MESSAGE FROM THE EXECUTIVE DIRECTORS

What happened and what lies ahead

At Magalu, we pride ourselves on our ability to change. Throughout our 63 year history, we have never succumbed to complacency or fallen victim to a comfort zone. Early on, we learned that there will always be difficulties and with each successive challenge, our library of collective experiences has grown, making us wiser and stronger. In our more than six decades of operation, we have experienced many challenges. But nothing compared to the scenario of March 2020.

The worst pandemic in more than a century put us to the test, forcing us to live many years in one. In this message, which is normally dedicated to taking stock of the previous year and outlining our plans for the next, we want to look back at everything that our more than 40,000 employees accomplished in a challenging environment that has yet to normalize.

2020 was an epic year with extraordinary results, but above all a year of profound and fundamental changes in the market and in our business model. Changes implemented during this period will serve as the basis for the future of Magalu's multichannel digital strategy and the enormous opportunities that it will enable.

March 20, 2020

On March 20, 2020, Magalu declared war on COVID-19. For the first time in more than six decades, all of the company's physical stores were closed and almost all of our employees were sent home. Three priorities were immediately identified: the health and safety of all of our employees, the continuity of operations and the retention of jobs. Each priority was inexorably linked to the others. We knew that if we failed at one, we would fail at the others.

Starting in March, we began a complex choreography of actions, carrying out in months movements that would have normally taken years. To ensure that no employee was fired, Magalu convinced all employees to take voluntary pay cuts and renegotiated rental and service contracts. Cash, which was already R$7 billion, was quickly reinforced with a R$800 million debenture issuance.

"THE PANDEMIC AND THE RISE OF THE DIGITAL ECOSYSTEM"

Magalu's goal of digitalizing Brazil has never been more pertinent. With physical stores closed, digitalization was the only way to reactivate business, preserve jobs and contribute to the fight against inequality, which was deepened by the pandemic. We believe that, in an increasingly connected world, there is no mass socioeconomic mobility without digital inclusion.

In April, we launched Partner Magalu, an intuitive app designed to help analog companies, which had to close their doors due to the pandemic, sell online. In less than a year - from April 2020 to today - 14,000 partners have joined the Magalu ecosystem. That means 14,000 stores remained open. Without Partner Magalu, many of these businesses would have closed permanently. This is a movement that the pandemic catalyzed, but which will accelerate even as COVID-19 subsides.

To ensure that our customers would be able to buy essential items from the safety of their homes, we strengthened our #TemNoMagalu (#TheyHaveItAtMagalu) campaign, adding thousands of new items, with an emphasis on grocery items, specifically, non-perishable food, hygiene and cleaning products, delivered free of charge. Today, the grocery category represents more than 40% of items sold on Magalu's e-commerce platform.

In 2020, Magalu's multichannel digital format, coupled with the rapid expansion of our last-mile delivery system (Logbee), enabled the growth of ship-from-store. This was a decisive move, enabling Magalu to guarantee faster delivery, anywhere in the country. As part of the initiative, Magalu's physical stores were transformed into dark stores in which e-commerce items, identified as popular by our machine learning algorithms, were prepositioned in the local physical stores. When consumers purchased the items via the Magalu SuperApp the products would only have to travel a short distance to reach customers' homes. In the fourth quarter of 2020, 45% of all e-commerce deliveries were made within 24 hours.

These coordinated actions generated tangible results. In the second quarter, Magalu's total sales grew 49% and e-commerce increased 182%. The third quarter witnessed the biggest growth in the company's history, 81%, driven by the strength of our digital initiatives and the reopening of part of our physical stores. After months of playing defense, the moment to switch to offense arrived and we began expanding our ecosystem once again.

"IN 2020, MAGALU'S TOTAL SALES GREW 60%. DURING THE FOURTH QUARTER E-COMMERCE ADVANCED 120%."

In just six months - from July to December – we acquired ten companies that fit perfectly with our strategic imperatives. (Magalu had previously purchased another company, virtual book seller Estante Virtual, in February, strengthening the #TemNoMagalu pillar by adding a catalog of millions of new and used books.)

HubSales enabled factories to sell directly to consumers via the Magalu marketplace. Canaltech's multimedia content production and InLoco's ad platform accelerated the launch of MagaluAds. AiQFome, gave Magalu entre to the food delivery market, increasing our purchase frequency. GFL reinforced our last mile logistics platform, growing the size of our last-mile delivery platform, Logbee, by 50%. Stoq enabled us to extend our tendrils into the offline world via their robust point of sale solutions for medium-sized retailers. ComSchool helped us attract sellers to our marketplace platform by creating superior content designed to educate new and existing sellers at scale. And we accelerated our efforts to enter the payments market by acquiring the leading banking-as-a-service platform, Hub Fintech.

Even with the full reopening of physical stores during the last quarter, e-commerce continued to grow at an accelerated pace, more than doubling in size compared to the previous year (120% growth over an increase of 93% during the same period in 2019). Despite a 50% reduction in the size of Corona virus aid checks, same store sales increased 11% in the last three months of the year. Magalu generated R$2 billion in cash during the period (R$3 billion during the year) and we increased net profit by 40%.

The economic and health emergency brought on by the COVID-19 pandemic meant that, for investors around the world, 2020 was also a year marked by three letters: ESG. Concerns about the environment, the well-being of society and governance standards quickly became imperative for companies. The tragedy that has claimed millions of lives - more than 260,000 in Brazil alone, to date - emphasized the need for companies to strive to deliver long-term value for all of their stakeholders, not just shareholders. Though occasionally burdensome, we believe that by embracing sustainable, value-accretive strategies we will ultimately be able to generate higher returns for our shareholders. The weight of this responsibility became apparent in March of last year when the crisis struck. In the face of a leadership vacuum, Magalu quickly filled the gap, publicly sharing health and safety best practices to protect employees and customers and vocally promising not to fire employees during the pandemic, setting the example for other Brazilian companies.

During this period, we focused mainly on the social (S) component of ESG, retaining employees during the critical first few months of the pandemic; onboarding thousands of analog entrepreneurs to our digital platform via the Partner Magalu app and launching initiatives to tackle some of the collateral effects of the COVID-19 crisis. In order to combat the increase in domestic violence, for example, we embedded a button inside the SuperApp enabling victims to connect directly to an emergency chat service run by the Ministry of Women, Family and Human Rights.

The founding families also made significant donations. In August, the Trajano and Garcia families, controllers of Magalu, and the company donated R$40 million to combat the effects of the pandemic. This was in addition to a R$10 million contribution that the controlling families made at the beginning of the crisis.

Increasingly, social also means being diverse, reflecting within our four walls the reality of the country in which we are based. Recently, after analyzing the makeup of our workforce, we came to the conclusion that we had a problem. People of African descent make up more than 50% of our total workforce, but only 14% of our leadership team. In recent years, we tried to remedy the situation by opening the doors of our trainee program, which fast-tracks people for careers in management, to men and women of African descent, however we were unable to attract qualified candidates. Sadly, we realized that young people of this demographic did not even apply.

Therefore, in 2020, we decided to open a trainee program exclusively for people of African descent. Our intention was never to serve as an example for other companies. We never had the arrogance to think that Magalu could singlehandedly solve the equal access to opportunity problem in Brazil. Our intention was to solve our own problem. The results were a tremendous success. The initiative attracted more than 22,000 young people from across the country giving Magalu the most comprehensive database of candidates of African descent in Brazil. Ultimately, nineteen talented applicants were accepted into the trainee program. They are highly qualified professionals - people for whom only one open door was missing. That was the first step. Our mission will only be complete when these young people begin to assume leadership roles at Magalu.

Our efforts did not go unnoticed. According to research conducted by a leading global brand consulting firm, Interbrand, Magalu became the ninth most valuable brand in Brazil, demonstrating the highest growth among all participants in the survey. And in multiple other surveys Magalu ranked among the brands that best dealt with the pandemic.

2020 was a year of enormous achievments, but we still have a long way to go

Through the heroic actions of our team, we weathered the storm, overcoming the significant challenges of 2020. But, overcoming challenges, is not enough. If we want to succeed, we also need to take actions to prepare for the future.

Accordingly, 2020 was also a year of planting seeds for our future growth. To accomplish this we focused on four main areas, linked together around the central theme of the digitalization of Brazil, each of which represents an enormous total addressable market or TAM.

1. **NEW CATEGORIES.** Today Magalu has 26 million items from a broad array of categories available on its platform, either via its own inventory (1P) or via sellers in its marketplace (3P). We grew exponentially. And yet there is still a market of R$1.2 trillion in retail sales and R$200 billion in food sales that remains outside the purview of our platform. In addition to continuing to grow within our traditional categories, we see huge opportunity in the following three categories:

   1.1. **Supermarket Products.** In the grocery category, Magalu recently acquired VipCommerce, which provides turnkey white-label e-commerce solutions for supermarkets, enabling them to rapidly create websites and móbile apps. The addition of VipCommerce into our ecosystem, will enable thousands of supermarkets across Brazil to join forces with Magalu. The combination of Magalu's existing first-party (1P) operation with the local supermarkets' third-party (3P) operations will permit Magalu to offer consumers a comprehensive selection of grocery items, including perishables, through its SuperApp. In Brazil, the FMCG ("Fast Moving Consumer Goods") category represents a market of more than R$500 billion per year and we estimate that online sales may exceed R$60 billion in the coming years.

   1.2. **Food Delivery.** In early September, Magalu acquired AiQFome, a food delivery app focused on cities with less than 300,000 inhabitants, which is present in 450 cities in 21 Brazilian states. Even from this limited geographical area, AiQFome generates an annualized GMV of approximately R$1 billion. AiQFome app users have an average purchase frequency of 36 times per year, generating 2 million orders per month. The Brazilian food delivery market had revenues of R$18 billion last year. If we take into account the entire dining outside the home market, the number rises to R$196 billion. So, there is a great deal of untapped growth.

   1.3. **Fashion and beauty.** The lifestyle category, comprised of the twin pillars of fashion and beauty is another potential source of growth. The acquisition of Netshoes (Zattini) in 2019 marked Magalu's entrance into the fashion category in a relevant way. And the acquisition of Época Cosméticos in 2013, and its subsequent growth, has made Época a leader in the online beauty category. With the acquisition of HubSales (2020), Magalu will be able to digitalize industrial fashion hubs, connecting factories directly to consumers through our marketplace. Despite the fact that they have annual sales of R$223 billion, the fashion and beauty categories remain extremely analog and fragmented. We estimate that the e-commerce opportunity in these categories could reach R$67 billion per year in the near future.

2. **RETAIL TECH – MaaS.** The goal of MaaS is to become the operating system for retail in Brazil. Through the efforts of our in-house technology development arm, Luizalabs, Magalu has demonstrated a proven track record of developing solutions tailor-made to the specific problems of Brazilian retailers. With initiatives such as Partner Magalu, Magalu Payments, Magalu Deliveries and the Point of Sale (POS) technology from the recently acquired Stoq, Magalu will bring technology solutions to millions of marketplace sellers, analog retailers, restaurants and others who have not yet embraced digitalization. Today there are 5.7 million formal retailers in Brazil, only 47,000 of whom sell online through our marketplace platform. In the restaurant sector, there are more than 1.6 million establishments in Brazil, only 20,000 of whom currently connect to AiQFome. So, there is plenty of room for growth.

3. **FINTECH.** In 2020, R$2 trillion worth of electronic transactions including credit, debit and prepaid card payments were processed in Brazil. Of this amount, around R$41 billion in total payment volume or TPV was transacted through the Magalu ecosystem during the last year - a small fraction compared to the company's potential. As part of our fintech initiatives, we launched Magalu Pay, our digital account which is fully multichannel and integrated with the SuperApp. Since then, 2.7 million accounts have been created. In December, Magalu acquired Hub Fintech, the most comprehensive platform of services for digital accounts and prepaid cards in Brazil. Hub already has 4 million accounts and cards that handled around R$7 billion in 2020. From now on, Magalu Pay, Hub and our existing credit card operation, Luizacred, will be connected, ushering in a new era of digital financial services - - prepaid cards, credit cards, loans to individuals and companies, insurance and cashback - for our customers, marketplace sellers and ecosystem partners, including restaurants connected to AiQFome. This will all be done through the same channel: our SuperApp.

4. **DIGITAL ADVERTISING.** According to data from eMarketer, in 2020 the Brazilian advertising market was R$48 billion, more than one third of which was invested in digital advertising. Digital ads, which rely on algorithms to reach consumers in the right place (smartphone or website) at the right time (the moment that they are making the purchase decision) have already surpassed 40% of all forms of advertising, including television media, and the market is still in its infancy.

   Magalu has advertisers (sellers and suppliers) and an audience (33 million monthly active users). In order to strengthen our advertising initiative, Magalu Ads, we acquired Canaltech, a content creation startup, and Inloco Media, an online advertising platform. The Magalu Ads platform will enable thousands of sellers and suppliers to accelerate their sales via digital ads, while providing Magalu with an additional way of monetizing its audience.

New Multichannel Marketplace Format

Magalu is in a unique position. We have a rapidly growing marketplace with 47,000 sellers and a thriving multi-channel operation with over 1,300 physical stores. Today we are taking a new leap forward, integrating our marketplace with our physical stores. In 2021, we will begin to transform part of our physical stores into spaces for the exhibition, sale, drop-off and delivery of various categories of marketplace items. The brick and mortar store that serves our first-party or 1P business so well will now put all of its services - display of the most popular items, inventory, drop-off and delivery - at the disposal of our marketplace or 3P business. Our stores will also act as a point of discovery and experience for consumers to interact with sellers' products, expanding the platform exponentially.

Year of Logistics

In order to strengthen the entire ecosystem, 2021 will also be the year of logistics. The year of #PiscouChegou (#YouBlinkedItArrived). We will significantly accelerate investments to convert our more than 1,300 stores into logistical support points for sellers; dramatically increase the number of CDs and cross docking stations - 63 units at the end of 2020, and automate our infrastructure. The goal is to make the distribution and delivery experience of our marketplace partners perfectly mirror that of our own first-party business.

We started the year at a fast pace, with e-commerce growing in the low triple-digits[1] during the first two months of 2021. But Brazil is currently experiencing a second wave of COVID-19 lockdowns. The stringent social isolation measures - which were implemented again in the beginning of March - will have a direct impact on the stores' performance in the short term. With our physical locations closed[2], we can no longer count on the contribution of store sales to cover the costs of the fixed expenses. Consequently, our profitability could be affected as long as social isolation measures remain in effect. On the other hand, sales on our digital channels should tend to remain strong, which is beneficial since our online operations are now even greater than our offline operations.

Despite the challenges, we remain confident about our prospects. Our capital structure is even stronger than last year, our teams are better prepared to deal with isolation measures and our business model has proven to be remarkably resilient to the pandemic. We are excited about the future, the four main areas of growth described above and other opportunities that we believe will generate significant value for our shareholders over the long term.

We are deeply grateful to our collaborators, who have gone through the most turbulent days with us. And to all of our investors, suppliers and partners. Special thanks to our millions of customers, throughout Brazil, for believing that we could, especially when it was most necessary, be a part of their lives.

EXECUTIVE MANAGEMENT TEAM

[1] Preliminary information, unaudited or reviewed by our independent auditors.
[2] 823 out of 1,301 as of today.

2020 Highlights

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- **Total sales rose 60%, reaching R$43.5 billion**
- **E-commerce grew 131%, reaching R$28.5 billion or 66% of total sales**
- **Marketplace grew 156%, reaching R$ 7.7 billion or 27% of total e-commerce**
- **Adjusted EBITDA reached R$1.5 billion (5.2% margin)**
- **Adjusted operating cash flow was R$3.1 billion in 2020**
- **Net cash position reached R$7.3 billion in Dec/20**

- **Consistent market share gains.** In 2020, total sales (physical stores, e-commerce first-party inventory (1P) and marketplace (3P)) increased 59.6% to R$43.5 billion, reflecting growth of 130.7% in e-commerce (on top of 76.0% growth in 2019) and 0.6% in physical stores (on top of 17.9% growth in 2019), even with the temporary stores closure throughout the year due to COVID-19. It is worth highlighting the performance of the 191 stores opened during the last 12 months, that generated sales above our expectations, expanding total physical store sales growth by 7.9 p.p.

- **Accelerated growth in e-commerce.** E-commerce sales grew 130.7% in 2020, reaching 65.6% of total sales, compared to market growth of 41.4% (E-bit). In e-commerce first-party inventory, sales grew 122.6%, and the marketplace contributed with additional sales of R$7.7 billion. Among other things, Magalu's market share gains were driven by: app performance with 33 million MAU (monthly active users), the marketplace growth, faster delivery speed and the best customer experience.

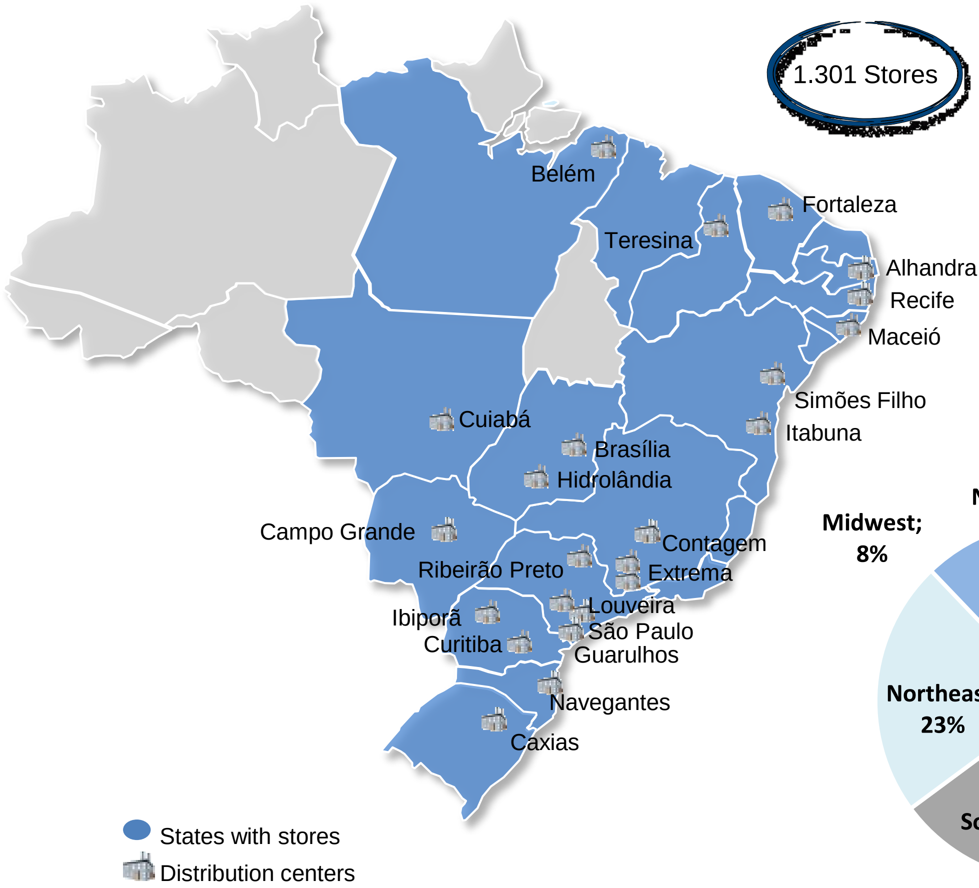
- **Gross margin and operating expenses.** In 2020, adjusted gross profit increased 29.9% to R$7.5 billion. The strong growth in online sales led e-commerce to become a greater percentage of total sales - from 45.3% in 2019 to 65.6% in 2020 - and, consequently, the adjusted gross margin decreased from 29.1% in 2019 to 25.8% in 2020. With strong sales growth, the percentage of adjusted operating expenses in relation to net revenue reached 21.0% in 2020, practically stable compared to 2019, even with the temporary stores closure throughout the year due to COVID-19.

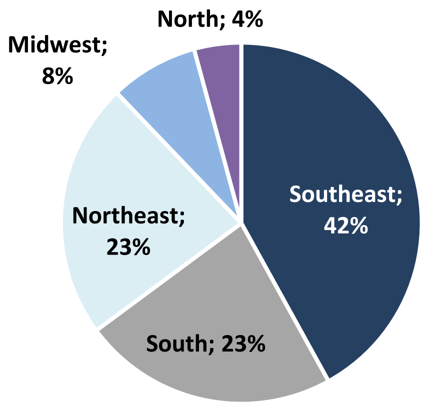
- **EBITDA and net income.** In 2020, Adjusted EBITDA reached R$1.5 billion. High sales growth and the positive contribution of e-commerce were responsible for the EBITDA. Additional investments in service levels influenced the EBITDA margin, which went from 8.3% to 5.2% in 2020. Taking into account the financial expenses dilution, adjusted net income reached R$377.8 million in 2020, with a net margin of 1.3%.

- **Strong cash flow generation and ROIC.** Cash flow from operations, adjusted by receivables, reached R$3.1 billion during the last 12 months, due to the positive results and disciplined working capital management. Once again, the Company presented high growth with high ROIC and strong cash generation. In the last twelve months, annualized ROIC reached 16.0%.

- **Net cash position and capital structure.** In the last 12 months, the Company increased adjusted net cash by R$1.0 billion, from a net cash position of R$6.3 billion in Dec/19 to R$7.3 billion in Dec/20. As of this date the Company reached a total cash position of R$9.0 billion, with cash and securities of R$2.9 billion and credit card receivables of R$6.1 billion.

With more than 40,000 employees, 1,300 physical stores, 23 distribution centers and 40 cross-docking stations, strategically located in 21 states, Magalu is the largest multichannel retailer in Brazil. Magalu offers a wide range of products and services to Brazilians of all classes, with the fastest delivery and the best customer experience. The company currently reaches 32 million active customers through its SuperApp, website and physical stores.





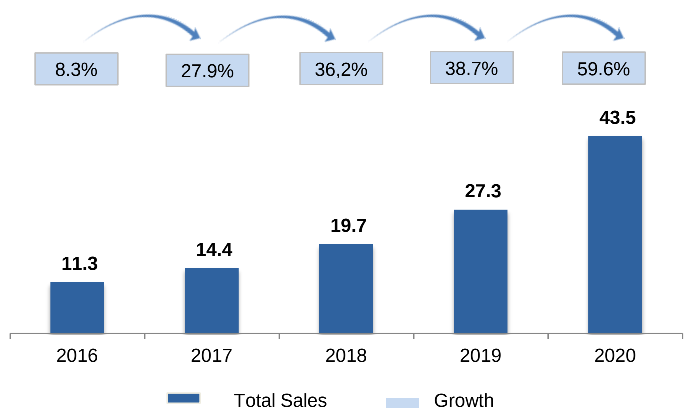
| CONSOLIDATED FINANCIAL PERFORMANCE

The table below represents the consolidated income statements for the fiscal years ended December 31, 2020 and December 31, 2019.

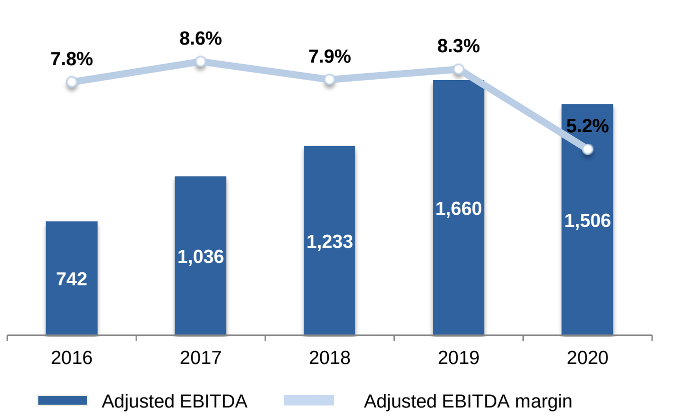
CONSOLIDATED INCOME STATEMENT (R$ million)	12M20	12M20 Adjusted	V.A.	12M19 Adjusted	V.A.	% Chg
Gross Revenue	36,116.0	36,116.0	123.8%	24,377.1	122.6%	48.2%
Taxes and Deductions	(6,938.9)	(6,938.9)	-23.8%	(4,490.8)	-22.6%	54.5%
Net Revenue	29,177.1	29,177.1	100.0%	19,886.3	100.0%	46.7%
Total Costs	(21,657.2)	(21,657.2)	-74.2%	(14,096.3)	-70.9%	53.6%
Gross Income	7,520.0	7,520.0	25.8%	5,790.0	29.1%	29.9%
Selling Expenses	(5,162.6)	(5,162.6)	-17.7%	(3,444.1)	-17.3%	49.9%
General and Administrative Expenses	(906.8)	(906.8)	-3.1%	(701.6)	-3.5%	29.2%
Provisions for Loan Losses	(118.1)	(118.1)	-0.4%	(76.0)	-0.4%	55,4%
Other Operating Revenues, Net	74.7	53.7	0.2%	64.8	0.3%	-17.2%
Equity in Subsidiaries	119.9	119.9	0.4%	26.6	0.1%	350.7%
Total Operating Expenses	(5,992.9)	(6,013.9)	-20.6%	(4,130.2)	-20.8%	45.6%
EBITDA	1,527.1	1,506.0	5.2%	1,659.7	8.3%	-9.3%
Depreciation and Amortization	(702.5)	(702.5)	-2.4%	(487.0)	-2.4%	44.3%
EBIT	824.6	803.5	2.8%	1,172.7	5.9%	-31.5%
Financial Results	(410.5)	(410.5)	-1.4%	(531.1)	-2.7%	-22.7%
Operating Income	414.1	393.0	1.3%	641.6	3.2%	-38.7%
Income Tax and Social Contribution	(22.4)	(15.2)	-0.1%	(137.5)	-0.7%	-88.9%
Net Income	391.7	377.8	1.3%	504.2	2.5%	-25.1%
Total Retail Sales[1]	43,516.7	43,516.7	-	27,270.7	-	59.6%
Same Physical Store Sales Growth	-7.4%	-7.4%	-	7.8%	-	-
Total Physical Store Sales Growth	0.6%	0.6%	-	17.9%	-	-
Internet Sales Growth (1P)	122.6%	122.6%	-	51.4%	-	-
Total E-commerce Sales Growth	130.7%	130.7%	-	76.0%	-	-
E-commerce Share in Total Sale	65.6%	65.6%	-	45.3%	-	20.2 pp
Number of Stores - End of Period	1,301	1,301	-	1,112	-	189
Sales Area - End of Period (M2)	666,089	666,089	-	648,227	-	2.8%

(1) Total sales include physical store sales, traditional e-commerce (1P) and marketplace (3P).

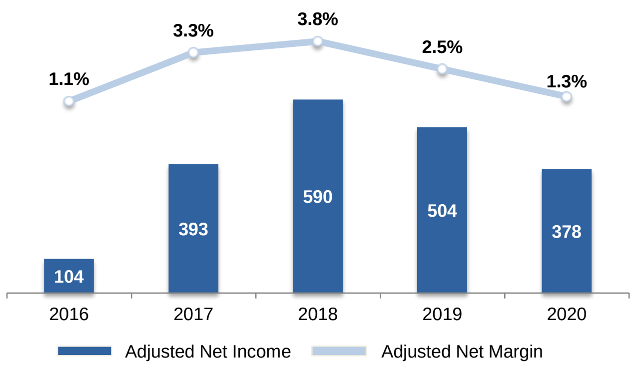
Total Sales (R$ billion)



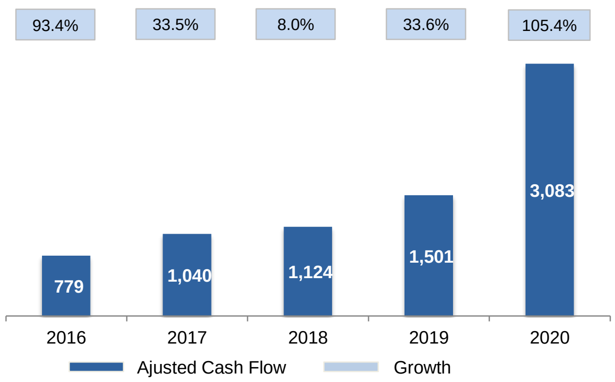
Adjusted EBITDA (R$ million)



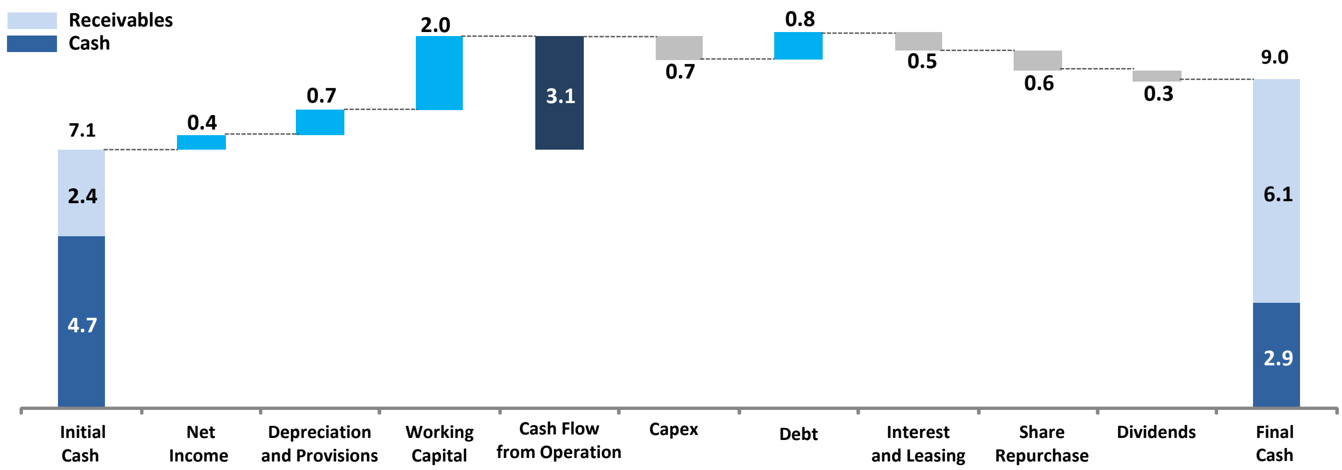
Adjusted Net Income (R$ million)



Adjusted Cash Flow from Operation (R$ million)



Cash Flow 2020 (R$ bilion)



| MANAGEMENT STATEMENT

In compliance with the provisions of Article 25 of the Brazilian Securities and Exchange Commission (CVM) Instruction 480, the Board of Executive Officers declares that it has reviewed, discussed and agreed with the opinion rendered in the Independent Auditor's Report issued by KPMG Auditores Independentes on March 08, 2021, along with the Financial Statements for the fiscal year ended on December 31, 2020 and 2019.

| RELATIONSHIP WITH EXTERNAL AUDITORS

Pursuant to CVM Instruction No.381/03, we hereby inform that the Company and its subsidiaries and jointly-owned subsidiaries adopt as a formal procedure to consult with the independent auditors KPMG Auditores Independentes (KPMG), in order to assure that the rendering of other services do not affect their Independence and the objectivity required to perform independent audit services. The Company's policy when engaging independent auditor's services assures that there is no conflict of interests, loss of independence or objectivity.

During the fiscal year ended December 31, 2020, KPMG did not render other additional services to exceed 5% of the audit fees of Magazine Luiza S.A.'s consolidated financial statements.

When contracting these services, the policies adopted by the Company are based on the principles which preserve auditor's independence. These principles, pursuant to the accepted international standards, consist of: (a) the auditor shall not audit his own work; (b) the auditor shall not perform managerial duties at his client, and (c) the auditor shall not legally represent its clients' interests.

KPMG Auditores Independentes (KPMG) declared that services were rendered in strict compliance with the accounting standards referring to auditors' independence and they do not represent situation which could affect independence and the objective performance of their external audit services.

| ACKNOWLEDGEMENTS

We would like to take this opportunity to thank all our clients, employees, shareholders, suppliers, partners, and the community in general for the trust and partnership throughout 2020.

São Paulo, March 08,2021.

Management Team