

3Q20 Results

NOVEMBER 2020

Méliuz



Earnings Release for third quarter of 2020

Belo Horizonte, Minas Gerais, November 16, 2020. Today, Méliuz S.A. (B3: CASH3), traded on B3's Novo Mercado listing segment, announces its results for the quarter ended on September 30, 2020 - 3Q20.

Since 2011, we have offered complete technology solutions that provide a positive and sustainable return to the company and to our users and partners. With a unique value proposition, we apply the 'Win-Win-Win' culture to all our relationships and services.

Through technology and use of data, we believe it is possible to bring brands and clients close together and make consumption relations smarter and more profitable to everyone involved. Therefore, every day we work to create new opportunities so everyone can win more.

EARNINGS RELEASE

Date: November 16th, 2020 (before market open)

The information and files will be available on our [site](#)

EARNINGS CONFERENCE CALL*

November 16th, 2020 at 09:00am (EDT)

** With Simultaneous Translation to English*

Phone (Brazil): +55 11 3181-8565 | +55 11 4210-1803

Phone (USA): +1 412 717 9627 | Toll-free +1 844 204 8942

Code: Méliuz

**Please access 10 minutes prior to the start of the conference call.*

To access the webcast with a slide presentation of the conference call, [click here](#).

An audio replay will be available after the conference call at our website [here](#).



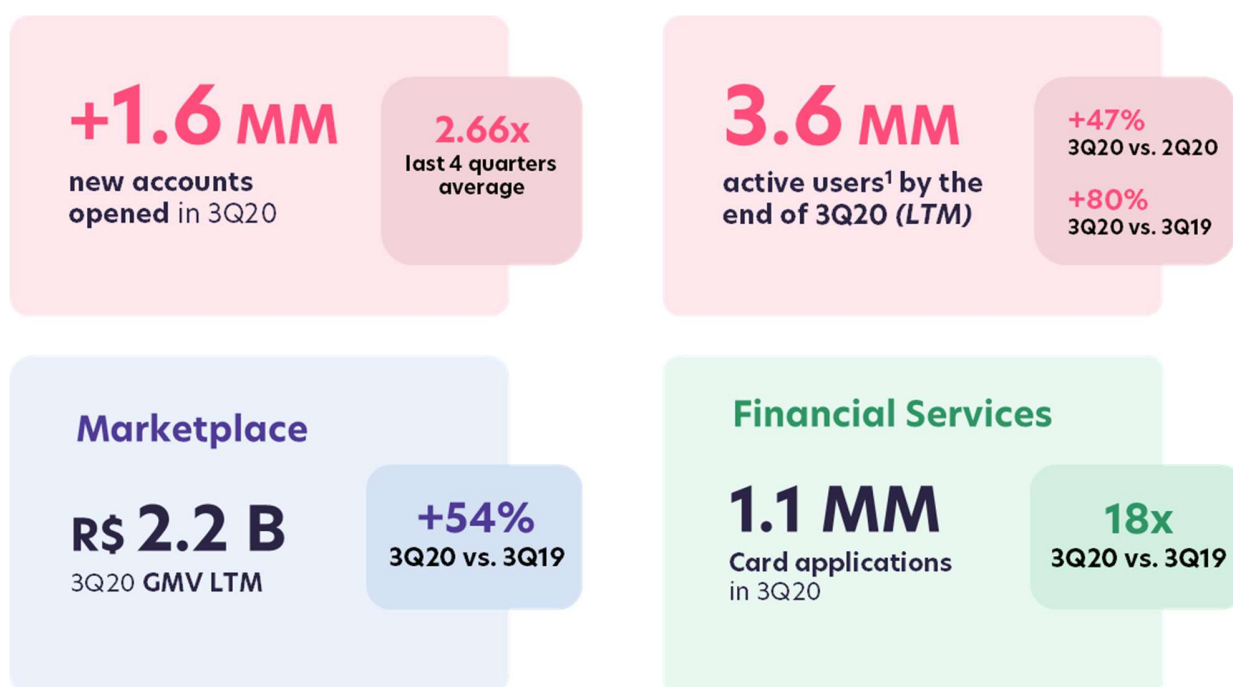
3Q20 Highlights

In 3Q20, 1.6 million accounts have been opened at Méliuz, equivalent to 2.66 times the new accounts opening average registered in the past four quarters.

Total active users in the last 12-month period ended on September 30, 2020 was 3.6 million users, up by 47% compared to the 12-month period ended on June 30, 2020 and up 80% versus the 12-month period ended September 30, 2019.

Marketplace's GMV came to R\$2.2 billion in the 12-month period ended September 30, 2020, up by 54% versus the 12-month period ended on September 30, 2019.

In 3Q20, we received 1.1 million applications for the Méliuz Credit Card, 18 times more total requests than the same period in 2019.



1. Active Users are new or existing users that performed at least one of the following actions in the reporting period: (i) purchased in a Méliuz partner using the Méliuz app, website or plugin; (ii) used the Méliuz Credit Card in a purchase; (iii) activated an offer advertised by Méliuz on the website, app or plugin; (iv) installed and performed maintenance of the active plugin in the internet browser; (v) installed or used the Méliuz app; (vi) submitted a Méliuz Credit Card request; (vii) requested a redemption of the cashback balance to the checking or savings account and/or (viii) referred Méliuz to a new user using the "Refer and Win" program.

COVID-19: Business impacts and adopted measures

TEAM

Specially in critical times like these ones we are living in due to the Covid-19 pandemic, we know that the most important thing is to preserve and protect our team. In that sense, we adopted some measures as shown below:

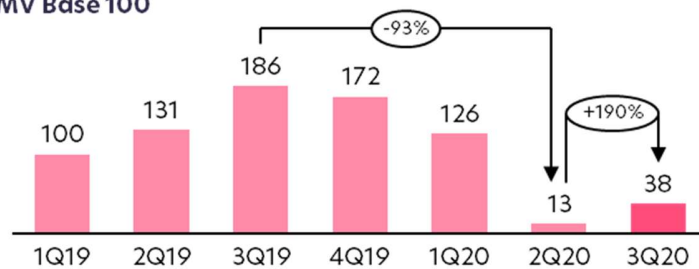
- Since March 13, the entire staff has been working away from office.
- Provided support by delivering the necessary equipment for our staff to such work regime, such as ergonomic items, and reimbursing furniture costs as well as paying for the Internet and energy bills.
- Lectures and initiatives on emotional well-being and mental health.
- Training our leadership on this topic and encouraging regular, open conversations with the entire team in times like these.
- Our in-house newsletters reinforce how necessary actions are important to prevent the disease, bringing up relevant information such as health insurance coverages and other services such as telemedicine.
- Ongoing follow-up on the number of confirmed cases to base each decision on the safety, health and well-being of our team and their families.

MARKET

From our marketplace partners' perspective, Travel and Tourism categories have been strongly impacted, posting reduced sales and commission volumes. By 3Q20 end, we began to note Travel and Tourism partners' sales began to resume.

Impacts on **Travel & Tourism**:

GMV Base 100



Some partnerships with brick-and-mortar stores have been suspended due to the pandemic and the restrictions brought by the quarantine.

Lastly, some important marketplace partners they had to reduce part of the commission and stop advertising to decrease demand until their operations have been normalized.



Who We Are

We are a technology company that ensures smart consumption relations, helping our partners to sell more, earn client's loyalty and acquire new ones, through an efficient advertisement of brands, stores, products and services. Putting together technology and the Win-Win-Win culture, it is possible to optimize our partners' marketing investments.

The business model of Méliuz's marketplace and financial services is simple: partners pay to advertise in our channels and, for each purchase through our platform or with our card, the user gets some cash back and can transfer it to any checking or savings account, free of charge.

This is what we call 'Win-Win-Win': users get real benefits and broad access to a diversified range of retailers, products and services; partners, on the other hand, gain access to a new advertisement and communication channel, a robust and qualified user base and the possibility of tailoring campaigns by analyzing consumption patterns; and we receive payment from partners for advertising their products, services and brands, sales generation, user acquisition and retention. Payments can be variable based on performance or fixed according to an advertisement package.

In 9 years, we contributed for our partners' growth by announcing thousands of offers and discount coupons and have given millions of Brazilian Reais as cashback to our users, who chose us as the 6th best shopping app (Conectaí Research – IBOPE – The Brazilian Institute of Public Opinion and Statistics, June 2017).

By offering a real and tangible benefit and making available a wide range of services, we can attract and retain users into the platform, expanding our in-house database, which allows us to refine solutions for our partners.

Accordingly, our ecosystem creates an important network effect, because Méliuz's value perception tends to increase as more users join the program, thus spurring the entrance of new partners and services. The latter, on their turn, allow us to attract more qualified users to our base, creating a virtuous growth circle.

Our debut in the financial solutions market came in 2019. In partnership with an issuing bank, we launched the Méliuz Card – a credit card without annual fee and up to 1.8% cashback for all purchases. In July, August and September 2020, 1.1 million people signed up for the card.

In 2020, we went further and began to offer cashback through the scanning of purchase invoices for specific products, in partnership with final goods industry (CPG Brands) – *Méliuz via Nota Fiscal* (Méliuz Invoice). For that reason, we now have access to more data and understand users' patterns also in everyday life purchases. At the same time, we have created a channel capable of connecting the industry directly to the end consumer.

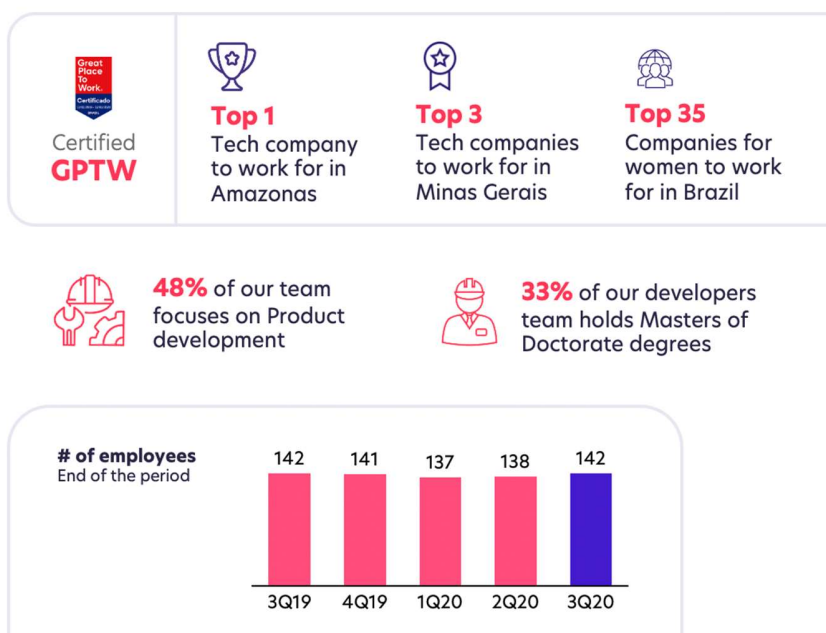
In this same year, given the scenario brought by the COVID pandemic, we have created *Méliuz Renda Extra* (Méliuz Extra Income) a program that enables users to earn a commission by referring Méliuz's partners, without having to leave their homes.

As one of the best evaluated services on *Reclame Aqui* website, today we are a team of 142 people who believe that nothing is impossible and keep working to make consumption relations fairer and smarter.

Our Team and Culture

Culture

1. Customers for life
2. Win-Win-Win
3. Out-of-The-Box Team
4. Entrepreneur Spirit
5. One Big Family
6. Prioritize and Simplify
7. Nothing is Impossible



Méliuz believes that every relationship must follow the Win-Win-Win principle, and when we build our team, it is no different. We are committed to attracting and developing the best professionals, and, most importantly, we value our in-house talents. After all, in addition to Win-Win-Win, our culture touches two aspects related to our team: An Outstanding team and The Big Family.

To ensure our culture stays strong, even with new hires, the last step of the selection process is the culture interview. It is not an easy step, but it ensures that the most brilliant people come join Méliuz and are aligned to the Company's culture.

After being approved in all technical and behavioral requirements, 3 employees talk to the candidate to get a perspective on their life story, dreams, challenges, legacy, desires as well as what they did right or wrong. No matter how critical a position is and if we need the staff quite urgently: we do not give up on the culture interview.

To ensure our meritocracy and compensation strategy, we carry out a semiannual performance evaluation, which considers the manager's opinion on productivity and results as well as alignment to Méliuz culture.

As to contribute to our team's development, we offer a complete leadership training to current managers and all those who are in the process of becoming leaders. That allows us to contribute not only to the leader's personal development but also to the entire team they will lead. Furthermore, our policy is to pay for employee training.

So that Méliuz foster an even more equal and inclusive environment, since 2018 we have had an open group where all employees are invited to discuss and propose actions related to gender, sex orientation, culture and origin, women and generations.



Our Business

Méliuz began operations in 2011 with the goal to add more value to consumer relations, making them smarter, bringing brands and customers together. With such purpose, we provide digital solutions through an integrated marketplace and financial services platform, connecting more than 11 million accounts to over 800 active partners.

Our business model is structured to deliver the “win-win-win” value proposal, where all stakeholders in our digital ecosystem (users, partners and our Company) benefit from the sustainable virtuous cycle as follows:

- Our users access a variety of brands, products, services, discount coupons and cashback, all free of charge and organized into a single dynamic and user-friendly digital ecosystem.
- Partners, on the other hand, gain access to an important advertising channel for their brands, products and services, which not only reaches a consumer base of more than 11 million qualified consumers, but also offers data and technology intelligence focused on user acquisition and retention, in order to increase partner’s sales at the same time as it optimizes their market investments.
- Our Company receives payment from partners for advertising their products, services and brands, sales generation, user acquisition and retention; payments can be variable based on performance or fixed according to an advertisement package.

We have 2 main business lines: marketplace, which encompasses the main e-commerce, tourism and leisure, consumption goods and general services market players; and financial services, which include financial institutions such as banks, fintech companies and others. As these lines complement each other, we were able to explore operational synergies in both lines, by boosting the network effect while utilizing the user base and their information – working them into market intelligence – then enabling product and service cross-selling.

Based on a strong testing culture, we work to achieve continuous results improvements in all steps of the user acquisition funnel and in different stages of the Company’s operation. We believe such culture promotes our operational performance and improve conversion rates, bringing cost reduction and revenue increase. We intensively use machine learning applied to an extensive data base to develop and deliver tailored products.

Moreover, we value in our essence our team’s entrepreneurial spirit, which lead us to always seek new opportunities to increase and supplement our products and services portfolio, boosting our growth.

We have a truly asset-light business model, with variable compensation based on performance or fixed according to an advertisement package. We act as intermediaries between our partners and users, therefore we do not need to have inventory or fixed assets related to the services available in our ecosystem, because we are not directly responsible for providing the services or selling the products. The Company is in charge of (i) operating our platform which features market tools and intelligence to advertise our partners’ products and services (marketplace and financial services) to the target audience and (ii) transfer eventual cashback to the accounts, which is defined based on our Company’s exclusive discretion and calculated based on the amount promised and disclosed by Méliuz when the cashback benefit is activated by the user. Cashback from purchases accumulates on the user’s Méliuz balance, and when it reaches R\$20 available, the user can redeem the amount to any savings or checking account, free of charge.



New Products and Partners

We continue to expand our ecosystem, adding new partner stores to the Marketplace as well as new Financial Services partners.

+100

New active Marketplace partners

New Partnership launched in the Credit and Insurance categories

BANCO PAN

EMPRÉSTIMO CONSIGNADO

creditas

PORTO SEGURO

Youse

TOKIO MARINE SEGUADORA

Super Sim

ferratum

And we are expanding without giving up on our service excellence for users and maintaining our products and services quality.

CERTIFICADO RA1000

ReclameAQUI

4.6/5

Chrome Store (Plugin)

Google Play

4.4/5

Google Play

App Store

4.4/5

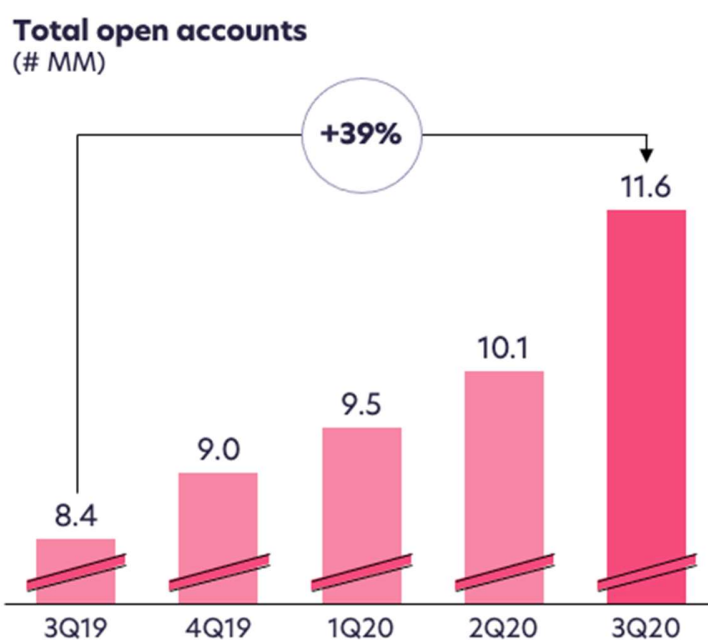
App Store

8

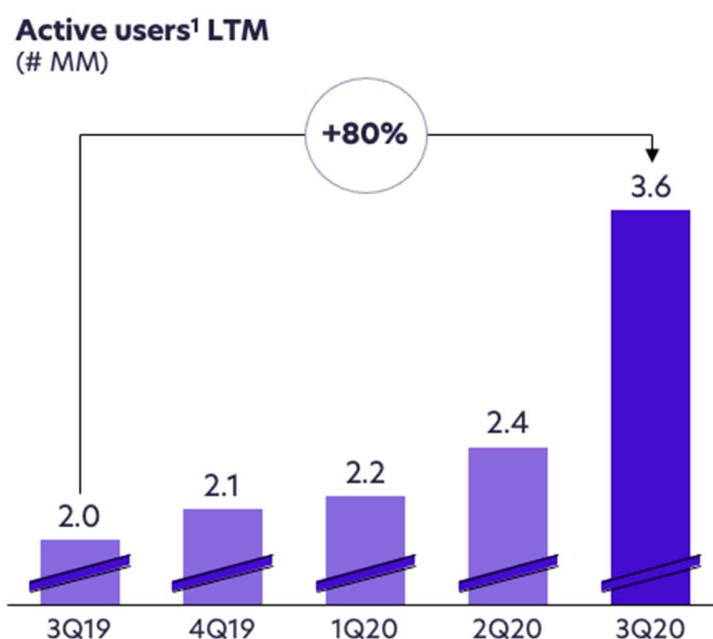
Operating and Financial Performance

User Base

We ended 3Q20 with a total of 11.6 million open accounts, up by 39% versus 3Q19 when it came to 8.4 million open accounts. This performance is due to the adoption of new strategies to increase platform reach and user acquisition.



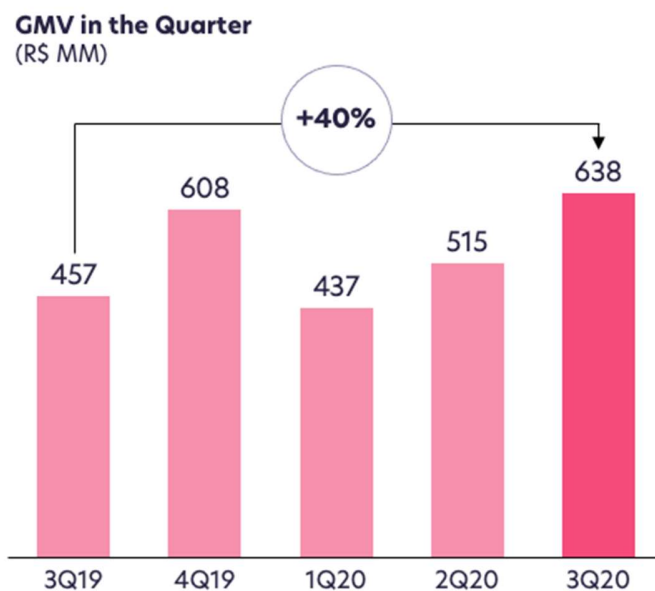
In terms of active users, in the last 12-month period ended on September 30, 2020 (LTM), we reached 3.6 million active users, up by 80% on the 2.0 million active users recorded in the 12-month period ended in 3Q19.



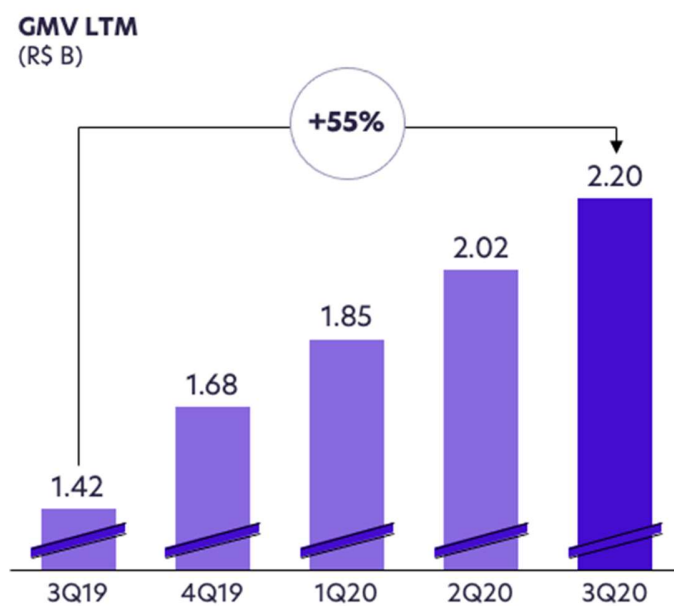
1. Active Users are new or existing users that performed at least one of the following actions in the reporting period: (i) purchased in a Méliuz partner using the Méliuz app, website or plugin; (ii) used the Méliuz Credit Card in a purchase; (iii) activated an offer advertised by Méliuz on the website, app or plugin; (iv) installed and performed maintenance of the active plugin in the internet browser; (v) installed or used the Méliuz app; (vi) submitted a Méliuz Credit Card request; (vii) requested a redemption of the cashback balance to the checking or savings account and/or (viii) referred Méliuz to a new user using the "Refer and Win" program.

GMV Marketplace

Gross merchandise value (GMV) originated to our Marketplace partners through our ecosystem came to R\$638 million in 3Q20, up by 40% versus 3Q19, when GMV was R\$457 million.

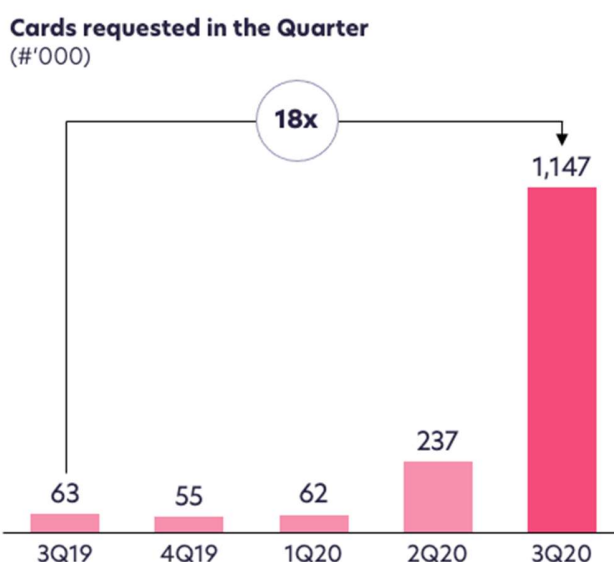


LTM ended September 30, 2020, Marketplace GMV in our ecosystem came to R\$2.2 billion, a 55% increase on the 12-month period ended on 3Q19.

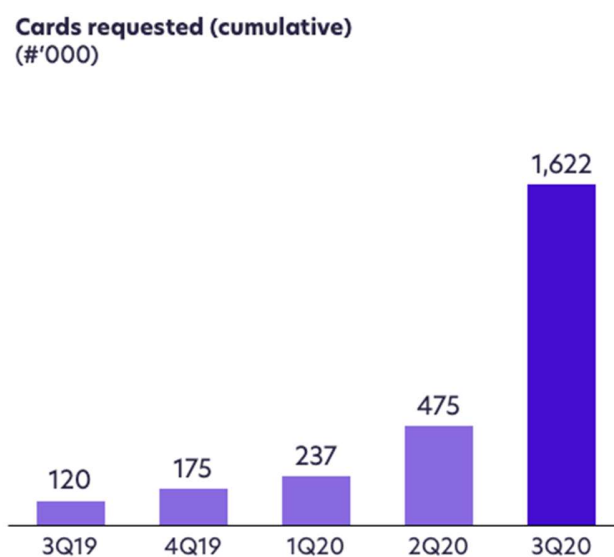


Méliuz Card

Our co-branded card, issued in partnership with Banco Pan, reached 1,147 thousand applications in 3Q20, 18 times that of 3Q19 total applications, which came to 63 thousand. The significant growth in card applications is due to product improvement and, mainly, increased acquisition channels options and better conversion of the acquisition channels we rely on to advertise the card



Since the card was launched in the beginning of 2019, we achieved a total of 1,622 thousand applications at the end of 3Q20, up by 1,247% compared to the accrued figure in 3Q19. Important to highlight that 3Q20 numbers represent 70.7% of all applications for our credit card since its launch.

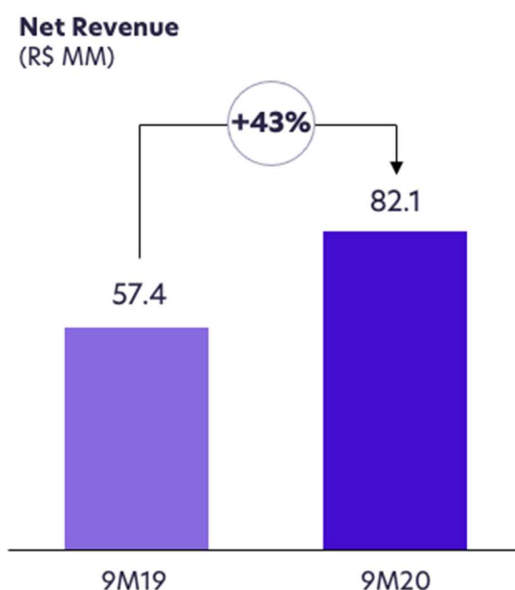


Net Revenue

Total net revenue came to R\$25.6 million in 3Q20, a 15% increase on the R\$22.3 million recorded in 3Q19, due to the Méliuz Credit Card growth coupled with the increase in revenue from marketplace partners. It is worth noting the negative impact in revenue from marketplace partners, mainly the travel and tourism categories, which have been strongly impacted by the COVID-19 pandemic, as well as brick-and-mortar retail stores and some other partners that reduced their commissions and advertisement spend.



Total net revenue came to R\$82.1 million in the 9-month period ended in the third quarter of 2020 (9M20), up by 43% versus 9M19.



Financial Statements – Accounting Reports

Income Statement

3-month and 9-month periods ended on September 30, 2020 and 2019

(In thousands of Brazilian Reais, except for basic and diluted earnings per share)

	Parent Company			
	3-Month period ended		9-Month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net revenue	25,644	22,345	82,083	57,388
Operating expenses				
Cashback expenses	-12,944	-10,668	-37,055	-27,910
Personnel expenses	-4,313	-3,960	-12,063	-11,696
Selling and marketing expenses	-876	-484	-1,368	-1,575
Software expenses	-1,499	-1,508	-4,139	-3,079
General and administrative expenses	-457	-344	-985	-1,387
Outsourced services	-560	-727	-1,985	-2,106
Depreciation and amortization	-317	-536	-1,414	-1,431
Other	131	-19	182	-1,232
	-20,835	-18,246	-58,827	-50,416
Gross profit	4,809	4,099	23,255	6,972
Income using the equity method	-1	-	-1	-
Income before financial result and taxes	4,808	4,099	23,255	6,972
Financial result	-95	-8	-344	-68
Income before taxes	4,713	4,091	22,911	6,904
Deferred and current income tax and social contributions	20	-869	-5,486	-2,036
Income for the period	4,733	3,222	17,425	4,868
Basic and diluted earnings per share (in R\$)	0.05	0.03	0.19	0.05

Balance Sheet

September 30, 2020 and December 31, 2019

(R\$ '000)

	Parent Company		Consolidated
	09/30/2020	12/31/2019	09/30/2020
Assets			
Current assets			
Cash and cash equivalents	32,340	9,981	34,292
Accounts receivable	6,350	10,856	6,350
Recoverable taxes	956	377	956
Restricted funds	5,024	-	5,024
Other assets	4,132	756	4,145
Total current assets	48,802	21,970	50,767
Non-current assets			
Long-term assets			
Receivables from related parties	64	122	-
Deferred taxes	6,626	8,760	6,626
Other accounts payable	1,142	1,122	1,142
Restricted funds	1,695	-	1,695
Total long-term assets	9,527	10,004	9,463
Investments	2,551	-	-
Property, plant and equipment	2,371	2,347	2,371
Leases - right of use	375	2,798	375
Intangible assets	444	693	3,555
Total non-current assets	15,268	15,842	15,763
Total assets	64,070	37,812	66,530

	Parent Company		Consolidated
	09/30/2020	12/31/2019	09/30/2020
Liabilities			
Current liabilities			
Suppliers	1,650	300	1,658
Loans and financing	7,122	-	7,122
Tax and labor obligations	5,178	4,489	5,178
Income tax and social contributions payable	25	906	25
Cashback	3,437	4,990	3,437
Leases payable	321	1,449	321
Other liabilities	14	102	14
Total current liabilities	17,747	12,236	17,755
Non-current liabilities			
Loans and financing	5,785	-	5,785
Leases payable	-	1,275	-
Cashback	219	1,407	219
Total non-current liabilities	6,004	2,682	6,004
Shareholders' Equity			
Capital stock	10,000	10,000	10,000
Capital reserve	24,532	24,532	24,532
Net Income (Loss)	5,787	-11,638	5,787
Shareholders' equity of controlling shareholders	40,319	22,894	40,319
Shareholders' equity of non-controlling shareholders	-	-	2,452
Total shareholders' equity	40,319	22,894	42,771
Total liabilities and shareholders' equity	64,070	37,812	66,530

For further information and details on the results presented above, please check our ITR and audited Financial Statements, available on our Investor Relations website: ri.meliuz.com.br.