May 25, 2020

Magazine Luiza S.A. (B3: MGLU3)
1st Quarter 2020 Earnings Release (IFRS equivalent)

1Q20 HIGHLIGHTS

Total sales rose 34%, reaching R$7.7 billion
E-commerce grew 73%, reaching R$4.1 billion and 53% of total sales
Marketplace grew 185%, reaching 30% of total e-commerce
Physical store sales grew 7%
Adjusted EBITDA of R$274 million, 5.2% margin
Net income of R$30.8 million, 0.6% margin
Total cash position of R$4.6 billion in Mar/20

- **Consistent market share gains.** In 1Q20, total sales (physical stores, traditional e-commerce (1P) and marketplace (3P)) increased 34.0% to R$7.7 billion, reflecting growth of 72.6% in e-commerce (on top of 50.1% growth in 1Q19) and 6.7% in physical stores (-4,5% same store sales). It is worth highlighting the performance of the 198 stores opened in the last 12 months that generated sales above our expectations. The strong growth in total sales in 1Q20 was achieved even with the temporary closure of physical stores in late March, due to the spread of the covid-19 pandemic in Brazil. We estimate that physical stores lost around R$ 500 million in sales in late March, which would have increased same store growth from -4.5% to around 8.0% in 1Q20.

- **Accelerated growth in e-commerce.** E-commerce sales grew 72.6% in 1Q20, reaching 53.3% of total sales, compared to market growth of 23.8% (E-bit). In traditional e-commerce (1P), sales grew 47.5%, and the marketplace contributed with additional sales of R$1.2 billion, growing 184.8% and representing 30.1% of total e-commerce. Among other things, Magalu's market share gains were driven by: app performance--with 21 million MAU (including Magalu Superapp, Netshoes, Zattini and Época Cosméticos); an increase in the seller base; the growth of marketplace assortment; faster delivery, and the maintenance of our high level of customer service and the best retail experience.

- **Gross margin, investments in service levels and new customer acquisition**. In 1Q20, gross margin went from 28.0% in 1Q19 to 27.1% in 1Q20, a reduction of 0.8 p.p., mainly due to a rise in traditional e- commerce (1P) in total sales. In the same period, the percentage of adjusted expenses in relation to net revenue increased 19.1% to 22.0%, reflecting the consolidation of Netshoes, investments in improving the service level and acquisition of new customers and the temporary closure of physical stores.

- **Luizacred.** The Luiza Card base increased 20.5% YoY reaching 5.3 million cards. Revenue grew 22.1% to R$7.0 billion. The size of the total portfolio grew 31.0% in the last 12 months reaching R$11.6 billion. Luizacred's 1Q20 profit reached R$9.6 million, even after taking into consideration an increase in IFRS provisions.

- **EBITDA and net income.** The growth in sales and the positive result of e-commerce contributed again to EBITDA. However, the lost sales due to the temporary closure of stores and the increase in expenses/net revenue influenced the adjusted EBITDA margin, which went from 8.9% in 1Q19 to 5.2% in 1Q20. In the same period, the adjusted net result went from a profit of R$125.6 million to a loss of R$8.0 million. Considering the non-recurring results, net income was R$30.8 million.

- **Working capital and cash flow.** In 1Q20, the change in working capital was negative due to retail seasonality, accentuated by the effects of covid-19. With the risk of disruption in the supply chain and the upward trend of the dollar, the Company strategically increased its inventory level at the beginning of the year. In addition, the temporary closure of stores late March contributed to the increase in inventory turnover. However, since the beginning of 2Q20, the excellent sales performance of e-commerce and the gradual reopening of physical stores have contributed to the rapid improvement of working capital and cash flow from operations.

- **Net cash position and capital structure.** In the last 12 months, adjusted net cash went from R$1.4 billion in Mar/19 to R$3.8 billion in Mar/20, due to cash generation, investments and acquisitions and capital raised in the follow-on concluded in Nov/19. As of this date the Company reached a total cash position of R$4.6 billion, with cash and securities of R$2.6 billion and credit card receivables of R$2.0 billion. In addition, the Company concluded in early April/20 an issue of debentures of R$ 800.0 million, raising its total cash position to R$ 5.4 billion.

R$ million (except when otherwise indicated)	1Q20	1Q19	% Chg
Total Sales[1] (including marketplace)	7,662.5	5,718.0	34.0%
Gross Revenue	6,486.3	5,313.2	22.1%
Net Revenue	5,234.7	4,329.0	20.9%
Gross Income	1,420.5	1,211.4	17.3%
Gross Margin	0.3	28.0%	-80 bps
EBITDA	332.6	395.4	-15.9%
EBITDA Margin	6.4%	9.1%	-270 bps
Net Income	30.8	132.1	-76.7%
Net Margin	0.6%	3.1%	-250 bps
Adjusted - Gross Income	1,420.5	1,211.4	17.3%
Adjusted - Gross Margin	27.1%	28.0%	-90 bps
Adjusted - EBITDA	273.9	385.5	-29.0%
Adjusted - EBITDA Margin	5.2%	8.9%	-370 bps
Adjusted - Net Income	(8.0)	125.6	-106.4%
Adjusted - Net Margin	-0.2%	2.9%	-310 bps
Same Physical Store Sales Growth	-4.5%	8.1%	-
Total Physical Store Sales Growth	6.7%	16.0%	-
Internet Sales Growth (1P)	47.5%	33.3%	-
Total E-commerce Sales Growth	72.6%	50.1%	-
E-commerce Share in Total Sale	53.3%	41.4%	11.9 pp
Number of Stores - End of Period	1,157	959	198 stores
Sales Area - End of Period (M2)	647,171	574,797	12.6%

(1) Total Sales includes sales from physical stores, traditional e-commerce (1P) and marketplace (3P).
(2) E-commerce Sales include Netshoes sales.

NON-RECURRING EVENTS

For ease of comparison with 1Q19, 1Q20 results are also being presented in an adjusted view, without the effects of non-recurring provisions and expenses.

CONCILIATION ADJUSTED INCOME STATEMENT (R$ million)	1Q20 Adjusted	V.A.	Non-recurring	1Q20	V.A.
Gross Revenue	6,486.3	123.9%	-	6,486.3	123.9%
Taxes and Deductions	(1,251.5)	-23.9%	-	(1,251.5)	-23.9%
Net Revenue	5,234.7	100.0%	-	5,234.7	100.0%
Total Costs	(3,814.3)	-72.9%	-	(3,814.3)	-72.9%
Gross Income	1,420.5	27.1%	-	1,420.5	27.1%
Selling Expenses	(938.3)	-17.9%	-	(938.3)	-17.9%
General and Administrative Expenses	(194.6)	-3.7%	-	(194.6)	-3.7%
Provisions for Loan Losses	(30.0)	-0.6%	-	(30.0)	-0.6%
Other Operating Revenues, Net	13.8	0.3%	58.8	72.6	1.4%
Equity in Subsidiaries	2.4	0.0%	-	2.4	0.0%
Total Operating Expenses	(1,146.6)	-21.9%	58.8	(1,087.9)	-20.8%
EBITDA	273.9	5.2%	58.8	332.6	6.4%
Depreciation and Amortization	(174.8)	-3.3%	-	(174.8)	-3.3%
EBIT	99.0	1.9%	58.8	157.8	3.0%
Financial Results	(94.4)	-1.8%	-	(94.4)	-1.8%
Operating Income	4.6	0.1%	58.8	63.4	1.2%
Income Tax and Social Contribution	(12.6)	-0.2%	(20.0)	(32.6)	-0.6%
Net Income	(8.0)	-0.2%	38.8	30.8	0.6%

Adjustments – Non - Recurring Events

Adjustments	1Q20
Tax Credits	44.3
Tax Provisions	30.9
Expert Fees	(7.8)
Pre-operating Store Expenses	(1.9)
Other Non-recurring Expenses	(6.7)
EBITDA Adjustments	**58.8**
Income Tax and Social Contribution	(20.0)
Net Income Adjustments	**38.8**

MESSAGE FROM THE EXECUTIVE DIRECTORS

59%, 65%, 50% and 73%. These were the first quarter growth rates of our e-commerce business over the last four years. For 13 consecutive quarters, we grew our e-commerce business over 50%. Since 2016, our e-commerce business has grown six-fold and now represents 53% of Magalu's total sales. The marketplace segment played a fundamental role in this exponential growth. In the first quarter of this year, it reached 30% of total online sales - growth of 185% in comparison to last year. To put this number in perspective, it is larger than our fourth quarter 2019 sales, which include Black Friday and Christmas. Due in large part to the contribution of e-commerce, Magalu's total sales - across all channels - advanced 34% in the first three months of 2020.

We were able to achieve this growth by doing what many companies have only just recently begun to do: radically digitalizing our operations. This is what this moment of physical store closures demands. At Magalu, the digital transformation cycle has been completed. We are, in fact, a digital platform with physical locations and human warmth.

Having assembled our own ecosystem of complementary components, we now have the most comprehensive offering in the market - a plane. We are using this plane to digitalize Brazil and the digitalization process is already in full swing. Our marketplace platform now features more than 26,000 active sellers, offering 16 million items to our more than 26 million active customers.

Talking about Magalu as a Service (MaaS), over 20,000 of these 100% analog retailers have only recently joined the digital world through our Partner Magalu program launched in late March. These new partners will experience the power of technology in a simple, intuitive way, fully adapted to their reality. After all, we were once an analog retailer, so we know what they need.

Participation in Magalu Entregas, a program where we extend our umbrella contract with Correios to third-party marketplace sellers, continues to grow. Now almost 80% of sellers partake in the program, allowing them to save time and money. In addition, an increasing percentage of our marketplace deliveries are now being handled directly by Malha Luiza and Logbee which offer a combination of first mile pick-up, cross-docking and last mile delivery services. Today, 450 sellers, representing around 20% of total marketplace sales are delivered via some combination of Malha Luiza and Logbee, allowing participating sellers to enjoy faster delivery times and lower costs.

Another highlight from the quarter was the rollout of Magalu Payments, our receivables platform for marketplace sellers. Now, our more than 26,000 sellers have the ability to factor their receivables at below market rates Within a few weeks of launching the service, we reached the R$ 500 million TPV (Total Payment Volume) threshold, enabling us to file an application with the Central Bank to become a regulated payment institution. This will enable us to directly access the Brazilian payment system and further expand the possibilities for new products and services on our platform. Besides the factoring of receivables, we are working on the structuring of a Receivables Investment Fund (Brazilian FIDC) to offer credit to our sellers so they can invest and grow even more.

Consistent with our theme for the year, #TemNoMagalu, or #TheyHaveItAtMagalu, the first quarter also saw a marked increase in our assortment. We triple the number of products offered on our platform in 12 months, representing growth in both 1P and 3P assortment.

The market category - hygiene and cleaning products, among other items - has performed exceptionally in recent weeks. We have established new partnerships with major brands and suppliers, offer free shipping and guarantee the fastest delivery. All this so that, in the midst of the COVID-19 crisis, our customers could receive, at home and safely, the items needed for their day-to-day activities. Today, the market category is our biggest in terms of the number of orders and Magalu has become Brazil's largest online seller of products such as diapers and laundry soap.

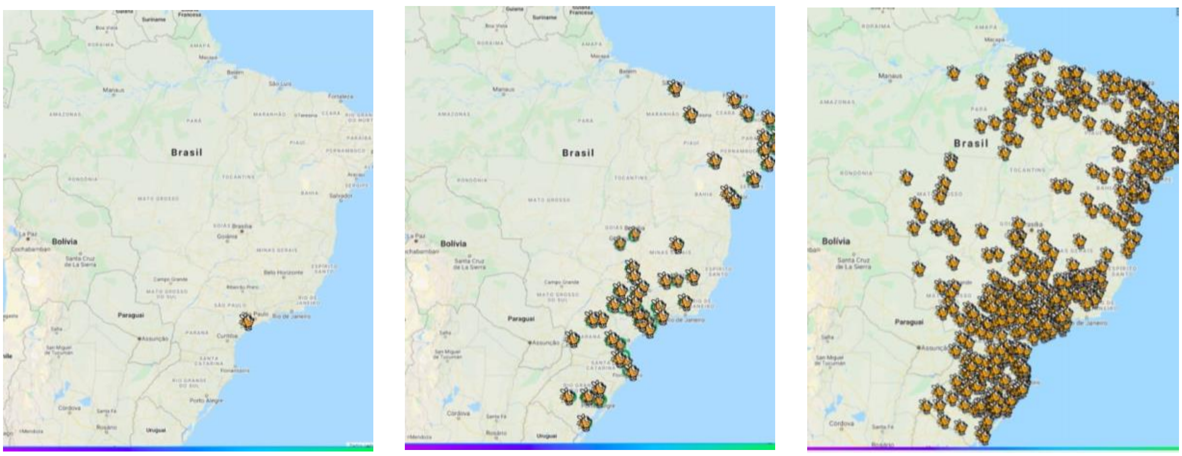
For Netshoes and Zattini, the first months of 2020 were marked by important advances. Leading brands like Adidas, ASICS and Mizuno started offering their top of the line collections on the Netshoes platform for the first time. At the same time, famous brands such as Polishop, Pernambucanas, Lojas Marisa, Hering, Anacapri, and TNG became sellers on the marketplace, substantially expanding the assortment in the sporting goods and clothing categories.

Época Cosméticos has also been outperforming. Época has the largest portfolio of cosmetics and beauty supplies in the market, with more than 500 national and imported brands, and, when combined with Zattini, is the largest online company in the category. During the first quarter, Época reinforced the dermocosmetics, perfumes and personal care categories that, experienced a significant increase in demand during the quarantine. In April, Época's sales were 150% greater than those during the same period in 2019.

We also significantly improved the shopping experience in our SuperApp through the creation of worlds and mini-worlds, self-contained environments within our app which allow for custom browsing experiences tailor-made to the unique characteristics of each category, vastly improving product display and find-ability. The results have been nothing short of astonishing. The Magalu SuperApp had over 21 million active users in April, a 112% increase over the same period last year. The SuperApp has also demonstrated a significant ability to attract new customers and a high purchase frequency. Together with the mobile site, the SuperApp currently accounts for around 70% of sales made on our e-commerce platform.

We are focused on achieving and maintaining the fastest delivery speed of any retailer—online or offline—in Brazil. The cornerstone for our efforts is Logbee, the logistics startup that we acquired in May of 2018. At the time of the acquisition, Logbee only operated in the City of São Paulo. Today it is operating in more than 500 different municipalities across the country. In addition to the growth of Logbee, the expansion of our ship-from-store initiative has also been important. Until the end of last year ship-from-store was present in only 200 stores. Today, ship-from-store is available in more than 600 stores, covering 90% of the cities in which Magalu has physical operations.

Growth of Logbee (number of cities served)

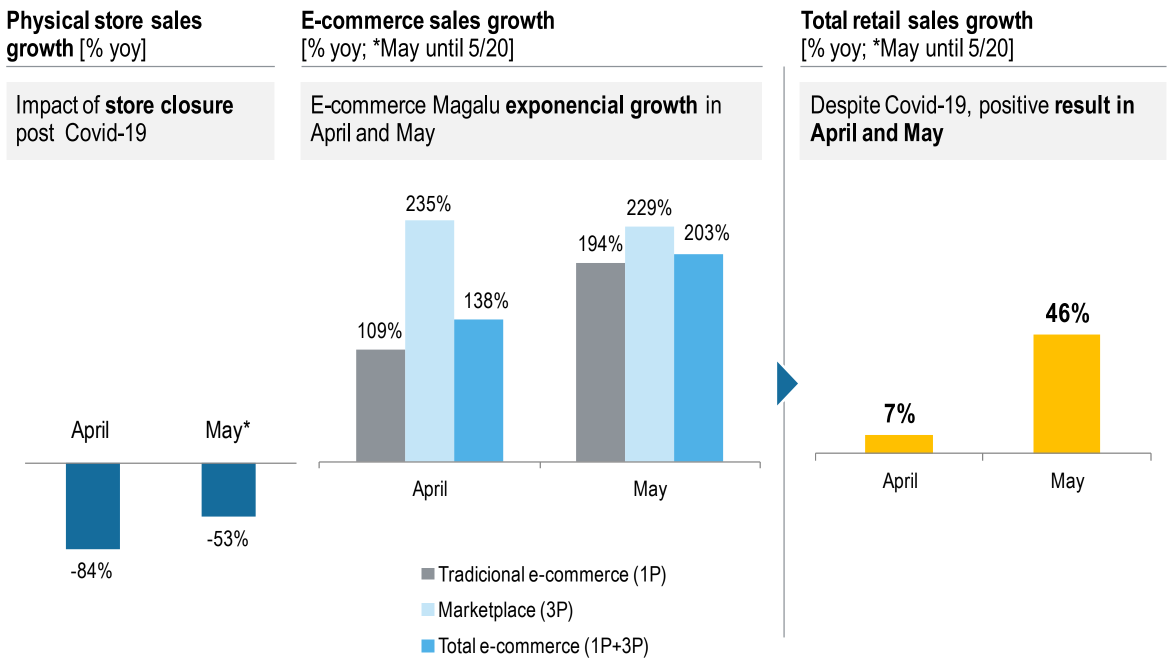


2018 **2019** **2020**

Currently, approximately 64% of our deliveries are made within 48 hours. Our objective is to increase this percentage further and, simultaneously, expand the number of deliveries made within 24 hours. We estimate that in June, roughly 25% of our 1P sales will reach customers' homes within one business day, thanks to the evolution of our logistics network, the ship-from-store initiative and the use of stores as mini-CDs. In addition to radically improving delivery speeds, these advances will also make new products and categories accessible even in the most remote regions of the country, consistent with Magalu's mission of democratizing access.

We ended the first quarter with 1,157 physical stores and 51 kiosks in partnership with Lojas Marisa. Until the beginning of the second half of March, when the COVID-19 pandemic began to spread in Brazil, physical store sales showed expressive growth. With the implementation of social isolation measures, culminating in the temporary closure of all stores and kiosks on March 20, we estimate that physical stores lost the equivalent of R$500 million worth of sales - which had an impact on both sales growth in the quarter (which would be around 8% under the same store concept), as in the final result.

The second quarter started out encouragingly. Our e-commerce business[1] has been growing exponentially, even with a strong comparison base. In April, Magalu's total e-commerce sales more than doubled growing 138% (109% in traditional e-commerce (1P), and 235% in the marketplace (3P)). As a result, even with an 84% drop in physical store sales (partially reopened as of April 22), total sales grew 7% during the period. In May, the numbers accelerated further. Magalu's total e-commerce sales more than tripled growing 203% until May 20, with 194% in the traditional e-commerce operation and 229% in the marketplace. Magalu's total sales increased by 46% during the period, including the contribution made by partially reopened physical stores.



Our fully multichannel model has enabled us to combine strong sales growth with profitability. This has always been our differential in relation to pure players. However, with stores temporarily closed, the dynamics of our model will be different during second quarter. Even with the strong growth in e-commerce sales, which more than offset the closing of physical stores, we still have a challenge to make this single-channel model profitable. This is because physical stores, which usually generate a positive contribution, are closed and part of the fixed expenses continue to exist. In addition, the cost of e-commerce delivery increased due to the fact that we were no longer able to offer the efficient logistics option of in-store pick up (which typically represents around 40% of sales). Closed stores also made it difficult for millions of our customers, who prefer to pay in person, to pay installments, generating delays that will impact Luizacred's default rate during the quarter.

The good news is that these effects are only temporary. To combat the loss of in-store pick up, we are significantly expanding a different cost efficient option, Ship-from-Store. Ship-from-Store occurs when e-commerce orders are quickly fulfilled using inventory which has been pre-positioned in the physical store, rather than coming from the distribution center. Despite the fact that many stores are closed to the public, we have been able to make deliveries and we expect that a good portion of our stores will soon be reopened. It is worth noting that 90% of our physical stores are located outside of shopping malls and more than 70% of our stores are located in areas with less than 400 thousand inhabitants that will be reopened before large cities.

[1] Marketplace Gross Merchandise Volume (GMV) from January 1 to May 20, 2020 in the amount of R$ 2,238.7 million, which is added to the Total Sales presented in this report, was subject to Independent Limited Assurance by our external auditors and is available on our website. The other components of the quarter's Total Sales are within the scope of the review of the quarterly information by our independent advisors.

The COVID-19 pandemic has generated an unprecedented situation. We still have little clarity about the impacts to come. However, since the beginning of the crisis, we have established three missions: (1) to prioritize health and safety; (2) to preserve cash and jobs, and (3) to ensure operational continuity. Despite the challenges, we were able to quickly implement short-term measures aimed at preserving cash and, simultaneously, leverage the crisis to implement initiatives that brought us closer to achieving our long-term strategic drivers. Among other things, we invested in new categories; launched the Partner Magalu initiative—on-boarding tens of thousands of small, analog retailers to our marketplace platform; expanded our ship-from-store capabilities; launched new features in our SuperApp, extended Logbee to more than 500 municipalities, etc. All of this in record time. We achieved, in five weeks, what we planned to do in fifty. We are convinced that we will emerge from this crisis stronger than before.

People who like people is one of our core values and, given the health emergency, Magalu's priority has been the health and safety of everyone, especially our employees. We adopted hospital-like hygiene measures; implemented the home office format, and required the use of masks, hand sanitizer and thermometers in our distribution centers. We also took care of the financial health of our employees, accelerating food voucher payments; doubling the value of the extra amount that we pay to mothers; increasing pay to distribution center workers, and reducing the March sales quota for store employees.

During this difficult period, Magalu has not hidden from its responsibility as a thought leader or corporate citizen. Magalu went to great lengths to retain jobs and was publicly vocal about its attempts to do so. Similarly, the company quickly on-boarded new suppliers in order to ensure that consumers had access to essential items and even offered them free shipping. The company’s controlling families also distinguished themselves, donating R$10 million in ventilators, mattresses, pillows and food.

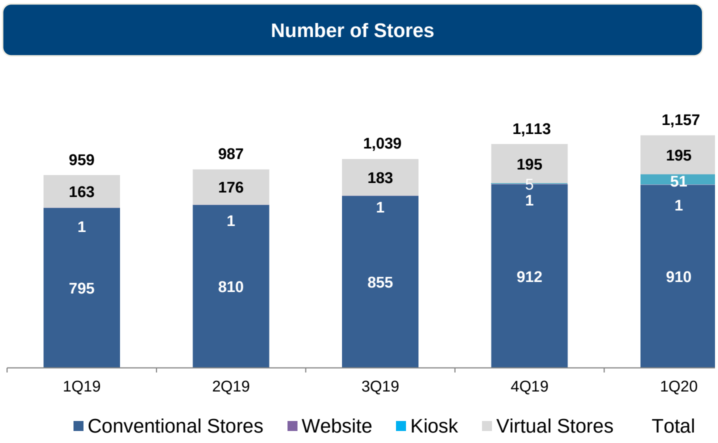
As a result of these and other efforts, the Magalu brand has become the most positively remembered by Brazilians during the COVID-19 crisis. That was never our goal, but the recognition fills us with pride for demonstrating the close relationship we have with our customers and employees and for making “human warmth”, one of the pillars of the Magalu culture, tangible. This is the Luiza way of being, which we will never give up, even under the most difficult of circumstances.

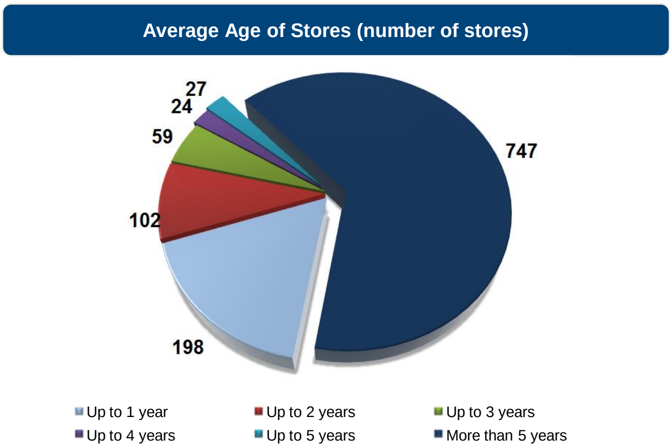
We are grateful, once again, for the continued support of our customers, sellers, employees, shareholders, and suppliers.

EXECUTIVE MANAGEMENT TEAM

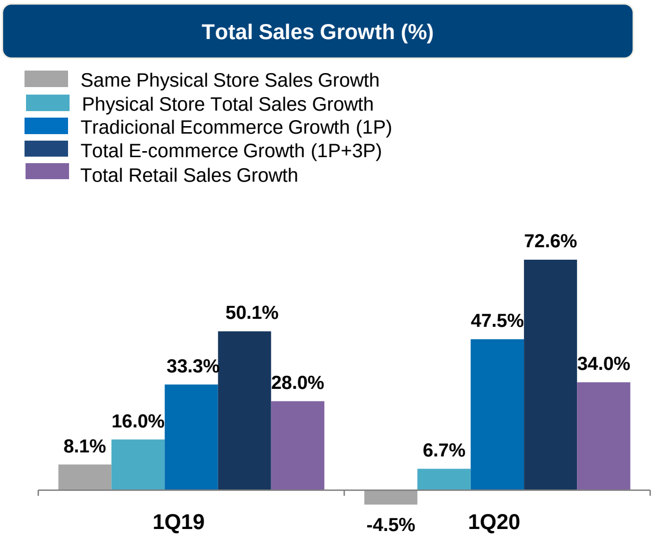
OPERATING AND FINANCIAL PERFORMANCE

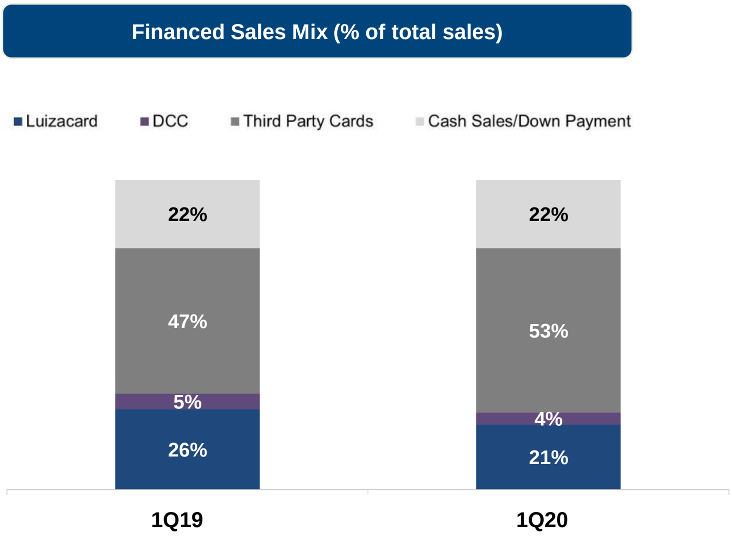
Magalu ended 1Q20 with 1.157 stores (910 conventional and 195 virtual), 51 kiosks (Lojas Marisa partnership) and an e-commerce operation). In 1Q20, the Company inaugurated 46 kiosks and closed 2 stores from the Carrefour partnership. In the last 12 months, the Company opened 198 new stores (32 in the South, 71 in the Southeast, 29 in the Midwest, 17 in the Northeast and 49 in the North). Thirty five percent of our total number of stores are not yet mature.





Total Retail sales were up 34.0% in 1Q20 as a result of a 72.6% increase in e-commerce sales and 6.7% increase in brick-and-mortar store sales.





Luiza Card revenue within Magalu grew by 7.9%, contributing to the Company's strategy of increasing customer loyalty. Its share in sales, however, decreased, from 26% to 21%, due to the temporary closure of stores and an increase in the share of e-commerce in total sales.

Gross Revenues

(in R$ million)	1Q20	1Q19	% Chg
Gross Revenue - Retail - Merchandise Sales	6,134.0	5,060.0	21.2%
Gross Revenue - Retail - Services	315.3	228.9	37.8%
Gross Revenue - Retail	**6,449.3**	**5,288.9**	**21.9%**
Gross Revenue - Other Services	65.7	30.0	118.9%
Inter-Company Eliminations	(28.7)	(5.6)	409.6%
Gross Revenue - Total	**6,486.3**	**5,313.2**	**22.1%**

In 1Q20, total gross revenue grew 22.1% to R$6.5 billion. The accelerated growth of e-commerce, including Netshoes, and the excellent performance of new stores contributed to the growth of gross revenue in the quarter. Gross revenue growth was achieved despite the temporary closure of physical stores in late March, due to the evolution of the covid-19 pandemic in Brazil. We estimate physical stores lost sales of around R$500 million during the closures, which impacted the growth in gross revenue. It is worth noting the 37.8% increase in service revenue in 1Q20, especially due to the 184.8% growth in marketplace sales.

Net Revenues

(in R$ million)	1Q20	1Q19	% Chg
Net Revenue - Retail - Merchandise Sales	4,916.9	4,103.0	19.8%
Net Revenue - Retail - Services	288.1	204.2	41.1%
Net Revenue - Retail	**5,204.9**	**4,307.2**	**20.8%**
Net Revenue - Other Services	58.5	27.4	113.3%
Inter-Company Eliminations	(28.7)	(5.6)	409.6%
Net Revenue - Total	**5,234.7**	**4,329.0**	**20.9%**

In 1Q20, total net revenues rose 20.9% to R$5.2 billion in line with total gross revenue.

Gross Profit

(in R$ million)	1Q20	1Q19	% Chg
Gross Profit - Retail - Merchandise Sales	1,143.5	999.0	14.5%
Gross Profit - Retail - Services	288.1	204.2	41.1%
Gross Profit - Retail	**1,431.6**	**1,203.2**	**19.0%**
Gross Profit - Other Services	14.5	10.2	41.3%
Inter-Company Eliminations	(25.6)	(2.0)	1179.8%
Gross Profit - Total	**1,420.5**	**1,211.4**	**17.3%**
Gross Margin - Total	**27.1%**	**28.0%**	**-80 bps**

In 1Q20, adjusted gross profit increased by 17.3% to R$1.4 billion, equivalent to a gross margin of 27.1%. This margin is due to the higher participation of the traditional e-commerce (1P) in total sales.

Operating Expenses

(in R$ million)	1Q20 Adjusted	% NR	1Q19 Adjusted	% NR	% Chg
Selling Expenses	(938.3)	-17.9%	(693.0)	-16.0%	35.4%
General and Administrative Expenses	(194.6)	-3.7%	(136.3)	-3.1%	42.8%
General and Administrative Expenses	**(1,132.9)**	**-21.6%**	**(829.3)**	**-19.2%**	**36.6%**
Provisions for Loan Losses	(30.0)	-0.6%	(12.4)	-0.3%	141.6%
Other Operating Revenues, Net	13.8	0.3%	15.7	0.4%	-12.0%
Total Operating Expenses	**(1,149.1)**	**-22.0%**	**(826.0)**	**-19.1%**	**39.1%**

Selling Expenses

In 1Q20, selling expenses totaled R$938.3 million or 17.9% of net revenues, 190 bps higher YoY. The increase in expenses was due to the Netshoes consolidation, as well as additional investments in the acquisition of new customers and expenses related to the temporary closure of stores.

General and Administrative Expenses

General and administrative expenses came to R$194.6 million or 3.7% of net revenues in 1Q20 (60 bps lower YoY), due to the Netshoes consolidation and temporary store closures late March.

Provisions for Loan Losses

Provisions for loan losses reached R$30.0 million in 1Q20.

Other Operating Revenues and Expenses, Net

(in R$ million)	1Q20	% NR	1Q19	% NR	% Chg
Gain on Sale of Assets	(0.1)	0.0%	2.8	0.1%	-
Deferred Revenue Recorded	13.9	0.3%	12.9	0.3%	8.0%
Subtotal - Adjusted	**13.8**	**0.3%**	**15.7**	**0.4%**	**-12.0%**
Tax Credits	44.3	0.8%	-	0.0%	-
Tax Provisions	30.9	0.6%	16.0	0.4%	92.9%
Expert Fees	(7.8)	-0.1%	(4.6)	-0.1%	68.2%
Pre-operating Store Expenses	(1.9)	0.0%	(1.6)	0.0%	19.3%
Retention Contracts and Others	(6.7)	-0.1%	0.0	0.0%	-
Subtotal - Non Recurring	**58.8**	**1.1%**	**9.8**	**0.2%**	**498.0%**
Total	**72.6**	**1.4%**	**25.5**	**0.6%**	**184.3%**

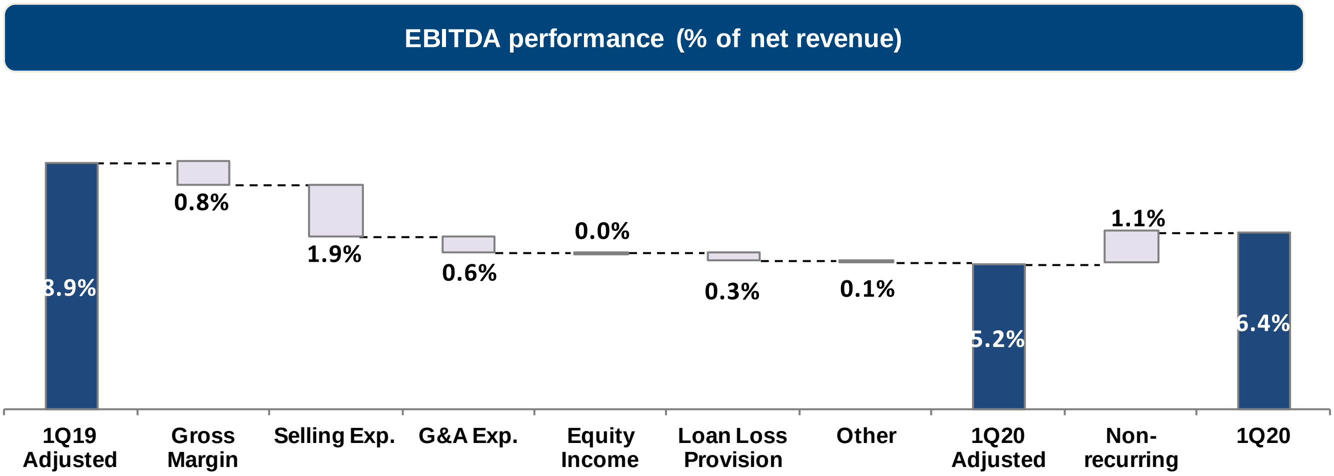
Other adjusted net operating revenues and expenses came to R$13.8 million in 1Q20, largely due to a deferred revenues allocation of R$13.9 million.

Equity Income

In 1Q20, equity income was R$2.4 million. Luizacred was responsible for R$4.8 million and Luizaseg, was responsible for - R$2.3 million.

EBITDA

In 1Q20, adjusted EBITDA reached R$273.9 million. High sales growth and a positive contribution from e-commerce, including the marketplace, contributed to the EBITDA growth. However, the lost sales due to the temporary closure of stores and the increase in expenses in relation to net revenue, influenced the adjusted EBITDA margin, which went from 8.9% in 1Q19 to 5.2% in 1Q20.



Financial Results

R$ million	1Q20	% NR	1Q19	% NR	% Chg
Financial Expenses	(94.1)	-1.8%	(115.7)	-2.7%	-18.7%
Interest on loans and financing	(10.7)	-0.2%	(7.0)	-0.2%	54.4%
Interest on prepayment of receivables – third party card	(22.4)	-0.4%	(37.2)	-0.9%	-39.9%
Interest on prepayment of receivables – Luiza Card	(38.0)	-0.7%	(56.4)	-1.3%	-32.7%
Other expenses	(23.0)	-0.4%	(15.1)	-0.3%	52.3%
Financial Revenues	42.9	0.8%	38.0	0.9%	12.8%
Gains on marketable securities	1.9	0.0%	1.4	0.0%	30.4%
Other financial revenues	41.0	0.8%	36.6	0.8%	12.1%
Total Financial Results	(51.2)	-1.0%	(77.7)	-1.8%	-34.1%
Interest on lease	(43.2)	-0.8%	(21.3)	-0.5%	103.2%
Total Financial Results - Adjusted	(94.4)	-1.8%	(98.9)	-2.3%	-4.6%

In 1Q20, adjusted net financial results came to R$94.4 million or 1.8% of net revenue. In relation to net revenue, net financial expenses improved by 50 bps due to lower interest rates and better capital structure. Setting aside the interest on lease effects, the adjusted net financial result was R$51.2 million, or 1.0% of net revenue (-80 bps YoY).

Net Income

Taking into account the temporary store closures, consolidation of Netshoes and additional investments to improve service levels, adjusted net result was - R$8.0 million in 1Q20. Considering non-recurring revenues, net income for 1Q20 was R$ 30.8 million.

Working Capital - Adjusted

CONSOLIDATED (R$ million)	LTM	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
(+) Accounts Receivables	166.7	781.3	794.0	733.0	643.6	614.6
(+) Inventories	1,590.9	4,075.5	3,801.8	2,885.7	2,556.3	2,484.6
(+) Related Parties	(7.0)	77.1	100.6	81.8	58.1	84.1
(+) Recoverable Taxes	655.5	877.4	864.1	745.7	712.7	221.9
(+) Other Assets	48.7	143.5	136.3	145.1	112.7	94.8
(+) Current Operating Assets	2,454.8	5,954.8	5,696.8	4,591.3	4,083.4	3,500.0
	-					
(-) Suppliers	1,159.0	4,132.7	5,934.9	3,802.8	3,395.9	2,973.6
(-) Payroll, Vacation and Related Charges	(6.7)	263.3	354.7	349.8	302.3	270.0
(-) Taxes Payable	(26.3)	176.9	352.0	208.8	174.2	203.3
(-) Related Parties	(53.2)	52.8	152.1	125.6	113.1	106.0
(-) Taxes in Installments	-	-	-	-	-	-
(-) Deferred Revenue	3.8	43.0	43.0	43.0	43.0	39.2
(-) Other Accounts Payable	336.3	782.9	701.7	688.2	688.4	446.6
(-) Current Operating Liabilities	1,413.1	5,451.6	7,538.5	5,218.3	4,716.7	4,038.6
	-					
(=) Adjusted Working Capital	1,041.8	503.2	(1,841.7)	(627.0)	(633.3)	(538.6)
% of Gross Revenue (LTM)	4.1%	2.0%	-7.6%	-2.8%	-3.1%	-2.7%
(=) Working Capital	1,041.8	503.2	(1,841.7)	(627.0)	(633.3)	(538.6)
(+) Balance of Discounted Receivables	838.7	2,616.4	1,679.8	1,992.9	2,322.9	1,777.7
(=) Working Capital Expanded	1,880.5	3,119.5	(161.9)	1,365.9	1,689.5	1,239.1
% of Gross Revenue (LTM)	7.4%	12.2%	-0.7%	6.2%	8.2%	6.2%

In Mar/20, adjusted working capital needs were R$503.2 million driven by the increase in inventories and the reduction in the balance of suppliers. The working capital variation was negative in terms of retail seasonality, but accentuated by the effects of covid-19. With a risk of disruption in the supply chain and the upward trend of the dollar, the Company strategically increased inventory level by approximately R$500 million at the beginning of the year.

With the temporary closure of stores in late March, the Company stopped selling approximately R$500 million, which also contributed to the increase in inventory turnover, which went from 72 days in 1Q19 to 96 days in 1Q20. Since the beginning of 2Q20, the Company has radically improved inventory turnover. This has been driven by the excellent performance of our e-commerce operation and the gradual reopening of physical stores which contributed to the improvement of working capital and cash flow from operations.

Capex

CAPEX (in R$ million)	1Q20	%	1Q19	%	%Chg
New Stores	35.9	34%	9.1	11%	293%
Remodeling	5.3	5%	8.2	10%	-35%
Technology	35.8	34%	21.0	26%	71%
Logistics	16.1	15%	35.5	44%	-55%
Other	12.2	12%	6.6	8%	87%
Total	**105.4**	**100%**	**80.4**	**100%**	**31%**

In 1Q20, investments totaled R$105.4 million. Investments included: the opening of new stores; the remodeling of existing stores, and investments in technology and logistics. During this period, the Company inaugurated 46 kiosks (Lojas Marisa partnership).

Capital Structure

CONSOLIDATED (R$ million)	LTM	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
(-) Current Loans and Financing	122.4	(6.5)	(10.0)	(313.4)	(43.3)	(128.9)
(-) Non-current Loans and Financing	(525.8)	(847.4)	(838.9)	(832.7)	(1,120.4)	(321.6)
(=) Gross Debt	(403.3)	(853.8)	(848.8)	(1,146.1)	(1,163.7)	(450.5)
(+) Cash and Cash Equivalents	95.7	388.9	305.7	221.8	625.7	293.2
(+) Current Securities	2,014.0	2,231.3	4,448.2	238.7	441.1	217.3
(+) Non-current Securities	(0.2)	-	0.2	0.3	0.3	0.2
(+) Total Cash	2,109.5	2,620.2	4,754.1	460.8	1,067.1	510.7
(=) Net Cash	1,706.2	1,766.3	3,905.3	(685.3)	(96.6)	60.2
(+) Credit Card - Third Party Card	219.0	1,365.7	2,121.0	1,142.0	817.2	1,146.8
(+) Credit Card - Luiza Card	473.3	649.2	269.5	157.4	68.2	175.9
(+) Total Credit Card	692.2	2,014.9	2,390.5	1,299.4	885.4	1,322.7
(=) Adjusted Net Cash	2,398.4	3,781.2	6,295.8	614.1	788.8	1,382.9
Short Term Debt / Total	-28%	1%	1%	27%	4%	29%
Long Term Debt / Total	28%	99%	99%	73%	96%	71%
Adjusted EBITDA (LTM)	219.1	1,548.0	1,659.7	1,511.8	1,395.2	1,328.9
Adjusted Net Cash / Adjusted EBITDA	1.4 x	2.4 x	3.8 x	0.4 x	0.6 x	1.0 x
Cash, Securities and Credit Cards	2,801.7	4,635.1	7,144.6	1,760.2	1,952.5	1,833.4

In the last 12 months, the Company improved its adjusted net cash position by R$2.4 billion, from an adjusted net cash position of R$1.4 billion in Mar/19 to R$3.8 billion in Mar/20. This improvement was due to Company´s cash generation, investments and acquisition made as well as the proceeds of the Nov/19 follow-on offering.

The Company ended 1Q20 with a total cash position of R$4.6 billion, with cash and securities worth R$2.6 billion and R$2.0 billion worth of credit card receivables. In addition, the Company concluded in early April/20 an issue of debentures of R$ 800.0 million, raising its total cash position to R$ 5.4 billion.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	1Q20	V.A.	1Q19	V.A.	% Chg
Gross Revenue	6,486.3	123.9%	5,313.2	122.7%	22.1%
Taxes and Deductions	(1,251.5)	-23.9%	(984.2)	-22.7%	27.2%
Net Revenue	5,234.7	100.0%	4,329.0	100.0%	20.9%
Total Costs	(3,814.3)	-72.9%	(3,117.6)	-72.0%	22.3%
Gross Income	1,420.5	27.1%	1,211.4	28.0%	17.3%
Selling Expenses	(938.3)	-17.9%	(693.0)	-16.0%	35.4%
General and Administrative Expenses	(194.6)	-3.7%	(136.3)	-3.1%	42.8%
Provisions for Loan Losses	(30.0)	-0.6%	(12.4)	-0.3%	141.6%
Other Operating Revenues, Net	72.6	1.4%	25.5	0.6%	184.3%
Equity in Subsidiaries	2.4	0.0%	0.1	0.0%	-
Total Operating Expenses	(1,087.9)	-20.8%	(816.0)	-18.9%	33.3%
EBITDA	332.6	6.4%	395.4	9.1%	-15.9%
Depreciation and Amortization	(174.8)	-3.3%	(103.9)	-2.4%	68.2%
EBIT	157.8	3.0%	291.4	6.7%	-45.9%
Financial Results	(94.4)	-1.8%	(98.9)	-2.3%	-4.6%
Operating Income	63.4	1.2%	192.5	4.4%	-67.1%
Income Tax and Social Contribution	(32.6)	-0.6%	(60.4)	-1.4%	-46.1%
Net Income	30.8	0.6%	132.1	3.1%	-76.7%
Calculation of EBITDA					
Net Income	30.8	0.6%	132.1	3.1%	-76.7%
(+/-) Income Tax and Social Contribution	32.6	0.6%	60.4	1.4%	-46.1%
(+/-) Financial Results	94.4	1.8%	98.9	2.3%	-4.6%
(+) Depreciation and Amortization	174.8	3.3%	103.9	2.4%	68.2%
EBITDA	332.6	6.4%	395.4	9.1%	-15.9%
Reconciliation of EBITDA for non-recurring expenses					
EBITDA	332.6	6.4%	395.4	9.1%	-15.9%
Non-recurring Result	(58.8)	-1.1%	(9.8)	-0.2%	0.0%
Adjusted EBITDA	273.9	5.2%	385.5	8.9%	-29.0%
Net Income	30.8	0.6%	132.1	3.1%	-76.7%
Non-recurring Result	(38.8)	0.0%	(6.5)	-0.1%	0.0%
Adjusted Net Income	(8.0)	-0.2%	125.6	2.9%	-106.4%

* EBITDA (EBITDA - Earnings before Interest, Income Taxes including Social Contribution on Net Income, Depreciation and Amortization) is a non-GAAP measurement prepared by the Company, in accordance with CVM Instruction No. 527 of April 04 October 2012. EBITDA consists of the Company's net income, plus net financial income, income tax and social contribution, and depreciation and amortization costs and expenses.
Adjusted EBITDA consists of adjusted EBITDA for extraordinary expenses and IFRS 16 effects. In the case of the adjustment identified above, this result refers to tax credits, the Netshoes acquisition and other provisions and non-recurring expenses. The Company understands that the disclosure of Adjusted EBITDA is necessary to understand the actual impact on cash generation, excluding extraordinary events. Adjusted EBITDA is not a performance metric adopted by IFRS. The Company's adjusted EBITDA definition may not be comparable to similar measures provided by other companies.

ANNEX II – ADJUSTED
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	1Q20 Adjusted	V.A.	1Q19 Adjusted	V.A.	% Chg
Gross Revenue	6,486.3	123.9%	5,313.2	122.7%	22.1%
Taxes and Deductions	(1,251.5)	-23.9%	(984.2)	-22.7%	27.2%
Net Revenue	5,234.7	100.0%	4,329.0	100.0%	20.9%
Total Costs	(3,814.3)	-72.9%	(3,117.6)	-72.0%	22.3%
Gross Income	1,420.5	27.1%	1,211.4	28.0%	17.3%
Selling Expenses	(938.3)	-17.9%	(693.0)	-16.0%	35.4%
General and Administrative Expenses	(194.6)	-3.7%	(136.3)	-3.1%	42.8%
Provisions for Loan Losses	(30.0)	-0.6%	(12.4)	-0.3%	141.6%
Other Operating Revenues, Net	13.8	0.3%	15.7	0.4%	-12.0%
Equity in Subsidiaries	2.4	0.0%	0.1	0.0%	-
Total Operating Expenses	(1,146.6)	-21.9%	(825.9)	-19.1%	38.8%
EBITDA	273.9	5.2%	385.5	8.9%	-29.0%
Depreciation and Amortization	(174.8)	-3.3%	(103.9)	-2.4%	68.2%
EBIT	99.0	1.9%	281.6	6.5%	-64.8%
Financial Results	(94.4)	-1.8%	(98.9)	-2.3%	-4.6%
Operating Income	4.6	0.1%	182.7	4.2%	-97.5%
Income Tax and Social Contribution	(12.6)	-0.2%	(57.1)	-1.3%	-77.9%
Net Income	(8.0)	-0.2%	125.6	2.9%	-

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
CURRENT ASSETS					
Cash and Cash Equivalents	388.9	305.7	221.8	625.7	293.2
Securities	2,231.3	4,448.2	238.7	441.1	217.3
Accounts Receivable - Credit Card	1,365.7	2,121.0	1,142.0	817.2	1,146.8
Accounts Receivable - Others	781.3	794.0	733.0	643.6	614.6
Inventories	4,075.5	3,801.8	2,885.7	2,556.3	2,484.6
Related Parties - Credit Card	649.2	269.5	157.4	68.2	175.9
Related Parties - Others	77.1	100.6	81.8	58.1	84.1
Taxes Recoverable	877.4	864.1	745.7	712.7	221.9
Other Assets	143.5	136.3	145.1	112.7	94.8
Total Current Assets	10,589.9	12,841.2	6,351.2	6,035.6	5,333.1
	-	-	-	-	-
NON-CURRENT ASSETS					
Securities	-	0.2	0.3	0.3	0.2
Accounts Receivable	14.2	16.8	11.7	11.3	4.4
Recoverable Taxes	1,217.5	1,137.8	1,275.5	944.6	246.8
Deferred Income Tax and Social Contribution	18.9	12.7	14.2	27.0	168.9
Judicial Deposits	599.4	570.1	518.2	480.1	383.9
Other Assets	11.3	11.0	36.4	34.7	32.7
Investments in Subsidiaries	288.0	305.1	305.0	293.6	294.6
Right of use	2,292.4	2,273.8	2,168.2	1,804.9	1,882.0
Fixed Assets	1,103.2	1,076.7	1,016.1	941.2	789.4
Intangible Assets	1,575.5	1,545.6	1,556.0	1,509.5	605.1
Total Non-current Assets	7,120.2	6,949.9	6,901.6	6,047.0	4,408.1
TOTAL ASSETS	17,710.1	19,791.1	13,252.8	12,082.7	9,741.2

LIABILITIES (R$ million)	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
CURRENT LIABILITIES					
Suppliers	4,132.7	5,934.9	3,802.8	3,395.9	2,973.6
Loans and Financing	6.5	10.0	313.4	43.3	128.9
Payroll, Vacation and Related Charges	263.3	354.7	349.8	302.3	270.0
Taxes Payable	176.9	352.0	208.8	174.2	203.3
Related Parties	52.8	152.1	125.6	113.1	106.0
Lease	330.6	330.6	213.1	212.6	224.6
Taxes in Installments	-	-	-	-	-
Deferred Revenue	43.0	43.0	43.0	43.0	39.2
Dividends Payable	123.6	123.6	112.0	-	166.4
Other Accounts Payable	782.9	701.7	688.2	688.4	446.6
Total Current Liabilities	5,912.2	8,002.6	5,856.8	4,972.6	4,558.6
NON-CURRENT LIABILITIES					
Loans and Financing	847.4	838.9	832.7	1,120.4	321.6
Lease	1,981.2	1,949.8	1,991.2	1,621.3	1,667.2
Deferred Income Tax and Social Contribution	32.6	39.0	65.3	58.1	-
Provision for Tax, Civil and Labor Risks	1,065.7	1,037.1	941.0	813.0	380.9
Deferred Revenue	342.9	356.8	370.5	384.3	378.1
Other Accounts Payable	-	2.0	1.8	1.9	1.8
Total Non-current Liabilities	4,269.8	4,223.5	4,202.4	3,999.1	2,749.6
TOTAL LIABILITIES	10,182.0	12,226.1	10,059.2	8,971.7	7,308.2
SHAREHOLDERS' EQUITY					
Capital Stock	5,952.3	5,952.3	1,719.9	1,719.9	1,719.9
Capital Reserve	304.5	323.3	296.3	268.1	54.9
Treasury Shares	(175.9)	(124.5)	(80.4)	(9.5)	(84.2)
Legal Reserve	109.0	109.0	65.6	65.6	65.6
Profit Retention Reserve	1,301.8	1,301.8	434.9	546.9	546.9
Other Comprehensive Income	5.6	3.2	3.4	1.2	(2.1)
Retained Earnings	30.8	-	753.8	518.7	132.1
Total Shareholders' Equity	7,528.1	7,564.9	3,193.6	3,110.9	2,433.0
TOTAL	17,710.1	19,791.1	13,252.8	12,082.7	9,741.2

ANNEX IV
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED CASH FLOW STATEMENTS (R$ million)	1Q20	1Q19	LTM	LTM
Net Income	**30.8**	**132.1**	**820.5**	**582.1**
Effect of Income Tax and Social Contribution Net of Payment	30.8	31.3	243.7	68.0
Depreciation and Amortization	174.8	103.9	557.9	230.4
Interest Accrued on Loans	53.4	29.2	227.9	62.8
Equity Income	(2.4)	(0.1)	(29.0)	(34.5)
Dividends Received	24.8	19.1	26.8	34.8
Provision for Losses on Inventories and Receivables	(79.1)	41.2	211.6	146.2
Provision for Tax, Civil and Labor Contingencies	33.6	(4.7)	490.4	45.5
Gain on Sale of Fixed Assets	0.1	(2.8)	(2.1)	(2.9)
Recognition of Deferred Income	(13.9)	(12.9)	(54.3)	(79.1)
Stock Option Expenses	22.3	4.5	102.1	20.1
Other	0.0	0.0	0.0	0.0
Adjusted Net Income	**275.1**	**341.0**	**2,595.6**	**1,073.5**
Trade Accounts Receivable	(20.5)	(81.3)	(196.1)	(292.5)
Inventories	(158.4)	305.8	(1,490.9)	(601.2)
Taxes Recoverable	(92.7)	(14.5)	(1,545.4)	(85.4)
Other Receivables	(18.2)	(81.7)	(69.1)	(97.2)
Changes in Operating Assets	**(289.9)**	**128.3**	**(3,301.4)**	**(1,076.4)**
Trade Accounts Payable	(1,802.6)	(1,131.6)	738.9	516.2
Other Payables	(331.8)	73.2	(92.2)	296.3
Change in Operating Liabilities	**(2,134.5)**	**(1,058.5)**	**646.7**	**812.4**
Cash Flow from Operating Activities	**(2,149.2)**	**(589.2)**	**(59.1)**	**809.5**
Additions of Fixed and Intangible Assets	(105.4)	(80.4)	(546.5)	(408.4)
Cash on Sale of Fixed Assets	0.0	0.0	0.0	0.0
Sale of Exclusive Dealing and Exploration Right Contract	0.0	0.0	0.0	0.0
Renegotiation Payment of Exclusive Contract	0.0	0.0	0.0	0.0
Investment in Subsidiary	(29.9)	(15.2)	(421.8)	(14.9)
Capital Increase in Affiliated Company	0.0	0.0	0.0	(30.0)
Cash Flow from Investing Activities	**(135.3)**	**(95.6)**	**(968.3)**	**(453.3)**
Loans and Financing	0.0	0.0	798.9	0.0
Repayment of Loans and Financing	(4.1)	(2.2)	(608.9)	(360.5)
Changes in Other Financial Assets (Hedge)	0.0	0.0	0.0	0.0
Payment of Interest on Loans and Financing	(0.3)	(11.2)	(41.4)	(51.2)
Payment of Lease	(80.8)	(55.6)	(239.4)	(55.6)
Payment of Interest on Lease	(47.5)	(21.3)	(178.6)	(21.3)
Payment of Dividends	0.0	0.0	(182.0)	(114.3)
Treasury Shares	(92.4)	1.0	48.0	(23.0)
Proceeds from the Secondary Equity Offering	0.0	0.0	4,300.0	0.0
Payment of expenses with the Secondary Equity Offering	0.0	0.0	(67.6)	0.0
Cash Flow from Financing Activities	**(225.0)**	**(89.3)**	**3,829.1**	**(625.9)**
Cash, Cash Equivalents and Securities at Beginning of Period	7,144.6	2,607.4	1,833.4	2,103.0
Cash, Cash Equivalents and Securities at end of Period	4,635.1	1,833.4	4,635.1	1,833.4
Change in Cash and Cash equivalents	**(2,509.5)**	**(774.0)**	**2,801.7**	**(269.6)**

Note: The difference between the Statement of Cash Flows and the Adjusted Statement of Cash Flows derives from:
(i) the accounting treatment of marketable securities as cash and cash equivalents.
(ii) the accounting treatment of credit card receivables as cash and cash equivalents.

ANNEX V
RETURN ON INVESTED CAPITAL (ROIC) AND ON EQUITY (ROE)

INVESTED CAPITAL (R$ million)	mar-20	Dec-19	Sep-19	Jun-19	mar-19
Working Capital	2,187.5	218.2	459.3	39.4	559.4
(+) Accounts Receivable	14.2	16.8	11.7	11.3	4.4
(+) Income Tax and Social Contribution deferred	18.9	12.7	14.2	27.0	168.9
(+) Taxes Recoverable	1,217.5	1,137.8	1,275.5	944.6	246.8
(+) Judicial Deposits	599.4	570.1	518.2	480.1	383.9
(+) Other Assets	11.3	11.0	36.4	34.7	32.7
(+) Investment In Joint Subsidiaries	288.0	305.1	305.0	293.6	294.6
(+) Right of use	2,292.4	2,273.8	2,168.2	1,804.9	1,882.0
(+) Fixed Assets	1,103.2	1,076.7	1,016.1	941.2	789.4
(+) Intangible Assets	1,575.5	1,545.6	1,556.0	1,509.5	605.1
(+) Non Current Assets	7,120.2	6,949.7	6,901.3	6,046.8	4,407.9
(-) Provision for Contingencies	1,065.7	1,037.1	941.0	813.0	380.9
(-) Lease	1,981.2	1,949.8	1,991.2	1,621.3	1,667.2
(-) Deferred Revenue	342.9	356.8	370.5	384.3	378.1
(-) Income Tax and Social Contribution deferred	32.6	39.0	65.3	58.1	-
(-) Other Accounts Payable	-	2.0	1.8	1.9	1.8
(-) Noncurrent operating liabilities	3,422.4	3,384.7	3,369.7	2,878.7	2,428.0
(=) Fixed Capital	3,697.8	3,565.0	3,531.6	3,168.1	1,979.9
(=) Total Invested Capital	5,885.3	3,783.2	3,990.9	3,207.5	2,539.3
(+) Net Debt	(1,766.3)	(3,905.3)	685.3	96.6	(60.2)
(+) Dividends Payable	123.6	123.6	112.0	-	166.4
(+) Shareholders Equity	7,528.1	7,564.9	3,193.6	3,110.9	2,433.0
(=) Total Financing	5,885.3	3,783.2	3,990.9	3,207.5	2,539.3
	-	-	-	-	-

FINANCIAL EXPENSES RECONCILIATION (R$MM)	1Q20	4Q19	3Q19	2Q19	1Q19
Financial Income	42.9	22.9	96.2	479.7	38.0
Financial Expenses	(137.3)	(210.9)	(135.7)	(223.7)	(137.0)
Net Financial Expenses	(94.4)	(188.0)	(39.5)	256.0	(98.9)
Interest on prepayment of receivables: Luiza Card and third party card	60.4	93.0	93.6	122.1	93.6
Adjusted Financial Expenses	(34.1)	(95.0)	54.1	378.1	(5.3)
Taxes on Adjusted Financial Expenses	11.6	32.3	(18.4)	(128.5)	1.8
Net Adjusted Financial Expenses	(22.5)	(62.7)	35.7	249.5	(3.5)

NOPLAT AND ROIC/ROE RECONCILIATION(R$MM)	1Q20	4Q19	3Q19	2Q19	1Q19
EBITDA	332.6	499.1	501.2	379.9	395.4
Interest on prepayment of receivables: Luiza Card and third party card	(60.4)	(93.0)	(93.6)	(122.1)	(93.6)
Depreciation	(174.8)	(122.3)	(163.9)	(96.8)	(103.9)
Current and deferred taxes	(32.6)	(20.8)	(62.7)	(152.4)	(60.4)
Taxes on Adjusted Financial Expenses	(11.6)	(32.3)	18.4	128.5	(1.8)
Net Operating Income (NOPLAT)	53.3	230.7	199.4	137.1	135.6
Invested Capital	5,885.3	3,783.2	3,990.9	3,207.5	2,539.3
ROIC Annualized	4%	24%	20%	17%	21%
Net Income	30.8	168.0	235.1	386.6	132.1
Shareholders Equity	7,528.1	7,564.9	3,193.6	3,110.9	2,433.0
ROE Annualized	2%	9%	29%	50%	22%

ANNEX VI
BREAKDOWN OF TOTAL SALES AND NUMBER OF STORES PER CHANNEL

Breakdown of Total Sales (R$ million)	1Q20	V.A.	1Q19	V.A.	Growth Total
Virtual Stores	269.9	3.5%	242.3	4.2%	11.4%
Conventional Stores	3,306.1	43.1%	3,108.2	54.4%	6.4%
Subtotal - Physical Stores	3,576.0	46.7%	3,350.5	58.6%	6.7%
Traditional E-commerce (1P)	2,855.0	37.3%	1,935.1	33.8%	47.5%
Marketplace (3P)	1,231.5	16.1%	432.4	7.6%	184.8%
Subtotal - E-commerce	4,086.5	53.3%	2,367.6	41.4%	72.6%
Total Sales	**7,662.5**	100.0%	**5,718.0**	100.0%	34.0%

Number of stores per channel – End of the period	Mar-20	Part(%)	Mar-19	Part(%)	Growth Total
Virtual Stores	195	16.9%	163	17.0%	32
Conventional Stores	910	78.7%	795	82.9%	115
Kiosk	51	4.4%	-	0.0%	51
Subtotal - Physical Stores	1,156	99.9%	958	99.9%	198
Ecommerce	1	0.1%	1	0.1%	-
Total	**1,157**	100.0%	**959**	100.0%	198
Total Sales Area (m²)	647,171	100%	574,797	100%	12.6%

[1] Total Sales include gross revenue from physical stores and e-commerce plus marketplace sales

ANNEX VII
LUIZACRED

Operating Indicators

Luizacred is a joint venture between Magazine Luiza and Itaú Unibanco, responsible for financing a substantial percentage of the Company's credit sales. Magalu´s main roles and responsibilities include sales, employee management and customer service, while Itaú Unibanco is responsible for funding Luizacred, drafting the credit and collections policies and managing back office activities, such as accounting and treasury.

In 1Q20, Luizacred's total card base reached 5.3 million cards issued (+20.5% *versus* Mar/19). In-store sales to Luiza Card customers, distinguished by their loyalty and higher purchase frequency, increased by 7.9% in 1Q20 even considering the temporary store closures by late March due to the spread of the covid-19 pandemic in Brazil.

Luizacred's credit portfolio, including credit card, DCC and individual loans, reached R$11.6 billion at the end of 1Q20, an increase of 31.0% over 1Q19. Luiza Card's portfolio grew 33.6% to R$11.5 billion, while the DCC portfolio fell to R$79 million, in line with Luizacred's strategy to focus on the Luiza Card.

LUIZACRED – Key Indicators (R$ million)	1Q20	1Q19	% Chg
Total Card Base (thousand)	5,318	4,413	20.5%
Luiza Card Sales – In-store	1,544	1,431	7.9%
Luiza Card Sales – Outside Magazine Luiza	5,469	4,260	28.4%
Subtotal - Luiza Card	**7,013**	**5,691**	**23.2%**
DCC Sales	3	45	-94.2%
Consumer Loans Sales	6	13	-53.7%
Luizacred Sales - Total	**7,021**	**5,749**	**22.1%**
Card Portfolio	11,456	8,573	33.6%
DCC Portfolio	79	217	-63.6%
Consumer Loans Portfolio	15	30	-49.7%
Portfolio	**11,551**	**8,820**	**31.0%**

The granting of credit at Luizacred follows strict criteria established by Itaú Unibanco's Credit Modeling and Policies area which uses proprietary statistics models based on the Risk Adjusted Return on Capital (RAROC) model.

Income Statement in IFRS

LUIZACRED – Income (R$ million)	1Q20	V.A.	1Q19	V.A.	% Chg
Financial Intermediation Revenue	397.6	100.0%	365.7	100.0%	8.7%
Cards	383.6	96.5%	325.7	89.1%	17.8%
DCC	9.5	2.4%	31.6	8.6%	-70.0%
Consumer Loans	4.5	1.1%	8.4	2.3%	-45.9%
Financial Intermediation Expenses	(356.0)	-89.5%	(332.7)	-91.0%	7.0%
Market Funding Operations	(52.0)	-13.1%	(59.8)	-16.4%	-13.1%
Provision for Loan Losses	(304.0)	-76.5%	(272.9)	-74.6%	11.4%
Gross Financial Intermediation Income	41.6	10.5%	33.0	9.0%	26.4%
Other Operating Revenues (Expenses)	(25.2)	-6.3%	(34.1)	-9.3%	-26.3%
Service Revenue	230.2	57.9%	190.7	52.2%	20.7%
Personnel Expenses	(5.4)	-1.4%	(6.9)	-1.9%	-21.3%
Other Administrative Expenses	(198.9)	-50.0%	(168.5)	-46.1%	18.1%
Depreciation and Amortization	(3.0)	-0.8%	(3.0)	-0.8%	1.5%
Tax Expenses	(35.3)	-8.9%	(30.3)	-8.3%	16.6%
Other Operating Revenues (Expenses)	(12.6)	-3.2%	(16.2)	-4.4%	-22%
Income Before Tax	16.5	4.1%	(1.2)	-0.3%	-
Income Tax and Social Contribution	(6.9)	-1.7%	0.3	0.1%	-
Net Income	9.6	2.4%	(0.9)	-0.2%	-

Income Statement in compliance with accounting practices established by the Brazilian Central Bank

LUIZACRED – Income (R$ million)	1Q20	V.A.	1Q19	V.A.	% Chg
Financial Intermediation Revenue	397.6	100.0%	365.7	100.0%	8.7%
Cards	383.6	96.5%	325.7	89.1%	17.8%
DCC	9.5	2.4%	31.6	8.6%	-70.0%
Consumer Loans	4.5	1.1%	8.4	2.3%	-45.9%
Financial Intermediation Expenses	(326.9)	-82.2%	(271.8)	-74.3%	20.2%
Market Funding Operations	(52.0)	-13.1%	(59.8)	-16.4%	-13.1%
Provision for Loan Losses	(274.9)	-69.1%	(212.0)	-58.0%	29.7%
Gross Financial Intermediation Income	70.7	17.8%	93.8	25.7%	-24.6%
Other Operating Revenues (Expenses)	(25.2)	-6.3%	(34.1)	-9.3%	-26.3%
Service Revenue	230.2	57.9%	190.7	52.2%	20.7%
Personnel Expenses	(5.4)	-1.4%	(6.9)	-1.9%	-21.3%
Other Administrative Expenses	(198.9)	-50.0%	(168.5)	-46.1%	18.1%
Depreciation and Amortization	(3.0)	-0.8%	(3.0)	-0.8%	1.5%
Tax Expenses	(35.3)	-8.9%	(30.3)	-8.3%	16.6%
Other Operating Revenues (Expenses)	(12.6)	-3.2%	(16.2)	-4.4%	-22%
Income Before Tax	45.6	11.5%	59.7	16.3%	-
Income Tax and Social Contribution	(18.5)	-4.7%	(24.1)	-6.6%	-
Net Income	27.0	6.8%	35.6	9.7%	-

Comparative: IFRS x Brazilian Central Bank

R$ milhões	1Q20	V.A.	1Q19	V.A.	% Chg
Provision for Loan Losses	29.1	7.3%	60.9	16.6%	-
Income Tax and Social Contribution	(11.6)	-2.9%	(24.3)	-6.7%	-
Net Income	17.4	4.4%	36.5	10.0%	-

Revenue from Financial Intermediation

Revenues from financial intermediation grew 8.7% in 1Q20 to R$397.6 million mainly due to the increase in sales on the Luiza Card, inside and outside of Magalu stores.

Provision for Loan Losses

Taking into account that the temporary closure of stores happened by late March, Loan loss indicators continue at a low level in 1Q20. The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for only 3.3% of the total portfolio in Mar/20, improving 20 bps from Mar/19, reflecting the Company's conservative credit policy.

The overdue portfolio over 90 days (NPL 90) was 8.2% in Mar/20, a 50 bps increase YoY mainly due to the increased share of new customers in the total base.

Provision for Loan Losses expenses accounted for 2.6% of the total portfolio in 1Q20, a reduction from 3.1% in 1Q19. It is worth mentioning again an increase in the provisions in IFRS, higher than the provisions in accordance with accounting standards established by the Brazilian Central Bank in the amount of R$29.1 million. This contributed to a change in the portfolio coverage ratio from 170% in Dec/19 to 175% in Mar/20.

PORTFOLIO - OVERDUE	Mar-20		Dec-19		Sep-19		Jun-19		Mar-19	
000 to 014 days	10,229	88.6%	10,322	89.4%	9,151	88.5%	8,428	88.3%	7,836	88.8%
015 to 030 days	112	1.0%	67	0.6%	65	0.6%	70	0.7%	81	0.9%
031 to 060 days	115	1.0%	81	0.7%	88	0.9%	91	1.0%	102	1.2%
061 to 090 days	151	1.3%	128	1.1%	122	1.2%	141	1.5%	123	1.4%
091 to 120 days	122	1.1%	123	1.1%	133	1.3%	124	1.3%	95	1.1%
121 to 150 days	117	1.0%	116	1.0%	118	1.1%	140	1.5%	96	1.1%
151 to 180 days	113	1.0%	110	1.0%	122	1.2%	107	1.1%	88	1.0%
180 to 360 days	592	5.1%	602	5.2%	536	5.2%	440	4.6%	399	4.5%
Portfolio (R$ million)	11,551	100%	11,549	100%	10,336	100%	9,542	100%	8,820	100%
Receipt expectation of loan portfolio overdue above 360 days	147		133		126		120		114	
Total Portfolio in IFRS 9 (R$ million)	11,697		11,682		10,462		9,661		8,935	
Overdue 15-90 days	378	3.3%	275	2.4%	275	2.7%	302	3.2%	306	3.5%
Overdue Above 90 days	944	8.2%	951	8.2%	910	8.8%	811	8.5%	678	7.7%
Total Overdue	1,322	11.4%	1,227	10.6%	1,185	11.5%	1,113	11.7%	984	11.2%
Provisions for loan losses on Portfolio	1,362		1,335		1,260		1,097		985	
Provisions for loan losses on available limit	293		280		279		265		225	
Total Provisions for loan losses in IFRS 9	1,655		1,614		1,539		1,363		1,210	
Coverage of Portfolio (%)	144%		140%		138%		135%		145%	
Coverage of Total Portfolio (%)	175%		170%		169%		168%		179%	

Note: in order to facilitate comparability and analysis of NPL performance, the Company now discloses the breakdown of the portfolio by arrears criterion, while it continues disclosing the portfolio breakdown by risk level to the Central Bank.

Financial Intermediation Gross Results

Gross margin from financial intermediation totaled 10.5% in 1Q20 (1.5 p.p. YoY), influenced by the increase in Luiza Card revenue.

Other Operating Revenues (Expenses)

Other operating expenses totaled R$25.2 million in 1Q20, an improvement of 9.3% YoY, mainly due to service revenue growth of 20.7%.

Luizacred's operating efficiency ratio went from 43% in 1Q19 to 41% in 1Q20 (-2 p.p.), one of the best levels in recent years.

Operating Income and Net Income

In 1Q20, Luizacred recorded operating income of R$16.5 million, equivalent to 4.1% of financial intermediation (+4.4p.p. YoY). In 1Q20, Luizacred's net profit reached R$9.6 million.

In compliance with accounting practices established by the Brazilian Central Bank, considering the minimum provisions of Law 2682, Luizacred's net income totaled R$27.0 million in 1Q20, with ROE of 11.8%.

Shareholders' Equity

In compliance with the same practices, Luizacred posted shareholders' equity of R$919.1 million in Mar/20. As a result of adjustments required under IFRS, specifically additional provisions for expected losses, net of taxes, Luizacred's shareholders' equity for the purposes of Magazine Luiza's financial statements came to R$600.5 million.

EARNINGS VIDEO CONFERENCE

Video Conference in Portuguese/English (with simultaneous translation)
Tuesday, May 26th, 2020
11:00 – Brasilia time
10:00 – New York time (EST)

Video Conference in English

HD Web Phone:
Access HD Magalu

Participants from the US or other countries:
Dial in #: +1 412 717 9627
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About Magazine Luiza

Magazine Luiza, or Magalu, is a technology and logistics company focused on the retail sector. From its humble origins as a traditional retailer providing electronics and home appliances to Brazil's rising middle class, the company has since transformed into a technology powerhouse providing a wide array of products to Brazilians of all classes. Magalu has one of the largest geographic footprints with seventeen distribution centers serving a network of over 1.150 stores in 18 states encompassing over 75% of Brazil's GDP. At the heart of the company's success is an omnichannel retail platform capable of reaching customers via mobile app, web and physical stores. A large part of the company's success is attributable to its in-house development team, Luizalabs, which consists of over 1,200 engineers and product development specialists. Among other things, engineers from Luizalabs use technologies such as big data and machine learning to create logistics, fintech and inventory apps which remove friction from the retail process, improving margins, delivery times and customer experience. The company has been at the forefront of e-commerce adoption in Latin America and its profitable e-commerce operation currently accounts for over 53% of total sales. Magazine Luiza has also been a logistics pioneer. The company's integrated online and offline logistics operations enable it to leverage its physical presence to radically reduce delivery times and costs in a sustainable way. The result is the fastest, lowest cost logistics network in Brazil.

EBITDA, Adjusted EBITDA and Adjusted Net Income

EBITDA (earnings before interest, income and social contribution taxes, financial income and expenses, depreciation and amortization) is not a financial performance measure under the accounting practices adopted in Brazil. Because it does not consider expenses intrinsic to the business, EBITDA has limitations that affect its use as a profitability or liquidity indicator. EBITDA should not be considered an alternative to net income or operating cash flow. In addition, EBITDA does not have a standard meaning, and our definition may not be comparable with the definitions adopted by other companies. Non-recurring results used to calculate adjusted EBITDA and adjusted net income should not be considered an alternative to EBITDA and net income in accordance with the accounting practices adopted in Brazil.

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