1Q23: Sales growth across all channels, reaching the highest market share in Magalu's history

MGLU
B3 LISTED NM

Magalu's total sales reached **R$16 billion in 1Q23**, 10% higher than 1Q22. **Over the last three years, the average annual sales growth rate was 27%**.

E-commerce sales reached more than R$11 billion during the quarter, increasing by 11%, while the Brazilian e-commerce market shrank by 14% during the same period (*Neotrust*). **Magalu's average annual e-commerce growth rate over the last three years was 40%.**

This excellent sales performance allowed Magalu to increase its share of the Brazilian e-commerce market by 6 percentage points, **reaching the highest level of market share.**

Marketplace sales totaled around R$4 billion during the quarter, growing 19% compared to the same period last year and, for the first time in history, they surpassed physical store sales for the quarter.

Over the last three years, **Magalu's Marketplace has experienced an average annual growth rate of 52%.**

In addition to the growth in sales, we significantly increased the profitability of our marketplace. **Magalu's service revenues grew by 34%,** largely driven by an increase in the Marketplace take-rate. There was also a significant improvement in the contribution margin, resulting from greater efficiency in marketing and logistics expenses.

In 1Q23, the Magalu marketplace reached the mark of **281,000 sellers and 100 million offers** available for sale. In one year, more than 111,000 new sellers joined the platform, most of them connected via **Partner Magalu**, which is being complemented and accelerated by the efforts of the local physical store teams and **Caravan Magalu**.

Magalu Entregas is the principal logistics option used by marketplace sellers, with 80% of 3P orders passing through Magalu Entregas. Customers can choose to receive orders at home or pick them up free of charge at one of Magalu's more than 1,000 physical stores. **Currently, 22% of marketplace orders are picked up in physical stores**, compared to 13% during the same period last year.

45% of marketplace deliveries were made within 48 hours during the quarter. More than **1,200 sellers have already utilized Magalu's fulfillment operation,** which is completely integrated with the Company's first-party logistics operation**.** This enables Marketplace sellers to accelerate the speed of their deliveries, combining high service levels with lower costs. **Around 30% of orders billed through fulfillment are already delivered in less than 24 hours.**

Physical stores sales were R$4 billion during the quarter, a growth of 8% compared to 1Q22.

At MagaluAds, revenue from sponsored products grew four-fold during the first quarter. There have now been more than **10,000 sponsored product campaigns** created by over **3,300 sellers**, contributing to the profitability of the company.

Magalu's Fintech operation grew 13% during the quarter to R$23 billion in TPV. One of the highlights was the 30% growth in the volume of payments made to sellers and MagaluPay digital accounts. In the credit card operation, billing reached around R$14 billion in 1Q23. There are now more than 7 million issued credit cards and the credit portfolio is R$20 billion.

Earnings Release
1Q23

1Q23 in numbers

MGLU
B3 LISTED NM

Principal consolidated numbers from the Magalu Ecosystem

R$16 billion
Total sales
+10% compared to 1Q22
+27% three-year CAGR

R$11 billion
E-commerce sales
+11% compared to 1Q22
+40% three-year CAGR

7.0 million
Credit Cards
Luiza Card and Magalu Card

+45 million
MAU (Monthly Active Users)

445 million
Total Online Audience
(Website and app views Mar/23)

R$23 billion
TPV
+13% compared to 1Q22

37 million
Active customers

1,302 Physical Stores
in 20 Brazilian states

269 DCs and Cross-Docking Stations

Continued improvement in marketplace profitability: Increased take-rates and greater marketing and logistics efficiency

R$4.4 billion marketplace sales
+19% compared to 1Q22
+52% three-year CAGR

281k sellers
+111k new sellers since mar/22
+225k new sellers since mar/21

80% of marketplace orders pass through Magalu Entregas
45% delivered in up to 48 hours

39% of total online sales generated by the marketplace
More Sellers, greater assortment, faster delivery

Fantastic Liquidation Sale: Magalu started 2023 at a fast pace with the biggest Fantastic Liquidation Sale in the Company's history. During the event, more than 300,000 pillows and 160,000 pressure cookers were sold.

MGLU3: R$ 4.38 per share
Total Shares: 6,748,926,848
Market Cap: R$ 29.6 billion

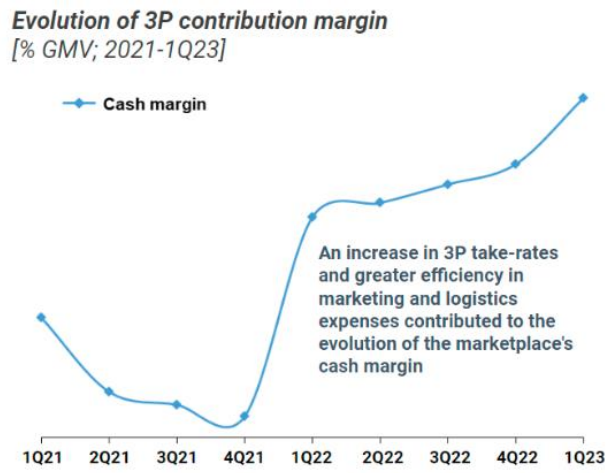
Conference Call
Mar 16,2023 (Tuesday)
08:00 AM in US (EST)/ 09:00 AM in Brazil
Conference Call Access

Investor Relations
+55 11 3504-2727
www.magazineluiza.com.br/ri
ri@magazineluiza.com.br

LETTER TO SHAREHOLDERS

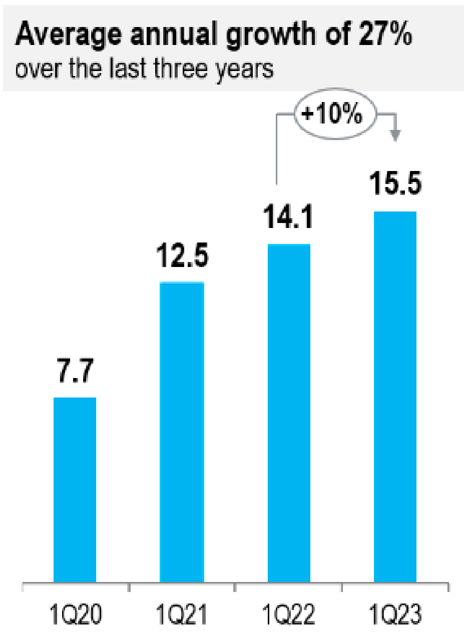
Magalu has spent the past few years building an ecosystem and reinventing itself. As a direct result of these efforts, the company has gained unprecedented scale. Since 2020, Magalu's average annual growth rate has been 27%. During the first quarter of 2023, the company reached total sales of R$15.5 billion. These sales were derived from the physical stores, the 1P e-commerce business and the marketplace–Magalu's fastest growing and most profitable channel.

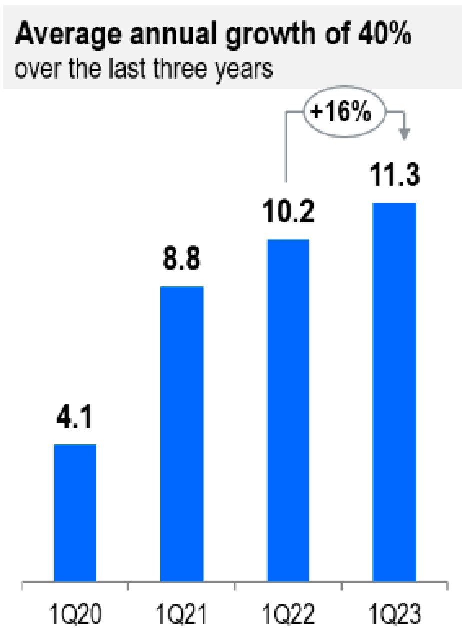
During the first three months of 2023, sales advanced across all channels. Magalu gained market share despite a macroeconomic scenario that remains challenging, especially for retailers. The market share gains were primarily the result of an omnichannel model that integrates, complements and enhances operations in both physical and digital environments.

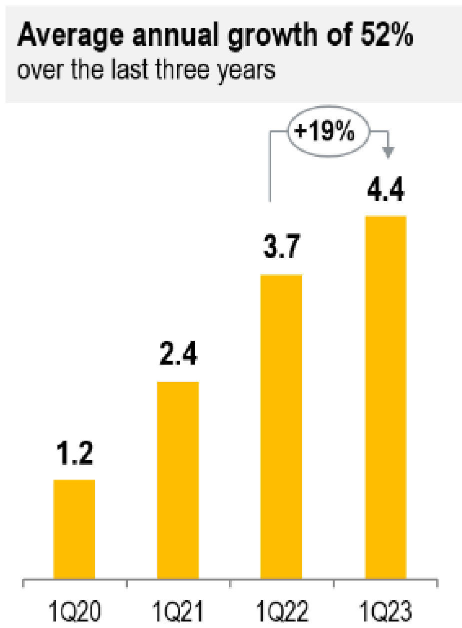


Magalu's e-commerce sales reached R$11.3 billion during the quarter, growing 11.1% compared to a drop of 13.8% for the overall e-commerce market, according to data from Neotrust. This excellent performance allowed Magalu to increase its market share by 6.2 percentage points, reaching the highest market share in the company's history. In physical stores, sales were R$4.2 billion, 7.5% above the sales registered during the first quarter of last year.

The highlight of the quarter was, once again, Magalu's marketplace. For the first time, 3P sales during the quarter surpassed those made by the physical stores. Notably, the physical store channel took 65 years to reach this level, whereas Magalu's marketplace did so in just over five years. Between January and March, sales reached R$4.4 billion, with growth of 19.4% compared to the same period during the previous year. Revenue from value-added services provided to Magalu's 281,000 marketplace sellers continues to rise as well. In February, we raised marketplace take-rates, which added to the increase in revenues and contributed positively to margins, without affecting the pace of sales growth.







Focus on profitability and the rational competitive environment

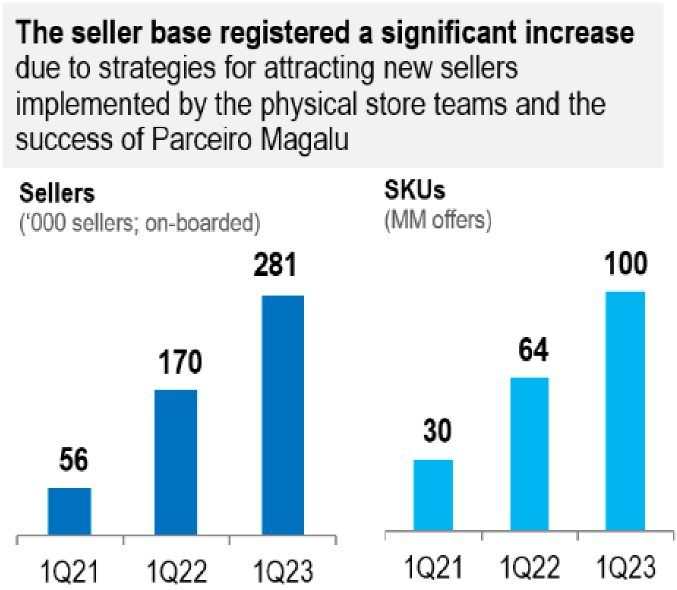
Since the beginning of 2022, our focus has been on monetization. Our objective has been to increase operating margins while maintaining or growing market share, without sacrificing service levels. This is a huge challenge, especially in an economic environment characterized by rampant inflation and high interest rates.

2023 brought with it a new challenge external to the operation: the reintroduction of the DIFAL (ICMS Rate Differential) tax on inter-state purchases made by consumers, mainly in e-commerce. In order to reduce the financial impact on our operation, we took quick action, leveraging efficient technology and processes to gradually pass along DIFAL to the final price while maintaining sales growth.

In 1Q23, total gross profit, including products and services, grew 2% to R$2.5 billion. The increase in the tax burden, caused by DIFAL, represented a pressure of 3.2 percentage points on the margin of products, which was progressively softened by the pass-through of price increases to the final consumer. As a result of these two effects, gross margin on merchandise decreased by 2.4 percentage points, having evolved throughout the quarter. This effect was offset by the growth in revenue from services, particularly, the marketplace take-rate, which contributed positively by 1.9 percentage points. As a result, the total gross margin was reduced by just 0.5 percentage points.

Marketplace Magalu: digital, multichannel and hyperlocal

Magalu is committed to building the financial, technological and logistics infrastructure necessary to achieve its ultimate goal: the digitalization of Brazilian retail. In the first three months of this year alone, more than 21,000 entrepreneurs from across the country joined the Magalu marketplace platform. Over the last 12 months, more than 110,000 new partners connected to the marketplace. Most of these sellers arrived through Parceiro Magalu, our program to digitize small to medium-sized analog retailers, which has just completed three years. Currently, we are a community of 281,000 sellers from all over Brazil, who together provide almost 100 million offers to our customers.



Improvements in the onboarding process for sellers, led to higher quality engagements with newer vintages of partners. These improvements led to significant increases in profitability and higher average sales per new seller.

In addition, there was a 50% increase in the volume of sellers who sell every day on the Magalu platform. We believe that this increase was attributable to our seller development program. Under the program, thousands of sellers have received advice in areas such as management and marketing strategies. We believe that our long-term success ultimately depends on the success of our sellers, so we will continue to do everything that we can to facilitate it.

With the increase in the number of marketplace sellers, the use of value-added services such as Magalu Entregas, Magalu Ads and Fintech Magalu has also increased. These technology-based services are crucial for increasing the average take-rate and the profitability of the operation.

Magalu Entregas is the main logistics option used by marketplace sellers, with 80% of 3P orders currently passing through the platform. Given the multichannel nature of Magalu Entregas, customers can choose between receiving orders at home or picking them up for free at one of Magalu's more than 1,000 physical stores. Currently, 22% of marketplace orders are picked up in physical stores, compared to 13% during the same period last year.

Magalu offers logistics options for sellers of all sizes:

- Small sellers can drop off their goods in physical stores through the Agency Magalu program. With 577 Agency Magalu-enabled physical stores and cross-docking stations, the platform offers high service levels, low costs and fast delivery speeds.
- Magalu Coletas is a great option for medium-sized sellers. This modality allows vehicles from Magalu's logistics network to pick up products directly from the seller's stores or distribution centers. The products are then uploaded into Magalu's extensive, nation-wide logistics network, or sent directly to consumers via ship-from-seller.

- Magalu’s fulfillment operation is another excellent option. Large and medium-sized sellers can take advantage of Magalu’s six fulfillment-ready distribution centers. Currently, more than 1,200 sellers use this service, benefitting from the scale and efficiency of Magalu’s 1P operation. With reduced delivery times and lower costs, the fulfillment operation covers everything from light items to heavy products. By migrating from self-delivery to fulfillment, sellers can increase their sales conversion rates by up to two times. Today, more than 30% of fulfillment orders are delivered within 24 hours and Magalu plans to further expand the operation to different regions of the country throughout 2023.

Constant diversification of revenue sources and increased profitability

As a source of new revenues and increased profitability, Magalu Ads is one of the company’s top priorities. The company's advertising platform has been increasing the number of products eligible for sponsored search and improving seller experience. With approximately 450 million hits per month across all channels during the first quarter, Magalu Ads reached 100% coverage of the company’s assortment enabled for sponsored search ads. Magalu also recently launched segmentation of ads by coverage area based on zip code. From January to March, Magalu saw a four-fold increase in revenue from the sponsored search platform, with over 10,000 campaigns created by over 3,300 sellers.

In the financial services vertical, Magalu announced the arrival of Carlos Mauad. Mauad will serve as the Executive Director of a new business unit that will combine the credit, insurance, payments and consortium operations. Mauad has extensive experience in managing businesses linked to credit risk and payments. This reorganization should leverage synergies between the different business areas, with benefits for Magalu and all of its stakeholders. Going forward, the focus is on scale, innovation, capturing opportunities and increasing profitability.

Fintech Magalu has proven to be one of the most dynamic areas of the company's ecosystem. In the first quarter, TPV surpassed R$23 billion. Like other fast growing services such as the prepayment of receivables and loans and payments, the digital account for marketplace sellers continues to evolve rapidly. More than 26,000 entrepreneurs are currently receiving their sales via digital accounts, which moved more than R$300 million in the first three months of this year. Fintech Magalu also launched a new functionality for marketplace sellers, “Tap MagaluPay”, which turns a normal smartphone into a mobile point of sale machine.

In the segment of credit aimed at consumers, Luizacred recorded a total volume of R$20.2 billion in its portfolio, while the revenue obtained with the Luiza and Magalu cards, totaled R$13.6 billion during the last quarter. This means a growth of 10.5% compared to the same period the previous year. From January to March of this year, Luizacred's revenue reached the highest value ever recorded: R$1.1 billion, which represents an increase of 18.3% compared to the first quarter of 2022.

Magalu announced this week that it has renewed its agreement with Cardif for another ten years and will continue to focus on insurance and related services. The insurance portfolio generated more than R$1.3 billion in premiums in 2022, with an excellent performance in physical stores. The agreement includes the launch of new products, mainly on digital channels, the maintenance of current commissions and a payment of R$850 million for exclusivity, in addition to the possibility of future payments in the form of profit-sharing. Magalu also announced the sale of its stake in Luizaseg to BNP Paribas Cardif for R$160 million, which will simplify the organizational structure and increase operational efficiency.

The first months of the year also brought important changes to two other parts of the Magalu ecosystem. In April, Júlio Trajano, previously head of Netshoes, assumed the position of head of Kabum, the largest e-commerce company specializing in computer components, games and accessories in Latin America. Last quarter, Kabum recorded sales of over R$1 billion, with an adjusted profit of R$40 million.

Netshoes, the largest sporting goods and apparel e-commerce company in Brazil, will now be run by an old acquaintance: Graciela Kumruian, a long-time executive, who remained as an executive at Magalu after Netshoes' acquisition in 2019. The following year, Graciela assumed the position of Executive Director responsible for the areas of customer experience, integration and sustainability and began her new role with Netshoes in April. In the first quarter, the Netshoes marketplace grew by 17% compared to the same period in 2022. As a result, 3P sales now represent 37% of the company's total GMV. Netshoes also continues to gain market share. According to Neotrust, Netshoes gained 4.1 percentage points of market share in the sporting goods and apparel segment during the quarter.

Final considerations

Magalu's marketplace is the company's most profitable channel and offers the highest prospects for future growth. Accordingly, we believe that continuing to evolve Magalu's unique multichannel marketplace model holds the key to the company's future success.

In order to achieve this outcome, we are committed to simplifying the construction of our platform, so that it can be even more efficient, profitable and scalable. Our top priorities include: the expansion of fulfillment; reduction of delivery times for 3P; unification of the Magalu Ads platform across all channels; increased market share in the most profitable product families; expansion of financial services for sellers; increased insurance sales on digital channels; reduction and unification of the number of systems used by Magalu ecosystem companies, and recovering our historical 1P margins. In this way, we further reinforce Magalu's position as a well-capitalized company that is a reference in the sector, guaranteeing the satisfaction of our customers and partners and consolidating our success as the digital platform for Brazilian retail.

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

EXECUTIVE MANAGEMENT TEAM

1Q23 Financial Highlights

Strong sales growth across all channels. In 1Q23, total sales -- including physical stores, e-commerce first-party inventory (1P) and marketplace (3P) -- increased 10.1% to R$15.5 billion, reflecting growth of 11.1% in e-commerce (40.4% three-year CAGR) and a 7.5% increase in physical store sales (5.8% three-year CAGR).

E-commerce grew at an above market rate. During 1Q23, the Brazilian e-commerce market shrank by 13.8% according to Neotrust, while Magalu again outperformed the market. During the quarter, e-commerce sales grew 11.1%, reaching R$11.3 billion. Magalu's 1P e-commerce sales grew 6.4% (average annual growth of 34.5% over the last three years). Marketplace sales grew 19.4%, reaching R$4.4 billion during the quarter (average annual growth of 52.4% over the last three years). The gain in e-commerce market share was driven by the performance of the SuperApp, which reached 45.0 million monthly active users (MAU). Other contributing factors include faster delivery speeds for 1P and 3P, the growth of new categories and an evolution of the seller base.

Gross margin reflects the return of DIFAL and the growth in service revenue. In 1Q23, the gross margin was 27.3%, a decrease of 500 bps. from the same period in 2022. This decline is due to the decrease in gross margin on goods, caused by the reintroduction of DIFAL (ICMS tax rate difference). However, the total gross margin for the quarter benefited from the 34.4% increase in service revenues, driven in large part by the marketplace take-rate.

Operating expenses. The percentage of adjusted operating expenses in relation to net revenues was 22.3% in 1Q23, a decrease of 0.4 p.p. compared to 1Q22. With the increase in the marketplace, it is important to analyze expenses in relation to total sales (GMV). Under this framework, dilution was 1.0 p.p., achieved mainly through the optimization of marketing and logistics expenses, as well as the reduction of administrative expenses.

EBITDA and net result. The growth in sales, together with the increase in the contribution margin from the marketplace, contributed to the growth in adjusted EBITDA, which reached R$448.0 million in 1Q23. The decrease in gross margin was practically offset by the dilution of operating expenses, keeping the adjusted EBITDA margin practically stable at the level of 4.9%. In the same period, the adjusted net result was a negative R$309.4 million, influenced by the high interest rate and the seasonality of financial expenses.

Cash generation and capital structure. Magalu ended 1Q23 with a total cash position of R$7.1 billion, considering cash and financial investments of R$2.2 billion and available credit card receivables of R$4.9 billion. In the quarter, cash generation was influenced by the seasonality of working capital. However, during the last 12 months, cash flow from operations, adjusted for receivables, reached R$1.3 billion. Adding the funds from the new agreement with Cardif, announced in May/23, the total adjusted cash position would be R$8.1 billion.

Fintech. Total payment volume (TPV) reached R$23.5 billion in 1Q23, growing 12.9%. In Mar/23, the cardholder base reached 7.0 million credit cards. Credit card billing grew 10.5% in 1Q23, reaching R$13.6 billion during the period. The credit card portfolio reached R$20.2 billion at the end of the quarter. In March 2023, MagaluPay reached 10.0 million open digital accounts.

R$ million (except when otherwise indicated)	1Q23	1Q22	% Chg
Total Sales[1] (including marketplace)	15,548.2	14,124.3	10.1%
Gross Revenue	11,311.5	10,576.9	6.9%
Net Revenue	9,067.3	8,762.2	3.5%
Gross Income	2,479.3	2,431.8	2.0%
Gross Margin	27.3%	27.8%	-50 bps
EBITDA	324.1	339.5	-4.5%
EBITDA Margin	3.6%	3.9%	-30 bps
Net Income	(391.2)	(161.3)	-
Net Margin	-4.3%	-1.8%	-250 bps
Adjusted - EBITDA	448.0	434.2	3.2%
Adjusted - EBITDA Margin	4.9%	5.0%	-10 bps
Adjusted - Net Income	(309.4)	(98.8)	-
Adjusted - Net Margin	-3.4%	-1.1%	-230 bps
Same Physical Store Sales Growth	6.7%	-2.8%	-
Total Physical Store Sales Growth	7.5%	6.2%	-
E-commerce Sales Growth (1P)	6.4%	3.2%	-
Marketplace Sales Growth (3P)	19.4%	49.9%	-
Total E-commerce Sales Growth	11.1%	16.2%	-
E-commerce Share of Total Sale	72.8%	72.1%	0.7 pp
Number of Stores and Kiosks - End of Period	1,302	1,477	-175 units
Sales Area - End of Period (M^2)	716,221	719,086	-0.4%

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

| NON-RECURRING EVENTS

For ease of comparability with 1Q22, 1Q23 results are also being presented in an adjusted view, without the effects of non-recurring provisions and expenses.

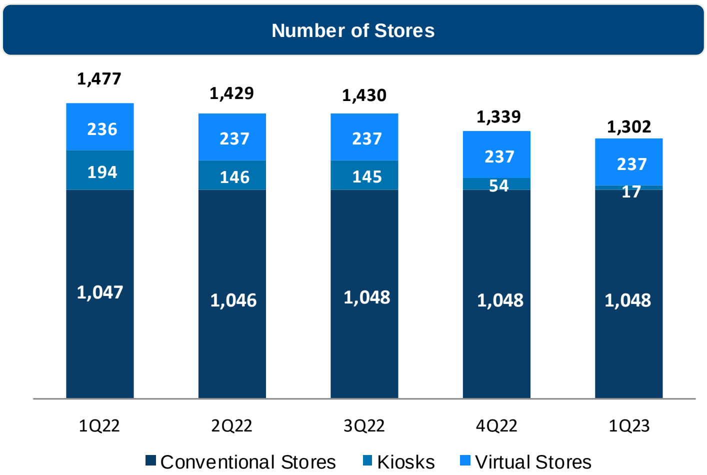
CONCILIATION ADJUSTED INCOME STATEMENT (R$ million)	1Q23 Adjusted	V.A.	Non-recurring	1Q23	V.A.
Gross Revenue	11,311.5	124.8%	-	11,311.5	124.8%
Taxes and Deductions	(2,244.2)	-24.8%	-	(2,244.2)	-24.8%
Net Revenue	9,067.3	100.0%	-	9,067.3	100.0%
Total Costs	(6,588.0)	-72.7%	-	(6,588.0)	-72.7%
Gross Income	2,479.3	27.3%	-	2,479.3	27.3%
Selling Expenses	(1,644.4)	-18.1%	-	(1,644.4)	-18.1%
General and Administrative Expenses	(308.4)	-3.4%	-	(308.4)	-3.4%
Provisions for Loan Losses	(99.0)	-1.1%	-	(99.0)	-1.1%
Other Operating Revenues, Net	32.7	0.4%	(123.9)	(91.3)	-1.0%
Equity in Subsidiaries	(12.1)	-0.1%	-	(12.1)	-0.1%
Total Operating Expenses	(2,031.3)	-22.4%	(123.9)	(2,155.2)	-23.8%
EBITDA	448.0	4.9%	(123.9)	324.1	3.6%
Depreciation and Amortization	(307.8)	-3.4%	-	(307.8)	-3.4%
EBIT	140.2	1.5%	(123.9)	16.3	0.2%
Financial Results	(632.4)	-7.0%	-	(632.4)	-7.0%
Operating Income	(492.1)	-5.4%	(123.9)	(616.0)	-6.8%
Income Tax and Social Contribution	182.7	2.0%	42.1	224.8	2.5%
Net Income	(309.4)	-3.4%	(81.8)	(391.2)	-4.3%

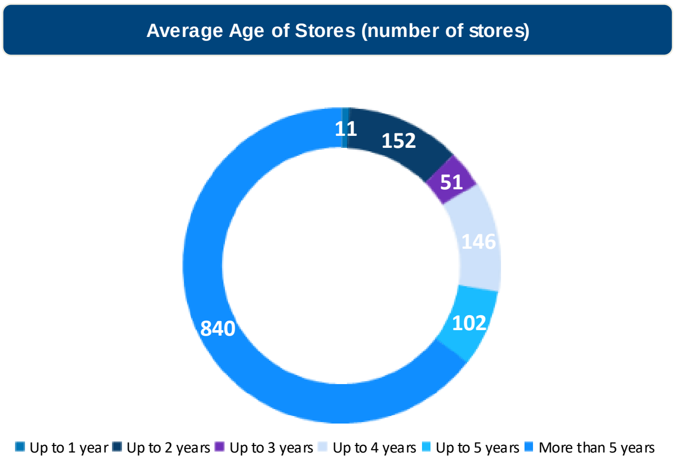
| Adjustments – Non – Recurring Events

Adjustments	1Q23
Tax Credits	0.6
Tax Provisions	(17.5)
Expert Fees	(0.6)
Non Recurring Expenses	(106.2)
Other Expenses	(0.2)
EBITDA Adjustments	**(123.9)**
Income Tax and Social Contribution	42.1
Net Income Adjustments	**(81.8)**

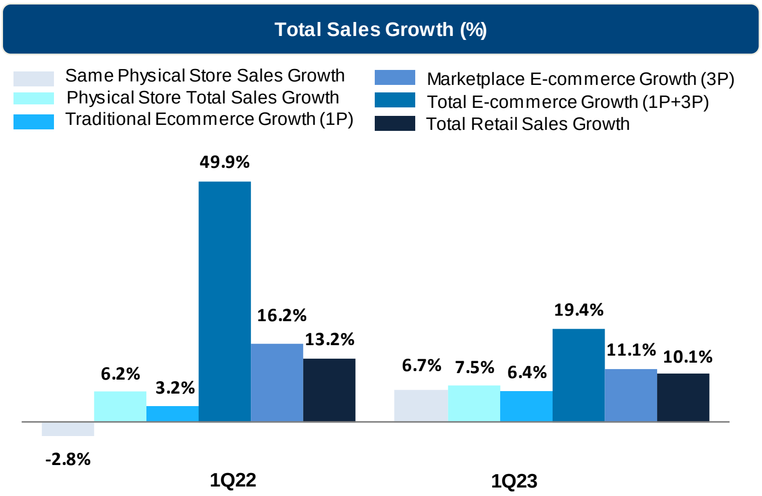
| OPERATING AND FINANCIAL PERFORMANCE

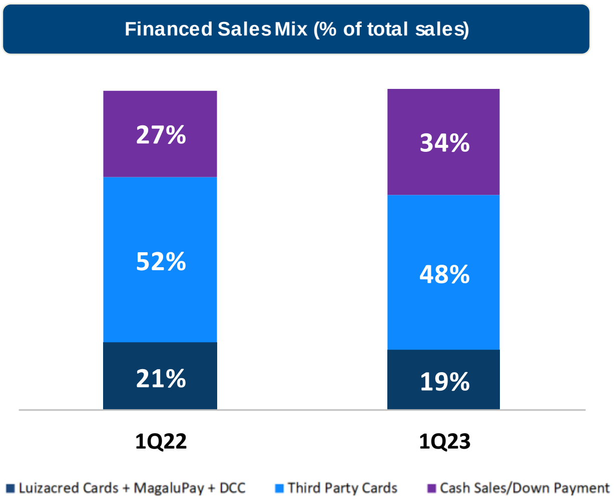
Magalu ended 1Q23 with 1,302 physical stores (1,048 conventional, 237 virtual and 17 kiosks via the partnerships with the Semar supermarket chain). During 1Q23, the Company closed 37 kiosks. Over the last 12 months, the Company opened 11 new stores (4 in the South and 7 in the Southeast) and closed 186 units, 177 of which were kiosks. Thirty-five percent of our total number of stores are not yet mature.





In 1Q23, total sales grew 10.1% (26.6% three-year CAGR), as a result of an 11.1% increase in e-commerce sales (40.4% three-year CAGR) and a 7.5% increase in physical store sales (5.8% three-year CAGR).





In 1Q23, the share of cash (non-installment) sales increased from 27% to 34% compared to the same period in 2022. The increase in cash sales was driven by widespread PIX adoption, especially at Kabum and Magalu, which contributed to the mitigation of financial expenses.

Gross Revenues

(in R$ million)	1Q23	1Q22	% Chg
Merchandise Sales	10,332.9	9,817.0	5.3%
Services	978.7	759.9	28.8%
Gross Revenue - Total	**11,311.5**	**10,576.9**	**6.9%**

In 1Q23, total gross revenue was R$11.3 billion, a 6.9% increase compared to the same period in 2022. The accelerated growth of e-commerce and the performance of physical stores during the quarter contributed to the evolution of gross revenue. Retail service revenue increased 28.8% during the period, driven in part by marketplace revenues, which grew by 38.8%.

Net Revenues

(in R$ million)	1Q23	1Q22	% Chg
Merchandise Sales	8,248.2	8,152.5	1.2%
Services	819.1	609.7	34.4%
Net Revenue - Total	**9,067.3**	**8,762.2**	**3.5%**

In 1Q23, total net revenue was R$9.1 billion, a 3.5% increase compared to 1Q22. It is worth explaining that, due to the return of DIFAL (the difference in the ICMS rate on interstate sales), deductions on gross revenue increased from 17.0% to 20.2%, significantly influencing the gross margin on goods. On the other hand, net revenue from services grew 34.4%, positively influencing the total gross margin.

Gross Profit

(in R$ million)	1Q23	1Q22	% Chg
Merchandise Sales	1,666.1	1,841.5	-9.5%
Services	813.2	590.3	37.8%
Gross Profit - Total	**2,479.3**	**2,431.8**	**2.0%**
Gross Margin - Total	**27.3%**	**27.8%**	**-50 bps**

In 1Q23, adjusted gross profit increased 2.0% to R$2.5 billion. The 3.2 p.p. increase in the tax burden was progressively softened by the pass-through of prices to the final consumer on the order of 0.8 p.p., so that the gross margin on merchandise decreased by 2.4 p.p. Additionally, the 1.9 p.p. increase in gross profit from services contributed positively to the total gross margin. As a result, gross margin decreased by just 0.5 p.p., from 27.8% to 27.3% of net revenue.

| Operating Expenses

(in R$ million)	1Q23 Adjusted	% NR	1Q22 Adjusted	% NR	% Chg
Selling Expenses	(1,644.4)	-18.1%	(1,589.2)	-18.1%	3.5%
General and Administrative Expenses	(308.4)	-3.4%	(352.4)	-4.0%	-12.5%
General and Administrative Expenses	**(1,952.8)**	**-21.5%**	**(1,941.6)**	**-22.2%**	**0.6%**
Provisions for Loan Losses	(99.0)	-1.1%	(61.1)	-0.7%	61.9%
Other Operating Revenues, Net	20.4	0.2%	13.2	0.2%	54.8%
Total Operating Expenses	**(2,031.4)**	**-22.4%**	**(1,989.6)**	**-22.7%**	**2.1%**
Operaing Expenses / Total Sales	**-13.1%**		**-14.1%**		**102.1 bps**

| Selling Expenses

In 1Q23, selling expenses totaled R$1.6 billion, equivalent to 18.1% of net revenue, practically stable when compared to the same period in 2022. It is worth noting that the Company diluted operating expenses in relation to total sales, including the marketplace, by 1.0 p.p. highlighting the optimization of marketing and logistics expenses.

| General and Administrative Expenses

In 1Q23, general and administrative expenses totaled R$308.4 million, equivalent to 3.4% of net revenue, 60 bps lower than the same period in 2022.

| Provisions for Loan Losses

Provisions for loan losses totaled R$99.0 million in 1Q23.

| Other Operating Revenues and Expenses, Net

(in R$ million)	1Q23	% NR	1Q22	% NR	% Chg
Gain on Sale of Assets	(0.9)	0.0%	(0.4)	0.0%	129.4%
Deferred Revenue Recorded	21.3	0.2%	13.6	0.2%	56.9%
Subtotal - Adjusted	**20.4**	**0.2%**	**13.2**	**0.2%**	**54.7%**
Tax Credits	0.6	0.0%	21.4	0.2%	-97.1%
Provisions for tax, civil and labor risks	(5.2)	-0.1%	(10.1)	-0.1%	-48.3%
Expert fees	(0.6)	0.0%	(15.1)	-0.2%	-96.1%
Restructuring and integration expenses	(106.2)	-1.2%	(86.5)	-1.0%	22.8%
Other Expenses	(0.2)	0.0%	(4.4)	0.0%	-94.8%
Subtotal - Non Recurring	**(111.6)**	**-1.2%**	**(94.7)**	**-1.1%**	**17.9%**
Total	**(91.3)**	**-1.0%**	**(81.5)**	**-0.9%**	**11.9%**

In 1Q23, other adjusted net operating revenues totaled R$20.4 million, mainly impacted by the recognition of deferred revenues in the amount of R$21.3 million.

Restructuring and integration expenses are non-recurring and are related to: (i) closure of stores / kiosks and a distribution center; (ii) adjustments to accounting practices and write-offs of assets in the acquired companies, referring to events prior to the acquisitions, and (iii) capacity adjustments, with the objective of greater operational efficiency.

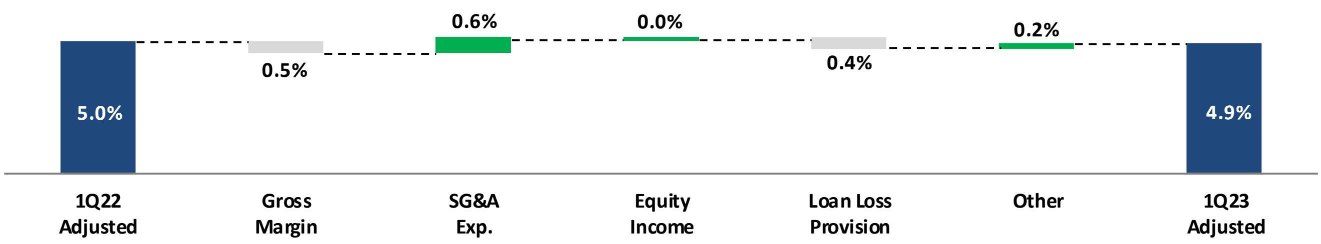
| Equity Income

In 1Q23, equity income was negative R$12.1 million, comprised of the following: (i) R$17.5 million in negative equity attributable to the performance of Luizacred; (ii) R$10.8 million in positive equity attributable to Luizaseg; and (iii) practice adjustments in the amount of R$5.4 million.

| EBITDA

Sales growth and an increase in the marketplace contribution margin contributed to the growth in adjusted EBITDA, which reached R$448.0 million in 1Q23. The decrease in gross margin was practically offset by the dilution of operating expenses, keeping the adjusted EBITDA margin practically stable at the level of 4.9% in 1Q23.

EBITDA performance LTM (% of net revenue)



| Financial Results

R$ million	1Q23	% NR	1Q22	% NR	% Chg
Financial Expenses	(750.3)	-8.3%	(558.5)	-6.4%	34.3%
Interest on loans and financing	(252.8)	-2.8%	(182.5)	-2.1%	38.5%
Interest on prepayment of receivables – third party card	(274.1)	-3.0%	(186.1)	-2.1%	47.3%
Interest on prepayment of receivables – Luiza Card	(125.8)	-1.4%	(94.2)	-1.1%	33.5%
Other expenses	(97.6)	-1.1%	(95.7)	-1.1%	2.0%
Financial Revenues	193.3	2.1%	204.7	2.3%	-5.6%
Gains on marketable securities	44.3	0.5%	35.0	0.4%	26.6%
Other financial revenues	148.9	1.6%	169.7	1.9%	-12.2%
Subtotal: Net Financial Results	(557.0)	-6.1%	(353.9)	-4.0%	57.4%
Interest on lease	(75.3)	-0.8%	(68.3)	-0.8%	10.4%
Total Net Financial Results	(632.4)	-7.0%	(422.1)	-4.8%	49.8%

In 1Q23, net financial expenses totaled R$623.4 million, equivalent to 7.0% of net revenue. Expenses were 210 bps higher than the same period the previous year, due to the increase in interest rates in Brazil, where the SELIC rate rose from 9.25% p.a. in the beginning of January 2022 to 13.75% p.a. at the end of March 2023.

It is worth mentioning that prepayment expenses associated with the factoring of receivables are generally higher during the first quarter of the year, due to the seasonality of working capital, specifically, higher payments to suppliers.

| Net Income

In 1Q23, the Company experienced a net loss of R$391,2 million, mainly influenced by the reintroduction of DIFAL and by the increase in financial expenses during the period. Setting aside non-recurring items, the adjusted net income was a net loss of R$309.4 million.

| Adjusted Working Capital

CONSOLIDATED (R$ million)	LTM	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
(+) Accounts Receivables (without Credit Card)	105.7	1,230.4	1,376.4	1,063.5	1,076.1	1,124.6
(+) Inventories	(513.2)	7,564.1	7,790.1	8,471.3	7,965.7	8,077.3
(+) Related Parties (without Luiza Card)	(6.4)	62.3	76.2	83.1	57.0	68.7
(+) Recoverable Taxes	192.3	1,509.1	1,564.2	1,502.5	1,431.4	1,316.8
(+) Income Tax and Recoverable Social Contribution	78.7	328.7	314.5	285.1	265.6	250.1
(+) Other Assets	88.2	355.6	208.2	342.5	294.1	267.4
(+) Current Operating Assets	(54.7)	11,050.1	11,329.6	11,748.1	11,090.0	11,104.8
(-) Suppliers (including agreement)	747.0	6,995.4	9,543.3	8,606.8	7,380.8	6,248.5
(-) Transfers and Other Deposits	38.8	1,527.7	1,552.6	1,309.0	1,362.9	1,488.9
(-) Payroll, Vacation and Related Charges	37.3	413.7	420.5	425.8	409.2	376.4
(-) Taxes Payable	63.2	261.8	224.9	180.2	212.1	198.6
(-) Related Parties	10.9	125.6	152.5	111.7	116.1	114.7
(-) Deferred Revenue	23.5	73.9	76.9	50.6	50.5	50.4
(-) Other Accounts Payable	272.3	1,702.0	1,618.1	1,320.1	1,426.5	1,429.7
(-) Current Operating Liabilities	1,193.0	11,100.3	13,588.8	12,004.1	10,958.1	9,907.3
(=) Working Capital Adjusted	(1,247.7)	(50.2)	(2,259.2)	(256.0)	131.9	1,197.5
% of Gross Revenue (LTM)	-2.9%	-0.1%	-5.0%	-0.6%	0.3%	2.8%

In March 2023, the adjusted working capital need was negative R$50.2 million, mainly influenced by retail seasonality. In 1Q23, the variation in working capital was R$2.2 billion due to a reduction in the balance of suppliers in the amount of R$2.5 billion. It is worth mentioning that the Company once again reduced inventory levels by more than R$0.2 billion during the quarter and by more than R$0.5 billion over the last 12 months.

Over the last 12 months, the variation in adjusted working capital contributed R$1.2 billion to the generation of operating cash flow.

| Capex

CAPEX (in R$ million)	1Q23	%	1Q22	%	%Chg
New Stores	0.4	0%	18.5	11%	-98%
Remodeling	10.2	6%	7.8	4%	30%
Technology	149.4	84%	85.3	49%	75%
Logistics	7.7	4%	45.3	26%	-83%
Other	10.4	6%	17.6	10%	-41%
Total	178.1	100%	174.6	100%	2%

In 1Q23, investments totaled R$178.1 million, including investments in technology, logistics and remodeling.

| Capital Structure

CONSOLIDATED (R$ million)	LTM	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
(-) Current Loans and Financing	(552.1)	(1,046.5)	(124.3)	(224.2)	(377.7)	(494.4)
(-) Non-current Loans and Financing	192.4	(6,224.6)	(6,984.5)	(6,923.8)	(6,468.9)	(6,417.1)
(=) Gross Debt	(359.6)	(7,271.1)	(7,108.8)	(7,148.0)	(6,846.6)	(6,911.5)
(+) Cash and Cash Equivalents	377.7	1,784.9	2,420.0	1,812.2	1,710.7	1,407.2
(+) Current Securities	(136.5)	447.9	304.3	293.9	211.3	584.4
(+) Total Cash	241.2	2,232.8	2,724.3	2,106.1	1,922.0	1,991.6
(=) Net Cash	(118.4)	(5,038.3)	(4,384.4)	(5,041.9)	(4,924.6)	(4,919.9)
(+) Credit Card - Third Party Card	(186.5)	3,490.0	5,383.8	4,422.5	4,545.6	3,676.5
(+) Credit Card - Luiza Card	(1,415.4)	1,403.0	2,500.4	2,445.2	2,508.1	2,818.4
(+) Total Credit Card	(1,601.8)	4,893.0	7,884.2	6,867.8	7,053.6	6,494.8
(=) Adjusted Net Cash	(1,720.3)	(145.3)	3,499.8	1,825.9	2,129.1	1,574.9
Short Term Debt / Total	7%	14%	2%	3%	6%	7%
Long Term Debt / Total	-7%	86%	98%	97%	94%	93%
Adjusted EBITDA (LTM)	629.2	2,113.4	2,127.5	1,697.3	1,520.8	1,484.2
Adjusted Net Cash / Adjusted EBITDA	-1.1 x	-0.1 x	1.6 x	1.1 x	1.4 x	1.1 x
Cash, Securities and Credit Cards	(1,360.7)	7,125.8	10,608.5	8,973.9	8,975.7	8,486.5

The Company ended the quarter with a total cash position of R$7.1 billion, considering cash and financial investments of R$2.2 billion and available credit card receivables of R$4.9 billion. It is worth noting that gross debt maturities are long term, distributed between 2024 and 2026. With the inclusion of the funds from the new agreement with Cardif, announced in May/23, the total adjusted cash position would be R$8.1 billion.

The variation in the total cash balance over the last 12 months is entirely associated with investments in the amount of R$699.0 million and the payment of acquisitions, principally the payment of the last installment to Kabum in the amount of R$500.0 million.

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	1Q23	V.A.	1Q22	V.A.	% Chg
Gross Revenue	11.311,5	124,8%	10.576,9	120,7%	6,9%
Taxes and Deductions	(2.244,2)	-24,8%	(1.814,8)	-20,7%	23,7%
Net Revenue	9.067,3	100,0%	8.762,2	100,0%	3,5%
Total Costs	(6.588,0)	-72,7%	(6.330,4)	-72,2%	4,1%
Gross Income	2.479,3	27,3%	2.431,8	27,8%	2,0%
Selling Expenses	(1.644,4)	-18,1%	(1.589,2)	-18,1%	3,5%
General and Administrative Expenses	(308,4)	-3,4%	(352,4)	-4,0%	-12,5%
Provisions for Loan Losses	(99,0)	-1,1%	(61,1)	-0,7%	61,9%
Other Operating Revenues, Net	(91,3)	-1,0%	(81,5)	-0,9%	11,9%
Equity in Subsidiaries	(12,1)	-0,1%	(8,0)	-0,1%	52,4%
Total Operating Expenses	(2.155,2)	-23,8%	(2.092,2)	-23,9%	3,0%
EBITDA	324,1	3,6%	339,5	3,9%	-4,5%
Depreciation and Amortization	(307,8)	-3,4%	(265,1)	-3,0%	16,1%
EBIT	16,3	0,2%	74,4	0,8%	-78,1%
Financial Results	(632,4)	-7,0%	(422,1)	-4,8%	49,8%
Operating Income	(616,0)	-6,8%	(347,7)	-4,0%	-
Income Tax and Social Contribution	224,8	2,5%	186,4	2,1%	20,6%
Net Income	(391,2)	-4,3%	(161,3)	-1,8%	-

Calculation of EBITDA

Net Income	(391,2)	-4,3%	(161,3)	-1,8%	-
(+/-) Income Tax and Social Contribution	(224,8)	-2,5%	(186,4)	-2,1%	20,6%
(+/-) Financial Results	632,4	7,0%	422,1	4,8%	49,8%
(+) Depreciation and Amortization	307,8	3,4%	265,1	3,0%	16,1%
EBITDA	324,1	3,6%	339,5	3,9%	-4,5%

Reconciliation of EBITDA for non-recurring expenses

EBITDA	324,1	3,6%	339,5	3,9%	-4,5%
Non-recurring Result	123,9	1,4%	94,7	1,1%	30,8%
Adjusted EBITDA	448,0	4,9%	434,2	5,0%	3,2%

Net Income	(391,2)	-4,3%	(161,3)	-1,8%	-
Non-recurring Result	81,8	0,0%	62,5	0,7%	30,8%
Adjusted Net Income	(309,4)	-3,4%	(98,8)	-1,1%	-

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

ANNEX II – ADJUSTED
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (R$ million)	1Q23 Adjusted	V.A.	1Q22 Adjusted	V.A.	% Chg
Gross Revenue	11.311,5	124,8%	10.576,9	120,7%	6,9%
Taxes and Deductions	(2.244,2)	-24,8%	(1.814,8)	-20,7%	23,7%
Net Revenue	9.067,3	100,0%	8.762,2	100,0%	3,5%
Total Costs	(6.588,0)	-72,7%	(6.330,4)	-72,2%	4,1%
Gross Income	2.479,3	27,3%	2.431,8	27,8%	2,0%
Selling Expenses	(1.644,4)	-18,1%	(1.589,2)	-18,1%	3,5%
General and Administrative Expenses	(308,4)	-3,4%	(352,4)	-4,0%	-12,5%
Provisions for Loan Losses	(99,0)	-1,1%	(61,1)	-0,7%	61,9%
Other Operating Revenues, Net	32,7	0,4%	13,2	0,2%	148,0%
Equity in Subsidiaries	(12,1)	-0,1%	(8,0)	-0,1%	52,4%
Total Operating Expenses	(2.031,3)	-22,4%	(1.997,5)	-22,8%	1,7%
EBITDA	448,0	4,9%	434,2	5,0%	3,2%
Depreciation and Amortization	(307,8)	-3,4%	(265,1)	-3,0%	16,1%
EBIT	140,2	1,5%	169,1	1,9%	-17,1%
Financial Results	(632,4)	-7,0%	(422,1)	-4,8%	49,8%
Operating Income	(492,1)	-5,4%	(253,0)	-2,9%	-
Income Tax and Social Contribution	182,7	2,0%	154,2	1,8%	18,5%
Net Income	(309,4)	-3,4%	(98,8)	-1,1%	-

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET
ASSETS

	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
CURRENT ASSETS					
Cash and Cash Equivalents	1,784.9	2,420.0	1,812.2	1,710.7	1,407.2
Securities	447.9	304.3	293.9	211.3	584.4
Accounts Receivable - Credit Card	3,490.0	5,383.8	4,422.5	4,545.6	3,676.5
Accounts Receivable - Other	1,230.4	1,376.4	1,063.5	1,076.1	1,124.6
Inventories	7,564.1	7,790.1	8,471.3	7,965.7	8,077.3
Related Parties - Credit Card	1,403.0	2,500.4	2,445.2	2,508.1	2,818.4
Related Parties - Other	62.3	76.2	83.1	57.0	68.7
Taxes Recoverable	1,509.1	1,564.2	1,502.5	1,431.4	1,316.8
Income Tax and Recoverable Social Contribution	328.7	314.5	285.1	265.6	250.1
Other Assets	355.6	208.2	342.5	294.1	267.4
Total Current Assets	18,175.9	21,938.1	20,722.0	20,065.6	19,591.3
NON-CURRENT ASSETS					
Accounts Receivable	11.8	17.2	15.5	-	14.2
Recoverable Taxes	2,144.9	2,123.9	1,971.1	1,691.5	1,679.7
Deferred Income Tax and Social Contribution	1,917.1	1,686.4	1,468.6	1,296.1	1,114.1
Judicial Deposits	1,722.2	1,650.2	1,511.6	1,384.9	1,277.1
Other Assets	112.9	116.8	115.0	14.7	0.3
Investments in Subsidiaries	301.7	338.8	360.5	368.4	377.5
Right of use	3,427.6	3,511.5	3,425.9	3,344.8	3,396.7
Fixed Assets	1,951.1	1,955.5	1,979.8	1,990.7	1,982.9
Intangible Assets	4,451.3	4,427.5	4,406.4	4,344.2	4,327.4
Total Non-Current Assets	16,040.7	15,827.7	15,254.4	14,435.3	14,170.0
TOTAL ASSETS	34,216.6	37,765.8	35,976.4	34,501.0	33,761.2

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET
LIABILITIES

LIABILITIES (R$ million)	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
CURRENT LIABILITIES					
Suppliers	6,995.4	9,543.3	8,606.8	7,380.8	6,248.5
Suppliers	*4,823.2*	*5,741.0*	*4,612.5*	*3,555.8*	*3,219.5*
Suppliers - agreement	*2,172.3*	*3,802.2*	*3,994.2*	*3,825.0*	*3,029.0*
Transfers and other deposits	1,527.7	1,552.6	1,309.0	1,362.9	1,488.9
Loans and Financing	1,046.5	124.3	224.2	377.7	494.4
Payroll, Vacation and Related Charges	413.7	420.5	425.8	409.2	376.4
Taxes Payable	261.8	224.9	180.2	212.1	198.6
Related Parties	125.6	152.5	111.7	116.1	114.7
Lease	633.9	619.8	428.1	421.6	439.7
Deferred Revenue	73.9	76.9	50.6	50.5	50.4
Dividends Payable	-	-	-	-	41.4
Other Accounts Payable	1,702.0	2,118.1	1,820.1	1,926.5	1,429.7
Total Current Liabilities	12,780.7	14,832.9	13,156.4	12,257.4	10,882.8
NON-CURRENT LIABILITIES					
Loans and Financing	6,224.6	6,984.5	6,923.8	6,468.9	6,417.1
Taxes to be collected	7.8	7.8	7.8	7.8	7.8
Lease	2,992.3	3,073.7	3,146.3	3,053.6	3,069.4
Deferred Income Tax and Social Contribution	102.5	108.8	116.8	94.5	101.0
Provision for Tax, Civil and Labor Risks	1,250.5	1,193.8	1,150.3	1,135.1	1,111.5
Deferred Revenue	405.2	423.5	265.4	217.3	231.3
Other Accounts Payable	162.3	492.1	404.2	328.4	822.2
Total Non-Current Liabilities	11,145.2	12,284.2	12,014.7	11,305.7	11,760.2
TOTAL LIABILITIES	23,925.9	27,117.1	25,171.1	23,563.1	22,643.0
SHAREHOLDERS' EQUITY					
Capital Stock	12,352.5	12,352.5	12,352.5	12,352.5	12,352.5
Capital Reserve	(1,867.7)	(1,896.4)	(1,756.7)	(1,777.5)	(1,619.5)
Treasury Shares	(1,242.8)	(1,245.8)	(1,265.1)	(1,275.8)	(1,448.2)
Legal Reserve	137.4	137.4	137.4	137.4	137.4
Profit Retention Reserve	1,298.9	1,797.9	1,797.9	1,797.9	1,856.7
Other Comprehensive Income	3.6	2.0	2.3	(0.4)	0.6
Retained Earnings	(391.2)	(499.0)	(463.1)	(296.3)	(161.3)
Total Shareholders' Equity	10,290.7	10,648.7	10,805.3	10,937.8	11,118.2
TOTAL	34,216.6	37,765.8	35,976.4	34,501.0	33,761.2

magalu

ANNEX IV
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

ADJUSTED CASH FLOW STATEMENTS (R$ million)	1Q23	1Q22	LTM	LTM
Net Income	**(391.2)**	**(161.3)**	**(728.9)**	**170.7**
Effect of Income Tax and Social Contribution Net of Payment	(232.1)	(199.6)	(862.7)	(1,174.7)
Depreciation and Amortization	307.8	265.1	1,206.4	903.7
Interest Accrued on Loans	329.8	256.4	1,286.7	593.4
Equity Income	12.1	8.0	39.9	(68.4)
Dividends Received	43.1	70.2	43.4	70.2
Provision for Losses on Inventories and Receivables	99.9	88.3	524.3	725.4
Provision for Tax, Civil and Labor Contingencies	58.5	25.8	99.4	(134.6)
Gain on Sale of Fixed Assets	0.9	0.3	1.3	(0.6)
Recognition of Deferred Income	(21.5)	(13.9)	(83.6)	(55.9)
Stock Option Expenses	32.5	12.2	137.0	104.1
Adjusted Net Income	**239.8**	**351.4**	**1,663.3**	**1,133.3**
Trade Accounts Receivable	39.2	(158.6)	(488.3)	(91.7)
Inventories	238.3	1,016.6	373.7	(1,006.1)
Taxes Recoverable	19.8	(180.9)	(736.1)	(1,567.8)
Deposit in Court	(72.0)	(87.2)	(445.1)	(295.4)
Other Receivables	(146.0)	196.7	(181.7)	37.7
Changes in Operating Assets	**79.3**	**786.6**	**(1,477.4)**	**(2,923.2)**
Trade Accounts Payable	(2,547.8)	(3,850.5)	747.0	(1,235.1)
Other Payables	(250.1)	(206.6)	335.0	744.1
Change in Operating Liabilities	**(2,797.9)**	**(4,057.1)**	**1,081.9**	**(491.0)**
Cash Flow from Operating Activities	**(2,478.8)**	**(2,919.1)**	**1,267.8**	**(2,280.9)**
Additions of Fixed and Intangible Assets	(178.1)	(174.6)	(699.0)	(1,178.1)
Investment in Subsidiaries	(519.0)	(498.3)	(640.9)	(614.5)
Sale of Exclusive Dealing and Exploration Right Contract	-	-	272.0	-
Cash Flow from Investing Activities	**(697.1)**	**(672.9)**	**(1,067.8)**	**(1,792.5)**
Loans and Financing	-	-	400.0	5,500.3
Repayment of Loans and Financing	(4.3)	(30.7)	(356.9)	(913.0)
Payment of Interest on Loans and Financing	(87.7)	(38.9)	(665.3)	(142.6)
Payment of Lease	(138.9)	(111.9)	(514.2)	(413.2)
Payment of Interest on Lease	(75.8)	(73.2)	(324.2)	(266.6)
Payment of Dividends	-	-	(100.0)	(146.1)
Treasury Shares	-	-	-	(850.4)
Proceeds from the Secondary Equity Offering	-	-	-	3,981.3
Payment of expenses from the Secondary Equity Offering	-	-	-	(81.0)
Cash Flow from Financing Activities	**(306.8)**	**(254.7)**	**(1,560.6)**	**6,668.7**
Cash, Cash Equivalents and Securities at Beginning of Period	10,608.5	12,333.0	8,486.5	5,891.2
Cash, Cash Equivalents and Securities at end of Period	7,125.8	8,486.5	7,125.8	8,486.5
Change in Cash and Cash equivalents	**(3,482.7)**	**(3,846.6)**	**(1,360.7)**	**2,595.2**

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

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

INVESTED CAPITAL (R$ million)	mar/23	dec-22	set-22	jun-22	mar-22
Working Capital	4,208.9	4,505.2	5,683.6	6,263.8	7,252.7
(+) Accounts Receivable	11.8	17.2	15.5	-	14.2
(+) Income Tax and Social Contribution deferred	1,917.1	1,686.4	1,468.6	1,296.1	1,114.1
(+) Taxes Recoverable	2,144.9	2,123.9	1,971.1	1,691.5	1,679.7
(+) Judicial Deposits	1,722.2	1,650.2	1,511.6	1,384.9	1,277.1
(+) Other Assets	112.9	116.8	115.0	14.7	0.3
(+) Investment In Joint Subsidiaries	301.7	338.8	360.5	368.4	377.5
(+) Right of use	3,427.6	3,511.5	3,425.9	3,344.8	3,396.7
(+) Fixed Assets	1,951.1	1,955.5	1,979.8	1,990.7	1,982.9
(+) Intangible Assets	4,451.3	4,427.5	4,406.4	4,344.2	4,327.4
(+) Non Current Assets	16,040.7	15,827.7	15,254.4	14,435.3	14,170.0
(-) Provision for Contingencies	1,250.5	1,193.8	1,150.3	1,135.1	1,111.5
(-) Lease	2,992.3	3,073.7	3,146.3	3,053.6	3,069.4
(-) Deferred Revenue	405.2	423.5	265.4	217.3	231.3
(-) Taxes to be Collected	7.8	7.8	7.8	7.8	7.8
(-) Income Tax and Social Contribution deferred	102.5	108.8	116.8	94.5	101.0
(-) Other Accounts Payable	162.3	492.1	404.2	328.4	822.2
(-) Non-Current operating liabilities	4,920.6	5,299.8	5,090.9	4,836.8	5,343.1
(=) Fixed Capital	11,120.1	10,528.0	10,163.5	9,598.6	8,826.9
(=) Total Invested Capital	15,329.0	15,033.1	15,847.2	15,862.4	16,079.6
(+) Net Debt	5,038.3	4,384.4	5,041.9	4,924.6	4,919.9
(+) Dividends Payable	-	-	-	-	41.4
(+) Shareholders Equity	10,290.7	10,648.7	10,805.3	10,937.8	11,118.2
(=) Total Financing	15,329.0	15,033.1	15,847.2	15,862.4	16,079.6

FINANCIAL EXPENSES RECONCILIATION (R$MM)	1Q23	4Q22	3Q22	2Q22	1Q22
Financial Income	193	153	182	156	205
Financial Expenses	(826)	(722)	(738)	(649)	(627)
Net Financial Expenses	(632.4)	(568.8)	(556.3)	(493.8)	(422.1)
Interest on prepayment of receivables: Luiza Card and third-party card	399.9	213.0	271.4	237.0	280.3
Adjusted Financial Expenses	(232.5)	(355.8)	(284.9)	(256.9)	(141.8)
Taxes on Adjusted Financial Expenses	79.0	121.0	96.9	87.3	48.2
Net Adjusted Financial Expenses	(153.4)	(234.8)	(188.1)	(169.5)	(93.6)

NOPLAT AND ROIC/ROE RECONCILIATION(R$MM)	1Q23	4Q22	3Q22	2Q22	1Q22
EBITDA	324.1	642.3	496.1	457.4	339.5
Interest on prepayment of receivables: Luiza Card and third-party card	(399.9)	(213.0)	(271.4)	(237.0)	(280.3)
Depreciation	(307.8)	(354.5)	(273.3)	(270.8)	(265.1)
Current and deferred taxes	224.8	245.1	166.8	172.2	186.4
Taxes on Adjusted Financial Expenses	(79.0)	(121.0)	(96.9)	(87.3)	(48.2)
Net Operating Income (NOPLAT)	(237.8)	198.9	21.3	34.5	(67.7)
Invested Capital	15,329.0	15,033.1	15,847.2	15,862.4	16,079.6
ROIC Annualized	-6%	5%	1%	1%	-2%
Net Income	(391.2)	(35.9)	(166.8)	(135.0)	(161.3)
Shareholders Equity	10,290.7	10,648.7	10,805.3	10,937.8	11,118.2
ROE Annualized	-15%	-1%	-6%	-5%	-6%

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

Breakdown of Total Sales (R$ million)	1Q23	V.A.	1Q22	V.A.	Growth Total
Virtual Stores	289.0	1.9%	278.3	2.0%	3.9%
Conventional Stores	3,947.2	25.4%	3,662.1	25.9%	7.8%
Subtotal - Physical Stores	4,236.2	27.2%	3,940.5	27.9%	7.5%
Traditional E-commerce (1P)	6,948.6	44.7%	6,528.9	46.2%	6.4%
Marketplace (3P)	4,363.3	28.1%	3,654.9	25.9%	19.4%
Subtotal - Total E-commerce	11,312.0	72.8%	10,183.8	72.1%	11.1%
Total Sales	15,548.2	100.0%	14,124.3	100.0%	10.1%

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

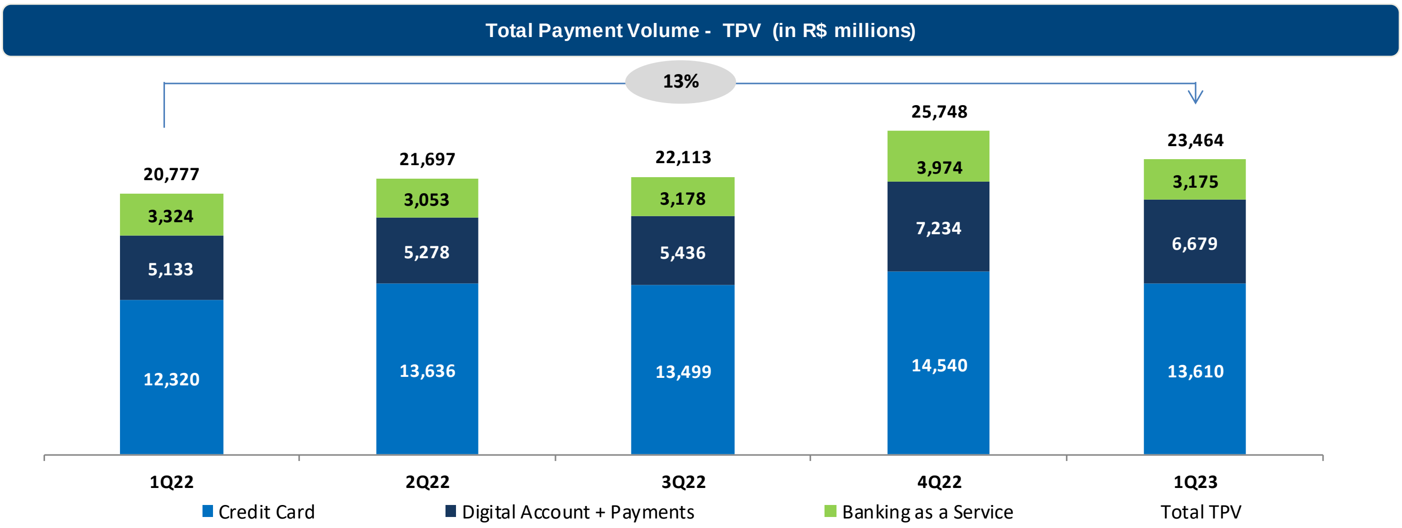
Number of stores per channel – End of the period	mar/23	Part(%)	mar/22	Part(%)	Growth Total
Virtual Stores	237	18.2%	236	16.0%	1
Conventional Stores	1,048	80.5%	1,047	70.9%	1
Kiosks	17	1.3%	194	13.1%	(177)
Subtotal - Physical Stores	1,302	100.0%	1,477	100.0%	(175)
Total Sales Area (m²)	716,221	100.0%	719,086	100.0%	-0.4%

ANNEX VII
FINTECH MAGALU

Magalu's fintech offerings include solutions for individuals and marketplace sellers, as well as a Banking as a Service (BaaS) platform, which provides enterprise banking services, that was acquired in the Hub Fintech acquisition. Magalu's fintech services include: a sub-acquring business; a digital bank account (MagaluPay); credit to consumers via the Luiza and Magalu Cards, and loans for individuals and sellers.

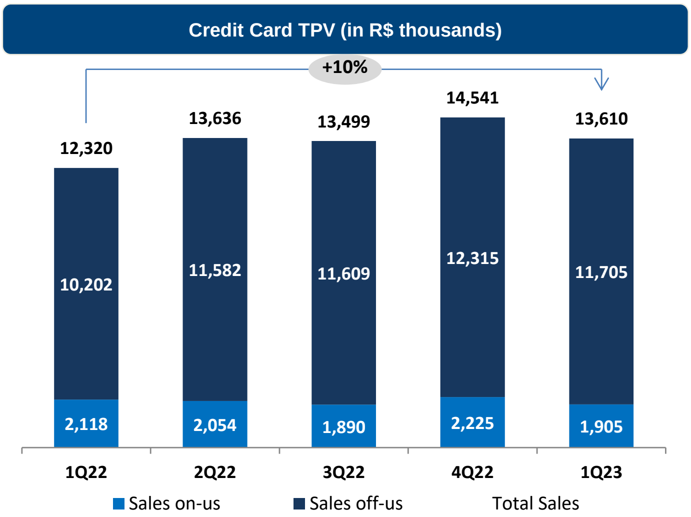
| Operating Indicators

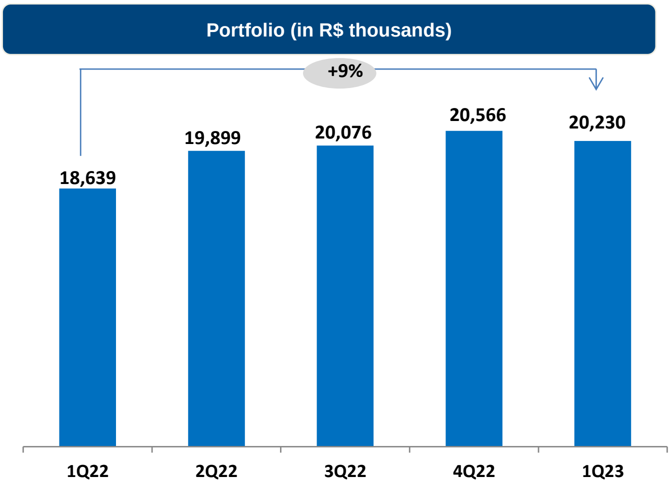
- Magalu's total payment volume (TPV) reached R$ 23.5 billion in 1Q23, growing 12.9% compared to 1Q22.



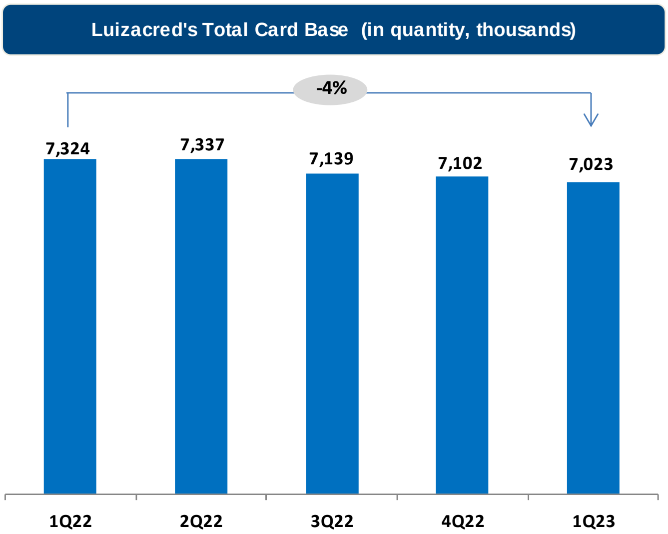
| Credit Card

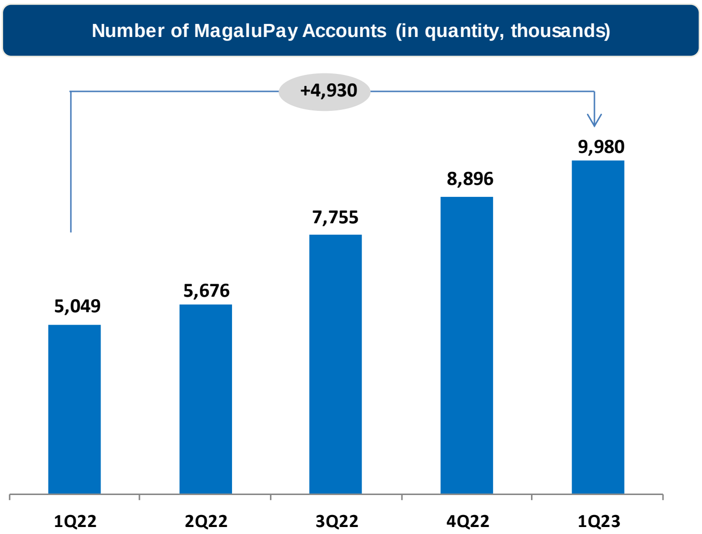
- Credit Card TPV grew 10.5% in 1Q23, reaching R$13.6 billion during the period. In-store sales to Luiza and Magalu Card customers, distinguished by their loyalty and higher purchase frequency, reached R$1.9 billion in 1Q23. Sales outside Magalu grew 14.7% in 1Q23 to R$11.7 billion.
- Luizacred's credit portfolio reached R$20.2 billion at the end of 1Q23, an increase of 8.5% over 1Q22.





- In March 2023, Luizacred's total card base reached 7.0 million cards (-4.1% versus March 2022). This includes Luiza Card and the Magalu Card.





Digital Account and Payments

- In March 2023, Magalu's digital banking initiative, MagaluPay, reached 10.0 million accounts, representing an increase of 1.1 million new accounts opened during the quarter and 4.9 million new accounts over the last twelve months.
- The total payment volume (TPV) of sub-acquiring, digital accounts and loans to sellers reached R$6.7 billion in 1Q23, growing 30.1% during the period.
- In order to improve the user experience of marketplace sellers, the Fintech Magalu team recently launched a digital account that allows the centralized management of sellers' receivables and a functionality called "Tap MagaluPay", which transforms smartphones into mobile point of sale machines. So far, more than 26,000 entrepreneurs have adopted this digital account and transacted more than R$0.3 billion in financial transactions during the quarter.

Banking as a Service (BaaS)

- Total payment volume (TPV) in the Banking as a Service segment reached R$3.2 billion in 1Q23.

ANNEX VIII
LUIZACRED

| Income Statement in IFRS

LUIZACRED – Income (R$ million)	1Q23	V.A.	1Q22	V.A.	% Chg
Financial Intermediation Revenue	728.8	100.0%	596.0	100.0%	22.3%
Financial Intermediation Expenses	(841.4)	-115.4%	(666.7)	-111.9%	26.2%
Market Funding Operations	(196.5)	-27.0%	(106.7)	-17.9%	84.1%
Provision for Loan Losses	(644.9)	-88.5%	(560.0)	-94.0%	15.2%
Gross Financial Intermediation Income	**(112.6)**	**-15.4%**	**(70.7)**	**-11.9%**	**59.2%**
Service Revenue	379.4	52.1%	340.5	57.1%	11.4%
Other Operating Revenues (Expenses)	(324.6)	-44.5%	(314.3)	-52.7%	3.3%
Personnel Expenses	(4.2)	-0.6%	(4.0)	-0.7%	6.2%
Other Administrative Expenses	(226.0)	-31.0%	(220.0)	-36.9%	2.8%
Depreciation and Amortization	(3.0)	-0.4%	(3.0)	-0.5%	-0.1%
Tax Expenses	(59.3)	-8.1%	(51.3)	-8.6%	15.5%
Other Operating Revenues (Expenses)	(32.0)	-4.4%	(36.0)	-6.0%	-11.0%
Income Before Tax	**(57.8)**	**-7.9%**	**(44.4)**	**-7.5%**	**30.0%**
Income Tax and Social Contribution	22.7	3.1%	17.7	3.0%	28.5%
Net Income	**(35.1)**	**-4.8%**	**(26.8)**	**-4.5%**	**31.0%**

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

LUIZACRED – Income (R$ million)	1Q23	V.A.	1Q22	V.A.	% Chg
Financial Intermediation Revenue	729.0	100.0%	596.1	100.0%	22.3%
Financial Intermediation Expenses	(896.7)	-123.0%	(565.6)	-94.9%	58.5%
Market Funding Operations	(196.5)	-27.0%	(106.7)	-17.9%	84.1%
Provision for Loan Losses	(700.2)	-96.1%	(458.9)	-77.0%	52.6%
Gross Financial Intermediation Income	**(167.8)**	**-23.0%**	**30.4**	**5.1%**	**-**
Service Revenue	379.4	52.0%	340.5	57.1%	11.4%
Other Operating Revenues (Expenses)	(324.6)	-44.5%	(314.3)	-52.7%	3.3%
Personnel Expenses	(4.2)	-0.6%	(4.0)	-0.7%	6.2%
Other Administrative Expenses	(226.0)	-31.0%	(220.0)	-36.9%	2.8%
Depreciation and Amortization	(3.0)	-0.4%	(3.0)	-0.5%	-0.1%
Tax Expenses	(59.3)	-8.1%	(51.3)	-8.6%	15.5%
Other Operating Revenues (Expenses)	(32.0)	-4.4%	(36.0)	-6.0%	-11.0%
Income Before Tax	**(113.0)**	**-15.5%**	**56.7**	**9.5%**	**-**
Income Tax and Social Contribution	44.8	6.1%	(22.8)	-3.8%	-
Net Income	**(68.2)**	**-9.4%**	**33.9**	**5.7%**	**-**

| Revenue from Financial Intermediation

In 1Q23, revenues from financial intermediation were R$728.8 million, up 22.3% compared to 1Q22. The increase was driven by a growth in sales and the credit card portfolio.

| Provision for Loan Losses

The portfolio of loans overdue from 15 to 90 days (NPL 15) accounted for only 3.7% of the total portfolio in Mar/23, a variation of 40 bps. compared to Dec/22. The percentage of the portfolio overdue for more than 90 days (NPL 90) reached 10.6% in March 2023, an increase of 40 bps. compared to Dec/22. This variation is related to the seasonality of the first quarter, as well as the increase in inflation and interest rates.

Luizacred's conservative credit policy and the collection efforts carried out by the stores and collection centers were, and continue to be, fundamental in minimizing the impact of recent macroeconomic conditions on the portfolio, already represented in the reduction of short-term defaults.

Provisions for bad debt expenses, net of recovery, represented 3.2% of the total portfolio in 1Q23. The overdue portfolio coverage ratio was 141% in March 2023, relatively stable in relation to Dec/22. It is worth noting that the amount of provisions remained at very high levels, significantly higher than in Mar/22.

PORTFOLIO - OVERDUE	Mar-23		Dec-22		Sep-22		Jun-22		Mar-22	
000 to 014 days	17,343	85.7%	17,786	86.5%	17,534	87.3%	17,770	89.3%	16,816	90.2%
015 to 030 days	161	0.8%	146	0.7%	136	0.7%	115	0.6%	140	0.8%
031 to 060 days	249	1.2%	215	1.0%	229	1.1%	192	1.0%	196	1.1%
061 to 090 days	338	1.7%	325	1.6%	327	1.6%	291	1.5%	253	1.4%
091 to 120 days	285	1.4%	324	1.6%	299	1.5%	242	1.2%	211	1.1%
121 to 150 days	274	1.4%	287	1.4%	254	1.3%	257	1.3%	195	1.0%
151 to 180 days	258	1.3%	274	1.3%	249	1.2%	212	1.1%	170	0.9%
180 to 360 days	1,321	6.5%	1,209	5.9%	1,048	5.2%	820	4.1%	658	3.5%
Portfolio (R$ million)	**20,230**	**100.0%**	**20,566**	**100.0%**	**20,076**	**100.0%**	**19,899**	**100.0%**	**18,639**	**100.0%**
Receipt expectation of loan portfolio overdue above 360 days	262		230		215		203		195	
Total Portfolio in IFRS 9 (R$ million)	**20,492**		**20,797**		**20,291**		**20,102**		**18,834**	
Overdue 15-90 days	749	3.7%	686	3.3%	691	3.4%	598	3.0%	589	3.2%
Overdue Above 90 days	2,138	10.6%	2,095	10.2%	1,851	9.2%	1,532	7.7%	1,235	6.6%
Total Overdue	**2,887**	14.3%	**2,780**	13.5%	**2,542**	12.7%	**2,129**	10.7%	**1,824**	9.8%
Provisions for loan losses on Portfolio	2,678	13.2%	2,602	12.7%	2,406	12.0%	2,076	10.4%	1,766	9.5%
Provisions for loan losses on available limit	344	1.7%	320	1.6%	329	1.6%	373	1.9%	368	2.0%
Total Provisions for loan losses in IFRS 9	**3,022**	14.9%	**2,922**	14.2%	**2,735**	13.6%	**2,449**	12.3%	**2,135**	11.5%
Coverage of Portfolio (%)	125%		124%		130%		136%		143%	
Coverage of Total Portfolio (%)	141%		140%		148%		160%		173%	

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

| Financial Intermediation Gross Results

Financial intermediation gross results were negative R$112.6 million in 1Q23, driven in large part by conservative provisioning due to the strong growth of the portfolio and by the increase in interest rates.

| Service Revenue and Other Operating Revenues (Expenses)

Service revenues grew 11.4% in 1Q23, reaching R$379.4 million. This was largely attributable to an increase in revenue growth. During the same period, operating expenses were R$324.6 million, growing by 3.3%.

| Operating Income and Net Income

In 1Q23, Luizacred recorded a net loss of R$35.1 million under IFRS. Using the accounting practices established by the Brazilian Central Bank, the net loss was R$68.2 million during the period.

| Shareholders´ Equity

In compliance with the same practices, Luizacred posted shareholders' equity of R$994.1 million in March 2023. As a result of adjustments required under IFRS, specifically additional provisions for expected losses, net of taxes, Luizacred's shareholders' equity for the purposes of Magazine Luiza's financial statements came to R$718.4 million.

ANNEX IX
OPERATIONAL GUIDANCE

| Quarterly update

In order to facilitate analysis of the evolution of the Company's logistics infrastructure, Magalu is sharing key indicators such as the number of distribution centers, dedicated cross-docking stations, total storage area and the number of physical stores. Since Magalu's physical stores and e-commerce operations are completely integrated, the total storage area metric also includes the area of the physical stores that is dedicated to handling and stocking goods.

In a material fact published on July 15, 2021, the Company published projections for the period ended in December 31, 2021 and in December 31, 2022 and the period ending in December 31, 2023.

Magalu ended 1Q23 with 23 distribution centers, 246 cross-docking stations and 1,302 physical stores.

	Accomplished 1Q23	Guidance 2023
Total Logistics Units	269	450
Number of Distribution Centers	23	33
Number of Cross-docking Hubs	246	417
Number of Stores	1,302	1,680
Total Storage Area	1,282	2,000

CONFERENCE CALL DETAILS

Conference Call in Portuguese with simultaneous translation to English

Tuesday, Mar 16th, 2023
09:00 – Brasilia time
08:00 – New York time (EST)

Conference Call Access

Twitter:
@ri_magalu

Investor Relations

Roberto Bellissimo
CFO and IR Director

Simon Olson
Director IR and New Business

Vanessa Rossini
IR Manager

Lucas Ozorio
IR Coordinator

Natassia Lima
IR Analyst

Tiemi Akiyama
IR Analyst

Tel: +55 11 3504-2727
ri@magazineluiza.com.br

About Magazine Luiza

Magazine Luiza, or Magalu, is a technology and logistics company focused on the retail sector. From its humble origins as a traditional retailer providing electronics and home appliances to Brazil's rising middle class, the company has since transformed into a technology powerhouse providing a wide array of products to Brazilians of all classes. Magalu has one of the largest geographic footprints with 23 distribution centers serving a network of 1,302 stores in 20 states. At the heart of the company's success is an omnichannel retail platform capable of reaching customers via mobile app, web and physical stores. A large part of the company's success is attributable to its in-house development team, Luizalabs, which consists of more than 2,000 engineers and product development specialists. Among other things, engineers from Luizalabs use technologies such as big data and machine learning to create logistics, fintech and inventory apps which remove friction from the retail process, improving margins, delivery times and customer experience. The company has been at the forefront of e-commerce adoption in Latin America and its profitable e-commerce operation currently accounts for over 73% of total sales. Magazine Luiza has also been a logistics pioneer. The company's integrated online and offline logistics operations enable it to leverage its physical presence to radically reduce delivery times and costs in a sustainable way. The result is the fastest, lowest cost logistics network in Brazil.

EBITDA, Adjusted EBITDA and Adjusted Net Income

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

Disclaimer