

# MAGALU

Conference Call 1Q22

May 17, 2022

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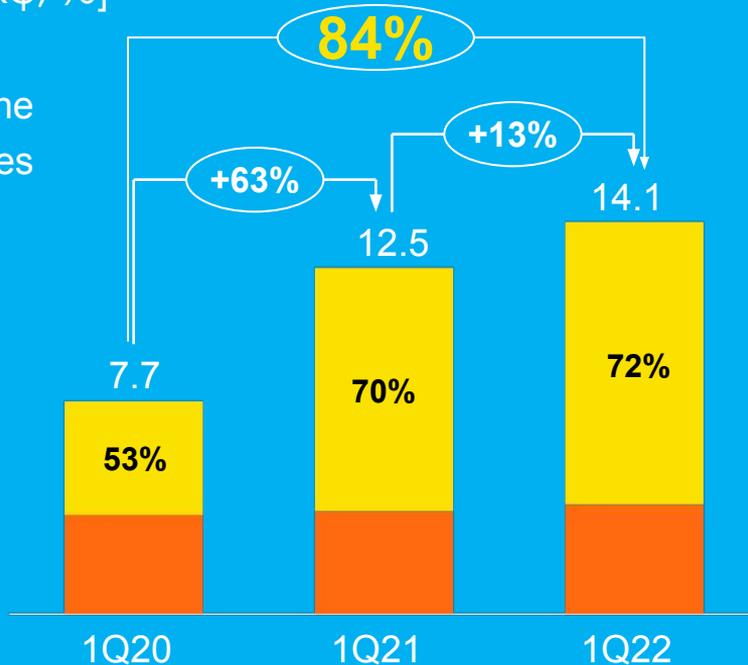


Magalu's total sales grew 13% in 1Q22 vs 1Q21 to **R\$14.1 billion during the quarter**, or 84% over the last 2 years

## Growth of total sales

[Billion R\$; %]

Online  
Stores



**13%**

**Growth of total sales**

[1Q22 vs 1Q21]

**72%**

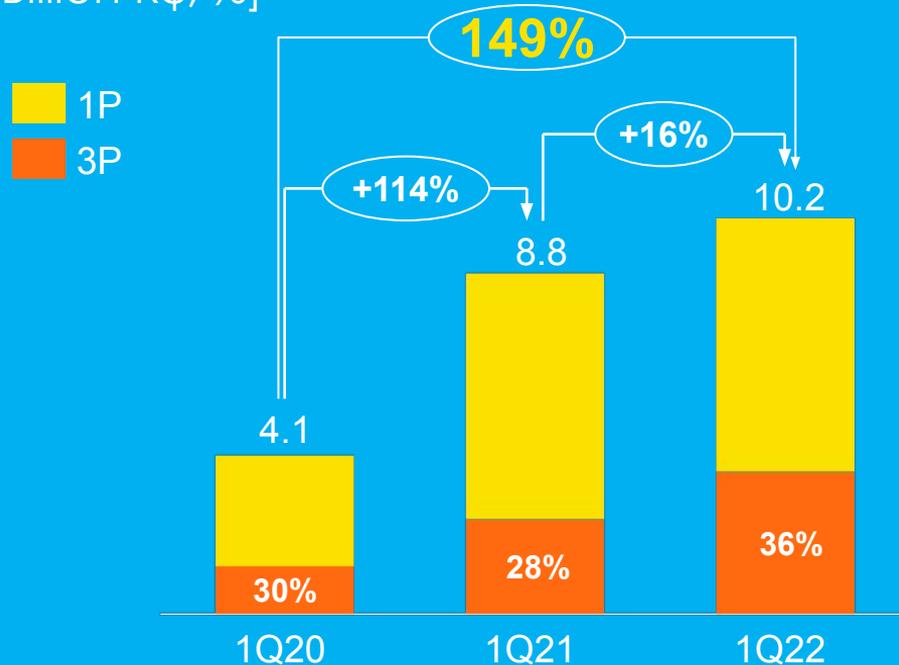
**E-commerce as a percentage of total sales**

[%; 1Q22]

E-commerce grew 149% over the last two years and the marketplace now represents 36% of total e-commerce sales

## Growth of e-commerce sales

[Billion R\$; %]



**50%** 3P Growth  
[1Q22 vs 1Q21]

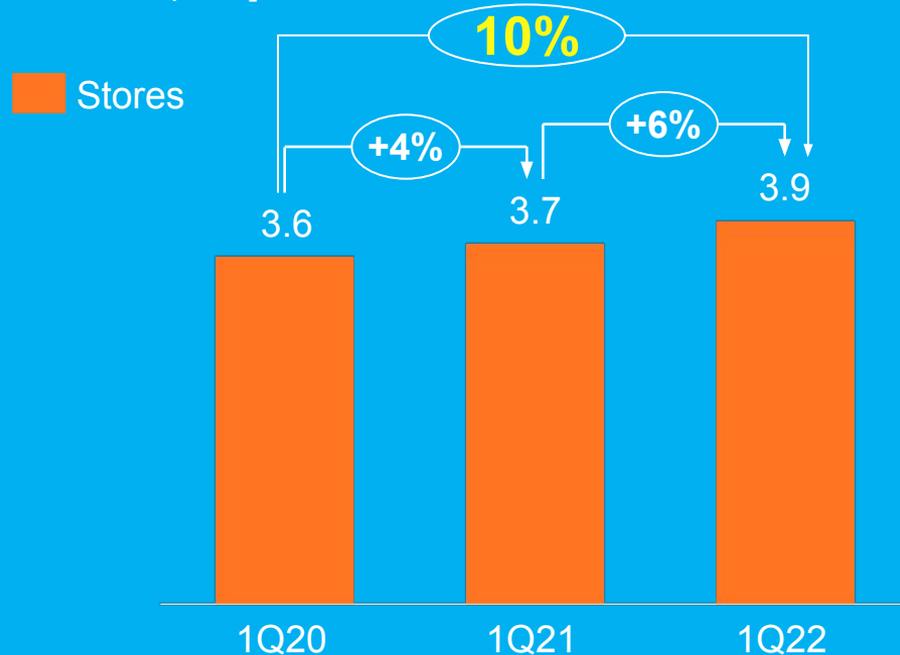
**36%** 3P as a percentage of total  
e-commerce sales  
[%; 1Q22]

**3%** 1P Growth  
[1Q22 vs 1Q21]

# Magalu's physical stores remain resilient, **surpassing pre-pandemic sales levels** with market share gains

## Growth of physical store sales

[Billion R\$; %]



**40%**

of e-commerce orders pass through the physical stores  
[% e-commerce orders; 1Q22]

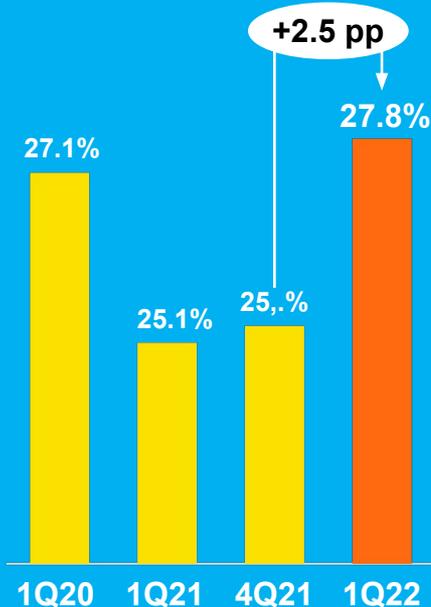
**+0.4pp**

Market share gain  
[1Q22 vs 1Q21; GFK]

# Significant **growth of operating margins** during the quarter, with **EBITDA margins reaching 6.1% in March.**

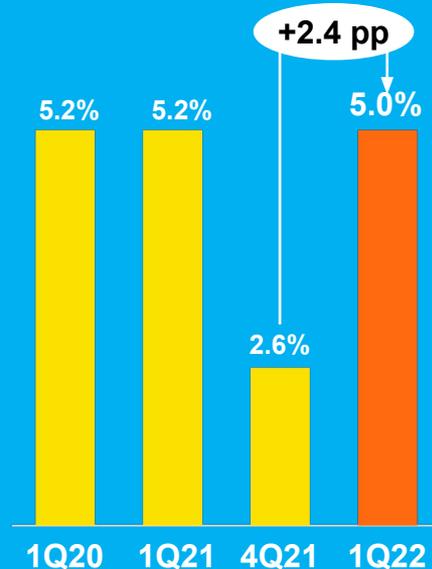
## Gross margin

[% Net Revenue; 1Q20-1Q22]



## Adjusted EBITDA margin

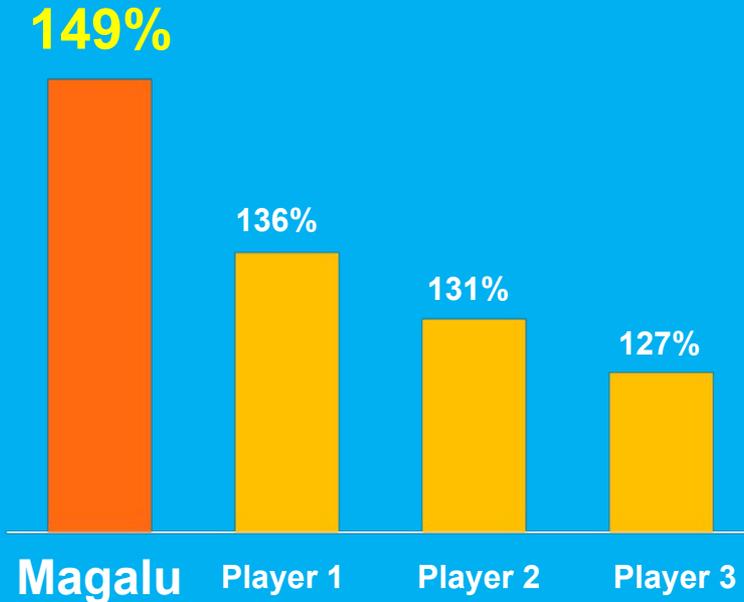
[% Net Revenue; 1Q20-1Q22]



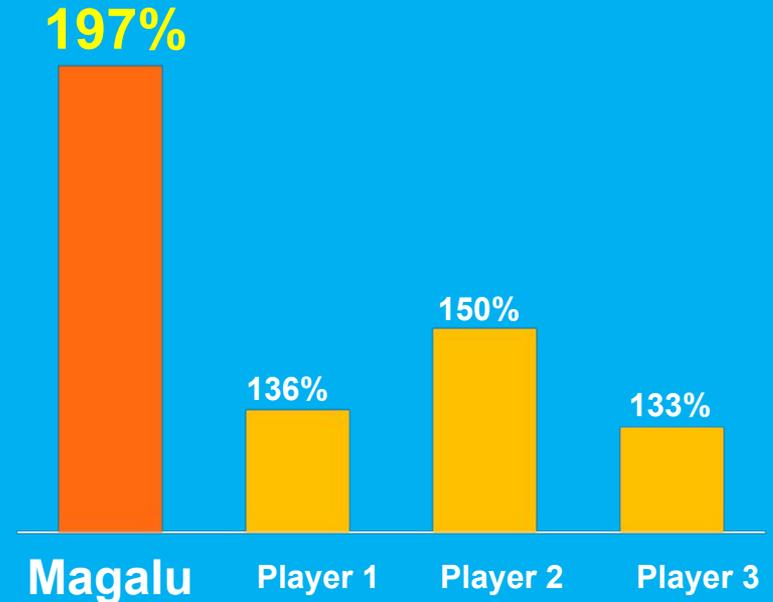
- Inflation costs and interest rate increases repassed;
- Take-rates raised and subsidies reduced (more rational competitive environment)
- Variable expenses optimized (principally logistics and marketing);
- Physical store and distribution center teams right-sized to reflect the current sales environment.

# Above-market growth with increased operating margins

## 2 Years - Total E-commerce Growth [1Q22 vs 1Q20]

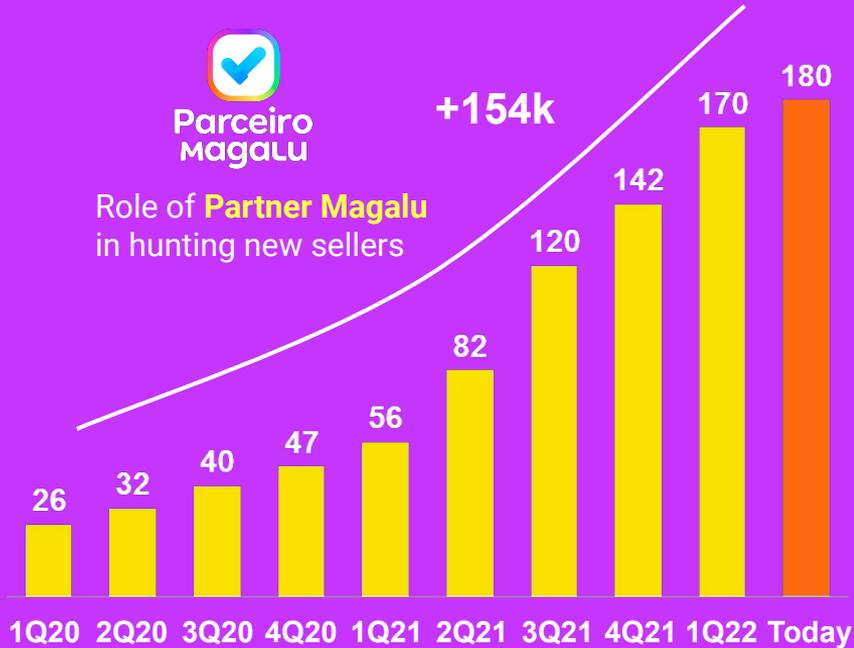


## 2 Years - Marketplace Growth [1Q22 vs 1Q20]

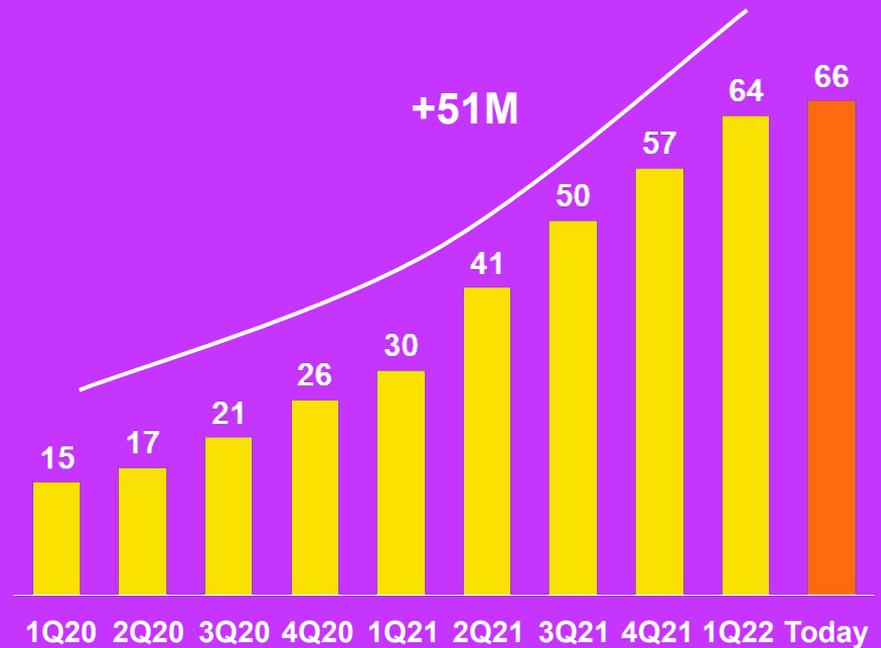


# The marketplace has been the engine powering accelerated e-commerce growth; there are currently 180k sellers, selling in a legal and formal way

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



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



6X

**More sellers published** in the regions of São José dos Campos and Maceió during the period of the Caravan

5%

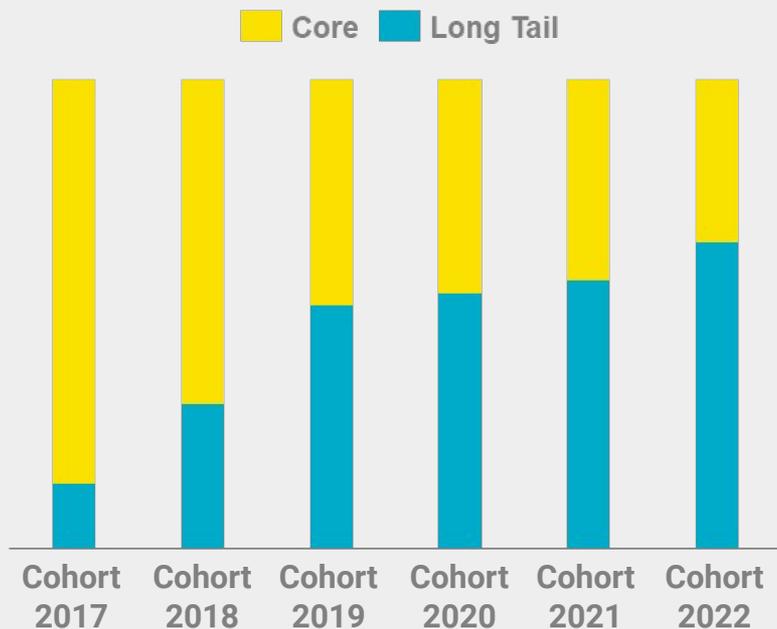
**Penetration of retail commerce** in the region of São José dos Campos after the Caravan event

caravana  **Parceiro Magalu**

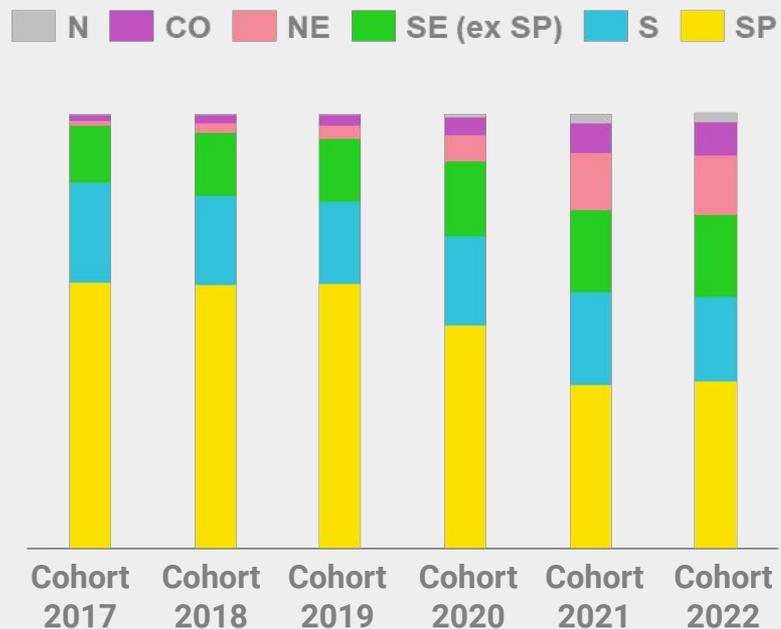


# With each new cohort, our 3P achieves further diversification both in terms of **new categories** and **geographic distribution**

*GMV in Core and Non-Traditional (Long Tail) categories by annual cohort*  
[GMV]



*Growth of sellers per region by annual cohort*  
[Number of sellers]



Our physical stores play a fundamental role in making the **marketplace multichannel**, providing our partners with value added logistics services

## Drop-off

**+400**

**Magalu Agencies**

stores enabled for drop-off

## 3P in-store pick up

**1.2k**

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

**14.2k**

Sellers using the stores as **postal agencies**

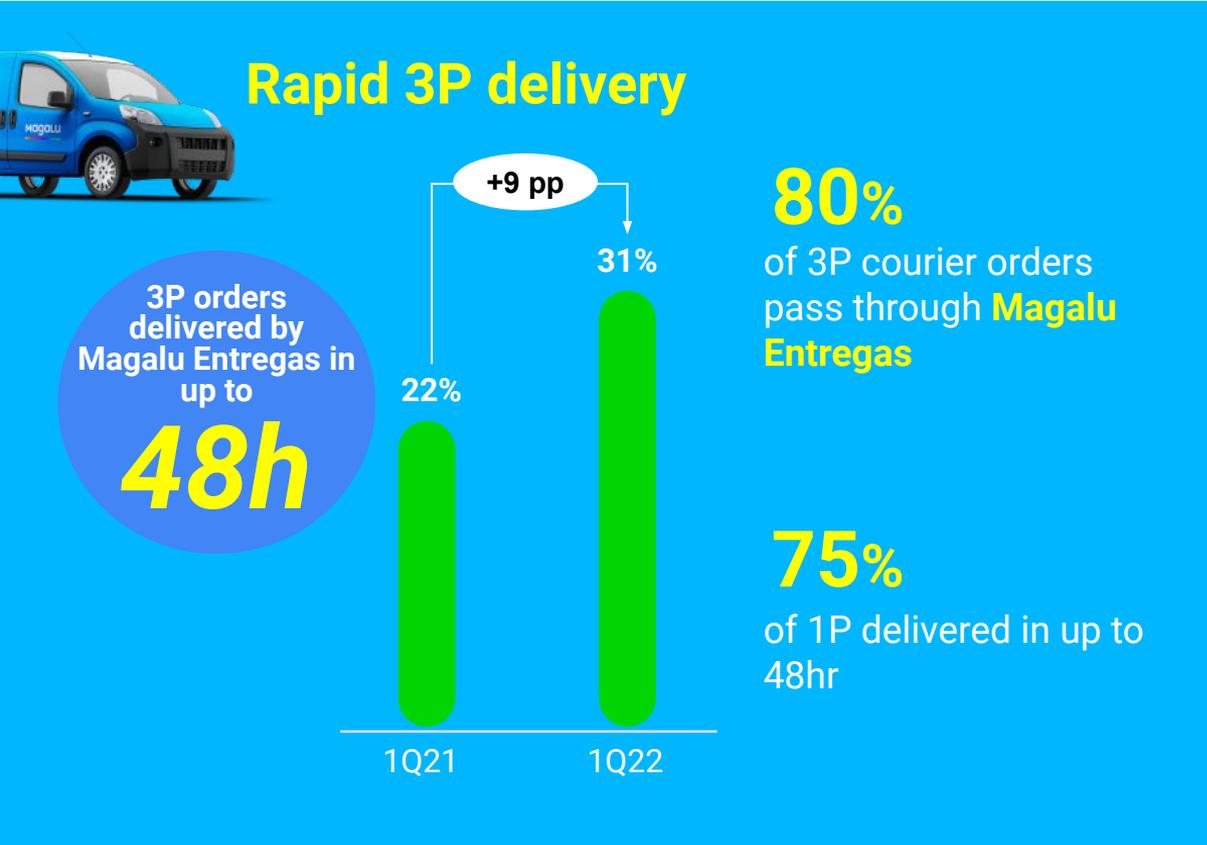
**13%**

share of **3P marketplace orders** using in-store pick up



**Agency Magalu multichannel**

Even after growing the **volume of orders delivered by 110%**, we improved the number of ultra fast deliveries and orders delivered by D2



**Ultra-fast delivery of 3P**

- +6k** Sellers participating in **Ship-from-Seller's Store** with **delivery in 24hrs**
- 21** State capitals covered by **Ship-from-Seller's Store**

With fulfillment, we expect to **improve customer experience and sellers sales** even more



***Faster delivery***

**+ scale**

Marketplace fulfillment operation 100% integrated with 1P

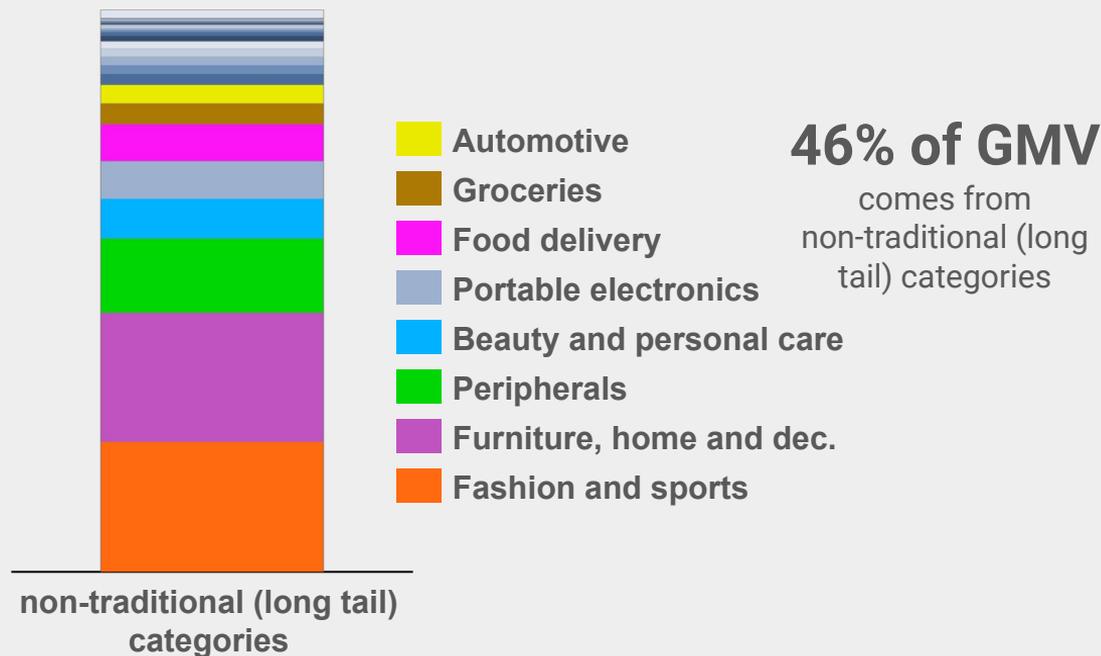
**- cost**

Leveraging existing physical store infrastructure

In 1Q22, **+46% of GMV** came from non-traditional, long tail categories

**R\$ 20 Billion**  
in annualized GMV from  
non-traditional (long-tail)  
categories

*Participation of non-traditional (long-tail) categories in e-commerce*  
[% GMV; 2Q21 - 1Q22]



# Magalu's Grocery and Food Delivery initiatives continue to grow, improving customer experience on the SuperApp



## VIP COMMERCE

New launch

Local, 3P grocery store sellers offering perishables in the Magalu SuperApp, via VIPcommerce



1.4<sup>BI</sup>  
Total GMV  
LTM

+765  
Cities

+2.8 Mi  
Orders in  
1Q22

~30k  
Registered  
restaurants

**KaBuM!**, one of the largest technology-focused e-commerce platforms in Brazil, reached **R\$1 billion in sales** during the quarter

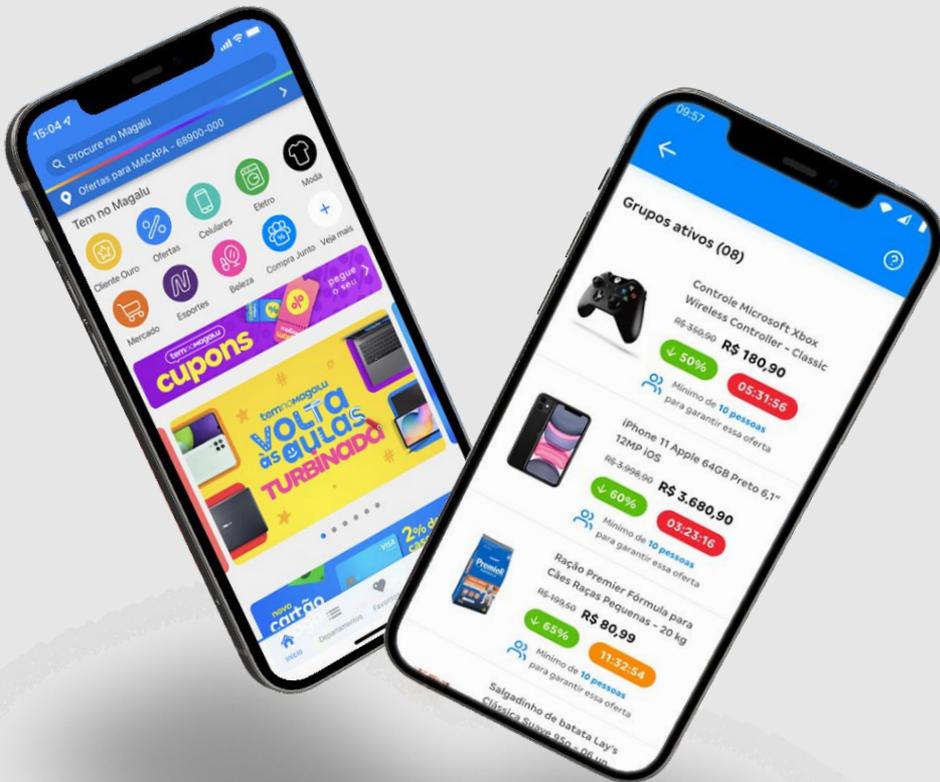


**~R\$1 BI**  
In Total GMV  
during 1Q22

**R\$51 MI**  
Net Profit in  
1Q22

KaBuM!, a partner focused on technology and gamers, is already **part of the universe** with sales and products **available on Magalu**

**Compra Junto:** group purchasing, big discounts, gamification, lower CAC, discovery-oriented browsing experience



**70%** Of completed offers were from the **grocery, home and decoration categories**

Compra Junto is a Magalu **social commerce** initiative which has the potential to leverage lower average ticket categories

**Ads** platform revenues, together with those of our partner companies, grew 78% during 1Q22, resulting in an annualized value of **R\$100M**



**STEAL THE LOOK**

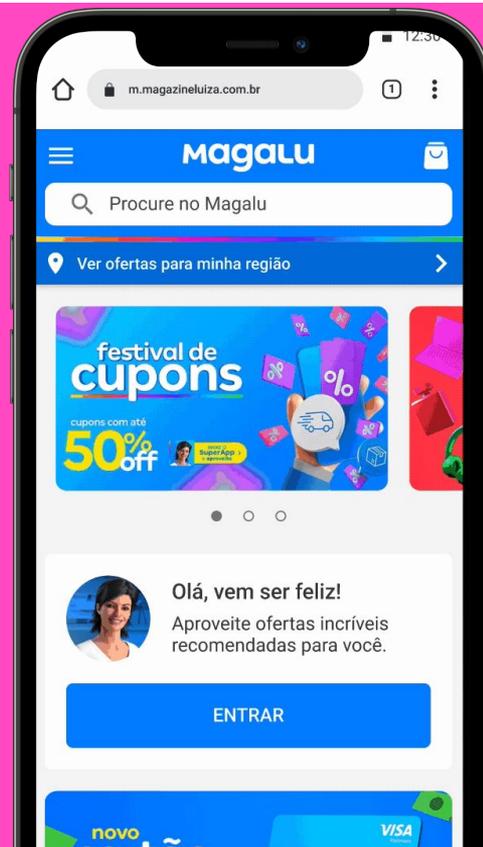
**R\$100 MI**

Total revenues on the platform (annualized)

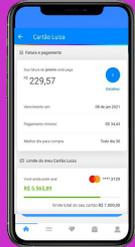
**78%**

Grow of revenue 1Q22 vs 1Q21

**Sponsored products** began to be **exhibited in search results**, increasing conversion rates and sales for sellers who purchase ads



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



## +5.0M

Digital accounts created



## +3M

New credit cards issued LTM



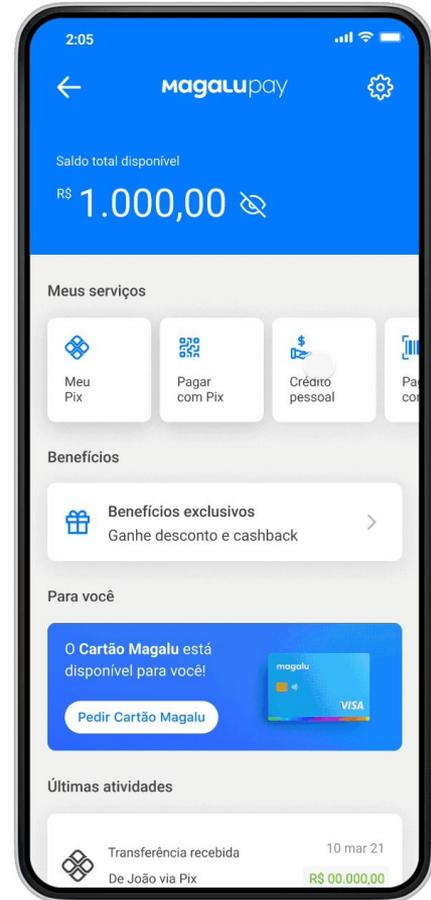
## +R\$18.6Bi

Credit portfolio

New launch

## Personal loans via the digital account

10 million pre-approved  
SuperApp customers



And we also offer financial services for **marketplace sellers**



## Account

Free digital account



## MagaluPay Mobile POS

A complete solution for our partners



## +R\$29M

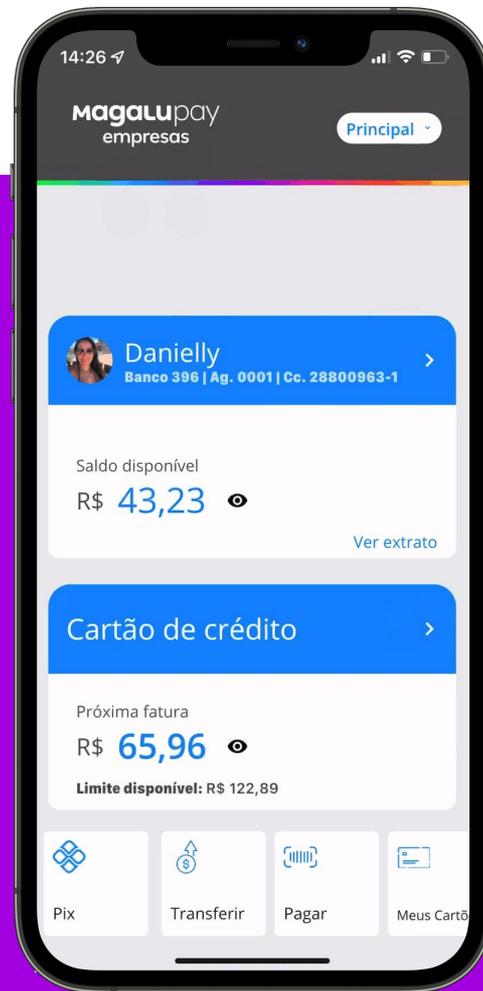
Net profit of Magalu Pagamentos in 1Q22

New Launch

## MagaluPay Empresas

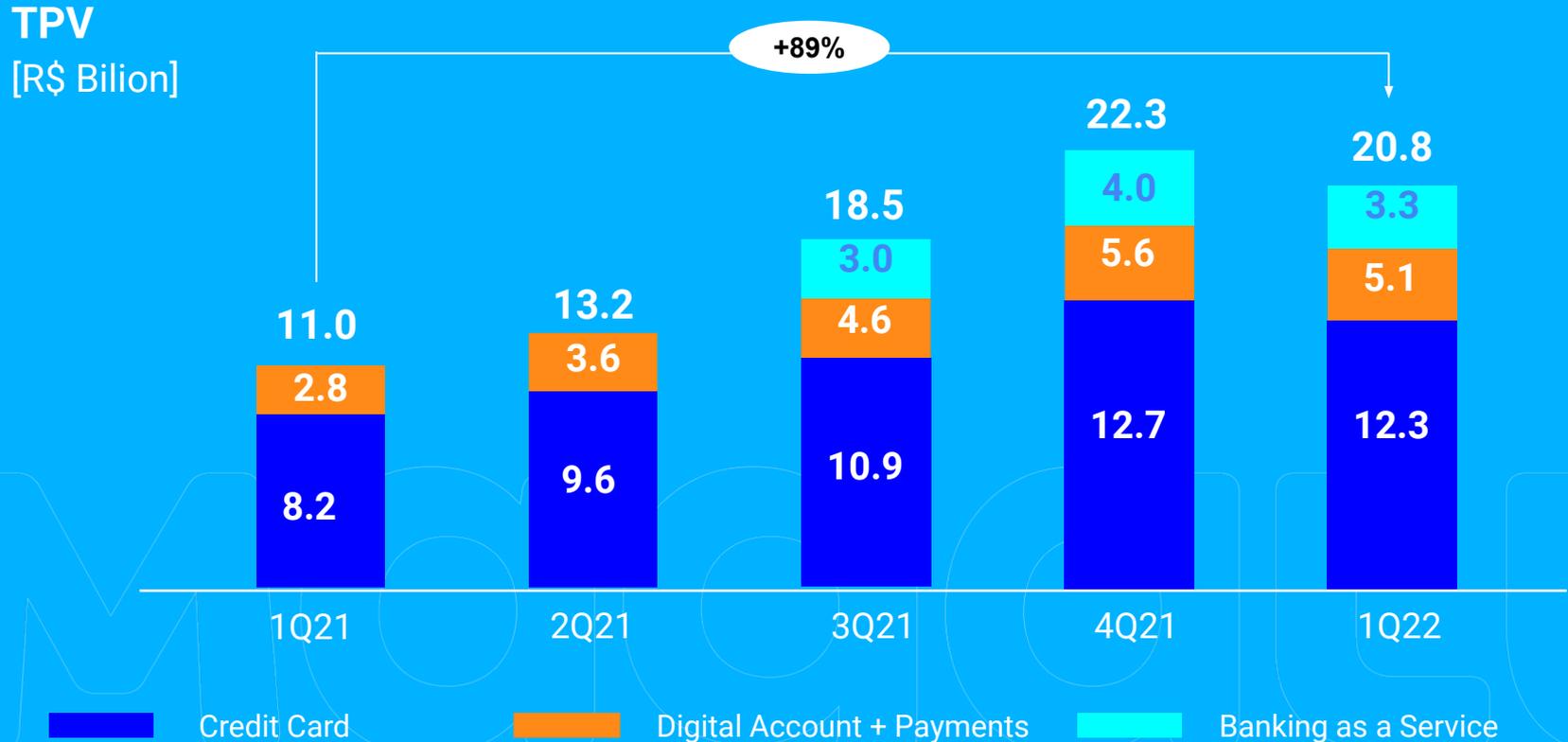
Credit card for sellers

Proprietary technology



# TPV - Total Payment Volume

TPV grew 89%, reaching R\$20.8 billion during 1Q22



# MAGALU

## Financial Highlights

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# Financial Highlights - 1Q22

**50%** Marketplace Growth  
[1Q22]

**R\$14.1** Billion in Total Sales  
[1Q22]

**16%** E-commerce Growth  
[1Q22]

**27.8%** Gross Margin  
[1Q22]

**6%** Physical Store Growth  
[1Q22]

**R\$434** Million in Adjusted EBITDA  
[1Q22] (Margin of 5.0%)

**13%** Total Sales Growth  
[1Q22]

**-R\$99** Million in Adjusted Net Income  
[1Q22]

# EBITDA Margin Growth

Strong expansion in operating margins during the quarter. In March, EBITDA margin reached 6.1%.

EBITDA Margin (as % of Net Revenue)

Gradual pass-through of the increase in costs and interest rates



# Solid Capital Structure

Retail seasonality and the success of our inventory reduction strategy led to a decrease in purchasing volume.

Adjusted Working Capital (R\$ Billion)

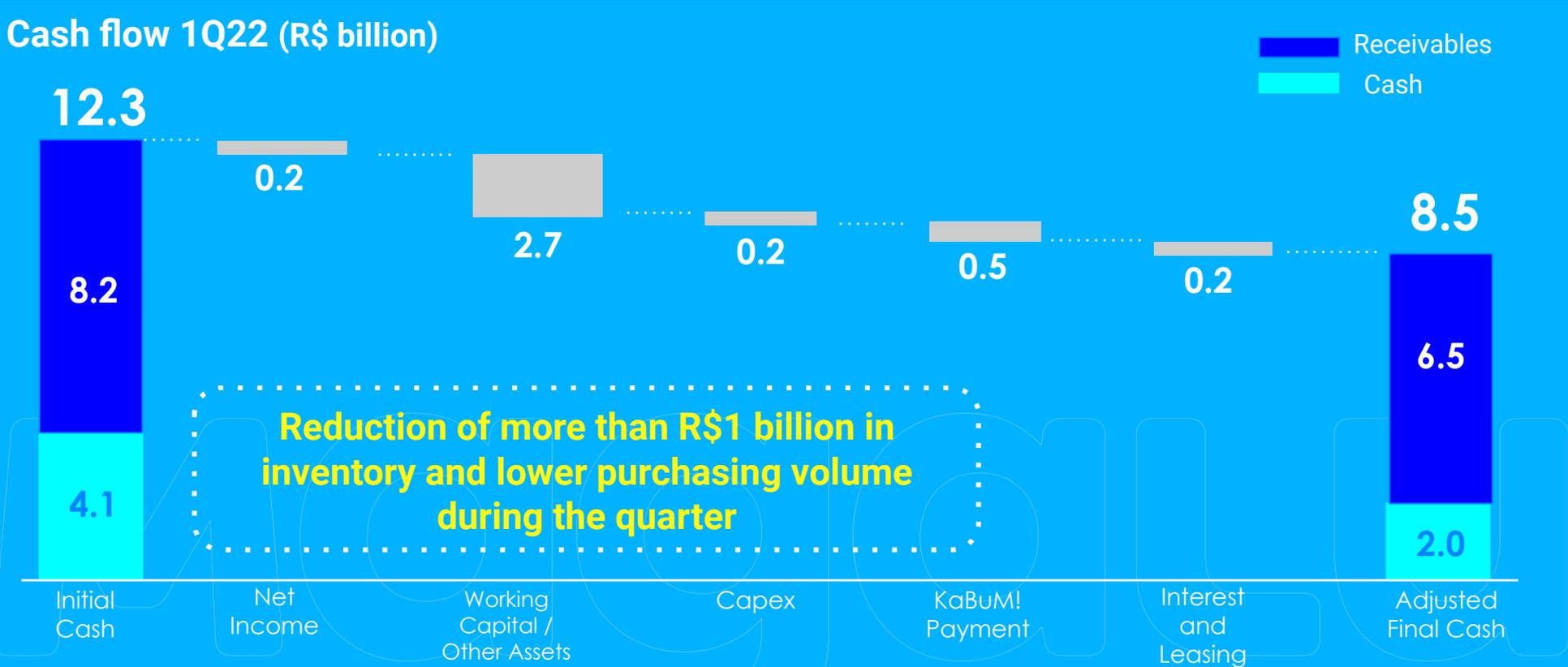


Adjusted Net Cash (R\$ Billion)



**Reduction of more than R\$1 billion in inventory during the quarter.**

# Quarterly cash flow influenced by the seasonality of working capital and investments



# Total cash position of R\$8.5 billion

## Cash flow LTM (R\$ billion)

- Receivables
- Cash



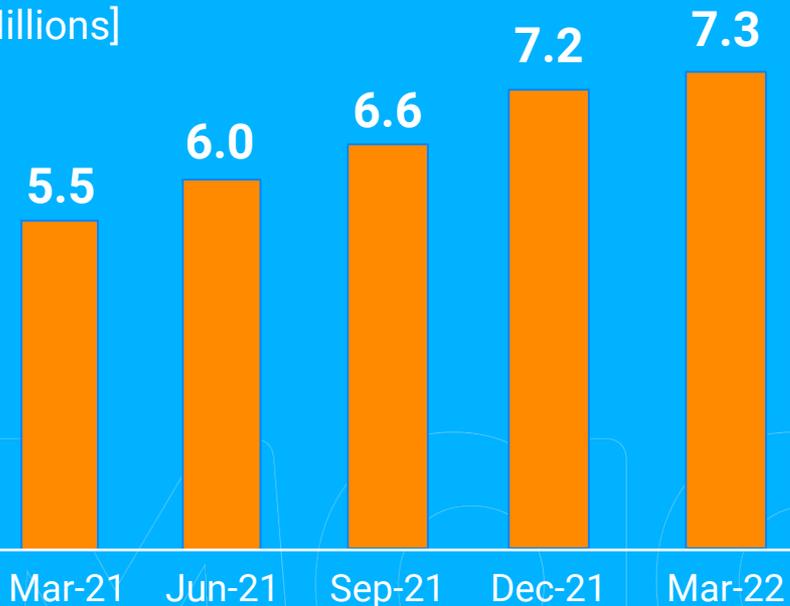
# Luizacred

7.3 million cards issued and 50% growth in TPV



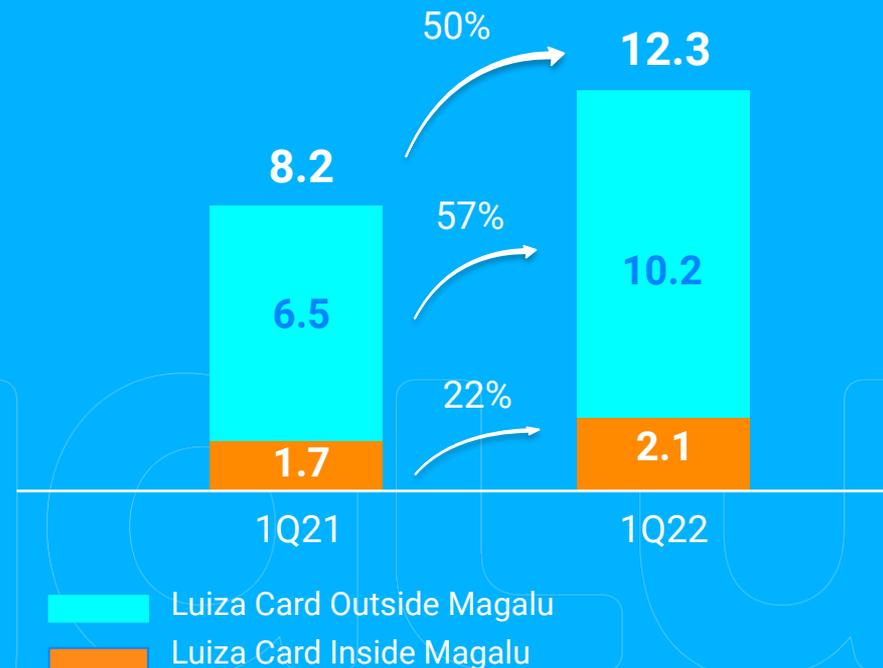
## Growth of the Luiza Card Base

[Millions]



## Revenues

[R\$ Billion]



# Luizacred

Default rates below historic levels

### Percent of the Portfolio Overdue (%)



Mar-20

175%

Mar-21

216%

Dec-21

183%

Mar-22

173%

NPL 15-90

NPL > 90

Coverage (%)

### Net Income [R\$ million]

96

34

1Q21

36

1Q22

(27)

in Bacen GAAP

In IFRS

# Magalu Ecosystem

SERVIÇOS FINANCEIROS

magalupay  
consórcio magalu  
magalu pagamentos  
hub fintech

VIP COMMERCE  
Magaluads MAAS

parceiro magalu  
stoa  
com school

LUIZACRED

luizaseg

VAREJO

SmartHint  
HUBSALES

grand chef  
bit55

**MAGALU**

LOGÍSTICA

magalu Entregas

logbee

NETSHOES

KaBUM! >>

Canaltech

STEAL THE LOOK

CONTEÚDO

ZATTINI

aiqfome

tonolucro plus

shoestock

ÉPOCA  
COSMÉTICOS · PERFUMARIA

estante virtual

LOVE THE



CONSUMIDOR



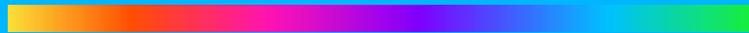
SELLERS

GFL

Sinclog

SODE  
SOLUÇÕES DE ENTREGA

# MAGALU



## INVESTOR RELATIONS

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