



magalu

# Conference Call 1Q24

May 10, 2024

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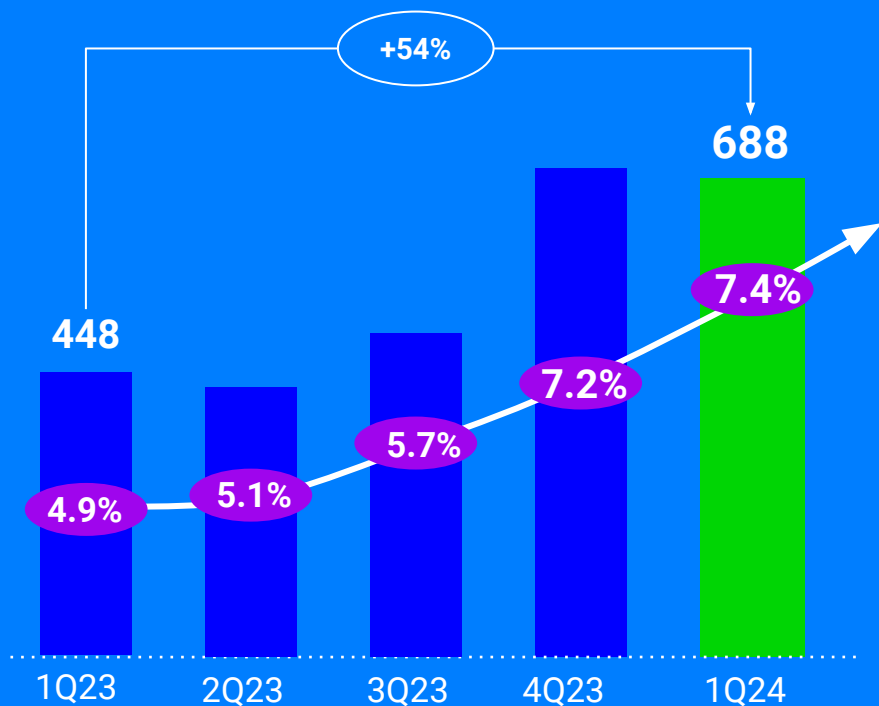
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**1Q24: Historical achievement.** Adjusted EBITDA grew by 54%, reaching a 7.4% margin (+2.5p.p. vs 1T23), a 39% decrease in financial expenses, and R\$30 million in net profit

Adjusted EBITDA margin  
[% of net revenue]



**R\$ 30 million**

Adjusted Net  
Income 1T24

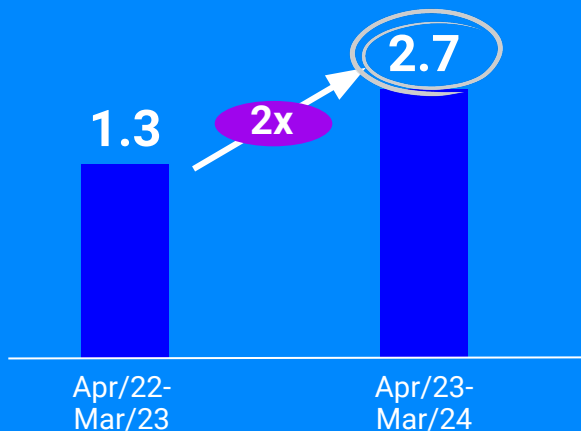
(Evolution of R\$595 million in  
operating profit before taxes)



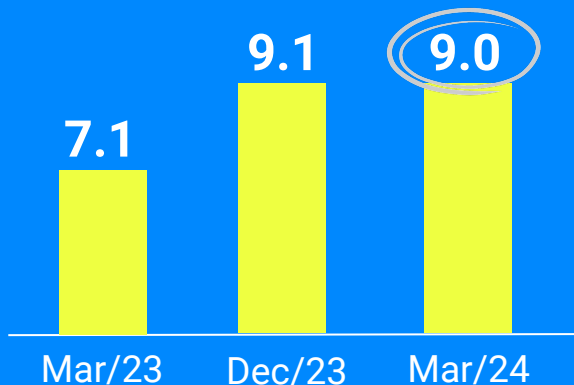
# 1Q24: Historical achievement.

Operating cash generation LTM doubled, cash position of R\$9 billion (in line with Dec/23) and payment of R\$3.0 billion short-term debts

## Operating Cash Generation (12-month adjusted view)





## Total Cash (R\$2.4 billion Adjusted Net Cash)



# R\$3.0 billion

Debt reduction, bringing short-term debt to zero

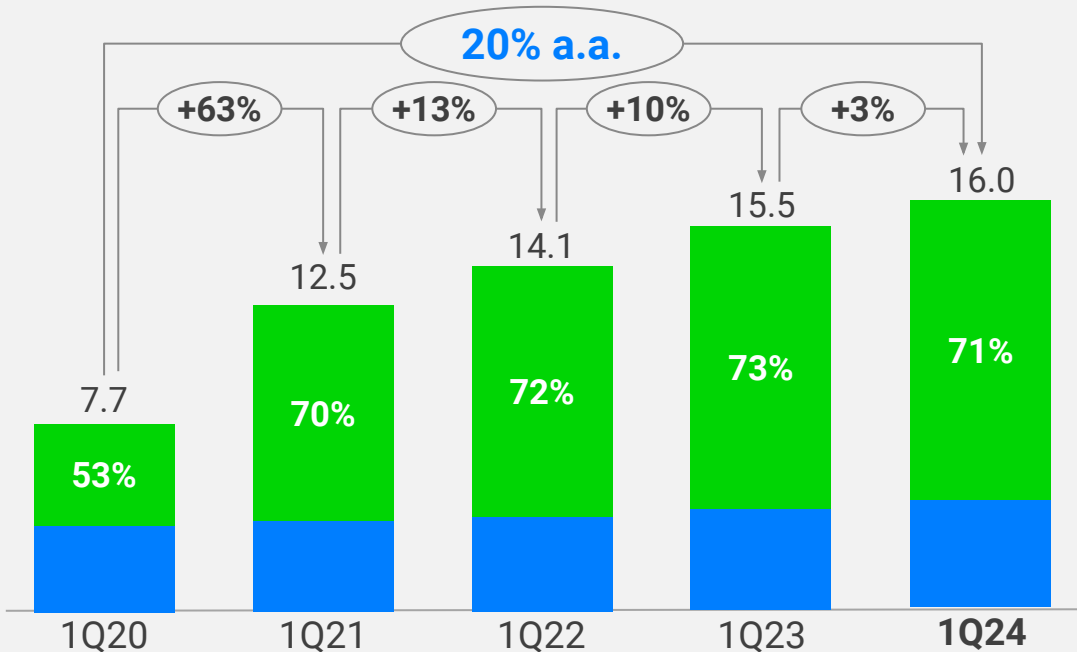
 Jan/24: payment of R\$900 million in debentures

 Apr/24: payment of R\$2.1 billion in promissory notes

Over the last 4 years, total sales **grew an average of 20%** per year, reaching **R\$ 16.0 billion** in 1Q24

**Total sales growth**  
[Billion R\$; %]

Online Physical stores



**+3%**

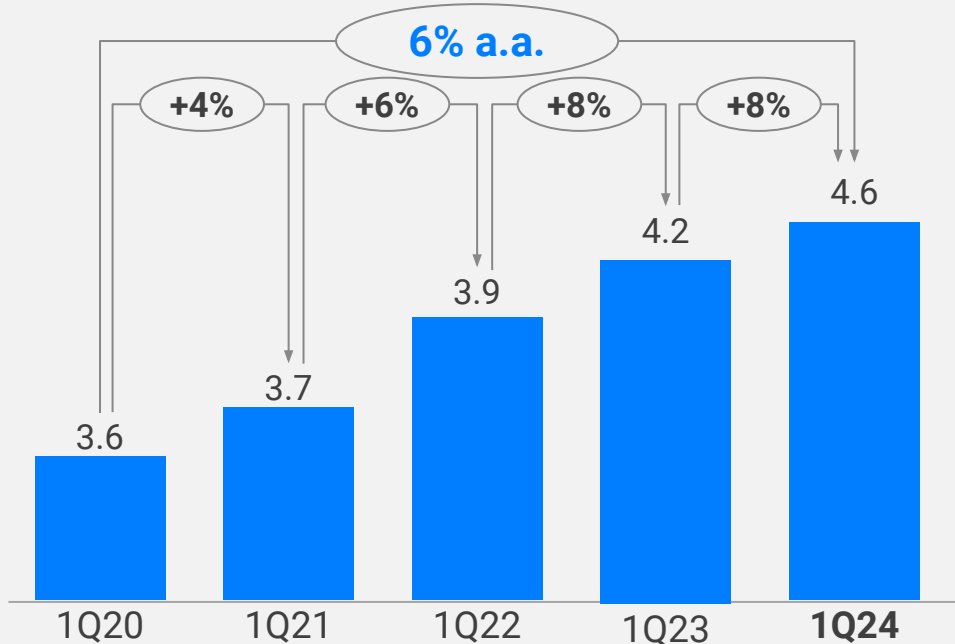
Growth of Total Sales  
[1Q24 - 1Q23]

**29.9% Gross Margin**

[+2.6 p.p. vs 1Q23]

In 1Q24, physical store sales reached **R\$ 4.6 billion**, with **0.7 p.p. of market share gain**

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



**8%**

**Growth of physical stores sales**  
[1Q24 - 1Q23]

**9%**

**Same Store Sales**  
[1Q24 - 1Q23]

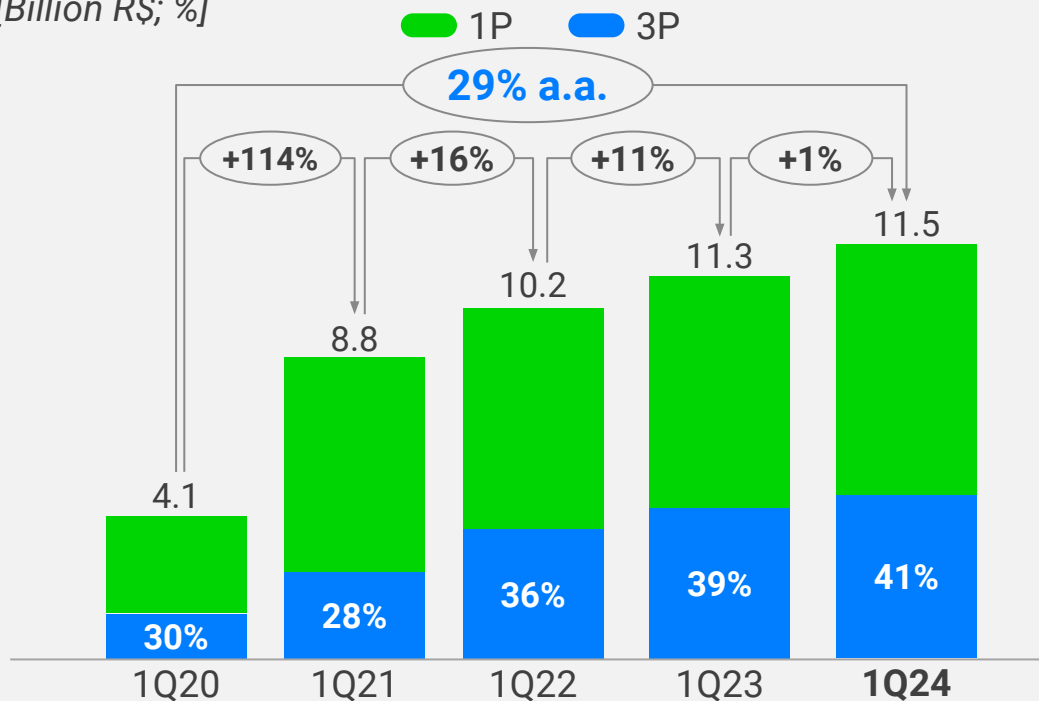
**0.7 pp**

**Market Share Gain**  
[1Q24-1Q23; GFK]

Over the last 4 years, **our e-commerce business grew an average of 29% per year**. In 1Q24, sales amounted **R\$11.5 billion**

### Growth of e-commerce sales

[Billion R\$; %]



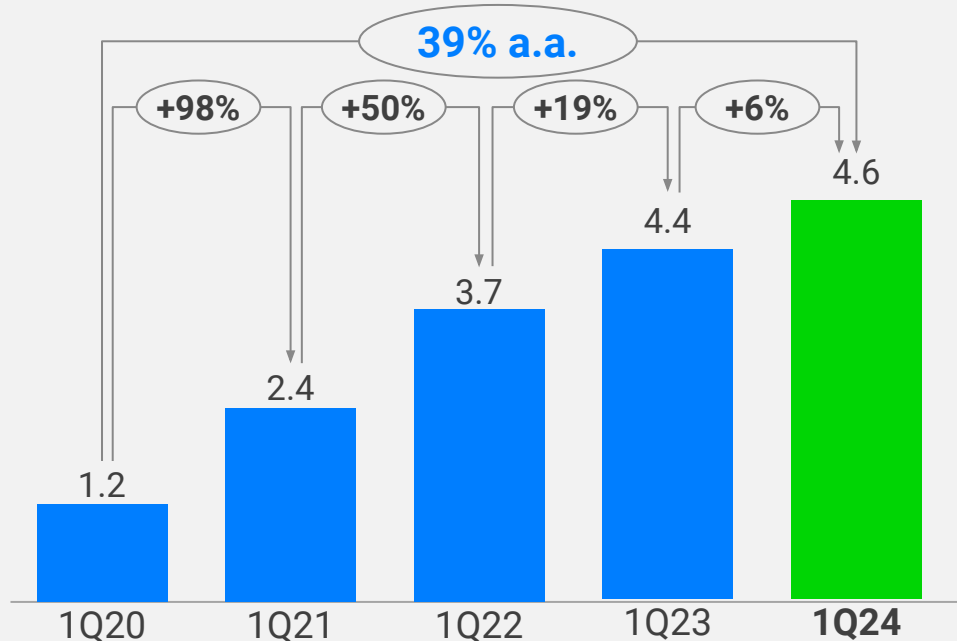
**41%**

Share of Marketplace in e-commerce sales

Magalu gradually passed through Difal during 2023, witch makes the comparison **base of 1P for the first quarter more challenging**

Over the last 4 years, our marketplace business grew an average of **39% per year**, reaching **R\$4.6 billion** in sales in 1Q24

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



**6%**

**Growth of marketplace sales**  
[1Q24 - 1Q23]

**39%**

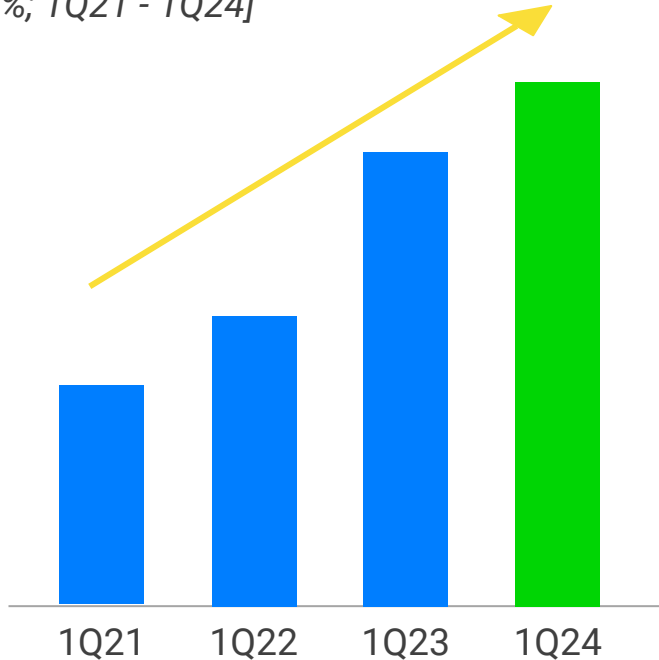
**4-year average annual**  
**marketplace growth**  
[1Q24 - 1Q20]



In addition to the growth of sales and customers, we continue to significantly enhance the **profitability of our marketplace**

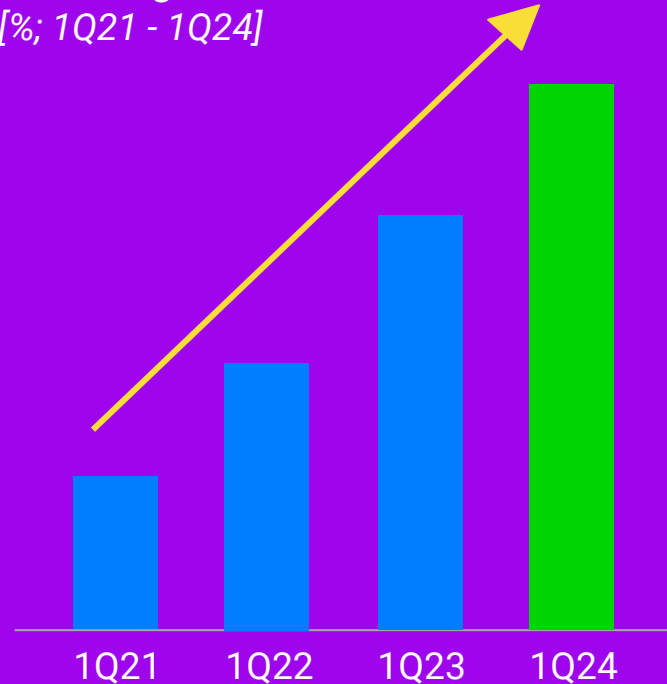
### Take Rate

[%; 1Q21 - 1Q24]



### Cash Margin 3P

[%; 1Q21 - 1Q24]

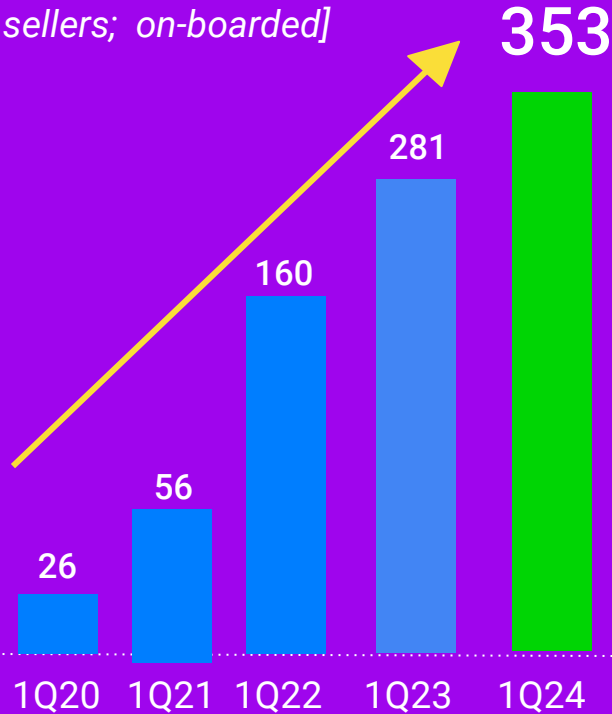


## Accelerated hunting of new sellers

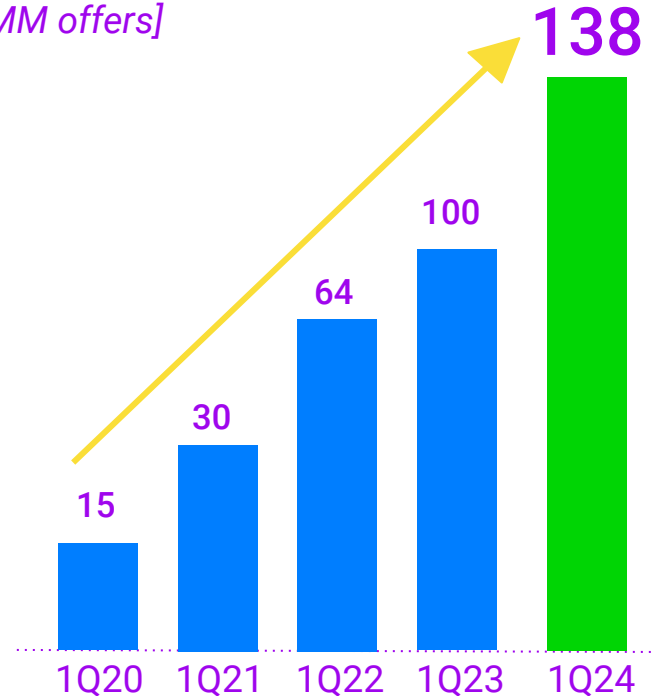
**327k new sellers** joined the platform since 1Q20.

We reached **353k sellers** in our marketplace in 1Q24

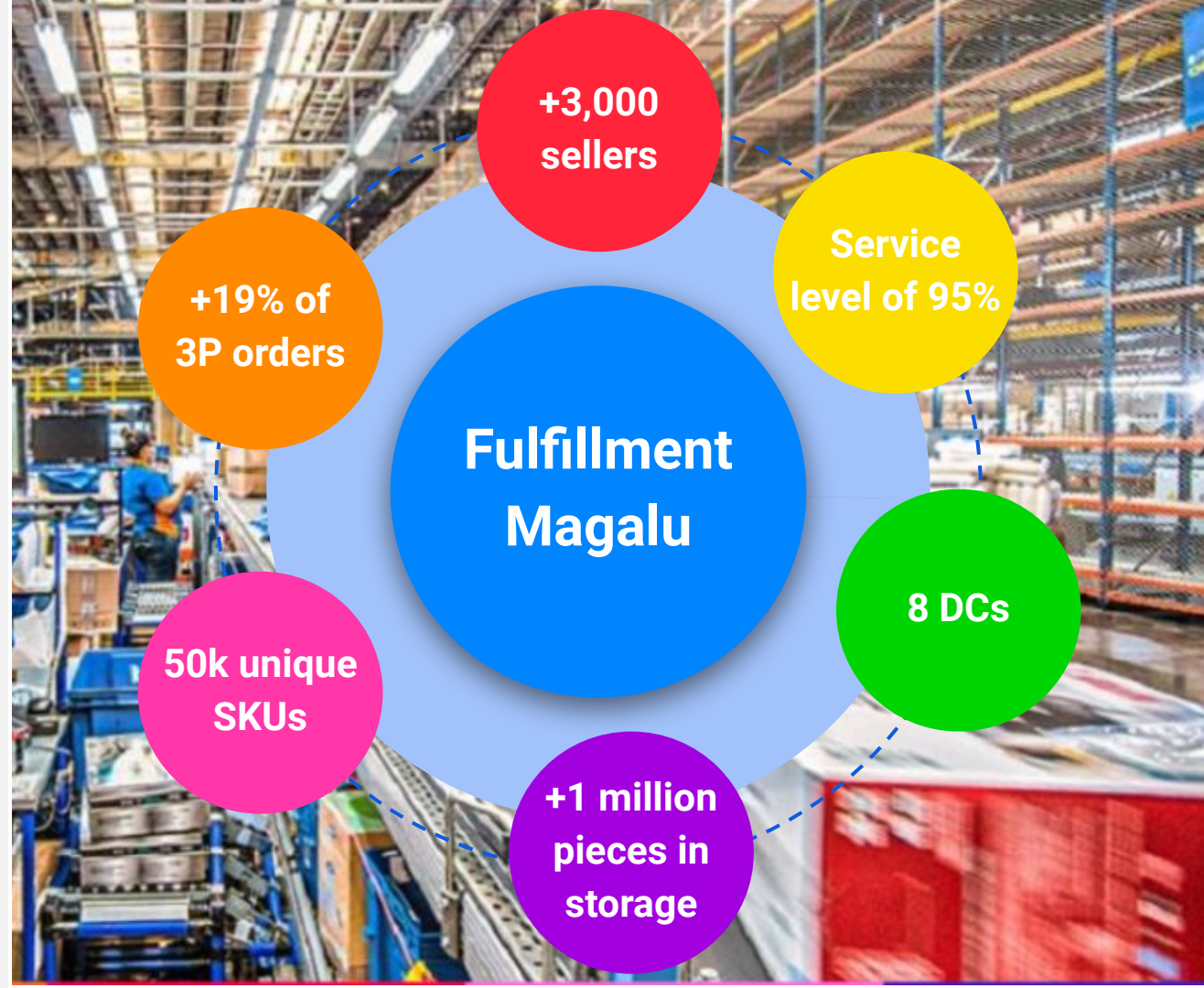
*Growth in the number of sellers*  
[‘000 sellers; on-boarded]



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



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



# Magalu Ads: a huge opportunity to monetize Magalu's ecosystem audience

**+70%**

increase in  
revenue of  
sellers on the  
platform

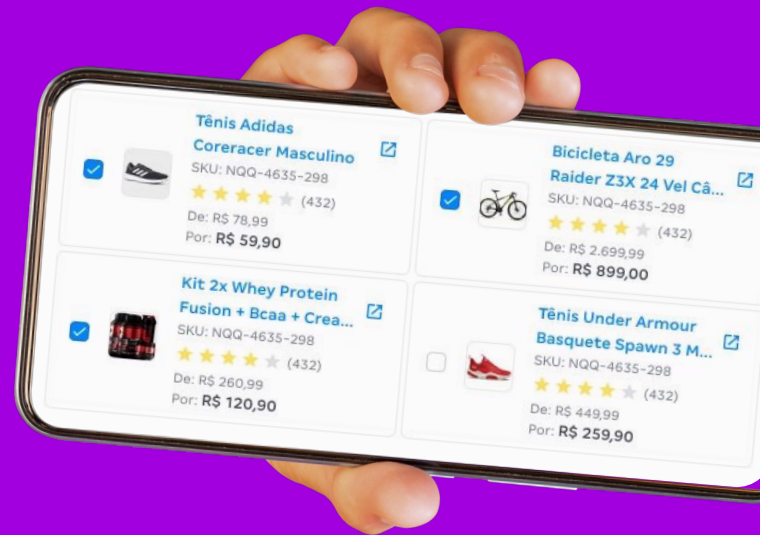
**~470M**

monthly visits  
[Mar/24]

Our strategy is to **increasingly attract the long tail of sellers**, with exclusive communication tailored to the established relationship with our marketplace

 **magalu**ads

 Canaltech  **JOVENNEW** STEAL THE LOOK  **NETSHOES**



### Public launch of the first three products



#### Object Storage

Data Archiving and backup service



#### Turia IAM

Identity and access management



#### ID Magalu

User authentication solution (single sign-on)



Today, we already have **more than 100 clients** using our cloud services

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

## **NETSHOES**

**44%** share of marketplace in total sales

R\$ **13mm** of adjusted net income in 1Q24

Working capital improvement:  
13 days reduction in inventories turnover vs 1Q23

**NETSHOES**

## **KaBuM!>>**

**+33%** of marketplace growth in 1Q24

R\$ **31mm** of adjusted net income in 1Q24

Launch of the first  
**Physical Store**

**KaBuM!>>**



# Encanta Magalu: Significantly increase customer satisfaction across all sales channels

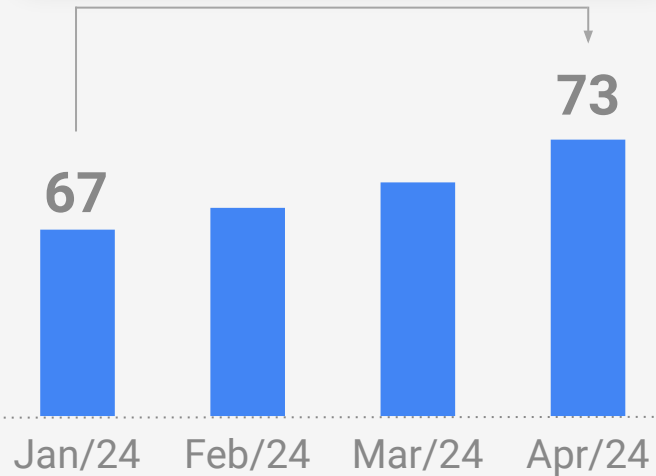
In the year of “Encanta Magalu”, we will make our customers’ purchasing journey more fluid, intuitive, and pleasant

With improvements at all stages of the purchasing process, resulting in a positive impact on NPS and Sales Conversion:

- Search and best offers
- Faster Delivery
- Service Levels
- More payment options
- Access management
- Filters and recommendations
- Post-Sale and self-service

Focus on NPS evolution, by enhancing all channels

**+73** Consolidated NPS



# Financial Highlights

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Magalu

Magalu



# Financial Highlights

## 1Q24

**R\$16.0** Billion in Total Sales  
(3% of growth)

**29.9%** Gross Margin  
(vs 27.3% of margin in 1Q23)

**8%** Growth in Physical Store Sales  
(9% SSS)

**R\$688** Million in Adjusted EBITDA  
(7.4% in margin)

**6%** Growth in Marketplace

**R\$30** Million in Adjusted Net Income  
(0.3% of margin)

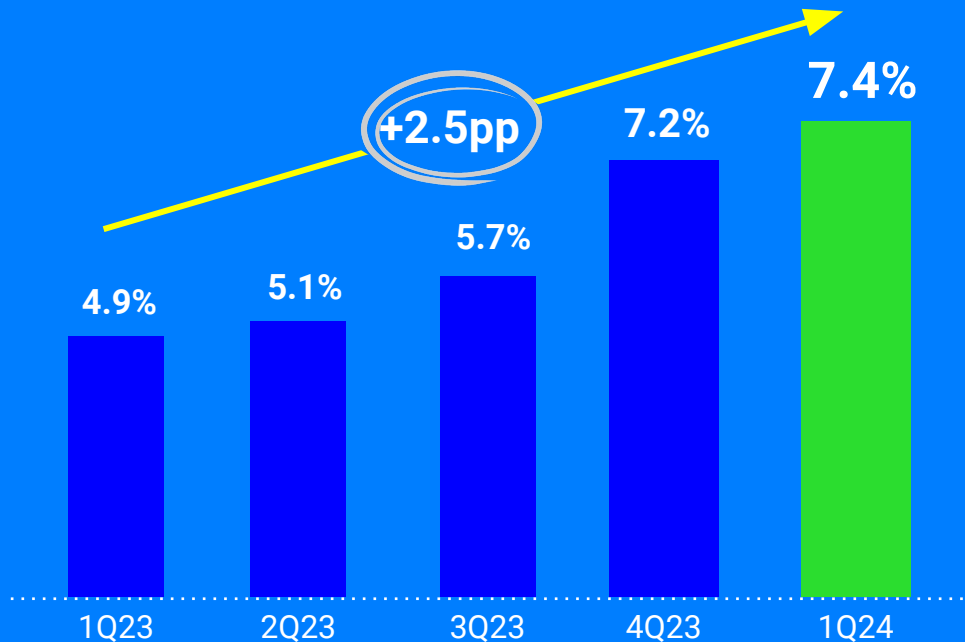
**1%** Growth in E-commerce

**R\$9.0** Billion in Total Cash  
(R\$2.4bi Adjusted Net Cash)

# Continuous evolution of operating margins

Adjusted EBITDA Margin of 7.4%, the highest margin since 2019

Adjusted EBITDA Margin  
[% of net revenue]

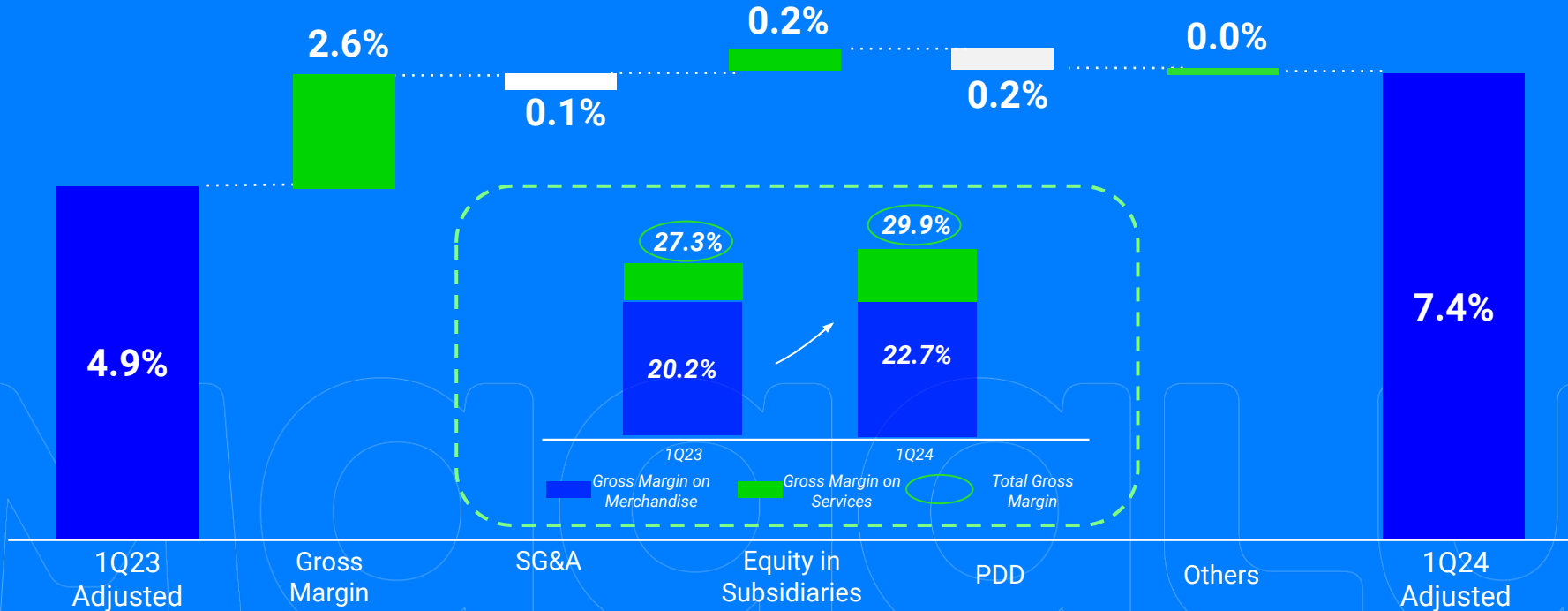


## Key Levers:

- Marketplace Growth with increased **Service Revenue**
- **Increase in Gross Merchandise Margin** and DIFAL Pass-through in 1P
- **Liquidação Fantástica** Rational and Profitable
- **Fulfillment** Expansion
- **Market share gain** and profitability recovery in physical stores
- **Luizacred** Profitability

# Significant adjusted EBITDA margin evolution

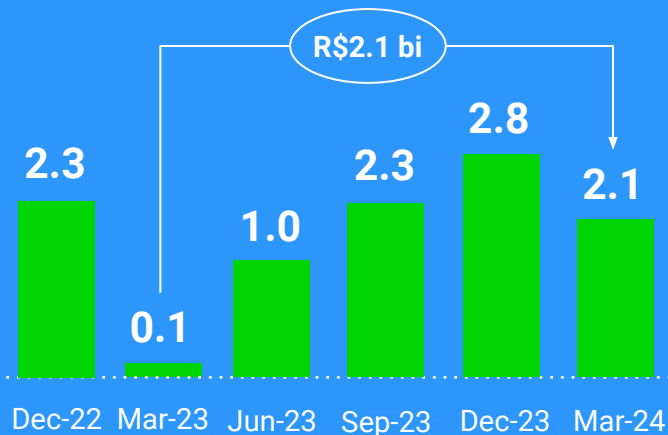
2.5 p.p. increase in adjusted EBITDA margin, 2.6 p.p in gross margin



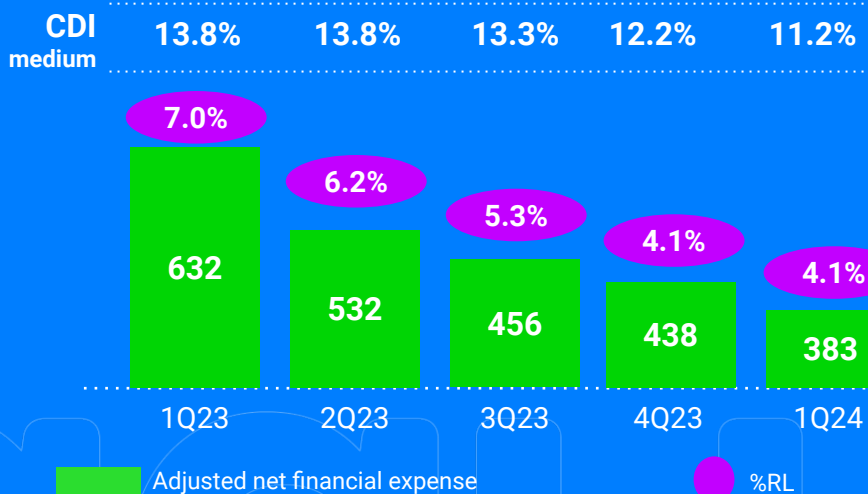
# R\$2.1 billion of evolution in Working Capital during the past 12 months

## 39% decrease in financial expenses in 1Q24

**Adjusted working capital (R\$ Billion)**



**Adjusted net financial expense (R\$ Million)**



**Working Capital Improvement**, with reduction in inventories and increase in purchase turnover ratio

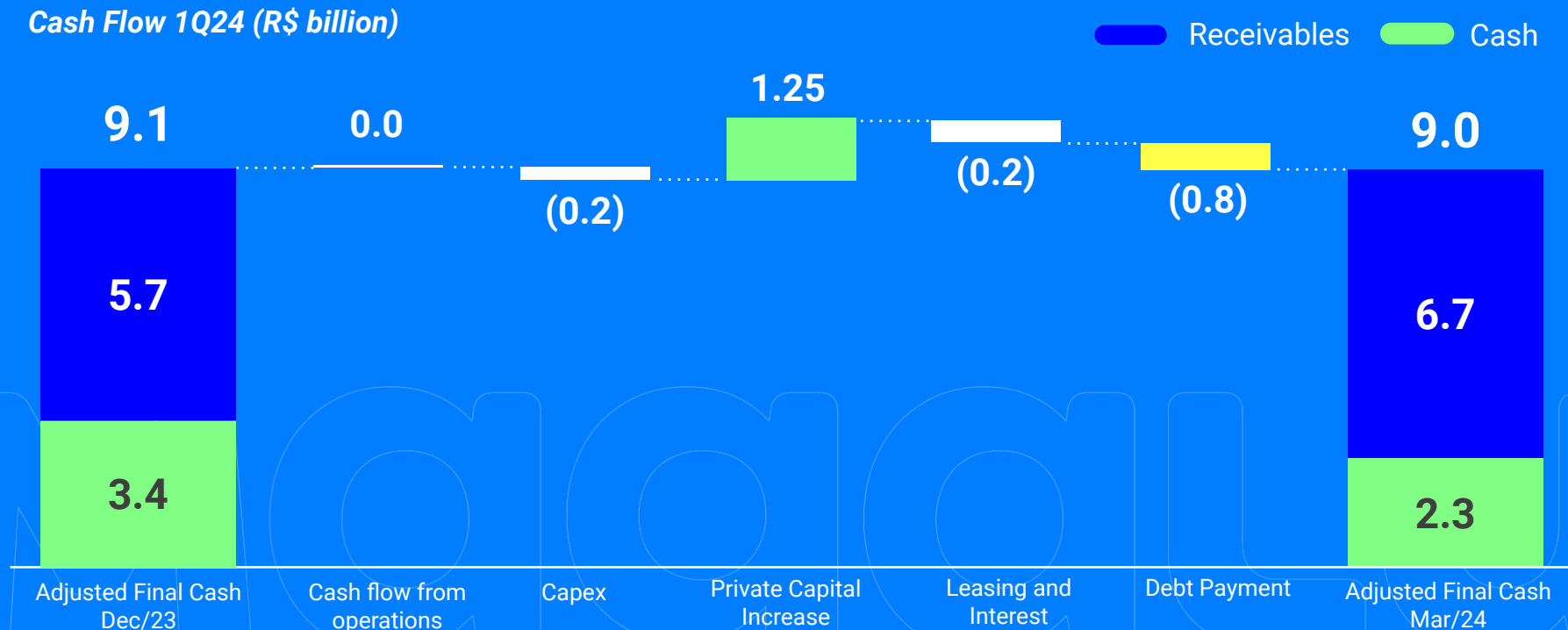
**Additional Reduction in inventories of R\$182 million in 1Q24**

**Reduction in the balance of recoverable taxes of R\$186 million in 1Q24**

# Total cash of R\$9.0 billion in Mar/24

Total cash in line with Dec/23 – a historic achievement, given the seasonality of the period

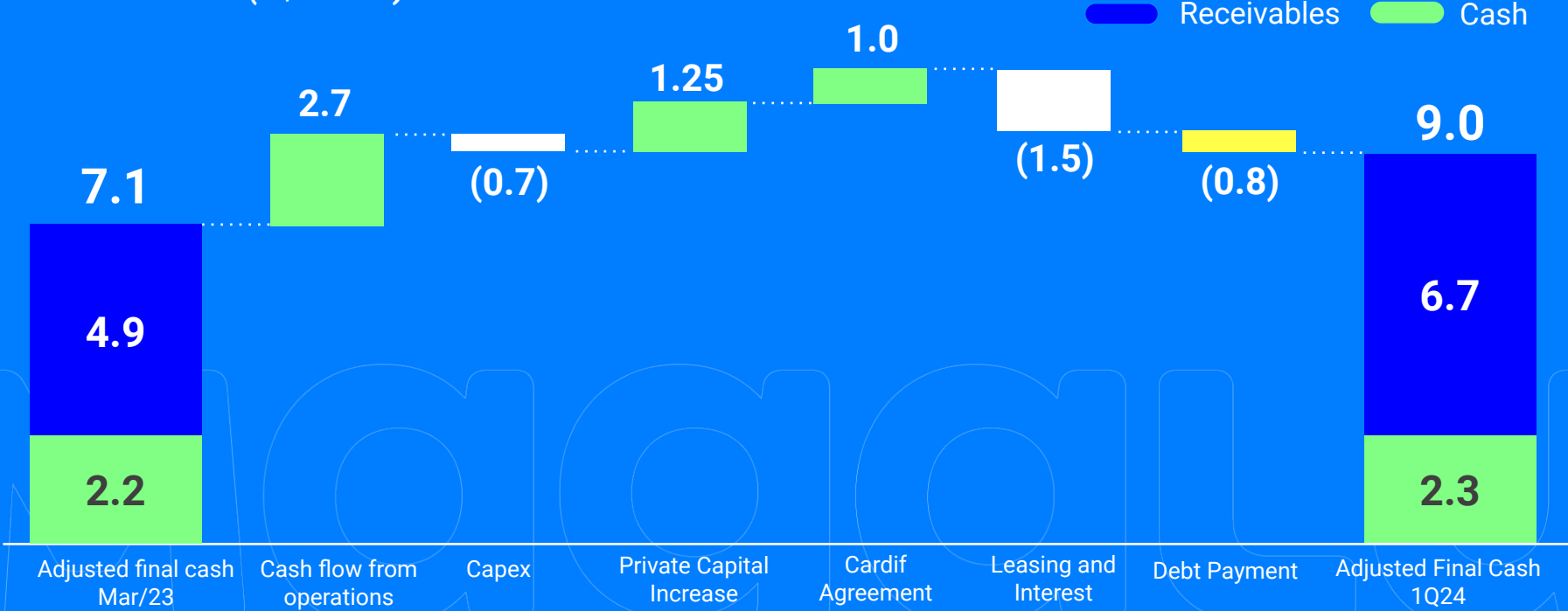
Cash Flow 1Q24 (R\$ billion)



# Increase of R\$1.9 billion in Total Cash LTM

Operating Cash Generation of R\$2.7 billion

Cash Flow LTM (R\$ billion)



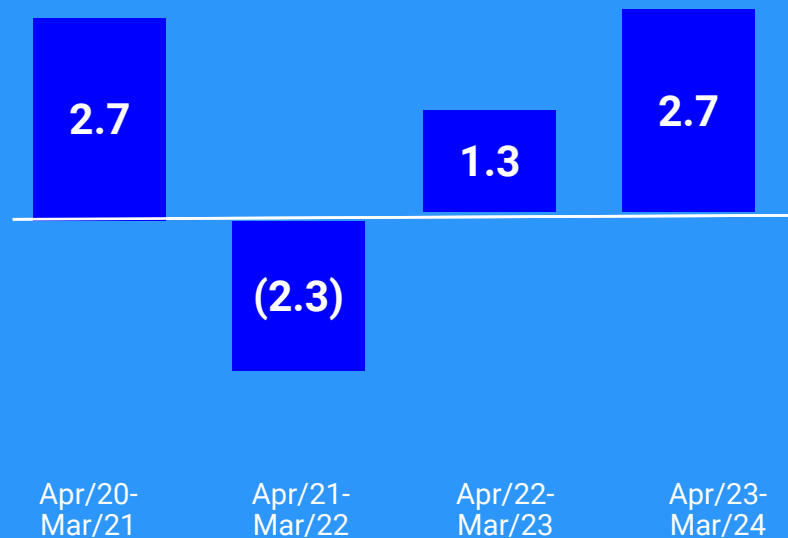
# Lower operational cash consumption in a first quarter and improved operating cash generation on an LTM basis

## Operating Cash Flow (quarter; R\$ Bi)



Operating Cash Flow

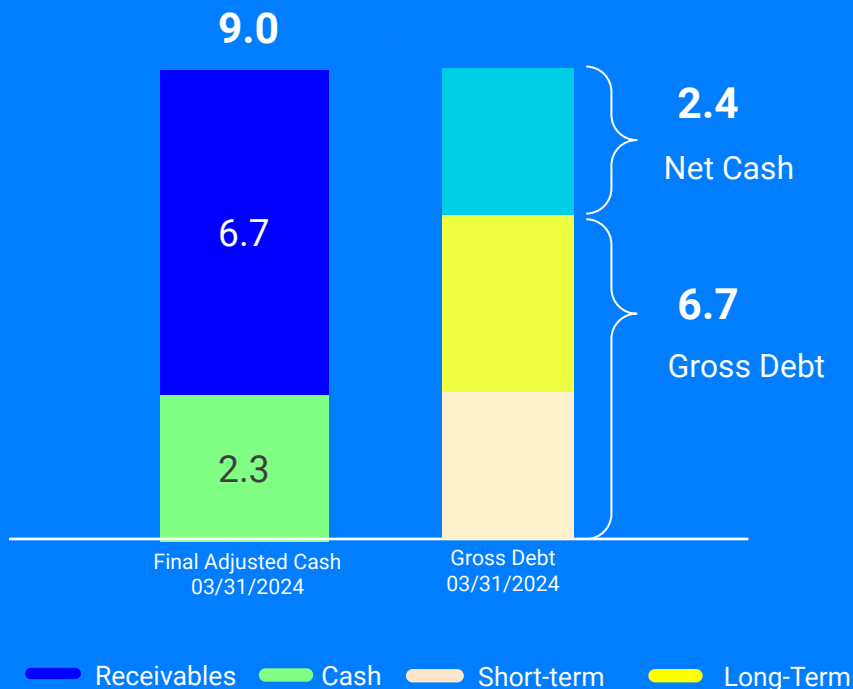
## Operating Cash Flow (LTM; R\$ Bi)



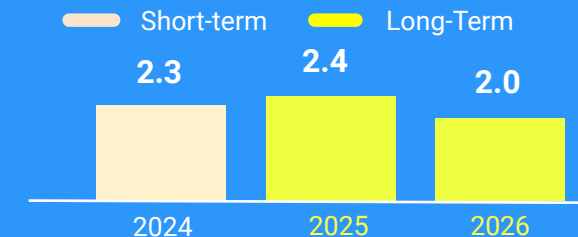
Operating Cash Flow

We ended 1Q24 with a **net cash of 2.4 billion**, a R\$2.5 billion increase compared to the previous year. In April 24, we eliminated our short-term debts

## Cash and Debt (R\$ Bi)

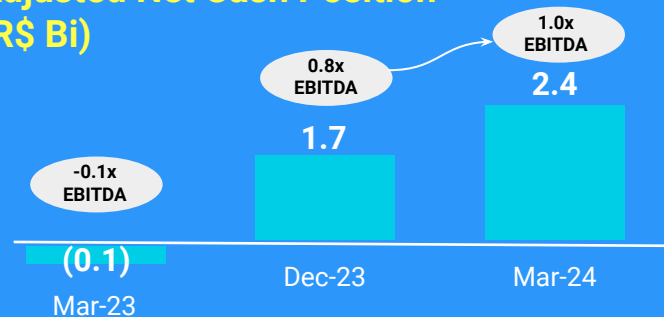


## Amortization Schedule (R\$ Bi)



→ Apr/24: Payment of the 5th issuance of promissory notes, in the amount of R\$2.1 billion

## Adjusted Net Cash Position (R\$ Bi)





# MagaluBank: Our financial services for customers and sellers, with TPV expansion



**+R\$25 Bi**

Total TPV in 1Q24 (+6% YoY)



**8.6 mm**

Pix Transactions in 1Q24  
(+15% vs 1Q23)



**R\$49 Mi**

Net Income of Magalu  
Pagamentos in 1Q24

**Destaque**

**Magalu**pay  
empresas



**+92k**

of sellers with Digital Accounts



**+R\$856 Mi**

Digital Accounts TPV in 1Q24

**New features on the seller portal:**

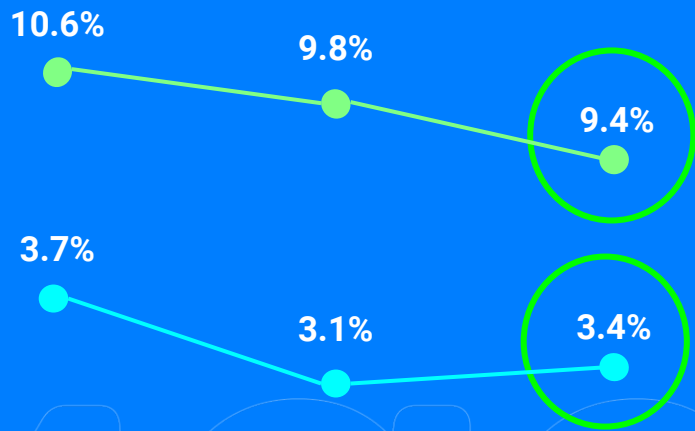
- Activation of the business digital account
- Loan application with collateral



# Luizacred

Growth of 3% in credit card TPV, reaching **R\$14.1 billion** and **R\$19.6 billion** in credit portfolio

### Percent of the Portfolio Overdue (%)



Mar-23

141%

Dec-23

142%

Mar-24

148%

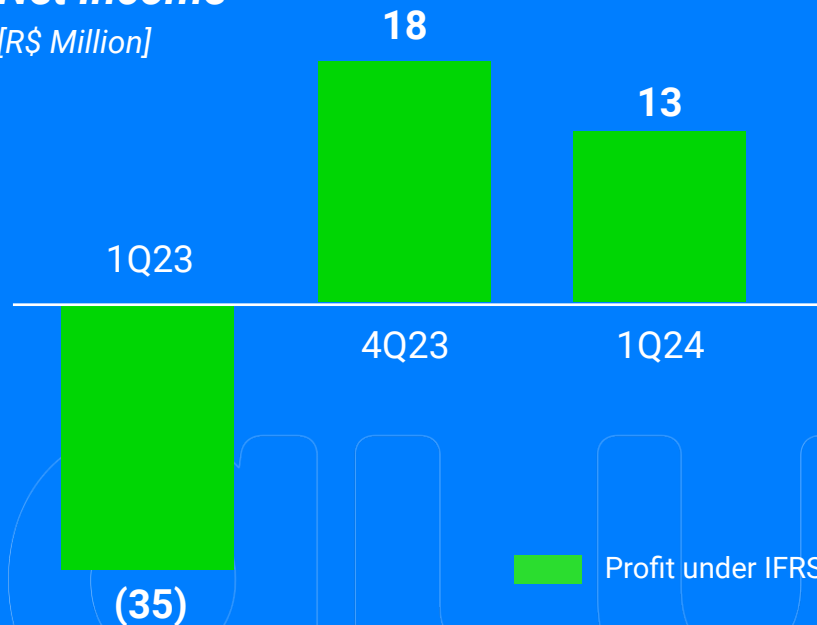
NPL 15-90

NPL > 90

Coverage (%)

### Net Income

[R\$ Million]



1Q23

18

4Q23

13

1Q24

Profit under IFRS

# RIO GRANDE DO SUL



Magalu entered Rio Grande do Sul in 2004, now, we have 107 stores, 1 DC and 1 cross docking. We have strong ties with the state, and we stand in solidarity in this climate tragedy

## Impacts and measures:

- Almost **2,000 Magalu's** in the state
- **161 most affected** are **sheltered in a safe location**, receiving support
- **Donation of more than 1,800 mattresses** para NOGs, schools, churches and cities halls in **8 cities**, and this operation follows in full steam
- Beginning of the **process of operational normalization**, with stores reactivations and adjusted product delivery times
- Right now, **only 6 stores are closed** due to the tragedy
- Cardif is considering the possibility of creating new products to include flood coverage and adding them to its product portfolio; **Suspended** billing and negative reporting; **Waived card annual fees.**



# Magalu ecosystem



serviços financeiros

CONSÓRCIO  
**Magalu**

**VIP**  
COMMERCE

maas

**magalu**  
pay

**hub**  
fintech

**magalu** cloud

**magalu**  
pagamentos

**stoa** com  
school

**luiza**cred

SmartHint HUB SALES

**luiza**seg

grand  
chef bit55

logística

**magalu**  
Entregas

Canaltech

conteúdo

SODE  
SOLUÇÕES DE ENTREGA

**NETSHOES**

**KaBum!**>>

STEAL  
THE  
LOOK

logbee

**ZATTINI**

**aiqfome**

**GFL**

**Magalu**

**estante**  
virtual

**LOVE**  
**THE**

**Sinclog**

**ÉPOCA**  
COSMÉTICOS · PERFUMARIA

# MAGALU



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