far from some of the worst markets I've seen in my career in the past years.

So, once again, the ecosystem we have at Via who in the market has the necessary capacity and the conditions to grant credits to people that don't have any kind of income proof and not lose money in this process, we have what it takes and we've demonstrated this. We are growing in a very precise manner in the youthful customer categories with credit or access to the products even without credit. So, we -- our logistics are already present in all of the municipalities. So, our ecosystem is pretty much ready. But now what we're working on is to bring in more people into our ecosystem, and the more people we bring, the greater it will be, more diverse it will be and the more recurrent it will be as well as more precise.

So, I basically only se good news up ahead in our journey. And everything we have to deliver this year, there is no more doubt in regards to the capacity that this team has to deliver, right, (inaudible) (1:16:18.9) delivered already. So, this big team here at Via has what it takes and the consistency aligned with strategies who want to gather all of this, you really leverage this business even more. And to be honest, we always look at this very carefully, all the different trends that the other customer -- other competitors present, but we've been able to overcome all of this, maintaining growth. So, let's look at May. Now, all of my stores are reopened. I'm still growing at a significant volume online as well. And I'm still gaining market share as well. So, these actions that competitors have worked on already are already happening.

So, what am I doing if I'm continuing to gain market share? Well, it's a little difficult to have this kind of comprehension, right, without demonstrating it. But ever since the beginning, we've always said that we have the right assets, they're badly operated and have low technology levels, but we are going to operate this well. We're going to add these technology levels and we're going to transform this into a big -- in the right path. So -- but we have advantages because we have things that no one else will have, no one has at the moment, maybe they will have in the future, but we're going to have to spend a lot of millions to build the logistics and the history of relationship and credit that we have with these consumers.

So, to be honest looking up ahead, I continue to see Via with accelerated growth, consistency and with levels of margins that are similar to what we're looking at now. This is how we are looking at Via up ahead. And when we think about the post Mother's Day period, we are still doing pretty well, we're still growing. We have still had excellent numbers and growth rates and in the market share measurements, we are still growing above market level. So, we'll have even more share gains up until now.

I'm not sure if you guys had any questions about that.

Q - Guilherme Assis {BIO 16143141 <GO>}

No, that's clear, Roberto. Thank you. Thank you very much.

A - Daniela Bretthauer {BIO 13380169 <GO>}

Thank you, Guilherme. I think the next question is from Richard from Bradesco.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Hi, Richard.

A - Daniela Bretthauer {BIO 13380169 <GO>}

I think we still have issues with this connection. Maybe his mic is off. Richard, if you want to just use your audio, that's fine. So, while we wait to solve this little technical issue, we have two questions that came in here, Roberto and Padilha, from Morgan Stanley. And the question is from the online sales reps. Could we talk about how you structure the incentives for these guys? And do they sell 1P and 3P? And there's another question also about the long tail. How you've been evolving with this as well? So, maybe we can answer Andrew's questions first.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

So, about the online sales reps, we are really accelerated. And as we have seen in the graph where we demonstrated we had BRL1.2 billion and it's the same number in the fourth quarter, even with all the seasonality that the fourth quarter brings in, the incentives, there is the same incentives that they have in the physical stores. So, there is no big differential that would leverage this or provide something that's not consistent. So, it is extremely consistent, this level of incentives that we're working on with these sales reps. And the main difference is that in this evolution, more and more we are adding intelligence to the online sales reps and then you also have some news here that's quite interesting. In April, we started this possibility of adding the (inaudible) (1:21:24.6) also with the online sales reps. So, from the April onwards, they can also have the customers' journeys funded by the payment booklet system with all of their interactions with the consumers. So, it's something we're adding a lot of intelligence to, we believe it is important to remember that the penetration of online sales in Brazil is still at about 10%.

As this penetration of online is becoming greater, then it starts to consider consumers that we already relate to, all of the Brazil, and these are consumers (inaudible) (1:22:08.2) already have the habit of using online. So, the online sales reps too is very important to include these customers with new platforms. So, this hybrid model for online is a very important differential. And here, we are talking about levels that no one else is available to reach. And this is really due to technology that we added and also the greater capacity of our sales teams. And we have a huge differential in our sales teams in the stores. When we look at average store with -- in regards to the market, we have more productivity and more sales per store. So, this also added up to our online journey.

And Dani, I think that's the question. And the second one was about the long tail. Well, a long tail is really what I mentioned before. When this process has been very accelerated, it's going to happen in the marketplace. In 1P also, we have been complementing this, but the strongest acceleration will be in the marketplace. And during this year, we will have an infinite shelf with the perspective of having 70,000 to 90,000 sellers into our assortment.

A - Daniela Bretthauer {BIO 13380169 <GO>}

So, now, I'll ask Richard to wait just for one minute, we're going to have Danni from XP now.

Q - Danni Eiger

Good afternoon, Roberto, Padilha. Thank you for answering my question. My first one is going on to the long tail topic also. You mentioned market share gains and an accelerated rhythm of growth, but if you could maybe talk about how this seller addition processes and we noticed significant acceleration, so I want to understand how this has been happening? So, if you could already share about May, so I can understand (inaudible) (1:24:11.7) this rhythm, if there was some kind of a hold down on this? And then in line with the seller addition process, another point I want to highlight and understand it how, the incentives you're providing for long tail because you have that cap on sales -- and how this is being influencing the margins and the manager incentives through this with the onboarding process?

And then the second point, something (inaudible) about is about the free transportation of freight and cash back, but we've noticed this is spreading out a lot more not only among marketplace players, but you can also see -- I want to understand what would help you accelerate these initiatives more. So, you started off having them within the loyalty program, but I wanted to understand what you guys would have to search for to be able to accelerate this. And then in line with this also on the food retail, and I think Joao mentioned this category, that's not a priority as you mentioned. So, what would make you maybe think that it is a category that needs describing and some recurrence to the marketplace? I know that in the payment booklet, you have this a lot, but I want to understand your mindset from a strategic point of view.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Great, Danni. Thank you for the question. In regards to sellers, we started off with May with about 46,000 sellers. So, we're at an accelerated pace with onboarding and it's within our plan. Another piece of information is about profitability. We have a take rate that's about 8.5%. And once again, this is not -- well, the take rate has very little influence on our total profitability. So, here, we have -- the sky is the limit and they can do whatever we want as a strategy here. So, we do not rely on this business model. And if we need to do something differently, it will impact basically nothing in our total profitability.

Now, in regards to cash back, briefly I'm going to ask you something else. Do you think that was the level of share that we're at growing three digits more than everyone else, do you think I really need to be throwing away money for this? I don't need to. So, what we're seeing here is that if I need to do some day, we have -- nothing is prohibited. We have no counter-indications, but what we're calling this is basically drawing away money. Right? So, we could call it cash back, free transportation, but all of this impacts the profitability of the company. So, since we're able to have really strong growth, stronger than all of the other players so far, whenever you close the results and when we look at the Compre & Confie numbers, it's better than the overall market. So, why am I going to rip money if I'm already growing basically double than what the whole market is?

And so, if we need to, I know the market's really concerned with doing things that could breakthrough with our margins, but we think it is possible to grow and make money. And we are still insisting on this thesis. But we will grow, the message is we will grow and gain market share. If I need to be more aggressive with the margins, great, but we have an advantage here. We didn't spend our fuel yet. And we're growing at three digits, way higher than the market. If we add more fuel to the business, we'll grow even more, but then it's (inaudible) (1:28:23.5) growth and not the sustainable growth. So, cash back at the moment just becomes unsustainable. And when it becomes unsustainable, what do you have to do, you reduce that and you stop and then you have a drop in sales.

So, this is an adrenalin aspect that -- our loyalty program is going to be super-complete, but there's going to be differences. We have some subscription programs in the market that have a bunch of other services embedded, but we're going to have strong loyalty programs that are not going to have subscription costs. So, instead of cash back, I'm going to provide benefits to these customers, so they can really be following in love with us here (inaudible) (1:29:01.4) benefits, so that there can be interactivity with us. I'm going to give them entertainment among many other aspects of what we're going to be doing in our loyalty program, which as we mentioned in our Investor Day it's going to be between the third and fourth quarter. So, we believe in this a lot more, we think it's more sustainable to work on the customer relationship and just give them some kind of a cash back thing. Right?

Who will guarantee that this customer is going to come back, right, (inaudible) (1:29:34.4) So, we believe in another way through relationship with consumers. And I think this is proving to be winning strategy. So, there is no -- if the strategy was not right, we wouldn't be winning the share and growth that we're winning, right. So -- and in regards to food retail, we have no limitations in regards to this, that's something (inaudible) (1:30:06.2) the market when we are working on a more accelerated marketplace process what is my competitors that are a little more ahead in the marketplace are capturing, I'm going to start capturing with the marketplace now. So, we have strong capturing now for the recurrence and we're really looking at all of the angles and everything that can lead to recurrence through M&A also to be included in our (inaudible) (1:30:34.2) partnership.

Q - Danni Eiger

So, I also have food retail in the middle of this process as well. So, you mentioned in the release that you will be expanding super-quick deliveries and that seems to be something more related to AsapLog, but now through the e-commerce, but could you really help me understand this, is it within another business unit or would it go through the marketplace again?

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

AsapLog is already prepared to work on those, they have already launched this and AsapLog is a open platform. So, it's valid for us and any other players that want to work on this. So, for us, it's pretty much ready. If I want to perform food delivery, it's pretty much ready. So, we're looking at many different players preferring different acquisitions. So, our solution with AsapLog is leading us to this roadmap for development. And, of course, I won't stop taking advantage of other things I have in-house, but I don't want to give you too many spoilers about what we are imagining for the future. So that --

Q - Danni Eiger

Well, yeah, that's clear. Thank you so much.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Thank you, Danni.

A - Daniela Bretthauer {BIO 13380169 <GO>}

So, now, we will call our next question that will be phone-based, and it's Bob from Bank of America.

Q - Bob Ford {BIO 1499021 <GO>}

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

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Hi, Bob. Good afternoon and thank you for that question. Well, excellent, we are -- it's very comparable the default rate with online and offline. So, we launched this platform online in the second quarter last year and we've been in -- really warming up our credit engine for this business, which led us to be very precise now as we go to the open ocean. So, we have about 20-some million consumers open to perform the online payment booklet with us. And these are consumers that we already know about. So, as the months go along, we open up more and more customers and we're very secure and confident about this. So, the prospects that we have about this is that we can really see the success of the online payment booklet searching for -- we're going to be looking at the offline payment booklet also when it comes to penetration, we think it is feasible. But we also think that when it comes to results, it's super-feasible to have results that are close to -- on the offline payment booklet.

So, bank is also leveraging all of this. And in regards to the payment booklet versus the purchase of products, we will also be providing personal credit and loans through banQi using all of the credit engines that we already have structured here. And this segment for digital credit is something that we really hope to be growing in a law. And that will have default rates here that are very comparable to what we have in the physical. So, that's for customers that are already known as recurring customer.

Now, as I mentioned in the presentation, we also have other customers that are known and others that are not known. So, we entered cities where we didn't have any stores yet, and this is a new customer base that we're entering in our ecosystem and we are very accelerated in building this base with all of the necessary concerns. So, we're very careful with credit. So, we're not going to be starting any kind of adventures here, but we have our feet on the ground when it comes to the payment booklet and we already proved in this model that we can ramp up this a lot to the new customers that we're going to bring in a lot of new customers to our ecosystem as well. Yeah, very similar, exactly, in regards to default.

Q - Bob Ford {BIO 1499021 <GO>}

Great. And what are you looking at when you consider the extra (inaudible) (1:35:14.5) right, but no one is really maximizing its value, even though it is a big brand?

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Well, Bobby, we are using it. So, we launched the (inaudible) (1:35:27.6) app in the third quarter last year. And it's been growing, we've been adding some improvements. So, we are providing the same kind of treatment as we handle the other brands and really leverage this business.

Q - Bob Ford {BIO 1499021 <GO>}

All right. Thank you very much.

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Once again, congratulations, Bob.

A - Daniela Bretthauer {BIO 13380169 <GO>}

Right now, of course, we'll check if there is anyone else on the queue for questions because some people had some connectivity issues. So, I just want to make sure if we can end the session or if there is anyone else in the queue. All right. Having said that, we can end the session. Roberto, did you have any final remarks? Roberto?

A - Roberto Fulcherberguer {BIO 17276995 <GO>}

Sorry, I was on mute. But once again, I want to thank you all for your interest in the company and the time dedicated to the company. I wanted to say that we continue to grow and our driver is growth and our new initiatives that we've considered for the roadmap this year are already under development and will help to leverage Via even more heading towards the growth levels we are searching for and also in regards to market share and customer relationship. As I've been saying ever since I entered the company, we have the correct assets in the company and now we are placing new levels and transforming this ecosystem with consumers at the center and with a huge team operating. So, our capacity for strategic planning and for implementation of this strategy is being placed at -- to the test ever since we entered and we've been delivering this consistently. So, I consider Via to be an ecosystem that is extremely prepared to handle this market that we have currently and the market we'll have in the future. No doubt, this company will be one of the highlights in the business online in Brazil.

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

A - Daniela Bretthauer {BIO 13380169 <GO>}

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