



magalu

Conference Call 4Q23

March 19, 2024

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O Release de Resultados e a Apresentação, versões português e inglês, estão disponíveis para download no site de RI: ri.magazineluiza.com.br

A apresentação em inglês também está disponível no link enviado no chat.

This conference call has simultaneous translation.

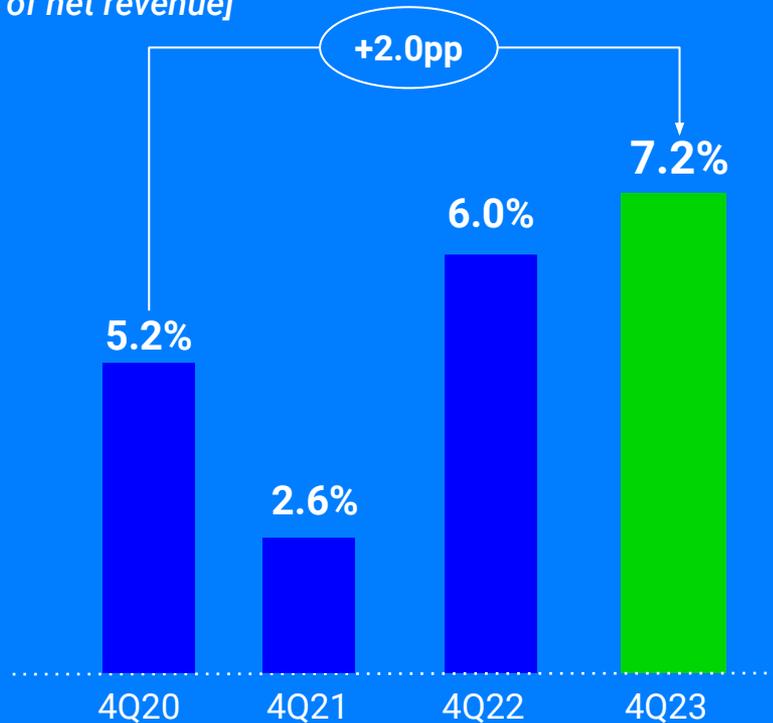
To gain access, please click the Interpretation button on the globe icon at the bottom of the screen.

The Earnings Release and the Presentation, Portuguese and English versions, are available for download on the Investor Relations website: ri.magazineluiza.com.br

The presentation in English is also available on the link sent in the chat.

4Q23: a turning point for magalu: Increase of operating margins, financial expenses dilution and positive net income

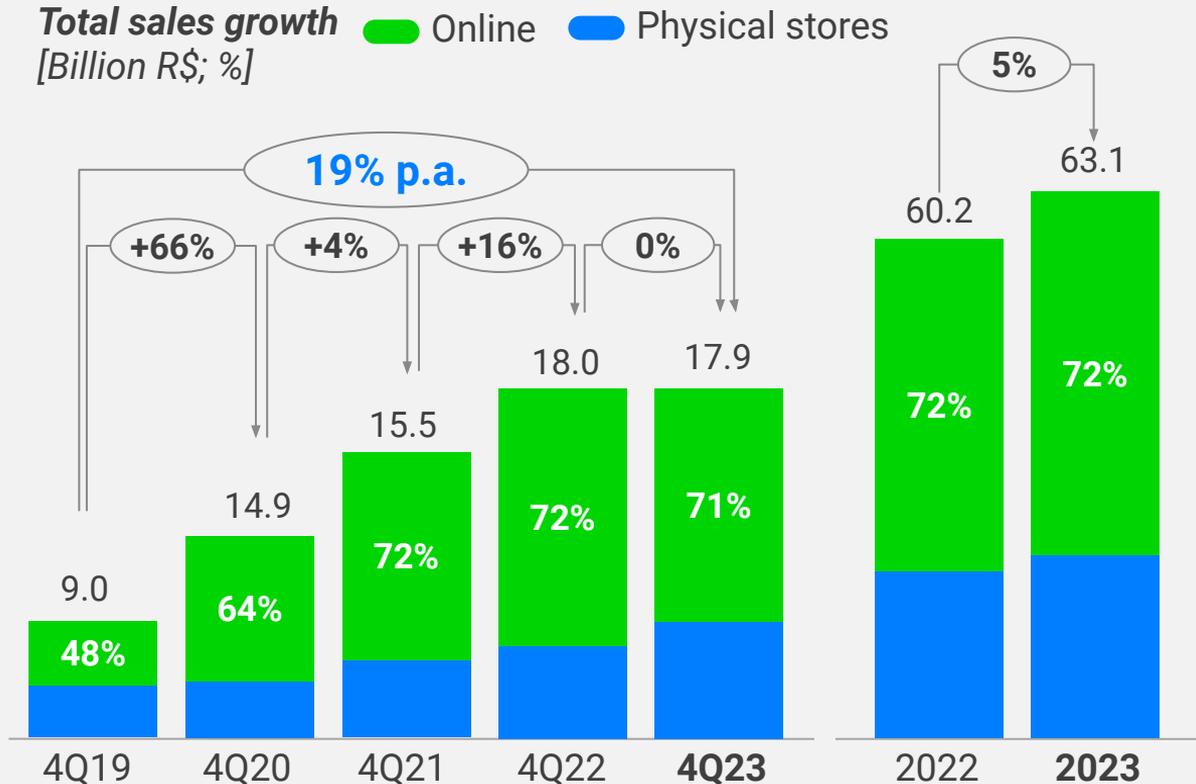
Adjusted EBITDA margin
[% of net revenue]



R\$ 102 million
Adjusted Net
Income



Over the last 4 years, total sales **grew an average of 19% per year**, reaching **R\$ 17.9 billion** in 4Q23



R\$ 63.1 billion

Total sales in 2023

[growth of 5% vs 2022]

30.3% Gross Margin

4Q23

[+2.5 p.p. vs 4Q22]

7.2% Adjusted EBITDA

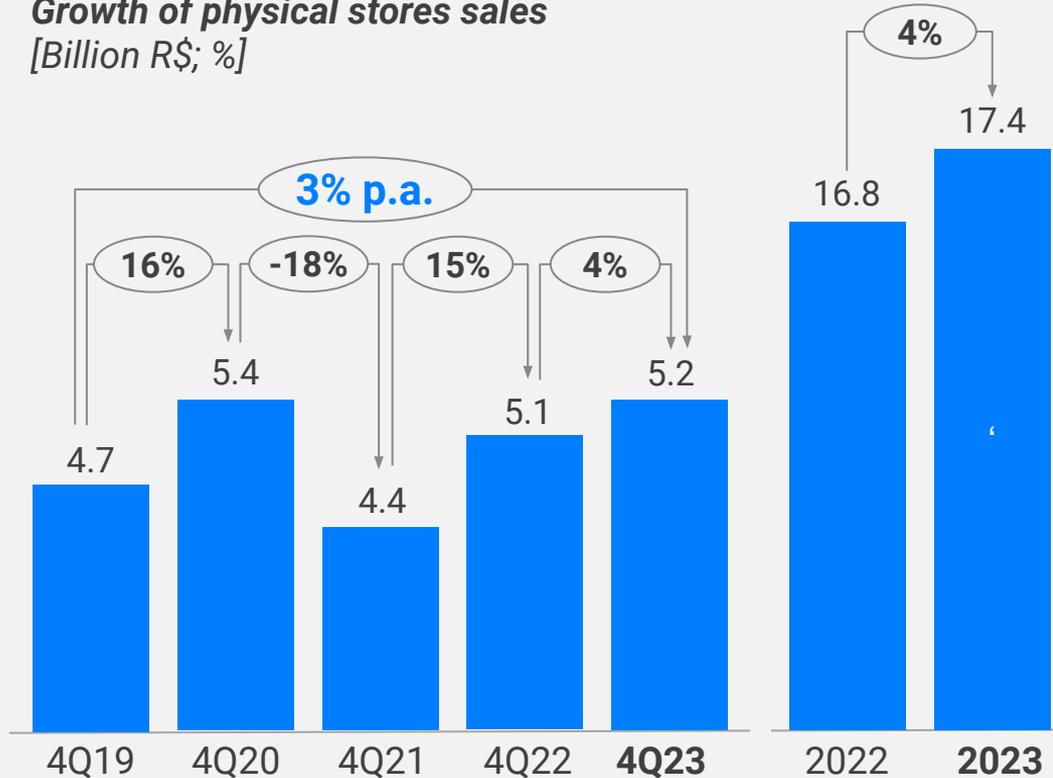
margin

4Q23

[+1.2 p.p. vs 4Q22]

Total Physical Store Sales were **R\$ 5.2 billion** in 4Q23, **growing 4%** compared to 4Q22

Growth of physical stores sales
[Billion R\$; %]



R\$ 17.4 billion

Physical store sales in 2023
[Growth of 4% vs 2022]

+1.2 pp

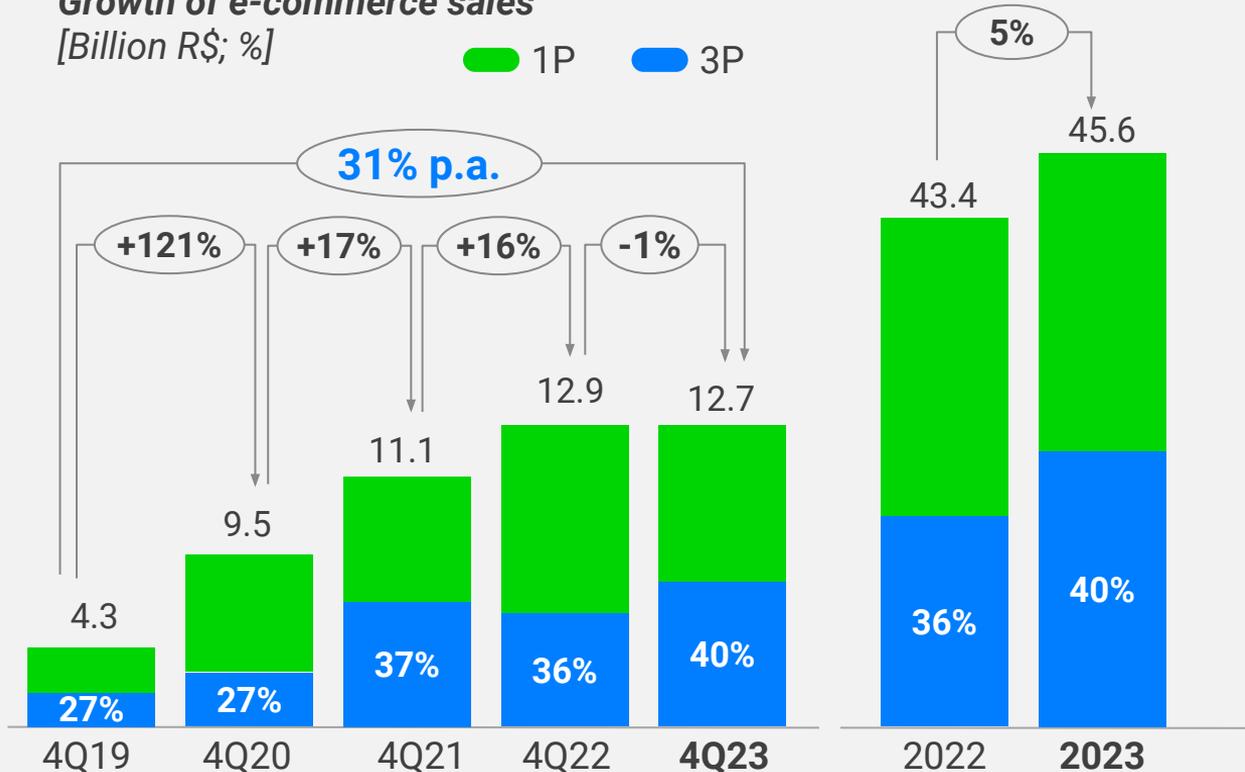
Market share gain
[4Q23 vs 4Q22; GFK]

Over the last 4 years, our e-commerce business grew an average of **31% per year**. In 4Q23, sales amounted **R\$12.7 billion**

Growth of e-commerce sales

[Billion R\$; %]

1P 3P



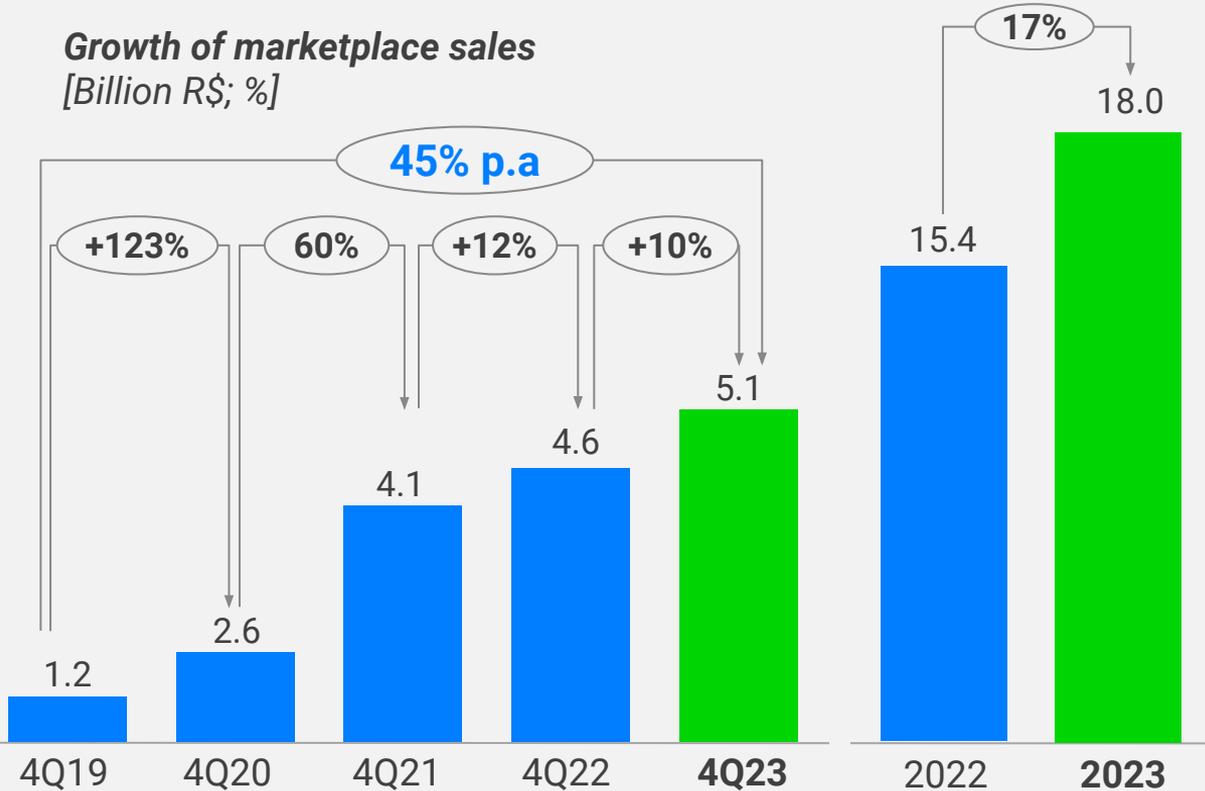
R\$ 45.6 Billion
E-commerce sales in 2023
 [Growth of 5% vs 2022]

Significant increase in operating margins in 2023:

- Difal pass-through (completed in 3Q23)
- Success of commercial campaigns, such as the **most profitable Black Friday in history**

Over the last 4 years, our **marketplace business grew an average of 45% per year**, reaching **R\$5.1 billion** in sales in 4Q23

Growth of marketplace sales
[Billion R\$; %]



R\$ 18 billion

3P sales in 2023

[Growth of 17% vs 2022]

17%

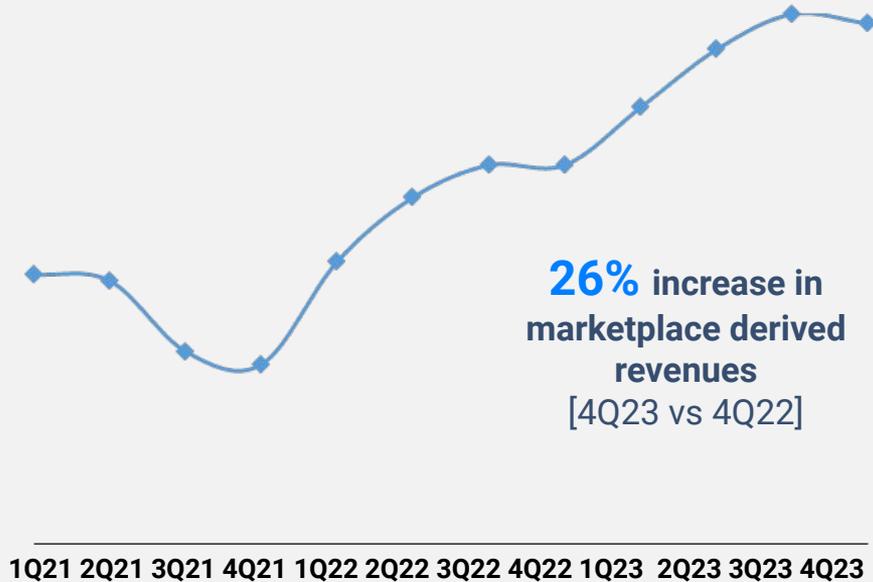
Growth of marketplace sales

[2023 - 2022]

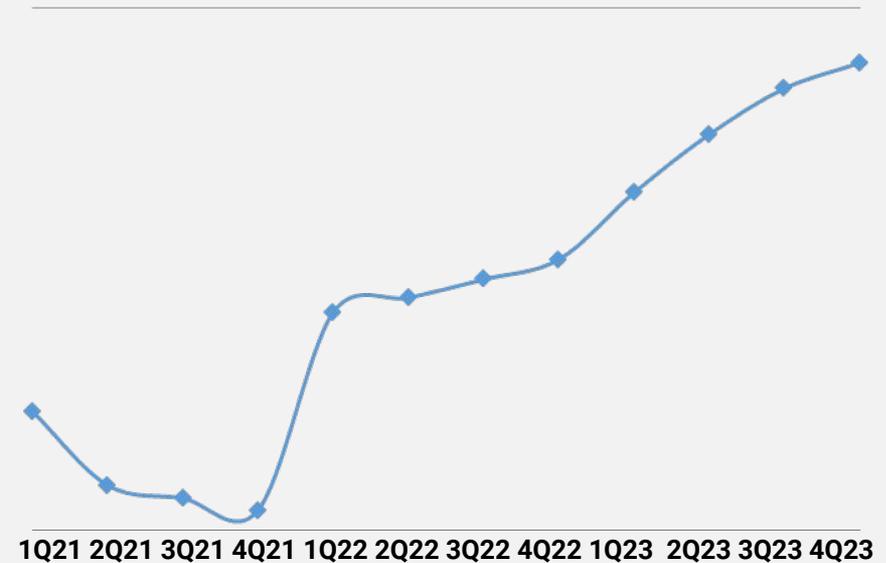
Increase in marketplace take-rate, boosting profitability

In addition to increasing sales and clients, we continue to significantly expand the **profitability of our marketplace**

Growth of the 3P take-rate
[% GMV; 1Q21-4Q23]



Growth of the 3P contribution margin
[% GMV; 1Q21-4Q23]

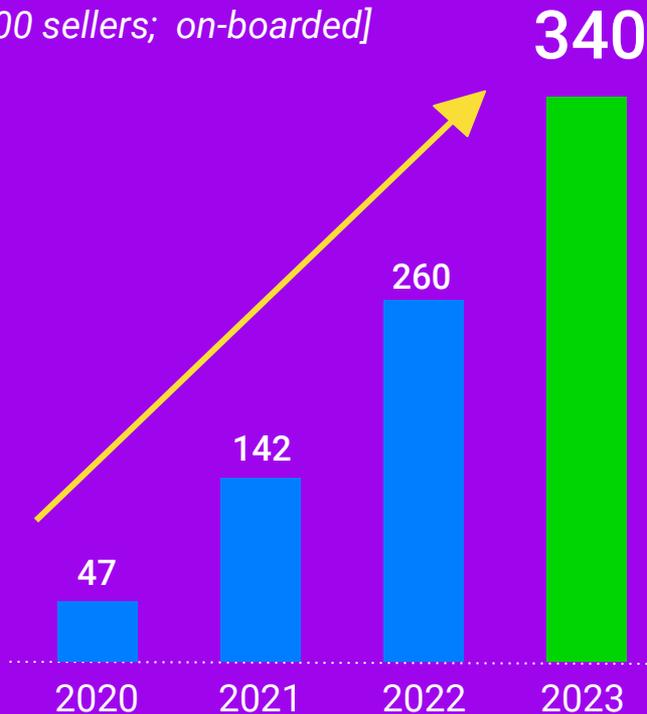


Accelerated hunting of new sellers

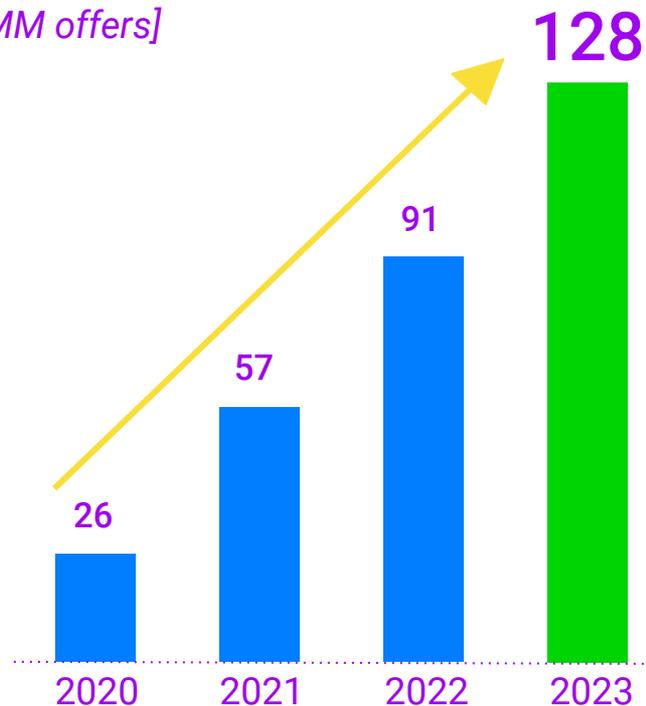
293k new sellers joined the platform since 2020.

We reached **340k sellers** on the marketplace platform in 2023

Growth in the number of sellers
[‘000 sellers; on-boarded]

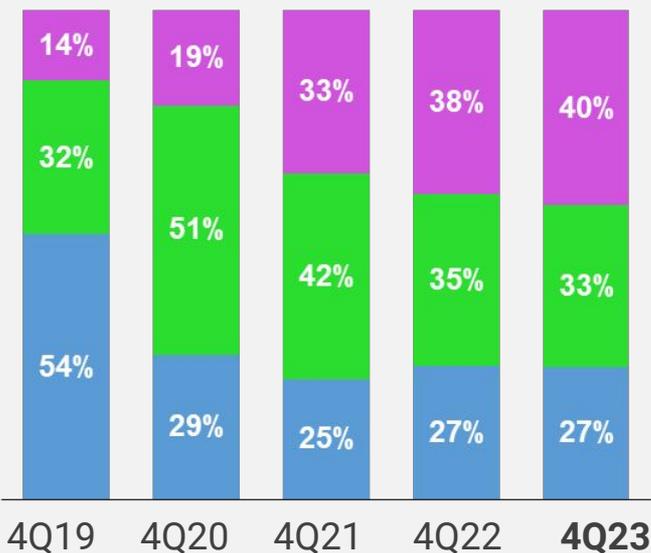


Total number of offers 1P + 3P
[MM offers]



3P is already the largest channel in terms of items sold, bringing diversification and scale of orders to the platform

Share of number of items sold per channel
[% of items sold/ 4Q 2019-2023]



3P
1P
Physical Stores



Kitchen Accessories was the best-seller family of items in 2023



Automotive tires showed the highest growth in items YoY



+1M of **running shoes** sold in one year

Faster delivery also on the marketplace: expansion of Magalu Entregas, raising the level of service and the sales conversion rate

3P orders delivered in up 48h

+8 p.p.

43%

51%

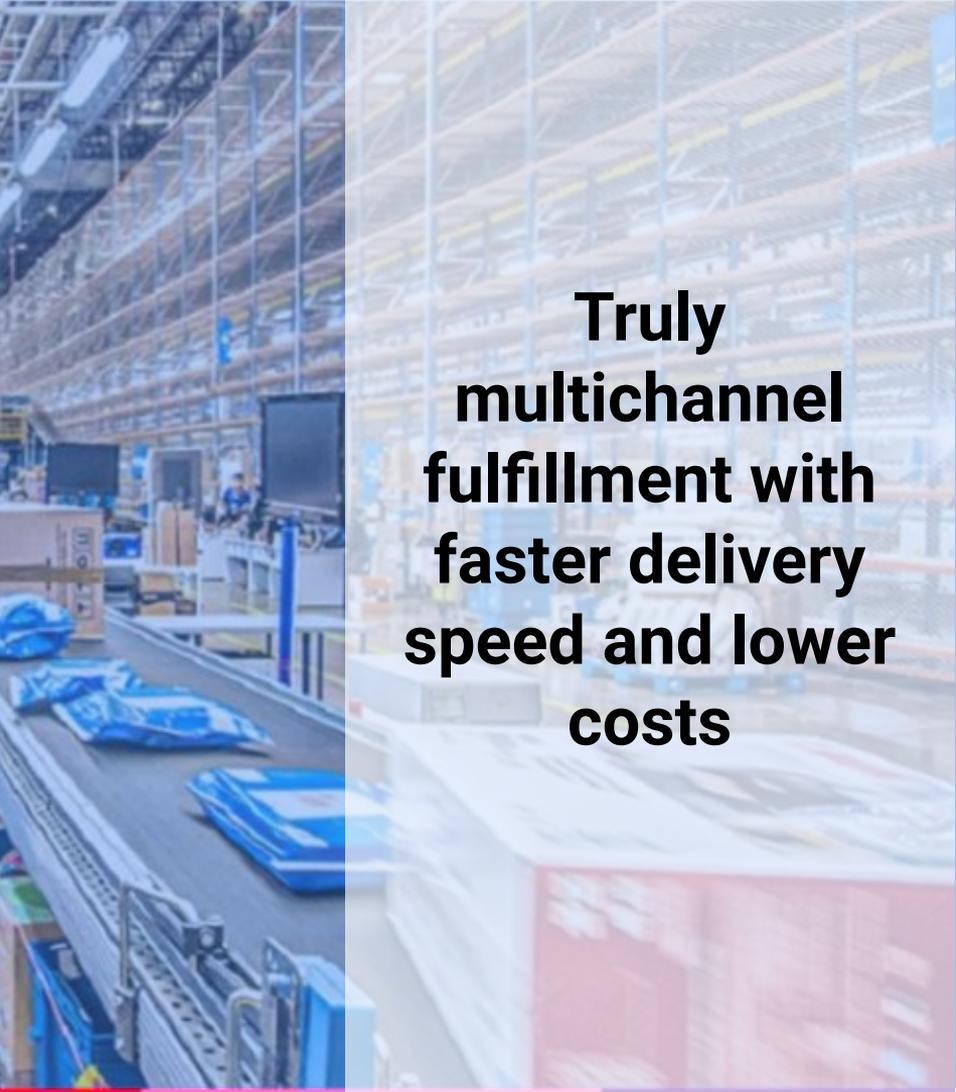
4Q22

Today



80%

of marketplace offers pass through Magalu Entregas



**Truly
multichannel
fulfillment with
faster delivery
speed and lower
costs**



15% of 3P orders



2,800 SELLERS



8 Distribution centers



**70% of light products shipped
from the Louveira DC**



25% Reduction of costs



25% Increase in conversion rates

Magalu Ads: a great opportunity to monetize the audience within the Magalu ecosystem

We will increase the visibility of products from suppliers and sellers using advertising services such as **display, special projects, and sponsored products**

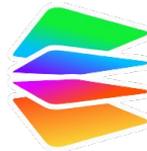
 Canaltech  STEAL THE LOOK 

+70% revenue
[4Q23 vs 4Q22]

+120% Total Advertisers
[2023 vs 2022]

~500 M Monthly visits
[Dec/23]





Focus on facilitating the digitalization journey of Brazilian companies

Robust proprietary infrastructure in two strategically located regions in Brazil



The Magalu Cloud was developed to **meet the needs of Brazilian companies**, especially small and medium-sized enterprises

The idea is to offer **affordable costs and reliability, with billing in Brazilian Reals and support in Portuguese**

The MagaluCloud offers **a full set of essential services**, including computing, storage, networking, databases, and artificial intelligence

30%

Magalu's operation is already on its own cloud platform

Financial Highlights



Magalu

Magalu

Financial Highlights - 4Q23

R\$17.9 Billion in Total Sales
(-0% variation)

30.3% Gross Margin
(vs 27.8% of margin in 4Q22)

10% Marketplace Growth

R\$756 Million Adjusted EBITDA
(7.2% of margin)

4% Physical stores sales growth

R\$102 Million in Adjusted Net Income
(1.0% of margin)

Adjustments - non - recurrent events - 4Q23

(in R\$ million)

| | |
|--|--------------|
| Recurrent Net Income | 101.5 |
| Sale of equity interest- Luizaseg | 201.9 |
| Fair value of acquisition-related liabilities | 210.5 |
| Deferred income tax and social contribution - Netshoes | 108.9 |
| Provision for tax risks (DIFAL 2022) ¹ | (373.9) |
| Other expenses | (35.9) |
| Income Tax and Social Contribution on adjustments | (0.9) |
| Net Income | 212.2 |

¹ It mainly refers to the provision for ICMS - DIFAL in the amount of R\$369.3 million, in which the Company believes that the chances of loss are higher than those of gain, although the publication of the judgment's ruling by the STF is still pending

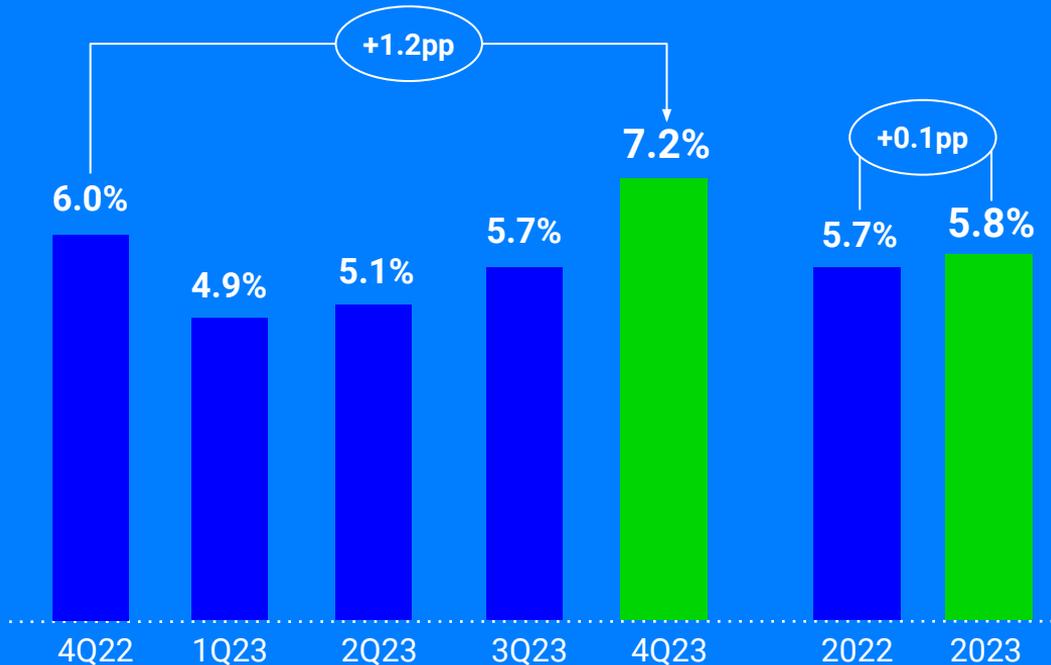
Restatement of 3Q23 results

- **Conclusion of the external audit. Unqualified**
- **No inaccuracies were identified in the initial recognition of bonuses**
- **There was no need to restate balance sheets from previous periods**
- **Revision of the previously reported estimates for the recognition of bonuses**
- **Full recognition of the adjustment in the 3Q23 result**
- **The previously disclosed amount of the adjustment was maintained**
- **No change to the balance sheet or the adjusted result for 3Q23**
- **New system for managing campaigns with suppliers (Tradelinks)**

Strong operating margins expansion during the year

In 4Q23, adjusted EBITDA margin was 7.2% (+1.2 p.p. vs 4Q22), the highest margin since 2019

Adjusted EBITDA Margin
[% of net revenue]

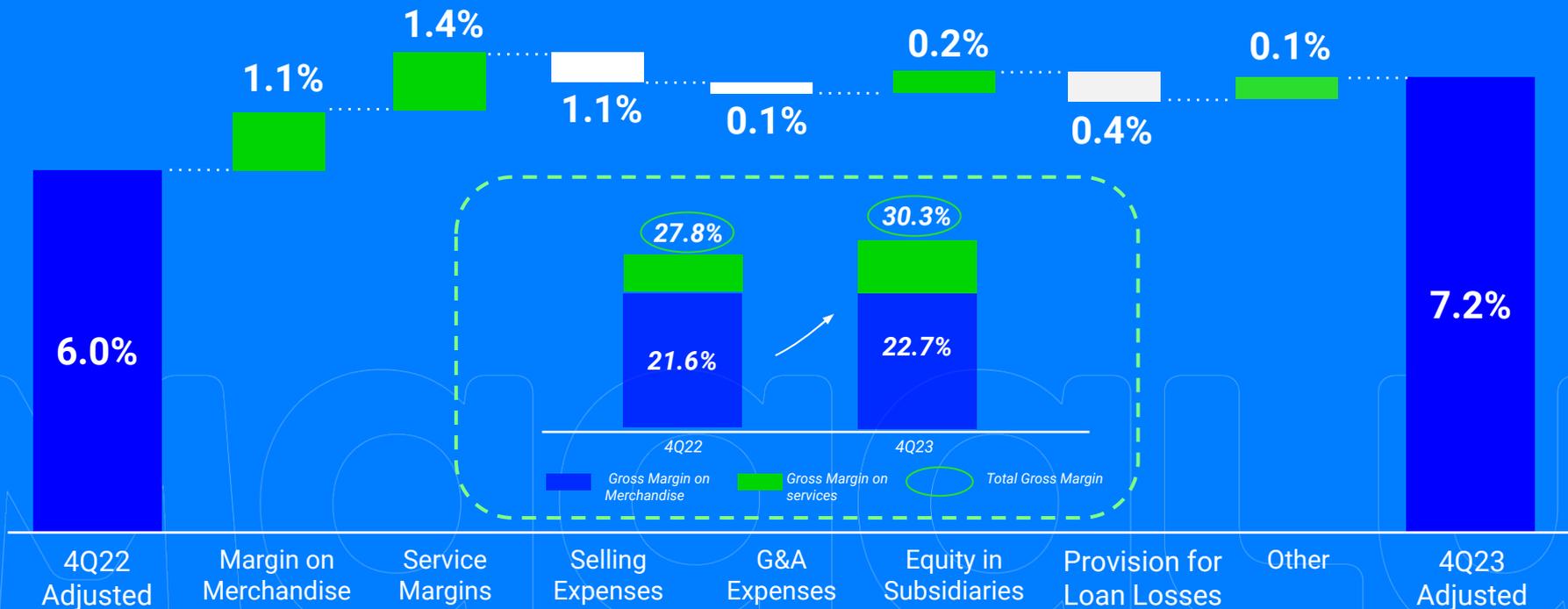


Key Levers:

- Marketplace growth with increased **services revenues**
- **Increase in Merchandise gross margin** and DIFAL pass-through in 1P
- Rational and profitable **Black Friday**
- **Fulfillment** expansion
- **Market share gains** and profitability recovery in physical stores
- Profitability in **Luizacred**

Significant adjusted EBITDA margin evolution

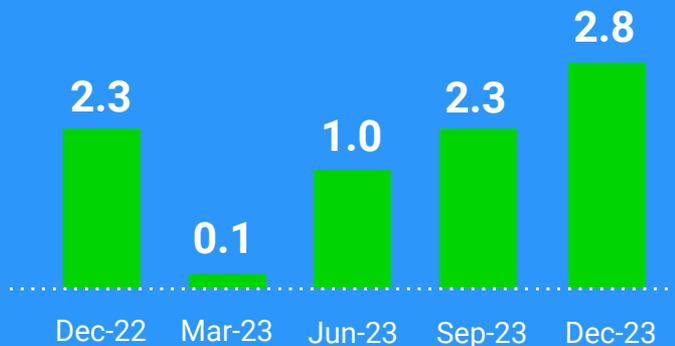
2.5 p.p. increase in gross margin, with 1.1 p.p. in merchandise margin and 1.4 p.p. in service margins



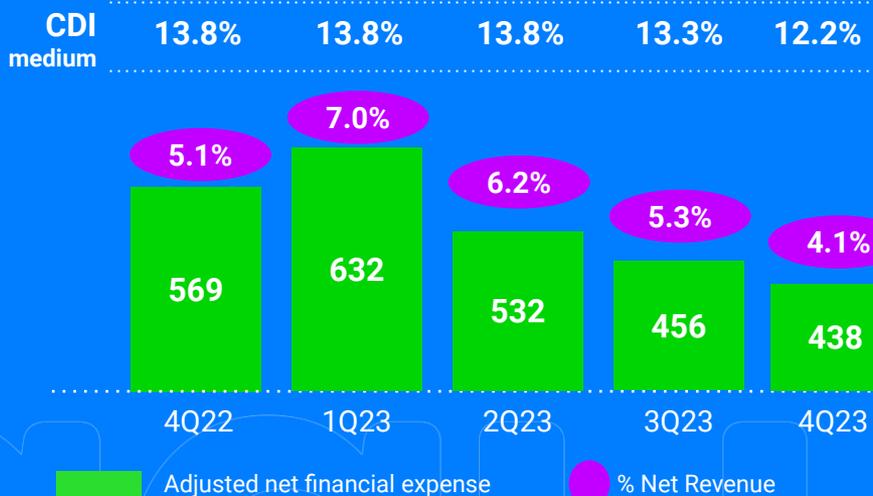
R\$560 million increase in Working Capital over the last 12 months

Financial expenses R\$131 million lower compared to 4Q22

Adjusted working capital (R\$ Billion)



Adjusted net financial expense (R\$ Million)



Improvement in Working Capital, with a reduction of more than R\$400 million in inventories

Reduction of net balance of taxes recoverable by **R\$325 million**

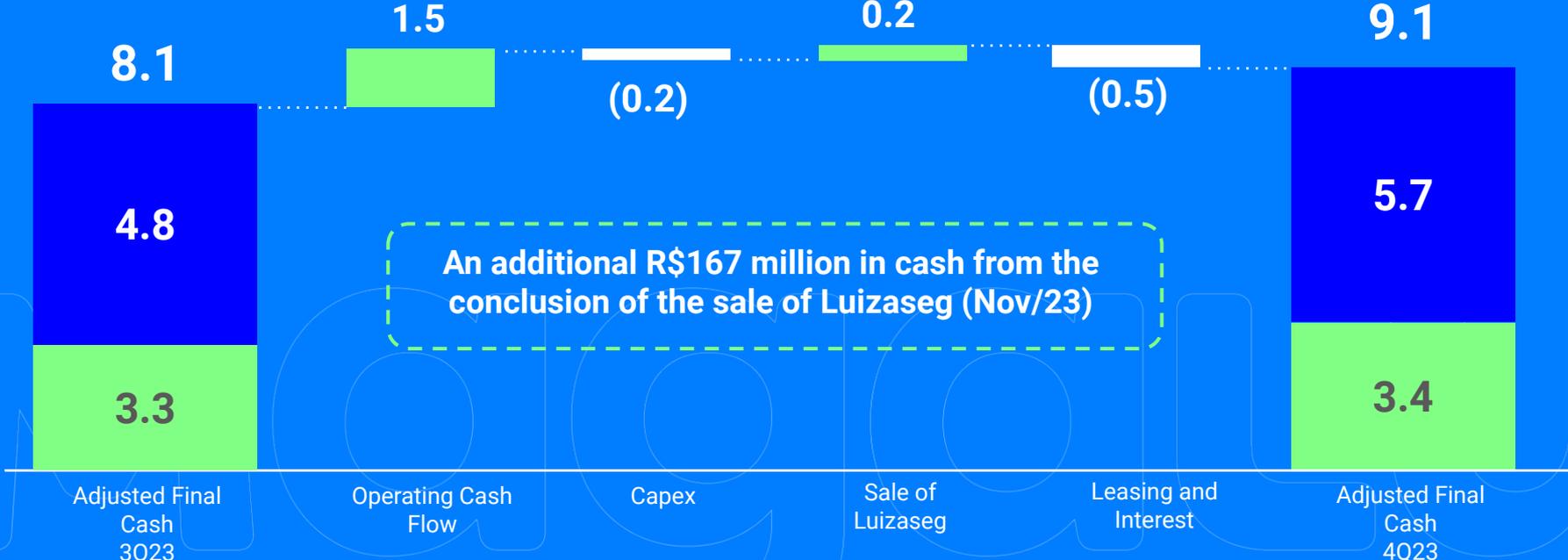
Increase in financial income and **reduction in expenses** with the fall in interest rates

Total cash of R\$9.1 billion as of Dec/23

Operating Cash Generation of R\$1.5 billion in 4Q23

Cash Flow 4Q23 (R\$ billion)

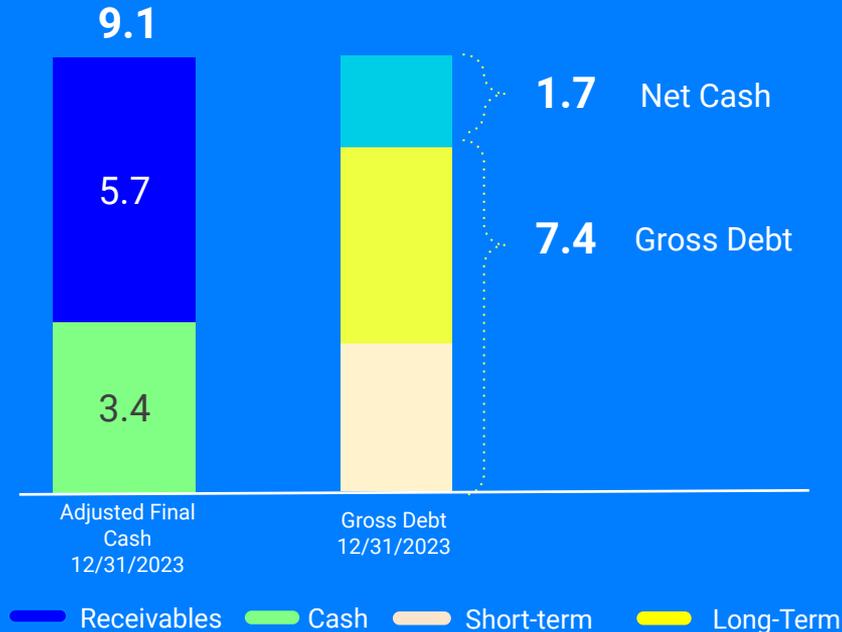
Receivables Cash



We ended the year 2023 with a **solid capital structure**

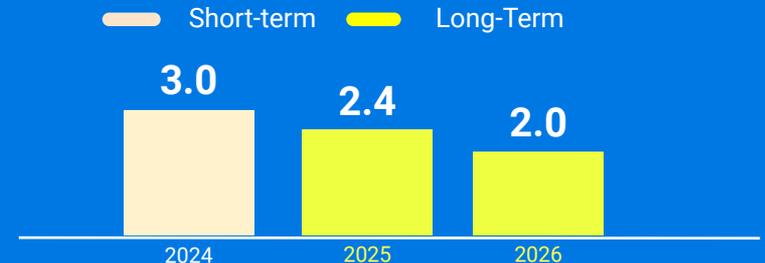
Total cash position 3 times short-term debt

Cash and Debt (R\$ Bi)



Capital increase of R\$1.25 billion in 2024: acceleration of investments in technology and optimization of the capital structure

Amortization Schedule (R\$ Bi)



→ Jan/24: payment of the 9th issue of simple debentures in the amount of R\$ 800 million plus interest

Magalu Ecosystem companies have produced **excellent results**, with **profits and sales growth**

NETSHOES

29% marketplace
growth YoY

R\$43mm
of Net
Profit in
4Q23

1^o
most visited
e-commerce in
the sports
category, with
over 85M visits
per month

época

1 p.p. increase in marketshare
in 4Q23 compared to 3Q23
(Circana)



R\$4mm of
Net Profit
in 4Q23

KaBum!>>

R\$1.4Bil of
sales in 4Q23

R\$55mm of Net
Profit in 4Q23

**The largest Black
Friday in history**



Fintech Magalu: Our financial services for customers and sellers, with accelerated TPV growth. Highlight for the **net income come-back at Luizacred**



+R\$99 Bi

total TPV in 2023 (+10% YoY)



32 mm

Pix transactions in 2023
(+60% vs 2022)

- In 4Q23, we worked on transforming the Magalupay digital account into a hub for products, services, and payments within the Magalu ecosystem
- Launch of digital CDC

Highlight

magalupay
empresas



+73.3k

of Digital Accounts



+R\$827 Mi

Digital Account TPV of Sellers in
4Q23

R\$18
million of net
income at
Luizacred in
4Q23



Luizacred

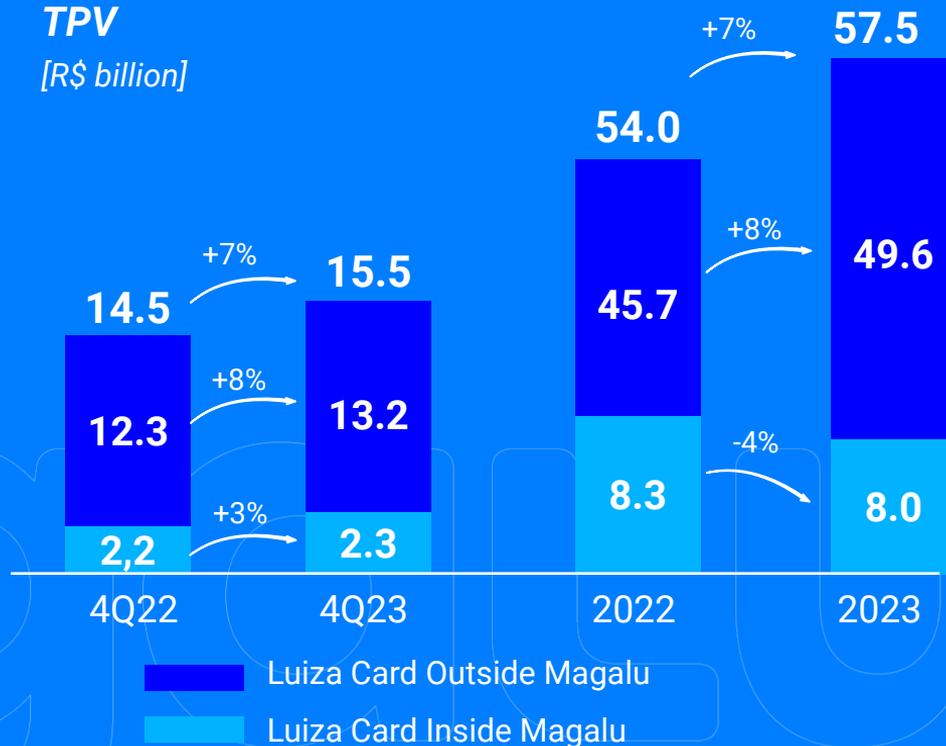
7% growth in credit card TPV, reaching **R\$15.5 billion**

The credit portfolio is now **R\$20.2 billion**



6.7 million
credit cards

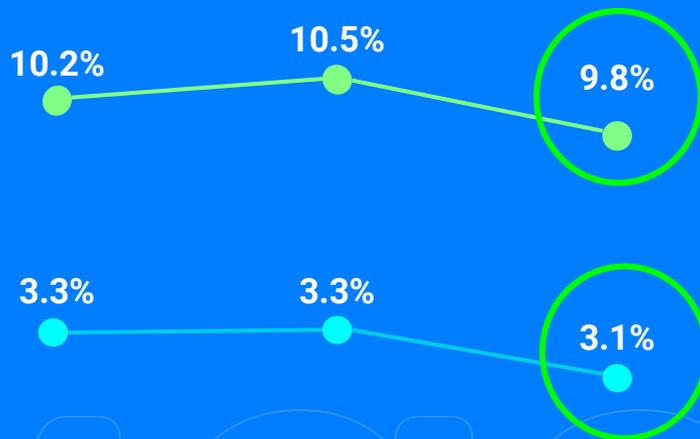
TPV
[R\$ billion]



Luizacred

Net profit of R\$18.2 million in 4Q23, with reduction in short and long-term default indicators

Percent of the Portfolio Overdue (%)



Dec-22

148%

Sep-23

138%

Dec-23

140%

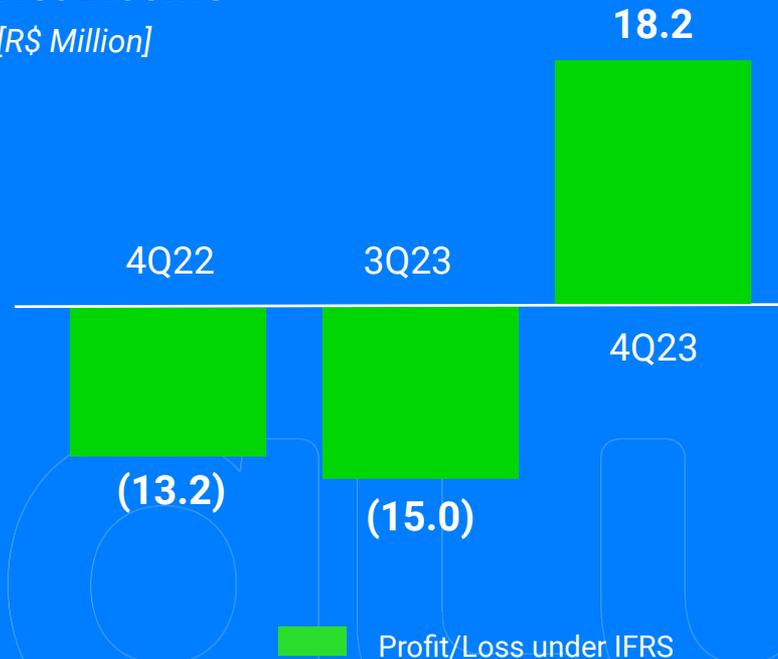
NPL 15-90

NPL > 90

Coverage (%)

Net Income

[R\$ Million]



4Q22

3Q23

18.2

4Q23

(13.2)

(15.0)

Profit/Loss under IFRS

Default rates: CDC and Luizacred

Normalization of the overdue loan portfolio with the lowest short-term default rate indicators in the past few years

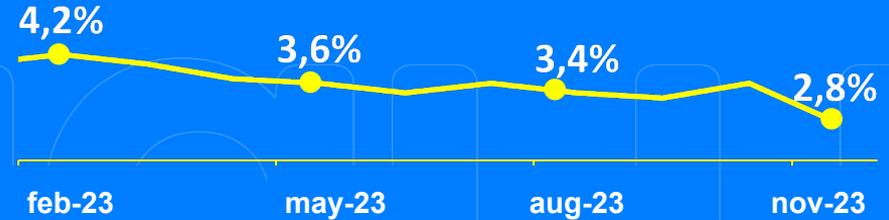
Default rate CDC

[% Over30 MOB3]



Default rate Luizacred

[% Over30 MOB3]



Private Capital Increase of R\$1.25 billion

100% assured by Controlling Shareholders and BTG, demonstrating confidence in our strategy and business model

Use of resources

- Accelerate the investments in technology, including the expansion of Luizalabs and the evolution of the marketplace platform, user experience (UX) and Advertising, Fintech, Fulfillment and Magalu Cloud services;
- Optimize the Company's capital structure, intensifying the reduction in financial expenses currently underway.

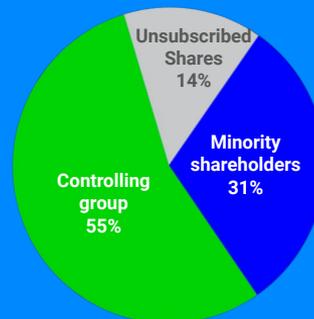
Result of the Exercise of Preemptive Right

Adherence

85,6%

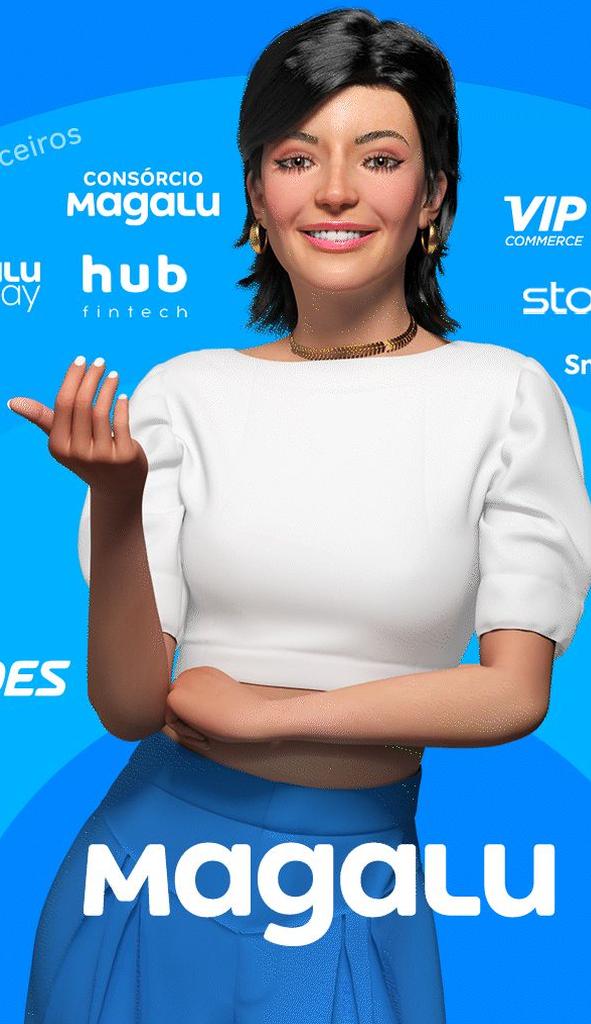
With an issuance price per Share of R\$ 1.95, the exercise of the preemptive right totaled R\$ 1.1 bi, during the exercise of preemptive right period

71% of the total available to minority shareholders was subscribed during the period of exercise of the preemptive right



Pending: finalization of Subscription of the Unsubscribed Shares e final approval of capital increase

Magalu ecosystem



serviços financeiros

CONSÓRCIO
Magalu

VIP
COMMERCE

maas

magalu
pay

hub
fintech

stoa

com
school

magalu
pagamentos

SmartHint

HUBSALES

luizaCRED

grand
chef

bit55

luizaseg

logística

Magalu
Entregas

Canaltech

conteúdo

SODE
SOLUÇÕES DE ENTREGA

NETSHOES

KaBum! >>

STEAL
THE
LOOK

logbee

ZATTINI

aiqfome

GFL

Magalu

estante
virtual

LOVE
THE
LOOK

Sinclog

ÉPOCA
COSMÉTICOS · PERFUMARIA



Luiza Trajano Donato

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