
Interim Financial Statements
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Interim Financial Statements

C&A Modas S.A.

September 30, 2021 and 2020
and the Report of the Independent Auditor

C&A Modas S.A.

Interim Financial Statement

September 30, 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.
Barueri - 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 September 30, 2021, comprising the statement of financial position as of September 30, 2021 and the related statements of profit or loss and comprehensive income for the three and nine-month periods then ended, and the statements of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information 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).

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the nine-month periods ended September 30, 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, November 11, 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 September 30, 2021 and December 31, 2020
(in thousand Reals)

	Note	Parent Company		Consolidated	
		09/30/2021	12/31/2020	**09/30/2021**	12/31/2020
Assets					
Current					
Cash and cash equivalents	6	**968,595**	1,507,789	**969,382**	1,509,159
Trade receivables	7	**873,032**	1,063,742	**873,108**	1,063,844
Derivatives	28.1.a	**2,424**	238	**2,424**	238
Related parties	8	**164**	785	**158**	124
Inventory	10	**882,753**	641,020	**882,753**	641,020
Taxes recoverable	11	**314,570**	282,233	**314,881**	282,660
Other assets	12	**41,397**	22,933	**41,397**	22,933
Total current assets		**3,082,935**	3,518,740	**3,084,103**	3,519,978
Non-current assets					
Long-term assets					
Taxes recoverable	11	**1,322,568**	1,157,357	**1,322,568**	1,157,357
Deferred taxes	13	**429,099**	71,492	**429,099**	71,492
Judicial deposits	22.2	**61,618**	81,513	**61,618**	81,513
Related parties	8	**147**	-	**147**	-
Other assets	12	**2,512**	2,684	**2,512**	2,684
Total long-term assets		**1,815,944**	1,313,046	**1,815,944**	1,313,046
Investments	14	**1,073**	875	**-**	-
Property and equipment	15	**712,252**	667,225	**712,252**	667,225
Right-of-use assets - leases	17	**1,598,836**	1,514,438	**1,598,836**	1,514,438
Intangible assets	16	**402,219**	294,960	**402,683**	294,960
Total non-current assets		**4,530,324**	3,790,544	**4,529,715**	3,789,669
Total assets		**7,613,259**	7,309,284	**7,613,818**	7,309,647

C&A Modas S.A.

Statements of Financial Position
On September 30, 2021 and December 31, 2020
(in thousand Reals)

	Note	Parent Company		Consolidated	
		09/30/2021	12/31/2020	**09/30/2021**	12/31/2020
Liabilities and equity					
Current liabilities					
Leases liabilities	17	**454,401**	390,603	**454,401**	390,603
Trade payables	18	**1,061,367**	1,158,890	**1,061,688**	1,158,914
Loans and debentures	19	**105,901**	390,600	**105,901**	390,600
Derivatives	28.1.a	**496**	6,788	**496**	6,788
Labor liabilities	20	**158,640**	136,126	**158,640**	136,126
Related parties	8	**34,177**	34,766	**34,177**	34,766
Interest on shareholder's equity and dividends payable	24	**-**	-	**-**	1
Taxes payable	21	**51,525**	106,940	**51,535**	106,955
Income Taxes payable		**-**	-	**226**	321
Other liabilities		**34,322**	26,637	**34,322**	26,637
Total current liabilities		**1,900,829**	2,251,350	**1,901,386**	2,251,711
Non-current assets					
Lease liabilities	17	**1,314,639**	1,264,193	**1,314,639**	1,264,193
Trade payables	18	**19,659**	24,810	**19,659**	24,810
Loans and debentures	19	**1,268,825**	820,652	**1,268,825**	820,652
Labor liabilities		**6,265**	4,442	**6,265**	4,442
Provisions for tax, civil and labor proceedings	22	**197,126**	230,124	**197,126**	230,124
Taxes payable	21	**26,751**	24,997	**26,751**	24,997
Other liabilities		**37,960**	33,918	**37,960**	33,918
Total non-current liabilities		**2,871,225**	2,403,136	**2,871,225**	2,403,136
Total liabilities		**4,772,054**	4,654,486	**4,772,611**	4,654,847
Equity					
Capital stock	23	**1,847,177**	1,847,177	**1,847,177**	1,847,177
Capital reserve		**25,590**	19,375	**25,590**	19,375
Profit reserve		**800,269**	792,570	**800,269**	792,570
Other comprehensive income (loss)		**1,272**	(4,324)	**1,272**	(4,324)
Retained earnings		**166,897**	-	**166,897**	-
Equity attributable to equity holders of the parent		**2,841,205**	2,654,798	**2,841,205**	2,654,798
Non-controlling interests		**-**	-	**2**	2
Total equity		**2,841,205**	2,654,798	**2,841,207**	2,654,800
Total liabilities and equity		**7,613,259**	7,309,284	**7,613,818**	7,309,647

See accompanying notes.

C&A Modas S.A.

Statement of Operations
Quarters and nine-month periods ended September 30, 2021 and 2020
(in thousand Reals - R$)

		Parent Company			
		Current quarter	Year-to-Date	Same quarter previous year	Previous year
	Note	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Net Revenue	25	**1,338,806**	**3,289,239**	1,066,229	2,336,300
Cost of sales and services rendered	26	**(740,069)**	**(1,792,302)**	(612,126)	(1,263,881)
Gross profit		**598,737**	**1,496,937**	454,103	1,072,419
Operating (expenses) income:					
General and administrative expenses	26	**(135,618)**	**(344,430)**	(114,597)	(333,284)
Selling expenses	26	**(517,232)**	**(1,422,411)**	(409,146)	(1,099,301)
Share of profit of subsidiaries	14	**65**	**198**	134	314
Other operating income (expenses) net	26	**13,357**	**145,507**	30,168	25,931
Operating loss before finance results		**(40,691)**	**(124,199)**	(39,338)	(333,921)
Foreign exchange variation		**(1,902)**	**(616)**	(211)	(12,921)
Finance expenses		**(73,442)**	**(181,577)**	(61,113)	(161,825)
Finance income		**33,556**	**120,760**	48,233	81,505
Finance results	27	**(41,788)**	**(61,433)**	(13,091)	(93,241)
Loss before income taxes		**(82,479)**	**(185,632)**	(52,429)	(427,162)
Income taxes	13	**326,383**	**360,228**	24,221	151,508
Net income (loss) for the period		**243,904**	**174,596**	(28,208)	(275,654)

See accompanying notes.

C&A Modas S.A.

Statement of Operations
Quarters and nine-month periods ended September 30, 2021 and 2020
(In thousand Reals - R$, except for earnings per share)

		Consolidated			
		Current quarter	Year-to-Date	Same quarter previous year	Previous year
	Note	**07/01/2021 to 09/30/2021**	**01/01/2021 to 09/30/2021**	**07/01/2020 to 09/30/2020**	**01/01/2020 to 09/30/2020**
Net Revenue	25	**1,339,406**	**3,291,072**	1,067,151	2,338,493
Cost of sales and services rendered	26	**(740,069)**	**(1,792,302)**	(612,126)	(1,263,881)
Gross profit		**599,337**	**1,498,770**	455,025	1,074,612
Operating (expenses) income:					
General and administrative expenses	26	**(136,083)**	**(345,840)**	(115,248)	(334,846)
Selling expenses	26	**(517,232)**	**(1,422,411)**	(409,146)	(1,099,301)
Other operating income (expenses) net	26	**13,359**	**145,509**	30,167	25,930
Operating loss before finance results		**(40,619)**	**(123,972)**	(39,202)	(333,605)
Foreign exchange variation		**(1,902)**	**(616)**	(211)	(12,921)
Finance expenses		**(73,443)**	**(181,580)**	(61,114)	(161,828)
Finance income		**33,558**	**120,763**	48,234	81,510
Finance results	26	**(41,787)**	**(61,433)**	(13,091)	(93,239)
Loss before income taxes		**(82,406)**	**(185,405)**	(52,293)	(426,844)
Income taxes	13	**326,310**	**360,001**	24,085	151,190
Net income (loss) for the period		**243,904**	**174,596**	(28,208)	(275,654)
Attributable to:					
Non-controlling interests		**-**	**-**	**-**	**-**
Equity holders of the parent		**243,904**	**174,596**	(28,208)	(275,654)
		243,904	**174,596**	(28,208)	(275,654)
Basic profit (loss) per share - in R$	31	**0.7913**	**0.5664**	(0.0915)	(0.8943)
Diluted profit (loss) per share - in R$	31	**0.7913**	**0.5664**	(0.0915)	(0.8943)

See accompanying notes.

C&A Modas S.A.

Statement of comprehensive income (loss)
Quarters and nine-month periods ended September 30, 2021 and 2020
(in thousand Reals - R$)

	Parent Company			
	Current quarter	Year-to-Date	Same quarter previous year	Previous year
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Net income (loss) for the period	**243,904**	**174,596**	(28,208)	(275,654)
Other comprehensive results:				
Gain (loss) from derivatives	**7,736**	**8,478**	(3,007)	7,629
Tax effects	**(2,630)**	**(2,882)**	1,023	(2,594)
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	**5,106**	**5,596**	(1,984)	5,035
Total comprehensive results	**249,010**	**180,192**	(30,192)	(270,619)

	Consolidated			
	Current quarter	Year-to-Date	Same quarter previous year	Previous year
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Net income (loss) for the period	**243,904**	**174,596**	(28,208)	(275,654)
Other comprehensive results:				
Gain (loss) from derivatives	**7,736**	**8,478**	(3,007)	7,629
Tax effects	**(2,630)**	**(2,882)**	1,023	(2,594)
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	**5,106**	**5,596**	(1,984)	5,035
Total comprehensive results	**249,010**	**180,192**	(30,192)	(270,619)
Attributable to the shareholders:				
Non-controlling interests	**-**	**-**	-	-
Equity holders of the parent	**249,010**	**180,192**	(30,192)	(270,619)
	249,010	**180,192**	(30,192)	(270,619)

See accompanying notes.

C&A Modas S.A.

Statements of Changes in Equity
Nine-month periods ended September 30, 2021 and 2020
(in thousand Reals - R$)

			Capital reserve		Profit reserve						Other comprehensive income			
	Note	Capital stock	Capital reserve	Shares granted	Legal reserve	Special reserve for dividends	Reserve for unrealized gains	Reserve for tax incentives	Reserve for investments	Adjustments to equity valuation	Accumulated loss	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	-	-	4,366	-	-	-	-	-	-	-	4,366	-	4,366
Destination of profits:														
Special reserve for dividends		-	-	-	-	86,014	(86,014)	-	-	-	-	-	-	-
Minimum dividends 2019 (i)		-	-	-	-	75,988	-	-	-	-	-	75,988	-	75,988
Loss for the period		-	-	-	-	-	-	-	-	-	(275,654)	(275,654)	-	(275,654)
Other comprehensive results:														
Derivative results	28.a.iii	-	-	-	-	-	-	-	-	7,629	-	7,629	-	7,629
Tax effects	28.a.iii	-	-	-	-	-	-	-	-	(2,594)	-	(2,594)	-	(2,594)
At September 30, 2020		1,847,177	10,516	5,497	48,600	162,002	-	-	748,300	2,865	(275,654)	2,549,303	2	2,549,305
Balance 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	**-**	**-**	**6,215**	**-**	**-**	**-**	-	**-**	-	**-**	**6,215**	**-**	**6,215**
Destination of profits:														
Loss for the period		**-**	**-**	**-**	-	**-**	-	-	-	-	**174,596**	**174,596**	**-**	**174,596**
Reserve for tax incentives	23.6	**-**	**-**	**-**	**-**	**-**	**-**	**7,699**	**-**	-	**(7,699)**	**-**	**-**	**-**
Other comprehensive results:														
Derivative results	28.a.iii	**-**	**-**	**-**	**-**	**-**	**-**	-	-	**8,478**	**-**	**8,478**	**-**	**8,478**
Tax effects	28.a.iii	**-**	**-**	**-**	**-**	**-**	**-**	-		**(2,882)**	**-**	**(2,882)**	**-**	**(2,882)**
At September 30 2019		**1,847,177**	**10,516**	**15,074**	**48,600**	**-**	-	**9,573**	**742,096**	**1,272**	**166,897**	**2,841,205**	**2**	**2,841,207**

(i) Following approval by the Shareholders at the Ordinary Meeting held on June 26, 2020, R$ 75,988 of the minimum mandatory dividends for 2019 were partially withheld as a Special dividends reserve (Note 24).

See accompanying notes.

C&A Modas S.A.

Statements of cash flow
Nine-month periods ended September 30, 2021 and 2020
(in thousand Reals - R$)

	Note	Parent Company		Consolidated	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020
Operating activities					
Income (loss) before income tax		**(185,632)**	(427,162)	**(185,405)**	(426,844)
Adjustments to reconcile income before income taxes to net cash flows:					
Allowance for (reversal) for expected credit losses	7c	**3,619**	3,771	**3,619**	3,771
Adjustment to present value of accounts receivables and suppliers	7d and 18	**(148)**	(3,159)	**(148)**	(3,159)
Expenses with stock-based compensation	9	**6,215**	4,366	**6,215**	4,366
Provisions for inventory losses	10b	**29,360**	27,655	**29,360**	27,655
Gains/Recognition of tax claims	11(i.iv)	**(253,947)**	(14,710)	**(253,947)**	(14,710)
Share of profit of subsidiaries	14	**(198)**	(314)	**-**	-
Depreciation and amortization	15b and 16b	**178,503**	182,082	**178,503**	182,082
Impairment reversal of property and equipment, intangible and right-of-use assets	15c	**81**	(7,071)	**81**	(7,071)
Losses from the sale or disposal of property and equipment and intangible assets		**4,628**	7,173	**4,628**	7,173
Depreciation of right-of-use	17a	**252,435**	226,267	**252,435**	226,267
Interest on leases	17a	**107,753**	106,785	**107,753**	106,785
Interest on loans	19c	**49,778**	23,062	**49,778**	23,062
Amortization of the transaction costs on loans	19c	**1,856**	1,243	**1,856**	1,243
Provisions (reversal) for tax, civil and labor proceedings	22.1	**18,323**	28,654	**18,323**	28,654
Derivative operations		**-**	1	**-**	1
Update of judicial deposits		**(1,505)**	(1,387)	**(1,505)**	(1,387)
Variations in assets and liabilities					
Trade receivables		**183,861**	472,520	**183,887**	472,524
Related parties		**(115)**	(1,302)	**(770)**	(2,044)
Inventory		**(271,093)**	(245,108)	**(271,093)**	(245,108)
Taxes recoverable		**56,399**	(12,173)	**56,515**	(11,990)
Other credits		**(26,045)**	(14,014)	**(26,045)**	(14,014)
Judicial deposits		**(9,613)**	2,925	**(9,613)**	2,925
Suppliers		**(105,023)**	(77,959)	**(104,726)**	(77,604)
Labor liabilities		**24,337**	16,586	**24,337**	16,586
Other debits		**11.727**	3,412	**11,727**	3,412
Provisions for tax, civil and labor proceedings		**(20,308)**	(14,026)	**(20,308)**	(14,026)
Taxes payable		**(52,195)**	(168,094)	**(52,443)**	(168,374)
Income tax and social contribution paid		**(1,727)**	(30,094)	**(1,806)**	(30,233)
Cash flow originating (invested in) operating activities		**1.326**	89,929	**1,208**	89,942
Investment activities					
Purchase of property and equipment		**(167,904)**	(81,676)	**(167,904)**	(81,676)
Purchase of intangible assets		**(162,760)**	(46,790)	**(163,224)**	(46,790)
Receivables from the sale of property and equipment		**82**	86	**82**	86
Cash flow used in investment activities		**(330,582)**	(128,380)	**(331,046)**	(128,380)
Financing activities					
New loans and debentures issued		**500,000**	1,200,000	**500,000**	1,200,000
Loan/debenture transaction costs		**(3,788)**	(4,994)	**(3,788)**	(4,994)
Repayment of loans		**(362,500)**	-	**(362,500)**	-
Interest paid on loans		**(21,872)**	-	**(21,872)**	-
Repayments and interest paid on leases		**(321,778)**	(281,993)	**(321,778)**	(281,993)
Interest on shareholder's equity paid		**-**	-	**(1)**	-
Cash flow obtained from (used in) financing activities		**(209.938)**	913,013	**(209,939)**	913,013
Increase (decrease) in cash and cash equivalents		**(539,194)**	874,562	**(539,777)**	874,575
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		**968,595**	1,320,197	**969,382**	1,321,684

See accompanying notes.

C&A Modas S.A.

Statements on value added
Nine-month periods ended September 30, 2021 and 2020
(in thousand Reals - R$)

	Parent Company		Consolidated	
	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	01/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020
Revenue				
Sale of goods and services	**4,255,699**	2,992,578	**4,257,621**	2,994,878
Other revenue	**188,806**	79,169	**188,806**	79,169
Allowance for expected credit losses	**(795)**	3,686	**(795)**	3,686
	4,443,710	3,075,433	**4,445,632**	3,077,733
Inputs acquired from third parties				
Cost of sales and services sold	**(1,721,207)**	(1,223,211)	**(1,721,207)**	(1,223,211)
Materials, energy, third-party services and others	**(676,716)**	(527,906)	**(678,122)**	(529,471)
Impairment of assets	**(51,631)**	(23,269)	**(51,631)**	(23,269)
	(2,449,554)	(1,774,386)	**(2,450,960)**	(1,775,951)
Gross value added	**1,994,156**	1,301,047	**1,994,672**	1,301,782
Depreciation and amortization	**(178,503)**	(182,083)	**(178,503)**	(182,083)
Depreciation of right-of-use	**(229,849)**	(205,658)	**(229,849)**	(205,658)
	(408,352)	(387,741)	**(408,352)**	(387,741)
Net value added	**1,585,804**	913,306	**1,586,320**	914,041
Value added received through transfer				
Share of profit of subsidiary	**198**	314	**-**	-
Finance income	**129,642**	117,585	**129,644**	117,589
	129,840	117,899	**129,644**	117,589
Total value added for distribution	**1,715,644**	**1,031,205**	**1,715,964**	**1,031,630**
Distribution of value added				
Personnel	**525,931**	475,019	**525,932**	475,019
Direct compensation	**391,485**	341,117	**391,485**	341,117
Benefits	**93,601**	75,542	**93,601**	75,542
Severance pay fund (FGTS)	**32,554**	30,756	**32,554**	30,756
Other	**8,291**	27,604	**8,292**	27,604
Taxes and contributions	**690,652**	584,526	**690,968**	584,951
Federal	**(10,083)**	110,247	**(9,767)**	110,672
State	**661,509**	438,722	**661,509**	438,722
Municipal	**39,226**	35,557	**39,226**	35,557
Debt remuneration	**324,465**	247,314	**324,468**	247,314
Rentals	**136,199**	32,402	**136,199**	32,402
Finance expenses	**188,266**	214,912	**188,269**	214,912
Compensation on equity	**174,596**	(275,654)	**174,596**	(275,654)
Profit (loss) for the period	**174,596**	(275,654)	**174,596**	(275,654)
Distribution of value added	**1,715,644**	1,031,205	**1,715,964**	1,031,630

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 personal loans, and the intermediation in brokering and promoting the distribution of insurance, capitalization bonds and related products offered by insurers and other third-parties third parties offering of such products.

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

The Company sells its goods in 308 stores and 4 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, were not audited or reviewed by our Independent auditors.

2. Basis of Preparation

The Company's individual and consolidated interim financial statements for the quarter ended September 30 2021 were prepared based on accounting practices used 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 based on the premise of a going concern of the consolidated entities. All 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 in managing 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 as a going concern. Furthermore, Management is unaware of any material uncertainty that might create significant questions on its ability to remain a going concern. Thus, these interim financial statements were prepared based on an assumption of a going concern.

The issuing of the individual and consolidated interim financial statements for the quarter ended September 30, 2020 was authorized by the Board of Directors on November 11, 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 period of uncertainty regarding the pandemic, the scenario has started to show signs of improvement, especially as vaccinations advance in cities and states. As a result, consumers are more confident to return to their pre-pandemic routines and purchase goods beyond food and healthcare items. The Company continues to adopt all the safety protocols required by the government in all 308 of its stores, to ensure the safety of its customers and associates and keep the virus from further proliferating. Company sales have been consistently recovering, in line with the market. Management monitors the situation and updates its financial projections at every new relevant evidence. These projections are used to measure and assess the sufficiency of the existing accounting estimates in the reporting period and this interim report.

Below are the main assessments made in the preparation of the Company's financial statements for the period ending September 30, 2021:

Impairment - In 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 on results. In 2021, given a more stable scenario, Management decided to review its estimates annually, as required by accounting standards.

Liquidity - The Company continues to monitor its very short-term cash and availability position, and pays attention to new opportunities and mechanisms that will improve management and efficiency, always looking at a 12-month horizon. In 2020, the Company captured R$ 1.2 billion (Note 19) in promissory notes and bank credit certificates (CCBs), which is enough to ensure liquidity in this period. In nine-month period ended September 30, 2021, the company settled part of its short-term loans, in the amount of R$ 362,500, and issued long-term debentures in the amount of R$ 500,000 (Note 19). In addition to these funds, The Company is also using previously unused PIS/Cofins credits (Note 11) and pay supplier advances via an agreement (Note 18).
These initiatives have kept the cash balance at a level suitable for Company operations.

Hedge Accounting - With sales, and thus the purchase of goods, returning to normal, our operations with derivatives for which we use hedge accounting remained in effect on September 30, 2021 (Note 28). They were also in effect in 2020.

Inventories - Our inventories are at a level considered adequate by the Company. The increase between December 31, 2020 and September 302021 is primarily due to opening new stores and new business, and preparing our inventories for the events of the last quarter in the year.
The Company assessed the recoverable value of its inventory on December 31, 2020 and September30, 2021, and concluded it has sufficient allowances for possible inventory losses (Note 10).

(in thousand Reals unless otherwise stated)

Lease Renegotiations - The Company adopted the practical expedient stipulated in the Review of Technical Pronouncement CPC06 (R2), which is equivalent to the amendment of IFRS 16 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$ 33,222 (R$ 94,159 in 2020) directly in earnings. The Company analyzed CVM Resolution 41, which amended CPC 06 R2 and concluded it had no impact on its financial statements (Note 17).

Realization of deferred tax assets and taxes to be recovered - Management reviewed its revenue and taxable income projects for the coming years. On September 30, 2021 the expectation was that previously unused tax credits enabled for use would be used by 2024. Credits where the Company is still waiting for a ruling and/or enablement should be realized by 2025. The expectation is that deferred taxes will be used within 10 years (Notes 11 and 13).

Restatement of comparative balances

To make it easier to compare the numbers and make the Company operations clearer to its investors, Management has reviewed its accounting policies related to disclosing tax contingencies, as a result we reclassified reversals and provisions for general and administrative expenses to Other Net Operating Revenue (Expenses) Given that this review took part when we were preparing and disclosing our financial statements for the period ended December 31, 2020, as per note 2 to said financial statements, in the current interim period the Company reclassified such amounts for the comparable period ending September 30, 2020 to make the periods comparable. As this is a reclassification between lines under operating expenses it does not change the results for the period, nor does it affect other accounting lines that make up the Company interim financial report.

Below are the values and lines impacted as a result of this reclassification:

	Parent Company			Consolidated		
Statement of Earnings	**As previously reported on 09/30/2020**	**Reclassification**	**Balance on September 30, 2020 (Resubmitted**	**As previously reported on 09/30/2020**	**Reclassification**	**Balance on September 30, 2020 (Resubmitted)**
Net Revenue	2,336,300	-	2,336,300	2,338,493	-	2,338,493
Cost of sales and services rendered	(1,263,881)	-	(1,263,881)	(1,263,881)	-	(1,263,881)
Gross profit	**1,072,419**	-	**1,072,419**	**1,074,612**	-	**1,074,612**
General and administrative expenses	(332,880)	**(404)**	(333,284)	(334,442)	**(404)**	(334,846)
Sales	(1,099,301)	-	(1,099,301)	(1,099,301)	-	(1,099,301)
Share of profit of subsidiaries	314	-	314	-	-	-
Other operating income (expenses) net	25,527	**404**	25,931	25,526	**404**	25,930
Profit before financial results	**(333,921)**	-	**(333,921)**	**(333,605)**	-	**(333,605)**
Finance results	**(93,241)**	-	**(93,241)**	**(93,239)**	-	**(93,239)**
Income before income taxes	**(427,162)**	-	**(427,162)**	**(426,844)**	-	**(426,844)**
Net profit for the period	**(275,654)**	-	**(275,654)**	**(275,654)**	-	**(275,654)**

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, payment services as an issuer of electronic currency, an issuer of post-paid payment 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 but not yet in effect

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 regarding 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 position 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.

On July 22, 2021 the Brazilian Securities and Exchange Commission (CVM) issued a resolution approving the application of CPC 5- = Insurance Agreements, thus revoking CVM Decision 563 of December 17, 2008 regarding previous CPC-11 - Insurance Agreements statement.

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 a liability would not impact its classification only if that derivative is embedded into a convertible liability is itself an equity instrument

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

5. Significant accounting judgments, estimates and premises

The accounting estimates involved in preparing the 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) Analysis of the recovery of values of property and equipment and 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
l) Determination of incremental interest rates and contract deadlines to be used to book lease liability cash flows.

The company is the defendant in labor claims of a similar nature, i.e. recurring content, generally filed by claimants who held certain positions and roles and filed suit based on successful similar claims filed by others in the past. In the period ending March 31 2021, the Company revised the methodology used to calculate labor provisions for such labor claims and believed it appropriate to estimate the risk of losses (and thus the creation of provisions) based on the history of how these claims have played out and the consequent losses. Thus, the measurement of provisions for labor claims is not obtained by applying the historical percent losses to the total value of the claim (which is the maximum exposure to which the Company is subject) for each claim, as informed by the Company's legal advisors. This measurement is reviewed semiannually, with the most recent review being in September 2021.

Measuring losses in labor claims considers experience and the history of labor losses in the previous 4 (four) years, it is reviewed at least annually (further details in note 22.1.iv).

(in thousand Reals unless otherwise stated)

6. Cash and cash equivalents

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash	**4,265**	3,799	**4,265**	3,799
Banks	**36,772**	62,243	**37,559**	63,613
Short-term investments	**927,558**	1,441,747	**927,558**	1,441,747
	968,595	1,507,789	**969,382**	1,509,159

The Company has cash equivalents in the form of fixed-yield financial investments indexed to 95% to 103% 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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Card Operators	**816,768**	1,023,553	**816,768**	1,023,553
Commissions receivable - telephony suppliers	**9,781**	8,969	**9,781**	8,969
Commissions receivable - insurers	**6,554**	8,241	**6,554**	8,241
Credit rights	**-**	-	**76**	102
Bradescard partnership	**24,690**	20,927	**24,690**	20,927
Other	**31,136**	17,154	**31,136**	17,154
Allowances for expected credit losses	**(15,897)**	(15,102)	**(15,897)**	(15,102)
	873,032	1,063,742	**873,108**	1,063,844

(in thousand Reals unless otherwise stated)

b) Aging of trade accounts receivable, net of allowance for expected losses

	Parent Company		Consolidated	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
Coming due:				
Up to 30 days	**393,228**	432,862	**393,229**	432,862
31 – 60 days	**203,762**	269,020	**203,762**	269,020
61 – 90 days	**114,125**	153,170	**114,125**	153,170
91 – 120 days	**54,815**	67,457	**54,815**	67,457
121 – 150 days	**35,539**	46,396	**35,539**	46,396
151 to 180 days	**25,778**	31,788	**25,778**	31,788
Longer than 180 days	**41,157**	58,530	**41,157**	58,530
	868,404	1,059,223	**868,405**	1,059,223
Past due:				
Up to 30 days	**843**	452	**843**	452
31 – 60 days	**69**	977	**69**	977
61 – 90 days	**660**	124	**659**	124
Over 90 days	**3,056**	1,790	**3,132**	1,892
	4,628	3,343	**4,703**	3,445
Trade receivables not recognized by customers (*)	**-**	1,176	**-**	1,176
Total	**873,032**	1,063,742	**873,108**	1,063,844

(*) Includes Banco Bradescard credit card sales unrecognized by the card owners (charge-back), in the amount of R$ 1,162 on September 30, 2021, (R$ 1,965 on December 31, 2020), and thus considered in the provision for expected 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$ 12,096 on September 30, 2021 (R$ 10,917 on December 31, 2020), the responsibility for unblocking procedures belongs to Banco Bradescard.

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

	09/30/2021	**09/30/2020**
Balance on December 31	**(15,102)**	(19,715)
(Provision)/Reversal	**(3,619)**	(3,771)
Loss	**2,824**	7,457
Balance on September 30	**(15,897)**	(16,029)

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 September 30, 2021 and December 31, 2020 were 0.44% 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 September 30, 2021 and December 31, 2019, the outstanding balances in related party transactions were the following:

Assets	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Accounts receivable				
Instituto C&A de Desenvolvimento Social (*)	**17**	89	**17**	89
COFRA Latin America (*)	**8**	6	**8**	6
Orion Inst. Pagamento (*)	**6**	12	**-**	-
Cyamprev Soc. Previd. Privada	**76**	29	**76**	29
	107	136	**101**	124
Dividends receivable				
Orion Inst. Pagamento	**-**	649	**-**	-
	-	649	**-**	-
Prepaid expenses				
C&A Services	**204**	-	**204**	-
	204	-	**204**	-
Total related party assets	**311**	785	**305**	124
Related party liabilities - current	**164**	785	**158**	124
Related party liabilities – non-current	**147**	-	**147**	-

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

Liabilities	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Accounts payable				
C&A Sourcing	**33.130**	32.568	**33.130**	32.568
Instituto C&A de Desenvolvimento Social	**-**	302	**-**	302
Cyamprev Soc. Previd. Privada	**1.031**	1.849	**1.031**	1.849
COFRA Latin America	**16**	47	**16**	47
	34.177	34.766	**34.177**	34.766
Interest on shareholder's equity and dividends				
COFRA Latin America	**-**	-	**-**	1
	-	-	**-**	1
Total related party liabilities	**34.177**	34.766	**34.177**	34.767
(-) Interest on equity and related party dividends	**-**	-	**-**	(1)
Current related party liabilities	**34.177**	34.766	**34.177**	34.766

(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	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Reimbursements for shared expenses				
Cyamprev Soc. Prev. Privada	**1,118**	380	**1,118**	380
Instituto C&A de Desenvolvimento Social	**15**	97	**15**	97
COFRA Latin America	**61**	61	**61**	61
Orion Inst. Pagamento	**62**	62	**-**	-
Famamco Administração de Bens	**-**	46	**-**	46
Porticus Latin America Consult	**-**	52	**-**	52
	1,256	698	**1,194**	636
Revenue from services rendered				
C&A Mexico	**4,085**	4,086	**4,085**	4,086
	4,085	4,086	**4,085**	4,086
Goods purchased				
C&A Sourcing	**(145,774)**	(201,143)	**(145,774)**	(201,143)
	(145,774)	(201,143)	**(145,774)**	(201,143)
Services purchased				
C&A Services	**(1,051)**	(1,059)	**(1,051)**	(1,059)
COFRA Latin America	**(145)**	(139)	**(145)**	(139)
	(1,196)	(1,198)	**(1,196)**	(1,198)
Pension fund contributions				
Cyamprev Soc. Prev. Privada	**(3,940)**	(3,783)	**(3,940)**	(3,783)
	(3,940)	(3,783)	**(3,940)**	(3,783)

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

During the three and nine-month periods ending on September 30, 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)

<u>Compensation of members of the Board of Directors and Executive Board</u>

Expenses (paid and payable) associated with Officer compensation in the periods ending September 30, 2021 and 2020 were as follows:

	Parent Company and Consolidated	
	09/30/2021	**09/30/2020**
Fixed Compensation	**10,644**	**11,640**
Variable Compensation	**2,271**	**600**
Contributions for post-employment plans	**238**	**449**
Long-Term Incentives	**4,681**	**5,741**
Total	**17,834**	**18,430**

The Ordinary General Meeting held on April 30, 2021 approved a change in the Company's Bylaws and global annual compensation for Board and Executive Board members for fiscal year 2021, in the amount of up to R$ 28,283 (R$ 30,934 for fiscal year 2020).

9. Stock-based compensation plan

The Company currently has a Stock Option Plan approved at the Ordinary General Meeting held on October 2, 2019, from which programs approved by the Board and Executive Board members and respective granting for eligible persons derive. To date, grants have been carried out within the scope of programs approved in 2019 and in 2021 ("Outorgas 2019" and "Outorgas 2021", respectively).

<u>*Outorgas* 2019:</u>

The first stock-based compensation program was approved at a meeting of the Board of Directors held on 21 October 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 the 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. It is subject to verification of the following: the average price per share on the Brazilian stock exchange (B3 S.A. – Brasil, Bolsa, Balcão) in the 22 (twenty two) trading sessions that immediately precede 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 value per share distributed as dividends and interest on equity, and adjusted to reflect any share 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 may not be exercised for three years after the date of transfer.

No options were exercised, expired or were canceled during the period. However, as mentioned above, all stock was replaced in an equal amount.

The weighted average contractual term for the stock options remaining on September 30, 2021 was 4.06 years. The weighted average fair value of the options granted during the period is R$ 8,89 in the original program, and R$ 2,64 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.

Outorgas 2021:

The Performance Share Units program was approved at a meeting of the Board of Directors on February 24, 2021. The meeting approved granting 1,412,194 options to senior managers in a single batch.

The value of the shares will be paid in a single installment (100% of the batch) at the end of the three-year grace period following the date granted.

The price of the global exercise payable by the executives for the vested options on each anniversary is R$ 1,00. After the transfer date there will be no more restrictions on the vested options.

During the period no options were exercised, expired or canceled.

The contractual term for the stock options remaining on September 30, 2021 was 2.40 years. The fair value of the options granted during the period was R$ 12,45.

The exercise price shall be adjusted whenever dividends are paid or stock is grouped or split.

(in thousand Reals unless otherwise stated)

Changes

Program	Initial balance on 01/01/2021	Granted	Exercised	Cancelled	Final balance on 09/30/2021
Outorgas 2019	1,148,148	0	0	0	1,148,148
Outorgas 2021	0	1,412,194	0	0	1,412,194
Total	**1,148,148**	**1,412,194**	**0**	**0**	**2,560,342**

Premises:

	Outorgas 2019 (original)			Outorgas 2019 (substitution add-on)			Outorgas 2021
	Batch 1	**Batch 2**	**Batch 3**	**Batch 1**	**Batch 2**	**Batch 3**	**Single batch**
Pricing model	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
Dividend yield	1.10%	1.10%	1.10%	0.00%	0.00%	0.00%	0%
Risk-free rate	4.41%	4.78%	5.31%	5.63%	5.95%	6.20%	6,395%
Price per share considered	16,89	16,89	16,89	16,89	16,89	16,89	11,63
Expected lifetime of the options	10/21/2020	10/21/2021	10/21/2022	10/21/2023	10/21/2024	10/21/2025	02/24/2024
Fair value on the date measured	8.09	8.45	8.73	4.46	3.11	1.37	12.45
Expected annual volatility	31.26%	35.73%	36.55%	36.64%	37.79%	37.10%	53.92%

During the first nine months of 2021, the Company recognized R$ 6,215 (R$ 4,366 in the period in 2020) in expenses associated with its Outorgas 2019 and Outorgas 2021, using as the counterpart the capital reserve account - stock granted. The following expenses will be recognized in subsequent periods:

	Program	
Year	**Outorgas 2019**	**Outorgas 2021**
2021	464	1,477
2022	1,054	5,859
2023	-	5,859
2024	-	883
	1,518	**14,078**

(in thousand Reals unless otherwise stated)

10. Inventory

a) Inventory breakdown

	Parent Company and Consolidated	
	09/30/2021	**12/31/2020**
Goods for resale	**887,921**	622,353
Goods sold and in transit for delivery to customers	**2,760**	2,894
Goods held by third parties	**-**	17,564
Present value adjustment	**(9,123)**	(2,169)
Provisions for losses	**(26,600)**	(34,108)
	854,958	606,534
Imports in transit	**27,795**	34,486
	882,753	641,020

b) Changes in provisions for losses

Changes in the period:

	09/30/2021	**09/30/2020**
Balance on December 31	**34,108**	32,202
Composition/Reversals	**29,360**	17,330
Actual losses	**(36,868)**	(25,233)
Balance on September 30	**26,600**	24,299

Changes in the quarter

	09/30/2021	**09/30/2020**
Balance on June 30	**49,965**	39,399
Composition/Reversals	**11,667**	7,819
Actual losses	**(35,032)**	(22,919)
Balance on September 30	**26,600**	24,299

Throughout the year, the Company performs periodic physical counts of goods it classifies as high risk of loss; a full physical count is performed for all items once a year. As physical counts are performed, adjustments are recorded as actual losses, consuming provisions for inventory losses booked for this purpose. By September 30, 2021 the Company had finished inventorying 303 locations (275 in the period ending September 30, 2020).

Provisions for lost inventory are made in proportion to sales, which is sensitive to the traffic in stores.

(in thousand Reals unless otherwise stated)

11. Taxes recoverable

	Parent Company		Consolidated	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
ICMS (State VAT)	**78,301**	49,010	**78,301**	49,010
PIS/COFINS (taxes on revenue)	**5,063**	7,812	**5,063**	7,812
Previously unused PIS / COFINS credit	**1,524,794**	1,361,210	**1,524,794**	1,361,210
Witholding tax	**7,530**	3,250	**7,538**	3,258
IT/SC (Income taxes and social contribution)	**6,201**	10,522	**6,504**	10,941
IPI (excise tax)	**328**	345	**328**	345
Other	**14,921**	7,441	**14,921**	7,441
	1,637,138	1,439,590	**1,637,449**	1,440,017
Current assets	**314,570**	282,233	**314,881**	282,660
Non-current assets	**1,322,568**	1,157,357	**1,322,568**	1,157,357

(i) Previously unused PIS / COFINS credit

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

The Company filed two lawsuits claiming the right to the exclude ICMS from the PIS and COFINS tax base, and to offset the amounts unduly paid in the past. One claim was filed on 01/17/2007 covering the period between 2002 and 2014, and the second, filed on 03/09/2017, for the period between 2015 and 2017.

On March 21 2019, the favorable final ruling on the injunction seeking recognition of the right to not include ICMS in the basis for calculating PIS and COFINS in the period between January 2002 and December 2014 was passed, in line with the decision made in leading case RE 574706, judged by the STF in terms of general repercussion, in which it is recognized that the ICMS informed in a tax document is not part of the calculation basis of the contribution to PIS and COFINS.

Thus, in fiscal period 2019 the Company recognized PIS/COFINS tax credits in the amount of R$ 1,282,030, deferred to March 17, 2020, ensuring the right to offset this credit. On September 30, 2021 the balance of previously unused credits was R$ 1,151,014.

On May 13, 2021 the Federal Supreme Court confirmed the exclusion of ICMS from the basis for calculating PIS and COFINS. As result, on June 30, 2021, even though the final ruling has yet to be passed, the Company recognized tax credits relative to the second lawsuit for the period between 2015 and 2017, updated to R$ 236,836 on September 30, 2021.

(in thousand Reals unless otherwise stated)

Management expects that updated tax credits from the first lawsuit will be offset by 2024, given the tax debits generated from normal Company operations, as shown in item (i.iii).

(i.ii) Credit for 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) recognition of the fruition of the REINTEGRA benefits resulting from the sale of domestic goods to the FTZ.

Thus, the assets 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 were recognized.

On September 30, 2021 the balance of previously unused credit was R$ 136,944. Realizing these credits shall respect the deadlines determined in applicable legislation from the moment the credits are enabled by the Brazilian Federal Revenue Service.

(i.iii) Expected realization of previously unused PIS/COFINS credits on September 30, 2021.

Year	R$
2021	74,933
2022	274,912
2023	379,516
2024	421,652
Waiting for enablement	136,945
Waiting for the final, unappealable court ruling	236,836
Total	**1,524,794**

(i.iv) Changes in previously unused PIS and COFINS credits in the period and on December 31, 2020:

In the period:

	09/30/2021	09/30/2020	12/31/2020
Balance on December 31	**1,361,210**	1,282,030	1,282,030
Recognition	**173,339**	-	141,856
Interest	**80,608**	14,710	91,864
Offset by	**(90,363)**	(52,466)	(154,540)
Balance at the end of the period	**1,524,794**	1,244,274	1,361,210

(in thousand Reals unless otherwise stated)

In the quarter:

	09/30/2021	09/30/2020
Balance at the start of the period	**1,565,743**	1,255,146
Interest	**10,393**	3,258
Offset by	**(51,342)**	(14,130)
Balance at the end of the period	**1,524,794**	1,244,274

12. Other assets

	Parent Company and Consolidated	
	09/30/2021	12/31/2020
Prepaid expenses	**30,885**	18,213
I.P.T.U. [property tax]	**5,670**	68
Employee loans and advances	**2,714**	3,940
Actuarial assets	**2,474**	2,209
Supplier advances	**-**	1,148
Other	**2,166**	39
	43,909	25,617
Current assets	**41,397**	22,933
Non-current assets	**2,512**	2,684

13. Income Tax and Social Contribution

On September 24, 2021, the Federal Supreme Court (STF), in terms of general repercussion, established the understanding for the non-levy of IRPJ and CSLL on the amounts related to the correction of the tax overdue by the Selic Rate. On January 9, 2012, the Company filed a Writ of Mandamus claiming the right of non-levy of IRPJ and CSLL on amounts resulting from monetary restatement, including Selic, applied on repetitions of tax overdue in which the case was won. in favor of the Company or by successful companies the previously recognized deferred tax, and a supplement of R$ 38,948 to the deferred tax asset balance.

In this scenario, and based on the interpretation of ICPC 22 (Uncertainty on the Treatment of Taxes on Profit) and CPC 32 (Taxes on Profit), the Company proceeded to record its best estimate, to date, in the amount of R $298,084, comprised of the reversal of BRL 259,136 of previously recognized deferred tax liability, and a supplement of BRL 38,948 of the balance of deferred tax

The Company is awaiting the conclusion of its action, to ascertain the necessary elements arising from the specific circumstances surrounding the case, including the respective qualification of the credits before the RFB, and only then will it start to offset the amounts

(in thousand Reals unless otherwise stated)

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

In the period:

	Balance on December 31, 2020	Increase/(Reduction) in earnings	Increase/(Reduction) in shareholder's equity	Balance on 09/30/2021
Tax losses carryforward	265,898	173,353	-	**439,251**
Temporary differences:				
Provisions for tax, civil and labor proceedings	96,667	(675)	-	**95,992**
Provisions for losses in inventories and accounts receivable	16,175	(941)	-	**15,234**
Provisions for loss of property and equipment and right-of-use assets	9,824	28	-	**9,852**
Provisions for profit sharing	15,976	(4,143)	-	**11,833**
CPC 06 (R2)/IFRS 16 leases	46,626	12,775	-	**59,401**
Other	79,369	(16,084)	(2,882)	**60,403**
Deferred tax assets	**530,535**	**164,313**	**(2,882)**	**691,966**
Gains from legal cases (i)	(456,033)	203,722	-	**(252,311)**
Present value adjustment	(3,010)	(7,546)	-	**(10,556)**
Adjustment to fair value	-	-	-	**-**
Deferred tax liabilities	**(459,043)**	**196,176**	**-**	**(262,867)**
Balance of deferred tax (liabilities) assets	**71,492**	**360,489**	**(2,882)**	**429,099**

	Balance on December 31, 2019	Increase/(Reduction) in earnings	Increase/(Reduction) in shareholder's equity	Balance on September 30 2020
Tax losses carryforward	174,654	140,033	-	314,687
Temporary differences:				
Provisions for tax, civil and labor proceedings	31,838	(3,631)	-	28,207
Provisions for losses in inventories and accounts receivable	22,109	(8,638)	-	13,471
Provisions for the loss of property and equipment	11,915	(2,404)	-	9,511
Provisions for profit sharing	15,069	(6,828)	-	8,241
CPC 06 (R2)/IFRS 16 leases	28,459	14,551	-	43,010
Present value adjustment	-	2,112	-	2,112
Other	121,245	13,149	(2,594)	131,800
Deferred tax assets	**405,289**	**148,344**	**(2,594)**	**551,039**
Tax credits due to exclusion of ICMS from the basis for calculating PIS and COFINS	(435,890)	12,837	-	(423,053)
Present value adjustment	(2,375)	2,375	-	-
Adjustment to fair value	(12,655)	12,655	-	-
Deferred tax liabilities	**(450,920)**	**27,867**	**-**	**(423,053)**
Balance of deferred tax (liabilities) assets	**(45,631)**	**176,211**	**(2,594)**	**127,986**

(i) The amount of R$ 252,311 is comprised of: R$ 218,858 is related to the deferral 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$ 31,353 refers to winning the Manaus Free Trade Zone claim (note 11), R$ 834 refers to Suframa and R$ 1,266 to the favorable ruling in the PAT (Worker Meal Program) claim.

(in thousand Reals unless otherwise stated)

In the quarter:

	Balance on June 30, 2021	Increase/(Reduction) in earnings	Increase/(Reduction) in shareholder's equity	Balance on 09/30/2021
Tax losses and negative bases	**384,117**	55,134	-	**439,251**
Temporary differences:				
Provisions for tax, civil and labor proceedings	**94,900**	1,092	-	**95,992**
Provisions for losses in inventories and accounts receivable	**22,645**	(7,411)	-	**15,234**
Provisions for loss of property and equipment and right-of-use assets	**9,852**	-	-	**9,852**
Provisions for profit sharing	**7,662**	4,171	-	**11,833**
CPC 06 (R2)/IFRS 16 leases	**55,338**	4,063	-	**59,401**
Other	**65,477**	(2,444)	(2,630)	**60,403**
Deferred tax assets	**639,991**	**54,605**	**(2,630)**	**691,966**
Gains from legal cases (i)	**(525,105)**	272,794	-	**(252,311)**
Present value adjustment	**(9,540)**	(1,016)	-	**(10,556)**
Adjustment to fair value	**-**	-	-	**-**
Deferred tax liabilities	**(534,645)**	**271,778**	**-**	**(262,867)**
Balance of deferred tax (liabilities) assets	**105,346**	**326,383**	**(2,630)**	**429,099**

	Balance on 06/30/2020	Increase/(Reduction) in earnings	Increase/(Reduction) in shareholder's equity	Balance on 09/30/2020
Tax losses and negative bases	298,555	16,132	-	314,687
Temporary differences:				
Provisions for tax, civil and labor proceedings	29,912	(1,705)	-	28,207
Provisions for losses in inventories and accounts receivable	18,373	(4,902)	-	13,471
Provisions for the loss of property and equipment	13,240	(3,729)	-	9,511
Provisions for profit sharing	5,712	2,529	-	8,241
CPC 06 (R2)/IFRS 16 leases	38,752	4,258		43,010
Present value adjustment	2,996	(884)		2,112
Other	117,619	13,158	1,023	131,800
Deferred tax assets	**525,159**	**24,857**	**1,023**	**551,039**
Tax credits due to exclusion of ICMS from the basis for calculating PIS and COFINS	(417,093)	(5,960)	-	(423,053)
Deferred tax liabilities	**(417,093)**	**(5,960)**	**-**	**(423,053)**
	108,066	**18,897**	**1,023**	**127,986**

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.

(in thousand Reals unless otherwise stated)

b) Expected realization of deferred tax assets on September 30, 2021

Year	R$
2021	124,691
2022	71,499
2023	63,187
2024	97,325
2025	112,885
2026 to 2028	195,358
2029 to 2031	27,021
	691,966

c) Reconciliation of effective rate

	Parent Company		Consolidated	
	09/30/2021	**09/30/2020**	**09/30/2021**	**09/30/2020**
Pre-tax losses	**(185,632)**	(427,162)	**(185,405)**	(426,844)
Income tax and social contribution expenses at statutory rates - 34%	**63,115**	145,235	**63,038**	145,127
Adjustments to reflect the effective rate				
Share of profit of subsidiaries	**67**	107	**-**	-
Non-deductible donations	**(1,310)**	(869)	**(1,310)**	(869)
PAT (worker meal program) and the culture incentive law	**-**	497	**-**	497
Adjustments in transfer pricing	**(1,214)**	3,678	**(1,214)**	3,678
Technology innovation (R&D) incentives	**(70)**	-	**(70)**	-
Corporate gifts and non-deductible fines	**(801)**	(334)	**-**	(334)
Investment Subsidies	**2,618**	-	**2,618**	-
IT and SC from previous periods	**(261)**	-	**(261)**	-
Equity Instruments Granted	**-**	385	**-**	385
Inventory	**-**	1,589	**-**	1,589
Share issuing expenses	**-**	1,155	**-**	1,155
Other additions and exclusions	**-**	65	**(902)**	(56)
Tax overpayment/recognigtion	**298,084**	-	**298,084**	-
Taxes calculated on the portion exempt from the additional 10%	**-**	-	**18**	18
Income Tax and Social Contribution on Profits	**360,228**	151,508	**360,001**	151,190
Current	**(261)**	(24,703)	**(488)**	(25,021)
Deferred	**360,489**	176,211	**360,489**	176,211
	360,228	151,508	**360,001**	151,190
Effective rate	**194%**	35%	**194%**	35%

(in thousand Reals unless otherwise stated)

14. Investments

a) Information on investments in the subsidiary

Orion	Shareholding	Current assets	Assets Non-Current	Current liabilities	Net Collection	Gross Revenue Gross	Profit	Book value of the investment	Share of profit of subsidiaries
09/30/2021	**99.8%**	**1,173**	**464**	**(562)**	**1,075**	**1,923**	**198**	**1,073**	**198**
12/31/2020	99.8%	1,899	-	(1,022)	877	3,175	690	875	689

b) Changes in investment

	09/30/2021	09/30/2020
Balance on December 31	**875**	836
Share of profit of subsidiaries	**198**	314
Balance on September 30	**1,073**	**1,150**

15. Property and Equipment

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

Property and equipment	Cost	Accumulated Depreciation	Provision for *impairment*	September 30, 2021
Machinery and equipment	**201,250**	**(134,967)**	**(5,061)**	**61,222**
Furniture and fixtures	**479,223**	**(285,654)**	**(2,830)**	**190,739**
IT Equipment	**229,905**	**(161,387)**	**(229)**	**68,289**
Vehicles	**536**	**(514)**	**-**	**22**
Leasehold improvements	**1,213,184**	**(860,730)**	**(17,034)**	**335,420**
Land	**126**	**-**	**-**	**126**
Construction in progress	**55,347**	**-**	**-**	**55,347**
Provisions for store restorations	**1,981**	**(894)**	**-**	**1,087**
	2,181,552	**(1,444,146)**	**(25,154)**	**712,252**

Property and equipment	Cost	Accumulated Depreciation	Provision for *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 2020	Additions (iii)	Depreciation	Write-offs	Transfers	Transfers to intangible	Reversals (provisions) *Impairment*	Balance on September 30, 2021
Machinery and equipment	8%	**63,797**	**6,734**	**(7,853)**	**(187)**	**1,947**	**-**	**(3,216)**	**61,222**
Furniture and fixtures	11.80%	**187,294**	**27,716**	**(32,557)**	**(232)**	**8,285**	**-**	**233**	**190,739**
IT Equipment	20%	**63,014**	**21,253**	**(16,821)**	**(256)**	**915**	**-**	**184**	**68,289**
Vehicles	20%	**41**	**-**	**(19)**	**-**	**-**	**-**	**-**	**22**
Leasehold improvements (i)	11%	**335,581**	**-**	**(58,002)**	**(4,013)**	**58,957**	**-**	**2,897**	**335,420**
Land	-	**126**	**-**	**-**	**-**	**-**	**-**	**-**	**126**
Construction in progress	-	**15,411**	**116,312**	**-**	**-**	**(68,887)**	**(7,489)**	**-**	**55,347**
Provisions for returning stores (ii)	-	**744**	**450**	**(107)**	**-**	**-**	**-**	**-**	**1,087**
Other	-	**1,217**	**-**	**-**	**-**	**(1,217)**	**-**	**-**	**-**
Total		**667,225**	**172,465**	**(115,359)**	**(4,688)**	**-**	**(7,489)**	**98**	**712,252**

	Average annual depreciation rate	Balance on December 31, 2019	Additions (iii)	Depreciation	Write-offs	Transfers	Transfers to intangible	Reversals (provisions) *Impairment*	Balance on September 30, 2020
Machinery and equipment	8%	51,841	31	(8,498)	(186)	2,136	-	165	45,489
Furniture and fixtures	11.80%	176,658	28,093	(32,115)	(1,590)	3,563	-	1,520	176,129
IT Equipment	20%	65,405	4,175	(16,104)	(115)	2,988	-	218	56,567
Vehicles	20%	66	-	(19)	-	-	-	-	47
Leasehold improvements	10.52%	368,514	639	(76,385)	(4,236)	30,533	-	9,041	328,106
Land	-	126	-	-	-	-	-	-	126
Construction in progress	-	51,506	45,002	-	-	(40,770)	(35,024)	-	20,714
Provisions for returning stores	12%	401	270	(77)	-	180	-	-	774
Other	-	2,895	-	-	(1,131)	1,370	-	-	3,134
Total		**717,412**	**78,210**	**(133,198)**	**(7,258)**	**-**	**(35,024)**	**10,944**	**631,086**

(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 22 lease agreements with fully variable payments. These are linked to provisions for dismantling and returning stores.

(iii) In 9M2021, the Company purchased property and equipment in the amount of R$ 172,465, R$ 15,058 of which were recognized as supplier accounts payable (R$ 2,826 in 9M20), and R$ 10,497 were disbursed in 2021 for purchases made prior to December 31, 2020 (R$ 6,292 were disbursed in 9M20 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 uses 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) Cost 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 September 30, 2021 the Company had provisions for impairment in the amount of R$ 25,154 (R$ 25,252 on December 31, 2020), of which R$ 18,490 referred to the impairment test (R$ 20,690 on December 31, 2020), and R$ 6,664 for asset write-offs (R$ 4,562 on December 31, 2020).

(in thousand Reals unless otherwise stated)

16. Intangible assets

a) Breakdown of intangibles:

	09/30/2021				12/31/2020			
Parent Company	**Cost**	**Accumulated amortization**	**Provision for *impairment***	**Accounting Balance**	**Cost**	**Accumulated amortization**	**Provision for *impairment***	**Accounting Balance**
Software	656,199	(397,565)	(2)	**258,632**	570,120	(336,496)	(2)	233,622
Goodwill	70,292	(49,311)	(1,094)	**19,887**	59,519	(47,956)	(1,094)	10,469
Intangibles in process	123,700	-	-	**123,700**	50,869	-	-	50,869
Total	**850,191**	**(446,876)**	**(1,096)**	**402,219**	680,508	**(384,452)**	**(1,096)**	**294,960**

Consolidated	**Cost**	**Accumulated amortization**	**Provision for *impairment***	**Accounting Balance**	**Cost**	**Accumulated amortization**	**Provision for *impairment***	**Accounting Balance**
Software	656,199	(397,565)	(2)	**258,632**	570,120	(336,496)	(2)	**233,622**
Goodwill	70,292	(49,311)	(1,094)	**19,887**	59,519	(47,956)	(1,094)	**10,469**
Intangibles in process	124,164	-	-	**124,164**	50,869	-	-	**50,869**
Total	**850,655**	**(446,876)**	**(1,096)**	**402,683**	680,508	**(384,452)**	**(1,096)**	**294,960**

b) Changes in intangibles:

	Parent Company								
	Average amortization rate (% annual)	**Balance on December 31, 2020**	**Additions (i)**	**Amortization**	**Write-offs**	**Transfers**	**Property and equipment transfers**	**Reversals (provisions) *Impairment***	**Balance on September 30, 2021**
Software	**13%**	**233,622**	**-**	**(61,070)**	**(22)**	**78,613**	**7,489**	**-**	**258,632**
Goodwill	**10%**	**10,469**	**-**	**(2,074)**	**-**	**11,492**	**-**	**-**	**19,887**
Intangibles in process	**-**	**50,869**	**162,936**	**-**	**-**	**(90,105)**	**-**	**-**	**123,700**
Total		**294,960**	**162,936**	**(63,144)**	**(22)**	**-**	**7,489**	**-**	**402,219**

	Average amortization rate (% annual)	Balance on December 31, 2019	Additions	Amortization	Write-offs	**Transfers**	Property and equipment transfers	Reversals (provisions) Impairment	Balance on September 30, 2020
Software	13%	177,968	33,341	(47,351)	(1)	-	37,367	-	201,324
Goodwill	10%	9,372	-	(1,533)	-	-	-	-	7,839
Intangibles in process	-	-	13,449	-	-	-	(2,343)	-	11,106
Total		**187,340**	**46,790**	**(48,884)**	**(1)**	**-**	**35,024**	**-**	**220,269**

(in thousand Reals unless otherwise stated)

	Consolidated								
	Average amortization rate (% annual)	**Balance on December 31, 2020**	**Additions (i)**	**Amortization**	**Write-offs**	**Transfers**	**Property and equipment transfers**	**Reversals (provisions) *Impairment***	**Balance on September 30, 2021**
Software	**13%**	**233,622**	**-**	**(61,070)**	**(22)**	**78,613**	**7,489**	**-**	**258,632**
Goodwill	**10%**	**10,469**	**-**	**(2,074)**	**-**	**11,492**	**-**	**-**	**19,887**
Intangibles in process	**-**	**50,869**	**163,400**	**-**	**-**	**(90,105)**	**-**	**-**	**124,164**
Total		**294,960**	**163,400**	**(63,144)**	**(22)**	**-**	**7,489**	**-**	**402,683**

	Average amortization rate (% annual)	Balance on December 31, 2019	Additions	Amortization	Write-offs	**Transfers**	Property and equipment transfers	Reversals (provisions) Impairment	Balance on September 30, 2020
Software	13%	177,968	33,341	(47,351)	(1)	-	37,367	-	201,324
Goodwill	10%	9,372	-	(1,533)	-	-	-	-	7,839
Intangibles in process	-	-	13,449	-	-	-	(2,343)	-	11,106
Total		**187,340**	**46,790**	**(48,884)**	**(1)**	**-**	**35,024**	**-**	**220,269**

(i) Between January and September 2021, the Company added R$ 162,936 in intangibles, mainly, logistics and warehouse, e-commerce application development and radio frequency inventory management systems (R$ 163,400 consolidated), of which R$ 12,246 are accounts payable registered in parent company suppliers, and R$ 12,070 disbursed in 2021 for purchases that took place before December 31, 2020.

c) Impairment

Intangible assets, software and trade fund are also subject to the impairment test. The approach is the same used for PP&E (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 re-measurement of the leases. The net tax discount obtained from negotiations in 2021 was R$ 31,677 (R$ 89,781 in 2020), net of PIS/COFINS, recorded under results for the period, occupancy costs. The company also has payable leases related to the pandemic, which should be settled in full by July 2022. Deferred payments with no further burden to the Company added up to R$ 5,352 in September 2021 (R$ 4,925 in December 2020), 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 agrees 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 ae 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	1.6 - 5.6	4.0 - 11.8
3 to 5 years	2.2 - 5.9	5.4 - 11.9
5 to 6 years	2.2 – 5.8	5.6 – 11.8
6 to 10 or more years	3.2 - 6.4	6.8 - 12.5

(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 asset			
	Real Estate	**Equipment**	**Total**	**Lease liabilities**
Balance on December 31, 2020	**1,507,566**	**6,872**	**1,514,438**	**(1,654,796)**
Amortization (i)	**(251,055)**	**(1,380)**	**(252,435)**	**-**
Financial charges	**-**	**-**	**-**	**(107,753)**
Payments of principal	**-**	**-**	**-**	**321,778**
Provisions for dismantling costs	**990**	**-**	**990**	**-**
Impairment	**(179)**	**-**	**(179)**	**-**
New/renewed/closed Agreements (ii)	**197,537**	**-**	**197,537**	**(187,720)**
Re-measurements (iii)	**138,733**	**(248)**	**138,485**	**(140,549)**
Balance on September 30, 2021	**1,593,592**	**5,244**	**1,598,836**	**(1,769,040)**
Current liabilities				**(454,401)**
Non-current liabilities				**(1,314,639)**

(i) In this table, amortization has not been corrected in the amount of R$ 28,952 for PIS/COFINS credits on lease payments, nor R$ 6,368 in interest, recorded directly as a reduction of amortization and interest expenses in the statements of operation.
(ii) This refers to 22 new store agreements, 12 renewals and 4 agreements that expired.
(iii) This refers to the annual re-measurement inflation adjustments on minimal lease payments as per the respective agreements and lease renewals;

	Right-of-use asset			
	Real Estate	**Equipment**	**Total**	**Lease liabilities**
Balance on December 31, 2019	**1,501,141**	**6,674**	**1,507,815**	**(1,587,680)**
Amortization	(225,208)	(1,059)	(226,267)	-
Financial charges	-	-	-	(106,785)
Payments made (principal)	-	-	-	281,993
Provisions for dismantling costs	90	-	90	-
Impairment	(3,873)	-	(3,873)	-
Re-measurements	248,704	980	249,684	(249,684)
Balance on September 30, 2020	**1,520,854**	**6,595**	**1,527,449**	**(1,662,156)**
Current liabilities				**(388,324)**
Non-current liabilities				**(1,273,832)**

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 12.5%), below is a comparative list of the right-of-use lease liabilities, financial expenses and amortization expenses for the current and coming years in 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 adopted scenario 2 for the period ending September 30, 2021, as determined by CPC06(R2) / IFRS16. The comparative balances of lease liabilities are submitted below:

	09/30/2021	12/31/2020
Lease liabilities		
Scenario 1	2,070,733	1,906,242
Scenario 2 (book value)	**1,769,040**	**1,654,796**
Financial Charges		
Scenario 1	122,280	158,543
Scenario 2 (book value)	**107,753**	**139,120**
Depreciation Expenses		
Scenario 1	280,837	340,495
Scenario 2 (book value)	**252,435**	**306,443**
Total Expenses		
Scenario 1	403,117	499,038
Scenario 2 (book value)	**360,188**	**445,563**

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:

	09/30/2021		12/31/2020	
Coming due	**Payments**	**Potential PIS/COFINS Rights**	**Payments**	**Potential PIS/COFINS Rights**
Less than one year	**453,397**	**(40,041)**	406,551	(36,602)
One to five years	**1,395,081**	**(126,260)**	1,286,360	(115,719)
Over five years	**428,434**	**(39,420)**	416,125	(38,005)
Total minimum payments	**2,276,912**	**(205,721)**	2,109,036	(190,326)
Minimum payments discounted to present value	**(507,872)**	**46,292**	(454,240)	41,118
Present value of the minimum payments	**1,769,040**	**(159,429)**	1,654,796	(149,208)
Current liabilities	**454,401**		390,603	
Non-current liabilities	**1,314,639**		1,264,193	

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

During the nine months period ended September 30, 2020, the expense associated with the 17 variable lease agreements was R$ 2,386 (15 agreements or R$ 2,025 on September 30, 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$12.630 (R$12.855 in the period ending September 30, 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 the impairment test. The approach is the same used for property and equipment (note 15.c)

18. Suppliers

	Parent Company		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Goods Suppliers	**570,088**	623,775	**570,088**	623,775
Materials, asset and service suppliers	**234,648**	324,746	**234,969**	324,770
Suppliers - drawee risk	**276,290**	235,179	**276,290**	235,179
	1,081,026	1,183,700	**1,081,347**	1,183,724
Current liabilities	**1,061,367**	1,158,890	**1,061,688**	1,158,914
Non-current liabilities	**19,659**	24,810	**19,659**	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 through 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$ 8,033 for the period ended September 30, 2021.

On September 30, 2021 the monthly rate varied between 0.75% and 1.21% (compared to 1.0% to 1.95% on December 31, 2020).

In the first nine months of 2021, the Company advanced R$ 543 to suppliers, which generated an income of R$ 14 (in the same period of 2020, R$ 247,665 were advanced, with an income of R$ 9,815), recognized as financial income, net of funding costs. On September 30, 2021 there were no payments advanced by C&A directly to suppliers with due dates after the date of advance (on September 30, 2020 R$ 6 had been advanced).
The company discounts the current balance of trade receivables at interest rates close to market rates. The monthly interest rates used to calculate the present value of outstanding payables on September 30, 2021 and December 31, 2020 were 0.44% 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

(in thousand Reals unless otherwise stated)

19. Loans and debentures

a) Breakdown of the loans and debentures

Descriptions	Rate (% p.y.)	Maturity	Parent Company and Consolidated 09/30/2021	12/31/2020
Promissory notes (i)	100% CDI+ 1.09%	2021 - 2023	**504,767**	501,267
CCB (ii)	100% CDI + 3.45%	2021	**-**	354,226
CCB (iii)	100% CDI + 2.95%	2023	**234,678**	235,748
CCB (iii)	100% CDI + 2.90%	2022 - 2024	**128,815**	122,969
Debentures - Issue 1 - Single Series	100% CDI + 2.15%	2024 - 2025	**511,357**	-
(-) Transaction costs to appropriate			**(4,891)**	(2,958)
Total			**1,374,726**	**1,211,252**
Current liabilities			**105,901**	390,600
Non-current liabilities			**1,268,825**	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$500,000 with a ticket equivalent to 100% of the accumulated variation in the daily DI rate plus a 1.09% annual surcharge payable in 3 years. In April 2021 the second principal was settled and R$ 12,913 in interest were paid (the first payment of R$ 11,197 (principal + interest) was made in October). Further payments will be made every 6 months. The costs associated with the first issue of promissory notes, including taxes, commissions and other costs totaled R$ 1,432 and are being recorded as deductions from liabilities and added to results monthly during the debt term. In the period ending September 30, 2021 R$ 358 had been appropriated (R$ 199 in the same period of 2020).

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, or R$ 10,395, was in October 2020. In April 2021 R$ 350,00 in principal and R$ 9,372 in interest were paid, thus setting this transaction in full.

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 first interest payment, in the amount of R$ 5,829, was made in January 2021 and the second, in the amount of R$ 6,258 in June 2021.
- 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 half-yearly interest payments in 6 installments of R$ 20,000, the first due in January 2022 and the last in June 2024.

(in thousand Reals unless otherwise stated)

The costs associated with the first and second CCBs, including taxes, commissions and other costs totaled R$ 3,647 and are being recorded as deductions from liabilities and added to results monthly during the debt term. In the period ending September 30, 2021 R$ 1,100 had been appropriated (R$ 1,056 in the same period in 2020).

iv. On May 20, 2021 the Company issued its first series of simple, non-secured, non-convertible debentures for public distribution with limited effort (CVM n. 476), in the amount of R$ 500,000 with a yield of 100% of the DI, plus an annual surcharge of 2.15% effective for 4 (four) years and amortized annually in 2 (two) installments as of year 3 from the date of issue of the debentures. The first installment, equivalent to 50% of the nominal unit amount due on May 20, 2024 and the last on the maturity date of May 20, 2025. The costs associated with the first issue of debentures notes, including taxes, commissions and other costs totaled R$ 3,619 and are being recorded as deductions from liabilities and added to results monthly during the debt term. In the period ending September 30, 2021 R$ 302 had been appropriated.

These funds were captured to reinforce working capital and no guarantee was put up by the Company.

b) Payment forecast

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

Maturity	Parent Company and Consolidated 09/30/2021
2021	35,694
2022	94,639
2023	705,674
2024	289,095
2025	249,624
	1,374,726

c) Changes in loans

Changes in third party loans break down as follows:

	Parent Company and Consolidated	
	09/30/2021	**09/30/2020**
Balance on December 31	1,211,252	-
New loans/debentures	500,000	1,200,000
Interest	49,778	23,062
Funding cost	(3,788)	(4,994)
Cost amortization	1,856	1,243
Interest payment	(21,872)	-
Payment of principal	(362,500)	-
Balance on September 30	**1,374,726**	**1,219,311**

(in thousand Reals unless otherwise stated)

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:

- 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. Net Debt is composed by loans and debentures, minus cash and cash equivalents, and minus derivatives balance. Adjusted EBITDA is composed by EBITDA minus non-operating results, defined as sale of assets, provisions/reversals for contingencies, impairment and restructuring expenses For this calculation, the Adjusted EBITDA does not consider the IFRS16 effects and it is calculated for the last 12 (twelve) months.

The Company monitors financial indicators that may impact the covenants from time to time. The covenants are the normal ones for transactions of this nature and to date, and in no way limit the Company's ability to conduct its business.

20. Labor liabilities

	Parent Company		Consolidated	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
Wages, profit sharing and payroll charges	**77,097**	81,068	**77,097**	81,068
Vacation, 13th salary and payroll charges	**87,808**	59,500	**87,808**	59,500
	164,905	140,568	**164,905**	140,568
Current liabilities	**158,640**	136,126	**158,640**	136,126
Non-current liabilities	**6,265**	4,442	**6,265**	4,442

21. Taxes payable

	Parent Company		Consolidated	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
ICMS	**44,499**	99,525	**44,499**	99,525
PIS/COFINS (taxes on revenue)	**26,751**	24,997	**26,761**	25,012
Other	**7,026**	7,415	**7,026**	7,415
	78,276	131,937	**78,286**	131,952
Current liabilities	**51,525**	106,940	**51,535**	106,955
Non-current liabilities	**26,751**	24,997	**26,751**	24,997

(in thousand Reals unless otherwise stated)

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

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

The Company is a party in administrative and judicial claims of tax, civil and labor natures. Pursuant to advice received from its legal advisors, 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:

	12/31/2020	Addition (reversal)	Payments	Update	09/30/2021
Tax	200,437	**41,796**	**(2,473)**	**3,417**	**243,177**
Labor 22.1 (iv)	74,994	**(39,603)**	**(10,518)**	**5,257**	**30,130**
Civil	8,884	**6,301**	**(7,317)**	**1,155**	**9,023**
Provisions for tax, civil and labor proceedings	284,315	**8,494**	**(20,308)**	**9,829**	**282,330**
Judicial deposits with a corresponding liability	(54,191)	**(30,434)**	**-**	**(579)**	**(85,204)**
Net provisions for judicial deposits	230,124	**(21,940)**	**(20,308)**	**9,250**	**197,126**

	12/31/2019	Addition (reversal)	Payments	Update	09/30/2020
Tax	179,919	17,097	-	8,213	**205,229**
Labor	89,505	(10,234)	(11,611)	8,593	**76,253**
Civil	4,138	4,337	(2,415)	648	**6,708**
Provisions for tax, civil and labor proceedings	273,562	11,200	(14,026)	17,454	**288,190**
Judicial deposits with a corresponding liability	(39,720)	(16,686)	-	(558)	**(56,964)**
Net provisions for judicial deposits	233,842	(5,486)	(14,026)	16,896	**231,226**

Tax provisions refer substantially to discussions regarding the following taxes:

(i) PIS/COFINS (taxes on revenue)

On September 30, 2020, the Company had provisions for PIS and COFINS risks in the amount of R$ 136,725 (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$ 83,470 (R$ 82,271 on December 31, 2020), and Cofins Import credits, in the amount of R$ 39,525 (R$ 38,858 on December 31, 2020). For the latter case, on September 30, 2021 the Company had an updated deposit balance in the amount of R$ 37,353 (R$ 36,785 on December 31, 2020).). On September 30, 2021 the company made provisions in the amount of R$ 6,184 related to credits to run out from expenses with credit card fees.

(ii) ICMS (State Value Added Tax)

On September 30, 2020, the Company had provisions for ICMS risks in the amount of R$ 39,158 (R$ 36,735 on December 31, 2019). 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$ 10,436 (R$ 10,377 on December 31, 2020), and discussions regarding ICMS rates on energy, in the amount of R$ 18,408 (R$ 16,278 on December 31, 2020).

(iii) Other taxes

On September 30, 2020, the Company had provisions for tax risks related to other taxes in the amount of R$ 70,400 (R$ 32.135 on December 31, 2020). The most significant amounts were related to ISS and ICMS on the basis for calculating CPRB (social security on gross income) explained in (iii.i), ISS in the amount of R$ 5,389 (R$ 5,105 on December 31, 2020), IPTU (property taxes) in the amount of R$ 8,399 (R$ 8,352 on December 31, 2020), and FGTS in the amount of R$ 16,768 (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.

(iii.i) ISS and ICMS on the basis for calculation – CPRB

On the advice of its legal counsel, on December 31, 2019 the company reversed provisions for CPRB [Social Security Contribution on Gross Revenue], in the amount of R$ 36.746, for the case in which exclusion of ICMS and ISS from its basis of calculation is being discussed.

On September 30, 2021 the matter was reviewed by the Federal Supreme Court, which stated it's understanding that ICMS and ISS are part of the basis for calculating CPRB, contradicting the concept resulting from leading case (RE n. 574.706), which established the thesis that ICMS is not part of the basis for calculating PIS and COFINS.

Although the legal discussion is like that judged by the Federal Supreme Court excluding ICMS from the basis for calculating PIS and COFINS, the understanding changed resulting in a ruling unfavorable to the taxpayers.

For these reasons the Company's legal advisors opted for a prognosis of likely risk for the concrete case. Thus, on 30 June 2021 the company provisioned R$$37,638. The updated amount on September 30, 2021 was R$ 37,889.

(iv) Civil and labor

To improve how it measures the values associated with labor claims and thus the presentation of likely losses based on the past 4 (four) years, the Company reviewed the methodology applied to similar labor claims. Therefore, it now understands that the best estimate of the risk of loss (and thus to create provisions), is to calculate the historical behavior based on actual losses in similar claims. Thus, the measurement of provisions for labor claims is not obtained by applying the historical percent losses to the total value of the claim (which is the maximum exposure to which the Company is subject) for each claim, as informed by the Company's legal advisors. As a result of this review the Company booked R$ 41,418 in reversals in the period. The criteria used to calculate civil claims did not change.

(v) Judicial deposits with a corresponding liability

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, requiring that the Company offer collateral to suspend the enforceability of the tax credit in order to continue challenging the matter in the higher courts. The company made judicial deposits in the amount of R$ 33,795. On June 30, 2021 the updated amount was R$ 37,353 (R$ 36,785 on December 31, 2020), equivalent to the credits taken during the period plus interest. The Company has provisions of R$ 39,526 (R$ 38,858 on December 31, 2020) for this.

(vi) *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.

(vii) ISS and ICMS on the basis for calculation – CPRB

On August 28, 2013 the Company filed a claim to exclude ICMS and ISS from the basis for calculating CPRB - Social Security on Gross Revenue. Between January 2014 and November 2015, the Company opted to make monthly payments of CPRB in the form of judicial deposits. The updated amount on September 30, 2021 was R$ 37,889 (R$ 29,941 on December 31, 2020).

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, and/or because of a strategic decision by Management to protect its cash. On June 30, 2021, R$ 1,053 were raised due to the replacement of a guarantee. On this same date the Company reclassified the balance of the judicial deposit created for CPRB, in the amount of R$ 30,191 in the deposits with corresponding liabilities account. On September 30, 2021 the company reclassified R$ 14,249, related to a deposit for ICMS rate difference claims. Thus, the updated amount of the company's judicial deposits is:

(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	
	09/30/2021	**12/31/2020**
Tax	**29,875**	47,785
Civil and labor	**31,743**	33,728
Total	**61,618**	81,513

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

22.3. Non-provisioned contingencies

On September 30, 2021 the Company had an updated amount of R$ 299,933 (R$ 292,277 on December 31, 2020), associated with judicial and/or administrative claims where it is considered possible that the Company may suffer losses, and for this reason accounting provisions are not made, as per CPC guidelines.

Below is a summary of the main claims, with the amount of the principal plus interest and fines, which our legal advisors believe 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 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, which has been revoked by Provisional Measure # 690/2015, signed into Law # 13,241/15, On 7 October 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 September 30, 2021 was R$ 175,859 (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 September 30, 2021 the updated balance of the proceeding totaled R$ 8,929 (R$ 8,130 on December 31, 2020).

(in thousand Reals unless otherwise stated)

(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 September 30, 2021 the updated value of the tax violations classified as possible was approximately R$ 25,207 (R$ 24,926 on December 31, 2020).

(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. On September 30, 2021 the updated amount associated with these assessments was R$ 17,386 (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. Shareholder's equity

23.1 Capital stock

On September 30, 2021 the Company's share capital was R$ 1,847,177, represented by 308,245,068 fully paid-in common shares, 106,394,635 common shares in free-float (106,394,544 common shares on December 31, 2020).

On September 30, 2021, ownership of Company shares broke down as follows:

	09/30/2021		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	17,121	0,01%	17,212	0.01%
Management	531,097	0,17%	531,097	0.17%
Free Float	106,394,635	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, include price and form of payment. If payment takes the form of assets, the General Assembly shall be responsible for increasing the share capital, with input from the Fiscal Board, if any.

23.2 Capital reserves - shares issued

This is 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 profits

On December 31, 2019 the company set aside R$ 86,014 as a reserve for unrealized gains. Following a discussion at the General Meeting held on June 26, 2020 this amount was transferred to the special dividends reserve that, on December 31, 2020, was fully absorbed by part of the losses in 2020. (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 less 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 has been achieved 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 on 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 September 30, 2021 this reserve for tax incentives amounted to R$ 9,473 (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.
In 2020, part of the mandatory dividends for 2019 were set aside for the reserve for unrealized profits and, in June 2020, to the special dividends reserve. The remaining dividends in the amount of R$ 78,133 (R$ 68,846 net of withheld income tax) were paid in December 2020.

The Company suffered a loss in the period ended December 31, 2020, and for this reason did not calculate dividends payable.

		OSM June 2020		**Transactions in December 2020**		
	Balance on December 31, 2019	Constitution of a special reserve for dividends	**Balance on June 30, 2020**	Loss absorption	Payment of Interest on Equity	**Balance on 09/30/2021**
Reserve for unrealized profits	**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)**	**-**

(in thousand Reals unless otherwise stated)

25. Net Revenue

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Sale of Goods	**4,429,200**	3,100,662	**4,429,200**	3,100,662
Cancellations, exchanges and vouchers	**(340,274)**	(221,398)	**(340,274)**	(221,398)
Sales taxes	**(961,359)**	(650,029)	**(961,359)**	(650,029)
Net revenue from goods	**3,127,567**	2,229,235	**3,127,567**	2,229,235
Commission revenue from the sale of financial services - Bradescard partnership	**139,791**	76,967	**139,791**	76,967
Commission revenue from the sale of partner insurance	**24,336**	31,415	**24,336**	31,415
Revenue from other commissions and services rendered	**15,577**	13,488	**15,577**	13,488
Net revenue from credit securitization	**-**	-	**1,923**	2,300
Taxes on commissions and services	**(18,032)**	(14,805)	**(18,122)**	(14,912)
Net revenue from services rendered	**161,672**	107,065	**163,505**	109,258
	3,289,239	2,336,300	**3,291,072**	2,338,493

26. Earnings by nature

26.1. Classified by function

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cost of sales and services rendered	**(1,792,302)**	(1,263,881)	**(1,792,302)**	(1,263,881)
General and administrative expenses	**(344,430)**	(333,284)	**(345,840)**	(334,846)
Sales expenses	**(1,422,411)**	(1,099,301)	**(1,422,411)**	(1,099,301)
Other net operating income (expenses)	**145,507**	25,931	**145,509**	25,930
	(3,413,636)	(2,670,535)	**(3,415,044)**	(2,672,098)

26.2. Cost of sales by nature

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Cost of goods sold	**(1,747,414)**	(1,236,316)	**(1,747,414)**	(1,236,316)
Cost of services rendered	**(670)**	(784)	**(670)**	(784)
Other	**(44,218)**	(26,781)	**(44,218)**	(26,781)
	(1,792,302)	(1,263,881)	**(1,792,302)**	(1,263,881)

(in thousand Reals unless otherwise stated)

26.3. General and administrative expenses by nature

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Personnel	**(184,990)**	(174,472)	**(184,990)**	(174,472)
Third party materials/services	**(86,993)**	(75,821)	**(88,403)**	(77,383)
Depreciation and amortization	**(72,299)**	(60,989)	**(72,299)**	(60,989)
Depreciation of right-of-use	**(16,400)**	(15,351)	**(16,400)**	(15,351)
Occupancy	**(3,829)**	(3,572)	**(3,829)**	(3,572)
Other (b)	**20,081**	(3,079)	**20,081**	(3,079)
	(344,430)	(333,284)	**(345,840)**	(334,846)

(a) The Company chose to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R$ 640 in 9M21 (R$ 1,987 in the same period in 2020) as a deduction of occupancy costs.

(b) 2021 includes the reversal for labor provisions in the amount of R$ 41,418 (note 22.1.iv)

26.4. Cost of sales by nature

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Personnel	**(418.843)**	(347.141)	**(418.843)**	(347,141)
Third party materials/services	**(228.881)**	(170,732)	**(228.881)**	(170,732)
Depreciation of right-of-use	**(213.449)**	(190,307)	**(213.449)**	(190,307)
Depreciation and amortization	**(106.204)**	(121,094)	**(106.204)**	(121,094)
Occupancy	**(201.235)**	(83,971)	**(201.235)**	(83,971)
Advertising and promotions	**(145.610)**	(103,630)	**(145.610)**	(103,630)
Other	**(108.189)**	(82,426)	**(108.189)**	(82,426)
	(1.422.411)	(1,099,301)	**(1.422.411)**	(1,099,301)

(a) The Company chose to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R$ 32,582 in 9M21 (R$ 85,878 in the same period in 2020) as a deduction of occupancy costs.

(in thousand Reals unless otherwise stated)

26.5. Other net operating revenue (expenses) by nature

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Results from asset write-offs	**(3,166)**	(7,167)	**(3,166)**	(7,167)
Reversal (provision) for impairment:				
Store/DC closures/revamps	**(2,102)**	6,335	**(2,102)**	6,335
Impairment test	**2,021**	737	**2,021**	737
Recovery of tax credits				
Legal Claim regarding the FTZ and Reintegra	**-**	700	**-**	700
Basis of calculation of PIS/COFINS on imports	**-**	47,654	**-**	47,654
Previously unused PIS / COFINS credit	**173,339**	-	**173,339**	-
Social security credits	**11,394**	22,014	**11,394**	22,014
Expenses related to tax credits (a)	**-**	(6,108)	**-**	(6,108)
Reversal (provision) for tax contingencies (b)	**(38,691)**	(18,082)	**(38,691)**	(18,082)
Strategic consulting services	**(3,364)**	(6,604)	**(3,364)**	(6,604)
Other	**6,076**	(13,548)	**6,078**	(13,549)
	145,507	**25,931**	**145,509**	**25,930**

(a) Attorney, consulting and auditing costs related to tax credits
(b) In 2021 this contains CPRB tax provisions in the amount of R$ 36,746 (note 22.1.iii.i)

27. Finance results

	Parent Company		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Exchange variation				
Exchange variation - Purchasing	**(616)**	(12,921)	**(616)**	(12,921)
	(616)	**(12,921)**	**(616)**	**(12,921)**
Finance expenses				
Interest on loans - third parties	**(49,778)**	(23,062)	**(49,778)**	(23,062)
Bank expenses and IOF	**(1,305)**	(1,327)	**(1,308)**	(1,330)
Interest on taxes and contingencies	**(10,422)**	(22,917)	**(10,422)**	(22,917)
Interest on leases	**(101,385)**	(101,369)	**(101,385)**	(101,369)
Supplier financial expenses - PVA	**(15,890)**	(11,897)	**(15,890)**	(11,897)
Other	**(2,797)**	(1,253)	**(2,797)**	(1,253)
	(181,577)	**(161,825)**	**(181,580)**	**(161,828)**
Finance income				
Interest and monetary adjustment (a)	**90,655**	49,738	**90,658**	49,743
Interest on financial investments	**22,064**	17,514	**22,064**	17,514
Supplier financial revenue	**8,081**	13,172	**8,081**	13,172
Other	**(40)**	1,081	**(40)**	1,081
	120,760	**81,505**	**120,763**	**81,510**
Net financial results	**(61,433)**	**(93,241)**	**(61,433)**	**(93,239)**

(a) In September 2021 interest revenue included R$80,608 related to monetary adjustment of the amounts recognized in the PIS/COFINS claim, less PIS/COFINS taxes in the amount of R$ 3,748.

(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 to a few financial risks, such as market risk (including exchange and interest rate risks), credit risk and liquidity risk.

a) <u>Market Risk</u>

Market risk is the risk that the fair value of the future cash flows of a financial instrument fluctuate due to market prices. Market prices include three types of risk: interest rate risk, exchange risk and price risk, which can be commodities, shares or 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 likely scenario were taken from the reference rates published on the B3 site on 09/30/2021 (annualized CDI of 8.07% and 6.03% for the six-month period)

		Parent Company and Consolidated						
					Increasing interest		Decreasing interest	
	Risk	Balance on 09/30/2021	Rate	Likely scenario	Possible Scenario +25%	Remote Scenario +50%	Possible Scenario -25%	Remote Scenario -50%
Financial investments (ii)	Lower CDI	927.558	CDI	53,950	67,438	80,925	40.463	26.975
Loans and debentures	Higher CDI	(1.374.726)	CDI	(82,896)	(103,620)	(124,344)	(62.172)	(41.448)
Net exposure/Impact on earnings prior to IT/SC		**(447.168)**		**(28.946)**	**(36,182)**	**(43,419)**	**(21.709)**	**(14.473)**
Impact on earnings, net of IT/SC				**(19.104)**	**(23.880)**	**(28,657)**	**(14,328)**	**(9,552)**

(i) Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 101.19% of the CDI.

Exchange risk

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.

(in thousand Reals unless otherwise stated)

The Company hedges against exchange variations in the outstanding balance of its imports by entering into Non-Deliverable Forward Contracts (NDFs) for highly probable 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 October 1, 2021. Scenario estimates were used according to CVM Instruction 475/08,

				Negative Scenarios		
		Risk	**Notional US$ (Payable) / Receivable**	**Likely Scenario USD 1 = R$ 5,20**	**Possible Scenario +25% USD 1 = R$ 6,50**	**Remote Scenario +50% USD 1 = R$ 7,80**
Hedge object	Purchasing orders for imported goods and imports in transit	Increase in the USD exchange	(61,493)	14,721	(65,220)	(145,160)
Hedge Instruments	NDF	Decrease in the USD exchange	16,574	(3,968)	17,578	39,124
	Net exposure of import orders		**(44,919)**	**10,753**	**(47,642)**	**(106,036)**
	Non-recoverable taxes **(36%)**		(22,137)	5,300	(23,479)	(52,258)
	Total net exposure		**(67,056)**	**16,053**	**(71,121)**	**(158,294)**
	Impact on earnings, net of IT/SC		**(44,257)**	**10,595**	**(46,940)**	**(104,474)**

USD on 09/30/2021 = R$ 5,4394

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 a 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 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)***	**Maturity**	**Counterparty**	**NDF reference value**
Oct'21	(309)	Jul'21	Bradesco	309
Oct'21	(1,942)	Jul'21	Itaú	1,942
Nov'21	(177)	Aug'21	Bradesco	177
Nov'21	(2,362)	Sep'21	Itaú	2,362
Nov'21	(100)	Sep'21	Santander	100
Dec'21	(1,253)	Oct'21	Bradesco	1,253
Dec'21	(2,925)	Nov'21	Itaú	2,925
Jan'22	(1,442)	Nov'21	Bradesco	1442
Feb'22	(1,790)	Dec'21	Santander	1790
Mar'22	(967)	Dec'21	Santander	967
Apr '22	(68)	Jan'22	Bradesco	68
Apr '22	(1,307)	Feb'22	Itaú	1307
May'22	(866)	Mar'22	Santander	866
Jun'22	(646)	Apr '22	Santander	646
Jul '22	(420)	Apr/22	Itaú	420
Total	**(16,574)**			**16,574**

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.
The following table shows the outstanding positions by maturity date on September 30, 2021 of the forward contracts (Non-Deliverable Forwards - NDF) used to hedge exchange rate risk:

(in thousand Reals unless otherwise stated)

Derivative	Position	Contract	Contract date	Maturity date	Reference (notional) value - USD	Fair value
Term	Purchased	NDF	16/10/2020	20/10/2021	605	(180)
Term	Purchased	NDF	01/12/2020	17/11/2021	945	97
Term	Purchased	NDF	17/12/2020	17/11/2021	1,417	412
Term	Purchased	NDF	17/12/2020	20/10/2021	907	255
Term	Purchased	NDF	13/01/2021	15/12/2021	1,253	58
Term	Purchased	NDF	08/02/2021	19/01/2022	610	9
Term	Purchased	NDF	12/03/2021	16/02/2022	716	(158)
Term	Purchased	NDF	20/04/2021	16/03/2022	967	(159)
Term	Purchased	NDF	07/05/2021	15/12/2021	1,880	251
Term	Purchased	NDF	07/05/2021	17/11/2021	100	14
Term	Purchased	NDF	07/05/2021	20/10/2021	430	59
Term	Purchased	NDF	07/05/2021	20/04/2022	1,307	171
Term	Purchased	NDF	25/06/2021	18/05/2022	866	317
Term	Purchased	NDF	25/06/2021	20/04/2022	68	26
Term	Purchased	NDF	30/08/2021	15/12/2021	1,045	197
Term	Purchased	NDF	30/08/2021	15/06/2022	646	83
Term	Purchased	NDF	30/08/2021	15/07/2022	420	50
Term	Purchased	NDF	30/08/2021	17/11/2021	177	36
Term	Purchased	NDF	30/08/2021	19/01/2022	832	150
Term	Purchased	NDF	30/08/2021	20/10/2021	309	65
Term	Purchased	NDF	30/08/2021	21/02/2022	1,074	175
					16.574	**1.928**
Current assets						**2.424**
Current liabilities						**(496)**

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 September 30, 2021, non-settled NDF transactions had an outstanding balance net of tax effects in the amount of R$ 1,272 (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 September 30, 2021, the Cost of sales was positively impacted by the gain in NDF transactions in the amount of R$ 1,154 (gain of R$ 30,093 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 periods ending September 30, 2021 and 2020.

(in thousand Reals unless otherwise stated)

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 (charge-backs) 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 cash-backs. 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 polity 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 financial liabilities:

On September 30, 2021	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Lease liabilities	454,401	1,088,796	225,843	1,769,040
Loans	105,901	1,268,825	-	1,374,726
Trade receivables	1,061,688	19,659	-	1,081,347
Total	**1,621,990**	**2,377,280**	**225,843**	**4,225,113**

(in thousand Reals unless otherwise stated)

28.2. Capital management

The goal of the Company's capital management is to ensure it has a structure to fund its operation.

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 September 30, 2021.

	Parent Company		Consolidated	
Net Debt excluding Lease Liabilities	**09/30/2021**	**12/31/2020**	**09/30/2021**	**12/31/2020**
Short and long-term loans	**1,374,726**	1,211,252	**1,374,726**	1,211,252
Cash and cash equivalents	**(968,595)**	(1,507,789)	**(969,382)**	(1,509,159)
Net debt (cash)	**406,131**	(296,537)	**405,344**	(297,907)
Non-controlling interests	**-**	-	**2**	2
Total shareholder's equity	**2,841,205**	2,654,798	**2,841,207**	2,654,800
Financial leverage index	**14%**	(11%)	**14%**	(11%)

On September 30, 2021 the balance of lease liabilities amounted to R$ 1,769,040 (R$ 1,654,796 on December 31, 2020). If lease liabilities are included in the capital management calculations, leverage would be 77%, as follows.

	Parent Company		Consolidated	
Net Debt including Lease Liabilities	**09/30/2021**	**12/31/2020**	**09/30/2021**	**12/31/2020**
Net debt (cash)	**406,131**	(296,537)	**405,344**	(297,907)
Lease liabilities	**1,769,040**	1,654,796	**1,769,040**	1,654,796
Adjusted net debt	**2,175,171**	1,358,259	**2,174,384**	1,356,889
Total shareholder's equity	**2,841,205**	2,654,798	**2,841,207**	2,654,800
Financial leverage index	**77%**	51%	**77%**	51%

(in thousand Reals unless otherwise stated)

28.3. Financial instruments - classification

As of September 30, 2021, and December 31, 2020, the financial instruments can be summarized and classified as follows:

Parent Company

On September 30, 2021	Amortized Cost	Fair value through other comprehensive results	Total
Financial assets			
Cash and cash equivalents	**968,595**	**-**	**968,595**
Trade receivables	**873,032**	**-**	**873,032**
Derivatives	**-**	**2,424**	**2,424**
Related parties	**311**	**-**	**311**
Judicial deposits	**61,618**	**-**	**61,618**
Financial liabilities			
Lease liabilities	**(1,769,040)**	**-**	**(1,769,040)**
Trade receivables	**(1,081,026)**	**-**	**(1,081,026)**
Loans	**(1,374,726)**	**-**	**(1,374,726)**
Derivatives	**-**	**(496)**	**(496)**
Related parties	**(34,177)**	**-**	**(34,177)**
Total on September 30, 2021	**(2,355,413)**	**1,928**	**(2,353,485)**

On 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)
Loans	(1,211,252)	-	(1,211,252)
Derivatives	-	(6,788)	(6,788)
Related parties	(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 September 30, 2021	Amortized Cost	Fair value through other comprehensive results	Total
Financial assets			
Cash and cash equivalents	**969,382**	**-**	**969,382**
Trade receivables	**873,108**	**-**	**873,108**
Derivatives	**-**	**2,424**	**2,424**
Related parties	**305**	**-**	**305**
Judicial deposits	**61,618**	**-**	**61,618**
Financial liabilities			
Lease liabilities	**(1,769,040)**	**-**	**(1,769,040)**
Trade receivables	**(1,081,347)**	**-**	**(1,081,347)**
Loans	**(1,374,726)**	**-**	**(1,374,726)**
Derivatives	**-**	**(496)**	**(496)**
Related parties	**(34,177)**	**-**	**(34,177)**
Total on September 30, 2021	**(2,354,877)**	**1,928**	**(2,352,949)**

On December 31, 2020	Cost Amortized	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 receivables	(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	September 30, 2021
Leases (i)	1,654,796	(321,778)	107,753	328,269	1,769,040
Loans	1,211,252	111,840	49,778	1,856	1,374,726
Total	**2,866,048**	**(209,938)**	**157,531**	**330,125**	**3,143,766**

(i) The amount of R$ 328,268 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 flows	Interest Incurred	Other (i)	September 30, 2020
Leases	1,587,680	(281,993)	106,785	249,684	1,662,156
Loans	-	1,195,006	23,062	1,243	1,219,311
Dividends and Interest on Shareholder's Equity	144,834	-	-	(75,988)	68,846
Total	**1,732,514**	**913,013**	**129,847**	**174,939**	**2,950,313**

(i) The amount of R$ 249,684 presented in “Others” refers to the re-measurement of lease liabilities due to annual inflation adjustments of the minimal lease payments based on the lease agreements; the amount of R$ 1,243 refers to the amortization of the transaction cost of the loan; the amount of R$ (75,988) refers to the partial retention of the minimum mandatory dividends already mentioned in Note 23.4

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	
	09/30/2021	12/31/2020
Civil Liability and D&O	**239,674**	125,998
Property and Inventory	**600,010**	439,957
Shipping	**79,658**	63,815
	919,342	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 contributes 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 nine-month period ended September 30, 2021, the Company contributed R$ 6,737 (R$ 3,783 in 9M2020) to the plans, entered as an expense in the earnings for the period. The total number of participating employees on September 30, 2021 was 8,591 (11,685 on December 31, 2020), with 197 participants under care (181 on December 31, 2020).

(in thousand Reals unless otherwise stated)

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.

On September 30, 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$ 2,474 (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	**09/30/2021**	**09/30/2020**
Net income (loss) for the period	174,596	(275,654)
Weighted average of the number of common shares	308,245,068	308,245,068
Basic profit (loss) per share - in R$	0.7913	(0.8943)

Diluted earnings per share	**09/30/2021**	**09/30/2020**
Net income (loss) for the period	174,596	(275,654)
Weighted average of the number of outstanding common shares	308,245,068	308,245,068
Weighted average of the options granted as part of the stock-based compensation plan	-	217,079
Weighted average of the diluted number of common shares	308,245,068	308,462,147
Diluted profit (loss) per share - R$	0.5664	(0.8936)

The only financial instrument providing dilution is the stock-based compensation plan, described in detail in Note 9. On September 30, 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 September 30, 2020 the share-based compensation plan provided dilution.

32. Subsequent events

On October 08, 2021 the Company signed and amendment to the Partnership Agreement with Banco Bradescard S.A., a subsidiary to Banco Bradesco, to buy back the entirety of its right to offer financial services and products, which until that date had been exclusively handled by Bradescard. As part of the amendment signed by the parties, C&A will invest R$ 415 million, settled in January 2023 and corrected at 112.5% of the CDI until the date of settlement.

The parties agree to a gradual transition to C&A over two years, based on rules agreed by the parties. This will avoid disruptions and discontinuities in the services C&A currently offers its thousands of customers.