



# Transforming to enchant



**2020** ANNUAL  
REPORT

LOJAS RENNER S.A.



CMICADO youcom realize

## FINANCIAL STATEMENTS 2020

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## MANAGEMENT REPORT 2020

### INTRODUCTION

In compliance with the legal provisions and in accordance with Brazilian corporate law, Lojas Renner S.A. presents as follows its Management Report, with comments on the operational and financial results for the fiscal year ending December 31, 2020. This report is a component part of the Company's Financial Statements which conform to the international accounting standards (IFRS), issued by the International Accounting Standards Board (IASB). The information presented herein is aligned to the Company's Integrated Report which respects global best practices and IIRC (International Integrated Reporting Council) guidelines.

### MESSAGE FROM THE MANAGEMENT

The year 2020 will go down as a landmark period in history. Not only because of the pandemic and the intense and unpredictable days we have been living through but also for the entire transformation and evolution seen in our businesses.

For us there is no doubt that we are leaving 2020 much stronger, agile, and more resilient. We have reinvented our business in many ways and despite everything, today we are a better company with opportunities to accelerate all of our plans and goals set for our digital transformation and the continued physical store expansion in Latin America.

But before talking about the future, we believe it is worth emphasizing our initiatives and lessons learnt during this past year. We were pioneers in our sector, taking the difficult but correct decision to temporarily close all our physical stores in March prior to any government edicts and moves by the market at large. We worked arduously to do something never previously imagined and, as we always do, placing people at front and center of our decisions, choosing the preservation of health and lives while maintaining our business, employment, and the activation of the businesses as much as possible. At the same time, we continued to pursue the organization of the operations at the Distribution Centers and the Call Centers allowing us to proceed apace on our journey with safety for our customers and teams, respecting one of our core values: PEOPLE.

In parallel, we reinforced our balance sheet, reassessing projects and investments for the year and reducing planned dividend payouts. Equally, we endeavored to seek out financial resources allowing us to maintain a comfortable cash position, this permitting us to support our principal commercial partners through the supply chain. At the same time, we mobilized our collaboration with the community in general through a range of different initiatives undertaken by the Lojas Renner Institute.

Subsequent to the organization of the business environment, we began to plan our actions for the resumption of normal activities. The reopening of the stores took place very gradually, since closure in March, the store network was only fully up and running at the end of August, albeit with some restrictions on operations. Indeed, the situation proved to be still more challenging than we could have ever imagined, but in spite of all, we persisted and accelerated our transformational initiatives, bringing more and better products and services to market.

We continue our journey having seen an enormous advance in online activities, which today has risen to new heights of growth and relevance as part of the overall business. Our digital channels already represent more than 12% of total sales with a growth of 126.0% in 2020. We know that all the steps implemented so far can be expected to bring with them innumerable new opportunities.

From the operational point of view, we have seen great progress. In logistics, we have enhanced productivity at the Distribution Centers, accelerating deliveries, reducing lead times, and improving the customer experience. In e-commerce, we have incorporated new functionalities and services in our application. These lend greater autonomy to the customers through the use of tools for tracking orders and managing their information more independently. Again, in online activities, we multiplied five times the number of items available and began delivering 20% of sales using inventory from the physical stores.

Following resumption of activities at the stores, we also accelerated our omni offering. In addition to initiatives involving product sales via Whatsapp and through Fashion Delivery – involving the data-driven choice and dispatch of items to registered customers – we know that many of our consumers who went digital, have now become omni customers as well. During the year, we were among the most downloaded of the fashion applications, with a corresponding exponential increase in the number of customers. Now, these customers, already accustomed to purchasing online and offline, have begun to enjoy the benefits that an omni operation offers – users of which historically purchase up to three times more than the average and more frequently: greater ease in delivery of orders at the stores and simplification of exchanges, when compared to the experience with returned items via the postal service, not to mention greater speed of delivery with the stores serving as distribution hubs located nationwide.

Also, during 2020, we introduced one more important initiative with the Infinite Aisle pilot operations where e-commerce customers now also have the inventory of the physical stores at their disposal. This will ensure the greater availability of inventories, reflecting in higher turnover of merchandise, reduced need for markdowns and freeing up space at stores to carry on new collections.

As support for these initiatives, we also have structured new areas, subdividing responsibilities, and giving greater focus to the businesses. We now have in place an executive dedicated to Realize CFI for the digital agenda and to oversee the growth of our finance arm. At the same time, we have established the Agility area for disseminating agile methods throughout the company, creating tribes and squads for the projects. We have also set up a new Data department and given new duties to the technology team, today with a contingent of more than 700 people between insourced and dedicated outsourced staff, and

implemented a Strategy and New Businesses area which will give traction to the partnerships, investments, and acquisition agenda.

We also continue to invest in other retail brands: we have accelerated e-commerce operations and remain focused on digitization, at the same time exchanging best experiences and initiatives. Camicado underwent a comprehensive process of improvements to the commercial operation as well as seeing important adjustments to management. Very consistent results are already apparent in addition to the major evolution in e-commerce and omni offering as well as continuous marketplace expansion. Thus, the penetration of digital sales was 25.9% at Camicado. At Youcom, we continue evolving, more especially with respect to online, which reached a 9.4% share in sales. We have launched the app and we are investing in the same tools and services as are already offered by Renner. At Ashua, we continue enhancing brand value and consolidating our omni model of operation.

Equally at Realize, we are pursuing the digital transformation journey, facilitated by new customer behavior. In the light of the long period of store closures, we digitized payment processes and contact with customers, Realize recording more than 20 million monthly visits to the app and the Renner website. Currently, 80% of customer-card interactions are digital.

With no doubt, a year of challenges but also one of beating the odds. In 2020, we reported R\$ 7.5 billion of Total Net Revenue and our Net Debt was R\$ 712 million, equivalent to 0.6x Total Adjusted EBITDA. We also invested R\$ 544.0 million in expansion and digitization of the Company while our market cap stood at R\$ 34.5 billion as at December 31, 2020. Again, our Net Income totaled R\$ 1.1 billion and 25% was approved for distribution as payout to the shareholders. In addition, we have evolved much in the way we work and view things, in the roles we play and in the solutions proposed. We act with determination, transforming the Company in the quest for productivity and velocity in generating greater degrees of enchantment, our omni customers, consequently with greater engagement, frequency and repeat purchases. All this with strong activity based on three important pillars: innovation, digitization, and sustainability.

On the ESG matter, we can also report progress. In addition to measures for supporting and collaborating with the community during the pandemic, in 2021, we moved ahead in actions for achieving our public commitments in sustainability and continue to be a component in portfolios of important indices relating to the theme, such as the ISE, IGC and the ICO2, not to mention the DJSI World, the MSCI Brazil ESG Leaders and the CDP Climate Change. We have also been included in the new S&P B3 ESG index, being placed first in the list of 10 qualifying companies. Again, on the governance theme, in 2020, we commemorated our 15<sup>th</sup> year as a pure widely-held corporation, a fact of which we are very proud, particularly when it is recalled that in 2005, we were the very first company in Brazil to have all its shares traded on the Brazilian Stock Exchange. Additionally, we signed an agreement with Women on Board (WOB) in which we have committed to maintain, at least, two women on the Board of Directors. During the year, we also concluded the project for adjusting our business to the new General Data Protection Law, an important step for guaranteeing the use of information in a safe and responsible manner.

So, we conclude our journey through 2020, a year which raised three clear opportunities: the first relating to new behavior on the part of consumers, allowing us to increase the number of omni customers and leverage the integration of the on- and off-line channels. The second relates to the readjusting of the apparel sector following a difficult year, in which it is apparent that there will only be potential for those organizations with clear competitive advantages to increase their market share. And thirdly, the opportunity relating to commercial relations which strengthened during the course of the year, thanks to the way we handle our relationship with our major partners, our suppliers.

In 2021, much uncertainty still lies ahead as to the economic and health-related scenarios, although we know that now we are more prepared and very alert to the opportunities that may arise. We are already the largest omni fashion retailer in Brazil, and we shall continue to expand the store network and at the same time, the online operation – with enchantment!

Our main objective is to continue accelerating the integration of the physical stores and e-commerce channels, combining the retail operation and Realize, based on a fashion and lifestyle ecosystem, this forming the foundation for all the businesses in innovation, digitization, and sustainability. In this way we shall achieve our four first public commitments in ESG as well as launching new challenges in this respect going forward.

In the context of the ecosystem, we shall continue to stand out both in terms of product and lifestyle, investing in quality and fashion, always alert to the opportunities of partnerships, corporate interests and new businesses evolving out of the combination of the retail and Realize brands. For this purpose, we shall invest a total of R\$ 1.1 billion for the rollout of 20-30 Renner stores, between 5 to 10 stores for Camicado, 5-10 for Youcom and about 5 units for Ashua, as well as for the construction of this ecosystem and its platform.

And finally, we cannot fail to give special thanks to our employees and executives who have remained engaged in spite of so many challenges, not only in the Company but also in their personal lives; to suppliers which have remained committed and allowed us to conduct the operation in safety; to the shareholders that have supported us in this trajectory; and to the customers and the community in general that have been instrumental in making us one of the most recalled companies during the pandemic according to a Croma Insights Institution survey and again being recognized by Interbrand as the 11<sup>th</sup> most valuable brand in the Country.

Thank you all!

José Galló  
Chairman of the Board of Directors

Fabio Adegas Faccio  
Chief Executive Officer

## MEETING THE CHALLENGE OF THE PANDEMIC

From the very first signs of Covid-19, Lojas Renner adopted actions anchored in its convictions and values, prioritizing the health of employees and customers, and as the first retailer to temporarily close all its physical stores in Brazil, in the certainty that it was the best decision for the moment. Simultaneously, the Company reacted rapidly and responsibly, defining its objectives and focus on how to act, based on four pillars divided into four operational phases. And thereafter setting its focus on levels of service with a view to performing faster and better and, principally, adapting to new consumer habits which have driven the acceleration of the digital transformation.

### PILLARS OF ACTIVITY

In the context of the four pillars of activity, several measures were adopted for the protection and safety of the teams, customers, and partners in addition to the maintenance of employment, preservation of financial health and the sound functioning of the businesses. At the same time, a large collaborative network was mobilized in order to multiply efforts and investments to tackle the sanitary and economic crisis, extending support to healthcare establishments and socially vulnerable communities.

#### PILLAR 1 PRESERVATION OF HEALTH AND LIVES

- Administrative teams in home-working regime
- Temporary reduction of teams at the DCs and Call Centers
- Temporary closure of all stores in Brazil, Uruguay, and Argentina
- Promoting social distancing with safety protocols for those activities where operations were maintained
- Transportation provided for DC and Call Center teams

#### PILLAR 2 PRESERVATION OF EMPLOYMENT

- Use of vacation time
- Use of the hour bank mechanism
- Commitment not to terminate for at least 60 days
- Use of the Provisional Measure for suspending labor contracts of temporarily inactive employees
- Use of the Provisional Measure to reduce the working day and salaries by 25% for management and staff

#### PILLAR 3 PRESERVATION OF FINANCIAL HEALTH

- Reduction in Capex
- Reduction of payout to 25%
- Reduction of expenses
- Debt raising to bolster cash (R\$ 2bi)
- Revision of orders and purchase requests
- Support to suppliers by anticipating receivables
- Support for suppliers in triangulations and in access to bank credit lines
- Support for suppliers on labor, legal and tax issues

#### PILLAR 4 SUPPORT TO HOSPITALS AND COMMUNITIES

- Donation of R\$ 5.1 million and 1.7 million masks and PPEs
- Support to hospitals
- Donation to RJ health support fund
- Donation of funds to low-income communities
- Minimum income support for scavengers and seamstresses living in communities close to head office in Porto Alegre
- Partnership with Hospital A. Einstein's Eretz.bio startup incubator (inovacaodobem).com
- Distribution of masks to low-income communities

### OPERATIONAL PHASES

In addition, the Company went through four important phases: the first between the end of March and the beginning of April directed at securing the safety of all; the second, focused on business reorganization and the start of online acceleration; the third, with the objective of a gradual and prudent reopening of the physical stores at the same time significantly leveraging online sales; and the fourth phase, the reopening of all stores to move forwards at full speed.

#### PHASE 1 SAFETY

(March to April)

- Ensure team safety
- Special attention to higher risk groups
- Reduce the velocity of the operation to the maximum
- Revise procedures, operations, processes, plans, projects, and actions in the light of the new conditions
- Revise the financial plan
- Reinforce cash position
- Increase communication with all stakeholders

#### PHASE 2 BEGIN WALKING AGAIN

(April)

- Adopting measures for gradually increasing volumes
- Start online acceleration
- Begin acceleration of strategic projects for digital transformation, innovation, and sustainability
- Prepare physical stores for plan of gradual reopening adapted to the new circumstances
- Implement new procedures for preservation of health
- Resume supplying the stores in safety

#### PHASE 3 BEGINNING OF THE RECOVERY

(Abril onwards)

- Continue evaluating and implementing new measures whenever necessary
- Accelerate on-line by leveraging synergy of the omni and expand inventory availability
- Begin the gradual opening of the physical stores
- Gradually resume other activities while still prioritizing home working in the management and back office areas

#### PHASE 4 RESUME FLYING

- Continue evaluating and implementing new measures whenever necessary
- Accelerate on-line by leveraging synergy of the omni and expand inventory availability in full
- Operate with all the physical stores and expand
- Gradually resume other activities while still prioritizing home working in the management and back office areas

## MACROECONOMIC SCENARIO

The year 2020 was marked by the effects of Covid-19, impacting the economy not only in Brazil but worldwide. Restrictions imposed by social isolation has had some important effects on several sectors, on household incomes and investments in the country. With the aim of minimizing these impacts, certain policies for fiscal and employment preservation purposes were introduced as well as an income support scheme which benefited economic sectors at different levels.

As the situation with the pandemic improved and with it restrictions on economic activity gradually lifted, there were changes in different regions and business segments. In apparel retailing, footfall through the malls gradually recovered to normal levels and with them, segment sales evolved in tandem from April, to reaching turnover closely matching that of October 2019 according to IBGE's PMC – Monthly Retailing Survey. Notwithstanding, a further surge in Covid-19 cases at the end of the year saw fresh restrictions on movement, consequently again reversing this trend.

## THE COMPANY

Lojas Renner S.A. was incorporated in 1965 and represents the largest fashion and lifestyle ecosystem in Brazil. The Company has 606 stores in operation, of which 594 are located in Brasil through the Renner, Camicado, Youcom and Ashua networks. There are a further 12 Renner units in Uruguay and Argentina.

In terms of logistics, there are three Distribution Centers (DC) with one dedicated DC for Camicado business as well as a cross docking facility. The Renner businesses also include Realize CFI, which manages financial products. The Company has its administrative head offices in Porto Alegre (RS) as well as offices in China and Bangladesh for international trading and vendors development.

In line with the Company's current Digital Cycle, important progress was registered in the implementation of various initiatives related to three key projects comprising the transformation process: the first is the development of the Customer's Single View for creating a personalized and consistent relationship with the consumer through greater assertiveness of communication and relationship with the brand. The second involves the use of data for the Product Life Cycle employing Artificial Intelligence in processes ranging from the capture of fashion trends to distribution of items in the stores. And the third is the Omnichannel Transformation designed to ensure that the purchase process for the customer is a seamless one with the complete integration of on- and off-line channels.

Additionally, 2020 was an important year for the increased integration of all the companies under the Lojas Renner S.A. umbrella, the aim being to structure and strengthen its fashion and lifestyle ecosystem, generating greater synergies between the businesses as well as strengthening the Company's strategy.

## CORPORATE VALUES

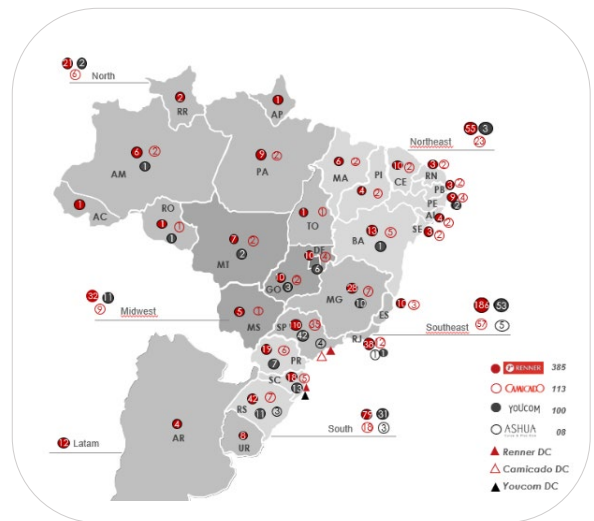
- ENCHANT... to exceed customer expectations.
- OUR WAY... to do things in a simple and agile manner, with great energy and passion.
- PEOPLE... to hire, develop and retain the best people.
- OWNERS OF THE BUSINESS... to think and act like owners of our business unit.
- OBSTINATE PURSUIT OF RESULTS... to seek results and not just good ideas.
- QUALITY... our products and services have the highest level of quality.
- SUSTAINABILITY... businesses and attitudes based on the principles of sustainability.

WE LOVE CHALLENGES: not knowing that something is impossible, we just go ahead and do it!

## CULTURE OF ENCHANTMENT

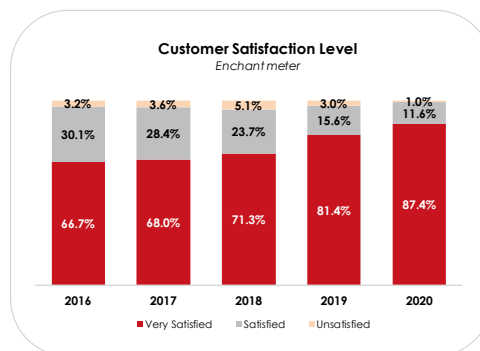
Enchantment is part of the very essence of Lojas Renner and its reason for being, permeating its relationship with all stakeholders, but first and foremost, the customers. And it was with this purpose in mind and in the role of influencer of people that during the pandemic, innovative forms of communication were created in a connection which sought to support wellbeing and foster care with personal health. With this in mind, the Company launched musical events, fashion podcasts, online classes, and a range of programs for increased approximation with its stakeholders.

Still in the context of a relationship connected to the value proposal, the Company continued to report progress in its quest for a Customer's Single View as a means of achieving improved knowledge of the consumer and the offer of personalized and enchanting experiences at all points of contact. Through the use of analyses and transformation of integrated data, the active customer base increased with 80% of sales identified. In addition, statistical predictive behavioral models have been developed facilitating customized campaigns, driving up frequency of visits, average ticket, and number of items per shopping bag.



Progress made in the customer relationship came additional to several improvements in the different sales channels bringing greater flexibility and digitization in the consumer's journey ranging from access to the products to the execution of the purchase. Consequently, even in the context of Covid-19 translating into serious restrictions on physical store operations, the Company has continued to exceed customer expectations to reach record levels of enchantment: 99.0% satisfied or very satisfied.

For more than 20 years, the Company has been a pioneer in the development and use of the Enchantmeter, equipment used to measure the customer's shopping experience and located at the exit of each Renner store. This culture has been perpetuated through the medium of 890 thousand Stories of Enchantment: real life situations in which customers were surprised by extraordinary initiatives on the part of employees in all countries where Renner has operations.



**RENNER**



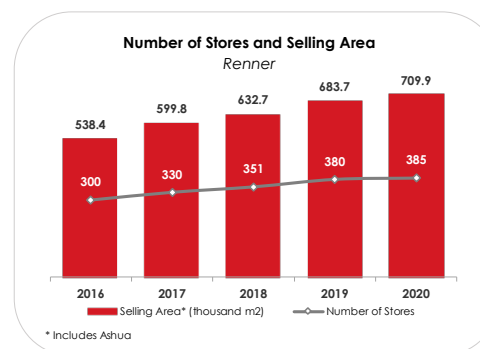
The Company's principal business is its network of Renner stores. These represent 90% of total Net Revenue. Renner seeks to deliver the best experience in fashion to middle/high income groups with quality products and services at competitive prices. The network develops and sells apparel and footwear for women, men, and children through 20 proprietary brands, of which eight represent the Lifestyle concept, where each one reflects its own style of being and dressing. It also sells accessories and cosmetics as well as offering merchandise in some categories with third party labels.

The store network has a total of 373 units in Brazil, 8 in Uruguay as well as 4 in Argentina. The stores have an average sales area of 1.8 thousand m<sup>2</sup> and 91% of them are located in shopping malls. In addition, Renner offers its products via e-commerce platforms in both Brazil and Uruguay.

**STORES**

In 2020, Renner continued to pursue its physical expansion plan, although at a slower rate than usual due to the advancing Covid-19 pandemic. Consequently, 7 stores were rolled out in the period while two units were closed in the light of the frequent process of reviewing the profitability of the operations. At the end of the year, there was a total of 385 units in operation with an aggregate 709.9 thousand m<sup>2</sup> of sales area.

In the operational context, the Company continued to innovate and invest in the Omni Transformation in spite of the restriction on activities, more especially during the temporary closure of the units. During the year, there were some important developments both in the implementation of new forms of sales as well as deliveries.



In addition, many of the services already in place proved even more essential during the pandemic, such as mobile checkout alternatives and accounting for 20% of store sales. In this context, all stores offer Mobile Payment Sales whereby the store assistant using specific devices, completes the purchase at any point in the sales area, and the Digital Sale, in which e-commerce products are sold in the stores. Again, payment can be made via self-checkout desks, these already representing 12% of the sales of units where this service is available. Also implemented throughout the network was the Digital Payments service where payment of purchases is made through the customer's smartphone using the Renner app, this recording a total of 200 thousand operations since its launch.

As to new ways of shopping, the Company now offers a range of alternatives: Social Sales (Minha Sacola) allows anyone to announce Renner's products, receiving a commission for the generated sale. At year-end, there were already more than 17 thousand affiliated participants in the Social Sales operation. Similarly, purchases can now be transacted via Whatsapp, already operational at 80 stores and notable for high conversion rates, as well as the Call and Buy scheme, for sales by phone. The Fashion Machine was also launched in the form of a test vending machine at a subway station in the city of São Paulo, a shopping experience which is 100% autonomous. And, last but not least, Renner launched Fashion Delivery, as a pilot operation at 17 Renner stores, using analytics for defining target publics and dispatching a selection of items to the residence of the indicated customer based on their own personal preferences.

In relation to delivery, the Company enhanced convenience for receiving products and for this purpose, the implementation of RFID in 2019 was a fundamental step towards a greater assertiveness in inventory management and integration of on- and off-line. On this front, initiatives were launched not only through the Store Pickup service offered since 2018, but also using the drive-thru model, providing flexibility and security during the store shutdown period as well as the Ship from Store service, available at more than 180 units, with the offer of faster delivery times. Another important initiative was the Infinite Aisle, implemented in September, whereby the full range of store inventory becomes available to the e-commerce customers as well. This resource serves to maximize online sales by considerably expanding the assortment and depth of items available to customers, increasing

the participation of store inventory in meeting the demand from online shoppers. As a result, by the end of the year, 20% of all digital sales were being serviced from the physical units.

## DIGITAL SALES

The Covid-19 pandemic also brought important changes in the consumer behavior, who migrated massively to digital sales channels as restrictions were placed on personal mobility. Following the period of the intentional slowing in sales at the end of March for adaptations to the operation and with this, ensure employee health and safety, the Company embarked on an intense process of ramping up the digital channels with a significant increase in the number of items available. As a result, digital sales increased 126.0%, recording spikes in growth of more than 200% during the year, and gained relevance in the context of the overall business, reaching 12.3% penetration.

Investments were also increased in content focusing on complicity with the customer through information and tutorials on fashion, behavior, and well-being in addition to the Renner Live Music events and Renner Live Shop, with experts in fashion and beauty. In addition, various improvements were made in the customer shopping experience, giving more autonomy in such questions as request for exchanges and merchandise returns directly through the platform; flexibility in the acceptance of new forms of payment such as Apple Pay and PIX; as well as in usability with the creation of instruments such as the Ideal Bra Guide and size measuring rules.

All these initiatives were reflected in an increase of 134% in traffic and the number of active customers more than doubled during the year. There was also a significant increase in new customer numbers of more than 160%, representing nearly 70% of the total customer base and more than 50% of the sales. The participation of the app was the outstanding feature of the year with a growth of 205% in the number of downloads, the most downloaded among online fashion players, and accounting for about 50% of the digital sales. As a result, Renner was again recognized with the EBIT Favorite Fashion Store Award.

## OPERATIONS ABROAD

Renner has operations in Uruguay and in Argentina through 12 units which adopt the same standard and positioning as the stores in the Brazilian network. The first units abroad were rolled out in 2017 in Uruguay and were an important first step in testing the business model in other markets. Local customer acceptance of the products has been excellent and sales performance in the region proved outstanding during the pandemic. In addition to the 8 physical units, the operation includes an online channel and a hub for directly receiving imported products from Asia and thus avoiding the doubling of import tariffs.

In the light of the performance in Uruguay, at the end of 2019, Renner unveiled 4 stores in Argentina, a country with a large population and a favorable competitive environment with commercial opportunities through the medium of Mercosur. Although only with a limited period of operations due to the temporary closure of stores, customers demonstrated their enchantment with the products and the standard of service offered, the region registering the best Enchantmeter result for the Company. The focus of the operation has been on the stabilization of foreign trade processes and the development of local suppliers for improving lead times.

## PRODUCT

One of the main focus areas in 2020 was the support for the supplier chain during the pandemic. All commitments were honored and the Company worked very closely with commercial resale partners to replan orders already in the system, adjusting collections and redesigning products for adaptation to the current situation (more details to be found in the ESG chapter).

At the same time, the Company has continued investing in technological initiatives and innovations which help get fashion trends more rapidly to the points of sale, lending greater added value and quality to the products. In this sense, Renner was a pioneer in investing in a digital machine for printing items and giving greater sustainability, quality, and velocity to the process, producing on demand and with greater customization. Intensified use was made of the pilot products area, a workshop for cutting, modeling, and sewing for test sampling in the products area and through the use of digital machinery and equipment, reduces not only the number of versions of samples produced, but also transportation for exchanges with the suppliers, giving greater quality, sustainability, and reducing time spent on development and production.

As to systems, Renner continued to implement PLM (Product Lifecycle Management), a system for managing the product life cycle, permitting the digitization of the process for developing pieces, standardization of the processes and the traceability of the items. All nationally supplied production items are already developed, and the relative purchase orders executed using this tool. In 2020, advancement was made on integration with international suppliers.

In relation to the Use of Data in the Product Life Cycle project, in 2020, the Company expanded its coverage to reach 17% of the items already distributed on a data-driven basis at Renner. For this purpose, predictive modeling is used whereby algorithms establish the demand per item and store, thus, higher sales are ensured but with reduced need for inventory. This solution has also been expanded to other Company businesses with pilot operations completed at Youcom and started at Camicado. In addition, Renner launched a similar project using Artificial Intelligence in the procurement process whereby volumes are decided on a data-driven basis.

## LOGISTICS

In 2020, the Company was able to report expansion in logistical capacity for meeting the requirements of the businesses, adjustments being made to operational models for new formats in sales, delivery, and product pickups, in line with digital

transformation strategies. Operations were diversified, teams reinforced, as well as improvements made in the quality of packaging and preparation of products dispatched and so providing a better shopping experience for customers. Greater synergy between companies under the Company umbrella was also implemented through the sharing of transportation facilities and feeding through to gains in more optimization and more sustainable operations.

As to the challenges of the pandemic, there was rapid adaptation to health and safety guidelines as well as in the replanning of the DCs, networks and rebalancing of inventory anticipating a recovery with enhanced agility and excellence. This calibration was instrumental in reopening occurring with healthy stock levels and a product assortment in line with the replenishment of the stores. All this was made possible thanks to skillful and integrated management between Product, Supply Chain and Store Operations, implemented in 2019, and which gained a still higher relevance in the pandemic, allowing more agile and precise decisions.

In the midst of so many changes, the construction of the new Cabreúva (SP) Distribution Center, scheduled for 2022, continued on plan. This DC will ensure gains in efficiency, speed and inter-business synergies and will also service the omnichannel operation.

## CAMICADO



Acquired in 2011, Camicado is a specialist store network aiming to enchant people with home and decoration experiences, being the largest national retailer in this segment with a nationwide footprint. It offers a large variety of products, among them articles for household decoration, kitchen and domestic utensils, small home appliances, organization and bed, bath and tableware.

The brand is represented by 113 units, all located in shopping centers with an average sales area of 427 m<sup>2</sup>. In 2020, 2 units were rolled out and three were closed following a review of profitability.

Some important changes were made in the management of Camicado in 2020 and the network also saw a significant operational improvement, this permeating through to various areas of the business. A review of store activities generated greater productivity while adjustments were made to product mix and commercial strategy.

In the online operation, Camicado accelerated the implementation of improvements to the purchasing process, mainly through the generation of content with educational and entertainment themes helping to generate increased customer engagement. Additionally, progress was made in the omni offer with more stores providing the Ship from Store facility and the implementation of new functionalities such as service via chatbot and sales through Whatsapp. In the same way, Camicado continued to structure its marketplace, with the development of new partners and an increase in the number of sellers in order to offer more comprehensive solutions in home decor to consumers.

## YOUCOM



Youcom was launched in 2013 and has as its proposition to enchant and connect young lifestyle people. Youcom operates in a specialized store format with an average sales area of 167 m<sup>2</sup> and offers quality services and products with a strong fashion appeal at competitive prices and in an innovative and sustainable way.

In 2020, Youcom unveiled 2 stores and as part of the process of improving the profitability of the operations, closed 3 units. Consequently, in December 2020, had a total of 100 stores in operation with a footprint in all regions of the country, operating out of a total sales area of 16.9 thousand m<sup>2</sup>.

Similar to the other businesses, the Company also advanced in the digital transformation during the year. In November, the Youcom app was launched while the omnichannel operation gained traction, with the Store Pickup Facility available at all units in the network and the Ship from Store service, available in 33 units. Therefore, the use of the store as a hub for making deliveries for online orders represented 40% of total online sales. In the context of new forms of sales, Youcom was the first at the Company to launch the sending of selected items to the residence of the customer based on their preferences, service known as Youcom at your Home.

Progress was made in the use of data for a greater understanding of the consumer and this has been useful in developing the relationship with the customers and decisions on product mix. And as to the implementation of the Use of Data in the Product Life Cycle project, nearly 6% of the products are allocated to the stores based on Artificial Intelligence.

**ASHUA**

The Ashua Curve & Plus Size brand was launched in 2016, exclusively selling through Renner's e-commerce channel, offering products with sizes from 46 to 54 which enhance the value of curves and the female body, providing both quality and fashion information.

The first physical units were unveiled in 2018 and by the end of 2020, 8 stores were in operation with an average area of 240 m<sup>2</sup>. In the context of the physical channel, the brand launched corners with instore locations at three Renner units in Brasília, São Paulo, and Rio de Janeiro, in spaces of 50 m<sup>2</sup>, representing a high level of productivity.

Ashua has also taken some important steps in its digital transformation both in the form of the attractiveness of its online operation through campaigns with influencers as well as omni-channel initiatives. On the latter front, it began to offer Whatsapp as a sales channel, this being a highlight in terms of customers adhesion among the business formats of the Company. Ashua also launched Fashion Delivery, with the sending of selected items to the customer's residence as well as beginning Ship from Store pilot operations.

**REALIZE CFI – FINANCIAL PRODUCTS**

Realize Crédito, Financiamento e Investimento S.A. - Realize CFI seeks to enchant its customers through financial experiences and solutions that impact their lives. In December 2020, the financial institution had a credit portfolio totaling R\$ 3.5 billion mainly made up of two types of product: the Renner Card (Private Label), created in 1973, and the Meu Cartão (Co-branded Card), launched in 2012 with the Mastercard and Visa flags, the latter also susceptible to use at other establishments both in Brazil and abroad. For purchases made at Renner, both cards offer the option of payment in up to five monthly interest free installments or in eight interest bearing installments. Other services are also available to qualifying customers such as the Saque Rápido (Quick Withdrawal), a personal loan facility together with general assistance and insurance services, among others.

As from the temporary closing of the stores following the onset of Covid-19, with the same agility as employed in the retail sector, a series of improvements were put into practice for enhancing the payment experience, through the fine tuning of existing channels, the launch of others as well as promoting customer digitization in the areas of consultations and payments. Additionally, Realize, sought to offer alternatives by introducing more flexibility in making payments during the period of the pandemic, interest free for up to seven days and a line of credit for financing credit card invoices at a cost lower than usual. As a further upgrade in convenience, new facilities and forms of payment were established through correspondent banks such as supermarkets and convenience stores.

During the course of the year, Realize enhanced its portfolio of financial products and services, largely through the digitization of the customer payment process. Improvements were made to the app such as the possibility of issuing a virtual card, contracting loans with deposit in current account, the sale of insurance policies, increasing limits, facilities for making payments in installments and Saque Rápido agreements and simulations. As a result, the numbers of customers interacting digitally with Realize rose from 35% to nearer 80% of the active client base while the card section of the app reached a peak of approximately 20 million visits monthly. Again, the Renner app raised from 26<sup>th</sup> to 8<sup>th</sup> place in the means of payment and functionalities App ranking of customer-friendly facilities, according to Cardmonitor, a consultancy specialized in the theme.

In 2020, Realize also reinforced the management team and accelerated strategic decisions on the renewal of its products portfolio, expanding the offer of solutions which have an impact on the lives of the customer and drive the Company's ecosystem. In this context, there was an increase in the coverage of Meu Cartão, which is now also being offered to new clients while partnerships have been developed for providing benefits and advantages to cardholders. The first steps were also taken to offer investment solutions through the structuring of a bank CD, and a Central Bank authorization was obtained for issuing electronic currency and operating a pre-payment account. The necessary adjustments are also being made for adherence to PIX and a cashback program launched in pilot operation format.

As a result, the perception of Realize's clients improved increasing by 10p.p. in the NPS (Net Promoter Score) based on a survey by a specialized company in the segment. The finance house was also recognized by Estadão's Finanças Mais 2020 award in the Finance House category whereby criteria such as performance and market leadership are measured.

**ESG – CORPORATE ENVIRONMENTAL, SOCIAL AND GOVERNANCE****ENVIRONMENTAL AND SOCIAL**

The Company's businesses and attitudes are grounded in the principles of sustainability, on the understanding that fashion must be fair, conscious, and responsible. Consequently, the strategic Responsible Fashion plan sets out the priority themes for the sustainability of the business up to 2021. On the basis of these, the Sustainability Committee and the teams work on the continuing identification and minimization of any significant socio-environmental risks along the supply chain and in the generation of value for different stakeholders through projects organized along four fronts:

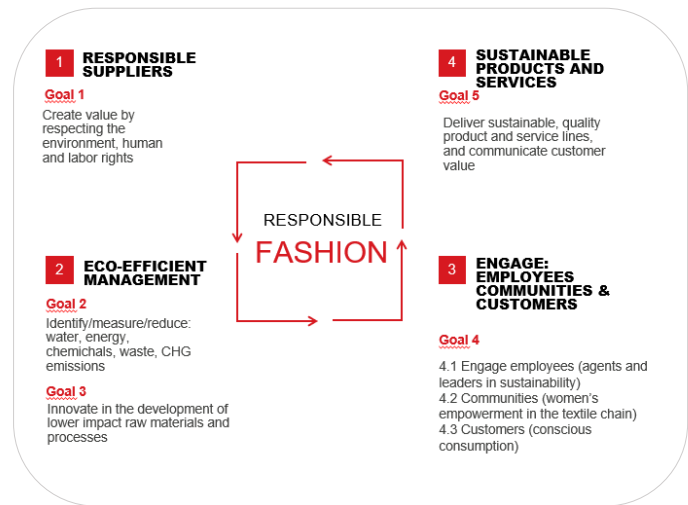
I. RESPONSIBLE SUPPLIERS

As a retailer, engagement, monitoring and development of the supply chain are critical guidelines in the sustainability strategy. This pillar endeavors to create value from the promotion of respect for the environment and for human and labor rights along the entire suppliers' chain, mitigating risks and potentializing the positive impact in constructing an ethical, responsible, and sustainable supply chain.

During the pandemic, the approximation with suppliers was still greater so that together it was possible to find solutions and reduce the impacts of the crisis. Several measures were adopted to support these partners. For this reason, matching orders to the new reality was carefully negotiated. Orders where there was already a commitment were maintained, and advances of funding guaranteed to suppliers at below market cost. Credit lines in support of partners were increased and primers and tutorial manuals produced as well as webinars with specialists for providing guidance on procedures for accessing lines of credit and assistance in taking business-related decisions in the light of new measures involving labor, tax, and legal issues.

With respect to monitoring, the Company is committed to having 100% of its national and international resale chain with socio-environmental certification by the end of 2021, guaranteeing the comprehensive adoption of best practices that are widely legitimized. In this context in 2020, the Company improved the efficiency of its monitoring process with greater use of data for managing risk and focusing effort. Artificial intelligence and machine learning were introduced in the analysis of historical data of audits to understand the correlations between non-conformities and repeat events, highlighting the greatest potential risks. Through this and other measures by the end of 2020, 96.5% of the suppliers had been certified.

To maximize the potential for a positive impact on the textile chain, the Company also employs initiatives and programs to support the development of suppliers in Brazil. Some of these programs have a long history, one is the PMC (Continual Improvement Program), already in its eighth consecutive year, as well as the Productive Chain Program in partnership with Sebrae for the promotion of skills, in 2020, benefiting 136 suppliers. Again, through the Renner Excellence Program (PER), the Company aims at promoting and fostering development and innovation along the supplier chain, recognizing companies that stand out in Quality, Sustainability, Efficiency, Cooperation and Innovation. Following completion of the PER cycle, the first awards were made for the year.



II. ECOEFFICIENT MANAGEMENT

As part of its contribution to combatting climate change, the Company has set itself the target of a 20% reduction in absolute emissions of CO<sub>2</sub> by 2021, in 2020 already achieving a reduction of 16% (preliminary data). With this in mind, it has been working on promoting energy efficiency and expanding the use of energy from renewable sources, among others. For ten years now, the Company has been a component of the B3's Carbon Efficient Stock Index (ICO<sub>2</sub>) as well as publishing its greenhouse gas emissions inventory (GEE), the latter since 2014, being the recipient of the GHG Protocol program's Gold Seal. Since 2015, Renner has been a carbon neutral Company with 100% of GHG emissions compensated relative to the inventory of the preceding year. In 2020, it also began to support the Science Based Targets initiative (SBTi), a global movement that includes companies on a clearly defined path in the direction of emissions reduction and in line with the target set by the Paris Climate Agreement.

With respect to energy consumption, all store lighting now uses LED lamps while approximately 130 units have their activation and consumption monitored remotely permitting the desired level of comfort and efficiency to be maintained. In addition, in recent years, the Company has continually promoted awareness and skills initiatives focused on the management of greenhouse gas initiatives with logistics services providers. Another objective which is being pursued is the expansion in the use of energy from renewable and low impact sources with the aim of achieving the public commitment of 75% of consumption using these sources by the end of 2021. As well as energy purchases on the free energy market, Renner has been investing in partnerships for the construction of solar energy farms to supply its stores. As a result, some 65% of the energy consumed in 2020 came from renewable sources.

Regarding to the eco-efficient stores, the Company has operations which have been developed using sustainable construction principles on the basis of LEED (Leadership in Energy and Environmental Design) certification requirements and is replicating the requirements of these sustainable units in its Construction and Modernization Manual for stores to be rolled out in the future.

III. ENGAGEMENT OF EMPLOYEES, COMMUNITIES AND CUSTOMERS

Lojas Renner believes it has an important responsibility with its customers for creating a business which is increasingly more sustainable, principally through information to its stakeholders on processes used in its products and their advantages, empowering their choices, and stimulating more sustainable consumption habits. With this in mind, in 2018, the Re Responsible Fashion seal was created for Renner's products and in 2020, the YC Change seal for Youcom products, symbolizing a way of thinking and practicing sustainability and identifying the products, services and initiatives relative to the theme.

The Lojas Renner Institute has been responsible for the management of all the Company's social investments in more than a decade of work with community organizations and leadership. In 2020, all financial resources available from the Institute, traditionally directed towards entrepreneurship and generation of employment and income for women in the fashion chain, plus the Company's own resources, were allocated to giving assistance to the maximum number of people during the pandemic. Employees, partners, and the Institute itself have formed a major ecosystem of social collaboration for ramping up the potential for assistential initiatives to the communities and support for hospitals and medical teams and in this way creating the greatest value possible for society. A total of 1.7 million hospital masks and PPEs were produced and 130 tons of foodstuffs and items of personal hygiene donated. A total of R\$ 5.1 million was invested in social actions.

As to the commitment to human rights, the Corporate Policy was published in 2020, establishing the conduct and values to be observed by all the Company's stakeholders. In addition, a Due Diligence was undertaken resulting in a human rights violation risk matrix, which identifies priority risks, thus orientating the focus for the three most urgent themes.

Besides the Conformity Program, which covers the risk of violation of human rights along the international suppliers chain, and the Sustainability Programs for the productive chain and covering the risks to the environment in production, a multidisciplinary working group was mobilized to act on risks of discrimination in the case of employees and customers and in the combating of domestic violence. In addition to this squad, the "Plural" Diversity Program was created for promoting Diversity & Inclusion, which together with representative groups of the Company has built a diversity strategy with actions and targets to be achieved before the end of 2021.

To support these initiatives, the Company has associated with the following movements: IDBR (Identities of Brazil Institute), Companies Forum LGBTI+ and Business Coalition for the end of violence against women and girls.

#### IV. SUSTAINABLE PRODUCTS AND SERVICES

The Company understands that the road to Responsible Fashion necessarily involves construction of a supply of lower impact products and services. For this there must be the development and evolution of an entire chain towards more sustainable models from raw materials through processes to the life cycle of products and services with the ultimate objective being circularity.

In this process of construction, as already commented, this role is materialized in the form of the Re Responsible Fashion Seal and the YC Change, which identify products made from raw materials or processes with lower environmental impact and greater value added along the chain. In 2020, more than 75 million pieces were manufactured with the Re Responsible Fashion Seal and this volume accounted for 56.8% of the total output of products in the year, in line with the Company's commitment of raising this percentage to 80% by year-end 2021. With respect to the target of reaching 100% of items made from certified cotton by year-end 2021, this percentage reached 79.9% of all cotton items in 2020.

Some important steps were taken towards introducing the circular economy in 2020 by including circularity characteristics in new units. In 2021, the first circular store in Brazil is to be unveiled, aligning circularity to digital transformation for creating a single experience for the customers. A partnership with Repassa was also begun to stimulate rational consumption and extend the useful life of apparel. Customers can ask for their free Shopping Bag for Good from participating stores for depositing their unwanted clothes for sale in the thrift store.

#### CORPORATE GOVERNANCE

In 2020, Renner completed 15 years as a widely held corporation, in 2005 being the first corporation in Brazil to have all its shares traded on B3, without a controlling shareholder. It is also 15 years since the inception of the Novo Mercado, the highest level of corporate governance on the Brazilian stock exchange. The Company commemorated these two moments on July 1<sup>st</sup> with an innovative public event and one totally online in B3.

In the Corporate Governance model adopted since then, the strategic guidelines are set by the Board of Directors, currently with eight members, 88% of them independent. The Board has the support of four committees: People, Sustainability, Strategic and Auditing and Risk Management, the latter one being statutory. The Company also has a permanently installed Fiscal Council.

In turn, the operational activities are the responsibility of the Executive Board, currently with five members and working according to guidelines set by the Board of Directors and having the support of certain management committees in the decision-making process: Executive, Loss Prevention, Real Estate, Corporate Ethics, Disclosure and Data Security. The Company also has non-statutory divisions aligned to the culture of opinion formation leaders of leaders, continuing the work of the formation and valorization of in-house talents as well as providing support for the Company's growth.

Lojas Renner adheres to the best national and international practices for the efficient management of risks to the business, reinforcing the culture of ethics, transparency and responsible governance with a robust structure based on policies and processes. The Risks Area established in 2019, works closely with the business areas, giving consultative support to the

#### Main Corporate Governance Practices

- Novo Mercado de B3 – Brasil, Bolsa, Balcão
- 100% free float
- Majority of the Board of Directors are independent (88%)
- Women on the Board of Directors (25%), on the Executive Board (40%) and on the Fiscal Council (33%)
- Board Administration and Management Committees
- Different executives as Chairman of the Board and CEO
- Manual for Participation in Shareholders' Meetings
- Stock Options and Restricted Stock Plan
- Internal charter for Boards, Executive Board and Committees
- Formal appraisal of Board of Directors and Executive Board
- Secretaries to the Boards, Executive Board and Committees
- Board of Directors and Committees Portal
- Internal Audit and Compliance
- Whistle blowing channel run by an independent third party
- Various Corporate Policies
- Corporate Governance Secretary

identification, prevention and treatment of the main risks as well as promoting the areas' awareness of a culture of preventive risk management. The main categories of risk which are monitored are operational, strategic, reputational, and socio environmental. The Company also has a dedicated structure in the area of Compliance, under the supervision of the Risks Area, directed to compliance with the General Data Protection Regulation (GDPR) and which has been working since 2018 on the necessary measures for adoption of best practice on the theme. In 2020, the project for adaptation to the dictates of the GDPR with important measures for guaranteeing privacy and safety and a structure for protecting data, was concluded.

The Company constantly reviews its Corporate Governance system, through which new practices are adopted and existing practices are fine tuned. In 2018, Lojas Renner was the first Brazilian corporation to publish the "Report on the Brazilian Code of Corporate Governance" (practice and explain method). In 2019 and 2020, the percentage compliance with the Code was 98.1% with just one item to be explained to the market.

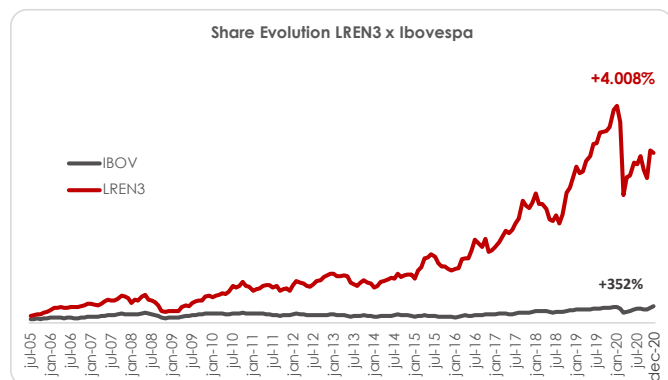
With its focus on the value of gender diversity, Lojas Renner in line with its Managers' Nomination Policy and with a view to maintaining the Company aligned to best international practices of governance, Lojas Renner has signed an instrument of adherence to the Women on Board (WOB), committing to maintain at least two female directors on its Board of Directors. The WOB is an independent initiative supported by UNO Women for recognizing, valorizing, and disseminating the existence of corporate environments with the presence of women with seats on Boards of Directors, demonstrating the benefits of such diversity to the business world and society.

Thanks to shareholder engagement, for the first time since the Company became the first Brazilian corporation in 2005, with a totally dispersed capital, an Extraordinary General Meeting was installed at the first call with the quorum of more than 2/3 of the capital stock. Shareholders at the EGM held on October 21, 2020 approved: (i) the election of a new alternate to the Fiscal Council; (ii) changes to the Long-Term Incentive Plans, principally the term - which was increased from 5 to 10 years; and (iii) statutory amendments for updating corporate governance practices through various national and international practices as well as a re-reading of Law 6.404/76.

In relation to the dividends, during the year, shareholders were credited with R\$ 240.8 million of Interest on Shareholders Equity, which will be complemented by a proposed annual dividend of R\$ 30.7 million, to be approved by the Annual General Meeting of 2021. Consequently, total remuneration for 2020 is expected to reach R\$ 271.5 million, equivalent to a dividend yield of 0.8% (based on the closing share price of December 30, 2020) and a payout of 25%, the same payout as distributed in 2019, and a function of the strategy for growth, the Company's investment plan and in the light of the continuing pandemic.

As recognition of initiatives in favor of the ESG theme, the Company has continued to be a component of the 2020/2021 portfolio of the Dow Jones Sustainability World Index, the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2) both B3 indices, as well as featuring first in the new S&P/B3 Brasil ESG index and listed among the 10 Brazilian leaders in ESG in the MSCI Brazil ESG Leaders Index. For the 10<sup>th</sup> consecutive year, the Company has submitted its data to the CDP Climate Change with its rating moving up to B last year and was also selected to comprise the new CDP Brasil – Climatic Resilience (ICDPR-70) Index.

**SHARE PERFORMANCE**

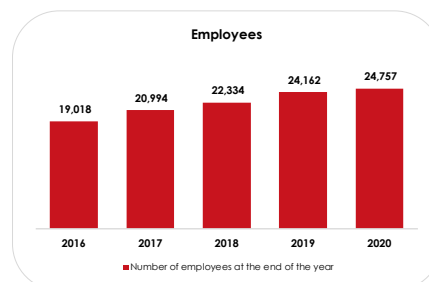


Lojas Renner S.A.'s shares are traded on B3 – Brasil, Bolsa, Balcão, under the LREN3 symbol and in the form of ADRs on the US OTC market under the LRENY symbol. In 2020, due to the Covid-19 pandemic and the ensuring impacts on the capital markets, LREN3's shares reported a depreciation of 22.0% (adjusted for corporate events) in 2020 versus the Ibovespa's appreciation of 2.9%. The Company reported a market capitalization of R\$ 34.7 billion as of December 30, 2020. During the year, the number of company shareholders increased by 107.5% from 57.4 thousand in December 2019 to 119.0 thousand in 2020, principally private individuals. In this period, 7.6 million trades were transacted, involving 2,110.5 million shares with an average daily trading volume of R\$ 358.8 million. In the case of the ADR program, launched at the end of 2017, a total of 7.5 million receipts had been issued at the end of 2020 against 1.9 million in December 2019.

**MANAGEMENT OF PEOPLE**

People are and always were a priority at the Company and in 2020 this became even more apparent. Since the outbreak of Covid-19, the Company endeavored to preserve employment and committing not to terminate. Renner quickly placed the administrative areas on a home working footing, expanding the practice already introduced in 2019, and adapted the operations of the DC and Call Center teams, reinforcing safety measures. During the temporary closure of the stores, Renner had recourse to vacation time, the hours bank and also availed itself of Provisional Measure 936/2020 to adjust to the new working conditions.

In addition, various initiatives were adopted to increase transparency and dialog with the employees, such as intensification in the use of the internal social network and the promotion of 'lives' with executive officers as a means of reinforcing trust and health care and well-being of the teams. In spite of so many professional and personal challenges that arose from the onset of the pandemic, these and other measures were instrumental in ensuring the teams maintained a high level of engagement, measured through a specific survey run on a



voluntary and anonymous basis. In 2020, engagement was rated at 89%, a higher level than for international fashion retailing as a whole.

Important improvements were made in attracting new talents with the use of artificial intelligence in recruitment, guaranteeing and helping to fine tune the selection process. Several actions were launched through the Circuit Program, bringing the Company closer to the national and international Education and Innovation ecosystems, through a continuous agenda of meetings with partners to explore innovative solutions to business problems, as well as an exchange of knowhow on new competencies and skills essential to the careers of the future, generating value for the sector and society. Altogether, more than 2,800 people have already been impacted by the Circuit, in challenges such as hackatons and marathons connected to the business strategy and several partnerships have been developed with Labs (laboratories), Universities and leading institutions.

To support the entire process of transformation at the Company, as well as the development of the fashion and lifestyle ecosystem, new areas have been created, for greater focus on the businesses. Realize now has an executive dedicated to the business as well as a focus on the digital agenda and on growth. An Agility area was structured for governance, management, and dissemination of agile methods in the Company. Data area was created, which with the Technology area will serve as important markers in the direction of the ecosystem, together with the Strategy and New Businesses Area, this giving traction to the agenda of partnerships, investments and acquisitions. The operational model was also revised and tribes and squads created for the execution of the initiative's portfolio of the Lojas Renner ecosystem.

As to development, the competences model and the strategies provide guidance to the corporate plan, implemented by the Renner University (RU) through development paths, training, and preparation of the teams to meet the business challenges. In the vanguard of the digital transformation cycle of the business, the RU has been a critical instrument for accelerating the change in mindset. In 2020, the year in which the RU celebrated its 20<sup>th</sup> year, the concept of learning was renewed, and important technological advances made through a new platform more modern, interactive, and collaborative, enhancing the network of learning experiences and connecting the team to the world's best content in various formats such as games, virtual and increased reality, chatbots and Artificial Intelligence. So it was that in 2020, Lojas Renner was recognized as the Most Incredible Company in Corporate Education with the Incredible Places to Work Award.

## ECONOMIC AND FINANCIAL PERFORMANCE

The following financial and operating information, except when indicated to the contrary is in accordance with the international norms of the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB). All variations shown here are calculated based on numbers in thousands of Reals, as well as the rounding. In accordance with the regulations in effect, as from 2019, expenses with leases, depreciation and interest reflect the effects of IFRS 16.

### Highlights

Consolidated Information (R\$ MM)	2020	2019	Var.
Net Revenue from Merchandise Sales	6,660.6	8,474.7	-21.4%
Growth in Same Store Sales	-23.9%	8.7%	-
Gross Profit from Merchandise Sales	3,459.3	4,767.4	-27.4%
Gross Margin from Retailing Operation	51.9%	56.3%	-4.4p.p.
Operating Expenses (SG&A) <sup>1</sup>	(2,608.9)	(2,736.8)	-4.7%
SG&A as a % of Net Revenue from Merchandise Sales	39.2%	32.3%	6.9p.p.
Ajusted EBITDA from Retailing Operation	1,108.5	1,561.8	-29.0%
Ajusted EBITDA Margin from Retailing Operation	16.6%	18.4%	-1.8p.p.
Financial Products Result	81.9	391.4	-79.1%
Ajusted Total EBITDA (Retail + Financial Products) - Includes Leasing <sup>2</sup>	1,190.4	1,953.2	-39.1%
Ajusted Total EBITDA Margin - Includes Leasing <sup>2</sup>	17.9%	23.0%	-5.1p.p.
Ajusted Total EBITDA (Retail + Financial Products) - Excludes Leasing <sup>3</sup>	1,661.2	2,388.8	-30.5%
Ajusted Total EBITDA Margin - Excludes Leasing <sup>3</sup>	24.9%	28.2%	-3.2p.p.
Net Income	1,096.3	1,086.2	0.9%
Net Margin	16.5%	12.8%	3.7p.p.
ROIC LTM	15.9%	21.3%	-5.4p.p.

<sup>1</sup> To facilitate analysis, Depreciation and Amortization expenses including Lease Depreciation have been excluded from the above table.

<sup>2</sup> Total Adjusted EBITDA with the impact of Depreciation and Lease Financial Expenses. For the purposes of comparability with preceding periods, the Company is now reporting Adjusted EBITDA also for Depreciation and Leasing Financial Expenses with respect to the adoption of IFRS 16, given the similarity with cash flows in the leasing agreements.

<sup>3</sup> Total Adjusted EBITDA without the impact of Depreciation and Leasing Financial Expenses with respect to the adoption of IFRS 16.

The Company was successful in its legal action to exclude ICMS from the PIS and Collins calculation base. As a result, a tax credit of R\$ 784.6 million (R\$ 742.5 million net of lawyers' fees) was booked to Other Operating Income with respect to the principal amount as well as a further R\$ 587.7 million (R\$ 560.4 million net of taxes) with respect to interest on this amount and booked to the Financial Result. The updated total amount was R\$ 1,372.3 million with a net effect of R\$ 1,059.7 million on Net Income. Details in note 10.

The Company amended the method of calculating the discount rate of lease assets pursuant to explanatory note number 3.6.1.1 and with this, the amounts of lease depreciation and interest were amended for 2019 and 2020, without significant impact.

## Performance by Business



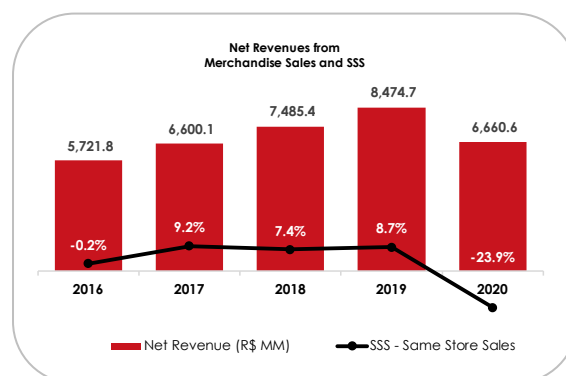
Businesses Breakdown	2020	2019	Var.	2020	2019	Var.	2020	2019	Var.
Number of Stores	393	388	5	113	114	-1	100	101	-1
Inaugurations	7	34	-	2	9	-	2	9	-
Selling Area (thousand m²)	709.9	683.7	3.8%	48.3	48.7	-0.9%	16.9	16.7	1.1%
Net Revenue (R\$ MM)	5,974.5	7,728.4	-22.7%	506.9	525.0	-3.5%	172.7	221.3	-22.0%
Gross Margin	51.9%	56.4%	-4.5p.p.	50.9%	51.5%	-0.6p.p.	56.2%	61.3%	-5.1p.p.

Ashua and the stores in Uruguay and Argentina are included under the Renner name. Closures: in 2020 there were 2 Renner, 3 Camicado and 3 Youcom. In 2019, there were 3 Camicado and 2 Youcom.

## Net Revenue from Merchandise Sales

The year began favorably with good sales performances and healthy inventory until the middle of March. However, with the increased uncertainties as the Covid-19 pandemic worsened, the Company opted to temporarily close all its physical stores. At the end of April, it began a gradual process of reopening with a monthly increase in the number of units in operation. After reopening, the units operated with limitations in the number of days and hours of operations, access to fitting rooms and rules of social distancing. These restrictions plus the insecurity of the consumer, apprehensive as to frequenting public places, resulted in footfall below normal throughout the year, albeit with higher conversion rates and number of items per shopping bag.

As the situation with the pandemic improved in certain locations, consumers began to return to the stores and with this there was an important increase in customer traffic, from September onwards, returning to normal levels. This movement was particularly marked in some regions such as the North and the Northeast where footfall had already returned to normal. However, the increase in the number of infections at the year-end, again saw an increase in the number of restrictions and in some cases, the temporary closure of units, reducing the trend of continual improvements experienced up to then. In this context, sales performance during the year was significantly impacted, reaching R\$ 6,660.6 million, a reduction of 21.4% compared with 2019, and Same Store Sales -23.9%.



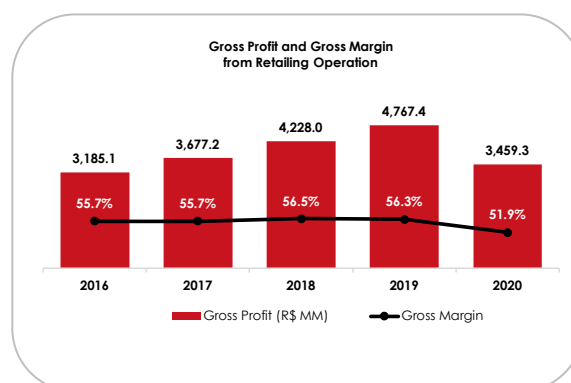
Sales at Youcom were equally impacted by the temporary closure of the physical stores, totaling R\$ 172.7 million, a decrease of 22.0%. At Camicado, Net Revenue was R\$ 506.9 million, a decline of 3.5%, a much better performance than the Home Decor sector, mainly thanks to an adjustment in the product mix as well as improvements made to store productivity. These initiatives together with a good online performance, partially offset the effects of the temporary closures of physical units in the period. In addition, greater demand for home decor items also benefited performance as consumers began spending more time confined to their residences.

As to online business, following a period with an intentional reduction in sales at the end of March for the necessary adaptations to the operation, the Company began an intense ramping up of the digital channels, which showed strong growth of 126.0% in the year, with an important increase in traffic, numbers of active customers and principally, of new consumers. Also, a highlight during the year were digital sales at Camicado, reflecting increased customer engagement, in turn due to the greater focus on content and the developing omni initiatives.

## Cost of Goods Sold (COGS) and Gross Profit from Retailing Operation

COGS reported a year-on-year reduction of 13.6%, less than the reduction in Net Revenue from Merchandise Sales. Consequently, Gross Profit from the Retailing Operation was 27.4% lower, equivalent to a Margin of 51.9%, versus 56.3% in 2019. This again reflects the temporary closing of the stores, generating higher levels of markdowns during the year. The process of adjusting inventory began in April, stores reopening with the offer of discounts, and thus there was a gradual and steady improvement in margins quarter-on-quarter.

At Renner, Gross Margin was 4.5 p.p. lower than 2019. At Youcom, the reduction was as much as 5.1 p.p., the added impact of the period of 'freezing' for the changeover in ERP in 1H20. In turn, Camicado, reported a reduction of just 0.6 p.p., reflecting improvements in commercial management and product mix which helped compensate for higher markdowns, the outcome of the period when stores were temporarily closed.

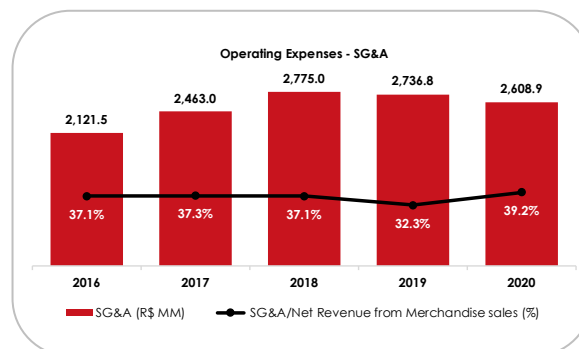


## Operating Expenses

Selling, General and Administrative Expenses (SG&A) were 4.7% down in 2019, the result of lower sales volumes as well as adjustments and renegotiations to adapt the operation, more particularly during the period when stores were temporarily shut.

Selling Expenses totaled R\$ 1,885.6 million, a decrease of 4.6% while General and Administrative Expenses were R\$ 723.3 million, 5.0% lower than 2019.

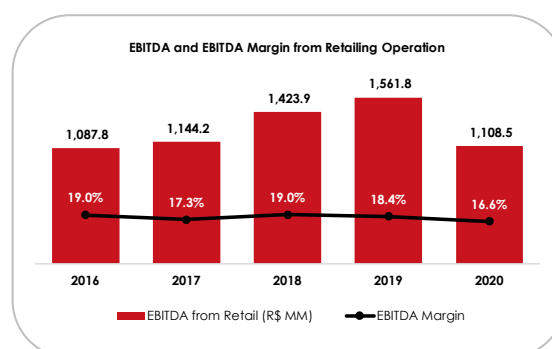
Other Operating Results totaled R\$ 726.6 million against a negative R\$ 35.2 million in 2019. This increase is basically due to the recognition of R\$ 742.5 million of principal, net of legal fees, following a successful action to exclude ICMS from the PIS and Cofins calculation base (see details in explanatory note nº 10).



## Adjusted EBITDA from Retailing Operation

For the purposes of comparability with preceding periods, the Company now reports EBITDA also adjusted for Depreciation and Financial Expenses relative to the adoption of IFRS 16 since the cash flows originating from the leasing agreements are similar.

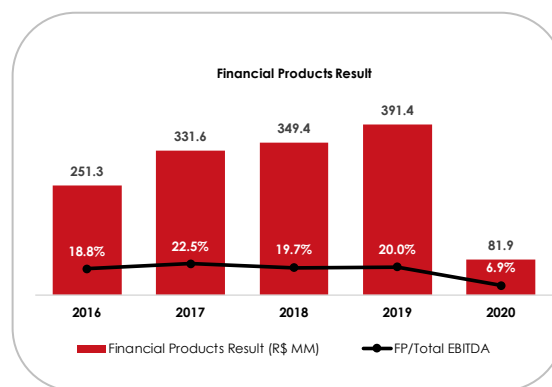
Adjusted EBITDA from Retailing amounted to R\$ 1,108.5 million in 2020, 29.0% lower than 2019. EBITDA Margin was 16.6%, versus 18.4% in 2019, a reflection of reduced operational leverage, a function of sales volumes and a reduction in Gross Margin. This result also reflects the recognition of R\$ 742.5 million in tax credits, already mentioned. Excluding this amount, EBITDA would have been R\$ 366.0 million, equivalent to a Margin of 5.5%.



## Financial Products Result

Financial Products Result (R\$ MM)	2020	2019	Var.
<b>Revenues, Net of Funding and Taxes</b>	<b>854.3</b>	<b>1090.5</b>	<b>-21.7%</b>
Renner Card (Private Label)	246.9	414.7	-40.5%
Co-branded Card Meu Cartão	607.5	675.8	-10.1%
<b>Credit Losses, Net of Recoveries</b>	<b>(412.6)</b>	<b>(381.0)</b>	<b>8.3%</b>
Renner Card (Private Label)	(107.2)	(168.5)	-36.4%
Co-branded Card Meu Cartão	(305.5)	(212.5)	43.7%
<b>Operating Expenses</b>	<b>(359.8)</b>	<b>(318.1)</b>	<b>13.1%</b>
<b>Financial Products Result</b>	<b>81.9</b>	<b>391.4</b>	<b>-79.1%</b>
% of Company's Total Adjusted EBITDA	6.9%	20.0%	-13.1p.p.

As from 1Q20, Saque Rápido Revenues and Losses were incorporated under the Private Label. Credit Losses, Net of Recoveries include write-offs, provisioning complements/reversions and recovery of write-offs in the period.



The Financial Products Result amounted to R\$ 81.9 million, versus R\$ 391.4 million in 2019, largely due to lower Revenues generated.

The decline in Revenues is largely a reflection of lower portfolio levels and reflecting the period when stores were closed as well as the decline in the use of credit cards as a whole. Furthermore, discounts as a result of renegotiations, as well interest exemptions in the period when stores were closed and the reduction in interest rates also had an impact on performance. Important to mention that as portfolio volumes were replenished, there was a gradual improvement in Revenues for subsequent periods.

Net Losses were 8.3% higher, due to portfolio higher coverage levels at 15.6% against 12.2% in 2019, given the uncertainties surrounding the macroeconomic scenario, which occasioned a higher level of provisioning.

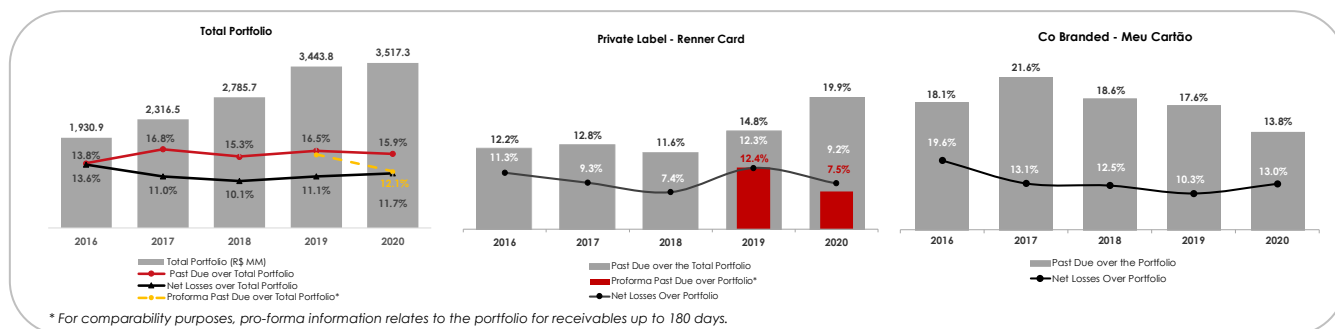
Operating Expenses increased 13.1%, reflecting more intensive collection activity and expenses related to digital initiatives at Realize.

## Credit Portfolio Analysis

The total financial products portfolio recorded growth of 2.1%, and below normal. The Private Label portfolio amounted to R\$ 1,167.6 million in December 2020, 15.0% lower than 2019, again a reflection of temporary store closures. The co-branded Meu Cartão, in turn, posted a portfolio outstanding of R\$ 2,349.6 million, a growth of 13.5%, still proportionally lower than historically, but compensating for the fall in the Private Label.

The reduction in the percentage of total overdues was principally a consequence of improved credit recovery in the case of Meu Cartão, more than offsetting the increase in the case of the Private Label, impacted by the writing off of assets over the 360 days as opposed to 180 previously. It is worth recalling that as from April 2019, transactions with the Private Label are now being booked in Realize's accounts and as a result, in 2H20, principally, registered higher volumes more than 180 days overdue.

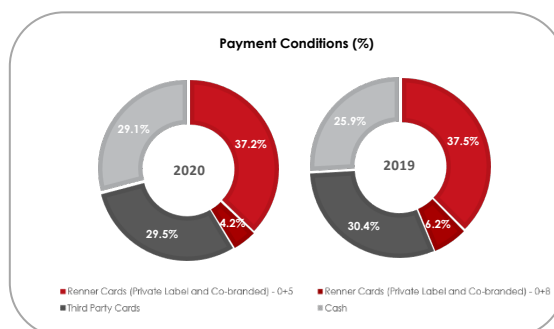
The level of Losses was slightly higher relative to the total portfolio, principally due to the increase in Meu Cartão, reflecting lower growth and higher coverage, adequate for the economic scenario of the period.



## Payment Conditions

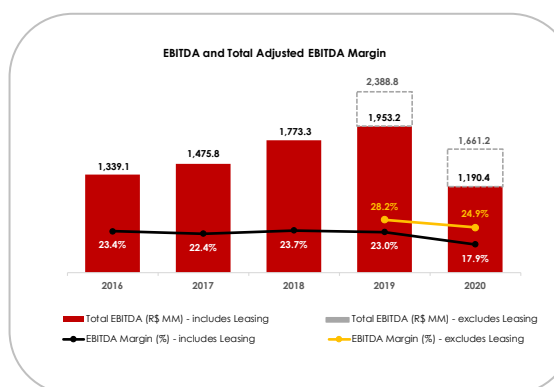
The Renner Cards totaled 33.8 million units in December 2020 and represented a participation of 41.4% in merchandise sales versus 43.7% in 2019, mainly due to the reduction in the use of 0+8 installment finance plan, reflecting customer attitudes with a lower propensity to purchase on an interest-bearing installment basis and also more inclined in the current context to effect cash payments.

The average ticket for the Renner Card was R\$ 211.49 in 2020, flat in relation to 2019. The average ticket for the Company was R\$ 151.06, a decrease of 2.2%.



## Total Adjusted EBITDA: Retailing + Financial Products

EBITDA Reconciliation (R\$ MM)	2020	2019	Var.
<b>Net Income</b>	<b>1,096.3</b>	<b>1,086.2</b>	<b>0.9%</b>
(+) Income and Social Contribution Taxes	104.5	405.8	-74.2%
(+) Financial Result, Net	(343.9)	184.4	NA
(+) Depreciation and Amortization (*)	759.6	661.8	14.8%
<b>Total EBITDA</b>	<b>1,616.5</b>	<b>2,338.1</b>	<b>-30.9%</b>
(+) Stock Option Plan	22.8	21.1	8.3%
(+) Statutory Participation	1.4	5.9	-76.7%
(+) Result on Write-Off and Provision for Impairment of Fixed Assets	20.5	23.8	-13.6%
<b>Total Adjusted EBITDA - Excludes Leasing<sup>1</sup></b>	<b>1,661.2</b>	<b>2,388.8</b>	<b>-30.5%</b>
(-) Depreciation for Leasing (IFRS 16) (*)	(335.0)	(300.8)	11.4%
(-) Financial Expenses for Leasing (IFRS 16) (**)	(135.8)	(134.8)	0.7%
<b>Total Adjusted EBITDA - Includes Leasing<sup>2</sup></b>	<b>1,190.4</b>	<b>1,953.2</b>	<b>-39.1%</b>
<b>Total Adjusted EBITDA Margin - Includes Leasing<sup>2</sup></b>	<b>17.9%</b>	<b>23.0%</b>	<b>-5.1 p.p.</b>



Pursuant to Article 4, CVM Instruction 527, the Company has chosen to show the Adjusted EBITDA as in the above table in order to provide information which best reflects gross operational cash generation from its activities.

<sup>1</sup> Total Adjusted EBITDA without the impact of Depreciation and Lease Financial Expenses with respect to the adoption of IFRS 16.

<sup>2</sup> For the purposes of comparability with preceding periods, the Company is now reporting EBITDA also adjusted for Depreciation and Financial Expenses relative to the adoption of IFRS 16, given the similarity with cash flows in the rental agreements.

\* Depreciation for Leasing is presented net of PIS/COFINS effects, whose amounts are R\$ 31.4MM in 12M20 and R\$ 33.0MM in 12M19.

\*\* Interest on Lease is presented net of PIS/COFINS, whose amounts are R\$ 12.3MM in 12M20 and R\$ 6.1MM in 12M19. The values of Interest on Lease, shown in Cash Flow Statement, in the line "Interest and expense on loans and lease", totaled R\$ 90.8MM in 12M20 and R\$ 67.5MM in 12M19.

For the purposes of comparison with previous periods, the Company now reports EBITDA adjusted also for Depreciation and Financial Expenses following the adoption of IFRS 16, given the similarity with cash flows from leasing agreements. Without this adjustment, EBITDA would have been R\$ 1,661.2 million, equivalent to a Margin of 24.9%.

Total Adjusted EBITDA was R\$ 1,190.4 million, equivalent to a Margin of 17.9%, a year-on-year reduction. This performance was the consequence of the lower operational result from retailing as well as the reduced Financial Products Result and also reflects recognition of the tax credit, mentioned above. Excluding this amount, EBITDA would have been R\$ 448.0 million, corresponding to a Margin of 6.7%.

## Financial Result, Net

The Financial Result Net was positive at R\$ 343.9 million, basically, due to interest on tax credits of R\$ 560.4 million booked in the period. Excluding this amount, the result would have been negative at R\$ 216.5 million versus R\$ 184.4 million also negative in 2019. This result was mainly due to the higher Interest on Loans, Financing and Swap, given the higher level of indebtedness throughout 2020, as well as the increase in negative Monetary Restatement due to of foreign trade payment flows and the execution of an exchange rate hedge.

## Free Cash Flow

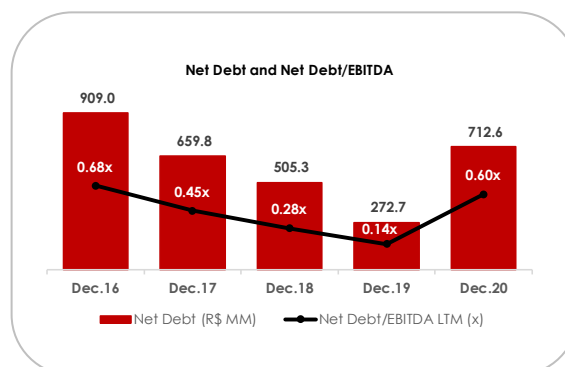
Cash Flow (R\$ MM)	2020	2019	Var.
<b>Total Adjusted EBITDA</b>	<b>1,190.4</b>	<b>1,953.2</b>	<b>(762.8)</b>
(+/-) Income and Social Contribution Taxes/Others	222.7	(396.2)	618.9
<b>Operating Cash Flow</b>	<b>1,413.1</b>	<b>1,557.0</b>	<b>(143.9)</b>
<b>(+/-) Changes in Working Capital</b>	<b>(875.6)</b>	<b>(213.0)</b>	<b>(662.6)</b>
Accounts Receivable	14.3	(657.2)	671.4
Inventories	(257.2)	(14.2)	(243.0)
Suppliers	418.6	55.9	362.7
Taxes	(1,313.3)	(15.5)	(1,297.8)
Other Accounts Receivable/Payable	261.9	417.9	(156.0)
<b>(-) Capex</b>	<b>(544.0)</b>	<b>(751.5)</b>	<b>207.6</b>
<b>(=) Free Cash Flow</b>	<b>(6.5)</b>	<b>592.5</b>	<b>(599.0)</b>

The Operating Free Cash Flow had positive effect of R\$ 1,302.9 million, due to the claw back of credits following the successful PIS and Cofins action. This amount was neutralized by the increase on the Taxes line.

Thus, the lower generation of Free Cash Flow was due mainly to the lower Adjusted EBITDA in the period.

## Debt/Cash and Cash Equivalents Net

Net Debt (R\$ MM)	Dec.20	Dec.19
<b>Borrowings and Financing</b>	<b>(2,623.0)</b>	<b>(1,153.7)</b>
Current	(1,077.1)	(709.0)
Noncurrent	(1,545.9)	(444.6)
<b>Credit Operations to Customers Financing</b>	<b>(762.0)</b>	<b>(491.4)</b>
Current	(341.4)	(185.0)
Noncurrent	(420.6)	(306.4)
<b>Gross Debt</b>	<b>(3,385.0)</b>	<b>(1,645.0)</b>
<b>Cash and Cash Equivalents and Financial Investments</b>	<b>2,672.4</b>	<b>1,372.3</b>
<b>Net Debt</b>	<b>(712.6)</b>	<b>(272.7)</b>
Net Debt / Total Adjusted EBITDA (LTM)	0.60x	0.14x

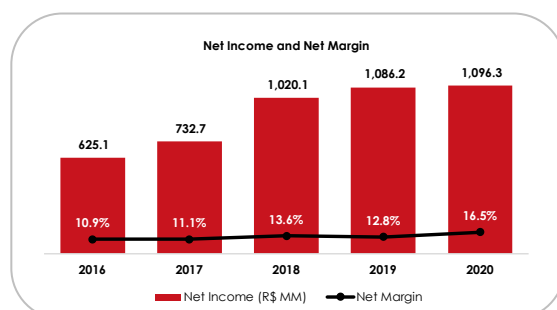


Operational Financing of Credit to the Client for financing the Financial Products' portfolios and their variation is linked to the financial volumes of these products. The expenses for debt servicing related to capital management are booked in the Financial Result, Net. The costs of Operating Financing of Credit to the Client which is linked to Financial Products are reflected in the Operating Result.

As of December 31, 2020, the Company reported Net Debt of R\$ 712.6 million, an increase of 161.3% relative to the position for the same period in 2019 due to, especially, the lower operating cash generation in the period.

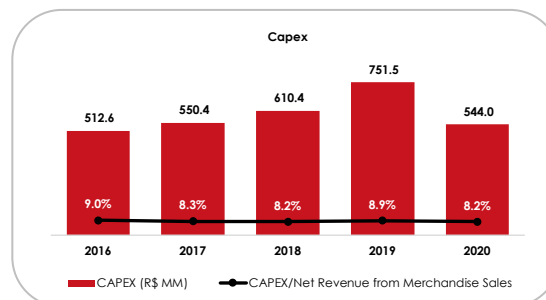
## Net Income

Net Income totaled R\$ 1,096.3 million, reporting a slight growth of 0.9% over 2019, equivalent to a Margin of 16.5% versus 12.8% in the preceding year, thanks to the claw back of the tax credit. Excluding this non-recurring item, the net income figure would have been R\$ 36.6 million and a reflection of lower Total EBITDA during the period as well as increased expenses with depreciation, reflecting fixed assets, and investments made in previous periods.



## Investments

CAPEX Summary (R\$ MM)	2020	2019
New Stores	96.3	262.4
Remodeling of Installations	45.5	94.7
IT Equipment & Systems	265.7	247.0
Distribution Centers	134.9	145.0
Others	1.6	2.3
<b>Total Capex</b>	<b>544.0</b>	<b>751.5</b>



In 2020, investments in assets amounted to R\$ 544.0 million. Of this amount, 48.8% was invested in Technology Systems and Equipment and 24.8% at the Distribution Centers, namely the construction of the new São Paulo DC. An additional 17.7% was spent on the rollout of 11 new stores: 7 Renner, 2 Camicado and 2 Youcom. The remaining 8.7% was allocated to modernization work on units and others.

## INDEPENDENT AUDITORS

Renner's policy with its independent auditors with respect to the provision of services not related to the external audit, rests on principles that preserve the auditor's independence. These principles are based on the fact that auditors should not audit their own work, perform management functions, or represent their client. During the fiscal year ending December 31, 2020, the Company's independent auditors, Ernst e Young Auditores Independentes, were responsible for examining the financial statements and preparing the assurance report to the Company's Annual Report. The amount of fees payable to the independent auditors in the fiscal year 2020 was R\$ 1,327.9 thousand, which R\$ 276 thousand refer to supporting services of construction regularization in the processes of new stores opening, homologation of suppliers and international trading advisory.

## AWARDS AND RECOGNITIONS

During 2020, in recognition of its practices in different areas of the business, Lojas Renner featured prominently in several awards and rankings by different institutions specialized in their fields of activity. These distinctions contribute to the strengthening of the brand and engagement of the teams. Below is a list with the main recognitions:

The Best of Dinheiro – 1 <sup>st</sup> place in the Retail category	Istoé Dinheiro
Real Black Friday – Winner in the Fashion and Accessories category	Proxy Media
Champions of Innovation – 1 <sup>st</sup> place in the Commerce, Wholesale and Retail sector	Amanhã Magazine
Dow Jones Sustainability World Index – 8 <sup>th</sup> place in the Retail sector in the world	RobecoSam
Corporate Sustainability Index (ISE) – component of the portfolio for the 7 <sup>th</sup> consecutive year	B3 – Brasil, Bolsa, Balcão
Most Incredible Places to Work – 1 <sup>st</sup> place in the Corporate Education category	FIA/UOL
Most Valuable Brazilian Brands – 11 <sup>th</sup> place in the overall ranking	Interbrand
Brands of Who Decides – 1 <sup>st</sup> place in the Women's Fashion category	Jornal do Comércio
Best of E-commerce – Most loved store in the Fashion and Accessories category	Ebit
Best CEO, Best CFO, Best IR Professional, Best IR Team, Best IR Site, Best Investor Day, Best in ESG metrics and Best IR Program for Retail in Latin America – 2 <sup>nd</sup> place in these categories	Institutional Investor Magazine
Finanças Mais Award – 1 <sup>st</sup> place for Realize CFI in Financial Institution category	Estadão and Austing Rating
ibest Award – 2 <sup>nd</sup> place (popular jury) in the Fashion E-commerce category	iBest
Women in Leadership Award – Highlight in Retail category	Valor Econômico
Reclame Aqui Award – 2 <sup>nd</sup> place in the Fashion and Apparel category	Reclame Aqui
Top of Mind – 1 <sup>st</sup> place in the Clothing Stores Network	Amanhã Magazine
Transparency Trophy – Listed among winners with Net Revenues of more than R\$ 8 billion	ANEFAC
S&P/B3 Brasil ESG – 1 <sup>st</sup> place in the portfolio's debut	B3
Valor 1000 – 1 <sup>st</sup> place in the Commerce Retailer category	Valor Econômico

## OUTLOOK

The year of 2021 dawns with continuing health-related and economic challenges. In this context, the Company believes that brands with meaning and a clear value proposal generate competitive advantages and create conditions for increasing market share, irrespective of the economic environment. Last year, the Company learnt, relearnt, and transformed itself and it is in the light of this capacity to adapt that it believes it is prepared to meet new challenges in this new year.

Hence, the Company continues committed to its long-term projects and the sustainability of the businesses. For 2021, R\$ 1,100.0 million in investments are programmed according to the proposal to be presented to the shareholders. This amount contemplates the continuing store expansion plan with the opening of between 20 and 30 Renner stores, from 5 to 10 units for Camicado, 5-10 for Youcom and about 5 in the case of Ashua. Important investments will also be made in logistics for the construction of the new São Paulo DC, as well as in the acceleration of digital transformation. Additionally, the Company remains alert to new possibilities for executing its strategy through a combination of the businesses and development of the fashion and lifestyle ecosystem.

## ACKNOWLEDGEMENTS

Lojas Renner wishes to extend its special thanks to the employees that continued engaged despite so many challenges, not only in relation to the business but also in their own personal lives; to the suppliers that remained committed and permitted the conducting of the operation in safety; to the shareholders, who supported this trajectory; and to the customers that remained loyal to the Company's brands.

Porto Alegre, February 11, 2021

## SOCIAL BALANCE SHEET

Lojas Renner S.A. and subsidiaries

For the years ended December 31, 2020 and 2019

(All amounts in thousands of Reais)

1 – Calculation base	2020	2019
Net revenue (NR)	7,537,180	9,588,437
Operating income (expenses) (RO) - Restated (*)	856,879	1,676,377
Gross payroll (GP)	841,085	894,054
Total value added (TVA) - Restated (*)	4,539,776	5,589,674

2 – Internal social indicators	2020				2019			
	R\$ thou	% on GP	% on NR	% on TVA	R\$ thou	% on GP	% on NR	% on TVA
Food	51,016	6.1%	0.7%	1.1%	64,162	7.2%	0.7%	1.1%
Compulsory social charges	268,998	32.0%	3.6%	5.9%	306,610	34.3%	3.2%	5.5%
Health	55,000	6.5%	0.7%	1.2%	55,187	6.2%	0.6%	1.0%
Safety and labor medicine	2,969	0.4%	0.0%	0.1%	2,924	0.3%	0.0%	0.1%
Training and professional development	462	0.1%	0.0%	0.0%	813	0.1%	0.0%	0.0%
Daycare or child-care allowance	955	0.1%	0.0%	0.0%	1,006	0.1%	0.0%	0.0%
Employee profit sharing	22,526	2.7%	0.3%	0.5%	96,752	10.8%	1.0%	1.7%
Transportation	29,812	3.5%	0.4%	0.7%	37,001	4.1%	0.4%	0.7%
Other	27,516	3.3%	0.4%	0.6%	25,829	2.9%	0.3%	0.5%
<b>Total – Internal social indicators</b>	<b>459,254</b>	<b>54.6%</b>	<b>6.1%</b>	<b>10.1%</b>	<b>590,284</b>	<b>66.0%</b>	<b>6.2%</b>	<b>10.6%</b>

3 – External social indicators	2020				2019			
	R\$ thou	% on GP	% on NR	% on TVA	R\$ thou	% on GP	% on NR	% on TVA
Other (Lojas Renner Institute)	8,243	1.0%	0.1%	0.2%	9,907	1.1%	0.1%	0.2%
<b>Total contributions to society</b>	<b>8,243</b>	<b>1.0%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>9,907</b>	<b>1.1%</b>	<b>0.1%</b>	<b>0.2%</b>
Taxes (excluding social charges)	1,539,082	183.0%	20.4%	33.9%	2,375,380	265.7%	24.8%	42.5%
<b>Total – External social indicators</b>	<b>1,547,325</b>	<b>184.0%</b>	<b>20.5%</b>	<b>34.1%</b>	<b>2,385,287</b>	<b>266.8%</b>	<b>24.9%</b>	<b>42.7%</b>

4 – Environmental indicators	2020				2019			
	R\$ thou	% on GP	% on NR	% on TVA	R\$ thou	% on GP	% on NR	% on TVA
<b>4.1 - Investments relating to production/operation of the Company</b>								
Energy preservation	914	0.1%	0%	0%	237	0%	0%	0%
Investments in environmental offset actions (**)	1,151	0.1%	0%	0%	323	0%	0%	0%
<b>Total investments relating to production/operation of the Company</b>	<b>2,065</b>	<b>0.2%</b>	<b>0%</b>	<b>0%</b>	<b>560</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

(\*\*) The modification is due to the change of calculation methodology for the indicator, that previously considered only investment in emissions compensation and now includes other compensation investments.

	2020	2019
Concerning the establishment of annual goals for minimizing waste and consumption in general in production/operation to increase efficiency in use of natural resources, the Company:	( ) Has no goals ( ) Complies from 0% to 50% ( ) Complies from 51% to 75% (x) Complies from 76% to 100%	(x) Has no goals ( ) Complies from 0% to 50% ( ) Complies from 51% to 75% ( ) Complies from 76% to 100%

5 – Personnel indicators	2020	2019
	In units	In units
Number of employees at year end	24,757	24,162
Number of onboarding professionals in the year	8,212	12,216
Number of terminated employees in the year	7,617	10,388
Number of outsourced professionals	ND	ND
Number of interns	58	81

(\*) These statements present the balances mentioned in Note 3.6.1.

	2020	2019
	In units	In units
<b>Number of employees per age range:</b>		
Up to 29 y.o.	14,255	14,229
30 - 49 y.o.	9,565	9,055
50 y.o. or older	937	878
<b>Gross compensation segregated into:</b>		
Employees	789,106	757,939
Officers and directors	21,275	18,503
<b>Number of employees per educational level*:</b>		
Illiterate	2	2
Primary school	552	616
Secondary/technical school	19,560	19,361
College or university and graduate school	3,837	3,357
Not informed	806	826
Education levels are collected when the employee is hired and there is no continuous update flow. Thus, the data presented does not reflect the updated level of our entire staff.		
Number of women working in the Company	16,041	15,718
Percentage of women in leadership positions	64.8%	65.1%
Number of men working in the Company	8,716	8,444
Percentage of men in leadership positions	35.3%	34.9%
Number of black men (women) working in the Company (***)	6,783	7,510
Percentage of black men (women) in leadership positions	27.4%	31.1%
Number of men (women) with disabilities or special needs	1,015	1,015
<b>Gross remuneration per:</b>		
(***) We add the number of blacks adding blacks + browns.		
Employees	789,106	757,939
Management members	21,275	18,503
<b>Difference between the lowest salary paid by the company and the minimum wage (federal or regional)</b>	There are no differences	There are no differences
<b>6 – Significant information on the exercise of corporate citizenship</b>	<b>2020</b>	<b>2019</b>
Total number of work-related accidents	48	79
The Company's social and environmental projects were developed by:	<input type="checkbox"/> Directors <input type="checkbox"/> Directors and managers <input checked="" type="checkbox"/> All employees	<input type="checkbox"/> Directors <input type="checkbox"/> Directors and managers <input checked="" type="checkbox"/> All employees
The safety and health standards in the workplace were defined by:	<input type="checkbox"/> Directors <input checked="" type="checkbox"/> Directors and managers <input type="checkbox"/> All employees <input type="checkbox"/> Everyone + CIPA	<input type="checkbox"/> Directors <input checked="" type="checkbox"/> Directors and managers <input type="checkbox"/> All employees <input type="checkbox"/> Everyone + CIPA
As to the employees' labor union freedom, the right to collection bargaining and internal representation, the Company:	<input type="checkbox"/> does not get involved <input type="checkbox"/> follows OIT rules <input checked="" type="checkbox"/> encourages and follows OIT	<input type="checkbox"/> does not get involved <input type="checkbox"/> follows OIT rules <input checked="" type="checkbox"/> encourages and follows OIT
The private pension plan comprises:	We have no private pension plan.	We have no private pension plan.
Profit sharing comprises:	<input type="checkbox"/> Directors <input type="checkbox"/> Directors and managers <input checked="" type="checkbox"/> All employees	<input type="checkbox"/> Directors <input type="checkbox"/> Directors and managers <input checked="" type="checkbox"/> All employees
In selecting suppliers, the same ethical and social and environmental responsibility standards adopted by the Company:	<input type="checkbox"/> Are not considered <input type="checkbox"/> Are suggested <input checked="" type="checkbox"/> Are required	<input type="checkbox"/> Are not considered <input type="checkbox"/> Are suggested <input checked="" type="checkbox"/> Are required
As to participation of employees in volunteer work programs, the Company:	<input type="checkbox"/> does not get involved <input type="checkbox"/> supports these programs <input checked="" type="checkbox"/> organizes and encourages these programs	<input type="checkbox"/> does not get involved <input type="checkbox"/> supports these programs <input checked="" type="checkbox"/> organizes and encourages these programs
<b>Distribution of value added (DVA):</b>	<b>2020</b>	<b>2019</b>
	R\$ thou	R\$ thou
	% on total	% on total
Government	1,808,080	2,681,990
Employees	1,099,119	1,259,051
Shareholders	271,516	549,546
Third parties	536,308	562,432
Retained	824,753	536,655
		22
		9.6%

**BALANCE SHEETS**

Lojas Renner S.A. and subsidiaries

On December 31, 2020 and 2019

(All amounts in thousands of Reais)

	Note	Parent Company		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Assets</b>			Restated (*)		Restated (*)
<b>Current assets</b>					
Cash and cash equivalents	7.2	1,761,439	844,755	2,066,781	980,954
Interest-earning bank deposits	7.3	139,212	167,099	605,572	391,348
Trade accounts receivable	8.2	1,839,223	1,912,774	3,811,668	3,825,961
Inventories	9.2	1,152,239	915,848	1,381,662	1,124,506
Taxes recoverable	10	863,933	199,116	961,997	258,396
Derivative financial instruments	24.4	4,896	4,244	5,435	4,382
Other assets	11	46,093	53,195	63,651	70,662
Credits with related parties	26.3.2	18,215	12,221	-	-
<b>Total current assets</b>		<b>5,825,250</b>	<b>4,109,252</b>	<b>8,896,766</b>	<b>6,656,209</b>
<b>Non-current assets</b>					
Long-term receivables					
Taxes recoverable	10	636,111	51,326	661,111	73,345
Credits with related parties	26.3.2	1,358	1,098	-	-
Deferred income tax and social contribution	12.2	103,790	89,469	276,925	214,505
Other assets	11	10,047	13,218	12,847	16,208
<b>Total long-term assets</b>		<b>751,306</b>	<b>155,111</b>	<b>950,883</b>	<b>304,058</b>
Investments	13	1,595,255	1,383,276	-	-
Fixed assets	14.2	1,786,396	1,814,253	2,154,260	2,173,710
Rights of use	15.2	1,397,843	1,344,150	1,700,038	1,634,690
Intangible assets	14.4	587,713	469,711	940,636	784,235
<b>Total non-current assets</b>		<b>6,118,513</b>	<b>5,166,501</b>	<b>5,745,817</b>	<b>4,896,693</b>
<b>Total assets</b>		<b>11,943,763</b>	<b>9,275,753</b>	<b>14,642,583</b>	<b>11,552,902</b>

(\*) These statements present the balances mentioned in Note 3.6.1.

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

**BALANCE SHEETS**

Lojas Renner S.A. and subsidiaries

On December 31, 2020 and 2019

(All amounts in thousands of Reais)

	Note	Parent Company		Consolidated	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Liabilities and shareholders' equity</b>			Restated (*)		Restated (*)
<b>Current liabilities</b>					
Borrowings, financing and debentures	17.2	1,037,626	594,394	1,077,081	709,022
Financing - financial service operations	18	-	37,740	341,390	184,996
Leases payable	19.2	410,998	373,555	496,583	447,685
Suppliers	20.2	1,208,337	953,371	1,404,852	1,081,785
Obligations with credit card administrators		15,711	26,919	1,193,168	985,298
Tax obligations	21	366,320	466,977	402,930	636,723
Social and labor obligations	22	193,403	276,548	226,816	306,882
Statutory obligations		246,269	243,114	246,269	243,114
Provisions for risks	23.2	52,104	57,914	67,059	67,635
Derivative financial instruments	24.4	30,327	6,680	31,428	7,764
Debits with related parties	26.3.2	1,445	1,279	-	-
Other obligations	25	64,571	55,610	145,835	94,413
<b>Total current liabilities</b>		<b>3,627,111</b>	<b>3,094,101</b>	<b>5,633,411</b>	<b>4,765,317</b>
<b>Non-current liabilities</b>					
Borrowings, financing and debentures	17.2	1,545,933	406,086	1,545,933	444,641
Financing - financial service operations	18	-	-	420,575	306,370
Leases payable	19.2	1,120,649	1,060,869	1,365,804	1,291,676
Suppliers	20.2	95,503	-	95,503	-
Deferred income tax and social contribution	12.2	-	-	-	5,287
Provisions for risks	23.2	53,251	23,431	55,237	24,481
Other obligations	25	-	247	24,804	24,111
<b>Total non-current liabilities</b>		<b>2,815,336</b>	<b>1,490,633</b>	<b>3,507,856</b>	<b>2,096,566</b>
<b>Total liabilities</b>		<b>6,442,447</b>	<b>4,584,734</b>	<b>9,141,267</b>	<b>6,861,883</b>
<b>Shareholders' Equity</b>					
Capital	27.1	3,805,326	3,795,634	3,805,326	3,795,634
Treasury shares	27.2	(119,461)	(35,549)	(119,461)	(35,549)
Capital reserves	27.3	94,031	74,227	94,031	74,227
Profit reserves	27.4	1,694,515	869,896	1,694,515	869,896
Other comprehensive income	27.5	26,905	(13,189)	26,905	(13,189)
<b>Total shareholders' equity</b>		<b>5,501,316</b>	<b>4,691,019</b>	<b>5,501,316</b>	<b>4,691,019</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,943,763</b>	<b>9,275,753</b>	<b>14,642,583</b>	<b>11,552,902</b>

(\*) These statements present the balances mentioned in Note 3.6.1.

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

## STATEMENTS OF NET INCOME

Lojas Renner S.A. and subsidiaries

For the years ended December 31, 2020 and 2019

(In thousands of reais, except net income per share in Reais)

	Note	Parent Company		Consolidated	
		2020	2019	2020	2019
			Restated (*)		Restated (*)
<b>Net operating revenue</b>		<b>5,853,395</b>	<b>7,893,166</b>	<b>7,537,180</b>	<b>9,588,437</b>
Sales of goods	33.2	5,822,002	7,656,754	6,660,571	8,474,693
Financial products and services	33.2	31,393	236,412	876,609	1,113,744
<b>Costs of sales</b>		<b>(2,837,106)</b>	<b>(3,395,245)</b>	<b>(3,223,570)</b>	<b>(3,730,521)</b>
Sales of goods		(2,837,106)	(3,383,052)	(3,201,309)	(3,707,306)
Financial products and services		-	(12,193)	(22,261)	(23,215)
<b>Gross income</b>		<b>3,016,289</b>	<b>4,497,921</b>	<b>4,313,610</b>	<b>5,857,916</b>
Sales	34.1	(2,041,170)	(2,122,885)	(2,468,018)	(2,505,821)
General and administrative expenses	34.2	(763,428)	(786,127)	(885,233)	(879,264)
Losses on receivables, net		98,296	(62,306)	(412,636)	(381,049)
Other operating income	34.3	608,174	(231,729)	309,156	(415,405)
Equity on profit/loss of subsidiaries	13	(63,663)	214,733	-	-
<b>Net operating expenses</b>		<b>(2,161,791)</b>	<b>(2,988,314)</b>	<b>(3,456,731)</b>	<b>(4,181,539)</b>
<b>Operating income before finance income</b>		<b>854,498</b>	<b>1,509,607</b>	<b>856,879</b>	<b>1,676,377</b>
Financial revenues	35	618,347	31,344	712,925	74,422
Financial expenses	35	(242,451)	(188,137)	(369,043)	(258,817)
<b>Net financial income</b>		<b>375,896</b>	<b>(156,793)</b>	<b>343,882</b>	<b>(184,395)</b>
<b>Income before income tax and social contribution</b>		<b>1,230,394</b>	<b>1,352,814</b>	<b>1,200,761</b>	<b>1,491,982</b>
Current	12.5	(140,628)	(284,753)	(162,813)	(472,822)
Deferred	12.5	6,503	18,140	58,321	67,041
<b>Income tax and social contribution, net</b>		<b>(134,125)</b>	<b>(266,613)</b>	<b>(104,492)</b>	<b>(405,781)</b>
<b>Net income for the year</b>		<b>1,096,269</b>	<b>1,086,201</b>	<b>1,096,269</b>	<b>1,086,201</b>
<b>Basic earnings per share - R\$</b>	29	1.3828	1.4142	1.3828	1.4142
<b>Net earnings per share - diluted - R\$</b>	29	1.3795	1.4079	1.3795	1.4079
<b>Number of shares at end of year (in thousands)</b>		796,170	795,558	796,170	795,558

(\*) These statements present the balances mentioned in Note 3.6.1.

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME

Lojas Renner S.A. and subsidiaries

For the years ended December 31, 2020 and 2019

(All amounts in thousands of Reais)

	Parent Company		Consolidated	
	2020	2019	2020	2019
<b>Net income for the year</b>	<b>1,096,269</b>	<b>1,086,201</b>	<b>1,096,269</b>	<b>1,086,201</b>
		Restated (*)		Restated (*)
<b>Equity valuation adjustments</b>				
<b>Items that will not be reclassified to net income</b>	<b>(14,924)</b>	<b>181</b>	<b>(14,924)</b>	<b>181</b>
Cash flow hedge	(22,995)	360	(22,612)	274
Taxes related to net income from cash flow hedge	7,818	(122)	7,688	(93)
Cash flow hedge in subsidiaries, net of taxes	253	(57)	-	-
<b>Accumulated translation adjustments and monetary adjustments</b>				
<b>Items that may subsequently be reclassified to equity</b>	<b>55,018</b>	<b>(15,518)</b>	<b>55,018</b>	<b>(15,518)</b>
Accumulated translation adjustments and monetary adjustments due to hyperinflation	55,018	(15,518)	55,018	(15,518)
<b>Other components of comprehensive income</b>	<b>40,094</b>	<b>(15,337)</b>	<b>40,094</b>	<b>(15,337)</b>
<b>Total comprehensive income for the year</b>	<b>1,136,363</b>	<b>1,070,864</b>	<b>1,136,363</b>	<b>1,070,864</b>

(\*) These statements present the balances mentioned in Note 3.6.1.

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

## STATEMENTS OF CASH FLOWS

Lojas Renner S.A. and subsidiaries

For the years ended December 31, 2020 and 2019

(All amounts in thousands of Reais)

	Parent Company		Consolidated	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>		Restated (*)		Restated (*)
<b>Net income for the year</b>	<b>1,096,269</b>	<b>1,086,201</b>	<b>1,096,269</b>	<b>1,086,201</b>
<b>Adjustments to reconcile net income to cash and cash equivalents from investing activities:</b>				
Depreciation and amortization	647,843	598,042	791,036	694,712
Interest and structuring costs on borrowings and leases	212,725	183,477	238,548	208,449
Financing interest on operating services	2,561	-	29,708	-
Equity on profit/loss of subsidiaries	63,663	(214,733)	-	-
Income tax and social contribution	134,125	266,613	104,492	405,781
(Reversals) estimated losses on assets, net	(33,843)	(64,150)	117,371	91,705
Exclusion of ICMS from PIS and COFINS base	(1,363,029)	-	(1,363,029)	-
Discounts - leases payable	(104,488)	-	(128,927)	-
Other net income adjustments	67,836	59,880	95,560	65,847
<b>Adjusted net income</b>	<b>723,662</b>	<b>1,915,330</b>	<b>981,028</b>	<b>2,552,695</b>
<b>Dividends received from subsidiaries</b>	<b>6,926</b>	<b>14,348</b>	<b>-</b>	<b>-</b>
<b>(Increase) decrease in assets</b>				
Trade accounts receivable	115,370	(334,964)	(95,712)	(783,799)
Inventories	(247,550)	70,263	(265,461)	28,993
Taxes recoverable	92,855	(87,621)	75,502	(44,574)
Other assets	9,736	7,100	(1,287)	(26,814)
<b>Increase (Decrease) in liabilities</b>				
Suppliers	341,980	50,784	419,457	59,255
Financiang - financial service operations	-	91,303	-	(360,220)
Obligations with credit card administrators	(11,208)	8,565	207,870	291,302
Tax obligations	(76,895)	(40,741)	(124,919)	(83,629)
Other obligations	(74,776)	45,903	(18,251)	86,741
Payment of income tax and social contribution	(164,391)	(194,002)	(296,099)	(302,474)
Interest paid on borrowings and debentures	(47,643)	(40,661)	(49,224)	(43,675)
Interest paid on operating service financing	(10,301)	-	(10,301)	-
<b>Net cash generated in operating activities, before interest-earning bank deposits</b>	<b>657,765</b>	<b>1,505,607</b>	<b>822,603</b>	<b>1,373,801</b>
Increase in interest-earning bank deposits	27,887	(7,558)	(214,224)	207,886
<b>Net cash generated in operating activities</b>	<b>685,652</b>	<b>1,498,049</b>	<b>608,379</b>	<b>1,581,687</b>
<b>Cash flows from investment activities</b>				
Acquisition of fixed and intangible assets	(443,982)	(553,032)	(543,976)	(751,428)
Receipts due to sale of fixed assets	147	40,726	147	1,155
Capital contribution in subsidiaries	(227,297)	(241,724)	-	-
<b>Net cash consumed by investing activities</b>	<b>(671,132)</b>	<b>(754,030)</b>	<b>(543,829)</b>	<b>(750,273)</b>
<b>Cash flows from financing activities</b>				
Capital increase	9,692	46,111	9,692	46,111
Repurchase of shares	(96,964)	4	(96,964)	4
Borrowings raised	2,499,466	584,515	3,467,279	724,681
Amortization of borrowings and debentures	(987,178)	(510,710)	(1,787,961)	(632,928)
Consideration relating to leases payable	(279,017)	(326,864)	(334,911)	(376,500)
Interest on equity and dividends paid	(243,835)	(409,081)	(243,835)	(409,081)
<b>Net cash generated in (consumed by) financing activities</b>	<b>902,164</b>	<b>(616,025)</b>	<b>1,013,300</b>	<b>(647,713)</b>
<b>Effect of exchange fluctuation on cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>7,977</b>	<b>12,123</b>
<b>Increase in cash and cash equivalents</b>	<b>916,684</b>	<b>127,994</b>	<b>1,085,827</b>	<b>195,824</b>
Cash and cash equivalents at beginning of year	844,755	716,761	980,954	785,130
<b>Cash and cash equivalents at end of year</b>	<b>1,761,439</b>	<b>844,755</b>	<b>2,066,781</b>	<b>980,954</b>

(\*) These statements present the balances mentioned in Note 3.6.1.

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY AND CONSOLIDATED

Lojas Renner S.A.

On December 31, 2020 and 2019

(Amounts expressed in thousands of reais, except interest on own capital per share in Reais)

	Note	Capital reserves			Profit reserves			Additional dividend proposed	Other comprehensive income	Retained earnings	Total
		Capital	Treasury shares	Stock option plan reserve and restricted shares plan	Legal reserve	Reserve for investment and expansion	Tax incentive reserve				
								Restated (*)	Restated (*)	Restated (*)	
<b>Balance at January 1, 2019</b>		<b>2,637,473</b>	<b>(44,536)</b>	<b>124,093</b>	<b>87,641</b>	<b>946,514</b>	<b>56,540</b>	<b>144,639</b>	<b>2,148</b>	<b>-</b>	<b>3,954,512</b>
Net income for the year		-	-	-	-	-	-	-	-	1,086,201	1,086,201
Capital increase	27.1	1,158,161	-	(72,050)	(87,641)	(895,819)	(56,540)	-	-	-	46,111
Disposal/Transfer of shares	27.2	-	8,987	(8,983)	-	-	-	-	-	-	4
Stock option plan	30	-	-	21,074	-	-	-	-	-	-	21,074
Restricted share plan	31	-	-	10,093	-	-	-	-	-	-	10,093
Equity adjustments		-	-	-	-	-	-	-	181	-	181
Accumulated translation adjustments		-	-	-	-	-	-	-	(34,930)	-	(34,930)
Monetary adjustments due to hyperinflation		-	-	-	-	-	-	-	19,412	-	19,412
Deliberation on additional proposed dividends	28.2	-	-	-	-	-	-	(144,639)	-	-	(144,639)
Dividends prescribed		-	-	-	-	-	-	-	-	327	327
<b>Allocation of profit:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>54,955</b>	<b>384,161</b>	<b>97,539</b>	<b>282,546</b>	<b>-</b>	<b>(1,086,528)</b>	<b>(267,327)</b>
Legal reserve	27.4.1	-	-	-	54,955	-	-	-	-	(54,955)	-
Reserve for investment and expansion	27.4.2	-	-	-	-	384,161	-	-	-	(384,161)	-
Tax incentive reserve	27.4.3	-	-	-	-	-	97,539	-	-	(97,539)	-
Dividends (R\$ 0.375338 per share)	28.2	-	-	-	-	-	-	282,546	-	(297,916)	(15,370)
Interest on equity (R\$ 0.326461 per share)	28.2	-	-	-	-	-	-	-	-	(251,957)	(251,957)
<b>Saldo em 31 de dezembro de 2019</b>		<b>3,795,634</b>	<b>(35,549)</b>	<b>74,227</b>	<b>54,955</b>	<b>434,856</b>	<b>97,539</b>	<b>282,546</b>	<b>(13,189)</b>	<b>-</b>	<b>4,691,019</b>

(\*) These statements present the balances mentioned in Note 3.6.1.

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY AND CONSOLIDATED

Lojas Renner S.A.

On December 31, 2020 and 2019

(Amounts expressed in thousands of reais, except interest on own capital per share in Reais)

	Note	Capital reserves			Profit reserves			Other comprehensive income	Retained earnings	Total	
		Capital	Treasury shares	Stock option plan reserve and restricted shares plan	Legal reserve	Reserve for investment and expansion	Tax incentive reserve				Additional dividend proposed
<b>Balance at January 1, 2020</b>		<b>3,795,634</b>	<b>(35,549)</b>	<b>74,227</b>	<b>54,955</b>	<b>434,856</b>	<b>97,539</b>	<b>282,546</b>	<b>(13,189)</b>	<b>-</b>	<b>4,691,019</b>
Net income for the year		-	-	-	-	-	-	-	-	1,096,269	1,096,269
Capital increase	27.1	9,692	-	-	-	-	-	-	-	-	9,692
Repurchase of shares	27.2	-	(96,964)	-	-	-	-	-	-	-	(96,964)
Disposal/Transfer of shares	27.2	-	13,052	(13,052)	-	-	-	-	-	-	-
Stock option plan	30	-	-	22,832	-	-	-	-	-	-	22,832
Restricted share plan	31	-	-	10,024	-	-	-	-	-	-	10,024
Equity adjustments		-	-	-	-	-	-	-	(14,924)	-	(14,924)
Accumulated translation adjustments		-	-	-	-	-	-	-	10,205	-	10,205
Monetary adjustments due to hyperinflation		-	-	-	-	-	-	-	44,813	-	44,813
Reserve for investment and expansion	27.4.2	-	-	-	-	282,221	-	(282,221)	-	-	-
Deliberation on additional proposed dividends	28.2	-	-	-	-	-	-	(325)	-	-	(325)
Dividends prescribed		-	-	-	-	-	-	-	-	191	191
<b>Allocation of profit:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>54,813</b>	<b>704,667</b>	<b>65,273</b>	<b>191</b>	<b>-</b>	<b>(1,096,460)</b>	<b>(271,516)</b>
Legal reserve	27.4.1	-	-	-	54,813	-	-	-	-	(54,813)	-
Reserve for investment and expansion	27.4.2	-	-	-	-	704,667	-	-	-	(704,667)	-
Tax incentive reserve	27.4.3	-	-	-	-	-	65,273	-	-	(65,273)	-
Dividends (R\$ 0.038952 per share)	28.2	-	-	-	-	-	-	191	-	(30,889)	(30,698)
Interest on equity (R\$ 0.303839 per share)	28.2	-	-	-	-	-	-	-	-	(240,818)	(240,818)
<b>Balance at December 31, 2020</b>		<b>3,805,326</b>	<b>(119,461)</b>	<b>94,031</b>	<b>109,768</b>	<b>1,421,744</b>	<b>162,812</b>	<b>191</b>	<b>26,905</b>	<b>-</b>	<b>5,501,316</b>

Management's explanatory notes are an integral part of the individual and consolidated financial statements.

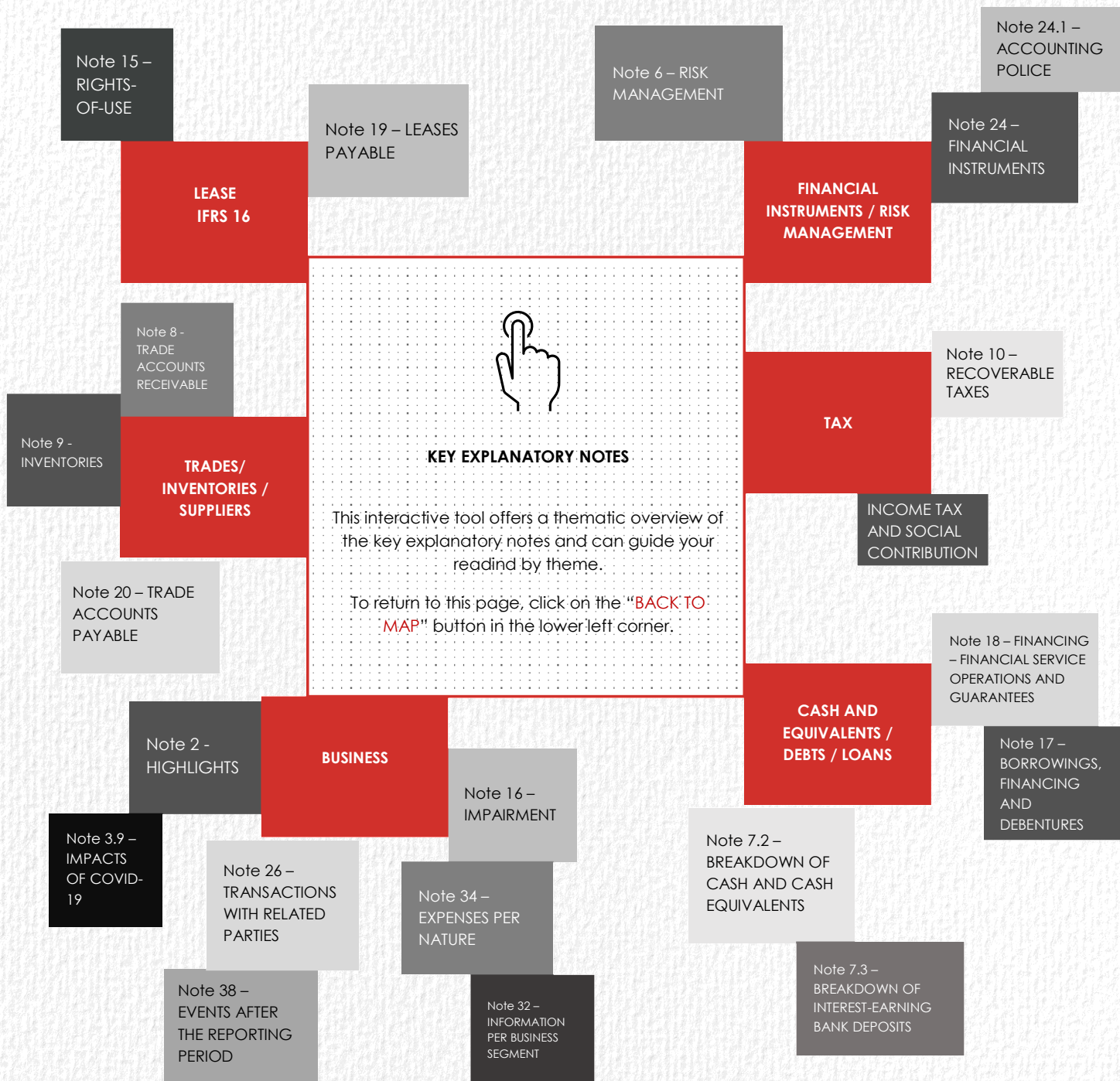
## STATEMENTS OF ADDED VALUE

Lojas Renner S.A. and subsidiaries  
For the years ended December 31, 2020 and 2019  
(All amounts in thousands of Reais)

	Parent Company		Consolidated	
	2020	2019	2020	2019
		Restated (*)		Restated (*)
<b>( + ) Revenues</b>	<b>8,569,043</b>	<b>10,337,962</b>	<b>9,995,026</b>	<b>11,981,576</b>
Sales of goods, net of cancellations and returns	7,605,783	10,047,479	8,641,516	11,075,280
Financial products and services	39,278	257,745	933,234	1,182,637
Estimated credit losses, net	98,296	(62,306)	(412,636)	(381,049)
Other revenues	825,686	95,044	832,912	104,708
<b>( - ) Inputs acquired from third parties</b>	<b>(4,565,232)</b>	<b>(5,120,986)</b>	<b>(5,406,310)</b>	<b>(5,773,244)</b>
Cost of sales of goods and services rendered (including taxes)	(3,239,976)	(3,862,714)	(3,658,781)	(4,219,379)
Energy, third-party services and other expenses	(1,258,188)	(1,181,226)	(1,668,259)	(1,467,856)
Losses on realization of other assets, net	(67,068)	(77,046)	(79,270)	(86,009)
<b>( = ) Gross value added</b>	<b>4,003,811</b>	<b>5,216,976</b>	<b>4,588,716</b>	<b>6,208,332</b>
<b>( - ) Retentions</b>	<b>(647,843)</b>	<b>(598,042)</b>	<b>(791,036)</b>	<b>(694,712)</b>
Depreciation and amortization	(647,843)	(598,042)	(791,036)	(694,712)
<b>( = ) Net value added produced by Entity</b>	<b>3,355,968</b>	<b>4,618,934</b>	<b>3,797,680</b>	<b>5,513,620</b>
<b>( + ) Added value received as transfer</b>	<b>583,793</b>	<b>247,520</b>	<b>742,096</b>	<b>76,054</b>
Equity on profit/loss of subsidiaries	(63,663)	214,733	-	-
Financial revenues, gross of taxes	647,456	32,787	742,096	76,054
<b>( = ) Total added value to be distributed</b>	<b>3,939,761</b>	<b>4,866,454</b>	<b>4,539,776</b>	<b>5,589,674</b>
<b>( = ) Distribution of value added</b>	<b>3,939,761</b>	<b>4,866,454</b>	<b>4,539,776</b>	<b>5,589,674</b>
<b>Personal</b>	<b>878,827</b>	<b>1,075,638</b>	<b>1,099,119</b>	<b>1,259,051</b>
Direct remuneration	649,658	812,181	840,972	966,448
Benefits	125,994	147,520	144,900	165,866
FGTS	59,022	71,472	67,778	81,304
Other	44,153	44,465	45,469	45,433
Stock option plan	22,831	21,075	22,831	21,075
Management remuneration	21,322	23,390	22,638	24,358
<b>Taxes, rates and contributions</b>	<b>1,597,204</b>	<b>2,282,594</b>	<b>1,808,080</b>	<b>2,681,990</b>
Federal taxes	522,573	802,909	596,508	1,047,622
State taxes	1,020,090	1,426,707	1,137,003	1,562,922
Municipal taxes	54,541	52,978	74,569	71,446
<b>Remuneration of third party's capital</b>	<b>367,461</b>	<b>422,021</b>	<b>536,308</b>	<b>562,432</b>
Financial expenses	252,665	193,932	381,343	264,945
Occupancy expenses	114,796	228,089	154,965	297,487
<b>Remuneration of own capital</b>	<b>1,096,269</b>	<b>1,086,201</b>	<b>1,096,269</b>	<b>1,086,201</b>
Interest on own capital and dividends proposed	271,516	267,327	271,516	267,327
Retained earnings	824,753	536,655	824,753	536,655
Additional dividend proposed	-	282,219	-	282,219

(\*) These statements present the balances mentioned in Note 3.6.1.

Management's explanatory notes are an integral part of the individual and consolidated financial statements.



## 1 OPERATIONS

Lojas Renner S.A. ("Parent Company") - corporation with head office at Av. Joaquim Porto Villanova, 401, Porto Alegre (RS), listed in B3 S.A.-Brasil, Bolsa e Balcão under the code LREN3 and its direct and indirect subsidiaries, individually or jointly (the "Company" or the "Consolidated"), are mainly engaged in:

- i) **Retail:** trade of clothes and sports products, shoes, accessories, perfumery, housewares, towels & linen, furniture, and decoration articles; and
- ii) **Financial services:** quick withdrawals, financing of purchases, insurance, and the practice of asset and liability operations inherent to credit companies.

## 2 HIGHLIGHTS

Below, management emphasizes certain important matters in this disclosure:

### 2.1 IMPACTS OF COVID-19

Based on Memorandum Circulars No. 02/2020 and No. 03/2020 issued by the Brazilian SEC ("CVM") and taking into consideration the economic scenario and the risks and uncertainties arising from Covid-19 impacts, Note 3.9 presents the measures adopted and management's assessment.

### 2.2 ISSUE OF DEBENTURES

In the second quarter of 2020, the 10<sup>th</sup> and 11<sup>th</sup> issue of the Parent Company debentures took place. For further information on these debentures and amount, please refer to Note 17.2.

### 2.3 ICMS IN THE PIS/COFINS TAX BASE

In May 2020, a final decision was handed down on the Parent Company lawsuit, granting the exclusion of ICMS from the PIS and COFINS tax base. The Company management also considers CVM/SNC/SEP memorandum circular 01/2021 observing the qualitative and quantitative aspects on this topic. Further details are presented in Note 10.

### 2.4 AMENDMENT TO IFRS 16 AND CVM RESOLUTION 859/2020

In May 2020, the IASB issued an amendment to IFRS 16, which provides for a practical expedient that allows lessees to account for the benefits granted in P&L over the period impacted by the Covid-19 pandemic. On July 7, 2020, by means of Resolution No. 859/2020, CVM approved changes in Accounting Pronouncement CPC 06 (R2) – Leases, equivalent to the amendment to IFRS 16 issued by the IASB. Further information in Note 5.3.

### 2.5 CHANGES IN COMPARATIVE AMOUNTS

In the second quarter of 2020, management reassessed the Company's accounting policy for leases, focused on the discount rate used for measuring the contracts, and classification of the exclusive investment fund as a short-term investment. Further information in Note 3.6.1.

## 3 BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

### 3.1 STATEMENT OF COMPLIANCE

These financial statements were approved by Company's management on February 11, 2021, and were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP), considering pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission (CVM) and the provisions of Corporation Law.

### 3.2 STATEMENT OF RELEVANCE

Company management affirms that they applied technical guideline OCPC 7 and CVM Resolution 727/2014 by complying with the minimum requirements and disclosing only relevant information that helps users make decisions. Therefore, all relevant information used in business management is highlighted in this document.

### 3.3 BASIS OF MEASUREMENT

These financial statements were measured considering the historical cost as a basis of value, except for certain financial instruments measured at their fair values (Note 24.3).

### 3.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Real (R\$), functional currency of the Company and balances were rounded to the nearest thousand value, except otherwise indicated.

For foreign subsidiaries operating in a stable economic environment and with a different functional currency from the Parent Company, the statements of income statements are translated into Brazilian Reais at the average monthly exchange rate, assets and liabilities are translated at the closing rate and equity items are translated at the historical rate. For subsidiaries operating in a hyperinflationary environment, the balances of assets, liabilities and retained earnings are translated at the closing rate.

### 3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Since the preparation of financial statements requires management's assumptions and estimates related to the probability of future events, affecting the balances of assets and liabilities and other transactions, actual results may differ from these estimates.

Significant accounting estimates are essential to produce the best possible information on Profit or Loss and Equity, even with the subjectivity, complexity, and non-precision, and have a significant impact on:

Estimate	Note
Estimated credit losses	8.3
Estimated inventory losses	9.3
Discount rate applied to adjustments to present value	8.1, 9.1, 19.1 and 20.1
Realization of deferred income and social contribution taxes	12.4
Definition of the useful life of fixed and intangible assets	14.1
Evaluation of impairment of intangible assets with an indefinite useful life	16.1
Provisions for tax, civil and labor risks	23.1
Determination of fair values of derivative financial instruments and stock option plans	24.3 and 30.4

### 3.6 ACCOUNTING POLICIES

Significant accounting policies used in the preparation of these financial statements are presented and summarized in respective notes and have been consistently applied in the periods.

#### 3.6.1 Change in comparative amounts

Management identified the need to reassess the Company's accounting policy for leases, focused on the discount rate used for measuring the contracts, and classification of the exclusive investment fund as a short-term investment in the second quarter of 2020.

##### 3.6.1.1 Leases

In the course of 2019 and in the first quarter of 2020, the Company management used as accounting policy in lease agreements, application of the real rate and real flow, seeking to preserve consistency between flow and rate. However, we should recognize that most companies in the Brazilian market elected to use the nominal incremental rate upon adoption of CPC 06 (R2)/IFRS 16, in line with the international and Brazilian practice, in strict compliance with their requirements, including companies that operate in the same segment as the Company.

In this context, management identified, by function of this comparison, the Company should reevaluate the accounting policy adopted for this matter and began to use nominal incremental rates in its lease agreements, for the primary purpose of aligning the Company's accounting policy to the practice most commonly adopted by the market, including comparable companies in Brazil and abroad, as well as the international standard. Management is of the understanding that such change brings benefits to the users of the financial statements since, as commented above, this practice allows full alignment with the standard and better comparability with other companies in the market.

Focused on these objectives, management changed the Company's accounting policy, fully complying with the requirements of CPC 06 (R2)/IFRS 16 concerning use of the nominal incremental rate for discounting flows and restating all comparative amounts in order to reflect this change.

##### 3.6.1.2 Classification of the Exclusive Investment Fund

Management analyzed the breakdown of fund Brasil Plural Retail FI balances and identified the need to change the manner in which this investment fund was presented, Brasil Plural Retail FI partly allocates its assets to bonds whose liquidity is not guaranteed by repurchase agreements by the issuer, but rather by means of the secondary market, reason why, for the purpose of comparison with other assets with the same characteristics such as government bonds, the Company reclassified these amounts from cash equivalents to short-term investments. Worth mentioning, this reclassification has no impact on Company cash management, capital management or debt covenants.

### 3.6.2 Restatement of amounts previously disclosed whose effects are not considered material

Pursuant to CPC 23/IAS 8, Company management is presenting the impacts and restating the balance sheet, income statement, statement of comprehensive income, statement of value added, statement of changes in equity, statement of cash flow and in the explanatory notes for the year ended 2019 affected by such restatement.

#### 3.6.2.1 Impact on the balance sheet

	Note	Parent Company		
		12/31/2019		
		Disclosed	Adjustment	Restated
<b>Assets</b>				
<b>Current assets</b>		<b>4,109,252</b>	<b>-</b>	<b>4,109,252</b>
Cash and cash equivalents	3.6.1.2	1,011,854	(167,099)	844,755
Interest-earning bank deposits	3.6.1.2	-	167,099	167,099
Other current assets		3,097,398	-	3,097,398
<b>Noncurrent assets</b>		<b>5,353,003</b>	<b>(186,502)</b>	<b>5,166,501</b>
Deferred income and social contribution taxes	3.6.1.1	83,401	6,068	89,469
Investments	3.6.1.1	1,385,092	(1,816)	1,383,276
Rights-of-use	3.6.1.1	1,534,904	(190,754)	1,344,150
Rental subject to purchase option right (*)		26,402	-	26,402
Rentals	3.6.1.1	1,508,502	(190,754)	1,317,748
Other noncurrent assets		2,349,606	-	2,349,606
<b>Total assets</b>		<b>9,462,255</b>	<b>(186,502)</b>	<b>9,275,753</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>		<b>3,098,029</b>	<b>(3,928)</b>	<b>3,094,101</b>
Leases payable	3.6.1.1	377,777	(4,222)	373,555
Rental subject to purchase option right (*)		4,184	-	4,184
Rentals	3.6.1.1	373,593	(4,222)	369,371
Trade accounts payable	3.6.1.1	953,077	294	953,371
Other current liabilities		1,767,175	-	1,767,175
<b>Noncurrent liabilities</b>		<b>1,659,612</b>	<b>(168,979)</b>	<b>1,490,633</b>
Leases payable	3.6.1.1	1,229,848	(168,979)	1,060,869
Rental subject to purchase option right (*)		31,244	-	31,244
Rentals	3.6.1.1	1,198,604	(168,979)	1,029,625
Other noncurrent liabilities		429,764	-	429,764
<b>Total liabilities</b>		<b>4,757,641</b>	<b>(172,907)</b>	<b>4,584,734</b>
Income reserves	3.6.1.1	882,788	(12,892)	869,896
Reserve for investment and expansion	3.6.1.1	447,748	(12,892)	434,856
Other income reserves		435,040	-	435,040
Other comprehensive income (loss)	3.6.1.1	(12,486)	(703)	(13,189)
Other equity items		3,834,312	-	3,834,312
<b>Total equity</b>		<b>4,704,614</b>	<b>(13,595)</b>	<b>4,691,019</b>
<b>Total liabilities and equity</b>		<b>9,462,255</b>	<b>(186,502)</b>	<b>9,275,753</b>
<b>% Impacts – Total assets disclosed</b>				<b>-1.97%</b>
<b>% Impacts – Total equity disclosed</b>				<b>-0.29%</b>

These statements present the balances mentioned in Note 3.6.1.1.

	Note	Consolidated		
		12/31/2019		
		Disclosed	Adjustment	Restated
<b>Assets</b>				
<b>Current assets</b>		<b>6,656,209</b>	-	<b>6,656,209</b>
Cash and cash equivalents	3.6.1.2	1,148,053	(167,099)	980,954
Interest-earning bank deposits	3.6.1.2	224,249	167,099	391,348
Other current assets		5,283,907	-	5,283,907
<b>Noncurrent assets</b>		<b>5,135,526</b>	<b>(238,833)</b>	<b>4,896,693</b>
Deferred income and social contribution taxes	3.6.1.1	208,067	6,438	214,505
Rights-of-use	3.6.1.1	1,879,961	(245,271)	1,634,690
<i>Rental subject to purchase option right (*)</i>		26,402	-	26,402
<i>Rentals</i>	3.6.1.1	1,853,559	(245,271)	1,608,288
Other noncurrent assets		3,047,498	-	3,047,498
<b>Total assets</b>		<b>11,791,735</b>	<b>(238,833)</b>	<b>11,552,902</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>		<b>4,768,397</b>	<b>(3,080)</b>	<b>4,765,317</b>
Leases payable	3.6.1.1	450,151	(2,466)	447,685
<i>Rental subject to purchase option right (*)</i>		4,184	-	4,184
<i>Rentals</i>	3.6.1.1	445,967	(2,466)	443,501
Trade accounts payable	3.6.1.1	1,082,399	(614)	1,081,785
Other current liabilities		3,235,847	-	3,235,847
<b>Noncurrent liabilities</b>		<b>2,318,724</b>	<b>(222,158)</b>	<b>2,096,566</b>
Leases payable	3.6.1.1	1,513,284	(221,608)	1,291,676
<i>Rental subject to purchase option right (*)</i>		31,244	-	31,244
<i>Rentals</i>	3.6.1.1	1,482,040	(221,608)	1,260,432
Deferred income and social contribution taxes	3.6.1.1	5,837	(550)	5,287
Other noncurrent liabilities		799,603	-	799,603
<b>Total liabilities</b>		<b>7,087,121</b>	<b>(225,238)</b>	<b>6,861,883</b>
Income reserves	3.6.1.1	882,788	(12,892)	869,896
Reserve for investment and expansion	3.6.1.1	447,748	(12,892)	434,856
Other income reserves		435,040	-	435,040
Other comprehensive income (loss)	3.6.1.1	(12,486)	(703)	(13,189)
Other equity items		3,834,312	-	3,834,312
<b>Total equity</b>		<b>4,704,614</b>	<b>(13,595)</b>	<b>4,691,019</b>
<b>Total liabilities and equity</b>		<b>11,791,735</b>	<b>(238,833)</b>	<b>11,552,902</b>
<b>% Impacts – Total assets disclosed</b>				<b>-2.03%</b>
<b>% Impacts – Total equity disclosed</b>				<b>-0.29%</b>

(\*) This corresponds to the administrative main office building, which is subject to an implicit discount rate by contract.

These statements present the balances mentioned in Note 3.6.1.1.

3.6.2.2 Impacts on the income statements

	Parent Company			Consolidated		
	2019			2019		
	Disclosed	Adjustment	Restated	Disclosed	Adjustment	Restated
<b>Gross profit</b>	<b>4,497,921</b>	-	<b>4,497,921</b>	<b>5,857,916</b>	-	<b>5,857,916</b>
<b>Sales</b>	<b>(2,149,181)</b>	<b>26,296</b>	<b>(2,122,885)</b>	<b>(2,537,083)</b>	<b>31,262</b>	<b>(2,505,821)</b>
Depreciation – Rights-of-use	(261,391)	26,296	(235,095)	(307,151)	34,542	(272,609)
Other selling expenses	(1,887,790)	-	(1,887,790)	(2,229,932)	(3,280)	(2,233,212)
<b>General and administrative expenses</b>	<b>(787,326)</b>	<b>1,199</b>	<b>(786,127)</b>	<b>(880,620)</b>	<b>1,356</b>	<b>(879,264)</b>
Depreciation – Rights-of-use	(27,280)	1,199	(26,081)	(29,026)	1,356	(27,670)
Other general and administrative expenses	(760,046)	-	(760,046)	(851,594)	-	(851,594)
<b>Losses on receivables, net</b>	<b>(62,306)</b>	-	<b>(62,306)</b>	<b>(381,049)</b>	-	<b>(381,049)</b>
<b>Other operating income (expenses)</b>	<b>(231,729)</b>	-	<b>(231,729)</b>	<b>(415,510)</b>	<b>105</b>	<b>(415,405)</b>
Depreciation – Rights-of-use	-	-	-	(699)	105	(594)
Other expenses	(231,729)	-	(231,729)	(414,811)	-	(414,811)
<b>Equity on profit/loss of subsidiaries</b>	<b>215,846</b>	<b>(1,113)</b>	<b>214,733</b>	-	-	-
<b>Net operating expenses</b>	<b>(3,014,696)</b>	<b>26,382</b>	<b>(2,988,314)</b>	<b>(4,214,262)</b>	<b>32,723</b>	<b>(4,181,539)</b>
<b>Operating income before finance income</b>	<b>1,483,225</b>	<b>26,382</b>	<b>1,509,607</b>	<b>1,643,654</b>	<b>32,723</b>	<b>1,676,377</b>
Financial revenues	31,344	-	31,344	74,422	-	74,422
Financial expenses	(142,795)	(45,342)	(188,137)	(206,222)	(52,595)	(258,817)
<b>Net finance income</b>	<b>(111,451)</b>	<b>(45,342)</b>	<b>(156,793)</b>	<b>(131,800)</b>	<b>(52,595)</b>	<b>(184,395)</b>
<b>Income before income and social contribution taxes</b>	<b>1,371,774</b>	<b>(18,960)</b>	<b>1,352,814</b>	<b>1,511,854</b>	<b>(19,872)</b>	<b>1,491,982</b>
Current	(284,753)	-	(284,753)	(472,822)	-	(472,822)
Deferred	12,072	6,068	18,140	60,061	6,980	67,041
<b>Income and social contribution taxes, net</b>	<b>(272,681)</b>	<b>6,068</b>	<b>(266,613)</b>	<b>(412,761)</b>	<b>6,980</b>	<b>(405,781)</b>
<b>Net income for the year</b>	<b>1,099,093</b>	<b>(12,892)</b>	<b>1,086,201</b>	<b>1,099,093</b>	<b>(12,892)</b>	<b>1,086,201</b>
<b>Net earnings per share – basic – R\$</b>	1.4276	(0.0134)	1.4142	1.4276	(0.0134)	1.4142
<b>Net earnings per share – diluted – R\$</b>	1.4212	(0.0133)	1.4079	1.4212	(0.0133)	1.4079
<b>% impact on net income</b>			<b>-1.17%</b>			<b>-1.17%</b>

These statements present the balances mentioned in Note 3.6.1.1.

3.6.2.3 *Impacts on the statements of comprehensive income*

	Parent Company and Consolidated		
	2019		
	Disclosed	Adjustment	Restated
<b>Net income for the year</b>	<b>1,099,093</b>	<b>(12,892)</b>	<b>1,086,201</b>
Equity valuation adjustments	181	-	181
Accumulated translation adjustments and hyperinflation adjustments	(14,815)	(703)	(15,518)
<b>Total comprehensive income for the year</b>	<b>1,084,459</b>	<b>(13,595)</b>	<b>1,070,864</b>

These statements present the balances mentioned in Note 3.6.1.1.

3.6.2.4 *Impacts on statements of value added*

	Parent Company			Consolidated		
	2019			2019		
	Disclosed	Adjustment	Restated	Disclosed	Adjustment	Restated
( + ) Revenues	10,337,962	-	10,337,962	11,981,576	-	11,981,576
( - ) Inputs acquired from third parties	(5,120,986)	-	(5,120,986)	(5,773,244)	-	(5,773,244)
<b>( = ) Gross value added</b>	<b>5,216,976</b>	<b>-</b>	<b>5,216,976</b>	<b>6,208,332</b>	<b>-</b>	<b>6,208,332</b>
<b>( - ) Retentions</b>	<b>(628,047)</b>	<b>30,005</b>	<b>(598,042)</b>	<b>(730,091)</b>	<b>35,379</b>	<b>(694,712)</b>
Depreciation and amortization	(628,047)	30,005	(598,042)	(730,091)	35,379	(694,712)
<b>( = ) Net added value produced by Entity</b>	<b>4,588,929</b>	<b>30,005</b>	<b>4,618,934</b>	<b>5,478,241</b>	<b>35,379</b>	<b>5,513,620</b>
( + ) Added value received in transfer	248,633	(1,113)	247,520	76,054	-	76,054
Equity on profit/loss of subsidiaries	215,846	(1,113)	214,733	-	-	-
Financial revenue, gross of taxes	32,787	-	32,787	76,054	-	76,054
<b>( = ) Total added value to be distributed</b>	<b>4,837,562</b>	<b>28,892</b>	<b>4,866,454</b>	<b>5,554,295</b>	<b>35,379</b>	<b>5,589,674</b>
<b>( = ) Value added distributed</b>	<b>4,837,562</b>	<b>28,892</b>	<b>4,866,454</b>	<b>5,554,295</b>	<b>35,379</b>	<b>5,589,674</b>
Personnel	1,075,638	-	1,075,638	1,259,051	-	1,259,051
Taxes, charges and contributions	2,288,662	(6,068)	2,282,594	2,688,970	(6,980)	2,681,990
Remuneration of third party's capital	374,169	47,852	422,021	507,181	55,251	562,432
Remuneration of own capital	1,099,093	(12,892)	1,086,201	1,099,093	(12,892)	1,086,201

These statements present the balances mentioned in Note 3.6.1.1.

## 3.6.2.5 Impact on statement of changes in equity – 2019

	Capital	Capital reserves, shares granted and treasury shares	Income reserves Restated (*)	Other comprehensive income Restated (*)	Retained earnings Restated (*)	Total
<b>Balance at January 1, 2019</b>	<b>2,637,473</b>	<b>79,557</b>	<b>1,235,334</b>	<b>2,148</b>	<b>-</b>	<b>3,954,512</b>
Net income for the year	-	-	-	-	1,099,093	1,099,093
Change in profit – change in accounting policy	-	-	-	-	(12,892)	(12,892)
Capital increase	1,158,161	(72,050)	(1,040,000)	-	-	46,111
Disposal/transfer of shares	-	4	-	-	-	4
Stock option plan	-	21,074	-	-	-	21,074
Restricted share plan	-	10,093	-	-	-	10,093
Equity valuation adjustments	-	-	-	181	-	181
Cumulative translations adjustments	-	-	-	(14,815)	-	(14,815)
Impact – change in accounting policy	-	-	-	(703)	-	(703)
Deliberation on additional proposed dividends	-	-	(144,639)	-	-	(144,639)
Dividends prescribed	-	-	-	-	327	327
<b>Profit allocation:</b>	-	-	<b>819,201</b>	-	<b>(1,086,528)</b>	<b>(267,327)</b>
Legal reserve	-	-	54,955	-	(54,955)	-
Reserve for investment and expansion	-	-	397,053	-	(397,053)	-
Change in allocation – change in accounting policy	-	-	(12,892)	-	12,892	-
Tax incentive reserve	-	-	97,539	-	(97,539)	-
Dividends (R\$ 0.375338 per share)	-	-	282,546	-	(297,916)	(15,370)
Interest on equity (R\$ 0.326461 per share)	-	-	-	-	(251,957)	(251,957)
<b>Balance at December 31, 2019</b>	<b>3,795,634</b>	<b>38,678</b>	<b>869,896</b>	<b>(13,189)</b>	<b>-</b>	<b>4,691,019</b>

(\*) These statements present the balances mentioned in Note 3.6.1.1.

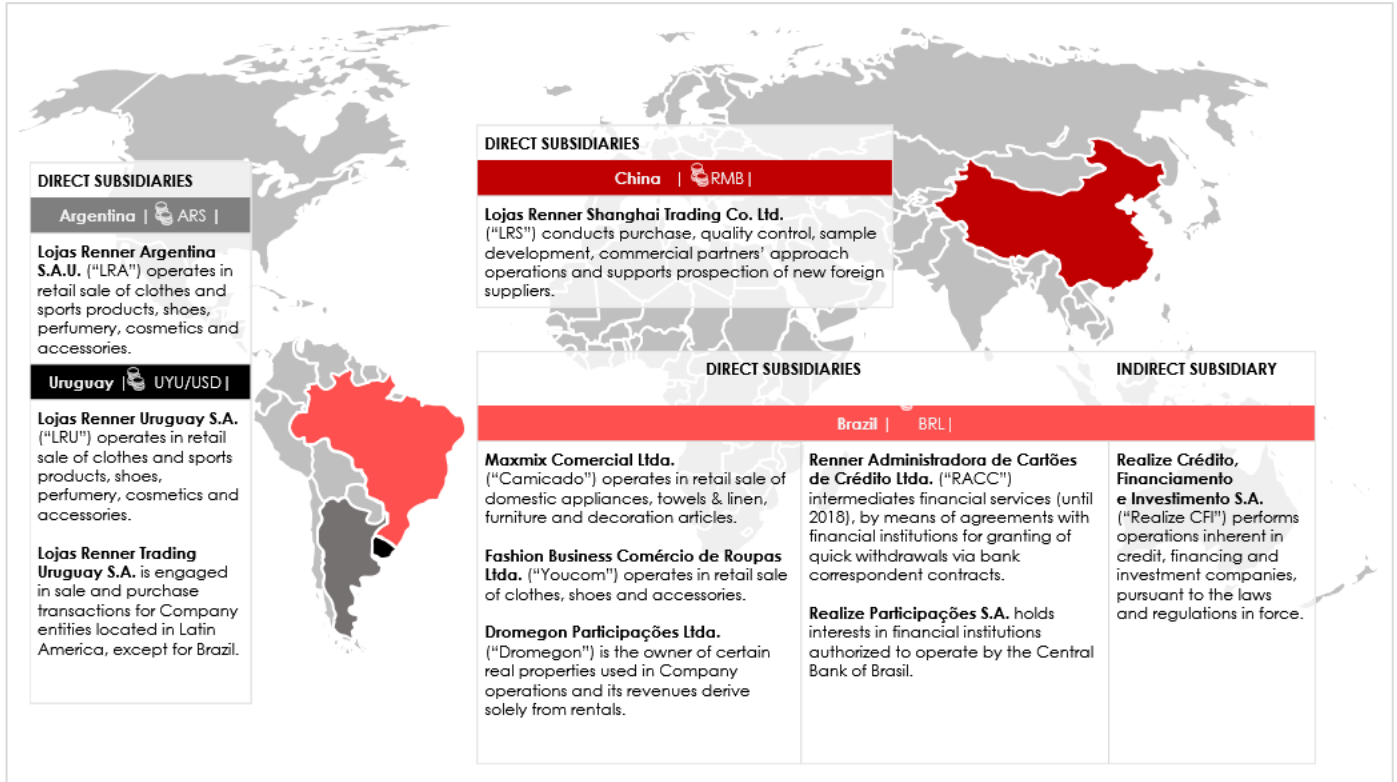
3.6.2.6 *Impact on statements of cash flows*

	Parent Company			Consolidated		
	2019			2019		
	Disclosed	Adjustment	Restated	Disclosed	Adjustment	Restated
<b>Net cash from operating activities, before interest-earning bank deposits</b>	<b>1,480,442</b>	<b>25,165</b>	<b>1,505,607</b>	<b>1,347,404</b>	<b>26,397</b>	<b>1,373,801</b>
Increase in interest-earning bank deposits	-	(7,558)	(7,558)	215,444	(7,558)	207,886
<b>Net cash from operating activities</b>	<b>1,480,442</b>	<b>17,607</b>	<b>1,498,049</b>	<b>1,562,848</b>	<b>18,839</b>	<b>1,581,687</b>
<b>Net cash used in investing activities</b>	<b>(754,030)</b>	-	<b>(754,030)</b>	<b>(750,273)</b>	-	<b>(750,273)</b>
<b>Net cash used in financing activities</b>	<b>(590,860)</b>	(25,165)	<b>(616,026)</b>	<b>(621,316)</b>	<b>(26,397)</b>	<b>(647,713)</b>
Effect of exchange differences on cash and cash equivalents	-	-	-	12,123	-	12,123
<b>Decrease in cash and cash equivalents</b>	<b>135,552</b>	<b>(7,558)</b>	<b>127,994</b>	<b>203,382</b>	<b>(7,558)</b>	<b>195,824</b>
Cash and cash equivalents at beginning of year	876,302	(159,541)	716,761	944,671	(159,541)	785,130
Cash and cash equivalents at end of year	1,011,854	(167,099)	844,755	1,148,053	(167,099)	980,954

These statements present the balances mentioned in Note 3.6.1.

### 3.7 BASIS OF CONSOLIDATION

In the preparation of these statements, financial statements of subsidiaries closed on the same reporting date were used. Investments are recorded under the equity method. The Company's consolidated financial statements include the companies below, where the direct and indirect interest represents **100.0%** on December 31, 2020 and 2019:



### 3.8 CPC 42/IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

Pursuant to CPC 42/IAS 29, non-monetary assets and liabilities, equity and income statements of companies operating in highly inflationary economies must be corrected for the changes in purchasing power according to each country's general price index. The updates made in LRA are based on the Consumer Price Index (CPI), resulting from the combination of CPI published by the National Institute of Statistics and Census (INDEC) and the Internal Wholesale Price Index (IPIM) according to Resolution No. 539/2018 issued by the Argentine Federation of Economic Sciences Professionals Council (FACPCE).

With the start of operations in 2019, the financial statements are restated in accordance with CPC 42/IAS 29.

In 2020 the Company recognized, in equity under other comprehensive income the amounting of R\$ 44,813 (R\$ 19,412 – gain in 2019) and in financial income of R\$ 21,284 (R\$ 10,248 – financial expenses in 2019) due to hyperinflation in the LRA.

### 3.9 IMPACTS OF COVID-19

#### 3.9.1 Context



The novel coronavirus was first identified in December 2019 in Wuhan, China. After the quick spread of the virus, on March 11, the World Health Organization (OMS) declared Covid-19 a pandemic. The Company has monitored the advance of Covid-19 in Asia since the beginning of the year, before its arrival in Brazil, by means of local teams, in Shanghai and Bangladesh offices, and of the trend research teams, which monitor fashion and the facts that influence society.

Therefore, it was possible to plan and adapt the processes and care measures to preserve employees, customers, suppliers and support the society. Below are the pandemic impacts on Company business and the plans to face the global crisis.

#### 3.9.2 IMPACTS ON THE BUSINESS AND FIGHTING INITIATIVES

##### 1 Q 2020

- In the second half of March, with the advance of Covid-19, stricter decisions were required in order to preserve everyone's health.
- A crisis committee was created, comprised of key executives and 35 technicians involved in the work fronts, relating to the matters affected by the pandemic. Based on these pillars, the Company temporarily close all its physical stores in Brazil, Uruguay and Argentina, between March 18 and 20, contributing to social isolation and pandemic fight. In addition, the home office regime was adopted for the employees working in administrative areas and Service Centrals. These restrictive measures and the lower flow resulted in a sales decrease reflexes in the quarter, which was -1.5% in consolidated net revenue as compared with the same period of the prior year.
- As a strategy to strengthen the Company's production chain, the orders in progress were not cancelled, supporting the Company's suppliers in overcoming the pandemic and enabling these suppliers to subsequently support resumption.
- As part of the actions to maintain cash flow, the annual plan was adjusted, reducing expenses, suspending investments that were not essential and directing resources to advancing digital channels and e-commerce solutions. The payment of 50% dividend proposed in 2019 was reviewed and reduced to 25%, as a cash preservation measure.

##### 2 Q 2020

- In the beginning of this quarter, all physical operations were temporarily closed and, on April 24, the Company began to gradually reopen its stores, following strict protocols to ensure a safe environment for employees and customers.
- To make up for the large sales decrease that impacted the quarter, the Company raised borrowings and financing amounting to R\$ 1,000,000 – Parent Company and Consolidated, to reinforce working capital and maintain minimum strategic cash levels.
- In the period when the stores were closed, a decrease in rentals was negotiated and all main lines of expenses were reviewed, in order to balance the temporary sales decrease.
- Since April 16, by means of Provisional Executive Order (MP) 936, the Company suspended the work agreement of employees who were inactive in this moment and reduced by 25% the working hours and salaries of all officers, directors and other employees.

- In addition, the Company mobilized its chain for producing masks and other safety and hygiene equipment items, which were donated to vulnerable populations and front-line health institutes fighting the pandemic. Besides supporting the society, this measure ensured the flow of funds into the supplier chain, helping preserve companies and jobs. Some partners also extended the social responsibility virtuous cycle and renounced to their profit in producing such equipment.
- In order to improve the online sales channel, management adopted solutions that facilitate customers' purchase experience and leverage the Company's omni-channel strategy. New digital sales channels such as WhatsApp sales were implemented. The delivery methods were also increased, such as drive-thru and mainly ship-from-store, which provided customers with more inventory availability and faster product delivery.

### 3 Q 2020

- In this period, business resumed, stores were reopened, there was an increased flow of customers and digital business thrived.
- The receipt flow, both in stores and digital channels, began to go back to normal, with a positive effect on the behavior of the portfolios upon the inflow of new sales and an efficient collection action, which allowed the Company to begin to recover from the impacts of the previous quarter.
- As a result of lower revenue generated in the quarter, mainly due to the significant decrease in the portfolio in the period, when the stores were closed and the use of credit cards decreased, a negative result amounting to R\$ 51,156 was computed for financial products.

### 4 Q 2020

- The Company's culture adapted faster to digital transformation on account of the pandemic and as such, part of our administrative employees remained working from home.
- Revenues from products sold approximated prior year's amounts, which had a positive impact for the gradual resumption of operations.
- Credit losses improved, net of amounts recovered, mainly due to the portfolio quality and higher levels of recovery of receivables written off due to more collection efficiency.

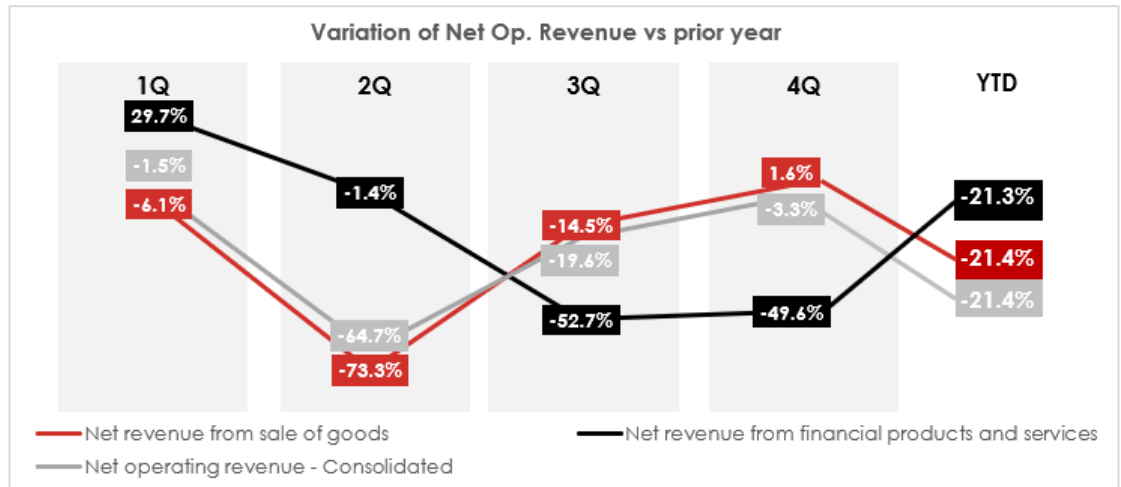
#### 3.9.3 Impact of COVID-19 on accounting estimates and financial statements

Based on Memorandum Circulars No. 02/20 and No. 03/20 issued by the Brazilian SEC ("CVM"), we took into consideration the economic scenario and the risks and uncertainties arising from Covid-19 impacts. A summary of the main impacts on the financial statements and review of estimates by function of Covid-19 are as follows:

3.9.3.1 Sales revenue

With the closing of stores along 2020, a major impact was the decrease in revenues, mainly in 2Q. Since 4Q, the Company gradually began to obtain sales of goods revenue that approximates the prior year's amounts, although still facing the impact of the operation restriction measures.

Next is the variation in net consolidated revenue from products and financial services as compared with the prior year (Note 33).



3.9.3.2 Capital management, liquidity risk and covenants

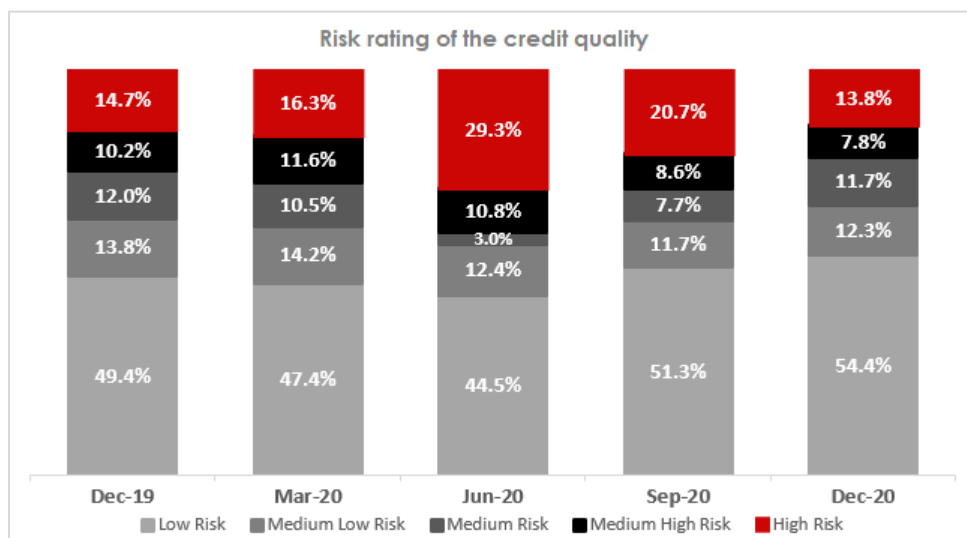
The increase in net debt in the year, represented by the financial leverage ratio, was of 12.95% in 2020 (5.81% in the prior year) and is a reflex of the actions to overcome the impacts of the adverse scenario imposed by Covid-19. The cash generation expected for the subsequent months was sensitized, which led the Company to strengthen its cash, intensifying the use of third-party capital by means of borrowings and financing, which increased as compared with the prior year by R\$ 1,739,950. This decision was grounded on the Company's low financial ratio, in addition to easy access to loan facilities via the financial system (Note 6.3).

As a result of these initiatives, the Company ended the year with a comfortable position concerning cash and cash equivalents and short-term investments amounting to R\$ 2,672,353.

Despite the decrease in EBITDA and increase in debt, the covenant indicators remained below the thresholds established, with a good security margin.

3.9.3.3 Accounts receivable and estimated losses

Trade accounts receivable presented a slight decrease of 0.4% as compared with the prior year, mainly due to the lower sales volume in the period and larger coverage of credit losses.



The variables that comprise management's methodology for measuring estimated losses were reviewed, by means of the projected roll-over of each portfolio range, with reflexes on default and recovery of receivables for the next months, resulting in an increase in coverage (Note 8.3).

In 3Q, an increase in credit quality began to be felt, returning to prior-year amounts, in connection with higher recovery levels, the Company's discount policy and more collection efficiency.

Management remains alert, monitoring the economic scenario and assessing any impacts that may affect the performance of the portfolios, consequently measurement of estimated losses.

### 3.9.3.4 Inventories and estimated losses

During the year, Company inventories were larger by function of the lower sales volume, however, has been improving its inventory management, by accelerating the use of data for capturing trends, setting up collections, inventory replacement and distribution, having also advanced price markdowns, which resulted, already in the beginning of 4Q20, in quality inventories for end-of-year sales. Furthermore, also increased the number of delivery methods such as drive-thru and mainly ship-from-store, which allowed to have more inventory availability and deliver products faster, thus potentially increasing online sales.

The inventories are safely stored and subject to a low risk of obsolescence in the short term. Inventory losses are estimated based on historical levels and become effective only upon inventory realization. At year end, most of these losses have already been captured, by reason of the counts using the Radio Frequency Product Identification (RFID), and remain in the same historical levels.

The Management concluded that there are no elements to justify the set-up of additional estimated losses and no necessity to change the estimated losses due to the impacts of Covid-19.

### 3.9.3.5 Impairment

Due to Covid-19 impacts, goodwill and indefinite-lived intangible assets of Camicado were subject to impairment testing, as well as other assets included in the consolidation, for which identifiable cash flows are generated separately (CGU) using WACC as discount rate over 10 years.

The conclusion reached was that there are no indications of impairment, since the recoverable amount exceeded book value.

### 3.9.3.6 Payment of dividends

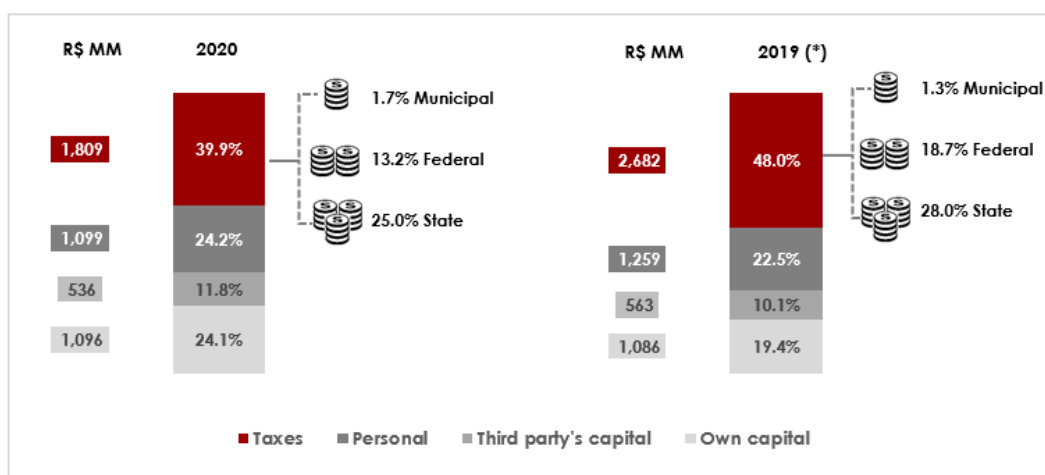
In view of the pandemic scenario, as a cash preservation measure, in a Board of Directors' Meeting held on March 30, 2020, the directors approved the review of dividend payment to 25% on 2019 adjusted net profit and prescribed dividends, at the minimum amount provided for in Corporation Law, i.e. R\$ 267,654. These dividends were approved in the General Shareholder Meeting on April 29, 2020 and paid on May 08, 2020. For the year 2020, it was also proposed to distribute 25% of the net profit (further details are presented in Note 38.1).

## 4 STATEMENT OF VALUE ADDED (SVA)

The purpose of this statement to evidence the wealth created by the Company and its distribution during a certain year and is presented by the Company, as required by Brazilian Corporation Law for Publicly-Held Companies, as part of its individual financial statements and as supplemental information to the consolidated financial statements, because it is not a statement required by IFRS.

The SVA was prepared based on information obtained in the accounting records that serve as basis for the preparation of financial statements and in accordance with the provisions of CPC 09 - Statement of Value Added.

Set out below is the distribution of wealth generated by the Company, in the Consolidated view, in the added value amount of R\$ 4,539,776 (R\$ 5,589,674 on December 31, 2019):



(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 5 STANDARDS AND INTERPRETATIONS IN FORCE AND NOT IN FORCE

### 5.1 AMENDMENTS TO CPC 38, CPC 40 (R1) AND CPC 48 (CVM RESOLUTION 854/2020)

CVM Resolution 854/2020, which came into effect on January 1, 2020, addresses changes in Accounting Pronouncements CPC 38, CPC 40 (R1) and CPC 48, issued by the CPC, due to the change in the reference interest rate, relating to the planned discontinuity of the use of the London Interbank Offered Rate (Libor) as reference interest rate from 2021 onwards. The Company assessed this matter and concluded that this change had no impacts.

### 5.2 AMENDMENTS TO CPC 26/IAS 1 AND CPC 23/IAS 8 – DEFINITION OF MATERIALITY

The amendments to CPC 26/IAS 1 and CPC 23/IAS 8 clarify the definition of materiality and align the definition used in the conceptual framework and in other accounting standards. These amendments came into effect on January 1, 2020. The Management understands that these amendments had no significant impacts on Company financial statements, because applies Technical Guidance OCPC 7 and discloses only significant information (Note 3.2).

### 5.3 AMENDMENT TO IFRS 16 AND CVM RESOLUTION 859/2020

In May 2020, IASB approved an amendment to IFRS 16, which grants lessees benefits in P&L in the period affected by Covid-19 pandemic, not being treated as a change in contract. On July 07, 2020, CVM published Resolution No. 859/2020, which approves the revision of CPC 06 (R2)/IFRS 16 that came into effect on January 1, 2020.

The Company elected the practical expedient and recognized in P&L on December 31, 2020 the amounts of R\$ 104,488 – Parent Company and R\$ 128,927 – Consolidated (Notes 19.3 and 34.1).

## 6 RISK MANAGEMENT

A multidisciplinary structure manages the Company's risks and enables the Executive Board to assess the alignment of business management with the policies and guidelines defined by management. In April 2012, the Board of Directors created the Audit and Risk Management Committee, which identifies and monitors the main risk factors that the Company is exposed in the normal course of operations:

- i) Market risk (including foreign exchange risk and interest rate risk);
- ii) Credit risk (Notes No. 7.4, 8.4 and 24.5);
- iii) Liquidity risk; and
- iv) Capital management.

The Company applied CPC 40 (R1) requirements and also considered CVM/SNC/SEP Memorandum Circular No. 01/2021, in compliance with the qualitative and quantitative aspect of risk management.

A description of main involved risks is provided below.

### 6.1 MARKET RISKS

#### 6.1.1 Currency risk

Risk deriving mostly from import of goods. The policy on currency risk management, defined by Company, is to hedge up to 100% of imports by means of hedging transactions – comprised of currency forwards purchase contracts such as Non-Deliverable Forwards (NDF) and Swap operations related to contracted amount of borrowings in foreign currency (Bacen [Central Bank of Brazil] Law 4131).

In addition, net exposure to currency risk is mostly related to the estimate of future cash flows and payments from the goods imported in installments. Subsequently their recording in inventories, the Company adjust the composition of prices in retail to offset the impact of a possible appreciation of the USD and Euro on our costs. To mitigate the net exposure of imported product requests, in compliance with currency risk management policy, monitoring the projections and expected scenarios for the exchange rates of foreign currencies, therefore analyzing the best timing for engaging in hedging transactions.

Below is demonstrated the net exposure and related sensitivity analysis regarding the requests for import of goods, property and equipment and borrowings in foreign currency on December 31, 2020, taking into consideration the US dollar and Euro quotation in each scenario based on B3 S.A. – Brasil, Bolsa, Balcão future market projections for the next date of disclosure.

	Consolidated						
	Notional amount		Quotation		Currency appreciation		
	(Payable)	Receivable	- next	Probable	Possible +25%	Remote +50%	
			quarter	scenario			
<b>Derivatives designated for hedge accounting</b>							
Requests issued (item)	US\$	(145,596)	R\$ 5.1882	R\$ 2,321	R\$ (253,315)	R\$ (508,955)	
NDF (instrument)	US\$	134,647	R\$ 5.1882	R\$ (2,146)	R\$ 234,265	R\$ 470,681	
<b>Net exposure</b>	<b>US\$</b>	<b>(10,949)</b>		<b>R\$ 175</b>	<b>R\$ (19,050)</b>	<b>R\$ (38,274)</b>	
<b>Not designated for hedge accounting</b>							
Property and equipment purchase contract (item)	€	(39,134)	R\$ 6.3895	R\$ 349	R\$ (34,049)	R\$ (68,446)	
NDF (instrument)	€	19,500	R\$ 6.3895	R\$ (174)	R\$ 16,966	R\$ 34,106	
<b>Net exposure</b>	<b>€</b>	<b>(19,634)</b>		<b>R\$ 175</b>	<b>R\$ (17,083)</b>	<b>R\$ (34,340)</b>	
<b>Not designated for hedge accounting</b>							
Borrowing 4,131 (item)	US\$	(58,284)	R\$ 5.1882	R\$ (100)	R\$ (75,621)	R\$ (151,142)	
Swap - (Instrument)	US\$	58,284	R\$ 5.1882	R\$ 100	R\$ 75,621	R\$ 151,142	
<b>Net exposure</b>	<b>US\$</b>	<b>-</b>		<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	
<b>Total net exposure/effect</b>				<b>R\$ 350</b>	<b>R\$ (36,133)</b>	<b>R\$ (72,614)</b>	
<b>Total exposure, net of income tax/social contribution of 34.00%</b>				<b>R\$ 231</b>	<b>R\$ (23,848)</b>	<b>R\$ (47,925)</b>	

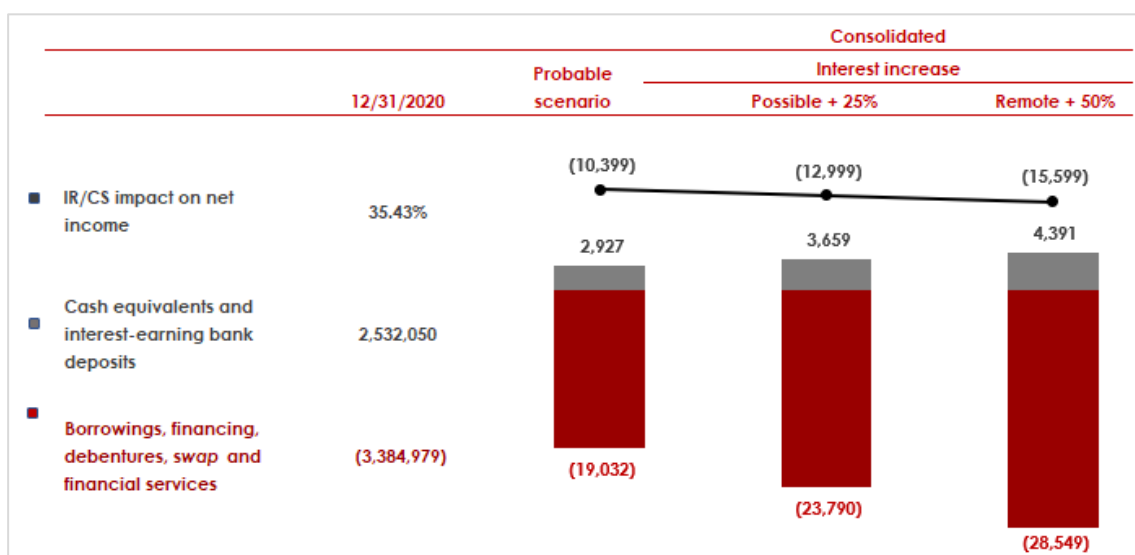
### 6.1.2 Interest rate risk

This arises from transactions of cash equivalents, interest-earning bank deposits, financing of financial services operations, debentures, borrowings and Swap. The Company's policy is to keep 100% of its borrowings in the fixed rate market, with funding repaying fixed rates as well as adjusted for Interbank Deposit Certificates (CDI), Central Bank Benchmark Rate (Selic) and Libor. Keeping financial assets indexed to the CDI and short-term receivables adjusted to fixed interest rates, the level of risk associated with fluctuation in interest rates is relatively low.

The management continuously analyze interest risk exposure, by comparing the rates contracted to market rates, simulating refinancing, position renewal and natural hedge scenarios, defining a reasonable change in the interest rate and calculating the impact on P&L.

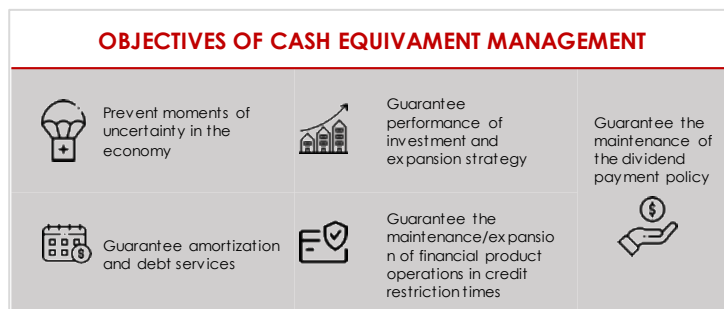
On December 31, 2020, the Company conducted sensitivity tests for adverse scenarios of interest, which are presented below, considering the expected scenario for the next CDI and Selic interest rate

disclosure of 1.96% p.a., based on B3 futures market projections. Income from cash equivalents and interest-earning bank deposits are net of Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS).



6.2 LIQUIDITY RISK

The Company generate our cash and cash equivalents by establishing a minimum strategic cash amount, based on the cash cycle of retail operations and the minimum capital required to guarantee the credit operations, ensuring sufficient cash to meet Company requirements and business plans, which aim at:



The Management continuously monitors the forecasts of liquidity requirements considering the debt finance plans, and quarterly follow-ups of financial and non-financial indicators contractually required in the loans, the Company confirms compliance with the contractual assumptions established. Below are the indicators:

Financial			
Instrument	Issue	1st Indicator	2nd Indicator
9th issue of debentures	MAR 18 2019	$\frac{\text{Consolidated Net Debt}}{\text{EBITDA}} \leq 3,0$	$\frac{\text{EBITDA}}{\text{Finance income (loss)}} \geq 2,0$
11th issue of debentures	MAY 08 2020		
CCB Borrowing	MAY 14 2020		
CCB Borrowing	SEP 09 2020		
Borrowing 4.131	JAN 09 2019		
Borrowing 4.131	JAN 27 2020		

Non-Financial

- **Present Standardized Financial Statements** – DFP with the opinion of the Independent Auditors up to three months after the end of each fiscal year, or five business days after its disclosure.
- **Comply with environmental and labor legislation** (health and safety, not using child labor or similar to slave labor and combating sexual exploitation).
- **Adopt policies and procedures to comply with the anti-corruption laws**, pursuant to decree 8.420 of March 18, 2015.

Rating agency Standard & Poors rated the Company credit as brAAA- in the national scale category (Brazil).

Contractual cash flow includes principal plus estimated future interest. The contractual cash flows of financial liabilities in the Consolidated financial statements are as follows:

	Book balance	Contractual cash flow	Within 3 months	4-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Borrowings, financing and debentures	2,623,014	<b>2,767,421</b>	556,850	545,206	36,463	1,214,029	414,873	-
Financing - financial service operations	761,965	<b>797,115</b>	103,950	168,240	73,120	451,805	-	-
Leases payable	1,862,387	<b>2,912,858</b>	132,244	124,036	245,873	462,571	1,011,584	936,550
Suppliers	1,500,355	<b>1,509,498</b>	1,329,530	82,316	2,149	26,999	68,504	-
Obligations with credit card administrators	1,193,168	<b>1,193,168</b>	871,760	218,051	103,357	-	-	-
Derivative financial instruments	31,428	<b>31,608</b>	20,871	10,737	-	-	-	-
<b>Balance at December 31, 2020</b>	<b>7,972,317</b>	<b>9,211,668</b>	<b>3,015,205</b>	<b>1,148,586</b>	<b>460,962</b>	<b>2,155,404</b>	<b>1,494,961</b>	<b>936,550</b>

	Book balance	Contractual cash flow	Within 3 months	4-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Borrowings, financing and debentures	1,153,663	<b>1,219,144</b>	465,204	12,240	291,882	23,012	426,806	-
Financing - financial service operations	491,366	<b>545,170</b>	37,740	-	152,855	-	354,575	-
Leases payable (*)	1,739,361	<b>2,434,655</b>	115,160	106,431	205,734	388,194	840,842	778,294
Suppliers (*)	1,081,785	<b>1,086,997</b>	1,053,462	33,282	253	-	-	-
Obligations with credit card administrators	985,298	<b>985,298</b>	772,122	151,619	61,557	-	-	-
Derivative financial instruments	7,764	<b>7,764</b>	5,228	2,489	47	-	-	-
<b>Total at December 31, 2019</b>	<b>5,459,237</b>	<b>6,279,028</b>	<b>2,448,916</b>	<b>306,061</b>	<b>712,328</b>	<b>411,206</b>	<b>1,622,223</b>	<b>778,294</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

### 6.3 CAPITAL MANAGEMENT

In addition to equity, the Company uses third parties capital to fund its activities, thereby optimizing its capital structure. Net indebtedness levels reflect total exposure of the obligations payable to the financial system and capital market, therefore not including liabilities relating to leases payable.

Indebtedness levels are monitored in relation to the Company's cash generation capacity and capital structure.

	Consolidated	
	12/31/2020	12/31/2019
<b>Borrowings and financing</b>	<b>(2,623,014)</b>	<b>(1,153,663)</b>
Current	(1,077,081)	(709,022)
Noncurrent	(1,545,933)	(444,641)
<b>Operating financing</b>	<b>(761,965)</b>	<b>(491,366)</b>
Current	(341,390)	(184,996)
Noncurrent	(420,575)	(306,370)
<b>Gross indebtedness</b>	<b>(3,384,979)</b>	<b>(1,645,029)</b>
Cash and cash equivalents, and interest-earning bank deposits	2,672,353	1,372,302
<b>Net indebtedness</b>	<b>(712,626)</b>	<b>(272,727)</b>
<b>Equity (*)</b>	<b>5,501,316</b>	<b>4,691,019</b>
<b>Financial leverage ratio</b>	<b>12.95%</b>	<b>5.81%</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 7 CASH AND CASH EQUIVALENTS, AND INTEREST- EARNING BANK DEPOSITS

### 7.1 ACCOUNTING POLICY

Cash equivalents are measured at fair value through profit or loss, it includes cash balance, demand deposits, short-term and highly liquid short-term interest earning bank deposits, recorded at amounts similar to market values.

Interest-earning bank deposits not classified as cash equivalents are investments that do not have repurchase guarantees by the issuer in the primary market, with guarantee only in the secondary market, and measured at fair value through profit or loss.

7.2 BREAKDOWN OF CASH AND CASH EQUIVALENTS

	Index	Weighted average rate p.a.	Parent Company		Consolidated	
			12/31/2020	12/31/2019	12/31/2020	12/31/2019
			Restated (*)		Restated (*)	
<b>Cash and banks</b>						
In domestic currency			82,419	121,471	95,958	136,658
In foreign currency			-	-	44,345	45,028
<b>Cash equivalents</b>						
CDB	CDI	103.0% to 104.5%	1,666,691	632,733	1,830,736	676,527
Investment funds	CDI	17.6%	-	68,729	77,927	100,919
Repo operations in debentures	CDI	86.5%	-	23	5,486	23
Automatic Investment	CDI	10.0%	12,301	21,758	12,301	21,758
Fund - BACEN Jud	CDI	61.3%	28	41	28	41
<b>Total</b>			<b>1,761,439</b>	<b>844,755</b>	<b>2,066,781</b>	<b>980,954</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for classification of exclusive investment funds, as described in Note 3.6.1.2.

7.3 BREAKDOWN OF INTEREST-EARNING BANK DEPOSITS

	Index	Weighted average rate p.a.	Parent Company		Consolidated	
			12/31/2020	12/31/2019	12/31/2020	12/31/2019
			Restated (*)		Restated (*)	
Financial National Treasury Bills	SELIC	100.0%	-	-	466,360	224,249
Exclusive investment funds (i)						
Financial bills	CDI	104.8%	115,468	149,978	115,468	149,978
Financial National Treasury Bills	SELIC	100.0%	23,744	17,121	23,744	17,121
<b>Total</b>			<b>139,212</b>	<b>167,099</b>	<b>605,572</b>	<b>391,348</b>

- (i) The exclusive investment fund Brasil Plural Retail FI is a fixed-income private credit fund managed and administered by BNY Mellon Serviços Financeiros DTVM S.A., organized for the sole purpose of holding interests of the parent company. Thus, the fund's financial investment was fully included in these financial statements, pursuant to CVM Ruling 408/04. Other obligations relating to this fund substantially refer to administrative fees for portfolio maintenance. Earnings recognized reflect the daily marking in the fund's position and its assets have liquidity by means of a secondary market.

(\*) Restatement of comparative balances due to the change in the accounting policy for classification of exclusive investment funds, as described in Note 3.6.1.2.

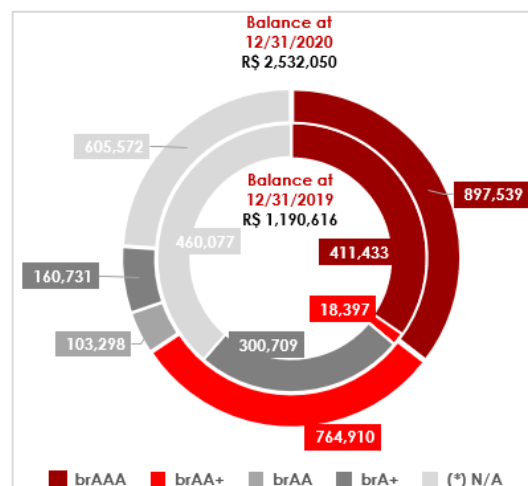
7.4 CREDIT RISK

According to the Company's financial policy, cash equivalents and interest-earning bank deposits are invested in financial institutions with long-term rating in national scale classified as low credit risk and that are renowned in the market for their soundness.

The ratings of cash equivalents and the interest-earning bank deposits are according to the main risk rating agencies.

Next is the credit quality of cash equivalents and interest-earning bank deposits of the Company.

(\*) Not applicable, because there is no classification of risk in the main risk rating agencies for Funds – Brasil Plural Crédito Privado Retail FIRF, Western Assets and National Treasury Bills in national scale. However, these assets are rated AAA in at least one risk rating agency.



## 8 TRADE ACCOUNTS RECEIVABLE

### 8.1 ACCOUNTING POLICY

Trade accounts receivable correspond to amounts receivable for the sale of goods, use of the Co-branded card ("Meu Cartão") at the network of affiliated stores by the Visa and Mastercard system, and quick withdrawals granted to its customers by indirect subsidiary Realize CFI and financial institutions in the agreement.

Fixed credit sales were brought to present value on transaction dates, based on the average rate informed by the Central Bank of Brazil for advanced of receivables which was of 0.63% p.m. (0.99% p.m. on December 31, 2019, when weighted average cost of capital was used). The present value adjustment is matched against trade accounts receivable and its accomplishment is recorded as sales revenue over the fruition term.

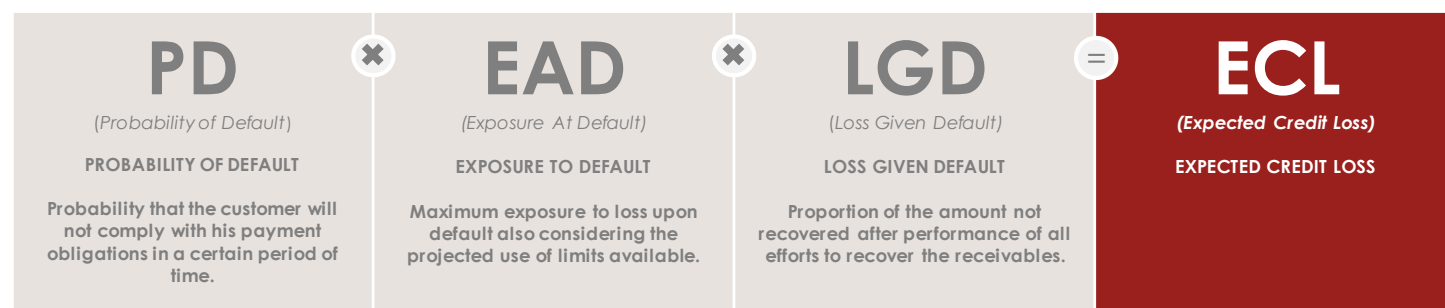
### 8.2 BREAKDOWN

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Renner credit card (Private Label)	810,639	973,555	1,179,920	1,394,809
Branded card (Meu Cartão)	359,772	334,785	2,355,916	2,078,378
Third-party cards	658,789	644,540	846,490	816,479
Exports - Related parties	38,484	29,173	-	-
Other receivables	994	1,995	9,218	5,817
(-) Estimated credit losses	-	(25,965)	(548,109)	(420,705)
(-) Adjustment to present value	(29,455)	(45,309)	(31,767)	(48,817)
<b>Total</b>	<b>1,839,223</b>	<b>1,912,774</b>	<b>3,811,668</b>	<b>3,825,961</b>

### 8.3 ESTIMATED CREDIT LOSSES

Estimated credit losses are recorded using the general model of the CPC 48/ IFRS 9 methodology. The model adopted by the Company is based on measurement of expected loss, by observing the portfolio's operating efficiency, in recovering and granting credit, taking into consideration the probability of and exposure to default and effective loss in each late-payment bracket over the entire operation term.

This method consists in classifying the operations, taking into consideration their segregation into portfolios (Renner credit card and Meu Cartão) and sub segmentation in each homogenous risk group (such as per customer profile, score, among others), considering the following calculation components:



Provision for estimated credit losses is the total considered sufficient by management to cover any losses on realization of receivables based on customer portfolio analysis.

#### 8.3.1 Changes in estimated credit losses

	Balances at 01/01/2019	Estimated (losses), net	Write-offs	Balances at 12/31/2019	Estimated (losses) reversals, net	Write-offs	Balances at 12/31/2020
Renner credit card (Private Label)	(65,406)	(159,539)	198,980	(25,965)	1,397	24,568	-
<b>Total - Parent Company</b>	<b>(65,406)</b>	<b>(159,539)</b>	<b>198,980</b>	<b>(25,965)</b>	<b>1,397</b>	<b>24,568</b>	<b>-</b>
Branded card	(232,007)	(280,563)	224,678	(287,892)	(372,060)	318,567	(341,385)
Renner credit card (Private Label)	(8,353)	(107,245)	8,750	(106,848)	(216,793)	116,917	(206,724)
<b>Total - Consolidated</b>	<b>(305,766)</b>	<b>(547,347)</b>	<b>432,408</b>	<b>(420,705)</b>	<b>(587,456)</b>	<b>460,052</b>	<b>(548,109)</b>

## 8.3.2 Changes in adjustment to present value

	Balances at 01/01/2019	Additions	Write-offs	Balances at 12/31/2019	Additions	Write-offs	Balances at 12/31/2020
Total - Parent Company	(40,455)	(163,681)	158,827	(45,309)	(92,532)	108,386	(29,455)
Total - Consolidated	(43,208)	(178,014)	172,405	(48,817)	(102,474)	119,524	(31,767)

## 8.3.3 Portfolio per credit product and delay range

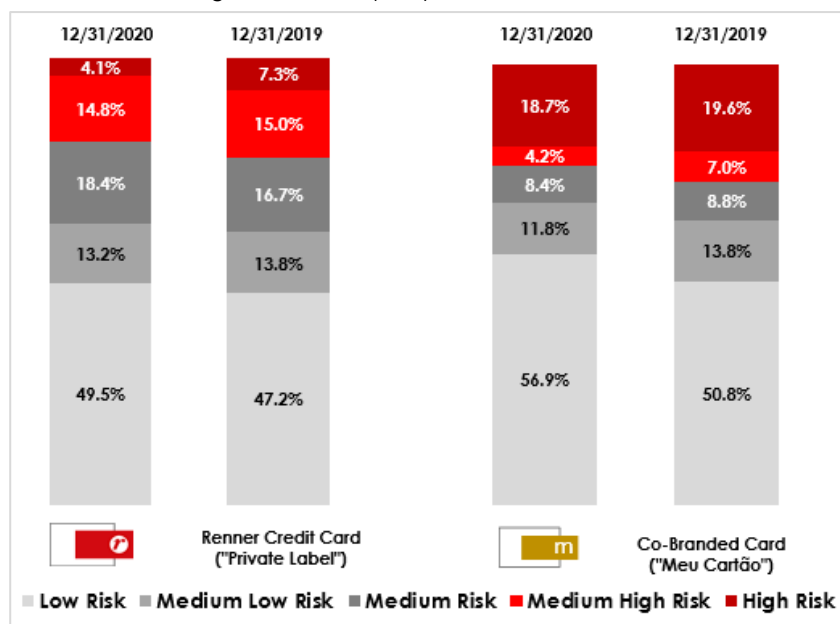
Renner credit card (Private Label)	Consolidated					
	12/31/2020			12/31/2019		
	Not yet due	Overdue	Balance	Not yet due	Overdue	Balance
A - from 0 to 14 days	866,763	16,380	883,143	1,097,346	22,011	1,119,357
B - from 15 to 30 days	29,085	9,253	38,338	45,358	15,109	60,467
C - from 31 to 60 days	17,408	13,181	30,589	22,493	20,026	42,519
D - from 61 to 90 days	8,962	10,511	19,473	10,149	20,012	30,161
E - from 91 to 120 days	5,861	10,454	16,315	6,970	26,523	33,493
F - from 121 to 150 days	3,997	8,251	12,248	4,105	30,020	34,125
G - from 151 to 180 days	3,152	7,349	10,501	2,304	31,836	34,140
H - more than 180 days	12,273	157,040	169,313	2,592	37,955	40,547
<b>Total</b>	<b>947,501</b>	<b>232,419</b>	<b>1,179,920</b>	<b>1,191,317</b>	<b>203,492</b>	<b>1,394,809</b>
Estimated credit losses			(206,724)			(132,813)
Total coverage ratio			17.5%			9.5%

Branded card (Meu Cartão)	Consolidated					
	12/31/2020			12/31/2019		
	Not yet due	Overdue	Balance	Not yet due	Overdue	Balance
A - from 0 to 14 days	1,800,723	27,865	1,828,588	1,532,782	33,553	1,566,335
B - from 15 to 30 days	30,276	17,414	47,690	37,041	25,445	62,486
C - from 31 to 60 days	22,157	18,856	41,013	28,494	35,624	64,118
D - from 61 to 90 days	40,816	20,553	61,369	37,186	38,532	75,718
E - from 91 to 120 days	21,640	17,536	39,176	16,886	33,014	49,900
F - from 121 to 150 days	16,371	15,288	31,659	11,365	31,333	42,698
G - from 151 to 180 days	13,835	14,809	28,644	7,829	25,568	33,397
H - more than 180 days	84,681	193,096	277,777	41,613	142,113	183,726
<b>Total</b>	<b>2,030,499</b>	<b>325,417</b>	<b>2,355,916</b>	<b>1,713,196</b>	<b>365,182</b>	<b>2,078,378</b>
Estimated credit losses			(341,385)			(287,892)
Total coverage ratio			14.5%			13.9%

## 8.4 CREDIT RISK

The sales and credit grant policies of the Company aim at minimizing possible problems arising from the default of its customers through a judicious selection of the client balance, which takes into consideration their capacity to pay (creditworthiness) and diversification of its operations (risk spread). These policies are subordinated to the credit policies set out by management, supported by advanced technology systems and processes, related to the risk and fraud area.

The internal risk rating of the credit quality of the accounts receivable balance is as follows:



- i) **Low Risk:** likelihood lower than or equal to 9.3% of being over 60 days past due.
- ii) **Medium low risk:** likelihood higher than 9.3% and lower than or equal to 16.8% of being over 60 pasts due.
- iii) **Medium Risk:** customers with up to four months of Renner Credit Card or Meu Cartão with little history of movement for purposes of measuring the likelihood of default.
- iv) **Medium high risk:** likelihood higher than 16.8% and lower than or equal to 31.3% of being over 60 past due.
- v) **High risk:** likelihood higher than 31.3% of being over 60 days past due.

Receivables from sales using third-party credit cards are not included in this analysis since these amounts are subject to a low risk of default by the card issuer, with no historical losses and expectation of future losses.

The receivables from sales with third-party credit cards are not included in this analysis as they are receivables with risk of default by the card issuer, with no history of

loss and no expectation of future losses.

## 9 INVENTORIES

### 9.1 ACCOUNTING POLICY

Inventories are measured at acquisition cost, including non-recoverable taxes, transportation costs, and other costs necessary to take inventories to current conditions. Costs of imported goods' inventories also consider any gains or losses on settled cash flow hedges that are transferred from equity.

Inventories are valued at weighted average cost and deducted from estimated losses and adjustment to present value on transaction date, when applicable. The present value adjustment is matched against inventories and its realization is recorded as selling expenses upon realization. The discount rate used for adjusting inventory balances to present value is the average discount rate observable in the market informed by the Central Bank of Brazil. The rate used was of 1.14% p.m. (0.99% p.m. on December 31, 2019, while the weighted average cost of capital was used).

### 9.2 BREAKDOWN

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Goods for resale	984,942	779,948	1,169,601	956,330
Imports in transit	193,170	165,611	238,994	199,083
Advances to suppliers	18,464	3,777	18,464	3,947
Auxiliary materials and warehouse	5,534	5,226	8,078	10,742
Adjustment to present value	(23,256)	(17,582)	(25,999)	(19,285)
Estimated losses	(26,615)	(21,132)	(27,476)	(26,311)
<b>Total</b>	<b>1,152,239</b>	<b>915,848</b>	<b>1,381,662</b>	<b>1,124,506</b>

The Company has a balance of advances related to confirming agreement with a balance of R\$ 18,464 on December 31, 2020 in the Parent Company and Consolidated (R\$ 3,777 on December 31, 2019), fully reversing into inventory goods.

## 9.2.1 Changes in adjustment to present value

	Parent Company	Consolidated
<b>Balance at January 1, 2019</b>	<b>(18,822)</b>	<b>(19,698)</b>
Additions	(67,471)	(72,105)
Write-offs	68,711	72,518
<b>Balance at December 31, 2019</b>	<b>(17,582)</b>	<b>(19,285)</b>
Additions	(63,520)	(68,154)
Write-offs	57,846	61,440
<b>Balance at December 31, 2020</b>	<b>(23,256)</b>	<b>(25,999)</b>

## 9.3 ESTIMATED INVENTORY LOSSES

	Parent Company	Consolidated
<b>Balance at January 1, 2019</b>	<b>(61,805)</b>	<b>(69,092)</b>
(-) Estimated losses, net	(57,356)	(62,240)
(+) Actual loss	98,029	104,625
(+/-) Translation adjustment	-	396
<b>Balance at December 31, 2019</b>	<b>(21,132)</b>	<b>(26,311)</b>
(-) Estimated losses, net	(54,279)	(58,734)
(+) Actual loss	48,796	53,687
(+/-) Translation adjustment	-	3,882
<b>Balance at December 31, 2020</b>	<b>(26,615)</b>	<b>(27,476)</b>

Since the implementation of the RFID (Product Identification by Radio Frequency) system at the Parent Company, it was possible to increase the frequency of carrying out inventories and, then, the effects of inventories carried out throughout the year began to be recognized directly in the result, without being recorded in estimated losses.

## 10 TAXES RECOVERABLE

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
State VAT (ICMS)	152,239	146,604	199,125	185,636
ICMS – Fixed assets	41,297	53,736	46,400	60,771
Income and social contribution taxes	43,373	11,778	73,146	17,187
PIS and COFINS (i)	1,252,670	8,821	1,254,412	9,324
Tax credits from foreign subsidiaries	-	-	39,130	27,673
Other recoverable taxes	10,465	29,503	10,895	31,150
<b>Total</b>	<b>1,500,044</b>	<b>250,442</b>	<b>1,623,108</b>	<b>331,741</b>
Current assets	863,933	199,116	961,997	258,396
Noncurrent assets	636,111	51,326	661,111	73,345
<b>Total</b>	<b>1,500,044</b>	<b>250,442</b>	<b>1,623,108</b>	<b>331,741</b>

## (i) ICMS in PIS/COFINS base

The lawsuits filed by the parent company claiming recognition of the right to exclude ICMS from the PIS and COFINS base and to offset the unduly-paid amounts was awarded a final unappealable decision in May 2020 in favor of the parent company. The decision issued by the Federal Regional Court – 4th Chapter expressly defines that “for proceedings judged after Supplementary Law 118/2005 (June 9, 2005) came into effect, the period of limitations is of 5 years as from the intended payment refund. This action was filed on 10/10/2006, reason why the amounts recoverable retroact to 11/2001.

Concerning ICMS amounts to be excluded, the decision also expressly “recognizes exclusion of ICMS informed in the invoices on which PIS and COFINS calculations are based, and the right to offset the amounts overpaid and not lapsed”. The amount computed and approved for offset by the Brazilian IRS, for calculation periods 11/2001 to 03/2017, is of R\$ 1,363,029 (R\$ 784,619 classified as other operating income – Note 34.3 and R\$ 578,410 relating to monetary adjustment and interest classified as finance income – Note 35). The amounts referring to 04/2017 (STF decision date) onwards have been recognized in result since then.

The Company analyzed the accounting treatment to be given to this matter, in light of CPC 25, and is of the understanding that this asset is not contingent, since the inflow of economic benefits is practically certain and the offset has already begun.

The respective amounts were measured with reasonable reliability, since the court decision defines the parameterization for measuring the refund amount (offset period and calculation method – ICMS informed). The Company prepared these calculations

with the support of a specialized advisory firm, based on the sales files for tax purposes of the entire period, and reconciled with the accounting information and accessory obligations.

The Management expects that the tax credits, whose restated balance on December 31, 2020 net of amounts already offset totals R\$ 1,241,314, will be offset until the first quarter of 2022.

The Company analyzed the realization of taxes recoverable by function of Covid-19 and believes that these are short-term impacts that do not compromise their recovery.

## 11 OTHER ASSETS

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Prepaid expenses	6,307	8,241	9,858	9,414
Judicial deposits	4,701	9,496	4,856	9,610
Advances to third parties	18,257	18,420	28,096	29,289
Advance to employees	7,838	4,395	8,709	5,036
Credits from agreement with suppliers	4,780	8,176	4,780	8,176
Insurance indemnities in progress	164	1,162	315	1,402
Insurance commissions receivable	-	197	3,740	5,479
Amounts receivable – Operating financial services Agreement	-	7,567	-	7,567
Other accounts receivable	14,093	8,759	16,144	10,897
<b>Total</b>	<b>56,140</b>	<b>66,413</b>	<b>76,498</b>	<b>86,870</b>
Current assets	46,093	53,195	63,651	70,662
Noncurrent assets	10,047	13,218	12,847	16,208
<b>Total</b>	<b>56,140</b>	<b>66,413</b>	<b>76,498</b>	<b>86,870</b>

## 12 INCOME TAX AND SOCIAL CONTRIBUTION

### 12.1 ACCOUNTING POLICY

Provision for income tax and social contribution is based on taxable profit for the year. Deferred income tax and social contribution taxes are recognized on temporary differences at the end of each year between the balances of assets and liabilities recognized in the financial statements and the respective tax bases employed to arrive at taxable profit, including the balance of tax losses, when applicable. Current and deferred taxes are recognized in profit or loss, except when they correspond to items recorded in "other comprehensive income" in equity.

In calculating current and deferred income tax and social contribution taxes, the Company takes into consideration the impact of uncertainties relating to the tax positions assumed. The Company believes that provision for income tax in liabilities is appropriate based on analysis of various factors including interpretation of the tax laws and opinion of Company legal advisors.

## 12.2 BREAKDOWN

Taxable event	Parent Company					
	12/31/2020			12/31/2019		
	Income tax base	Social contribution base	IRPJ/CSLL	Income tax base	Social contribution base	IRPJ/CSLL
Estimated losses in assets	26,615	26,615	9,049	63,941	63,941	21,740
Provisions for tax, civil and labor risks	108,545	108,545	36,905	84,957	84,957	28,885
Adjustment to present value	45,023	45,023	15,308	58,086	58,086	19,749
Provision for employee profit sharing	23,175	23,175	7,880	68,227	68,227	23,197
Restricted share plan	26,850	26,850	9,129	39,664	39,664	13,486
Income tax and social contribution losses	164,190	159,388	55,392	-	-	-
Equity valuation adjustments - hedge	25,431	25,431	8,647	2,436	2,436	828
Swap from borrowings	-	-	-	2,115	2,115	719
Leases payable (*)	121,251	121,251	41,225	81,543	81,543	27,725
Other provisions	700	-	175	702	11	177
<b>Deferred tax assets</b>	<b>541,780</b>	<b>536,278</b>	<b>183,710</b>	<b>401,671</b>	<b>400,980</b>	<b>136,506</b>
Difference between useful life and tax	(186,185)	(186,185)	(63,303)	(124,167)	(124,167)	(42,217)
Swap from borrowings	(47,662)	(47,662)	(16,205)	-	-	-
Other provisions	(1,213)	(1,213)	(412)	(14,176)	(14,176)	(4,820)
<b>Deferred tax liabilities</b>	<b>(235,060)</b>	<b>(235,060)</b>	<b>(79,920)</b>	<b>(138,343)</b>	<b>(138,343)</b>	<b>(47,037)</b>
<b>Total</b>	<b>306,720</b>	<b>301,218</b>	<b>103,790</b>	<b>263,328</b>	<b>262,637</b>	<b>89,469</b>

Rates of 25% IRPJ and 9% CSLL.

Taxable event	Consolidated					
	12/31/2020			12/31/2019		
	Income tax base	Social contribution base	IRPJ/CSLL	Income tax base	Social contribution base	IRPJ/CSLL
Estimated losses in assets	288,436	286,977	104,537	283,738	282,316	103,034
Provisions for tax, civil and labor risks	130,223	130,223	47,271	100,754	100,754	36,644
Adjustment to present value	50,250	50,250	18,241	62,890	62,890	22,873
Provision for employee profit sharing	24,002	24,002	8,713	69,864	69,864	25,410
Restricted share plan	26,850	26,850	9,747	39,664	39,664	14,426
Income tax and social contribution losses (i) (*)	478,686	422,275	167,389	178,105	168,610	63,697
Equity valuation adjustments - hedge	25,993	25,993	9,435	3,382	3,382	1,230
Leases payable (*)	141,073	136,463	50,689	91,392	89,041	32,972
Other provisions	22,887	-	5,721	20,707	2,126	5,418
<b>Deferred tax assets base</b>	<b>1,188,400</b>	<b>1,103,033</b>	<b>421,743</b>	<b>850,496</b>	<b>818,647</b>	<b>305,704</b>
Goodwill on acquisition of equity interest	(96,693)	(96,693)	(35,100)	(76,707)	(76,707)	(27,898)
Appreciation of assets	(28,543)	(28,543)	(10,361)	(28,888)	(28,888)	(10,507)
Difference between useful life and tax	(202,375)	(202,375)	(73,462)	(138,639)	(138,639)	(50,423)
Swap from borrowings	(63,328)	(63,328)	(22,988)	(1,471)	(1,471)	(535)
Other provisions	(10,625)	(2,222)	(2,907)	(21,647)	(15,050)	(7,123)
<b>Deferred tax liabilities base</b>	<b>(401,564)</b>	<b>(393,161)</b>	<b>(144,818)</b>	<b>(267,352)</b>	<b>(260,755)</b>	<b>(96,486)</b>
<b>Total (ii)</b>	<b>786,836</b>	<b>709,872</b>	<b>276,925</b>	<b>583,144</b>	<b>557,892</b>	<b>209,218</b>

Rate of 25% IRPJ and 11.30% CSLL weighted nominal rate on December 31, 2020 (11.37% at December 31, 2019) differs from the general rate of 9% due to consolidation of balances of indirect subsidiary Realize CFI.

- (i) Recognized credits on tax losses and negative basis of social contribution of the Parent Company and the subsidiaries Camicado, Youcom, LRS, LRU and LRA.
- (ii) The Management offsets deferred assets against deferred liabilities of the Parent Company and subsidiaries individually.

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

### 12.3 CHANGES IN DEFERRED TAXES, NET

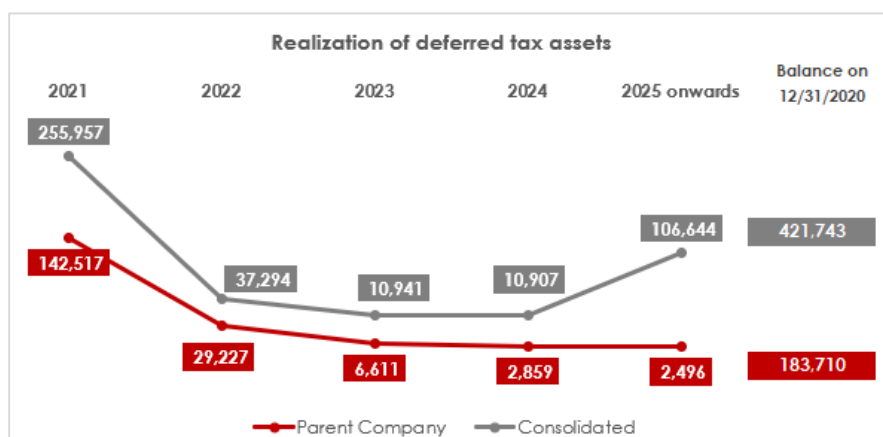
Below are the changes in deferred taxes, recognized at weighted nominal rates:

	Parent Company	Consolidated
<b>Balance at January 1, 2019</b>	<b>71,451</b>	<b>142,244</b>
Recognized in profit or loss	18,140	67,041
Recognized in other comprehensive income	(122)	(93)
Translation adjustments	-	26
<b>Balance at December 31, 2019 (*) – Restated (*)</b>	<b>89,469</b>	<b>209,218</b>
Recognized in profit or loss	6,503	58,321
Recognized in other comprehensive income	7,818	7,688
Translation adjustments	-	1,698
<b>Balance at December 31, 2020</b>	<b>103,790</b>	<b>276,925</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

### 12.4 REALIZATION OF DEFERRED TAX ASSETS

The recoverability of deferred tax asset balances is reviewed at the end of each year or, when it is no longer probable that future taxable profits will be available to recover the asset, in whole or in part. The evaluation of the Management, the current scenario affected by Covid-19 had no impact on projected future taxable profits, which are based on technical feasibility studies, allowing for recovery of credits within a period of no more than 10 years. Also, estimated deferred tax realization involves uncertainties of other estimates.



## 12.5 ANALYSIS OF EFFECTIVE RATE FOR INCOME TAX AND SOCIAL CONTRIBUTION

Reconciliation between the tax expense as calculated by the combined statutory rates and income and social contribution tax expenses charged to profit or loss is as follows:

	Parent Company		Consolidated	
	2020	2019	2020	2019
		Restated (*)		Restated (*)
<b>Profit or loss before income tax and social contribution</b>	<b>1,230,394</b>	<b>1,352,814</b>	<b>1,200,761</b>	<b>1,491,982</b>
Combined tax rate	34%	34%	34%	34%
<b>Tax expense at nominal rate</b>	<b>(418,334)</b>	<b>(459,957)</b>	<b>(408,259)</b>	<b>(507,274)</b>
<b>Permanent (additions) exclusions:</b>				
Stock option plan expense	(7,763)	(7,166)	(7,763)	(7,166)
Profit or loss from ownership interest	(21,645)	73,010	-	-
Interest on equity	81,878	85,665	81,878	85,665
Management fees	(341)	(1,464)	(341)	(1,464)
Tax benefits (PAT)	4,341	8,427	4,468	8,584
Investment grant (i)	22,193	33,163	22,977	34,504
Incentive for technological innovation (Law 11196/2005)	5,129	4,319	7,623	4,380
Income tax and social contribution differences of subsidiaries	-	-	(3,769)	(19,187)
Recovery – loan transactions	-	-	12,051	-
Monetary adjustments	-	-	(11,691)	-
Other exclusions (additions) (ii)	200,405	(2,634)	198,280	(3,919)
Portion exempt from 10% surtax	12	24	54	96
<b>Income tax and social contribution in P&amp;L</b>	<b>(134,125)</b>	<b>(266,613)</b>	<b>(104,492)</b>	<b>(405,781)</b>
Current	(140,628)	(284,753)	(162,813)	(472,822)
Deferred	6,503	18,140	58,321	67,041
<b>Effective tax rate</b>	<b>10.90%</b>	<b>19.71%</b>	<b>8.70%</b>	<b>27.20%</b>

(i) ICMS tax incentives and benefits, considered investment subsidies, under the terms of Supplementary Law 160/2017.

(ii) This refers mostly to exclusion by force of a legal decision that recognizes non-levy of income tax and social contribution on Selic-based interest received as a refund for unduly paid tax amounts.

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 13 INVESTMENTS

## 13.1 BREAKDOWN OF INVESTMENTS

In the Parent Company financial statements, Company investments are recorded under the equity method.

	Parent Company	
	12/31/2020	12/31/2019
		Restated (*)
Investments in subsidiaries	1,593,965	1,381,986
Goodwill on asset appreciation	1,290	1,290
<b>Total</b>	<b>1,595,255</b>	<b>1,383,276</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 13.2 CHANGES IN INVESTMENTS IN SUBSIDIARIES

Subsidiaries	Balance at 12/31/2019 (*)	Capital contribution	Equity on profit/loss of subsidiaries	Other comprehensive income (loss)	Dividends	Balance at 12/31/2020
RACC	1,647	-	3,423	-	(3,085)	1,985
Dromegon	11,443	-	3,729	-	(3,841)	11,331
Camicado	406,766	128,778	(21,149)	327	-	514,722
Youcom	142,244	44,211	(15,854)	(74)	-	170,527
LRS	9,750	313	(2,589)	1,813	-	9,287
Realize Participações S.A.	550,744	-	30,064	-	-	580,808
LRU	142,631	16,900	(15,083)	20,803	-	165,251
LRA	114,820	37,095	(45,040)	31,883	-	138,758
Realize CFI	3	-	-	-	-	3
Lojas Renner Trading Uruguay	1,938	-	(1,164)	519	-	1,293
<b>Total</b>	<b>1,381,986</b>	<b>227,297</b>	<b>(63,663)</b>	<b>55,271</b>	<b>(6,926)</b>	<b>1,593,965</b>

Subsidiaries	Balance at 12/31/2019	Capital contribution	Equity on profit/loss of subsidiaries (*)	Other comprehensive income (loss) (*)	Dividends	Balance at 12/31/2019 (*)
RACC	2,167	-	7,597	-	(8,117)	1,647
Dromegon	11,573	-	6,101	-	(6,231)	11,443
Camicado	413,838	-	(7,051)	(21)	-	406,766
Youcom	122,949	20,000	(669)	(36)	-	142,244
LRS	7	6,776	2,562	405	-	9,750
Realize Participações S.A.	283,938	50,000	216,806	-	-	550,744
LRU	120,967	37,141	(3,189)	(12,288)	-	142,631
LRA	11	125,806	(7,340)	(3,657)	-	114,820
Realize CFI	2	-	1	-	-	3
Lojas Renner Trading Uruguay	-	2,001	(85)	22	-	1,938
<b>Total</b>	<b>955,452</b>	<b>241,724</b>	<b>214,733</b>	<b>(15,575)</b>	<b>(14,348)</b>	<b>1,381,986</b>










(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 14 FIXED ASSETS AND INTANGIBLE ASSETS

### 14.1 ACCOUNTING POLICY

Fixed assets and intangible assets are recorded at the cost of acquisition, formation or installation of stores, deducted from accumulated depreciation or amortization, calculated under the straight-line method at rates that consider estimated useful lives of assets, as follows:

As a procedure, the Company annually reviews the fixed and intangible assets technical assessments from specialized employees and aiming at:

FIXED ASSETS				INTANGIBLE ASSETS	
 <b>Buildings</b> 1.66%   60 years	 <b>Facilities</b> 5 - 10%   10 a 20 years	 <b>Machinery and equipment</b> 5 - 10%   10 - 20 years		 <b>IT systems</b> 12.5 to 20%   5 - 8 years	
 <b>Leasehold improvements</b> 10%   10 years	 <b>Furniture and utensils</b> 10 - 25%   4 - 10 years	 <b>Vehicles</b> 20%   5 years	 <b>Computers and peripherals</b> 10 - 33.3%   3 - 10 years	 <b>Real property rights-of-use</b> 10%   10 years	

- i) Identifying evidence that its assets may be impaired; and
- ii) Identifying changes in the form of use and maintenance that may affect the useful life of its fixed and intangible assets.

On December 31, 2020, due to the Covid-19 impacts, the Management reviewed the future projections of its cash-generating units (UGC), using WACC as discount rate for a period of 10 years, and identified no factors that indicated significant losses relating to recording of impairment and did not reassess or identify idleness property and equipment items.

### 14.2 BREAKDOWN OF FIXED ASSETS

	Parent Company					
	12/31/2020			12/31/2019		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	288	-	288	288	-	288
Properties	61,898	(3,439)	58,459	61,898	(2,613)	59,285
Furniture and fixtures	422,727	(222,699)	200,028	469,412	(237,546)	231,866
Facilities	524,433	(266,896)	257,537	514,051	(247,698)	266,353
Machinery and equipment	269,507	(143,610)	125,897	274,080	(146,160)	127,920
Leasehold improvements	1,760,527	(1,021,820)	738,707	1,710,288	(883,821)	826,467
Vehicles	1,424	(562)	862	1,589	(425)	1,164
Computers and peripherals	259,715	(148,114)	111,601	271,695	(159,500)	112,195
Fixed assets in progress	293,017	-	293,017	188,715	-	188,715
<b>Total</b>	<b>3,593,536</b>	<b>(1,807,140)</b>	<b>1,786,396</b>	<b>3,492,016</b>	<b>(1,677,763)</b>	<b>1,814,253</b>

	Consolidated					
	12/31/2020			12/31/2019		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	288	-	288	288	-	288
Properties	76,965	(9,319)	67,646	76,965	(8,493)	68,472
Furniture and fixtures	505,892	(255,515)	250,377	540,693	(262,862)	277,831
Facilities	583,571	(292,648)	290,923	570,394	(269,276)	301,118
Machinery and equipment	291,093	(147,367)	143,726	291,320	(148,498)	142,822
Leasehold improvements	2,089,477	(1,113,903)	975,574	2,003,402	(945,061)	1,058,341
Vehicles	1,424	(562)	862	1,589	(424)	1,165
Computers and peripherals	287,350	(160,366)	126,984	291,164	(166,821)	124,343
Fixed assets in progress	297,880	-	297,880	199,330	-	199,330
<b>Total</b>	<b>4,133,940</b>	<b>(1,979,680)</b>	<b>2,154,260</b>	<b>3,975,145</b>	<b>(1,801,435)</b>	<b>2,173,710</b>

### 14.3 RECONCILIATION OF NET BOOK VALUE OF FIXED ASSETS

#### 14.3.1 Parent Company

Book value	Balance at 01/01/2019	Additions	Transfers	Write-offs	Estimated losses	Transfers - CPC 06 (R2)/IFRS 16	Depreciation	Balance at 12/31/2019	Additions	Transfers	Write-offs	Estimated losses (*)	Depreciation	Balance at 12/31/2020
Land	288	-	-	-	-	-	-	288	-	-	-	-	-	288
Properties	87,131	-	-	-	-	(27,021)	(825)	59,285	-	-	-	-	(826)	58,459
Furniture and fixtures	230,385	2,103	49,958	(1,307)	(8,204)	-	(41,069)	231,866	6,378	17,393	(11,174)	8,204	(52,639)	200,028
Facilities	264,322	1,365	25,868	(101)	(256)	-	(24,845)	266,353	6,347	9,570	(1,566)	256	(23,423)	257,537
Machinery and equipment	123,437	958	17,271	(43)	(206)	-	(13,497)	127,920	5,919	3,279	(1,607)	206	(9,820)	125,897
Leasehold improvements	825,918	7,939	132,421	(621)	(1,795)	-	(137,395)	826,467	25,861	37,756	(2,936)	1,795	(150,236)	738,707
Vehicles	1,718	311	-	(628)	-	-	(237)	1,164	-	-	(101)	-	(201)	862
Computers	95,011	512	53,773	(2,242)	(5,499)	-	(29,360)	112,195	3,913	20,810	(7,281)	5,502	(23,538)	111,601
Fixed assets in progress	89,662	378,927	(279,291)	(581)	(2)	-	-	188,715	193,146	(88,808)	(36)	-	-	293,017
<b>Total</b>	<b>1,717,872</b>	<b>392,115</b>	<b>-</b>	<b>(5,523)</b>	<b>(15,962)</b>	<b>(27,021)</b>	<b>(247,228)</b>	<b>1,814,253</b>	<b>241,564</b>	<b>-</b>	<b>(24,701)</b>	<b>15,963</b>	<b>(260,683)</b>	<b>1,786,396</b>

#### 14.3.2 Consolidated

Book value	Balance at 01/01/2019	Additions	Transfers	Write-offs	Estimated losses	Transfers - CPC 06 (R2)/IFRS 16	Deprec.	Translation adjustments	Balance at 12/31/2019	Additions	Transfers	Write-offs	Estimated losses (*)	Deprec.	Translation adjustments	Balance at 12/31/2020
Land	288	-	-	-	-	-	-	-	288	-	-	-	-	-	-	288
Properties	96,188	131	-	-	-	(27,021)	(826)	-	68,472	-	-	-	-	(826)	-	67,646
Furniture and fixtures	272,596	2,577	60,643	(1,128)	(8,654)	-	(47,844)	(359)	277,831	10,076	25,416	(13,945)	8,608	(60,242)	2,633	250,377
Facilities	295,597	4,232	31,360	(81)	(896)	-	(28,730)	(364)	301,118	8,802	11,283	(3,169)	480	(28,386)	795	290,923
Machinery and equipment	130,222	952	26,222	(63)	(267)	-	(14,107)	(137)	142,822	5,821	4,627	(1,810)	264	(11,118)	3,120	143,726
Leasehold improvements	993,626	8,797	226,442	(4,625)	(4,207)	-	(159,162)	(2,530)	1,058,341	35,892	54,382	(8,322)	3,708	(182,430)	14,003	975,574
Vehicles	1,718	311	-	(626)	-	-	(238)	-	1,165	-	-	(102)	-	(201)	-	862
Computers	103,851	1,283	57,558	(671)	(5,574)	-	(31,857)	(247)	124,343	6,673	27,218	(8,689)	5,566	(29,086)	959	126,984
Fixed assets in progress	100,363	501,678	(402,225)	-	(2)	-	-	(484)	199,330	216,535	(122,926)	(786)	-	-	5,727	297,880
<b>Total</b>	<b>1,994,449</b>	<b>519,961</b>	<b>-</b>	<b>(7,194)</b>	<b>(19,600)</b>	<b>(27,021)</b>	<b>(282,764)</b>	<b>(4,121)</b>	<b>2,173,710</b>	<b>283,799</b>	<b>-</b>	<b>(36,823)</b>	<b>18,626</b>	<b>(312,289)</b>	<b>27,237</b>	<b>2,154,260</b>

(\*) Related to the reversal of estimated losses and the recognition of write-offs due to the completion of the inventory during fiscal year 2020. The main natures that breakdown the group of fixed assets in progress refer to the opening of the Company's stores and distribution centers.

## 14.4 BREAKDOWN OF INTANGIBLE ASSETS

	Parent Company					
	12/31/2020			12/31/2019		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
IT systems	1,004,211	(532,676)	471,535	765,947	(451,475)	314,472
Right-of-use properties	69,077	(51,904)	17,173	69,760	(49,150)	20,610
Trademarks and patents	6,755	(83)	6,672	6,519	(83)	6,436
Intangible assets in progress	92,333	-	92,333	128,193	-	128,193
<b>Total</b>	<b>1,172,376</b>	<b>(584,663)</b>	<b>587,713</b>	<b>970,419</b>	<b>(500,708)</b>	<b>469,711</b>

	Consolidated					
	12/31/2020			12/31/2019		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
IT systems	1,219,527	(584,533)	634,994	947,069	(494,796)	452,273
Right-of-use properties	103,764	(65,639)	38,125	98,555	(59,459)	39,096
Trademarks and patents	35,508	(83)	35,425	34,851	(83)	34,768
Intangible assets - other	3,836	(3,500)	336	3,500	(3,500)	-
Intangible assets in progress	115,077	-	115,077	141,419	-	141,419
Goodwill - Camicado	116,679	-	116,679	116,679	-	116,679
<b>Total</b>	<b>1,594,391</b>	<b>(653,755)</b>	<b>940,636</b>	<b>1,342,073</b>	<b>(557,838)</b>	<b>784,235</b>

## 14.5 RECONCILIATION OF NET BOOK VALUE OF INTANGIBLE ASSETS

## 14.5.1 Parent Company

Book value	Balance at 12/31/2019	Additions	Transfers	Write-offs	Estimated losses	Amortization	Balance at 12/31/2020
IT systems	314,472	91,907	146,358	(10)	10	(81,202)	471,535
Right-of-use properties	20,610	-	(223)	(872)	872	(3,214)	17,173
Trademarks and patents	6,436	236	-	-	-	-	6,672
Intangible assets in progress	128,193	110,275	(146,135)	-	-	-	92,333
<b>Total</b>	<b>469,711</b>	<b>202,418</b>	<b>-</b>	<b>(882)</b>	<b>882</b>	<b>(84,416)</b>	<b>587,713</b>

Book value	Balance at 01/01/2019	Additions	Transfers	Write-offs	Estimated losses	Amortization	Balance at 12/31/2019
IT systems	271,020	284	142,397	(38,829)	(10)	(60,390)	314,472
Right-of-use properties	17,396	2	7,159	-	(872)	(3,075)	20,610
Trademarks and patents	5,934	502	-	-	-	-	6,436
Intangible assets in progress	118,659	160,129	(149,556)	(1,039)	-	-	128,193
<b>Total</b>	<b>413,009</b>	<b>160,917</b>	<b>-</b>	<b>(39,868)</b>	<b>(882)</b>	<b>(63,465)</b>	<b>469,711</b>

The main natures that breakdown the group of in progress intangible accounts refer to the development and implementation of Information Technology systems and licensing.

## 14.5.2 Consolidated

Book value	Balance at 12/31/2019	Additions	Transfers	Write-offs	Estimated losses	Amortization	Translation adjustments	Balance at 12/31/2020
IT systems	452,273	124,675	160,810	(769)	11	(105,794)	3,788	634,994
Right-of-use properties	39,096	198	3,366	(1,460)	1,460	(6,544)	2,009	38,125
Trademarks and patents	34,768	657	-	-	-	-	-	35,425
Intangible assets - other	-	-	336	-	-	-	-	336
Intangible assets in progress	141,419	134,647	(164,512)	-	-	-	3,523	115,077
Goodwill - Camicado	116,679	-	-	-	-	-	-	116,679
<b>Total</b>	<b>784,235</b>	<b>260,177</b>	<b>-</b>	<b>(2,229)</b>	<b>1,471</b>	<b>(112,338)</b>	<b>9,320</b>	<b>940,636</b>

Book value	Balance at 01/01/2019	Additions	Transfers	Write-offs	Estimated losses	Amortization	Translation adjustments	Balance at 12/31/2019
IT systems	326,320	50,104	149,295	(176)	(11)	(72,735)	(524)	452,273
Right-of-use properties	33,358	2	12,874	16	(1,497)	(5,431)	(226)	39,096
Trademarks and patents	34,265	503	-	-	-	-	-	34,768
Intangible assets in progress	124,454	180,858	(162,169)	(1,550)	-	-	(174)	141,419
Goodwill - Camicado	116,679	-	-	-	-	-	-	116,679
<b>Total</b>	<b>635,076</b>	<b>231,467</b>	<b>-</b>	<b>(1,710)</b>	<b>(1,508)</b>	<b>(78,166)</b>	<b>(924)</b>	<b>784,235</b>

## 15 RIGHTS-OF-USE

Applicable from January 1, 2019, to unify the lease accounting method, CPC 06 (R2)/IFRS 16 requires for all lease contracts within the scope of the standard - unless they are covered by exemption - that lessees recognize assumed liabilities against respective right-of-use assets.

### 15.1 ACCOUNTING POLICY

The Company management chose to use the practical expedient for transition and do not consider initial costs for measurement of right-of-use assets that correspond to initial lease liability value plus initial direct costs incurred, thus maintaining the initial lease liability value. Depreciation is calculated on a straight-line basis over the remaining term of the contracts.

### 15.2 BREAKDOWN OF RIGHTS-OF-USE

Lease with call option (*) USEFUL LIFE: 43 years	Lease (**) USEFUL LIFE: 2 - 13 years	Balance at 12/31/2020
25,782	1,372,061	1,397,843
25,782	1,674,256	1,700,038
<b>Parent Company</b>	<b>Consolidated</b>	

(\*) Corresponds to the administrative headquarters building.

(\*\*) Corresponds to the lease of commercial spaces, distribution centers and others administrative headquarters.

## 15.3 CHANGES IN RIGHTS-OF-USE

## 15.3.1.1 Parent Company

	Balance at 12/31/2019 (*)	(+) Remeasurement	(+/-) New contracts / Ended contracts	(-) Depreciation	Balance at 12/31/2020
Rentals	1,317,748	153,053	203,384	(302,124)	1,372,061
Rentals subject to purchase option	26,402	-	-	(620)	25,782
<b>Total</b>	<b>1,344,150</b>	<b>153,053</b>	<b>203,384</b>	<b>(302,744)</b>	<b>1,397,843</b>

	Balance at 01/01/2019	(-) Adjustment - Change in rate	(+) Remeasurement	(+/-) New contracts / Ended contracts	(-) Depreciation	Balance at 12/31/2019 (*)
Rentals	1,719,658	(220,759)	59,580	45,999	(286,730)	1,317,748
Rentals subject to purchase option	27,021	-	-	-	(619)	26,402
<b>Total</b>	<b>1,746,679</b>	<b>(220,759)</b>	<b>59,580</b>	<b>45,999</b>	<b>(287,349)</b>	<b>1,344,150</b>

## 15.3.1.2 Consolidated

	Balance at 12/31/2019 (*)	(+) Remeasurement	(+/-) New contracts / Ended contracts	(-) Depreciation	(+/-) Translation adjustment/ Monetary adjustment	Balance at 12/31/2020
Rentals	1,608,288	209,038	218,887	(365,789)	3,832	1,674,256
Rentals subject to purchase option	26,402	-	-	(620)	-	25,782
<b>Total</b>	<b>1,634,690</b>	<b>209,038</b>	<b>218,887</b>	<b>(366,409)</b>	<b>3,832</b>	<b>1,700,038</b>

	Balance at 12/31/2019	(-) Adjustment - Change in rate	(+) Remeasurement	(+/-) New contracts / Ended contracts	(-) Depreciation	(+/-) Translation adjustment/ Monetary adjustment	Balance at 12/31/2019 (*)
Rentals	1,993,746	(280,650)	68,916	159,056	(333,163)	383	1,608,288
Rentals subject to purchase option	27,021	-	-	-	(619)	-	26,402
<b>Total</b>	<b>2,020,767</b>	<b>(280,650)</b>	<b>68,916</b>	<b>159,056</b>	<b>(333,782)</b>	<b>383</b>	<b>1,634,690</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 16 IMPAIRMENT TEST OF GOODWILL AND INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE

## 16.1 ACCOUNTING POLICY

Assets with an indefinite useful life, such as goodwill, are not subject to amortization and are tested every year to identify a possible impairment necessity. For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - UGC), in conformity with the analysis of views used by the Management. Non-financial assets, except goodwill, that have been impaired, are subsequently reviewed for possible reversal of the impairment at each reporting date.

## 16.2 EVALUATION OF THE RECOVERABLE AMOUNT

Book value of goodwill and trademark allocated in Camicado is R\$ 144,741 (R\$ 144,741 on December 31, 2019).

To determine the recoverable value of Camicado, the Company used cash flow projections, before income tax and social contribution, based on financial budgets approved by management for a 10-year period considering the following assumptions:

- Revenues: projected from 2021 to 2030, considering historical growth in sales, and an increase in sales through the plan to open new stores and growth digital initiatives;
- Costs and expenses: projected in the same year according to store dynamics and seeking synergy of expenses through the Parent Company;
- Discount rate: prepared considering information from the retail sector, in which Camicado operates. Discount rate used was 13.0% p.a. (13.0% p.a. on December 31, 2019); and
- Growth rate in perpetuity: 6.5% p.a. (6,5% p.a. on December 31, 2019).

On December 31, 2020, the Company tested these assets for impairment and concluded that there are no factors indicating losses due to impairment, given that the recoverable amount exceeded book value.

## 16.3 SENSITIVITY ANALYSIS

The Company carried out a sensitivity analysis on the discount rates and growth rates. Considering an increase or decrease of 1% in the discount rate and of 0.5% in the growth rate in perpetuity, as show in the table below, Company management concluded that the discounted cash flow would result in recoverable amounts.

	Discount rate			Perpetuity rate		
	Probable scenario	1% increase	1% decrease	Probable scenario	0,5% increase	0.5% decrease
Change in discounted cash flow	13.0%	(185,991)	258,951	6.5%	74,402	(119,043)

## 17 BORROWINGS, FINANCING AND DEBENTURES

### 17.1 ACCOUNTING POLICY

The balances of borrowings, financing and debentures are initially recognized at fair value upon receipt and are subsequently measured at amortized cost as provided by contract (plus charges, interest calculated by effective rate, inflation and currency fluctuation adjustments, and amortization charges incurred up to statement of financial position dates).

The balance of working capital borrowings – Law 4131, in foreign currency, are measured at fair value, reflecting current market expectations of future values using the discounted cash flow method (conversion of future cash flows into a single value). The same type of borrowings – Law 4131, in national currency, are measured by amortized cost.

## 17.2 BREAKDOWN OF BORROWINGS, FINANCING AND DEBENTURES

Description	Charges (p.a.)	Maturity	Parent Company		Consolidated	
			12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>In domestic currency</b>						
Debentures 7th issuance - single series (i)	-	-	-	306,537	-	306,537
Debentures 9th issuance - single series (i)	103.9% of CDI	10/10/2022	401,649	404,466	401,649	404,466
Debentures 10th issuance - single series (i)	CDI + 2.96%	04/13/2021	518,855	-	518,855	-
Debentures 11th issuance – 1 <sup>st</sup> series (i)	CDI + 3.00%	05/05/2022	302,255	-	302,255	-
Debentures 11th issuance – 2 <sup>nd</sup> series (i)	CDI + 3.04%	11/05/2022	201,515	-	201,515	-
Debentures - Structuring costs	-	-	(5,177)	(44)	(5,177)	(44)
Fundo do Nordeste - FNE (ii)	8,23%	06/30/2023	-	8,524	-	8,524
Fundo do Nordeste - FNE (ii)	-	-	-	-	-	684
BNDES (iii)	-	-	-	3,289	-	3,289
BNDES (iii)	-	-	-	1,750	-	1,750
Working capital - secured account	-	-	-	-	-	51,420
Working capital – Law 4131 (iv)	CDI + 3.28%	03/24/2021	313,740	-	313,740	-
Working capital – CCB (v)	CDI + 2.65%	07/07/2022	153,376	-	153,376	-
Working capital – CCB (v)	148.0% of CDI	11/25/2022	100,033	-	100,033	-
Working capital – CCB (v)	140.0% of CDI	11/25/2022	401,005	-	401,005	-
Working capital – Structuring costs	-	-	(3,607)	-	(3,607)	-
<b>In foreign currency</b>						
Working capital – Law 4131 (vi)	-	-	-	101,039	-	101,039
Working capital – Law 4131 (vi)	-	-	-	172,804	-	172,804
Working capital – Law 4131 (vi)	US\$ + 2.57%	01/27/2021	39,586	-	39,586	-
Working capital – Law 4131 (vi)	US\$ + 3.70%	01/07/2021	-	-	55,121	43,140
Working capital – Law 4131 (vi)	US\$ + 0.76%	01/22/2021	207,991	-	207,991	-
Working capital – Law 4131 (vi)	-	-	-	-	-	61,525
(+/-) Swap – working capital (vii)	-	-	-	(5,546)	-	(5,546)
(+/-) Swap – working capital (vii)	-	-	-	7,661	-	7,661
(+/-) Swap – working capital (vii)	108.6% CDI	01/27/2021	(7,433)	-	(7,433)	-
(+/-) Swap – working capital (vii)	106.95% CDI	01/07/2021	-	-	(15,666)	(3,281)
(+/-) Swap – working capital (vii)	112.0% CDI	01/22/2021	(40,229)	-	(40,229)	-
(+/-) Swap – working capital (vii)	-	-	-	-	-	(305)
<b>Total</b>			<b>2,583,559</b>	<b>1,000,480</b>	<b>2,623,014</b>	<b>1,153,663</b>
Current liabilities			1,037,626	594,394	1,077,081	709,022
Noncurrent liabilities			1,545,933	406,086	1,545,933	444,641
<b>Total</b>			<b>2,583,559</b>	<b>1,000,480</b>	<b>2,623,014</b>	<b>1,153,663</b>

(i) In addition to the agreement in force on December 31, 2019 relating to the 9<sup>th</sup> issue, in April 2020, R\$ 500,000 were raised upon the 10<sup>th</sup> issue for a period of 2 years. In May 2020, we raised R\$ 300,000 upon the 11<sup>th</sup> issue – 1<sup>st</sup> series, for a period of 2 years and R\$ 200,000 upon the 11<sup>th</sup> issue – 2<sup>nd</sup> series for a period of 2.5 years. The funds raised were allocated to reinforcement of working capital and maintenance of a strategic minimum cash level.

(ii) In November 2020, the Company settled in advance the financing agreements entered into with Banco do Nordeste.

(iii) In July, 2020, the Company settled the agreement entered into with the Brazilian Development Bank (BNDES).

(iv) In March 2020, the Company and Banco Santander entered into a borrowing agreement under Law No. 4131 in the amount of R\$ 300,000 for a period of 1 year. These funds were allocated to maintenance of a minimum strategic cash level.

(v) In July 2020, the Company took out a loan in Bank Credit Notes (CCB) from Banco Safra amounting to R\$ 150,000 for a period of 2 years. In November 2020, the Company raised another loan from Banco Safra amounting to R\$ 100,000 for a period of 2 years and R\$ 400,000 from Banco Itaú for a period of 2 years, intended for working capital reinforcement and maintenance of minimum strategic cash level.

(vi) In addition to the agreements existing on December 31, 2019, the Company entered into two agreements in foreign currency, to wit an agreement with Citibank amounting to US\$ 40,000, equivalent to R\$ 167,080 and an agreement with Tokyo Bank

amounting to US\$ 7,600 equivalent to R\$ 32,034. These funds are intended to maintain minimum cash and support the Company's Share Repurchase Program (Note 30).

(vii) Swap transactions in foreign currency (Law 4131) are hedging against foreign exchange rate fluctuations.

Note 37 presents changes in parent company and consolidated borrowings.

The covenants and settlement schedule in accordance with the contractual cash flow (principal plus estimated future interest) are shown in Note 6.2.

## 18 FINANCING – FINANCIAL SERVICE OPERATIONS AND GUARANTEES

### 18.1 FINANCING - FINANCIAL SERVICE OPERATIONS

financing	Charges (p.a.)	Maturity	Parent Company		Consolidated	
			12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>In domestic currency</b>						
Secured account	-	-	-	37,740	-	37,740
Interbank Deposit Certificates (i)	210.0% of CDI	04/2021	-	-	51,577	-
Interbank Deposit Certificates (i)	CDI + 3.5%	04/2021	-	-	103,850	-
Interbank Deposit Certificates (i)	181.0% of CDI	03/2021	-	-	51,261	-
Interbank Deposit Certificates (i)	209.0% of CDI	03/2021	-	-	51,861	-
Interbank Deposit Certificates (i)	240.0% of CDI	05/2021	-	-	10,331	-
Financial bills (ii)	104.1% of CDI	08/2022	-	-	315,203	306,370
Bank Credit Notes (iii)	CDI + 3.5%	05/2022	-	-	31,083	-
Bank Credit Notes (iii)	160.00% of CDI	09/2022	-	-	20,187	-
Interbank Deposit Certificates (iv)	130.74% of CDI	06/2021	-	-	72,095	-
Interbank Deposit Certificates (iv)	137.71% of CDI	06/2022	-	-	54,517	-
<b>In foreign currency</b>						
Working capital – Law 4131 Bacen (iv)	-	-	-	-	-	142,830
(+/-) Swap – working capital	-	-	-	-	-	4,426
<b>Total</b>			<b>-</b>	<b>37,740</b>	<b>761,965</b>	<b>491,366</b>
Current liabilities			-	37,740	341,390	184,996
Noncurrent liabilities			-	-	420,575	306,370
<b>Total</b>			<b>-</b>	<b>37,740</b>	<b>761,965</b>	<b>491,366</b>

(i) Through its indirect subsidiary Realize CFI, the Company issued Interbank Deposit Certificates amounting to R\$ 99,600 in March 2020 and R\$ 10,000 in May 2020, both of that for a period of 1 year, at Banco Votorantim. In April 2020, the Company issued R\$ 50,000 for a period of 1 year at Banco Itaú and in April 2020, issued R\$ 100,000 for a period of 1 year at Banco Safra. These funds aim at reinforcing minimum cash and supporting the ordinary course of business.

(ii) Through its indirect subsidiary Realize CFI, the Company issued Financial Bills in August 2019 for a period of 3 years for private distribution to finance operations and the ordinary course of business.

(iii) Indirect subsidiary Realize CFI entered into a working capital agreement in CCBs in May 2020 with Banco de BOCOM BBM amounting to R\$ 30,000 and in September 2020, to R\$ 20,000, both of which for a period of 2 years, to fund its operations and the normal course of business, in which the parent company figured as guarantor.

(iv) Indirect subsidiary Realize CFI issued Bank Deposit Certificates (CDB) at XP Investimentos amounting to R\$ 70,811 for a period of one year and R\$ 54,806 for a period of 2 years. These funds aim at financing operations and the ordinary course of business.

### 18.2 GUARANTEES

The Parent Company figures as guarantor and is jointly liable for all (main and accessory) obligations deriving from Financial Bill and Bank Credit Note operations (CCB), as well as from an Interbank Deposit Certificate operation (Note 26.1.9).

**19 LEASES PAYABLE****19.1 ACCOUNTING POLICY**

Concerning the contracts that were within the scope of CPC 06 (R2)/IFRS 16, only minimum fixed rent amount was considered to be a lease component for liability evaluation purposes. Measurement of lease liabilities corresponds to total future fixed rent payments (gross of taxes), discounted at an incremental interest rate. As mentioned in Note 3.6.1, management identified the necessity of reassess the Company's accounting policy, having begun to use nominal discount rates for measuring its lease agreements, focusing in aligning this accounting policy to the practice most commonly adopted in the market, including comparable companies in Brazil and abroad. The nominal discount rate corresponds to reference market rates plus risk spread for fund-raising at amounts that represent total investments for opening new stores.

The Management assessed possible impacts of Covid-19 and concluded that future variations in economic indices affected the computation of the discount rate only for 50 new lease agreements that came into effect since March 2020, because the store openings and agreement renewals in the first quarter occurred prior to Covid-19 events. The other discount rates did not change.

**19.2 BREAKDOWN OF LEASES PAYABLE**

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
		Restated (*)		Restated (*)
Rentals subject to purchase option (**)	38,335	35,428	38,335	35,428
Rentals	1,493,312	1,398,996	1,824,052	1,703,933
<b>Total</b>	<b>1,531,647</b>	<b>1,434,424</b>	<b>1,862,387</b>	<b>1,739,361</b>
Current liabilities	410,998	373,555	496,583	447,685
Noncurrent liabilities	1,120,649	1,060,869	1,365,804	1,291,676
<b>Total</b>	<b>1,531,647</b>	<b>1,434,424</b>	<b>1,862,387</b>	<b>1,739,361</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

(\*\*) The discount rate for rentals subject to a purchase option is in compliance with the rental agreement referring to the administrative office building, entered into July 2012 and adjusted based on the accumulated variation of annual Brazil's National Consumer Price Index (INPC).

**19.3 CHANGES IN LEASES PAYABLE****19.3.1 Parent Company**

	Balance at 12/31/2019 (*)	(+) Remeasurement	(+/-) New contracts / Ended contracts	(+) Lease charges	(-) Lease consideration amounts (**)	Balance at 12/31/2020
Rentals	1,398,996	153,053	203,384	119,024	(381,145)	1,493,312
Rentals subject to purchase option	35,428	-	-	5,267	(2,360)	38,335
<b>Total</b>	<b>1,434,424</b>	<b>153,053</b>	<b>203,384</b>	<b>124,291</b>	<b>(383,505)</b>	<b>1,531,647</b>

	Balance at 01/01/2019	(-) Adjustment - Change in rate	(+) Remeasurement	(+/-) New contracts / Ended contracts	(+) Lease charges	(-) Lease consideration amounts	Balance at 12/31/2019 (*)
Rentals	1,719,658	(220,759)	59,580	45,999	118,447	(323,929)	1,398,996
Rentals subject to purchase option	33,940	-	-	-	4,423	(2,935)	35,428
<b>Total</b>	<b>1,753,598</b>	<b>(220,759)</b>	<b>59,580</b>	<b>45,999</b>	<b>122,870</b>	<b>(326,864)</b>	<b>1,434,424</b>

19.3.2 Consolidated

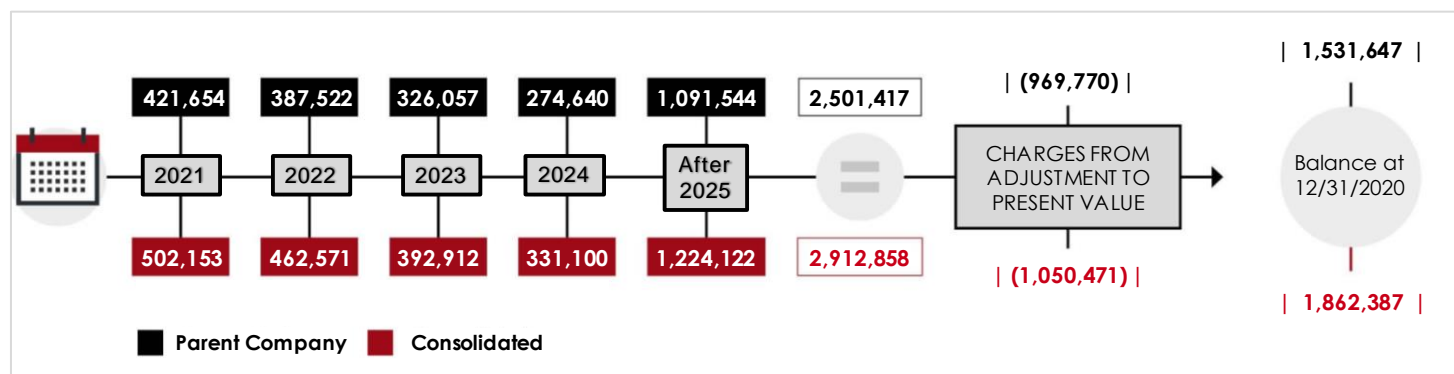
	Balance at 12/31/2019 (*)	(+) Remeasurement	(+/-) New contracts / Ended contracts	(+) Lease charges	(-) Lease consideration amounts (**)	(+/-) Translation adjustments/ Exchange fluctuation	Balance at 12/31/2020
Rentals	1,703,933	209,038	218,887	142,832	(461,478)	10,840	1,824,052
Rentals subject to purchase option	35,428	-	-	5,267	(2,360)	-	38,335
<b>Total</b>	<b>1,739,361</b>	<b>209,038</b>	<b>218,887</b>	<b>148,099</b>	<b>(463,838)</b>	<b>10,840</b>	<b>1,862,387</b>

	Balance at 01/01/2019	(-) Adjustment - Change in rate	(+) Remeasurme nt	(+/-) New contracts / Ended contracts	(+) Lease charges	(-) Lease considerati on amounts	(+/-) Translation adjustmen ts/ Exchange fluctuation	Balance at 12/31/2019 (*)
Rentals	1,993,746	(280,650)	68,916	159,056	136,504	(373,565)	(74)	1,703,933
Rentals subject to purchase option	33,940	-	-	-	4,423	(2,935)	-	35,428
<b>Total</b>	<b>2,027,686</b>	<b>(280,650)</b>	<b>68,916</b>	<b>159,056</b>	<b>140,927</b>	<b>(376,500)</b>	<b>(74)</b>	<b>1,739,361</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

(\*\*) The Management Company elected the practical expedient (further details Note 5.3) and recognized in result consideration discounted amounting to R\$ 104,488 – Parent Company and R\$ 128,927 consolidated.

19.4 FUTURE COMMITMENTS

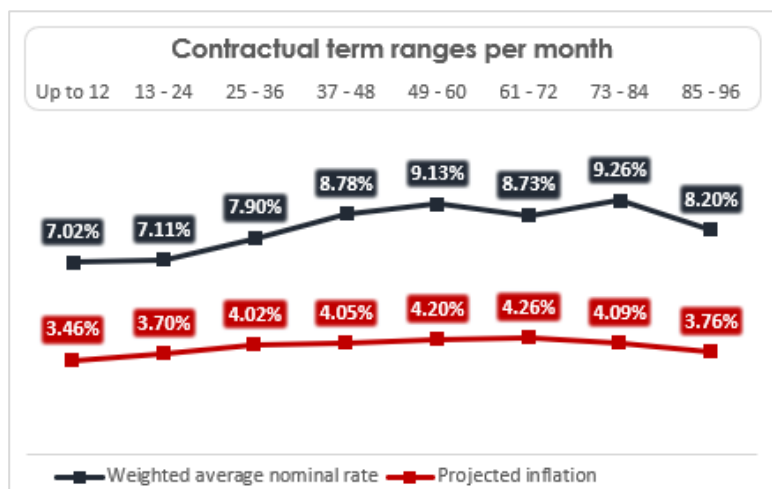


19.4.1 Additional information

In order to comply with CVM SNC/SEP Memorandum No. 02/2019, we disclosed the minimum inputs for projecting the nominal rate and nominal cash flow model recommended by the CVM.

The nominal discount rate corresponds to B3 S.A. - Brasil, Bolsa, Balcão - future market quotations reference in DI vs. Pre + risk spread for funding at amounts that represent total investments for the opening of new stores.

Projected inflation quotations use the same discount rate criterio and are stated from cash flow calculation purposes, as shown in the graph beside.



See below the payment flow in accordance with the weighted average term, which corresponds to the respective rates presented in the graph above.

Weighted average period (months) (*)	Contractual flow	Consolidated				
		2021	2022	2023	2024	2025 onwards
Up to 12	2,805	1,962	843	-	-	-
13-24	155,799	103,377	48,385	4,037	-	-
25-36	459,260	133,738	137,740	110,947	52,688	24,147
37-48	387,533	73,626	73,941	74,410	74,507	91,049
49-60	597,798	72,939	78,925	79,311	79,323	287,300
61-72	1,034,819	104,899	113,149	113,277	113,530	589,964
73-84	23,648	2,097	2,097	2,097	2,097	15,260
85-96	58,099	4,277	4,277	4,277	4,277	40,991
>97 months (**)	193,097	5,238	3,214	4,556	4,678	175,411
<b>Total</b>	<b>2,912,858</b>	<b>502,153</b>	<b>462,571</b>	<b>392,912</b>	<b>331,100</b>	<b>1,224,122</b>

(\*) The Company calculated the weighted average term of the contractual flow for the purpose of rate quotation, as the contracts have monthly amortizations, reducing the average term of the operation and risk to the creditor.

(\*\*) Refers to the future contractual lease flow with a purchase option that has an implied discount rate of 8.81% p.a. signed in July 2012 for the administrative headquarters building.

On December 31, 2020, the potential credit of PIS and COFINS about the contractual gross flow is R\$ 269,439 and when adjusted to present value using the weighted average term is R\$ 185,058.

## 20 SUPPLIERS

### 20.1 ACCOUNTING POLICY

Installment purchase transactions were adjusted to present value at transaction date. The discount rate used for adjusting inventory balances to present value is the average discount rate observable in the market informed by the Central Bank of Brazil for trade notes. The rate used was of 1.14% p.m. (0.99% p.m. at December 31, 2019, when the weighted average cost of capital was used). Present value adjustment is recorded in suppliers and its reversal is matched against cost of sales, due to fruition of term in the case of suppliers. Suppliers are measured at amortized cost, using the effective interest rate method.

### 20.2 BREAKDOWN

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
		Restated (*)		Restated (*)
Suppliers - commercial	884.405	742.264	1.012.465	822.149
Adjustment to present value	(7.688)	(4.805)	(9.143)	(5.212)
Suppliers – use and consumption	392.694	189.993	455.390	233.572
Rents payable	34.429	25.919	41.643	31.276
<b>Total</b>	<b>1,303,840</b>	<b>953,371</b>	<b>1,500,355</b>	<b>1,081,785</b>
Current liabilities	1,208,337	953,371	1,404,852	1,081,785
Noncurrent liabilities	95,503	-	95,503	-
<b>Total</b>	<b>1,303,840</b>	<b>953,371</b>	<b>1,500,355</b>	<b>1,081,785</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.

On December 31, 2020, pre-payments made to suppliers whose original maturity was subsequent to this date totaled R\$ 209,288 (R\$ 278,951 at December 31, 2019). The discounts obtained from these pre-payments, for being related to supply of goods, are recorded as reduction of the cost of sales.

The Parent Company has a confirming agreement with Santander and Bradesco to manage its commitments with suppliers, which remain as "Suppliers" until this obligation is terminated with a balance of R\$ 58,960 at December 31, 2020 (R\$ 47,217 at December 31, 2019). The composition of the operation's balance was reviewed, and it was concluded that there was no change in terms, prices or conditions and – as there are no impacts due to the charges practiced by the financial institution – the operation is shown in the "Suppliers" account.

To honor the Company's commitment with its supplier chain, the management took certain measures to mitigate the impacts of Covid-19, such as not changing the payment policy adopted and maintaining the receivable operations with all resale suppliers.

## 20.2.1 Changes in adjustment to present value of suppliers

	Parent Company	Consolidated
<b>Balance at January 1, 2019</b>	<b>(4,548)</b>	<b>(4,966)</b>
Additions	(67,471)	(72,105)
Write-offs	67,214	71,859
<b>Balance at December 31, 2019</b>	<b>(4,805)</b>	<b>(5,212)</b>
Additions	(63,520)	(68,723)
Write-offs	60,637	64,792
<b>Balance at December 31, 2020</b>	<b>(7,688)</b>	<b>(9,143)</b>

## 21 TAX OBLIGATIONS

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Income tax and social contribution	91,895	164,355	93,983	299,927
ICMS payable	198,906	206,240	214,857	219,155
Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and Social Security Financing (COFINS)	57,772	80,830	64,658	92,701
Taxes payable - Foreign subsidiaries	-	-	4,900	1,684
Other taxes	17,747	15,552	24,532	23,256
<b>Total</b>	<b>366,320</b>	<b>466,977</b>	<b>402,930</b>	<b>636,723</b>

## 22 SOCIAL AND LABOR OBLIGATIONS

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Salaries payable	39,816	40,873	47,944	49,448
Employee profit sharing	23,175	91,815	24,203	93,239
Provision for vacation pay and bonus	66,186	71,350	80,224	82,932
Social charges	64,226	72,510	74,445	81,263
<b>Total</b>	<b>193,403</b>	<b>276,548</b>	<b>226,816</b>	<b>306,882</b>

## 23 PROVISION FOR TAX, CIVIL AND LABOR RISKS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### 23.1 ACCOUNTING POLICY

The Company and its subsidiaries are party to tax, labor and civil lawsuits and administrative proceedings ongoing, arising in the normal course of operations and based on legal advisors' opinion, management set up a provision considered sufficient to cover estimated losses.

#### 23.1.1 Tax provisions

These provisions take into consideration individuality of each process, classification of loss, and internal and external legal advisors' evaluation. For proceedings classified as possible loss, the management records a provision at the estimated amounts of court costs and attorney fees based on the history incurred and current contractual bases negotiated with its legal advisors, because the future disbursements of funds is likely. For proceedings rated as probable loss, provisions are recorded in the full amount of the risk measured.

#### 23.1.2 Civil and labor provisions

Civil and labor provisions are periodically reviewed, considering the development of lawsuits, and the history of effectively settled amounts since an outflow of funds is likely in order to comply with these obligations.

## 23.2 BALANCES AND CHANGES IN THE PROVISION FOR TAX, CIVIL AND LABOR RISKS

	Parent Company				
	Civil	Labor	Tax	Judicial deposits	Total
<b>Balance at December 31, 2019</b>	<b>22,996</b>	<b>34,918</b>	<b>29,712</b>	<b>(6,281)</b>	<b>81,345</b>
Provisions/reversals	5,206	21,834	(4,179)	392	23,253
Restatement	-	-	558	199	757
<b>Balance at December 31, 2020</b>	<b>28,202</b>	<b>56,752</b>	<b>26,091</b>	<b>(5,690)</b>	<b>105,355</b>
Current liabilities	23,944	28,160	-	-	52,104
Noncurrent liabilities	4,258	28,592	26,091	(5,690)	53,251
<b>Total</b>	<b>28,202</b>	<b>56,752</b>	<b>26,091</b>	<b>(5,690)</b>	<b>105,355</b>

	Consolidated				
	Civil	Labor	Tax	Judicial deposits	Total
<b>Balance at December 31, 2019</b>	<b>30,868</b>	<b>36,767</b>	<b>35,499</b>	<b>(11,018)</b>	<b>92,116</b>
Provisions/reversals	10,037	22,237	(3,322)	393	29,345
Restatement	-	-	636	199	835
<b>Balance at December 31, 2020</b>	<b>40,905</b>	<b>59,004</b>	<b>32,813</b>	<b>(10,426)</b>	<b>122,296</b>
Current liabilities	36,647	30,412	-	-	67,059
Noncurrent liabilities	4,258	28,592	32,813	(10,426)	55,237
<b>Total</b>	<b>40,905</b>	<b>59,004</b>	<b>32,813</b>	<b>(10,426)</b>	<b>122,296</b>

Most significant tax provisions refer to:

- Disallowance of ICMS credit right in acquisitions from suppliers considered disreputable;
- Disallowance of ICMS credit right on energy, acquisitions of goods, rate difference, among others;
- Increase in SAT (Occupational Accident Insurance) rate and establishment of FAP (Accident Prevention Factor);
- Disallowance of expense with payment of interest on equity of prior years; and
- Requirement of INSS/IRRF on non-salary portions.

Regarding civil and labor provisions, the Company and its subsidiaries are party to civil and labor lawsuits that have consumption-related nature with different objects.

Management analyzed the impacts of Covid-19 and concluded that there are no factors that indicate the necessity of increase the provision for tax, civil and labor contingencies.

## 23.3 CONTINGENT TAX LIABILITIES

According to our legal advisors, contingent liabilities plus interest and inflation adjustment are as follows:

Nature	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Tax	322,887	279,148	355,549	290,693

Significant lawsuits related to contingent liabilities as of December 31, 2020 and December 31, 2019 are as follows:

- ICMS – Disreputable suppliers – Proceedings related to supposed undue credit-taking of ICMS related to the acquisition of goods from suppliers considered disreputable by the tax authorities. The restated amount of the lawsuits was R\$ 168,572 – Parent Company and R\$ 171,245 - Consolidated (R\$ 138,440 – Parent Company and R\$ 138,705 - Consolidated at December 31, 2019).
- Social Security Tax (INSS)/Withholding Income Tax (IRPF) non-wage installments – Refers to tax assessment notices filed for charging social security contribution on amounts considered by the Company as not taxable as well as application of ex-officio fine because the income tax was not withheld on amounts. The notice relating to INSS was ended in the administrative phase and is now subject to a debt

annulment action. The restated amount of the lawsuit was R\$ 38,143 - Parent Company and Consolidated (R\$ 37,544 – Parent Company and Consolidated at December 31, 2019).

- c) Corporate Income Tax (IRPJ)/Social Contribution Tax on Net Profit (CSLL) - Interest on equity of formers years (JSCP) – Tax collection claim referring to IRPJ/CSLL, on disallowance of expenses with payment of JSCP. The restated amount was R\$ 28,252 – Parent Company and Consolidated (R\$ 26,883 - Parent Company and Consolidated at December 31, 2019).
- d) ICMS - Disallowance of third-party credits - Disallowance of ICMS credits acquired from third parties in Rio de Janeiro State. The restated amount was R\$ 19,375 - Parent Company and Consolidated (R\$ 19,132 - Parent Company and Consolidated at December 31, 2019).
- e) ICMS – inventory breakage – Refers to tax assessment notices and tax enforcements for collection of ICMS deriving from differences in tax and accounting inventories calculated through survey of inventory quantities. The restated amount of the lawsuits was R\$ 24,251 - Parent Company and R\$ 25,762 - Consolidated (R\$ 20,969 - Parent Company and R\$ 22,428 - Consolidated at December 31, 2019).
- f) ICMS - Centralization – ICMS delinquency notices received in January 2020 deriving from alleged errors in centralization of debt balances of establishments centralized in a centralizing establishment. The restated amount was R\$ 19,054 in the Consolidated as at December 31, 2020.
- g) Other contingent liabilities with the restated amount totaling R\$ 44,294 in the Parent Company and R\$ 53,718 in Consolidated (R\$ 36,180 in the Parent Company and R\$ 45,001 in the Consolidated at December 31, 2019) refer to various matters in the federal, state and municipal spheres.

### 23.4 CONTINGENT CIVIL AND LABOR LIABILITIES

For civil and labor lawsuits, the history of obligations effectively settled is considered, since they refer to massified civil lawsuits of a consumer civil nature and of diverse labor natures, whose proceeding amounts frequently do not reflect contingency value. Thus, the provision corresponds to exposure to this kind of risk.

### 23.5 CONTINGENT ASSETS

Camicado's proceeding was awarded a favorable decision by the Federal Regional Court of the 3<sup>rd</sup> Chapter, expressly recognizing the 5-year statute of limitations (the action was judged in March/2017 and its effects retroact to April/2012) and defining that "ICMS to be excluded from the PIS/COFINS base is the amount informed in the invoice". In light of this decision, the federal government filed an appeal with the Brazilian Supreme Court (STF) and the proceeding is currently suspended, awaiting the leading case to be defined in STF. Since this proceeding is still pending a final court decision, it is not possible to recognize the asset related to credits to be surveyed beginning as of 5 years preceding the filing of lawsuits up to March 2017 (Brazilian Supreme Court - STF decision date), estimated at R\$ 15,829. The amounts referring to calculation periods from March 2017 onwards, whose likelihood of an unfavorable outcome is rated as remote by Company legal advisors, have been recorded in P&L since then.

### 23.6 CVM/SNC/SEP MEMORANDUM CIRCULAR 01/2021 - PIS AND COFINS TAX CREDITS ON INPUTS

Based on the High Court of Justice (STJ) decision on Appeal to the High Court REsp 1.221.170/PR, which defined the concept of input for PIS and COFINS credit calculation purposes, taking into consideration the criteria relating to the essential nature or significance of the expense for the development of the taxpayer's economic activity, and prior decisions issued by the Board of Tax Appeals (CARF), by means of its Higher Board, subsequently to STJ decision, ensuring the right to PIS and COFINS credits on inputs for taxpayers primarily engaged in distribution and resale of goods (Decision 9303007.702), the Company recorded PIS and COFINS credits relating to expenses considered essential or significant for its activity amounting to R\$ 22,113 (R\$ 7,546 in other operating income (expenses) and R\$ 14,567 in selling expenses) as compared with R\$ 10,078 in 2019 (R\$ 6,050 in other operating income (expenses) and R\$ 4,028 in selling expenses) (Notes 34.1 and 34.3). Given the opinion of Company legal advisors, in the sense that the likelihood of an outflow of funds due to recording of such credits is possible or remote, no provision was set up, under the terms of CPC 25//IAS 37.

## 24 FINANCIAL INSTRUMENTS

Pursuant to internal policy approved by management, derivative financial instruments are entered into in order to hedge the currency risk taken in import orders, PPE and foreign borrowings. The classification of its non-derivative financial assets and liabilities is determined upon initial recognition, pursuant to the business model in which the asset is managed and its contractual cash flow characteristics under CPC 48/IFRS 9. Financial liabilities are measured according to their nature and purpose.

## 24.1 ACCOUNTING POLICY

Derivatives are recognized at fair value through other comprehensive income, except Swaps: The fair values of derivative financial instruments are determined based on the macro-economic scenario indicators. The method for recognizing the resulting gain or loss depends on whether the derivative is or is not designated as a hedge instrument. If so, the method depends on the nature of the item that is being hedged. The Company adopts hedge accounting and assigns forward contracts (NDF) as cash flow hedge. Early in each transaction, the relationship between the hedge instruments and the hedge-protected items is documented, risk management objectives, strategy for conducting several hedge transactions and Company's evaluation on early and continued basis of the economic relation between the instrument and hedged item.

### 24.1.1 Cash flow hedge

The Company applies cash flow hedge accounting to protect itself against exchange-rate change risk deriving from import orders not yet paid. The effective portion of the change in the fair value of designated derivatives and qualified as cash flow hedge, and not settled, is recognized in equity as "Equity valuation adjustments" in other comprehensive income. This portion is realized upon elimination of risk for which derivative was contracted. Upon settlement of financial instruments, gains and losses previously deferred in equity are transferred from and included in initial measurement of asset's cost.

### 24.1.2 Swap

In swap transactions not designed for hedge accounting, gains or losses are recognized in finance income (costs).

## 24.2 FINANCIAL INSTRUMENTS BY CATEGORY

### 24.2.1 Parent Company

	Amortized cost	Fair value	Fair value through other comprehensive income (*)	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	1,761,439	-	1,761,439
Interest-earning bank deposits	-	139,212	-	139,212
Trade accounts receivable	1,839,223	-	-	1,839,223
Derivative financial instruments (hedge)	-	-	4,896	4,896
<b>Financial liabilities</b>				
Derivative financial instruments (hedge)	-	-	(30,327)	(30,327)
Borrowings, financing and debentures	(2,383,644)	(199,915)	-	(2,583,559)
Leases payable	(1,531,647)	-	-	(1,531,647)
Suppliers	(1,303,840)	-	-	(1,303,840)
Obligations with credit card administrators	(15,711)	-	-	(15,711)
<b>Balance at December 31, 2020</b>	<b>(3,395,619)</b>	<b>1,700,736</b>	<b>(25,431)</b>	<b>(1,720,314)</b>

	Amortized cost	Fair value	Fair value through other comprehensive income (*)	Total
<b>Financial assets</b>				
Cash and cash equivalents (**)	-	844,755	-	844,755
Interest-earning bank deposits (**)	-	167,099	-	167,099
Trade accounts receivable	1,912,774	-	-	1,912,774
Derivative financial instruments (hedge)	-	-	4,244	4,244
<b>Financial liabilities</b>				
Derivative financial instruments (hedge)	-	-	(6,680)	(6,680)
Borrowings, financing and debentures	(724,522)	(275,958)	-	(1,000,480)
Financing - financial service operations	(37,740)	-	-	(37,740)
Leases payable (**)	(1,434,424)	-	-	(1,434,424)
Suppliers (**)	(953,371)	-	-	(953,371)
Obligations with credit card administrators	(26,919)	-	-	(26,919)
<b>Total at December 31, 2019</b>	<b>(1,264,202)</b>	<b>735,896</b>	<b>(2,436)</b>	<b>(530,742)</b>

## 24.2.2 Consolidated

	Amortized cost	Fair value	Fair value through other comprehensive income (*)	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	2,066,781	-	2,066,781
Interest-earning bank deposits	-	605,572	-	605,572
Trade accounts receivable	3,811,668	-	-	3,811,668
Derivative financial instruments (hedge)	-	-	5,435	5,435
<b>Financial liabilities</b>				
Derivative financial instruments (hedge)	-	-	(31,428)	(31,428)
Borrowings, financing and debentures	(2,383,644)	(239,370)	-	(2,623,014)
Financing - financial service operations	(761,965)	-	-	(761,965)
Leases payable	(1,862,387)	-	-	(1,862,387)
Suppliers	(1,500,355)	-	-	(1,500,355)
Obligations with credit card administrators	(1,193,168)	-	-	(1,193,168)
<b>Balance at December 31, 2020</b>	<b>(3,889,851)</b>	<b>2,432,983</b>	<b>(25,993)</b>	<b>(1,482,861)</b>

	Amortized cost	Fair value	Fair value through other comprehensive income (*)	Total
<b>Financial assets</b>				
Cash and cash equivalents (**)	-	980,954	-	980,954
Interest-earning bank deposits (**)	-	391,348	-	391,348
Trade accounts receivable	3,825,961	-	-	3,825,961
Derivative financial instruments (hedge)	-	-	4,382	4,382
<b>Financial liabilities</b>				
Derivative financial instruments (hedge)	-	-	(7,764)	(7,764)
Borrowings, financing and debentures	(776,626)	(377,037)	-	(1,153,663)
Financing - financial service operations	(344,110)	(147,256)	-	(491,366)
Leases payable (**)	(1,739,361)	-	-	(1,739,361)
Suppliers (**)	(1,081,785)	-	-	(1,081,785)
Obligations with credit card administrators	(985,298)	-	-	(985,298)
<b>Total at December 31, 2019</b>	<b>(1,101,219)</b>	<b>848,009</b>	<b>(3,382)</b>	<b>(256,592)</b>

(\*) Fair value through other comprehensive income, pursuant to CPC 48/ IFRS 9 classification.

(\*\*) Restatement of comparative balances due to the change in the accounting policy for leases and exclusive investment funds, as described in Notes 3.6.1.1 and 3.6.1.2.

## 24.3 FAIR VALUE MEASUREMENT AND HIERARCHY

The discounted cash flow method is used to measure fair value of financial assets and liabilities, whose assumption is present value of estimated cash flows based on future market quotations. For financial assets and liabilities whose book balances are reasonably close to fair value, fair values are not determined, as established in CPC 40/ IFRS 7.

Management assessed the matters relating to the impacts of Covid-19 and concluded that future variations in CDI, inflation and US dollar quotation are already comprised in the methodology for calculating the fair value of financial instruments reflected in the equity position of financial assets and liabilities.

The Company measures fair value of debentures and financing – financial service operations – for disclosure purposes.

### 24.3.1 Parent Company

Financial assets and liabilities	12/31/2020		12/31/2019	
	Fair value	Book balance	Fair value	Book balance
Debentures	(1,410,113)	(1,419,097)	(707,982)	(710,959)
Working capital – Law 4131 Bacen – in Reais	(313,300)	(313,740)	-	-
Working capital – Bank Credit Notes	(659,539)	(650,807)	-	-
Financing - financial service operations	-	-	(37,740)	(37,740)
<b>Total</b>	<b>(2,382,952)</b>	<b>(2,383,644)</b>	<b>(745,722)</b>	<b>(748,699)</b>

### 24.3.2 Consolidated

Financial assets and liabilities	12/31/2020		12/31/2019	
	Fair value	Book balance	Fair value	Book balance
Debentures	(1,410,113)	(1,419,097)	(707,982)	(710,959)
Working capital – Law 4131 Bacen – in Reais	(313,300)	(313,740)	-	-
Working capital – Bank Credit Notes	(659,539)	(650,807)	-	-
Financing - financial service operations	(745,768)	(761,965)	(343,857)	(344,110)
<b>Total</b>	<b>(3,128,720)</b>	<b>(3,145,609)</b>	<b>(1,051,839)</b>	<b>(1,055,069)</b>

Financial assets and liabilities of the Company are classified in “Level 2” of the fair value hierarchy versus book balances.

Level 2 - Inputs that are observable for assets or liabilities, whether directly or indirectly, except for prices quoted (not adjusted) in active markets for identical assets or liabilities to which the Company may have access on the measurement date.

### 24.4 DERIVATIVE FINANCIAL INSTRUMENTS

Management of these instruments is based on operating strategies, aimed at liquidity, profitability and security. Foreign currency exchange, Non-Deliverable Forward (NDF) and Swap contracts are used as a hedging instrument for its exposure to volatility of foreign currency exchange and investments in derivatives or any other financial instruments are not made for speculation purposes. Breakdown of derivatives is segregated between items designated to hedge accounting (cash flow hedge) and not designated to hedge accounting:

Description of derivatives	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Designated for hedge</b>				
<i>NDF (Import orders)</i>	(25,431)	(2,436)	(25,993)	(3,381)
<b>Not designated for hedge</b>				
<i>Exchange rate swap</i>	47,662	(2,115)	63,328	(2,955)
<b>Total</b>	<b>22,231</b>	<b>(4,551)</b>	<b>37,335</b>	<b>(6,336)</b>

Swaps are stated in the balance of borrowings, financing and debentures (Note 17.2) and financing - financial service operations (Note 18.1), whereas they are in compliance with CPC 40/ IFRS 7.

#### 24.4.1 Derivatives for hedge accounting

##### 24.4.1.1 NDF (Non-Deliverable Forward)

Maturity dates	Hedge Instrument			Transaction	Hedged item	Estimated maturity
	Currency	Notional amount	Fair value (*)			
01/29/2021 to 09/30/2021	USD	120,267	(28,558)	Goods import order	01/29/2021 to 09/30/2021	
01/29/2021 to 08/31/2021	EUR	19,500	3,127	Contract for import of fixed assets	01/29/2021 to 08/31/2021	
<b>Total – Parent Company</b>		<b>139,767</b>	<b>(25,431)</b>			
03/31/2021 to 08/31/2021	USD	14,380	(562)	Goods import order	03/31/2021 to 08/31/2021	
<b>Total - Consolidated</b>		<b>154,147</b>	<b>(25,993)</b>			

(\*) Non-Deliverable Forward methodology is the cash flow discount in projections from “B3 S.A.- Brasil, Bolsa e Balcão”.

During the year, NDF transactions used to hedge the cash flow risk of import orders were effective and complied with the levels established by CPC 48/IFRS 9.

## 24.4.1.2 Cash flow

The cash flows related to import orders of goods for resale are initially recorded in inventories and subsequently throughout the operation, in profit or loss as a cost of goods sold.

The cash flow from the import orders of future operations exposed to foreign currency hedged by derivatives as it is shown next:

	Consolidated			Total
	Within 3 months	4-6 months	7-12 months	
Resale goods import orders	464,033	215,482	19,061	698,576
<b>Notional amount - US\$</b>	<b>89,440</b>	<b>41,533</b>	<b>3,674</b>	<b>134,647</b>

Expected dollar rate for the next disclosure: R\$ 5,1882

	Consolidated			Total
	Within 3 months	4-6 months	7-12 months	
Contract for import of fixed assets	80,507	-	44,087	124,594
<b>Notional amount - EUR</b>	<b>12,600</b>	<b>-</b>	<b>6,900</b>	<b>19,500</b>

Expected Euro rate for the next disclosure: R\$ 6,3895

## 24.4.2 Derivatives not for hedge accounting

## 24.4.2.1 Swaps

Instrument	Maturity	Receivables	Payables	Notional amount	Amount receivable (payable)	
					12/31/2020	12/31/2019
<b>Exchange rate swap</b>						
Working capital – Law 4131	-	-	-	-	-	5,546
Working capital – Law 4131	-	-	-	-	-	(7,661)
Working capital – Law 4131	01/2021	US\$ + 2.5699%	108.6% CDI	US\$ 7.600	7,433	-
Working capital – Law 4131	01/2021	US\$ + 0.7597%	112.0% CDI	US\$ 40.000	40,229	-
<b>Total – Parent Company</b>					<b>47,662</b>	<b>(2,115)</b>
<b>Exchange rate swap</b>						
Working capital – Law 4131	01/2021	US\$ + 3.6994%	106.95% CDI	US\$ 10.515	15,666	3,281
Working capital – Law 4131	-	-	-	-	-	(4,426)
Working capital – Law 4131	-	-	-	-	-	305
<b>Total - Consolidated</b>					<b>63,328</b>	<b>(2,955)</b>

## 24.4.3 Changes in swaps

	Parent Company	Consolidated
<b>Balance at January 1, 2019</b>	<b>37,181</b>	<b>39,833</b>
Swap adjustment payment	2,855	4,978
Swap adjustment receipt	(33,580)	(41,773)
Change in fair value	(8,571)	(5,993)
<b>Balance at December 31, 2019</b>	<b>(2,115)</b>	<b>(2,955)</b>
Swap adjustment payment	3,555	3,715
Swap adjustment receipt	(122,289)	(288,794)
Change in fair value	168,511	351,362
<b>Balance at December 31, 2020</b>	<b>47,662</b>	<b>63,328</b>

## 24.5 CREDIT RISK

Rating - National Scale	Consolidated	
	12/31/2020	12/31/2019
brAAA	40,283	13,855
brA+	5,435	-
brA-	23,045	-
<b>Total - Derivative financial instrument (assets)</b>	<b>68,763</b>	<b>13,855</b>

According to the major risk rating agencies, in the table beside are shown the ratings of credit risk of derivative financial instruments.

## 25 OTHER OBLIGATIONS

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Prepaid revenues (i)	247	1,439	27,278	32,001
Obligations with customers (ii)	31,952	23,749	98,639	51,637
Obligations related to transactions w/ insurance (iii)	7	2,143	6,080	8,411
Transfer of operation of financial products (iv)	7,980	3,117	-	-
Acquisition of ICMS credits (v)	13,999	13,245	14,083	13,458
Marketplace partners (vi)	-	-	4,694	1,041
Other obligations (vii)	10,386	12,164	19,865	11,976
<b>Total</b>	<b>64,571</b>	<b>55,857</b>	<b>170,639</b>	<b>118,524</b>
Current liabilities	64,571	55,610	145,835	94,413
Noncurrent liabilities	-	247	24,804	24,111
<b>Total</b>	<b>64,571</b>	<b>55,857</b>	<b>170,639</b>	<b>118,524</b>

- i) Advance of payroll agreements from financial institution, insurance exclusivity premiums with the insurance company and Co-branded card ("Meu Cartão") incentive premium.
- ii) Balances in favor to clients (credits may be used as payment for purchases in the Company) and goods bought from bridal registries, but not yet delivered.
- iii) Advances related to insurance operations related to exclusivity contract and insurance premiums paid by clients to be transferred to the insurance company.
- iv) Transfers referring to Renner card operations with Realize CFI and transfers from Camicado's sales.
- v) Balances payable corresponding to the acquisition of ICMS credits.
- vi) Transfers to sales people for marketplace services at Camicado.
- vii) Balances payable corresponding to royalties, payroll advance borrowings, among others.

## 26 TRANSACTIONS WITH RELATED PARTIES

The Parent Company, subsidiaries and related persons perform transactions among themselves, related to the financial, business and operational aspects of the Company. Most significant transactions are as follows:

## 26.1 PARENT COMPANY'S CONTEXT

## 26.1.1 Rent agreements

In August 2018, we updated rent agreements by means of an addendum with subsidiary Dromegon referring to the buildings of the stores located in downtown Porto Alegre, Santa Maria and Pelotas, effective for ten years, which may be renewed. Amounts were set at 4.29%, 4% and 4%, respectively, on gross monthly sales of stores.

## 26.1.2 Quick withdrawal extension service agreement

The Company offers Renner's customers financial services by means of its indirect subsidiary, Realize CFI and is a party in the transaction through its operating infrastructure, providing bank correspondent product services.

## 26.1.3 Use of Renner Card and Co-branded card ("Meu Cartão") in Camicado

One of the main synergy drivers in Camicado is the acceptance of Renner Card (CCR) and Co-branded card ("Meu Cartão").

## 26.1.4 Renner Credit Card Operations - Realize

Since April 2019, in line with the reorganization strategy and business specialization, the sales through the Renner Credit Card (*Private Label*) started being recorded in indirect subsidiary Realize CFI.

### 26.1.5 Agreement to apportion corporate costs and expenses

To optimize the corporate structure, Lojas Renner and its subsidiaries entered into agreements among themselves to share their structures, mainly focused on sharing *back-office* and corporate structures. For foreign subsidiaries, the sharing of corporate expenses is charged by the parent company in the form of service exports.

### 26.1.6 Import intermediation

The Parent Company carries out commercial transactions with its subsidiary LRS, which operates as an import intermediary, in line with the strategy of approximation and development of international base of suppliers. Revenue from intermediation commission was recognized at a price compatible with market conditions.

### 26.1.7 Export of goods

The Parent Company carries out commercial transactions with its subsidiaries LRU and LRA related to the export of goods for building inventories for retail transactions in these countries, priced considering market conditions.

### 26.1.8 Purchase of ICMS credits

On May 29, 2019, a pledge agreement was granted for the assignment of ICMS credits in the amount of R\$ 9,446 on behalf of subsidiary Camicado to the Parent Company, which paid the present value of R\$ 9,109 using a rate of 0.5% per month. These tax credits are in the process of approval for qualification with the Treasury Department of the State of São Paulo for transfer to the Parent Company, at which time the effect arising from the negative goodwill of this operation will be recognized. On May 20, 2020, this agreement was amended to change the taxable event and the term for the credits to be transferred between interdependent companies to March 15, 2021.

### 26.1.9 Guarantees

The parent company figures as guarantor and is jointly liable for certain financial transactions performed by subsidiaries. As at December 31, 2020 and 2019, guarantees were as follows:

	12/31/2020	12/31/2019
<b>Camicado</b>		
Fundo do Nordeste (FNE)	-	685
Foreign currency borrowings – Law 4131	39,455	31,803
Secured account	-	51,420
<b>Youcom</b>		
Foreign currency borrowings – Law 4131	-	26,134
<b>Realize CFI</b>		
Financial bills	315,203	306,370
Bank Credit Notes	51,270	-
Interbank Deposit Certificates	103,850	-
Foreign currency financing	-	147,256
Guaranteed account	-	37,740
<b>Total</b>	<b>509,778</b>	<b>601,408</b>

## 26.2 CONSOLIDATED CONTEXT

### 26.2.1 Agreements or other significant obligations between the Company and its management members

According to Chapter IV, art. 13 of its [Bylaws](#), Company management is incumbent upon the Board of Directors and management members are described in for a term of office drafted in a book, signed by the invested management member, not requiring any guarantee of management, and conditioned to the prior signature of the Statement of Compliance of Management Members regarding the Novo Mercado Listing Rules.

The Board of Directors, elected at Shareholders' Meeting, have unified terms of office of one year, re-election being permitted. The Board members in office are automatically considered appointed for re-election by their joint proposal. The Executive Board, with members who are elected and removable at any time by the Board of Directors, has a two-year term, with reelection permitted. It is related to the company through a service agreement, the remuneration of which comprises a fixed component adjusted annually according to the INPC index and a variable component according to the Company's financial performance.

**26.2.2 Compensation of the members of the Board of Directors and Executive Board (the "Management")**

Pursuant to Corporation Law and the Company's [Bylaws](#), it is the responsibility of shareholders, at an Annual Shareholders' Meeting, to set the total annual compensation amount of the key management personnel, and of the Board of Directors to distribute the allowance among the management members after considering the Committee of Persons' opinion.

The Annual Shareholders' Meeting held on April 29, 2020, approved the management members' overall compensation limit up to R\$ 38,800 for 2020. This amount consists of funds that include fixed compensation of management members, variable compensation, which considers the participation in meetings and statutory participation (article 34 of the Bylaws and paragraph 1 of article 152 of Law 6404/76), and the cost of the stock option and the restricted share plan 30 and 31). These amounts are summarized as follows:

	Parent Company		Consolidated	
	2020	2019	2020	2019
Management compensation	(19,959)	(17,535)	(21,275)	(18,503)
Management participation	(1,363)	(5,855)	(1,363)	(5,855)
Stock option plan	(11,101)	(9,919)	(11,101)	(9,919)
Restricted share plan	(2,528)	(3,828)	(2,528)	(3,828)
<b>Total</b>	<b>(34,951)</b>	<b>(37,137)</b>	<b>(36,267)</b>	<b>(38,105)</b>

Total management compensation is impacted by operating and financial indicators in the Company's profit or loss.

## 26.3 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

## 26.3.1 ACCOUNTING POLICY

Intercompany transactions including balances, and unrealized gains and losses deriving from such transactions, are eliminated. The accounting policies of the subsidiaries are consistent with the practices adopted by the parent company. The main balances in the statement of financial position and P&L relating to transactions with related parties arise from transactions under usual market and contractual conditions.

## 26.3.2 Balances with related companies

Operations - Assets (liabilities)	RACC	Dromegon	Camicado	Youcom	LRS	Realize Participações S.A.	LRU	LRA	Realize CFI	Total
<b>Accounts receivable</b>										
Export of goods for resale	-	-	-	-	-	-	22,748	15,736	-	<b>38,484</b>
Co-branded card ("Meu Cartão") operations	-	-	-	-	-	-	-	-	359,772	<b>359,772</b>
Renner credit card (New Private Label)	-	-	-	-	-	-	-	-	810,639	<b>810,639</b>
<b>Other assets</b>										
Renner credit card	-	-	-	-	-	-	-	-	1,836	<b>1,836</b>
<b>Credit with related parties</b>										
Sharing of expenses/provision of services	170	6	692	570	1,358	4	415	7,466	8,892	<b>19,573</b>
<b>Debits with related parties</b>										
Sharing of expenses	-	-	-	-	(235)	-	-	-	-	<b>(235)</b>
Rents payable	-	(874)	(23)	-	(313)	-	-	-	-	<b>(1,210)</b>
<b>Obligations with credit card administrators</b>										
Co-branded card ("Meu Cartão") operations	(1,377)	-	-	-	-	-	-	-	(14,334)	<b>(15,711)</b>
<b>Other obligations</b>										
Renner credit card operations (Private Label)	-	-	-	-	-	-	-	-	(7,980)	<b>(7,980)</b>
<b>Total at December 31, 2020</b>	<b>(1,207)</b>	<b>(868)</b>	<b>669</b>	<b>570</b>	<b>810</b>	<b>4</b>	<b>23,163</b>	<b>23,202</b>	<b>1,158,825</b>	<b>1,205,168</b>

Operations - Assets (liabilities)	RACC	Dromegon	Camicado	Youcom	LRS	Realize Participações S.A.	LRU	LRA	Realize CFI	Total
<b>Accounts receivable</b>										
Export of goods for resale	-	-	-	-	-	-	15,015	14,158	-	29,173
Co-branded card ("Meu Cartão") operations	-	-	-	-	-	-	-	-	334,785	334,785
Renner credit card (New Private Label)	-	-	-	-	-	-	-	-	943,091	943,091
<b>Other assets</b>										
Renner credit card	-	-	-	-	-	-	-	-	1,454	1,454
<b>Credit with related parties</b>										
Sharing of expenses/provision of services	-	-	615	1,844	1,098	4	196	-	9,562	13,319
<b>Debits with related parties</b>										
Sharing of expenses	-	12	-	-	(235)	-	-	-	-	(223)
Rents payable	-	(1,030)	(26)	-	-	-	-	-	-	(1,056)
<b>Obligations with credit card administrators</b>										
Co-branded card ("Meu Cartão") operations	(988)	-	-	-	-	-	-	-	(25,931)	(26,919)
<b>Other obligations</b>										
Renner credit card operations (Private Label)	-	-	-	-	-	-	-	-	(3,117)	(3,117)
<b>Total at December 31, 2019</b>	<b>(988)</b>	<b>(1,018)</b>	<b>589</b>	<b>1,844</b>	<b>863</b>	<b>4</b>	<b>15,211</b>	<b>14,158</b>	<b>1,259,844</b>	<b>1,290,507</b>

### 26.3.3 Transactions with related companies

Type of revenue (expense)	RACC	Dromegon	Camicado	Youcom	LRS	LRU	LRA	Realize CFI	Total
Apportionment of corporate expenses	-	77	7,302	7,249	(3,460)	-	845	39,917	51,930
Intermediation commission	-	-	-	-	(17,205)	-	-	-	(17,205)
Property rent expenses	-	(4,343)	-	-	-	-	-	-	(4,343)
Revenue from rendering of services	-	-	-	-	-	5,585	-	55,946	61,531
Export of goods and costs	-	-	-	-	-	47,785	17,768	-	65,553
<b>Total – 2020</b>	<b>-</b>	<b>(4,266)</b>	<b>7,302</b>	<b>7,249</b>	<b>(20,665)</b>	<b>53,370</b>	<b>18,613</b>	<b>95,863</b>	<b>157,466</b>
Apportionment of corporate expenses	(42)	75	7,618	6,053	(2,562)	-	-	26,596	37,738
Intermediation commission	-	-	-	-	(16,308)	-	-	-	(16,308)
Property rent expenses	-	(7,014)	-	-	-	-	-	-	(7,014)
Revenue from rendering of services	-	-	-	-	-	3,889	-	50,268	54,157
Export of goods	-	-	-	-	-	56,474	14,161	-	70,635
Return of exports	-	-	-	-	-	(3,644)	-	-	(3,644)
<b>Total – 2019</b>	<b>(42)</b>	<b>(6,939)</b>	<b>7,618</b>	<b>6,053</b>	<b>(18,870)</b>	<b>56,719</b>	<b>14,161</b>	<b>76,864</b>	<b>135,564</b>

## 27 SHAREHOLDERS' EQUITY

### 27.1 CAPITAL

The Company's authorized capital limit is 1,361,250,000 (one billion, three hundred and sixty-one million and two hundred fifty thousand) common shares, all without par value. Within the limits authorized in the Bylaws, the Company will be able to increase the capital independently of statutory reform. The Board will determine the conditions for the share issuance, including price and timeframe for payment.

According to article 40 of the Company's By-laws, any person or group of shareholders that acquires or becomes the holder of shares issued by the Company (Purchasing Shareholder) in a quantity greater than or equal to 20% of the total shares issued, shall, within 60 days after the date of acquisition, hold a Public Offering (PO) for the acquisition of all the shares, complying with provisions of CVM regulations, of the regulations of B3 and of the Company's By-laws. On December 31, 2020, no shareholder individually holds ownership interest greater than or equal to 20%.

Each common share corresponds to the right to one vote in the deliberations of the General Meeting, as well as the right to participate in the allocation of income, in the form of dividends, proposed in compliance with By-laws and in accordance with articles 190 and 202 of Law 6404/76, which establish a minimum compulsory dividend of 25% of the adjusted profit or loss.

#### 27.1.1 Changes in capital are shown below:

	Number of shares (in thousands)	Total
<b>Balance at January 1, 2019</b>	<b>720,024</b>	<b>2,637,473</b>
Capital increase, RCA on May 23, August 21, and November 21	3,532	46,111
Incorporation of capital reserves, SSM (Special Shareholders' Meeting) as of April 30	-	72,050
Share bonuses (incorporation of profit reserves)	72,002	1,040,000
<b>Balance at December 31, 2019</b>	<b>795,558</b>	<b>3,795,634</b>
Capital increase, RCA on May 21, August 08, and November 19	612	9,692
<b>Balance at December 31, 2020</b>	<b>796,170</b>	<b>3,805,326</b>

### 27.2 TREASURY SHARES

In a Board of Directors' Meeting held on March 10, 2020, the Repurchase Program relating to shares issued by the Company was approved by unanimous vote and with no restriction, subject to no capital decrease. Up to 8,000,000 (eight million) common shares may be acquired.

On December 31, 2020, treasury shares balance is R\$ 119,461 (R\$ 35,549 as of December 31, 2019), corresponding to 3,158,685 (three million, one hundred and fifty-eight thousand six hundred and eighty-five) common shares at average weighted cost of R\$ 37,82 (R\$ 19,42 as of December 31, 2019). The transfers performed refer to compliance with the Company's restricted share plan. Changes are as follows:

	Number of shares (in thousands)	Amount	Average price
<b>Balance at January 1, 2019</b>	<b>2,085</b>	<b>44,536</b>	<b>21,36</b>
Transfer of shares	(421)	(8,987)	21,35
Share bonuses	167	-	-
<b>Balance at December 31, 2019</b>	<b>1,831</b>	<b>35,549</b>	<b>19,42</b>
Transfer of shares	(672)	(13,052)	19,42
Repurchase of shares	2,000	96,964	48,48
<b>Balance at December 31, 2020</b>	<b>3,159</b>	<b>119,461</b>	<b>37,82</b>

### 27.3 CAPITAL RESERVES

#### 27.3.1 Stock option plan reserve and restricted share plan

These reserves are matched against expenses with the stock option plan and restricted shares (Notes 30 and 31), the allocation of which depends on resolution at the Special Shareholders' Meeting. As at December 31, 2020, this balance is R\$ 94,031 (R\$ 74,227 as of December 31, 2019).

### 27.4 PROFIT RESERVES

#### 27.4.1 Legal reserve

In compliance with art. 193 of Law 6404/76 and art. 34, item (a) of the Company's Bylaws, the legal reserve is set up at amount equivalent to 5% of net income for each year. As at December 31, 2020, this balance is R\$ 109,768 (R\$ 54,955 as of December 31, 2019).

### 27.4.2 Reserve for investment and expansion

This reserve is recorded as decided by the management bodies to cover the Company's expansion plan investments, as provided for in article 34, item (c) of the By-laws. Considering the impacts of Covid-19, the additional dividends proposed in RCA on January 16, 2020 amounting to R\$ 282,221 were reversed to the reserve for investment and expansion as approved in the Special Shareholders' Meeting of April 29, 2020. As at December 31, 2020, this balance is of R\$ 1,421,744 (R\$ 434,856 at December 31, 2019 - restated, pursuant to the change in accounting policy - Note 3.6.1.1).

### 27.4.3 Tax incentive reserve

The Company uses ICMS tax incentives in the form of "deemed credit," with its impacts on profit or loss. The management, in view of the publication of Supplementary Law 160/17 and in compliance with Law 6404/76, allocated these amounts as tax incentive reserve. As at December 31, 2020, this balance is R\$ 162,812 (R\$ 97,539 at December 31, 2019).

### 27.4.4 Additional dividend proposed

These are dividends proposed in addition to the mandatory minimum dividend, which were based on the distribution of 50% of net income for 2019 decided in RCA of January 16, 2020. However, in RCA of March 30, 2020, this decision was revoked, and the payment of minimum dividends of 25% of adjusted net income of fiscal year of 2019 was proposed, in line with initiatives to prepare the Company for the impacts of Covid-19 (Note 3.9). The difference referring to the amount recorded at December 31, 2019 of R\$ 282,221 was reclassified to reserve for investments and expansion. As at December 31, 2020, no proposal for additional dividends was recorded and only the balance of R\$ 191 corresponding to prior years' prescribed dividends remains (R\$ 282,546 at December 31, 2019).

## 27.5 OTHER COMPREHENSIVE INCOME (LOSS)

This refers to cumulative translation adjustments, hyperinflation adjustments and unrealized profit or loss on derivative financial instruments as equity valuation adjustments. This amount represents accumulated gains, net of taxes, of R\$ 26,905 as at December 31, 2020 (R\$ 13,189 of loss, net of taxes at December 31, 2019 - restated, pursuant to the change in accounting policy - Note 3.6.1).

## 28 DIVIDENDS AND INTEREST ON EQUITY

### 28.1 ACCOUNTING POLICY

The By-laws and corporate law establish distribution of dividends of a minimum of 25% of adjusted annual profit. If such limit was not attained by interim remunerations, we record a provision at the end of year in the amount of the mandatory minimum dividend that has not yet been distributed. Dividends exceeding this limit are segregated in a specific equity account named "Additional dividends proposed". When decided by management, interest on equity is calculated in dividends for the year. The tax benefit of interest on equity is recognized in the statement of profit or loss (Note 12.5).

### 28.2 DISTRIBUTION OF INTEREST ON EQUITY AND DIVIDENDS – YEAR 2020

The Company's management proposed the distribution of 25% of the net profit by the year complementing in R\$ 30,698, as dividends, an amount already decided in the form of interest on equity during the year. Further details are presented in Note 38.1. The sum of interest on equity, net of withholding income tax, plus dividends complies with the provisions of articles 201 and 202 of Law 6404/76 and article 36 of the Company's By-Laws.

#### 28.2.1 Adjusted calculation basis

	2020	2019
		Restated (*)
Net income of the year	1,096,269	1,086,201
(-) Legal reserve	(54,813)	(54,955)
(-) Tax incentive reserve	(65,273)	(97,539)
<b>Adjusted net income for the year</b>	<b>976,183</b>	<b>933,707</b>
Dividends proposed	271,516	546,324
(+) IRRF on interest on equity	(27,470)	(30,676)
Dividends adjusted in accordance with GSM of 04/29/2020 (**)	-	(282,221)
Adjusted dividends – change in accounting policy	-	3,224
<b>Total distributed to shareholders, net of income tax</b>	<b>244,046</b>	<b>236,651</b>

**28.2.2 Breakdown of distribution**

	2020	2019
		Restated (*)
Distributed as Interest on equity	240,818	251,957
(-) IRRF on interest on equity	(27,470)	(30,676)
Supplementation of mandatory minimum dividend	30,698	15,370
<b>Total mandatory minimum dividend</b>	<b>244,046</b>	<b>236,651</b>
(+) IRRF on interest on equity	27,470	30,676
<b>Total distributed to shareholders</b>	<b>271,516</b>	<b>267,327</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

**28.2.3 Statement of the distribution proposal**

Period	Nature	Payment	(*) Outstanding shares (thou)	R\$/share	12/31/2020	R\$/share	12/31/2019
1Q20	IOE - RCA 03/16/2020	April/2021	792,399	0.073638	58,351	0.092945	66,768
2Q20	IOE - RCA 06/18/2020	April/2021	792,431	0.070596	55,942	0.077650	61,497
3Q20	IOE - RCA 09/17/2020	April/2021	792,489	0.083344	66,049	0.078588	62,354
4Q20	IOE - RCA 12/15/2020	April/2021	793,011	0.076261	60,476	0.077278	61,338
4Q20	Dividends - RCA 01/21/2021 (**)	April/2021	793,011	0.038711	30,698	0.019364	15,370
4Q20	Dividends prescribed - RCA 01/21/2021	April/2021	793,011	0.000241	191	0.000412	327
<b>Total</b>				<b>0.342791</b>	<b>271,707</b>	<b>0.346237</b>	<b>267,654</b>

(\*) The number of outstanding shares does not consider treasury shares.

(\*\*) In 2019, dividends proposed in addition to the mandatory minimum dividend, which were based on the distribution of 50% of net income for 2019 decided in RCA of January 16, 2020. However, in RCA of March 30, 2020, this decision was revoked, and the payment of minimum dividends of 25% of adjusted net income re 2019 was proposed, in line with initiatives to prepare the Company for the impacts of Covid-19. The difference referring to the amount recorded at December 31, 2019 of R\$ 282,221 was reclassified to reserve for investments and expansion.

Interest on equity was deducted when calculating income and social contribution taxes. Tax benefits of this deduction for 2020 were approximately R\$ 81,878 (R\$ 85,665 at December 31, 2019).

**29 EARNINGS PER SHARE**

Basic earnings per share were calculated by dividing profit attributable to shareholders by the weighted average number of common shares issued in the period. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding, presuming the conversion of all the potentially dilutive common shares for the share options that may be exercised. The number of shares calculated as described is compared with the number of issued shares, assuming that the stock option is exercised. Basic and diluted earnings per share are as follows:

Basic/Diluted numerator	Parent Company and Consolidated	
	2020	2019
		Restated (*)
Net income for the year (*)	1,096,269	1,086,201
Weighted average of common shares, net of treasury shares	792,779	768,063
Potential increase in common shares because of the option plan	1,919	3,447
<b>Basic earnings per share - R\$ (*)</b>	<b>1.3828</b>	<b>1.4142</b>
<b>Diluted earnings per share - R\$ (*)</b>	<b>1.3795</b>	<b>1.4079</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 30 STOCK OPTION PLAN

### 30.1 ACCOUNTING POLICY

The Company approved a stock option plan for selected management members and executives, offering them the possibility of acquiring the Company's shares in the form and at conditions described in the plan. Fair value of granted stock option plans is calculated at the date of respective grant using the Black&Scholes model. Expense is recorded on a pro rata basis, which starts on grant date and ends on the date in which the beneficiary acquires the right to exercise the option. The Company maintains two stock option plans, totaling six programs and two ongoing contract grants. Detailed information on the 2<sup>nd</sup> Stock Option Plan is as follows:

### 30.2 2<sup>ND</sup> STOCK OPTION PLAN - CHARACTERISTICS

On September 23, 2015, at the Special Shareholders' Meeting a new stock option plan was approved. Each program will have four tranches, with 25% being exercisable after one year and successively. On February 09, 2017 and February 9, 2019, new contractual options grants were approved to the Chief Executive Officer, which provide for the same conditions as the 2<sup>nd</sup> Stock option plan.

The plan is supervised by the Committee of Persons ("Committee"), created according to the Company's Bylaws, which is composed of independent members of the Board of Directors ("Board"). Committee members may not be benefited in stock options. Once an option becomes exercisable, the beneficiary (selected management members and executives) may exercise it at any time, at its own discretion, up to the end of the 6-year period counted as from such option grant date. The plan also provides for the right to exercise the option in case of death, retirement or permanent disability of the member.

In case of obligation of carrying out a public offering, under the terms of Art. 39, 40, 41 and 42 of the Bylaws, or in the event of success of the tender offer of the Company, if a Plan participant is terminated (within 12 months concerning the plan approved in 2015) without cause of by initiative of the Company, all options granted to the respective participant and that are not yet vested shall automatically become vested.

30.3 POSITION OF STOCK OPTION PLAN

Fair value	Strike price	Date of grant*	Grants	Balance at 12/31/2020 (Amount/mil)	Available for exercise	Vesting period**				Balance at 12/31/2019 (Amount/mil)
						1st tranche	2nd tranche	3rd tranche	4th tranche	
6.18	12.04	02/12/2025	11th GRANT	-	-	-	-	-	-	249
<b>SUBTOTAL 1st PLAN</b>				-	-	-	-	-	-	<b>249</b>
9.40	14.00	02/4/2016	1st GRANT	410	410	-	-	-	-	613
10.15	19.73	02/9/2016	2nd GRANT	680	510	-	-	-	170	799
10.15	19.73	02/9/2017	CONTRACTUAL GRANT	1,721	1,291	-	-	-	430	1,721
15.36	32.91	02/8/2018	3rd GRANT	827	414	-	-	207	206	873
19.21	38.62	02/7/2019	CONTRACTUAL GRANT	133	33	-	33	33	34	133
19.21	38.62	02/7/2019	4th GRANT	864	216	-	216	216	216	940
24.45	57.70	02/5/2020	5th GRANT	1,118	-	280	280	280	278	-
<b>SUBTOTAL 2nd PLAN</b>				<b>5,753</b>	<b>2,874</b>	<b>280</b>	<b>529</b>	<b>736</b>	<b>1,334</b>	<b>5,079</b>
<b>TOTAL</b>				<b>5,753</b>	<b>2,874</b>	<b>280</b>	<b>529</b>	<b>736</b>	<b>1,334</b>	<b>5,328</b>

(\*) Limit of 6 years to exercise the options as from grant date.

(\*\*) The options will be available for exercise after compliance with the vesting periods per tranche. The first tranche will be vested one year after grant date, the 2nd tranche two years after that and so forth.

The closing share price of the Company as of December 31, 2020 is R\$ 43.54 (R\$ 56.19 as of December 31, 2019).

Each option corresponds to the right to subscribe one share of the Company. On December 31, 2020, there were 4,635 thousand options in the Money (5,328 thousand options in the Money at December 31, 2019).

We show below the effects in the net equity per share and the respective percentage of reduction in the ownership interests of the current shareholders:

EQUITY VALUE		NUMBER OF SHARES (THOUSAND)		BOOK VALUE PER SHARE (R\$)	
WITHOUT EXERCISING IN-THE-MONEY OPTIONS	EXERCISING IN-THE-MONEY OPTIONS	WITHOUT EXERCISING IN-THE-MONEY OPTIONS	EXERCISING IN-THE-MONEY OPTIONS	WITHOUT EXERCISING IN-THE-MONEY OPTIONS	EXERCISING IN-THE-MONEY OPTIONS
5.501.316	4.691.019(*)	796.170	795.558	6.65	5.9
5.620.148	4.822.488	800.805	800.886	6.76	6.02
		0.58%	0.67%		

DECREASE IN THE EQUITY INTEREST OF CURRENT SHAREHOLDERS CONSIDERING THE EXERCISE OF IN-THE-MONEY OPTIONS

12/2020 12/2019

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

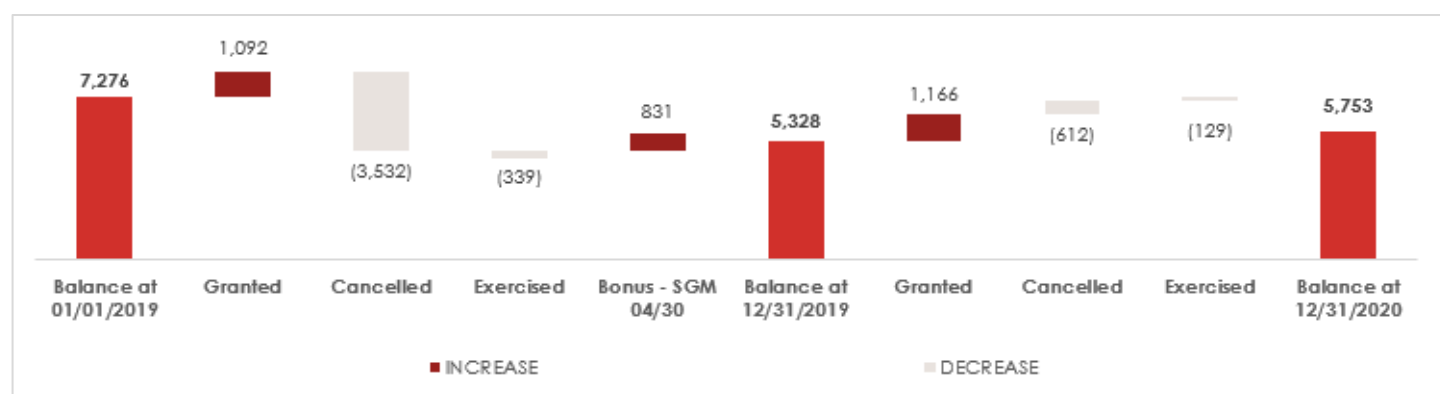
### 30.4 ASSUMPTIONS FOR FAIR VALUE MEASUREMENT OF STOCK OPTION PLAN

Fair value of granted stock option plans is calculated at the date of grant using Black&Scholes model. For determining such value, the Company adopted assumptions such as:

- Exercise value of option: weighted average rate over the last 30 share trading sessions of Lojas Renner S.A before the grant date.
- Share price volatility: weighting of the trading history of the Company's share.
- Risk-free interest rate: using Interbank Deposit Certificate (CDI) available on the grant date and projected for the maximum grace period of the option.
- Estimated dividend: payment of dividends per share in relation to the market value of shares on the grant date.
- Vesting period: maximum period for beneficiaries to exercise their options.

The Management assessed the matters relating to the impacts of Covid-19 and concluded that future variations in share price and CDI had no impact on the methodology for calculating fair value of the options granted, because fair value pricing of these options occurred prior to the pandemic impacts.

### 30.5 CHANGES



As at December 31, 2020, the expense with stock option plan totaled R\$ 22,832 (R\$ 21,074 at December 31, 2019) - Parent Company and Consolidated.

## 31 RESTRICTED SHARE PLAN

### 31.1 ACCOUNTING POLICY

The Company approved a restricted share plan for selected management members and executives whose expense is recorded at a pro rata basis (on grant date and ends until the date in which the Company transfers the right of shares to the beneficiary) and corresponds to the amount of issued shares multiplied by the share price on the grant date. Provision for social security contributions is updated monthly according to the closing price of the Company.

On September 23, 2015, a Restricted Shares Plan was approved at the Special Shareholders' Meeting, administered by the Committee – composed of independent members of the Board of Directors – which provides that the members of both bodies will not be eligible for the Restricted Shares contained therein.

### 31.2 MAIN CHARACTERISTICS

The Board of Directors may grant a number of registered and book-entry common shares of the Company, which are under treasury, not in excess of 1% of the totality of issued shares upon recommendation of the Committee, management members and executives who occupy strategic positions for the businesses.

The definite transfer of Restricted Shares to the participants is conditioned to the fulfillment of a grace period of three years for each grant, and at the end of the grace period, the participant shall have employment agreement with the Company, otherwise, the grants shall be cancelled. All Restricted Shares which grace period has not been completed yet shall be due and shall be transferred to the owners, heirs or successors in case of death, permanent invalidity or retirement.

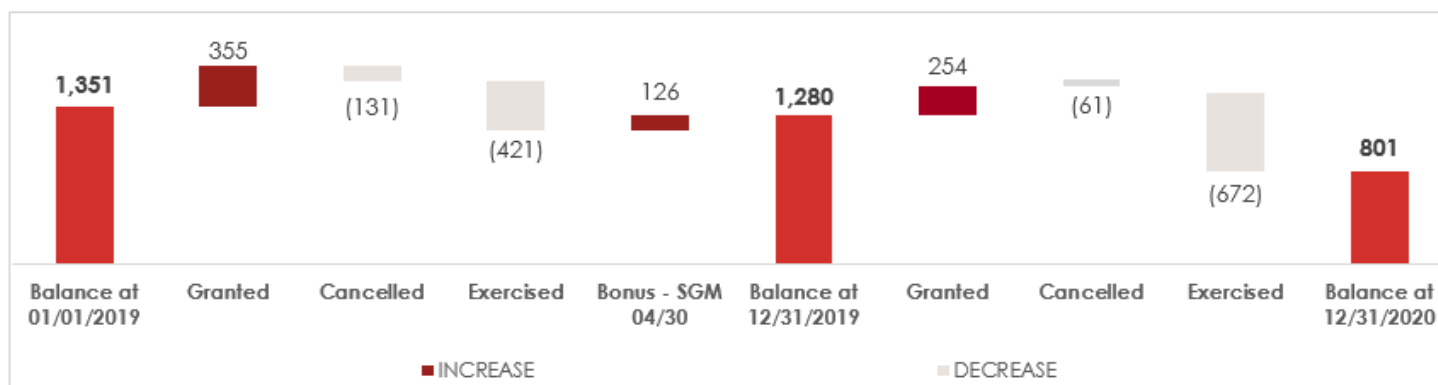
In case public offer is mandatory pursuant to the terms of Art. 39, 40, 41 and 42 of the Bylaws, or in the hypothesis public offer is successful for acquisition of the Company's control, if any of these cases result in termination without cause of a Plan member at the Company's initiative, all restricted shares assigned to the participant and still within grace year will be transferred to the member by recommendation of the Committee and if approved by the Board of Directors.

The contractual grants have the same conditions of exercise and grace period of the other existing grants.

31.3 POSITION OF RESTRICTED SHARE PLAN

Date of Grant	Grants	Balance at 12/31/2020 (Amount/mil)	Vesting Period			Balance at 12/31/2019 (Amount/mil)
			2021	2022	2023	
02/09/2017	2nd GRANT	-	-	-	-	345
02/09/2017	CONTRATUAL GRANT	-	-	-	-	321
02/08/2018	3rd GRANT	238	238	-	-	263
02/07/2019	CONTRATUAL GRANT	40	40	-	-	40
02/07/2019	4th GRANT	280	-	280	-	311
02/05/2020	5th GRANT	243	-	-	243	-
<b>TOTAL</b>		<b>801</b>	<b>278</b>	<b>280</b>	<b>243</b>	<b>1,280</b>

31.4 CHANGES IN RESTRICTED SHARE PLAN



On December 31, 2020, expenses with restricted share plan, including principal of R\$ 10,024 (R\$ 10,093 on December 31, 2019) and social charges of R\$ 2,994 (R\$ 14,696 on December 31, 2019), totaled R\$ 13,018 (R\$ 24,789 at December 31, 2019).

## 32 INFORMATION PER BUSINESS SEGMENT

### 32.1 ACCOUNTING POLICY

The operating segments presented below are consistently organized with the internal report supplied to the Board of Directors, the main decision maker, in charge of allocating funds and evaluating performance of operating segments:

- a) **Retail:** sale of garment items, perfumery, cosmetics, watches, as well as the home & decoration segment; including Renner, Camicado, Youcom, Ashua operations and also in Uruguay and Argentina.
- b) **Financial products:** granting of quick withdrawals, financing of purchases, insurance and the practice of asset and liability operations inherent to credit companies, such as Meu Cartão.

	Retail		Financial Products		Consolidated	
	2020	2019	2020	2019	2020	2019
		Restated (*)		Restated (*)		Restated (*)
Net operating revenue	6,660,571	8,474,693	876,609	1,113,744	7,537,180	9,588,437
Cost of sales	(3,201,309)	(3,707,306)	(22,261)	(23,215)	(3,223,570)	(3,730,521)
<b>Gross profit</b>	<b>3,459,262</b>	<b>4,767,387</b>	<b>854,348</b>	<b>1,090,529</b>	<b>4,313,610</b>	<b>5,857,916</b>
Sales	(2,302,953)	(2,360,540)	-	-	(2,302,953)	(2,360,540)
General and administrative expenses	(774,391)	(809,794)	-	-	(774,391)	(809,794)
Losses on receivables, net	-	-	(412,636)	(381,049)	(412,636)	(381,049)
Other operating income (expenses)	726,605	(37,040)	(359,798)	(313,849)	366,807	(350,889)
<b>Net income from segments</b>	<b>1,108,523</b>	<b>1,560,013</b>	<b>81,914</b>	<b>395,631</b>	<b>1,190,437</b>	<b>1,955,644</b>
Depreciation and amortization	(409,913)	(348,098)	(14,712)	(12,832)	(424,627)	(360,930)
Stock option plan					(22,831)	(21,075)
Income/loss from write-off and estimated losses on fixed assets					(20,533)	(23,767)
Management fees					(1,363)	(8,294)
Finance income (costs), net					479,679	(49,596)
Income and social contribution taxes					(104,492)	(405,781)
<b>Net income for the year</b>					<b>1,096,269</b>	<b>1,086,201</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

The result shown above does not deduct the expenses with depreciation and amortization of fixed and intangible assets, with the stock option plan and income/loss resulting from write-off of assets. The exclusion of these expenses in the calculation is in line with the manner in which management evaluates the performance of each business and its contribution to cash generation. Finance income/(costs) are not allocated by segment (except for finance income (costs) due to application of IFRS 16 / CPC 06 (R2), understanding that their composition is more related to corporate decisions on capital structure than to the nature of income/loss of each business segment.

## 33 REVENUES

### 33.1 ACCOUNTING POLICY

CPC 47/IFRS 15 – Revenue from Contracts with Customers establishes a model aimed at evidencing whether the accounting criteria were satisfied, in compliance with the following steps:

- a) Identification of the contract with the customer;
- b) Identification of performance obligations;
- c) Determination of transaction price;
- d) Allocation of transaction price; and
- e) Revenue recognition upon satisfaction of performance obligations.

Considering these aspects, revenues are recorded at the amount that reflects the Company's expectation of receiving in consideration for the products and financial services offered to customers.

Gross revenue is presented less rebates, discounts and eliminations of revenues between related parties and adjustment to present value, as per Note 8.1.

**Sale of goods – retail:** we operate both in e-commerce and at points of sale, and revenue is recognized in profit or loss when the product is delivered to the customer. Sales are spot sales, in cash and debit cards, or forward sales through third-party cards, Renner card, through financing granted through indirect subsidiary Realize CFI.

**Sales of financial products and services:** we carry out own credit transactions and offers quick withdrawals and sales financing through indirect subsidiary Realize CFI and agreements with other financial institutions (balances of operations carried out up until April 1, 2019). The operating income is recognized considering effective interest rate, throughout contract validity and for agreed operations, according to the effective provision of services.

### 33.2 BREAKDOWN

	Parent Company		Consolidated	
	2020	2019	2020	2019
<b>Gross operating revenue</b>	<b>8,347,343</b>	<b>10,960,342</b>	<b>10,341,605</b>	<b>12,956,886</b>
Sales of goods	8,308,065	10,702,597	9,408,371	11,774,249
Financial products and services	39,278	257,745	933,234	1,182,637
<b>Deductions</b>	<b>(2,493,948)</b>	<b>(3,067,176)</b>	<b>(2,804,425)</b>	<b>(3,368,449)</b>
Returns and cancellations	(702,282)	(655,118)	(766,855)	(698,969)
Taxes on sales	(1,783,781)	(2,390,725)	(1,980,945)	(2,600,587)
Taxes on financial products and services	(7,885)	(21,333)	(56,625)	(68,893)
<b>Net operating revenue</b>	<b>5,853,395</b>	<b>7,893,166</b>	<b>7,537,180</b>	<b>9,588,437</b>

According to our product return policy, the customer receives a bonus voucher at the same price of the returned product for use in a new purchase.

### 34 EXPENSES PER NATURE

The Company's statements of profit or loss are shown per function. Expenditures are shown per nature.

#### 34.1 SELLING EXPENSES

	Parent Company		Consolidated	
	2020	2019	2020	2019
		Restated (*)		Restated (*)
Personnel	(684,686)	(762,711)	(823,460)	(890,301)
Occupancy	(234,214)	(226,014)	(291,806)	(288,845)
Discounts - leases payable	104,488	-	128,927	-
Outsourced services	(115,415)	(70,838)	(156,543)	(86,603)
Utilities and services	(190,880)	(216,603)	(217,213)	(240,881)
Advertising and marketing	(303,125)	(207,276)	(343,884)	(241,044)
Depreciation and amortization	(224,916)	(209,346)	(278,040)	(257,542)
Depreciation – Rights-of-use	(247,638)	(235,095)	(304,350)	(272,559)
Other expenses	(144,784)	(195,002)	(181,649)	(228,046)
<b>Total</b>	<b>(2,041,170)</b>	<b>(2,122,885)</b>	<b>(2,468,018)</b>	<b>(2,505,821)</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 34.2 GENERAL AND ADMINISTRATIVE EXPENSES

	Parent Company		Consolidated	
	2020	2019	2020	2019
		Restated (*)		Restated (*)
Personnel	(342,407)	(361,424)	(381,063)	(393,039)
Occupancy	(4,241)	(1,129)	(10,019)	(5,354)
Outsourced services	(203,676)	(206,322)	(238,805)	(241,778)
Utilities and services	(44,436)	(51,314)	(52,652)	(56,709)
Depreciation and amortization	(116,344)	(92,739)	(131,873)	(90,558)
Depreciation – Rights-of-use	(27,184)	(26,081)	(30,077)	(27,670)
Other expenses	(25,140)	(47,118)	(40,744)	(64,156)
<b>Total</b>	<b>(763,428)</b>	<b>(786,127)</b>	<b>(885,233)</b>	<b>(879,264)</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

## 34.3 OTHER OPERATING INCOME (EXPENSES)

	Parent Company		Consolidated	
	2020	2019	2020	2019
				Restated (*)
Expenses with financial products and services	(85,479)	(144,406)	(357,414)	(316,084)
Depreciation and amortization	(3,839)	(8,608)	(14,714)	(12,830)
Depreciation – Rights-of-use	-	-	(587)	(594)
Income (expenses) from write-off of fixed assets	(12,788)	(19,689)	(20,533)	(23,768)
Stock option plan	(22,831)	(21,075)	(22,832)	(21,075)
Management fees	(1,363)	(5,855)	(1,363)	(5,855)
Other operating income (expenses) (i)	(56,309)	(17,033)	(65,995)	(25,831)
Recovery of tax credits (ii)	811,870	79,154	815,120	87,384
Employee profit sharing	(21,087)	(94,217)	(22,526)	(96,752)
<b>Total</b>	<b>608,174</b>	<b>(231,729)</b>	<b>309,156</b>	<b>(415,405)</b>

(i) This refers mostly to provision for fees in connection with the proceeding of ICMS from the PIS/COFINS base.

(ii) This refers mostly to credits relating to the process that excludes ICMS from the PIS/COFINS base recorded in the second quarter of 2020 (Note 10).

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

**35 NET FINANCIAL INCOME**

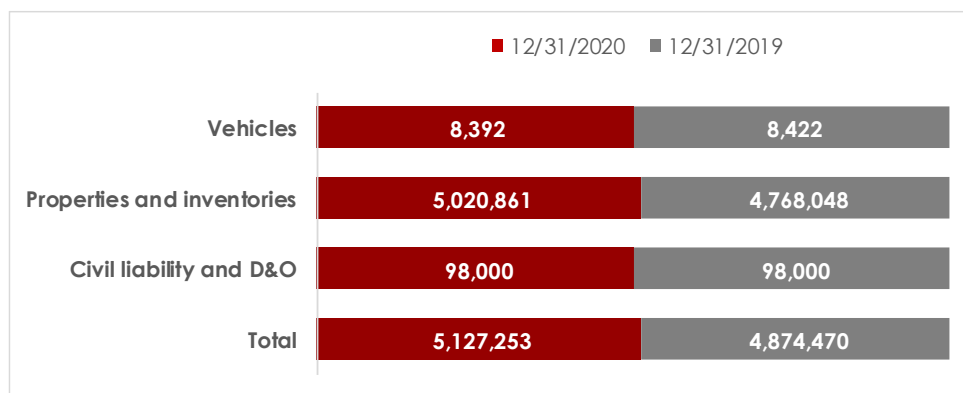
	Parent Company		Consolidated	
	2020	2019	2020	2019
		Restated (*)		Restated (*)
<b>Finance income</b>	<b>618,347</b>	<b>31,344</b>	<b>712,925</b>	<b>74,422</b>
Gains from cash equivalents	34,515	29,046	35,250	31,200
Foreign exchange gains	21,235	1,300	44,035	34,271
Inflation adjustment	-	-	70,262	6,836
SELIC interest on tax credits (i)	560,384	169	560,384	379
Other finance income	2,213	829	2,994	1,736
<b>Finance expenses</b>	<b>(242,451)</b>	<b>(188,137)</b>	<b>(369,043)</b>	<b>(258,817)</b>
Interest on borrowings, financing and swap	(85,510)	(60,255)	(87,534)	(67,275)
Interest on leases	(113,604)	(117,075)	(135,798)	(134,799)
Foreign exchange losses	(32,622)	(2,331)	(81,422)	(26,132)
Interest payable	(766)	(1,224)	(1,435)	(2,287)
Inflation adjustment	-	-	(48,723)	(16,725)
Other finance costs	(9,949)	(7,252)	(14,131)	(11,599)
<b>Finance income (costs), net</b>	<b>375,896</b>	<b>(156,793)</b>	<b>343,882</b>	<b>(184,395)</b>

(i) This refers mostly to monetary adjustment relating to the proceeding that requests exclusion of ICMS from the PIS/COFINS base recorded in the second quarter of 2020 (Note 10).

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.1.

**36 INSURANCE COVERAGE**

The Company and its subsidiaries have insurance policies taken out with top-tier insurance companies in Brazil, which were determined as per guidance provided by experts and take into consideration the nature and value of risk involved. On December 31, 2020, the Company and its subsidiaries had insurance coverage for civil liability and property insurance (basic coverage: against fire, lightning, explosion and other property loss policy coverage) and for inventories, as shown below:



### 37 SUPPLEMENTARY INFORMATION TO THE CASH FLOW

#### 37.1 PARENT COMPANY

	Capital	Treasury shares	Leases payable	Borrowings, financing, debentures and operating financing	Statutory payables	Total
<b>Balance at January 1, 2019</b>	<b>2,637,473</b>	<b>(44,536)</b>	<b>33,940</b>	<b>906,725</b>	<b>242,995</b>	<b>3,776,597</b>
			Restated (*)			
<b>Changes affecting cash</b>	<b>46,111</b>	<b>4</b>	<b>(326,864)</b>	<b>33,146</b>	<b>(411,520)</b>	<b>(659,123)</b>
Capital increase/Disposal and/or Transfer of treasury shares	46,111	4	-	-	-	46,115
(Amortization) borrowings raised and lease consideration	-	-	(326,864)	73,805	-	(253,059)
Interest paid on borrowings, debentures and operating financing	-	-	-	(40,659)	-	(40,659)
Interest on equity, dividends paid and income tax on interest on equity	-	-	-	-	(409,081)	(409,081)
Management fees	-	-	-	-	(2,439)	(2,439)
<b>Changes not affecting cash</b>	<b>1,112,050</b>	<b>8,983</b>	<b>1,727,348</b>	<b>60,609</b>	<b>411,639</b>	<b>3,320,629</b>
First-time adoption - CPC 06 (R2)/IFRS 16 and contractual remeasurement (*)	-	-	1,604,478	-	-	1,604,478
Share bonuses and incorporation of capital reserves	1,112,050	-	-	-	-	1,112,050
Disposal/transfer of shares	-	8,983	-	-	-	8,983
Interest expenses on borrowings, leases, structuring costs and operating financing (*)	-	-	122,870	60,609	-	183,479
Distribution of interest on equity and dividends	-	-	-	-	411,639	411,639
<b>Balance at December 31, 2019</b>	<b>3,795,634</b>	<b>(35,549)</b>	<b>1,434,424</b>	<b>1,000,480</b>	<b>243,114</b>	<b>6,438,103</b>
<b>Changes affecting cash</b>	<b>9,692</b>	<b>(96,964)</b>	<b>(279,017)</b>	<b>1,454,344</b>	<b>(249,670)</b>	<b>838,385</b>
Capital increase	9,692	-	-	-	-	9,692
Repurchase of shares	-	(96,964)	-	-	-	(96,964)
(Amortization) borrowings raised and lease consideration	-	-	(279,017)	1,512,288	-	1,233,271
Interest paid on borrowings, debentures and operating financing	-	-	-	(57,944)	-	(57,944)
Interest on equity, dividends paid and income tax on interest on equity	-	-	-	-	(243,835)	(243,835)
Management fees	-	-	-	-	(5,835)	(5,835)
<b>Changes not affecting cash</b>	<b>-</b>	<b>13,052</b>	<b>376,240</b>	<b>128,735</b>	<b>252,825</b>	<b>770,852</b>
Remeasurement of new contracts and ended contracts	-	-	356,437	-	-	356,437
Discounts - leases payable	-	-	(104,488)	-	-	(104,488)
Disposal/transfer of shares	-	13,052	-	-	-	13,052
Interest expenses on borrowings, leases, structuring costs and operating financing	-	-	124,291	90,995	-	215,286
Distribution of interest on equity and dividends	-	-	-	-	273,397	273,397
Offset of income tax on IOE	-	-	-	-	(20,572)	(20,572)
Financing - financial service operations	-	-	-	37,740	-	37,740
<b>Balance at December 31, 2020</b>	<b>3,805,326</b>	<b>(119,461)</b>	<b>1,531,647</b>	<b>2,583,559</b>	<b>246,269</b>	<b>8,047,340</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.

37.2 CONSOLIDATED

	Capital	Treasury shares	Leases payable	Borrowings, financing, debentures and operating financing	Statutory payables	Total
<b>Balance at January 1, 2019</b>	<b>2,637,473</b>	<b>(44,536)</b>	<b>33,940</b>	<b>1,038,062</b>	<b>242,995</b>	<b>3,907,934</b>
			Restated (*)			
<b>Changes affecting cash</b>	<b>46,111</b>	<b>4</b>	<b>(376,500)</b>	<b>48,078</b>	<b>(411,520)</b>	<b>(693,827)</b>
Capital increase	46,111	4	-	-	-	46,115
(Amortization) borrowings raised and lease consideration	-	-	(376,500)	91,753	-	(284,747)
Interest paid on borrowings, debentures and operating financing	-	-	-	(43,675)	-	(43,675)
Interest on equity, dividends paid and income tax on interest on equity	-	-	-	-	(409,081)	(409,081)
Management fees	-	-	-	-	(2,439)	(2,439)
<b>Changes not affecting cash</b>	<b>1,112,050</b>	<b>8,983</b>	<b>2,081,921</b>	<b>67,523</b>	<b>411,639</b>	<b>3,682,116</b>
First-time adoption - CPC 06 (R2)/IFRS 16 and contractual remeasurement (*)	-	-	1,940,994	-	-	1,940,994
Share bonuses and incorporation of capital reserves	1,112,050	-	-	-	-	1,112,050
Disposal/transfer of shares	-	8,983	-	-	-	8,983
Interest expenses on borrowings, leases, structuring costs and operating financing (*)	-	-	140,927	67,523	-	208,450
Distribution of interest on equity and dividends	-	-	-	-	411,639	411,639
<b>Balance at December 31, 2019</b>	<b>3,795,634</b>	<b>(35,549)</b>	<b>1,739,361</b>	<b>1,153,663</b>	<b>243,114</b>	<b>6,896,223</b>
<b>Changes affecting cash</b>	<b>9,692</b>	<b>(96,964)</b>	<b>(334,911)</b>	<b>1,619,793</b>	<b>(249,670)</b>	<b>947,940</b>
Capital increase	9,692	-	-	-	-	9,692
Disposal/transfer of shares	-	(96,964)	-	-	-	(96,964)
(Amortization) borrowings raised and lease consideration	-	-	(334,911)	1,679,318	-	1,344,407
Interest paid on borrowings, debentures and operating financing	-	-	-	(59,525)	-	(59,525)
Interest on equity, dividends paid and income tax on interest on equity	-	-	-	-	(243,835)	(243,835)
Management fees	-	-	-	-	(5,835)	(5,835)
<b>Changes not affecting cash</b>	<b>-</b>	<b>13,052</b>	<b>457,937</b>	<b>611,523</b>	<b>252,825</b>	<b>1,335,337</b>
Remeasurement, new contracts, ended contracts and translation adjustments	-	-	438,765	-	-	438,765
Discounts - leases payable	-	-	(128,927)	-	-	(128,927)
Disposal/transfer of shares	-	13,052	-	-	-	13,052
Interest expenses on borrowings, leases, structuring costs and operating financing	-	-	148,099	120,157	-	268,256
Distribution of interest on equity and dividends	-	-	-	-	273,397	273,397
Offset of income tax on IOE	-	-	-	-	(20,572)	(20,572)
Financing - financial service operations	-	-	-	491,366	-	491,366
<b>Balance at December 31, 2020</b>	<b>3,805,326</b>	<b>(119,461)</b>	<b>1,862,387</b>	<b>3,384,979</b>	<b>246,269</b>	<b>9,179,500</b>

(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.

## 38 EVENTS AFTER THE REPORTING PERIOD

### 38.1 DISTRIBUTION OF DIVIDENDS

The Company's management proposed at a meeting of the Board of Directors held on January 21, 2021, the distribution of 25% of net income generated in fiscal year 2020. The distribution of dividends will be submitted for approval at the Annual General Meeting to be held until April 2021.

### 38.2 GOING-CONCERN CONSIDERATIONS

These interim financial statements present the measures taken concerning the impacts of Covid-19. These decisions were proven correct, since they preserved the Company's employees, customers and suppliers. At the end of this year, the Company had gradually resumed its operations. Also, an increased flow of customers can be observed in the stores and the Company's digital business is thriving. The Company has been continuously monitoring the current scenario and maintains a dynamic adjustment plan, which may be adapted to the changes in the economic scenario and internal opportunities.

Taking these factors into consideration, we believe that these indicators contribute with the Company's business continuity plan.

**BOARD OF DIRECTORS, BOARD OF EXECUTIVE OFFICERS, FISCAL COUNCIL AND CONTROLLING**

**BOARD OF DIRECTORS**

**José Galló**

Chairman of the Board of Directors

**Oswaldo Burgos Schirmer**

Vice Chairman of the Board of Directors

**Carlos Fernando Couto de Oliveira  
Souto**

Director

**Fábio de Barros Pinheiro**

Director

**Alexandre Vartuli Gouvea**

Director

**Christiane Almeida Edington**

Director

**Thomas Bier Herrmann**

Director

**Juliana Rozenbaum Munemori**

Director

**BOARD OF EXECUTIVE OFFICERS**

**Fabio Adegas Faccio**

Chief Executive Officer

**Alvaro Jorge Fontes de Azevedo**

Chief Financial and Administration  
Officer and Investor Relations  
Officer

**Clarice Martins Costa**

Human Resources Officer

**Fabiana Silva Taccola**

Operations Officer

**Henry Costa**

Procurement Officer

**FISCAL COUNCIL**

**Joarez José Piccinini**

Chairman of the Director Fiscal  
Council

**Roberto Frota Decourt**

Director

**Estela Maris Vieira De Souza**

Director

**CONTROLLING**

**Luciano Teixeira Agliardi**

Controller Officer

Accountant CRC – RS 61.106/O-5

**Alexandro de Lima Tavares**

Senior Accounting Manager

CRC – RS 63.339/O-6

## REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

### 1 INTRODUCTION AND GENERAL INFORMATION

In April 2012, the Company's Board of Directors established the Audit and Risk Management Committee of Lojas Renner S.A., the Committee subsequently being made statutory following approval by the Extraordinary General Meeting of March 2018.

The Committee is an advisory body reporting directly to the Board of Directors, of a statutory nature, with operating autonomy. It has a consultative character and its functioning is disciplined by the provisions of its Internal Charter and the Company's bylaws. The Committee exercises its consultative functions on behalf of the Board of Directors with respect to fulfilling its supervisory responsibilities for monitoring the integrity of the Financial Statements and internal control systems. It also revises and evaluates the independence and performance of the outside auditors as well as the Company's internal auditors. The Committee is also responsible for revising areas of the Company where risks are significant as well as monitoring compliance with legal and regulatory requirements.

Currently, the Committee is made up of 3 (three) independent members of the Board of Directors, elected by their peers, all of whom have recognized experience in matters relating to corporate accounting, pursuant to the Brazilian Securities and Exchange Commission – CVM instruction, and 1 (one) external member nominated by the Board, also with recognized experience in corporate accounting matters, as called for by the Committee's Internal Charter.

### 2 SUMMARY OF ACTIVITIES IN 2020

During fiscal year 2020, the Audit and Risk Management Committee held seven (7) ordinary and seven (7) extraordinary meetings, where several issues were analyzed and recommendations were made to the Board of Directors. One of these meetings had representatives from the Fiscal Council and the Board of Directors in attendance. Furthermore, Internal Audit attended in five (5) cases and Independent Audit attended two (2) meetings. In the same period, the Audit and Risk Management Committee added items to eight (8) meetings of the Board of Directors, where the Committee's work was presented, together with recommendations for approval. The principal matters discussed during the year are as follows:

#### 2.1 FINANCIAL STATEMENTS

- Revision of the quarterly and annual financial statements, and recommendations to the Board of Directors to the deliberation;
- Revision of the semiannual and annual financial statements, and recommendations to the Board of Directors to the deliberation;
- Monitoring of provisions for accounting estimates and risks;
- Review of guarantee proposals and approval for decision by the Board of Directors;
- Monitoring of defaults at Realize, funding and Renner cash flow.

#### 2.2 MANAGEMENT OF RISKS AND INTERNAL CONTROLS

- Review of the update of large-scale, large-repercussion risks, and actions already implemented, as well as indicators and comparisons;
- Examination of the Business Continuity Management Plan (GNC).

#### 2.3 COMPLIANCE AND ETHICS

- Review of periodical report on inspections of Realize CFI conducted by the Central Bank of Brazil, recommending priority in their solution;

#### 2.4 INTERNAL AUDIT

- Revision and approval of the Company's principal risks presented by the Internal Audit, including Subsidiary Companies: Camicado, Youcom, Realize CFI and RACC, and subsequently presented to the Board of Directors;
- Examination and approval of the plan for projects to be executed in 2020;
- Tracking Audit points pending implementation in fiscal year 2019;
- Examination of the analysis related to 2 (two) complaints relating to accounting aspects, internal controls and auditing procedures, recommending implementation of actions as soon as possible as well as a fresh report on the matter;
- Analysis and approval of the proposed alteration to the new audit policy, including methodology and management of action plans (terms, advances, responsibilities);
- Examination of the principal impacts on the Auditing projects, in view of Covid19, as well as the effect on the schedule recommending special attention to the compulsory and relevant risks projects;
- Examination and approval of the proposed changes to the Internal Audit project schedule;

#### 2.5 INDEPENDENT AUDIT

- Appreciation of the work carried out in 2019 by KPMG Auditoria Independente;
- Analysis and approval of the proposed negotiations with the auditors, Ernst Young;
- Examination of the plan and the work already in hand, undertaken by Ernst Young for fiscal year 2020.

#### 2.6 ONE-OFF DISCUSSIONS

- Review of tax-related matters submitted, approval of management recommendation on tax treatment and request for updates on these matters;

- Examination of IFRS Norm 16/CPC 06 (R2) – and approval of the recommendation proposed by management;
- Examination of the record of understanding and approach to IFRS Norm 16 - CPC 06 and Official Letter 72/2020/CVM/SEP/GEA;
- Analysis and approval of the Annual Report of activities of the Audit and Risks Management Committee for the Year 2019;
- Examination of the perspectives of the impacts of the Coronavirus epidemic and request for an update on the matter;
- Examination of the record of the OEA certification process (Authorized Economic Operator), and approval of recommendation by management;
- Examination of the report on the difficulties, risks and safety measures linked to the process for reopening of the stores and request for periodic updating;
- Examination of labor complaints related to the POCA, and request for the periodic report on the matter;
- Examination of the work, evaluations and monitoring effected by the Realize Risks Committee, requesting a periodic report on the performance of the indicators and work undertaken;
- Examination of the plan for raising debt 2020/21, and approval of the plan proposed by Management;
- Examination of progress of the project for raising the line of credit from the BNDES, and approving the continuity of the operation;
- Evaluation of performance of the default indicators and request for a periodic report;
- Analysis of matters related to Corporate Finance;
- Realization of an integration agenda between CAGR and Fiscal Council;
- Examination of the status updating of the Company's units as well as their AVCBs (Fire Department Service Charges).

### 3 OPINION OF THE AUDIT AND RISKS MANAGEMENT COMMITTEE

Pursuant to the legal provisions, the Audit and Risks Management Committee of Lojas Renner S.A. has reviewed the Management Report and Financial Statements for the fiscal year ending December 31, 2020. On the basis of the aforementioned review and further considering the information and clarifications provided by the Company's Management and by Ernest Young, received during the course of the fiscal year, the Audit and Risks Management Committee recommends that the Board of Directors approve the Management Report and Financial Statements (including explanatory notes) for the fiscal year ending December 31, 2020.

\* \* \*

**OPINION OF THE AUDIT AND RISKS MANAGEMENT COMMITTEE**

Pursuant to the legal provisions, the Audit and Risks Management Committee of Lojas Renner S.A. has reviewed the Management Report and Financial Statements for the fiscal year ending December 31, 2020. On the basis of the aforementioned review and further considering the information and clarifications provided by the Company's Management and by Ernest Young Auditores Independentes, received during the course of the fiscal year, the Audit and Risks Management Committee recommends that the Board of Directors approve the Management Report and Financial Statements (including explanatory notes) for the fiscal year ending December 31, 2020.

Porto Alegre, February 10, 2021.

Members:

Fábio de Barros Pinheiro  
Chairman of the Committee

Oswaldo Burgos Schirmer

José Carlos Hruby

Carlos Fernando Couto de Oliveira Souto

**A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)**

## INDEPENDENT AUDITOR'S REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders, Board of Directors and Officers  
**Lojas Renner S.A.**  
Porto Alegre - RS

### OPINION

We have audited the individual and consolidated financial statements of Lojas Renner S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2020, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Lojas Renner S.A. as at December 31, 2020, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### **Exclusion of ICMS from PIS/COFINS base**

As evidenced in Note 10, in May 2020, the Company was awarded a final unappealable favorable decision in connection with the petition for writ of mandamus seeking recognition of the right to exclude ICMS from the PIS and COFINS base, for the period from November 2001 to February 2017. Also, in May 2020, these credits were approved by the Brazilian IRS. As such, the Company recorded PIS/ COFINS credits totaling R\$1,363,029 thousand, including principal and monetary restatement, which were measured taking into consideration judgments and assumptions adopted by management, the net or gross tax amount informed in the invoices and other information provided by the credit-supporting documentation. Worth noting, these credits' measurement process involved a significant volume of operations.

We considered this a key audit matter due to the significance of the amounts involved and the existence of management's critical judgment, supported by the opinion of Company legal and tax advisors, in measuring the impacts from the final unappealable decision, as well as the ability to realize referred to tax credits.

#### **Our audit approach**

Our audit procedures involved, among others: obtaining an understanding of management's process for measuring and recognizing these tax credits, together with our tax specialists; analyzing, with the assistance of our tax and legal specialists, the documentation relating to the final unappealable court decision, and the legal opinions issued in connection with this matter; conducting recalculation tests on the credit amounts computed by the Company on a sample basis, including analysis of the documentation supporting the items selected for the documental test, and performing substantive analytical audit procedures; analyzing the estimate on recovery of the tax credits prepared by management; and reviewing the disclosures made by the Company on this matter in the explanatory notes.

Based on the audit procedures performed, which are consistent with management's assessment, we believe that the criteria and assumptions used for measuring and recognizing referred to tax credits, as well as respective disclosure in Note 10, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

### **Estimated credit losses**

As informed in Note 8, the Company sells products to consumers who are mostly individuals and offers these consumers credit through issue of credits cards by indirect subsidiary Realize Crédito Financiamento e Investimento S.A. These credits are subject to expected loss analyses as defined by NBC TG 48 (IFRS 9) – Financial Instruments and may be decreased by means of recognition of provision for estimated credit losses.

We considered provision for estimated credit losses a key audit matter, since it refers to an estimate that requires significant judgment by management and involves various factors to be considered for determining its value, such as default levels, renegotiation policies and the portfolio's quality history. Additionally, we considered the significance of the amounts involved, the dispersion of the operations (low average ticket) and the high volume of transactions, as well as potential impacts of COVID-19 on default levels.

### **Our audit approach**

Our audit procedures involved, among others: testing reconciliation of book balances to the analytical position; analyzing reasonableness of the policy adopted by the Company and its compliance with the accounting practices adopted in Brazil and with IFRS; recalculating the provision based on the established policy, which includes consideration of risk levels and delay in operations, and analysis of customers on a sample basis for assessing individual risk levels; quarterly monitoring the provision and holding periodic discussions with management; and analyzing fairness of respective disclosures in explanatory notes.

Based on the findings of the audit procedures performed on provision for estimated credit losses, which are consistent with management's assessment, we believe that the policies and assumptions adopted by management for measuring and recording this provision, as well as respective disclosures in Note 8, are acceptable in the context of the financial statements taken as a whole.

### **Measurement of lease liabilities and right-of-use assets, in accordance with NBC TG 06 (R3) (IFRS 16)**

As described in Notes 15 and 19, the Company recorded right-of-use assets and lease liabilities for agreements within the scope of NBC TG 06 (R3) (IFRS 16). As at December 31, 2020, the Company recorded right-of-use assets amounting to R\$ 1,397,843 thousand – Individual and R\$ 1,700,038 thousand - Consolidated, and lease liabilities amounting to R\$ 1,531,647 thousand – Individual and R\$1,862,387 thousand - Consolidated.

This was considered a key audit matter due to the significance of the amounts involved, both concerning asset and liability balances and net income(loss) for the year, and to the uncertainties inherent in this type of calculation and level of judgment that must be exercised by management in determining the significant assumptions, which include the discount rate used, among others.

### **Our audit approach**

Our audit procedures involved, among others: assessing the main assumptions used for lease terms, discount rate and consideration amounts, as well the calculation method used by the Company for measuring accounting impacts; analyzing the inventory of the Company's lease agreements, and checking whether such agreements are in compliance with referred to standard. We also tested reasonableness of the criteria adopted by the Company for a sample of agreements randomly selected, taking into consideration the information in such agreements and respective amendments, and recalculated the amounts measured by the Company for these transactions. As a result of these procedures, we identified an audit adjustment in the first quarter. This adjustment was subsequently recorded by management even though it was considered immaterial on the financial statements taken as whole, for the reasons presented in Note 3.6.1.1. Finally, we checked fairness of the Company's disclosures on the matter in the explanatory notes, including the requirements set out in NBC TG 06 (R3) (IFRS 16) and the guidance provided by the Brazilian SEC (CVM).

Based on the audit procedures performed, which are consistent with management's assessment, we believe that the accounting records prepared by management for measuring the impacts of NBC TG 06 (R3) (IFRS 16) on lease agreements, as well as respective disclosure in Notes 15 and 19, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

## **OTHER MATTERS**

### **Statements of value added**

The individual and consolidated statements of value added (SVA) for year ended December 31, 2020, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in above mentioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

### Corresponding amounts

The corresponding amounts for the year ended December 31, 2019, presented for comparison purposes in the individual and consolidated financial statements for the current year, were restated in relation to the individual and consolidated financial statements originally disclosed for the year ended December 31, 2019, which were audited by another independent auditor. The corresponding amounts for the year ended December 31, 2019, now restated as a result of the matters described in Notes 3.6.1 and 3.6.2, were audited by another independent auditor, who issued unmodified audit report dated February 11, 2021.

### OTHER INFORMATION ACCOMPANYING THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND THE AUDITOR'S REPORT

Management is responsible for such other information, which comprise the Management Report.

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

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

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Porto Alegre, February 11, 2021.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP15199/O-6

Guilherme Ghidini Neto  
Accountant CRC-RS 067795/O-5

**OPINION OF THE FISCAL COUNCIL**

Subject to compliance with the legal and statutory provisions, in accordance with Article 163 of Law 6404/76 and its subsequent amendments, the Fiscal Council of Lojas Renner has examined the Management Report, the Financial Statements and the Earnings Dividends Distribution Proposal for the fiscal year ending December 31, 2020. Based on the examination carried out and further considering the report without qualification of the independent auditors – Ernest & Young Auditores Independentes dated February 11, 2021, as well as the information and clarifications received during the course of the fiscal year, the Council is of the unanimous opinion that the said documents are suitable for submission to the Annual General Meeting of Shareholders.

Porto Alegre, February 11, 2021.

Joarez José Piccinini

Roberto Frota Decourt

Estela Maris Vieira De Souza

**MANAGEMENT PROPOSAL FOR CAPITAL EXPENDITURES BUDGET**

The following table presents the Company's capital expenditures budget for year 2021, pursuant to Normative Instruction 480/09, published by the CVM – Brazilian Securities and Exchange Commission on December 7 2009.

Given that the budget consists of forecasts and business prospects, such involve risks, uncertainties and assumptions, the application of resources depends on circumstances that may or may not occur.

General economic conditions, prevailing industrial conditions and other operational factors may affect the amounts forecasted for allocation in fixed assets and working capital.

In order to support the investments, forecast in the Company's expansion plan, Management is proposing the retention of 64.3% of the net income for year 2020 in amount of R\$ 704.7 million, on December 31 2020 totaling R\$ 1,421.8 million in the account of Reserve for Investments and Expansion.

<b>Financing Sources</b>	<b>R\$ Million</b>
<b>Remaining balance profit reserves for investment and expansion - after AGM de 04/29/2020</b>	<b>717.1</b>
Constitution for profit reserve for investment and expansion – 2020	704.7
<b>Retained profits in reserve for investment and expansion 12/31/2020</b>	<b>1,421.8</b>
<b>Capital Expenditure Budget – Investment of Resources</b>	<b>Forecast 2021</b>
<b>Investments in Fixed Assets</b>	<b>(914.1)</b>
New Stores	(201.2)
Remodeling and Upgrading	(90.5)
IT Systems and Equipment	(325.3)
Logistics	(296.3)
Others	(0.8)
<b>Investments in Subsidiaries</b>	<b>(185.9)</b>
<b>Total Investments in Fixed Capital</b>	<b>(1,100.0)</b>
<b>Investments in Working Capital</b>	<b>(154.9)</b>
<b>Total Investment of Resources - Forecast 2021</b>	<b>(1,254.9)</b>

The Company's Management believes as necessary the maintenance of the Earnings Reserve for Investment and Expansion at current levels, including the retained earnings reported for the year 2020, which will be added to operating cash generation for the year 2021 to support the expansion plan to be implemented in the current year.

Porto Alegre, February 11, 2021.

**BOARD OF DIRECTORS**

**José Galló**  
Chairman

**Oswaldo Burgos Schirmer**  
Vice Chairman

**Carlos Fernando Couto de Oliveira Souto**  
Board Member

**Fábio de Barros Pinheiro**  
Board Member

**Alexandre Vartuli Gouvea**  
Board Member

**Christiane Almeida Edington**  
Board Member

**Thomas Bier Herrmann**  
Board Member

**Juliana Rozenbaum Munemori**  
Board Member

**EXECUTIVE OFFICERS**

**Fabio Adegas Faccio**  
Chief Executive Officer and Interim  
Chief Information Officer

**Alvaro Jorge Fontes de Azevedo**  
Chief Financial Officer and Investor  
Relations Officer

**Clarice Martins Costa**  
Chief Human Resources Officer

**Fabiana Silva Taccola**  
Chief Operating Officer

**Henry Costa**  
Chief Product Officer

**STATEMENT FROM THE BOARD OF EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS**

Pursuant to subsection VI, Article 25 of CVM Instruction 480 of December 7, 2009, the Board of Executive Officers states that it has reviewed, discussed and agreed the Company's Financial Statements for the fiscal year 2020, authorizing their conclusion as of this date.

Porto Alegre, February 11, 2021.

**BOARD OF EXECUTIVE OFFICERS****Fabio Adegas Faccio**

Chief Executive Officer and interim Technology and Business  
Management Officer

**Fabiana Silva Taccola**

Chief Operating Officer

**Henry Costa**

Chief Product Officer

**Alvaro Jorge Fontes de Azevedo**

Chief Financial Officer and Investor Relations Officer

**Clarice Martins Costa**

Chief Human Resources Officer

**STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS ON THE REPORT OF THE INDEPENDENT AUDITORS**

In conformity with sub-item V, article 25 of CVM Instruction 480 of December 7, 2009, the Board of Executive Officers declares that it has reviewed and discussed the content and opinion expressed in the report of the Independent Auditors on the Company's Financial Statements for year 2020, issued on this date.

The Board of Executive Officers declares that it agrees with the content and opinion expressed in the said report of the Independent Auditors on the Company's Financial Statements.

Porto Alegre, February 11, 2021.

**BOARD OF EXECUTIVE OFFICERS****Fabio Adegas Faccio**

Chief Executive Officer and interim Technology and Business  
Management Officer

**Alvaro Jorge Fontes de Azevedo**

Chief Financial Officer and Investor Relations Officer

**Fabiana Silva Taccola**

Chief Operating Officer

**Clarice Martins Costa**

Chief Human Resources Officer

**Henry Costa**

Chief Product Officer