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# LOJAS RENNER S.A.



## Company Data / Capital Composition

QUANTITY OF SHARES (In Thousand)	CURRENT QUARTER 9/30/2020
<b>PAID-UP CAPITAL</b>	
COMMON – ON	795,648
PREFERRED - PN	0
<b>TOTAL</b>	<b>795,648</b>
<b>TREASURY SHARES</b>	
COMMON – ON	3,159
PREFERRED - PN	0
<b>TOTAL</b>	<b>3,159</b>

## LOJAS RENNER S.A.



## Individual Statements / Balance Sheet-Asset

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2020	Prior end of year 12/31/2019
1	Total Assets	10,634,538	9,275,753
1.01	Current assets	4,615,718	4,109,252
1.01.01	Cash and cash equivalents	1,148,761	844,755
1.01.02	Financial investments	148,255	167,099
1.01.02.01	Financial investments measured at fair value through profit or loss	148,255	167,099
1.01.02.01.02	Fair Value Titles	148,255	167,099
1.01.03	Trade Accounts Receivable	1,012,231	1,912,774
1.01.03.01	Customers	1,012,231	1,912,774
1.01.04	Inventories	1,278,668	915,848
1.01.06	Recoverable Taxes	920,283	199,116
1.01.06.01	Recoverable Current Taxes	920,283	199,116
1.01.08	Other Current Assets	107,520	69,660
1.01.08.03	Others	107,520	69,660
1.01.08.03.02	Derivative financial instruments	28,570	4,244
1.01.08.03.03	Other Assets	60,906	53,195
1.01.08.03.04	Credits with related parties	18,044	12,221
1.02	Non-Current Assets	6,018,820	5,166,501
1.02.01	Long-Term Assets	760,804	155,111
1.02.01.07	Deferred Taxes	95,758	89,469
1.02.01.07.01	Deferred Income Tax and Social Contribution	95,758	89,469
1.02.01.09	Credits with related parties	1,526	1,098
1.02.01.09.02	Credits with subsidiaries	1,526	1,098
1.02.01.10	Other Non-Current Assets	663,520	64,544
1.02.01.10.04	Recoverable Taxes	650,507	51,326
1.02.01.10.05	Other Assets	13,013	13,218
1.02.02	Investments	1,581,032	1,383,276
1.02.02.01	Shareholdings	1,581,032	1,383,276
1.02.02.01.02	Investments in Subsidiaries	1,581,032	1,383,276
1.02.03	Fixed Assets	3,104,591	3,158,403
1.02.03.01	Fixed Assets in Operation	1,512,371	1,625,538
1.02.03.02	Right-of-Use in Progress	1,320,325	1,344,150
1.02.03.03	Fixed Assets in Progress	271,895	188,715
1.02.04	Intangible	572,393	469,711
1.02.04.01	Intangible	572,393	469,711
1.02.04.01.02	Others Intangibles	560,576	450,298
1.02.04.01.03	Intangible Leased	11,817	19,413

## Individual Statements / Balance Sheet-Liabilities

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2020	Prior end of year 12/31/2019
2	Total Liabilities	10,634,538	9,275,753
2.01	Current Liabilities	3,092,301	3,094,101
2.01.01	Social and Labor Obligations	247,268	276,548
2.01.01.01	Social Obligations	94,230	72,510
2.01.01.01.01	Social charges	94,230	72,510
2.01.01.02	Labor obligations	153,038	204,038
2.01.01.02.01	Wages payable	153,038	204,038
2.01.02	Suppliers	872,869	953,371
2.01.02.01	National suppliers	872,869	953,371
2.01.03	Tax Obligations	84,171	466,977
2.01.03.01	Federal Tax Obligations	21,134	258,919
2.01.03.01.01	Income Tax and Social Contribution Payable	-	164,355
2.01.03.01.02	Other Federal Tax Obligations	21,134	94,564
2.01.03.02	State Tax Obligations	61,896	206,240
2.01.03.03	Municipal Tax Obligations	1,141	1,818
2.01.04	Borrowings, Financing and Debentures	1,219,540	632,134
2.01.04.01	Borrowings and Financing	693,517	321,175
2.01.04.01.01	In National Currency	313,644	45,217
2.01.04.01.02	In Foreign Currency	379,873	275,958
2.01.04.02	Debentures	526,023	310,959
2.01.05	Other obligations	614,066	707,157
2.01.05.01	Related Party Liabilities	952	1,279
2.01.05.01.02	Debts with Subsidiaries	952	1,279
2.01.05.02	Others	613,114	705,878
2.01.05.02.01	Dividends and Interest on equity Payable	160,099	237,259
2.01.05.02.05	Other obligations	61,068	55,610
2.01.05.02.06	Statutory Participation	-	5,855
2.01.05.02.07	Obligations with Card Administrators	9,826	26,919
2.01.05.02.08	Derivative financial instruments	-	6,680
2.01.05.02.09	Leases payable	382,121	373,555
2.01.06	Provisions	54,387	57,914
2.01.06.01	Labor, Civil, Security and Tax Provisions	54,387	57,914
2.01.06.01.04	Civil Provisions	17,502	22,996
2.01.06.01.05	Labor Provisions	36,885	34,918
2.02	Non-Current Liabilities	2,254,474	1,490,633
2.02.01	Borrowings, Financing and Debentures	1,049,705	406,086
2.02.01.01	Borrowings and Financing	154,260	6,086
2.02.01.01.01	In National Currency	154,260	6,086
2.02.01.02	Debentures	895,445	400,000
2.02.02	Other obligations	1,158,569	1,061,116
2.02.02.02	Others	1,158,569	1,061,116
2.02.02.02.04	Other obligations	-	247
2.02.02.02.05	Leases payable	1,058,883	1,060,869
2.02.02.02.06	Suppliers	99,686	-

## LOJAS RENNER S.A.



## Individual Statements / Balance Sheet-Liabilities

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2020	Prior end of year 12/31/2019
2.02.04	Provisions	46,200	23,431
2.02.04.01	Labor, Civil, Security and Tax Provisions	46,200	23,431
2.02.04.01.01	Tax Provisions	20,167	23,431
2.02.04.01.04	Civil Provisions	8,546	-
2.02.04.01.05	Labor Provisions	17,487	-
2.03	Shareholder's Equity	5,287,763	4,691,019
2.03.01	Capital	3,797,161	3,795,634
2.03.02	Capital reserves	(35,111)	38,678
2.03.02.04	Granted Options	84,350	74,227
2.03.02.05	Treasury Shares	(119,461)	(35,549)
2.03.04	Profit Reserves	869,571	869,896
2.03.04.01	Legal reserve	54,955	54,955
2.03.04.07	Tax Incentive Reserve	97,539	97,539
2.03.04.08	Proposed Additional Dividend	-	282,546
2.03.04.10	Reserve for Investment and Expansion	717,077	434,856
2.03.05	Accumulated Profit / Loss	562,164	-
2.03.08	Other Comprehensive Results	93,978	(13,189)



## Individual Statements / Income Statements

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current Quarter 7/1/2020 to 9/30/2020	Acumulated of Current Year 1/1/2020 to 9/30/2020	Same quarter of Last Year 7/1/2019 to 9/30/2019	Acumulated of Last Year 1/1/2019 to 9/30/2019
3.01	Revenue from Sale of Goods and / or Services	1,437,031	3,293,378	1,798,079	5,292,329
3.01.01	Net sales revenue from goods	1,432,279	3,272,692	1,755,394	5,078,017
3.01.02	Net revenue from financial products and services	4,752	20,686	42,685	214,312
3.02	Cost of Goods and / or Services Sold	(768,643)	(1,656,086)	(814,616)	(2,302,606)
3.02.01	Cost of sales with goods	(768,643)	(1,656,086)	(811,325)	(2,291,699)
3.02.02	Cost of financial products and services	-	-	(3,291)	(10,907)
3.03	Gross Profit	668,388	1,637,292	983,463	2,989,723
3.04	Operating Expenses / Revenues	(770,343)	(1,287,788)	(738,438)	(2,186,718)
3.04.01	Selling Expenses	(520,266)	(1,362,077)	(526,268)	(1,539,579)
3.04.02	General and Administrative Expenses	(186,939)	(542,648)	(201,449)	(571,875)
3.04.03	Losses due to non-recoverability of assets	28,658	69,310	(16,263)	(64,643)
3.04.04	Other Operating Income	5,014	807,123	5,109	40,154
3.04.05	Other Operating Expenses	(39,311)	(151,965)	(60,704)	(181,853)
3.04.06	Equity on Profit/Loss of Subsidiaries	(57,499)	(107,531)	61,137	131,078
3.05	Income Before Net Financial Expenses and Taxes	(101,955)	349,504	245,025	803,005
3.06	Net Financial expenses	(48,824)	410,142	(36,270)	(119,628)
3.06.01	Financial income	13,748	589,581	8,454	24,748
3.06.02	Financial expenses	(62,572)	(179,439)	(44,724)	(144,376)
3.07	Income Before Taxes on Profit	(150,779)	759,646	208,755	683,377
3.08	Income Tax and Social Contribution on Profit	67,906	(17,331)	(22,023)	(109,929)
3.08.01	Current	8,184	(34,162)	(28,100)	(112,701)
3.08.02	Deferred	59,722	16,831	6,077	2,772
3.09	Net Income from Continuing Operations	(82,873)	742,315	186,732	573,448
3.11	Profit / Loss for the Period	(82,873)	742,315	186,732	573,448
3.99.01	Basic Earnings per Share	(0.1046)	0.9363	0.2356	0.7550
3.99.01.01	ON	(0.1046)	0.9363	0.2356	0.7550
3.99.02	Diluted Earnings per Share	(0.1044)	0.9346	0.2350	0.7520
3.99.02.01	ON	(0.1044)	0.9346	0.2350	0.7520

## Individual Statements / Comprehensive Income Statements

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current Quarter	Acumulated of Current	Same quarter of	Acumulated of Last
		7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	Last Year 7/1/2019 to 9/30/2019	Year 1/1/2019 to 9/30/2019
4.01	Net Income For The Period	(82,873)	742,315	186,732	573,448
4.02	Other Comprehensive Income	1,992	107,167	9,338	4,103
4.02.01	Cash Flow Hedge	(10,382)	31,006	20,271	26,478
4.02.02	Portion Of Other Comprehensive Income Of Subsidiaries	(982)	1,386	2	822
4.02.03	Taxes Related To Components Of Comprehensive Income	3,530	(10,542)	(6,892)	(9,002)
4.02.04	Cumulative Translation Adjustments	9,826	85,317	(4,043)	(14,195)
4.03	Total Comprehensive Income For The Period	(80,881)	849,482	196,070	577,551

## LOJAS RENNER S.A.



## Individual Statements / Cash Flow Statements

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Acumulated of Current	Acumulated of Last
		Year 1/1/2020 to 9/30/2020	Year 1/1/2019 to 9/30/2019
6.01	Net Cash From Operating Activities	214,913	957,768
6.01.01	Cash Flow From Operating Activities	64,733	1,118,192
6.01.01.01	Net Income For The Period	742,315	573,448
6.01.01.02	Depreciation And Amortization	478,705	446,248
6.01.01.05	Interest Expense and structuring costs Of Borrowing and leases	156,626	141,869
6.01.01.06	Interest on financing of operating services	2,561	-
6.01.01.07	Equity on Profit/Loss of Subsidiaries	107,531	(131,078)
6.01.01.09	Income Tax and Social Contribution	17,331	109,929
6.01.01.12	Estimated losses (Reversal) On Assets net	(13,007)	(46,540)
6.01.01.13	Other adjustments of Net Income	32,190	24,316
6.01.01.14	Exclusion of ICMS in the PIS and COFINS calculation base, net of taxes and Advocative hours	(1,363,029)	-
6.01.01.15	Discounts - leases payable	(96,490)	-
6.01.02	Changes In Assets And Liabilities	328,632	32,823
6.01.02.01	Trade Accounts Receivable	954,895	321,318
6.01.02.02	Inventories	(361,439)	(47,183)
6.01.02.03	Recoverable Taxes	42,681	(68,364)
6.01.02.04	Other assets	(7,982)	(16,748)
6.01.02.05	Financing – Financial Services Operations	-	181,495
6.01.02.06	Suppliers	(2,348)	(153,204)
6.01.02.07	Tax Obligations	(252,577)	(224,282)
6.01.02.11	Obligations With Card Administrators	(17,092)	3,408
6.01.02.12	Other obligations	(27,506)	36,383
6.01.03	Others	(178,452)	(193,247)
6.01.03.01	Subsidiaries Dividend Received	3,525	8,665
6.01.03.02	Payment of Income Tax and Social Contribution	(164,391)	(168,811)
6.01.03.03	Payment of interest on borrowings and debentures	(26,129)	(26,426)
6.01.03.04	Interest paid on operating services financing	(10,301)	-
6.01.03.05	Financial investments	18,844	(6,675)
6.02	Net cash from investing activities	(568,834)	(541,610)
6.02.01	Acquisitions of fixed and intangible assets	(346,756)	(376,780)
6.02.03	Proceeds from disposal of fixed assets	31	929
6.02.04	Investments in subsidiaries	(222,109)	(165,759)
6.03	Net cash from financing activities	657,927	(699,163)
6.03.01	Capital increase	1,527	41,105
6.03.02	Repurchase of treasury stocks	(96,964)	4
6.03.03	Borrowings	2,003,231	401,447
6.03.04	Payments of borrowings and debentures	(802,494)	(504,205)
6.03.06	Leases payments	(189,851)	(235,580)
6.03.07	Interest on Equity and Dividends Paid	(257,522)	(401,934)
6.05	Increase (decrease) In Cash and Cash Equivalent	304,006	(283,005)
6.05.01	Cash And Cash Equivalent at the beginning of the period	844,755	716,761
6.05.02	Cash And Cash Equivalent at the end of the period	1,148,761	433,756



## Individual Statements / Changes in Shareholder's Equity - 1/1/2020 to 9/30/2020

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Capital	Capital Reserves, Options Granted and Treasury Stock	Revenue Reserves	Retained Earnings	Other Comprehensive Income	Total
5.01	Opening Balances	3,795,634	38,678	869,896	-	(13,189)	4,691,019
5.03	Adjusted Initial Balances	3,795,634	38,678	869,896	-	(13,189)	4,691,019
5.04	Capital Transactions with Stockholders	1,527	(73,789)	-	(180,151)	-	(252,413)
5.04.01	Capital Increases	1,527	-	-	-	-	1,527
5.04.04	Treasury Stock Acquired	-	(96,964)	-	-	-	(96,964)
5.04.07	Interest on Equity	-	-	-	(180,342)	-	(180,342)
5.04.09	Restricted Stock Plan	-	7,361	-	-	-	7,361
5.04.10	Stock option plan	-	15,814	-	-	-	15,814
5.04.11	Prescribed dividends	-	-	-	191	-	191
5.05	Total Comprehensive Income	-	-	-	742,315	107,167	849,482
5.05.01	Net Income for the Period	-	-	-	742,315	-	742,315
5.05.02	Other Comprehensive income	-	-	-	-	107,167	107,167
5.05.02.01	Adjustments to Financial Instruments	-	-	-	-	31,006	31,006
5.05.02.02	Taxes / Adjustments Financial Instruments	-	-	-	-	1,386	1,386
5.05.02.03	Equity on Other Comprehensive Net Income	-	-	-	-	(10,542)	(10,542)
5.05.02.04	Period Conversion Adjustments	-	-	-	-	85,317	85,317
5.06	Internal Changes in Shareholders' Equity	-	-	(325)	-	-	(325)
5.06.01	Reservation Constitution	-	-	(325)	-	-	(325)
5.07	Balances as of September 30, 2020	3,797,161	(35,111)	869,571	562,164	93,978	5,287,763

## Individual Statements / Changes in Shareholder's Equity - 1/1/2019 to 9/30/2019

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Capital	Capital Reserves, Options Granted and Treasury Stock	Revenue Reserves	Retained Earnings	Other Comprehensive Income	Total
5.01	Opening Balances	2,637,473	79,557	1,235,334	-	2,148	3,954,512
5.03	Adjusted Initial Balances	2,637,473	79,557	1,235,334	-	2,148	3,954,512
5.04	Capital Transactions with Stockholders	1,153,155	(49,840)	(1,184,639)	(190,292)	-	(271,616)
5.04.01	Capital Increases	1,153,155	(72,050)	(1,040,000)	-	-	41,105
5.04.07	Interest on Equity	-	-	-	(190,619)	-	(190,619)
5.04.08	Additional dividend resolution	-	-	(144,639)	-	-	(144,639)
5.04.09	Restricted Stock Plan	-	6,995	-	-	-	6,995
5.04.10	Stock option plan	-	15,211	-	-	-	15,211
5.04.11	Prescribed dividends	-	-	-	327	-	327
5.04.12	Sale/Transfer of share	-	4	-	-	-	4
5.05	Total Comprehensive Income	-	-	-	573,448	4,103	577,551
5.05.01	Net Income for the Period	-	-	-	573,448	-	573,448
5.05.02	Other Comprehensive income	-	-	-	-	4,103	4,103
5.05.02.01	Adjustments to Financial Instruments	-	-	-	-	26,478	26,478
5.05.02.02	Taxes / Adjustments Financial Instruments	-	-	-	-	822	822
5.05.02.03	Equity on Other Comprehensive Net Income	-	-	-	-	(9,002)	(9,002)
5.05.02.04	Period Conversion Adjustments	-	-	-	-	(14,195)	(14,195)
5.07	Balances as of September 30, 2019	3,790,628	29,717	50,695	383,156	6,251	4,260,447

## LOJAS RENNER S.A.



## Individual Statements / Statement of Added Value

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Acumulated of Current	Acumulated of Last
		Year 1/1/2020 to 9/30/2020	Year 1/1/2019 to 9/30/2019
7.01	Income	5,175,856	6,883,624
7.01.01	Sales of Goods, Products and Services	4,288,041	6,895,992
7.01.02	Other Receives	818,505	52,275
7.01.04	Provision / Reversal of Credits Doubtful Settlement	69,310	(64,643)
7.02	Input Purchased From Third Parties	(2,750,687)	(3,492,092)
7.02.01	Cost Of Sales Of Goods, Financial Products And Services (Including Taxes)	(1,882,785)	(2,619,211)
7.02.02	Materials, Energy, Outsides Services And Others	(814,661)	(832,408)
7.02.03	Loss / Recovery of Assets	(53,241)	(40,473)
7.03	Gross Value Added	2,425,169	3,391,532
7.04	Retentions	(478,705)	(446,248)
7.04.01	Depreciation and Amortization	(478,705)	(446,248)
7.05	Value Added Net Produced	1,946,464	2,945,284
7.06	Value Added Received In Transfer	510,623	156,981
7.06.01	Equity on Profit/Loss of Subsidiaries	(107,531)	131,078
7.06.02	Financial income	618,154	25,903
7.07	Total Added Value to Distribute	2,457,087	3,102,265
7.08	Distribution of Added Value	2,457,087	3,102,265
7.08.01	Personnel Expenses	620,770	756,711
7.08.01.01	Compensation	459,216	567,261
7.08.01.02	Benefits	89,327	108,347
7.08.01.03	Government Severance Indemnity Fund For Employees	42,435	53,351
7.08.01.04	Others	29,792	27,752
7.08.01.04.01	Stock Option Plan	15,814	15,212
7.08.01.04.02	Management remuneration	13,978	12,540
7.08.02	Taxes, fees and contributions	860,109	1,458,730
7.08.02.01	Federal Taxes	253,972	472,504
7.08.02.02	State Taxes	564,693	944,651
7.08.02.03	Municipal Taxes	41,444	41,575
7.08.03	Remuneration of Third Party Capital	233,893	313,376
7.08.03.02	Rents	45,456	164,718
7.08.03.03	Others	188,437	148,658
7.08.03.03.01	Financial expenses	188,437	148,658
7.08.04	Remuneration of Shareholders' Equity	742,315	573,448
7.08.04.01	Interest on Equity	180,342	190,619
7.08.04.03	Retained Earnings / Loss for the Period	561,973	382,829

## LOJAS RENNER S.A.



## Consolidated Statements / Balance Sheet-Asset

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2020	Prior end of year 12/31/2019
1	Total Assets	12,982,090	11,552,902
1.01	Current assets	7,265,876	6,656,209
1.01.01	Cash and cash equivalents	1,303,377	980,954
1.01.02	Financial investments	627,971	391,348
1.01.02.01	Financial investments measured at fair value through profit or loss	627,971	391,348
1.01.02.01.02	Fair Value Titles	627,971	391,348
1.01.03	Trade Accounts Receivable	2,678,827	3,825,961
1.01.03.01	Customers	2,678,827	3,825,961
1.01.04	Inventories	1,523,235	1,124,506
1.01.06	Recoverable Taxes	1,028,428	258,396
1.01.06.01	Recoverable Current Taxes	1,028,428	258,396
1.01.08	Other Current Assets	104,038	75,044
1.01.08.03	Others	104,038	75,044
1.01.08.03.02	Derivative financial instruments	29,724	4,382
1.01.08.03.03	Other Assets	74,314	70,662
1.02	Non-Current Assets	5,716,214	4,896,693
1.02.01	Long-Term Assets	970,831	304,058
1.02.01.07	Deferred Taxes	284,453	214,505
1.02.01.07.01	Deferred Income Tax and Social Contribution	284,453	214,505
1.02.01.10	Other Non-Current Assets	686,378	89,553
1.02.01.10.04	Recoverable Taxes	670,286	73,345
1.02.01.10.05	Other Assets	16,092	16,208
1.02.03	Fixed Assets	3,831,666	3,808,400
1.02.03.01	Fixed Assets in Operation	1,905,632	1,974,380
1.02.03.02	Right-of-Use in Progress	1,649,238	1,634,690
1.02.03.03	Fixed Assets in Progress	276,796	199,330
1.02.04	Intangible	913,717	784,235
1.02.04.01	Intangible	797,038	667,556
1.02.04.01.02	Others Intangibles	797,038	667,556
1.02.04.02	Goodwill	116,679	116,679



## Consolidated Statements / Balance Sheet-Liabilities

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2020	Prior end of year 12/31/2019
2	Total Liabilities	12,982,090	11,552,902
2.01	Current Liabilities	4,766,933	4,765,317
2.01.01	Social and Labor Obligations	289,027	306,882
2.01.01.01	Social Obligations	107,533	81,263
2.01.01.01.01	Social charges	107,533	81,263
2.01.01.02	Labor obligations	181,494	225,619
2.01.01.02.01	Wages payable	181,494	225,619
2.01.02	Suppliers	974,243	1,081,785
2.01.02.01	National suppliers	974,243	1,081,785
2.01.03	Tax Obligations	115,071	636,723
2.01.03.01	Federal Tax Obligations	44,759	412,679
2.01.03.01.01	Income Tax and Social Contribution Payable	1,533	299,927
2.01.03.01.02	Other Federal Tax Obligations	43,226	112,752
2.01.03.02	State Tax Obligations	66,547	219,155
2.01.03.03	Municipal Tax Obligations	3,765	4,889
2.01.04	Borrowings, Financing and Debentures	1,584,666	894,018
2.01.04.01	Borrowings and Financing	1,058,643	583,059
2.01.04.01.01	In National Currency	639,283	98,625
2.01.04.01.02	In Foreign Currency	419,360	484,434
2.01.04.02	Debentures	526,023	310,959
2.01.05	Other obligations	1,738,978	1,778,274
2.01.05.02	Others	1,738,978	1,778,274
2.01.05.02.01	Dividends and Interest on equity Payable	160,099	237,259
2.01.05.02.05	Other obligations	122,158	94,413
2.01.05.02.06	Statutory Participation	-	5,855
2.01.05.02.07	Obligations with Card Administrators	973,203	985,298
2.01.05.02.08	Derivative financial instruments	-	7,764
2.01.05.02.09	Leases payable	483,518	447,685
2.01.06	Provisions	64,948	67,635
2.01.06.01	Labor, Civil, Security and Tax Provisions	64,948	67,635
2.01.06.01.04	Civil Provisions	26,154	30,868
2.01.06.01.05	Labor Provisions	38,794	36,767
2.02	Non-Current Liabilities	2,927,394	2,096,566
2.02.01	Borrowings, Financing and Debentures	1,449,278	751,011
2.02.01.01	Borrowings and Financing	553,832	351,011
2.02.01.01.01	In National Currency	553,832	311,152
2.02.01.01.02	In Foreign Currency	-	39,859
2.02.01.02	Debentures	895,446	400,000
2.02.02	Other obligations	1,429,753	1,315,787
2.02.02.02	Others	1,429,753	1,315,787
2.02.02.02.04	Other obligations	21,619	24,111
2.02.02.02.05	Leases payable	1,308,448	1,291,676
2.02.02.02.06	Suppliers	99,686	-



## LOJAS RENNER S.A.



## Consolidated Statements / Balance Sheet-Liabilities

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2020	Prior end of year 12/31/2019
2.02.03	Deferred Taxes	-	5,287
2.02.03.01	Deferred Income Tax and Social Contribution	-	5,287
2.02.04	Provisions	48,363	24,481
2.02.04.01	Labor, Civil, Security and Tax Provisions	48,363	24,481
2.02.04.01.01	Tax Provisions	22,330	24,481
2.02.04.01.04	Civil Provisions	8,546	-
2.02.04.01.05	Labor Provisions	17,487	-
2.03	Shareholder's Equity	5,287,763	4,691,019
2.03.01	Capital	3,797,161	3,795,634
2.03.02	Capital reserves	(35,111)	38,678
2.03.02.04	Granted Options	84,350	74,227
2.03.02.05	Treasury Shares	(119,461)	(35,549)
2.03.04	Profit Reserves	869,571	869,896
2.03.04.01	Legal reserve	54,955	54,955
2.03.04.07	Tax Incentive Reserve	97,539	97,539
2.03.04.08	Proposed Additional Dividend	-	282,546
2.03.04.10	Reserve for Investment and Expansion	717,077	434,856
2.03.05	Accumulated Profit / Loss	562,164	-
2.03.08	Other Comprehensive Results	93,978	(13,189)

## Consolidated Statements / Income Statements

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current Quarter 7/1/2020 to 9/30/2020	Acumulated of Current Year 1/1/2020 to 9/30/2020	Same quarter of Last Year 7/1/2019 to 9/30/2019	Acumulated of Last Year 1/1/2019 to 9/30/2019
3.01	Revenue from Sale of Goods and / or Services	1,790,039	4,462,306	2,225,755	6,409,876
3.01.01	Net sales revenue from goods	1,651,197	3,741,013	1,931,924	5,601,635
3.01.02	Net revenue from financial products and services	138,842	721,293	293,831	808,241
3.02	Cost of Goods and / or Services Sold	(869,361)	(1,870,678)	(889,197)	(2,518,720)
3.02.01	Cost of sales with goods	(862,993)	(1,852,074)	(882,033)	(2,500,200)
3.02.02	Cost of financial products and services	(6,368)	(18,604)	(7,164)	(18,520)
3.03	Gross Profit	920,678	2,591,628	1,336,558	3,891,156
3.04	Operating Expenses / Revenues	(1,047,291)	(2,265,650)	(1,046,516)	(2,979,373)
3.04.01	Selling Expenses	(629,119)	(1,658,151)	(616,918)	(1,810,664)
3.04.02	General and Administrative Expenses	(219,180)	(634,157)	(224,233)	(638,612)
3.04.03	Losses due to non-recoverability of assets	(91,399)	(424,590)	(101,371)	(272,342)
3.04.04	Other Operating Income	5,371	810,057	6,401	47,481
3.04.05	Other Operating Expenses	(112,964)	(358,809)	(110,395)	(305,236)
3.05	Income Before Net Financial Expenses and Taxes	(126,613)	325,978	290,042	911,783
3.06	Net Financial expenses	(57,386)	386,452	(40,636)	(139,338)
3.06.01	Financial income	51,807	657,142	20,288	47,486
3.06.02	Financial expenses	(109,193)	(270,690)	(60,924)	(186,824)
3.07	Income Before Taxes on Profit	(183,999)	712,430	249,406	772,445
3.08	Income Tax and Social Contribution on Profit	101,126	29,885	(62,674)	(198,997)
3.08.01	Current	60,445	(55,004)	(85,190)	(239,054)

## Consolidated Statements / Income Statements

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current Quarter 7/1/2020 to 9/30/2020	Acumulated of Current Year 1/1/2020 to 9/30/2020	Same quarter of Last Year 7/1/2019 to 9/30/2019	Acumulated of Last Year 1/1/2019 to 9/30/2019
3.08.02	Deferred	40,681	84,889	22,516	40,057
3.09	Net Income from Continuing Operations	(82,873)	742,315	186,732	573,448
3.11	Profit / Loss for the Period	(82,873)	742,315	186,732	573,448
3.11.01	Attributed to Parent Company Shareholders	(82,873)	742,315	186,732	573,448
3.99.01	Basic Earnings per Share	(0.1046)	0.9363	0.2356	0.7550
3.99.01.01	ON	(0.1046)	0.9363	0.2356	0.7550
3.99.02	Diluted Earnings per Share	(0.1044)	0.9346	0.2350	0.7520
3.99.02.01	ON	(0.1044)	0.9346	0.2350	0.7520

## Consolidated Statements / Comprehensive Income Statements

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current Quarter	Acumulated of	Same quarter of	Acumulated of Last
		7/1/2020 to 9/30/2020	Current Year 1/1/2020 to 9/30/2020	Last Year 7/1/2019 to 9/30/2019	Year 1/1/2019 to 9/30/2019
4.01	Net Income For The Period	(82,873)	742,315	186,732	573,448
4.02	Other Comprehensive Income	1,992	107,167	9,338	4,103
4.02.01	Cash Flow Hedge	(11,870)	33,106	20,274	27,724
4.02.03	Taxes Related To Components Of Comprehensive Income	4,036	(11,256)	(6,893)	(9,426)
4.02.04	Cumulative Translation Adjustments	9,826	85,317	(4,043)	(14,195)
4.03	Total Comprehensive Income For The Period	(80,881)	849,482	196,070	577,551
4.03.01	Attributed to Parent Company Shareholders	(80,881)	849,482	196,070	577,551



## LOJAS RENNER S.A.



## Consolidated Statements / Cash Flow Statements

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Acumulated of Current	Acumulated of Last
		Year 1/1/2020 to 9/30/2020	Year 1/1/2019 to 9/30/2019
6.01	Net Cash From Operating Activities	(20,715)	1,051,295
6.01.01	Cash Flow From Operating Activities	288,140	1,509,082
6.01.01.01	Net Income For The Period	742,315	573,448
6.01.01.02	Depreciation And Amortization	586,110	516,205
6.01.01.05	Interest Expense and structuring costs Of Borrowing and leases	177,761	160,928
6.01.01.06	Interest on financing of operating services	23,963	-
6.01.01.09	Income Tax and Social Contribution	(29,885)	198,997
6.01.01.12	Estimated losses (Reversal) On Assets net	231,022	37,522
6.01.01.13	Other adjustments of Net Income	35,094	21,982
6.01.01.14	Exclusion of ICMS in the PIS and COFINS calculation base, net of taxes and Advocative hours	(1,363,029)	-
6.01.01.15	Discounts - leases payable	(115,211)	-
6.01.02	Changes In Assets And Liabilities	305,878	(327,969)
6.01.02.01	Trade Accounts Receivable	960,206	206,905
6.01.02.02	Inventories	(395,660)	(97,740)
6.01.02.03	Recoverable Taxes	44,880	(21,530)
6.01.02.04	Other assets	(1,819)	(31,563)
6.01.02.05	Financing – Financial Services Operations	-	(107,238)
6.01.02.06	Suppliers	(18,913)	(179,009)
6.01.02.07	Tax Obligations	(285,169)	(281,118)
6.01.02.11	Obligations With Card Administrators	(12,095)	126,288
6.01.02.12	Other obligations	14,448	57,036
6.01.03	Others	(614,733)	(129,818)
6.01.03.02	Payment of Income Tax and Social Contribution	(340,311)	(259,187)
6.01.03.03	Payment of interest on borrowings and debentures	(27,498)	(28,498)
6.01.03.04	Interest paid on operating services financing	(10,301)	-
6.01.03.05	Financial investments	(236,623)	157,867
6.02	Net cash from investing activities	(419,239)	(501,641)
6.02.01	Acquisitions of fixed and intangible assets	(419,270)	(502,570)
6.02.03	Proceeds from disposal of fixed assets	31	929
6.03	Net cash from financing activities	752,437	(741,983)
6.03.01	Capital increase	1,527	41,105
6.03.02	Repurchase of treasury stocks	(96,964)	4
6.03.03	Borrowings	2,940,036	479,563
6.03.04	Payments of borrowings and debentures	(1,603,277)	(589,930)
6.03.06	Leases payments	(231,363)	(270,791)
6.03.07	Interest on Equity and Dividends Paid	(257,522)	(401,934)
6.04	Net Foreign Exchange Variation in Cash and Cash Equivalents	9,940	4,058
6.05	Increase (decrease) In Cash and Cash Equivalents	322,423	(188,271)
6.05.01	Cash And Cash Equivalents at the beginning of the period	980,954	785,130
6.05.02	Cash And Cash Equivalents at the end of the period	1,303,377	596,859



## Consolidated Statements / Changes in Shareholder's Equity - 1/1/2020 to 9/30/2020

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Capital	Capital Reserves, Options Granted and Treasury Stock	Revenue Reserves	Retained Earnings	Other Comprehensive Income	Total Attributed to Parent Company Shareholders	Non-Controlling Shareholder Interest	Shareholder's Equity
5.01	Opening Balances	3,795,634	38,678	869,896	-	(13,189)	4,691,019	-	4,691,019
5.03	Adjusted Initial Balances	3,795,634	38,678	869,896	-	(13,189)	4,691,019	-	4,691,019
5.04	Capital Transactions with Stockholders	1,527	(73,789)	-	(180,151)	-	(252,413)	-	(252,413)
5.04.01	Capital Increases	1,527	-	-	-	-	1,527	-	1,527
5.04.04	Treasury Stock Acquired	-	(96,964)	-	-	-	(96,964)	-	(96,964)
5.04.07	Interest on Equity	-	-	-	(180,342)	-	(180,342)	-	(180,342)
5.04.09	Restricted Stock Plan	-	7,361	-	-	-	7,361	-	7,361
5.04.10	Stock option plan	-	15,814	-	-	-	15,814	-	15,814
5.04.11	Prescribed dividends	-	-	-	191	-	191	-	191
5.05	Total Comprehensive Income	-	-	-	742,315	107,167	849,482	-	849,482
5.05.01	Net Income for the Period	-	-	-	742,315	-	742,315	-	742,315
5.05.02	Other Comprehensive income	-	-	-	-	107,167	107,167	-	107,167
5.05.02.01	Adjustments to Financial Instruments	-	-	-	-	31,006	31,006	-	31,006
5.05.02.02	Taxes / Adjustments Financial Instruments	-	-	-	-	1,386	1,386	-	1,386
5.05.02.03	Equity on Other Comprehensive Net Income	-	-	-	-	(10,542)	(10,542)	-	(10,542)
5.05.02.04	Period Conversion Adjustments	-	-	-	-	85,317	85,317	-	85,317
5.06	Internal Changes in Shareholders' Equity	-	-	(325)	-	-	(325)	-	(325)
5.06.01	Reservation Constitution	-	-	(325)	-	-	(325)	-	(325)
5.07	Balances as of September 30, 2020	3,797,161	(35,111)	869,571	562,164	93,978	5,287,763	-	5,287,763

## Consolidated Statements / Changes in Shareholder's Equity - 1/1/2019 to 9/30/2019

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Capital	Capital Reserves, Options Granted and Treasury Stock	Revenue Reserves	Retained Earnings	Other Comprehensive Income	Total Attributed to Parent Company Shareholders	Non-Controlling Shareholder Interest	Shareholder's Equity
5.01	Opening Balances	2,637,473	79,557	1,235,334	-	2,148	3,954,512	-	3,954,512
5.03	Adjusted Initial Balances	2,637,473	79,557	1,235,334	-	2,148	3,954,512	-	3,954,512
5.04	Capital Transactions with Stockholders	1,153,155	(49,840)	(1,184,639)	(190,292)	-	(271,616)	-	(271,616)
5.04.01	Capital Increases	1,153,155	(72,050)	(1,040,000)	-	-	41,105	-	41,105
5.04.07	Interest on Equity	-	-	-	(190,619)	-	(190,619)	-	(190,619)
5.04.08	Additional dividend resolution	-	-	(144,639)	-	-	(144,639)	-	(144,639)
5.04.09	Restricted Stock Plan	-	6,995	-	-	-	6,995	-	6,995
5.04.10	Stock option plan	-	15,211	-	-	-	15,211	-	15,211
5.04.11	Prescribed dividends	-	-	-	327	-	327	-	327
5.04.12	Sale/Transfer of share	-	4	-	-	-	4	-	4
5.05	Total Comprehensive Income	-	-	-	573,448	4,103	577,551	-	577,551
5.05.01	Net Income for the Period	-	-	-	573,448	-	573,448	-	573,448
5.05.02	Other Comprehensive income	-	-	-	-	4,103	4,103	-	4,103
5.05.02.01	Adjustments to Financial Instruments	-	-	-	-	26,478	26,478	-	26,478
5.05.02.02	Taxes / Adjustments Financial Instruments	-	-	-	-	822	822	-	822
5.05.02.03	Equity on Other Comprehensive Net Income	-	-	-	-	(9,002)	(9,002)	-	(9,002)
5.05.02.04	Period Conversion Adjustments	-	-	-	-	(14,195)	(14,195)	-	(14,195)
5.07	Balances as of September 30, 2019	3,790,628	29,717	50,695	383,156	6,251	4,260,447	-	4,260,447

## LOJAS RENNER S.A.



## Consolidated Statements / Statement of Added Value

(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Accumulated of	Accumulated of
		Current Year 1/1/2020 to 9/30/2020	Last Year 1/1/2019 to 9/30/2019
7.01	Income	6,006,427	7,969,202
7.01.01	Sales of Goods, Products and Services	5,607,289	8,180,846
7.01.02	Other Receives	823,728	60,698
7.01.04	Provision / Reversal of Credits Doubtful Settlement	(424,590)	(272,342)
7.02	Input Purchased From Third Parties	(3,263,721)	(3,917,988)
7.02.01	Cost Of Sales Of Goods, Financial Products And Services (Including Taxes)	(2,112,248)	(2,849,632)
7.02.02	Materials, Energy, Outsides Services And Others	(1,094,612)	(1,025,353)
7.02.03	Loss / Recovery of Assets	(56,861)	(43,003)
7.03	Gross Value Added	2,742,706	4,051,214
7.04	Retentions	(586,110)	(516,205)
7.04.01	Depreciation and Amortization	(586,110)	(516,205)
7.05	Value Added Net Produced	2,156,596	3,535,009
7.06	Value Added Received In Transfer	685,762	48,794
7.06.02	Financial income	685,762	48,794
7.07	Total Added Value to Distribute	2,842,358	3,583,803
7.08	Distribution of Added Value	2,842,358	3,583,803
7.08.01	Personnel Expenses	782,094	886,347
7.08.01.01	Compensation	599,460	675,961
7.08.01.02	Benefits	102,850	121,703
7.08.01.03	Government Severance Indemnity Fund For Employees	49,052	60,185
7.08.01.04	Others	30,732	28,498
7.08.01.04.01	Stock Option Plan	15,814	15,212
7.08.01.04.02	Management remuneration	14,918	13,286
7.08.02	Taxes, fees and contributions	967,684	1,718,971
7.08.02.01	Federal Taxes	279,600	631,461
7.08.02.02	State Taxes	631,707	1,032,252
7.08.02.03	Municipal Taxes	56,377	55,258
7.08.03	Remuneration of Third Party Capital	350,265	405,037
7.08.03.02	Rents	69,381	213,896
7.08.03.03	Others	280,884	191,141
7.08.03.03.01	Financial expenses	280,884	191,141
7.08.04	Remuneration of Shareholders' Equity	742,315	573,448
7.08.04.01	Interest on Equity	180,342	190,619
7.08.04.03	Retained Earnings / Loss for the Period	561,973	382,829

## Message from the Management

We enter the fourth quarter in the certainty that we are on the right track back to normality, with all our stores now back in operation, a growing footfall and the digital business developing in a significant way!

Taken over the course of the year, our decisions have proved to be on target, the Company acting in an agile and committed manner with employees, customers, and suppliers. We believe the fruits of these actions have been instrumental in achieving an elevated level of engagement among our personnel, a high degree of consumer loyalty and great commitment among our suppliers, all combining to allow us to proceed on the journey ahead.

At the same time, we took some important commercial decisions, such as the anticipation of markdowns as part of the commercial management of inventory, now, at the outset of 4Q20, having quality inventory in readiness for the yearend sales. These decisions have permitted us to increase market share during the winter season and continue to outperform the market with the new spring summer collection where our internal metrics show that we have exceeded expectations in all the weeks of September.

Equally, we have assertively invested heavily in e-commerce and in several online channel initiatives. Our digital sales continue to expand at the rate of three digits, downloads from the Renner app reaching 5.5 million in the quarter and translating into an increase of 273% over the previous year. All this, while the stores, now opened in their entirety and already operating close to normality, advance in the direction of meeting our goals and the initially forecasted budget for the quarters.

In the context of the digital transformation, we already have more than 20% of e-commerce sales supplied from instore inventory, 15% of these deliveries originating from different units, that is partially from the store itself and partially from the distribution center. Pickup of online purchases from the physical stores is recovering to levels of 30% and we are now also using the Whatsapp medium for sales throughout Brazil. Social selling already has more than 15 thousand affiliates signed up to "Minha Sacola" and conversion rates in purchases continue on an upward trajectory. We have also improved our levels of service with faster delivery and greater autonomy of the Renner app, whereby customers are able to receive information on the orders tracking via push notification and to request exchanges autonomously.

As for the structural projects for digitization, we are developing communication plans and within the scope of the **Customer's Single-View**, we increased the number of active customers by 9 p.p., with nearly 70% of the transactions with consumers duly identified and already adhering to the General Data Protection Law. We have already achieved our annual target of 17% of items allocated without human intervention under the **Product Life Cycle project**, thereby providing higher sales with less inventory. On the Omni front, more than 20% of instore sales are being transacted through the Mobile Payment Sales mechanism in which customers do not have to use checkouts. At the same time, we continue to see a growing participation of the Pague Digital service, where the Renner Card customer can conclude his purchases and make instore payment using his own cell phone.

And much more is still to come. We are installing the infinite aisle at Renner, creating the Youcom app and making numerous improvements to services and functionalities at the same time as we progress towards the construction of the digital account at Realize.

We continue evolving at the other businesses as well. At both Ashua and Youcom, growth is recovering in the same way as Renner while new product lines are being launched at Youcom. At Camicado, initiatives for reorganizing commercial and inventory management continue to advance, with sales and margins substantially improved compared with 2019. Although with defaults under control, at Realize, we experienced a specific impact from lower revenue generation due to store closures in April and May and reductions in interest charged during the worst period of the COVID-19 pandemic.

And so to 4Q20. As already indicated earlier, we have reached the turning point and are now ready to move ahead, expanding the stores and investing in the digital channel. Our purchases and planning for the yearend are in line with forecast and we believe that we can return to a level of sales and profitability close to normal. Set against this scenario, we expect healthy sales growth, our gross margin restored and greater equilibrium of expenses. In the context of credit, we continue to work on portfolio origination and generation of revenue with a return to a positive contribution to operating cash generation.

We believe that brands with identity and a clear value proposition generate competitive advantages and create the conditions for important gains in market share, irrespective of the economic scenario which will trigger a faster consolidation in the fashion segment. The period we have been experiencing in 2020 has been characterized by this belief and we are convinced that we have learnt, relearnt and been transformed. And based on this capacity to adapt we believe we are prepared for the new challenges which we may still have to meet as a consequence of Covid-19. Today we are the largest omni fashion player in Brazil, remaining committed to our long-term projects and to the sustainability of the businesses through solid relationships with both customers and suppliers. Our digital transformation continues at an accelerated pace, our target of 520 stores by 2025 suffering no alteration and we continue attentive as to the new possibilities for executing our strategy through the combination of our businesses and the development of our fashion and lifestyle ecosystem.



## Digital Transformation

### DIGITAL SALES

- Sales through the Digital Channels – representing 16% of total revenue in 3Q20 - reported a record performance with growth of 200.5% in the quarter, spiking at +239% in July. With the reopening and flexibilization of store operations, In October, performance continued at three digits, if only with a greater equilibrium between online and offline channels.
- During the quarter, the Company continued to invest in content with more editions and improvements in the Live Shops, events on fashion and beauty, with experts in these areas of interest. In addition, improvements in the shopping experience were implemented with the introduction of more autonomy, flexibility and improved usability such as the possibility of payment with two cards and the introduction of order tracking via push notification, among others.
- All these initiatives reflected in an important increase in traffic, in the amount of active customers and principally in the number of new customers. The participation of the app also continued to be the highlight with the Renner app being the most downloaded among apparel online players in each one of the months during the quarter.
- In the light of the foregoing, once more Renner was recognized with the EBIT Favorite Fashion Store Award.
  - **Online traffic:** increased 196% in 3Q20, being approximately half through the app;
  - **New customers:** increased 252% in 3Q20, with a spike of 337% in July, representing +75% of total base and +50% of sales;
  - **Active customers:** more than doubled in the quarter when compared to the previous year;
  - **App:** downloads 273% greater in 3Q20, with a record in July, and participation in about 50% of sales.

### STRUCTURAL PROJECTS

- In the context of the Omni Transformation, in the quarter, there were developments in new forms of sales including the launch of new options such as Fashion Delivery and Fashion Machine. From the point of view of deliveries, some important implementations were made with new stages in the ship from store service and the beginning of the infinite aisle:
  - **Digital sales:** with 16 thousand orders executed since the beginning of the year;
  - **Self checkout (cashier):** participation of 12% of sales at units where the service is available;
  - **Self checkout (Digital Payments – through the customer's mobile phone):** available at all stores with +37 thousand operations;
  - **Sales via Whatsapp:** available in more than 80 stores with high conversion rates;
  - **Social sales (Minha Sacola):** +15 thousand affiliated participants with 65 thousand items sold;
  - **Ship from Store:** available at more than 180 units and more than 20% of online sales are already serviced from instore inventories;
  - **Fashion Delivery:** pilot operation at 17 Renner and Ashua stores using analytics for defining the target public and sending a selection of items to the residence of the chosen customer based on their preferences;
  - **Infinite Aisle:** availability of items exclusive to the stores on the e-commerce began in September;
  - **Fashion Machine:** launch of pilot vending machine at a subway station in the city of São Paulo;
  - **New omni DC:** construction of the new DC in SP proceeds according to plan.
- As to the Use of Data in the Product Life Cycle, we have already reached the goal set for the year with **17% of the products allocated to stores without human intervention at Renner** and we continue its implementation adopted to the needs of Youcom, where almost 6% of the items are being allocated using Artificial Intelligence.
- Finally, in respect of the Customer's Single-View, we continued to advance in the use of analysis and transformation of integrated data to enhance knowledge of our customer and the offer of personalized experiences at all points of contact. Consequently, the customer base increased by 9 pp and currently 75% of sales are already identified. Additionally, **data integration** was undertaken resulting in a growth of 35% of the customer base available in the omni campaigns manager. Statistical predictive behavioral modeling has also been developed, permitting personalized campaigns to be run, this leveraging such indicators as frequency, average ticket, and number of items per basket.

### REALIZE CFI

- Realize has continued the development of its financial products and services, improving the client experience in the payment process, thereby increasing the attractiveness of its portfolio. All this has been achieved through the modernization of its development structures and operation employing agile methodology, ensuring greater speed and quality in the implementations. As a result, Realize has been recognized by the *Finanças Mais 2020* award in the Financial category, sponsored by the Estadão organization. The award evaluates such criteria as performance and market leadership, among others.
- New functions have been included in the app such as requests for increased limits, withdrawal simulations, issue of virtual cards as well as investments in ultra advanced security procedures. Consequently, the Renner app jumped from 26<sup>th</sup> to 8<sup>th</sup> position in payments and client-friendly functions apps ranking according to a survey by Cardmonitor, a consultancy specialized in the theme. Since last year, a further 22 new features in the card section of the Renner app have been included, functions now totaling 44. All this has contributed to the increase in the frequency with which clients interact through the app.
- Progress was also made in the renewal of the product portfolio and a greater offer of solutions and experiences impacting the lives of clients. All stores now offer the co-branded Meu Cartão to new clients upon the first credit assessment and these being able to immediately use the card. Also, the CDB, Realize's first investment product, has already raised more than R\$ 100 million since launch in June, an indication of its ready acceptance. In addition, the cashback program was launched in pilot format, accumulating during Brazil Week and valid for Renner cards. Realize also relaunched the *Meu Estilo* campaign, awarding thousands of Renner card clients until year-end with cashback for instore in addition to personalized and exclusive experiences. In the space of two months the campaign already has 130,000 registered clients.



## Highlights of the Period

November 05, 2020 – LOJAS RENNER S.A. (B3: LREN3; USOTC: LRENY), the largest fashion retailer in Brazil, announces its results for the third quarter (3Q20) and the first nine months (9M20) of 2020. As per the current rule in force, from January 2019, lease expenses, depreciation and interest reflect the effect of IFRS 16.

Consolidated Information (R\$ MM)	3Q20	3Q19	Var.	9M20	9M19	Var.
Net Revenue from Merchandise Sales	1,651.2	1,931.9	-14.5%	3,741.0	5,601.6	-33.2%
Growth in Same Store Sales	-17.2%	8.3%	-	-35.8%	9.9%	-
Gross Profit from Merchandise Sales	788.2	1,049.9	-24.9%	1,888.9	3,101.4	-39.1%
Gross Margin from Retailing Operation	47.7%	54.3%	-6.6p.p.	50.5%	55.4%	-4.9p.p.
Operating Expenses (SG&A) <sup>1</sup>	(653.9)	(677.4)	-3.5%	(1,740.7)	(1,965.1)	-11.4%
SG&A as a % of Net Revenue from Merchandise Sales	39.6%	35.1%	4.5p.p.	46.5%	35.1%	11.4p.p.
Ajusted EBITDA from Retailing Operation	12.9	251.5	-94.9%	551.5	803.9	-31.4%
Ajusted EBITDA Margin from Retailing Operation	0.8%	13.0%	-12.2p.p.	14.7%	14.4%	0.3p.p.
Financial Products Result	(51.2)	103.2	-149.6%	22.3	292.0	-92.4%
Ajusted Total EBITDA (Retail + Financial Products)	(38.2)	354.8	-110.8%	573.8	1,095.9	-47.6%
Ajusted Total EBITDA Margin	-2.3%	18.4%	-20.7p.p.	15.3%	19.6%	-4.3p.p.
Net (Loss) Income	(82.9)	186.7	-144.4%	742.3	573.4	29.4%
Net Margin	-5.0%	9.7%	-14.7p.p.	19.8%	10.2%	9.6p.p.
ROIC LTM	19.9%	20.8%	-0.9p.p.	19.9%	20.8%	-0.9p.p.

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

\* For the purposes of comparability, 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. Excluding this adjustment, Retail and Total EBITDA would have amounted R\$ 138.5 and R\$ 87.3 million, respectively.

\*\* In May, the Company was successful in its legal action to exclude ICMS from the PIS and Cofins calculation base. As a result, a tax credit of R\$ 784.6 million (R\$ 735.4 million net of lawyers' fees) was booked in 2Q20 to Other Operating Income with respect to the principal amount as well as a further R\$ 578.4 million (R\$ 553.3 million net of taxes) with respect to interest on this amount and booked to the Financial Result. The total amount was R\$ 1,363.0 million with a net effect of R\$ 1,047.9 million on Net Income.

\*\*\* 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.

## Operating Highlights – 3Q20

SSS -17.2%	<ul style="list-style-type: none"> <li>Impact of the temporary closure of bricks and mortar stores until August</li> <li>Monthly evolution already with growth in September versus 2019</li> <li>Accelerated growth in digital sales</li> </ul>
Digital Sales +200.5%	
Gross Margin -6.6 p.p.	<ul style="list-style-type: none"> <li>Higher markdowns, mainly in July, to adjust inventory, partially compensated by the launch of the new collection in September</li> </ul>
Operating Expenses -3.5%	<ul style="list-style-type: none"> <li>Measures taken to adjust the operation</li> <li>Normalization of expenses as operations resumed with the recovery in sales pace</li> </ul>
Retail EBITDA R\$ 12.9 MM	<ul style="list-style-type: none"> <li>Operational deleveraging, principally in the months with more stores closed</li> </ul>
Financial Products Result -R\$51.2 MM	<ul style="list-style-type: none"> <li>Revenues impacted by lower transactional volumes in 2Q20</li> <li>Reduction in provisioning expenses given greater collection efficiency</li> </ul>
Net Result -144.4% yoy	<ul style="list-style-type: none"> <li>Reduction in EBITDA from the retailing operation</li> <li>Lower Financial Products Result</li> </ul>
Capex R\$ 188.9 MM	<ul style="list-style-type: none"> <li>Investments in the new DC and IT</li> </ul>

## Businesses Breakdown

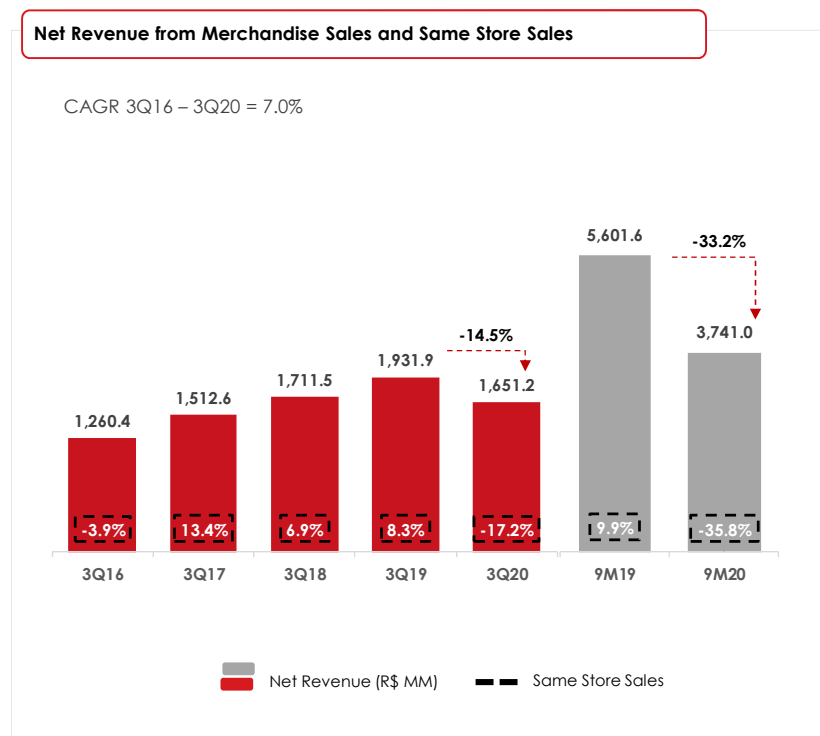
Businesses Breakdown	3Q20	3Q19	Var.	9M20	9M19	Var.
<b>RENNER</b> <sup>1</sup>						
Number of Stores	392	368	24	392	368	24
Inaugurations	5	8	-	5	14	-
Selling Area (thousand m <sup>2</sup> )	689.6	659.4	4.6%	689.6	659.4	4.6%
Net Revenue (R\$ MM)	1,468.4	1,767.6	-16.9%	3,352.5	5,118.7	-34.5%
Gross Margin	47.2%	54.4%	-7.2p.p.	50.2%	55.4%	-5.2p.p.
<b>CMICADO</b>						
Number of Stores	113	113	0	113	113	0
Inaugurations	1	0	-	2	8	-
Selling Area (thousand m <sup>2</sup> )	48.6	48.4	0.4%	48.6	48.4	0.4%
Net Revenue (R\$ MM)	146.6	116.6	25.7%	303.7	347.3	-12.6%
Gross Margin	52.3%	51.0%	1.2p.p.	52.1%	52.5%	-0.3p.p.
<b>YOUCOM</b>						
Number of Stores	100	96	4	100	96	4
Inaugurations	2	4	-	2	4	-
Selling Area (thousand m <sup>2</sup> )	16.7	15.8	5.7%	16.7	15.8	5.7%
Net Revenue (R\$ MM)	34.5	47.8	-27.7%	81.5	135.6	-39.9%
Gross Margin	46.8%	60.4%	-13.7p.p.	53.7%	60.6%	-6.9p.p.

<sup>1</sup> - Includes Ashua and stores in Uruguay and Argentina

Closures: There were no closures in 3Q20. In 9M20: 1 Renner, 3 Camicado and 3 Youcom. In 3Q19: 1 Youcom was closed and in 9M19: 3 Camicado and 2 Youcom.

\* Net Revenue from the reopened bricks and mortar stores

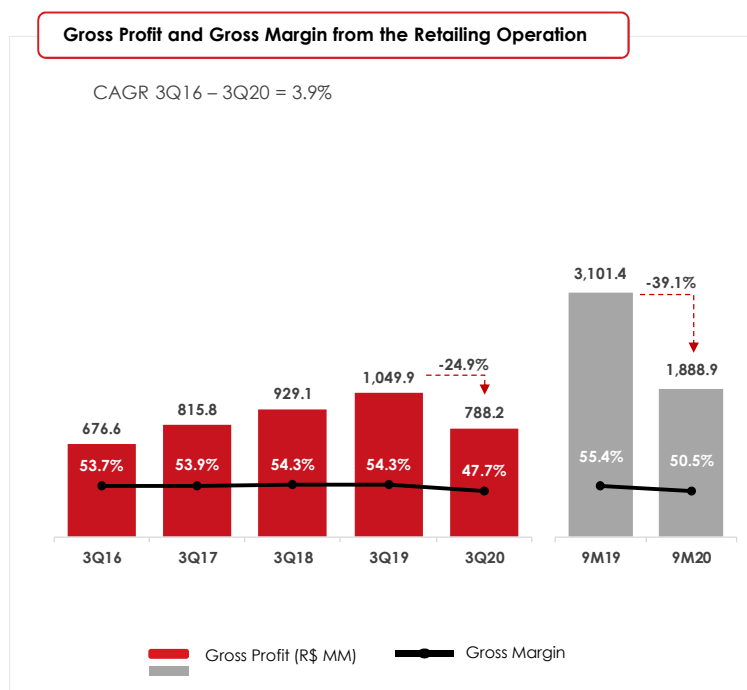
## Net Revenue from Merchandise Sales



- The 3Q20 began with 31% of the Company's stores temporarily closed due to the fallout from Covid-19 pandemic. However, by the end of August, 100% of the units were already operating, albeit still with some limitations on their activities.
- Following reopening, the units operated with restrictions on the number of days and hours of operations, in addition to access to fitting rooms and in relation to the rules for social distancing. These restrictions together with the attitudes of the consumer, still uneasy as to circulation in public spaces, resulted in lower traffic. However, conversion rates as well as items per shopping bag were higher.
- Consequently, sales performance was impacted in the period with a reduction of 17.2% in Same Store Sales although with a significant improvement during the course of the quarter, this trend spilling over into October.

- As the situation of the pandemic improved in some locations, consumers began to increase their visits to the stores and with this average traffic reported important increases, by September being on a par with 2019. This movement was particularly evident in some regions, such as the North and the Northeast where footfall has returned to normal and in parallel, store performance. Even where there is still some form of restriction on operations such as the cases of the states of São Paulo, Minas Gerais and the states in the south of the country, there has been a gradual improvement in performance as limitations are gradually lifted by local government authorities and with this, the level of personal mobility resuming.
- Sales at Youcom were equally affected by the temporary closure of the physical stores, representing a reduction in Net Revenue of 27.7%. Conversely, at Camicado, Revenue increased by 25.7%, a percentage much in excess of the performance of the Home Decor sector as a whole, mainly due to the adjustment of the product mix in addition to improvements in store productivity. These initiatives, plus a good online performance, more than compensated for the effects of temporary closures of the bricks and mortar units in the period. Additionally, there was enhanced demand for home decor items as people became more house bound, this change in habit helping drive performance.
- In the context of digital sales, there was sharp acceleration in growth of 200.5% in 3Q20, despite the gradual resumption of offline operations. Traffic reported a significant evolution with an increase in the number of active customers and principally, the number of new ones. Camicado's digital sales merit particular mention, posting a notably outstanding performance, largely the function of increased customer engagement, a reflection of the greater focus on online content and the evolution of omni-initiatives.
- For the first nine months of 2020, the Company registered a reduction of 33.2% in Net Revenue and 35.8% in same Store Sales, also the consequence of the temporary closing of the physical stores.

## Gross Profit from the Retailing Operation



- Continued inventory adjustment, beginning in April in the light of the temporary closure of the store network, fed through to a higher level of markdowns in July with the period of sales extending through to the end of August. By this time, store inventory was already better adjusted and of a good quality. September saw the delivery of the new collection, the acceptance of which was very positive, presenting new outfits to a still highly promotional market. The result was that the Gross Margin for the quarter still recorded a reduction in relation to the preceding year, but to a much lesser degree than the decrease seen in 2Q20 and with a continually rising trend over the months of the quarter.
- At Renner, the Gross Margin was 7.2 p.p. lower than in 3Q19. At Youcom, the reduction was as much as 13.7 p.p., due to a higher concentration of markdowns in 3Q20 after a period of stabilization with change over of the ERP, implemented in 1H20. Currently, inventory levels at Youcom are already adjusted and margins normalized. In turn, Camicado posted an increase in Margin of 1.2 p.p., a direct result of the improvements in commercial management and in the product mix on offer.
- In 9M20, the reduction of 8.4 p.p. in Gross Margin from the Retailing Operation also reflected higher levels of markdowns due to the temporary closure of the stores.

## Operating Expenses

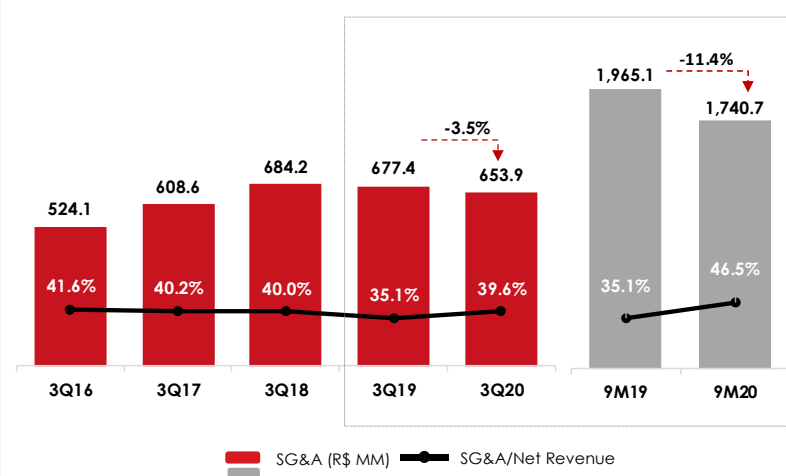
Operating Expenses (R\$ MM)	3Q20	3Q19	Var.	9M20	9M19	Var.
<b>Operating Expenses (SG&amp;A) <sup>1</sup></b>	<b>(653.9)</b>	<b>(677.4)</b>	<b>-3.5%</b>	<b>(1,740.7)</b>	<b>(1,965.1)</b>	<b>-11.4%</b>
<b>% Over Net Revenue from Merchandise Sales</b>	<b>39.6%</b>	<b>35.1%</b>	<b>4.5p.p.</b>	<b>46.5%</b>	<b>35.1%</b>	<b>11.4p.p.</b>
Selling Expenses	(478.3)	(481.3)	-0.6%	(1,224.4)	(1,416.3)	-13.6%
<b>% Over Net Revenue from Merchandise Sales</b>	<b>29.0%</b>	<b>24.9%</b>	<b>4.1p.p.</b>	<b>32.7%</b>	<b>25.3%</b>	<b>7.4p.p.</b>
General and Administrative Expenses	(175.6)	(196.0)	-10.4%	(516.4)	(548.7)	-5.9%
<b>% Over Net Revenue from Merchandise Sales</b>	<b>10.6%</b>	<b>10.1%</b>	<b>0.5p.p.</b>	<b>13.8%</b>	<b>9.8%</b>	<b>4.0p.p.</b>
<b>Other Operating Results</b>	<b>3.6</b>	<b>(12.0)</b>	<b>NA</b>	<b>751.8</b>	<b>(5.7)</b>	<b>NA</b>
Profit Sharing Program	-	(14.3)	-100.0%	1.4	(45.9)	NA
Recovery of Tax Credits	5.4	6.4	-16.1%	810.1	47.5	NA
Other Operating Revenues/ (Expenses)	(1.8)	(4.1)	-56.9%	(59.6)	(7.2)	726.0%
<b>Total Operating Expenses</b>	<b>(650.3)</b>	<b>(689.3)</b>	<b>-5.7%</b>	<b>(988.9)</b>	<b>(1,970.7)</b>	<b>-49.8%</b>

<sup>1</sup> Depreciation and Amortization expenses have been excluded from the table to facilitate analysis.

- Operating Expenses (SG&A) fell 3.5% as compared with 3Q19, a reflection of lower sales as well as adjustments for adapting the operation to the changing scenario.
- Selling Expenses remained relatively stable and already reflecting the recovery in the levels of operating expenses as the stores proceeded to normalize sales. Conversely, General and Administrative Expenses were 10.4% less in the light of steps taken to reduce overheads.
- The increase in Other Operating Results is largely due to the absence of provisioning for the Profit Sharing Program in the light of the performance in the period.
- In the 9M20 period, Operating Expenses decreased by 11.4% due to adjustments in the operation, notably during the period in which the stores were temporarily closed. The increase in Other Operating Results was a consequence of the booking of the principal amount of R\$ 735.4 million, net of legal fees, and the outcome of the successful legal action excluding the ICMS sales tax from the PIS and Cofins tax calculation base.

### Sales, General and Administrative Expenses

CAGR 3Q16 – 3Q20 = 6.4%

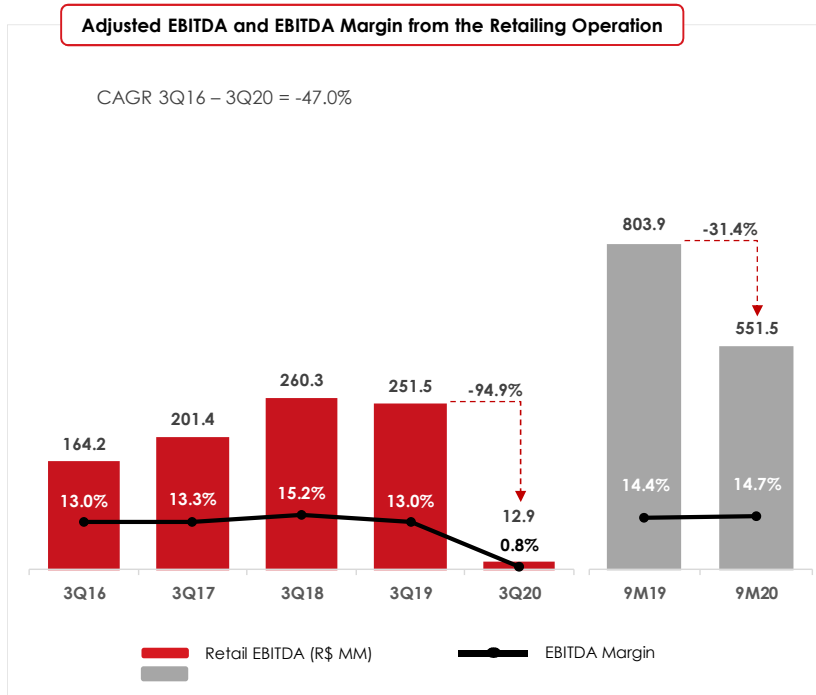


Leasing expenses, previously booked as "Occupation", as from 1Q19, are now being included in the depreciation and financial expenses lines.



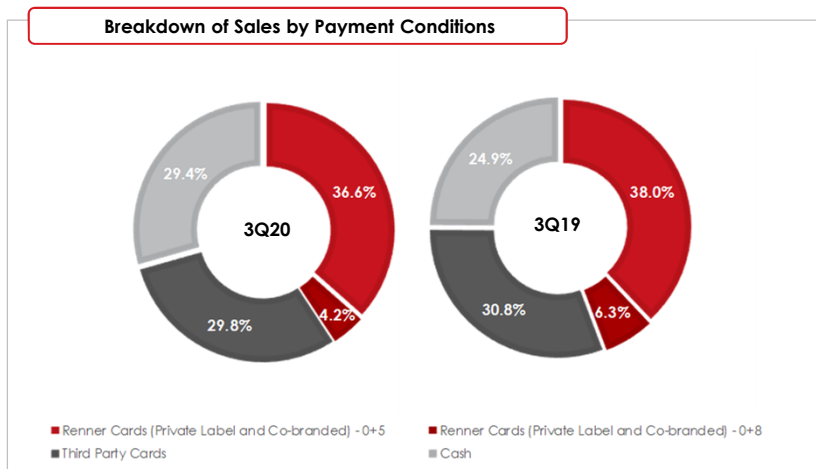


## Adjusted EBITDA from the Retailing Operation



- In 3Q20, Adjusted EBITDA from the Retailing Operation (including Depreciation and Financial Expenses with Leasing) registered a reduction of 94.9%, equivalent to a Margin of 0.8%. This result stems from the reduced operational leverage, a reflection of volumes sold and lower Gross Margin.
- In the context of the 9M20 period, EBITDA from Retailing amounted to R\$ 551.5 million, reflecting the booking to the accounts of R\$ 735.4 million in tax credits already described. Excluding this amount, EBITDA would have reported a negative figure of R\$ 183.9 million, the consequence of lower Revenue and Gross Profit.

## Payment Conditions



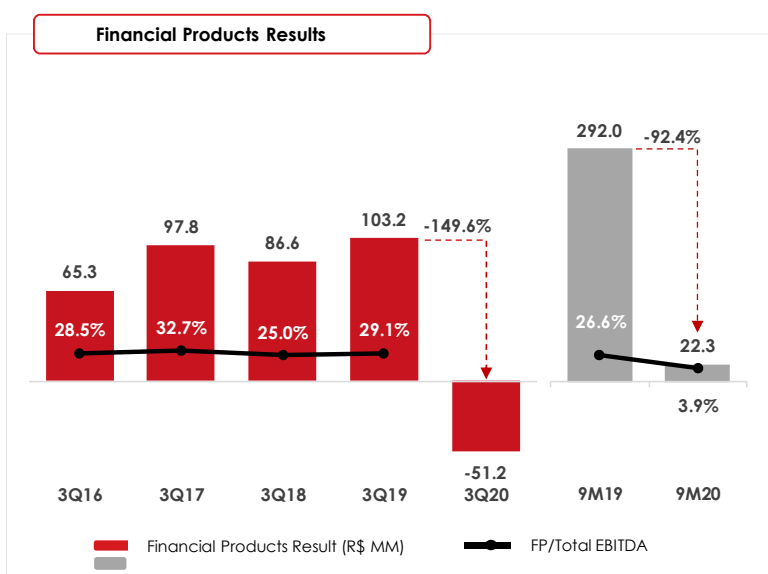
- In 3Q20, the Company had issued a total of 33.3 million cards, accounting for 40.8% of merchandise sales, 3.5 p.p. less than the same period in 2019. The lower share of Renner cards as a percentage of total sales reflects the consumers' behavior who in the current scenario, are more susceptible to cash payments. Other factors in play and affecting card usage, involved operational questions relative to store closures as well as greater restrictions on credit.



## Financial Products Results

Financial Products Result (R\$ MM)	3Q20	3Q19	Var.	9M20	9M19	Var.
<b>Revenues, Net of Funding and Taxes</b>	<b>132.5</b>	<b>286.7</b>	<b>-53.8%</b>	<b>702.7</b>	<b>789.7</b>	<b>-11.0%</b>
Renner Card (Private Label)	18.0	111.3	-83.8%	217.2	307.8	-29.4%
Co-branded Card Meu Cartão	114.4	175.4	-34.7%	485.5	481.9	0.7%
<b>Credit Losses, Net of Recoveries</b>	<b>(91.4)</b>	<b>(101.4)</b>	<b>-9.8%</b>	<b>(424.6)</b>	<b>(272.3)</b>	<b>55.9%</b>
Renner Card (Private Label)	(13.8)	(45.3)	-69.5%	(138.0)	(114.1)	21.0%
Co-branded Card Meu Cartão	(77.6)	(56.1)	38.3%	(286.6)	(158.3)	81.1%
<b>Operating Expenses</b>	<b>(92.2)</b>	<b>(82.1)</b>	<b>12.4%</b>	<b>(255.8)</b>	<b>(225.4)</b>	<b>13.5%</b>
<b>Financial Products Result</b>	<b>(51.2)</b>	<b>103.2</b>	<b>-149.6%</b>	<b>22.3</b>	<b>292.0</b>	<b>-92.4%</b>
% of Company's Total Adjusted EBITDA	NA	29.1%	NA	3.9%	26.6%	-22.8p.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 was negative at R\$ 51.2 million and largely reflecting lower Revenues generated in the quarter.
- The decrease of 53.8% in revenue was mainly a consequence of the significant reduction in the portfolio during the period in which the stores were closed and in parallel, a decreased use of credit cards. In addition, discounts granted following renegotiations as well as pardoning of interest charges in the period of store closures and lower financing interests, similarly had an impact on performance.

- Private Label revenue recorded a decline of 83.8%, a direct result of the reduction in the portfolio in the light of lower sales volumes following the most critical period of temporary store closures, mainly in 2Q20. In turn, Revenue from Meu Cartão fell 34.7% as a consequence of the lower growth rates of this portfolio and a direct result of reduced spending during the pandemic. Worthy of mention is that as portfolio volumes are restored so there is a gradual impact on the generation of Revenue for the following periods.
- As to Net Losses, the 9.8% reduction is due mainly to the lower requirement for provisions in the case of the Private Label, a reflection of improved credit recoveries and smaller portfolio volume.
- Operating Expenses were 12.4% higher, reflecting enhanced collection activity and expenses in respect of digital initiatives at Realize.

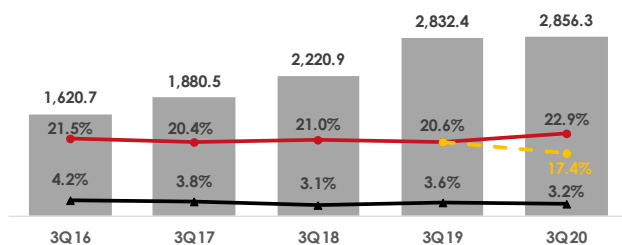
## Customer Accounts Receivable

Customer Accounts Receivable (R\$ MM)	Set.20	Dec.19	Set.19
<b>Renner Card (Private Label) - Net Portfolio</b>	<b>600.7</b>	<b>1,240.4</b>	<b>953.2</b>
Renner Card (Private Label) - Total Portfolio	858.7	1,394.8	1,074.2
Estimated Credit Losses	(250.4)	(132.8)	(106.4)
Present Value Adjustment	(7.6)	(21.6)	(14.6)
<b>Co-branded (Meu Cartão) - Net Portfolio</b>	<b>1,617.2</b>	<b>1,782.7</b>	<b>1,496.7</b>
Meu Cartão (Co-Branded) - Total Portfolio	2,008.6	2,078.4	1,778.0
Estimated Credit Losses	(388.0)	(287.9)	(276.1)
Present Value Adjustment	(3.4)	(7.8)	(5.2)
<b>Total Third-Party Credit Card Companies</b>	<b>454.8</b>	<b>797.1</b>	<b>437.4</b>
<b>Other Accounts Receivable</b>	<b>6.1</b>	<b>5.8</b>	<b>4.4</b>
<b>Total Credit Portfolio, Net</b>	<b>2,678.8</b>	<b>3,826.0</b>	<b>2,891.7</b>

- In September 2020, total Customer Accounts Receivable was R\$ 2,678.8 million, a year-on-year reduction of 7.3% and largely reflecting reduced Private Label volumes in line with lower sales in the period. Of this total, 60.4% related to the Co-Branded Meu Cartão, 22.4% to the Private Label, in addition to other receivables with respect to Third Party Credit Card Companies and Other Accounts Receivable.

## Delinquency

### Total Portfolio

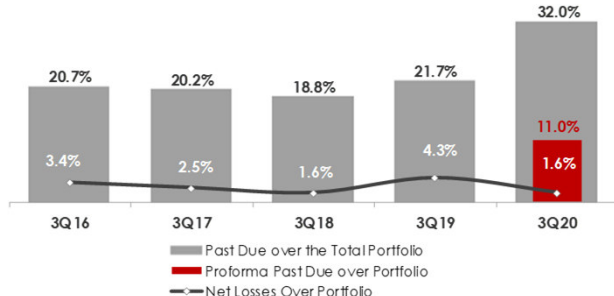


### Coverage ratio

Quarter	Coverage ratio (%)
3Q16	7.5%
3Q17	7.9%
3Q18	12.8%
3Q19	13.5%
3Q20	22.4%

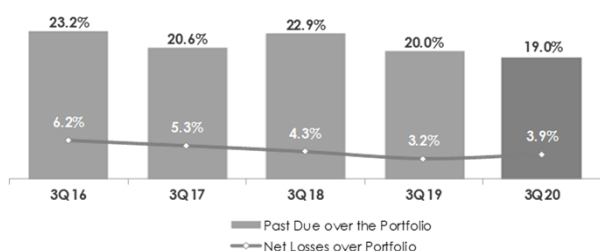
■ Total Portfolio (R\$ MM)      —●— Past Due over Total Portfolio  
—▲— Net Losses over Total Portfolio      —◆— Proforma Past Due over Total Portfolio

### Renner Card



As from 1Q20, the Saque Rápido portfolio was included in that of the Private Label.

### Meu Cartão



\* For the purposes of comparability, the proforma data relates to the receivables' portfolio up to 180 days

### Total:

- The total Financial Products portfolio (Renner Card and Meu Cartão) recorded stability versus 3Q19, this largely a reflection of the reduction in the Private Label portfolio, due to lower sales volume. In turn, the Co-branded Meu Cartão portfolio reported an increase although proportionally lower than usual and partially attenuated the decrease in the Private Label portfolio.
- The reduction in the percentage of net losses was basically a consequence of the lower need for Private Label provisioning.
- The percentage of overdues rose, largely due to the drop in Private Label volumes and write-offs of assets, now recurring after 360 days as opposed to 180 days previously.
- It is important to mention that sequentially in relation to 2Q20, there was a notable improvement in credit quality and in the risk profile of new credit on the books. From the collection point of view, in addition to adjustments in credit scoring models and the implementation of credit policy reviews, the improvement of delinquency indicators is also due to the expansion and fine tuning of the digital channels together with a greater use of AI in the collection Bots and virtual agents.

### Private Label (Cartão Renner):

- The increase in the percentage of overdues is mainly due to the reduced proportion of new credits, a direct function of lower sales volume as well as the writing off of assets over 360 days instead of 180 as previously. It should also be recalled that as from April 2019, transactions executed with the Private Label have been booked at Realize and consequently, 3Q20 is the first period since this change with a large volume of overdues more than 180 days.
- The 2.7 p.p. decline in losses, net of recoveries, is essentially due to a significant decline in the portfolio and higher levels of recoveries of written off credits, the result of more vigorous collection activity.

### Co-branded Card (Meu Cartão):

- The fall in the overdues indicator is a reflection of better credit recoveries.
- The increase in net losses is mainly due to greater provisioning and the related higher coverage ratio of the portfolio, duly adjusted to the current economic scenario.

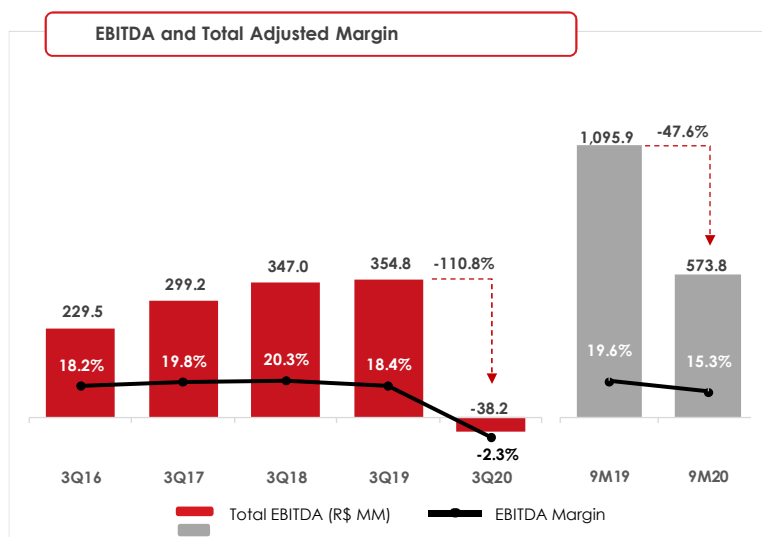
## Total Adjusted EBITDA

EBITDA Reconciliation (R\$ MM)	3Q20	3Q19	Var.	9M20	9M18	Var.
<b>Net Income</b>	<b>(82.9)</b>	<b>186.7</b>	<b>-144.4%</b>	<b>742.3</b>	<b>573.4</b>	<b>29.4%</b>
( + ) Income and Social Contribution Taxes	(101.1)	62.7	-261.4%	(29.9)	199.0	-115.0%
( + ) Financial Result, Net	57.4	40.6	41.2%	(386.5)	139.3	-377.3%
( + ) Depreciation and Amortization (**)	198.3	167.1	18.6%	562.9	494.5	13.8%
<b>Total EBITDA</b>	<b>71.7</b>	<b>457.2</b>	<b>-84.3%</b>	<b>888.9</b>	<b>1,406.3</b>	<b>-36.8%</b>
( - ) Depreciation for Leasing (IFRS16) (**)	(88.5)	(76.0)	16.4%	(248.8)	(225.9)	10.1%
( - ) Financial Expenses for Leasing (IFRS16) (***)	(37.1)	(33.6)	10.5%	(101.6)	(102.4)	-0.8%
( + ) Stock Option Plan	5.4	5.2	3.7%	15.8	15.2	4.0%
( + ) Statutory Participation	-	-	N/A	(0.5)	-	N/A
( + ) Result on Write-Off and Provision for Impairment of Fixed Assets	10.2	1.9	431.5%	20.0	2.7	635.6%
<b>Total Adjusted EBITDA</b>	<b>(38.2)</b>	<b>354.8</b>	<b>-110.8%</b>	<b>573.8</b>	<b>1,095.9</b>	<b>-47.6%</b>
Total Adjusted EBITDA Margin (*)	-2.3%	18.4%	-20.7p.p.	15.3%	19.6%	-4.3p.p.

\* 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.

\*\* Depreciation for Leasing (IFRS16) is presented net of PIS/COFINS effects, whose amounts are R\$ 7.9MM in 3Q20, R\$ 23.2MM in 9M20, R\$ 7.5MM in 3Q19 and R\$ 21.7MM in 9M19.

\*\*\* Financial Expenses for Leasing (IFRS16) is presented net of PIS/COFINS effects, whose amounts are R\$ 3.7MM in 3Q20, R\$ 10.2MM in 9M20, R\$ 1.6MM in 3Q19 and R\$ 4.3MM in 9M19. Financial Expenses for Leasing (IFRS16) is presented in Cash Flow Statement, in "Interest expense on loans and lease" account, whose amounts correspondent to Interest on Loans are R\$ 25.9MM in 3Q20, R\$ 66MM in 9M20, R\$ 15MM in 3Q19 and R\$ 54.1MM in 9M19.



- The Total Adjusted EBITDA was a negative R\$ 38.2 million, corresponding to a Margin of minus 2.3%. This performance reflects the lower operating result from the retail business as well as a lower Financial Products Result.
- For the purposes of comparability, 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. Excluding this adjustment, EBITDA would have totaled R\$ 87.3 million.
- For the 9M20 period, Total EBITDA was R\$ 573.8 million, a decrease of 47.6%, this result being driven by the same factors as those applying in the quarter. Excluding the amount of the fiscal credit already mentioned, EBITDA would have reported a negative figure of R\$ 161.6 million.

## Financial Result, Net

Financial Result, Net (R\$ MM)	3Q20	3Q19	Var.	9M20	9M19	Var.
<b>Financial Revenue</b>	<b>12.1</b>	<b>8.8</b>	<b>37.6%</b>	<b>587.2</b>	<b>26.4</b>	<b>NA</b>
Gains on Cash Equivalents	7.5	8.0	-6.3%	28.2	25.1	12.3%
Other financial revenue	4.6	0.8	471.9%	559.0	1.3	NA
<b>Financial Expenses</b>	<b>(65.2)</b>	<b>(51.6)</b>	<b>26.3%</b>	<b>(177.1)</b>	<b>(166.2)</b>	<b>6.6%</b>
Interest on Loans, Borrowings and Swap	(24.5)	(14.9)	64.5%	(64.6)	(54.0)	19.6%
Other Financial Expenses	(3.6)	(3.2)	13.2%	(11.0)	(9.7)	12.8%
Financial Expenses for Leasing (IFRS16)	(37.1)	(33.6)	10.5%	(101.6)	(102.4)	-0.8%
<b>Foreign Exchange, Net</b>	<b>(4.3)</b>	<b>2.2</b>	<b>NA</b>	<b>(23.6)</b>	<b>0.4</b>	<b>NA</b>
<b>Financial Result, Net</b>	<b>(57.4)</b>	<b>(40.6)</b>	<b>41.2%</b>	<b>386.5</b>	<b>(139.3)</b>	<b>NA</b>

- The Financial Result, Net was negative at R\$ 57.4 million versus R\$ 40.6 million in 3Q19, due to the increase in Interest on Loans, Borrowings and Swap, a function of higher levels of debt.
- In 9M20, the Financial Result, Net of R\$ 386.5 million, was basically due to the interest on tax credits of R\$ 553.3 million booked to the accounts in the period.



## Free Cash Flow

Cash Flow (R\$ MM)	3Q20	3Q19	Var.	9M20	9M19	Var.
<b>Total Adjusted EBITDA</b>	<b>(38.2)</b>	<b>354.8</b>	<b>(393.0)</b>	<b>573.8</b>	<b>1,095.9</b>	<b>(522.1)</b>
(+/-) Income and Social Contribution Taxes/Others	(6.5)	(129.8)	123.4	208.9	(340.2)	549.1
<b>Operating Cash Flow</b>	<b>(44.7)</b>	<b>224.9</b>	<b>(269.7)</b>	<b>782.7</b>	<b>755.7</b>	<b>27.0</b>
<b>(+/-) Changes in Working Capital</b>	<b>279.6</b>	<b>180.1</b>	<b>99.5</b>	<b>(784.4)</b>	<b>(51.2)</b>	<b>(733.3)</b>
Accounts Receivable	(447.1)	5.0	(452.1)	1,147.1	277.1	870.1
Inventories	55.7	(98.2)	153.9	(398.7)	(136.1)	(262.7)
Suppliers	347.2	106.6	240.6	(7.9)	(182.3)	174.5
Taxes	113.0	(47.9)	161.0	(1,563.0)	(201.2)	(1,361.8)
Other Accounts Receivable/Payable	210.7	214.6	(3.9)	38.0	191.4	(153.3)
<b>(-) Capex</b>	<b>(188.9)</b>	<b>(257.3)</b>	<b>68.4</b>	<b>(419.7)</b>	<b>(502.6)</b>	<b>82.8</b>
<b>(=) Free Cash Flow</b>	<b>46.0</b>	<b>147.8</b>	<b>(101.8)</b>	<b>(421.5)</b>	<b>202.0</b>	<b>(623.5)</b>

As from 1Q20, Financing of Customer Credit Operations was excluded from Changes in Working

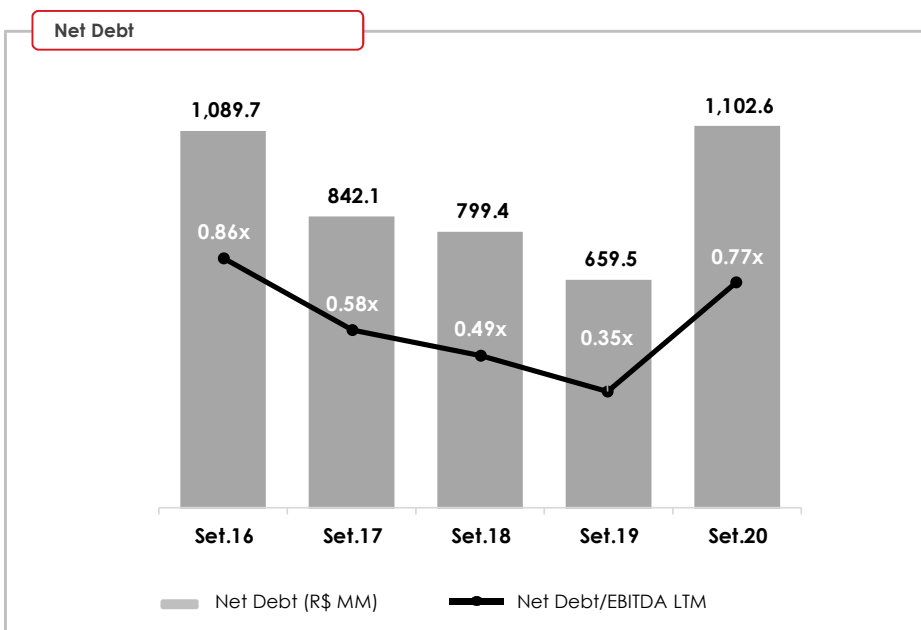
▪ The lower generation of Free Cash Flow during the quarter was principally due to the reduced Adjusted EBITDA notwithstanding the reduced need for working capital.

▪ In the context of the variation in Working Capital, a positive factor was the increase in Suppliers as a direct consequence of the recovery in operations and a corresponding increase in purchase volumes. This line plus inventory adjustments and a reduction in Recoverable Taxes in the period, more than compensated for the significant growth in Accounts Receivable and reflecting the recovery in sales during the quarter under review as compared with 2Q20.

## Net Debt

Net Debt (R\$ MM)	Sep.20	Dec.19	Sep.19
<b>Borrowings and Financing</b>	<b>(2,308.7)</b>	<b>(1,153.7)</b>	<b>(953.4)</b>
Current	(1,259.0)	(709.0)	(508.1)
Noncurrent	(1,049.7)	(444.6)	(445.2)
<b>Credit Operations to Customers Financing</b>	<b>(725.2)</b>	<b>(491.4)</b>	<b>(744.3)</b>
Current	(325.6)	(185.0)	(296.4)
Noncurrent	(399.6)	(306.4)	(447.9)
<b>Gross Debt</b>	<b>(3,033.9)</b>	<b>(1,645.0)</b>	<b>(1,697.7)</b>
<b>Cash and Cash Equivalents and Financial Investments</b>	<b>1,931.3</b>	<b>1,372.3</b>	<b>1,038.2</b>
<b>Net Debt</b>	<b>(1,102.6)</b>	<b>(272.7)</b>	<b>(659.5)</b>
Net Debt / Total Adjusted EBITDA (LTM)	0.77x	0.14x	0.35x

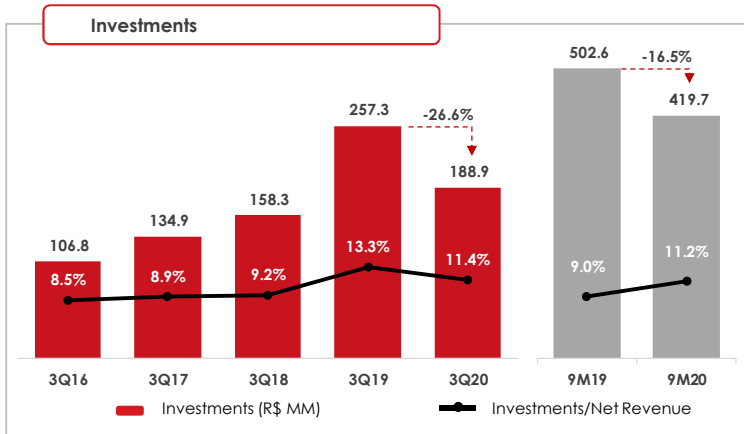
▪ As at September 30, 2020, the Company's Net Debt stood at R\$ 1,102.6 million, an increase of 40.2% compared to outstanding debt at the end of the same quarter 2019, more especially due to the lower operating cash generation in the period.



Operating Finance Credit to the Client is used for financing the Financial Products portfolios and its variation is a reflection of the financial volumes of these products. Debt servicing charges related to capital management are booked to the Financial Result, Net. Operating Financing relative to Financial Products is reflected in the Operating Result.



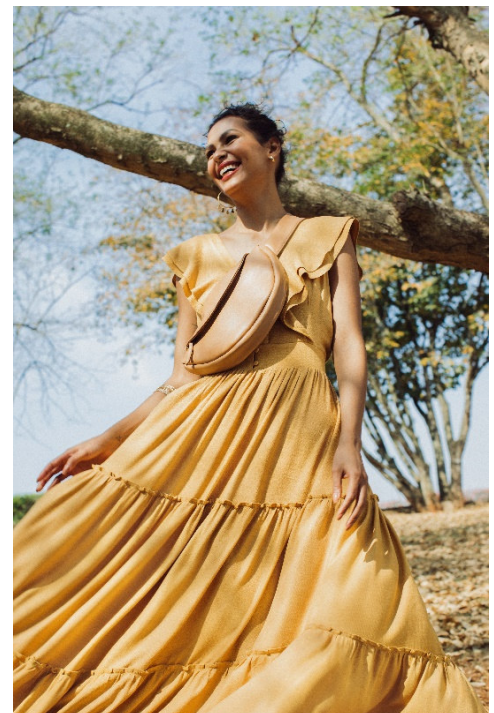
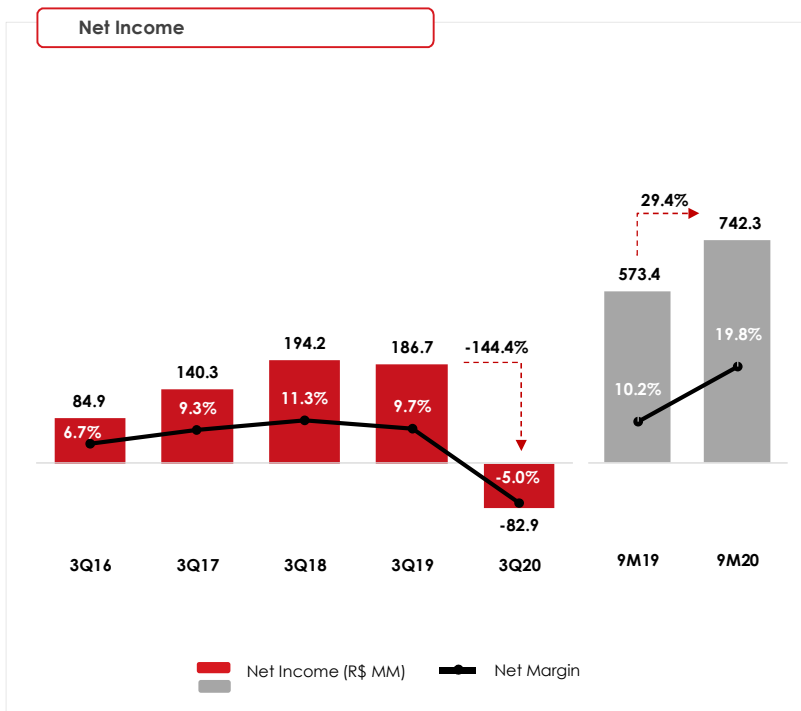
## Investments



CAPEX Summary (R\$ MM)	3Q20	3Q19	9M20	9M19
New Stores	19.2	71.9	81.5	159.2
Remodeling of Installations	10.5	21.8	28.1	73.4
IT Equipment & Systems	71.1	54.0	199.6	146.7
Distribution Centers	88.2	109.2	109.9	121.3
Others	0.0	0.4	0.7	2.0
<b>Total Capex</b>	<b>188.9</b>	<b>257.3</b>	<b>419.7</b>	<b>502.6</b>

- Out of the total invested for the quarter, 46.7% were invested in Distribution Centers, 37.6% in IT systems and equipment and 15.7% in the opening of new stores and remodeling.
- In quarter, Renner rolled out 5 stores, the network totaling 392 units in operation including 9 in Uruguay, 4 in Argentina and 8 stores under the Ashua flag with total meterage of 689.6 thousand m<sup>2</sup>. Camicado, opened one more store to reach a total of 113 units in operation with a total sales area of 48.9 thousand m<sup>2</sup>. In turn, Youcom, unveiled 2 units to reach a total of 100 in operation at the end of the quarter with a sales area of 16.7 thousand m<sup>2</sup>. For the 9M20 period, the Company opened 9 stores of which 5 Renner, 2 Camicado and 2 Youcom.
- Depreciation and Amortization expenses amounted to R\$ 110.0 million in 3Q20, 20.4% greater than 3Q19, mainly reflecting the ongoing expansion plan and the increase in IT system assets. For 9M20, these expenses totaled R\$ 314.6 million, an increase of 16.9% compared with the same period in 2019.

## Net Income and Dividends



- Net Income was negative at R\$ 82.9 million in 3Q20 against a positive R\$ 186.7 million in 3Q19, reflecting lower Total EBITDA generated in the quarter as well as an increase in depreciation expenses due to the fixed assets and investments made in previous periods.
- In 9M20, Net Income was R\$ 742.3 million, equivalent to a Margin of 19.8% largely due to the tax credit mentioned above. When adjustment is made for this non-recurring effect, Net Income was a negative R\$ 303.9 million, being impacted by the same factors prevailing in 3Q20.
- In 3Q20, Lojas Renner credited shareholders with dividends in the form of Interest on Shareholders' Equity amounting to R\$ 66.0 million, corresponding to R\$ 0.083344 per share based on a quantity of 792,489,310 common shares, from which were excluded those shares held as treasury stock. For the full nine months from January to September, Interest on Shareholders' Equity amounted to R\$ 180.3 million, corresponding to R\$ 0.2275 per share.

# LOJAS RENNER S.A.



## 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;
- ii) Granting of quick withdrawals, financing of purchases, insurance and operations inherent to credit companies, among others.

## 2 HIGHLIGHTS

Below, management emphasizes certain important matters in this disclosure:

### 2.1 IMPACTS OF COVID-19

Based on Memorandum Circulars No. 02/20 and No. 03/20 issued by the Brazilian Securities and Exchange Commission ("CVM") and taking into consideration the economic scenario and the risks and uncertainties arising from Covid-19 impacts, we present in Note 37 the measures adopted and the assessment of the Management.

### 2.2 CHANGE 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 details in Note 3.6.1.

## 3 BASIS FOR THE PREPARATION AND PRESENTATION OF INTERIM FINANCIAL STATEMENTS

### 3.1 STATEMENT OF CONFORMITY

These interim financial statements were approved by Company management on October 29, 2020, and were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP), including CPC 21 (R1) – Interim Financial Reporting, issued by the Accounting Pronouncements Committee ("CPC") and IAS 34 – Interim Financial Reporting, issued by the IASB, in addition to considering pronouncements, guidance and interpretations issued by the CPC, approved by the CVM and the provisions of Brazilian Corporation Law.

### 3.2 STATEMENT OF RELEVANCE

Company management affirms that they applied technical guideline OCPC 7 and CVM Resolution 727/14 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 interim financial statements were measured considering historical cost as a basis of value, except for certain financial instruments measured at their fair values (Note 23.3).

### 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 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 profit or loss 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	7.3
Estimated inventory losses	8.3
Discount rate applied to adjustments to present value	7.1, 8.1, 18.1 and 19.1
Realization of deferred income and social contribution taxes	11.4
Definition of the useful life of the fixed and intangible assets	13.1
Evaluation of impairment of intangible assets with an indefinite useful life	15.1
Provisions for tax, civil and labor risks	22.2
Determination of fair values of derivative financial instruments and stock option plans	23.3 and 29.6

### 3.6 ACCOUNTING POLICIES

Significant accounting policies used in the preparation of these interim 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 during the second quarter.

##### 3.6.1.1 Leases

In the course of 2019 and in the first quarter of 2020, 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 statement of financial position and statement of changes in equity for the year ended 2019. For the comparative periods of the quarter ended September 30, 2019, the impacts are presented, and respective balances are restated in the statements of profit or loss, in other comprehensive income, in the statement of changes in equity, in the statements of value added, in the statements of cash flows and in the explanatory notes affected by such restatement.

Concerning the impacts of the change in lease accounting policy, although the reclassifications between the lines of operating activities in the statements of cash flows, these changes gave rise to no differences in total operating, investing and financing activities for the period subject to restatement.



## LOJAS RENNER S.A.



## 3.6.2.1 Impacts 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>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
<i>Rental subject to purchase option right (*)</i>		26,402	-	26,402
<i>Rentals</i>	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
<i>Rental subject to purchase option right (*)</i>		4,184	-	4,184
<i>Rentals</i>	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
<i>Rental subject to purchase option right (*)</i>		31,244	-	31,244
<i>Rentals</i>	3.6.1.1	1,198,604	(168,979)	1,029,625
Other current 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	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>

## LOJAS RENNER S.A.






	Note	Consolidated		
		Disclosed	12/31/2019 Adjustment	Restated
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	3.6.1.2	6,656,209	-	6,656,209
Interest-earning bank deposits	3.6.1.2	1,148,053	(167,099)	980,954
Other current assets		224,249	167,099	391,348
		5,283,907	-	5,283,907
<b>Noncurrent assets</b>				
Deferred income and social contribution taxes	3.6.1.1	5,135,526	(238,833)	4,896,693
Rights-of-use	3.6.1.1	208,067	6,438	214,505
<i>Rental subject to purchase option right (*)</i>		1,879,961	(245,271)	1,634,690
<i>Rentals</i>	3.6.1.1	26,402	-	26,402
Other noncurrent assets		1,853,559	(245,271)	1,608,288
		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>				
Leases payable	3.6.1.1	4,768,397	(3,080)	4,765,317
<i>Rental subject to purchase option right (*)</i>		450,151	(2,466)	447,685
<i>Rentals</i>	3.6.1.1	4,184	-	4,184
Trade accounts payable	3.6.1.1	445,967	(2,466)	443,501
Other current liabilities		1,082,399	(614)	1,081,785
		3,235,847	-	3,235,847
<b>Noncurrent liabilities</b>				
Leases payable	3.6.1.1	2,318,724	(222,158)	2,096,566
<i>Rental subject to purchase option right (*)</i>		1,513,284	(221,608)	1,291,676
<i>Rentals</i>	3.6.1.1	31,244	-	31,244
Deferred income and social contribution taxes	3.6.1.1	1,482,040	(221,608)	1,260,432
Other current liabilities		5,837	(550)	5,287
		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	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.

## 3.6.2.2 Impacts on the income statements

	Parent Company					
	3Q19			9M19		
	Disclosed	Adjustment	Restated	Disclosed	Adjustment	Restated
<b>Gross profit</b>	<b>983,463</b>	-	<b>983,463</b>	<b>2,989,723</b>	-	<b>2,989,723</b>
<b>Sales expenses</b>	<b>(536,839)</b>	<b>10,571</b>	<b>(526,268)</b>	<b>(1,565,200)</b>	<b>25,621</b>	<b>(1,539,579)</b>
Depreciation – Rights-of-use	(77,230)	17,778	(59,452)	(221,460)	46,903	(174,557)
Other selling expenses (*)	(459,609)	(7,207)	(466,816)	(1,343,740)	(21,282)	(1,365,022)
<b>General and administrative expenses</b>	<b>(202,015)</b>	<b>566</b>	<b>(201,449)</b>	<b>(573,374)</b>	<b>1,499</b>	<b>(571,875)</b>
Depreciation – Rights-of-use	(7,919)	1,414	(6,505)	(23,473)	3,968	(19,505)
Other general and administrative expenses (*)	(194,096)	(848)	(194,944)	(549,901)	(2,469)	(552,370)
<b>Losses on receivables, net</b>	<b>(16,263)</b>	-	<b>(16,263)</b>	<b>(64,643)</b>	-	<b>(64,643)</b>
<b>Other operating income (expenses)</b>	<b>(55,595)</b>	-	<b>(55,595)</b>	<b>(141,699)</b>	-	<b>(141,699)</b>
Other expenses	(55,595)	-	(55,595)	(141,699)	-	(141,699)
<b>Equity pickup</b>	<b>60,774</b>	<b>363</b>	<b>61,137</b>	<b>132,678</b>	<b>(1,600)</b>	<b>131,078</b>
<b>Operating income (expenses), net</b>	<b>(749,938)</b>	<b>11,500</b>	<b>(738,438)</b>	<b>(2,212,238)</b>	<b>25,520</b>	<b>(2,186,718)</b>
<b>Operating profit before finance income (costs)</b>	<b>233,525</b>	<b>11,500</b>	<b>245,025</b>	<b>777,485</b>	<b>25,520</b>	<b>803,005</b>
Finance income	8,454	-	8,454	24,748	-	24,748
Finance costs (*)	(29,221)	(15,503)	(44,724)	(100,670)	(43,706)	(144,376)
<b>Finance income (costs), net</b>	<b>(20,767)</b>	<b>(15,503)</b>	<b>(36,270)</b>	<b>(75,922)</b>	<b>(43,706)</b>	<b>(119,628)</b>
<b>Income before income and social contribution taxes</b>	<b>212,758</b>	<b>(4,003)</b>	<b>208,755</b>	<b>701,563</b>	<b>(18,186)</b>	<b>683,377</b>
Current	(28,100)	-	(28,100)	(112,701)	-	(112,701)
Deferred	4,593	1,484	6,077	(2,867)	5,639	2,772
<b>Income and social contribution taxes, net</b>	<b>(23,507)</b>	<b>1,484</b>	<b>(22,023)</b>	<b>(115,568)</b>	<b>5,639</b>	<b>(109,929)</b>
<b>Net income (loss) for the period</b>	<b>189,251</b>	<b>(2,519)</b>	<b>186,732</b>	<b>585,995</b>	<b>(12,547)</b>	<b>573,448</b>
<b>Net earnings (loss) per share – basic – R\$</b>	0.2383	(0.0027)	0.2356	0.7696	(0.0146)	0.7550
<b>Net earnings (loss) per share – diluted – R\$</b>	0.2376	(0.0026)	0.2350	0.7665	(0.0145)	0.7520
<b>% impact on net income (loss)</b>			<b>-1.33%</b>			<b>-2.14%</b>

These statements present the effect mentioned in Note 3.6.1.1.

(\*) Considering the distribution of PIS/COFINS credits provided for in CVM Ruling No. 02/19 of December 18, 2019.

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	Consolidated					
	3Q19			9M19		
	Disclosed	Adjustment	Restated	Disclosed	Adjustment	Restated
<b>Gross profit</b>	<b>1,336,558</b>	-	<b>1,336,558</b>	<b>3,891,156</b>	-	<b>3,891,156</b>
<b>Sales expenses</b>	<b>(629,108)</b>	<b>12,190</b>	<b>(616,918)</b>	<b>(1,841,085)</b>	<b>30,421</b>	<b>(1,810,664)</b>
Depreciation – Rights-of-use	(90,023)	20,429	(69,594)	(258,680)	53,953	(204,727)
Other selling expenses (*)	(539,085)	(8,239)	(547,324)	(1,582,405)	(23,532)	(1,605,937)
<b>General and administrative expenses</b>	<b>(225,484)</b>	<b>1,251</b>	<b>(224,233)</b>	<b>(640,226)</b>	<b>1,614</b>	<b>(638,612)</b>
Depreciation – Rights-of-use	(8,372)	2,110	(6,262)	(24,796)	4,114	(20,682)
Other general and administrative expenses (*)	(217,112)	(859)	(217,971)	(615,430)	(2,500)	(617,930)
<b>Losses on receivables, net</b>	<b>(101,371)</b>	-	<b>(101,371)</b>	<b>(272,342)</b>	-	<b>(272,342)</b>
<b>Other operating income (expenses)</b>	<b>(104,058)</b>	<b>64</b>	<b>(103,994)</b>	<b>(257,870)</b>	<b>115</b>	<b>(257,755)</b>
Depreciation – Rights-of-use	(205)	64	(141)	(569)	115	(454)
Other expenses	(103,853)	-	(103,853)	(257,301)	-	(257,301)
<b>Operating income (expenses), net</b>	<b>(1,060,021)</b>	<b>13,505</b>	<b>(1,046,516)</b>	<b>(3,011,523)</b>	<b>32,150</b>	<b>(2,979,373)</b>
<b>Operating profit before finance income (costs)</b>	<b>276,537</b>	<b>13,505</b>	<b>290,042</b>	<b>879,633</b>	<b>32,150</b>	<b>911,783</b>
Finance income	20,288	-	20,288	47,486	-	47,486
Finance costs (*)	(43,000)	(17,924)	(60,924)	(135,771)	(51,053)	(186,824)
<b>Finance income (costs), net</b>	<b>(22,712)</b>	<b>(17,924)</b>	<b>(40,636)</b>	<b>(88,285)</b>	<b>(51,053)</b>	<b>(139,338)</b>
<b>Income before income and social contribution taxes</b>	<b>253,825</b>	<b>(4,419)</b>	<b>249,406</b>	<b>791,348</b>	<b>(18,903)</b>	<b>772,445</b>
Current	(85,190)	-	(85,190)	(239,054)	-	(239,054)
Deferred	20,616	1,900	22,516	33,701	6,356	40,057
<b>Income and social contribution taxes, net</b>	<b>(64,574)</b>	<b>1,900</b>	<b>(62,674)</b>	<b>(205,353)</b>	<b>6,356</b>	<b>(198,997)</b>
<b>Net income (loss) for the period</b>	<b>189,251</b>	<b>(2,519)</b>	<b>186,732</b>	<b>585,995</b>	<b>(12,547)</b>	<b>573,448</b>
<b>Net earnings (loss) per share – basic – R\$</b>	0.2383	(0.0027)	0.2356	0.7696	(0.0146)	0.7550
<b>Net earnings (loss) per share – diluted – R\$</b>	0.2376	(0.0026)	0.2350	0.7665	(0.0145)	0.7520
<b>% impact on net income (loss)</b>			<b>-1.33%</b>			<b>-2.14%</b>

These statements present the effect mentioned in Note 3.6.1.1.

(\*) Considering the distribution of PIS/COFINS credits provided for in CVM Ruling No. 02/19 of December 18, 2019.



### 3.6.2.3 Impacts on the statements of comprehensive income

	Parent Company and Consolidated					
	3Q19			9M19		
	Disclosed	Adjustment	Restated	Disclosed	Adjustment	Restated
<b>Net income (loss)</b>	<b>189,251</b>	<b>(2,519)</b>	<b>186,732</b>	<b>585,995</b>	<b>(12,547)</b>	<b>573,448</b>
Equity valuation adjustments	13,381	-	13,381	18,298	-	18,298
Accumulated translation adjustments and hyperinflation adjustments	(4,086)	43	(4,043)	(14,158)	(37)	(14,195)
<b>Total comprehensive income (loss) for the period</b>	<b>198,546</b>	<b>(2,476)</b>	<b>196,070</b>	<b>590,135</b>	<b>(12,584)</b>	<b>577,551</b>

These statements present the effect mentioned in Note 3.6.1.1.

### 3.6.2.4 Impacts on statements of value added

	Parent Company			Consolidated		
	9M19			9M19		
	Disclosed	Adjustment	Restated	Disclosed	Adjustment	Restated
( + ) Revenues	6,883,624	-	6,883,624	7,969,202	-	7,969,202
( - ) Inputs acquired from third parties	(3,484,214)	(7,878)	(3,492,092)	(3,909,348)	(8,640)	(3,917,988)
<b>( = ) Gross value added</b>	<b>3,399,410</b>	<b>(7,878)</b>	<b>3,391,532</b>	<b>4,059,854</b>	<b>(8,640)</b>	<b>4,051,214</b>
Depreciation and amortization	(477,652)	31,404	(446,248)	(552,673)	36,468	(516,205)
<b>( = ) Net value added produced by entity</b>	<b>2,921,758</b>	<b>23,526</b>	<b>2,945,284</b>	<b>3,507,181</b>	<b>27,828</b>	<b>3,535,009</b>
( + ) Value added received in transfer	158,581	(1,600)	156,981	48,794	-	48,794
<b>( = ) Total value added to be distributed</b>	<b>3,080,339</b>	<b>21,926</b>	<b>3,102,265</b>	<b>3,555,975</b>	<b>27,828</b>	<b>3,583,803</b>
<b>( = ) Value added distributed</b>	<b>3,080,339</b>	<b>21,926</b>	<b>3,102,265</b>	<b>3,555,975</b>	<b>27,828</b>	<b>3,583,803</b>
Personnel	756,711	-	756,711	886,347	-	886,347
Taxes, charges and contributions	1,472,245	(13,515)	1,458,730	1,733,966	(14,995)	1,718,971
Debt remuneration	265,388	47,988	313,376	349,667	55,370	405,037
Equity remuneration	585,995	(12,547)	573,448	585,995	(12,547)	573,448

These statements present the effect mentioned in Note 3.6.1.1.

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## 3.6.2.5 Statement of changes in equity – 2019

	Capital	Capital reserves, shares granted and treasury shares Restated (*)	Income reserves Restated (*)	Other comprehensive income Restated (*)	Retained earnings (accumulated losses) Restated (*)	Total
<b>Balance on 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)
Decision on additional dividend proposed	-	-	(144,639)	-	-	(144,639)
Dividends prescribed	-	-	-	-	327	327
<b>Profit allocation:</b>	<b>-</b>	<b>-</b>	<b>819,201</b>	<b>-</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 on 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 Statement of changes in equity – 9M19

	Capital	Capital reserves, shares granted and treasury shares	Income reserves	Other comprehensive income	Retained earnings (accumulated losses)	Total
		Restated (*)	Restated (*)	Restated (*)	Restated (*)	
<b>Balance on 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 period	-	-	-	-	585,995	585,995
Change in profit – change in accounting policy	-	-	-	-	(12,547)	(12,547)
Capital increase	1,153,155	(72,050)	(1,040,000)	-	-	41,105
Disposal/transfer of shares	-	4	-	-	-	4
Stock option plan	-	15,211	-	-	-	15,211
Restricted share plan	-	6,995	-	-	-	6,995
Equity valuation adjustments	-	-	-	18,298	-	18,298
Cumulative translations adjustments	-	-	-	(21,835)	-	(21,835)
Impact – change in accounting policy	-	-	-	(37)	-	(37)
Monetary adjustments	-	-	-	7,677	-	7,677
Decision on additional dividend proposed	-	-	(144,639)	-	-	(144,639)
Dividends prescribed	-	-	-	-	327	327
<b>Profit allocation:</b>	-	-	-	-	<b>(190,619)</b>	<b>(190,619)</b>
Interest on equity (R\$ 0,249183 per share)	-	-	-	-	(190,619)	(190,619)
<b>Balance on September 30, 2019</b>	<b>3,790,628</b>	<b>29,717</b>	<b>50,695</b>	<b>6,251</b>	<b>383,156</b>	<b>4,260,447</b>

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

### 3.6.2.7 Impact on statements of cash flows

	Parent Company 9M19			Consolidated 9M19		
	Disclosed	Adjustment	Restated	Disclosed	Adjustment	Restated
<b>Net cash from operating activities, before interest earning bank deposits</b>	<b>964,443</b>	<b>-</b>	<b>964,443</b>	<b>893,428</b>	<b>-</b>	<b>893,428</b>
Increase in interest earning bank deposits (*)	-	(6,675)	(6,675)	164,542	(6,675)	157,867
<b>Net cash from operating activities (*)</b>	<b>964,443</b>	<b>(6,675)</b>	<b>957,768</b>	<b>1,057,970</b>	<b>(6,675)</b>	<b>1,051,295</b>
<b>Net cash used in investing activities</b>	<b>(541,610)</b>	<b>-</b>	<b>(541,610)</b>	<b>(501,641)</b>	<b>-</b>	<b>(501,641)</b>
<b>Net cash used in financing activities</b>	<b>(699,163)</b>	<b>-</b>	<b>(699,163)</b>	<b>(741,983)</b>	<b>-</b>	<b>(741,983)</b>
Effect of exchange differences on cash and cash equivalents	-	-	-	4,058	-	4,058
<b>Decrease in cash and cash equivalents</b>	<b>(276,330)</b>	<b>(6,675)</b>	<b>(283,005)</b>	<b>(181,596)</b>	<b>(6,675)</b>	<b>(188,271)</b>
Cash and cash equivalents at beginning of period	876,302	(159,541)	716,761	944,671	(159,541)	785,130
Cash and cash equivalents at end of period	599,972	(166,216)	433,756	763,075	(166,216)	596,859

(\*) These statements present the effect mentioned in Note 3.6.1.2.





## 4 STANDARDS AND INTERPRETATIONS IN FORCE AND NOT IN FORCE

### 4.1 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 will have no impacts.

### 4.2 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. Management is of the understanding that these amendments had no significant impacts on Company financial statements, since management applies Technical Guidance OCPC 7 and discloses only significant information (Note 3.2).

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

In May 2020, IASB approved an amendment to IFRS 16, which grant 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 in the three- and nine-month periods ended September 30, 2020 the amounts of R\$ 33,963 and R\$ 96,490 – Parent Company and R\$ 42,312 and R\$ 115,211 – Consolidated (Notes 18.3 and 33.1).

## 5 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 to which 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. 6.4, 7.4 and 23.5);
- iii) Liquidity risk; and
- iv) Capital management.

### 5.1 MARKET RISKS

#### 5.1.1 Currency risk

The policy on currency risk management formulated by management is to hedge up to 100% of its imports by means of currency forwards purchase contracts such as Non-Deliverable Forward (NDF) and swap operations related to contracted amount of borrowing in foreign currency (Bacen [Central Bank of Brazil] Law 4131). For setting the dollar price used in the expected scenario, the Company follows future market projections of "B3 S.A.- Brasil, Bolsa e Balcão" for the next base date of disclosure.

The effective net exposure is mostly related to the estimate of future cash flows, which can be adjusted through the composition of prices adopted in retail to offset the impact of a possible appreciation of the USD on costs. Effective results will substantially be noted only upon settlement of import requests, since these imported goods are paid in installments, i.e. subsequently to their recording in inventories.

Loans in foreign currency and swap transactions will be computed upon settlement.

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We show below the net exposure and related sensitivity analysis regarding the requests for import of goods and borrowings in foreign currency as of September 30, 2020:

	Consolidated							
	Notional amount		Quotation	Probable scenario	Currency appreciation		Currency depreciation	
	(Payable)	Receivable	- next quarter		Possible +25%	Remote +50%	Possible -25%	Remote -50%
<b>Derivatives for hedge accounting</b>								
Requests issued (item)	US\$	(144,501)	R\$ 5,6398	R\$ (410)	R\$ (203,430)	R\$ (406,447)	R\$ 202,604	R\$ 405,622
NDF (instrument)	US\$	53,900	R\$ 5,6398	R\$ 153	R\$ 75,881	R\$ 151,608	R\$ (75,573)	R\$ (151,300)
<b>Net exposure</b>	<b>US\$</b>	<b>(90,601)</b>		<b>R\$ (257)</b>	<b>R\$ (127,549)</b>	<b>R\$ (254,839)</b>	<b>R\$ 127,031</b>	<b>R\$ 254,322</b>
<b>Not designated for hedge accounting</b>								
Borrowing 4,131 (item)	US\$	(101,750)	R\$ 5,6398	R\$ (61)	R\$ (142,866)	R\$ (285,670)	R\$ 142,743	R\$ 285,547
Swap - (Instrument)	US\$	101,750	R\$ 5,6398	R\$ 61	R\$ 142,866	R\$ 285,670	R\$ (142,743)	R\$ (285,547)
<b>Net exposure</b>	<b>US\$</b>	<b>-</b>		<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>
<b>Total net exposure/effect</b>				<b>R\$ (257)</b>	<b>R\$ (127,549)</b>	<b>R\$ (254,839)</b>	<b>R\$ 127,031</b>	<b>R\$ 254,322</b>
<b>Total exposure, net of income tax/social contribution of 34.00%</b>				<b>R\$ (170)</b>	<b>R\$ (84,182)</b>	<b>R\$ (168,194)</b>	<b>R\$ 83,840</b>	<b>R\$ 167,853</b>

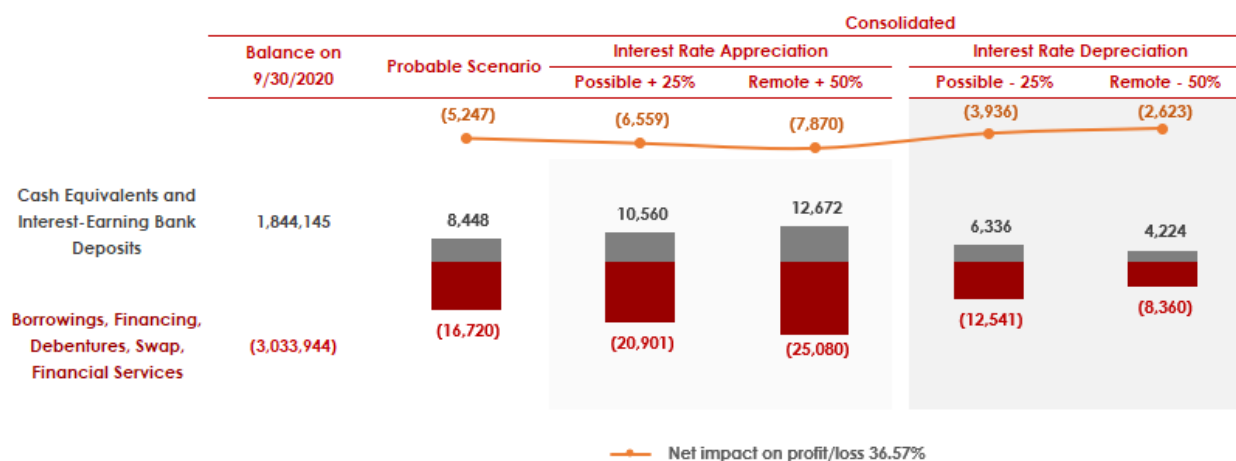
For the net exposure of imported product requests, the Company, in compliance with its currency risk management policy, monitors the projections and expected scenarios for the exchange rates of foreign currencies, therefore analyzing the best timing for engaging in hedging transactions.

## 5.1.2 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, and adjusted for Interbank Deposit Certificates (CDI), Central Bank Benchmark Rate (Selic), Long-term Interest Rate (TJLP) and Libor. Keeping financial assets indexed to the CDI, as well as the short-term realization of receivables adjusted for fixed interest rates, a risk level associated with interest rates fluctuation is relatively low.

The Company dynamically analyzes its exposure to interest rates, continuously monitoring the contracted rates versus the prevailing market rates, simulating various scenarios of refinancing, renewal of positions and natural hedging, defining a reasonable change in interest rates and calculating the impact on profit or loss.

As of September 30, 2020, as required by IN CVM 475/08, the Company conducted sensitivity tests for adverse and favorable scenarios of interest (CDI, Selic and TJLP at 25% or 50% higher or lower than the probable scenario), considering the following assumptions: expected scenario for the next CDI and Selic interest rate disclosure of 1.97% p.a., based on projections of the B3 S.A. (Brasil, Bolsa, Balcão) futures market, and TJLP of 4.55% p.a., based on BNDES. Sensitivity analysis is as follows:



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).

## LOJAS RENNER S.A.






## 5.2 LIQUIDITY RISK

Based on the cash cycle of retail operations, as well as on the minimum capital required to guarantee the credit operations, the Company manages its cash and cash equivalents by setting a minimum strategic cash amount aiming at:

- i) Precaution in times of uncertainty in economy;
- ii) Guarantee the implementation of investment and expansion strategy;
- iii) Guarantee the maintenance/expansion of financial product operations in times of credit restriction;
- iv) Guarantee debt amortization and services; and
- v) Guarantee the maintenance of the dividend distribution policy.

Management continuously monitors the forecasts of liquidity requirements considering the debt finance plans to ensure the Company has sufficient cash to meet its operational needs.

The Company has borrowings with covenants that require the maintenance of financial indicators, presented below, and monitors these indicators on a quarterly basis, confirming they are complied with.

Instrument	Issue Date	1° Indicator	2° Indicator
9th issue of debentures	3/18/2019	$\frac{\text{Consolidated Net Debt}}{\text{EBITDA}} \leq 3,0$	$\frac{\text{EBITDA}}{\text{Financial Net Income}} \geq 2,0$
11th issue of debentures	5/8/2020		
Borrowing CCB	5/14/2020		
Borrowing CCB	9/9/2020		
Borrowing 4.131	1/9/2019		
Borrowing 4.131	11/22/2019		
Borrowing 4.131	1/27/2020		

Contractual cash flow includes principal plus future estimated interest. Additionally, rating agency Standard & Poors rated the Company credit as brAAA- in the national scale category (Brazil).

The contractual cash flows of financial liabilities in the Consolidated financial statements are as follows:

	Book balance	Contractual cash flow	Less than 3 months	4-6 months	7-12 months	1-2 years	3-5 years	More than 5 years
Borrowings, financing and debentures	2,308,732	<b>2,411,094</b>	236,389	557,864	553,208	458,691	604,942	-
Financing - financial service operations	725,212	<b>742,945</b>	-	101,418	164,538	476,989	-	-
Leases payable	1,791,966	<b>2,456,546</b>	157,988	112,881	215,109	397,811	837,689	735,068
Trade accounts payable	1,073,929	<b>1,077,821</b>	887,132	90,897	106	31,182	68,504	-
Obligations with credit card administrators	973,203	<b>973,203</b>	723,796	168,202	81,205	-	-	-
<b>Balance on September 30, 2020</b>	<b>6,873,042</b>	<b>7,661,609</b>	<b>2,005,305</b>	<b>1,031,262</b>	<b>1,014,166</b>	<b>1,364,673</b>	<b>1,511,135</b>	<b>735,068</b>

	Book balance	Contractual cash flow	Less than 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
Trade accounts payable (*)	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 on 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.



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## 5.3 CAPITAL MANAGEMENT

In addition to equity, the Company uses third parties to finance its activities, optimizing its capital structure. Indebtedness levels are monitored in relation to its cash generation capacity and its capital structure. Net indebtedness reflects the Company's total exposure to the obligations contracted in the financial system and capital market, which justifies the non-inclusion of liabilities related to leases payable.

	Consolidated	
	09/30/2020	12/31/2019
		Restated (*)
<b>Borrowings and financing</b>	<b>(2,308,732)</b>	<b>(1,153,663)</b>
Current	(1,259,027)	(709,022)
Noncurrent	(1,049,705)	(444,641)
<b>Operating financing</b>	<b>(725,212)</b>	<b>(491,366)</b>
Current	(325,639)	(184,996)
Noncurrent	(399,573)	(306,370)
<b>Gross indebtedness</b>	<b>(3,033,944)</b>	<b>(1,645,029)</b>
Cash, cash equivalents and interest-earning bank deposits	1,931,348	1,372,302
<b>Net indebtedness</b>	<b>(1,102,596)</b>	<b>(272,727)</b>
<b>Equity (**)</b>	<b>5,287,763</b>	<b>4,691,019</b>
<b>Financial leverage ratio</b>	<b>20.85%</b>	<b>5.81%</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.

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

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

## 6.1 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 like 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, only in the secondary market and they are measured at fair value through profit or loss.

## 6.2 BREAKDOWN OF CASH AND CASH EQUIVALENTS

	Index	Weighted average rate p.a.	Parent Company		Consolidated	
			09/30/2020	12/31/2019	09/30/2020	12/31/2019
				Restated (*)		Restated (*)
<b>Cash and banks</b>			46,119	121,471	87,203	181,686
<b>Cash equivalents</b>						
CDB	CDI	98.6%	1,098,205	632,733	1,193,798	676,527
Investment funds	CDI	4.1%	14	68,729	17,953	100,919
Repo operations in debentures	-	-	-	23	-	23
Automatic Investment	CDI	10.0%	4,395	21,758	4,395	21,758
Fund - BACEN Jud	CDI	61.3%	28	41	28	41
<b>Total</b>			<b>1,148,761</b>	<b>844,755</b>	<b>1,303,377</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.



## 6.3 BREAKDOWN OF INTEREST-EARNING BANK DEPOSITS

	Index	Weighted average rate p.a.	Parent Company		Consolidated	
			09/30/2020	12/31/2019	09/30/2020	12/31/2019
Financial National Treasury Bills	SELIC	100.0%	-	-	479,716	224,249
Exclusive investment funds (i)				Restated (*)		Restated (*)
Financial bills	CDI	104.7%	125,833	149,978	125,833	149,978
Financial National Treasury Bills	SELIC	100.0%	22,422	17,121	22,422	17,121
<b>Total</b>			<b>148,255</b>	<b>167,099</b>	<b>627,971</b>	<b>391,348</b>

- (i) Exclusive investment fund Brasil Plural Retail FI is fixed-income private credit fund managed and administered by BNY Mellon Serviços Financeiros DTVM S.A. and was set up for the sole purpose of the Parent Company. Thus, the fund's financial investment was fully consolidated to these interim financial statements and is in accordance with CVM Normative Ruling 408/04. The other obligations related to this fund refer substantially to administrative fees for portfolio maintenance. The income recognized reflects the daily marking in the fund position and assets have liquidity by through the 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.

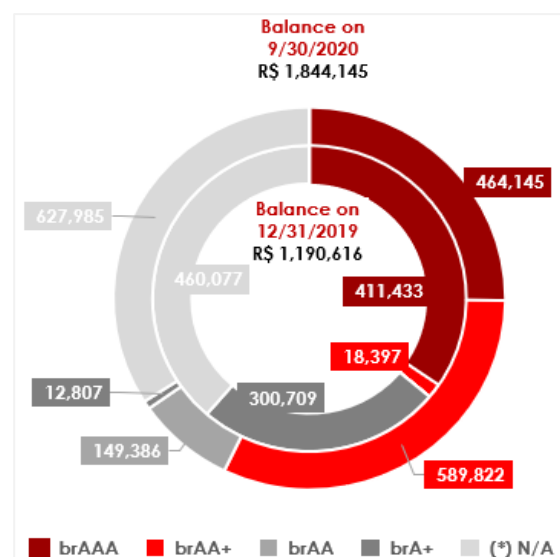
## 6.4 CREDIT RISK

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

The ratings of cash equivalents and 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 held of the Company.

(\*) Not applicable, since 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 that make up the funds' balance have an AAA risk rating in at least one rating agency.



## 7 TRADE ACCOUNTS RECEIVABLE

### 7.1 ACCOUNTING POLICY

Trade accounts receivable correspond to the amounts receivable for the sale of goods, through 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 the 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 receivables. Adjustment to present value is matched against trade accounts receivable and its realization is recorded as sales revenue over the fruition term. The rate used in this quarter was of 0.63% p.m. (0.99% p.m. at December 31, 2019, when weighted average cost of capital was used).

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## 7.2 BREAKDOWN

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Renner credit card (Private Label)	468,717	973,555	858,738	1,394,809
Branded card (Meu Cartão)	176,830	334,785	2,008,594	2,078,378
Third-party cards	342,934	644,540	462,302	816,477
Exports - Related parties	39,869	29,173	-	-
Other receivables	803	1,995	6,134	5,819
(-) Estimated credit losses	-	(25,965)	(638,416)	(420,705)
(-) Adjustment to present value	(16,922)	(45,309)	(18,525)	(48,817)
<b>Total</b>	<b>1,012,231</b>	<b>1,912,774</b>	<b>2,678,827</b>	<b>3,825,961</b>

## 7.3 ESTIMATED CREDIT LOSSES

The estimated credit loss is an amount considered sufficient by management to cover any losses in the recovery of receivables based on client balance.

The portfolios of Co-branded card (Meu Cartão) and Renner Credit Card (Private Label), recorded at the subsidiary Realize CFI, with a maturity over 360 days are written-off from the balance of trade accounts receivable against estimated credit losses, in line with the practices of financial institutions.

## 7.3.1 Changes in estimated credit losses

	Balance on 01/01/2019	Estimated (losses), net	Write-offs	Balance on 12/31/2019	Estimated (losses) reversals, net	Write-offs	Balance on 09/30/2020
Renner credit card (Private Label)	(65,406)	(159,539)	198,980	(25,965)	827	25,138	-
<b>Total Parent Company</b>	<b>(65,406)</b>	<b>(159,539)</b>	<b>198,980</b>	<b>(25,965)</b>	<b>827</b>	<b>25,138</b>	<b>-</b>
Branded card (Meu Cartão)	(232,007)	(280,563)	224,678	(287,892)	(333,390)	233,309	(387,973)
Renner credit card (Private Label)	(8,353)	(107,245)	8,750	(106,848)	(213,013)	69,418	(250,443)
<b>Total Consolidated</b>	<b>(305,766)</b>	<b>(547,347)</b>	<b>432,408</b>	<b>(420,705)</b>	<b>(545,576)</b>	<b>327,865</b>	<b>(638,416)</b>

## 7.3.2 Coverage of losses per delay ranges and credit product

Estimated credit losses are established based on the risk rating of operations, in accordance to the criteria defined by the Central Bank of Brazil (Res. 2682), considering the portfolio's realization history and the receivables' recovery performance up to 360 days after maturity, plus expected losses in accordance with CPC 48/IFRS 9.

Renner credit card (Private Label)	Consolidated					
	09/30/2020			12/31/2019		
	Balance	Estimated losses	% Coverage	Balance	Estimated losses	% Coverage
A - from 0 to 14 days	512,534	(4,227)	0.8%	1,119,357	(21,373)	1.9%
B - from 15 to 30 days	34,866	(349)	1.0%	60,467	(1,314)	2.2%
C - from 31 to 60 days	22,053	(662)	3.0%	42,519	(2,199)	5.2%
D - from 61 to 90 days	19,271	(1,927)	10.0%	30,161	(5,147)	17.1%
E - from 91 to 120 days	16,556	(4,967)	30.0%	33,493	(13,572)	40.5%
F - from 121 to 150 days	14,258	(7,129)	50.0%	34,125	(21,206)	62.1%
G - from 151 to 180 days	26,727	(18,709)	70.0%	34,140	(27,455)	80.4%
H - more than 180 days	212,473	(212,473)	100.0%	40,547	(40,547)	100.0%
<b>Total</b>	<b>858,738</b>	<b>(250,443)</b>	<b>29.2%</b>	<b>1,394,809</b>	<b>(132,813)</b>	<b>9.5%</b>

Estimated losses x Minimum required (BACEN)

100.7%

130.1%

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Branded card (Meu Cartão)	Consolidated					
	09/30/2020			12/31/2019		
	Balance	losses	% Coverage	Balance	losses	% Coverage
A - from 0 to 14 days	1,417,587	(11,696)	0.8%	1,566,336	(29,917)	1.9%
B - from 15 to 30 days	39,592	(396)	1.0%	62,486	(1,193)	1.9%
C - from 31 to 60 days	42,408	(1,272)	3.0%	64,118	(2,007)	3.1%
D - from 61 to 90 days	70,361	(7,036)	10.0%	75,719	(8,003)	10.6%
E - from 91 to 120 days	46,773	(14,032)	30.0%	49,900	(15,933)	31.9%
F - from 121 to 150 days	37,756	(18,878)	50.0%	42,698	(22,587)	52.9%
G - from 151 to 180 days	64,849	(45,395)	70.0%	33,397	(24,528)	73.4%
H - more than 180 days	289,268	(289,268)	100.0%	183,724	(183,724)	100.0%
<b>Total</b>	<b>2,008,594</b>	<b>(387,973)</b>	<b>19.3%</b>	<b>2,078,378</b>	<b>(287,892)</b>	<b>13.9%</b>

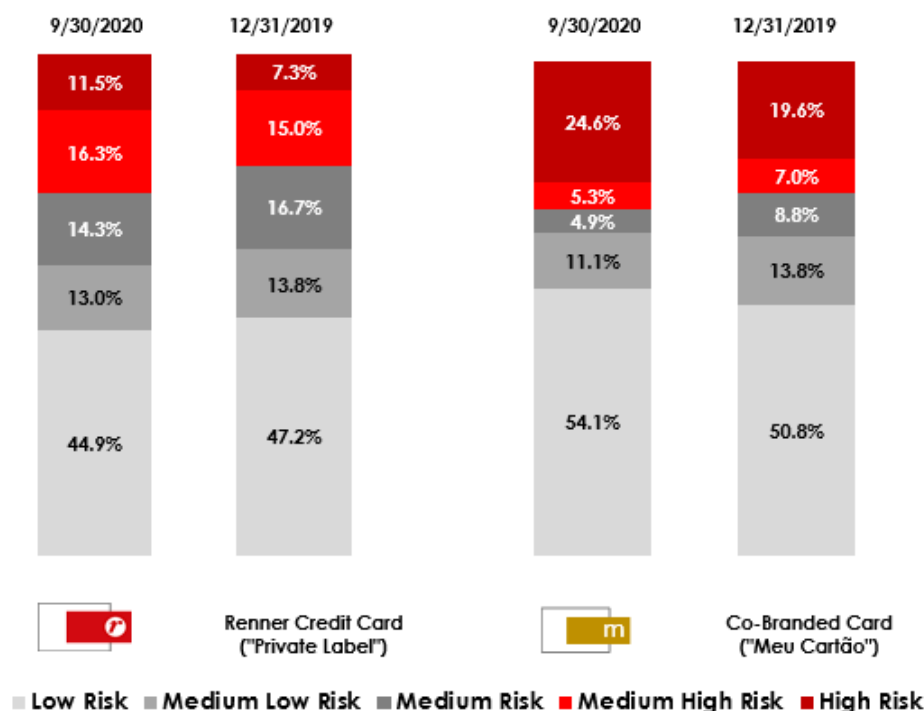
  

<b>Estimated losses x Minimum required (BACEN)</b>	<b>101.2%</b>	<b>110.1%</b>
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## 7.4 CREDIT RISK

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, with no historical losses in the Company.

The Company's receivables derive from retail operations to individuals in a massified way, with individual credit analysis and low average ticket, having as characteristic the absolute spread of credit risk and lack of guarantee instruments. The amounts recorded in accounts receivable represent the appropriate size of the Company's exposure to credit risk.



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## 8 INVENTORIES

## 8.1 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 from 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 at transaction date, when applicable.

Present value adjustment is matched against inventories and its realization is recorded as cost of sales upon realization. The discount rate used for adjusting inventory balances to present value is based on the average rate informed by the Central Bank of Brazil for advanced receivables. The rate used in this quarter was of 1.14% p.m. (0.99% p.m. at December 31, 2019, when weighted average cost of capital was used).

## 8.2 BREAKDOWN

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Goods for resale	1,076,813	779,948	1,283,622	956,330
Imports in transit	211,214	165,611	251,665	199,083
Advances to suppliers	22,923	3,777	23,154	3,947
Auxiliary materials and warehouse	5,052	5,226	7,321	10,742
Adjustment to present value	(22,579)	(17,582)	(24,427)	(19,285)
Estimated losses	(14,755)	(21,132)	(18,100)	(26,311)
<b>Total</b>	<b>1,278,668</b>	<b>915,848</b>	<b>1,523,235</b>	<b>1,124,506</b>

The Company has a balance of advances related to confirming agreement with a balance of R\$ 21,550 on September 30, 2020 in the Parent Company and Consolidated (R\$ 3,777 on December 31, 2019), fully reversed into inventory goods.

## 8.3 ESTIMATED INVENTORY LOSSES

	Parent Company	Consolidated
<b>Balance on 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 on December 31, 2019</b>	<b>(21,132)</b>	<b>(26,311)</b>
(-) Estimated losses, net	(33,821)	(36,882)
(+) Actual loss	40,198	42,915
(+/-) Translation adjustment	-	2,178
<b>Balance on September 30, 2020</b>	<b>(14,755)</b>	<b>(18,100)</b>

As from implementation of RFID system (Radio-frequency Product Identification) in the Parent Company, the frequency of inventory-taking for most inventories was increased. As such, these effects were recorded directly in P&L, and were not included in estimated losses.

## 9 RECOVERABLE TAXES

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
State VAT (ICMS)	161,840	146,604	204,398	185,636
ICMS – Fixed assets	45,195	53,736	50,921	60,771
Income and social contribution taxes	43,608	11,778	74,958	17,187
PIS and COFINS (i)	1,309,123	8,821	1,311,847	9,324
Tax credits from foreign subsidiaries	-	-	44,932	27,673
Other recoverable taxes	11,024	29,503	11,658	31,150
<b>Total</b>	<b>1,570,790</b>	<b>250,442</b>	<b>1,698,714</b>	<b>331,741</b>
Current assets	920,283	199,116	1,028,428	258,396
Noncurrent assets	650,507	51,326	670,286	73,345
<b>Total</b>	<b>1,570,790</b>	<b>250,442</b>	<b>1,698,714</b>	<b>331,741</b>



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- (i) The legal action 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, determining the exclusion of the ICMS amounts informed in the invoices used for calculating referred to contributions. The amount approved for offset by the Brazilian IRS, for calculation periods 11/2001 to 02/2017, is of R\$ 1,363,029 (R\$ 784,619 classified as other operating income – Note 33.3 and R\$ 578,410 relating to monetary adjustment and interest classified as finance income – Note 34). The amounts referring to 03/2017 onwards were already recorded in P&L as from such date.

Management expects that the tax credits, whose restated balance on September 30, 2020 net of amounts already offset totals R\$ 1,294,836, 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.

## 10 OTHER ASSETS

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Prepaid expenses	12,422	8,241	14,042	9,414
Judicial deposits	8,690	9,496	8,808	9,610
Advances to third parties	16,755	18,420	33,599	29,289
Advance to employees	10,076	4,395	11,596	5,036
Credits from agreement with suppliers	9,770	8,176	9,770	8,176
Insurance indemnities in progress	512	1,162	512	1,402
Insurance commissions receivable	-	197	3,714	5,479
Amounts receivable – Operating financial services Agreement	-	7,567	-	7,567
Other accounts receivable	15,694	8,759	8,365	10,897
<b>Total</b>	<b>73,919</b>	<b>66,413</b>	<b>90,406</b>	<b>86,870</b>
Current assets	60,906	53,195	74,314	70,662
Noncurrent assets	13,013	13,218	16,092	16,208
<b>Total</b>	<b>73,919</b>	<b>66,413</b>	<b>90,406</b>	<b>86,870</b>

## 11 INCOME AND SOCIAL CONTRIBUTION TAXES

### 11.1 ACCOUNTING POLICY

Provision for income and social contribution taxes is based on taxable profit for the period. Deferred income and social contribution taxes are recognized on temporary differences at the end of each period between the balances of assets and liabilities recognized in the interim financial statements and the respective tax bases employed to arrive at taxable profit, including the balance of tax losses, where 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 and social contribution taxes, the Company takes into consideration the impact of uncertainties relating to the tax positions assumed. Management 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.

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## 11.2 BREAKDOWN

## 11.2.1 Parent Company

	09/30/2020		12/31/2019	
	Corporate Income Tax (IRPJ)	Social Contribution on Net Profit (CSLL)	Corporate Income Tax (IRPJ)	Social Contribution on Net Profit (CSLL)
<b>Deferred income and social contribution tax bases</b>				
Estimated losses in assets	47,445	47,445	63,941	63,941
Provisions for tax, civil and labor risks	104,140	104,140	84,957	84,957
Adjustment to present value	33,332	33,332	58,086	58,086
Provision for employee profit sharing	-	-	68,227	68,227
Restricted share plan	24,979	24,979	39,664	39,664
Income and social contribution tax losses	297,361	295,724	-	-
Equity valuation adjustments - hedge	-	-	2,436	2,436
Swap from borrowings	-	-	2,115	2,115
Leases payable	109,413	109,413	81,543	81,543
Other provisions	702	11	702	11
<b>Deferred tax assets base</b>	<b>617,372</b>	<b>615,044</b>	<b>401,671</b>	<b>400,980</b>
Review of the useful life	(171,124)	(171,124)	(124,167)	(124,167)
Equity valuation adjustments - hedge	(28,570)	(28,570)	-	-
Swap from borrowings	(130,447)	(130,447)	-	-
Other provisions	(4,974)	(4,974)	(14,176)	(14,176)
<b>Deferred tax liabilities base</b>	<b>(335,115)</b>	<b>(335,115)</b>	<b>(138,343)</b>	<b>(138,343)</b>
<b>Total</b>	<b>282,257</b>	<b>279,929</b>	<b>263,328</b>	<b>262,637</b>
Nominal rates	25%	9%	25%	9%
<b>Deferred income and social contribution tax assets</b>	<b>70,564</b>	<b>25,194</b>	<b>65,832</b>	<b>23,637</b>

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

## 11.2.2 Consolidated

	09/30/2020		12/31/2019	
	IRPJ	CSLL	IRPJ	CSLL
<b>Deferred income and social contribution tax bases</b>				
Estimated losses in assets	322,030	320,776	283,738	282,316
Provisions for tax, civil and labor risks	121,599	121,599	100,754	100,754
Adjustment to present value	36,323	36,323	62,890	62,890
Provision for employee profit sharing	-	-	69,864	69,864
Restricted share plan	24,979	24,979	39,664	39,664
Income and social contribution tax losses (i)	664,768	585,726	178,105	168,610
Equity valuation adjustments - hedge	-	-	3,382	3,382
Leases payable	129,355	123,310	91,392	89,041
Other provisions	19,689	11	20,707	2,126
<b>Deferred tax assets base</b>	<b>1,318,743</b>	<b>1,212,724</b>	<b>850,496</b>	<b>818,647</b>
Goodwill on acquisition of equity interest	(91,696)	(91,696)	(76,707)	(76,707)
Appreciation of assets	(28,567)	(28,567)	(28,888)	(28,888)
Review of the useful life	(186,146)	(186,146)	(138,639)	(138,639)
Equity valuation adjustments - hedge	(29,724)	(29,724)	-	-
Swap from borrowings	(151,085)	(151,085)	(1,471)	(1,471)
Other provisions	(20,481)	(10,161)	(21,647)	(15,050)
<b>Deferred tax liabilities base</b>	<b>(507,699)</b>	<b>(497,379)</b>	<b>(267,352)</b>	<b>(260,755)</b>
<b>Total</b>	<b>811,044</b>	<b>715,345</b>	<b>583,144</b>	<b>557,892</b>
Weighted nominal rates (ii)	25%	11.42%	25%	11.37%
<b>Deferred income and social contribution tax assets and liabilities (iii)</b>	<b>202,761</b>	<b>81,692</b>	<b>145,786</b>	<b>63,432</b>

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- (i) Credits recognized on income and social contribution tax losses of the Parent Company and of subsidiaries Camicado, Youcom, LRS, LRU and LRA.
- (ii) The weighted nominal rate of social contribution is greater than the general rate of 9% due to the consolidation of the balances of indirect subsidiary Realize CFI.
- (iii) Management offsets deferred assets against deferred liabilities of the parent company and subsidiaries separately.

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

## 11.3 CHANGES IN DEFERRED TAXES, NET

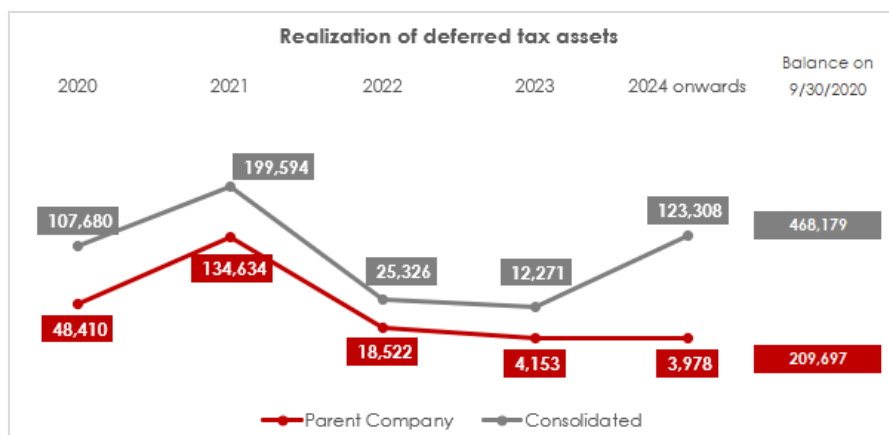
Below are the changes in deferred taxes, recognized at weighted nominal tax rates:

	Parent Company	Consolidated
<b>Balance on 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 on December 31, 2019 (*) – Restated (*)</b>	<b>89,469</b>	<b>209,218</b>
Recognized in profit or loss	16,831	84,889
Recognized in other comprehensive income	(10,542)	(11,256)
Translation adjustments	-	1,602
<b>Balance on September 30, 2020</b>	<b>95,758</b>	<b>284,453</b>

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

## 11.4 REALIZATION OF DEFERRED TAX ASSETS

The recoverability of deferred tax asset balances is reviewed at the end of each year and, when it is no longer probable that future taxable profits will be available to recover the asset, in whole or in part. Management is of the understanding that 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.





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## 11.5 ANALYSIS OF EFFECTIVE RATE FOR INCOME AND SOCIAL CONTRIBUTION TAXES

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			
	3Q20	9M20	3Q19	9M19
			Restated (*)	
<b>Profit or loss before income and social contribution taxes</b>	<b>(150,779)</b>	<b>759,646</b>	<b>208,755</b>	<b>683,377</b>
Combined tax rate	34%	34%	34%	34%
<b>Tax expense at nominal rate</b>	<b>51,265</b>	<b>(258,280)</b>	<b>(70,977)</b>	<b>(232,348)</b>
<b>Permanent (additions) exclusions:</b>				
Stock option plan expense	(1,850)	(5,377)	(1,784)	(5,172)
Profit or loss from ownership interest	(19,550)	(36,561)	20,787	44,567
Interest on equity	22,457	61,316	21,200	64,810
Management fees	-	129	-	-
Tax benefits (PAT)	-	1,234	948	3,410
Investment grant (i)	6,369	15,255	3,732	11,245
Incentive for technological innovation (Law 11196/2005)	5,294	5,294	4,319	4,319
Other exclusions (additions) (ii)	3,921	199,659	(253)	(777)
Exempt portion of the 10% surtax	-	-	5	17
<b>Income and social contribution taxes in P&amp;L for the period</b>	<b>67,906</b>	<b>(17,331)</b>	<b>(22,023)</b>	<b>(109,929)</b>
Current	8,184	(34,162)	(28,100)	(112,701)
Deferred	59,722	16,831	6,077	2,772
<b>Effective tax rate</b>	<b>45.04%</b>	<b>2.28%</b>	<b>10.55%</b>	<b>16.09%</b>

	Consolidated			
	3Q20	9M20	3Q19	9M19
			Restated (*)	
<b>Profit or loss before income and social contribution taxes</b>	<b>(183,999)</b>	<b>712,430</b>	<b>249,406</b>	<b>772,445</b>
Combined tax rate	34%	34%	34%	34%
<b>Tax expense at nominal rate</b>	<b>62,560</b>	<b>(242,226)</b>	<b>(84,798)</b>	<b>(262,631)</b>
<b>Permanent (additions) exclusions:</b>				
Stock option plan expense	(1,850)	(5,377)	(1,784)	(5,172)
Interest on equity	22,457	61,316	21,200	64,810
Management fees	-	129	-	-
Tax benefits (PAT)	121	1,490	975	3,500
Investment grant (i)	6,615	15,873	4,024	12,372
Incentive for technological innovation (Law 11196/2005)	7,866	7,866	4,319	4,319
Income and social contribution tax differences of subsidiaries	3,251	(2,035)	(6,052)	(13,757)
Other exclusions (additions) (ii)	106	192,813	(576)	(2,492)
Exempt portion of the 10% surtax	-	36	18	54
<b>Income and social contribution taxes in P&amp;L for the period</b>	<b>101,126</b>	<b>29,885</b>	<b>(62,674)</b>	<b>(198,997)</b>
Current	60,445	(55,004)	(85,190)	(239,054)
Deferred	40,681	84,889	22,516	40,057
<b>Effective tax rate</b>	<b>54.96%</b>	<b>-4.19%</b>	<b>25.13%</b>	<b>25.76%</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 and social contribution taxes 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.



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## 12 INVESTMENTS

## 12.1 BREAKDOWN

	Parent Company	
	09/30/2020	12/31/2019
		Restated (*)
Investments in subsidiaries	1,579,742	1,381,986
Goodwill on asset appreciation	1,290	1,290
<b>Total</b>	<b>1,581,032</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.

## 12.2 CHANGES IN INVESTMENTS IN SUBSIDIARIES

Subsidiaries	Balance on 12/31/2019 (*)	Capital contribution	Equity on profit/loss of subsidiaries	Other comprehensive income	Dividends	Balance on 09/30/2020
RACC	1,647	-	2,845	-	(1,643)	2,849
Dromegon	11,443	-	2,285	-	(1,882)	11,846
Camicado	406,766	127,160	(28,195)	1,357	-	507,088
Youcom	142,244	40,641	(27,164)	29	-	155,750
LRS	9,750	313	(2,014)	2,386	-	10,435
Realize Participações S.A.	550,744	-	(4,354)	-	-	546,390
LRU	142,631	16,900	(14,416)	33,519	-	178,634
LRA	114,820	37,095	(35,807)	48,755	-	164,863
Realize CFI	3	-	-	-	-	3
Lojas Renner Trading Uruguay	1,938	-	(711)	657	-	1,884
<b>Total</b>	<b>1,381,986</b>	<b>222,109</b>	<b>(107,531)</b>	<b>86,703</b>	<b>(3,525)</b>	<b>1,579,742</b>

Subsidiaries	Balance on 01/01/2019	Capital contribution	Equity on profit/loss of subsidiaries (*)	Other comprehensive income (*)	Dividends	Balance on 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.

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## 13 FIXED ASSETS AND INTANGIBLE ASSETS

## 13.1 ACCOUNTING POLICY

These 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:

- 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.

Category	Parent Company and Consolidated	
	Average annual rate	Average useful life
<b>Property, plant and equipment</b>		
Buildings	1.66%	60 years
Furniture and utensils installations	10% to 25%	4 a 10 years
Machines and equipment	5% to 10%	10 a 20 years
Improvements in Third Party Buildings	5% to 10%	10 a 20 years
Vehicles	10%	10 years
Computers and peripherals	20%	5 years
<b>Intangible</b>		
IT systems	10% to 33.3%	3 to 10 years
Right to use properties	12.5% to 20%	5 to 8 years
	10%	10 years

On September 30, 2020, due to the Covid-19 impacts, management reviewed the future projections of its cash-generating units (CGU) and did not identify the need for estimated losses on assets, as well as no revaluation or idleness of fixed assets.

## 13.2 BREAKDOWN OF FIXED ASSETS

	Parent Company					
	09/30/2020			12/31/2019		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	288	-	288	288	-	288
Properties	61,898	(3,232)	58,666	61,898	(2,613)	59,285
Furniture and fixtures	474,742	(267,406)	207,336	469,412	(237,546)	231,866
Facilities	530,227	(267,337)	262,890	514,051	(247,698)	266,353
Machinery and equipment	272,632	(156,705)	115,927	274,080	(146,160)	127,920
Leasehold improvements	1,754,853	(992,311)	762,542	1,710,288	(883,821)	826,467
Vehicles	1,589	(576)	1,013	1,589	(425)	1,164
Computers and peripherals	286,599	(182,890)	103,709	271,695	(159,500)	112,195
Fixed assets in progress	271,895	-	271,895	188,715	-	188,715
<b>Total</b>	<b>3,654,723</b>	<b>(1,870,457)</b>	<b>1,784,266</b>	<b>3,492,016</b>	<b>(1,677,763)</b>	<b>1,814,253</b>

	Consolidated					
	09/30/2020			12/31/2019		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	288	-	288	288	-	288
Properties	76,965	(9,112)	67,853	76,965	(8,493)	68,472
Furniture and fixtures	558,503	(298,435)	260,068	540,693	(262,862)	277,831
Facilities	589,981	(292,010)	297,971	570,394	(269,276)	301,118
Machinery and equipment	295,411	(160,322)	135,089	291,320	(148,498)	142,822
Leasehold improvements	2,102,194	(1,079,626)	1,022,568	2,003,402	(945,061)	1,058,341
Vehicles	1,589	(576)	1,013	1,589	(424)	1,165
Computers and peripherals	314,803	(194,021)	120,782	291,164	(166,821)	124,343
Fixed assets in progress	276,796	-	276,796	199,330	-	199,330
<b>Total</b>	<b>4,216,530</b>	<b>(2,034,102)</b>	<b>2,182,428</b>	<b>3,975,145</b>	<b>(1,801,435)</b>	<b>2,173,710</b>

## 13.3 RECONCILIATION OF NET BOOK VALUE OF FIXED ASSETS

### 13.3.1 Parent Company

Book value	Balance on 01/01/2019	Additions	Transfers	Write-offs	Estimated losses	Transfers - CPC 06 (R2)/IFRS 16	Depreciation	Balance on 12/31/2019	Additions	Transfers	Write-offs	Estimated losses	Depreciation	Balance on 09/30/2020
Land	288	-	-	-	-	-	-	288	-	-	-	-	-	288
Properties	87,131	-	-	-	-	(27,021)	(825)	59,285	-	-	-	-	(619)	58,666
Furniture and fixtures	230,385	2,103	49,958	(1,307)	(8,204)	-	(41,069)	231,866	4,867	6,779	-	(5,818)	(30,358)	207,336
Facilities	264,322	1,365	25,868	(101)	(256)	-	(24,845)	266,353	4,483	11,821	(11)	-	(19,756)	262,890
Machinery and equipment	123,437	958	17,271	(43)	(206)	-	(13,497)	127,920	2,160	4,275	(24)	(7,733)	(10,671)	115,927
Leasehold improvements	825,918	7,939	132,421	(621)	(1,795)	-	(137,395)	826,467	14,183	31,229	-	-	(109,337)	762,542
Vehicles	1,718	311	-	(628)	-	-	(237)	1,164	-	-	-	-	(151)	1,013
Computers	95,011	512	53,773	(2,242)	(5,499)	-	(29,360)	112,195	1,873	20,086	(220)	(5,791)	(24,434)	103,709
Fixed assets in progress	89,662	378,927	(279,291)	(581)	(2)	-	-	188,715	157,406	(74,190)	(36)	-	-	271,895
<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>184,972</b>	<b>-</b>	<b>(291)</b>	<b>(19,342)</b>	<b>(195,326)</b>	<b>1,784,266</b>

### 13.3.2 Consolidated

Book value	Balance on 01/01/2019	Additions	Transfers	Write-offs	Estimated losses	Transfers - CPC 06 (R2)/IFRS 16	Deprec.	Translation adjustments	Balance on 12/31/2019	Additions	Transfers	Write-offs	Estimated losses	Deprec.	Translation adjustments	Balance on 09/30/2020
Land	288	-	-	-	-	-	-	-	288	-	-	-	-	-	-	288
Properties	96,188	131	-	-	-	(27,021)	(826)	-	68,472	-	-	-	-	(619)	-	67,853
Furniture and fixtures	272,596	2,577	60,643	(1,128)	(8,654)	-	(47,844)	(359)	277,831	6,010	15,245	103	(5,818)	(36,148)	2,845	260,068
Facilities	295,597	4,232	31,360	(81)	(896)	-	(28,730)	(364)	301,118	5,481	14,117	11	-	(23,550)	794	297,971
Machinery and equipment	130,222	952	26,222	(63)	(267)	-	(14,107)	(137)	142,822	2,233	5,557	7	(7,733)	(11,838)	4,041	135,089
Leasehold improvements	993,626	8,797	226,442	(4,625)	(4,207)	-	(159,162)	(2,530)	1,058,341	17,054	47,875	83	-	(134,398)	33,613	1,022,568
Vehicles	1,718	311	-	(626)	-	-	(238)	-	1,165	-	-	-	-	(152)	-	1,013
Computers	103,851	1,283	57,558	(671)	(5,574)	-	(31,857)	(247)	124,343	2,107	26,273	(497)	(5,791)	(28,057)	2,404	120,782
Fixed assets in progress	100,363	501,678	(402,225)	-	(2)	-	-	(484)	199,330	184,957	(109,067)	(655)	-	-	2,231	276,796
<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>217,842</b>	<b>-</b>	<b>(948)</b>	<b>(19,342)</b>	<b>(234,762)</b>	<b>45,928</b>	<b>2,182,428</b>

(\*) Estimated losses at the Parent Company and Consolidated reflect the impact of the fixed asset inventory that is under way in this period. The main natures that make up the group of fixed assets in progress refer to the opening of the Company's stores and distribution centers.



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## 13.4 BREAKDOWN OF INTANGIBLE ASSETS

	Parent Company					
	09/30/2020			12/31/2019		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
IT systems	991,614	(508,160)	483,454	765,947	(451,475)	314,472
Right-of-use properties	69,300	(51,106)	18,194	69,760	(49,150)	20,610
Trademarks and patents	6,689	(83)	6,606	6,519	(83)	6,436
Intangible assets in progress	64,139	-	64,139	128,193	-	128,193
<b>Total</b>	<b>1,131,742</b>	<b>(559,349)</b>	<b>572,393</b>	<b>970,419</b>	<b>(500,708)</b>	<b>469,711</b>

	Consolidated					
	09/30/2020			12/31/2019		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
IT systems	1,194,627	(554,297)	640,330	947,069	(494,796)	452,273
Right-of-use properties	104,715	(64,131)	40,584	98,555	(59,459)	39,096
Trademarks and patents	35,442	(83)	35,359	34,851	(83)	34,768
Intangible assets - other	3,500	(3,500)	-	3,500	(3,500)	-
Intangible assets in progress	80,765	-	80,765	141,419	-	141,419
Goodwill - Camicado	116,679	-	116,679	116,679	-	116,679
<b>Total</b>	<b>1,535,728</b>	<b>(622,011)</b>	<b>913,717</b>	<b>1,342,073</b>	<b>(557,838)</b>	<b>784,235</b>

## 13.5 RECONCILIATION OF NET BOOK VALUE OF INTANGIBLE ASSETS

## 13.5.1 Parent Company

Book value	Balance on 12/31/2019	Additions	Transfers	Amortization	Balance on 09/30/2020
IT systems	314,472	88,476	137,192	(56,686)	483,454
Right-of-use properties	20,610	-	-	(2,416)	18,194
Trademarks and patents	6,436	170	-	-	6,606
Intangible assets in progress	128,193	73,138	(137,192)	-	64,139
<b>Total</b>	<b>469,711</b>	<b>161,784</b>	<b>-</b>	<b>(59,102)</b>	<b>572,393</b>

Book value	Balance on 01/01/2019	Additions	Transfers	Write-offs	Estimated losses	Amortization	Balance on 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 make up the group of intangible assets in progress refer to the development and implementation of Information Technology systems and licensing.



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## 13.5.2 Consolidated

Book value	Balance on 12/31/2019	Additions	Transfers	Write-offs	Amortization	Translation adjustments	Balance on 09/30/2020
IT systems	452,273	109,445	150,207	(393)	(74,268)	3,066	640,330
Right-of-use properties	39,096	339	4,024	1	(5,068)	2,192	40,584
Trademarks and patents	34,768	591	-	-	-	-	35,359
Intangible assets in progress	141,419	91,053	(154,231)	22	-	2,502	80,765
Goodwill - Camicado	116,679	-	-	-	-	-	116,679
<b>Total</b>	<b>784,235</b>	<b>201,428</b>	<b>-</b>	<b>(370)</b>	<b>(79,336)</b>	<b>7,760</b>	<b>913,717</b>

Book value	Balance on 01/01/2019	Additions	Transfers	Write-offs	Estimated losses	Amortization	Translation adjustments	Balance on 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>

## 14 RIGHTS-OF-USE

Applicable as from January 1, 2019, to unify the lease accounting model, 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.

### 14.1 ACCOUNTING POLICY

Company management chose to use the practical expedient for transition and to 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.

#### 14.1.1 Breakdown of rights-of-use

Lease with call option (*) USEFUL LIFE: 43 YEARS	Lease (**) USEFUL LIFE: 2-13 years	Balance on 9/30/2020
25,937	1,294,388	1,320,325
25,937	1,623,301	1,649,238
<b>Parent Company</b>	<b>Consolidated</b>	

(\*) Corresponds to the administrative headquarters building.

(\*\*) Corresponds to the rental of commercial space, distribution centers and other administrative headquarters.

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## 14.1.2 Changes in rights-of-use

## 14.1.2.1 Parent Company

	Balance on 12/31/2019 (*)	(+) Remeasurement	(+/-) New contracts / Ended contracts	(-) Depreciation	Balance on 09/30/2020
Lease	1,317,748	71,385	129,067	(223,812)	1,294,388
Lease with purchase option	26,402	-	-	(465)	25,937
<b>Total</b>	<b>1,344,150</b>	<b>71,385</b>	<b>129,067</b>	<b>(224,277)</b>	<b>1,320,325</b>

	Balance on 01/01/2019	(-) Adjustment - Change in rate	(+) Remeasurement	(+/-) New contracts / Ended contracts	(-) Depreciation	Balance on 12/31/2019 (*)
Lease	1,719,658	(221,210)	59,580	45,999	(286,279)	1,317,748
Lease with purchase option	27,021	-	-	-	(619)	26,402
<b>Total</b>	<b>1,746,679</b>	<b>(221,210)</b>	<b>59,580</b>	<b>45,999</b>	<b>(286,898)</b>	<b>1,344,150</b>

## 14.1.2.2 Consolidated

	Balance on 12/31/2019 (*)	(+) Remeasurement	(+/-) New contracts / Ended contracts	(-) Depreciation	(+/-) Translation adjustment	Balance on 09/30/2020
Lease	1,608,288	137,298	150,919	(271,547)	(1,657)	1,623,301
Lease with purchase option	26,402	-	-	(465)	-	25,937
<b>Total</b>	<b>1,634,690</b>	<b>137,298</b>	<b>150,919</b>	<b>(272,012)</b>	<b>(1,657)</b>	<b>1,649,238</b>

	Balance on 01/01/2019	(-) Adjustment - Change in rate	(+) Remeasurement	(+/-) New contracts / Ended contracts	(-) Depreciation	(+/-) Translation adjustment	Balance on 12/31/2019 (*)
Lease	1,993,746	(273,801)	68,916	159,056	(340,012)	383	1,608,288
Lease with purchase option	27,021	-	-	-	(619)	-	26,402
<b>Total</b>	<b>2,020,767</b>	<b>(273,801)</b>	<b>68,916</b>	<b>159,056</b>	<b>(340,631)</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.

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

## 15.1 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 need. For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGU), 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.

## 15.2 EVALUATION OF THE RECOVERABLE AMOUNT

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

To determine the recoverable amount of Camicado, the Company used cash flow projections, before income and social contribution taxes, based on financial budgets approved by management for a 10-year period considering measures such as product mix improvement, increased number of stores opened in synergy with the parent company, aligned with the trademark's value proposition and dilution of costs in connection with this growth, which are indicators that support Camicado's business plan, approved by the parent company.

On September 30, 2020, the Company tested these assets for impairment due to the Covid-19 impacts and concluded that there are no factors indicating losses due to impairment, given that the recoverable amount exceeded book value.

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## 16 BORROWINGS, FINANCING AND DEBENTURES

## 16.1 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 for by contract (plus charges, interest calculated at 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, is 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). Borrowings of the same financing line 4131 but in domestic currency are measured at amortized cost.

## 16.2 BREAKDOWN OF BORROWINGS, FINANCING AND DEBENTURES

Description	Charges (p.a.)	Maturity	Parent Company		Consolidated	
			09/30/2020	12/31/2019	09/30/2020	12/31/2019
<b>In domestic currency</b>						
Debentures 7 <sup>th</sup> issuance - single series (i)	-	-	-	306,537	-	306,537
Debentures 9 <sup>th</sup> issuance - single series (i)	103.9% of CDI	10/10/2022	404,749	404,466	404,749	404,466
Debentures 10 <sup>th</sup> issuance - single series (i)	CDI + 2.96%	04/13/2021	512,667	-	512,667	-
Debentures 11 <sup>th</sup> issuance - single series (i)	CDI + 3.00%	05/05/2022	306,310	-	306,310	-
Debentures 11 <sup>th</sup> issuance – 2 <sup>nd</sup> series (i)	CDI + 3.04%	11/05/2022	204,239	-	204,239	-
Debentures - Structuring costs	-	-	(6,496)	(44)	(6,496)	(44)
Fundo do Nordeste - FNE (ii)	8.23%	06/30/2023	6,694	8,524	6,694	8,524
Fundo do Nordeste - FNE (ii)	-	-	-	-	-	684
Brazilian Development Bank (BNDES)	-	-	-	5,039	-	5,039
Working capital - secured account	-	-	-	-	-	51,420
Working capital – Law 4131 (iii)	CDI + 3.28%	03/24/2021	309,562	-	309,562	-
Working capital – CCB (iv)	CDI + 2.65%	07/07/2022	151,647	-	151,647	-
<b>Foreign currency</b>						
Working capital – Law 4131 (v)	-	-	-	101,039	-	162,564
Working capital – Law 4131 (v)	US\$ + 2.51%	11/19/2020	242,641	172,804	242,641	172,804
Working capital – Law 4131 (v)	US\$ + 2.46%	01/27/2021	43,162	-	43,162	-
Working capital – Law 4131 (v)	US\$ + 3.70%	01/07/2021	-	-	60,125	43,140
Working capital – Law 4131 (v)	US\$ + 0.81%	01/22/2021	224,517	-	224,517	-
(+/-) Swap – working capital (vi)	-	-	-	(5,546)	-	(5,851)
(+/-) Swap – working capital (vi)	105.2% CDI	11/19/2020	(62,886)	7,661	(62,886)	7,661
(+/-) Swap – working capital (vi)	108.6% CDI	01/27/2021	(10,988)	-	(10,988)	-
(+/-) Swap – working capital (vi)	106.95% CDI	01/07/2021	-	-	(20,638)	(3,281)
(+/-) Swap – working capital (vi)	112.0% CDI	01/22/2021	(56,573)	-	(56,573)	-
<b>Total</b>			<b>2,269,245</b>	<b>1,000,480</b>	<b>2,308,732</b>	<b>1,153,663</b>
Current liabilities			1,219,540	594,394	1,259,027	709,022
Noncurrent liabilities			1,049,705	406,086	1,049,705	444,641
<b>Total</b>			<b>2,269,245</b>	<b>1,000,480</b>	<b>2,308,732</b>	<b>1,153,663</b>

- (i) The funds obtained were allocated to working capital reinforcement and maintenance of a minimum strategic cash level. In April and May 2020, the 10<sup>th</sup> and 11<sup>th</sup> issue of debentures were carried out.
- (ii) The Company signed financing agreements with Banco do Nordeste through FNE (Northeast Constitutional Financing Fund) to fund the expansion of its group of stores in the region.
- (iii) The Company and Santander entered into a borrowing agreement in Reais – 4131 financing line in March 2020. These funds were used for maintaining minimum strategic cash.
- (iv) In July 2020, the Company took out a loan in Bank Credit Notes (CCB) from Banco Safra amounting to R\$ 150,000, intended for working capital reinforcement and maintenance of minimum strategic cash level.
- (v) In addition to the agreements existing as at December 31, 2019 amounting US\$ 93,651, the Company entered into two new agreements in foreign currency, to wit an agreement with Citibank amounting to US\$ 40,000, equivalent to R\$ 167,080 and an



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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 29).

(vi) Swap transactions in foreign currency (4131 financing line) are hedging against foreign exchange rate fluctuations.

Note 36 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 5.2.

## 17 FINANCING – FINANCIAL SERVICE OPERATIONS AND GUARANTEES

### 17.1 FINANCING - FINANCIAL SERVICE OPERATIONS

Financing	Charges (p.a.)	Maturity	Parent Company		Consolidated	
			09/30/2020	12/31/2019	09/30/2020	12/31/2019
<b>In domestic currency</b>						
Secured account	-	-	-	37,740	-	37,740
Interbank Deposit Certificates (i)	210.0% of CDI	04/2021	-	-	51,069	-
Interbank Deposit Certificates (i)	CDI + 3.5%	04/2021	-	-	102,476	-
Interbank Deposit Certificates (i)	181.0% of CDI	03/2021	-	-	50,826	-
Interbank Deposit Certificates (i)	209.0% of CDI	03/2021	-	-	51,354	-
Interbank Deposit Certificates (i)	240.0% of CDI	05/2021	-	-	10,215	-
Financial bills (ii)	104.1% of CDI	08/2022	-	-	313,663	306,370
Bank Credit Notes (iii)	CDI + 3.5%	05/2022	-	-	30,667	-
Bank Credit Notes (iii)	160.00% of CDI	09/2022	-	-	20,036	-
Interbank Deposit Certificates (iv)	131.49% of CDI	06/2021	-	-	59,699	-
Interbank Deposit Certificates (iv)	138.45% of CDI	09/2022	-	-	35,207	-
<b>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>725,212</b>	<b>491,366</b>
Current liabilities			-	37,740	325,639	184,996
Noncurrent liabilities			-	-	399,573	306,370
<b>Total</b>			<b>-</b>	<b>37,740</b>	<b>725,212</b>	<b>491,366</b>

- (i) The Company issued Interbank Deposit Certificates through its indirect subsidiary Realize CFI. These funds aim at reinforcing minimum cash and supporting the ordinary course of business, already considering potential Covid-19 impacts.
- (ii) Through its indirect subsidiary Realize CFI, the Company issued Financial Bills for private distribution to finance operations and ordinary course of business.
- (iii) Indirect subsidiary Realize CFI entered into a working capital agreement in CCBs to fund its operations and normal course of business, in which the parent company figured as guarantor.
- (iv) Indirect subsidiary Realize CFI issued Bank Deposit Certificates (CDB) to finance its operations and ordinary course of business.

### 17.2 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, as well as from an Interbank Deposit Certificate operation.

## 18 LEASES PAYABLE

### 18.1 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 need to reassess the Company's accounting policy, having begun to use nominal discount rates for measuring its lease agreements, with the primary goal of aligning this accounting policy to the practice most commonly adopted in the market, including comparable companies in Brazil and abroad. The



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nominal discount rate corresponds to reference market rates plus risk spread for fund-raising at amounts that represent total investments for opening new stores.

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

## 18.2 BREAKDOWN OF LEASES PAYABLE

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
		Restated (*)		Restated (*)
Rentals subject to purchase option (**)	37,203	35,428	37,203	35,428
Rentals	1,403,801	1,398,996	1,754,763	1,703,933
<b>Total</b>	<b>1,441,004</b>	<b>1,434,424</b>	<b>1,791,966</b>	<b>1,739,361</b>
Current liabilities	382,121	373,555	483,518	447,685
Noncurrent liabilities	1,058,883	1,060,869	1,308,448	1,291,676
<b>Total</b>	<b>1,441,004</b>	<b>1,434,424</b>	<b>1,791,966</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.

(\*\*) 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 in July 2012 and adjusted based on the accumulated variation of annual Brazil's National Consumer Price Index (INPC).

## 18.3 CHANGES IN LEASES PAYABLE

## 18.3.1 Parent Company

	Balance on 12/31/2019 (*)	(+) Remeasurement	(+/-) New contracts / Ended contracts	(+) Lease charges	(-) Lease consideration amounts (**)	Balance on 09/30/2020
Rentals	1,398,996	71,385	129,067	89,041	(284,688)	1,403,801
Rentals subject to purchase option	35,428	-	-	3,428	(1,653)	37,203
<b>Total</b>	<b>1,434,424</b>	<b>71,385</b>	<b>129,067</b>	<b>92,469</b>	<b>(286,341)</b>	<b>1,441,004</b>

	Balance on 01/01/2019	(-) Adjustment - Change in rate	(+) Remeasurement	(+/-) New contracts / Ended contracts	(+) Lease charges	(-) Lease consideration amounts	Balance on 12/31/2019 (*)
Rentals	1,719,658	(221,210)	59,580	45,999	118,385	(323,416)	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>(221,210)</b>	<b>59,580</b>	<b>45,999</b>	<b>122,808</b>	<b>(326,351)</b>	<b>1,434,424</b>

## 18.3.2 Consolidated

	Balance on 12/31/2019 (*)	(+) Remeasurement	(+/-) New contracts / Ended contracts	(+) Lease charges	(-) Lease consideration amounts (**)	(+/-) Translation adjustment	Balance on 09/30/2020
Rentals	1,703,933	137,298	150,919	108,341	(344,921)	(807)	1,754,763
Rentals subject to purchase option	35,428	-	-	3,428	(1,653)	-	37,203
<b>Total</b>	<b>1,739,361</b>	<b>137,298</b>	<b>150,919</b>	<b>111,769</b>	<b>(346,574)</b>	<b>(807)</b>	<b>1,791,966</b>

	Balance on 01/01/2019	(-) Adjustment - Change in rate	(+) Remeasurement	(+/-) New contracts / Ended contracts	(+) Lease charges	(-) Lease considerati on amounts	(+/-) Translation adjustment	Balance on 12/31/2019 (*)
Rentals	1,993,746	(273,801)	68,916	159,056	130,469	(374,379)	(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>(273,801)</b>	<b>68,916</b>	<b>159,056</b>	<b>134,892</b>	<b>(377,314)</b>	<b>(74)</b>	<b>1,739,361</b>

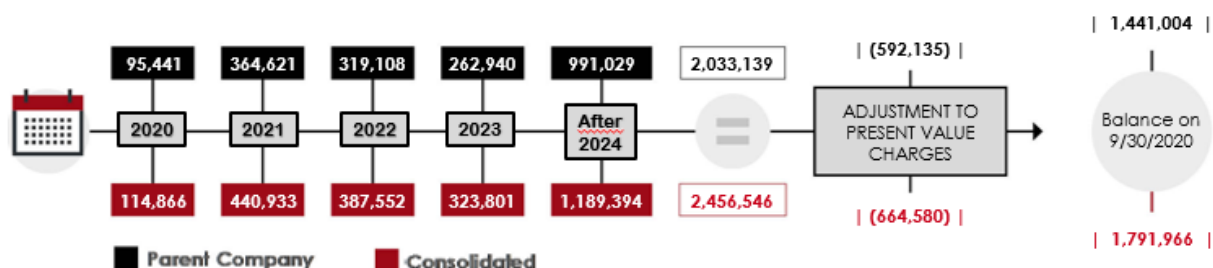
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(\*) Restatement of comparative balances due to the change in the accounting policy for leases, as described in Note 3.6.1.

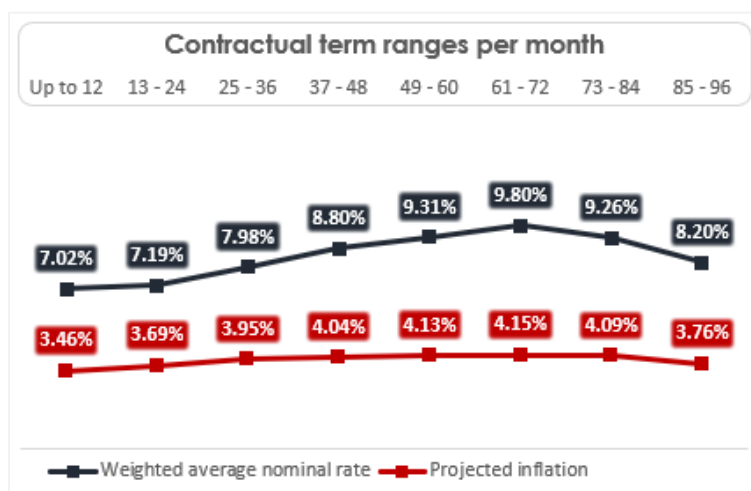
(\*\*) The Company elected the practical expedient (Note 4.3) and recognized in P&L consideration discounted amounting to R\$ 33,963 and R\$ 96,490 – Parent Company and R\$ 42,312 and R\$ 115,211 – Consolidated.

## 18.4 FUTURE COMMITMENTS



### 18.4.1 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 future market quotations obtained at B3 S.A. - Brasil, Bolsa, Balcão - 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 criterion and are stated from cash flow calculation purposes, as shown in this graph.



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	2020	2021	2022	2023	After 2023
Up to 12	1,422	1,422	-	-	-	-
13-24	170,842	28,453	96,943	43,272	2,174	-
25-36	398,141	28,979	117,549	117,686	92,706	41,221
37-48	403,772	18,216	73,531	73,849	74,319	163,857
49-60	467,794	15,466	62,684	63,174	63,560	262,910
61-72	744,332	19,636	79,119	80,100	80,277	485,200
73-84	24,172	524	2,097	2,097	2,097	17,357
85-96	59,169	1,069	4,277	4,277	4,277	45,269
>97 months (**)	186,902	1,101	4,733	3,097	4,391	173,580
<b>Total</b>	<b>2,456,546</b>	<b>114,866</b>	<b>440,933</b>	<b>387,552</b>	<b>323,801</b>	<b>1,189,394</b>

(\*) The Company calculated the weighted average term of the contractual flow for rate quotation purposes, since the agreements are subject to amortization on a monthly basis, reducing the average operation term and mitigating the risk for the creditor.





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## 21 SOCIAL AND LABOR OBLIGATIONS

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Salaries payable	35,793	40,873	43,123	49,448
Employee profit sharing	-	91,815	-	93,239
Provision for vacation pay 13 <sup>th</sup> monthly salary and bonuses	117,245	71,350	138,371	82,932
Social charges	94,230	72,510	107,533	81,263
<b>Total</b>	<b>247,268</b>	<b>276,548</b>	<b>289,027</b>	<b>306,882</b>

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

## 22.1 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.

## 22.1.1 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, 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, since the future disbursements of funds is likely. For proceedings rated as probable loss, provisions are recorded in the full amount of the risk measured.

## 22.1.2 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.

## 22.2 PROVISIONS

Nature	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Civil	26,048	22,996	34,700	30,868
Labor	54,372	34,918	56,281	36,767
Tax	26,143	29,712	33,043	35,499
(-) Judicial deposits	(5,976)	(6,281)	(10,713)	(11,018)
	<b>100,587</b>	<b>81,345</b>	<b>113,311</b>	<b>92,116</b>
Current liabilities	54,387	57,914	64,948	67,635
Noncurrent liabilities	46,200	23,431	48,363	24,481
<b>Total</b>	<b>100,587</b>	<b>81,345</b>	<b>113,311</b>	<b>92,116</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 need to increase the provision for tax, civil and labor contingencies.



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

Nature	Parent Company				
	Civil	Labor	Tax	(-) Judicial deposits	Total
<b>Balance on January 1, 2020</b>	<b>22,996</b>	<b>34,918</b>	<b>29,712</b>	<b>(6,281)</b>	<b>81,345</b>
Provisions/(reversals)	3,052	19,454	(4,073)	106	18,539
Adjustments	-	-	504	199	703
<b>Balance on September 30, 2020</b>	<b>26,048</b>	<b>54,372</b>	<b>26,143</b>	<b>(5,976)</b>	<b>100,587</b>

Nature	Consolidated				
	Civil	Labor	Tax	(-) Judicial deposits	Total
<b>Balance on January 1, 2020</b>	<b>30,868</b>	<b>36,767</b>	<b>35,499</b>	<b>(11,018)</b>	<b>92,116</b>
Provisions/(reversals)	3,832	19,514	(3,026)	106	20,426
Adjustments	-	-	570	199	769
<b>Balance on September 30, 2020</b>	<b>34,700</b>	<b>56,281</b>	<b>33,043</b>	<b>(10,713)</b>	<b>113,311</b>

## 22.4 CONTINGENT TAX LIABILITIES

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

Nature	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Tax	323,823	279,148	356,047	290,693

Significant lawsuits related to contingent liabilities as of September 30, 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\$ 168,193 in the Parent Company and R\$ 169,478 in the Consolidated (R\$ 138,440 in the Parent Company and R\$ 139,128 in the Consolidated as of December 31, 2019).
- Social Security (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 income tax was not withheld on amounts. The restated amount was R\$ 38,109 in the Parent Company and in Consolidated (R\$ 37,544 in the Parent Company and in Consolidated as of December 31, 2019).
- Corporate Income Tax (IRPJ)/Social Contribution Tax on Net Profit (CSLL) - Interest on equity of prior years - Refers to the disallowance of expenses with payment of interest on equity calculated based on prior year's equity. The restated amount was R\$ 28,175 in the Parent Company and in Consolidated (R\$ 26,786 in the Parent Company and in Consolidated as of December 31, 2019).
- ICMS - Disallowance of third-party credits - Disallowance of ICMS credits acquired from third parties in Rio de Janeiro State. The restated amount was R\$ 19,343 in the Parent Company and in Consolidated (R\$ 19,132 in the Parent Company and in Consolidated as of December 31, 2019).
- 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 was R\$ 24,185 in the Parent Company and R\$ 25,687 in the Consolidated (R\$ 20,969 in the Parent Company and R\$ 22,428 in the Consolidated as of December 31, 2019).
- 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\$ 19,007 in the Consolidated as at September 30, 2020.
- Other contingent liabilities with the restated amount totaling R\$ 45,818 in the Parent Company and R\$ 56,248 in Consolidated (R\$ 36,180 in the Parent Company and R\$ 45,001 in the Consolidated as of December 31, 2019) refer to various matters in the federal, state and municipal spheres.

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## 22.5 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.

## 22.6 CONTINGENT ASSETS

A favorable decision was handed down for subsidiary Camicado's lawsuit by the Federal Regional Court of the 3<sup>rd</sup> Chapter on the process exclusion of ICMS from the PIS/COFINS base and the judgment of an interlocutory appeal filed by the Federal Government against such decision is pending decision. Given that a final court decision is still pending, it is not possible to recognize the assets related to the credits to be calculated in relation to the periods that precede five years from the date of filing of the lawsuits until 03/2017 (date of the decision of the STF), estimated at R\$16,070. The amounts related to the computation period of 03/2017 onwards, in relation to which the likelihood of loss is assessed as remote by the legal advisors, have been recognized in P&L since then.

## 23 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.

### 23.1 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.

#### 23.1.1 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.

#### 23.1.2 Swap

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

### 23.2 FINANCIAL INSTRUMENTS BY CATEGORY

#### 23.2.1 Parent Company

	Amortized cost	Fair value	Fair value through other comprehensive income (*)	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	1,148,761	-	<b>1,148,761</b>
Interest-earning bank deposits	-	148,255	-	<b>148,255</b>
Trade accounts receivable	1,012,231	-	-	<b>1,012,231</b>
Derivative financial instruments (hedge)	-	-	28,570	<b>28,570</b>
<b>Financial liabilities</b>				
Borrowings, financing and debentures	(1,889,372)	(379,873)	-	<b>(2,269,245)</b>
Leases payable	(1,441,004)	-	-	<b>(1,441,004)</b>
Trade accounts payable	(972,555)	-	-	<b>(972,555)</b>
Obligations with credit card administrators	(9,826)	-	-	<b>(9,826)</b>
<b>Balance on September 30, 2020</b>	<b>(3,300,526)</b>	<b>917,143</b>	<b>28,570</b>	<b>(2,354,813)</b>

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Restated (**)	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)
Trade accounts payable (**)	(953,371)	-	-	(953,371)
Obligations with credit card administrators	(26,919)	-	-	(26,919)
<b>Total on December 31, 2019</b>	<b>(1,264,202)</b>	<b>735,896</b>	<b>(2,436)</b>	<b>(530,742)</b>

## 23.2.2 Consolidated

	Amortized cost	Fair value	Fair value through other comprehensive income (*)	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	1,303,377	-	1,303,377
Interest-earning bank deposits	-	627,971	-	627,971
Trade accounts receivable	2,678,827	-	-	2,678,827
Derivative financial instruments (hedge)	-	-	29,724	29,724
<b>Financial liabilities</b>				
Borrowings, financing and debentures	(1,889,372)	(419,360)	-	(2,308,732)
Financing - financial service operations	(725,212)	-	-	(725,212)
Leases payable	(1,791,966)	-	-	(1,791,966)
Trade accounts payable	(1,073,929)	-	-	(1,073,929)
Obligations with credit card administrators	(973,203)	-	-	(973,203)
<b>Balance on September 30, 2020</b>	<b>(3,774,855)</b>	<b>1,511,988</b>	<b>29,724</b>	<b>(2,233,143)</b>

Restated (**)	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)
Trade accounts payable (**)	(1,081,785)	-	-	(1,081,785)
Obligations with credit card administrators	(985,298)	-	-	(985,298)
<b>Total on 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.



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### 23.3 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.

#### 23.3.1 Parent Company

Financial assets and liabilities	09/30/2020		12/31/2019	
	Fair value	Book balance	Fair value	Book balance
Debentures	(1,410,792)	(1,421,469)	(707,982)	(710,959)
Working capital – 4131 financing line – in Reais	(312,259)	(309,562)	-	-
Working capital – Bank Credit Notes	(154,547)	(151,647)	-	-
Financing - financial service operations	-	-	(37,740)	(37,740)
<b>Total</b>	<b>(1,877,598)</b>	<b>(1,882,678)</b>	<b>(745,722)</b>	<b>(748,699)</b>

#### 23.3.2 Consolidated

Financial assets and liabilities	09/30/2020		12/31/2019	
	Fair value	Book balance	Fair value	Book balance
Debentures	(1,410,792)	(1,421,469)	(707,982)	(710,959)
Working capital – 4131 financing line – in Reais	(312,259)	(309,562)	-	-
Working capital – Bank Credit Notes	(154,547)	(151,647)	-	-
Financing - financial service operations	(703,401)	(725,212)	(343,857)	(344,110)
<b>Total</b>	<b>(2,580,999)</b>	<b>(2,607,890)</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.

### 23.4 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	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
<b>Designated for hedge</b>				
NDF (Import orders)	28,570	(2,436)	29,724	(3,382)
<b>Not designated for hedge</b>				
Exchange rate swap	130,447	(2,115)	151,085	(2,955)
<b>Total</b>	<b>159,017</b>	<b>(4,551)</b>	<b>180,809</b>	<b>(6,337)</b>

Swaps are stated in the balance of borrowings, financing and debentures (Note 16.2) and financing - financial service operations (Note 17.1), since they are in compliance with CPC 40/ IFRS 7.



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## 23.4.1 Derivatives for hedge accounting

## 23.4.1.1 NDF (Non-Deliverable Forward)

Hedge Instrument				Hedged item	
Maturity dates	Currency	Notional amount	Fair value (*)	Transaction	Estimated maturity
10/30/2020 – 01/29/2021	USD	52,000	28,570	Goods import order	10/30/2020 – 01/29/2021
<b>Total – Parent Company</b>			<b>28,570</b>		
10/30/2020	USD	1,900	1,154	Goods import order	10/30/2020
<b>Total - Consolidated</b>			<b>29,724</b>		

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

In the period, 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.

## 23.4.1.2 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.

Cash flow from the import orders of future operations exposed to foreign currency hedged by derivatives is as follows:

	Consolidated		Total
	Within 3 months	4-6 months	
Resale goods import orders	275,786	28,199	303,985
<b>Notional amount - US\$</b>	<b>48,900</b>	<b>5,000</b>	<b>53,900</b>

Expected dollar rate for the next disclosure: R\$ 5.6398.

## 23.4.2 Derivatives not for hedge accounting

## 23.4.2.1 Swaps

Instrument	Maturity	Long position	Short position	Notional amount	Amount receivable (payable)	
					09/30/2020	12/31/2019
<b>Exchange rate swap</b>						
Working capital – Law 4131	-	-	-	-	-	5,546
Working capital – Law 4131	11/2020	US\$ + 2.5097%	105.2% CDI	US\$ 42,900	62,886	(7,661)
Working capital – Law 4131	01/2021	US\$ + 2.4557%	108.6% CDI	US\$ 7,600	10,988	-
Working capital – Law 4131	01/2021	US\$ + 0.8091%	112.0% CDI	US\$ 40,000	56,573	-
<b>Total – Parent Company</b>					<b>130,447</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	20,638	3,281
Working capital – Law 4131	-	-	-	-	-	(4,426)
Working capital – Law 4131	-	-	-	-	-	305
<b>Total - Consolidated</b>					<b>151,085</b>	<b>(2,955)</b>

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## 23.4.3 Changes in swaps

	Parent Company	Consolidated
<b>Balance on 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 on December 31, 2019</b>	<b>(2,115)</b>	<b>(2,955)</b>
Swap adjustment payment	3,101	3,261
Swap adjustment receipt	(82,333)	(142,621)
Change in fair value	211,794	293,400
<b>Balance on September 30, 2020</b>	<b>130,447</b>	<b>151,085</b>

## 23.5 CREDIT RISK

	Consolidated	
	09/30/2020	12/31/2019
brAAA	71,176	13,855
brA+	16,828	-
brA	92,805	-
<b>Total - Derivative financial instrument (assets)</b>	<b>180,809</b>	<b>13,855</b>

On the at the side we present the credit risk of derivative assets according to the main risk rating agencies.

## 24 OTHER OBLIGATIONS

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Prepaid revenues (i)	698	1,439	28,448	32,001
Obligations with customers (ii)	22,884	23,749	71,746	51,637
Obligations related to transactions w/ insurance (iii)	2,072	2,143	4,881	8,411
Transfer of operation of financial products (iv)	4,866	3,117	-	-
Acquisition of ICMS credits (v)	17,586	13,245	17,670	13,458
Marketplace partners (vi)	-	-	6,706	1,041
Other obligations (vii)	12,962	12,164	14,326	11,976
<b>Total</b>	<b>61,068</b>	<b>55,857</b>	<b>143,777</b>	<b>118,524</b>
Current liabilities	61,068	55,610	122,158	94,413
Noncurrent liabilities	-	247	21,619	24,111
<b>Total</b>	<b>61,068</b>	<b>55,857</b>	<b>143,777</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.
- vii) Balances payable corresponding to royalties, payroll advance borrowings, among others.

## 25 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:

### 25.1 PARENT COMPANY'S CONTEXT

#### 25.1.1 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.

#### 25.1.2 Quick withdrawal extension service agreement

The Company offers Renner's customers Quick Withdrawal 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.

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

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

#### 25.1.4 Renner Credit Card Operations - Realize

As from 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.

#### 25.1.5 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.

#### 25.1.6 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.

#### 25.1.7 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.

#### 25.1.8 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 related companies until March 15, 2021.

## 25.2 CONSOLIDATED CONTEXT

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

According to Chapter IV, art. 13 of the Company's 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

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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.

### 25.2.2 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 share plan and the restricted share plan 29 and 30). These amounts are summarized as follows:

	Parent Company				Consolidated			
	3Q20	9M20	3Q19	9M19	3Q20	9M20	3Q19	9M19
Management compensation	(4,802)	(14,495)	(4,878)	(12,539)	(5,110)	(15,435)	(5,208)	(13,287)
Reversal of management participation	-	517	-	-	-	517	-	-
Stock option plan	(2,521)	(8,190)	(2,769)	(7,150)	(2,521)	(8,190)	(2,769)	(7,150)
Restricted share plan	(152)	(1,860)	(1,326)	(2,502)	(152)	(1,860)	(1,326)	(2,502)
<b>Total</b>	<b>(7,475)</b>	<b>(24,028)</b>	<b>(8,973)</b>	<b>(22,191)</b>	<b>(7,783)</b>	<b>(24,968)</b>	<b>(9,303)</b>	<b>(22,939)</b>

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



## 25.3 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

### 25.3.1 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.

### 25.3.2 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	-	-	-	-	-	-	20,705	19,164	-	39,869
Co-branded card ("Meu Cartão") operations	-	-	-	-	-	-	-	-	176,830	176,830
Renner credit card (New Private Label)	-	-	-	-	-	-	-	-	468,717	468,717
<b>Other assets</b>										
Renner credit card	-	-	-	-	-	-	-	-	1,634	1,634
<b>Credit with related parties</b>										
Sharing of expenses	167	38	636	690	1,488	4	427	6,621	9,499	19,570
<b>Debits with related parties</b>										
Sharing of expenses	-	-	-	-	(197)	-	-	-	-	(197)
Rents payable	-	(414)	(28)	-	(313)	-	-	-	-	(755)
<b>Obligations with credit card administrators</b>										
Co-branded card ("Meu Cartão") operations	(1,270)	-	-	-	-	-	-	-	(8,556)	(9,826)
<b>Other obligations</b>										
Renner credit card operations (Private Label)	-	-	-	-	-	-	-	-	(4,866)	(4,866)
<b>Total on September 30, 2020</b>	<b>(1,103)</b>	<b>(376)</b>	<b>608</b>	<b>690</b>	<b>978</b>	<b>4</b>	<b>21,132</b>	<b>25,785</b>	<b>643,258</b>	<b>690,976</b>
<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	-	-	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 on 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>

## 25.3.3 Transactions with related companies

Type of revenue (expense)	RACC	Dromegon	Camicado	Youcom	LRS	LRU	LRA	Realize CFI	Total
Apportionment of corporate expenses	-	19	1,615	1,990	(717)	-	-	9,620	12,527
Intermediation commission	-	-	-	-	(4,088)	-	-	-	(4,088)
Property rent expenses	-	(927)	-	-	-	-	-	-	(927)
Revenue from rendering of services	-	-	-	-	-	1,368	-	12,657	14,025
Export of goods	-	-	-	-	-	16,080	6,190	-	22,270
<b>Total – 3Q20</b>	<b>-</b>	<b>(908)</b>	<b>1,615</b>	<b>1,990</b>	<b>(4,805)</b>	<b>17,448</b>	<b>6,190</b>	<b>22,277</b>	<b>43,807</b>
Apportionment of corporate expenses	-	57	5,557	5,313	(2,093)	-	-	28,553	37,387
Intermediation commission	-	-	-	-	(11,878)	-	-	-	(11,878)
Property rent expenses	-	(2,657)	-	-	-	-	-	-	(2,657)
Revenue from rendering of services	-	-	-	-	-	4,042	-	34,674	38,716
Export of goods	-	-	-	-	-	36,191	13,190	-	49,381
<b>Total – 9M20</b>	<b>-</b>	<b>(2,600)</b>	<b>5,557</b>	<b>5,313</b>	<b>(13,971)</b>	<b>40,233</b>	<b>13,190</b>	<b>63,227</b>	<b>110,949</b>

Type of revenue (expense)	RACC	Dromegon	Camicado	Youcom	LRS	LRU	LRA	Realize CFI	Total
Apportionment of corporate expenses	-	19	2,002	1,381	(354)	-	-	7,409	10,457
Intermediation commission	-	-	-	-	(4,620)	-	-	-	(4,620)
Property rent expenses	-	(1,690)	-	-	-	-	-	-	(1,690)
Revenue from rendering of services	-	-	-	-	-	910	-	15,118	16,028
Export of goods	-	-	-	-	-	11,175	6,211	-	17,386
Return of exports	-	-	-	-	-	(1,140)	-	-	(1,140)
<b>Total – 3Q19</b>	<b>-</b>	<b>(1,671)</b>	<b>2,002</b>	<b>1,381</b>	<b>(4,974)</b>	<b>10,945</b>	<b>6,211</b>	<b>22,527</b>	<b>36,421</b>
Apportionment of corporate expenses	(42)	56	5,565	3,792	(355)	-	-	17,941	26,957
Intermediation commission	-	-	-	-	(10,968)	-	-	-	(10,968)
Property rent expenses	-	(4,840)	-	-	-	-	-	-	(4,840)
Revenue from rendering of services	-	-	-	-	-	2,680	-	28,916	31,596
Export of goods	-	-	-	-	-	38,079	6,324	-	44,403
Return of exports	-	-	-	-	-	(3,644)	-	-	(3,644)
<b>Total – 9M19</b>	<b>(42)</b>	<b>(4,784)</b>	<b>5,565</b>	<b>3,792</b>	<b>(11,323)</b>	<b>37,115</b>	<b>6,324</b>	<b>46,857</b>	<b>83,504</b>

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## 26 EQUITY

### 26.1 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 Articles of Association, 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 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. As of September 30, 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.

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

	Number of shares (in thousands)	Total
<b>Balance on 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 on December 31, 2019</b>	<b>795,558</b>	<b>3,795,634</b>
Capital increase, RCA on May 21 and August 20	90	1,527
<b>Balance on September 30, 2020</b>	<b>795,648</b>	<b>3,797,161</b>

### 26.2 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.

As of September 30, 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). Changes are as follows:

	Number of shares (in thousands)	Amount	Average price
<b>Balance on January 1, 2019</b>	<b>2,085</b>	<b>44,536</b>	<b>21.36</b>
Disposal of shares	(421)	(8,987)	21.35
Share bonuses	167	-	-
<b>Balance on December 31, 2019</b>	<b>1,831</b>	<b>35,549</b>	<b>19.42</b>
Disposal of shares	(672)	(13,052)	19.42
Repurchase of shares	2,000	96,964	48.48
<b>Balance on September 30, 2020</b>	<b>3,159</b>	<b>119,461</b>	<b>37.82</b>

### 26.3 CAPITAL RESERVES

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

These reserves are matched against expenses with the stock option plan and restricted shares (Notes 29 and 30), the allocation of which depends on resolution at the Special Shareholders' Meeting. The balance on September 30, 2020 corresponds to R\$ 84,350 (R\$ 74,227 on December 31, 2019).



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## 26.4 INCOME RESERVES

### 26.4.1 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 the profit or loss for each year. The balance on September 30, 2020 is R\$ 54,955 (R\$ 54,955 at December 31, 2019).

### 26.4.2 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 September 30, 2020, this balance is of R\$ 717,077 (R\$ 434,856 at December 31, 2019 - restated, pursuant to the change in accounting policy - Note 3.6.1).

### 26.4.3 Tax incentive reserve

The Company uses ICMS tax incentives in the form of "deemed credit," with its impacts on profit or loss. 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 September 30, 2020, this balance is R\$ 97,539 (R\$ 97,539 as of December 31, 2019).

### 26.4.4 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 re 2019 was proposed, in line with initiatives to prepare the Company for the impacts of Covid-19 (Note 27.2). The difference referring to the amount recorded at December 31, 2019 of R\$ 282,221 was reclassified to reserve for investments and expansion. In May 2020, the balance of R\$ 325 was settled (R\$ 282,546 at December 31, 2019).

## 26.5 OTHER COMPREHENSIVE INCOME

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\$ 93,978 as at September 30, 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).

## 27 DIVIDENDS AND INTEREST ON EQUITY

### 27.1 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 11.5).

### 27.2 DISTRIBUTION OF INTEREST ON EQUITY – YEAR 2020

Period	Nature	Payment	(*) Outstanding shares		R\$/share	09/30/2020	R\$/share	09/30/2019
			(thousand)	R\$/share				
1Q20	IOE – RCA 03/16/2019	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	
<b>Total</b>				<b>0.227578</b>	<b>180,342</b>	<b>0.249183</b>	<b>190,619</b>	

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

Interest on equity was deducted when calculating income and social contribution taxes. Tax benefits of this deduction for the three- and nine-month periods ended September 30, 2020 were approximately R\$ 22,457 and R\$ 61,316 (R\$ 21,200 and R\$ 64,810 at September 30, 2019).



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## 28 EARNINGS (LOSSES) 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			
	3Q20	9M20	3Q19	9M19
			Restated (*)	
Net income (loss) for the period (*)	(82,873)	742,315	186,732	573,448
Weighted average of common shares, net of treasury shares	792,181	792,805	792,433	759,568
Potential increase in common shares because of the option plan	1,861	1,437	2,253	3,046
<b>Basic earnings (losses) per share - R\$ (*)</b>	<b>(0.1046)</b>	<b>0.9363</b>	<b>0.2356</b>	<b>0.7550</b>
<b>Diluted earnings (losses) per share - R\$ (*)</b>	<b>(0.1044)</b>	<b>0.9346</b>	<b>0.2350</b>	<b>0.7520</b>

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

## 29 STOCK OPTION PLAN

### 29.1 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 stock option plans is as follows:

### 29.2 1<sup>ST</sup> PLAN (PROGRAMS 2005–2015 AND CONTRACT GRANTS)

All stock option plan arrangements granted through 2015 follow the stock option plan approved at the Special Shareholders' Meeting held on May 25, 2005, and amended by the next Meetings held on April 10, 2007 and March 30, 2009. The programs establish that 50% of options shall be vested after the lapse of three years (1<sup>st</sup> tranche) from their respective grant, and the remaining portion (2<sup>nd</sup> tranche) after four years (considering only the options comprising the same grant).

### 29.3 2<sup>ND</sup> PLAN (PROGRAMS 2016–2018 AND CONTRACT GRANTS)

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 by the Chief Executive Officer, which provide for the same conditions as the 2<sup>nd</sup> Stock option plan.

### 29.4 COMMON FEATURES OF THE PLANS

Both plans establish the oversight 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 of such option grant date. The plans also provide for the right to exercise the options 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.

## 29.5 POSITION OF STOCK OPTION PLAN

Grants	Fair value	Strike price	Grant date	Grace period – 1 <sup>st</sup> tranche	Grace period – 2 <sup>nd</sup> tranche	Grace period – 3 <sup>rd</sup> tranche	Grace period – 4 <sup>th</sup> tranche	Position of grants (Quantity)	
								Balance on 09/30/2020	Balance on 12/31/2019
11 <sup>th</sup> grant	6.18	12.04	02/12/2015	02/11/2018	02/11/2019	-	-	244	249
<b>Subtotal – 1<sup>st</sup> Plan</b>								<b>244</b>	<b>249</b>
1 <sup>st</sup> grant	9.40	14.00	02/04/2016	02/03/2017	02/03/2018	02/03/2019	02/03/2020	548	613
2 <sup>nd</sup> grant	10.15	19.73	02/09/2017	02/09/2018	02/09/2019	02/09/2020	02/08/2021	785	799
Contractual grant	10.15	19.73	02/09/2017	02/09/2018	02/09/2019	02/09/2020	02/08/2021	1,721	1,721
3 <sup>rd</sup> grant	15.36	32.91	02/08/2018	02/08/2019	02/08/2020	02/07/2021	02/07/2022	845	873
Contractual grant	19.21	38.62	02/07/2019	02/07/2020	02/06/2021	02/06/2022	02/06/2023	133	133
4 <sup>th</sup> grant	19.21	38.62	02/07/2019	02/07/2020	02/06/2021	02/06/2022	02/06/2023	879	940
5 <sup>th</sup> grant	24.45	57.70	02/05/2020	02/04/2021	02/04/2022	02/04/2023	02/04/2024	1,118	-
<b>Subtotal – 2<sup>nd</sup> Plan</b>								<b>6,029</b>	<b>5,079</b>
<b>Total</b>								<b>6,273</b>	<b>5,328</b>

The closing share price of the Company as of September 30, 2020 is R\$ 39.65 (R\$ 56.19 as of December 31, 2019).

Each option corresponds to the right to subscribe one share of the Company. As at September 30, 2020, there were 5,155 thousand options in the Money.

	09/30/2020	12/31/2019
Equity	5,287,763	4,691,019
Number of shares - thousand	795,648	795,558
Book value per share - R\$	6.65	5.90
Equity, considering in the Money options exercised	5,414,708	4,822,488
Number of shares, considering in the Money options exercised	800,803	800,886
Book value of the share, considering in the Money options exercised	6.76	6.02
% of decrease in the ownership interest of current shareholders, considering in the Money options exercised	0.64%	0.67%

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

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## 29.6 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.

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, since fair value pricing of these options occurred prior to the pandemic impacts.

## 29.7 CHANGES

	Number (in thousands)
<b>Balance on January 1, 2019</b>	<b>7,276</b>
Options granted	1,092
Options exercised	(3,532)
Options canceled	(339)
Share bonus increase, SSM (Special Shareholders' Meeting) as of April 30	831
<b>Balance on December 31, 2019</b>	<b>5,328</b>
Options exercised	(90)
Options granted	1,166
Options canceled	(131)
<b>Balance on September 30, 2020</b>	<b>6,273</b>

In the three and nine-month periods ended September 30, 2020, expenses with stock option plans totaled R\$ 5,440 and R\$ 15,814 (R\$ 5,247 and R\$ 15,212 on September 30, 2019) at the Parent Company and Consolidated.

## 30 RESTRICTED SHARE PLAN

### 30.1 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 on the date in which the Company transfers the right of shares to the beneficiary) and corresponds to the number 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.

### 30.2 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.



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## 30.3 POSITION OF RESTRICTED SHARE PLAN

Grants	Grant date	Grace period – 1 <sup>st</sup> tranche	Position of grants (Quantity)	
			09/30/2020	12/31/2019
2 <sup>nd</sup> grant	02/09/2017	02/09/2020	-	345
Contractual grant	02/09/2017	02/09/2020	-	321
3 <sup>rd</sup> grant	02/08/2018	02/07/2021	238	263
Contractual grant	02/07/2019	02/06/2022	40	40
4 <sup>th</sup> grant	02/07/2019	02/06/2022	280	311
5 <sup>th</sup> grant	02/05/2020	02/04/2023	243	-
<b>Total</b>			<b>801</b>	<b>1,280</b>

## 30.4 CHANGES IN RESTRICTED SHARE PLAN

	Number (in thousands)
<b>Balance on January 1, 2019</b>	<b>1,351</b>
Options granted	355
Options canceled	(131)
Options exercised	(421)
Share bonus increase, SSM (Special Shareholders' Meeting) as of April 30	126
<b>Balance on December 31, 2019</b>	<b>1,280</b>
Options granted	254
Options canceled	(61)
Options exercised	(672)
<b>Balance on September 30, 2020</b>	<b>801</b>

In the three and nine-month periods ended September 30, 2020, expenses with restricted stock option plans, including principal and social charges totaled R\$ 3,136 and R\$ 10,234 (R\$ 6,654 and R\$ 16,650 on September 30, 2019).

## 31 INFORMATION PER BUSINESS SEGMENT

## 31.1 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:

- 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.
- Financial products:** granting of quick withdrawals, financing of purchases and insurance, and the practice of asset and liability operations inherent to credit companies, such as Meu Cartão.

	Retail		Financial Products		Consolidated	
	3Q20	9M20	3Q20	9M20	3Q20	9M20
Net operating revenue	1,651,197	3,741,013	138,842	721,293	1,790,039	4,462,306
Cost of sales	(862,993)	(1,852,074)	(6,368)	(18,604)	(869,361)	(1,870,678)
<b>Gross profit</b>	<b>788,204</b>	<b>1,888,939</b>	<b>132,474</b>	<b>702,689</b>	<b>920,678</b>	<b>2,591,628</b>
Sales	(590,280)	(1,533,825)	-	-	(590,280)	(1,533,825)
General and administrative expenses	(188,581)	(555,516)	-	-	(188,581)	(555,516)
Losses on receivables, net	-	-	(91,399)	(424,590)	(91,399)	(424,590)
Other operating income (expenses)	3,564	751,864	(92,231)	(255,785)	(88,667)	496,079
<b>Net income from (loss on) segments</b>	<b>12,907</b>	<b>551,462</b>	<b>(51,156)</b>	<b>22,314</b>	<b>(38,249)</b>	<b>573,776</b>
Depreciation and amortization	(106,104)	(303,252)	(3,709)	(10,846)	(109,813)	(314,098)
Stock option plan					(5,440)	(15,814)
Income/loss from write-off and estimated losses on fixed assets					(10,240)	(19,977)
Management fees					-	517
Finance income (costs), net					(20,257)	488,026
Income and social contribution taxes					101,126	29,885
<b>Net income (loss) for the period</b>					<b>(82,873)</b>	<b>742,315</b>



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	Retail		Financial Products		Consolidated	
	3Q19	9M19	3Q19	9M19	3Q19	9M19
	Restated (*)		Restated (*)		Restated (*)	
Net operating revenue	1,931,924	5,601,635	293,831	808,241	2,225,755	6,409,876
Cost of sales	(882,033)	(2,500,200)	(7,164)	(18,520)	(889,197)	(2,518,720)
<b>Gross profit</b>	<b>1,049,891</b>	<b>3,101,435</b>	<b>286,667</b>	<b>789,721</b>	<b>1,336,558</b>	<b>3,891,156</b>
Sales	(579,113)	(1,706,587)	-	-	(579,113)	(1,706,587)
General and administrative expenses	(207,241)	(585,225)	-	-	(207,241)	(585,225)
Losses on receivables, net	-	-	(101,371)	(272,342)	(101,371)	(272,342)
Other operating income (expenses)	(13,765)	(7,503)	(80,286)	(223,599)	(94,051)	(231,102)
<b>Net income from (loss on) segments</b>	<b>249,772</b>	<b>802,120</b>	<b>105,010</b>	<b>293,780</b>	<b>354,782</b>	<b>1,095,900</b>
Depreciation and amortization	(87,925)	(258,801)	(3,229)	(9,827)	(91,154)	(268,628)
Stock option plan					(5,247)	(15,212)
Income/loss from write-off and estimated losses on fixed assets					(1,926)	(2,715)
Finance income (costs), net					(7,049)	(36,900)
Income and social contribution taxes					(62,674)	(198,997)
<b>Net income for the period</b>					<b>186,732</b>	<b>573,448</b>

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

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), since their composition is more related to corporate decisions on capital structure than to the nature of income/loss of each business segment.

## 32 REVENUES

### 32.1 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:

- Identification of the contract with the customer;
- Identification of performance obligations;
- Determination of transaction price;
- Allocation of transaction price; and
- 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 7.1.

**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 to April 1, 2019). Operating income, net is recognized considering effective interest rate, throughout contract validity and for agreed operations, according to the effective provision of services.

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## 32.2 BREAKDOWN

	Parent Company			
	3Q20	9M20	3Q19	9M19
<b>Gross operating revenue</b>	<b>2,100,281</b>	<b>4,689,497</b>	<b>2,496,000</b>	<b>7,328,434</b>
Sales of goods	2,093,694	4,664,012	2,448,818	7,096,377
Financial products and services	6,587	25,485	47,182	232,057
<b>Deductions</b>	<b>(663,250)</b>	<b>(1,396,119)</b>	<b>(697,921)</b>	<b>(2,036,105)</b>
Returns and cancellations	(222,225)	(401,456)	(144,632)	(432,442)
Taxes on sales	(439,190)	(989,864)	(548,792)	(1,585,918)
Taxes on financial products and services	(1,835)	(4,799)	(4,497)	(17,745)
<b>Net operating revenue</b>	<b>1,437,031</b>	<b>3,293,378</b>	<b>1,798,079</b>	<b>5,292,329</b>

	Consolidated			
	3Q20	9M20	3Q19	9M19
<b>Gross operating revenue</b>	<b>2,536,668</b>	<b>6,047,068</b>	<b>2,991,101</b>	<b>8,641,160</b>
Sales of goods	2,386,644	5,281,795	2,679,703	7,782,457
Financial products and services	150,024	765,273	311,398	858,703
<b>Deductions</b>	<b>(746,629)</b>	<b>(1,584,762)</b>	<b>(765,346)</b>	<b>(2,231,284)</b>
Returns and cancellations	(243,136)	(439,779)	(153,096)	(460,314)
Taxes on sales	(492,311)	(1,101,003)	(594,683)	(1,720,508)
Taxes on financial products and services	(11,182)	(43,980)	(17,567)	(50,462)
<b>Net operating revenue</b>	<b>1,790,039</b>	<b>4,462,306</b>	<b>2,225,755</b>	<b>6,409,876</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.

## 33 EXPENSES PER TYPE

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

## 33.1 SELLING EXPENSES

	Parent Company				Consolidated			
	3Q20	9M20	3Q19	9M19	3Q20	9M20	3Q19	9M19
			Restated (*)				Restated (*)	
Personnel	(175,621)	(486,400)	(195,543)	(553,445)	(210,718)	(587,133)	(225,980)	(645,283)
Occupancy	(61,006)	(158,148)	(56,479)	(165,269)	(74,571)	(194,851)	(70,435)	(207,764)
Discounts - leases payable	33,963	96,490	-	-	42,312	115,211	-	-
Outsourced services	(35,337)	(73,201)	(16,535)	(54,373)	(47,491)	(100,174)	(19,835)	(64,683)
Utilities and services	(45,398)	(133,150)	(51,386)	(160,143)	(51,967)	(151,797)	(57,108)	(178,096)
Promotions	(76,704)	(163,123)	(47,550)	(139,775)	(87,460)	(189,330)	(54,747)	(161,348)
Depreciation and amortization	(56,010)	(168,833)	(53,278)	(154,997)	(70,059)	(208,537)	(65,978)	(189,588)
Depreciation - Rights-of-use	(65,224)	(182,574)	(59,452)	(174,557)	(80,805)	(225,264)	(69,594)	(204,727)
Other expenses	(38,929)	(93,138)	(46,045)	(137,020)	(48,360)	(116,276)	(53,241)	(159,175)
<b>Total</b>	<b>(520,266)</b>	<b>(1,362,077)</b>	<b>(526,268)</b>	<b>(1,539,579)</b>	<b>(629,119)</b>	<b>(1,658,151)</b>	<b>(616,918)</b>	<b>(1,810,664)</b>

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

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## 33.2 GENERAL AND ADMINISTRATIVE EXPENSES

	Parent Company				Consolidated			
	3Q20	9M20	3Q19	9M19	3Q20	9M20	3Q19	9M19
			Restated (*)				Restated (*)	
Personnel	(81,417)	(250,198)	(93,262)	(258,453)	(91,601)	(278,592)	(100,679)	(280,559)
Occupancy	(484)	(4,164)	(295)	(962)	(1,889)	(8,576)	(1,536)	(4,226)
Outsourced services	(50,689)	(136,295)	(52,054)	(148,358)	(59,840)	(161,782)	(61,278)	(172,189)
Utilities and services	(12,911)	(35,474)	(12,612)	(38,262)	(15,734)	(42,918)	(14,384)	(42,681)
Depreciation and amortization	(31,750)	(82,679)	(22,767)	(70,128)	(36,045)	(94,715)	(21,947)	(69,211)
Depreciation – Rights-of-use	(6,673)	(20,887)	(6,505)	(19,505)	(7,496)	(23,061)	(6,262)	(20,682)
Other expenses	(3,015)	(12,951)	(13,954)	(36,207)	(6,575)	(24,513)	(18,147)	(49,064)
<b>Total</b>	<b>(186,939)</b>	<b>(542,648)</b>	<b>(201,449)</b>	<b>(571,875)</b>	<b>(219,180)</b>	<b>(634,157)</b>	<b>(224,233)</b>	<b>(638,612)</b>

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

## 33.3 OTHER OPERATING INCOME (EXPENSES)

	Parent Company				Consolidated			
	3Q20	9M20	3Q19	9M19	3Q20	9M20	3Q19	9M19
							Restated (*)	
Expenses with financial products and services	(22,443)	(63,597)	(35,908)	(107,786)	(91,593)	(254,021)	(81,478)	(223,890)
Depreciation and amortization	(939)	(2,916)	(2,461)	(7,594)	(3,709)	(10,846)	(3,229)	(9,829)
Depreciation – Rights-of-use	-	-	-	-	(168)	(450)	(141)	(454)
Income (expenses) from write-off of fixed assets	(10,440)	(19,419)	(1,134)	(2,537)	(10,240)	(19,977)	(1,926)	(2,715)
Stock option plan	(5,440)	(15,814)	(5,247)	(15,212)	(5,440)	(15,814)	(5,247)	(15,212)
Management fees	-	517	-	-	-	517	-	-
Other operating income (expenses) (i)	468	(52,829)	(1,751)	(3,433)	(1,765)	(59,612)	(4,093)	(7,217)
Recovery of tax credits (ii)	4,546	807,123	5,109	40,154	5,371	810,057	6,401	47,481
Employee profit sharing	(49)	2,093	(14,203)	(45,291)	(49)	1,394	(14,281)	(45,919)
<b>Total</b>	<b>(34,297)</b>	<b>655,158</b>	<b>(55,595)</b>	<b>(141,699)</b>	<b>(107,593)</b>	<b>451,248</b>	<b>(103,994)</b>	<b>(257,755)</b>

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

(ii) This refers mostly to other revenues relating to the proceeding that requests exclusion of ICMS from the PIS/COFINS base recorded in the second quarter of 2020 - Note 9.

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



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## 34 FINANCE INCOME (COSTS), NET

	Parent Company				Consolidated			
	3Q20	9M20	3Q19	9M19	3Q20	9M20	3Q19	9M19
			Restated (*)				Restated (*)	
<b>Finance income</b>	<b>13,748</b>	<b>589,581</b>	<b>8,454</b>	<b>24,748</b>	<b>51,807</b>	<b>657,142</b>	<b>20,288</b>	<b>47,486</b>
Gains from cash equivalents	7,395	27,641	7,497	23,346	7,468	28,203	7,966	25,107
Foreign-exchange gains	1,853	3,515	601	768	5,972	25,041	9,056	18,121
Inflation adjustment	-	-	-	-	33,763	44,893	2,461	2,940
SELIC interest on tax credits (i)	3,964	557,274	28	154	3,964	557,274	67	348
Other finance income	536	1,151	328	480	640	1,731	738	970
<b>Finance costs</b>	<b>(62,572)</b>	<b>(179,439)</b>	<b>(44,724)</b>	<b>(144,376)</b>	<b>(109,193)</b>	<b>(270,690)</b>	<b>(60,924)</b>	<b>(186,824)</b>
Interest on borrowings, financing and swap	(24,149)	(62,712)	(13,196)	(48,442)	(24,469)	(64,553)	(14,876)	(53,991)
Interest on leases	(30,702)	(82,998)	(29,206)	(88,856)	(37,129)	(101,574)	(33,586)	(102,437)
Foreign exchange losses	(5,020)	(26,420)	(485)	(644)	(29,687)	(59,065)	(5,309)	(13,065)
Interest payable	(108)	(558)	(189)	(878)	(347)	(1,166)	(433)	(1,550)
Inflation adjustment	-	-	-	-	(14,333)	(34,512)	(3,994)	(7,595)
Other finance costs	(2,593)	(6,751)	(1,648)	(5,556)	(3,228)	(9,820)	(2,726)	(8,186)
<b>Finance income (costs), net</b>	<b>(48,824)</b>	<b>410,142</b>	<b>(36,270)</b>	<b>(119,628)</b>	<b>(57,386)</b>	<b>386,452</b>	<b>(40,636)</b>	<b>(139,338)</b>

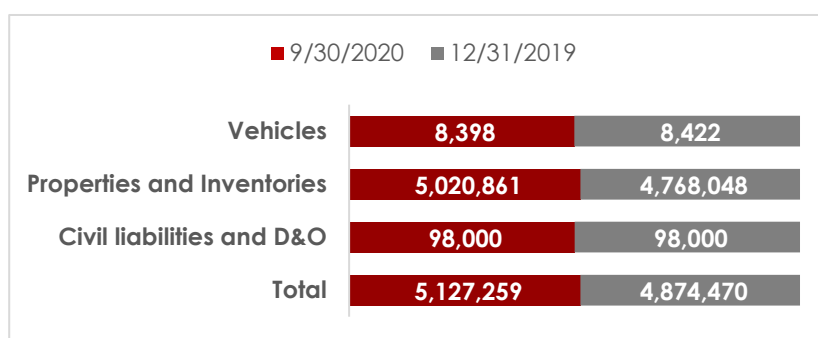
(i) This refers mostly to monetary adjustment relating to the proceeding that requests exclusion of ICMS from the PIS/COFINS base recorded in the second quarter of 2020 - Note 9.

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

Net finance income (costs) were atypically computed in the nine months of 2020, mostly due to recognition of Selic interest on tax credits from the ICMS proceeding referring to PIS/COFINS base and to the effects of Covid-19. Concerning Covid-19, expenses with exchange losses were impacted, substantially in connection with the fluctuation of the US dollar rate as compared with Reais upon clearance and exchange closing of payments of imported goods, pursuant to the flow implemented for payment of foreign transactions and realization of derivative instruments for currency hedge.

## 35 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. As of September 30, 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:





## 36 SUPPLEMENTARY INFORMATION TO THE CASH FLOW

## 36.1 PARENT COMPANY

	Capital	Treasury shares	Leases payable	Borrowings, financing, debentures and operating financing	Statutory payables	Total
<b>Balance on 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>41,105</b>	<b>4</b>	<b>(235,580)</b>	<b>(129,184)</b>	<b>(410,228)</b>	<b>(733,883)</b>
Capital increase/Disposal and/or Transfer of treasury shares	41,105	4	-	-	-	41,109
(Amortization) funding of borrowings and lease consideration	-	-	(235,580)	(102,758)	-	(338,338)
Interest paid on borrowings, debentures and operating financing	-	-	-	(26,426)	-	(26,426)
Interest on equity, dividends paid and income tax on interest on equity	-	-	-	-	(401,934)	(401,934)
Management fees	-	-	-	-	(8,294)	(8,294)
<b>Changes not affecting cash</b>	<b>1,112,050</b>	<b>8,983</b>	<b>1,660,651</b>	<b>48,729</b>	<b>334,931</b>	<b>3,165,344</b>
First-time adoption - CPC 06 (R2)/IFRS 16 and contractual remeasurement (*)	-	-	1,567,511	-	-	1,567,511
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 and structuring costs (*)	-	-	93,140	48,729	-	141,869
Distribution of interest on equity and dividends	-	-	-	-	334,931	334,931
<b>Balance on September 30, 2019</b>	<b>3,790,628</b>	<b>(35,549)</b>	<b>1,459,011</b>	<b>826,270</b>	<b>167,698</b>	<b>6,208,058</b>
<b>Balance on January 1, 2020</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>1,527</b>	<b>(96,964)</b>	<b>(189,851)</b>	<b>1,164,307</b>	<b>(263,357)</b>	<b>615,662</b>
Capital increase	1,527	-	-	-	-	1,527
Repurchase of shares	-	(96,964)	-	-	-	(96,964)
(Amortization) borrowings raised and lease consideration	-	-	(189,851)	1,200,737	-	1,010,886
Interest paid on borrowings, debentures and operating financing	-	-	-	(36,430)	-	(36,430)
Interest on equity, dividends paid and income tax on interest on equity	-	-	-	-	(257,522)	(257,522)
Management fees	-	-	-	-	(5,835)	(5,835)
<b>Changes not affecting cash</b>	<b>-</b>	<b>13,052</b>	<b>196,431</b>	<b>104,458</b>	<b>180,342</b>	<b>494,283</b>
Contractual remeasurement/new contracts	-	-	200,452	-	-	200,452
Discounts - leases payable	-	-	(96,490)	-	-	(96,490)
Disposal/transfer of shares	-	13,052	-	-	-	13,052
Interest expenses on borrowings, structuring costs and operating financing	-	-	92,469	66,718	-	159,187
Distribution of interest on equity and dividends	-	-	-	-	180,342	180,342
Financing - financial service operations	-	-	-	37,740	-	37,740
<b>Balance on September 30, 2020</b>	<b>3,797,161</b>	<b>(119,461)</b>	<b>1,441,004</b>	<b>2,269,245</b>	<b>160,099</b>	<b>7,548,048</b>

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

## 36.2 CONSOLIDATED

	Capital	Treasury shares	Leases payable	Borrowings, financing, debentures and operating financing	Statutory payables	Total
<b>Balance on 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>41,105</b>	<b>4</b>	<b>(270,791)</b>	<b>(138,865)</b>	<b>(410,228)</b>	<b>(778,775)</b>
Capital increase	41,105	4	-	-	-	41,109
(Amortization) borrowings raised and lease consideration	-	-	(270,791)	(110,367)	-	(381,158)
Interest paid on borrowings, debentures and operating financing	-	-	-	(28,498)	-	(28,498)
Interest on equity, dividends paid and income tax on interest on equity	-	-	-	-	(401,934)	(401,934)
Management fees	-	-	-	-	(8,294)	(8,294)
<b>Changes not affecting cash</b>	<b>1,112,050</b>	<b>8,983</b>	<b>1,913,549</b>	<b>54,173</b>	<b>334,931</b>	<b>3,423,686</b>
First-time adoption - CPC 06 (R2)/IFRS 16 and contractual remeasurement (*)	-	-	1,806,794	-	-	1,806,794
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 and structuring costs (*)	-	-	106,755	54,173	-	160,928
Distribution of interest on equity and dividends	-	-	-	-	334,931	334,931
<b>Balance on September 30, 2019</b>	<b>3,790,628</b>	<b>(35,549)</b>	<b>1,676,698</b>	<b>953,370</b>	<b>167,698</b>	<b>6,552,845</b>
<b>Balance on January 1, 2020</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>6,896,305</b>
<b>Changes affecting cash</b>	<b>1,527</b>	<b>(96,964)</b>	<b>(231,363)</b>	<b>1,298,960</b>	<b>(263,357)</b>	<b>708,803</b>
Capital increase	1,527	-	-	-	-	1,527
Disposal/transfer of shares	-	(96,964)	-	-	-	(96,964)
(Amortization) borrowings raised and lease consideration	-	-	(231,363)	1,336,759	-	1,105,396
Interest paid on borrowings, debentures and operating financing	-	-	-	(37,799)	-	(37,799)
Interest on equity, dividends paid and income tax on interest on equity	-	-	-	-	(257,522)	(257,522)
Management fees	-	-	-	-	(5,835)	(5,835)
<b>Changes not affecting cash</b>	<b>-</b>	<b>13,052</b>	<b>283,968</b>	<b>581,321</b>	<b>180,342</b>	<b>1,058,683</b>
Contractual remeasurement/new contracts, ended contracts and translation adjustments	-	-	287,410	-	-	287,410
Discounts - leases payable	-	-	(115,211)	-	-	(115,211)
Disposal/transfer of shares	-	13,052	-	-	-	13,052
Interest expenses on borrowings, structuring costs and operating financing	-	-	111,769	89,955	-	201,724
Distribution of interest on equity and dividends	-	-	-	-	180,342	180,342
Financing - financial service operations	-	-	-	491,366	-	491,366
<b>Balance on September 30, 2020</b>	<b>3,797,161</b>	<b>(119,461)</b>	<b>1,791,966</b>	<b>3,033,944</b>	<b>160,099</b>	<b>8,663,709</b>

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

### 37 IMPACTS OF COVID-19

At the end of the third quarter, the Company resumed all its store operations with an increased flow of customers and growth of digital business, demonstrating a gradual increase in sales. In the most critical period of the pandemic, the measures were effectively and quickly adopted, thus preserving our employees, customers and suppliers, which allowed our activity to be resumed in a consistent and sustainable manner.

The outcome of these actions contributed positively for the progress of the measures adopted. A summarized review of the estimates and decisions relating to capital taken by function of Covid-19 is as follows:

Measures	Note	Assessment
Estimated credit losses	7.3	The variables that comprise the methodology for measuring estimated losses were computed, by means of a review 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 of estimated losses (Note 7.3.2). Management is closely monitoring the economic scenario and assessing any impacts that may affect portfolio performance and, therefore, measurement of estimated losses.
Estimated inventory losses	8.3	<p>The Company 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. This decision allowed us to gain share in the winter period, during 3Q20 and continue ahead of the market in the spring-summer collection. In addition, as part of the digital transformation, solutions to facilitate the customers' buying experience were adopted, through use of digital sales that leverage the omnichannel strategy and improve the shopping experience. These measures helped the Company cope with the current scenario.</p> <p>Inventory losses are estimated based on historical levels and become effective only upon inventory realization, which will reflect the Company's operating model and serve as a basis for estimate adjustments. Our inventories are safely stored and subject to a low risk of obsolescence in the short term. Therefore, there are currently no elements that justify the recording of estimated additional loss or the need to change the estimated losses derived from the impacts of Covid-19.</p>
Capital management and covenants	5.3	<p>The increase in net debt in the nine months of 2020 is a reflex of the actions taken by the Company to face the adverse scenario imposed by Covid-19 and its impacts. The cash generation expected for the subsequent months was calculated, which led the Company to strengthen its cash, intensifying the use of third-party capital. This decision was grounded on the Company's low financial ratio, in addition to easy access to loan facilities via the financial system.</p> <p>Concerning the impacts of Covid-19 on the covenants, despite the decrease in EBITDA and increase in debt, the covenant indicators remained below the thresholds established, with a good security margin.</p>
Payment of dividends	26.4.4	In the Board of Directors' Meeting held on March 30, 2020, considering the impacts of Covid-19, the directors approved the proposed review of payment of dividends to the minimum legal amount provided for in Corporate Law, which amounted to R\$ 267,654, corresponding to 25% of adjusted net income referring to 2019 and dividends prescribed. The payment of dividends was approved in a General Shareholders' Meeting held on April 29, 2020 and the amount was paid on May 08, 2020.
Impairment test	15	The Company tested goodwill and indefinite-lived intangible assets of Camicado for impairment due to the impacts of Covid-19 and concluded that there are no factors indicating impairment losses, given that the recoverable amount exceeded book value.

## 38 EVENTS AFTER THE REPORTING PERIOD

### 38.1 SPECIAL SHAREHOLDERS' MEETING

On October 21, 2020, a Special Shareholders' Meeting was held, to decide the following:

- i) Election of Mr. Vanderlei Dominguez da Rosa to be part of the Company's Supervisory Board. This newly-elected member will take office and have its tenure until the General Shareholders' Meeting to be held in 2021.
- ii) Approval of changes in the Stock Option Plan and Restricted Share Plan, as follows:
  - Vesting period: as from the next grant, after two years 20% of the options, 30% (thirty per cent) after three years of the respective grant and 50% (fifty per cent) four years after the respective grant.
  - Public offer of shares: it is established that all options previously granted to the respective participant and that are not yet exercisable shall automatically become exercisable. Restricted shares that are still in their grace period will be transferred to the participant without prior approval by the Committee of Persons or Board of Directors.
  - Other hypotheses: Early exercise may be implemented in other circumstances as long as such exercise is only used in the Company's interest for exceptional cases of termination of directors.
  - Date of end of the plans: The plans were approved on September 23, 2015 and are effective for ten years as from their initial date of effectiveness.

### 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 quarter, the Company had resumed its operations and all Company stores had reopened. An increased flow of costumers and a significant improvement in digital business may be noted. 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.



## LOJAS RENNER S.A.



***A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated interim financial information prepared in accordance with NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting.***

**INDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY INFORMATION**

The Shareholders, Board of Directors and Officers

**Lojas Renner S.A.**

Porto Alegre - RS

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Lojas Renner S.A. (the "Company") for the quarter ended September 30, 2020, comprising the statement of financial position as of September 30, 2020 and the related statements of profit or loss and of comprehensive income for the three and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

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

**Scope of review**

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

**Conclusion on the individual and consolidated interim financial information**

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

**Other matters****Statements of value added**

The abovementioned quarterly information includes the individual and consolidated statement of value added (SVA) for the nine-month period ended September 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

# LOJAS RENNER S.A.



## Corresponding amounts

The corresponding amounts for the year ended December 31, 2019 and the quarter ended September 30, 2019, presented for comparison purposes in the interim financial information for the current period, were restated in relation to the full individual and consolidated financial statements originally disclosed for the year ended December 31, 2019 and to the individual and consolidated interim financial information (ITR) originally disclosed for the quarter ended September 30, 2019, which were audited and reviewed, respectively, by another independent auditor. The corresponding amounts for the year ended December 31, 2019 and the quarter ended September 30, 2019, now restated as a result of the matters described in Notes 3.6.1 and 3.6.2, were audited and reviewed, respectively, by another independent auditor, who issued unmodified audit and review reports dated November 03, 2020.

Porto Alegre, November 03, 2020.

## ERNST & YOUNG

Auditores Independentes S.S.

CRC-2SP15199/O-6

## Guilherme Ghidini Neto

Accountant CRC-RS 067795/O-5

## STATEMENT FROM THE BOARD OF EXECUTIVE OFFICERS ON THE INTERIM FINANCIAL STATEMENTS

Pursuant to subsection VI, Article 25 of CVM Instruction 480 of December 7, 2009 (amended by CVM Instruction 586 of June 8, 2017), the Board of Executive Officers states that it has reviewed, discussed and agreed the Company's Interim Financial Information for the quarter ended on September 30, 2020, authorizing their conclusion as of this date.

Porto Alegre, October 29, 2020.

## BOARD OF EXECUTIVE OFFICERS

### **Fabio Adegas Faccio**

Chief Executive Officer and Interim Chief Information  
Technology and Business Management Officer

### **Alvaro Jorge Fontes de Azevedo**

Chief Financial and Administrative Officer and Investor  
Relations Officer

### **Fabiana Silva Taccola**

Chief Operating Officer

### **Clarice Martins Costa**

Chief Human Resource Officer

### **Henry Costa**

Chief Product (Procurement) Officer

# LOJAS RENNER S.A.



## 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 (amended by CVM Instruction 586 of June 8, 2017), 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 Interim Financial Information for the quarter ended on September 30, 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 Interim Financial Information - ITR.

Porto Alegre, October 29, 2020.

## BOARD OF EXECUTIVE OFFICERS

### **Fabio Adegas Faccio**

Chief Executive Officer and Interim Chief Information  
Technology and Business Management Officer

### **Alvaro Jorge Fontes de Azevedo**

Chief Financial and Administrative Officer and Investor  
Relations Officer

### **Fabiana Silva Taccola**

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### **Clarice Martins Costa**

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### **Henry Costa**

Chief Product (Procurement) Officer