



MOBLY

Mobly - Earnings Presentation 4Q20 and 2020

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Agenda

- ☐ **Block 1 – Highlights**
- ☐ **Block 2 – Growth**
- ☐ **Block 3 - Profitability**
- ☐ **Block 4 - Looking Ahead**



Mobly had a strong 2020 both in terms of growth and profitability as has already started to deploy its IPO plan to continue its growth path for 2021

- In 2020, Mobly reached a **GMV of R\$ 950.3m (+57.6% vs 2019)** and **R\$ 603.1m in Net Sales (+48.2% vs 2019)**
- EBITDA in 2020 was also the company's historical record, at **R\$ 7.9m (vs -R\$7.1m in 2019)**
- By the end of the year, Mobly had reached over **984.7k active customers (+48.7% vs 2019)**
- Mobly also had a **strong Q4-20 with GMV at R\$ 265.5m (+35.6% vs Q4-19)**, despite being a challenging quarter suffering from severe lack of raw materials in the industry that caused longer delivery times and higher costs
- **EBITDA of Q4-20 (-R\$ 6.4m)** was negatively impacted by a one time effect of IPI taxes (-R\$ 6.9m) despite us having a valid injunction - otherwise, **Q4-20 would have been positive** as well
- **Mobly's key metrics have improved in 2020** - Private Label, MoblyLog and our Own Marketplace (Seller Center) - directly impacting our contribution margins and allowing Mobly to have **1.4x First Order Profitability in 2020**
- Our **physical retail also showed strong performance** and resilience, with **GMV growing by 32.0% vs 2019 overall and by 13.6% in same store sales (in our Megastore - H2-20 vs H2-19 after stores reopened)**
- **Several of our IPO initiatives are already ongoing** and we expect to **start seeing results as early as Q2-21** - stopped anticipation of receivables, paid back loans, started vendor financing, started marketing acceleration
- **GMV in Q1-21 has started to accelerate after the IPO** as a result of some of these initiatives (GMV of Feb-21 and Mar-21 +50% vs 2020) - we are closely monitoring the Covid restrictions and their impact in both our online and offline channels (**currently closed**)
- Lastly, **many tech initiatives are already done, in progress or planned** for this year, shall provide significant improvements in **delivery times, security and data protection, omni channel experience and payment solutions**

Mobly presented very strong top line and customer acquisition growth, and a consistent improvement in profitability during FY2020

In BRL Millions and in % of Revenue	GMV ⁽¹⁾	Net Revenue	Adjusted EBITDA ⁽²⁾
4Q20	265.5 (35.6% QoQ)	182.4 (43.4% QoQ)	(6.4) (558.3% QoQ)
FY 2020	950.3 (57.6% YoY)	603.1 (48.2% YoY)	7.9 (-212% YoY)

In BRL Millions and in % of Revenue	Net Profit	Active Customers	Number of Orders
4Q20	(23.7) (-3,548% QoQ)	984.7k (48.6% QoQ)	385.0k (21.2% QoQ)
FY 2020	(40.3) (-5.3% YoY)	984.7k (48.6% YoY)	1491.8k (49.6% YoY)

Notes: 1) Gross Merchandise Value, please refer to slide detailing definition and calculation

2) Personnel, Other G&A and Adj, EBITDA excluding non-recurring items

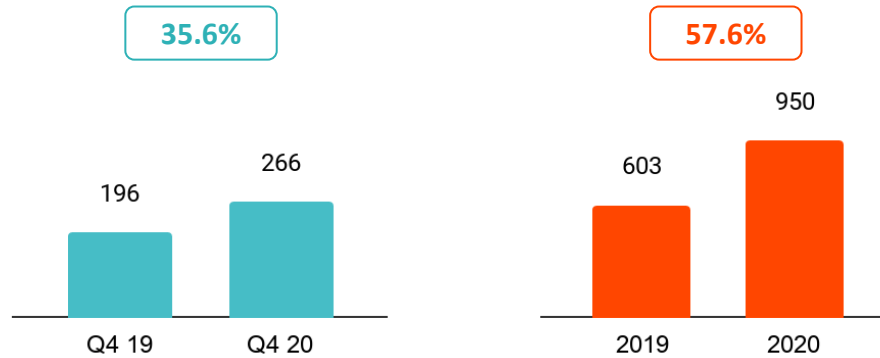
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GMV grew 57.6% YoY and 35.6% QoQ – our core online business grew by 60.8% while stores grew 32% in 2020 despite lockdowns relative to COVID-19

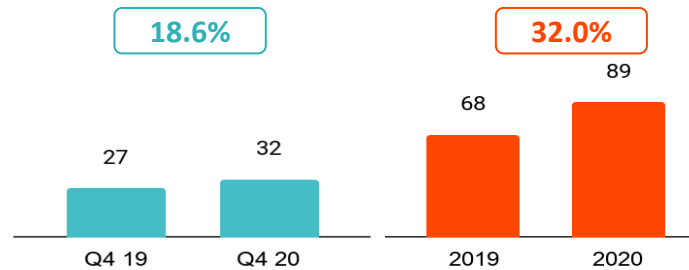
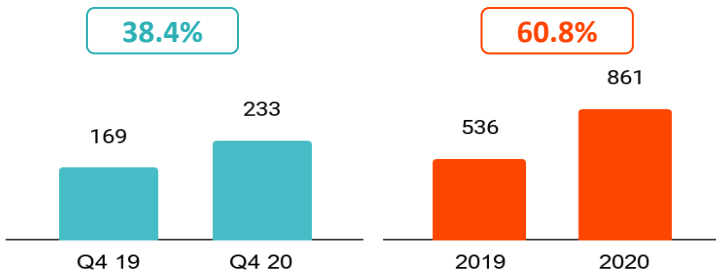
Gross Merchandise Value – in BRL Millions



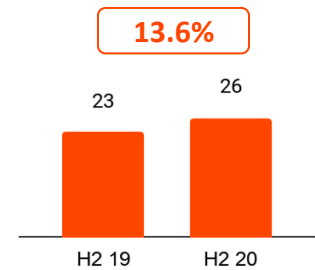
Online
(web+seller+mktplace)



Physical Stores



Same Store Sales (SSS)



Notes: 1) Services Revenue includes marketing incentives and commissions on partners and sellercenter sales and also assembly services

Our own marketplace (Seller Center) continues to become more and more relevant, growing by 75.5% in 2020 - focus on complementary assortment

Mobly's Marketplace Highlights



Complementary assortment with categories that are not core for Mobly



Wide assortment of lower value added with short delivery time, not core for Mobly



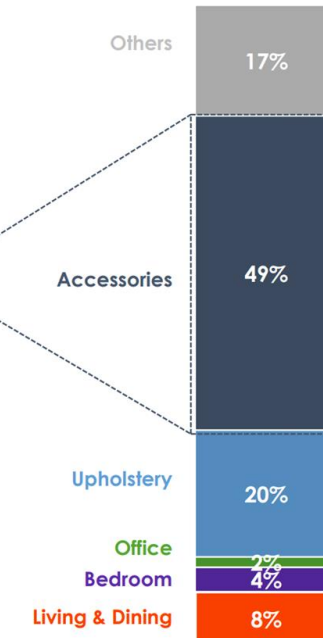
Proprietary technology



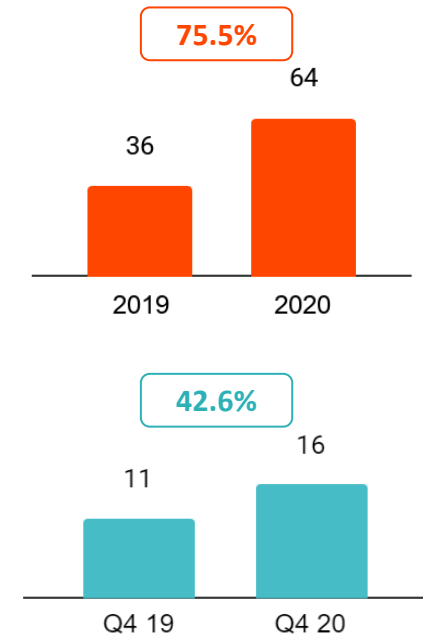
Diversified base with **191 sellers**

Marketplace's SKUs by Category

% of SKUs



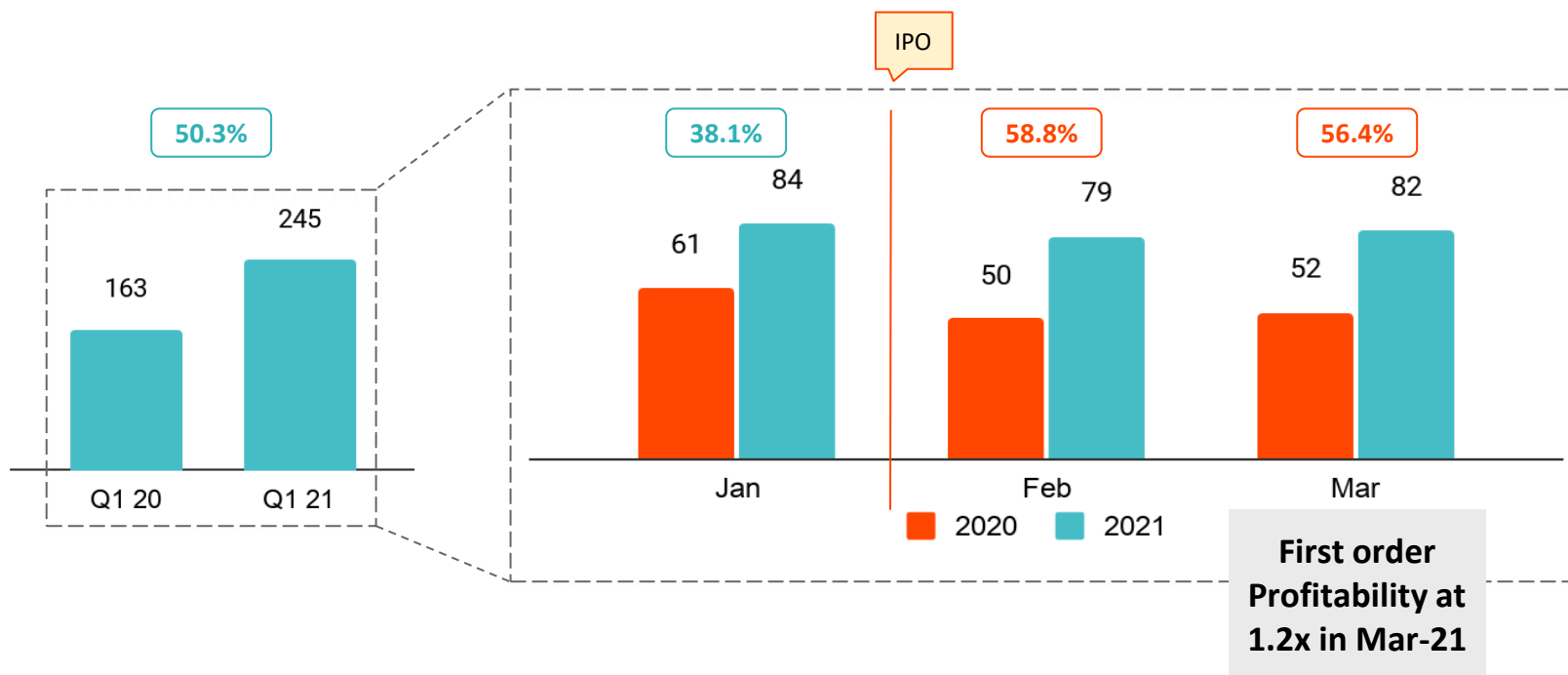
Gross Merchandise Value – in BRL Millions



Our Seller Center is an important driver of recurrence (36% more relevant amongst recurring customers) and we will add Home Improvement in 2021

For Q1-21, we expect a GMV growth of 50.3% YoY, with sales starting to accelerate after the IPO

Gross Merchandise Value – in BRL Millions



We are closely monitoring the impacts of COVID-19 both on Offline and Online channels - short / medium term effect on sales still uncertain

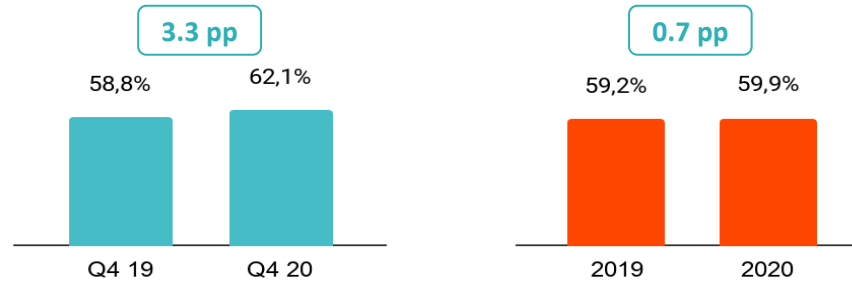
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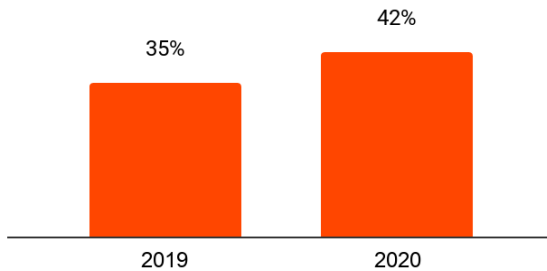


Gross margin was relatively stable year over year - growth in private label acted positively, but Q4-20 was severely impacted by market conditions

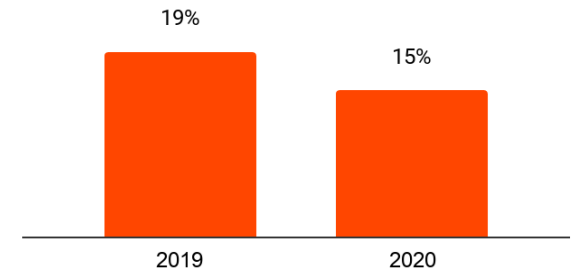
COGS - as a % of Net Revenues



% of Private Label in Net Revenues



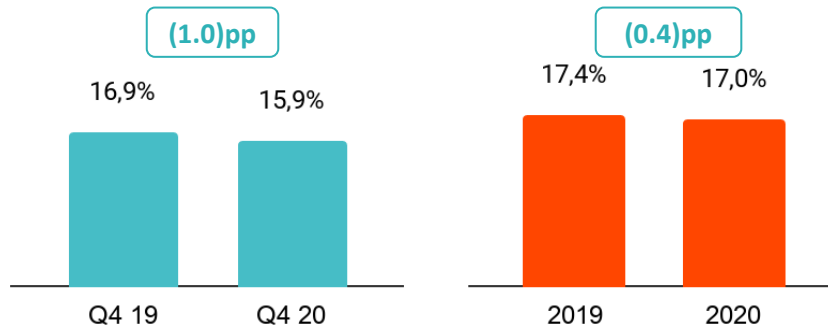
% of Imported in Net Revenues



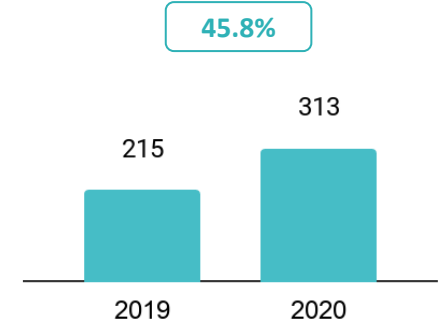
- Mobly operated **Q4-20 with pressure in margins** - most **suppliers increased prices** due to lack of raw materials in a **period the Company could not adjust prices** to consumers (Black Friday)
- Our **share of Imports**, which have higher margins than national items, were also **reduced in 2020 due to the pandemic** - this presents an **important margin gain opportunity for 2021**
- On the other hand, **Private Label continued to increase, reaching 42% of Sales**, and constantly improving overall gross margins

Both fulfillment and marketing expenses decreased vs. 2019 - driven by an increase in MoblyLog deliveries and First Order Profitability, respectively

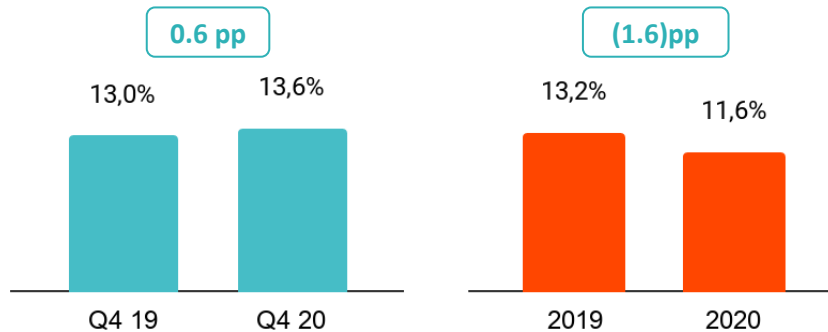
Fulfillment Costs - as a % of Net Revenues



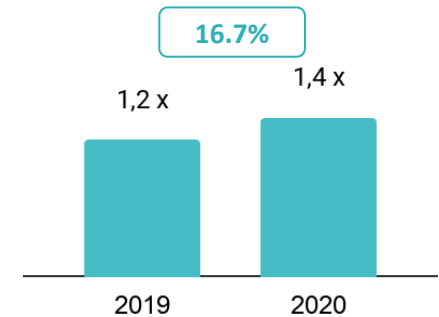
GMV transported by Moblylog



Marketing & Sales Expenses - as a % of Net Revenues

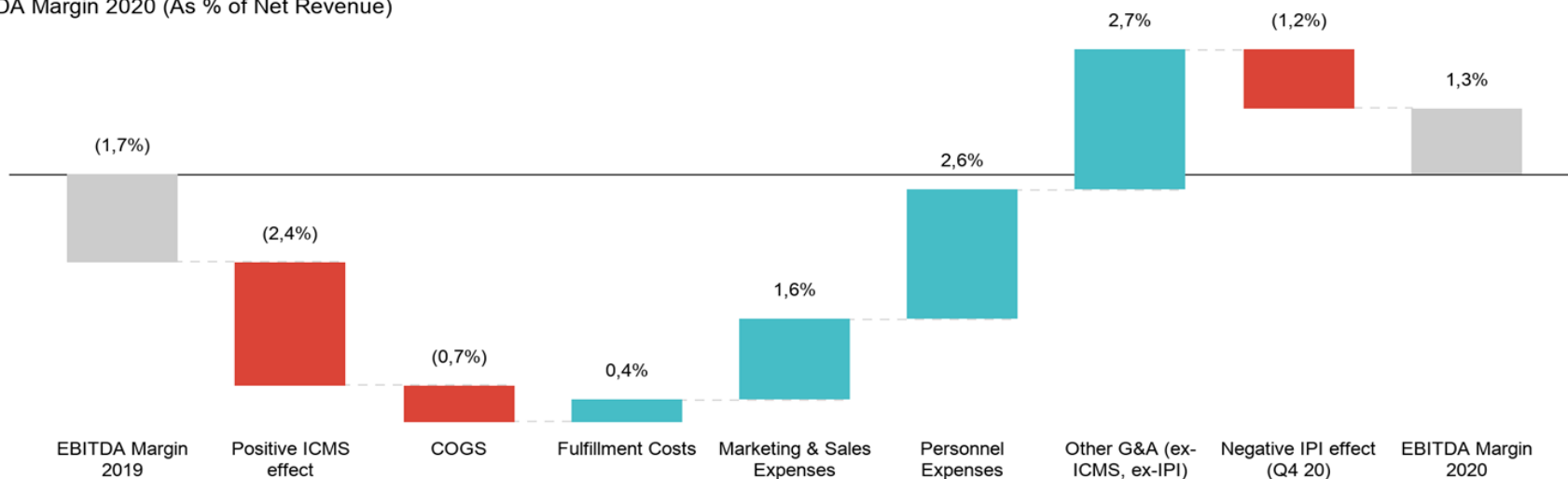


First Order Profitability

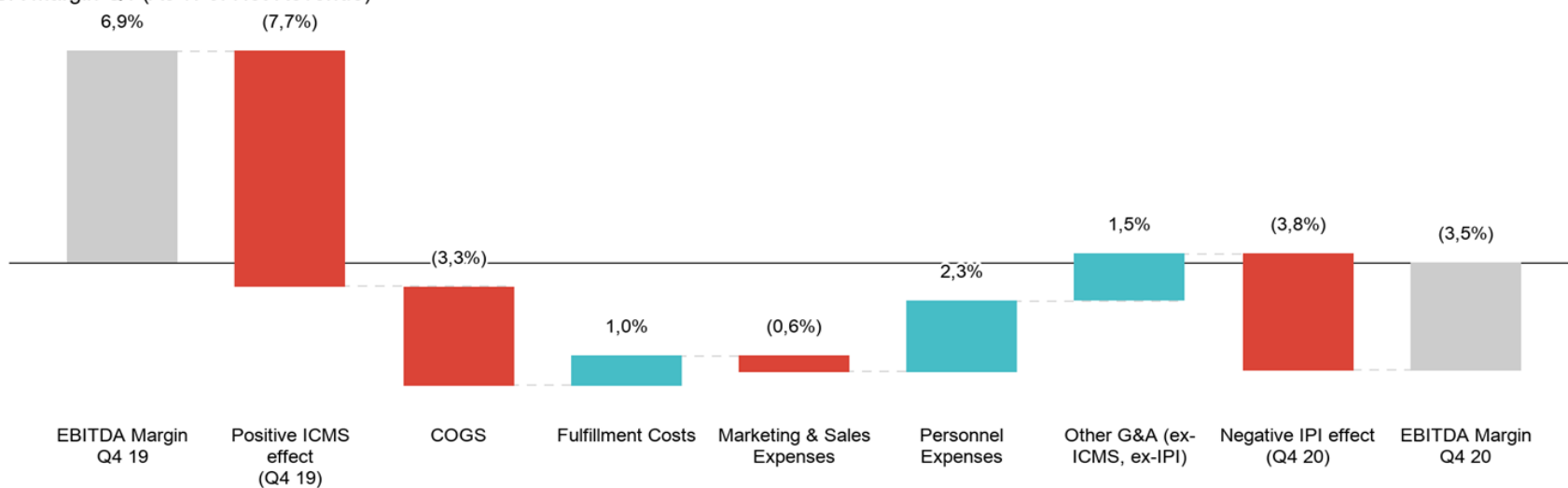


This combination of growth and contribution margins improved our EBITDA in 2020 - one time effects in both 2019 and 2020 blur actual improvement

EBITDA Margin 2020 (As % of Net Revenue)

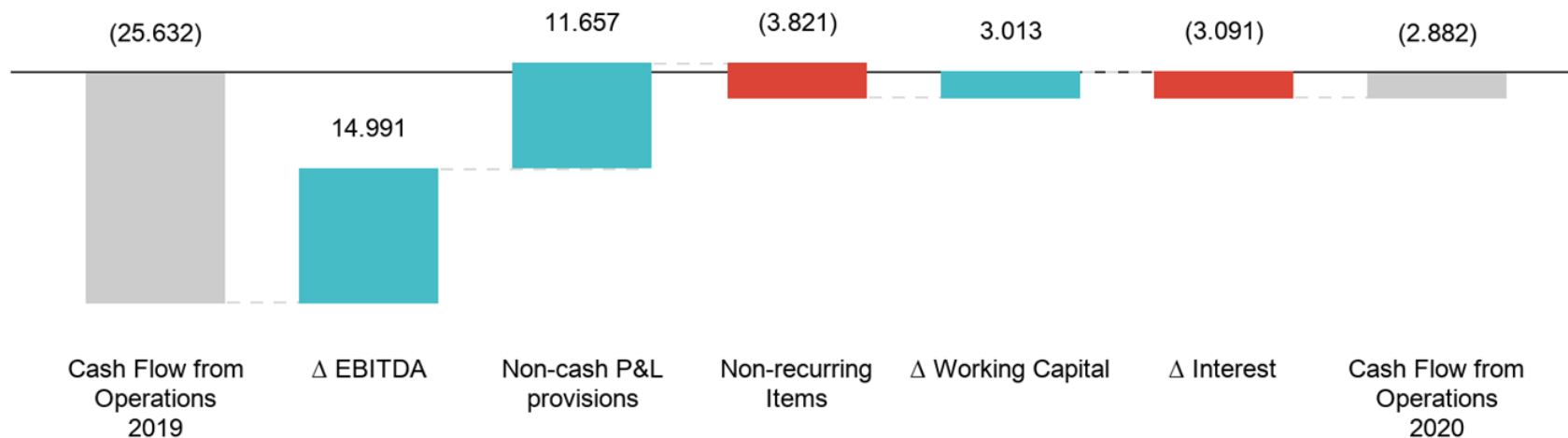


EBITDA Margin Q4 (As % of Net Revenue)



Cash flow from operations also significantly improved in 2020 compared to 2019, mostly driven by the improvement in profitability

Operating Cashflow (In BRL Thousands)



Key drivers of operating cash flow improvement

- Significant improvement in profitability (EBITDA), combined with other 2 factors:
 - Non-cash P&L provisions - IPI effect in Q4-20 and provisions for aged receivables throughout the year impacted the year's EBITDA with no cash effect
 - Non-recurring items such as IPO-related expenses (with cash disbursement in Q1-21) and stock options valuation also impacted 2020 profitability with no cash effect
- Improvement in Working Capital due to longer delivery times by year-end
- Negative effect from increase in interest payments due to higher bank loans amounts

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Mobly has started to deploy the IPO proceeds in initiatives that shall accelerate sales and EBITDA growth – many already undergoing

Key Initiatives

Strengthening of Balance Sheet (50%)	Done
	Ongoing
Marketing Expenditure (35%)	Ongoing
CAPEX and IT Expansion (15%)	Ongoing

- **Stop Anticipation of Receivables** – expect increase in receivables for the next 12 months and immediate reduction in financial expenses
- **Payback Credit Lines** – R\$70m in credit lines paid back in Q1-2021
- **Offer Vendor Financing** – negotiations with suppliers already ongoing - impact in payables and gross margin expected as of Q2-2021
- **Increase Online Marketing Expenditure** – started in Feb-2021 after IPO - focus on maximizing growth while maintaining positive first order profitability
- **Launch TV/Youtube Campaign to Strengthen Brand** – Planned for H2-2021 - in discussion with agencies and TV networks, but no commitment yet
- **Expansion of physical store model** – 1 new megastore already under construction (Shopping Dom Pedro - Campinas) and in negotiations with other locations to meet the 2021 plan
- **Decentralized logistics footprint** – New MoblyLog hub in MG to be launched in Q2-21 and in negotiations for other locations
- **Boost IT capacity**– new IT org structure defined and currently in hiring process for all positions

Several IT initiatives planned for 2021 are expected to bring significant improvements in security, efficiency, shopping experience, and logistics

Key Initiatives

Security and Efficiency

PCI
Compliant

LGPD
Compliant

New
Customer
Service
System

Cloud Cost
Reduction

Shopping Experience

Social
Commerce
Onsite and
Social Media
Live Streaming
with Influencers

On Site
Experience
H1-21 Focus on
Cart, Checkout
and App

PIX and
Instant
Boleto
Payment
Methods

Consumer
Financing
in Physical
Stores

Logistics

Scale Up
Click &
Collect
Feature

Scale Up
Ship From
Store
Feature

Scale Up
Stock
Integration
with
Suppliers

Next Day
Delivery
From
Warehouse

Done

Ongoing



MOBLY

Thank you!

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