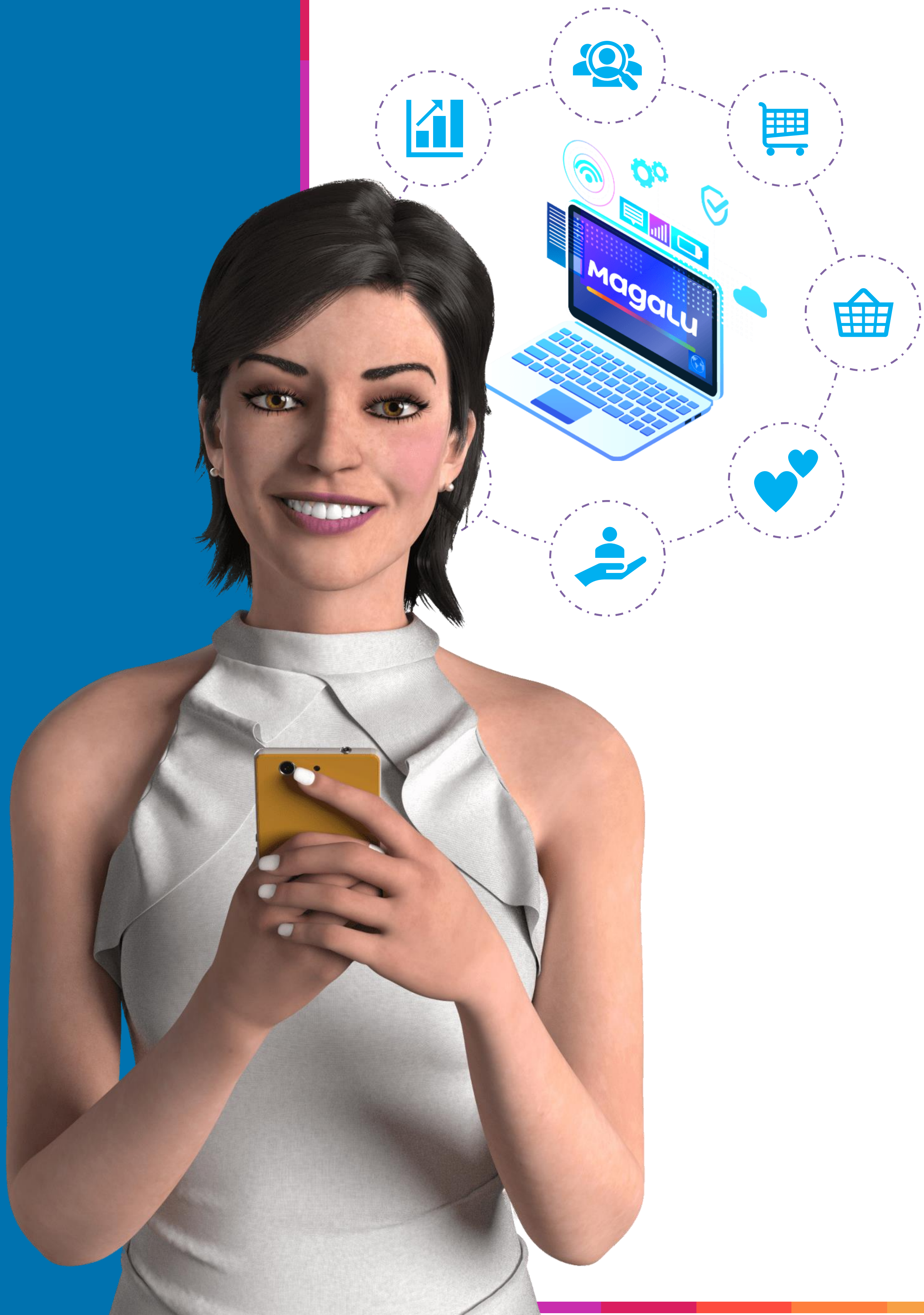
Financial Statements
December 31, 2023 and 2022



Magazine Luiza S.A. and Subsidiaries

São Paulo Corporate Towers
Av. Presidente Juscelino Kubitschek, 1.909
Vila Nova Conceição
04543-011 - São Paulo – SP - Brasil

Tel: +55 11 2573-3000
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A free translation from Portuguese into English of Independent auditor's report on individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil

Independent auditor's report on individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Magazine Luiza S.A.
Franca - SP

Opinion

We have audited the individual and consolidated financial statements of Magazine Luiza S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023, and the statements of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2023, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing.
Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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Av. Presidente Juscelino Kubitschek, 1.909
Vila Nova Conceição
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Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of planned procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<u>Compliance with Laws and Regulations</u>

As mentioned in Note 2.3 to the individual and consolidated financial statements, Company management became aware of an anonymous report concerning practices allegedly in disagreement with the Company's Code of Conduct and Ethics related to irregularities involving bonus transactions carried out with certain distributors and suppliers. The Board of Directors requested that the Audit, Risk and Compliance Committee investigate the reported allegations, assisted by independent external experts, in order to analyze the internal procedures related to these transactions and such allegations.

This matter was considered significant for our audit due to the nature of the allegations and the magnitude of the amounts involved, as well as the fact that the executive board determined that specialized independent consultants be engaged to assist in the investigation of such allegations.

How our audit addressed this matter

Our audit procedures included, among others: (i) analyzing the process and controls implemented by the executive board for capturing of the processes, risk assessment, measurement, accounting recognition and disclosure of information related to the investigations, which also included the analysis of the reporting channel, handling of these reports and communicating the results to the competent governance bodies; (ii) assessing the report issued on August 25, 2023 by a specialized company engaged by the Company to investigate these allegations; (iii) understanding and monitoring the main actions of the executive board and the governance bodies in relation to such allegations. The interactions took place with the Supervisory Board, Audit, Risk and Compliance Committee (CARC), members of the CARC and members of the management; (iv) engaging our forensic experts to conduct shadow investigation procedures and assess whether the investigation was conducted in accordance with the applicable best practices; and (v) engaging

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more experienced audit professionals in defining the testing strategy, evaluating the audit supporting documentation, and supervising the audit procedures performed. Additionally, we assessed whether the disclosures on this matter, included in Note 2.3, were appropriate.

Based on the results of the audit procedures performed on the investigation processes conducted by the Company, which are consistent with the executive board's assessment, we consider that the procedures adopted by the executive board, as well as the respective disclosures in Note 2.3, are acceptable, in the context of the individual and consolidated financial statements taken as a whole.

Information technology environment

Due to the volume of transactions and the fact that the operations of the Company and its subsidiaries are highly dependent on the proper operation of the information technology structure and its systems and applications, added to the nature of their business and their geographic dispersion, we consider the IT environment to be a key audit matter.

How our audit addressed this matter

Our audit procedures included the following, among others: (i) assessing the information technology general controls (ITGC) and design related to the systems and applications considered by us to be relevant for the generation of information that directly impacts the individual and consolidated financial statements; (ii) evaluating the audit procedures to assess the effectiveness of controls over logical access, management of changes and information technology operations, report processing, and other aspects of technology; (iii) engaging information technology professionals to assist us in carrying out these procedures; (iv) assessing the process of generating and extracting reports that support the book balances, (v) performing compliance tests on the information produced by the Company's systems and applications.

With regard to controls over logical accesses: (i) we analyzed the process of authorizing and granting access to new users, timely revocation of access to transferred or terminated employees, and periodic review of users, and; (ii) we evaluated password policies, security settings, and access to information technology resources.

With regard to the change management process: (i) we assessed whether the changes in systems and applications were duly authorized and approved by the Company's executive board, and; (ii) we analyzed the operations management process, focusing on the policies for carrying out information safeguarding procedures and the timeliness in the handling of incidents.

The deficiencies in the design and operation of information technology general controls (ITGC) modified our assessment on the nature, timing, and extent of our planned substantive procedures in order to obtain sufficient appropriate audit evidence. Taking into consideration the increase in the extent of the audit procedures, which we deemed appropriate, the results of these procedures have provided us with appropriate and sufficient audit evidence in the context of the individual and consolidated financial statements as of December 31, 2023.

Provision for tax contingencies

As disclosed in Note 24, the Company is a party to administrative and legal proceedings arising from various tax disputes, whose provision for contingencies, as of December 31, 2023, was R$891,046 thousand and R$1,507,384 thousand, representing 3.9% and 5.4% of the total liabilities in the individual and consolidated financial statements, respectively. The assessment of the likelihood of loss and the measurement of the provision for tax contingencies require judgment by the executive board, which is supported by the legal opinions of the Company's internal and external legal advisors. Changes in the assumptions used by the Company, which are the basis for exercising this judgment, including the position of the tax authorities and the development of tax disputes in the courts, may significantly impact the Company's individual and consolidated financial statements.

Additionally, at December 31, 2023, the Company is a party to tax disputes totaling R$3,806,579 thousand in the individual financial statements and R$4,447,816 thousand in the consolidated financial statements, which are not accrued in the individual and consolidated financial statements due to the executive board's assessment, supported by the Company's external and internal legal advisors, that the likelihood of loss is possible.

We consider this to be a key audit matter due to the magnitude of the amounts involved and the fact that the assessment of the likelihood of loss and the measurement of the provision for tax contingencies involve a high degree of professional judgment by the executive board together with the Company's external and internal legal advisors.

How our audit addressed this matter

Our audit procedures included, among others: (i) assessing the control activities designed and implemented by the executive board in the process of identification and accounting recognition of provisions for tax contingencies; (ii) evaluating the accounting policies adopted by the Company for the classification of the likelihood of loss of administrative and legal proceedings as probable, possible or remote, including the assumptions used to measure the amounts to be recorded as a provision for tax contingencies; (iii) engaging professionals specialized in tax controversy, who analyzed the proceedings related to the contingencies classified as possible losses, considering the risk assessments prepared by the Company's external and internal legal advisors; (iv) obtaining evidence on the risks of losses considered by the Company in the main proceedings, including the review of supporting documentation, legal opinions, as well as external confirmations from the Company's legal advisors containing the current stage and likelihood of loss of each tax proceeding, and; (v) assessing the adequacy of the disclosures in Note 24 to the individual and consolidated financial statements as at December 31, 2023.

As a result of these procedures, we identified an audit adjustment indicating the need to supplement the provision for tax contingencies, this amount not being recorded by the executive board in view of its immateriality considering the individual and consolidated financial statements taken as a whole.

Based on the result of the audit procedures performed on the provision for tax contingencies, which is consistent with the executive board’s assessment, we understand that the criteria and assumptions adopted by the executive board, as well as the respective disclosures in Note 25, are acceptable within the context of the individual and consolidated financial statements taken as a whole.

<u>Commercial agreements in the purchases of goods for resale (Bonuses)</u>

As disclosed in Note 8, the Company has commercial agreements with its suppliers of goods for resale, which may be of a specific or complex nature within the scope of the retail sector. In this context, there are different categories of commercial agreements that are substantially linked to the resale of goods to obtain financial incentives by the Company. Therefore, it is necessary for the executive board to carry out procedures, in particular, to analyze and conclude on the amounts and correct period in which the bonuses calculated in these agreements should be accounted for, either to reduce the cost of goods sold or recover marketing expenses (joint advertising budget).

In view of the above, we consider the accounting recognition of bonuses arising from commercial agreements, particularly with regard to the total amount and its recognition in the correct accounting period, as a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) assessing the control activities designed and implemented by the executive board in the process of identification and accounting recognition of commercial agreements with suppliers; (ii) updating the understanding of the business processes established by the executive board for the identification, measurement and accounting recognition of commercial agreements with suppliers; (iii) understanding the main contractual terms, individually material or with specific characteristics; (iv) sending out confirmation letters for the amounts of bonuses to be received from certain suppliers, considering aspects of relevance of amounts and representative sample; (v) testing the recognition of bonuses in the correct accrual period, including subsequent financial settlement verification for a sample of transactions; and (vi) assessing whether the disclosures in Notes 2.3 and 8 to the individual and consolidated financial statements are adequate as of December 31, 2023.

Based on the result of the audit procedures performed on the commercial agreements, which is consistent with the executive board’s assessment, we consider the criteria and assumptions adopted by the executive board, as well as the respective disclosures in Notes 2.3 and 8, acceptable within the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2023, prepared under the responsibility of the Company's executive board, and presented as supplementary information for IFRS purposes, were subject to audit procedures performed in conjunction with the audit of the Company's individual and consolidated financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria provided for in Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, these individual and consolidated statements of value added have been prepared fairly, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The executive board is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this respect.

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for

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such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company and its subsidiaries.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a

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material uncertainty exists related to events or conditions that may cast substantial doubt as to the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate all potential relationships or matters that could materially affect our independence, including, where applicable, the respective safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 18, 2024.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP-034519/O

Alexandre Rubio
Accountant CRC-SP-223361/O

A free translation from Portuguese into English of individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil

Magazine Luiza S.A.

Statements of financial position at December 31, 2023 and December 31, 2022
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Assets					
Current assets					
Cash and cash equivalents	6	**1,113,662**	808,764	**2,593,346**	2,420,045
Marketable securities and other financial assets	7	**578,311**	304,298	**779,072**	304,298
Accounts receivable	8	**3,919,547**	4,587,059	**5,885,450**	6,760,270
Inventories	9	**6,383,303**	6,608,969	**7,497,299**	7,790,069
Accounts receivable from related parties	10	**1,675,950**	3,305,722	**1,273,718**	2,576,572
Taxes recoverable	11	**1,475,359**	1,376,204	**1,680,511**	1,564,188
Income and social contribution taxes recoverable	12	**79,374**	258,838	**177,024**	314,457
Other current assets		**84,208**	70,436	**334,743**	208,237
Total current assets		**15,309,714**	17,320,290	**20,221,163**	21,938,136
Noncurrent assets					
Accounts receivable	8	**72,691**	17,156	**72,691**	17,156
Taxes recoverable	11	**2,409,362**	2,037,328	**2,464,245**	2,123,865
Deferred income and social contribution taxes	12	**2,513,695**	1,625,928	**2,836,852**	1,686,360
Judicial deposits	24	**1,260,289**	1,234,720	**1,734,546**	1,650,223
Other noncurrent assets		**104,365**	106,615	**113,671**	116,786
Long-term receivables		**6,360,402**	5,021,747	**7,222,005**	5,594,390
Investments in subsidiaries	13	**4,629,769**	4,379,731	**-**	-
Investments in jointly-controlled entities	14	**322,516**	338,833	**322,516**	338,833
Right of use - lease	15	**3,282,873**	3,473,159	**3,343,054**	3,511,497
Property and equipment	16	**1,650,996**	1,769,292	**1,841,522**	1,955,479
Intangible assets	17	**1,055,626**	896,749	**4,504,807**	4,427,510
		10,941,780	10,857,764	**10,011,899**	10,233,319
Total noncurrent assets		**17,302,182**	15,879,511	**17,233,904**	15,827,709
Total assets		**32,611,896**	33,199,801	**37,455,067**	37,765,845

See accompanying notes.

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Statements of financial position at December 31, 2023 and December 31, 2022
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Liabilities and equity					
Current liabilities					
Trade accounts payable	18	**6,008,527**	4,604,573	**6,965,980**	5,741,020
Trade accounts payable - agreement	19	**2,312,134**	3,756,776	**2,358,092**	3,802,237
Partners and other deposits	20	**-**	-	**1,765,149**	1,552,643
Loans and financing	21	**2,928,459**	92,607	**2,954,347**	124,297
Salaries, vacation pay and social charges		**224,974**	242,906	**401,867**	420,496
Taxes payable		**229,494**	141,811	**359,971**	224,889
Accounts payable to related parties	10	**325,607**	256,707	**100,961**	152,511
Lease	15	**493,861**	604,140	**508,359**	619,788
Deferred revenue	22	**122,407**	52,009	**145,899**	76,908
Other current liabilities	23	**1,268,164**	1,621,391	**1,847,502**	2,118,136
Total current liabilities		**13,913,627**	11,372,920	**17,408,127**	14,832,925
Noncurrent liabilities					
Loans and financing	21	**4,000,278**	6,584,571	**4,400,508**	6,984,460
Taxes payable		**2,024**	4,614	**4,837**	7,836
Lease	15	**3,020,488**	3,047,523	**3,069,796**	3,073,728
Deferred income and social contribution taxes	12	**-**	-	**105,122**	108,822
Provision for tax, civil, and labor contingencies	24	**996,505**	814,836	**1,619,166**	1,193,765
Deferred revenue	22	**938,246**	238,354	**1,102,758**	423,464
Other noncurrent liabilities	23	**130,194**	488,282	**134,219**	492,144
Total noncurrent liabilities		**9,087,735**	11,178,180	**10,436,406**	12,284,219
Total liabilities		**23,001,362**	22,551,100	**27,844,533**	27,117,144
Equity	25				
Capital		**12,352,498**	12,352,498	**12,352,498**	12,352,498
Capital reserve		**(2,087,258)**	(1,896,383)	**(2,087,258)**	(1,896,383)
Treasury shares		**(990,603)**	(1,245,809)	**(990,603)**	(1,245,809)
Legal reserve		**137,442**	137,442	**137,442**	137,442
Income reserve		**319,837**	1,298,941	**319,837**	1,298,941
Equity adjustments		**(121,382)**	2,012	**(121,382)**	2,012
Total equity		**9,610,534**	10,648,701	**9,610,534**	10,648,701
Total liabilities and equity		**32,611,896**	33,199,801	**37,455,067**	37,765,845

See accompanying notes.

Magazine Luiza S.A.

Statements of profit or loss
Years ended December 31, 2023 and 2022
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net sales revenue	26	**30,097,635**	29,872,131	**36,768,149**	37,299,002
Cost of goods resold and services rendered	27	**(22,436,918)**	(22,098,829)	**(26,604,266)**	(26,860,106)
Gross profit		**7,660,717**	7,773,302	**10,163,883**	10,438,896
Operating income (expenses)					
Selling expenses	28	**(5,612,277)**	(5,389,954)	**(7,002,066)**	(6,741,109)
General and administrative expenses	28	**(912,413)**	(847,184)	**(1,335,204)**	(1,370,198)
Losses on doubtful accounts		**(366,710)**	(251,603)	**(386,157)**	(239,658)
Depreciation and amortization	15/16/17	**(1,001,857)**	(940,865)	**(1,242,690)**	(1,163,624)
Equity pickup	13/14	**140,692**	286,866	**(19,010)**	(35,738)
Other operating income, net	29	**(289,647)**	(126,445)	**(550,904)**	(116,934)
		(8,042,212)	(7,269,185)	**(10,536,031)**	(9,667,261)
Operating income (loss) before finance income (costs)		**(381,495)**	504,117	**(372,148)**	771,635
Finance income		**933,705**	560,687	**1,106,101**	695,425
Finance costs		**(2,419,081)**	(2,350,728)	**(2,798,320)**	(2,736,458)
Finance income (costs)	30	**(1,485,376)**	(1,790,041)	**(1,692,219)**	(2,041,033)
Operating loss before income and social contribution taxes		**(1,866,871)**	(1,285,924)	**(2,064,367)**	(1,269,398)
Current and deferred income and social contribution taxes	12	**887,767**	786,949	**1,085,263**	770,423
Loss for the year		**(979,104)**	(498,975)	**(979,104)**	(498,975)
Loss attributable to:					
Controlling shareholders		**(979,104)**	(498,975)	**(979,104)**	(498,975)
Loss per share					
Basic (reais per share)	25	**(0.146)**	(0.075)	**(0.146)**	(0.075)
Diluted (reais per share)	25	**(0.146)**	(0.075)	**(0.146)**	(0.075)

See accompanying notes.

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Statements of comprehensive income (loss)
Years ended December 31, 2023 and 2022
(In thousands of reais - R$)

	Individual and Consolidated	
	12/31/2023	12/31/2022
Loss for the year	**(979,104)**	(498,975)
Items that may be subsequently reclassified to profit or loss:		
Investments valued under the equity method - share in other comprehensive income (OCI)	**(6,262)**	1,776
Tax effects	**2,129**	(604)
Total items that may be subsequently reclassified to profit or loss	**(4,133)**	1,172
Financial assets measured at FVTOCI	**127,527**	-
Total comprehensive income (loss) for the year, net of taxes	**(855,710)**	(497,803)
Attributable to:		
Controlling shareholders	**(855,710)**	(497,803)

See accompanying notes.

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Statements of changes in equity
Years ended December 31, 2023, December 31, 2022 and January 01, 2022

(In thousands of reais - R$)

						Income reserve					
	Note	Capital	Capital reserve	Treasury shares	Legal reserve	Reserve for working capital increase	Additional dividends proposed	Tax incentive reserve	Accumulated losses	Equity adjustments	Total
Balances at December 31, 2021		12,352,498	(1,637,055)	(1,449,159)	137,442	582,635	58,749	1,215,281	-	840	11,261,231
Stock option plan	25	-	53,750	-	-	-	-	-	-	-	53,750
Treasury shares sold or delivered in stock option plans and business combinations	25	-	(132,025)	203,350	-	-	-	-	-	-	71,325
Reclassification of consideration due to acquisition		-	-	(181,053)	-	-	-	-	-	-	(181,053)
Additional dividends proposed	25	-	-	-	-	-	(58,749)	-	-	-	(58,749)
Loss for the year	25	-	-	-	-	-	-	-	(498,975)	-	(498,975)
Absorption of accumulated losses		-	-	-	-	(498,975)	-	-	498,975	-	-
		-	(259,328)	203,350	-	(498,975)	(58,749)	-	-	-	(613,702)
Other comprehensive income:											
Equity adjustments		-	-	-	-	-	-	-	-	1,172	1,172
Balances at December 31, 2022		12,352,498	(1,896,383)	(1,245,809)	137,442	83,660	-	1,215,281	-	2,012	10,648,701
Stock option plan	25	**-**	**68,323**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68,323**
Treasury shares sold or delivered in stock option plans and business combinations	25	**-**	**(259,198)**	**255,206**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,992)**
Loss for the year	25	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(979,104)**	**-**	**(979,104)**
Absorption of accumulated losses		**-**	**-**	**-**	**-**	**(83,660)**	**-**	**-**	**83,660**	**-**	**-**
		-	**(190,875)**	**255,206**	**-**	**(83,660)**	**-**	**-**	**(895,444)**	**-**	**(914,773)**
Other comprehensive income:											
Equity adjustments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(123,394)**	**(123,394)**
Balances at December 31, 2023		**12,352,498**	**(2,087,258)**	**(990,603)**	**137,442**	**-**	**-**	**1,215,281**	**(895,444)**	**(121,382)**	**9,610,534**

See accompanying notes.

Magazine Luiza S.A.

Statements of cash flows
Years ended December 31, 2023 and 2022
(In thousands of reais - R$)

	Note	Individual 12/31/2023	Individual 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
Cash flows from operating activities					
Loss for the year		**(979,104)**	(498,975)	**(979,104)**	(498,975)
Adjustments to reconcile loss for the year to cash from operating activities:					
Income and social contribution taxes recognized in P&L	12	**(887,767)**	(786,949)	**(1,085,263)**	(770,423)
Depreciation and amortization	15/16/17	**1,001,857**	940,865	**1,242,690**	1,163,624
Accrued interest on loans, financing and lease	15/21	**1,241,750**	1,157,231	**1,300,876**	1,213,425
Gain (loss) on marketable securities		**(30,793)**	(37,657)	**(40,491)**	(37,657)
Equity pickup	13/14	**(140,692)**	(286,866)	**19,010**	35,738
Changes in the provision for losses on assets		**2,637**	503,468	**16,978**	512,658
Provision for tax, civil, and labor contingencies	24	**288,913**	114,283	**534,717**	66,706
Income (loss) from write-off of assets	29	**(213,932)**	1,357	**(200,143)**	695
Appropriation of deferred revenue	22	**(89,815)**	(62,657)	**(112,720)**	(75,958)
Stock option plan expenses		**45,477**	85,315	**68,323**	116,677
Adjusted net income for the year		**238,531**	1,129,415	**764,873**	1,726,510
(Increase) decrease in operating assets:					
Accounts receivable		**529,742**	(1,002,786)	**737,050**	(1,451,867)
Marketable securities		**(243,220)**	1,289,570	**(434,283)**	1,289,730
Inventories		**177,738**	1,105,560	**230,501**	1,152,038
Accounts receivable from related parties		**1,629,898**	912,810	**1,286,600**	1,145,572
Taxes recoverable		**(291,725)**	(906,631)	**(319,270)**	(936,811)
Judicial deposits		**(25,569)**	(299,391)	**(84,323)**	(460,329)
Other assets		**(11,523)**	(33,238)	**(114,191)**	107,546
Changes in operating assets		**1,765,341**	1,065,894	**1,302,084**	845,879
Increase (decrease) in operating liabilities:					
Trade accounts payable		**1,403,954**	(89,703)	**1,224,960**	102,632
Partners and other deposits		**-**	-	**212,506**	133,746
Salaries, vacation pay and social charges		**(17,932)**	5,636	**(18,629)**	50,320
Taxes payable		**69,604**	20,211	**86,527**	6,727
Accounts payable to related parties		**68,900**	60,813	**(51,550)**	27,209
Other accounts payable		**(295,839)**	201,208	**(194,296)**	160,427
Changes in operating liabilities		**1,228,687**	198,165	**1,259,518**	481,061
Income and social contribution taxes paid		**-**	-	**(38,864)**	(59,826)
Dividends received		**167,011**	273,201	**67,011**	70,498
Cash flows from operating activities		**3,399,570**	2,666,675	**3,354,622**	3,064,122
Cash flows from investing activities					
Acquisition of property and equipment	16	**(114,735)**	(216,838)	**(168,225)**	(265,129)
Acquisition of intangible assets	17	**(363,886)**	(302,757)	**(472,620)**	(430,282)
Capital increase at subsidiary	13	**(181,276)**	(123,794)	**-**	-
Payment for acquisition of subsidiary		**(511,586)**	(595,796)	**(528,948)**	(620,147)
Sale of equity interest in jointly-controlled entity	14	**166,793**	-	**166,793**	-
Sale of exclusivity agreement and right of operation	22	**850,000**	64,261	**854,600**	272,000
Cash flows used in investing activities		**(154,690)**	(1,174,924)	**(148,400)**	(1,043,558)
Cash flows from financing activities					
Loans and financing raised		**-**	-	**-**	400,000
Repayment of loans and financing	21	**-**	(7,917)	**(4,715)**	(383,261)
Payment of interest on loans and financing	21	**(685,495)**	(591,701)	**(742,716)**	(616,462)
Payment of lease	15	**(483,901)**	(470,226)	**(512,750)**	(487,186)
Payment of interest on lease	15	**(325,944)**	(314,441)	**(328,595)**	(321,543)
Decrease in trade accounts payable - agreement		**(1,444,642)**	(657,490)	**(1,444,145)**	(658,319)
Dividends paid		**-**	(99,966)	**-**	(99,966)
Cash flows used in financing activities		**(2,939,982)**	(2,141,741)	**(3,032,921)**	(2,166,737)
Increase (decrease) in cash and cash equivalents		**304,898**	(649,990)	**173,301**	(146,173)
Cash and cash equivalents at beginning of year		**808,764**	1,458,754	**2,420,045**	2,566,218
Cash and cash equivalents at end of year		**1,113,662**	808,764	**2,593,346**	2,420,045
Increase (decrease) in cash and cash equivalents		**304,898**	(649,990)	**173,301**	(146,173)

See accompanying notes.

Magazine Luiza S.A.

Statements of value added
Years ended December 31, 2023 and 2022
(In thousands of reais - R$)

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenues				
Sales of goods, products and services	**35,805,818**	34,925,529	**44,534,188**	43,889,925
Allowance for doubtful accounts, net of reversals	**(366,710)**	(251,603)	**(386,157)**	(239,658)
Other operating income	**3,369**	48,903	**(196,787)**	87,284
	35,442,477	34,722,829	**43,951,244**	43,737,551
Bought-in inputs				
Cost of goods resold and services rendered	**(23,833,295)**	(23,567,823)	**(27,990,389)**	(28,238,326)
Materials, energy, third-party services and other expenses	**(4,701,321)**	(4,267,963)	**(5,824,787)**	(5,603,196)
Loss/recovery of receivables	**(46,725)**	(87,195)	**(92,268)**	(95,694)
	(28,581,341)	(27,922,981)	**(33,907,444)**	(33,937,216)
Gross value added	**6,861,136**	6,799,848	**10,043,800**	9,800,335
Depreciation and amortization	**(1,001,857)**	(940,865)	**(1,242,690)**	(1,163,624)
Net value added produced by the Company	**5,859,279**	5,858,983	**8,801,110**	8,636,711
Value added received in transfer				
Equity pickup	**140,692**	286,866	**(19,010)**	(35,738)
Finance income	**933,705**	560,687	**1,106,101**	695,425
Total value added to be distributed	**6,933,676**	6,706,536	**9,888,201**	9,296,398
Distribution of value added				
Personnel and charges:				
Salaries	**1,656,413**	1,719,575	**2,389,514**	2,427,759
Benefits	**269,633**	323,428	**415,840**	438,227
Unemployment Compensation Fund (FGTS)	**122,384**	131,754	**213,200**	205,593
	2,048,430	2,174,757	**3,018,554**	3,071,579
Taxes, charges and contributions:				
Federal	**255,959**	100,554	**981,030**	1,000,025
State	**3,063,413**	2,479,627	**3,833,346**	2,785,587
Local	**108,087**	89,102	**169,408**	143,530
	3,427,459	2,669,283	**4,983,784**	3,929,142
Debt remuneration:				
Interest	**2,245,673**	2,185,678	**2,499,485**	2,549,859
Rent	**72,133**	59,797	**82,447**	73,361
Other	**119,085**	115,996	**283,035**	171,432
	2,436,891	2,361,471	**2,864,967**	2,794,652
Equity remuneration:				
Accumulated losses	**(979,104)**	(498,975)	**(979,104)**	(498,975)
	(979,104)	(498,975)	**(979,104)**	(498,975)
	6,933,676	6,706,536	**9,888,201**	9,296,398

See accompanying notes.

Notes to financial statements

1. Operations

Magazine Luiza S.A. ("Company") is a publicly-held corporation listed under the special segment called "Novo Mercado" of B3 S.A. – Brasil, Bolsa, Balcão, under ticker symbol "MGLU3" and is primarily engaged in the retail sale, through physical stores, e-commerce and its SuperApp, which is an application that offers products and services from Magazine Luiza, its subsidiaries, as well as from commercial partners ("sellers") through the marketplace platform. Its jointly-controlled entity Luizacred (Note 13) offers loans and financing services to its customers. It is headquartered in the city of Franca, São Paulo State, and its parent and holding company is LTD Administração e Participação S.A.

Magazine Luiza S.A. and its subsidiaries are hereinafter referred to as "Company" for purposes of this report, unless otherwise stated.

As at December 31, 2023, the Company owned 1,287 stores and 21 distribution centers (1,399 stores and 23 distribution centers as at December 31, 2022) located in all regions in Brazil. The Company also operates on the electronic commerce sites www.magazineluiza.com.br, www.epocacosmeticos.com.br, www.netshoes.com.br, www.zattini.com.br, www.shoestock.com.br, www.kabum.com.br;, and related mobile apps, as well as through the food delivery apps AiQfome, Tônolucro and Plus Delivery.

On March 18, 2024, the Board of Directors authorized the issue of these financial statements.

2. Presentation and preparation of financial statements

2.1. Accounting policies

The Company's individual and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil, which comprise the provisions of the Brazilian Corporation Law (Law No. 6404/76, as amended), as well as with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), implemented in Brazil by the Brazilian Financial Accounting Standards Board (CPC), and its interpretations (ICPC) and guidelines (OCPC) approved by the Brazilian Securities and Exchange Commission (CVM).

All significant information of the financial statements themselves, and only such information, is being disclosed and corresponds to that used to manage the Company's operations.
The financial statements were prepared based on historical cost, except for certain financial instruments measured at fair value.
Management adopts the accounting policy of presenting the interest paid as financing activity and the dividends received as operating activity in the Statements of Cash Flows.

2.2. Functional and presentation currency of the financial statements

The Company's functional currency is the Brazilian Real (R$). The financial statements of each subsidiary, as well as the financial statements used as a basis for the valuation of investments under the equity method, are prepared in Reais. All amounts were rounded to the nearest thousand, unless otherwise stated.

2.3. Review of estimates and improvement of internal controls

On March 6, 2023, the Company became aware of an anonymous report concerning practices allegedly in disagreement with the Company's Code of Conduct and Ethics. Accordingly, the Board of Directors requested that the Audit, Risk and Compliance Committee investigate the reported allegations, assisted by independent external experts. The investigation was completed and closed and the anonymous report was deemed groundless.

After completing the analysis procedures and filing the necessary documents, as well as adopting certain additional and extensive audit procedures, considering the accounting interpretations recently published on the best practices for the recognition of suppliers' bonuses, the Company reviewed the realization estimates of bonus balances receivable, originated in prior periods, and made the necessary accounting adjustments in the quarterly information as of September 30, 2023, herein stated, with no changes to equity or other previously presented statement of financial position balances.

Such adjustments did not result in increase or decrease in the previously presented cash balances, nor in breaches of loan and financing covenants.

In addition, management has adopted the necessary measures to improve the Company's internal controls, such as:

- Revision of risk matrices, improvement of policies (including accounting policies), guidelines and internal controls of the commercial negotiation process;
- Adoption of additional segregation of duties processes related to execution of the stages of the bonus negotiation and appropriation process;
- Improvement of the automated system as a primary tool for managing supplier funds and mechanisms that allow monitoring the fulfillment of the performance obligations of each negotiation;
- Revision and improvement of the plan and monthly routine of internal audit on commercial negotiation processes, reporting to the Audit, Risk and Compliance Committee.

3. Basis of consolidation and investments in subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is obtained when the Company holds, directly or indirectly, a majority of the voting rights or is exposed to or entitled to variable returns based on its involvement with the investee and has the ability to affect those returns through the power exercised over the investee.

The Company’s consolidation basis include:

		(%) Direct and indirect interest	
Subsidiary	**Business purpose**	**2023**	**2022**
Época Cosméticos	Electronic commerce of perfumes and cosmetics	**100%**	**100%**
Luiza Administradora de Consórcios (LAC)	Management of consortia	**100%**	**100%**
Magalu Log (Magalog)	Logistics services	**100%**	**100%**
Luizalabs Sistemas de Informação	Technology solutions for the retail and consumer goods industries	**100%**	**100%**
Netshoes	Electronic commerce of sports articles and fashion	**100%**	**100%**
Fintech Magalu	Payments institution	**100%**	**100%**
KaBuM	Electronic commerce of IT equipment	**100%**	**100%**

The consolidated financial statements also include boutique fixed income investment funds, where the Company maintains part of its financial investments, as shown in Note 7.

In the consolidation process of the financial statements, the following eliminations are carried out:

- Company’s interest in capital, reserves and accumulated P&L of consolidated companies;
- Asset and liability balances held between consolidated companies; and
- Revenue and expenses arising from transactions carried out between consolidated companies.

In the Company’s individual financial statements, the financial information of the subsidiaries and jointly-controlled entities is recorded under the equity method.

4. Accounting policies

Significant accounting policies and practices are described in each corresponding explanatory note, except for those below which are related to more than one explanatory note. The accounting policies and practices were applied consistently for the years presented and for the Company's individual and consolidated financial statements.

4.1. Monetary transactions and adjustments of rights and obligations

Monetary assets and liabilities subject to contractual adjustments or foreign exchange differences and monetary variations are restated up to the statement of financial position date, and these variations are recognized as finance income or costs in profit or loss.

Monetary assets and liabilities denominated in foreign currency, if any, are translated into Reais (R$) at the exchange rate in force as of the corresponding statement of financial position dates. Differences arising from currency translation are recognized as finance income or costs in profit or loss.

4.2. Impairment of assets, net

i) Nonfinancial assets

The carrying amounts of the Company's nonfinancial assets are reviewed at each statement of financial position date to determine whether there is indication of impairment loss. If any indication exists, the Company estimates the asset's recoverable amount. Goodwill is tested for impairment on an annual basis.

Investees accounted for using the equity method

An impairment loss referring to an investee valued using the equity method is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss and is reversed if there is a favorable change in the estimates used to determine the recoverable amount.

ii) Allocation of goodwill balances

Goodwill is allocated to each cash-generating unit and is tested annually for impairment, or more frequently, when there is any indication that a cash-generating unit is underperforming. If the recoverable amount of a cash-generating unit is lower than its carrying amount plus goodwill allocated thereto, the impairment loss is firstly allocated to reduce goodwill allocated to that unit, and subsequently, to other assets of that unit proportionally to the carrying amount of each of these assets. Any loss in the amount of goodwill is recognized directly in profit or loss for the year in which such loss was identified, and is not reversed in subsequent periods, even if the factors that led to its recognition cease to exist.

4.3. Present value adjustment

The main transactions that result in adjustments to present value are related to transactions for the purchase of goods for resale, carried out in installments, as well as transactions for the resale of goods, whose balances are payable in installments by customers, bearing fixed interest rates. Sales and purchases are discounted to establish the present value on the transactions date and considering the installment terms.

The discount rate used considers the effects of the financing rates applied to the final consumer, weighted by the percentage of default risk assessed and already considered in the allowance for expected credit losses.

The adjustment to present value of transactions related to the resale of goods, payable in installments, is matched against “Accounts receivable.” Its realization is recorded under “Revenue from resale of goods”, also over its term.

The adjustment to present value of the liability related to the purchase of goods for resale is recorded under “Trade accounts payable”, matched against “Inventories”. Its reversal is recorded under “Cost of goods resold and services rendered” upon lapse of the term.

4.4. Provisions

Provisions are recognized for current obligations or risks resulting from past events, for which it is possible to reliably estimate amounts and whose disbursement is probable. The amount recognized as a provision is the best estimate of the considerations required to settle the obligation at the end of each year or period, considering the risks and uncertainties related to the obligation.

4.5. Employee benefits

<u>Short-term employee benefits</u>

Obligations for short-term employee benefits are recognized as personnel expenses as the related service is rendered. The liability is recognized at the amount expected to be paid, if the Company has a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

<u>Share-based payment agreements</u>

The fair value of share-based payment agreements is recognized at the grant date, as personnel expenses, with a corresponding increase in equity, over the period when eligible employees become unconditionally entitled to the premiums. The amount recognized as an expense is adjusted to reflect the number of premiums that effectively meet these service and performance conditions at the vesting date.

4.6. Statement of Value Added (SVA)

The purpose of this statement is to show the wealth created by the Company and its distribution during a certain period. It is presented as part of its individual financial statements as required by Brazilian Corporation Law and as supplementary information to the consolidated financial statements, since it is not a planned or required statement pursuant to the IFRS.

4.7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, in the principal market, or in the absence of a principal market, in the most advantageous market to which the Company has access on that date. The fair value of a liability reflects its risk of non-performance. The risk of non-performance includes the Company’s own credit risk, among others.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is considered to be active if transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into consideration when pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is usually the transaction price - that is, the fair value of the consideration given or received.

4.8. New standards and interpretations not yet effective

The new and amended standards and interpretations issued but not yet effective until the issue date of the Company’s financial statements are described below. The Company intends to adopt them when they become effective.

- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback: specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendment is effective from January 1, 2024.
- Amendments to IAS 1 - Classification of liabilities as current and noncurrent. The amendment is effective from January 1, 2024.
- Amendments to IAS 7 and IFRS 7 – Supplier financing arrangements. In May 2023, the IASB issued amendments to IAS 7 (equivalent to CPC 03 (R2) – Statements of Cash Flows) and IFRS 7 (equivalent to CPC 40 (R1) - Financial instruments: disclosures) to clarify the characteristics of supplier financing arrangements and require additional disclosures about these arrangements. The disclosure requirements in the amendments are intended to assist users of the financial statements in understanding the effects of supplier financing arrangements on an entity’s liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

The Company is currently assessing the impact of these amendments.

5. Significant accounting judgments and sources of uncertainties in estimates

In applying the accounting policies, management must make judgments and prepare estimates regarding book values of assets and liabilities for which objective information is not easily obtained from other sources. These estimates and their respective assumptions are based on historical experience and other factors considered relevant. The actual results of these book values may differ from those estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions of estimates are recognized prospectively.

a) Judgments

Information on judgments regarding the accounting policies adopted that significantly affect the amounts reported in these individual and consolidated financial statements is included in the following notes:

- Note 3 - Basis of consolidation and investments in subsidiaries: determining whether the Company in fact holds control over an investee;
- Note 11 – Determining the recoverable ICMS tax credits included in the lawsuits;
- Note 15 - Determining the lease term of contracts with renewal and termination options.

b) Uncertainties about assumptions and estimates

Information about uncertainties related to assumptions and estimates with significant risk of resulting in material adjustment to the book balances of assets and liabilities in the next fiscal year is included in the following notes:

- Note 8 – Accounts receivable: criteria and amounts of allowance for expected credit losses;
- Note 9 – Inventories: criteria and amounts of provision for inventory losses;
- Note 11 – Taxes recoverable: the criteria for evaluation of the periods for recovery of tax credits involve a high level of judgment on the determination of offset assumptions;
- Note 12 - Deferred income and social contribution taxes: availability of future taxable profit against which tax losses may be used;
- Notes 16 and 17 – Property and equipment and Intangible assets – estimated useful life of long-term assets;
- Note 17 - The determination of goodwill in acquisition of companies is a complex process and involves a high level of subjectivity, and is based on several assumptions, such as the determination of cash-generating units, discount rates, projection of inflation, growth percentages, longevity and profitability of business of the Company for the next years, among others. These assumptions will be affected by market conditions or future economic scenarios in Brazil, which cannot be accurately estimated.
- Note 24 – Provision for tax, civil and labor contingencies: key assumptions about the probability and magnitude of the outflow of funds;
- Note 32 – Impairment of assets, net: determination of the fair value based on significant unobservable inputs.

6. Cash and cash equivalents

Accounting policy

Company management defines “Cash and cash equivalents” as amounts maintained for the purpose of meeting short-term financial commitments rather than for investment or other purposes. Financial investments are readily convertible into known amounts of cash and are not subject to a significant risk of change in value, and they are recorded at cost plus yield accrued up to the statement of financial position dates, not exceeding their market or realization value.

	Rate	Individual 12/31/2023	Individual 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
Cash		**77,723**	95,911	**78,780**	96,583
Banks		**72,988**	106,752	**104,866**	153,431
Short-term deposits	From 88% to 103% of the CDI	**962,951**	606,101	**2,359,144**	2,132,556
Non-boutique investment funds	From 97% to 100% of the CDI	**-**	-	**50,556**	37,475
		1,113,662	808,764	**2,593,346**	2,420,045

Credit risk and sensitivity analyses are described in Note 32.

7. Marketable securities

Financial assets	Rate	Individual 12/31/2023	Individual 12/31/2022	Consolidated 12/31/2023	Consolidated 12/31/2022
Non-boutique investment funds	100% to 102% of the CDI	**4,809**	14,525	**4,809**	14,525
Credit right investment funds	(a)	**49,263**	44,500	**3,248**	44,500
Boutique investment funds:	(b)				
Federal government securities		**524,239**	245,273	**771,015**	245,273
		578,311	304,298	**779,072**	304,298

(a) This refers to credit right investment funds whose Parent Company's interest is eliminated upon consolidation.

(b) Refers to boutique fixed income investment funds held with Banco Itaú S.A. and Banco do Brasil S.A. As of December 31, 2023 and 2022, the portfolio comprised the investments described in the table above, which are linked to securities and financial transactions and referenced to the variation of the Interbank Deposit Certificate (CDI), with daily liquidity and the objective of returns at the average yield of 100% of the CDI for the Company.

Credit risk and sensitivity analyses are described in Note 32.

8. Accounts receivable

Accounting policy

Accounts receivable are recorded and maintained in the statement of financial position at the securities amount, adjusted to present value, as applicable, represented mainly by resale credits payable in installments and by credit card, accounts receivable for services rendered, receivables from suppliers' bonuses and allowance for expected credit losses, which is set up at an amount deemed sufficient by management to cover possible risks on the financing portfolio and other amounts receivable existing at the statement of financial position date. The criterion for recognizing the allowance considers, for retail activities, the historical loss indices per maturity range of the portfolio, as mentioned in Note 32.

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Credit cards (a)	**2,776,422**	3,430,696	**4,499,274**	5,383,828
Debit cards (a)	**11,739**	11,375	**11,788**	12,041
Direct consumer credit (b)	**1,321,089**	1,197,994	**1,321,089**	1,197,994
Customer services (c)	**377,909**	230,431	**403,952**	257,661
Other receivables (d)	**4,566**	15,381	**159,684**	134,417
Total accounts receivable	**4,491,725**	4,885,877	**6,395,787**	6,985,941
From commercial agreements (e)	**235,290**	315,578	**302,974**	392,777
Allowance for expected credit losses	**(366,096)**	(266,709)	**(371,939)**	(270,761)
Present value adjustment	**(368,681)**	(330,531)	**(368,681)**	(330,531)
Total	**3,992,238**	4,604,215	**5,958,141**	6,777,426
Current assets	**3,919,547**	4,587,059	**5,885,450**	6,760,270
Noncurrent assets	**72,691**	17,156	**72,691**	17,156

Days sales outstanding is of 45 and 53 days, individual and consolidated, respectively, as of December 31, 2023 (45 and 51 days, individual and consolidated, respectively, as of December 31, 2022).

(a) Accounts receivable arising from sales made through credit and debit cards, which the Company receives from the buyers in amounts, terms and number of installments defined at the time the products are sold. The consolidated information includes receivables from buyers transacted through Fintech Magalu, to be transferred to the partners (sellers) as described in Note 20. As of December 31, 2023, the Company recorded credits assigned to certain buyers and financial institutions amounting to R$2,678,944 (R$2,693,143 as of December 31, 2022), individual, and R$5,337,901 (R$4,944,607 as of December 31, 2022), consolidated, on which a discount ranging from 103.9% to 108.1% of the CDI is applied. Through assignment of receivables from cards, the Company transfers to the buyers and financial institutions all risks from customer receivables and, thus, settles the amounts receivable related to these credits.

(b) Refers to receivables from sales financed by the Company and by other financial institutions.

(c) Refers substantially to sales intermediated by the Company for Luizaseg and Cardif do Brasil Seguros e Garantias S.A. The Company allocates to its partners the extended warranty and other insurance, in full, in the month following the sale, and receives from customers in accordance with the agreed transaction term. Additionally, receivables for marketplace services and other services are allocated to this account.

(d) Refers mostly to receivables for transportation services of subsidiaries Magalog and GFL Logística to third parties, as well as services rendered and entries in Fintech Magalu's payment accounts.

(e) Refers to bonuses to be received from suppliers, arising from the fulfillment of the purchase volume or promotional campaigns, as well as from agreements that define the share of suppliers in disbursements related to advertising and promotion (joint advertising). Considering the predictability of partnership agreements between the Company and suppliers and the Company's intention to realize, on a net basis, the balance payable to its suppliers, the balance receivable stated is net of the amount to be offset due to the matching of accounts with balances payable of the respective suppliers, in the amount of R$574,333, individual, and R$602,197, consolidated.

Changes in allowance for expected credit losses are as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	**(266,709)**	(151,426)	**(270,761)**	(169,588)
(+) Additions	**(519,702)**	(344,453)	**(522,579)**	(342,551)
(-) Write-offs	**420,315**	229,170	**421,401**	241,378
Closing balance	**(366,096)**	(266,709)	**(371,939)**	(270,761)

The credit risk analysis is detailed in Note 32.

The aging list of trade accounts receivable and receivables from commercial agreements is as follows:

	Trade accounts receivable				From commercial agreements			
	Individual		Consolidated		Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Falling due:								
Within 30 days	**260,305**	255,845	**518,713**	452,821	**68,101**	57,191	**104,260**	82,998
31 to 60 days	**649,945**	279,652	**711,865**	348,570	**85,859**	54,408	**105,250**	88,838
61 to 90 days	**654,591**	716,831	**705,456**	824,887	**75,016**	66,514	**76,026**	69,989
91 to 180 days	**1,428,606**	2,134,903	**2,053,521**	3,246,201	**623**	108,735	**623**	108,944
181 to 360 days	**1,172,876**	1,244,850	**2,064,631**	1,858,988	**22**	7,503	**22**	7,586
More than 361 days	**99,618**	53,802	**99,618**	53,885	**-**	-	**-**	-
	4,265,941	4,685,883	**6,153,804**	6,785,352	**229,621**	294,351	**286,181**	358,355
Overdue:								
Within 30 days	**56,855**	45,820	**73,054**	46,415	**1,803**	8,717	**8,574**	9,724
31 to 60 days	**38,272**	36,293	**38,272**	36,293	**1,738**	1,085	**2,272**	5,767
61 to 90 days	**34,915**	30,924	**34,915**	30,924	**363**	107	**1,774**	3,608
91 to 180 days	**95,742**	86,957	**95,742**	86,957	**1,765**	11,318	**4,173**	15,323
	225,784	199,994	**241,983**	200,589	**5,669**	21,227	**16,793**	34,422
	4,491,725	4,885,877	**6,395,787**	6,985,941	**235,290**	315,578	**302,974**	392,777

9. Inventories

Accounting policy

Inventories are carried at the lower of average cost of acquisition and net realizable value. The average cost of acquisition comprises the purchase price, non-recoverable taxes, such as ICMS tax substitution, as well as other costs directly attributable to the acquisition. Provisions for inventory losses comprise the provision for inventory realization that corresponds to the estimated selling price of the inventories, less all costs required to complete the sale and provision for obsolescence, which considers slow-moving goods and those sent to technical assistance, in addition to the provision for losses on physical inventories of stores and distribution centers.

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Goods for resale	**6,511,511**	6,755,508	**7,641,437**	7,943,173
Consumption materials	**23,088**	15,929	**35,423**	31,380
Provisions for inventory losses	**(151,296)**	(162,468)	**(179,561)**	(184,484)
	6,383,303	6,608,969	**7,497,299**	7,790,069

As of December 31, 2023, the Company recorded inventories of goods for resale given in guarantee of legal proceedings, under enforcement, in the approximate amount of R$21,650 (R$21,834 as of December 31, 2022).

Changes in the provision for inventory losses are shown below:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	**(162,468)**	(142,526)	**(184,484)**	(163,556)
Set-up of provision	**(47,928)**	(159,015)	**(62,269)**	(170,107)
Inventories written off or sold	**59,100**	139,073	**67,192**	149,179
Closing balance	**(151,296)**	(162,468)	**(179,561)**	(184,484)

10. Transactions with related parties

	Assets (Liabilities)				P&L			
	Individual		Consolidated		Individual		Consolidated	
Company	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Luizacred (i)								
Commissions for services rendered	1,915	4,255	1,915	4,255	248,344	242,942	248,344	242,942
Credit card	1,125,171	2,500,360	1,222,793	2,500,360	(373,799)	(333,569)	(373,799)	(333,569)
Transfers of receivables	(84,061)	(69,879)	(84,061)	(69,879)	-	-	-	-
Reimbursement of shared expenses	45,523	7,191	45,523	7,191	136,610	135,610	136,610	135,610
	1,088,548	2,441,927	1,186,170	2,441,927	11,155	44,983	11,155	44,983
Luizaseg (ii)								
Commissions for services rendered	-	57,531	-	57,531	373,373	497,580	373,373	497,580
Dividends receivable	-	8,831	-	8,831	-	-	-	-
Transfers of receivables	-	(80,301)	-	(80,301)	-	-	-	-
	-	(13,939)	-	(13,939)	373,373	497,580	373,373	497,580
Total jointly-controlled entities	1,088,548	2,427,988	1,186,170	2,427,988	384,528	542,563	384,528	542,563
Netshoes (iii)								
Reimbursement of expenses	(71,101)	22,352	-	-	-	-	-	-
Commissions for services rendered	11	-	-	-	22,013	19,935	-	-
	(71,090)	22,352	-	-	22,013	19,935	-	-
Época Cosméticos (iv)								
Commissions for services rendered	690	1,614	-	-	4,913	7,943	-	-
KaBuM (v)								
Commissions for services rendered	8,210	3,924	-	-	19,196	11,363	-	-
Capital decrease	-	21,488	-	-	-	-	-	-
	8,210	25,412	-	-	19,196	11,363	-	-
Consórcio Magalu								
Commissions for services rendered	1,210	1,378	-	-	16,383	15,434	-	-
Dividends receivable	6,454	4,633	-	-	-	-	-	-
Group of consortia	44	(804)	44	(804)	-	-	-	-
	7,708	5,207	44	(804)	16,383	15,434	-	-
Magalog (vii)								
Transfers of receivables	(106,178)	(61,358)	-	-	-	-	-	-
Freight	-	-	-	-	(1,847,222)	(1,570,114)	-	-
	(106,178)	(61,358)	-	-	(1,847,222)	(1,570,114)	-	-
Fintech Magalu (viii)								
Transfers of receivables	450,686	644,887	-	-	(290,668)	(162,728)	-	-
							-	-
Jovem Nerd (ix)								
Transfers of receivables	-	(940)	-	-	-	(409)	-	-
Luizalabs (x)								
System development	(14,774)	(13,094)	-	-	(14,774)	-	-	-
Total Subsidiaries	275,252	624,080	44	(804)	(2,090,159)	(1,679,107)	-	-
MTG Participações (xi)								
Rent and other transfers	(2,744)	(2,713)	(2,744)	(2,783)	(79,018)	(45,661)	(79,018)	(45,661)
PJD Agropastoril (xii)								-
Rent, freight and other transfers	(56)	(104)	(56)	(104)	(968)	(1,152)	(968)	(1,152)
LH Participações (xiii)								-
Rent	(216)	(201)	(216)	(201)	(2,590)	(2,414)	(2,590)	(2,414)
ASENOVE Administração (xiv)								
Rent	(15)	-	(15)	-	(132)	(151)	(132)	(151)
ETCO – SCP (xv)								-
Agency fee	-	-	-	-	(7,406)	(9,441)	(7,406)	(9,441)
Marketing expenses	(10,426)	(35)	(10,426)	(35)	(231,445)	(295,038)	(231,445)	(295,038)
	(10,426)	(35)	(10,426)	(35)	(238,851)	(304,479)	(238,851)	(304,479)
Total other related parties	(13,457)	(3,053)	(13,457)	(3,123)	(321,559)	(353,857)	(321,559)	(353,857)
Total related parties	1,350,343	3,049,015	1,172,757	2,424,061	(2,027,190)	(1,490,401)	62,969	188,706

	Assets (Liabilities)				P&L			
	Individual		Consolidated		Individual		Consolidated	
Other related parties – Marketable securities	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Boutique investment fund transactions – classified as Marketable securities (xvi)	524,239	245,273	771,015	245,273	30,431	36,094	30,431	36,094

Reconciliation	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Accounts receivable from related parties	**1,675,950**	3,305,722	**1,273,718**	2,576,572
Accounts payable to related parties	**(325,607)**	(256,707)	**(100,961)**	(152,511)
	1,350,343	3,049,015	**1,172,757**	2,424,061

I. Transactions with Luizacred, jointly-controlled entity with Banco Itaúcard S.A., refer to the following activities:

(a) Receivables under private label credit cards and finance costs with advance of such receivables;

(b) Balance receivable from the sale of products financed to customers by Luizacred, received by the Company;

(c) Commissions on services provided monthly by the Company, including attraction of new customers, management and administration of consumer credit transactions, control and collection of financing granted, indication of insurance linked to financial services and products. The amounts payable (current liabilities) refer to the receipt of customer installments at the Company's store cashiers, which are transferred to Luizacred;

II. On October 31, 2023, the transaction for the disposal of Magazine Luiza's entire shareholding interest in Luizaseg Seguros S.A. was completed, after complying with the conditions precedent of the purchase and sale agreement entered into with NCVP Participações Societárias S.A., a company controlled by Cardif. The amounts receivable (current assets) and revenues of Luizaseg arise from commissions on services provided monthly by the Company, relating to the sale of extended warranties. The amounts payable (current liabilities) refer to transfers of extended warranties sold, to Luizaseg, in full, on the month following the sale.

III. The amounts of Netshoes, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's Marketplace platform and reimbursement of shared expenses.

IV. Transactions with Época Cosméticos, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's Marketplace platform.

V. Transactions with KaBuM, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's Marketplace platform. In 2022, the Company approved a capital reduction at the subsidiary KaBuM, in the amount of R$50 million (Note 14), fully settled during 2023.

VI. The amounts receivable (current assets) from Luiza Consortium (LACs), a wholly-owned subsidiary, refer to proposed dividends and commissions for sales made by the Parent Company as an agent for consortium operations. The amounts payable (current liabilities) refer to unrealized transfers to LAC relating to consortia installments received by the Parent Company through cashiers at the points of sale.

VII. Transactions with Magalog, a wholly-owned subsidiary, refer to freight expenses and transfer of receivables.

VIII. Transactions with Fintech Magalu, a wholly-owned subsidiary, refer to commissions receivable for sales made via its platform by Marketplace sellers, as well as fees paid for the use of the sub-acquisition operation offered.

IX. Transactions with Jovem Nerd, a wholly-owned subsidiary, refer to advertising.

X. This refers to provision of system development services by the subsidiary Luizalabs Computação e Sistemas de Informação Ltda.

XI. Transactions with MTG Administração, Assessoria e Participações S.A., controlled by the same controlling shareholders of the Company, refer to expenses with rent of commercial buildings for its stores, as well as distribution centers, and reimbursement of expenses.

XII. Transactions with PJD Agropastoril Ltda., a company controlled by the Company's indirect controlling shareholders, refer to expenses with truck rentals for shipping of goods.

XIII. Transactions with LH Agropastoril,Administração Participações Ltda., controlled by the same controlling shareholders of the Company, refer to expenses with rent of commercial buildings and central office.

XIV. Transactions ASENOVE Administração e Participações Ltda., controlled by a controlling shareholder of the Company, refer to expenses with rent of commercial building.

XV. Transactions with ETCO Sociedade em Conta de Participação, whose participating partner is a company controlled by the chairman of the Company's Board of Directors, refer to contracts for provision of promotion and advertising services, including transfers related to broadcasting, media production and graphic creation services.

XVI. This refers to investments, redemptions and income from boutique investment funds (ML Renda Fixa Crédito Privado FI and BB MGL Fundo de Investimento RF Longo Prazo - Note 7 – Marketable securities).

Management compensation – Individual and Consolidated

	12/31/2023		12/31/2022	
	Board of Directors	Statutory Board	Board of Directors	Statutory Board
Fixed and variable compensation	**4,588**	**8,826**	4,056	7,992
Stock option plan	**193**	**1,808**	13,095	23,548

The Company does not offer post-employment benefits, severance pay, or other long-term benefits. Short-term benefits for the statutory board correspond to those granted to the other Company employees, and certain eligible employees are beneficiaries of a share-based incentive plan, as mentioned in Note 25. The Company's internal policy determines the payment of Profit Sharing to its employees. These amounts are accrued on a monthly basis by the Company, according to estimated achievement of goals. Total management compensation was approved at the Annual General Meeting held on April 26, 2023, in which the limit of R$51,790 was established for 2023.

11. Taxes recoverable

	Individual		Consolidated	
	12/31/2023	12/31/2023	12/31/2023	12/31/2023
ICMS recoverable (a)	**2,460,626**	2,689,730	**2,506,638**	2,748,199
PIS and COFINS recoverable (b)	**1,420,482**	720,188	**1,618,975**	929,340
Other	**3,613**	3,614	**19,143**	10,514
	3,884,721	3,413,532	**4,144,756**	3,688,053
Current assets	**1,475,359**	1,376,204	**1,680,511**	1,564,188
Noncurrent assets	**2,409,362**	2,037,328	**2,464,245**	2,123,865

(a) Refer to accumulated credits of Company State VAT (ICMS) and due to tax substitution, arising from the application of different rates on interstate receiving and shipping operations. These credits are realized by means of request for refund and offset of debts of the same nature with the States of origin of the credit.

(b) In a judgment held in 2023, the High Court of Justice (STJ) established its understanding in the sense of the non-levy of Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) on discounts, bonuses and rebates received by retail companies from their suppliers. Thus, based on judicial precedents and on the legal advisors' opinion, the Company completed the calculations and amendments in the year ended December 31, 2023 of the PIS/COFINS accessory obligations for the periods prior to 2022, with a view to excluding the bonuses received from the tax base. As a result, the Company recorded the effects of the reduction of PIS/COFINS debts and the consequent return of the credits overused in the past to the taxes recoverable account, as previously unused credit. The amount recorded as a result of the amendments totaled R$688,698, of which R$533,134 refers to principal, recognized as other operating revenues, and R$155,564 to monetary restatement, accounted for as finance income.

12. Income and social contribution taxes

Accounting policy

Current and deferred income and social contribution taxes are calculated at the rate of 15%, plus a surtax of 10% on taxable profit exceeding R$240 thousand for income tax, whereas social contribution tax is calculated at 9% on taxable profit, and take into consideration income and social contribution tax losses offset, limited to 30% of taxable profit for the year.

Current tax

Income taxes are recognized in profit or loss for the year. Provisions for income and social contribution taxes are calculated individually by the businesses belonging to the Company based on the rates in effect at the end of the years.

Government investment grants are recognized to reduce sales taxes, whenever there is reasonable certainty that the benefit will be received and all corresponding conditions will be satisfied.

Deferred tax

Deferred income and social contribution taxes ("deferred taxes") are recognized on temporary differences between the asset and liability balances recognized in the financial statements and the corresponding tax bases, used in computing taxable profit, including income and social contribution tax losses not subject to statute of limitations. Deferred tax liabilities are usually recognized on all taxable temporary differences, and deferred tax assets are recorded on all deductible temporary differences, only when it is likely that the future taxable base will be sufficient to absorb the deductible temporary differences.

The probability of recovery of the balance of deferred tax assets is reviewed at the end of each year and, when it is no longer probable that future taxable bases will be available to allow recovering the whole asset or a portion thereof, the asset balance is reduced to the amount expected to be recovered.

Deferred tax assets and liabilities are mutually offset only when there is a legal right to offset, when they are related to taxes managed by the same tax authority and the Company intends to settle the net value of its current tax assets and liabilities.

a) Income and social contribution taxes recoverable

	Individual		Consolidated	
	12/31/2023	12/31/2023	12/31/2023	12/31/2023
Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) recoverable	**17**	218,403	**73,301**	243,581
Withholding Income Tax (IRRF) recoverable	**79,357**	40,435	**103,723**	70,876
	79,374	258,838	**177,024**	314,457

b) Reconciliation of the tax effect on loss before income and social contribution taxes

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Loss before income and social contribution taxes	**(1,866,871)**	(1,285,924)	**(2,064,367)**	(1,269,398)
Current statutory rate	**34%**	34%	**34%**	34%
Expected income and social contribution tax credit at current rates	**634,736**	437,214	**701,885**	431,595
Reconciliation to effective rate (effects of application of tax rates):				
Exclusion - equity pickup	**94,774**	97,534	**(6,463)**	(12,151)
Recognized deferred IRPJ/CSLL – Netshoes and non-taxable effect – KaBuM (1)	**-**	-	**167,286**	81,442
Effect of government grant (2)	**154,832**	177,853	**162,645**	193,020
Interest of taxes paid in error (3)	**57,781**	76,452	**62,678**	80,529
Other permanent exclusions, net	**(7,417)**	(2,104)	**(2,766)**	(4,012)
Income and social contribution tax debit	**934,706**	786,949	**1,085,265**	770,423
Current	**-**	35,254	**(68,929)**	(34,724)
Deferred	**887,767**	751,695	**1,154,192**	805,147
Total	**887,767**	786,949	**1,085,263**	770,423
Effective rate	**47.55%**	61.20%	**52.57%**	60.70%

(1) The subsidiary Netshoes, considering the studies on expected future profitability, recognized deferred income and social contribution taxes (IRPJ and CSLL) in the amount of R$167,286, in the year ended December 31, 2023.

(2) The Company, in performing its regular activities, takes advantage of a series of tax benefits granted by the States. Based on the concept brought by Supplementary Law No. 160/2017, these benefits are considered investment grants and, according to CPC 07 – Government grants and assistance, they are recorded in P&L for the year.

(3) On September 24, 2021, in a decision of the Federal Supreme Court with recognized general repercussion effect, the levy of IRPJ and CSLL on amounts related to the Selic (Central Bank benchmark rate) received due to claim to refund taxes paid in error was declared unconstitutional. The Company has a writ of mandamus, dated before the judgment of the Federal Supreme Court, whose subject matter is precisely the recognition of the illegitimacy of the levy of IRPJ and CSLL on Selic in tax credits. Based on the decision of the STF, the Company permanently excluded these amounts from the tax base, considering that it is likely that the decision will be accepted by the tax authorities, pursuant to ICPC 22 – Uncertainty over Income Tax Treatments (equivalent to IFRIC 23).

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Deferred income and social contribution taxes

c) Breakdown and changes in balances of deferred income and social contribution tax assets and liabilities

	Individual			Consolidated		
	Balance at 2022	P&L	Balance in 2023	Balance in 2022	P&L	Balance in 2023
Deferred income and social contribution taxes on:						
Income and social contribution tax loss	1,033,410	**763,005**	**1,796,415**	1,096,109	**960,463**	**2,056,572**
Allowance for expected credit losses	90,681	**33,922**	**124,603**	90,681	**37,892**	**128,573**
Provision for inventory losses	55,239	**(3,798)**	**51,441**	55,542	**(3,624)**	**51,918**
Provision for present value adjustments	83,998	**11,039**	**95,037**	83,998	**11,039**	**95,037**
Provision for tax, civil, and labor contingencies	277,044	**61,767**	**338,811**	392,931	**101,626**	**494,557**
Provision for stock option plan	127,528	**7,109**	**134,637**	127,528	**7,109**	**134,637**
Temporary differences on leases	102,967	**23,029**	**125,996**	102,967	**23,029**	**125,996**
Temporary differences on fair value in acquisitions	(41,679)	**-**	**(41,679)**	(258,028)	**27,988**	**(230,040)**
Judicial deposits	617	**-**	**617**	617	**-**	**617**
Deferred tax credits [1]	(102,149)	**-**	**(102,149)**	(131,605)	**-**	**(131,605)**
Other provisions	(1,728)	**(8,306)**	**(10,034)**	16,798	**(11,330)**	**5,468**
Deferred income and social contribution taxes	1,625,928	**887,767**	**2,513,695**	1,577,538	**1,154,192**	**2,731,730**

(1) Refers to temporary exclusions from the income and social contribution tax bases related to recognition of tax credits, the tax benefits of which are observed at a time other than upon recognition.

	Individual			Consolidated			
	Balance in 2021	P&L	Balance in 2022	Balance in 2021	P&L	Business combination (1)	Balance in 2022
Deferred income and social contribution taxes on:							
Income and social contribution tax loss	503,823	529,587	1,033,410	783,256	548,874	-	1,096,109
Allowance for expected credit losses	51,485	39,196	90,681	51,485	39,196	-	90,681
Provision for inventory losses	48,459	6,780	55,239	48,762	6,780	-	55,542
Provision for present value adjustments	80,605	3,393	83,998	80,605	3,393	-	83,998
Provision for tax, civil, and labor contingencies	220,466	56,578	277,044	336,353	56,578	-	392,931
Provision for stock option plan	109,602	17,926	127,528	109,602	17,926	-	127,528
Temporary differences on leases	70,026	32,941	102,967	70,026	32,941	-	102,967
Temporary differences on fair value in acquisitions	(41,679)	-	(41,679)	(294,344)	65,138	(28,822)	(258,028)
Judicial deposits	628	(11)	617	628	(11)	-	617
Deferred tax credits[1]	(169,164)	67,015	(102,149)	(169,164)	37,559	-	(131,605)
Other provisions	(19)	(1,709)	(1,728)	20,024	(3,226)	-	16,798
Deferred income and social contribution taxes	874,232	751,696	1,625,928	1,037,233	805,148	(28,822)	1,577,538

(1) As a result of the completion of the purchase price allocation of the subsidiary KaBuM, within the measurement period allowed by the accounting standard, the Company supplemented deferred IR/CS on the fair value of the identified intangible assets.

Breakdown of deferred income and social contribution taxes by company

	Balance in 2022	Deferred tax assets	Deferred tax liabilities	Balance in 2023
Individual	1,625,928	**2,513,695**	**-**	**2,513,695**
Netshoes	2,474	**194,230**	**-**	**194,230**
KaBuM	(98,953)	**-**	**(86,277)**	**(86,277)**
Luiza Consortium	1,399	**-**	**(1,625)**	**(1,625)**
Época Cosméticos	8,283	**40,150**	**-**	**40,150**
Magalog	42,402	**80,859**	**-**	**80,859**
Softbox	5,874	**7,918**	**-**	**7,918**
Fintech Magalu	(9,869)	**-**	**(17,220)**	**(17,220)**
Consolidated	1,577,538	**2,836,852**	**(105,122)**	**2,731,730**

The balance of deferred income and social contribution tax assets recorded is limited to amounts whose realization is supported by projections of future taxable bases, approved by management.

d) IFRIC 23/ICPC 22 - Uncertainty over Income Tax Treatments

The interpretation explains how to consider uncertainty in accounting for income tax. IAS 12/CPC32 - Income Tax, specifies how to account for current and deferred income taxes, but not how to reflect the effects of uncertainty. For example, it may not be clear how to: i) apply tax law to specific transactions or circumstances; ii) or whether the tax authorities will accept a particular tax treatment adopted by the entity.

If the entity concludes that a particular tax treatment is not likely to be accepted, the entity shall use estimates (most probable or expected amount) to determine the tax treatment (taxable profit, tax bases, unused tax losses, unused tax credits), tax rates, and so on. The decision should be based on which method better predicts the resolution of uncertainty.

With the exception of the matters mentioned in item b) (2) and (3) above, the Company has identified no significant effects of this Interpretation.

13. Investments in subsidiaries

Accounting policy

Business combinations are recorded using the acquisition method when control is transferred to the Company. The consideration transferred is usually measured at fair value, as well as the identifiable net assets acquired. Any goodwill arising from the transaction is tested annually for impairment. If the contingent consideration is classified as an equity instrument, then it is not remeasured and the settlement is recorded within equity. Other contingent considerations are remeasured at fair value on each reporting date and subsequent changes in fair value are recorded in P&L for the year. Transaction costs are recorded in P&L as incurred, except for costs related to the issue of debt or equity instruments. The consideration transferred does not include amounts referring to payment of pre-existing relationships. These amounts are usually recorded in P&L for the year. Any contingent consideration payable is measured at its fair value on the acquisition date.

a. Changes in investments in subsidiaries

Changes in investments in direct subsidiaries presented in the individual financial statements are as follows:

Position at 12/31/2023

Financial information	Netshoes	KaBuM	Época Cosméticos	Fintech Magalu	Luiza Consortium	Magalog	Luizalabs
Shares/units of interest	1,514,532,428	1,976,774	34,405,475	2,000,000	6,500	16,726	23,273,616
Interest (%)	100%	100%	100%	100%	100%	100%	100%
Current assets	757,326	1,792,889	237,502	2,586,682	176,963	310,045	74,216
Noncurrent assets	577,362	149,343	263,429	502,194	40,678	375,375	272,247
Current liabilities	538,958	796,678	164,570	2,433,064	93,290	407,497	83,373
Noncurrent liabilities	314,205	607,954	92,086	198,286	28,843	47,105	9,382
Capital	634,910	250,882	145,955	490,489	50,050	334,134	163,303
Equity	648,811	537,600	244,275	457,526	95,508	230,818	253,708
Net revenue	1,836,116	3,226,979	580,429	937,131	130,062	2,067,693	24,170
Net income (loss)	177,725	87,749	(22,476)	105,805	26,419	(116,432)	(7,176)

Changes	Netshoes	KaBuM	Época Cosméticos	Fintech Magalu	Luiza Consortium	Magalog	Luizalabs	Total
Opening balance	1,168,083	1,922,997	270,263	430,028	75,363	275,124	237,873	4,379,731
Future capital contribution	4,238	-	37,950	22,010	-	79,627	37,451	181,276
Other comprehensive income	(356)	-	-	-	-	-	-	(356)
Action plan	(186)	(1,864)	92	(317)	-	(138)	18,103	15,690
Dividends	-	-	-	(100,000)	(6,275)	-	-	(106,275)
Equity pickup	115,882	59,113	(22,476)	105,805	26,420	(117,087)	(7,954)	159,703
Balance at December 31, 2023	1,287,661	1,980,246	285,829	457,526	95,508	237,526	285,473	4,629,769

Position at 12/31/2022

Financial information	Netshoes	KaBuM	Época Cosméticos	Magalu Pagamentos	Luiza Consortium	Magalog	Luizalabs
Shares/units of interest	1,514,532,428	1,976,774	34,405,475	2,000,000	6,500	16,726	23,273,616
Interest (%)	100%	100%	100%	100%	100%	100%	100%
Current assets	824,577	1,568,602	263,682	2,369,705	92,694	304,537	87,600
Noncurrent assets	581,208	123,749	162,785	534,781	10,798	329,042	228,291
Current liabilities	706,539	735,826	197,744	2,277,381	23,770	311,320	99,734
Noncurrent liabilities	231,852	504,811	13	197,077	4,359	54,500	10,828
Capital	630,683	250,882	108,005	2,000	50,050	254,507	125,851
Equity	467,394	451,714	228,710	430,028	75,363	267,759	205,329
Net revenue	2,449,574	3,248,679	864,724	829,461	146,409	1,756,663	23,649
Net income (loss)	56,498	178,958	75,996	66,790	19,495	(33,202)	(15,193)

Changes	Netshoes	KaBuM	Época Cosméticos	Magalu Pagamentos	Luiza Consortium	Magalog	Luizalabs	Total
Balance at December 31, 2021	1,098,743	1,738,137	175,727	563,283	60,817	238,986	221,912	4,097,605
Future capital contribution (capital reduction)[1]	12,763	(50,000)	18,600	-	-	71,877	20,554	73,794
Other comprehensive income	(661)	-	-	-	(316)	-	-	(977)
Action plan	3,484	9,411	(60)	(45)	-	809	14,202	27,801
Reclassification of consideration due to acquisition	-	-	-	-	-	(3,000)	(1,500)	(4,500)
Dividends paid	-	-	-	(200,000)	(4,633)	-	-	(204,633)
Remeasurement of goodwill	-	68,037	-	-	-	-	-	68,037
Equity pickup	53,754	157,412	75,996	66,790	19,495	(33,548)	(17,295)	322,604
Balance at December 31, 2022	1,168,083	1,922,997	270,263	430,028	75,363	275,124	237,873	4,379,731

(1) On September 16, 2022, the Company approved capital reduction at the subsidiary KaBuM, as it is considered excessive in relation to the activities developed, in the amount of R$50,000, without cancelation of issued shares.

b. Reconciliation of the carrying amount

Subsidiary	Equity	Goodwill from acquisition	Revaluation surplus[1]	Balance at 12/31/2023
Netshoes	**648,811**	**486,718**	**152,132**	**1,287,661**
KaBuM	**537,600**	**710,911**	**731,735**	**1,980,246**
Época Cosméticos	**244,275**	**36,826**	**4,728**	**285,829**
Fintech Magalu	**457,526**	**-**	**-**	**457,526**
Luiza Consortium	**95,508**	**-**	**-**	**95,508**
Magalog	**230,818**	**3,756**	**2,952**	**237,526**
Luizalabs	**253,708**	**25,421**	**6,344**	**285,473**
	2,468,246	**1,263,632**	**897,891**	**4,629,769**

[1] Refers to the difference in the fair value of assets and liabilities allocated to the acquisition price.

Subsidiary	Equity	Goodwill from acquisition	Revaluation surplus[1]	Balance at 12/31/2022
Netshoes	467,394	486,718	213,971	1,168,083
KaBuM	451,714	710,911	760,372	1,922,997
Época Cosméticos	228,710	36,826	4,727	270,263
Fintech Magalu	430,028	-	-	430,028
Luiza Consortium	75,363	-	-	75,363
Magalog	267,759	3,756	3,609	275,124
Luizalabs	205,329	25,421	7,123	237,873
	2,126,297	1,263,632	989,802	4,379,731

[1] Refers to the difference in the fair value of assets and liabilities allocated to the acquisition price.

14. Investments in jointly-controlled entities

Accounting policy

The investment in a joint venture is initially recognized at cost. As of acquisition date, the book value of the investment is adjusted for recognizing changes in the Company's interest in the joint venture's equity.

The statement of profit or loss reflects the Company's share of the results of operations of the joint venture. Changes, if any, in other comprehensive income of those investees are presented as part of the Company's other comprehensive income. In addition, when changes are directly recognized in the joint venture's equity, the Company will recognize its interest in any changes, where applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as that of the Company. When necessary, adjustments are made so that accounting policies are in line with those of the Company.

After applying the equity method, the Company determines whether it is necessary to recognize additional impairment loss on its investments in its joint ventures. The Company determines, at each statement of financial position date, whether there is objective evidence that the investment in its joint venture has been impaired. If impairment is identified, the Company calculates impairment loss as the difference between the joint venture's recoverable amount and carrying amount, and recognizes the loss amount in the statement of profit or loss. The Company identified no objective evidence of impairment, thus not recognizing impairment losses in 2023 and 2022.

Sale of equity interest - Luizaseg

On May 10, 2023, as part of the renegotiation of the strategic alliance agreement between the BNP Paribas Cardif Group, Magazine Luiza and Luizaseg, the future purchase and sale agreement was signed for the sale of the totality of the interest held by Magazine Luiza in Luizaseg to NCVP, for R$160 million. On October 31, 2023, the abovementioned sale of interest was completed, which was subject to the fulfillment of certain conditions precedent, including approval by the Brazilian Antitrust Agency (CADE) and Brazil's Private Insurance Supervisory Office (SUSEP). The Company computed a gain of R$201,920 in the operation (Note 29).

Position at 12/31/2023

Interest	Luizacred
Shares/units of interest	**31,056,244**
Interest (%)	**50%**
Current assets	**17,659,293**
Noncurrent assets	**1,755,990**
Current liabilities	**18,665,838**
Noncurrent liabilities	**93,358**
Capital	**596,000**
Equity	**656,087**
Net revenue	**4,463,614**
Loss for the year	**(97,807)**

Changes	Luizacred	Luizaseg	Total
Opening balance	**370,550**	**(31,717)**	**338,833**
Sale of jointly-controlled entity	**-**	**48,961**	**48,961**
Other comprehensive income	**(50)**	**4,539**	**4,489**
Dividends	**-**	**(50,757)**	**(50,757)**
Unrealized income	**920**	**(7,953)**	**(7,033)**
Equity pickup	**(48,904)**	**36,927**	**(11,977)**
Closing balance	**322,516**	**-**	**322,516**

Position at 12/31/2022

Interest	Luizacred	Luizaseg
Shares/units of interest	31,056,244	12,855
Interest (%)	50%	50%
Current assets	17,695,963	376,397
Noncurrent assets	1,982,452	448,698
Current liabilities	18,853,006	385,231
Noncurrent liabilities	71,413	201,962
Capital	596,000	133,883
Equity	753,996	237,902
Net revenue	4,208,911	732,367
Net income (loss)	(99,179)	70,651

Changes	Luizacred	Luizaseg	Total
Opening balance	426,422	(18,642)	407,780
Other comprehensive income	166	1,983	2,149
Dividends declared	-	(35,358)	(35,358)
Unearned income/difference in practice	(6,448)	(15,026)	(21,474)
Equity pickup	(49,590)	35,326	(14,264)
Closing balance	370,550	(31,717)	338,833

Total investments in jointly-controlled entities

	12/31/2023	12/31/2022
Luizacred (a)	**328,044**	376,998
Luizacred – Difference in practice (b)	**(5,528)**	(6,448)
Luizaseg	**-**	118,951
Luizaseg – Unrealized income	**-**	(150,668)
	322.516	338.833

(a) Interest of 50% of the voting capital representing the contractually agreed sharing of the control of the business, requiring the unanimous consent of the parties about significant decisions and financial and operating activities. Luizacred is jointly controlled with Banco Itaúcard S.A. and is engaged in the supply, distribution and trade of financial products and services to customers at the Company's chain of stores.

(b) Adjustment of difference in accounting practice related to recognition of revenue arising from the association agreement between the parties and described in Note 31, item b.

15. Leases

The Company acts as a lessee in agreements mainly related to real estate (physical stores, distribution centers and administrative units). Since 2019, the Company recognizes these agreements in accordance with CPC 06 (R2)/IFRS 16, in the statement of financial position as right of use and lease liability.

Accounting policy

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment, and adjusted by certain remeasurements of the lease liability. Depreciation is calculated by the straight-line method over the remaining terms of the agreements.

The Company used as a cost component the fixed lease payments or in-substance fixed lease payments, which would be the minimum agreed payments in accordance with the contracts with variable payments in accordance with the revenue achieved. The specific amounts of variable payments are outside the scope of CPC 06 (R2) and are recognized monthly as operating expenses.

Lease liabilities are initially measured at present value of the lease payments that were not paid at the lease commencement date, discounted using the incremental borrowing rate, which is defined as a rate equivalent to what the lessee would have to pay when borrowing, for a similar period and similar guarantee, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Company is a party in certain contracts with indefinite terms. Considering that both the lessor and the lessee have the right to cancel a contract at any time, with an insignificant fine, if any, the Company understands that such contracts are outside the scope of accounting pronouncement CPC 06 (R2), and such payments are recognized as operating expenses, should they occur. The amount of R$68,383 was recognized as variable or indefinite-term rent expenses at December 31, 2023 (R$51,397 at December 31, 2022).

Changes in the right of use for the years ended December 31, 2023 and 2022 were as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	**3,473,159**	3,324,747	**3,511,497**	3,362,998
Additions/remeasurements	**461,151**	872,460	**511,953**	894,016
Direct costs	**9,035**	5,038	**9,035**	5,038
Write-offs	**(85,798)**	(142,166)	**(85,798)**	(142,166)
Depreciation	**(574,674)**	(586,920)	**(603,633)**	(608,389)
Closing balance	**3,282,873**	3,473,159	**3,343,054**	3,511,497
Breakdown				
Cost value	**5,591,228**	5,206,913	**5,698,792**	5,287,691
Accumulated depreciation	**(2,308,355)**	(1,733,754)	**(2,355,738)**	(1,776,194)
	3,282,873	3,473,159	**3,343,054**	3,511,497

Changes in the lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	**3,651,663**	3,412,288	**3,693,516**	3,454,678
Additions/remeasurements	**461,151**	881,079	**511,953**	901,905
Payment of principal	**(483,901)**	(470,226)	**(512,750)**	(487,186)
Payment of interest	**(325,944)**	(314,441)	**(328,595)**	(321,543)
Accrued interest	**304,696**	293,140	**307,347**	297,817
Write-offs	**(93,316)**	(150,177)	**(93,316)**	(152,155)
Closing balance	**3,514,349**	3,651,663	**3,578,155**	3,693,516
Current liabilities	**493,861**	604,140	**508,359**	619,788
Noncurrent liabilities	**3,020,488**	3,047,523	**3,069,796**	3,073,728

Additional information

As described above, the Company has adopted as the discount rate for lease liabilities its incremental borrowing rate, which is calculated as a readily observable nominal benchmark interest rate, adjusted for the Company’s credit risk, the terms of the lease agreements and the nature and quality of potential collateral to be offered. Considering that the Company’s lease agreements are substantially contracts with payment flows indexed to inflation rates and, also considering the disclosure suggestions described by CVM in SNC/SEP Memorandum Circular No. 02/19, the Company provides below additional information on the characteristics of the agreements so that the users of these financial statements may, at their discretion, make projections of future payment flows indexed to inflation rates for the period:

Contractual flows at December 31, 2023:

Maturity term	Average discount rate	Contractual Payment Flow - Consolidated 2024	2025	2026	2027	2028	2029	After 2029
2024-2026	8.15%	193,922	123,294	54,474	9,845	-	-	-
2027-2029	8.43%	163,558	164,641	164,810	129,702	52,357	16,869	-
2030-2032	8.68%	108,889	108,822	108,540	109,058	109,101	109,101	173,217
2033-2035	8.02%	94,497	94,359	94,421	94,466	94,233	94,460	418,793
2036-2038	7.80%	75,444	75,569	75,521	75,486	75,086	75,513	535,573
2039-2041	8.36%	78,003	78,723	78,723	78,723	78,795	78,272	793,953
After 2041	11.31%	3,293	3,293	3,303	3,305	3,305	3,305	42,004
Total		**717,606**	**648,701**	**579,792**	**500,585**	**412,877**	**377,520**	**1,963,540**
Projected inflation[1]		9.58%	9.58%	9.58%	9.38%	9.38%	9.76%	10.07%

[1]Rate obtained through quotations of future coupon rates of DI vs. IPCA observed at B3 (www.B3.com.br)

16. Property and equipment

Accounting policy

Property and equipment is stated at cost of acquisition or construction, less the respective accumulated depreciations, except land and construction in progress, plus interest incurred and capitalized during the construction phase of assets, when applicable. Depreciation is recognized on a straight-line basis considering the estimated useful life of each asset, so that the residual value after the useful life is fully written off. The estimated useful life, residual values, and depreciation methods are reviewed annually and the effect of any changes in estimates is recognized prospectively.

Property and equipment items are written off when disposed of or when no future economic benefits are expected from their continuous use. Gains or losses resulting from the sale or write-off are recognized in profit or loss when incurred.

The accounting policy related to the impairment of property and equipment is described in Note 4.

Changes in property and equipment for the years ended December 31, 2023 and 2022 are as follows:

Individual

	Balance at 12/31/2022	Additions	Depreciation	Write-offs	Transfer	Balance at 12/31/2023
Furniture and fixtures	**330,623**	**15,423**	**(49,930)**	**-**	**(7,358)**	**288,758**
Machinery and equipment	**303,571**	**5,649**	**(17,226)**	**(748)**	**200**	**291,446**
Vehicles	**5,606**	**1,534**	**(2,705)**	**-**	**29**	**4,464**
Computers and peripherals	**179,293**	**32,389**	**(65,692)**	**(707)**	**7,459**	**152,742**
Improvements	**913,130**	**136**	**(83,955)**	**-**	**64,984**	**894,295**
Work in progress	**23,789**	**48,364**	**-**	**(89)**	**(64,992)**	**7,072**
Other	**13,280**	**2,205**	**(2,791)**	**(153)**	**(322)**	**12,219**
	1,769,292	**105,700**	**(222,299)**	**(1,697)**	**-**	**1,650,996**

	Balance at 12/31/2021	Additions	Depreciation	Write-offs	Transfer	Balance at 12/31/2022
Furniture and fixtures	345,054	33,515	(49,708)	(35)	1,797	330,623
Machinery and equipment	315,404	9,954	(19,673)	(276)	(1,838)	303,571
Vehicles	9,521	2	(3,917)	-	-	5,606
Computers and peripherals	201,590	39,948	(65,657)	(757)	4,169	179,293
Improvements	704,428	3,115	(76,625)	-	282,212	913,130
Work in progress	185,125	120,962	-	-	(282,298)	23,789
Other	16,666	4,304	(3,648)	-	(4,042)	13,280
	1,777,788	211,800	(219,228)	(1,068)	-	1,769,292

	12/31/2023			12/31/2022		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Furniture and fixtures	**558,290**	**(269,532)**	**288,758**	561,170	(230,547)	330,623
Machinery and equipment	**394,899**	**(103,453)**	**291,446**	390,247	(86,676)	303,571
Vehicles	**20,865**	**(16,401)**	**4,464**	26,140	(20,534)	5,606
Computers and peripherals	**461,805**	**(309,063)**	**152,742**	437,175	(257,882)	179,293
Improvements	**1,285,109**	**(390,814)**	**894,295**	1,230,182	(317,052)	913,130
Work in progress	**7,072**	**-**	**7,072**	23,789	-	23,789
Other	**39,283**	**(27,064)**	**12,219**	38,391	(25,111)	13,280
	2,767,323	**(1,116,327)**	**1,650,996**	2,707,094	(937,802)	1,769,292

Consolidated

	Balance at 12/31/2022	Additions	Depreciation	Write-offs	Transfer	Balance at 12/31/2023
Furniture and fixtures	**375,746**	**12,121**	**(53,200)**	**(89)**	**(5,737)**	**328,841**
Machinery and equipment	**330,227**	**6,918**	**(20,719)**	**(932)**	**474**	**315,968**
Vehicles	**6,023**	**11,598**	**(3,392)**	**(6)**	**29**	**14,252**
Computers and peripherals	**196,027**	**73,508**	**(77,169)**	**(990)**	**7,459**	**198,835**
Improvements	**947,136**	**204**	**(90,679)**	**(8)**	**67,179**	**923,832**
Work in progress	**45,361**	**54,591**	**-**	**(55)**	**(70,328)**	**29,569**
Other	**54,959**	**1,372**	**(4,707)**	**(22,323)**	**924**	**30,225**
	1,955,479	**160,312**	**(249,866)**	**(24,403)**	**-**	**1,841,522**

	Balance at 12/31/2021	Additions	Depreciation	Write-offs	Transfer	Balance at 12/31/2022
Furniture and fixtures	374,353	60,535	(57,385)	(35)	(1,722)	375,746
Machinery and equipment	344,020	10,550	(24,114)	(276)	47	330,227
Vehicles	9,759	21	(4,073)	-	316	6,023
Computers and peripherals	229,092	43,654	(70,265)	(95)	(6,359)	196,027
Improvements	726,438	4,444	(84,695)	-	300,949	947,136
Work in progress	201,842	138,021	-	-	(294,502)	45,361
Other	53,209	6,112	(5,633)	-	1,271	54,959
	1,938,713	263,337	(246,165)	(406)	-	1,955,479

	12/31/2023			12/31/2022		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Furniture and fixtures	**619,950**	**(291,109)**	**328,841**	620,596	(244,850)	375,746
Machinery and equipment	**448,966**	**(132,998)**	**315,968**	448,744	(118,517)	330,227
Vehicles	**31,858**	**(17,606)**	**14,252**	27,203	(21,180)	6,023
Computers and peripherals	**551,890**	**(353,055)**	**198,835**	487,099	(291,072)	196,027
Improvements	**1,381,906**	**(458,074)**	**923,832**	1,321,295	(374,159)	947,136
Work in progress	**29,569**	**-**	**29,569**	45,361	-	45,361
Other	**68,382**	**(38,157)**	**30,225**	89,961	(35,002)	54,959
	3,132,521	**(1,290,999)**	**1,841,522**	3,040,259	(1,084,780)	1,955,479

Depreciation rates

The annual depreciation rates are as follows:

	12/31/2023	12/31/2022
Furniture and fixtures	**10%**	**10%**
Machinery and equipment	**5%**	**5%**
Aircraft	**5%**	**5%**
Light vehicles	**20%**	**20%**
Heavy vehicles	**14.3%**	**14.3%**
Computers and peripherals	**20%**	**20%**
Improvements	**10.1%**	**10.1%**

The Company has no property and equipment items that are idle or held for sale.

Asset impairment testing

The Company updated its financial projections in the years presented and identified no internal and external elements that indicated the need to carry out specific calculations to test assets for impairment.

17. Intangible assets

Accounting policy

Goodwill determined in acquisition of investments is initially measured as the excess of consideration transferred in relation to the net assets acquired (acquired identifiable assets, net and assumed liabilities). After initial recognition, goodwill, which has an indefinite useful life, is carried at cost less any accumulated impairment losses, as described in Note 4.

Software refers to the acquisition cost of the corporate management system, which has been amortized on a straight-line basis over five years.

Research expenditures are recorded as expenses when incurred, and development expenditures related to technological innovations of existing products are capitalized if they are technologically and economically feasible, and amortized over the expected period of benefits in the operating expenses group. While such developments are not closed, balances are controlled in the group of “Projects in progress.”

Intangible assets acquired in a business combination are substantially related to goodwill determined in the acquisitions of investments. In the consolidated financial statements, the intangible assets acquired in a business combination and recognized separately from the goodwill are recorded at fair value on the date of acquisition, which is equivalent to their cost.

An intangible asset is derecognized on disposal, or when there are no related future economic benefits, and recognized in profit or loss when the asset is written off.

The accounting policy related to the impairment of intangible assets is described in Note 4.

Changes in intangible assets for the years ended December 31, 2023 and 2022 are as follows:

Individual

	Balance at 12/31/2022	Additions	Amortization	Write-offs	Transfer	Balance at 12/31/2023
Goodwill	**313,856**	**-**	**-**	**-**	**-**	**313,856**
Software	**510,620**	**59,406**	**(204,884)**	**(125)**	**336,511**	**701,528**
Projects in progress	**72,155**	**304,480**	**-**	**-**	**(336,511)**	**40,124**
Other	**118**	**-**	**-**	**-**	**-**	**118**
	896,749	**363,886**	**(204,884)**	**(125)**	**-**	**1,055,626**

	Balance at 12/31/2021	Additions	Amortization	Write-offs	Transfer	Balance at 12/31/2022
Goodwill	313,856	-	-	-	-	313,856
Software	366,292	56,701	(134,717)	(11)	222,355	510,620
Projects in progress	48,732	246,056	-	(278)	(222,355)	72,155
Other	118	-	-	-	-	118
	728,998	302,757	(134,717)	(289)	-	896,749

	2023			2022		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	**325,451**	**(11,595)**	**313,856**	325,451	(11,595)	313,856
Software	**1,342,683**	**(641,155)**	**701,528**	951,025	(440,405)	510,620
Projects in progress	**40,124**	**-**	**40,124**	72,155	-	72,155
Other	**118**	**-**	**118**	118	-	118
	1,708,376	**(652,750)**	**1,055,626**	1,348,749	(452,000)	896,749

Consolidated

	Balance at 12/31/2022	Additions	Amortization	Write-offs	Transfer	Balance at 12/31/2023
Goodwill	**2,251,090**	**(76)**	**-**	**-**	**-**	**2,251,014**
Retail business value	**2,199**	**-**	**(36)**	**-**	**-**	**2,163**
Customer portfolio	**358,662**	**-**	**(52,224)**	**-**	**-**	**306,438**
Software	**901,491**	**104,010**	**(334,849)**	**(6,113)**	**387,820**	**1,052,359**
Projects in progress	**78,251**	**368,660**	**-**	**-**	**(387,820)**	**59,091**
Trademarks and patents	**817,393**	**26**	**(2,084)**	**(17)**	**-**	**815,318**
Other	**18,424**	**-**	**-**	**-**	**-**	**18,424**
	4,427,510	**476,620**	**(389,193)**	**(6,130)**	**-**	**4,504,807**

	Balance at 12/31/2021	Additions	Additions for acquisition of subsidiary	Amortization	Write-offs	Transfer	Balance at 12/31/2022
Goodwill	2,249,516	-	(18,534)	-	(2,857)	22,965	2,251,090
Retail business value	2,235	-	-	(36)	-	-	2,199
Customer portfolio	347,673	77	77,847	(61,844)	-	(5,091)	358,662
Software	775,147	118,628	11,315	(245,084)	(11)	241,496	901,491
Projects in progress	52,924	264,408	-	-	(278)	(238,803)	78,251
Trademarks and patents	840,265	49	21	(2,106)	-	(20,836)	817,393
Other	38,827	-	(20,672)	-	-	269	18,424
	4,306,587	383,162	49,977	(309,070)	(3,146)	-	4,427,510

	12/31/2023			12/31/2022		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	2,262,609	(11,595)	**2,251,014**	**2,262,685**	**(11,595)**	**2,251,090**
Retail business value	2,235	(72)	**2,163**	**2,235**	**(36)**	**2,199**
Customer portfolio	421,222	(114,784)	**306,438**	**421,222**	**(62,560)**	**358,662**
Software	2,093,787	(1,041,428)	**1,052,359**	**1,717,287**	**(815,796)**	**901,491**
Projects in progress	59,091	-	**59,091**	**78,251**	**-**	**78,251**
Trademarks and patents	821,629	(6,311)	**815,318**	**821,617**	**(4,224)**	**817,393**
Other	18,424	-	**18,424**	**18,424**	**-**	**18,424**
	5,678,997	(1,174,190)	**4,504,807**	**5,321,721**	**(894,211)**	**4,427,510**

Expenses related to the amortization of intangible assets are recorded under “Depreciation and amortization”, in profit or loss for the year.

Impairment testing of goodwill and intangible assets

Goodwill and other intangible assets were tested for impairment at December 31, 2023 and 2022. Management has prepared an estimate of the recoverable amounts or values in use for all assets.

The impairment testing of goodwill in the acquisition of companies comprises the calculation of the recoverable amounts of the Cash-Generating Units (CGUs) identified in each business. A relevant CGU identified is the grouping of all acquired physical retail chain stores, whose goodwill totals R$313,856 and have already been merged. Other relevant CGUs identified are:

i) the sports and fashion vertical, whose goodwill substantially corresponds to the acquisition of Netshoes;
ii) the e-commerce operation of KaBuM;
iii) the payment processing vertical, represented by Fintech Magalu.

The value in use of the CGUs is calculated according to the discounted cash flow method, before taxes. For the impairment testing of relevant CGUs, the following rates have been adopted:

	Retail - Physical	Netshoes	KaBuM	Fintech Magalu
	Rate p.a.			
Discounted cash flow – discount rate, before taxes	12.6%	15.8%	15.8%	17.6%
Weighted average growth rate in the first 5 years	9.3%	12.0%	13.3%	23.3%
Perpetuity rate	3.0%	3.0%	3.0%	3.0%

Future cash flow assumptions and growth prospects for the CGUs are based on the Company's annual budget and business plans for the coming years approved by the Board of Directors, as well as comparable market data, representing management's best estimate of the prevailing economic conditions during the useful economic life of the group of cash flow-generating assets. Based on the tests carried out, the Company did not identify any impairment losses of goodwill recorded.

The Company performed a sensitivity analysis considering an increase and decrease in growth rates and a discount of 1% that did not result in the need to set up a provision for impairment loss.

18. Trade accounts payable

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Goods for resale – domestic market	**5,961,917**	4,661,647	**6,864,636**	5,740,238
Other trade accounts payable	**214,106**	113,624	**275,396**	182,534
Present value adjustment	**(167,496)**	(170,698)	**(174,052)**	(181,752)
	6,008,527	4,604,573	**6,965,980**	5,741,020

Trade accounts payable are initially recorded at present value, against Inventories. The reversal of the present value adjustment is accounted for under Cost of goods resold and services rendered, upon lapse of the term.

19. Trade accounts payable - agreement

Accounting policy

The Company, in line with the best governance and transparency practices and in order to comply with the suggestions issued by the Superintendence of Accounting and Auditing Standards (SNC) and by the Superintendence of Relations with Companies (SEP) of the CVM, in Memorandum Circular No. 01/22 and earlier, decided to present separately from the balance of Trade accounts payable (Note 18) the amounts related to special agreement transactions, despite being, in essence, a commercial transaction.

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Trade accounts payable - agreement	**2,312,134**	3,756,776	**2,358,092**	3,802,237

The Company has agreements with partnering banks to structure a factoring transaction with its main suppliers, where the Company is a legitimate debtor. In this transaction, suppliers transfer to the bank the right to receive the notes in exchange for early receipt. The bank then becomes a creditor of the operation. The Company settles the note on the date originally agreed upon with its supplier. In addition, the Company, by confirming the existence of receivables from suppliers to the banks, assures the latter of the certainty and liquidity of their maturities and, as a result, receives a premium from the banks, which is recognized as finance income in the same period as the closing of the transaction. The transactions outstanding at December 31, 2023 were contracted with an average term of 63 days (52 days as of December 31, 2022).

20. Partners and other deposits

	Consolidated	
	12/31/2023	12/31/2022
Transfers to sellers – marketplace (a)	**1,547,508**	1,244,615
Payment arrangements to be settled (b)	**217**	107,116
Digital accounts of customers and sellers (c)	**217,424**	200,912
	1,765,149	1,552,643

a) This refers to amounts to be transferred to partners in the marketplace regarding purchases made by customers on Magazine Luiza's digital platform of products sold by partner storeowners (sellers) and transacted by Fintech Magalu.

b) Refers substantially to amounts transacted by Fintech Magalu customers using prepaid cards in accredited commercial facilities, to be settled with the corresponding buyers.

c) This corresponds to deposits made by customers and sellers in Fintech Magalu's digital accounts and prepaid payment accounts.

21. Loans and financing

Type	Charges	Guarantee	Final maturity	Individual		Consolidated	
				12/31/2023	12/31/2022	12/31/2023	12/31/2022
Promissory notes (a)	100% of CDI + 1.25% p.a.	Clean	April/24	**2,041,610**	1,783,941	**2,041,610**	1,783,941
Debentures – restricted offer (b)	100% of CDI + 1.25% p.a.	Clean	Dec/26	**4,886,798**	4,892,944	**5,310,568**	5,317,809
Working capital (c)	CDI +1.8% to 4.9% p.a.	Surety	Oct/25	**-**	-	**-**	4,174
Other	113.5% of CDI p.a.	Clean	Oct/25	**329**	293	**2,677**	2,833
				6,928,737	6,677,178	**7,354,855**	7,108,757
Current liabilities				**2,928,459**	92,607	**2,954,347**	124,297
Noncurrent liabilities				**4,000,278**	6,584,571	**4,400,508**	6,984,460

a) On April 30, 2021, the Company carried out the 5th issue of promissory notes, including one thousand and five hundred (1,500) promissory notes with a par value of one million reais (R$1,000,000) each, with a single maturity on April 29, 2024 at the cost of 100% of CDI + 1.25% p.a. The amounts raised were used to improve the cash flow in the ordinary course and management of the Company's business.

b) The Company raised R$800 million on January 15, 2021 through the 9th issue of debentures, via public distribution and with restricted placement efforts, remunerated at CDI + 1.25% p.a. and maturing on January 15, 2024. On October 14 and December 23, 2021, according to the debt extension strategy, the Company carried out the 10th and 11th issues of unsecured nonconvertible debentures, for public distribution with restricted placement efforts. Four million (4,000,000) shares were issued with a par value of R$1,000 each, with final maturities on October 15 and December 23, 2026, at the cost of 100% of CDI + 1.25% p.a. The main purpose of the amount raised was to increase the Company's working capital. On July 5, 2022, subsidiary KaBum carried out the 1st issue of unsecured, nonconvertible debentures for public distribution with restricted placement efforts. Four hundred thousand (400,000) debentures were issued with a par value of one thousand reais (R$1,000) each, with final maturities on July 13, 2025, at a cost of 100% CDI +1.25% p.a. for the purpose of extending debt. The guarantor of this agreement is Parent Company Magazine Luiza.

c) This refers to agreements signed by the subsidiary KaBuM for working capital purposes. These agreements were settled in 2023.

Reconciliation of cash flows from operating and financing activities

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Balance at December 31	**6,677,178**	6,412,705	**7,108,757**	6,792,872
Loans and financing raised	**-**	-	**-**	400,000
Payment of principal	**-**	(7,917)	**(4,715)**	(383,261)
Payment of interest	**(685,495)**	(591,701)	**(742,716)**	(616,462)
Accrued interest	**937,054**	864,091	**993,529**	915,608
Balance at December 31	**6,928,737**	6,677,178	**7,354,855**	7,108,757

Maturity schedule

The maturity schedule of loans and financing is as follows:

Maturity	Individual	Consolidated
2024	**2,928,459**	**2,954,347**
2025	**2,000,000**	**2,400,230**
2026	**2,000,278**	**2,000,278**
	6,928,737	**7,354,855**

Covenants

Debentures issued by the Company and its subsidiary Kabum, as well as the 5th issue of Promissory Notes, are subject to covenants corresponding to maintenance of the adjusted net debt-to-EBITDA ratio below 3.0 times. Adjusted net debt corresponds to the sum of all loans and financing, including debentures, excluding cash and cash equivalents, short-term investments and marketable securities, and credit card receivables not paid in advance. Adjusted EBITDA is calculated in accordance with CVM Ruling No. 527, of October 4, 2012, excluding operational events (revenue/expenses) of an extraordinary nature. At December 31, 2023, the Company was in compliance with the covenants, which are measured quarterly.

22. Deferred revenue

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Deferred revenue with third parties:				
Exclusivity agreement with Cardif (a)	**888,096**	52,407	**888,096**	52,407
Exclusivity agreement with Banco Itaúcard S.A. (b)	**69,000**	67,605	**69,000**	67,605
Exclusivity agreement in Payment Arrangements (c)	**-**	-	**176,725**	196,484
Other agreements	**48,195**	61,047	**59,474**	74,572
	1,005,291	181,059	**1,193,295**	391,068
Deferred revenue with related parties:				
Exclusivity agreement with Luizacred (b)	**55,362**	77,504	**55,362**	77,504
Exclusivity agreement with Luizaseg (a)	**-**	31,800	**-**	31,800
	55,362	109,304	**55,362**	109,304
Total deferred revenue	**1,060,653**	290,363	**1,248,657**	500,372
Current liabilities	**122,407**	52,009	**145,899**	76,908
Noncurrent liabilities	**938,246**	238,354	**1,102,758**	423,464

(a) On May 10, 2023, Luizaseg entered into a new strategic partnership agreement with companies of the Cardif group aiming to extend the rights and obligations set forth in the agreements between the parties effective until then, for an additional 10-year period, effective from July 1, 2023 to December 31, 2033. This agreement enabled a cash inflow of R$835,669 to the Company, with a negotiated net front fee of R$932,500 and amounts returned for the early maturity of the previous agreements of R$96,831. The recognition of the Company's revenue resulting from this agreement is allocated to P&L over the term of the agreement, part of which is conditioned to achievement of certain goals.

(b) On September 27, 2009, the Company entered into a partnership agreement with Itaú Unibanco Holding S.A. ("Itaú") and Banco Itaucard S.A., under which the Company granted to Luizacred the exclusive right to offer, distribute, and sell financial products and services in its chain of stores for a 20-year period. Under the aforementioned partnership, Itaú institutions paid the amount of R$250,000 in cash, of which: (i) R$230,000 refers to the completion of the negotiation itself, without the right of recourse, and (ii) R$20,000 is subject to achievement of profitability goals in Luizacred. Said targets were fully achieved by the end of 2014.

On December 29, 2010, the parties signed the first addendum to the partnership agreement with Luizacred, extending the exclusive right to offer, distribute and sell financial products and services at the chain of stores then acquired in the Northeast of Brazil (Lojas Maia) for a 19-year period. As consideration, Luizacred paid R$160,000 to the Company, which is recognized in P&L over the term of the agreement. As part of this partnership agreement, the amount of R$20,000, mentioned in the paragraph above, was increased to R$55,000.

On December 16, 2011, the Company entered into a second addendum to the partnership agreement with Luizacred, due to acquisition of New-Utd ("Lojas do Baú"). As consideration, Luizacred paid R$48,000 to the Company, which is recognized in P&L over the remaining agreement term.

(c) On October 21, 2022, the Company, through its indirect subsidiary Hub Pagamentos S.A., entered into an agreement with Mastercard Brasil Soluções de Pagamento Ltda to encourage payment arrangements between companies, whereby Mastercard has the exclusive right to issue cards for a period of 10 years. As consideration for such exclusivity, Mastercard paid R$200,000 to the Company, which is recognized in P&L over the term of the agreement.

23. Other current and noncurrent liabilities

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Sales pending delivery, net of returns	**460,585**	527,981	**587,541**	601,759
Amounts to be transferred to partners (a)	**220,482**	128,080	**282,068**	162,877
Specialized services	**-**	72,024	**10,552**	89,617
Freight payable	**151,491**	140,142	**348,207**	267,108
Marketing payable	**142,921**	90,882	**202,177**	187,877
Payables for acquisitions (b)	**316,953**	1,053,327	**383,221**	1,118,413
Other	**105,926**	97,237	**167,955**	182,629
	1,398,358	2,109,673	**1,981,721**	2,610,280
Current liabilities	**1,268,164**	1,621,391	**1,847,502**	2,118,136
Noncurrent liabilities	**130,194**	488,282	**134,219**	492,144

(a) Transfers of amounts carried out through sales of services (insurance, technical assistance, furniture installations, etc.) from partners intermediated by the Company in its physical stores.
(b) The consideration payable for acquisitions of companies includes a subscription warrant of up to 50.0 million common shares issued by the Company (MGLU3) for acquisition of KaBuM, and 6.1 million shares referring to the acquisition of other companies, subject to the achievement of goals agreed in the purchase contracts.

24. Provision for tax, civil, and labor contingencies

In relation to labor, civil and tax proceedings in progress whose likelihood of loss has been assessed as probable by the legal advisors, the Company set up a provision, which is management's best estimate of the future disbursement. Changes in the provision for tax, civil and labor contingencies are shown below:

Individual

	Tax	Civil	Labor	Total
Balances at January 1, 2023:	**720,252**	**25,556**	**69,028**	**814,836**
Additions	**220,759**	**29,095**	**61,514**	**311,368**
Reversals	**(93,983)**	**(7,001)**	**-**	**(100,984)**
Payments	**(34,511)**	**(25,311)**	**(47,422)**	**(107,244)**
Restatement	**78,529**	**-**	**-**	**78,529**
Balances at December 31, 2023:	**891,046**	**22,339**	**83,120**	**996,505**

Consolidated

	Tax	Civil	Labor	Total
Balances at January 1, 2023:	**1,083,023**	**35,808**	**74,934**	**1,193,765**
Additions	**544,612**	**31,709**	**63,126**	**639,447**
Reversals	**(166,909)**	**(16,635)**	**(2,355)**	**(185,899)**
Payments	**(34,511)**	**(26,209)**	**(48,596)**	**(109,316)**
Restatement	**81,169**	**-**	**-**	**81,169**
Balances at December 31, 2023:	**1,507,384**	**24,673**	**87,109**	**1,619,166**

As of December 31, 2023, the nature of the Company's major proceedings classified by management, based on the opinion of its legal advisors, as probable risk of loss, as well as legal obligations for which amounts have been deposited in court, included in the provisions above, is as follows:

a) *Tax contingencies*

The Company is a party to administrative and legal proceedings involving tax matters assessed as probable loss, for which provisions have been set up. In addition to these proceedings, the Company records a provision for other legal disputes, for which judicial deposits have been made, as well as provisions related to the business combinations carried out in prior years. Tax contingencies are presented below:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Federal	**486,731**	508,889	**890,913**	871,660
State[1]	**404,289**	211,337	**616,445**	211,337
Local	**26**	26	**26**	26
	891,046	720,252	**1,507,384**	1,083,023

[1] - The amount reported herein includes a provision of R$160,110, individual, and R$369,281, consolidated, related to ICMS – Rate Difference on operations intended for the final consumer, where the Company understands that the likelihood of loss for certain States are greater than that of gain. The other proceedings on this matter are described in item e) (iii) below.

b) *Civil contingencies*

The provision for civil contingencies of R$22,339, individual, and R$24,673, consolidated, at December 31, 2023 (R$25,556, individual, and R$35,808, consolidated, at December 31, 2022) refers to claims arising mainly from customers about possible defects of products.

c) *Labor contingencies*

The Company is a party to various labor claims, substantially involving incurred overtime.

The provisioned amount of R$83,120, individual, and R$87,109, consolidated, at December 31, 2023 (R$69,028, individual, and R$74,934, consolidated, at December 31, 2022) reflects the risk of probable loss assessed by the Company management together with its legal advisors.

d) *Judicial deposits*

To cover tax, civil and labor contingencies, the Company has judicial deposits in the amount of R$1,260,289, individual, and R$1,734,546, consolidated, at December 31, 2023 (R$1,234,720, individual, and R$1,650,223, consolidated, at December 31, 2022). The main deposits are related to lawsuits challenging the payment of ICMS Rate Difference (Difal), in the amount of R$794,849, individual, and R$973,054, consolidated, at December 31, 2023 (R$745,989, individual, and R$974,243, consolidated, at December 31, 2022).

e) *Contingent liabilities – possible loss*

The Company is a party to other tax proceedings and discussions assessed by management as possible risk of loss, based on the opinion of its legal advisors. Accordingly, no provision was set up for such proceedings and discussions. The amounts related to discussions involving taxes are as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Federal	**2,050,131**	1,831,085	**2,262,858**	2,049,132
State	**1,750,891**	939,375	**2,179,401**	1,338,949
Local	**5,557**	5,020	**5,557**	5,027
	3,806,579	2,775,480	**4,447,816**	3,393,108

The main tax suits assessed as possible loss are as follows:

(i) Legal proceeding in which the Company discusses with the tax authorities the nature/concept of the bonuses/reimbursements of its suppliers for PIS/COFINS taxation purposes, in addition to discussions on the classification of certain expenses related to its core business as inputs for purposes of PIS/COFINS credits. In view of the progress of the discussion, with decisions favorable to taxpayers, internal and external legal advisors assess the likelihood of loss as possible tending to remote;

(ii) Legal proceeding and notice served in which the Company discusses the violation of several legal principles of Law No. 13241/2015, which extinguished the exemption of PIS and COFINS on revenues from sales of products eligible for the Basic Production Process, which, according to analysis of the internal and external legal advisors, were assessed as possible loss, tending to remote;

(iii) Proceedings in which the Company discusses with certain Brazilian states the unconstitutionality and illegality of the collection of the ICMS Rate Difference (Difal) on interstate sales to final consumers who do not pay such tax in transactions that occurred as of 2022, due to the noncompliance by the taxing entities with the tax principle whereby a tax rate may not be increased in the same year of enactment of the law and the rules determined by Supplementary Law No. 190/2022. On November 29, 2023, the Federal Supreme Court (STF) ruled on the matter in Direct Claims of Unconstitutionality Nos. 7066, 7078 and 7070 and, in view of (a) the uncertainty about the assumptions considered by the Court, (b) the pending publication of the decision and (c) the lack of definitiveness of said decision, the Company's internal and external legal advisors classify the likelihood of loss as possible.

(iv) Various notices served, for which the Company discusses the collection of ICMS credits taken on the purchase of goods from certain suppliers, as they took advantage of a tax benefit granted by another state;

(v) Risk related to non-reversal of taxes on physical inventory losses. In addition, the Company monitors the developments of all discussions every quarter so that, in the event of a change in the scenario, risk assessments and possible losses will also be reassessed.

The risks involved in the proceedings are constantly evaluated and reviewed by management. The Company is also contesting civil and labor administrative proceedings for which the likelihood of loss was assessed as possible loss, but the amounts of which are immaterial for disclosure.

25. Equity

a) Capital

The Company's shareholding structure as of December 31, 2023 and 2022, with common, registered, book-entry no par value shares, is shown below:

	12/31/2023		12/31/2022	
	Number of shares	Interest %	Number of shares	Interest %
Controlling shareholders	3,792,410,880	56.19	3,792,410,880	56.23
Outstanding shares	2,899,500,334	42.96	2,898,868,832	42.71
Treasury shares	57,015,634	0.84	57,647,136	1.06
Total	**6,748,926,848**	**100.00**	**6,748,926,848**	**100.00**

Shares held by controlling shareholders who are members of the Board of Directors and/or the executive board are included in the controlling shareholders' line.

Under article 7 of the Bylaws, the Company may increase capital pursuant to article 168 of Law No. 6404/76, with the issue of 1,200,000,000 new common shares.

b) Capital reserve

Stock option plan – 2nd grant of the Stock option plan

The second grant of the Stock option plan was approved on October 25, 2013. On this occasion, 38,831,232 options were granted and the strike price was set at R$0.30 (already considering the effects of the stock split). The maximum term of exercise of this plan is of 12 years, as of the date of its signature, provided that the beneficiary remains linked to the Company and all the plan grace periods have been fulfilled. The fair value of each option granted was estimated on the grant date using the Black & Scholes option pricing model, considering the following assumptions:

Assumption	2nd Grant
Expected average life of options (a)	5.5 years
Annualized average volatility	37.9%
Risk-free interest rate	6%
Weighted average fair value of options granted	R$0.19

(a) Represents the period in which the options are believed to be exercised and takes into account the average turnover of the plan's beneficiaries.

There were 284,928 exercisable stock options as of December 31, 2023. In the year ended December 31, 2023, there were no changes in active stock options.

Share-based payment

The Company has a long-term incentive plan based on shares, which was approved at the Special General Meeting held on April 20, 2017. The purpose of the plan is to regulate the granting of incentives tied to common shares issued by the Company through programs to be implemented by the Board of Directors. Managing officers, employees and service providers of the Company, its subsidiaries and jointly-controlled entities are eligible to participate.

The key plan objectives are as follows: (a) increase the Company's ability to attract and retain talent; (b) reinforce the culture of sustainable performance and seek the development of managing officers, employees and service providers, aligning the interests of shareholders with those of the eligible professionals; and (c) foster the Company's expansion and the achievement and surpassing of its corporate goals and fulfillment of its social objectives, in line with the interests of shareholders, through the long-term commitment of the beneficiaries.

The following table shows the balance (quantity) of shares granted as of December 31, 2023:

Type of program	Grant date	Maximum grace period	Position of granted shares	Fair value[1]
1st Performance share	February 20, 2019	5 years	21,601,618	R$ 5.08
3rd Matching share	April 04, 2019	5 years	866,510	R$ 5.05
4th Matching share	April 15, 2020	5 years	1,100,186	R$ 10.96
5th Restricted share	April 15, 2020	3 years	534,104	R$ 10.96
5th Matching share	May 04, 2021	5 years	890,022	R$ 19.86
6th Restricted share	May 04, 2021	3 years	1,281,665	R$ 19.86
7th Restricted share	July 04, 2022	3 years	26,488,934	R$ 2.16
10th Restricted share	October 25, 2023	5 years	17,011,618	R$ 1.44
			69,774,657	**R$3.68**

[1] Refers to the weighted average fair value calculated in each program.

In addition to the plans mentioned above, the Company has commonly used, in its acquisition processes, the negotiation of part of the acquisition price as consideration in shares issued by it ("MGLU3) to the former owners of the acquired companies. The number of committed shares at December 31, 2023 is 6,008,627, which must be delivered to the former owners by August 2026, part linked to the achievement of certain targets and part negotiated at a fixed price. Additionally, the Company issued, in the process of acquiring KaBuM, subscription warrants of up to 50 million common, registered, book-entry shares with no par value, subject to the fulfillment of certain goals.

c) Treasury shares

	Number of shares	Amount
At December 31, 2021	83,408,504	1,449,159
Disposed of in the period	(11,704,126)	(203,350)
At December 31, 2022	71,704,378	1,245,809
Disposed of in the period	(14,688,744)	(255,206)
At December 31, 2023	57,015,634	990,603

The reduction in the balance of treasury shares is equal to the weighted average of the cost incurred to acquire the shares. Any gain or loss in relation to the amount received from the disposal of treasury shares is recorded as capital reserve. The value of the MGLU3 share at December 31, 2023 was of R$2.02.

d) Equity adjustments

In the period ended December 31, 2023, the Company recorded the amount of (R$121,382) (R$2,012 as of December 31, 2022) under equity adjustments, related to the fair value adjustments of financial assets in subsidiaries and jointly-controlled entities.

e) Loss per share

Basic and diluted loss per share are calculated as follows:

In thousands	Basic loss		Diluted loss	
	3112/2023	12/31/2022	12/31/2023	12/31/2022
Total number of common shares	**6,748,926,848**	6,748,926,848	**6,748,926,848**	6,748,926,848
Effect of treasury shares	**(57,015,634)**	(71,704,378)	**(57,015,634)**	(71,704,378)
Effect of exercise of stock option plans (a)	-	-	**58,681,126**	62,676,367
Weighted average number of outstanding common shares	**6,691,911,214**	6,677,222,470	**6,750,592,340**	6,739,898,837
Loss for the year	**(979,104)**	(498,975)	**(979,104)**	(498,975)
Loss per share (in reais)	**(0.146)**	(0.075)	**(0.146)**	(0.075)

(a) Considers the effect of exercisable shares in accordance with the share-based plans disclosed above.

26. Net sales revenue

Accounting policy

Net revenue is measured at the fair value of the consideration received or receivable, net of returns, rebates and sales taxes, as follows:

Resale of goods - revenue is recognized when products are delivered and customers obtain control of the goods, also considering that the following conditions have been satisfied:

- The amount of revenue and the payment terms can be identified;
- It is probable that the Company will receive the consideration to which it is entitled in exchange for the goods that will be transferred to the customer.

The Company grants the customer the right to return the goods within a specified period and assumptions. The amount of revenue recognized is adjusted for the expected returns. The Company uses the expected-value method to estimate the assets that will not be returned. In these circumstances, a return liability and a right to recover the asset to be returned must are recognized.

Revenue from services rendered – these are recognized when it is probable that the significant benefits to the service rendered will be transferred by the Company. The Company has the following main sources of revenues from services:

a) intermediation of financial services for its joint ventures, as well as other Company's partner businesses;
b) provision of delivery services through its subsidiaries Magalog and GFL Logística.
c) commissions charged by the Company, through its subsidiary Magalu Pagamentos, from its customers for processing financial transactions carried out on the Magalu Group's e-commerce platforms.
d) management of consortia in the subsidiary Luiza Administradora de Consórcios, where the revenue from the management fees of the consortium groups is recognized monthly upon the effective receipt of the installments of the consortium members, that, for the consortium management activities, represent the effective period of service provision.

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Retail - resale of goods	**34,716,628**	34,545,662	**41,281,638**	41,746,601
Retail - provision of services	**2,393,162**	1,835,277	**3,698,824**	2,938,780
Other services	**-**	-	**610,521**	503,625
Gross revenue	**37,109,790**	36,380,939	**45,590,983**	45,189,006
Retail - resale of goods	**(6,808,114)**	(6,359,571)	**(8,094,147)**	(7,287,260)
Retail - provision of services	**(204,041)**	(149,237)	**(331,567)**	(238,731)
Other services	**-**	-	**(397,120)**	(364,013)
Taxes and returns	**(7,012,155)**	(6,508,808)	**(8,822,835)**	(7,890,004)
Net sales revenue	**30,097,635**	29,872,131	**36,768,148**	37,299,002

27. Cost of goods resold and services rendered

Accounting policy

Costs of goods resold and services rendered include costs with the acquisition of goods and services rendered, less recovery of costs received from suppliers and ICMS tax substitution recoverable. Expenses with freight, related to the transportation of goods from suppliers to Distribution Centers (DCs) are incorporated to the cost of goods to be resold.

	Individual		Consolidated	
	3112/2023	12/31/2022	12/31/2023	12/31/2022
Cost of goods resold	**(22,436,918)**	(22,098,829)	**(26,552,256)**	(26,786,637)
Cost of services rendered	**-**	-	**(52,010)**	(73,469)
	(22,436,918)	(22,098,829)	**(26,604,266)**	(26,860,106)

28. Information on the nature of expenses and other operating income

The Company presented the statement of profit or loss using classification of expenses based on function. Information of the nature of these expenses recognized in the statement of profit or loss is presented below:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Personnel expenses (a)	**(2,403,863)**	(2,501,349)	**(3,067,663)**	(3,031,764)
Expenses with service providers	**(3,310,606)**	(2,724,503)	**(3,477,478)**	(2,936,673)
Depreciation and amortization - sales	**(472,575)**	(479,889)	**(646,535)**	(642,423)
Depreciation and amortization - administrative	**(529,283)**	(460,976)	**(596,156)**	(521,201)
Other	**(1,099,867)**	(1,137,731)	**(2,343,032)**	(2,259,804)
	(7,816,194)	(7,304,448)	**(10,130,864)**	(9,391,865)
Classified by function as:				
Selling expenses	**(5,612,277)**	(5,389,954)	**(7,002,066)**	(6,741,109)
General and administrative expenses	**(912,413)**	(847,184)	**(1,335,204)**	(1,370,198)
Depreciation and amortization	**(1,001,857)**	(940,865)	**(1,242,690)**	(1,163,624)
Other operating income, net (Note 29)	**(289,647)**	(126,445)	**(550,904)**	(116,934)
	(7,816,194)	(7,304,448)	**(10,130,864)**	(9,391,865)

(a) The Company provides its employees with medical assistance benefits, dental reimbursement, life insurance, food vouchers, transportation vouchers, scholarships, child day care allowance (“cheque-mãe”), in addition to a stock option plan for eligible employees, as described in Note 25.

Freight for transportation of goods from the DCs to physical stores and delivery of the resold products to consumers are classified as selling expenses.

29. Other operating income, net

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Appropriation of deferred revenue (a)	**89,815**	62,657	**112,720**	75,958
Tax credits (b)	**524,947**	13,474	**525,703**	28,175
Provision for contingencies (c)	**(206,485)**	(19,362)	**(363,010)**	(34,662)
Income (loss) from write-off of assets	**(6,708)**	(1,357)	**(20,512)**	(695)
Disposal of equity interest (d)	**201,920**	-	**201,920**	-
Expert fees (e)	**(24,850)**	(26,812)	**(27,655)**	(30,425)
Restructuring expenses (f)	**(195,132)**	(136,234)	**(299,942)**	(136,234)
Review of estimates (g)	**(670,647)**	-	**(670,647)**	-
Other	**(2,507)**	(18,810)	**(9,481)**	(19,051)
Total	**(289,647)**	(126,444)	**(550,904)**	(116,934)

a) Refers to appropriation of deferred revenue for assignment of exclusivity of operation of financial services, as described in Note 23.
b) This refers to PIS/COFINS tax credits recorded, as described in Note 11.
c) The main amount in 2023 refers to the provision related to the ICMS-Difal proceeding, detailed in Note 24.
d) This refers to the sale of the equity interest of LuizaSeg Seguros S.A. to NCVP Participações Societárias S.A., as described in Note 14.
e) Expenses related to advisory costs for integration of companies and lawyers' fees.
f) Refers to expenses for adjustment of administrative and sales staff, as well as expenses necessary for the integration of businesses acquired in the past.
g) Review of estimates of receivables from suppliers' bonuses, according to Note 2.3.

30. Finance income (costs)

Accounting policy

Interest income and expenses are recognized in the statement of profit or loss using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

i. gross carrying amount of financial assets; or
ii. at amortized cost of financial liability. In calculating interest income or expense, the effective interest rate is applied to the gross carrying amount of the asset or the amortized cost of the liability.

The Company classifies interest received, dividends and interest on capital received as cash flows from operating activities. Interest paid on loans and leases are classified as cash flows from financing activities.

	Individual		Consolidated	
	12/31/2023	31/2/2022	12/31/2023	12/31/2022
Finance income				
Interest from sales of extended warranty	**138,909**	122,547	**138,909**	122,547
Yield from short-term investments and marketable securities	**72,557**	71,896	**152,130**	134,942
Late payment interest	**37,129**	28,197	**37,272**	28,285
Monetary restatement receivable (a)	**683,959**	333,823	**744,922**	378,393
Other	**1,151**	4,224	**32,868**	31,258
	933,705	560,687	**1,106,101**	695,425
Finance costs				
Interest on loans and financing	**(928,141)**	(843,761)	**(985,740)**	(897,828)
Lease interest	**(304,696)**	(293,140)	**(309,911)**	(297,817)
Charges on credit card advances	**(831,459)**	(696,851)	**(1,120,188)**	(1,001,705)
Provision for loss on interest from extended warranty	**(72,490)**	(92,756)	**(72,490)**	(92,756)
Taxes on finance income	**(37,281)**	(29,197)	**(43,154)**	(36,675)
Monetary restatement payable	**(104,070)**	(179,882)	**(110,286)**	(176,845)
Other (b)	**(140,944)**	(215,141)	**(156,551)**	(232,832)
	(2,419,081)	(2,350,728)	**(2,798,320)**	(2,736,458)
	(1,485,376)	(1,790,041)	**(1,692,219)**	(2,041,033)

(a) Refers substantially to the monetary restatement of tax credits described in Notes 11 and 12.

(b) Premiums received from banks for confirming the existence of receivables from suppliers, as explained in Note 19, are stated here net of other expenses with negotiation with suppliers.

31. Segment information

For financial and operational management purposes, the Company classified its businesses into Retail, Financial Operations, Insurance Operations and Other Services. These divisions are considered the primary segments for information disclosure. The main characteristics of each of the divisions are:

a) Retail - substantially resale of goods and services in the Company's stores, electronic commerce (traditional e-commerce and marketplace), and food delivery management platform. In the marketplace context, this segment includes information related to Fintech Magalu;
b) Financial operations - through the jointly-controlled entity Luizacred, whose main purpose is to provide credit to the Company's customers for the purchase of products;
c) Insurance operations - through Luizaseg, whose main purpose is to offer extended warranties to products purchased by the Company’s customers. The insurance operations affected the Company’s profit or loss up to the date of the sale of Luizaseg’s equity interest, described in Note 14;
d) Other services - sum of the provision of consortium management services through the subsidiary Luiza Administradora de Consórcio, whose main purpose is the management of consortia for the Company’s customers, for the acquisition of products; product delivery management services - through the subsidiary Magalog; and software development services through the subsidiary Luizalabs.

The Company’s sales are entirely carried out in the national territory and, considering retail operations, there is no concentration of customers, as well as of products and services offered.

Statements of profit or loss

	12/31/2023					
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	Consolidated
Gross revenue	44,980,461	2,231,808	239,147	2,619,045	(4,479,478)	45,590,983
Deductions from revenue	(8,425,714)	-	-	(397,120)	-	(8,822,834)
Net revenue of the segment	36,554,747	2,231,808	239,147	2,221,925	(4,479,478)	36,768,149
Costs	(26,571,218)	(366,614)	(32,911)	(33,048)	399,525	(26,604,266)
Gross profit	9,983,529	1,865,194	206,236	2,188,877	(4,079,953)	10,163,883
Selling expenses	(6,846,356)	(538,218)	(152,422)	(2,164,233)	2,699,163	(7,002,066)
General and administrative expenses	(1,265,139)	(8,702)	(28,530)	(70,065)	37,232	(1,335,204)
Gains (losses) on allowance for expected credit losses	(386,142)	(1,316,084)	-	(15)	1,316,084	(386,157)
Depreciation and amortization	(1,218,078)	(6,002)	(2,949)	(24,612)	8,951	(1,242,690)
Equity pickup	(117,631)	-	-	-	98,621	(19,010)
Other operating income	(501,555)	(74,858)	1,609	(49,349)	73,249	(550,904)
Finance income	1,089,480	-	27,827	16,621	(27,827)	1,106,101
Finance costs	(2,774,716)	-	(53)	(23,604)	53	(2,798,320)
Income and social contribution taxes	1,057,504	30,686	(22,744)	27,759	(7,942)	1,085,263
Net income (loss) for the period	(979,104)	(47,984)	28,974	(98,621)	117,631	(979,104)

Reconciliation of equity pickup

Equity pickup – Other services (Note 13)	(98,621)
Equity pickup – Luizacred (Note 14)	(47,984)
Equity pickup – Luizaseg (Note 14)	28,974
(=) Equity pickup of the retail segment	(117,631)
(-) Effect of elimination – Other services	98,621
(=) Consolidated equity pickup	(19,010)

Statements of profit or loss

	12/31/2022					
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	Consolidated
Gross revenue	44,685,383	2,104,456	366,184	2,290,734	(4,257,751)	45,189,006
Deductions from revenue	(7,525,991)	-	-	(364,013)	-	(7,890,004)
Net revenue of the segment	37,159,392	2,104,456	366,184	1,926,721	(4,257,751)	37,299,002
Costs	(26,814,649)	(316,346)	(48,830)	(60,891)	380,610	(26,860,106)
Gross profit	10,344,743	1,788,110	317,354	1,865,830	(3,877,141)	10,438,896
Selling expenses	(6,688,094)	(549,579)	(261,121)	(1,824,692)	2,582,377	(6,741,109)
General and administrative expenses	(1,306,025)	(11,301)	(34,094)	(64,173)	45,395	(1,370,198)
Gains (losses) on allowance for expected credit losses	(238,304)	(1,244,841)	-	(1,354)	1,244,841	(239,658)
Depreciation and amortization	(1,147,512)	(5,985)	(6,020)	(16,112)	12,005	(1,163,624)
Equity pickup	(67,085)	-	-	-	31,347	(35,738)
Other operating income	(125,313)	(66,900)	987	8,379	65,912	(116,934)
Finance income	680,605	-	27,219	14,820	(27,219)	695,425
Finance costs	(2,714,017)	-	(74)	(22,441)	74	(2,736,458)
Income and social contribution taxes	762,027	34,458	(23,951)	8,396	(10,507)	770,423
Net income (loss) for the period	(498,975)	(56,038)	20,300	(31,347)	67,085	(498,975)

Reconciliation of equity pickup

Equity pickup – Other services (Note 13)	(31,347)
Equity pickup – Luizacred (Note 14)	(56,038)
Equity pickup – Luizaseg (Note 14)	20,300
(=) Equity pickup of the retail segment	(67,085)
(-) Effect of elimination – Other services	31,347
(=) Consolidated equity pickup	(35,738)

a) The retail segment is represented by the consolidated amounts that include the results of Magazine Luiza S.A., Época Cosméticos, Netshoes, KaBuM, Fintech Magalu, and Aiqfome. In the retail segment, the equity pickup line includes the net results of financial operations, insurance operations and other services, since this amount is contained in the profit or loss of the segment used by the key operations manager.

b) The eliminations are mainly represented by the effects of the financial operations and insurance operations segments, which are presented proportionally above, but are included in a single equity pickup line in the Company's consolidated financial statements.

c) Transfers of net revenue between operating segments are less than 10% of the combined net revenue of all segments and are not regularly reviewed by the Company's key operations manager.

Statement of financial position

	12/31/2023		
	Retail	Financial operations	Other services
Assets			
Cash and cash equivalents	2,430,852	28,981	162,494
Marketable securities and other financial assets	779,072	14,871	-
Accounts receivable	5,897,162	9,073,500	60,979
Inventory of goods for resale	7,497,299	-	-
Investments	941,023	-	-
Property and equipment, right of use and intangible assets	9,081,261	29,462	608,122
Other	10,364,534	555,301	440,646
	36,991,203	9,702,115	1,272,241
Liabilities			
Trade accounts payable	6,931,270	-	34,710
Trade accounts payable - agreement	2,358,092	-	-
Transfers and other deposits	1,765,149	-	-
Loans, financing and other financial liabilities	7,353,948	-	907
Lease	3,578,155	-	-
Interbank deposits	-	2,799,337	-
Credit card operations	-	5,869,272	-
Insurance reserves	-	-	-
Provision for tax, civil, and labor contingencies	1,559,076	46,679	60,090
Deferred revenue	1,248,165	-	492
Other	2,586,814	664,311	557,535
	27,380,669	9,379,599	653,734
Equity	9,610,534	322,516	618,507

Investment reconciliation	
Subsidiaries (Note 13)	
Luiza Consortium	95,508
Magalog	230,818
Luizalabs	253,708
Fintech Magalu	457,526
	1,037,560
Jointly-controlled entities (Note 14)	
Luizacred	322,516
	322,516
Total investments	1,360,076
(-) Effect of elimination	(1,037,560)
(=) Consolidated income (losses) on investments	322,516

Statement of financial position

	12/31/2022			
	Retail	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	2,255,188	175,833	68	164,857
Marketable securities	304,298	26,797	348,059	-
Accounts receivable	6,688,286	9,106,242	-	89,140
Inventories	7,790,069	-	-	-
Investments	927,191	-	-	-
Property and equipment, intangible assets and right of use	9,337,004	34,541	16,742	557,482
Other	10,100,601	489,349	47,681	285,035
	37,402,637	9,832,762	412,550	1,096,514
Liabilities				
Trade accounts payable	5,703,177	-	1,452	37,843
Trade accounts payable - agreement	3,802,237			
Transfers and other deposits	1,552,643	-	-	-
Loans and financing	7,107,284	-	-	1,473
Lease	3,693,516	-	115	-
Interbank deposits	-	2,780,669	-	-
Credit card operations	-	5,328,314	-	-
Insurance reserves	-	-	390,738	-
Provision for tax, civil and labor contingencies	1,122,260	35,707	1,899	71,505
Deferred revenue	499,749	-	-	623
Other	3,273,070	1,317,522	50,063	396,712
	26,753,936	9,462,212	444,267	508,156
Equity	10,648,701	370,550	(31,717)	588,358

Investment reconciliation	
Subsidiaries (Note 13)	
Luiza Consortium	75,363
Magalog	267,759
Luizalabs	205,329
Magalu Pagamentos	430,028
	978,479
Jointly-controlled entities (Note 14)	
Luizacred	370,550
Luizaseg	(31,717)
	338,833
Total investments	1,317,312
(-) Effect of elimination	(978,479)
(=) Consolidated income (losses) on investments	338,833

32. Financial instruments

Accounting policy

Initial classification and subsequent measurement

Upon initial recognition, financial assets are classified as measured at amortized cost, at fair value through other comprehensive income (FVTOCI), or at fair value through profit or loss (FVTPL). Financial assets are measured at amortized cost if both of the following conditions are met and if these assets are not measured at FVTPL:

- It is held within a business model whose objective is to hold financial assets for the purpose of receiving contractual cash flows; and
- Its contractual terms generate, on specific dates, cash flows that are related solely to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at FVTOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- It is held within a business model whose objective is achieved both by receiving contractual cash flows and by selling financial assets; and
- Its contractual terms generate, on specific dates, cash flows that are related solely to the payment of principal and interest on the outstanding principal amount.

All financial assets not classified as measured at amortized cost or at FVTOCI, as described above, are classified as at FVTPL. A financial asset (other than trade accounts receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value, plus, for an item not measured at FVTPL, the transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to subsequent measurement of financial assets:

- Financial assets measured at FVTPL: These assets are subsequently measured at FVTPL. Net gains (losses), including interest, are recognized in P&L.

- Financial assets at amortized cost: These assets are subsequently measured at amortized cost, using the effective interest rate method. Amortized cost is reduced by impairment losses. Interest income, possible exchange gains and losses, and impairment are recognized in P&L. Any gain or loss upon derecognition is also stated in P&L.

- Financial assets measured at FVTOCI: These assets are subsequently measured at fair value through other comprehensive income (FVTOCI). Upon derecognition, accumulated gains (losses) in OCI are reclassified to P&L.

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, is a derivative, or is designated as such upon initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net gains (losses), including interest, are recognized in P&L. Other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method. Interest expense and exchange gains and losses are recognized in P&L. Any gain or loss upon derecognition is also stated in P&L.

Derecognition and offset

The Company derecognizes a financial asset when its contractual rights to cash flows of the asset expire, or when it transfers the contractual rights to receive cash flows of a financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when the contractual obligation is discharged, canceled or expires. Upon derecognition of a financial liability, the difference between the extinguished book value and the consideration paid (including transferred assets that do not flow through cash or liabilities assumed) is recognized in P&L.

Financial assets or liabilities are offset and the net amount is stated in the statement of financial position when, and only when, the Company has a currently enforceable legal right to offset the amounts and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company elected to measure allowance for losses on accounts receivable and other receivables and contractual assets in an amount equal to the lifetime expected credit loss. In determining whether the credit risk of a financial asset has significantly increased since initial recognition and in estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analyses, based on the Company's experience, on credit assessment, and considering forward looking information, such as macroeconomic assumptions for inflation and sales growth. The Company considers a financial asset to be in default when: - It is unlikely that the creditor will pay its credit obligations in full, without resorting to actions such as realization of the guarantee (if any); or the financial asset is overdue for more than 30 days.

Measurement of expected credit losses

Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Financial assets with credit recovery issues

At each reporting date, the Company assesses whether the financial assets recorded at amortized cost and those measured at FVTOCI are experiencing recovery issues. A financial asset has credit recovery issues when one or more events occur that adversely impact the financial asset’s estimated future cash flows.

Financial instruments by category

			Individual				Consolidated			
			12/31/2023		12/31/2022		12/31/2023		12/31/2022	
Financial instruments by category	**Classification**	**Fair value measurement**	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and banks	Amortized cost	Level 2	**150,711**	**150,711**	202,663	202,663	**183,646**	**183,646**	250,014	250,014
Accounts receivable – Credit and debit cards	FVTOCI	Level 2	**2,788,161**	**2,788,161**	3,442,071	3,442,071	**4,511,062**	**4,511,062**	5,395,869	5,395,869
Accounts receivable – Other trade accounts receivable and receivables from commercial agreements	Amortized cost	Level 2	**1,204,077**	**1,204,077**	1,162,144	1,162,144	**1,447,079**	**1,447,079**	1,381,557	1,381,557
Accounts receivable from related parties	Amortized cost	Level 2	**550,779**	**550,779**	805,362	805,362	**50,925**	**50,925**	76,212	76,212
Accounts receivable from related parties – Credit card	Amortized cost	Level 2	**1,125,171**	**1,125,171**	2,500,360	2,500,360	**1,222,793**	**1,222,793**	2,500,360	2,500,360
Cash equivalents - Bills	FVTPL	Level 2	**239,537**	**239,537**	2,276	2,276	**239,537**	**239,537**	2,276	2,276
Cash equivalents - CDBs	Amortized cost	Level 2	**723,414**	**723,414**	603,825	603,825	**2,119,607**	**2,119,607**	2,130,280	2,130,280
Marketable securities	Amortized cost	Level 2	**4,809**	**4,809**	14,525	14,525	**4,809**	**4,809**	14,525	14,525
Marketable securities	FVTPL	Level 2	**524,239**	**524,239**	245,273	245,273	**771,015**	**771,015**	245,273	245,273
Total financial assets			**7,310,898**	**7,310,898**	8,978,499	8,978,499	**10,550,473**	**10,550,473**	11,996,366	11,996,366

			Individual				Consolidated			
			12/31/2023		12/31/2022		12/31/2023		12/31/2022	
Financial instruments by category	Classification	**Fair value measurement**	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**
Suppliers of goods and agreement	Amortized cost	Level 2	**8,320,661**	**8,320,661**	9,615,743	9,615,743	**9,324,071**	**9,324,071**	10,797,651	10,797,651
Transfers and other deposits	Amortized cost	Level 2	**-**	**-**	-	-	**1,765,149**	**1,765,149**	1,552,643	1,552,643
Loans and financing	Amortized cost	Level 2	**6,928,737**	**6,998,865**	6,677,178	6,827,377	**7,354,855**	**7,424,983**	7,108,757	7,258,956
Lease	Amortized cost	Level 2	**3,514,349**	**3,514,349**	3,651,663	3,651,663	**3,578,155**	**3,578,155**	3,693,516	3,693,516
Accounts payable to related parties	Amortized cost	Level 2	**325,607**	**325,607**	256,707	256,707	**100,961**	**100,961**	152,511	152,511
Other accounts payable - acquisition	FVTPL	Level 2	**316,953**	**316,953**	1,053,327	1,053,327	**383,221**	**383,221**	1,118,413	1,118,413
Total financial liabilities			**19,406,307**	**19,476,435**	21,254,618	21,404,817	**22,506,412**	**22,576,540**	24,423,491	24,573,690

Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy described below, based on the lowest level input that is significant to the overall fair value measurement:

a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is either directly or indirectly observable. The Company uses the discounted cash flow technique for its measurements;

c) Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

Valuation techniques and significant unobservable inputs:

Specific valuation techniques used to value financial instruments under Level 2 rules include:

• Quoted market prices or quotes from financial institutions or brokers for similar instruments.

• Discounted cash flows, which consider the present value of expected future payments, discounted at a risk-adjusted rate for the remaining financial instruments.

Capital risk management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern in order to offer return to shareholders and benefits to stakeholders, maintaining an adequate capital structure to reduce cost and maximize the resources to be applied in opening and modernization of stores, new technologies, process improvements, and advanced management methods.

The Company's capital structure comprises financial liabilities, cash and cash equivalents and marketable securities. From time to time, management reviews the capital structure and its ability to settle liabilities, as well as monitors, on a timely basis, the days purchase outstanding in relation to the average term of inventory turnover. Necessary actions are promptly taken in the event of significant imbalances.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's Finance Board, which prepares an appropriate liquidity risk management model to manage funding needs and liquidity management in the short, medium and long terms. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and maintaining close relationships with financial institutions, frequently disclosing information to support credit decisions when in need for external funds.

The table below details the remaining contractual maturity of the Company's financial liabilities and contractual repayment terms. The table was prepared in accordance with the undiscounted cash flows of financial liabilities.

Contractual maturity is based on the earliest date on which the Company is required to settle the respective obligations.

Position at 12/31/2023

Individual	Book balance	Up to 1 year	1 to 3 years	More than 3 years	Total
Suppliers of goods and agreement	8,320,661	8,320,661	-	-	8,320,661
Lease	3,514,349	772,222	1,718,482	2,753,937	5,244,641
Loans and financing	6,928,737	2,928,459	4,000,278	-	6,928,737
Transactions with related parties	325,607	325,607	-	-	325,607
Other accounts payable - acquisition	316,953	183,977	-	132,975	316,952

Consolidated	Book balance	Up to 1 year	1 to 3 years	More than 3 years	Total
Suppliers of goods and agreement	9,324,071	9,324,071	-	-	9,324,071
Lease	3,578,155	781,617	1,739,389	2,787,441	5,308,447
Loans and financing	7,354,855	3,354,577	4,000,278	-	7,354,855
Transactions with related parties	100,961	100,961	-	-	100,961
Other accounts payable - acquisition	383,221	207,001	38,517	140,721	386,239

Considerations about other financial risks

The Company's business is mostly comprised of the retail trade of consumer goods and insurance, financial and other services, as described in Note 31, segment information. The main market risk factors that affect the Company's business are summarized below:

Credit risk: the credit risk arises from the possibility that the Company may incur losses resulting from the non-receipt of amounts billed to its customers, the consolidated balance of which as of December 31, 2023 was R$6,395,787 (R$6,985,941 as of December 31, 2022). A significant portion of the Company's sales are made using the credit card as payment method, which is substantially securitized with the credit card companies. For other accounts receivable, the Company also assesses the risk as low, in view of the natural dispersion of sales due to the large number of customers, but there are no real guarantees of receipt of the total balance of accounts receivable given the nature of the business. Even so, the risk is managed through periodic analysis of the level of default (with consistent criteria to support the requirements of IFRS 9), as well as adoption of more effective forms of collection. As of December 31, 2023, the Company recorded accounts receivable balances that would be overdue or lost, whose terms were renegotiated, in the amount of R$78,591 (R$63,779 as of December 31, 2022), which are included in the analysis on the need to set up an allowance for expected credit losses. Note 8 provides further information on accounts receivable.

The Company's policy for investing in debt securities (financial investments) is to invest in securities that are assessed by the main credit rating agencies and that have a rating equal to or higher than the sovereign rating (on a global scale). As of December 31, 2023, almost all of the investments held by the Company have such a rating level, reaching the amount of R$1,541,262 (R$910,399 as of December 31, 2022), individual, and R$3,188,772 (R$2,474,329 as of December 31, 2022), consolidated.

Market risk: arises from the possible downturn in retail in the country's economic scenario. Management of the risks involved in these operations is carried out through the establishment of operational and commercial policies, and constant monitoring of the positions assumed. The key related risks include fluctuations of the interest, inflation and exchange rates.

Currency risk: on the date of this quarterly information, the Company did not have significant directly traded foreign exchange transactions. However, many products sold by the Company, especially technology items, are manufactured locally but have various imported components, so their costs may vary with the exchange rate differences. Therefore, management of “indirect” currency risk is closely related to commercial management, price and margin of products and is carried out together with the suppliers, with the objective of not transferring large fluctuations to end customers.

Interest rate risk: the Company is exposed to floating interest rates linked to the Interbank Deposit Certificate (CDI), related to financial investments, loans and financing in reais, for which a sensitivity analysis was carried out, as described below.

As of December 31, 2023, management performed a sensitivity analysis considering a probable scenario and scenarios with decreases and increases of 25% and 50% in expected interest rates. The probable scenario, of decrease and increase in interest rates, was measured using future interest rates published by BM&F BOVESPA and/or BACEN, considering a base rate of CDI at 8.9% p.a.

The expected effects of finance costs on loans and financing, net of income from financial investments, for the next three months are as follows:

	Individual	Consolidated
	12/31/2023	12/31/2023
Bank Deposit Certificates (Note 6)	962,951	2,359,144
Non-boutique investment funds (Note 6)	-	50,556
Cash equivalents	962,951	2,409,700
Marketable securities (Note 7)	578,311	779,072
Total cash equivalents and marketable securities	1,541,262	3,188,772
B		
Loans and financing (Note 21)	(6,928,737)	(7,354,855)
Net exposure	(5,387,475)	(4,166,083)
Finance cost related to interest - exposure to CDI	8.90%	8.90%
Impact on finance income (costs), net of taxes:		
Base scenario – rate of 8.90% p.a.	(209,034)	(224,270)
Scenario of 25% increase – rate of 11.13% p.a.	(261,293)	(280,337)
Scenario of 50% increase – rate of 13.35% p.a.	(313,551)	(336,404)
Scenario of 25% decrease – rate of 6.68% p.a.	(156,776)	(168,202)
Scenario of 50% decrease – rate of 4.45% p.a.	(104,517)	(112,135)

33. Statements of cash flows

Changes in statement of financial position accounts that did not impact the Company's cash flows are as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Changes in the fair values of financial assets	(4,133)	(1,172)	(4,133)	-
Additions – IFRS 16 – Right of use and lease	461,151	872,460	511,953	897,262
Stock option plan - subsidiaries	(24,829)	(31,262)	(24,829)	(31,262)

34. Insurance coverage

The Company has insurance contracts with coverage determined by expert advice, taking into account the nature and degree of risk, at amounts considered sufficient to cover possible losses on its assets and/or liabilities.

Insurance coverage at December 31, 2023 and December 31, 2022 is as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Civil liability D&O	**100,000**	100,000	**194,025**	194,025
Sundry risks – inventories and P&E	**6,646,341**	6,556,541	**7,398,581**	7,714,867
Vehicles	**20,695**	34,379	**32,741**	34,379
	6,767,036	6,690,920	**7,625,347**	7,943,271

35. Events after the reporting period

Capital increase

At the Board of Director's Meeting held on January 26, 2024, a capital increase ("Capital Increase") was approved in the amount of R$1.25 billion, fully guaranteed by the controlling shareholders and Banco BTG Pactual S.A. and its affiliates ("BTG"). The capital increase, to be carried out within the limit for authorized capital provided for in the Company's Articles of Incorporation, includes the issue, for private subscription, of 641,025,641 common shares, all book-entry and without par value, at the issue price of R$1.95 per share, totaling R$1.25 billion. This capital increase is intended to accelerate investments in technology, including the expansion of Luizalabs, evolution of the marketplace platform and optimization of the Company's capital structure.

On March 1, 2024, the period for shareholders or their assignees to exercise their preemptive right to subscribe for shares ended. A total of 548,704,710 shares were subscribed, representing 85.6% of the maximum subscription and totaled the payment, on that date, of R$1,069,974,184.50. Considering that, within the scope of the Capital Increase, the issuance of 641,025,641 shares was approved, it was found that 92,320,931 shares were intended for oversubscription privilege, whose subscription period ended on March 13, 2024, with all remaining shares subscribed and the amount paid in the Company.