C&A muito on. muito eu.

Interim Financial Statements

March 31, 2021

Interim Financial Statements

C&A Modas S.A.

March 31, 2021 and 2020
and the Report of the Independent Auditor

C&A Modas S.A.

Interim Financial Statements

March 31, 2021 and 2020

Contents

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A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Independent auditor's review report on quarterly information

The Shareholders and Officers
C&A Modas S.A
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of C&A Modas S.A. (the "Company") for the quarter ended March 31, 2021, comprising the statement of financial position as of March 31, 2021 and the related statements of profit or loss, comprehensive income of changes in equity and of cash flows for the three-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 referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Building a better working world

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2021, 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.

São Paulo, May 13, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Flávio Serpejante Peppe
Partner

C&A Modas S.A.

Statements of Financial Position
On March 31, 2021 and December 31, 2020
(in thousand Reals)

	Note	Parent Company		Consolidated	
		03/31/2021	12/31/2020	**03/31/2021**	12/31/2020
Assets					
Current					
Cash and cash equivalents	6	**1,036,572**	1,507,789	**1,038,471**	1,509,159
Trade receivables	7	**576,846**	1,063,742	**576,895**	1,063,844
Derivatives	28.1.a	**4,718**	238	**4,718**	238
Related parties	8	**811**	785	**156**	124
Inventories	10	**939,016**	641,020	**939,016**	641,020
Taxes recoverable	11	**353,929**	271,711	**353,937**	271,719
Income Taxes recoverable		**10,546**	10,522	**11,045**	10,941
Other Assets	12	**44,394**	22,933	**44,394**	22,933
Total current assets		**2,966,832**	3,518,740	**2,968,632**	3,519,978
Non-current assets					
Long-term assets					
Taxes recoverable	11	**1,153,846**	1,157,357	**1,153,846**	1,157,357
Deferred taxes	13	**136,761**	71,492	**136,761**	71,492
Judicial deposits	22.2	**78,943**	81,513	**78,943**	81,513
Related parties	8	**175**	-	**175**	-
Other Assets	12	**1,656**	2,684	**1,656**	2,684
Total long-term assets		**1,371,381**	1,313,046	**1,371,381**	1,313,046
Investments	14	**926**	875	**-**	-
Property and equipment	15	**660,067**	667,225	**660,067**	667,225
Right-of-use assets - leases	17	**1,481,937**	1,514,438	**1,481,937**	1,514,438
Intangible assets	16	**315,534**	294,960	**315,534**	294,960
Total non-current assets		**3,829,845**	3,790,544	**3,828,919**	3,789,669
Total Assets		**6,796,677**	7,309,284	**6,797,551**	7,309,647

C&A Modas S.A.

Statements of Financial Position
On March 31, 2021 and December 31, 2020
(in thousand Reals)

	Note	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Liabilities and equity					
Current liabilities					
Lease liabilities	17	**411,635**	390,603	**411,635**	390,603
Trade payables	18	**918,621**	1,158,890	**918,986**	1,158,914
Loans	19	**417,680**	390,600	**417,680**	390,600
Derivatives	28.1.a	**247**	6,788	**247**	6,788
Labor liabilities	20	**111,566**	136,126	**111,566**	136,126
Related parties	8	**65,118**	34,766	**65,118**	34,766
Interest on shareholder's equity and dividends payable	24	**-**	-	**-**	1
Taxes payable	21	**16,328**	106,940	**16,341**	106,955
Income taxes payable		**-**	-	**495**	321
Other liabilities		**32,951**	26,637	**32,951**	26,637
Total current liabilities		**1,974,146**	2,251,350	**1,975,019**	2,251,711
Non-Current liabilities					
Lease liabilities	17	**1,224,742**	1,264,193	**1,224,742**	1,264,193
Trade payables	18	**20,787**	24,810	**20,787**	24,810
Loans	19	**801,375**	820,652	**801,375**	820,652
Labor liabilities		**4,701**	4,442	**4,701**	4,442
Provisions for tax, civil and labor proceedings	22	**188,165**	230,124	**188,165**	230,124
Taxes payable	21	**25,109**	24,997	**25,109**	24,997
Other liabilities		**33,222**	33,918	**33,222**	33,918
Total non-current liabilities		**2,298,101**	2,403,136	**2,298,101**	2,403,136
Total liabilities		**4,272,247**	4,654,486	**4,273,120**	4,654,847
Equity					
Capital stock	23	**1,847,177**	1,847,177	**1,847,177**	1,847,177
Capital reserve		**20,272**	19,375	**20,272**	19,375
Profit reserve		**793,432**	792,570	**793,432**	792,570
Other comprehensive income (loss)		**2,950**	(4,324)	**2,950**	(4,324)
Accumulated losses		**(139,401)**	-	**(139,401)**	-
Equity attributable to equity holders of the parent		**2,524,430**	2,654,798	**2,524,430**	2,654,798
Non-controlling interests		**-**	-	**1**	2
Total equity		**2,524,430**	2,654,798	**2,524,431**	2,654,800
Total liabilities and equity		**6,796,677**	7,309,284	**6,797,551**	7,309,647

See accompanying notes.

C&A Modas S.A.
Statement of Operations
Quarters ending March 31, 2021 and 2020
(in thousand Reals - R$)

		Parent Company		Consolidated	
	Note	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net revenue	25	**775,364**	976,265	**776,076**	976,850
Cost of sales and services rendered	26	**(425,079)**	(500,519)	**(425,079)**	(500,519)
Gross Profit		**350,285**	475,746	**350,997**	476,331
Operating (expenses) income:					
General and administrative expenses	26	**(77,573)**	(108,894)	**(78,060)**	(109,276)
Selling expenses	26	**(448,408)**	(413,156)	**(448,408)**	(413,156)
Share of profit of subsidiary		**51**	81	**-**	-
Other operating income (expenses) net	26	**6,378**	(3,818)	**6,378**	(3,818)
Operating loss		**(169,267)**	(50,041)	**(169,093)**	(49,919)
Foreign exchange variation		**(1,600)**	(12,436)	**(1,600)**	(12,436)
Finance expenses		**(53,013)**	(44,979)	**(53,014)**	(44,980)
Finance income		**16,325**	18,424	**16,326**	18,426
Finance results	27	**(38,288)**	(38,991)	**(38,288)**	(38,990)
Loss before income taxes		**(207,555)**	(89,032)	**(207,381)**	(88,909)
Income taxes	13	**69,016**	33,667	**68,841**	33,545
Loss for the period		**(138,539)**	(55,365)	**(138,540)**	(55,364)
Attributable to:					
Non-controlling interests				**(1)**	1
Equity holders of the parent				**(138,539)**	(55,365)
				(138,540)	(55,364)
Basic loss per share - in R$	31			**(0,4494)**	(0,1796)
Diluted loss per share - in R$	31			**(0,4494)**	(0,1794)

See accompanying notes.

C&A Modas S.A.

Statement of comprehensive income (loss)
Quarters ending March 31, 2021 and 2020
(in thousand Reals - R$)

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Net loss for the year	**(138,539)**	(55,365)	**(138,540)**	(55,364)
Other comprehensive results:				
Derivative results	**11,021**	37,814	**11,021**	37,814
Tax effects	**(3,747)**	(12,857)	**(3,747)**	(12,857)
Total comprehensive results to be reclassified to results for the year in subsequent periods, net of taxes	**7,274**	24,957	**7,274**	24,957
Total comprehensive income Attributable to the shareholders:	**(131,265)**	(30,408)	**(131,266)**	(30,407)
Non-controlling interests	-	-	**(1)**	1
Equity holders of the parent	-	-	**(131,265)**	(30,408)
	-	-	**(131,266)**	(30,407)

See accompanying notes.

C&A Modas S.A.

Statements of changes in equity
For the quarters ending March 31, 2021 and 2020
(In thousand Reals - R$)

	Note	Capital stock	Capital reserve: Capital reserve	Capital reserve: Shares granted	Profit reserve: Legal reserve	Profit reserve: Special reserve for dividends	Profit reserve: Reserve for unrealized gains	Profit reserve: Reserve for tax incentives	Adjustments to equity valuation	Other comprehensive income: Accumulated profit	Total controlling	Non-controlling interests	Total shareholder's equity
On December 31, 2019		**1,847,177**	**10,516**	1,131	48,600	86,014	-	748,300	(2,170)	-	2,739,568	2	2,739,570
Equity instruments granted - share-based compensation	9	-	-	1,450	-	-	-	-	-	-	1,450	-	1,450
Destination of profits:													
Losses for the period		-	-	-	-	-	-	-	-	(55,365)	(55,365)	-	(55,365)
Other comprehensive income:													
Derivative results	28.a.iii	-	-	-	-	-	-	-	37,814	-	37,814	-	37,814
Tax effects	28.a.iii	-	-	-	-	-	-	-	(12,857)	-	(12,857)	-	(12,857)
On March 31, 2020		1,847,177	10,516	2,581	48,600	86,014	-	748,300	22,787	(55,365)	2,710,610	2	2,710,612
On December 31, 2020		**1,847,177**	**10,516**	**8,859**	**48,600**	**-**	**1,874**	**742,096**	**(4,324)**	**-**	**2,654,798**	**2**	**2,654,800**
Equity instruments granted - share-based compensation	9	**-**	**-**	**897**	**-**	**-**	-	**-**	-	**-**	**897**	**-**	**897**
Destination of profits:													
Losses in the period		**-**	**-**	**-**	**-**	-	-	-	-	**(138,539)**	**(138,539)**	**(1)**	**(138,540)**
Reserve for tax incentives	23.6	**-**	**-**	**-**	**-**	**-**	**862**	**-**	-	**(862)**	**-**	**-**	**-**
Other comprehensive results:													
Derivative results	28.a.iii	**-**	**-**	**-**	**-**	**-**	-	-	**11,021**	**-**	**11,021**	**-**	**11,021**
Tax effects	28.a.iii	**-**	**-**	**-**	**-**	**-**	-		**(3,747)**	**-**	**(3,747)**	**-**	**(3,747)**
On March 31, 2021		**1,847,177**	**10,516**	**9,756**	**48,600**	-	**2,736**	**742,096**	**2,950**	**(139,401)**	**2,524,430**	**1**	**2,524,431**

See accompanying notes.

C&A Modas S.A.

Statements of cash flow
Quarters ending March 31, 2021 and 2020
(in thousand Reals - R$)

	Note	Parent Company		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
Operating activities					
Income (loss) before income tax		**(207,555)**	(89,032)	**(207,381)**	(88,909)
Adjustments to reconcile income before income taxes to net cash flows:					
Allowance for (reversal of) expected credit losses	7c	**533**	(98)	**533**	(98)
Adjustment to present value of accounts receivables and suppliers	7d e 18	**(920)**	(2,842)	**(920)**	(2,842)
Expenses with stock-based compensation	9	**897**	1,450	**897**	1,450
Provisions for inventory losses	10b	**6,347**	9,508	**6,347**	9,508
Amortization transaction costs on loans	11(i.iv)	**(3,376)**	(6,689)	**(3,376)**	(6,689)
Share of profit of subsidiaries	14	**(51)**	(81)	**-**	-
Depreciation and amortization	15b e 16b	**56,959**	60,237	**56,959**	60,237
Impairment reversal of property and equipment, intangible and right-of-use assets	15c	**-**	2,924	**-**	2,924
Losses on sale or disposal of property and equipment and intangible assets		**334**	3,455	**334**	3,455
Depreciation of right-of-use	17a	**82,134**	74,328	**82,134**	74,328
Interest on leases	17a	**33,599**	34,466	**33,599**	34,466
Interest related party loans	19c	**12,838**	-	**12,838**	-
Interest on loans	19c	**820**	-	**820**	-
Provisions (reversals) for tax, civil and labor proceedings	22.1	**(37,791)**	(1,473)	**(37,791)**	(1,473)
Judicial deposits		**(280)**	(505)	**(280)**	(505)
Working capital adjustments					
Trade receivables		**487,361**	464,018	**487,414**	464,058
Related parties		**30,151**	75,360	**30,145**	74,617
Inventories		**(304,343)**	(249,027)	**(304,343)**	(249,027)
Taxes recoverable		**(75,355)**	(20,915)	**(75,435)**	(21,139)
Other assets		**(20,089)**	(18,870)	**(20,089)**	(18,870)
Judicial deposits		**2,739**	(866)	**2,739**	(866)
Trade payable		**(242,531)**	(177,486)	**(242,192)**	(177,315)
Labor liabilities		**(24,301)**	(4,390)	**(24,301)**	(4,390)
Other liabilities		**5,618**	1,388	**5,618**	1,389
Provisions for tax, civil and labor proceedings		**(4,057)**	(3,116)	**(4,057)**	(3,116)
Taxes payable		**(88,773)**	(171,067)	**(88,695)**	(170,859)
Income taxes paid		**(1,727)**	(20,222)	**(1,806)**	(20,442)
Net cash flows from operating activities		**(290,819)**	(39,545)	**(290,289)**	(40,108)
Investment activities					
Purchase of property and equipment		**(40,325)**	(32,630)	**(40,325)**	(32,630)
Purchase of Intangible assets		**(32,305)**	-	**(32,305)**	-
Receivables from the of property and equipment		**82**	35	**82**	35
Cash flow used in investment activities		**(72,548)**	(32,595)	**(72,548)**	(32,595)
Financing activities					
Loan transaction costs		**(26)**	-	**(26)**	-
Interest paid on loans		**(5,829)**	-	**(5,829)**	-
Lease liability paid, principal and interest		**(101,995)**	(94,443)	**(101,995)**	(94,443)
Interest on shareholder's equity paid		**-**	-	**(1)**	-
Net cash flow from financing activities		**(107,850)**	(94,443)	**(107,851)**	(94,443)
Increase in cash and cash equivalents		**(471,217)**	(166,583)	**(470,688)**	(167,146)
Cash and cash equivalents at the beginning of the period		**1,507,789**	445,635	**1,509,159**	447,109
Cash and cash equivalents at the end of the period		**1,036,572**	279,052	**1,038,471**	279,963

See accompanying notes .

C&A Modas S.A.

Statements of value added
Quarters ending March 31, 2021 and 2020
(in thousand Reals - R$)

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	31/13/2021	03/31/2020
Revenue	**999,423**	1,252,677	**1,000,169**	1,253,290
Sale of Goods and Services	**990,055**	1,245,505	**990,801**	1,246,118
Other revenue	**8,613**	7,074	**8,613**	7,074
Allowance/reversal of expected credit losses	**755**	98	**755**	98
Inputs acquired from third parties	**(592,178)**	(661,702)	**(592,662)**	(662,085)
Cost of sales and services sold	**(407,968)**	(485,751)	**(407,968)**	(485,751)
Materials, electric power, outsourced services and others	**(178,407)**	(163,119)	**(178,891)**	(163,502)
Impairment of assets	**(5,803)**	(12,832)	**(5,803)**	(12,832)
Gross Value Added	**407,245**	590,975	**407,507**	591,205
Retentions	**(131,729)**	(128,087)	**(131,729)**	(128,087)
Depreciation and Amortization	**(56,960)**	(60,237)	**(56,960)**	(60,237)
Depreciation of right-of-use	**(74,769)**	(67,850)	**(74,769)**	(67,850)
Net value added	**275,516**	462,888	**275,778**	463,118
Value added received through transfer	**21,297**	36,648	**21,246**	36,569
Share of profit of subsidiary	**51**	81		-
Finance income	**21,246**	36,567	**21,246**	36,569
Total value added for distribution	**296,813**	499,536	**297,024**	499,687
Distribution of value added	**296,813**	499,536	**297,024**	499,687
Personnel	**163,900**	174,672	**163,902**	174,672
Direct compensation	**121,426**	130,980	**121,426**	130,980
Benefits	**28,343**	27,931	**28,343**	27,931
Severance pay fund (FGTS)	**10,306**	12,156	**10,306**	12,156
Other	**3,825**	3,605	**3,827**	3,605
Taxes and Contributions	**171,118**	263,917	**171,327**	264,066
Federal	**13,079**	73,092	**13,288**	73,241
State	**145,861**	179,029	**145,861**	179,029
Municipal	**12,178**	11,796	**12,178**	11,796
Debt remuneration	**100,334**	116,312	**100,335**	116,313
Rentals	**40,450**	40,754	**40,450**	40,754
Financial expenses	**59,884**	75,558	**59,885**	75,559
Compensation on equity	**(138,539)**	(55,365)	**(138,540)**	(55,364)
Interest on shareholder's equity and dividends proposed	**-**	-	**-**	-
Accumulated losses in the period	**(138,539)**	(55,365)	**(138,540)**	(55,364)

See accompanying notes.

1. Operating Context

C&A Modas S.A. (hereafter the "Company" or "Controlling Entity") has its main offices located at Alameda Araguaia, 1.222 - Barueri - São Paulo - Brazil. The Company is a traded company; currently 34.52% of its shares are traded on the B3 Brazilian stock exchange (São Paulo – Brazil) under the ticker “CEAB3”. The ultimate parent company is COFRA Holding AG headquartered in Switzerland.

The company's primary purpose of business is retail trade - both offline (B&M) and online - in apparel, comprised of men's clothing, women's clothing, children and teen clothing, footwear, bags, and accessories, in addition to mobile phones, watches, costume jewelry and cosmetics, among others. It also provides financial intermediation services in the form of credit to finance purchases, issuing credit cards and granting personal loans, and intermediation services in brokering and promoting the distribution of insurance, capitalization bonds and related products offered by insurers and other third parties offering of such products.

Retail apparel sales are strongly influenced by commemorative dates, in particular Mother's Day and Christmas. In months when there are commemorative dates, the Company's sales are higher than the average of the other months in the year. This also impacts other Company metrics, in particular inventory levels, accounts receivable, suppliers and value added taxes.

The Company sells its goods in 297 stores plus 3 mini-stores (295 stores and 2 mini-stores on December 31, 2020). These are supplied by 4 distribution centers located in the states of São Paulo, Rio de Janeiro, and Santa Catarina. The Company also sells its goods through numerous forms of e-commerce:

- Deliveries made directly from the distribution center in São Paulo to the customer’s location;
- Click-and-collect, where customers choose a store to pick up their goods;
- Ship-from-store, where goods are shipped from one of the stores to the location chosen by the customer.

The non-financial data included in these financial statements, such as number of stores and distribution centers, among others, was not audited nor reviewed by our Independent auditors.

2. Basis of Preparation

The Company's individual and consolidated interim financial statements for the quarter ended March 31, 2021 were prepared based on accounting practices adopted in Brazil, in accordance with Brazilian Accounting Standard NBC TG 21 (R4) - Interim Statement issued by the Federal Accounting Council ("CFC") which is correlated to the international financial reporting standard (IFRS) IAS 34 - Interim Financial Reporting Standards issued by International Accounting Standards Board - IASB, and guidelines from the Brazilian Securities and Exchange Commission ("CVM")

The individual and consolidated financial statements were prepared based on a historical cost basis, except for certain financial instruments measured at fair value, and are based on the premise of a going concern of the Consolidated entities. All of the data relevant to the interim individual and consolidated financial statements, and only this data, is disclosed, and corresponds to the data used by Management to manage Company activities, as per Technical Instruction OCP C07.

Management has assessed the Company's ability, and that of its subsidiary, to continue normal operations, and is convinced they have the resources to remain a going concern. Furthermore, Management is unaware of any material uncertainty that might create significant questions of its ability to remain so. Thus, these interim financial statements were prepared based on an assumption of a going concern.

On May 13, 2021, the Board of Directors authorized the issuing of the individual and consolidated interim financial statements for the period ending March 31, 2021.

The interim financial statements are submitted in thousand Reals (R$), which is the functional and statement currency of the Company and its subsidiary. Transactions in foreign currency are initially recorded at the exchange rate of the functional currency in effect on the date of the transaction. Foreign-currency denominated monetary assets and liabilities are converted using the functional currency exchange rate in effect on the date of the Statements of Financial Position. All differences are recorded in the Statement of Operations.

The presentation of the Statement of Added Value (SAV), individual and consolidated, is required by Brazilian Accounting Standard NBC TG 09 - Statement of Added Value - applicable to publicly held companies. IFRS does not require the presentation of this statement. Consequently, by IFRS, this statement is presented as supplementary information, without prejudice to the set of interim financial information.

Impact of COVID-19

Following a full year of the pandemic the Company is better prepared and able to quickly react to adverse scenarios. Although it cannot know for certain when things will definitely improve, Management has updated projects at each new relevant piece of evidence. These projections were used to make accounting estimates.

Below are the main assessments made in the preparation of the Company's financial statements for the quarter ending March 31, 2021:

Impairment - During 2020, the Company assessed the recoverability of its assets on a quarterly basis and, as a result of this assessment, a positive impact of R $ 0.7 million was found in the result. The Company concluded that because it is an estimate that involves long-term projections, the effects of the pandemic, which are estimated to have a more relevant effect in the short term, should not impact the recoverability of its assets. Thus, for the quarter ended March 31, 2021, there was no new assessment, since the projected long-term scenarios did not change significantly in relation to the scenarios of December 31, 2020.

Liquidity - The Company captured R$ 1.2 billion in 2020 (Note 19) in promissory notes and CCBs (Bank Credit Notes). These funds were sufficient to ensure the Company's liquidity in 2020 and 1Q21 and subsequent months, as per estimates made. The Company continues to monitor its cash position and seeks opportunities to operate more efficiently. Offsetting previously unused credits (Note 11) and agreements for supplier advances (Note 18) are examples of recent initiatives.

Hedge Accounting - The Company has analyzed the derivative transactions for which it uses hedge accounting and concluded that such transactions remained in effect in 2020 and on March 31, 2021 (Note 28).

Inventory - The increase in inventory on March 31, 2021 is the result of opening new stores, the roll-out of the cosmetics operation and the creation of winter inventory, among others. In 2020, 0.47% of goods sold had negative margins. Thus, the Company concluded that, on March 31, 2021 there was no need for additional provisions for this purpose.
The Company assessed the recoverable value of its inventory on December 31, 2020 and March 31, 2021, and concluded it has sufficient allowances for eventual inventory losses (Note 10).

Lease Renegotiations - The Company adopted the practical expedient stipulated in the Review of Technical Pronouncement CPC06 (R2), which is equivalent to the IFRS 16 amendment and CVM Statement 859 regarding "Benefits related to COVID-19 granted to the lessees in lease agreements" and decided to book reductions in lease payments in the amount of R$7,528 (R$94,159 in 2020) directly in earnings (Note 17).

(in thousand Reals unless otherwise stated)

Realization of deferred tax assets and taxes to be recovered - Management reviewed its revenue and taxable income projects for the coming years, and its ability to realize deferred taxes and tax credits. On March 31, 2021, the expectation was that tax credits would be offset by the year 2024. Deferred tax credits are expected to be used within 7.5 years.

Restatement of comparative balances

To facilitate the comparability of numbers, provide more clarity to investors and better reflect the Company's operations as managed by Management, in 2020 Management revised its accounting policy and started to classify reversals and provisions for tax contingencies in Other operating income (expenses) net. To maintain the comparability of the information, it reclassified the balances of the income statements and the affected Notes for the year 2019 as well. These changes did not impact net income or profit before income tax and social contribution, balance sheet accounts, comprehensive income statements, statements of changes in shareholders' equity and statements of cash flows of the Company.

Below are the numbers that changed in the statement of earnings:

	Parent Company			Consolidated		
Statement of Earnings	**As previously reported in 2020**	**Re-classification**	**Balance as reclassified in 2020**	**As previously reported in 2020**	**Re-classification**	**Balance as reclassified in 2020**
Net Revenue	976,265	-	976,265	976,850	-	976,850
Cost of goods sold and services rendered	(500,519)	-	(500,519)	(500,519)	-	(500,519)
Gross profit	**475,746**	-	**475,746**	**476,331**	-	**476,331**
General and administrative expenses	(108,340)	(554)	(108,894)	(108,722)	(554)	(109,276)
Sales	(413,156)	-	(413,156)	(413,156)	-	(413,156)
Share of profit of subsidiaries	81	-	81	-	-	-
Other operating income (expenses) net	(4,372)	554	(3,818)	(4,372)	554	(3,818)
Profit before financial results	(50,041)	-	(50,041)	(49,919)	-	(49,919)
Financial results	(38,991)	-	(38,991)	(38,990)	-	(38,990)
Income before income taxes	(89,032)	-	(89,032)	(88,909)	-	(88,909)
Net profit for the year	(55,365)	-	(55,365)	(55,364)	-	(55,364)

3. Basis for Consolidation

Consolidated interim financial statements include the Company's operations and those of its subsidiary Orion Companhia Securitizadora de Créditos Financeiros S.A. ("Orion" or "subsidiary").

At an Extraordinary General Meeting held on February 1, 2021 the shareholders approved a change in the name of Companhia ORION Companhia Securitizadora de Créditos Financeiros S.A. to Orion Instituição de Pagamento S.A. This Company's stated purpose of business was also amended to primarily the development of payment arrangements, issuing electronic currency and post-paid instruments, accrediting, sub-accrediting, and payment transaction initiator, among other activities inherent to a payment institution.

The subsidiary's fiscal period coincides with that of the Parent Company, and accounting practices were uniformly applied to the subsidiary.

Upon consolidation, all balances of assets and liabilities, income and expenses arising from transactions with the subsidiary were eliminated. The profit or loss for the period is allocated to the shareholders of the Parent Company and non-controlling interests.

4. Accounting policies

The main accounting policies used to prepare these Individual and Consolidated Interim Financial Statements are consistent with those used and disclosed in Explanatory Note 4, corresponding to the financial statements for the period ending December 31, 2020 and published on March 18, 2021, and therefore, should be read in combination.

4.1 Statements issued and valid as of January 1, 2021

New and amended standards and interpretations issued but not yet in effect as of the date of issue of the Company's financial statements are described below. The Company plans to adopt these new and amended standards and interpretations, as applicable, on the date they become effective. Changes related to CPC50/IFRS17 do not apply to the Company.

a) Changes in CPC 50 - Insurance Contracts corresponds to IFRS 17 (Insurance Contracts)

This Statement will replace the standard currently in effect for Insurance Contracts - CPC 11 (IFRS 4, issued in 2005). The goal of CPC 50 - Insurance Agreements is to "ensure an entity provides relevant information that accurately represents the essence of these contracts using a consistent accounting model". This information provides a basis for the users of financial statements to assess the impact that insurance contracts have on the entity's financial position, financial performance, and cash flows.

IFRS 17 was issued by the IASB - International Accounting Standard Board in May 2017 and may apply to all sorts of insurance agreements (such as life, property & casualty, direct insurance, and reinsurance) issued on or after January 1, 2023, regardless of the type of issuing entity, as well as certain guarantees and financial instruments with discretionary participation features. There are some exceptions to the scope. The overall goal is to provide an accounting model for insurance agreements that is more useful and consistent for insurers. In general, this model addresses: 1 - Specific adaptations for contracts with direct participation features (variable rate approach). 2 - a simplified approach (premium allocation approach), primarily for short-term agreements.

IFRS 17 is effective for all periods as of January 1, 2023; comparable values must be submitted. Early adoption is allowed if the entity also adopts IFRS 9 and IFRS 15 on or before the date it adopts IFRS 17. This standard does not apply to the Company.

b) Changes in IAS 1: Classification as liabilities as current or non-current (CPC 26)

In January 2020, the IASB amended paragraphs 69 through 76 of IAS 1, which corresponds to CPC 26, specifying the requirements for classifying a liability as current or non-current. These amendments clarify:

1. What the right to defer settlement means;
2. That the right to defer must exist on the effective date of the report;
3. That this classification is not affected by the likelihood that an entity will exercise is right to defer;
4. The terms of the liability would not impact its classification only if that derivative is embedded into a convertible liability that is itself an equity instrument.

These amendments are effective as of January 1, 2023 and must be applied retrospectively.

5. Significant accounting judgments, estimates and premises

The accounting estimates involved in preparing the interim financial statements are based on objective and subjective factors, which in turn are based on the judgment of Management to determine the appropriate amount to be recognized in the financial statements. The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic approach inherent to the estimating process. Significant items subject to these estimates and premises include:

a) Determination of the lifetime of property and equipment and intangible assets;
b) Impairment analysis of property and equipment, as well as intangible assets;
c) Allowance for expected credit losses;
d) Provisions for inventory losses;
e) Deferred income tax and social contribution;
f) Taxes and timeliness applied when determining adjustment to present value of assets and liabilities;
g) Provisions for tax, civil and labor proceedings;
h) Determination of fair value of derivative financial instruments;
i) Provision for restoring stores to their original condition;
j) Profit sharing;
k) Stock-based compensation

The Company is a defendant in labor claims that have a similar nature, that is, actions with recurring content, originating, in general, from plaintiffs who held certain positions and functions and who deduct claims based on common offenders. For similar labor claims, the Company revised the methodology for calculating these labor provisions in the period ended March 31, 2021 and considered it appropriate to estimate the risk of loss (and consequently the constitution of the provision) based on historical performance and effective losses in actions of this nature. Thus, the measurement of the provision for labor disputes started to be obtained through the application of the historical percentage of losses on the total amount of the case (which represents the maximum exposure to which the Company is subject), informed for each process by the Company's legal advisors.

The measurement of the provision for labor contingencies considers the experience and history of losses in labor claims in the last 4 (four) years and is reviewed at least annually (see more details in note 22.1.iv).

(in thousand Reals unless otherwise stated)

6. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Cash	3,535	3,799	3,535	3,799
Banks	27,192	62,243	29,091	63,613
Short-term investments	1,005,845	1,441,747	1,005,845	1,441,747
	1,036,572	1,507,789	**1,038,471**	1,509,159

The Company has cash equivalents in the form of fixed-yield financial investments, indexed to 95% to 104% of the variation in CDI (Interbank Deposit Certificates), which may be redeemed at any time with the issuer of the security with no loss of the contracted yield.

7. Trade receivables

a) Breakdown

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Card Operators	**543,528**	1,023,553	**543,528**	1,023,553
Commissions receivable - telephony suppliers	**6,094**	8,969	**6,094**	8,969
Commissions receivable - insurers	**5,165**	8,241	**5,165**	8,241
Credit rights	**-**	-	**49**	102
Bradescard partnership	**19,917**	20,927	**19,917**	20,927
Other	**16,489**	17,154	**16,489**	17,154
Allowances for expected credit losses	**(14,347)**	(15,102)	**(14,347)**	(15,102)
	576,846	1,063,742	**576,895**	1,063,844

(in thousand Reals unless otherwise stated)

b) Ageing of trade receivables, net of allowance for expected losses

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Coming due:				
Up to 30 days	**231,361**	432,862	**231,361**	432,862
31 to 60 days	**124,946**	269,020	**124,946**	269,020
61 to 90 days	**77,154**	153,170	**77,154**	153,170
91 to 120 days	**49,044**	67,457	**49,044**	67,457
121 to 150 days	**31,568**	46,396	**31,568**	46,396
151 to 180 days	**23,883**	31,788	**23,883**	31,788
Over 180 days	**34,047**	58,530	**34,047**	58,530
	572,003	1,059,223	**572,003**	1,059,223
Past due:				
Up to 30 days	**209**	452	**209**	452
31 to 60 days	**506**	977	**506**	977
61 to 90 days	**387**	124	**387**	124
Over 90 days	**2,573**	1,790	**2,622**	1,892
	3,675	3,343	**3,724**	3,445
Trade receivables not recognized by customers (*)	**1,168**	1,176	**1,168**	1,176
Total	**576,846**	1,063,742	**576,895**	1,063,844

(*) Includes Banco Bradescard credit card sales unrecognized by the card owners (charge-back), in the amount of R$ 1,210 on March 31, 2021, (R$ 1,965 on December 31, 2020), and thus considered in the provision for anticipated credit losses. The Company also recognized provisions for expected credit losses for court-blocked amounts in C&A bank accounts, in the amount of R$ 10,917 on March 31, 2021 (R$ 10,917 on December 31, 2020), the responsibility for unblocking procedures belongs to Banco Bradescard.

c) Changes in the allowance for expected credit losses (Parent company and Subsidiary)

	03/31/2021	03/31/2020
Balance on December 31	**(15,102)**	(19,715)
(Provision)/Reversal	**(533)**	(3,193)
Write-off	**1,288**	3,291
Balance on March 31	**(14,347)**	(19,617)

d) Present value adjustment

The Company discounts its receivables to present value using interest rates directly related to customer credit profiles. The monthly interest rates used to calculate the present value of outstanding receivables on March 31, 2021 and December 31, 2020 were 0.20% and 0.16% respectively. Realization of the present value adjustment is recognized as an offsetting item to sales revenue.

(in thousand Reals unless otherwise stated)

8. Related parties

On March 31, 2021 and December 31, 2020, the outstanding balances in related party transactions were the following:

Assets	**Parent Company**		**Consolidated**	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Accounts receivable				
Instituto C&A de Desenvolvimento Social (*)	**3**	89	**3**	89
COFRA Latin America (*)	**15**	6	**15**	6
Orion Inst. Pagamento(*)	**6**	12	**-**	-
Cyamprev Soc. Previd. Privada	**81**	29	**81**	29
	105	136	**99**	124
Dividends receivable				
Orion Inst. Pagamento	**649**	649	**-**	-
	649	649	**-**	-
Prepaid expenses				
C&A Services	**232**	-	**232**	-
	232	-	**232**	-
Total related party assets	**986**	785	**331**	124
Related party liabilities - current	**811**	785	**156**	124
Related party liabilities – non-current	**175**	-	**175**	-

(*) COFRA Group companies have an agreement whereby general and administrative expenses are shared.

Liabilities	**Parent Company**		**Consolidated**	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Accounts payable				
C&A Sourcing	**63,624**	32,568	**63,624**	32,568
Instituto C&A de Desenvolvimento Social	**7**	302	**7**	302
Cyamprev Soc. Previd. Privada	**1,471**	1,849	**1,471**	1,849
COFRA Latin America	**16**	47	**16**	47
	65,118	34,766	**65,118**	34,766
Interest on shareholder's equity and dividends				
COFRA Latin America	**-**	-	**-**	1
	-	-	**-**	1
Total related party liabilities	**65,118**	34,766	**65,118**	34,767
(-) Interest on equity and related party dividends	**-**	-	**-**	-
Current related party liabilities	**65,118**	34,766	**65,118**	34,767

(in thousand Reals unless otherwise stated)

The relationship between the Company and related parties is the following:

Associate, with no significant influence	**Direct parent company**
C&A Mexico	COFRA Investments
C&A Services	Incas SARL
C&A Sourcing	**Indirect parent company**
COFRA Latin America	C&A AG
Famamco Adm. de Bens	**Subsidiary**
Instituto C&A de Desenvolvimento Social	Orion Inst. Pagamento
Porticus Latin America Consult	**Subsidiary under direct influence**
	Cyamprev Soc. Previd. Privada

Transactions with related parties

	Parent Company		**Consolidated**	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Reimbursements for shared expenses				
Cyamprev Soc. Prev. Privada	**675**	96	**675**	96
Instituto C&A de Desenvolvimento social	**15**	36	**15**	36
COFRA Latin America	**12**	23	**12**	23
Orion Inst. Pagamento	**10**	22	**-**	-
Famamco Administração de Bens	**-**	30	**-**	30
Porticus Latin America	**-**	33	**-**	33
	712	240	**702**	218
Revenue from services rendered				
C&A Mexico	**3,803**	1,488	**3,803**	1,488
	3,803	1,488	**3,803**	1,488
Goods purchased				
C&A Sourcing	**(75,375)**	(133,657)	**(75,375)**	(133,657)
	(75,375)	(133,657)	**(75,375)**	(133,657)
Services purchased				
C&A Services	**(43)**	-	**(43)**	**-**
COFRA Latin America	**(48)**	(47)	**(48)**	**(47)**
	(91)	(47)	**(91)**	**(47)**
Pension fund contributions				
Cyamprev Soc. Prev. Privada	**(2,449)**	(459)	**(2,449)**	(459)
	(2,449)	(459)	**(2,449)**	(459)

Related party transactions entered into to support the Company's operations in the form of consulting services or importation of goods are performed at specific prices agreed by the parties.

During the quarters ending on March 31, 2021 and 2020 there was no need to recognize provisions for expected credit losses in related party accounts receivable.

(in thousand Reals unless otherwise stated)

Compensation of members of the Board of Directors and Executive Board

Expenses (paid and payable) associated with Officer compensation in the periods ending March 31, 2021 and 2020 were as follows:

	Parent Company and Consolidated	
	03/31/2021	**31/03/2020**
Fixed Compensation	**3,475**	3,536
Variable Compensation	**732**	498
Contributions to post-employment plans	**98**	183
Long-Term Incentives	**653**	1,364
Total	**4,958**	5,581

9. Stock-based compensation plan

The first stock-based compensation program was approved at a meeting of the Board of Directors held on October 21, 2019, as per the terms of the Company's Purchase Option Plan. As a result of granting options to purchase stock, 1,148,148 options were given to senior managers in three different batches.

A number of the existing conditions for granting stock options were amended by the Board of Directors at a meeting held on February 18, 2020. Below is a description of the granting rules currently in effect.

Ownership of the option to convert stock will be transferred to participants in identical batches of 33.33% on each anniversary of the plan over a period of three years from the Granting Date.

This transfer will take place regardless of whether the participant remains as a Company employee or officer, and is subject to confirmation of the following condition: the average price per share on the Brazilian stock exchange (B3 S.A. – Brasil, Bolsa, Balcão) in the 22 (twenty two) trading sessions immediately preceding the date of exercising the Vested Options must be equal to or larger than the price per share paid by investors in the Initial Public Offering (IPO), corrected according to the IPCA/IBGE, less the amount per share distributed as dividends and interest on equity, and adjusted to reflect any stock bonuses, splits or grouping between the Granting Date and the date of exercise of the Vested Options.

The price of the global exercise payable by the executives for the vested options on each anniversary is R$ 1,00. Vested options are restricted for three years after each transfer date.

(in thousand Reals unless otherwise stated)

Changes

	Parent Company and Consolidated	
	Quantity	**WAEP (*)**
Balance on December 31 2019	**1,148,148**	**1.00**
Options granted during the period	-	-
Balance on December 31, 2020	**1,148,148**	**1.00**
Options granted during the period	-	-
Balance on March 31, 2021	**1,148,148**	**1.00**

(*)Weighted average of the exercise price

The weighted average contractual term for the stock options remaining on March 31, 2021 was 3.5 years. The weighted average fair value of the options granted during the period is R$ 8,81 in the original program, and R$ 2,98 incremental fair value for the options replaced according to the calculation method established in CPC10. The exercise price shall be adjusted whenever dividends are paid, or stock is grouped or split.

The following table is a list of the information using the models applied to the three batches in the period ending March 31, 2021 and December 31, 2020:

	Parent Company and Consolidated (Original)		
	Batch 1	**Batch 2**	**Batch 3**
Weighted average of the fair value on the date measured (R$)	8.43	8.86	9.14
Dividend yield (%)	1.10%	1.10%	1.10%
Risk-free rate of return (%)	4.16%	4.58%	5.17%
Expected lifetime of the options	10/21/2020	10/21/2021	10/21/2022
Weighted average of the stock price (R$)	16.50	16.50	16.50
Model used	Monte Carlo	Monte Carlo	Monte Carlo

	Parent Company and Consolidated (*Fair Value*)		
	Batch 1	**Batch 2**	**Batch 3**
Weighted average of the fair value on the date measured (R$)	4.46	3.11	1.37
Dividend yield (%)	1.10%	1.10%	1.10%
Risk-free rate of return (%)	5.63%	5.95%	6.20%
Expected lifetime of the options	10/21/2023	10/21/2024	10/21/2025
Weighted average of the stock price (R$)	16.89	16.89	16.89
Model used	Monte Carlo	Monte Carlo	Monte Carlo

(in thousand Reals unless otherwise stated)

Volatility calculations considered the historical volatility of comparable companies in comparable periods with the lifetime of the stock in each batch, as follows:

	Parent Company and Consolidated	
End of Grace Period	Original Plan	Replacement Plan
10/21/2020	31.26%	36.64%
10/21/2021	35.73%	37.79%
10/21/2022	36.55%	37.10%

In 1Q21 the company recognized R$ 897 (R$ 1,450 in the period ending March 31, 2020) in expenses associated with stock-based compensation plans (original and replacement), using as the counterpart the capital reserve account - stock granted. The following expenses will be recognized in the following periods:

	R$
2021	1,822
2022	1,054

10. Inventories

a) Inventory breakdown

	Parent Company and Consolidated	
	03/31/2021	**12/31/2020**
Goods for resale	**923,177**	622,353
Goods sold and in transit for delivery to customers	**2,794**	2,894
Goods held by third parties	**-**	17,564
Present value adjustment	**(754)**	(2,169)
Provisions for losses	**(36,817)**	(34,108)
	888,400	606,534
Imports in transit	**50,616**	34,486
	939,016	641,020

b) Changes in provisions for losses in the period

	03/31/2021	**03/31/2020**
Balance on December 31	**34,108**	32,202
Constitution	**6,347**	9,508
Actual losses (i)	**(3,638)**	(4,094)
Balance on March 31	**36,817**	37,616

(in thousand Reals unless otherwise stated)

11. Taxes recoverable

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
ICMS (Sales VAT)	**120,240**	49,010	**120,240**	49,010
PIS/COFINS (Federal VAT)	**27,168**	7,812	**27,168**	7,812
Previously unused PIS / COFINS credit	**1,346,814**	1,361,210	**1,346,814**	1,361,210
IRRF (withholding taxes)	**5,766**	3,250	**5,774**	3,258
IPI (excise tax)	**328**	345	**328**	345
Other	**7,459**	7,441	**7,459**	7,441
	1,507,775	1,429,068	**1,507,783**	1,429,076
Current assets	**353,929**	271,711	**353,937**	271,719
Noncurrent assets	**1,153,846**	1,157,357	**1,153,846**	1,157,357

(i) Previously unused PIS / COFINS credit

(i.i) ICMS on the basis for calculating PIS and COFINS

The Company filed two lawsuits claiming the right to exclude ICMS from the PIS and COFINS tax base, and to offset of amounts unduly paid in the past. The first claim refers to the period between 2002 and 2014, and the second between 2015 and 2017.

In March 2017, the Federal Supreme Court (“STF”) decided, in the leading case court records (RE 574706) addressing this same theme, that indeed, including ICMS in the basis for calculating PIS/COFINS was unconstitutional. The Federal Government filed a motion asking for clarification regarding this the decision, asking that the STF define and explain the impact (i.e., from when ICMS should be excluded), and define the method of calculation (how much ICMS to exclude - paid, net of credits from purchases or ICMS on sales). This appeal is pending. Notwithstanding the Federal Government's motions, the Federal Regional Courts (TRF) - lower courts - must follow the STF ruling on all proceedings filed by other taxpayers that have been overturned as a result of the leading case judgment.

In February 2019, a final non-appealable decision was rendered on the writ of mandamus whereby the Company sought the right to no longer include ICMS in the PIS/COFINS tax basis used to calculate PIS and COFINS for the period between January 2002 and December 2014, running in the Regional Federal Court for the 3rd region, in line with the STF ruling rendered on RE 574706, judged by the superior court (STF) in a repeat appeal.

Thus, in 2019 the Company recognized PIS/COFINS credit in the amount of R$1,282,030, R$ 663,538 of which referred to the original amounts as other operating income, with R$ 618,492 being monetary correction and interest as financial revenue.

On March 17, 2020, the Company's petition to enable this credit resulting from the final unappealable decision was approved by the Federal Revenue Service, ensuring the right to offset the credit as of that date.

On March 31, 2021, the updated balance of previously unused credits was R$ 1,211,567, the main changes in 2021 being the result of using credit to offset federal taxes in the amount of R$ 17,772, and a R$ 2,973 increase for the recognition of interest as financial revenue.

The potential tax credit referring to the second claim, for the period between 2015 and 2017, will be recognized only after a final, non-appealable ruling has been issued for this specific claim.

The expected realization of such credits has changed due to the COVID-19 pandemic. Management expects that updated tax credits in the amount of R$ 1,211,567 will be offset by 2024, given the tax debits generated from normal Company operations, as shown in item (i.iii).

(i.ii) Credit from the Manaus Free Trade Zone (FTZ) Lawsuit

On November 30, 2020, the final unappealable ruling was issued in favor of the Company, allowing it to:

a) Recognize that all sales of goods to the FTZ (including those originating within thee FTZ) be comparable, for all fiscal purposes, to exports and thus that the non-existence of a legal-tax relationship between the Federal Government and the Company regarding PIS and COFINS levied on the revenue of transactions of this nature and its right to tax credits;
b) Recognize the fruition of the REINTEGRA benefits resulting from the sale of domestic goods to the FTZ.

Thus, there was recognition of the asset related to credits in the period 5 years or more prior to the date the claim was filed (March 31, 2016), in the amount of R$ 124,657 (R$ 123,220 on December 31, 2019) and R$10,187 referring to Reintegra.

On March 31, 2021, the updated balance of previously unused credits was R$ 135,247.

Realizing these credits shall respect the deadlines determined in applicable legislation from the moment the credits are enabled by the Brazilian Federal Revenue Service.

(in thousand Reals unless otherwise stated)

(i.iii) Expected realization of previously unused PIS/COFINS credits on March 31, 2021.

Year	R$
2021	161,350
2022	343,531
2023	467,663
2024	239,023
Waiting for enablement	135,247
Total	**1,346,814**

12. Other assets

	Parent Company and Consolidated	
	03/31/2021	**12/31/2020**
Prepaid expenses	**26,153**	18,213
I.P.T.U (property tax)	**13,753**	68
Personal loans and advances	**3,876**	3,940
Actuarial assets	**1,319**	2,209
Supplier advances	**57**	1,148
Other	**892**	39
	46,050	25,617
Current assets	**44,394**	22,933
Non-current assets	**1,656**	2,684

(in thousand Reals unless otherwise stated)

13. Income Tax and Social Contribution

a) Breakdown and changes in deferred taxes (parent company and consolidated)

		Increase / (Decrease)		
	Balance on 12/31/2020	In earnings	In shareholder's equity	Balance on 03/31/2021
Tax losses carryforward	265,898	98,458	-	**364,356**
Temporary differences:				
Provisions for tax, civil and labor proceedings	96,667	(14,228)	-	**82,439**
Provisions for inventories losses and allowance for expected credit losses	16,175	2,132	-	**18,307**
Impairment of property, equipment, and right-of-use	9,824	-	-	**9,824**
Accrued for profit sharing	15,976	(9,637)	-	**6,339**
CPC 06 (R2)/IFRS 16 leases	46,626	4,374	-	**51,000**
Other	79,369	(13,825)	(3,747)	**61,797**
Deferred tax assets	**530,535**	**67,274**	**(3,747)**	**594,062**
Tax credits (i)	(456,033)	**4,490**	-	**(451,543)**
Present value adjustment	(3,010)	**(2,748)**	-	**(5,758)**
Fair value adjustment	-	**-**	-	**-**
Deferred tax liabilities	**(459,043)**	**1,742**	**-**	**(457,301)**
Balance of deferred tax (liabilities) assets	**71,492**	**69,016**	**(3,747)**	**136,761**

		Increase / (Decrease)		
	Balance on 12/31/2019	Increase / (Decrease)	Increase / (Decrease)	Balance on 03/31/2020
Tax losses carry forward	174,654	58,113	-	232,767
Temporary differences:				
Provisions for tax, civil and labor proceedings	31,838	(1,973)	-	29,865
Provisions for inventories losses and allowance for expected credit losses	22,109	(3,659)	-	18,450
Impairment of property, equipment, and right-of-use	11,915	(868)	-	11,047
Accrued for profit sharing	15,069	(2,705)	-	12,364
CPC 06 (R2)/IFRS 16 leases	28,459	4,866		33,325
Present value adjustment	121,245	(896)	(12,857)	107,492
Other	**405,289**	**52,878**	**(12,857)**	**445,310**
Deferred tax assets	(435,890)	(2,274)	**-**	(438,164)
Tax credits due to exclusion of ICMS from the basis for calculating PIS and COFINS	(2,375)	(2,617)	-	(4,992)
Present value adjustment	(12,655)	12,655	-	-
Fair value adjustment	**(450,920)**	**7,764**	-	**(443,156)**
	(45,631)	**60,642**	**(12,857)**	**2,154**

(i) The amount of R$ 451,543 is comprised of: The amount of R$ 402,539 is related to the deferment of tax gains from the claim that recognized the Company's right to recover excess contributions paid with the exclusion of ICMS from the basis for calculating PIS and COFINS (note 11), R$ 45,335 as a result of winning the Manaus Free Trade Zone claim (note 11). R$ 1,257 refers to Suframa and R$ 2,412 to the favorable ruling in the PAT (Worker Meal Program) claim.

(in thousand Reals unless otherwise stated)

The Company, supported by the opinion of its legal advisors, will tax the gains from the tax lawsuits when the credits are offset, expected to be over the next 4 years.

b) Expected realization of deferred taxes assets on March 31, 2021

Year	R$
2021	108,325
2022	85,437
2023	97,683
2024	108,727
2025	87,613
2026 to 2028	106,169
2029 to 2031	108
	594,062

c) Reconciliation of effective rate

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Loss before income taxes	**(207,555)**	(89,032)	**(207,381)**	(88,909)
Income tax at statutory rates - 34%	**70,569**	30,271	**70,510**	30,229
Adjustments to reflect the effective rate				
Share of profit of subsidiaries	**17**	28	**-**	-
Interest on shareholder's equity	**(539)**	(401)	**(539)**	(401)
Non-deductible donations	**-**	2,233	**-**	2,233
PAT (worker meal program) and the culture incentive law	**(1,127)**	(89)	**(1,127)**	(89)
Transfer pricing and incentives for technology innovation (R&D	**-**	(150)	**-**	(209)
Corporate gifts and non-deductible fines	**293**	-	**293**	-
Investment Subsidies	**-**	385	**-**	385
Equity Instruments Granted	**-**	1,155	**-**	1,155
Other permanent additions and exclusions	**(197)**	212	**(301)**	212
Calculated income tax on the exempt portion of the 10% additional	**-**	23	**5**	30
Income taxes	**69,016**	33,667	**68,841**	33,545
Current	**-**	(26,975)	**(175)**	(27,097)
Deferred	**69,016**	60,642	**69,016**	60,642
	69,016	33,667	**68,841**	33,545
Effective rate	**33%**	38%	**33%**	38%

(in thousand Reals unless otherwise stated)

14. Investments

a) Investments in the subsidiary

Orion	Shareholding	Current assets	Current liabilities	Net Collection	Gross Revenue Gross	Profit	Book value of the investment	Share of profit of subsidiaries
03/31/2021	**99.8%**	**2,457**	**(1,529)**	**928**	**747**	**51**	**926**	**51**
12/31/2020	99.8%	1,899	(1,022)	877	3,175	690	875	689

b) Changes in investment

	03/31/2021	31/03/2020
Balance on December 31	**875**	**836**
Share of profit of subsidiaries	**51**	**81**
Balance on March 31	**926**	**917**

15. Property and Equipment

a) Property and equipment breakdown (Parent Company and Consolidated)

Property and equipment	Cost	Accumulated Depreciation	Impairment	March 31, 2021
Machinery and equipment	204,670	(132,165)	(1,845)	**70,660**
Furniture and fixtures	455,685	(267,285)	(3,063)	**185,337**
IT Equipment	220,300	(161,348)	(413)	**58,539**
Vehicles	536	(501)	-	**35**
Leasehold improvements	1,182,668	(838,155)	(19,931)	**324,582**
Land	126	-	-	**126**
Construction in progress	19,985	-	-	**19,985**
Provisions for store restorations	1,620	(817)	-	**803**
	2,085,590	**(1,400,271)**	(25,252)	**660,067**

Property and equipment	Cost	Accumulated depreciation	Impairment	December 31, 2020
Machinery and equipment	195,747	(130,105)	(1,845)	**63,797**
Furniture and fixtures	447,159	(256,802)	(3,063)	**187,294**
IT Equipment	219,703	(156,276)	(413)	**63,014**
Vehicles	536	(495)	-	**41**
Leasehold improvements	1,174,862	(819,350)	(19,931)	**335,581**
Land	126	-	-	**126**
Construction in progress	15,411	-	-	**15,411**
Provisions for store restorations	1,530	(786)	-	**744**
Other	1,217	-	-	**1,217**
	2,056,291	**(1,363,814)**	**(25,252)**	**667,225**

The company has no property and equipment pledged as collateral.

(in thousand Reals unless otherwise stated)

b) Changes in property and equipment (Parent Company and Consolidated)

	Average annual depreciation rate	Balance on December 31, 2019	Additions (iii)	Depreciation	Disposals (Write-offs)	Transfers	Transfers to intangible	Reversals (provisions) *Impairment*	Balance on March 31, 2021
Machinery and equipment	8%	**63,797**	**9,414**	**(2,709)**	**(7)**	**165**	**-**	**-**	**70,660**
Furniture and fixtures	11.80%	**187,294**	**6,950**	**(10,504)**	**(9)**	**1,606**	**-**	**-**	**185,337**
IT Equipment	20%	**63,014**	**882**	**(5,360)**	**(20)**	**23**	**-**	**-**	**58,539**
Vehicles	20%	**41**	**-**	**(6)**	**-**	**-**	**-**	**-**	**35**
Leasehold improvements (i)	11%	**335,581**	**-**	**(19,284)**	**(380)**	**8,665**	**-**	**-**	**324,582**
Land	-	**126**	**-**	**-**	**-**	**-**	**-**	**-**	**126**
Construction in progress	-	**15,411**	**21,070**	**-**	**-**	**(9,242)**	**(7,254)**	**-**	**19,985**
Provisions for returning stores (ii)	-	**744**	**90**	**(31)**	**-**	**-**	**-**	**-**	**803**
Other	-	**1,217**	**-**	**-**	**-**	**(1,217)**	**-**	**-**	**-**
Total		**667,225**	**38,406**	**(37,894)**	**(416)**	**-**	**(7,254)**	**-**	**660,067**

	Average annual depreciation rate	Balance on December 31, 2018	Additions (iii)	Depreciation	Disposals (Write-offs)	Transfers	Transfers to intangible	Reversals (provisions) *Impairment*	Balance on March 31, 2021
Machinery and equipment	8%	51,841	**14**	**(2,848)**	**(185)**	**480**	**-**	**165**	**49,467**
Furniture and fixtures	11.80%	176,658	**9,603**	**(10,574)**	**(646)**	**1,017**	**-**	**621**	**176,679**
IT Equipment	20%	65,405	**1,141**	**(5,672)**	**(43)**	**1,778**	**-**	**218**	**62,827**
Vehicles	20%	66	**-**	**(6)**	**-**	**-**	**-**	**-**	**60**
Leasehold improvements	10.52%	368,514	**340**	**(25,281)**	**(2,593)**	**6,800**	**-**	**1,549**	**349,329**
Land	-	126	**-**	**-**	**-**	**-**	**-**	**-**	**126**
Construction in progress	-	51,506	**22,388**	**-**	**-**	**(10,075)**	**(41,286)**	**-**	**22,533**
Provisions for returning stores	12%	401	**-**	**-**	**(23)**	**-**	**-**	**-**	**378**
Financial leases	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other	-	2,895	**58**	**-**	**-**	**-**	**-**	**-**	**2,953**
		717,412	**33,544**	**(44,381)**	**(3,490)**	**-**	**(41,286)**	**2,553**	**664,352**

(i) Leasehold improvements include miscellaneous assets such as civil works, lighting, fire-fighting, generators, etc. The depreciation rate is defined based on the lifetime of these assets or the lease term, whichever is shortest.
(ii) The Company has 18 lease agreements with fully variable payments. These are linked to provisions for dismantling and returning stores.
(iii) In 1Q21 the Company purchased R$ 38,406 in property and equipment, R$8,578 of which are entered as supplier accounts payable (R$7,206 in 1Q20) and R$10,497 paid out in 2021 for purchases made prior to December 31, 2020 (R$6,292 were disbursed in 1Q20 for 2019).

c) Impairment

The Company considers each store individually to be a cash-generating unit (CGU). CGUs are valued annually to check if the value of their assets in the financial statements does not exceed their recoverable value.

The Company uses the following criteria to identify assets that could show signs of impairment:

- *Operating profit before financial earnings* - In selecting stores for testing, the Company considers those with operating profits lower than the target set by the Company;
- Stores that recorded impairment in the previous year.

Furthermore, stores must be more than three years old, which is what the Company considers to be a mature store.

The company used after-tax cash flow projections based on financial budgets approved by Management, and consistent with the results presented in the past. The following premises were used to develop the discounted cash flows:

(i) Revenue: projected to the end of the store's lease term
(ii) Costs and expenses: projected in the same year as the revenue using a straight-line rate of 3%, which is the inflation estimated by the Brazilian Central Bank;
(iii) Discount rate: determined bearing in mind the risk-free rate, the business risk, third-party cost of capital and the Company's capital structure. The discount rate used was 8.72% annually. When calculating the discount rate, the Company considers lease liabilities as part of financing activities.

On March 31, 2021, the Company had provisions for impairment in the amount of R$ 25,250 (R$ 25,252 on December 31, 2020), R$ 20,688 of which referred to the impairment test (R$ 20,690 on December 31, 2020), and R$ 4,562 for store closings (R$ 4,562 on December 31, 2020).

(in thousand Reals unless otherwise stated)

16. Intangibles

a) a) Breakdown of Intangible assets (Parent Company and Consolidated)

Intangible assets	Cost	Accumulated amortization	Provisions for Impairment	March 31, 2021
Software	**601,730**	**(355,057)**	**(2)**	**246,671**
Goodwill	**59,519**	**(48,539)**	**(1,094)**	**9,886**
Intangibles in process	**58,977**	**-**	**-**	**58,977**
	720,226	**(403,596)**	**(1,096)**	**315,534**

Intangible assets	Cost	Accumulated amortization	Provisions for Impairment	December 31, 2020
Software	570,120	**(336,496)**	**(2)**	**233,622**
Goodwill	59,519	**(47,956)**	**(1,094)**	**10,469**
Intangibles in process	50,869	**-**	**-**	**50,869**
	680,508	**(384,452)**	**(1,096)**	**294,960**

b) Changes in Intangibles (Parent Company and Consolidated)

	Average amortization rate (% annual)	Balance on December 31, 2020	Additions (i)	Amortization	Disposals (Write-offs)	Transfers	Property and equipment transfers	Reversals (provisions) *Impairment*	Balance on March 31, 2021
	13%	**233,622**	**-**	**(18,482)**	**-**	**24,277**	**7,254**	**-**	**246,671**
Software	**10%**	**10,469**	**-**	**(583)**	**-**	**-**	**-**	**-**	**9,886**
Goodwill	**-**	**50,869**	**32,385**	**-**	**-**	**(24,277)**	**-**	**-**	**58,977**
Intangibles in process		**294,960**	**32,385**	**(19,065)**	**-**	**-**	**7,254**	**-**	**315,534**

	Average amortization rate (% annual)	Balance on December 31, 2019	Additions (i)	Amortization	Disposals (Write-offs)	Transfers	Property and equipment transfers	Reversals (provisions) *Impairment*	Balance on March 31, 2020
Software	13%	177,968	-	(15,341)	-	-	41,286	1	203,914
Goodwill	10%	9,372	-	(515)	-	-	-	-	8,857
Total		187,340	-	(15,856)	-	-	41,286	1	212,771

(i) From January to March 2021, the Company acquired R $ 32,385 of intangibles, of which R $ 12,150 are recorded as accounts payable with suppliers and R $ 12,070 were disbursed in 2021 related to acquisitions that occurred prior to December 31, 2020.

c) Impairment

Intangible assets, software and goodwill were also tested for impairment. The approach is the same used for property and equipment (Note 15.c).

(in thousand Reals unless otherwise stated)

17. Leases

Based on a Review of Technical Pronouncement 16/2020, which clarifies Technical Pronouncement CPC 06 (R2)/IFRS16 regarding COVID-19 related benefits granted to the lessors in Lease Agreements, the Company analyzed its leases together with its partner Lessors and concluded that the lease negotiations resulting from COVID-19 do not constitute a contractual amendment and thus have no impact on remeasurement of the leases. The discount obtained from negotiations in first quarter of 2021 was R$7,178 (R$ 89,781 in 2020), net of PIS/COFINS, recorded under results for the period, occupancy costs. Deferred payments with no further burden on the Company added up to R$5,799 and are booked under lease liabilities until they are settled.

Following the guidelines in CVM/SNC/SEP Memo 01/2020, the Company considers the cash flows of future payments without deducting potential PIS and COFINS credits, discounting them using a nominal incremental interest rate. This methodology is compliant with CPC06 (R2) /IFRS16.

The Company estimated the incremental borrowing rate, based on the Brazil risk-free interest rates for similar periods to its lease agreements, adjusted to the Company's credit situation (credit spread). Spreads were obtained from the spreads observed for debt securities issued by comparable Brazilian companies (debentures). Rates are updated for each new lease agreement.

Incremental rates based on lease terms

Contractual terms	Real Rate (% p.y.)	Nominal Rate (% p.y.)
0 to 3 years	1.8 - 3.2	4.0 - 8.2
3 to 5 years	2.2 - 4.2	5.4 - 9.4
5 to 6 years	2.7 – 4.0	5.9 - 9.2
6 to 10 (or more) years	3.9 - 5.1	7.0 - 10.4

(in thousand Reals unless otherwise stated)

a) Changes in the balance of lease right-of-use assets and liabilities are shown below (Parent Company and Consolidated):

	Right-of-use assets			
	Real Estate	**Equipment**	**Total**	**Lease liabilities**
Balance on December 31, 2020	1,507,566	6,872	1,514,438	(1,654,796)
Amortization (i)	(81,676)	(458)	(82,134)	-
Financial charges	-	-	-	(33,599)
Payments made (interest)	-	-	-	101,995
Re-measurements (ii)	50,329	(696)	49,633	(49,977)
Balance on March 31, 2021	**1,476,219**	**5,718**	**1,481,937**	**(1,636,377)**
Current liabilities				**(411,635)**
Non-current liabilities				**(1,224,742)**

(i) In this table amortization has not been corrected in the amount of R$ 9,208 for PIS/COFINS credits on lease payments, nor R$ 1,844 in interest, recorded directly as a reduction of amortization and interest expenses in the statements of operation.

(ii) This refers to the annual remeasurement inflation adjustments on minimal lease payments as per the respective agreements and lease renewals;

	Right-of-use assets			Lease liabilities
	Real Estate	**Equipment**	**Real Estate**	**Equipment**
Balance on December 31, 2019	1,501,141	6,674	1,507,815	(1,587,680)
Amortization (i)	(73,983)	(345)	(74,328)	-
Financial charges	-	-	-	(34,466)
Payments made (interest)	-	-	-	93,143
Provisions for dismantling costs	-	-	-	1,300
Impairment (Note 15.c)	90	-	90	-
Re-measurements (ii)	(5,478)	-	(5,478)	-
Amortization (i)	173,195	-	173,195	(173,195)
Balance on March 31, 2020	**1,594,965**	**6,329**	**1,601,294**	**(1,700,898)**
Current liabilities				(368,949)
Non-current liabilities				(1,331,949)

b) Comparison of lease projections in the different scenarios.

In compliance with CVM guidelines, and in order to provide the market with a comprehensive view of the different effects of applying models with and without inflation on the flow of minimum lease payments using a given discount rate (4.0% to 10.4%), below is to comparative list of the right-of-use lease liabilities, financial expenses, and amortization in the current period and for the upcoming periods, based on the following scenarios:

Scenario	Incremental rate	Future payments flow
1	Nominal	Including projections for inflation
2	Nominal	No projection for inflation (book value)

(in thousand Reals unless otherwise stated)

The Company is adopting scenario 2 for the period ending March 31, 2021, as per CPC06(R2) / IFRS16. Below are the estimated values for the periods ended in December.

	2020	2021	2022	2023	2024
Lease liabilities					
Scenario 1	1,674,382	1,363,975	1,066,454	777,812	500,591
Scenario 2 (book value)	**1,418,882**	**1,125,983**	**857,539**	**608,251**	**378,679**
Financial Charges					
Scenario 1	148,092	124,616	100,321	76,914	53,748
Scenario 2 (book value)	**126,967**	**104,017**	**81,578**	**60,912**	**41,366**
Depreciation Expenses					
Scenario 1	355,986	331,946	289,783	254,123	219,828
Scenario 2 (book value)	**319,340**	**296,074**	**256.521**	**223,622**	**192,480**
Total Expenses					
Scenario 1	504,078	456,562	390,104	331,037	273,576
Scenario 2 (book value)	**446,307**	**400,091**	**338,099**	**284,534**	**233,846**

c) Minimum future payments and potential PIS and COFINS rights (Parent Company and Consolidated)

Minimum future lease payments, according to the terms of the lease agreements, plus the fair value of the minimum lease payments are as follows:

	12/31/2021		**12/31/2020**	
Coming due	**Payments**	**Potential PIS/COFINS Rights**	**Payments**	**Potential PIS/COFINS Rights**
Less than one year	**423,483**	**(37,709)**	406,551	(36,602)
One to five years	**1,286,165**	**(115,926)**	1,286,360	(115,719)
Over five years	**367,009**	**(33,567)**	416,125	(38,005)
Total minimum payments	**2,076,657**	**(187,202)**	2,109,036	(190,326)
Minimum payments discounted to present value	**(440,280)**	**39,794**	(454,240)	41,118
Present value of the minimum payments	**1,636,377**	**(147,408)**	1,654,796	(149,208)
Current liabilities	**411,635**		390,603	
Non-current liabilities	**1,224,742**		1,264,193	

Potential PIS/COFINS rights refer to the amount the Company will have a right a recover if the expected future lease payments happen.

During the period ended March 31, 2021, the expense associated with the 16 variable lease agreements was R$ 449 (14 agreements or R$ 646 for the period ended December 31, 2020). Management believes it is not appropriate to project minimum payments due to the very nature of such expenses. Expenses associated with short-term leases and low-value assets totaled R$3,956 (R$ 5,137 on March 31, 2020), and refer to leasing printers and forklifts. Because of limited relevance, future commitments with minimum lease payments of low-value assets and short-term contracts are not presented, nor is any sensitivity analysis of variable expenses with leases and the factors that impact this variation.

(in thousand Reals unless otherwise stated)

The Company does not pledge real estate as collateral in any of its transactions.

d) Impairment

Right-of-use assets are also subject to impairment testing. The methodology is the same as for fixed assets (Note 15.c).

18. Trade payables

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Goods Suppliers	**495,657**	623,775	**495,657**	623,775
Material, asset, and service suppliers	**217,496**	324,746	**217,861**	324,770
Suppliers – forfeit agreements	**226,255**	235,179	**226,255**	235,179
	939,408	1,183,700	**939,773**	1,183,724
Current liabilities	**918,621**	1,158,890	**918,986**	1,158,914
Non-current liabilities	**20,787**	24,810	**20,787**	24,810

The Company offers advanced receivables at a discount over the face value to suppliers who sign a term agreeing with the Company's terms and conditions. This transaction may take place directly with the Company or thorough agreements with financial institutions.

Under these agreements, the financial institution advances a given amount to the supplier and, when this amount comes due, it is paid back by the Company. The decision to subscribe to this type of transaction is solely the supplier's. The agreement does not change the commercial conditions, terms and prices previously agreed between the Company and its supplier. For this reason, the balances payable were kept under the item "suppliers". Since April 2020, the Company has used an agreement for these transactions and received commissions in the amount of R$ 3,686 for the period ended March 31, 2021.

On March 31, 2021, the monthly rate varied between 0.75% and 1.21% (compared to 1.0% to 1.95% on December 31, 2020).

In the period ended March 31, 2021 the Company made no direct supplier advances, thus no revenue was generated. In this same period in 2020, R$ 244,132 were advanced and the resulting revenue of R$ 9,739 booked as financial income, net of funding costs. On March 31, 2021, the balance of payments advanced by C&A directly to suppliers with due dates after the date of advance was zero. (R$ 171,092 on March 31, 2020).

(in thousand Reals unless otherwise stated)

The Company discounts the balance of its trade payables to present value using interest rates close to those practiced in the industry. The monthly interest rates used to calculate the present value of outstanding payables on March 31, 2021 and December 31, 2020 were 0.20% and 0.16% respectively. The matching entry to the present value adjustment is made on inventories and the interest is recognized on a pro rata die basis in financial expenses.

19. Loans

a) Breakdown of the loans

			Parent Company and Consolidated	
Descriptions	**Rate (% p.y.)**	**Maturity**	**03/31/2021**	**12/31/2020**
Promissory Notes (i)	100% CDI+ 1.09%	2021 to 2023	**504,969**	501,267
CCB (ii)	100% CDI+ 3.45%	2021	**358,968**	354,226
CCB (iii)	100% CDI+ 2.95%	2023	**232,833**	235,748
CCB (iii)	100% CDI+ 2.90%	2022 to 2024	**124,449**	122,969
(-) Transaction costs to appropriate			**(2,164)**	(2,958)
Total			**1,219,055**	**1,211,252**
Current Liabilities			**417,680**	390,600
Non-current Liabilities			**801,375**	820,652

i. On April 3, 2020, the Company issued its first Promissory Notes in 6 series for public distribution with limited effort (CVM 476), in the amount of R$ 500,000 with a ticket equivalent to 100% of the accumulated variation in the daily DI rate plus a 1.09% annual surcharge payable in 3 years. The first settlement was in October 2020, in the amount of R$ 11,000. Further settlements will take place every 6 months, with interest payable at the end of the transaction.

ii. On April 9, 2020, the company issued two CCBs, which together totaled R$ 350,000, equivalent to 100% of the accumulated variation in the daily DI rates, plus a surcharge of 3.45% a year for payment in 1 year. Interest shall be paid on a half-yearly basis and capital will be amortized on the due date in 2021. The first interest payment was in October 2020. Captured funds will be used to reinforce working capital.

iii. On June 30, 2020, the Company issued two CCBs as follows:
- The first, in the amount of R$ 230,000, paying the equivalent of 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.95% and half-yearly interest payments in 6 installments. The principal will be amortized on the maturity date in 2023.
- The second, in the amount of R$ 120,000, paying the equivalent to 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.90% and

(in thousand Reals unless otherwise stated)

half-yearly interest payments in 6 installments of R$ 20,000, the first due in January 2022 and the last in June 2024.

The loans above were obtained without the need for a guarantee by the Company.

b) Payment forecast

The following is a forecast of the payment of long-term loans:

Maturity	Parent Company and Consolidated 03/31/2021
2021	393,232
2022	90,233
2023	695,590
2024	40,000
	1,219,055

c) Changes in loans

Changes in third party loans break down as follows:

	Parent Company and Consolidated	
	31/03/2021	**03/31/2020**
Balance on December 31	1,211,252	-
Interest	12,838	-
Funding costs	(26)	-
Amortization costs	820	-
Interest payments	(5,829)	-
Balance on March 31, 2021	**1,219,055**	-

d) Restrictive covenants

Based on the clauses of current agreements, the company must fulfill the following financial covenants, measured once a year on December 31:

(in thousand Reals unless otherwise stated)

- Maintain a Net Debt/Adjusted Ebitda ratio less than or equal to 3.0x, to be calculated each year based on the Consolidated Financial Statements. For this calculation, the Adjusted EBITDA for the last 12 (twelve) months is considered.

The Company monitors financial indicators that may impact the covenants on a monthly basis. The covenants are the normal ones for transactions of this nature and so far, have not limited limit the Company's ability to conduct its business in any way.

20. Labor liabilities

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Wages, profit sharing and payroll taxes	**52,302**	81,068	**52,302**	81,068
Vacation, 13th salary and social charges	**63,965**	59,500	**63,965**	59,500
	116,267	140,568	**116,267**	140,568
Current Liabilities	**111,566**	136,126	**111,566**	136,126
Non-current Liabilities	**4,701**	4,442	**4,701**	4,442

21. Taxes payable

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
ICMS	**8,330**	99,525	**8,330**	99,525
PIS/ COFINS	**25,109**	24,997	**25,122**	25,012
Other	**7,998**	7,415	**7,998**	7,415
	41,437	131,937	**41,450**	131,952
Current Liabilities	**16,328**	106,940	**16,341**	106,955
Non-current Liabilities	**25,109**	24,997	**25,109**	24,997

22. Provisions for tax, civil and labor proceedings, and judicial deposits

22.1. Provisions for tax, civil and labor proceedings (Parent Company and Consolidated)

The Company is a party in administrative and judicial claims of a tax, civil and labor nature. On the advice of its legal counsel, Management believes it must create provisions to cover likely and reasonably estimable losses where disbursement of financial resources by the Company is likely. The balance of provisions is as follows:

(in thousand Reals unless otherwise stated)

	12/31/2020	Constitution (reversal)	Utilization	Update	03/31/2021
Taxes	200,437	**761**	**(52)**	**439**	**201,585**
Labor 22.1 (iv)	74,994	**(42,873)**	**(3,084)**	**2,632**	**31,669**
Civil	8,884	**857**	**(921)**	**393**	**9,213**
Provisions for tax, civil and labor risks	284,315	**(41,255)**	**(4,057)**	**3,464**	**242,467**
Judicial deposits with corresponding liabilities	(54,191)	**-**	**-**	**(111)**	**(54,302)**
Net provisions for judicial deposits	230,124	**(41,255)**	**(4,057)**	**3,353**	**188,165**

	12/31/2019	Constitution (reversal)	Utilization	Update	03/31/2020
Taxes	179,919	378	-	837	**181,134**
Labor	89,505	(5,235)	(2,798)	3,167	**84,639**
Civil	4,138	(843)	(318)	223	**3,200**
Provisions for tax, civil and labor risks	273,562	(5,700)	(3,116)	4,227	**268,973**
Judicial deposits with corresponding liabilities	(39,720)	-	-	(246)	**(39,966)**
Net provisions for judicial deposits	233,842	(5,700)	(3,116)	3,981	**229,007**

Tax provisions refer substantially to discussions regarding the following taxes:

PIS/COFINS (taxes on revenue)

On March 31, 2021, the Company had provisions for PIS and COFINS risks in the amount of R$ 129,116 (R$ 128,753 on December 31, 2020). The most significant values are associated with credits used with inputs for its end-activity, in the amount of R$ 82,506 (R$ 82,271 on December 31, 2020), and Cofins Import credits, in the amount of R$ 38,966 (R$ 38,858 on December 31, 2020). For the latter case, on March 31, 2021 the Company hand an updated deposit balance in the amount of R$ 36,894 (R$ 36,785 on December 31, 2020).

ICMS (State Value Added Tax)

On March December 31, 2021, the Company had provisions for ICMS risk in the amount of R$ 40,029 (R$ 39,550 on December 31, 2020). The most significant values are associated with themes related to credit taken on trade payables to suppliers considered unqualified by the tax authorities, in the amount of R$ 10,391 (R$ 10,377 on December 31, 2020), and discussions regarding ICMS rates on energy, in the amount of R$ 16,814 (R$ 16,278 on December 31, 2020).

Other taxes

On March 31, 2021, the Company had provisions for tax risks related to other taxes in the amount of R$ 32,441 (R$ 32,135 on December 31, 2020). The most significant amounts are related to ISS - R$ 5,133 (R$ 5,105 on December 31, 2020), IPTU - R$ 8,604 (R$ 8,352 on December 31, 2020), and FGTS, in the annualized amount of R$ 16,767 (R$ 16,748 on

December 31, 2020). In the latter case the amount will not be corrected monthly as the index used is the reference rate, last updated by the relevant authorities in August 2017.

Civil and labor

In order to improve the measurement of amounts related to labor claims and, consecutively, the presentation of probable losses based on the experience of the last 4 (four) years, the Company has revised its methodology for similar labor claims, therefore, it is understood that the best estimate of the risk of loss (and consequently of the constitution of the provision) is to evaluate the historical performance behavior based on the effective losses in actions of this nature. Thus, the measurement of the provision for disputes labor has to be obtained by applying the historical percentage of losses on the total amount of the claim (which represents the maximum exposure that the Company is subject) reported for each process by the legal advisors of the Company. As a result of this review, the Company recorded a reversal of R$ 41,418 in the period. For civil cases, there was no change in the criteria.

Judicial deposits with corresponding liabilities

1% additional COFINS for imports

On March 7, 2013, the Company filed a lawsuit claiming the right to credit for the COFINS surtax levied on the import of some of its goods and obtained a preliminary injunction allowing it to take credit for such COFINS import surtax.
On March 26, 2018, said injunction was revoked. As such, the Company offered a guarantee to suspend the enforceability of the tax credit in order to continue challenging the matter in the higher courts. The Company made a judicial deposit in the amount of R$ 33,795, on March 31, 2021, the updated amount was R$ 36,894 (R$ 36,785 on December 31, 2020), equivalent to the credits taken during the period plus interest. The Company has provisions of R$ 38,966 (R$ 38,858 on December 31, 2020) for this.

FGTS

In September 2020, the Company reclassified the balance of the legal deposit created for FGTS, in the amount of R$ 16,686, to deposits with corresponding liabilities.

22.2. Judicial deposits

The Company is contesting the payment of certain taxes, contributions, and labor obligations, and has made judicial deposits to ensure that court discussions proceed, either because said deposits are required by the courts, or because of a strategic decision by Management to protect the Company's cash position.

(in thousand Reals unless otherwise stated)

The balance of judicial deposits recorded in assets by nature of the discussion is as follows:

	Parent Company and Consolidated	
	03/31/2021	**12/31/2020**
Tax	**46,610**	47,785
Civil and labor	**32,333**	33,728
Total	**78,943**	81,513

There is no provision for the judicial deposits mentioned above, based on the judgment of Management supported by its legal advisors.

22.3. Non-provisioned contingencies

On March 31, 2021, the Company had an updated amount of R$ 308,830 (R$307,829 on December 31, 2020) associated with judicial and/or administrative claims where it is considered the Company has possible chances of losses, and for this reason accounting provisions are not made, as per the relevant accounting standards.

Below is a summary of the main claims, with the amount of the principal plus interest and fines, which our legal advisors believes we may lose:

(a) PIS and COFINS - At the rate of zero on the sale of electronic goods - Law No. 11,196/05 ("Lei do Bem" - tax relief law): refers to a claim discussing the reinstatement of the benefit provided for by Law No. 11,196/05, suspending the enforcement of PIS and COFINS levy on the sale of electronic products, revoked by Provisional Measure # 690/2015, signed into Law # 13,241/15, On October 7, 2019, the Company was informed of the decision granting urgent interlocutory relief, guaranteeing the tax debt through an insurance bond in the amount of R$ 165 million. For this reason, considering that the initial petition was amended to allocate the same value to the case as the insurance bond, the non-provisioned contingency was adjusted. The updated amount on March 31, 2021 was R$ 172,800 (R$ 172,197 on December 31, 2020).

(b) Social Security Contribution on Healthcare and Hospitalization: notice of violation was issued against the Company demanding the payment of social security contributions supposedly levied on the amounts paid as Healthcare and Hospitalization to its insured employees for the period between December 12, 1997 and February 28, 2005, In February 2020, based on the favorable decision issued by the appeals power, part of the amount was reversed. On March 31, 2020, the updated balance of the proceeding totals R$ 8,171 (R$ 8,130 on December 31, 2020).

(c) PIS/COFINS - Non-cumulative taxation refers to notices of tax violations disallowing PIS and COFINS credits on expenses classified as inputs by the Company in 2012 and 2014. On March 31, 2021, the updated value of the tax violations classified as possible was approximately R$ 25,001 (R$ 24,926 on December 31, 2020).

(in thousand Reals unless otherwise stated)

(d) Import Taxes on Royalties refers to notices of tax violations demanding Import Taxes as well as PIS/PASEP and COFINS on imports due to failure to include royalties paid for the use of licensed brands in the basis for calculating imported goods. On March 31, 2021 R$ 99 were reversed to reflect the amount stated by the company's legal advisors in reports. Thus, the updated amount of the claims is R$ 17,149 (R$ 17,248 on December 31, 2020).

Regarding civil and labor claims, because of the diverse nature and features of these claims, Management believes that the amounts provisioned are those that best represent the Company's risks regarding such matters The Company does not believe it is feasible to determine the amount of non-provisioned labor and civil contingencies (involving possible but not probable loss) because, as a rule, the amount of the original claim is quite a bit different from the final amounts paid or settled.

Due to external factors not under the Company's control, it is not feasible to determine when the associated cash disbursements, if any, will be made in the event the Company loses any such claims.

23. Equity

23.1 Share capital

On March 31, 2021, the Company's share capital was R$ 1,847,177, represented by 308,245,068 fully paid-in common shares, 106,394,544 common shares in free-float (106,394,544 common shares in December 2020).

On March 31, 2021, the ownership of Company shares broke down as follows:

	31/03/2021		**12/31/2020**	
	Number of shares	**%**	**Number of shares**	**%**
COFRA SARL Investments	100,363,049	32.56%	100,363,049	32.56%
Incas SARL	100,939,166	32.75%	100,939,166	32.75%
COFRA Latin America	17,212	0.01%	17,212	0.01%
Management	531,097	0.17%	531,097	0.17%
Free Float	106,394,544	34.52%	106,394,544	34.52%
Total	308,245,068	100%	308,245,068	100%

According to the Bylaws, the Company is authorized to increase capital by as many as 135,000,000 new common shares, up to a limit of 443,245,068 common shares, regardless of any statutory reform, as per article 168 of Law 6,404 of 15 December 1976, as amended ("Brazilian Corporate Law").

The increase in share capital within the authorized limits shall be completed by issuing shares, convertible debentures or subscription warrants, as decided by the Board of Directors, which is responsible for setting the issuing terms, including price and form of payment. If payment takes the form of assets, the General Meeting shall be responsible for increasing the share capital, with input from the Fiscal Board, if any.

23.2 Capital reserves - shares issued

This refers to the reserve for options granted according to the stock-based compensation plan. See Note 9 for further details.

23.3 Legal reserve

The Company Bylaws stipulate that 5% of net profit will be taken as legal reserves, to the limit of 20% of the share capital.

23.4 Reserve for unrealized gains

On December 31, 2019, the Company allocated R$ 86,014 to the reserve of unrealized gains. On June 26, 2020, after deliberation by the General Meeting, this amount was transferred to the special dividend reserve which, on December 31, 2020, was fully absorbed by the 2020 loss. (See note 24).

23.5 Reserve for investments

The purpose of this reserve is to reinforce the Company's working capital and activities. The balance of this reserve, plus the balance of other profit reserves with the exception of contingency reserves, reserves for tax incentives and reserves for future profits may not exceed 100% (one hundred percent) of the share capital. Once this threshold is reached, and pursuant to article 199 of Law 11,638/07, the General Meeting shall determine how to distribute any surplus and shall use it to pay in or increase the capital stock or distribute dividends.

On June 26, 2020, the General Shareholder's Meeting decided to set aside R$ 748,300 of the 2019 profit as a reserve for investments, as per the capital budget.

On December 31, 2020, R$ 6,204 of the investment reserves were used to absorb part of the losses in 2020.

(in thousand Reals unless otherwise stated)

23.6 Reserve for tax incentives

The Company has ICMS tax incentives in the form of presumed credit due to its operations in the State of Santa Catarina. Thus, it recognizes the impact as credit in the statement of earnings in those periods in which it recognizes the related costs. Management set aside the amounts of these incentives as tax incentive reserves. On March 31, 2021, this reserve for tax incentives amounted to R$ 2,736 (R$ 1,874 on December 31, 2020).

23.7 Adjustments to equity valuation

This refers to the effective portion of financial instruments designated as cash flow hedge, as per Note 28.

24. Dividends and interest on shareholder's equity

As stipulated in the Company Bylaws, each period the Company shareholders have the right to receive the minimum mandatory 25% of net profits for the period, less legal reserves and plus the reversal of previous reserves, as dividends.

Part of the mandatory dividend for 2019 was allocated in 2020 to the reserve for unrealized gains and subsequently, in June / 20, to the special dividend reserve. The remaining dividends in the amount of R$ 78,133 (R$ 68,846 net of withholding income tax) were paid in December 2020.

For the year ended December 31, 2020, the Company posted a loss, and therefore did not calculate dividends to be paid.

		OSM June/2020		**Transactions in Dec 2020**		
	Balance on 03/31/2020	Constitution of a special reserve for dividends	**Balance on 30/06/2020**	Loss absorption	Payment of Interest on Equity	**Balance on 03/31/2021**
Reserve for unrealized gains	**86,014**	**(86,014)**	-	-	-	-
Dividends and interest on shareholder's equity	**144,834**	**(75,988)**	**68,846**	-	**(68,846)**	-
Interest on Shareholder's Equity	78,133	**-**	78,133	-	(78,133)	-
Withheld income tax on interest on shareholders' equity	(9,287)	**-**	(9,287)	-	9,287	-
Dividends	75,988	(75,988)	-	-	-	-
Special reserve for dividends	-	**162,002**	**162,002**	**(162,002)**	-	-
Mandatory dividends	**230,848**	-	**230,848**	**(162,002)**	**(68,846)**	**-**

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(in thousand Reals unless otherwise stated)

25. Net Revenue

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Sale of Goods	**1,008,287**	1,246,440	**1,008,287**	1,246,440
Cancellations and exchanges of goods	**(86,970)**	(74,473)	**(86,970)**	(74,473)
Sales taxes	**(212,935)**	(266,520)	**(212,935)**	(266,520)
Net revenue from goods	**708,382**	**905,447**	**708,382**	905,447
Commission revenue from the sale of financial services - Bradescard partnership	**58,980**	**62,940**	**58,980**	62,940
Commission revenue from the sale of partner insurance	**8,605**	**12,101**	**8,605**	12,101
Revenue from other commissions and services rendered	**6,609**	**4,319**	**6,609**	4,319
Net revenue from credit securitization	**-**	**-**	**747**	613
Taxes on commissions and services	**(7,212)**	**(8,542)**	**(7,247)**	(8,570)
Net revenue from services	**66,982**	**70,818**	**67,694**	71,403
	775,364	**976,265**	**776,076**	976,850

26. Earnings by nature

26.1. Classified by function

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cost of goods sold and services rendered	**(425,079)**	(500,519)	**(425,079)**	(500,519)
General and administrative expenses	**(77,573)**	(108,894)	**(78,060)**	(109,276)
Sales	**(448,408)**	(413,156)	**(448,408)**	(413,156)
Other operating income (expenses), net	**6,378**	(3,818)	**6,378**	(3,818)
	(944,682)	(1,026,387)	**(945,169)**	(1,026,769)

26.2. Cost of sales by nature

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cost of goods sold	**(419,568)**	(491,510)	**(419,568)**	(491,510)
Cost of services rendered	**(238)**	(300)	**(238)**	(300)
Other	**(5,273)**	(8,709)	**(5,273)**	(8,709)
	(425,079)	(500,519)	**(425,079)**	(500,519)

(in thousand Reals unless otherwise stated)

26.3. General and administrative expenses by nature

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Personnel	**(58,855)**	(61,718)	**(58,855)**	(61,718)
Third party materials/services	**(25,656)**	(23,486)	**(26,144)**	(23,868)
Depreciation and amortization	**(22,313)**	(20,324)	**(22,313)**	(20,324)
Depreciation of right-of-use	**(5,330)**	(4,671)	**(5,330)**	(4,671)
Occupancy (a)	**(900)**	(1,524)	**(900)**	(1,524)
Other (a)	**35,481**	2,829	**35,482**	2,829
	(77,573)	(108,894)	**(78,060)**	(109,276)

(a) The Company opted to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R$ 34, as a deduction of occupancy costs.

26.4. Selling expenses by nature

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Personnel	**(127,775)**	(140,758)	**(127,775)**	(140,758)
Third party materials/services	**(72,267)**	(50,554)	**(72,267)**	(50,554)
Depreciation of right-of-use	**(69,438)**	(63,155)	**(69,438)**	(63,155)
Depreciation and amortization	**(34,646)**	(39,937)	**(34,646)**	(39,937)
Occupancy	**(62,462)**	(58,812)	**(62,462)**	(58,812)
Advertising and promotions	**(56,100)**	(27,167)	**(56,100)**	(27,167)
Other	**(25,720)**	(32,773)	**(25,720)**	(32,773)
	(448,408)	(413,156)	**(448,408)**	(413,156)

(a) The Company opted to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R$ 7,562, as a deduction of occupancy costs.

26.5. Other net operating revenue (expenses) by nature

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Results from asset write-offs	**(335)**	(3,432)	**(335)**	(3,432)
Reversal (provision) of impairment:				
Store closings/refurbishments	**-**	3,687	**-**	3,687
Impairment test	**-**	(6,613)	**-**	(6,613)
Recovery of tax credits				
ICMS on the basis for calculating PIS/COFINS	**-**	518	**-**	518
Social security credits	**4,358**	-	**4,358**	-
Reversal (provision) of tax expenses	**(247)**	555	**(247)**	555
Other	**2,602**	1,467	**2,602**	1,467
	6,378	(3,818)	**6,378**	(3,818)

(in thousand Reals unless otherwise stated)

27. Finance results

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Exchange variation				
Exchange variation – purchase of goods	**(1,600)**	(12,436)	**(1,600)**	(12,436)
	(1,600)	(12,436)	**(1,600)**	(12,436)
Finance expenses				
Interest on third party loans	**(12,838)**	-	**(12,838)**	-
Bank expenses and IOF	**(492)**	(503)	**(493)**	(504)
Interest on taxes and contingencies	**(3,594)**	(5,834)	**(3,594)**	(5,834)
Interest on leases	**(31,755)**	(32,823)	**(31,755)**	(32,823)
Financial expenses of suppliers – present value adjustment	**(3,507)**	(5,813)	**(3,507)**	(5,813)
Other	**(827)**	(6)	**(827)**	(6)
	(53,013)	(44,979)	**(53,014)**	(44,980)
Finance income				
Interest (c)	**12,532**	9,420	**12,533**	9,422
Financial income of supplier	**3,599**	8,585	**3,599**	8,585
Other	**194**	419	**194**	419
	16,325	18,424	**16,326**	18,426
Net finance results	**(38,288)**	(38,991)	**(38,288)**	(38,990)

(a) To better reflect an analysis of the Company's financial performance, Management reclassified exchange variation expenses on March 31, 2020, formerly under "financial expenses" and "financial revenue".

(in thousand Reals unless otherwise stated)

28. Financial instruments and capital management

28.1. Financial risk management

The activities of the Company and its subsidiary expose them a number of financial risks, such as market risk (including exchange and interest rate risks), credit risk and liquidity risk.

a) Market Risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to market prices. Market prices include three types of risk: interest rate risk, exchange risk and price risk, which can be commodities, and shares, among others.

Interest rate risk

The Company is exposed to the risk of changes in interest rate that could impact returns on its short-term assets and financial liabilities indexed to the CDI. The Company ran tests using scenarios for the next disclosure to demonstrate how fluctuations in this index impact results. Interest rates for the favorable scenario were taken from the reference rates published on the B3 site on 03;31;2021 (annualized CDI of 3.03% and 0.74% for the three-month period)

		Parent Company and Consolidated						
					Increasing interest		Decreasing interest	
	Risk	Balance on 03/31/2021	Rate	Likely scenario	Possible scenario + 25%	Remove scenario + 50%	Possibl e scenari o - 25%	Remote scenario - 50%
Financial investments (ii)	Lower CDI	1,005,845	CDI	7,193	8,991	10,790	5,395	3,597
Loans	Higher CDI	(1,219,055)	CDI	(9,021)	(11,276)	(13,532)	(6,766)	(4,511)
Net exposure/Impact on earnings prior to IT/SC		**(213,210)**		**(1,828)**	**(2,285)**	**(2,742)**	**(1,371)**	**(914)**
Impact on earnings, net of IT/SC				**(1,206)**	**(1,508)**	**(1,810)**	**(905)**	**(603)**

(i) Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 101.23% of the CDI.

Exchange risk

Foreign currency exchange risk exists in future commercial transactions, primarily those associated with US-Dollar denominated imports. The foreign currency risk management policy is defined by Management and approved by the Auditing and Risk Management Committee.
The Company hedges against exchange variations in the outstanding balance of its imports by entering into Non-Deliverable Forward Contracts (NDFs) for highly probable

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budgeted purchases. The contracts based on the FOB value of the goods limits the exchange exposure and its effect on price composition. As soon as goods are nationalized, taxes must be paid that are not included in the hedge defined when contracting the NDF. The table below shows exposure to exchange variation related to orders issued and not covered by the hedge, and non-recoverable customs clearance taxes for which the Company is not hedged.

The 36% non-recoverable taxes on NDFs was determined according to the prevailing import tax percentages (35% on average) and the non-recoverable percentage of COFINS on imports (1%). The US Dollar exchange rate used in the sensitivity analysis was taken by the FOCUS report published by the Brazilian Central Bank on March 26, 2021.

				Negative Scenarios		
		Risk	**Notional USD (Payable)/ Receivable**	**Likely Scenario** **USD 1 = R$ 5,33**	**Possible Scenario +25%** **USD 1 = R$ 6,66**	**Remote Scenario + 50%** **USD 1 = R$ 8,00**
Hedge object	Purchasing orders for imported goods and imports in transit	Increase in the USD exchange	(19,174)	7,043	(18,459)	(44,152)
Hedge Instruments	NDF	Decrease in the USD exchange	22,526	(8,273)	21,686	51,871
	Net exposure of import orders		**3,352**	**(1,230)**	**3,227**	**7,719**
	Non-recoverable taxes **(36%)**		(6,903)	2,535	(6,645)	(15,895)
	Total net exposure		**(3,551)**	**1,305**	**(3,418)**	**(8,176)**
	Impact on earnings, net of IT/SC			**861**	**(2,256)**	**(5,396)**

USD on 03/31/2021 = R$ 5,6973

Financial instruments designated for hedge accounting

To handle its market risks, the Company manages its foreign currency exposure related to the purchase of goods by contracting derivative financial instruments pegged to the US dollar, considering the expected entry of the goods in the Company's inventory in the Company's official budget.

As of October 2016, the Company formally adopted cash flow hedge accounting for derivative instruments to cover its highly likely future imports, in order to hedge against oscillations in the cost of goods entered in inventories during periods of unfavorable exchange rates.

The hedging structure consists of hedging to highly likely transaction whereby imported goods to be sold by the Company will enter the inventory in USD, against the risk of variations in the US$ vs. R$ exchange rate, using derivative financial instruments such as NDFs as hedging instruments, in amounts, maturities and currencies equivalent to the import budget in US$.

Transactions for which the Company uses hedge accounting are highly likely and are exposed to variations in cash flow that could impact profit and loss and are highly effective in achieving exchange rate fluctuations or cash flow attributable to the hedged risk.

The following is a list of the hedge accounting instruments and expected periods for the import cash flow:

	USD thousand			**USD thousand**
Expected date	***Budget (hedged)***	**Due on**	**Counterparty**	**NDF reference value**
Apr'21	(345)	Apr'21	Bradesco	345
Apr'21	(2,389)	Apr'21	Itaú	2,389
Apr'21	(2,495)	Apr'21	Santander	2495
May'21	(2,905)	May'21	Itaú	2,905
May'21	(725)	May'21	Santander	725
Jun'21	(1,145)	Jun'21	Itaú	1,145
Jun'21	(2,090)	Jun'21	Santander	2,090
Jul'21	(959)	Jul'21	Itaú	959
Jul'21	(640)	Jul'21	Santander	640
Aug'21	(1,115)	Aug'21	Itaú	1,115
Sep'21	(760)	Sep'21	Itaú	760
Sep'21	(505)	Sep'21	Santander	505
Oct'21	(1,512)	Oct'21	Itaú	1,512
Nov'21	(2,362)	Nov'21	Itaú	2,362
Dec'21	(1,253)	Dec'21	Bradesco	1,253
Jan'22	(610)	Jan'22	Bradesco	610
Feb'22	(716)	Feb'22	Santander	716
Total	**(22,526)**			**22,526**

Financial instruments are measured at fair value in Level 2, which uses valuation techniques for which the lowest significant level of information for fair value measurement is directly or indirectly observable.

(in thousand Reals unless otherwise stated)

The following table shows the outstanding positions by maturity date of the forward contracts (Non-Deliverable Forwards - NDF) used to hedge exchange rate risk on March 31, 2021:

Derivative	Position	Contract	Contract date	Maturity date	Reference (notional) value - USD	Fair value
Term	Purchased	NDF	10/16/2020	04/22/2021	2,495	12
Term	Purchased	NDF	11/09/2020	04/22/2021	625	241
Term	Purchased	NDF	02/08/2021	04/22/2021	345	105
Term	Purchased	NDF	03/12/2021	04/22/2021	1,764	157
Term	Purchased	NDF	10/16/2020	05/19/2021	2,905	(104)
Term	Purchased	NDF	11/09/2020	05/19/2021	725	251
Term	Purchased	NDF	10/16/2020	06/16/2021	1,145	(39)
Term	Purchased	NDF	11/09/2020	06/16/2021	2,090	716
Term	Purchased	NDF	10/16/2020	07/21/2021	640	(20)
Term	Purchased	NDF	12/17/2020	07/21/2021	959	505
Term	Purchased	NDF	10/16/2020	08/18/2021	445	(18)
Term	Purchased	NDF	12/17/2020	08/18/2021	670	351
Term	Purchased	NDF	10/16/2020	09/15/2021	505	(21)
Term	Purchased	NDF	12/17/2020	09/15/2021	760	393
Term	Purchased	NDF	10/16/2020	10/20/2021	605	(33)
Term	Purchased	NDF	12/17/2020	10/20/2021	907	467
Term	Purchased	NDF	12/17/2020	11/17/2021	1,417	731
Term	Purchased	NDF	12/01/2020	11/17/2021	945	312
Term	Purchased	NDF	01/13/2021	12/15/2021	1,253	338
Term	Purchased	NDF	02/08/2021	01/19/2022	610	137
Term	Purchased	NDF	03/12/2021	02/16/2022	716	(10)
					22.526	**4.471**
Current assets						**4.718**
Current liabilities						**(247)**

Derivative financial instruments are entered at fair value. Thus, at the inception of the hedge transaction the book value and fair value are the same.

On March 31, 2021, non-settled NDF transactions had an outstanding balance net of tax effects in the amount of R$ 2,950 ((net outstanding debt of R$ 4,324 on December 31, 2020), recorded as other comprehensive income.
The amount presented in the statements of comprehensive income refers to the variation between operations not settled in 2020 and 2021. In the period ended March 31, 2021, the cost of goods sold was positively impacted by the gain in NDF transactions in the amount of R$ 1,914 (gain of R$ 6,402 in the same period of 2020).

During the period, NDF hedge transactions used to hedge the cash flow risk of import orders were effective, based on the rules set forth by CPC 48/IFRS 9. Should the transaction become ineffective, the ineffective portion is recognized directly in the earnings of the period in which this takes place.
There were no ineffective portions in the quarters ending March 31, 2021 and 2020.

b) Credit risk

i) Cash and cash equivalents

In accordance with the Company's policy, cash and cash equivalents must be invested in financial institutions rated as having low credit risk.

ii) Receivables

The Company's credit risk is minimized to the extent that assets represented by receivables from the sale of goods and services are intermediated by Bradescard and credit card companies. In the case of credit card companies, the risk is fully transferred to them, and the Company remains only with the risk of non-recognition of purchase by customers (chargebacks) for which an allowance for impairment is measured and recognized. For transactions intermediated by Banco Bradescard, there is a potential loss, contractually limited to 50% of the net doubtful receivables registered with that institution, in addition to customer chargebacks. Historically, credit losses resulting from the agreement with Banco Bradescard are smaller than the gains.

c) Liquidity risk

Based on the operation's cash cycle, Management approved a minimum cash policy to:

i) Protect itself in times of uncertainty;
ii) Ensure execution of its investment and expansion strategy;
iii) Ensure that a dividend distribution policy is maintained.

Management constantly monitors the expectation on the Company's liquidity and that of its subsidiary to ensure they have sufficient cash to meet their operational needs, investment plans and financial obligations.

The Company invests excess cash in financial assets with floating interest rates and daily liquidity (CDBs and LCAs of financial institutions that comply with the investment policy approved by Management).
The following table summarizes the maturity profile of the Company's consolidated financial liabilities:

(in thousand Reals unless otherwise stated)

On March 31, 2021	Less than 1 year	1 to 5 years	More than 5 years	Total
Other related party liabilities	65,118	-	-	65,118
Lease liabilities	411,635	901,591	323,151	1,636,377
Loans	417,680	801,375	-	1,219,055
Trade receivables	918,621	20,787	-	939,408
Total	**1,813,054**	1,723,753	**323,151**	**3,859,958**

28.2. Capital management

The goal of the Company's capital management is to ensure a financing structure is maintained for its operations.

The Company manages its capital structure by making suitable adjustments to changes in economic conditions. To keep this structure adjusted, the Company may make dividend payments and take out loans. There were no changes in the capital structure objectives, policies or processes in the period ending March 31, 2021.

Net Debt excluding Lease Liabilities	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Short and long-term loans	**1,219,055**	1,211,252	**1,219,055**	1,211,252
Cash and cash equivalents	**(1,036,572)**	(1,507,789)	**(1,038,471)**	(1,509,159)
Net debt (cash)	**182,483**	(296,537)	**180,584**	(297,907)
Non-controlling interests	**-**	-	**1**	2
Total shareholder's equity	**2,524,430**	2,654,798	**2,524,431**	2,654,800
Financial leverage index	**7%**	(11%)	**7%**	(11%)

On March 31, 2021, the balance of lease liabilities amounted to R$ 1,635,503 (R$ 1,654,796 on December 31, 2020). If lease liabilities are included in the capital management calculations, leverage would be 72%, as follows:

Net Debt including Lease Liabilities	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Net debt (cash)	**182,483**	(296,537)	**180,584**	(297,907)
Lease liabilities	**1,636,377**	1,654,796	**1,636,377**	1,654,796
Adjusted net debt	**1,818,860**	1,358,259	**1,816,961**	1,356,889
Total shareholder's equity	**2,524,430**	2,654,798	**2,524,431**	2,654,800
Financial leverage index	**72%**	51%	**72%**	51%

(in thousand Reals unless otherwise stated)

28.3. Financial instruments - classification

On March 31, 2021 and December 31, 2020, the financial instruments can be summarized and classified as follows:

Parent Company

On March 31, 2021	Amortized Cost	Fair value through other comprehensive results	Total
Financial assets			
Cash and cash equivalents	**1,036,572**	**-**	**1,036,572**
Trade receivables	**576,846**	**-**	**576,846**
Derivatives	**-**	**4,718**	**4,718**
Related parties	**986**	**-**	**986**
Judicial deposits	**78,943**	**-**	**78,943**
Financial liabilities			
Lease liabilities	**(1,636,377)**	**-**	**(1,636,377)**
Trade receivables	**(939,408)**	**-**	**(939,408)**
Loans	**(1,219,055)**	**-**	**(1,219,055)**
Derivatives	**-**	**(247)**	**(247)**
Related parties	**(65,118)**	**-**	**(65,118)**
Total on March 31, 2021	**(2,166,611)**	**4,471**	**(2,162,140)**

December 31, 2020	Amortized Cost	Fair value through other comprehensive results	Total
Financial assets			
Cash and cash equivalents	1,507,789	-	1,507,789
Trade receivables	1,063,742	-	1,063,742
Derivatives	-	238	238
Related parties	785	-	785
Judicial deposits	81,513	-	81,513
			-
Financial liabilities			-
Lease liabilities	(1,654,796)	-	(1,654,796)
Trade receivables	(1,183,700)	-	(1,183,700)
Derivatives	(1,211,252)	-	(1,211,252)
Related parties	-	(6,788)	(6,788)
Lease liabilities	(34,766)	-	(34,766)
Total on December 31, 2020	(1,430,685)	(6,550)	(1,437,235)

(in thousand Reals unless otherwise stated)

Consolidated

On March 31, 2021	Amortized Cost	Fair value through other comprehensive results	Total
Financial Assets			
Cash and cash equivalents	**1,038,471**	**-**	**1,038,471**
Trade receivables	**576,895**	**-**	**576,895**
Derivatives	**-**	**4,718**	**4,718**
Related parties	**156**	**-**	**156**
Judicial deposits	**78,943**	**-**	**78,943**
Financial Liabilities			
Leases	**(1,636,377)**	**-**	**(1,636,377)**
Trade payables	**(939,773)**	**-**	**(939,773)**
Loans	**(1,219,055)**	**-**	**(1,219,055)**
Derivatives	**-**	**(247)**	**(247)**
Related parties	**(65,118)**	**-**	**(65,118)**
Total on March 31, 2021	**(2,165,858)**	**4,471**	**(2,161,387)**

On December 31, 2020	Amortized Cost	Fair value through other comprehensive results	Total
Financial Assets			
Cash and cash equivalents	1,509,159	-	1,509,159
Trade receivables	1,063,844	-	1,063,844
Derivatives	-	238	238
Related parties	124	-	124
Judicial deposits	81,513	-	81,513
Financial Liabilities			
Lease liabilities	(1,654,796)	-	(1,654,796)
Trade payables	(1,183,724)	-	(1,183,724)
Loans	(1,211,252)	-	(1,211,252)
Derivatives	-	(6,788)	(6,788)
Related parties	(34,766)	-	(34,766)
Total on December 31, 2020	(1,429,898)	(6,550)	(1,436,448)

28.4. Changes in liabilities associated with financing activities

	December 31, 2020	Cash flows	Interest Incurred	Other	March 31, 2021
Leases (i)	1,654,796	(101,995)	33,599	49,777	1,636,377
Loans	1,211,252	(5,855)	12,838	820	1,219,055
Total	**2,866,048**	**(107,850)**	**46,437**	**50,797**	**2,855,432**

(i) The amount of R$49,977 presented in “Others” refers to the re-measurement of the correction of lease liabilities due to annual review to adjust minimum lease payments based on the inflation in the lease agreements.

(in thousand Reals unless otherwise stated)

	December 31, 2019	Cash flow	Interest	New leases	Other (ii)	March 31, 2020
Leases	1,587,680	(94,443)	34,466	19,683	153,512	1,700,898
Dividends and interest on equity	144,834	-	-	-	-	144,834
Total	**1,732,514**	**(94,443)**	**34,466**	**19,683**	**153,512**	**1,845,732**

(ii) The amount presented in "Others" corresponds to the initial recognition of leases and remeasurement of lease liabilities (Note 17).

29. Insurance

The Company has a policy of keeping insurance coverage in the amount that Management considers appropriate to cover possible risks to its property and equipment (basic coverage: fire, lightning, explosion and other property and equipment policy coverage), inventories, civil liability, and transportation of goods. Below is the maximum indemnity limit for each coverage:

	Consolidated	
	03/31/2021	12/31/2020
Civil Liability and D&O	**125,998**	125,998
Property and Inventory	**439,957**	439,957
Shipping	**81,533**	63,815
	647,488	629,770

30. Retirement plan

Together with other related companies, the Company participates as a sponsor of Cyamprev - Sociedade de Previdência Privada, to provide private pension plans to supplement the general social security system. The benefit plans are structured in the form of Defined Contribution (DC), and the amount of monthly income is linked to the financial amount of the accumulated contributions on behalf of each participant. After payments start the monthly income is updated on an annual basis based on the participant's updated balance. Pension plan contributions are made by active participants and/or the sponsor. The plans guarantee a minimum benefit equivalent to three monthly salaries of each participant, calculated in proportion to their length of service and paid out in a single installment at the end of their employment link and eligibility for retirement. Contributions to the plans for this minimum benefit are made exclusively by the Company.

In 2021 the Company contributed R$ 1,670 (R$ 459 on March 31, 2021) to the plans, entered as an expense in the earnings for the period. The total number of participating employees on March 31, 2021 was 10,301 (11,685 on December 31, 2020), with 192 participants under care (181 on December 31, 2020).

In accordance with CPC 33/IAS19, approved by CFC Resolution 1,193/09, the Company recognizes an actuarial asset when: (a) the Company controls a resource, which is the ability to use the surplus to generate future benefits, (b) that control is a result of past events (contributions paid by the Company and service rendered by the employee), and (c) future economic benefits are available to the Company in the form of a reduction in future contributions.

(in thousand Reals unless otherwise stated)

On March 31, 2021, the fair value of the plan assets related to the minimum benefit described above, exceeded the actuarial present value of the accumulated benefit obligations by approximately R$ 1,319 (R$ 2,209 on December 31, 2020).

31. Earnings per share

The following chart shows the determination of net profit available to the holders of common shares, and the weighted average of outstanding common shares used to calculate basic and diluted earnings (loss) per share in each period, already considering retrospective adjustment for share grouping:

Basic earnings per share	**03/31/2021**	**03/31/2020**
Loss for the period	(138,539)	(55,365)
Weighted average of the number of common shares	308,245,068	308,245,068
Basic loss per share - in R$	(0.4494)	(0.1796)

Diluted earnings per share	**03/31/2021**	**03/31/2020**
Loss for the period	(138,539)	(55,365)
Weighted average of the number of common shares	308,245,068	308,245,068
Weighted average of the options granted as part of the stock-based compensation plan	-	388,105
Weighted average of the diluted number of common shares	308,245,068	308,633,173
Diluted loss per share - in R$	(0.4494)	(0.1794)

The only financial instrument providing dilution is the stock-based compensation plan, described in detail in Note 9. On March 31, 2021, considering the fair value of the Company's common shares and the average share price in the period, the compensation plan would provide an anti-dilution effect, which is why it was not considered in the calculation shown above On March 31, 2020 the share-based compensation plan provided dilution.