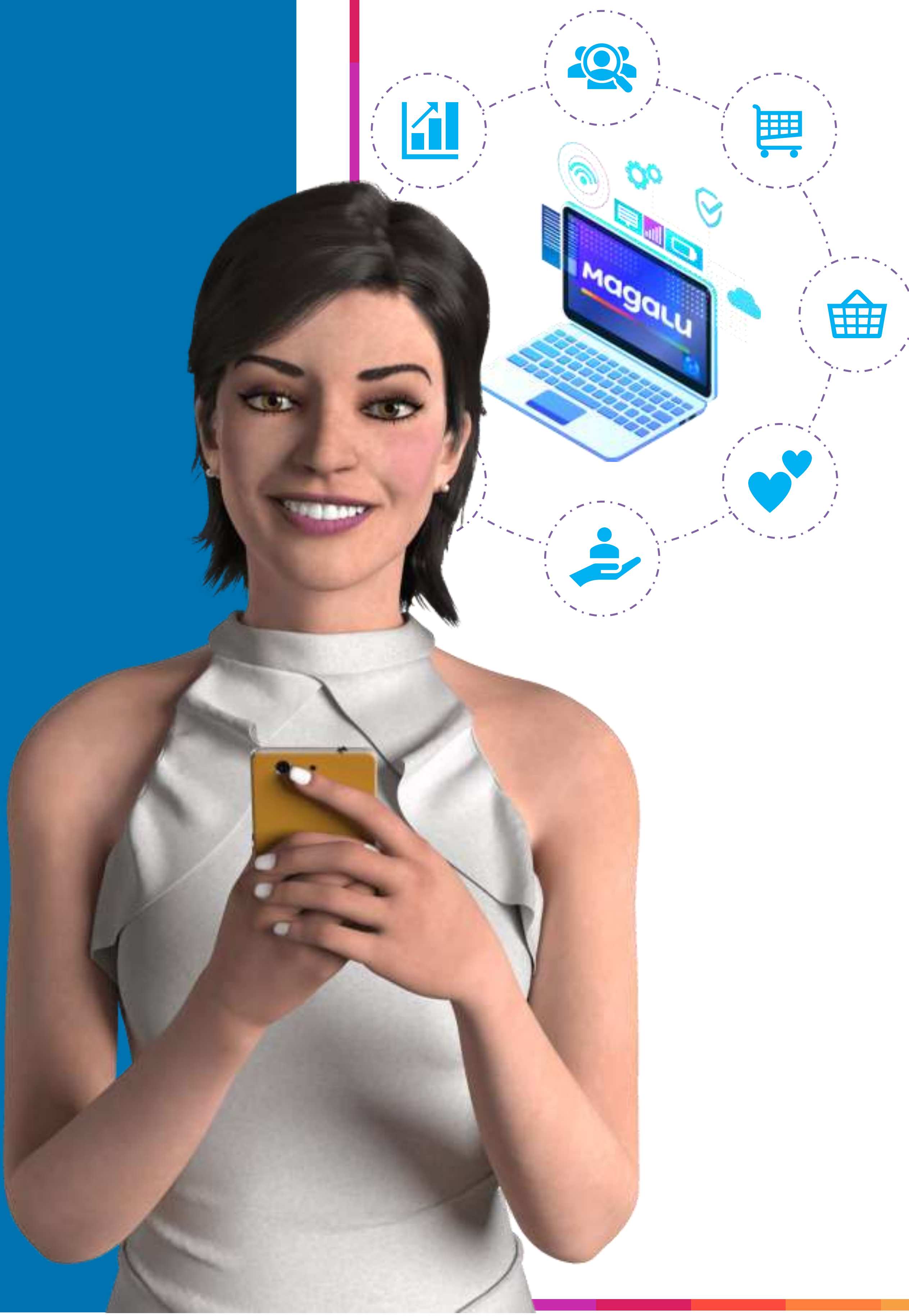
Quarterly Information (ITR)
June 30, 2023



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Magazine Luiza S.A. and Subsidiaries

Quartely Information (ITR)

June 30, 2023

Content

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A free translation from Portuguese into English of Independent Auditor's Review Report on quarterly information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR)

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

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

Introduction

We have reviewed the individual and consolidated interim financial information of Magazine Luiza S.A. ("Company") contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2023, which comprises the statement of financial position as at June 30, 2023 and the related statements of profit or loss and of comprehensive income for the three- and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including explanatory information.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the CVM.

Emphasis of matter - Internal investigation on anonymous reporting

As mentioned in Note 1.2 to the individual and consolidated interim financial information, the Company management has adopted certain internal investigative actions for the purpose of investigating and providing clarifications on anonymous reporting of alleged business activities conducted in disagreement with the Company's Code of Conduct and Ethics. The actions for investigation of said anonymous reporting are still in progress and, at this time, it is not possible to predict the future developments arising from this internal investigation process, nor any effects on the individual and consolidated interim financial information. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's executive board, and presented as supplementary information for IAS 34 purposes. These statements were subject to review procedures conducted jointly with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, pursuant to such standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, August 14, 2023.

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

Alexandre Rubio
Accountant CRC SP-223361/O

A free translation from Portuguese into English of quarterly information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR)

Magazine Luiza S.A.

Statements of financial position at June 30, 2023 and December 31, 2022
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Assets					
Current assets					
Cash and cash equivalents	5	**1,228,625**	808,764	**2,100,610**	2,420,045
Marketable securities	6	**217,149**	304,298	**386,194**	304,298
Accounts receivable	7	**3,438,946**	4,587,059	**5,532,905**	6,760,270
Inventories	8	**6,450,716**	6,608,969	**7,570,170**	7,790,069
Accounts receivable from related parties	9	**1,940,960**	3,305,722	**1,388,958**	2,576,572
Taxes recoverable	10	**1,186,522**	1,376,204	**1,421,004**	1,564,188
Income and social contribution taxes recoverable	11	**195,065**	258,838	**263,016**	314,457
Other current assets		**148,677**	70,436	**422,681**	208,237
Total current assets		**14,806,660**	17,320,290	**19,085,538**	21,938,136
Noncurrent assets					
Accounts receivable	7	**19,641**	17,156	**19,641**	17,156
Taxes recoverable	10	**2,237,634**	2,037,328	**2,314,074**	2,123,865
Deferred income and social contribution taxes	11	**2,070,427**	1,625,928	**2,188,890**	1,686,360
Judicial deposits	23	**1,269,896**	1,234,720	**1,700,409**	1,650,223
Other noncurrent assets		**107,967**	106,615	**117,813**	116,786
Long-term receivables		**5,705,565**	5,021,747	**6,340,827**	5,594,390
Investments in subsidiaries	12	**4,439,875**	4,379,731	**-**	-
Investments in jointly-controlled entities	13	**282,264**	338,833	**282,264**	338,833
Right of use - lease	14	**3,468,835**	3,473,159	**3,508,961**	3,511,497
Property and equipment	15	**1,702,193**	1,769,292	**1,910,731**	1,955,479
Intangible assets	16	**979,292**	896,749	**4,470,556**	4,427,510
		10,872,459	10,857,764	**10,172,512**	10,233,319
Total noncurrent assets		**16,578,024**	15,879,511	**16,513,339**	15,827,709
Total assets		**31,384,684**	33,199,801	**35,598,877**	37,765,845

See accompanying notes.

Magazine Luiza S.A.

Statements of financial position at June 30, 2023 and December 31, 2022
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		06/30/2023	12/31/2022	06/30/2023	12/31/2022
Liabilities and equity					
Current liabilities					
Trade accounts payable	17	**4,191,627**	4,604,573	**5,112,678**	5,741,020
Trade accounts payable - agreement	18	**2,744,804**	3,756,776	**2,761,344**	3,802,237
Partners and other deposits	19	**-**	-	**1,473,819**	1,552,643
Loans and financing	20	**2,804,731**	92,607	**2,831,376**	124,297
Salaries, vacation pay and social charges		**230,549**	242,906	**411,559**	420,496
Taxes payable		**203,582**	141,811	**296,618**	224,889
Accounts payable to related parties	9	**241,990**	256,707	**93,837**	152,511
Lease	14	**452,255**	604,140	**467,092**	619,788
Deferred revenue	21	**122,407**	52,009	**146,694**	76,908
Other current liabilities	22	**1,151,336**	1,621,391	**1,657,288**	2,118,136
Total current liabilities		**12,143,281**	11,372,920	**15,252,305**	14,832,925
Noncurrent liabilities					
Loans and financing	20	**4,000,283**	6,584,571	**4,400,352**	6,984,460
Taxes payable		**4,614**	4,614	**7,836**	7,836
Lease	14	**3,216,330**	3,047,523	**3,245,990**	3,073,728
Deferred income and social contribution taxes	11	**-**	-	**90,758**	108,822
Provision for tax, civil, and labor contingencies	23	**872,889**	814,836	**1,274,288**	1,193,765
Deferred revenue	21	**997,177**	238,354	**1,172,088**	423,464
Other noncurrent liabilities	22	**138,612**	488,282	**143,762**	492,144
Total noncurrent liabilities		**9,229,905**	11,178,180	**10,335,074**	12,284,219
Total liabilities		**21,373,186**	22,551,100	**25,587,379**	27,117,144
Equity	24				
Capital		**12,352,498**	12,352,498	**12,352,498**	12,352,498
Capital reserve		**(2,060,950)**	(1,896,383)	**(2,060,950)**	(1,896,383)
Treasury shares		**(1,029,103)**	(1,245,809)	**(1,029,103)**	(1,245,809)
Legal reserve		**137,442**	137,442	**137,442**	137,442
Income reserve		**1,298,941**	1,298,941	**1,298,941**	1,298,941
Equity adjustments		**5,637**	2,012	**5,637**	2,012
Loss for the period		**(692,967)**	-	**(692,967)**	-
Total equity		**10,011,498**	10,648,701	**10,011,498**	10,648,701
Total liabilities and equity		**31,384,684**	33,199,801	**35,598,877**	37,765,845

See accompanying notes.

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Magazine Luiza S.A.

Statements of profit or loss
Six-month periods and quarters ended June 30, 2023 and 2022
(In thousands of reais - R$)

	Note	Six-month period				Quarter			
		Individual		Consolidated		Individual		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Net sales revenue	25	**14,579,720**	14,016,397	**17,639,590**	17,324,565	**7,037,567**	6,879,807	**8,572,256**	8,562,389
Cost of goods resold and services rendered	26	**(10,796,853)**	(10,320,725)	**(12,691,652)**	(12,440,040)	**(5,155,067)**	(5,030,552)	**(6,103,611)**	(6,109,614)
Gross profit		**3,782,867**	3,695,672	**4,947,938**	4,884,525	**1,882,500**	1,849,255	**2,468,645**	2,452,775
Operating income (expenses)									
Selling expenses	27	**(2,570,657)**	(2,613,759)	**(3,241,460)**	(3,158,973)	**(1,289,886)**	(1,280,835)	**(1,597,042)**	(1,569,740)
General and administrative expenses	27	**(436,522)**	(437,395)	**(634,215)**	(690,074)	**(233,630)**	(222,432)	**(325,798)**	(337,687)
Expected credit losses		**(183,377)**	(118,032)	**(204,027)**	(120,152)	**(89,197)**	(57,700)	**(105,066)**	(59,013)
Depreciation and amortization	14|15|16	**(503,679)**	(424,915)	**(627,601)**	(535,845)	**(253,231)**	(214,817)	**(319,801)**	(270,786)
Equity pickup	12|13	**(26,232)**	112,327	**(33,911)**	(15,541)	**(5,859)**	59,554	**(21,794)**	(7,588)
Other operating income (expenses), net	27|28	**(156,840)**	(97,401)	**(226,319)**	(102,846)	**(79,850)**	(14,545)	**(135,067)**	(21,315)
		(3,877,307)	(3,579,175)	**(4,967,533)**	(4,623,431)	**(1,951,653)**	(1,730,775)	**(2,504,568)**	(2,266,129)
Operating income (loss) before finance income (costs)		**(94,440)**	116,497	**(19,595)**	261,094	**(69,153)**	118,480	**(35,923)**	186,646
Finance income		**254,490**	309,428	**364,449**	360,262	**123,467**	127,964	**171,187**	155,568
Finance costs		**(1,297,516)**	(1,093,022)	**(1,528,904)**	(1,276,210)	**(591,514)**	(559,057)	**(703,283)**	(649,406)
Finance income (costs)	29	**(1,043,026)**	(783,594)	**(1,164,455)**	(915,948)	**(468,047)**	(431,093)	**(532,096)**	(493,838)
Operating loss before income and social contribution taxes		**(1,137,466)**	(667,097)	**(1,184,050)**	(654,854)	**(537,200)**	(312,613)	**(568,019)**	(307,192)
Current and deferred income and social contribution taxes	11	**444,499**	370,794	**491,083**	358,551	**235,454**	177,609	**266,273**	172,188
Loss for the period		**(692,967)**	(296,303)	**(692,967)**	(296,303)	**(301,746)**	(135,004)	**(301,746)**	(135,004)
Loss attributable to:									
Controlling shareholders		**(692,967)**	(296,303)	**(692,967)**	(296,303)	**(301,746)**	(135,004)	**(301,746)**	(135,004)
Loss per share									
Basic (reais per share)	24	**(0.104)**	(0.044)	**(0.104)**	(0.044)	**(0.045)**	(0.000)	**(0.045)**	(0.000)
Diluted (reais per share)	24	**(0.104)**	(0.044)	**(0.104)**	(0.044)	**(0.045)**	(0.000)	**(0.045)**	(0.000)

See accompanying notes.

Magazine Luiza S.A.

Statements of comprehensive income
Six-month periods and quarters ended June 30, 2023 and 2022
(In thousands of reais - R$)

	Six-month period		Quarter	
	Individual and Consolidated		Individual and Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Loss for the period	**(692,967)**	(296,003)	**(301,746)**	(135,004)
Items that may be subsequently reclassified to profit or loss:				
Investments valued under the equity method - share in other comprehensive income (OCI)	**(5,492)**	(1,920)	**(3,154)**	(1,543)
Tax effects	**1,867**	653	**1,072**	525
Total items that may be subsequently reclassified to profit or loss	**(3,625)**	(1,267)	**(2,082)**	(1,018)
Total comprehensive income (loss) for the period, net of taxes	**(696,592)**	(297,270)	**(303,828)**	(136,022)
Attributable to:				
Controlling shareholders	**(696,592)**	(297,270)	**(303,828)**	(136,022)

See accompanying notes.

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Statements of changes in equity
Six-month periods ended June 30, 2023 and 2022
(In thousands of reais - R$)

	Note	Capital	Capital reserve	Treasury shares	Legal reserve	Income reserve: Reserve for working capital increase	Income reserve: Additional dividends proposed	Income reserve: Tax incentive reserve	Loss for the period	Equity adjustments	Total
Balances at January 1, 2022		12,352,498	(1,637,055)	(1,449,159)	137,442	582,635	58,749	1,215,281	-	840	11,261,231
Stock option plan	24	-	44,426	-	-	-	-	-	-	-	44,426
Treasury shares disposed of	24	-	(184,865)	173,374	-	-	-	-	-	-	(11,491)
Additional dividends proposed	24	-	-	-	-	-	(58,749)	-	-	-	(58,749)
Loss for the period	24	-	-	-	-	-	-	-	(296,303)	-	(296,303)
		-	(140,439)	173,374	-	-	(58,749)	-	(296,303)	-	(322,117)
Other comprehensive income (loss)											
Equity adjustments		-	-	-	-	-	-	-	-	(1,267)	(1,267)
Balances at June 30, 2022		12,352,498	(1,777,494)	(1,275,785)	137,442	582,635	-	1,215,281	(296,303)	(427)	10,937,847
Balances at December 31, 2022		12,352,498	(1,896,383)	(1,245,809)	137,442	83,660	-	1,215,281	-	2,012	10,648,701
Stock option plan	24	**-**	**7,141**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,141**
Treasury shares disposed of	24	**-**	**(171,708)**	**216,706**	**-**	**-**	**-**	**-**	**-**	**-**	**44,998**
Loss for the period	24	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(692,967)**	**-**	**(692,967)**
		-	**(164,567)**	**216,706**	**-**	**-**	**-**	**-**	**(692,967)**	**-**	**(640,828)**
Other comprehensive income (loss)											
Equity adjustments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,625**	**3,625**
Balances at June 30, 2023		**12,352,498**	**(2,060,950)**	**(1,029,103)**	**137,442**	**83,660**	**-**	**1,215,281**	**(692,967)**	**5,637**	**10,011,498**

See accompanying notes.

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Statements of cash flows
Six-month periods ended June 30, 2023 and 2022
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
Cash flows from operating activities					
Loss for the period		**(692,967)**	(296,303)	**(692,967)**	(296,303)
Adjustments to reconcile loss for the period to cash from operating activities:					
Income and social contribution taxes recognized in P&L	11	**(444,499)**	(370,794)	**(491,083)**	(358,551)
Depreciation and amortization	14|15|16	**503,679**	424,915	**627,601**	535,845
Accrued interest on loans, financing and lease	14|20	**623,710**	521,121	**655,070**	544,019
Gain (loss) on marketable securities		**(14,908)**	(23,338)	**(10,864)**	(23,338)
Equity pickup	12|13	**26,232**	(112,327)	**33,911**	15,541
Changes in the provision for losses on assets		**276,852**	217,514	**289,622**	220,301
Provision for tax, civil, and labor contingencies	23	**67,005**	46,978	**90,351**	55,217
Gain on disposal of property and equipment	28	**712**	701	**992**	798
Appropriation of deferred revenue	28	**(30,883)**	(26,328)	**(42,337)**	(27,283)
Stock option plan expenses		**40,914**	31,981	**57,620**	31,981
Adjusted net income (loss) for the period		**355,847**	414,120	**517,916**	698,227
(Increase) decrease in operating assets:					
Accounts receivable		**850,953**	337,112	**917,435**	(95,484)
Marketable securities		**102,057**	1,368,236	**(71,032)**	1,368,396
Inventories		**176,076**	1,055,474	**237,722**	1,068,100
Accounts receivable from related parties		**1,372,764**	948,891	**1,171,180**	1,095,525
Taxes recoverable		**53,149**	(298,879)	**4,416**	(322,802)
Judicial deposits		**(35,176)**	(110,375)	**(50,186)**	(194,967)
Other assets		**(79,594)**	(90,971)	**(215,472)**	178,129
Changes in operating assets		**2,440,229**	3,209,488	**1,994,063**	3,096,897
Increase (decrease) in operating liabilities:					
Trade accounts payable		**(412,946)**	(2,193,163)	**(628,342)**	(2,082,579)
Partners and other deposits		**-**	-	**(78,824)**	(55,951)
Salaries, vacation pay and social charges		**(12,357)**	(3,146)	**(8,937)**	39,058
Taxes payable		**47,085**	(22,290)	**45,177**	(131,590)
Accounts payable to related parties		**(14,717)**	18,078	**(58,674)**	(9,237)
Other accounts payable		**(296,527)**	102,197	**(257,032)**	(89,178)
Changes in operating liabilities		**(689,462)**	(2,098,324)	**(986,632)**	(2,329,477)
Income and social contribution taxes paid		**-**	-	**(17,645)**	(32,817)
Dividends received		**142,912**	70,220	**43,092**	70,220
Cash flows from operating activities		**2,249,526**	1,595,504	**1,550,794**	1,503,050
Cash flows from investing activities					
Acquisition of property and equipment	14|15	**(61,765)**	(152,839)	**(100,250)**	(169,041)
Acquisition of intangible assets	16	**(179,899)**	(130,601)	**(234,205)**	(189,727)
Capital increase at subsidiary	12	**(144,714)**	(60,792)	**-**	-
Payment for acquisition of subsidiary		**(509,102)**	(526,908)	**(523,033)**	(543,663)
Sale of exclusivity agreement and right of operation		**835,668**	-	**835,668**	-
Cash flows used in investing activities		**(59,812)**	(871,140)	**(21,820)**	(902,431)
Cash flows from financing activities					
Repayment of loans and financing	20	**-**	(4,058)	**(4,451)**	(88,767)
Payment of interest on loans and financing	20	**(347,582)**	(256,376)	**(376,767)**	(267,244)
Payment of lease	14	**(251,228)**	(209,032)	**(264,638)**	(220,052)
Payment of interest on lease	14	**(159,071)**	(142,356)	**(161,660)**	(144,530)
Decrease in trade accounts payable - agreement		**(1,011,972)**	(614,571)	**(1,040,893)**	(635,566)
Dividends paid		**-**	(99,966)	**-**	(99,966)
Cash flows used in financing activities		**(1,769,853)**	(1,326,359)	**(1,848,409)**	(1,456,125)
Increase (decrease) in cash and cash equivalents		**419,861**	(601,995)	**(319,435)**	(855,506)
Cash and cash equivalents at beginning of period		**808,764**	1,458,754	**2,420,045**	2,566,218
Cash and cash equivalents at end of the period		**1,228,625**	856,759	**2,100,610**	1,710,712
Increase (decrease) in cash and cash equivalents		**419,861**	**(601,995)**	**(319,435)**	**(855,506)**

See accompanying notes.

Magazine Luiza S.A.

Statements of value added
Six-month periods ended June 30, 2023 and 2022
(In thousands of reais - R$)

	Individual		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Revenues				
Sales of goods, products and services	**17,393,518**	16,252,252	**21,404,512**	20,276,296
Allowance for expected credit losses, net of reversals	**(183,377)**	(118,032)	**(204,027)**	(120,152)
Other operating income	**33,742**	38,655	**36,897**	68,267
	17,243,883	16,172,875	**21,237,382**	20,224,411
Bought-in inputs				
Cost of goods resold and services rendered	**(11,509,885)**	(10,899,014)	**(13,401,479)**	(12,979,019)
Materials, energy, third-party services and other expenses	**(2,176,052)**	(2,157,111)	**(2,699,645)**	(2,726,652)
Loss/recovery of receivables	**13,114**	(82,732)	**(18,732)**	(84,873)
	(13,672,823)	(13,138,857)	**(16,119,856)**	(15,790,544)
Gross value added	**3,571,060**	3,034,018	**5,117,526**	4,433,867
Depreciation and amortization	**(503,679)**	(424,915)	**(627,601)**	(535,845)
Net value added produced by the Company	**3,067,381**	2,609,103	**4,489,925**	3,898,022
Value added received in transfer				
Equity pickup	**(26,232)**	112,327	**(33,911)**	(15,541)
Finance income	**254,490**	309,428	**364,449**	360,262
Total value added to be distributed	**3,295,639**	3,030,858	**4,820,463**	4,242,743
Distribution of value added				
Personnel and charges:				
Salaries	**801,151**	820,127	**1,190,655**	1,154,308
Benefits	**151,476**	157,162	**228,181**	207,349
Unemployment Compensation Fund (FGTS)	**63,949**	72,955	**111,402**	107,593
	1,016,576	1,050,244	**1,530,238**	1,469,250
Taxes, charges and contributions:				
Federal	**97,772**	28,063	**478,151**	320,338
State	**1,511,556**	1,091,112	**1,854,481**	1,359,225
Local	**50,116**	41,211	**79,402**	68,588
	1,659,444	1,160,386	**2,412,034**	1,748,151
Debt remuneration:				
Interest	**1,219,675**	1,031,263	**1,422,823**	1,203,541
Rent	**31,885**	44,260	**37,821**	51,708
Other	**61,026**	41,008	**110,514**	66,396
	1,312,586	1,116,531	**1,571,158**	1,321,645
Equity remuneration:				
Accumulated losses	**(692,967)**	(296,303)	**(692,967)**	(296,303)
	3,295,639	3,030,858	**4,820,463**	4,242,743

See accompanying notes.

Notes to quarterly information

1. Operations

Magazine Luiza S.A. (“Company”) is a publicly-held corporation listed under the special segment called “Novo Mercado” of B3 S.A. – Brasil, Bolsa, Balcão, under ticker symbol “MGLU3” and is primarily engaged in the retail sale, through physical stores, e-commerce and its SuperApp, which is an application that offers products and services from Magazine Luiza, its subsidiaries, as well as from commercial partners (“sellers”) through the marketplace platform. Its jointly-controlled entities (Note 13) offer loans, financing and insurance services to customers. It is headquartered in the city of Franca, São Paulo State, and its parent and holding company is LTD Administração e Participação S.A.

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

As at June 30, 2023, the Company owned 1,303 stores and 23 distribution centers (1,399 stores and 23 distribution centers as at December 31, 2022) located in all regions in Brazil. The Company also operates on the electronic commerce sites www.magazineluiza.com.br, www.epocacosmeticos.com.br, www.netshoes.com.br, www.zattini.com.br, www.shoestock.com.br, www.kabum.com.br, and related mobile apps, as well as through the food delivery apps AiQfome, Tônolucro and Plus Delivery.

On August 14, 2023, the Board of Directors authorized the issue of this quarterly information.

1.1. Merger of Magalu Pagamentos Ltda. and Hub Instituição de Pagamentos S.A.

As part of the Company's strategic plan, on May 31, 2023, the organizational structures of the payment institutions were merged for purposes of streamlining, optimizing the governance of the Magazine Luiza Group, and reducing costs to increase the operational efficiency of the activities that are now carried out through a single payment institution - Hub Instituição de Pagamentos S.A. ("MagaluPay").

1.2. Anonymous reporting

On March 6, 2023, the Company became aware of an anonymous reporting concerning alleged practices in disagreement with the Company's Code of Conduct and Ethics, specifically with regard to alleged irregularities involving operations with certain distributors and suppliers. According to the anonymous report, the alleged practices involved supplier bonus operations and mentioned three distributors, which accounted for approximately 3.5% of the total purchase value of goods over the course of 2022. Accordingly, the Board of Directors requested that the Audit, Risk and Compliance Committee investigate the reported facts. Such investigation was still ongoing on the date of disclosure of this quarterly information, with the advice of independent external experts.

2. Presentation and preparation of the quarterly information

2.1. Accounting policies

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

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

The practices, policies and key accounting judgments and sources of uncertainty about estimates adopted in the preparation of the individual and consolidated quarterly information are consistent with those adopted and disclosed in the notes to the financial statements for the year ended December 31, 2022, which were disclosed on March 9, 2023 and should be read together.

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

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

3. New accounting standards, amendments and interpretations

The amended standards and interpretations effective for the year beginning January 1, 2023 did not affect this interim financial information. A number of other revised standards and interpretations are underway by the IASB and the Company will assess them in due course.

4. Notes to the financial statements as of December 31, 2022 that are not presented in this quarterly information

The quarterly information is presented in accordance with accounting pronouncements CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), in compliance with the provisions contained in CVM/SNC/SEP Memorandum Circular No. 003/2011 of April 28, 2011. The preparation of this quarterly information involves judgment by the Company's management in connection with the relevance and changes that should be disclosed in the explanatory notes. Accordingly, this quarterly information presents selected explanatory notes and does not include all explanatory notes disclosed in the financial statements for the year ended December 31, 2022. As permitted by Memorandum Circular No. 03/2011, issued by the Brazilian Securities and Exchange Commission (CVM), the following explanatory notes and their references to the financial statements as of December 31, 2022 are not presented:

4. Notes to the financial statements as of December 31, 2022 that are not presented in this quarterly information (Continued)

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

5. Cash and cash equivalents

	Rate	Individual 06/30/2023	Individual 12/31/2022	Consolidated 06/30/2023	Consolidated 12/31/2022
Cash		**94,215**	95,911	**95,112**	96,583
Banks		**32,291**	106,752	**51,288**	153,431
Short-term deposits	From 85% to 103% of the CDI	**1,102,119**	606,101	**1,910,935**	2,132,556
Non-boutique investment funds	From 92.5% to 100% of the CDI	**-**	-	**43,275**	37,475
		1,228,625	808,764	**2,100,610**	2,420,045

Credit risk and sensitivity analyses are described in Note 31.

6. Marketable securities

Financial assets	Rate	Individual 06/30/2023	Individual 12/31/2022	Consolidated 06/30/2023	Consolidated 12/31/2022
Non-boutique investment funds	100% to 105% of the CDI	**15,101**	14,525	**15,101**	14,525
Credit right investment funds		**41,863**	44,500	**1,487**	44,500
Boutique investment funds:	(a)				
Federal government securities		**94,568**	245,273	**303,989**	245,273
Repurchase agreements		**65,617**	-	**65,617**	-
		217,149	304,298	**386,194**	304,298

(a) These refer to boutique fixed income investment funds. As of June 30, 2023 and December 31, 2022, the portfolio comprised the investments described in the table above, which are linked to securities and financial transactions and referenced to the variation of the Interbank Deposit Certificate (CDI), with the objective of returning to the average yield of 100% of the CDI for the Company.

Credit risk and sensitivity analyses are described in Note 31.

7. Accounts receivable

	Individual 06/30/2023	Individual 12/31/2022	Consolidated 06/30/2023	Consolidated 12/31/2022
Trade accounts receivable:				
Credit cards (a)	**2,436,429**	3,430,696	**4,320,297**	5,383,828
Debit cards (a)	**4,718**	11,375	**5,134**	12,041
Direct consumer credit (b)	**1,093,567**	1,197,994	**1,093,567**	1,197,994
Customer services (c)	**268,468**	230,431	**295,357**	257,661
Other receivables (d)	**8,970**	15,381	**152,867**	134,417
Total trade accounts receivable	**3,812,152**	4,885,877	**5,867,222**	6,985,941
From commercial agreements (e)	**242,570**	315,578	**298,192**	392,777
Allowance for expected credit losses	**(322,058)**	(266,709)	**(338,791)**	(270,761)
Present value adjustment	**(274,077)**	(330,531)	**(274,077)**	(330,531)
	3,458,587	4,604,215	**5,552,546**	6,777,426
Current assets	**3,438,946**	4,587,059	**5,532,905**	6,760,270
Noncurrent assets	**19,641**	17,156	**19,641**	17,156

7. Accounts receivable (Continued)

Days sales outstanding is of 43 and 53 days, individual and consolidated, respectively, as of June 30, 2023 (45 and 51 days, individual and consolidated, respectively, as of December 31, 2022).

(a) Accounts receivable arising from sales made through credit and debit cards, which the Company receives from the buyers in amounts, terms and number of installments defined at the time the products are sold. The consolidated information includes receivables from buyers transacted through MagaluPay, to be transferred to the partners (sellers) as described in Note 19. At June 30, 2023, the Company had credits assigned to certain buyers and financial institutions amounting to R$2,978,648 (R$2,693,143 at December 31, 2022), individual, and R$5,835,764 (R$4,944,607 at December 31, 2022), consolidated, on which a discount ranging between 105.4% and 109.6% of the CDI is applied. Through assignment of receivables from cards, the Company transfers to the buyers and financial institutions all risks from customer receivables and, thus, settles the amounts receivable related to these credits.

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

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

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

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

Changes in allowance for expected credit losses are as follows:

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Opening balance	**(266,709)**	(151,426)	**(270,761)**	(169,588)
(+) Additions	**(294,675)**	(344,453)	**(307,445)**	(342,551)
(-) Write-offs	**239,326**	229,170	**239,415**	241,378
Closing balance	**(322,058)**	(266,709)	**(338,791)**	(270,761)

The credit risk analysis is detailed in Note 31.

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

	Trade accounts receivable				From commercial agreements			
	Individual		Consolidated		Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Falling due:								
Within 30 days	**392,089**	255,845	**681,591**	452,821	**6,206**	57,191	**21,712**	82,998
31 to 60 days	**437,623**	279,652	**651,011**	348,570	**61,377**	54,408	**78,104**	88,838
61 to 90 days	**505,912**	716,831	**756,142**	824,887	**13,941**	66,514	**22,736**	69,989
91 to 180 days	**1,211,572**	2,134,903	**1,935,330**	3,246,201	**8,433**	108,735	**10,303**	108,944
181 to 360 days	**1,047,966**	1,244,850	**1,608,403**	1,858,988	**52,135**	7,503	**52,135**	7,586
More than 361 days	**48,016**	53,802	**52,726**	53,885	**-**	-	**-**	-
	3,643,178	4,685,883	**5,685,203**	6,785,352	**142,092**	294,351	**184,990**	358,355
Overdue:								
Within 30 days	**12,581**	45,820	**25,626**	46,415	**2,995**	8,717	**8,841**	9,724
31 to 60 days	**35,371**	36,293	**35,371**	36,293	**7,863**	1,085	**10,207**	5,767
61 to 90 days	**28,847**	30,924	**28,847**	30,924	**58,438**	107	**60,754**	3,608
91 to 180 days	**92,175**	86,957	**92,175**	86,957	**31,182**	11,318	**33,400**	15,323
	168,974	199,994	**182,019**	200,589	**100,478**	21,227	**113,202**	34,422
	3,812,152	4,885,877	**5,867,222**	6,985,941	**242,570**	315,578	**298,192**	392,777

8. Inventories

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Goods for resale	**6,542,407**	6,755,508	**7,674,420**	7,943,173
Consumption materials	**24,109**	15,929	**36,629**	31,380
Provision for inventory losses	**(115,800)**	(162,468)	**(140,879)**	(184,484)
	6,450,716	6,608,969	**7,570,170**	7,790,069

As of June 30, 2023, the Company recorded inventories of goods for resale given in guarantee of legal proceedings, under enforcement, in the approximate amount of R$21,650 (R$21,834 as of December 31, 2022).

Changes in the provision for inventory losses are shown below:

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Opening balance	**(162,468)**	(142,526)	**(184,484)**	(163,556)
Reversal (setup) of provision	**17,823**	(159,015)	**9,101**	(170,107)
Inventories written off or sold	**28,845**	139,073	**34,504**	149,179
Closing balance	**(115,800)**	(162,468)	**(140,879)**	(184,484)

9. Related parties

Company	Assets (liabilities)				P&L for the six-month period				P&L for the quarter			
	Individual		Consolidated		Individual		Consolidated		Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	06/302022	06/30/2023	06/302022	06/30/2023	06/302022	06/30/2023	06/302022
Luizacred (i)												
Commissions for services rendered	3,180	4,255	3,180	4,255	123,368	123,166	123,368	123,166	61,390	55,669	61,390	55,669
Credit card	1,339,176	2,500,360	1,339,767	2,500,360	(205,234)	(180,909)	(205,234)	(180,909)	(79,437)	(86,667)	(79,437)	(86,667)
Transfers of receivables	(42,085)	(69,879)	(42,085)	(69,879)	-	-	-	-	-	-	-	-
Reimbursement of shared expenses	29,821	7,191	29,821	7,191	74,866	68,527	74,866	68,527	38,901	33,324	38,901	33,324
	1,330,092	2,441,927	1,330,683	2,441,927	(7,000)	10,784	(7,000)	10,784	20,854	2,326	20,854	2,326
Luizaseg (ii)												
Commissions for services rendered	45,671	57,531	45,671	57,531	241,748	233,945	241,748	233,945	127,787	124,633	127,787	124,633
Dividends receivable	-	8,831	-	8,831	-	-	-	-	-		-	-
Transfers of receivables	(73,265)	(80,301)	(73,265)	(80,301)	-	-	-	-	-	-	-	-
	(27,594)	(13,939)	(27,594)	(13,939)	241,748	233,945	241,748	233,945	127,787	124,633	127,787	124,633
Total jointly-controlled entities	1,302,498	2,427,988	1,303,089	2,427,988	234,748	244,729	234,748	244,729	148,641	126,959	148,641	126,959
Netshoes (iii)								-				
Reimbursement of expenses	51,946	22,352	-	-	-	-	-	-	-	-	-	-
Commissions for services rendered	-	-	-	-	10,401	8,637	-	-	5,096	4,801	-	-
	51,946	22,352	-	-	10,401	8,637	-	-	5,096	4,801	-	-
Época Cosméticos (iv)								-				
Commissions for services rendered	203	1,614	-	-	2,140	3,423	-	-	415	2,015	-	-
Kabum (v)								-				
Commissions for services rendered	8,994	3,924	-	-	2,811	9,936	-	-	2,171	-	-	-
Transfers of receivables	(6,613)	-	-	-	-	-	-	-	-	-	-	-
Capital decrease	-	21,488	-	-	-	-	-	-	-	-	-	-
	2,381	25,412	-	-	2,811	9,936	-	-	2,171	-	-	-
Consórcio Luiza (vi)												
Commissions for services rendered	1,586	1,378	-	-	-	7,591	-	-	4,462	3,818	-	-
Dividends receivable	-	4,633	-	-	-	-	-	-	-	-	-	-
Group of consortia	11	(804)	11	(804)	-	-	-	-	-	-	-	-
	1,597	5,207	11	(804)	-	7,591	-	-	4,462-	3,818	-	-
Magalog (vii)				-								
Transfers of receivables	(79,695)	(61,358)	-	-	-	-	-	-	-	-	-	-
Freight	-	-	-	-	(862,615)	721,718	-	-	(440,128)	352,504	-	-
	(79,695)	(61,358)	-	-	(862,615)	721,718	-	-	(440,128)	352,504	-	-
MagaluPay (viii)								-				
Transfers of receivables	428,388	644,887	-	-	(153,312)	(54,762)	-	-	(68,414)	(22,248)	-	-
Jovem Nerd (ix)												
Transfers of receivables	(381)	(940)	-	-	(381)	-	-	-	(275)	-	-	-
Luizalabs (x)								-				
System development	12	(13,094)	-	-	12	-	-	-	118	-	-	-
Total Subsidiaries	404,451	624,080	11	(804)	(992,328)	696,544	-	-	(496,555)	350,826	-	-
MTG Participações (xi)												
Rent and other transfers	(2,714)	(2,713)	(2,714)	(2,783)	(36,766)	(19,963)	(36,766)	(19,963)	(20,794)	(10,313)	(20,794)	(10,313)
PJD Agropastoril (xii)												
Rent, freight and other transfers	(103)	(104)	(103)	(104)	(488)	(612)	(488)	(612)	(235)	(248)	(235)	(248)
LH Participações (xiii)												
Rent	(216)	(201)	(216)	(201)	(1,295)	(1,207)	(1,295)	(1,207)	(647)	(604)	(647)	(604)
ASENOVE Administração (xiv)												
Rent	(15)	-	(15)	-	(87)	-	(87)	-	(44)	-	(44)	-
ETCO – SCP (xv)												
Agency fee	-	-	-	-	(4,135)	(3,989)	(4,135)	(3,989)	(1,742)	(1,519)	(1,742)	(1,519)
Marketing expenses	(4,931)	(35)	(4,931)	(35)	(129,228)	(124,660)	(129,228)	(124,660)	(54,445)	(47,462)	(54,445)	(47,462)
	(4,931)	(35)	(4,931)	(35)	(133,363)	(128,649)	(133,363)	(128,649)	(56,187)	(48,981)	(56,187)	(48,981)
Total other related parties	(7,979)	(3,053)	(7,979)	(3,123)	(171,999)	(150,431)	(171,999)	(150,431)	(77,907)	(60,146)	(77,907)	(60,146)
Total related parties	1,698,970	3,049,015	1,295,121	2,424,061	(929,579)	790,842	62,749	94,298	(425,821)	417,639	70,734	66,813

9. Related parties (Continued)

	Assets (liabilities)				P&L for the six-month period				P&L for the quarter			
	Individual		Consolidated		Individual		Consolidated		Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Boutique investment fund transactions - classified as Marketable securities (**xvi**)	**160,185**	245,273	**641,649**	245,273	**16,657**	8,262	**16,657**	8,262	**6,257**	5,570	**6,257**	5,570

Reconciliation	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Accounts receivable from related parties	**1,940,960**	3,305,722	**1,388,958**	2,576,572
Accounts payable to related parties	**(241,990)**	(256,707)	**(93,837)**	(152,511)
	1,698,970	3,049,015	**1,295,121**	2,424,061

(i) Transactions with Luizacred, jointly-owned entity with Banco Itaúcard S.A., refer to the following activities:

(a) Receivables under private label credit cards and finance costs with advance of such receivables;

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

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

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

(iii) The amounts of Netshoes, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's Marketplace platform.

(iv) Transactions with Época Cosméticos, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's Marketplace platform.

(v) Transactions with KaBuM, a wholly-owned subsidiary, refer to commissions for sales made via the Parent Company's *Marketplace* platform. In 2022, the Company approved a capital reduction at the subsidiary KaBuM, in the amount of R$50 million (Note 12), fully settled during 2023.

(vi) The amounts receivable (current assets) from Consórcio Luiza (LACs), a wholly-owned subsidiary, refer to proposed dividends and commissions for sales made by the Parent Company as an agent for consortium operations. The amounts payable (current liabilities) refer to unrealized transfers to LAC relating to consortia installments received by the Parent Company through cashiers at the points of sale.

(vii) Transactions with Magalog, a wholly-owned subsidiary, refer to freight expenses and transfer of receivables.

(viii) Transactions with MagaluPay, a wholly-owned subsidiary, refer to commissions receivable for sales made via its platform by Marketplace sellers, as well as fees paid for the use of the sub-acquisition operation offered.

(ix) Transactions with Jovem Nerd, a wholly-owned subsidiary, refer to advertising.

(x) Refers to provision of system development services by the subsidiary Luizalabs Computação e Sistemas de Informação Ltda.

(xi) Transactions with MTG Administração, Assessoria e Participações S.A., controlled by the same controlling shareholders of the Company, refer to expenses with rent of commercial buildings for its stores, as well as distribution centers, and reimbursement of expenses.

(xii) Transactions with PJD Agropastoril Ltda., a company controlled by the Company's indirect controlling shareholders, refer to expenses with truck rentals for shipping of goods.

(xiii) Transactions with LH Agropastoril, Administração Participações Ltda., controlled by the same controlling shareholders of the Company, refer to expenses with rent of commercial buildings and central office.

(xiv) Transactions ASENOVE Administração e Participações Ltda., controlled by a controlling shareholder of the Company, refer to expenses with rent of commercial building.

(xv) Transactions with ETCO Sociedade em Conta de Participação, whose participating partner is a company controlled by the chairman of the Company's Board of Directors, refer to contracts for provision of promotion and advertising services, including transfers related to broadcasting, media production and graphic creation services.

(xvi) Refers to investments, redemptions and income from boutique investment funds (ML Renda Fixa Crédito Privado FI and BB MGL Fundo de Investimento RF Longo Prazo - Note 6 – Marketable securities).

9. Related parties (Continued)

Management compensation

	06/30/2023		06/30/2022	
	Board of Directors	Executive Board	Board of Directors	Executive Board
Fixed and variable compensation	**2,000**	**4,377**	2,028	3,759
Stock option plan	**2,953**	**11,421**	6,547	11,858

The Company does not offer post-employment benefits, severance pay, or other long-term benefits. Short-term benefits for the statutory board correspond to those granted to the other Company employees, and certain eligible employees are beneficiaries of a share-based incentive plan, as mentioned in Note 24. The Company's internal policy determines the payment of Profit Sharing to its employees. These amounts are accrued on a monthly basis by the Company, according to estimated achievement of goals. Total management compensation was approved at the Annual General Meeting held on April 26, 2023, in which the limit of R$51,790 was established for 2023.

10. Taxes recoverable

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
ICMS recoverable (a)	**2,635,179**	2,689,730	**2,688,170**	2,748,199
PIS and COFINS recoverable (b)	**781,823**	720,188	**1,024,670**	929,340
Other	**7,155**	3,614	**22,239**	10,514
	3,424,157	3,413,532	**3,735,079**	3,688,053
Current assets	**1,186,522**	1,376,204	**1,421,004**	1,564,188
Noncurrent assets	**2,237,634**	2,037,328	**2,314,074**	2,123,865

(a) Refer to accumulated credits of Company ICMS and due to tax substitution, arising from the application of different rates on interstate receiving and shipping operations. These credits are realized by means of request for refund and offset of debts of the same nature with states of origin of the credit.

The Company is a party to lawsuits in different states challenging the use of amounts of refund of State VAT – Tax Substitution (ICMS/ST) arising from sales to end consumers for an amount lower than the matching credit tax base of periods prior to the general repercussion granted by the Federal Supreme Court (STF) on the matter in 2016, for which the final and unappealable decision is expected for the coming months. Considering the procedural progress, the Company reached the understanding that a favorable outcome for these lawsuits is practically certain, and obtained legal opinions from its advisors confirming this understanding. Accordingly, restated credits of R$539,796 were recognized in 2021, of which R$348,383 refers to principal and R$191,413 to monetary restatement.

(b) In 2019, a final favorable decision was handed down on the proceedings claiming the right to exclude State VAT (ICMS) from the tax bases of Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS), regarding Magazine Luiza S.A. and its merged company FS Vasconcelos Ltda. Two lawsuits were filed in 2007, ensuring the right to recognize tax credits in the statute of limitations period from 2002 to 2014, and another lawsuit was filed in 2017, ensuring the right to the credit for the period after Law No. 12973/14. The recorded amount for these lawsuits was R$1,190,050, of which R$713,455 refers to principal and R$476,595 to monetary restatement.

Also in 2019, a final decision was handed down for subsidiary Netshoes on the same issue. The lawsuit was filed in 2014 and ensures the tax credit from 2009 to 2014 totaling R$119,035, of which R$73,093 refers to principal and R$45,942 to monetary restatement.

The measurement of credits related to these proceedings was determined with the support of legal and tax advisors, considering the periods indicated above and the Company's right to exclude ICMS from the PIS and COFINS tax bases without any restrictions, since the decisions that have become final guarantee that all the ICMS required from the Company should be excluded from the PIS and COFINS tax bases, regardless of the collection method, according to the legal advisors.

Offset of the credits occurs as the validations take place via administrative procedures with the Brazilian IRS.

11. Income and social contribution taxes

a) Income and social contribution taxes recoverable

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
IRPJ and CSLL recoverable (a)	**133,456**	218,403	**181,527**	243,582
Withholding Income Tax (IRRF) recoverable	**61,609**	40,435	**81,489**	70,875
	195,065	258,838	**263,016**	314,457

(a) Considering the progress of discussions and case laws on the application of Supplementary Law No. 160/2017, the Company, together with its legal and tax advisors, reviewed its application considering ICMS tax incentives and benefits as investment grants, without distinction in relation to their form of granting. As such, previously unused income and social contribution tax credits on net income referring to the period from 2017 to 2020 were recognized based on assessment that a favorable outcome in the event of inquiries is possible tending to probable, according to ICPC 22 – Uncertainties over Income Tax Treatments (equivalent to IFRIC 23). As such, the Company reviewed its tax calculations and recorded the entry against current and deferred income and social contribution taxes in P&L for the period. Tax credits are offset against income and social contribution taxes or other federal taxes.

11. Income and social contribution taxes (Continued)

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

	Six-month period				Quarter			
	Individual		Consolidated		Individual		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Loss before income and social contribution taxes	**(1,137,466)**	(667,097)	**(1,184,050)**	(654,854)	**(537,200)**	(312,613)	**(568,019)**	(307,192)
Current statutory rate	**34%**	34%	**34%**	34%	**34%**	34%	**34%**	34%
Expected income and social contribution tax credit at current rates	**386,738**	226,813	**402,577**	222,650	**182,648**	106,288	**193,126**	104,445
Reconciliation to effective rate (effects of application of tax rates):								
Exclusion - equity pickup	**(8,919)**	38,191	**(11,530)**	(5,284)	**(1,992)**	20,248	**(7,410)**	(2,580)
Unrecognized deferred IR/CS - Netshoes/Kabum	**-**	-	**18,264**	31,157	**-**	-	**10,993**	18,111
Effect of government grant (1)	**68,204**	52,282	**73,912**	58,659	**55,778**	33,222	**58,614**	36,590
Interest of taxes paid in error (2)	**1,135**	56,145	**1,135**	56,145	**(921)**	18,958	**(921)**	18,958
Other permanent exclusions, net	**(2,659)**	(2,637)	**6,725**	(4,776)	**(59)**	(1,107)	**11,871**	(3,336)
Income and social contribution tax debit	**444,499**	370,794	**491,083**	358,551	**235,454**	177,609	**266,273**	172,188
Current	**-**	-	**(29,511)**	(41,878)	**-**	-	**(17,218)**	(16,324)
Deferred	**444,499**	370,794	**520,594**	400,429	**235,454**	177,609	**283,491**	188,512
Total	**444,499**	370,794	**491,083**	358,551	**235,454**	177,609	**266,273**	172,188
Effective rate	**39.1%**	55.6%	**41.5%**	54.8%	**43.8%**	56.8%	**46.9%**	56.1%

(1) As mentioned in item “a” above, the Company, in performing its regular activities, takes advantage of a series of tax benefits granted by the states. Based on the concept brought by Supplementary Law No. 160/2017, these benefits are considered investment grants and, according to CPC 07 – Government grants and assistance, they are recorded in P&L for the year.

(2) On September 24, 2021, in a decision of the Federal Supreme Court with recognized general repercussion effect, the levy of IRPJ and CSLL on amounts related to the Selic (Central Bank benchmark rate) received due to claim to refund taxes paid in error was declared unconstitutional. The Company has a writ of mandamus, dated before the judgment of the Federal Supreme Court, whose subject matter is precisely the recognition of the illegitimacy of the levy of IRPJ and CSLL on Selic in tax credits. Based on the decision of the STF, the Company permanently excluded these amounts from the tax base, considering that it is likely that the decision will be accepted by the tax authorities, pursuant to ICPC 22 – Uncertainty over Income Tax Treatments (equivalent to IFRIC 23).

11. Income and social contribution taxes (Continued)

c) Deferred income and social contribution taxes

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

	Individual			Consolidated		
	Balance at 12/31/2022	P&L	Balance at 06/30/2023	Balance at 12/31/2022	P&L	Balance at 06/30/2023
Deferred income and social contribution taxes on:						
Income and social contribution tax loss	1,033,410	**421,024**	**1,454,434**	1,096,109	**453,795**	**1,549,904**
Allowance for expected credit losses	90,681	**18,819**	**109,500**	90,681	**18,819**	**109,500**
Provision for inventory losses	55,239	**(7,027)**	**48,212**	55,542	**(6,842)**	**48,700**
Provision for present value adjustments	83,998	**(13,481)**	**70,517**	83,998	**(13,481)**	**70,517**
Provision for tax, civil, and labor contingencies	277,044	**19,738**	**296,782**	392,931	**21,175**	**414,106**
Provision for stock option plan	127,528	**2,795**	**130,323**	127,528	**2,795**	**130,323**
Temporary differences on leases	102,967	**10,761**	**113,728**	102,967	**10,761**	**113,728**
Temporary differences on fair value in acquisitions	(41,679)	**-**	**(41,679)**	(258,028)	**46,581**	**(211,447)**
Judicial deposits	617	**(11)**	**606**	617	**(11)**	**606**
Deferred tax credits (1)	(102,149)	**-**	**(102,149)**	(131,605)	**-**	**(131,605)**
Other provisions	(1,728)	**(8,119)**	**(9,847)**	16,798	**(12,998)**	**3,800**
Deferred income and social contribution tax assets (liabilities)	1,625,928	**444,499**	**2,070,427**	1,577,538	**520,594**	**2,098,132**

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

	Individual			Consolidated		
	Balance at 12/31/2021	P&L	Balance at 06/30/2022	Balance at 12/31/2021	P&L	Balance at 06/30/2022
Deferred income and social contribution taxes on:						
Income and social contribution tax loss	503,823	216,600	720,423	547,235	225,925	773,160
Allowance for expected credit losses	51,485	19,545	71,030	51,485	19,545	71,030
Provision for inventory losses	48,459	9,460	57,919	48,762	9,460	58,222
Provision for present value adjustments	80,605	(3,953)	76,652	80,605	(3,953)	76,652
Provision for tax, civil, and labor contingencies	220,466	38,395	258,861	336,353	38,395	374,748
Provision for stock option plan	109,602	(7,193)	102,409	109,602	(7,193)	102,409
Temporary differences on leases	70,026	14,271	84,297	70,026	14,271	84,297
Temporary differences on fair value in acquisitions	(41,679)	-	(41,679)	(294,344)	50,132	(244,212)
Judicial deposits	628	(11)	617	628	(11)	617
Deferred tax credits	(169,164)	85,527	(83,637)	(169,164)	56,032	(113,132)
Other provisions	(19)	(1,847)	(1,866)	20,024	(2,174)	17,850
Deferred income and social contribution tax assets (liabilities)	874,232	370,794	1,245,026	801,212	400,429	1,201,641

11. Income and social contribution taxes (Continued)

c) Deferred income and social contribution taxes (Continued)

Breakdown of deferred income and social contribution taxes by company

	Balance at 12/31/2022	Deferred tax assets	Deferred tax liabilities	Balance at 06/30/2023
Individual	1,625,928	**2,070,427**	**-**	**2,070,427**
Netshoes	2,474	**3,504**	**-**	**3,504**
KaBuM	(98,953)	**-**	**(86,573)**	**(86,573)**
Consórcio Luiza	1,399	**-**	**(4,185)**	**(4,185)**
Época Cosméticos	8,283	**12,539**	**-**	**12,539**
Magalog	42,402	**68,958**	**-**	**68,958**
Softbox	5,874	**10,342**	**-**	**10,342**
MagaluPay	(9,869)	**23,120**	**-**	**23,120**
Consolidated	1,577,538	**2,188,890**	**(90,758)**	**2,098,132**

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

12. Investments in subsidiaries

a) Changes in investments in subsidiaries

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

Position at 06/30/2023

Financial information	Netshoes	KaBuM	Época Cosméticos	MagaluPay	Consórcio Luiza	Magalog	Luizalabs
Shares/units of interest	**1,514,532,428**	**1,976,774**	**34,405,475**	**2,000,000**	**6,500**	**16,726**	**23,273,616**
Interest (%)	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Current assets	**745,267**	**1,544,079**	**190,170**	**1,971,016**	**161,098**	**295,889**	**76,702**
Noncurrent assets	**544,030**	**115,004**	**208,874**	**548,945**	**13,535**	**355,690**	**269,877**
Current liabilities	**596,640**	**622,943**	**105,981**	**1,947,174**	**73,849**	**364,042**	**102,494**
Noncurrent liabilities	**224,511**	**527,217**	**18,005**	**177,795**	**7,287**	**50,816**	**10,231**
Capital	**634,910**	**250,882**	**145,955**	**470,479**	**50,050**	**323,367**	**157,527**
Equity	**468,146**	**508,923**	**275,058**	**394,992**	**93,497**	**236,721**	**233,854**
Net revenue	**880,339**	**1,444,445**	**275,485**	**442,556**	**60,279**	**939,557**	**13,224**
Net income (loss)	**(4,771)**	**56,676**	**8,522**	**63,281**	**17,954**	**(98,894)**	**(10,338)**

Changes	Netshoes	Kabum	Época Cosméticos	MagaluPay	Consórcio Luiza	Magalog	Luizalabs	Total
Balance at December 31, 2022	**1,168,083**	**1,922,997**	**270,263**	**430,028**	**75,363**	**275,124**	**237,873**	**4,379,731**
Future capital contribution	**4,227**	**-**	**37,950**	**2,000**	**-**	**68,861**	**31,676**	**144,714**
Other comprehensive income (loss)	**(364)**	**-**	**-**	**-**	**-**	**-**	**-**	**(364)**
Action plan	**1,661**	**534**	**(123)**	**(317)**	**-**	**(1,006)**	**7,186**	**7,935**
Dividends	**-**	**-**	**-**	**(100,000)**	**180**	**-**	**-**	**(99,820)**
Equity pickup	**(15,196)**	**43,067**	**8,522**	**63,281**	**17,954**	**(99,221)**	**(10,728)**	**7,679**
Balance at June 30, 2023	**1,158,411**	**1,966,598**	**316,612**	**394,992**	**93,497**	**243,758**	**266,007**	**4,439,875**

12. Investments in subsidiaries (Continued)

a) Changes in investments in subsidiaries (Continued)

Position at 12/31/2022

Financial information	Netshoes	Kabum	Época Cosméticos	Magalu Pagamentos	Consórcio Luiza	Magalog	Luizalabs
Shares/units of interest	1,514,532,428	1,976,774	34,405,475	2,000,000	6,500	16,726	23,273,616
Interest (%)	100%	100%	100%	100%	100%	100%	100%
Current assets	824,577	1,568,602	263,682	2,369,705	92,694	304,537	87,600
Noncurrent assets	581,208	123,749	162,785	534,781	10,798	329,042	228,291
Current liabilities	706,539	735,826	197,744	2,277,381	23,770	311,320	99,734
Noncurrent liabilities	231,852	504,811	13	197,077	4,359	54,500	10,828
Capital	630,683	250,882	108,005	2,000	50,050	254,507	125,851
Equity	467,394	451,714	228,710	430,028	75,363	267,759	205,329
Net revenue	2,449,574	3,248,679	864,724	829,461	146,409	1,756,663	23,649
Net income (loss)	56,498	178,958	75,996	66,790	19,495	(33,202)	(15,193)

Changes	Netshoes	Kabum	Época Cosméticos	Magalu Pagamentos	Consórcio Luiza	Magalog	Luizalabs	Total
Balance at December 31, 2021	1,098,743	1,738,137	175,727	563,283	60,817	238,986	221,912	4,097,605
Future capital contribution (capital reduction) (1)	12,763	(50,000)	18,600	-	-	71,877	20,554	73,794
Other comprehensive income (loss)	(661)	-	-	-	(316)	-	-	(977)
Action plan	3,484	9,411	(60)	(45)	-	809	14,202	27,801
Reclassification of consideration due to acquisition	-	-	-	-	-	(3,000)	(1,500)	(4,500)
Dividends paid	-	-	-	(200,000)	(4,633)	-	-	(204,633)
Remeasurement of goodwill	-	68,037	-	-	-	-	-	68,037
Equity pickup	53,754	157,412	75,996	66,790	19,495	(33,548)	(17,295)	322,604
Balance at December 31, 2022	1,168,083	1,922,997	270,263	430,028	75,363	275,124	237,873	4,379,731

(1) On September 16, 2022, the Company approved capital reduction at the subsidiary KaBuM, as it is considered excessive in relation to the activities developed, in the amount of R$50,000, without cancellation of issued shares.

12. Investments in subsidiaries (Continued)

b) Reconciliation of the carrying amount

Subsidiary	Equity	Goodwill on acquisition	Revaluation surplus¹	Balance at 06/30/2023
Netshoes	**468,146**	**486,718**	**203,547**	**1,158,411**
KaBuM	**508,923**	**710,911**	**746,764**	**1,966,598**
Época Cosméticos	**275,058**	**36,826**	**4,728**	**316,612**
MagaluPay	**394,992**	**-**	**-**	**394,992**
Consórcio Luiza	**93,497**	**-**	**-**	**93,497**
Magalog	**236,721**	**3,756**	**3,281**	**243,758**
Luizalabs	**233,854**	**25,421**	**6,732**	**266,007**
	2,211,191	**1,263,632**	**965,052**	**4,439,875**

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

Subsidiary	Equity	Goodwill on acquisition	Revaluation surplus¹	06/30/2022
Netshoes	467,394	486,718	213,971	1,168,083
KaBuM	451,714	710,911	760,372	1,922,997
Época Cosméticos	228,710	36,826	4,727	270,263
MagaluPay	430,028	-	-	430,028
Consórcio Luiza	75,363	-	-	75,363
Magalog	267,759	3,756	3,609	275,124
Luizalabs	205,329	25,421	7,123	237,873
	2,126,297	1,263,632	989,802	4,379,731

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

13. Investments in jointly-controlled entities

Position at 06/30/2023

Interest	Luizacred	Luizaseg
Shares/units of interest	**31,056,244**	**12,855**
Interest (%)	**50%**	**50%**
Current assets	**16,877,327**	**421,963**
Noncurrent assets	**1,957,877**	**445,593**
Current liabilities	**18,102,153**	**424,820**
Noncurrent liabilities	**80,638**	**201,406**
Capital	**596,000**	**133,883**
Equity	**652,413**	**241,330**
Net revenue	**2,242,875**	**369,548**
Net income (loss)	**(101,063)**	**48,224**

Changes	Luizacred	Luizaseg	Total
Balance at December 31, 2022	**370,550**	**(31,717)**	**338,833**
Other comprehensive income (loss)	**(259)**	**4,248**	**3,989**
Dividends declared	**-**	**(26,647)**	**(26,647)**
Unearned income/difference in practice	**461**	**(7,952)**	**(7,491)**
Equity pickup	**(50,532)**	**24,112**	**(26,420)**
Balance at June 30, 2023	**320,220**	**(37,956)**	**282,264**

13. Investments in jointly-controlled entities (Continued)

Position at 12/31/2022

Interest	Luizacred	Luizaseg
Shares/units of interest	31,056,244	12,855
Interest (%)	50%	50%
Current assets	17,695,963	376,397
Noncurrent assets	1,982,452	448,698
Current liabilities	18,853,006	385,231
Noncurrent liabilities	71,413	201,962
Capital	596,000	133,883
Equity	753,996	237,902
Net revenue	4,208,911	732,367
Net income (loss)	(99,179)	70,651

Changes	Luizacred	Luizaseg	Total
Balance at December 31, 2021	426,422	(18,642)	407,780
Other comprehensive income (loss)	166	1,983	2,149
Dividends declared	-	(35,358)	(35,358)
Unearned income/difference in practice	(6,448)	(15,026)	(21,474)
Equity pickup	(49,590)	35,326	(14,264)
Balance at December 31, 2022	370,550	(31,717)	338,833

Total investments in jointly-controlled entities

	06/30/2023	12/31/2022
Luizacred (a)	**326,207**	376,998
Luizacred - Difference in practice (b)	**(5,987)**	(6,448)
	120,665	118,951
Luizaseg - Unrealized income (d)	**(158,621)**	(150,668)
	282,264	338,833

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

(b) Adjustment of difference in accounting practice related to recognition of revenue arising from the association agreement between the parties and described in Note 21, item b.

(c) Interest of 50% of the voting capital representing the contractually agreed sharing of the control of the business, requiring the unanimous consent of the parties about significant decisions and warranty and operating activities. Luizaseg is jointly controlled with NCVP Participações Societárias S.A. (NCVP), subsidiary of Cardif do Brasil Seguros e Previdência S.A., and is engaged in the development, sale and administration of extended warranties for any type of product sold in Brazil through the Company's chain of stores. On May 10, 2023, as part of the renegotiation of the strategic alliance agreement between the BNP Paribas Cardif Group, Magazine Luiza and Luizaseg, the future purchase and sale agreement was signed for the sale of the totality of the interest held by Magazine Luiza in Luizaseg to NCVP, for R$160 million. On June 30, 2023, the completion of the sale of the stake was subject to the fulfillment of certain conditions precedent, including approval by the Brazilian Antitrust Agency (CADE) and Brazil's Private Insurance Supervisory Office (SUSEP), which is why there was no financial inflow nor accounting reflections arising from such transaction.

(d) Unrealized income from transactions involving intermediation of extended warranty insurance for the jointly-controlled entity Luizaseg.

14. Lease

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

Changes in the right of use in the six-month periods ended June 30, 2023 and 2022 were as follows:

	Individual		Consolidated	
	2023	2022	2023	2022
Balance at January 1	**3,473,159**	3,324,747	**3,511,497**	3,362,998
Additions/remeasurements	**335,839**	303,651	**351,892**	308,362
Direct costs	**17,640**	2,851	**17,640**	2,851
Write-offs	**(61,992)**	(60,949)	**(61,992)**	(59,191)
Depreciation	**(295,811)**	(259,028)	**(310,076)**	(270,220)
Balance at June 30	**3,468,835**	3,311,272	**3,508,961**	3,344,800
Breakdown at June 30				
Cost value	**5,498,183**	4,718,456	**5,595,013**	4,793,385
Accumulated depreciation	**(2,029,348)**	(1,407,184)	**(2,086,052)**	(1,448,585)
	3,468,835	3,311,272	**3,508,961**	3,344,800

Changes in the right of use in the six-month periods ended June 30, 2023 and 2022 were as follows:

	Individual		Consolidated	
	2023	2022	2023	2022
Balance at January 1	**3,651,663**	3,412,288	**3,693,516**	3,454,678
Additions/remeasurements	**345,988**	310,666	**362,042**	315,648
Payment of principal	**(251,228)**	(209,032)	**(264,638)**	(220,052)
Payment of interest	**(159,071)**	(142,356)	**(161,660)**	(144,530)
Accrued interest	**148,292**	132,129	**150,881**	134,303
Write-offs	**(67,059)**	(64,812)	**(67,059)**	(64,812)
Balance at June 30	**3,668,585**	3,438,883	**3,713,082**	3,475,235
Balance at June 30				
Current liabilities	**452,255**	402,069	**467,092**	421,638
Noncurrent liabilities	**3,216,330**	3,036,814	**3,245,990**	3,053,597

15. Property and equipment

Changes in property and equipment in the six-month periods ended June 30, 2023 and 2022 were as follows:

	Individual		Consolidated	
	2023	2022	2023	2022
Balance at January 1	**1,769,292**	1,777,788	**1,955,479**	1,938,713
Additions	**44,125**	149,988	**82,610**	166,190
Write-offs	**(592)**	(528)	**(882)**	(528)
Depreciation	**(110,632)**	(103,692)	**(126,476)**	(113,649)
Balance at June 30	**1,702,193**	1,823,556	**1,910,731**	1,990,726
Breakdown at June 30				
Cost value	**2,724,404**	2,665,727	**3,095,182**	2,962,315
Accumulated depreciation	**(1,022,211)**	(842,171)	**(1,184,451)**	(971,589)
	1,702,193	1,823,556	**1,910,731**	1,990,726

No indication of impairment was identified in the six month-period ended June 30, 2023.

16. Intangible assets

Changes in intangible assets in the six-month periods ended June 30, 2023 and 2022 were as follows:

	Individual		Consolidated	
	2023	2022	2023	2022
Balance at January 1	**896,749**	728,998	**4,427,510**	4,306,587
Additions	**179,899**	130,601	**234,205**	189,727
Write-offs	**(120)**	(173)	**(110)**	(173)
Amortization	**(97,236)**	(62,195)	**(191,049)**	(151,976)
Balance at June 30	**979,292**	797,231	**4,470,556**	4,344,165
Breakdown at June 30				
Cost value	**1,528,300**	1,172,355	**5,503,810**	5,047,754
Accumulated amortization	**(549,008)**	(375,124)	**(1,033,254)**	(703,589)
	979,292	797,231	**4,470,556**	4,344,165

17. Trade accounts payable

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Goods for resale	**4,270,132**	4,661,647	**5,135,188**	5,740,238
Other suppliers	**79,249**	113,624	**146,036**	182,534
Present value adjustment	**(157,754)**	(170,698)	**(168,546)**	(181,752)
	4,191,627	4,604,573	**5,112,678**	5,741,020

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

18. Trade accounts payable - agreement

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Trade accounts payable - agreement	**2,744,804**	3,756,776	**2,761,344**	3,802,237

The Company has agreements with partnering banks to structure a factoring transaction with its main suppliers, where the Company is a legitimate debtor. In this transaction, suppliers transfer to the bank the right to receive the notes in exchange for early receipt. The bank then becomes a creditor of the operation. The Company settles the note on the date originally agreed upon with its supplier. In addition, the Company, by confirming the existence of receivables from suppliers to the banks, assures the latter of the certainty and liquidity of their maturities and, as a result, receives a premium from the banks, which is recognized as finance income in the same period as the closing of the transaction. The transactions outstanding at June 30, 2023 were contracted with an average term of 55 days (54 days as of December 31, 2022). Aiming at an even better presentation of the comparative balance for 2022, the Company reclassified the related balances in the Statements of Cash Flows.

19. Partners and other deposits

	Consolidated	
	06/30/2023	12/31/2022
Transfers to sellers – marketplace (a)	**1,295,147**	1,244,615
Payment arrangements to be settled (b)	**120**	107,116
Digital accounts of customers and sellers (c)	**178,552**	200,912
	1,473,819	1,552,643

(a) This refers to amounts to be transferred to partners in the marketplace regarding purchases made by customers on Magazine Luiza's digital platform of products sold by partner storeowners (sellers) and traded by MagaluPay.

(b) Refers substantially to amounts transacted by MagaluPay customers using prepaid cards in accredited commercial facilities, to be settled with the corresponding buyers.

(c) This corresponds to deposits made by customers and sellers in MagaluPay's digital accounts and prepaid payment accounts.

20. Loans and financing

Type	Charges	Guarantee	Final maturity	Individual		Consolidated	
				06/30/2023	12/31/2022	06/30/2023	12/31/2022
Promissory notes (a)	100% of CDI + 1.25% p.a.	Clean	April/24	**1,911,518**	1,783,941	**1,911,518**	1,783,941
Debentures - restricted offer (b)	100% of CDI + 1.25% p.a.	Clean	Dec/26	**4,893,169**	4,892,944	**5,317,642**	5,317,809
Working capital (c)	CDI +1.8% to 4.9% p.a.	Surety	Oct/25	**-**	-	**-**	4,174
Other	113.5% of CDI p.a.	Clean	Oct/25	**327**	293	**2,568**	2,833
				6,805,014	6,677,178	**7,231,728**	7,108,757
Current liabilities				**2,804,731**	92,607	**2,831,376**	124,297
Noncurrent liabilities				**4,000,283**	6,584,571	**4,400,352**	6,984,460

(a) On April 30, 2021, the Company carried out the 5th issue of promissory notes, including one thousand and five hundred (1,500) promissory notes with a par value of one million reais (R$1,000,000) each, with a single maturity on April 29, 2024 at the cost of 100% of CDI + 1.25% p.a. The amounts raised have been used to improve the cash flow in the ordinary course and management of the Company's business. The amount related to the 4th issue of commercial promissory notes was settled in June 2021.

(b) The Company raised R$800 million on January 15, 2021 through the 9th issue of debentures, via public distribution and with restricted placement efforts, remunerated at CDI + 1.25% p.a. and maturing on January 15, 2024. On October 14 and December 23, 2021, according to the debt extension strategy, the Company carried out the 10th and 11th issues of unsecured nonconvertible debentures, for public distribution with restricted placement efforts. Four million (4,000,000) shares were issued with a par value of R$1,000 each, with final maturities on October 15 and December 23, 2026, at the cost of 100% of CDI + 1.25% p.a. The main purpose of the amount raised was to increase the Company's working capital. On July 5, 2022, subsidiary KaBum carried out the 1st issue of unsecured, nonconvertible debentures for public distribution with restricted placement efforts. Four hundred thousand (400,000) units of interest were issued with a par value of one thousand reais (R$1,000) each, with final maturities on July 13, 2025, at a cost of 100% CDI +1.25% p.a. for the purpose of extending debt. The guarantor of this agreement is Parent Company Magazine Luiza.

(c) This refers to agreements signed by the subsidiary KaBuM for working capital purposes. These agreements were settled in 2023.

Reconciliation of cash flows from operating and financing activities

	Individual		Consolidated	
	2023	2022	2023	2022
Balance at December 31	**6,677,179**	6,412,705	**7,108,754**	6,792,872
Payment of principal	**-**	(4,058)	**(4,451)**	(88,767)
Payment of interest	**(347,583)**	(256,376)	**(376,764)**	(267,244)
Accrued interest	**475,418**	388,992	**504,189**	409,716
Balance at June 30	**6,805,014**	6,541,263	**7,231,728**	6,846,577

20. Loans and financing (Continued)

Maturity schedule

The maturity schedule of loans and financing is as follows:

Maturity	Individual	Consolidated
2023	**115,186**	**142,776**
2024	**2,689,828**	**2,689,828**
2025	**2,000,000**	**2,399,124**
2026	**2,000,000**	**2,000,000**
	6,805,014	**7,231,728**

Covenants

The debentures issued by the Company and its subsidiary KaBum, as well as the 5th issue of Promissory Notes, are subject to covenants corresponding to maintenance of the adjusted net debt-to-EBITDA ratio below 3.0 times. Adjusted net debt corresponds to the sum of all loans and financing, including debentures, excluding cash and cash equivalents, short-term investments and marketable securities, and credit card receivables not paid in advance. Adjusted EBITDA is calculated in accordance with CVM Ruling No. 527, of October 4, 2012, excluding operational events (revenue/expenses) of an extraordinary nature. At June 30, 2023, the Company was in compliance with the covenants, which are measured quarterly.

21. Deferred revenue

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Deferred revenue with third parties:				
Exclusivity agreement with Cardif (a)	**930,228**	52,407	**930,228**	52,407
Exclusivity agreement with Banco Itaúcard S.A. (b)	**74,750**	67,605	**74,750**	67,605
Exclusivity agreement in Payment Arrangements (c)	**-**	-	**186,800**	196,484
Other agreements	**54,621**	61,047	**67,019**	74,572
	1,059,599	181,059	**1,258,797**	391,068
Deferred revenue with related parties:				
Exclusivity agreement with Luizacred (b)	**59,985**	77,504	**59,985**	77,504
Exclusivity agreement with Luizaseg (a)	**-**	31,800	**-**	31,800
	59,985	109,304	**59,985**	109,304
Total deferred revenue	**1,119,584**	290,363	**1,318,782**	500,372
Current liabilities	**122,407**	52,009	**146,694**	76,908
Noncurrent liabilities	**997,177**	238,354	**1,172,088**	423,464

(a) On May 10, 2023, Luizaseg entered into a new strategic partnership agreement with companies of the Cardif group aiming to extend the rights and obligations set forth in the agreements between the parties effective until then, for an additional 10-year period, effective from July 1, 2023 to December 31, 2033. This agreement enabled a cash inflow of R$835,669 to the Company, with a negotiated net front fee of R$932,500 and amounts returned for the early maturity of the previous contracts of R$96,831. The recognition of the Company's revenue resulting from this agreement is allocated to P&L over the term of the agreement, part of which is conditioned to achievement of certain goals.

(b) On September 27, 2009, the Company entered into a partnership agreement with Itaú Unibanco Holding S.A. ("Itaú") and Banco Itaucard S.A., under which the Company granted to Luizacred the exclusive right to offer, distribute, and sell financial products and services in its chain of stores for a 20-year period. Under the aforementioned partnership, Itaú institutions paid the amount of R$250,000 in cash, of which: (i) R$230,000 refers to the completion of the negotiation itself, without the right of recourse, and (ii) R$20,000 is subject to achievement of profitability goals in Luizacred. Said targets were fully achieved by the end of 2014.

21. Deferred revenue (Continued)

On December 29, 2010, the parties signed the first addendum to the partnership agreement with Luizacred, extending the exclusive right to offer, distribute and sell financial products and services at the chain of stores then acquired in the Northeast of Brazil (Lojas Maia) for a 19-year period. As consideration, Luizacred paid R$160,000 to the Company, which is recognized in P&L over the term of the agreement. As part of this partnership agreement, the amount of R$20,000, mentioned in the paragraph above, was increased to R$55,000.

On December 16, 2011, the Company entered into a second addendum to the partnership agreement with Luizacred, due to acquisition of New-Utd ("Lojas do Baú"). As consideration, Luizacred paid R$48,000 to the Company, which is recognized in P&L over the remaining agreement term.

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

22. Other current and noncurrent liabilities

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Sales pending delivery, net of returns	**389,340**	527,981	**514,773**	601,759
Amounts to be transferred to partners (a)	**118,504**	128,080	**171,075**	162,877
Specialized services	**3,705**	72,024	**10,802**	89,617
Freight payable	**125,144**	140,142	**255,810**	267,108
Marketing payable	**60,408**	90,882	**125,255**	187,877
Payables for acquisitions (b)	**525,167**	1,053,327	**590,368**	1,118,413
Other	**67,680**	97,237	**132,967**	182,629
	1,289,948	2,109,673	**1,801,050**	2,610,280
Current liabilities	**1,151,336**	1,621,391	**1,657,288**	2,118,136
Noncurrent liabilities	**138,612**	488,282	**143,762**	492,144

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

(b) Agreed consideration payable for acquisitions of companies, including R$318,500 referring to subscription warrant of up to 50.0 million common shares issued by the Company (MGLU3), for acquisition of KaBuM!, subject to the achievement of goals to be determined in January 2024. Furthermore, the amount of R$507,369 was paid in cash in January 2023.

23. Provision for tax, civil, and labor contingencies

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

Individual

	Tax	Civil	Labor	Total
Balances at January 1, 2023:	720,252	25,556	69,028	814,836
Additions	**21,296**	**3,368**	**3,029**	**27,693**
Reversals	**(724)**	**-**	**-**	**(724)**
Payments	**(6,902)**	**(2,050)**	**-**	**(8,952)**
Restatement	**40,036**	**-**	**-**	**40,036**
Balances at June 30, 2023	**773,958**	**26,874**	**72,057**	**872,889**

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

Consolidated

	Tax	Civil	Labor	Total
Balances at January 1, 2023:	1,083,023	35,808	74,934	1,193,765
Additions	**78,017**	**5,243**	**3,541**	**86,801**
Reversals	**(35,567)**	**(21)**	**(1,657)**	**(37,245)**
Payments	**(6,902)**	**(2,896)**	**(30)**	**(9,828)**
Restatement	**40,795**	**-**	**-**	**40,795**
Balances at June 30, 2023	**1,159,366**	**38,134**	**76,788**	**1,274,288**

As of June 30, 2023, the nature of the Company's major proceedings classified by management, based on the opinion of its legal advisors, as probable risk of loss, as well as legal obligations for which amounts have been deposited in court, included in the provisions above, is as follows:

a) Tax contingencies

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

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Federal	**536,761**	508,889	**922,169**	871,660
State	**237,171**	211,337	**237,171**	211,337
Local	**26**	26	**26**	26
	773,958	720,252	**1,159,366**	1,083,023

b) Civil contingencies

The provision for civil contingencies of R$26,874, individual, and R$38,134, consolidated, at June 30, 2023 (R$25,556, individual, and R$35,808, consolidated, at December 31, 2022) refers to claims arising mainly from customers about possible defects of products.

c) Labor contingencies

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

The provisioned amount of R$72,057, individual, and R$76,788, consolidated, at June 30, 2023 (R$69,028, individual, and R$74,934, consolidated, at December 31, 2022) reflects the risk of probable loss assessed by the Company management together with its legal advisors.

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

d) Judicial deposits

To cover tax, civil and labor contingencies, the Company has judicial deposits in the amount of R$1,269,896, individual, and R$1,700,409, consolidated, at June 30, 2023 (R$1,234,720, individual, and R$1,650,223, consolidated, at December 31, 2022). The main deposits are related to lawsuits challenging the payment of ICMS Rate Differential (Difal), in the amount of R$742,470, individual, and R$894,669, consolidated, at June 30, 2023 (R$745,989, individual, and R$974,243, consolidated, at December 31, 2022).

e) Contingent liabilities - possible loss

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

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Federal	**1,842,187**	1,831,085	**2,054,914**	2,049,132
State	**1,106,711**	939,375	**1,227,067**	1,338,949
Local	**5,400**	5,020	**5,400**	5,027
	2,954,298	2,775,480	**3,287,381**	3,393,108

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

(a) Legal proceeding in which the Company discusses with the tax authorities the nature/concept of the bonuses/reimbursements of its suppliers for PIS/COFINS taxation purposes, in addition to discussions on the classification of certain expenses related to its core business as inputs for purposes of PIS/COFINS credits. In view of the progress of the discussion, with decisions favorable to taxpayers, internal and external legal advisors assess the likelihood of loss as possible tending to remote;

(b) Legal proceeding and notice served in which the Company discusses the violation of several legal principles of Law No. 13241/2015, which extinguished the exemption of PIS and COFINS on revenues from sales of products eligible for the Basic Production Process, which, according to analysis of the internal and external legal advisors, were assessed as possible loss, tending to remote;

(c) Proceedings in which the Company discusses alleged ICMS credits, accessory obligations or differences with state tax authorities;

(d) Various notices served, for which the Company discusses the collection of ICMS credits taken on the purchase of goods from certain suppliers, as they took advantage of a tax benefit granted by another state;

(e) Risk related to non-reversal of taxes on physical inventory losses. In addition, the Company monitors the developments of all discussions every quarter so that, in the event of a change in the scenario, risk assessments and possible losses will also be reassessed.

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

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

24. Equity

a) Capital

The Company's shareholding structure as of June 30, 2023 and December 31, 2022, with common, registered, book-entry no par value shares, is shown below:

	06/30/2023		12/31/2022	
	Number of shares	Interest %	Number of shares	Interest %
Controlling shareholders	**3,792,410,880**	**56.19**	3,794,963,060	56.23
Outstanding shares	**2,897,284,825**	**42.93**	2,882,259,410	42.71
Treasury shares	**59,231,143**	**0.88**	71,704,378	1.06
	6,748,926,848	**100.00**	6,748,926,848	100.00

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

Under article 7 of the Bylaws, the Company may increase capital pursuant to article 168 of Law No. 6404/76, with the issue of 1,200,000,000 new common shares.

b) Capital reserve

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

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

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

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

There were 284,928 exercisable stock options as of June 30, 2023. In the six-month period ended June 30, 2023, there were no changes in active stock options.

24. Equity (Continued)

b) Capital reserve (Continued)

Share-based payment

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

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

The following table shows the balance (quantity) of shares granted as of June 30, 2023:

Type of program	Grant date	Maximum grace period	Position of granted shares	Fair value (1)
3rd Matching share	April 04, 2019	5 years	882,935	R$5.05
4th Matching share	April 15, 2020	5 years	1,108,154	R$10.96
5th Matching share	May 04, 2021	5 years	892,165	R$19.86
4th Restricted share - Board	January 04, 2021	3 years	1,082,709	R$24.63
5th Restricted share	April 15, 2020	3 years	534,104	R$10.96
6th Restricted share	May 04, 2021	3 years	1,311,301	R$19.86
7th Restricted share	July 04, 2022	3 years	26,565,343	R$2.16
1st Performance share	February 20, 2019	5 years	34,238,152	R$5.08
			66,614,863	**R$4.98**

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

In addition to the plans mentioned above, the Company has commonly used, in its acquisition processes, the negotiation of part of the acquisition price as consideration in shares issued by it (“MGLU3) to the former owners of the acquired companies. The number of committed shares at June 30, 2023 is 10,384,888, which must be delivered to the former owners by August 2026, part linked to the achievement of certain targets and part negotiated at a fixed price. Additionally, the Company issued, in the process of acquiring KaBuM, subscription warrants of up to 50 million common, registered, book-entry shares with no par value, subject to the fulfillment of targets to be determined in January 2024.

24. Equity (Continued)

c) Treasury shares

	Number of shares	Amount
At January 1, 2022	83,408,504	1,449,159
Disposed of in the period	(11,704,126)	(203,350)
At December 31, 2022	71,704,378	1,245,809
Disposed of in the period	**(12,473,235)**	**(216,706)**
At June 30, 2023	**59,231,143**	**1,029,103**

The reduction in the balance of treasury shares is equal to the weighted average of the cost incurred to acquire the shares. Any excess cash received for the disposal on the reduction of treasury shares is recorded as capital reserve. The value of the MGLU3 share at June 30, 2023 was of R$3.37.

d) Equity adjustments

In the period ended June 30, 2023, the Company records the amount of R$5,637 (R$2,012 as of December 31, 2022) under equity adjustments, related to the fair value adjustments of financial assets in subsidiaries and jointly-controlled entities.

e) Loss per share

Basic and diluted losses per share are calculated as follows:

	Basic losses		Diluted losses	
In thousands	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Total number of common shares	**6,748,926,848**	6,748,926,848	**6,748,926,848**	6,748,926,848
Effect of treasury shares	**(59,231,143)**	(73,429,698)	**(59,231,143)**	(73,429,698)
Effect of exercise of stock option plans (a)	-	-	**69,563,929**	53,726,078
Weighted average number of outstanding common shares	**6,689,695,705**	6,675,497,150	**6,759,259,634**	6,729,223,228
Loss for the period ended:	**(692,967)**	(296,303)	**(692,967)**	(296,303)
Loss per share (in reais)	**(0.104)**	(0.044)	**(0.104)**	(0.044)
Loss for the quarter ended:	**(301,746)**	(135,004)	**(301,746)**	(135,004)
Loss per share (in reais):	**(0.045)**	(0.000)	**(0.045)**	(0.000)

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

25. Net sales revenue

	Six-month period				Quarter			
	Individual		Consolidated		Individual		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Retail - resale of goods	**16,964,602**	16,145,149	**19,994,524**	19,397,225	**8,139,111**	7,937,358	**9,661,637**	9,580,216
Retail - provision of services	**1,102,510**	839,589	**1,709,483**	1,328,347	**562,844**	430,441	**860,660**	684,534
Other services	**-**	-	**253,484**	218,576	**-**	-	**123,646**	102,458
Gross revenue	**18,067,112**	16,984,738	**21,957,491**	20,944,148	**8,701,955**	8,367,799	**10,645,943**	10,367,208
						-		-
Retail - resale of goods	**(3,397,724)**	(2,900,713)	**(3,990,255)**	(3,329,716)	**(1,612,537)**	(1,454,584)	**(1,905,601)**	(1,665,227)
Retail - provision of services	**(89,668)**	(67,628)	**(146,529)**	(110,493)	**(51,851)**	(33,408)	**(82,834)**	(53,976)
Other services	**-**	-	**(181,117)**	(179,374)	**-**	-	**(85,252)**	(85,616)
Taxes and returns	**(3,487,392)**	(2,968,341)	**(4,317,901)**	(3,619,583)	**(1,664,388)**	(1,487,992)	**(2,073,687)**	(1,804,819)
Net sales revenue	**14,579,720**	14,016,397	**17,639,590**	17,324,565	**7,037,567**	6,879,807	**8,572,256**	8,562,389

26. Cost of goods resold and services rendered

	Six-month period				Quarter			
	Individual		Consolidated		Individual		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Cost of goods resold	**(10,796,853)**	(10,320,725)	**(12,679,217)**	(12,401,875)	**(5,155,067)**	(5,030,552)	**(6,097,150)**	(6,090,808)
Cost of services rendered	**-**	-	**(12,435)**	(38,165)	**-**	-	**(6,461)**	(18,806)
Costs	**(10,796,853)**	(10,320,725)	**(12,691,652)**	(12,440,040)	**(5,155,067)**	(5,030,552)	**(6,103,611)**	(6,109,614)

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

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

	Six-month period				Quarter			
	Individual		Consolidated		Individual		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Personnel expenses (a)	**(1,196,084)**	(1,207,067)	**(1,555,655)**	(1,519,752)	**(598,828)**	(573,584)	**(797,065)**	(743,834)
Expenses with service providers	**(1,549,326)**	(1,333,623)	**(1,636,122)**	(1,393,193)	**(750,655)**	(645,955)	**(797,836)**	(686,849)
Depreciation and amortization - sales	**(244,508)**	(229,108)	**(297,422)**	(310,885)	**(115,109)**	(115,607)	**(128,281)**	(156,825)
Depreciation and amortization - administrative	**(259,171)**	(195,807)	**(330,179)**	(224,960)	**(138,122)**	(99,210)	**(191,520)**	(113,961)
Other	**(418,609)**	(607,865)	**(910,217)**	(1,038,948)	**(253,883)**	(298,273)	**(463,006)**	(498,059)
	(3,667,698)	(3,573,470)	**(4,729,595)**	(4,487,738)	**(1,856,597)**	(1,732,629)	**(2,377,708)**	(2,199,528)
Classified by function as:								
Selling expenses	**(2,570,657)**	(2,613,759)	**(3,241,460)**	(3,158,973)	**(1,289,886)**	(1,280,835)	**(1,597,042)**	(1,569,740)
General and administrative expenses	**(436,522)**	(437,395)	**(634,215)**	(690,074)	**(233,630)**	(222,432)	**(325,798)**	(337,687)
Depreciation and amortization	**(503,679)**	(424,915)	**(627,601)**	(535,845)	**(253,231)**	(214,817)	**(319,801)**	(270,786)
Other operating income, net (Note 28)	**(156,840)**	(97,401)	**(226,319)**	(102,846)	**(79,850)**	(14,545)	**(135,067)**	(21,315)
	(3,667,698)	(3,573,470)	**(4,729,595)**	(4,487,738)	**(1,856,597)**	(1,732,629)	**(2,377,708)**	(2,199,528)

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

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

28. Other operating income, net

	Six-month period				Quarter			
	Individual		Consolidated		Individual		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Appropriation of deferred revenue (a)	**30,883**	26,328	**42,118**	27,283	**15,216**	13,164	**20,847**	13,723
Tax credits	**-**	13,474	**613**	21,401	**-**	-	**-**	-
Provision for tax, civil, and labor contingencies	**(8,489)**	(6,948)	**20,992**	(18,651)	**(3,876)**	(2,580)	**26,205**	(8,569)
Loss on disposal of property and equipment	**(5,598)**	(701)	**(5,593)**	(798)	**(4,659)**	(403)	**(4,701)**	(403)
Expert fees (b)	**(11,480)**	(16,866)	**(12,877)**	(18,902)	**(11,480)**	(2,747)	**(12,292)**	(3,766)
Restructuring and integration expenses (c)	**(161,583)**	(108,570)	**(266,283)**	(108,570)	**(74,478)**	(22,061)	**(160,080)**	(22,061)
Other	**(573)**	(4,118)	**(5,289)**	(4,609)	**(573)**	82	**(5,046)**	(239)
Total	**(156,840)**	(97,401)	**(226,319)**	(102,846)	**(79,850)**	(14,545)	**(135,067)**	(21,315)

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

(b) Expenses related to advisory costs for integration of companies and lawyers' fees.

(c) Refers to expenses for adjustment of administrative and sales staff, as well as expenses necessary for the integration of businesses acquired in the past.

29. Finance income (costs)

	Six-month period				Quarter			
	Individual		Consolidated		Individual		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Finance income								
Interest from sales of extended warranty	**63,520**	58,995	**63,520**	58,995	**32,962**	29,661	**32,962**	29,661
Yield from short-term investments and marketable securities	**36,525**	36,147	**85,470**	67,621	**17,038**	13,805	**41,142**	32,613
Late payment interest	**17,334**	13,292	**17,403**	13,319	**9,051**	7,150	**9,089**	7,159
Monetary restatement receivable (a)	**136,375**	200,118	**170,168**	205,483	**63,914**	76,734	**79,513**	78,872
Other	**736**	876	**27,888**	14,844	**502**	614	**8,481**	7,263
	254,490	309,428	**364,449**	360,262	**123,467**	127,964	**171,187**	155,568
Finance costs								
Interest on loans and financing	**(470,961)**	(373,222)	**(500,683)**	(396,191)	**(233,278)**	(202,508)	**(247,839)**	(213,674)
Lease interest	**(148,293)**	(132,128)	**(150,882)**	(134,302)	**(74,384)**	(64,979)	**(75,549)**	(66,044)
Charges on credit card advances	**(481,495)**	(369,275)	**(644,201)**	(517,303)	**(174,978)**	(162,310)	**(244,328)**	(236,974)
Provision for loss on interest from extended warranty	**(33,297)**	(28,993)	**(33,297)**	(28,993)	**(15,598)**	(20,220)	**(15,598)**	(20,220)
Taxes on finance income	**(10,283)**	(12,291)	**(13,788)**	(14,847)	**(6,949)**	(7,054)	**(8,897)**	(8,402)
Monetary restatement payable	**(48,293)**	(86,068)	**(53,783)**	(83,468)	**(24,809)**	(44,803)	**(25,908)**	(39,692)
Other (b)	**(104,894)**	(91,045)	**(132,270)**	(101,106)	**(61,518)**	(57,183)	**(85,164)**	(64,400)
	(1,297,516)	(1,093,022)	**(1,528,904)**	(1,276,210)	**(591,514)**	(559,057)	**(703,283)**	(649,406)
	(1,043,026)	(783,594)	**(1,164,455)**	(915,948)	**(468,047)**	(431,093)	**(532,096)**	(493,838)

(a) Refers substantially to the monetary restatement of tax credits described in Note 10.

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

30. Segment information

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

(a) Retail - substantially resale of goods and services in the Company's stores, electronic commerce (traditional e-commerce and marketplace), and food delivery management platform. In the marketplace context, this segment includes information related to MagaluPay;

(b) Financial operations - through the jointly-controlled entity Luizacred, whose main purpose is to provide credit to the Company's customers for the purchase of products;

(c) Insurance operations - through the jointly-owned entity Luizaseg, whose main purpose is to offer extended warranties to products purchased by the Company's customers;

(d) Other services - sum of the provision of consortium management services through the subsidiary Luiza Administradora de Consórcio, whose main purpose is the management of consortia for the Company's customers, for the acquisition of products; product delivery management services - through the subsidiary Magalog; and software development services through the subsidiary Luizalabs.

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

Statements of profit or loss

	06/30/2023					
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	Consolidated
Gross revenue	21,704,007	1,121,438	184,774	1,194,177	(2,246,905)	21,957,491
Deductions from revenue	(4,136,784)	-	-	(181,117)	-	(4,317,901)
Net revenue of the segment	17,567,223	1,121,438	184,774	1,013,060	(2,246,905)	17,639,590
Costs	(12,688,233)	(196,042)	(22,810)	(3,419)	218,852	(12,691,652)
Gross profit	4,878,990	925,396	161,964	1,009,641	(2,028,053)	4,947,938
Selling expenses	(3,164,745)	(276,795)	(131,214)	(1,017,408)	1,348,702	(3,241,460)
General and administrative expenses	(598,220)	(4,176)	(18,306)	(35,995)	22,482	(634,215)
Gains (losses) on allowance for expected credit losses	(192,350)	(690,243)	-	(11,677)	690,243	(204,027)
Depreciation and amortization	(616,377)	(3,014)	(2,920)	(11,224)	5,934	(627,601)
Equity pickup	(125,906)	-	-	-	91,995	(33,911)
Other operating income	(180,039)	(33,867)	1,479	(46,278)	32,386	(226,319)
Finance income	356,385	-	19,405	8,064	(19,405)	364,449
Finance costs	(1,520,367)	-	(41)	(8,537)	41	(1,528,904)
Income and social contribution taxes	469,664	32,628	(14,207)	21,419	(18,421)	491,083
Net income (loss) for the period	(692,965)	(50,071)	16,160	(91,995)	125,904	(692,967)

Reconciliation of equity pickup	
Equity pickup - Other services (Note 12)	(91,995)
Equity pickup - Luizacred (Note 13)	(50,071)
Equity pickup - Luizaseg (Note 13)	16,160
(=) Equity pickup of the retail segment	(125,906)
(-) Effect of elimination – Other services	91,995
(=) Consolidated equity pickup	(33,911)

30. Segment information (Continued)

Statements of profit or loss (Continued)

	06/30/2022					
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	Consolidated
Gross revenue	20,725,575	998,300	174,027	1,043,268	(1,997,022)	20,944,148
Deductions from revenue	(3,440,208)	-	-	(179,375)	-	(3,619,583)
Net revenue of the segment	17,285,367	998,300	174,027	863,893	(1,997,022)	17,324,565
Costs	(12,417,121)	(128,871)	(24,762)	(30,510)	161,224	(12,440,040)
Gross profit	4,868,246	869,429	149,265	833,383	(1,835,798)	4,884,525
Selling expenses	(3,158,857)	(266,850)	(121,458)	(817,220)	1,205,412	(3,158,973)
General and administrative expenses	(658,223)	(7,169)	(16,360)	(31,851)	23,529	(690,074)
Gains (losses) on allowance for expected credit losses	(118,798)	(603,237)	-	(1,354)	603,237	(120,152)
Depreciation and amortization	(527,875)	(2,993)	(2,992)	(7,970)	5,985	(535,845)
Equity pickup	(35,892)	-	-	-	20,351	(15,541)
Other operating income	(106,380)	(35,027)	285	3,534	34,742	(102,846)
Finance income	352,894	-	15,520	7,368	(15,520)	360,262
Finance costs	(1,264,724)	-	(42)	(11,486)	42	(1,276,210)
Income and social contribution taxes	353,306	18,089	(12,001)	5,245	(6,088)	358,551
Net income (loss) for the period	(296,303)	(27,758)	12,217	(20,351)	35,892	(296,303)

Reconciliation of equity pickup	
Equity pickup - Other services (Note 12)	(20,351)
Equity pickup - Luizacred (Note 13)	(27,758)
Equity pickup - Luizaseg (Note 13)	12,217
(=) Equity pickup of the retail segment	(35,892)
(-) Effect of elimination – Other services	20,351
(=) Consolidated equity pickup	(15,541)

(a) The retail segment is represented by the consolidated amounts that include the results of Magazine Luiza S.A. Época Cosméticos, Netshoes, KaBuM, MagaluPay, and Aiqfome. In the retail segment, the equity pickup line includes the net results of financial operations, insurance operations and other services, since this amount is contained in the profit or loss of the segment used by the key operations manager.

(b) The eliminations are mainly represented by the effects of the financial operations and insurance operations segments, which are presented proportionally above, but are included in a single equity pickup line in the Company's consolidated financial statements.

(c) Transfers of net revenue between operating segments are less than 10% of the combined net revenue of all segments and are not regularly reviewed by the Company's key operations manager.

30. Segment information (Continued)

Statement of financial position

	06/30/2023			
	Retail	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	1,948,873	18,922	404	151,737
Marketable securities	386,194	27,985	323,316	-
Accounts receivable	5,486,317	8,828,773	-	66,229
Inventories	7,570,170	-	-	-
Investments	885,526	-	-	-
Property and equipment, intangible assets and right of use	9,296,294	31,989	207	593,954
Other	9,575,025	503,950	109,853	402,795
	35,148,400	9,411,619	433,780	1,214,715
Liabilities				
Trade accounts payable	5,074,353	-	1,248	38,325
Trade accounts payable - agreement	2,761,344	-	-	-
Transfers and other deposits	1,473,819	-	-	-
Loans and financing	7,230,540	-	-	1,188
Lease	3,713,082	-	91	-
Interbank deposits	-	2,955,401	-	-
Credit card operations	-	5,362,766	-	-
Insurance reserves	-	-	412,288	-
Provision for tax, civil and labor contingencies	1,208,907	40,319	2,170	65,381
Deferred revenue	1,318,225	-	-	557
Other	2,356,631	732,913	55,939	506,002
	25,136,901	9,091,399	471,736	611,453
Equity	10,011,498	320,220	(37,956)	603,262

Investment reconciliation	
Subsidiaries (Note 12)	
Consórcio Luiza	93,497
Magalog	236,721
Luizalabs	233,854
MagaluPay	394,992
	959,064
Jointly-controlled entities (Note 13)	
Luizacred	320,220
Luizaseg	(37,956)
	282,264
Total investments	1,241,328
(-) Effect of elimination	(959,064)
(=) Consolidated income (losses) on investments	282,264

30. Segment information (Continued)

Statement of financial position (Continued)

	12/31/2022			
	Retail	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	2,255,188	175,833	68	164,857
Marketable securities	304,298	26,797	348,059	-
Accounts receivable	6,688,286	9,106,242	-	89,140
Inventories	7,790,069	-	-	-
Investments	927,191	-	-	-
Property and equipment, intangible assets and right of use	9,337,004	34,541	16,742	557,482
Other	10,100,601	489,349	47,681	285,035
	37,402,637	9,832,762	412,550	1,096,514
Liabilities				
Trade accounts payable	5,703,177	-	1,452	37,843
Trade accounts payable - agreement	3,802,237			
Transfers and other deposits	1,552,643	-	-	-
Loans and financing	7,107,284	-	-	1,473
Lease	3,693,516	-	115	-
Interbank deposits	-	2,780,669	-	-
Credit card operations	-	5,328,314	-	-
Insurance reserves	-	-	390,738	-
Provision for tax, civil and labor contingencies	1,122,260	35,707	1,899	71,505
Deferred revenue	499,749	-	-	623
Other	3,273,070	1,317,522	50,063	396,712
	26,753,936	9,462,212	444,267	508,156
Equity	10,648,701	370,550	(31,717)	588,358

Investment reconciliation	
Subsidiaries (Note 12)	
Consórcio Luiza	75,363
Magalog	267,759
Luizalabs	205,329
Magalu Pagamentos	430,028
	978,479
Jointly-controlled entities (Note 13)	
Luizacred	370,550
Luizaseg	(31,717)
	338,833
Total investments	1,317,312
(-) Effect of elimination	(978,479)
(=) Consolidated income (losses) on investments	338,833

31. Financial instruments

Accounting policy

Initial classification and subsequent measurement

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

- It is held within a business model whose objective is to hold financial assets for the purpose of receiving contractual cash flows; and
- Its contractual terms generate, on specific dates, cash flows that are related solely to the payment of principal and interest on the outstanding principal amount.

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

- It is held within a business model whose objective is achieved both by receiving contractual cash flows and by selling financial assets; and
- Its contractual terms generate, on specific dates, cash flows that are related solely to the payment of principal and interest on the outstanding principal amount.

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

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

- Financial assets measured at FVTPL: These assets are subsequently measured at FVTPL. Net gains (losses), including interest, are recognized in P&L.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost, using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, possible exchange gains and losses, and impairment are recognized in P&L. Any gain or loss upon derecognition is also stated in P&L.
- Financial assets measured at FVTOCI: These assets are subsequently measured at FVTOCI. Upon derecognition, accumulated gains (losses) in OCI are reclassified to P&L.

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

31. Financial instruments (Continued)

Accounting policy (Continued)

Derecognition and offset

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

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

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

Impairment of financial assets

The Company elected to measure allowance for losses on accounts receivable and other receivables and contractual assets in an amount equal to the lifetime expected credit loss. In determining whether the credit risk of a financial asset has significantly increased since initial recognition and in estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analyses, based on the Company's experience, on credit assessment, and considering forward looking information, such as macroeconomic assumptions for inflation and sales growth. The Company considers a financial asset to be in default when: - It is unlikely that the creditor will pay its credit obligations in full, without resorting to actions such as realization of the guarantee (if any); or the financial asset is overdue for more than 30 days.

Measurement of expected credit losses

Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Financial assets with credit recovery issues

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

31. Financial instruments (Continued)

Accounting policy (Continued)

Financial instruments by category

			Individual				Consolidated			
			06/30/2023		12/31/2022		06/30/2023		12/31/2022	
Financial instruments by category	Classification	Fair value measurement	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Cash and banks	Amortized cost	Level 2	**126,506**	**126,506**	202,663	202,663	**146,400**	**146,400**	250,014	250,014
Accounts receivable - Credit and debit cards	Amortized cost	Level 2	**2,441,147**	**2,441,147**	3,442,071	3,442,071	**4,325,431**	**4,325,431**	5,395,869	5,395,869
Accounts receivable - Other trade accounts receivable and receivables from commercial agreements	Amortized cost	Level 2	**1,017,440**	**1,017,440**	1,162,144	1,162,144	**1,227,115**	**1,227,115**	1,381,557	1,381,557
Accounts receivable from related parties	Amortized cost	Level 2	**601,784**	**601,784**	805,362	805,362	**49,191**	**49,191**	76,212	76,212
Accounts receivable from related parties - Credit card	Amortized cost	Level 2	**1,339,176**	**1,339,176**	2,500,360	2,500,360	**1,339,767**	**1,339,767**	2,500,360	2,500,360
Cash equivalents - Bills	FVTPL	Level 2	**228,144**	**228,144**	2,276	2,276	**228,144**	**228,144**	2,276	2,276
Cash equivalents - CDBs	Amortized cost	Level 2	**873,975**	**873,975**	603,825	603,825	**1,682,791**	**1,682,791**	2,130,280	2,130,280
Marketable securities	Amortized cost	Level 2	**15,101**	**15,101**	14,525	14,525	**15,101**	**15,101**	14,525	14,525
Marketable securities	FVTPL	Level 2	**160,185**	**160,185**	245,273	245,273	**369,606**	**369,606**	245,273	245,273
Total financial assets			**6,803,458**	**6,803,458**	8,978,499	8,978,499	**9,383,546**	**9,383,546**	11,996,366	11,996,366

			Individual				Consolidated			
			06/30/2023		12/31/2022		06/30/2023		12/31/2022	
Financial instruments by category	Classification	Fair value measurement	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Suppliers of goods and agreement	Amortized cost	Level 2	**6,936,431**	**6,936,431**	8,361,349	8,361,349	**7,874,022**	**7,874,022**	9,543,257	9,543,257
Transfers and other deposits	Amortized cost	Level 2	**-**	**-**	-	-	**1,473,819**	**1,473,819**	1,552,643	1,552,643
Loans and financing	Amortized cost	Level 2	**6,805,014**	**6,827,377**	6,677,178	6,827,377	**7,231,721**	**7,254,091**	7,108,757	7,258,956
Lease	Amortized cost	Level 2	**3,668,585**	**3,668,585**	3,651,663	3,651,663	**3,713,082**	**3,713,082**	3,693,516	3,693,516
Accounts payable to related parties	Amortized cost	Level 2	**241,990**	**241,990**	256,707	256,707	**93,837**	**93,837**	152,511	152,511
Other accounts payable - acquisition	Amortized cost	Level 2	**525,167**	**525,167**	1,053,327	1,053,327	**590,368**	**590,368**	1,118,413	1,118,413
Total financial liabilities			**18,177,187**	**18,199,550**	20,000,224	20,150,423	**20,976,856**	**20,999,219**	23,169,097	23,319,296

31. Financial instruments (Continued)

Accounting policy (Continued)

Fair value measurement

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

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

(b) Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is either directly or indirectly observable. The Company uses the discounted cash flow technique for its measurements;

(c) Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

Valuation techniques and significant unobservable inputs:

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

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

Capital risk management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern in order to offer return to shareholders and benefits to stakeholders, maintaining an adequate capital structure to reduce cost and maximize the resources to be applied in opening and modernization of stores, new technologies, process improvements, and advanced management methods.

The Company's capital structure comprises financial liabilities, cash and cash equivalents and marketable securities. From time to time, management reviews the capital structure and its ability to settle liabilities, as well as monitors, on a timely basis, the days purchase outstanding in relation to the average term of inventory turnover. Necessary actions are promptly taken in the event of significant imbalances.

Liquidity risk management

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

31. Financial instruments (Continued)

Accounting policy (Continued)

Liquidity risk management (Continued)

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

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

Position at 06/30/2023

Individual	Book balance	Up to 1 year	1 to 3 years	More than 3 years	Total
Suppliers of goods and agreement	6,936,431	6,936,431	-	-	6,936,431
Lease	3,668,585	702,519	1,265,339	3,260,187	5,228,045
Loans and financing	6,805,015	915,187	3,888,756	2,000,000	6,803,943
Transactions with related parties	241,990	241,990	-	-	241,990
Other accounts payable - acquisition	525,167	387,638	3,893	138,612	530,143

Consolidated	Book balance	Up to 1 year	1 to 3 years	More than 3 years	Total
Suppliers of goods and agreement	7,874,022	7,874,022	-	-	7,874,022
Lease	3,713,082	708,498	1,276,108	3,287,935	5,272,541
Loans and financing	7,231,729	1,341,901	3,888,756	2,000,000	7,230,657
Transactions with related parties	93,837	93,837	-	-	93,837
Other accounts payable - acquisition	590,368	401,479	39,056	163,620	604,155

Considerations about other financial risks

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

Credit risk: the credit risk arises from the possibility that the Company may incur losses resulting from the non-receipt of amounts billed to its customers, the consolidated balance of which as of June 30, 2023 was R$5,867,222 (R$6,985,941 as of December 31, 2022). A significant portion of the Company’s sales are made using the credit card as payment method, which is substantially securitized with the credit card companies. For other accounts receivable, the Company also assesses the risk as low, in view of the natural dispersion of sales due to the large number of customers, but there are no real guarantees of receipt of the total balance of accounts receivable given the nature of the business. Even so, the risk is managed through periodic analysis of the level of default (with consistent criteria to support the requirements of IFRS 9), as well as adoption of more effective forms of collection. As of June 30, 2023, the Company recorded accounts receivable balances that would be overdue or lost, whose terms were renegotiated, in the amount of R$73,396 (R$63,779 as of December 31, 2022), which are included in the analysis on the need to set up a provision for expected credit losses. Note 7 provides further information on accounts receivable.

31. Financial instruments (Continued)

Accounting policy (Continued)

Considerations about other financial risks (Continued)

Credit risk (Continued)

The Company's policy for investing in debt securities (financial investments) is to invest in securities that are assessed by the main credit rating agencies and that have a rating equal to or higher than the sovereign rating (on a global scale). As of June 30, 2023, almost all of the investments held by the Company have such a rating level, reaching the amount of R$1,319,268 (R$910,399 as of December 31, 2022), individual, and R$2,340,404 (R$2,474,329 as of December 31, 2022), consolidated.

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

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

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

As of June 30, 2023, management performed a sensitivity analysis considering a probable scenario and scenarios with decreases and increases of 25% and 50% in expected interest rates. The probable scenario, of decrease and increase in interest rates, was measured using future interest rates published by BM&F BOVESPA and/or BACEN, considering a base rate of CDI at 12.75% p.a.

31. Financial instruments (Continued)

Accounting policy (Continued)

Considerations about other financial risks (Continued)

Interest rate risk (Continued)

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

	Individual 06/30/2023	Consolidated 06/30/2023
Bank Deposit Certificates (Note 5)	**1,102,119**	**1,910,935**
Non-boutique investment funds (Note 5)	**-**	**43,275**
Cash equivalents	**1,102,119**	**1,954,210**
Marketable securities (Note 6)	**217,149**	**386,194**
Total cash equivalents and marketable securities	**1,319,268**	**2,340,404**
	(6,805,015)	**(7,231,729)**
Loans and financing (Note 20)	**(6,805,014)**	**(7,231,728)**
Net exposure	**(5.485,746)**	**(4,891,324)**
Finance cost related to interest - exposure to CDI	**12.75%**	**12.75%**
Impact on finance income (costs), net of taxes:		
Base scenario - rate of 12.00% p.a.	**(273,817)**	**(294,221)**
Scenario of 25% increase - rate of 15.94% p.a.	**(342,272)**	**(367,776)**
Scenario of 50% increase - rate of 19.13% p.a.	**(410,726)**	**(441,332)**
Scenario of 25% decrease - rate of 9.56% p.a.	**(205,363)**	**(220,666)**
Scenario of 50% decrease - rate of 6.38% p.a.	**(136,909)**	**(147,111)**

32. Statements of cash flows

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

	Individual		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Changes in the fair values of financial assets	**(3,635)**	1,266	**(3,635)**	1,266
Additions - IFRS 16 - Right of use and lease	**335,839**	303,605	**351,892**	308,362
Stock option plan - subsidiaries	**(16,706)**	14,077	**(16,706)**	14,077
Dividends proposed by subsidiaries and jointly-controlled entities	**-**	23,546	**-**	23,546

33. Insurance coverage

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

Insurance coverage at June 30, 2023 and December 31, 2022 is as follows:

	Individual		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Civil liability D&O	**100,000**	100,000	**194,025**	194,025
Sundry risks - inventories and P&E	**6,906,740**	6,556,541	**7,890,856**	7,714,867
Vehicles	**22,923**	34,379	**33,029**	34,379
	7,029,663	6,690,920	**8,117,910**	7,943,271