



Magazine Luiza S.A. and Subsidiaries

Quarterly Information - ITR

March 31, 2024

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São Paulo Corporate Towers
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A free translation from Portuguese into English of Independent Auditor's Review Report on quarterly information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting, and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Independent auditor's review report on quarterly information (ITR)

To the Shareholders, Board of Directors and Officers 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 March 31, 2024, which comprises the statement of financial position as at March 31, 2024 and the related statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the three-month period then ended, and notes to the individual and consolidated interim financial information, including material accounting policies and other explanatory information.

Responsibility of the executive board for the interim financial information

The executive board is responsible for preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards 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.



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Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes 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 NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the CVM.

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2024, prepared under the responsibility of the Company's executive board, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted jointly with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, pursuant to such standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, May 9, 2024.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP-034519/O

Alexandre Rubio
Accountant CRC- SP-223361/O

A free translation from Portuguese into English of quarterly information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting, and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Magazine Luiza S.A.

Statements of financial position at March 31, 2024 and December 31, 2023 (In thousands of reais - R\$)

	Note	Individual		Consolidated	
		03/31/2024	12/31/2023	03/31/2024	12/31/2023
Assets					
Current assets					
Cash and cash equivalents	5	1,408,621	1,113,662	1,978,265	2,593,346
Marketable securities	6	232,039	578,311	352,061	779,072
Accounts receivable	7	3,767,320	3,919,547	6,046,058	5,885,450
Inventories	8	6,232,385	6,383,303	7,315,166	7,497,299
Accounts receivable from related parties	9	2,297,240	1,675,950	2,056,444	1,273,718
Taxes recoverable	10	1,517,031	1,475,359	1,691,182	1,680,511
Income and social contribution taxes recoverable	11	87,394	79,374	197,326	177,024
Other current assets		107,372	84,208	415,984	334,743
Total current assets		15,649,402	15,309,714	20,052,486	20,221,163
Noncurrent assets					
Accounts receivable	7	106,452	72,691	106,452	72,691
Taxes recoverable	10	2,212,959	2,409,362	2,267,812	2,464,245
Deferred income and social contribution taxes	11	2,563,256	2,513,695	2,959,839	2,836,852
Judicial deposits	23	1,275,567	1,260,289	1,779,316	1,734,546
Other noncurrent assets		119,876	104,365	129,338	113,671
Long-term receivables		6,278,110	6,360,402	7,242,757	7,222,005
Investments in subsidiaries	12	4,759,652	4,629,769	-	-
Investments in joint ventures	13	329,767	322,516	329,767	322,516
Right of use - lease	14	3,197,231	3,282,873	3,243,767	3,343,054
Property and equipment	15	1,606,471	1,650,996	1,823,563	1,841,522
Intangible assets	16	1,098,004	1,055,626	4,526,521	4,504,807
Total noncurrent assets		17,269,235	17,302,182	17,166,375	17,233,904
Total assets		32,918,637	32,611,896	37,218,861	37,455,067

See accompanying notes.

Magazine Luiza S.A.

Statements of financial position at March 31, 2024 and December 31, 2023 (In thousands of reais - R\$)

	Note	Individual		Consolidated	
		03/31/2024	12/31/2023	03/31/2024	12/31/2023
Liabilities and equity					
Current liabilities					
Trade accounts payable	17	5,630,574	6,008,527	6,367,037	6,965,980
Trade accounts payable - agreement	18	2,229,637	2,312,134	2,230,919	2,358,092
Partners and other deposits	19	-	-	1,724,519	1,765,149
Loans and financing	20	2,260,135	2,928,459	2,269,425	2,954,347
Salaries, vacation pay and social charges		220,886	224,974	409,787	401,867
Taxes payable		139,234	229,494	281,378	359,971
Accounts payable to related parties	9	230,548	325,607	90,555	100,961
Lease	14	487,300	493,861	506,000	508,359
Deferred revenue	21	122,407	122,407	145,501	145,899
Other current liabilities	22	1,362,667	1,268,164	1,875,770	1,847,502
Total current liabilities		12,683,388	13,913,627	15,900,891	17,408,127
Noncurrent liabilities					
Loans and financing	20	4,000,283	4,000,278	4,400,400	4,400,508
Taxes payable		1,922	2,024	4,735	4,837
Accounts payable to related parties	9	300,000	-	-	-
Lease	14	2,954,769	3,020,488	2,986,728	3,069,796
Deferred income and social contribution taxes	11	-	-	163,911	105,122
Provision for tax, civil, and labor contingencies	23	1,040,524	996,505	1,661,009	1,619,166
Deferred revenue	21	907,644	938,246	1,067,056	1,102,758
Other noncurrent liabilities	22	130,194	130,194	134,218	134,219
Total noncurrent liabilities		9,335,336	9,087,735	10,418,057	10,436,406
Total liabilities		22,018,724	23,001,362	26,318,948	27,844,533
Equity					
Capital	24	13,602,498	12,352,498	13,602,498	12,352,498
Capital reserve		(2,102,671)	(2,087,258)	(2,102,671)	(2,087,258)
Treasury shares		(951,908)	(990,603)	(951,908)	(990,603)
Legal reserve		137,442	137,442	137,442	137,442
Income reserve		319,837	319,837	319,837	319,837
Equity adjustments		(133,210)	(121,382)	(133,210)	(121,382)
Income for the period		27,925	-	27,925	-
Total equity		10,899,913	9,610,534	10,899,913	9,610,534
Total liabilities and equity		32,918,637	32,611,896	37,218,861	37,455,067

See accompanying notes.

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Statements of profit or loss Quarters ended March 31, 2024 and 2023 (In thousands of reais - R\$)

	Note	Individual		Consolidated	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023
Net sales revenue	25	7,746,386	7,542,153	9,239,265	9,067,334
Cost of goods resold and services rendered	26	(5,582,113)	(5,641,786)	(6,475,869)	(6,588,041)
Gross profit		2,164,273	1,900,367	2,763,396	2,479,293
Operating income (expenses)					
Selling expenses	27	(1,355,301)	(1,280,771)	(1,659,938)	(1,644,418)
General and administrative expenses	27	(225,191)	(202,892)	(339,618)	(308,417)
Losses on doubtful accounts		(113,114)	(94,180)	(119,184)	(98,961)
Depreciation and amortization	14/15/16	(260,992)	(250,448)	(322,673)	(307,800)
Equity pickup	12 13	85,283	(20,373)	6,908	(12,117)
Other operating income, net	27 28	20,704	(76,990)	33,294	(91,252)
		(1,848,611)	(1,925,654)	(2,401,211)	(2,462,965)
Operating income before finance income (costs)		315,662	(25,287)	362,185	16,328
Finance income		132,146	131,023	157,118	193,262
Finance costs		(469,444)	(706,002)	(540,543)	(825,621)
Finance income (costs)	29	(337,298)	(574,979)	(383,425)	(632,359)
Operating loss before income and social contribution taxes		(21,636)	(600,266)	(21,240)	(616,031)
Current and deferred income and social contribution taxes	11	49,561	209,045	49,165	224,810
Net income (loss) for the period		27,925	(391,221)	27,925	(391,221)
Income (loss) attributable to:					
Controlling shareholders		27,925	(391,221)	27,925	(391,221)
Earnings (loss) per share					
Basic (reais per share)	24	0.004	(0.059)	0.004	(0.059)
Diluted (reais per share)	24	0.004	(0.059)	0.004	(0.059)

See accompanying notes.

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Statements of comprehensive income Quarters ended March 31, 2024 and 2023 (In thousands of reais - R\$)

	Individual and Consolidated	
	03/31/2024	03/31/2023
Net income (loss) for the period	27,925	(391,221)
Items that may be subsequently recycled to profit or loss:		
Investments valued under the equity method - share in other comprehensive income (OCI)	(626)	(2,338)
Tax effects	213	795
Total items that may be subsequently recycled to profit or loss	(413)	(1,543)
Financial assets measured at FVOCI	12,241	-
Total comprehensive income (loss) for the period, net of taxes	39,753	(392,764)
Attributable to:		
Controlling shareholders	39,753	(392,764)

See accompanying notes.

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Statements of changes in equity Quarters ended March 31, 2024 and 2023 (In thousands of reais - R\$)

	Note	Income reserve							Equity adjustments	Total
		Capital	Capital reserve	Treasury shares	Legal reserve	Reserve for working capital increase	Tax incentive reserve	Retained earnings (accumulated losses)		
Balances at December 31, 2022		12,352,498	(1,896,383)	(1,245,809)	137,442	83,660	1,215,281	-	2,012	10,648,701
Stock option plan	24	-	31,974	-	-	-	-	-	-	31,974
Treasury shares sold or delivered in stock option plans and business combinations	24	-	(3,275)	2,965	-	-	-	-	-	(310)
Loss for the period		-	-	-	-	-	-	(391,221)	-	(391,221)
		-	28,699	2,965	-	-	-	(391,221)	-	(359,557)
Other comprehensive income:										
Equity adjustments		-	-	-	-	-	-	-	1,543	1,543
Balances at March 31, 2023		12,352,498	(1,867,684)	(1,242,844)	137,442	83,660	1,215,281	(391,221)	3,555	10,290,687
Balances at December 31, 2023		12,352,498	(2,087,258)	(990,603)	137,442	-	1,215,281	(895,444)	(121,382)	9,610,534
Capital increase	24	1,250,000	-	-	-	-	-	-	-	1,250,000
Stock option plan	24	-	9,621	-	-	-	-	-	-	9,621
Treasury shares sold or delivered in stock option plans and business combinations	24	-	(25,034)	38,695	-	-	-	-	-	13,661
Income for the period	24	-	-	-	-	-	-	27,925	-	27,925
		1,250,000	(15,413)	38,695	-	-	-	27,925	-	1,301,207
Other comprehensive income:										
Equity adjustments		-	-	-	-	-	-	-	(11,828)	(11,828)
Balances at March 31, 2024		13,602,498	(2,102,671)	(951,908)	137,442	-	1,215,281	(867,519)	(133,210)	10,899,913

See accompanying notes.

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Statements of cash flows Quarters ended March 31, 2024 and 2023 (In thousands of reais - R\$)

	Note	Individual		Consolidated	
		03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cash flows from operating activities					
Income (loss) for the period		27,925	(391,221)	27,925	(391,221)
Adjustments to reconcile income (loss) for the period to cash flows from (used in) operating activities:					
Income and social contribution taxes recognized in P&L	11	(49,561)	(209,045)	(49,165)	(224,810)
Depreciation and amortization	14/15/16	260,992	250,448	322,673	307,800
Accrued interest on loans, financing and lease	14/20	261,277	313,821	274,608	329,765
Gain (loss) on marketable securities		(3,935)	(10,864)	(3,935)	(10,864)
Equity pickup	12/13	(85,283)	20,373	(6,908)	12,117
Changes in the provision for losses on assets		172,228	92,973	180,991	99,939
Provision for tax, civil, and labor contingencies	23	47,548	39,135	45,400	58,531
Income (loss) from write-off of assets	28	641	939	(271)	893
Appropriation of deferred revenue	21	(30,602)	(15,667)	(36,205)	(21,491)
Stock option plan expenses		9,111	22,273	9,621	32,511
Adjusted net income for the period		610,341	113,165	764,734	193,170
(Increase) decrease in operating assets:					
Accounts receivable		(19,646)	1,699,527	(332,956)	1,932,989
Marketable securities		350,207	(168,116)	430,946	(132,748)
Inventories		104,561	144,622	127,488	238,286
Accounts receivable from related parties		(621,290)	1,369,147	(782,726)	1,094,865
Taxes recoverable		17,857	21,787	36,606	19,784
Judicial deposits		(15,278)	(41,191)	(44,770)	(71,965)
Other assets		(23,164)	(44,032)	(96,908)	(143,499)
Changes in operating assets		(206,753)	2,981,744	(662,320)	2,937,712
Increase (decrease) in operating liabilities:					
Trade accounts payable		(377,953)	(540,113)	(598,943)	(917,867)
Partners and other deposits		-	-	(40,630)	(24,909)
Salaries, vacation pay and social charges		(4,088)	(7,661)	7,920	(6,783)
Taxes payable		38,221	23,636	46,676	31,719
Accounts payable to related parties		204,941	(25,971)	(10,406)	(26,872)
Other liabilities		99,822	(241,188)	33,632	(223,215)
Changes in operating liabilities		(39,057)	(791,297)	(561,751)	(1,167,927)
Income and social contribution taxes paid		-	-	(11,821)	(7,307)
Dividends received		-	142,912	-	43,089
Cash flows from operating activities		364,531	2,446,524	(471,158)	1,998,737
Cash flows from investing activities					
Acquisition of property and equipment	15	(19,155)	(24,636)	(54,302)	(64,607)
Acquisition of intangible assets	16	(101,289)	(87,421)	(128,571)	(113,519)
Capital increase at subsidiary		(66,675)	(81,120)	-	-
Payment for acquisition of subsidiary		-	(507,520)	-	(518,993)
Cash flows used in investing activities		(187,119)	(700,697)	(182,873)	(697,119)
Cash flows from financing activities					
Repayment of loans and financing	20	(800,000)	-	(801,575)	(4,319)
Payment of interest on loans and financing	20	(53,367)	(58,448)	(80,320)	(87,737)
Payment of lease	14	(120,361)	(134,109)	(124,240)	(138,938)
Payment of interest on lease	14	(76,228)	(74,413)	(77,742)	(75,837)
Increase (decrease) in trade accounts payable - agreement		(82,497)	(1,602,819)	(127,173)	(1,629,944)
Capital increase		1,250,000	-	1,250,000	-
Cash flows used in financing activities		117,547	(1,869,789)	38,950	(1,936,775)
Decrease in the balance of cash and cash equivalents		294,959	(123,962)	(615,081)	(635,157)
Cash and cash equivalents at beginning of period		1,113,662	808,764	2,593,346	2,420,045
Cash and cash equivalents at end of the period		1,408,621	684,802	1,978,265	1,784,888
Decrease in the balance of cash and cash equivalents		294,959	(123,962)	(615,081)	(635,157)

See accompanying notes.

Magazine Luiza S.A.

Statements of value added Quarters ended March 31, 2024 and 2023 (In thousands of reais - R\$)

	Individual		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	31/03/203
Revenues				
Sales of goods, products and services	9,248,611	9,003,074	11,254,724	10,996,108
Allowance for doubtful accounts, net of reversals	(113,114)	(94,180)	(119,184)	(98,961)
Other operating income	29,973	18,139	40,779	16,083
	9,165,470	8,927,033	11,176,319	10,913,230
Bought-in inputs				
Cost of goods resold and services rendered	(6,044,150)	(6,011,129)	(6,937,771)	(6,955,102)
Materials, energy, third-party services and other expenses	(1,038,525)	(1,099,872)	(1,302,298)	(1,393,680)
Loss/recovery of receivables	(49,728)	17,300	(49,287)	14,890
	(7,132,403)	(7,093,701)	(8,289,356)	(8,333,892)
Gross value added	2,033,067	1,833,332	2,886,963	2,579,338
Depreciation and amortization	(260,992)	(250,448)	(322,673)	(307,800)
Net value added produced by the Company	1,772,075	1,582,884	2,564,290	2,271,538
Value added received in transfer				
Equity pickup	85,283	(20,373)	6,908	(12,117)
Finance income	132,146	131,023	157,127	193,262
Total value added to be distributed	1,989,504	1,693,534	2,728,316	2,452,683
Distribution of value added				
Personnel and charges:				
Salaries	419,556	409,515	593,185	580,625
Benefits	63,383	76,536	93,818	114,360
Unemployment Compensation Fund (FGTS)	29,592	30,536	51,296	52,965
	512,531	516,587	738,299	747,950
Taxes, charges and contributions:				
Federal	135,899	49,762	353,725	241,928
State	803,907	782,685	1,000,929	958,715
Local	28,833	23,495	44,173	37,864
	968,639	855,942	1,398,827	1,238,507
Debt remuneration:				
Interest	422,762	671,921	453,826	786,689
Rent	21,303	12,361	22,654	15,484
Other	36,344	27,944	86,785	55,274
	480,409	712,226	563,265	857,447
Equity remuneration:				
Retained earnings (accumulated losses)	27,925	(391,221)	27,925	(391,221)
	27,925	(391,221)	27,925	(391,221)
	1,989,504	1,693,534	2,728,316	2,452,683

See accompanying notes.

Notes to quarterly information

1. Operations

Magazine Luiza S.A. ("Company") is a publicly-held corporation listed under the special segment called "Novo Mercado" of B3 S.A. – Brasil, Bolsa, Balcão, under ticker symbol "MGLU3" and is primarily engaged in the retail sale, through physical 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. The joint venture entity Luizacred (Note 13) offers loans, financing and insurance services to its customers. It is headquartered in the city of Franca, São Paulo State, and 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 March 31, 2024, the Company owned 1,263 stores and 21 distribution centers (1,287 stores and 21 distribution centers as at December 31, 2023) located in all regions in Brazil. The Company also operates on the electronic commerce sites www.magazineluiza.com.br, www.epocacosmeticos.com.br, www.netshoes.com.br, www.zattini.com.br, www.shoestock.com.br, www.kabum.com.br, and related mobile apps, as well as through the food delivery apps AiQfome, Tônulucro and Plus Delivery.

On May 9, 2024, the Board of Directors authorized the issue of this quarterly information.

2. Presentation and preparation of the quarterly information

2.1. Accounting policies

The quarterly financial information is presented in thousands of reais ("R\$"), which is the Company's functional and presentation currency.

The individual and consolidated quarterly information was prepared in accordance with accounting pronouncement CPC 21 (R1) and IAS 34 (Interim financial reporting), and is presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

The practices, policies and key accounting judgments and sources of uncertainty about estimates adopted in the preparation of the individual and consolidated quarterly information are consistent with those adopted and disclosed in the notes to the financial statements for the year ended December 31, 2023, which were disclosed on March 18, 2024 and should be read together.

2. Presentation and preparation of the quarterly information (Continued)

2.1. Accounting policies (Continued)

The objective of the statement of value added (SVA) is to present information on the wealth created by the Company and its subsidiaries and its distribution over a given period. It is presented as required by the rules issued by the Brazilian Securities and Exchange Commission (CVM), as this statement is not provided for nor mandatory under the International Financial Reporting Standards (IFRS).

Management adopts the accounting policy of presenting the interest paid as financing activity and the dividends received as operating activity in the Statements of Cash Flows.

3. New accounting standards, amendments and interpretations

The amended standards and interpretations effective for the year beginning January 1, 2024 did not affect this interim financial information. A number of other revised standards and interpretations are underway by the IASB and the Company will assess them in due course.

4. Notes to the financial statements as of December 31, 2023 that are not presented in this quarterly information

The quarterly information is presented in accordance with accounting pronouncements CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), in compliance with the provisions contained in CVM/SNC/SEP Memorandum Circular No. 003/2011 of April 28, 2011. The preparation of this quarterly information involves judgment by the Company's management in connection with the relevance and changes that should be disclosed in the explanatory notes. Accordingly, this quarterly information presents selected explanatory notes and does not include all explanatory notes disclosed in the financial statements for the year ended December 31, 2023. As permitted by Memorandum Circular No. 03/2011, issued by the Brazilian Securities and Exchange Commission (CVM), the following explanatory notes and their references to the financial statements as of December 31, 2023 are not presented:

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

5. Cash and cash equivalents

Rate	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Cash	98,208	77,723	99,571	78,780
Banks	49,889	72,988	85,812	104,866
Short-term deposits	From 88% to 103% of the CDI	962,951	1,732,559	2,359,144
Investment funds	From 97% to 100% of the CDI	-	60,323	50,556
	1,408,621	1,113,662	1,978,265	2,593,346

Credit risk and sensitivity analyses are described in Note 31.

6. Marketable securities

	Rate	Individual		Consolidated	
		03/31/2024	12/31/2023	03/31/2024	12/31/2023
Investment funds	100% to 105% of the CDI	4,934	4,809	4,934	4,809
Receivables investment funds		47,586	49,263	6,261	3,248
Funds of one:	(a)				
Federal government securities		179,519	524,239	340,866	771,015
		232,039	578,311	352,061	779,072

(a) Refers to fixed income funds of one held with Banco Itaú S.A. and Banco do Brasil S.A. As of March 31, 2024 and December 31, 2023, the portfolio comprised the investments described in the table above, which are linked to securities and financial transactions and referenced to the variation of the Interbank Deposit Certificate (CDI), with the objective of returning to the average yield of 100% of the CDI for the Company.

Credit risk and sensitivity analyses are described in Note 31.

7. Accounts receivable

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Trade accounts receivable:				
Credit cards (a)	2,600,723	2,776,422	4,697,825	4,499,274
Debit cards (a)	9,517	11,739	9,566	11,788
Direct consumer credit (b)	1,434,087	1,321,089	1,434,087	1,321,089
Customer services (c)	425,701	377,909	442,239	403,952
Other receivables (d)	3,814	4,566	143,833	159,684
Total trade accounts receivable	4,473,842	4,491,725	6,727,550	6,395,787
From commercial agreements (e)	207,942	235,290	238,868	302,974
Allowance for expected credit losses	(402,220)	(366,096)	(408,116)	(371,939)
Present value adjustment	(405,792)	(368,681)	(405,792)	(368,681)
	3,873,772	3,992,238	6,152,510	5,958,141
Current assets	3,767,320	3,919,547	6,046,058	5,885,450
Noncurrent assets	106,452	72,691	106,452	72,691

Days sales outstanding is of 42 and 45 days, individual and consolidated, respectively, as of March 31, 2024 (45 and 53 days, individual and consolidated, respectively, as of December 31, 2023).

(a) Accounts receivable arising from sales made through credit and debit cards, which the Company receives from the buyers in amounts, terms and number of installments defined at the time the products are sold. The consolidated information includes receivables from buyers transacted through Fintech Magalu, to be transferred to the partners (sellers) as described in Note 19. As of March 31, 2024, the Company recorded credits assigned to certain buyers and financial institutions amounting to R\$2,908,519 (R\$2,678,944 as of December 31, 2023), individual, and R\$4,917,067 (R\$5,337,901 as of December 31, 2023), consolidated, on which a discount ranging from 105.3% to 108.9% of the CDI is applied. Through assignment of receivables from cards, the Company transfers to the acquirers and financial institutions all risks from customer receivables and, thus, settles the amounts receivable related to these credits.

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

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

(d) Refers mostly to receivables for transportation services of subsidiaries Magalog and GFL Logística to third parties, as well as services rendered and entries in Fintech Magalu's payment accounts.

7. Accounts receivable (Continued)

(e) Refers to bonuses to be received from suppliers, arising from the fulfillment of the purchase volume or promotional campaigns, as well as from agreements that define the share of suppliers in disbursements related to advertising and promotion (joint advertising). The balance presented is net of the amount to be offset by matching of accounts with balances payable from the respective suppliers, provided for in a partnership agreement between the parties.

Changes in allowance for expected credit losses are as follows:

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Opening balance	(366,096)	(266,709)	(371,939)	(270,761)
(+) Additions	(125,871)	(519,702)	(126,346)	(522,579)
(-) Write-offs	89,747	420,315	90,169	421,401
Closing balance	(402,220)	(366,096)	(408,116)	(371,939)

The credit risk analysis is detailed in Note 31.

The aging list of trade accounts receivable and receivables from commercial agreements is as follows:

	Trade accounts receivable				From commercial agreements			
	Individual		Consolidated		Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Falling due:								
Within 30 days	579,857	260,305	764,155	518,713	33,079	68,101	43,362	104,260
31 to 60 days	362,112	649,945	836,513	711,865	68,878	85,859	77,676	105,250
61 to 90 days	407,211	654,591	442,927	705,456	82,016	75,016	87,871	76,026
91 to 180 days	1,551,207	1,428,606	1,987,454	2,053,521	523	623	644	623
181 to 360 days	1,209,451	1,172,876	2,315,492	2,064,631	-	22	-	22
More than 361 days	106,563	99,618	106,727	99,618	-	-	-	-
	4,216,401	4,265,941	6,453,268	6,153,804	184,496	229,621	209,553	286,181
Overdue:								
Within 30 days	72,948	56,855	89,789	73,054	18,542	1,803	21,043	8,574
31 to 60 days	42,901	38,272	42,901	38,272	2,904	1,738	4,149	2,272
61 to 90 days	37,787	34,915	37,787	34,915	989	363	1,517	1,774
91 to 180 days	103,805	95,742	103,805	95,742	1,011	1,765	2,606	4,173
	257,441	225,784	274,282	241,983	23,446	5,669	29,315	16,793
	4,473,842	4,491,725	6,727,550	6,395,787	207,942	235,290	238,868	302,974

8. Inventories

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Goods for resale	6,397,079	6,511,511	7,504,662	7,641,437
Consumption materials	24,178	23,088	35,929	35,423
Provisions for inventory losses	(188,872)	(151,296)	(225,425)	(179,561)
	6,232,385	6,383,303	7,315,166	7,497,299

As of March 31, 2024 and December 31, 2023, the Company recorded inventories of goods for resale given in guarantee of legal proceedings, under enforcement, in the amount of R\$21,650.

8. Inventories (Continued)

Changes in the provision for inventory losses are shown below:

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Opening balance	(151,296)	(162,468)	(179,561)	(184,484)
Set-up of provision	(46,357)	(47,928)	(54,645)	(62,269)
Inventories written off or sold	8,781	59,100	8,781	67,192
Closing balance	(188,872)	(151,296)	(225,425)	(179,561)

9. Transactions with related parties

Company	Assets (Liabilities)				P&L for the quarter			
	Individual		Consolidated		Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Luizacred (i)								
Commissions for services rendered	939	1,915	939	1,915	61,837	61,978	61,837	61,978
Credit card	1,812,089	1,125,171	2,009,309	1,222,793	(38,735)	(125,797)	(38,735)	(125,797)
Transfers of receivables	(70,043)	(84,061)	(70,043)	(84,061)	-	-	-	-
Reimbursement of shared expenses	37,661	45,523	37,661	45,523	28,361	35,965	28,361	35,965
	1,780,646	1,088,548	1,977,866	1,186,170	51,463	(27,854)	51,463	(27,854)
Luizaseg (ii)								
Commissions for services rendered	-	-	-	-	-	113,961	-	113,961
	1,780,646	1,088,548	1,977,866	1,186,170	51,463	86,107	51,463	86,107
Netshoes (iii)								
Commissions for services rendered	34,045	(71,090)	-	-	4,391	5,305	-	-
Promissory notes	(100,000)	-	-	-	-	-	-	-
	(65,955)	(71,090)	-	-	4,391	5,305	-	-
Época Cosméticos (iv)								
Commissions for services rendered	583	690	-	-	1,198	1,725	-	-
Kabum (v)								
Commissions for services rendered	17,588	8,210	-	-	4,540	640	-	-
Promissory notes	(200,000)	-	-	-	-	-	-	-
	(182,412)	8,210	-	-	4,540	640	-	-
Luiza Administradora de Consórcio (vi)								
Commissions for services rendered	1,287	1,210	-	-	3,755	4,154	-	-
Dividends receivable	6,454	6,454	-	-	-	-	-	-
Group of consortia	(5)	44	(5)	44	-	-	-	-
	7,736	7,708	(5)	44	3,755	4,154	-	-
Magalog (vii)								
Transfers of receivables	(128,702)	(106,178)	-	-	-	-	-	-
Freight	-	-	-	-	(525,916)	(422,487)	-	-
	(128,702)	(106,178)	-	-	(525,916)	(422,487)	-	-
Fintech Magalu (viii)								
Transfers of receivables	366,979	450,686	-	-	(84,967)	(84,898)	-	-
	366,979	450,686	-	-	(84,967)	(84,898)	-	-
Jovem Nerd (ix)								
Placement of advertisement	(223)	-	-	-	(223)	(106)	-	-
Luizalabs (x)								
System development and reimbursement	12	(14,774)	-	-	12	-	-	-
MTG Participações (xi)								
Rent and other transfers	(4,701)	(2,744)	(4,701)	(2,744)	(22,263)	(15,972)	(22,263)	(15,972)
PJD Agropastoril (xii)								
Rent, freight and other transfers	(62)	(56)	(62)	(56)	(235)	(253)	(235)	(253)
LH Participações (xiii)								
Rent	(223)	(216)	(223)	(216)	(668)	(648)	(668)	(648)
ASENOVE Administração (xvi)								
Rent	(15)	(15)	(15)	(15)	-	(43)	-	(43)
ETCO - SCP (xiv)								
Agency fee	-	-	-	-	(1,878)	(2,393)	(1,878)	(2,393)
Marketing expenses	(6,971)	(10,426)	(6,971)	(10,426)	(58,703)	(74,783)	(58,703)	(74,783)
	(6,971)	(10,426)	(6,971)	(10,426)	(60,581)	(77,176)	(60,581)	(77,176)
Total other related parties	(11,972)	(13,457)	(11,972)	(13,457)	(83,747)	(94,092)	(83,747)	(94,092)
Total related parties	1,766,692	1,350,343	1,965,889	1,172,757	(485,487)	(503,652)	111,723	(7,985)

9. Transactions with related parties (Continued)

Other related parties – marketable securities	Assets (Liabilities)				P&L			
	Individual		Consolidated		Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Funds of one – classified as Marketable securities (xvi)	179,519	524,239	340,866	771,015	5,486	30,431	5,486	30,431
	179,519	524,239	340,866	771,015	5,486	30,431	5,486	30,431

Reconciliation	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Accounts receivable from related parties	2,297,240	1,675,950	2,056,444	1,273,718
Accounts payable to related parties	(530,548)	(325,607)	(90,555)	(100,961)
	1,766,692	1,350,343	1,965,889	1,172,757

- (i) The transactions with Luizacred, a joint venture with Banco Itaúcard S.A., relate to the following activities:
 - (a) Receivables under private label credit cards and finance costs with advance of such receivables;
 - (b) Balance receivable from the sale of products financed to customers by Luizacred, received by the Company;
 - (c) Commissions on services provided monthly by the Company, including attraction of 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 at the Company's store cashiers, which are transferred to Luizacred;
- (ii) The equity interest and control held by Magazine Luiza S.A. in Luizaseg was sold to NCVF Participações Societárias S.A., a subsidiary of Cardif do Brasil Seguros e Previdência S.A., on October 31, 2023, as described in Note 14 to the Financial Statements as of December 31, 2023. Therefore, Luizaseg is no longer considered a related party under CPC 05 – Related Party Disclosures.
- (iii) The amounts of Netshoes, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's marketplace platform and to promissory notes entered into with Magazine Luiza, to be settled on October 20, 2024.
- (iv) Transactions with Época Cosméticos, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's marketplace platform.
- (v) Transactions with KaBuM, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's marketplace platform and to promissory notes entered into with Magazine Luiza, to be settled on December 1, 2025.
- (vi) The amounts receivable (current assets) from Luiza Consortium (LACs), a wholly-owned subsidiary, refer to proposed dividends and commissions for sales made by the Parent Company as an agent for consortium operations. The amounts payable (current liabilities) refer to unrealized transfers to LAC relating to consortia installments received by the Parent Company through cashiers at the points of sale.
- (vii) Transactions with Magalog, a wholly-owned subsidiary, refer to freight expenses and transfer of receivables.
- (viii) Transactions with Fintech Magalu, a wholly-owned subsidiary, refer to commissions receivable for sales made via its platform by Marketplace sellers, as well as fees paid for the use of the sub-acquisition operation offered.
- (ix) Transactions with Jovem Nerd, a wholly-owned subsidiary, refer to advertising.
- (x) This refers to provision of system development services by the subsidiary Luizalabs Computação e Sistemas de Informação Ltda. and reimbursement of licenses.
- (xi) Transactions with MTG Administração, Assessoria e Participações S.A., controlled by the same controlling shareholders of the Company, refer to expenses with rent of commercial buildings for its stores, as well as distribution centers, and reimbursement of expenses.
- (xii) Transactions with PJD Agropastoril Ltda., a company controlled by the Company's indirect controlling shareholders, refer to expenses with truck rentals for shipping of goods.
- (xiii) Transactions with LH Agropastoril, Administração Participações Ltda., controlled by the same controlling shareholders of the Company, refer to expenses with rent of commercial buildings and central office.
- (xiv) Transactions ASENOVE Administração e Participações Ltda., controlled by a controlling shareholder of the Company, refer to expenses with rent of commercial building.
- (xv) 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 provision of promotion and advertising services, including transfers related to broadcasting, media production and graphic creation services.
- (xvi) This refers to investments, redemptions and income from funds of one (ML Renda Fixa Crédito Privado FI and BB MGL Fundo de Investimento RF Longo Prazo - Note 6 – Marketable securities).

Management compensation

	31/03/2024		31/03/2023	
	Board of Directors	Statutory Board	Board of Directors	Statutory Board
Fixed and variable compensation	1,575	1,894	1,014	2,113
Stock option plan	262	1,562	1,477	5,768

9. Transactions with related parties (Continued)

Management compensation (Continued)

The Company does not offer post-employment benefits, severance pay, or other long-term benefits. Short-term benefits for the statutory board correspond to those granted to the other Company employees, and certain eligible employees are beneficiaries of a share-based incentive plan, as mentioned in Note 24. The Company's internal policy determines the payment of Profit Sharing to its employees. These amounts are accrued on a monthly basis by the Company, according to estimated achievement of goals. Total management compensation was approved at the Annual General Meeting held on April 24, 2024, in which the limit of R\$34,085 was established for 2024.

10. Taxes recoverable

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
ICMS recoverable (a)	2,383,889	2,460,626	2,425,429	2,506,638
PIS and COFINS recoverable (b)	1,342,487	1,420,482	1,514,736	1,618,975
Other	3,614	3,613	18,829	19,143
	3,729,990	3,884,721	3,958,994	4,144,756
Current assets	1,517,031	1,475,359	1,691,182	1,680,511
Noncurrent assets	2,212,959	2,409,362	2,267,812	2,464,245

- (a) Refer to accumulated credits of Company State VAT (ICMS) and due to tax substitution, arising from the application of different rates on interstate receiving and shipping operations. These credits are realized through a request for reimbursement and offsetting of debts of the same nature to the States of origin of the credit.
- (b) In a judgment held in 2023, the High Court of Justice (STJ) established its understanding in the sense of the non-levy of Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) on discounts, bonuses and rebates received by retail companies from their suppliers. Thus, based on judicial precedents and on the legal advisors' opinion, the Company completed the calculations and amendments in 2023 of the PIS/COFINS accessory obligations for the periods prior to 2023, with a view to excluding the bonuses received from the tax base. As a result, the Company recorded the effects of the reduction of PIS/COFINS debts and the consequent return of the credits overused in the past to the taxes recoverable account, as previously unused credits that have been offset with federal tax debts.

11. Income and social contribution taxes

a) Income and social contribution taxes recoverable

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) recoverable	199	17	83,079	73,301
Withholding Income Tax (IRRF) recoverable	87,195	79,357	114,247	103,723
	87,394	79,374	197,326	177,024

11. Income and social contribution taxes (Continued)

b) Reconciliation of the tax effect on loss before income and social contribution taxes

	Three-month period ended			
	Individual		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Loss before income and social contribution taxes	(21,636)	(600,266)	(21,240)	(616,031)
Current statutory rate	34%	34%	34%	34%
Expected income and social contribution tax credit at current rates	7,356	204,090	7,222	209,451
Reconciliation to effective rate (effects of application of tax rates):				
Exclusion - equity pickup	28,996	(6,927)	2,349	(4,120)
Unrecognized deferred IR/CS - Netshoes/Kabum	-	-	25,344	7,271
Effect of government grant (1)	14,345	12,426	15,239	15,298
Interest of taxes paid in error (2)	582	2,056	1,662	2,056
Other permanent exclusions, net	(1,718)	(2,600)	(2,651)	(5,146)
Income and social contribution tax credit	49,561	209,045	49,165	224,810
Current	-	-	(15,033)	(12,293)
Deferred	49,561	209,045	64,198	237,103
Total	49,561	209,045	49,165	224,810
Effective rate	229.1%	34.8%	231.5%	36.5%

- (1) In performing its regular activities, the Company is entitled to a number of tax benefits granted by the states. Based on the concept brought by Supplementary Law No. 160/2017, these benefits are considered investment grants and, according to CPC 07 – Government grants and assistance, they are recorded in the statement of profit or loss for the year.
- (2) On September 24, 2021, in a decision of the Federal Supreme Court with recognized general repercussion effect, the levy of IRPJ and CSLL on amounts related to the Selic (Central Bank benchmark rate) received due to claim to refund taxes paid in error was declared unconstitutional. The Company has a writ of mandamus, dated before the judgment of the Federal Supreme Court, whose subject matter is precisely the recognition of the illegitimacy of the levy of IRPJ and CSLL on Selic in tax credits. Based on the decision of the STF, the Company permanently excluded these amounts from the tax base, considering that it is likely that the decision will be accepted by the tax authorities, pursuant to ICPC 22 – Uncertainty over Income Tax Treatments (equivalent to IFRIC 23).

11. Income and social contribution taxes (Continued)

c) Deferred income and social contribution taxes

Breakdown and changes in balances of deferred income and social contribution tax assets and liabilities:

	Individual			Consolidated		
	Balance at 12/31/2023	P&L	Balance at 03/31/2024	Balance at 12/31/2023	P&L	Balance at 03/31/2024
Deferred income and social contribution taxes on:						
Income and social contribution tax loss	1,796,415	188	1,796,603	2,056,572	5,392	2,061,964
Allowance for expected credit losses	124,603	12,192	136,795	128,573	12,192	140,765
Provision for inventory losses	51,441	12,775	64,216	51,918	14,482	66,400
Provision for present value adjustments	95,037	855	95,892	95,037	855	95,892
Provision for tax, civil, and labor contingencies	338,811	14,967	353,778	494,557	16,633	511,190
Provision for stock option plan	134,637	3,985	138,622	134,637	3,985	138,622
Temporary differences on leases	125,996	3,235	129,231	125,996	3,235	129,231
Temporary differences on fair value in acquisitions	(41,679)	717	(40,962)	(230,040)	7,896	(222,144)
Judicial deposits	617	-	617	617	-	617
Deferred tax credits (1)	(102,149)	-	(102,149)	(131,605)	-	(131,605)
Other provisions	(10,034)	647	(9,387)	5,468	(472)	4,996
Deferred income and social contribution tax assets (liabilities)	2,513,695	49,561	2,563,256	2,731,730	64,198	2,795,928

	Individual			Consolidated		
	Balance at 12/31/2022	P&L	Balance at 03/31/2023	Balance at 12/31/2022	P&L	Balance at 03/31/2023
Deferred income and social contribution taxes on:						
Income and social contribution tax loss	1,033,410	182,915	1,216,325	1,096,109	202,245	1,298,354
Allowance for expected credit losses	90,681	27,394	118,075	90,681	27,394	118,075
Provision for inventory losses	55,239	(8,304)	46,935	55,542	(8,119)	47,423
Provision for present value adjustments	83,998	(18,782)	65,216	83,998	(18,782)	65,216
Provision for tax, civil, and labor contingencies	277,044	12,714	289,758	392,931	15,193	408,124
Provision for stock option plan	127,528	11,055	138,583	127,528	11,055	138,583
Temporary differences on leases	102,967	5,862	108,829	102,967	5,862	108,829
Temporary differences on fair value in acquisitions	(41,679)	-	(41,679)	(258,028)	8,726	(249,302)
Judicial deposits	617	(11)	606	617	(11)	606
Deferred tax credits (1)	(102,149)	-	(102,149)	(131,605)	-	(131,605)
Other provisions	(1,728)	(3,798)	(5,526)	16,798	(6,460)	10,338
Deferred income and social contribution tax assets (liabilities)	1,625,928	209,045	1,834,973	1,577,538	237,103	1,814,641

(1) Refers to temporary exclusions from the income and social contribution tax bases related to recognition of tax credits, the tax benefits of which are observed at a time other than upon recognition.

11. Income and social contribution taxes (Continued)

c) Deferred income and social contribution taxes (Continued)

Breakdown of deferred income and social contribution taxes by company

	Balance at 12/31/2023	Deferred tax assets	Deferred tax liabilities	Balance at 03/31/2024
Individual	2,513,695	2,563,256	-	2,563,256
Netshoes	194,230	194,803	(23,142)	171,661
KaBuM	(86,277)	28,172	(84,753)	(56,581)
Luiza Consortium	(1,625)	27,101	(29,822)	(2,721)
Época Cosméticos	40,150	44,476	-	44,476
Magalog	80,859	83,932	-	83,932
Softbox	7,918	8,629	-	8,629
Fintech Magalu	(17,220)	9,470	(26,194)	(16,724)
Consolidated	2,731,730	2,959,839	(163,911)	2,795,928

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

12. Investments in subsidiaries

a) Changes in investments in subsidiaries

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

Position at 03/31/2024

Financial Information	Netshoes	Kabum	Época Cosméticos	Fintech Magalu	Luiza Consortium	Magalog	Luizalabs
Shares/units of interest	1,514,532,428	1,976,774	34,405,475	2,000,000	6,500	16,726	23,273,616
Interest (%)	100%	100%	100%	100%	100%	100%	100%
Current assets	595,073	1,309,755	164,880	2,533,233	197,245	334,851	62,320
Noncurrent assets	842,053	353,591	283,047	495,698	43,228	374,964	306,047
Current liabilities	477,750	493,215	103,982	2,333,717	103,231	412,441	86,195
Noncurrent liabilities	296,360	602,401	100,756	188,816	32,319	43,579	9,230
Capital	635,411	250,882	145,955	490,489	50,050	364,346	183,753
Equity	663,016	567,730	243,189	506,398	104,923	253,795	272,942
Net revenue	349,482	748,837	131,535	247,423	34,997	562,025	5,609
Net income (loss)	13,191	31,445	(1,087)	48,872	9,415	(7,284)	(2,309)

Changes	Netshoes	Kabum	Época Cosméticos	Fintech Magalu	Luiza Consortiu m	Magalog	Luizalabs	Total
Balance at December 31, 2023	1,287,661	1,980,246	285,829	457,526	95,508	237,526	285,473	4,629,769
Future capital contribution	502	-	-	-	-	30,212	20,450	51,164
Other comprehensive income	70	-	-	-	-	-	-	70
Action plan	444	(1,315)	-	-	-	50	1,095	274
Equity pickup	7,978	23,933	(1,087)	48,872	9,415	(7,860)	(2,876)	78,375
Balance at March 31, 2024	1,296,655	2,002,864	284,742	506,398	104,923	259,928	304,142	4,759,652

12. Investments in subsidiaries (Continued)

a) Changes in investments in subsidiaries (Continued)

Position at 12/31/2023

Financial Information	Netshoes	Kabum	Época Cosméticos	Fintech Magalu	Luiza Consortium	Magalog	Luizalabs
Shares/units of interest	1,514,532,428	1,976,774	34,405,475	2,000,000	6,500	16,726	23,273,616
Interest (%)	100%	100%	100%	100%	100%	100%	100%
Current assets	757,326	1,792,889	237,502	2,586,682	176,963	310,045	74,216
Noncurrent assets	577,362	149,343	263,429	502,194	40,678	375,375	272,247
Current liabilities	538,958	796,678	164,570	2,433,064	93,290	407,497	83,373
Noncurrent liabilities	314,205	607,954	92,086	198,286	28,843	47,105	9,382
Capital	634,910	250,882	145,955	490,489	50,050	334,134	163,303
Equity	648,811	537,600	244,275	457,526	95,508	230,818	253,708
Net revenue	1,836,116	3,226,979	580,429	937,131	130,062	2,067,693	24,170
Net income (loss)	177,725	87,749	(22,476)	105,805	26,419	(116,432)	(7,176)

Changes	Netshoes	Kabum	Época Cosméticos	Fintech Magalu	Luiza Consortium	Magalog	Luizalabs	Total
Balance at December 31, 2022	1,168,083	1,922,997	270,263	430,028	75,363	275,124	237,873	4,379,731
Future capital contribution	4,238	-	37,950	22,010	-	79,627	37,451	181,276
Other comprehensive income	(356)	-	-	-	-	-	-	(356)
Action plan	(186)	(1,864)	92	(317)	-	(138)	18,103	15,690
Dividends paid	-	-	-	(100,000)	(6,275)	-	-	(106,275)
Equity pickup	115,882	59,113	(22,476)	105,805	26,420	(117,087)	(7,954)	159,703
Balance at December 31, 2023	1,287,661	1,980,246	285,829	457,526	95,508	237,526	285,473	4,629,769

b) Reconciliation of the carrying amount

Subsidiary	Equity	Goodwill from acquisition	Revaluation surplus (1)	Balance at 03/31/2024
Netshoes	663,016	486,718	146,921	1,296,655
Kabum	567,730	710,909	724,225	2,002,864
Época Cosméticos	243,189	36,826	4,727	284,742
Fintech Magalu	506,398	-	-	506,398
Luiza Consortium	104,923	-	-	104,923
Magalog	253,795	3,756	2,377	259,928
Luizalabs	272,942	25,421	5,779	304,142
	2,611,993	1,263,630	884,029	4,759,652

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

Subsidiary	Equity	Goodwill from acquisition	Revaluation surplus (1)	Balance at 03/31/2023
Netshoes	466,051	486,718	208,760	1,161,529
Kabum	480,314	710,910	754,278	1,945,502
Época Cosméticos	269,407	36,826	4,727	310,960
Fintech Magalu	330,224	-	-	330,224
Luiza Consortium	82,927	-	-	82,927
Magalog	268,584	3,755	3,445	275,784
Luizalabs	223,594	25,421	6,928	255,943
	2,121,101	1,263,630	978,138	4,362,869

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

13. Investments in joint ventures

Position at 03/31/2024

Interest	Luizacred
Shares/units of interest	31,056,244
Interest (%)	50%
Current assets	17,293,396
Noncurrent assets	1,707,823
Current liabilities	18,230,459
Noncurrent liabilities	100,635
Capital	596,000
Equity	670,125
Net revenue	1,071,893
Net income	13,355

Changes	Luizacred
Balance at December 31, 2023	322,516
Other comprehensive income	343
Unearned income/difference in practice	230
Equity pickup	6,678
Balance at March 31, 2024	329,767

Position at 12/31/2023

Interest	Luizacred
Shares/units of interest	31,056,244
Interest (%)	50%
Current assets	17,659,293
Noncurrent assets	1,755,990
Current liabilities	18,665,838
Noncurrent liabilities	93,358
Capital	596,000
Equity	656,087
Net revenue	4,463,614
Loss for the year	(97,807)

Changes	Luizacred	Luizaseg	Total
Opening balance	370,550	(31,717)	338,833
Sale of joint venture	-	48,961	48,961
Other comprehensive income	(50)	4,539	4,489
Dividends	-	(50,757)	(50,757)
Unearned income	920	(7,953)	(7,033)
Equity pickup	(48,904)	36,927	(11,977)
Closing balance	322,516	-	322,516

13. Investments in joint ventures (Continued)

Total investments in joint ventures

	03/31/2024	12/31/2023
Luizacred (a)	335,063	328,044
Luizacred – Difference in practice (b)	(5,296)	(5,528)
	<u>329,767</u>	<u>322,516</u>

(a) Interest of 50% of the voting capital representing the contractually agreed sharing of the control of the business, requiring the unanimous consent of the parties about significant decisions and financial and operating activities. Luizacred is joint venture held with 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) Adjustment of difference in accounting practice related to recognition of revenue arising from the association agreement between the parties described in Note 21, item b.

14. Leases

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

Changes in the right of use in the quarters ended March 31, 2024 and 2023 are as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Balance at January 1	3,282,873	3,473,159	3,343,054	3,511,497
Additions/remeasurements	86,414	461,151	89,880	511,953
Direct costs	-	9,035	-	9,035
Write-offs	(32,926)	(85,798)	(44,762)	(85,798)
Depreciation	(139,130)	(574,674)	(144,405)	(603,633)
Balance at March 31	3,197,231	3,282,873	3,243,767	3,343,054
Breakdown at March 31				
Cost value	5,644,716	5,591,228	5,740,083	5,698,792
Accumulated depreciation	(2,447,485)	(2,308,355)	(2,496,316)	(2,355,738)
	3,197,231	3,282,873	3,243,767	3,343,054

14. Leases (Continued)

Changes in lease liabilities in the quarters ended March 31, 2024 and 2023 are as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Balance at January 1	3,514,349	3,651,663	3,578,155	3,693,516
Additions/remeasurements	86,065	461,151	89,531	511,953
Payment of principal	(120,361)	(483,901)	(124,240)	(512,750)
Payment of interest	(76,228)	(325,944)	(77,742)	(328,595)
Accrued interest	76,229	304,696	77,743	307,347
Write-offs	(37,985)	(93,316)	(50,719)	(93,316)
Balance at March 31	3,442,069	3,514,349	3,492,728	3,578,155
Balance at March 31:				
Current liabilities	487,300	493,861	506,000	508,359
Noncurrent liabilities	2,954,769	3,020,488	2,986,728	3,069,796

15. Property and equipment

Changes in property and equipment in the quarters ended March 31, 2024 and 2023 are as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Balance at January 1	1,650,996	1,769,292	1,841,522	1,955,479
Additions	19,155	21,187	54,302	57,987
Write-offs	(729)	(939)	(780)	(893)
Depreciation	(62,951)	(53,920)	(71,481)	(61,510)
Balance at March 31	1,606,471	1,735,620	1,823,563	1,951,063
Cost value	2,781,754	2,712,104	3,183,433	3,083,313
Accumulated depreciation	(1,175,283)	(976,484)	(1,359,870)	(1,132,250)
	1,606,471	1,735,620	1,823,563	1,951,063

No indication of impairment was identified in the three month-period ended March 31, 2024.

16. Intangible assets

Changes in intangible assets in the quarters ended March 31, 2024 and 2023 are as follows:

	Individual		Consolidated	
	2024	2023	2024	2023
Balance at January 1	1,055,626	896,749	4,504,807	4,427,510
Additions	101,289	87,421	128,571	113,519
Write-offs	-	-	(70)	-
Amortization	(58,911)	(45,430)	(106,787)	(89,708)
Balance at March 31	1,098,004	938,740	4,526,521	4,451,321
Breakdown at March 31				
Cost value	1,813,441	1,436,183	5,860,623	5,421,264
Accumulated amortization	(715,437)	(497,443)	(1,334,102)	(969,943)
	1,098,004	938,740	4,526,521	4,451,321

17. Trade accounts payable

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Goods for resale	5,721,354	5,961,917	6,399,002	6,864,636
Other trade accounts payable	63,546	214,106	128,046	275,396
Present value adjustment	(154,326)	(167,496)	(160,011)	(174,052)
	5,630,574	6,008,527	6,367,037	6,965,980

Trade accounts payable are initially recorded at present value, against Inventories. The reversal of the present value adjustment is accounted for under Cost of goods resold and services rendered, upon lapse of the term.

18. Trade accounts payable - agreement

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Trade accounts payable - agreement	2,229,637	2,312,134	2,230,919	2,358,092

The Company has agreements with partnering banks to structure a reverse factoring transaction with its main suppliers in relation to which the Company is the legitimate debtor. In this transaction, suppliers transfer to the bank the right to receive the notes in exchange for early receipt. The bank then becomes the creditor, and the Company settles the note on the same date agreed upon with its supplier. In addition, by confirming the existence of suppliers' receivables, the Company guarantees to the banks the certainty and liquidity of their maturities and, as a result, receives a premium from the banks, which is recognized as finance income in the same period the transaction is entered into. The average term of the transactions outstanding at March 31, 2024 was 43 days (63 days as of December 31, 2023).

19. Partners and other deposits

	Consolidated	
	03/31/2024	12/31/2023
Transfers to sellers – marketplace (a)	1,592,066	1,547,508
Payment arrangements to be settled (b)	795	217
Digital accounts - customers and sellers (c)	131,658	217,424
	1,724,519	1,765,149

- (a) This refers to amounts to be transferred to partners in the marketplace regarding purchases made by customers on Magazine Luiza's digital platform of products sold by partner storeowners (sellers) and transacted by Fintech Magalu.
- (b) Refers substantially to amounts transacted by Fintech Magalu customers using prepaid cards in accredited commercial facilities, to be settled with the corresponding acquirers.
- (c) This corresponds to deposits made by customers and sellers in Fintech Magalu's digital accounts and prepaid payment accounts.

20. Loans and financing

Type	Charges	Guarantee	Final maturity	Individual		Consolidated	
				03/31/2024	12/31/2023	03/31/2024	12/31/2023
Promissory notes (a)	100% of CDI + 1.25% p.a.	Clean	April/24	2,101,517	2,041,610	2,101,517	2,041,610
Debentures – restricted offer (b)	100% of CDI + 1.25% p.a.	Clean	Dec/26	4,158,575	4,886,798	4,567,216	5,310,568
Other	113.5% of CDI p.a.	Clean	Oct/25	326	329	1,092	2,677
				6,260,418	6,928,737	6,669,825	7,354,855
Current liabilities				2,260,135	2,928,459	2,269,425	2,954,347
Noncurrent liabilities				4,000,283	4,000,278	4,400,400	4,400,508

- (a) On April 30, 2021, the Company carried out the 5th issue of promissory notes, including 1,500 (one thousand five hundred) promissory notes with a par value of R\$1,000,000 (one million reais) each, with a single maturity on April 29, 2024 at the cost of 100% of CDI + 1.25% p.a. The amounts raised were used to improve the cash flow in the ordinary course and management of the Company's business.
- (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, with yield of CDI + 1.25% p.a. and maturing on January 15, 2024. On October 14 and December 23, 2021, according to the debt extension strategy, the Company carried out the 10th and 11th issues of unsecured nonconvertible debentures, for public distribution with restricted placement efforts. 4,000,000 (four million) shares were issued with a par value of R\$1,000 (one thousand reais) each, with final maturities on October 15 and December 23, 2026, at the cost of 100% of CDI + 1.25% p.a. The main purpose of the amount raised was to increase the Company's working capital. On July 5, 2022, the subsidiary KaBum carried out the 1st issue of unsecured nonconvertible debentures, for public distribution with restricted placement efforts. 400,000 (four hundred thousand) debentures were issued with a par value of R\$1,000 (one thousand reais) each, with final maturities on July 13, 2025, at a cost of 100% CDI + 1.25% p.a. for the purpose of extending debt. The guarantor of this agreement is the parent Magazine Luiza.

Reconciliation of cash flows from operating and financing activities

	Individual		Consolidated	
	2024	2023	2024	2023
Balance at January 1	6,928,737	6.677.178	7.354.855	7.108.757
Payment of principal	(800,000)	-	(801.575)	(4.319)
Payment of interest	(53,367)	(58.449)	(80.320)	(87.734)
Accrued interest	185,048	239.912	196.865	254.432
Balance at March 31	6,260,418	6.858.641	6.669.825	7.271.136

20. Loans and financing (Continued)

Maturity schedule

The maturity schedule of loans and financing is as follows:

Maturity	Individual	Consolidated
2024	2,260,135	2,269,425
2025	2,000,000	2,400,117
2026	2,000,283	2,000,283
	6,260,418	6,669,825

Covenants

Debentures issued by the Company and its subsidiary Kabum, as well as the 5th issue of Promissory Notes, are subject to covenants corresponding to maintenance of the adjusted net debt-to-EBITDA ratio below 3.0 times. Adjusted net debt corresponds to the sum of all loans and financing, including debentures, excluding cash and cash equivalents, short-term investments and marketable securities, and credit card receivables not paid in advance. Adjusted EBITDA is calculated in accordance with CVM Ruling No. 527, of October 4, 2012, excluding operational events (revenue/expenses) of an extraordinary nature. At March 31, 2024, the Company was in compliance with the covenants, which are measured quarterly.

21. Deferred revenue

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Deferred revenue with third parties:				
Exclusivity agreement with Cardif (a)	865,893	888,096	865,893	888,096
Exclusivity agreement with Banco Itaúcard S.A. (b)	66,125	69,000	66,125	69,000
Exclusivity agreement for payment arrangements (c)	-	-	171,687	176,725
Other agreements	44,982	48,195	55,801	59,474
	977,000	1,005,291	1,159,506	1,193,295
Deferred revenue with related parties:				
Exclusivity agreement with Luizacred (b)	53,051	55,362	53,051	55,362
	53,051	55,362	53,051	55,362
Total deferred revenue	1,030,051	1,060,653	1,212,557	1,248,657
Current liabilities	122,407	122,407	145,501	145,899
Noncurrent liabilities	907,644	938,246	1,067,056	1,102,758

- (a) On May 10, 2023, 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 then in effect for an additional 10-year period, effective from July 1, 2023 to December 31, 2033. This agreement enabled a cash inflow of R\$835,669 to the Company, with a negotiated net front fee of R\$932,500 and amounts returned for the early maturity of the previous agreements of R\$96,831. The recognition of the Company's revenue resulting from this agreement is allocated to P&L over the term of the agreement, part of which is conditioned on the achievement of certain goals.
- (b) On September 27, 2009, the Company entered into a partnership agreement with Itaú Unibanco Holding S.A. ("Itaú") and Banco Itaúcard S.A., under which the Company granted to Luizacred the exclusive right to offer, distribute, and sell financial products and services in its chain of stores for a 20-year period. Under the aforementioned partnership, Itaú institutions paid the amount of R\$R\$250,000 in cash, of which: (i) R\$R\$230,000 refers to the completion of the negotiation itself, without the right of recourse, and (ii) R\$R\$20,000 is subject to achievement of profitability goals in Luizacred. Said targets were fully achieved by the end of 2014.

21. Deferred revenue (Continued)

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 P&L over the term of the agreement. As part of this partnership 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 is recognized in P&L over the remaining agreement term.

- (c) On October 21, 2022, the Company, through its indirect subsidiary Hub Pagamentos S.A., entered into an agreement with Mastercard Brasil Soluções de Pagamento Ltda to encourage payment arrangements between companies, whereby Mastercard has the exclusive right to issue cards for a period of 10 years. As consideration for such exclusivity, Mastercard paid R\$200,000 to the Company, which is recognized in P&L over the term of the agreement.

22. Other current and noncurrent liabilities

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Sales pending delivery, net of returns	493,615	460,585	633,701	587,541
Amounts to be transferred to partners (a)	198,810	220,482	255,962	282,068
Specialized services	-	-	8,636	10,552
Freight payable	154,276	151,491	337,788	348,207
Marketing payable	212,875	142,921	269,163	202,177
Payables for acquisitions (b)	302,785	316,953	358,241	383,221
Other	130,500	105,926	146,497	167,955
	1,492,861	1,398,358	2,009,988	1,981,721
Current liabilities	1,362,667	1,268,164	1,875,770	1,847,502
Noncurrent liabilities	130,194	130,194	134,218	134,219

- (a) Transfers of amounts carried out through sales of services (insurance, technical assistance, furniture installations, etc.) from partners intermediated by the Company in its physical stores.

- (b) Consideration payable for acquisitions of companies, including subscription warrant of up to 50.0 million common shares issued by the Company (MGLU3) for acquisition of KaBuM, and up to 5.4 million shares referring to the acquisition of other companies, subject to the achievement of goals agreed in the purchase contracts.

23. Provision for tax, civil, and labor contingencies

In relation to labor, civil and tax proceedings in progress whose likelihood of loss has been assessed as probable by the legal advisors, the Company set up a provision, which is management's best estimate of the future disbursement. Changes in the provision for tax, civil and labor contingencies are shown below:

Individual

	Tax	Civil	Labor	Total
Balances at January 1, 2024:	891,046	22,339	83,120	996,505
Additions	24,781	6,100	1,611	32,492
Reversals	-	(1,004)	-	(1,004)
Payments	-	(3,529)	-	(3,529)
Restatement	16,060	-	-	16,060
Balances at March 31, 2024:	931,887	23,906	84,731	1,040,524

23. Provision for tax, civil and labor contingencies (Continued)

Consolidated

	Tax	Civil	Labor	Total
Balances at January 1, 2024:	1,507,384	24,673	87,109	1,619,166
Additions	39,534	6,320	1,679	47,664
Reversals	(18,133)	(1,405)	(485)	(20,023)
Payments	(6)	(3,541)	(10)	(3,557)
Restatement	17,890	-	-	17,759
Balances at March 31, 2024:	1,546,669	26,047	88,293	1,661,009

As of March 31, 2024, the nature of the Company's major proceedings classified by management, based on the opinion of its legal advisors, as probable risk of loss, as well as legal obligations for which amounts have been deposited in court, included in the provisions above, is as follows:

a) Tax contingencies

The Company is a party to administrative and legal proceedings involving tax matters assessed as probable loss, for which provisions have been set up. In addition to these proceedings, the Company records a provision for other legal disputes, for which judicial deposits have been made, as well as provisions related to the business combinations carried out in prior years. Tax contingencies are presented below:

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	31/12/2023
Federal	237,952	486,731	777,170	890,913
State ¹	693,909	404,289	769,473	616,445
Local	26	26	26	26
	931,887	891,046	1,546,669	1,507,384

¹ - This amount includes provision of R\$164,306, individual, and R\$375,067, consolidated, for the ICMS Rate Differential (Difal) on operations intended for the final consumer, for which the Company understands that the likelihood of loss in certain States is higher than of gain. The other proceedings on this matter are described in item e) (ii) below.

b) Civil contingencies

The provision for civil contingencies of R\$23,906, individual, and R\$26,047, consolidated, as of March 31, 2024 (R\$22,339, individual, and R\$24,673, consolidated, as of December 31, 2023), refers to claims arising mainly from customers about possible defects of products.

c) Labor contingencies

The Company is a party to various labor claims, substantially involving incurred overtime.

The provision amount of R\$84,731, individual, and R\$88,293, consolidated, as of March 31, 2024 (R\$83,120, individual, and R\$87,109, consolidated, as of December 31, 2023) reflects the risk of probable loss assessed by the Company management together with its legal advisors.

23. Provision for tax, civil and labor contingencies (Continued)

d) Judicial deposits

To cover tax, civil and labor contingencies, the Company has judicial deposits in the amount of R\$1,275,567, individual, and R\$1,779,316, consolidated, at March 31, 2024 (R\$1,260,289, individual, and R\$1,734,546, consolidated, at December 31, 2023). The main deposits are related to lawsuits challenging the payment of ICMS Rate Differential (Difal), in the amount of R\$797,496, individual, and R\$989,077, consolidated, at March 31, 2024 (R\$794,849, individual, and R\$973,054, consolidated, at December 31, 2023).

e) Contingent liabilities – possible loss

The Company is a party to other tax proceedings and discussions assessed by management as possible risk of loss, based on the opinion of its legal advisors. Accordingly, no provision was set up for such proceedings and discussions. The amounts related to discussions involving taxes are as follows:

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Federal	773,762	2,050,131	993,865	2,262,858
State	1,755,177	1,750,891	2,187,727	2,179,401
Local	6,164	5,557	6,170	5,557
	2,535,103	3,806,579	3,187,762	4,447,816

The main tax suits assessed as possible loss are as follows:

- (i) Legal proceeding in which the Company discusses with the tax authorities the nature/concept of the bonuses/reimbursements of its suppliers for PIS/COFINS taxation purposes, in addition to discussions on the classification of certain expenses related to its core business as inputs for purposes of PIS/COFINS credits. In view of the progress of the discussion, with decisions favorable to taxpayers, internal and external legal advisors assess the likelihood of loss as possible tending to remote;
- (ii) Proceedings in which the Company discusses with certain Brazilian states the unconstitutionality and illegality of the collection of the ICMS Rate Difference (Difal) on interstate sales to final consumers who do not pay such tax in transactions that occurred as of 2022, due to the noncompliance by the taxing entities with the tax principle whereby a tax rate may not be increased in the same year of enactment of the law and the rules determined by Supplementary Law No. 190/2022. On November 29, 2023, the Federal Supreme Court (STF) ruled on the matter in Direct Claims of Unconstitutionality Nos. 7066, 7078 and 7070 and, in view of (a) the uncertainty about the assumptions considered by the Court, (b) the obscurity, omissions and flaws identified in the decision of the trial, published on May 6, 2024, and (c) the lack of definitiveness of said decision, the Company's internal and external legal advisors classify the likelihood of loss as possible;

23. Provision for tax, civil and labor contingencies (Continued)

- (iii) Various notices served, for which the Company discusses the collection of appropriate ICMS credits taken on the purchase of goods from certain suppliers, as they took advantage of a tax benefit granted by another state;
- (iv) Risk related to non-reversal of taxes on physical inventory losses. In addition, the Company monitors the developments of all discussions every quarter so that, in the event of a change in the scenario, risk assessments and possible losses will also be reassessed.

The risks involved in the proceedings are constantly evaluated and reviewed by management. The Company is also contesting civil and labor administrative proceedings for which the likelihood of loss was assessed as possible loss, but the amounts of which are immaterial for disclosure.

24. Equity

a) Capital

The Company's shareholding structure as of March 31, 2024 and December 31, 2023, with common, registered, book-entry no par value shares, is shown below:

	03/31/2024		12/31/2023	
	Number of shares	Interest %	Number of shares	Interest %
Controlling shareholders	4,222,803,444	57.14	3,792,410,880	56.19
Outstanding shares	3,112,360,560	42.12	2,899,500,334	42.96
Treasury shares	54,788,485	0.74	57,015,634	0.84
Total	7,389,952,489	100.00	6,748,926,848	100.00

Shares held by controlling shareholders who are members of the Board of Directors and/or the executive board are included in the controlling shareholders' line.

Under article 7 of the Bylaws, the Company may increase capital pursuant to article 168 of Law No. 6404/76, with the issue of 38,397,435 new common shares.

Capital increase

At the Board of Director's Meeting held on January 26, 2024, a capital increase ("Capital Increase") was approved in the amount of R\$1.25 billion, fully guaranteed by the controlling shareholders and Banco BTG Pactual S.A. and its affiliates ("BTG"). The capital increase, to be carried out within the limit for authorized capital provided for in the Company's Articles of Incorporation, includes the issue, for private subscription, of 641,025,641 common shares, all book-entry and without par value, at the issue price of R\$1.95 per share, totaling R\$1.25 billion. This capital increase is intended to accelerate investments in technology, including the expansion of Luizalabs, evolution of the marketplace platform and optimization of the Company's capital structure.

24. Equity (Continued)

b) Capital reserve

Stock option plan – 2nd grant of the Stock option plan

The second grant of the Stock option plan was approved on October 25, 2013. On this occasion, 38,831,232 options were granted and the strike price was set at R\$0.30 (already considering the effects of the stock split). The maximum term of exercise of this plan is of 12 years, as of the date of its signature, provided that the beneficiary remains linked to the Company and all the plan vesting periods have been fulfilled. The fair value of each option granted was estimated on the grant date using the Black & Scholes option pricing model, considering the following assumptions:

Assumption	2 nd Grant
Expected average life of options (a)	5.5 years
Annualized average volatility	37.9%
Risk-free interest rate	6%
Weighted average fair value of options granted	R\$0.19

(a) Represents the period in which the options are believed to be exercised and takes into account the average turnover of the plan's beneficiaries.

There were 284,928 exercisable stock options as of March 31, 2024. In the three-month period ended March 31, 2024, there were no changes in active stock options.

Share-based payment plan

The Company has a long-term incentive plan based on shares, which was approved at the Special General Meeting held on April 20, 2017. The purpose of the plan is to regulate the granting of incentives tied to common shares issued by the Company through programs to be implemented by the Board of Directors. Managing officers, employees and service providers of the Company, its subsidiaries and joint ventures are eligible to participate.

The key plan objectives are as follows: (a) increase the Company's ability to attract and retain talent; (b) reinforce the culture of sustainable performance and seek the development of managing officers, employees and service providers, aligning the interests of shareholders with those of the eligible professionals; and (c) foster the Company's expansion and the achievement and surpassing of its business goals and fulfillment of its corporate objectives, in line with the interests of shareholders, through the long-term commitment of the beneficiaries.

24. Equity (Continued)

b) Capital reserve (Continued)

Share-based payment plan (Continued)

The following table shows the balance (quantity) of shares granted as of March 31, 2024:

Type of program	Grant date	Maximum vesting period	Position of granted shares	Fair value (1)
1 st Performance share	February 20, 2019	5 years	854,921	R\$5.05
3 rd Matching share	April 4, 2019	5 years	1,093,639	R\$10.96
4 th Matching share	April 15, 2020	5 years	888,133	R\$19.86
5 th Restricted share	April 15, 2020	3 years	534,104	R\$10.96
5 th Matching share	May 4, 2021	5 years	1,281,665	R\$19.86
6 th Restricted share	May 4, 2021	3 years	26,450,945	R\$2.16
7 th Restricted share	July 4, 2022	3 years	17,011,618	R\$1.44
10 th Restricted share	October 25, 2023	5 years	21,601,618	R\$5.08
			69,716,643	R\$3.68

(1) Refers to the weighted average fair value calculated in each program.

In addition to the plans mentioned above, the Company has commonly used, in its acquisition processes, the negotiation of part of the acquisition price as consideration in shares issued by it ("MGLU3") to the former owners of the acquired companies. The number of committed shares at March 31, 2024 is 5,348,143, which must be delivered to the former owners by August 2026, part linked to the achievement of certain goals and part negotiated at a fixed price. Additionally, the Company issued, in the process of acquiring KaBuM, subscription warrants of up to 50 million common, registered, book-entry shares with no par value, subject to the fulfillment of certain targets.

c) Treasury shares

	Number of shares	Amount
At January 1, 2023	71,704,378	1,245,809
Disposed of in the year	(14,688,744)	(255,206)
At December 31, 2023	57,015,634	990,603
Disposed of in the period	(2,227,149)	(38,695)
At March 31, 2024	54,788,485	951,908

The reduction in the balance of treasury shares is equal to the weighted average of the cost incurred to acquire the shares. Any gain or loss determined upon disposal of the treasury shares is recorded as capital reserve. The value of the MGLU3 share at March 31, 2024 was R\$1.80.

24. Equity (Continued)

d) Equity adjustments

In the period ended March 31, 2024, the Company recorded the amount of R\$133,210 (R\$121,382 as of December 31, 2023) under equity adjustments, related to the fair value adjustments of financial assets in subsidiaries and joint ventures.

e) Earnings (loss) per share

Basic and diluted earnings (loss) per share are calculated as follows:

In thousands	Basic earnings		Diluted earnings	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Total number of common shares	7,389,952,489	6,748,926,848	7,389,952,489	6,748,926,848
Effect of treasury shares	(54,788,485)	(71,533,711)	(54,788,485)	(71,533,711)
Effect of exercise of stock option plans (a)	-	-	70,041,462	71,532,710
Weighted average number of outstanding common shares	7,335,164,004	6,677,393,137	7,405,205,466	6,748,925,847
Income (loss) for the period	27,925	(391,221)	27,925	(391,221)
Earnings (loss) per share (in reais)	0.004	(0.059)	0.004	(0.059)

(a) Considers the effect of exercisable shares in accordance with the share-based plans disclosed above.

25. Net sales revenue

	Individual		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Retail - resale of goods	9,010,555	8,825,491	10,448,611	10,332,887
Retail - provision of services	580,408	539,666	926,158	848,823
Other services	-	-	155,295	129,838
Gross revenue	9,590,963	9,365,157	11,530,064	11,311,548
Retail - resale of goods	(1,790,673)	(1,785,187)	(2,088,156)	(2,084,654)
Retail - provision of services	(53,904)	(37,817)	(202,643)	(63,695)
Other services	-	-	-	(95,865)
Taxes and returns	(1,844,577)	(1,823,004)	(2,290,799)	(2,244,214)
Net sales revenue	7,746,386	7,542,153	9,239,265	9,067,334

26. Cost of goods resold and services rendered

	Individual		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cost of goods resold	(5,582,113)	(5,641,786)	(6,466,045)	(6,582,067)
Cost of services rendered	-	-	(9,824)	(5,974)
	(5,582,113)	(5,641,786)	(6,475,869)	(6,588,041)

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

The Company presented the statement of profit or loss using classification of expenses based on function. Information of the nature of these expenses recognized in the statement of profit or loss is presented below:

	Individual		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Personnel expenses (a)	(598,446)	(597,256)	(750,751)	(758,590)
Expenses with service providers	(738,803)	(798,671)	(722,415)	(838,286)
Depreciation and amortization - selling	(177,938)	(129,399)	(219,764)	(169,141)
Depreciation and amortization - administrative	(83,054)	(121,049)	(102,909)	(138,659)
Other	(222,539)	(164,726)	(493,096)	(447,211)
	(1,820,780)	(1,811,101)	(2,288,935)	(2,351,887)
Classified by function as:				
Selling expenses	(1,355,301)	(1,280,771)	(1,659,938)	(1,644,418)
General and administrative expenses	(225,191)	(202,892)	(339,618)	(308,417)
Depreciation and amortization	(260,992)	(250,448)	(322,673)	(307,800)
Other operating income, net (Note 28)	20,704	(76,990)	33,294	(91,252)
	(1,820,780)	(1,811,101)	(2,288,935)	(2,351,887)

(a) The Company provides its employees with medical assistance benefits, dental reimbursement, life insurance, food vouchers, transportation vouchers, scholarships, child day care allowance ("*cheque-mãe*"), in addition to a stock option plan for eligible employees, as described in Note 24.

Freight for transportation of goods from the DCs to physical stores and delivery of the resold products to consumers are classified as selling expenses.

28. Other operating income, net

	Individual		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Appropriation of deferred revenue (a)	30,602	15,667	36,205	21,271
Tax credits	-	-	-	613
Provision for tax, civil, and labor contingencies	(8,076)	(4,613)	(752)	(5,213)
Gain (loss) on disposal of property and equipment	(641)	(939)	271	(892)
Expert fees	-	-	(1,147)	(585)
Restructuring and integration expenses	-	(87,105)	-	(106,203)
Other	(1,181)	-	(1,283)	(243)

(a) Refers to appropriation of deferred revenue for assignment of exclusivity of operation of financial services, as described in Note 21.

29. Finance income (costs)

	Individual		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Finance income				
Interest from sales of extended warranty	40,569	30,558	40,566	30,558
Yield from short-term investments and marketable securities	21,637	19,487	34,609	44,328
Late payment interest	10,977	8,283	11,017	8,314
Monetary restatement receivable	58,963	72,461	69,131	90,655
Other	-	234	1,795	19,407
	132,146	131,023	157,118	193,262
Finance costs				
Interest on loans and financing	(183,017)	(237,683)	(195,064)	(252,844)
Lease interest	(76,229)	(73,909)	(77,743)	(75,333)
Charges on credit card advances	(145,414)	(306,517)	(198,050)	(399,873)
Provision for loss on interest from extended warranty	(24,255)	(17,699)	(24,255)	(17,699)
Taxes on finance income	(8,262)	(3,334)	(9,291)	(4,891)
Monetary restatement payable	(25,743)	(23,484)	(26,591)	(27,875)
Other (a)	(6,524)	(43,376)	(9,549)	(47,106)
	(469,444)	(706,002)	(540,543)	(825,621)
	(337,298)	(574,979)	(383,425)	(632,359)

(a) Premiums received from banks for confirming the existence of suppliers' receivables, as explained in Note 18, are stated here net of other expenses with negotiation with suppliers.

30. Segment information

For financial and operational management purposes, the Company classified its businesses into Retail, Financial Operations, Insurance Operations and Other Services. These divisions are considered the primary segments for information disclosure. The main characteristics of each of the divisions are:

- Retail** - substantially resale of goods and services in the Company's stores, electronic commerce (traditional e-commerce and marketplace), and food delivery management platform. In the marketplace context, this segment includes information related to Fintech Magalu;
- Financial operations** - through the joint venture Luizacred, whose main purpose is to provide credit to the Company's customers for the purchase of products;
- Insurance operations** - through the joint venture Luizaseg, whose main purpose is to offer extended warranties to products purchased by the Company's customers;
- Other services** - sum of the provision of consortium management services through the subsidiary Luiza Administradora de Consórcio, whose main purpose is the management of consortia for the Company's customers, for the acquisition of products; product delivery management services - through the subsidiary Magalog; and software development services through the subsidiary Luizalabs.

The Company's sales are entirely carried out in the national territory and, considering retail operations, there is no concentration of customers, as well as of products and services offered.

30. Segment information (Continued)

Statements of profit or loss

	03/31/2024				Consolidated
	Retail	Financial operations	Other services	Eliminations	
Gross revenue	11,374,769	535,947	716,589	(1,097,241)	11,530,064
Deductions from revenue	(2,176,841)	-	(113,958)	-	(2,290,799)
Net revenue of the segment	9,197,928	535,947	602,631	(1,097,241)	9,239,265
Costs	(6,468,578)	(71,217)	(7,291)	71,217	(6,475,869)
Gross profit	2,729,350	464,730	595,340	(1,026,024)	2,763,396
Selling expenses	(1,656,329)	(128,677)	(564,903)	689,971	(1,659,938)
General and administrative expenses	(324,158)	(1,181)	(15,460)	1,181	(339,618)
Gains (losses) on allowance for expected credit losses	(119,178)	(307,396)	(6)	307,396	(119,184)
Depreciation and amortization	(312,677)	(1,494)	(9,996)	1,494	(322,673)
Equity pickup	5,587	-	-	1,321	6,908
Other operating income	34,280	(14,450)	(986)	14,450	33,294
Finance income	153,397	-	3,721	-	157,118
Finance costs	(533,297)	-	(7,246)	-	(540,543)
Income and social contribution taxes	50,950	(4,624)	(1,785)	4,624	49,165
Net income for the year	27,925	6,908	(1,321)	(5,587)	27,925

Reconciliation of equity pickup

Equity pickup – Other services (Note 12)	(1,321)
Equity pickup – Luizacred (Note 13)	6,908
(=) Equity pickup of the retail segment	5,597
(-) Effect of elimination – Other services	1,321
(=) Consolidated equity pickup	6,908

	03/31/2023					Consolidated
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	
Gross revenue	11,181,711	579,586	91,242	596,287	(1,137,279)	11,311,547
Deductions from revenue	(2,148,349)	-	-	(95,864)	-	(2,244,213)
Net revenue of the segment	9,033,362	579,586	91,242	500,423	(1,137,279)	9,067,334
Costs	(6,586,640)	(98,246)	(11,786)	(5,555)	114,186	(6,588,041)
Gross profit	2,446,722	481,340	79,456	494,868	(1,023,093)	2,479,293
Selling expenses	(1,588,325)	(142,909)	(66,667)	(518,390)	671,873	(1,644,418)
General and administrative expenses	(289,511)	(2,106)	(9,083)	(18,906)	11,189	(308,417)
Gains (losses) on allowance for expected credit losses	(98,961)	(347,928)	-	-	347,928	(98,961)
Depreciation and amortization	(302,459)	(1,496)	(1,460)	(5,341)	2,956	(307,800)
Equity pickup	(41,643)	-	-	-	29,526	(12,117)
Other operating income	(97,063)	(16,020)	190	5,811	15,830	(91,252)
Finance income	189,116	-	10,436	4,146	(10,436)	193,262
Finance costs	(821,236)	-	(21)	(4,385)	21	(825,621)
Income and social contribution taxes	212,139	11,358	(7,207)	12,671	(4,151)	224,810
Net income (loss) for the period	(391,221)	(17,761)	5,644	(29,526)	41,643	(391,221)

Reconciliation of equity pickup

Equity pickup – Other services (Note 12)	(29,526)
Equity pickup – Luizacred (Note 13)	(17,761)
Equity pickup – Luizaseg (Note 13)	5,644
(=) Equity pickup of the retail segment	(41,643)
(-) Effect of elimination – Other services	29,526
(=) Consolidated equity pickup	(12,117)

30. Segment information (Continued)

Statements of profit or loss (Continued)

- (a) The retail segment is represented by the consolidated amounts that include the results of Magazine Luiza S.A., Época Cosméticos, Netshoes, KaBuM, Fintech Magalu, and Aiqfome. In the retail segment, the equity pickup line includes the net results of financial operations, insurance operations and other services, since this amount is contained in the profit or loss of the segment used by the key operations manager.
- (b) The eliminations are mainly represented by the effects of the financial operations and insurance operations segments, which are presented proportionally above, but are included in a single equity pickup line in the Company's consolidated financial statements.
- (c) Transfers of net revenue between operating segments are less than 10% of the combined net revenue of all segments.

Statement of financial position

	03/31/2024		
	Retail	Financial operations	Other services
Assets			
Cash and cash equivalents	1,825,818	38,730	152,447
Marketable securities and other financial assets	352,061	15,062	-
Accounts receivable	6,090,537	8,810,043	61,973
Inventory of goods for resale	7,315,166	-	-
Investments	998,755	-	-
Property and equipment, right of use and intangible assets	8,956,046	28,198	637,805
Other	11,185,045	603,283	505,124
	36,723,428	9,495,316	1,357,349
Liabilities			
Trade accounts payable	6,322,917	-	44,120
Trade accounts payable - agreement	2,230,919	-	-
Transfers and other deposits	1,724,519	-	-
Loans and financing	6,669,059	-	766
Lease	3,492,728	-	-
Interbank deposits	-	2,326,770	-
Credit card operations	-	5,808,513	-
Insurance reserves	-	-	-
Provision for tax, civil, and labor contingencies	1,605,132	50,318	55,877
Deferred revenue	1,212,098	-	459
Other	2,566,143	979,948	587,134
	25,823,515	9,165,549	688,356
Equity	10,899,913	329,767	668,993
Investment reconciliation			
Luiza Consortium (Note 12)	104.923		
Magalog (Note 12)	259.928		
Luizalabs (Note 12)	304.142		
Luizacred	329.767		
Total investments in the retail segment	998.760		
(-) Effect of elimination of "other services"	(668.993)		
(=) Consolidated investment balance	329.767		

30. Segment information (Continued)

Statement of financial position (Continued)

	12/31/2023		
	Retail	Financial operations	Other services
Assets			
Cash and cash equivalents	2,430,852	28,981	162,494
Marketable securities and other financial assets	779,072	14,871	-
Accounts receivable	5,897,162	9,073,500	60,979
Inventory of goods for resale	7,497,299	-	-
Investments	941,023	-	-
Property and equipment, right of use and intangible assets	9,081,261	29,462	608,122
Other	10,364,534	555,301	440,646
	<u>36,991,203</u>	<u>9,702,115</u>	<u>1,272,241</u>
Liabilities			
Trade accounts payable	6,931,270	-	34,710
Trade accounts payable - agreement	2,358,092	-	-
Transfers and other deposits	1,765,149	-	-
Loans and financing	7,353,948	-	907
Lease	3,578,155	-	-
Interbank deposits	-	2,799,337	-
Credit card operations	-	5,869,272	-
Insurance reserves	-	-	-
Provision for tax, civil, and labor contingencies	1,559,076	46,679	60,090
Deferred revenue	1,248,165	-	492
Other	2,586,814	664,311	557,535
	<u>27,380,669</u>	<u>9,379,599</u>	<u>653,734</u>
Equity			
	<u>9,610,534</u>	<u>322,516</u>	<u>618,507</u>
<u>Investment reconciliation</u>			
<u>Subsidiaries (Note 12)</u>			
Luiza Consortium	95,508		
Magalog	230,818		
Luizalabs	253,708		
Fintech Magalu	457,526		
	<u>1,037,560</u>		
<u>Joint ventures (Note 13)</u>			
Luizacred	322,516		
	<u>1,360,076</u>		
(-) Effect of elimination	<u>(1,037,560)</u>		
(=) Consolidated income (losses) on investments	<u>322,516</u>		

31. Financial instruments

Accounting policy

Initial classification and subsequent measurement

Upon initial recognition, financial assets are classified as measured at amortized cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVPL). Financial assets are measured at amortized cost if both of the following conditions are met and if these assets are not measured at FVPL:

31. Financial instruments (Continued)

Accounting policy (Continued)

Initial classification and subsequent measurement (Continued)

- It is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

- Financial assets measured at FVPL: these assets are subsequently measured at FVPL. Net gains (losses), including interest, are recognized in profit or loss.
- Financial assets at amortized cost: these assets are subsequently measured at amortized cost, using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, possible exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Financial assets measured at FVOCI: these assets are subsequently measured at FVOCI. Upon derecognition, cumulative gains (losses) in OCI are recycled to profit or loss.

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

31. Financial instruments (Continued)

Accounting policy (Continued)

Derecognition and offsetting

The Company derecognizes a financial asset when its contractual rights to cash flows of the asset expire, or when it transfers the contractual rights to receive cash flows of a financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when the contractual obligation is discharged, canceled or expires. Upon derecognition of a financial liability, the difference between the extinguished book value and the consideration paid (including transferred assets that do not flow through cash or liabilities assumed) is recognized in P&L.

Financial assets or liabilities are offset and the net amount is stated in the statement of financial position when, and only when, the Company has a currently enforceable legal right to offset the amounts and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company elected to measure allowance for losses on accounts receivable and other receivables and contractual assets in an amount equal to the lifetime expected credit loss. In determining whether the credit risk of a financial asset has significantly increased since initial recognition and in estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analyses, based on the Company's experience, on credit assessment, and considering forward looking information, such as macroeconomic assumptions for inflation and sales growth. The Company considers a financial asset to be in default when: - It is unlikely that the creditor will pay its credit obligations in full, without resorting to actions such as realization of the guarantee (if any); or the 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 shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Financial assets with credit recovery issues

At each reporting date, the Company assesses whether the financial assets recorded at amortized cost and those measured at FVOCI are experiencing recovery issues. A financial asset has "credit recovery issues" when one or more events occur that adversely impact the financial asset's estimated future cash flows.

31. Financial instruments (Continued)

Accounting policy (Continued)

Financial instruments by category

Financial instruments by category	Classification	Fair value measurement	Individual				Consolidated			
			03/31/2024		12/31/2023		03/31/2024		12/31/2023	
			Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Cash and banks	Amortized cost	Level 2	148,097	148,097	150,711	150,711	185,383	185,383	183,646	183,646
Accounts receivable – Credit and debit cards	FVOCI	Level 2	2,610,240	2,610,240	2,788,161	2,788,161	4,707,391	4,707,391	4,511,062	4,511,062
Accounts receivable – Other trade accounts receivable and receivables from commercial agreements	Amortized cost	Level 2	1,263,532	1,263,532	1,204,077	1,204,077	1,445,119	1,445,119	1,447,079	1,447,079
Accounts receivable from related parties	Amortized cost	Level 2	485,151	485,151	550,779	550,779	47,135	47,135	50,925	50,925
Accounts receivable from related parties – Credit card	FVOCI	Level 2	1,812,089	1,812,089	1,125,171	1,125,171	2,009,309	2,009,309	1,222,793	1,222,793
Cash equivalents - Bills	FVPL	Level 2	239,537	239,537	239,537	239,537	239,537	239,537	239,537	239,537
Cash equivalents - CDBs	Amortized cost	Level 2	1,020,987	1,020,987	723,414	723,414	1,493,022	1,493,022	2,119,607	2,119,607
Marketable securities	Amortized cost	Level 2	4,934	4,934	4,809	4,809	4,934	4,934	4,809	4,809
Marketable securities	FVPL	Level 2	179,519	179,519	524,239	524,239	340,866	340,866	771,015	771,015
Total financial assets			7,764,086	7,764,086	7,310,898	7,310,898	10,472,696	10,472,696	10,550,473	10,550,473

Financial instruments by category	Classification	Fair value measurement	Individual				Consolidated			
			03/31/2024		12/31/2023		03/31/2024		12/31/2023	
			Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Suppliers of goods and agreement	Amortized cost	Level 2	7,860,211	7,860,211	8,320,661	8,320,661	8,597,956	8,597,956	9,324,071	9,324,071
Transfers and other deposits	Amortized cost	Level 2	-	-	-	-	1,724,519	1,724,519	1,765,149	1,765,149
Loans and financing	Amortized cost	Level 2	6,260,418	6,998,865	6,928,737	6,998,865	6,669,825	7,408,272	7,354,855	7,424,983
Lease	Amortized cost	Level 2	3,442,069	3,442,069	3,514,349	3,514,349	3,492,728	3,492,728	3,578,155	3,578,155
Accounts payable to related parties	Amortized cost	Level 2	530,548	530,548	325,607	325,607	90,555	90,555	100,961	100,961
Other accounts payable - acquisition	Amortized cost	Level 2	302,785	302,785	316,953	316,953	358,240	358,240	383,221	383,221
Total financial liabilities			18,396,031	19,134,478	19,406,307	19,476,435	20,933,823	21,672,270	22,506,412	22,576,540

31. Financial instruments (Continued)

Accounting policy (Continued)

Fair value measurement

All assets and liabilities that are measured or disclosed at fair value in the financial statements are classified within the fair value hierarchy, as described below, based on the lowest level input that is significant to the overall fair value measurement:

- (a) Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (b) Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is either directly or indirectly observable. The Company uses the discounted cash flow technique for its measurements;
- (c) Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

Valuation techniques and significant non-observable inputs

Specific valuation techniques used to value financial instruments under Level 2 rules include:

- Quoted market prices or quotes from financial institutions or brokers for similar instruments.
- Discounted cash flows, which consider the present value of expected future payments, discounted at a risk-adjusted rate for the remaining financial instruments.

Capital risk management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern in order to offer return to shareholders and benefits to stakeholders, maintaining an adequate capital structure to reduce cost and maximize the resources to be applied in 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 marketable securities. From time to time, management reviews the capital structure and its ability to settle liabilities, as well as monitors, on a timely basis, the days purchase outstanding in relation to the average term of inventory turnover. Necessary actions are promptly taken in the event of significant imbalances.

31. Financial instruments (Continued)

Accounting policy (Continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's Finance Board, which prepares an appropriate liquidity risk management model to manage funding needs and liquidity management in the short, medium and long terms. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and maintaining close relationships with financial institutions, frequently disclosing information to support credit decisions when in need for external funds.

The table below details the remaining contractual maturity of the Company's financial liabilities and contractual repayment terms. The table was prepared in accordance with the undiscounted cash flows of financial liabilities.

Contractual maturity is based on the earliest date on which the Company is required to settle the respective obligations.

Position at 03/31/2024

<u>Individual</u>	Book balance	Up to 1 year	1 to 3 years	More than 3 years	Total
Suppliers of goods and agreement	7,860,211	7,860,211	-	-	7,860,211
Lease	3,442,069	768,527	1,196,905	3,168,235	5,133,667
Loans and financing	6,260,418	2,928,459	4,000,278	-	6,928,737
Transactions with related parties	530,548	530,548	-	-	530,548
Other accounts payable - acquisition	302,785	169,810	-	132,975	302,785

<u>Consolidated</u>	Book balance	Up to 1 year	1 to 3 years	More than 3 years	Total
Suppliers of goods and agreement	8,597,956	8,597,956	-	-	8,597,956
Lease	3,492,728	776,111	1,208,716	3,199,499	5,184,326
Loans and financing	6,669,825	3,337,866	4,000,278	-	7,338,144
Transactions with related parties	90,555	90,555	-	-	90,555
Other accounts payable - acquisition	358,240	192,146	31,241	144,566	367,953

Considerations about other financial risks

The Company's business is mostly comprised of the retail trade of consumer goods and insurance, financial and other services, as described in Note 30, segment information. The main market risk factors that affect the Company's business are summarized below:

31. Financial instruments (Continued)

Accounting policy (Continued)

Considerations about other financial risks (Continued)

Credit risk: the credit risk arises from the possibility that the Company may incur losses resulting from the non-receipt of amounts billed to its customers, the consolidated balance of which as of March 31, 2024 was R\$6,727,550 (R\$6,395,787 as of December 31, 2023). A significant portion of the Company's sales are made using the credit card as payment method, which is substantially securitized with the credit card companies. For other accounts receivable, the Company also assesses the risk as low, in view of the natural dispersion of sales due to the large number of customers, but there are no real guarantees of receipt of the total balance of accounts receivable given the nature of the business. Even so, the risk is managed through periodic analysis of the level of default (with consistent criteria to support the requirements of IFRS 9), as well as adoption of more effective forms of collection. As of March 31, 2024, the Company recorded accounts receivable balances that would be overdue or lost, whose terms were renegotiated, in the amount of R\$82,084 (R\$78,591 as of December 31, 2023), which are included in the analysis on the need to recognize an allowance for expected credit losses. Note 7 provides further information on accounts receivable.

The Company's policy for investing in debt securities (financial investments) is to invest in securities that are assessed by the main credit rating agencies and that have a rating equal to or higher than the sovereign rating (on a global scale). As of March 31, 2024, almost all the investments held by the Company have such a rating level, reaching the amount of R\$1,492,563 (R\$1,541,262 as of December 31, 2023), individual, and R\$2,144,943 (R\$3,188,772 as of December 31, 2023), consolidated.

Market risk: arises from the possible downturn in retail in the country's economic scenario. Management of the risks involved in these operations is carried out through the establishment of operational and commercial policies, and constant monitoring of the positions assumed. The key related risks include fluctuations of the interest, inflation and exchange rates.

Currency risk: on the date of this quarterly information, the Company did not have significant directly traded foreign exchange transactions. However, many products sold by the Company, especially technology items, are manufactured locally but have various imported components, so their costs may vary with the exchange rate differences. Therefore, management of "indirect" currency risk is closely related to commercial management, price and margin of products and is carried out together with the suppliers, with the objective of not transferring large fluctuations to end customers.

Interest rate risk: the Company is exposed to floating interest rates linked to the Interbank Deposit Certificate (CDI), related to financial investments, loans and financing in reais, for which a sensitivity analysis was carried out, as described below.

31. Financial instruments (Continued)

Accounting policy (Continued)

Considerations about other financial risks (Continued)

As of March 31, 2024, management performed a sensitivity analysis considering a probable scenario and scenarios with decreases and increases of 25% and 50% in expected interest rates. The probable scenario, of decrease and increase in interest rates, was measured using future interest rates published by BM&F BOVESPA and/or BACEN, considering a base rate of CDI at 9.40% p.a.

The expected effects of finance costs on loans and financing, net of income from financial investments, for the next three months are as follows:

	Individual	Consolidated
	03/31/2024	03/31/2024
Bank Deposit Certificates (Note 5)	1,260,524	1,732,559
Investment funds (Note 5)	-	60,323
Cash equivalents	1,260,524	1,792,882
Marketable securities (Note 6)	232,039	352,061
Total cash equivalents and marketable securities	1,492,563	2,144,943
Loans and financing (Note 20)	(6,260,418)	(6,669,825)
Net exposure	(4,767,855)	(4,524,882)
Finance cost related to interest - exposure to CDI	8.90%	8.90%
Impact on finance income (costs), net of taxes:		
Base scenario – rate of 9.40% p.a.	(209,034)	(224,270)
Scenario of 25% increase – rate of 11.75% p.a.	(261,293)	(280,337)
Scenario of 50% increase – rate of 14.10% p.a.	(313,551)	(336,404)
Scenario of 25% decrease – rate of 7.05% p.a.	(156,776)	(168,202)
Scenario of 50% decrease – rate of 4.70% p.a.	(104,517)	(112,135)

32. Statements of cash flows

Changes in statement of financial position accounts that did not impact the Company's cash flows are as follows:

	Individual		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Changes in the fair values of financial assets	(413)	(1,543)	(413)	(1,543)
Additions – IFRS 16 – Right of use and lease	86,414	(10,238)	89,880	-
Stock option plan - subsidiaries	(510)	77,838	(510)	77,838
Offset of taxes recoverable	(128,854)	(233,263)	(128,854)	(233,263)

33. Insurance coverage

The Company has insurance contracts with coverage determined by expert advice, taking into account the nature and degree of risk, at amounts considered sufficient to cover possible losses on its assets and/or liabilities.

Insurance coverage at March 31, 2024 and December 31, 2023 is as follows:

	Individual		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Civil liability D&O	100,000	100,000	194,025	194,025
Sundry risks – inventories and P&E	5,691,056	6,646,341	6,429,956	7,398,581
Vehicles	21,772	20,695	34,475	32,741
	5,812,828	6,767,036	6,658,456	7,625,347

34. Events after the reporting period

a) Capital increase at the joint venture Luizacred

On May 6, 2024, the Company, together with Itaú Unibanco Holding S.A., approved a capital increase at the joint venture Luizacred Sociedade de Crédito, Financiamento e Investimento, in the amount of R\$400 million, proportional to the respective interest held in such company. On this same date, each party contributed individually to Luizacred through the issue of new shares, in the amount of R\$200 million. In addition, the parties agreed that they will resolve on a second capital increase at Luizacred in the amount of R\$600 million, with an individual contribution of R\$300 million, which will be completed after the parties finalize the structuring of a financing instrument from Itaú Unibanco Holding S.A. for the Company.

b) Summons to Special General Meeting

On May 6, 2024, the Company, in response to a request submitted by the selling shareholders of KabuM and current holders of the Company's common shares, based on article 123, sole paragraph, item "c", of Law No. 6404/76 (Brazilian Corporation Law), summoned the shareholders to a Special General Meeting to be held on May 29, 2024, under the terms published in the Management's Proposal for Special General Meeting. The related documents are available on the Company's investor relations website.

34. Events after the reporting period (Continued)

a) Heavy rainfall in the Rio Grande do Sul State

In the beginning of May 2024, the state of Rio Grande do Sul was taken by surprise by a high volume of rainfall, considered the greatest climate tragedy ever recorded in the state's history. The Company has 107 physical stores and one Distribution Center located in the areas affected by the rains. As soon as the climate tragedy became known, an Internal Contingency Committee was created to monitor the situation with the Company's main leaders, based on the pillar of health and safety of employees and their families located in that region. A number of actions are being taken for social and psychological sheltering and minimization of possible material damage to these people and the community in general.

At the same time, the Company began the process of normalizing its operations, reactivating stores and adjusting the delivery time of products to customers, in the context of the crisis. From the financial information viewpoint, the Company is evaluating the possible impacts, which are already estimated to be immaterial, considering that until the date of disclosure of this quarterly information, only seven stores had been closed due to the tragedy. It is worth mentioning that the Company has insurance coverage for possible material damage to its assets.

b) Settlement of promissory notes

On April 26, 2024, the Company settled the 5th issue of promissory notes, in the amount of R\$2,121,848, totaling 1,500 (one thousand, five hundred) promissory notes with a nominal value of R\$1 million reais each, and accrued interest related to the cost of 100% of the CDI + 1.25 p.a., as of the funding, as described in Note 20.