Magazine Luiza S.A.

Interim financial information for the period ended September 30, 2017

KPDS 202887

Contents

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Independent Auditors' Review Report of the interim financial information

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

Introduction
We have reviewed the accompanying individual and consolidated interim financial information of Magazine Luiza S.A. (the "Company"), included in the quarterly information form - ITR as at September 30, 2017, which comprise the balance sheets as at September 30, 2017 and the respective statements of income and other comprehensive income for the three and nine-months period then ended and the statements of changes in Shareholders' equity and cash flows for the nine-month period then ended, including explanatory information.

Management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as the presentation of this information in accordance with the standards 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 the interim financial information based on our review.

Scope of the review
We conducted our review in accordance with Brazilian and International Review Standards (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on auditing standards and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information
Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information, included in the above mentioned quarterly information form, have not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Reviews - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters - Interim statements of value added
The individual and consolidated interim financial information related to the statement of value added for the nine-month period ended September 30, 2017, prepared under the responsibility of the Company's Management, presented as supplementary information for the purpose of IAS 34, was subject to the same review procedures performed jointly with the review of the quarterly information - ITR of the Company. To prepare our conclusion we evaluated whether these statements are reconciled with the interim financial information and accounting registers, as applicable, and whether the form and contents are in accordance with the criteria defined under Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, we are not aware of any fact that might lead us to believe that they were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information, taken as a whole.

Other matters - Corresponding values
The audit of the individual and consolidated balance sheet, as at December 31, 2016, was conducted under the responsibility of other independent auditors who issued an unqualified audit report dated May 30, 2017. The review of the individual and consolidated interim financial information of statements of income and other comprehensive income for the three and nine-months period and the statements of changes in Shareholders' equity and cash flows for the nine-month period ended September 30, 2016, were conducted under the responsibility of independent auditors who issued an unqualified review report on October 31, 2017.

The amounts reported in the individual and consolidated statement of value added for the nine-month period ended September 30, 2017, were subject to the same review procedures by those independent auditors and, based on their review, those auditors issued a report informing that nothing had come to their attention that caused them to believe that the accompanying statement of value added had not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, October 31, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6

Marcelo Pereira Gonçalves
Accountant CRC 1SP220026/O-3

Magazine Luiza S.A.

Balance sheets as at September 30, 2017 and December 31, 2016

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
ASSETS	**Notes**	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31//2016**
CURRENT ASSETS					
Cash and cash equivalents	5	**141,719**	562,728	**178,625**	599,141
Securities and other financial assets	6 and 27	**1,043,666**	818,984	**1,043,666**	818,984
Trade receivables	7	**658,008**	575,334	**663,189**	581,001
Inventory	8	**1,537,246**	1,587,299	**1,545,502**	1,596,743
Related parties	9	**66,085**	66,296	**65,160**	64,021
Taxes recoverable	10	**187,275**	210,657	**188,989**	212,151
Other assets		**101,931**	47,013	**103,334**	47,802
Total current assets		**3,735,930**	3,868,311	**3,788,465**	3,919,843
NONCURRENT ASSETS					
Securities and other financial assets	6 and 27	**-**	171	**-**	171
Trade receivables	7	**3,232**	3,570	**3,232**	3,570
Taxes recoverable	10	**164,133**	223,604	**164,133**	223,604
Deferred income tax and social contribution	11	**230,601**	241,089	**233,878**	242,010
Escrow deposits	19	**301,934**	292,187	**301,936**	292,189
Other assets		**40,291**	49,671	**43,040**	52,273
Investments in subsidiaries	12	**77,518**	67,022	**-**	-
Investments in joint ventures	13	**319,037**	293,830	**319,037**	293,830
Property and equipment	14	**558,745**	559,320	**560,445**	560,067
Intangible assets	15	**486,693**	469,724	**532,976**	513,049
Total noncurrent assets		**2,182,184**	2,200,188	**2,158,677**	2,180,763
TOTAL ASSETS		**5,918,114**	6,068,499	**5,947,142**	6,100,606

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Balance sheets as at September 30, 2017 and December 31, 2016

(In thousands of Brazilian reais - R$)

LIABILITIES AND EQUITY	Notes	Parent Company 09/30/2017	Parent Company 12/31/2016	Consolidated 09/30/2017	Consolidated 12/31//2016
CURRENT LIABILITIES					
Trade payables	16	**2,110,299**	2,353,473	**2,120,123**	2,364,959
Borrowings, financing and other financial liabilities	17	**720,432**	837,878	**720,466**	838,016
Payroll, vacation payroll charges		**226,838**	184,789	**231,503**	188,390
Taxes payable		**64,327**	38,613	**66,054**	40,132
Related parties	9	**71,290**	72,923	**71,325**	72,955
Dividends payable	18	**42,190**	40,318	**42,190**	40,318
Related parties		**-**	12,335	**-**	12,335
Other payables		**171,295**	111,615	**175,682**	115,321
Total current liabilities		**3,406,671**	3,651,944	**3,427,343**	3,672,426
NONCURRENT LIABILITIES					
Borrowings, financing and other financial liabilities	17	**886,451**	1,010,760	**886,451**	1,010,760
Provision for tax, civil and labor contingencies	19	**284,294**	275,054	**289,901**	284,126
Deferred revenue	18	**478,916**	509,155	**478,916**	509,155
Other payables		**-**	-	**2,749**	2,553
Total noncurrent liabilities		**1,649,661**	1,794,969	**1,658,017**	1,806,594
TOTAL LIABILITIES		**5,056,332**	5,446,913	**5,085,360**	5,479,020
EQUITY	20				
Capital stock		**606,505**	606,505	**606,505**	606,505
Capital reserve		**30,833**	19,030	**30,833**	19,030
Treasury shares		**(16,439)**	(28,729)	**(16,439)**	(28,729)
Legal reserve		**20,471**	20,471	**20,471**	20,471
Profit reserve		-	3,107	-	3,107
Other comprehensive income (losses)		**3,209**	1,202	**3,209**	1,202
Net income		**217,203**	-	**217,203**	-
Total equity		**861,782**	621,586	**861,782**	621,586
TOTAL LIABILITIES AND EQUITY		**5,918,114**	6,068,499	**5,947,142**	6,100,606

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of income
For the three and nine-month periods ended September 30, 2017 and 2016
(In thousands of Brazilian reais – R$)

		Nine-month period ended				Three-month period ended			
		Parent Company		Consolidated		Parent Company		Consolidated	
	Notes	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**
NET SALES REVENUE	21	**8,243,290**	6,574,359	**8,362,445**	6,669,470	**2,814,437**	2,225,256	**2,856,289**	2,258,732
COST OF GOODS RESOLD AND SERVICES RENDERED	22	**(5,764,195)**	(4,556,829)	**(5,812,293)**	(4,587,509)	**(1,955,409)**	(1,530,925)	**(1,973,522)**	(1,542,821)
GROSS PROFIT		**2,479,095**	2,017,530	**2,550,152**	2,081,961	**859,028**	694,331	**882,767**	715,911
OPERATING INCOME (EXPENSES)									
Sales	23	**(1,500,461)**	(1,269,646)	**(1,517,096)**	(1,279,021)	**(512,894)**	(430,133)	**(519,261)**	(434,471)
General and administrative	23	**(355,011)**	(326,171)	**(378,629)**	(348,046)	**(124,554)**	(112,410)	**(132,345)**	(118,537)
Doubtful accounts losses		**(27,208)**	(19,274)	**(27,291)**	(19,334)	**(11,470)**	(6,038)	**(11,524)**	(6,098)
Depreciation and amortization	14 and 15	**(105,326)**	(93,098)	**(105,984)**	(93,594)	**(36,355)**	(31,543)	**(36,625)**	(31,719)
Equity in investments	12 and 13	**64,991**	55,066	**61,625**	46,952	**22,597**	18,899	**20,806**	16,337
Other operating income (expenses), net	23 and 24	**26,100**	2,252	**29,283**	5,175	**8,852**	6,271	**9,936**	7,234
		(1,896,915)	(1,650,871)	**(1,938,092)**	(1,687,868)	**(653,824)**	(554,954)	**(669,013)**	(567,254)
OPERATING INCOME BEFORE FINANCIAL INCOME		**582,180**	366,659	**612,060**	394,093	**205,204**	139,377	**213,754**	148,657
Financial income		**102,117**	111,495	**73,702**	87,658	**30,623**	42,458	**22,618**	34,239
Financial expenses		**(404,554)**	(452,024)	**(405,914)**	(453,321)	**(114,840)**	(161,136)	**(115,167)**	(161,467)
Financial results	25	**(302,437)**	(340,529)	**(332,212)**	(365,663)	**(84,217)**	(118,678)	**(92,549)**	(127,228)
OPERATING INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**279,743**	26,130	**279,848**	28,430	**120,987**	20,699	**121,205**	21,429
Current and deferred income tax and social contribution	11	**(56,340)**	14,366	**(56,445)**	12,066	**(28,503)**	4,124	**(28,721)**	3,394
NET INCOME FOR THE PERIOD		**223,403**	40,496	**223,403**	40,496	**92,484**	24,823	**92,484**	24,823
Attributable to:									
Controlling shareholders		**223,403**	40,496	**223,403**	40,496	**92,484**	24,823	**92,484**	24,823
EARNINGS PER SHARE									
Basic (R$ per share)		**1.296**	0.232	**1.296**	0.232	**0.527**	0.142	**0.527**	0.142
Diluted (R$ per share)		**1.306**	0.232	**1.306**	0.232	**0.542**	0.142	**0.542**	0.142

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of comprehensive income

For the three and nine-month periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Nine-month period ended		Three-month period ended	
	Parent Company and Consolidated		Parent Company and Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Net income for the period	**223,403**	40,496	**92,484**	24,823
Available-for-sale financial assets from investments:				
Changes in fair value	**3,649**	5,480	**2,518**	799
Tax effects	**(1,642)**	(2,466)	**(1,133)**	(360)
Total comprehensive income for the period , net of taxes	**2,007**	3,014	**1,385**	439
Total comprehensive income, net of taxes	**225,410**	43,510	**93,869**	25,262
Attributable to:				
Controlling shareholders:	**225,410**	43,510	**93,869**	25,262

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of changes in shareholders' equity

For the nine-month periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

	Notes	Capital Stock	Capital Reserve	Treasury shares	Legal reserve	Profit reserve	Accumulated loss	Net income	Other comprehensive Income	Total
Balance as at January 1, 2016 (as originally presented)		606,505	14,567	(9,574)	16,143	36,199	-	-	(1,628)	662.212
Prior year adjustments		-	-	-	-	(36,199)	(50,357)	-	-	(86.556)
Balance as at January 1, 2016 (restated)		606,505	14,567	(9,574)	16,143	-	(50,357)	-	(1,628)	575.656
Stock option plan		-	3,347	-	-	-	-	-	-	3.347
Cancellation of treasury shares		-	-	16,438	-	-	(16,438)	-	-	-
Treasury shares		-	-	(12,761)	-	-	-	-	-	(12.761)
Net income for the period		-	-	-	-	-	-	40,496	-	40.496
		606,505	17,914	(5,897)	16,143	-	(66,795)	40,496	(1,628)	606.738
Other comprehensive income:										
Equity valuation adjustment		-	-	-	-	-	-	-	3,014	3.014
Balance as at September 30, 2016 (restated)		606,505	17,914	(5,897)	16,143	-	(66,795)	40,496	1,386	609.752
Balance as at January 1, 2017		606,505	19,030	(28,729)	20,471	3,107	-	-	1,202	621.586
Net income for the period		-	-	-	-	-	-	**223,403**	-	**223.403**
Stock option plan		-	**4,314**	-	-	-	-	-	-	**4.314**
Sale of treasury shares for payment of stock option plan		-	**7,489**	**12,290**	-	-	-	-	-	**19.779**
Proposed additional dividends		-	-	-	-	**(3,107)**	-	**(6,200)**	-	**(9.307)**
		606,505	**30,833**	**(16,439)**	**20,471**	-	-	**217,203**	**1,202**	**859.775**
Other comprehensive income:										
Equity valuation adjustment	13	-	-	-	-	-	-	-	**2,007**	**2.007**
Balance as at September 30, 2017		**606,505**	**30,833**	**(16,439)**	**20,471**	-	-	**217,203**	**3,209**	**861.782**

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of cash flows

For the nine-month periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais - R$)

		Parent Company		Consolidated	
	Notes	09/30//2017	09/30/2016 Restated	09/30/2017	09/30/2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period		**223,403**	40,496	**223,403**	40,496
Adjustments to reconcile net income to cash generated by (applied to) operating activities					
Income tax and social contribution recognized in net income	11	**56,340**	(14,366)	**56,445**	(12,066)
Depreciation and amortization	14 and 15	**105,326**	93,098	**105,984**	93,594
Interest rate accrued over borrowings and financing		**149,122**	190,118	**149,138**	190,155
Yield on securities		**(31,518)**	(27,170)	**(31,518)**	(27,170)
Equity in investments	12 and 13	**(64,991)**	(55,066)	**(61,625)**	(46,952)
Changes in allowances for loss asset losses		**87,766**	70,948	**87,662**	71,640
Provision for tax, civil and labor contingencies	19	**31,382**	42,749	**28,017**	39,725
Gain (loss) from sale of property and equipment	24	**(3,005)**	352	**(3,005)**	352
Appropriation of deferred income	24	**(32,117)**	(30,566)	**(32,117)**	(30,566)
Stock option plan expenses		**4,314**	3,348	**4,314**	3,348
Adjusted net income for the period		**526,022**	313,941	**526,698**	322,556
(Increase) decrease in operating assets					
Receivables		**(117,548)**	(20,357)	**(117,145)**	(19,179)
Securities and other financial assets		**(206,576)**	(95,841)	**(206,576)**	(95,841)
Inventory		**(2,501)**	(32,541)	**(1,126)**	(33,120)
Trade receivables		**(4,066)**	16,279	**(3,969)**	16,300
Recoverable taxes		**82,853**	51,206	**82,633**	50,885
Other assets		**(54,165)**	(86,409)	**(54,926)**	(86,857)
Changes in operating assets		**(302,003)**	(167,663)	**(301,109)**	(167,812)
Increase (decrease) in operating liabilities					
Suppliers		**(243,174)**	(363,213)	**(244,837)**	(365,704)
Payroll, vacation pay and related charges		**42,049**	31,418	**43,093**	32,182
Taxes payable		**(3,763)**	2,145	**(4,340)**	1,866
Accounts payable to related parties		**(1,633)**	(14,996)	**(1,630)**	(14,584)
Other accounts payable		**40,288**	7,024	**41,065**	8,650
Changes in operating liabilities		**(166,233)**	(337,622)	**(166,649)**	(337,590)
Income tax and social contribution		**(16,375)**	-	**(18,057)**	(2,141)
Dividends received		**42,702**	66,123	**41,255**	64,892
Cash flow generated by (used in) operating activities		**84,113**	(125,221)	**82,138**	(120,095)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	14	**(68,654)**	(46,574)	**(69,804)**	(46,797)
Purchase of intangible assets	15	**(54,333)**	(30,674)	**(55,729)**	(31,408)
Sale of property and equipment		**3,152**	-	**3,152**	-
Payment of exclusive agreement renegotiation		-	(11,182)	-	(11,182)
Capital increase in subsidiary and jointly-held subsidiary		**(5,130)**	(1,000)	-	-
Investment in subsidiary		**(1,000)**	-	**(996)**	-
Cash flows used in investment activities		**(125,965)**	(89,430)	**(123,377)**	(89,387)
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing and financing		**502,617**	253,629	**502,617**	253,629
Payment of loans and financing		**(707,029)**	(236,325)	**(707,140)**	(236,425)
Payment of interest on loans and financing		**(172,882)**	(178,835)	**(172,891)**	(178,861)
Payment of dividends		**(21,641)**	-	**(21,641)**	-
Disposal (acquisition) of treasury shares		**19,778**	(11,766)	**19,778**	(11,766)
Cash flows used in financing activities		**(379,157)**	(173,297)	**(379,277)**	(173,423)
DECREASE IN CASH AND CASH EQUIVALENTS		**(421,009)**	(387,948)	**(420,516)**	(382,905)
Cash and cash equivalents at the beginning of the period		**562,728**	590,400	**599,141**	617,465
Cash and cash equivalents at the end of the period		**141,719**	202,452	**178,625**	234,560
DECREASE IN CASH AND CASH EQUIVALENTS		**(421,009)**	(387,948)	**(420,516)**	(382,905)

The accompanying notes are an integral part of the interim financial information

Magazine Luiza S.A.

Statements of value added

For the nine-month periods ended September 30, 2017 and 2016

(In thousands of Brazilian reais – R$)

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
REVENUE				
Goods and products sold and services rendered	**9,444,267**	7,528,604	**9,575,720**	7,632,399
Allowance for doubtful accounts, net of reversals	**(27,208)**	(19,274)	**(27,291)**	(19,334)
Other operating income	**15,762**	34,637	**18,946**	37,565
	9,432,821	7,543,967	**9,567,375**	7,650,630
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of goods resold and services rendered	**(6,236,821)**	(4,967,735)	**(6,285,233)**	(4,998,115)
Material, electricity, outsourced services and other	**(754,702)**	(665,737)	**(780,111)**	(683,503)
Impairment of assets	**(52,554)**	(39,328)	**(52,367)**	(39,778)
	(7,044,077)	(5,672,800)	**(7,117,711)**	(5,721,396)
GROSS VALUE ADDED	**2,388,744**	1,871,167	**2,449,664**	1,929,234
DEPRECIATION AND AMORTIZATION	**(105,326)**	(93,098)	**(105,984)**	(93,594)
NET VALUE ADDED GENERATED BY THE ENTITY	**2,283,418**	1,778,069	**2,343,680**	1,835,640
VALUE ADDED RECEIVED IN TRANSFER				
Equity in the earnings of investees	**64,991**	55,066	**61,625**	46,952
Finance income	**102,117**	111,495	**73,702**	87,658
TOTAL VALUE ADDED	**2,450,526**	1,944,630	**2,479,007**	1,970,250
DISTRIBUTIO OF VALUE ADDED				
Personnel and charges:				
Direct compensation	**566,264**	502,159	**576,261**	511,524
Benefits	**125,801**	105,502	**127,579**	106,534
Government Severance Indemnity Fund for Employees (FGTS)	**53,723**	54,425	**54,564**	55,283
	745,788	662,086	**758,404**	673,341
Taxes, fees and contributions:				
Federal	**205,254**	97,672	**209,758**	104,299
State	**598,506**	437,324	**606,675**	442,323
Municipal	**31,799**	28,310	**33,226**	29,483
	835,559	563,306	**849,659**	576,105
Value distributed to providers of capital:				
Interest	**377,149**	424,626	**378,329**	425,693
Rentals	**246,066**	231,549	**246,561**	231,936
Other	**22,561**	22,567	**22,651**	22,679
	645,776	678,742	**647,541**	680,308
Return on own capital:				
Retained earnings	**223,403**	40,496	**223,403**	40,496
	2,450,526	1,944,630	**2,479,007**	1,970,250

The accompanying notes are an integral part of the interim financial information

Notes to the interim financial information

(In thousands of Brazilian reais)

1 General information

Magazine Luiza S.A. ("Company" or "Parent Company") is primarily engaged in the retail sale of consumer goods (mainly home appliances, personal electronics and furniture), through physical and virtual stores or through e-commerce. Its headquarters is in the city of Franca, state of São Paulo, Brazil and its parent and holding company is LTD Administração e Participação S.A.

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

As at September 30, 2017, the Company and its subsidiaries owned 830 stores (800 stores as at December 31, 2016) and 10 distribution centers (9 distribution centers as at December 31, 2016), located in the South, Southeast, Mid-west and Northeast regions of Brazil, and worked with the e-commerce sites www.magazineluiza.com.br and www.epocacosmeticos.com.br.

On October 31, 2017, the Board of Directors authorized the issue of the interim financial information (ITR).

2 Presentation and preparation of the interim financial information

2.1 Accounting policies

The interim financial information is presented in thousands of Brazilian reais ("R$"), which is the functional and presentation currency of the Company.

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

The practices, policies and main accounting judgments adopted in the preparation of the individual and consolidated interim financial information are consistent with those adopted and disclosed under Notes 3, 4, 6, 8, 9, 12, 15, 16, 20, 22, 23 and 29 of the financial statements for the year ended December 31, 2016, which were restated on May 30, 2017 and should be read jointly.

The Statement of Value Added ("DVA") aims at evidencing the wealth created by the Company and its distribution during certain period and is presented as part of its parent company financial statements pursuant to the standards issued by the Brazilian Securities and Exchange Commission (CVM), since it is neither an estimated statement nor mandatory under the International Financial Reporting Standards (IFRS).

Management adopts the accounting policy that presents interest paid as financing activities and dividends received as operating activities in the statements of cash flows.

2.2 Restatement of interim financial information previously presented

(i) Restatement of the corresponding values of the individual cash flows

The corresponding values of the individual statement of cash flows for the period ended September 30, 2016, presented in this interim financial information for comparison purposes, are being restated in compliance with CPC 23 - Accounting policies, changes in estimates and errors(IAS 8) and CPC 21 (R1) – Interim Financial Reporting (IAS 34) due to reclassification of the investments and redemption of exclusive investment funds, classified as financial instruments held-for-sale, originally presented in the cash flows from investing activities to cash flows from operating activities, in the Parent Company's individual statement of cash flows, in the amount of R$ 95,841.

There was no further impact to other interim financial information of the Company.

Individual statement of cash flows for the nine-month period ended September 30, 2016

	Parent Company		
	Previously stated	**Adjustments**	**Restated**
Cash flows used in operating activities	(29,380)	(95,841)	(125,221)
Cash flows used in investing activities	(185,271)	95,841	(89,430)
Cash flows used in financing activities	(173,297)	-	(173,297)
DECREASE IN CASH AND CASH EQUIVALENTS	(387,948)	-	(387,948)

(ii) Restatement of the corresponding values of the statements of changes in shareholders' equity

The corresponding values of the statements of changes in shareholders' equity, for the nine-month period ended September 30, 2016, presented in this interim financial information for comparison purposes, are being restated in compliance with CPC 23 - Accounting policies, changes in accounting estimates and errors (IAS 8) and CPC 21 (R1) - Interim Financial Reporting (IAS 34) due to the elimination of unrealized profits on intermediation transactions of sales of extended warranties between the Company and its jointly-controlled subsidiary Luizaseg, which affected the initial value of shareholders' equity on January 1, 2016 (derived from the financial statements for the year ended December 31, 2015). Management concluded the unrealized portion of the revenues and profits derived from this transaction (with respect to the Company's equity interest in Luizaseg) should be appropriated to profit or loss for the period in accordance with the term of the extended warranties sold, as performed by its joint venture, and not when the service is provided by the Company.

The effects on the statements of income, comprehensive income, cash flows and value added for the period ended September 30, 2016 were not considered material and, therefore, were not adjusted retrospectively.

3 New standards, amendments and interpretations

The early adoption of standards, despite being encouraged by the International Accounting Standards Board (IASB), is not permitted in Brazil by the Accounting Pronouncements Committee (CPC). The following new standards and interpretations were issued by IASB but are not yet effective for the year 2017:

-IFRS 9, "Financial instruments", issued in November 2009. IFRS 9 introduces new requirements for classifying and measuring financial assets within three principal classification categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. It also addresses a new model of expected loss of credit, in substitution to the present model of losses incurred. IFRS 9 softens the requirement of hedge effectiveness. The standard is effective as of January 1, 2018. The Company is evaluating the impact from the application and does not expect any material alterations to its equity positions and results from the adoption of this standard. The Company intends to use the exemption which permits companies to not present comparative information from prior periods from alterations in the classification and measurement of financial assets (including expected loss of credit). The differences in the carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9, should be recognized under accumulated income and reserves on January 1, 2018;

-IFRS 15, "Revenue from contracts with customers", issued in May 2014. This standard has the purpose of establishing the principles that the Company must apply to report information corresponding to the nature, quantity, time and estimated revenue and cash flows from a contract with a customer. The standard is effective as of January 1, 2018. The Company is evaluating the impact from the application and does not expect significant impacts to its equity positions and results due to the application of this standard. Eventual impacts, despite not being expected, should be treated prospectively in the transition approach;

-IFRS 16, "Leases", issued in January 2016. This standard has as its objective to unify the lease accounting model, requiring the lessees to recognize as asset or liability all lease contracts, unless these contracts have a lease term of less than twelve months or immaterial value. The standard is effective as of January 1, 2019. The Company is evaluating the impact from the application of this standard.

4 Notes included in the financial statements for the year ended December 31, 2016 not presented in the interim financial information

The interim information is presented in accordance with technical pronouncements CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) observing the provisions contained under Official-Circular/CVM/SNC/SEP 003/2011 of April 28, 2011. The preparation of the interim financial information involves judgment by the Company's management in relation to the relevance and alterations that should be disclosed in the Notes to the interim financial information. In this manner, the interim information includes selected notes and does not contemplate all of the notes presented in the financial statements for the year ended December 31, 2016. As permitted by Official Circular 03/2011, issued by the Brazilian Securities and Exchange Commission (CVM), Note 29 - Leasing Commitments to the financial statements as at December 31, 2016 is not presented.

5 Cash and cash equivalents

	Rates	Parent Company 09/30/2017	Parent Company 12/31/2016	Consolidated 09/30/2017	Consolidated 12/31/2016
Cash		**40,217**	36,063	**40,221**	36,069
Banks		**24,860**	37,933	**24,951**	41,039
Bank deposit certificates	70% to 101% CDI	**76,440**	488,084	**87,471**	499,493
Non-exclusive investment funds	102% CDI	**202**	648	**25,982**	22,540
Total cash and cash equivalents		**141,719**	562,728	**178,625**	599,141

6 Securities and other financial assets

Financial assets	**Rates**	**Parent Company and Consolidated 09/30/2017**	**Parent Company and Consolidated 12/31/2016**
Securities			
Non-exclusive investment fund	98% CDI	**10,828**	10,069
Exclusive investment funds	(a)		
Debentures		**-**	773
Federal government securities and repo operations		**1,028,231**	789,366
Time deposits and other securities		**4,285**	5,041
	Nota 9.a	**1,032,516**	795,180
Total securities		**1,043,344**	805,249
Other financial assets measured at fair value through profit or loss			
Swap receivables - Fair value hedge	(b)	**322**	13,906
Total securities and other financial assets		**1,043,666**	819,155
Current		**1,043,666**	818,984
Noncurrent		**-**	171

(a) Refers to exclusive fixed income investment funds. As at September 30, 2017 and December 31, 2016, the portfolio was distributed into the types of investment described in the table above, which are linked to financial operations and securities, indexed to the monthly variation of the Interbank Deposit Certificate (CDI) rate, to return the average profitability of 103% of the CDI to the Company.

(b) Fair value hedge accounting, as detailed under Note 27**.**

The credit risk analyses and sensitivity analysis are presented under Note 27.

7 Trade receivables

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Trade receivables:				
Credit cards (a)	**331,438**	272,502	**333,118**	276,206
Debit cards (a)	**10,340**	11,474	**10,340**	11,474
Installment plan (b)	**138,360**	118,171	**139,105**	118,226
Additional warranty agreements and other insurance (c)	**61,924**	60,155	**61,924**	60,155
Total trade receivables	**542,062**	462,302	**544,487**	466,061
Receivables from commercial agreements (d)	**182,759**	170,010	**185,600**	171,984
Allowance for doubtful accounts	**(34,746)**	(29,535)	**(34,822)**	(29,535)
Adjustment to present value	**(28,835)**	(23,873)	**(28,844)**	(23,939)
Total trade receivables	**661,240**	578,904	**666,421**	584,571
Current	**658,008**	575,334	**663,189**	581,001
Noncurrent	**3,232**	3,570	**3,232**	3,570

The average term to receive trade receivables is of 14 days as at September 30, 2017 and December 31, 2016, Parent Company and Consolidated. Receivables were assigned to secure borrowings in the amount of R$ 75,238 as at September 30, 2017 (R$ 109,445 as at December 31, 2016), represented by credit card receivables.

(a) Refers to credit and debit card receivables, which the Company receives from credit card operators in amounts, term and number of installments defined at the moment the product is sold. As at September 30, 2017 the Company had credits granted to financial institutions in the amount of R$ 1,660,353 (R$ 1,587,544 as at December 31, 2016) and Consolidated R$ 1,675,498 (R$ 1,587,544 as at December 31, 2016), where a discount between 105.0% and 109.0% of the CDI is applied, which is recognized in profit or loss under "financial expenses". The Company, through card sale transactions, transfers to the credit card operators and financial institutions all risks of receiving from customers and, therefore, settles receivables related to these credits, and the respective financial charges are registered under profit or loss at the time of settlement.

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

(c) These sales are intermediated by the Company on behalf of Luizaseg and Cardif. The Company allocates to its partners the extended warranty amount, in full, in the month following the sale and receives from customers in accordance with the transaction term.

(d) Refers to bonuses on production to be received from suppliers, arising from the fulfillment of the purchase volume, as well as from agreements that define the participation of suppliers in disbursements related to advertising and marketing (joint advertising).

Changes in allowance for doubtful accounts are demonstrated below:

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Balance at the beginning of the period/year	**(29,535)**	(46,640)	**(29,535)**	(46,640)
(+) Additions	**(35,212)**	(43,200)	**(35,295)**	(43,287)
(-) Write-off	**30,001**	60,305	**30,008**	60,392
Balance at the end of the period/year	**(34,746)**	(29,535)	**(34,822)**	(29,535)

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

	Trade receivables				Commercial agreements			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Falling due:								
Up to 30 days	**86,712**	76,846	**89,137**	77,492	**60,513**	56,032	**63,354**	58,006
31 to 60 days	**44,158**	45,242	**44,158**	45,407	**46,076**	88,776	**46,076**	88,776
61 to 90 days	**31,319**	26,308	**31,319**	27,117	**60,679**	11,740	**60,679**	11,740
91 to 180 days	**72,513**	51,629	**72,513**	52,910	**8,455**	9,173	**8,455**	9,173
181 to 360 days	**278,147**	233,649	**278,147**	234,507	**-**	3	**-**	3
Over 361 days	**8,365**	7,424	**8,365**	7,424	**-**	-	**-**	-
	521,214	441,098	**523,639**	444,857	**175,723**	165,724	**178,564**	167,698
Past due:								
Up to 30 days	**6,078**	5,979	**6,078**	5,979	**4,033**	3,138	**4,033**	3,138
31 to 60 days	**3,150**	4,814	**3,150**	4,814	**456**	509	**456**	509
61 to 90 days	**2,778**	2,650	**2,778**	2,650	**256**	29	**256**	29
91 to 180 days	**8,842**	7,761	**8,842**	7,761	**2,291**	610	**2,291**	610
	20,848	21,204	**20,848**	21,204	**7,036**	4,286	**7,036**	4,286
Total	**542,062**	462,302	**544,487**	466,061	**182,759**	170,010	**185,600**	171,984

The credit risk analysis is presented under Note 27.

8 Inventory

	Parent Company		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Resale goods	**1,609,038**	1,616,710	**1,617,740**	1,626,787
Consumption material	**8,337**	11,483	**8,337**	11,483
Provision for inventory losses	**(80,129)**	(40,894)	**(80,575)**	(41,527)
Total	**1,537,246**	1,587,299	**1,545,502**	1,596,743

As at September 30, 2017, the Company has revolving inventories assigned as guarantee in legal lawsuits in progress, totaling approximately R$ 21,163 (R$ 2,353 as at December 31, 2016).

Changes in the provision for loss and adjustment to net realizable value are as follows:

	Parent Company		Consolidated	
	09/30/2017	12/31/2016	09/30/2017	12/31/2016
Balance at the beginning of the period/year	**(40,894)**	(30,391)	**(41,527)**	(30,391)
Provision	**(52,554)**	(55,289)	**(52,367)**	(55,922)
Written-off or disposed inventories	**13,319**	44,786	**13,319**	44,786
Final balance	**(80,129)**	(40,894)	**(80,575)**	(41,527)

9 Related parties

a. Balance from related parties

	Parent Company		Consolidated	
Current assets	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**
Commissions for services rendered				
Jointly-held subsidiaries:				
Luizacred (i)	**12,081**	10,843	**12,081**	10,843
Luizaseg (ii)	**28,231**	28,722	**28,231**	28,722
	40,312	39,565	**40,312**	39,565
Subsidiaries:				
Luiza Administradora de Consórcios (“LAC”) (iii)	**914**	828	**-**	-
Campos Floridos Comércio de Cosméticos Ltda. (“Época Cosméticos”) (viii)	**11**	-	**-**	-
	925	828	**-**	-
Expenses with consortium draws				
Grupo de Consórcios (“LAC”) (iii)	**243**	146	**243**	146
Dividends receivable				
Luizaseg (ii)	**-**	2,830	**-**	2,830
Luiza Administradora de Consórcios (“LAC”) (iii)	**-**	1,447	**-**	-
	-	4,277	**-**	2,830
Balance receivable from credit card sales and receivables through CDC (direct consumer credit):				
Luizacred - CDC (i)	**1,832**	2,834	**1,832**	2,834
Luizacred – Credit cards (i)	**22,773**	18,646	**22,773**	18,646
	24,605	21,480	**24,605**	21,480
Total	**66,085**	66,296	**65,160**	64,021
Securities (Note 6)				
Investment funds (vii)	**1,032,516**	795,180	**1,032,516**	795,180

	Parent Company		Consolidated	
Current liabilities	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**
Transfer of receivables from services and accounts payable:				
Jointly-held subsidiaries:				
Luizacred (i)	**28,611**	27,853	**28,611**	27,853
Luizaseg (ii)	**39,559**	38,605	**39,559**	38,605
	68,170	66,458	**68,170**	66,458
Subsidiaries:				
Consortium Group (“LAC”) (iii)	**1,116**	1,087	**1,116**	1,087
Rent payable and other transfers				
Controlled by controlling shareholders of the Company:				
MTG Administração, Assessoria e Participações S.A. (iv)	**1,146**	1,979	**1,149**	1,981
PJD Agropastoril Ltda. (vi)	**43**	43	**75**	73
	1,189	2,022	**1,224**	2,054
Payables relating to advertising campaigns:				
ETCO - Sociedade em Conta de Participação (v)	**815**	3,356	**815**	3,356
Total	**71,290**	72,923	**71,325**	72,955

	Nine-month period ended:				Three-month period ended:			
	Parent Company		Consolidated		Parent Company		Consolidated	
Profit or loss	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**
Income from service intermediation commission								
Jointly-held subsidiaries								
Luizacred (i)	**93,393**	86,470	**93,393**	86,470	**31,226**	26,205	**31,226**	26,205
Luizaseg (ii)	**192,806**	174,525	**192,806**	174,525	**68,578**	57,428	**68,578**	57,428
	286,199	260,995	**286,199**	260,995	**99,804**	83,633	**99,804**	83,633
Subsidiaries:								
Luiza Administradora de Consórcio (“LAC”) (iii)	**8,915**	7,153	**-**	-	**3,054**	2,742	**-**	-
Campos Floridos Comércio de Cosméticos Ltda. (“Época Cosméticos”) (viii)	**104**	-	**-**	-	**49**	-	**-**	-
	9,019	7,153	**-**	-	**3,103**	2,742	**-**	-
Revenue from return on exclusive fund:								
Investment Funds (vii)	**30,729**	26,412	**30,729**	26,412	**8,625**	9,155	**8,625**	9,155
Reimbursement of shared expenses								
Jointly-held subsidiaries:								
Luizacred (i)	**43,599**	**38,770**	**43,599**	**38,770**	**14,041**	**12,399**	**14,041**	**12,399**
Total revenue	**369,546**	333,330	**360,527**	326,177	**125,573**	107,929	**122,470**	105,187

	Nine-month period ended:				Three-month period ended:			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**30/09/2017**	**30/09/2016**
Costs related to the acquisition of goods								
Campos Floridos Comércio de Cosméticos Ltda. (viii)	-	(3,773)	-	-	-	(295)	-	-
Total costs	-	(3,773)	-	-	-	(295)	-	-

	Nine-month period ended:				Three-month period ended:			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Commercial building rental expenses								
Controlled by controlling shareholders of the Company:								
MTG Administração, Assessoria e Participações S.A. (iv)	**(16,310)**	(14,931)	**(16,342)**	(14,949)	**(5,348)**	(4,903)	**(5,360)**	(4,908)
PJD Agropastoril Ltda. (vi)	**(389)**	(364)	**(672)**	(632)	**(130)**	(122)	**(225)**	(213)
	(16,699)	(15,295)	**(17,014)**	(15,581)	**(5,478)**	(5,025)	**(5,585)**	(5,121)
Freight charges								
PJD Agropastoril Ltda. (vi)	**(1,273)**	(1,618)	**(1,273)**	(1,618)	**(543)**	(514)	**(373)**	(514)
Charges from credit card advance:								
Luizacred (i)	**(125,351)**	(104,244)	**(125,351)**	(104,244)	**(40,996)**	(39,879)	**(40,996)**	(39,879)
Advertising campaign expenses								
Controlled by controlling shareholders of the Company:								
ETCO - Sociedade em Conta de Participação (v)	**(154,565)**	(146,991)	**(154,565)**	(146,991)	**(49,091)**	(70,840)	**(49,091)**	(70,840)
Total expenses	**(297,888)**	(268,148)	**(298,203)**	(268,434)	**(96,108)**	(116,258)	**(96,045)**	(116,354)

(i) Transactions with Luizacred, a subsidiary jointly controlled with Banco Itaúcard S.A., refer to the following activities:

(a) Financial expenses on the advance of receivables from such cards;

(b) Receivables from sales of products financed to customers by Luizacred, received by the Company on the following day (“D+1”);

(c) Commissions on the services provided monthly by the Company, which include the attraction of customers, management and administration of consumer credit transactions, control and collection of financing granted, referral of insurance linked to financial services and products, access to telecommunication systems and network, in addition to storage and availability of physical space in the points-of-sale. The amounts payable (current liabilities) refer to the receipt of customers’ installments by the Company’s store cashiers, which are transferred to Luizacred on D+1

(d) Balance receivable referring to Luizacred’s dividend proposal, which were received in the period.

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

(iii) The amounts receivable (current assets) of LAC, wholly-owned subsidiary, refers to proposed dividends, commissions and sales made by the Company as the agent of consortium transactions. The amounts payable (current liabilities) refer to the transfers to be made to LAC relating to the installments of consortiums received by the Company through the cashiers of its points-of-sale.

(iv) Transactions with MTG Administração, Assessoria e Participações S.A. ("MTG"), controlled by the Company's controlling shareholders, refer to expenses with rental of office buildings for the installation of its stores, distribution centers and head office.

(v) Transactions with ETCO, a special partnership which has as partner an entity controlled by the Chairman of the Company's Board of Directors, refer to advertising and marketing service contracts, also including transfers relating to placement, media production and graphic design services.

(vi) Transactions with PJD Agropastoril Ltda., an entity controlled by the Company's indirect controlling shareholders, refer to expenses with rental of commercial buildings for installation of stores and truck rental for freight of goods.

(vii) Refers to investments and redemptions, and income from exclusive investment funds (ML Renda Fixa Crédito Privado FI and FI Caixa ML RF Longo Prazo - see Note 6 - Securities).

(viii) Transactions with Campos Floridos Comércio de Cosméticos Ltda., a wholly-owned subsidiary, refer to the following activities:

(a) Sale of products for resale by the Parent Company;

(b) Commission with Marketplace from the sales made on the platform of the site of the Parent Company.

b. Management compensation

	09/30/2017		09/30/2016	
	Board of Directors	**Executive Officers**	**Board of Directors**	**Executive Officers**
Fixed and variable compensation	**2,142**	**7,267**	2,104	4,624
Share option plan	**141**	**797**	1,840	647

The Company does not grant post-employment benefits, severance benefits, or other long-term benefits. Short-term benefits to the Board of Executive Officers are the same as those extended to other employees of the Company. It is an internal public policy of the Company to pay Profit Sharing to its employees. These amounts are provisioned on a monthly basis by the Company, according to estimates for meeting targets. The Company's Board of Directors approved on April 20, 2017, management's overall compensation for the year ended at December 31, 2017, where a maximum limit for management's overall compensation was estimated at R$19,447.

10 Recoverable taxes

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
ICMS Recoverable VAT (a)	**340,024**	406,068	**340,024**	406,068
Recoverable income tax and social contribution	**-**	1,160	**142**	1,380
Recoverable withholding income tax	**1,589**	21,388	**1,595**	21,405
PIS - Social Integration Program and COFINS - Social Security Financing recoverable	**7,698**	4,163	**9,264**	5,420
Other	**2,097**	1,482	**2,097**	1,482
	351,408	434,261	**353,122**	435,755
Current assets	**187,275**	210,657	**188,989**	212,151
Noncurrent assets	**164,133**	223,604	**164,133**	223,604

(a) These refer to ICMS accumulated credits and credits arising from the tax substitution regime deriving from the application of different rates in the inflow and outflow of interstate goods. Referred credits are being realized by refund request and offset from debts of a similar nature with the States of origin of the credit

11 Income tax and social contribution

a. Reconciliation of the tax effect on income before income tax and social contribution

	Nine-month period				Three-month period			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Income (loss) before income tax and social contribution	**279,743**	26,130	**279,848**	28,430	**120,987**	20,699	**121,205**	21,429
Statutory rate	**34%**	34%	**34%**	34%	**34%**	34%	**34%**	34%
Expected income tax and social contribution credit (debit) at Statutory rates	**(95,113)**	(8,884)	**(95,148)**	(9,666)	**(41,136)**	(7,038)	**(41,210)**	(7,286)
Reconciliation to effective rate (effect of applying tax rates):								
Effect of government tax incentive	**17,549**	-	**17,549**	-	**4,929**	-	**4,929**	-
Exclusion - Equity in the earnings of investees	**22,097**	18,722	**20,953**	15,964	**7,683**	6,426	**7,075**	5,555
Other permanent exclusions, net	**(873)**	4,528	**201**	5,768	**21**	4,736	**485**	5,125
Debit/Credit from income tax and social contribution	**(56,340)**	14,366	**(56,445)**	12,066	**(28,503)**	4,124	**(28,721)**	3,394
Current	**(45,852)**	-	**(48,313)**	(2,411)	**(25,001)**	-	**(26,050)**	(744)
Deferred	**(10,488)**	14,366	**(8,132)**	14,477	**(3,502)**	4,124	**(2,671)**	4,138
Total	**(56,340)**	14,366	**(56,445)**	12,066	**(28,503)**	4,124	**(28,721)**	3,394
Effective rate	**20.1%**	55.0%	**20.2%**	42.4%	**23.6%**	19.9%	**23.7%**	15.8%

b. Breakdown of deferred income tax and social contribution assets and liabilities

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Deferred income tax and social contribution assets				
Tax losses and social contribution tax loss carryforwards	**127,145**	147,479	**130,062**	147,907
Allowance for doubtful accounts	**11,814**	10,042	**11,844**	10,042
Provision for inventory loss	**27,244**	13,904	**27,392**	14,120
Provision for adjustments to present value	**7,869**	5,890	**7,872**	5,913
Provision for tax, civil and labor contingencies	**96,660**	93,518	**96,839**	93,722
Unrealized foreign exchange variations	**4,833**	14,895	**4,833**	14,895
Other provisions	**6,020**	4,553	**6,020**	4,603
	281,585	290,281	**284,862**	291,202
Deferred income tax and social contribution liabilities:				
Amortization of intangible assets	**(41,679)**	(40,788)	**(41,679)**	(40,788)
Update of escrow deposits	**(6,753)**	(6,203)	**(6,753)**	(6,203)
Other	**(2,552)**	(2,201)	**(2,552)**	(2,201)
	(50,984)	(49,192)	**(50,984)**	(49,192)
Deferred income tax and social contribution	**230,601**	241,089	**233,878**	242,010

12 Investments in subsidiaries

Donatelo Desenvolvimento de Software e Marketing Digital Ltda - "Integra Commerce"

On April 3, 2017 the contract for the acquisition of the technology startup Donatelo Desevolvimento de Software e Market Digital Ltda. was executed, a limited liability company with its head office located at the city of Itajubá, State of Minas Gerais, specialized in the integration and management of the relationship between stores and the marketplaces.

The acquisition of Integra Commerce accelerates the execution of the main business strategy of the Parent Company in 2017: the development of a profitable open digital platform - marketplace, with the lowest costs in the market for the stores that wish to take part.

The fair value of the intangible assets identified in the business combination is of R$ 2,020. No other relevant assets or liabilities were identified in the transaction.

Changes in ownership interest in subsidiaries, stated in the Company's interim financial information, are as follows:

	Época		LAC		Integra Commerce
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**	**09/30/2017**
Equity interest held - thousands of shares	**12,855**	12,855	**6,500**	6,500	**100**
Current assets	**14,590**	19,235	**38,744**	34,572	**126**
Noncurrent assets	**10,372**	6,803	**4,457**	3,967	**2,356**
Current liabilities	**10,618**	11,469	**10,739**	11,288	**241**
Noncurrent liabilities	**5,091**	8,473	**3,265**	3,152	**-**
Capital stock	**16,755**	12,255	**6,500**	6,500	**730**
Shareholders' equity	**9,253**	6,096	**29,197**	24,099	**2,241**
Net revenue	**49,452**	60,177	**47,567**	53,530	**426**
Net income (loss) for the period/year	**(1,343)**	4,469	**5,098**	6,095	**(389)**

Changes in investments	**Época**		**LAC**		**Integra Commerce**
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**	**09/30/2017**
Balance at the beginning of the period/year	**42,923**	37,454	**24,099**	19,451	**-**
Advance for future capital increase”	**4,500**	1,000	**-**	-	**630**
Assets identified from business combinations		-	**-**	-	**2,020**
Negative equity on the date of acquisition of subsidiary		-	**-**	-	**(20)**
Proposed dividends		-	**-**	(1,447)	**-**
Equity in investments	**(1,343)**	4,469	**5,098**	6,095	**(389)**
Balance at the end of the period/year	**46,080**	42,923	**29,197**	24,099	**2,241**

Total investments in subsidiaries	**09/30/2017**	**12/31/2016**
Época Cosméticos	**9,253**	6,096
Época Cosméticos - goodwill	**36,827**	36,827
Consortium group (“LAC”)	**29,197**	24,099
Integra Commerce	**2,241**	-
	77,518	67,022

13 Investments in jointly-held subsidiaries (Parent Company and Consolidated)

	Luizacred (a)		**Luizaseg (b)**	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Total shares - in thousands	**978**	978	**133,883**	133,883
Direct equity interest percentage	**50%**	50%	**50%**	50%
Current assets	**4,546,926**	4,006,492	**174,622**	142,886
Noncurrent assets	**499,132**	441,504	**322,278**	320,370
Current liabilities	**4,315,538**	3,769,476	**191,904**	177,788
Noncurrent liabilities	**139,788**	127,566	**84,542**	75,650
Capital stock	**291,700**	274,624	**133,883**	133,883
Equity	**590,732**	550,954	**220,454**	209,818
Net revenue	**1,259,678**	1,669,580	**282,688**	364,902
Net income for the period/year	**99,528**	101,572	**23,722**	23,832

Changes in investments	**Luizacred (a)**		**Luizaseg (b)**	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Balance at the beginning of the period/year	**275,477**	281,630	**18,353**	15,839
Proposed dividends	**(29,875)**	(56,939)	**(8,550)**	(12,232)
Equity valuation adjustment	**-**	-	**2,007**	2,830
Equity in investments	**49,764**	50,786	**11,861**	11,916
Balance at the end of the period/year	**295,366**	275,477	**23,671**	18,353

Total investments in jointly-held subsidiaries

	09/30/2017	**12/31/2016**
Luizacred (a)	**295,366**	275,477
Luizaseg (b)	**110,227**	104,909
Luizaseg – Unrealized profits (c)	**(86,556)**	(86,556)
Total investments in jointly-held subsidiaries	**319,037**	293,830

(a) Equity interest of 50% of voting capital representing the contractually agreed sharing, the control of business, requiring the unanimous consent of the parties about significant decisions, financial and operating activities. Luizacred is jointly controlled by Banco Itaúcard S.A., the purpose of which is the supply, distribution and trade of financial products and services to customers at the Company's stores chain.

(b) 50% equity interest in the voting capital representing the contractually agreed sharing, the control of business, requiring the unanimous consent of the parties about significant decisions, guarantees and operating activities. Luizaseg is jointly controlled by NCVP Participações Societárias S.A., subsidiary of Cardif do Brasil Seguros e Previdência S.A., the purpose of which is the development, sale and administration of extended warranties for any type of product sold in Brazil through the Company's stores chain.

(c) Unrealized profits on downstream transaction of intermediation revenue from sales of extended warranties to the jointly-held subsidiary Luizaseg.

14 Property and equipment

Changes in property and equipment during the six-month period ended September 30, 2017 were as follows:

	Parent Company	**Consolidated**
Net property and equipment as at December 31, 2016	559,320	560,067
Additions	**68,654**	**69,805**
Addition from business combination	**-**	**3**
Write-off	**(860)**	**(860)**
Depreciation	**(68,369)**	**(68,570)**
Property and equipment as at September 30, 2017	**558,745**	**560,445**
Breakdown of property and equipment as at September 30, 2017		
Cost of property and equipment	**1,179,305**	**1,182,955**
Accumulated depreciation	**(620,560)**	**(622,510)**
Net property and equipment as at September 30, 2017	**558,745**	**560,445**

	Parent Company	**Consolidated**
Net property and equipment as at December 31, 2015	577,811	578,571
Additions	46,574	46,797
Write-off	(2,388)	(2,388)
Depreciation	(63,804)	(63,994)
Net property and equipment as at September 30, 2016	558,193	558,986
Breakdown of property and equipment as at September 30, 2016		
Cost of property and equipment	1,112,184	1,114,662
Accumulated depreciation	(553,991)	(555,676)
Property and equipment as at September 30, 2016	558,193	558,986

During the nine-month period ended September 30, 2017 and 2016, no events indicating impairment of property and equipment were identified.

15 Intangible assets

Changes in intangible assets for the nine-month periods ended September 30, 2017 and 2016 were as follows:

	Parent Company	Consolidated
Net intangible assets as at December 31, 2016	469,724	513,049
Additions	**54,333**	**55,728**
Addition from business combination	**-**	**2,020**
Write-off	**(407)**	**(407)**
Amortization	**(36,957)**	**(37,414)**
Net intangible assets as at September 30, 2017	**486,693**	**532,976**
Breakdown of intangible assets as at September 30, 2017		
Cost value of intangible assets	**791,976**	**840,293**
Accumulated amortization	**(305,283)**	**(307,317)**
Net intangible assets as at September 30, 2017	**486,693**	**532,976**

	Parent Company	Consolidated
Net intangible assets as at December 31, 2015	463.726	506.720
Additions	30.674	31.408
Write-off	(283)	(283)
Amortization	(29.294)	(29.600)
Net intangible assets as at September 30, 2016	464.823	508.245
Breakdown of intangible assets as at September 30, 2016		
Cost value of intangible assets	723.892	768.780
Accumulated amortization	(259.069)	(260.535)
Net intangible assets as at September 30, 2016	464.823	508.245

During the nine-month period ended September 30, 2017 and 2016 no events indicating impairment of intangible assets were identified.

16 Suppliers

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Goods for resale – internal market	**2,111,624**	2,375,873	**2,118,404**	2,383,961
Other suppliers	**25,431**	21,764	**28,598**	25,380
Adjustment to present value	**(26,756)**	(44,164)	**(26,879)**	(44,382)
Total suppliers	**2,110,299**	2,353,473	**2,120,123**	2,364,959

The Company has agreements signed with partner banks to structure with its main suppliers the operation of anticipation of receivables. In this operation, the suppliers transfer the right to receiving the notes to the Bank in exchange for anticipated receipt of the notes. The Bank, in turn, becomes the creditor of the operation, and the Company settles the note on the same date originally agreed-to with its supplier and receives, subsequently, a commission from the Bank for this intermediation and confirmation of the notes payable. This commission is registered as financial income.

The above operation performed by the Company does not alter the terms, prices and conditions previously established with the suppliers and, therefore, the Company classifies it under Suppliers.

As at September 30, 2017 the balance payable negotiated by suppliers, and with the acceptance of Magazine Luiza, totaled R$ 328,772 (R$ 505,114 as at December 31, 2016).

Trade payables are initially recorded at present value with the counterentry in “Inventories”. The reversal of the adjustment to present value is registered under “Cost of resold goods and services rendered” for the benefit of the term.

17 Borrowings, financing and other financial liabilities

Modality	Charges	Guarantees	Final maturity	Parent Company 09/30/2017	Parent Company 12/31/2016	Consolidated 09/30/2017	Consolidated 12/31/2016
Working capital in foreign currency (a)	1.43% p.a. to 6.41% p.a. +Exch var	N/A	Mar/18	**98,792**	333,503	**98,792**	333,503
Working capital in local currency	110.7% to 125.32% of CDI	Aval guarantee	Dec/19	**322,124**	362,558	**322,158**	362,696
Debentures – restricted offer (e)	112.0% to 125,9% of CDI	Credit card receivables	Mar/20	**918,079**	1,069,633	**918,079**	1,069,633
Promissory Notes (f)	109.0% to 112.0% of CDI	Clean	May/19	**208,281**	-	**208,281**	-
Financial leasing (b)	2.5% p.a. of CDI + 2.88%	Statutory lien	Dec/19	**12,722**	17,676	**12,722**	17,676
Innovation financing - FINEP (c)	4% p.a.	Bank guarantee	Dec/22	**38,871**	44,429	**38,871**	44,429
Expansion financing - BNB (d)	7% p.a.	Bank guarantee	Dec/22	**3,853**	4,404	**3,853**	4,404
				1,602,722	1,832,203	**1,602,756**	1,832,341
Other financial liabilities							
Swap payable -fair value hedge (a)				**4,161**	16,435	**4,161**	16,435
Total borrowings, financing and other financial liabilities				**1.606.883**	1.848.638	**1,606,917**	1,848,776
Current liabilities				**720,432**	837,878	**720,466**	838,016
Noncurrent liabilities				**886,451**	1,010,760	**886,451**	1,010,760

(a) A portion of the funds was contracted in foreign currency, over which fixed interest and exchange rate change are levied. In order to hedge its transactions against exchange rate change risks, the Company entered into swap transactions. Due to the increased number of funding with these characteristics, this year the Company started the hedge accounting of said operations. Further details are disclosed in Note 27.

(b) Refers to financial lease contracts related to IT hardware and software for which the contracts have final maturity in 2019

(c) Refers to financing with the Study and Projects Financing Agency - FINEP, with the purpose of investing in technological innovation research and development projects.

(d) The Company signed a financing contract with Banco do Nordeste do Brasil - BNB, with the purpose of modernizing, refurbishing the stores in the northeastern region and build a new Distribution Center in the municipality of Candeias (BA), in the amount of R$ 68,103. As at September 30, 2017 the first installment was released in the amount of R$ 4,383.

(f) The Company issued the following simple debentures, non-convertible into shares:

Issue	Guarantee	Principal R$	Date of Issue	Final maturity	Outstanding Securities	Financial charges	Parent Company and Consolidated 09/30/2017	12/31/2016
1st issue-single series	Clean	200,000	12/26/2011	06/16/2017	-	113.0% of CDI	**-**	149,383
3rd issue-single series	Clean	200,000	10/21/2013	07/21/2018	20,000	125.9% of CDI	**45,676**	55,439
4th issue-single series	Clean	400,000	05/30/2014	05/30/2019	40,000	112.0% of CDI	**273,570**	402,451
5th issue-single series	(i)	350,000	03/17/2015	03/17/2020	35,000	113.2% of CDI	**248,570**	362,492
6th issue-single series	Clean	100,000	06/20/2016	06/20/2018	10,000	125.2% of CDI	**49,692**	99,868
7th issue-single series	Clean	300,000	07/31/2017	07/31/2020	300,000	113.5% of CDI	**300,571**	-
							918,079	1,069,633

(i) The 5th issue of nonconvertible debentures has a credit card receivables guarantee, where, until the maturity date of debentures, should account for 30% of the issue's outstanding balance. See Note 7.

As mentioned under Note 30.2, on October 31, 2017 the Board of Directors approved the early optional redemption of the total 3rd (third), 4th (fourth), 5th (fifth) and 6th (sixth) issues of debentures.

(g) The Company issued the following promissory notes:

Issue	Guarantees	Principal R$	Date of issue	Final maturity	Outstanding securities	Financial charges	Parent Company and Consolidated 09/30/2017	12/31/2016
3rd issue – 1st series	Clean	100,000	05/10/2017	05/10/2018	20	109.0% of the CDI	**104,083**	-
3rd issue- 2nd series	Clean	100,000	05/10/2017	05/10/2019	20	112.0% of the CDI	**104,198**	-
							208,281	-

Amortization schedules

The amortization schedule for the payment of borrowings and financing is demonstrated below:

	Parent Company			Consolidated		
Year of maturity	**Debt including hedge accounting**	**Fair value hedge Notes 6 and 17**	**Debt excluding hedge accounting"**	**Debt including hedge accounting**	**Fair value hedge Notes 6 and 17**	**Debt excluding hedge accounting**
2017	**80,657**	**3,839**	**84,496**	**80,691**	**3,839**	**84,530**
2018	**776,241**	**-**	**776,241**	**776,241**	**-**	**776,241**
2019	**372,596**	**-**	**372,596**	**372,596**	**-**	**372,596**
2020	**357,414**	**-**	**357,414**	**357,414**	**-**	**357,414**
2021	**7,907**	**-**	**7,907**	**7,907**	**-**	**7,907**
2022 onward	**7,907**	**-**	**7,907**	**7,907**	**-**	**7,907**
Total	**1,602,722**	**3,839**	**1,606,561**	**1,602,756**	**3,839**	**1,606,595**

The Company maintains some loan agreements with covenants. The clauses relating to financial indexes refer to:

(i) Caixa Econômica Federal: maintenance of adjusted debt equity/adjusted EBITDA ratio below 3.0

(ii) 3rd, 5th , 6th and 7th issue of Debentures: maintenance of the adjusted debt equity/adjusted EBITDA, ratio below 3.0

The adjusted net debt is understood as the sum of all borrowings and financing, including debentures, excluding cash and cash equivalents, financial investments, marketable securities, credit card receivables not anticipated. The adjusted EBITDA is calculated in accordance with CVM Rule No. 527 of October 4, 2012, excluding non-recurring operational events (revenue/expenses).

As at September 30, 2017 and December 31, 2016 the Company is in compliance with the restrictive clauses (covenants) described above.

18 Deferred revenue

	Parent Company and Consolidated	
	09/30/2017	**12/31/2016**
Deferred revenue with third parties:		
Exclusivity agreement with Cardif (a)	**159,694**	166,121
Exclusivity agreement with Banco Itaúcard S.A. (b)	**124,625**	134,000
Other contracts	**3,324**	2,323
	287,643	302,444
Deferred revenue with third parties:		
Exclusivity agreement with Luizacred (b)	**135,713**	144,029
Exclusivity agreement with Luizaseg (a)	**97,750**	103,000
	233,463	247,029
Total deferred revenue	**521,106**	549,473
Current liabilities	**42,190**	40,318
Noncurrent liabilities	**478,916**	509,155

(a) On December 14, 2015, Luizaseg entered into a new Strategic Partnership Agreement with companies of the Cardif group and Luizaseg, aiming to extend the rights and obligations set forth in the agreements between the parties that expired on December 31, 2015, for an additional 10-year period, effective from January 1, 2016 to December 31, 2025. This agreement enabled a cash inflow of R$330,000 into the Company. Of this amount, R$42,000 were allocated to the jointly-owned subsidiary Luizacred, since it had exclusive rights over credit card insurance. The Company's revenue recognition deriving from this agreement will be recognized in profit (loss) over the term of the agreement, part of which is subject to the achievement of certain targets.

(b) On September 27, 2009, the Company entered into a partnership agreement with Itaú Unibanco Holding S.A. ("Itaú") and Banco Itaucard S.A., under which the Company grants to Luizacred the exclusive right to offer, distribute, and sell financial products and services in its store chain for a 20-year period. In consideration for the aforementioned alliance, Itaú group companies paid in cash R$ 250,000, of which: (i) R$ 230,000 relating to the completion of the negotiation, without right of recourse; and (ii) R$ 20,000 subject to the achievement of profitability targets in Luizacred. Said targets had been fully achieved at the end of 2014.

On December 29, 2010, the parties entered into a partnership agreement with Luizacred, extending the exclusive right to offer, distribute and sell financial products and services at the chain of stores then acquired in the Northeast of Brazil (Lojas Maia) for a 19-year period. As consideration, Luizacred paid R$160,000 to the Company, which is recognized in profit (loss) over the term of the agreement. As part of this 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 amendment 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 will be allocated to profit (loss) over the remaining term of the agreement.

19 Provision for tax, civil and labor contingencies and apportioned taxes

For labor, civil and tax claims in progress, on which the opinion of the legal advisors is unfavorable, the Company recognized a provision, which is the Group's management best estimate of future disbursement. Changes in the provision for tax, civil and labor contingencies are as follows:

Parent Company

	Tax	Civil	Labor	Total
Balance as at December 31, 2016	220,056	17,105	37,893	275,054
Additions	67,080	8,325	7,177	82,582
Reversal	(55,042)	(1,994)	-	(57,036)
Payments	(3,548)	(8,692)	(9,902)	(22,142)
Adjustments	5,836	-	-	5,836
Balance as at September 30, 2017	**234,382**	**14,744**	**35,168**	**284,294**

Consolidated

	Tax	Civil	Labor	Total
Balance as at December 31, 2016	227,601	17,397	39,128	284,126
Additions	67,117	8,534	7,260	82,911
Reversal	(57,728)	(2,306)	(696)	(60,730)
Payments	(3,548)	(8,773)	(9,921)	(22,242)
Adjustments	5,836	-	-	5,836
Balance as at September 30, 2017	**239,278**	**14,852**	**35,771**	**289,901**

As at September 30, 2017, the Company's main lawsuits classified by Management as of probable loss, based on the opinion of its legal advisors, as well as legal obligations which amounts are deposited in court, for which the amounts were included in the provision for contingencies, are as follows:

a. Tax claims

The Group is party to several administrative and legal tax proceedings which Management has deemed to be probable losses, therefore provisions have been accrued. They involve federal taxes which total, as at September 30, 2017 the amount of R$ 41,985 (R$14,669 as at December 31, 2016), state taxes, as at September 30, 2017 totaling R$ 62,091 (R$30,273 as at December 31, 2016), and municipal taxes totaling R$60 (R$60 as at December 31, 2016).

The Group also has accrued provisions for other legal discussions to which escrow deposits are made, as well as other provisions related to business combinations, which involve federal taxes, totaling R$ 130,283 as at September 30, 2017 (R$175,054 as at December 31, 2016) and state taxes, totaling R$ 4,859 as at September 30, 2017 (R$ 7,545 as at December 31, 2016). No provision of this type was recorded for municipal taxes in this period.

b. Civil claims

Consolidated civil contingencies of R$ 14,852 as at September 30, 2017 ($17,397 as at December 31, 2016) are related to claims filed by customers on possible product defects.

c. Labor claims

At the labor courts, the Company is a party to various labor claims, mostly in relation to overtime.

The amount provisioned of R$ 35,771 as at September 30, 2017 (R$ 39,128 as at December 31, 2016), consolidated, reflects the risk of probable loss assessed by Company Management jointly with its legal advisors.

In order to address the tax, civil and labor contingencies, the Company has a balance in escrow deposits of R$ 301,936 as at September 30, 2017 (R$292,189 at December 31, 2016).

d. Contingent liabilities – possible loss

The Company is a party to other claims that were assessed by Management, based on the opinion of the Company's legal advisors, as possible losses and, therefore, no provision was recognized for such claims. The amounts related to claims involving federal taxes totaled R$ 845,105 as at September 30, 2017 (R$ 603,615 as at December 31, 2016); in relation to state taxes a total of R$ 404,492 as at September 30, 2017 (R$186,278 as at December 31, 2016) and municipal taxes totaled R$ 1,286 as at September 30, 2017 (R$ 821 at December 31, 2016).

Among the main claims of a tax nature, classified as of possible loss, we highlight: (i) Administrative Process in which the Company discusses with the tax authorities the nature/concept of the bonuses/reimbursements of its trade payables for the purpose of PIS/COFINS taxation, as well as the characterization of some expenses related to its core activity as inputs for the purpose of PIS/COFINS credits; (ii) Legal process in which the Company discusses the violation of various legal principles of Law 13241/2015, which extinguished the exemption of PIS and COFINS contribution over income from the sale of eligible products to the Basic Production Process. According to the analysis of the Company's internal and external legal advisors the chances of loss are possible maybe remote; (iii) Administrative Process in which the Company discusses with the state tax authorities supposed ICMS credit for lack of the original invoice; (iv) Administrative Process in which the Company discusses with the state tax authorities assessments for ICMS tax credits appropriated on the purchase of goods from trade payables subsequently declared as inapt; (v) Administrative Process in which the Company discusses with the tax authorities the increase in the RAT rate; (vi) Sundry tax assessments in which the Company discusses the collection of ICMS credits appropriated on the acquisition of goods from some of its Trade payables, once these were granted tax benefits by other States of the Federation. The Company accompanies the evolution of all the discussions at each reporting period and when there are alterations to the scenario, the risk evaluations and eventual loss are also re-evaluated.

The risks of claims are continuously assessed and reviewed by Management. Additionally, the Company also challenges civil and labor administrative claims, with chances of possible loss, with immaterial amounts for disclosure.

Due to uncertainties regarding the outflow of resources for said provisions, Management believes it is not possible to reliably plan a settlement schedule.

e. Contingent assets

The Company is a plaintiff in other tax claims of various natures, in other words, filed lawsuits against various taxing entities in order to recover taxes paid and/or collected unduly by such entities. Among the main lawsuits, there is the (i) the legal discussion on the exclusion of ICMS from the calculation base of the PIS and COFINS contribution, which for the Company reaches the amount of R$ 376,262 (R$ 368,776 as at December 31, 2016) of taxes already paid. On March 15, 2017 the Supreme Federal Court concluded judgment, in the systematic of general repercussion, declaring unconstitutional the inclusion of ICMS in the calculation base of these contributions. Thus the Company is evaluating with its legal advisors the verification and monetary adjustment of the credits covered by its lawsuits; (ii) legal discussion on the right recognized by the Supreme Federal Court for the taxpayers to recover the ICMS tax overpaid in the tax substitution systematic corresponding to the difference of the margin practiced in comparison to the deemed margin of the States (MVA - Added Value Margin). The Company is evaluating with its legal advisors the effects and amounts involved.

20 Shareholders' equity

a. Capital stock

The Company approved in Extraordinary General Assembly, on September 4, 2017, the proposal for a stock split, in the proportion of 01 (one) common share to 08 (eight) common shares, without any alteration to the value of the capital stock of the Company. Thus, the quantity of shares went from 21,623,933 to 172,991,464, all common, nominal, registered shares without par value.

On September 27, 2017 the Board of Directors approved the issue of 17,600,000 new common shares, which were paid in on October 03, 2017, as mentioned under Note 30.

Accordingly, as at September 30, 2017 the breakdown of the shareholders of the Company is presented below:

	Quantity of shares	Equity interest %
Controlling shareholders	**121,224,660**	**63.60**
Outstanding shares	**67,764,652**	**35.56**
Treasury shares	**1,602,152**	**0.84**
Total	**190,591,464**	**100.00**

Shares held by controlling shareholders who are members of the Board of Directors and/or Board of Executive Officers are included under controlling shareholders.

According to Article 7 of the Bylaws, the Company may increase its capital stock, pursuant to Article 168 of Law 6404/76, by means of the issue of up to 50,000,000 (fifty thousand) common shares.

On September 12, 2017 the Company began a public offer of shares with restricted distribution effort, under the terms of CVM Instruction 476. The offer was settled on October 03, 2017. Details of the offer are described under Note 30.

b. Capital reserve

As at September 30, 2017 the Company has the amount of R$ 30,833 (R$ 19,030 as at December 31, 2016) registered under Capital Reserve.

Stock option plan – conciliation of granted options

	After stock split		Before stock split	
	Quantity	**MPPE[1]**	**Quantity**	**MPPE[1]**
In circulation on January 1, 2016	4,419,585	R$ 10.88	552,448	R$87.01
with the right lapsed in the year	(2,280,725)	R$ 10.31	(285,091)	R$82.47
In circulation as at December 31, 2016	2,138,860	R$ 11.48	267,357	R$91.85
Exercised during the period	(1,197,848)	R$ 11.73	(149,731)	R$93.86
In circulation as at September 30, 2017	941,012	R$ 11.16	117,626	R$89.29

[1]Weighted average share price of the stock options: calculated based on contractual terms, without considering monetary adjustment of the exercise price.

[2]The weighted average share price on the date of the stock option was of R$ 46.39.

Share-based incentive plan - "share matching"

On April 20, 2017 the Company approved in an Extraordinary General Assembly (AGE) the concession of a share-based incentive plan. The plan has the purpose of regulating the concession of incentives linked to common shares issued by the Company through programs to be implemented by the Board of Directors, with eligibility for management, employees or service providers or from its controlled societies or jointly-controlled companies**.**

The main objectives of the plan re to: (a) increase the capacity to attract and withhold talents; (b) reinforce the sustainable performance and the quest for the development of management, employee and service providers, aligning the interests of our shareholders to those of the eligible parties; and (c) stimulate the expansion of the Company in order to reach and surpass business targets and the fulfillment of the social objectives, aligned to the interests of the shareholders, through log-term commitments of the benefited parties.

The plan will feature in the share matching model, where for each common share acquired by the beneficiary in the adhesion to the program, the Company will grant the right of receiving, free of charge, 3 common shares of the Company. The transfer of ownership of the shares shall occur within a minimum four year and ten-month grace period as of June 30, 2017.

A total amount of 531,648 shares (66,456 before the stock split) were granted as "matching" to the benefitting parties, through adhesion to the program. The fair value of the granted shares was estimated on the date of concession of the right to the beneficiary, based on the market value of the common shares of the Company negotiated at BMF&BOVESPA (B3), in other words, R$ 31.06 per share (R$ 248,48 before the stock split). The effects of the transaction with share-based payment shall be recognized in the reporting period considering the terms and grace period described in the program.

c. Treasury shares

	After stock split		Before stock split	
	Quantity	**Amount¹**	**Quantity**	**Amount**
On January 1, 2016	2,998,208	9,574	374,776	9,574
Acquired in the year	4,801,792	35,593	600,224	35,593
Cancelled in the year	(5,000,000)	(16,438)	(625,000)	(16,438)
As at December 31, 2016	2,800,000	28,729	350,000	28,729
Divested for exercising stock option	(1,197,848)	(12,290)	(149,731)	(12,290)
As at September 30, 2017	1,602,152	16,439	200,269	16,439

The stock options exercised in the period were paid using the Treasury Shares of the Company. The reduction in the balance of Treasury Shares is equal to the cost incurred for acquiring the shares, based on weighted average. Any excess received from the collaborators over the reduction of the Treasury Shares is registered as capital reserve.

d. Legal reserve

As at September 30, 2017 the Company has the amount of R$ 20,471 (R$ 20,471 as at December 31, 2016) registered under Legal Reserve

e. Equity valuation adjustments

As at September 30, 2017 the Company has registered under Equity valuation adjustments the amount of R$ 3,209 (R$ 1,202 as at December 31, 2016).

f. Earnings per share

The calculations of earnings per basic and diluted shares are disclosed below:

	Basic earnings		Diluted earnings	
	Sep/17	**Sep/16**	**Sep/17**	**Sep/16**
Average common shares	**174,937,020**	**175,318,298**	**174,937,020**	**175,318,298**
Effect of treasury shares	**(2,533,812)**	**(826,400)**	**(2,533,812)**	**(826,400)**
Dilutive effect on shares (a)	**-**	**-**	**(1,337,327)**	**-**
Weighted average of common shares in circulation	**172,403,208**	**174,491,898**	**171,065,881**	**174,491,898**
Net earnings in thousands	**223,403**	**40,496**	**223,403**	**40,496**
Earnings per share in Brazilian reais – R$	**1.296**	**0.232**	**1.306**	**0.232**

a) Considers the effect of exercisable shares according to the share-based incentive plan, disclosed above. For the quarter ended September 30, 2016 there was not dilutive effect on earnings per share and the amounts presented already have the stock split effect.

21 Net sales revenue

	Nine-month period ended				Three-month period ended:			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**
Gross revenue:								
Retail - resale of goods	**9,456,947**	7,548,686	**9,515,609**	7,591,721	**3,233,646**	2,541,804	**3,256,177**	2,557,469
Retail - services rendered	**409,435**	325,764	**431,626**	345,023	**150,136**	115,175	**155,953**	121,588
Consortium management	**-**	-	**51,304**	42,209	**-**	-	**18,183**	14,751
	9,866,382	7,874,450	**9,998,539**	7,978,953	**3,383,782**	2,656,979	**3,430,313**	2,693,808
Taxes and returns								
Resale of goods	**(1,569,806)**	(1,256,623)	**(1,579,016)**	(1,262,626)	**(550,417)**	(416,383)	**(553,681)**	(418,614)
Services rendered	**(53,286)**	(43,468)	**(53,341)**	(46,857)	**(18,928)**	(15,340)	**(18,965)**	(15,340)
Consortium management	**-**	-	**(3,737)**	-	**-**	-	**(1,378)**	(1,122)
	(1,623,092)	(1,300,091)	**(1,636,094)**	(1,309,483)	**(569,345)**	(431,723)	**(574,024)**	(435,076)
Net sales revenue	**8,243,290**	6,574,359	**8,362,445**	6,669,470	**2,814,437**	2,225,256	**2,856,289**	2,258,732

22 Cost of goods resold and services rendered

	Nine-month period ended				Three-month period ended:			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**
Costs:								
Goods resold	**(5,764,195)**	(4,556,829)	**(5,788,489)**	(4,571,143)	**(1,955,409)**	(1,530,925)	**(1,965,457)**	(1,536,441)
Services rendered	**-**	-	**(23,804)**	(16,366)	**-**	-	**(8,065)**	(6,380)
	(5,764,195)	(4,556,829)	**(5,812,293)**	(4,587,509)	**(1,955,409)**	(1,530,925)	**(1,973,522)**	(1,542,821)

23 Information on the nature of expenses and other operating income

The Group's statement of income is presented based on the classification of the expenses according to their functions. Information on the nature of expenses recognized in the statement of income is as follows

	Nine-month period ended				Three-month period ended:			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Personnel expenses	**(906,235)**	(789,569)	**(910,546)**	(793,265)	**(319,997)**	(272,206)	**(321,393)**	(273,388)
Expenses with service providers	**(431,506)**	(386,237)	**(445,843)**	(394,742)	**(145,609)**	(127,252)	**(150,909)**	(130,394)
Other	**(491,631)**	(417,759)	**(510,053)**	(433,885)	**(162,990)**	(136,814)	**(169,368)**	(141,992)
	(1,829,372)	(1,593,565)	**(1,866,442)**	(1,621,892)	**(628,596)**	(536,272)	**(641,670)**	(545,774)
Classified by function as:								
Sales expenses	**(1,500,461)**	(1,269,646)	**(1,517,096)**	(1,279,021)	**(512,894)**	(430,133)	**(519,261)**	(434,471)
General and administrative expenses	**(355,011)**	(326,171)	**(378,629)**	(348,046)	**(124,554)**	(112,410)	**(132,345)**	(118,537)
Other operating income, net (Note 24)	**26,100**	2,252	**29,283**	5,175	**8,852**	6,271	**9,936**	7,234
	(1,829,372)	(1,593,565)	**(1,866,442)**	(1,621,892)	**(628,596)**	(536,272)	**(641,670)**	(545,774)

Freight expenses related to the transportation of goods from distribution centers (DCs) to physical stores and the delivery of products resold to customers are classified as sales expenses.

24 Other operating income (expenses), net

	Nine-month period ended				Three-month period ended:			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Gain (loss) from the sale of property and equipment	**3,005**	(352)	**3,005**	(352)	**702**	(4)	**702**	(4)
Recognition of deferred revenue (a)	**32,117**	30,566	**32,117**	30,566	**10,704**	10,329	**10,704**	10,329
Provision for tax loss	**(6,835)**	(4,500)	**(4,218)**	(1,579)	**(2,089)**	(3,758)	**(1,013)**	(2,795)
Non-recurring expenses (b)	**(2,129)**	(24,739)	**(2,129)**	(24,739)	**(202)**	(437)	**(202)**	(437)
Other	**(58)**	1,277	**508**	1,279	**(263)**	141	**(255)**	141
Total	**26,100**	2,252	**29,283**	5,175	**8,852**	6,271	**9,936**	7,234

(a) Refers to the allocation of deferred revenue from the assignment of exclusivity rights, as described in Note 18.
(b) Refers to pre-operating expenses of stores. In 2016 refers substantially to expenses with restructuring and adjustment of administrative personnel.

25 Financial income

	Nine-month period ended				Three-month period ended:			
	Parent Company		Consolidated		Parent Company		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016	09/30/2017	09/30/2016
Financial income:								
Interest on sales with extended guarantees	**36,745**	27,939	**36,745**	27,939	**13,077**	9,905	**13,077**	9,905
Income from financial investments and securities	**36,048**	33,970	**7,633**	10,133	**9,035**	9,879	**1,120**	1,660
Interest on sale of goods - interest in arrears from receivables	**3,014**	3,366	**3,014**	3,366	**1,109**	1,007	**1,109**	1,007
Discounts obtained and monetary adjustments	**25,355**	45,118	**25,355**	45,118	**7,028**	21,406	**7,028**	21,406
Other	**955**	1,102	**955**	1,102	**374**	261	**374**	261
	102,117	111,495	**73,702**	87,658	**30,623**	42,458	**22,618**	34,239
Financial expenses:								
Interest on Borrowings and financing	**(163,711)**	(203,294)	**(163,727)**	(203,328)	**(43,083)**	(71,715)	**(43,086)**	(71,734)
Charges on credit card advances	**(213,438)**	(221,332)	**(214,602)**	(222,365)	**(63,222)**	(80,928)	**(63,579)**	(81,155)
Provision for loss on interest over extended guarantees	**(8,004)**	(12,346)	**(8,004)**	(12,346)	**(2,225)**	(3,718)	**(2,225)**	(3,718)
Other	**(19,401)**	(15,052)	**(19,581)**	(15,282)	**(6,310)**	(4,775)	**(6,277)**	(4,860)
	(404,554)	(452,024)	**(405,914)**	(453,321)	**(114,840)**	(161,136)	**(115,167)**	(161,467)
Net financial income (loss)	**(302,437)**	**(340,529)**	**(332,212)**	**(365,663)**	**(84,217)**	**(118,678)**	**(92,549)**	**(127,228)**

26 Segment reporting

To manage its business taking into consideration financial and operating activities, the Company classified its business into Retail, Credit, Insurance and Consortium management operations. These classifications are considered as the primary segments for disclosure of information. The characteristics of these divisions are described below:

Retail - mainly resale of goods and provision of services in the Company's stores and e-commerce (traditional e-commerce and marketplace);

Financial operations - through the joint venture Luizaseg, mainly engaged in granting of credit to the Company's customers for acquisition of products;

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

Consortium management - through the subsidiary LAC, mainly engaged in the management of consortia to the Company's customers for purchase of products.

The Company's sales are fully made in the Brazilian territory and, considering retail operations, there is no concentration of customers, or of products and services offered by the Group.

Statement of income

	09/30/2017					
	Retail (a)	Financial operations	Insurance operations	Consortium management	Eliminations (b)	Consolidated
Gross revenue	9,956,150	629,839	141,344	51,304	(780,098)	9,998,539
Deductions from revenue	(1,632,357)	-	-	(3,737)	-	(1,636,094)
Net revenue of the segment	8,323,793	629,839	141,344	47,567	(780,098)	8,362,445
Costs	(5,797,404)	(72,419)	(17,157)	(23,804)	98,491	(5,812,293)
Gross profit	2,526,389	557,420	124,187	23,763	(681,607)	2,550,152
Sales expenses	(1,517,096)	(245,115)	(96,067)	-	341,182	(1,517,096)
General and administrative expenses	(360,015)	(1,669)	(14,589)	(18,614)	16,258	(378,629)
Allowance for doubtful accounts	(27,291)	(205,529)	-	-	205,529	(27,291)
Depreciation and amortization	(105,702)	(4,474)	(3,490)	(282)	7,964	(105,984)
Equity in investments	66,723	-	-	-	(5,098)	61,625
Other operating income	28,739	(9,244)	(2,387)	544	11,631	29,283
Financial income	(334,435)	-	13,345	2,223	(13,345)	(332,212)
Income tax and social contribution	(53,909)	(41,625)	(9,138)	(2,536)	50,763	(56,445)
Net income for the period	223,403	49,764	11,861	5,098	(66,723)	223,403

Equity accounting reconciliation	
Equity in investment LAC (Note 12)	5,098
Equity in investment Luizacred (Note 13)	49,764
Equity in investment Luizaseg (Note 13)	11,861
(=)Equity in investments for the retail segment	66,723
(-) Elimination effect LAC	(5,098)
(=)Consolidated equity in investments	61,625

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

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

	09/30/2016					
	Retail (a)	**Financial operations**	**Insurance operations**	**Consortium management**	**Eliminations (b)**	**Consolidated**
Gross revenue	7,943,897	622,663	135,627	42,209	(765,443)	7,978,953
Deductions from revenue	(1,306,094)	-	-	(3,389)	-	(1,309,483)
Net revenue of the segment	6,637,803	622,663	135,627	38,820	(765,443)	6,669,470
Costs	(4,578,296)	(89,227)	(21,735)	(16,366)	118,115	(4,587,509)
Gross profit	2,059,507	533,436	113,892	22,454	(647,328)	2,081,961
						-
Sales expenses	(1,279,021)	(223,807)	(91,686)	-	315,493	(1,279,021)
General and administrative expenses	(330,492)	(3,929)	(17,921)	(17,554)	21,850	(348,046)
Allowance for doubtful accounts	(19,334)	(233,116)	-	-	233,116	(19,334)
Depreciation and amortization	(93,325)	(4,530)	(3,554)	(269)	8,084	(93,594)
Equity in investments	51,636	-	-	-	(4,684)	46,952
Other operating income	5,172	2,060	391	3	(2,451)	5,175
Financial income	(368,035)	-	14,473	2,372	(14,473)	(365,663)
Income tax and social contribution	14,388	(32,034)	(6,723)	(2,322)	38,757	12,066
Net income for the period	40,496	38,080	8,872	4,684	(51,636)	40,496

Equity accounting reconciliation	
Equity in investment LAC	4.684
Equity in investment Luizacred	38.080
Equity in investment Luizaseg	8.872
(=)Equity in investments for the retail segment	51.636
(-) Elimination effect LAC	(4.684)
(=)Consolidated equity in investments	46.952

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

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

Balance sheets

	09/30/2017			
	Retail(*)	**Financial operations**	**Insurance operations**	**Consortium management**
Assets				
Cash and cash equivalents	**141,879**	**3,822**	**95**	**36,746**
Securities and other financial assets	**1,043,666**	**6,055**	**173,548**	**-**
Trade receivables	**665,818**	**2,301,884**	**-**	**603**
Inventories	**1,545,502**	**-**	**-**	**-**
Investments	**348,234**	**-**	**-**	**-**
Property and equipment and intangible assets	**1,091,892**	**71,477**	**46,667**	**1,529**
Other	**1,097,060**	**139,791**	**28,140**	**4,323**
	5,934,051	**2,523,029**	**248,450**	**43,201**
Liabilities				
Suppliers	**2,118,288**	**-**	**1,774**	**1,835**
Borrowings, financing and other financial liabilities	**1,606,917**	**-**	**-**	**-**
Interbank deposits	**-**	**1,058,551**	**-**	**-**
Credit card operations	**-**	**1,051,475**	**-**	**-**
Insurance reserves	**-**	**-**	**39,256**	**-**
Provision for tax, civil and labor contingencies	**289,385**	**50,532**	**1,158**	**516**
Deferred revenue	**521,106**	**19,362**	**-**	**-**
Other	**536,573**	**47,743**	**182,591**	**11,653**
	5,072,269	**2,227,663**	**224,779**	**14,004**
Shareholders' equity	**861,782**	**295,366**	**23,671**	**29,197**

Investment reconciliation	
Investments in subsidiaries	
Investment LAC (Note 12)	**29,197**
Investments in jointly-held subsidiaries	
Investment Luizacred (Note 13)	**295,366**
Investment Luizaseg (Note 13)	**23,671**
	319,037
Total investments	**348,234**
(-) Elimination effect LAC	**(29,197)**
(=) Total consolidated investment	**319,037**

(*) Consolidated balances contemplating the results of Magazine Luiza S.A, Época Cosméticos and Integra Commerce.

	12/31/2016			
	Retail(*)	**Financial operations**	**Insurance operations**	**Consortium management**
Assets				
Cash and cash equivalents	565,327	2,999	107	33,814
Securities and other financial assets	819,155	6,020	162,017	-
Trade receivables	584,571	2,001,796	-	-
Inventories	1,596,743	-	-	-
Investments	317,929	-	-	-
Property and equipment and intangible assets	1,072,005	75,944	50,101	1,111
Other	1,132,712	137,239	19,403	3,614
	6,088,442	2,223,998	231,628	38,539
Liabilities				
Suppliers	2,363,164	-	1,361	1,795
Borrowings and financing	1,848,776	-	-	-
Interbank deposits	-	900,241	-	-
Credit card operations	-	948,340	-	-
Insurance reserves	-	-	105,036	-
Provision for contingencies	283,527	43,549	709	599
Deferred revenue	549,473	20,122	-	-
Other	421,916	36,269	19,613	12,046
	5,466,856	1,948,521	126,719	14,440
Shareholders’ equity	621,586	275,477	104,909	24,099

Investment reconciliation	
Investments in subsidiaries	
Investment LAC (Note 12)	24,099
Investments in jointly-held subsidiaries	
Investment Luizacred (Note 13)	275,477
Investment Luizaseg (Note 13)	104,909
Unrealized profit - Luizaseg (Note 13)	(86,556)
	293,830
Total investments	317,929
(-) Elimination effect LAC	(24,099)
(=) Total consolidated investment	293,830

(*) Consolidated balances contemplating the results of Magazine Luiza S.A and Época Cosméticos.

27 Financial instruments

Capital risk management

The objectives of the Company through capital management are to safeguard the going concern capacity to offer continuous return to the Company’s shareholders and benefits to other related parties, and to maintain an ideal capital structure to reduce this cost and maximize its funds allowing for the opening and remodeling of stores, new technologies, process improvement and advanced management methods.

The Company’s capital structure comprises financial liabilities, cash and cash equivalents, securities and equity. Periodically, Management reviews the capital structure and its ability to settle its liabilities, as well as monitors, on a timely basis, the average term of Trade payables in relation to the average term of inventory turnover, taking prompt actions these balance ratios pose significant imbalance.

The Company uses the non-GAAP performance measure adjusted net debt/adjusted EBITDA, as they believe such measure is a relevant metric for monitoring the Company's level of indebtedness, since it reflects the net consolidated funds available from the Company's operating cash flow for payment of its financial obligations. The Company defines adjusted EBITDA as profit before income tax and social contribution, finance income and expenses, depreciation and amortization and non-recurring operating events. Adjusted EBITDA is not a defined performance measure under IFRS. The Company's definition of adjusted EBTIDA may not be comparable with similarly titled performance measures and disclosures by other Companies.

The Company's capital structure is broken down as follows:

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Borrowings, financing and other financial liabilities	**1,606,883**	1,848,638	**1,606,917**	1,848,776
(-) Cash and cash equivalents	**(141,719)**	(562,728)	**(178,625)**	(599,141)
Securities and other financial assets	**(1,043,666)**	(819,155)	**(1,043,666)**	(819,155)
(-) Third-party credit cards	**(331,438)**	(272,502)	**(333,118)**	(276,206)
(-) Related party credit cards	**(22,773)**	(18,646)	**(22,773)**	(18,646)
Adjusted net debt	**67,287**	175,607	**28,735**	135,628
Net equity	**861,782**	621,586	**861,782**	621,586

Category of financial instruments

	Parent Company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Financial assets				
Loans and receivables				
Cash and banks	**65,077**	73,996	**65,172**	77,108
Escrow deposits	**301,934**	292,187	**301,936**	292,189
Trade receivables	**661,240**	578,904	**666,421**	584,571
Related parties	**66,085**	66,296	**65,160**	64,021
At fair value through profit or loss:				
Held-for-trading - Cash equivalents and securities	**1,119,986**	1,293,981	**1,156,797**	1,327,282
Initial recognition – other financial assets	**322**	13,906	**322**	13,906
Financial liabilities				
Amortized cost				
Suppliers	**2,110,299**	2,353,473	**2,120,123**	2,364,959
Borrowings and financing	**1,503,930**	1,498,700	**1,503,964**	1,498,838
Related parties	**71,290**	72,923	**71,325**	72,955
Apportioned taxes	**8,770**	-	**8,770**	-
Other accounts payable - Ex-quota holders (Integra)	**1,000**	-	**1,000**	-
At fair value through profit or loss				
Held-for-trading – Borrowings and financing	**98,792**	333,503	**98,792**	333,503
Initial recognition – other financial liabilities	**4,161**	16,435	**4,161**	16,435

Fair value measurement

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy described below, based on the lowest level of information that is significant to the fair value measurement as a whole:

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest and significant level of information to measure the fair value directly or indirectly observable. The Company uses the discounted cash flow technique for measurement.

Level 3 - Valuation techniques for which the lowest and significant level of information to measure the fair value is unobservable.

The measurement of assets and liabilities of the Company at fair value is demonstrated below:

	Parent Company		Consolidated		Fair value measurement
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**	**Level**
Financial assets					
At fair value through profit or loss:					
Cash equivalents and securities	**1,119,986**	1,293,981	**1,156,797**	1,327,282	**Level 2**
Other financial assets	**322**	13,906	**322**	13,906	**Level 2**
Financial liabilities					
At fair value through profit or loss:					
Borrowings and financing	**98,792**	333,503	**98,792**	333,503	**Level 2**
Other financial liabilities	**4,161**	16,435	**4,161**	16,435	**Level 2**

Valuation techniques and significant unobservable inputs.

Detailed below are the valuation techniques used in the measurement of Level 2 fair value, as well as significant unobservable inputs used.

Borrowings and financing: This category includes borrowings and financing linked to the CDI. The fair value was determined based on the present value of future cash flows, discounted at the average future CDI rate, plus the credit risk, corresponding to all the loans with maturities between 2017 and 2022, calculated on the reporting date of the financial statements.

Borrowings and financing allocated to Hedge Accounting: This category included loans and financing related to the hedge risk, in other words, to the swaps contracted by the Company that satisfy the classification criteria defined by CPC 38 - Financial Instruments: Recognition and Measurement.

The fair value of these liabilities is based on broker quotations. These quotations are tested as to their reasonableness through the discount of future cash flows estimated based on the conditions and maturities of each contract and using the exchange coupon pus a spread which reflects changes in the risk scenario of the Company in the discounted period.

Borrowings at fair value: This category included borrowings and financing assigned from its initial contracting at fair value satisfying the classification criteria defined by CPC 38 - Financial Instruments: Recognition and Measurement.

The fair value of these liabilities is based on estimated future cash flows based on conditions and maturities of each contract and using the exchange coupon plus a spread which is obtained in quotation with financial institutions to reflect the credit risk of the Company in the contracted period.

Liquidity risk management
The Company's Financial Management has the ultimate responsibility for the management of the liquidity risk and prepares an appropriate liquidity risk management model to manage funding requirements and short, medium and long-term liquidity management. The Group manages the liquidity risk through the continuous monitoring of estimated and actual cash flows, the combination of the maturity profiles of financial assets and liabilities and the maintenance of a close relationship with financial institutions, with regular disclosure of information to support credit decisions when external funds are necessary.

The table below details the remaining contractual maturity of the Group's financial liabilities and the contractual amortization terms. This table was prepared using the undiscounted cash flows of financial liabilities.

Contractual maturity is based on the most recent date on which the Group should settle the related obligations:

	Under one year	One to three years	Over three years	Total
Suppliers	2,120,123	-	-	2,120,123
Borrowings, financing and other financial liabilities	720,466	566,739	319,712	1,606,917
Related parties	71,325	-	-	71,325
Apportioned taxes	8,770	-	-	8,770
Other payables - Ex-Quotaholder (Integra)	1,000	-	-	1,000

Considerations on risks
The Group's business comprises mainly the retail sale of consumer goods, mainly home appliances, electronics, furniture and financial services, consumer financing for purchase of these assets and consortium-related activities, created to purchase vehicles, motorcycles, home appliances and real properties. The main market risk factors affecting the Company's business are summarized below:

Credit risk: the risk arises from the possibility that the Group may incur losses due to non-receipt of amounts billed to their customers, the consolidated balance of which amounts to R$ 544,487 as at September 30, 2017 (R$466,061 as at December 31, 2016). A large part of the sales of the Company are made using the credit card as a form of payment, which is substantially securitized with the credit card administrators. For other receivables the Company evaluates also the risk as being low, due to the widespread sales, as a result of the large number of customers; however, there are no guarantees of actual receipt of the total balance of trade receivables due to the nature of the Group's activities. Even so, the risk is managed by means of periodic analysis of default rate and the adoption of more efficient collection measures. As at September 30, 2017, the Group recorded past-due or uncollectible balances under "trade receivables," which terms were renegotiated, in the amount of R$4,813 (R$ 4,672 as at December 31, 2016), which are included in the Group's analysis on the need to recognize an allowance for doubtful accounts. Further information on trade receivables is disclosed under Note 7.

The policy of the Company for investments in debt securities (financial investments) is to invest in securities that have ratings attributed by the main credit risk agencies, of at least AAA. As at

September 30, 2017, 100% (one hundred percent) of investments held by the Company have such rating level. It is also important to observe that the great majority of these securities are securities with sovereign risk (Brazilian public securities).

Market risk: arises from the slowdown of retail sales in the Brazilian economic environment. The risks involved in these transactions are managed by establishing operational and commercial policies, determining limits for derivative transactions, and constantly monitoring assumed positions. The main related risks are variations in the interest and foreign exchange rates.

Interest rate risk: the Group is exposed to floating interest rates tied to the "Interbank Deposit Certificate (CDI)", relating to financial investments and borrowings and financing in Brazilian reais, for which it performed a sensitivity analysis, as described in the below.

At September 30, 2017, Management carried out a sensitivity analysis, considering a probable scenario and scenarios of 25% and 50% increases in the expected interest rates. The probable scenario was measured using the future interest rates disclosed by BM&FBOVESPA and/or BACEN. The expected effects of interest expenses net of financial income from financial investments for the next three months are as follows:

	Parent Company	**Consolidated**
	09/30/2017	**09/30/2017**
Bank deposit certificates (Note 5)	**76,440**	**87,471**
Non-exclusive investment funds (Note 5)	**202**	**25,982**
Cash equivalents	**76,642**	**113,453**
Securities and other financial assets (Note 6)	**1,043,666**	**1,043,666**
Total cash equivalents, securities and other financial assets	**1,120,308**	**1,157,119**
Borrowings, financing and other financial liabilities (Note 18)	**(1,606,883)**	**(1,606,917)**
Variation	**(486,575)**	**(449,798)**
Interest to incur exposed to the CDI	**8.14%**	**8.14%**
Impact on financial income, net of taxes:		
Scenario I Probable	**12,630**	**11,935**
Scenario II Above 25%	**15,787**	**14,919**
Scenario III Above 50%	**18,944**	**17,903**

Foreign exchange rate risk management: the Company uses derivative financial instruments to meet its market risk management requirements, arising from mismatching between currencies and indexes. Derivative transactions are carried out through the Finance Department, pursuant to the strategies previously approved by the Company's Financial Management. Upon initial recognition of hedge, the Company formally classifies and reports the hedge ratio to which the Company intends to apply the hedge accounting, as well as the objective and the Management's risk management strategy to materialize the hedge.

Documentation includes the identification of the hedge instrument, the hedged item or transaction, the nature of the hedged risk, the nature of risks excluded from the hedge ratio, the prospective statement of effective hedge ratio and how the Company will assess the hedge instrument's efficacy for the purposes of offsetting the exposure to changes in the fair value of the hedged item or cash flows related to the hedged risk.

In this scenario, the Company raised foreign currency-denominated loans bearing interest, for which it entered into swap transactions to hedge against exchange rate variation, swapping contracted interest rate and foreign currency exchange rate for CDI plus fixed rate. For the purposes of hedge accounting, these instruments are classified as fair value hedge and initially are recognized at fair value on the date the derivative agreement is contracted, and subsequently revalued also at fair value. Any gains or losses resulting from changes in fair value, both of the hedging derivatives (*swap*) and the hedge purpose (loans) during the year are recorded directly in the statement of income, as financial income (expense).

A breakdown of the agreements that affected profit or loss as at September 30, 2017 is demonstrated below:

Fair value hedge

Hedge instrument

	Swaps			Average Indexes
	Financial position	**MTM adjustment**	**Fair value(a)**	
Assets (long leg)	97,754	1,038	98,792	**US$+3.26%**
Liabilities (short leg)	102,633	(2)	102,631	**115.14%CDI**
Total	**(4,879)**	**1,040**	**(3,839)**	

Hedge purpose

	Working capital in USD			Average indexer
	Financial position	**MTM adjustment**	**Fair value(a)**	
Liabilities	97,754	1,038	98,792	**US$+3.26%**

Reconciliation	
Other financial assets (Note 6)	322
Other financial liabilities (Note 17)	(4,161)
(=)Fair value of the derivative financial instrument	**(3,839)**

As discussed above, the Group's management understands that there is no market risk arising from foreign exchange fluctuations since all significant financial liabilities recorded in foreign currency are pegged to swap transactions, so that the accounting and financial treatment of these loans is denominated in domestic currency. Accordingly, changes in swap derivative financial instruments and loans and borrowings are offset.

In the periods presented herein there were no operations that were not qualified as equity protection operations, and there are no future commitments object of equity protection of cash flows.

28 Statements of cash flows

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

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Net change in fair value of available for sale financial instruments	**2,007**	3,013	**2,007**	3,013
Other accounts payable - Ex-quotaholders "Integra Commerce"	**1,000**	-	**1,000**	-

29 Insurance

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

The insurance coverage, in values as at September 30, 2017 and December 31, 2016 are as follows:

	09/30/2017	**12/31/2016**
Civil responsibility and D&O	65,000	42,000
Sundry risks - inventory and property and equipment	2,067,629	2,014,174
Vehicles	14,162	17,285
	2,146,791	2,073,459

30 Subsequent events

30.1 Stock offering - "Follow-On"

On September 12, 2017 the Company began a stock offering with restricted placement efforts, under the terms of CVM Instruction 476, comprising the primary distribution of 17,600,000 new common shares issued by the Company and secondary distribution of 6,400,000 common shares owned by selling shareholders. The price per share was fixed at R$ 65.00, after the conclusion of the procedure for the collection of intentions of investment with professional investors.

Accordingly, the total amount of the Restricted Offer, based on the price per share, is of R$ 1,560,000, whereby R$ 1,144,000 refers to primary distribution and R$ 416,000 refers to secondary distribution. The table below indicates the breakdown of the capital stock of the Company, fully subscribed and paid-in, prior to the Restricted Offer and after the conclusion of the Restricted Offer. Commissions of the coordinators of the offer totaled R$ 38,531, which shall be registered net under capital stock. Other expenses related to the offer are still being calculated.

Shareholders	**Quantity**	**Amount (in R$)**
Before the Restricted Offer	172,991,464	626,911,472
Restricted Offer	17,600,000	1,144,000,000
After Restricted Offer	190,591,464	1,770,911,472

The Restricted Offer was concluded on October 03, 2017. The net resources from the Primary Offer shall be used for: (i) investments in long-term assets, including (a) improvement and expansion of the logistics network, (b) technology and development of the digital platform, (c) transformation of existing stores into sales points and distribution centers ("shoppable distribution centers"), (d) inauguration of new stores, and (e) acquisition of technology companies of the digital segment; and (ii) optimization of the capital structure of the Company, including the payment of short-term debts.

30.2 Approval of the early redemption of debentures

The Board of Directors approved in a meeting held on October 31, 2017 the optional early redemption of the total of the 3rd (third), 4th (fourth), 5th (fifth) and 6th (sixth) issue of simple debentures, not convertible into shares, unsecured, of a single series, for public distribution, with restricted placement efforts, under the terms of their issuance indentures.

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