Brazil Electronics & Appliances Retail: Sector Report

March 2026

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Agenda

Key takeaways

Brazil’s US$27 billion electronics and appliances market is largely driven by consumer credit, with leading retailers differentiating through logistics excellence and technology.

Market size & macro backdrop

- Brazil's electronics & appliances sector totaled US$27 billion in 2024, representing 2.0% of the global market
- GDP growth of ~1.8–2.0% p.a. is expected over the next four years, with unemployment stabilizing around ~5%, while a persistently volatile BRL/USD adds uncertainty to an industry which depends heavily on imported goods and components
- Consumer affordability is engineered through installments (*parcelamento*), which are key to sustaining conversion
- State of the art financial technology in Brazil further contributes to facilitating credit and payments

Key demand drivers and threats

- Category cycles are driven by promotions and major retail events (Soccer World Cup, Black Friday, Christmas, Consumer Week, Mother's/Father's Day), which concentrate significant share of annual volume
- Premium and smart-home products have proven more resilient than low ticket items and consistently grow at a faster rate, with replacement cycles in consumer electronics further reinforcing the medium-term outlook
- One of the highest social media adoption rates in the world coupled with high digitalization reinforce mobile phone sales
- Spending power threatened by online bets, subscriptions, digital entertainment and increasing choice of experiences over goods, following the pandemic

Competitive dynamics

- Scale, credit capability, and logistics complexity create barriers to entry that favor national retail leaders
- Marketplaces are taking mindshare and traffic, pushing traditional retailers to defend with omnichannel capabilities and services
- Fast deliveries, free shipping and installation services increasingly determine conversion and NPS

Key takeaways (cont.)

Tax reform and AI are going to change the structure of the sector while payments and logistics become the main drivers of profitability

Regulatory & tax reform reshaping the playing field

- Destination-based taxation will raise last-mile costs, pressuring e-commerce margins, especially for large-ticket items
- Elimination of ICMS disputes benefits omnichannel players with national footprints, asset-heavy models capture more tax credits vs. asset-light operations
- DC footprint and last-mile economics will need reassessment as state-level tax incentives phase out

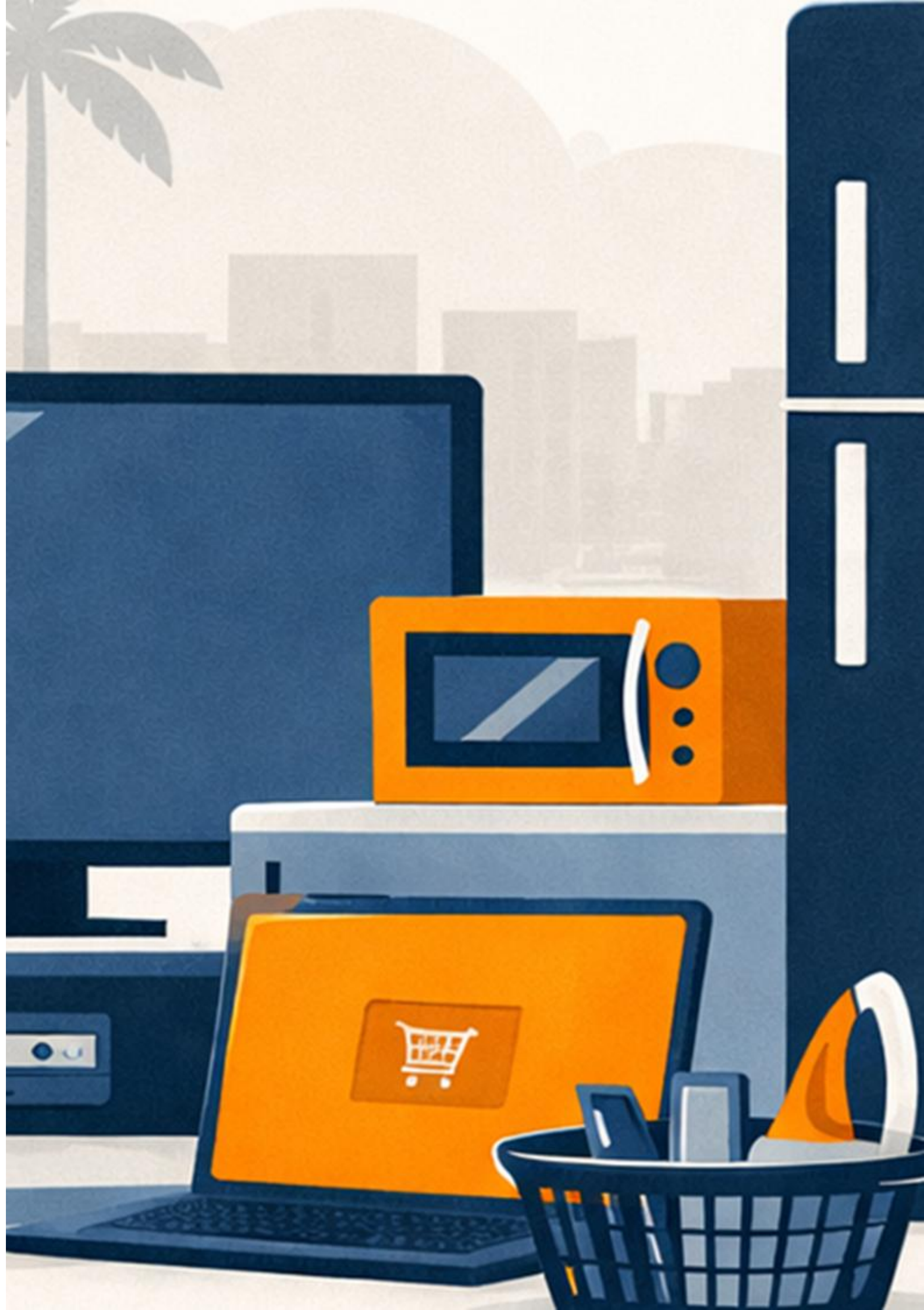
Key trends & technology

- Leaders are shifting from inventory carriers to providers of technology and infrastructure
- Retailers are pushing deeper into their own supply chains to protect margins as cost-to-serve climbs and delivery speed becomes a direct driver of conversion
- Marketplace + retail media expansion are changing traffic acquisition and margin pools
- AI is rewriting how products get discovered, with recommendations increasingly driven by training data and structured content rather than ad spend, which shifts where and how brands compete for visibility

What separates leaders from the rest

- Full control of customer relationship through credit, delivery and post-sale will outgrow those that rely on third parties for any of those pieces
- Payment and logistics treated as strategic profit centers rather than operating cost items
- Loyalty, warranty, insurance, installation and trade-in services monetized as a recurring revenue layer on top of the core transaction

Agenda



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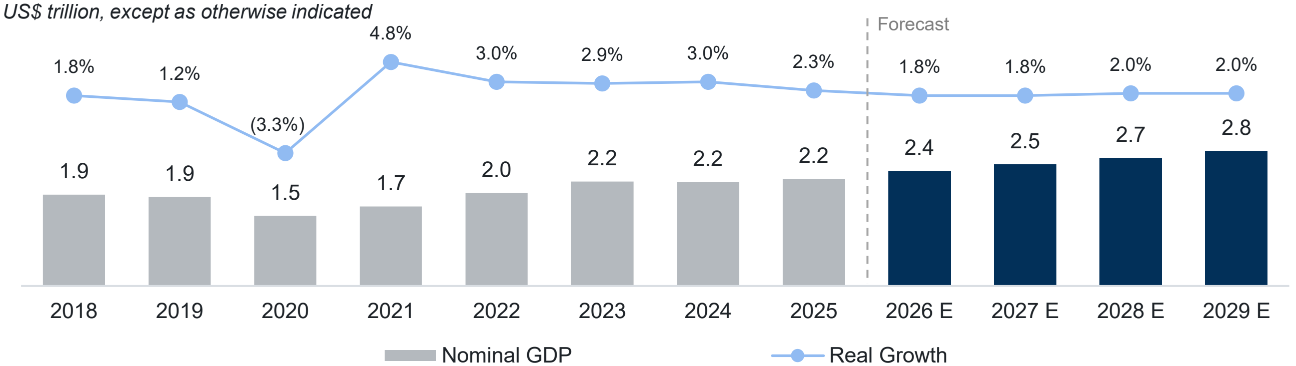
Brazil's scale + improving labor market support discretionary demand, but affordability will still be gated by credit and income growth

- Brazil's GDP reached US$2.2 trillion in 2025, with 3.0% real growth in 2024, the 9th-largest economy globally
- GDP forecasted to reach US$2.8 trillion by 2029, representing a sustained tailwind for retail demand
- Services account for 68.9% of GDP, making retail consumption a core driver of Brazil's economy
- Unemployment fell from 13.8% in 2020 to 5.1% in 2025, significantly expanding the formal consumer base (key for credit concession)
- Unemployment has fallen, but part of the decline reflects a shift toward self-employment and informal work, where access to credit is more limited

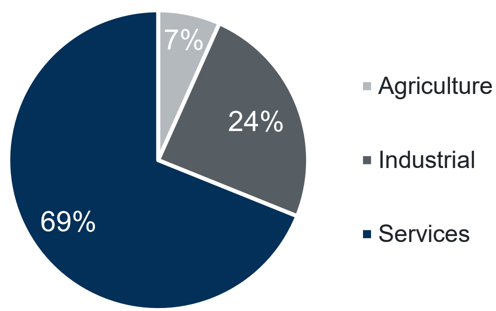
Historical and forecasted GDP

US$ trillion, except as otherwise indicated



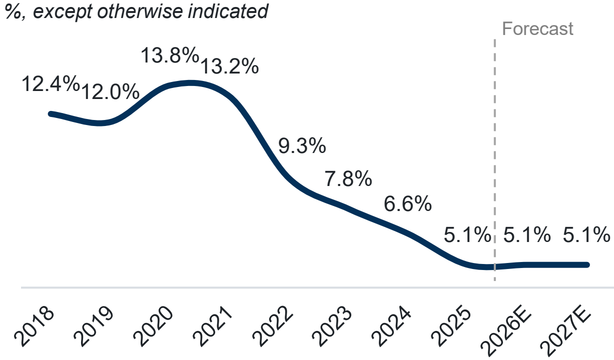
GDP Distribution 2024

%, except otherwise indicated



Unemployment Rate

%, except otherwise indicated



Source: IBGE and Central Bank of Brazil

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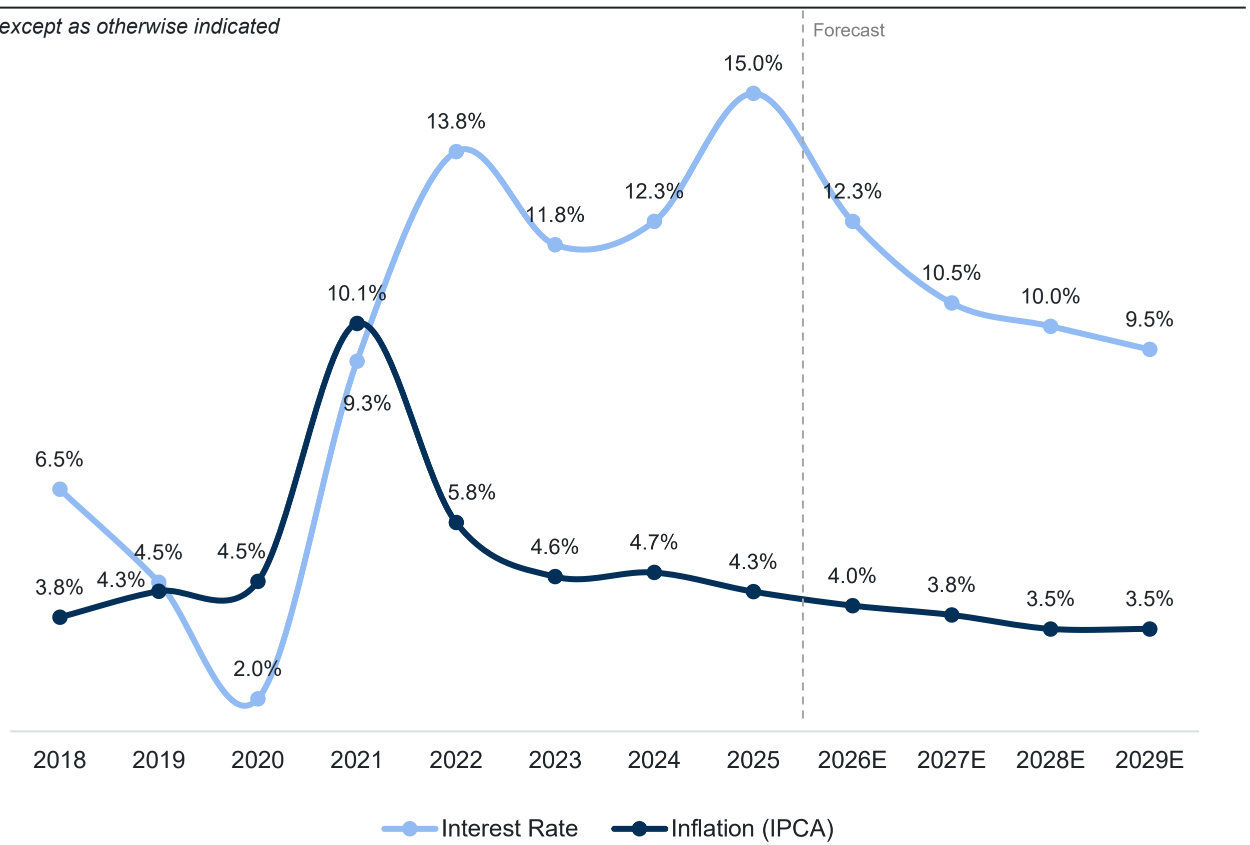
High interest rates and controlled inflation

High rates keep durables purchases event-driven, with demand concentrating around major dates like the World Cup, Christmas and Black Friday rather than reflecting steady baseline consumption

- Selic peaked at 15.0% in 2025 and is forecast to ease to 9.5% by 2029
- Inflation (IPCA) fell from a 10.1% peak in 2021 to 4.3% in 2025, with further convergence expected
- Falling rates and controlled inflation will reduce installment costs and broaden credit access for retail consumers

Analysis of interest rate (SELIC) and inflation (IPCA)

%, except as otherwise indicated



Source: IBGE and Central Bank of Brazil

FX, trade balance, resilience

Significant trade balance surplus and high levels of currency reserves contribute to taming FX volatility and risk perception

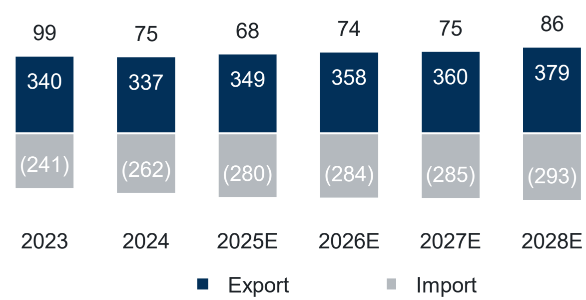
- Brazil has a persistently volatile exchange rate, which remains a structural headwind for the segment, given its heavy reliance on imported goods
- Structurally strong trade surplus supports FX stability and lowers external vulnerability
- Import growth remains contained, keeping the trade balance firmly positive even as demand normalizes
- Robust international reserves provide a meaningful liquidity buffer and improve external resilience
- Gross external debt is broadly stable; net external leverage remains manageable
- FX has been highly volatile in recent years, supporting exports while increasing uncertainty for electronics manufacturers importing raw materials

FX hit a 2025 peak and has trended down since

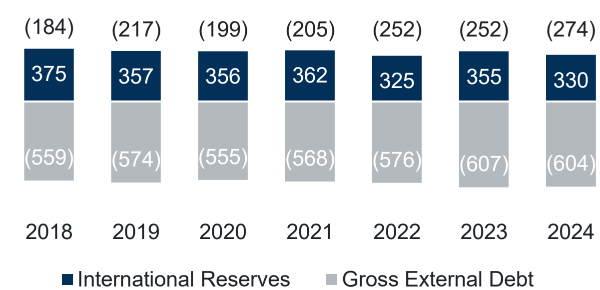
BRL/USD FX, except as otherwise indicated

Higher public debt weakens external accounts, trade balance narrows on imports

Trade balance in US$ billion, except as otherwise indicated



External accounts[1] in US$ billion, except as otherwise indicated



Source: S&P Capital IQ, Itau BBA, BACEN

(1) Gross external debt includes both public sector and corporate debt

Macroeconomic implications for electronics & appliances retail

Demand is cyclical and promo-led; the winners monetize the full lifecycle (services + payments + logistics), not just the box sale

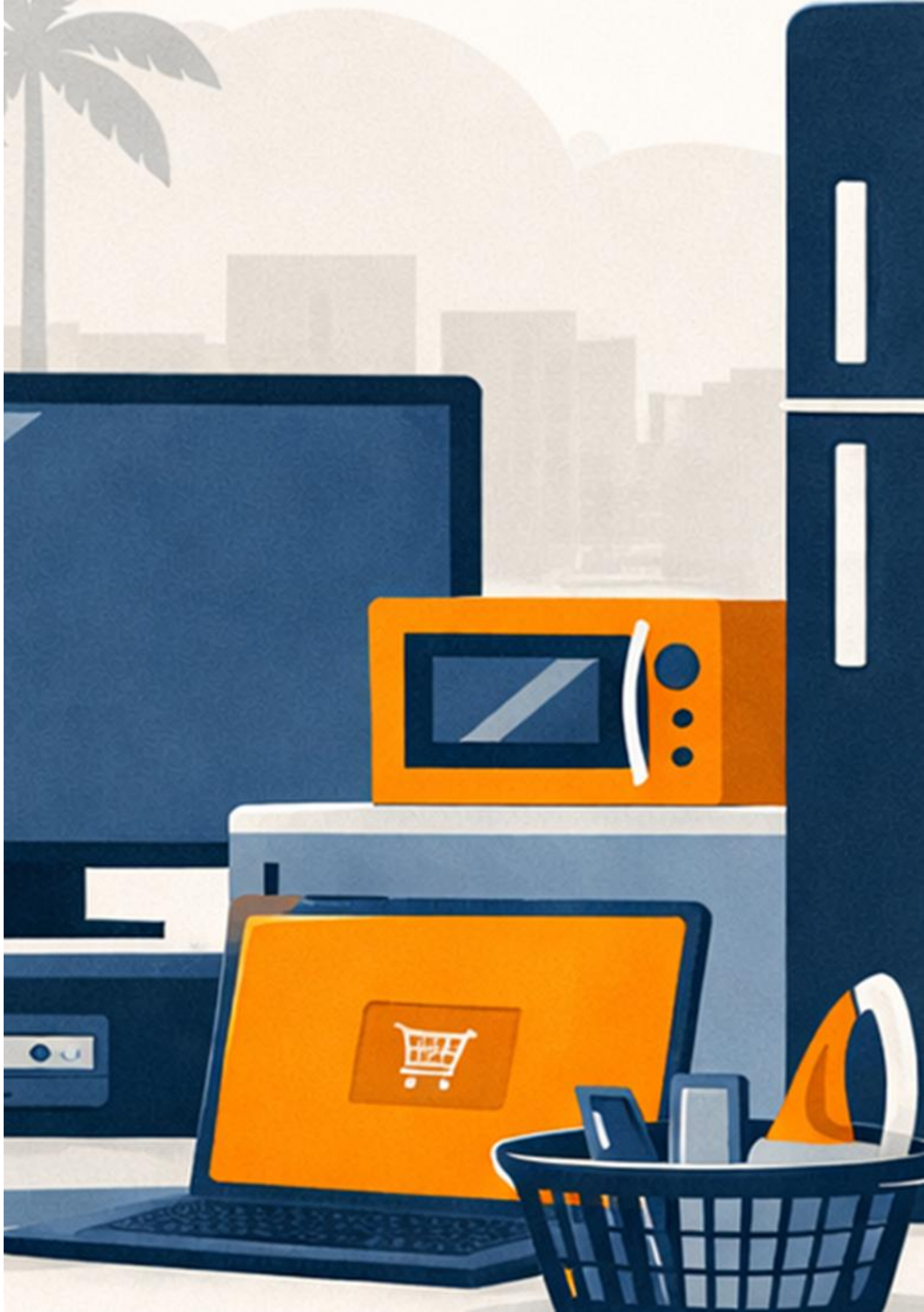
Key trends in Brazilian electronics retail

- Post-pandemic household spending has shifted toward services, limiting the rebound in discretionary goods
- Subscriptions and digital entertainment, including sports betting, are taking share of wallet and extending replacement cycles
- Installments are the default purchase mechanism and a major driver of conversion
- Faster and free delivery are increasingly decisive in winning orders
- Data-led pricing and demand planning are separating margin performers from volume-driven players

What the best operators are doing differently

- Selling the monthly installment and approval rate as much as the product
- Treating delivery speed and returns as part of the brand promise
- Using CRM and services to retain customers across longer replacement cycles
- Expanding reach through partnerships and selective M&A while customer acquisition costs rise on marketplaces

Agenda



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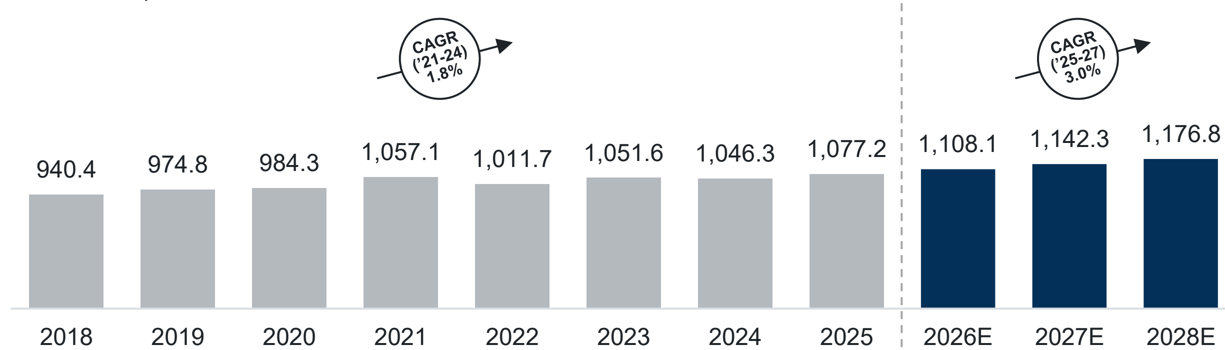
Electronics and appliances retail

Post-pandemic normalization and steady growth outlook, with mobile & accessories anchoring category demand

- **Global consumer electronics revenue normalized after the pandemic spike** and is expected to grow from US$1,077 billion to US$1,177 billion, implying 3.0% CAGR
- **2022 saw a modest contraction in consumer electronics,** driven by smartphone market saturation and a normalization of computing demand versus the prior year
- **The decline in 2022 was reinforced by a weaker macro backdrop,** economic slowdown, higher inflation and energy prices, which compressed discretionary spending, especially on home entertainment
- **Mobile & accessories remain the core demand driver,** generating US$504 billion in 2025 sales and accounting for almost half of total consumer electronics spend, shaping traffic, pricing and promo intensity across the sector

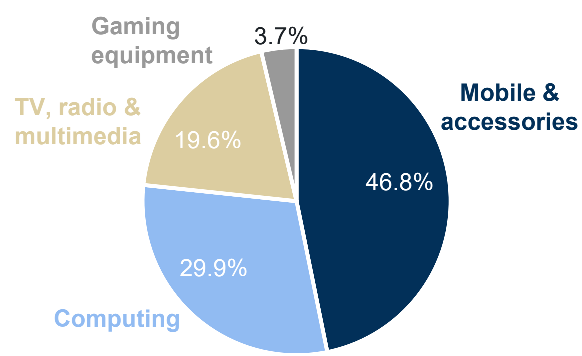
Global consumer electronics market revenue

US$ billion, except as otherwise indicated



Consumer electronics by segment (2025)[1]

%, except as otherwise indicated



Source: Market.us and Statista
(1) Analysis does not include home appliances

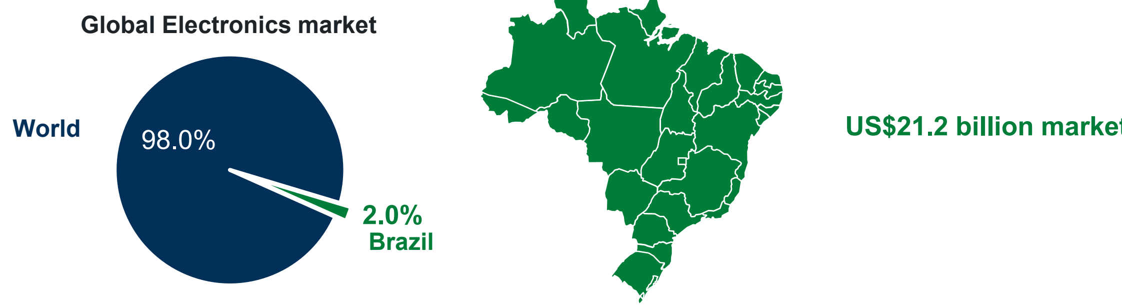
Electronics and appliances retail: Brazil vs. World

Brazil is meaningful in global context and rebounded in 2024, with medium-term outlook constructive but credit-sensitive

- **Brazil represents 2.0% of the global electronics market**, totaling US$21 billion in 2024
- **Total electronics and home appliances market totals US$27 billion**
- **2023 underperformed** as demand normalized after pandemic pull-forward, and was pressured by **weaker consumption** and investment amid **macro uncertainty**
- **2024 rebounded,** supported by a firmer consumption backdrop
- Over "20-24, the sector delivered growth of 2.6% CAGR, reinforcing a **constructive medium-term outlook, with growth still highly sensitive to credit affordability**

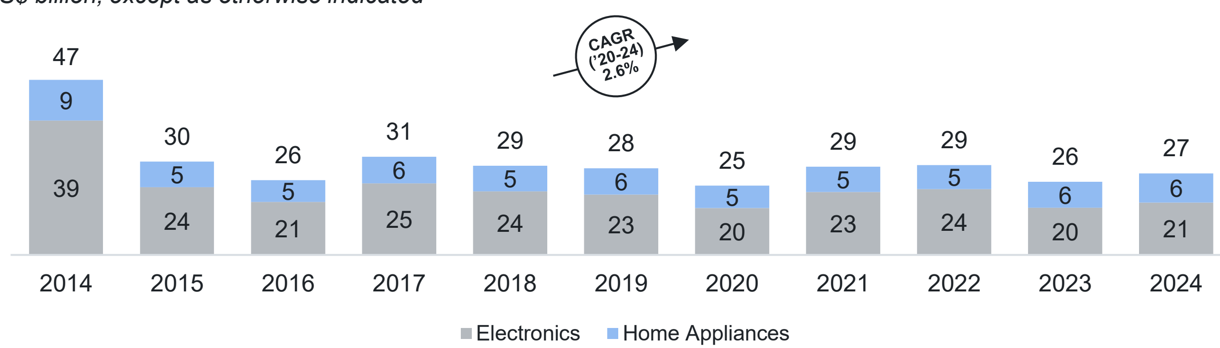
Electronics market - Brazil vs. World (2024)

%, except as otherwise indicated



Brazil electronics and appliances retail market size

US$ billion, except as otherwise indicated



Source: (ABINEE) Brazilian Electrical and Electronics Industry Association

Shifting consumer behavior in Brazilian electronics retail

Squeezed purchasing power is changing what consumers buy, how they decide and what they are willing to wait for

Consumer behavior is changing

- Real purchasing power has decreased, and consumers are buying less or simply waiting longer before replacing what they have
- Streaming, sports betting, and digital subscriptions are eating into the same wallet
- Free freight and fast delivery are now baseline expectations. Consumers are choosing where to buy based on shipping terms before they even look at price
- A meaningful share of consumers still does not trust buying electronics online, keeping them in physical stores
- Many consumers lack confidence in evaluating technical products on their own. Sales assistance and clear content at the point of decision still move the needle on conversion

Mid 90s

- **Physical stores only**
- **Cash, checkbook or long installments**
- **Brand trust = store trust**

Today

- **Delivery speed and free freight decide**
- **Pix, digital wallets and installments**
- **Reviews and ads drive choice**

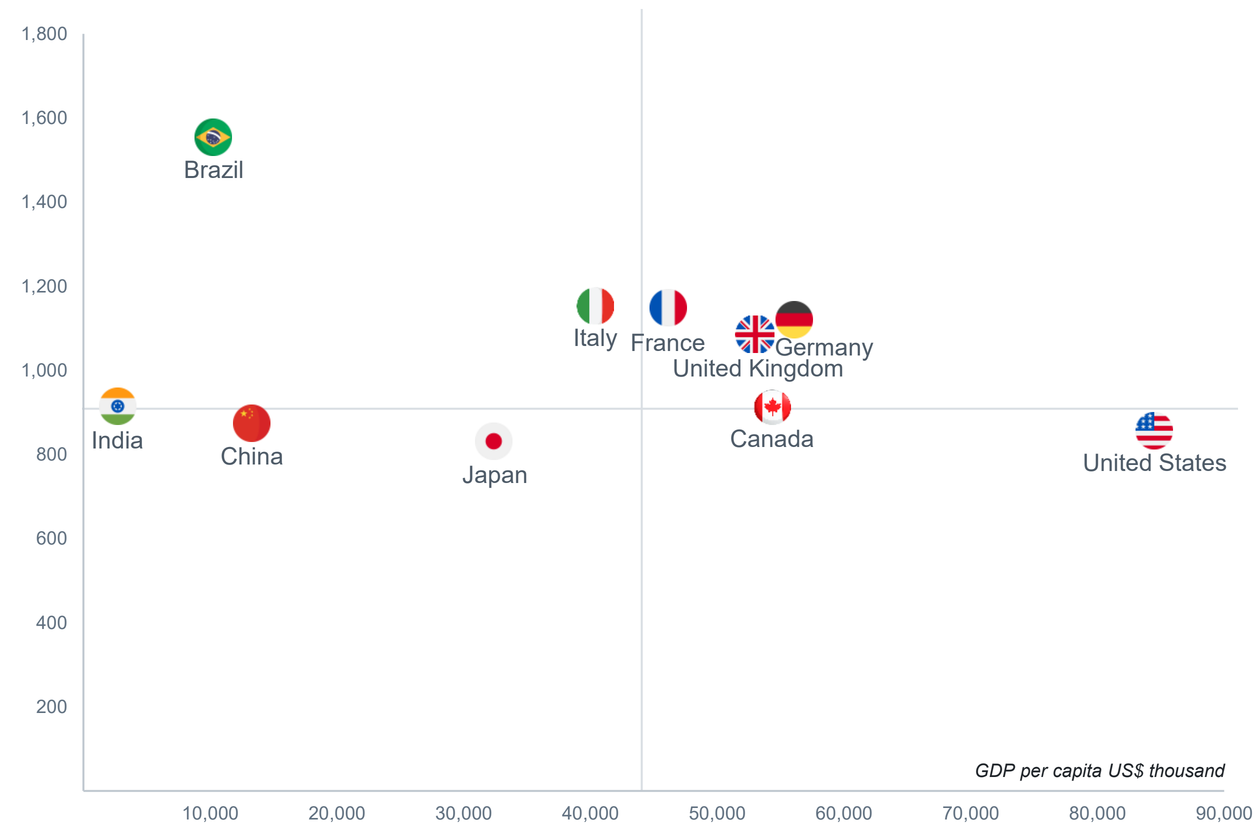
Brazil's structural trap: high costs, taxes vs. low purchasing power

iPhone 17 pricing benchmarked across 10 countries reveals Brazil’s structural problem — high costs and taxes vs. low GDP per capita

- Product analyzed: iPhone 17, 256GB
- Taxes on consumption (ICMS, PIS, COFINS and IPI) combined with import tariffs and logistics costs push final retail prices far beyond what domestic income levels can comfortably absorb
- Retailers are caught in a bind where keeping prices high enough to stay profitable ends up shrinking the pool of consumers who can actually afford to buy, especially in premium and electronics segments

Product compared

Price of iPhone vs. GDP per capita(1)



Source: Brasilpar analysis, World Bank

(1) Prices in Canada and the United States adjusted for average sales tax for the final consumer

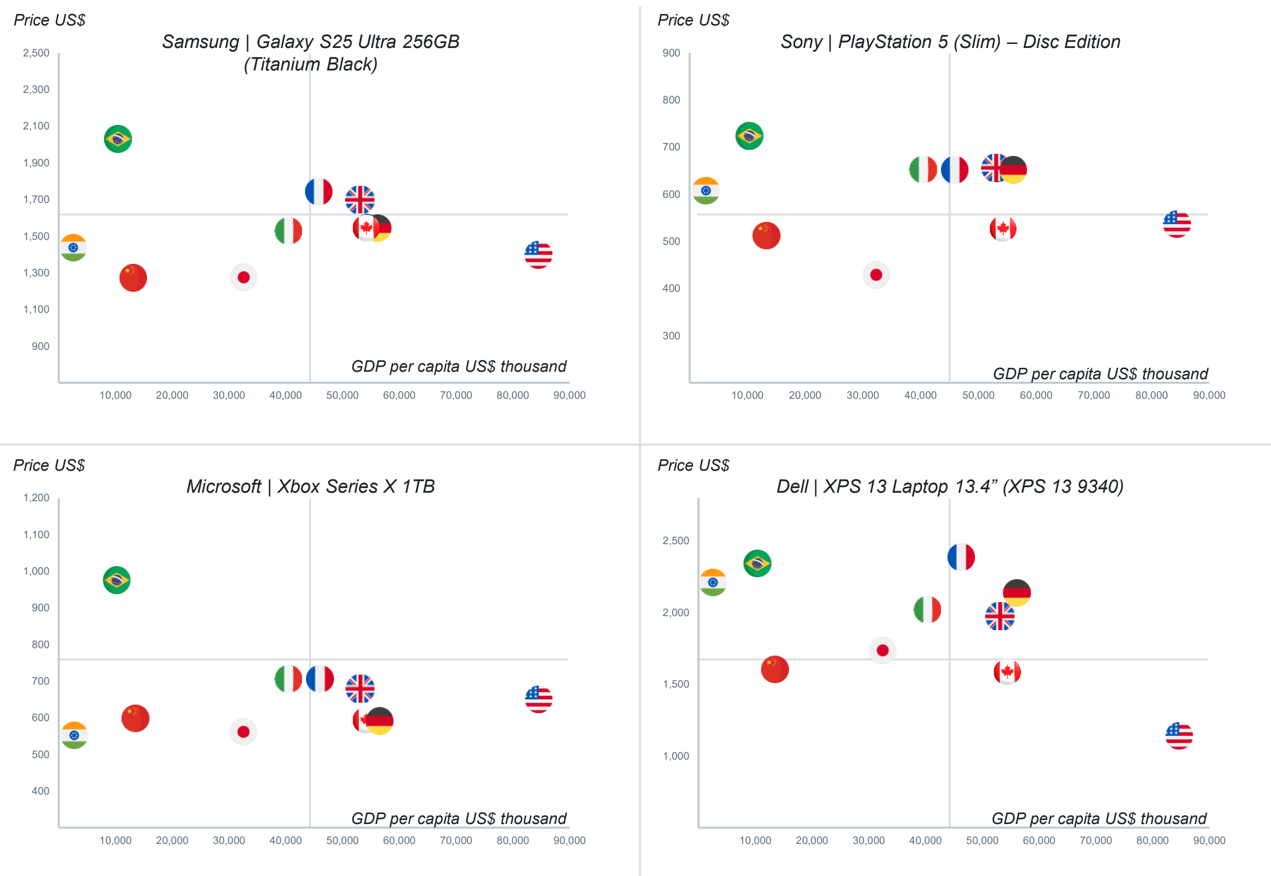
Brazil's structural trap: high costs, taxes vs. low purchasing power (cont.)

Brazil tops the price ranking across most products while carrying one of the lowest purchasing power levels in the group, making it the clearest example of a market where the cost structure works against the consumer

- Analysis covers four electronics products: Samsung Galaxy S25 Ultra, Sony PlayStation 5, Microsoft Xbox Series X, and Dell XPS 13
- Brazil recorded the highest prices in three out of four products, consistently ranking as the most expensive market in the analysis
- The United States exhibits the most competitive price-to-income ratio, reflecting lower relative costs against higher purchasing power

Products analyzed

Price comparison by GDP per capita[1]



Source: Statista, World Bank and companies' site

(1) Prices in Canada and the United States adjusted for average sales tax for the final consumer

Product universe: Consumer electronics and home appliances

The electronic and appliances sector is traditionally segmented into two product families with distinct dynamics in margin profile, replacement cycle, technology intensity, and consumer behavior

Consumer electronics

- Entertainment and technology devices including TVs, smartphones, computers, and audio equipment
- High technology turnover, shorter replacement cycles, and strong brand influence on purchase decisions

Home appliances

- Household utility appliances including refrigerators, washing machines, air conditioners, and cooking equipment
- Longer replacement cycles, higher average ticket, and energy efficiency as a key purchase driver

Consumer electronics (tech & entertainment devices)

- TVs (LED,OLED,QLED)
- Gaming consoles
- Smartphones & tablets
- Notebooks & PCs
- Audio & soundbars
- Camera & wearables
- Monitors & peripherals
- Smart home devices

Home appliances (major household utility goods)

- Refrigerators & freezers
- Washing machines
- Air conditioners
- Dishwashers
- Stove, ovens & cooktops
- Microwaves
- Fans & air purifiers
- Water heaters

Source: (ABINEE) Brazilian Electrical and Electronics Industry Association

Consumer electronics: Brazilian snapshot

A snapshot of Brazil's retail electronics structure and consumption relevance

Main categories in electronics retail industry

Mobile & accessories
Smartphones and connected devices, plus accessories and service-related add-ons

Computing
PCs, laptops, tablets, and peripherals for home and work

TV, radio & multimedia
Televisions, audio systems, streaming devices, and other home-entertainment gear

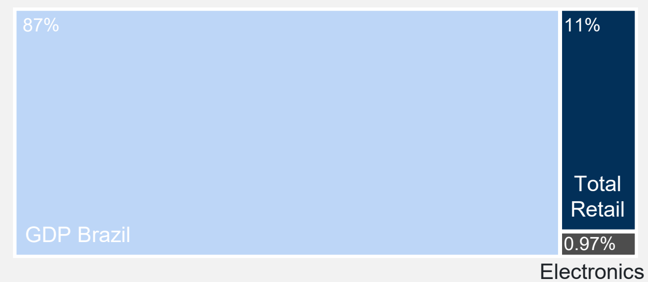
Gaming Equipment
Consoles, games, controllers, PC gaming hardware and accessories

Electronics and appliances

Electronics contribution to Brazil's GDP

% of GDP

Electronics account for ~1.0% of total GDP and ~8.8% of retail sales



Brazil's global leadership in consumption(1)

#3
Computers

#4
Smartphones

Source: (IBGE) Brazilian Institute of Geography and Statistics, CNN
(1) Brazil's classification by category

Consumer electronics ecosystem

Coverage spans mobile, computing, home entertainment and gaming, capturing the full range of high-demand consumer electronics categories

Mobile & accessories

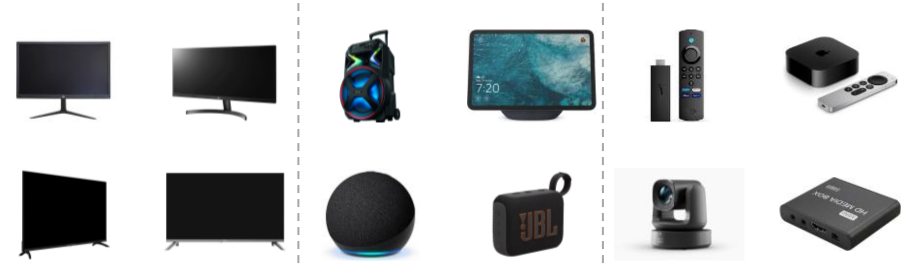
Smartphone	Accessories	Wearables

Computing

Laptops & desktops	Tablets & e-readers	Accessories

TV, radio & multimedia

Televisions	Audio	Streaming & media



Gaming equipment

Consoles	Games & Accessories	Hardware

Source: (ABINEE) Brazilian Electrical and Electronics Industry Association

Home appliances: Brazilian snapshot

A snapshot of Brazil's major home appliance structure and consumption relevance

Main categories in home appliances retail industry

Refrigeration — Refrigerators, freezers, and wine coolers for residential and commercial food preservation

Laundry — Washing machines, dryers, and washer-dryer combos for home laundry care

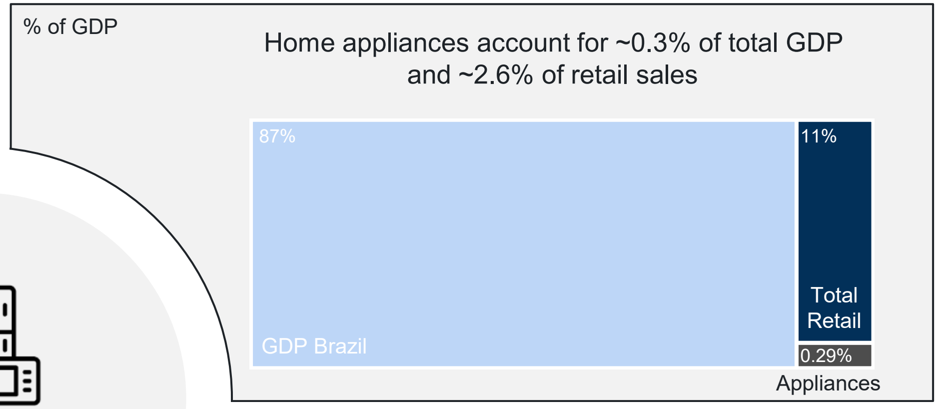
Cooking — Stoves, ovens, cooktops, microwaves, and ranges for home food preparation

HVAC(2) — Air conditioners, heaters, and dehumidifiers for thermal comfort

Home appliances

Home appliances contribution to Brazil's GDP

Home appliances account for ~0.3% of total GDP and ~2.6% of retail sales



Brazil's global leadership in consumption(1)

#3 Ovens, cookers and grillers

#5 Air conditioner

Source: IBGE, Statista, Mordor Intelligence, IMAP Group
(1) Brazil's classification by category
(2) Heating, Ventilation, and Air Conditioning

Home appliances ecosystem

Coverage spans refrigeration, laundry, cooking and climate control, capturing the full range of essential household appliance categories

Refrigeration

Refrigerators

Freezers

Wine Coolers

Laundry

Washing machine

Dryers

Cooking

Stoves

Ovens

Microwaves

HVAC[1]

Air conditioner

Heater

Source: (ABINEE) Brazilian Electrical and Electronics Industry Association
(1) Heating, Ventilation, and Air Conditioning

The reshaping of electronics and appliances retail

High interest rates in the previous years pressured consumer demand and compressed margins, accelerating restructurings and bankruptcies across retail

Amid internal restructuring, Fast Shop announces closure of 11 stores

InfoMoney

Casas Bahia concludes its restructuring and reduces debt by R$ 2.3 billion

Veja

Americanas: Understanding the fraud that led to a Federal Police operation and a R$50 billion restructuring

Globo

How Ricardo Eletro went from 1,200 stores and 28,000 employees to bankruptcy

Uol

The reasons that led Polishop to file for judicial reorganization with a total debt of R$352 million

Exame

A unique market with a structural income constraint

Brazil punches above its weight in consumer electronics demand, but income levels and tax burden create a retail environment unlike anywhere else in the world

Why Brazil stands apart

- ~US$27 billion market, top 10 globally and ~2% of worldwide demand
- Mobile-led consumption model with high penetration of installment-based sales
- One of the highest tax burdens on consumer goods globally, pushing prices beyond unaided purchasing power

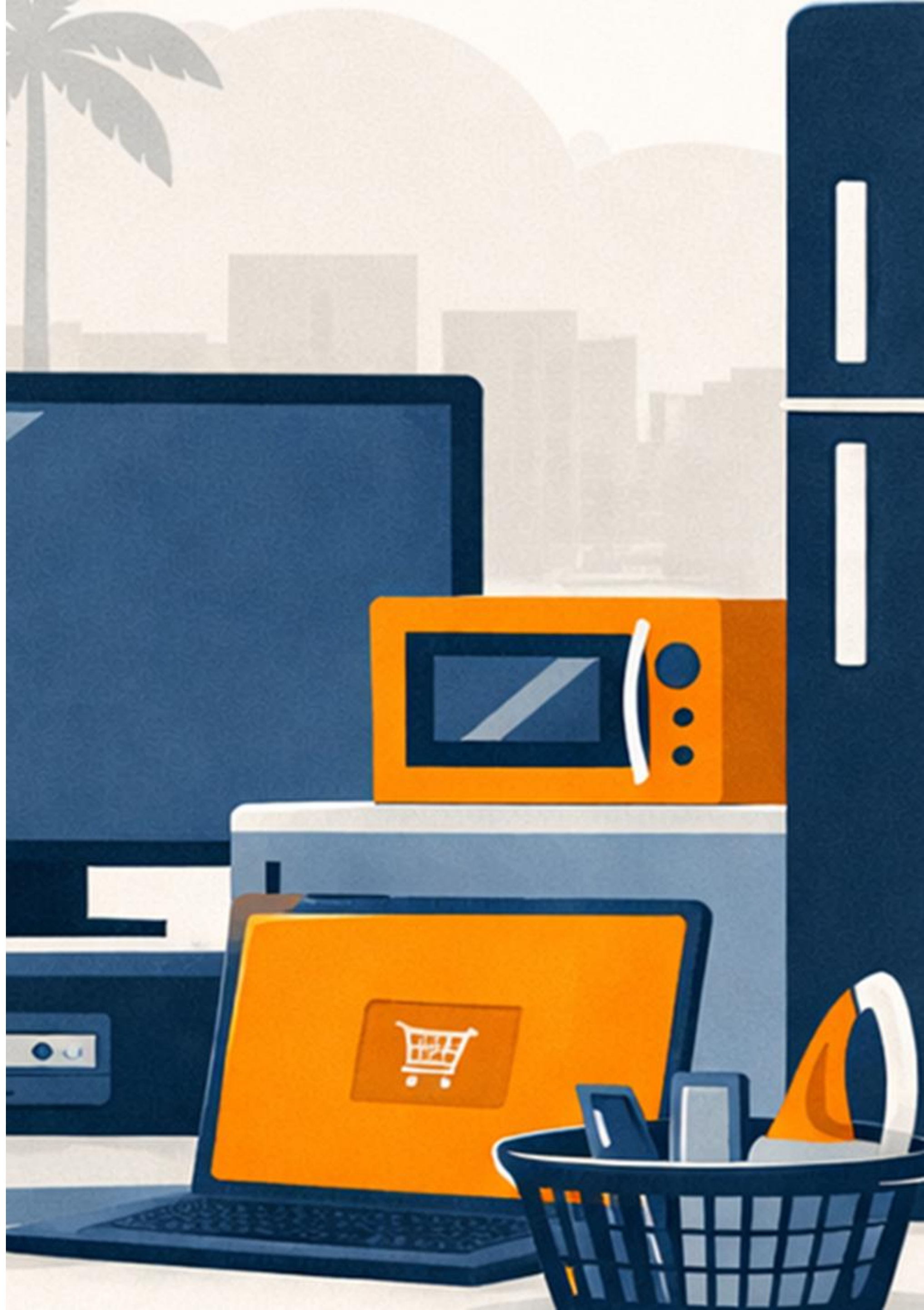
The income problem

- Low GDP per capita limits access to premium products for most of the population
- High interest rates constrained credit availability and forced retailer deleveraging
- Income concentration leaves the mass market reliant on entry-level and refurbished segments

How retailers are adapting

- Proprietary credit expansion to capture financing margin and keep installments affordable
- Trade-in programs, warranties and bundles to bring premium within reach while protecting margins
- Omnichannel and marketplace models expanding reach across income segments without added physical footprint
- Shift from inventory to infrastructure and tech provider

Agenda



Competitive landscape (non-exhaustive): global and Brazilian leaders

Retail is a vast ecosystem, and electronics & appliances stands out with brands that have a strong and consistently high sales performance in Brazil

Fashion & Apparel

- Fast-fashion and value formats dominate volume
- Strong verticalization: design / sourcing / retail
- Mall-centric footprint with growing digital penetration
- Brand, trend speed, and pricing power drive differentiation

Main companies

AREZZO &CO, C&A, marisa, RCHLO RIACHUELO, RENNER, soma

Food retail

- Scale, price competitiveness, and private label strength
- Cash-and-carry and discount formats gaining share
- Increasing omnichannel: click & collect, last-mile partnerships
- Margin pressure offset by efficiency and supplier scale

Main companies

ATACADÃO, ASSAÍ ATACADISTA, Carrefour, DIA, GRUPO mateus, GPA

Electronics & Appliances

- Broad, promo-heavy assortment with high price transparency
- Omnichannel scale, with stores as showrooms and pickup/ship-from-store hubs
- Credit as a key lever: installments, instant pay, and embedded financing to drive conversion

Main companies

americanas, amazon, GRUPO CASASBAHIA, FAST SHOP, Magalu, mercado livre

Pharma

- Highly consolidated, scale-driven networks
- Strong focus on generics, private labels, and services
- High store density with extended hours and convenience
- Health services as growth levers

Main companies

Farmácias São João, GRUPO DPSP, extrafarma, Pague Menos, PanVel, RD RaiaDrogasil S.A.

Other

- Category specialists with deep assortment and expertise
- Service-led differentiation (installation, grooming, training)
- Strong regional players alongside national chains
- Less price-elastic demand in pet and home improvement

Main companies

Cobasi, Petz, Ri Happy, PBKIDS brinquedos, LEROY MERLIN, C&C casa&construção

Source: Companies websites

The future of retail is not retail

Retail has structurally shifted from a store-centric, inventory-heavy model to a platform-driven, asset-light ecosystem focused on logistics, data, and personalization

1996 | Store expansion

Physical expansion and large inventories, including in stores

2000 | Early E-commerce players

First e-commerce players such as Submarino, Americanas, and Amazon

2010 | Marketplace

Mercado Livre and eBay begin to consolidate C2C and B2C

2015 | Omnichannel

The emergence of retailers' own apps and greater use of digital technology

2020 | E-commerce during pandemic

E-commerce gains significant relevance due to a forced transformation

2026 | Platform + AI

Logistical improvements and use of AI for greater personalization

Traditional Retail (1996)

Stores

Highly valued were the number of stores, total selling area, and locations

Inventory

The companies historically held large inventories across both distribution centers and stores, driving high working capital requirements

Customer goes to product

Customers went to the store for small and medium sized products, and larger deliveries that used to take weeks

Non-digital marketing

Marketing was largely done through flyers, billboards, and TV, with limited measurement and a strong focus on the store brand

New Retail (2026)

Digital platforms

Various sales channels, with a strong focus on digital channels

Asset light

Focus on working capital conservation. Emphasis on marketplace, outsourced fulfillment, inventory distributed among sellers

Logistical focus

Products are delivered directly to customers through a logistics platform focused on delivery within 48 hours or less

Digital marketing

Increasing use of AI for personalization and unique recommendations

Source: (ABINEE) Brazilian Electrical and Electronics Industry Association

Manufacturers going direct to consumers are causing an additional pressure on retail

Technology enabling direct-to-consumer

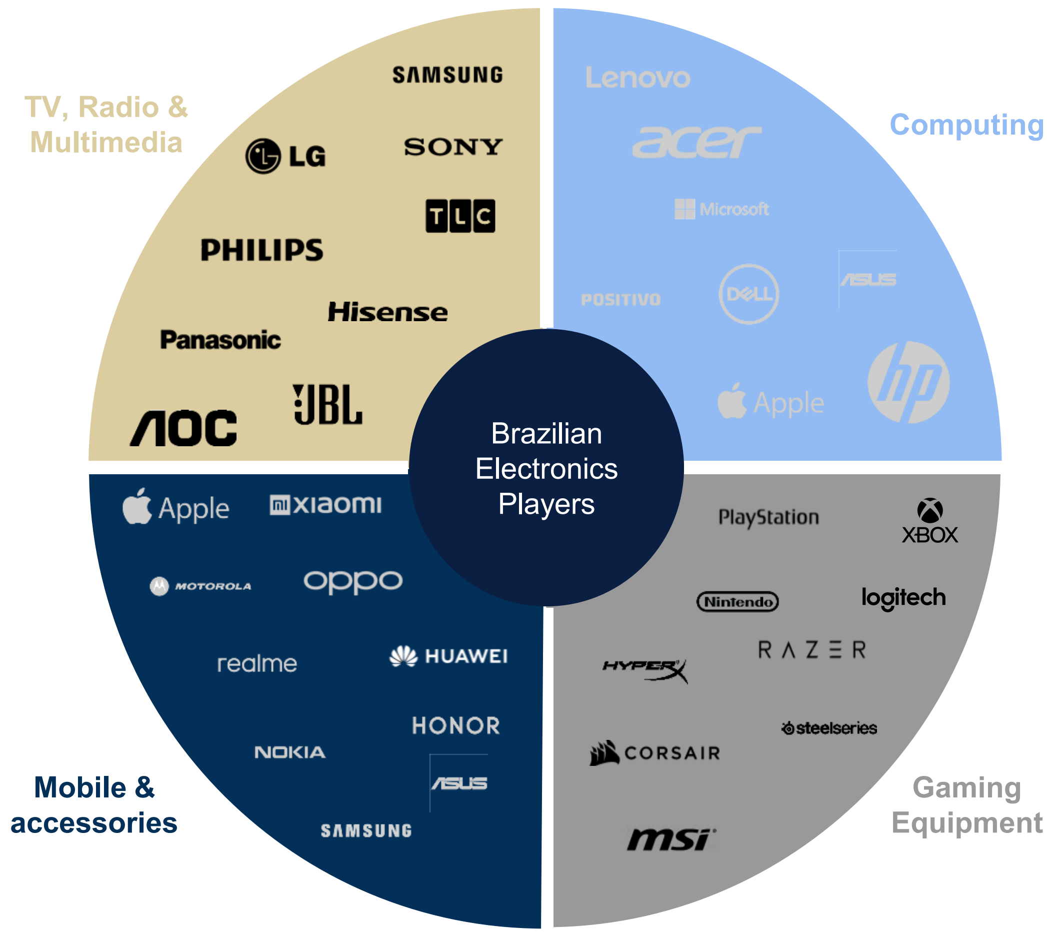
- E-commerce, social commerce and branded apps allow manufacturers to reach consumers without intermediaries
- Samsung, Apple and LG run D2C channels, capturing margin previously shared with the retail chain

Additional pressure on retail

- Fewer store visits and lower volumes compress margins and weaken supplier leverage
- Online price transparency intensifies competition and erodes the ability to differentiate on value

How retail is responding

- Marketplaces host official brand stores, turning manufacturers into fee-paying tenants
- Logistics, credit and consumer data become the key assets manufacturers cannot replicate
- Leaders are shifting from intermediaries to ecosystem platforms anchoring both consumers and brands



Source: Companies websites

Mercado Livre is redefining retail

Mercado Livre's growth model is driven by logistics, brand connectivity, and smarter customer engagement

Central thesis

- Unlike other e-commerce players, Mercado Livre is built around connecting brands, with more focus on marketing, customer experience, and delivery than on holding inventory

Asset light + logistics

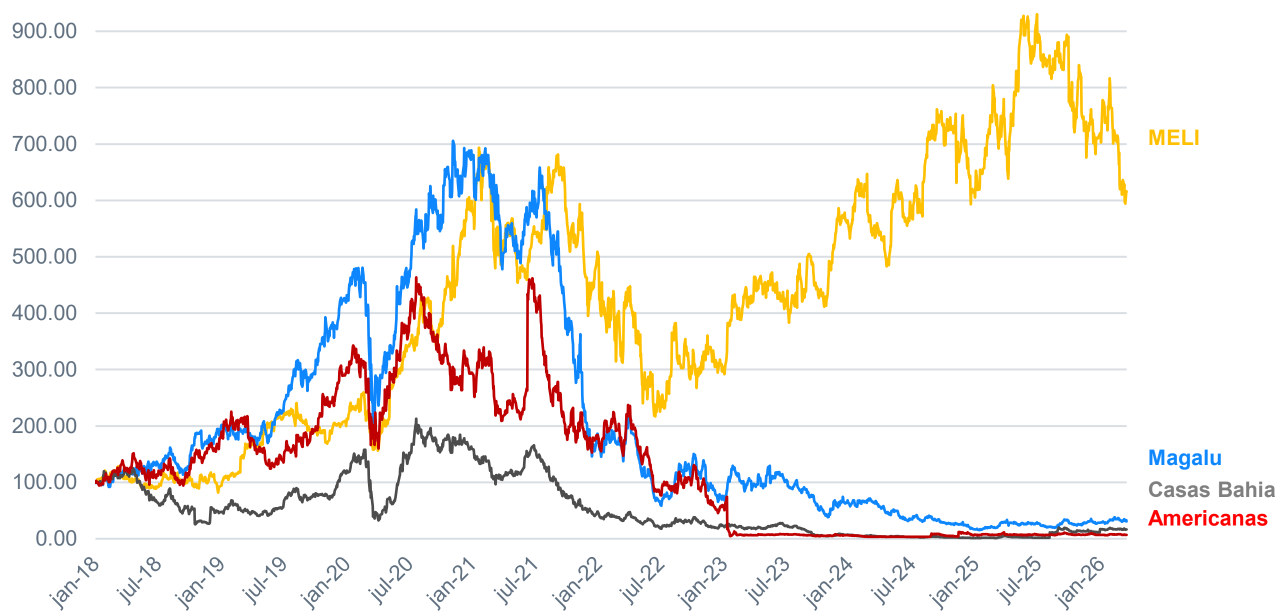
- With no need for its own inventory, core is the logistics infrastructure that connects sellers to end consumers

Official brand stores

- Hosts official brand-owned stores within the platform, prioritizing logistics execution and marketing reach over traditional buy-and-sell retail

Market Cap analysis – MELI vs. other players

Indexed to 100 (Jan-2018)



Evolution of the model:

Online classifieds ⇨ Marketplace B2B ⇨ Marketplace B2C ⇨ Logistics platform ⇨ Trade ecosystem

Source: S&P Capital IQ as of Mar. 16, 2026

MELI's integrated ecosystem sets it apart, but physical retailers still hold the customer proximity edge

Company	Key strengths	Key weaknesses
Magalu	▪ *Advanced omnichannel with stores as hubs* ▪ Strong store–e-commerce integration ▪ Proprietary technology and good after-sales experience ▪ Advance payment in full via WhatsApp	▪ Logistics still lagging behind competitors (vs. Amazon) ▪ No owned air network for faster delivery ▪ Limited offering in financial services vs. MELI ▪ Limited digital content offering (vs. Prime, MELI+)
Mercado Livre	▪ Highly efficient proprietary logistics (*fulfillment* + MELI Air) ▪ Greater market reach and delivery speed ▪ Complete ecosystem with payments, credit, and marketplace	▪ Lack of physical presence compared to Magalu and Casas Bahia ▪ Lack of customer proximity ▪ Product recommendation
Grupo Casas Bahia	▪ Largest physical network in the country, strong capillarity ▪ Know-how in credit for low-income individuals ▪ Know-how in heavy appliances deliveries ▪ Consolidated omnichannel operation	▪ Less recognition on digital channels ▪ Delivery speed slower than MELI and Amazon
Americanas	▪ Good urban coverage with physical network ▪ Strong store–e-commerce integration ▪ Diversification of sales channels	▪ Less integrated logistics than peers ▪ Few electronics options ▪ Lower average ticket electronics
Amazon	▪ World-class logistics automation and technology ▪ Wide variety of electronics and appliances	▪ No physical network for omnichannel ▪ Logistics scale in Brazil still smaller than MELI ▪ Less recognition in popular categories

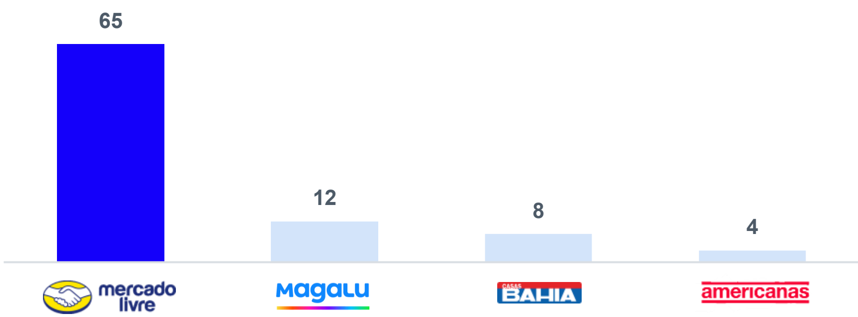
Source: Companies websites and investor relations

Mercado Livre dominates peers across GMV and gross margin [1]

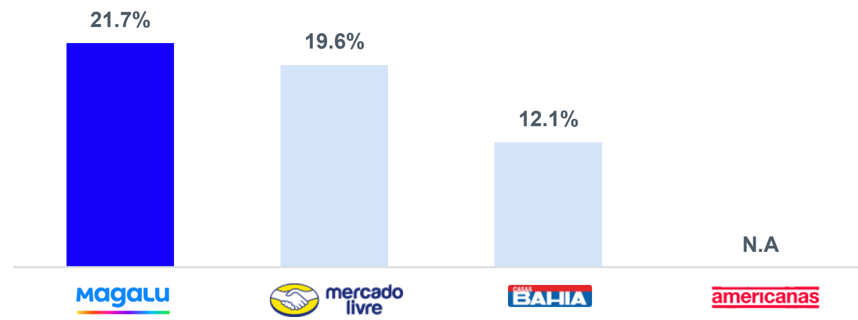
MELI's asset-light marketplace model drives margins above traditional retailers that bear inventory risk

GMV (LTM)

US$ billion, except as otherwise indicated

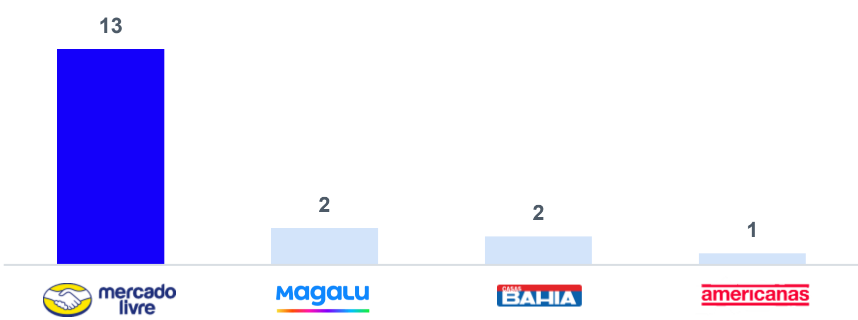


Take Rate (LTM)

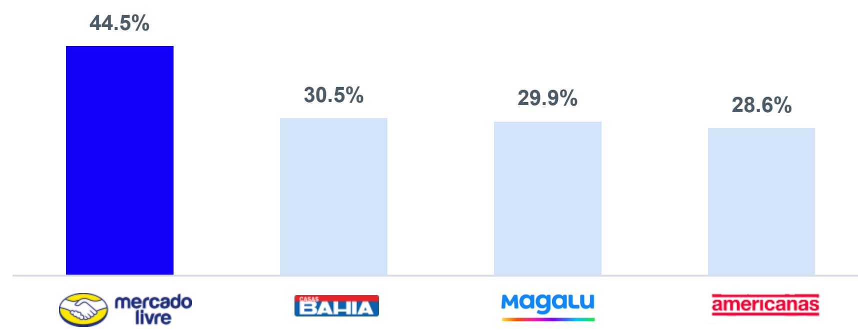


Gross Profit (LTM)

US$ billion, except as otherwise indicated



Gross Margin (LTM)



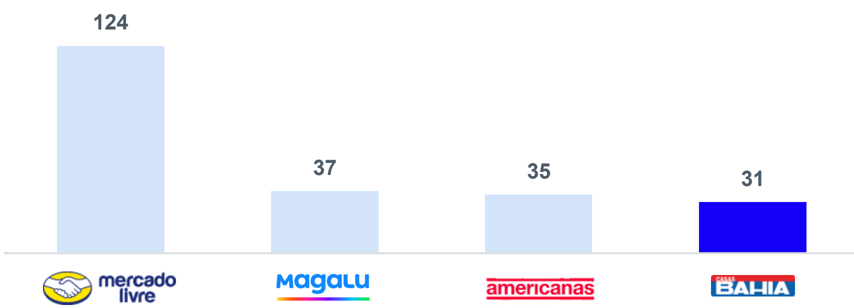
Source: Investor relations
(1) All data are for FY2025, except for Americanas, which is based on LTM as of September 2025

Mercado Livre also has superior workforce efficiency vs. peers (1)

By building a scalable technology platform, MELI generates significantly more revenue and GMV per employee while investing more in technology

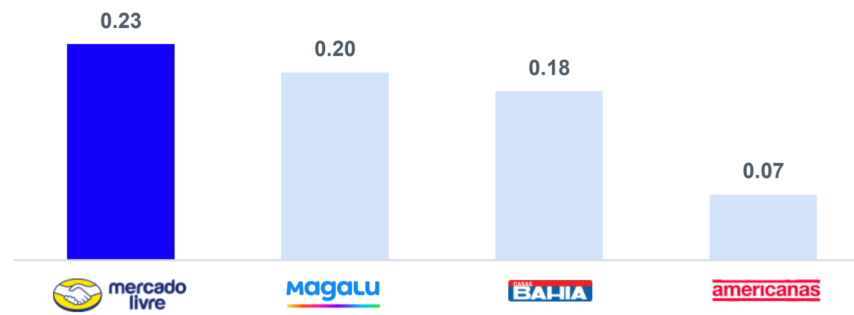
Employees

 # thousand, except as otherwise indicated



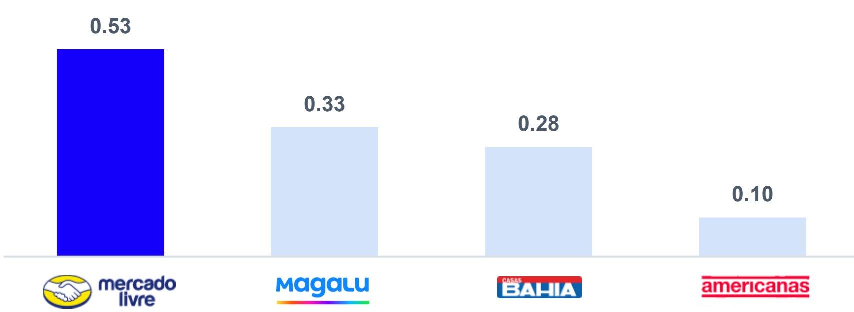
Net Revenue / Employee

US$ million, except as otherwise indicated

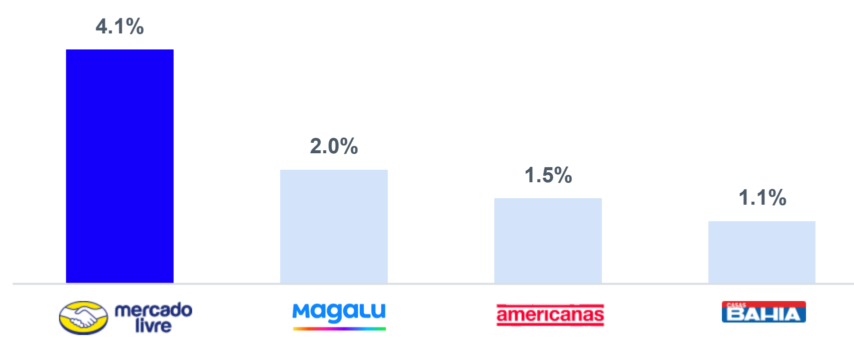


GMV / Employee

US$ million, except as otherwise indicated



3-year Capex average / Net Revenue



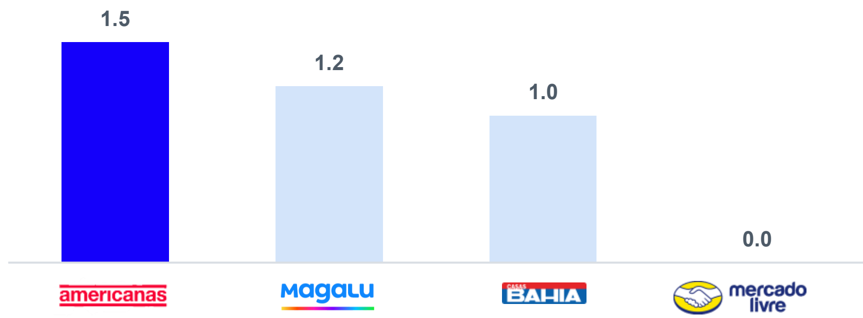
Source: Investor relations
(1) All data are for FY2025, except for Americanas, which is based on LTM as of September 2025

MELI leads peers in storage capacity, reflecting a logistics-first model (1)

Rather than investing in store networks, MELI channels capital into fulfillment infrastructure, avoiding the fixed cost of physical retail and saving on working capital

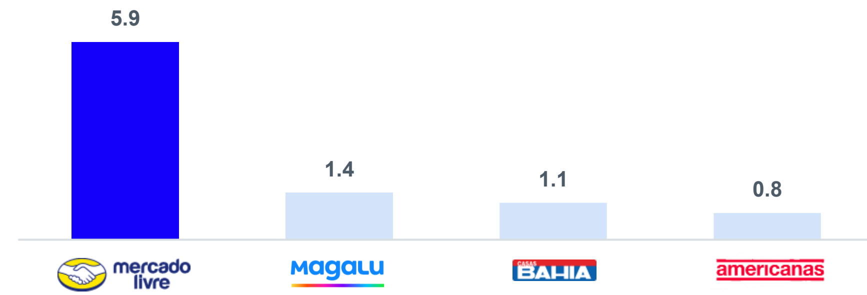
Number of stores

 # thousand, except as otherwise indicated

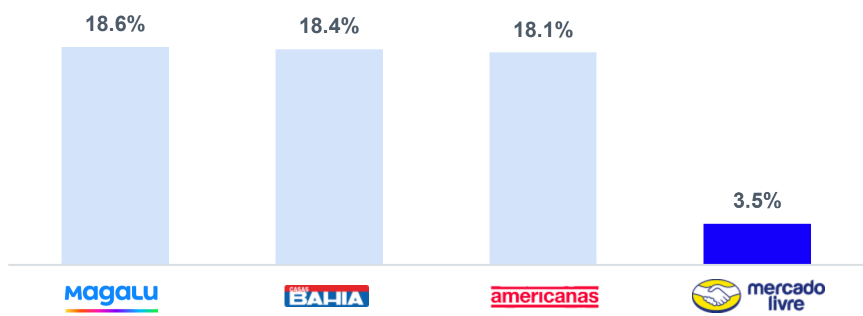


Storage area

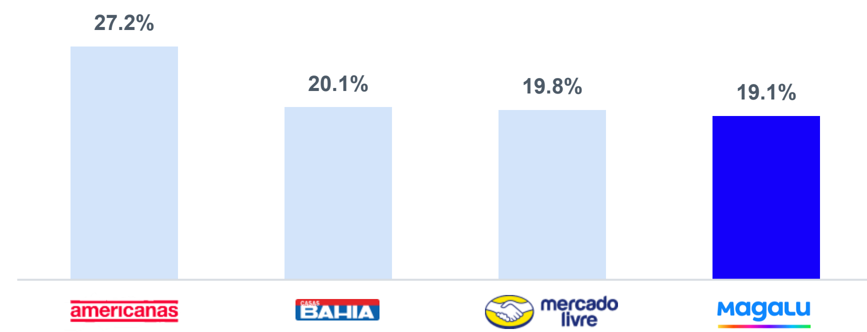
m^2 million, except as otherwise indicated



Inventory / Net Revenue



Sales expenses / Net Revenue



Source: Investor relations

(1) All data are for FY2025, except for Americanas, which is based on LTM as of September 2025

E-commerce: mobile shoppers, social-led discovery with experience focus

Brazil's e-commerce is mobile-first and promo-driven, where speed, price transparency, and trust (warranty and easy returns) are the key conversion levers

Pillars of the online channel

Competitive prices

- Daily promos and dynamic pricing for key SKUs
- Tight cost-to-serve control (shipping, returns) to keep prices competitive

Fast delivery

- High on-time performance of delivery
- Dense fulfillment network to reduce last-mile time and cost

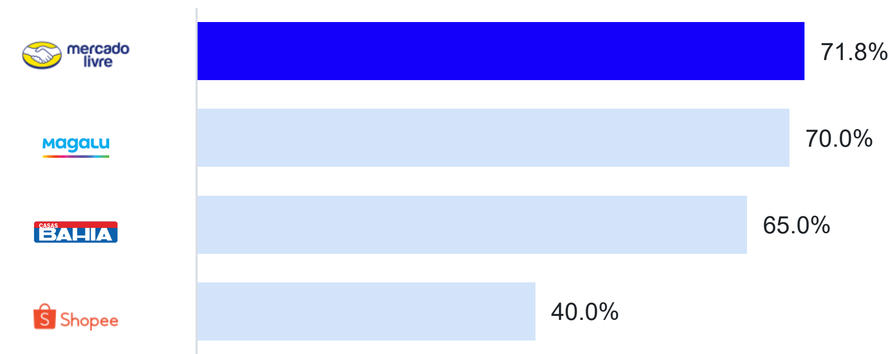
Free shipping

- Free shipping offers consistently drive conversion across all income segments
- Retailers absorb freight costs through minimum order thresholds or loyalty tiers, turning free shipping into a margin-neutral customer acquisition tool

Category diversity

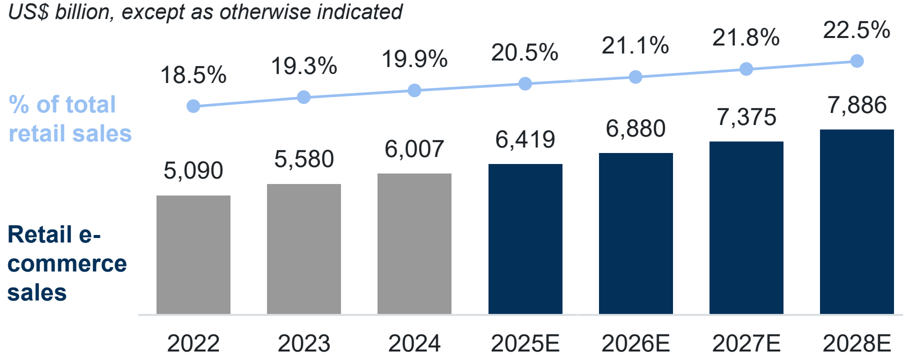
- One-stop shop: electronics + appliances + accessories to lift basket size
- Long-tail assortment via marketplace sellers, expanding selection and availability

% of deliveries completed within 48 hours



Retail e-commerce sales

US$ billion, except as otherwise indicated



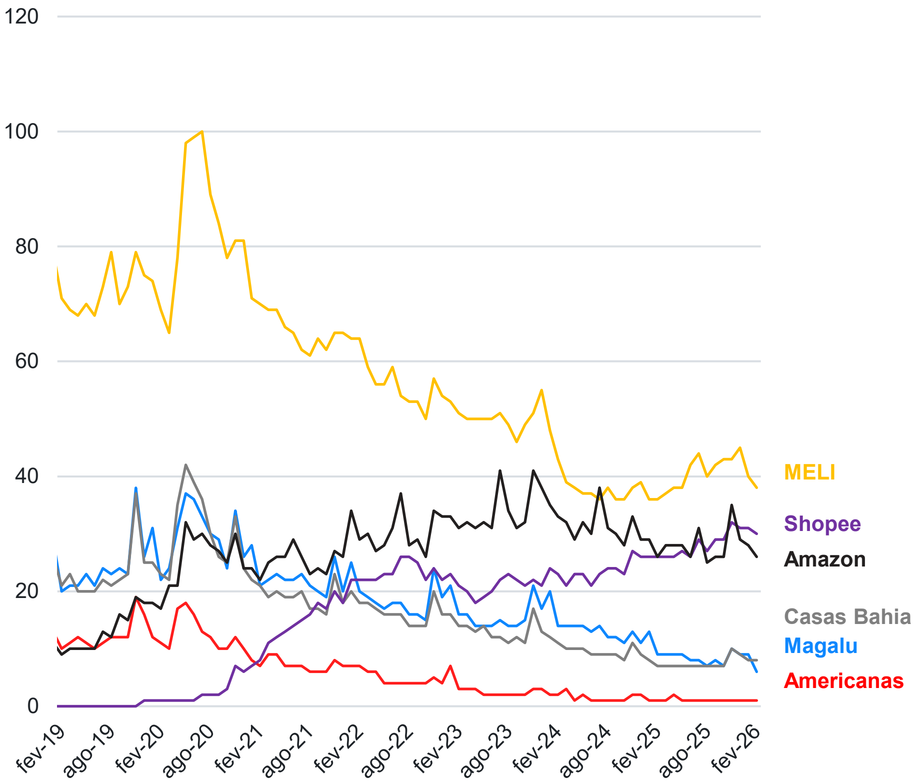
Source: Companies websites, investor relations and Suno research

Consumers are shifting from legacy retailers to marketplaces

Google Trends reveals a clear pattern where traffic is drifting away from traditional retailers and piling into large and new marketplaces

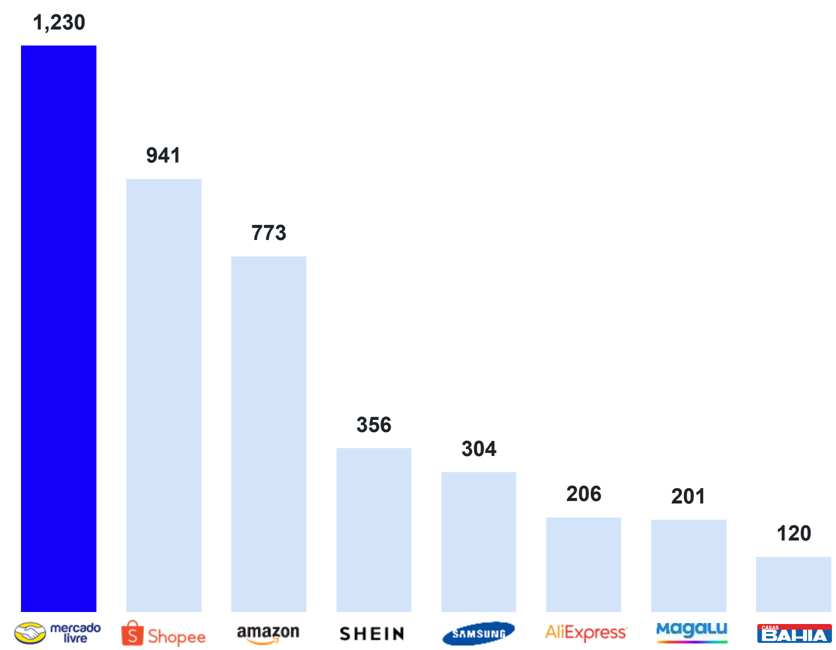
Search for the names of major retailers – Google trends

Google Trends index that measures search interest in major retailers



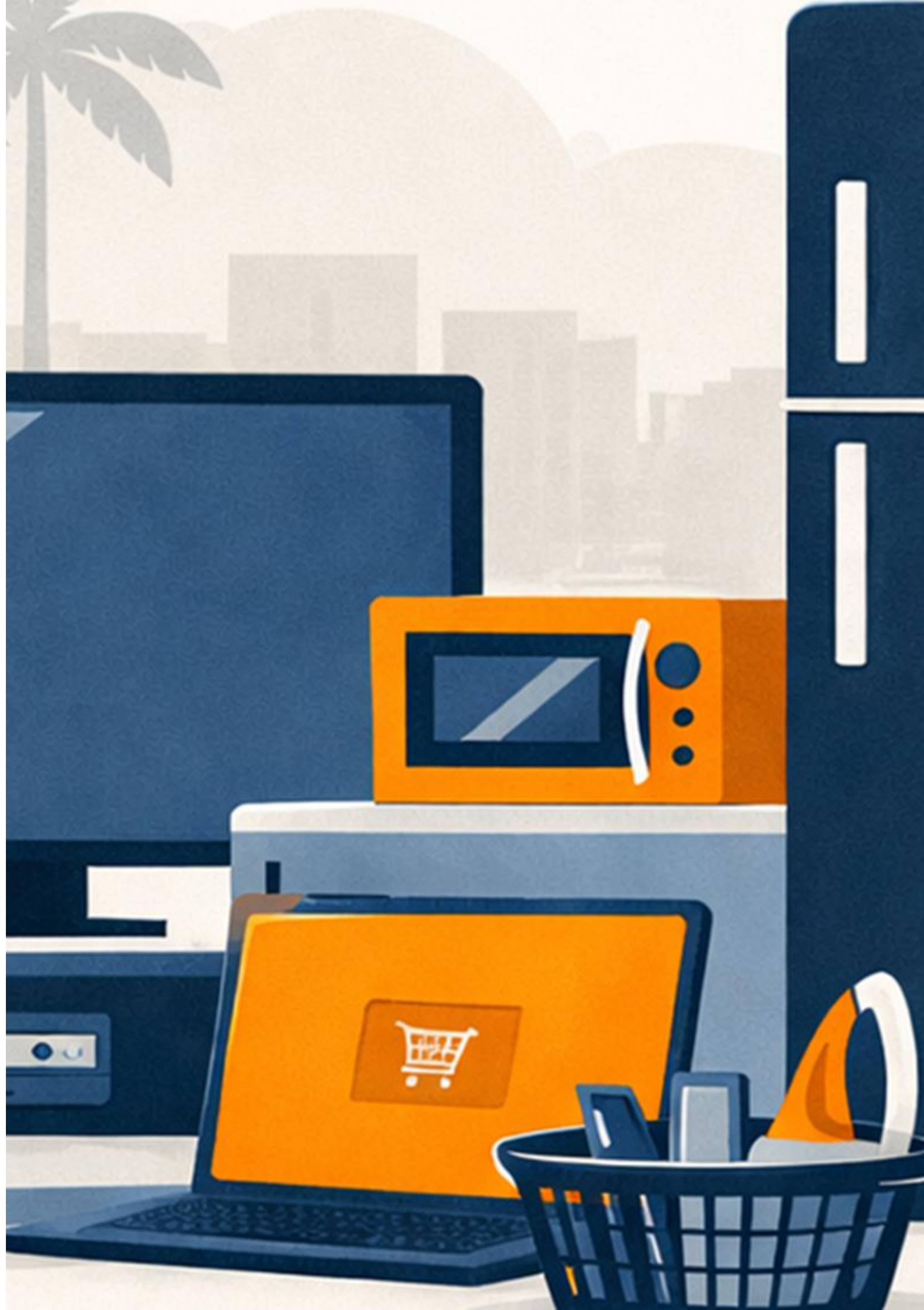
Website and app traffic at major electronics retailers

Audience over a three-month period (August-October 2025) in millions of website visits



Source: Google and Conversion

Agenda



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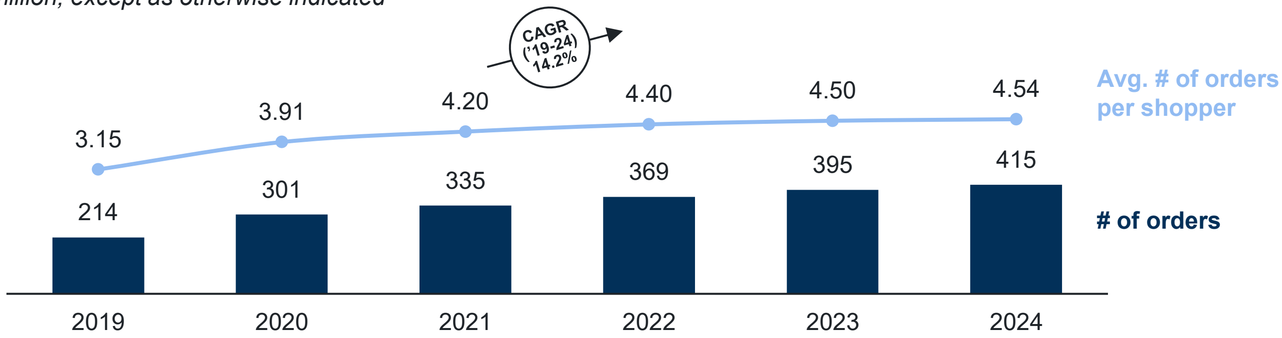
Distribution (last-mile) logistics

E-commerce demand is concentrated in densely populated cities, driving higher last-mile delivery costs amid rapid growth

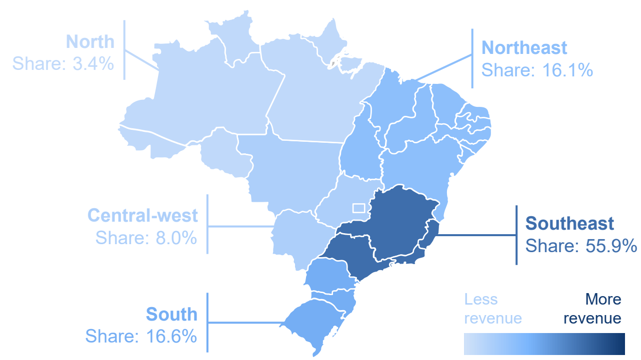
- **Regional concentration**: Approx. 60% of last-mile delivery demand is in the Southeast. High population density often leads to longer delivery times
- **Technology adoption**: Companies are gradually adopting technology and innovation for real-time tracking
- **E-commerce growth:** Brazil's e-commerce market has grown significantly, placing greater pressure on last-mile networks
- **Consumer expectations**: Brazilian consumers increasingly expect same-day or next-day delivery, pushing companies to invest in localized fulfillment and logistics tech
- **Crowdshipping:** Growing in Brazil, platform couriers (~30% of app workers) are speeding up deliveries

Brazilian e-commerce order volume

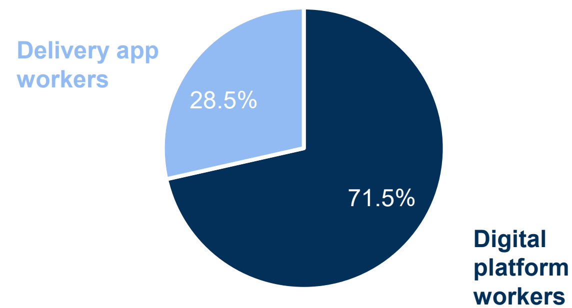
 # million, except as otherwise indicated



Revenue distribution by region



Crowdshipping expansion (2024)



Source: ABCOMM
(1) Not commercially used for deliveries

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Supply chain

Illustrative brand examples across each stage of the industry value chain

First-party (1P)

Manufacturer (OEM)	Distributor	Retail Brand	DCs / stores	Delivery / final client
▪ Makes the product from raw materials	▪ Delivers the product to retail stores	▪ Receives the product	▪ Stores and sells the products	▪ Delivers the product to the customer
Whirlpool, Electrolux, Samsung, LG	Ingram, TD Synnex, Agis, All Nations	Magalu, Casas Bahia, Americanas, Fast Shop	Magalog, Grupo Casas Bahia, DHL Supply Chain, ID Logistics	Loggi, Sequoia, Jadlog, Total Express

Third-party (3P)

Manufacturer (OEM)	Distributor	Seller (merchant)	Marketplace platform	Warehousing / fulfillment
▪ Makes the product from raw materials	▪ Delivers the product to retail stores	▪ Lists, prices, and sells products	▪ Hosts offers and drives demand	▪ Stores inventory and ships orders
Midea, Panasonic, TCL, Philco	Scansource, Westcon Comstor, SND, Officer	Lenovo, Xiaomi, Dell, HP	Mercado Livre, Amazon, AliExpress, Shopee	J&T Express, Azul Cargo Express, CEVA Logistics, Multilog

Source: Companies websites

Supply chain verticalization

Players are increasingly expanding their presence across the value chain to capture higher margins

Vertically integrated players

	Manufacturer (OEM)	Distributor	Retail Brand	DCs / stores	Delivery / final client
	▪ Makes the product from raw materials	▪ Delivers the product to retail stores	▪ Receives the product	▪ Stores and sells the products	▪ Delivers the product to the customer
magalu			magalu	Magalog	magalu Entregas
mercado livre			mercado livre	mercado envios	mercado envios
americanas			americanas	a entrega	a entrega
CASAS BAHIA	bartira		CASAS BAHIA	CB full	ASAP Log

Source: Companies websites

Two strong cases of full value chain integration

Thin retail margins force vertical integration, allowing retailers to control logistics, credit, and advertising into multiple revenue streams

Magalu's Ecosystem

Logistics: Magalog, Sinclog, GFL, logbee

Financial services: LuizaCred, Magalu pay, consórcio Magalu, hub FinTech, Magalu pay

Magalu

Services: Magalu Cloud, VIP Commerce, SmartHint, grand chef, bit55, Hub Sales

Content: Canaltech, Jovem Nerd, Steal the Look

Other: KaBuM!, aiqfome, Netshoes, Zattini, época, estante virtual

Mercado Livre's Ecosystem

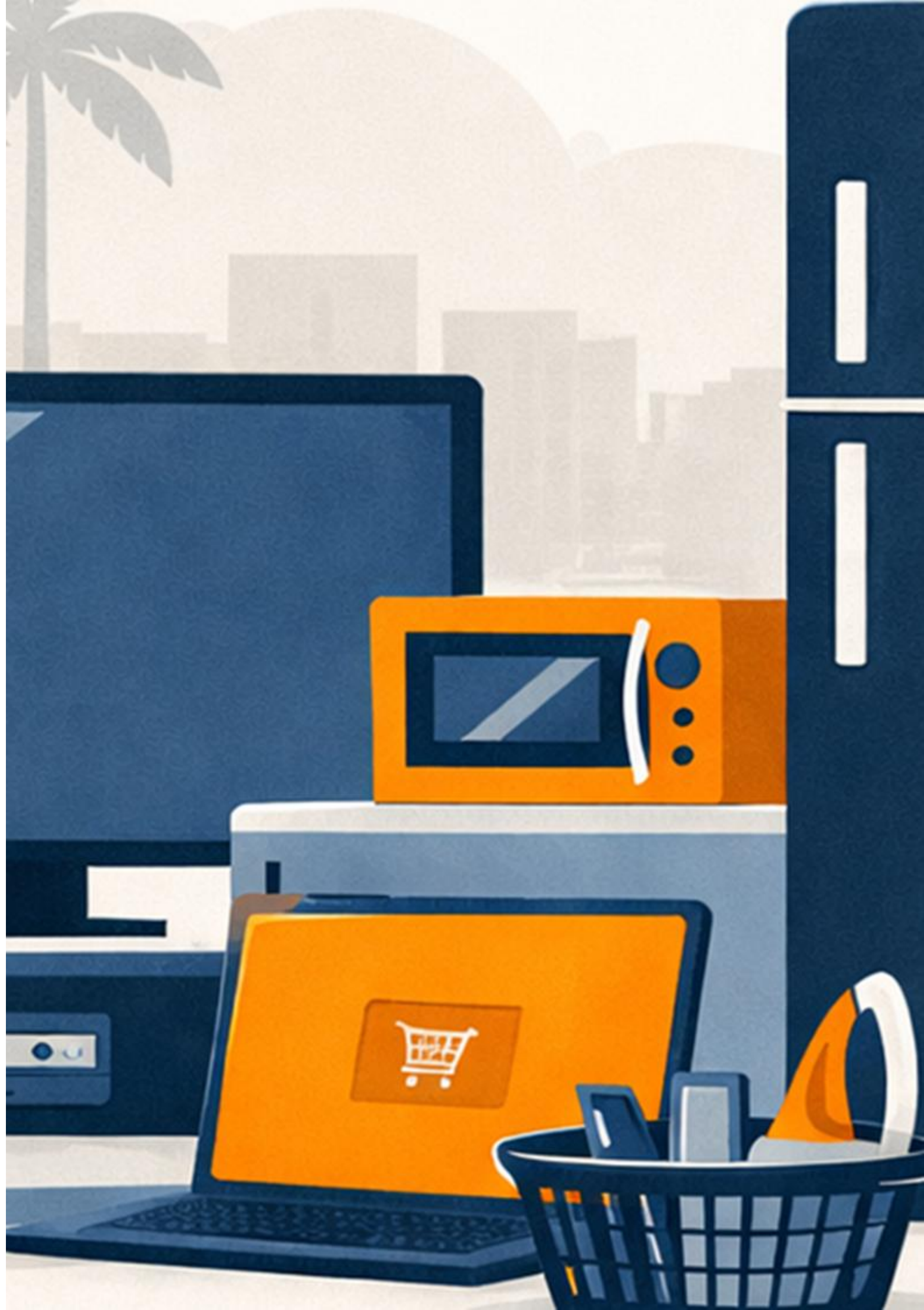
mercado libre | mercado pago

- Commerce
- Advertising
- Logistics
- Acquiring
- Fintech

Source: Company site and Investors Relation

(1) Small and Medium sized Entreprises

Agenda



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AI is no longer optional in electronics retail

As the market evolves beyond scale and digital, the next winners will be built on execution and insight

- **Electronics retail has shifted from store-led scale to marketplace-led** performance marketing and is now entering an AI-led era
- **Each technology wave resets the playing field**, AI is the next reset, creating room for new leaders and compressing legacy advantages
- **As paid traffic gets more expensive**, AI becomes a profit lever by converting smarter on-site and reducing post-purchase friction (returns, support, cancellations)

Evolution of technological use

Physical Retail (1990 - 2010)

- Competitive advantage came from dense store footprint and mass-media spend
- Leaders secured prime locations to maximize visibility and convenience

Marketplace (2010 - 2025)

- Power shifted to digital platforms and performance-marketing leaders
- Customer acquisition became a digital game, optimized through paid channels

AI evolution (2025+)

- Advantage is shifting to leaders embedding intelligence across the value chain
- From forecasting and merchandising to more personalized commerce

AI in Commerce & Operations

- **Conversational commerce:** AI agents become storefronts (ChatGPT Shopping, Walmart's Sparky)
- **Logistics automation:** AI routing + robotic fulfillment + predictive inventory cut time and cost
- **Hyper-personalized marketing:** 1:1 targeting replaces mass ads, reducing the value of pure media spend

AI in Products & Smart Home

- **AI-native appliances:** Brands are embedding AI as a core differentiator
- **Smart home ecosystems:** Personalization, voice control, and predictive maintenance are now baseline
- **Edge AI:** More processing runs on-device for speed, privacy, and autonomy

Source: Statista and Brasilpar analysis

Case Study: Magazine Luiza's AI Commerce on WhatsApp

Magalu launched the first end-to-end AI commerce experience on WhatsApp, positioning "Lu" as an autonomous AI sales channel, not just a chatbot

The AI-powered purchase journey via Lu's WhatsApp

1. **Identification**
   Customer sends message → CPF verification → personalized profile loaded
2. **Discovery & Recommendation**
   Lu suggests products based on preferences, past purchases, and browsing history
3. **Comparison & Decision**
   Side-by-side product comparison, spec translation, and voice message support
4. **Checkout & Payment**
   Complete purchase in-chat via card or Pix - only Pix requires a brief redirect
5. **Post-Sale & Re-engagement**
   Order tracking, abandoned cart recovery, and proactive upgrade recommendations

Magalu

Key metrics

- **~40M** Followers across all social media
- **+3x** Conversion rate vs. app
- **~15M** Clients enabled
- **+300k** Marketplace sellers accessible via Lu
- **+90** NPS

Source: Magalu investor relations

Current AI use cases across the electronics retail value chain

AI is now embedded across all retail functions, from demand planning and procurement to in-store experience and after-sales service, enabling smarter decisions, faster execution and lower cost-to-serve

Main uses of AI in electronics retail

Function	Use case	Use case
Sales & Marketing	**Personalized Recommendations** Product suggestions based on browsing, purchase history, and household profile	**Dynamic Pricing** Real-time optimization based on competition, inventory, and demand signals
	Conversational Commerce WhatsApp and chatbot guided selling from discovery to checkout	**Customer Segmentation** Micro-cohorts for targeted promotions, reducing discount waste
Operations & supply chain	**Demand Forecasting** SKU level predictions by channel and region to optimize purchasing	**Inventory Allocation** Dynamic redistribution across DCs and stores based on real-time sell-through
	Route Optimization Last mile routing that minimizes cost and maximizes SLA compliance	**Shrink & Fraud Detection** Pattern recognition to reduce losses in warehouses and e-commerce
Customer experience & after sales	**Visual Search** Photo based product identification for parts and accessories	**Installation Scheduling** Predictive scheduling optimizing technician routing and availability
	Warranty & Returns Automated triage and resolution to reduce cost-per-ticket	**Proactive Maintenance** IoT connected appliances trigger service reminders before failure

Source: Magalu investor relations

Case study: Amazon

Amazon's strength in real-time pricing agility and hyper-personalized customer experiences

amazon

Personalized Recommendations

- AI recommendations show up across the full journey, from the homepage and search results to product pages, cart, and post-purchase emails
- Engine blends collaborative and content-based models with deep learning, processing billions of interactions daily

Personalized Recommendations
Product suggestions based on browsing, purchase history, and household profile

How it works

Absorb
Browse, search, purchase, reviews

→ **Model**
Collaborative + deep learning

→ **Generate**
LLM[(1)] personalizes

Dynamic Pricing

- Amazon adjusts prices ~2.5 million times per day, roughly every 10 minutes per item, 50x more frequently than traditional retailers like Walmart
- Algorithms apply behavioral triggers, detecting views without purchase to push targeted drops

Dynamic Pricing
Real-time optimization based on competition, inventory, and demand signals

How it works

Monitor
Competitor prices, demand, inventory

→ **Analyze**
Comparable products

→ **Reprice**
Automated adjust in prices

Source: Company site and Investors Relations
(1) Large Language Model, trained AI to generate and adapt language

Case study: Walmart

Walmart's strength in AI-powered shopping experiences and data-driven customer engagement

Conversational Commerce

- Sparky is Walmart's gen AI shopping assistant in the app, it understands natural language queries, recommends products, and summarizes reviews to guide shoppers to checkout
- Walmart's OpenAI partnership lets customers shop Walmart's catalog inside ChatGPT using instant checkout, reaching ChatGPT's hundreds of millions of weekly users without visiting Walmart.com

Conversational Commerce
WhatsApp and chatbot guided selling from discovery to checkout

How it works

Engage Ask questions, shares needs	→	**Understanding** Profile and request are analyzed	→	**Convert** Curated offer + checkout

Customer Segmentation

- Scintilla (Walmart Data Ventures) gives suppliers granular shopper data on category health, shopping missions, and pre purchase signals to optimize assortment and promotions
- Walmart Connect ad exposure makes shoppers 6x more likely to buy the brand, with AI powered bidding and goal-based automation optimizing spend in real time

Customer Segmentation
Micro-cohorts for targeted promotions, reducing discount waste

How it works

Profile Use demographic data	→	**Cluster** Groups users into micro-cohorts	→	**Target** Promotions made at the best time

Source: Company site and Investors Relations

Case study: Target

Target's strength in supply chain precision and store-powered fulfillment efficiency

TARGET

Demand Forecasting

- Enterprise forecasting is deployed across categories, improving in-stock availability for ~5,000 priority items
- Forecasts combine store sales data, seasonality, and promo signals across ~1,960 stores and 58 supply-chain facilities

Demand Forecasting
SKU level predictions by channel and region to optimize purchasing

How it works

Aggregate Seasonality and external signals → **Model** Forecast analysis and modeling → **Forecast** Real time adjust in necessary stock

Inventory Allocation

- Stores as hubs turn ~1,960 locations into fulfillment nodes, cutting costs up to 40% versus shipping from Distribution Centers
- Processed over 200 million holiday orders in 2024 while maintaining the same Distribution Center footprint

Inventory Allocation
Dynamic redistribution across DCs and stores based on real-time sell-through

How it works

Detect Sees change in demand → **Optimize** Routes inventory to new demand → **Rebalanced** Transfer orders across network

Source: Company site

Case study: Fast Shop

Fast Shop's strength in ultra-fast last-mile delivery and omnichannel fraud protection

Route Optimization

- Ship from store model uses 80 plus mall stores as micro distribution hubs, routing each order to the nearest in stock location for under one hour delivery
- Partnerships with Uber, Loggi and Click Entregas extend last mile coverage across 20 plus cities; 14 DCs support same day delivery for large appliances with NPS above 90 %

Route Optimization
Last mile routing that minimizes cost and maximizes SLA compliance

How it works

Locate
Identify available stock

→

Match
Assign the best courier

→

Track
Real time delivery status

Shrink & Fraud Detection

- ClearSale screens every e-commerce transaction in real time, using device fingerprinting, geolocation and behavioral signals to assign risk scores and flag anomalies
- Suspicious orders are auto-blocked while edge cases undergo manual specialist review, reducing chargebacks and ensuring legitimate customers are approved without friction

Shrink & Fraud Detection
Pattern recognition to reduce losses in warehouses and e-commerce

How it works

Screen
Device of geolocation control

→

Score
System indicate a possible anomaly

→

Resolve
Auto-block and manual review

Source: Company site

Case study: Casas Bahia

Casas Bahia' strength in image-driven product discovery and seamless post-purchase experience

GRUPO CASASBAHIA

Visual Search

- Casas Bahia on WhatsApp lets customers search by text, audio or image, with AI identifying products and delivering comparisons instantly
- Generative AI auto-classifies 95% of ~300K daily product uploads, enriching attributes to power search, recommendations and similar-product matching

Visual Search
Photo based product identification for parts and accessories

How it works

Capture	Analyze	Match
Uploads product photo or similar	System analyzes the sent	Returns similar product

Warranty & Returns

- Self-service portal automates exchanges and returns end-to-end: customer selects the reason; system arranges pickup or generates a free shipping code
- WhatsApp chatbot triages claims and order queries, while the Bahia assistant handles product-related questions, freeing agents to focus on complex cases

Warranty & Returns
Automated triage and resolution to reduce cost-per-ticket

How it works

Classify	Route	Resolve
System parses claim reason	Rules engine auto-approves	Label generated, refund issued

Source: Company site

Case study: Whirlpool

Whirlpool's strength in frictionless after-sales service and predictive appliance reliability

Installation Scheduling

- AI driven scheduling manages the full installation flow, from order confirmation to technician assignment, routing and customer notifications
- Platform blends demand forecasts with real time technician capacity to schedule thousands of service visits across regions

Installation Scheduling
Predictive scheduling optimizing technician routing and availability

How it works

Collect Orders, locations, constraints → **Optimize** Build best technician routes → **Dispatch** Assign tech and notify

Proactive Maintenance

- Connected appliances stream sensor data such as vibration, temperature and cycle counts to flag anomalies and predict component wear before failure
- Automated reminders and parts ordering reduce unplanned downtime and improve customer experience through preemptive service

Proactive Maintenance
IoT connected appliances trigger service reminders before failure

How it works

Monitor Sensor data and usage logs → **Analyse** Detect anomalies, predict wear → **Alert** Send service reminders

Source: Company site

AI in electronics retail: what comes next

Electronics retail is uniquely suited for AI-driven transformation, and the next wave of applications will move from customer-facing tools to autonomous operations and new business models

Why electronics retail is a natural fit for AI

- High technical complexity makes spec-to-benefit translation a core AI strength
- Long replacement cycles create clear value in anticipating upgrade intent before the customer returns
- Rich transaction and interaction history enables continuous customer profiling and increasingly precise recommendations

What AI applications are coming next

- Real-time price benchmarking across competitors and channels, with autonomous adjustments responding to demand signals without human intervention
- Niche segment coverage at scale, using historical data and past interactions to build individual customer profiles and recommend exactly what each buyer needs
- Traditional retail shifts toward high-touch, consultative service for complex purchases as AI handles price discovery and product matching online
- Agentic assistants browsing and purchasing on behalf of consumers, shifting competition from search rankings to who gets recommended by AI

Agenda

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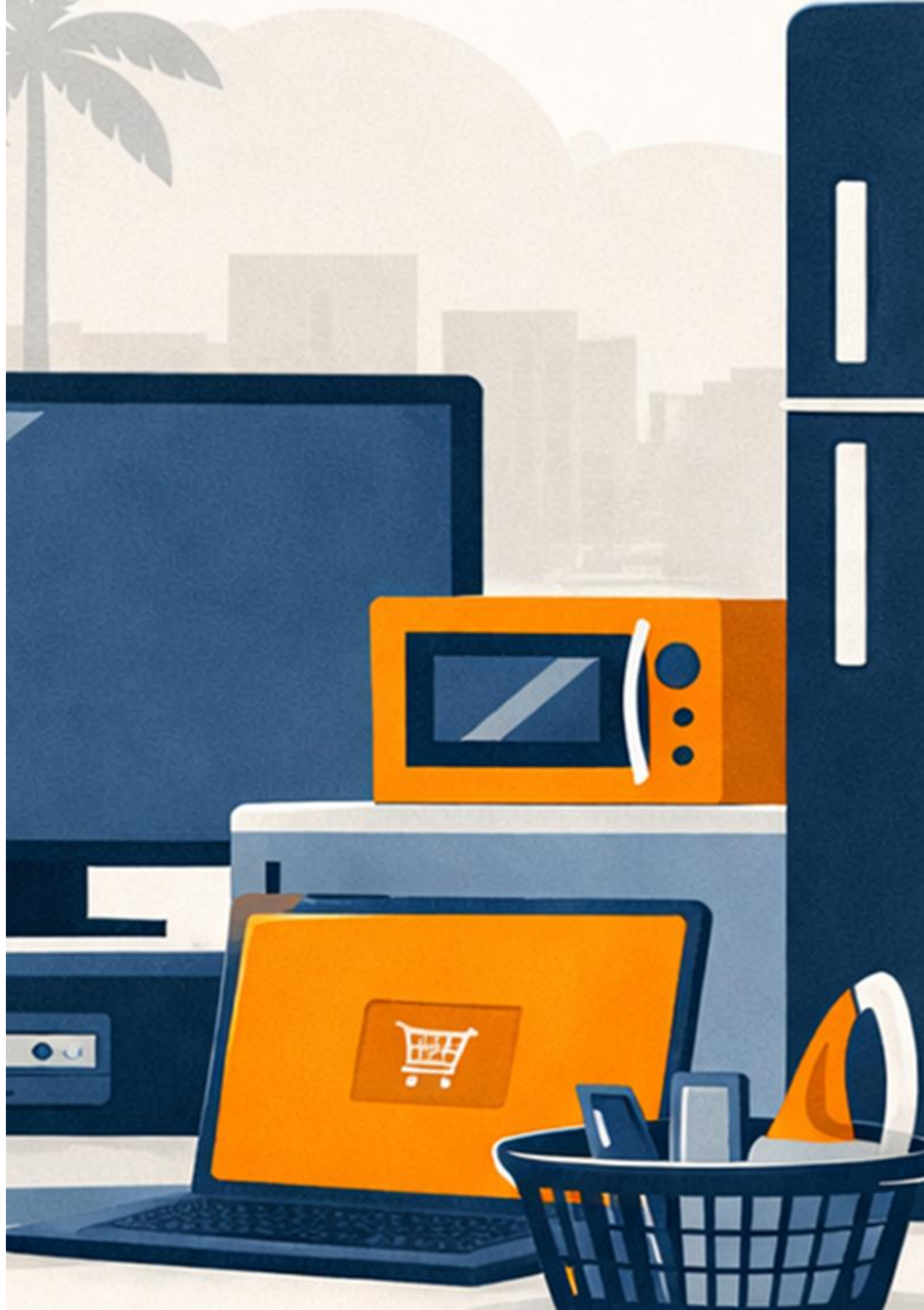


Structural growth drivers

Connectivity, premiumization, platform economics, and evolving regulation define the macro trends in electronics & appliances retail, with omnichannel retailers and marketplace disruptors competing at the intersection

Key industry growth drivers

Consumer & Household Shifts	Platform & Channel Transformation	Technology & Innovation	Regulatory
Smart home adoption accelerating	Marketplace model dominance	AI-powered appliances & connectivity	Tax reform reshuffling logistics
Energy efficiency as purchase driver	Social commerce + WhatsApp selling	Wearables	Cross-border e-commerce regulation tightening
Installment culture sustaining demand	Ship from store + fulfillment	Trade-in & refurbishment models	Consolidation among distressed players
Smaller households driving compact formats	Fintech integration	5G rollout	Private label + exclusive brand strategies

Consumer & household shifts

Brazilian households are upgrading their consumption patterns, diversifying across categories and expanding access in ways that open demand opportunities well beyond traditional replacement cycles

Main trends

Connected living becoming mainstream: Rising adoption of smart TVs, voice assistants, connected appliances and home automation ecosystems, particularly in mid- to high-income urban households

Energy efficiency as a purchase filter: Electricity costs and environmental awareness are driving preference for inverter technology, energy-saving appliances and higher Procel-rated products

Budget sensitivity with financing reliance: Installment plans remain central to purchasing behavior, enabling access to higher-ticket durable goods despite income volatility

Smaller households, compact solutions: Growth in single-person homes and apartments is increasing demand for compact appliances, multi-function devices and space-saving formats

Corporate positioning

Consumer & Lifestyle Shifts

- **Expand entry-level smart product lines** to widen addressable market
- **Emphasize energy savings** in marketing and product labeling
- Offer **flexible payment solutions** and embedded financing partnerships
- Develop **compact, modular and multifunctional SKUs for urban formats**

Key insights

- Brazil has ~75 million households, but air conditioning penetration remains below 20% nationally - below other comparable tropical economies (*Click Petróleo e Gás, 2025*)
- The average Brazilian household spends ~18% of income on electricity, making energy efficiency a critical purchase criterion (*Global Energy Alliance, 2025*)
- Smart TV penetration has surpassed 65% of connected households, making it the gateway device for the smart home ecosystem (*Kantar, 2025*)

Source: Brasilpar analysis

Platform & Channel Transformation

Winning in electronics retail increasingly depends on ecosystem control as logistics speed, advertising monetization and embedded financial services become the real drivers of value capture

Main trends

Marketplace model dominance: retailers are pivoting from first-party inventory to third-party marketplace models, reducing stock risk while expanding assortment at scale as Mercado Livre, Magalu and Amazon BR lead the way

Social commerce and WhatsApp selling: sales associates increasingly use WhatsApp to close deals, share promotions and manage relationships, effectively dissolving the boundary between physical and digital channels

Ship-from-store and fulfillment: physical stores are being repurposed as logistics nodes to enable same-day delivery and lower last-mile costs, a capability that is especially critical for bulky electronics where freight directly compresses margins

Fintech integration: Pix as the primary payment rail and retailer-branded digital wallets are reducing checkout friction while extending credit access beyond the traditional card installment model

Corporate positioning

Platform & Channel Transformation

- Investments in **marketplace infrastructure**
- Build retail media capabilities in-house or via partnerships to **capture advertising budgets shifting from traditional media**
- Empower store associates with **digital selling tools (WhatsApp, TikTok and Instagram)**
- **Integrate Pix** at checkout to expand addressable demand beyond banked consumers

Key insights

- Marketplace (3P) already accounts for 50–70% of GMV at leading electronics platforms (*Statista, 2025*)
- Retail media is estimated to generate 2–5x higher margins than traditional product sales (*The Retail Exec, 2025*)
- WhatsApp is used by 93% of Brazilian smartphone users, making it the most scalable social commerce channel in the country (*Greenbook, 2025*)

Source: Brasilpar analysis

Technology & Product Innovation

As connectivity and sustainability converge, product cycles are reshaping what consumers buy, how frequently they upgrade and how much they are willing to spend on electronics

Main trends

AI-powered appliances and connected devices: embedded AI in appliances adds real functionality and supports higher average selling prices

Wearables and health tech as a standalone category: smartwatches and fitness trackers are among Brazil's fastest-growing CE segments, expanding into preventive health and lifestyle monitoring

Trade-in and refurbishment circular models: retailers and OEMs are building trade-in and certified refurbishment channels to unlock secondary demand and accelerate upgrade cycles

5G rollout enabling new device categories: expanding coverage accelerates smartphone replacement and drives demand for IoT-dependent categories such as connected security and smart appliances

Corporate positioning

Technology & Innovation

- Curate premium assortments and **in-store experience in high-margin categories**
- **Partner with OEMs** on exclusive product launches and early-access programs **to drive store traffic**
- Develop **after-sales ecosystems** (extended warranty, installation, maintenance) **as recurring revenue streams**

Key insights

- Brazil's wearables market grew ~28% in 2024, with smartwatches and bands already representing the 3rd largest CE category by unit volume (*IDC Brazil, 2025*)
- Entry-price smartbands (R$150–300) are driving mass adoption — Xiaomi, Samsung, and Multilaser account for over 60% of units sold in Brazil (*GfK Brasil, 2025*)
- Health-feature differentiation (SpO2, ECG, sleep tracking) is accelerating premiumization within the category, with ASPs rising ~15% YoY (*Counterpoint Research, 2025*)

Source: Brasilpar analysis

Regulatory

Tax reform, cross-border regulation and the financial stress of traditional retailers are collectively reshaping the competitive dynamics of Brazilian retail

Main trends

Tax reform reshuffles logistics: destination-based taxation eliminates interstate fiscal arbitrage and forces retailers to fundamentally redesign their distribution center networks

Cross-border regulation tightening: *Remessa Conforme* raises compliance costs for Shopee and AliExpress, partially leveling the playing field for domestic retailers

M&A opportunities in distressed retailers: financial stress at Casas Bahia, Americanas and mid-sized players is opening consolidation windows for well-capitalized acquirers

Private label and exclusive brands growing: retailers are developing own brands in accessories and small appliances to expand margins and reduce dependency on OEM suppliers

Corporate positioning

Regulatory

- Scenario-plan **logistics for post-reform** cost structures (transition through 2033)
- **Monitor cross-border regulation** as a domestic market share tailwind
- **Evaluate distressed asset acquisitions** with disciplined financial criteria
- **Build private label in high-frequency**, low-brand-loyalty categories

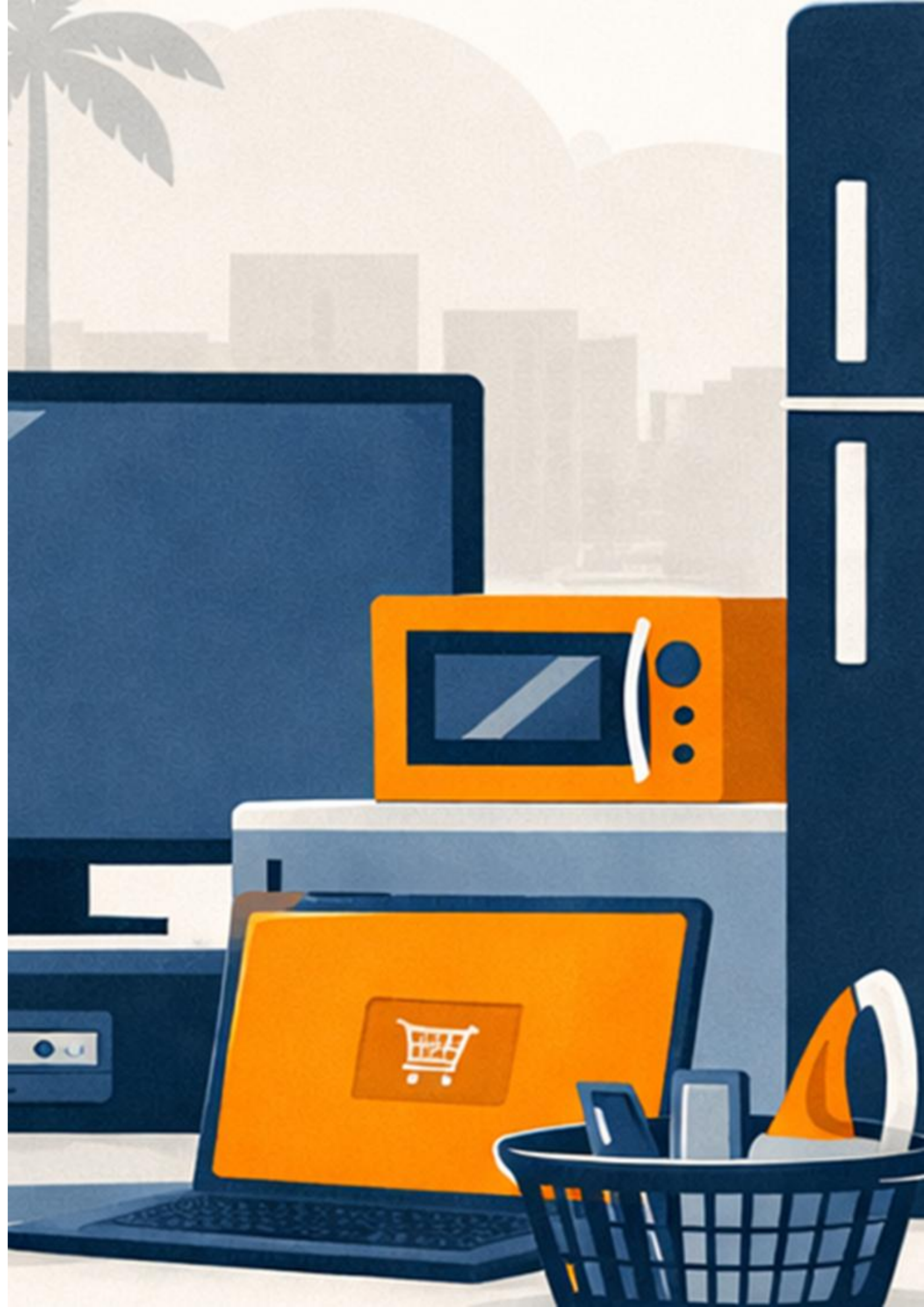
Key insights

- Tax reform transition extends through 2033 - prolonged planning uncertainty (*Forvis Mazars, 2026*)
- Cross-border platforms captured ~20–25% of online sales in sub-R$200 categories (*Yahoo Finance, 2026*)
- Casas Bahia's restructuring (RJ) reshapes competitive dynamics with store closures and category exits (*Veja, 2025*)

Source: Brasilpar analysis

Agenda

1. Key sector takeaways
2. Macroeconomic overview
3. Market overview – electronics & appliances
4. Competitive landscape
5. Distribution channels and supply chain
6. AI across the value chain
7. Key trends
8. **Regulatory & tax environment**
9. M&A activity in Brazil
10. Valuation benchmarks
11. Conclusions
12. Contact information

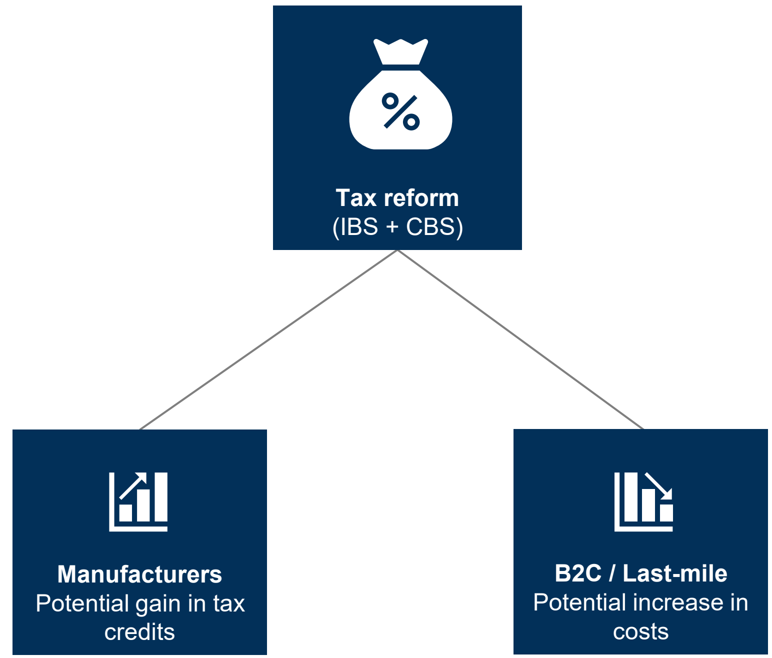


Tax reform impact (*Reforma Tributária*)

The tax reform is set to increase B2C last-mile delivery costs, directly affecting the logistics and commercial ecosystem of electronics & appliances retailers

Impacts on electronics & appliances retail operations under the Tax Reform

- **Increased last-mile costs**: Destination-based taxation will raise the effective tax burden on fractional deliveries, pressuring B2C freight costs and e-commerce margins across the sector
- **Reduced fiscal benefits at distribution centers:** Remote DCs that currently benefit from state-level tax incentives will lose competitiveness, forcing retailers to reassess their logistics network footprint
- **Simplified interstate flows:** The elimination of ICMS disputes reduces costs, benefiting retailers with high interstate volume - particularly omnichannel players with national footprints
- **Variable impact by business model:** Asset-light operations (fractional delivery, 4PL) face greater tax impact; asset-heavy models (own DCs, proprietary fleet, infrastructure) tend to capture more tax credits
- **Category-specific exposure:** Large-ticket items (home appliances, TVs) with higher freight cost-to-value ratios are more exposed to last-mile cost increases than small electronics and accessories



Source: Brasilpar analysis

Strategic responses already emerging from the tax reform

The shift to destination-based taxation (IBS + CBS) reshuffles cost structures, logistics networks, and competitive advantages across the sector

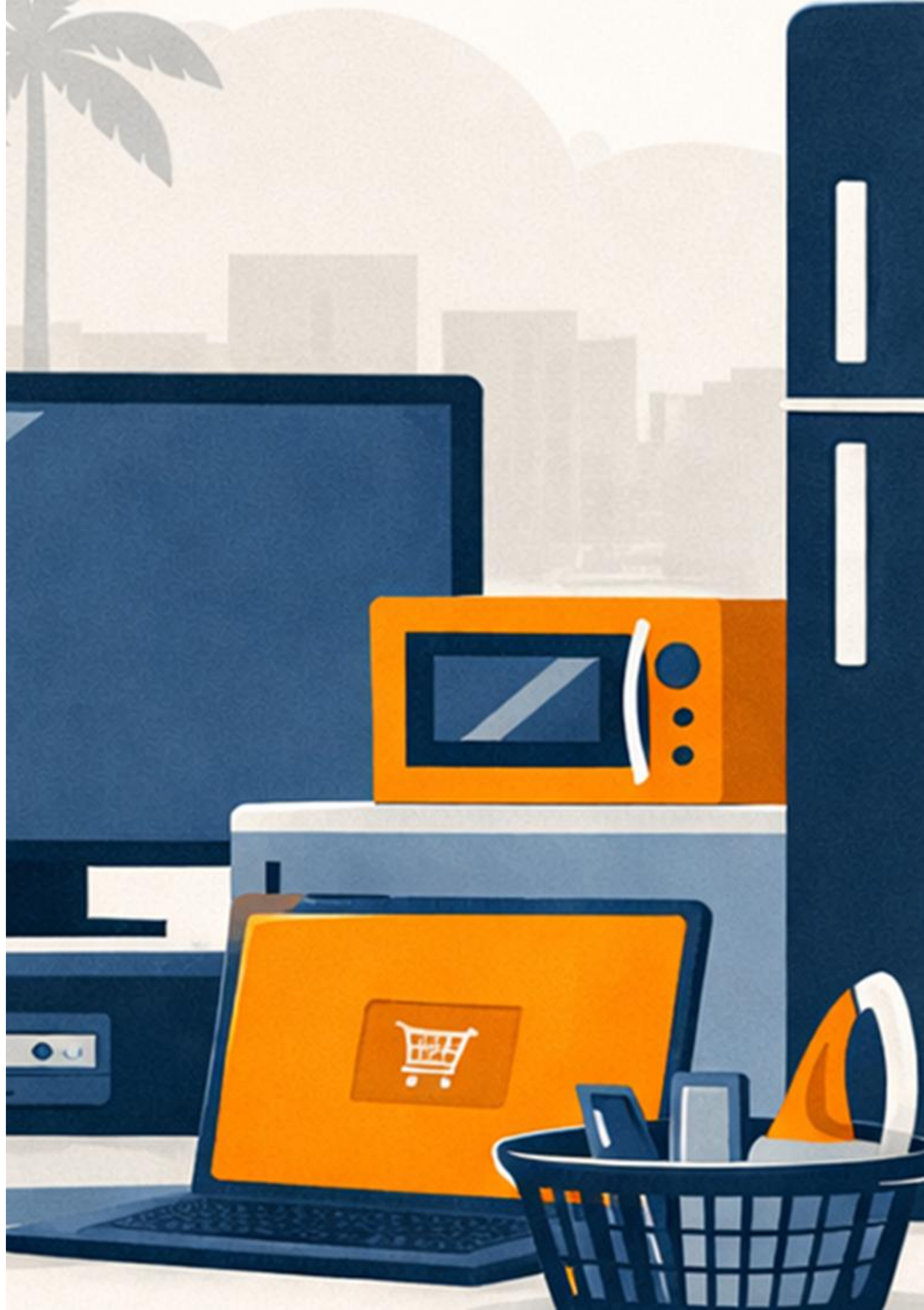
Key things to notice about the tax reform in Brazil

- Interstate ICMS disputes eliminated - benefits national omnichannel players
- Asset-heavy retailers (own fleet, owned DCs) capture more tax credits vs. asset-light models
- Logistics footprint must be redesigned closer to demand
- Last-mile costs rise

Responses from the electronics players

- Regional micro-fulfillment to shorten distance + reduce tax exposure
- Store-as-hub models turn physical networks into logistics assets
- Locker and pickup point expansion to consolidate last-mile volume
- Carrier verticalization to capture credits + control cost-to-serve
- Logtech adoption accelerates (route optimization, dynamic allocation)

Agenda



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Selected M&A by electronics retail players in Brazil

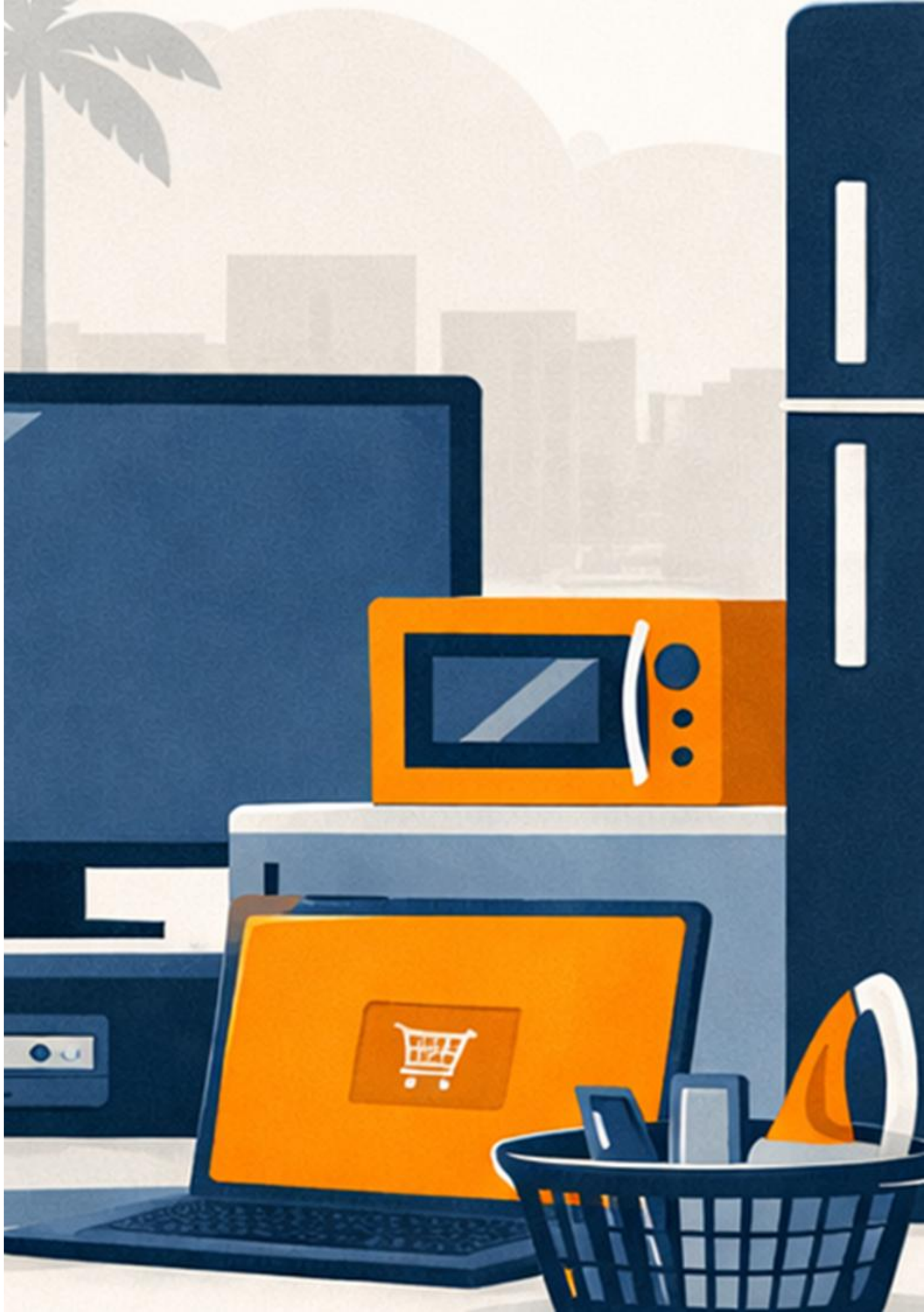
M&A activity concentrated in 2019-2021, driven by ecosystem expansion; post-2022 shift to restructuring due to higher interest rates

Buyer ⇩ *Target*

	Buyer	Target	
2019	Magalu	Netshoes	Online retailer focused on sports and lifestyle products
2019	americanas	Pedala	Same-day route delivery domestic startups
2019	americanas	Courri	Same-day route delivery domestic startups
2020	Grupo Casas Bahia	ASAP Log	Urban logistics and crowd shipping
2020	Magalu	Sinclog	Technology platform for cargo and freight management
2020	Magalu	GFL	Asset-light for e-commerce, collection + last mile
2020	Grupo Casas Bahia	Airfox	Digital wallet for unbanked consumers
2020	Grupo Casas Bahia	i9XP Tecnologia	Digital solutions for e-commerce
2021	Magalu	KaBuM!	Leading e-commerce platform for gaming and tech hardware
2021	Magalu	hub fintech	Banking as a service and digital payments platform
2021	Magalu	Canaltech	Technology news, reviews and digital content platform
2021	Magalu		Ultra-fast deliveries (quick commerce), routing and delivery network
2021	mercado livre	kangu	Network of pick-up and drop-off points for sellers and consumers
2022	Grupo Casas Bahia	CNT Fulfillment & Full Commerce	Freight management and rate calculation platform for e-commerce
2025	amazon	Rappi	Strengthen its ultra-fast delivery capabilities, integrating e-commerce with last-mile logistics

Source: S&P Capital IQ, Valor Econômico and Investor Relations

Agenda



Publicly traded companies in Brazil (1)

US$ million, except as otherwise indicated

Company	Enterprise Value	EBITDA Margin	Sales	EBITDA	EV/Sales			EV/EBITDA		
	Actual	LTM	LTM	LTM	LTM	2026E	2027E	LTM	2026E	2027E
MercadoLibre, Inc.	91,237	13.9%	28,893	4,019	3.2x	2.4x	1.9x	22.7x	17.9x	13.3x
Magazine Luiza S.A.	3,019	8.5%	6,933	573	0.4x	0.4x	0.4x	5.3x	4.8x	4.5x
Grupo Casas Bahia S.A.	2,397	8.7%	5,230	457	0.5x	0.4x	0.4x	5.2x	4.2x	4.1x
Americanas S.A.	1,118	7.4%	2,541	187	0.4x	N.A.	N.A.	6.0x	N.A.	N.A.
Average (MELI)					**3.2x**	**2.4x**	**1.9x**	**22.7x**	**17.9x**	**13.3x**
Median (MELI)					**3.2x**	**2.4x**	**1.9x**	**22.7x**	**17.9x**	**13.3x**
Average (excl. MELI)					**0.4x**	**0.4x**	**0.4x**	**5.5x**	**4.5x**	**4.3x**
Median (excl. MELI)					**0.4x**	**0.4x**	**0.4x**	**5.3x**	**4.5x**	**4.3x**

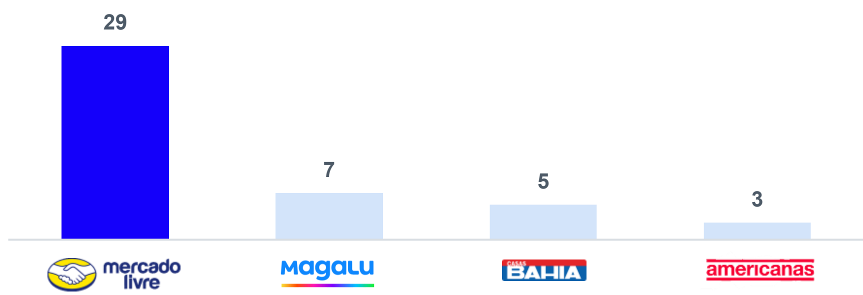
Source: S&P Capital IQ as of Mar. 13, 2026
(1) All data are for FY2025, except for Americanas, which is based on LTM as of September 2025

Comparison between publicly traded companies (1)

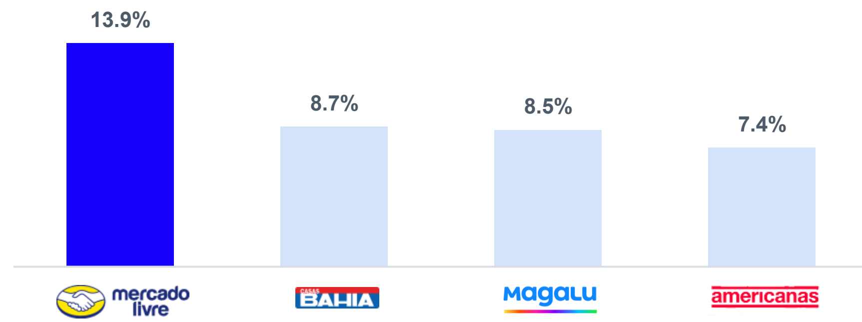
Mercado Livre has a significant valuation premium over traditional electronics retailers, reflecting its asset-light, technology-driven marketplace model with lower inventory exposure and superior margin profile

Net Revenue LTM

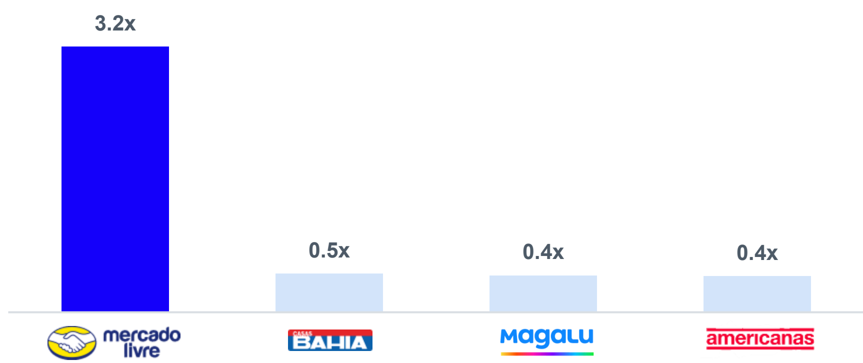
US$ billion, except as otherwise indicated



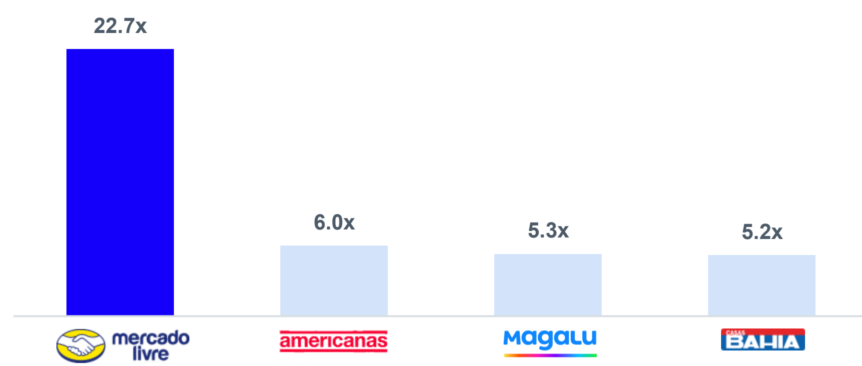
EBITDA Margin



EV/Net Revenue LTM



EV/EBITDA LTM



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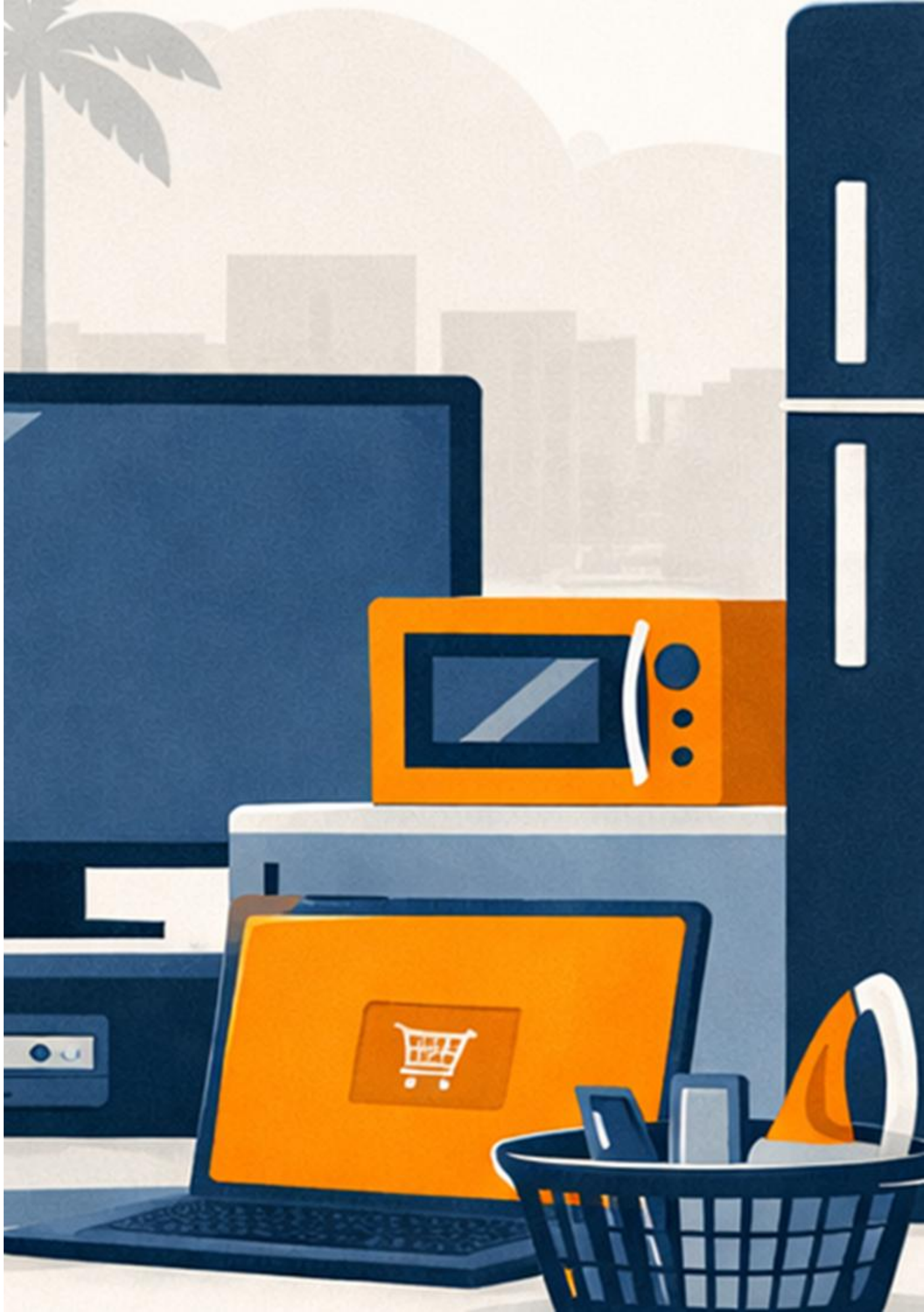


Conclusions & Opportunities

In Brazil's Electronics & Appliances retail market, sustained success belongs to players who combine scale, credit capability, omnichannel reach and operational discipline to turn structural complexity into competitive advantage

Brazil is a structurally complex market

- 200M+ consumers with high brand loyalty and credit-driven purchasing behavior
- Tax, logistics and compliance complexity raises the bar for new entrants
- Established players benefit from scale, financing capability and last-mile infrastructure

Installment culture and omnichannel shift are the primary growth engines

- Installment plans enable mass-market access to high-ticket electronics, sustaining volume despite high prices
- Digital penetration rising; omnichannel execution is now a baseline competitive requirement
- Warranty, insurance and financing bundles drive ecosystem lock-in and protect margin

Demand structure favors durable, replacement-led growth

- Smartphone and connected device penetration creates recurring upgrade demand
- Home appliance replacement cycles sustain floor traffic and average ticket
- Black Friday and seasonal events drive volume concentration that is critical for inventory and margin planning

Conclusions & Opportunities (Cont.)

In Brazil's Electronics & Appliances retail market, sustained success belongs to players who combine scale, credit capability, omnichannel reach and operational discipline to turn structural complexity into competitive advantage

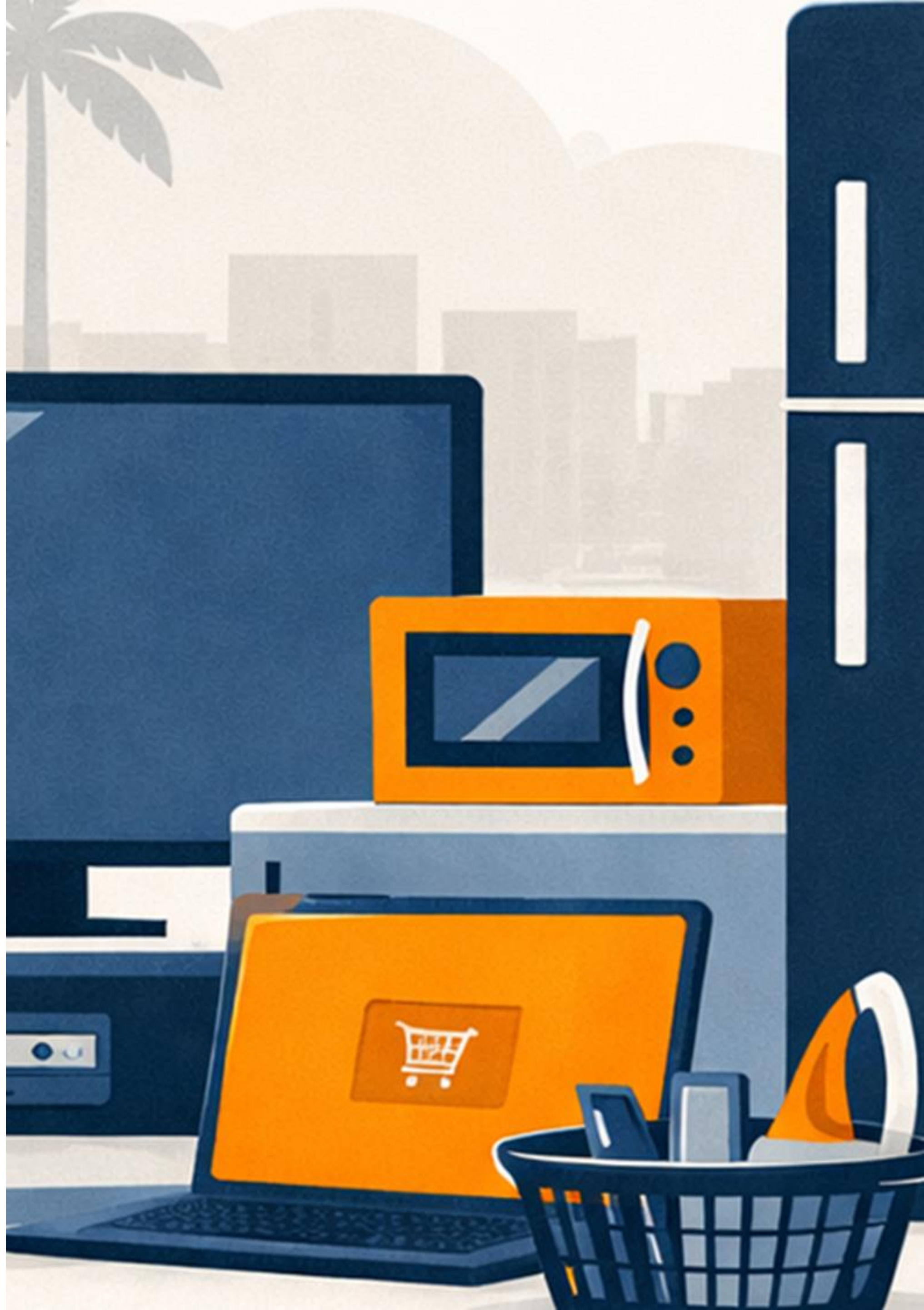
Omnichannel execution is a baseline requirement, not a differentiator

- Physical stores serve as fulfillment, service and credit origination hubs, not just points of sale
- Credit, marketplace and logistics must be integrated
- CRM and loyalty data are the real asset, while transaction volume alone is not sufficient
- Private label and exclusive brand deals protect margin against marketplace commoditization

M&A should target capabilities, not store count

- Acquiring local retail platforms unlocks customer bases, credit infrastructure and brand relationships simultaneously
- Logistics and fintech acquisitions compress time-to-scale in Brazil's operationally demanding environment
- Customer segmentation and large niches (i.e. Kabum, Netshoes)
- Warranty and service ecosystem integration lifts post-sale revenue and reinforces switching costs
- Exclusive partnerships limit competitor shelf presence

Agenda



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Guilherme Paulino is a partner at Brasilpar since 2015, where is responsible for origination and execution of m&a and corporate finance advisory. Prior to joining Brasilpar, Guilherme was a founding partner of Vergent Partners where he executed various assignments in the airline, banking, logistics and other industries. Before founding Vergent Partners, Guilherme held positions at companies such as Americanas.com as business development director, LatinStocks.com as co-founder and general manager of Brazilian operations, Bear, Stearns & Co. as investment banking analyst and ING Bank in credit and risk management. Business administration degree at FGV-SP

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Fernanda Sodré joined Brasilpar as an Associate Director in 2023 and became a partner in 2025, where she is responsible for the origination and execution of M&A and corporate finance transactions. Before joining Brasilpar, Fernanda was a partner and head of Investor Relations at Treecorp, a partner in M&A Advisory at PwC, and also worked at Rosenberg Partners, Banif Investment Bank, and Deloitte. Fernanda served on the Advisory Board of FOM. She holds a degree in Business Administration from the University of Brasília (UnB) and an MBA from FGV

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