Magazine Luiza S.A. (B3: MGLU3)
3rd Quarter 2019 Earnings Release (IFRS equivalent)

3Q19 HIGHLIGHTS

Marketplace grew 300%, reaching 26% of total e-commerce
E-commerce grew 96%, reaching R$3.3 billion and 48% of total sales
Physical store sales grew 19% (9% same store sales)
Total sales rose 47%, reaching R$6.8 billion
Adjusted EBITDA of R$301 million, 6.2% margin
Adjusted Net profit reached R$136 million, 2.8% margin
Net cash position of R$0.6 billion in Sep/19

- **Consistent market share gains.** In 3Q19, total sales (physical stores, traditional e-commerce (1P) and marketplace (3P)) increased 46.9% to R$6.8 billion, reflecting growth of 96.0% in e-commerce (on top of 54.6% growth in 3Q18) and 19.0% in physical stores (same store sales growth of 9.4% on top of 16.3% growth in 3Q18). It is worth highlighting the performance of the 126 stores opened in the last 12 months that generated sales above our expectations, expanding total physical store sales growth by 9.6 p.p.. Even without considering the excellent performance of Netshoes, which contributed R$699.3 million in sales, Magalu's e-commerce grew 54.1%.

- **Accelerated growth in e-commerce.** E-commerce sales grew 96.0% in 3Q19, reaching 48.3% of total sales, compared to market growth of 24.7% (E-bit). In traditional e-commerce (1P), sales grew 66.3%, and the marketplace contributed with additional sales of R$853.7 million, growing 300.3% and representing 26.0% of total e-commerce. Among other things, Magalu's market share gains were driven by: app performance--with 14 million MAU (including Magalu Superapp, Netshoes, Zattini and Época Cosméticos); an increase in the seller base; the growth of marketplace assortment; the maturation of multichannel projects; faster delivery, and the maintenance of our high level of customer service as evinced by our superior RA1000 ranking.

- **Evolution of gross profit, investments in level of service and new customer acquisition.** In 3Q19, adjusted gross profit increased 36.6% to R$1.5 billion. Adjusted gross margin increased 90 bps to 30.6% reflecting the growth of new categories, especially by Netshoes sales, and the excellent performance of the marketplace. Adjusted operating expenses increased 46.9% in 3Q19 due to the acquisition of Netshoes, as well as additional investment in the level of service. It is worth highlighting the fast evolution of Netshoes results, specifically the fact that they have already practically reached breakeven in EBITDA margin.

- **Significant Luizacred growth.** Luizacred´s total revenue grew 37.3% in 3Q19. The Luiza Card base increased 23.1% YoY reaching 4.9 million cards. In the same period, Luiza Card revenue grew 35.1% to R$6.9 billion. The total portfolio grew an impressive 42.3% in the last 12 months reaching R$10.3 billion. In 3Q19, taking into account the high customer base growth and the effects of the adoption of IFRS 9, Luizacred's profit was R$14.4 million.

- **EBITDA and net income.** In 3Q19, Adjusted EBITDA reached R$300.7 million. High sales growth and the positive contribution of e-commerce were responsible for the EBITDA growth of 7,0%. Additional investments in service levels and the Netshoes acquisition influenced the EBITDA margin, which decreased from 7.7% to 6.2% in 3Q19. Taking into account the financial expenses dilution and the benefit of interest on equity, adjusted net income reached R$136.3 million, growing 12.7%.

- **Strong cash flow generation and ROIC.** Cash flow from operations adjusted by receivables, reached R$0.8 billion in the last twelve months (LTM), due to improved results and disciplined working capital management. It is worth mentioning the cash generation of R$206.3 in 3Q19. Once again, the Company presented high growth with high ROIC and strong cash generation. In 3Q19, ROIC reached 20% and 23% LTM.

- **Net cash position and capital structure.** In the last 12 months, adjusted net cash went from R$1.3 billion in Sep/18 to R$0.6 billion in Sep/19. This variation is entirely related to the Netshoes acquisition concluded in Jun/19. As of this date the Company reached a total cash position of R$1.8 billion, with cash and securities of R$0.5 billion and credit card receivables of R$1.3 billion.

MGLU3: R$ 41.15 per share	**Conference call: October 30, 2019 (Wednesday)**	Investor Relations: Tel. +55 11 3504-2727
Total Shares: 1,524,731,712	10:30AM in US Time (EST): +1 646 828-8246	www.magazineluiza.com.br/ri
Market Cap: R$ 62.7 billion	11:30AM in Brazil Time: +55 11 3193-1080	ri@magazineluiza.com.br

R$ million (except when otherwise indicated)	3Q19	3Q18	% Chg	9M19	9M18	% Chg
Total Sales[1] (including marketplace)	6,817.6	4,640.6	46.9%	18,282.6	13,725.5	33.2%
Gross Revenue	5,999.4	4,444.5	35.0%	16,508.8	13,298.0	24.1%
Net Revenue	4,864.2	3,670.5	32.5%	13,501.3	10,979.9	23.0%
Gross Income	1,424.9	1,089.9	30.7%	3,728.6	3,241.2	15.0%
Gross Margin	0.3	29.7%	-40 bps	27.6%	29.5%	-190 bps
EBITDA	501.2	278.9	79.7%	1,276.5	891.8	43.1%
EBITDA Margin	10.3%	7.6%	270 bps	9.5%	8.1%	140 bps
Net Income	235.1	119.6	96.7%	753.8	407.8	84.9%
Net Margin	4.8%	3.3%	150 bps	5.6%	3.7%	190 bps
Adjusted - Gross Income	1,488.9	1,089.9	36.6%	3,964.57	3,241.2	22.3%
Adjusted - Gross Margin	30.6%	29.7%	90 bps	29.4%	29.5%	-10 bps
Adjusted - EBITDA	300.7	281.0	7.0%	909.3	885.1	2.7%
Adjusted - EBITDA Margin	6.2%	7.7%	-150 bps	6.7%	8.1%	-140 bps
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Adjusted - Net Income	136.3	121.0	12.7%	366.8	403.4	-9.1%
Adjusted - Net Margin	2.8%	3.3%	-50 bps	2.7%	3.7%	-100 bps
Same Physical Store Sales Growth	9.4%	16.3%	-	5.8%	19.7%	-
Total Physical Store Sales Growth	19.0%	24.0%	-	14.5%	26.4%	-
Internet Sales Growth (1P)	66.3%	43.8%	-	43.8%	50.5%	-
Total E-commerce Sales Growth	96.0%	54.6%	-	68.2%	61.4%	-
E-commerce Share in Total Sales	48.3%	36.2%	12.1 pp	44.0%	34.9%	9.2 pp
Number of Stores - End of Period	1,039	913	126 stores	1,039	913	126 stores
Sales Area - End of Period (M2)	612,353	551,432	11.0%	612,353	551,432	11.0%

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

IFRS 16 AND NON-RECURRING EVENTS

IFRS 16 introduced a single model for the accounting of leases in the balance sheet of lessees. As a result, the Company, as lessee, recognized as assets the right to use underlying assets and their corresponding lease liabilities.

In 3Q19, the Company was successful in another lawsuit regarding the unconstitutionality of the inclusion of ICMS in the PIS / Cofins tax basis.

For ease of comparability with 3Q18, 3Q19 results are also being presented in an adjusted view, without the effects of IFRS 16, tax credits, and other non-recurring provisions and expenses.

CONCILIATION ADJUSTED INCOME STATEMENT (R$ million)	3Q19 Pro-forma	V.A.	IFRS 16	Non-recurring	3Q19	V.A.
Gross Revenue	5,999.4	123.3%	-	-	5,999.4	123.3%
Taxes and Deductions	(1,135.2)	-23.3%	-	-	(1,135.2)	-23.3%
Net Revenue	4,864.2	100.0%	-	-	4,864.2	100.0%
Total Costs	(3,375.3)	-69.4%	-	(64.0)	(3,439.3)	-70.7%
Gross Income	1,488.9	30.6%	-	(64.0)	1,424.9	29.3%
Selling Expenses	(957.5)	-19.7%	67.5	-	(890.0)	-18.3%
General and Administrative Expenses	(236.5)	-4.9%	29.3	-	(207.1)	-4.3%
Provisions for Loan Losses	(20.2)	-0.4%	-	-	(20.2)	-0.4%
Other Operating Revenues, Net	15.3	0.3%	-	167.7	183.0	3.8%
Equity in Subsidiaries	10.6	0.2%	-	-	10.6	0.2%
Total Operating Expenses	(1,188.3)	-24.4%	96.9	167.7	(923.7)	-19.0%
EBITDA	300.7	6.2%	96.9	103.7	501.2	10.3%
Depreciation and Amortization	(58.7)	-1.2%	(105.2)	-	(163.9)	-3.4%
EBIT	241.9	5.0%	(8.3)	103.7	337.3	6.9%
Financial Results	(93.9)	-1.9%	(5.3)	59.8	(39.5)	-0.8%
Operating Income	148.0	3.0%	(13.7)	163.4	297.8	6.1%
Income Tax and Social Contribution	(11.7)	-0.2%	4.6	(55.6)	(62.7)	-1.3%
Net Income	136.3	2.8%	(9.0)	107.8	235.1	4.8%

Adjustments – Non - Recurring Events

Adjustments	3Q19	9M19
Increased Inventory Provision	(64.0)	(236.0)
Tax Credits	240.8	812.0
Tax Provisions	(16.7)	(246.7)
Expert Fees	(28.8)	(144.0)
Pre-operating Store Expenses	(12.1)	(20.3)
Retention Contracts / Non-Competition	(15.6)	(52.1)
EBITDA Adjustments	**103.7**	**112.9**
Update - Tax Credits	62.7	522.5
PIS/Cofins - Tax Credits	(2.9)	(22.2)
Acquisition Expenses / Non recurring	-	(39.7)
Financial Result Adjustments	**59.8**	**460.7**
Income Tax and Social Contribution	(55.6)	(157.9)
Net Income Adjustments	**107.8**	**415.8**

MESSAGE FROM THE EXECUTIVE DIRECTORS

Earlier this year, we shared our ambitious plans for 2019. Since then, Magalu's trajectory has been exponential, fueled by our multichannel digital platform; commitment to promoting strategic innovation, and the diligent execution of Magalu's 30,000 employees.

Below is a summary of key highlights from this quarter:
At the end of 3Q19, our active customer base reached a total of 23.5 million customers, a 44% increase compared to the same period last year. This expansion can be seen across all channels. Our e-commerce customer base has almost doubled, largely due to accelerated expansion of the marketplace and the incorporation of 4.1 million unique Netshoes customers.

The number of physical stores this quarter topped 1,000 units across 18 Brazilian states, a landmark moment in the company's history. Winning the attention, trust, and loyalty of Brazilians is a crucial part of Magalu's multiplatform strategy—and our results suggest that we are on the right track.

Our efforts to transition the Magalu app to a superapp are well underway. The Magalu App currently features Netshoes, Zattini, and Época Cosméticos. At the end of the quarter, the Magalu app recorded 14 million active monthly users.

E-commerce sales continue to stand out as a key driver of growth. Year-on-year, e-commerce sales rose by 96%, accounting for 48% of total sales. In September, e-commerce accounted for 50% of total sales for the first time in the company's history. E-commerce sales have grown 50% or more for the last 11 consecutive quarters, reflecting Magalu's attainment of its exponential growth objective.

Our marketplace also continues to achieve exponential growth. In 3Q19, platform sales grew by 300% to R$854 million, accounting for 26% of total e-commerce sales. Over 3,000 new sellers joined our platform in the last three months. The Magalu marketplace currently contains 11,400 sellers who, jointly, offer nearly 12 million items to our customer base.

Our physical stores continue to play an essential role in our multichannel strategy. In 3Q19, we opened 52 new stores and entered two new Brazilian states: Pará and Mato Grosso. The integration of our physical and digital stores enables us to offer faster delivery times and lower shipping costs, providing customers in these regions with the best possible shopping experience. Same store sales grew by 9% this quarter. Taking into consideration the impact of new stores, physical store sales grew by 19%.

External events including: historically low inflation levels;, falling interest rates; the rollout of "Semana do Brasil" (Brazil Week), and a gradual upswing in economic growth also contributed to Magalu's positive results during this quarter. Our total sales rose by 47% on a year-by-year basis driven by an excellent performance by Netshoes. Excluding Netshoes sales, Magalu's sales grew by a substantial 32%.

Since October, customers making purchases on the Netshoes and Zattini websites may pick up their orders in select Magalu stores located in the City of São Paulo. Early results have been outstanding. The plan is to extend this In-Store Pickup option to physical stores in other regions throughout 2020. We also launched the new version of the Netshoes environment inside the Magalu App. This new version combines the Netshoes shopping experience with Magalu's high traffic. As a direct result of this new format, brands such as Adidas, Olympikus and Asics have allowed their products to be listed on Magalu, joining other leading brands that were already present.

Approximately four months after its acquisition, Netshoes has already recovered its sales growth and achieved EBITDA margin break-even. The two companies have also been integrating at an accelerated pace. Nearly 40 workgroups composed of representatives of Magalu and Netshoes are performing business analyses to determine best practices and implement them. We reaffirm our enthusiasm for the business, the people and the opportunities ahead.
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Expanding the marketplace has been another strategic objective for the year.

In addition to entering new categories, such as books and apparel, we are also onboarding sellers at a rate of around 1,000 per month, concomitantly increasing the number of products in our marketplace.

Our goal is to make the Magalu marketplace the best option for consumers by providing 3P customers with the same level of service offered to 1P customers. Though we could easily rapidly expand the number of sellers, we have chosen not to sacrifice our user experience by opening our platform to low quality sellers.

With the goal of strengthening our seller relationships, we hosted the first edition of ExpoMagalu, an annual event for sellers, in September. The event, which gathered over 1,200 sellers, featured the launch of various new initiatives including a program designed to help incentivize marketplace sellers to accelerate deliveries. By year-end, over 60% of marketplace sellers will be eligible to receive subsidized shipping subject to certain conditions, such as, that the item sold exceed R$99 and that the sellers use Magalu Deliveries. Sellers will also be able to participate in a special receivables factoring program with reduced fees ranging from 1.49% to 0.99% per month.

In addition, we announced the launch of two new Magalu-as-a-Service or MaaS apps: iPDV and Magalu Tax. MaaS apps are apps which are designed to ameliorate the friction points confronted by marketplace sellers and analog retailers. Through an intuitive user interface, these apps will enable Brazilian SMEs to easily register and sell their products in our marketplace. They will be able to manage their inventories, issue invoices, and pay taxes. The marketplace is one of the most powerful tools that Magalu can use to realize its corporate objective: to provide to the many what is currently the privilege of the few.

We have dedicated the last several years to digitalizing Magazine Luiza. Now, our objective is to help facilitate the digitalization of Brazil.

We continue to invest our resources in improving delivery speed—whether to a customer's home or to one of our over 1,000 stores. Express delivery, which promises delivery to the customer's home within 48 hours, accounted for 42% of Magalu's total deliveries in September and is now available in over 320 cities. Ship from Store is already available in 145 of our stores across multiple Brazilian states. Logbee, the logistics technology startup that Magalu acquired in 2018, currently operates in over 120 cities and offers 24-hour delivery in more than 40 cities including 6 state capitals. Logbee will play a pivotal role in our efforts to expand the marketplace. Today, more than 70% of sellers participate in the Magalu Entregas program, and, though still in the early days, more than 200 sellers are currently using Magalu's cross-docking solution to collect and delivery products directly to customers' homes.

Driven in large part by these rapid advances in delivery speed, our Net Promoter Score or NPS rose once again. In addition, both our physical stores and e-commerce operations—including our 3P marketplace business--maintained their RA1000 rating of excellence in customer service.

Lastly, Luizacred's loan portfolio reached over R$10 billion at the end of September, 42% higher than the same period in 2018. Luiza Card's customer base increased by 23%, reaching a total of 5 million cardholders by the end of the third quarter. Taking into consideration the increase in activation and shopping frequency, Luizacred's total billings grew by 33% to R$7 billion, including an impressive 26% increase in Luiza Card billings in sales within Magalu and a 38% increase in sales made elsewhere. Operating efficiency improved by 2% in the quarter, among the best levels seen over the last several years.

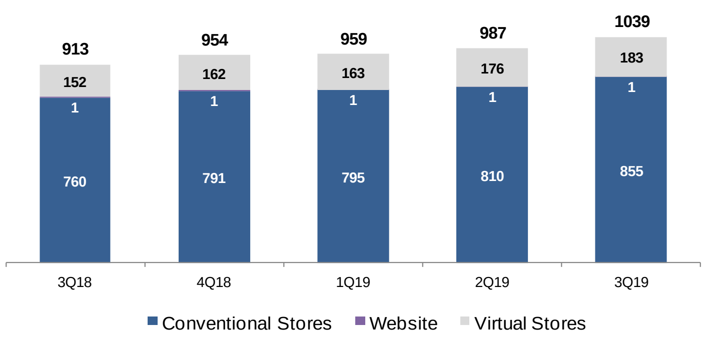
We enter the last quarter of 2019 excited and well-prepared for the events ahead: Black Friday and Christmas. As always, we are grateful to our customers, employees, shareholders, and suppliers for their continued support.

EXECUTIVE MANAGEMENT TEAM

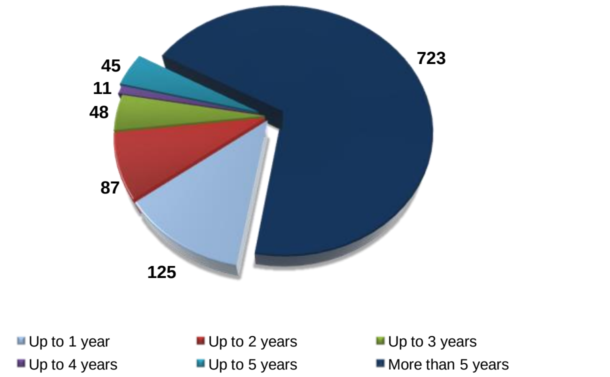
OPERATING AND FINANCIAL PERFORMANCE

Magalu ended 3Q19 with 1.039 stores (855 conventional, 183 virtual and an e-commerce operation). In 3Q19, the Company inaugurated 52 stores. In the last 12 months, the Company opened 126 new stores (22 in the South, 28 in the Southeast, 27 in the Midwest, 22 in the Northeast and 27 in the North). Thirty percent of our total number of stores are not yet mature.

Number of Stores

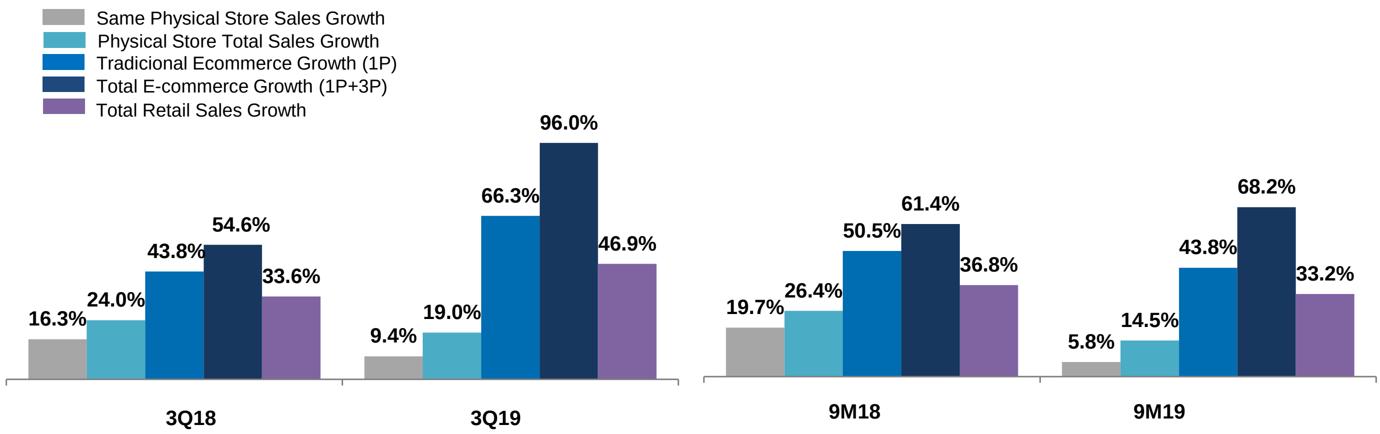


Average Age of Stores (number of stores)



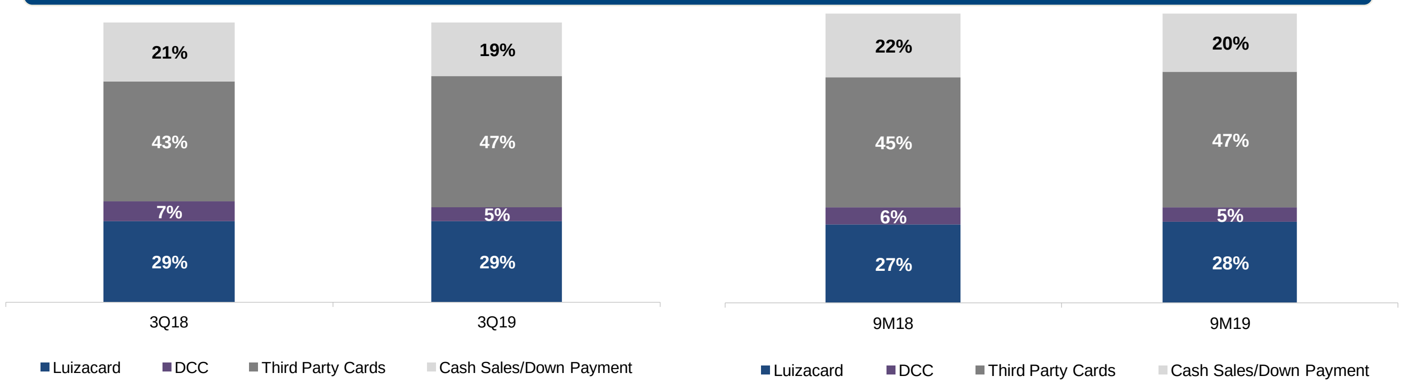
Total Retail sales were up 46.9% in 3Q19 as a result of a 19.0% increase in brick-and-mortar store sales and a 96.0% increase in e-commerce sales.

Total Sales Growth (%)



Luiza Card total sales penetration was a stable 29% in 3Q19, contributing to the Company's strategy of increasing customer loyalty. The percentage of DCC (direct credit to consumers) was 5% in 3Q19 (-20 bps YoY). In 9M19, Luiza Card's share of sales increased by 10 bps to 28%.

Financed Sales Mix (% of total sales)



Gross Revenues

(in R$ million)	3Q19	3Q18	% Chg	9M19	9M18	% Chg
Gross Revenue - Retail - Merchandise Sales	5,685.3	4,224.5	34.6%	15,652.2	12,676.4	23.5%
Gross Revenue - Retail - Services	280.8	204.6	37.3%	769.6	574.7	33.9%
Gross Revenue - Retail	**5,966.1**	**4,429.1**	**34.7%**	**16,421.8**	**13,251.1**	**23.9%**
Gross Revenue - Other Services	42.7	19.4	120.2%	107.3	56.7	89.2%
Inter-Company Eliminations	(9.4)	(4.0)	135.4%	(20.3)	(9.9)	105.8%
Gross Revenue - Total	**5,999.4**	**4,444.5**	**35.0%**	**16,508.8**	**13,298.0**	**24.1%**

In 3Q19, total gross revenues grew 35.0% to R$6.0 billion, due to the accelerated growth of e-commerce, including Netshoes, physical same store sales growth and the significant contribution of new stores. Also notable was the growth in services revenue of 37.3%, especially marketplace sales which rose 300.3%. In 9M19, total gross revenue grew 24.1% to R$16.5 billion.

Net Revenues

(in R$ million)	3Q19	3Q18	% Chg	9M19	9M18	% Chg
Net Revenue - Retail - Merchandise Sales	4,583.8	3,476.5	31.8%	12,736.7	10,431.2	22.1%
Net Revenue - Retail - Services	251.9	180.1	39.8%	688.2	506.5	35.9%
Net Revenue - Retail	**4,835.7**	**3,656.7**	**32.2%**	**13,424.9**	**10,937.7**	**22.7%**
Net Revenue - Other Services	37.9	17.8	113.1%	96.8	52.1	85.7%
Inter-Company Eliminations	(9.4)	(4.0)	135.4%	(20.3)	(9.9)	105.8%
Net Revenue - Total	**4,864.2**	**3,670.5**	**32.5%**	**13,501.3**	**10,979.9**	**23.0%**

In 3Q19, total net revenues rose 32.5% to R$4.9 billion in line with total gross revenue. In 9M19, net revenue grew 23.0% to R$13.5 billion.

Gross Profit

(in R$ million)	3Q19 Adjusted	3Q18	% Chg	9M19 Adjusted	9M18	% Chg
Gross Profit - Retail - Merchandise Sales	1,228.0	901.5	36.2%	3,247.5	2,707.2	20.0%
Gross Profit - Retail - Services	251.9	180.1	39.8%	688.2	506.5	35.9%
Gross Profit - Retail	**1,479.9**	**1,081.7**	**36.8%**	3,935.7	**3,213.6**	**22.5%**
Gross Profit - Other Services	14.5	9.0	61.9%	38.2	28.7	33.2%
Inter-Company Eliminations	(5.5)	(0.8)	617.1%	(9.2)	(1.0)	784.0%
Gross Profit - Total	**1,488.9**	**1,089.9**	**36.6%**	**3,964.6**	**3,241.2**	**22.3%**
Gross Margin - Total	**30.6%**	**29.7%**	**1 bps**	**29.4%**	**29.5%**	**0 bps**

In 3Q19, adjusted gross profit increased by 36.6% to R$1.5 billion, equivalent to a gross margin of 30.6%. This margin is due to the growth of new categories, especially by Netshoes sales which reached a gross margin of 41.2%, and the excellent performance of the marketplace, which grew by 300.3%. In 9M19, adjusted gross profit increased by 22.3% to R$4.0 billion, equivalent to a gross margin of 29.4%.

Operating Expenses

(in R$ million)	3Q19 Adjusted	% NR	3Q18 Adjusted	% NR	% Chg	9M19 Adjusted	% NR	9M18 Adjusted	% NR	% Chg
Selling Expenses	(957.5)	-19.7%	(669.2)	-18.2%	43.1%	(2,493.9)	-18.5%	(1,972.5)	-18.0%	26.4%
General and Administrative Expenses	(236.5)	-4.9%	(144.2)	-3.9%	64.0%	(567.7)	-4.2%	(414.7)	-3.8%	36.9%
General and Administrative Expenses	**(1,193.9)**	**-24.5%**	**(813.4)**	**-22.2%**	**46.8%**	**(3,061.6)**	**-22.7%**	**(2,387.2)**	**-21.7%**	**28.3%**
Provisions for Loan Losses	(20.2)	-0.4%	(15.5)	-0.4%	30.6%	(45.8)	-0.3%	(43.1)	-0.4%	6.4%
Other Operating Revenues, Net	15.3	0.3%	9.9	0.3%	53.9%	44.0	0.3%	31.1	0.3%	41.6%
Total Operating Expenses	**(1,198.9)**	**-24.6%**	**(819.0)**	**-22.3%**	**46.4%**	**(3,063.5)**	**-22.7%**	**(2,399.2)**	**-21.9%**	**27.7%**

Adjusted Selling Expenses

In 3Q19, selling expenses totaled R$957.5 million or 19.7% of net revenues, 150 bps higher YoY. The increase in expenses was due to the Netshoes acquisition, as well as additional investments in the acquisition of new customers, specially via the Magalu App and Luiza Card, and investments to improve user experience, including logistics and customer service. In 9M19, selling expenses totaled R$2.5 billions or 18.5% of net revenues (+50bps YoY).

Adjusted General and Administrative Expenses

General and administrative expenses came to R$236.5 million or 4.9% of net revenues in 3Q19 (100 bps higher YoY), due to the Netshoes acquisition. In 9M19, general and administrative expenses came to R$567.7 million or 4.2% of net revenues.

Provisions for Loan Losses

Provisions for loan losses reached R$20.2 million in 3Q19 and R$45.8 million in 9M19.

Other Operating Revenues and Expenses, Net

(in R$ million)	3Q19	% NR	3Q18	% NR	% Chg	9M19	% NR	9M18	% NR	% Chg
Gain on Sale of Assets	1.5	0.0%	(0.1)	0.0%	-	4.4	0.0%	(0.4)	0.0%	-
Deferred Revenue Recorded	13.8	0.3%	10.1	0.3%	37.1%	39.5	0.3%	31.5	0.3%	25.6%
Subtotal - Adjusted	**15.3**	**0.3%**	**9.9**	**0.3%**	**53.9%**	**44.0**	**0.3%**	**31.1**	**0.3%**	**41.6%**
Tax Credits	240.8	5.0%	1.2	0.0%	-	812.0	6.0%	47.6	0.4%	-
Tax Provisions	(16.7)	-0.3%	-	0.0%	-	(246.7)	-1.8%	(33.9)	-0.3%	-
Expert Fees	(28.8)	-0.6%	-	0.0%	-	(144.0)	-1.1%	-	0.0%	-
Pre-operating Store Expenses	(12.1)	-0.2%	(3.3)	-0.1%	265.8%	(20.3)	-0.2%	(7.0)	-0.1%	189.3%
Netshoes Result	(15.6)	-0.3%	-	0.0%	-	(52.1)	-0.4%	-	0.0%	-
Subtotal - Non Recurring	**167.7**	**3.4%**	**(2.1)**	**-0.1%**	**-**	**348.9**	**2.6%**	**6.6**	**0.1%**	**-**
Total	**183.0**	**3.8%**	**7.8**	**0.2%**	**-**	**392.9**	**2.9%**	**37.7**	**0.3%**	**-**

Other adjusted net operating revenues and expenses came to R$15.3 million in 3Q19, chiefly due to a deferred revenues allocation of R$13.8 million. In 9M19, other adjusted net operating revenues and expenses came to R$44.0 million.

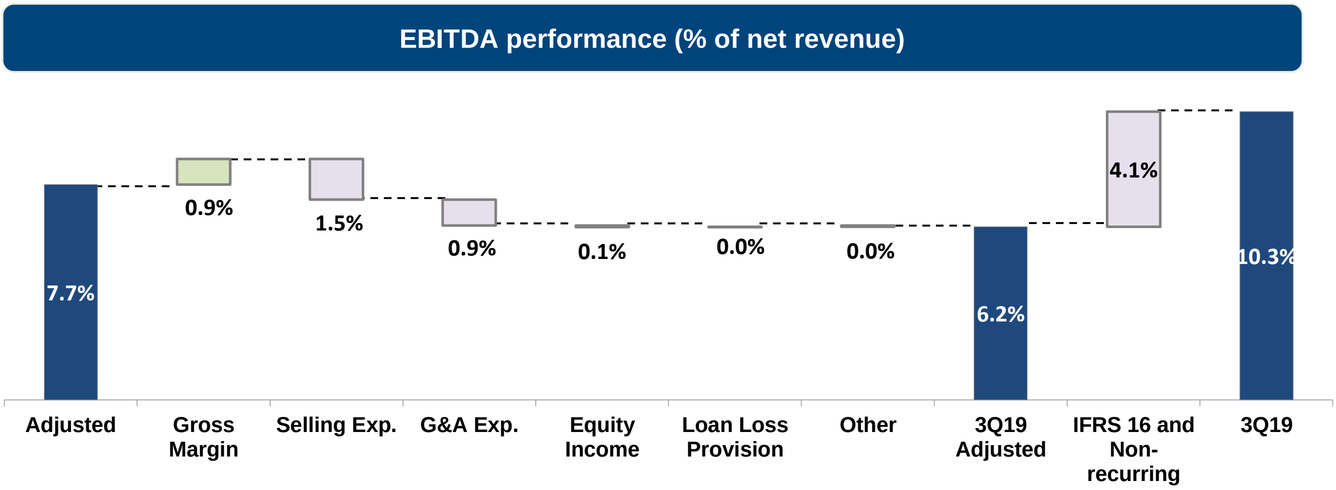
Equity Income

In 3Q19, equity income was R$10.6 million. Luizacred was responsible for R$7.2 million and Luizaseg, was responsible for R$3.4 million. In 9M19, equity income was positive by R$8.2 million.

It is worth noting that Luizacred's result continues to be influenced by the strong growth of the card base and the credit limit available to the best customers.

EBITDA

In 3Q19, adjusted EBITDA reached R$300.7 million, growing 7.0%. High sales growth, a positive contribution from e-commerce, including the marketplace, contributed to the EBITDA growth. The additional investments were made to improve service levels and the Netshoes acquisition influenced the adjusted EBITDA margin, which went from 7.7% in 3Q18 to 6.2% during the quarter. In 9M19, Adjusted EBITDA was R$909.3 million (6.7% margin).



Financial Results

R$ million	3Q19	% NR	3Q18	% NR	% Chg	9M19	% NR	9M18	% NR	% Chg
Financial Expenses	(135.7)	-2.8%	(106.5)	-2.9%	27.3%	(500.5)	-3.7%	(302.2)	-2.8%	65.6%
Interest on loans and financing	(19.2)	-0.4%	(9.7)	-0.3%	97.6%	(40.9)	-0.3%	(41.7)	-0.4%	-2.1%
Interest on prepayment of receivables – third-party card	(29.3)	-0.6%	(17.5)	-0.5%	67.3%	(113.2)	-0.8%	(55.9)	-0.5%	102.6%
Interest on prepayment of receivables – Luiza Card	(64.3)	-1.3%	(57.6)	-1.6%	11.6%	(196.2)	-1.5%	(158.0)	-1.4%	24.1%
Other expenses	(17.6)	-0.4%	(21.7)	-0.6%	-19.1%	(77.3)	-0.6%	(46.5)	-0.4%	66.0%
Lease	(5.3)	-0.1%	-	0.0%	0.0%	(73.0)	-0.5%	-	0.0%	0.0%
Financial Revenues	96.2	2.0%	34.9	1.0%	175.7%	618.0	4.6%	98.2	0.9%	529.6%
Gains on marketable securities	1.1	0.0%	3.4	0.1%	-67.2%	4.9	0.0%	7.2	0.1%	-32.0%
Other financial revenues	95.1	2.0%	31.5	0.9%	202.2%	613.2	4.5%	91.0	0.8%	573.8%
Total Financial Results	(39.5)	-0.8%	(71.7)	-2.0%	-44.9%	117.6	0.9%	(204.0)	-1.9%	-157.6%
(-) IFRS 16	(5.3)	-0.1%	-	-	-	(73.0)	-0.5%	-	-	-
(-) Monetary Update Tax Credits	62.7	1.3%	-	-	-	522.5	3.9%	-	-	-
(-) Expenses and Taxes / Non-recurring	(2.9)	-0.1%	-	-	-	(61.9)	-0.5%	-	-	-
Total Financial Results - Adjusted	(93.9)	-1.9%	(71.7)	-2.0%	31.0%	(270.1)	-2.0%	(204.0)	-1.9%	32.4%

In 3Q19, adjusted net financial results came to R$93.9 million or 1.9% of net revenue. In relation to net revenue, net financial expenses improved by 10 bps even considering the Netshoes acquisition and the substantial increase in investments. This improvement is a consequence of the Company's strong cash generation and lower interest rates during the period. In 9M19, the adjusted net financial result was R$270.1 million, or 2.0% of net revenue.

Net Income

Taking into account EBITDA growth, financial expenses dilution and the benefit of interest on equity, 3Q19 adjusted net income reached R$136.3 million, growing 12.7% (2.8% net margin). In 9M19, adjusted net profit was R$366.8 millions, with a net margin of 2.7%.

Working Capital - Adjusted

CONSOLIDATED (R$ million)	LTM	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18
(+) Accounts Receivables	217.8	1,875.0	1,460.8	1,761.3	2,051.6	1,657.2
(+) Inventories	779.3	2,885.7	2,556.3	2,484.6	2,810.2	2,106.4
(+) Related Parties	81.7	239.2	126.2	260.0	190.2	157.5
(+) Recoverable Taxes	519.0	745.7	712.7	221.9	303.7	226.7
(+) Other Assets	73.5	145.1	112.7	94.8	48.5	71.6
(+) Current Operating Assets	1,671.2	5,890.7	4,968.8	4,822.6	5,404.2	4,219.5
(-) Suppliers	1,149.7	3,802.8	3,395.9	2,973.6	4,105.2	2,653.1
(-) Payroll, Vacation and Related Charges	81.0	349.8	302.3	270.0	259.0	268.7
(-) Taxes Payable	123.9	208.8	174.2	203.3	141.0	84.9
(-) Related Parties	35.3	125.6	113.1	106.0	125.4	90.3
(-) Taxes in Installments	-	-	-	-	-	-
(-) Deferred Revenue	3.6	43.0	43.0	39.2	39.2	39.4
(-) Other Accounts Payable	373.0	688.2	688.4	446.6	406.1	315.2
(-) Current Operating Liabilities	1,766.6	5,218.3	4,716.7	4,038.6	5,075.9	3,451.7
	-					
(=) Working Capital	(95.4)	672.5	252.1	784.1	328.3	767.8
(-) Credit Card – Third-Party Card	21.8	1,142.0	817.2	1,146.8	1,492.3	1,120.2
(-) Credit Card - Luiza Card	58.7	157.4	68.2	175.9	106.7	98.8
(-) Total Credit Card	80.5	1,299.4	885.4	1,322.7	1,599.0	1,219.0
(=) Working Capital Adjusted	(175.8)	(627.0)	(633.3)	(538.6)	(1,270.7)	(451.1)
% of Gross Revenue (LTM)	-0.3%	-2.8%	-3.1%	-2.7%	-6.7%	-2.6%
(=) Working Capital	(95.4)	672.5	252.1	784.1	328.3	767.8
(+) Balance of Discounted Receivables	453.9	1,992.9	2,322.9	1,777.7	1,385.8	1,539.0
(=) Working Capital Expanded	358.5	2,665.4	2,574.9	2,561.7	1,714.1	2,306.9
% of Gross Revenue (LTM)	-1.0%	12.1%	12.5%	12.9%	9.1%	13.1%

In Sep/19, the adjusted working capital needs were negative R$627.0 million showing an improvement YoY and contributing to the Company's cash flow generation. Highlights include disciplined inventory management (76 days on average) and purchasing time (91 days on average). In the last twelve months, adjusted working capital contributed R$175.8 million to operating cash generation and adjusted net cash.

Capex

CAPEX (in R$ million)	3Q19	%	3Q18	%	%Chg	9M19	%	9M18	%	%Chg
New Stores	94.6	51%	23.9	21%	295%	121.9	31%	55.1	24%	121%
Remodeling	8.2	4%	15.6	14%	-47%	38.2	10%	24.8	11%	54%
Technology	32.6	18%	29.3	26%	11%	84.4	22%	64.4	28%	31%
Logistics	32.8	18%	27.4	24%	20%	107.4	27%	47.8	20%	125%
Other	17.7	10%	16.6	15%	6%	38.8	10%	42.1	18%	-8%
Total	**186.0**	**100%**	**112.8**	**100%**	**65%**	**390.7**	**100%**	**234.2**	**100%**	**67%**

In 3Q19, investments totaled R$186.0 million. Investments included: the opening of new stores; the remodeling of existing stores, and investments in technology and logistics, including the automation of the Louveira, Sao Paulo distribution center. During this period, the Company inaugurated 52 new stores and this quarter, the Company began investing in the opening of over 50 new stores scheduled to launch in 4Q19.

Capital Structure

CONSOLIDATED (R$ million)	LTM	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18
(-) Current Loans and Financing	(61.0)	(313.4)	(43.3)	(128.9)	(130.7)	(252.4)
(-) Non-current Loans and Financing	(507.3)	(832.7)	(1,120.4)	(321.6)	(325.2)	(325.4)
(=) Gross Debt	(568.3)	(1,146.1)	(1,163.7)	(450.5)	(456.0)	(577.8)
(+) Cash and Cash Equivalents	(197.2)	221.8	625.7	293.2	599.1	419.0
(+) Current Securities	(15.0)	238.7	441.1	217.3	409.1	253.8
(+) Non-current Securities	0.3	0.3	0.3	0.2	0.2	-
(+) Total Cash	(212.0)	460.8	1,067.1	510.7	1,008.4	672.8
(=) Adjusted Net Cash	(780.3)	(685.3)	(96.6)	60.2	552.4	95.0
(+) Credit Card - Third Party Card	21.8	1,142.0	817.2	1,146.8	1,492.3	1,120.2
(+) Credit Card - Luiza Card	58.7	157.4	68.2	175.9	106.7	98.8
(+) Total Credit Card	80.5	1,299.4	885.4	1,322.7	1,599.0	1,219.0
(=) Adjusted Net Cash	(699.8)	614.1	788.8	1,382.9	2,151.4	1,313.9
Short Term Debt / Total	-16%	27%	4%	29%	29%	44%
Long Term Debt / Total	16%	73%	96%	71%	71%	56%
Adjusted EBITDA (LTM)	91.7	1,292.9	1,273.2	1,287.4	1,268.7	1,201.2
Adjusted Net Cash / Adjusted EBITDA	-0.6 x	0.5 x	0.6 x	1.1 x	1.7 x	1.1 x
Cash, Securities and Credit Cards	(131.5)	1,760.2	1,952.5	1,833.4	2,607.4	1,891.7

In the last 12 months, the Company reduced its net cash position (adjusted) by R$699.8 million, from an adjusted net cash position of R$1.3 billion in Sep/18 to R$0.6 billion in Sep/19. This variation is entirely related to the payment for the acquisition of Netshoes completed in Jun/19 and the subsequent capital injection made to settle its debts.

The Company ended 3Q19 with a total cash position of R$1.8 billion, with cash and securities worth R$0.5 billion and R$1.3 billion worth of credit card receivables.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	3Q19	V.A.	3Q18	V.A.	% Chg	9M19	V.A.	9M18	V.A.	% Chg
Gross Revenue	5,999.4	123.3%	4,444.5	121.1%	35.0%	16,508.8	122.3%	13,298.0	121.1%	24.1%
Taxes and Deductions	(1,135.2)	-23.3%	(774.0)	-21.1%	46.7%	(3,007.5)	-22.3%	(2,318.1)	-21.1%	29.7%
Net Revenue	4,864.2	100.0%	3,670.5	100.0%	32.5%	13,501.3	100.0%	10,979.9	100.0%	23.0%
Total Costs	(3,439.3)	-70.7%	(2,580.6)	-70.3%	33.3%	(9,772.7)	-72.4%	(7,738.7)	-70.5%	26.3%
Gross Income	1,424.9	29.3%	1,089.9	29.7%	30.7%	3,728.6	27.6%	3,241.2	29.5%	15.0%
Selling Expenses	(890.0)	-18.3%	(669.2)	-18.2%	33.0%	(2,309.1)	-17.1%	(1,972.5)	-18.0%	17.1%
General and Administrative Expenses	(207.1)	-4.3%	(144.2)	-3.9%	43.6%	(498.2)	-3.7%	(414.7)	-3.8%	20.1%
Provisions for Loan Losses	(20.2)	-0.4%	(15.5)	-0.4%	30.6%	(45.8)	-0.3%	(43.1)	-0.4%	6.4%
Other Operating Revenues, Net	183.0	3.8%	7.8	0.2%	2242.5%	392.9	2.9%	37.7	0.3%	941.9%
Equity in Subsidiaries	10.6	0.2%	10.1	0.3%	4.9%	8.2	0.1%	43.1	0.4%	-81.0%
Total Operating Expenses	(923.7)	-19.0%	(811.0)	-22.1%	13.9%	(2,452.1)	-18.2%	(2,349.5)	-21.4%	4.4%
EBITDA	501.2	10.3%	278.9	7.6%	79.7%	1,276.5	9.5%	891.8	8.1%	43.1%
Depreciation and Amortization	(163.9)	-3.4%	(46.3)	-1.3%	253.8%	(364.7)	-2.7%	(122.7)	-1.1%	197.3%
EBIT	337.3	6.9%	232.5	6.3%	45.0%	911.8	6.8%	769.1	7.0%	18.6%
Financial Results	(39.5)	-0.8%	(71.7)	-2.0%	-44.9%	117.6	0.9%	(204.0)	-1.9%	-157.6%
Operating Income	297.8	6.1%	160.9	4.4%	85.1%	1,029.4	7.6%	565.1	5.1%	82.2%
Income Tax and Social Contribution	(62.7)	-1.3%	(41.3)	-1.1%	51.7%	(275.5)	-2.0%	(157.3)	-1.4%	75.1%
Net Income	235.1	4.8%	119.6	3.3%	96.7%	753.8	5.6%	407.8	3.7%	84.9%

Calculation of EBITDA

Net Income	235.1	4.8%	119.6	3.3%	96.7%	753.8	5.6%	407.8	3.7%	84.9%
(+/-) Income Tax and Social Contribution	62.7	1.3%	41.3	1.1%	51.7%	275.5	2.0%	157.3	1.4%	75.1%
(+/-) Financial Results	39.5	0.8%	71.7	2.0%	-44.9%	(117.6)	-0.9%	204.0	1.9%	-157.6%
(+) Depreciation and Amortization	163.9	3.4%	46.3	1.3%	253.8%	364.7	2.7%	122.7	1.1%	197.3%
EBITDA	501.2	10.3%	278.9	7.6%	79.7%	1,276.5	9.5%	891.8	8.1%	43.1%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	501.2	10.3%	278.9	7.6%	79.7%	1,276.5	9.5%	891.8	8.1%	43.1%
IFRS 16	(96.9)	-2.0%	-	0.0%	-	(254.2)	-1.9%	-	0.0%	-
Non-recurring Result	(103.7)	-2.1%	2.1	0.1%	0.0%	(112.9)	-0.8%	(6.6)	-0.1%	-
Adjusted EBITDA	300.7	6.2%	281.0	7.7%	7.0%	909.3	6.7%	885.1	8.1%	2.7%

Net Income	235.1	4.8%	119.6	3.3%	96.7%	753.8	5.6%	407.8	3.7%	84.9%
IFRS 16	9.0	0.0%	-	0.0%	-	28.7	0.2%	-	0.0%	-
Non-recurring Result	(107.8)	0.0%	1.4	0.0%	0.0%	(415.8)	-3.1%	(4.4)	0.0%	-
Adjusted Net Income	136.3	2.8%	121.0	3.3%	12.7%	366.8	2.7%	403.4	3.7%	-9.1%

* 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 – PRO FORMA
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	3Q19 Adjusted	V.A.	3Q18 Adjusted	V.A.	% Chg	9M19 Adjusted	V.A.	9M18 Adjusted	V.A.	% Chg
Gross Revenue	5,999.4	123.3%	4,444.5	121.1%	35.0%	16,508.8	122.3%	13,298.0	121.1%	24.1%
Taxes and Deductions	(1,135.2)	-23.3%	(774.0)	-21.1%	46.7%	(3,007.5)	-22.3%	(2,318.1)	-21.1%	29.7%
Net Revenue	4,864.2	100.0%	3,670.5	100.0%	32.5%	13,501.3	100.0%	10,979.9	100.0%	23.0%
Total Costs	(3,375.3)	-69.4%	(2,580.6)	-70.3%	30.8%	(9,536.7)	-70.6%	(7,738.7)	-70.5%	23.2%
Gross Income	1,488.9	30.6%	1,089.9	29.7%	36.6%	3,964.6	29.4%	3,241.2	29.5%	22.3%
Selling Expenses	(957.5)	-19.7%	(669.2)	-18.2%	43.1%	(2,493.9)	-18.5%	(1,972.5)	-18.0%	26.4%
General and Administrative Expenses	(236.5)	-4.9%	(144.2)	-3.9%	64.0%	(567.7)	-4.2%	(414.7)	-3.8%	36.9%
Provisions for Loan Losses	(20.2)	-0.4%	(15.5)	-0.4%	30.6%	(45.8)	-0.3%	(43.1)	-0.4%	6.4%
Other Operating Revenues, Net	15.3	0.3%	9.9	0.3%	53.9%	44.0	0.3%	31.1	0.3%	41.6%
Equity in Subsidiaries	10.6	0.2%	10.1	0.3%	4.9%	8.2	0.1%	43.1	0.4%	-81.0%
Total Operating Expenses	(1,188.3)	-24.4%	(808.9)	-22.0%	46.9%	(3,055.3)	-22.6%	(2,356.1)	-21.5%	29.7%
EBITDA	300.7	6.2%	281.0	7.7%	7.0%	909.3	6.7%	885.1	8.1%	2.7%
Depreciation and Amortization	(58.7)	-1.2%	(46.3)	-1.3%	26.8%	(139.9)	-1.0%	(122.7)	-1.1%	14.0%
EBIT	241.9	5.0%	234.7	6.4%	3.1%	769.4	5.7%	762.4	6.9%	0.9%
Financial Results	(93.9)	-1.9%	(71.7)	-2.0%	31.0%	(270.1)	-2.0%	(204.0)	-1.9%	32.4%
Operating Income	148.0	3.0%	163.0	4.4%	-9.2%	499.3	3.7%	558.4	5.1%	-10.6%
Income Tax and Social Contribution	(11.7)	-0.2%	(42.0)	-1.1%	-72.2%	(132.5)	-1.0%	(155.1)	-1.4%	-14.6%
Net Income	136.3	2.8%	121.0	3.3%	12.7%	366.8	2.7%	403.4	3.7%	-9.1%

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18
CURRENT ASSETS					
Cash and Cash Equivalents	221.8	625.7	293.2	599.1	419.0
Securities	238.7	441.1	217.3	409.1	253.8
Accounts Receivable	1,875.0	1,460.8	1,761.3	2,051.6	1,657.2
Inventories	2,885.7	2,556.3	2,484.6	2,810.2	2,106.4
Related Parties	239.2	126.2	260.0	190.2	157.5
Taxes Recoverable	745.7	712.7	221.9	303.7	226.7
Other Assets	145.1	112.7	94.8	48.5	71.6
Total Current Assets	6,351.2	6,035.6	5,333.1	6,412.4	4,892.3
NON-CURRENT ASSETS					
Securities	0.3	0.3	0.2	0.2	-
Accounts Receivable	11.7	11.3	4.4	7.6	6.4
Recoverable Taxes	1,275.5	944.6	246.8	150.6	165.5
Deferred Income Tax and Social Contribution	14.2	27.0	168.9	181.0	176.5
Judicial Deposits	518.2	480.1	383.9	349.2	345.7
Other Assets	36.4	34.7	32.7	34.2	34.3
Investments in Subsidiaries	305.0	293.6	294.6	308.5	294.3
Right of use	2,168.2	1,804.9	1,882.0	-	-
Fixed Assets	1,016.1	941.2	789.4	754.3	663.3
Intangible Assets	1,556.0	1,509.5	605.1	598.8	556.4
Total Non-current Assets	6,901.6	6,047.0	4,408.1	2,384.4	2,242.4
TOTAL ASSETS	13,252.8	12,082.7	9,741.2	8,796.7	7,134.7

LIABILITIES (R$ million)	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18
CURRENT LIABILITIES					
Suppliers	3,802.8	3,395.9	2,973.6	4,105.2	2,653.1
Loans and Financing	313.4	43.3	128.9	130.7	252.4
Payroll, Vacation and Related Charges	349.8	302.3	270.0	259.0	268.7
Taxes Payable	208.8	174.2	203.3	141.0	84.9
Related Parties	125.6	113.1	106.0	125.4	90.3
Lease	213.1	212.6	224.6	-	-
Deferred Revenue	43.0	43.0	39.2	39.2	39.4
Dividends Payable	112.0	-	166.4	182.0	-
Other Accounts Payable	688.2	688.4	446.6	406.1	315.2
Total Current Liabilities	5,856.8	4,972.6	4,558.6	5,388.6	3,704.1
NON-CURRENT LIABILITIES					
Loans and Financing	832.7	1,120.4	321.6	325.2	325.4
Lease	1,991.2	1,621.3	1,667.2	-	-
Deferred Income Tax and Social Contribution	65.3	58.1	-	-	-
Provision for Tax, Civil and Labor Risks	941.0	813.0	380.9	387.4	351.7
Deferred Revenue	370.5	384.3	378.1	391.0	439.5
Other Accounts Payable	1.8	1.9	1.8	1.7	1.7
Total Non-current Liabilities	4,202.4	3,999.1	2,749.6	1,105.3	1,118.3
TOTAL LIABILITIES	10,059.2	8,971.7	7,308.2	6,493.9	4,822.4
SHAREHOLDERS' EQUITY					
Capital Stock	1,719.9	1,719.9	1,719.9	1,719.9	1,719.9
Capital Reserve	296.3	268.1	54.9	52.2	47.3
Treasury Shares	(80.4)	(9.5)	(84.2)	(87.0)	(67.8)
Legal Reserve	65.6	65.6	65.6	65.6	39.9
Profit Retention Reserve	434.9	546.9	546.9	546.9	161.9
Other Comprehensive Income	3.4	1.2	(2.1)	5.3	3.3
Retained Earnings	753.8	518.7	132.1	-	407.8
Total Shareholders' Equity	3,193.6	3,110.9	2,433.0	2,302.9	2,312.3
TOTAL	13,252.8	12,082.7	9,741.2	8,796.7	7,134.7

ANNEX IV
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED CASH FLOW STATEMENTS (R$ million)	3Q19	3Q18	9M19	9M18	LTM	LTM
Net Income	**235.1**	**119.6**	**753.8**	**407.8**	**943.5**	**573.4**
Effect of Income Tax and Social Contribution Net of Payment	64.0	(2.0)	223.4	77.2	235.1	94.8
Depreciation and Amortization	163.9	46.3	364.7	122.7	405.7	159.8
Interest Accrued on Loans	25.6	10.8	116.5	40.1	126.1	71.7
Equity Income	(10.6)	(10.1)	(8.2)	(43.1)	(22.9)	(67.6)
Dividends Received	0.0	0.0	21.2	15.7	36.9	33.4
Provision for Losses on Inventories and Receivables	51.2	56.0	296.5	114.6	312.5	115.5
Provision for Tax, Civil and Labor Contingencies	135.6	7.6	394.9	60.5	429.5	77.7
Gain on Sale of Fixed Assets	(1.2)	0.1	(4.2)	0.4	(4.5)	0.6
Recognition of Deferred Income	(14.0)	(10.1)	(40.0)	(31.5)	(85.5)	(42.2)
Stock Option Expenses	28.9	5.6	55.8	12.1	61.4	13.4
Other	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted Net Income	**678.5**	**223.8**	**2,174.5**	**776.4**	**2,437.8**	**1,030.4**
Trade Accounts Receivable	(111.6)	(71.6)	(155.2)	(206.7)	(202.0)	(316.3)
Inventories	(358.8)	(30.2)	(110.6)	(189.7)	(803.9)	(597.3)
Taxes Recoverable	(363.9)	(0.0)	(1,486.4)	(25.5)	(1,546.8)	(35.0)
Other Receivables	(89.5)	(12.2)	(104.4)	(34.7)	(95.1)	(21.1)
Changes in Operating Assets	**(923.8)**	**(114.0)**	**(1,856.6)**	**(456.7)**	**(2,647.8)**	**(969.7)**
Trade Accounts Payable	406.9	(96.4)	(722.2)	(266.5)	729.5	532.9
Other Payables	44.7	79.5	160.7	44.7	262.7	163.2
Change in Operating Liabilities	**451.6**	**(16.8)**	**(561.5)**	**(221.8)**	**992.2**	**696.1**
Cash Flow from Operating Activities	**206.3**	**92.9**	**(243.6)**	**97.9**	**782.2**	**756.8**
Additions of Fixed and Intangible Assets	(186.0)	(112.8)	(390.7)	(234.2)	(520.9)	(279.5)
Cash on Sale of Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Exclusive Dealing and Exploration Right Contract	0.0	0.0	0.0	0.0	0.0	0.0
Renegotiation Payment of Exclusive Contract	0.0	0.0	0.0	0.0	0.0	0.0
Investment in Subsidiary	(0.3)	0.0	(401.0)	(3.2)	(397.5)	(3.2)
Capital Increase in Affiliated Company	0.0	0.0	0.0	0.0	(30.0)	0.0
Cash Flow from Investing Activities	**(186.2)**	**(112.8)**	**(791.7)**	**(237.4)**	**(948.4)**	**(282.7)**
Loans and Financing	2.7	0.0	802.7	0.0	802.7	0.0
Repayment of Loans and Financing	(24.1)	(2.8)	(309.7)	(284.9)	(437.4)	(1,011.9)
Changes in Other Financial Assets (Hedge)	0.0	0.0	0.0	(1.4)	0.0	(0.3)
Payment of Interest on Loans and Financing	(15.9)	(12.1)	(47.7)	(47.5)	(53.4)	(88.6)
Payment of Lease	(97.6)	0.0	(187.8)	0.0	(187.8)	0.0
Payment of Interest on Lease	(6.0)	0.0	(73.1)	0.0	(73.1)	0.0
Payment of Dividends	0.0	0.0	(182.0)	(114.3)	(182.0)	(125.0)
Treasury Shares	(71.6)	0.0	185.6	(55.6)	165.6	(48.2)
Proceeds from the Secondary Equity Offering	0.0	0.0	0.0	0.0	0.0	1,144.0
Payment of expenses with the Secondary Equity Offering	0.0	0.0	0.0	0.0	0.0	(30.6)
Cash Flow from Financing Activities	**(212.3)**	**(14.9)**	**188.0**	**(503.7)**	**34.6**	**(160.6)**
Cash, Cash Equivalents and Securities at Beginning of Period	1,952.5	1,926.6	2,607.4	2,534.9	1,891.7	1,578.2
Cash, Cash Equivalents and Securities at end of Period	1,760.2	1,891.7	1,760.2	1,891.7	1,760.2	1,891.7
Change in Cash and Cash equivalents	**(192.3)**	**(34.8)**	**(847.2)**	**(643.1)**	**(131.5)**	**313.5**

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)	Sep-19	Jun-19	mar-19	Dec-18	Sep-18
Working Capital	459.3	39.4	559.4	328.3	767.8
(+) Accounts Receivable	11.7	11.3	4.4	7.6	6.4
(+) Income Tax and Social Contribution deferred	14.2	27.0	168.9	181.0	176.5
(+) Taxes Recoverable	1,275.5	944.6	246.8	150.6	165.5
(+) Judicial Deposits	518.2	480.1	383.9	349.2	345.7
(+) Other Assets	36.4	34.7	32.7	34.2	34.3
(+) Investment In Joint Subsidiaries	305.0	293.6	294.6	308.5	294.3
(+) Right of use	2,168.2	1,804.9	1,882.0		
(+) Fixed Assets	1,016.1	941.2	789.4	754.3	663.3
(+) Intangible Assets	1,556.0	1,509.5	605.1	598.8	556.4
(+) Non Current Assets	6,901.3	6,046.8	4,407.9	2,384.1	2,242.4
(-) Provision for Contingencies	941.0	813.0	380.9	387.4	351.7
(-) Lease	1,991.2	1,621.3	1,667.2		
(-) Deferred Revenue	370.5	384.3	378.1	391.0	439.5
(-) Income Tax and Social Contribution deferred	65.3	58.1	-	-	-
(-) Other Accounts Payable	1.8	1.9	1.8	1.7	1.7
(-) Noncurrent operating liabilities	3,369.7	2,878.7	2,428.0	780.0	792.9
(=) Fixed Capital	3,531.6	3,168.1	1,979.9	1,604.1	1,449.5
(=) Total Invested Capital	3,990.9	3,207.5	2,539.3	1,932.4	2,217.4
(+) Net Debt	685.3	96.6	(60.2)	(552.4)	(95.0)
(+) Dividends Payable	112.0	-	166.4	182.0	-
(+) Shareholders Equity	3,193.6	3,110.9	2,433.0	2,302.9	2,312.3
(=) Total Financing	3,990.9	3,207.5	2,539.3	1,932.4	2,217.4

FINANCIAL EXPENSES RECONCILIATION (R$MM)	3Q19	2Q19	1Q19	4Q18	3Q18
Financial Income	96.2	479.7	42.2	35.8	34.9
Financial Expenses	(135.7)	(223.7)	(141.1)	(126.5)	(106.5)
Net Financial Expenses	(39.5)	256.0	(98.9)	(90.7)	(71.7)
Interest on prepayment of receivables: Luiza Card and third-party card	93.6	122.1	93.6	91.5	75.1
Adjusted Financial Expenses	54.1	378.1	(5.3)	0.8	3.5
Taxes on Adjusted Financial Expenses	(18.4)	(128.5)	1.8	(0.3)	(1.2)
Net Adjusted Financial Expenses	35.7	249.5	(3.5)	0.6	2.3

NOPLAT AND ROIC/ROE RECONCILIATION(R$MM)	3Q19	2Q19	1Q19	4Q18	3Q18
EBITDA	501.2	379.9	395.4	353.5	278.9
Interest on prepayment of receivables: Luiza Card and third-party card	(93.6)	(122.1)	(93.6)	(91.5)	(75.1)
Depreciation	(163.9)	(96.8)	(103.9)	(41.0)	(46.3)
Current and deferred taxes	(62.7)	(152.4)	(60.4)	(32.1)	(41.3)
Taxes on Adjusted Financial Expenses	18.4	128.5	(1.8)	0.3	1.2
Net Operating Income (NOPLAT)	199.4	137.1	135.6	189.1	117.3
Invested Capital	3,990.9	3,207.5	2,539.3	1,932.4	2,217.4
ROIC Annualized	20%	17%	21%	39%	21%
Net Income	235.1	386.6	132.1	189.6	119.6
Shareholders Equity	3,193.6	3,110.9	2,433.0	2,302.9	2,312.3
ROE Annualized	29%	50%	22%	33%	21%

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

Breakdown of Total Sales (R$ million)	3Q19	V.A.	3Q18	V.A.	Growth Total
Virtual Stores	270.0	4.0%	215.0	4.6%	25.6%
Conventional Stores	3,251.9	47.7%	2,744.3	59.1%	18.5%
Subtotal - Physical Stores	**3,521.9**	**51.7%**	**2,959.2**	**63.8%**	**19.0%**
Traditional E-commerce (1P)	2,442.0	35.8%	1,468.1	31.6%	66.3%
Marketplace (3P)	853.7	12.5%	213.3	4.6%	300.3%
Subtotal - E-commerce	**3,295.7**	**48.3%**	**1,681.4**	**36.2%**	**96.0%**
E-commerce Magalu	2,590.9	38.0%	1,681.4	36.2%	54.1%
E-commerce Netshoes	704.8	10.3%	-	0.0%	-
Total Sales	**6,817.6**	**100.0%**	**4,640.6**	**100.0%**	**46.9%**

Breakdown of Total Sales (R$ million)	9M19	V.A.	9M18	V.A.	Growth Total
Virtual Stores	769.1	4.2%	631.8	4.6%	21.7%
Conventional Stores	9,465.8	51.8%	8,308.4	60.5%	13.9%
Subtotal - Physical Stores	**10,234.9**	**56.0%**	**8,940.2**	**65.1%**	**14.5%**
Traditional E-commerce (1P)	6,178.8	33.8%	4,296.2	31.3%	43.8%
Marketplace (3P)	1,869.0	10.2%	489.1	3.6%	282.1%
Subtotal - E-commerce	**8,047.8**	**44.0%**	**4,785.4**	**34.9%**	**68.2%**
E-commerce Magalu	7,246.9	39.6%	4,785.4	34.9%	51.4%
E-commerce Netshoes	800.9	4.4%	-	0.0%	-
Total Sales	**18,282.6**	**100.0%**	**13,725.5**	**100.0%**	**33.2%**

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

Number of stores per channel – End of the period	Sep-19	Part(%)	Sep-18	Part(%)	Growth Total
Virtual Stores	183	17.6%	152	16.6%	31
Conventional Stores	855	82.3%	760	83.2%	95
Subtotal - Physical Stores	1,038	99.9%	912	99.9%	126
Ecommerce	1	0.1%	1	0.1%	-
Total	**1,039**	100.0%	**913**	100.0%	126
Total Sales Area (m²)	612,353	100%	551,432	100%	11.0%

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 3Q19, Luizacred's total card base grew 251,000 units, reaching 4.9 million cards issued (+ 23.1% *versus* Sep/18). In-store sales to Luiza Card customers, distinguished by their loyalty and higher purchase frequency, increased by 26.4% in 3Q19.

Luizacred's credit portfolio, including credit card, DCC and individual loans, reached R$10.3 billion at the end of 3Q19, an increase of 42.3% over 3Q18. Luiza Card's portfolio grew 44.7% to R$10.1 billion, while the DCC portfolio fell to R$168 million, in line with Luizacred's strategy to focus on the Luiza Card.

LUIZACRED – Key Indicators (R$ million)	3Q19	3Q18	% Chg	9M19	9M18	% Chg
Total Card Base (thousand)	4,889	3,971	23.1%	4,889	3,971	23.1%
Luiza Card Sales – In-store	1,633	1,292	26.4%	4,626	3,585	29.0%
Luiza Card Sales – Outside Magazine Luiza	5,317	3,852	38.0%	14,362	10,501	36.8%
Subtotal - Luiza Card	**6,950**	**5,144**	**35.1%**	**18,988**	**14,086**	**34.8%**
DCC Sales	32	83	-62.0%	108	201	-46.4%
Consumer Loans Sales	7	12	-40.0%	31	43	-28.6%
Luizacred Sales - Total	**6,989**	**5,239**	**33.4%**	**19,127**	**14,330**	**33.5%**
Card Portfolio	10,147	7,013	44.7%	10,147	7,013	44.7%
DCC Portfolio	168	220	-23.7%	168	220	-23.7%
Consumer Loans Portfolio	22	32	-32.9%	22	32	-32.9%
Portfolio	**10,336**	**7,265**	**42.3%**	**10,336**	**7,265**	**42.3%**

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)	3Q19	V.A.	3Q18	V.A.	% Chg	9M19	V.A.	9M18	V.A.	% Chg
Financial Intermediation Revenue	438.3	100.0%	319.2	100.0%	37.3%	1,267.6	100.0%	894.1	100.0%	41.8%
Cards	409.2	93.4%	277.4	86.9%	47.5%	1,165.1	91.9%	778.7	87.1%	49.6%
DCC	21.1	4.8%	32.0	10.0%	-34.0%	77.9	6.1%	85.4	9.6%	-8.8%
Consumer Loans	8.0	1.8%	9.9	3.1%	-19.0%	24.5	1.9%	30.0	3.4%	-18.1%
Financial Intermediation Expenses	(382.0)	-87.2%	(236.3)	-74.0%	61.7%	(1,163.7)	-91.8%	(620.4)	-69.4%	87.6%
Market Funding Operations	(70.9)	-16.2%	(49.3)	-15.4%	43.9%	(194.9)	-15.4%	(131.2)	-14.7%	48.6%
Provision for Loan Losses	(311.1)	-71.0%	(187.0)	-58.6%	66.4%	(968.8)	-76.4%	(489.2)	-54.7%	98.0%
Gross Financial Intermediation Income	56.3	12.8%	83.0	26.0%	-32.2%	103.9	8.2%	273.7	30.6%	-62.0%
Other Operating Revenues (Expenses)	(32.0)	-7.3%	(39.5)	-12.4%	-19.0%	(93.7)	-7.4%	(128.5)	-14.4%	-27.1%
Service Revenue	214.6	49.0%	164.1	51.4%	30.8%	611.9	48.3%	454.7	50.9%	34.6%
Personnel Expenses	(10.5)	-2.4%	(7.6)	-2.4%	38.3%	(25.2)	-2.0%	(17.3)	-1.9%	45.2%
Other Administrative Expenses	(185.3)	-42.3%	(156.7)	-49.1%	18.2%	(528.5)	-41.7%	(457.6)	-51.2%	15.5%
Depreciation and Amortization	(3.0)	-0.7%	(3.0)	-0.9%	1.3%	(8.9)	-0.7%	(8.9)	-1.0%	0.3%
Tax Expenses	(34.2)	-7.8%	(26.2)	-8.2%	30.2%	(98.5)	-7.8%	(74.1)	-8.3%	32.9%
Other Operating Revenues (Expenses)	(13.7)	-3.1%	(10.1)	-3.2%	35%	(44.5)	-3.5%	(25.4)	-2.8%	75.5%
Income Before Tax	24.3	5.5%	43.4	13.6%	-44.2%	10.2	0.8%	145.1	16.2%	-93.0%
Income Tax and Social Contribution	(9.9)	-2.3%	(25.7)	-8.0%	-61.6%	(4.6)	-0.4%	(73.2)	-8.2%	-93.7%
Net Income	14.4	3.3%	17.8	5.6%	-19.0%	5.5	0.4%	71.9	8.0%	-92.3%

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

R$ milhões	3T19	AV	3T18	AV	Var(%)	9M19	AV	9M18	AV	Var(%)
Receitas da Intermediação Financeira	438.3	100.0%	319.2	100.0%	37.3%	1,267.6	100.0%	894.1	100.0%	41.8%
Cartão	409.2	93.4%	277.4	86.9%	47.5%	1,165.1	91.9%	778.7	87.1%	49.6%
CDC	21.1	4.8%	32.0	10.0%	-34.0%	77.9	6.1%	85.4	9.6%	-8.8%
EP	8.0	1.8%	9.9	3.1%	-19.0%	24.5	1.9%	30.0	3.4%	-18.1%
Despesas da Intermediação Financeira	(392.1)	-89.5%	(212.9)	-66.7%	84.2%	(1,041.4)	-82.2%	(542.4)	-60.7%	92.0%
Operações de Captação no Mercado	(70.9)	-16.2%	(49.3)	-15.4%	43.9%	(194.9)	-15.4%	(131.2)	-14.7%	48.6%
Provisão para Créditos de Liquidação Duvidosa	(321.2)	-73.3%	(163.7)	-51.3%	96.3%	(846.5)	-66.8%	(411.2)	-46.0%	105.9%
Resultado Bruto da Intermediação Financeira	46.2	10.5%	106.3	33.3%	-56.6%	226.2	17.8%	351.7	39.3%	-35.7%
Outras Receitas (Despesas) Operacionais	(32.0)	-7.3%	(39.5)	-12.4%	-19.0%	(93.7)	-7.4%	(128.5)	-14.4%	-27.1%
Receitas de Prestação de Serviços	214.6	49.0%	164.1	51.4%	30.8%	611.9	48.3%	454.7	50.9%	34.6%
Despesas de Pessoal	(10.5)	-2.4%	(7.6)	-2.4%	38.3%	(25.2)	-2.0%	(17.3)	-1.9%	45.2%
Outras Despesas Administrativas	(185.3)	-42.3%	(156.7)	-49.1%	18.2%	(528.5)	-41.7%	(457.6)	-51.2%	15.5%
Depreciação e Amortização	(3.0)	-0.7%	(3.0)	-0.9%	1.3%	(8.9)	-0.7%	(8.9)	-1.0%	0.3%
Despesas Tributárias	(34.2)	-7.8%	(26.2)	-8.2%	30.2%	(98.5)	-7.8%	(74.1)	-8.3%	32.9%
Outras Receitas (Despesas) Operacionais	(13.7)	-3.1%	(10.1)	-3.2%	35%	(44.5)	-3.5%	(25.4)	-2.8%	75.5%
Resultado Antes da Tributação sobre o Lucro	14.1	3.2%	66.8	20.9%	-78.8%	132.5	10.5%	223.1	25.0%	-40.6%
Imposto de Renda e Contribuição Social	(5.8)	-1.3%	(36.2)	-11.3%	-83.9%	(53.6)	-4.2%	(108.3)	-12.1%	-50.6%
Lucro Líquido	8.3	1.9%	30.6	9.6%	-72.8%	78.9	6.2%	114.9	12.8%	-31.3%

Comparative: IFRS x Brazilian Central Bank

R$ milhões	3T19	AV	3T18	AV	Var(%)	9M19	AV	9M18	AV	Var(%)
Provisão para Créditos de Liquidação Duvidosa	(10.1)	-2.3%	23.3	7.3%	-	122.3	9.6%	78.0	8.7%	-
Imposto de Renda e Contribuição Social	4.0	0.9%	(10.5)	-3.3%	-	(48.9)	-3.9%	(35.1)	-3.9%	-
Lucro Líquido	(6.1)	-1.4%	12.8	4.0%	-	73.4	5.8%	42.9	4.8%	-

Revenue from Financial Intermediation

Revenues from financial intermediation grew 37.3% in 3Q19 to R$438.3 million mainly due to the increase in sales on the Luiza Card, inside and outside of Magalu stores.

Provision for Loan Losses

Loan loss indicators continue at a low level. The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for only 2.7% of the total portfolio in Sep/19, improving 50 bps from Jun/19, maintaining the conservative credit policy.

The overdue portfolio over 90 days (NPL 90) reached 8.8% of the total portfolio in Sep/19. The variation in the portfolio overdue over 90 days (NPL 90) is entirely related to the growth strategy and the increase in Luiza Card's new customer base.

Provision for Loan Losses expenses accounted for 3.0% of the total portfolio in 3Q19, an increase from 2.6% in 3Q18, due to the adoption of IFRS 9; accelerated portfolio growth; an increase in the number of credit cards and the credit limit available to the best customers. Note that the portfolio's IFRS coverage ratio was 169% in Sep/19.

PORTFOLIO - OVERDUE	Sep-19		Jun-19		Mar-19		Dec-18		Sep-18	
000 to 014 days	9,151	88.5%	8,428	88.3%	7,836	88.8%	7,568	90.0%	6,525	89.8%
015 to 030 days	65	0.6%	70	0.7%	81	0.9%	63	0.8%	54	0.7%
031 to 060 days	88	0.9%	91	1.0%	102	1.2%	69	0.8%	63	0.9%
061 to 090 days	122	1.2%	141	1.5%	123	1.4%	98	1.2%	85	1.2%
091 to 120 days	133	1.3%	124	1.3%	95	1.1%	96	1.1%	92	1.3%
121 to 150 days	118	1.1%	140	1.5%	96	1.1%	82	1.0%	74	1.0%
151 to 180 days	122	1.2%	107	1.1%	88	1.0%	74	0.9%	68	0.9%
180 to 360 days	536	5.2%	440	4.6%	399	4.5%	356	4.2%	303	4.2%
Portfolio (R$ million)	10,336	100%	9,542	100%	8,820	100%	8,406	100%	7,265	100%
Receipt expectation of loan portfolio overdue above 360 days	126		120		114		111		109	
Total Portfolio in IFRS 9 (R$ million)	10,462		9,661		8,935		8,517		7,374	
Overdue 15-90 days	275	2.7%	302	3.2%	306	3.5%	231	2.7%	203	2.8%
Overdue Above 90 days	910	8.8%	811	8.5%	678	7.7%	608	7.2%	537	7.4%
Total Overdue	1,185	11.5%	1,113	11.7%	984	11.2%	839	10.0%	740	10.2%
Provisions for loan losses on Portfolio	1,260		1,097		985		924		782	
Provisions for loan losses on available limit	279		265		225		211		234	
Total Provisions for loan losses in IFRS 9	1,539		1,363		1,210		1,135		1,016	
Coverage of Portfolio (%)	138%		135%		145%		152%		146%	
Coverage of Total Portfolio (%)	169%		168%		179%		187%		189%	

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 12.8% in 3Q19 (-13.2 p.p. YoY), mainly due to the adoption of IFRS 9 on loan loss provision and the accelerated growth of the credit portfolio. In 9M19, gross margin from financial intermediation totaled 8.2% (-22.4 p.p. YoY).

Other Operating Revenues (Expenses)

Other operating expenses totaled R$32.0 million in 3Q19, an improvement of 19.0% YoY, mainly due to service revenue growth of 30.8%. In 9M19, other operating expenses totaled R$93.7 million (-27.1% YoY).

Luizacred's operating efficiency ratio went from 44% in 3Q18 to 42% in 3Q19 (-2 p.p.), one of the best levels in recent years.

Operating Income and Net Income

In 3Q19, Luizacred recorded operating income of R$24.3 million, equivalent to 5.5% of financial intermediation (-8.1p.p. YoY). In 3Q19, Luizacred’s net profit reached R$14.4 million (ROE of 10.0%).

In compliance with accounting practices established by the Brazilian Central Bank, considering the minimum provisions of Law 2682, Luizacred’s net income totaled R$8.3 million in 3Q19, with ROE of 3.8% and R$78.9 million in 9M19 (ROE of 12.1%).

Shareholders’ Equity

In compliance with the same practices, Luizacred posted shareholders’ equity of R$887.8 million in Sep/19. 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$582.1 million.

EARNINGS CONFERENCE CALL

Conference Call in Portuguese/English (with simultaneous translation)

October 30, 2019 (Wednesday)

11:30 am – Brasília time

10:30 am – USA time (EST)

Participants from Brazil:
Dial in #: +55 (11) 3193-1080
CODE: Magazine Luiza
Link to webcast:

Webcast Portuguese

Participants from the US or other countries:
Dial in #: +1 (646) 828 8246
CODE: Magazine Luiza
Link de webcast:

Webcast English

Replay (available for 7 days):
Dial in # from Brazil: +55 (11) 3193-1012
Identification Code: 8339893#

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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 1.030 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 1,000 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 48% 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.