magazineluiza

Earnings Release
3Q20

3Q20 Highlights

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

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

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

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

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

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

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

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

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

Videoconference
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MESSAGE FROM THE EXECUTIVE DIRECTORS

Multichannel is the name of the game

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

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

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

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

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

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

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

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

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

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

The ecosystem that is digitalizing Brazilian retail

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

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

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

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

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

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

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

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

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

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

A company of people who like people

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

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

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

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

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

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

EXECUTIVE MANAGEMENT TEAM

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

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

| NON-RECURRING EVENTS

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

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

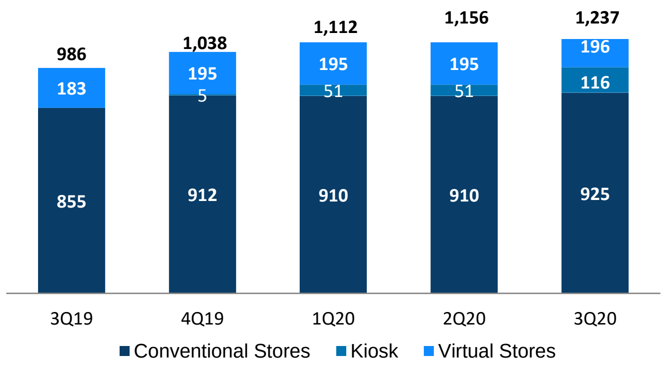
| Adjustments – Non – Recurring Events

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

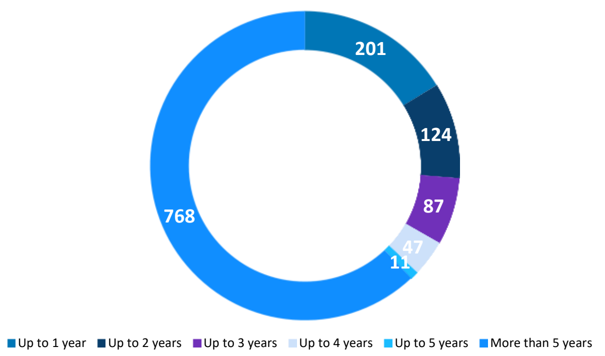
| OPERATING AND FINANCIAL PERFORMANCE

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

Number of Stores

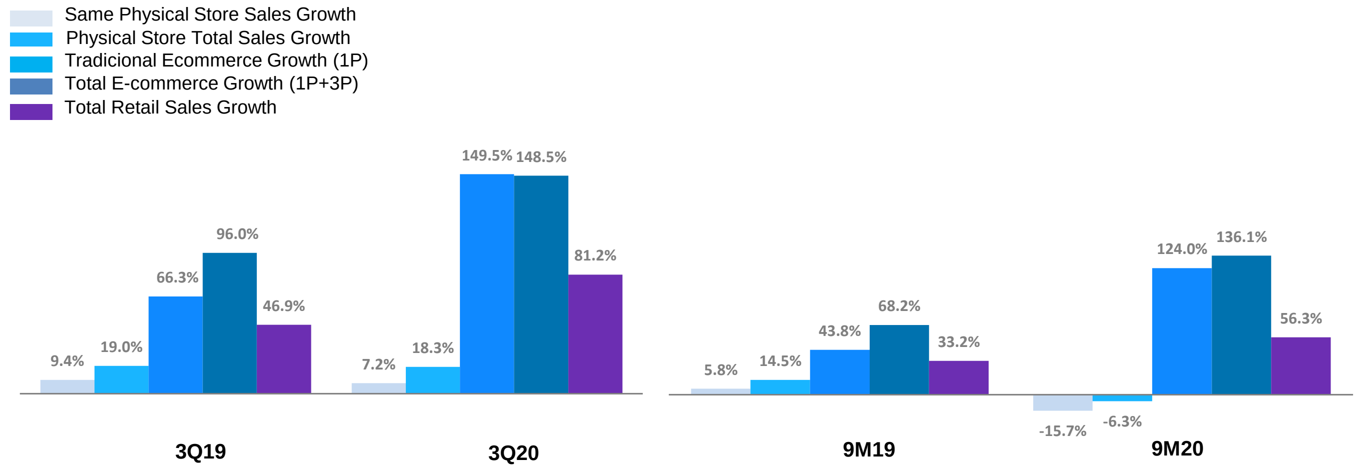


Average Age of Stores (number of stores)



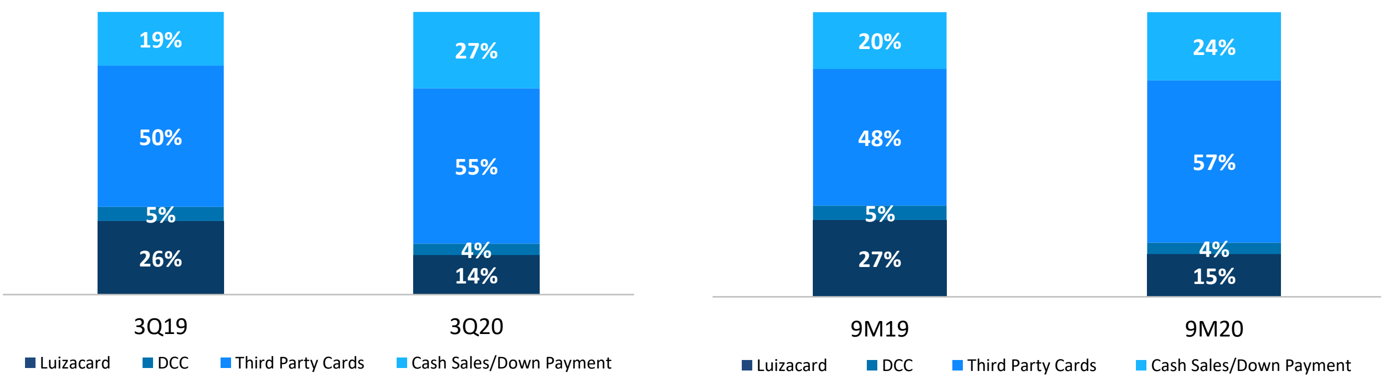
Total Retail sales were up 81.2% in 3Q20 as a result of a 148.5% increase in e-commerce sales and an 18.3% increase in brick-and-mortar store sales. The gradual reopening of stores, which were temporarily closed due to the COVID-19 pandemic, continued during the beginning of 3Q20 and was practically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

Total Sales Growth (%)



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

Financed Sales Mix (% of total sales)



Gross Revenues

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

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

Net Revenues

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

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

Gross Profit

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

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

| Operating Expenses

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

| Selling Expenses

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

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

| General and Administrative Expenses

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

| Provisions for Loan Losses

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

| Other Operating Revenues and Expenses, Net

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

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

| Equity Income

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

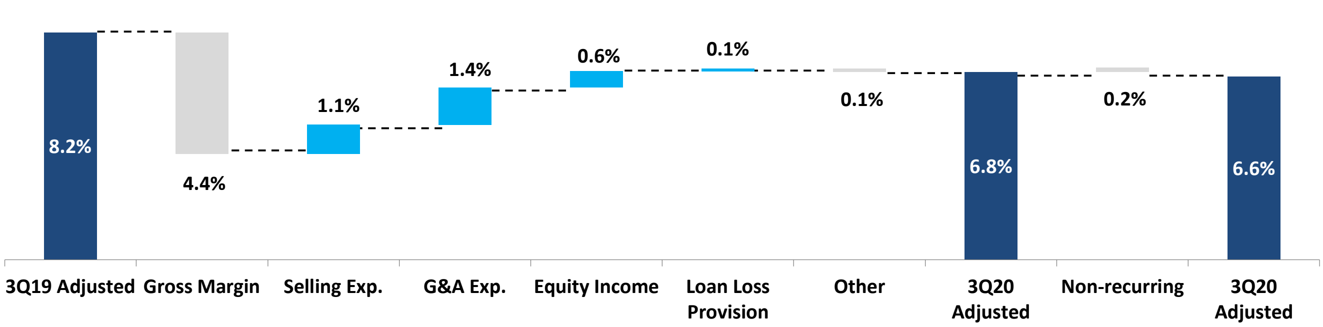
| EBITDA

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

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

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

EBITDA performance (% of net revenue)



| Financial Results

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

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

| Net Income

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

| Adjusted Working Capital

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

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

| Capex

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

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

| Capital Structure

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

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

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

ANNEX I
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

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

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

ANNEX II – PRO FORMA
FINANCIAL STATEMENTS – CONSOLIDATED INCOME STATEMENT

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

ANNEX III
FINANCIAL STATEMENTS – CONSOLIDATED BALANCE SHEET

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

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

ANNEX IV
FINANCIAL STATEMENTS – ADJUSTED CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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

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

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

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

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

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

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

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

[1] The value of processed sales in the marketplace and on the AiQFome platform (managed by the Company or by licensees) from July 1 to September 30, 2020 in the amount of R $ 2,094.9 million, which are added to the total sales presented in this report, was subject to Independent Limited Assurance by our external auditors and is available on our website. The other components of the quarter's total sales are in the scope of the review of the quarterly information by our independent auditors.

ANNEX VII
LUIZACRED

| Operating Indicators

Luizacred is a joint venture between Magazine Luiza and Itaú Unibanco, responsible for financing a substantial percentage of the Company's credit sales. Magalu´s main roles and responsibilities include sales, employee management and customer service, while Itaú Unibanco is responsible for funding Luizacred, drafting the credit and collections policies and managing back office activities, such as accounting and treasury.

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

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

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

The granting of credit at Luizacred follows strict criteria established by Itaú Unibanco's Credit Modeling and Policies area which uses proprietary statistics models based on the Risk Adjusted Return on Capital (RAROC) model.

| Income Statement in IFRS

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

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

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

| Revenue from Financial Intermediation

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

| Provision for Loan Losses

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

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

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

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

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

| Financial Intermediation Gross Results

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

| Other Operating Revenues (Expenses)

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

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

| Operating Income and Net Income

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

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

| Shareholders´ Equity

In compliance with the same practices, Luizacred posted shareholders' equity of R$933.3 million in Sep/20. As a result of adjustments required under IFRS, specifically additional provisions for expected losses, net of taxes, Luizacred's shareholders' equity for the purposes of Magazine Luiza's financial statements came to R$743.1 million.

VIDEOCONFERENCE DETAILS

Videoconference Call in Portuguese/English (with simultaneous translation)

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

Videoconference access

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About Magazine Luiza

Magazine Luiza, or Magalu, is a technology and logistics company focused on the retail sector. From its humble origins as a traditional retailer providing electronics and home appliances to Brazil's rising middle class, the company has since transformed into a technology powerhouse providing a wide array of products to Brazilians of all classes. Magalu has one of the largest geographic footprints with 22 distribution centers serving a network of over 1.200 stores in 18 states encompassing over 75% of Brazil's GDP. At the heart of the company's success is an omnichannel retail platform capable of reaching customers via mobile app, web and physical stores. A large part of the company's success is attributable to its in-house development team, Luizalabs, which consists of over 1,500 engineers and product development specialists. Among other things, engineers from Luizalabs use technologies such as big data and machine learning to create logistics, fintech and inventory apps which remove friction from the retail process, improving margins, delivery times and customer experience. The company has been at the forefront of e-commerce adoption in Latin America and its profitable e-commerce operation currently accounts for most sales. Magazine Luiza has also been a logistics pioneer. The company's integrated online and offline logistics operations enable it to leverage its physical presence to radically reduce delivery times and costs in a sustainable way. The result is the fastest, lowest cost logistics network in Brazil.

EBITDA, Adjusted EBITDA and Adjusted Net Income

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

Disclaimer