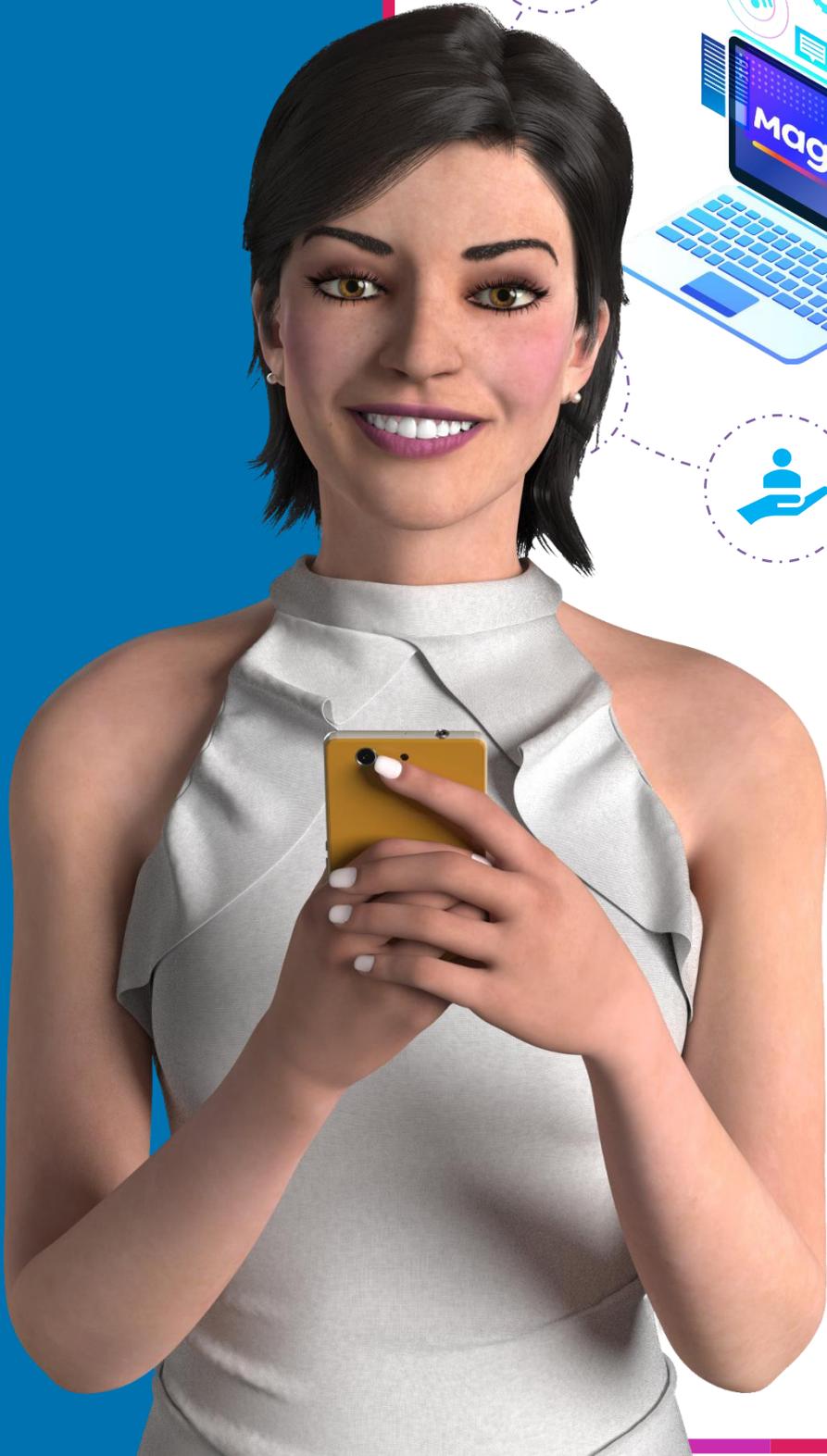




Condensed Parent Company and Consolidated Interim Financial Statements as of and for March 31, 2021



Contents

Independent auditor's report on review of condensed parent company and consolidated interim financial statements	3
Condensed balance sheets	8
Condensed statements of income	10
Condensed statements of comprehensive income	11
Condensed statements of changes in shareholders' equity	12
Condensed statements of cash flows	13
Condensed statements of added value	14
Notes to the condensed parent company and consolidated interim financial statements	15



KPMG Auditores Independentes
Rua Arquiteto Olavo Redig de Campos, 105, 6º andar - Torre A
04711-904 - São Paulo/SP - Brasil
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil
Telefone +55 (11) 3940-1500
kpmg.com.br

Independent Auditors' Report on Review of Condensed Parent Company and Consolidated Interim Financial Statements

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

Introduction

We have reviewed the accompanying March 31, 2021 condensed parent company and consolidated interim financial statements of Magazine Luiza S.A. ("the Company"), which comprises:

- the condensed parent company and consolidated balance sheets as at March 31, 2021;
- the condensed parent company and consolidated statements of income and other comprehensive income for three-month periods ended March 31, 2021;
- the condensed parent company and consolidated statements of changes in shareholders' equity for the three-month period ended March 31, 2021;
- the condensed parent company and consolidated statements of cash flows for the three-month period ended March 31, 2021; and
- notes to the interim financial statements.

Management is responsible for the preparation and presentation of these condensed parent company and consolidated interim financial statements in accordance with CPC 21(R1) and IAS 34 - *Interim Financial Reporting*, issued by the International Accounting Standards Board – IASB. Our responsibility is to express a conclusion on this condensed parent company and consolidated interim financial statements based on our review.



Scope of Review

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

Conclusion on the condensed parent company and condensed interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed parent company and consolidated interim financial statements as at March 31, 2021 is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting.

Other Matters

Condensed statements of added value

We also reviewed the condensed parent company and consolidated statement of added value for the three-month period ended March 31, 2021, prepared under the responsibility of the Company's Management, for which presentation is required in the interim information in accordance with Accounting Pronouncement CPC 21(R1) and IAS 34 - Interim Financial Reporting, which does not require the presentation of the statement of added value. These statements were submitted to the same review procedures described previously and, based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added is not prepared, in all material respects, in accordance with Accounting Pronouncement CPC 21(R1) and IAS 34 - Interim Financial Reporting.

São Paulo, May 13, 2021

KPMG Auditores Independentes
CRC 2SP014428/O-6

Marcelle Mayume Komukai
Accountant CRC 1SP249703/O-5

Magazine Luiza S.A.

Condensed balance sheets as at March 31, 2021 and December 31, 2020
(Amounts expressed in thousands of reais – R\$)

	Note	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	5	408,562	1,281,569	639,869	1,681,376
Securities	6	745,234	1,220,095	745,394	1,221,779
Trade accounts receivable	7	2,272,531	3,460,711	3,714,318	4,761,899
Inventory	8	6,354,584	5,459,037	6,808,443	5,927,236
Receivables from related parties	9	2,062,462	2,661,364	1,633,939	2,329,648
Recoverable taxes	10	782,042	594,782	895,426	716,118
Other assets		112,879	121,925	183,577	160,754
Total current assets		12,738,294	14,799,483	14,620,966	16,798,810
Non-current assets					
Trade accounts receivable	7	16,967	16,140	16,967	16,140
Recoverable taxes	10	643,553	740,927	690,273	787,934
Deferred income tax and social contribution	11	88,369	164,047	128,343	196,736
Escrow deposits	22	770,828	660,734	980,613	843,852
Other assets		3,913	3,703	4,896	6,333
Investments in subsidiaries	12	1,665,002	1,318,347	-	-
Investments in joint venture	13	381,789	386,725	381,789	386,725
Right-of-use of leases	14	2,449,833	2,441,539	2,472,580	2,465,514
Property, plant and equipment	15	1,223,929	1,171,758	1,307,990	1,258,162
Intangible assets	16	631,444	593,427	2,006,141	1,886,997
Total non-current assets		7,875,627	7,497,347	7,989,592	7,848,393
Total assets		20,613,921	22,296,830	22,610,558	24,647,203

See the accompanying notes to the interim financial statements.

Magazine Luiza S.A.

Condensed balance sheets as at March 31, 2021 and December 31, 2020
(Amounts expressed in thousands of reais – R\$)

	Note	Parent company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Liabilities					
Current liabilities					
Trade accounts payable	17	6,582,460	7,679,861	7,070,516	8,501,398
Payables to sellers	18	-	-	756,675	718,482
Loans and financing	19	846,779	1,666,243	847,484	1,667,181
Payroll, vacation pay and related charges		296,585	294,314	380,231	359,721
Taxes payable		167,257	331,113	211,169	401,308
Accounts payable to related parties	9	107,977	189,135	36,165	130,286
Lease	14	343,650	340,801	353,726	351,152
Deferred revenue	20	39,157	39,157	43,063	43,009
Dividends payable	23	39,955	39,953	39,955	39,953
Other accounts payable	21	850,107	931,602	1,133,692	1,203,655
Total current liabilities		9,273,927	11,512,179	10,872,676	13,416,145
Non-current					
Loans and financing	19	820,256	17,725	822,294	19,581
Lease	14	2,175,571	2,156,522	2,191,914	2,175,152
Deferred income tax and social contribution	11	-	-	21,074	24,843
Provision for tax, civil and labor contingency risks	22	799,771	998,250	1,131,175	1,379,935
Deferred revenue	20	273,703	286,867	287,352	301,270
Other accounts payable	21	-	-	13,380	4,990
Total non-current liabilities		4,069,301	3,459,364	4,467,189	3,905,771
Total liabilities		13,343,228	14,971,543	15,339,865	17,321,916
Total equity					
Capital	23	5,952,282	5,952,282	5,952,282	5,952,282
Capital reserve		421,727	390,644	421,727	390,644
Treasury shares		(943,495)	(603,681)	(943,495)	(603,681)
Legal reserve		122,968	122,968	122,968	122,968
Retained earnings		1,451,923	1,451,923	1,451,923	1,451,923
Equity valuation adjustment		6,648	11,151	6,648	11,151
Income for the period		258,640	-	258,640	-
Total equity		7,270,693	7,325,287	7,270,693	7,325,287
Total Liabilities and Total Equity		20,613,921	22,296,830	22,610,558	24,647,203

See the accompanying notes to the interim financial statements.

Magazine Luiza S.A.

Condensed statements of income

For the three months period ended March 31, 2021 and 2020

(Amounts expressed in thousands of reais – R\$)

	Note	Parent company		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net revenue from sales	24	7,529,680	4,723,796	8,252,813	5,234,749
Cost of goods sold and services rendered	25	(5,690,187)	(3,483,552)	(6,182,711)	(3,814,276)
Gross profit		1,839,493	1,240,244	2,070,102	1,420,473
Operating income (expense)					
Sales expenses	26	(1,308,121)	(801,140)	(1,420,206)	(938,263)
General and administrative	26	(173,658)	(148,393)	(225,556)	(194,625)
Losses on trade receivables		(32,765)	(26,944)	(33,807)	(30,008)
Depreciation and amortization	14 15 16	(148,646)	(145,821)	(178,326)	(174,841)
Equity in investments	12 13	91,959	(59,815)	22,958	2,445
Other operating income	26 27	216,944	82,168	282,098	72,599
		(1,354,287)	(1,099,945)	(1,552,839)	(1,262,693)
Operating income before net financial expense		485,206	140,299	517,263	157,780
Financial income		31,077	64,409	33,591	49,763
Financial expenses		(181,738)	(136,894)	(203,919)	(144,174)
Net financial income (expenses)	28	(150,661)	(72,485)	(170,328)	(94,411)
Operating income before income tax and social contribution		334,545	67,814	346,935	63,369
Current and deferred income tax and social contribution	11	(75,905)	(37,011)	(88,295)	(32,566)
Net income for the year		258,640	30,803	258,640	30,803
Earnings per share					
Basic (R\$ per share)	23	0.040	0.005	0.040	0.005
Diluted (R\$ per share)	23	0.040	0.005	0.040	0.005

See the accompanying notes to the interim financial statements.

Magazine Luiza S.A.

Condensed statements of comprehensive income For the three months period ended March 31, 2021 and 2020 (In thousands of Brazilian Reals - R\$)

	Parent company and Consolidated	
	03/31/2021	03/31/2020
Net income for the period	258,640	30,803
Items that can subsequently be reclassified to statements of income:		
Investments evaluated using the equity accounting method – participation in Other Comprehensive Income (OCI)	(7,696)	3,476
Tax effects	3,193	(1,005)
Total	(4,503)	2,471
Total items that can subsequently be reclassified to profit or loss	(4,503)	2,471
Total comprehensive income for the period, net of taxes	(4,503)	33,274
Allocated to:		
Controlling shareholders	254,137	33,274

See the accompanying notes to the interim financial statements.

Magazine Luiza S.A.
Condensed statements of changes in shareholders' equity
For the three months period ended March 31, 2021 and 2020
(In thousands of Brazilian Reais - R\$)

Note	Capital	Capital reserve	Treasury shares	Legal reserve	Profit reserve			Net income	Equity valuation adjustment	Total
					Working capital reinforcement reserve	Additional dividends proposed	Tax incentive reserve			
Balances as at January 1, 2020	5,952,282	323,263	(124,533)	109,001	758,421	337,348	205,987	-	3,168	7,564,937
Share purchase option plan	-	22,277	-	-	-	-	-	-	-	22,277
Treasury shares acquired	-	(41,080)	(51,352)	-	-	-	-	-	-	(92,432)
Additional dividends proposed	-	-	-	-	290,914	(290,914)	-	-	-	-
Net income	-	-	-	-	-	-	-	30,803	-	30,803
	-	(18,803)	(51,352)	-	290,914	(290,914)	-	30,803	-	(39,352)
Other comprehensive income:										
Equity valuation adjustment	-	-	-	-	-	-	-	-	2,471	2,471
Balances as at March 31, 2020	5,952,282	304,460	(175,885)	109,001	1,049,335	46,434	205,987	30,803	5,639	7,528,056
Balances as at January 1, 2021	5,952,282	390,644	(603,681)	122,968	1,003,374	130,194	318,355	-	11,151	7,325,287
Share purchase option plan	23	-	25,204	-	-	-	-	-	-	25,204
Treasury shares acquired	23	-	-	(358,846)	-	-	-	-	-	(358,846)
Treasury shares sold	23	-	(24,871)	19,032	-	-	-	-	-	(5,839)
Contingent consideration	23	-	30,750	-	-	-	-	-	-	30,750
Net income	23	-	-	-	-	-	-	258,640	-	258,640
	-	31,083	(339,814)	-	-	-	-	258,640	-	(50,091)
Other comprehensive income:										
Equity valuation adjustment	-	-	-	-	-	-	-	-	(4,503)	(4,503)
Balances as at March 31, 2021	5,952,282	421,727	(943,495)	122,968	1,003,374	130,194	318,355	258,640	6,648	7,270,693

See the accompanying notes to the interim financial statements.

Magazine Luiza S.A.

Condensed statements of cash flows For the three months period ended March 31, 2021 and 2020 (In thousands of Brazilian Reals - R\$)

	Note	Parent company		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cash flow from operating activities					
Net income		258,640	30,803	258,640	30,803
Adjustments to reconcile net income to cash flow from operating activities:					
Income tax and social contribution recognized under profit or loss	11	75,905	37,011	88,295	32,566
Depreciation and amortization	14 15 16	148,646	145,821	178,326	174,841
Accrued interest over loans, financing and leasing	14 19	61,874	51,366	62,373	53,438
Finance income from investments and securities		(4,778)	(18,414)	(4,778)	(18,414)
Equity in investments	12 13	(91,959)	59,815	(22,958)	(2,445)
Losses on trade receivables and allowance for inventory	7 8	54,425	(59,162)	53,956	(79,086)
Provision for tax, civil and labor contingency risks	22	(197,629)	29,762	(257,181)	33,564
Loss from the disposal of property and equipment	27	147	62	349	62
Appropriation of deferred revenue	27	(13,164)	(13,164)	(13,864)	(13,892)
Shared base payment expense		26,139	20,171	26,139	22,277
		318,246	284,071	369,297	233,714
Changes in:					
Accounts receivable		1,153,148	874,897	1,012,246	734,716
Securities		479,639	2,235,069	481,163	2,235,517
Inventory		(915,767)	(121,306)	(900,484)	(158,438)
Receivables from related parties		593,349	(362,855)	688,387	(363,166)
Recoverable taxes		(89,884)	(99,535)	(81,620)	(92,711)
Escrow deposits		(110,094)	(24,477)	(136,761)	(29,212)
Other assets		8,835	(4,121)	(21,000)	(5,486)
Variation in assets		1,119,226	2,497,672	1,041,931	2,321,220
Changes in:					
Trade accounts payable		(1,097,401)	(1,708,458)	(1,431,015)	(1,802,646)
Payables to sellers		-	-	38,193	-
Payroll, vacation pay and related charges		2,271	(97,643)	20,024	(92,592)
Taxes payable		(164,459)	(202,353)	(200,945)	(218,833)
Accounts payable to related parties		(81,158)	(85,239)	(94,121)	(99,304)
Other accounts payable		(243,645)	(114,951)	(240,674)	78,905
Variation in liabilities		(1,584,392)	(2,208,644)	(1,908,538)	(2,134,470)
Income tax and social contribution paid		(5,475)	-	(19,321)	(1,751)
Dividends received		29,454	24,751	29,454	24,751
Cash generated from (used in) operating activities		(122,941)	597,850	(487,177)	443,464
Cash flow used in investing activities					
Acquisition of property, plant and equipment	15	(92,408)	(60,723)	(94,686)	(68,490)
Acquisition of intangible assets	16	(58,234)	(27,642)	(65,945)	(36,906)
Capital increase in joint venture and advance for future capital increase in subsidiaries	12	(246,087)	(152,600)	-	-
Investment in subsidiary, net of cash acquired		-	-	(37,081)	(29,902)
Cash flow used in investing activities		(396,729)	(240,965)	(197,712)	(135,298)
Cash flow from / (used in) financing activities					
Loans and financing	19	800,000	-	800,000	-
Payment of loans and financing	19	(805,402)	(4,039)	(805,402)	(4,087)
Payment of interest on loans and financing	19	(27,517)	(226)	(27,568)	(257)
Lease payment	14	(69,774)	(76,369)	(72,505)	(80,750)
Payment of interest on lease	14	(50,849)	(45,409)	(51,348)	(47,481)
Divestment (acquisition) of treasury shares		(199,795)	(92,433)	(199,795)	(92,433)
Cash flow used in financing activities		(353,337)	(218,476)	(356,618)	(225,008)
Increase (decrease) of cash and cash equivalents		(873,007)	138,409	(1,041,507)	83,158
Cash and cash equivalents at the beginning of the year		1,281,569	180,799	1,681,376	305,746
Cash and cash equivalents at the end of the year		408,562	319,208	639,869	388,904
Increase (decrease) of cash and cash equivalents		(873,007)	138,409	(1,041,507)	83,158

See the accompanying notes to the interim financial statements.

Magazine Luiza S.A.

Condensed statements of added value for the three months period ended March 31, 2021 and 2020 (In thousands of Brazilian Reals - R\$)

	Parent company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenue				
Goods, products and services sold	8,819,968	5,582,419	9,657,563	6,201,147
Losses on trade receivables, net of reversals	(32,765)	(26,944)	(33,807)	(30,008)
Other operating income	372,941	66,735	433,091	67,856
	9,160,144	5,622,210	10,056,847	6,238,995
Inputs acquired from third parties				
Cost of goods sold and services rendered	(6,323,627)	(3,970,016)	(6,810,768)	(4,267,990)
Materials, energy, outsourced services and other	(1,059,417)	(486,416)	(1,132,569)	(611,145)
Loss and recovery of asset values	(23,181)	94,764	(26,467)	94,543
	(7,406,225)	(4,361,668)	(7,969,804)	(4,784,592)
Gross added value	1,753,919	1,260,542	2,087,043	1,454,403
Depreciation and amortization	(148,646)	(145,821)	(178,326)	(174,841)
Net added value produced by the Entity	1,605,273	1,114,721	1,908,717	1,279,562
Added value received as transfer				
Equity in investments	91,959	(59,815)	22,958	2,445
Financial income	31,077	64,409	33,591	49,763
Total added value for distribution	1,728,309	1,119,315	1,965,266	1,331,770
Distribution of added value				
Personnel and related charges:				
Direct remuneration	395,234	275,935	443,143	322,067
Benefits	87,419	93,084	105,172	96,328
FGTS	32,488	25,281	39,753	29,162
	515,141	394,300	588,068	447,557
Taxes, duties and contributions:				
Federal	100,652	129,979	188,028	177,469
State	625,587	396,764	666,864	483,660
Municipal	18,808	18,370	26,138	20,661
	745,047	545,113	881,030	681,790
Remuneration of third-party capital:				
Interest	161,008	111,620	164,948	115,358
Rent	28,518	14,052	31,226	21,112
Other	19,955	23,427	41,354	35,150
	209,481	149,099	237,528	171,620
Remuneration of own capital:				
Retained earnings	258,640	30,803	258,640	30,803
	1,728,309	1,119,315	1,965,266	1,331,770

See the accompanying notes to the interim financial statements.

Notes to the financial statements

1. General information

Magazine Luiza S.A. (“Company”) is a publicly traded corporation listed under the special segment called “Novo Mercado da B3 S.A. – Brasil, Bolsa, Balcão” under the code “MGLU3” and is primarily engaged in the retail sale of consumer goods, mainly home appliances, personal electronics and furniture, through physical and virtual stores or through e-commerce. Through its joint venture subsidiaries (Note 13), it offers loan, financing and insurance services to its clients. Its headquarters is in the city of Franca, state of São Paulo, Brazil and its parent and holding company is LTD Administração e Participação S.A.

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

As at March 31, 2021, the Company owned 1,309 stores (1,301 stores as at December 31, 2020) and 25 distribution centers (23 distribution centers as at December 31, 2020), located in the South, Southeast, Mid-west and Northeast regions of Brazil and with e-commerce sites www.magazineluiza.com.br and www.epocacosmeticos.com.br and www.netshoes.com.br and www.zattini.com.br and www.shoestock.com.br and their respective mobile applications, as well as the AiQfome food delivery application.

On May 13, 2021 the Board of Directors authorized the issue of these financial statements.

2. Presentation and preparation of the interim financial statements

2.1. Accounting policies

The interim financial statements are presented in thousands of reais (“R\$” - Brazilian currency), which is the functional and presentation currency of the Company.

The company and consolidated interim financial statements are prepared in accordance with technical pronouncement CPC 21 (R1) (interim financial reporting) and with the international standard IAS 34.

The practices, policies and main accounting judgments adopted in the preparation of the company and consolidated interim financial statements are consistent with those adopted and disclosed under the Notes to the financial statements for the year ended December 31, 2020, which were issued as at March 8, 2021 and should be read jointly.

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

2.2. Impacts related to the Covid-19 pandemic

Since the beginning of 2020, the Covid-19 spread has been affecting businesses and economic activities on a global scale. In this scenario of considerable uncertainty, the Company formed an internal Contingency Committee that has been monitoring the evolution of the pandemic by making some

important decisions and has chosen three priorities: the health and safety of its employees, the continuity of the operation and the maintenance of jobs.

Within these three pillars to face the crisis, the Company took some measures, as well as made certain assessments based on CVM/SNC Circular Letters No. 02 and 03/2020, analyzed the main risks and uncertainties arising from Covid-19 regarding its financial statements. These analyzes are described in the 2020 financial statements, which should be read in conjunction with this interim statement.

During the period ended March 31, 2021, despite the fact that there are still many uncertainties in relation to consumption behavior, the Company observes a substantial growth in total revenue, greatly leveraged by its e-commerce, which demonstrates an assertive market strategy. Thus, in the context of preparing its budget and financial planning for the year 2021, the Company did not see any indication of impairment of its assets. In addition, on the date of issuance of this interim information, all of all brick-and-mortar stores were already operating normally.

3. Main accounting policies and practices

The amended rules and effective interpretations for the year started on January 1, 2021 did not impact this Company's interim financial statement: Several other reviews of standards and interpretations are underway by the IASB, and the Company will assess them in due course.

4. Notes included in the Financial Statements as at December 31, 2020 not presented in this interim financial statements

The preparation of the interim financial statements involves judgment by the Company's management in relation to the relevance and alterations that should be disclosed in the notes to the condensed interim financial statements. In this manner, the interim financial statements include selected notes and does not contemplate all of the notes presented in the financial statements for the year ended December 31, 2020. The following notes and their references to the financial statements for the year ended December 31, 2020 are not presented herein:

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

5. Cash and cash equivalents

	Rates	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash		38,486	62,235	39,575	62,595
Banks		32,301	92,660	98,667	299,571
Bank deposit certificates	70–101% CDI	337,775	1,126,674	475,587	1,286,791
Non-exclusive investment funds	92.5–100% CDI	-	-	26,040	32,419
Total cash and cash equivalents		408,562	1,281,569	639,869	1,681,376

Credit risk analysis and sensitivity analysis are presented under Note 30 to the financial statements

6. Securities

Financial assets	Rates	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Non-exclusive investment fund	97% CDI	12,334	12,287	12,334	13,811
Exclusive investment fund:	(a)				
Federal Government Bonds and repurchase and resale agreements	Note 9	732,900	1,207,808	733,060	1,207,968
Total securities		745,234	1,220,095	745,394	1,221,779

- (a) Considers the exclusive fixed income investment funds. As at March 31, 2021 and December 31, 2020, the portfolio was distributed into the types of investment described in the table above, which are linked to financial operations and securities, indexed to the monthly variation of CDI rate, to return the average profitability of 103% of the CDI to the Company.

Credit risk analysis and sensitivity analysis are presented under Note 30.

7. Trade accounts receivable

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Trade accounts receivable:				
Credit cards (a)	1,571,459	2,641,426	2,891,022	3,847,324
Debit cards (a)	6,861	9,617	9,067	9,599
Own installment plan (b)	528,579	519,086	528,579	519,086
Client services (c)	97,989	146,375	133,573	185,702
Other accounts receivable	13,783	23,242	102,286	99,805
Total trade accounts receivable	2,218,671	3,339,746	3,664,527	4,661,516
Receivables from commercial agreements (d)	275,781	296,452	290,601	318,050
Losses on trade receivables	(111,339)	(95,832)	(130,228)	(115,207)
Adjustment to present value	(93,615)	(63,515)	(93,615)	(86,320)
Total	2,289,498	3,476,851	3,731,285	4,778,039
Current assets	2,272,531	3,460,711	3,714,318	4,761,899
Non-current assets	16,967	16,140	16,967	16,140

The average term to receive trade receivables is of 27 days (36 days as at December 31, 2020), in the Company, and 37 days in Consolidated.

- (a) Accounts receivable from sales made through credit and debit cards, which the Company receives from acquirers in amounts, terms and quantity of installments defined at the moment the products are sold. The Consolidated includes receivables from purchasers transacted at Magalu Pagamentos, which will be transferred to partners (“sellers”), as described in note 18. As of March 31, 2021, the Company had credits assigned to acquirers and financial institutions amounting to R\$ 4,588,854 (R\$ 3,498,647 as of December 31, 2020) in the Company and R\$ 5,170,383 (R\$ 4,547,865 as of December 31, 2020) in Consolidated, over which a discount varying +0.25%–1.34% of the CDI rate is applied. The Company, through credit assignment operations of receivables from credit cards, transfers to the acquirers and to the financial institutions all of the risks of receiving from customers and, in this manner, settles its accounts receivable related to these credits.
- (b) Refers to receivables from sales financed by the Company and by other financial institutions.
- (c) These sales are intermediated by the Company on behalf of Luizaseg and Cardif. The Company allocates to its partners the extended warranty amount, in full, in the month following the sale and receives from customers in accordance with the transaction term. Additionally in this item receivables for marketplace services and other services are allocated
- (d) Refers to bonuses on production to be received from suppliers, arising from the fulfillment of the purchase volume, as well as from agreements that define the participation of suppliers in disbursements related to advertising and marketing (joint advertising).

Changes in losses on trade receivables are demonstrated below:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Initial balance	(95,832)	(93,248)	(115,207)	(109,274)
(+) Additions	(34,205)	(116,952)	(34,738)	(127,018)
(-) Write-offs	18,698	114,368	19,717	121,085
Final balance	(111,339)	(95,832)	(130,228)	(115,207)

The credit risk analysis is presented in note 30.

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

	Trade accounts receivable				Receivables from commercial agreements			
	Parent Company		Consolidated		Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Amounts due:								
Within 30 days	278,481	445,562	518,250	623,483	12,486	30,090	16,049	26,315
From 31 to 60 days	245,068	234,265	343,265	322,979	7,495	22,039	11,931	27,233
From 61 to 90 days	219,001	244,400	353,840	390,644	195,202	78,655	195,202	78,655
From 91 to 180 days	449,239	1,199,670	1,027,663	1,738,314	21,323	140,868	21,323	140,868
From 181 to 360 days	926,292	1,101,008	1,298,468	1,442,375	-	6,178	-	6,178
Over 361 days	26,933	49,969	27,004	49,981	-	-	-	-
	2,145,014	3,274,874	3,568,490	4,567,776	236,506	277,830	244,505	279,249
Amounts past due:								
Within 30 days	27,233	19,338	31,735	23,792	25,140	5,506	26,658	20,531
From 31 to 60 days	13,607	11,029	14,601	13,030	3,004	3,209	6,269	5,543
From 61 to 90 days	10,356	8,815	11,991	10,225	808	1,153	1,352	2,346
From 91 to 180 days	22,461	25,690	37,710	46,693	10,323	8,754	11,817	10,381
	73,657	64,872	96,037	93,740	39,275	18,622	46,096	38,801
Total	2,218,671	3,339,746	3,664,527	4,661,516	275,781	296,452	290,601	318,050

Credit risk analysis is presented under Note 30 to the financial statements.

8. Inventory

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Goods for resale	6,413,615	5,518,661	6,865,036	5,989,773
Consumption material	40,870	30,484	53,389	38,641
Inventories provision	(99,901)	(90,108)	(109,982)	(101,178)
Total	6,354,584	5,459,037	6,808,443	5,927,236

As at March 31, 2021 the Company had inventories of goods for resale assigned as guarantee in legal lawsuits in progress, in the amount of approximately R\$ 21,834 (R\$ 21,882 as at December 31, 2020)

Changes in allowance for inventory loss are demonstrated below:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Initial balance	(90,108)	(176,515)	(101,178)	(195,848)
Addition of provision	(20,220)	(95,946)	(19,277)	(100,830)
Inventory written-off or sold	10,427	182,353	10,473	195,500
Final balance	(99,901)	(90,108)	(109,982)	(101,178)

9. Related parties

Company	Assets (Liabilities)				Net income			
	Parent Company		Consolidated		Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Luizacred (i)								
Commissions for services rendered	1,200	3,545	1,200	3,545	60,926	57,086	60,926	57,086
Credit card	1,614,925	2,249,014	1,614,925	2,249,014	(42,286)	(37,952)	(42,286)	(37,952)
Transfer of receivables	(17,217)	(41,894)	(17,217)	(41,894)	-	-	-	-
Dividends receivable	12,949	12,949	12,949	12,949	-	-	-	-
Reimbursement of shared expenses	4,075	3,983	4,075	3,983	29,573	24,846	29,573	24,846
	1,615,932	2,227,597	1,615,932	2,227,597	48,213	43,980	48,213	43,980
Luizaseg (ii)								
Commissions for services rendered	25,170	45,894	25,170	45,894	93,553	91,568	93,553	91,568
Dividends receivable	-	7,323	-	7,323	-	-	-	-
Transfer of receivables	(39,448)	(71,029)	(39,448)	(71,029)	-	-	-	-
	(14,278)	(17,812)	(14,278)	(17,812)	93,553	91,568	93,553	91,568
Total joint venture	1,601,654	2,209,785	1,601,654	2,209,785	141,766	135,548	141,766	135,548
Netshoes (iii)								
Transfer of receivables	5,492	(1,075)	-	-	-	-	-	-
Commissions for services rendered	-	-	(1,111)	(1,692)	1,490	236	-	-
	5,492	(1,075)	(1,111)	(1,692)	1,490	236	-	-
Grupo Época Cosméticos (iv)								
Commissions for services rendered	350	552	-	-	686	184	-	-
Consórcio Luiza (v)								
Commissions for services rendered	960	2,586	-	-	3,534	3,068	-	-
Dividends receivable	1,769	-	-	-	-	-	-	-
Consortium groups	(176)	(434)	(176)	(434)	-	-	-	-
	2,553	2,152	(176)	(434)	3,534	3,068	-	-
Magalog Group (vi)								
Freight expenses	(21,039)	(55,609)	-	-	(127,171)	(17,441)	-	-
Magalu Pagamentos (vii)								
Transfer of receivables	368,000	324,716	-	-	(5,786)	(7,497)	-	-
Total Subsidiaries	355,356	270,736	(1,287)	(2,126)	(127,247)	(21,450)	-	-
MTG Participações (viii)								
Rent and other expenses	(2,267)	(2,224)	(2,335)	(2,229)	(7,911)	(6,597)	(7,911)	(6,641)
PJD Agropastoril (ix)								
Rent, freight and other expenses	(38)	(33)	(38)	(33)	(492)	(436)	(492)	(442)
LH Participações (x)								
Rentals	(183)	(128)	(183)	(128)	(550)	(380)	(550)	(380)
ETCO – SCP (xi)								
Agencing fee	-	-	-	-	(1,632)	(1,546)	(1,632)	(1,546)
Marketing expenses	(37)	(5,907)	(37)	(5,907)	(57,487)	(48,231)	(57,487)	(48,231)
	(37)	(5,907)	(37)	(5,907)	(59,119)	(49,777)	(59,119)	(49,777)
Total other related parties	(2,525)	(8,292)	(2,593)	(8,297)	(68,072)	(57,190)	(68,072)	(57,240)
Total related parties	1,954,485	2,472,229	1,597,774	2,199,362	(53,553)	56,908	73,694	78,308

	Assets (Liabilities)				Income (loss)			
	Parent Company		Consolidated		Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Investment fund (xii)	732,900	1,207,808	733,060	1,207,968	4,732	18,330	4,732	18,330
InLoco Tecnologia (xiii)	-	-	-	-	-	(293)	-	(293)
	732,900	1,207,808	733,060	1,207,968	4,732	18,037	4,732	18,037

- I. Transactions with Luizacred, a joint venture with Banco Itaúcard S.A., refer to the following activities::
 - (a) Receivables in private label credit cards and financial expenses with advance of such receivables;
 - (b) Balance receivable from the sale of financed products to customers through Luizacred, received by the Company;
 - (c) Commissions on the services provided monthly by the Company, which include the attraction of customers, management and administration of consumer credit transactions, control and collection of financing granted, indication of insurance linked to financial services and products, access to telecommunication systems and network, in addition to storage and availability of physical space in the points-of-sale. The amounts payable (current liabilities) refer to the receipt of customers' installments by the Company's store cashiers, which are transferred to Luizacred;
- II. The amounts receivable (current assets) and revenues of Luizaseg, joint venture with NCVF Participações Societárias S.A., a subsidiary of Cardif do Brasil Seguros e Previdência S.A., arise from commissions on services monthly provided by the Company, relating to the sale of extended warranties and proposed dividends. The amounts payable (current liabilities) refer to the transfers of extended warranties sold, realized to Luizaseg, in full, on the month following the sale.
- III. The amounts payable (current liabilities) of Netshoes, a wholly-owned subsidiary, refer to commissions for sales made via the Company's Marketplace platform.
- IV. Transactions with "Época Cosméticos", a wholly-owned subsidiary, refers to the cost of acquisition of goods for resale and also sales commissions via the Marketplace platform of the Company .
- V. The amounts receivable (current assets) from Consórcio Luiza, wholly-owned subsidiary, refers to proposed dividends, commissions and sales made by the Company as the agent of consortium transactions. The amounts payable (current liabilities) refer to the transfers to be made to Consórcio Luiza relating to the installments of consortiums received by the Company through the cashiers of its points-of-sale.
- VI. Transactions with "Magalog", wholly-owned subsidiary, refer to freight expenses.
- VII. Transactions with Magalu Pagamentos, a wholly-owned subsidiary, refer to sub-acquisition's commissions.
- VIII. Transactions with MTG Administração, Assessoria e Participações S.A. ("MTG"), controlled by the Company's controlling shareholders, refer to expenses with rental of office buildings for the installation of its stores, distribution centers and head office and reimbursement of expenses.
- IX. Transactions with PJD Agropastoril Ltda., an entity controlled by the Company's indirect controlling shareholders, refer to expenses with rental of commercial buildings for installation of stores and truck rental for freight of goods and kitchen and cooking expenses.
- X. Transactions with LH Agropastoril, Administração Participações Ltda., controlled by the same controlling shareholders of the Company, refer to expenses with rental of commercial buildings
- XI. Transactions with ETCO, a special partnership which has as partner an entity controlled by the president of the Company's Board of Directors, refer to advertising and marketing service contracts, also including transfers relating to placement, media production and graphic design services.
- XII. Refers to investments and redemptions, and income from exclusive investment funds (ML Renda Fixa Crédito Privado FI and FI Caixa ML RF Longo Prazo - see Note 6 - Securities).
- XIII. Transactions with In Loco Tecnologia da Informação S.A., investee of the Company's indirect controlling shareholders, providing geolocation services to users of Magazine Luiza's application.

Reconciliation

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Accounts receivable from related parties	2,062,462	2,661,364	1,633,939	2,329,648
Accounts payable to related parties	(107,977)	(189,135)	(36,165)	(130,286)
Total	1,954,485	2,472,229	1,597,774	2,199,362

b) Management compensation

	03/31/2021		03/31/2020	
	Board of Directors	Executive officers	Board of Directors	Executive officers
Fixed and variable compensation	1,217	2,597	1,217	2,180
Share-option plan	4,917	10,697	-	11,162

The Company does not grant post-employment benefits, severance benefits, or other long-term benefits. Short-term benefits to the Executive Officers are the same as those extended to other employees of the Company, whereby certain eligible collaborators are beneficiaries of the share-option plan, mentioned under Note 23 to the financial statements. It is an internal public policy of the Company to pay Profit Sharing to its collaborators. These amounts are provisioned on a monthly basis by the Company, according to estimates for meeting targets. The Company's Board of Directors approved on April 22, 2021 Management's overall compensation for the year 2021, where a maximum limit for management's overall compensation was established at R\$ 84,793.

10. Recoverable taxes

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
VAT tax recoverable (ICMS) (a)	790,458	634,941	839,270	685,863
Social integration plan (PIS) and Social security financing (COFINS) recoverable (b)	617,411	692,392	714,543	797,171
Recoverable income tax (IRPJ) and social contribution (CSLL)	5,468	2,215	7,448	3,508
Recoverable withholding income tax (IRRF)	8,644	2,547	15,256	8,338
Other	3,614	3,614	9,182	9,172
Total	1,425,595	1,335,709	1,585,699	1,504,052
Current assets	782,042	594,782	895,426	716,118
Non-current assets	643,553	740,927	690,273	787,934

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

(b) In the year 2019, the Company had a favorable and unappealable final decision for lawsuits regarding the right to exclude ICMS tax from PIS and COFINS tax calculation basis, provided that these lawsuits were related to the claim of Magazine Luiza S.A. and its merged company FS Vasconcelos Ltda. Two lawsuits were filed in 2007, ensuring the right for recognition of tax credits from the limitation period in 2002 up to the period of 2014, other lawsuit was filed in 2017, ensuring the right to credit for the period once established by Law 12973/14. The recorded amount for these lawsuits was R\$ 1,190,050, of which R\$ 713,455 refers to the principal and R\$ 476,595 refers to monetary adjustment.

Also in 2019 a final and unappealable 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, whose recorded amount was R\$ 119,035, of which R\$ 73,093 refers to principal and R\$ 45,942 to inflation adjustment.

The measurement of credits related to these lawsuits was determined with the support of legal and tax advisors, considering the periods indicated above and the Company's right to exclude ICMS from the PIS and COFINS calculation basis without any restrictions, since the decisions that have become final and unappealable guarantee that all the ICMS required from the Company should be excluded from the PIS and COFINS calculation basis, regardless of the collection method, according to its legal advisors. The offset of the credits occurs as proofs of claim via administrative procedures before the Federal Revenue Service are carried out.

11. Income tax and social contribution

a) Reconciliation of the tax effect over income before income tax and social contribution

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Income before income tax and social contribution	334,545	67,814	346,935	63,369
Prevailing statutory rate	34%	34%	34%	34%
Expected income tax and social contribution debits at statutory rates	(113,745)	(23,057)	(117,958)	(21,545)
Reconciliation to effective rate (effects of application of tax rates):				
Exclusion – equity in investments	31,266	(20,337)	7,806	831
Effect of government subvention (1)	8,316	6,156	10,854	7,987
Netshoes tax losses and social contribution carryforward – unrecognized deferred tax	-	-	14,747	(18,683)
Other permanent exclusions, net	(1,742)	227	(3,744)	(1,156)
Income tax and social contribution debit	(75,905)	(37,011)	(88,295)	(32,566)
Current	(226)	(44,151)	(23,687)	(45,166)
Deferred	(75,679)	7,140	(64,608)	12,600
Total	(75,905)	(37,011)	(88,295)	(32,566)
Effective rate	22,7%	54,6%	25,5%	51,4%

- (1) The Company has subventions for investments, granted by some governmental agencies where it has operations, in the form of deemed ICMS credits. The government subventions are registered in the statement of income of the year under net revenue from sales. As of March 31, 2021 and December 31, 2020, the Company fulfilled all of the requirements under the subvention terms, such as tax obligations, maintenance of the agreed employments, minimum billing and maintenance of a logistics structure with an adequate physical space for storage of goods at the granting governmental entity.

Deferred taxes

b) Breakdown and changes in the balance of deferred income tax and social contribution assets and liabilities

	Parent Company			Consolidated			
	Balance 12/31/2020	Income (loss)	Balance 03/31/2021	Balance 12/31/2020	Income (loss)	Business combination	Balance 03/31/2021
Deferred income tax and social contribution on:							
Tax loss and social contribution loss carryforward	-	43,314	43,314	19,334	50,572	-	69,906
Losses on trade receivables	32,583	5,272	37,855	32,583	5,272	-	37,855
Inventory loss allowance	30,637	3,329	33,966	30,940	3,329	-	34,269
Provision for adjustments to present value	17,092	7,789	24,881	17,092	7,789	-	24,881
Provision for tax, civil and labor risks	200,447	3,279	203,726	291,113	3,279	(16)	294,376
Provision for stock option	69,392	8,217	77,609	69,392	8,217	-	77,609
Temporary difference - intangible asset	(41,679)	-	(41,679)	(161,284)	-	-	(161,284)
Escrow deposits	(11,394)	(439)	(11,833)	(11,394)	(439)	-	(11,833)
Deferred tax credits (Note 10)	(186,184)	(144,495)	(330,679)	(186,184)	(144,495)	-	(330,679)
Other	53,153	(1,945)	51,209	70,301	1,868	-	72,169
Deferred income tax and social contribution in assets (liabilities)	164,047	(75,679)	88,369	171,893	(64,608)	(16)	107,269

	Parent Company			Consolidated		
	Balance 12/31/2019	Income (loss)	Balance 03/31/2020	Balance 12/31/2019	Income (loss)	Balance 03/31/2020
Deferred income tax and social contribution on:						
Tax loss and social contribution loss carryforward	26,782	(11,370)	15,412	37,439	(8,596)	28,843
Losses on trade receivables	31,704	2,129	33,833	31,704	2,129	33,833
Inventory loss allowance	60,015	(34,583)	25,432	60,318	(34,583)	25,735
Provision for adjustments to present value	4,958	1,042	6,000	4,958	1,042	6,000
Provision for tax, civil and labor risks	199,786	(9,065)	190,721	271,521	(9,065)	262,456
Temporary difference - intangible asset	(41,679)	-	(41,679)	(148,732)	2,686	(146,046)
Escrow deposits	(13,355)	(426)	(13,781)	(13,355)	(426)	(13,781)
Deferred tax credits (Note 10)	(343,673)	50,634	(293,039)	(343,673)	50,634	(293,039)
Other	71,737	8,779	80,516	73,489	8,779	82,268
Deferred income tax and social contribution in assets (liabilities)	(3,725)	7,140	3,415	(26,331)	12,600	(13,731)

Breakdown of deferred income tax and of social contribution per company

	Balance at 2020	Deferred assets	Deferred liabilities	Balance at March 2021
Company	164,047	88,369	-	88,369
Netshoes	(21,231)	-	(18,308)	(18,308)
Consórcio Luiza	782	523	-	523
Época Cosméticos	10,434	14,925	(2,337)	12,588
Magalog	12,809	22,018	-	22,018
Softbox	5,052	2,508	(429)	2,079
Consolidated	171,893	128,343	(21,074)	107,269

12. Investments in subsidiaries

a. Business Combination – “VipCommerce”

On March 1, 2021, the Company, through its subsidiary Softbox, acquired the total capital and voting capital quotas of the company VipCommerce Sistemas Ltda, a white-label e-commerce platform created exclusively to serve food retail, allowing supermarkets to sell online, reinforcing its brand and the relationship with its customers. With a complete e-commerce solution, VipCommerce offers not only an online store (including desktop, mobile and app), but also total management of the order cycle, from purchase to final delivery.

The acquisition of VipCommerce will allow thousands of supermarkets to sell their products on the Company's sales platforms. The combination of Magazine Luiza's market category (1P - first party) with the assortment of local supermarkets (3P - third-party seller) will make it possible to offer a complete basket of products in Magalu's SuperApp, including perishable items.

The acquisition was made in the amount of up to R\$ 64,500, whose disbursement will be made as follows: i) fixed consideration in cash in the amount of R\$ 41,750, of which R\$ 36,500 was disbursed upon the transaction completion and the remainder R\$ 5,250 will be disbursed in three equal and annual installments in cash beginning in February 2022; ii) fixed consideration of R\$ 5,250 to be settled in shares issued by the Company in three equal and annual installments beginning in February 2022; and iii) contingent consideration in the amount of up to R\$ 17,500, divided into five annual installments to be settled in shares issued by the Company in case of reaching certain targets, starting in January 2021.

The Company contracted an independent valuation of the fair values of the net assets acquired. See below the provisional allocation:

	Fair value
Cash and equivalents	1,284
Deferred tax assets	695
Intangible assets - Client base	8,111
Intangible assets – Platform	2,248
	12,338
Trade accounts payable	56
Labor payables	252
Taxes liabilities	90
Other accounts payable	1,515
Deferred tax liabilities	3,522
Provision for risks	2,045
	7,480
Total identifiable assets, net	4,858

The valuation techniques used to measure the fair value of the significant assets acquired were as follows:

- a) Client base: Using the multi-period excess earnings method (MPEEM), the client relationship was identified as an intangible asset allocated to the purchase price.
- b) Platform: the Relief-from-Royalty method was used as the valuation method.

The fair value of VipCommerce intangible assets (client base and platform) has been measured provisionally, pending completion of the valuation.

The goodwill from the acquisition totals R\$ 59,642, which comprises the amount of the difference paid by the Company in relation to the fair value of the net assets acquired. This refers mainly to the abilities and technical skills of the labor force and the expected synergies from the integration of the entity with the existing business of the Company. This recognized goodwill is deductible for tax purposes.

Statement of income

From March 1, 2021 to March 31, 2021, the VipCommerce's net revenue and net loss amounts R\$ 329 and R\$ 333, respectively. If the acquisition date were at the beginning of the reporting period, such amounts would refer to net revenue of R\$ 970 and a net loss of R\$ 716, and the consolidated net revenue would have been R\$ 8,253,783 and the consolidated net income would have been R\$ 259,356.

b. Business Combination – “Steal The Look”

On March 16, 2021, the Company, through its subsidiary Netshoes, acquired all the share and voting capital of Steal The Look Portal de Conteúdo de Moda Ltda., PUSH – Produtora de Eventos e Workshops Ltda. and The Content Lab Serviços de Produção de Conteúdo Ltda. (jointly “Steal The Look”), a digital content platform for fashion, beauty and decoration. With the acquisition, the Company will start offering specialized content on the fashion, beauty and decoration categories, informing and helping its customers in the purchase decision. The acquisition was made in the amount of R\$ 4,000, fully paid in cash at the closing of the transaction. A contingent consideration of R\$ 8,000 will be paid to the former shareholders, of which R\$ 2,000 will be paid in cash in five equal and annual installments beginning in March 2022 and R\$ 6,000 will be assigned to the shares issued by the Company, in case of reaching certain targets and permanency of former shareholders. Based on IFRS 3, contingent consideration related to former shareholders permanency is threatened as as post-combination services, therefore will be recognized as management compensation.

The Company contracted an independent valuation of the fair values of the net assets acquired, which are in progress on the date of disclosure of this interim financial statements. Based on the the provisional allocation, the goodwill is amounted in R\$ 4,760, which comprises the amount of the difference paid by the Company in relation to the fair value of the net assets acquired.

c. Business Combination – “Tonolucro” e “Grandchef”

On March 29, 2021, the Company, through its indirect subsidiary Aiqfome, acquired all the share and voting capital of ToNoLucro Internet Ltda., a food delivery platform with strong participation in the states of the Midwest and North regions of Brazil. On the same date, the Company, through its subsidiary Softbox, acquired all the shares and voting capital of Grandchef Desenvolvimento de Sistemas Ltda, a technology platform focused on small and medium-sized restaurants. The acquisitions reinforce the Company's performance in the food delivery segment, increasing the services offered in the SuperApp and the frequency of purchases within its ecosystem.

The acquisition of ToNoLucro was made in the amount of up to R\$ 12,000, whose disbursement will be made as follows: i) fixed consideration in the amount of R\$ 8,000, of which R\$ 5,000 was disbursed in cash in April 2021 and the remainder will be disbursed in five equal and annual installments beginning in March 2022; and ii) contingent consideration in the amount of up to R\$ 4,000, divided into five annual installments to be settled in shares issued by the Company in case of reaching certain targets, starting in April 2021.

The acquisition of Grandchef was made in the amount of up to R\$ 7,000, whose disbursement will be made as follows: i) fixed consideration in the amount of R\$ 5,000, of which R\$ 3,000 was disbursed in cash in April 2021 and the remainder will be disbursed in five equal and annual installments beginning in March 2022, in shares issued by the Company; and ii) contingent consideration in the amount of up to R\$ 2,000, divided into five annual installments to be settled in shares issued by the Company in case of reaching certain targets, starting in March 2021.

The Company contracted an independent valuation of the fair values of the net assets acquired, which are in progress on the date of disclosure of this interim financial statements. Based on the the provisional allocation, the goodwill is amounted in R\$ 15,450 for Tonolucro and R\$ 6,943 for GrandChef, which comprises the amount of the difference paid by the Company in relation to the fair value of the net assets acquired.

d. Changes in investments in subsidiaries

Changes in investments in subsidiaries, presented in the company financial statements, are demonstrated below:

Information on subsidiaries Position as of 03/31/2021

Investment position	Interest		Assets		Liabilities		Capital	Net equity	Net revenue	Net income (loss) in the period
	Quotas/shares owned	%	Current	Non-current	Current	Non-current				
Netshoes	1,514,532,428	100%	637,286	544,341	603,804	292,708	601,745	285,115	455,822	38,160
Época Cosméticos	34,405,475	100%	112,733	52,628	70,438	2,361	89,405	92,562	133,912	3,660
Magalu Pagamentos	2,000,000	100%	1,362,874	3,586	1,161,109	-	73,000	205,351	108,310	35,816
Integra Commerce	100	100%	388	139	378	-	4,156	149	-	-
Consórcio Luiza	6,500	100%	69,464	3,899	19,342	2,019	6,500	52,002	29,895	1,640
Magalog	16,726	100%	183,977	217,720	202,906	64,786	100,551	134,005	131,913	(7,584)
Softbox	23,273,616	100%	17,224	124,580	42,257	10,442	61,902	89,105	16,412	(2,519)
Kelex	100	100%	125	-	1	-	100	124	-	(163)
Certa	100	100%	117	-	30	-	100	87	-	(9)

Changes	Initial balance	Advance for future capital increase	Business combinations	Other comprehensive income	Share-option plan	Dividends	Equity in investments	Final balance
Netshoes	763,450	200,000	-	1,257	1,329	-	38,160	1,004,196
Época Cosméticos	121,454	9,000	-	-	-	-	3,660	134,114
Magalu Pagamentos	169,536	-	-	-	-	-	35,816	205,352
Integra Commerce	2,170	-	-	-	-	-	-	2,170
Consórcio Luiza	52,129	-	-	-	-	(1,769)	1,640	52,000
Magalog	145,212	87	4,000	-	-	-	(7,584)	141,715
Softbox	62,843	37,000	26,750	-	-	-	(2,519)	124,074
Kelex	1,072	-	-	-	-	-	(163)	909
Certa	481	-	-	-	-	-	(9)	472
Total	1,318,347	246,087	30,750	1,257	1,329	(1,769)	69,001	1,665,002

**Information on subsidiaries
Position as of 12/31/2020**

Investment position	Interest		Assets		Liabilities		Capital	Net equity	Net revenue	Net income (loss) in the year
	Quotas/shares owned	%	Current	Non-current	Current	Non-current				
Netshoes	1,514,532,428	100%	754,996	525,725	886,889	354,678	401,745	39,154	2,097,363	(195,207)
Época Cosméticos	34,405,475	100%	190,835	51,438	158,737	3,636	80,405	79,900	461,555	17,429
Magalu Pagamentos	2,000,000	100%	1,226,399	8,674	1,078,352	-	73,000	156,721	243,726	96,544
Integra Commerce	100	100%	150	-	-	-	4,156	150	-	(671)
Consórcio Luiza	6,500	100%	70,961	3,901	20,814	1,919	6,500	52,129	97,233	7,440
Magalog	16,726	100%	162,694	186,811	163,259	48,744	100,551	137,502	301,487	(4,610)
Softbox	23,273,616	100%	9,537	51,365	25,254	8,648	24,902	27,000	49,638	(4,375)
Kelex	100	100%	231	58	-	2	100	287	101	63
Certa	100	100%	125	-	29	-	100	96	-	11

Changes	Initial balance	Advance for future capital increase	Business combinations	Other comprehensive income	Share-option plan	Equity in investments	Final balance
Netshoes	768,904	141,000	32,510	4,460	11,783	(195,207)	763,450
Época Cosméticos	58,025	46,000	-	-	-	17,429	121,454
Magalu Pagamentos	1,992	71,000	-	-	-	96,544	169,536
Integra Commerce	2,841	-	-	-	-	(671)	2,170
Consórcio Luiza	44,372	-	-	317	-	7,440	52,129
Magalog	14,039	92,500	43,283	-	-	(4,610)	145,212
Softbox	43,921	14,219	9,078	-	-	(4,375)	62,843
Kelex	1,009	-	-	-	-	63	1,072
Certa	470	-	-	-	-	11	481
Total	935,573	364,719	84,871	4,777	11,783	(83,376)	1,318,347

e. Reconciliation of book value

Total investments in subsidiaries by company	Shareholders' equity	Goodwill generated on acquisition	Fair value allocation	03/31/2021
Netshoes	285,114	486,724	232,358	1,004,196
Época Cosméticos	92,561	36,826	4,727	134,114
Magalu Pagamentos	205,352	-	-	205,352
Integra Commerce	150	-	2,020	2,170
Consórcio Luiza	52,000	-	-	52,000
Magalog	134,005	3,756	3,954	141,715
Softbox	89,107	23,078	11,889	124,074
Kelex	124	785	-	909
Certa	87	385	-	472
Total	858,500	551,554	254,948	1,665,002

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

Total investments in subsidiaries by company	Shareholders' equity	Goodwill generated on acquisition	Fair value allocation	12/31/2020
Netshoes	39,154	486,724	237,572	763,450
Época Cosméticos	79,901	36,826	4,727	121,454
Magalu Pagamentos	169,536	-	-	169,536
Integra Commerce	150	-	2,020	2,170
Consórcio Luiza	52,129	-	-	52,129
Magalog	137,502	3,756	3,954	145,212
Softbox	27,000	23,078	12,765	62,843
Kelex	287	785	-	1,072
Certa	96	385	-	481
Total	505,755	551,554	261,038	1,318,347

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

13. Investments in joint venture

Position as of 03/31/2021

Joint venture	Interest		Assets		Liabilities		Capital	Net equity	Net revenue	Net income
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Luizacred	31,056,244	100%	10,567,304	1,532,322	11,209,674	84,300	442,000	805,652	607,483	35,750
Luizaseg	12,855	100%	215,002	444,847	285,132	162,961	133,883	211,756	170,955	18,647

Changes	Initial balance	Dividends	Other comprehensive income	Equity in investments	Final balance
Luizacred	384,951	-	-	17,875	402,826
Luizaseg	1,774	(22,134)	(5,760)	5,083	(21,037)
Total	386,725	(22,134)	(5,760)	22,958	381,789

Position as of 12/31/2020

Joint venture	Interest		Assets		Liabilities		Capital	Net equity	Net revenue	Net income
	Quotas Shares	%	Current	Non-current	Current	Non-current				
Luizacred	31,056,244	50%	9,254,670	1,213,613	9,640,388	84,809	442,000	743,086	1,801,902	204,857
Luizaseg	12,855	50%	263,843	419,702	312,598	124,950	133,883	245,997	398,542	58,582

Changes	Initial balance	Dividends	Other comprehensive income	Equity in investments	Final balance
Luizacred	295,471	(12,949)	-	102,429	384,951
Luizaseg	9,620	(25,115)	(231)	17,500	1,774
Total	305,091	(38,064)	(231)	119,929	386,725

Total investments in joint venture subsidiaries

	03/31/2021	12/31/2020
Luizacred (a)	402,826	384,951
Luizaseg (b)	105,878	124,446
Luizaseg - Unrealized profits (c)	(126,915)	(122,672)
Total investments in joint venture	381,789	386,725

- (a) Equity interest of 50% in the voting capital representing the contractually agreed sharing in the control of the business, requiring unanimous consent of the parties on significant decisions and relevant financial and operational activities. Luizacred is jointly-controlled with Banco Itaúcard S.A. and is engaged in the offer, distribution and commercialization of financial products and services to its clients at the Company's chain of stores.
- (b) Equity interest of 50% in the voting capital representing the contractually agreed sharing in the control of the business, requiring unanimous consent of the parties on significant decisions, guarantees and operating activities. Luisacred is joint venture with NCVF Participações Societárias S.A., a subsidiary of Cardif do Brasil Seguros e Previdência S.A. and is engaged in the development, sale and management of extended warranties for any kind of product sold in Brazil through the Company's chain of stores.
- (c) Unrealized profits from transactions for the intermediation of extended warranty insurance for the joint venture subsidiary 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). Since 2019, the Company recognizes these agreements in accordance with CPC 06 (R2)/IFRS 16, and in the balance sheet as the right-of-use and lease liability.

Changes in the leases, during the period ended March 31, 2021 and 2020 were as follows:

	Parent Company	Consolidated
Right-of-use as of December 31, 2020:	2,441,539	2,465,514
Addition/remeasurement	100,692	100,861
Depreciation	(92,398)	(93,795)
Right-of-use as of March 31, 2021:	2,449,833	2,472,580
Breakdown:		
Cost value	3,237,773	3,273,233
Accumulated depreciation	(787,940)	(800,653)
Right-of-use as of March 31, 2021:	2,449,833	2,472,580

	Parent Company	Consolidated
Right-of-use as of December 31, 2019:	2,203,827	2,273,786
Addition/remeasurement	132,395	138,411
Write-offs	(18,765)	(18,765)
Depreciation	(96,260)	(101,057)
Right-of-use as of March 31, 2020:	2,221,197	2,292,375
Breakdown:		
Cost value	2,355,987	2,452,768
Accumulated depreciation	(134,790)	(160,393)
Right-of-use as of March 31, 2020:	2,221,197	2,292,375

Changes in the lease liability, during the period ended March 31, 2021 and 2020 were as follows:

	Parent Company	Consolidated
Lease as of December 31, 2020:	2,497,323	2,526,304
Remeasurement/addition	96,633	96,802
Payment of principal	(69,774)	(72,505)
Interest payment	(50,849)	(51,348)
Accrued interest	45,888	46,387
Lease as of March 31, 2021:	2,519,221	2,545,640

Current	343,650	353,726
Non-current	2,175,571	2,191,914

	Parent Company	Consolidated
Lease as of December 31, 2019:	2,205,750	2,280,322
Remeasurement/addition	127,460	134,301
Payment of principal	(76,369)	(80,750)
Interest payment	(45,409)	(47,481)
Accrued interest	42,002	44,074
Write-off	(18,667)	(18,667)
Lease as of March 31, 2020:	2,234,767	2,311,799

Current	312,835	330,550
Non-current	1,921,932	1,981,249

15. Property and equipment

Changes in property and equipment, for the period ended March 31, 2021 and 2020, are demonstrated below:

	Parent company	Consolidated
Net property and equipment as at December 31, 2020	1,171,758	1,258,162
Additions	88,349	90,754
Write-offs	(147)	(349)
Depreciation	(36,031)	(40,577)
Net property and equipment as at March 31, 2021	<u>1,223,929</u>	<u>1,307,990</u>

Breakdown of property, plant and equipment at March 31, 2021:

Cost value of property and equipment	2,101,643	2,283,044
Accumulated depreciation	(877,714)	(975,054)
Net property and equipment as at March 31, 2021	<u>1,223,929</u>	<u>1,307,990</u>

	Parent company	Consolidated
Net property and equipment as at December 31, 2019	992,372	1,076,704
Additions	55,788	63,555
Addition for business combination	-	244
Write-offs	(230)	(1,430)
Depreciation	(29,586)	(35,917)
Net property and equipment as at March 31, 2020	<u>1,018,344</u>	<u>1,103,156</u>

Breakdown of property, plant and equipment at March 31, 2020:

Cost value of property and equipment	1,855,803	2,020,280
Accumulated depreciation	(837,459)	(917,124)
Net property and equipment as at March 31, 2020	<u>1,018,344</u>	<u>1,103,156</u>

No events were identified for the reporting periods indicating the need for assessing impairment of property and equipment

16. Intangible assets

Changes in intangible assets for the period ended March 31, 2021 and 2020 are demonstrated below:

	Parent company	Consolidated
Net intangible assets as at December 31, 2020	593,427	1,886,997
Additions	58,234	65,944
Addition for business combination – intangibles (note 12)	-	10,359
Addition for business combination - Goodwill (note 12)	-	86,795
Amortization	(20,217)	(43,954)
Net intangible assets at March 31, 2021	<u>631,444</u>	<u>2,006,141</u>

Breakdown of intangible assets as at March 31, 2021		
Cost value of intangible assets	903,576	2,542,467
Accumulated amortization	(272,132)	(536,326)
Net intangible assets at March 31, 2021	<u>631,444</u>	<u>2,006,141</u>

	Parent company	Consolidated
Net intangible assets as at December 31, 2019	526,869	1,545,628
Additions	27,642	36,906
Addition for business combination	-	30,841
Amortization	(54)	(54)
Write-offs	(19,975)	(37,867)
Net intangible assets at March 31, 2020	<u>534,482</u>	<u>1,575,454</u>

Breakdown of intangible assets as at March 31, 2020		
Cost value of intangible assets	798,185	2,010,274
Accumulated amortization	(263,703)	(434,820)
Net intangible assets at March 31, 2020	<u>534,482</u>	<u>1,575,454</u>

During the periods ended March 31, 2021 and March 31, 2020, no indication of impairment to intangible assets was identified.

17. Trade accounts payables

	Parent company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Goods for resale – internal market	6,516,001	7,542,524	6,977,220	8,311,440
Other suppliers	83,876	154,534	117,870	216,617
Adjustment to present value	(17,417)	(17,197)	(24,574)	(26,659)
Total suppliers	6,582,460	7,679,861	7,070,516	8,501,398

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

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

As at March 31, 2021 the balance payable negotiated by suppliers, and with the acceptance of the Company, totaled R\$ 1,973,705 (R\$ 1,204,925 as at December 31, 2020).

Accounts payable to suppliers are initially recorded at present value with the counterentry in "Inventory". The reversal of the adjustment to present value is registered under "Cost of goods sold and services rendered" for the benefit of the term.

18. Partners and other deposits

As of March 31, 2021, the Company has a balance of R\$ 756,675 (R\$ 718,482 as at December 31, 2020) related to amounts to be transferred to marketplace's partners, related to purchases made by clients on the Magazine Luiza's digital platform, of products sold by partner storeowners (sellers) and traded by Magalu Pagamentos

19. Loans and financing

Modality	Charge	Guarantee	Final maturity	Parent Company		Consolidated	
				03/31/2021	12/31/2020	03/31/2021	12/31/2020
Promissory notes - 4th issue (a)	104.0% of CDI	Clean	June 2021	852,225	847,239	852,225	847,239
Debentures - restricted offer - 9th issue (b)	100% CDI + 1.25%	Clean Bank	Jan 2024	801,829	821,832	801,829	821,832
Innovation financing - FINEP (c)	4% p.a. 113.5% CDI	guarantee	Dec 2022	12,925	14,776	12,849	14,776
Other		Clean	Oct 2020	56	121	2,875	2,915
Total				1,667,035	1,683,968	1,669,778	1,686,762
Current liabilities				846,779	1,666,243	847,484	1,667,181
Non-current liabilities				820,256	17,725	822,294	19,581

- a) As at June 16, 2019, the Company had its fourth issuance of 160 commercial promissory notes in a single series, with nominal par value of R\$ 5,000 for public distribution with restricted distribution efforts, in accordance with CVM Instruction no. 476/2009. The amounts raised have been used to improve the cash flow in the course and ordinary management of the Company's business.
- b) The Company raised R\$ 800 million on January 15, 2021 through the 9th Issue of Debentures, via public distribution and with restricted placement efforts, remunerated at CDI rate + 1.25% p.a. and maturing on January 15, 2024.
- c) Refers to financial lease contracts related to IT equipment and software, which contracts have final maturity in 2019.

Cash flow reconciliation of operating and financing activities

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Initial balance	1,683,968	847,054	1,686,762	848,829
Funding	800,000	-	800,000	-
Payment of principal	(805,402)	(4,039)	(805,402)	(4,087)
Payment of interest	(27,517)	(226)	(27,568)	(257)
Accrued interest	15,986	9,364	15,986	9,364
Final balance	1,667,035	852,153	1,669,778	853,849

Amortization schedule

The amortization schedule of the loans and financing is demonstrated below:

Year of maturity	Parent Company	Consolidated
2021	855,765	858,508
2022	9,441	9,441
2024	801,829	801,829
Total	1,667,035	1,669,778

Covenants

The 8th issue of Debentures has a restrictive clause (covenant" equivalent to the maintenance of the "adjusted net debt adjusted EBITDA" of not over 3.0 times.

The adjusted net debt is defined as the sum of all loans and borrowings, including debentures, excluding cash and cash equivalents, financial investments, marketable securities, credit card receivables. The adjusted EBITDA is calculated in accordance with CVM 527 instruction, of October

4, 2012, as per the debenture issue indenture as disclosed under Note 29 to the financial statements.

20. Deferred revenue

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Deferred revenue from third parties:				
Exclusive agreement with Cardif (a)	82,978	87,345	82,978	87,345
Exclusive agreement with Banco Itaúcard S.A. (b)	80,875	84,000	80,875	84,000
Other Contracts	-	-	17,555	18,255
	163,853	171,345	181,408	189,600
Deferred revenue from related parties:				
Exclusive agreement with Luizacred (b)	96,907	99,679	96,907	99,679
Exclusive agreement with Luizaseg (a)	52,100	55,000	52,100	55,000
	149,007	154,679	149,007	154,679
Total deferred revenues	312,860	326,024	330,415	344,279
Current liabilities	39,157	39,157	43,063	43,009
Non-current liabilities	273,703	286,867	287,352	301,270

- (a) On December 14, 2015, the Company entered into a new Strategic Partnership Agreement with the Cardif and with Luizaseg, aiming to extend the rights and obligations set forth in the agreements between the parties that expired on December 31, 2015, for an additional 10-year period, effective from January 1, 2016 to December 31, 2025. This agreement enabled a cash inflow of R\$ 330,000 into the Company in 2015. Of this amount, R\$ 42,000 was allocated to the jointly-owned subsidiary Luizacred, since it had exclusive rights over credit card insurance. The Company's revenue recognition deriving from this agreement will be registered in profit (loss) over the term of the agreement, part of which is subject to the achievement of certain targets.
- (b) On September 27, 2009, the Company entered into a partnership agreement with Itaú Unibanco Holding S.A. ("Itaú") and Banco Itaúcard S.A., under which the Company grants to Luizacred the exclusive right to offer, distribute, and sell financial products and services in its store chain for a 20-year period. In consideration for the aforementioned alliance, Itaú group companies paid in cash R\$ 250,000, of which: (i) R\$ 230,000 relating to the completion of the negotiation, without right of recourse; and (ii) R\$ 20,000 subject to the achievement of profitability targets in Luizacred. Said targets had been fully achieved at the end of 2014.

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

On December 16, 2011, the Company entered into a second amendment to the partnership agreement with Luizacred, due to acquisition of New-Utd ("Lojas do Baú"). As consideration, Luizacred paid R\$ 48,000 to the Company, which will be allocated to profit (loss) over the remaining term of the agreement.

21. Other accounts payable

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Advances from costumers	438,752	550,198	461,872	567,132
Treasury shares (a)	159,037	-	159,037	-
Payables to sellers (b)	74,715	105,176	91,767	133,075
Services	66,781	6,969	90,418	117,524
Freight payable	53,658	110,172	78,495	154,069
Marketing payable	17,825	96,558	89,203	96,558
Amounts payable to former shareholders	9,512	12,725	84,141	71,272
Other	29,827	49,804	92,139	69,015
Total	850,107	931,602	1,147,072	1,208,645
Current liabilities	850,107	931,602	1,133,692	1,203,655
Non-current liabilities	-	-	13,380	4,990

(a) During the three-months period ended in March 31, 2021, the Company acquired treasury shares amounted in R\$ 358,846, however R\$ 199,795 were paid until March 31, 2021 and R\$ 159,037 will be paid in April 2021.

(b) Payables originated from sales of sellers services intermedited by the Company in the physical stores (insurance, technical assistance, instalation, etc).

22. Provision for tax, civil and labor contingency risks

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

Parent company

	Tax	Civil	Labor	Total
Balances at December 31, 2019	713,547	16,272	38,119	767,938
Additions	55,817	2,101	1,499	59,417
Reversal	(35,002)	-	-	(35,002)
Payments	(2,387)	(494)	(1,348)	(4,229)
Adjustments	5,347	-	-	5,347
Balances at March 31, 2020	737,322	17,879	38,270	793,471
Balances at December 31, 2020	938,956	16,938	42,356	998,250
Additions	149,122	2,100	1,500	157,722
Reversal	(365,706)	-	-	(365,706)
Payments	-	(850)	-	(850)
Adjustments	15,355	-	-	15,355
Balances at March 31, 2021	737,727	18,188	43,856	799,771

Consolidated

	Tax	Civil	Labor	Total
Balances at December 31, 2019	977,900	19,130	40,089	1,037,119
Additions	58,576	2,849	1,893	63,318
Allocation of price from business combination	-	29	66	95
Reversal	(35,487)	-	-	(35,487)
Payments	(2,387)	(1,250)	(1,393)	(5,030)
Adjustments	5,638	-	-	5,638
Balances at March 31, 2020	1,004,240	20,758	40,655	1,065,653
Balances at December 31, 2020	1,314,533	20,163	45,239	1,379,935
Additions	154,885	2,100	2,046	159,031
Additions from business combination	8,865	-	824	9,689
Reversal	(432,187)	-	-	(432,187)
Payments	-	(869)	(399)	(1,268)
Adjustments from business combination	15,975	-	-	15,975
Balances at March 31, 2021	1,062,071	21,394	47,710	1,131,175

As at March 31, 2021, the nature of the main lawsuits of the Company, classified by Management as of probable loss, based on the opinion of its legal advisors, as well as legal obligations which amounts are deposited in court, which the amounts were included in the provision for contingencies, are as follows:

a) Tax claims

The Company discusses on an administrative and legal basis several tax claims classified as probable loss, therefore, these are provisioned. In addition to these lawsuits, the Company has a provision for other legal discussions to which escrow deposits are made, as well as provisions related to business combinations of its acquired businesses. The tax risks are as follows:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Federal	510,779	507,198	834,787	797,825
State	226,921	431,732	226,921	516,185
Municipal	27	26	363	523
	737,727	938,956	1,062,071	1,314,533

VAT - ICMS Differential of Tax Rates ("DIFAL")

On February 24, 2021, the general repercussion of the Supreme Federal Court (STF) judgment was recognized, which upheld the unconstitutionality of the payment of DIFAL after Constitutional Amendment No. 87/2015, under the argument that there is no Complementary Law disciplining the subject.

Magazine Luiza and its subsidiaries Netshoes and Época Cosméticos had filed judicial actions precisely contesting the collection of DIFAL in some states of the federation, making escrow deposits for the amounts contested, which the first deposit being in December 2018. In this context the Company had as accounting practice the provision of the amount of DIFAL escrow deposits.

The judgment was concluded at the Supreme Court on February 24, 2021, and the trial minutes, containing the summary of the decision on the general repercussion, were published on March 3, 2021. In view of the judicial decision of the topic and discussions held with its legal advisors during the month of March 2021, the Company concluded by reversing the liabilities recorded on the base date of this interim information, in the light of technical pronouncement CPC 25 / IAS 37 - Provisions, Contingent Liabilities and Contingent assets. This is the mainly reason for the decrease of State tax claims disclosed in the table above.

b) Civil claims

The provision for civil risks of R\$ 18,188 in the Company and R\$ 21,394 in Consolidated as of March 31, 2021 (R\$ 16,938 in the Company and R\$ 20,163 in the Consolidated as of December 31, 2020) is related to claims filed by customers on possible product defects.

c) Labor claims

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

The amount provisioned of R\$ 43,856 in the Company and R\$ 47,710 in the Consolidated as of March 31, 2021 (R\$ 42,356 in the Company and R\$ 45,239 in the Consolidated as of December 31, 2020), reflecting the risk of probable loss assessed by the Company's Management with assistance from its legal advisors.

In order to address the tax, civil and labor contingencies, the Company has a balance in escrow deposits of R\$ 770,828 in the Company and R\$ 980,613 in the Consolidated as at March 31, 2021 (R\$ 660,734 in the Company and R\$ 843,852 in the Consolidated as at December 31, 2020).

d) Contingent liabilities – possible loss

The Company is a party to other claims that were assessed by Management, with assistance from its legal advisors, as possible losses and, therefore, no provision was recognized for such claims. The amounts related to claims involving federal taxes sum as at March 31, 2021 reach a total of R\$ 1,790,081 (R\$ 1,809,930 as at December 31, 2020), in Company and R\$ 1,944,485 (R\$ 1,913,162 as at December 31, 2020) in Consolidated, and in relation to state taxes these amounts, as at March 31, 2021 reach a total of R\$ 644,065 (R\$ 712,079 as at December 31, 2020) in Company and R\$ 711,568 (R\$ 769,209 as at December 31, 2020) in consolidated and as to municipal taxes these amount to on March 31, 2021, a total of R\$ 3,849 (R\$ 3,927 as at December 31, 2020) in Company and R\$ 3,861 (R\$ 3,939 as at December 31, 2020) in Consolidated.

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

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

23. Net equity

a) Capital

As at March 31, 2021 and December 31, 2020, the Company's shareholding structure is as follows:

	03/31/2021		12/31/2020	
	Number of shares	Interest %	Number of shares	Interest %
Controlling shareholders	3,793,697,828	58.37	3,794,249,028	58.38
Outstanding shares	2,653,871,249	40.84	2,669,138,132	41.07
Treasury shares	51,357,771	0.79	35,539,688	0.55
Total	6,498,926,848	100.00	6,498,926,848	100.00

The shares held by controlling shareholders, members of the Board of Directors and/or Executive Officers, are included under the controlling shareholders' item.

According to article 7 of the Bylaws, the Company may increase its capital, pursuant to Article 168, Law 6404/76, by means of the issue of up to 1,200,000,000 new common shares.

b) Capital reserve

As at March 31, 2021, the Company has the amount of R\$ 421,727 (R\$ 390,644 as at December 31, 2020) registered under Capital Reserve.

Share purchase option plan - 2nd Granting of the Share Purchase Option Plan

The second grant of the Stock Option Plan was approved on October 25, 2013. In this opportunity, 38,831,232 options were granted and the strike price was established at R\$ 0.30 (the effect from split of shares was considered). Said plan will have a maximum exercise period of 12 years, counted from the execution date, provided that the beneficiary continues linked to the Company and has complied with the vesting periods of the plan.

The fair value of each option granted is estimated on the grant date applying the pricing model of the Black & Scholes options, considering the following assumptions:

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

(a) It represents the period in which the options are believed to be exercised and considers the average turnover of the plan's beneficiaries.

The table below demonstrates the changes in the quantity of share options and the strike price weighted average (MPPE):

	Quantity	MPPE ¹
Outstanding at January 1, 2020	6.434.880	R\$0,30
exercised during the period	(5.374.000)	R\$0,30
Outstanding on December 31, 2020	1.060.880	R\$0,30
exercised during the period	(30.000)	R\$0,30
Outstanding on March 31, 2021	1.030.880	R\$0,30

¹Weighted Average of the Stock Option Strike Price: calculated based on the contractual terms, not considering the inflation adjustment to the strike price. The weighted average price of stock options at exercise date was R\$ 10.24 in 2020 (R\$ 6.35 in 2019).

Share-based incentive plan – “share matching”

The Board of Directors approved on April 20, 2017 a new incentive plan linked to the shares of the Company. The plan has the aim of regulating the concession of incentives linked to common shares issued by the Company through programs to be implemented by the Executive Officers, whereby Management, employees or service providers of the Company or of its subsidiaries or jointly-owned subsidiaries are eligible.

The main objectives of the plan are: (a) to increase the capacity of attracting and retaining talents by the Company; (b) reinforce the culture of sustainable development and search for the development of our Managers, employees and service providers, aligned to the interests of our shareholders to those of the eligible parties; and (c) stimulate the expansion of the Company and the scope and surpassing our business targets and achievement of our social objectives, aligned to the interests of our shareholders, through the long-term commitment of the beneficiaries.

The following table shows the balance (number) of shares granted on March 31, 2021:

Type of program	Grant date	Maximum grace period	Position of shares granted	Fair value ¹
1st Matching share	June 28, 2017	4 years and 10 months	10.075.072	R\$0,97
2nd Matching share	April 05, 2018	5 years	7.149.980	R\$3,08
3rd Matching share	April 04, 2019	5 years	2.172.192	R\$5,05
4th Matching share	April 15, 2020	5 years	1.613.352	R\$10,96
1st Restricted share	April 05, 2018	3 years	595.232	R\$3,08
2nd Restricted share	April 04, 2019	3 years	2.535.104	R\$5,05
3rd Restricted share	June 05, 2019	3 years	1.158.080	R\$5,98
4th Restricted share	April 04, 2019	3 years	2.555.040	R\$5,27
4th Restricted share	January 04, 2021	3 years	1.624.064	R\$24,63
5th Restricted share	April 15, 2020	3 years	3.151.032	R\$10,96
1st Performance share	February 20, 2019	5 years	43.020.608	R\$5,08
			75.649.756	R\$5,13

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

In addition to the plans shown above, the Company granted 8,916,188 shares in the Softbox group acquisition process, part linked to the former owners of the acquiree who continue to act as employees and part to the other employees. The fair value measured at grant date was R\$ 5.68 and the maximum grace period is 5 years (December 2023).

Consideration in business combination

In its acquisition processes, the Company has been using the negotiation of part of the acquisition price with shares issued by it (“MGLU3”). Considering that the consideration will be settled using an equity instrument, the Company has an accounting policy of recording the fair value under the capital reserve item. We show below the amount related to the consideration in shares, on March 31, 2021:

Acquisition	Acquisition date	Amount	Number of shares ¹	Calculation of goals
Hubsales	07/30/2020	5,000	259,841	01/01/2021–12/31/2025
Canaltech	09/30/2020	24,000	1,222,930	10/01/2020–08/30/2025
Aiqfome	09/03/2020	37,500	1,749,476	01/01/2021–12/31/2025
GFL Logística	09/25/2020	5,783	260,000	01/01/2021–12/31/2025
Stoq	08/24/2020	7,560	364,723	01/01/2021–12/31/2025
ComSchool	15/10/2020	3,510	154,521	01/01/2021–12/31/2025
VIPCommerce	03/01/2021	22,750	906,374	03/01/2021- 02/28/2026
Tonolucro	03/29/2021	4,000	296,233	03/01/2021- 02/28/2026
Grandchef	03/29/2021	4,000	169,276	03/01/2021- 02/28/2026
		114,103	5,383,374	

¹ Part of the shares are linked to the achievement of certain targets and other obligations. The number of shares was calculated considering the fair value of reaching 100% of the targets provided for in the contracts.

c) Treasury shares

	Quantity	Value ¹
January 1, 2020	16,516,624	124,533
Acquired in the year	30,583,100	573,827
Disposed in the year	(11,560,036)	(94,679)
December 31, 2020	35,539,688	603,681
Acquired in the period	16,926,900	358,846
Disposed in the period	(1,108,817)	(19,032)
March 31, 2021	51,357,771	943,495

The decrease in treasury share balance is equal to the weighted average of the cost incurred to acquire the shares. Any exceeding cash received for the disposal on decrease of treasury shares is recoded as capital reserve.

The stock options exercised for the period were paid using the Company's treasury shares.

d) Profit reserve

At the Annual General Meeting held on April 22, 2021, the payment of R\$ 170,000 of interest on own capital related to the year ended December 31, 2020 was approved. That interest on own capital is assigned to the minimum mandatory dividends of R\$ 39,953 that was registered as a liability at December 31, 2020. The distribution was settled on May 5, 2021.

e) Equity valuation adjustments

In the period ended March 31, 2021, the Company recorded in "Equity valuation adjustments" the amount of R\$ 6,648, (R\$ 11,151 as at December 31, 2020), related to adjustment to fair value of financial assets.

f) Earnings per share

The calculations of basic and diluted earnings per share, considering the effect from split of shares, are disclosed below:

	Basic earnings		Diluted earnings	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
In thousands				
Total common shares	6,498,926,848	6,498,926,848	6,498,926,848	6,498,926,848
Effect of treasury shares	(51,357,771)	(21,420,272)	(51,357,771)	(21,420,272)
Effect of stock plans to be exercised (a)	-	-	79,735,461	94,416,596
Outstanding common shares	6,447,569,077	6,477,506,576	6,527,304,538	6,571,923,172
Net income for the year:	258.640	30.803	258.640	30.803
Earnings per share: (in reais - R\$)	0.040	0.005	0.040	0.005

(a) Considers the effect of exercisable shares in accordance with the stock-option plan disclosed above.

24. Net revenue from sales

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Gross revenue:				
Retail – resale of goods	8,897,616	5,535,059	9,567,312	6,132,865
Retail – services rendered	315,283	296,988	463,008	316,420
Other services	-	-	88,062	37,000
	9,212,899	5,832,047	10,118,382	6,486,285
Taxes and returns:				
Retail – resale of goods	(1,654,296)	(1,080,987)	(1,774,803)	(1,216,900)
Retail – services rendered	(28,923)	(27,264)	(39,730)	(27,465)
Other services	-	-	(51,036)	(7,171)
	(1,683,219)	(1,108,251)	(1,865,569)	(1,251,536)
Net sales revenue	7,529,680	4,723,796	8,252,813	5,234,749

25. Cost of goods sold and services rendered

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Costs:				
Goods sold	(5,690,187)	(3,483,552)	(6,053,517)	(3,773,337)
Other services	-	-	(129,194)	(40,939)
Total	(5,690,187)	(3,483,552)	(6,182,711)	(3,814,276)

26. Information on the nature of expenses and other operating revenues

The presentation of the statement of income of the Company used a classification of expenses based on function. The information on the nature of the expenses recognized in the statement of income are presented below:

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Personnel expenses	(598,714)	(469,303)	(677,253)	(523,726)
Expenses with outsourced services	(563,372)	(333,620)	(500,324)	(397,984)
Other	(102,749)	(64,442)	(186,087)	(138,579)
Total	(1,264,835)	(867,365)	(1,363,664)	(1,060,289)
Classified by function as:				
Sales expenses	(1,308,121)	(801,140)	(1,420,206)	(938,263)
General and administrative expenses	(173,658)	(148,393)	(225,556)	(194,625)
Other operating income, net (Note 27)	216,944	82,168	282,098	72,599
Total	(1,264,835)	(867,365)	(1,363,664)	(1,060,289)

Freight expenses related to the transport of the goods from the distribution centers to the physical stores and delivery of the products sold to consumers are classified as sales expenses.

27. Other operating revenues, net

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Exclusive rights income (a)	13,164	13,164	13,810	13,892
Reversal (provision) for tax, civil and labor risks (b)	265,146	28,979	330,684	30,866
Gain from a lawsuit	-	53,308	-	44,322
Other revenues	278,310	95,451	344,494	89,080
Gain (Loss) on the sale of property and equipment	(147)	(62)	(147)	(62)
Experts' fees (c)	(47,386)	(4,186)	(49,428)	(7,771)
Pre-operating expenses	(1,600)	(1,900)	(1,600)	(1,900)
Aspects related to Covid-19 and other (d)	(12,233)	(7,135)	(11,221)	(6,748)
Other expenses	(61,366)	(13,283)	(62,396)	(16,481)
Total	216,944	82,168	282,098	72,599

(a) Refers to the appropriation of deferred income for contracts of rights of exploration, as described under Note 20. The variation observed between the appropriation of the years 2018 and 2017 refer to attaining certain goals in the contracts with the companies Cardiff and Luizaseg.

(b) Refers in 2021 mainly to the impacts of the reversal of provision related to the judgment by the STF of the unconstitutionality of the payment of ICMS - Difal, as described in detail in note 22 a).

(c) Expenses related to advisory costs for the acquisition of companies, as well as successful attorneys' fees for the aforementioned processes.

(d) Refers mainly to expenditures incurred due to Covid-19, such as supplies for cleaning the Distribution Centers and administrative units, among others.

28. Financial income

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Financial income:				
Income from financial investments and securities	2,899	10,883	2,899	10,883
Yield from interest earning bank deposits and securities	6,702	19,924	2,821	1,882
Interest on the sale of goods – interest in arrears in receivables	3,619	2,297	3,622	2,332
Discounts obtained and monetary adjustments	17,725	23,961	19,405	26,692
Other	132	7,344	4,844	7,974
	31,077	64,409	33,591	49,763
Financial expenses:				
Interest on loans and financing	(15,057)	(10,740)	(15,101)	(10,748)
Interest on lease	(45,888)	(41,127)	(46,387)	(43,200)
Charges on credit card advances	(97,919)	(59,753)	(113,342)	(60,354)
Provision for loss with interest on extended warranties	(2,240)	(7,950)	(2,240)	(7,950)
Financial income tax	(1,855)	(3,000)	(2,275)	(3,114)
Inflation adjustments - liabilities	(8,147)	(6,873)	(12,358)	(6,873)
Other	(10,632)	(7,451)	(12,216)	(11,935)
	(181,738)	(136,894)	(203,919)	(144,174)
Net financial income (loss)	(150,661)	(72,485)	(170,328)	(94,411)

29. Segment reporting

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

Retail – basically the resale of goods and rendering of services in the Company's stores and e-commerce (traditional e-commerce and marketplace) and Aiqfome acting as intermediary. In the context of the marketplace, information related to Magalu Pagamentos is added to this segment;

Financial operations - through the joint venture Luizacred, mainly engaged in the offer of credit to customers of the Company for the acquisition of products;

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

Other Services – comprises the rendering of consortium management services through the subsidiary LAC, mainly engaged in the management of Consortia to the Company's clients, for the acquisition of products; and product delivery management services, through the subsidiary Magalog and software development services through the subsidiaries of the Softbox Group.

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

Statements of income

	03/31/2021					Consolidated
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	
Gross revenue	10,030,320	303,742	85,478	229,256	(530,414)	10,118,382
Tax and returns	(1,814,533)	-	-	(51,036)	-	(1,865,569)
Net revenue from segment	8,215,787	303,742	85,478	178,220	(530,414)	8,252,813
Costs	(6,053,517)	(8,976)	(8,845)	(132,728)	21,355	(6,182,711)
Gross profit	2,162,270	294,766	76,633	45,492	(509,059)	2,070,102
Sales expenses	(1,520,136)	(118,232)	(62,950)	(37,730)	318,842	(1,420,206)
Administrative and general expenses	(212,806)	(1,623)	(7,885)	(12,750)	9,508	(225,556)
Losses on trade receivables	(33,795)	(135,125)	-	(12)	135,125	(33,807)
Depreciation and amortization	(176,319)	(1,473)	(1,307)	(2,007)	2,780	(178,326)
Equity in investments	14,323	-	-	-	8,635	22,958
Other operating income	281,615	(8,364)	293	483	8,071	282,098
Financial income	32,815	-	6,429	776	(6,429)	33,591
Financial expenses	(199,435)	-	(10)	(4,484)	10	(203,919)
Income tax and social contribution	(89,892)	(12,074)	(6,120)	1,597	18,194	(88,295)
Net income	258,640	17,875	5,083	(8,635)	(14,323)	258,640

Equity accounting reconciliation

Equity in Other services (Note 12)	(8,635)
Equity in Luizacred (Note 13)	17,875
Equity in Luizaseg (Note 13)	5,083
(=) Equity in the retail segment	14,323
(-) Effect of elimination of Other services	8,635
(=) Consolidated investment	22,958

Statements of income

	03/31/2020					Consolidated
	Retail (a)	Financial operations	Insurance operations	Other services	Eliminations (b)	
Gross revenue	6,449,285	326,816	75,324	65,652	(430,792)	6,486,285
Deductions from income	(1,244,365)	-	-	(7,171)	-	(1,251,536)
Net revenue from segment	5,204,920	326,816	75,324	58,481	(430,792)	5,234,749
Costs	(3,773,337)	(25,981)	(7,680)	(44,007)	36,729	(3,814,276)
Gross profit	1,431,583	300,835	67,644	14,474	(394,063)	1,420,473
Sales expenses	(961,319)	(117,132)	(61,115)	(2,528)	203,831	(938,263)
General and administrative expenses	(182,434)	(2,723)	(7,620)	(12,191)	10,343	(194,625)
Losses on trade receivables	(29,339)	(164,920)	-	(669)	164,920	(30,008)
Depreciation and amortization	(173,921)	(1,499)	(1,319)	(920)	2,818	(174,841)
Equity in investments	2,328	-	-	-	117	2,445
Other operating income	71,609	(6,320)	(26)	(140)	7,476	72,599
Operating expenses	42,682	-	4,226	208	(4,226)	42,890
Financial expenses	(136,966)	-	(11)	(335)	11	(137,301)
Income tax and social contribution	(33,420)	(3,455)	(4,120)	1,984	6,445	(32,566)
Net income	30,803	4,786	(2,341)	(117)	(2,328)	30,803

Equity accounting reconciliation

Equity in Other services (Note 12)	(117)
Equity in Luizacred (Note 13)	4,786
Equity in Luizaseg (Note 13)	(2,341)
(=) Equity in the retail segment	2,328
(-) Effect of elimination of Other services	117
(=) Consolidated investment	2,445

- The retail segment is represented by consolidated amounts contemplating the results of Magazine Luiza S.A. and Época Cosméticos. In the retail segment, the equity in investments line contemplates the net income from financial operations, insurance and other services, once this amount is contained in the profit or loss amounts of the segment used by the main management of the operations.
- Eliminations are represented mainly by the effects of the segments of financial operations and insurance operations, which are presented in a proportional manner above, nevertheless are included only in one line of equity in investments in the consolidated financial statements of the Company.
- Inter-segment transfers are less than 10% of combined revenue of all operating segment and are not an information regularly reviewed by Chief Operation Decision Maker.

Balance sheet

	03/31/2021			
	Retail (*)	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	530,466	12,589	118	109,403
Securities and other financial assets	745,234	8,133	278,578	160
Accounts receivable	3,659,779	5,735,347	-	71,506
Inventory	6,808,443	-	-	-
Investments	700,958	-	-	-
Property, plant and equipment, right-of-use and intangible assets	5,415,977	51,327	26,553	322,377
Other	4,474,932	242,420	24,678	114,089
	22,335,789	6,049,816	329,927	617,535
Liabilities				
Suppliers	7,045,655	-	1,131	24,861
Onlendings and other deposits	756,675	-	-	-
Loans and financing	1,667,386	-	-	2,392
Leases	2,545,640	-	-	-
Interbank deposits	-	2,010,176	-	-
Credit card operations	-	2,717,649	-	-
Technical provision of insurance	-	-	313,578	-
Provision for tax, civil and labor contingency risks	1,057,131	31,912	2,028	67,209
Deferred revenue	330,415	10,238	-	-
Other	1,662,194	877,014	34,225	247,750
	15,065,096	5,646,989	350,962	342,212
Shareholders' equity	7,270,693	402,827	(21,035)	275,323

Reconciliation of investment

Investments (Note 12)

Lac	52,000
Magalog	141,715
Softbox Group	125,455
Magalu Pagamentos	205,352
	524,522

Jointly-controlled subsidiaries (Note 13)

Luizacred	402,826
Luizaseg	(21,037)
	381,789

Total investments	906,311
(-) Elimination effect	(524,522)
(=) Total consolidated investments	381,789

Balance sheet

	12/31/2020			
	Retail (*)	Financial operations	Insurance operations	Other services
Assets				
Cash and cash equivalents	1,584,648	13,199	212	96,728
Securities and other financial assets	1,220,095	7,255	300,302	1,684
Accounts receivable	4,729,705	5,587,189	-	48,334
Inventory	5,927,236	-	-	-
Investments	648,460	-	-	-
Property, plant and equipment, right-of-use and intangible assets	5,331,199	52,773	27,835	229,740
Other	5,003,590	234,710	39,185	101,809
	<u>24,444,933</u>	<u>5,895,126</u>	<u>367,534</u>	<u>478,295</u>
Liabilities				
Suppliers	8,450,342	-	1,231	51,056
Onlendings and other deposits	718,482	-	-	-
Loans and financing	1,684,246	-	-	2,516
Leases	2,526,304	-	-	-
Interbank deposits	-	1,580,845	-	-
Credit card operations	-	2,721,818	-	-
Technical provision of insurance	-	-	320,887	-
Provision for tax, civil and labor contingency risks	1,314,929	30,945	1,824	57,412
Deferred revenue	344,279	10,501	-	-
Other	2,081,064	1,166,066	41,817	150,297
	<u>17,119,646</u>	<u>5,510,175</u>	<u>365,759</u>	<u>261,281</u>
Shareholders' equity	<u>7,325,287</u>	<u>384,951</u>	<u>1,775</u>	<u>217,014</u>

Reconciliation of investment
Investments (Note 12)

Lac	52.129
Magalog	145.212
Softbox Group	64.396
Magalu Pagamentos	169.536
	<u>431.273</u>

Jointly-controlled subsidiaries (Note 13)

Luizacred	384.951
Luizaseg	1.774
	<u>386.725</u>

Total investments	<u>817.998</u>
(-) Elimination effect	<u>(431.273)</u>
(=) Total consolidated investments	<u>386.725</u>

(*) Consolidated balances contemplating Magazine Luiza S.A, Netshoes, Época Cosméticos, Integra Commerce, Magalu Pagamentos and Aiqfome.

30. Financial instruments

Categories of financial instruments

Categories of financial instruments	Rating	Measurement of fair value	Parent Company				Consolidated			
			03/31/2021		12/31/2020		03/31/2021		12/31/2020	
			Book	Fair value						
Cash and equivalents	Amortized cost	Level 2	70,787	70,787	154,895	154,895	138,242	138,242	362,166	362,166
Accounts receivable - credit and debit cards	Amortized cost	Level 2	1,578,320	1,578,320	2,651,043	2,651,043	2,900,089	2,900,089	3,856,923	3,856,923
Accounts receivable – other trade receivables and commercial agreements	Amortized cost	Level 2	711,178	711,178	825,808	825,808	831,196	831,196	921,116	921,116
Accounts receivable from related parties	Amortized cost	Level 2	447,537	447,537	412,350	412,350	19,014	19,014	80,634	80,634
Accounts receivable from related parties – Credit cards	Amortized cost	Level 2	1,614,925	1,614,925	2,249,014	2,249,014	1,614,925	1,614,925	2,249,014	2,249,014
Cash equivalents	FVTPL	Level 2	548	548	509,583	509,583	548	548	509,583	509,583
Cash equivalents	Amortized cost	Level 2	337,227	337,227	617,091	617,091	475,039	475,039	777,208	777,208
Securities	Amortized cost	Level 2	12,334	12,334	12,287	12,287	12,334	12,334	13,811	13,811
Securities	FVTPL	Level 2	732,900	732,900	1,207,808	1,207,808	733,060	733,060	1,207,968	1,207,968
Total financial assets			5,505,756	5,505,756	8,639,879	8,639,879	6,724,447	6,724,447	9,978,423	9,978,423

Categories of financial instruments	Rating	Measurement of fair value	Parent Company				Consolidated			
			03/31/2021		12/31/2020		03/31/2021		12/31/2020	
			Book	Fair value						
Trade accounts payable	Amortized cost	Level 2	6,582,460	6,582,460	7,679,861	7,679,861	7,070,516	7,070,516	8,501,398	8,501,398
Onleading's and other deposits	Amortized cost	Level 2	-	-	-	-	756,675	756,675	718,482	718,482
Loans and financing	Amortized cost	Level 2	1,667,035	1,776,483	1,683,968	1,676,769	1,669,778	1,779,226	1,686,762	1,679,563
Leases	Amortized cost	Level 2	2,519,221	2,519,221	2,497,323	2,497,323	2,545,640	2,545,640	2,526,304	2,526,304
Accounts payable to related parties	Amortized cost	Level 2	107,977	107,977	189,135	189,135	36,165	36,165	130,286	130,286
Other accounts payable ex-quotaholders/shareholders	Amortized cost	Level 2	9,512	9,512	12,725	12,725	84,141	84,141	71,272	71,272
Total financial liabilities			10,886,205	10,995,653	12,063,012	12,055,813	12,162,915	12,272,363	13,634,504	13,627,305

Fair value measurement

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

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

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

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

Evaluation techniques and significant unobservable inputs

Specific evaluation techniques used to value financial instruments, in accordance with the rules of Level 2, include:

- Quoted market prices or quotations from financial institutions or brokers for similar instruments.
- The fair value for credit card receivables is determined based on assumptions usually used for the sale of similar assets, considering the discounted cash flows for a rate by acquiring companies.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value for the remaining financial instruments.

Capital risk management

The Company's objectives in managing its capital are to safeguard its going concern to offer return to shareholders and benefits to the other stakeholders besides maintaining an optimal capital structure to reduce this cost and maximize funds to invest in the 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 securities. Periodically, Management reviews the capital structure and its capacity to settle its liabilities, as well as timely monitors the average term of suppliers in relation to the average term of inventory turnover, taking the necessary actions when the relationship between these balances shows significant imbalances.

Management of liquidity risk

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

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

Contractual maturity is based on the most recent date on which the Company should settle the related obligations.

Position as of 03/31/2021

Parent Company	Book balance	<01 year	01-03 years	>03 years	Total
Trade accounts payable	6.582.460	6.582.460	-	-	6.582.460
Leases	2.519.221	490.070	865.848	2.174.839	3.530.757
Loans and financing	1.667.035	1.681.162	862.303	-	2.543.465
Accounts payable to related parties	107.977	107.977	-	-	107.977
Other accounts payable	9.512	3.429	6.439	-	9.868

Consolidated	Book balance	<01 year	01-03 years	>03 years	Total
Trade accounts payable	7.070.516	7.070.516	-	-	7.070.516
Leases	2.545.640	500.574	884.407	2.221.455	3.606.436
Loans and financing	1.669.778	1.681.162	862.303	-	2.543.465
Accounts payable to related parties	36.165	36.165	-	-	36.165
Other accounts payable	84.141	11.113	57.071	19.719	87.903

Position as of 12/31/2020

Parent Company	Book balance	<01 year	01-03 years	>03 years	Total
Trade accounts payable	7,679,861	7,679,861	-	-	7,679,861
Leases	2,497,323	477,099	857,030	2,165,725	3,499,854
Loans and financing	1,683,968	1,685,002	15,308	-	1,700,310
Accounts payable to related parties	189,135	189,135	-	-	189,135
Other accounts payable	12,725	5,291	14,890	5,011	25,192

Consolidated	Book balance	<01 year	01-03 years	>03 years	Total
Trade accounts payable	8,501,398	8,501,398	-	-	8,501,398
Leases	2,526,304	488,388	877,308	2,216,969	3,582,665
Loans and financing	1,686,762	1,685,002	18,102	-	1,703,104
Accounts payable to related parties	130,286	130,286	-	-	130,286
Other accounts payable	71,272	15,046	44,076	14,739	73,861

Other financial risk considerations

The Company's business primarily comprises the retail sale of consumer goods, mainly home appliances, electronics, furniture and financial and insurance services, consumer financing for purchase of these assets and consortium-related activities, created for the acquisition of vehicles, motorcycles, home appliances and real estate properties. The main market risk factors affecting the Company's business are as follows:

Credit risk: the risk arises from the possibility that the Company may incur in losses due to non-receipt of amounts billed to customers, the consolidated balance of which amounts to R\$ 3,664,527 as at March 31, 2021 (R\$ 4,661,516 as at December 31, 2020). A large part of the sales of the Company are made using the credit card as a form of payment, which is substantially securitized with the credit card administrators. For other receivables the Company also evaluates the risk as being low, due to the widespread sales, as a result of the large number of customers, nevertheless there are no guarantees of actual receipt of the total balance of trade receivables due to the nature of the business. All the same, risk is managed by means of continued analysis of default rate, as well as adopting more efficient collection measures. As at March 31, 2021, the Company had registered a balance of receivables past due or uncollectible, which terms were renegotiated, in the amount of R\$ 43,938 (R\$ 37,537 as at December 31, 2020) for company and consolidated, which have been included in the Company's analysis on the need for recognizing losses on trade receivables. See Note 7 to the financial statements for further information on accounts receivable.

The policy of the Company for investments in debt securities (financial investments) is to invest in securities that have ratings attributed by the main credit risk agencies and that have a classification equal or superior to sovereign ratings (on a global scale). As at March 31, 2021, almost the total amount of investments held by the Company had such rating levels, reaching the amount of R\$ 1,083,009 (R\$ 2,346,769 as at December 31, 2020) in Company and R\$ 1,247,021 (R\$ 2,540,989 as at December 31, 2020) in Consolidated.

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

Foreign exchange rate risk management: The Company uses derivatives to meet its market risk management requirements, arising from mismatching between currencies and indexes. Derivative transactions are carried out through the Finance Department, pursuant to the strategies previously approved by the Company's Board of Directors.

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

As at March 31, 2021, Management carried out a sensitivity analysis, considering a probable scenario and scenarios of 25% and 50% increases and decrease in the expected interest rates. The probable scenario was measured using the future interest rates disclosed by BM&FBOVESPA and/or BACEN, considering the CDI base rate of 2.65%. The expected effects of interest expenses net of financial income from financial investments for the next three months are as follows:

	Parent Company	Consolidated
	03/31/2021	03/31/2021
Bank deposit certificates (Note 5)	337.775	475.587
Non-exclusive investment funds (Note 5)	-	26.040
Cash equivalents	337.775	501.627
Securities (Note 6)	745.234	745.394
Total cash equivalents and securities	1.083.009	1.247.021
Loans and financing (Note 19)	(1.667.035)	(1.669.778)
Net exposure	(584.026)	(422.757)
Financial revenue from interest - exposure to CDI	2,65%	2,65%
Impact on financial income (loss), net of taxes:		
Scenario Probable – Base of 2.65% p.a.	(3.869)	(2.801)
Scenario 25% increase - rate of 3.31% p.a.	(4.836)	(3.501)
Scenario 50% increase - rate of 3.98% p.a.	(5.804)	(4.201)
Scenario 25% decrease - rate of 1.99% p.a.	(2.902)	(2.101)
Scenario 50% decrease - rate of 1.33% p.a.	(1.935)	(1.400)

31. Statements of cash flows

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

	Controladora		Consolidado	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Changes in fair value of financial assets	-	(2,811)	-	(2,811)
Offset of recoverable taxes	(214,507)	(111,654)	(214,507)	(111,654)
IFRS 16 additions - right of use	96,633	108,695	96,802	115,634
Share option plan - Netshoes	(1,330)	(2,107)	-	-
Other accounts payables to former shareholders	(30,750)	-	(30,750)	-
Dividends proposed by subsidiaries and joint ventures not received	14,809	-	14,809	-
Dividends declared and interest on own capital unpaid in the year	(39,955)	-	(39,955)	-
Treasury shares payables	(159,037)	-	(159,037)	-

32. Insurance coverage

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

The insurance coverage, as at March 31, 2021 and 2020 are demonstrated below:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Civil liability and D&O	100,000	100,000	354,505	331,202
Sundry risks – inventory and property and equipment	5,145,768	5,137,238	5,674,286	5,492,117
Vehicles	25,165	23,823	25,165	23,823
Total	5,270,933	5,261,061	6,053,956	5,847,142

33. Subsequent events

a. Acquisition Smarthint

On April 6, 2021, the Company acquired, through its subsidiary Softbox, all the voting capital shares of SmartHint Tecnologia Ltda., developer of an intelligent search system and purchase recommendation for e-commerce. Among the main tools of SmartHint are (i) the intelligent search, which presents products even with misspelling in the search as long as the phonetic sound is the same, and also includes voice search and search for product color through reading images; (ii) recommendation showcases, which suggest products in standalone and customized showcases according to the profile of each user and (iii) retention tools, which awaken the desire to purchase by increasing the conversion rate and reducing cart abandonment. With SmartHint, the Company will further expand the search assertiveness within its SuperApp. The Company will pay the total amount of up to R \$ 66,000, depending on the achievement of certain targets.

b. Acquisition Jovem Nerd

On April 14, 2021, the Company announced to the market the acquisition, through its subsidiary Netshoes, of all the voting capital shares of Nonsense Creations, LLC and Pazos, Ottoni & Cia Ltda. (“Jovem Nerd”), the largest multimedia platform aimed at the nerd and geek audience in Brazil. Jovem Nerd's content will be integrated into Magalu SuperApp, expanding its reach and increasing the time of using the application. Finally, with the acquisition, the Company further expands its audience, which already has CanalTech and Steal the Look, and increases the reach and relevance

of MagaluAds. The Company will pay the total amount of up to R\$ 40,000, depending on the achievement of certain targets and permanence in the Company.

c. Acquisition Hub Prepaid Participações S.A.

In April, 2021, Administrative Council for Economic Defense (CADE) approved the acquisition by the subsidiary Magalu Pagamentos of all shares of Hub Prepaid S.A., a non-financial holding company that controls Hub Pagamentos S.A., a payment institution authorized to operate as a creditor and issuer of electronic currency by the Central Bank of Brazil (BACEN), fully integrated into the Brazilian Payment System (SPB) and the Instant Payment System (PIX). In addition to offering a digital account and prepaid card directly to its clients, Hub is one Banking as a Service (BaaS) platforms and a leader in prepaid card processing, serving clients in several segments, such as retail, mobility, financial institutions and fintechs. In addition to Hub Pagamentos S.A., Hub Prepaid Participações S.A. controls the non-operating companies Hub Voucher S.A., Paypaxx Administradora de Cartão S.A. and Hub Pagos S.A. In the date of issuance of these interim financial statements, the transaction is still under approval process with BACEN.

The acquisition price for the acquisition is R\$ 290 million, to be fully settled upon the completion of the transaction, which is subject to certain precedent conditions, as well as the approval of BACEN.

d. Issuance of promissory notes

On April 30, 2021, the Company issued 1,500 (one thousand and five hundred) promissory notes with a nominal value of R\$ 1,000,000 (one million reais) each, with a single maturity on April 29, 2024 and at a cost of 100% of CDI + 1.25% pa. The amount raised will reinforce the Company's working capital.