

MAGALU

Conference Call 3Q22

November 11, 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.

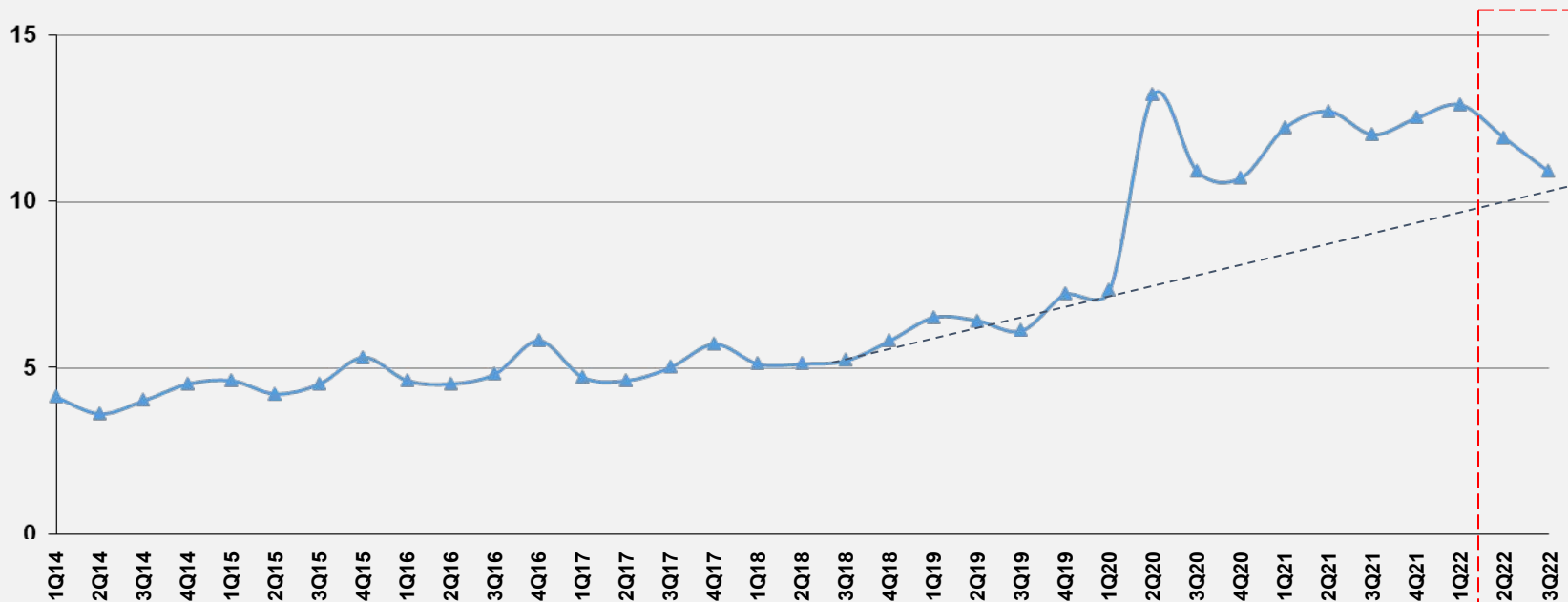
To gain access, please click the interpret button on the globe icon at the bottom of the screen.

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.

Despite the recent drop in overall e-commerce penetration, online penetration remains above pre-pandemic levels, with normalized growth likely in the coming years

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

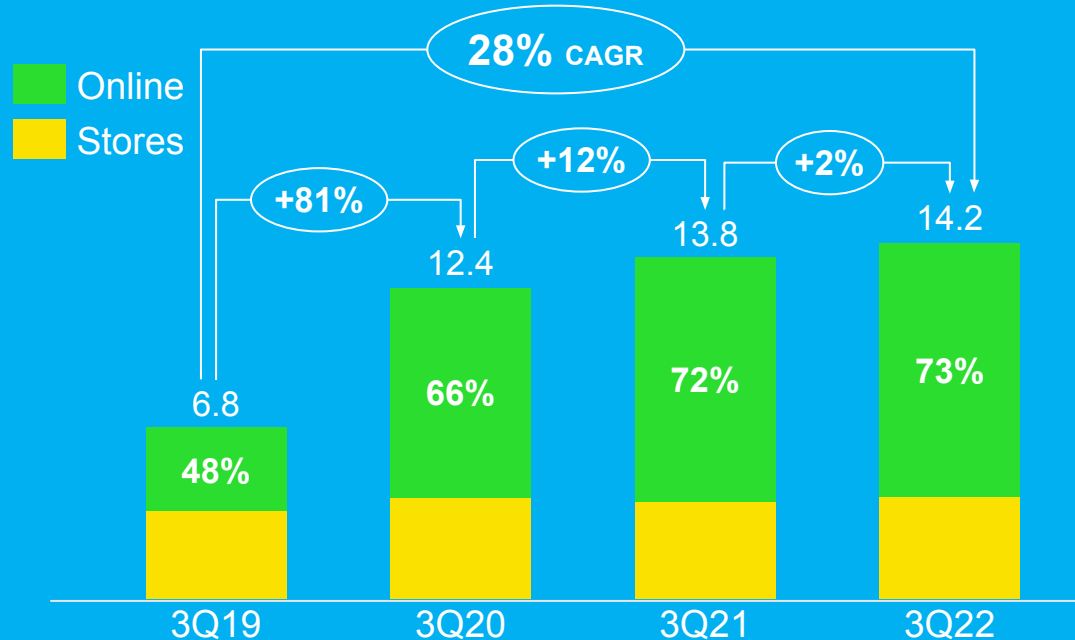


Source: *Neotrust; Euromonitor; IBGE; Magalu

Over the last 3 years, **total sales grew** an average of **28% per year**, reaching **R\$ 14.2 billion in 3Q22** and **operating margins increased**

Growth of total sales

[Billion R\$; %]



Sales growth across all channels in 3Q22

28%

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

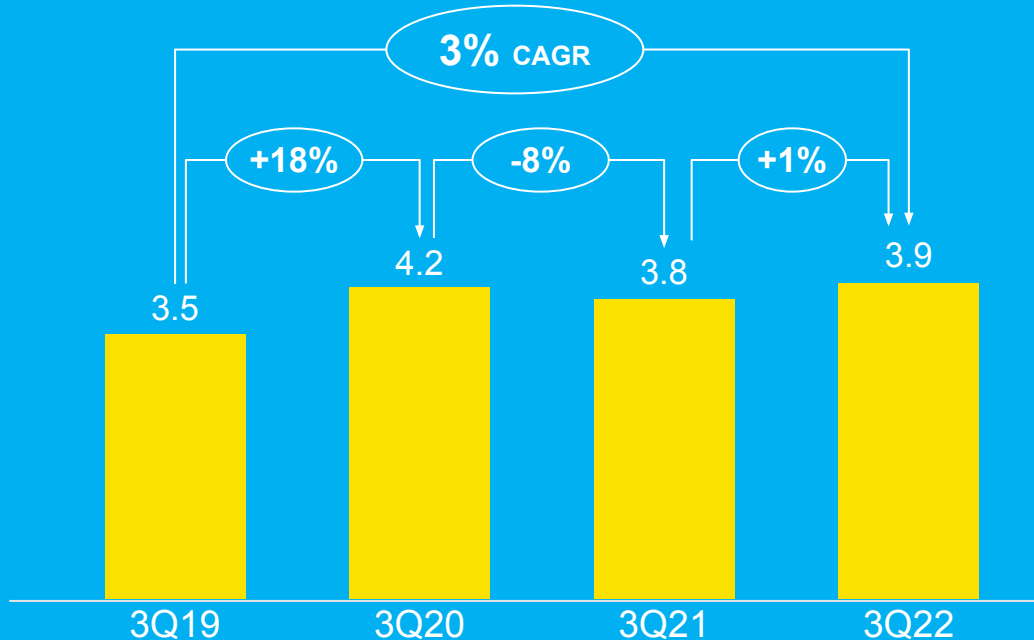
R\$ 527.5 million in EBITDA

+50% EBITDA growth vs 3Q21
[Adjusted EBITDA margin of 6.0%]

In 3Q22, Physical Store Sales reached **R\$ 3.9 billion**, surpassing **pre-pandemic sales levels** with market share gains

Growth of physical stores sales

[Billion R\$; %]



3%

3-year average annual growth

[3Q22 - 3Q19]

0.6 p.p.

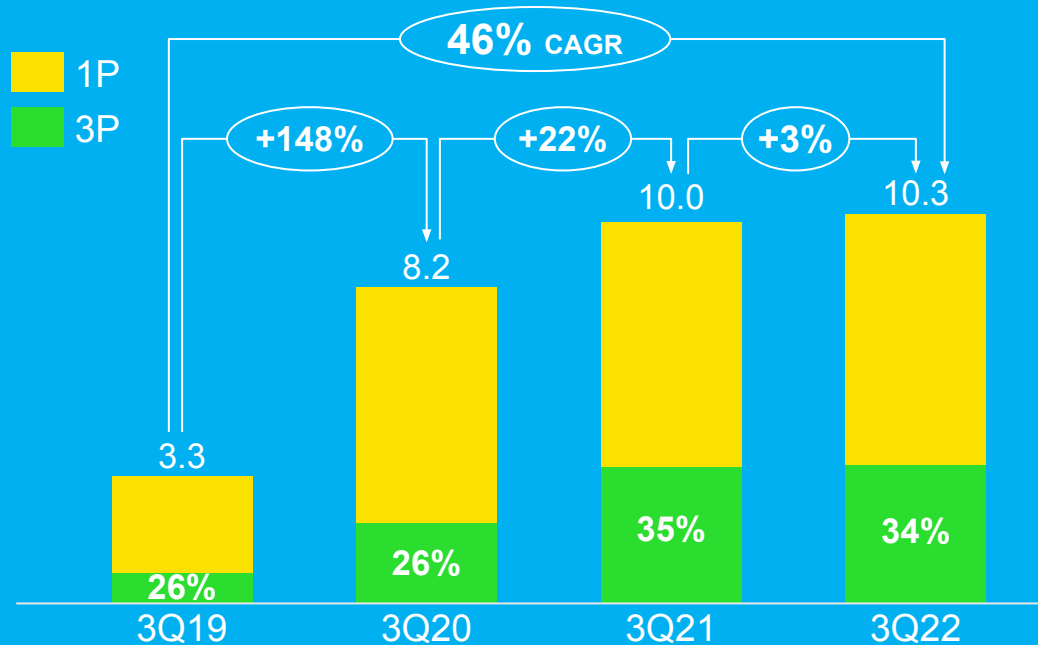
Market share gain

[3Q22 vs 3Q21; GFK]

Over the last 3 years, our **e-commerce business grew an average of 46% per year**, reaching **R\$10.3 billion** in sales in 3Q22

Growth of e-commerce sales

[Billion R\$; %]



46%

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

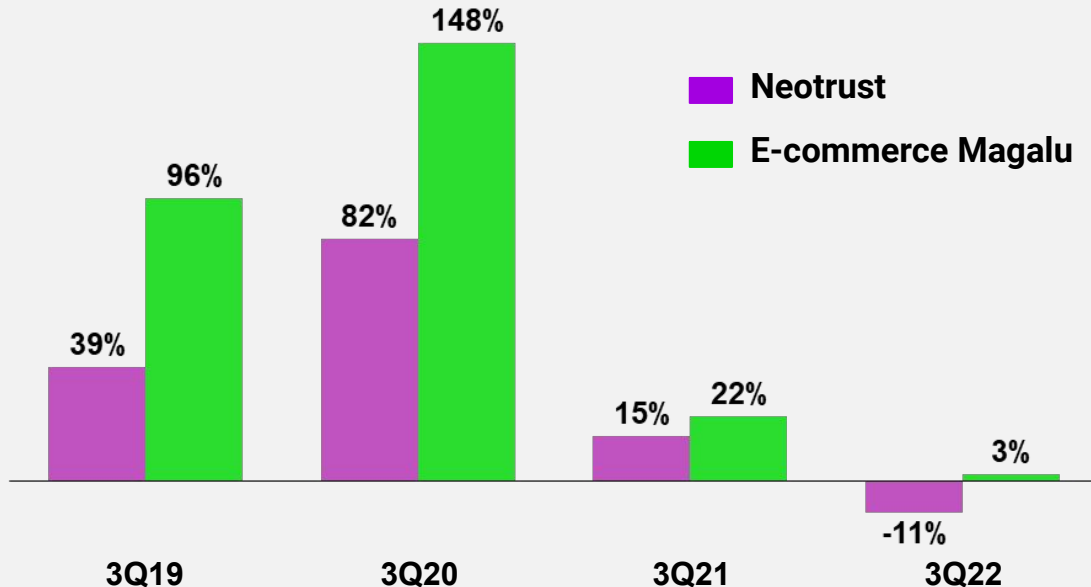
3.2 p.p. market share gain

Versus a decrease of 10.5% for the overall online market in Brazil
[3Q22; Neotrust]

Despite this turbulent backdrop, characterized by widespread sales declines, **Magalu managed to grow 14 p.p. more than the market**

Growth

[% online*/ E-commerce Magalu; 2019-2022]

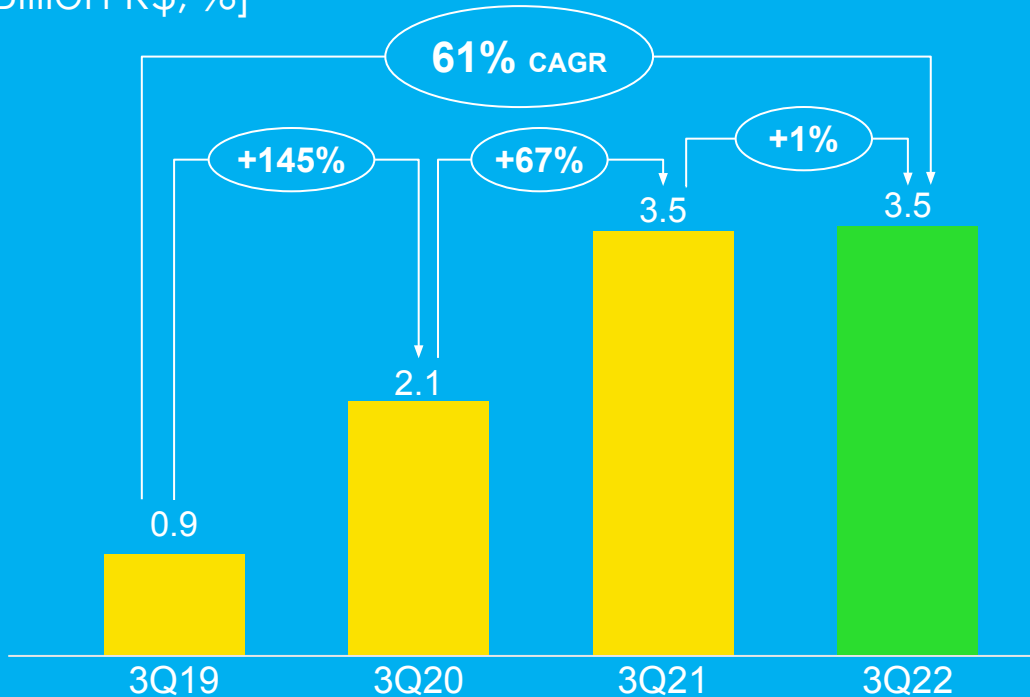


Magalu's e-commerce business has consistently grown at a rate higher than the overall e-commerce market

Over the last 3 years, our marketplace business grew an average of **61% per year**, reaching **R\$3.5 billion** in sales in 3Q22

Growth of marketplace sales

[Billion R\$; %]



61%

3-year average annual marketplace growth

[3Q22 - 3Q19]

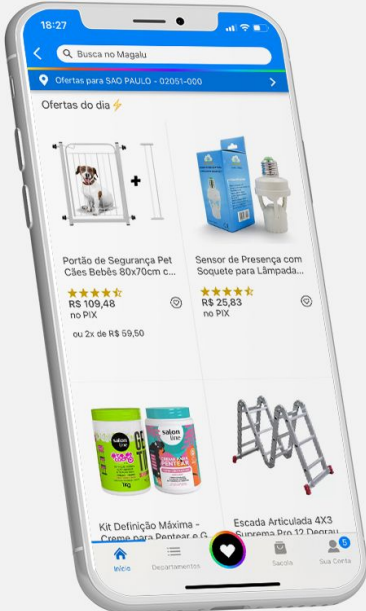
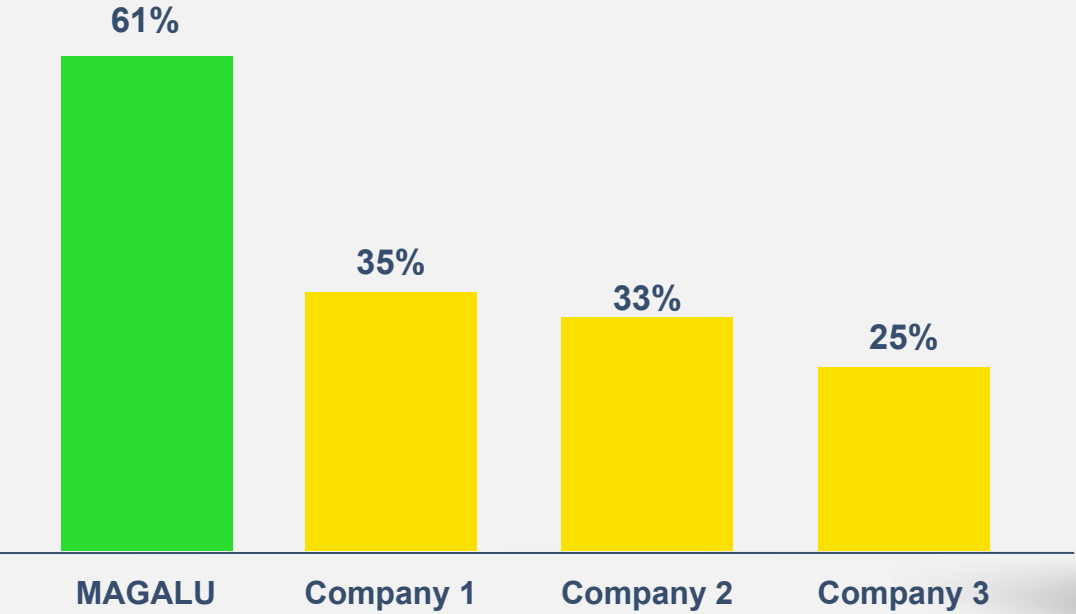
1%

Marketplace growth over a strong comparison base

[3T22 vs 3T21]

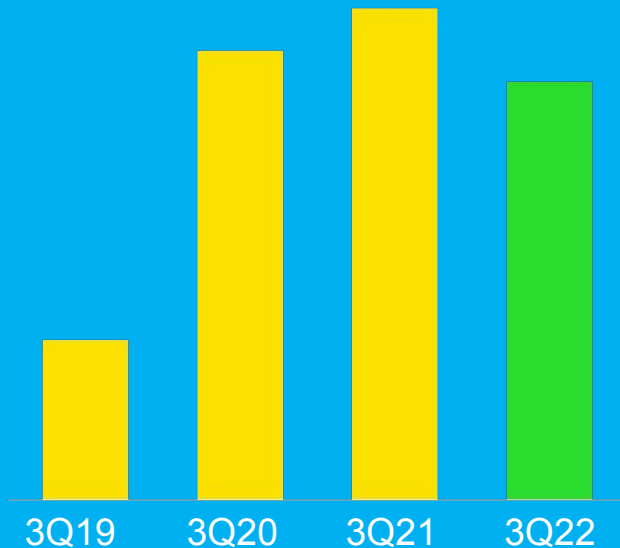
Marketplace: above market growth with a large market share gain

Marketplace Growth - Last 3 Years
[3Q22 vs 3Q19]

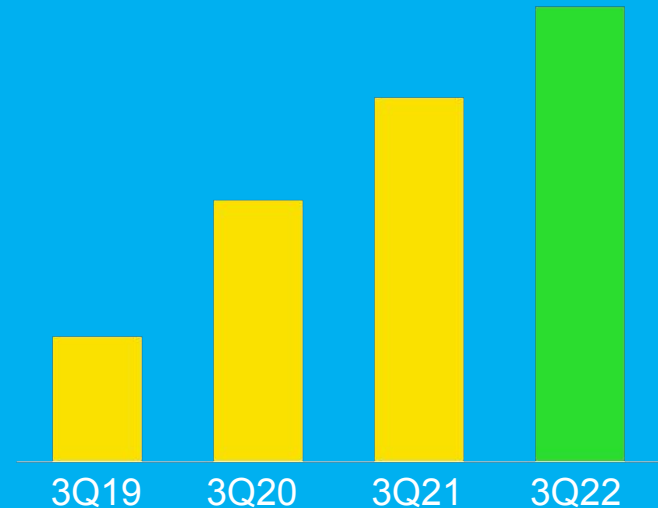


Over the last 3 years, **new categories grew much faster than traditional categories**. In 3Q22, new categories grew 40 p.p. more than the traditional categories.

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



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



Multichannel Marketplace: serving the **full spectrum** of marketplace sellers with **high service levels and low costs**

Large Sellers

Benefit from Magalu's significant, high quality traffic and leadership in the durables category

Medium Sellers

Benefit from Magalu's multichannel model, faster delivery speeds and lower costs

Generally, digitalized and with better infrastructure

Fulfillment, In-Store Pick Up, Integration of 1P and 3P operations, opportunity to increase conversion rates, etc.



**Parceiro
Magalu**

Small, hyper-local Sellers

Greater need for Magalu's technology and growing portfolio of value-added services

Benefit from the Partner Magalu initiative, empowered by the local physical stores

36,000 new sellers joined the platform in 3T22, reaching the mark of 236,000 sellers on the marketplace platform

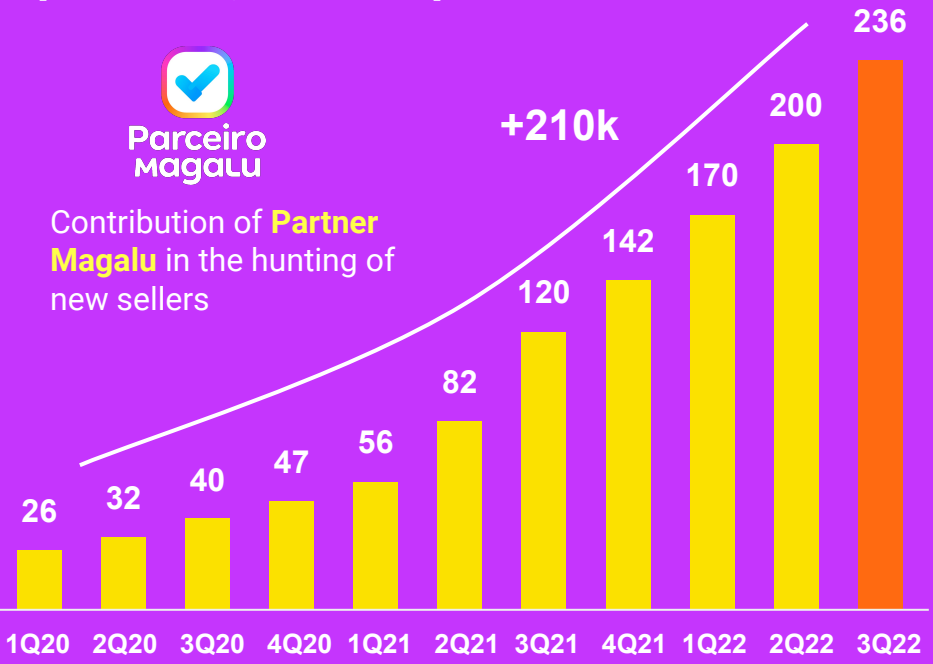
Growth of the number of sellers

[‘000 sellers; on-boarded]



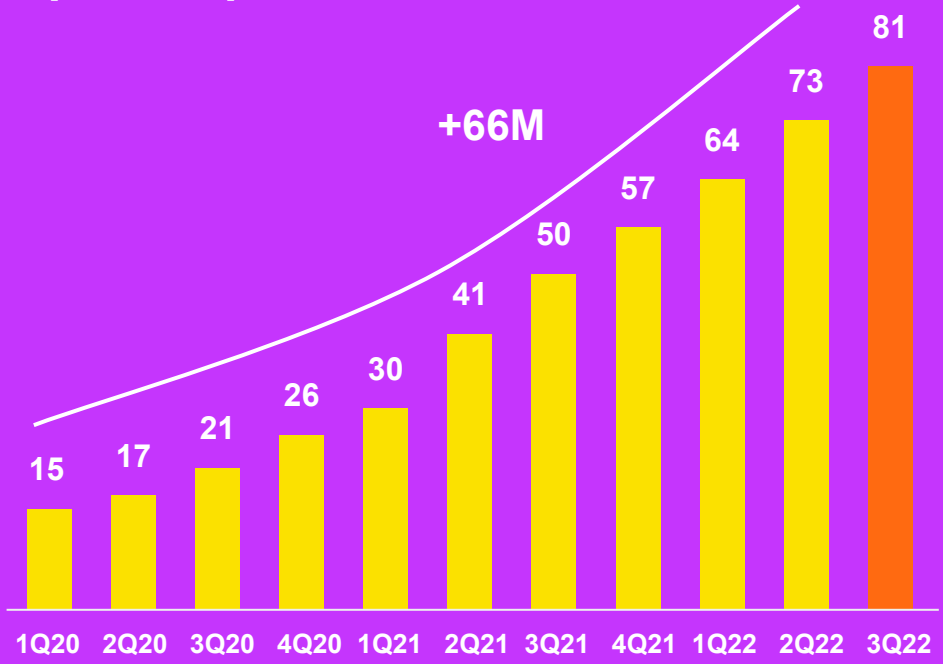
Parceiro
Magalu

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



Total number of offers 1P + 3P

[MM offers]



Caravan Magalu has already passed through seven cities, educating small to medium-sized analog retailers about the opportunities presented by the digital world. The Caravan will continue in 2023!



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

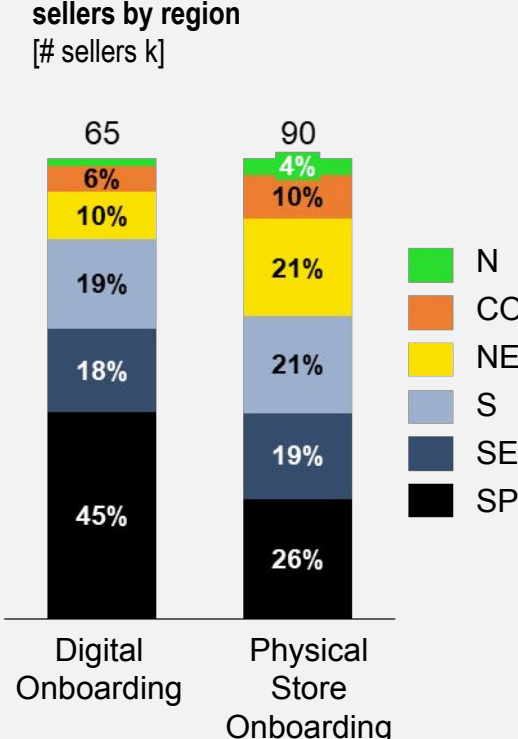
+1,000 Sellers participated in the September 2022 Recife event

Local sellers, registered by the physical store teams, help to further increase the geographic availability of products on our platform



+150k
sellers

are already part of
our marketplace



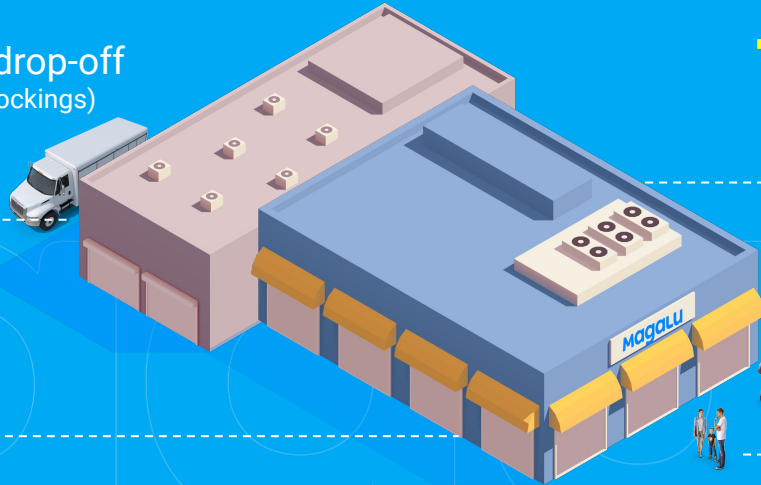
Magalu's more than 1,400 physical store teams help to digitize small to medium-sized analog businesses across Brazil

The number of small sellers grew **70%** more than large sellers during 3Q22

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

Drop-off

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



+56k Sellers using the stores as postal agencies

Agency Magalu multichannel

3P in-store pick up

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

18% of 3P marketplace orders use in-store pick up

Fulfillment Magalu is totally integrated with Magalu's first-party (1P) logistics operation, **complementing the portfolio of seller services**

500

Number of sellers utilizing
Fulfillment Magalu

32

Jul/22

Today

More than 20% of the total orders invoiced from fulfillment are reaching the customer **within 24hs**

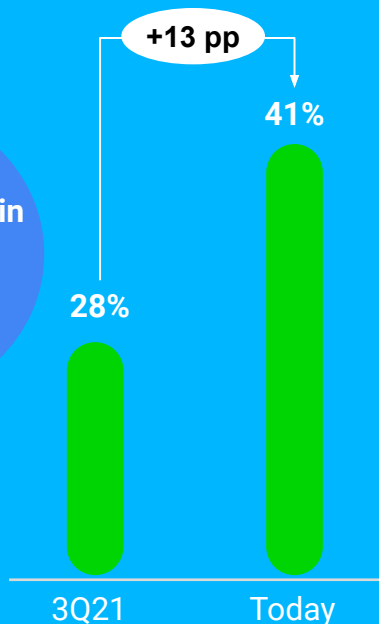


By offering our own 3P logistics services, we **raise service levels, increase delivery speeds, cut costs and increase 3P conversion rates**



Rapid 3P delivery

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



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

81% of 1P orders delivered in up to 48hrs

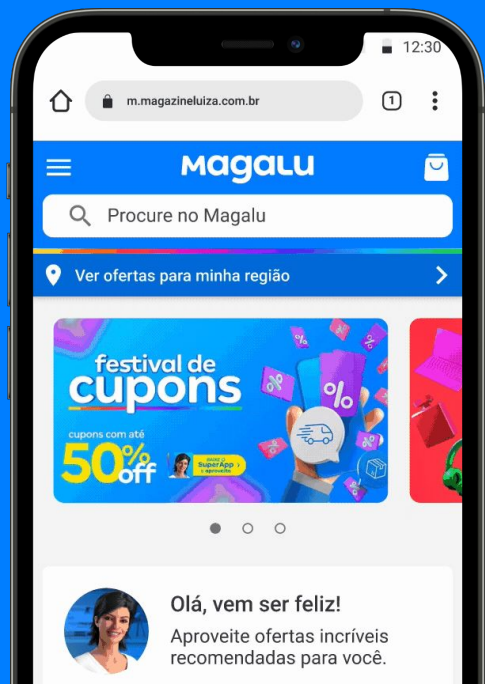
Ultra-fast delivery of 3P



+11k Sellers participating in **Ship-from-Seller's Store with delivery within 24hrs**

80 Cities covered by **Ship-from-Seller's Store**

We continue to expand the number of items available for **sponsored product ads in search results**



1.5k

Sellers launched new ad campaigns on our platform during the quarter

Self-service

○ Magalu Ads

Create a campaign

Better user experience, with improvements in campaign creation and monitoring

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



NETSHOES

+R\$1 BI

Total GMV
in 3Q22

R\$13 MI

Profit in
3Q22



FASHION

+45%

Marketplace
growth at
Magalu

60%

Of total
fashion sales
are derived
from the
marketplace



BEAUTY

+1 MI

Installed
base of
Época
Cosméticos'
app users

+52%

Marketplace
growth at
Magalu

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

+ R\$1.0^{BI}
Total GMV in
3Q22

+ R\$48^{MI}
Profit in
3Q22

10%
of KaBum! orders
picked up in Magalu
stores

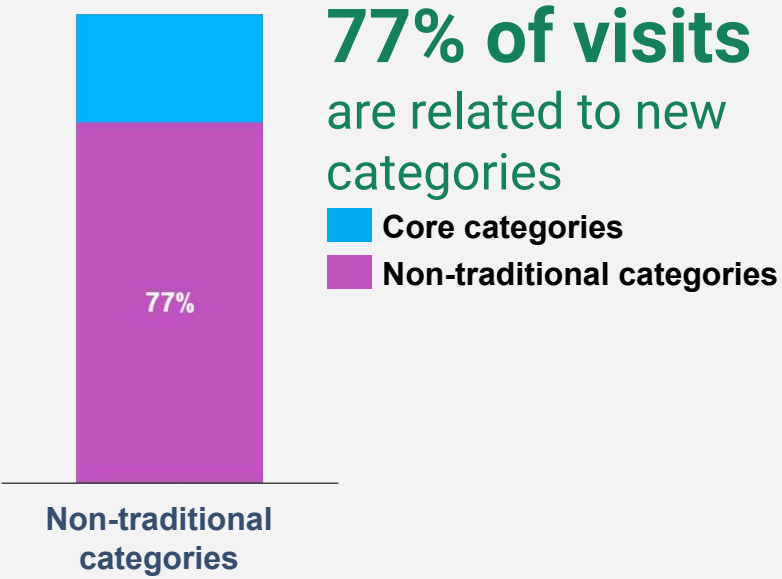


R\$1.4^{BI}
3Q22
annualized
GMV

Presence in
+820
Brazilian
cities

More and more customers #buscanomagalu (search at magalu) for everything that they need. Today 77% of visits are related to new categories.

New categories as a % of total visits to the Magalu platform
[% visits to Magalu; 3Q22]



MAGALU

Financial Highlights

Financial Highlights - 3Q22

2% Total Sales Growth

R\$14.2 Billion in Total Sales

3% E-commerce Growth

27.9% Gross Margin
(versus 24.7% of margin in 3Q21)

1% Marketplace Growth

R\$528 Million in Adjusted EBITDA
(Margin of 6.0%)

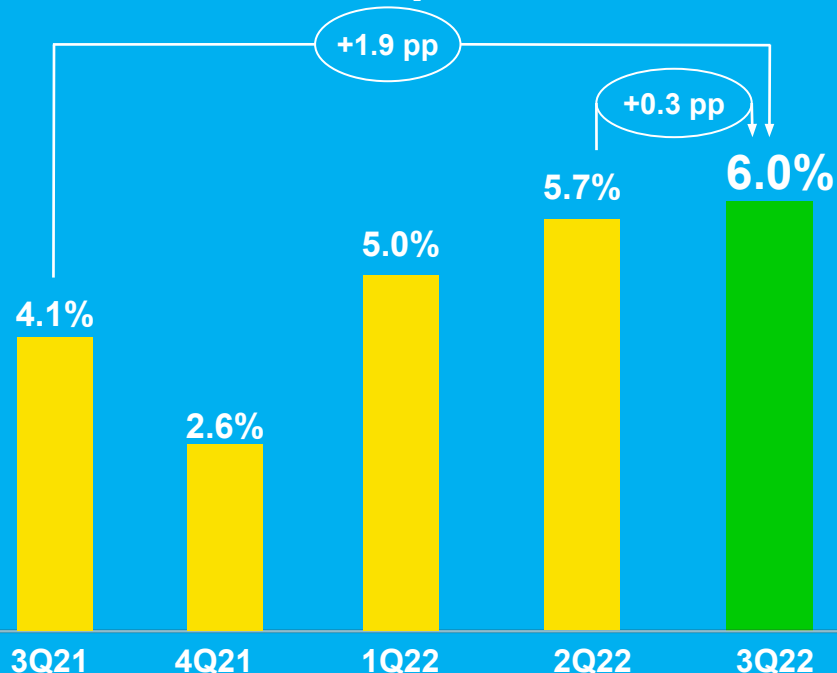
1% Physical Store Sales Growth

-R\$146 Million in Adjusted Net Income
(Margin of -1.7%)

Strong expansion of operating margins

Adjusted EBITDA margin reached 6.0%, growing 1.9 p.p. YoY

Adjusted EBITDA margin [[as % of Net Revenue]



Largest EBITDA margin in the last two years

We improved our margins by:

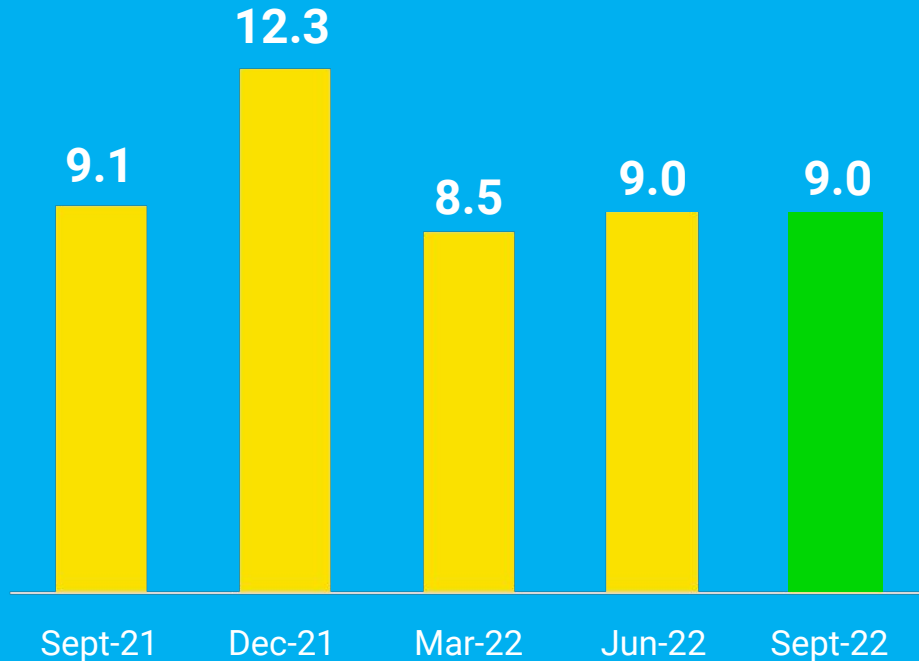
- Growing the marketplace and service revenues
- Passing suppliers' price increases along to consumers
- Charging interest on installments

We controlled our expenses by:

- Re-negotiating contracts
- Optimizing investments in marketing and logistics
- Making adjustments to operating capacity

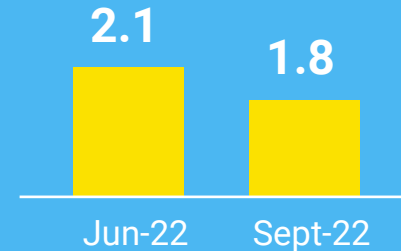
We ended September 2022 with **R\$ 9 billion in total cash**.
Generation of operating cash was a highlight of the quarter

Adjusted cash position [R\$ Billion]



Generation of **R\$ 324 million** in operating cash

Adjusted net cash position [R\$ Billion]

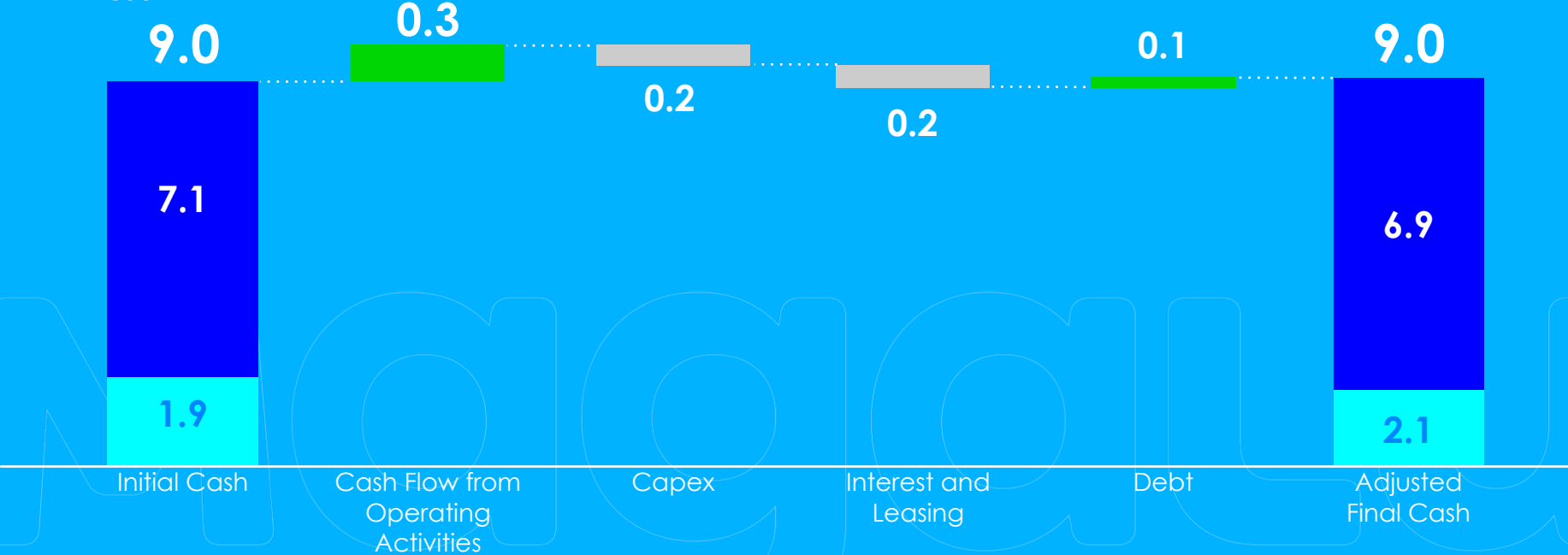


Quarterly Cash Flow

Operating Cash generation of **R\$324 million** in 3Q22

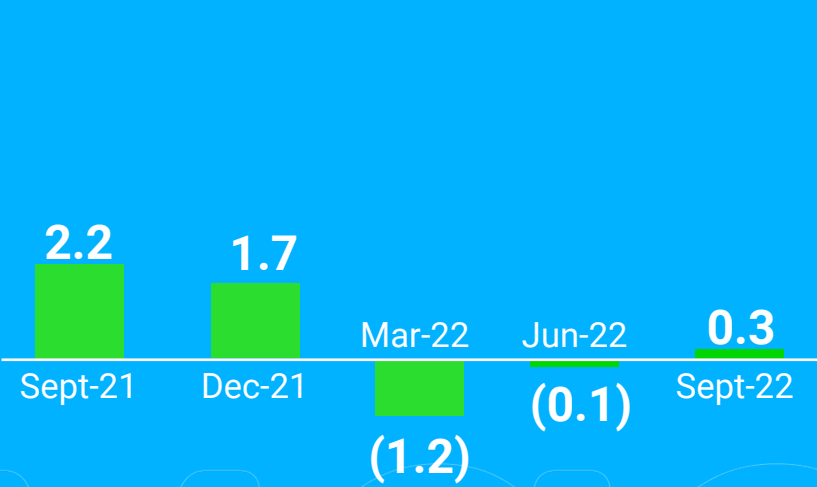
3Q22 Cash Flow (R\$ Billion)

- Receivables
- Cash

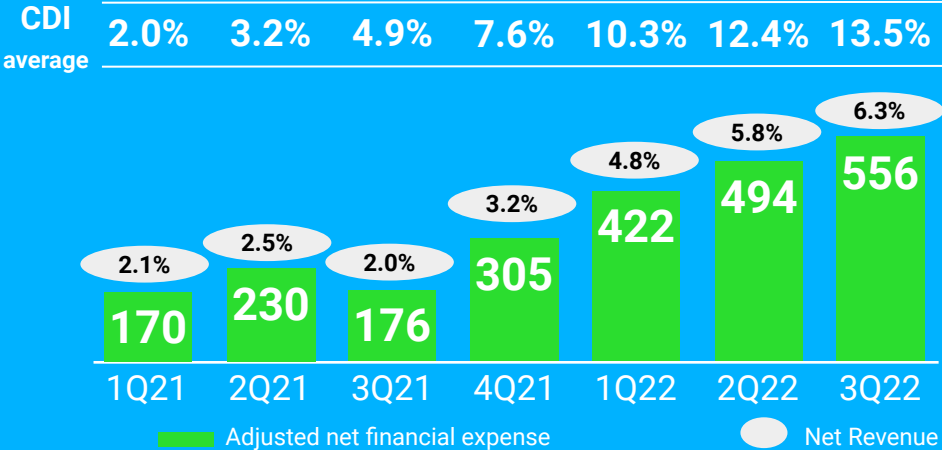


Magalu implemented a series of initiatives to **mitigate the impact of higher interest rates** on financial expenses

Adjusted working capital (R\$ Billion)



Adjusted net financial expense (R\$ Million)



- Working capital improvement**, with an emphasis on the increase in the average payment term
- PIX and cash sales increased 6%**, reaching 29% of total sales
- Reduction in the average term of sales** on credit cards
- Increase in interest-bearing sales on the Luiza Card and on Third-Party Cards** (with the launch of the "Installment Issuer" modality)

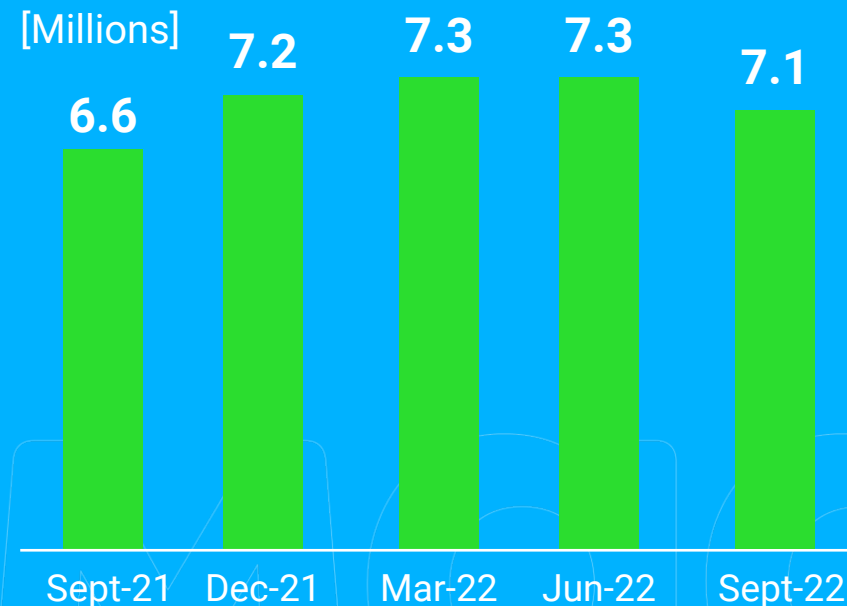
Luizacred

24% growth in credit card TPV, reaching R\$13.5 billion.

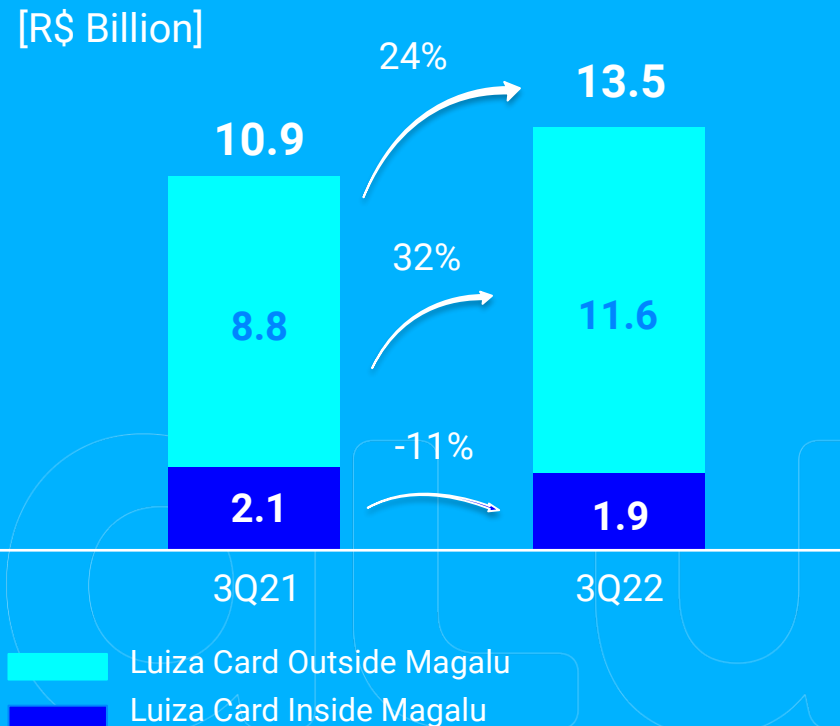
The credit portfolio is now **R\$20.1 billion.**



Growth of the Luiza Card Base



Revenues



New and improved user experience for pre-approved Magalu Card customers on the SuperApp



Easy to do

To request a card, applicants need only confirm some basic registration data and submit a selfie.

Ready to use

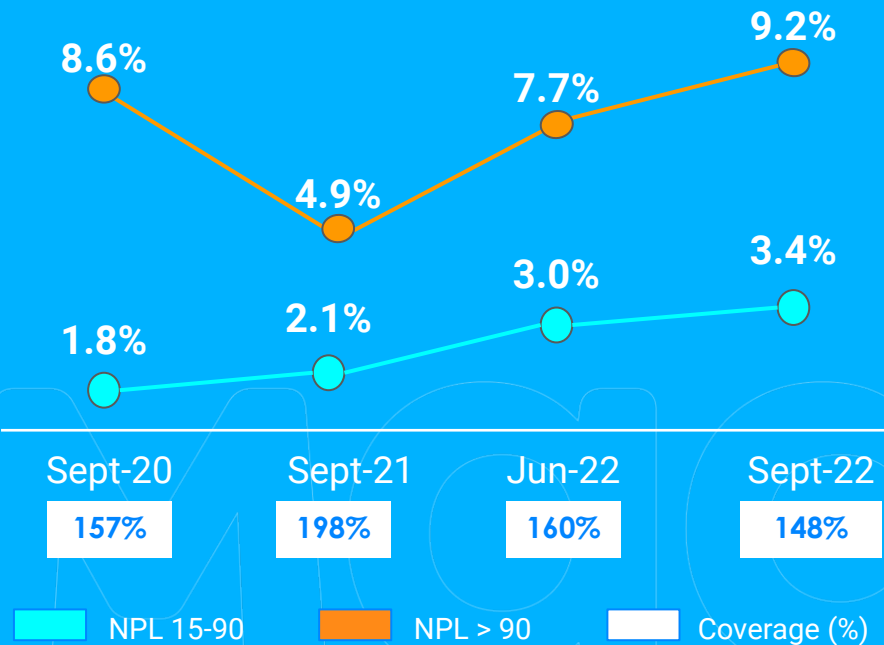
The Magalu Card becomes available immediately on the SuperApp. Even before receiving the physical card.



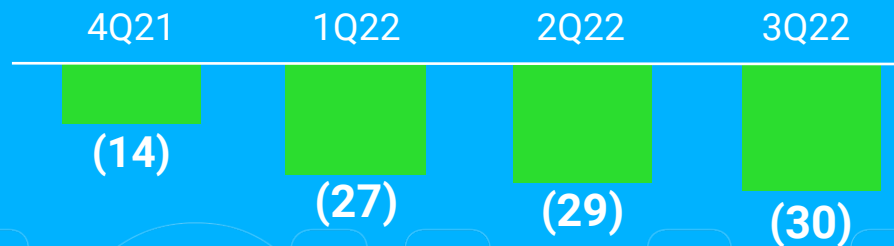
Luizacred

Normalization of the overdue portfolio, in line with historical levels

Percent of the Portfolio Overdue (%)



Net Income [R\$ million]

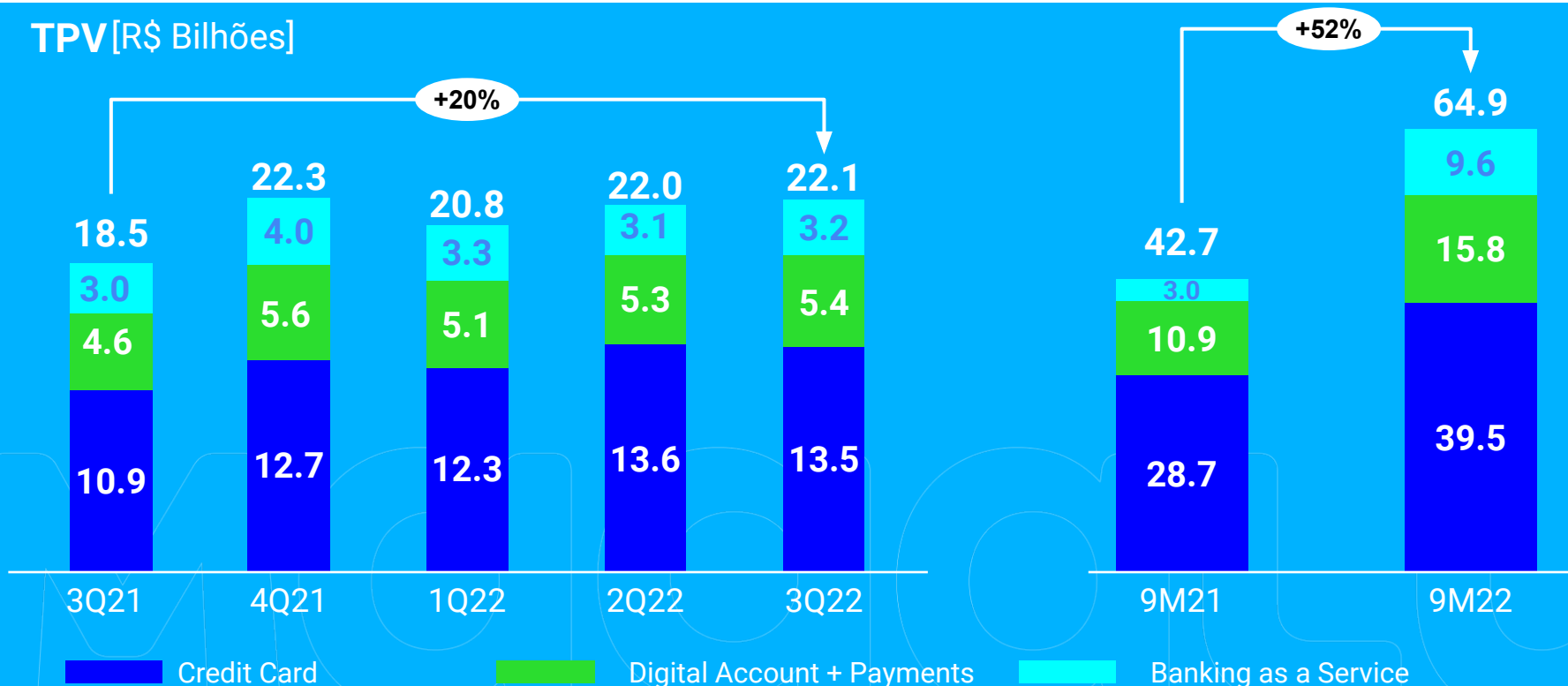


in IFRS

TPV - Total Payment Volume

Total TPV reached R\$22.1 billion in 3Q22, growing 19.6%

TPV [R\$ Bilhões]

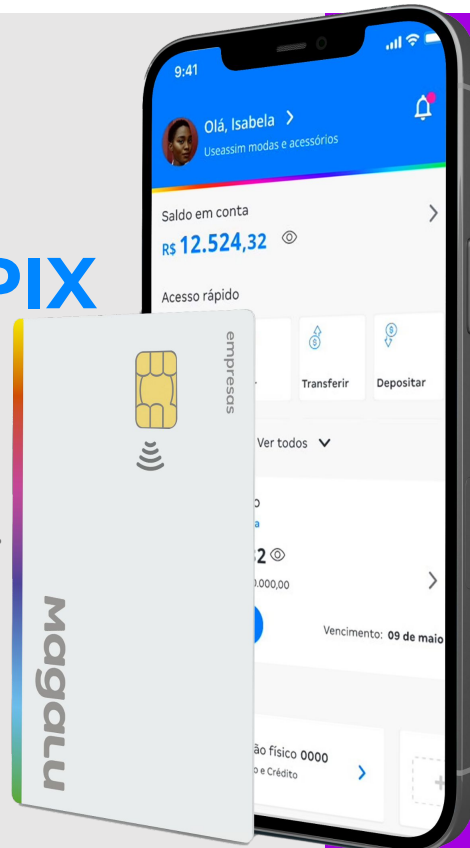


Now sellers can also benefit from a digital account, complete with an accompanying pre-paid card

Digital account
No monthly fee
with **unlimited PIX**
1% cashback

Everything that a **seller** needs from a bank is here.

With more advantages!



Point of sale machines with PIX, integrated inventory and automatic invoicing!



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



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