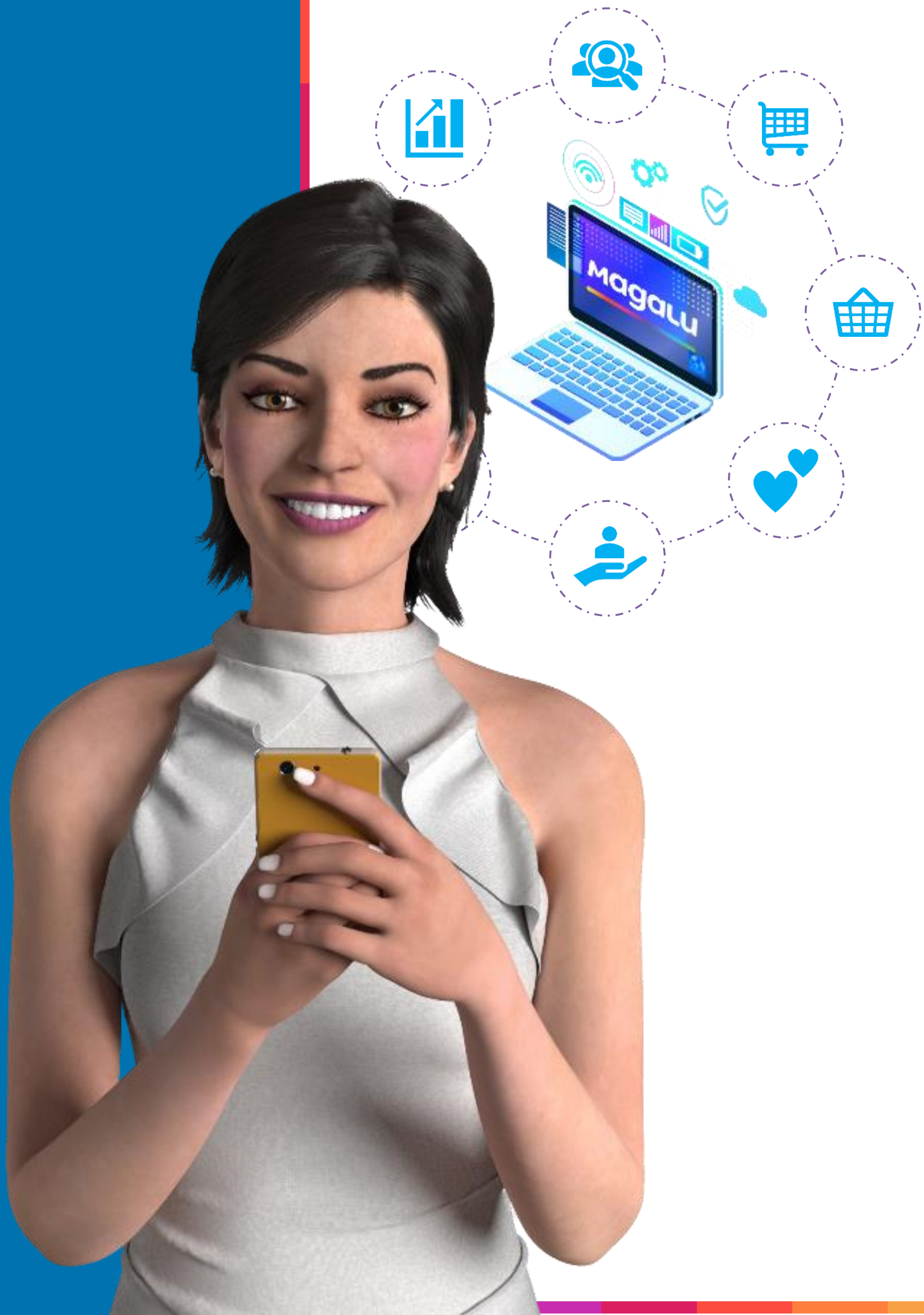
Financial Statements
December 31, 2021 and 2020



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Independent auditors' report on the individual and consolidated financial statements

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

Franca - SP

Opinion

We have examined the individual and consolidated financial statements of Magazine Luiza S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2021 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the individual and consolidated financial position of Magazine Luiza S.A. as of December 31, 2021, the individual and consolidated performance of its operations and its individual and consolidated cash flows for the year then ended, in conformity with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in conformity with these standards, are described in the following section denominated "Auditor's responsibilities for the audit of the individual and consolidated financial statements." We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles provided for in the Accountant's Code of Professional Ethics and in professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The main audit matters are those who, in our professional judgment, were the most significant in our audit of current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, therefore, we do not express a separate opinion on these matters.

Acquisitions of subsidiaries (Business combinations)

See Notes 4 and 12 of individual and consolidated financial statements

Key audit matter	How our audit addressed this matter
In the year 2021, the Company and its subsidiaries acquired control of other companies through business combinations. The calculation of these acquisitions requires, among other procedures, that the Company and its subsidiaries determine the fair value of the consideration transferred, the fair value of assets acquired and liabilities assumed, and goodwill arising from expected future profitability, or gain on bargain purchase. These procedures involve a high degree of judgment to determine the estimates of fair values based on methodology, measurement and assumptions concerning the future performance of the business acquired, which are subject to a high level of uncertainty. Due to uncertainties related to methodology and assumptions, such as gross operating revenue, deductions, operating costs, operating expenses, income tax and social contribution, Capex, working capital, depreciation and discount rate inherent to the measurement of fair value and, consequently, the determination of the information that must be disclosed to enable users of the financial statements to evaluate the nature and financial effects arising from business combinations, we consider this matter significant for our audit.	Our audit procedures included, but were not limited to: – reading the contracts entered into that formalized the business combination and the corresponding financial transaction regarding the acquisition, such as contracts and minutes, and analysis of the criteria for determining the acquisition price, harmonization of accounting practices and verification whether the opening balances are consistent with the historic balance; – with the assistance of our corporate finance specialists: i) we reviewed the methodology used to measure the fair value of assets acquired and liabilities assumed and goodwill determined, and assessed the assumptions used, as well as the impacts of possible changes in such assumptions on the calculated fair values and their relevance in relation to the financial statements as a whole by means of sensitivity analyses; ii) we matched the assumptions used in calculations made with external and historical data to analyze the reasonableness of the fair value; and – evaluation whether the disclosures in the individual and consolidated financial statements include all relevant information. During our audit, we identified adjustments that affected the measurement on the recognized acquisition of business, which were recorded by the Management. Based on evidence from the procedures summarized above, we considered that the amounts recognized and disclosures related to business combination are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Recognition of tax assets

See Notes 4 (a) e (b), 10 and 11 (a) and (b) of individual and consolidated financial statements

Key audit matter	How our audit addressed this matter
In the year ended December 31, 2021, the Company recognized significant tax credits related to recoverable ICMS from lawsuits challenging the use of ICMS/ST reimbursement levied on sale to final consumers for an amount lower than the presumed calculation basis, whose final and unappealable decision is expected based on the procedural progress on the matter. The Company and its legal and tax advisors understand that a favorable outcome of its lawsuits is virtually certain and, accordingly, the Company recognized these credits. It also recognized income tax and social contribution credits from i) review of tax benefits to determine if they are characterized as investment grants (Complementary Law 160/2017), and ii) no taxation of interest on recovery of undue tax collection, untimely tax credits and judicial deposits. These issues required from the Company and its tax and legal advisors, significant judgment on the determination of the chance of success on these tax discussions, the chance of receiving economic benefits and measurement of the amounts involved. As a result of complexity of matters, specially the tax environment in Brazil, possible changes in assumptions to determine the estimates of offset used by the Company or in external conditions, including position of tax authorities, may significantly impact amounts recognized in financial statements. Due to the relevance of the amounts involved, the significant judgment on the legal and tax analysis of the themes, the determination of estimated offset which were the base for the measurement of these assets recorded in the individual and consolidated financial statements, we considered this matter to be significant to our audit.	Our audit procedures included, among others: – Assessment of the management model for measurement and recognition of tax credits jointly with our tax experts. – Evaluation, with the assistance of our tax and legal experts, of the legal opinions and reports issued by the legal and tax advisors of the Company, aiming to confirm the legal and tax aspects of the Brazilian legislation which were the base for understanding the merit, debate and offset assumptions that direct the Company on the recognition and measurement of the assets recognized; – On a sample basis, we recalculated the credit amounts and requested supporting documentation on invoices and ancillary obligations to validate the amount recognized; – We analyze the assumptions of tax debit generation for estimated recovery of tax credits recorded, and their presentation between current and non-current assets. – Furthermore, we evaluated whether the disclosures in the individual and consolidated financial statements include relevant information. Based on evidence obtained through above-summarized procedures, we consider the recognition and measurement of these tax credits, as well as related disclosures as acceptable in the context of individual and consolidated financial statements taken as a whole.

Other matters - Statements of added value

Individual and consolidated statement of added value (DVA) for the year ended December 31, 2021, prepared under responsibility of Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out together with the audit of Company's individual and consolidated financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with the individual and consolidated financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Added Value. In our opinion, these individual and consolidated statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying individual and consolidated financial statements and the auditors' report

The Company's management is responsible for such other information that comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not include the Management Report and we do not express any form of audit conclusion on such report.

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

Responsibilities of management and governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of individual and consolidated financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company and its subsidiaries or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those charged with governance of the Company and its subsidiaries are the people responsible for overseeing the process of preparation of the financial statements.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our purposes are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue audit report containing our opinion. Reasonable assurance means a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detects any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may lead the Company and its subsidiaries to no longer remain as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

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

São Paulo, March 14, 2022

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6

Marcelle Mayume Komukai
Accountant CRC 1SP249703/O-5

Magazine Luiza S.A.

Balance sheets at December 31, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	5	**1,458,754**	1,281,569	**2,566,218**	1,681,376
Securities	6	**1,556,211**	1,220,095	**1,556,371**	1,221,779
Accounts receivable	7	**3,928,531**	3,460,711	**5,650,759**	4,761,899
Inventories	8	**7,873,544**	5,459,037	**9,112,214**	5,927,236
Accounts receivable from related parties	9	**4,201,742**	2,661,364	**3,707,284**	2,329,648
Recoverable taxes	10	**1,151,721**	590,020	**1,279,257**	704,272
Recoverable income tax and social contribution	11	**205,312**	4,762	**234,886**	11,846
Other assets		**136,516**	121,925	**402,821**	160,754
Total current assets		**20,512,331**	14,799,483	**24,509,810**	16,798,810
Non-current assets					
Accounts receivable	7	**17,351**	16,140	**17,351**	16,140
Recoverable taxes	10	**1,408,706**	740,927	**1,551,556**	787,934
Deferred income tax and social contribution	11	**874,232**	164,047	**915,111**	196,736
Judicial deposits	22	**935,329**	660,734	**1,189,894**	843,852
Other assets		**175,902**	3,703	**184,816**	6,333
Investments in subsidiaries	12	**4,099,575**	1,318,347	**-**	-
Investments in jointly-owned subsidiaries	13	**407,780**	386,725	**407,780**	386,725
Right-of-use of leases	14	**3,324,747**	2,441,539	**3,362,998**	2,465,514
Property, plant and equipment	15	**1,777,788**	1,171,758	**1,938,713**	1,258,162
Intangible assets	16	**728,998**	593,427	**4,306,587**	1,886,997
Total non-current assets		**13,750,408**	7,497,347	**13,874,806**	7,848,393
Total assets		**34,262,739**	22,296,830	**38,384,616**	24,647,203

See the accompanying notes to the financial statements.

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Balance sheets at December 31, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Liabilities					
Current liabilities					
Suppliers	17	**9,108,542**	7,679,861	**10,098,944**	8,501,398
Partners and other deposits	18	**-**	-	**1,418,897**	718,482
Loans and financing	19	**44,100**	1,666,243	**407,968**	1,667,181
Salaries, vacations and social security charges		**237,270**	294,314	**370,176**	359,721
Taxes payable		**146,332**	331,113	**239,595**	401,308
Accounts payable to related parties	9	**195,894**	189,135	**125,302**	130,286
Leases	14	**415,329**	340,801	**433,834**	351,152
Deferred revenue	20	**39,157**	39,157	**50,329**	43,009
Dividends payable	23	**41,434**	39,953	**41,434**	39,953
Other accounts payable	21	**1,535,455**	931,602	**2,070,710**	1,203,655
Total current liabilities		**11,763,513**	**11,512,179**	**15,257,189**	13,416,145
Non-current liabilities					
Loans and financing	19	**6,368,605**	17,725	**6,384,904**	19,581
Taxes payable		**4,614**	-	**24,274**	-
Leases	14	**2,996,959**	2,156,522	**3,020,844**	2,175,152
Deferred income tax and social contribution	11	**-**	-	**113,899**	24,843
Provision for tax, civil and labor risks	22	**717,977**	998,250	**1,154,109**	1,379,935
Deferred revenue	20	**234,210**	286,867	**245,258**	301,270
Other accounts payable	21	**915,630**	-	**922,908**	4,990
Total non-current liabilities		**11,237,995**	3,459,364	**11,866,196**	3,905,771
Total liabilities		**23,001,508**	14,971,543	**27,123,385**	17,321,916
Shareholders’ equity	23				
Capital		**12,352,498**	5,952,282	**12,352,498**	5,952,282
Capital reserve		**(1,637,055)**	390,644	**(1,637,055)**	390,644
Treasury shares		**(1,449,159)**	(603,681)	**(1,449,159)**	(603,681)
Legal reserve		**137,442**	122,968	**137,442**	122,968
Profit reserve		**1,856,665**	1,451,923	**1,856,665**	1,451,923
Equity valuation adjustment		**840**	11,151	**840**	11,151
Total shareholders' equity		**11,261,231**	7,325,287	**11,261,231**	7,325,287
Total liabilities and shareholders' equity		**34,262,739**	22,296,830	**38,384,616**	24,647,203

See the accompanying notes to the financial statements.

Magazine Luiza S.A.

Statements of income
Years ended December 31, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Net revenue from sales	24	**31,128,479**	26,130,544	**35,278,150**	29,177,113
Cost of goods resold and services rendered	25	**(24,299,083)**	(19,672,090)	**(26,791,345)**	(21,657,151)
Gross income		**6,829,396**	6,458,454	**8,486,805**	7,519,962
Operating revenues (expenses)					
From sales	26	**(5,495,600)**	(4,476,887)	**(6,374,429)**	(5,162,618)
General and administrative expenses	26	**(810,008)**	(725,716)	**(1,031,654)**	(906,799)
Impairment losses on credits	7|28	**(144,722)**	(100,388)	**(154,244)**	(118,119)
Depreciation and amortization	14|15|16	**(689,405)**	(569,325)	**(816,964)**	(702,523)
Equity in investments	12|13	**428,875**	36,553	**99,328**	119,929
Other operating revenues, net	26|27	**118,035**	81,834	**261,760**	74,744
		(6,592,825)	(5,753,929)	**(8,016,203)**	(6,695,386)
Operating income (loss) before financial income		**236,571**	704,525	**470,602**	824,576
Financial revenues		**467,157**	201,463	**491,577**	183,368
Financial expenses		**(1,011,314)**	(526,543)	**(1,180,588)**	(593,863)
Financial income (loss)	28	**(544,157)**	(325,080)	**(689,011)**	(410,495)
Operating income before income tax and social contribution		**(307,586)**	379,445	**(218,409)**	414,081
Deferred income tax and social contribution	11	**898,247**	12,264	**809,070**	(22,372)
Net income for the year		**590,661**	391,709	**590,661**	391,709
Earnings per share					
Basic (R$ per share)	23	**0.089**	0.061	**0.089**	0.061
Diluted (R$ per share)	23	**0.088**	0.060	**0.088**	0.060

See the accompanying notes to the financial statements.

Magazine Luiza S.A.

Statements of comprehensive income
Years ended December 31, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Parent company and Consolidated	
	2021	**2020**
Net income for the year	**590,661**	391,709
Items that can be subsequently reclassified to income (loss):		
Investment assessed under the equity method - interest in Other Comprehensive Income - OCI	**(17,466)**	6,853
Tax effects	**7,155**	(2,307)
Total	**(10,311)**	4,546
Financial assets measured at fair value – FVOCI	**-**	5,208
Tax effects	**-**	(1,771)
Total	**-**	3,437
Total items that can subsequently be reclassified to profit or loss	**(10,311)**	7,983
Total other comprehensive income for the period, net of taxes	**580,350**	399,692
Attributable to:		
Controlling shareholders	**580,350**	399,692

See the accompanying notes to the financial statements.

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Statements of changes in shareholders' equity
Years ended December 31, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

						Profit reserve					
	Note	Capital	Capital reserve	Treasury shares	Legal reserve	Working capital reinforcement reserve	Additional dividends proposed	Tax incentive reserve	Net income	Equity valuation adjustment	Total
Balances at January 1, 2020		5,952,282	323,263	(124,533)	109,001	758,421	337,348	205,987	-	3,168	7,564,937
Stock option plan		-	96,559	-	-	-	-	-	-	-	96,559
Treasury shares acquired		-	-	(573,827)	-	-	-	-	-	-	(573,827)
Treasury shares sold		-	(112,531)	94,679	-	-	-	-	-	-	(17,852)
Acquisition consideration		-	83,353	-	-	-	-	-	-	-	83,353
Additional dividends proposed		-	-	-	-	-	(199,074)	-	-	-	(199,074)
Working capital reserve		-	-	-	-	138,274	(138,274)	-	-	-	-
Net income for the year		-	-	-	-	-	-	-	391,709	-	391,709
Allocations:											
Legal reserve		-	-	-	13,967	-	-	-	(13,967)	-	-
Minimum mandatory dividends		-	-	-	-	-	-	-	(39,806)	-	(39,806)
Additional dividends proposed		-	-	-	-	-	130,194	-	(130,194)	-	-
Profit reserves		-	-	-	-	95,374	-	112,368	(207,742)		-
		5,952,282	390,644	(603,681)	122,968	992,069	130,194	318,355	-	3,168	7,305,999
Other comprehensive income:											
Equity valuation adjustment		-	-	-	-	11,305	-	-	-	7,983	19,288
Balances at December 31, 2020		5,952,282	390,644	(603,681)	122,968	1,003,374	130,194	318,355	-	11,151	7,325,287
Capital increase	23	**6,481,251**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,481,251**
Share issuance costs	23	**(81,035)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(81,035)**
Negative goodwill on the subscription of shares	23	**-**	**(2,022,251)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,022,251)**
Stock option plan	23	**-**	**118,070**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118,070**
Treasury shares acquired	23	**-**	**-**	**(1,055,885)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,055,885)**
Treasury shares sold	23	**-**	**(219,118)**	**210,407**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,711)**
Acquisition consideration	23	**-**	**95,600**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**95,600**
Additional dividends proposed	23	**-**	**-**	**-**	**-**	**-**	**(130,194)**	**-**	**-**	**-**	**(130,194)**
Tax incentive reserve	23	**-**	**-**	**-**	**-**	**(595,752)**	**-**	**595,752**	**-**	**-**	**-**
Net income for the year	23	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**590,661**	**-**	**590,661**
Allocations:	23										
Legal reserve	23	**-**	**-**	**-**	**14,474**	**-**	**-**	**-**	**(14,474)**	**-**	**-**
Minimum mandatory dividends	23	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(41,251)**	**-**	**(41,251)**
Additional dividends proposed	23	**-**	**-**	**-**	**-**	**-**	**58,749**	**-**	**(58,749)**	**-**	**-**
Profit reserves	23	**-**	**-**	**-**	**-**	**175,012**	**-**	**301,174**	**(476,187)**	**-**	**-**
		6,400,216	**(2,027,699)**	**(845,478)**	**14,474**	**(420,740)**	**(71,445)**	**896,926**	**-**	**-**	**3,946,255**
Other comprehensive income:											
Equity valuation adjustment		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,311)**	**(10,311)**
Balances at December 31, 2021		**12,352,498**	**(1,637,055)**	**(1,449,159)**	**137,442**	**582,634**	**58,749**	**1,215,281**	**-**	**840**	**11,261,231**

See the accompanying notes to the financial statements.

Magazine Luiza S.A.

Statements of cash flows
Years ended December 31, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Cash flow from operating activities					
Net income for the year		**590,661**	391,709	**590,661**	391,709
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	**(898,247)**	(12,264)	**(809,070)**	22,372
Depreciation and amortization	14|15|16	**689,405**	569,325	**816,964**	702,523
Accrued interest over loans, financing and leasing	14|19	**397,213**	222,482	**399,357**	228,488
Gain (loss) on marketable securities		**(35,041)**	(50,481)	**(35,041)**	(50,481)
Equity in investments	12|13	**(428,875)**	(36,553)	**(99,328)**	(119,929)
Changes in provision for losses on accounts receivable and inventories	7|8	**673,387**	65,071	**691,091**	67,045
Provision for tax, civil and labor risks	22	**(274,981)**	242,202	**(417,548)**	282,481
Loss on sale of property, plant and equipment	27	**(588)**	3,720	**(588)**	1,897
Appropriation of deferred revenue	27	**(52,657)**	(53,691)	**(55,891)**	(56,593)
Stock option plan expenses		**118,070**	98,832	**118,070**	110,615
Adjusted net income for the year		**778,347**	1,440,352	**1,198,677**	1,580,127
(Increase) decrease in operating assets:					
Accounts receivable		**(636,527)**	(795,096)	**(647,788)**	(1,936,797)
Securities		**(301,075)**	3,276,529	**(299,551)**	3,277,074
Inventories		**(2,920,398)**	(1,897,822)	**(2,923,148)**	(2,065,500)
Accounts receivable from related parties		**(1,501,035)**	(2,276,667)	**(1,340,988)**	(1,946,792)
Recoverable taxes		**(1,491,577)**	458,826	**(1,468,540)**	475,165
Judicial deposits		**(274,595)**	(232,692)	**(344,919)**	(273,691)
Other assets		**(14,110)**	(978)	**(128,132)**	2,419
Changes in operating assets		**(7,139,317)**	(1,467,900)	**(7,153,066)**	(2,468,122)
Increase (decrease) in operating liabilities:					
Suppliers		**1,428,681**	2,266,315	**1,184,399**	2,563,648
Partners and other deposits		**-**	-	**541,624**	718,482
Salaries, vacations and social security charges		**(57,044)**	(14,693)	**(3,478)**	833
Taxes payable		**36,953**	(90,164)	**6,825**	(78,933)
Accounts payable to related parties		**6,759**	37,041	**(4,984)**	(21,840)
Other accounts payable		**91,728**	372,262	**(66,862)**	400,649
Cash generated by operating activities		**1,507,077**	2,570,761	**1,657,524**	3,582,839
Income tax and social contribution		**(5,475)**	(71,176)	**(97,065)**	(118,324)
Dividends received		**29,454**	27,362	**29,454**	27,362
Cash flow from (used in) investment activities		**(4,829,914)**	2,499,399	**(4,364,476)**	2,603,882
Cash flow from investment activities					
Acquisition of property, plant and equipment	14|15	**(812,247)**	(348,004)	**(863,049)**	(371,991)
Acquisition of intangible assets	16	**(208,652)**	(139,582)	**(301,073)**	(171,850)
Capital increase in subsidiary	12	**(625,414)**	(364,719)	**-**	-
Payment for acquisition of subsidiary, net of acquired cash		**-**	-	**(153,281)**	(107,604)
Cash flow invested in investment investing activities		**(1,646,313)**	(852,305)	**(1,317,403)**	(651,445)
Cash flow from financing activities					
Loans and financing	19	**6,300,273**	800,000	**6,300,273**	801,126
Payment of loans and financing	19	**(1,617,420)**	(11,342)	**(1,687,720)**	(22,637)
Payment of interest on loans and financing	19	**(128,378)**	(796)	**(131,313)**	(797)
Lease payment	14	**(362,440)**	(275,850)	**(373,751)**	(290,160)
Payment of interest on lease operations	14	**(242,554)**	(191,579)	**(244,699)**	(197,582)
Payment of dividends		**(146,133)**	(299,405)	**(146,133)**	(299,405)
Divestment (acquisition) of treasury shares		**(1,050,151)**	(567,352)	**(1,050,151)**	(567,352)
Funds from issue of shares		**3,981,250**	-	**3,981,250**	-
Payments of expenditures with share issuance, net of taxes		**(81,035)**	-	**(81,035)**	-
Net cash flow invested in (generated by) financing activities		**6,653,412**	(546,324)	**6,566,721**	(576,807)
Increase in the balance of cash and cash equivalents		**177,185**	1,100,770	**884,842**	1,375,630
Cash and cash equivalents at the beginning of the year		**1,281,569**	180,799	**1,681,376**	305,746
Cash and cash equivalents at the end of the year		**1,458,754**	1,281,569	**2,566,218**	1,681,376
Increase in the balance of cash and cash equivalents		**177,185**	1,100,770	**884,842**	1,375,630

See the accompanying notes to the financial statements.

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Magazine Luiza S.A.

Statements of added value
Years ended December 31, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Parent company		Consolidated	
	2021	2020	2021	2020
Revenues				
Sale of goods, products and services	**36,332,536**	31,020,064	**41,301,000**	34,698,057
Provision for expected credit loss, net of reversals	**(144,722)**	(100,388)	**(154,244)**	(118,119)
Other operating revenues	**785,141**	104,617	**877,592**	104,130
	36,972,955	31,024,293	**42,024,348**	34,684,068
Inputs acquired from third parties				
Cost of goods resold and services rendered	**(25,756,411)**	(21,784,187)	**(28,205,520)**	(23,602,802)
Materials, energy, outsourced services and other	**(4,573,370)**	(3,150,597)	**(5,187,057)**	(3,751,323)
Loss and recovery of asset values	**(138,987)**	55,109	**(149,277)**	54,658
	(30,468,768)	(24,879,675)	**(33,541,854)**	(27,299,467)
Gross added value	**6,504,187**	6,144,618	**8,482,494**	7,384,601
Depreciation and amortization	**(689,405)**	(569,325)	**(816,964)**	(702,523)
Net added value produced by the Entity	**5,814,782**	5,575,293	**7,665,530**	6,682,078
Added value received as transfer				
Equity in investments	**428,875**	36,553	**99,328**	119,929
Financial revenues	**467,157**	201,463	**491,577**	183,368
Total added value payable	**6,710,814**	5,813,309	**8,256,435**	6,985,375
Distribution of added value				
Personnel and charges:				
Direct remuneration	**1,647,118**	1,407,830	**2,034,427**	1,571,916
Benefits	**404,038**	332,861	**493,308**	386,514
FGTS	**126,019**	105,025	**169,316**	124,581
	2,177,175	1,845,716	**2,697,051**	2,083,011
Taxes, duties and contributions:				
Federal	**246,777**	421,541	**809,637**	751,504
State	**2,510,674**	2,499,638	**2,723,408**	2,985,133
Municipal	**75,965**	76,610	**114,540**	93,572
	2,833,416	2,997,789	**3,647,585**	3,830,209
Third parties' capital remuneration:				
Interest	**955,879**	444,109	**1,116,417**	455,890
Rentals	**58,660**	56,902	**71,909**	88,954
Other	**95,023**	77,084	**132,812**	135,602
	1,109,562	578,095	**1,321,138**	680,446
Remuneration of own capital:				
Dividends and Interest on own capital	**100,000**	170,000	**100,000**	170,000
Retained earnings	**490,661**	221,709	**490,661**	221,709
	590,661	391,709	**590,661**	391,709
	6,710,814	5,813,309	**8,256,435**	6,985,375

See the accompanying notes to the financial statements.

Notes to the 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 December 31, 2021, the Company owned 1,481 stores and 26 distribution centers (1,301 stores and 23 distribution centers as at December 31, 2020) 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, www.kabum.com.br and their respective mobile applications, as well as the AiQfome, Tônolucro and Plus Delivery food delivery applications.

As of March 10, 2022, the Board of Directors authorized the issuance of these financial statements.

2. Presentation and preparation of financial statements

2.1. Basis of preparation, presentation and statement of compliance

The Company's individual and consolidated financial statements have been prepared based on accounting practices adopted in Brazil, comprising the provisions of Corporation Law, provided in Law 6404/76 and subsequent amendments and international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), implemented in Brazil through the Accounting Pronouncement Committee ("CPC") and technical interpretations ("ICPC") and guidelines ("OCPC"), as approved by the Securities Commission ("CVM")

All relevant information in financial statements, and only them, are being evidenced and correspond to that used by Management.

The financial statements were prepared based on the historical cost, except for certain financial instruments measured at its fair values.

2.2. Functional and presentation currency of financial statements

The Company's functional currency is the Brazilian Real. The financial statements of each subsidiary, as well as those used as a basis for evaluating investments under the equity method are prepared in Reais. All balances have been rounded to the nearest value, except otherwise indicated.

2.3. Basis of consolidation and investments in subsidiaries

Consolidated financial statements include financial statements of the parent company and its subsidiaries. Control is obtained when the Company holds, either directly or indirectly, most of voting rights or is exposed or entitled to variable returns based on its involvement with the investee and has the capacity to affect those returns through the power exercised in relation to the investee.

Company's consolidation basis includes:

		Direct or indirect interest - %	
Subsidiary's name	**Main activity**	**2021**	**2020**
Época Cosméticos	E-commerce of perfumes and cosmetics	**100%**	**100%**
Integra Commerce	Integration and relationship management between merchants and marketplaces	**100%**	**100%**
Luiza Administradora de Consórcios (LAC)	Management of consortia	**100%**	**100%**
Magalu Log (Magalog)	Company engaged in logistics services	**100%**	**100%**
Luizalabs Sistemas de Informação	Technological solutions for retail and consumer goods industries	**100%**	**100%**
Netshoes	E-commerce of sports and fashion products	**100%**	**100%**
Magalu Pagamentos	Payment institution	**100%**	**100%**
Kabum	Electronic commerce of IT equipment	**100%**	**-**

The consolidated financial statements also include exclusive investment funds in which the Company keeps part of its financial investments, as shown in Note 6.

In the consolidation process of the financial statements the following eliminations are considered:

- Shares of the parent company in capital, reserves and retained earnings of the consolidated companies;
- Balances of asset and liability accounts maintained between the consolidated companies; and
- Balances of revenues and expenses from transactions among consolidated companies.

In the individual financial statements, financial information of subsidiaries and jointly-controlled subsidiaries are recognized under the equity method.

2.4. 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. Since the beginning, 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 some measures and carried out certain assessments, in line with CVM/SNC Circular Letters 02 and 03/2020, analyzing the main risks and uncertainties arising from COVID-19 regarding its financial statements, such as a going concern risk assessment and indications of a possible impairment in its assets. The conclusion of these analyses was the inexistence of going concern risks and asset impairment.

In 2021, although there are still many uncertainties related to the consumption behavior, the Company recorded a growth in total sales, greatly leveraged by its e-commerce, which demonstrates an assertive market strategy. Therefore, in the scope of preparing these financial statements, the Company did not detect any indications of impairment in its assets. Additionally, on the date of disclosure of these financial statements, all of the Company's brick-and-mortar stores were operating normally.

3. Main accounting policies and practices

The main accounting policies and practices are described in each corresponding note, except those presented below that are related to more than one note. The accounting policies and practices have been consistently applied to all the years presented and to Company’s individual and consolidated financial statements.

3.1. Transactions and inflation adjustment of rights and obligations

Monetary assets and liabilities subject to contractual adjustments or exchange-rate changes and inflation adjustments are restated up to the balance sheet date, and these changes are recognized as financial revenues or expenses in income (loss).

If any, monetary assets and liabilities denominated in foreign currency are translated to Reais, using the exchange rate in effect on the respective balance sheet closing date. The differences arising from translation conversion are recognized as financial revenues or expenses in income (loss).

3.2. Asset impairment, net

i) Non-financial assets

The book values of the Company's non-financial assets are reviewed at each reporting date for indication of impairment. If such indication exists, the asset's recoverable amount is estimated. In case of goodwill, recoverable value is tested on an annual basis.

Investees recorded under the equity method of accounting

An impairment loss referring to an investee valued under the equity method is measured by comparing the investment’s recoverable value to its book value. An impairment loss is recognized in the statement of income and is reversed if there has been a favorable change in the estimates used to determine the recoverable value.

ii) Allocation of goodwill balances

Goodwill is allocated to each cash generating unit and is annually submitted to an assessment of its recovery or, more frequently, when there is an indication that a cash generating unit is performing below expectations. If the recoverable value of the cash generating unit is lower than its book value plus the goodwill allocated, the impairment loss is allocated first to reduce the goodwill allocated to the unit and then to the other assets of the unit pro rata based on the book value of each asset. Any loss in the amount of goodwill is recognized directly in income (loss) for the year in which it was identified, which is not reversed in subsequent periods, even if the factors that led to its recording no longer exist.

3.3. Adjustments to present value

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

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

The adjustment to present value of operations related to credit resale of goods has as contra-entry the heading “Accounts receivable.” Its realization is recorded under “Revenue from resale of goods” caption, also over its term.

The adjustment to present value of the liability related to the purchase of goods for resale is recorded under “Suppliers” caption, with a contra entry in the “Inventories” account. Its reversal is registered under “Cost of resold goods and services rendered” for the benefit of the term.

3.4. Provisions

Provisions are recognized for obligations or risks resulting from past events, for which it is possible to reliably estimate amounts and whose reimbursement is probable. Recognized provision amount is the best estimate of the consideration required to settle the obligation in the end of each year or period, considering risks and uncertainties related to the obligation.

3.5. Employee benefits

Short-term employee benefits

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

Share-based payment agreements

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

3.6. Statement of added value (SAV)

The purpose of this statement is to show the wealth created by the Company and its distribution during a certain period. It is presented as part of its individual financial statements as required by

Brazilian Corporation Law and as supplemental information to the consolidated financial statements, since it is not a planned or required statement pursuant to the IFRS.

3.7. Measurement of fair value

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

When available, the Company measures the fair value of a security using the price quoted on an active market for such securities. A market is considered as active if the transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If an asset or a liability measured at fair value has a purchase and a selling price, the Company measures the assets based on purchase prices and liabilities based on selling prices. The chosen valuation technique incorporates all the factors market participants would take into account when pricing a transaction.

The best evidence of the fair value of a financial instrument upon initial recognition is usually the transaction price – i.e., the fair value of the consideration given or received.

3.8. New standards and interpretations not yet effective

Several new standards will become effective for the years started after January 1, 2021. The Company has not adopted these standards in the preparation of these financial statements. The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

- Revenues before intended use (amendments to CPC 27/IAS 16);
- Rental concessions related to COVID-19 (amendment to CPC 06/IFRS 16);
- Reference to the Conceptual Framework (amendments to CPC 15/IFRS 3).
- Classification of Liabilities in Current or Non-Current (amendments to CPC 26/IAS 1);
- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1);
- Definition of Accounting Estimates (Amendments to CPC 23/IAS 8).

4. Significant accounting judgments and sources of uncertainties about estimates

When applying the Company's accounting policies, Management must make judgments and prepare estimates on book values of assets and liabilities for objective information is not easily obtained from other sources. Estimates and respective assumptions are based on historic experience and on other factors that are considered relevant. The actual results of these book values may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

a) Judgments

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the individual and consolidated financial statements are included in the following notes:

- Note 2.3 - Basis of consolidation and investments in subsidiaries: determine if the Company in fact holds control over an investee;
- Note 10 – determination of recoverable ICMS tax credits included in the lawsuits, whose final and unappealable decision is expected for the next months;
- Notes 10 and 11 – determination of income tax and social contribution credits, analyzed in view of the application of the concept of Complementary Law 160/2017 and Selic update on undue tax collection.

b) Uncertainties on assumptions and estimates

Information on uncertainties as to assumptions and estimates that pose a high risk of resulting in a material adjustment in book balances of assets and liabilities for the next year are included in the following notes:

- Note 7 – Accounts receivable: criteria and amounts of provision for expected credit loss;
- Note 8 – Inventories: criteria and amounts for provision for loss on inventories;
- Note 10 - Recoverable taxes: the criteria for evaluation of the periods for recovery of tax credits involve a high level of judgment on the determination of offset assumptions;
- Note 11 – Deferred income tax and social contribution: availability of future taxable income against which tax losses may be used;
- Note 12 - Investments in subsidiaries: acquisition of subsidiary at fair value of consideration transferred and the fair value of assets acquired and liabilities assumed. The determination of these amounts involve a high degree of judgment to determine the methodologies and assumptions, such as gross operating revenue, deductions, operating costs, operating expenses, income tax and social contribution, Capex, working capital, depreciation and discount rate inherent to the measurement of fair value;
- Note 15 and 16 - Property, plant and equipment and intangible asset - useful life of long-term assets;
- Note 16 - Intangible assets: main assumptions regarding recoverable values, including recoverability of development costs. The determination of goodwill in acquisition of companies is a complex process and involves a high level of subjectivity, and is based on several assumptions, such as the determination of cash generating units, discount rates, projection of inflation, growth percentages, longevity and profitability of business of the Company for the next years, among other. These assumptions will be affected by market conditions or future economic scenarios in Brazil, which cannot be accurately estimated;
- Note 22 - Provision for tax, civil and labor risks: main assumptions about the likelihood and magnitude of the outflows of funds;
- Note 30 - Asset impairment, net: determination of fair value based on significant non-observable data.

5. Cash and cash equivalents

Accounting policy

Company's Management defines "Cash and cash equivalents" as amounts maintained for the purpose of meeting short-term financial commitments rather than for investment or other purposes. Interest earning bank deposits are readily convertible into known amounts of cash and are not subject to an significant risk of change of value, and they are recorded at cost values plus yield accrued up to balance sheet dates not exceeding the market or realization value. The credit risk and sensitivity analysis is described in Note 30.

		Parent company		Consolidated	
	Rates	2021	2020	2021	2020
Cash		**37,732**	62,235	**38,775**	62,595
Banks		**73,410**	92,660	**750,450**	299,571
Bank deposit certificates	70–101% CDI	**1,347,612**	1,126,674	**1,742,161**	1,286,791
Non-exclusive investment funds	92.5–100% CDI	**-**	-	**34,832**	32,419
Total		**1,458,754**	1,281,569	**2,566,218**	1,681,376

6. Securities

		Parent company		Consolidated	
Financial assets	Rates	2021	2020	2021	2020
Non-exclusive investment fund	97% CDI	**12,734**	12,287	**12,734**	13,811
Exclusive investment fund:	(a)				
Purchase and sale commitments		**27,512**	-	**27,512**	-
Federal government bonds	Note 9	**1,515,965**	1,207,808	**1,516,125**	1,207,968
Total		**1,556,211**	1,220,095	**1,556,371**	1,221,779

(a) Refers to exclusive fixed income investment funds. As at December 31, 2021 and 2020, 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 100% of the CDI rate to the Company.

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

7. Accounts receivable

Accounting policy

Accounts receivable are recorded and maintained in the balance sheet at the securities amount, adjusted to present value, as applicable, represented mainly by resale credits payable in installments and by credit card, accounts receivable for services rendered, receivables from suppliers' bonus and provision for expected credit loss, which is formed in an amount considered sufficient by Management to cover possible risks on the financing portfolio and other amounts receivable existing on the balance sheet date. The criterion for recognizing the provision considers, for retail activities, the historical loss indices per maturity range of the portfolio, as mentioned in Note 30.

	Parent company		Consolidated	
	2021	2020	2021	2020
Trade accounts receivable:				
Credit cards (a)	**3,111,344**	2,641,426	**4,618,014**	3,847,324
Debit cards (a)	**9,417**	9,617	**14,396**	9,599
Own credit plan (b)	**789,111**	519,086	**789,111**	519,086
Client services (c)	**166,625**	146,375	**208,837**	185,702
Other accounts receivable (d)	**44,139**	23,242	**182,588**	99,805
Total trade accounts receivable	**4,120,636**	3,339,746	**5,812,946**	4,661,516
Receivables from commercial agreements (e)	**295,757**	296,452	**343,837**	318,050
Provision for expected credit loss	**(151,426)**	(95,832)	**(169,588)**	(115,207)
Adjustment to present value	**(319,085)**	(63,515)	**(319,085)**	(86,320)
Total	**3,945,882**	3,476,851	**5,668,110**	4,778,039
Current assets	**3,928,531**	3,460,711	**5,650,759**	4,761,899
Non-current assets	**17,351**	16,140	**17,351**	16,140

The average term to receive trade accounts receivable is of 27 days in the parent company and 33 days in the consolidated as of December 31, 2021 (33 days in the parent company and Consolidated as of December 31, 2020).

(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 December 31, 2021, the Company had credits assigned to acquirers and financial institutions amounting to R$ 2,656,104 (R$ 3,498,647 as of December 31, 2020) in the Parent Company and R$ 5,165,898 (R$ 4,547,865 as of December 31, 2020) in Consolidated, over which a discount varying between 105% and 123% of CDI. 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.

(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 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 mainly to receivables for transportation services from the subsidiaries Magalog and GFL Logística to third parties, as well as services rendered and entries in Hub Fintech's payment accounts.

(e) Refers to bonuses 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 impairment of credits are as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	**(95,832)**	(93,248)	**(115,207)**	(109,274)
(+) Additions	**(167,496)**	(116,952)	**(174,278)**	(127,018)
(-) Write-offs	**111,902**	114,368	**119,897**	121,085
Closing balance	**(151,426)**	(95,832)	**(169,588)**	(115,207)

The analysis of impacts due to the pandemic caused by the coronavirus (COVID-19) is described in Note 2.4. 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Amounts falling due (days):								
up to 30	**217,534**	445,562	**637,694**	623,483	**40,577**	30,090	**57,714**	26,315
31–60	**151,049**	234,265	**477,043**	322,979	**52,469**	22,039	**75,429**	27,233
61–90	**167,493**	244,400	**416,689**	390,644	**52,238**	78,655	**52,970**	78,655
91–180	**867,283**	1,199,670	**1,059,054**	1,738,314	**53,630**	140,868	**53,630**	140,868
181–360	**2,556,412**	1,101,008	**3,041,805**	1,442,375	**63,710**	6,178	**63,710**	6,178
>361	**52,636**	49,969	**55,423**	49,981	**263**	-	**288**	-
	4,012,407	3,274,874	**5,687,708**	4,567,776	**262,887**	277,830	**303,741**	279,249
Overdue (in days):								
up to 30	**31,573**	19,338	**32,628**	23,792	**19,670**	5,506	**22,223**	20,531
31–60	**20,500**	11,029	**22,041**	13,030	**7,480**	3,209	**10,740**	5,543
61–90	**16,239**	8,815	**16,239**	10,225	**1,133**	1,153	**1,133**	2,346
91–180	**39,917**	25,690	**54,330**	46,693	**4,587**	8,754	**6,000**	10,381
	108,229	64,872	**125,238**	93,740	**32,870**	18,622	**40,096**	38,801
Total	**4,120,636**	3,339,746	**5,812,946**	4,661,516	**295,757**	296,452	**343,837**	318,050

8. Inventories

Accounting policy

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Goods for resale	**7,971,149**	5,518,661	**9,210,072**	5,989,773
Consumption material	**44,921**	30,484	**65,698**	38,641
Provisions for inventory losses	**(142,526)**	(90,108)	**(163,556)**	(101,178)
Total	**7,873,544**	5,459,037	**9,112,214**	5,927,236

As at December 31, 2021, the Company had inventories of goods for resale given in guarantee of legal proceedings, under execution, in the approximate amount of R$ 21,846 (R$ 21,882 as at December 31, 2020).

Changes in the provision for inventory loss are demonstrated below:

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	**(90,108)**	(176,515)	**(101,178)**	(195,848)
Formation of provision	**(505,891)**	(95,946)	**(519,663)**	(100,830)
Inventory written-off or sold	**453,473**	182,353	**457,285**	195,500
Closing balance	**(142,526)**	(90,108)	**(163,556)**	(101,178)

9. Related parties

Company	Assets (Liabilities)				Three-month periods ended			
	Parent company		Consolidated		Parent company		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Luizacred (i)								
Commissions for services rendered	**2,478**	3,545	**2,478**	3,545	**240,532**	190,783	**240,532**	190,783
Credit card	**3,592,443**	2,249,014	**3,592,443**	2,249,014	**(198,678)**	(115,358)	**(198,678)**	(115,358)
Transfer of receivables	**(46,638)**	(41,894)	**(46,638)**	(41,894)	-	-	-	-
Dividends receivable	**35,018**	12,949	**35,018**	12,949	-	-	-	-
Reimbursement of shared expenses	**22,193**	3,983	**22,193**	3,983	**129,987**	90,308	**129,987**	90,308
	3,605,494	2,227,597	**3,605,494**	2,227,597	**171,841**	165,733	**171,841**	165,733
Luizaseg (ii)								
Commissions for services rendered	**40,760**	45,894	**40,760**	45,894	**447,629**	404,658	**447,629**	404,658
Dividends receivable	**8,953**	7,323	**8,953**	7,323	-	-	-	-
Transfer of receivables	**(66,074)**	(71,029)	**(66,074)**	(71,029)	**-**	-	**-**	-
	(16,361)	(17,812)	**(16,361)**	(17,812)	**447,629**	404,658	**447,629**	404,658
Total jointly-owned Subsidiaries	**3,589,133**	2,209,785	**3,589,133**	2,209,785	**619,470**	570,391	**619,470**	570,391
Netshoes (iii)								
Reimbursement of expenses	**10,854**	(1,075)	**-**	-	**-**	-	**-**	-
Discount of securities	**-**	-	**(4,053)**	(1,692)	**-**	-	**-**	-
Commissions for services rendered	**-**	-	**-**	-	**12,935**	216	**-**	-
	10,854	(1,075)	**(4,053)**	(1,692)	**12,935**	216	**-**	-
Grupo Época Cosméticos (iv)								
Commissions for services rendered	**1,333**	552	**-**	-	**3,962**	2,291	**-**	-
Consórcio Luiza (v)								
Commissions for services rendered	**2,643**	2,586	**-**	-	**15,216**	10,840	**-**	-
Dividends receivable	**2,703**	-	**-**	-	**-**	-	**-**	-
Consortium groups	**(362)**	(434)	**(362)**	(434)	**-**	-	**-**	-
	4,984	2,152	**(362)**	(434)	**15,216**	10,840	**-**	-
Magalog Group (vi)								
Transfer of receivables	**(50,357)**	(55,609)	**-**	-	**-**		**-**	-
Freight expenses	**-**	-	**-**	-	**(954,355)**	(192,790)	**-**	-
	(50,357)	(55,609)	**-**	-	**(954,355)**	(192,790)	**-**	-
Magalu Pagamentos (vii)								
Transfer of receivables	**465,672**	324,716	**-**	-	**(74,554)**	(24,556)	**-**	-
Luizalabs (viii)								
Systems development	**(13,101)**	-	**-**	-	**-**	-	**-**	-
Total Subsidiaries	**419,385**	270,736	**(4,415)**	(2,126)	**(996,796)**	(203,999)	**-**	-
MTG Participações (ix)								
Rent and other expenses	**(2,463)**	(2,224)	**(2,529)**	(2,229)	**(34,562)**	(25,970)	**(34,562)**	(26,587)
PJD Agropastoril (x)								
Rent, freight and other expenses	**(51)**	(33)	**(51)**	(33)	**(1,847)**	(1,583)	**(1,847)**	(1,588)
LH Participações (xi)								
Rentals	**(156)**	(128)	**(156)**	(128)	**(2,144)**	(1,280)	**(2,144)**	(1,280)
ETCO – SCP (xii)								
Agencing fee	**-**	-	**-**	-	**(7,405)**	(7,385)	**(7,405)**	(7,385)
Marketing expenses	**-**	(5,907)	**-**	(5,907)	**(233,319)**	(224,575)	**(233,319)**	(224,575)
	-	(5,907)	**-**	(5,907)	**(240,724)**	(231,960)	**(240,724)**	(231,960)
Total other related parties	**(2,670)**	(8,292)	**(2,736)**	(8,297)	**(279,277)**	(260,793)	**(279,277)**	(261,415)
Total related parties	**4,005,848**	2,472,229	**3,581,982**	2,199,362	**(656,603)**	105,599	**340,193**	308,976

	Assets (Liabilities)				Three-month periods ended			
	Parent company		Consolidated		Parent company		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Investment fund (xiii)	**1,543,477**	1,207,808	**1,543,637**	1,207,968	**32,716**	49,772	**32,716**	49,772
InLoco Tecnologia (xiv)	**-**	-	**-**	-	**-**	2,180	**-**	2,180
	1,543,477	1,207,808	**1,543,637**	1,207,968	**32,716**	51,952	**32,716**	51,952

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

(a) Receivables with private label credit cards and financial expenses with 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.

III. The amounts 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. Refers to the provision of systems development services provided by the subsidiary Luizalabs Computação e Sistemas de Informação Ltda.

IX. 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.

X. 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.

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

XII. 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.

XIII. 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 – Marketable Securities and other financial assets).

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

	2021		2020	
	Board of Directors	Executive Officers	Board of Directors	Executive Officers
Fixed and variable compensation	**4,056**	**8,018**	4,259	28,295
Stock option plan	**19,668**	**32,692**	-	44,647

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. The Company's internal policy comprises the payment of Profit Sharing to its employees. These amounts are provisioned on a monthly basis by the Company, according to estimates for meeting targets. The total management remuneration was approved at the Annual General Meeting held on April 22, 2021, in which the limit of R$ 84,793 was foreseen for the year 2021.

Reconciliation

	Parent company		Consolidated	
	2021	2020	2021	2020
Accounts receivable from related parties	**4,201,742**	2,661,364	**3,707,284**	2,329,648
Accounts payable to related parties	**(195,894)**	(189,135)	**(125,302)**	(130,286)
	4,005,848	2,472,229	**3,581,982**	2,199,362

10. Recoverable taxes

	Parent company		Consolidated	
	2021	2020	2021	2020
ICMS recoverable (a)	**2,001,716**	634,941	**2,052,515**	685,863
Recoverable PIS and COFINS (b)	**555,098**	692,392	**771,339**	797,171
Other	**3,613**	3,614	**6,959**	9,172
Total	**2,560,427**	1,330,947	**2,830,813**	1,492,206
Current assets	**1,151,721**	590,020	**1,279,257**	704,272
Non-current assets	**1,408,706**	740,927	**1,551,556**	787,934

(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. These credits will be realized by refund request and offset against debts of same nature with the states of origin of the credit.

The Company has lawsuits in several states, challenging the use of ICMS/ST reimbursement amounts arising from sales to final consumers for an amount lower than the presumed calculation basis of periods prior to the general repercussion provided by the STF to the matter in 2016, whose final and unappealable decision is expected for the coming months. Based on the procedural progress, the Company concluded the understanding that the favorable outcome for its lawsuits is practically certain and obtained legal opinions from its advisors confirming such understanding. Therefore, it recognized the updated credits in the amount of R$ 539,796, of which R$ 348,383 for principal and R$ 191,413 for inflation adjustment.

(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. The recorded amount for these lawsuits was R$ 1,190,050, of which R$ 713,455 refers to the principal and R$ 476,595 refers to inflation adjustment.

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, whose recorded amount was R$ 119,035, of which R$ 73,093 refers to principal and R$ 45,942 to inflation adjustment.

The measurement of credits related to these lawsuits was determined with the support of legal and tax advisors, considering the periods indicated above and the Company's right to exclude ICMS from the PIS and COFINS calculation basis without any restrictions, since the decisions that have become final and unappealable guarantee that all the ICMS required from the Company should be excluded from the PIS and COFINS calculation basis, regardless of the collection method, according to its legal advisors.

The offset of the credits occurs as proofs of claim via administrative procedures before the Federal Revenue Service are carried out.

11. Income tax and social contribution

Accounting policy

The income tax and social contribution, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 thousand for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carryforward and negative basis of social contribution, limited to 30% of the taxable income for the year.

Current tax

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

Government grants for investment are recognized as reducers of sales taxes, whenever there is reasonable certainty that the benefit will be received and all corresponding conditions will be met.

Deferred tax

Deferred income tax and social contribution (“deferred taxes”) are recognized on the temporary differences between the balances of assets and liabilities recognized in the financial statements and the respective tax bases employed to arrive at taxable income, including the balance of tax losses and negative basis of social contribution not subject to prescription. Deferred tax liabilities are usually recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences, only when it is probable that the future taxable basis will be in sufficient amount to use these deductible temporary differences.

The probability of recovery of balance of deferred tax assets is reviewed at the end of each year and when future tax bases are no longer likely to be available and allow full or partial recovery of these taxes, the asset balance is reduced to the amount that is expected to be recovered.

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

a) Recoverable income tax and social contribution

	Parent company		Consolidated	
	2021	2020	2021	2020
Recoverable IRPJ and CSLL (a)	**173,658**	2,215	**189,924**	3,508
Withholding income tax (IRRF) recoverable	**31,654**	2,547	**44,962**	8,338
Total	**205,312**	4,762	**234,886**	11,846

(a) Considering the evolution of discussions and case laws on the application of Complementary Law 160/2017, the Company, together with its legal and tax advisors, reviewed its application for the equalization of ICMS tax incentives and benefits as investment grants, without distinction in relation to its form of concession, therefore, it recognized untimely income tax and social contribution credits on net income in the amount of R$ 168,190, of which R$ 155,342 of principal and R$ 12,848 of monetary restatement, for the periods from 2017 to 2020, based on the evaluation that a favorable outcome is possible in case of questioning with probable bias, according to ICPC 22 – Uncertainties on the Treatment of Income (equivalent to IFRIC 23). Accordingly, the Company reviewed its tax calculations and recorded a posting against current and deferred income tax and social contribution captions in the result for the year. The offset of tax credits will be made against income tax and social contribution or other federal taxes.

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Income (loss) before income tax and social contribution	**(307,587)**	379,445	**(218,410)**	414,081
Prevailing statutory rate	**34%**	34%	**34%**	34%
Expected credit (debit) of income tax and social contribution to current rates	**104,580**	(129,011)	**74,259**	(140,788)
Reconciliation to effective rate (effects of application of tax rates):				
Exclusion – equity in investments	**145,818**	12,428	**33,772**	40,776
Effect of interest on own capital	**34,000**	57,800	**34,000**	57,800
Non-taxable income (loss) – Netshoes	**-**	-	**45,797**	(59,830)
Effect of technological innovation (1)	**-**	30,663	**-**	30,663
Effect of government subvention (2)	**300,418**	38,205	**313,488**	48,310
Exclusion of monetary restatement of undue tax payments (3)	**324,635**	-	**324,635**	-
Other permanent exclusions, net	**(11,204)**	2,179	**(16,881)**	697
Income tax and social contribution debit	**898,247**	12,264	**809,070**	(22,372)
Current	**225,742**	(163,499)	**109,928**	(222,208)
Deferred	**672,505**	175,763	**699,142**	199,836
Total	**898,247**	12,264	**809,070**	(22,372)
Effective rate	**292.0%**	-3.2%	**370.4%**	5.4%

(1) Tax incentive related to Good Law (Lei do Bem) 11196/05 to foster innovation and technology.

(2) As mentioned in item "a" above, the Company, in the regular exercise of its activities, enjoys a series of tax benefits granted by the States of the Federation. Considering the concept attributed by Complementary Law 160/2017, these benefits are characterized as investment grants, and according to CPC 07 – Government Grant and Assistance, they are recorded in the income statement for the year.

(3) On September 24, 2021, in a decision of the Federal Supreme Court with general repercussion recognized, the levying of IRPJ and CSLL on amounts related to the Selic rate received due to repetition of undue tax payment was declared unconstitutional. The Company has a writ of mandamus, dated before the judgment of the Federal Supreme Court, whose object is the recognition of the illegitimacy of the levying IRPJ and CSLL on Selic in tax credits. Due to the decision of the STF (Federal Supreme Court), the Company permanently excluded: i) undue tax collections recognized by final and unappealable favorable court decision; ii) update and analysis of judicial deposits made during tax lawsuits; iii) and determination of extempore credits of its calculation basis, considering that it is likely that the matter will be accepted by the tax authorities, based on legal opinions obtained from its legal and tax advisors pursuant to ICPC 22 – Uncertainty over Income Tax Treatments (equivalent to IFRIC 23).

Deferred tax

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

	Parent company				Consolidated			
	Balance in 2020	Income (loss)	Shareholders' equity	Balance in 2021	Balance in 2020	Income (loss)	Business combination	Balance in 2021
Deferred income tax and social contribution on:								
Tax loss carryforwards and negative basis of social contribution	-	**466,143**	**37,680**	**503,823**	19,334	**477,632**	**50,269**	**547,235**
Provision for expected credit loss	32,583	**18,902**	**-**	**51,485**	32,583	**18,902**	**-**	**51,485**
Provision for inventory losses	30,637	**17,822**	**-**	**48,459**	30,940	**17,822**	**-**	**48,762**
Provision for adjustments to present value	17,092	**63,513**	**-**	**80,605**	17,092	**63,513**	**-**	**80,605**
Provision for tax, civil and labor risks	200,447	**20,019**	**-**	**220,466**	291,113	**19,180**	**26,060**	**336,353**
Provision for share plan	69,392	**40,210**	**-**	**109,602**	69,392	**40,210**	**-**	**109,602**
Temporary difference on leases	44,967	**25,059**		**70,026**	44,967	**25,059**	-	**70,026**
Temporary difference on fair value in acquisitions	(41,679)	**-**	**-**	**(41,679)**	(161,284)	**15,583**	**(148,643)**	**(294,344)**
Judicial deposits	(11,394)	**12,022**	**-**	**628**	(11,394)	**12,022**	**-**	**628**
Deferred tax credits (Note 10) [1]	(186,184)	**17,020**	**-**	**(169,164)**	(186,184)	**17,020**	**-**	**(169,164)**
Other provisions	8,186	**(8,205)**	**-**	**(19)**	25,334	**(7,801)**	**2,491**	**20,024**
Deferred income tax and social contribution in assets (liabilities)	164,047	**672,505**	**37,680**	**874,232**	171,893	**699,142**	**(69,823)**	**801,212**

	Parent company				Consolidated				
	Balance in 2019	Income (loss)	Shareholders' equity	Balance in 2020	Balance in 2019	Income (loss)	Business combination	Shareholders' equity	Balance in 2020
Deferred income tax and social contribution on:									
Tax loss carryforwards and negative basis of social contribution	26,782	(26,782)	-	-	37,439	(18,105)	-	-	19,334
Provision for expected credit loss	31,704	879	-	32,583	31,704	879	-	-	32,583
Provision for inventory losses	60,015	(29,378)	-	30,637	60,318	(29,378)	-	-	30,940
Provision for adjustments to present value	4,958	12,134	-	17,092	4,958	12,134	-	-	17,092
Provision for tax, civil and labor risks	199,786	661	-	200,447	271,521	661	18,931	-	291,113
Provision for share plan	34,548	34,844	-	69,392	34,548	34,844	-	-	69,392
Temporary difference on fair value in acquisitions	(41,679)	-	-	(41,679)	(148,732)	-	(12,552)	-	(161,284)
Judicial deposits	(13,355)	1,961	-	(11,394)	(13,355)	1,961	-	-	(11,394)
Deferred tax credits (Note 10) [1]	(343,673)	157,489	-	(186,184)	(343,673)	157,489	-	-	(186,184)
Other provisions	37,189	23,955	(7,991)	53,153	38,941	39,351	-	(7,991)	70,301
Deferred income tax and social contribution in assets (liabilities)	(3,725)	175,763	(7,991)	164,047	(26,331)	199,836	6,379	(7,991)	171,893

(1) Refers to temporary exclusions from the income tax and social contribution calculation basis related to the tax credits described in note 10 – item b and the accounting recognition of ICMS amounts – Rate Differential, described in note 22 – item a.1. The changes presented refer to the activation of credits carried out in the period.

Breakdown of deferred income tax and of social contribution per company

	Balance in 2020	Deferred Assets	Deferred Liabilities	Balance in 2021
Parent company	164,047	**874,232**	**-**	**874,232**
Netshoes	(21,231)	**145**	**(10,250)**	**(10,105)**
KaBuM	-	**-**	**(84,164)**	**(84,164)**
Consórcio Luiza	782	**795**	**-**	**795**
Época Cosméticos	10,434	**10,176**	**-**	**10,176**
Magalog	12,809	**26,759**	**-**	**26,759**
Softbox	5,052	**3,004**	**-**	**3,004**
Magalu Pagamentos	-	**-**	**(19,485)**	**(19,485)**
Consolidated	171,893	**915,111**	**(113,899)**	**801,212**

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

d) Deferred income tax and social contribution not formed

The subsidiary Netshoes accumulated tax losses and negative basis of social contribution on net income over the last operating years and, consequently, did not recognize income tax and social contribution credits over the deferred net income. The income tax and social contribution assets on net income may be recognized when the subsidiary Netshoes present future tax income and it is likely that the tax benefits will be realized. As of December 31, 2021, subsidiary Netshoes has the amount of R$ 381,545 (R$ 431,241 as of December 31, 2020) of deferred taxes not recorded, of which R$ 305,019 (R$ 269,621 as of December 31, 2020) refers to tax loss and negative basis of social contribution and R$ 76,526 (R$ 161,620 as of December 31, 2020) refers to temporary differences.

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

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

If the entity understands that a specific tax treatment is not likely to be accepted, it must use estimates (most likely value or expected value) to determine the tax treatment (taxable income, tax bases, unused tax losses, unused tax credits), tax rates and so on. The decision must be based on the method providing the best possible solution for the uncertainty.

Except for the issues mentioned in item b) (2) and (3) above, the Company’s management understands that the application of such interpretation did not bring material impacts on these financial statements.

12. Investments in subsidiaries

Accounting policy

Business combinations are recorded using the acquisition method when control is transferred to the Company. The consideration transferred is usually measured at fair value, as well as the identifiable net assets acquired. Any goodwill arising in the transaction is tested annually for impairment. If the payment is classified as an equity instrument, it is not remeasured and the liquidation is recorded in shareholders' equity. The remaining contingent consideration is measured at fair value on each reporting date, and subsequent changes in fair value are recorded in the statement of income for the year. Transaction costs are recorded in profit or loss as incurred, except the costs related to the issue of debt or equity instruments. Transferred consideration does not include amounts referring to payment of pre-existing relations. These amounts are usually recognized in income for the year. Any contingent consideration payable is measured at its fair value on acquisition date.

a. Business combination – identification of acquired companies

i. “VipCommerce”

As of March 1, 2021, the Company, through its subsidiary Luizalabs, acquired all the capital shares of VipCommerce Sistemas Ltda., a white-label e-commerce platform created exclusively to serve food retailers, allowing supermarkets and wholesalers to sell online, reinforcing their brand and relationship with their clients. With a full e-commerce solution, VipCommerce offers not only an online store (including desktop, mobile and application), but also full management of the order cycle, from purchase to final delivery.

The acquisition of VipCommerce will allow thousands of supermarkets to sell their products on the Company’s sales portals. The combination of Magazine Luiza’s market category (1P) with the assortment of local supermarkets (3P) will enable to offer a complete basket of products in Magalu’s SuperApp, including perishable items.

ii. “Steal The Look”

As of March 16, 2021, the Company, through its subsidiary Netshoes, acquired 100% of the shares of Steal The Look Portal de Conteúdo de Moda Ltda., PUSH – Produtora de Eventos e Workshops Ltda. and The Content Lab Serviços de Produção de Conteúdo Ltda. (jointly, “Steal The Look”), a fashion, beauty and decoration digital content platform within the country. With the acquisition, the Company will offer specialized content on the fashion, beauty and decoration categories, informing and helping its clients in their purchase decision.

iii. “Tonolucro,” “Grandchef” and “Plus Delivery”

As of March 29, 2021, the Company, through its indirect subsidiary Aiqfome, acquired all the shares of ToNoLucro Internet Ltda., a food delivery platform with strong presence in the States of the Midwest and North regions of the country. On the same date, the Company, through its subsidiary Luizalabs, acquired all the shares of Grandchef Desenvolvimento de Sistemas Ltda, a technology platform focused on small and medium-sized restaurants. As of June 18, 2021, the Company, through its indirect subsidiary Aiqfome, acquired all the shares of Plus Delivery Soluções Tecnológicas LTDA., a food delivery platform with a strong presence in the State of Espirito Santo.

The acquisitions reinforce the Company’s performance in the food delivery industry, increasing the services offered in the SuperApp and the frequency of purchases within its ecosystem.

iv. “Smarthint”

As of April 6, 2021, the Company acquired, through its subsidiary Luizalabs, all the shares of SmartHint Tecnologia Ltda., developer of an intelligent search and purchase recommendation system for e-commerce. The SmartHint’s main tools include (i) intelligent search, which presents products even with a spelling error in the search, as long as the phonetic sound is the same, and includes Voice Search and search by product color through image reading; (ii) recommendation windows, which suggest products in standalone and customized windows according to the profile of each user, and (iii) retention tools, which arouse the desire to buy, increasing the conversion rate and reducing cart abandonment. With SmartHint, the Company will further enhance the assertiveness of the searches within its SuperApp.

v. “Jovem Nerd”

As of April 14, 2021, the Company announced to the market the acquisition, through its subsidiary Netshoes, of all the shares of Nonsense Creations, LLC and Pazos, Ottoni & Cia Ltda. (“Jovem Nerd”), the largest multimedia platform aimed at the nerd and geek audience within the country. The Jovem Nerd content will be integrated into Magazine Luiza’s SuperApp, expanding its reach and increasing the app’s usage time. Finally, with the acquisition, the Company further expands its audience, which already includes CanalTech and Steal the Look, and increases the reach and relevance of MagaluAds.

vi. “Autoseg”

As of June 9, 2021, the Company completed the acquisition, through its subsidiary Luizalabs, of all the shares of Autoseg Tecnologia em Sistemas Ltda., a technology company specialized in identity management software, segregation of duties (SOD) and protection of personal data. With the acquisition of Autoseg, the Company seeks to improve its information and data security systems, considering that the software for process optimization, access management and user identity management owned by the Company are essential for the business.

vii. "Hub Fintech"

As of July 2, 2021, the Company, through its subsidiary Magalu Pagamentos, signed the closing agreement for the acquisition of Hub Prepaid Participações S.A. and its subsidiaries ("Hub Fintech"), which enabled the transfer of the effective control of the acquired company on said date, considering that all precedent conditions were met on that date.

With Hub Fintech, the Company incorporates a payment institution regulated by the Central Bank of Brazil and integrated into the Brazilian Payment System (SPB) and the Instant Payments System (PIX). In addition to being one of the largest Banking as a Service (BaaS) platforms and a leader in the prepaid card processing within the country, Hub Fintech also offers services such as benefit cards (food, meals), acquisition systems and corporate solutions for expense management.

viii. "Juni"

As of July 7, 2021, the Company acquired, through its subsidiary Luizalabs, all the shares of Juni Marketing Digital Ltda., a startup specialized in optimizing the e-commerce sales conversion rate. Juni relies on a proprietary methodology developed by a team of experts in CRO (Conversion Rate Optimization), capable of mapping and analyzing different client behaviors during all stages of an online purchase. Based on the analysis of the data collected, Juni seeks innovative solutions that increase sales conversion and the profitability of digital channels.

ix. "Sode"

As of July 23, 2021, the Company acquired, through its subsidiary Magalog, all the shares of Sode Intermediação de Negócios S.A., a fast delivery logistics platform. Sode has proprietary technology specializing in the management, routing and tracking of ultra-fast deliveries made by partners, owners of their own motorcycles. Its algorithm allows orders to be allocated to the closest partner, ensuring the fastest delivery to the client, and the best experience for retailers and couriers.

x. "KaBuM!"

As of July 15, 2021, the Company entered into an agreement to acquire all the shares of KaBuM Comércio Eletrônico S.A. ("KaBuM!"), a privately-held corporation headquartered in the city of Limeira, State of São Paulo.

Founded in 2003, KaBuM! was one of the pioneers in Brazilian e-commerce and is a benchmark in technology and games, offering the biggest launches in the world market. KaBuM! has a complete assortment of computers, hardware (video cards, memory, processors, sound cards, screens), peripherals (keyboards, mouses, cameras, cables, adapters), products for the gamer universe (video games, games, chairs, tables, consoles) and for the smart home (cameras, lamps, virtual assistants, automation, among others). KaBuM! is also one of the forerunners in electronic sports in Brazil, being responsible for the creation of one of the largest teams of "League of Legends" in the country. KaBuM! Sports also supports other e-sports modalities, such as Counter Strike, FIFA and Free Fire.

With the acquisition, the Company reinforces the strategic pillar of new categories, with an assortment that complements the current portfolio and with great growth potential. Furthermore, together with the recent acquisitions of Jovem Nerd and CanalTech, KaBuM! and Magazine Luiza will be able to offer a complete shopping, content and entertainment experience for technology lovers.

The transaction was concluded, after the preceding conditions had been met, on December 10, 2021, which allowed the transfer of the actual control of the acquired party as of such date. The structure of the acquisition consists in the acquisition of the total shares of KaBuM, comprising the following stages: (a) payment in financial resources of R$ 1.0 billion, of which R$ 500 million in January 2022 and R$ 500 million in January 2023; (b) merger of shares issued by KaBum by Magazine Luiza S.A.; as a result, KaBuM became a wholly-owned subsidiary of the Company and (i) 75.0 million common and nominative book-entry shares, with no par value issued by the Company (MGLU3) were issued on behalf of KaBuM's shareholders on the closing date; and (ii) subscription bonus up to 50.0 million common, nominative, book-entry shares, with no par value issued by the Company (MGLU3), conditioned to the achievement of targets to be determined in January 2024.

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b. Business Combination - Fair value of transferred assets and liabilities

The Company engaged external consultants for an independent assessment of the fair values of the net assets acquired, which are in progress at the date of disclosure of these financial statements. The preliminary valuation amounts are as follows:

	Vip	Steal The Look	Tonolucro	Grandchef	Plus	Smathint	Jovem Nerd	Autoseg	Hub Fintech	Juni	Sode	KaBuM	Total
Cash and cash equivalents and securities	1,509	342	3,323	4	99	1,087	5,838	-	211,502	696	148	14,721	239,269
Accounts receivable	-	173	-	114	-	537	518	-	48,040	487	37	366,655	416,561
Inventories	-	-	-	-	-	-	-	-	-	-	-	778,643	778,643
Recoverable taxes	-	-	27	-	-	-	-	-	4,912	-	-	149,715	154,654
Other assets	-	468	-	-	-	54	3,249	-	13,644	-	10	104,493	121,918
Judicial deposits	-	-	-	-	-	-	-	-	-	-	-	1,123	1,123
Deferred income tax and social contribution	695	-	2,658	-	114	-	-	110	-	268	316	-	4,161
Right to use	-	-	-	-	-	-	-	-	-	-	-	6,302	6,302
Property, plant and equipment	-	63	127	-	15	89	-	-	25,888	12	77	11,174	37,445
Intangible assets - Relationship (a)	5,088	-	2,594	130	3,643	2,509	-	-	12,061	-	265	-	26,290
Intangible asset - Technology (b)	1,806	-	519	223	-	3,289	-	681	61,461	-	3,982	-	71,961
Intangible assets - Trademark (c)	-	1,374	1,281	-	405	-	14,841	-	132,243	-	-	-	150,144
Other intangible assets	-	4	-	-	-	-	-	-	40,545	-	-	822,797	863,346
	9,098	2,424	10,529	471	4,276	7,565	24,446	791	550,296	1,463	4,835	2,255,623	2,871,817
Suppliers	56	-	77	-	13	71	188	-	-	17	190	412,535	413,147
Partners and other deposits	-	-	-	-	-	-	-	-	128,983	-	-	29,808	158,791
Loans and financing	-	-	-	-	-	-	-	-	70,300	-	-	380,309	450,609
Salaries, vacations and social security charges	252	23	177	57	48	186	331	-	5,093	19	305	9,542	16,033
Taxes payable	90	22	489	4	71	226	277	-	974	61	82	46,336	48,632
Leases	-	-	-	-	-	-	-	-	-	-	-	5,727	5,727
Other accounts payable	1,515	654	1,023	-	-	-	8,545	-	253,677	-	553	140,031	405,998
Deferred income tax and social contribution	2,344	-	1,058	120	1,239	1,971	-	232	19,424	-	1,444	84,164	111,996
Provision for tax, civil and labor risks	2,045	1,111	7,818	-	333	-	5,105	326	12,024	788	931	169,084	199,565
	6,302	1,810	10,642	181	1,704	2,454	14,446	558	490,475	885	3,505	1,277,536	1,810,498
Total identifiable assets, net	**2,796**	**614**	**(113)**	**290**	**2,572**	**5,111**	**10,000**	**233**	**59,821**	**578**	**1,330**	**978,087**	**1,061,319**
Cash consideration	41,750	4,000	6,500	3,000	7,000	23,250	10,000	9,000	290,000	6,500	19,000	1,000,000	1,420,000
Consideration in shares (*)	22,750	-	5,500	4,000	1,500	42,750	-	9,000	-	4,300	5,800	796,250	891,850
Cost of acquisition	**64,500**	**4,000**	**12,000**	**7,000**	**8,500**	**66,000**	**10,000**	**18,000**	**290,000**	**10,800**	**24,800**	**1,796,250**	**2,311,850**
Indemnifiable financial assets and liabilities	-	-	-	-	-	-	-	-	-	-	-	(71,475)	(71,475)
Goodwill generated	**61,704**	**3,386**	**12,113**	**6,710**	**5,928**	**60,889**	**-**	**17,767**	**230,179**	**10,222**	**23,470**	**746,688**	**1,179,056**

* The settlement of the consideration in shares will be carried out through the assignment of shares issued by the Company, in accordance with the achievement of certain strategic targets for the business and were valued at the share value on the closing date of acquisition.

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

a) The relationship with clients was assessed based on the MPEEM ("Multiperiod Excess Earnings") method and identified as a significant intangible asset in the acquisition. At Hub Fintech, the assessment was carried out using the "With or Without" method;

b) Technology: the Company used the Relief-from-Royalty method, which captures the royalty savings associated with the technology development. At Hub Fintech, the assessment was carried out using the MEEM method. For KaBuM, the evaluation was made using the replacement cost method, considering the hours demanded in the development of the platform;

c) Brand: the Company used the Relief-from-Royalty method, which captures the royalty savings associated with brand development.

The goodwill generated on acquisitions, which comprises the amount of the difference paid by the Company in relation to the fair value of the shareholders' equity of the acquired companies, is mainly attributed to the skills and technical talent of the workforce, as well as the expected synergies in the integration of the entity to the Company's existing businesses. Such goodwill is deductible for tax purposes.

Incorporated revenues and revenues

The Company consolidated in the period, from the acquisition date of each of the above companies

	Vip	Steal The Look	Tonolucro	Grandchef	Plus	Smarthint	Jovem Nerd	Autoseg	Hub Fintech	Juni	Sode	KaBuM
Net revenue	1,475	2,479	11,536	1,608	2,016	4,246	2,793	473	47,029	751	2,385	146,152
Income (loss)	(5,707)	956	2,206	335	523	(308)	310	(771)	(10,632)	107	(30)	13,362

until December 31, 2021, the amounts of net revenue and net income (loss) below:

If all business combinations were carried out on the start date of the year, the Company would present consolidated net revenue in the amount of R$ 35,410,787 and consolidated net income in the amount of R$ 551,262.

c. Changes in investments in subsidiaries

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

Position as of 12/31/2021

Subsidiaries	Interest		Assets		Liabilities		Capital	Shareholders' equity	Net revenue	Net income (loss)
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Netshoes	1,514,532,428	100%	**791,994**	**564,462**	**743,803**	**217,344**	**617,919**	**395,309**	**2,477,798**	**134,697**
KaBuM [1]	1,976,774	100%	**1,199,864**	**125,828**	**856,045**	**204,680**	**2,000**	**264,967**	**156,667**	**13,361**
Época Cosméticos	34,405,475	100%	**204,022**	**100,425**	**170,460**	**13**	**89,405**	**133,974**	**725,313**	**45,329**
Magalu Pagamentos	2,000,000	100%	**2,005,967**	**552,603**	**1,963,472**	**31,815**	**2,000**	**563,283**	**658,811**	**156,147**
Integra Commerce	100	100%	**150**	**-**	**-**	**-**	**4,156**	**150**	**-**	**-**
Consórcio Luiza	6,500	100%	**82,068**	**4,415**	**23,391**	**2,275**	**50,050**	**60,817**	**129,530**	**11,383**
Magalog	16,726	100%	**265,539**	**288,833**	**262,234**	**60,863**	**182,630**	**231,276**	**1,031,358**	**(858)**
Luizalabs	23,273,616	100%	**59,296**	**223,906**	**84,606**	**11,329**	**105,297**	**187,267**	**90,084**	**(6,981)**

Changes	Opening balance	Capital increase/AFAC	Acquisition of subsidiaries (2)	Other comprehensive income	Action plan	Dividends declared	Merged net assets	Equity in investments	Closing balance
Netshoes	**763,450**	**216,170**	**-**	**1,853**	**3,427**	**-**	**-**	**113,843**	**1,098,743**
KaBuM	**-**	**-**	**1,724,776**	**-**	**-**	**-**	**-**	**13,361**	**1,738,137**
Época Cosméticos	**121,454**	**9,000**	**-**	**-**	**(256)**	**-**	**-**	**45,329**	**175,527**
Magalu Pagamentos	**169,536**	**237,770**	**-**	**-**	**(170)**	**-**	**-**	**156,147**	**563,283**
Integra Commerce	**2,170**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,170**
Consórcio Luiza	**52,129**	**-**	**-**	**-**	**-**	**(2,695)**	**-**	**11,383**	**60,817**
Magalog	**145,212**	**82,079**	**12,800**	**-**	**(247)**	**-**	**-**	**(858)**	**238,986**
Luizalabs	**62,843**	**80,395**	**82,800**	**-**	**3,979**	**-**	**1,328**	**(9,433)**	**221,912**
Kelex	**1,072**	**-**	**-**	**-**	**-**	**-**	**(844)**	**(228)**	**-**
Certa	**481**	**-**	**-**	**-**	**-**	**-**	**(484)**	**3**	**-**
Total	**1,318,347**	**625,414**	**1,820,376**	**1,853**	**6,733**	**(2,695)**	**-**	**329,547**	**4,099,575**

(1) The amounts of net revenue and net income at KaBuM refer to the period after closing of the acquisition process;
(2) Refers to the amount of consideration payable for the acquisition of companies, in MGLU3 shares, as presented in item b above.

Position as of 12/31/2020

Subsidiaries	Interest		Assets		Liabilities		Capital	Shareholders' equity	Net revenue	Net income (loss)
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Netshoes	1,514,532,428	100%	754,996	525,725	886,889	354,678	401,745	39,154	2,097,363	(195,207)
Época Cosméticos	34,405,475	100%	190,835	51,438	158,737	3,636	80,405	79,900	461,555	17,429
Magalu Pagamentos	2,000,000	100%	1,226,399	8,674	1,078,352	-	73,000	156,721	243,726	96,544
Integra Commerce	100	100%	150	-	-	-	4,156	150	-	(671)
Consórcio Luiza	6,500	100%	70,961	3,901	20,814	1,919	6,500	52,129	97,233	7,440
Magalog	16,726	100%	162,694	186,811	163,259	48,744	100,551	137,502	301,487	(4,610)
Luizalabs	23,273,616	100%	9,537	51,365	25,254	8,648	24,902	27,000	49,638	(4,375)
Kelex	100	100%	231	58	-	2	100	287	101	63
Certa	100	100%	125	-	29	-	100	96	-	11

Changes	Opening balance	AFAC	Business combinations	Other comprehensive income	Action plan	Equity in investments	Closing balance
Netshoes	768,904	141,000	32,510	4,460	11,783	(195,207)	763,450
Época Cosméticos	58,025	46,000	-	-	-	17,429	121,454
Magalu Pagamentos	1,992	71,000	-	-	-	96,544	169,536
Integra Commerce	2,841	-	-	-	-	(671)	2,170
Consórcio Luiza	44,372	-	-	317	-	7,440	52,129
Magalog	14,039	92,500	43,283	-	-	(4,610)	145,212
Luizalabs	43,921	14,219	9,078	-	-	(4,375)	62,843
Kelex	1,009	-	-	-	-	63	1,072
Certa	470	-	-	-	-	11	481
Total	935,573	364,719	84,871	4,777	11,783	(83,376)	1,318,347

d. Reconciliation of book value

Subsidiaries	Shareholders' equity	Goodwill generated on acquisition	Surplus[1]	12/31/2021
Netshoes	**395,309**	**486,718**	**216,716**	**1,098,743**
KaBuM	**264,967**	**746,688**	**726,482**	**1,738,137**
Época Cosméticos	**133,974**	**36,826**	**4,727**	**175,527**
Magalu Pagamentos	**563,283**	**-**	**-**	**563,283**
Integra Commerce	**150**	**-**	**2,020**	**2,170**
Consórcio Luiza	**60,817**	**-**	**-**	**60,817**
Magalog	**231,276**	**3,756**	**3,954**	**238,986**
Luizalabs	**187,267**	**25,421**	**9,224**	**221,912**
Total	**1,837,043**	**1,299,409**	**963,123**	**4,099,575**

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

Subsidiaries	Shareholders' equity	Goodwill generated on acquisition	Surplus[1]	12/31/2020
Netshoes	39,154	486,724	237,572	763,450
Época Cosméticos	79,901	36,826	4,727	121,454
Magalu Pagamentos	169,536	-	-	169,536
Integra Commerce	150	-	2,020	2,170
Consórcio Luiza	52,129	-	-	52,129
Magalog	137,502	3,756	3,954	145,212
Luizalabs	27,000	23,078	12,765	62,843
Kelex	287	785	-	1,072
Certa	96	385	-	481
Total	505,755	551,554	261,038	1,318,347

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

13. Investments in jointly-controlled subsidiaries

Accounting policy

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

The statement of income reflects the Company's interest in the operating results of the joint venture. Any change in other comprehensive income of these investees is presented as part of the Company's other comprehensive income. Furthermore, when there is a change recognized directly in the shareholders' equity of the joint venture, the Company will recognize its interest in any changes, when applicable, in the statement of changes in shareholders' equity. Unrealized gains and losses arising from transactions between the Company and the joint venture are eliminated in proportion to the interest in joint venture.

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

After applying the equity accounting method, the Company determines whether it is necessary to recognize additional impairment on the investment in its joint venture. The Company determines, at each balance sheet closing date, if there is objective evidence that investment in the joint venture suffered impairment loss. If so, the Company calculates the amount of impairment loss as the difference between the recoverable value of joint venture and the book value and recognizes the loss in the statement of income. The Company did identify objective evidence to recognize impairment in 2021 and 2020.

Position as of 12/31/2021

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%**	**15,191,017**	**1,924,832**	**16,169,030**	**93,975**	**483,000**	**852,844**	**2,911,596**	**152,978**
Luizaseg	**12,855**	**50%**	**276,724**	**486,832**	**353,579**	**175,975**	**133,883**	**234,002**	**671,726**	**71,619**

Changes	Opening balance	Dividends	Other comprehensive income	Equity in investments	Closing balance
Luizacred	**384,951**	**(35,018)**	**-**	**76,489**	**426,422**
Luizaseg	**1,774**	**(31,091)**	**(12,164)**	**22,839**	**(18,642)**
Total	**386,725**	**(66,109)**	**(12,164)**	**99,328**	**407,780**

Position as of 12/31/2020

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	204,857
Luizaseg	12,855	50%	263,843	419,702	312,598	124,950	133,883	245,997	398,542	58,582

Changes	Opening balance	Dividends	Other comprehensive income	Equity in investments	Closing balance
Luizacred	295,471	(12,949)	-	102,429	384,951
Luizaseg	9,620	(25,115)	(231)	17,500	1,774
Total	305,091	(38,064)	(231)	119,929	386,725

Total investments in jointly-owned subsidiaries

	2021	2020
Luizacred (a)	**426,422**	384,951
Luizaseg (b)	**117,001**	124,446
Luizaseg - Unrealized profits (c)	**(135,643)**	(122,672)
Total	**407,780**	386,725

(a) 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, financial and operating 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.

Accounting policy

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

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

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

The Company is a party in certain contracts with indefinite terms. Considering that both the lessor and the lessee have the right to cancel a contract at any time, with an insignificant fine, if any, the Company understands that such contracts are outside the scope of pronouncement CPC 06 (R2), and such payments are recognized as operating expenses, should they occur.

Changes in the right-of-use, during the years ended December 31, 2021 and 2020 were as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	**2,441,539**	2,203,827	**2,465,514**	2,273,786
Addition/remeasurement	**1,383,357**	618,231	**1,402,714**	650,234
Additions due to business combination	**-**	-	**6,081**	-
Direct Costs	**39,255**	-	**39,255**	-
Write-offs	**(87,028)**	(24,827)	**(87,028)**	(82,033)
Depreciation	**(452,376)**	(355,692)	**(463,538)**	(376,473)
Closing balance	**3,324,747**	2,441,539	**3,362,998**	2,465,514
Breakdown				
Cost	**4,472,903**	3,137,081	**4,543,122**	3,172,371
Accumulated depreciation	**(1,148,156)**	(695,542)	**(1,180,124)**	(706,857)
	3,324,747	2,441,539	**3,362,998**	2,465,514

Changes in the lease liability, during the years ended December 31, 2021 and 2020 were as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	**2,497,323**	2,205,750	**2,526,304**	2,280,322
Remeasurement/addition	**1,392,987**	610,399	**1,412,344**	642,400
Additions due to business combination	**-**	-	**5,363**	-
Payment of principal	**(362,440)**	(275,850)	**(373,751)**	(290,160)
Interest payment	**(242,554)**	(191,579)	**(244,699)**	(197,582)
Accrued interest	**222,951**	173,430	**225,096**	179,434
Write-off	**(95,979)**	(24,827)	**(95,979)**	(88,110)
Closing balance	**3,412,288**	2,497,323	**3,454,678**	2,526,304
Current liabilities	**415,329**	340,801	**433,834**	351,152
Non-current liabilities	**2,996,959**	2,156,522	**3,020,844**	2,175,152

In 2021, considering its expansion strategy, the Company opened 180 physical stores and 3 Distribution Centers, all rented, which caused material increase in lease captions.

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 an 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.

i) Additional Information

As described above, the Company adopted, as a discount rate for lease liabilities, the incremental loan rate, which is calculated as basic interest rate that can be promptly observable, adjusted by the Company's credit risk, to the terms of the lease agreements and the nature and quality of possible guarantees to be pledged. Considering that the Company's lease agreements are substantially contracts with payment flows indexed by inflationary indexes and, also considering the disclosure suggestions published in CVM Circular Letter 02/19, the Company provides below additional information about the characteristics of the agreements so that users of these financial statements can, at their discretion, prepared projections of future payment flows indexed by inflation for the period:

Contractual flows as of December 31, 2021:

Maturity	Average rate	Contractual Payment Flow – Consolidated						
Maturity	**Discount**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**>2027**
2022–2024	7.49%	130,421	74,018	29,289	-	-	-	-
2025–2027	7.44%	246,913	248,413	248,380	218,464	154,688	68,347	-
2028–2030	7.57%	99,003	100,310	100,413	100,782	101,077	101,096	122,040
2031–2033	7.60%	67,356	67,469	67,531	67,500	67,138	67,539	260,401
2034–2036	7.58%	36,743	36,856	36,830	36,750	36,820	36,835	301,173
2037–2039	7.53%	60,234	60,421	60,527	60,556	60,580	60,530	665,134
>2039	7.77%	26,405	27,558	27,837	27,837	27,837	27,837	363,676
Total		**667,075**	**615,045**	**570,807**	**511,889**	**448,140**	**362,184**	**1,712,424**
Projected inflation[1]		10.65%	10.65%	10.65%	10.65%	10.65%	10.75%	10.91%

[1]Rate obtained through quotations of future DI x ICPA coupons observed at B3 (www.b3.com.br)

15. Property, plant and equipment

Accounting policy

Property, plant and equipment is stated at cost of acquisition or construction, less the respective accumulated depreciations , except land and construction in progress, plus interests incurred and capitalized during the construction phase of assets, when applicable. Depreciation is recognized so as to fully write off their residual values of each asset or family of assets over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are annually reviewed, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits that arise from the continued use of the asset. Gains or losses in sale or write-off are recognized in income (loss) when incurred.

Accounting policy on impairment of property, plant and equipment is described in Note 3.2.

Changes in property, plant and equipment during the years ended December 31, 2021 and 2020 were as follows:

Parent company

	Balance at 12/31/2020	Additions	Depreciation	Write-offs	Transfer	Balance at 12/31/2021
Furniture and fixtures	202,754	178,570	(37,949)	(362)	2,041	**345,054**
Machinery and equipment	154,172	176,649	(14,912)	(491)	(14)	**315,404**
Vehicles	10,197	3,188	(3,640)	(224)	-	**9,521**
Computers and peripherals	122,852	113,739	(47,947)	(386)	13,332	**201,590**
Improvements	582,200	2,981	(55,361)	(251)	174,859	**704,428**
Works in progress	80,022	280,780	-	(819)	(174,858)	**185,125**
Other	19,561	17,085	(4,139)	(481)	(15,360)	**16,666**
	1,171,758	772,992	(163,948)	(3,014)	**-**	**1,777,788**

	Balance at 01/01/2020	Additions	Depreciation	Write-offs	Transfers	Balance at 12/31/2020
Furniture and fixtures	166,225	63,664	(28,894)	(1,743)	3,502	202,754
Machinery and equipment	127,573	37,332	(9,441)	(1,439)	147	154,172
Vehicles	10,789	2,848	(3,407)	(33)	-	10,197
Computers and peripherals	89,824	77,768	(33,220)	(13,556)	2,036	122,852
Improvements	487,618	-	(61,054)	(1,716)	157,352	582,200
Works in progress	87,850	149,272	-	-	(157,100)	80,022
Other	22,493	9,287	(4,818)	(1,464)	(5,937)	19,561
	992,372	340,171	(140,834)	(19,951)	-	1,171,758

	2021			2020		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Furniture and fixtures	**533,932**	**(188,878)**	**345,054**	362,533	(159,779)	202,754
Machinery and equipment	**383,676**	**(68,272)**	**315,404**	208,323	(54,151)	154,172
Vehicles	**31,318**	**(21,797)**	**9,521**	29,107	(18,910)	10,197
Computers and peripherals	**397,304**	**(195,714)**	**201,590**	294,829	(171,977)	122,852
Improvements	**953,470**	**(249,042)**	**704,428**	1,045,339	(463,139)	582,200
Works in progress	**185,125**	**-**	**185,125**	80,022	-	80,022
Other	**39,121**	**(22,455)**	**16,666**	43,481	(23,920)	19,561
	2,523,946	**(746,158)**	**1,777,788**	2,063,634	(891,876)	1,171,758

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Consolidated

	Balance at 12/31/2020	Additions	Addition for acquisition of subsidiary	Depreciation	Write-offs	Transfer	Balance at 12/31/2021
Furniture and fixtures	207,812	198,482	601	(38,866)	(927)	7,251	**374,353**
Machinery and equipment	182,589	180,105	1,013	(18,812)	(563)	(312)	**344,020**
Vehicles	10,506	3,426	16	(3,726)	(463)	-	**9,759**
Computers and peripherals	132,809	121,463	13,004	(51,307)	(492)	13,615	**229,092**
Improvements	607,037	4,842	60	(61,275)	(558)	176,332	**726,438**
Works in progress	82,095	297,568	53	-	(1,206)	(176,668)	**201,842**
Other	35,314	22,882	22,061	(6,066)	(764)	(20,218)	**53,209**
	1,258,162	828,768	36,808	(180,052)	(4,973)	-	**1,938,713**

	Balance at 01/01/2020	Additions	Addition from subsidiary	Depreciation	Write-offs	Transfers	Balance at 12/31/2020
Furniture and fixtures	169,689	64,881	1,600	(29,573)	(2,642)		**207,812**
Machinery and equipment	154,224	39,229	43	(12,782)	(1,488)	3,857	**182,589**
Vehicles	10,954	2,854	202	(3,465)	(39)	3,363	**10,506**
Computers and peripherals	96,847	83,674	628	(36,754)	(14,329)	-	**132,809**
Improvements	512,392	3,050	14	(73,596)	(2,203)	2,743	**607,037**
Works in progress	90,257	161,026	-	-	-	167,380	**82,095**
Other	42,341	9,444	4	(6,856)	(1,464)	(169,188)	**35,314**
	1,076,704	364,158	2,491	(163,026)	(22,165)	(8,155)	**1,258,162**

	2021			2020		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Furniture and fixtures	**567,663**	**(193,310)**	**374,353**	369,917	(162,105)	207,812
Machinery and equipment	**438,499**	**(94,479)**	**344,020**	254,088	(71,499)	182,589
Vehicles	**31,948**	**(22,189)**	**9,759**	29,659	(19,153)	10,506
Computers and peripherals	**453,784**	**(224,692)**	**229,092**	327,279	(194,470)	132,809
Improvements	**1,032,631**	**(306,193)**	**726,438**	1,117,621	(510,584)	607,037
Works in progress	**201,842**	**-**	**201,842**	82,095	-	82,095
Other	**80,295**	**(27,086)**	**53,209**	61,524	(26,210)	35,314
	2,806,662	**(867,949)**	**1,938,713**	2,242,183	(984,021)	1,258,162

Rates of depreciation

The annual depreciation rates are as follows:

	2021	2020
Furniture and fixtures	**10%**	**10%**
Machinery and equipment	**5%**	**5%**
Aircrafts	**5%**	**5%**
Light vehicles	**20%**	**20%**
Heavy vehicles	**14.3%**	**14.3%**
Computers and peripherals	**20%**	**20%**
Improvements	**9.2%**	**7.0%**

The Company has neither property, plant and equipment idle nor held for sale.

Asset impairment

In the years presented, no events were identified indicating the need to perform calculations to evaluate the possible impairment of property, plant and equipment.

16. Intangible assets

Accounting policy

Goodwill determined in acquisition of investments are initially measured as being the excess of consideration transferred in relation to net assets acquired (acquired identifiable assets, net and assumed liabilities). After initial recognition, the goodwill, which has a undefined useful life, is carried at cost less any accumulated loss for the impairment losses as described in Note 3.2.

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

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

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

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

Accounting policy on impairment of intangible assets is described in Note 3.2.

Changes in intangible assets during the years ended December 31, 2021 and 2020 were as follows:

Parent company

	Balance at 12/31/2020	Additions	Amortization	Write-offs	Transfer	Balance at 12/31/2021
Goodwill	313,856	-	-	-	-	**313,856**
Software	242,915	15,488	(73,081)	-	180,970	**366,292**
Projects in progress	36,538	193,164	-	-	(180,970)	**48,732**
Other	118	-	-	-	-	**118**
	593,427	208,652	(73,081)	-	-	**728,998**

	Balance at 01/01/2020	Additions	Amortization	Write-offs	Transfers	Balance at 12/31/2020
Goodwill	313,856	-	-	-	-	313,856
Software	210,568	26,408	(72,799)	(27)	78,765	242,915
Projects in progress	2,327	113,174	-	(198)	(78,765)	36,538
Other	118	-	-	-	-	118
	526,869	139,582	(72,799)	(225)	-	593,427

	2021			2020		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	**313,856**	**-**	**313,856**	313,856	-	313,856
Software	**662,513**	**(296,221)**	**366,292**	480,519	(237,604)	242,915
Projects in progress	**48,732**	**-**	**48,732**	36,538	-	36,538
Other	**118**	**-**	**118**	118	-	118
	1,025,219	**(296,221)**	**728,998**	831,031	(237,604)	593,427

Consolidated

	Balance at 12/31/2020	Additions	Addition for acquisition of subsidiary	Amortization	Write-offs	Transfer	Balance at 12/31/2021
Goodwill	1,102,740	-	1,179,056	-	-	(32,280)	**2,249,516**
Goodwill	2,235	-	-	-	-	-	**2,235**
Client portfolio	174,664	-	215,978	(42,969)	-	-	**347,673**
Software	369,232	79,953	253,088	(130,405)	(372)	203,651	**775,147**
Projects in progress	40,983	215,592	-	-	-	(203,651)	**52,924**
Trademarks and patents	176,181	585	626,302	-	(26)	37,223	**840,265**
Other	20,962	4,943	17,865	-	-	(4,943)	**38,827**
	1,886,997	301,073	2,292,289	(173,374)	(398)	-	**4,306,587**

	Balance at 01/01/2020	Additions	Addition for acquisition of subsidiary	Amortization	Write-offs	Transfers	Balance at 12/31/2020
Goodwill	867,425	-	235,315	-	-	-	1,102,740
Goodwill	2,234	-	-	-	-	1	2,235
Client portfolio	175,900	-	38,447	(44,983)	-	5,300	174,664
Software	350,862	39,659	3,662	(118,041)	(67)	93,157	369,232
Projects in progress	2,327	131,978	-	-	(198)	(93,124)	40,983
Trademark and patents	120,985	213	55,194	-	(210)	(1)	176,181
Other	25,895	-	400	-	-	(5,333)	20,962
	1,545,628	171,850	333,018	(163,024)	(475)	-	1,886,997

	2021			2020		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	2,249,516	-	**2,249,516**	1,102,740	-	1,102,740
Goodwill	2,235	-	**2,235**	2,235	-	2,235
Client portfolio	395,017	(47,344)	**347,673**	219,647	(44,983)	174,664
Software	1,330,794	(555,647)	**775,147**	804,131	(434,899)	369,232
Projects in progress	52,954	(30)	**52,924**	40,983	-	40,983
Trademarks and patents	840,463	(198)	**840,265**	176,683	(502)	176,181
Other	39,514	(687)	**38,827**	20,962	-	20,962
	4,910,493	(603,906)	**4,306,587**	2,367,381	(480,384)	1,886,997

Expenses related to the amortization of intangible assets are recorded in the caption "Depreciation and amortization," in result for the year.

Non-recoverability tests of goodwill and intangible assets

Goodwill and other intangible assets were submitted to devaluation test as of December 31, 2021 and 2020. Management prepared an estimate of recoverable values or values in use of all assets.

The non-recoverability test for the goodwill in the acquisition of companies comprises the calculation of the recoverable values of the Cash Generating Units (CGU's) identified in each business. A relevant CGU identified is the grouping of all brick-and-mortar retail chain stores acquired, whose goodwill totals R$ 313,856 and has already been merged. Another relevant CGU identified is the fashion and sports vertical, whose goodwill corresponds mainly to the acquisition of Netshoes.

CGU value in use is determined at the discounted cash flow method, before taxes, at the following rates:

	Physical Retail	Netshoes
	Rate p.a.	
Discounted cash flow - discount rate before taxes	11.1% (1)	11.1% (1)
Average weighted growth rate in first five years.	5.8%	11.8%
Perpetuity	3.5%	3.5%

(1) CAPM (Custo Médio de Capital Próprio-average cost of own capital) rate.

Future cash flow assumptions and growth perspective for CGU is based on the Company's annual budget and on business plans for the next years approved by the Board of Directors, as well as on comparable market data representing the best Management estimate regarding economic conditions prevailing during useful economic life of the group of assets generating cash flows. Based on tests carried out, the Company did not identify losses deriving from not recovering recorded goodwill.

17. Suppliers

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Goods for resale	**9,037,611**	7,542,524	**9,990,475**	8,311,440
Other suppliers	**142,710**	154,534	**190,371**	216,617
Adjustment to present value	**(71,779)**	(17,197)	**(81,902)**	(26,659)
Total	**9,108,542**	7,679,861	**10,098,944**	8,501,398

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 through this intermediation and confirmation of securities payable. This commission is registered as financial revenue.

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 at December 31, 2021, the balance payable negotiated by suppliers, and with the acceptance of the Company, totaled R$ 4,414,266 in parent company and R$ 4,460,556 in Consolidated (R$ 1,204,925 in Parent Company and R$ 1,254,097 in Consolidated as of December 31, 2020).

Trade accounts payables are initially recorded at present value with the contra entry 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

	Consolidated	
	2021	**2020**
Onlendings to seller – marketplace (a)	**934,030**	689,477
Payment arrangements to be settled (b)	**18,983**	-
Digital client accounts (c)	**465,884**	29,005
Total	**1,418,897**	718,482

a) Regarding the 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.

b) Mainly refers to amounts transacted by Hub Pagamentos clients on prepaid cards, in accredited merchants, to be settled with the corresponding acquirers.

c) Correspond to deposits made by clients on Magalu Pay digital accounts and Hub prepaid payment account.

19. Loans and financing

Modality	Charge	Guarantee	Final maturity	Parent company 2021	Parent company 2020	Consolidated 2021	Consolidated 2020
Promissory notes (a)	100% CDI + 1.25% p.a.	Clean	Apr 2024	**1,567,971**	847,239	**1,567,971**	847,239
Debentures – restricted offer (b)	100% CDI + 1.25% p.a.	Clean	Dec 2026	**4,837,054**	821,832	**4,837,054**	821,832
Working capital (c)	CDI +1.8% to 4.9% p.a.	Surety	Oct 2025	**-**	-	**356,167**	-
Innovation financing – FINEP (d)	4% p.a.	Bank guarantee	Dec 2022	**7,351**	14,776	**7,063**	14,776
Other	113.5% CDI p.a.	Clean	Oct 2025	**329**	121	**24,617**	2,915
Total				**6,412,705**	1,683,968	**6,792,872**	1,686,762
Current liabilities				**44,100**	1,666,243	**407,968**	1,667,181
Non-current liabilities				**6,368,605**	17,725	**6,384,904**	19,581

a) As of April 30, 2021, the Company carried out the 5th issue of promissory notes, including 1,500 promissory notes with a nominal value of R$ 1,000,000 each, with a single maturity on April 29, 2024 at the cost of 100% of CDI + 1.25% p.a. The amounts raised have been used to improve the cash flow in the course and ordinary management of the Company's business. The 4th issue of commercial promissory notes was settled in June 2021.

b) The Company raised R$ 800 million on January 15, 2021 through the 9th Issue of Debentures, via public distribution and with restricted placement efforts, remunerated at CDI rate + 1.25% p.a. and maturing on January 15, 2024. On October 14 and December 23, 2021, regarding the debt extension strategy, the Company made its 10th and 11st issues of simple debentures, non-convertible into shares, for public distribution with restricted efforts. Four million (4,000,000) shares were issued with a nominal value of R$ 1,000 each, with a final maturity on October 15 and December 23, 2026 at the cost of 100% of CDI rate + 1.25% p.a. The amount raised will strengthen the Company's working capital.

c) Refer to agreements signed by the subsidiary KaBuM, for working capital purposes.

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

Cash flow reconciliation of operating and financing activities

	Parent company 2021	Parent company 2020	Consolidated 2021	Consolidated 2020
Opening balance	**1,683,968**	847,054	**1,686,762**	848,829
Funding	**6,300,273**	800,000	**6,300,273**	801,126
Addition due to acquisition	**-**	-	**450,609**	11,187
Payment of principal	**(1,617,420)**	(11,342)	**(1,687,720)**	(22,637)
Interest payment	**(128,378)**	(796)	**(131,313)**	(797)
Accrued interest	**174,262**	49,052	**174,261**	49,054
Closing balance	**6,412,705**	1,683,968	**6,792,872**	1,686,762

Amortization schedule

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

Year of maturity	Parent company	Consolidated
2022	**69,333**	**434,883**
2023	**-**	**14,617**
2024	**2,354,428**	**2,354,428**
2025	**1,994,365**	**1,994,365**
2026	**1,994,579**	**1,994,579**
Total	**6,412,705**	**6,792,872**

Covenants

Debentures issued and 5th issue of Promissory Notes have restrictive clauses (covenants) for the 9th issue of debentures and 5th 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 and 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.

20. Deferred revenue

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Deferred revenue from third parties:				
Exclusivity agreement with Cardif (a)	**69,876**	87,345	**69,876**	87,345
Exclusivity agreement with Banco Itaúcard S.A. (b)	**71,500**	84,000	**71,500**	84,000
Other Contracts	**-**	-	**22,220**	18,255
	141,376	171,345	**163,596**	189,600
Deferred revenue from related parties:				
Exclusivity agreement with Luizacred (b)	**88,591**	99,679	**88,591**	99,679
Exclusivity agreement with Luizaseg (a)	**43,400**	55,000	**43,400**	55,000
	131,991	154,679	**131,991**	154,679
Total deferred revenues	**273,367**	326,024	**295,587**	344,279
Current liabilities	**39,157**	39,157	**50,329**	43,009
Non-current liabilities	**234,210**	286,867	**245,258**	301,270

On December 14, 2015, Luizaseg entered into a new Strategic Partnership Agreement with companies of the Cardif group and Luizaseg, aiming to extend the rights and obligations set forth in the agreements between the parties that expired on December 31, 2015, for an additional 10-year period, 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	
	2021	2020	2021	2020
Sales pending delivery, net of returns	**542,076**	550,198	**584,385**	567,132
Amounts subject to onlending to partners (a)	**104,767**	105,176	**153,722**	133,075
Specialized services	**126,302**	6,969	**149,240**	117,524
Freight payable	**91,407**	110,172	**196,885**	154,069
Marketing payable	**77,367**	96,558	**183,382**	96,558
Amounts payable for acquisition (b)	**1,427,750**	12,725	**1,565,413**	71,272
Other	**81,416**	49,804	**160,591**	69,015
Total	**2,451,085**	931,602	**2,993,618**	1,208,645
Current liabilities	**1,535,455**	931,602	**2,070,710**	1,203,655
Non-current liabilities	**915,630**	-	**922,908**	4,990

(a) Transfers of amounts made through sales of services (insurance, technical assistance, furniture installation, etc.) from partners intermediated by the Company in its brick-and-mortar stores.
(b) Amount payable on acquisitions of companies, whose highest value refers to the acquisition of KaBuM (R$ 1,422,793 on December 31, 2021), as mentioned in Note 12.

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, 2020	938,956	16,938	42,356	998,250
Additions	**223,231**	**8,400**	**5,500**	**237,131**
Reversal	**(546,697)**	**-**	**(2,000)**	**(548,697)**
Payments	**-**	**(5,291)**	**-**	**(5,291)**
Restatements	**36,584**	**-**	**-**	**36,584**
Balances at December 31, 2021	**652,074**	**20,047**	**45,856**	**717,977**

Consolidated

	Tax	Civil	Labor	Total
Balances at December 31, 2020	1,314,533	20,163	45,239	1,379,935
Additions	**227,956**	**8,465**	**6,313**	**242,734**
Addition for acquisition of subsidiary	**188,883**	**9,350**	**1,569**	**199,802**
Reversal	**(695,802)**	**(788)**	**(2,000)**	**(698,590)**
Payments	**(497)**	**(6,253)**	**(1,156)**	**(7,906)**
Restatements	**38,134**	**-**	**-**	**38,134**
Balances at December 31, 2021	**1,073,207**	**30,937**	**49,965**	**1,154,109**

As at December 31, 2021, 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 judicial deposits are made, as well as provisions related to business combinations of its acquired businesses. The tax risks are as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Federal	**464,442**	507,198	**885,575**	797,825
State	**187,606**	431,732	**187,606**	516,185
Municipal	**26**	26	**26**	523
	652,074	938,956	**1,073,207**	1,314,533

a.1) ICMS rate difference (“DIFAL”)

As of February 24, 2021, the general repercussion of the judgment by the Federal Supreme Court (STF) was recognized, which upheld the unconstitutionality of the payment of DIFAL after Constitutional Amendment 87/2015, under the argument of absence of a Complementary Law to discipline the subject.

Magazine Luiza and its subsidiaries Netshoes and Época Cosméticos filed Writs of Mandamus contesting the payment of DIFAL in some States of Brazil, making judicial deposits for the disputed amounts, with the first deposit taking place in December 2018. In this context, the Company’s accounting practice was to provision the amount of DIFAL deposited in court.

The judgment was concluded at the STF on February 24, 2021, and the judgment minutes, containing the summary of the decision on general repercussion, were published on March 3, 2021. In view of the general repercussion decision of the subject and discussions held with its legal advisors during March 2021, the Company decided to reverse the liabilities recorded in the amount of R$ 365,706 in the Parent Company and R$ 424,742 in Consolidated, in light of technical pronouncement CPC 25/IAS 37 - Provisions, Contingent Liabilities and Assets.

a.2) IRPJ and CSLL on inflation adjustment of repetition of tax amounts unduly paid

On September 24, 2021, in a decision of the Federal Supreme Court with general repercussion recognized, the levying of IRPJ and CSLL on amounts related to the Selic rate received due to repetition of undue tax payment was declared unconstitutional. In view of this decision, the Company recorded reversal of the liability, in the amount of R$ 128,724 in the parent company and consolidated , and permanently excluded such amounts from its income tax and social contribution on net income calculation basis, as described in Note 11.

b) Civil risks

The provision for civil risks of R$ 20,047 in the Parent Company and R$ 30,937 in Consolidated as of December 31, 2021 (R$ 16,938 in the Parent Company and R$ 16,272 in the Consolidated as of December 31, 2020) is related to claims filed by customers on possible product defects and services rendered.

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$ 45,856 in the Parent Company and R$ 49,965 in the Consolidated as of December 31, 2021 (R$ 42,356 in the Parent Company and R$ 38,119 in the Consolidated as of December 31, 2020), reflecting the risk of probable loss assessed by the Company's Management jointly with its legal advisors.

d) Judicial deposits

In order to address the tax, civil and labor contingencies, the Company has a balance in judicial deposits of R$ 935,329 in the Parent Company and R$ 1,189,894 in the Consolidated as at December 31, 2021 (R$ 660,734 in the Parent Company and R$ 843,852 in the Consolidated as at December 31, 2020).

e) Contingent liabilities – possible loss

The Company is a party to other claims and tax discussions 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 lawsuits and discussions. The amounts related to claims involving federal taxes, as at December 31, 2021 reach a total of R$ 1,933,845 (R$ 1,809,930 as at December 31, 2020), in parent company and R$ 2,172,908 (R$ 1,913,162 as at December 31, 2020) in Consolidated, and in relation to state taxes these amounts, as at December 31, 2021 reach a total of R$ 809,521 (R$ 712,079 as at December 31, 2020) in Parent company and R$ 1,165,919 (R$ 769,209 as at December 31, 2020) in consolidated and as to municipal taxes these amount to on December 31, 2021, a total of R$ 3,719 (R$ 3,927 as at December 31, 2020) in parent company and R$ 3,719 (R$ 3,939 as at December 31, 2020) in Consolidated.

Among the main discussions of 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 discussions on 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; (vi) risk related to non-reversal of taxes on physical inventory losses. The Company accompanies the evolution of all the discussions at each quarter and when there are alterations to the scenario, the risk evaluations and eventual loss are also re-evaluated.

The risks of claims are assessed on an ongoing basis and reviewed by Management. Additionally, the Company also contests civil and labor administrative claims, with chances of possible loss, with immaterial amounts for disclosure.

23. Shareholders' equity

a) Capital

Public Offering of Shares

On July 15, 2021, the Company started a public offering of shares with restricted placement efforts, pursuant to CVM Instruction 476, comprising the primary distribution of 175,000,000 new common shares issued by the Company. The price per share was established at R$ 22.75, after completion of the procedure for collection of investment intentions with professional investors.

Therefore, the total amount of the Restricted Offering, based on the price per share, was R$ 3,981,250. The table below indicates the breakdown of Company's capital, fully subscribed and paid-up, before the Restricted Offering and after the conclusion of Restricted Offering, not considering the Offering expenses:

Shareholding structure	Quantity	Amount (in R$)
Before the Restricted Offering	6,498,926,848	6,070,911,472
Restricted offer	175,000,000	3,981,250,000
After restricted offer	6,673,926,848	10,052,161,472

The Restricted Offer ended on July 27, 2021. Net funds from the Primary Offering will be used to investments in long-term assets, including: (a) automation and new distribution centers and cross dockings; (b) investments in technology, innovation, research and development; and (c) strategic acquisitions.

The transaction costs, net of tax effects, are recognized and highlighted in account of reduction of shareholders' equity in the amount of R$ 81,035.

Merger of KaBuM's shares

One of the stages agreed in the structure of acquisition of KaBuM, as described in Note 12, was the incorporation of shares of KaBuM by Magazine Luiza, issued in favor of former shareholders: i) 75.0 million registered common shares, book-entry, without par value issued by the Company (MGLU3), on the closing date; and (ii) subscription bonus up to 50.0 million common, nominative, book-entry shares, with no par value issued by the Company (MGLU3), conditioned to the achievement of targets to be determined in January 2024.

The incorporation of KaBuM shares was submitted to the approval of the Extraordinary General Meeting held on August 26, 2021, with the closing of the acquisition on December 10, 2021, and caused the Company's capital increase of R$ 2.5 billion. The table below shows the Company's capital prior to and after the capital increase:

Shareholding structure	Quantity	Amount (in R$)
Before capital increase	6,673,926,848	10,052,161,472
Capital increase	75,000,000	2,500,001,012
After capital increase	**6,748,926,848**	**12,552,162,483**

According to CPC 15 – Business Combination, the amount transferred in exchange for the acquired control should be measured at fair value on the date of acquisition. Accordingly, in the analysis of the amount to be transferred in equity instruments of the Company on the closing date, the Company identified a difference between the fair value and the amount recognized as capital increase. This difference was recognized under the caption capital reserve, as negative goodwill on issuance of shares, in the amount of R$ 2,022,251.

Thus, the shareholding composition of the Company as of December 31, 2021 is as follows:

	12/31/2021		12/31/2020	
	Number of shares	Interest %	Number of shares	Equity interest %
Controlling shareholders	3,794,169,268	56.22	3,794,249,028	58.38
Outstanding shares	2,871,349,076	42.55	2,669,138,132	41.07
Treasury shares	83,408,504	1.24	35,539,688	0.55
Total	**6,748,926,848**	**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

Stock option plan - 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	2nd granting
Expected average life of options (a)	5.5 years
Average annual volatility	37.9%
Risk-free interest rate	6%
Weighted average of fair value of granted options	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.

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

	Quantity	MPPE[1]	
Outstanding at January 1, 2020	6,434,880	R$	0.30
Exercised during the period	(5,374,000)	R$	0.30
In circulation on December 31, 2020	1,060,880	R$	0.30
Exercised during the period	(775,952)	R$	0.30
In circulation on December 31, 2021	**284,928**	**R$**	**0.30**

[1]Weighted Average of the Stock Option Strike Price: calculated based on the contractual terms, not considering the inflation adjustment to the exercise price. The weighted average price of stock options at exercise date was R$ 11.91 in 2021 (R$ 10.24 in 2020).

Share-based incentive plan

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 December 31, 2021:

			After the stock splitting		
Type of program	Grant date	Maximum grace period	Position of shares granted	Fair value [1]	
1st Matching share	June 28, 2017	4 years and 10 months	5,038,080	R$	0.97
2nd Matching share	April 05, 2018	5 years	5,362,552	R$	3.08
3rd Matching share	April 04, 2019	5 years	1,738,016	R$	5.05
4th Matching share	April 15, 2020	5 years	1,613,352	R$	10.96
5th Matching share	May 04, 2021	5 years	1,021,443	R$	19.86
2nd Restricted share	April 04, 2019	3 years	1,270,560	R$	5.05
3rd Restricted share	June 05, 2019	3 years	580,224	R$	5.98
4th Restricted share	April 04, 2019	3 years	1,460,128	R$	5.27
4th Restricted share - Board	January 04, 2021	3 years	1,624,064	R$	24.63
5th Restricted share	April 15, 2020	3 years	2,101,232	R$	10.96
6th Restricted share	May 04, 2021	3 years	1,816,116	R$	19.86
1st Performance share	February 20, 2019	5 years	43,020,608	R$	5.08
			66,646,375		**R$6.05**

[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 December 31, 2021:

Acquisition	Acquisition date	Amount	Number of shares[1]	Calculation of goals
Hubsales	07/30/2020	5,000	259,841	01/01/2021–12/31/2025
Canaltech	09/30/2020	24,000	1,222,930	10/01/2020–08/30/2025
Aiqfome	09/03/2020	37,500	1,749,476	01/01/2021–12/31/2025
GFL Logística	09/25/2020	5,783	260,000	01/01/2021–12/31/2025
Stoq	08/24/2020	7,560	364,723	01/01/2021–12/31/2025
Comschool	10/15/2020	3,510	154,521	01/01/2021–12/31/2025
VIPCommerce	03/01/2021	22,750	906,374	03/01/2021–02/28/2026
Tonolucro	03/29/2021	5,500	232,755	01/01/2021–02/28/2026
Grandchef	03/29/2021	4,000	169,276	03/01/2021–02/28/2026
Smarthint	04/06/2021	42,750	2,093,536	01/01/2021–12/31/2025
Autoseg	06/09/2021	9,000	453,172	04/01/2021–12/31/2025
Plus Delivery	06/18/2021	1,500	72,074	06/01/2021–12/31/2025
Juni	07/07/2021	4,300	206,612	09/01/2021–08/31/2026
Sode	07/23/2021	5,800	266,565	08/01/2021–12/31/2024
		178,953	**8,411,855**	

[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.

The aspects of the payment in shares for the acquisition of KaBuM are described in “item a” above.

c) Treasury shares

	Quantity	Amount
January 1, 2020	16,516,624	124,533
Acquired in the year	30,583,100	573,827
Disposed in the year	(11,560,036)	(94,679)
December 31, 2020	35,539,688	603,681
Acquired in the year	59,416,900	1,055,885
Disposed in the year	(11,548,084)	(210,407)
December 31, 2021	83,408,504	1,449,159

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

On April 22, 2021, the distribution of R$ 170,000 of interest on own capital related to the year ended December 31, 2020 was approved during the Annual Shareholders' Meeting, leading to an additional distribution of R$ 130,194 to the minimum mandatory dividends of R$ 39,806, recorded as of December 31, 2020. The settlement of the distribution was carried out on May 05, 2021.

On June 30, 2021, the Board of Directors approved the payment of interest on own capital in the amount of R$ 100,000 to be charged to the total mandatory dividend for the year 2021, to be examined in future Ordinary General Meeting. On December 31, 2021, the Company recorded the amount of R$ 41,251 related to minimum mandatory dividends.

e) Equity valuation adjustments

In the year ended December 31, 2021, the Company recorded in "Equity valuation adjustments" the amount of R$ 840, (R$ 11,151 in 2020), 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	
	2021	2020	2021	2020
In thousands				
Total common shares	**6,748,926,848**	6,498,926,848	**6,748,926,848**	6,498,926,848
Effect of treasury shares	**(83,408,504)**	(23,026,588)	**(83,408,504)**	(23,026,588)
Effect of stock plans to be exercised (a)	-	-	70,485,659	76,477,926
Weighted average of outstanding common shares	**6,665,518,344**	**6,475,900,260**	**6,736,004,003**	**6,552,378,186**
Net income for the year:	**590,661**	391,709	**590,661**	391,709
Earnings per share: (in reais - R$)	**0.089**	0.060	**0.088**	0.060

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

24. Net revenue from sales

Accounting policy

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

Resale of goods - revenue is recognized when products are delivered and clients acquire control of the assets, also considering the fact that the following conditions have been met:

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

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

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

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Gross revenue:				
Retail – resale of goods	**36,528,359**	31,070,722	**40,283,443**	34,150,361
Retail – services rendered	**1,390,350**	1,210,130	**2,240,937**	1,665,058
Other services	**-**	-	**458,307**	300,617
	37,918,709	32,280,852	**42,982,687**	36,116,036
Taxes and returns:				
Retail – resale of goods	**(6,656,380)**	(6,041,085)	**(7,206,058)**	(6,733,548)
Retail – services rendered	**(133,850)**	(109,223)	**(230,581)**	(137,062)
Other services	**-**	-	**(267,898)**	(68,313)
	(6,790,230)	(6,150,308)	**(7,704,537)**	(6,938,923)
Net revenue from sales	**31,128,479**	26,130,544	**35,278,150**	29,177,113

25. Cost of goods resold and services rendered

Accounting policy

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Costs:				
Goods resold	**(24,299,083)**	(19,672,090)	**(26,438,633)**	(21,312,383)
Other services	**-**	-	**(352,712)**	(344,768)
Total	**(24,299,083)**	(19,672,090)	**(26,791,345)**	(21,657,151)

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

The Company's statement of profit or loss is presented based on the classification of the expenses according to their functions. Information on the nature of expenses recognized in the statement of profit or loss is presented below:

	Parent company		Consolidated	
	2021	2020	2021	2020
Personnel expenses (a)	**(2,556,594)**	(2,179,129)	**(2,947,948)**	(2,419,255)
Expenses from services rendered	**(2,080,421)**	(2,002,665)	**(1,870,705)**	(2,337,470)
Other	**(1,550,558)**	(938,975)	**(2,325,670)**	(1,237,948)
Total	**(6,187,573)**	(5,120,769)	**(7,144,323)**	(5,994,673)
Classified by function as:				
Sales expenses	**(5,495,600)**	(4,476,887)	**(6,374,429)**	(5,162,618)
Administrative and general expenses	**(810,008)**	(725,716)	**(1,031,654)**	(906,799)
Other operating revenues, net (Note 27)	**118,035**	81,834	**261,760**	74,744
	(6,187,573)	(5,120,769)	**(7,144,323)**	(5,994,673)

(a) The Company provides its employees with health care benefits, dental reimbursement, life insurance, food vouchers, transportation vouchers, scholarship, “mother check,” in addition to an action plan for eligible employees, as described in the Note 23. The expense arising from such benefits, recorded in 2021, was R$ 404,038 for the parent company (R$ 332,861 in 2020) and R$ 493,308 for consolidated (R$ 483,256 in 2020).

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 revenue, net

	Parent company		Consolidated	
	2021	2020	2021	2020
Recognition of deferred revenue (a)	**52,657**	53,691	**55,297**	57,032
Reversal of tax, civil and labor risks (b)	**283,920**	35,002	**420,816**	35,374
Tax credits (c)	**345,959**	53,248	**353,812**	56,434
Other revenues	**682,536**	141,941	**829,925**	148,840
Gain (loss) on sale of property, plant and equipment	**588**	(3,720)	**964**	(3,344)
Experts' fees (d)	**(164,115)**	(14,446)	**(170,671)**	(27,815)
Pre-operating expenses for stores and DCs	**(320,057)**	(9,526)	**(320,057)**	(9,526)
Aspects related to COVID-19 and other (e)	**(80,917)**	(32,415)	**(78,401)**	(33,411)
Other expenses	**(564,501)**	(60,107)	**(568,165)**	(74,096)
Total	**118,035**	81,834	**261,760**	74,744

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

(b) In 2021, it refers mainly to the impacts of the reversal of the provision related to the judgment by the STF of the unconstitutionality of the ICMS payment – Difal, as described in detail in note 22 a).

(c) In 2021, it refers to the recognized values of ICMS-ST arising from the sale to final consumer for a value lower than the presumed calculation basis, as described in Note 10.

(d) Expenses related to advisory costs for the acquisition of companies, as well as attorneys' success fees for the aforementioned processes.

(e) Refers mainly to expenditures incurred due to Covid-19, such as supplies for cleaning the Distribution Centers and administrative units, among others.

28. Financial income (loss)

Accounting policy

Interest revenue and expenses are recognized in income (loss) at the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to: (i) gross book value of financial assets; or (ii) at amortized cost of financial liability. In the calculation of revenue or interest expense, the effective interest rate is levied on the gross book value of the asset or at amortized cost of liability. Additionally, the Company classifies interests received, dividends and interest on own capital received as cash flows from operating activities. Interest paid on loans and financing are classified as cash flow from financing activities.

	Parent company		Consolidated	
	2021	2020	2021	2020
Financial revenues:				
Interest from the sale of extended guarantee	**51,538**	44,761	**51,538**	44,761
Yield from interest earning bank deposits and securities	**50,713**	66,428	**42,700**	18,953
Interest from the sale of goods – interest in arrears in receipts	**21,403**	13,903	**21,417**	13,907
Holding gains (a)	**341,698**	76,222	**348,339**	105,402
Other	**1,805**	149	**27,583**	345
	467,157	201,463	**491,577**	183,368
Financial expenses:				
Interest on loans and financing	**(170,397)**	(46,327)	**(172,553)**	(46,574)
Interest from lease	**(222,950)**	(173,430)	**(225,095)**	(179,434)
Charges on credit card advances	**(431,619)**	(207,871)	**(567,829)**	(239,838)
Provision for loss from interest on extended guarantee	**(22,774)**	(26,223)	**(22,774)**	(26,223)
Financial income tax	**(18,440)**	(9,961)	**(21,207)**	(11,374)
Inflation adjustments - liabilities	**(51,564)**	(17,898)	**(62,524)**	(41,912)
Other	**(93,570)**	(44,833)	**(108,606)**	(48,508)
	(1,011,314)	(526,543)	**(1,180,588)**	(593,863)
Net financial income (loss)	**(544,157)**	(325,080)	**(689,011)**	(410,495)

(a) It refers to the inflation adjustment of tax debits recognized during the year, mainly to the recognized values of ICMS-ST arising from the sale to final consumer for a value lower than the presumed calculation basis, as described 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:

a) Retail - basically the resale of goods and provision of services in the Company's stores and e-commerce (traditional e-commerce and marketplace) and food delivery management platform. In the context of the marketplace, information related to Magalu Pagamentos is added to this segment;

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

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

d) 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 subsidiary of Luizalabs.

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 profit or loss

	2021					
	Retail (a)	Financial operations	Insurance operations	Other services	Elimination (b)	Consolidated
Gross revenue	42,524,380	1,455,799	335,863	1,518,877	(2,852,232)	42,982,687
Deductions from revenue	(7,436,632)	-	-	(267,905)	-	(7,704,537)
Net revenue of the segment	35,087,748	1,455,799	335,863	1,250,972	(2,852,232)	35,278,150
Costs	(26,456,061)	(89,060)	(35,617)	(350,500)	139,893	(26,791,345)
Gross income	8,631,687	1,366,739	300,246	900,472	(2,712,339)	8,486,805
Sales expenses	(6,534,228)	(482,701)	(242,494)	(885,555)	1,770,549	(6,374,429)
Administrative and general expenses	(1,049,024)	(7,592)	(30,551)	17,370	38,143	(1,031,654)
Income (loss) from provision for expected credit loss	(148,607)	(657,052)	-	(5,637)	657,052	(154,244)
Depreciation and amortization	(808,347)	(5,969)	(5,523)	(8,617)	11,492	(816,964)
Equity in net income of subsidiaries	100,195	-	-	-	(867)	99,328
Other operating revenues	257,082	(72,690)	775	4,678	71,915	261,760
Financial revenues	486,630	-	26,727	4,947	(26,727)	491,577
Financial expenses	(1,164,638)	-	(57)	(15,950)	57	(1,180,588)
Income tax and social contribution	819,911	(64,246)	(26,284)	(10,841)	90,530	809,070
Net income (loss) for the period	590,661	76,489	22,839	867	(100,195)	590,661

Equity accounting reconciliation

Equity in investments – Other services (Note 12)	867
Equity in investments - Luizacred (Note 13)	76,489
Equity in investments - Luizaseg (Note 13)	22,839
(=) Equity in investments of the retail segment	100,195
(-) Elimination effect – Other services	(867)
(=) Consolidated equity in investments	99,328

Statements of income

	2020					
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	Consolidated
Gross revenue	35,815,419	1,170,869	298,224	516,772	(1,685,248)	36,116,036
Deductions from revenue	(6,870,610)	-	-	(68,313)	-	(6,938,923)
Net revenue of the segment	28,944,809	1,170,869	298,224	448,459	(1,685,248)	29,177,113
Costs	(21,312,383)	(63,396)	(32,090)	(355,608)	106,326	(21,657,151)
Gross income	7,632,426	1,107,473	266,134	92,851	(1,578,922)	7,519,962
					-	
Sales expenses	(5,334,192)	(449,111)	(212,740)	(33,741)	867,166	(5,162,618)
Administrative and general expenses	(863,761)	(8,484)	(28,843)	(43,038)	37,327	(906,799)
Income (loss) from provision for expected credit loss	(109,531)	(447,142)	-	(8,588)	447,142	(118,119)
Depreciation and amortization	(697,367)	(5,990)	(5,339)	(5,156)	11,329	(702,523)
Equity in net income of subsidiaries	118,458	-	-	-	1,471	119,929
Other operating revenues	73,410	(25,224)	183	1,334	25,041	74,744
Financial revenues	181,534	-	17,416	1,834	(17,416)	183,368
Financial expenses	(591,193)	-	(79)	(2,670)	79	(593,863)
Income tax and social contribution	(18,075)	(69,093)	(19,232)	(4,297)	88,325	(22,372)
Net revenue for the period	391,709	102,429	17,500	(1,471)	(118,458)	391,709

Equity accounting reconciliation

Equity in investments – Other services (Note 12)	(1,471)
Equity in investments - Luizacred (Note 13)	102,429
Equity in investments - Luizaseg (Note 13)	17,500
(=) Equity in investments of the retail segment	118,458
(-) Elimination effect – Other services	1,471
(=) Consolidated equity in investments	119,929

a) The retail segment is represented by consolidated amounts contemplating the results of Magazine Luiza S.A., Época Cosméticos, Netshoes, KaBuM, 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

	2021			
	Retail (*)	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	2,452,950	19,085	110	113,268
Marketable securities and other financial assets	1,556,211	7,990	316,117	160
Accounts receivable	5,582,053	8,121,521	-	87,301
Inventories	9,112,101	-	-	113
Investments	929,496	-	-	-
Property and equipment, intangible assets and right-of-use	9,077,477	46,968	22,454	483,773
Other	9,324,082	362,365	43,109	239,601
	38,034,370	8,557,929	381,790	924,216
Liabilities				
Suppliers	10,067,199	-	1,458	31,745
Onlendings and other deposits	1,418,897	-	-	-
Loans and financing and other financial liabilities	6,790,828	-	-	2,044
Leases	3,454,678	-	33	-
Interbank deposits	-	1,900,576	-	-
Credit card operations	-	4,196,935	-	-
Technical Reserves - Insurance	-	-	352,871	-
Provision for tax, civil and labor contingency risks	1,078,800	33,860	1,581	69,842
Deferred revenue	295,587	13,128	-	-
Other	3,667,172	1,987,008	44,489	341,065
	26,773,161	8,131,507	400,432	444,696
Shareholders' equity	11,261,209	426,422	(18,642)	479,520

Reconciliation of investment	
Subsidiaries (Note 12)	
Consórcio Luiza	60,817
Magalog	238,986
Luizalabs	221,912
Magalu Pagamentos	563,283
	1,084,998
Jointly-controlled subsidiaries (Note 13)	
Luizacred	426,422
Luizaseg	(18,642)
	407,780
Total investments	1,492,778
(-) Elimination effect	(1,084,998)
(=) Total consolidated investments	407,780

Balance sheet

	2020			
	Retail (*)	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	1,584,648	13,199	212	96,728
Marketable securities and other financial assets	1,220,095	7,255	300,302	1,684
Accounts receivable	4,729,705	5,587,189	-	48,334
Inventories	5,927,236	-	-	-
Investments	648,460	-	-	-
Property and equipment, intangible assets and right-of-use	5,331,199	52,773	27,835	229,740
Other	5,003,590	234,710	39,185	101,809
	24,444,933	5,895,126	367,534	478,295
Liabilities				
Suppliers	8,450,342	-	1,231	51,056
Onlendings and other deposits	718,482	-	-	-
Loans and financing and other financial liabilities	1,684,246	-	-	2,516
Leases	2,526,304	-	-	-
Interbank deposits	-	1,580,845	-	-
Credit card operations	-	2,721,818	-	-
Technical Reserves - Insurance	-	-	320,887	-
Provision for tax, civil and labor contingency risks	1,314,929	30,945	1,824	57,412
Deferred revenue	344,279	10,501	-	-
Other	2,081,064	1,166,066	41,817	150,297
	17,119,646	5,510,175	365,759	261,281
Shareholders' equity	7,325,287	384,951	1,775	217,014

Reconciliation of investment	
Subsidiaries (Note 12)	
Consórcio Luiza	52,129
Magalog	145,212
Softbox Group	64,396
Magalu Pagamentos	156,721
	418,458
Jointly-controlled subsidiaries (Note 13)	
Luizacred	384,951
Luizaseg	1,774
	386,725
Total investments	805,183
(-) Elimination effect	(418,458)
(=) Total consolidated investments	386,725

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 through profit or loss (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 (loss), 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. The amortized cost is reduced by impairment losses. 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. On derecognition, gains and losses accumulated in OCI are reclassified to the profit or 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 it is a derivative or it is designated as such on 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 profit or loss. Any gain or loss on derecognition is also recognized in income (loss).

(ii) Derecognition and offset

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 expire. 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 the 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 such as macroeconomic assumptions related to inflation and sales growth. The Company considers a financial asset to be in default 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 30 days.

Measurement of expected credit losses

Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all cash 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.

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Categories of financial instruments

			Parent company				Consolidated			
			2021		2020		2021		2020	
Categories of financial instruments	**Rating**	**Measurement of fair value**	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**
Cash and banks	Amortized cost	Level 2	**111,142**	**111,142**	154,895	154,895	**789,225**	**789,225**	362,166	362,166
Trade receivables - Credit and debit cards	Amortized cost	Level 2	**3,120,761**	**3,120,761**	2,651,043	2,651,043	**4,632,410**	**4,632,410**	3,856,923	3,856,923
Accounts receivable - Other trade accounts receivable and commercial agreements	Amortized cost	Level 2	**825,121**	**825,121**	825,808	825,808	**1,035,700**	**1,035,700**	921,116	921,116
Accounts receivable from related parties	Amortized cost	Level 2	**609,299**	**609,299**	412,350	412,350	**114,841**	**114,841**	80,634	80,634
Receivables from related parties – Credit cards	Amortized cost	Level 2	**3,592,443**	**3,592,443**	2,249,014	2,249,014	**3,592,443**	**3,592,443**	2,249,014	2,249,014
Cash equivalents – Bills	FVTPL	Level 2	**5,887**	**5,887**	509,583	509,583	**5,887**	**5,887**	509,583	509,583
Cash equivalents – CDBs (Bank Deposit Certificates)	Amortized cost	Level 2	**1,341,725**	**1,341,725**	617,091	617,091	**1,736,274**	**1,736,274**	777,208	777,208
Securities	Amortized cost	Level 2	**12,734**	**12,734**	12,287	12,287	**12,734**	**12,734**	13,811	13,811
Securities	FVTPL	Level 2	**1,543,477**	**1,543,477**	1,207,808	1,207,808	**1,543,637**	**1,543,637**	1,207,968	1,207,968
Total financial assets			**11,162,589**	**11,162,589**	8,639,879	8,639,879	**13,463,151**	**13,463,151**	9,978,423	9,978,423

			Parent company				Consolidated			
			2021		2020		2021		2020	
Categories of financial instruments	**Rating**	**Measurement of fair value**	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**
Suppliers	Amortized cost	Level 2	**9,108,542**	**9,108,542**	7,679,861	7,679,861	**10,098,944**	**10,098,944**	8,501,398	8,501,398
Onlendings and other deposits	Amortized cost	Level 2	**-**		-	-	**1,418,897**	**1,418,897**	718,482	718,482
Loans and financing	Amortized cost	Level 2	**6,412,705**	**7,149,049**	1,683,968	1,676,769	**6,792,872**	**7,529,216**	1,686,762	1,679,563
Leases	Amortized cost	Level 2	**3,412,288**	**3,412,288**	2,497,323	2,497,323	**3,454,678**	**3,454,678**	2,526,304	2,526,304
Accounts payable to related parties	Amortized cost	Level 2	**195,894**	**195,894**	189,135	189,135	**125,302**	**125,302**	130,286	130,286
Other accounts payable - Acquisition of companies	Amortized cost	Level 1 and 2 [1]	**1,427,750**	**1,427,750**	12,725	12,725	**1,565,413**	**1,565,413**	71,272	71,272
Total financial liabilities			**20,557,179**	**21,293,523**	12,063,012	12,055,813	**23,456,106**	**24,192,450**	13,634,504	13,627,305

[1] Level 1 Category for the fair value measurement of the payment for the acquisition of KaBuM, related to the amount of the subscription bonus, as described in Note 12.

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 significant level of information to measure the fair value is unobservable.

Evaluation techniques and significant unobservable inputs

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

- Quoted market prices or quotations from financial institutions or brokers for similar instruments.

- The discounted cash flows, which considers the present value of the expected future payments, discounted by a rate adjusted by the risk for 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 following table shows in detail the remaining contractual maturity of financial liabilities of the Company. 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:

Parent company	Book balance	<1 year	1–3 years	>3 years	Total
Suppliers	9,108,542	9,108,542	-	-	9,108,542
Leases	3,412,288	670,543	1,202,014	3,129,318	5,001,874
Loans and financing	6,412,705	96,854	2,386,016	4,000,001	6,482,870
Related parties	195,894	195,894	-	-	195,894
Other accounts payable for company acquisition	1,427,750	570,335	827,718	97,130	1,495,183

Consolidated	Book balance	<1 year	1–3 years	>3 years	Total
Suppliers	10,098,944	10,098,944	-	-	10,098,944
Leases	3,454,678	675,726	1,210,900	3,152,274	5,038,901
Loans and financing	6,792,872	477,021	2,386,016	4,000,001	6,863,037
Related parties	125,302	125,302	-	-	126,475
Other accounts payable for company acquisition	1,565,413	648,425	858,180	119,200	1,625,805

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$ 5,812,946 as at December 31, 2021 (R$ 4,630,480 as at December 31, 2020). 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 evaluates also 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 December 31, 2021, the Company recorded past-due or uncollectible balances, which terms were renegotiated, in the amount of R$ 49,123 (R$ 37,537 as at December 31, 2020), 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 December 31, 2021, almost the total amount of investments held by the Company had such rating levels, reaching the amount of R$ 2,903,823 (R$ 2,346,769 as at December 31, 2020) in Parent Company and R$ 3,333,364 (R$ 2,540,989 as at December 31, 2020) in 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.

Currency 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 December 31, 2021, Management carried out a sensitivity analysis, considering a probable scenario and scenarios of 25% and 50% decreases and increases in the expected interest rates. The probable scenario of decrease and increase in interest rates were measured using the future interest rates disclosed by BM&F BOVESPA and/or BACEN, considering a CDI base rate of 10.75% 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
	2021	2021
Bank deposit certificates (Note 5)	1,347,612	1,742,161
Non-exclusive investment funds (Note 5)	-	34,832
Cash equivalents	1,347,612	1,776,993
Marketable securities (Note 6)	1,556,211	1,556,371
Total cash equivalents and securities	2,903,823	3,333,364
Loans and financing (Note 19)	(6,412,705)	(6,792,872)
Net exposure	(3,508,882)	(3,459,508)
Financial revenue from interest - exposure to CDI	10.75%	10.75%
Impact on financial income (loss), net of taxes:		
Scenario I - Probable – Rate of 10.75% p.a.	(170,272)	(153,477)
Scenario II: 25% increase in rate	(212,840)	(191,846)
Scenario III: 50% increase in rate	(255,408)	(230,216)

31. Statements of cash flows

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Changes in fair value of financial assets	**(10,311)**	(6,127)	**(10,311)**	(6,127)
Offset of recoverable taxes	**(948,073)**	(869,794)	**(948,073)**	(869,794)
Stock option plan - Netshoes	**(7,810)**	(11,783)	**(7,810)**	(11,783)
Accounts payable for company acquisition	**(1,415,025)**	(83,354)	**(1,494,141)**	(83,354)
Dividends proposed by subsidiaries and jointly-controlled subsidiaries and not received	**2,695**	38,064	**2,695**	38,064
Dividends or interest on shareholders' equity declared but not paid in the year	**(41,251)**	(39,953)	**(41,251)**	(39,953)
Right-of-use and lease – additions/remeasurements	**1,392,987**	585,571	**1,402,714**	560,368

32. Insurance coverage

The Company has insurance contracts with coverage determined in accordance with the advice of experts, taking into account the nature and degree of risk, in amounts considered sufficient to cover any losses on its assets and/or obligations.

The insurance coverages amounts as of December 31, 2021 and 2020 are as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Civil responsibility and D&O	**100,000**	100,000	**194,025**	331,202
Sundry risks – inventory and property and equipment	**6,779,389**	5,137,238	**7,756,705**	5,492,117
Vehicles	**25,228**	23,823	**25,228**	23,823
Total	**6,879,389**	5,261,061	**7,950,730**	5,847,142

33. Subsequent events

The Company, through its direct subsidiary Luizalabs Computação e Sistemas de Informação Ltda., recorded, on January 1, 2022, the protocol and justification for corporate incorporation of its wholly-owned subsidiaries Betta Tecnologia S.A., Juni Marketing Digital Ltda. and Stoq Tecnologia Ltda. The corporate incorporations meet the purpose of higher synergy and integration among the companies of the group.