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Company Information / Capital Breakdown

Number of Shares (Units)	Last Fiscal Year 12/31/2020
Paid-up Capital	
Common Shares	2,209,346,079
Preferred Shares	0
Total	2,209,346,079
Treasury Shares	
Common Shares	0
Preferred Shares	0
Total	0

Parent Company's Financial Statements / Statement of Financial Position – Assets**(R\$ thousand)**

Code	Description	Last Fiscal Year 12/31/2020	Second-to-Last Fiscal Year 12/31/2019	Third-to-Last Fiscal Year December 31, 2018
1	Total Assets	5,645,493	1,888,998	1,541,141
1.01	Current Assets	1,880,403	433	433
1.01.01	Cash and Cash Equivalents	1,879,545	0	0
1.01.06	Taxes Recoverable	858	0	0
1.01.06.01	Current Taxes Recoverable	858	0	0
1.01.08	Other Current Assets	0	433	433
1.01.08.03	Other	0	433	433
1.02	Noncurrent Assets	3,765,090	1,888,565	1,540,708
1.02.02	Investments	3,765,090	1,888,565	1,540,708
1.02.02.01	Equity Interests	3,765,090	1,888,565	1,540,708
1.02.02.01.02	Interest in Subsidiaries	3,765,090	1,888,565	1,540,708

Parent Company Financial Statements / Statement of Financial Position – Liabilities**(R\$ thousand)**

Code	Description	Last Fiscal Year 12/31/2020	Second-to-Last Fiscal Year 12/31/2019	Third-to-Last Fiscal Year December 31, 2018
2	Liability Total	5,645,493	1,888,998	1,541,141
2.01	Current Liabilities	887	0	0
2.01.01	Social and Labor Obligations	463	0	0
2.01.01.02	Labor Obligations	463	0	0
2.01.02	Suppliers	185	0	0
2.01.02.01	Domestic Suppliers	185	0	0
2.01.03	Tax Liabilities	239	0	0
2.02	Noncurrent Liabilities	350	0	0
2.02.02	Other Liabilities	350	0	0
2.02.02.01	Payables to Related Parties	350	0	0
2.02.02.01.04	Payables to Other Related Parties	350	0	0
2.03	Shareholders' Equity	5,644,256	1,888,998	1,541,141
2.03.01	Paid-up Share Capital	4,780,929	911,201	911,201
2.03.02	Capital Reserves	44,217	44,056	33,800
2.03.02.06	Advance for Future Capital Increase	44,217	44,056	33,800
2.03.04	Profit Reserves	819,110	933,741	596,140
2.03.04.01	Legal Reserve	40,955	46,688	29,808
2.03.04.05	Retained Earnings Reserve	0	0	566,332
2.03.04.07	Tax Incentive Reserve	778,155	887,053	0

Parent Company Financial Statements / Income Statement**(R\$ thousand)**

Code	Description	Last Fiscal Year 01/01/2020 to 12/31/2020	Second-to-Last Fiscal Year 01/01/2019 to 12/31/2019	Third-to-Last Fiscal Year 01/01/2018 to 12/31/2018
3.04	Operating Expenses/Revenues	717,037	337,601	298,545
3.04.01	Selling Expenses	-11,017	0	0
3.04.06	Equity Pick-Up	728,054	337,601	298,545
3.05	Income Before Financial Result and Taxes	717,037	337,601	298,545
3.06	Financial Result	8,771	0	0
3.06.01	Financial Revenues	8,899	0	0
3.06.02	Financial Expenses	-128	0	0
3.07	Earnings Before Taxes on Income	725,808	337,601	298,545
3.09	Net Income from Continuing Operations	725,808	337,601	298,545
3.11	Profit/Loss for the Period	725,808	337,601	298,545
3.99	Earnings per Share - (R\$/Share)			
3.99.01	Basic Earnings per Share	0.15000	0.37000	0.33000
3.99.01.01	Common Shares			
3.99.02	Diluted Earnings per Share			
3.99.02.01	Common Shares	0.15000	0.37000	0.33000

Parent Company Financial Statements / Statement of Comprehensive Income**(R\$ thousand)**

Code	Description	Last Fiscal Year 01/01/2020 to 12/31/2020	Second-to-Last Fiscal Year 01/01/2019 to 12/31/2019	Third-to-Last Fiscal Year 01/01/2018 to 12/31/2018
4.01	Net Income for the Period	725,808	337,601	298,545
4.03	Comprehensive Income for the Period	725,808	337,601	298,545

Parent Company Financial Statements / Statement of Cash Flow - Indirect Method**(R\$ thousand)**

Code	Description	Last Fiscal Year 01/01/2020 to 12/31/2020	Second-to-Last Fiscal Year 01/01/2019 to 12/31/2019	Third-to-Last Fiscal Year 01/01/2018 to 12/31/2018
6.01	Net Cash from Operating Activities	-1,784	0	0
6.01.01	Cash Generated from Operations	-2,246	0	0
6.01.02	Variations in Assets and Liabilities	462	0	0
6.03	Net Cash from Financing Activities	1,881,329	1	1
6.04	Exchange Variation in Cash and Cash Equivalents	0	-1	-1
6.05	Increase (Decrease) in Cash and Cash Equivalents	1,879,545	0	0
6.05.02	Closing Balance of Cash and Cash Equivalents	1,879,545	0	0

Parent Company Financial Statements / Statement of Changes in Equity / 01/01/2020 to 12/31/2020

(R\$ thousand)

Code	Description	Paid-up Share Capital	Capital Reserves, Options Granted, and Treasury Shares	Profit Reserves	Accumulated Losses or Retained Earnings	Other Comprehensive Income	Equity
5.01	Opening Balances	911,201	44,056	933,741	0	0	1,888,998
5.03	Adjusted Opening Balances	911,201	44,056	933,741	0	0	1,888,998
5.04	Capital Transactions with Shareholders	3,869,728	161	-840,439	0	0	3,029,450
5.04.01	Capital increase	2,571,583	-2,638,106	-840,439	0	0	-906,962
5.04.08	Advance for Future Capital Increase	0	66,683	0	0	0	66,683
5.04.09	Capital increase – Initial Public Offering (IPO) 11/12/2020	6,370	50,766	0	0	0	57,136
5.04.10	Capital increase until September/2020	952,628	0	0	0	0	952,628
5.04.11	Capital increase – Initial Public Offering (IPO) 10/08/2020	339,147	2,703,004	0	0	0	3,042,151
5.04.12	Transaction costs (IPO)	0	-182,186	0	0	0	-182,186
5.05	Total Comprehensive Income	0	0	0	725,808	0	725,808
5.05.01	Net Income for the Period	0	0	0	725,808	0	725,808
5.06	Internal Equity Changes	0	0	725,808	-725,808	0	0
5.06.04	Tax Incentive Reserve	0	0	689,518	-689,518	0	0
5.06.05	Legal Reserve	0	0	36,290	-36,290	0	0
5.07	Closing Balances	4,780,929	44,217	819,110	0	0	5,644,256

Parent Company Financial Statements / Statement of Changes in Equity / 01/01/2019 to 12/31/2019

(R\$ thousand)

Code	Description	Paid-up Share Capital	Capital Reserves, Options Granted, and Treasury Shares	Profit Reserves	Earnings/Accumulated	Retained	Other	Equity
						Losses	Comprehensive Income	
5.01	Opening Balances	911,201	63,608	566,332		0	0	1,541,141
5.03	Adjusted Opening Balances	911,201	63,608	566,332		0	0	1,541,141
5.04	Capital Transactions with Shareholders	0	10,256	0		0	0	10,256
5.04.01	Capital increase	0	0	0		0	0	10,256
5.04.08	Advance for Future Capital Increase	0	10,256	0		0	0	0
5.05	Total Comprehensive Income	0	0	0		337,601	0	337,601
5.05.01	Net Income for the Period	0	0	0		337,601	0	337,601
5.06	Internal Equity Changes	0	16,880	320,721		-337,601	0	0
5.06.01	Creation of Reserves	0	16,880	320,721		-337,601	0	0
5.07	Closing Balances	911,201	90,744	887,053		0	0	1,888,998

Parent Company Financial Statements / Statement of Changes in Equity / 01/01/2018 to 12/31/2018

(R\$ thousand)

Code	Description	Paid-up Share Capital	Capital Reserves, Options Granted, and Treasury Shares	Profit Reserves	Earnings/Accumulated Losses	Retained Accumulated Losses	Other Results Comprehensive	Equity
5.01	Opening Balances	911,201	14,880	282,715	0	0	0	1,208,796
5.03	Adjusted Opening Balances	911,201	14,880	282,715	0	0	0	1,208,796
5.04	Capital Transactions with Partners	0	33,800	0	0	0	0	33,800
5.04.01	Capital increase	0	0	0	0	0	0	33,800
5.04.08	Advance for Future Capital Increase	0	33,800	0	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	0	298,545	0	298,545
5.05.01	Net Income for the Period	0	0	0	0	298,545	0	298,545
5.06	Internal Equity Changes	0	14,928	283,617	0	-298,545	0	0
5.06.01	Creation of Reserves	0	14,928	283,617	0	-298,545	0	0
5.07	Closing Balances	911,201	63,608	566,332	0	0	0	1,541,141

Parent Company Financial Statements / Value Added Statement**(R\$ thousand)**

Code	Description	Last Fiscal Year 01/01/2020 to 12/31/2020	Second-to-Last Fiscal Year 01/01/2019 to 12/31/2019	Third-to-Last Fiscal Year 01/01/2018 to 12/31/2018
7.02	Inputs Acquired from Third Parties	-9,398	0	0
7.02.02	Materials, Energy, Outsourced Services, and Others	-9,398	0	0
7.03	Gross Value Added	-9,398	0	0
7.05	Net Value Added Produced	-9,398	0	0
7.06	Value Added Received in Transfer	736,953	337,601	298,545
7.06.01	Equity Pick-Up	728,054	337,601	298,545
7.06.02	Financial Revenues	8,899	0	0
7.07	Total Value Added to be Distributed	727,555	337,601	298,545
7.08	Distribution of Value Added	727,555	337,601	298,545
7.08.01	Personnel	1,381	0	0
7.08.01.01	Direct Compensation	1,359	0	0
7.08.01.03	Guarantee Fund for Length of Service (FGTS)	22	0	0
7.08.02	Taxes, Fees, and Contributions	238	0	0
7.08.02.01	Federal	238	0	0
7.08.03	Return on Third-Party Capital	128	0	0
7.08.03.01	Interest	128	0	0
7.08.04	Return on Equity	725,808	337,601	298,545
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	725,808	337,601	298,545

Consolidated Financial Statements / Statement of Financial Position – Assets**(R\$ thousand)**

Code	Description	Last Fiscal Year 12/31/2020	Second-to-Last Fiscal Year 12/31/2019	Third-to-Last Fiscal Year December 31, 2018
1	Total Assets	8,198,711	4,121,336	3,390,638
1.01	Current Assets	6,066,016	2,780,285	2,541,734
1.01.01	Cash and Cash Equivalents	2,112,385	398,263	262,678
1.01.03	Accounts Receivable	1,305,458	817,536	825,617
1.01.03.01	Customers	1,305,458	817,536	825,617
1.01.04	Inventories	2,617,533	1,497,411	1,403,459
1.01.06	Taxes Recoverable	21,882	52,579	37,297
1.01.06.01	Current Taxes Recoverable	21,882	52,579	37,297
1.01.08	Other Current Assets	8,758	14,496	12,683
1.01.08.03	Other	8,758	14,496	12,683
1.02	Noncurrent Assets	2,132,695	1,341,051	848,904
1.02.01	Long-Term Receivables	193,747	128,466	144,079
1.02.01.01	Financial Investments at Fair Value through Profit or Loss	14,965	14,608	21,183
1.02.01.07	Deferred Taxes	140,240	26,477	36,579
1.02.01.07.02	Taxes Recoverable	140,240	26,477	36,579
1.02.01.08	Prepaid Expenses	14,757	11,912	9,993
1.02.01.09	Receivables from Related Parties	22,166	74,651	68,495
1.02.01.09.04	Receivables from Other Related Parties	22,166	74,651	68,495
1.02.01.10	Other Noncurrent Assets	1,619	818	7,829
1.02.01.10.03	Other Assets	1,619	818	7,829
1.02.03	Property, Plant & Equipment	1,938,498	1,212,585	704,825
1.02.03.01	Fixed Assets in Operation	1,341,447	518,332	482,548
1.02.03.02	Right of Use - Lease	597,051	391,809	0
1.02.03.03	Construction in Progress	0	302,444	222,277
1.02.04	Intangible Assets	450	0	0
1.02.04.01	Intangible Assets	450	0	0
1.02.04.01.02	Intangible Assets	450	0	0

Consolidated Financial Statements / Statement of Financial Position – Liabilities**(R\$ thousand)**

Code	Description	Last Fiscal Year 12/31/2020	Second-to-Last Fiscal Year 12/31/2019	Third-to-Last Fiscal Year December 31, 2018
2	Total Liabilities	8,198,711	4,121,336	3,390,638
2.01	Current Liabilities	1,361,330	1,010,174	1,101,236
2.01.01	Social and Labor Obligations	178,802	127,104	105,529
2.01.01.02	Labor Obligations	178,802	127,104	105,529
2.01.02	Suppliers	944,604	549,924	700,481
2.01.02.01	Domestic Suppliers	944,604	549,924	700,481
2.01.03	Tax Obligations	102,784	61,336	51,756
2.01.03.01	Federal Tax Obligations	0	14,239	15,397
2.01.03.02	State Tax Obligations	0	46,821	36,150
2.01.03.03	Municipal Tax Obligations	0	276	209
2.01.04	Loans and Financing	128,352	254,654	221,094
2.01.04.01	Loans and Financing	32,022	159,759	183,830
2.01.04.01.01	In Domestic Currency	32,022	159,759	183,830
2.01.04.02	Debentures	29,146	30,503	37,264
2.01.04.03	Financing through Lease	67,184	64,392	0
2.01.05	Other Liabilities	6,788	17,156	22,376
2.01.05.02	Other	6,788	17,156	22,376
2.02	Noncurrent Liabilities	1,129,841	1,161,875	688,982
2.02.01	Loans and Financing	1,054,615	1,035,809	571,394
2.02.01.01	Loans and Financing	89,296	236,345	277,671
2.02.01.01.01	In Domestic Currency	89,296	236,345	277,671
2.02.01.02	Debentures	442,031	473,606	293,723
2.02.01.03	Financing through Lease	523,288	325,858	0
2.02.02	Other Liabilities	34,665	106,364	111,479
2.02.02.01	Payables to Related Parties	34,665	106,364	111,479
2.02.02.01.04	Payables to Other Related Parties	34,665	106,364	111,479
2.02.03	Deferred Taxes	23,353	4,614	3,187
2.02.04	Provisions	17,208	15,088	2,922
2.02.04.01	Tax, Social Security, Labor, and Civil Provisions	17,208	15,088	2,922

Consolidated Financial Statements / Statement of Financial Position – Liabilities**(R\$ thousand)**

Code	Description	Last Fiscal Year 12/31/2020	Second-to-Last Fiscal Year 12/31/2019	Third-to-Last Fiscal Year December 31, 2018
2.02.04.01.05	Provision for Risks	17,208	15,088	2,922
2.03	Consolidated Equity	5,707,540	1,949,287	1,600,420
2.03.01	Paid-up Share Capital	4,780,929	911,201	911,201
2.03.02	Capital Reserves	44,217	44,056	33,800
2.03.02.06	Advance for Future Capital Increase	44,217	44,056	33,800
2.03.04	Profit Reserves	819,110	933,741	596,140
2.03.04.01	Legal Reserve	40,955	46,688	29,808
2.03.04.05	Retained Earnings Reserve	0	887,053	566,332
2.03.04.07	Tax Incentive Reserve	778,155	0	0
2.03.09	Non-controlling Interest	63,284	60,289	59,279

Consolidated Financial Statements / Income Statement**(R\$ thousands)**

Code	Description	Last Fiscal Year 01/01/2020 to 12/31/2020	Second-to-Last Fiscal Year 01/01/2019 to 12/31/2019	Third-to-Last Fiscal Year 01/01/2018 to 12/31/2018
3.01	Revenue from the Sale of Goods and/or Services	12,397,038	8,035,545	6,882,185
3.02	Cost of Goods and/or Services	-9,407,628	-5,953,147	-5,063,754
3.03	Gross Profit (Loss)	2,989,410	2,082,398	1,818,431
3.04	Operating Expenses/Revenues	-2,119,725	-1,620,974	-1,394,879
3.04.01	Selling Expenses	0	0	-21,169
3.04.02	General and Administrative Expenses	-2,116,623	-1,605,526	-1,371,026
3.04.05	Other Operating Expenses	-3,102	-15,448	-2,684
3.05	Income Before Financial Result and Taxes	869,685	461,424	423,552
3.06	Financial Result	-145,146	-111,554	-124,937
3.06.01	Financial Revenues	83,477	71,602	21,524
3.06.02	Financial Expenses	-228,623	-183,156	-146,461
3.07	Earnings Before Taxes on Income	724,539	349,870	298,615
3.08	Income Tax and Social Contribution	1,730	-12,175	44
3.08.01	Current	-1,943	-3,229	-1,643
3.08.02	Deferred	3,673	-8,946	1,687
3.09	Net Income from Continuing Operations	726,269	337,695	298,659
3.11	Consolidated Profit/Loss for the Period	726,269	337,695	298,659
3.11.01	Attributed to the Parent Company's Shareholders	725,808	337,601	298,545
3.11.02	Attributed to Non-Controlling Shareholders	461	94	114
3.99	Earnings per Share - (R\$/Share)			
3.99.01	Basic Earnings per Share			
3.99.01.01	Common Shares	0.15000	0.37000	0.33000
3.99.02	Diluted Earnings per Share			
3.99.02.01	Common Shares	0.00000	0.37000	0.33000

Consolidated Financial Statements / Statement of Comprehensive Income**(R\$ thousands)**

Code	Description	Last Fiscal Year 01/01/2020 to 12/31/2020	Second-to-Last Fiscal Year 01/01/2019 to 12/31/2019	Third-to-Last Fiscal Year 01/01/2018 to 12/31/2018
4.01	Consolidated Net Income for the Period	726,269	337,695	298,659
4.03	Consolidated Comprehensive Income for the Period	726,269	337,695	298,659
4.03.01	Attributed to the Parent Company's Shareholders	725,808	337,601	298,545
4.03.02	Attributed to Non-Controlling Shareholders	461	94	114

Consolidated Financial Statements / Statement of Cash Flows - Indirect Method**(R\$ thousand)**

Code	Description	Last Fiscal Year 01/01/2020 to 12/31/2020	Second-to-Last Fiscal Year 01/01/2019 to 12/31/2019	Third-to-Last Fiscal Year 01/01/2018 to 12/31/2018
6.01	Net Cash from Operating Activities	-234,159	325,750	63,732
6.01.01	Cash Generated from Operations	1,018,508	589,157	454,524
6.01.02	Variations in Assets and Liabilities	-1,209,422	-227,230	-358,969
6.01.03	Other	-43,245	-36,177	-31,823
6.02	Net Cash from Investing Activities	-641,788	-194,333	-161,840
6.03	Net Cash from Financing Activities	2,590,069	4,168	198,274
6.05	Increase (Decrease) in Cash and Cash Equivalents	1,714,122	135,585	100,166
6.05.01	Opening Balance of Cash and Cash Equivalents	398,263	262,678	162,512
6.05.02	Closing Balance of Cash and Cash Equivalents	2,112,385	398,263	262,678

Consolidated Financial Statements / Statement of Changes in Equity / 01/01/2020 to 12/31/2020**(R\$ thousand)**

Code	Description	Paid-up Share Capital	Capital Reserves, Options Granted, and Treasury Shares	Profit Reserves	Earnings/Accumulated Losses	Other Results Comprehensive	Equity	Non-Controlling Interest	Consolidated Equity
5.01	Opening Balances	911,201	44,056	933,741	0	0	1,888,998	60,289	1,949,287
5.03	Adjusted Opening Balances	911,201	44,056	933,741	0	0	1,888,998	60,289	1,949,287
5.04	Capital Transactions with Shareholders	3,869,728	161	-840,439	0	0	3,029,450	2,534	3,031,984
5.04.01	Capital increase	2,571,583	-2,638,106	-840,439	0	0	-906,962	2,534	-904,428
5.04.08	Advance for Future Capital Increase	0	66,683	0	0	0	66,683	0	66,683
5.04.09	Capital increase – Initial Public Offering (IPO) 11/12/2020	6,370	50,766	0	0	0	57,136	0	57,136
5.04.10	Capital increase until September 2020	952,628	0	0	0	0	952,628	0	952,628
5.04.11	Capital increase – Initial Public Offering (IPO) 10/08/2020	339,147	2,703,004	0	0	0	3,042,151	0	3,042,151
5.04.12	Transaction costs (IPO)	0	-182,186	0	0	0	-182,186	0	-182,186
5.05	Total Comprehensive Income	0	0	0	725,808	0	725,808	461	726,269
5.05.01	Net Income for the Period	0	0	0	725,808	0	725,808	461	726,269
5.06	Internal Equity Changes	0	0	725,808	-725,808	0	0	0	0
5.06.04	Tax Incentive Reserve	0	0	689,518	-689,518	0	0	0	0
5.06.05	Legal reserve	0	0	36,290	-36,290	0	0	0	0
5.07	Closing Balances	4,780,929	44,217	819,110	0	0	5,644,256	63,284	5,707,540

Consolidated Financial Statements / Statement of Changes in Equity / 01/01/2019 to 12/31/2019**(R\$ thousand)**

Code	Description	Paid-up Share Capital	Capital Reserves, Options Granted, and Treasury Shares	Profit Reserves	Earnings/Accumulated Losses	Retained	Other Results Comprehensive	Equity	Non-Controlling Interest	Consolidated Equity
5.01	Opening Balances	911,201	63,608	566,332	0	0	0	1,541,141	59,279	1,600,420
5.03	Adjusted Opening Balances	911,201	63,608	566,332	0	0	0	1,541,141	59,279	1,600,420
5.04	Capital Transactions with Shareholders	0	10,256	0	0	0	0	10,256	0	10,256
5.04.08	Advance for Future Capital Increase	0	10,256	0	0	0	0	10,256	0	10,256
5.05	Total Comprehensive Income	0	0	0	337,601	337,601	0	337,601	1,010	338,611
5.05.01	Net Income for the Period	0	0	0	337,601	337,601	0	337,601	94	337,695
5.05.03	Reclassifications to Profit/Loss	0	0	0	0	0	0	0	916	916
5.05.03.02	Non-Controlling Interest	0	0	0	0	0	0	0	916	916
5.06	Internal Equity Changes	0	16,880	320,721	-337,601	0	0	0	0	0
5.06.01	Creation of Reserves	0	16,880	320,721	-337,601	0	0	0	0	0
5.07	Closing Balances	911,201	90,744	887,053	0	0	0	1,888,998	60,289	1,949,287

Consolidated Financial Statements / Statement of Changes in Equity / 01/01/2018 to 12/31/2018**(R\$ thousand)**

Code	Description	Paid-up Share Capital	Capital Reserves, Options Granted, and Treasury Shares	Profit Reserves	Earnings/Accumulated Losses	Retained Losses	Other Results Comprehensive	Equity	Non-Controlling Interest	Consolidated Equity
5.01	Opening Balances	911,201	14,880	282,715	0	0	0	1,208,796	122	1,208,918
5.03	Adjusted Opening Balances	911,201	14,880	282,715	0	0	0	1,208,796	122	1,208,918
5.04	Capital Transactions with Shareholders	0	33,800	0	0	0	0	33,800	58,355	92,155
5.04.08	Advance for Future Capital Increase	0	33,800	0	0	0	0	33,800	58,355	92,155
5.05	Total Comprehensive Income	0	0	0	298,545	298,545	0	298,545	802	299,347
5.05.01	Net Income for the Period	0	0	0	298,545	298,545	0	298,545	114	298,659
5.05.03	Reclassifications to Profit/Loss	0	0	0	0	0	0	0	688	688
5.05.03.02	Non-Controlling Interest	0	0	0	0	0	0	0	688	688
5.06	Internal Equity Changes	0	14,928	283,617	-298,545	-298,545	0	0	0	0
5.06.01	Creation of Reserves	0	14,928	283,617	-298,545	-298,545	0	0	0	0
5.07	Closing Balances	911,201	63,608	566,332	0	0	0	1,541,141	59,279	1,600,420

Consolidated Financial Statements / Value Added Statement**(R\$ thousands)**

Code	Description	Last Fiscal Year 01/01/2020 to 12/31/2020	Second-to-Last Fiscal Year 01/01/2019 to 12/31/2019	Third-to-Last Fiscal Year 01/01/2018 to 12/31/2018
7.01	Income	14,375,547	9,554,136	8,475,684
7.01.01	Sales of Goods, Products and Services	14,393,018	9,554,996	8,480,644
7.01.04	Provision for/Reversal of Allowance for Doubtful Accounts	-17,471	-860	-4,960
7.02	Inputs Acquired from Third Parties	-10,009,060	-6,560,799	-5,544,656
7.02.01	Cost of Goods, Products, and Services Sold	-9,407,628	-5,953,893	-5,060,882
7.02.02	Materials, Energy, Outsourced Services, and Others	-601,432	-606,906	-483,774
7.03	Gross Value Added	4,366,487	2,993,337	2,931,028
7.04	Retentions	-192,022	-143,803	-80,184
7.04.01	Depreciation, Amortization, and Depletion	-192,022	-143,803	-80,184
7.05	Net Value Added Produced	4,174,465	2,849,534	2,850,844
7.06	Value Added Received in Transfer	83,477	71,603	21,524
7.06.02	Financial Revenues	83,477	71,603	21,524
7.07	Total Value Added to be Distributed	4,257,942	2,921,137	2,872,368
7.08	Distribution of Value Added	4,257,942	2,921,137	2,872,368
7.08.01	Personnel	1,041,656	636,674	534,480
7.08.01.01	Direct Compensation	941,641	551,890	444,561
7.08.01.02	Benefits	35,139	34,943	44,812
7.08.01.03	Guarantee Fund for Length of Service (FGTS)	64,876	49,841	45,107
7.08.02	Taxes, Fees, and Contributions	2,155,854	1,669,137	1,734,358
7.08.02.01	Federal	864,739	798,056	714,188
7.08.02.02	State	1,286,542	867,101	1,018,399
7.08.02.03	Municipal	4,573	3,980	1,771
7.08.03	Return on Third-Party Capital	334,163	277,631	304,871
7.08.03.01	Interest	250,417	194,522	146,461
7.08.03.02	Rentals	83,746	83,109	158,410
7.08.04	Return on Equity	726,269	337,695	298,659
7.08.04.03	Retained Earnings/Accumulated Losses for the Period	725,808	337,601	298,545
7.08.04.04	Interest of Non-controlling Shareholders in Retained Earnings	461	94	114

4Q20 RESULTS

March 24
(after trading session)
B3: GMAT 3

CONFERENCE CALL

March 25
10:00 am Brazil
9:00 am USA

Webcast in Portuguese
Webcast in English

The Conference
Call will be held in
Portuguese with
simultaneous
translation in English.



Grupo Mateus discloses its 4Q 2020 results

2020 HIGHLIGHTS

- Record of inaugurations, with 39 openings during the year, of which 23 were in 13 new cities;
- Investments in new stores and infrastructure grew by around 179% in 2020;
- Gross revenue reached BRL 14.4 billion in 2020, the highest level in the Group's history, with a growth of 44.9%;
- Net revenue was BRL 12.4 billion, an increase of 42.4%;
- Adjusted EBITDA totaled BRL 1 billion, a 76.8% increase;
- Adjusted net income came to BRL 776 million, a 112.2% increase;
- Strong operational cash generation during the year, with an increase of 51% to BRL 944 million.

2020 Highlights	4Q 20	4Q 19	Var.	2020	2019	Var.
Financial Highlights (BRL million)						
Goods Gross Revenue	4,260	2,745	55,2%	14,353	9,904	44.9%
Services Gross Revenue	25	-	-	40	39	2.6%
Net revenue	3,635	2,373	53.2%	12,397	8,706	42.4%
SSS (%)	21.3%	2.2%	+19.1 p.p.	18.2%	5.2%	+13 p.p.
Adjusted Gross Profit	854	526	62.3%	2,989	2,142	39.5%
Adjusted Gross Margin	23.5%	22.2%	+1.3 p.p.	24.1%	24.6%	-0.5 p.p.
Adjusted EBITDA	289	164	76.7%	1,004	568	76.8%
Adjusted EBITDA Margin	7.9%	6.9%	+1 p.p.	8.1%	6.5%	+1.6 p.p.
Adjusted Net Profit	241	99	142.7%	776	366	112.2%
Operational Highlights						
Number of shops	159	120	39	159	120	39
Openings	14	11	3	39	24	15
Sales area (m ² thousands)	328,777	253,869	29.5%	328,777	253,869	29.5%

Highlights by Format	4Q 20	4Q 19	Var.	2020	2019	Var.
Supermarket						
Gross Revenue (BRL million)	1,183	817	44.9%	3,880	3,021	28.4%
Number of shops	49	39	10	49	39	10
Openings	5	4	1	10	6	4
Sales area (m ² thousands)	85,580	70,842	20.8%	85,580	70,842	20.8%
Cash & Carry						
Gross Revenue (BRL million)	2,076	1,169	77.5%	6,812	4,141	64.5%
Number of shops	33	23	10	33	23	10

Openings	3	3	-	10	6	4
Sales area (m ² thousands)	162,363	117,028	38.7%	162,363	117,028	38.7%
Furniture & Electronics						
Gross Revenue (BRL million)	269	168	59.9%	796	538	47.8%
Number of shops	77	58	19	77	58	19
Openings	6	4	2	19	12	7
Sales area (m ² thousands)	80,834	66,000	22.5%	80,834	66,000	22.5%
Wholesale						
Gross Revenue (BRL million)	732	591	24.0%	2,866	2,203	30.1%
Sales representatives (qty)	2,090	1,801	16.0%	2,090	1,801	16.0%
Routes (qty)	139	135	2.9%	139	135	2.9%
City Zones ¹ (qty)	846	748	13.1%	846	748	13.1%
Distribution Centers (qty)	10	9	1	10	9	1

MESSAGE FROM THE CEO

"2020 was a milestone in Grupo Mateus' 34-year history. With the commitment and dedication of our team, we were able to overcome challenges, break records and further consolidate our brand and our leadership in the North and Northeast regions of the country. The IPO was a transformational step for the company, taking us to a new level and bringing us national visibility.

During the year, the companies in the food retail segment went through service adaptations, food inflation and regardless of all the challenges, we kept our focus on growing the business and on the existing market opportunities. We opened our first stores in Piauí, with performance above expectations already in the first months, and also strengthened our presence in Maranhão and Pará. We opened stores of all formats (supermarket, cash & carry and furniture & electronics), mainly in new cities, what confirmed the solidity of our strategy to strengthen our footprint where we already operated, through routes with different sales channels, expanding the consumption opportunity in under-explored regions and always focusing on serving customers with price, service, and quality.

As a result of our efforts, the Group had record results in 2020. We opened 39 stores, which helped us reach a gross revenue of BRL14.4 billion, with a growth of 44.9%. Our Adjusted EBITDA grew 76.8% and totaled BRL1 billion, while Adjusted Net Income had an expressive increase of 112.2% and closed the year at BRL 776 million.

The Group's four strategic pillars - logistics, services, technology and people - were essential for us to achieve these results. In the logistics area, we strategically expanded new routes and invested in improving the infrastructure, with the inauguration of the Slicing and Portioning Distribution Center in Imperatriz (Maranhão). Currently, we are working on the inauguration of the Distribution

¹ City Zones: The cities where the company has wholesale to B2B customers are divided by zones. Some cities have more than one zone as the amount of zones changes with the size of the city.

Center in Pará, the expansion of the Distribution Center in São Luís and in the new Bakery Industry and Fruits and Vegetable Supply Center, both in São Luís.

The services offered in our stores continue to demonstrate their importance to our customers and to the development of our operation. The results obtained confirm that they are self-sustainable and attract flow to our stores, and we will continue working to offer the best shopping experience, further strengthening this differential.

Digital transformation is already a reality in our company since 2017, and through Mateus Mais, our new app that will be launched soon, we will bring new experiences to the Group's customers, with the consolidation of all the existing digital tools on a single platform and the launch of new tools. Regarding the financial services, we have taken the first steps to develop our Direct Credit Society and we are in discussion with a specialized consulting firm to structure the project so that it is in line with the Group's growth guidelines.

Finally, and just as important as the other pillars, we have people management. Training qualified professionals with the DNA of Grupo Mateus is one of the main challenges of our expansion project. Therefore, we invest heavily in the education of our employees through several programs, the main one being ULMA - Universidade de Líderes Mateus (University of Mateus Leaders).

We are proud to have trained 607 new leaders and 5,671 new employees in 2020. Talents from within the company that are now prepared to help us in our growth journey. To speed up the process of training new leaders, we also set up a base of our corporate university in Pará.

Finally, I express my gratitude, first of all, to God and to my family. To all our team, suppliers, customers a investors, and partners who helped Grupo Mateus to make 2020 a historical year, thank you very much. We will continue committed to our purpose of being an increasingly better company for everyone who is part of it."

Ilson Mateus, CEO and Founder

CHALLENGES AND OPPORTUNITES FOR 2021

Solidify the brand's positioning in new markets

The expansion plan for 2021 contemplates the opening of stores in Maranhão, Pará and Piauí, where we already operate, as well as the arrival in Ceará. A large part of the inaugurations will take place in cities that have not yet been explored, what demonstrates the Group's growth potential. As we strategically add new routes, we grow organically and gain new markets. The expansion brings the challenge of improving the shopping experience and connecting with the needs and habits of each region. Thus, we work to create a differentiated service and convenience environment, especially in under-explored regions.

Sustaining the growth of mature stores with gains in market share

In 2020, even with a competitive scenario in some regions, we were able to have competitive prices, thanks to an assertive commercial strategy based on pricing tools that allow us to constantly monitor market movements. During the year, mature stores presented a historical growth, above inflation. For 2021, we expect to continue with a consistent performance, even with a progressively more challenging comparison base.

Service diversification and multi-channel platform

The company's strategy for 2021 consists of increasing customer loyalty, through a differentiated services experience and the offer of a diversified product mix with great cost-benefit, associated with a multichannel platform (wholesale, supermarkets, cash & carry, furniture & electronics and e-commerce).

To meet expectations, we believe in the implementation of digital transformation tools, as our Mateus Mais App, which, in addition to improving the shopping experience, will meet consumers' needs more assertively, through integrated e-commerce services, digital wallet, CRM, cashback and financial services.

Constant training and leadership development

Grupo Mateus promotes the professional and career development of its employees and maintains qualification and development programs for 100% of its operations, covering shops, Distribution Centers and corporate areas.

In 2020, we invested around BRL 6 million in strengthening our corporate education structure, through ULMA (University of Mateus Leaders). During the year, we trained 607 employees for leadership positions and trained 5,671 new employees.

For 2021, we will expand the corporate training, in line with the expansion plan. In this sense, the estimate is to train 700 new leaders and 6,000 new employees in the year, divided by region of operation and expansion demand.

Social and Environmental Responsibility and Corporate Governance

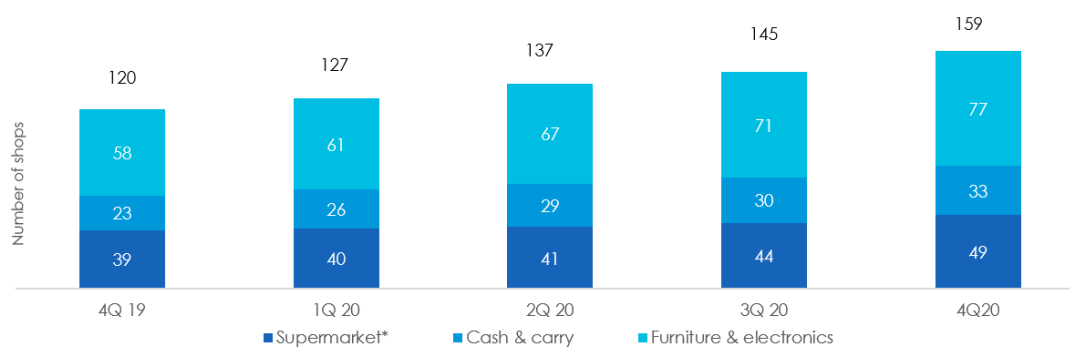
Grupo Mateus operates in the least developed region of Brazil and has always been aware of its role in the development of the local economy, with the creation of jobs and support to social projects, which aim to improve social equality. Currently, 68% of the operations are based in cities with low or medium HDI, because we believe in the joint growth of private initiative and the socioeconomic development of less favored regions.

In addition to that, the Group also adopts practices in order to reduce the impacts of its operations on the environment. Now, the company will work to adopt indicators that allow the market to follow the development of its social and environmental responsibility practices.

OPERATIONAL DATA

Expansion – Opening of shops

Grupo Mateus ended the year with 159 stores, of which 39 were inaugurated in 2020 (14 in Q4 20). We had no closures and recorded a 63% growth in the number of openings, compared to 2019 when we opened 24 stores. We exceeded the expectation of openings for 2020, demonstrating the company's ability to implement a robust expansion plan, even in an economically adverse scenario and with limitation of constructions.



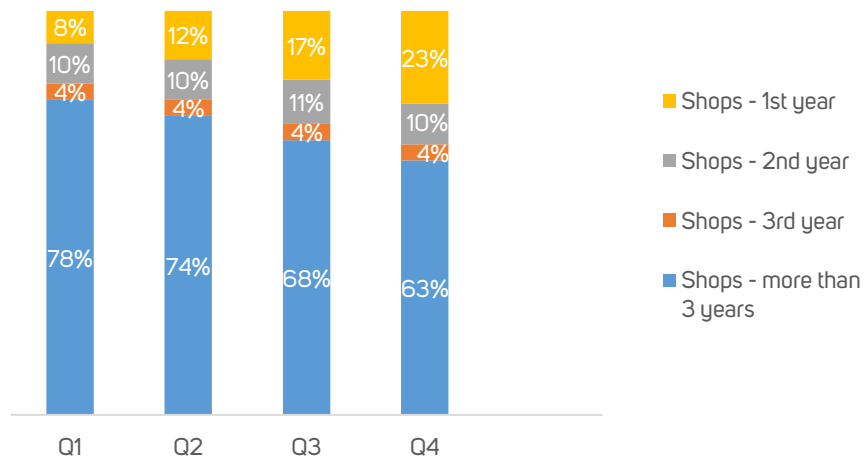
*Supermarket includes Supermarket, Hiper and Camiño

The Group's expansion plan comprises the footprint consolidation in the states it already operates and the arrival in new states, with all the sales channels. Out of the 39 shops opened during the year, 18 were in Maranhão, 16 were in Pará and 5 in Piauí.

Number of shops	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20	2019	2020
Maranhão	81	83	87	94	99	81	99
Pará	39	43	48	48	55	39	55

Piauí	-	1	2	3	5	-	5
Total	120	127	137	145	159	120	159

Of the 39 stores inaugurated, 23 were in new consumer markets not yet explored by the Group, which shows a market gain of 9% compared to 2019. By the end of the year, the performance of the new shops already was above the mature shops and represented 23% of the gross revenue, reflecting the existing potential in markets not explored yet.



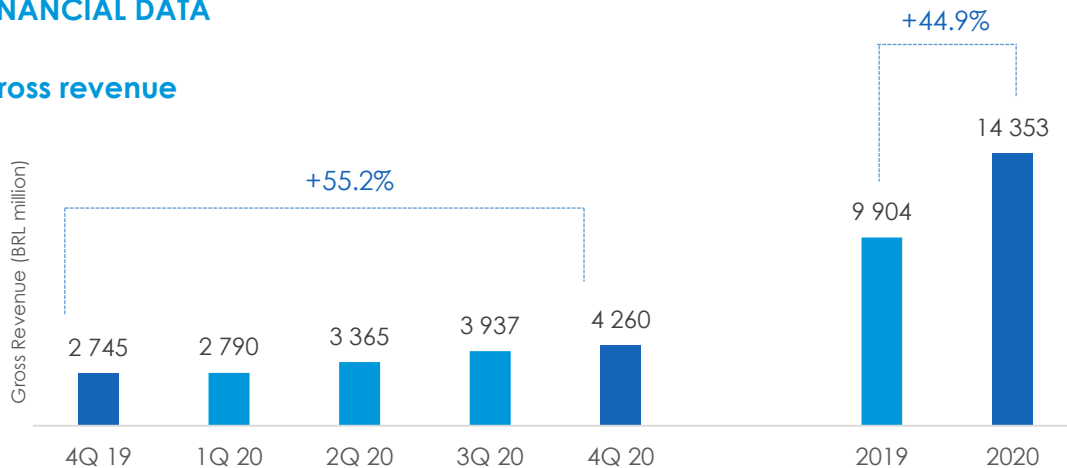
In Q4 20, the state of Pará saw a growth of 83% when compared to the same period in the previous year. 60% of this increase is related to the new shops.

In Piauí, where we already operated with the wholesale, we opened 5 stores in 2020, of which 2 were cash & carry stores and 3 furniture & electronics stores. The fast integration with the market and the loyalty of new customers allowed an accelerated regional growth of 140% in 2020. It is worth noting that large national and regional players are present in the food retail market of this state.

Until now in 2021, we opened 11 shops of all formats in the states of Maranhão, Pará and Piauí and will continue focused in our expansion plan, with the arrival in Ceará still this year.

FINANCIAL DATA

Gross revenue



In 4Q 20, gross revenue maintained its rapid pace of growth, totaling BRL 4,260 million in the fourth quarter, up 55.2% over 4Q19. In 2020, revenue reached R\$14,353 million, up 44.9% year on year.

The significant growth in the quarter was mainly due to the consistency of the expansion plan, with openings in all states where the company operates (14 inaugurations compared to 3Q 20 and 39 compared to 4Q 19) and the excellent performance of existing stores, made possible by the monitoring of results and identification of opportunities for each unit.

It is also worth noting that the fourth quarter is seasonally important due to the Black Friday and the year-end festivities. In 2020, the Black Friday promotion period was extended to 3 days, compared to 1 day in 2019, and saw a 95% growth in sales, divided by 61% in new and maturing stores and 34% of SSS, a consequence of a higher customer flow distributed in 3 days ensuring convenience and safety.

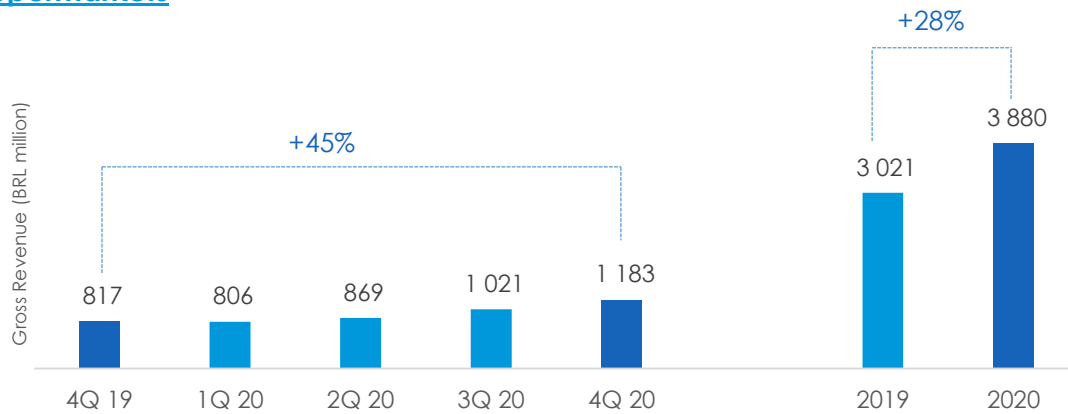
The services offer and the appropriate pricing model in each channel also contributed to the excellent performance in the period.

Same store sales also maintained their strong growth and registered an increase of 21.3% in the quarter and 18.2% in the year, what shows that mature stores continue to make an important contribution to the Group's performance.

It's worth mentioning that even in a challenging scenario like 2020, the states of Maranhão and Pará, where most of the Group's operations are concentrated, showed a positive balance of new jobs according to the General Register of Employed and Unemployed (Novo Caged or New Caged). Maranhão created 19,432 job positions while Pará created 31,510 new jobs. This reassures the company's strategy of consolidation in the regions it already operates.

Gross revenue per segment

Supermarkets

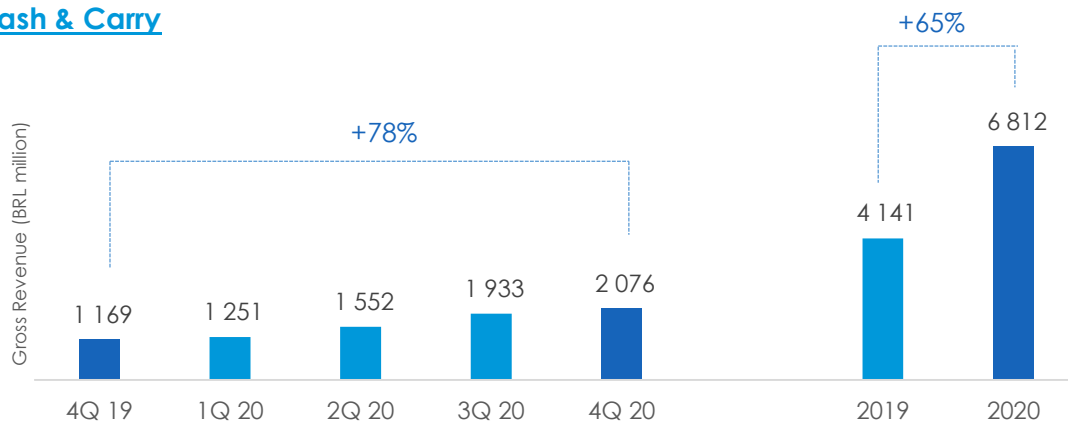


In the fourth quarter, the Supermarkets segment, which includes Supermarkets, Hypermarkets, and neighborhood stores, recorded gross revenue of BRL 1,183 million, representing 28% of the Group's revenue in the period. Revenue grew 45% compared to 4Q19.

Performance benefited from shop openings, with 10 inaugurations between Q4 19 and Q4 20, and from Black Friday promotional activities, with growth of 64% (44% of which were from new and maturing stores and 20% of SSS), in addition to the year-end festivities.

In 2020, gross revenue recorded an increase of 28.4% over the previous year, with same-store growth of 10.6%.

Cash & Carry



The Cash & Carry segment maintained its accelerated growth pace, with gross revenue totaling BRL 2,076 million in 4Q20, with an increase of 78%. The segment is the Group's most representative, with a 49% share in total revenue.

The opening of 10 stores between 4Q19 and 4Q20 was one of the main reasons for the expressive performance in the quarter. Same store sales growth also contributed to the performance, with an increase of 20%.

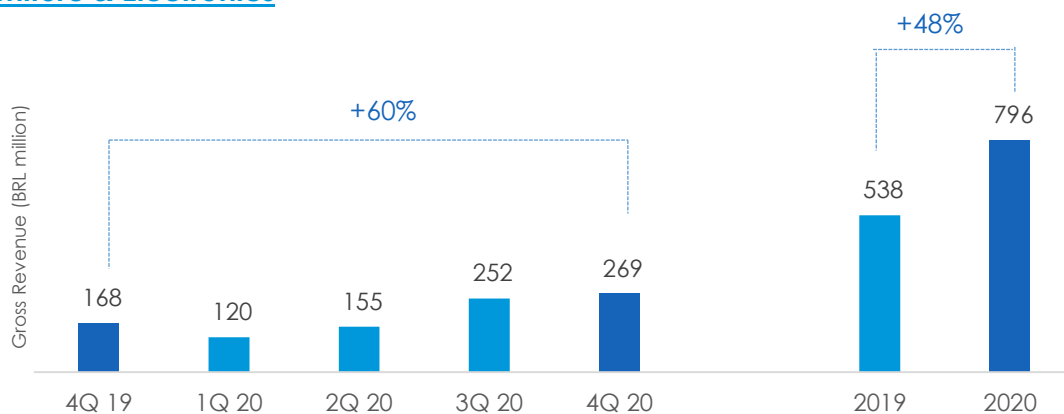
Black Friday sales were important for the performance, since they are more representative for the cash & carry segment, due to the manufacturing market and small supermarkets, with a growth of 149%, of which 92% were in new and in maturation stores and 57% SSS.

It's worth noting that, even in a challenging scenario, the Group was able to guarantee the best price option, with a large volume offer to our customers, amid an economic environment impacted by inflation in several categories, such as rice, oil and meat.

The company's ability to anticipate certain price behaviors allows us to negotiate with suppliers and acquire products at more affordable costs, especially in periods of greater volatility, creating an important differential to operate in the sector.

In 2020, gross revenue grew 65% compared to the previous year, while the growth in same-store sales was 16%.

Furniture & Electronics



Gross revenue totaled BRL 269 million in 4Q20, up 60% in the period. The segment accounted for 6% of total gross revenue. It's worth remembering that in the second quarter of 2020 there was a repressed demand, due to the closing of the physical stores by the end of May, which caused an acceleration in revenue in the following semester.

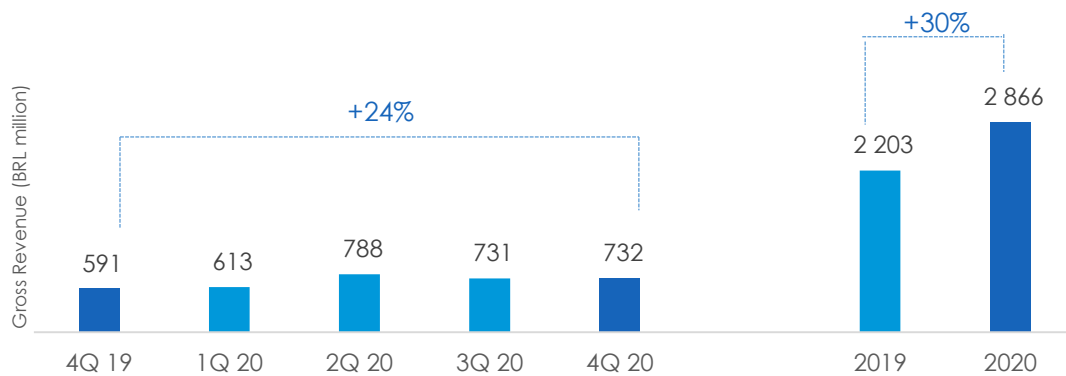
In 4Q20, performance was driven by the expansion plan, with 19 openings between 4Q19 and 4Q20. The performance was also supported by the Black Friday promotional actions and year-end festivities, as well as the availability of

inventory, which increased the Group's market share in this segment. The performance of the same stores remained strong in the quarter and grew 34%.

It's important to note that the aggressive expansion plan strengthened the commercial relationship with suppliers, which helped to sustain sales growth and store supply, even in a challenging scenario.

In 2020, gross revenue registered a growth of 48% compared to the s previous year, and the same-store growth was 23%.

Wholesale



In 4Q20, external sales recorded gross revenue of BRL 732 million, a growth of 24% when compared to the same period of the previous year.

In the performance by state, sales grew 31% in Maranhão, 32% in Pará and 16% in Piauí. It's worth pointing out that the growth of external sales in Maranhão happened independently of the inaugurations of supermarket and cash and carry stores, demonstrating the stability of sales, even with a strong expansion process.

Among the regions of operation, Pará and Maranhão registered the greatest due to increase in the footprint on the routes where wholesale was still little explored; to the decentralization of the range of operation of the commercial representatives; the segmentation of the representation portfolio and the maturation of the financial credit limit.

Wholesale is one of Grupo Mateus's strategic pillars, because it helps us measure the economic potential of each region, analyze consumption habits, and adherence to brands. It is also a sales channel that allows us to evaluate new consumer markets, in line with the store expansion strategy. The segment presents a large window of opportunity, with a broad growth potential, especially in the regions of Pará and Ceará, with areas that are still little explored.

In 2020, revenue totaled R\$2,866 million, a 30% growth.

Gross Profit

In BRL thousands	4Q 20	4Q 19	Var. %	2020	2019	Var. %
Gross Profit	854,275	484,657	76.3%	2,989,411	2,142,457	39.5%
Gross Margin %	23.5%	20.4%	+3.1 p.p.	24.1%	24.6%	-0.5 p.p.
(+) Inventory Adjustment	-	41,609	-	-	-	-
Adjusted Gross Profit	854,275	526,266	62.3%	2,989,411	2,142,457	39.5%
Adjusted Gross Margin%	23.5%	22.2%	+1.3 p.p.	24.1%	24.6%	-0.5 p.p.

In 2019, Grupo Mateus had the policy of making its adjustments in the last quarter of each year, a practice that was changed in 2020, to adjust itself for both the and the IPO process. Excluding these effects, adjusted gross profit in 4Q19 totaled BRL 526 million, with a gross margin of 22.2%.

In 4Q20, following the trend of previous quarters, we achieved an increase of 62%, totaling BRL 854 million. The inauguration and maturation of stores and the growth in same store sales were fundamental in accelerating the significant increase in gross profit. Gross margin was 23.5%, an improvement of 1.3 percentage points over 4Q19, due to the better balance between regular promotions and inauguration promotions.

In 2020, gross profit reached BRL 2,989 million, with an expressive growth of 40%, compared to the previous year. The gross margin, equivalent to 24.1% of net revenue, was pressured by 0.5 percentage point compared to 2019, due to the effect of the product mix and sales channels, given that the cash & carry format grew 7% in 2020, compared to 28% in 2019.

Selling, General and Administrative Expenses

In BRL thousands	4Q 20	4Q 19	Var. %	2020	2019	Var. %
Expenses	(648,921)	(406,496)	59.6%	(2,152,528)	(1,661,249)	29.6%
% of Net Revenue	17.9%	17%	+0.9 p.p.	17.4%	19.1%	-1.7 p.p.
(+) Provision (risks, doubtful accounts)	-	18,717	-	-	-	-
(+) Non-recurring expenses	47,623	-	-	49,749	-	-
Total non-recurring expenses	47,623	18,717		49,749	-	-
Adjusted expenses	(601,298)	(387,779)	55.1%	(2,102,779)	(1,661,249)	26.6%
% of Net Revenue	16.5%	16.3%	+0.2 p.p.	17.0%	19.1%	-2.1 p.p.

Until 2019, Grupo Mateus made its provisions in the last quarter of each year. Thus, the figures in 4Q19 reflect provisions from previous quarters. For 2020, the biggest share or the non-recurring expenses are related to the Group's public listing expenses.

Thus, excluding the quarter's non-recurring effects, administrative, general and sales expenses totaled BRL 601 million, equivalent to 16.5% of net revenue, a pressure of 0.2 percentage points in relation to 4Q19. This variation in relation to the previous year was the result of the increase in expenses with the rent of warehouses and freight expenses, to meet the increase in sales 4Q20; expenses with advertising and marketing due to the openings; and personnel expenses due to the openings and trainings.

For 2020, adjusted expenses represented 17.0% of net revenues, compared to 19.1% reported in 2019. The reduction of 2.1 percentage points is due to greater efficiency in management, control of expenses and increased productivity of the logistics, operational and administrative structure, which contributed to the representative dilution of expenses.

Below, we present the table with the breakdown of selling and administrative expenses:

In R\$ thousands	4Q 20	4Q 19	Var. %	2020	2019	Var. %
Selling expenses						
Personnel expenses	(206,155)	(133,501)	54.4%	(683,412)	(500,554)	36.5%
Sales commission	(9,985)	(8,551)	16.8%	(30,670)	(22,563)	35.9%
Advertising and marketing	(10,436)	(5,729)	82.2%	(17,639)	(11,687)	50.9%
Rent	(55,040)	(37,823)	45.5%	(207,091)	(146,558)	41.3%
Administrative Expenses						
Personnel Expenses	(103,057)	(76,904)	34.0%	(338,871)	(280,417)	20.8%
General Expenses	(90,015)	(37,784)	138.2%	(330,106)	(293,032)	12.7%
Depreciation	(35,989)	(25,018)	43.9%	(117,386)	(86,535)	35.7%
Water, electricity and telephone	(30,934)	(25,680)	20.5%	(106,691)	(91,780)	16.2%
Freight and fuel	(50,211)	(32,470)	54.6%	(170,088)	(115,474)	47.3%
Services rendered	(57,099)	(23,036)	147.9%	(150,573)	(112,650)	33.7%
Total	(648,921)	(406,495)	59.6%	(2,152,527)	(1,661,249)	29.6%

EBITDA

In R\$ thousands	4Q 20	4T 19	Var. %	2020	2019	Var. %
Net Profit	193,423	39,001	395.9%	726,268	365,748	98.6%
(+) Income tax	(2,973)	12,518	-123.7%	(1,730)	15,506	-111%
(+) Resultado Financeiro	14,902	26,642	-44.1%	112,343	99,954	12.4%
EBIT	205,352	78,161	162.7%	836,881	481,208	73.9%
(+) Depreciation and Amortization	35,989	25,018	43.9%	117,386	86,535	35.7%
EBITDA	241,341	103,179	133.9%	954,267	567,743	68.1%

EBITDA margin	6.6%	4.3%	2.3%	7.7%	6.5%	1.2%
(+) Inventory Adjustment	-	41,609	-	-	-	-
(+) Provision (risks, doubtful accounts)	-	18,717	-	-	-	-
(+) Non-recurring expenses	47,623	-	-	49,749	-	-
Total non-recurring/non-operational expenses	47,623	60,326	-21.1%	49,749	-	-
Adjusted EBITDA	288,964	163,505	76.7%	1,004,016	567,743	76.8%
Adjusted EBITDA margin	7.9%	6.9%	1.0%	8.1%	6.5%	1.6%

Adjusted EBITDA came to BRL 289 million in 4Q20, a substantial growth of 76.7% over 4Q19. The EBITDA margin rose 100 bps point to 7.9%, which demonstrates the Group's efficiency in the midst of its expansion plan. The strong pace of openings, along with the maturation of stores, contributed to the good performance of the result and to the dilution of expenses.

Non-recurring/non-operating expenses, mainly related to the IPO process, totaled BRL 47.6 million in 4Q20. In 4Q19, the level of non-recurring expenses was higher and totaled BRL 60.3 million, due to the company's policy, which, until then, made provisions only in the last quarter.

In 2020, Adjusted EBITDA amounted to R\$1 billion, a 76.8% growth. Adjusted EBITDA margin, meanwhile, had an increase of 1.6 percentage point and ended the year at 8.1% versus 6.5% in 2019. The main contributions for the year were the acceleration of the expansion plan and the logistical, operational and administrative efficiency, due to a work of reduction and optimization of expenses.

Financial Result

In R\$ thousands	4Q 20	4Q 19	Var (%)	2020	2019	Var (%)
Financial Revenue						
Interest received	3,637	12,431	-70.7%	23,388	33,640	-30.5%
Negative goodwill on tax credit rights	-	-	-	-	15,011	-
Interest on short-term investments	11,185	591	1792.6%	14,435	3,565	304.9%
Exchange variances	-	-	-	-	2,834	-
Financial discounts obtained	826	373	120.3%	3,574	3,322	7.6%
Other financial revenue	13,915	622	2137.2%	42,080	15,602	169.7%
Total financial revenue	29,563	14,017	110.9%	83,477	73,974	12.8%
Financial Expenses						
Tax on Financial Transactions (IOF)	-	(75)	-	(2)	(299)	-99.3%
Interest of loans and financing	(9,417)	(12,659)	-25.6%	(61,519)	(57,065)	7.8%
Interest paid	(3,432)	(3,977)	-13.7%	(10,474)	(13,967)	-25.0%
Financing interest	(417)	(406)	2.7%	(740)	(1,182)	-37.4%
Bank expenses	(3,602)	(2,808)	28.3%	(22,721)	(14,380)	58.0%

Financial loss	901	(1,183)	-176.1%	(663)	(8,243)	-92.0%
Monetary variance losses	-	-	-	(6,815)	(3,156)	115.9%
Credit card percentage	(26,296)	(17,401)	51.1%	(87,121)	(64,673)	34.7%
Discounts awarded	(2,203)	(2,151)	2.4%	(5,765)	(10,963)	-47.4%
Total financial expenses	(44,465)	(40,660)	9.4%	(195,820)	(173,928)	12.6%
Total financial income	(14,902)	(26,643)	-44.1%	(112,343)	(99,954)	12.4%
% of Net Revenue	-0.4%	-1.1%	0.7%	-0.9%	-1.1%	0.2%

The financial result for 4Q20 totaled BRL -15 million, with a reduction of -44.1%, and represented 0.4% of net revenue compared to 1.1% in 4Q19.

Financial revenues registered a growth of 110.9% and totaled BRL 30 million during the quarter, reflecting the resources obtained with the IPO. The Group rose its cash and cash equivalents and financial investments to BRL 2.1 billion and generated interest on investments in the amount of BRL 11 million.

On the other hand, financial expenses were penalized by 9.4% in 4Q20, when compared to 4Q19, totaling BRL 44 million in 2020, basically reflecting the increase in expenses with card administrative fees and banking expenses, due to the increases in card and bank slip sales.

With the increase in the company's current liquidity and aiming at the best financial strategies, the company opted for the liquidation of about BRL 700 million of outstanding loans, leasing, and finames and, as a result, there was a reduction in interest expenses on loans and financing in the quarter of 25.6%.

In 2020, the financial result grew 12.4% and totaled BRL -112 million. As a percentual of the net income, it showed an improvement of 20 bps.

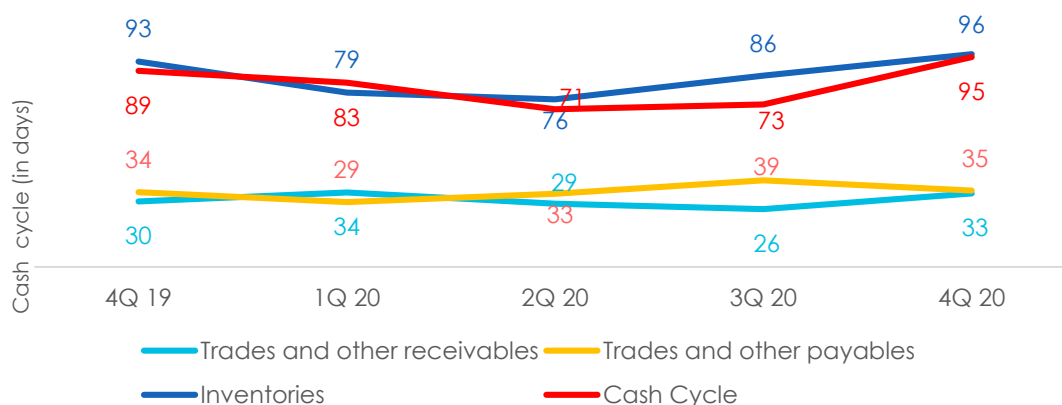
Net Income

In R\$ thousands	4Q 20	4Q 19	Var. %	2020	2019	Var. %
Net Income	193,423	39,001	395.9%	726,269	365,747	98.6%
<i>Net margin</i>	5.3%	1.6%	3.7 p.p.	5.9%	4.2%	1.7 p.p.
(+) EBITDA non-recurring expenses	47,623	60,326	-21.1%	49,749	-	-
Adjusted Net Income	241,046	99,327	142.7%	776,018	365,747	112.2%
<i>Adjusted Net Margin</i>	6.6%	4.2%	2.4 p.p.	6.3%	4.2%	2.1 p.p.

Net income in 4Q20 totaled BRL 241 million, with a growth of 143% when compared to 4Q19. The net margin in the period was 6.6%, compared to 4.2% in the same period of the previous year.

In 2020, adjusted net income was BRL 776 million, representing a 112% increase over last year, with a net margin of 6.3% (4.2% in 2019).

Cash Cycle



The cash cycle for 4Q 20 was 95 days, an increase of 6 days in relation to the same period last year. The inventory increased by 3 days, mainly reflecting the expansion plan for new stores and the expansion of distribution centers.

Receivables increased by 3 days, compared to 4Q19, due to the increase in bank slip and credit card sales. The deadline with suppliers remained stable in the period.

Investments

In R\$ thousands	4Q 20	4Q 19	Var. %	2020	2019	Var. %
Opened shops	42,853	57,123	-25.0%	300,856	123,947	142.7%
Infrastructure	12,401	-	-	47,875	2,659	1700.5%
Lands	35,069	-	-	35,069	-	-
Construction in progress	95,343	23,540	305.0%	118,827	31,881	272.7%
Refurbishment, maintenance and others	36,405	15,039	142.1%	98,358	57,241	71.8%
Total	222,071	95,702	132.0%	600,985	215,728	178.6%

During 4Q20, investments registered an increased by 132% to BRL 222 million, due to the robust store expansion plan and the expansion in infrastructure, with the construction of new bakery industries and distribution centers, and the maintenance of existing shops.

In 2020, investments totaled BRL 601 million, an increase of 179% when compared to 2019. The investments were made in the opening of new stores, expansion of the company's infrastructure with new distribution centers, land acquisition, refurbishments and maintenance of mature stores and constructions in progress.

For 2021, the process of expanding new stores and infrastructure is accelerated. In Maranhão, the Distribution Center located in Itapera, with 22,000 m² of storage space and 13,000 m² for fruits and vegetables is being expanded while two new bakery industries are being built.

In Pará, the new Distribution Center in Santa Isabel, with 40,000 m² of storage space, will be opened in the first semester of 2021. Two other distribution centers for slicing and portioning and fruits and vegetables are under construction, both with 13,000 m².

The Group currently has 17 stores under construction, which are expected to be open in 2021.

Cash Flow

In R\$ thousands	2020	2019	Var. %
Adjusted EBIT	725	381	90%
Depreciation and amortization	117	150	-22%
Lease liabilities remeasurement	33	20	64%
Provision for obsolescence and breakages	(3)	3	-187%
Allowance for expected credit losses	17	1	1932%
Interest on loans, financing and debentures provisioned for	49	57	-14%
Property, plant and equipment disposals	3	1	165%
Provision for risks	2	12	-83%
Operations resources	944	626	51%
Cash cycle	(1,222)	(246)	397%
Other assets	(29)	(17)	77%
Operational cash flow	(308)	363	-185%
Net cash used in investment activities	(601)	(209)	188%
Net cash provided by (used in) financing activities	2,615	(12)	-21030%
Net cash flow	1,705	142	1105%

In 2020, Grupo Mateus generated a net cash flow of BRL 1.7 billion compared to BRL 142 million in 2019. The operations resources totaled BRL 944 million in 2020, equivalent to 7.6% of net revenue, while in 2019 this line totaled BRL 626 million, equivalent to 7.2%. The 51% increase is related to the successful implementation of the expansion plan and accelerated store maturation, in addition to an expressive same-store sales growth aligned with a significant dilution of expenses.

We recorded a working capital consumption of BRL 1.2 billion in 2020, compared to BRL 263 million in 2019. The consumption of capital occurred mainly in the inventory line, due to the expansion of operations with new stores, an increase in same-store sales and in shops in maturation, as well as, at a lower level, to the accumulated food inflation for the period.

The investment activities reached around BRL 601 million in 2020, with a growth of 188% over the same period of the previous year, of which BRL 119 million are

allocated to construction in progress for new stores and infrastructure, with inauguration expected for 2021.

The net cash generated by financing activities reached BRL 2.6 billion, given that in the period there was the IPO.

Indebtedness

In R\$ thousands	4Q 20	4Q 19	Var %
Cash and cash equivalents	2,112,385	406,905	419.1%
Financial investments	14,965	14,608	2.4%
Gross debt	(592,495)	(908,450)	-34.8%
Net Debt/Liquid Cash	1,534,855	(486,937)	-415.2%
Net Debt/Adjusted EBITDA	1.5X	-0.9x	0.6X

Grupo Mateus ended 2020 with BRL1,5 billion in net cash, compared to a net debt of BRL 487 million at the end of 2019. The improvement is due to two main factors: the inflow of funds from the IPO, held in October 2020, and repayment of about BRL 700 million of loans, leasings and Finames with banks.

With the cash availability generated by the IPO, the company reviewed the existing costs on the outstanding debt and provided new strategies for financial profitability, reducing its gross debt by 35% in Q4 20, what resulted in a decrease consequently of about 26% of interest expenses on loans and financing.

DIGITAL TRANSFORMATION AND DEVELOPMENT OF FINANCIAL SERVICES

E-commerce

Grupo Mateus's Technology area is one of the pillars that make up the company's development strategy (together with Logistics, Services and People). In order to stand out in the food and furniture & electronic market, amid the growing digitalization of the country's consumers and the changes in consumer behavior, over the past 5 years the Group has developed several digital e-commerce sales tools and a CRM platform.

Plataforms	Business
Canto do Chef (2017)	E-commerce focused on B2B sales.
Mateus App (2018)	The Group's first app, which worked as a CRM platform.

Mateus Online (2019)	B2C e-commerce focused on the sales of furniture & electronics and other non food items.
Super - Mercado do Futuro (2020)	Partnership developed during the pandemic period to serve consumers through delivery during the lockdown



To offer new experiences to its customers, the Group announced the launch of its new Mateus Mais app for the first half of 2021

Digital Wallet, Cashback and CRM

The new e-commerce tool combines the services offered by the previous platforms and brings great news to the public, such as a digital wallet and cashback on products, negotiated with major players in the retail and furniture & electronics industries. With this new initiative, the company strengthens the digital ecosystem in all of its sales channels and innovates in the physical and online shopping experience.

Mateus Mais will operate in the three states where the Group has physical stores (Maranhão, Pará and Piauí), ensuring more convenience to customers, who will be able to make retail purchases, track the balance of inflows and outflows of their cashback in the palm of their hands, and opt for home delivery or store pickup. Besides the advantages offered to customers, Mateus Mais also works as a relationship tool (CRM) for the Group. With the integration between physical stores and the app, it is possible to make personalized offers to each customer, improve the experience in stores and increase recurrent purchases.

The delivery will be made regardless of the shop format present in the region. For example, city of São Mateus, in Maranhão, has only one furniture & electronics store, but the customers from this city will be able to buy any food item they want and pick it up on the store, even if the item isn't part of that store segment product mix

Besides the advantages for the customers, Mateus Mais will also work as a CRM tool for the Group. With the integration between the physical shops and the app, it will be possible to make custom offers to each customer, in order to improve the sales experience in the shops and increase the purchase recurrence.

B2B and Mateus Mais

Scheduled for the second half of 2021, the next update of the Mateus Mais App will serve the entire sales chain of the more than 25,000 active B2B customers of

the Grupo Mateus. They will be able to place their purchase order directly with the commercial representative or they buy directly with the Mateus Mais App.

Each update of the Mateus Mais App is expected to reflect Grupo Mateus's innovation and technology pillar. The goal is to reach 1 million active users by the end of 2021, serving the B2C and B2B customers in order to establish a closer relationship with them, improving the consumer experience and innovating in the retail and distribution segments.

Financial Services

In the financial services segment, the Grupo Mateus works with two brands. The first is MateusCard, a credit card in partnership with Bradesco, which supports, with competitive conditions in retail, cash & carry, wholesale and furniture & electronics. At the end of 2020, we had 220 thousand accounts with 300 thousand active cards (including cardholders and additional).

The other brand we work with is CREDNOSSO, a financial solution complementary to the credit card, developed for the payment of the Group's employees, but that, over time, was expanded to bring several benefits to both employees and the external public. Crednosso offers the following services: purchases at registered retailers, bill payments, transfers to banks and discounts at drugstores. The card is accepted in 186 ATMs and has 112 thousand Private Label cards.

Grupo Mateus is working on the development of the financial services area in order to seize the opportunities in the region it operates, given that part of the market is not being absorbed in some regions.

The first steps have already been taken, and we started the project of a SCD (Direct Credit Society). We are also in discussion with consulting companies in order to improve the credit operations we already have.

We emphasize that both financial services and the digital transformation are important growth avenues identified by Grupo Mateus to accelerate the expansion project.

SOCIAL RESPONSIBILITY REPORT

ESG at Grupo Mateus

Grupo Mateus's commitment to Sustainable Development is demonstrated through transparent communication with all stakeholders, as well as by internalizing the best environmental, social and economic management practices.

Starting the communication of ESG initiatives and their respective impacts both for the business and the community in which the Group is inserted, we highlight in this report the company's main actions.

1. Environmental

Electricity Consumption

Grupo Mateus receives clean energy in most of its stores, part being acquired in the free energy market and part in the Distributed Generation model, from biogas (landfill), biomass from sugar cane and wind sources.

As the following table shows, 15% of the energy consumed by the Group comes from conventional matrixes (energy distributor), 21% from biogas, 38% from biomass and 25% from wind. It's worth noting that 4% of the energy from Biogas comes from a landfill located in Maranhão, to which the stores' garbage is destined.

Consumption MWh	in	Convencional	Biogas	Biomass	Wind	Total
Maranhão		2,064	183	7,952	5,302	15,501
Pará		808	4,402	-	-	5,210
Piauí		337	-	204	136	677
Total		3,209	4,585	8,156	5,438	21,388
%		15%	21%	38%	25%	100%

Thus, 85% of all the energy consumed by Grupo Mateus comes from clean sources with low environmental impact.

Energy Efficiency Measures

Our stores and Distribution Centers have transparent tiles, which allow better use of natural light, reducing energy consumption with artificial lighting.

In addition, we have carried out Retrofit actions in our stores, exchanging outdated equipment (light bulbs, counters) for more modern and efficient ones, which pollute the environment less.

Selective Collection

The selective collection process aims at the separation of residues for later valorization of the separated material. The objective of this process is to reduce the generation of residues that need to be disposed of in landfills.

Waste such as cardboard, plastics, and organics are selected and separated, according to their composition, and reused in reverse logistics.

Disposal of Solid Waste of Civil Construction

The residues generated by our construction are correctly disposed of through licensed and specialized companies.

Reverse Logistics for Reuse

This is a way to ensure that, after consumption, packaging is removed from landfills, dumps, and the environment. All cardboard and plastic material is physically segregated and sent on a daily basis to companies specialized in recycling and reusing packaging. The Group also discards the oil used on its operations in a secure manner, sending it to specialized companies.

Reuse in the Distribution Center (DC)

The pallets used for storage and movement of goods are reused in the manufacturing of furniture for the Distribution Center.

The company is also concerned with water treatment in its operations, promoting the sustainable use of water resources and reducing the amount of sewage released into the environment. The water used for washing the trucks of the DC goes through a treatment and is reused in the washing process of the external areas of the location.

Finally, we reform or rebuild tires, taking advantage of the existing structure of the worn tire (flat), provided that the carcass is in good condition, and incorporating a new tread.

2. Social

Grupo Mateus's social responsibility actions aim to encourage, strengthen, and expand internal practices to promote health, well-being, and quality of life of its employees; the reduction social inequality; to include disabled people in the labor market; and to offer opportunities to young people in the regions where we operate to build a fairer and more egalitarian society.

The social programs are carried out by encouraging internal volunteering. We also do social contribution work to help in the development of the communities where Grupo Mateus is located. Thus, social responsibility involves measures that bring culture and good conditions to society.

Due to the challenging scenario caused by the second wave of the COVID pandemic, Grupo Mateus committed to support the building of a field hospital in São Luís (Maranhão). The hospital has 80 beds, 10 of which are ICU beds.

Diversity

The Group is constantly working to make sure that diversity is present in its workforce. In this sense, female leadership is essential to establish gender equality within the company. Today, 591 women occupy leadership positions, such as directors, coordination, management, and supervision, which represents

about 40% of the Group's leaders. We believe this number can be even higher, and we are working to increase it.

3. Governance

Since October 2020, Grupo Mateus has been listed in B3's Novo Mercado (New Market) and is reinforcing its commitment to the best Corporate Governance practices, valuing transparency, accountability and fairness of the information provided.

The Board of Directors is made up of five members, all of whom have the qualifications and experience necessary for the strategic direction of the company. Also, 40% of the directors are independent. The company also has an Audit Committee, which assists the board, composed of three members, all independent.

As a way of increasing transparency, the company has installed management support committees that discuss relevant strategic issues of the company, such as the following: digital strategy committee, financial services committee, expansion committee, and crisis committee.

Grupo Mateus is committed to applying transparent corporate governance in line with the long-term interests of shareholders and strengthening the transparency and independence of the Board of Directors.

INCOME STATEMENT CONSOLIDATED AND COMBINED (2020 e Q4 20)*

Income Statement (R\$ thousands)	4Q 20	4Q 19	Var (%)	2020	2019	Var (%)
Net sales revenue	3,635,296	2,372,506	53.2%	12,397,038	8,706,248	42.4%
Cost of services provided and goods sold	(2,781,021)	(1,887,849)	47.3%	(9,407,628)	(6,563,791)	43.3%
Gross profit	854,275	484,656	76.3%	2,989,410	2,142,457	39.5%
Operating income (expenses)						
Administrative, general and commercial expenses	(647,000)	(396,081)	63.4%	(2,149,427)	(1,645,414)	30.6%
Other net operating income (expenses)	(1,923)	(10,414)	-81.5%	(3,102)	(15,835)	-80.4%
	(648,923)	(406,496)	59.6%	(2,152,529)	(1,661,249)	29.6%
Operating income before financial income/loss	205,352	78,161	162.7%	836,881	481,208	73.9%
Financial Income						
Financial revenue	29,563	14,017	110.9%	83,477	73,974	12.8%
Financial expenses	(44,465)	(40,660)	9.4%	(195,820)	(173,928)	12.6%
Total	(14,902)	(26,642)	-44.1%	(112,343)	(99,954)	12.4%
Profit before income and social contribution taxes	190,450	51,518	269.7%	724,539	381,254	90.0%
Current income and social contribution taxes	5,004	(3,572)	-240.1%	(1,943)	(6,560)	-70.4%
Deferred income and social contribution taxes	(2,031)	(8,946)	-77.3%	3,673	(8,946)	-141.1%
Total	2,973	(12,518)	-123.8%	1,730	(15,506)	-111.2%
Net income for the period	193,423	39,001	395.9%	726,269	365,748	98.6%

*Without IFRS 16

BALANCE SHEET CONSOLIDATED AND COMBINED

Assets (R\$ thousands)	Dec/20	Dec/19
Current assets		
Cash and cash equivalents	2,112,385	406,905
Contas a receber	1,305,458	804,165
Inventories	2,617,533	1,518,243
Recoverable taxes	21,882	55,392
Other assets	8,758	11,772
Total current assets	6,066,016	2,796,477
Total non-current assets		
Financial investments	14,965	14,608
Related parties	22,166	70,740
Recoverable taxes	140,240	29,529
Other assets	1,619	904
Judicial deposits	14,757	11,912
Right-of-use assets	597,051	408,048
Intangible assets	450	450
Property, plant and equipment	1,341,447	860,773
Total non-current assets	2,132,695	1,396,964
Total assets	8,198,711	4,193,441

Liabilities (in R\$ thousands)	Dec/20	Dec/19
Current liabilities		
Trade payables	944,604	553,543
Loans and financing	32,022	161,359
Debentures	29,146	30,503
Labor liabilities	178,802	132,106
Tax liabilities	96,392	64,362
Payable taxes in installments	6,392	1,269
Lease liabilities	67,184	69,083
Other liabilities	6,788	17,719
Total current liabilities	1,361,330	1,029,944
Non-current liabilities		
Loans and financing	89,296	242,982
Debentures	442,031	473,606
Payable taxes in installments	23,353	4,614
Provision for risks	17,208	15,088
Lease liabilities	523,288	337,287
Related parties	34,665	97,980
Total non-current assets	1,129,841	1,171,557
Equity		
Share capital	4,780,929	1,144,169
Tax benefits reserve	778,155	752,661
AFAC - Advance for future capital increase	44,217	11,900
Legal reserve	40,955	44,195
Profit retention reserve	-	39,015
Equity attributable to owners of the Company	5,644,256	1,991,940
Equity attributable to noncontrolling interests	63,284	-
Total shareholders' equity	5,707,539	1,991,940
Total liabilities and shareholders' equity	8,198,711	4,193,441

IFRS 16 IMPACT – CONSOLIDATED INCOME STATEMENT

Income Statement (in R\$ thousands)	2020	IFRS16	2020 ex-IFRS	4Q 20	IFRS16	4Q 20 ex-IFRS
Net sales revenue	12,397,038		12,397,038	3,635,296		3,635,296
Cost of services provided and goods sold	(9,407,628)		(9,407,628)	(2,781,021)		(2,781,021)
GROSS PROFIT	2,989,410		2,989,410	854,275		854,275
OTHER OPERATING INCOME (EXPENSES)						
Administrative, general and commercial expenses	(1,924,601)	(107,439)	(2,032,040)	(581,898)	(29,111)	(611,009)
Depreciation	(192,022)	74,636	(117,386)	(55,744)	19,755	(35,989)
Other net operating income (expenses)	(3,102)		(3,102)	(1,923)		(1,923)
OPERATING INCOME BEFORE FINANCE INCOME/LOSS	869,685		836,882	214,710		205,354
FINANCIAL INCOME	(145,146)	32,803	(112,343)	(24,259)	9,356	(14,903)
PROFIT BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	724,539		724,539	190,451		190,451
Income and social contribution taxes	1,730		1,730	2,973		2,973
NET PROFIT FOR THE PERIOD	726,269		726,269	193,425		193,425

Cash flow (in R\$ thousands)	2020	2019	Var. %
Cash flows from operating activities			
Net income for the period	724,539	381,253	90.0%
Adjustments to reconcile the net income for the period to net cash provided by operating activities:			
Depreciation and Amortization	117,386	149,963	-21.7%
Lease liabilities remeasurement	32,804	19,966	64.3%
Provision for obsolescence and breakages	(2,813)	3,230	-187.1%
Allowance for expected credit losses	17,471	860	1931.5%
Interest on loans, financing and debentures provisioned for	49,441	57,280	-13.7%
Property, plant and equipment disposals	2,924	1,102	165.3%
Provision for risks	2,120	12,166	-82.6%
Operations resources	943,871	625,820	50.8%
Increase (decrease) in operating assets			
Trade and other receivables	(518,764)	2,379	-21906.0%
Inventories	(1,096,477)	(98,554)	1012.6%
Recoverable taxes	(77,200)	(16,931)	356.0%
Judicial deposits	(2,845)	(1,919)	48.3%
Other assets	2,300	10,782	-78.7%
Increase (decrease) in operating liabilities:			
Trade and other payables	391,061	(149,829)	-361.0%
Labor and tax obligations	78,726	35,270	123.2%
Tax payables in installments	23,862	(1,278)	-1967.1%
Other liabilities	(10,931)	(5,950)	83.7%
Taxes paid	(1,943)	(6,560)	-70.4%
Other liabilities	(268,341)	393,230	-168.2%
Interest paid	(43,245)	(36,588)	18.2%
Net cash provided by operations	(311,586)	356,642	-187.4%
Cash flow from investing activities			
Acquisition of property, plant and equipment	(600,985)	(215,729)	178.6%
Intangible assets	-	-	-
Investment in securities	(357)	6,575	-105.4%
Net cash used in investment activities	(601,341)	(209,154)	187.5%
Cash flow from financing activities			
Obtainment of loans and financing and debentures	690,665	367,761	87.8%
Related parties	(14,741)	3,627	-506.4%
Advance for future capital increase	32,317	-	-
Amortization of loans and financing and debentures	(1,004,569)	(275,436)	264.7%
Profit distribution	-	(39,062)	-
Social capital	3,025,913	15,690	19185.6%
Payment of lease liability	(111,178)	(85,072)	30.7%
Net cash provided by (used in) financing activities	2,618,407	(12,492)	-21060.7%

Increase in cash and cash equivalents	1.705.481	134.996	1163,4%
Cash and cash equivalents at the beginning of the period	406,905	271,909	49.6%
Cash and cash equivalents at period-end	2,112,386	406,905	419.1%
Increase in cash and cash equivalents	1,705,481	134,996	1163,4%

CASH FLOW

About Grupo Mateus

Grupo Mateus is the fourth largest food retail company in the country, with operations in supermarket retail, cash and carry, wholesale, furniture and household appliances, e-commerce, the bakery industry and slicing and portioning central.

Investor Relations Contacts

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São Luís, March 24, 2021 - This document contains both historical information and forward-looking statements about the business prospects, projections on the Mateus Group's operating and financial results, based exclusively on the expectations of the Company's Management. These expectations depend, substantially, on market conditions, the performance of the Brazilian economy, the sector and international markets and, therefore, are subject to change without prior notice. In the face of such uncertainties, Grupo Mateus assumes no obligation to update or revise any forward-looking statement in the future.

Additionally, as informed in the Financial Reports disclosed in the IPO process, on June 30, 2020, the Companies Posterus Supermercados Ltda. and Rio Balsas Participações e Empreendimentos Ltda. had their capital paid up on June 30, 2020, becoming wholly-owned subsidiaries of the Mateus Group. Therefore, in the financial reports presented in our financial statements and explanatory notes for this quarter, more specifically the base date December 31, 2019, we present the statutory consolidation which the companies mentioned were not part of the company's investments.

Accordingly, the Company opted to present in the Press Release the combined income statements (proforma) for the period of 4Q 19 (December 31, 2019), as it understands that these provide its readers with the comparability of the operations of the Mateus Group considering the corporate structure formed on June 30, 2020 and maintained for December 31, 2020. These combined income statements on the base date of December 31, 2019, do not represent the financial statements of any of the entities that are part of the Group in isolation, and should not be taken as a basis for the purpose of calculating dividends, taxes or for any other corporate purposes, being presented exclusively in the Press Release as pro forma and with the sole purpose of presenting the combined results as if the entities mentioned under common control were just a single entity.

Finally, in order to better represent the economic scenario of the business, the figures are presented without the effect of IFRS 16 in the Income Statement in the periods in reference.

Notes

Notes to the parent company and consolidated financial statements for the fiscal years ended December 31, 2020, and 2019

(In thousands of Brazilian reais (R\$), unless stated otherwise)

1. Operations

Grupo Mateus S.A. ("Company" or "Grupo Mateus") is a holding company whose main activity is holding equity interests in other companies. It was incorporated on June 13, 2016, under the name of Exitus Holdings S.A., and is headquartered in the city of São Luís, State of Maranhão. The parent company's main investment is the equity interest held in Armazém Mateus S.A. and Mateus Supermercados S.A., which operate in the wholesale and retail, electronics, mixed segment, and industry through the subsidiary Indústria de Pães e Massas Mateus Ltda.

Investees	Share of total capital	
	12/31/2020	12/31/2019
Subsidiaries		
Armazém Mateus S.A. (a)	99.99%	99.99%
Mateus Supermercados S.A. (b)	99.99%	99.99%
Indústria de Pães e Massas Mateus (c)	99.57%	98.00%
Rio Balsas Participações e Empreendimentos Ltda. (d)	99.99%	-
Posterus Supermercados Ltda. (e)	96.85%	-
Indústrias Blanco Ltda. (f)	-	99.99%
Braslub Distribuidora Ltda. (g)	-	99.99%

Notes

- (a) Armazém Mateus S.A. (“Armazém”), a privately-held company incorporated on April 26, 1989, headquartered in the city of São Luís, State of Maranhão, that engages in the wholesale trade of goods in general in the North and Northeast regions of Brazil;
- (b) Mateus Supermercados S.A. (“Supermercado”), a privately-held company incorporated on August 18, 2000, headquartered in the city of São Luís, State of Maranhão, that engages in the retail activities of goods in general in the North and Northeast regions of Brazil through its chain of supermarkets;
- (c) Indústria de Pães e Massas Mateus Ltda. (“Indústria de Pães”), a limited liability company incorporated on June 19, 2007, headquartered in the city of São Luís, State of Maranhão, that engages in the production and wholesale trade of cookies, crackers, cakes, bread, and pasta, whose main operations are conducted within the Company;
- (d) Rio Balsas Participações e Empreendimentos Ltda. (“Rio Balsas”), a limited liability company incorporated on July 09, 2007, headquartered in the city of São Luís, State of Maranhão, that engages in the activity of holding non-financial institutions, whose main operations are conducted within the Company;
- (e) Posterus Supermercados Ltda. (“Posterus”), a limited liability company incorporated on March 21, 2017, headquartered in the city of São Luís, State of Maranhão, that engages in the retail of goods in general, mainly food products, in the North and Northeast regions of Brazil through a chain of supermarkets.
- (f) Indústrias Blanco Ltda. (“Indústria Blanco”), a limited liability company incorporated on June 19, 2019, headquartered in the city of São Luís, State of Maranhão, that engages in the manufacturing of raw sugar and other natural sweeteners, and sugar refining and packaging, with the majority of operations conducted within said Company. As of the reference date of this report, this company is no longer an investee.
- (g) Braslub Distribuidora Ltda. (“Braslub”), a limited liability company incorporated on September 19, 2016, with the corporate name of Mega Distribuidora, headquartered in the city of Davinópolis, State of Maranhão, that engages in the wholesale trade of lubricants, with no operation until 2019. As of the reference date of this report, this company is no longer an investee.

1.1. Impacts from COVID-19

COVID-19 was found in December 2019 in China and quickly spread to various countries. On March 11, 2020, the World Health Organization (WHO) declared a pandemic.

The impact of the disease was also reflected in economic activity, which has suffered and continues to suffer significant losses. Because of that, companies were exposed to several strategic and operating risks, such as delays or interruptions in the supply of raw material, changes in customer demands, increased costs, logistical insufficiencies that led to delivery delays, employee health and safety matters, insufficient workforce, and challenges related to product import and export.

Because of this scenario, the Company constantly monitors the situation and takes measures such as those described below. Until now, there have been no expectations of impacts on the Company's operations.

- Implementation of safety measures to safeguard the health of customers and employees, following the guidelines of the World Health Organization (WHO) and state decrees;
- Negotiations of deadlines and prices with suppliers to establish a better relationship in the pandemic scenario to contain the increase in prices of products to be transferred to customers;
- Continuous supply of distribution centers and stores, increased efforts to improve “Mateus APP” with the implementation of the “Delivery” system.

Notes

During the pandemic, a significant and atypical increase in customer traffic and sales was observed compared to the same period in 2019, of which 28.41% in Retail including Supermarkets, Hypermarkets, and Camiño stores, and 64.50% in cash-and-carry stores. The electronics sector was mainly impacted because stores remained closed during the pandemic, in compliance with state decrees.

The Company assessed accounting estimates and discovered that there was no need to adopt new criteria beyond those already adopted, such as provisions for inventory loss, provision for estimated losses, or possible impacts from impairment.

New measures were evaluated for the financial sector, especially accounts payable and receivable, through the collection department, where the terms and interest rates were evaluated.

Overall, the Company concluded that despite the magnitude of the pandemic and the impacts caused, there was no need to record the effects that significantly impacted the information and continuity of its operations. As the situation evolves, constant monitoring will be maintained and new measures will be disclosed as necessary.

2. Presentation of parent company and consolidated financial statements and basis of preparation

2.1. Compliance statement and basis of preparation

The Company's parent company and consolidated financial statements were prepared according to the accounting practices adopted in Brazil ("BR GAAP") and International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board (IASB).

According to OCPC 07 – Disclosure of General-Purpose Financial Reports, Management declares that all relevant information specific to the parent company and consolidated financial statements, and this information alone, is being disclosed and corresponds to the practices adopted in Management activities.

The accounting practices adopted in Brazil comprise the policies established in Brazilian Corporation Law and the pronouncements, guidelines, and interpretations issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC).

The parent company and consolidated financial statements have been prepared based on historical cost, except for certain financial instruments measured at fair value, as described in the accounting practices below. Historical cost is usually based on the fair value of the considerations paid in exchange for assets.

The preparation of financial statements requires the use of certain critical accounting estimates and the judgment of the Company's Management to adopt its accounting policies. Those areas that require a higher degree of judgment and are more complex, as well as areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The parent company and consolidated financial statements for the year ended December 31, 2020, were approved by Management on March 18, 2021.

2.2. Value Added Statement ("DVA")

The Group prepared the Value Added Statements (DVA) according to technical pronouncement CPC 09 - Value Added Statements, which are presented as an integral part of the financial statements under BR GAAP applicable to publicly held companies, while for IFRS they represent supplementary financial information.

Notes

2.3. Use of estimates and judgments

The preparation of the parent company and consolidated financial statements involves the use of estimates and assumptions from Management that may impact the informed amounts of certain assets, liabilities, revenues, and expenses, as well as the disclosures contained in the notes to the financial statements. The settlement of transactions involving these estimates may result in amounts materially different from those recorded in the financial statements due to the uncertainties inherent in the estimation process. The Group reviews its estimates and assumptions at least every year to ensure that they are reasonable in light of past experience and the current economic situation. In addition to using estimates, the Group's Management is required to exercise judgment in determining the appropriate accounting treatment of certain transactions and activities, and how it should be applied.

The key estimates and judgments applied for the preparation of these parent company and consolidated financial statements refer to:

- **Note** – creation of an allowance for doubtful accounts;
- **Note 7** – The main assumptions regarding the net realizable value of inventory;
- **Note 17** – Leases; –
- **Note 20** – Measurement of provision for contingencies and other business-related provisions, key assumptions about the likelihood, and scale of any outflow of funds.
- **Note 22** – Recognition of deferred tax assets and availability of future taxable profits against which tax losses can be used;

2.4 Basis of consolidation and investments in subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Control is obtained when the Company has the power to govern the financial and operating policies and appoint or remove from office the majority of the members of the Board of Directors of an entity to benefit from its activities.

The Group's Management, based on the bylaws and shareholders' agreement, controls the companies listed in Note 1 and, therefore, fully-consolidates these companies.

The participation of non-controlling shareholders in the consolidated companies is highlighted in the consolidated income statements and statements of changes in equity.

In the parent company's financial statements, the results of the subsidiaries are recognized based on the equity method.

The main consolidation adjustments include the following eliminations:

- Balances of assets and liabilities, as well as revenue and expense balances between the parent company and subsidiaries or between subsidiaries, so that the consolidated financial statements reflect amounts receivable and payable effectively with third parties. Interest held in the capital and net income (loss) of the subsidiaries for the year.

The fiscal year of the subsidiaries included in the consolidation coincides with that of the Company. All balances of intercompany transactions have been fully eliminated in the consolidated financial statements. Transactions between the Company and its subsidiaries are carried out under conditions established between the parties.

The results of subsidiaries acquired or disposed of during the fiscal year are included in the consolidated income statements as of the effective acquisition until the date of effective disposal, as applicable.

Notes

2.5. Changes in ownership that do not result in a change of control

The Company records the interests resulting from corporate restructurings acquired from related parties without economic substance at historical cost. The difference between the cost balance and the value acquired is recorded in equity when the transaction occurs between companies under common control. These transactions do not qualify as business combinations under CPC 15R/IFRS 3R.

3. Summary of significant accounting policies

The summary of significant accounting policies adopted by the Company and its subsidiaries is as follows:

a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company and its subsidiaries are measured using the currency of the main economic environment in which they operate ("functional currency"). The financial statements are presented in Brazilian reais (R\$), the Company's and its subsidiaries' functional and presentation currency.

(ii) Transactions and balances

Foreign currency-denominated transactions are translated into functional currency using the exchange rates prevailing on the transaction dates or the evaluation in which the items are remeasured. Exchange gains and losses resulting from the settlement of these transactions and the translations for exchange rates at the end of the year, referring to foreign currency-denominated monetary assets and liabilities, are recorded in the current result.

b) Financial Instruments

Financial assets and liabilities are recognized in the balance sheet when the Company is a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities are added to, or deducted from, the fair value of financial assets or financial liabilities, as applicable, upon their initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

All regular acquisitions or sales of financial assets are recognized and written off on the transaction date. Regular acquisitions or sales correspond to the purchase and sale of financial assets that require the delivery of assets within the deadline established by a regulation or market practice.

All recognized financial assets are subsequently fully measured at amortized cost or fair value, depending on the classification of financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- Financial assets are held in a business model whose objective is to hold financial assets to collect contractual cash flows;
- The contractual terms of the financial asset generate, on specific dates, cash flows that refer exclusively to payments of principal and interest on the outstanding principal amount.

Notes

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- Financial assets are held in a business model whose objective is achieved with the collection of contractual cash flows and sale of the financial assets;
- The contractual terms of the financial asset generate, on specific dates, cash flows that refer exclusively to payments of principal and interest on the outstanding principal amount.

In general, all other financial assets are subsequently measured at fair value through profit or loss.

Notwithstanding the above, the Company can make the following irrevocable option/designation of a financial asset at initial recognition:

- The Company may irrevocably elect to present subsequent changes in the fair value of an investment in equity instruments in other comprehensive income if certain criteria are met (see item (ii) below);
- The Company may irrevocably designate an investment in debt instruments that meets the criteria of amortized cost or fair value through other comprehensive income as measured at fair value through profit or loss if, by doing so, the Company eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and effective interest rate method

The effective interest rate method is used to calculate the amortized cost of a debt instrument and to allocate its interest income during the corresponding period.

The effective interest rate for financial assets, except financial assets subject to acquired or originated impairment (that is, assets subject to impairment upon its initial recognition), is the rate that exactly discounts the estimated future cash received (including all fees and amounts paid, or received, that are an integral part of the effective interest rate, transaction costs, and other premiums or deductions), excluding expected credit losses, during the estimated term of the debt instrument or a shorter period, as applicable, for the gross carrying value of the debt instrument on the date of the initial recognition. A credit-adjusted effective interest rate is used for financial assets subject to impairment, acquired or originated, and this rate is calculated by discounting estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on the date of the initial recognition.

The amortized cost of a financial asset is the amount at which it is measured on the date of its initial recognition, excluding the amortization of its principal amount, plus the accumulated amortization using the effective interest rate method on any difference between the initial value and the value at maturity, adjusted for loss allowances. The gross carrying value of a financial asset is its amortized cost before adjustment for any loss allowances.

Interest income is recognized using the effective interest rate method for debt instruments subsequently measured at amortized cost. For financial assets, except those subject to acquired or originated impairment, interest income is calculated by applying the effective interest rate to the gross carrying value of the financial asset, except for those that subsequently become financial assets subject to impairment (see below). The Company recognizes interest income for financial assets, except those subject to acquired or originated impairment, by applying the effective interest rate to the amortized cost of the financial asset.

Notes

If, in subsequent reporting periods, the credit risk of the financial instrument subject to impairment improves in such a way that the financial asset is no longer subject to impairment, interest income is recognized by applying the effective interest rate to the gross carrying value of the financial asset.

The Company recognizes interest income for financial assets subject to acquired or originated impairment by applying an adjusted effective interest rate based on the credit to the amortized cost of the financial asset after its initial recognition.

The calculation does not reverse the gross base even if the credit risk of the financial asset subsequently improves in such a way that the financial asset is no longer subject to impairment.

Interest income is recognized in profit or loss and included in the "Financial Result" line (Note 25). -

(ii) Equity instruments designated at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable option (instrument by instrument) to designate investments in equity investments at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not allowed if the investment in equity investment is held for trading or if it is a contingent consideration recognized by a buyer in a business combination.

A financial asset is held for trading if:

- It was acquired primarily to be sold in the short term;
- At initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit generation;
- It is a derivative (except for a derivative that is a financial guarantee contract or an effective designated hedge instrument).

Equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in the fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. Retained earnings or accumulated losses will not be reclassified to profit or loss upon the disposal of investments in equity instruments; instead, they are transferred to retained earnings.

Dividends on these investments in equity investments are recognized in profit or loss under IFRS 9 (CPC 48) unless the dividends clearly represent a recovery of part of the investment's cost. Dividends are included in the "Financial revenues" line in profit/loss.

(iii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria of measured at amortized cost (see item (i) above) are measured at fair value through profit or loss. Debt instruments that do not meet the criteria of measured at amortized cost (see item (i) above) are classified at fair value through profit or loss.

Debt instruments that do not meet the criteria of measured at amortized cost or the criteria of measured at fair value through other comprehensive income (see items (i) and (ii) above) are classified at fair value through profit or loss.

Notes

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or as equity, according to the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

Equity instruments

An equity instrument is any contract that represents a residual interest in an entity's assets after deducting all its liabilities. Equity instruments issued by the Company are recognized when the funds are received, net of direct issue costs.

The repurchase of the Company's equity instruments is recognized and deducted directly from equity. No gain or loss is recognized in the result arising from the purchase, sale, issue, or cancellation of the Company's equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at fair value through profit or loss.

However, financial liabilities resulting from when the transfer of a financial asset does not qualify for write-off or when the continuing involvement approach is applicable, and financial guarantee contracts issued by the Company, are measured according to the specific accounting policies described below.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at fair value through profit or loss when the financial liability is **(i)** a contingent consideration from a buyer in a business combination, **(ii)** held for trading, or **(iii)** designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

- It was acquired primarily to be repurchased in the short term;
- At initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit generation.

A financial liability, except for a financial liability held for trading or contingent consideration from a buyer in a business combination, may be designated at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability is part of a group of financial assets or liabilities or both, that is managed and evaluated based on its fair value, according to the Company's documented risk management or investment strategy, and information on this group is provided internally on that basis;
- The financial liability is part of a contract containing one or more embedded derivatives, and CPC 48 allows that the combined contract as a whole be designated at fair value through profit or loss.

Notes

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not (i) a contingent consideration from a buyer in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is used to calculate the amortized cost of a financial liability and to allocate its interest income during the corresponding period. The effective interest rate is the one that discounts exactly the estimated future cash payments (including all fees and amounts paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or deductions) during the estimated life of the financial liability or (as applicable) during a shorter period, for the amortized cost of the financial liability.

Derivative financial instruments

The Company does not use derivative financial instruments. Such derivative financial instruments, when applicable, are initially recognized at fair value on the signing date of the derivative contract and further remeasured at fair value at the end of the reporting periods. Derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when it is negative. Gains or losses resulting from changes in the fair value of derivatives are directly accounted for in the profit or loss for the year.

c) Cash and cash equivalents

The balances presented consist of immediately available cash values to meet short-term commitments, rapidly convertible into cash, and subject to an insignificant risk of change in value.

d) Financial investments

Represented by temporary investments that will be held until their maturity dates, with convertibility into cash more than 90 days from the investment date, and are recorded at cost plus income earned until the dates of the financial statements, which do not exceed the market or realization value.

e) Accounts receivable

These mostly correspond to receivables from the sale activities of its subsidiaries Armazém Mateus S.A. and Mateus Supermercados S.A., arising from wholesale and retail sales and credit card receivables.

They represent active financial instruments classified as “amortized cost”.

Accounts receivable are initially recognized at the invoice amount and adjusted to present value (when applicable), including the respective direct taxes for which the Company is responsible. The amount of allowance for doubtful accounts is recognized, when necessary, based on the estimate of the debtor’s ability to pay the amount due and the overdue receivable.

According to CPC 48 – Financial Instruments, accounts receivable sold are derecognized when the Company delivers control and transfers substantially all associated risks and benefits to the buyer.

Notes

f) Inventories

According to CPC 16 – Inventories, they are recorded at average cost and include all components of the purchase cost of the goods sold, taking into consideration discounts and trade earnings negotiated with suppliers.

Inventories are measured at average cost or net realizable value, whichever is lower. Net realizable value corresponds to the estimated selling price in the regular course of business less additional costs necessary for the realization of the sale. The Company regularly adjusts the realization of the value of inventory due to losses and damages, as well as adjustments to correct profit elimination in the inventories of the subsidiary Supermercado Mateus S.A., where a substantial part of the product purchases are made with its related party Armazém Mateus S.A.

Provisions for inventory losses are recorded based on percentages applied to slow-turnover goods and average inventory losses.

g) Property, Plant & Equipment (PP&E)

PP&E is recognized at the acquisition or construction cost plus, when applicable, capitalized interest during the construction period, for qualifying assets, net of accumulated depreciation, and provision for impairment of assets for assets that are idle and have no expectation of reuse or realization. Depreciation is calculated using the straight-line method, based on the estimated useful life of each asset, according to the rates indicated in Note 9.

The estimated useful life and the depreciation method are reviewed at the end of each fiscal year, and effects from any changes in estimates are accounted for prospectively. PP&E balance includes all costs allocable to assets during their construction phase and/or pre-operational testing phase of the assets.

PP&E items are written-off upon their disposal or when there is no expectation of future economic benefits derived from their use or disposal. Any gains or losses resulting from the write-off of assets are included in the profit or loss for the year.

Repairs and maintenance are recognized in profit or loss during the year in which they are incurred. The cost of major renovations is added to the carrying amount of the asset when future economic benefits exceed the performance standard initially estimated for the asset. Renovations are depreciated over the remaining useful life of the related asset.

h) Leases

Right of Use - Lease

CPC 06 (R2) became effective for annual periods beginning on or after January 1, 2019, replacing CPC 06 (R1) – Leases (IAS 17) and corresponding interpretations, and essentially states that all lease contracts, whether considered operating or finance leases, must be accounted for by recognizing the assets and liabilities involved, with certain short-term contracts potentially falling outside the scope of this review standard.

At the commencement date of a lease contract, the lessee will recognize a liability for lease payments (i.e., a lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also remeasure the lease liability in the occurrence of certain events (e.g., a change in the lease term). In general, the lessee will recognize the remeasurement amount of the lease liability as an adjustment to the right-of-use asset.

Notes

The lessee can choose to adopt the standard using either the full retrospective approach or a modified retrospective approach. Transitional provisions of the standard allow for certain exemptions.

The Company recognizes the right-of-use assets at the commencement date of the lease (i.e. when the underlying asset is available for use).

Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurements of lease liabilities.

The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred, and lease payments until the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets.

Leases payable

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made during the lease term. Variable lease payments that do not depend on an index or rate are recognized as expenses in the period in which the event or condition that generates such payments occurs.

When calculating the present value of lease payments, the Company uses observable nominal rates both in the initial measurement and in the remeasurement.

Short-term and low-value asset leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., leases with a lease term of 12 months or less from the commencement date and that do not contain a purchase option).

It also applies the low-value asset recognition exemption to office equipment leases considered low-value. Short-term lease payments and payments for low-value assets are recognized as an expense on a straight-line basis over the lease term.

i) Assessment of the recoverable amount of assets

The Company annually assesses whether there is any indication that the carrying amount of an asset may not be recoverable (impairment of assets). If such pieces of evidence are present, the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of **(a)** its fair value less costs to sell it; **(b)** its value in use. The value in use is equivalent to the discounted cash flows (before taxes) derived from the continuous use of the asset. When the residual carrying amount of an asset exceeds its recoverable amount, a reduction (provision) of the carrying balance of that asset is recorded ("impairment").

To assess the recoverable amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows – Cash Generating Units (UGCs).

Notes

According to CPC 01 – Impairment of Assets (“impairment”), intangible assets with defined useful life and PP&E are tested for impairment whenever events or changes in the market environment indicate that the recoverable amount of an individual asset and/or a Cash Generating Unit (UGC) may be less than its carrying amount. Individual assets or groups of assets are tested for the recoverable amount by comparing their carrying amount with their recoverable amount, defined as the higher of their fair value less selling costs and their value in use. Value in use is the present value of expected future cash flows to be derived from the asset. If the recoverable amount is less than the carrying amount, an impairment loss is recognized.

Impairment losses on PP&E, investment funds, and intangible assets (except goodwill) may be reversed in future periods provided that the carrying amount of the asset attributed to the reversal does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss has been recognized for the asset in previous years. In the year ended December 31, 2020, no “impairment” was identified for non-financial assets.

j) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, economic benefits will probably be required to settle the obligation and the amount of the obligation can be reliably estimated. When the Company expects the amount of a provision to be refunded, in whole or in part, for example under an insurance contract, the refund is recognized as a separate value, but only when the refund is virtually certain.

k) Loans, financing, and debentures

Loans, financings, and debentures are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the settlement value is recorded in the income statement during the period when the loans are outstanding, using the effective interest rate method.

Financings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The costs for obtaining debt that are directly attributable to the acquisition, construction, or production of a qualifying asset, which necessarily requires a substantial time to be ready for its intended use or sale, are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and such costs can be reliably measured. Other financing costs are recognized under expenses in the period when they are incurred.

l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in exchange for goods or services, excluding sales taxes, and net of any benefits granted to customers (returns and trade discounts). The Company recognizes revenue when **(i)** the most significant risks and benefits inherent to the ownership of the goods have been transferred to the buyer, **(ii)** it is probable that economic-financial benefits will flow to the Company, **(iii)** the associated costs and possible return of goods can be reliably estimated, **(iv)** there is no ongoing involvement with the goods sold, and **(v)** the revenue amount can be reliably measured. The establishment and composition of the present value adjustment are recorded in accounts receivable with the corresponding entry in net operating revenue. Revenue is measured net of returns and trade discounts.

Notes

m) Government grants

Government grants are not recognized until there is a reasonable assurance that the Company will meet the related conditions and that the grants will be received. Such grants are systematically recognized in "Net operating revenue" during the years in which the Company recognizes as expenses the corresponding costs that the grants intend to compensate. When transferring the profit for the year to Equity, the values are allocated based on their nature, either Investment Grants or Costing Method Grants, and the amount is included in the profit for the year.

n) Cost of goods sold

The cost of goods sold includes acquisition costs net of discounts and bonuses received from suppliers, inventory variation, and logistics costs. The Company recognizes the bonuses received from suppliers in profit or loss as the inventory that gave rise to the bonus is realized.

o) Taxes on income

Current taxes

The provision for taxes on income is based on the taxable profit for the year. Taxable profit differs from the income recorded in the income statement because it excludes taxable or deductible income or expenses in other years, as well as non-taxable or non-deductible items on a permanent basis. The provision for taxes on income is calculated by the Company based on the rates in effect, as follows:

- **Corporate Income Tax (IRPJ):** at a rate of 15%, plus an additional 10% rate for the taxable profit that exceeds R\$240 thousand;
- **Social Contribution on Net Income (CSLL):** rate of 9%.

The current income tax and social contribution expense is calculated based on the laws and tax regulations enacted at the end of the year, following Brazilian tax regulations.

Management periodically assesses the positions taken in the income tax return regarding situations where applicable tax regulations are subject to interpretations that may diverge, and provisions are made, when appropriate, based on the amounts expected to be paid to the tax authority.

Deferred taxes

Deferred income tax (deferred tax) is recognized on temporary differences at the end of each fiscal year between the asset and liability balances recognized in the financial statements and the corresponding tax bases used in the calculation of taxable profit, including the balance of tax losses, if applicable. Deferred tax liabilities are usually recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences, only when it is probable that the Company will have sufficient future taxable profit to use these deductible temporary differences.

The recovery of deferred tax assets is reviewed at the end of each fiscal year and when it is no longer likely that future taxable profits will be available to enable the recovery of all or part of the asset, the asset's balance is adjusted by the amount expected to be recovered. Deferred tax assets and liabilities are measured at the applicable rates for the period in which the liability is expected to be settled or the asset realized, based on the rates defined in the tax legislation in effect at the end of each fiscal year or when new legislation has been substantially approved. The measurement of deferred tax assets and liabilities reflects the tax consequences that would result from how the Company expects to recover or settle the carrying amount of these assets and liabilities at the end of each fiscal year.

Notes

Deferred tax assets and liabilities are offset only when there is a legal right to offset the current tax asset with the current tax liability when they relate to taxes administered by the same tax authority and the Company intends to settle the net amount of its current tax assets and liabilities.

p) Profit distribution

When applicable, the proposed distribution of dividends and interest on equity, made by the Company's Management, which is within the portion equivalent to the minimum mandatory dividend is recorded as a liability under "Dividends payable", as it is considered a legal obligation outlined in the Company's bylaws. However, in applicable cases, the portion of dividends and interest on equity exceeding the minimum mandatory dividend, declared by Management after the accounting period to which the financial statements refer but before the date of authorization for the issue of such financial statements, is recorded under "Dividends and interest on equity", in equity, with its effects disclosed in a note to the financial statements.

q) Assets and liabilities adjusted to present value

Monetary assets and liabilities are adjusted to their present value at the initial recognition of the transaction, taking into consideration contractual cash flows, and the explicit or implicit interest rates, based on market rates for similar transactions of the respective assets and liabilities. Subsequently, these effects are reallocated to financial revenue or expenses, in profit or loss, using the considered discount rate and the amortized cost method.

r) Basic and diluted earnings per share

The Company calculates basic earnings per share using the weighted average number of total shares outstanding during the corresponding period according to the technical pronouncement CPC 41. The Company does not have dilution factors for measuring diluted earnings per share; therefore, basic and diluted earnings per share are equal.

s) Changes in accounting practices and disclosures:

Revisions and new interpretations of the accounting pronouncements

The following new standards, issued by IASB and adopted by CFC, became effective as of January 1, 2019. The Company adopted such standards as follows.

(i) CPC 06 (R2)/IFRS 16 – Leases

CPC 06 (R2) became effective for annual periods beginning on or after January 1, 2019, replacing CPC 06 (R1) – Leases (IAS 17) and corresponding interpretations, and essentially states that all lease contracts, whether considered operating or finance leases, must be accounted for by recognizing the assets and liabilities involved, with certain short-term contracts potentially falling outside the scope of this review standard.

At the commencement date of a lease contract, the lessee will recognize a liability for lease payments (i.e., a lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also remeasure the lease liability in the occurrence of certain events (e.g., a change in the lease term). In general, the lessee will recognize the remeasurement amount of the lease liability as an adjustment to the right-of-use asset.

The lessee can choose to adopt the standard using either the full retrospective approach or a modified retrospective approach. Transitional provisions of the standard allow for certain exemptions.

Notes

Initial adoption

The Company adopted CPC 06 according to the cumulative-effective retrospective approach on the date of initial adoption (i.e., as of January 1, 2019, considering the right-of-use equal to the lease liability on the date of initial adoption), with no restatement of comparative information. Management assessed the impacts on its financial statements resulting from the initial adoption of the standard, according to Notes 10 and 17.

The Company classified only real estate lease contracts as leases according to the standard. The parent company does not have rental changes. Liabilities were measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 8.5% p.a. as of January 1, 2019, obtained from the main banks with which the Company has a relationship, and the initial adoption is demonstrated in the table below, with no impact on equity.

Consolidated

Assets	
Right of use (Note 10)	268,663
<hr/>	
Liability	
Lease - Short term	53,810
Lease - Long term	214,853
Total	268,663

(ii) IFRIC 23 – Uncertainty over Income Tax Treatments

It establishes aspects of recognition and measurement of IAS 12 when there are uncertainties regarding the treatment of income tax related to current or deferred tax assets and liabilities, based on taxable profits, tax losses, taxable bases, unused tax losses, unused tax credits, and tax rates.

Management did not identify any material impact on its financial statements resulting from the initial adoption of the standard.

(iii) IAS 19 – Changes in the Plan in Cases of Reduction or Settlement

Clarifies aspects of measurement and recognition in the result of effects arising from reductions and settlements in employee benefit plans

Management did not identify any material impact on its financial statements resulting from the initial adoption of the standard.

Standards effective as of 2020

Some accounting pronouncements that became effective as of January 1, 2020, have been adopted without significant impacts on the Company's results and financial position, include:

- Business definition (amendments to IFRS 3);
- Definition of materiality (amendments to IAS 1 and IAS 8);
- Interest rate benchmark reform (amendments to IFRS 9, IAS 39, and IFRS 7);
- Changes to references to the conceptual framework (various standards);

Notes

- COVID-19-related concessions (amendments to IFRS 16).

Notes

New standards, amendments, and interpretations to existing standards not yet effective and which have not been early adopted by the Company (for which significant impacts are not expected in the initial adoption period and, therefore, additional disclosures are not being made):

- IFRS 17 Insurance;
- Amendments to IFRS 17 Insurance (amendments to IFRS 17 and IFRS 4);
- References to the Conceptual Structure;
- Products before their intended use (amendments to IAS 16);
- Onerous contracts – cost of fulfilling a contract (amendments to IAS 37);
- Annual cycle of improvements to IFRS 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41);
- Classification of liabilities as current and noncurrent (amendments to IAS 1).

4. Cash and cash equivalents

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash	-	-	18,445	16,217
Banks	1,167	-	121,524	269,893
Financial investments	1,878,378	-	1,972,416	112,153
Total	1,879,545	-	2,112,385	398,263

Financial investments are remunerated at an average rate of 100% of the Interbank Deposit Certificate (CDI) and 94.9% of the investment fund on December 31, 2020 and 2019, in short-term, highly liquid Bank Deposit Certificates (CDB), convertible into a known cash amount, subject to an insignificant risk of change in value.

5. Financial investments (noncurrent)

	Consolidated	
	12/31/2020	12/31/2019
Banco do Nordeste do Brasil S.A. Reserves (*)	10,886	14,034
Brasil capitalization	77	-
Bradesco capitalization	194	-
Banco do Nordeste do Brasil S.A. Capitalization	400	574
Banco Santander S.A.	2,455	-
Banco Safra S.A.	45	-
Banco da Amazônia Capitalization	908	-

Notes

Total	14,965	14,608
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(*) Refers to the deposit to collateralize the payment of the financing contracted with Banco do Nordeste do Brasil, held in long-term financial investments. Throughout the term of the contract, companies are required to maintain reserves in favor of these accounts, with earmarked funds, in the amount of a special reserve account intended to receive all surplus funds arising from the operating activity according to the contracted line.

These financial investments are classified as noncurrent assets because they are subject to the risk of change in value if redeemed before the maturity date. They are usually redeemed in 05 years on average.

Notes

6. Accounts Receivable

a) Balance breakdown per type of operation

	Consolidated	
	12/31/2020	12/31/2019
Notes receivable	538,875	378,936
Credit Card	806,930	461,477
Subtotal	1,345,806	840,413
Provision for doubtful accounts	(40,348)	(22,877)
Total	1,305,458	817,536

The breakdown of the allowance for doubtful accounts is as follows:

Balance on 12/31/2019	Changes	Balance on 12/31/2020
(22,877)	(17,471)	(40,348)

Balance on 12/31/2018	Changes	Balance on 12/31/2019
(22,017)	(860)	(22,877)

The Company and its subsidiaries always measure the estimated loss on doubtful accounts of trade receivables at an amount equivalent to Expected Credit Losses (PCE). Expected credit losses on trade receivables are estimated by using a provisioning matrix based on the debtor's past default experience and an analysis of the debtor's current financial position, adjusted based on debtor-specific factors, general economic conditions in the industry in which the debtors operate, and an assessment of the current and projected conditions on the reporting date.

On December 31, 2020 and 2019, there were no accounts receivable collateralized by the Company and its subsidiaries.

b) Breakdown of balances by maturity age

	12/31/2020	12/31/2019
Falling due	1,242,135	645,430

Accounts receivable - overdue:

Notes

1 to 30 days	49,364	96,372
31 to 60 days	6,964	36,053
61 to 90 days	4,789	12,571
91 to 180 days	2,206	15,052
181 to 360 days	6,440	14,472
More than 360 days	33,908	20,463
Total	1,345,806	840,413

Notes

7. Inventories

	Consolidated	
	12/31/2020	12/31/2019
Goods for resale	2,491,444	1,487,047
Provision for obsolescence and breakage (a)	(1,858)	(4,671)
Bonus in inventory (b)	(1,781)	(3,705)
Prepayment to suppliers	129,728	18,740
Total	2,617,533	1,497,411

Changes in the provision for obsolescence and breakage:				
Balance on		Balance on		Balance on
12/31/2018	Changes	December	Change	December
		31, 2019		31, 2020
(1,443)	(3,228)	(4,671)	2,813	(1,858)

(a) The nature of wholesale trade operations implies significant internal handling of goods. There may be losses inherent to the process within the handling of goods, such as losses in transportation, losses due to incorrect handling, losses in storage, losses due to deterioration or quality, losses due to expiration of shelf life, losses due to packaging, losses due to product sampling, and losses due to theft at distribution centers.

The Company and its subsidiaries monitor these occurrences through a specific department and take appropriate measures to reduce their frequency.

(b) The Company and its subsidiaries recognize the bonuses received from suppliers to profit or loss as the inventory that gave rise to the bonus is realized.

Unrealized bonus inventory totaled R\$1,781 on December 31, 2020 (R\$3,705 on December 31, 2019).

On December 31, 2020 and 2019, there were no inventories collateralized by the Company and its subsidiaries.

Notes

8. Taxes recoverable

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
ICMS to offset	-	-	-	4,465
ICMS recoverable - CIAP (a)	-	-	65,987	23,738
Corporate Income Tax (IRPJ) recoverable	-	-	7,111	729
Income tax on financial investments	858	-	2,619	1,182
Social Contribution on Net Income (CSLL) recoverable	-	-	2,557	262
Social Integration Program (PIS) (a)	-	-	15,143	8,748
Contribution for Social Security Financing (COFINS) (b)	-	-	68,705	39,932
Total	858	-	162,122	79,056
Current	858	-	21,882	52,579
Noncurrent	-	-	140,240	26,477
Total	858	-	162,122	79,056

(a) Mainly refers to credits from the acquisition of PP&E. The noncurrent portion is basically represented by tax credits, expected to be realized in the long term.

(b) Mainly refers to credits from the acquisition of goods and other operating credits.

Management has periodically assessed the evolution of these accumulated tax credits and the necessary provision for losses, aiming at their utilization. The realization of these taxes is based on growth projections, operational issues, and the generation of debits for the consumption of these credits by the companies within Grupo Mateus.

On	Consolidated	
	12/31/2020	12/31/2019
In 1 year	21,882	52,579
1 to 2 years	140,240	26,477
Total	162,122	79,056

Notes**9. Property, plant & equipment**

	% - Weighted average depreciation rate p.a.	Balance on December 12/31/2019		Balance on 12/31/2020		
		Consolidated	Additions	Write-offs	Transfers	Consolidated
Cost						
Land	-	10,516	35,975	-	(875)	45,616
Buildings	-	25,300	189	-	-	25,489
Machinery and equipment	-	326,219	54,645	(132)	84,929	465,661
Furniture and fixtures	-	97,088	13,409	(12)	20,541	131,026
Vehicles	-	29,765	117	-	80	29,962
IT Equipment	-	31,133	9,546	(5)	9,909	50,583
Construction in Progress (a)	-	302,444	187,147	(2,775)	(145,777)	341,039
Buildings on third-party properties (b)	-	438,931	339,953	-	31,193	810,077
Total		1,261,396	640,981	(2,924)	-	1,899,453
Depreciation						
Buildings	4	(9,256)	(1,012)	-	-	(10,268)
Machinery and equipment	10	(132,843)	(38,434)	-	-	(171,277)
Furniture and fixtures	10	(43,759)	(10,440)	-	-	(54,199)
Vehicles	20	(24,418)	(2,615)	-	-	(27,033)
IT Equipment	20	(20,382)	(5,637)	-	-	(26,019)
Buildings on third-party properties	10	(209,962)	(59,248)	-	-	(269,210)

Notes

Total	(440,620)	(117,386)	-	(58,006)
Balance	820,776	523,595	(2,924)	1,341,447

Notes

		Balance on				Transfers	Consolidated
		12/31/2018					
	% - Weighted average depreciation rate p.a.	Consolidated	Additions	Write-offs		Consolidated	
Cost							
Land	-	425	91	-	10,000	10,516	
Buildings	-	25,300	-	-	-	25,300	
Machinery and equipment	-	248,637	7,644	(10)	69,948	326,219	
Furniture and fixtures	-	79,838	5,093	-	12,157	97,088	
Vehicles	-	28,762	962	-	41	29,765	
IT Equipment	-	25,539	5,138	-	456	31,133	
Construction in progress	-	222,277	172,868	(99)	(92,602)	302,444	
Buildings on third-party properties (b)	-	429,819	9,112	-	-	438,931	
Total		1,060,597	200,908	(109)	-	1,261,396	
Depreciation							
Buildings	4	(8,242)	(1,014)	-	-	(9,256)	
Machinery and equipment	10	(104,591)	(28,252)	-	-	(132,843)	
Furniture and fixtures	10	(35,471)	(8,288)	-	-	(43,759)	
Vehicles	20	(19,126)	(5,292)	-	-	(24,418)	
IT Equipment	20	(16,141)	(4,241)	-	-	(20,382)	
Buildings on third-party properties	10	(172,201)	(37,761)	-	-	(209,962)	
Total		(355,772)	(84,848)	-	-	(440,620)	

Notes

Balance	704,825	116,060	(109)	-	820,776
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(a) Refer to the construction and expansion of distribution centers and stores, in line with the expected growth plan of the Company and its subsidiaries;

(b) Refer to the construction and expansion of distribution centers rented from Tocantins Participações e Empreendimentos Ltda.

Notes

Depreciation is recognized based on the estimated useful life of each asset, which is reviewed at the end of each fiscal year. Based on their analyses, the Company and its subsidiaries did not identify any indicators that could change the useful life or reduce the realization value of its assets on December 31, 2020 and 2019.

Subsidiaries take loans for the acquisition, construction, or production of an asset that requires a significant period to be completed for its intended use or sale (qualifying asset). The interest of loans attributable to PP&E is capitalized as part of the cost of the respective assets during their construction phase. From the date the corresponding asset is put into operation, the capitalized costs are depreciated over the estimated useful life of the asset.

On December 31, 2020 and 2019, the Company and its subsidiaries had fixed assets collateralized in loan and financing operations, totaling R\$222,705 and R\$267,096, respectively.

The consolidated capitalized borrowing costs for the year ended December 31, 2020, were settled (R\$59,613 in 2019). The rate adopted on December 31, 2019, to calculate the eligible borrowing costs for capitalization was 12.09% of the CDI, corresponding to the effective interest rate on loans taken by the subsidiaries.

10. Right-of-use assets

	% average	Balance on 12/31/2019				Balance on 12/31/2020
	weighted deprec. rate p.a.	Consolidated	Additions	Write-offs	Ended	Consolidated
Cost						
Lease right of use	-	453,048	287,924	-	(8,045)	732,927
Depreciation	18.54	(61,239)	-	(74,637)	-	(135,876)
Total		391,809	287,924	(74,637)	(8,045)	597,051

	% average	Balance on 01/01/2019				Balance on 12/31/2019
	weighted depreciation. rate p.a.	Consolidated	Additions	Write-offs	Ended	Consolidated
Cost						
Lease right of use	-	326,019	127,029	-	-	453,048
Depreciation	13.52	(57,356)	-	(3,883)	-	(61,239)
Total		268,663	127,029	(3,883)	-	391,809

(a) The amortization of the lease right of use is determined by the total lease contract term executed between the Company and the lessor (related party, see Note 19), which ranges from 01 to 20 years.

In the year ended December 31, 2020, the changes in the right of use were as

Notes

follows:

The amount recognized in 2019 in the initial adoption, of R\$326,019, did not impact the cash flow statements, and the depreciation of the lease right of use, totaling R\$57,356, was recognized as operating cost in the fiscal year.

The Company determined its discount rates of 8.85%, based on consultations with financial institutions and the weighted average of borrowings during the year.

Notes**11. Investments (Parent Company)**

	12/31/2020	12/31/2019
Interest held in subsidiaries		
Indústria de Pães e Massas Mateus Ltda.	55,020	40,498
Indústria Blanco Ltda.	-	9,816
Armazém Mateus S.A.	2,918,606	1,790,653
Mateus Supermercados S.A.	680,601	47,598
Posterus Supermercados Ltda.	83,488	-
Rio Balsas Part. e Empreend. Ltda.	27,375	-
Braslub Distribuidora Ltda. (a)	-	-
Total	3,765,090	1,888,565

(a) Braslub Distribuidora Ltda. is a limited liability company incorporated on September 19, 2016. Until December 31, 2019, it was not operational and its intangible equity does not reflect any equity accounting effects. On June 30, 2020, Braslub ceased to be controlled by the Company.

Notes**Summary of investments**

	Interest		Equity		Share Capital		Net Income		Unrealized Income	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Interest held in subsidiaries										
Indústria de Pães e Massas Mateus Ltda. (a)	99.57%	98%	57,005	41,324	1,164	50	14,766	2,770	16	-
Indústria Blanco Ltda. (b)	-	99.99%	-	9,823	-	50	-	(435)	-	-
Armazém Mateus S.A.	99.99%	99.99%	2,977,211	1,820,196	2,151,445	1,036,262	697,417	332,915	-	-
Mateus Supermercados S.A.	99.99%	99.99%	682,032	76,590	647,135	71,641	29,529	2,152	27,983	293
Posterus Supermercados Ltda. (c)	96.85%	-	84,749	-	81,714	-	3,467	-	1,427	-
Rio Balsas Participações e Empreendimentos Ltda. (d)	99.99%	-	27,376	-	22,205	-	(434)	-	-	-

Changes

Parent Company	Indústria de Pães e Massas Mateus Ltda.		Posterus Supermercados		Rio Balsas Indústria Blanco Ltda.		Armazém Mateus S.A.		Mateus Supermercados S.A.		Total
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Balance on December 31, 2018	37,783	-	-	-	-	-	1,457,773	-	45,152	-	1,540,708
Equity pickup		2,715		(440)		332,880		2,153			337,308
(-/+) Unrealized profit in inventory		-		-		-		293			293
Capital contribution		-		10,256		-		-			10,256
Balance on December 31, 2019	40,498	-	-	9,816	-	1,790,653	-	47,598	-	-	1,888,565
Equity pickup		14,506		3,340		(434)		697,348			744,266

Notes

(-/+) Unrealized profit in inventory	16	1,427	-	-	-	27,983	29,426
(-) Reversal of investment	-	-	-	(9,816)	-	-	(9,816)
Capital contribution	-	78,721	27,809	-	430,605	575,494	1,112,629
Balance as of December 31, 2020	55,020	83,488	27,375	-	2,918,606	680,601	3,765,090

- (a)** Indústria de Pães became a subsidiary of Grupo Mateus (Exitus) on January 24, 2018, through the transfer of rights of the shares held by the shareholder Ison Mateus in Indústria de Pães e Massas Mateus Ltda., totaling R\$33,800, which reflects the book values of the investee's equity on the transaction date, given that the transaction was conducted between related parties belonging to the same economic group and under common control.
- (b)** Industrias Blanco became a subsidiary of Grupo Mateus (Exitus) on June 13, 2019, through its limited liability contract, in which Grupo Mateus (Exitus) acquired 99.99% of the shares, therefore gaining control. It is a limited liability company headquartered in the city of São Luís, State of Maranhão, that engages in the manufacturing of raw sugar and other natural sweeteners, sugar refining and packaging, with the majority of operations conducted within said Company. As of June 2020, this company is no longer an investee of Grupo Mateus.

Notes

- (c) Posterus Supermercados became a subsidiary of Grupo Mateus (Exitus) as of June 30, 2020, through the transfer of rights of the shares held by the shareholder Ilson Mateus in Posterus Supermercados Ltda., totaling R\$66,105, which reflects the book values of the investee's equity on the transaction date, given that the transaction was conducted between related parties belonging to the same economic group and under common control. Posterus Supermercados Ltda. was incorporated on June 30, 2017.
- (d) Rio Balsas Participações e Empreendimentos Ltda. became a subsidiary of Grupo Mateus (Exitus) as of June 30, 2020, through the transfer of rights of the shares held by the shareholder Ilson Mateus in Rio Balsas Participações e Empreendimentos Ltda., totaling R\$10,834, which reflects the book values of the investee's equity on the transaction date, given that the transaction was conducted between related parties belonging to the same economic group and under common control. Rio Balsas Participações e Empreendimentos Ltda. was incorporated on July 09, 2007.

12. Suppliers

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Products	-	-	785,012	522,980
Services	185	-	81,028	16,589
PP&E	-	-	46,999	9,985
Consumption	-	-	31,565	370
Total	185	-	944,604	549,924

Trade agreements

Include trade agreements and discounts obtained from suppliers. These amounts are defined in contracts and include values related to discounts based on volume purchases, joint marketing programs, freight refunds, and other similar programs. Discounts are received through the deduction of invoices payable to suppliers, based on conditions outlined in supply agreements, so that financial settlements are made for the net amount.

13. Loans and financing

	Consolidated	
	12/31/2020	12/31/2019
"Leasing" (a)	105,620	46,391
Working Capital (b)	-	55,902
Machinery and Equipment Financing (Finame) (c)	15,698	293,811
Total	121,318	396,104
Current	32,022	159,759

Notes

Noncurrent	89,296	236,345
Total	121,318	396,104

- (a) Leases are intended for the acquisition of machinery and equipment, have a monthly fixed interest rate of 1.77%, annual fixed interest rate of 12.41%, and are collateralized by the financed goods. The maturity date is 12/01/2025;

Notes

- (b) Loans for working capital are obtained to strengthen cash flow and expand the inventory of new units to be opened, with annual average fixed interest rates of 6.97%, average post-fixed interest rates of 2.05% plus CDI, or the interest rate of the Constitutional Fund for the Development of the Northeast (FNE), and are collateralized by the co-signature of the partners. In December 2020, all the company's loan contracts were settled;
- (c) Financing for the Acquisition of Machinery and Equipment (Finame) has average fixed interest of 6.00%, or an average post-fixed interest rate of 3.00% plus the Long-Term Rate, and are collateralized by the financed assets along with the co-signature of the partners. The maturity date is October 15, 2030. Financings for the construction of new stores and renovation of distribution centers have annual average interest rates of 3.15% or the interest rate of the Constitutional Fund for the Development of the Northeast (FNE), and are collateralized by the financial assets along with the co-signature of the partners. The maturity date is May 15, 2027.

The changes in the current and noncurrent balances of loans and financing in the years ended December 31, 2020 and 2019 are as follows:

	12/31/2019	Funding			Amortization		12/31/2020
		Principal	Transfers	Updates	Principal	Interest	
Leasing	46,391	81,911	-	8,964	(24,579)	(7,067)	105,620
Financing	55,902	140,794	164,801	10,417	(338,698)	(17,518)	15,698
Working Capital	293,811	467,950	(164,801)	16,635	(594,935)	(18,660)	-
Total	396,104	690,655	-	36,016	(958,212)	(43,245)	121,318

	12/31/2018	Funding		Amortization		12/31/2019
		Funding	Update	Principal	Interest	
Leasing	35,374	23,071	5,212	(12,120)	(5,146)	46,391
Financing	61,478	48,803	14,296	(51,323)	(17,352)	55,902
Working Capital	364,649	59,613	8,821	(125,593)	(13,679)	293,811
Total	461,501	131,487	28,329	(189,036)	(36,177)	396,104

The maturities of long-term values are as follows:

	12/31/2020	12/31/2019
2021	-	82,305
2022	47,341	64,847
2023	11,559	37,338
2024	18,862	22,693

Notes

2025	8,425	15,810
As of 2026	3,109	13,352
Total	89,296	236,345

Covenants

According to loan and financing agreements, the Company and its subsidiaries undertake to comply with the following covenants under the risk of having the debt accelerated, such as the maintenance of collaterals, notes protested in the name of the Company and its subsidiaries, closure of deposit accounts with the bank, filing for court-supervised reorganization, contracting of mandatory insurance, and provision of guarantees, among others. These clauses are monitored and met based on contractual requirements. The Company and its subsidiaries are not aware of any circumstances or facts indicating non-compliance with or violation of these covenants.

Guarantees and sureties

The investees "Mateus Supermercado S.A." and "Armazém Mateus S.A." are joint guarantors and intervening guarantors for loans and financings of the related party "Tocantins Participações e Empreendimentos Ltda."

The contracts of "Tocantins Participações e Empreendimentos Ltda." for which the aforementioned companies act as guarantors totaled R\$248,305 on December 31, 2020 (R\$61,761 in 2019), as follows:

Description	12/31/2020	12/31/2019
Financing CRI - Real Estate Loans (Itaú)	53,750	61,761
Mortgage-Backed Securities - CRI 212 (XP Investimentos)	194,554	-
Total	248,304	61,761

On September 16, 2020, the investees Mateus Supermercado S.A. and Armazém Mateus S.A. executed an agreement on the general conditions for the provision of guarantees with Tocantins Participações e Empreendimentos Ltda, where they regulated the terms and conditions of the provision of Guarantees for both parties, to ensure compliance with any principal or ancillary obligations (including all burdens, interest, fines, taxes, charges, and other expenses) assumed by the parties before creditors ("Guaranteed Obligations").

The parties agreed to periodically calculate the total debit balance of the Guaranteed Obligations of each Party. A yield of 1% (one percent) p.a. will be due on the difference calculated, as a consideration for the guaranteed obligations.

On December 31, 2020, the debit balance of the guaranteed obligations totaled R\$37.

The compensation will be annually revised and adjusted, as necessary, to reflect the rates usually practiced by the market for this type of transaction. The payment of the compensation will be due as long as the Guaranteed Obligations are not fully settled and/or the Guarantor Party remains in the capacity of guarantor for the respective Guaranteed Obligations.

Notes**14. Debentures**

	Consolidated				
	12/31/2019	Funding	Interest	Amortization	12/31/2020
Single series (a)	-	-	-	-	-
Single series (b)	231,490	-	-	-	231,490
1st Series (c)	57,405	-	2,825	(13,292)	46,938
2nd Series (c)	30,845	-	987	(11,247)	20,585
1st Series (d)	147,496	-	8,108	(11,384)	144,220
2nd Series (d)	36,873	-	1,505	(10,434)	27,944
Total	504,109	-	13,425	(46,357)	471,177
Current	30,503	-	-	-	29,146
Noncurrent	473,606	-	-	-	442,031
Total	504,109	-	-	-	471,177
	Consolidated				
	12/31/2018	Funding	Interest	Amortization	12/31/2019
Single series (a)	35,258	-	3,246	(38,504)	-
Single series (b)	-	230,000	1,490	-	231,490
1st Series (c)	62,271	-	5,013	(9,879)	57,405

Notes

2nd Series (c)	33,458	-	2,693	(5,307)	30,844
1st Series (d)	160,000	-	12,880	(25,384)	147,496
2nd Series (d)	40,000	-	3,220	(6,346)	36,874
Total	330,987	230,000	28,542	(85,420)	504,109
Current	37,264	-	-	-	30,503
Noncurrent	293,723	-	-	-	473,606
Total	330,987	-	-	-	504,109

(a) On December 20, 2014, Mateus Supermercados issued a single series of registered, book-entry debentures, not convertible into shares, totaling R\$60,000 and R\$100 per debenture, maturing on December 20, 2021, and remunerated at 100% of the DI, plus 2.3% p.a. The debentures are exempt from distribution registration with the Brazilian Securities and Exchange Commission (CVM), according to the main section of article 19 of Law 6,385, of December 7, 1976, and further amendments, article 6 of CVM Instruction 476/2009, because it is a public offering with restricted distribution efforts;

Notes

- (b) On November 12, 2019, Mateus Supermercados issued a single series of registered, book-entry debentures, not convertible into shares nor exchangeable for shares of other companies or other securities of any nature, totaling R\$230,000 and R\$1,000 per debenture, maturing on November 12, 2026, and remunerated based on the variation of 100% of the DI rate, plus 2.00% p.a. The debentures are exempt from distribution registration with the Brazilian Securities and Exchange Commission (CVM), according to the main section of article 19 of Law 6,385, of December 7, 1976, and further amendments, article 6 of CVM Instruction 476/2009, because it is a public offering with restricted distribution efforts;
- (c) On January 10, 2017, Armazém Mateus issued registered, book-entry debentures, not convertible into shares, in two series, Series 1 totaling R\$60,000, and Series 2 totaling R\$40,000 and R\$1 per debenture, maturing on January 10, 2025 and January 10, 2022, respectively. Series 1 debentures will be remunerated based on the variation of 100% of the DI rate, plus 3.30% p.a. Series 2 debentures will be remunerated based on the variation of 100% of the DI rate, plus 3.10% p.a. Both series are exempt from distribution registration with the Brazilian Securities and Exchange Commission (CVM), according to the main section of article 19 of Law 6,385, of December 7, 1976, and further amendments, article 6 of CVM Instruction 476/2009, because it is a public offering with restricted distribution efforts;
- (d) On November 14, 2018, Armazém Mateus issued registered, book-entry debentures, not convertible into shares, in two series, Series 1, totaling R\$160,000, and Series 2, totaling R\$40,000 and R\$1 per debenture, maturing on November 14, 2026 and November 14, 2023, respectively. Series 1 debentures will be remunerated based on the variation of 100% of the DI rate, plus 2.35% p.a. Series 2 debentures will be remunerated based on the variation of 100% of the DI rate, plus 2.18% p.a. Both series are exempt from distribution registration with the Brazilian Securities and Exchange Commission (CVM), according to the main section of article 19 of Law 6,385, of December 7, 1976, and further amendments, article 6 of CVM Instruction 476/2009, because it is a public offering with restricted distribution efforts;

The general characteristics of the subsidiaries' debentures are as follows:

Series	Qty. outstanding	Remuneration	Interest payment
Single series	6,000	100% DI + 2.30%	Quarterly until August 2015 and quarterly until maturity
Single series	230,000	100% DI + 2.00%	Quarterly until November 2021 and monthly until maturity
1st Series	60,000	100% DI + 3.30%	Quarterly until January 2019 and quarterly until maturity
2nd Series	40,000	100% DI + 3.10%	Quarterly until January 2018 and quarterly until maturity
1st Series	160,000	100% DI + 2.35%	Quarterly until August 2020 and monthly until maturity
2nd Series	40,000	100% DI + 2.18%	Quarterly until May 2019 and monthly until maturity

Guarantees of the first and second issues

Fiduciary assignment agreement executed between Armazém Mateus, the trustee, and Banco Bradesco S.A., as a mandatory bank, according to article 66-B of Law 4,728/65, with the new wording provided by article 55 of Law 10,931/04.

Covenants

According to the financing agreement, the subsidiaries Armazém Mateus and Mateus Supermercados undertake to comply with the following covenants under the risk of having the debt accelerated:

Notes

- a) Annual calculation, within the debt amortization period, of the net debt divided by Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), which should be between 2 and 2.5% times;
- b) Other contractual conditions, such as the allocation of resources to the distribution center, and supplying it with inventory, among others.

On December 31, 2020 and 2019, the subsidiaries complied with the aforementioned covenants, where applicable.

Maturity of long-term installments

On December 31, 2020 and 2019, the long-term installments had the following maturities:

	<u>Consolidated</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>
2021	-	64,292
2022	126,771	94,056
2023	90,815	90,815
2024	82,667	82,667
2025	75,167	75,165
As of 2026	66,611	66,611
Total	442,031	473,606

15. Labor obligations

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Wages payable	396	-	52,434	37,977
Provision for vacation	67	-	94,200	68,094
Severance pay payable	-	-	385	284
Union contribution	-	-	79	174
Social Security Institute (INSS) payable	-	-	21,003	13,714
Withholding Income Tax (IRRF)	-	-	3,948	2,439
Guarantee Fund for Length of Service (FGTS)	-	-	6,753	4,422
Total	463	-	178,802	127,104

16. Tax liabilities

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
State VAT (ICMS)	-	-	68,492	46,821
Withheld PIS and COFINS	181	-	847	365
PIS and COFINS payable	-	-	14,740	2,843
Corporate Income Tax (IRPJ)	58	-	3,808	6,118

Notes

Social Contribution on Net Income (CSLL)	-	-	1,376	2,237
Other	-	-	6,420	1,407
Service Tax (ISS)	-	-	709	276
Total	239	-	96,392	60,067

Notes**17. Lease Liability**

The amortization of the lease liability is determined by the total lease contract executed between the Company and the lessor, for 15 years. The changes in leases payable are as follows:

	% Weighted average amortization rate p.a.	Balance on		Additions	Write-offs	Ended	Balance 12/31/2020	
		12/31/2019	Consolidated				Consolidated	Consolidated
Cost								
Lease Liability	-	658,240		561,672	(112,461)	(8,045)		1,099,406
(-) Accrued interest	45.71	(267,990)		(273,748)	32,804			(508,934)
Total		390,250		287,924	(79,657)	(8,045)		590,472
Current		64,392						67,184
Noncurrent		325,858						523,288
	% Weighted average amortization rate p.a.	Balance on		Additions	Write-offs	Ended	Balance on 12/31/2019	
		01/01/2019	Consolidated				Consolidated	Consolidated
Cost								
Lease Liability	-	421,858		319,145	(82,763)	-		658,240
(-) Accrued interest	33.09	(153,195)		(134,761)	19,966	-		(267,990)

Notes

Total	268,663	184,384	(62,797)	-	390,250
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Notes

Current	53,810	64,392
Noncurrent	214,853	325,858

On December 31, 2020, the Company reported a lease liability balance of R\$523,288, which includes a balance of R\$23,151 with Tocantins Participações.

Notes

The amounts classified in noncurrent liabilities, broken down by year of maturity, are as follows:

Year of maturity	Consolidated	
	12/31/2020	12/31/2019
2021	-	51,053
2022	95,907	34,655
2023	84,188	32,498
2024	114,794	30,181
2025 onwards	469,343	292,266
Embedded interest	(240,944)	(114,795)
Total	523,288	325,858

The indication of the potential right to recover PIS and COFINS, not measured in the lease cash flows, is as follows:

Cash flow	Nominal	Nominal	Present value adjustment	Present value adjustment
	Consolidated 2020	Consolidated 2019	Consolidated 2020	Consolidated 2020
Lease payment	1,321,471	771,697	730,139	441,865
Potential PIS/COFINS (9.25%)	122,236	71,382	67,538	40,873

The inflationary effects during the comparison period with the actual flow, using the IGPM rate estimated by FGV for 2020 of 23.14%, represent the following amounts:

Right-of-use assets	Consolidated	Consolidated	Lease liabilities	Consolidated	Consolidated
Real flow	12/31/2020	12/31/2019	Real flow	12/31/2020	12/31/2019
Right of use	732,927	453,048	Lease liability	1,099,407	658,240
Depreciation	(135,876)	(61,239)	Financial expense	(508,935)	(267,990)
Total	597,051	391,809		590,472	390,250

Consolidated	Consolidated	Consolidated	Consolidated
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Notes

Flow adjusted for inflation	12/31/2020	12/31/2019	Flow adjusted for inflation	12/31/2020	12/31/2019	

Notes

Right of use	902,526	557,883	Lease liability	1,353,810	810,557
Depreciation	(167,318)	(75,410)	Financial expense	(626,703)	(330,003)
Total	735,208	482,473		727,107	480,554

Assets for which the requirements of items 22 to 49 of CPC 06 (R2) – Leases, were not applied, such as short-term leases or low-value leases, generated an impact on the result, as shown below:

	Consolidated	
	01/01/2020 to 12/31/2020	01/01/ 2019 to 12/31/2019
Property rental	(77,487)	(52,295)
Total	(77,487)	(52,295)

18. Tax paid in installments

	Consolidated	
	12/31/2020	12/31/2019
ICMS paid in installments (a)	2,693	1,332
REFIS paid in installments (b)	1,591	3,179
Federal taxes paid in installments (c)	25,030	326
IRPJ paid in installments (d)	431	1,046
Total	29,745	5,883
Current	6,392	1,269
Noncurrent	23,353	4,614
Total	29,745	5,883

Notes

	12/31/2020		12/31/2019			
	Value of principal	Fines and interest charges	Total	Value of principal	Fines and interest	Total
Current						
ICMS paid in installments (a)	917	206	1,123	446	145	591
REFIS paid in installments (b)	418	82	500	333	174	507
Federal taxes paid in installments (c)	2,953	1,501	4,454	39	12	51
IRPJ paid in installments (d)	244	71	316	96	24	120
Total – current	4,532	1,860	6,392	914	355	1,269
Noncurrent						
ICMS paid in installments (a)	929	641	1,570	553	188	741
REFIS paid in installments (b)	862	229	1,091	1,716	956	2,672
Federal taxes paid in installments (c)	13,429	7,147	20,576	210	65	275
IRPJ paid in installments (d)	86	29	115	695	231	926
Total noncurrent	15,306	8,047	23,353	3,174	1,440	4,614

(a) In 2019, ICMS payments were made in 36, 48, and 60 installments, maturing in 2022, 2023, and 2024, respectively. In 2018, ICMS payments were made in 48 installments, maturing in August 2022.

(b) In 2014, Mateus Supermercados joined the Refis program, established by Law 12,996, of June 18, 2014, maturing in February 2032, with 175 installments.

(c) In 2017, federal taxes were paid in 120 installments, maturing in April 2027.

(d) In 2011, IRPJ payments were made in 180 installments, maturing in August 2030. Until December 31, 2020, two new installment payments of IRPJ and CSLL were established in 60 installments, maturing in 2025.

Notes

In 2020, due to COVID-19, PIS, COFINS, and INSS were paid in 60 installments and are expected to mature at the end of September 2025.

ICMS paid in 24, 45, and 60 installments, which are expected to mature in February 2025.

There are no guarantees or asset encumbrances related to the tax installment payments of the Company and its subsidiaries.

The maturities of long-term values are as follows:

	Consolidated	
	12/31/2020	12/31/2019
2021	-	758
2022	8,988	734
2023	2,188	433
2024	1,806	395
2025	2,197	395
As of 2026	8,174	1,899
Total	23,353	4,614

19. Related party

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Noncurrent assets				
Tocantins Participações e Empreendimentos Ltda. (a)	-	-	137	62,908
Mateus Eletrônica Ltda. (b)	-	-	3	3,988
Posterus Supermercados Ltda.	-	-	-	5,928
It Happens Ltda.	-	-	-	1,827
Conveniere Supermercados (g)	-	-	12,074	-
Invicta Prod. Farmacêuticos	-	-	2,260	-
Braslub Distribuidora Ltda. (h)	-	-	7,692	-
Total	-	-	22,166	74,651
Noncurrent liabilities				
Mateus Locações e Empreendimentos Ltda. (c)	-	-	1,578	78,578
Rio Balsas Participações e Empreendimentos Ltda	-	-	-	8,122
Indústrias Blanco Ltda (f)	-	-	11,999	-
Invicta Produtos Farmacêuticos Ltda. (d)	-	-	4,700	19,185
Tocantins Participações e Empreendimentos Ltda. (e)	350	-	16,388	216
Posterus Supermercados Ltda.	-	-	-	263
Total	350	-	34,665	106,364
Lease liabilities				
Tocantins Participações e Empreendimentos Ltda. (h)	-	-	23,151	390,250

Notes

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Rental expenses				
Rio Balsas Participações e Empreendimentos Ltda.	-	-	-	29,388
Financial lease expenses				
Tocantins Participações e Empreendimentos Ltda.	-	-	8,735	19,510

(a) Tocantins Participações e Empreendimentos Ltda.

The balance refers to invoices receivable from Armazém Mateus S.A. with no interest charges. The maturity of the aforementioned balance is contractually established for 2027.

(b) Mateus Eletrônica Ltda.

The balance refers to invoices receivable from Supermercado for sales made to Mateus Eletrônica Ltda., with no interest charged. The maturity of the aforementioned balance is contractually established for 2020.

(c) Mateus Locações e Empreendimentos Ltda.

Armazém Mateus manages its own logistics and distribution and used vehicles rented from Mateus Locações. The Company has ceased vehicle rental operations since 2013. The maturity of the aforementioned balance is established for 2021.

(d) Invicta Produtos Farmacêuticos Ltda.

The balance includes R\$4,700 with Armazém Mateus S.A., where it is primarily stocked by diapers. The maturity of the aforementioned balance is established for 2021.

(e) Tocantins Participações e Empreendimentos Ltda.

The balance of R\$16,388 refers to the rent of properties rented by Tocantins Part. e Empreendimentos Ltda. to Mateus Supermercados S.A., Indústria de Pães, and Rio Balsas Participações e Empreendimentos Ltda. for their operational activities through rental contracts. The maturity of the aforementioned balance is contractually established for 2021, and the validity period may be extended. No interest is charged. The value recorded as lease liability is also a balance payable to Tocantins. For more details, see Note 17.

(f) Indústria Branco Ltda.

The balance includes R\$11,999 from the sale of goods to Armazém Mateus and Mateus Supermercados. The maturity of the aforementioned balance is contractually established for 2021, and the validity period may be extended.

(g) Conviere Supermercados

The balance refers to invoices receivable from Armazém and Supermercados for sales made to Conviere Supermercados, with no interest charged. The maturity of the aforementioned balance is established for 2021.

(h) Braslub Distribuidora Ltda.

The balance refers to invoices receivable from Armazém Mateus for sales made to Braslub Distribuidora, with no interest charged. The maturity of the aforementioned balance is established for 2021.

Notes

Compensation of the key management personnel of the Company and its subsidiaries

The compensation paid to directors and the board of directors is as follows:

	12/31/2020	12/31/2019
Short-term compensation to directors and executive officers	1,441	404
Total	1,441	404

20. Provision for risks

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before courts and government authorities, due to the regular course of operations, and involve labor, civil, and tax-related matters. Management, based on information from its legal counsel, analysis of pending legal claims, and, regarding tax lawsuits, based on previous experience related to the amounts claimed, created, on December 31, 2020 and 2019, a provision for lawsuits with a likelihood of probable loss.

a) The provision for risks, classified as probable loss, is as follows:

	Consolidated	
	12/31/2020	12/31/2019
Labor, civil, and tax	17,208	15,088
Total	17,208	15,088

Changes in provisions are as follows:

	Labor	Tax	Civil	Total
Balances on December 31, 2018	2,057	485	380	2,922
Changes	9,347	1,958	861	12,166
Balances on December 31, 2019	11,404	2,443	1,241	15,088
Changes	1,308	(2,141)	2,953	2,120
Balances as of December 31, 2020	12,712	302	4,194	17,208

The Company and its subsidiaries are also parties to some labor and civil lawsuits arising during the regular course of business, deemed as possible and remote loss by the Company's legal counsel. On December 31, 2020, lawsuits deemed as a possible loss, therefore not subject to provisioning, totaled R\$10,269 (R\$7,176 on December 31, 2019).

The companies within Grupo Mateus are parties to administrative proceedings and tax lawsuits arising from claims and tax-deficiency notices arising from tax audits.

The main causes of lawsuits to which the companies within Grupo Mateus are parties are as follows:

- **Labor**

Most companies within Grupo Mateus are parties to labor lawsuits arising from administrative procedures initiated by former employees, public agencies, outsourced workers, etc. Most of the lawsuits originate

Notes

from complaints about working hours, accidents at work, and claims related to proof of compliance with labor legislation.

- **Civil**

Grupo Mateus is a party to lawsuits arising from misunderstandings that occurred inside stores, causing damage to customers, whether material or moral.

Notes

- **Tax**

Grupo Mateus is a party to tax audits, through which it receives tax-deficiency notices because of discrepancies in information issued to responsible public authorities.

On October 2, 2020, there was an accident at one of our Supermarkets in São Luis do Maranhão, resulting in the cascade fall of product shelves ("Accident"). As a result of the Accident, eight people, including customers and employees, suffered minor injuries, while one of our employees passed away. The causes of the Accident remain under investigation, and we remain committed to identifying them, as well as providing support and assistance to the victims and their families. Management is in the process of assessing damages to merchandise, inventory, and possible compensation contingencies for the victims.

Court deposits - noncurrent assets

The Company and its subsidiaries maintain court deposits linked to tax, labor, and civil provisions, as shown below:

	Consolidated	
	12/31/2020	12/31/2019
Labor and civil	14,757	11,912
Total	14,757	11,912

21. Equity

a) Share Capital

The Company's share capital on the fiscal year ended December 2020, which was paid up on November 12, 2020, totals R\$4,963,115 and is represented by 2,209,346,079 registered shares in the variable value of up to R\$8.97 each, as shown in the table below, less transaction costs with the IPO, of R\$182,186. The Company's equity is R\$4,780,929.

As of December 31, 2019, paid-up capital is R\$911,201, and is represented by 911,201,000 registered shares, with a unit value of R\$1.00.

	12/31/2020			
	Amount			
Ilson Mateus Rodrigues	2,069,123	41.69	464,713	51.00
Maria Barros Pinheiro	1,509,283	30.41	363,750	39.92
Ilson Mateus Rodrigues Junior	171,227	3.45	41,369	4.54
Denilson Pinheiro Rodrigues	171,227	3.45	41,369	4.54
Others (non-controlling shareholders)	1,042,255	21.00	-	-
Total	4,963,115	100	911,201	100

Notes

Notes

Quantity, amount, and net proceeds

The table below indicates the number of Shares issued/sold, the Price per Share, the total commissions paid by the Company and Selling Shareholders to the Offering Coordinators, as well as the net proceeds from the Offering.

Offeror	Quantity	Amount (1)	Commission and expenses	Net proceeds (2)
Company	345,931,999	3,099,286,440.51	182,186,213.19	2,917,100,227.32
Selling Shareholders	118,020,164	1,062,364,462	61,725,880.52	1,000,638,581.08
Total	463,952,163	4,161,650,902.11	243,912,093.71	3,917,738,808.40

(1) Based on the price per share of R\$8.97.

(2) Net proceeds from commissions and expenses of the Offering. Estimated values, therefore subject to changes.

Capital transaction costs

On October 8, 2020, the Company carried out the Initial Public Offering (IPO), and its expenditures of R\$42,602 were accounted for as expenses of the year.

b) Dividend calculation and profit allocation

	12/31/2020	12/31/2019
Net income for the year	725,808	337,601
(-) Creation of legal reserve (5%)	(36,290)	(16,880)
(-) Creation of Tax Incentive Reserve	(689,518)	-
Net income for the year after the creation of reserves	-	320,721
Minimum mandatory dividend (25%)	-	80,180

• Fiscal year ended December 31, 2020

Regarding the results for the fiscal year ended December 31, 2020, Management will propose at the Annual Shareholders' Meeting ("ASM") that, from the result for the year, (i) 5% (five percent) be allocated in the creation of a legal reserve, which will not exceed the limit of 20% of the share capital, as established by article 193 of Law 6,404/76, and (ii) that the balance of the result for the fiscal year be allocated to the tax incentive reserve, intended for improvement and expansion of the economic activities of Grupo Mateus, according to article 195-A of Law 6,404/76.

Due to the above and if such proposals are approved by the Company's shareholders at an ASM, there will be no distribution of mandatory dividends for the fiscal year ending December 31, 2020, the resulting balance of such allocations will be earmarked for the improvement and expansion of the economic activities of Grupo Mateus.

(i) 25% for the payment of dividends to shareholders, adjusted according to Law 6,404/76;

(ii) The remaining balance will be allocated as defined in the General Meeting.

c) Advance for future capital increase and capital payment

On December 31, 2019, the shareholder Ilson Mateus made the following advances for future capital increase:

Notes

- i) Advance for future capital increase in the Company, on June 13, 2019, through the transfer of rights of the shares held by the shareholder Ilson Mateus in Indústria Blanco Ltda., totaling R\$10,256, which reflects the book values of the investee's equity on the transaction date, given that the transaction was conducted between related parties belonging to the same economic group and under common control. Indústria Blanco Ltda. was incorporated on June 13, 2019, with a capital contribution of R\$10,256 in cash, from the shareholder Ilson Mateus.

On June 30, 2020, the shareholder Ilson Mateus made the following advances for future capital increase:

- i) Advance for future capital increase in the Company, on June 30, 2020, through the transfer of rights of the shares held by the shareholder Ilson Mateus in Posterus Supermercados Ltda., totaling R\$66,105, which reflects the book values of the investee's equity on the transaction date, given that the transaction was conducted between related parties belonging to the same economic group and under common control. Posterus Supermercados Ltda. was incorporated on June 30, 2017.
- ii) Advance for future capital increase in the Company, on June 30, 2020, through the transfer of rights of the shares held by the shareholder Ilson Mateus in Rio Balsas Participações e Empreendimentos Ltda., totaling R\$10,834, which reflects the book values of the investee's equity on the transaction date, given that the transaction was conducted between related parties belonging to the same economic group and under common control. Rio Balsas Participações e Empreendimentos Ltda. was incorporated on July 09, 2007.
- iii) On June 30, 2020, through the first contract amendment, Indústria Blanco Ltda. ceased to be a subsidiary of Grupo Mateus S.A. and the advance for future capital increase, totaling R\$10,256, which reflects the book values of the parent company's equity, was reversed.

22. Income tax and social contribution

a) Breakdown of deferred income tax and social contribution

On December 31, 2020, the Company did not record net deferred tax assets, calculated on temporary non-deductible differences, at a combined rate of 34%. The Company decided to write off the deferred tax asset to which it was entitled because there was no expectation of taxable profits.

	12/31/2020	12/31/2019
Allowance for doubtful accounts	40,348	22,877
Provision for non-realization of inventory	1,858	4,671
Provision for civil, labor, and tax risks	17,208	15,088
Total	59,414	42,636
Income and social contribution taxes on temporary tax difference (34%)	20,201	14,496
(-) Provision for realization	(20,201)	(14,496)
Total deferred income tax and social contribution	-	-

Notes

Notes

The Company's subsidiaries, Armazém Mateus and Mateus Supermercados, have benefited from tax incentives in their operations, which have been excluded from income tax and social contribution in the respective fiscal years of recognition of these incentives. In line with Complementary Law 160, of August 07, 2017, all tax incentives and benefits are now considered subsidies for investment, and their taxation is deferred until these values are distributed to the Company's shareholders. For more details, see Note 26.

From 2013 to 2020, profits totaling R\$2,690,724 were generated from these incentives in the subsidiaries Armazém Mateus and Supermercados Mateus. If these amounts were distributed and, as a result, taxation would be due, income tax and social contribution would be approximately R\$914,846. The Company does not expect to distribute these amounts and, therefore, no deferred income tax liability was recognized in the financial statements.

As of December 31, 2019, the subsidiary Armazém Mateus had tax loss carryforwards of R\$937,441, on which Management decided not to record deferred income tax and social contribution as it had no prospects for sufficient future taxable profit to realize the asset since the history of subsidy amounts is higher than the history of taxable profit.

As of December 31, 2020, the subsidiary Armazém Mateus had a tax profit, positive base for social contribution of R\$10,803, on which it recorded deferred income tax and social contribution.

b) Reconciliation of income tax and social contribution expense

The reconciliation of income tax and social contribution to their nominal rate values is as follows:

	12/31/2020	12/31/2019
Earnings before income tax and social contribution	724,539	349,870
Income tax and social contribution at the rate of 34%	(246,344)	(118,956)
Temporary and permanent differences:		
Permanent additions	(59,034)	-
Tax subsidy	253,818	156,534
Permanent exclusions	47,130	(969)
Deferred income tax and social contribution not recorded on differences	2,673	(5,526)
Unrecognized tax losses	(186)	(34,312)
(-) Write-off/addition of deferred income tax and social contribution	3,673	(8,946)
Total income tax and social contribution on profit	1,730	(12,175)
Current income tax and social contribution	(1,943)	(3,229)
Deferred income tax and social contribution	3,673	(8,946)
Total revenue from income tax and social	1,730	(12,175)

Notes

<hr/>		
contribution		
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Effective Rate	0.24 %	(3.48) %
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Notes

23. Net revenue from sales

	Consolidated	
	12/31/2020	12/31/2019
Goods for resale	14,352,810	9,913,236
Services rendered	40,208	15,739
(-) Deductions from revenue:		
ICMS	(1,051,263)	(867,101)
Cofins	(700,683)	(529,797)
PIS	(151,510)	(114,705)
Tax on service (ISS)	(1,702)	(755)
Returns and bonuses	(90,822)	(381,072)
Total	12,397,038	8,035,545

Sales taxes mainly consist of ICMS (0% to 30%), contributions related to PIS (0% or 1.65%), and contributions related to COFINS (0% or 7.6%).

24. Expenses by nature

Cost of goods sold

The cost of goods sold includes acquisition costs net of discounts and Trade Agreements received from suppliers, inventory variation, and logistics costs. Trade Agreement received from suppliers is measured based on contracts and agreements executed between the parties. Sales cost includes the cost of logistics operations managed or outsourced by the Company and its subsidiaries, including storage costs, handling, and freight incurred until the good is available for sale. Transportation costs are included in acquisition costs.

Selling expenses

Selling expenses include all store expenses such as salaries, marketing, occupancy, maintenance, expenses with credit card managers, etc. Marketing expenses refer to advertising campaigns for each segment in which Grupo Mateus operates.

The main media used by Grupo Mateus are radio, television, newspapers, and magazines, and the Trade Agreement values are recorded in profit or loss at the time of their realization.

Notes**General and Administrative Expenses**

General and administrative expenses correspond to indirect expenses and the cost of the corporate units, including procurement and supplies, information technology, and financial activities.

	Parent Company		Consolidated
	12/31/2020	12/31/2019	
Resale costs	-	-	(9,407,628)
Selling expenses	-	-	(5,953,147)
Personnel expenses	-	-	(683,412)
Commissions	-	-	(30,670)
Advertising	-	-	(17,639)
Rentals	-	-	(99,652)
Administrative Expenses			
Personnel expenses	(1,620)	-	(338,871)
Freight and fuel	(1)	-	(170,088)
Depreciation	-	-	(117,386)
Lease depreciation	-	-	(74,636)
Water, electricity, and telephone	-	-	(106,691)
Services rendered	(8,503)	-	(150,573)
General expenses	(893)	-	(327,005)
Total	(11,017)	-	(7,558,673)

Notes

Cost of goods sold and services	-	(9,407,628)	(5,953,147)
Selling expenses	-	(831,373)	(649,817)
Administrative expenses	(11,017)	(1,285,250)	(955,709)
Total	(11,017)	(11,524,251)	(7,558,673)

Notes**25. Financial Result**

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial income	-	-	-	-
Interest on notes received	-	-	23,388	41,364
Registered warrant discount	-	-	-	15,011
Interest on financial investments	8,786	-	14,435	3,557
Financial discounts	113	-	3,574	1,415
Other financial revenues	-	-	42,080	10,255
Total financial income	8,899	-	83,477	71,602
Financial expenses				
Tax on Financial Operations (IOF)	-	-	(2)	(299)
Interest from loans, financing, and debentures	-	-	(61,519)	(56,871)
Interest expenses	(128)	-	(10,474)	(11,697)
Interest paid in installments	-	-	(740)	(185)
Financial lease expenses	-	-	(32,803)	(19,966)
Bank expenses	-	-	(22,721)	(19,338)
Financial loss	-	-	(663)	(7,718)
Monetary variation losses	-	-	(6,815)	-
Credit card percentage	-	-	(87,121)	(62,644)
Discounts granted	-	-	(5,765)	(4,438)

Notes

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Total financial expenses	(128)	-	(228,623)	(183,156)
Total financial result	8,771	-	(145,146)	(111,554)

Notes

26. Government grants

The subsidiary Armazém Mateus S.A. is a beneficiary of the Special Regime Agreement - ICMS, according to Decree-19,714/2014 of Sefaz - MA.

The benefit consists of using a presumed credit from the reduction of the ICMS tax base that results in 2% of the full value of the tax owed to the State of Maranhão in sales transactions for both domestic and interstate operations.

In the year ended December 31, 2020, the subsidiary was entitled to R\$746,529 in state subsidies (R\$448,167 on December 31, 2019).

A government subsidy must be recognized as revenue over the period and matched with the expenses intended to be set off, on a systematic basis, provided that the conditions of CPC 07 are met. The government subsidy cannot be directly credited to equity.

The accounting treatment of government subsidies as revenue derives from the following main arguments:

- (a) Once the government subsidy is received from a source other than shareholders and derives from a management act to benefit the entity, it should not be directly credited to equity, but recorded as revenue in the appropriate periods;
- (b) Government subsidies are rarely free. The entity effectively earns such revenue when it complies with the subsidy rules and fulfills certain obligations. Therefore, the subsidy must be recorded as revenue in the income statement in the periods over which the entity recognized the costs related to the subsidy that are subject to offsetting;
- (c) Just as taxes are expenses recorded in the income statement, it is logical to record government grants (which are essentially an extension of the fiscal policy) as revenue in the income statement.

27. Financial Instruments

a) Policies and categories of financial instruments

The Company believes that the financial instruments recognized in the financial statements at their carrying amounts are substantially similar to what would be obtained if they were traded in the market, and Management believes that the recorded values approximate their fair values. The selection of assets and liabilities presented in this Note was based on their relevance.

In Management's assessment, the most likely scenario to occur on the maturity dates of each transaction was considered to be B3's market curves (currency and interest). Accordingly, in the probable scenario (i) there is no impact on the fair value of the financial instruments. For scenarios (ii) and (iii), for the sole purpose of sensitivity analysis, a deterioration of 25% and 50%, respectively, in the risk variables was considered, for up to one year for the financial instruments, as determined in the regulations issued by CVM. The Company disclosed the net exposure of derivative financial instruments, the corresponding financial instruments, and certain financial instruments in the sensitivity analysis below for each of the aforementioned scenarios.

Notes

The classification of the Company's main financial instruments is as follows:

	Parent Company		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial assets - amortized cost				
Cash and cash equivalents	1,879,545	-	2,112,385	398,263
Accounts receivable	-	-	1,305,458	817,536
Related parties	-	-	22,166	74,651
Financial investments	-	-	14,965	14,608
Total	1,879,545	-	3,454,974	1,305,058
Financial liabilities measured at amortized cost				
Loans and financing	-	-	121,318	396,104
Debentures	-	-	471,177	504,109
Related parties	350	-	34,665	106,364
Suppliers	185	-	944,604	549,924
Total	535	-	1,571,764	1,556,501

b) Financial risk factors

The Company's activities expose it to financial and regulatory risks. The Company's global risk management program takes into account the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. During the year ended on December 31, 2020, the Company did not enter into contracts that could be considered derivative instruments.

Risk management is carried out by the Company's financial department, following policies approved by the Executive Board. The Company's financial department identifies, assesses, and safeguards the Company against potential financial risks. Management establishes principles for global risk management, as well as for specific areas.

i) Market risk

This risk arises from the possibility that the Company may incur losses because of fluctuations in interest rates that increase financial expenses related to loans and financing taken in the market.

ii) Credit risk

The risk arises from the possibility that the Company may incur losses resulting from the selection of assets to compose the investment portfolio, the financial capacity of the parties in derivative contracts, and the difficulty of receiving payment upon settlement of sales and non-compliance with obligations for the delivery of goods or services paid through advance to suppliers.

Credit risk results from cash and cash equivalents, deposits in banks and other financial institutions, and credit exposures, including outstanding accounts receivable.

iii) Risk of early maturity of loans and financing

Notes

Risk arising from non-compliance with covenants present in the Company's debenture contracts, which are mentioned in Note 14.

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Notes

iv) Liquidity risk

Liquidity risk consists of the possibility that the Company may not have sufficient funds to meet its commitments because of deadlines for the realization/settlement of its rights and obligations. To manage cash liquidity, assumptions on future disbursements and receipts are defined and daily monitored by the Treasury department. The table below analyzes the Company's financial liabilities by maturity, corresponding to the remaining period on the balance sheet until the contractual maturity date. The values disclosed in the table refer to undiscounted contracted cash flows.

	Less than a year	Between one and two years	Between three and five years	More than five years
On December 31, 2020				
Loans and financing	32,022	26,878	27,287	3,109
Debentures	29,147	188,439	157,834	66,611
Suppliers	944,604	-	-	-
Related party	-	34,665	-	-
On December 31, 2019				
Loans and financing	159,759	147,152	75,841	13,352
Debentures	30,503	158,348	248,647	66,611
Suppliers	549,924	-	-	-
Related party	-	106,364	-	-

c) Capital management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern to offer returns to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce this cost.

To maintain or adjust the Company's capital structure, Management may review, or propose a review in case of shareholder approval, the dividend payment policy, return capital to shareholders, or issue new shares or sell assets to reduce, for example, the level of indebtedness.

i) Debt ratio

Consistent with other companies in the sector, the Company monitors capital based on the financial leverage ratio. This ratio corresponds to net debt expressed as a percentage of total capital. Net debt, in turn, corresponds to total loans (including short- and long-term loans, as shown in the balance sheet), less cash and cash equivalents and financial investments. Total capital is calculated by adding equity, as shown in the consolidated statement of financial position, to net debt.

The debt ratio at the end of the year ended December 31, 2020 and 2019, is as follows:

12/31/2020	12/31/2019
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Notes

Debt	592,495	900,213
Cash and cash equivalents	(2,112,385)	(398,263)
Securities	(14,965)	(14,608)
Net debt	(1,534,855)	487,342
Equity	5,720,285	1,949,287
Net debt ratio	(0.27)	0.25

d) Interest rate risk

i) Sensitivity analysis for interest rate exposure

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to variations in market interest rates.

The Company is exposed to interest rates in cash and cash equivalents and marketable securities linked to the CDI, and loans and financing linked to the long-term interest rate (TJLP). Sensitivity analyses were performed for possible variations in this interest rate.

At the close of the year, Management estimated scenarios for the variation in the CDI and long-term interest rates. For the current scenario, rates effective on the close of the year were used while for the probable scenario the rates used were based on market expectations.

The rates were increased and decreased by 25% and 50%, serving as a parameter for the sensitivity tests of the adverse scenarios, as shown below.

Notes

Simulation with expected CDI and long-term interest rates as projected below:

	Current Scenario	Scenario I (-50%)	Scenario II (-25%)	Probable Scenario	Scenario III (+25%)	Scenario IV (+50%)
Balance of financial investments (cash equivalents)	1,972,416	1,999,635	2,013,245	2,026,855	2,040,464	2,054,074
Average rate (% of CDI)	-	100%	100%	100%	100%	100%
CDI projected	-	1.38%	2.07%	2.76%	3.45%	4.14%
Balance of financial investments	14,965	15,172	15,275	15,378	15,481	15,585
Average rate (% of CDI)	-	100%	100%	100%	100%	100%
CDI projected	-	1.38%	2.07%	2.76%	3.45%	4.14%
Balance of financings for investment in machinery and equipment - FINAME (BNDES)	15,698	15,737	17,877	18,050	18,222	18,394
Interest on financing (TJLP + 9.15%)	-	11.35%	12.44%	13.54%	14.64%	15.74%
TJLP projected	-	2.20%	3.29%	4.39%	5.49%	6.59%
Balance of leasing	105,620	109,813	110,964	112,126	113,288	114,450
Interest on leasing (TJLP + 1.77%)	-	3.97%	5.06%	6.16%	7.26%	8.36%
TJLP projected	-	2.20%	3.29%	4.39%	5.49%	6.59%
Balance of debentures	471,177	493,723	498,894	504,065	509,236	514,407
Interest on debentures (TJLP + 2.59%)	-	4.79%	5.88%	6.98%	8.08%	9.18%

Notes

TJLP projected	-	2.20%	3.29%	4.39%	5.49%	6.59%
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ii) Fair value hierarchy of financial instruments

Fair value hierarchy levels from 1 to 3 are based on the degree to which fair value is observable:

- Level 1 fair value measurements are those resulting from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those resulting from information other than the quoted prices included in Level 1, which are observable for the asset or liability, either directly (e.g., such as prices) or indirectly (e.g., derived from prices); and
- Level 3 fair value measurements are those resulting from valuation techniques that include information about the asset or liability that is not based on observable market data (unobservable information).

The carrying values of financial instruments related to the Company's assets and liabilities approximate their market values as of December 31, 2020, and are appropriately presented. The effects of gains and losses are recognized in profit or loss as they are earned and incurred. The financial instruments presented in these financial statements have been classified as Level 3 in the fair value hierarchy.

The Company does not operate with derivative financial instruments.

28. Earnings (Loss) per Share

a) Accounting policy

The Company presents two methods for calculating earnings (loss) per share: **(i)** basic earnings (loss); and **(ii)** diluted earnings (loss). Basic earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the fiscal year, excluding shares issued for dividend payment and treasury shares.

Diluted earnings (loss) per share takes into account the weighted average number of shares outstanding during the fiscal year and the interest held by its shareholders in future years, such as stock options that, if exercised by their holders, will increase the number of the Company's common and/or preferred shares, thereby reducing earnings per share.

b) Table - earnings per share

The table below presents the calculation of net income (loss) available to shareholders and the weighted average of shares outstanding used to calculate basic and diluted earnings (loss) per share, excluding shares purchased by the Company and held in treasury in each year presented.

For the calculation of earnings (loss) per share, the current composition of common shares for the comparative year was considered, as required by CPC 41 - Earnings per Share, maintaining the basic and diluted denominator on a comparative basis.

	12/31/2020	12/31/2019
Net income attributable to the Company's shareholders	725,808	337,601
Weighted average number of common shares outstanding	4,963,116	911,201
Basic earnings per share - R\$	0.15	0.37

Notes

29. Non-cash transactions

	12/31/2020	12/31/2019
Initial recognition - right-of-use assets	-	421,858

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Opinions and Statements / Unqualified Independent Auditor's Review Report

Independent auditor's report on the parent company and consolidated financial statements

To the Shareholders and Management of

Grupo Mateus S.A.

São Luís – MA

Opinion

We have reviewed the parent company and consolidated financial statements of Grupo Mateus S.A. ("Company"), which comprise the statement of financial position as of December 31, 2020, and the respective income statements, comprehensive income, changes in equity, and cash flows for the year then ended, as well as the corresponding notes, including a summary of significant accounting policies.

In our opinion, the aforementioned parent company and consolidated financial statements fairly present, in all material respects, the individual and consolidated equity and financial position of Grupo Mateus S.A. as of December 31, 2020, and the individual and consolidated performance of its operations as well as its respective individual and consolidated cash flows for the year then ended, under the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit under Brazilian and international auditing standards.

Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section. We are independent of the Company and its subsidiaries, according to the relevant ethical principles provided for in the Accountants' Code of Ethics and the professional standards issued by the Federal Accounting Council and we have fulfilled other ethical responsibilities under these rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audits matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed within the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, therefore we do not provide a separate opinion on these matters.

Adoption of accounting pronouncements CPC 06 (R2) and IFRS 16 – Leases (Notes 10 and 17)

Reason why the matter was considered a key audit matter

As disclosed in Notes 10 and 17 to the financial statements as of December 31, 2020, on January 1, 2019, the Company adopted the new accounting pronouncement NBC TG 06 (R2) - Leases, equivalent to IFRS 16 – Leases issued by the International Accounting Standards Board (IASB), based on the modified retrospective approach, considering the right of use equal to the lease liability at the date of initial adoption, with no restatement of comparative information.

The adoption of IFRS16/NBC TG 06 (R2) resulted in significant impacts upon its adoption and was once again considered a risk area for our current year's audit since it involved significant judgment of the Company's Management in determining the incremental interest rate and lease terms, which are critical estimates used to calculate the right-of-use asset and lease liability. Changes in these estimates can have significant impacts on the amounts recognized by the Company in its parent company and consolidated financial statements.

Due to the judgment involved in defining the lease term and the complexity in determining the assumptions used for the definition of the discount rates for the calculation of the lease liability and the relevance of the impacts that a change in this rate could have on the measurement of the lease liability and right-of-use asset (as well as the relevance of the disclosures of the effects of the initial adoption of NBC TG 06 (R2)/IFRS 16), this matter was considered significant for our audit.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to:

- Assessing the Company's accounting practices to determine lease terms;
- Verifying the incremental interest rate (based on information received from financial institutions);
- Selecting a sample of lease contracts to assess the mathematical accuracy of the right-of-use assets and lease liability calculated by the Company based on contractual data;
- Testing the integrity and accuracy of the data used in the calculations made by the Company's management.

Based on the evidence obtained through the aforementioned procedures, we consider that the criteria used for recording right-of-use assets and corresponding lease liabilities, as well as related disclosures, are acceptable in the context of the parent company and consolidated financial statements taken as a whole.

Provision for risks (Note 20)

Reason why the matter was considered a key audit matter

The Company is a party to civil, tax, and labor legal and administrative proceedings, for which Management estimates the amounts involved, discloses, and records provisions in its parent company and consolidated financial statements in cases of likelihood of probable loss.

This area remains the focus of our audit in the current year because of the relevance, complexity, subjective aspects, and critical judgments exercised by management in determining the likelihood of loss attributed to each lawsuit, in measuring and defining recognition and/or disclosure of a provision. Changes in forecasts and/or judgments can have significant impacts on the Company's parent company and consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Updating our understanding of relevant internal controls that involve the identification, creation of provisions, and disclosures in the notes to the financial statements;
- Testing of legal advisory expenses to confirm that all legal advisors have been assessed for confirmation of ongoing legal proceedings;
 - Updating of the understanding of the calculation model adopted, which considers the historical assessment of losses in similar legal cases and forecasts provided by legal advisors; confirmation with the Company's external advisors regarding the legal and administrative proceedings sponsored regarding the assessment of the prognosis, completeness of information, and the estimated value of the legal claims used as a basis for the recording and disclosure of the provision for risks (contingencies).

We consider that the criteria and assumptions adopted by management for the calculation and disclosure of the provision for risks were appropriate and are consistent in the context of the parent company and consolidated financial statements taken as a whole.

Recognition of trade agreements (Note 24)

Reason why the matter was considered a key audit matter

The Group receives significant trade discounts through agreements negotiated with its suppliers. These trade agreements vary depending on each negotiation and may include agreements based on purchase volume, price reduction and/or difference, margin reallocation, funds (percentage of purchases), cooperative advertising, and other special negotiations. The form of deduction varies according to the conditions outlined in the supply agreements, which may include discounts on invoices and receipt of bonus merchandise. The bonuses received from suppliers are measured and recognized based on contracts and agreements signed, and recorded to profit or loss as the corresponding inventory is sold.

Due to the large volume of transactions, the significance of the amounts involved, and the degree of judgment exercised by the Group regarding the nature and fulfillment of obligations described in the agreements negotiated with suppliers, as well as the estimates to calculate the values to be recorded and the period during which the results of the agreements should be recognized as a reduction in the cost of goods sold in the parent company and consolidated financial statements, we consider this matter significant in our audit for the current year.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to:

- Evaluation of the design and implementation of key internal controls in the purchasing and trade agreement process;
- Recalculation of "trade agreements - funds" receivable on a sample basis regarding purchase transactions. Evaluation of the conditions outlined in the agreement, recalculation of the funds receivable, comparison with the accounting balance, inspection of subsequent financial settlement and/or receipt of bonus merchandise through checking the incoming invoice;
- Selection of samples of other trade agreements (discount/price difference, store opening, and cooperative advertising, among others), for which we obtained supporting documentation of the agreements signed, including evidence of subsequent financial settlement and/or discount for receiving bonus merchandise through checking the incoming invoice;
- Observation of the due date in the supporting documentation and validation of the completeness of the aging list presented by the Company, as well as assessment of the adequacy of the accounting recognition of the selected entries on a test basis;
- Analysis of monthly variations of balances recognized with trade discounts regarding sales costs, considering trends, seasonality, and historical information; and
- Assessment of whether the disclosures in the parent company and consolidated financial statements consider relevant information related to the trade discounts obtained.

As a result of the evidence obtained through the aforementioned procedures, we consider that the recorded balances of trade agreements and related disclosures are acceptable in the context of the parent company and consolidated financial statements taken as a whole.

Government grants – ICMS (Note 26) Reason why the matter was considered a key audit matter

According to state legislation, the subsidiary Armazém Mateus S.A. benefits from the Special Regime Agreement (ICMS), which consists of using a presumed credit from the reduction of the ICMS tax base that results in 2% of the full value of the tax owed to the State of Maranhão in sales transactions for both domestic and interstate operations.

Government subsidy is recognized as revenue over the period and matched with the expenses intended to be set off, on a systematic basis. This accounting concept is applied because management understands that a government grant is received from a source other than shareholders and arises from an act of management for the benefit of the entity, and the entity effectively earns such revenue when it complies with grant rules and fulfills certain obligations.

Due to the significance of the amounts involved and the assumptions used by the Group to determine the accounting concept, which may impact the amount recorded in the parent company and financial statements, we consider this matter significant in our audit for the current fiscal year.

How the matter was addressed in our audit

Our audit procedures included, but were not limited to:

- With the assistance of our tax experts through inquiries to the responsible parties in the tax department of the Group and sampling tests, we obtained an understanding of the methodology for recording government grants in the financial statements;
- We recalculated the government grant for ICMS and assessed the adequacy of the presentation of balances between revenues and costs, as well as the sufficiency of the records; and
- We also assessed whether the disclosures in the parent company and consolidated financial statements consider relevant information, mainly related to the assumptions and conditions of NBC TG 07 (R1) - Government Grants and Assistance (IAS 20).

As a result of the evidence obtained through the aforementioned procedures, we consider the records made by the Group regarding the accounting treatment of the ICMS in the parent company and consolidated financial statements taken as a whole as acceptable.

Other matters

Value added statements

The parent company and consolidated value added statements (“VAS”) for the fiscal year ended December 31, 2020, prepared under the responsibility of the Company’s Management, and presented as supplementary information for the purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company’s financial statements. For the formation of our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are under the criteria outlined in NBC TG 09 – “Value Added Statement”. In our opinion, these value added statements have been fairly prepared, in all material respects, under the criteria defined in this Standard and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor’s report

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

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion about this report.

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

Responsibilities of Management and those charged with governance for the parent company and consolidated financial statements

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

In preparing the parent company and consolidated financial statements, Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to its operational continuity and using the going concern basis of accounting in the preparation of the financial statements, unless Management either intends to liquidate the Company or cease its operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the preparation of the financial statements of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and financial statements

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

As part of an audit under Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to such risks and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtained an understanding of material internal controls to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Concluded on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the parent company and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the parent company and consolidated financial statements. We are responsible for the management, supervision, and performance of the group audit and, as a consequence, for the audit opinion.

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

We also provided, to those responsible for governance, a statement containing relevant ethical requirements, including applicable independence requirements, and notified them of any relationships or matters that could materially affect our independence, including, where applicable, the respective safeguards.

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

Belo Horizonte/MG - March 18, 2021.

Daniel Menezes Vieira

CT CRC 1MG-078.081/O-1

Grant Thornton Auditores Independentes

CRC 2SP-025.583/O-1

Opinions and Statements / Executive Officers' Statement on the Financial Statements

STATEMENT

FOR PURPOSES OF ARTICLE 25 OF CVM INSTRUCTION 480

The Executive Board of Grupo Mateus, a corporation headquartered at Avenida Daniel de La Touche, nº 73, Loja 03, bairro Cohama, in the city of São Luís, State of Maranhão, registered with Corporate Taxpayer's ID (CNPJ/ME) under number 24.990.777/0001-09 ("Company"), hereby declares, under items V and VI of paragraph I of article 25 of Instruction 480 of the Brazilian Securities and Exchange Commission, of December 07, 2009, as amended, that (i) it has reviewed, discussed, and agrees with the opinions expressed in the independent auditors' report; and (ii) it has reviewed, discussed, and agrees with the Company's financial statements for the fiscal year ended December 31, 2020, 2019, and 2018.

São Luís, March 24, 2021

Ibson Rodrigues Mateus

CEO

José Morgado Filho

Chief Financial and Investor Relations Officer

Opinions and Statements / Executive Officers' Statement on the Independent Auditor's Report

STATEMENT

FOR PURPOSES OF ARTICLE 25 OF CVM INSTRUCTION 480

Grupo Mateus, a corporation headquartered at Avenida Daniel de La Touche, nº 73, Loja 03, bairro Cohama, in the city of São Luís, State of Maranhão, registered with Corporate Taxpayer's ID (CNPJ/ME) under number 24.990.777/0001-09 ("Company"), hereby declares, under items V and VI of paragraph I of article 25 of Instruction 480 of the Brazilian Securities and Exchange Commission, of December 07, 2009, as amended, that (i) it has reviewed, discussed, and agrees with the opinions expressed in the independent auditors' report; and (ii) it has reviewed, discussed, and agrees with the Company's financial statements for the fiscal year ended December 31, 2020, 2019, and 2018.

São Luís, March 24, 2021

Ilson Rodrigues Mateus

CEO

José Morgado Filho

Chief Financial and Investor Relations Officer