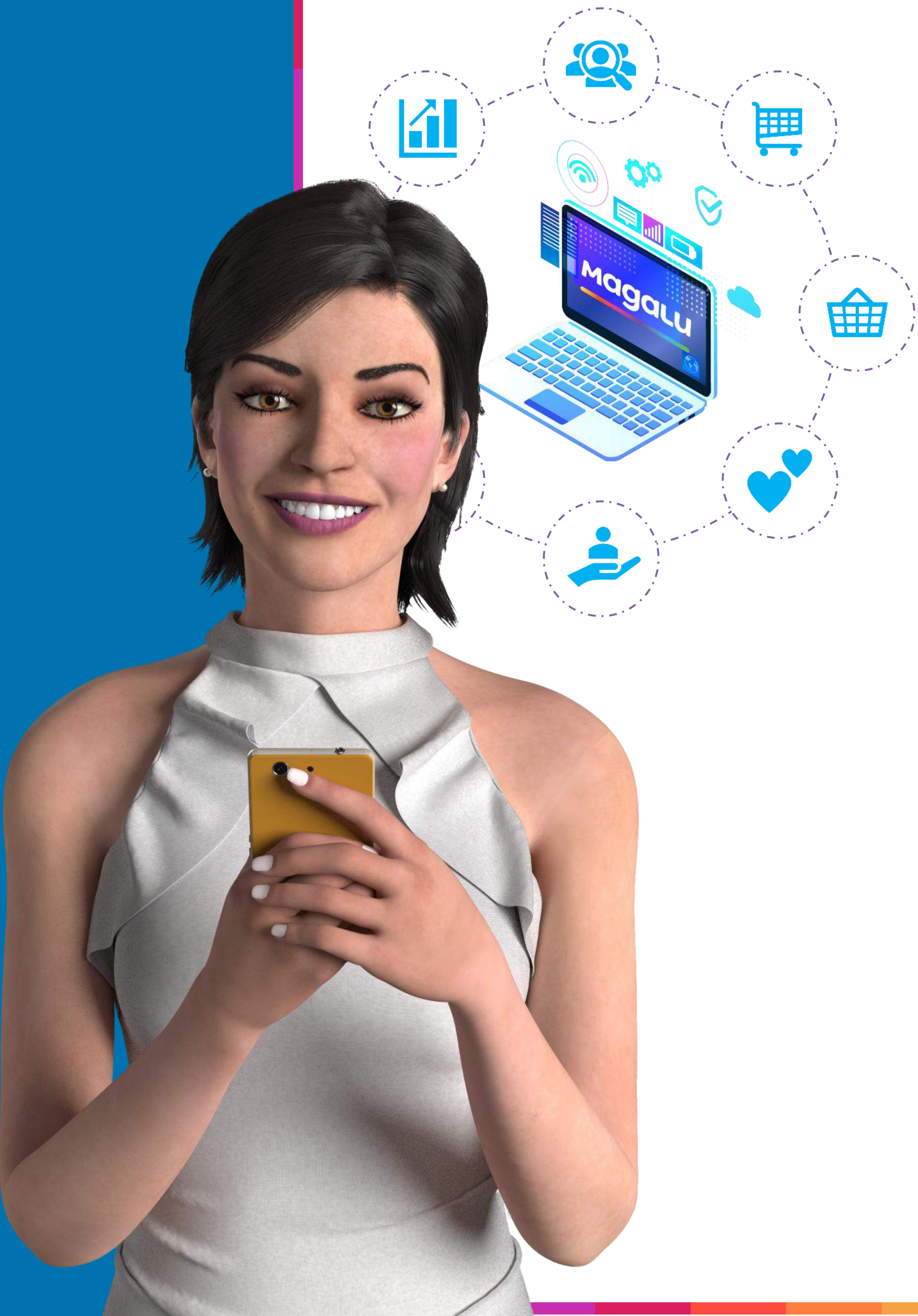
Magalu

Interim Financial Information - ITR – Quarterly information
September 30, 2020

(A translation of the original report in Portuguese containing financial statements prepared in accordance with the Accounting Practices adopted in Brazil)



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Independent auditors' report on quarterly information

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

Introduction
We have reviewed the interim, individual and consolidated financial information of Magazine Luiza S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2020, which comprise the balance sheet as of September 30, 2020 and related statements of income, of comprehensive income for the three- and nine-month periods then ended, of changes in shareholders' equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Company’s Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21(R1) and International Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of review
We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

Conclusion on the interim information

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Other matters - Statements of added value

The aforementioned individual and consolidated statements of added value for the nine-month period ended September 30, 2020, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and book records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any facts that may lead us to believe that these statements of added value have not been prepared, in all material respects, in accordance with the criteria set forth in this Standard and consistently with respect to the individual and consolidated interim financial information taken as a whole.

São Paulo, November 9, 2020

KPMG Auditores Independentes
CRC SP014428/O-6

Marcelle Mayume Komukai
Accountant CRC 1SP249703/O-5

Magazine Luiza S.A.

Balance sheets at September 30, 2020 and December 31, 2019

(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Assets					
Current assets					
Cash and cash equivalents	5	**941,034**	180,799	**1,190,439**	305,746
Securities	6	**1,721,590**	4,446,143	**1,725,599**	4,448,158
Accounts receivable	7	**2,856,097**	2,769,649	**4,033,864**	2,915,034
Inventories	8	**4,553,782**	3,509,334	**5,005,934**	3,801,763
Accounts receivable from related parties	9	**1,703,615**	373,995	**1,379,586**	370,036
Recoverable taxes	10	**806,077**	777,929	**932,026**	864,144
Other assets		**68,248**	99,166	**88,478**	136,280
Total current assets		**12,650,443**	12,157,015	**14,355,926**	12,841,161
Non-current assets					
Securities	6	**-**	-	**-**	214
Accounts receivable	7	**13,411**	14,314	**13,411**	16,842
Recoverable taxes	10	**716,859**	1,039,684	**765,540**	1,137,790
Deferred income tax and social contribution	11	**92,599**	-	**119,242**	12,712
Judicial deposits	22	**597,513**	428,042	**760,529**	570,142
Other assets		**3,885**	9,030	**13,474**	11,003
Investments in subsidiaries	12	**1,295,437**	935,573	**-**	-
Investments in jointly-owned subsidiaries	13	**382,941**	305,091	**382,941**	305,091
Right-of-use of leases	14	**2,323,386**	2,203,827	**2,381,175**	2,273,786
Property, plant and equipment	15	**1,069,183**	992,372	**1,152,748**	1,076,704
Intangible assets	16	**580,426**	526,869	**1,869,825**	1,545,628
Total non-current assets		**7,075,640**	6,454,802	**7,458,885**	6,949,912
Total assets		**19,726,083**	18,611,817	**21,814,811**	19,791,073

See the accompanying notes to the interim financial information.

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Balance sheets at September 30, 2020 and December 31, 2019

(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Liabilities					
Current liabilities					
Suppliers	17	**5,435,433**	5,413,546	**6,104,258**	5,934,877
Partners and other deposits	18	**-**	-	**627,260**	-
Loans and financing	19	**1,658,481**	8,192	**1,658,983**	9,967
Salaries, vacations and social security charges		**369,288**	309,007	**444,747**	354,717
Taxes payable		**231,136**	307,695	**299,583**	352,008
Accounts payable to related parties	9	**179,584**	152,094	**109,784**	152,126
Leases	14	**330,180**	311,960	**347,968**	330,571
Deferred revenue	20	**39,157**	39,157	**42,986**	43,036
Dividends payable	23	**149**	123,566	**149**	123,566
Other accounts payable	21	**832,704**	537,825	**1,084,110**	701,719
Total current liabilities		**9,076,112**	7,203,042	**10,719,828**	8,002,587
Non-current liabilities					
Loans and financing	19	**15,377**	838,862	**16,612**	838,862
Leases	14	**2,035,158**	1,893,790	**2,082,412**	1,949,751
Deferred income tax and social contribution	11	**-**	3,725	**28,142**	39,043
Provision for tax, civil and labor risks	22	**922,800**	767,938	**1,273,968**	1,037,119
Deferred revenue	20	**300,031**	339,523	**315,242**	356,801
Other accounts payable	21	**-**	-	**2,002**	1,973
Total non-current liabilities		**3,273,366**	3,843,838	**3,718,378**	4,223,549
Total liabilities		**12,349,478**	11,046,880	**14,438,206**	12,226,136
Shareholders' equity	23				
Capital		**5,952,282**	5,952,282	**5,952,282**	5,952,282
Capital reserve		**348,152**	323,263	**348,152**	323,263
Treasury shares		**(299,858)**	(124,533)	**(299,858)**	(124,533)
Legal reserve		**109,001**	109,001	**109,001**	109,001
Profit reserve		**1,102,682**	1,301,756	**1,102,682**	1,301,756
Equity valuation adjustment		**(7,877)**	3,168	**(7,877)**	3,168
Net income (loss) for the period		**172,223**	-	**172,223**	-
Total shareholders' equity		**7,376,605**	7,564,937	**7,376,605**	7,564,937
Total liabilities and shareholders' equity		**19,726,083**	18,611,817	**21,814,811**	19,791,073

See the accompanying notes to the interim financial information.

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Statements of profit or loss
Nine-month period and quarters ended September 30, 2020 and 2019
(Amounts expressed in thousands of reais – R$)

	Note	Nine-month period ended				Quarter			
		Parent company		Consolidated		Parent company		Consolidated	
		09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net revenue from sales	24	**17,111,206**	12,805,511	**19,111,320**	13,501,284	**7,491,409**	4,356,834	**8,308,326**	4,864,198
Cost of goods resold and services rendered	25	**(12,829,075)**	(9,348,359)	**(14,076,909)**	(9,772,712)	**(5,614,213)**	(3,132,246)	**(6,129,592)**	(3,439,279)
Gross income		**4,282,131**	3,457,152	**5,034,411**	3,728,572	**1,877,196**	1,224,588	**2,178,734**	1,424,919
Operating revenues (expenses)									
From sales	26	**(2,996,347)**	(2,147,020)	**(3,487,191)**	(2,309,125)	**(1,258,968)**	(762,498)	**(1,432,585)**	(889,953)
General and administrative expenses	26	**(488,865)**	(395,740)	**(617,311)**	(498,226)	**(197,579)**	(141,065)	**(240,690)**	(207,117)
Expected credit loss		**(74,611)**	(42,964)	**(84,457)**	(45,836)	**(20,955)**	(17,467)	**(25,381)**	(20,236)
Depreciation and amortization	14|15|16	**(412,779)**	(338,515)	**(516,286)**	(364,687)	**(132,963)**	(142,374)	**(169,190)**	(163,905)
Equity in net income of subsidiaries	12|13	**29,247**	82,114	**95,798**	8,198	**61,483**	(12,545)	**65,900**	10,608
Other operating income, net	26|27	**85,292**	323,150	**81,184**	392,903	**3,518**	181,829	**91**	182,968
		(3,858,063)	(2,518,975)	**(4,528,263)**	(2,816,773)	**(1,545,464)**	(894,120)	**(1,801,855)**	(1,087,635)
Operating income (loss) before financial income		**424,068**	938,177	**506,148**	911,799	**331,732**	330,468	**376,879**	337,284
Financial revenues		**164,145**	569,152	**144,608**	613,880	**54,704**	93,201	**56,105**	96,193
Financial expenses		**(388,578)**	(476,717)	**(436,278)**	(496,313)	**(127,657)**	(125,645)	**(158,807)**	(135,682)
Financial income (loss)	28	**(224,433)**	92,435	**(291,670)**	117,567	**(72,953)**	(32,444)	**(102,702)**	(39,489)
Operating income before income tax and social contribution		**199,635**	1,030,612	**214,478**	1,029,366	**258,779**	298,024	**274,177**	297,795
Deferred income tax and social contribution	11	**(27,412)**	(276,782)	**(42,255)**	(275,536)	**(52,822)**	(62,924)	**(68,220)**	(62,695)
Net income for the period		**172,223**	753,830	**172,223**	753,830	**205,957**	235,100	**205,957**	235,100
Income attributable to:									
Controlling shareholders		**172,223**	753,830	**172,223**	753,830	**205,957**	235,100	**205,957**	235,100
Earnings per share									
Basic (R$ per share)	23	**0.027**	0.124	**0.027**	0.124	**0.032**	0.039	**0.032**	0.039
Diluted (R$ per share)	23	**0.026**	0.122	**0.026**	0.122	**0.031**	0.038	**0.031**	0.038

See the accompanying notes to the interim financial information.

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Statements of comprehensive income
Nine-month period and quarters ended September 30, 2020 and 2019

(Amounts expressed in thousands of reais – R$)

	Nine-month period ended		Quarter	
	Parent company and Consolidated		Parent company and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net revenue for the period	**172,223**	753,830	**205,957**	235,100
Items that can subsequently be reclassified to income (loss):				
Investment assessed under the equity method - interest in Other Comprehensive Income - OCI	**8,854**	6,381	**(1,914)**	3,506
Tax effects	**(2,993)**	(2,422)	**812**	(1,272)
Total	**5,861**	3,959	**(1,102)**	2,234
Financial assets measured at fair value - FVOCI	**(25,612)**	(8,858)	**10,556**	(2)
Tax effects	**8,706**	3,012	**(3,590)**	1
Total	**(16,906)**	(5,846)	**6,966**	(1)
Total items that can subsequently be reclassified to profit or loss	**(11,045)**	(1,887)	**5,864**	2,233
Total other comprehensive income for the period, net of taxes	**161,178**	751,943	**211,821**	237,333
Attributable to:				
Controlling shareholders	**161,178**	751,943	**211,821**	237,333

See the accompanying notes to the interim financial information.

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Statements of changes in shareholders' equity
Nine-month period ended September 30, 2020 and 2019

(Amounts expressed in thousands of reais – R$)

	Notes	Capital	Capital reserve	Treasury shares	Legal reserve	Profit reserve			Net income for the period	Equity valuation adjustment	Total
						Working capital reinforcement reserve	Additional dividends proposed	Tax incentive reserve			
Balances at December 31, 2018		1,719,886	52,175	(87,015)	65,644	395,561	-	151,290	-	5,331	2,302,872
Stock option plan		-	65,202	-	-	-	-	-	-	-	65,202
Treasury shares acquired		-	-	(98,611)	-	-	-	-	-	-	(98,611)
Treasury shares sold		-	178,962	105,255	-	-	-	-	-	-	284,217
Interest on own capital		-	-	-	-	(112,000)	-	-	-	-	(112,000)
Net revenue for the period		-	-	-	-	-	-	-	753,830	-	753,830
		-	244,164	6,644	-	(112,000)	-	-	753,830	-	892,638
Other comprehensive income:											
Equity valuation adjustment		-	-	-	-	-	-	-	-	(1,887)	(1,887)
Balances at September 30, 2019		1,719,886	296,339	(80,371)	65,644	283,561	-	151,290	753,830	3,444	3,193,623
Balances at December 31, 2019		**5,952,282**	**323,263**	**(124,533)**	**109,001**	**758,421**	**337,348**	**205,987**	**-**	**3,168**	**7,564,937**
Stock option plan	23	**-**	**56,577**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**56,577**
Treasury shares acquired	23	**-**	**-**	**(268,974)**	**-**	**-**	**-**	**-**	**-**	**-**	**(268,974)**
Treasury shares sold	23	**-**	**(111,531)**	**93,649**	**-**	**-**	**-**	**-**	**-**	**-**	**(17,882)**
Acquisition consideration	23 | 12	**-**	**79,843**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**79,843**
Interest on own capital	23	**-**	**-**	**-**	**-**	**-**	**(170,000)**	**-**	**-**	**-**	**(170,000)**
Additional dividends proposed	23	**-**	**-**	**-**	**-**	**-**	**(29,074)**	**-**	**-**	**-**	**(29,074)**
Profit reserve	23	**-**	**-**	**-**	**-**	**138,274**	**(138,274)**	**-**	**-**	**-**	**-**
Net revenue for the period	23	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**172,223**	**-**	**172,223**
		-	**24,889**	**(175,325)**	**-**	**138,274**	**(337,348)**	**-**	**172,223**	**-**	**(177,287)**
Other comprehensive income:											
Equity valuation adjustment		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,045)**	**(11,045)**
Balances at September 30, 2020		**5,952,282**	**348,152**	**(299,858)**	**109,001**	**896,695**	**-**	**205,987**	**172,223**	**(7,877)**	**7,376,605**

The accompanying notes are an integral part of the interim financial information.

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Statements of cash flows
Nine-month period ended September 30, 2020 and 2019
(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		09/30/2020	09/30/2019	09/30/2020	09/30/2019
Cash flow from operating activities					
Net revenue for the period		**172,223**	753,830	**172,223**	753,830
Adjustments to reconcile net income for the period to the cash generated by operating activities:					
Income tax and social contribution recognized under profit or loss	11	**27,412**	276,782	**42,255**	275,536
Depreciation and amortization	14|15|16	**412,779**	338,515	**516,286**	364,687
Accrued interest over loans, financing and leasing	14|19	**165,402**	105,690	**170,723**	116,497
Gain (loss) on marketable securities		**(43,503)**	(8,630)	**(43,510)**	(8,630)
Equity in net income of subsidiaries	12|13	**(29,247)**	(82,114)	**(95,798)**	(8,198)
Changes in provision for loss in assets		**13,889**	296,211	**8,521**	296,514
Provision for tax, civil and labor risks	22	**162,888**	389,087	**181,717**	394,897
Loss on sale of property, plant and equipment	27	**2,051**	(4,150)	**1,897**	(4,150)
Appropriation of deferred income	27	**(40,527)**	(38,593)	**(42,644)**	(39,542)
Stock option plan expenses		**71,020**	51,460	**71,020**	55,804
Adjusted net income for the period		**914,387**	2,078,088	**982,690**	2,197,245
(Increase) decrease in operating assets:					
Accounts receivable		**(203,895)**	125,905	**(1,201,818)**	195,140
Securities		**2,768,056**	181,024	**2,766,283**	179,024
Inventories		**(965,597)**	(16,403)	**(1,115,087)**	(110,621)
Accounts receivable from related parties		**(1,339,190)**	(53,875)	**(1,019,120)**	(56,087)
Recoverable taxes		**271,599**	(1,361,391)	**281,653**	(1,486,409)
Other assets		**(133,126)**	(85,912)	**(141,334)**	(99,061)
Changes in operating assets		**397,847**	(1,210,652)	**(429,423)**	(1,378,014)
Increase (decrease) in operating liabilities:					
Suppliers		**21,887**	(737,286)	**163,994**	(722,155)
Partners and other deposits		**-**	-	**627,260**	-
Salaries, vacations and social security charges		**60,281**	52,943	**86,127**	58,471
Taxes payable		**(171,677)**	(8,935)	**(172,409)**	(780)
Accounts payable to related parties		**27,490**	219	**(42,342)**	224
Other accounts payable		**272,580**	146,163	**253,510**	102,276
Changes in operating liabilities		**210,561**	(546,896)	**916,140**	(561,964)
Income tax and social contribution		**(41,169)**	(52,129)	**(66,720)**	(52,129)
Dividends received		**27,362**	21,238	**27,362**	21,238
Cash flow generated in operating activities		**1,508,988**	289,649	**1,430,049**	226,376
Cash flow from investment activities					
Acquisition of property, plant and equipment	15	**(179,229)**	(252,574)	**(196,169)**	(254,072)
Acquisition of intangible assets	16	**(110,522)**	(126,501)	**(132,901)**	(136,636)
Capital increase in subsidiary	12	**(342,769)**	(272,700)	**-**	-
Payment for acquisition of subsidiary, net of acquired cash		**-**	(469,762)	**(71,401)**	(400,978)
Cash flow invested in investment investing activities		**(632,520)**	(1,121,537)	**(400,471)**	(791,686)
Cash flow from financing activities					
Loans and financing	19	**800,000**	802,741	**800,000**	802,741
Payment of loans and financing	19	**(9,494)**	(106,636)	**(20,630)**	(309,676)
Payment of interest on loans and financing	19	**(638)**	(41,238)	**(727)**	(47,705)
Lease payment	14	**(202,493)**	(183,857)	**(214,600)**	(187,820)
Payment of interest on lease operations	14	**(141,674)**	(70,389)	**(146,994)**	(73,128)
Payment of dividends		**(299,405)**	(182,000)	**(299,405)**	(182,000)
Divestment (acquisition) of treasury shares		**(262,529)**	185,605	**(262,529)**	185,605
Cash flow generated by financing activities		**(116,233)**	404,226	**(144,885)**	188,017
Increase (decrease) in the balance of cash and cash equivalents		**760,235**	(427,662)	**884,693**	(377,293)
Cash and cash equivalents at the beginning of the period		**180,799**	548,553	**305,746**	599,087
Cash and cash equivalents at the end of the period		**941,034**	120,891	**1,190,439**	221,794
Increase (decrease) in the balance of cash and cash equivalents		**760,235**	(427,662)	**884,693**	(377,293)

See the accompanying notes to the interim financial information.

Magazine Luiza S.A.

Statements of added value
Nine-month period ended September 30, 2020 and 2019

(Amounts expressed in thousands of reais – R$)

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Revenues				
Sale of goods, products and services	**20,310,284**	14,927,013	**22,720,802**	15,775,221
Allowance for doubtful accounts, net of reversals	**(74,611)**	(42,964)	**(84,457)**	(45,836)
Other operating revenues	**92,305**	529,598	**99,097**	612,048
	20,327,978	15,413,647	**22,735,442**	16,341,433
Inputs acquired from third parties				
Cost of goods resold and services rendered	**(14,218,753)**	(10,060,107)	**(15,357,473)**	(10,467,141)
Materials, energy, outsourced services and other	**(2,069,918)**	(1,404,724)	**(2,521,928)**	(1,588,939)
Loss and recovery of asset values	**82,999**	(219,975)	**82,568**	(220,278)
	(16,205,672)	(11,684,806)	**(17,796,833)**	(12,276,358)
Gross added value	**4,122,306**	3,728,841	**4,938,609**	4,065,075
Depreciation and amortization	**(412,779)**	(338,515)	**(516,286)**	(364,687)
Net added value produced by the Entity	**3,709,527**	3,390,326	**4,422,323**	3,700,388
Added value received as transfer				
Equity in net income of subsidiaries	**29,247**	82,114	**95,798**	8,198
Financial revenues	**164,145**	569,152	**144,608**	613,880
Total added value payable	**3,902,919**	4,041,592	**4,662,729**	4,322,466
Distribution of added value				
Personnel and charges:				
Direct remuneration	**835,848**	867,470	**990,789**	933,480
Benefits	**337,068**	232,909	**327,185**	248,773
FGTS	**73,896**	74,869	**87,917**	80,663
	1,246,812	1,175,248	**1,405,891**	1,262,916
Taxes, duties and contributions:				
Federal	**394,241**	456,983	**600,678**	517,422
State	**1,624,157**	1,098,086	**1,941,233**	1,192,866
Municipal	**52,612**	48,733	**63,778**	52,474
	2,071,010	1,603,802	**2,605,689**	1,762,762
Third parties' capital remuneration:				
Interest	**321,666**	405,336	**331,396**	434,407
Rentals	**28,589**	59,273	**48,263**	61,011
Other	**62,619**	44,103	**99,267**	47,540
	412,874	508,712	**478,926**	542,958
Remuneration of own capital:				
Retained earnings (accumulated loss)	**172,223**	753,830	**172,223**	753,830
	3,902,919	4,041,592	**4,662,729**	4,322,466

See the accompanying notes to the interim financial information.

Notes to the interim financial information

1. General information

Magazine Luiza S.A. (“Company”) is a publicly traded corporation listed under the special segment called “Novo Mercado da B3 S.A. – Brasil, Bolsa, Balcão” under the code “MGLU3” and is primarily engaged in the retail sale, through brick-and-mortar stores, e-commerce and its SuperApp, which is an application that offers products and services from Magazine Luiza, its subsidiaries, as well as from commercial partners (“sellers”) through the marketplace platform. Its jointly-owned subsidiaries (Note 13) offer loans, financing and insurance services to its clients. Its headquarters is in the city of Franca, state of São Paulo, Brazil and its parent and holding company is LTD Administração e Participação S.A. Its parent and holding company is LTD Administração e Participação S.A.

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

As at September 30, 2020, the Company owned 1,238 stores and 22 distribution centers (1,113 stores and 17 distribution centers as at December 31, 2019) located in all regions in Brazil. The Company also operated on e-commerce websites www.magazineluiza.com.br, www.epocacosmeticos.com.br, www.netshoes.com.br, www.zattini.com.br, www.shoestock.com.br and their respective mobile applications, as well as the AiQfome food delivery application.

As of November 09, 2020, the Board of Directors authorized the issue of the interim financial information.

2. Presentation and preparation of the interim financial information

2.1. Accounting policies

The interim financial statements are presented in thousands of reais (“R$”), which is the functional and presentation currency of the Company.

The individual and consolidated interim financial information was prepared in accordance with technical pronouncement CPC 21 (R1) and IAS 34, applicable for the preparation of Quarterly Information and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

The practices, policies and main accounting judgments adopted in the preparation of the individual and consolidated interim financial information are consistent with those adopted and disclosed under the Notes to the financial statements for the year ended December 31, 2019, which were disclosed as at February 17, 2020 and should be read jointly.

The purpose of the Statement of Added Value is to evidence the wealth created by the Company and its Subsidiaries and its distribution during a certain period, and is presented, as required, by the standards issued by the Brazilian Securities and Exchange Commission (CVM), since it is not a statement provided for or mandatory under IFRS.

Management adopts the accounting policy of presenting interest paid as financing activities, while dividends received are presented as operating activities in the Statements of cash flows.

2.2. Impacts related to the Covid-19 pandemic

Since the beginning of 2020, the Covid-19 spread has been affecting businesses and economic activities on a global scale. In this scenario of considerable uncertainty, the Company formed an internal Contingency Committee that has been monitoring the evolution of the pandemic by making some important decisions and has chosen three priorities: the health and safety of its employees, the continuity of the operation and the maintenance of jobs. Within these three pillars to face the crisis, the Company took the following short-term measures:

a) Temporary shutdown of all brick-and-mortar stores as of March 20, 2020, with gradual resumption as of April 22, 2020, following a strict analysis of the pandemic risk map in the locations where it operates, as well as local decrees. On the date of disclosure of this interim information, all of the Company's brick-and-mortar stores were already operating normally.

b) Cash reinforcement: despite ending the year 2019 with a strong cash position, the Company raised R$ 800 million on April 6, 2020 through the 8th Issue of Debentures, via public distribution and with restricted placement efforts, remunerated at CDI rate + 1.5% p.a. and maturing on March 13, 2021 (see Note 19).

c) Negotiation with suppliers and service providers: the Company started negotiations of payment terms with its main suppliers, of expense cuts with its service providers, as well as the renegotiation of property rentals. In the period, 889 rental contracts were renegotiated (see note 14).

d) Containment of personnel expenses: In March, as soon as the brick-and-mortar stores were closed, the Company anticipated and paid vacations for approximately 23,000 employees, as previously provisioned. At the end of April, after carrying out a capacity planning for the next months, the Company joined the Provisional Measure (PM) No. 936/2020, reducing the working hours and salaries of some employees and suspending the contract with others, according to the provisions established by the PM itself. Moreover, the remuneration of the executive president and vice-president was reduced by 80%, while the remuneration of executive officers and members of the board of directors was reduced by 50%, and the remuneration of the remaining officers was cut by 25%. Due to the gradual improvement of the economic scenario and the leverage in e-commerce sales, the Company decided to resume the working hours and salaries of its administrative employees in July. As of September 30, 2020, only a few specific cases were still under the effects of the Provisional Measure.

In addition to these short-term measures, the Company, based on CVM/SNC Circular Letters No. 02 and 03/2020, analyzed the main risks and uncertainties arising from Covid-19 regarding its financial statements. We list the main analyzes performed below:

a) Going concern risk: The Company has not identified elements that pose a going concern risk.

b) Trade accounts receivable and provision for expected credit loss: the Company observed a decrease in the payment flow of the Direct Consumer Credit (CDC), at the beginning of the pandemic. However, according to internal analyzes, such decrease is significantly linked to the closing of its brick-and-mortar stores and the culture of its clients to pay their installments directly at store cashiers, thus representing a temporary liquidity restriction and not a significant increase in risk credit. On the base date of this interim information, the Company already recorded receipt rates similar to the pre-pandemic period. Thus, the Company did not record any significant additional provisions as of September 30, 2020. The amount recorded as provision for expected credit losses as of September 30, 2020 is R$ 96.1 million in the parent company and R$ 114.5 million in the consolidated, and its changes are disclosed in Note 7.

c) Risk of loss due to realization of inventories: the Company's accounting practice is to record and present its inventory at the lower value between the acquisition average cost and net realizable value. This analysis was carried out on the base date and the balance presented in Note 8.

d) Impairment of non-financial assets: As of September 30, 2020, the Company did not identify any signs of impairment.

3. New standards and interpretations not yet adopted

The amended rules and effective interpretations for the year started on January 1, 2020 did not impact this Company's interim financial information: Several other reviews of standards and interpretations are underway by the IASB, and the Company will assess them in due course.

4. Notes included in the financial statements for the year ended December 31, 2019 not presented in this quarterly information

The quarterly information is presented in accordance with technical pronouncements CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), pursuant to the provisions contained in CVM/SNC/SEP Official Circular Letter No. 003/2011, dated April 28, 2011. The preparation of this quarterly information involves judgment by the Company's Management on the materiality and changes that must be disclosed in the notes. Thus, this interim information includes selected notes and does not include all the explanatory notes presented in the financial statements for the year ended December 31, 2019. As allowed by Circular Letter No. 03/2011 of the Brazilian Securities and Exchange Commission (CVM), the following notes and their references to the financial statements for the year ended December 31, 2019 are no longer presented:

- Significant accounting policies and practices (Note 3); and
- Significant accounting judgments and sources of uncertainties about estimates (Note 4)

5. Cash and cash equivalents

	Rates	Parent company 09/30/2020	Parent company 12/31/2019	Consolidated 09/30/2020	Consolidated 12/31/2019
Cash		**89,593**	84,112	**89,960**	84,215
Banks		**38,681**	83,506	**227,411**	156,403
Bank deposit certificates	70–101% CDI	**812,760**	13,181	**840,474**	24,247
Non-exclusive investment funds	92.5–100% CDI	**-**	-	**32,594**	40,881
Total		**941,034**	180,799	**1,190,439**	305,746

The credit risk and sensitivity analysis is described under Note 30.

6. Marketable securities and other financial assets

Financial assets	Rates	Parent company 09/30/2020	Parent company 12/31/2019	Consolidated 09/30/2020	Consolidated 12/31/2019
Non-exclusive investment fund	97% CDI	**12,335**	12,094	**16,344**	14,323
Exclusive investment fund:	(a)				
Federal Government Securities and repo operations	Note 9	**1,709,255**	4,434,049	**1,709,255**	4,434,049
Total		**1,721,590**	4,446,143	**1,725,599**	4,448,372
Current assets		**1,721,590**	4,446,143	**1,725,599**	4,448,158
Non-current assets		**-**	-	**-**	214

(a) Refers to exclusive fixed income investment funds. As at September 30, 2020 and December 31, 2019, the portfolio was distributed into the types of investment described in the table above, which are linked to financial operations and securities, indexed to the monthly change in the Interbank Deposit Certificate (CDI) rate, to return the average profitability of 103% of the CDI rate to the Company.

The credit risk and sensitivity analysis is described under Note 30.

7. Accounts receivable

	Parent company 09/30/2020	Parent company 12/31/2019	Consolidated 09/30/2020	Consolidated 12/31/2019
Trade accounts receivable:				
Credit cards (a)	**2,212,953**	2,036,665	**3,327,551**	2,121,008
Debit cards (a)	**14,109**	5,634	**14,094**	5,634
Own credit plan (b)	**424,962**	345,655	**424,962**	341,513
Client services (c)	**111,354**	185,716	**111,519**	185,716
Other accounts receivable	**27,045**	14,718	**90,805**	72,559
Total trade accounts receivable	**2,790,423**	2,588,388	**3,968,931**	2,726,430
Commercial agreements (d)	**221,392**	301,207	**238,980**	327,104
Provision for expected credit loss	**(96,123)**	(93,248)	**(114,452)**	(109,274)
Adjustment to present value	**(46,184)**	(12,384)	**(46,184)**	(12,384)
Total	**2,869,508**	2,783,963	**4,047,275**	2,931,876
Current assets	**2,856,097**	2,769,649	**4,033,864**	2,915,034
Non-current assets	**13,411**	14,314	**13,411**	16,842

The average term to receive trade accounts receivable is of 34 days in the parent company and 38 days in the consolidated as of September 30, 2020 (37 days in the parent company and Consolidated as of December 31, 2019).

(a) Accounts receivable from sales made through credit and debit cards, which the Company receives from acquirers in amounts, terms and quantity of installments defined at the moment the products are sold. The Consolidated includes receivables from purchasers transacted at Magalu Pagamentos, which will be transferred to partners (sellers), as described in note 18. As of September 30, 2020, the Company had credits assigned to acquirers and financial institutions amounting to R$ 2,945,145 (R$ 1,405,428 as at December 31, 2019) and Consolidated R$ 3,774,011 (R$ 1,679,790 as at December 31, 2019), over which a discount varying 0.14%–1.39% of the CDI rate is applied. The Company, through credit assignment operations of receivables from credit cards, transfers to the acquirers and to the financial institutions all of the risks of receiving from customers and, in this manner, settles its accounts receivable related to these credits. The difference between the face and the fair value of receivables is recorded in other comprehensive income and, after the effective settlement of accounts receivable, it is recorded in income (loss) for the year.

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

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

(d) Refers to bonus to be received from suppliers, arising from the fulfillment of the purchase volume, as well as from agreements that define the participation of suppliers in disbursements related to advertising and marketing (joint advertising).

Changes in the provision for expected credit loss are as follows:

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Opening balance	**(93,248)**	(73,510)	**(109,274)**	(73,510)
(+) Additions	**(92,740)**	(99,385)	**(97,605)**	(105,672)
(+) Additions for acquisition of subsidiary	**-**	-	**-**	(16,786)
(-) Write-offs	**89,865**	79,647	**92,427**	86,694
Closing balance	**(96,123)**	(93,248)	**(114,452)**	(109,274)

The analysis of impacts due to the pandemic caused by the coronavirus (Covid-19) is described in Note 2.2. The credit risk analysis is presented in note 30.

The aging list of trade receivables and receivables from commercial agreements is demonstrated below:

	Trade accounts receivable				Receivables from commercial agreements			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Amounts falling due (days):								
Up to 30	**261,938**	526,828	**383,835**	581,871	**16,459**	23,716	**18,758**	45,039
31–60	**164,593**	295,077	**381,418**	317,626	**3,750**	27,079	**19,039**	27,079
61–90	**96,974**	313,013	**293,934**	328,798	**145,021**	97,994	**145,021**	97,994
91–180	**1,236,648**	685,185	**1,613,178**	700,311	**27,140**	122,262	**27,140**	122,262
181–360	**927,433**	683,473	**1,177,820**	695,840	**-**	18,899	**-**	18,899
>361	**39,055**	21,195	**39,056**	21,198	**-**	-	**-**	-
	2,726,641	2,524,771	**3,889,241**	2,645,644	**192,370**	289,950	**209,958**	311,273
Overdue (in days):								
Up to 30	**18,025**	18,015	**19,846**	18,491	**2,592**	1,648	**2,592**	3,846
31–60	**8,957**	10,005	**9,534**	10,005	**2,456**	6,488	**2,456**	7,662
61–90	**7,783**	9,283	**8,890**	9,283	**6,047**	593	**6,047**	976
91–180	**29,017**	26,314	**41,420**	43,007	**17,927**	2,528	**17,927**	3,347
	63,782	63,617	**79,690**	80,786	**29,022**	11,257	**29,022**	15,831
Total	**2,790,423**	2,588,388	**3,968,931**	2,726,430	**221,392**	301,207	**238,980**	327,104

8. Inventories

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Goods for resale	**4,607,584**	3,668,831	**5,062,397**	3,972,334
Consumption material	**21,476**	17,018	**27,737**	25,277
Provisions for inventory losses	**(75,278)**	(176,515)	**(84,200)**	(195,848)
Total	**4,553,782**	3,509,334	**5,005,934**	3,801,763

As at September 30, 2020, the Company had inventories of goods for resale given in guarantee of legal proceedings, under execution, in the approximate amount of R$ 21,882 (R$ 30,810 as at December 31, 2019).

Changes in the provision for inventory loss are demonstrated below:

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Opening balance	**(176,515)**	(68,939)	**(195,848)**	(69,793)
Formation of provision	**(69,417)**	(266,558)	**(71,762)**	(266,861)
Addition for acquisition of subsidiary	**-**	-	**(398)**	(60,129)
Inventory written-off or sold	**170,654**	158,982	**183,808**	200,935
Closing balance	**(75,278)**	(176,515)	**(84,200)**	(195,848)

The analysis of impacts due to the pandemic caused by the coronavirus (Covid-19) is described in Note 2.2.

9. Related parties

Company	Assets (Liabilities)				Income (loss) for the nine-month period ended				Income (loss) for the quarter			
	Parent company		Consolidated		Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Luizacred (i)												
Commissions for services rendered	3,939	15,635	3,939	15,635	133,376	142,721	133,376	142,721	38,528	49,068	38,528	49,068
CDC	-	373	-	373	-	-	-	-	-	-	-	-
Credit card	1,308,333	269,485	1,308,333	269,485	(87,139)	(196,150)	(87,139)	(196,150)	(19,065)	(64,284)	(19,065)	(64,284)
Transfer of receivables	(29,146)	(75,668)	(29,146)	(75,668)	-	-	-	-	-	-	-	-
Dividends receivable	12,952	14,274	12,952	14,274	-	-	-	-	-	-	-	-
Reimbursement of shared expenses	4,206	7,830	4,206	7,830	63,598	70,583	63,598	70,583	14,433	23,995	14,433	23,995
	1,300,284	231,929	1,300,284	231,929	109,835	17,154	109,835	17,154	33,896	8,779	33,896	8,779
Luizaseg (ii)												
Commissions for services rendered	44,468	49,712	44,468	49,712	257,605	290,562	257,605	290,562	125,637	103,955	125,637	103,955
Dividends receivable	-	5,638	-	5,638	-	-	-	-	-	-	-	-
Transfer of receivables	(70,607)	(66,420)	(70,607)	(66,420)	-	-	-	-	-	-	-	-
	(26,139)	(11,070)	(26,139)	(11,070)	257,605	290,562	257,605	290,562	125,637	103,955	125,637	103,955
Total jointly-owned subsidiaries	1,274,145	220,859	1,274,145	220,859	367,440	307,716	367,440	307,716	159,533	112,734	159,533	112,734
Netshoes (iii)												
Transfer of receivables	(7,637)	-	-	-	-	-	-	-	-	-	-	-
Commissions for services rendered	-	-	(1,664)	-	344	-	-	-	(412)	-	-	-
	(7,637)	-	(1,664)	-	344	-	-	-	(412)	-	-	-
Grupo Época Cosméticos (iv)												
Commissions for services rendered	2,445	222	-	-	1,304	171	-	-	644	-	-	-
Consórcio Luiza (v)												
Commissions for services rendered	551	1,078	-	-	5,952	11,095	-	-	1,409	3,918	-	-
Dividends receivable	-	2,610	-	-	-	-	-	-	-	-	-	-
Consortium groups	(414)	(1,060)	(414)	(1,060)	-	-	-	-	-	-	-	-
	137	2,628	(414)	(1,060)	5,952	11,095		-	1,409	3,918		-
Magalog Group (vi)												
Freight expenses	(52,831)	49	-	-	(91,970)	(9,925)	-	-	(52,456)	(6,030)	-	-
Magalu Pagamentos (vii)												
Transfer of receivables	310,033	-	-	-	(19,716)	-	-	-	(7,897)	-	-	-
Total Subsidiaries	252,147	2,899	(2,078)	(1,060)	(104,086)	1,341	-	-	(58,712)	(2,112)	-	-
MTG Participações (viii)												
Rent and other expenses	(2,085)	(1,262)	(2,089)	(1,269)	(19,309)	(18,348)	(19,513)	(18,372)	(6,379)	(6,012)	(6,379)	(6,012)
PJD Agropastoril (ix)												
Rent, freight and other expenses	(33)	(32)	(33)	(57)	(1,185)	(1,793)	(1,188)	(1,952)	(437)	(572)	(437)	(572)
LH Participações (x)												
Rentals	(128)	(127)	(128)	(127)	(896)	(1,242)	(896)	(1,242)	(384)	(368)	(384)	(368)
ETCO – SCP (xi)												
Agencing fee	-	-	-	-	(4,818)	(4,675)	(4,818)	(4,675)	(2,087)	(2,013)	(2,087)	(2,013)
Marketing expenses	(15)	(436)	(15)	(436)	(159,108)	(150,705)	(159,108)	(150,705)	(70,507)	(62,516)	(70,507)	(62,516)
	(15)	(436)	(15)	(436)	(163,926)	(155,380)	(163,926)	(155,380)	(72,594)	(64,529)	(72,594)	(64,529)
Total other related parties	(2,261)	(1,857)	(2,265)	(1,889)	(185,316)	(176,763)	(185,523)	(176,946)	(79,794)	(71,481)	(79,794)	(71,481)
Total related parties	1,524,031	221,901	1,269,802	217,910	78,038	132,294	181,917	130,770	21,027	39,141	79,739	41,253

	Assets (Liabilities)				Income (loss) for the nine-month period ended				Income (loss) for the quarter			
	Parent company		Consolidated		Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Investment fund (xii)	**1,709,255**	4,434,049	**1,709,255**	4,434,049	**43,251**	8,111	**43,251**	8,111	**6,823**	2,221	**6,823**	2,221
Luiza Factoring (xiii)	**(34,663)**	-	**(36,327)**	(1,871)	**-**	-	**-**	-	**-**	-	**-**	-
InLoco Tecnologia (xiv)	**-**	-	**-**	-	**1,020**	-	**1,020**	-	**580**	-	**580**	-
	1,674,592	4,434,049	**1,672,928**	4,432,178	**44,271**	8,111	**44,271**	8,111	**7,403**	2,221	**7,403**	2,221

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

(a) Receivables in private label credit cards and financial expenses with the advance of such receivables;

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

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

II. The amounts receivable (current assets) and revenues of Luizaseg, jointly-owned subsidiary with NCVP Participações Societárias S.A., a subsidiary of Cardif do Brasil Seguros e Previdência S.A., arise from commissions on services provided monthly by the Company, relating to the sale of extended warranties and proposed dividends. The amounts payable (current liabilities) refer to the transfers of extended warranties sold, to Luizaseg, in full, on the month following the sale. In 2018 a balance payable was registered resulting from the "clawback" of the exclusivity agreement signed in 2015 (Note 18).

III. The amounts payable (current liabilities) of Netshoes, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's Marketplace platform.

IV. Transactions with Época Cosméticos, wholy-controlled subsidiary, refer to the cost of acquisition of goods for resale and also sales commissions through the Parent Company's *Marketplace* platform.

V. The amounts receivable (current assets) from Consórcio Luiza, wholly-owned subsidiary, refer to proposed dividends, commissions for sales made by the Parent Company as an agent for consortium operations. The amounts payable (current liabilities) refer to unrealized onlendings to LAC relating to consortia installments received by the Parent Company through cashiers at sales outlets.

VI. Transactions with "Magalog", a wholly-owned subsidiary, refer to freight expenses.

VII. Transactions with Magalu Pagamentos, a wholly-owned subsidiary, refer to sub-acquisition's commissions.

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

IX. Transactions with PJD Agropastoril Ltda., a company controlled by the Company's indirect controlling shareholders, refer to expenses with rentals of commercial property to establish its stores, truck rentals for freight of goods and expenses with kitchen services.

X. Transactions with LH Agropastoril, Administração Participações Ltda., controlled by the same controlling shareholders of the Company, refer to expenses with rental of commercial buildings.

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

XII. Refers to investments and redemptions and income from exclusive investment funds (ML Renda Fixa Crédito Privado FI and FI Caixa ML RF Longo Prazo - see Note 6 – Securities).

XIII. Luiza Factoring Fomento Mercantil Ltda., a company controlled by the Company's indirect controlling parties, which operates advancing receivables from certain suppliers. With this operation, the Company settles the security initially traded with its suppliers with Luiza Factoring, which in turn, advances payment to said suppliers.

XIV. Transactions with In Loco Tecnologia da Informação S.A., investee of the Company's indirect controlling shareholders, providing geolocation services to users of Magazine Luiza's application.

b) Management compensation

	09/30/2020		09/30/2019	
	Board of Directors	Statutory Executive Board	Board of Directors	Statutory Executive Board
Fixed and variable compensation	**3,042**	**16,708**	3,370	29,426
Stock option plan	**-**	**33,485**	70	23,892

The Company does not grant post-employment benefits, severance benefits or other long-term benefits. Short-term benefits for the statutory executive board are the same of the other employees of the Company, and certain eligible employees are beneficiaries of an incentive plan linked to shares, as mentioned in Note 23. It is an internal public policy of the Company to pay Profit Sharing to its collaborators. These amounts are provisioned monthly by the Company, according to estimates for meeting targets. As mentioned in note 33.c, the total management compensation was approved at the Annual General Meeting held on July 27, 2020, in which the limit of R$ 78,251 was foreseen for the year 2020.

Reconciliation

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Accounts receivable from related parties	**1,703,615**	373,995	**1,379,586**	370,036
Accounts payable to related parties	**(179,584)**	(152,094)	**(109,784)**	(152,126)
	1,524,031	221,901	**1,269,802**	217,910

10. Recoverable taxes

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
ICMS recoverable (a)	**657,348**	706,857	**708,372**	750,068
Recoverable IRPJ and CSLL	**24,958**	5,017	**26,511**	8,764
IRRF recoverable	**14,057**	5,956	**19,545**	6,140
Recoverable PIS and COFINS (b)	**822,960**	1,097,269	**934,070**	1,227,982
Other	**3,613**	2,514	**9,068**	8,980
Total	**1,522,936**	1,817,613	**1,697,566**	2,001,934
Current assets	**806,077**	777,929	**932,026**	864,144
Non-current assets	**716,859**	1,039,684	**765,540**	1,137,790

(a) Refer to accumulated credits of own ICMS and by tax substitution, arising from the adoption of diversified rates in operations of inflow and outflow of interstate goods. Such credits are realized by request for reimbursement and offset of debits of the same nature to the States of origin of the credit.

(b) In the year 2019, the Company had a favorable and unappealable final decision for lawsuits regarding the right to exclude ICMS tax from PIS and COFINS tax calculation basis, provided that these lawsuits were related to the claim of Magazine Luiza S.A. and its merged company FS Vasconcelos Ltda. Two lawsuits were filed in 2007, ensuring the right for recognition of tax credits from the limitation period in 2002 up to the period of 2014, other lawsuit was filed in 2017, ensuring the right to credit for the period once established by Law 12973/14. Also in 2019 a final and unappealable decision was handed down for subsidiary Netshoes on the same issue. The lawsuit was filed in 2014 and ensures the tax credit from 2009 to 2014.

The offset of the credits occurs as homologation via administrative procedures before the Federal Revenue Service.

11. Income tax (IRPJ) and social contribution (CSLL)

a) Reconciliation of the tax effect over income before income tax and social contribution

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Income before income tax and social contribution	**199,635**	1,030,612	**214,478**	1,029,366	**258,779**	298,024	**274,177**	297,797
Prevailing statutory rate	**34%**	34%	**34%**	34%	**34%**	34%	**34%**	34%
Debit estimate for income tax and social contribution to current rates	**(67,876)**	(350,408)	**(72,923)**	(349,984)	**(87,985)**	(101,328)	**(93,220)**	(101,251)
Reconciliation to effective rate (effects of application of tax rates):								
Exclusion – equity in investments	**9,944**	27,919	**32,571**	2,787	**20,904**	(4,265)	**22,406**	3,606
Effect of interest on own capital	**-**	38,080	**-**	38,080	**-**	38,080	**-**	38,080
Non-taxable income (loss) - Netshoes	**-**	-	**(38,540)**	25,854	**-**	-	**(12,787)**	(7,946)
Effect of government subvention [1]	**28,999**	12,185	**35,842**	12,185	**12,302**	4,075	**14,743**	4,075
Other permanent exclusions, net	**1,521**	(4,558)	**795**	(4,458)	**1,957**	514	**638**	741
Income tax and social contribution debit	**(27,412)**	(276,782)	**(42,255)**	(275,536)	**(52,822)**	(62,924)	**(68,220)**	(62,695)
Current	**(115,028)**	(98,149)	**(149,741)**	(101,601)	**(94,363)**	(40,414)	**(114,961)**	(41,838)
Deferred assets	**87,616**	(178,633)	**107,486**	(173,935)	**41,541**	(22,510)	**46,741**	(20,857)
Total	**(27,412)**	(276,782)	**(42,255)**	(275,536)	**(52,822)**	(62,924)	**(68,220)**	(62,695)
Effective rate	**13.7%**	26.9%	**19.7%**	26.8%	**20.4%**	21.1%	**24.9%**	21.1%

(1) The Company has grant for investment, granted by some government entities where it operates, as ICMS presumed credits. Government grants are recorded in the statement of income for the year under "net sales" caption. The Company has been meeting all requirements of grant terms, such as fulfillment of tax obligations, maintenance of the jobs agreed upon, minimum revenue and maintenance of the logistical structure with appropriate physical space for storage of goods in the granting government entity.

Deferred tax

b) Breakdown and changes in the balance of deferred income tax and social contribution assets and liabilities

	Parent company				Consolidated				
	Balance at 12/31/2019	Income (loss)	FVOCI	Balance at 09/30/2020	Balance at 12/31/2019	Income (loss)	FVOCI	Business combination	Balance at 09/30/2020
Deferred income tax and social contribution on:									
Tax loss carryforwards and negative basis of social contribution	26,782	**(26,782)**	**-**	**-**	37,439	**(19,464)**	**-**	**-**	**17,975**
Provision for expected credit loss	31,704	**978**	**-**	**32,682**	31,704	**978**	**-**	**-**	**32,682**
Provision for inventory losses	60,015	**(34,420)**	**-**	**25,595**	60,318	**(34,420)**	**-**	**-**	**25,898**
Provision for adjustments to present value	4,958	**7,285**	**-**	**12,243**	4,958	**7,285**	**-**	**-**	**12,243**
Provision for tax, civil and labor risks	199,786	**(1,345)**	**-**	**198,441**	271,521	**(1,655)**	**-**	**19,142**	**289,008**
Temporary difference on fair value in acquisitions	(41,679)	**-**	**-**	**(41,679)**	(148,732)	**12,276**	**-**	**(17,905)**	**(154,361)**
Judicial deposits	(13,355)	**(1,003)**	**-**	**(14,358)**	(13,355)	**(1,003)**	**-**	**-**	**(14,358)**
Deferred tax credits (Note 10)	(343,673)	**101,137**	**-**	**(242,536)**	(343,673)	**101,137**	**-**	**-**	**(242,536)**
Other provisions	71,737	**41,766**	**8,708**	**122,211**	73,489	**42,352**	**8,708**	**-**	**124,549**
Deferred income tax and social contribution in assets (liabilities)	(3,725)	**87,616**	**8,708**	**92,599**	(26,331)	**107,486**	**8,708**	**1,237**	**91,100**

	Parent company			Consolidated			
	Balance at 12/31/2018	Income (loss)	Balance at 09/30/2019	Balance at 12/31/2018	Income (loss)	Business combination	Balance at 09/30/2019
Deferred income tax and social contribution on:							
Tax loss carryforwards and negative basis of social contribution	56,140	(35,444)	20,696	62,004	(32,139)	-	29,865
Provision for expected credit loss	24,993	3,249	28,242	24,993	3,249	-	28,242
Provision for inventory losses	23,439	62,719	86,158	23,729	62,732	-	86,461
Provision for adjustments to present value	8,906	(3,435)	5,471	8,906	(3,435)	-	5,471
Provision for tax, civil and labor risks	113,426	86,337	199,763	116,796	86,067	53,129	255,992
Temporary difference on fair value in acquisitions	(41,679)	-	(41,679)	(41,679)	-	(111,267)	(152,946)
Judicial deposits	(31,134)	18,279	(12,855)	(31,134)	18,279	-	(12,855)
Deferred tax credits (Note 10)	-	(343,673)	(343,673)	-	(343,673)	-	(343,673)
Other provisions	17,397	33,335	50,732	17,397	34,985	-	52,382
Deferred income tax and social contribution in assets (liabilities)	171,488	(178,633)	(7,145)	181,012	(173,935)	(58,138)	(51,061)

Breakdown of deferred income tax and of social contribution per company	Balance at 12/31/2019	Deferred assets	Deferred assets Liabilities	Balance at 09/30/2020
Parent company	(3,725)	**92,599**	**-**	**92,599**
Netshoes	(35,318)	**-**	**(23,680)**	**(23,680)**
Consórcio Luiza	585	**1,030**	**-**	**1,030**
Época Cosméticos	8,651	**12,050**	**(4,462)**	**7,588**
Magalog	378	**10,605**	**-**	**10,605**
Softbox	3,098	**2,958**	**-**	**2,958**
Consolidated	(26,331)	**119,242**	**(28,142)**	**91,100**

12. Investments in subsidiaries

a. Business combination – “Estante Virtual”

On February 17, 2020, the Company, through its subsidiary Época Cosméticos, acquired the total capital and voting capital quotas of the company Estante Virtual, one of the largest book marketplaces in Brazil. Estante Virtual has over 6,000 sellers and an assortment of 20 million books. Founded in 2005, it started as a platform for the sale of used books and, in recent years, the company has also evolved into the sale of new books. The acquisition stresses the Company’s strategy of growing in new categories and increasing the frequency of purchases.

The acquisition amounted to R$ 19,536, fully paid at the transaction’s closing date.

Assets acquired and liabilities assumed at the acquisition date:

An analysis was conducted by an independent expert within the term defined in CPC 15 – Business Combination to make the acquisition and segregate the goodwill, using the financial statements at the time of the acquisition for determination of the purchase price, which we show below:

	Balance sheet - Acquisition	Allocation	Fair value
Current assets	1,630	-	1,630
Intangible assets - Client base (a)	-	15,000	15,000
Intangible assets - Workforce (b)	-	400	400
Intangible assets - Trademark (c)	-	1,900	1,900
Other non-current assets	683	-	683
	2,313	17,300	19,613
Current liabilities	13,101	-	13,101
Non-current liabilities	99	5,100	5,199
	13,200	5,100	18,300
Total identified assets (liabilities)	**(10,887)**	**12,200**	**1,313**

Valuation techniques for the acquired assets

The valuation techniques used to measure the fair value of the significant assets acquired were as follows:

a) Client portfolio: using the With or Without income method. This methodology is commonly used to assess this type of intangible asset and calculates the difference in future cash flow generation between two scenarios, one with the customer portfolio and one hypothetical scenario without this asset.

b) Workforce: using the replacement cost method.

c) Brand: using the Relief-from-Royalty method, which captures the economies of royalties related to owning the brand, instead of obtaining a license to use it.

Goodwill on acquisition

Consideration transferred	19,536
Fair value of shareholders' equity	(1,313)
Goodwill on acquisition	18,223

The goodwill from the acquisition totals R$ 18,223, including the difference paid by the Company in relation to the fair value of the assets of the acquirees. This refers mainly to the abilities and technical skills of the labor force and the expected synergies from the integration of the entity with the existing business of the Company.

This recognized goodwill may have the tax treatment provided for by the applicable legislation.

b. Business combination – "Aiqfome"

On September 03, 2020, the Company, through its subsidiary Magalog, acquired the total capital and voting capital quotas of the company Aiqfome Ltda, one of the largest food delivery platforms in Brazil. With the acquisition, the Company reinforces the expansion of services offered in its SuperApp, thus increasing the frequency of purchases within its ecosystem.

The acquisition was made in the amount of up to R$ 125,000, whose disbursement will be made as follows: i) fixed consideration in cash in the amount of R$ 87,500, of which R$50,000 was disbursed upon the transaction completion and the remainder will be disbursed in five equal and annual installments as of January 2022; and ii) contingent consideration in the amount of up to R$ 37,500, divided into five annual installments to be settled in shares issued by the Company in case of reaching certain targets, starting in January 2021.

Assets acquired and liabilities assumed at the acquisition date:

The Company contracted an independent valuation of the fair values of the net assets acquired, which are estimated below:

	Aiqfome	Allocation	Fair value
Current assets	21,939	-	21,939
Property, plant and equipment	420	-	420
Intangible assets - Client base	-	7,602	7,602
Intangible assets – Trademark	-	27,725	27,725
Intangible assets - Technology	66	2,336	2,402
Other non-current assets	10,094	-	10,094
	32,519	**37,663**	**70,182**
Current liabilities	17,185	-	17,185
Non-current liabilities	-	12,805	12,805
Provision for risks	29,689	-	29,689
	46,874	**12,805**	**59,679**
Total identifiable assets, net	**(14,355)**	**24,858**	**10,503**

Valuation techniques for the acquired assets

The valuation techniques used to measure the fair value of the significant assets acquired were as follows:

a) Client base – relationship with restaurants: Aiqfome has over 17 thousand restaurants registered on its platform and 110,249 new clients registered monthly (average number of registrations between January 2020 and June 2020). The valuation was carried out based on the MPEEM method.

b) Brand: using the Relief-from-Royalty method, which captures the economies of royalties related to owning the brand, instead of obtaining a license to use it.

c) Technology: AiQFome has a native technology (available on IOS and Android platforms) developed by the company itself. The recognition of the acquired technology is perceived mainly in the user's interaction with the application (User Experience), with high ratings within the platforms submitted by its users, due to its practicality and easy of use. The Relief-from-Royalty method was used as the valuation method.

Goodwill on acquisition

Consideration transferred	125,000
Fair value of shareholders' equity	(10,503)
Goodwill on acquisition	114,497

The goodwill from the acquisition totals R$ 114,497, including the difference paid by the Company in relation to the fair value of the assets of the acquirees. This refers mainly to the abilities and technical skills of the labor force and the expected synergies from the integration of the entity with the existing business of the Company.

This recognized goodwill may have the tax treatment provided for by the applicable legislation.

c. Business combination – other acquisitions

The Company made other acquisitions for the period, whose detailed fair value assessment work is in progress until the disclosure of this interim information. The amounts paid in excess of the book values of the acquirees were initially allocated as goodwill in the consolidated financial statements. The main types of each acquired business are described below:

c.1 – Hubsales

On July 30, 2020, the Company, through its subsidiary Netshoes, acquired all the share and voting capital of R.A. Marques Assessoria Comércio Digital EIRELI and of RRG Log Armazéns e Vendas On Line EIRELI ("Hubsales"). Hubsales allows industries from different segments with little or no familiarity with the digital solution to offer their products directly to the final consumer through marketplace platforms, a segment known as Factory to Consumers ("F2C").

The acquisition of Hubsales accelerates the entry of new industries into the Company's marketplace platform, which represents another important step in the digitalization strategy of Brazilian retail.

The acquisition was made in the amount of up to R$ 13 million, of which i) R$ 8 million will be paid in cash, with R$ 5 million in cash and another R$ 3 million in three annual installments as of 2021; and ii) up to R$ 5 million will be settled through the assignment of shares issued by the Company, upon reaching certain targets, in five annual calculations as of 2021.

c.2 – Canaltech

On September 30, 2020, the Company, through its subsidiary Netshoes, signed the closing agreement for the acquisition of all the share and voting capital of Unilogic Media Group Ltda. and Canal Geek Internet Ltda. ("Canaltech"). The transactions mark the Company's debut at the online advertising segment, combining the generation of content and audience with the platform for marketing digital media. Through MagaluAds, it will be possible to expand the dissemination of millions of products available on the Company's platform, in addition to monetizing its strong audience.

The acquisition was made in the amount of up to R$ 38 million, whose disbursement will be made as follows: i) fixed consideration in the amount of R$ 28 million, of which R$ 14 million in cash at the closing of the transaction and another R$ 14 million through the assignment of shares issued by the Company, in five annual installments as of 2021; and ii) contingent consideration of up to R$ 10 million to be settled through the assignment of shares issued by the Company, in accordance with the achievement of certain targets, with five annual calculations, starting in 2021.

c.3 – Stoq Tecnologia

On August 24, 2020, the Company, through its subsidiary Softbox, signed the closing agreement for the acquisition of all the share and voting capital of Stoq Tecnologia Ltda., a technology startup headquartered in the city of São Carlos, State of São Paulo, specialized in innovative solutions for small and medium Brazilian retailers. With the acquisition, Stoq's products become part of the strategic Magalu as a Service (MaaS) pillar and complement the Magalu Partner, taking digitalization also to medium-sized retailers, which generally have more than one branch. Stoq's products will be integrated into the Company's digital account, so that all Stoq's retailer clients can easily accept payments using Magalu Pay.

The acquisition was made in the amount of up to R$ 21 million, the disbursement of which will be made as follows: i) fixed consideration in the amount of R$ 13.5 million, of which R$ 8.7 million in cash (R$ 4.2 million in cash at the closing of the deal) and R$ 4.8 million through the assignment of shares issued by the Company, in five annual installments as of 2021; and ii) contingent consideration of up to R$ 7.5 million to be settled through the assignment of shares issued by the Company, in accordance with the achievement of certain targets, with five annual calculations, starting in 2021.

c.4 – Betta Tecnologia

On August 20, 2020, the Company, through its subsidiary Softbox, signed the closing agreement for the acquisition of all the share and voting capital of Betta Tecnologia S.A. Betta is a technology company headquartered in the city of Franca, State of São Paulo, and has 70 developers, who will be part of the Luizalabs developer team.

The acquisition was made in the amount of R$ 12.7 million, to be settled in cash, of which R$ 7.7 were settled upon the execution of the acquisition contract, R$ 3.7 million will be paid in one year as of the closing and another R$ 1.3 million will be paid within five years of closing.

c.5 – GFL Logísitica

On September 25, 2020, the Company, through its subsidiary Magalog, acquired all the share and voting capital of GFL Logística Ltda, one of the main e-commerce logistics platforms, with a large presence in the interior of São Paulo and south of Minas Gerais. The acquisition aims to reinforce the Company's order delivery speed strategy and serve sellers on the marketplace platform.

The acquisition was made in the amount of up to R$ 25 million, whose disbursement will be made as follows: i) fixed consideration of R$ 19.2 million in cash, with R$ 12.5 million in cash and another R$ 6.7 million in five annual installments as of the first anniversary of the closing date; and ii) contingent consideration of up to R$ 5.8 million through the assignment of shares issued by the Company, in accordance with the achievement of certain targets, with five annual calculations, starting in 2021.

d. Changes in investments in subsidiaries

Changes in investments in subsidiaries, in individual financial statements are as follows:

Position as of 09/30/2020

Subsidiaries	Interest		Assets		Liabilities		Capital	Shareholders' equity	Net revenue	Net income (loss)
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Netshoes	31,056,244	100%	717,767	521,610	811,618	350,253	393,745	77,506	1,401,416	(135,941)
Época Cosméticos	12,855	100%	133,878	52,539	106,001	4,541	80,405	75,875	294,236	13,404
Magalu Pagamentos	2,000,000	100%	1,112,062	883	981,774	-	73,000	131,171	139,211	58,179
Integra Commerce	100	100%	388	139	18	-	4,156	509	-	(312)
Consórcio Luiza	6,500	100%	65,963	4,624	18,666	1,559	6,500	50,362	67,377	5,673
Magalog	16,726	100%	99,904	213,297	130,232	60,859	88,051	122,110	146,555	(7,502)
Softbox	5,431	100%	12,933	47,951	24,593	8,723	10,683	27,568	32,935	(138)
Kelex	100	100%	240	58	-	2	100	296	101	72
Certa	100	100%	119	-	20	-	100	99	-	14

Changes	Opening balance	AFAC	Acquisition of subsidiaries	Other comprehensive income	Action plan	Equity pick-up on subsidiaries	Closing balance
Netshoes	768,904	133,000	29,000	5,700	(2,214)	(135,941)	798,449
Época Cosméticos	58,025	46,000	-	-	-	13,404	117,429
Magalu Pagamentos	1,992	71,000	-	-	-	58,179	131,171
Integra Commerce	2,841	-	-	-	-	(312)	2,529
Consórcio Luiza	44,372	-	-	317	-	5,673	50,362
Magalog	14,039	80,000	43,283	-	-	(7,502)	129,820
Softbox	43,921	12,769	7,560	-	-	(138)	64,112
Kelex	1,009	-	-	-	-	72	1,081
Certa	470	-	-	-	-	14	484
Total	935,573	342,769	79,843	6,017	(2,214)	(66,551)	1,295,437

Position as of 12/31/2019

Subsidiaries	Interest		Assets		Liabilities		Capital	Shareholders' equity	Net revenue	Net income (loss)
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Netshoes	31,056,244	100%	530,943	520,277	693,202	121,656	260,745	236,362	1,080,034	46,758
Época Cosméticos	12,855	100%	68,735	11,791	64,055	-	34,405	16,471	198,138	(4,852)
Magalu Pagamentos	2,000,000	100%	2,800	-	808	-	2,000	1,992	74	(8)
Integra Commerce	100	100%	389	451	19	-	4,156	821	111	(320)
Consórcio Luiza	6,500	100%	56,474	4,874	14,336	2,640	6,500	44,372	84,756	10,440
Magalog	16,726	100%	28,936	869	23,476	-	8,051	6,329	23,250	(734)
Softbox	5,431	100%	8,076	5,849	7,599	-	8,500	6,326	34,477	(2,226)
Kelex	100	100%	227	-	3	-	100	224	162	35
Certa	100	100%	117	-	32	-	100	85	-	(7)

Changes	Opening balance	AFAC	Acquisition of subsidiaries	Other comprehensive income	Action plan	Dividends	Equity pick-up on subsidiaries	Closing balance
Netshoes	-	260,500	453,247	902	7,497	-	46,758	768,904
Época Cosméticos	57,077	5,800	-	-	-	-	(4,852)	58,025
Magalu Pagamentos	-	2,000	-	-	-	-	(8)	1,992
Integra Commerce	2,861	300	-	-	-	-	(320)	2,841
Consórcio Luiza	36,542	-	-	-	-	(2,610)	10,440	44,372
Magalog	8,373	6,400	-	-	-	-	(734)	14,039
Softbox	42,110	-	-	-	-	-	1,811	43,921
Kelex	974	-	-	-	-	-	35	1,009
Certa	477	-	-	-	-	-	(7)	470
Total	148,414	275,000	453,247	902	7,497	(2,610)	53,123	935,573

e. Reconciliation of book value

Position as of 09/30/2020

Subsidiaries	Shareholders' equity	Goodwill generated on acquisition	Surplus[1]	Balance at 09/30/2020
Netshoes	**77,506**	**486,724**	**234,219**	**798,449**
Época Cosméticos	**75,876**	**36,826**	**4,727**	**117,429**
Magalu Pagamentos	**131,171**	**-**	**-**	**131,171**
Integra Commerce	**509**	**-**	**2,020**	**2,529**
Consórcio Luiza	**50,362**	**-**	**-**	**50,362**
Magalog	**122,110**	**3,756**	**3,954**	**129,820**
Softbox	**27,569**	**23,078**	**13,465**	**64,112**
Kelex	**296**	**785**	**-**	**1,081**
Certa	**99**	**385**	**-**	**484**
Total	**485,498**	**551,554**	**258,385**	**1,295,437**

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

Position as of 12/31/2019

Subsidiaries	Shareholders' equity	Goodwill generated on acquisition	Surplus[1]	Balance at 09/30/2020
Netshoes	30,586	486,724	251,594	768,904
Época Cosméticos	16,472	36,826	4,727	58,025
Magalu Pagamentos	1,992	-	-	1,992
Integra Commerce	821	-	2,020	2,841
Consórcio Luiza	44,372	-	-	44,372
Magalog	6,329	3,756	3,954	14,039
Softbox	6,326	23,078	14,517	43,921
Kelex	224	785	-	1,009
Certa	85	385	-	470
Total	107,207	551,554	276,812	935,573

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

13. Investments in jointly-controlled subsidiaries

Position as of 09/30/2020

Jointly-controlled subsidiaries	Interest		Assets		Liabilities		Capital	Shareholders' equity	Net revenue	Net income
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Luizacred	**31,056,244**	**50%**	**9,254,670**	**1,213,613**	**9,640,388**	**84,809**	**442,000**	**743,086**	**1,801,902**	**152,144**
Luizaseg	**12,855**	**50%**	**263,843**	**419,702**	**312,598**	**124,950**	**133,883**	**245,997**	**398,542**	**40,898**

Changes	Opening balance	Dividends	Other comprehensive income	Equity pick-up on subsidiaries	Closing balance
Luizacred	**295,471**	**-**	**-**	**76,072**	**371,543**
Luizaseg	**9,620**	**(17,792)**	**(156)**	**19,726**	**11,398**
Total	**305,091**	**(17,792)**	**(156)**	**95,798**	**382,941**

Position as of 12/31/2019

Jointly-controlled subsidiaries	Interest		Assets		Liabilities		Capital	Shareholders' equity	Net revenue	Net income
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Luizacred	1,054	50%	9,686,106	1,499,986	10,445,936	149,214	400,000	590,942	2,568,222	40,326
Luizaseg	133,883	50%	231,400	450,102	305,904	134,598	133,884	241,000	564,582	47,476

Changes	Opening balance	Dividends	Other comprehensive income	Equity pick-up on subsidiaries	Closing balance
Luizacred	288,260	(12,952)	-	20,163	295,471
Luizaseg	20,202	(19,807)	2,781	6,444	9,620
Total	308,462	(32,759)	2,781	26,607	305,091

Total investments in jointly-owned subsidiaries

	09/30/2020	12/31/2019
Luizacred (a)	**371,543**	295,471
Luizaseg (b)	**123,000**	120,500
Luizaseg - Unrealized profits (c)	**(111,602)**	(110,880)
Total	**382,941**	305,091

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

(b) Equity interest of 50% of voting capital representing the contractually agreed sharing, the control of business, requiring the unanimous consent of the parties about significant decisions, guarantees and operating activities. Luizaseg is jointly controlled by NCVP Participações Societárias S.A., subsidiary of Cardif do Brasil Seguros e Previdência S.A., and is engaged in the development, sale and administration of extended warranties for any type of product sold in Brazil through the Company's chain of stores.

(c) Unrealized profits from transactions for intermediation of extended warranty insurance for the jointly-owned subsidiary Luizaseg

14. Leases

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

Changes in the right-of-use, during the nine-month period ended September 30, 2020 were as follows:

	Parent company	Consolidated
Right-of-use as of December 31, 2019:	**2,203,827**	**2,273,786**
Addition/remeasurement	**401,789**	**433,792**
Write-offs	**(19,572)**	**(46,544)**
Depreciation	**(262,658)**	**(279,859)**
Right-of-use as of September 30, 2020:	**2,323,386**	**2,381,175**
Breakdown:		
Cost value	**2,925,895**	**3,016,304**
Accumulated depreciation	**(602,509)**	**(635,129)**
Right-of-use as of September 30, 2020:	**2,323,386**	**2,381,175**

	Parent company	Consolidated
Right-of-use as of December 31, 2018:	-	**-**
First-time adoption - IFRS 16	1,947,468	1,947,468
Addition/remeasurement	370,927	371,420
Additions due to business combination	-	74,062
Depreciation	(218,313)	(224,779)
Right-of-use as of September 30, 2019:	2,100,082	2,168,171
Breakdown:		
Cost value	2,318,395	2,392,950
Accumulated depreciation	(218,313)	(224,779)
Right-of-use as of September 30, 2019:	2,100,082	2,168,171

Changes in the lease liability, during the nine-month period ended September 30, 2020 were as follows:

	Parent company	Consolidated
Lease as of December 31, 2019:	**2,205,750**	**2,280,322**
Remeasurement/addition	**394,861**	**424,409**
Payment of principal	**(202,493)**	**(214,600)**
Interest payment	**(141,674)**	**(146,994)**
Accrued interest	**128,466**	**133,787**
Write-off	**(19,572)**	**(46,544)**
Lease as of September 30, 2020:	**2,365,338**	**2,430,380**
Current	**330,180**	**347,968**
Non-current	**2,035,158**	**2,082,412**

	Parent company	Consolidated
Lease as of December 31, 2018:		
Initial adoption	1,947,468	1,947,468
Remeasurement/addition	370,927	370,927
Addition due to business combination	-	73,225
Payment of principal	(183,857)	(187,820)
Interest payment	(70,389)	(73,128)
Accrued interest	70,389	73,596
Lease as of September 30, 2019:	2,134,538	2,204,268
Current	196,036	213,107
Non-current	1,938,502	1,991,161

In 2020, the Technical Pronouncement CPC 06 (R2)/IFRS 16 – Leases underwent a review to provide for a practical expedient related to discounts obtained by lessees in lease agreements, related to Covid-19. This practical expedient provides for that the lessee could choose not to assess whether a benefit granted due to the pandemic would be recognized as a amendment of the lease agreement. Thus, the Company adopted the practical expedient to all the benefits negotiated with real estate lessors due to discounts obtained in 889 lease agreements.

15. Property, plant and equipment

Changes in property, plant and equipment during the nine-month periods ended September 30, 2020 and 2019 are:

	Parent company	Consolidated
Net property, plant and equipment as of December 31, 2019:	**992,372**	**1,076,704**
Additions	**172,301**	**189,241**
Addition due to business combination	**-**	**2,533**
Write-offs	**(2,334)**	**(4,416)**
Depreciation	**(93,156)**	**(111,314)**
Net property, plant and equipment at September 30, 2020	**1,069,183**	**1,152,748**
Breakdown:		
Cost value	**1,919,956**	**2,091,520**
Accumulated depreciation	**(850,773)**	**(938,772)**
Net property, plant and equipment at September 30, 2020	**1,069,183**	**1,152,748**

	Parent company	Consolidated
Net property, plant and equipment as of December 31, 2018:	749,463	754,253
Additions	252,574	254,072
Addition due to business combination	-	90,405
Write-offs	(2,360)	(2,559)
Depreciation	(72,485)	(80,117)
Net property, plant and equipment at September 30, 2019	927,192	1,016,054
Breakdown:		
Cost value	1,728,177	1,886,190
Accumulated depreciation	(800,985)	(870,136)
Net property, plant and equipment at September 30, 2019	927,192	1,016,054

In the nine-month period ended September 30, 2020, the Company did not identify any signs of impairment.

16. Intangible assets

Changes in intangible assets during the nine-month periods ended September 30, 2020 and 2019 are:

	Parent company	Consolidated
Net intangible assets as of December 31, 2019:	**526,869**	**1,545,628**
Additions	**110,522**	**132,901**
Addition of other intangible assets by business combination – Note 12a	**-**	**55,542**
Addition of goodwill due to expected future profitability – Note 12a	**-**	**260,907**
Write-offs	**-**	**(40)**
Amortization	**(56,965)**	**(125,113)**
Net intangible assets at September 30, 2020	**580,426**	**1,869,825**
Breakdown:		
Cost value	**808,829**	**2,321,053**
Accumulated amortization	**(228,403)**	**(451,228)**
Net intangible assets at September 30, 2020	**580,426**	**1,869,825**

	Parent company	Consolidated
Net intangible assets at December 31, 2018:	501,539	598,822
Additions	126,501	136,636
Addition due to business combination	-	884,771
Amortization	(47,717)	(59,791)
Write-off	(4,207)	(4,430)
Net intangible assets at September 30, 2019	576,116	1,556,008
Breakdown:		
Cost value	1,001,513	2,116,498
Accumulated amortization	(425,397)	(560,490)
Net intangible assets at September 30, 2019	576,116	1,556,008

17. Suppliers

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Goods for resale	**5,355,144**	5,372,599	**5,998,952**	5,867,239
Other suppliers	**95,574**	67,258	**131,329**	99,698
Adjustment to present value	**(15,285)**	(26,311)	**(26,023)**	(32,060)
Total	**5,435,433**	5,413,546	**6,104,258**	5,934,877

The Company has agreements signed with associated banks to structure with its main suppliers the operation of advances of receivables. In this operation, the suppliers transfer the right to receiving the notes to the Bank in exchange for anticipated receipt of the notes. The Bank, in turn, starts to be the creditor of the operation, and the Company settles the security on the same date originally agreed-to with its supplier and receives, subsequently, a commission from the Bank for this intermediation and confirmation of the securities payable. This commission is registered as financial income.

The above operation performed by the Company does not alter the terms, prices and conditions previously established with the suppliers and, therefore, the Company classifies it under Suppliers.

As of September 30, 2020, the balance payable negotiated by suppliers, and with the acceptance of Magazine Luiza, totaled R$ 464,587 (R$ 1,389,804 as at December 31, 2019).

Trade accounts payables are initially recorded at present value with the counterentry in “Inventories”. The reversal of the adjustment to present value is registered under “Cost of resold goods and services rendered” for the benefit of the term.

18. Partners and other deposits

As of September 30, 2020, the Company has a balance of R$ 627,260 related to amounts to be transferred to marketplace’s partners, related to purchases made by clients on the Magazine Luiza’s digital platform, of products sold by partner storeowners (sellers) and traded by Magalu Pagamentos.

19. Loans and financing

Modality	Charge	Guarantee	Final maturity	Parent company 09/30/2020	Parent company 12/31/2019	Consolidated 09/30/2020	Consolidated 12/31/2019
Promissory notes - 4th issue (a)	104.0% CDI	Clean	June 2021	**842,363**	822,542	**842,363**	822,542
Debentures - restricted offer - 8th issue (b)	100% CDI + 1.5%	Clean	Mar 2021	**814,749**	-	**814,749**	-
Innovation financing - FINEP (c)	4% p.a.	Bank guarantee	Dec 2022	**16,625**	22,215	**16,625**	22,215
Expansion financing - BNB (d)	7% year	Bank guarantee	Dec 2022	**-**	2,203	**-**	2,203
Other	113.5% CDI	Clean	Mar 2020	**121**	94	**1,858**	1,869
Total				**1,673,858**	847,054	**1,675,595**	848,829
Current liabilities				**1,658,481**	8,192	**1,658,983**	9,967
Non-current liabilities				**15,377**	838,862	**16,612**	838,862

a) As at June 16, 2019, the Company held its fourth issuance of 160 commercial promissory notes in a single series, with nominal par value of R$ 5,000 for public distribution with restricted distribution efforts, in accordance with CVM Instruction no. 476/2009. The amounts raised have been used to improve the cash flow in the course and ordinary management of the Company's business.

b) The Company raised R$ 800 million on April 6, 2020 through the 8th Issue of Debentures, via public distribution and with restricted placement efforts, remunerated at CDI rate + 1.5% p.a. and maturing on March 13, 2021.

c) Refers to a financing contract signed with *Financiadora de Estudos e Projetos - FINEP*, with the purpose of investing in technological innovation research development projects

d) The Company signed a financing contract with *Banco do Nordeste do Brasil - BNB*, with the purpose of modernizing, refurbishing the stores in the northeastern region and building a new Distribution Center in the municipality of Candeias (BA).

Cash flow reconciliation of operating and financing activities

	Parent company 09/30/2020	Parent company 09/30/2019	Consolidated 09/30/2020	Consolidated 09/30/2019
Opening balance	**847,054**	454,087	**848,829**	455,967
Funding	**800,000**	802,741	**800,000**	802,741
Addition due to acquisition	**-**	-	**11,187**	201,856
Payment of principal	**(9,494)**	(106,636)	**(20,630)**	(309,676)
Interest payment	**(638)**	(41,238)	**(727)**	(47,705)
Accrued interest	**36,936**	35,301	**36,936**	42,901
Closing balance	**1,673,858**	1,144,255	**1,675,595**	1,146,084

Amortization schedule

The schedule for the payment of the loan and financing installments is demonstrated below:

Year of maturity	Parent company	Consolidated
2020	**1,918**	**1,918**
2021	**1,664,785**	**1,666,522**
2022	**7,155**	**7,155**
Total	**1,673,858**	**1,675,595**

Covenants

The Company has covenants for the 8th issue of debentures and 4th issue of Promissory Notes, being the maintenance of the "adjusted net debt/adjusted EBITDA" not superior to 3.0 times. The adjusted net debt is understood as the sum of all loans and financing, including debentures, excluding cash and cash equivalents, financial investments, securities, credit card receivables not anticipated. The adjusted EBITDA is calculated in accordance with CVM rule 527, of October 4, 2012, excluding non-recurring operational events (revenue/expenses) of extraordinary nature. Until the date of issuance of this interim information, the Company was in compliance with covenants.

20. Deferred revenue

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Deferred revenue from third parties:				
Exclusivity agreement with Cardif (a)	**91,712**	104,814	**91,712**	104,814
Exclusivity agreement with Banco Itaúcard S.A. (b)	**87,125**	96,500	**87,125**	96,500
Other Contracts	**-**	-	**19,040**	21,157
	178,837	201,314	**197,877**	222,471
Deferred revenue from related parties:				
Exclusivity agreement with Luizacred (b)	**102,451**	110,766	**102,451**	110,766
Exclusivity agreement with Luizaseg (a)	**57,900**	66,600	**57,900**	66,600
	160,351	177,366	**160,351**	177,366
Total deferred revenues	**339,188**	378,680	**358,228**	399,837
Current liabilities	**39,157**	39,157	**42,986**	43,036
Non-current liabilities	**300,031**	339,523	**315,242**	356,801

(a) As of December 14, 2015, a new Strategic Alliance Agreement was established with Cardif group companies and with Luizaseg, aiming at extending the rights and obligations provided for in the agreements between the parties overdue as of December 31, 2015 for the additional period 10 years, and effective from January 1, 2016 to December 31, 2025. This agreement enabled a cash inflow of R$ 330,000 to the Company. Of this amount, R$ 42,000 were allocated to the jointly-owned subsidiary Luizacred, since it had exclusive rights over credit card insurance. The recognition of the Company's revenue resulting from this agreement is appropriated to income (loss) during the term of the agreement, part of which is conditioned to the achievement of certain targets.

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

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

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

21. Other accounts payable

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Sales pending delivery, net of returns	**552,235**	242,085	**566,202**	252,638
Amounts subject to onlending to partners	**89,795**	123,419	**111,018**	123,419
Specialized services	**13,509**	31,679	**35,642**	47,496
Freight payable	**50,712**	62,303	**77,014**	138,007
Marketing payable	**62,389**	36,484	**140,206**	68,237
Amounts payable to former shareholders	**12,725**	10,581	**83,772**	10,581
Other	**51,339**	31,274	**72,258**	63,314
Total	**832,704**	537,825	**1,086,112**	703,692
Current liabilities	**832,704**	537,825	**1,084,110**	701,719
Non-current liabilities	**-**	-	**2,002**	1,973

22. Provision for tax, civil and labor risks

For labor, civil and tax claims in progress, on which the opinion of the legal advisors are unfavorable, the Company recognizes a provision, which is Management's best estimate of future disbursement. Changes in the provision for tax, civil and labor contingencies are as follows:

Parent company

	Tax	Civil	Labor	Total
Balances at December 31, 2019	713,547	16,272	38,119	767,938
Additions	**183,585**	**6,306**	**4,500**	**194,391**
Reversal	**(45,401)**	**-**	**-**	**(45,401)**
Payments	**(2,387)**	**(3,989)**	**(1,650)**	**(8,026)**
Restatements	**13,898**	**-**	**-**	**13,898**
Balances at September 30, 2020	**863,242**	**18,589**	**40,969**	**922,800**

Consolidated

	Tax	Civil	Labor	Total
Balances at December 31, 2019	977,900	19,130	40,089	1,037,119
Additions	**199,899**	**8,195**	**5,031**	**213,125**
Addition for acquisition of subsidiary	**224**	**29**	**66**	**319**
Allocation of price in business combination	**63,947**		**-**	**63,947**
Reversal	**(46,312)**	**-**	**(13)**	**(46,325)**
Payments	**(2,591)**	**(4,638)**	**(1,896)**	**(9,125)**
Restatements	**14,853**	**55**	**-**	**14,908**
Balances at September 30, 2020	**1,207,920**	**22,771**	**43,277**	**1,273,968**

As at September 30, 2020, the nature of the main lawsuits of the Company, classified by Management as of probable loss, based on the opinion of its legal advisors, as well as legal obligations which amounts are deposited in court, which the amounts were included in the provision for contingencies, are as follows:

a) Tax risks

The Company discusses on an administrative and legal basis several tax claims classified as of probable loss, therefore, these are provisioned. In addition to these lawsuits, the Company has a provision for other legal discussions to which escrow deposits are made, as well as provisions related to business combinations of its acquired businesses. The tax risks are as follows:

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Federal	**478,719**	431,342	**759,184**	682,978
State	**384,497**	282,179	**448,213**	294,534
Municipal	**26**	26	**523**	388
	863,242	713,547	**1,207,920**	977,900

b) Civil risks

The provision for civil risks of R$ 18,589 in the Parent Company and R$ 22,771 in Consolidated as of September 30, 2020 (R$ 16,272 in the Parent Company and R$ 19,130 in the Consolidated as of December 31, 2019)is related to claims filed by customers on possible product defects.

c) Labor risks

At the labor courts, the Company is a party to various labor claims, mostly questioning overtime incurred.

The amount provisioned of R$ 40,969 in the Parent Company and R$ 43,277 in the Consolidated as of September 30, 2020 (R$ 38,119 in the Parent Company and R$ 40,089 in the Consolidated as of December 31, 2019), reflecting the risk of probable loss assessed by the Company’s Management jointly with its legal advisors.

To address the tax, civil and labor contingencies, the Company has a balance in escrow deposits of R$ 597,513 in the Parent Company and of R$ 760,529 in the Consolidated as at September 30, 2020 (R$ 428,042 in the Parent Company and R$ 570,142 in the Consolidated as at December 31, 2019).

d) Contingent liabilities – possible loss

The Company is a party to other claims that were assessed by Management, based on the opinion of its legal advisors, as of possible loss; therefore, no provision has been recognized for said processes. The amounts related to claims involving federal taxes, as at September 30, 2020 reached a total of R$ 1,793,748 (R$ 1,791,196 as at December 31, 2019) in the Parent Company and R$ 1,890,328 (R$ 1,887,776 as at December 31, 2019) in the Consolidated. In relation to state taxes these amounts, as at September 30, 2020 reach a total of R$ 585,014 (R$ 425,727 as at December 31, 2019) in the Parent Company and R$ 645,518 (R$ 485,723 as at December 31, 2019) in the consolidated and as to municipal taxes these amount to on September 30, 2020, a total of R$ 3,927 (R$ 2,446 as at December 31, 2019) in Parent Company and R$ 3,947 (R$ 2,458 as at December 31, 2019) in Consolidated.

Among the main claims of a tax nature, classified as of possible loss, we highlight: (i) Administrative Process in which the Company discusses with the tax authorities the nature/concept of the bonuses/reimbursements of its suppliers for the purpose of PIS/COFINS taxation, as well as the characterization of some expenses related to its core activity as inputs for the purpose of PIS/COFINS credits; (ii) Legal process and tax assessment notice in which the Company discusses the violation of various legal principles of Law 13241/2015, which extinguished the exemption of PIS and COFINS contribution over revenues from the sale of eligible products to the Basic Production Process. According to the analysis of the Company's internal and external legal advisors the chances of loss are possible or maybe remote; (iii) Process in which the Company discusses with the state tax authorities supposed ICMS credit or divergences; (iv) Administrative Process in which the Company discusses with the state tax authorities assessments for ICMS tax credits appropriated on the purchase of goods from suppliers subsequently declared as inapt; (v) Sundry tax assessments in which the Company discusses the collection of ICMS credits appropriated on the acquisition of goods from some of its suppliers, once these were granted tax benefits by other States of the Federation. Moreover, the Company monitors the evolution of all discussions each quarter so that, if there is a change in the scenario, risk assessments and possible losses will also be reassessed.

The risks of claims are assessed on an ongoing basis and reviewed by Management. Furthermore, the Company also disputes civil and labor administrative proceedings with the estimated risk of loss classified as possible, whose amounts involved are immaterial for disclosure.

e) Contingent assets

The Company is an author (as plaintiff) in other tax claims of various natures, in other words, filed lawsuits against various taxing entities in order to recover taxes paid and/or collected unduly by such entities. A final decision was handed down for active proceedings of the Company involving the issue of exclusion of ICMS from PIS/COFINS calculation basis, in favor to the Company in 2019, as shown in Note 10.

23. Shareholders' equity

a) Capital

The Extraordinary General Meeting held on October 07, 2020 approved the proposal of stock splitting, to the ratio of one (1) common share to four (8) common shares, with no change in the Company's capital value. Therefore, the number of shares went from 1,524,731,712 to 6,498,926,848, all common nominative shares with no par value.

Accordingly, considering the total split shares, as at September 30, 2020 and December 31, 2019, the Company's shareholding structure is as follows:

	09/30/2020		12/31/2019	
	Number of shares	Interest %	Number of shares	Interest %
Controlling shareholders	3,794,517,944	58.39	3,797,096,796	58.43
Outstanding shares	2,681,382,316	41.26	2,686,104,720	41.33
Treasury shares	23,026,588	0.35	15,725,332	0.24
Total	**6,498,926,848**	**100.00**	**6,498,926,848**	**100.00**

The shares held by controlling shareholders, members of the Board of Directors and/or Executive Officers, are included under the controlling shareholders item.

According to article 7 of the Bylaws, the Company may increase its capital, pursuant to Article 168, Law 6404/76, by means of the issue of up to 1,200,000,000 new common shares.

b) Capital reserve

As at September 30, 2020, the Company has the amount of R$ 348,152 (R$ 323,263 as at December 31, 2019) registered under Capital Reserve.

Share purchase option plan

1st Grant of Stock option plan

For this Stock Option Plan ("Plan"), the Company's executives, employees or service providers became eligible to receive stock options. In the first grant of the Plan, on January 5, 2012, 40,791,424 options were granted at the strike price of R$ 0.43 (already considering the effect of split of shares). The Plan was in effect for an eight-year period counted from the grant date, being closed on January 5, 2020.

2nd Grant of Stock option plan

The second grant of the Stock Option Plan was approved on October 25, 2013. In this opportunity, 38,831,232 options were granted and the strike price was established at R$ 0.30 (the effect from split of shares was considered). Said plan will have a maximum exercise period of 12 years, counted from the execution date, provided that the beneficiary continues linked to the Company and has complied with the grace periods of the plan.

The fair value of each option granted was estimated on the grant date by using the Black & Scholes option pricing model, considering the following assumptions:

Assumption	1st granting	2nd granting
Expected average life of options (a)	5.5 years	5.5 years
Average annual volatility	43.5%	37.9%
Risk-free interest rate	10%	6%
Weighted average of fair value of granted options (b)	R$0.21	R$0.19

(a) It represents the period in which the options are believed to be exercised and considers the average turnover of the plan's beneficiaries.
(b) The amounts consider the effect of the split of shares

The table below shows the changes in number of stock options and the weighted average of their strike price (MPPE):

	After the stock splitting		Before the stock splitting	
	Quantity	MPPE	Quantity	MPPE
Outstanding at January 1, 2019	12,127,232	R$0.33	3,031,808	R$1.33
exercised during the period	(5,692,352)	R$0.38	(1,423,088)	R$1.50
In circulation on December 31, 2019	6,434,880	R$0.30	1,608,720	R$1.18
exercised during the period	(5,304,000)	R$0.30	(1,326,000)	R$1.18
Outstanding on September 30, 2020	**1,130,880**	**R$0.30**	**282,720**	**R$1.18**

[1]Weighted Average of the Stock Option Strike Price: calculated based on the contractual terms, not considering the inflation adjustment to the strike price.

[2]The weighted average price of stock options at exercise date was R$ 10.05 in 2020 (R$ 6.35 in 2019), considering the share price after the split.

<u>Share-based incentive plan</u>

The Company has a long-term incentive plan based on shares, approved by the Special General Meeting of April 20, 2017. The purpose of the plan is to grant incentives linked to common shares issued by the Company through programs to be implemented by our Board of Directors, and the managers, employees or service providers of the Company or its subsidiaries and joint ventures are eligible to participate.

The plan's key objectives are: (a) increase the Company's capacity to attract and retain talents; (b) reinforcing the culture of sustainable performance and the pursuit of development of our managers, employees and service providers, aligning the interests of our shareholders with those of the eligible persons; and (c) stimulating the Company's expansion and the achievement and exceeding of our business goals and the attainment of our corporate objectives, aligned with the interests of our shareholders, through the long-term commitment of the beneficiaries.

The following table shows the balance (number) of shares granted on September 30, 2020:

			After the stock splitting		Before the stock splitting	
Type of program	Grant date	Maximum grace period	Position of shares granted	Fair value [1]	Position of shares granted	Fair value [1]
1st Matching share	June 28, 2017	4 years and 10 months	10,075,072	R$0.97	2,518,768	R$3.88
2nd Matching share	April 05, 2018	5 years	7,149,980	R$3.08	1,787,495	R$12.30
3rd Matching share	April 04, 2019	5 years	2,172,192	R$5.05	543,048	R$20.20
4th Matching share	April 15, 2020	5 years	1,613,352	R$10.96	403,338	R$43.85
1st Restricted share	April 05, 2018	3 years	595,232	R$3.08	148,808	R$12.30
2nd Restricted share	April 04, 2019	3 years	2,535,104	R$5.05	633,776	R$20.20
3rd Restricted share	June 05, 2019	3 years	1,158,080	R$5.98	289,520	R$23.90
4th Restricted share	April 04, 2019	3 years	2,555,040	R$5.27	638,760	R$21.08
5th Restricted share	April 15, 2020	3 years	3,156,244	R$10.96	789,061	R$43.85
1st Performance share	February 20, 2019	5 years	43,020,608	R$5.08	10,755,152	R$20.31
			74,030,904	**R$4.71**	**18,507,726**	**R$17.34**

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

In addition to the plans shown above, the Company granted 8,916,188 shares in the Softbox group acquisition process, part linked to the former owners of the acquiree who continue to act as employees and part to the other employees. The fair value measured at grant date was R$ 5.68 and the maximum grace period is 5 years (December 2023).

Consideration in business combination

In its acquisition processes, the Company has been using the negotiation of part of the acquisition price with shares issued by it ("MGLU3"). Considering that the consideration will be settled using an equity instrument, the Company has an accounting policy of recording the fair value under the capital reserve item. We show below the amount related to the consideration in shares, on September 30, 2020:

Acquisition	Acquisition date	Amount	Number of shares[1]	Calculation of goals
Hubsales	07/30/2020	5,000	258,854	01/01/2021–12/31/2025
Canaltech	09/30/2020	24,000	1,074,378	10/01/2020–08/30/2025
Aiqfome	09/03/2020	37,500	1,753,507	01/01/2021–12/31/2025
GFL Logística	09/25/2020	5,783	260,173	01/01/2021–12/31/2025
Stoq	08/24/2020	7,560	363,750	01/01/2021–12/31/2025
		79,843	**3,710,662**	

[1] Part of the shares are linked to the achievement of certain targets and other obligations. The number of shares was calculated considering the fair value of reaching 100% of the targets provided for in the contracts. It considers the number of shares after splitting.

c) Treasury shares

	After the stock splitting		Before the stock splitting	
	Quantity	Valor[1]	Quantity	Amount
January 1, 2019	52,072,736	87,015	13,018,184	87,015
Acquired in the year	17,061,776	142,773	4,265,444	142,773
Disposed in the year	(52,617,888)	(105,255)	(13,154,472)	(105,255)
December 31, 2019	16,516,624	124,533	4,129,156	124,533
Acquired in the year	18,000,000	268,974	4,500,000	268,974
Disposed in the year	(11,490,036)	(93,649)	(2,872,509)	(93,649)
September 30, 2020	23,026,588	299,858	5,756,647	299,858

The decrease in treasury share balance is equal to the weighted average of the cost incurred to acquire the shares. Any exceeding cash received for the disposal on decrease of treasury shares is recoded as capital reserve.

The stock options exercised for the period were paid using the Company's treasury shares.

d) Profit reserve

In 2019, the Board of Directors approved the distribution of Interest on Own Capital in the amount of R$ 170,000, in addition to the proposal for the distribution of dividends in the amount of R$ 290,914; the proposed distribution totaled R$ 460,914, of which R$ 123,566 referred to minimum mandatory dividends.

Due to the worsening of the pandemic crisis caused by the coronavirus (Covid-19), the Board of Directors decided to cancel the additional dividend proposal in the amount of R$ 290,914 on March 22, 2020, allocating said amount to the working capital reinforcement reserve, and maintaining the distribution of interest on own capital in the amount of R$ 170,000. At the same meeting, the Board of Directors decided to postpone the Annual General Meeting from April 9, 2020 to July 27, 2020, pursuant to CVM Resolution 489/2020.

At the Annual General Meeting held on July 27, 2020, the payment of dividends in the amount of R$ 152,640 was approved, in addition to the amount of R$ 170,000 declared as interest on own capital, totaling a distribution of R$ 322,640, which is equivalent to 35% of the net income for the year 2019, to be settled as of August 19, 2020. The amount of R$ 138,274, related to the difference in the amount of R$ 490,914 approved by the Board of Directors in 2019 and the amount of R$ 322,640 approved in the Annual Shareholder's Meeting, was added to the allocation to the working capital reinforcement reserve, which was also approved at the same Annual Shareholder's Meeting.

e) Equity valuation adjustments

In the period ended September 30, 2020 the Company recorded in “Equity valuation adjustments” the amount of R$ (7,877), (R$ 3,168 in 2019), related to adjustment to fair value of financial assets.

f) Earnings per share

The calculations of basic and diluted earnings per share, considering the effect from split of shares, are disclosed below:

	Basic earnings		Diluted earnings	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
In thousands				
Total common shares	**6,498,926,848**	6,098,926,848	**6,498,926,848**	6,098,926,848
Effect of treasury shares	**(23,026,588)**	(12,516,624)	**(23,026,588)**	(12,516,624)
Effect of stock plans to be exercised (a)	**-**	-	**76,936,163**	70,815,308
Weighted average of outstanding common shares	**6,475,900,260**	**6,086,410,224**	**6,552,836,423**	6,157,225,532
Income (loss) for the period on:	**172,223**	753,830	**172,223**	753,830
Earnings per share: (in reais - R$)	**0.027**	0.124	**0.026**	0.122
Income (loss) for the quarter ended:	**205,957**	235,100	**205,957**	235,100
Earnings per share: (in reais - R$)	**0.032**	0.039	**0.031**	0.038

(a) Considers the effect of exercisable shares in accordance with the stock-option plan disclosed above.

24. Net revenue from sales

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Gross revenue:								
Retail – resale of goods	**20,313,947**	14,846,351	**22,353,514**	15,652,238	**9,001,912**	5,052,273	**9,790,386**	5,685,328
Retail – services rendered	**822,941**	761,492	**963,374**	749,233	**318,392**	278,589	**386,815**	271,386
Other services	**-**	-	**335,439**	107,338	**-**	-	**172,281**	42,720
	21,136,888	15,607,843	**23,652,327**	16,508,809	**9,320,304**	5,330,862	**10,349,482**	5,999,434
Taxes and returns:								
Retail – resale of goods	**(3,953,919)**	(2,720,962)	**(4,413,497)**	(2,915,550)	**(1,798,165)**	(945,123)	**(1,984,189)**	(1,101,515)
Retail – services rendered	**(71,763)**	(81,370)	**(76,569)**	(81,392)	**(30,730)**	(28,905)	**(28,596)**	(28,905)
Other services	**-**	-	**(50,941)**	(10,583)	**-**	-	**(28,371)**	(4,816)
	(4,025,682)	(2,802,332)	**(4,541,007)**	(3,007,525)	**(1,828,895)**	(974,028)	**(2,041,156)**	(1,135,236)
Net revenue from sales	**17,111,206**	12,805,511	**19,111,320**	13,501,284	**7,491,409**	4,356,834	**8,308,326**	4,864,198

25. Cost of goods resold and services rendered

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Costs:								
Goods resold	**(12,829,075)**	(9,348,359)	**(13,879,224)**	(9,725,202)	**(5,614,213)**	(3,132,246)	**(6,031,329)**	(3,419,834)
Services rendered	**-**	-	**(197,685)**	(47,510)	**-**	-	**(98,263)**	(19,445)
Total	**(12,829,075)**	(9,348,359)	**(14,076,909)**	(9,772,712)	**(5,614,213)**	(3,132,246)	**(6,129,592)**	(3,439,279)

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

The Company's statement of profit or loss is presented based on the classification of the expenses according to their functions. The information on the nature of these expenses recognized in the income statement is as follows:

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Personnel expenses	**(1,496,024)**	(1,386,862)	**(1,655,458)**	(1,467,135)	**(595,131)**	(498,508)	**(648,629)**	(554,683)
Expenses from services rendered	**(1,343,035)**	(738,067)	**(1,562,701)**	(831,642)	**(559,802)**	(280,609)	**(642,576)**	(343,927)
Other	**(560,861)**	(94,681)	**(805,159)**	(115,671)	**(298,096)**	57,383	**(381,979)**	(15,492)
Total	**(3,399,920)**	(2,219,610)	**(4,023,318)**	(2,414,448)	**(1,453,029)**	(721,734)	**(1,673,184)**	(914,102)

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Classified by function as:								
Sales expenses	**(2,996,347)**	(2,147,020)	**(3,487,191)**	(2,309,125)	**(1,258,968)**	(762,498)	**(1,432,585)**	(889,953)
Administrative and general expenses	**(488,865)**	(395,740)	**(617,311)**	(498,226)	**(197,579)**	(141,065)	**(240,690)**	(207,117)
Other operating income, net	**85,292**	323,150	**81,184**	392,903	**3,518**	181,829	**91**	182,968
Total	**(3,399,920)**	(2,219,610)	**(4,023,318)**	(2,414,448)	**(1,453,029)**	(721,734)	**(1,673,184)**	(914,102)

Freight expenses related to the transportation of goods from distribution centers (CDs) to physical stores and the delivery of products resold to customers are classified as sales expenses.

27. Other operating income, net

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Recognition of deferred income (a)	**40,527**	38,593	**42,925**	39,542	**14,199**	12,865	**15,232**	13,814
Reversal (provision) for tax, civil and labor risks	**34,602**	(244,272)	**33,646**	(246,680)	**2,400**	(14,272)	**(201)**	(16,680)
Tax credits (b)	**53,248**	730,897	**56,593**	811,977	**-**	232,855	**299**	240,842
Other income	**128,377**	525,218	**133,164**	604,839	**16,599**	231,448	**15,330**	237,976
Gain (loss) on sale of fixed assets	**(2,051)**	4,150	**(1,918)**	4,441	**(154)**	1,188	**(30)**	1,479
Experts' fees (c)	**(10,238)**	(134,161)	**(19,772)**	(144,028)	**(1,007)**	(23,021)	**(4,305)**	(28,783)
Pre-operating expenses	**(7,105)**	(20,006)	**(7,105)**	(20,298)	**(3,165)**	(12,164)	**(3,165)**	(12,082)
Aspects related to Covid-19 and other (d)	**(23,691)**	(52,051)	**(23,185)**	(52,051)	**(8,755)**	(15,622)	**(7,739)**	(15,622)
Other expenses	**(43,085)**	(202,068)	**(51,980)**	(211,936)	**(13,081)**	(49,619)	**(15,239)**	(55,008)
Total	**85,292**	323,150	**81,184**	392,903	**3,518**	181,829	**91**	182,968

(a) Refers to the recognition of deferred revenue by assignment of exploration rights, as described under Note 20.

(b) It refers to the recognition of effects determined and recorded in 2019 for the final decision on the Company's and its subsidiaries' lawsuits on the exclusion of ICMS in the PIS and COFINS calculation basis, as shown in Note 10.
(c) Expenses related to advisory costs for the acquisition of companies, as well as attorneys' success fees for the aforementioned processes.
(d) In 2020, it refers mainly to expenditures incurred due to Covid-19, such as supplies for cleaning the Distribution Centers and administrative units, among others. In 2019, it mainly referred to non-competition agreements entered into with the Company's executives.

28. Financial income (loss)

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Financial income:								
Interest from the sale of extended guarantee	**29,328**	39,151	**29,328**	39,151	**13,990**	11,332	**13,990**	11,332
Yield from interest earning bank deposits and securities	**55,236**	7,145	**13,387**	4,872	**11,413**	(810)	**5,139**	1,123
Interest from the sale of goods – interest in arrears in receipts	**10,247**	5,435	**10,250**	5,435	**5,256**	2,008	**5,256**	2,008
Inflation adjustments (a)	**46,727**	520,777	**56,847**	567,025	**17,996**	81,354	**21,914**	81,575
Other	**22,607**	18,385	**34,796**	19,444	**6,049**	10,794	**9,806**	11,853
	164,145	590,893	**144,608**	635,927	**54,704**	104,678	**56,105**	107,891
Financial expenses:								
Interest on loans and financing	**(36,936)**	(34,061)	**(36,936)**	(40,870)	**(11,460)**	(18,484)	**(11,396)**	(19,165)
Interest from lease	**(128,466)**	(70,389)	**(133,787)**	(73,028)	**(45,947)**	(3,234)	**(47,257)**	(5,349)
Charges on credit card advances	**(142,757)**	(300,887)	**(161,383)**	(309,302)	**(38,924)**	(87,453)	**(47,084)**	(93,603)
Provision for loss from interest on extended guarantee	**(18,129)**	(21,007)	**(18,129)**	(21,007)	**(2,480)**	(4,400)	**(2,480)**	(4,400)
Financial income tax	**(7,740)**	(27,679)	**(8,764)**	(27,679)	**(2,121)**	(5,158)	**(2,457)**	(5,158)
Inflation adjustments – Liabilities	**(22,232)**	(21,741)	**(42,396)**	(22,047)	**(22,232)**	(11,477)	**(42,396)**	(11,698)
Other	**(32,318)**	(22,694)	**(34,883)**	(24,427)	**(4,493)**	(6,916)	**(5,737)**	(8,007)
	(388,578)	(498,458)	**(436,278)**	(518,360)	**(127,657)**	(137,122)	**(158,807)**	(147,380)
Net financial income (loss)	**(224,433)**	92,435	**(291,670)**	117,567	**(72,953)**	(32,444)	**(102,702)**	(39,489)

(a) It mainly refers to inflation adjustment of tax credits. In 2019, it refers to effects determined and recorded for the final decision on the Company's and its subsidiaries' lawsuits on the exclusion of ICMS in the PIS and COFINS calculation basis, as shown in Note 10.

29. Information per business segment

To manage its business taking into consideration its financial and operating activities, the Company classified its business into Retail, Financial Operations, Insurance Operations and Other Services. These divisions are considered as the primary segments for information disclosure. The main characteristics of these divisions are as follows:

Retail - basically the resale of goods and provision of services in the Company's stores and e-commerce (traditional e-commerce and marketplace) and Aiqfome acting as intermediary. In the context of the marketplace, information related to Magalu Pagamentos is added to this segment;

Financial operations - through the jointly-owned subsidiary Luizacred, mainly engaged in granting of credit to the Company's customers for acquisition of products;

Insurance operations - through the jointly-controlled subsidiary Luizaseg, mainly engaged in the offer of extended warranties of products purchased by the Company's customers;

Other services – sum of services rendered in consortium management through its subsidiary LAC, mainly engaged in the management of consortia to the Company's customers for the purchase of products; product delivery management services - through the subsidiary Magalog and software development services through the subsidiaries of the Softbox Group.

The Company's sales are fully made in the Brazilian territory and, considering retail operations, there is no concentration of customers or of products and services offered.

Statements of income as of 09/30/2020.

	Retail (a)	Financial operations	Insurance operations	Other services	Elimination (b)	Consolidated
Gross income	23,468,125	900,952	199,271	285,883	(1,201,904)	23,652,327
Deductions from revenue	(4,502,092)	-	-	(38,915)	-	(4,541,007)
Net revenue of the segment	18,966,033	900,952	199,271	246,968	(1,201,904)	19,111,320
Costs	(13,879,224)	(54,777)	(23,817)	(203,637)	84,546	(14,076,909)
Gross income	5,086,809	846,175	175,454	43,331	(1,117,358)	5,034,411
					-	
Sales expenses	(3,573,316)	(334,096)	(128,613)	(9,604)	558,438	(3,487,191)
Administrative and general expenses	(585,146)	(7,540)	(20,961)	(32,165)	28,501	(617,311)
Income (loss) from allowance for doubtful accounts	(82,798)	(356,962)	-	(1,659)	356,962	(84,457)
Depreciation and amortization	(513,137)	(4,494)	(3,895)	(3,149)	8,389	(516,286)
Equity in net income of subsidiaries	93,917	-	-	-	1,881	95,798
Other operating revenues	80,086	(15,772)	116	1,098	15,656	81,184
Financial revenues	143,402	-	11,107	1,206	(11,107)	144,608
Financial expenses	(435,463)	-	(68)	(815)	68	(436,278)
Income tax and social contribution	(42,131)	(51,239)	(13,414)	(124)	64,653	(42,255)
Net income (loss) for the period	172,223	76,072	19,726	(1,881)	(93,917)	172,223

Equity accounting reconciliation

Equity in net income of subsidiaries – Other services (Note 12)	(1,881)
Equity in net income of subsidiaries - Luizacred (Note 13)	76,072
Equity in net income of subsidiaries - Luizaseg (Note 13)	19,726
(=) Equity in investments of the retail segment	93,917
(-) Elimination effect – Other services	1,881
(=) Consolidated equity in investments	95,798

Statements of income as of 09/30/2019

	Retail (a)	Financial operations	Insurance operations	Other services	Elimination (b)	Consolidated
Gross income	16,421,974	939,749	199,453	107,338	(1,159,705)	16,508,809
Deductions from revenue	(2,996,942)	-	-	(10,583)	-	(3,007,525)
Net revenue of the segment	13,425,032	939,749	199,453	96,755	(1,159,705)	13,501,284
Costs	(9,725,202)	(97,450)	(19,483)	(58,605)	128,028	(9,772,712)
Gross income	3,699,830	842,299	179,970	38,150	(1,031,677)	3,728,572
					-	
Sales expenses	(2,313,950)	(313,504)	(154,441)	(4,583)	477,353	(2,309,125)
Administrative and general expenses	(469,621)	(12,583)	(18,836)	(28,605)	31,419	(498,226)
Income (loss) from allowance for doubtful accounts	(45,836)	(484,416)	-	-	484,416	(45,836)
Depreciation and amortization	(363,985)	(4,463)	(3,817)	(702)	8,280	(364,687)
Equity in net income of subsidiaries	12,258	-	-	-	(4,060)	8,198
Other operating revenues	393,319	(22,252)	117	(416)	22,135	392,903
Financial revenues	611,457	-	13,501	2,423	(13,501)	613,880
Financial expenses	(495,950)	-	(32)	(363)	32	(496,313)
Income tax and social contribution	(273,692)	(2,312)	(11,033)	(1,844)	13,345	(275,536)
Net revenue for the period	753,830	2,769	5,429	4,060	(12,258)	753,830

Equity accounting reconciliation

Equity in net income of subsidiaries - Other services	4,060
Equity in net income of subsidiaries – Luizacred	2,769
Equity in net income of subsidiaries – Luizaseg	5,429
(=) Equity in investments of the retail segment	12,258
(-) Elimination effect – Other services	(4,060)
(=) Consolidated equity in investments	8,198

a) The retail segment is represented by consolidated amounts contemplating the results of Magazine Luiza S.A., Época Cosméticos, Integra Commerce, Netshoes, Magalu Pagamentos and Aiqfome. In the retail segment, the equity in investments line contemplates net income from financial operations, insurance and other services, once this amount is contained in the profit or loss amounts of the segment used by the main operations management.

b) Eliminations are represented mainly by the effects of the segments of financial operations and insurance operations, which are presented in a proportional manner above, nevertheless are included only in one line of equity in investments in the consolidated financial statements of the Company.

c) The transfers of net revenue between the operating segments are lower than 10% of the combined net revenue of all segments and are not regularly reviewed by the Company's main operating manager.

Balance sheet at 09/30/2020

	Retail (*)	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	1,117,412	8,993	168	73,027
Marketable securities and other financial assets	1,721,590	8,603	273,836	4,009
Accounts receivable	4,011,542	4,926,595	-	35,733
Inventories	5,005,934	-	-	-
Investments	628,800	-	-	-
Property, plant and equipment, intangible assets and right-of-use	5,121,959	54,265	29,278	230,954
Other	4,022,403	235,686	38,491	101,366
	21,629,640	5,234,142	341,773	445,089
Liabilities				
Suppliers	6,079,684	-	2,202	24,574
Onlendings and other deposits	627,260	-	-	-
Loans and financing and other financial liabilities	1,674,057	-	-	1,538
Leases	2,430,380	-	-	-
Interbank deposits	-	1,764,831	-	-
Credit card operations	-	2,351,674	-	-
Technical Reserves - Insurance	-	-	295,108	-
Provision for tax, civil and labor contingency risks	1,208,667	30,591	1,766	57,101
Deferred revenue	358,228	11,814	-	-
Other	1,874,759	703,689	31,299	161,441
	14,253,035	4,862,599	330,375	244,654
Shareholders' equity	7,376,605	371,543	11,398	200,435

Reconciliation of investment	
Subsidiaries (Note 12)	
Consórcio Luiza	50,362
Magalog	129,820
Softbox Group	65,677
Magalu Pagamentos	131,171
	377,030
Jointly-controlled subsidiaries (Note 13)	
Luizacred	371,543
Luizaseg	11,398
	382,941
Total investments	759,971
(-) Elimination effect	(377,030)
(=) Total consolidated investments	382,941

Balance sheet at 12/31/2019

	Retail (*)	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	248,988	15,327	103	56,758
Marketable securities and other financial assets	4,446,143	37,975	270,552	2,229
Accounts receivable	2,906,243	5,174,703	-	25,633
Inventories	3,801,763	-	-	-
Investments	410,894	-	-	-
Property, plant and equipment, intangible assets and right-of-use	4,838,386	58,718	33,148	5,244
Other	3,084,414	306,323	36,948	18,358
	19,736,831	5,593,046	340,751	108,222
Liabilities				
Suppliers	5,911,232	-	1,185	23,645
Loans and financing and other financial liabilities	847,054	-	-	1,775
Leases	2,280,322	-	-	-
Interbank deposits	-	2,677,682	-	-
Credit card operations	-	2,341,973	-	-
Technical Reserves - Insurance	-	-	285,283	-
Provision for tax, civil and labor contingency risks	1,027,341	61,621	1,312	667
Deferred revenue	399,837	12,986	-	-
Other	1,706,108	203,313	43,351	22,807
	12,171,894	5,297,575	331,131	48,894
Shareholders' equity	7,564,937	295,471	9,620	59,328

Reconciliation of investment	
Subsidiaries (Note 12)	
Consórcio Luiza	44,372
Magalog	14,039
Softbox Group	45,400
Magalu Pagamentos	1,992
	105,803
Jointly-controlled subsidiaries (Note 13)	
Luizacred	295,471
Luizaseg	9,620
	305,091
Total investments	410,894
(-) Elimination effect	(105,803)
(=) Total consolidated investments	305,091

(*) Consolidated balances contemplating Magazine Luiza S.A, Netshoes, Época Cosméticos, Integra Commerce, Magalu Pagamentos and Aiqfome.

30. Financial instruments

Accounting policy

(i) Initial classification and subsequent measurement

In the initial recognition, a financial asset is classified as measured: at amortized cost; at fair value through other comprehensive income (FVTOCI) at Fair Value (FVTPL). A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at FVTPL:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and
- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

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

- it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and
- its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on principal outstanding value.

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

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

- Financial assets measured at FVTPL: These financial assets are subsequently measured at fair value through profit or loss (FVTPL). Net income, plus interest, is recognized in income (loss).

- Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is impaired. Interest revenue, possible foreign exchange gains and impairment losses are recognized in the income (loss). Any gain or loss on derecognition is recognized in income (loss).

- Financial assets measured at FVTOCI: These financial assets are subsequently measured at FVTOCI. In derecognition, the retained earnings in OCI are reclassified to the income (loss).

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

(ii) Derecognition and offsetting

The Company derecognizes a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company transfers the rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled or expired. In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in income (loss).

Financial assets or liabilities are offset and the net value reported in the balance sheet only when the Company currently has legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(iii) Impairment of financial assets

The Company opted to measure provisions for losses on accounts receivable and contractual assets at an amount equal to the credit loss expected for the entire life. When determining if the credit risk of a financial asset has significantly increased since the initial recognition and when estimating expected credit losses, the Company considers reasonable and tolerable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment, and considering forward-looking information. The Company considers a financial asset as non-performing when: - it is very unlikely that the creditor will fully pay its credit obligations, without having to resort to actions like the realization of guarantee (if any); or - financial asset is overdue for more than 180 days.

Measurement of expected credit losses

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

Financial assets with credit recovery problems

At each reporting date, the Company assesses whether the financial assets accounted for at amortized cost and measured at FVTOCI are experiencing recovery problems. A financial asset has “credit recovery problems” when one or more events with a negative impact on the estimated future cash flows of the financial asset occur.

Presentation of impairment

Provision for losses for financial assets measured at amortized cost are deducted from the gross book value of the assets. For financial assets measured at FVTOCI, the provision for losses is recognized in OCI.

Impairment losses related to trade accounts receivable and other receivables are presented separately in the statement of income and OCI.

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Categories of financial instruments

		Parent company				Consolidated			
		09/30/2020		12/31/2019		09/30/2020		12/31/2019	
Categories of financial instruments	**Rating**	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**
Cash and banks	Amortized cost	**128,274**	**128,274**	167,618	167,618	**317,371**	**317,371**	240,618	240,618
Trade receivables - Credit and debit cards	FVOCI	**2,227,062**	**2,227,062**	2,042,299	2,042,299	**3,341,645**	**3,341,645**	2,126,642	2,126,642
Accounts receivable - Other trade accounts receivable and commercial agreements	Amortized cost	**642,446**	**642,446**	741,664	741,664	**705,630**	**705,630**	805,234	805,234
Accounts receivable from related parties	Amortized cost	**395,282**	**395,282**	104,510	104,510	**71,253**	**71,253**	100,551	100,551
Receivables from related parties – Credit cards	FVOCI	**1,308,333**	**1,308,333**	269,485	269,485	**1,308,333**	**1,308,333**	269,485	269,485
Cash equivalents – Bills	FVTPL	**507,381**	**507,381**	7,914	7,914	**507,381**	**507,381**	7,914	7,914
Cash equivalents – CDBs (Bank Deposit Certificates)	Amortized cost	**305,379**	**305,379**	5,267	5,267	**333,093**	**333,093**	16,333	16,333
Securities	Amortized cost	**12,335**	**12,335**	12,094	12,094	**16,344**	**16,344**	14,323	14,323
Securities	FVTPL	**1,709,255**	**1,709,255**	4,434,049	4,434,049	**1,709,255**	**1,709,255**	4,434,049	4,434,049
Total financial assets		**7,235,747**	**7,235,747**	7,784,900	7,784,900	**8,310,305**	**8,310,305**	8,015,149	8,015,149

		Parent company				Consolidated			
		09/30/2020		12/31/2019		09/30/2020		12/31/2019	
Categories of financial instruments	**Rating**	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**
Suppliers	Amortized cost	**5,435,433**	**5,435,433**	5,413,546	5,413,546	**6,104,258**	**6,104,258**	5,934,877	5,934,877
Onlendings and other deposits	Amortized cost	**-**	**-**	-	-	**627,260**	**627,260**	-	-
Loans and financing (i)	Amortized cost	**1,673,858**	**1,691,069**	847,054	847,054	**1,675,595**	**1,692,806**	848,829	848,829
Leases	Amortized cost	**2,365,338**	**2,365,338**	2,205,750	2,205,750	**2,430,380**	**2,430,380**	2,280,322	2,280,322
Accounts payable to related parties	Amortized cost	**179,584**	**179,584**	152,094	152,094	**109,784**	**109,784**	152,126	152,126
Other accounts payable - ex-quotaholders	Amortized cost	**12,725**	**12,725**	10,581	10,581	**69,443**	**69,443**	10,581	10,581
Total financial liabilities		**9,666,938**	**9,684,149**	8,629,025	8,629,025	**11,016,720**	**11,033,931**	9,226,735	9,226,735

(i) Measured based on tier 2 of fair value.

Fair value measurement

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described below based on the lowest level information that is significant to the measurement of the fair value as a whole:

Level 1 - market prices quoted (not adjusted) in active markets for identical assets and liabilities;
Level 2 - Valuation techniques for which the lowest and significant level of information to measure the fair value directly or indirectly observable. The Company uses the discounted cash flow technique for measurement.
Level 3 - valuation techniques for which the lowest and most significant level of information for measuring fair value is not available.

The measurement of assets and liabilities of the Company is demonstrated below:

		Parent company		Consolidated		
Category of financial instruments – Assets	**Rating**	**09/30/2020**	**12/31/2019**	**09/30/2020**	**12/31/2019**	**Level**
Trade receivables – Credit and debit cards	FVOCI	**2,227,062**	2,042,299	**3,341,645**	2,126,642	**Level 2**
Accounts receivable from related parties – Credit cards	FVOCI	**1,308,333**	269,485	**1,308,333**	269,485	
Cash equivalents – Bills	FVTPL	**507,381**	7,914	**507,381**	7,914	**Level 2**
Securities	FVTPL	**1,709,255**	4,434,049	**1,709,255**	4,434,049	**Level 2**
Total financial assets		**5,752,031**	6,753,747	**6,866,614**	6,838,090	

Valuation techniques and significant non-observable inputs:

Specific evaluation techniques used to value financial instruments, in accordance to the rules of level 2, include:

- Quoted market prices or quotes from financial institutions or brokerage firms for similar instruments.

- Fair value of accounts receivable from credit cards is determined based on assumptions usually used for the sale of similar assets, considering the discounted cash flows at a rate of acquiring companies.

- Other techniques, such as analysis of discounted cash flows, are used to determine the fair value of the remaining financial instruments.

Capital risk management

The Company's objectives in managing its capital are to safeguard its going concern to offer return to shareholders and benefits to the other stakeholders besides maintaining an optimal capital structure to reduce this cost and maximize funds to invest in the opening and modernization of stores, new technologies, process improvements and advanced management methods.

The Company’s capital structure comprises financial liabilities, cash and cash equivalents and securities. Periodically, Management reviews the capital structure and its capacity to settle its liabilities, as well as timely monitors the average term of suppliers in relation to the average term of inventory turnover, taking the necessary actions when the relationship between these balances shows significant imbalances.

Management of liquidity risk

The Company's Financial Management has the ultimate responsibility for the management of the liquidity risk and prepares an appropriate liquidity risk management model to manage funding requirements and short, medium and long-term liquidity management. The Company manages the liquidity risk through the continuous monitoring of estimated and actual cash flows, the combination of the maturity profiles of financial assets and liabilities and the maintenance of a close relationship with financial institutions, with regular disclosure of information to support credit decisions when external funds are necessary.

The table below details the remaining contractual maturity of the Company's financial liabilities and the contractual amortization terms. This table was prepared using the undiscounted cash flows of financial liabilities.

Contractual maturity is based on the closest date on which the Company should settle the related obligations:

	Book balance	<1 year	1–3 years	>3 years	Total
Suppliers	**6,358,086**	**6,358,086**	**-**	**-**	**6,358,086**
Leases	**2,430,380**	**459,475**	**914,250**	**2,082,128**	**3,455,853**
Loans and financing	**1,675,595**	**1,686,426**	**15,564**	**-**	**1,701,990**
Related parties	**109,784**	**109,784**	**-**	**-**	**109,784**
Other accounts payable - ex-quotaholders/partners	**69,443**	**13,528**	**36,261**	**22,092**	**71,881**

Other financial risk considerations

The Company's businesses comprise particularly the retail trade of consumer goods and insurance, financial and other services, as described in note 29, segment information. The main market risk factors that affect the businesses are summarily:

Credit risk: the risk arises from the possibility that the Company may incur losses due to non-receipt of amounts billed to their customers, the consolidated balance of which amounts to R$ 3,968,931 as at September 30, 2020 (R$ 2,726,430 as at December 31, 2019). A large part of the sales of the Company are made using the credit card as a form of payment, which is substantially securitized with the credit card administrators. For other receivables, the Company also evaluates the risk as being low, due to the widespread sales, as a result of the large number of customers; however, there are no guarantees of actual receipt of the total balance of trade receivables due to the nature of the Company's activities. Nevertheless, the risk is managed by means of periodic analysis of default rate (with consistent criteria to support the requirements of IFRS 9) and the adoption of more efficient collection measures. As at September 30, 2020, the Company recorded past-due or uncollectible balances, which terms were renegotiated, in the amount of R$ 36,706 (R$ 14,841 as at December 31, 2019), which are included in the analysis on the need to form a provision for expected credit loss. More information on accounts receivable is disclosed in Note 7.

The policy of the Company for investments in debt securities (financial investments) is to invest in securities that have ratings attributed by the main credit risk agencies, of at least Sovereign Credit Ratings (on a global scale). As at September 30, 2020, almost the total amount of investments held by the Company had such rating levels, reaching the amount of R$ 2,534,350 (R$ 4,459,324 as at

December 31, 2019) Company and R$ 2,598,667 (R$ 4,513,500 as at December 31, 2019) in the Consolidated.

Market risk: arises from the slowdown of retail sales in the Brazilian economic environment. The management of the risks involved in these operations is performed by establishing operational and trading policies, determining limits for transactions with derivatives and constant monitoring of assumed positions. The main related risks are changes in the interest and foreign exchange rates.

Foreign exchange risk: on the date of this quarterly information, the Company did not have directly traded significant foreign exchange transactions. However, many products that the Company sells, especially technology items, are manufactured locally, but have several imported components, so that their costs may vary with the exchange-rate change. Therefore, the management of "indirect" exchange rate risk is closely linked to commercial, price and product margin management, being carried out together with its suppliers, who try not to transfer major fluctuations to end clients.

Interest rate risk: the Company is exposed to floating interest rates tied to the "Interbank Deposit Certificate (CDI)", relating to financial investments and loans and financing in reais (R$), for which it performed a sensitivity analysis, as described below.

As at September 30, 2020, Management carried out a sensitivity analysis, considering a probable scenario and scenarios of 25% and 50% decreases in the expected interest rates. The probable scenario and decrease in interest rates were measured using the future interest rates disclosed by BM&F BOVESPA and/or BACEN, considering a CDI base rate of 3.65% p.a. The expected effects of revenues from interest earning bank deposits, net of financial expenses from loans and financing for the next three months are as follows:

	Parent company	Consolidated
	09/30/2020	09/30/2020
Bank deposit certificates (Note 5)	**812,760**	**840,474**
Non-exclusive investment funds (Note 5)	**-**	**32,594**
Cash equivalents	**812,760**	**873,068**
Marketable securities (Note 6)	**1,721,590**	**1,725,599**
Total cash equivalents and securities	**2,534,350**	**2,598,667**
Loans and financing (note 19)	**(1,673,858)**	**(1,675,595)**
Net exposure	**860,492**	**923,072**
Financial revenue from interest - exposure to CDI	**1.90%**	**1.90%**
Impact on financial income (loss), net of taxes:		
Scenario I - Probable	**3,352**	**3,596**
Scenario II - Decrease of 25%	**2,514**	**3,649**
Scenario III - Decrease of 50%	**1,676**	**2,433**

31. Statements of cash flows

Changes in equity that do not affect the cash flows of the Company are as follows:

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Changes in fair value of financial assets	**(6,127)**	(5,846)	**(6,127)**	(5,846)
Offset of recoverable taxes	**(604,801)**	-	**(604,801)**	-
Stock option plan - Netshoes	**(2,214)**	(4,344)	**(2,214)**	(4,344)
Reclassification of taxes payable related to provision for tax, civil and labor risks		95,779		95,779

Additions IFRS 16 - Right-of-use and lease	**375,289**	-	**380,321**	-
Amounts payable to former shareholders	**89,394**	15,582	**89,394**	15,582

32. Insurance coverage

The Company maintains insurance contracts with coverage determined in accordance with the orientation of specialists, considering the nature and the degree of risk, in amounts considered sufficient to cover possible losses on its assets and/or responsibilities.

Insurance coverage, in amounts, is as follows:

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Civil liability and D&O	**100,000**	100,000	**342,921**	230,425
Sundry risks – inventory and property and equipment	**4,226,264**	3,674,701	**4,581,143**	4,139,459
Vehicles	**23,891**	22,872	**23,891**	35,706
Total	**4,350,155**	3,797,573	**4,947,955**	4,405,590

33. Subsequent events

a) Acquisition of "ComSchool"

On October 15, 2020, the Company announced to the market the acquisition of ComSchool Soluções em E-Commerce Ltda., a benchmark in courses focused on e-commerce and digital performance in Brazil.

The Company's intention is to bring knowledge and training on the online market to thousands of people and companies, fostering inclusion in the digital universe. Furthermore, ComSchool will offer sellers in the Company's marketplace access to courses developed especially for their needs, enabling them to better manage their businesses in the digital world, to sell more and with a high service level. Moreover, entrepreneurs with analogic operations will be able to learn about e-commerce and digital businesses, accelerating the digital transformation process of said companies.

3Q20 Highlights

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- **Total sales rose 81%, reaching R$12.4 billion**
- **E-commerce grew 148%, reaching R$8.2 billion and 66% of total sales**
- **Physical store sales grew 18%, with strong market share gains**
- **Adjusted EBITDA grew 41%, to R$561 million (6.8% margin)**
- **Adjusted net profit grew 70% reaching R$216 million**
- **Cash flow from operations was R$884 million, growing 328%**

Highest quarterly growth in history. In 3Q20, total sales (physical stores, traditional e-commerce (1P) and marketplace (3P)) increased an impressive 81.2% to R$12.4 billion, reflecting growth of 148.5% in e-commerce and 18.3% in physical stores (same store sales growth of 7.2%), even with part of the stores still closed during July and August. The great performance of the stores during the quarter led Magalu to reach the largest market share position in its history, with 5.4 p.p. of growth over 3Q19, according to GFK, the leading retail analytics firm.

E-commerce continues to grow at a very fast pace, even with the reopening of physical stores. In 3Q20, formal Brazilian e-commerce grew 43.5%, according to E-bit. Magalu went even further, growing more than three times the market, consolidating its leadership position in formal e-commerce. During the period, the Company's total e-commerce sales increased by 148.5% and accounted for 66.3% of total sales. In traditional e-commerce (1P), sales increased by 149.5% and the 3P marketplace contributed R$2.1 billion, growing 145.4%. The strong gain in market share was driven by the excellent performance of the app, which had 30 million monthly active users (MAU). Other contributing factors include faster delivery speeds, the growth of new categories and the continued evolution of the marketplace.

Gross margin reflects greater e-commerce participation. Even with the excellent performance of the physical stores, the strong growth in online sales led e-commerce to become a greater percentage of total sales - from 48.3% in 3Q19 to 66.3% in 3Q20 - and, consequently, the adjusted gross margin decreased from 30.6% in 3Q19 to 26.2% in 3Q20.

Expenses reach historically low percentage with the return of multichannel. With strong sales growth and the return of Magalu's multichannel operation, the percentage of adjusted operating expenses in relation to net revenue reached 20.3% in 3Q20, one of the lowest historical levels. Adjusted operating expenses decreased 2.4 pp compared to 3Q19 and 3.4 pp compared to 2Q20. This result highlights the importance of Magalu's multichannel strategy and how it contributes to the efficiency of the Company's business model.

EBITDA and net profit. In 3Q20, sales growth and the dilution of operating expenses were essential to reaching the 41.2% growth in adjusted EBITDA, which went from R$397.5 million in 3Q19 to R$561.2 million in 3Q20. On the other hand, investments in service levels impacted the adjusted EBITDA margin, which went from 8.2% in 3Q19 to 6.8% in 3Q20. With the return of multichannel, the adjusted EBITDA margin increased 4.2 p.p. compared to 2Q20, when most stores were closed due to the COVID-19 pandemic. In 3Q20, adjusted net income reached R$215.9 million, an increase of 69.6% compared to 3Q19.

Strong cash flow from operations. Cash flow from operations, adjusted for receivables, reached a significant R$883.8 million in 3Q20, growing 328.4%. In the last 12 months, adjusted cash generation was R$2.7 billion, increasing 244.8% over the previous 12 months. The positive results and the variation in working capital, due to an emphasis on inventory management, contributed significantly to this cash generation.

Net cash position and solid capital structure. In the last 12 months, the adjusted net cash position increased by R$5.3 billion, from R$0.6 billion in Sep/19 to R$5.9 billion in Sep/20, due to the Company's cash generation; investments; acquisitions, and the Nov/19 follow-on offering. The Company ended 3Q20 with a total cash position of R$7.6 billion, considering cash and financial instruments of R$2.9 billion and available credit card receivables of R$4.7 billion.

MGLU3: R$ 26.45 per share
Total Shares: 6,498,926,848
Market Cap: R$ 171.9 billion

Videoconference
November 11,2020 (Tuesday)
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MESSAGE FROM THE EXECUTIVE DIRECTORS

Multichannel is the name of the game

Unlike many companies, the third quarter of 2020 was, for Magalu, a return to normalcy or, a return to our traditional multichannel model in which physical and digital integrate, complement and enhance each other. It is this model - scalable, dynamic, profitable and capable of offering the best shopping experience – which saw us through the darkest days of the COVID-19 pandemic, producing exceptional results.

With a highly scalable e-commerce operation and more than 1,200 physical stores reopened, Magalu has grown like never before. In the third quarter, total sales grew by 81% compared to the same period in 2019. This result was experienced across all of our channels: physical and digital. Total sales reached R$ 12 billion, definitively demonstrating Magalu's leadership in the sale of durable goods. In the first nine months of 2020, we sold more than we did last year. From January to September, sales reached R$29 billion.

The secret behind our accelerated growth is our multichannel strategy. Despite market skepticism, Magalu adopted a multichannel strategy years ago. It is this model that enables us to combine growth with profitability. Between July and September, with many stores still closed due to COVID-19 restrictions, physical store sales increased 18%. Same store sales grew 7% compared to the same period last year. If we consider the same stores on the same days, this growth rises to an impressive 18%. Thanks in part to these figures, our market share increased 5.4 percentage points in comparison to last year, according to GFK--a performance far superior to that of the market.

The reopening of our physical stores was carefully managed to ensure the safety of our employees and customers. The process started in the middle of the second quarter and was essentially completed in August. The newly adopted protocols gave us the confidence that we needed to resume the expansion of our physical footprint. In August, we entered Brasília and its metropolitan area for the first time, opening nine new stores. And the number of kiosks, operated in partnership with Lojas Marisa, reached 116.

As our physical store operations--sales, logistics and customer service--resumed, e-commerce continued to grow exponentially. During the quarter, Magalu's online sales (including Netshoes) increased 148%. In traditional e-commerce (1P), revenues reached R$ 6 billion, with 150% growth. The number of users and purchase frequency of our Superapp continue to grow and our digital account, Magalu Pay, has already surpassed the 2 million open accounts mark.

The 40,000 sellers that use our 3P marketplace platform generated more than R$2 billion in sales between July and September, 145% more than the same period in 2019. The third quarter ended with more than 1,200 sellers using our cross-docking service and around 30% of 3P sales were collected by Logbee. With the reopening of physical stores, Magalu will be able to expand the in-store pick up program to include the products of 3P marketplace sellers. In 240 of our stores, our clients can already pick up products ordered online from 3P marketplace sellers.

Thanks to the expansion of Logbee; the growth of ship-from-store and the return of in-store pick up, deliveries have become faster and less expensive. Today, more than 40% of Magalu's 1P e-commerce orders arrive at buyers' homes within 24 hours. This multichannel, physical-digital integration is absolutely essential for the fly wheel to yield the best possible results for our 29 million active customers and the company.

Recently, we regained the RA1000 certification for excellence in customer service from Reclame Aqui, a website which rates companies' customer service levels. We did so, despite the fact that we are the only retailer who reports combined 1P and 3P marketplace scores, which makes it much more difficult to achieve.

This quarter, with all of the initiatives in place, the percentage of operating expenses in relation to net revenue was one of the lowest in Magalu's history and reached one of the lowest levels in the sector, 20.3%.

We have thus reached the balance that only a multichannel strategy like provides: enormous growth coupled with an increase in profitable sales, with a cash generation level capable of supporting our new business cycle, the transformation of Magalu into a comprehensive digital retail ecosystem. Profit for the quarter (adjusted) reached R$ 216 million, with a margin of 2.6%. During the same period, the company generated R$ 884 million in cash. Over the last 12 months, Magalu's cumulative operating cash generation reached R$ 2.7 billion.

The ecosystem that is digitalizing Brazilian retail

This financial strength has been critical for Magalu to move forward in building its ecosystem - an environment capable of quickly and easily integrating analog companies that want to sell directly to their customers. This inclusion is a blue ocean - not only for Magalu, but for millions of entrepreneurs and for the Brazilian economy. For the full potential of the ecosystem to be realized, however, it is necessary to assemble the right pieces.

These pieces can either be built in-house or found outside, in the flourishing Brazilian startup ecosystem, as has been the case during the second half of 2020.

In 2018, Magalu acquired Logbee which revolutionized our last-mile delivery system, radically reducing lead times and improving customer experience. The purchase of Softbox, also in 2018, brought 170 developers with highly specialized retail experience to Magalu who have since formed the backbone of our Magalu-as-a-Service initiatives. In terms of our entry into new product categories, the acquisitions of Época Cosméticos, Netshoes and Estante Virtual have also been vital to our growth and have laid the cornerstone for our strategy to become the everything store of Brazil - #temnomagalu (#TheyHaveItAtMagalu).

After the most critical period of the pandemic had passed, Magalu resumed its acquisition strategy using the resources raised in the 2019 follow-on offering. In just eight weeks, eight new pieces were added to the Magalu puzzle. The eight "pieces" listed below are all connected to one or more of our strategic priorities - exponential growth, new categories, the superapp, faster delivery and Magalu-as-a-Service.

Hubsales marks Magalu's entry into the growing Factory-to-Consumer (F2C) segment. Hubsales integrates manufacturers from different industrial hubs into our marketplace platform, enabling them to sell directly to consumers. Thus, in addition to digitizing retail, we have also become a vector of digitalization for part of the Brazilian manufacturing sector.

The acquisitions of **Canaltech** and **Inloco Media** represent Magalu's entry into the online advertising segment. By combining content generation and audience (Canaltech) with the tools to sell advertising (InLoco Media), Magalu will be able to sell ads to thousands of suppliers and marketplace sellers, enabling them to promote their brands and products directly via MagaluAds. MagaluAds will enable the company to better monetize its digital audience of around 80 million unique visitors per month.

The purchase of **Stoq** -- a company which produces high quality point of sale (POS) systems using a Software-as-a-Service (SaaS) model -- represents the movement of Magalu-as-a-Service up the stack. So, in addition to digitalizing mom and pop retailers via the Partner Magalu program, we are now also digitalizing medium-sized retailers with chains of stores.

With more than 2 million registered users and an average purchase frequency of three times per month, **AiQFome** is one of the largest food delivery apps in Brazil. AiQFome helps strengthen the SuperApp by increasing purchase frequency. The acquisition also enables Magalu to reach AiQFome's 17,000 restaurant partners, increasing its ability to offer them services such as Magalu Payments and Magalu Entregas.

The acquisitions of **GFL** and **SincLog** further strengthened our logistics operations. GFL expands Magalu's ability to offer services such as first-mile collection and last mile delivery for 3P marketplace sellers, reducing costs and accelerating delivery times. The GFL operation will be integrated into Logbee, expanding its capacity by 50%. SincLog offers logistics companies a suite of useful technology applications including cargo management; issuance of tax documents and annotations; control of freight tables; driver remuneration and real-time information on last mile deliveries.

ComSchool is one of the leading providers of e-commerce and digital economy-related courses in Brazil. ComSchool will bring essential knowledge and training on the digital economy to thousands of people and companies, enabling digital inclusion. ComSchool will also offer courses for Magalu marketplace sellers, designed to erode the barriers to entry and promote best practices. Entrepreneurs with offline, analog operations will be able to develop their e-commerce and digital businesses, accelerating the digital transformation process.

A company of people who like people

Once again, Magalu was elected by the Great Place to Work Institute as the best retail company to work for in Brazil and was ranked second in the overall category. For a company formed by people who like people, this is a demonstration that we are on the right track when it comes to the way that we treat our 43,000 employees spread across Brazil.

We are also a company that has the courage to experiment with innovative approaches to difficult societal problems. Over 50% of our employees are of African descent, however only 16% are in leadership positions. The quickest way to remedy this problem is to get more young people of African descent to participate in our elite trainee program which fast tracks them for careers in management. However, for years we have struggled to attract qualified young people of African descent to participate in our trainee program. In order to solve the problem, in September we took the radical step of announcing a trainee program exclusively for young people of African descent.

The same is true of our environmental policy. This quarter, Magalu joined the Brazilian GHG Protocol Program, making its greenhouse gas emissions data public for the first time.

All of these initiatives are designed to transform Magalu into a better company for all of its stakeholders, including investors. Due in large part to these efforts, the Magalu brand has become one of the five most valuable in Brazil, according to the Kantar BrandZ ranking. In one year, the value of our brand rose 124%, reaching US$5.1 billion, making Magalu the most valuable brand in Brazilian retail.

Thus, we enter the last quarter of 2020 excited for what lies ahead, with the belief that we are very well prepared for two of the biggest events of the year, Black Friday and Christmas.

Once again, we would like to thank our customers, employees, sellers, partners, suppliers and investors for their continued trust and support.

EXECUTIVE MANAGEMENT TEAM

R$ million (except when otherwise indicated)	3Q20	3Q19	% Chg	9M20	9M19	% Chg
Total Sales[1] (including marketplace)	12,355.5	6,817.6	81.2%	28,584.4	18,282.6	56.3%
	-	-				
Gross Revenue	10,349.5	5,999.4	72.5%	23,652.3	16,508.8	43.3%
Net Revenue	8,308.3	4,864.2	70.8%	19,111.3	13,501.3	41.6%
Gross Income	2,178.7	1,424.9	52.9%	5,034.4	3,728.6	35.0%
Gross Margin	26.2%	29.3%	-310 bps	26.3%	27.6%	-130 bps
EBITDA	546.1	501.2	9.0%	1,022.4	1,276.5	-19.9%
EBITDA Margin	6.6%	10.3%	-370 bps	5.3%	9.5%	-420 bps
Net Income	206.0	235.1	-12.4%	172.2	753.8	-77.2%
Net Margin	2.5%	4.8%	-230 bps	0.9%	5.6%	-470 bps
Adjusted - Gross Income	2,178.7	1,488.9	46.3%	5,034.4	3,964.6	27.0%
Adjusted - Gross Margin	26.2%	30.6%	-440 bps	26.3%	29.4%	-310 bps
Adjusted - EBITDA	561.2	397.5	41.2%	982.3	1,163.6	-15.6%
Adjusted - EBITDA Margin	6.8%	8.2%	-140 bps	5.1%	8.6%	-350 bps
	-	-	-		-	
Adjusted - Net Income	215.9	127.3	69.6%	145.7	338.1	-56.9%
Adjusted - Net Margin	2.6%	2.6%	0 bps	0.8%	2.5%	-170 bps
Same Physical Store Sales Growth	7.2%	9.4%	-	-15.7%	5.8%	-
Total Physical Store Sales Growth	18.3%	19.0%	-	-6.3%	14.5%	-
Internet Sales Growth (1P)	149.5%	66.3%	-	124.0%	43.8%	-
Total E-commerce Sales Growth	148.5%	96.0%	-	136.1%	68.2%	-
E-commerce Share in Total Sale	66.3%	48.3%	17.9 pp	66.5%	44.0%	22.4 pp
Number of Stores - End of Period	1,238	1,039	199 stores	1,238	1,039	199 stores
Sales Area - End of Period (M2)	656,189	612,353	7.2%	656,189	612,353	7.2%

[1] Total Sales include gross revenue from physical stores and 1P e-commerce plus 3P marketplace sales and Aiqfome.

| NON-RECURRING EVENTS

For ease of comparability with 3Q19, 3Q20 results are also being presented in an adjusted view, without the effects other non-recurring provisions and expenses.

CONCILIATION ADJUSTED INCOME STATEMENT (R$ million)	3Q20 Adjusted	V.A.	Non-recurring	3Q20	V.A.
Gross Revenue	10,349.5	124.6%	-	10,349.5	124.6%
Taxes and Deductions	(2,041.2)	-24.6%	-	(2,041.2)	-24.6%
Net Revenue	8,308.3	100.0%	-	8,308.3	100.0%
Total Costs	(6,129.6)	-73.8%	-	(6,129.6)	-73.8%
Gross Income	2,178.7	26.2%	-	2,178.7	26.2%
Selling Expenses	(1,432.6)	-17.2%	-	(1,432.6)	-17.2%
General and Administrative Expenses	(240.7)	-2.9%	-	(240.7)	-2.9%
Provisions for Loan Losses	(25.4)	-0.3%	-	(25.4)	-0.3%
Other Operating Revenues, Net	15.2	0.2%	(15.1)	0.1	0.0%
Equity in Subsidiaries	65.9	0.8%	-	65.9	0.8%
Total Operating Expenses	(1,617.6)	-19.5%	(15.1)	(1,632.7)	-19.7%
EBITDA	561.2	6.8%	(15.1)	546.1	6.6%
Depreciation and Amortization	(169.2)	-2.0%	-	(169.2)	-2.0%
EBIT	392.0	4.7%	(15.1)	376.9	4.5%
Financial Results	(102.7)	-1.2%	-	(102.7)	-1.2%
Operating Income	289.3	3.5%	(15.1)	274.2	3.3%
Income Tax and Social Contribution	(73.4)	-0.9%	5.1	(68.2)	-0.8%
Net Income	215.9	2.6%	(10.0)	206.0	2.5%

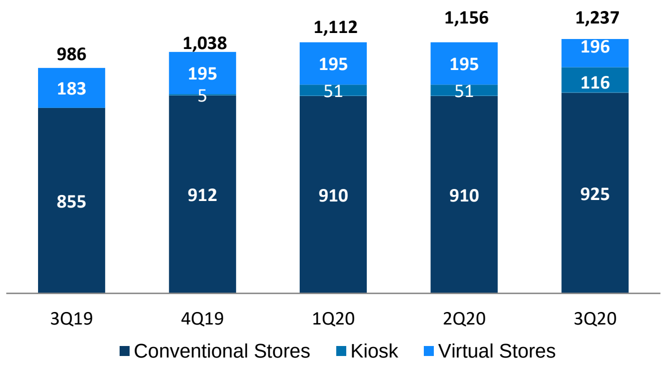
| Adjustments – Non – Recurring Events

Adjustments	3Q20	9M20
Tax Credits	0.3	56.6
Tax Provisions	(0.2)	33.6
Expert Fees	(4.3)	(19.8)
Pre-operating Store Expenses	(3.2)	(7.1)
Other Non-recurring Expenses	(7.8)	(23.2)
EBITDA Adjustments	**(15.1)**	**40.2**
Income Tax and Social Contribution	5.1	(13.7)
Net Income Adjustments	**(10.0)**	**26.5**

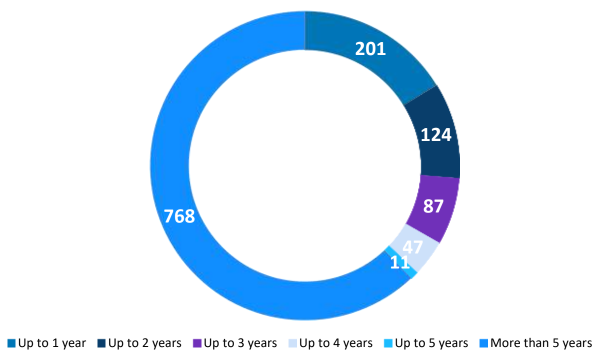
| OPERATING AND FINANCIAL PERFORMANCE

Magalu ended 3Q20 with 1,237 stores (925 conventional, 196 virtual and 116 kiosks via the partnership with Lojas Marisa) and an e-commerce operation. In 3Q20, the Company resumed the opening of new stores and inaugurated 81 stores. In the last 12 months, the Company opened 201 new stores (32 in the South, 91 in the Southeast, 29 in the Midwest, 21 in the Northeast and 28 in the North). Thirty-eight percent of our total number of stores are not yet mature.

Number of Stores

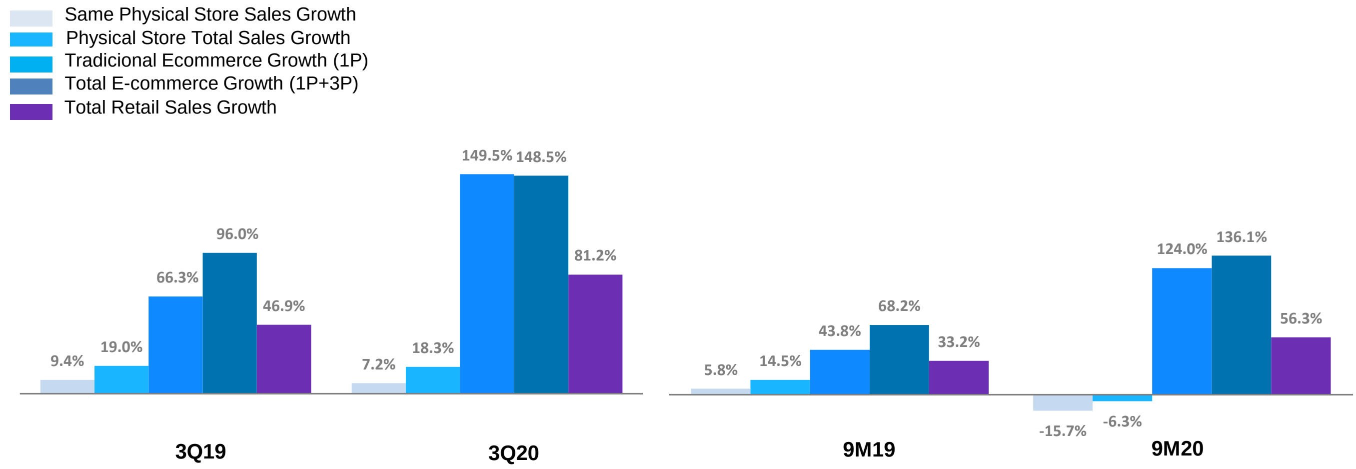


Average Age of Stores (number of stores)



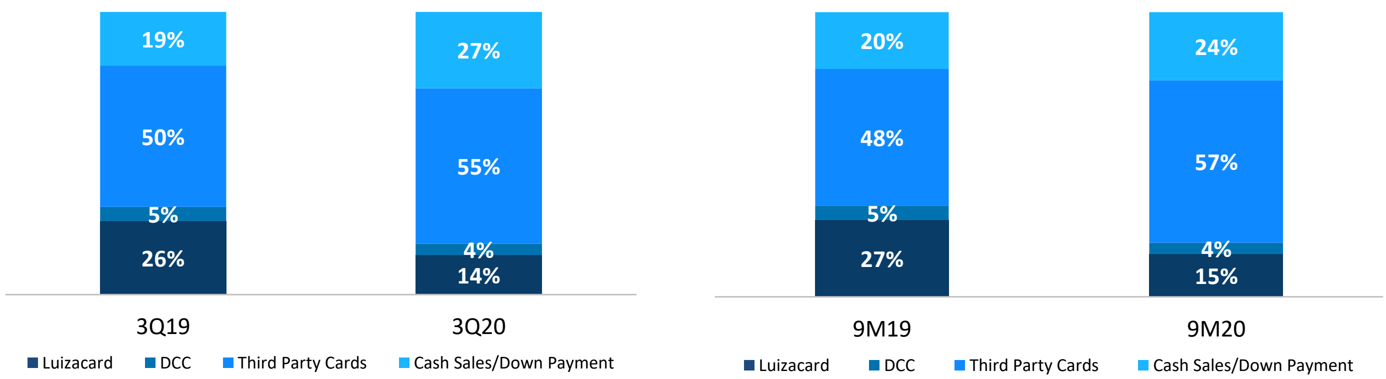
Total Retail sales were up 81.2% in 3Q20 as a result of a 148.5% increase in e-commerce sales and an 18.3% increase in brick-and-mortar store sales. The gradual reopening of stores, which were temporarily closed due to the COVID-19 pandemic, continued during the beginning of 3Q20 and was practically complete by late August. In 9M20, total sales grew 56.3%.

Total Sales Growth (%)



Luiza Card's share decreased from 26% to 14% in 3Q20 compared to the same period in 2019 due to the greater share of e-commerce in total sales.

Financed Sales Mix (% of total sales)



Gross Revenues

(in R$ million)	3Q20	3Q19	% Chg	9M20	9M19	% Chg
Gross Revenue - Retail - Merchandise Sales	9,817.3	5,685.3	72.7%	22,380.1	15,652.2	43.0%
Gross Revenue - Retail - Services	448.1	280.8	59.6%	1,088.0	769.6	41.4%
Gross Revenue - Retail	**10,265.4**	**5,966.1**	**72.1%**	**23,468.1**	**16,421.8**	**42.9%**
Gross Revenue - Other Services	139.6	42.7	226.9%	285.9	107.3	166.3%
Inter-Company Eliminations	(55.5)	(9.4)	489.0%	(101.7)	(20.3)	400.1%
Gross Revenue - Total	**10,349.5**	**5,999.4**	**72.5%**	**23,652.3**	**16,508.8**	**43.3%**

In 3Q20, total gross revenue grew 72.5% to R$10.3 billion. The accelerated growth of e-commerce and the excellent performance of physical stores during the quarter contributed to the evolution of gross revenue. Service revenue increased 59.6% in 3Q20, mainly due to the growth of Marketplace and Magalu Payments. In 9M20, gross revenue grew 43.3% to R$23.7 billion.

Net Revenues

(in R$ million)	3Q20	3Q19	% Chg	9M20	9M19	% Chg
Net Revenue - Retail - Merchandise Sales	7,837.0	4,583.8	71.0%	17,976.6	12,736.7	41.1%
Net Revenue - Retail - Services	407.2	251.9	61.6%	989.4	688.2	43.8%
Net Revenue - Retail	**8,244.2**	**4,835.7**	**70.5%**	**18,966.0**	**13,424.9**	**41.3%**
Net Revenue - Other Services	119.7	37.9	215.7%	247.0	96.8	155.3%
Inter-Company Eliminations	(55.5)	(9.4)	489.0%	(101.7)	(20.3)	400.1%
Net Revenue - Total	**8,308.3**	**4,864.2**	**70.8%**	**19,111.3**	**13,501.3**	**41.6%**

In 3Q20, total net revenue increased 70.8% to R$8.3 billion, in line with the variation in total gross revenue. In 9M20, net revenue grew 41.6% to R$19.1 billion.

Gross Profit

(in R$ million)	3Q20	3Q19	% Chg	9M20	9M19	% Chg
Gross Profit - Retail - Merchandise Sales	1,805.6	1,228.0	47.0%	4,097.4	3,247.5	26.2%
Gross Profit - Retail - Services	407.2	251.9	61.6%	989.4	688.2	43.8%
Gross Profit - Retail	**2,212.8**	**1,479.9**	**49.5%**	**5,086.8**	**3,935.7**	**29.2%**
Gross Profit - Other Services	19.9	14.5	36.8%	43.3	38.2	13.6%
Inter-Company Eliminations	(54.0)	(5.5)	881.1%	(95.7)	(9.2)	936.5%
Gross Profit - Total	**2,178.7**	**1,488.9**	**46.3%**	**5,034.4**	**3,964.6**	**27.0%**
Gross Margin - Total	**26.2%**	**30.6%**	**-440 bps**	**26.3%**	**29.4%**	**-310 bps**

In 3Q20, gross profit grew 46.3% to R$2.2 billion, equivalent to a gross margin of 26.2%. The variation in gross margin was mainly due to the greater share of traditional e-commerce (1P) in sales. In 9M20, gross profit grew 27.0% to R$5.0 billion, equivalent to a gross margin of 26.3%.

| Operating Expenses

(in R$ million)	3Q20 Adjusted	% NR	3Q19 Adjusted	% NR	% Chg	9M20 Adjusted	% NR	9M19 Adjusted	% NR	% Chg
Selling Expenses	(1,432.6)	-17.2%	(890.0)	-18.3%	61.0%	(3,487.2)	-18.2%	(2,309.1)	-17.1%	51.0%
General and Administrative Expenses	(240.7)	-2.9%	(207.1)	-4.3%	16.2%	(617.3)	-3.2%	(498.2)	-3.7%	23.9%
General and Administrative Expenses	**(1,673.3)**	**-20.1%**	**(1,097.1)**	**-22.6%**	**52.5%**	**(4,104.5)**	**-21.5%**	**(2,807.4)**	**-20.8%**	**46.2%**
Provisions for Loan Losses	(25.4)	-0.3%	(20.2)	-0.4%	25.4%	(84.5)	-0.4%	(45.8)	-0.3%	84.3%
Other Operating Revenues, Net	15.2	0.2%	15.3	0.3%	-0.6%	41.0	0.2%	44.0	0.3%	-6.8%
Total Operating Expenses	**(1,683.5)**	**-20.3%**	**(1,102.0)**	**-22.7%**	**52.8%**	**(4,148.0)**	**-21.7%**	**(2,809.2)**	**-20.8%**	**47.7%**

| Selling Expenses

In 3Q20, selling expenses totaled R$1,432.6 million, equivalent to 17.2% of net revenue, 1.1 pp less than in 3Q19, mainly due to strong sales growth. It is worth mentioning that the Company was able to dilute selling expenses even while investing in improving service levels in areas such as customer service and logistics.

In 9M20, selling expenses totaled R$ 3,487.2 million, equivalent to 18.2% of net revenue (+1.1 p.p. versus 9M19).

| General and Administrative Expenses

In 3Q20, general and administrative expenses totaled R$240.7 million, equivalent to 2.9% of net revenues, a decrease of 1.4 pp compared to 3Q19, mainly due to strong sales growth. In 9M20, general and administrative expenses totaled R$617.3 million, equivalent to 3.2% of net revenue.

| Provisions for Loan Losses

Provisions for loan losses totaled R$25.4 million in 3Q20 and R$84.5 in 9M20.

| Other Operating Revenues and Expenses, Net

(in R$ million)	3Q20	% NR	3Q19	% NR	% Chg	9M20	% NR	9M19	% NR	% Chg
Gain on Sale of Assets	(0.0)	0.0%	1.5	0.0%	-102.0%	(1.9)	0.0%	4.4	0.0%	-143.2%
Deferred Revenue Recorded	15.2	0.2%	13.8	0.3%	10.3%	42.9	0.2%	39.5	0.3%	8.6%
Subtotal - Adjusted	**15.2**	**0.2%**	**15.3**	**0.3%**	**-0.6%**	**41.0**	**0.2%**	**44.0**	**0.3%**	**-6.8%**
Tax Credits	0.3	0.0%	240.8	5.0%	-99.9%	56.6	0.3%	812.0	6.0%	-93.0%
Tax Provisions	(0.2)	0.0%	(16.7)	-0.3%	-98.8%	33.6	0.2%	(246.7)	-1.8%	-113.6%
Expert Fees	(4.3)	-0.1%	(28.8)	-0.6%	-85.0%	(19.8)	-0.1%	(144.0)	-1.1%	-86.3%
Pre-operating Store Expenses	(3.2)	0.0%	(12.1)	-0.2%	-73.8%	(7.1)	0.0%	(20.3)	-0.2%	-65.0%
Retention Contracts and Others	(7.8)	-0.1%	(15.6)	-0.3%	-50.3%	(23.2)	-0.1%	(52.1)	-0.4%	-55.5%
Subtotal - Non Recurring	**(15.1)**	**-0.2%**	**167.7**	**3.4%**	**-109.0%**	**40.2**	**0.2%**	**348.9**	**2.6%**	**-88%**
Total	**0.1**	**0.0%**	**183.0**	**3.8%**	**-100.0%**	**81.2**	**0.4%**	**392.9**	**2.9%**	**-79.3%**

In 3Q20, other adjusted net operating revenues totaled R$15.2 million, mainly influenced by the appropriation of deferred revenues in the amount of R$15.2 million. In 9M20, other adjusted net operating revenues totaled R$41.0 million.

| Equity Income

In 3Q20, equity income was R$65.9 million. Luizacred was responsible for R$58.8 million and Luizaseg, was responsible for R$7.1 million. In 9M20, equity income was R$95.8 million.

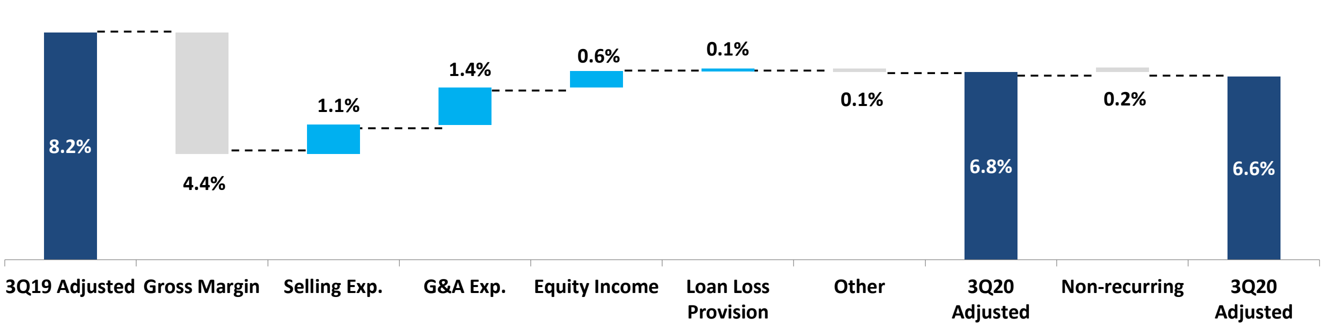
| EBITDA

In 3Q20, adjusted EBITDA reached R$561.2 million. The high growth in total sales, including physical stores, e-commerce (1P) and the marketplace (3P), contributed to the evolution of EBITDA. However, investments in improving service levels impacted the adjusted EBITDA margin, which went from 8.2% in 3Q19 to 6.8% in 3Q20.

With the return of multichannel, essential to Magalu's results, the adjusted EBITDA margin increased 4.2 p.p. compared to 2Q20, when most stores were closed due to the COVID-19 pandemic.

In 9M20, adjusted EBITDA reached R$982.3 million, equivalent to a 5.1% margin.

EBITDA performance (% of net revenue)



| Financial Results

R$ million	3Q20	% NR	3Q19	% NR	% Chg	9M20	% NR	9M19	% NR	% Chg
Financial Expenses	(111.6)	-1.3%	(142.0)	-2.9%	-21.5%	(302.5)	-1.6%	(445.3)	-3.3%	-32.1%
Interest on loans and financing	(11.4)	-0.1%	(19.2)	-0.4%	-40.5%	(36.9)	-0.2%	(40.9)	-0.3%	-9.6%
Interest on prepayment of receivables – third party card	(28.0)	-0.3%	(29.3)	-0.6%	-4.4%	(74.2)	-0.4%	(113.2)	-0.8%	-34.4%
Interest on prepayment of receivables – Luiza Card	(19.1)	-0.2%	(64.3)	-1.3%	-70.3%	(87.1)	-0.5%	(196.2)	-1.5%	-55.6%
Other expenses	(53.1)	-0.6%	(29.3)	-0.6%	81.4%	(104.2)	-0.5%	(95.2)	-0.7%	9.5%
Financial Revenues	56.1	0.7%	107.9	2.2%	-48.0%	144.6	0.8%	635.9	4.7%	-77.3%
Gains on marketable securities	5.1	0.1%	1.1	0.0%	357.6%	13.4	0.1%	4.9	0.0%	174.8%
Other financial revenues	51.0	0.6%	106.8	2.2%	-52.3%	131.2	0.7%	631.1	4.7%	-79.2%
Subtotal: Net Financial Results	(55.4)	-0.7%	(34.1)	-0.7%	62.4%	(157.9)	-0.8%	190.6	1.4%	-
Interest on lease	(47.3)	-0.6%	(5.3)	-0.1%	783.5%	(133.8)	-0.7%	(73.0)	-0.5%	83.2%
Total Net Financial Results	(102.7)	-1.2%	(39.5)	-0.8%	160.1%	(291.7)	-1.5%	117.6	0.9%	-
(-) Update - Tax Credits	-	-	62.7	1.3%	-	-	-	522.5	3.9%	-
(-) Taxes and Expenses / Non-recurring	-	-	(2.9)	-0.1%	-	-	-	(61.9)	-0.5%	-
Total Financial Results - Adjusted	(102.7)	-1.2%	(99.2)	-2.0%	3.5%	(291.7)	-1.5%	(343.1)	-2.5%	-15.0%

In 3Q20, net financial expenses totaled R$102.7 million, equivalent to 1.2% of net revenue. In relation to net revenue, financial expenses improved 0.8 pp compared to the adjusted 3Q19, mainly due to the reduction in interest rates and the improved capital structure. Disregarding the effects of leasing interest, the net financial result was R$55.4 million in 3Q20, equivalent to 0.7% of net revenue. In 9M20, net financial expense was R$291.7 million, equivalent to 1.5% of net revenue (-1.0 p.p. versus adjusted 9M19).

| Net Income

Considering the growth in EBITDA and the dilution of financial expenses, adjusted net income reached R$215.9 million in 3Q20, with a margin of 2.6%, an increase of 69.6% compared to 3Q19. In 9M20, adjusted net income totaled R$145.7 million.

| Adjusted Working Capital

CONSOLIDATED (R$ million)	LTM	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
(+) Accounts Receivables (without Credit Card)	(26.7)	706.3	680.8	781.3	794.0	733.0
(+) Inventories	2,120.2	5,005.9	4,198.2	4,075.5	3,801.8	2,885.7
(+) Related Parties (without Luiza Card)	(10.5)	71.3	80.4	77.1	100.6	81.8
(+) Recoverable Taxes	186.3	932.0	748.9	877.4	864.1	745.7
(+) Other Assets	(56.6)	88.5	100.2	143.5	136.3	145.1
(+) Current Operating Assets	2,212.7	6,804.0	5,808.6	5,954.8	5,696.8	4,591.3
	-					
(-) Suppliers	2,301.5	6,104.3	5,334.0	4,132.7	5,934.9	3,802.8
(-) Transfers and other deposits	627.3	627.3	639.3	235.9	-	-
(-) Payroll, Vacation and Related Charges	95.0	444.7	329.0	263.3	354.7	349.8
(-) Taxes Payable	90.7	299.6	206.4	176.9	352.0	208.8
(-) Related Parties	(15.8)	109.8	103.4	52.8	152.1	125.6
(-) Taxes in Installments	-	-	-	-	-	-
(-) Deferred Revenue	(0.0)	43.0	43.1	43.0	43.0	43.0
(-) Other Accounts Payable	395.9	1,084.1	806.2	547.0	701.7	688.2
(-) Current Operating Liabilities	3,494.5	8,712.7	7,461.3	5,451.6	7,538.5	5,218.3
	-					
(=) Adjusted Working Capital	(1,281.8)	(1,908.7)	(1,652.7)	503.2	(1,841.7)	(627.0)
% of Gross Revenue (LTM)	-3.2%	-6.1%	-6.1%	2.0%	-7.6%	-2.8%
(+) Balance of Discounted Receivables	757.2	2,750.1	1,482.8	2,616.4	1,679.8	1,992.9
(=) Expanded Working Capital	(524.6)	841.4	(169.9)	3,119.5	(161.9)	1,365.9
% of Gross Revenue (LTM)	-3.5%	2.7%	-0.6%	12.2%	-0.7%	6.2%

In Sep/20, the adjusted working capital need was negative by R$1,908.7 million. Discipline on inventory turnover and payment terms contributed significantly to the strong cash generation during the quarter. In the last 12 months, the variation in adjusted working capital contributed R$1,281.8 million to the generation of operating cash flow.

| Capex

CAPEX (in R$ million)	3Q20	%	3Q19	%	%Chg	9M20	%	9M19	%	%Chg
New Stores	21.2	14%	94.6	51%	-78%	69.0	21%	121.9	31%	-43%
Remodeling	6.1	4%	8.2	4%	-26%	14.6	4%	38.2	10%	-62%
Technology	69.1	45%	32.6	18%	112%	147.6	45%	84.4	22%	75%
Logistics	36.3	24%	32.8	18%	11%	62.1	19%	107.4	27%	-42%
Other	21.5	14%	17.7	10%	22%	35.7	11%	38.8	10%	-8%
Total	154.2	100%	186.0	100%	-17%	329.1	100%	390.7	100%	-16%

In 3Q20, investments totaled R$154.2 million, including new store openings, investments in technology and logistics. In 3Q20, store openings resumed, with 81 new stores and kiosks (inside Lojas Marisa). 3Q20 also marked the arrival of Magalu in Brasilíia, the capital of Brazil, with 9 stores opened in Brasília and the greater metropolitan area.

| Capital Structure

CONSOLIDATED (R$ million)	LTM	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
(-) Current Loans and Financing	(1,345.6)	(1,659.0)	(1,650.8)	(6.5)	(10.0)	(313.4)
(-) Non-current Loans and Financing	816.1	(16.6)	(14.0)	(847.4)	(838.9)	(832.7)
(=) Gross Debt	(529.5)	(1,675.6)	(1,664.8)	(853.8)	(848.8)	(1,146.1)
(+) Cash and Cash Equivalents	968.6	1,190.4	1,103.5	388.9	305.7	221.8
(+) Current Securities	1,486.9	1,725.6	1,878.8	2,231.3	4,448.2	238.7
(+) Non-current Securities	(0.3)	-	-	-	0.2	0.3
(+) Total Cash	2,455.3	2,916.0	2,982.3	2,620.2	4,754.1	460.8
(=) Net Cash	1,925.8	1,240.4	1,317.5	1,766.3	3,905.3	(685.3)
(+) Credit Card - Third Party Card	2,185.6	3,327.6	3,705.3	1,365.7	2,121.0	1,142.0
(+) Credit Card - Luiza Card	1,150.9	1,308.3	782.6	649.2	269.5	157.4
(+) Total Credit Card	3,336.5	4,635.9	4,487.9	2,014.9	2,390.5	1,299.4
(=) Adjusted Net Cash	5,262.2	5,876.3	5,805.4	3,781.2	6,295.8	614.1
Short Term Debt / Total	72%	99%	99%	1%	1%	27%
Long Term Debt / Total	-72%	1%	1%	99%	99%	73%
Adjusted EBITDA (LTM)	(33.4)	1,478.4	1,314.7	1,548.0	1,659.7	1,511.8
Adjusted Net Cash / Adjusted EBITDA	3.6 x	4.0 x	4.4 x	2.4 x	3.8 x	0.4 x
Cash, Securities and Credit Cards	5,791.7	7,551.9	7,470.2	4,635.1	7,144.6	1,760.2

In the last 12 months, the Company improved its adjusted net cash position by R$5.3 billion, from an adjusted net cash position of R$0.6 billion in Sep/19 to R$5.9 billion in Sep/20. This improvement was driven by cash flow; investments, acquisitions and the proceeds of the Nov/19 follow-on offering.

The Company ended 3Q20 with a total cash position of R$7.6 billion, with cash and securities worth R$2.9 billion and R$4.7 billion worth of credit card receivables.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	3Q20	V.A.	3Q19	V.A.	% Chg	9M20	V.A.	9M19	V.A.	% Chg
Gross Revenue	10,349.5	124.6%	5,999.4	123.3%	72.5%	23,652.3	123.8%	16,508.8	122.3%	43.3%
Taxes and Deductions	(2,041.2)	-24.6%	(1,135.2)	-23.3%	79.8%	(4,541.0)	-23.8%	(3,007.5)	-22.3%	51.0%
Net Revenue	8,308.3	100.0%	4,864.2	100.0%	70.8%	19,111.3	100.0%	13,501.3	100.0%	41.6%
Total Costs	(6,129.6)	-73.8%	(3,439.3)	-70.7%	78.2%	(14,076.9)	-73.7%	(9,772.7)	-72.4%	44.0%
Gross Income	2,178.7	26.2%	1,424.9	29.3%	52.9%	5,034.4	26.3%	3,728.6	27.6%	35.0%
Selling Expenses	(1,432.6)	-17.2%	(890.0)	-18.3%	61.0%	(3,487.2)	-18.2%	(2,309.1)	-17.1%	51.0%
General and Administrative Expenses	(240.7)	-2.9%	(207.1)	-4.3%	16.2%	(617.3)	-3.2%	(498.2)	-3.7%	23.9%
Provisions for Loan Losses	(25.4)	-0.3%	(20.2)	-0.4%	25.4%	(84.5)	-0.4%	(45.8)	-0.3%	84.3%
Other Operating Revenues, Net	0.1	0.0%	183.0	3.8%	-100.0%	81.2	0.4%	392.9	2.9%	-79.3%
Equity in Subsidiaries	65.9	0.8%	10.6	0.2%	521.2%	95.8	0.5%	8.2	0.1%	1068.6%
Total Operating Expenses	(1,632.7)	-19.7%	(923.7)	-19.0%	76.7%	(4,012.0)	-21.0%	(2,452.1)	-18.2%	63.6%
EBITDA	546.1	6.6%	501.2	10.3%	9.0%	1,022.4	5.3%	1,276.5	9.5%	-19.9%
Depreciation and Amortization	(169.2)	-2.0%	(163.9)	-3.4%	3.2%	(516.3)	-2.7%	(364.7)	-2.7%	41.6%
EBIT	376.9	4.5%	337.3	6.9%	11.7%	506.1	2.6%	911.8	6.8%	-44.5%
Financial Results	(102.7)	-1.2%	(39.5)	-0.8%	160.1%	(291.7)	-1.5%	117.6	0.9%	-348.1%
Operating Income	274.2	3.3%	297.8	6.1%	-7.9%	214.5	1.1%	1,029.4	7.6%	-79.2%
Income Tax and Social Contribution	(68.2)	-0.8%	(62.7)	-1.3%	8.8%	(42.3)	-0.2%	(275.5)	-2.0%	-84.7%
Net Income	206.0	2.5%	235.1	4.8%	-12.4%	172.2	0.9%	753.8	5.6%	-77.2%

* 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)	3Q20 Adjusted	V.A.	3Q19 Adjusted	V.A.	% Chg	9M20 Adjusted	V.A.	9M19 Adjusted	V.A.	% Chg
Gross Revenue	10,349.5	124.6%	5,999.4	123.3%	72.5%	23,652.3	123.8%	16,508.8	122.3%	43.3%
Taxes and Deductions	(2,041.2)	-24.6%	(1,135.2)	-23.3%	79.8%	(4,541.0)	-23.8%	(3,007.5)	-22.3%	51.0%
Net Revenue	8,308.3	100.0%	4,864.2	100.0%	70.8%	19,111.3	100.0%	13,501.3	100.0%	41.6%
Total Costs	(6,129.6)	-73.8%	(3,375.3)	-69.4%	81.6%	(14,076.9)	-73.7%	(9,536.7)	-70.6%	47.6%
Gross Income	2,178.7	26.2%	1,488.9	30.6%	46.3%	5,034.4	26.3%	3,964.6	29.4%	27.0%
Selling Expenses	(1,432.6)	-17.2%	(890.0)	-18.3%	61.0%	(3,487.2)	-18.2%	(2,309.1)	-17.1%	51.0%
General and Administrative Expenses	(240.7)	-2.9%	(207.1)	-4.3%	16.2%	(617.3)	-3.2%	(498.2)	-3.7%	23.9%
Provisions for Loan Losses	(25.4)	-0.3%	(20.2)	-0.4%	25.4%	(84.5)	-0.4%	(45.8)	-0.3%	84.3%
Other Operating Revenues, Net	15.2	0.2%	15.3	0.3%	-0.6%	41.0	0.2%	44.0	0.3%	-6.8%
Equity in Subsidiaries	65.9	0.8%	10.6	0.2%	521.2%	95.8	0.5%	8.2	0.1%	1068.6%
Total Operating Expenses	(1,617.6)	-19.5%	(1,091.4)	-22.4%	48.2%	(4,052.2)	-21.2%	(2,801.0)	-20.7%	44.7%
EBITDA	561.2	6.8%	397.5	8.2%	41.2%	982.3	5.1%	1,163.6	8.6%	-15.6%
Depreciation and Amortization	(169.2)	-2.0%	(163.9)	-3.4%	3.2%	(516.3)	-2.7%	(364.7)	-2.7%	41.6%
EBIT	392.0	4.7%	233.6	4.8%	67.8%	466.0	2.4%	798.9	5.9%	-41.7%
Financial Results	(102.7)	-1.2%	(99.2)	-2.0%	3.5%	(291.7)	-1.5%	(343.1)	-2.5%	-15.0%
Operating Income	289.3	3.5%	134.4	2.8%	115.3%	174.3	0.9%	455.8	3.4%	-61.8%
Income Tax and Social Contribution	(73.4)	-0.9%	(7.1)	-0.1%	937.0%	(28.6)	-0.1%	(117.7)	-0.9%	-75.7%
Net Income	215.9	2.6%	127.3	2.6%	69.6%	145.7	0.8%	338.1	2.5%	-56.9%

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

ASSETS (R$ million)	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
CURRENT ASSETS					
Cash and Cash Equivalents	1,190.4	1,103.5	388.9	305.7	221.8
Securities	1,725.6	1,878.8	2,231.3	4,448.2	238.7
Accounts Receivable - Credit Card	3,327.6	3,705.3	1,365.7	2,121.0	1,142.0
Accounts Receivable - Other	706.3	680.8	781.3	794.0	733.0
Inventories	5,005.9	4,198.2	4,075.5	3,801.8	2,885.7
Related Parties - Credit Card	1,308.3	782.6	649.2	269.5	157.4
Related Parties - Other	71.3	80.4	77.1	100.6	81.8
Taxes Recoverable	932.0	748.9	877.4	864.1	745.7
Other Assets	88.5	100.2	143.5	136.3	145.1
Total Current Assets	14,355.9	13,278.8	10,589.9	12,841.2	6,351.2
NON-CURRENT ASSETS					
Securities	-	-	-	0.2	0.3
Accounts Receivable	13.4	10.6	14.2	16.8	11.7
Recoverable Taxes	765.5	1,185.6	1,217.5	1,137.8	1,275.5
Deferred Income Tax and Social Contribution	119.2	73.1	18.9	12.7	14.2
Judicial Deposits	760.5	656.5	599.4	570.1	518.2
Other Assets	13.5	12.1	11.3	11.0	36.4
Investments in Subsidiaries	382.9	318.6	288.0	305.1	305.0
Right of use	2,381.2	2,362.1	2,292.4	2,273.8	2,168.2
Fixed Assets	1,152.7	1,099.5	1,103.2	1,076.7	1,016.1
Intangible Assets	1,869.8	1,561.7	1,575.5	1,545.6	1,556.0
Total Non-Current Assets	7,458.9	7,279.9	7,120.2	6,949.9	6,901.6
TOTAL ASSETS	21,814.8	20,558.6	17,710.1	19,791.1	13,252.8

LIABILITIES (R$ million)	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
CURRENT LIABILITIES					
Suppliers	6,104.3	5,334.0	4,132.7	5,934.9	3,802.8
Transfers and other deposits	627.3	639.3			
Loans and Financing	1,659.0	1,650.8	6.5	10.0	313.4
Payroll, Vacation and Related Charges	444.7	329.0	263.3	354.7	349.8
Taxes Payable	299.6	206.4	176.9	352.0	208.8
Related Parties	109.8	103.4	52.8	152.1	125.6
Lease	348.0	333.8	330.6	330.6	213.1
Deferred Revenue	43.0	43.1	43.0	43.0	43.0
Dividends Payable	0.1	123.6	123.6	123.6	112.0
Other Accounts Payable	1,084.1	806.2	547.0	701.7	688.2
Total Current Liabilities	10,719.8	9,569.4	5,912.2	8,002.6	5,856.8
NON-CURRENT LIABILITIES					
Loans and Financing	16.6	14.0	847.4	838.9	832.7
Lease	2,082.4	2,063.7	1,981.2	1,949.8	1,991.2
Deferred Income Tax and Social Contribution	28.1	26.4	32.6	39.0	65.3
Provision for Tax, Civil and Labor Risks	1,274.0	1,112.3	1,065.7	1,037.1	941.0
Deferred Revenue	315.2	328.9	342.9	356.8	370.5
Other Accounts Payable	2.0	-	-	2.0	1.8
Total Non-Current Liabilities	3,718.4	3,545.4	4,269.8	4,223.5	4,202.4
TOTAL LIABILITIES	14,438.2	13,114.8	10,182.0	12,226.1	10,059.2
SHAREHOLDERS' EQUITY					
Capital Stock	5,952.3	5,952.3	5,952.3	5,952.3	1,719.9
Capital Reserve	348.2	257.4	304.5	323.3	296.3
Treasury Shares	(299.9)	(129.1)	(175.9)	(124.5)	(80.4)
Legal Reserve	109.0	109.0	109.0	109.0	65.6
Profit Retention Reserve	1,102.7	1,301.8	1,301.8	1,301.8	434.9
Other Comprehensive Income	(7.9)	(13.7)	5.6	3.2	3.4
Retained Earnings	172.2	(33.7)	30.8	-	753.8
Total Shareholders' Equity	7,376.6	7,443.8	7,528.1	7,564.9	3,193.6
TOTAL	21,814.8	20,558.6	17,710.1	19,791.1	13,252.8

ANNEX IV
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED CASH FLOW STATEMENTS (R$ million)	3Q20	3Q19	9M20	9M19	LTM Sep/20	LTM Sep/19
Net Income	**206.0**	**235.1**	**172.2**	**753.8**	**340.2**	**943.5**
Effect of Income Tax and Social Contribution Net of Payment	24.9	64.0	(24.5)	223.4	(3.7)	235.1
Depreciation and Amortization	169.2	163.9	516.3	364.7	638.6	405.7
Interest Accrued on Loans	58.5	25.6	170.7	116.5	258.0	126.1
Equity Income	(65.9)	(10.6)	(95.8)	(8.2)	(114.2)	(22.9)
Dividends Received	-	-	27.4	21.2	27.4	36.9
Provisions for Losses on Inventories and Receivables	31.4	51.2	8.5	296.5	43.9	312.5
Provision for Tax, Civil and Labor Contingencies	100.0	135.6	181.7	394.9	239.0	429.5
Gain on Sale of Fixed Assets	-	(1.2)	1.9	(4.2)	1.1	(4.5)
Recognition of Deferred Income	(14.8)	(14.0)	(42.6)	(40.0)	(55.9)	(85.5)
Stock Option Expenses	23.7	28.9	71.0	55.8	99.6	61.4
Other	-	-	-	-	-	-
Adjusted Net Income	**532.9**	**678.5**	**986.8**	**2,174.5**	**1,473.8**	**2,437.8**
Trade Accounts Receivable	(7.4)	(111.6)	4.7	(155.2)	(96.9)	(202.0)
Inventories	(813.0)	(358.8)	(1,115.1)	(110.6)	(2,031.1)	(803.9)
Taxes Recoverable	214.0	(363.9)	281.7	(1,486.4)	300.9	(1,546.8)
Other Receivables	(105.8)	(89.5)	(121.6)	(104.4)	(149.9)	(95.1)
Changes in Operating Assets	**(712.2)**	**(923.8)**	**(950.3)**	**(1,856.6)**	**(1,977.0)**	**(2,647.8)**
Trade Accounts Payable	765.3	406.9	164.0	(722.2)	2,296.1	729.5
Other Payables	297.8	44.7	752.1	160.7	904.3	262.7
Change in Operating Liabilities	**1,063.1**	**451.6**	**916.1**	**(561.5)**	**3,200.3**	**992.2**
Cash Flow from Operating Activities	**883.8**	**206.3**	**952.7**	**(243.6)**	**2,697.2**	**782.2**
Additions of Fixed and Intangible Assets	(154.2)	(186.0)	(329.1)	(390.7)	(459.9)	(520.9)
Cash on Sale of Fixed Assets	-	-	-	-	-	-
Sale of Exclusive Dealing and Exploration Right Contract	-	-	-	-	-	-
Renegotiation Payment of Exclusive Contract	-	-	-	-	-	-
Investment in Subsidiaries	(52.8)	(0.3)	(71.4)	(401.0)	(77.5)	(397.5)
Capital Increase in Affiliated Company	-	-	-	-	-	(30.0)
Cash Flow from Investing Activities	**(207.0)**	**(186.2)**	**(400.5)**	**(791.7)**	**(537.4)**	**(948.4)**
Loans and Financing	-	2.7	800.0	802.7	796.2	802.7
Repayment of Loans and Financing	(1.9)	(24.1)	(20.6)	(309.7)	(318.0)	(437.4)
Changes in Other Financial Assets (Hedge)	-	-	-	-	-	-
Payment of Interest on Loans and Financing	(0.2)	(15.9)	(0.7)	(47.7)	(5.3)	(53.4)
Lease Payments	(67.9)	(97.6)	(214.6)	(187.8)	(241.1)	(187.8)
Payment of Lease Interest	(50.6)	(6.0)	(147.0)	(73.1)	(226.2)	(73.1)
Payment of Dividends	(299.4)	-	(299.4)	(182.0)	(299.4)	(182.0)
Treasury Shares	(174.9)	(71.6)	(262.5)	185.6	(306.7)	165.6
Proceeds from the Secondary Equity Offering	-	-	-	-	4,300.0	-
Payment of expenses from the Secondary Equity Offering	-	-	-	-	(67.6)	-
Cash Flow from Financing Activities	**(595.1)**	**(212.3)**	**(144.9)**	**188.0**	**3,631.9**	**34.6**
Cash, Cash Equivalents and Securities at beginning of Period	7,470.2	1,952.5	7,144.6	2,607.4	1,760.2	1,891.7
Cash, Cash Equivalents and Securities at end of Period	7,551.9	1,760.2	7,551.9	1,760.2	7,551.9	1,760.2
Change in Cash and Cash equivalents	**81.7**	**(192.3)**	**407.3**	**(847.2)**	**5,791.7**	**(131.5)**

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)	set-20	jun-20	mar-20	dez-19	set-19
Working Capital	2,379.2	2,501.4	2,187.5	218.2	459.3
(+) Accounts Receivable	13.4	10.6	14.2	16.8	11.7
(+) Income Tax and Social Contribution deferred	119.2	73.1	18.9	12.7	14.2
(+) Taxes Recoverable	765.5	1,185.6	1,217.5	1,137.8	1,275.5
(+) Judicial Deposits	760.5	656.5	599.4	570.1	518.2
(+) Other Assets	13.5	12.1	11.3	11.0	36.4
(+) Investment In Joint Subsidiaries	382.9	318.6	288.0	305.1	305.0
(+) Right of use	2,381.2	2,362.1	2,292.4	2,273.8	2,168.2
(+) Fixed Assets	1,152.7	1,099.5	1,103.2	1,076.7	1,016.1
(+) Intangible Assets	1,869.8	1,561.7	1,575.5	1,545.6	1,556.0
(+) Non Current Assets	7,458.9	7,279.9	7,120.2	6,949.7	6,901.3
(-) Provision for Contingencies	1,274.0	1,112.3	1,065.7	1,037.1	941.0
(-) Lease	2,082.4	2,063.7	1,981.2	1,949.8	1,991.2
(-) Deferred Revenue	315.2	328.9	342.9	356.8	370.5
(-) Income Tax and Social Contribution deferred	28.1	26.4	32.6	39.0	65.3
(-) Other Accounts Payable	2.0	-	-	2.0	1.8
(-) Non-Current operating liabilities	3,701.8	3,531.4	3,422.4	3,384.7	3,369.7
(=) Fixed Capital	3,757.1	3,748.5	3,697.8	3,565.0	3,531.6
(=) Total Invested Capital	6,136.3	6,249.9	5,885.3	3,783.2	3,990.9
(+) Net Debt	(1,240.4)	(1,317.5)	(1,766.3)	(3,905.3)	685.3
(+) Dividends Payable	0.1	123.6	123.6	123.6	112.0
(+) Shareholders Equity	7,376.6	7,443.8	7,528.1	7,564.9	3,193.6
(=) Total Financing	6,136.3	6,249.9	5,885.3	3,783.2	3,990.9

FINANCIAL EXPENSES RECONCILIATION (R$MM)	1Q18	1Q19	1Q20	4Q19	3Q19
Financial Income	39.2	45.6	42.9	22.9	96.2
Financial Expenses	(141.9)	(140.2)	(137.3)	(210.9)	(135.7)
Net Financial Expenses	(102.7)	(94.6)	(94.4)	(188.0)	(39.5)
Interest on prepayment of receivables: Luiza Card and third-party card	47.1	53.9	60.4	93.0	93.6
Adjusted Financial Expenses	(55.6)	(40.6)	(34.1)	(95.0)	54.1
Taxes on Adjusted Financial Expenses	18.9	13.8	11.6	32.3	(18.4)
Net Adjusted Financial Expenses	(36.7)	(26.8)	(22.5)	(62.7)	35.7

NOPLAT AND ROIC/ROE RECONCILIATION (R$MM)	1Q18	1Q19	1Q20	4Q19	3Q19
EBITDA	546.1	143.7	332.6	499.1	501.2
Interest on prepayment of receivables: Luiza Card and third-party card	(47.1)	(53.9)	(60.4)	(93.0)	(93.6)
Depreciation	(169.2)	(172.3)	(174.8)	(122.3)	(163.9)
Current and deferred taxes	(68.2)	58.5	(32.6)	(20.8)	(62.7)
Taxes on Adjusted Financial Expenses	(18.9)	(13.8)	(11.6)	(32.3)	18.4
Net Operating Income (NOPLAT)	242.7	(37.7)	53.3	230.7	199.4
Invested Capital	6,136.3	6,249.9	5,885.3	3,783.2	3,990.9
ROIC Annualized	16%	-2%	4%	24%	20%
Net Income	206.0	(64.5)	30.8	168.0	235.1
Shareholders Equity	7,376.6	7,443.8	7,528.1	7,564.9	3,193.6
ROE Annualized	11%	-3%	2%	9%	29%

ANNEX VI
BREAKDOWN OF TOTAL SALES[1] AND NUMBER OF STORES PER CHANNEL

Breakdown of Total Sales (R$ million)	3Q20	V.A.	3Q19	V.A.	Growth Total
Virtual Stores	290.1	2.3%	270.0	4.0%	7.4%
Conventional Stores	3,876.7	31.4%	3,251.9	47.7%	19.2%
Subtotal - Physical Stores	4,166.7	33.7%	3,521.9	51.7%	18.3%
Traditional E-commerce (1P)	6,093.8	49.3%	2,442.0	35.8%	149.5%
Marketplace (3P)	2,094.9	17.0%	853.7	12.5%	145.4%
Subtotal - Total E-commerce	8,188.7	66.3%	3,295.7	48.3%	148.5%
Total Sales	12,355.5	100.0%	6,817.6	100.0%	81.2%

Breakdown of Total Sales (R$ million)	9M20	V.A.	9M19	V.A.	Growth Total
Virtual Stores	741.9	2.6%	769.1	4.2%	-3.5%
Conventional Stores	8,845.6	30.9%	9,466.1	51.8%	-6.6%
Subtotal - Physical Stores	9,587.5	33.5%	10,235.3	56.0%	-6.3%
Traditional E-commerce (1P)	13,839.4	48.4%	6,178.4	33.8%	124.0%
Marketplace (3P)	5,157.5	18.0%	1,869.0	10.2%	176.0%
Subtotal - Total E-commerce	18,997.0	66.5%	8,047.4	44.0%	136.1%
Total Sales	28,584.4	100.0%	18,282.6	100.0%	56.3%

Number of stores per channel – End of the period	set/20	Part(%)	set/19	Part(%)	Growth Total
Virtual Stores	196	15.8%	183	17.6%	13
Conventional Stores	925	74.8%	855	82.4%	70
Kiosk	116	9.4%	-	0.0%	116
Subtotal - Physical Stores	1,237	100.0%	1,038	100.0%	199
Total Sales Area (m²)	656,189	100.0%	612,353	100.0%	7.2%

[1] The value of processed sales in the marketplace and on the AiQFome platform (managed by the Company or by licensees) from July 1 to September 30, 2020 in the amount of R $ 2,094.9 million, which are 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 in the scope of the review of the quarterly information by our independent auditors.

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 3Q20, Luizacred's total card base reached 5 million cards issued (+1.9% *versus* Sep/19). In-store sales to Luiza Card customers, distinguished by their loyalty and higher purchase frequency, decreased 6.2% in 3Q20 due to the increase in the share of cash sales.

Luizacred's credit portfolio, including credit card, DCC and individual loans, reached R$10.9 billion at the end of 3Q20, an increase of 5.2% over 3Q19. Luiza Card's portfolio grew 6.8% to R$10.8 billion, while the DCC portfolio decreased to R$31 million, in line with Luizacred's strategy to focus on the Luiza Card.

LUIZACRED – Key Indicators (R$ million)	3Q20	3Q19	% Chg	9M20	9M19	% Chg
Total Card Base (thousand)	**4,981**	**4,889**	**1.9%**	**4,981**	**4,889**	**1.9%**
Luiza Card Sales – In-store	1,532	1,633	-6.2%	3,955	4,626	-14.5%
Luiza Card Sales – Outside Magazine Luiza	5,877	5,317	10.5%	16,339	14,362	13.8%
Subtotal - Luiza Card	**7,408**	**6,950**	**6.6%**	**20,294**	**18,988**	**6.9%**
DCC Sales	0	32	-100.0%	3	108	-97.6%
Consumer Loans Sales	3	7	-65.5%	9	31	-69.5%
Luizacred Sales - Total	**7,411**	**6,989**	**6.0%**	**20,306**	**19,127**	**6.2%**
Card Portfolio	10,835	10,147	6.8%	10,835	10,147	6.8%
DCC Portfolio	31	168	-81.8%	31	168	-81.8%
Consumer Loans Portfolio	7	22	-66.4%	7	22	-66.4%
Portfolio	**10,872**	**10,336**	**5.2%**	**10,872**	**10,336**	**5.2%**

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)	3Q20	V.A.	3Q19	V.A.	% Chg	9M20	V.A.	9M19	V.A.	% Chg
Financial Intermediation Revenue	258.8	100.0%	410.0	100.0%	-36.9%	1,043.7	100.0%	1,184.3	100.0%	-11.9%
Cards	253.9	98.1%	381.8	93.1%	-33.5%	1,016.7	97.4%	1,082.8	91.4%	-6.1%
DCC	3.0	1.2%	21.1	5.2%	-85.8%	17.5	1.7%	77.9	6.6%	-77.6%
Consumer Loans	1.9	0.7%	7.1	1.7%	-73.6%	9.5	0.9%	23.6	2.0%	-59.7%
Financial Intermediation Expenses	(55.6)	-21.5%	(353.7)	-86.3%	-84.3%	(724.4)	-69.4%	(1,080.5)	-91.2%	-33.0%
Market Funding Operations	(19.4)	-7.5%	(70.9)	-17.3%	-72.6%	(109.6)	-10.5%	(194.9)	-16.5%	-43.8%
Provision for Loan Losses	(36.1)	-14.0%	(282.8)	-69.0%	-87.2%	(614.9)	-58.9%	(885.6)	-74.8%	-30.6%
Gross Financial Intermediation Income	**203.2**	**78.5%**	**56.3**	**13.7%**	**261.2%**	**319.2**	**30.6%**	**103.9**	**8.8%**	**207.3%**
Other Operating Revenues (Expenses)	(7.0)	-2.7%	(32.0)	-7.8%	-78.2%	(64.6)	-6.2%	(93.7)	-7.9%	-31.0%
Service Revenue	217.6	84.1%	214.6	52.3%	1.4%	659.2	63.2%	611.9	51.7%	7.7%
Personnel Expenses	(4.7)	-1.8%	(10.5)	-2.6%	-54.8%	(15.1)	-1.4%	(25.2)	-2.1%	-40.1%
Other Administrative Expenses	(178.2)	-68.9%	(185.3)	-45.2%	-3.8%	(567.6)	-54.4%	(528.5)	-44.6%	7.4%
Depreciation and Amortization	(3.0)	-1.2%	(3.0)	-0.7%	-0.1%	(9.0)	-0.9%	(8.9)	-0.8%	0.7%
Tax Expenses	(30.8)	-11.9%	(34.2)	-8.3%	-9.9%	(100.6)	-9.6%	(98.5)	-8.3%	2.1%
Other Operating Revenues (Expenses)	(7.9)	-3.1%	(13.7)	-3.3%	-42.1%	(31.5)	-3.0%	(44.5)	-3.8%	-29.1%
Income Before Tax	**196.3**	**75.8%**	**24.3**	**5.9%**	**709.2%**	**254.6**	**24.4%**	**10.2**	**0.9%**	**2405.6%**
Income Tax and Social Contribution	(78.7)	-30.4%	(9.9)	-2.4%	696.8%	(102.5)	-9.8%	(4.6)	-0.4%	2116.2%
Net Income	**117.6**	**45.4%**	**14.4**	**3.5%**	**717.6%**	**152.1**	**14.6%**	**5.5**	**0.5%**	**2647.3%**

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

LUIZACRED – Income (R$ million)	3Q20	V.A.	3Q19	V.A.	% Chg	9M20	V.A.	9M19	V.A.	% Chg
Financial Intermediation Revenue	258.8	100.0%	410.0	100.0%	-36.9%	1,043.7	100.0%	1,184.3	100.0%	-11.9%
Cards	253.9	98.1%	380.9	92.9%	-33.3%	1,016.7	97.4%	1,081.9	91.3%	-6.0%
DCC	3.0	1.2%	21.1	5.2%	-85.8%	17.5	1.7%	77.9	6.6%	-77.6%
Consumer Loans	1.9	0.7%	8.0	1.9%	-76.7%	9.5	0.9%	24.5	2.1%	-61.3%
Financial Intermediation Expenses	(231.3)	-89.4%	(363.8)	-88.7%	-36.4%	(909.2)	-87.1%	(958.1)	-80.9%	-5.1%
Market Funding Operations	(19.4)	-7.5%	(70.9)	-17.3%	-72.6%	(109.6)	-10.5%	(194.9)	-16.5%	-43.8%
Provision for Loan Losses	(211.9)	-81.9%	(292.9)	-71.4%	-27.7%	(799.7)	-76.6%	(763.2)	-64.4%	4.8%
Gross Financial Intermediation Income	**27.5**	**10.6%**	**46.2**	**11.3%**	**-40.5%**	**134.5**	**12.9%**	**226.2**	**19.1%**	**-40.6%**
Other Operating Revenues (Expenses)	(7.0)	-2.7%	(32.0)	-7.8%	-78.2%	(64.6)	-6.2%	(93.7)	-7.9%	-31.0%
Service Revenue	217.6	84.1%	214.6	52.3%	1.4%	659.2	63.2%	611.9	51.7%	7.7%
Personnel Expenses	(4.7)	-1.8%	(10.5)	-2.6%	-54.8%	(15.1)	-1.4%	(25.2)	-2.1%	-40.1%
Other Administrative Expenses	(178.2)	-68.9%	(185.3)	-45.2%	-3.8%	(567.6)	-54.4%	(528.5)	-44.6%	7.4%
Depreciation and Amortization	(3.0)	-1.2%	(3.0)	-0.7%	-0.1%	(9.0)	-0.9%	(8.9)	-0.8%	0.7%
Tax Expenses	(30.8)	-11.9%	(34.2)	-8.3%	-9.9%	(100.6)	-9.6%	(98.5)	-8.3%	2.1%
Other Operating Revenues (Expenses)	(7.9)	-3.1%	(13.7)	-3.3%	-42.1%	(31.5)	-3.0%	(44.5)	-3.8%	-29.1%
Income Before Tax	**20.5**	**7.9%**	**14.1**	**3.4%**	**44.9%**	**69.8**	**6.7%**	**132.5**	**11.2%**	**-47.3%**
Income Tax and Social Contribution	(8.4)	-3.2%	(5.8)	-1.4%	43.4%	(28.6)	-2.7%	(53.6)	-4.5%	-46.7%
Net Income	**12.1**	**4.7%**	**8.3**	**2.0%**	**45.9%**	**41.3**	**4.0%**	**78.9**	**6.7%**	**-47.7%**

| Revenue from Financial Intermediation

In 3Q20, revenues from financial intermediation were R$258.8 million, 36.9% lower than in 3Q19, influenced by the lower pace of growth of the Luiza Card due to the pandemic and an improvement in the health of the overdue portfolio.

| Provision for Loan Losses

The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for only 1.8% of the total portfolio in Sep/20, the lowest historic level, improving 90 bps from Sep/19 and 90bps from Jun/20 reflecting the Company's conservative credit policy and enormous collection efforts by stores and collection centers.

The portfolio overdue for more than 90 days (NPL 90) also showed a strong improvement and reached 8.6% in Sep/20, a reduction of 0.2 pp compared to Sep/19 and 1.1 pp compared to Jun/20, also reflecting the conservative credit policy and the increase in recoveries.

Provisions for bad debt expenses, net of recovery, represented 0.3% of the total portfolio in 3Q20, a sharp reduction compared to the 2.7% level in 3Q19. The overdue portfolio coverage ratio was 157% in Sep/20 compared to 169% in Sep/19.

PORTFOLIO - OVERDUE	Sep-20		Jun-20		Mar-20		Dec-19		Sep-19	
000 to 014 days	9,743	89.6%	9,318	87.5%	10,229	88.6%	10,322	89.4%	9,151	88.5%
015 to 030 days	49	0.5%	48	0.4%	112	1.0%	67	0.6%	65	0.6%
031 to 060 days	56	0.5%	62	0.6%	115	1.0%	81	0.7%	88	0.9%
061 to 090 days	92	0.8%	183	1.7%	151	1.3%	128	1.1%	122	1.2%
091 to 120 days	92	0.8%	182	1.7%	122	1.1%	123	1.1%	133	1.3%
121 to 150 days	83	0.8%	151	1.4%	117	1.0%	116	1.0%	118	1.1%
151 to 180 days	140	1.3%	129	1.2%	113	1.0%	110	1.0%	122	1.2%
180 to 360 days	619	5.7%	573	5.4%	592	5.1%	602	5.2%	536	5.2%
Portfolio (R$ million)	**10,872**	**100.0%**	**10,646**	**100.0%**	**11,551**	**100.0%**	**11,549**	**100.0%**	**10,336**	**100.0%**
Receipt expectation of loan portfolio overdue above 360 days	168		160		147		133		126	
Total Portfolio in IFRS 9 (R$ million)	**11,040**		**10,806**		**11,697**		**11,682**		**10,462**	
Overdue 15-90 days	196	1.8%	292	2.7%	378	3.3%	275	2.4%	275	2.7%
Overdue Above 90 days	933	8.6%	1,036	9.7%	944	8.2%	951	8.2%	910	8.8%
Total Overdue	**1,130**	10.4%	**1,328**	12.5%	**1,322**	11.4%	**1,227**	10.6%	**1,185**	11.5%
Provisions for loan losses on portfolio	1,193		1,361		1,362		1,335		1,260	
Provisions for loan losses on available limit	274		302		293		280		279	
Total provisions for loan losses in IFRS 9	**1,467**		**1,662**		**1,655**		**1,614**		**1,539**	
Coverage of Portfolio (%)	128%		131%		144%		140%		138%	
Coverage of Total Portfolio (%)	157%		161%		175%		170%		169%	

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

The gross margin from financial intermediation in 3Q20 was 78.5%, representing an increase of 64.8 pp compared to 3Q19, mainly influenced by the reduction of the overdue portfolio and, consequently, a lower volume of provisions under IFRS.

| Other Operating Revenues (Expenses)

Other operating expenses totaled R$7.0 million in 3Q20, a reduction of 78.2% YoY, mainly due to service revenue.

Luizacred's operating efficiency ratio was 46% in 3Q20 even with the revenue reduction caused by the pandemic.

| Operating Income and Net Income

In 3Q20, Luizacred recorded operating income of R$196.3 million, equivalent to 75.8% of financial intermediation (+69.9 p.p. YoY). In 3Q20, Luizacred’s net profit reached R$117.6 million (ROE of 63.3%).

In compliance with accounting practices established by the Brazilian Central Bank, considering the minimum provisions of Law 2682, Luizacred’s net income totaled R$12.2 million in 3Q20.

| Shareholders´ Equity

In compliance with the same practices, Luizacred posted shareholders’ equity of R$933.3 million in Sep/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$743.1 million.

VIDEOCONFERENCE DETAILS

Videoconference Call in Portuguese/English (with simultaneous translation)

Tuesday, November 10th, 2020
11:00 – Brasilia time
9:00 – New York time (EST)

Videoconference access

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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 22 distribution centers serving a network of over 1.200 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 1,500 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 most 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.

Disclaimer

The statements herein related to business prospects, future estimates of operating and financial results, and those related to Magazine Luiza's growth prospects are merely estimates and, as such, are based solely on the expectations of the Executive Board regarding the future of the Company's business. These expectations largely depend on approvals and licenses for the projects, market conditions, performance of the Brazilian economy, the sector and the international markets and are, therefore, subject to changes without prior notice. This performance report includes accounting and non-accounting data such as pro forma operating and financial results and projections based on the expectations of the Company's Management. The non-accounting data were not reviewed by the Company's independent auditors.