

MAGALU

Conference Call 2Q22

August 12, 2022

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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 on the globe icon (interpret button) at the bottom of the screen.

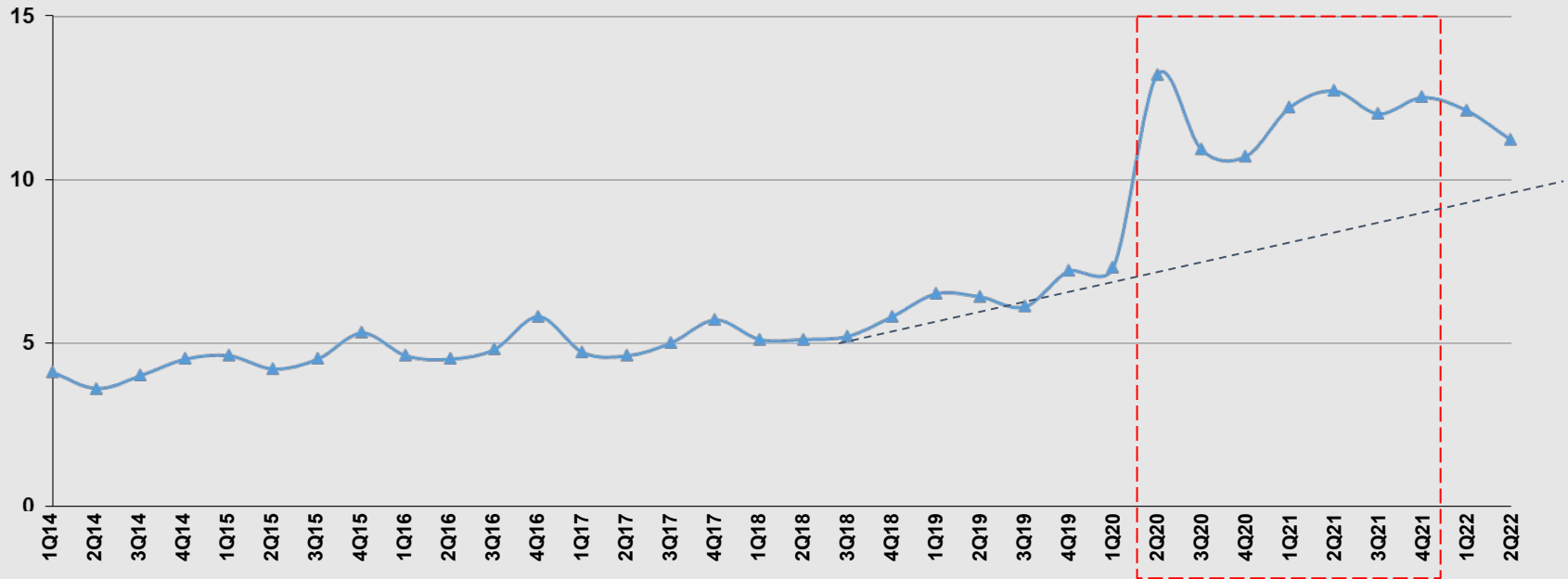
The Earnings Release and the Presentation, Portuguese and English versions, are available for download on the Investor Relations website: ri.magazineluiza.com.br

An English version of the presentation is also available via the link sent in the chat.



Brazilian online penetration has a tendency to return to the pre-pandemic growth curve

Evolution of Brazil e-commerce penetration
[% online*/ total Brazilian retail; 2014-2022]

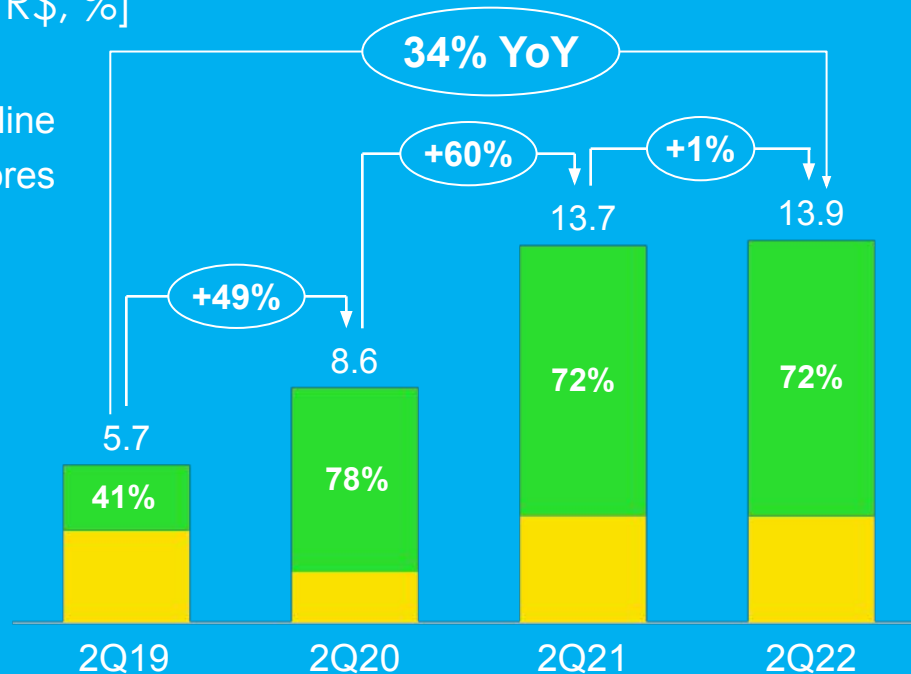


Over the last 3 years, total sales grew an average of **34% per year**, reaching **R\$ 14 billion in 2Q22**

Growth of total sales

[Billion R\$; %]

Online
Stores



34%

3-year average annual growth
[2Q22 vs 2Q19]

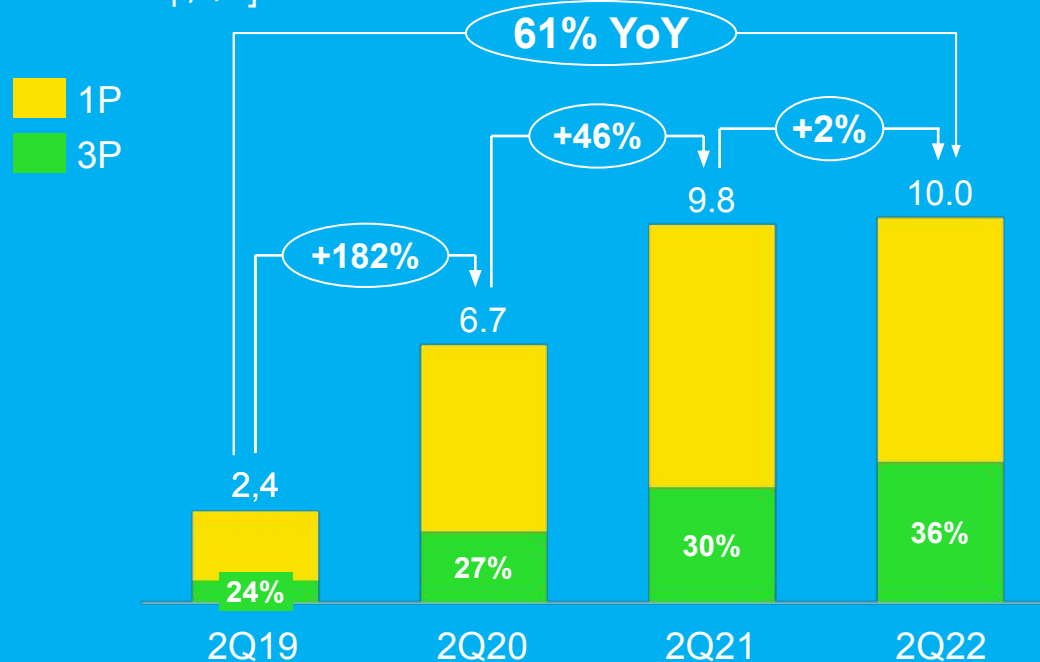
72%

E-commerce as a percentage of total sales
[%; 2Q22]

Over the last 3 years, our e-commerce business grew **an average of 61% per year**, reaching **R\$10 billion** in sales in 2Q22

Growth of e-commerce sales

[Billion R\$; %]



61%

3-year average annual e-commerce growth
[2Q22 vs 2Q19]

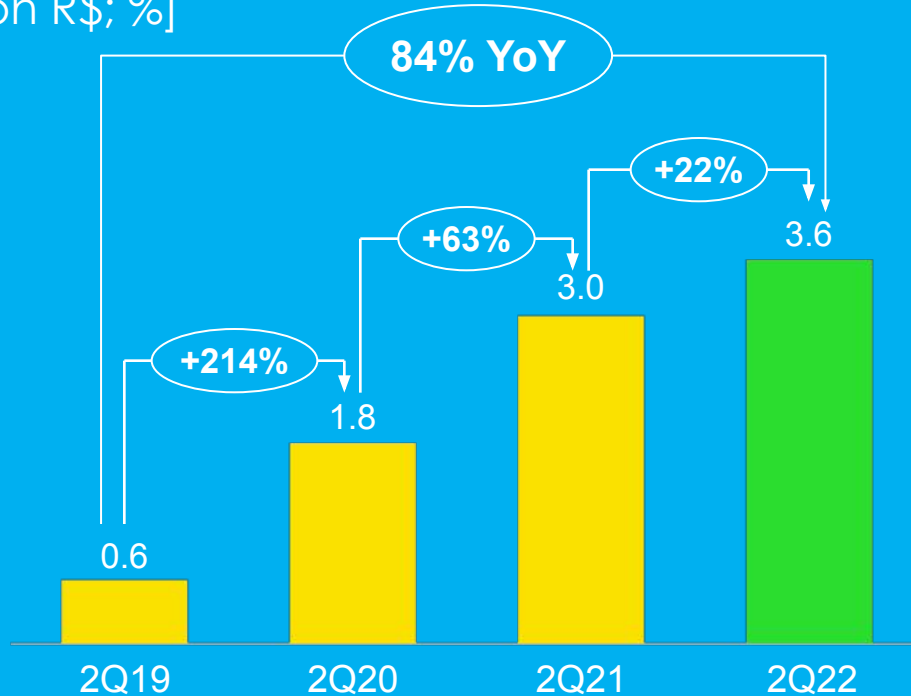
11 pp

3-year market share gain
[2Q22 vs 2Q19; Neotrust]

Our marketplace grew 22% during 2Q22, reaching R\$ 3.6 billion in sales, driven by new categories

Growth of marketplace sales

[Billion R\$; %]



84%

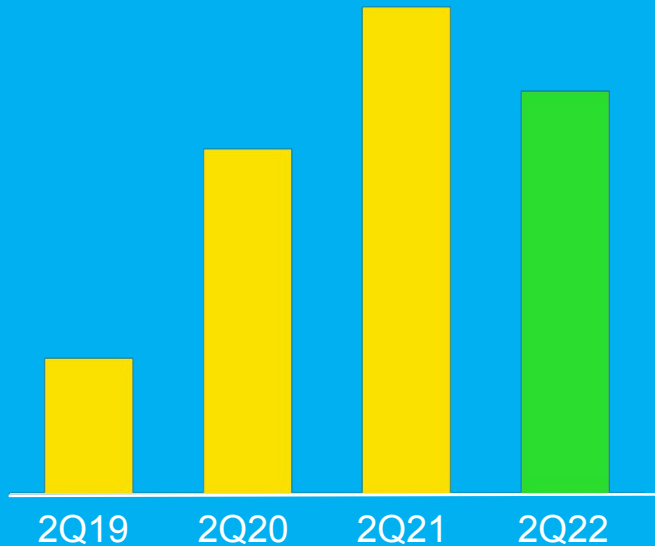
3-year average annual marketplace growth
[2Q22 vs 2Q19]

22%

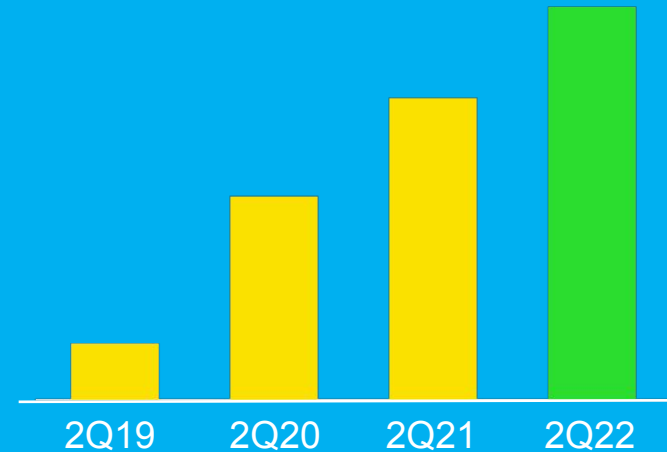
Marketplace growth
[2Q21 vs 2Q22]

Over the last 3 years, **new categories** grew more than double the rate of **traditional categories**, even with strong expansion of the durable goods category during the pandemic

Growth of online sales of traditional categories
[3-year average annual growth]

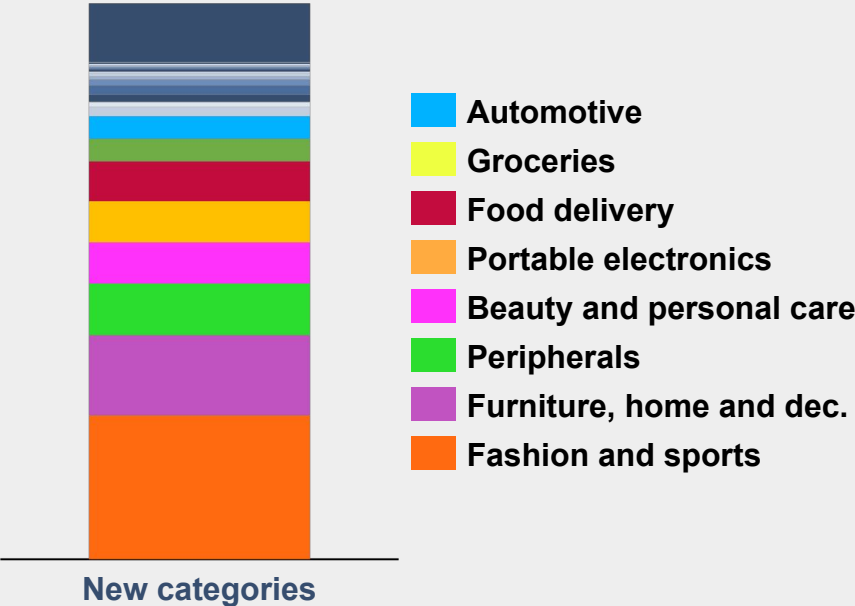


Growth of online sales of new categories
[3-year average annual growth]



New categories already represent more than half of total 2Q22 e-commerce sales

Participation of new categories in e-commerce
[% GMV; 2Q22]



52% of 2Q22 GMV
comes from new
categories



Parceiro
Magalu

200k
sellers

are already part of
our marketplace

More than 100k were
originated by our
physical stores



Caravan Magalu is crisscrossing Brazil on a mission to **attract, integrate and promote** the digitalization of millions of analog retailers

We have already visited the cities of **Sorocaba, Piracicaba, Limeira, São José dos Campos, Maceió and João Pessoa**

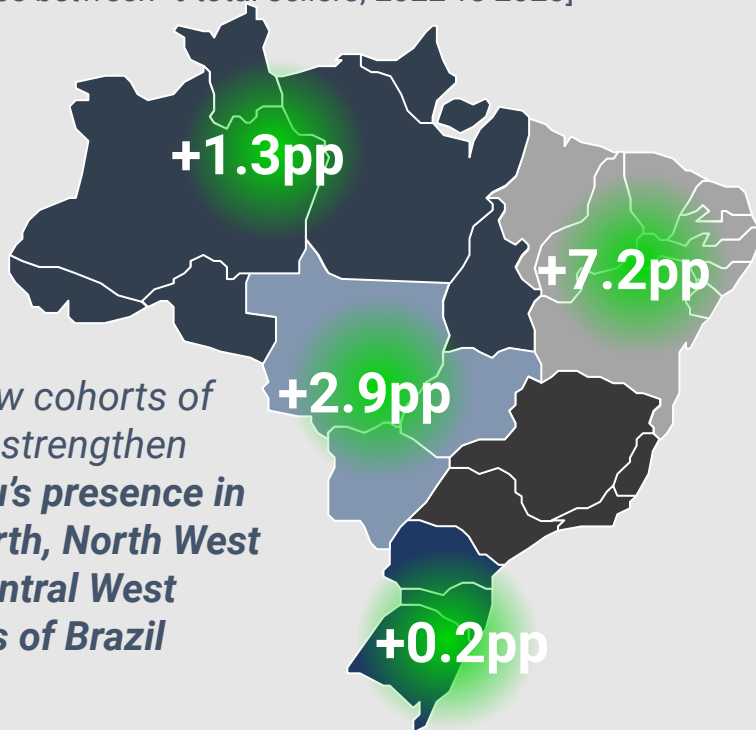
6X As many sellers integrated into the Marketplace in cities where the Caravan passed, within one month of the event



New cohorts of sellers continue to diversify the geographies and categories covered by our marketplace platform

Growth of participating sellers per region

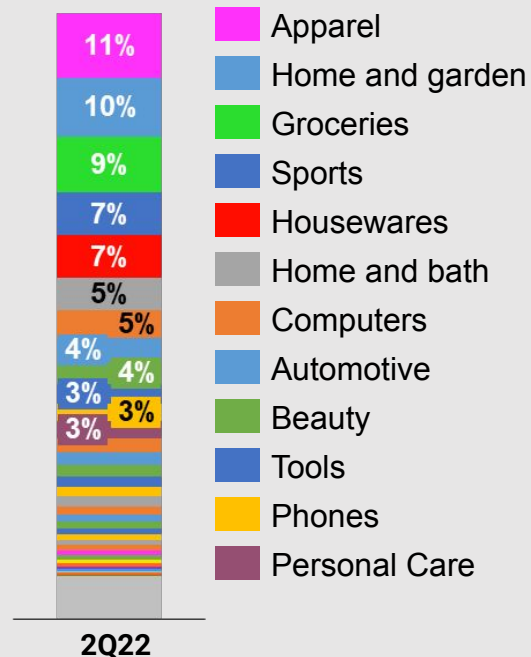
[difference between % total sellers; 2022 vs 2020]



The new cohorts of sellers strengthen Magalu's presence in the North, North West and Central West regions of Brazil

Partner Magalu GMV per category

[2Q22; as % of GMV]



Partner Magalu sellers strengthen the marketplace's non-traditional category offerings

The future of e-commerce in Brazil is **hyperlocal and multichannel**

Drop-off

Agency Magalu multichannel

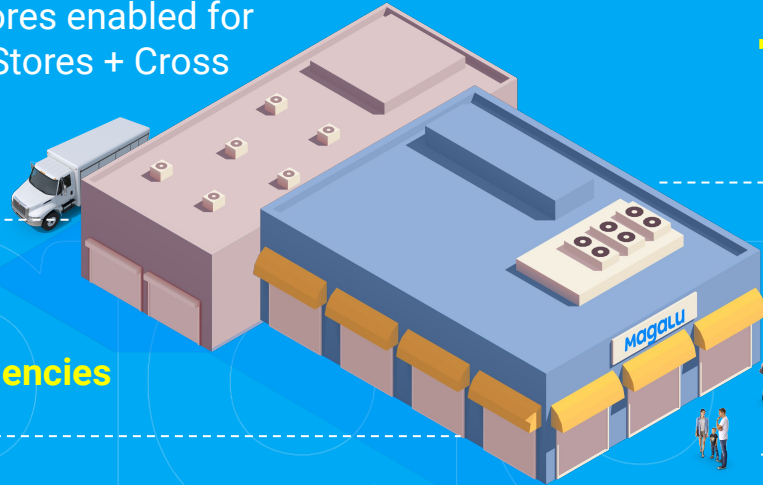
3P in-store pick up

498 Agency Magalu stores enabled for drop-off (Physical Stores + Cross Dockings)

+1k stores enabled for **in-store pick up of 3P items**

+18k Sellers using the stores as postal agencies

17% of 3P marketplace orders use **in-store pick up**

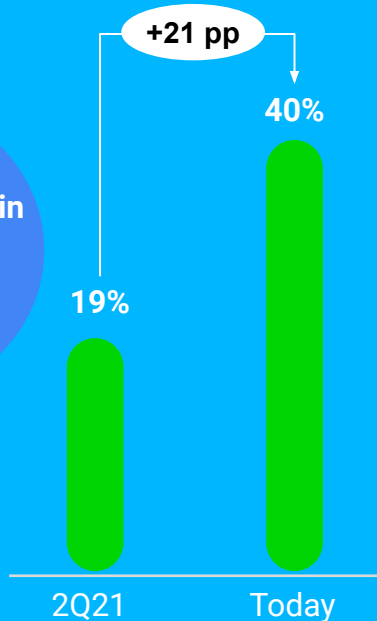


Magalu Entregas is rapidly becoming the **logistics option of choice** for our marketplace sellers



Rapid 3P delivery

3P orders delivered by Magalu Entregas in up to **48h**



80% of 3P courier orders pass through **Magalu Entregas**

83% of 1P orders delivered in up to 48hrs

Ultra-fast delivery of 3P



+9k Sellers participating in **Ship-from-Seller's Store** with **delivery within 24hrs**

20 State capitals covered by **Ship-from-Seller's Store**

Magalu launched its **3P marketplace fulfillment service**, which is **completely integrated with its first-party inventory (1P) operation**

Launch



Fulfillment

Launch



Delivery of heavy products



Agency



Ultra-fast



Collect and Deliver

+100

Sellers using Fulfillment Magalu

Magalu's **Fulfillment and Delivery of Heavy Products services** are completely integrated with our 1P business

Higher delivery speeds and lower costs

Magalu ecosystem companies have produced **excellent results**, with **profit generation and sales growth**



NETSHOES

R\$1 BI

Total GMV
in 2022

R\$32 MI

Profit in
2022

+2.5 pp

Market
share gain in
the **Sports**
category



FASHION

R\$1.6BI

Annualized
GMV

+37%

Category
growth

+2.8 pp

Market
share gain in
the category



É P O G A

COSMÉTICOS · PERFUMARIA

#1

EBIT Top of Mind in
Cosmetics and
Perfumes online

Generation of
cash and
profits in 2022

KaBuM! and AiQfome: continue to contribute to the Magalu ecosystem

R\$150_{MI}

Cash flow
from
operations

Profit and
cash
generation in
2Q22



KaBuM!
www.kabum.com.br



+R\$1.4_{BI}

2Q22
annualized
GMV

Presence in
+815
Brazilian
cities

MagaluAds launched a **self-service** platform for sellers to manage their own display ads for **sponsored products**



2x

Second quarter revenue doubled compared to the same period in 2021

Launch

Sponsored products can now be displayed with **SuperApp** search results, increasing the conversion and sales of participating sellers.

Self-service

- Publicity Ads
- Magalu Ads

Create a campaign



More than
32M FANS



Cannes Golden
Lion 2022



Magalu's **virtual influencer**,
Lu, brings much needed
human warmth to our online
channels



14M
subscribers



5.9M
followers



1.4M
followers



6.8M
followers



2.6M
subscribers



#TôNa MEJOR

 **MAGALU**

1º lugar
Melhores Empresas para
Trabalhar 2022 - *América Latina*

*Categoria Grandes Empresas (mais de 500 funcionários).

MAGALU

Financial Highlights

Financial Highlights - 2Q22

22% Marketplace Growth

R\$13.9 Billion in Total Sales

2% E-commerce Growth

28.6% Gross Margin

1% Total Sales Growth

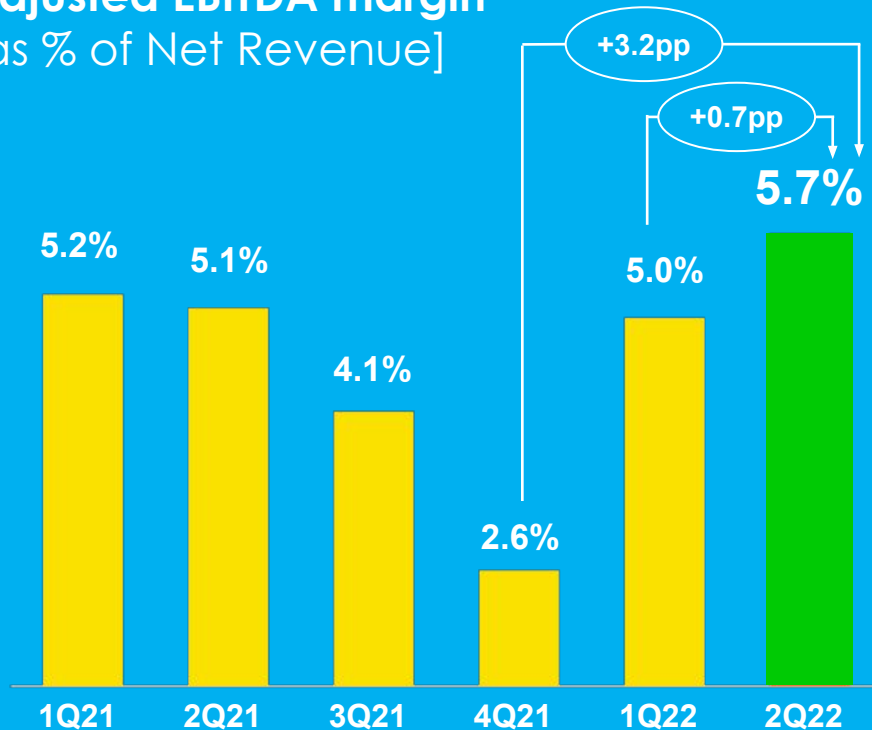
R\$492 Million in Adjusted EBITDA
(Margin of 5.7%)

Physical store sales volume **maintained**

-R\$112 Million in Adjusted Net Income
(Margin of -1.3%)

The primary objective for the first half of 2022 was to **increase operating margins without sacrificing marketshare or service levels**

Adjusted EBITDA margin [as % of Net Revenue]



We improved our margins

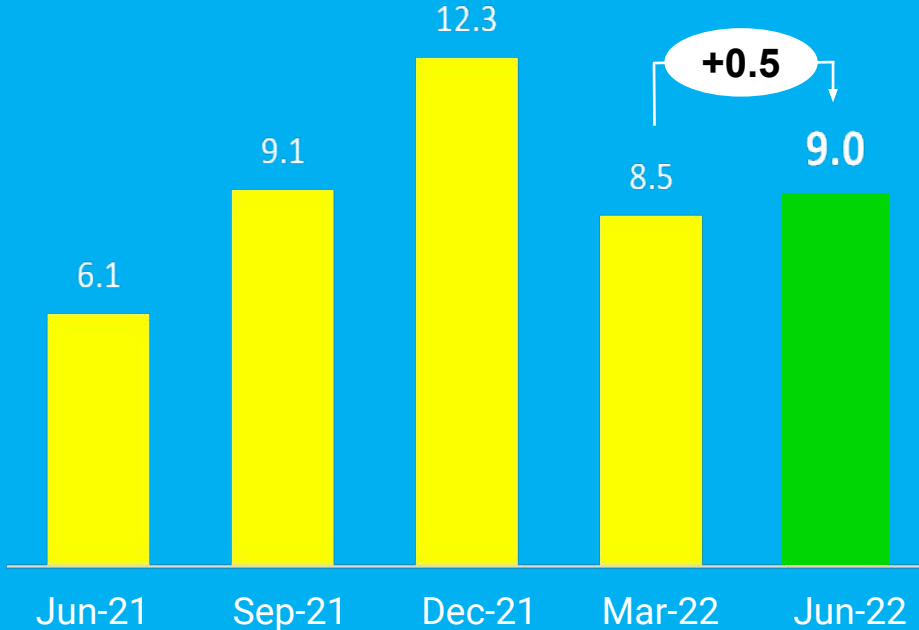
- Increased costs passed along to consumers
- Began charging interest on installments
- Growth of the marketplace and service revenues

We controlled our expenses

- Renegotiated contracts
- Optimized investments in marketing and logistics routes
- Made adjustments to operating capacity

Strong generation of operating cash was a highlight of the quarter.
We ended June 22 with **R\$9 billion in total cash**

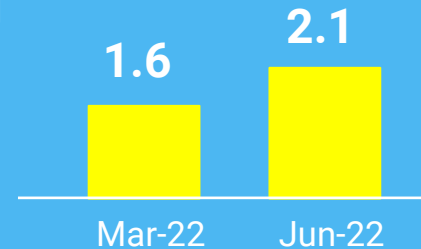
Adjusted cash position [R\$ Billion]



Generation of **R\$ 1.3 billion** in operating cash

We grew our net cash position by
R\$ 500 million

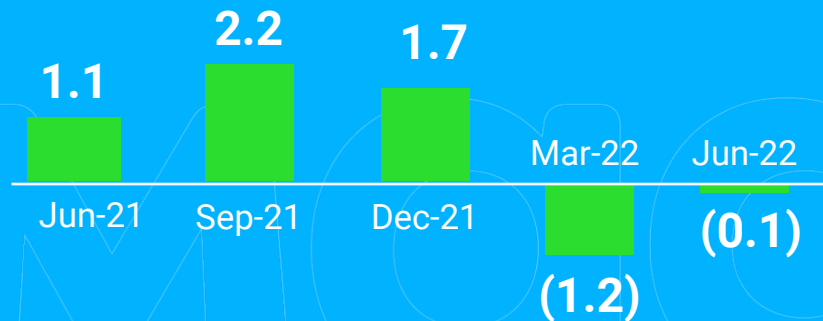
Adjusted net cash position [R\$ Billion]



Significant growth of working capital

Adjusted Working Capital (R\$ Billion)

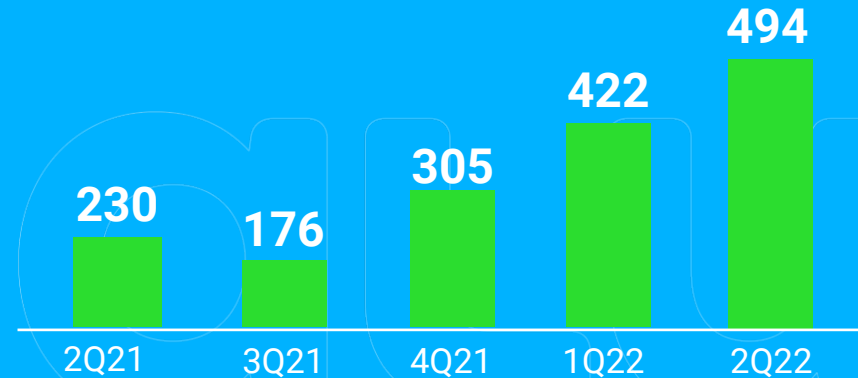
We reduced **inventory levels** and grew the **supplier balance**



Adjusted Net Financial Expense (R\$ Million)

CDI Average	3.3%	4.9%	7.6%	10.3%	12.4%
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Reduction in average sales term and increase in **PIX share**



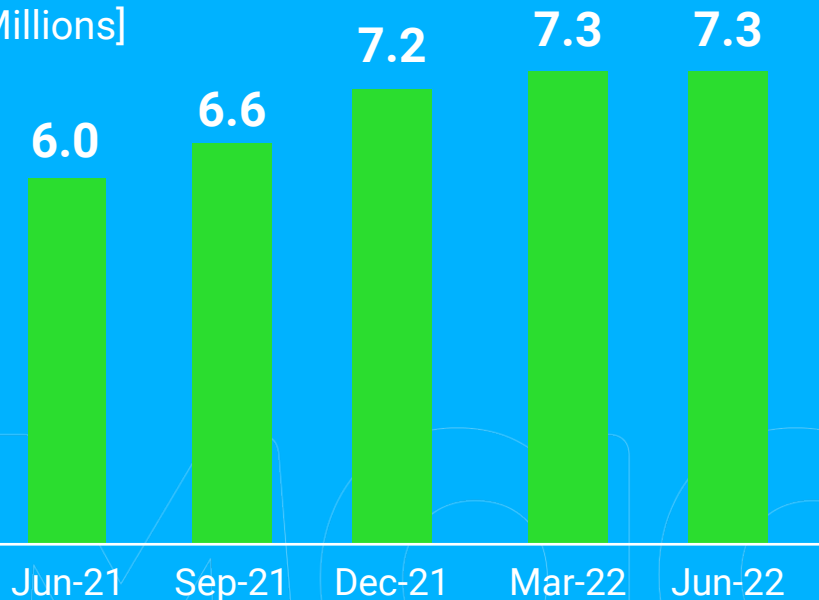
Luizacred

42% growth in credit card TPV, reaching R\$13.6 billion.
The credit portfolio is now **R\$20 billion.**



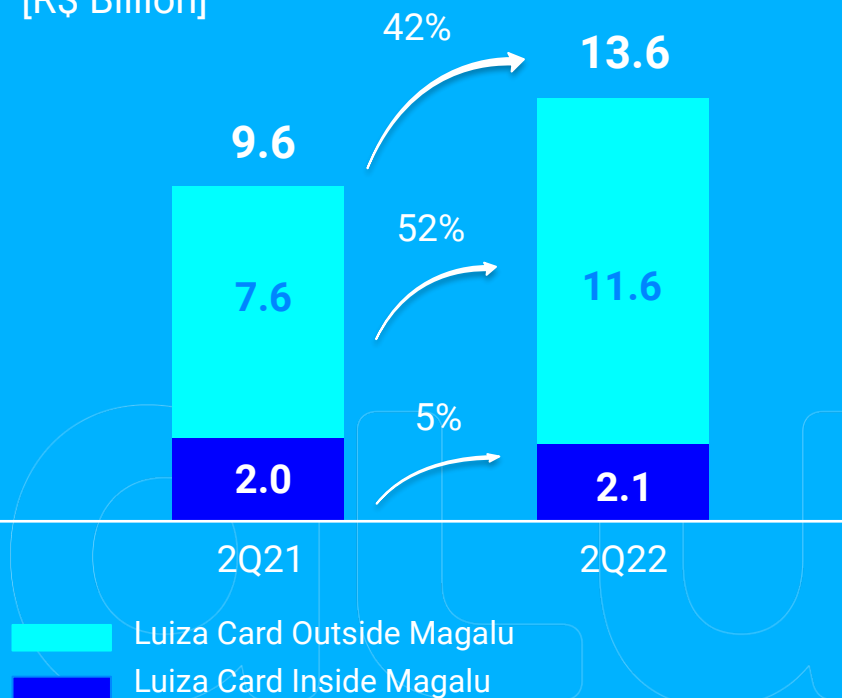
Growth of the Luiza Card Base

[Millions]



Revenues

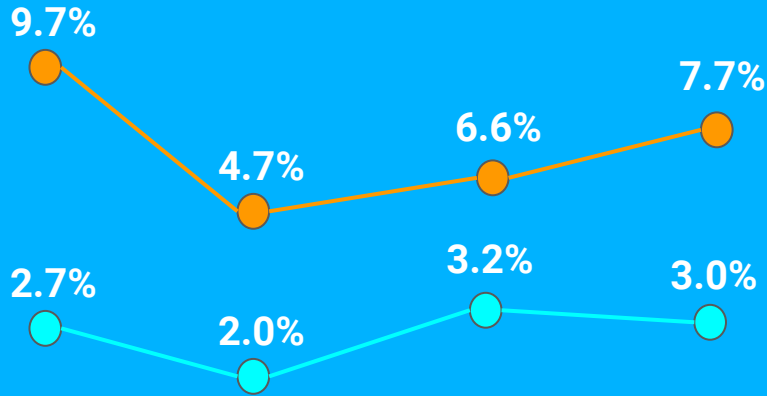
[R\$ Billion]



Luizacred

Default rates below historic levels

Percent of the Portfolio Overdue (%)



Jun-20

161%

Jun-21

222%

Mar-22

173%

Jun-22

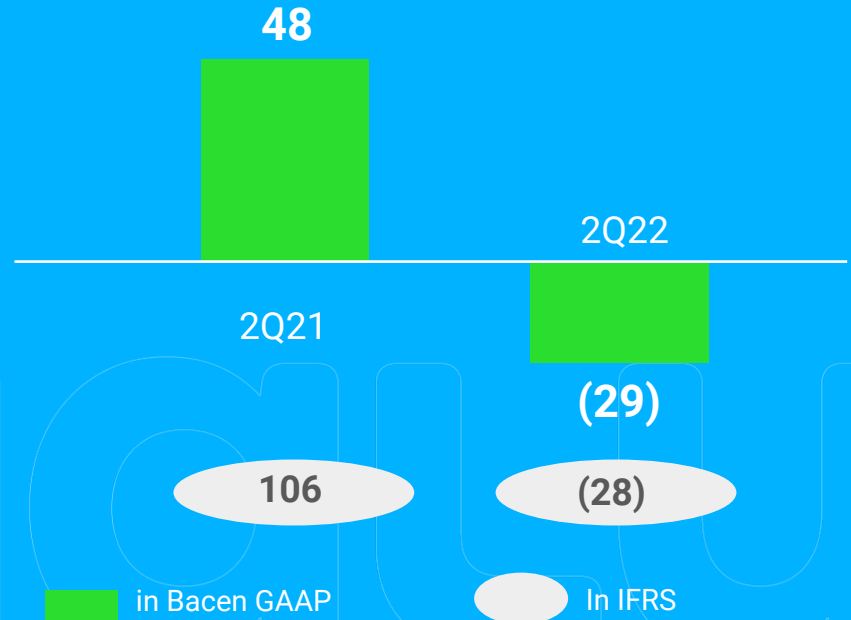
160%

NPL 15-90

NPL > 90

Coverage (%)

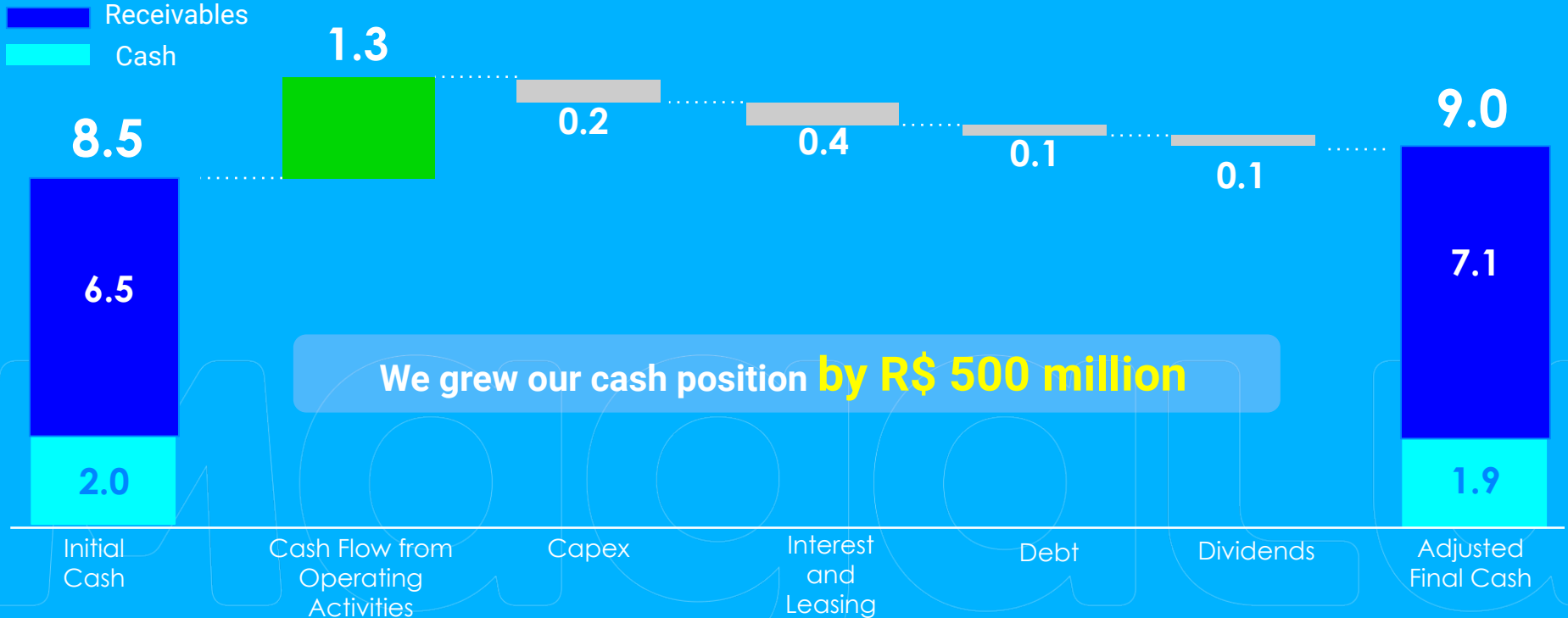
Net Income [R\$ million]



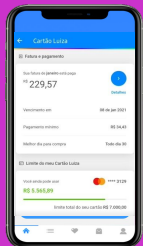
Quarterly Cash Flow

Operating Cash generation of **R\$1.3 billion** in 2Q22

2Q22 Cash Flow (R\$ Billion)



Magalu offers **consumers** a wide variety of financial services



+5.7M

Digital accounts created, and, as of 2Q22, completely integrated using Hub Fintech's proprietary technology

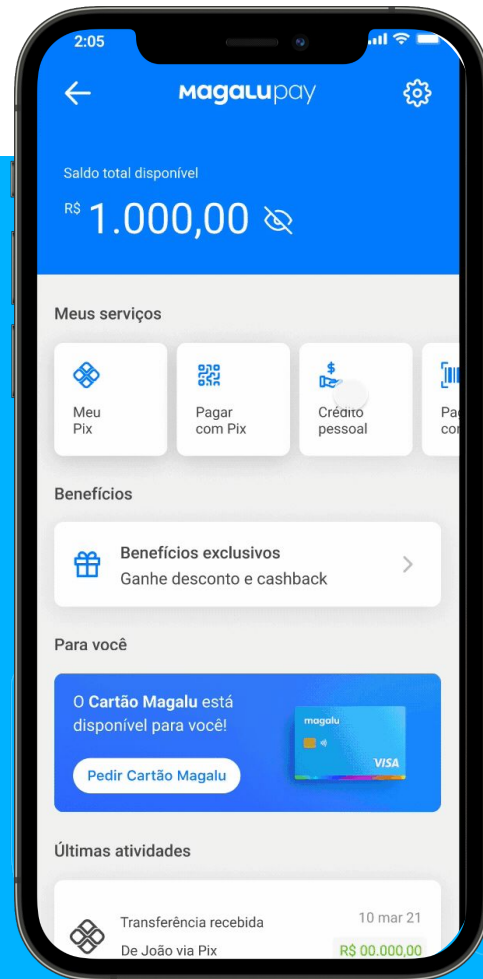
We plan to extend **Magalu Pay** to the entire Magalu Ecosystem and, as of 2Q22, it is available for use with the AiQFome mini app



Highlights

Pre-approved card for clients with good credit profiles

Personal loans via the digital account



We also offer financial services for marketplace sellers



+R\$8 Bi

TPV 2Q22



magalupay

Mobile POS

at Caravana Magalu



+R\$40M

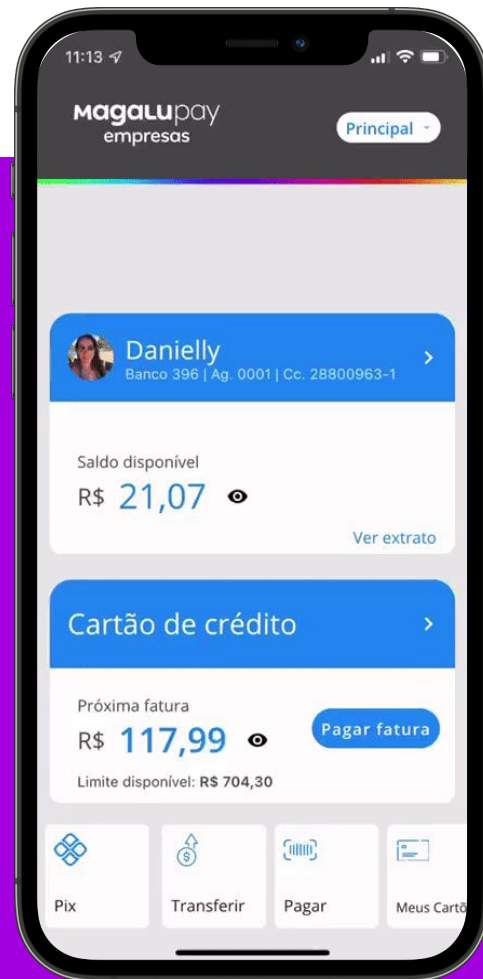
Magalu Pagamentos net profit
in first half of 2022

Highlights

MagaluPay Empresas

Business account
Free digital account

Business credit card
*Using Bit55's proprietary
technology*



Magalu Ecosystem



MAGALU



INVESTOR RELATIONS

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