



magalu

Conference Call 1Q23

May 16, 2023

Esta teleconferência possui tradução simultânea. Para acessar, basta clicar no botão Interpretation através do ícone do globo na parte inferior da tela.

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.

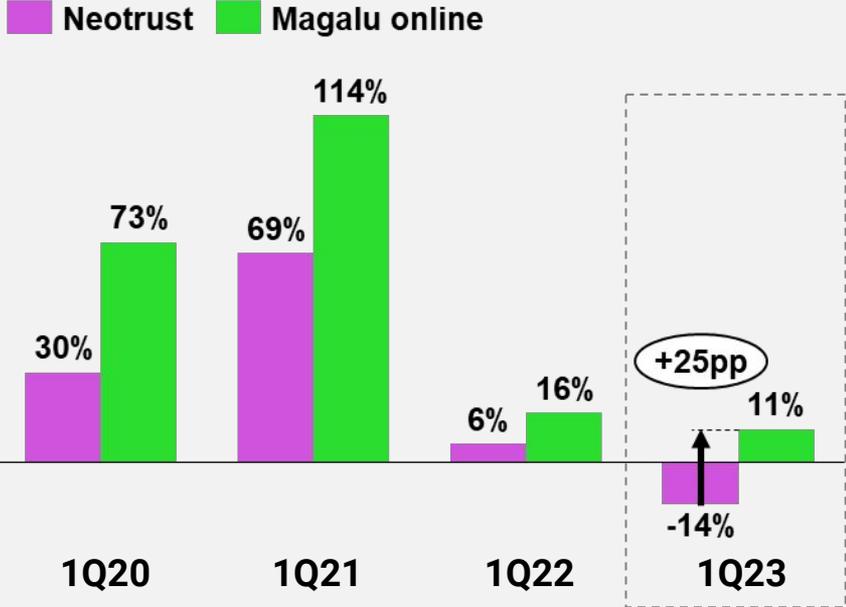
To gain access, please click the Interpretation button on the globe icon at the bottom of the screen.

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

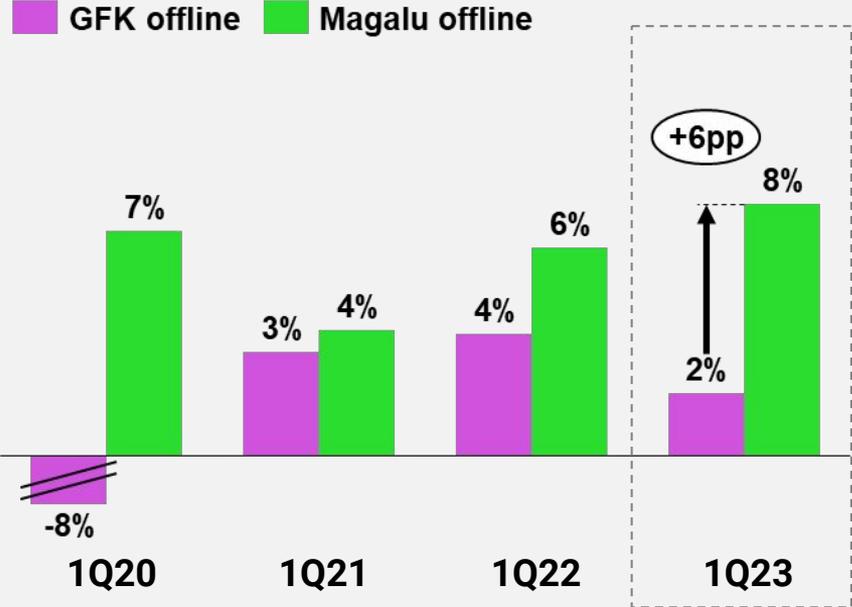
The presentation in English is also available on the link sent in the chat.

Magalu had above market growth across all channels: **25 p.p. online** and **6 p.p. offline**

YoY Growth: Online market vs Magalu online
[%]



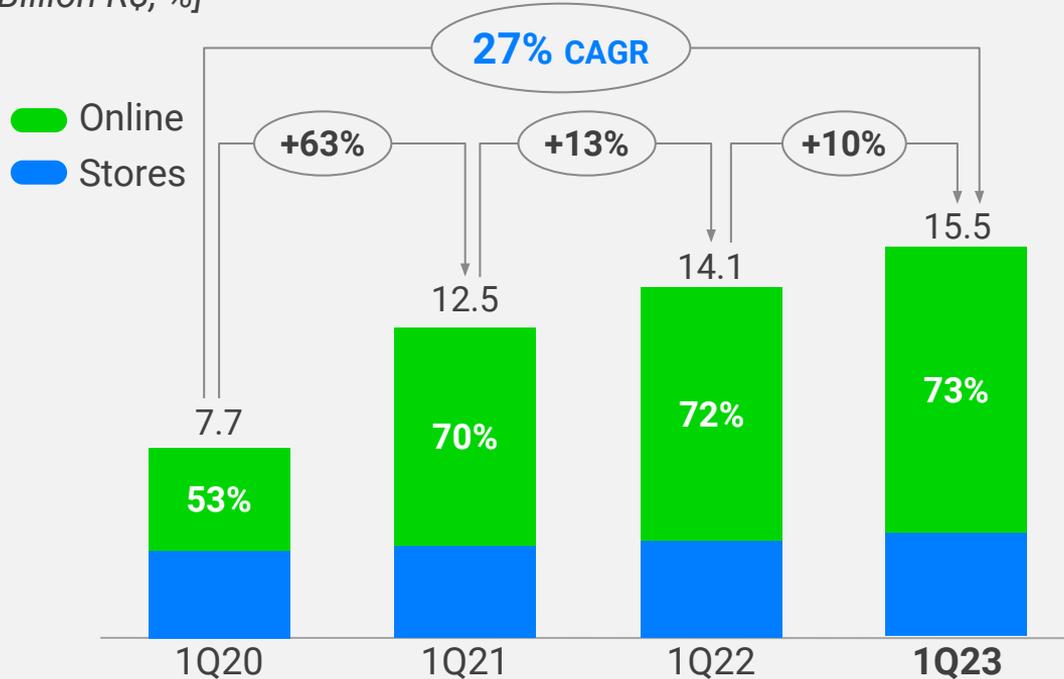
YoY Growth: Offline market vs Magalu offline
[%]



Source: Neotrust; GFK; Magalu

Over the last 3 years, total sales **grew an average of 27% per year**, reaching **R\$ 15.5 billion** in 1Q23

Total sales growth
[Billion R\$; %]



Sales grew across all channels during 1Q23

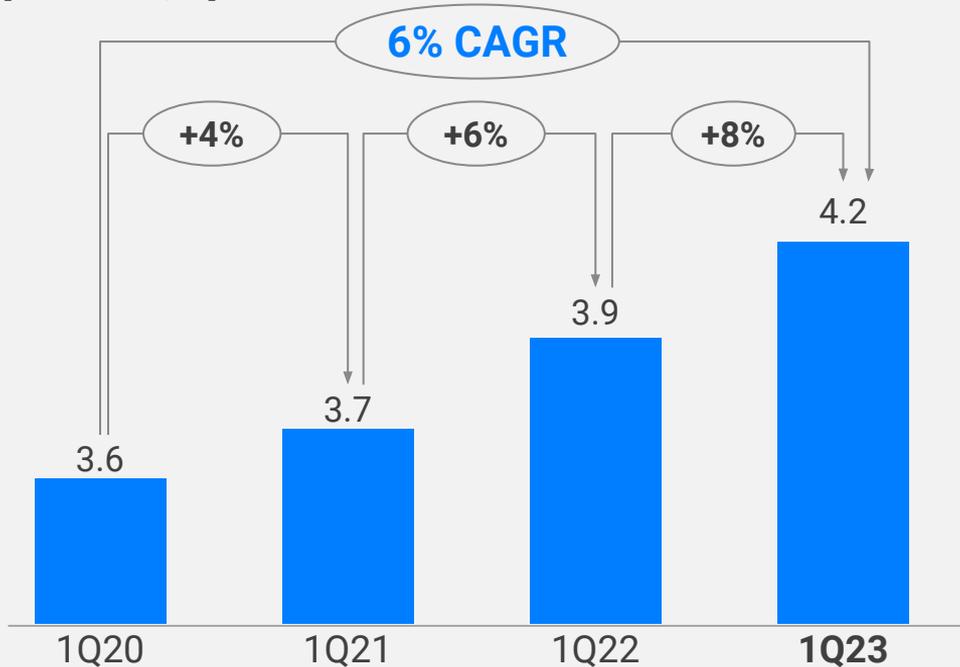
10%

Growth of total sales
[1Q23 vs 1Q22]

We reached the highest level of market share in Magalu's history

In 1Q23, physical store sales reached **R\$ 4.2 billion**, with **1.0 p.p. of market share gains**

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



8%

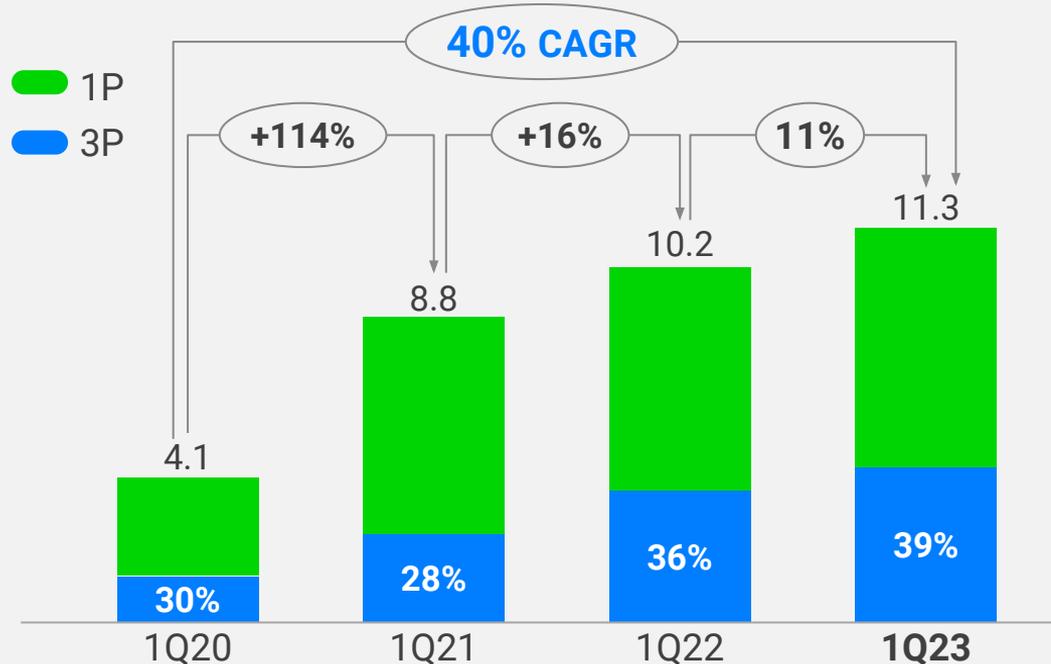
Growth of physical stores sales
[1Q23 vs 1Q22]

1.0 pp

Market share gain
[1Q23 vs 1Q22; GFK]

Over the last 3 years, our e-commerce business grew an average of **40% per year**, reaching **R\$11.3 billion** in sales in 1Q23

Growth of e-commerce sales
[Billion R\$; %]



11%

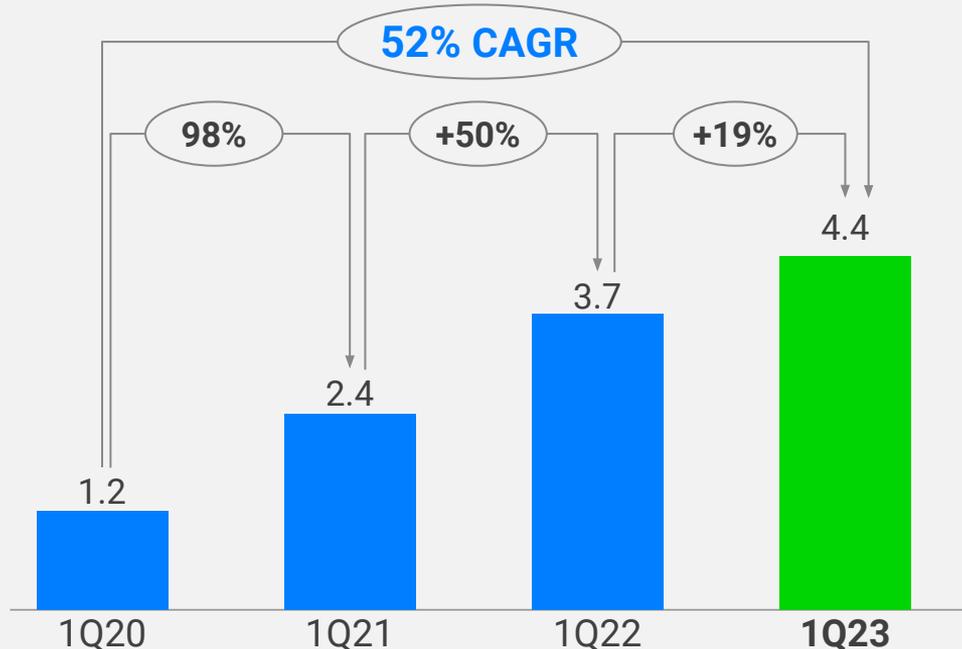
Growth of e-commerce sales
[1Q23 vs 1Q22]

6 p.p. market share gain

Versus a decrease of 14% for the overall online market in Brazil
[1Q23 vs 1Q22; Neotrust]

Over the last 3 years, our marketplace business grew an average of **52% per year**, reaching **R\$4.4 billion** in sales in 1Q23

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



52%

3-year average annual marketplace growth
[1Q23 vs 1Q20]

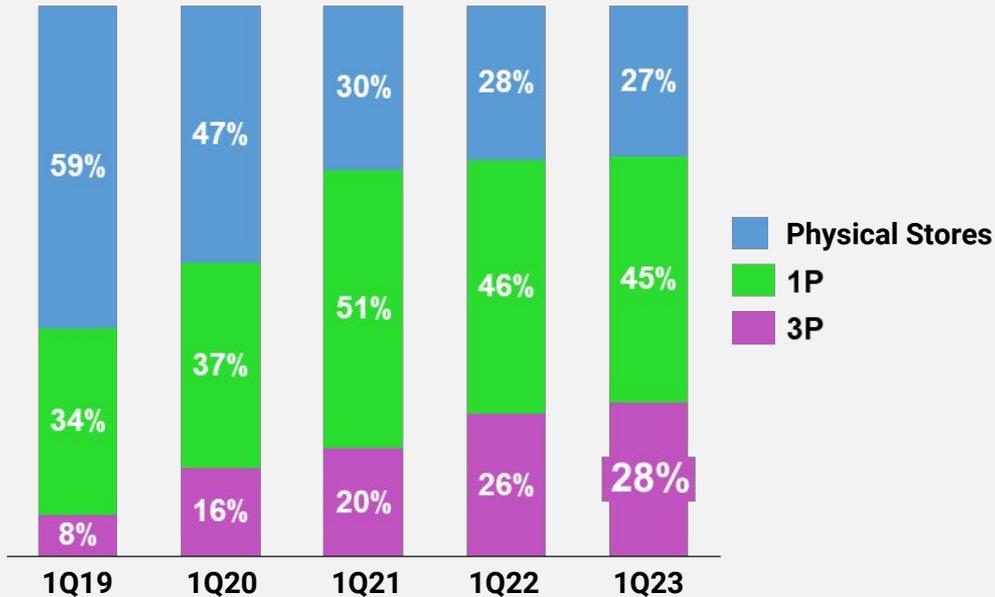
19%

Growth of marketplace sales
[1Q23 vs 1Q22]

Increasing the marketplace take-rate
boosted profitability without impacting sales

Magalu's marketplace reached a historic milestone, **surpassing quarterly physical store sales for the first time**

Share of sales per channel
[% GMV; 1Q19-1Q23]



28%

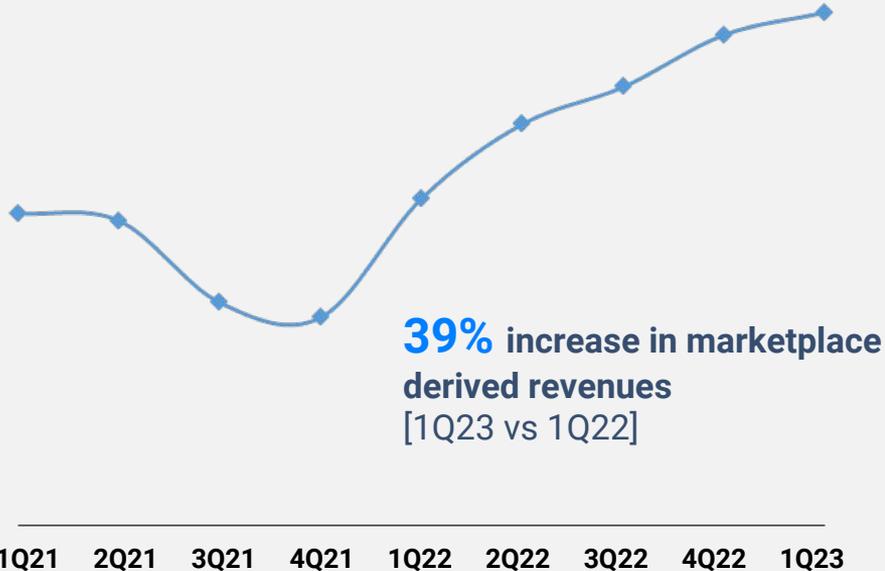
Share of 3P sales as a percent of total sales [%; 1Q23]

39%

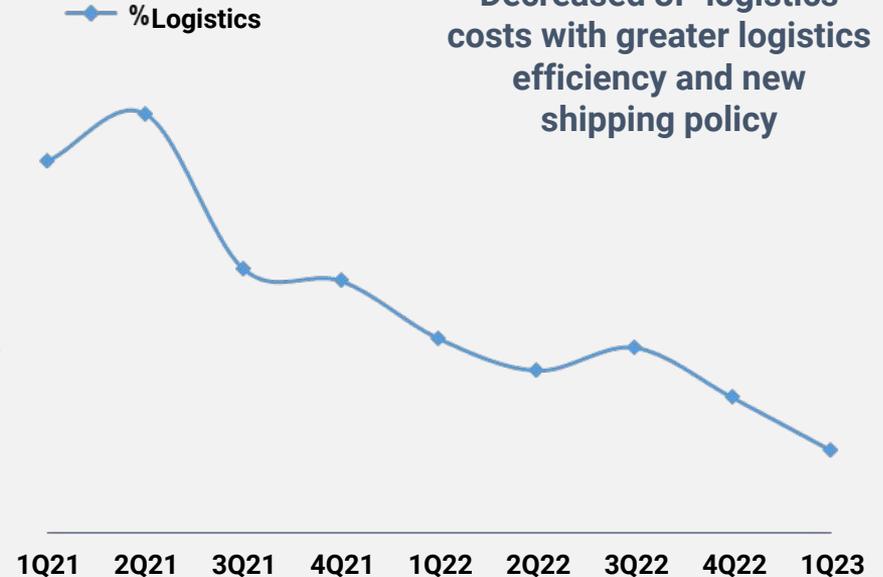
Share of 3P sales as a percentage of online sales [%; 1Q23]

In addition to increasing sales, we significantly increased the profitability of our marketplace

Evolution of 3P take-rate
[% GMV; 2021-1Q23]



Evolution of 3P logistics costs
[% GMV; 2021-1Q23]



The improvement in the contribution margin was the result of the evolution of take-rate adjustments and cost efficiencies

*Evolution of 3P contribution margin
[% GMV; 2021-1Q23]*



The marketplace is the fastest growing and most profitable channel

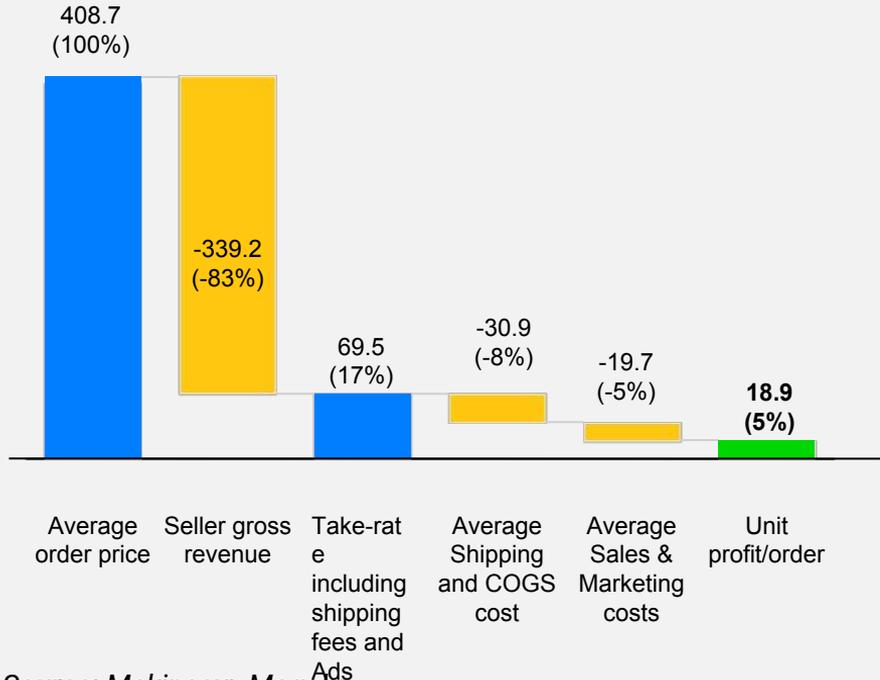
Greater efficiency in marketing expenses

Increase in take-rates and definition of incentive policies

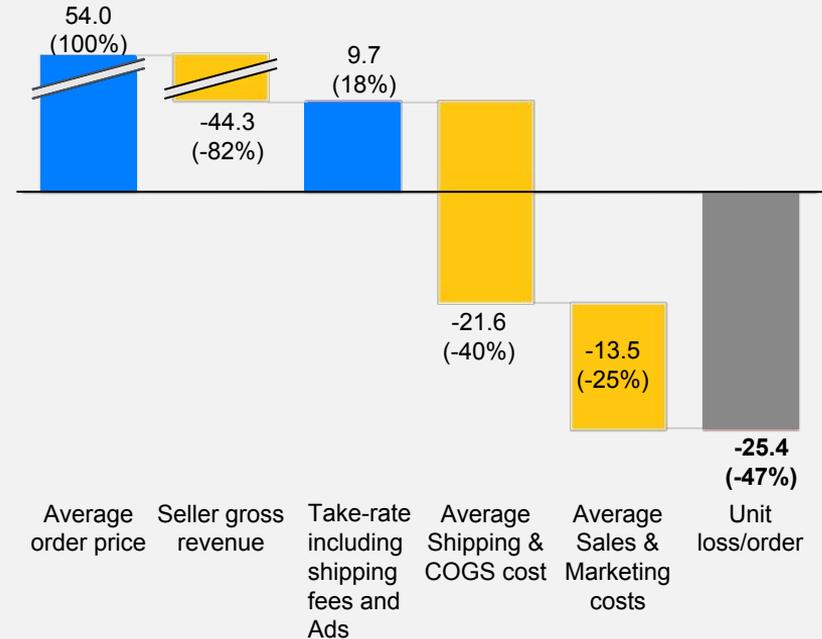
In e-commerce, larger ticket categories contribute to **more positive unit economics and profitability**

Unit economics [R\$ / order]

High ticket, multichannel platform



Low ticket, online-only platform

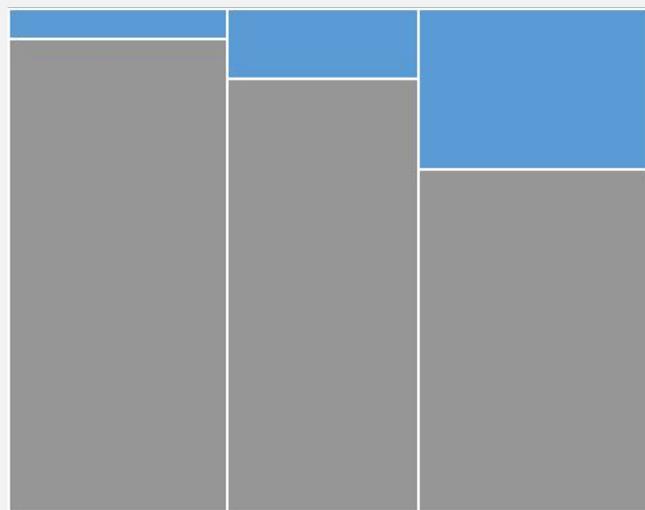


Our product family strategy has resulted in market share gains, especially where we set out to grow

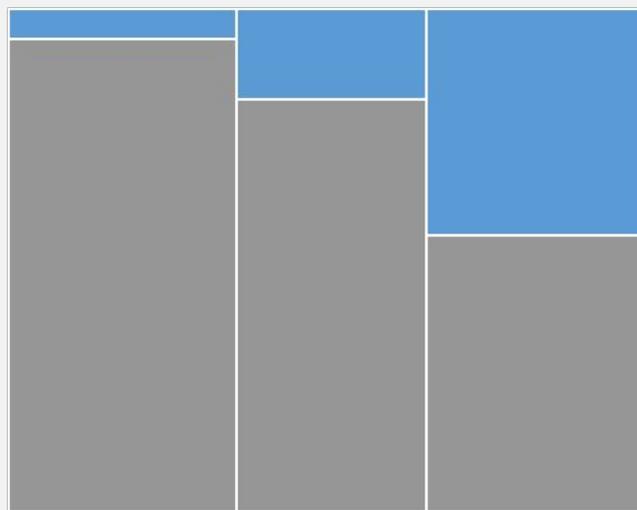
Magalu's share of the online market by average ticket range

[%; 1Q22 vs 1Q23]

1Q22 online market



1Q23 online market



R\$ 0-200

R\$ 200-1,000

+ R\$1,000

R\$ 0-200

R\$ 200-1,000

+ R\$1,000

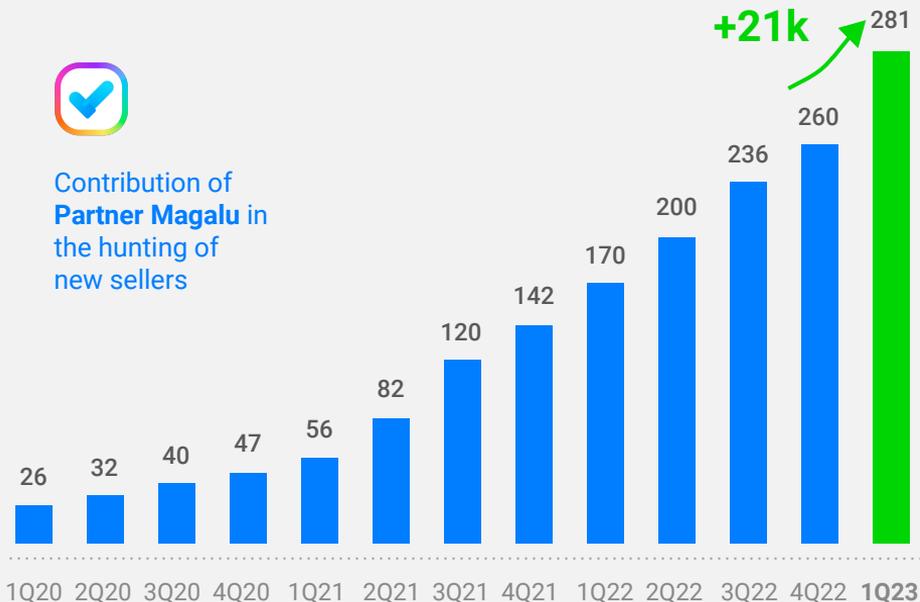
We continue to attract new marketplace sellers

21,000 new sellers joined the platform in 1Q23, reaching the mark of **281,000 sellers** on the marketplace platform

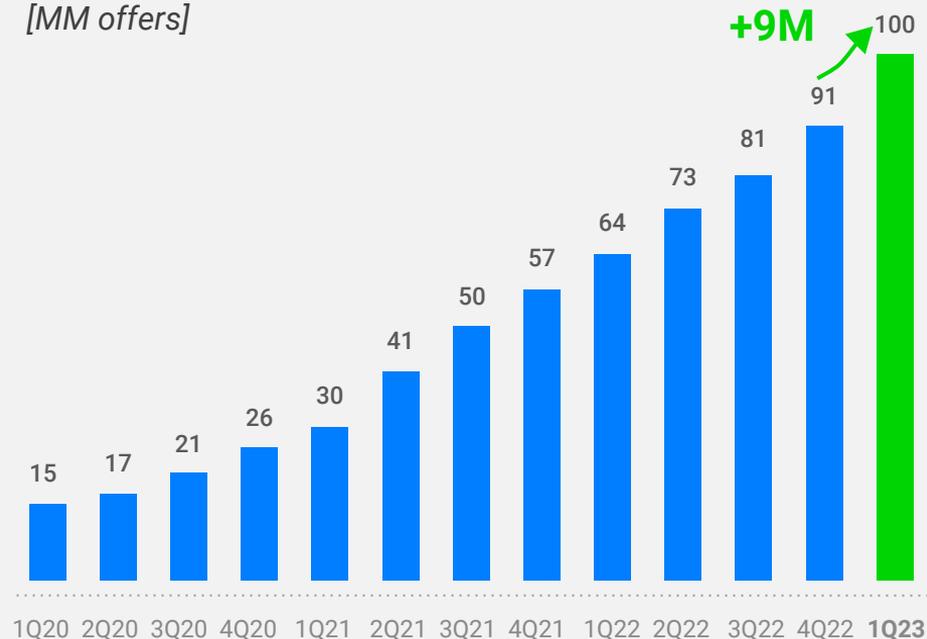
Growth in the number of sellers
[‘000 sellers; on-boarded]



Contribution of **Partner Magalu** in the hunting of new sellers



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



We offer the best **value proposition** for each type of seller, in line with our **profitability and growth strategy**

Large Sellers

Improved profitability

Traffic, partnership in campaigns

Medium Sellers

More growth and market share gains

Multichannel fulfillment; Integrated 1P and 3P operations; 5x increase in assisted sellers

Small, hyper-local Sellers

Greater diversification of geographies and categories

Help from the physical stores, lower fees



Physical store services for the Marketplace

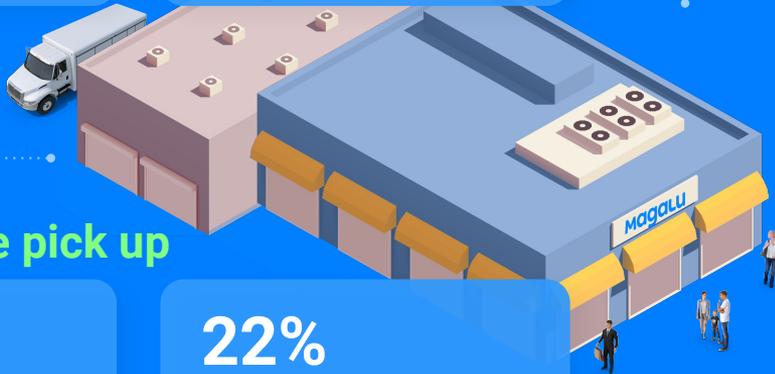
Drop-off

+577

Agency Magalu
enabled stores
ready for drop-off

70k

Sellers using the stores
as postal agencies



3P in-store pick up

+1k

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

22%

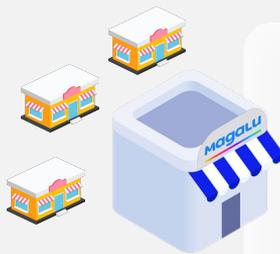
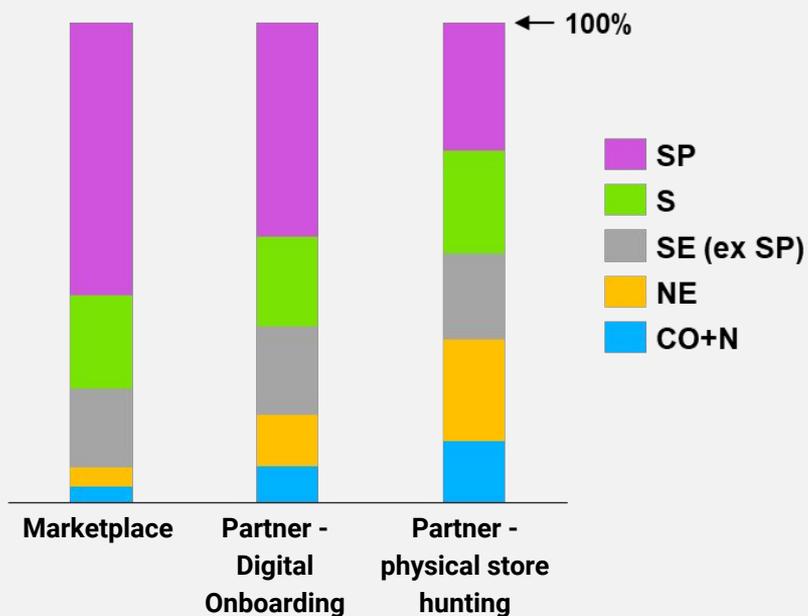
of 3P marketplace
orders use in-store
pick up

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

The physical stores play a fundamental role in the entry of new sellers via Partner Magalu and in the diversification of the platform

Share of sellers per region

[% total of sellers per origination channel]



+55%

of the volume of Partner Magalu sellers were prospected by the physical store teams



+80%

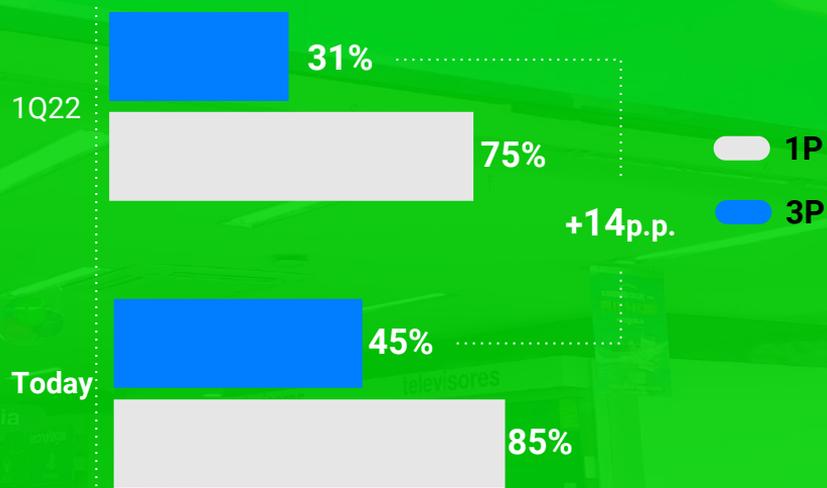
of the Partner Magalu sellers prospected by the stores sell non-traditional categories

Increasing 3P conversion rates by expanding the number of orders which pass through Magalu's logistics operation, raising service levels and shortening delivery times

80%

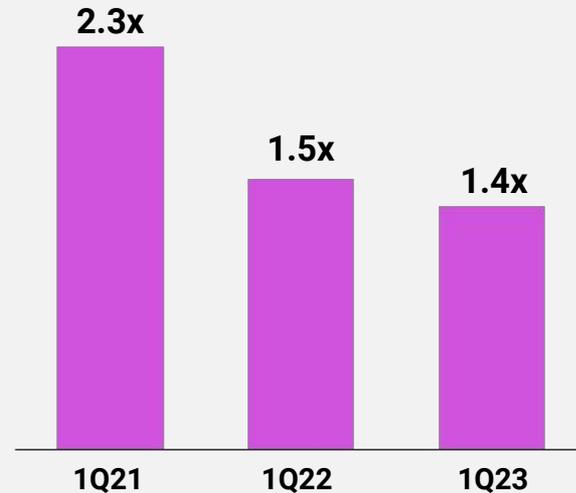
of 3P orders pass through Magalu Entregas

Orders delivered by Magalu Entregas in up to 48h



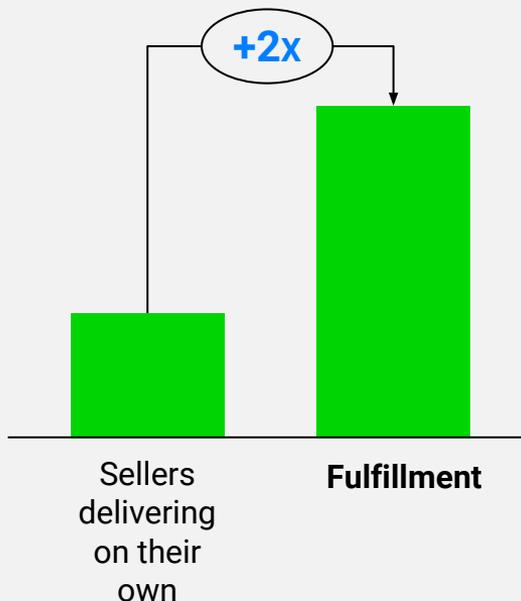
We are already seeing improvements in the 3P conversion rate, as a result of closing the performance gap between our 1P and 3P operations

Conversion rate gap: 1P vs 3P [orders / visits; 3Q21-3Q22]



The physical stores play a fundamental role in the entry of new sellers via Partner Magalu and in the diversification of the platform

Sales conversion rate: sellers delivering on their own vs fulfillment
[x; 1Q23]



6 DCs
currently offering fulfillment



+30% deliveries in up to **24 hrs**
% orders billed



+1.200 Sellers utilizing fulfillment
sellers with inventory

Partner companies in the process of improving synergies

Ecosystem solutions

MAGALU

NETSHOES

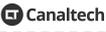
ZATTINI

ÉPOCA
COSMÉTICOS - PERFUMARIA

estante virtual

KAByM
www.kabym.com.br

aiqrome

 	Logistics network (1P)					na		na
	Magalu entregas (3P)				na			
	Financial services							
	Search and recommendation							
	Direct to Consumer				na	na	na	na
	Customer service							
	Backoffice							
 	Content and Ads							
	Magalu Ads (Platform)							

 **Integrated**

 **Partially integrated**

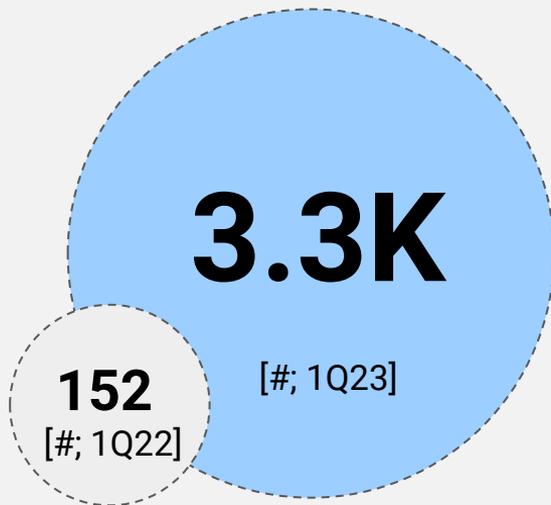
 **Under development**

NA - Not Applicable

MagaluAds **increases the monetization and profitability** of our platform, in addition to providing sellers with more **visibility for their assortment**



Active seller advertisers
[# sellers]



Sponsored product platform ads grew

FOUR-FOLD

[1Q23 vs 1Q22]

10k Campaigns created during the quarter [#; 1Q23]

Magalu has intensified its focus on its insurance platform, the portfolio generated R\$1.3 billion in premiums in 2022



Extension of the partnership
with Cardif until 2033

R\$850 mi

to receive upon the signing of the contract

- + maintenance of commissions
- + **profit sharing** tied to the achievement of metas

Sale of shareholding in Luizaseg

R\$160 mi

Simplification of the organizational structure and greater operational efficiency



extended guarantee for products



insurance for robbery or theft



safe purchase



homeowners insurance

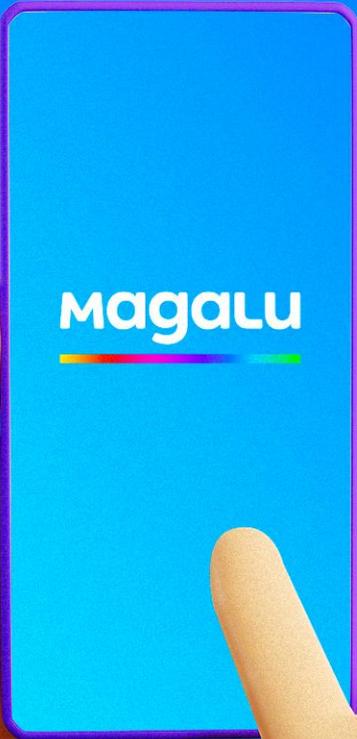


protected card

+ **new products with a digital focus**

R\$1 billion total

Financial Highlights



magalu

1Q23 Financial Highlights

11% E-commerce Growth

R\$15.5 Billion in Total Sales
(Growth of 10%)

19% 3P Growth

27.3% Gross Margin
(vs 27.8% of margin in 1Q22)

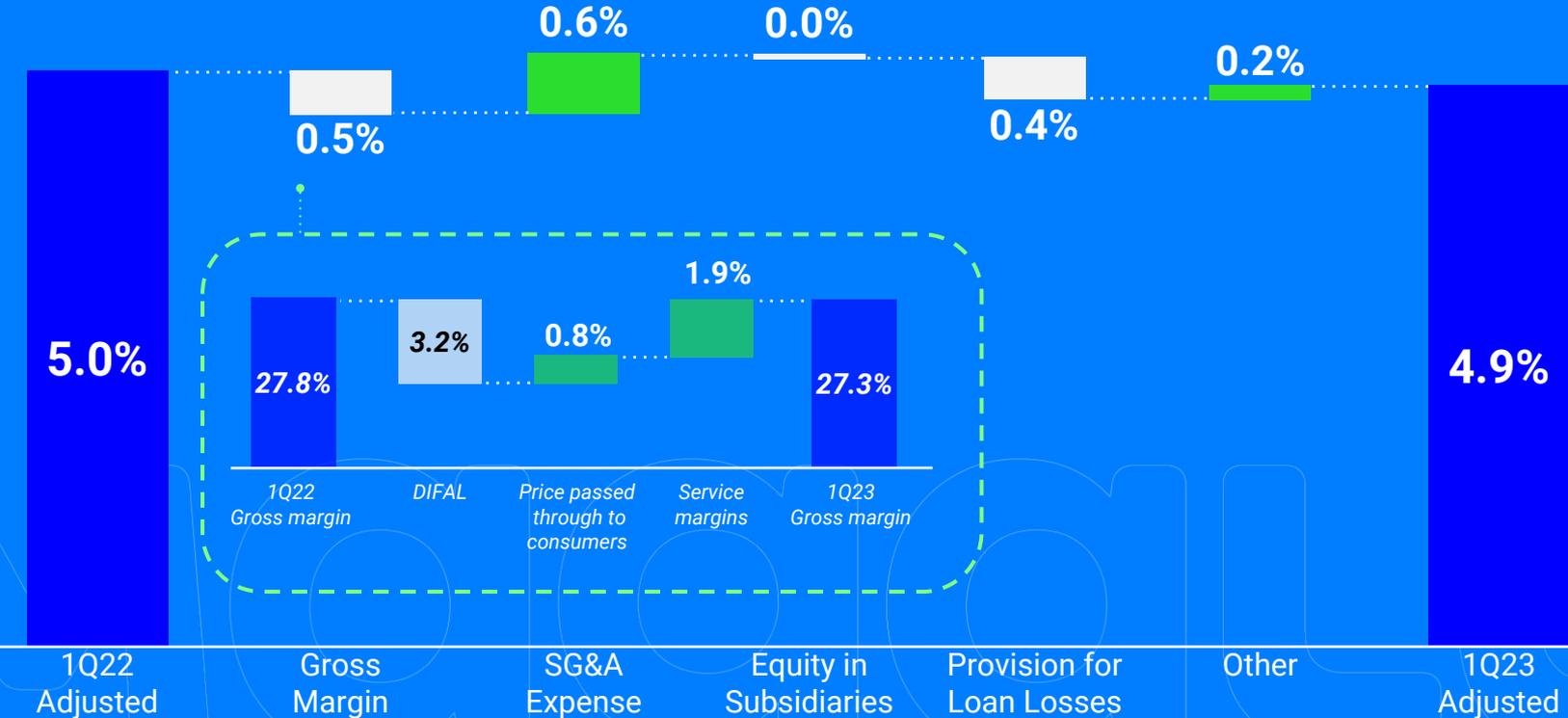
6% 1P Growth

R\$448 Million in Adjusted EBITDA
(4.9% of margin)

8% Physical Store Sales Growth

-R\$309 Million in Adjusted Net Income
(-3.4% of margin)

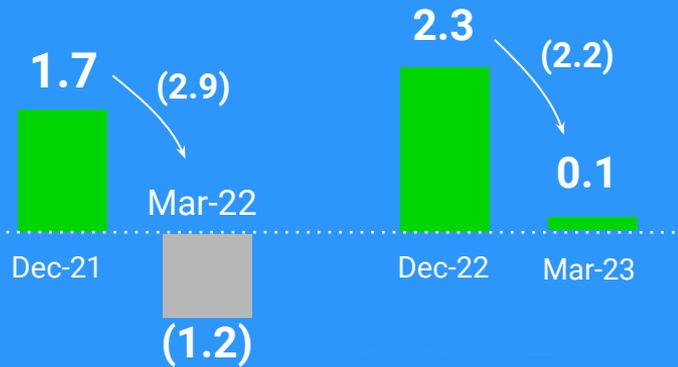
Adjusted EBITDA Margin Evolution



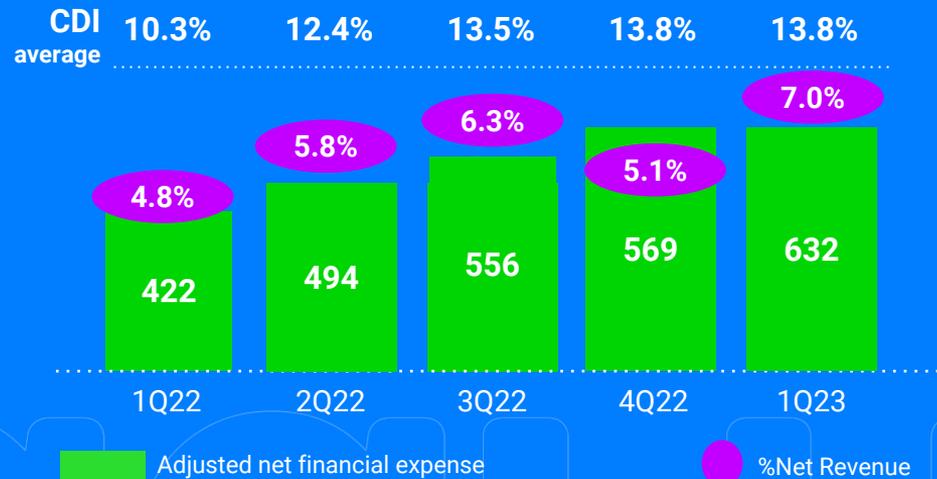
Improvement in quarterly Working Capital, with reduction in inventories

Financial expense influenced by seasonality in the payment of suppliers

Adjusted working capital (R\$ Billion)



Adjusted net financial expense (R\$ Million)



Working capital improvement

reduction of R\$500 million in inventories

PIX and cash sales grew +11 p.p.

New agreement with Cardif closed May/23,

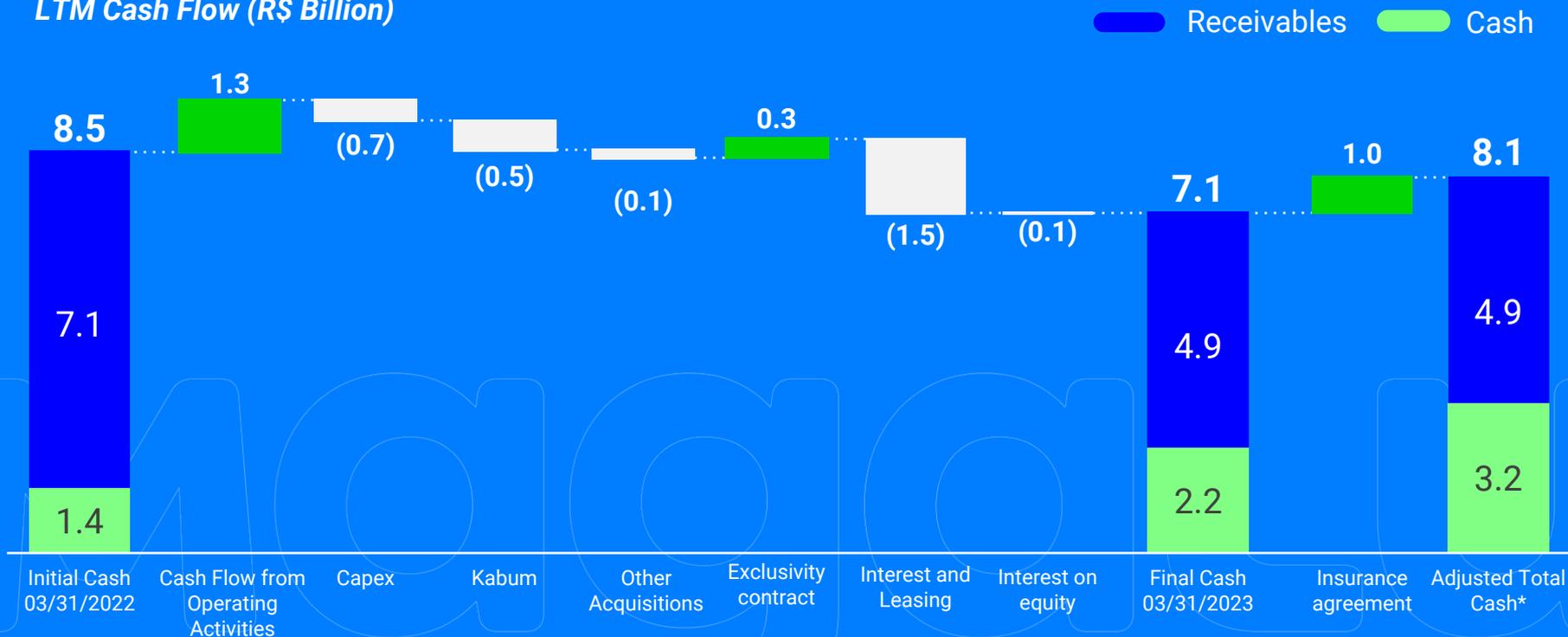
Will increase cash by R\$1 billion

LTM Cash Flow

Operating Cash Generation of R\$1.3 billion

LTM Cash Flow (R\$ Billion)

*Pro-forma, considering the R\$1 billion gain from the insurance agreement



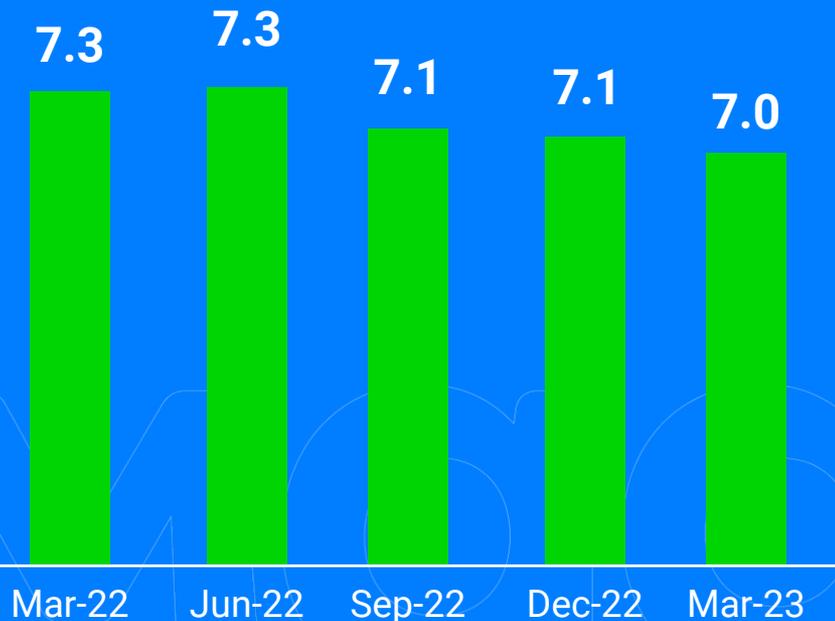
Luizacred

10% growth in credit card TPV, reaching **R\$13.6 billion**

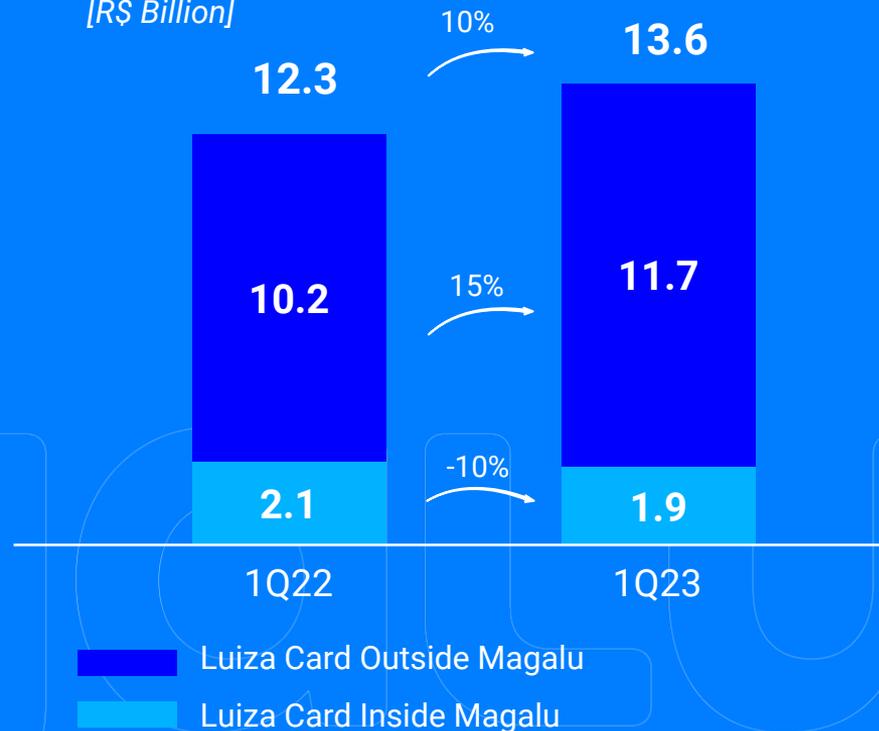
The credit portfolio is now **R\$20.2 billion**



Growth of the Luiza Card Base



TPV [R\$ Billion]

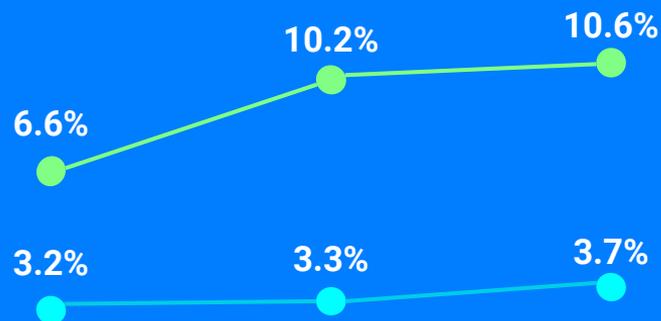


Luizacred

Revenues grew 18%, reaching the R\$1.1 billion mark

Variation in default rate due to seasonality

Percent of the Portfolio Overdue (%)



Net Income

[R\$ Million]



Mar-22

173%

Dec-22

140%

Mar-23

141%

NPL 15-90

NPL > 90

Coverage (%)

Profit/Loss under IFRS

We also offer financial services for marketplace sellers



R\$10 Bi
TPV in 1Q23



Tap MagaluPay

Transforms a normal smartphone into a mobile point of sale machine, permitting payment via tap

Highlights

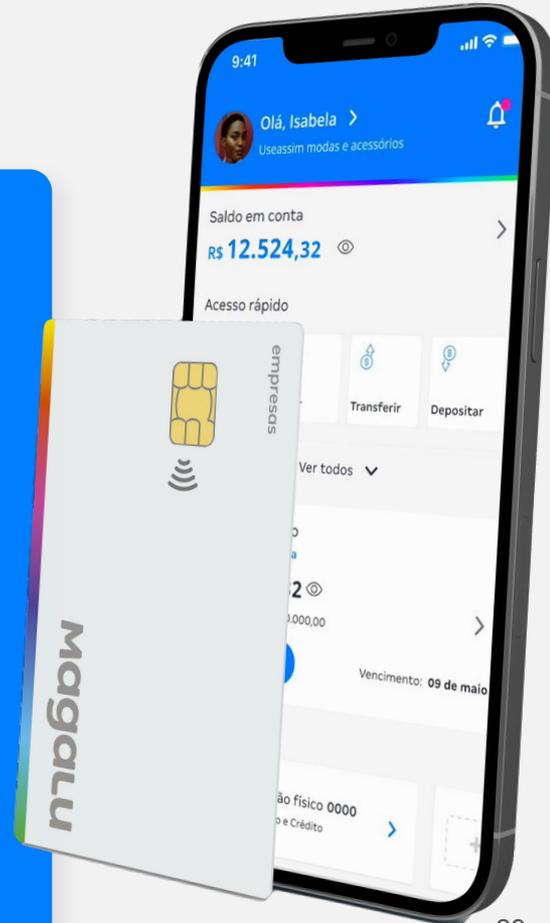
magalupay
empresas



+26k
sellers used Fintech Magalu's digital account



+R\$300 Mi
transacted in Magalu digital accounts in 1Q23



Magalu

Magalu Ecosystem



fintech.
magalu

VIP
COMMERCE

magalupay

Magaluads

CONSÓRCIO
MAGALU

parceiro
MAGALU

stoa

com
school

LuizaCRED

SmartHint

HUBSALES

Luizaseg

grand
chef

bit55

Magalu
Entregas

Canaltech

logbee

NETSHOES

KaBum! >>

STEAL
THE
LOOK

aiqfome

ZATTINI

tonolucro plus

shoestock

estante
virtual

LOVEN
TELO

GFL

Sinclog

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COSMÉTICOS - PERFUMARIA

SODE
SOLUÇÕES DE ENTREGA

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INVESTOR RELATIONS

RI@MAGAZINELUIZA.COM.BR
MAGAZINELUIZA.COM.BR/RI