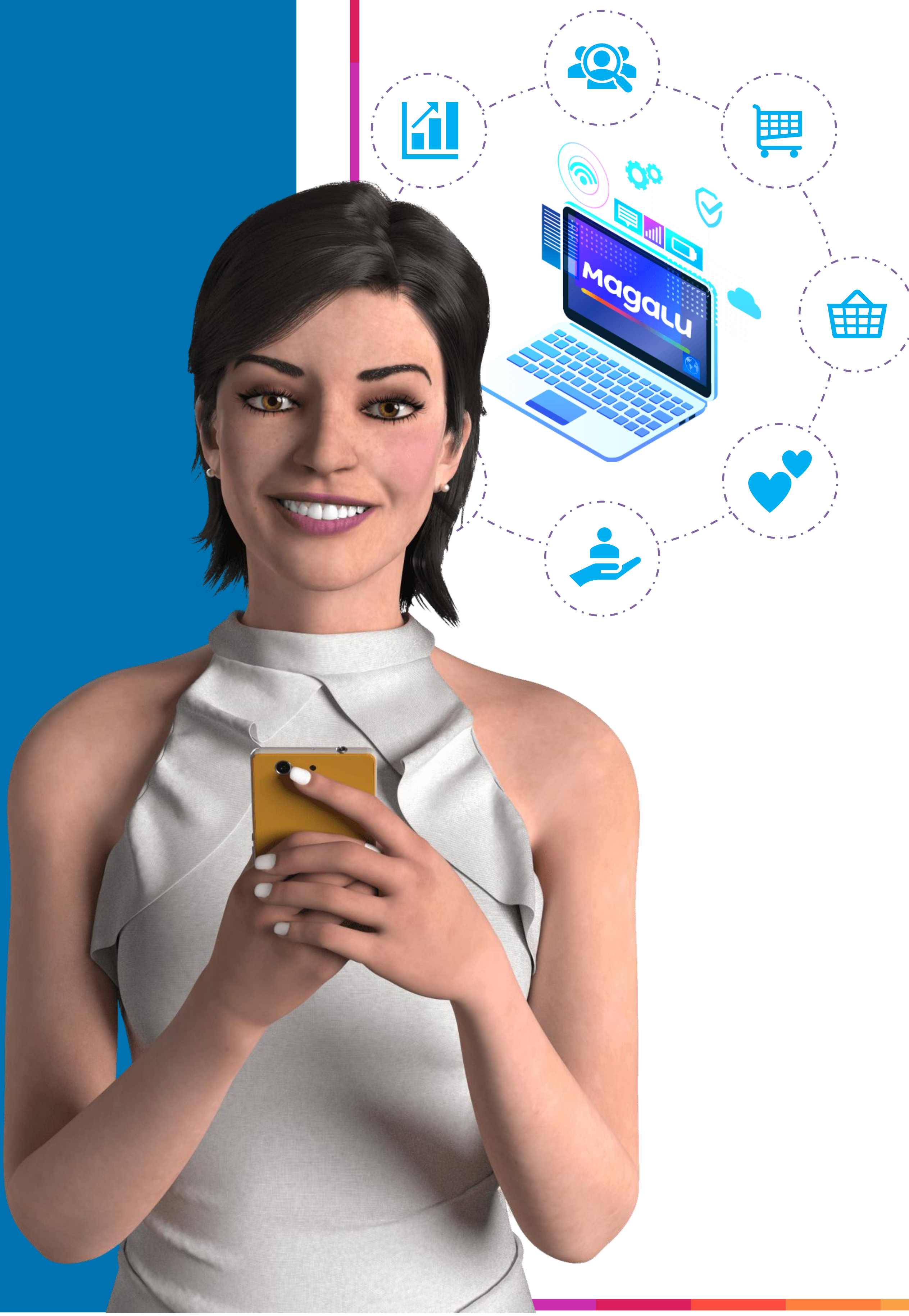
Financial Statements
December 31, 2022 and 2021



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Magazine Luiza S.A. and Subsidiaries

Individual and consolidated financial statements

December 31, 2022

Contents

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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent auditor's report on financial statements

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

Opinion

We have audited the individual and consolidated financial statements of Magazine Luiza S.A.(the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2022, and the statements of profit or loss, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Magazine Luiza S.A. as at December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Internal investigation into anonymous whistleblowing

As mentioned in Note 34 to the financial statements, Company management conducted certain internal investigation actions to verify and provide clarifications on the anonymous reporting of commercial activities allegedly in disagreement with the Company's Code of Conduct and Ethics. The actions to verify referred to reporting are still in preliminary phase and, at this moment, we are unable to foresee future developments deriving from this internal investigation process or any impacts therefrom on the individual and consolidated financial statements. Our opinion is not qualified in respect of this matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Goodwill recoverability test

In accordance with the accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), the Company is required to conduct annual recoverability tests on the amounts recorded as goodwill to determine whether these amounts are impaired. As mentioned in Notes 12(b) and 16, the Company and its subsidiaries recorded goodwill deriving from business combinations which, as at December 31, 2022, amounted to R$1,263,632 thousand and R$2,251,090 thousand, and represented 3.8% and 6.0% of total assets in the individual and consolidated financial statements, respectively.

This was considered a key audit matter due to the magnitude of the amounts involved and to the fact that this test is conducted based on various assumptions and criteria, including market projections such as the stores' sales increase rates, discount rates and estimated margins, which are used for determining value in use, are complex and subjective and require use of judgment by the Company's executive board.

How our audit addressed this matter

Our audit procedures involved, among others: (i) obtaining an understanding of the control activities designed and implemented by the executive board in reviewing and preparing the reviews of goodwill recoverability tests; (ii) involving valuation specialists to assist us in the goodwill recoverability tests, analyzing adequacy of the discounted cash flow model and the assumptions and methodologies used by the Company, and analyzing sensitivity of the impairment test results; (iii) comparing the growth rate and margin assumptions used by the Company with the assumptions reported or estimated by similar companies in addition to other procedures performed in order to assess reasonableness of these assumptions and completeness of the information used by the Company; (iv) assessing adequacy of the disclosures made by the Company on the most sensitive assumptions used in recoverability tests, i.e. assumptions that have a most significant impact on determining the recoverable amount of goodwill; (v) comparing assertiveness of projections prepared in prior periods with those prepared by the Company's Cash-Generating Unit (CGU) in the current year; (vi) comparing the recoverable amount calculated by the Company's executive board based on the discounted cash flows per cash-generating unit with the respective carrying amount of cash-generating units, which includes goodwill amounts; and (vii) assessing adequacy of the disclosures in Notes 12(b) and 16 to the individual and consolidated financial statements as at December 31, 2022.

Based on the results of the audit procedures performed on the annual goodwill impairment test, which are consistent with the executive board's assessment, we believe that the criteria, judgments and assumptions adopted by management to assess goodwill recoverability, as well as respective disclosures in Notes 12(b) and 16, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Recoverability of deferred income and social contribution tax assets

As mentioned in Note 11 (c), as at December 31, 2022, deferred income and social contribution tax assets recorded on temporary differences and income and social contribution tax losses amounts to R$1,033,410 thousand and R$1,096,109 thousand, and represented 3.1% and 2.9% of total assets in the individual and consolidated financial statements, respectively. The Company assessed recoverability of this deferred income and social contribution tax asset balance based on projected taxable profits. This was considered a key audit matter since this assessment involves a high level of judgment by the executive board based on assumptions and criteria used in preparing taxable profit projections, which are affected by expected future market and economic conditions.

How our audit addressed this matter

Our audit procedures involved, among others: (i) obtaining an understanding of the control activities designed and implemented by the executive board in reviewing and preparing reviews of the recoverability tests on deferred income and social contribution tax assets; (ii) involving our Tax specialists to assist us in reviewing the assumptions and methodologies used by the Company for recording these balances in accordance with the tax legislation in force, as well as reviewing projected future taxable profits; (iii) checking whether the Company's executive board entities approved the projections of future taxable profits, which were prepared based on the Company's business plan; and (iv) assessing adequacy of the disclosures on this matter in Note 11.

Based on the results of the audit procedures performed on recoverability of deferred income and social contribution tax assets, which are consistent with the executive board's assessment, we believe that the criteria and assumptions adopted by the executive board, as well as respective disclosure in Note 11, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

<u>Provision for tax contingencies</u>

As mentioned in Note 23, the Company is party of legal and administrative proceedings stemming from various tax disputes whose provision, as at December 31, 2022, amounted to R$720,252 thousand and R$1,083,023 thousand, representing 3.2% and 4.0% of total liabilities in the individual and consolidated financial statements, respectively. Assessing the likelihood of an unfavorable outcome and measuring provision for tax contingencies require judgment by the executive board, which relies on the support of the legal opinions provided by the Company's internal and external legal advisors. Changes in the assumptions used by the Company, which serve as a base for this judgment to be exercised, including the understanding of the tax authorities and the progress of tax disputes in court, may have a significant impact on the Company's consolidated financial statements.

Additionally, as at December 31, 2022, the Company is party to tax proceedings amounting to R$2,775,480 thousand – individual financial statements and to R$3,393,107 thousand – consolidated financial statements, for which no provision was recorded in the consolidated financial statements due to the executive board's assessment, supported by the opinion of the Company's internal and external legal advisors, that the likelihood of an unfavorable outcome is possible.

This was considered a key audit matter due to magnitude of the amounts involved and the fact that the assessment of the likelihood of an unfavorable outcome and measurement of provision for contingencies of a tax nature involve a high level of professional judgment by the executive board together with the Company's internal and external legal advisors.

How our audit addressed this matter

Our audit procedures involved, among others: (i) analyzing the control activities designed and implemented by the executive board in the process of identifying and recording provisions for tax contingencies; (ii) assessing the accounting policies adopted by the Company for classifying legal and administrative proceedings into probable, possible or remote loss, including the assumptions used for measuring the amounts to be recorded as provision for tax contingencies; (iii) involving tax controversy specialists, who analyzed the proceedings disclosed relating to the contingencies rated as possible loss, taking into consideration the opinion of the Company's internal and external legal advisors; (iv) obtaining evidence on the risks of unfavorable outcomes considered by the Company in significant proceedings, including review of supporting documentation, legal and other opinions, as well as replies to confirmation letters sent to Company external legal advisors containing the current stage and loss prognosis of each tax proceeding; and (v) assessing adequacy of the disclosures in Note 23 to the individual and consolidated financial statements as at December 31, 2022.

As a result of these procedures, we identified an audit adjustment indicating the need to reverse the provision for tax contingencies. Management did not make this adjustment since this amount was not considered material on the individual and consolidated financial statements taken as a whole.

Based on the results of the audit procedures performed on provision for tax contingencies, which are consistent with the executive board's assessment, we believe that the criteria and assumptions adopted by the executive board, as well as respective disclosure in Note 23, are acceptable in the context of the financial statements taken as a whole.

<u>Information technology environment</u>

This was considered a key audit matter due to the volume of transactions and to the fact that the operations performed by the Company and its subsidiaries are highly dependent on the proper operation of the IT systems, applications and structure, also considering the nature of Company business and its geographic location.

How our audit addressed this matter

Our audit procedures involved, among others: (i) assessing the design and operating efficiency of Information Technology General Controls ("ITCG") implemented by the Company for the systems and applications that we considered significant for generating information that has a direct impact on the individual and consolidated financial statements; (ii) analyzing audit procedures to assess the efficiency of controls over logical accesses, change management and information technology operations, report processing and other technology aspects; (iii) involving IT professionals to assist us in performing these procedures; (iv) reviewing the process for generating and extracting reports that support accounting balances; and (v) performing adherence tests on the information produced by the Company's systems and applications.

With regard to controls over logical accesses, we: (i) analyzed the process of authorization and granting of new users, the timely revocation of access to employees transferred or separated and the periodic review of users; and (ii) evaluated password policies, security settings and access to information technology resources.

With regard to the change management process, we: (i) assessed whether the changes in the systems have been duly authorized and approved by the Company's board of directors; and (ii) analyzed the operations management process, focusing on policies for safeguarding information and the timely handling of incidents.

We identified deficiencies in the controls over access granting, over management of accesses of transferred employees, service providers and privileged users in the applications, and over periodic review of access profiles. Additionally, we identified opportunities for improvement in application password parameters.

The deficiencies in the design and operation of ITGCs changed our evaluation regarding the nature, timing and extent of our substantive procedures planned to obtain sufficient and appropriate audit evidence. Taking into consideration the increase in extent of our audit procedures, which we deemed appropriate, the results of these procedures provided us with sufficient and appropriate audit evidence in the context of the individual and consolidated financial statements as at December 31, 2022.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2022, prepared under the Company's board of directors responsibility and presented as supplementary information under IFRS, were subject to audit procedures performed in conjunction with the audit of Company financial statements. In order to form our opinion, we analyzed whether these statements are reconciled to the financial statements and accounting records, as applicable, and whether their form and content meet the criteria defined in Accounting Pronouncement NBC TG 09 – Statements of Value Added. In our opinion, these statements of value added were fairly prepared, in all material respects, in accordance with the criteria defined in this Accounting Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Audit of corresponding figures

The Company's individual and consolidated financial statements for the year ended December 31, 2020 were audited by other independent auditors, who issued their unmodified opinion on these financial statements on March 14, 2022.

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Other information accompanying the individual and consolidated financial statements and independent auditor's report

The Company's executive board is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

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Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always a detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that could reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 9, 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 Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Magazine Luiza S.A.

Statements of financial position at December 31, 2022 and 2021
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	5	**808,764**	1,458,754	**2,420,045**	2,566,218
Marketable securities	6	**304,298**	1,556,211	**304,298**	1,556,371
Trade accounts receivable	7	**4,587,059**	3,928,531	**6,760,270**	5,650,759
Inventories	8	**6,608,969**	7,873,544	**7,790,069**	9,112,214
Accounts receivable from related parties	9	**3,305,722**	4,201,742	**2,576,572**	3,707,284
Taxes recoverable	10	**1,376,204**	1,151,721	**1,564,188**	1,279,257
Income and social contribution taxes recoverable	11	**258,838**	205,312	**314,457**	234,886
Other current assets		**70,436**	136,516	**208,237**	402,821
Total current assets		**17,320,290**	20,512,331	**21,938,136**	24,509,810
Noncurrent assets					
Trade accounts receivable	7	**17,156**	17,351	**17,156**	17,351
Taxes recoverable	10	**2,037,328**	1,408,706	**2,123,865**	1,551,556
Deferred income and social contribution taxes	11	**1,625,928**	874,232	**1,686,360**	915,111
Judicial deposits	23	**1,234,720**	935,329	**1,650,223**	1,189,894
Other noncurrent assets		**106,615**	175,902	**116,786**	184,816
Long-term receivables		**5,021,747**	3,411,520	**5,594,390**	3,858,728
Investments in subsidiaries	12	**4,379,731**	4,099,575	**-**	-
Investments in jointly-controlled entities	13	**338,833**	407,780	**338,833**	407,780
Right of use - leases	14	**3,473,159**	3,324,747	**3,511,497**	3,362,998
Property and equipment	15	**1,769,292**	1,777,788	**1,955,479**	1,938,713
Intangible assets	16	**896,749**	728,998	**4,427,510**	4,306,587
		10,857,764	10,338,888	**10,233,319**	10,016,078
Total noncurrent assets		**15,879,511**	13,750,408	**15,827,709**	13,874,806
Total assets		**33,199,801**	34,262,739	**37,765,845**	38,384,616

See accompanying notes.

Magazine Luiza S.A.

Statements of financial position at December 31, 2022 and 2021
(In thousands of reais - R$)

	Note	Individual 2022	Individual 2021	Consolidated 2022	Consolidated 2021
Liabilities and equity					
Current liabilities					
Trade accounts payable	17	**4,604,573**	4,694,276	**5,741,020**	5,638,388
Trade accounts payable – agreements	18	**3,756,776**	4,414,266	**3,802,237**	4,460,556
Partners and other deposits	19	**-**	-	**1,552,643**	1,418,897
Loans and financing	20	**92,607**	44,100	**124,297**	407,968
Salaries, vacation pay and social charges		**242,906**	237,270	**420,496**	370,176
Taxes payable		**141,811**	146,332	**224,889**	239,595
Accounts payable to related parties	9	**256,707**	195,894	**152,511**	125,302
Leases	14	**604,140**	415,329	**619,788**	433,834
Deferred revenue	21	**52,009**	39,157	**76,908**	50,329
Dividends payable		**-**	41,434	**-**	41,434
Other current liabilities	22	**1,621,391**	1,535,455	**2,118,136**	2,070,710
Total current liabilities		**11,372,920**	11,763,513	**14,832,925**	15,257,189
Noncurrent liabilities					
Loans and financing	20	**6,584,571**	6,368,605	**6,984,460**	6,384,904
Taxes payable		**4,614**	4,614	**7,836**	24,274
Leases	14	**3,047,523**	2,996,959	**3,073,728**	3,020,844
Deferred income and social contribution taxes	11	**-**	-	**108,822**	113,899
Provision for tax, civil, and labor contingencies	23	**814,836**	717,977	**1,193,765**	1,154,109
Deferred revenue	21	**238,354**	234,210	**423,464**	245,258
Other noncurrent liabilities	22	**488,282**	915,630	**492,144**	922,908
Total noncurrent liabilities		**11,178,180**	11,237,995	**12,284,219**	11,866,196
Total liabilities		**22,551,100**	23,001,508	**27,117,144**	27,123,385
Equity	24				
Capital		**12,352,498**	12,352,498	**12,352,498**	12,352,498
Capital reserve		**(1,896,383)**	(1,637,055)	**(1,896,383)**	(1,637,055)
Treasury shares		**(1,245,809)**	(1,449,159)	**(1,245,809)**	(1,449,159)
Legal reserve		**137,442**	137,442	**137,442**	137,442
Income reserve		**1,298,941**	1,856,665	**1,298,941**	1,856,665
Equity adjustments		**2,012**	840	**2,012**	840
Total equity		**10,648,701**	11,261,231	**10,648,701**	11,261,231
Total liabilities and equity		**33,199,801**	34,262,739	**37,765,845**	38,384,616

See accompanying notes.

Magazine Luiza S.A.

Statements of profit or loss
Years ended December 31, 2022 and 2021
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		2022	2021	2022	2021
Net sales revenue	25	**29,872,131**	31,128,479	**37,299,002**	35,278,150
Cost of goods resold and services rendered	26	**(22,098,829)**	(24,299,083)	**(26,860,106)**	(26,791,345)
Gross profit		**7,773,302**	6,829,396	**10,438,896**	8,486,805
Operating income (expenses)					
Selling expenses	27	**(5,389,954)**	(5,495,600)	**(6,741,109)**	(6,374,429)
General and administrative expenses	27	**(847,184)**	(810,008)	**(1,370,198)**	(1,031,654)
Losses on doubtful accounts		**(251,603)**	(144,722)	**(239,658)**	(154,244)
Depreciation and amortization	14/15/16	**(940,865)**	(689,405)	**(1,163,624)**	(816,964)
Equity pickup	12|13	**286,866**	428,875	**(35,738)**	99,328
Other operating income (expenses), net	27|28	**(126,445)**	118,035	**(116,934)**	261,760
		(7,269,185)	(6,592,825)	**(9,667,261)**	(8,016,203)
Operating income before finance income (costs)		**504,117**	236,571	**771,635**	470,602
Finance income		**560,687**	467,157	**695,425**	491,577
Finance costs	29	**(2,350,728)**	(1,011,314)	**(2,736,458)**	(1,180,588)
Finance income (costs)		**(1,790,041)**	(544,157)	**(2,041,033)**	(689,011)
Operating loss before income and social contribution taxes		**(1,285,924)**	(307,586)	**(1,269,398)**	(218,409)
Current and deferred income and social contribution taxes	11	**786,949**	898,247	**770,423**	809,070
Net income (loss) for the period		**(498,975)**	590,661	**(498,975)**	590,661
Income (loss) attributable to:					
Controlling shareholders		**(498,975)**	590,661	**(498,975)**	590,661
Earnings (loss) per share					
Basic (reais per share)	24	**(0.075)**	0.089	**(0.075)**	0.089
Diluted (reais per share)	24	**(0.075)**	0.088	**(0.075)**	0.088

See accompanying notes.

Magazine Luiza S.A.

Statements of comprehensive income (loss)
Years ended December 31, 2022 and 2021
(In thousands of reais - R$)

	Individual and Consolidated	
	2022	2021
Net income (loss) for the period	**(498,975)**	590,661
Items that may be subsequently reclassified to profit or loss:		
Investments valued under the equity method - share in other comprehensive income (loss) (OCI)	**1,776**	(17,466)
Tax effects	**(604)**	7,155
Total items that may be subsequently reclassified to profit or loss	**1,172**	(10,311)
Total comprehensive income (loss) for the year, net of taxes	**(497,803)**	580,350
Attributable to:		
Controlling shareholders	**(497,803)**	580,350

See accompanying notes.

Magazine Luiza S.A.

Statements of changes in equity
Years ended December 31, 2022 and 2021
(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	Net income (loss) for the period	Equity adjustments	Total
Balances at December 31, 2020		5,952,282	390,644	(603,681)	122,968	1,003,374	130,194	318,355	-	11,151	7,325,287
Capital increase		6,481,251	-	-	-	-	-	-	-	-	6,481,251
Share issue costs, net of taxes		(81,035)	-	-	-	-	-	-	-	-	(81,035)
Discount on subscription of shares		-	(2,022,251)	-	-	-	-	-	-	-	(2,022,251)
Stock option plan		-	118,070	-	-	-	-	-	-	-	118,070
Treasury shares acquired		-	-	(1,055,885)	-	-	-	-	-	-	(1,055,885)
Treasury shares disposed of		-	(219,118)	210,407	-	-	-	-	-	-	(8,711)
Consideration for acquisition		-	95,600	-	-	-	-	-	-	-	95,600
Additional dividends proposed		-	-	-	-	-	(130,194)	-	-	-	(130,194)
Tax incentive reserve		-	-	-	-	(595,752)	-	595,752	-	-	-
Net income for the year		-	-	-	-	-	-	-	590,661	-	590,661
Allocations											
Legal reserve		-	-	-	14,474	-	-	-	(14,474)	-	-
Mandatory minimum dividends		-	-	-	-	-	-	-	(41,251)	-	(41,251)
Additional dividends proposed		-	-	-	-	-	58,749	-	(58,749)	-	-
Income reserve		-	-	-	-	175,013	-	301,174	(476,187)	-	-
		6,400,216	(2,027,699)	(845,478)	14,474	(420,739)	(71,445)	896,926	-	-	3,946,255
Other comprehensive income (loss):											
Equity adjustments		-	-	-	-	-	-	-	-	(10,311)	(10,311)
Balances at December 31, 2021		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	**-**	**53,750**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**53,750**
Treasury shares disposed of	24	**-**	**(132,025)**	**203,350**	**-**	**-**	**-**	**-**	**-**	**-**	**71,325**
Reclassification of consideration for acquisition		**-**	**(181,053)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(181,053)**
Additional dividends proposed	24	**-**	**-**	**-**	**-**	**-**	**(58,749)**	**-**	**-**	**-**	**(58,749)**
Loss for the year	24	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(498,975)**	**-**	**(498,975)**
Absorption of accumulated losses		**-**	**-**	**-**	**-**	**(498,975)**	**-**	**-**	**498,975**	**-**	**-**
		-	**(259,328)**	**203,350**	**-**	**(498,975)**	**(58,749)**	**-**	**-**	**-**	**(613,702)**
Other comprehensive income (loss):											
Equity adjustments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,172**	**1,172**
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**

See accompanying notes.

Magazine Luiza S.A.

Statements of cash flows
Years ended December 31, 2022 and 2021
(In thousands of reais - R$)

	Note	Individual		Consolidated	
		2022	2021	2022	2021
Cash flows from operating activities					
Net income (loss) for the period		**(498,975)**	590,661	**(498,975)**	590,661
Adjustments to reconcile net income (loss) for the year to cash flows from (used in) operating activities:					
Income and social contribution taxes recognized in P&L	11	**(786,949)**	(898,247)	**(770,423)**	(809,070)
Depreciation and amortization	14|15|16	**940,865**	689,405	**1,163,624**	816,964
Accrued interest on loans, financing and leases	14|20	**1,157,231**	397,213	**1,213,425**	399,357
Gains from (losses on) marketable securities		**(37,657)**	(35,041)	**(37,657)**	(35,041)
Equity pickup	12|13	**(286,866)**	(428,875)	**35,738**	(99,328)
Changes in the provision for losses on assets		**503,468**	673,387	**512,658**	691,091
Provision for tax, civil, and labor contingencies	23	**114,283**	(274,981)	**66,706**	(417,548)
Gains from (losses on) disposal of property and equipment	28	**1,357**	(588)	**695**	(588)
Appropriation of deferred revenue	28	**(62,657)**	(52,657)	**(75,958)**	(55,891)
Stock option plan expenses		**85,315**	118,070	**116,677**	118,070
Adjusted net income for the year		**1,129,415**	778,347	**1,726,510**	1,198,677
(Increase) decrease in operating assets:					
Trade accounts receivable		**(1,002,786)**	(636,527)	**(1,451,867)**	(647,788)
Marketable securities		**1,289,570**	(301,075)	**1,289,730**	(299,551)
Inventories		**1,105,560**	(2,920,398)	**1,152,038**	(2,923,148)
Accounts receivable from related parties		**912,810**	(1,501,035)	**1,145,572**	(1,340,988)
Taxes recoverable		**(906,631)**	(1,491,577)	**(936,811)**	(1,468,540)
Judicial deposits		**(299,391)**	(274,595)	**(460,329)**	(344,919)
Other assets		**(33,238)**	(14,110)	**107,546**	(128,132)
Changes in operating assets		**1,065,894**	(7,139,317)	**845,879**	(7,153,066)
Increase (decrease) in operating liabilities:					
Trade accounts payable		**(89,703)**	(1,780,660)	**102,632**	(2,022,060)
Partners and other deposits		**-**	-	**133,746**	541,624
Salaries, vacation pay and social charges		**5,636**	(57,044)	**50,320**	(3,478)
Taxes payable		**20,211**	36,953	**6,727**	6,825
Accounts payable to related parties		**60,813**	6,759	**27,209**	(4,984)
Other liabilities		**201,208**	91,728	**160,427**	(66,862)
Changes in operating liabilities		**198,165**	(1,702,264)	**481,061**	(1,548,935)
Income and social contribution taxes paid		**-**	(5,475)	**(59,826)**	(97,065)
Dividends received		**273,201**	29,454	**70,498**	29,454
Cash flows from (used in) operating activities		**2,666,675**	(8,039,255)	**3,064,122**	(7,570,935)
Cash flows from investing activities					
Acquisition of P&E	14|15	**(216,838)**	(812,247)	**(265,129)**	(863,049)
Acquisition of intangible assets	16	**(302,757)**	(208,652)	**(430,282)**	(301,073)
Capital increase at subsidiary	12	**(123,794)**	(625,414)	**-**	-
Payments for acquisition of subsidiary		**(595,796)**	-	**(620,147)**	(153,281)
Sale of exploration rights and exclusivity agreement		**64,261**	-	**272,000**	-
Cash flows used in investing activities		**(1,174,924)**	(1,646,313)	**(1,043,558)**	(1,317,403)
Cash flows from financing activities					
Loans and financing raised	20	**-**	6,300,273	**400,000**	6,300,273
Repayment of loans and financing	20	**(7,917)**	(1,617,420)	**(383,261)**	(1,687,720)
Payment of interest on loans and financing	20	**(591,701)**	(128,378)	**(616,462)**	(131,313)
Payment of leases	14	**(470,226)**	(362,440)	**(487,186)**	(373,751)
Payment of interest on leases	14	**(314,441)**	(242,554)	**(321,543)**	(244,699)
Payment of dividends and interest on equity		**(99,966)**	(146,133)	**(99,966)**	(146,133)
Treasury shares acquired		**-**	(1,050,151)	**-**	(1,050,151)
Increase (decrease) in trade accounts payment – agreements		**(657,490)**	3,209,341	**(658,319)**	3,206,459
Funds from issue of shares		**-**	3,981,250	**-**	3,981,250
Payment of share issue costs, net of taxes		**-**	(81,035)	**-**	(81,035)
Cash flows from (used in) financing activities		**(2,141,741)**	9,862,753	**(2,166,737)**	9,773,180
Increase (decrease) in cash and cash equivalents		**(649,990)**	177,185	**(146,173)**	884,842
Cash and cash equivalents at beginning of year	05	**1,458,754**	1,281,569	**2,566,218**	1,681,376
Cash and cash equivalents at end of year	05	**808,764**	1,458,754	**2,420,045**	2,566,218
Decrease in cash and cash equivalents		**(649,990)**	177,185	**(146,173)**	884,842

See accompanying notes.

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Statements of value added
Years ended December 31, 2022 and 2021
(In thousands of reais - R$)

	Individual		Consolidated	
	2022	2021	2022	2021
Revenues				
Sales of goods, products and services	**34,925,529**	36,332,536	**43,889,925**	41,301,000
Allowance for doubtful accounts, net of reversals	**(251,603)**	(144,722)	**(239,658)**	(154,244)
Other operating income	**48,903**	785,141	**87,284**	877,592
	34,722,829	36,972,955	**43,737,551**	42,024,348
Bought-in inputs				
Cost of goods resold and services rendered	**(23,567,823)**	(25,756,411)	**(28,238,326)**	(28,205,520)
Materials, energy, third-party services and other expenses	**(4,267,963)**	(4,573,370)	**(5,603,196)**	(5,187,057)
Loss/recovery of receivables	**(87,195)**	(138,987)	**(95,694)**	(149,277)
	(27,922,981)	(30,468,768)	**(33,937,216)**	(33,541,854)
Gross value added	**6,799,848**	6,504,187	**9,800,335**	8,482,494
Depreciation and amortization	**(940,865)**	(689,405)	**(1,163,624)**	(816,964)
Net value added produced by the Company	**5,858,983**	5,814,782	**8,636,711**	7,665,530
Value added received in transfer				
Equity pickup	**286,866**	428,875	**(35,738)**	99,328
Finance income	**560,687**	467,157	**695,425**	491,577
Total value added to be distributed	**6,706,536**	6,710,814	**9,296,398**	8,256,435
Distribution of value added				
Personnel and charges:				
Salaries	**1,719,575**	1,647,118	**2,427,759**	2,034,427
Benefits	**323,428**	404,038	**438,227**	493,308
Unemployment Compensation Fund (FGTS)	**131,754**	126,019	**205,593**	169,316
	2,174,757	2,177,175	**3,071,579**	2,697,051
Taxes, charges and contributions:				
Federal	**100,554**	246,777	**1,000,025**	809,637
State	**2,479,627**	2,510,674	**2,785,587**	2,723,408
Local	**89,102**	75,965	**143,530**	114,540
	2,669,283	2,833,416	**3,929,142**	3,647,585
Debt remuneration:				
Interest	**2,185,678**	955,879	**2,549,859**	1,116,417
Rent	**59,797**	58,660	**73,361**	71,909
Other	**115,996**	95,023	**171,432**	132,812
	2,361,471	1,109,562	**2,794,652**	1,321,138
Equity remuneration:				
Dividends and interest on equity	**-**	100,000	**-**	100,000
Retained profit (accumulated losses)	**(498,975)**	490,661	**(498,975)**	490,661
	(498,975)	590,661	**(498,975)**	590,661
	6,706,536	6,710,814	**9,296,398**	8,256,435

See accompanying notes.

Notes to financial statements

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 brick-and-mortar stores, e-commerce and its SuperApp, which is an application that offers products and services from Magazine Luiza, its subsidiaries, as well as from commercial partners (“sellers”) through the marketplace platform. Its jointly-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 December 31, 2022, the Company owned 1,339 stores and 23 distribution centers (1,481 stores and 26 distribution centers as at December 31, 2021) located in all regions in Brazil. The Company also operates on the e-commerce websites 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 their respective mobile applications, as well as through AiQfome, Tônolucro and Plus Delivery food delivery applications.

On March 09, 2023, the Board of Directors authorized the issue of these financial statements.

2. Presentation and preparation of financial statements

2.1. Basis of preparation, presentation and statement of compliance

Company individual and consolidated financial statements were prepared based on the accounting practices adopted in Brazil, which comprise the provisions of Brazilian Corporate Law, established in Law No. 6404/76 and subsequent amendments, and the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), implemented in Brazil by means of the Brazilian Financial Accounting Standards Board (“CPC”) and its technical interpretations (“ICPC”) and guidance (“OCPC”), approved by the Brazilian Securities and Exchange Commission (“CVM”).

These financial statements evidence all significant information that is consistent with the information used to manage the Company's operations.

The financial statements were prepared under the historical cost convention, except for certain financial instruments measured at fair value.

2. Presentation and preparation of financial statements (Continued)

2.2. Functional and presentation currency

The Brazilian real ("R$") is the Company's functional currency. The financial statements of each subsidiary, as well as the financial statements used as a base for assessing the investments under the equity method are prepared in Reais. All balances were rounded to the nearest thousand, unless otherwise indicated.

2.3. Basis of consolidation and investments in subsidiaries

The consolidated financial statements comprise the financial statements of the parent company and of its subsidiaries. Control is obtained when the Company holds, directly or indirectly, the majority of voting rights or is exposed to or entitled to variable returns based on its involvement with the investee and has the capacity to affect those returns through the power used in relation to the investee.

The Company's basis of consolidation includes:

Subsidiary	Core activity	Direct or indirect interest - % 2022	2021
Época Cosméticos	E-commerce of perfume and cosmetics	**100%**	100%
Integra Commerce	Integration and relationship management between merchants and marketplace	**-**	100%
Luiza Administradora de Consórcios (LAC)	Management of consortia	**100%**	100%
Magalu Log (Magalog)	Logistics services	**100%**	100%
Luizalabs Sistemas de Informação	Technology solutions for retain and consumer goods industries	**100%**	100%
Netshoes	E-commerce of sports and fashion products	**100%**	100%
Magalu Pagamentos	Payment institution	**100%**	100%
KaBuM	E-commerce of IT equipment	**100%**	100%

The consolidated financial statements also include boutique investment funds in which the Company keeps part of its short-term investments (Note 6).

In the financial statement consolidation process, the following eliminations are considered:

- The parent company's interest in the capital, reserves and retained earnings or accumulated losses of subsidiaries; Intercompany asset and liability balances; and
- Income and expenses deriving from intercompany transactions.

In the individual financial statements, financial information of subsidiaries and jointly-controlled subsidiaries are recognized under the equity method.

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2. Presentation and preparation of financial statements (Continued)

2.4. Impacts related to the Covid-19 pandemic

The spread of Covid-19 has affected business and economic activities on a global scale since the beginning of 2020. Since the beginning of the pandemic, the Company established an internal Contingency Committee that monitors its evolution, making important decisions, having elected three priorities: the health and safety of its employees, the continuity of operations, and the maintenance of jobs.

Considering these three pillars to face the crisis, the Company took certain measures and made assessments in line with CVM/SNC Memorandum Circulars No. 02 and No. 03/2020, analyzing the key risks and uncertainties arising from Covid-19 in relation to its financial statements, such as a going concern risk assessment and indications of a possible impairment in Company assets. After these analyses, the Company concluded that there were no going-concern risks or impairment of assets.

In 2022, the Company did not find any indication of impairment of its assets. Additionally, on the date of disclosure of these financial statements, all of the Company's brick-and-mortar stores were operating normally.

3. Significant accounting policies and practices

Significant accounting policies and practices are described in each corresponding note, except those presented below, which are related to more than one note. The accounting policies and practices have been consistently applied to all the years presented and to Company's individual and consolidated financial statements.

3.1. Transactions and monetary adjustments of rights and obligations

Monetary assets and liabilities subject to contractual adjustments or exchange and monetary variations are restated up to the statement of financial position date, and these variations are recognized as finance income or costs in P&L.

Monetary assets and liabilities denominated in foreign currency are translated into Reais using the exchange rate in effect on the respective statement of financial position closing date. Differences arising from translation are recognized as finance income or costs in P&L.

3.2. Impairment of assets

i) Non-financial assets

The book value of the Company's non-financial assets is reviewed at the statement of financial position date to identify if there is any indication of impairment. If there is such indication, the asset's recoverable amount is estimated. In the case of goodwill, the recoverable amount is tested on an annual basis.

3. Significant accounting policies and practices (Continued)

3.2. Impairment of assets (Continued)

i) Non-financial assets (Continued)

Investees recorded under the equity method

An impairment loss referring to an investee valued under the equity method is measured by comparing the investment's recoverable amount to its carrying amount. Impairment losses are recognized in the statement of profit or loss and are reversed if there has been a favorable change in the estimates used for determining the recoverable amount.

ii) *Allocation of goodwill*

Goodwill is allocated to each cash-generating unit and is annually tested for impairment or, more frequently, when there is an indication that a cash-generating unit is performing below expectations. If the recoverable amount of the cash-generating unit is lower than its book value plus allocated goodwill, the impairment loss is firstly allocated to reduce the unit's goodwill and subsequently to the other assets of the unit in proportion to the carrying amount of each asset. Any loss on goodwill is recognized directly in P&L for the year in which this loss was identified, and not reversed in subsequent periods, even if the factors that led to recording of such loss no longer exist.

3.3. Adjustments to present value

Significant transactions that result in adjustments to present value refer to purchase of goods for resale, carried out in installments, as well as transactions for the resale of goods, whose balances are paid in installments by customers at fixed interest rates. Sales and purchases are discounted to establish respective present value on transaction date and considering the installment terms.

The discount rate used considers the effects of the financing rates applied to the final consumer, weighted by the percentage of default risk assessed and already considered in the provision for expected credit loss.

The adjustment to present value of operations relating to installment resale of goods is matched against Trade accounts receivable. Realization thereof is recorded under Revenues from resale of goods over the term granted to customers.

Adjustments to present value of liabilities relating to purchase of goods for resale is recorded under trade accounts payable matched against inventories. Reversals are accounted for under cost of goods resold and services rendered, upon lapse of the term.

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3. Significant accounting policies and practices (Continued)

3.4. Provisions

Provisions are recognized for present risks or obligations arising from past events, whose amounts may be reliably estimated and settlement is likely to occur. The provision amount recognized is the best estimate of the consideration required to settle the obligation at the end of each year or period, considering risks and uncertainties relating to the obligation.

3.5. Employee benefits

Short-term employee benefits

These are recognized as personnel expenses to the extent that the corresponding service is provided. The liability is recognized at the amount expected to be paid if the Company has a legal or constructive obligation to pay this amount as a result of prior services rendered by the employee, and the obligation can be reliably estimated.

Share-based payment agreements

Fair value at the grant date of share-based payment agreements entered into with eligible employees is recognized as personnel expenses, with a corresponding increase in equity, over the period in which such employees become unconditionally entitled to the premiums. The amount recognized as expense is adjusted to reflect the number of awards that effectively meet the performance and service conditions at vesting date.

3.6. Statements of value added (SVA)

This statement aims at evidencing the wealth created by the Company and its distribution over a certain period. The SVA is presented as part of the Company's individual financial statements as required by the Brazilian Corporation Law, and as supplementary information to the consolidated financial statements, as it is not a statement required under IFRS.

3.7. Fair value measurement

Fair value is the price that would be received upon sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, on the Company's primary market or, in the absence thereof, on the most advantageous market to which the Company has access on such date. The fair value of a liability reflects its risk of non-performance. Non-compliance risk includes the Company's credit risk, among others.

When available, the Company measures the fair value of a security using the price quoted on an active market for such instrument. A market is considered as active if the transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

3. Significant accounting policies and practices (Continued)

3.7. Fair value measurement (Continued)

If no prices are quoted on an active market, the Company uses measurement techniques that maximize the use of observable data and minimize the use of non-observable data. The valuation technique elected incorporates all the factors that market players would take into account when pricing a transaction.

The best evidence of the fair value of a financial instrument upon initial recognition is usually the transaction price – i.e. fair value of the consideration given or received.

3.8. New standards and interpretations not yet effective

New and amended standards and interpretations issued but not yet in effect until the date of issue of Company financial statements are described below. The Company intends to adopt these standards and interpretations when they become effective, if applicable.

- IFRS 17/CPC 50 – Insurance Contracts: new comprehensive accounting standard for insurance contracts that includes recognition, measurement, presentation and disclosure. This standard does not apply to the Company and will come into effect on January 01, 2023.
- Amendments to IAS 1 – Classification of Liabilities as Current or Noncurrent. This amendment will come into effect on January 01, 2023.
- Amendments to IAS 8 – Definition of Accounting Estimates. This amendment will come into effect on January 01, 2023.
- Amendments to IFRS Practice Statement 2: Disclosure of Accounting policies. This amendment will come into effect on January 01, 2023.
- Amendments to IAS 12: Deferred Taxes relating to Assets and Liabilities arising from a single transaction. In May 2021, the Board released amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The Company is currently assessing the impacts of these changes.

4. Significant accounting judgments and sources of uncertainties in estimates

In applying the Company's accounting policies, management makes judgments and prepares estimates on book values of assets and liabilities for which objective information is not easily obtained from other sources. Estimates and respective assumptions are based on historic experience and on other factors that are considered relevant. Actual results of these book values may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Reviewed estimates are recorded prospectively.

4. Significant accounting judgments and sources of uncertainties in estimates (Continued)

a) Judgments

Information about judgments referring to application of accounting policies which have significant impacts on the amounts recognized in the individual and consolidated financial statements are included in the following notes:

- Note 2.3 - Basis of consolidation and investments in subsidiaries: determining whether the Company actually has control over an investee.
- Note 10 – calculating State VAT (ICMS) credits recoverable included in legal proceedings whose final unappealable decisions are expected for the next few months.
- Notes 10 and 11 – calculating income and social contribution tax credits, obtained through application of the concept set forth in Supplementary Law No. 160/2017 and Central Bank Benchmark Rate (Selic) adjustment to undue tax payments.
- Note 14 – determining the lease period of agreements subject to renewal option clauses.

b) Uncertainties on assumptions and estimates

Information on uncertainties as to assumptions and estimates that pose a significant risk of resulting in a material adjustment to the book balances of assets and liabilities in the next fiscal year are included in the following notes:

- Note 7 – Trade accounts receivable: criteria and amounts of provision for expected credit losses;
- Note 8 – Inventories: criteria and amounts of provision for inventory losses;
- Note 10 – Taxes recoverable: the criteria for assessing the periods for recovery of tax credits involve a high level of judgment in determining offset assumptions;
- Note 11 - Deferred income and social contribution taxes: availability of future taxable profit against which tax losses may be used;
- Notes 15 and 16 – Property and equipment and intangible assets – estimated useful life of noncurrent assets;
- Notes 16 and 12b – Determining goodwill upon acquisition of companies is a complex process, which involves a high level of subjectivity and is based on several assumptions such as identification of cash-generating units, discount rates, projected inflation, growth percentages, longevity and profitability of the Company's business for the next years, among others. These assumptions will be affected by market conditions or future economic scenarios in Brazil, which cannot be accurately estimated;
- Note 23 – Provision for tax, civil and labor contingencies: significant assumption on the likelihood and magnitude of fund outflows;
- Note 31 – Impairment of assets: determining fair value based on significant non-observable data.

5. Cash and cash equivalents

Accounting policy

Company management defines cash and cash equivalents as amounts held so as to meet short-term financial commitments rather than for investment or other purposes. Short-term investments are readily convertible into a known cash amount, are not subject to a significant risk of change in value and are recorded at cost plus yield earned until the statement of financial position dates, not exceeding market or realizable value.

	Rate	Individual 2022	Individual 2021	Consolidated 2022	Consolidated 2021
Cash		**95,911**	37,732	**96,583**	38,775
Banks		**106,752**	73,410	**153,431**	750,450
Short-term deposits	From 85% to 101% of CDI	**606,101**	1,347,612	**2,132,556**	1,742,161
Non-boutique investment funds	From 92.5% to 100% of CDI	**-**	-	**37,475**	34,832
		808,764	1,458,754	**2,420,045**	2,566,218

Credit risk and sensitivity analysis are described in Note 31.

6. Marketable securities

Financial assets	Rate	Individual 2022	Individual 2021	Consolidated 2022	Consolidated 2021
Non-boutique investment funds	100% to 105% of CDI	**14,525**	12,734	**14,525**	12,734
Boutique investment funds:	(a)				
Repurchase agreements		**-**	27,512	**-**	27,512
Receivables		**44,500**	32,500	**44,500**	32,500
Federal government securities		**245,273**	1,483,465	**245,273**	1,483,625
		304,298	1,556,211	**304,298**	1,556,371

(a) These refer to boutique fixed income investment funds. As at December 31, 2022 and 2021, the portfolio comprised the investments described in the table above, which are linked to securities and financial transactions and referenced to the variation of Interbank Deposit Certificates (CDI), with the objective of returning to the average yield of 100% of CDI for the Company.

Credit risk and sensitivity analysis are described in Note 31.

7. Trade accounts receivable

Accounting policy

Trade accounts receivable are recorded and maintained in the statement of financial position at the securities amount, adjusted to present value, as applicable, represented mainly by resale receivables payable in installments and by credit card, accounts receivable for services rendered, receivables from suppliers' bonuses and provision for expected credit losses, which is set up in an amount considered sufficient by management to cover any risks on the financing portfolio and other amounts receivable existing at the statement of financial position date. The criterion for recording the provision considers, for retail activities, the historical loss indices per maturity bracket of the portfolio (Note 30).

	Individual		Consolidated	
	2022	2021	2022	2021
Trade accounts receivable:				
Credit cards (a)	**3,430,696**	3,111,344	**5,383,828**	4,618,014
Debit cards (a)	**11,375**	9,417	**12,041**	14,396
Direct consumer credit (b)	**1,197,994**	789,111	**1,197,994**	789,111
Customer services (c)	**230,431**	166,625	**257,661**	208,837
Other receivables (d)	**15,381**	44,139	**134,417**	182,588
Total trade accounts receivable	**4,885,877**	4,120,636	**6,985,941**	5,812,946
From commercial agreements (e)	**315,578**	295,757	**392,777**	343,837
Provision for expected credit losses	**(266,709)**	(151,426)	**(270,761)**	(169,588)
Adjustment to present value	**(330,531)**	(319,085)	**(330,531)**	(319,085)
	4,604,215	3,945,882	**6,777,426**	5,668,110
Current assets	**4,587,059**	3,928,531	**6,760,270**	5,650,759
Noncurrent assets	**17,156**	17,351	**17,156**	17,351

As at December 31, 2022, day sales outstanding is of 45 – individual and 51 days – consolidated (35 – individual and 44 days – consolidated at December 31, 2021).

(a) Accounts receivable 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 of sale of the products. The consolidated financial statements include receivables from buyers transacted through Magalu Pagamentos, to be transferred to the partners (sellers) as described in Note 18. As at December 31, 2022, the Company recorded receivables assigned to certain buyers and financial institutions amounting to R$ 2,693,143 (R$ 2,656,104 at December 31, 2021) – individual, and R$ 4,944,607 (R$ 5,165,898 at December 31, 2021) – consolidated, on which a discount ranging from 105.9% to 108.72% 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) This refers to receivables from sales financed by the Company and by other financial institutions.

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

(e) This refers to bonuses to be received from suppliers, arising from the fulfillment of the purchase volume, as well as from agreements that define the share of suppliers in disbursements related to advertising and marketing (joint advertising). The balance presented is net of the amounts to be offset due to matching to balances payable to respective suppliers, provided for in partnership agreements entered into by the parties.

7. Trade accounts receivable (Continued)

Changes in allowance for expected credit losses are as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Opening balance	**(151,426)**	(95,832)	**(169,588)**	(115,207)
(+) Additions	**(344,453)**	(167,496)	**(342,551)**	(174,278)
(-) Write-offs	**229,170**	111,902	**241,378**	119,897
Closing balance	**(266,709)**	(151,426)	**(270,761)**	(169,588)

The credit risk analysis is detailed in Note 31.

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

	Trade accounts receivable				From commercial agreements			
	Individual		Consolidated		Individual		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
Falling due:								
Within 30 days	**255,845**	217,534	**452,821**	637,694	**57,191**	40,577	**82,998**	57,714
31 to 60 days	**279,652**	151,049	**348,570**	477,043	**54,408**	52,469	**88,838**	75,429
61 to 90 days	**716,831**	167,493	**824,887**	416,689	**66,514**	52,238	**69,989**	52,970
91 to 180 days	**2,134,903**	867,283	**3,246,201**	1,059,054	**108,735**	53,630	**108,944**	53,630
181 to 360 days	**1,244,850**	2,556,412	**1,858,988**	3,041,805	**7,503**	63,710	**7,586**	63,710
Above 361 days	**53,802**	52,636	**53,885**	55,423	**-**	263	**-**	288
	4,685,883	4,012,407	**6,785,352**	5,687,708	**294,351**	262,887	**358,355**	303,741
Overdue:								
Within 30 days	**45,820**	31,573	**46,415**	32,628	**8,717**	19,670	**9,724**	22,223
31 to 60 days	**36,293**	20,500	**36,293**	22,041	**1,085**	7,480	**5,767**	10,740
61 to 90 days	**30,924**	16,239	**30,924**	16,239	**107**	1,133	**3,608**	1,133
91 to 180 days	**86,957**	39,917	**86,957**	54,330	**11,318**	4,587	**15,323**	6,000
	199,994	108,229	**200,589**	125,238	**21,227**	32,870	**34,422**	40,096
	4,885,877	4,120,636	**6,985,941**	5,812,946	**315,578**	295,757	**392,777**	343,837

8. Inventories

Accounting policy

Inventories are measured at the lower of average acquisition cost and net realizable value. Average acquisition cost comprises purchase price, non-recoverable taxes, such as ICMS tax substitution, as well as other costs directly attributable to the acquisition. Provisions for inventory losses are comprised of provision for realization of inventories that corresponds to the inventories' estimated selling price less all costs required to consummate the sale and provision for obsolescence, which considers slow-moving goods and those sent to technical assistance, in addition to provision for losses on physical inventories of stores and distribution centers.

8. Inventories (Continued)

	Individual		Consolidated	
	2022	2021	2022	2021
Goods for resale	**6,755,508**	7,971,149	**7,943,173**	9,210,072
Consumption materials	**15,929**	44,921	**31,380**	65,698
Provision for inventory losses	**(162,468)**	(142,526)	**(184,484)**	(163,556)
	6,608,969	7,873,544	**7,790,069**	9,112,214

As at December 31, 2022, the Company recorded inventories of goods for resale given in guarantee of legal proceedings, under enforcement, in the approximate amount of R$ 21,834 (R$ 21,846 at December 31, 2021).

Changes in provision for inventory losses are shown below:

	Individual		Consolidated	
	2022	2021	2022	2021
Opening balance	**(142,526)**	(90,108)	**(163,556)**	(101,178)
Set-up of provision	**(159,015)**	(505,891)	**(170,107)**	(519,663)
Inventories written off or sold	**139,073**	453,473	**149,179**	457,285
Closing balance	**(162,468)**	(142,526)	**(184,484)**	(163,556)

9. Transactions with related parties

	Assets (liabilities)				Income (expenses)			
	Individual		Consolidated		Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Luizacred (i)								
Commissions for services rendered	**4,255**	2,478	**4,255**	2,478	**242,942**	240,532	**242,942**	240,532
Credit cards	**2,500,360**	3,592,443	**2,500,360**	3,592,443	**(333,569)**	(198,678)	**(333,569)**	(198,678)
Transfers of receivables	**(69,879)**	(46,638)	**(69,879)**	(46,638)	**-**	-	**-**	-
Dividends receivable	**-**	35,018	**-**	35,018	**-**	-	**-**	-
Reimbursement of shared expenses	**7,191**	22,193	**7,191**	22,193	**135,610**	129,987	**135,610**	129,987
	2,441,927	3,605,494	**2,441,927**	3,605,494	**44,983**	171,841	**44,983**	171,841
Luizaseg (ii)								
Commissions for services rendered	**57,531**	40,760	**57,531**	40,760	**497,580**	447,629	**497,580**	447,629
Dividends receivable	**8,831**	8,953	**8,831**	8,953	**-**	-	**-**	-
Transfers of receivables	**(80,301)**	(66,074)	**(80,301)**	(66,074)	**-**	-	**-**	-
	(13,939)	(16,361)	**(13,939)**	(16,361)	**497,580**	447,629	**497,580**	447,629
Total - jointly-controlled entities	**2,427,988**	3,589,133	**2,427,988**	3,589,133	**542,563**	619,470	**542,563**	619,470
Netshoes (iii)								
Reimbursement of expenses	**22,352**	10,854	**-**	-	**-**	-	**-**	-
Discounted notes	**-**	-	**-**	(4,053)	**-**	-	**-**	-
Commissions for services rendered	**-**	-	**-**	-	**19,935**	12,935	**-**	-
	22,352	10,854	**-**	(4,053)	**19,935**	12,935	**-**	-
Época Cosméticos (iv)								
Commissions for services rendered	**1,614**	1,333	**-**	-	**7,943**	3,962	**-**	-
Kabum (v)								
Commissions for services rendered	**3,924**	-	**-**	-	**11,363**	-	**-**	-
Capital decrease	**21,488**	-	**-**	-	**-**	-	**-**	-
	25,412	-	**-**	-	**11,363**	-	**-**	-
Luiza Administradora de Consórcio (vi)								
Commissions for services rendered	**1,378**	2,643	**-**	-	**15,434**	15,216	**-**	-
Dividends receivable	**4,633**	2,703	**-**	-	**-**	-	**-**	-
Group of consortia	**(804)**	(362)	**(804)**	(362)	**-**	-	**-**	-
	5,207	4,984	**(804)**	(362)	**15,434**	15,216	**-**	-
Magalog (vii)								
Transfers of receivables	**(61,358)**	(50,357)	**-**	-	**-**	-	**-**	-
Freight expenses	**-**	-	**-**	-	**(1,570,114)**	(954,355)	**-**	-
	(61,358)	(50,357)	**-**	-	**(1,570,114)**	(954,355)	**-**	-
Magalu Pagamentos (viii)								
Transfers of receivables	**644,887**	465,672	**-**	-	**(162,728)**	(74,554)	**-**	-
Joven Nerd (ix)								
Publicity	**(940)**	-	**-**	-	**(940)**	-	**-**	-
Luizalabs (x)								
System development	**(13,094)**	(13,101)	**-**	-	**-**	-	**-**	-
Total - subsidiaries	**624,080**	419,385	**(804)**	(4,415)	**(1,679,107)**	(996,796)	**-**	-
MTG Participações (xi)								
Rent and other transfers	**(2,713)**	(2,463)	**(2,783)**	(2,529)	**(45,661)**	(34,562)	**(45,661)**	(34,562)
PJD Agropastoril (xii)								-
Rent, freight and other transfers	**(104)**	(51)	**(104)**	(51)	**(1,152)**	(1,847)	**(1,152)**	(1,847)
LH Participações (xiii)								-
Rent	**(201)**	(156)	**(201)**	(156)	**(2,414)**	(2,144)	**(2,414)**	(2,144)
ASENOVE Administração (xiv)								
Rent	**-**	-	**-**	-	**(151)**	-	**(151)**	-
ETCO - SCP (xv)								-
Agency fees	**-**	-	**-**	-	**(9,441)**	(7,405)	**(9,441)**	(7,405)
Marketing expenses	**(35)**	-	**(35)**	-	**(295,038)**	(233,319)	**(295,038)**	(233,319)
	(35)	-	**(35)**	-	**(304,479)**	(240,724)	**(304,479)**	(240,724)
Total - other related parties	**(3,053)**	(2,670)	**(3,123)**	(2,736)	**(353,857)**	(279,277)	**(353,857)**	(279,277)
Total - related parties	**3,049,015**	4,005,848	**2,424,061**	3,581,982	**(1,490,401)**	(656,603)	**188,706**	340,193

9. Transactions with related parties (Continued)

	Assets (liabilities)				Income (expenses)			
	Individual		Consolidated		Individual		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
Boutique investment fund transactions – classified as Marketable securities (xvi)	**245,273**	1,543,477	**245,273**	1,543,637	**36,094**	32,716	**36,094**	32,716

Reconciliation	Individual 2022	Individual 2021	Consolidated 2022	Consolidated 2021
Accounts receivable from related parties	**3,305,722**	4,201,742	**2,576,572**	3,707,284
Accounts payable to related parties	**(256,707)**	(195,894)	**(152,511)**	(125,302)
	3,049,015	4,005,848	**2,424,061**	3,581,982

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

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

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

(c) Commissions on services provided monthly by the Company, including 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-controlled 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-controlled subsidiary, refer to sales commissions through the Parent Company's Marketplace platform.

(V) Transactions with KaBuM, a wholly-controlled subsidiary, refer to sales commissions through the Parent Company's Marketplace platform. In 2022, the Company approved a capital decrease in subsidiary KaBuM amounting to R$ 50 million (Note 12), which had not been fully settled until the closing of these financial statements.

(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 onlending operations to LACs 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 transfers of receivables.

(VIII) Transactions with Magalu Pagamentos, a wholly-owned subsidiary, refer to commissions receivable for sales carried out in its Marketplace by sellers, as well as fees for the use of the sub-acquisition operation.

(IX) Transactions with Jovem Nerd, a wholly-owned subsidiary, refer to freight expenses.

(X) This 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 establishing 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 freight 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 with ASENOVE Administração Participações Ltda., controlled by the same controlling shareholders of the Company, refer to expenses with rent of a 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 publicity and advertising services, including transfers related to broadcasting, media production and graphic creation services.

(XVI) This 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. Transactions with related parties (Continued)

a) Management compensation

	2022		2021	
	Board of Directors	Statutory Board	Board of Directors	Statutory Board
Fixed and variable compensation	**4,056**	**7,992**	4,056	8,018
Stock option plan	**13,095**	**23,548**	19,668	32,692

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 an incentive plan linked to shares, as mentioned in Note 23. 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 remuneration was approved at the Annual General Meeting held on April 18, 2022, in which the limit of R$ 59,394 was forecast for 2022.

10. Taxes recoverable

	Individual		Consolidated	
	2022	2021	2022	2021
State VAT (ICMS) recoverable (a)	**2,689,730**	2,001,716	**2,748,199**	2,052,515
PIS and COFINS recoverable (b)	**720,188**	555,098	**929,340**	771,339
Other	**3,614**	3,613	**10,514**	6,959
	3,413,532	2,560,427	**3,688,053**	2,830,813
Current assets	**1,376,204**	1,151,721	**1,564,188**	1,279,257
Noncurrent assets	**2,037,328**	1,408,706	**2,123,865**	1,551,556

(a) These refer to accumulated credits of own ICMS and by tax substitution, arising from the application of diversified rates in 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 presumed tax base of periods prior to the erga omnes effect 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 suits 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 limitation 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 credits related to these proceedings were calculated 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 Company 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

Accounting policy

Current and deferred income tax is calculated at the rate of 15%, plus a surtax of 10% on taxable profit exceeding 240 thousand for income tax whereas social contribution is calculated at 9% on taxable profit, and take into consideration income and social contribution tax losses to be offset, to the limit of 30% of taxable profit.

11. Income and social contribution taxes (Continued)

Current taxes

Income and social contribution taxes are recorded in P&L for the year. Provisions for income and social contribution taxes are calculated individually by the entities belonging to the Company based on the rates in effect at year end.

Government grants are matched against sales taxes and recorded when it is reasonably certain that the benefit will be received and that all related conditions will be met.

Deferred taxes

Deferred income and social contribution taxes (deferred taxes) are recorded on temporary differences between assets and liabilities recorded in the financial statements and respective tax bases, used for calculating taxable profit, including income and social contribution tax losses that may be carried indefinitely. Deferred tax liabilities are usually recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences, only when the future tax basis is likely to be sufficient to absorb these deductible temporary differences.

The probability of recovery of deferred tax assets is reviewed at the end of each year and when future tax bases are no longer likely to be available and allow full or partial recovery of these taxes, the asset balance is reduced to the amount that is expected to be recovered.

Deferred tax assets and liabilities are mutually offset only when there is a legal right to offset, when they are related to taxes managed by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

a) *Income and social contribution taxes recoverable*

	Individual		Consolidated	
	2022	2021	2022	2021
IRPJ and CSLL recoverable (a)	**218,403**	173,658	**243,582**	189,924
Withholding Income Tax (IRRF) to be offset	**40,435**	31,654	**70,875**	44,962
	258,838	205,312	**314,457**	234,886

(a) Considering the progress of discussions and case law on the application of Supplementary Law No. 160/2017, the Company, together with its legal and tax advisors, reviewed the application of referred to law 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 were recorded for the periods from 2017 to 2020, based on the assessment that a favorable outcome is possible, tending to probable, in case of inquiries, in accordance with ICPC 22 – Uncertainty over Income Tax Treatments (equivalent to IFRIC 23). Accordingly, the Company reviewed its tax calculations and recorded these amounts against current and deferred income and social contribution taxes in P&L for the year. The tax credits will be 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*

	Individual		Consolidated	
	2022	2021	2022	2021
Loss before income and social contribution taxes	**(1,285,924)**	(307,587)	**(1,269,398)**	(218,409)
Current statutory rate	**34%**	34%	**34%**	34%
Expected income and social contribution tax credits at current rates	**437,214**	104,580	**431,595**	74,259
Reconciliation to effective rate (effects of application of tax rates):				
Exclusion - equity pickup	**97,534**	145,818	**(12,151)**	33,772
Effect of interest on equity	**-**	34,000	**-**	34,000
Deferred IRPJ and CSLL not accrued on tax losses	**-**	-	**81,442**	45,797
Effect of government grant (1)	**177,853**	300,418	**193,020**	313,488
Interest on undue tax payments (2)	**76,452**	324,635	**80,529**	324,635
Other permanent exclusions, net	**(2,104)**	(11,204)	**(4,012)**	(16,881)
Income and social contribution tax debit	**786,949**	898,247	**770,423**	809,070
Current	**35,253**	225,742	**(34,725)**	109,928
Deferred	**751,696**	672,505	**805,148**	699,142
Total	**786,949**	898,247	**770,423**	809,070
Effective rate	**61.2%**	292.0%	**60.7%**	370.4%

(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 erga omnes effect, the levy of IRPJ and CSLL on amounts related to the Selic rate received due to repetition of undue tax payment was declared unconstitutional. The Company has a writ of mandamus, dated before the judgment of the Federal Supreme Court, whose 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)

Deferred income and social contribution taxes

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

	Individual			Consolidated			
	Balance in 2021	P&L	Balance in 2022	Balance in 2021	P&L	Business combination (1)	Balance in 2022
Deferred income and social contribution taxes on:							
Income and social contribution tax losses	503,823	**529,587**	**1,033,410**	547,235	**548,874**	**-**	**1,096,109**
Provision for expected credit losses	51,485	**39,196**	**90,681**	51,485	**39,196**	**-**	**90,681**
Provision for inventory losses	48,459	**6,780**	**55,239**	48,762	**6,780**	**-**	**55,542**
Provision for present value adjustments	80,605	**3,393**	**83,998**	80,605	**3,393**	**-**	**83,998**
Provision for civil, tax and labor contingencies	220,466	**56,578**	**277,044**	336,353	**56,578**	**-**	**392,931**
Provision for stock option plan	109,602	**17,926**	**127,528**	109,602	**17,926**	**-**	**127,528**
Temporary differences on leases	70,026	**32,941**	**102,967**	70,026	**32,941**	**-**	**102,967**
Temporary differences on fair value in acquisitions	(41,679)	**-**	**(41,679)**	(294,344)	**65,138**	**(28,822)**	**(258,028)**
Judicial deposits	628	**(11)**	**617**	628	**(11)**	**-**	**617**
Deferred tax credits [2]	(169,164)	**67,015**	**(102,149)**	(169,164)	**37,559**	**-**	**(131,605)**
Other provisions	(19)	**(1,709)**	**(1,728)**	20,024	**(3,226)**	**-**	**16,798**
Deferred income and social contribution tax assets (liabilities)	874,232	**751,696**	**1,625,928**	801,212	**805,148**	**(28,822)**	**1,577,538**

(1) After allocation of the purchase price of subsidiary KaBuM was concluded, within the measurement period allowed by the accounting standard, the Company supplemented the amount of deferred income and social contribution taxes on fair value of intangible assets identified.

(2) This 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 in 2020	P&L	Equity	Balance in 2021	Balance in 2020	P&L	Business combination	Balance in 2021
Deferred income and social contribution taxes on:								
Income and social contribution tax losses	-	466,143	37,680	503,823	19,334	477,632	50,269	547,235
Provision for expected credit losses	32,583	18,902	-	51,485	32,583	18,902	-	51,485
Provision for inventory losses	30,637	17,822	-	48,459	30,940	17,822	-	48,762
Provision for present value adjustments	17,092	63,513	-	80,605	17,092	63,513	-	80,605
Provision for civil, tax and labor contingencies	200,447	20,019	-	220,466	291,113	19,180	26,060	336,353
Provision for stock option plan	69,392	40,210	-	109,602	69,392	40,210	-	109,602
Temporary differences on leases	44,967	25,059		70,026	44,967	25,059	-	70,026
Temporary differences on fair value in acquisitions	(41,679)	-	-	(41,679)	(161,284)	15,583	(148,643)	(294,344)
Judicial deposits	(11,394)	12,022	-	628	(11,394)	12,022	-	628
Deferred tax credits	(186,184)	17,020	-	(169,164)	(186,184)	17,020	-	(169,164)
Other provisions	8,186	(8,205)	-	(19)	25,334	(7,801)	2,491	20,024
Deferred income and social contribution tax assets (liabilities)	164,047	672,505	37,680	874,232	171,893	699,142	(69,823)	801,212

11. Income and social contribution taxes (Continued)

Breakdown of deferred income and social contribution taxes by company

	2021	Deferred tax assets	Deferred tax liabilities	2022
Individual	874,232	**1,625,928**	**-**	**1,625,928**
Netshoes	(10,105)	**2,474**	**-**	**2,474**
KaBuM	(84,164)	**-**	**(98,953)**	**(98,953)**
Consórcio Luiza	795	**1,399**	**-**	**1,399**
Época Cosméticos	10,176	**8,283**	**-**	**8,283**
Magalog	26,759	**42,402**	**-**	**42,402**
Softbox	3,004	**5,874**	**-**	**5,874**
Magalu Pagamentos	(19,485)	**-**	**(9,869)**	**(9,869)**
Consolidated	801,212	**1,686,360**	**(108,822)**	**1,577,538**

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.

d) Deferred income and social contribution taxes – unrecorded credits

Subsidiary Netshoes accumulated income and social contribution tax losses in the past few years and, as such, recorded no credits on deferred income and social contribution taxes. Income and social contribution tax assets may be recorded when Netshoes presents future taxable profit and the tax benefits are likely to be realized. As at December 31, 2022, subsidiary Netshoes has R$ 357,923 (R$ 381,545 at December 31, 2021) in unrecorded deferred taxes, of which R$ 304,351 (R$ 305,019 at December 31, 2021) relating to income and social contribution tax losses and R$ 53,582 (R$ 76,526 at December 31, 2021) relating to temporary differences.

e) IFRIC 23/ ICPC 22 – Uncertainty over Income Tax Treatments

This interpretation explains how to consider uncertainties in accounting for income tax. IAS 12/CPC32 - Income Taxes specifies how to account for current and deferred income taxes, but not how to reflect the effects of uncertainty. For instance, it may not be clear: i) how to apply the tax legislation to specific transactions or circumstances; ii) or whether the tax authorities will accept a particular tax treatment adopted by the entity.

If the entity understands that a specific tax treatment is not likely to be accepted, such entity must use estimates (most likely amount or expected amount) to determine the tax treatment (taxable profit, tax bases, unused tax losses, unused tax credits), and tax rates among others. The decision must be based on the method providing the best possible solution for the uncertainty.

Except for the issues mentioned in item b) (1) and (2) above, Company management understands that the application of this interpretation did not have material impacts on these financial statements.

12. Investments in subsidiaries

Accounting policy

Business combinations are recorded using the acquisition method when control is transferred to the Company. The consideration transferred is usually measured at fair value, as well as the identifiable net assets acquired. Any goodwill arising in the transaction is tested annually for impairment. If the contingent consideration is classified as an equity instrument, this amount is not remeasured and respective settlement is recorded in equity. The remaining contingent consideration amounts are measured at fair value at each reporting date, and subsequent changes in fair value are recorded in the statement of profit or loss for the year. Transaction costs are recorded in profit or loss as incurred, except costs related to the issue of debt or equity instruments. Transferred consideration does not include amounts referring to payment of pre-existing relations. These amounts are usually recognized in profit or loss for the year. Any contingent consideration payable is measured at fair value on acquisition date.

a) Changes in investments in subsidiaries

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

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 held - %	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
Opening balance	1,098,743	1,738,137	175,727	563,283	60,817	238,986	221,912	4,097,605
Future Capital Contributions (FCC)/(capital decrease)[1]	12,763	(50,000)	18,600	-	-	71,877	20,554	73,794
Other comprehensive income (loss)	(661)	-	-	-	(316)	-	-	(977)
Stock option plan	3,484	9,411	(60)	(45)	-	809	14,202	27,801
Reclassification of consideration for acquisition	-	-	-	-	-	(3,000)	(1,500)	(4,500)
Dividends paid	-	-	-	(200,000)	(4,633)	-	-	(204,633)
Goodwill remeasurement	-	68,037	-	-	-	-	-	68,037
Equity pickup	53,754	157,412	75,996	66,790	19,495	(33,548)	(17,295)	322,604
Closing balance	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 a capital decrease of R$ 50,000, with no cancellation of shares issued, in subsidiary KaBuM! since the capital amounts was considered excessive in relation to the activities developed.

12. Investments in subsidiaries (Continued)

a) Changes in investments in subsidiaries (Continued)

Position at 12/31/2021

Financial information	Netshoes	KaBum [1]	Época Cosméticos	Magalu Pagamentos	Integra	Consórcio Luiza	Magalog	Luizalabs
Shares/units of interest	1,514,532,428	1,976,774	34,405,475	2,000,000	100	6,500	16,726	23,273,616
Interest held - %	100%	100%	100%	100%	100%	100%	100%	100%
Current assets	791,994	1,199,864	204,022	2,005,967	150	82,068	265,539	59,296
Noncurrent assets	564,462	125,828	100,425	552,603	-	4,415	288,833	223,906
Current liabilities	743,803	856,045	170,460	1,963,472	-	23,391	262,234	84,606
Noncurrent liabilities	217,344	204,680	13	31,815	-	2,275	60,862	11,329
Capital	617,919	2,000	89,405	2,000	4,156	50,050	182,630	105,297
Equity	395,309	264,967	133,974	563,283	150	60,817	231,276	187,267
Net revenue	2,477,798	156,667	725,313	658,811	-	129,530	1,031,358	90,084
Net income (loss)	134,697	13,361	45,329	156,147	-	11,383	(858)	(6,981)

(1) The amounts of net revenue and net income at KaBuM refer to the period after closing of the acquisition process;

Changes	Netshoes	Kabum	Época Cosméticos	Magalu Pagamentos	Integra	Consórcio Luiza	Magalog	Luizalabs	Kelex	Certa	Total
Opening balance	763,450	-	121,454	169,536	2,170	52,129	145,212	62,843	1072	481	1,318,347
FCC/(capital decrease)	216,170	-	9,000	237,770	-	-	82,079	80,395	-	-	625,414
Acquisition of subsidiaries	-	1,724,776	-	-	-	-	12,800	82,800	-	-	1,820,376
Other comprehensive income (loss)	1,853	-	-	-	-	-	-	-	-	-	1,853
Stock option plan	3,427	-	(256)	(170)	-	-	(247)	3,979	-	-	6,733
Dividends	-	-	-	-	-	(2,695)	-	-	-	-	(2,695)
Net assets	-	-	-	-	-	-	-	1,328	(844)	(484)	-
Equity pickup	113,843	13,361	45,329	156,147	-	11,383	(858)	(9,433)	(228)	3	329,547
Closing balance	1,098,743	1,738,137	175,527	563,283	2,170	60,817	238,986	221,912	-	-	4,099,575

12. Investments in subsidiaries (Continued)

b) Reconciliation of book value

Subsidiaries	Equity	Goodwill on acquisition	Surplus value[1]	Balance in 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**
Magalu Pagamentos	**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] This refers to the difference in the fair value of assets and liabilities allocated to acquisition price.

Subsidiaries	Equity	Goodwill on acquisition	Surplus value[1]	Balance in 2021
Netshoes	395,309	486,718	216,716	1,098,743
Kabum	264,967	746,688	726,482	1,738,137
Época Cosméticos	133,974	36,826	4,727	175,527
Magalu Pagamentos	563,283	-	-	563,283
Integra Commerce	150	-	2,020	2,170
Consórcio Luiza	60,817	-	-	60,817
Magalog	231,276	3,756	3,954	238,986
Luizalabs	187,267	25,421	9,224	221,912
	1,837,043	1,299,409	963,123	4,099,575

[1] This refers to the difference in the fair value of assets and liabilities allocated to acquisition price.

13. Investments in jointly-controlled entities

Accounting policy

Investments in joint ventures are initially recognized at cost. As of acquisition date, the book value of the investment is adjusted to recognize changes in the Company's interest in the joint venture's equity.

The statement of profit or loss reflects the Company's interest in the operating income (loss) of the joint venture. Any change in other comprehensive income (loss) of these investees is presented as part of the Company's other comprehensive income (loss). Additionally, when a change is recognized directly in equity of the joint venture, the Company will recognize its interest in any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses arising from transactions between the Company and the joint venture are eliminated in proportion to the interest in joint venture.

The financial statements of joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made so that the accounting policies are aligned with those of the Company.

13. Investments in jointly-controlled entities (Continued)

Accounting policy (Continued)

After applying the equity method, the Company determines whether it is necessary to recognize additional impairment on the investment in its joint venture. The Company determines, at each statement of financial position closing date, if there is objective evidence that investment in the joint venture is impaired. If that is the case, the Company calculates the impairment amount as the difference between the joint venture's recoverable amount and carrying amount, and recognizes the loss in the statement of profit or loss. The Company identified no objective evidence of impairment in 2022 and 2021.

Position at 12/31/2022

Interest held	Luizacred	Luizaseg
Shares/units of interest	**31,056,244**	**12,855**
Interest held - %	**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
Opening balance	**426,422**	**(18,642)**	**407,780**
Other comprehensive income (loss)	**166**	**1,983**	**2,149**
Dividends declared	**-**	**(35,358)**	**(35,358)**
Unrealized profits / difference in practice	**(6,448)**	**(15,026)**	**(21,474)**
Equity pickup	**(49,590)**	**35,326**	**(14,264)**
Closing balance	**370,550**	**(31,717)**	**338,833**

Position at 12/31/2021

Interest held	Luizacred	Luizaseg
Shares/units of interest	31,056,244	12,855
Interest held - %	50%	50%
Current assets	15,191,017	276,724
Noncurrent assets	1,924,832	486,832
Current liabilities	16,169,030	353,579
Noncurrent liabilities	93,975	175,975
Capital	483,000	133,883
Equity	852,844	234,002
Net revenue	2,911,596	671,726
Net income	152,978	71,619

Changes	Luizacred	Luizaseg	Total
Opening balance	384,951	1,774	386,725
Other comprehensive income (loss)	-	(12,164)	(12,164)
Dividends declared	(35,018)	(31,091)	(66,109)
Unrealized income	-	(12,971)	(12,971)
Equity pickup	76,489	35,810	112,299
Closing balance	426,422	(18,642)	407,780

13. Investments in jointly-controlled entities (Continued)

Total investments in jointly-controlled entities

	2022	2021
Luizacred (a)	**376,998**	426,422
Luizacred - difference in practice (b)	**(6,448)**	-
Luizaseg (c)	**118,951**	117,001
Luizaseg – Unrealized profits (d)	**(150,668)**	(135,643)
	338,833	407,780

(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) Adjustments referring to difference in accounting practice for accounting recognition of revenue from an association agreement entered into by the parties (Note 20, 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 guarantees and operating activities. Luizaseg is jointly controlled with NCVP Participações Societárias S.A., subsidiary of Cardif do Brasil Seguros e Previdência S.A., and is engaged in the development, sale and administration of extended warranties for any type of product sold in Brazil through the Company's chain of stores.

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

14. Leases

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

Accounting policy

The Company recognizes a right-of-use asset and a lease liability at lease commencement date. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment, and adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the remaining term of the agreements.

The Company used as a cost component the fixed lease payments or fixed in essence, which would be the minimum agreed payments in accordance with the contracts subject to variable payments based on revenue achieved. Payment amounts specifically variable are not within the scope of CPC 06 (R2) and are recorded monthly as operating expenses.

Lease liabilities are initially measured at present value of the lease amounts that were not paid at lease commencement date, discounted using the incremental rate on the lease, which is defined as a rate equivalent to the rate that the lessee would have to pay for a loan over a similar period and subject to a similar guarantee, for the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

14. Leases (Continued)

Accounting policy (Continued)

The Company is a party to certain contracts with indefinite terms. Considering that both lessor and lessee have the right to cancel a contract at any time, with an insignificant fine, if any, the Company understands that such contracts are outside the scope of CPC 06 (R2), and such payments are recognized as operating expenses, should they occur. As at December 31, 2022, the Company recorded variable lease expenses or expenses with an indefinite term amounting to R$ 51,397 (R$ 50,260 at December 31, 2021).

Changes in rights of use in the years ended December 31, 2022 and 2021 were as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Opening balance	**3,324,747**	2,441,539	**3,362,998**	2,465,514
Additions/remeasurements	**872,460**	1,383,357	**894,016**	1,402,714
Additions from business combination	**-**	-	**-**	6,081
Direct costs	**5,038**	39,255	**5,038**	39,255
Write-offs	**(142,166)**	(87,028)	**(142,166)**	(87,028)
Depreciation	**(586,920)**	(452,376)	**(608,389)**	(463,538)
Closing balance	**3,473,159**	3,324,747	**3,511,497**	3,362,998
Breakdown				
Cost amount	**5,206,913**	4,472,903	**5,287,691**	4,543,122
Accumulated depreciation	**(1,733,754)**	(1,148,156)	**(1,776,194)**	(1,180,124)
	3,473,159	3,324,747	**3,511,497**	3,362,998

Changes in the lease liabilities in the years ended December 31, 2022 and 2021 were as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Opening balance	**3,412,288**	2,497,323	**3,454,678**	2,526,304
Additions/remeasurements	**881,079**	1,392,987	**901,906**	1,412,344
Additions from business combination	**-**	-	**-**	5,363
Payment of principal	**(470,226)**	(362,440)	**(487,186)**	(373,751)
Interest paid	**(314,441)**	(242,554)	**(321,543)**	(244,699)
Accrued interest	**293,140**	222,951	**297,816**	225,096
Write-offs	**(150,177)**	(95,979)	**(152,155)**	(95,979)
Closing balance	**3,651,663**	3,412,288	**3,693,516**	3,454,678
Current liabilities	**604,140**	415,329	**619,788**	433,834
Noncurrent liabilities	**3,047,523**	2,996,959	**3,073,728**	3,020,844

14. Leases (Continued)

Additional information

As described above, the Company adopted, as a discount rate for lease liabilities, the incremental loan rate, which is calculated as a basic interest rate that can be promptly observable, adjusted for the Company's credit risk, to the terms of the lease agreements and the nature and quality of any guarantees to be pledged. Considering that the Company's lease agreements are substantially agreements with payment flows indexed by inflation rates and considering the disclosure suggestions published in CVM/SNC/SEP Memorandum Circular No. 02/19, the Company provides below additional information about the agreements' characteristics so that users of these financial statements may, at their discretion, prepare projections of future payment flows indexed for inflation for the period.

Contractual flows at December 31, 2022:

	Average discount	Contractual flow of payments – consolidated						
Maturity	rate	2023	2024	2025	2026	2027	2028	2028 onwards
2023-2025	7.60%	147,317	93,767	40,010	9,845	-	-	-
2026-2028	7.60%	267,723	268,388	268,435	229,760	130,492	25,841	-
2029-2031	7.74%	95,329	95,777	95,674	95,637	95,956	95,956	167,343
2032-2034	7.71%	43,463	43,491	43,461	43,392	43,524	43,524	164,525
2035-2037	7.70%	58,974	60,116	60,082	60,075	60,041	60,115	456,999
2038-2040	7.78%	80,548	80,962	80,991	81,015	81,015	80,612	852,005
2040 onwards	8.50%	12,133	12,435	12,435	12,445	12,447	12,447	161,123
Total		**705,487**	**654,936**	**601,088**	**532,169**	**423,475**	**318,495**	**1,801,995**
Projected inflation[1]		11.91%	11.91%	11.91%	12.21%	12.21%	12.55%	12.72%

[1]Rate obtained by means of quotations of future DI x ICPA coupons observed on B3 (www.b3.com.br)

15. Property and equipment

Accounting policy

Property and equipment items are stated at acquisition or build-up cost, less respective accumulated depreciation amounts, except land and construction in progress, plus interests incurred and capitalized during the assets' construction phase, where applicable. Depreciation is recognized based on the estimated useful life of each asset or family of assets under the straight-line method, so that the asset's residual value after its useful life is fully written off. The estimated useful life, residual values and amortization method are reviewed on an annual basis, and the effect of any changes in estimates is accounted for prospectively.

A property and equipment item is derecognized upon disposal or when no future economic benefits are expected from its continued use. Gains and losses upon disposal or write off are recorded in P&L as incurred.

The accounting policy for impairment of property and equipment is described in Note 3.2.

Changes in property and equipment in the years ended December 31, 2022 and 2021 were as follows:

15. Property and equipment (Continued)

Individual

	Balance at 12/31/2021	Additions	Depreciation	Write-offs	Transfers	Balance at 12/31/2022
Furniture and fixtures	345,054	**33,515**	**(49,708)**	**(35)**	**1,797**	**330,623**
Machinery and equipment	315,404	**9,954**	**(19,673)**	**(276)**	**(1,838)**	**303,571**
Vehicles	9,521	**2**	**(3,917)**	**-**	**-**	**5,606**
Computers and peripherals	201,590	**39,948**	**(65,657)**	**(757)**	**4,169**	**179,293**
Improvements	704,428	**3,115**	**(76,625)**	**-**	**282,212**	**913,130**
Construction in progress	185,125	**120,962**	**-**	**-**	**(282,298)**	**23,789**
Other	16,666	**4,304**	**(3,648)**	**-**	**(4,042)**	**13,280**
	1,777,788	**211,800**	**(219,228)**	**(1,068)**	**-**	**1,769,292**

	Balance at 12/31/2020	Additions	Depreciation	Write-offs	Transfers	Balance at 12/31/2021
Furniture and fixtures	202,754	178,570	(37,949)	(362)	2,041	345,054
Machinery and equipment	154,172	176,649	(14,912)	(491)	(14)	315,404
Vehicles	10,197	3,188	(3,640)	(224)	-	9,521
Computers and peripherals	122,852	113,739	(47,947)	(386)	13,332	201,590
Improvements	582,200	2,981	(55,361)	(251)	174,859	704,428
Construction in progress	80,022	280,780	-	(819)	(174,858)	185,125
Other	19,561	17,085	(4,139)	(481)	(15,360)	16,666
	1,171,758	772,992	(163,948)	(3,014)	-	1,777,788

	2022			2021		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Furniture and fixtures	**561,170**	**(230,547)**	**330,623**	533,932	(188,878)	345,054
Machinery and equipment	**390,247**	**(86,676)**	**303,571**	383,676	(68,272)	315,404
Vehicles	**26,140**	**(20,534)**	**5,606**	31,318	(21,797)	9,521
Computers and peripherals	**437,175**	**(257,882)**	**179,293**	397,304	(195,714)	201,590
Improvements	**1,230,182**	**(317,052)**	**913,130**	953,470	(249,042)	704,428
Construction in progress	**23,789**	**-**	**23,789**	185,125	-	185,125
Other	**38,391**	**(25,111)**	**13,280**	39,121	(22,455)	16,666
	2,707,094	**(937,802)**	**1,769,292**	2,523,946	(746,158)	1,777,788

Consolidated

	Balance at 12/31/2021	Additions	Depreciation	Write-offs	Transfers	Balance at 12/31/2022
Furniture and fixtures	374,353	**60,535**	**(57,385)**	**(35)**	**(1,722)**	**375,746**
Machinery and equipment	344,020	**10,550**	**(24,114)**	**(276)**	**47**	**330,227**
Vehicles	9,759	**21**	**(4,073)**	**-**	**316**	**6,023**
Computers and peripherals	229,092	**43,654**	**(70,265)**	**(95)**	**(6,359)**	**196,027**
Improvements	726,438	**4,444**	**(84,695)**	**-**	**300,949**	**947,136**
Construction in progress	201,842	**138,021**	**-**	**-**	**(294,502)**	**45,361**
Other	53,209	**6,112**	**(5,633)**	**-**	**1,271**	**54,959**
	1,938,713	**263,337**	**(246,165)**	**(406)**	**-**	**1,955,479**

	Balance at 12/31/2020	Additions	Additions for acquisition of subsidiary	Depreciation	Write-offs	Transfers	Balance at 12/31/2021
Furniture and fixtures	207,812	198,482	601	(38,866)	(927)	7,251	374,353
Machinery and equipment	182,589	180,105	1,013	(18,812)	(563)	(312)	344,020
Vehicles	10,506	3,426	16	(3,726)	(463)	-	9,759
Computers and peripherals	132,809	121,463	13,004	(51,307)	(492)	13,615	229,092
Improvements	607,037	4,842	60	(61,275)	(558)	176,332	726,438
Construction in progress	82,095	297,568	53	-	(1,206)	(176,668)	201,842
Other	35,314	22,882	22,061	(6,066)	(764)	(20,218)	53,209
	1,258,162	828,768	36,808	(180,052)	(4,973)	-	1,938,713

15. Property and equipment (Continued)

Consolidated (Continued)

	2022			2021		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Furniture and fixtures	**620,596**	**(244,850)**	**375,746**	567,663	(193,310)	374,353
Machinery and equipment	**448,744**	**(118,517)**	**330,227**	438,499	(94,479)	344,020
Vehicles	**27,203**	**(21,180)**	**6,023**	31,948	(22,189)	9,759
Computers and peripherals	**487,099**	**(291,072)**	**196,027**	453,784	(224,692)	229,092
Improvements	**1,321,295**	**(374,159)**	**947,136**	1,032,631	(306,193)	726,438
Construction in progress	**45,361**	**-**	**45,361**	201,842	-	201,842
Other	**89,961**	**(35,002)**	**54,959**	80,295	(27,086)	53,209
	3,040,259	**(1,084,780)**	**1,955,479**	2,806,662	(867,949)	1,938,713

Depreciation rates

Annual depreciation rates are as follows:

	2022	2021
Furniture and fixtures	**10%**	10%
Machinery and equipment	**5%**	5%
Aircraft	**5%**	5%
Light vehicles	**20%**	20%
Heavy vehicles	**14.3%**	14.3%
Computers and peripherals	**20%**	20%
Improvements	**10.1%**	9.2%

The Company has no idle or held-for-sale property and equipment.

Impairment of assets

The Company updated its financial projections in the years presented and identified no internal or external elements that would indicate the need to make specific calculations to assess any impairment of property and equipment.

16. Intangible assets

Accounting policy

Goodwill computed upon acquisition of investments are initially measured as the excess of consideration transferred in relation to net assets acquired (net identifiable assets acquired and liabilities assumed). After initial recognition, indefinite-lived goodwill is measured at cost less any accumulated impairment (Note 3.2).

Software refers to the acquisition cost of the corporate management system, which has been amortized on a straight-line basis over five years.

16. Intangible assets (Continued)

Accounting policy (Continued)

Research expenditures are recorded as expenses when incurred, and development expenditures linked to technology innovations of existing products are capitalized if they are technologically and economically feasible, and amortized over the expected period of benefits in the operating expenses group. While such developments are not ended, balances are controlled in the group of "Projects in progress".

Intangible assets acquired in a business combination are substantially related to goodwill computed upon acquisition of investments. In the consolidated financial statements, intangible assets acquired in a business combination and recognized separately from goodwill are recorded at fair value at the date of acquisition, which is equivalent to their cost.

An intangible asset is derecognized upon disposal, or when no future economic benefits are expected from this asset. These future economic benefits are recognized in income (loss) when the asset is written off.

The accounting policy for impairment of intangible assets is described in Note 3.2.

Changes in intangible assets in the years ended December 31, 2022 and 2021 were as follows:

Individual

	Balance at 12/31/2021	Additions	Amortization	Write-offs	Transfers	Balance at 12/31/2022
Goodwill	313,856	**-**	**-**	**-**	**-**	**313,856**
Software	366,292	**56,701**	**(134,717)**	**(11)**	**222,355**	**510,620**
Projects in progress	48,732	**246,056**	**-**	**(278)**	**(222,355)**	**72,155**
Other	118	**-**	**-**	**-**	**-**	**118**
	728,998	**302,757**	**(134,717)**	**(289)**	**-**	**896,749**

	Balance at 12/31/2020	Additions	Amortization	Write-offs	Transfers	Balance at 12/31/2021
Goodwill	313,856	-	-	-	-	313,856
Software	242,915	15,488	(73,081)	-	180,970	366,292
Projects in progress	36,538	193,164	-	-	(180,970)	48,732
Other	118	-	-	-	-	118
	593,427	208,652	(73,081)	-	-	728,998

	2022			2021		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	**325,451**	**(11,595)**	**313,856**	313,856	-	313,856
Software	**951,025**	**(440,405)**	**510,620**	662,513	(296,221)	366,292
Projects in progress	**72,155**	**-**	**72,155**	48,732	-	48,732
Other	**118**	**-**	**118**	118	-	118
	1,348,749	**(452,000)**	**896,749**	1,025,219	(296,221)	728,998

16. Intangible assets (Continued)

Consolidated

	Balance at 12/31/2021	Additions	Additions for acquisition of subsidiary	Amortization	Write-offs	Transfers	Balance at 12/31/2022
Goodwill	2,249,516	**-**	**(18,534)**	**-**	**(2,857)**	**22,965**	**2,251,090**
Going-concern value	2,235	**-**	**-**	**(36)**	**-**	**-**	**2,199**
Customer portfolio	347,673	**77**	**77,847**	**(61,844)**	**-**	**(5,091)**	**358,662**
Software	775,147	**118,628**	**11,315**	**(245,084)**	**(11)**	**241,496**	**901,491**
Projects in progress	52,924	**264,408**	**-**	**-**	**(278)**	**(238,803)**	**78,251**
Trademarks and patents	840,265	**49**	**21**	**(2,106)**	**-**	**(20,836)**	**817,393**
Other	38,827	**-**	**(20,672)**	**-**	**-**	**269**	**18,424**
	4,306,587	**383,162**	**49,977**	**(309,070)**	**(3,146)**	**-**	**4,427,510**

	Balance at 12/31/2020	Additions	Additions for acquisition of subsidiary	Amortization	Write-offs	Transfers	Balance at 12/31/2021
Goodwill	1,102,740	-	1,179,056	-	-	(32,280)	2,249,516
Going-concern value	2,235	-	-	-	-	-	2,235
Customer portfolio	174,664	-	215,978	(42,969)	-	-	347,673
Software	369,232	79,953	253,088	(130,405)	(372)	203,651	775,147
Projects in progress	40,983	215,592	-	-	-	(203,651)	52,924
Trademarks and patents	176,181	585	626,302	-	(26)	37,223	840,265
Other	20,962	4,943	17,865	-	-	(4,943)	38,827
	1,886,997	301,073	2,292,289	(173,374)	(398)	-	4,306,587

	2022			2021		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	**2,262,685**	**(11,595)**	**2,251,090**	2,249,516	-	2,249,516
Going-concern value	**2,235**	**(36)**	**2,199**	2,235	-	2,235
Customer portfolio	**421,222**	**(62,560)**	**358,662**	395,017	(47,344)	347,673
Software	**1,717,287**	**(815,796)**	**901,491**	1,330,794	(555,647)	775,147
Projects in progress	**78,251**	**-**	**78,251**	52,954	(30)	52,924
Trademarks and patents	**821,617**	**(4,224)**	**817,393**	840,463	(198)	840,265
Other	**18,424**	**-**	**18,424**	39,514	(687)	38,827
	5,321,721	**(894,211)**	**4,427,510**	4,910,493	(603,906)	4,306,587

Expenses relating to amortization of intangible assets are recorded in “Depreciation and amortization”, in P&L for the year.

Impairment test of goodwill and intangible assets

Goodwill and other intangible assets were tested for impairment as at December 31, 2022 and 2021. Management prepared an estimate of all assets’ recoverable amount or value in use.

Goodwill impairment test upon acquisition of companies comprises calculating the recoverable amounts of the Cash-Generating Units (CGU) identified in each business. A relevant CGU identified is the grouping of all brick-and-mortar retail chain stores acquired, whose goodwill totals R$ 313,856 and has already been merged. Other relevant CGUs identified are: i) the fashion and sports vertical, whose goodwill corresponds mainly to the acquisition of Netshoes; and ii) the e-commerce operation of KaBum.

16. Intangible assets (Continued)

Impairment test of goodwill and intangible assets (Continued)

CGU value in use is determined using the discounted cash flow method, before taxes, at the following rates:

	Brick-and-mortar retail	Netshoes	Kabum
		Annual rate	
Discounted cash flow – discount rate, before taxes	12.2%	14.5%	13.6%
Weighted average growth rate in the first five years	8.7%	3.4%	5.3%
Perpetuity	3.3%	3.3%	3.3%

Future cash flow assumptions and growth perspective for the CGUs are based on the Company's annual budget and on business plans for the next years approved by the Board of Directors, as well as on comparable market data representing management's best estimate regarding economic conditions prevailing during the useful life of the group of assets generating cash flows. Based on the tests carried out, the Company identified no impairment of goodwill amounts recorded.

The Company conducted a sensitivity analysis taking into consideration an increase and a decrease in growth rates and a discount of 1%, which resulted in no need to set up provision for impairment.

17. Trade accounts payable

	Individual		Consolidated	
	2022	2021	2022	2021
Goods for resale	**4,661,647**	4,623,345	**5,740,238**	5,529,919
Other trade accounts payable	**113,624**	142,710	**182,534**	190,371
Adjustment to present value	**(170,698)**	(71,779)	**(181,752)**	(81,902)
	4,604,573	4,694,276	**5,741,020**	5,638,388

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 – agreements

Accounting policy

In consonance with best governance and transparency practices, and with a view to adopting the suggestions issued by the Accounting Standards Superintendence (SNC) and the Company Relations Superintendence (SEP) of the Brazilian Securities and Exchange Commission (CVM) in Memorandum Circular No. 01/22 and prior memorandum circulars, the Company decided to present separately from Trade accounts payable (Note 17) the amounts referring to agreement operations, which nevertheless remain sale transactions in essence. For better presenting the 2021 comparative balance, the Company reclassified the balances presented in the statement of financial position and statement of cash flow.

	Individual		Consolidated	
	2022	2021	2022	2021
Trade accounts payable – agreements	**3,756,776**	4,414,266	**3,802,237**	4,460,556

18. Trade accounts payable – agreements (Continued)

Accounting policy (Continued)

The Company and partnering banks entered into agreements to structure advance on receivables transactions with Company main suppliers, in which the Company is the lawful debtor. In these transaction, suppliers transfer to the bank the right to receive the notes in exchange for early receipt. The bank then becomes creditor of the operation. The Company settles the note on the date originally agreed upon with its supplier. Additionally, the Company confirms the existence of the suppliers' receivables to the banks and ensures these banks of the certainty and liquidity of these receivables. As such, the Company receives a premium from the banks, which is recognized as finance income on the same accrual basis as the operation. As at December 31, 2022, outstanding operations contracted were subject to an average term of 54 days.

19. Partners and other deposits

	Consolidated	
	2022	2021
Onlending to sellers – marketplace (a)	**1,244,615**	934,030
Payment arrangements to be settled (b)	**107,116**	257,453
Digital accounts of customers and sellers (c)	**200,912**	227,414
	1,552,643	1,418,897

(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 Magalu Pagamentos.

(b) This refers substantially to amounts transacted by Hub Pagamentos customers using prepaid cards in accredited commercial facilities, to be settled with the corresponding acquirers.

(c) These correspond to deposits made by customers and sellers in Magalu Pay digital accounts and Hub prepaid payment account.

20. Loans and financing

Type	Charges	Guarantee	Final maturity	Individual		Consolidated	
				2022	2021	2022	2021
Promissory notes (a)	100% of CDI + 1.25% p.a.	Clean	April/24	**1,783,941**	1,567,971	**1,783,941**	1,567,971
Debentures – restricted offer (b)	100% of CDI + 1.25% p.a.	Clean	Dec/26	**4,892,944**	4,837,054	**5,317,809**	4,837,054
Working capital (c)	CDI + +1.8% to 4.9% p.a.	Surety	Oct/25	**-**	-	**4,174**	356,167
Innovation financing – FINEP (d)	4% p.a.	Bank guarantee	Dec/22	**-**	7,351	**-**	7,063
Other	113.5% of CDI p.a.	Clean	Oct/25	**293**	329	**2,833**	24,617
				6,677,178	6,412,705	**7,108,757**	6,792,872
Current liabilities				**92,607**	44,100	**124,297**	407,968
Noncurrent liabilities				**6,584,571**	6,368,605	**6,984,460**	6,384,904

(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 par value of one million reais (R$1,000,000) each, with 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 par value of one thousand reais (R$1,000) each, and 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 reinforce the Company's working capital. On July 05, 2022, KaBum carried out the 1st issue of unsecured nonconvertible debentures, for public distribution with restricted placement efforts. Four hundred million (400,000) shares were issued with par value of one thousand reais (R$1,000) each, and final maturities on July 13, 2025, 100%, at the cost of 100% of CDI + 1.25% p.a. for debt extension purposes. Parent company Magazine Luiza stands grantor of this agreement.

20. Loans and financing (Continued)

(c) This refers to agreements signed by the subsidiary KaBuM for working capital purposes. These agreements were substantially settled in 2022.

(d) This concerns a financing agreement signed with Research and Projects Financing, also known as the Brazilian Innovation Agency (FINEP), for the purpose of investing in technology innovation research and development projects.

Reconciliation of cash flows from operating and financing activities

	Individual		Consolidated	
	2022	2021	2022	2021
Opening balance	**6,412,705**	1,683,968	**6,792,872**	1,686,762
Funds raised	**-**	6,300,273	**400,000**	6,300,273
Additions for acquisition	**-**	-	**-**	450,609
Payment of principal	**(7,917)**	(1,617,420)	**(383,261)**	(1,687,720)
Interest paid	**(591,701)**	(128,378)	**(616,462)**	(131,313)
Accrued interest	**864,091**	174,262	**915,608**	174,261
Closing balance	**6,677,178**	6,412,705	**7,108,757**	6,792,872

Maturity schedule

The maturity schedule of loans and financing is as follows:

Maturity year	Individual	Consolidated
2023	**92,607**	**124,297**
2024	**2,584,571**	**2,584,571**
2025	**2,000,000**	**2,399,889**
2026	**2,000,000**	**2,000,000**
	6,677,178	**7,108,757**

Covenants

Debentures issued by the Company and its subsidiary KaBum, and 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. The Company is compliance with these covenants, which are measured on a quarterly basis.

21. Deferred revenue

	Individual		Consolidated	
	2022	2021	2022	2021
Deferred revenue with third parties:				
Exclusivity agreement with Cardif (a)	**52,407**	69,876	**52,407**	69,876
Exclusivity agreement with Banco Itaucard S.A. (b)	**67,605**	71,500	**67,605**	71,500
Exclusivity agreement in payment arrangements (c)	**-**	-	**196,484**	-
Other agreements	**61,047**	-	**74,572**	22,220
	181,059	141,376	**391,068**	163,596
Deferred revenue with related parties:				
Exclusivity agreement with Luizacred (b)	**77,504**	88,591	**77,504**	88,591
Exclusivity agreement with Luizaseg (a)	**31,800**	43,400	**31,800**	43,400
	109,304	131,991	**109,304**	131,991
Total deferred revenue	**290,363**	273,367	**500,372**	295,587
Current liabilities	**52,009**	39,157	**76,908**	50,329
Noncurrent liabilities	**238,354**	234,210	**423,464**	245,258

(a) On December 14, 2015, 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 that expired on December 31, 2015, for an additional 10-year period, effective from January 1, 2016 to December 31, 2025. This agreement enabled a cash inflow of R$ 330,000 to the Company. Of this amount, R$ 42,000 were allocated to the jointly-controlled entity Luizacred since it has exclusive rights over credit card insurance. 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.

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., and Mastercard Brasil Soluções de Pagamento Ltda entered into an agreement to encourage the payment arrangement between the companies, whereby Mastercard is exclusively responsible for card issue for a 10-year period. As consideration for this exclusivity, Luizacred paid R$ 200,000 to the Company, which is recognized in P&L over the agreement term.

22. Other current and noncurrent liabilities

	Individual		Consolidated	
	2022	2021	2022	2021
Sales pending delivery, net of returns	**527,981**	542,076	**601,759**	584,385
Amounts to be transferred to partners (a)	**128,080**	104,767	**162,877**	153,722
Specialized services	**72,024**	126,302	**89,617**	149,240
Freight payable	**140,142**	91,407	**267,108**	196,885
Marketing payable	**90,882**	77,367	**187,877**	183,382
Payables for acquisitions (b)	**1,053,327**	1,427,749	**1,118,413**	1,565,412
Other	**97,237**	81,417	**182,629**	160,592
	2,109,673	2,451,085	**2,610,280**	2,993,618
Current liabilities	**1,621,391**	1,535,455	**2,118,136**	2,070,710
Noncurrent liabilities	**488,282**	915,630	**492,144**	922,908

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

(b) Agreed consideration payable for acquisitions of companies, whose highest amount refers to acquisition of KaBuM which, as at December 31, 2022 amounts to R$ 898,302 (R$ 1,422,793 at December 31, 2021), of which R$ 505,097 were settled in cash in January 2023 and R$ 318,500 refer to subscription bonus of up to 50.0 million common shares issued by the Company (MGLU3), conditioned to compliance with goals to be verified in January 2024.

23. Provision for civil, tax and labor contingencies

In relation to labor, civil and tax proceedings in progress whose outcomes have been assessed as unfavorable by the legal advisors, the Company set up 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 December 31, 2021	652,074	20,047	45,856	717,977
Additions	**18,461**	**8,407**	**26,050**	**52,918**
Reversals	**(8,645)**	**-**	**(461)**	**(9,106)**
Payments	**(11,648)**	**(2,898)**	**(2,417)**	**(16,963)**
Restatement	**70,010**	**-**	**-**	**70,010**
Balances at December 31, 2022	**720,252**	**25,556**	**69,028**	**814,836**

Consolidated

	Tax	Civil	Labor	Total
Balances at December 31, 2021	1,073,207	30,937	49,965	1,154,109
Additions	**35,513**	**11,239**	**29,034**	**75,786**
Allocation of price in business combination	**(67,068)**	**-**	**-**	**(67,068)**
Reversals	**(14,525)**	**(19)**	**(461)**	**(15,005)**
Payments	**(17,097)**	**(6,349)**	**(3,604)**	**(27,050)**
Restatement	**72,993**	**-**	**-**	**72,993**
Balances at December 31, 2022	**1,083,023**	**35,808**	**74,934**	**1,193,765**

As at December 31, 2022, 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:

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

a) *Tax contingencies*

The Company is 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 provision for other legal disputes for which judicial deposits have been made, as well as provisions related to prior years' business combinations. Tax contingencies are presented below:

	Individual		Consolidated	
	2022	2021	2022	2021
Federal	**508,889**	464,442	**871,660**	885,575
State	**211,337**	187,606	**211,337**	187,606
Municipal	**26**	26	**26**	26
	720,252	652,074	**1,083,023**	1,073,207

b) *Civil contingencies*

The provision for civil contingencies of R$ 25,556, individual, and R$ 35,808, consolidated, at December 31, 2022 (R$ 20,047 – individual and R$ 30,937 - consolidated at December 31, 2021) 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$ 69,028, individual, and R$ 74,934, consolidated, at December 31, 2022 (R$ 45,856, individual, and R$ 49,965, consolidated, at December 31, 2021) reflects the risk of probable loss assessed by the Company management together with its legal advisors.

d) *Judicial deposits*

To cover tax, civil and labor contingencies, the Company has judicial deposits in the amount of R$ 1,234,720, individual, and R$ 1,650,223, consolidated, as at December 31, 2022 (R$ 935,329, individual, and R$ 1,189,894, consolidated, at December 31, 2021). Major deposits refer to legal proceedings that challenge payment of ICMS Rate Differential (Difal), amounting to R$ 745,989, individual and R$ 974,243, consolidated, as at December 31, 2022 (R$ 510,775, individual and R$ 669,285, consolidated, at December 31, 2021).

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:

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

e) *Contingent liabilities – possible loss* (Continued)

	Individual		Consolidated	
	2022	2021	2022	2021
Federal	**1,831,085**	1,933,845	**2,049,132**	2,172,908
State	**939,375**	809,521	**1,338,949**	1,165,919
Municipal	**5,020**	3,719	**5,027**	3,719
	2,775,480	2,747,085	**3,393,108**	3,342,546

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

(i) administrative 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. Despite the progress of the discussion, with decisions favorable to taxpayers, the analysis of internal and external legal advisors is that the likelihood of a favorable outcome is possible;

(ii) 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; proceedings in which the Company discusses alleged ICMS credits or differences with state tax authorities;

(iii) administrative proceeding in which the Company discusses with the state tax authorities tax notices served for collection of ICMS credits taken on the purchase of goods from suppliers later declared to be unreliable;

(iv) 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 Brazilian state;

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

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

24. Equity

a) Capital

The Company's shareholding structure as of December 31, 2022 and December 31, 2021, with common, registered, book-entry no par value shares, is shown below:

	2022		2021	
	Number of shares	Interest %	Number of shares	Interest %
Controlling shareholders	**3,794,963,060**	**56.23**	3,794,169,268	56.22
Outstanding shares	**2,882,259,410**	**42.71**	2,871,349,076	42.55
Treasury shares	**71,704,378**	**1.06**	83,408,504	1.23
	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) This represents the period in which the options are believed to be exercised and takes into account the average turnover of the plan's beneficiaries.

As at December 31, 2022, there were 284,928 exercisable stock options. In 2022, 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 December 31, 2022:

Type of program	Grant date	Maximum grace period	Position of granted shares	Fair value[1]
2nd Matching share	April 05, 2018	5 years	2,874,124	R$ 3.08
3rd Matching share	April 04, 2019	5 years	1,303,840	R$ 5.05
4th Matching share	April 15, 2020	5 years	1,290,748	R$ 10.96
5th Matching share	May 04, 2021	5 years	1,021,443	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	1,051,432	R$ 10.96
6th Restricted share	May 04, 2021	3 years	1,816,116	R$ 19.86
7th Restricted share	July 04, 2022	3 years	26,701,145	R$ 2.16
1st Performance share	February 20, 2019	5 years	34,238,152	R$ 5.08
			71,379,709	**R$4.98**

[1] This refers to the weighted average fair value calculated in each program.

In addition to the plans presented above, the Company has been negotiating, in its acquisition processes, part of the acquisition price as consideration in shares issued by the Company ("MGLU3) to former owners of the acquired companies. As at December 31, 2022, the number of shares subject to referred to agreements is of 11,196,895, which will be delivered to the former owners until August 2026, partially linked to achievement of certain goals and partially as negotiated fixed price. Additionally, the Company issued, in KaBuM acquisition process, subscription bonuses of up to 50 million in common registered book-entry no par value shares, subject to achievement of goals to be verified in January 2024.

24. Equity (Continued)

c) Treasury shares

	Number	Amount
At January 1, 2021	35,539,688	603,681
Acquired in the year	59,416,900	1,055,885
Disposed of in the year	(11,548,084)	(210,407)
At December 31, 2021	83,408,504	1,449,159
Disposed of in the year	**(11,704,126)**	**(203,350)**
At December 31, 2022	**71,704,378**	**1,245,809**

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. As at December 31, 2022, the value of the MGLU3 share was of 2.74.

d) Proposed additional dividend

At the Annual General Meeting held on April 18, 2022, the payment of interest on equity included in total dividends for 2021, in the amount of R$ 100,000, was approved. Thus, the amount of R$ 58,749 was added to the amount already allocated as mandatory minimum dividend in the amount of R$ 41,251 at December 31, 2021. Interest on equity was fully paid in May 2022.

e) Equity adjustments

As at December 31, 2022, the Company recorded the amount of R$ 2,012 (R$ 840 at December 31, 2021) under equity adjustments, related to the fair value adjustments of financial assets in subsidiaries and jointly-controlled entities.

f) Earnings (loss) per share

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

	Basic earnings		Diluted earnings	
In thousands	**2022**	**2021**	**2022**	**2021**
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	**(71,704,378)**	(83,408,504)	**(71,704,378)**	(83,408,504)
Effect of exercise of stock option plans (a)	**-**	-	**62,676,367**	70,485,659
Weighted average number of outstanding common shares	**6,677,222,470**	6,665,518,344	**6,739,898,837**	6,736,004,003
Net income (loss) for the year	**(498,975)**	590,661	**(498,975)**	590,661
Net earnings (losses) per share (in reais):	**(0.075)**	0.089	**(0.075)**	0.088

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

25. Net sales revenue

Accounting policy

Net revenue is measured at the fair value of the consideration received or receivable, net of returns, rebates and sales taxes, as follows:

Resale of goods - revenue is recognized when products are delivered and customers acquire control over the assets, also considering the fact that the following conditions have been met:

- The revenue amount and the payment terms may be identified;
- It is probable that the Company will receive the consideration to which it will be entitled in exchange for the goods transferred to the customer.

The Company grants the customer the right to return the goods within a specified period and under certain assumptions. The amount of revenue recognized is adjusted for the expected returns. The Company uses the expected value method to estimate the assets that will not be returned. In these circumstances, the Company recognizes a liability for the return and a right to recover the asset to be returned.

Revenue from services rendered – recognized when the significant benefits relating to the service rendered are likely to be transferred by the Company. The Company has the following main sources of revenues from services:

(a) intermediation of financial services for its joint ventures, as well as other Company's partner businesses;

(b) provision of delivery services through its subsidiaries Magalog and GFL Logística.

(c) commissions charged by the Company, through its subsidiary Magalu Pagamentos, from its customers for processing financial transactions carried out on the Magalu Group's e-commerce platforms.

(d) management of consortia in subsidiary Luiza Administradora de Consórcios, where the revenue from the management fees of the consortium groups is recognized monthly upon effective receipt of the installments of the consortium members, which, for the consortium management activities, represent the effective period of service provision.

	Individual		Consolidated	
	2022	2021	2022	2021
Gross revenue:				
Retail - resale of goods	**34,545,662**	36,528,359	**41,746,601**	40,283,443
Retail - provision of services	**1,835,277**	1,390,350	**2,938,780**	2,240,937
Other services	**-**	-	**503,625**	458,307
	36,380,939	37,918,709	**45,189,006**	42,982,687
Taxes and returns:				
Retail - resale of goods	**(6,359,571)**	(6,656,380)	**(7,287,260)**	(7,206,058)
Retail - provision of services	**(149,237)**	(133,850)	**(238,731)**	(230,581)
Other services	**-**	-	**(364,013)**	(267,898)
	(6,508,808)	(6,790,230)	**(7,890,004)**	(7,704,537)
Net sales revenue	**29,872,131**	31,128,479	**37,299,002**	35,278,150

26. Cost of goods resold and services rendered

Accounting policy

Costs of goods resold and services provided include costs of acquisition of goods and rendering of services, less recovery of costs received from suppliers and recoverable ICMS tax substitution. Expenses with freights, related to the transportation of goods from suppliers to Distribution Centers (CDs) are included in cost of goods to be resold.

	Individual		Consolidated	
	2022	**2021**	**2022**	**2021**
Costs:				
Of resold goods	**(22,098,829)**	(24,299,083)	**(26,786,637)**	(26,438,633)
Of other services	**-**	-	**(73,469)**	(352,712)
	(22,098,829)	(24,299,083)	**(26,860,106)**	(26,791,345)

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 on the nature of these expenses recognized in the statement of profit or loss is as follows:

	Individual		Consolidated	
	2022	**2021**	**2022**	**2021**
Personnel expenses (a)	**(2,501,349)**	(2,556,594)	**(3,031,764)**	(2,947,948)
Expenses with service providers	**(2,724,503)**	(2,080,421)	**(2,936,673)**	(1,870,705)
Other	**(1,137,731)**	(1,550,558)	**(2,259,804)**	(2,325,670)
	(6,363,583)	(6,187,573)	**(8,228,241)**	(7,144,323)
Classified by function as:				
Selling expenses	**(5,389,954)**	(5,495,600)	**(6,741,109)**	(6,374,429)
General and administrative expenses	**(847,184)**	(810,008)	**(1,370,198)**	(1,031,654)
Other operating income, net (Note 28)	**(126,445)**	118,035	**(116,934)**	261,760
	(6,363,583)	(6,187,573)	**(8,228,241)**	(7,144,323)

(a) The Company provides its employees with health care benefits, dental reimbursement, life insurance, food vouchers, transportation vouchers, scholarship, “mother check,” in addition to stock-option plan for eligible employees, as described in the Note 24.

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

28. Other operating income, net

	Individual		Consolidated	
	2022	2021	2022	2021
Recognition of deferred revenue (a)	**62,657**	52,657	**75,958**	55,297
Reversal of provision for tax, civil and labor contingencies (b)	**(19,363)**	283,920	**(34,662)**	420,816
Tax credits (c)	**13,474**	345,959	**28,175**	353,812
Other income	**56,768**	682,536	**69,471**	829,925
Gain from (loss on) disposal of property and equipment	**(1,357)**	588	**(695)**	964
Expert fees (d)	**(26,812)**	(164,115)	**(30,425)**	(170,671)
Pre-operating expenses of stores and restructuring (e)	**(136,234)**	(320,057)	**(136,234)**	(320,057)
Covid-19-related aspects and other	**(18,810)**	(80,917)	**(19,051)**	(78,401)
Other	**(183,213)**	(564,501)	**(186,405)**	(568,165)
Net total	**(126,445)**	118,035	**(116,934)**	261,760

(a) This refers to recognition of deferred revenue for assignment of exploration rights, as described in Note 21.

(b) In 2021, refers mainly to the impacts of reversal of the provision related to judgment by the STF of the unconstitutionality of the payment of ICMS - Difal.

(c) In 2021, this refers to the ICMS-ST amounts recognized arising from sales to final consumers for an amount lower than the presumed calculation basis, as described in Note 10.

(d) Expenses related to advisory costs for acquisition of companies, as well as corporate structuring and lawyers' success fees for the aforementioned legal proceedings.

(e) These refer to expenses with the opening and closing of brick-and-mortar stores, as well as additional expenses with staff adjustment.

29. Finance income/(costs)

Accounting policy

Interest revenue and expenses are recognized in income (loss) using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

(i) gross book value of financial assets; or

(ii) at amortized cost of financial liabilities. In the calculation of interest income or expenses, the effective interest rate is levied on the gross book value of the assets or at amortized cost of the liabilities.

The Company classifies interest received, dividends and interest on equity received as cash flows from operating activities. Interest paid on loans and financing are classified as cash flows from financing activities.

29. Finance income/(costs) (Continued)

Accounting policy (Continued)

	Individual		Consolidated	
	2022	2021	2022	2021
Finance income:				
Interest from sales of extended warranty	**122,547**	51,538	**122,547**	51,538
Yield from short-term investments and marketable securities	**71,896**	50,713	**134,942**	42,700
Interest on goods sold - late payment interest	**28,197**	21,403	**28,285**	21,417
Monetary restatement receivable (a)	**333,823**	341,698	**378,393**	348,339
Other	**4,224**	1,805	**31,258**	27,583
	560,687	467,157	**695,425**	491,577
Finance costs:				
Interest on loans and financing	**(843,761)**	(170,397)	**(897,828)**	(172,553)
Interest on leases	**(293,140)**	(222,950)	**(297,817)**	(225,095)
Charges on credit card advances	**(696,851)**	(431,619)	**(1,001,705)**	(567,829)
Provision for loss on interest from extended warranty	**(92,756)**	(22,774)	**(92,756)**	(22,774)
Taxes on finance income	**(29,197)**	(18,440)	**(36,675)**	(21,207)
Monetary restatement payable	**(179,882)**	(51,564)	**(176,845)**	(62,524)
Other (b)	**(215,141)**	(93,570)	**(232,832)**	(108,606)
	(2,350,728)	(1,011,314)	**(2,736,458)**	(1,180,588)
Finance income (costs), net	**(1,790,041)**	(544,157)	**(2,041,033)**	(689,011)

(a) This substantially refers to monetary adjustments to tax credits (Note 10).

(b) Premiums received from banks, to confirm the existence of suppliers' receivable (Note 19), are stated net of other expenses with suppliers' negotiation.

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 Magalu Pagamentos;

(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.

30. Segment information (Continued)

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

	2022					
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	Consolidated
Gross revenue	**44,685,383**	**2,104,456**	**366,184**	**2,290,734**	**(4,257,751)**	**45,189,006**
Deductions from revenue	**(7,525,991)**	**-**	**-**	**(364,013)**	**-**	**(7,890,004)**
Net revenue of the segment	**37,159,392**	**2,104,456**	**366,184**	**1,926,721**	**(4,257,751)**	**37,299,002**
Costs	**(26,814,649)**	**(316,346)**	**(48,830)**	**(60,891)**	**380,610**	**(26,860,106)**
Gross profit	**10,344,743**	**1,788,110**	**317,354**	**1,865,830**	**(3,877,141)**	**10,438,896**
Selling expenses	**(6,688,094)**	**(549,579)**	**(261,121)**	**(1,824,692)**	**2,582,377**	**(6,741,109)**
General and administrative expenses	**(1,306,025)**	**(11,301)**	**(34,094)**	**(64,173)**	**45,395**	**(1,370,198)**
Gains from (losses on) allowance for expected credit losses	**(238,304)**	**(1,244,841)**	**-**	**(1,354)**	**1,244,841**	**(239,658)**
Depreciation and amortization	**(1,147,512)**	**(5,985)**	**(6,020)**	**(16,112)**	**12,005**	**(1,163,624)**
Equity pickup	**(67,085)**	**-**	**-**	**-**	**31,347**	**(35,738)**
Other operating income	**(125,313)**	**(66,900)**	**987**	**8,379**	**65,913**	**(116,934)**
Finance income	**680,605**	**-**	**27,219**	**14,820**	**(27,219)**	**695,425**
Finance costs	**(2,714,017)**	**-**	**(74)**	**(22,441)**	**74**	**(2,736,458)**
Income and social contribution taxes	**762,027**	**34,458**	**(23,951)**	**8,396**	**(10,507)**	**770,423**
Net income (loss) for the year	**(498,975)**	**(56,038)**	**20,300**	**(31,347)**	**67,085**	**(498,975)**

Reconciliation of equity pickup

Equity pickup – Other services (Note 12)	**(31,347)**
Equity pickup – Luizacred (Note 13)	**(56,038)**
Equity pickup – Luizaseg (Note 13)	**20,300**
(=) Equity pickup of the retail segment	**(67,085)**
(-) Effect of elimination – Other services	**31,347**
(=) Consolidated equity pickup	**(35,738)**

Statements of profit or loss

	2021					
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	Consolidated
Gross revenue	42,524,380	1,455,799	335,863	1,518,877	(2,852,232)	42,982,687
Deductions from revenue	(7,436,632)	-	-	(267,905)	-	(7,704,537)
Net revenue of the segment	35,087,748	1,455,799	335,863	1,250,972	(2,852,232)	35,278,150
Costs	(26,456,061)	(89,060)	(35,617)	(350,500)	139,893	(26,791,345)
Gross profit	8,631,687	1,366,739	300,246	900,472	(2,712,339)	8,486,805
Selling expenses	(6,534,228)	(482,701)	(242,494)	(885,555)	1,770,549	(6,374,429)
General and administrative expenses	(1,049,024)	(7,592)	(30,551)	17,370	38,143	(1,031,654)
Income from (loss on) provision for expected credit losses	(148,607)	(657,052)	-	(5,637)	657,052	(154,244)
Depreciation and amortization	(808,347)	(5,969)	(5,523)	(8,617)	11,492	(816,964)
Equity pickup	100,195	-	-	-	(867)	99,328
Other operating income	257,082	(72,690)	775	4,678	71,915	261,760
Finance income	486,630	-	26,727	4,947	(26,727)	491,577
Finance costs	(1,164,638)	-	(57)	(15,950)	57	(1,180,588)
Income and social contribution taxes	819,911	(64,246)	(26,284)	(10,841)	90,530	809,070
Net income (loss) for the year	590,661	76,489	22,839	867	(100,195)	590,661

30. Segment information (Continued)

Statements of profit or loss (Continued)

Reconciliation of equity pickup

Equity pickup – Other services (Note 12)	867
Equity pickup – Luizacred (Note 13)	76,489
Equity pickup – Luizaseg (Note 13)	22,839
(=) Equity pickup of the retail segment	100,195
(-) Effect of elimination – Other services	(867)
(=) Consolidated equity pickup	99,328

(a) The retail segment is represented by the consolidated amounts that include the results of Magazine Luiza S.A., Época Cosméticos, Netshoes, KaBuM, Magalu Pagamentos, 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.

Statement of financial position

	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 rights 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	9,505,414	-	1,452	37,843
Transfers and other deposits	1,552,643	-	-	-
Loans and financing	7,107,284	-	-	1,473
Leases	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

30. Segment information (Continued)

Statement of financial position (Continued)

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 from (losses on) investments	**338,833**

	2021			
	Retail	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	2,452,950	19,085	110	113,268
Marketable securities and other financial assets	1,556,211	7,990	316,117	160
Accounts receivable	5,582,053	8,121,521	-	87,301
Inventories	9,112,101	-	-	113
Investments	929,496	-	-	-
Property and equipment, intangible assets and rights of use	9,077,477	46,968	22,454	483,773
Other	9,324,082	362,365	43,109	239,601
	38,034,370	8,557,929	381,790	924,216
Liabilities				
Trade accounts payable	10,067,199	-	1,458	31,745
Transfers and other deposits	1,418,897	-	-	-
Loans and financing and other financial liabilities	6,790,828	-	-	2,044
Leases	3,454,678	-	33	-
Interbank deposits	-	1,900,576	-	-
Credit card operations	-	4,196,935	-	-
Insurance reserves	-	-	352,871	-
Provision for tax, civil and labor contingencies	1,078,800	33,860	1,581	69,842
Deferred revenue	295,587	13,128	-	-
Other	3,667,172	1,987,008	44,489	341,065
	26,773,161	8,131,507	400,432	444,696
Equity	11,261,209	426,422	(18,642)	479,520

Investment reconciliation	
Subsidiaries (Note 12)	
Consórcio Luiza	60,817
Magalog	238,986
Luizalabs	221,912
Magalu Pagamentos	563,283
	1,084,998
Jointly-controlled entities (Note 13)	
Luizacred	426,422
Luizaseg	(18,642)
	407,780
Total investments	1,492,778
(-) Effect of elimination	(1,084,998)
(=) Consolidated income from (losses on) investments	407,780

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). A financial asset is measured at amortized cost 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 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, is 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.

31. Financial instruments (Continued)

Accounting policy (Continued)

Initial classification and subsequent measurement (Continued)

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.

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 or 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.

31. Financial instruments (Continued)

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)

Category of financial instruments

			Individual				Consolidated			
			2022		2021		2022		2021	
Category of financial instruments	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	**202,663**	**202,663**	111,142	111,142	**250,014**	**250,014**	789,225	789,225
Accounts receivable – Credit and debit cards	Amortized cost	Level 2	**3,442,071**	**3,442,071**	3,120,761	3,120,761	**5,395,869**	**5,395,869**	4,632,410	4,632,410
Accounts receivable – Other trade accounts receivable and receivables from commercial agreements	Amortized cost	Level 2	**1,162,144**	**1,162,144**	825,121	825,121	**1,381,557**	**1,381,557**	1,035,700	1,035,700
Accounts receivable from related parties	Amortized cost	Level 2	**805,362**	**805,362**	609,299	609,299	**76,212**	**76,212**	114,841	114,841
Accounts receivable from related parties – Credit card	Amortized cost	Level 2	**2,500,360**	**2,500,360**	3,592,443	3,592,443	**2,500,360**	**2,500,360**	3,592,443	3,592,443
Cash equivalents - Bills	FVTPL	Level 2	**2,276**	**2,276**	5,887	5,887	**2,276**	**2,276**	5,887	5,887
Cash equivalents - CDBs	Amortized cost	Level 2	**603,825**	**603,825**	1,341,725	1,341,725	**2,130,280**	**2,130,280**	1,736,274	1,736,274
Marketable securities	Amortized cost	Level 2	**14,525**	**14,525**	12,734	12,734	**14,525**	**14,525**	12,734	12,734
Marketable securities	FVTPL	Level 2	**245,273**	**245,273**	1,543,477	1,543,477	**245,273**	**245,273**	1,543,637	1,543,637
Total financial assets			**8,978,499**	**8,978,499**	11,162,589	11,162,589	**11,996,366**	**11,996,366**	13,463,151	13,463,151

			Individual				Consolidated			
			2022		2021		2022		2021	
Category of financial instruments	Classification	Fair value measurement	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Trade accounts payable	Amortized cost	Level 2	**8,361,349**	**8,361,349**	9,108,542	9,108,542	**9,543,257**	**9,543,257**	10,098,944	10,098,944
Transfers and other deposits	Amortized cost	Level 2	**-**	**-**	-	-	**1,552,643**	**1,552,643**	1,418,897	1,418,897
Loans and financing	Amortized cost	Level 2	**6,677,178**	**6,827,377**	6,412,705	7,149,049	**7,108,757**	**7,258,956**	6,792,872	7,529,216
Leases	Amortized cost	Level 2	**3,651,663**	**3,651,663**	3,412,288	3,412,288	**3,693,516**	**3,693,516**	3,454,678	3,454,678
Accounts payable to related parties	Amortized cost	Level 2	**256,707**	**256,707**	195,894	195,894	**152,511**	**152,511**	125,302	125,302
Other accounts payable - acquisition	Amortized cost	Level 2	**1,053,327**	**1,053,327**	1,427,750	1,427,750	**1,118,413**	**1,118,413**	1,565,413	1,565,413
Total financial liabilities			**20,000,224**	**20,150,423**	20,557,179	21,293,523	**23,169,097**	**23,319,296**	23,456,106	24,192,450

31. Financial instruments (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 available.

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.

31. Financial instruments (Continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's Finance Board, which prepares an appropriate liquidity risk management model to manage funding needs and liquidity management in the short, medium and long terms. The Company manages liquidity risk by continuously monitoring expected and actual cash flows, combining the maturity profiles of financial assets and liabilities, and maintaining close relationships with financial institutions, with frequent disclosure of information to support credit decisions should external resources be required.

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 12/31/2022

Individual	Book balance	Up to 1 year	1 to 3 years	More than 3 years	Total
Trade accounts payable	8,361,349	8,361,349	-	-	8,361,349
Leases	3,651,663	691,395	1,246,312	3,079,332	5,017,040
Loans and financing	6,677,178	92,607	2,584,571	4,000,000	6,677,178
Transactions with related parties	256,707	256,707	-	-	256,707
Other accounts payable - acquisition	1,053,327	626,308	318,500	169,782	1,114,590

Consolidated	Book balance	Up to 1 year	1 to 3 years	More than 3 years	Total
Trade accounts payable	9,543,257	9,543,257	-	-	9,543,257
Leases	3,693,516	697,163	1,256,709	3,105,021	5,058,893
Loans and financing	7,108,757	524,186	2,584,571	4,000,000	7,108,757
Transactions with related parties	152,511	152,511	-	-	152,511
Other accounts payable - acquisition	1,118,413	644,715	355,991	184,397	1,185,103

Considerations about other financial risks

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

31. Financial instruments (Continued)

Considerations about other financial risks (Continued)

Credit risk: the credit risk arises from the possibility that the Company may incur losses resulting from the non-receipt of amounts billed to its customers, the consolidated balance of which as of December 31, 2022 was R$ 6,985,941 (R$ 5,812,946 at December 31, 2021). 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 at December 31, 2022, the Company recorded accounts receivable balances that would be overdue or lost, whose terms were renegotiated, in the amount of R$ 63,779 (R$ 49,123 as of December 31, 2021), 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.

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 at December 31, 2022, almost all of the investments held by the Company have such a rating level, reaching the amount of R$ 910,399 (R$ 2,903,823 at December 31, 2021), individual, and R$ 2,474,329 (R$ 3,333,364 at December 31, 2021), 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, determination of limits for transactions with derivatives, 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 at December 31, 2022, 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 13.65% p.a.

31. Financial instruments (Continued)

Considerations about other financial risks (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	Consolidated
	2022	2022
Bank Deposit Certificates (Note 5)	**606,101**	**2,132,556**
Non-boutique investment funds (Note 5)	**-**	**37,475**
Cash equivalents	**606,101**	**2,170,031**
Marketable securities (Note 6)	**304,298**	**304,298**
Total cash equivalents and marketable securities	**910,399**	**2,474,329**
Loans and financing (Note 20)	**(6,677,178)**	**(7,108,757)**
Net exposure	**(5,766,779)**	**(4,634,428)**
Finance cost related to interest - exposure to CDI		
Impact on finance income (costs), net of taxes:		
Base scenario – rate of 13.65% p.a.	**(211,963)**	**(226,415)**
Scenario of 25% increase – rate of 17.06% p.a.	**(264,954)**	**(283,019)**
Scenario of 50% increase – rate of 20.48% p.a.	**(317,945)**	**(339,623)**
Scenario of 25% decrease – rate of 10.24% p.a.	**(158,972)**	**(169,811)**
Scenario of 50% decrease – rate of 6.83% p.a.	**(105,982)**	**(113,208)**

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	
	2022	2021	2022	2021
Changes in the fair values of financial assets	**(1,172)**	(10,311)	**-**	(10,311)
Stock option plan - subsidiaries	**(31,362)**	(7,810)	**-**	(7,810)
Accounts payable for acquisition of subsidiaries	**(156,603)**	(1,415,025)	**(156,603)**	(1,494,141)
Dividends proposed by subsidiaries and jointly-controlled entities	**13,464**	2,695	**8,831**	2,695
Dividends or IOE declared and not paid in the year	**-**	(41,251)	**-**	(41,251)
Rights of use and lease – additions/remeasurement	**872,460**	1,392,987	**897,262**	1,402,714

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.

33. Insurance coverage (Continued)

Insurance coverage as at December 31, 2022 and December 31, 2021 is as follows:

	Individual		Consolidated	
	2022	2021	2022	2021
Civil liability D&O	**100,000**	100,000	**194,025**	194,025
Sundry risks – inventories and P&E	**6,556,541**	6,779,389	**7,714,867**	7,756,705
Vehicles	**34,379**	25,228	**34,379**	25,228
	6,690,920	6,904,617	**7,943,271**	7,975,958

34. Events after the reporting period

On March 06, 2023, the Company became aware of anonymous whistleblowing referring to practices allegedly in disagreement with the Company's Code of Conduct and Ethics, specifically irregularities involving operations with certain distributors and suppliers. The anonymous whistleblowing reported that the alleged practices involved supplier discount operations and mentions three distributors, which represented approximately 3.5% of total goods purchased in the course of 2022. In view of that, the Board of Directors instructed the Audit, Risk and Compliance Committee to investigate the facts alleged in the anonymous reporting, which is currently under way counting on advisory services provided by independent external experts.