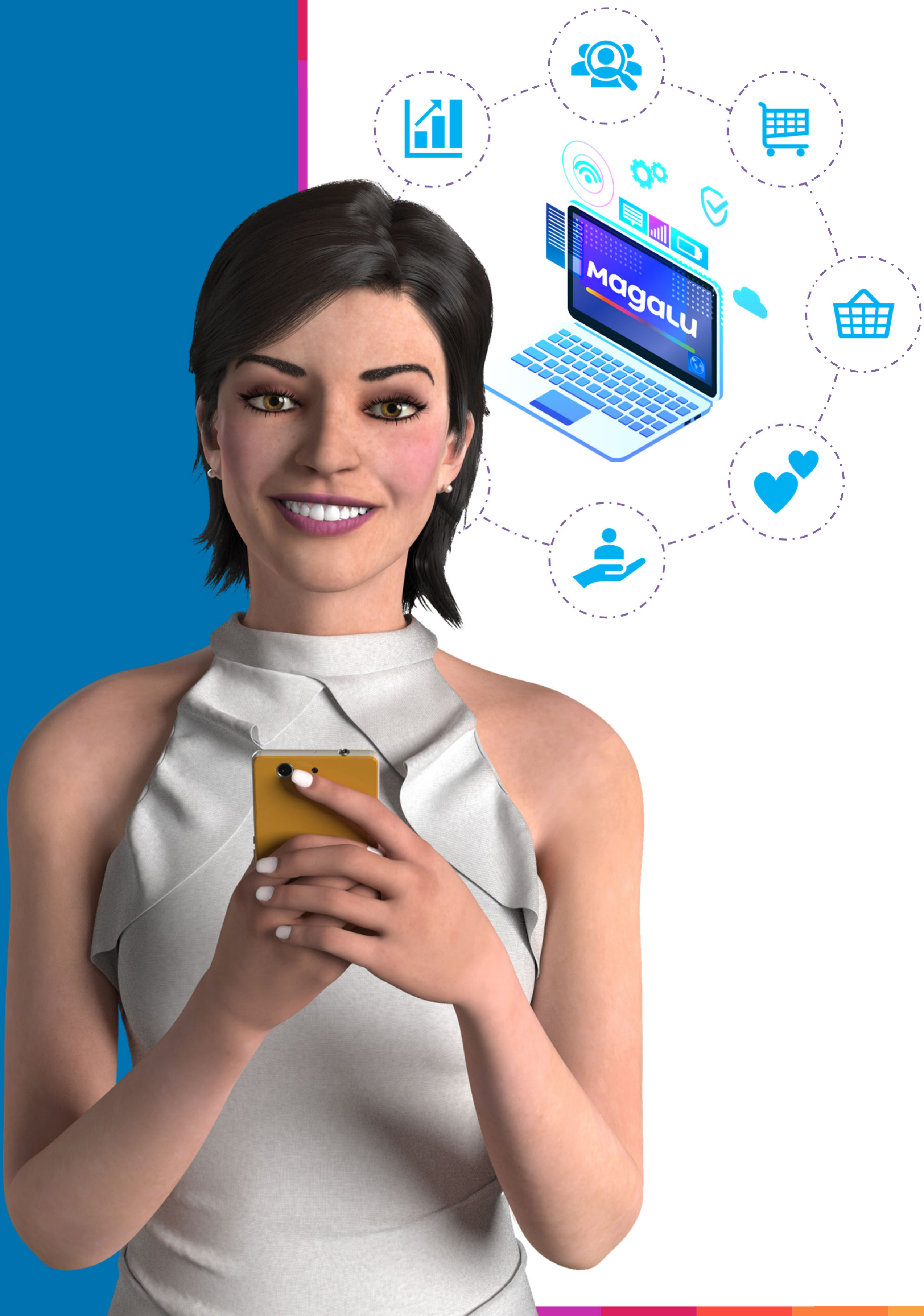
Interim Financial Information – ITR – Quarterly information
September 30, 2021

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



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Independent auditor’s report on quarterly information

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

Introduction
We have reviewed the individual and consolidated interim financial information of Magazine Luiza S.A. ("Company”), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2021, which comprise the balance sheet as of September 30, 2021 and related statements of income, of comprehensive income for the three- and nine-month periods then ended, of changes in shareholders' equity and of cash flows for the nine-month period then ended, including the explanatory notes.

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

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

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

Other matters - Statements of added value
The aforementioned interim quarterly information includes the individual and consolidated statements of added value for the nine-month period ended September 30, 2021, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and book records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any facts that may lead us to believe that these statements of added value have not been prepared, in all material respects, in accordance with the criteria set forth in this Standard and consistently with respect to the individual and consolidated interim financial information taken as a whole.

São Paulo, November 11, 2021

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

(Original in Portuguese signed by)
Marcelle Mayume Komukai
Accountant CRC 1SP249703/O-5

Magazine Luiza S.A.

Balance sheets at September 30, 2021 and December 31, 2020
(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	5	**134,249**	1,281,569	**751,223**	1,681,376
Securities	6	**1,080,139**	1,220,095	**1,354,190**	1,221,779
Accounts receivable	7	**3,788,677**	3,460,711	**5,427,841**	4,761,899
Inventories	8	**7,543,685**	5,459,037	**8,126,343**	5,927,236
Accounts receivable from related parties	9	**3,205,119**	2,661,364	**2,824,606**	2,329,648
Recoverable taxes	10	**1,015,343**	594,782	**1,148,146**	716,118
Other assets		**154,117**	121,925	**241,657**	160,754
Total current assets		**16,921,329**	14,799,483	**19,874,006**	16,798,810
Non-current assets					
Accounts receivable	7	**-**	16,140	**-**	16,140
Recoverable taxes	10	**1,026,530**	740,927	**1,077,311**	787,934
Deferred income tax and social contribution	11	**434,634**	164,047	**470,702**	196,736
Judicial deposits	22	**964,404**	660,734	**1,173,454**	843,852
Other assets		**4,260**	3,703	**6,693**	6,333
Investments in subsidiaries	12	**2,299,387**	1,318,347	**-**	-
Investments in jointly-owned subsidiaries	13	**454,526**	386,725	**454,526**	386,725
Right-of-use of leases	14	**3,014,600**	2,441,539	**3,048,365**	2,465,514
Property, plant and equipment	15	**1,607,077**	1,171,758	**1,746,769**	1,258,162
Intangible assets	16	**689,595**	593,427	**2,697,674**	1,886,997
Total non-current assets		**10,495,013**	7,497,347	**10,675,494**	7,848,393
Total assets		**27,416,342**	22,296,830	**30,549,500**	24,647,203

See the accompanying notes to the interim financial information.

Magazine Luiza S.A.

Balance sheets at September 30, 2021 and December 31, 2020
(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Liabilities					
Current liabilities					
Suppliers	17	**8,488,434**	7,679,861	**9,177,531**	8,501,398
Partners and other deposits	18	**-**	-	**1,577,740**	718,482
Loans and financing	19	**11,335**	1,666,243	**12,412**	1,667,181
Salaries, vacations and social security charges		**291,019**	294,314	**437,678**	359,721
Taxes payable		**81,149**	331,113	**144,289**	401,308
Accounts payable to related parties	9	**186,698**	189,135	**56,780**	130,286
Leases	14	**398,447**	340,801	**411,732**	351,152
Deferred revenue	20	**39,157**	39,157	**50,303**	43,009
Dividends payable	23	**-**	39,953	**-**	39,953
Other accounts payable	21	**1,061,673**	931,602	**1,476,336**	1,203,655
Total current liabilities		**10,557,912**	11,512,179	**13,344,801**	13,416,145
Non-current liabilities					
Loans and financing	19	**2,337,865**	17,725	**2,339,623**	19,581
Leases	14	**2,688,341**	2,156,522	**2,713,111**	2,175,152
Deferred income tax and social contribution	11	**-**	-	**23,711**	24,843
Provision for tax, civil and labor risks	22	**712,311**	998,250	**992,200**	1,379,935
Deferred revenue	20	**247,374**	286,867	**259,337**	301,270
Other accounts payable	21	**-**	-	**4,178**	4,990
Total non-current liabilities		**5,985,891**	3,459,364	**6,332,160**	3,905,771
Total liabilities		**16,543,803**	14,971,543	**19,676,961**	17,321,916
Shareholders' equity	23				
Capital		**9,852,497**	5,952,282	**9,852,497**	5,952,282
Capital reserve		**350,826**	390,644	**350,826**	390,644
Treasury shares		**(1,275,138)**	(603,681)	**(1,275,138)**	(603,681)
Legal reserve		**122,968**	122,968	**122,968**	122,968
Profit reserve		**1,321,729**	1,451,923	**1,321,729**	1,451,923
Equity valuation adjustment		**1,964**	11,151	**1,964**	11,151
Income for the period		**497,693**	-	**497,693**	-
Total shareholders' equity		**10,872,539**	7,325,287	**10,872,539**	7,325,287
Total liabilities and shareholders' equity		**27,416,342**	22,296,830	**30,549,500**	24,647,203

See the accompanying notes to the interim financial information.

Magazine Luiza S.A.

Statements of income
Nine-month period and quarters ended September 30, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Note	Nine-month period ended				Quarter			
		Parent company		Consolidated		Parent company		Consolidated	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Net revenue from sales	24	**23,093,131**	17,111,206	**25,878,154**	19,111,320	**7,522,017**	7,491,409	**8,612,033**	8,308,326
Cost of goods resold and services rendered	25	**(18,070,579)**	(12,829,075)	**(19,765,650)**	(14,076,909)	**(6,317,358)**	(5,614,213)	**(6,877,900)**	(6,129,592)
Gross income		**5,022,552**	4,282,131	**6,112,504**	5,034,411	**1,204,659**	1,877,196	**1,734,133**	2,178,734
Operating revenues (expenses)									
From sales	26	**(4,041,143)**	(2,996,347)	**(4,614,738)**	(3,487,191)	**(1,235,543)**	(1,258,968)	**(1,583,116)**	(1,432,585)
General and administrative expenses	26	**(577,526)**	(488,865)	**(703,367)**	(617,311)	**(211,016)**	(197,579)	**(222,169)**	(240,690)
Expected credit loss		**(91,230)**	(74,611)	**(98,309)**	(84,457)	**(29,525)**	(20,955)	**(31,720)**	(25,381)
Depreciation and amortization	14|15|16	**(497,608)**	(412,779)	**(590,829)**	(516,286)	**(174,107)**	(132,963)	**(207,801)**	(169,190)
Equity in investments	12|13	**373,966**	29,247	**99,906**	95,798	**166,724**	61,483	**46,176**	65,900
Other operating revenues, net	26|27	**367,435**	85,292	**499,458**	81,184	**144,338**	3,518	**191,450**	91
		(4,466,106)	(3,858,063)	**(5,407,879)**	(4,528,263)	**(1,339,129)**	(1,545,464)	**(1,807,180)**	(1,801,855)
Operating income (loss) before financial income		**556,446**	424,068	**704,625**	506,148	**(134,470)**	331,732	**(73,047)**	376,879
Financial revenues		**294,878**	164,145	**304,960**	144,608	**218,061**	54,704	**219,301**	56,105
Financial expenses		**(656,938)**	(388,578)	**(745,943)**	(436,278)	**(226,865)**	(127,657)	**(260,280)**	(158,807)
Financial income (loss)	28	**(362,060)**	(224,433)	**(440,983)**	(291,670)	**(8,804)**	(72,953)	**(40,979)**	(102,702)
Operating income (loss) before income tax and social contribution		**194,386**	199,635	**263,642**	214,478	**(143,274)**	258,779	**(114,026)**	274,177
Deferred income tax and social contribution	11	**303,307**	(27,412)	**234,051**	(42,255)	**286,790**	(52,822)	**257,542**	(68,220)
Net income for the period		**497,693**	172,223	**497,693**	172,223	**143,516**	205,957	**143,516**	205,957
Income attributable to:									
Controlling shareholders		**497,693**	172,223	**497,693**	172,223	**143,516**	205,957	**143,516**	205,957
Earnings per share									
Basic (R$ per share)	23	**0.075**	0.027	**0.075**	0.027	**0.022**	0.032	**0.022**	0.032
Diluted (R$ per share)	23	**0.075**	0.026	**0.075**	0.026	**0.022**	0.031	**0.022**	0.031

See the accompanying notes to the interim financial information.

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Statements of comprehensive income
Nine-month period and quarters ended September 30, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Nine-month period ended		Quarter	
	Parent company and Consolidated		Parent company and Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Net revenue for the period	**497,693**	172,223	**143,516**	205,957
Items that can subsequently be reclassified to income (loss):				
Investment assessed under the equity method - interest in Other Comprehensive Income - OCI	**(15,433)**	8,854	**(3,983)**	(1,914)
Tax effects	**6,245**	(2,993)	**1,693**	812
Total	**(9,188)**	5,861	**(2,290)**	(1,102)
Financial assets measured at fair value – FVOCI	**-**	(25,612)	**-**	10,556
Tax effects	**-**	8,706	**-**	(3,590)
Total	**-**	(16,906)	**-**	6,966
Total items that can subsequently be reclassified to profit or loss	**(9,188)**	(11,045)	**(2,290)**	5,864
Total other comprehensive income for the period, net of taxes	**488,505**	161,178	**141,226**	211,821
Attributable to:				
Controlling shareholders	**488,505**	161,178	**141,226**	211,821

See the accompanying notes to the interim financial information.

Magazine Luiza S.A.

Statements of changes in shareholders' equity
Nine-month period ended September 30, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Note	Capital	Capital reserve	Treasury shares	Legal reserve	Profit reserve: Working capital reinforcement reserve	Profit reserve: Additional dividends proposed	Profit reserve: Tax incentive reserve	Net income for the period	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		-	56,577	-	-	-	-	-	-	-	56,577
Treasury shares acquired		-	-	(268,974)	-	-	-	-	-	-	(268,974)
Treasury shares sold		-	(111,531)	93,649	-	-	-	-	-	-	(17,882)
Acquisition consideration		-	79,843	-	-	-	-	-	-	-	79,843
Interest on own capital		-	-	-	-	-	(170,000)	-	-	-	(170,000)
Additional dividends proposed		-	-	-	-	-	(29,074)	-	-	-	(29,074)
Profit reserve		-	-	-	-	138,274	(138,274)	-	-	-	-
Net revenue for the period		-	-	-	-	-	-	-	172,223	-	172,223
		-	24,889	(175,325)	-	138,274	(337,348)	-	172,223	-	(177,287)
Other comprehensive income:											
Equity valuation adjustment		-	-	-	-	-	-	-	-	(11,045)	(11,045)
Balances at September 30, 2020		5,952,282	348,152	(299,858)	109,001	896,695	-	205,987	172,223	(7,877)	7,376,605
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
Issue of common shares	23	**3,981,250**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,981,250**
Expenditure with issue of shares, net of taxes	23	**(81,035)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(81,035)**
Stock option plan	23	**-**	**64,147**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**64,147**
Treasury shares acquired	23	**-**	**-**	**(862,659)**	**-**	**-**	**-**	**-**	**-**	**-**	**(862,659)**
Treasury shares sold or delivered in stock options plans	23	**-**	**(199,565)**	**191,202**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,363)**
Acquisition consideration	23	**-**	**95,600**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**95,600**
Profit reserve		**-**	**-**	**-**	**-**	**-**	**(130,194)**	**-**	**-**	**-**	**(130,194)**
Net revenue for the period	23	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**497,693**	**-**	**497,693**
		3,900,215	**(39,818)**	**(671,457)**	**-**	**-**	**(130,194)**	**-**	**497,693**	**-**	**3,556,439**
Other comprehensive income:											
Equity valuation adjustment		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,187)**	**(9,187)**
Balances at September 30, 2021		**9,852,497**	**350,826**	**(1,275,138)**	**122,968**	**1,003,374**	**-**	**318,355**	**497,693**	**1,964**	**10,872,539**

See the accompanying notes to the interim financial information.

Magazine Luiza S.A.

Statements of cash flows
Nine-month period ended September 30, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Note	Parent company		Consolidated	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cash flow from operating activities					
Net revenue for the period		**497,693**	172,223	**497,693**	172,223
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	**(303,307)**	27,412	**(234,051)**	42,255
Depreciation and amortization	14|15|16	**497,608**	412,779	**590,829**	516,286
Interest on loans, financing and leases	14|19	**242,641**	165,402	**244,206**	170,723
Gain (loss) on marketable securities		**(23,716)**	(43,503)	**(23,716)**	(43,510)
Equity in investments	12|13	**(373,966)**	(29,247)	**(99,906)**	(95,798)
Changes in provision for loss in assets	7|8	**519,188**	13,889	**534,293**	8,521
Provision for tax, civil and labor risks	22	**(282,493)**	162,888	**(411,844)**	181,717
Loss on sale of property, plant and equipment	15|27	**(106)**	2,051	**(177)**	1,897
Appropriation of deferred revenue	27	**(40,029)**	(40,527)	**(42,374)**	(42,644)
Stock option plan expenses		**63,100**	71,020	**63,100**	71,020
Adjusted net income for the period		**796,613**	914,387	**1,118,053**	982,690
(Increase) decrease in operating assets:					
Accounts receivable		**(414,652)**	(203,895)	**(709,603)**	(1,201,818)
Securities		**163,672**	2,768,056	**(108,695)**	2,766,283
Inventories		**(2,501,010)**	(965,597)	**(2,623,495)**	(1,115,087)
Accounts receivable from related parties		**(551,078)**	(1,339,190)	**(502,281)**	(1,019,120)
Recoverable taxes		**(767,711)**	271,599	**(777,457)**	281,653
Judicial deposits		**(303,670)**	(169,471)	**(329,602)**	(190,387)
Other assets		**(29,888)**	36,345	**(63,711)**	49,053
Changes in operating assets		**(4,404,337)**	397,847	**(5,114,844)**	(429,423)
Increase (decrease) in operating liabilities:					
Suppliers		**808,573**	21,887	**675,517**	163,994
Partners and other deposits		**-**	-	**730,275**	627,260
Salaries, vacations and social security charges		**(3,295)**	60,281	**71,467**	86,127
Taxes payable		**(188,186)**	(171,677)	**(221,695)**	(172,409)
Accounts payable to related parties		**(2,437)**	27,490	**(73,506)**	(42,342)
Other accounts payable		**37,839**	272,580	**(101,184)**	253,510
Changes in operating liabilities		**652,494**	210,561	**1,080,874**	916,140
Income tax and social contribution		**(5,475)**	(41,169)	**(67,697)**	(66,720)
Dividends received		**29,454**	27,362	**29,454**	27,362
Cash flow generated by (invested in) in operating activities		**(2,931,251)**	1,508,988	**(2,954,160)**	1,430,049
Cash flow from investment activities					
Acquisition of property, plant and equipment and right-of-use costs	15	**(590,011)**	(179,229)	**(629,277)**	(196,169)
Acquisition of intangible assets	16	**(149,819)**	(110,522)	**(227,734)**	(132,901)
Capital increase in subsidiary	12	**(605,705)**	(342,769)	**-**	-
Payment for acquisition of subsidiary, net of acquired cash		**-**	-	**(168,227)**	(71,401)
Cash flow invested in investment investing activities		**(1,345,535)**	(632,520)	**(1,025,238)**	(400,471)
Cash flow from financing activities					
Loans and financing	19	**2,300,000**	800,000	**2,300,000**	800,000
Payment of loans and financing	19	**(1,609,108)**	(9,494)	**(1,679,408)**	(20,630)
Payment of interest on loans and financing	19	**(106,819)**	(638)	**(106,819)**	(727)
Lease payment	14	**(261,626)**	(202,493)	**(270,023)**	(214,600)
Payment of interest on lease operations	14	**(176,351)**	(141,674)	**(177,875)**	(146,994)
Payment of dividends		**(146,133)**	(299,405)	**(146,133)**	(299,405)
Acquisition of treasury shares, net of disposal		**(770,712)**	(262,529)	**(770,712)**	(262,529)
Funds from issue of shares	23	**3,981,250**	-	**3,981,250**	-
Payments of expenditures with share issuance, net of taxes	23	**(81,035)**	-	**(81,035)**	-
Cash flow generated by (invested in) financing activities		**3,129,466**	(116,233)	**3,049,245**	(144,885)
(Decrease) Increase in the balance of cash and cash equivalents		**(1,147,320)**	760,235	**(930,153)**	884,693
Cash and cash equivalents at the beginning of the period		**1,281,569**	180,799	**1,681,376**	305,746
Cash and cash equivalents at the end of the period		**134,249**	941,034	**751,223**	1,190,439
(Decrease) Increase in the balance of cash and cash equivalents		**(1,147,320)**	760,235	**(930,153)**	884,693

See the accompanying notes to the interim financial information.

Magazine Luiza S.A.

Statements of added value
Nine-month period ended September 30, 2021 and 2020
(Amounts expressed in thousands of reais – R$)

	Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Revenues				
Sale of goods, products and services	**26,942,156**	20,310,284	**30,224,668**	22,720,802
Allowance for doubtful accounts, net of reversals	**(91,230)**	(74,611)	**(98,309)**	(84,457)
Other operating revenues	**679,559**	92,305	**760,537**	99,097
	27,530,485	20,327,978	**30,886,896**	22,735,442
Inputs acquired from third parties				
Cost of goods resold and services rendered	**(19,243,477)**	(14,218,753)	**(20,914,239)**	(15,357,473)
Materials, energy, outsourced services and other	**(3,227,777)**	(2,069,918)	**(3,553,310)**	(2,521,928)
Loss and recovery of asset values	**(423,418)**	82,999	**(429,511)**	82,568
	(22,894,672)	(16,205,672)	**(24,897,060)**	(17,796,833)
Gross added value	**4,635,813**	4,122,306	**5,989,836**	4,938,609
Depreciation and amortization	**(497,608)**	(412,779)	**(590,829)**	(516,286)
Net added value produced by the Entity	**4,138,205**	3,709,527	**5,399,007**	4,422,323
Added value received as transfer				
Equity in investments	**373,966**	29,247	**99,906**	95,798
Financial revenues	**294,878**	164,145	**304,960**	144,608
Total added value payable	**4,807,049**	3,902,919	**5,803,873**	4,662,729
Distribution of added value				
Personnel and charges:				
Direct remuneration	**1,172,310**	835,848	**1,425,867**	990,789
Benefits	**278,959**	337,068	**342,355**	327,185
FGTS	**93,595**	73,896	**123,504**	87,917
	1,544,864	1,246,812	**1,891,726**	1,405,891
Taxes, duties and contributions:				
Federal	**131,727**	394,241	**516,467**	600,678
State	**1,866,251**	1,624,157	**1,988,828**	1,941,233
Municipal	**54,221**	52,612	**80,568**	63,778
	2,052,199	2,071,010	**2,585,863**	2,605,689
Third parties' capital remuneration:				
Interest	**600,135**	321,666	**683,663**	331,396
Rentals	**49,245**	28,589	**58,528**	48,263
Other	**62,913**	62,619	**86,400**	99,267
	712,293	412,874	**828,591**	478,926
Remuneration of own capital:				
Retained earnings	**497,693**	172,223	**497,693**	172,223
	4,807,049	3,902,919	**5,803,873**	4,662,729

See the accompanying notes to the interim financial information.

Notes to the interim financial information

1. General information

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

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

As at September 30, 2021, the Company owned 1,412 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.estantevirtual.com.br and their respective mobile applications, as well as the AiQfome, Tonolucro and Plus Delivery food delivery applications.

As of November 11, 2021, the Board of Directors authorized the issue of the interim financial statements.

2. Presentation and preparation of interim financial statements

2.1. Accounting policies

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

The individual and consolidated interim financial information is prepared in accordance with technical pronouncement CPC 21 (R1) (interim financial reporting) and with the international standard IAS 34, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

The practices, policies and main accounting judgments adopted in the preparation of the individual and consolidated interim financial information are consistent with those adopted and disclosed under the Notes to the financial statements for the year ended December 31, 2020, which were disclosed as at March 08, 2021 and should be read jointly.

The Statement of Value Added (“DVA”) aims at evidencing the wealth created by the Company and its Subsidiaries and its distribution during a determined period and is presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), once it is a statement that is not foreseen or mandatory under the International Financial Reporting Standards (IFRS).

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

2.2. Impacts related to the Covid-19 pandemic

Since the beginning of 2020, the Covid-19 spread has been affecting businesses and economic activities on a global scale. 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. Said analyzes are described in the financial statements for the year 2020, which should be read in conjunction with this interim information.

In the nine-month period ended September 30, 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 its budget and financial planning for the year 2021, the Company did not see any indications of impairment of its assets. Additionally, on the date of disclosure of this interim information, all of the Company's brick-and-mortar stores were operating normally.

3. New standards, amendments and interpretations of standards

The amended standards and effective interpretations for the year started on January 1, 2021 did not impact this Company’s interim financial information. Several other reviews of standards and interpretations are underway by the IASB, and the Company will assess them in due course.

4. Notes included in the Financial Statements as at December 31, 2020 not presented in this interim financial information

The interim information is presented in accordance with technical pronouncements CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) observing the provisions contained under Official-Circular/CVM/SNC/SEP 003/2011 of April 28, 2011. The preparation of the interim financial information involves judgment by the Company’s management in relation to the relevance and alterations that should be disclosed in the Notes to the interim financial information. In this manner, the interim financial information includes selected notes and does not contemplate all of the notes presented in the financial statements for the year ended December 31, 2020. As permitted by Official Circular 03/2011, issued by the Brazilian Securities and Exchange Commission (CVM), the following notes and their references to the financial statements for the year ended December 31, 2020 were not presented herein:

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

5. Cash and cash equivalents

	Rates	Parent company 09/30/2021	Parent company 12/31/2020	Consolidated 09/30/2021	Consolidated 12/31/2020
Cash		**66,638**	62,235	**67,750**	62,595
Banks		**62,622**	92,660	**333,699**	299,571
Bank deposit certificates	70–101% CDI	**4,989**	1,126,674	**316,928**	1,286,791
Non-exclusive investment funds	92.5–100% CDI	**-**	-	**32,846**	32,419
Total		**134,249**	1,281,569	**751,223**	1,681,376

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

6. Securities

Financial assets	Rates	Parent company 09/30/2021	Parent company 12/31/2020	Consolidated 09/30/2021	Consolidated 12/31/2020
Non-exclusive investment fund	97% CDI	**12,572**	12,287	**286,463**	13,811
Exclusive investment fund:	(a)				
Federal Government Securities and repo operations	Note 9	**1,067,567**	1,207,808	**1,067,727**	1,207,968
Total		**1,080,139**	1,220,095	**1,354,190**	1,221,779

(a) Refers to exclusive fixed income investment funds. As at September 30, 2021 and December 31, 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 103% of the CDI rate to the Company.

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

7. Accounts receivable

	Parent company 09/30/2021	Parent company 12/31/2020	Consolidated 09/30/2021	Consolidated 12/31/2020
Trade accounts receivable:				
Credit cards (a)	**2,793,997**	2,641,426	**4,187,284**	3,847,324
Debit cards (a)	**12,100**	9,617	**16,557**	9,599
Own credit plan (b)	**647,019**	519,086	**647,019**	519,086
Client services (c)	**129,374**	146,375	**163,967**	185,702
Other accounts receivable (d)	**21,311**	23,242	**223,696**	99,805
Total trade accounts receivable	**3,603,801**	3,339,746	**5,238,523**	4,661,516
Receivables from commercial agreements (e)	**467,576**	296,452	**490,495**	318,050
Provision for expected credit loss	**(121,622)**	(95,832)	**(140,099)**	(115,207)
Adjustment to present value	**(161,078)**	(63,515)	**(161,078)**	(86,320)
Total	**3,788,677**	3,476,851	**5,427,841**	4,778,039
Current assets	**3,788,677**	3,460,711	**5,427,841**	4,761,899
Non-current assets	**-**	16,140	**-**	16,140

The average term to receive trade accounts receivable is of 33 days in the parent company and 42 days in the consolidated as of September 30, 2021 (33 days in the parent company and 36 in the 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 September 30, 2021, the Company had credits assigned to acquirers and financial institutions amounting to R$ 3,065,764 (R$ 3,498,647 as of December 31, 2020) in the Parent Company and R$ 4,765,319 (R$ 4,547,865 as of December 31, 2020) in Consolidated, over which a discount varying +0.25% +1.34% of the CDI rate is applied. The Company, through credit assignment operations of receivables from credit cards, transfers to the acquirers and to the financial institutions all of the risks of receiving from customers and, in this manner, settles its accounts receivable related to these credits.

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

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

(d) Refers 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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Opening balance	**(95,832)**	(93,248)	**(115,207)**	(109,274)
(+) Additions	**(102,826)**	(116,952)	**(109,905)**	(127,018)
(-) Write-offs	**77,036**	114,368	**85,013**	121,085
Closing balance	**(121,622)**	(95,832)	**(140,099)**	(115,207)

The credit risk analysis is presented in note 30.

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

	Trade accounts receivable				Receivables from commercial agreements			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Amounts falling due (days):								
Up to 30	**210,190**	445,562	**442,152**	623,483	**32,615**	30,090	**43,277**	26,315
31–60	**445,571**	234,265	**567,563**	322,979	**113,201**	22,039	**116,601**	27,233
61–90	**492,833**	244,400	**678,634**	390,644	**184,390**	78,655	**187,030**	78,655
91–180	**1,332,806**	1,199,670	**1,954,573**	1,738,314	**122,079**	140,868	**124,002**	140,868
181–360	**991,731**	1,101,008	**1,447,883**	1,442,375	**-**	6,178	**-**	6,178
>361	**35,767**	49,969	**35,807**	49,981	**-**	-	**-**	-
	3,508,898	3,274,874	**5,126,612**	4,567,776	**452,285**	277,830	**470,910**	279,249
Overdue (in days):								
Up to 30	**25,792**	19,338	**26,632**	23,792	**6,971**	5,506	**10,061**	20,531
31–60	**17,792**	11,029	**17,792**	13,030	**1,469**	3,209	**3,155**	5,543
61–90	**14,738**	8,815	**14,738**	10,225	**1,642**	1,153	**1,722**	2,346
91–180	**36,581**	25,690	**52,749**	46,693	**5,209**	8,754	**4,647**	10,381
	94,903	64,872	**111,911**	93,740	**15,291**	18,622	**19,585**	38,801
Total	**3,603,801**	3,339,746	**5,238,523**	4,661,516	**467,576**	296,452	**490,495**	318,050

8. Inventories

	Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Goods for resale	**7,955,833**	5,518,661	**8,534,756**	5,989,773
Consumption material	**41,930**	30,484	**60,089**	38,641
Provisions for inventory losses	**(454,078)**	(90,108)	**(468,502)**	(101,178)
Total	**7,543,685**	5,459,037	**8,126,343**	5,927,236

As at September 30, 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).

The balances of inventories of goods for resale increased significantly on the base date of this interim information, based on the supply for the promotional campaigns in the last quarter of the year (mainly Black Friday). The Company, based on the commercial planning for these campaigns, carried out an analysis of the net realizable value of its inventories on the base date and, based on this analysis, increased its provision for losses in the amount of R$ 395,049.

Changes in the provision for inventory loss are demonstrated below:

	Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Opening balance	**(90,108)**	(176,515)	**(101,178)**	(195,848)
Formation of provision	**(416,362)**	(95,946)	**(424,388)**	(100,830)
Inventory written-off or sold	**52,392**	182,353	**57,064**	195,500
Closing balance	**(454,078)**	(90,108)	**(468,502)**	(101,178)

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9. Related parties

Company	Assets (Liabilities)				Income (loss) for the nine-month period				Income (loss) for the quarter			
	Parent company		Consolidated		Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Luizacred (i)												
Commissions for services rendered	2,668	3,545	2,668	3,545	176,655	133,376	176,655	133,376	58,270	38,528	58,270	38,528
Credit card	2,819,796	2,249,014	2,819,796	2,249,014	(145,936)	(87,139)	(145,936)	(87,139)	(43,926)	(19,065)	(43,926)	(19,065)
Transfer of receivables	(30,616)	(41,894)	(30,616)	(41,894)	-	-	-	-	-	-	-	-
Dividends receivable	-	12,949	-	12,949	-	-	-	-	-	-	-	-
Reimbursement of shared expenses	4,314	3,983	4,314	3,983	88,941	63,598	88,941	63,598	32,416	14,433	32,416	14,433
	2,796,162	2,227,597	2,796,162	2,227,597	119,660	109,835	119,660	109,835	46,760	33,896	46,760	33,896
Luizaseg (ii)												
Commissions for services rendered	36,598	45,894	36,598	45,894	324,102	257,605	324,102	257,605	116,157	125,637	116,157	125,637
Dividends receivable	-	7,323	-	7,323	-	-	-	-	-	-	-	-
Transfer of receivables	(59,054)	(71,029)	(59,054)	(71,029)	-	-	-	-	-	-	-	-
	(22,456)	(17,812)	(22,456)	(17,812)	324,102	257,605	324,102	257,605	116,157	125,637	116,157	125,637
Total jointly-owned Subsidiaries	2,773,706	2,209,785	2,773,706	2,209,785	443,762	367,440	443,762	367,440	162,917	159,533	162,917	159,533
Netshoes (iii)												
Transfer of receivables	(219)	(1,075)	-	-	-	-	-	-	-	-	-	-
Discount of securities	-	-	(2,779)	(1,692)	-	-	-	-	-	-	-	-
Commissions for services rendered	-	-	-	-	6,195	344	-	-	3,599	(412)	-	-
	(219)	(1,075)	(2,779)	(1,692)	6,195	344	-	-	3,599	(412)	-	-
Época Cosméticos (iv)												
Commissions for services rendered	249	552	-	-	2,169	1,304	-	-	788	644	-	-
Consórcio Luiza (v)												
Commissions for services rendered	1,488	2,586	-	-	11,147	5,952	-	-	4,057	1,409	-	-
Consortium groups	(302)	(434)	(302)	(434)	-	-	-	-	-	-	-	-
	1,186	2,152	(302)	(434)	11,147	5,952	-	-	4,057	1,409	-	-
Magalog (vi)												
Transfer of receivables	(48,211)	(55,609)	-	-	-	-	-	-	-	-	-	-
Freight expenses	-	-	-	-	(577,678)	(91,970)	-	-	(261,712)	(52,456)	-	-
	(48,211)	(55,609)	-	-	(577,678)		-	-	(261,712)	(52,456)	-	-
Magalu Pagamentos (vii)												
Transfer of receivables	312,105	324,716	-	-	-	-	-	-	-	-	-	-
Ministry of Regional Development—MDR	-	-	-	-	(31,431)	(19,716)	-	-	(5,759)	(7,897)	-	-
	312,105	324,716	-	-	(31,431)	(19,716)	-	-	(5,759)	(7,897)	-	-
Luizalabs (viii)												
Systems development	(17,662)	-	-	-	-	-	-	-	-	-	-	-
Total Subsidiaries	247,448	270,736	(3,081)	(2,126)	(589,598)	(104,086)	-	-	(259,027)	(58,712)	-	-
MTG Participações (ix)												
Rent and other expenses	(2,499)	(2,224)	(2,565)	(2,229)	(25,468)	(19,309)	(25,468)	(19,513)	(8,846)	(6,379)	(8,846)	(6,379)
PJD Agropastoril (x)												
Rent, freight and other expenses	(51)	(33)	(51)	(33)	(1,554)	(1,185)	(1,554)	(1,188)	(553)	(437)	(553)	(437)
LH Participações e Fabrício Garcia (xi)												
Rentals	(183)	(128)	(183)	(128)	(1,693)	(896)	(1,693)	(896)	(593)	(384)	(593)	(384)
ETCO – SCP (xii)												
Agencing fee	-	-	-	-	(5,672)	(4,818)	(5,672)	(4,818)	(1,976)	(2,087)	(1,976)	(2,087)
Marketing expenses	-	(5,907)	-	(5,907)	(179,226)	(159,108)	(179,226)	(159,108)	(63,501)	(70,507)	(63,501)	(70,507)
	-	(5,907)	-	(5,907)	(184,898)	(163,926)	(184,898)	(163,926)	(65,477)	(72,594)	(65,477)	(72,594)
Total other related parties	(2,733)	(8,292)	(2,799)	(8,297)	(213,613)	(185,316)	(213,613)	(185,523)	(75,469)	(79,794)	(75,469)	(79,794)
Total related parties	3,018,421	2,472,229	2,767,826	2,199,362	(359,449)	78,038	230,149	181,917	(171,579)	21,027	87,448	79,739

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	Assets (Liabilities)				Income (loss) for the nine-month period				Income (loss) for the quarter			
	Parent company		Consolidated		Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Investment fund (xiii)	**1,067,567**	1,207,808	**1,067,727**	1,207,968	**23,425**	43,251	**23,425**	43,251	**12,813**	6,823	**12,813**	6,823
Luiza Factoring (xiv)	**-**	-	**-**	(1,692)	**-**	-	**-**	-	**-**	-	**-**	-
InLoco Tecnologia (xv)	**-**	-	**-**	-	**-**	1,020	**-**	1,020	**-**	580	**-**	580
	1,099,567	1,207,808	**1,099,727**	1,206,276	**23,425**	44,271	**23,425**	44,271	**12,813**	7,403	**12,813**	7,403

Reconciliation

	Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Accounts receivable from related parties	**3,205,119**	2,661,364	**2,824,606**	2,329,648
Accounts payable to related parties	**(186,698)**	(189,135)	**(56,780)**	(130,286)
	3,018,421	2,472,229	**2,767,826**	2,199,362

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

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

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

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

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

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, wholly-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 (LACs), 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 sales made by the parent company and carried out by Magalu Pagamentos, which generates a balance receivable for these sales, as well as the transaction fee ("MDR") charged by Magalu Pagamentos.

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., an entity controlled by the Company's indirect controlling shareholders, refer to truck rental for freight of goods.

XI. Transactions with LH Agropastoril, Administração Participações Ltda., controlled by the same controlling shareholders of the Company, refers to expenses with rental of Company's commercial buildings and office. Transactions with Fabrício Bittar Garcia refer to the expense for renting a brick-and-mortar store.

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 – Securities).

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

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

b) Management compensation

	09/30/2021		09/30/2020	
	Board of Directors	Executive Officers	Board of Directors	Executive Officers
Fixed and variable compensation	**3,650**	**9,588**	3,042	16,708
Stock option plan	**14,751**	**32,092**	-	33,485

The Company does not grant post-employment benefits, severance benefits or other long-term benefits. Short-term benefits for the statutory executive board are the same of the other employees of the Company, and certain eligible employees are beneficiaries of an incentive plan linked to shares, as mentioned in Note 23. It is an internal public policy of the Company to pay Profit Sharing to its collaborators. These amounts are provisioned 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.

10. Recoverable taxes

	Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
ICMS recoverable (a)	**1,409,562**	634,941	**1,464,860**	685,863
Recoverable PIS and COFINS (b)	**599,479**	692,392	**702,861**	797,171
Recoverable IRPJ and CSLL	**5,468**	2,215	**13,681**	3,508
Withholding income tax (IRRF) recoverable	**23,749**	2,547	**34,389**	8,338
Other	**3,615**	3,614	**9,666**	9,172
Total	**2,041,873**	1,335,709	**2,225,457**	1,504,052
Current assets	**1,015,343**	594,782	**1,148,146**	716,118
Non-current assets	**1,026,530**	740,927	**1,077,311**	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 challenging the use of ICMS/ST reimbursement amounts arising from sales to final consumers for an amount lower than the presumed calculation basis, whose final and unappealable decision is expected for the coming months. Based on the procedural progress on the matter in the State of São Paulo, the Company concluded the understanding, with its legal and tax advisors, that the favorable outcome for its lawsuit in this State is practically certain. Therefore, it recognized the updated credits in the amount of R$ 388,488, of which R$ 253,734 for principal and R$ 134,754 for monetary restatement.

(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 (IRPJ) and social contribution (CSLL)

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

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Income (loss) before income tax and social contribution	**194,386**	199,635	**263,642**	214,478	**(143,274)**	258,779	**(114,026)**	274,177
Prevailing statutory rate	**34%**	34%	**34%**	34%	**34%**	34%	**34%**	34%
Debit estimate for income tax and social contribution to current rates	**(66,091)**	(67,876)	**(89,638)**	(72,923)	**48,713**	(87,985)	**38,769**	(93,220)
Reconciliation to effective rate (effects of application of tax rates):								
Exclusion – equity in investments	**127,148**	9,944	**33,968**	32,571	**56,686**	20,904	**15,700**	22,406
Effect of interest on own capital	**34,000**	-	**34,000**	-	**-**	-	**-**	-
Deferred Corporate income tax and social contribution on net income not formed on tax loss	**-**	-	**44,372**	(38,540)	**-**	-	**20,765**	(12,787)
Technological innovation (1)	**15,591**	-	**15,591**	-	**-**	-	**-**	
Effect of government subvention (2)	**25,115**	28,999	**33,984**	35,842	**8,071**	20,904	**11,410**	14,743
Exclusion of monetary restatement of undue tax payments (3)	**174,887**	-	**174,887**	-	**174,887**	-	**174,887**	-
Other permanent exclusions, net	**(7,343)**	1,521	**(13,113)**	795	**(1,567)**	1,957	**(3,989)**	638
Credit (debt) of income tax and social contribution	**303,307**	(27,412)	**234,051**	(42,255)	**286,790**	(52,822)	**257,542**	(68,220)
Current	**70,400**	(115,028)	**(15,980)**	(149,741)	**128,723**	(94,363)	**92,743**	(114,961)
Deferred	**232,907**	87,616	**250,031**	107,486	**158,067**	41,541	**164,799**	46,741
Total	**303,307**	(27,412)	**234,051**	(42,255)	**286,790**	(52,822)	**257,542**	(68,220)
Effective rate	**-156.0%**	13.7%	**-88.8%**	19.7%	**200.2%**	20.4%	**225.9%**	24.9%

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

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

(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 and PIS/COFINS on Selic in tax credits. Due to the Federal Supreme Court's decision, the Company permanently excluded such amounts from its calculation basis, considering that it is likely that the matter will be accepted by the tax authorities, pursuant to ICPC 22 – Uncertainty over Income Tax Treatments (equivalent to IFRIC 23).

Deferred tax

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

	Parent company				Consolidated				
	Balance at 12/31/2020	Income (loss)	Shareholders' equity	Balance at 09/30/2021	Balance at 12/31/2020	Income (loss)	Business combination	Shareholders' equity	Balance at 09/30/2021
Deferred income tax and social contribution on:									
Tax loss carryforwards and negative basis of social contribution	-	88,177	37,680	125,857	19,334	94,570	26,460	37,680	178,044
Provision for expected credit loss	32,583	8,769	-	41,352	32,583	8,769	-	-	41,352
Provision for inventory losses	30,637	123,749	-	154,386	30,940	123,749	-	-	154,689
Provision for adjustments to present value	17,092	24,901	-	41,993	17,092	24,901	-	-	41,993
Provision for tax, civil and labor risks	200,447	(3,341)	-	197,106	291,113	(3,341)	6,646	-	294,418
Provision for share plan	69,392	20,802	-	90,194	69,392	20,802	-	-	90,194
Temporary difference on fair value in acquisitions	(41,679)	-	-	(41,679)	(161,284)	10,676	(45,937)	-	(196,545)
Judicial deposits	(11,394)	2,088	-	(9,306)	(11,394)	2,088	-	-	(9,306)
Deferred tax credits (1)	(186,184)	(43,822)	-	(230,006)	(186,184)	(43,822)	-	-	(230,006)
Temporary difference on leases (IFRS 16)	44,967	19,450	-	64,417	44,967	19,450	-	-	64,417
Other provisions	8,186	(7,866)	-	320	25,334	(7,811)	218	-	17,741
Deferred income tax and social contribution in assets (liabilities)	164,047	232,907	37,680	434,634	171,893	250,031	(12,613)	37,680	446,991

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

(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

	12/31/2020			09/30/2021		
	Deferred Assets	Deferred Liabilities	Balance	Deferred Assets	Deferred Liabilities	Balance
Parent company	164,047	-	164,047	**434,634**	**-**	**434,634**
Netshoes	-	(21,231)	(21,231)	**-**	**(12,936)**	**(12,936)**
Consórcio Luiza	782	-	782	**644**	**-**	**644**
Época Cosméticos	14,046	(3,612)	10,434	**9,863**	**-**	**9,863**
Magalog	12,809	-	12,809	**23,265**	**-**	**23,265**
Luizalabs	5,052	-	5,052	**2,296**	**-**	**2,296**
Magalu Pagamentos	-	-	-	**-**	**(10,775)**	**(10,775)**
Consolidated	196,736	(24,843)	171,893	**470,702**	**(23,711)**	**446,991**

12. Investments in subsidiaries

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.

i. “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.

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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 interim financial statements. The preliminary valuation amounts are as follows:

	Vip	Steal The Look	Tonolucro	Grandchef	Plus	Smathint	Jovem Nerd	Autoseg	Juni	Sode	Hub Fintech	Total
Cash and cash equivalents and securities	1,284	342	3,323	4	99	1,087	5,838	-	696	148	211,502	224,323
Accounts receivable	-	173	-	114	-	537	518	-	487	235	48,040	50,104
Recoverable taxes	-	-	27	-	-	-	-	-	-	9	4,912	4,948
Other assets	-	468	-	-	-	54	3,249	-	-	137	13,644	17,552
Deferred income tax and social contribution	695	-	2,658	-	113	-	-	110	268	316	-	4,160
Property, plant and equipment	-	63	127	-	15	89	-	-	12	77	25,888	26,271
Intangible assets - Relationship (a)	5,088	-	2,594	130	-	2,509	-	-	-	-	12,061	22,382
Intangible asset - Technology (b)	1,806	-	519	223	-	3,289	-	-	-	-	61,461	67,298
Intangible assets - Trademark (c)	-	1,374	1,281	-	-	-	14,841	-	-	-	143,847	161,343
Other intangible assets	-	4	-	-	-	-	-	-	-	-	3,377	3,381
	8,873	2,424	10,529	471	227	7,565	24,446	110	1,463	922	524,732	581,762
Suppliers	56	-	77	-	13	71	188	-	17	194	-	616
Partners and other deposits	-	-	-	-	-	-	-	-	-	-	128,983	128,983
Loans and financing	-	-	-	-	-	-	-	-	-	-	70,300	70,300
Salaries, vacations and social security charges	252	23	177	56	48	186	331	-	19	305	5,093	6,490
Taxes payable	90	22	489	4	71	226	277	-	61	82	974	2,296
Other accounts payable	1,515	654	1,023	-	-	-	8,545	-	-	553	253,677	265,967
Deferred income tax and social contribution	2,344	-	1,058	120	-	1,971	-	-	-	-	10,733	16,226
Provision for tax, civil and labor risks	2,045	1,111	7,818	-	333	-	5,105	326	788	931	12,024	30,481
	6,302	1,810	10,642	180	465	2,454	14,446	326	885	2,065	481,784	521,359
Total identifiable assets, net	**2,571**	**614**	**(113)**	**291**	**(238)**	**5,111**	**10,000**	**(216)**	**578**	**(1,143)**	**42,948**	**60,403**
Cash consideration	41,750	4,000	6,500	3,000	7,000	23,250	10,000	9,000	6,500	19,000	290,000	420,000
Consideration in shares (*)	22,750	-	5,500	4,000	1,500	42,750	-	9,000	4,300	5,800	-	95,600
Cost of acquisition	**64,500**	**4,000**	**12,000**	**7,000**	**8,500**	**66,000**	**10,000**	**18,000**	**10,800**	**24,800**	**290,000**	**515,600**
Goodwill generated	**61,929**	**3,386**	**12,113**	**6,709**	**8,738**	**60,889**	**-**	**18,216**	**10,222**	**25,943**	**247,052**	**455,197**

* 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.

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

a) The relationship with retailers 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 MPEEM method.

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 until September 30, 2021, the amounts of net revenue and net income (loss) below:

	Vip	Steal The Look	Tonolucro	Grandchef	Plus	Smarthint	Jovem Nerd	Autoseg	Juni	Sode	Hub Fintech
Net revenue	3,184	2,479	7,733	926	982	2,516	2,793	255	2,213	580	22,643
Income (loss)	(3,527)	956	2,615	238	452	(118)	310	(267)	860	88	(4,992)

If all business combinations were carried out on the reporting period start date, the Company would present consolidated net revenue in the amount of R$ 26,051,014 and consolidated net income in the amount of R$ 488,288.

c. Changes in investments in subsidiaries

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

Position as of 09/30/2021

Subsidiaries	Interest		Assets		Liabilities		Capital	Shareholders' equity	Net revenue	Net income (loss)
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Netshoes	31,056,244	100%	885,624	547,157	810,746	232,706	617,419	389,329	1,713,566	114,867
Época Cosméticos	12,855	100%	140,539	77,045	100,279	17	89,405	117,288	487,089	28,474
Magalu Pagamentos	2,000,000	100%	1,996,226	541,611	1,988,308	23,069	2,000	526,460	432,485	119,324
Integra Commerce	100	100%	150	-	-	1	4,156	149	-	-
Consórcio Luiza	6,500	100%	78,426	4,260	21,565	2,254	6,500	58,867	93,585	6,738
Magalog	16,726	100%	302,360	272,772	286,913	57,957	166,689	230,262	658,448	14,069
Luizalabs	5,431	100%	62,465	223,141	92,351	11,405	102,029	181,850	159,926	(9,186)
Kelex	100	100%	58	-	-	-	100	58	-	(229)
Certa	100	100%	100	-	1	-	100	99	-	3

Changes	Opening balance	AFAC	Business combination (1)	Other comprehensive income	Action plan	Equity in investments	Closing balance
Netshoes	763,450	215,670	-	785	3,212	114,867	1,097,984
Época Cosméticos	121,454	9,000	-	-	(88)	28,474	158,840
Magalu Pagamentos	169,536	237,770	-	-	(170)	119,324	526,460
Integra Commerce	2,170	-	-	-	-	-	2,170
Consórcio Luiza	52,129	-	-	-	-	6,738	58,867
Magalog	145,212	66,138	12,800	-	(246)	14,069	237,973
Luizalabs	62,843	77,127	82,800	-	2,182	(9,186)	215,766
Kelex	1,072	-	-	-	-	(229)	843
Certa	481	-	-	-	-	3	484
Total	**1,318,347**	**605,705**	**95,600**	**785**	**4,890**	**274,060**	**2,299,387**

(1) 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]	09/30/2021
Netshoes	**389,331**	**486,724**	**221,929**	**1,097,984**
Época Cosméticos	**117,287**	**36,826**	**4,727**	**158,840**
Magalu Pagamentos	**526,460**	**-**	**-**	**526,460**
Integra Commerce	**150**	**-**	**2,020**	**2,170**
Consórcio Luiza	**58,867**	**-**	**-**	**58,867**
Magalog	**230,263**	**3,756**	**3,954**	**237,973**
Luizalabs	**181,850**	**23,078**	**10,838**	**215,766**
Kelex	**58**	**785**	**-**	**843**
Certa	**99**	**385**	**-**	**484**
Total	**1,504,365**	**551,554**	**243,468**	**2,299,387**

[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.

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13. Investments in jointly-controlled subsidiaries

Position as of 09/30/2021

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%**	**13,131,368**	**1,892,071**	**13,992,047**	**94,024**	**483,000**	**937,368**	**2,056,248**	**167,466**
Luizaseg	**12,855**	**50%**	**253,243**	**467,729**	**316,315**	**166,869**	**133,883**	**237,788**	**495,291**	**53,106**

Changes	Opening balance	Dividends	Other comprehensive income	Equity in investments	Closing balance
Luizacred	**384,951**	**-**	**-**	**83,733**	**468,684**
Luizaseg	**1,774**	**(22,131)**	**(9,974)**	**16,173**	**(14,158)**
Total	**386,725**	**(22,131)**	**(9,974)**	**99,906**	**454,526**

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

	09/30/2021	12/31/2020
Luizacred (a)	**468,684**	384,951
Luizaseg (b)	**118,894**	124,446
Luizaseg - Unrealized profits (c)	**(133,052)**	(122,672)
Total	**454,526**	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.

Changes in the right-of-use, during the nine-month period ended September 30, 2021 and 2020 were as follows:

	Parent company	Consolidated
Right-of-use as of December 31, 2020:	**2,441,539**	**2,465,514**
Addition/remeasurement	**895,545**	**913,016**
Direct Costs	**38,323**	**38,323**
Write-offs	**(33,219)**	**(33,219)**
Depreciation	**(327,588)**	**(335,269)**
Right-of-use as of September 30, 2021:	**3,014,600**	**3,048,365**
Breakdown:		
Cost value	**4,037,728**	**4,087,163**
Accumulated depreciation	**(1,023,128)**	**(1,038,798)**
Right-of-use as of September 30, 2021:	**3,014,600**	**3,048,365**

	Parent company	Consolidated
Right-of-use as of January 1, 2020:	2,203,827	2,273,786
Addition/remeasurement	401,789	433,792
Write-offs	(19,572)	(46,544)
Depreciation	(262,658)	(279,859)
Right-of-use as of September 30, 2020:	2,323,386	2,381,175
Breakdown:		
Cost value	2,925,895	3,016,304
Accumulated depreciation	(602,509)	(635,129)
Right-of-use as of September 30, 2020:	2,323,386	2,381,175

Changes in the lease liability, during the nine-month period ended September 30, 2021 and 2020 were as follows:

	Parent company	Consolidated
Lease as of December 31, 2020:	**2,497,323**	**2,526,304**
Remeasurement/addition	**902,768**	**920,239**
Payment of principal	**(261,626)**	**(270,023)**
Interest payment	**(176,351)**	**(177,875)**
Accrued interest	**161,482**	**163,006**
Write-off	**(36,808)**	**(36,808)**
Lease as of September 30, 2021:	**3,086,788**	**3,124,843**
Current liabilities	**398,447**	**411,732**
Non-current liabilities	**2,688,341**	**2,713,111**

	Parent company	Consolidated
Lease as of January 1, 2020	2,205,750	2,280,322
Remeasurement/addition	394,861	424,409
Payment of principal	(202,493)	(214,600)
Interest payment	(141,674)	(146,994)
Accrued interest	128,466	133,787
Write-off	(19,572)	(46,544)
Lease as of September 30, 2020:	2,365,338	2,430,380
Current liabilities	330,180	347,968
Non-current liabilities	2,035,158	2,082,412

15. Property, plant and equipment

Changes in property, plant and equipment during the nine-month periods ended September 30, 2021 and 2020 are:

	Parent company	Consolidated
Property, plant and equipment (net) as of December 31, 2020	**1,171,758**	**1,258,162**
Additions	**551,688**	**590,954**
Addition due to business combination	**-**	**26,444**
Write-offs	**-**	**-**
Depreciation	**(116,369)**	**(128,791)**
Net property, plant and equipment at September 30, 2021	**1,607,077**	**1,746,769**
Breakdown:		
Cost value	**2,309,863**	**2,564,389**
Accumulated depreciation	**(702,786)**	**(817,620)**
Net property, plant and equipment at September 30, 2021	**1,607,077**	**1,746,769**

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

In the nine-month period ended September 30, 2021, the Company did not identify any signs of impairment.

16. Intangible assets

Changes in the intangible assets, during the nine-month period ended September 30, 2021 and 2020 were as follows:

	Parent company	Consolidated
Net intangible assets at December 31, 2020:	**593,427**	**1,886,997**
Additions	**149,819**	**227,734**
Addition of intangible assets by business combination	**-**	**254,678**
Addition of goodwill due to expected future profitability (a)	**-**	**455,197**
Write-offs	**-**	**(163)**
Amortization	**(53,651)**	**(126,769)**
Net intangible assets at September 30, 2021	**689,595**	**2,697,674**
Breakdown:		
Cost value	**970,312**	**3,303,666**
Accumulated amortization	**(280,717)**	**(605,992)**
Net intangible assets at September 30, 2021	**689,595**	**2,697,674**

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

(a) See details on goodwill generated on business combinations in Note 12.

17. Suppliers

	Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Goods for resale	**8,421,262**	7,542,524	**9,072,623**	8,311,440
Other suppliers	**111,324**	154,534	**159,937**	216,617
Adjustment to present value	**(44,152)**	(17,197)	**(55,029)**	(26,659)
Total	**8,488,434**	7,679,861	**9,177,531**	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, becomes the creditor of the operation, and the Company settles the note on the same date originally agreed-to with its supplier and receives, subsequently, a commission from the Bank for this intermediation and confirmation of the notes 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 September 30, 2021, the balance payable negotiated by suppliers, and with the acceptance of the Company, totaled R$ 3,939,994 (R$ 1,204,925 as at 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	
	09/30/2021	12/31/2020
Onlendings to seller – marketplace (a)	**1,150,658**	689,477
Payment arrangements to be settled (b)	**242,024**	-
Digital client accounts (c)	**185,058**	29,005
Total	**1,577,740**	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 repaid payment account.

19. Loans and financing

Modality	Charge	Guarantee	Final maturity	Parent company 09/30/2021	Parent company 12/31/2020	Consolidated 09/30/2021	Consolidated 12/31/2020
Promissory notes (a)	100% CDI + 1.25%	Clean	Apr 2024	**1,535,301**	847,239	**1,535,301**	847,239
Debentures - restricted offer - 9th issue (b)	100% CDI + 1.25%	Clean	Jan 2024	**804,623**	821,832	**804,623**	821,832
Innovation financing - FINEP (c)	4% p.a.	Bank guarantee	Dec 2022	**9,221**	14,776	**9,015**	14,776
Other	113.5% CDI	Clean	Oct 2025	**55**	121	**3,096**	2,915
Total				**2,349,200**	**1,683,968**	**2,352,035**	**1,686,762**
Current liabilities				**11,335**	1,666,243	**12,412**	1,667,181
Non-current liabilities				**2,337,865**	17,725	**2,339,623**	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.

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

Cash flow reconciliation of operating and financing activities

	Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Opening balance	**1,683,968**	847,054	**1,686,762**	848,829
Funding	**2,300,000**	800,000	**2,300,000**	800,000
Addition due to acquisition	**-**	-	**70,300**	11,187
Payment of principal	**(1,609,108)**	(9,494)	**(1,679,408)**	(20,630)
Interest payment	**(106,819)**	(638)	**(106,819)**	(727)
Accrued interest	**81,159**	36,936	**81,200**	36,936
Closing balance	**2,349,200**	1,673,858	**2,352,035**	1,675,595

Amortization schedule

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

Year of maturity	Parent company	Consolidated
2021	**1,030**	**1,345**
2022	**10,305**	**11,067**
2023	**4,123**	**5,383**
2024	**2,333,742**	**2,334,240**
Total	**2,349,200**	**2,352,035**

Covenants

The Company has 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, securities, credit card receivables not anticipated. Adjusted EBITDA is calculated in accordance with CVM Instruction No. 527, dated October 4, 2012, excluding extraordinary operating events (revenue/expenses).

20. Deferred revenue

	Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Deferred revenue from third parties:				
Exclusivity agreement with Cardif (a)	**74,243**	87,345	**74,243**	87,345
Exclusivity agreement with Banco Itaúcard S.A. (b)	**74,625**	84,000	**74,625**	84,000
Other Contracts	**-**	-	**23,109**	18,255
	148,868	171,345	**171,977**	189,600
Deferred revenue from related parties:				
Exclusivity agreement with Luizacred (b)	**91,363**	99,679	**91,363**	99,679
Exclusivity agreement with Luizaseg (a)	**46,300**	55,000	**46,300**	55,000
	137,663	154,679	**137,663**	154,679
Total deferred revenues	**286,531**	326,024	**309,640**	344,279
Current liabilities	**39,157**	39,157	**50,303**	43,009
Non-current liabilities	**247,374**	286,867	**259,337**	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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Sales pending delivery, net of returns	**661,324**	550,198	**693,491**	567,132
Treasury shares payable	**86,213**	-	**86,213**	-
Amounts subject to onlending to partners (a)	**92,499**	105,176	**143,825**	133,075
Specialized services	**69,101**	6,969	**90,434**	117,524
Freight payable	**56,019**	110,172	**154,816**	154,069
Marketing payable	**65,754**	96,558	**164,915**	96,558
Amounts payable to former shareholders	**8,476**	12,725	**84,005**	71,272
Other	**22,287**	49,804	**62,815**	69,015
Total	**1,061,673**	931,602	**1,480,514**	1,208,645
Current liabilities	**1,061,673**	931,602	**1,476,336**	1,203,655
Non-current liabilities	**-**	-	**4,178**	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.

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 January 1, 2021	938,956	16,938	42,356	998,250
Additions	**217,128**	**6,300**	**4,500**	**227,928**
Reversal (a.1 and a.2)	**(534,430)**	**-**	**(2,000)**	**(536,430)**
Payments	**-**	**(3,446)**	**-**	**(3,446)**
Restatements	**26,009**	**-**	**-**	**26,009**
Balances at September 30, 2021	**647,663**	**19,792**	**44,856**	**712,311**

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

Consolidated

	Tax	Civil	Labor	Total
Balances at January 1, 2021	**1,314,533**	**20,163**	**45,239**	**1,379,935**
Additions	**221,853**	**6,300**	**5,314**	**233,467**
Allocation of price in business combination – Note 12	**19,832**	**9,350**	**1,569**	**30,751**
Reversal (a.1 and a.2)	**(671,106)**	**788**	**(2,000)**	**(672,318)**
Payments	**-**	**(5,985)**	**(657)**	**(6,642)**
Restatements	**27,007**	**-**	**-**	**27,007**
Balances at September 30, 2021	**912,119**	**30,616**	**49,465**	**992,200**

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

As at September 30, 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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Federal	**459,363**	507,198	**723,819**	797,825
State	**188,274**	431,732	**188,274**	516,185
Municipal	**26**	26	**26**	523
	647,663	938,956	**912,119**	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 on the base date of this interim information, in light of technical pronouncement CPC 25/IAS 37 - Provisions, Contingent Liabilities and Contingent 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. As a result of this decision, the Company reversed the recorded liabilities, and permanently excluded such amounts from its income tax and social contribution on net income calculation basis.

b) Civil risks

The provision for civil risks of R$ 19,792 in the Parent Company and R$ 30,616 in Consolidated as of September 30, 2021 (R$ 16,938 in the Parent Company and R$ 20,163 in the Consolidated as of December 31, 2020) is related to claims filed by customers on possible product defects.

c) Labor risks

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

The amount provisioned of R$ 44,856 in the Parent Company and R$ 49,465 in the Consolidated as of September 30, 2021 (R$ 42,356 in the Parent Company and R$ 45,239 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.

In order to address the tax, civil and labor contingencies, the Company has a balance in judicial deposits of R$ 964,404 in the Parent Company and R$ 1,173,454 in the Consolidated as at September 30, 2021 (R$ 660,734 in the Parent Company and R$ 843,852 in the Consolidated as at December 31, 2020).

d) 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 September 30, 2021, reach a total of R$ 1,868,977 (R$ 1,809,930 as at December 31, 2020), in parent company and R$ 2,030,656 (R$ 1,913,162 as at December 31, 2020) in consolidated, and in relation to state taxes these amounts, as at September 30, 2021 reach a total of R$ 778,034 (R$ 712,079 as at December 31, 2020) in parent company and R$ 781,432 (R$ 769,209 as at December 31, 2020) in consolidated and as to municipal taxes these amount to on September 30, 2021, a total of R$ 3,699 (R$ 3,927 as at December 31, 2020) in parent company and R$ 3,699 (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.

e) Contingent assets

As described in Note 10 (a), the Company has lawsuits challenging the use of ICMS/ST reimbursement amounts arising from sales to final consumers for an amount lower than the presumed calculation basis, whose final and unappealable decision is expected to occur briefly. Based on the procedural progress on the matter in the State of São Paulo, the Company concluded the understanding, with its legal and tax advisors, that the favorable outcome for its lawsuit in this State is practically certain. Therefore, it recognized the updated credits. With respect to lawsuits in other States of Brazil, the Company has been following the evolution of the lawsuit and measuring the updated credits, whose current understanding is likely to be favorable.

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.

As of September 30, 2021 and December 31, 2020, the Company's shareholding structure is as follows (all nominative, book-entry common shares, with no par value):

	09/30/2021		12/31/2020	
	Number of shares	Interest %	Number of shares	Interest %
Controlling shareholders	3,794,169,268	56.85	3,794,249,028	58.38
Outstanding shares	2,808,673,229	42.08	2,669,138,132	41.07
Treasury shares	71,084,351	1.07	35,539,688	0.55
Total	**6,673,926,848**	**100.00**	6,498,926,848	100.00

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

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

b) Capital reserve

As at September 30, 2021, the Company has the amount of R$ 350,826 (R$ 390,644 as at December 31, 2020) registered under Capital Reserve.

Stock option plan - 2nd Grant

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	(120,000)	R$	0.30
Outstanding on September 30, 2021	**940,880**	**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$ 21.81 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 September 30, 2021:

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	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 (currently Luizalabs) acquisition process, part linked to the former owners of the acquiree who continue to act as employees and part to the other employees. The fair value measured at grant date was R$ 5.68 and the maximum grace period is 5 years (December 2023).

Consideration in business combination

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

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 period	45,987,400	862,659
Disposed in the period	(10,442,737)	(191,202)
September 30, 2021	71,084,351	1,275,138

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, including the minimum mandatory dividends of R$ 39,953, 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 to be charged to the total mandatory dividend for the year 2021.

e) Equity valuation adjustments

In the period ended September 30, 2021, the Company recorded in "Equity valuation adjustments" the amount of R$ 1,964 (R$ 11,151 as of December 31, 2020), related to adjustments 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	
In thousands	**09/30/2021**	**09/30/2020**	**09/30/2021**	**09/30/2020**
Total common shares	**6,673,926,848**	6,498,926,848	**6,673,926,848**	6,498,926,848
Effect of treasury shares	**(71,084,351)**	(23,026,588)	**(71,084,351)**	(23,026,588)
Effect of stock plans to be exercised (a)	**-**	-	**71,620,075**	76,936,163
Weighted average of outstanding common shares	**6,602,842,497**	**6,475,900,260**	**6,674,462,572**	6,552,836,423
Net income for the period:	**497,693**	172,223	**497,693**	172,223
Earnings per share: (in reais - R$)	**0.075**	0.027	**0.075**	0.026
Net income for the quarter:	**143,516**	205,957	**143,516**	205,957
Earnings per share (in R$):	**0.022**	0.032	**0.022**	0.031

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

24. Net revenue from sales

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Gross revenue:								
Retail – resale of goods	**27,107,943**	20,313,947	**29,558,161**	22,353,514	**8,832,641**	9,001,912	**9,783,249**	9,790,386
Retail – services rendered	**1,009,325**	822,941	**1,586,897**	963,374	**328,234**	318,392	**579,794**	386,815
Other services	**-**	-	**361,089**	335,439	**-**	-	**111,891**	172,281
	28,117,268	21,136,888	**31,506,147**	23,652,327	**9,160,875**	9,320,304	**10,474,934**	10,349,482
Taxes and returns:								
Retail – resale of goods	**(4,926,650)**	(3,953,919)	**(5,313,041)**	(4,413,497)	**(1,603,191)**	(1,798,165)	**(1,746,992)**	(1,984,189)
Retail – services rendered	**(97,487)**	(71,763)	**(140,053)**	(76,569)	**(35,667)**	(30,730)	**(54,557)**	(28,596)
Other services	**-**	-	**(174,899)**	(50,941)	**-**	-	**(61,352)**	(28,371)
	(5,024,137)	(4,025,682)	**(5,627,993)**	(4,541,007)	**(1,638,858)**	(1,828,895)	**(1,862,901)**	(2,041,156)
Net revenue from sales	**23,093,131**	17,111,206	**25,878,154**	19,111,320	**7,522,017**	7,491,409	**8,612,033**	8,308,326

25. Cost of goods resold and services rendered

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Costs:								
Goods resold	**(18,070,579)**	(12,829,075)	**(19,434,223)**	(13,879,224)	**(6,317,358)**	(5,614,213)	**(6,855,892)**	(6,031,329)
Services rendered	**-**	-	**(331,427)**	(197,685)	**-**	-	**(22,008)**	(98,263)
Total	**(18,070,579)**	(12,829,075)	**(19,765,650)**	(14,076,909)	**(6,317,358)**	(5,614,213)	**(6,877,900)**	(6,129,592)

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

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

	Nine-month period ended				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Personnel expenses	**(1,821,485)**	(1,496,024)	**(2,115,129)**	(1,655,458)	**(596,592)**	(595,131)	**(678,288)**	(648,629)
Expenses with outsourced services (a)	**(1,781,260)**	(1,343,035)	**(1,418,288)**	(1,562,701)	**(542,210)**	(559,802)	**(371,928)**	(642,576)
Other (b)	**(648,489)**	(560,861)	**(1,285,230)**	(805,159)	**(163,419)**	(298,096)	**(563,619)**	(381,979)
Total	**(4,251,234)**	(3,399,920)	**(4,818,647)**	(4,023,318)	**(1,302,221)**	(1,453,029)	**(1,613,835)**	(1,673,184)
Classified by function as:								
Sales expenses	**(4,041,143)**	(2,996,347)	**(4,614,738)**	(3,487,191)	**(1,235,543)**	(1,258,968)	**(1,583,116)**	(1,432,585)
Administrative and general expenses	**(577,526)**	(488,865)	**(703,367)**	(617,311)	**(211,016)**	(197,579)	**(222,169)**	(240,690)
Other operating revenues, net	**367,435**	85,292	**499,458**	81,184	**144,338**	3,518	**191,450**	91
Total	**(4,251,234)**	(3,399,920)	**(4,818,647)**	(4,023,318)	**(1,302,221)**	(1,453,029)	**(1,613,835)**	(1,673,184)

a) They refer to expenses with service providers such as freight related to sale, marketing, facilities, consumption material, etc. 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.

b) Refer to other net operating revenues, as presented in Note 27, in addition to expenses with card commissions, expenses with physical installations (water, energy, consumables), among other items of a lower value.

27. Other operating revenues, net

	9 months				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Recognition of deferred revenue (a)	**40,029**	40,527	**42,068**	42,925	**13,164**	14,199	**12,860**	15,232
Reversal of provision for tax risks (b)	**276,323**	34,602	**402,950**	33,646	**(5,432)**	2,400	**44,054**	(201)
Extempore tax credits (c)	**253,734**	53,248	**261,234**	56,593	**253,734**	-	**253,734**	299
Other revenues	**570,086**	128,377	**706,252**	133,164	**261,466**	16,599	**310,648**	15,330
Gain (loss) on sale of property, plant and equipment	**106**	(2,051)	**504**	(1,918)	**(177)**	(154)	**(175)**	(30)
Experts' fees (d)	**(119,757)**	(10,238)	**(124,912)**	(19,772)	**(70,476)**	(1,007)	**(71,985)**	(4,305)
Pre-operating expenses for brick-and-mortar stores	**(52,048)**	(7,105)	**(52,048)**	(7,105)	**(32,530)**	(3,165)	**(32,530)**	(3,165)
Aspects related to COVID-19 and other (e)	**(30,952)**	(23,691)	**(30,338)**	(23,185)	**(13,945)**	(8,755)	**(14,508)**	(7,739)
Other expenses	**(202,651)**	(43,085)	**(206,794)**	(51,980)	**(117,128)**	(13,081)	**(119,198)**	(15,239)
Total	**367,435**	85,292	**499,458**	81,184	**144,338**	3,518	**191,450**	91

(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)

	9 months				Quarter			
	Parent company		Consolidated		Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Financial revenues:								
Interest from the sale of extended guarantee	**29,876**	29,328	**29,876**	29,328	**14,955**	13,990	**14,955**	13,990
Yield from interest earning bank deposits and securities	**31,052**	55,236	**17,676**	13,387	**17,537**	11,413	**12,160**	5,139
Interest from the sale of goods – interest in arrears in receipts	**14,316**	10,247	**14,325**	10,250	**5,187**	5,256	**5,189**	5,256
Inflation adjustment assets (1)	**218,364**	46,727	**223,788**	56,847	**179,661**	17,996	**180,982**	21,914
Other	**1,270**	22,607	**19,295**	34,796	**721**	6,049	**6,015**	9,806
	294,878	164,145	**304,960**	144,608	**218,061**	54,704	**219,301**	56,105
Financial expenses:								
Interest on loans and financing	**(78,453)**	(36,936)	**(79,474)**	(36,936)	**(37,025)**	(11,460)	**(37,705)**	(11,396)
Interest from lease	**(161,482)**	(128,466)	**(163,006)**	(133,787)	**(56,099)**	(45,947)	**(56,685)**	(47,257)
Charges on credit card advances	**(294,025)**	(142,757)	**(364,570)**	(161,383)	**(75,119)**	(38,924)	**(101,720)**	(47,084)
Provision for loss from interest on extended guarantee	**(11,596)**	(18,129)	**(11,596)**	(18,129)	**(5,147)**	(2,480)	**(5,147)**	(2,480)
Financial income tax	**(8,153)**	(7,740)	**(9,875)**	(8,764)	**(4,070)**	(2,121)	**(4,790)**	(2,457)
Inflation adjustments - liabilities	**(28,331)**	(22,232)	**(36,541)**	(42,396)	**(13,821)**	(22,232)	**(16,487)**	(42,396)
Other	**(74,898)**	(32,318)	**(80,881)**	(34,883)	**(35,584)**	(4,493)	**(37,746)**	(5,737)
	(656,938)	(388,578)	**(745,943)**	(436,278)	**(226,865)**	(127,657)	**(260,280)**	(158,807)
Net financial income (loss)	**(362,060)**	(224,433)	**(440,983)**	(291,670)	**(8,804)**	(72,953)	**(40,979)**	(102,702)

(1) In 2021, it refers mainly to the recognized values of ICMS-ST recognized inflation adjustment 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 income

	09/30/2021					
	Retail (a)	Financial operations	Insurance operations	Other services	Elimination (b)	Consolidated
Gross revenue	31,145,058	1,028,124	247,646	1,016,064	(1,930,745)	31,506,147
Deductions from revenue	(5,453,088)	-	-	(174,905)	-	(5,627,993)
Net revenue of the segment	25,691,970	1,028,124	247,646	841,159	(1,930,745)	25,878,154
Costs	(19,442,555)	(52,133)	(26,090)	(334,242)	89,370	(19,765,650)
Gross income	6,249,415	975,991	221,556	506,917	(1,841,375)	6,112,504
Sales expenses	(4,761,298)	(370,424)	(179,636)	(497,268)	1,193,888	(4,614,738)
Administrative and general expenses	(735,389)	(4,913)	(22,021)	32,022	26,934	(703,367)
Income (loss) from allowance for doubtful accounts	(94,547)	(418,723)	-	(3,762)	418,723	(98,309)
Depreciation and amortization	(584,438)	(4,472)	(4,046)	(6,391)	8,518	(590,829)
Equity in investments	111,301	-	-	-	(11,395)	99,906
Other operating revenues	498,373	(33,877)	608	1,085	33,269	499,458
Financial revenues	302,146	-	18,618	2,814	(18,618)	304,960
Financial expenses	(733,994)	-	(40)	(11,949)	40	(745,943)
Income tax and social contribution	246,124	(59,849)	(18,866)	(12,073)	78,715	234,051
Net income (loss) for the period	497,693	83,733	16,173	11,395	(111,301)	497,693

Reconciliation of equity in investments	
Equity in investments – Other services (Note 12)	**11,395**
Equity in investments - Luizacred (Note 13)	**83,733**
Equity in investments - Luizaseg (Note 13)	**16,173**
(=) Equity in investments of the retail segment	**111,301**
(-) Elimination effect – Other services	**(11,395)**
(=) Consolidated equity in investments	**99,906**

Statements of income

	09/30/2020					
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	Consolidated
Gross revenue	23,468,125	900,952	199,271	285,883	(1,201,904)	23,652,327
Deductions from revenue	(4,502,092)	-	-	(38,915)	-	(4,541,007)
Net revenue of the segment	18,966,033	900,952	199,271	246,968	(1,201,904)	19,111,320
Costs	(13,879,224)	(54,777)	(23,817)	(203,637)	84,546	(14,076,909)
Gross income	5,086,809	846,175	175,454	43,331	(1,117,358)	5,034,411
Sales expenses	(3,573,316)	(334,096)	(128,613)	(9,604)	558,438	(3,487,191)
Administrative and general expenses	(585,146)	(7,540)	(20,961)	(32,165)	28,501	(617,311)
Allowance for doubtful accounts	(82,798)	(356,962)	-	(1,659)	356,962	(84,457)
Depreciation and amortization	(513,137)	(4,494)	(3,895)	(3,149)	8,389	(516,286)
Equity in investments	93,917	-	-	-	1,881	95,798
Other operating revenues	80,086	(15,772)	116	1,098	15,656	81,184
Financial revenues	143,402	-	11,107	1,206	(11,107)	144,608
Financial expenses	(435,463)	-	(68)	(815)	68	(436,278)
Income tax and social contribution	(42,131)	(51,239)	(13,414)	(124)	64,653	(42,255)
Net revenue for the period	172,223	76,072	19,726	(1,881)	(93,917)	172,223

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

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

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

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

	09/30/2021			
	Retail (*)	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	609,545	13,002	356	141,678
Marketable securities and other financial assets	1,354,030	7,704	296,926	160
Accounts receivable	5,306,348	7,134,623	-	121,493
Inventories	8,126,343	-	-	-
Investments	968,456	-	-	-
Property and equipment, intangible assets and right-of-use	6,973,720	48,478	23,932	472,384
Other	6,839,314	307,912	39,274	207,867
	30,177,756	7,511,719	360,488	943,582
Liabilities				
Suppliers	9,141,859	-	979	35,672
Onlendings and other deposits	1,577,740	-	-	-
Loans and financing and other financial liabilities	2,349,670	-	-	2,365
Leases	3,124,843	-	47	-
Interbank deposits	-	1,915,325	-	-
Credit card operations	-	3,567,488	-	-
Technical Reserves - Insurance	-	-	346,968	-
Provision for tax, civil and labor contingency risks	916,463	33,336	1,163	69,813
Deferred revenue	309,640	13,674	-	-
Other	1,885,002	1,513,212	25,489	364,596
	19,305,217	7,043,035	374,646	472,446
Shareholders' equity	10,872,539	468,684	(14,158)	471,136

Reconciliation of investment	
Subsidiaries (Note 12)	
Consórcio Luiza	58,867
Magalog	237,973
Luizalabs	217,093
Magalu Pagamentos	526,460
	1,040,393
Jointly-controlled subsidiaries (Note 13)	
Luizacred	468,684
Luizaseg	(14,158)
	454,526
Total investments	1,494,919
(-) Elimination effect	(1,040,393)
(=) Total consolidated investments	454,526

Balance sheet

	12/31/2020			
	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
Luizalabs	64,396
Magalu Pagamentos	169,536
	431,273
Jointly-controlled subsidiaries (Note 13)	
Luizacred	384,951
Luizaseg	1,774
	386,725
Total investments	817,998
(-) Elimination effect	(431,273)
(=) Total consolidated investments	386,725

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

30. Financial instruments

Accounting policy

(i) Initial classification and subsequent measurement

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

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

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

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

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

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

- Financial assets measured at FVTPL: These financial assets are subsequently measured at fair value through profit or loss (FVTPL). Net income (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 if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in 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			
			09/30/2021		12/31/2020		09/30/2021		12/31/2020	
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	**129,260**	**129,260**	154,895	154,895	**401,449**	**401,449**	362,166	362,166
Trade receivables - Credit and debit cards	Amortized cost	Level 2	**2,806,097**	**2,806,097**	2,651,043	2,651,043	**4,203,841**	**4,203,841**	3,856,923	3,856,923
Accounts receivable - Other trade accounts receivable and commercial agreements	Amortized cost	Level 2	**982,580**	**982,580**	825,808	825,808	**1,224,000**	**1,224,000**	921,116	921,116
Accounts receivable from related parties	Amortized cost	Level 2	**385,323**	**385,323**	412,350	412,350	**4,810**	**4,810**	80,634	80,634
Receivables from related parties – Credit cards	Amortized cost	Level 2	**2,819,796**	**2,819,796**	2,249,014	2,249,014	**2,819,796**	**2,819,796**	2,249,014	2,249,014
Cash equivalents – Bills	FVTPL	Level 2	**1,293**	**1,293**	509,583	509,583	**1,293**	**1,293**	509,583	509,583
Cash equivalents – CDBs (Bank Deposit Certificates)	Amortized cost	Level 2	**3,696**	**3,696**	617,091	617,091	**315,635**	**315,635**	777,208	777,208
Securities	Amortized cost	Level 2	**12,572**	**12,572**	12,287	12,287	**286,463**	**286,463**	13,811	13,811
Securities	FVTPL	Level 2	**1,067,567**	**1,067,567**	1,207,808	1,207,808	**1,067,727**	**1,067,727**	1,207,968	1,207,968
Total financial assets			**8,208,184**	**8,208,184**	8,639,879	8,639,879	**10,325,014**	**10,325,014**	9,978,423	9,978,423

			Parent company				Consolidated			
			09/30/2021		12/31/2020		09/30/2021		12/31/2020	
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	**8,488,434**	**8,488,434**	7,679,861	7,679,861	**9,177,531**	**9,177,531**	8,501,398	8,501,398
Onlendings and other deposits	Amortized cost	Level 2	**-**	**-**	-	-	**1,577,740**	**1,577,740**	718,482	718,482
Loans and financing	Amortized cost	Level 2	**2,349,200**	**2,556,015**	1,683,968	1,676,769	**2,352,035**	**2,558,850**	1,686,762	1,679,563
Leases	Amortized cost	Level 2	**3,086,788**	**3,086,788**	2,497,323	2,497,323	**3,124,843**	**3,124,843**	2,526,304	2,526,304
Accounts payable to related parties	Amortized cost	Level 2	**186,698**	**186,698**	189,135	189,135	**56,780**	**56,780**	130,286	130,286
Other accounts payable - ex-quotaholders	Amortized cost	Level 2	**8,476**	**8,476**	12,725	12,725	**84,005**	**84,005**	71,272	71,272
Total financial liabilities			**14,119,596**	**14,326,411**	12,063,012	12,055,813	**16,372,934**	**16,579,749**	13,634,504	13,627,305

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:

a) Level 1 - market prices quoted (not adjusted) in active markets for identical assets and liabilities;
b) 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.
c) 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 table below details the remaining contractual maturity of the Company’s financial liabilities and the contractual amortization terms. This table was prepared using the undiscounted cash flows of financial liabilities.

Contractual maturity is based on the most recent date when the Company should settle the related obligations:

Position as of 09/30/2021

Parent company	Book balance	≤ 1ano	1–3 years	>3 years	Total
Suppliers	8,488,434	8,488,434	-	-	8,488,434
Leases	3,086,788	604,738	1,070,210	2,688,500	4,363,448
Loans and financing	2,349,200	37,362	2,358,526	-	2,395,888
Related parties	186,698	186,698	-	-	186,698
Other accounts payable - ex-quotaholders/partners	8,476	4,334	6,764	-	11,098

Consolidated	Book balance	≤ 1ano	1–3 years	>3 years	Total
Suppliers	9,177,531	9,177,531	-	-	9,177,531
Leases	3,124,843	610,065	1,079,343	2,712,094	4,401,502
Loans and financing	2,352,035	40,197	2,358,526	-	2,398,723
Related parties	56,780	56,780	-	-	56,780
Other accounts payable - ex-quotaholders/partners	84,005	28,773	46,614	20,402	95,789

Position as of 12/31/2020

Parent company	Book balance	≤ 1ano	1–3 years	>3 years	Total
Suppliers	7,679,861	7,679,861	-	-	7,679,861
Leases	2,497,323	477,099	857,030	2,165,725	3,499,854
Loans and financing	1,683,968	1,685,002	15,308	-	1,700,310
Related parties	189,135	189,135	-	-	189,135
Other accounts payable - ex-quotaholders/partners	12,725	5,291	14,890	5,011	25,192

Consolidated	Book balance	≤ 1ano	1–3 years	>3 years	Total
Suppliers	8,501,398	8,501,398	-	-	8,501,398
Leases	2,526,304	488,388	877,308	2,216,969	3,582,665
Loans and financing	1,686,762	1,685,002	18,102	-	1,703,104
Related parties	130,286	130,286	-	-	130,286
Other accounts payable - ex-quotaholders/partners	71,272	15,046	44,076	14,739	73,861

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 affecting the Company's business are as follows:

Credit risk: the credit 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$ 5,238,523 as at September 30, 2021 (R$ 4,661,516 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 September 30, 2021, the Company recorded past-due or uncollectible balances, which terms were renegotiated, in the amount of R$ 47,735 (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 September 30, 2021, almost the total amount of investments held by the Company had such rating levels, reaching the amount of R$ 1,085,128 (R$ 2,346,769 as at December 31, 2020) Company and R$ 1,703,964 (R$ 2,540,989 as at December 31, 2020) in the Consolidated.

Market risk: arises from the slowdown of retail sales in the Brazilian economic environment. The risks involved in these transactions are managed by establishing operational and commercial policies, determining limits for derivative transactions, and constantly monitoring assumed positions. The main related risks are changes in the interest, inflation 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 September 30, 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 6.15% p.a.

The expected effects of interest expenses net of financial revenues from financial investments for the next three months are as follows:

	Parent company 09/30/2021	Consolidated 09/30/2021
Bank deposit certificates (Note 5)	**4,989**	**316,928**
Non-exclusive investment funds (Note 5)	**-**	**32,846**
Cash equivalents	**4,989**	**349,774**
Marketable securities (Note 6)	**1,080,139**	**1,354,190**
Total cash equivalents and securities	**1,085,128**	**1,703,964**
Loans and financing (Note 19)	**(2,349,200)**	**(2,352,035)**
Net exposure	**(1,264,072)**	**(648,071)**
Financial expense from interest - exposure to CDI	**6.15%**	**6.15%**
Impact on financial income (loss), net of taxes:		
Base scenario, rate of 6.15% p.a.	**(28,900)**	**(909)**
25%-increase scenario, rate of 7.69% p.a.	**(36,125)**	**(1,137)**
50%-increase scenario, rate of 9.23% p.a.	**(43,350)**	**(1,364)**
25%-decrease scenario, rate of 4.61% p.a.	**(21,675)**	**(682)**
50%-decrease scenario, rate of 3.08% p.a.	**(14,450)**	**(455)**

31. Statements of cash flows

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

	Parent company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Changes in fair value of financial assets	**-**	(6,127)	**-**	(6,127)
Offset of recoverable taxes	**(776,198)**	(604,801)	**(776,198)**	(604,801)
Additions IFRS 16 - Right-of-use and lease	**895,545**	375,289	**913,016**	380,321
Stock option plan – subsidiaries	**(4,892)**	(2,214)	**-**	(2,214)
Amounts payable to former shareholders	**(8,476)**	89,394	**(84,005)**	89,394
Treasury shares payable	**(86,213)**	-	**(86,213)**	-

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 coverage, as at September 30, 2021 and December 31, 2020, are demonstrated below:

	Parent company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Civil responsibility and D&O	**100,000**	100,000	**337,377**	331,202
Sundry risks – inventory and property and equipment	**7,619,302**	5,137,238	**8,248,164**	5,492,117
Vehicles	**15,212**	23,823	**15,212**	23,823
Total	**7,734,514**	5,261,061	**8,600,753**	5,847,142

33. Subsequent events

a. Acquisition conclusion - 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 acquisition structure consists on the acquisition of all the shares held by Kabum, valued at a total amount of R$ 3.5 billion, and will comprise the following steps, all interdependent and linked to each other, to occur on the closing date of the acquisition: (a) payment in cash in the amount of R$ 1.0 billion; (b) merger of shares issued by Kabum by Magazine Luiza S.A.; as a result, Kabum will become a wholly-owned subsidiary of the Company and (i) 75.0 million common and nominative book-entry shares, with no nominal value issued by the Company (MGLU3) will be issued on behalf of Kabum’s shareholders; and (ii) payment of subscription bonus, whose exercise on January 31, 2024 is conditioned to the achievement of targets, which will entitle Kabum’s shareholders to subscribe up to 50.0 million common and nominative book-entry shares, with no par value of the Company (MGLU3).

On October 19, 2021, the Administrative Council for Economic Defense (CADE), issued an unrestricted opinion for the definitive approval of the transaction, thus completing one of the main precedent conditions for closing the acquisition.

b. Issue of debentures

On October 14, 2021, regarding the debt extension strategy, the Company made its 10th issue of simple debentures, non-convertible into shares, for public distribution with restricted efforts. Two million (2,000,000) shares were issued with a nominal value of R$ 1,000 each, with a single maturity on October 15, 2026 at the cost of 100% of CDI rate + 1.25% p.a. The amount raised will strengthen the Company’s working capital.