Summary

Company Date

Composition of Capital 2

Dividends / Interest on Own Capital 3

Individual Statements

Balance Sheets – Assets 4

Balance Sheets – Liabilities and Shareholders' Equity 5

Statements of Income 6

Statements of Comprehensive Income 7

Statements of Cash Flow 8

Statements of Changes in Shareholders' Equity

Equity - 1/1/2018 to 9/30/2018 9

Equity - 1/1/2017 to 9/30/2017 10

Statements of Value Added 11

Consolidated Statements

Balance Sheets – Assets 12

Balance Sheets – Liabilities and Shareholders' Equity 13

Statements of Income 14

Statements of Comprehensive Income 15

Statements of Cash Flow 16

Statements of Changes in Shareholders' Equity

Equity - 1/1/2018 to 9/30/2018 17

Equity - 1/1/2017 to 9/30/2017 18

Statements of Value Added 19

Management Report / Business Performance Analysis **20**

Explanatory Notes **29**

Report on the review of quarterly information **73**

Statement of the Board of Executive Officers **75**

Company Data / Capital Composition

QUANTITY OF SHARES (In Thousand)	CURRENT QUARTER 9/30/2018
PAID-UP CAPITAL	
COMMON – ON	717,966
PREFERRED - PN	0
TOTAL	**717,966**
TREASURY SHARES	
COMMON – ON	2,085
PREFERRED – PN	0
TOTAL	**2,085**

Company Data / Cash Distribution

EVENT	APPROVAL	TYPE	BEGINNING PAYMENT	SHARE'S TYPE	SHARE'S CLASS	AMOUNT PER SHARE
Board of Directors Meeting	3/16/2017	Interest on Capital	4/27/2018	ON		0.07476
Board of Directors Meeting	6/20/2017	Interest on Capital	4/27/2018	ON		0.06474
Board of Directors Meeting	9/19/2017	Interest on Capital	4/27/2018	ON		0.07041
Board of Directors Meeting	12/14/2017	Interest on Capital	4/27/2018	ON		0.07430
General Shareholder´s Meeting	4/19/2018	Dividends	4/27/2018	ON		0.13523
Board of Directors Meeting	3/15/2018	Interest on Capital		ON		0.07296
Board of Directors Meeting	6/19/2018	Interest on Capital		ON		0.07324
Board of Directors Meeting	9/19/2018	Interest on Capital		ON		0.07969

Individual Statements / Asset
(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2018	Prior end of year 12/31/2017
1	Total Assets	5,938,516	6,175,230
1.01	Current assets	2,890,779	3,049,207
1.01.01	Cash and cash equivalents	571,760	981,014
1.01.03	Trade Accounts Receivable	833,841	1,131,448
1.01.03.01	Customers	833,841	1,131,448
1.01.04	Inventories	1,009,970	772,052
1.01.06	Recoverable Taxes	200,097	115,915
1.01.06.01	Recoverable Taxes	200,097	115,915
1.01.07	Prepaid expenses	12,721	6,611
1.01.08	Other Current Assets	262,390	42,167
1.01.08.03	Others	262,390	42,167
1.01.08.03.01	FIDC Lojas Renner	182,000	-
1.01.08.03.02	Derivative financial instruments	22,877	5,822
1.01.08.03.03	Other Assets	32,641	36,345
1.01.08.03.04	Credits with related parties	24,872	-
1.02	Non-Current Assets	3,047,737	3,126,023
1.02.01	Long-Term Assets	111,838	373,592
1.02.01.07	Deferred Taxes	43,735	112,994
1.02.01.07.01	Deferred Income Tax and Social Contribution	43,735	112,994
1.02.01.08	Prepaid expenses	-	659
1.02.01.09	Related Party Credits	-	12,511
1.02.01.09.02	Credits with related parties	-	12,511
1.02.01.10	Other Non-Current Assets	68,103	247,428
1.02.01.10.03	Judicial deposits	10,048	10,530
1.02.01.10.04	Recoverable Taxes	50,898	46,380
1.02.01.10.05	Other Assets	7,157	8,518
1.02.01.10.06	FIDC Lojas Renner	-	182,000
1.02.02	Investments	924,163	824,196
1.02.02.01	Shareholdings	924,163	824,196
1.02.02.01.02	Investments in Subsidiaries	924,163	824,196
1.02.03	Fixed Assets	1,641,663	1,603,710
1.02.03.01	Fixed Assets in Operation	1,579,333	1,507,447
1.02.03.03	Fixed Assets in Progress	62,330	96,263
1.02.04	Intangible	370,073	324,525
1.02.04.01	Intangible assets	370,073	324,525

Individual Statements / Liabilities
(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2018	Prior end of year 12/31/2017
2	Total Liabilities	5,938,516	6,175,230
2.01	Current Liabilities	1,939,610	2,138,750
2.01.01	Social and Labor Obligations	200,093	211,433
2.01.01.01	Social Obligations	60,840	49,158
2.01.01.01.01	Social charges	60,840	49,158
2.01.01.02	Labor obligations	139,253	162,275
2.01.01.02.01	Wages payable	139,253	162,275
2.01.02	Suppliers	707,285	721,302
2.01.02.01	National suppliers	707,285	721,302
2.01.03	Tax Obligations	113,390	400,121
2.01.03.01	Federal Tax Obligations	42,677	221,325
2.01.03.01.01	Income Tax and Social Contribution Payable	21,029	134,024
2.01.03.01.02	Other Federal Obligations	21,648	87,301
2.01.03.02	State Tax Obligations	69,200	177,353
2.01.03.03	Municipal Tax Obligations	1,513	1,443
2.01.04	Borrowings, Financing and Debentures	607,525	436,662
2.01.04.01	Borrowings and Financing	363,673	90,303
2.01.04.01.01	In National Currency	51,764	81,242
2.01.04.01.02	In Foreign Currency	311,909	9,061
2.01.04.02	Debentures	243,378	336,469
2.01.04.03	Financial Leases	474	9,890
2.01.05	Other obligations	272,057	336,649
2.01.05.01	Debts with Related Party	1,120	-
2.01.05.01.02	Debts with Subsidiaries	1,120	-
2.01.05.02	Others	270,937	336,649
2.01.05.02.01	Dividends and Interest Payable	140,850	170,112
2.01.05.02.04	Rents payable	43,689	50,468
2.01.05.02.05	Other obligations	70,939	63,673
2.01.05.02.06	Statutory Participation	-	10,821
2.01.05.02.07	Obligations with Card Administrators	15,459	38,631
2.01.05.02.08	Derivative financial instruments	-	2,944
2.01.06	Provisions	39,260	32,583
2.01.06.01	Labor and Civil Security Tax Provisions	39,260	32,583
2.01.06.01.04	Civil Provisions	21,257	18,155
2.01.06.01.05	Labor Provisions	18,003	14,428
2.02	Non-Current Liabilities	391,424	813,034
2.02.01	Borrowings, Financing and Debentures	363,284	782,972
2.02.01.01	Borrowings and Financing	30,033	188,364
2.02.01.01.01	In National Currency	30,033	57,989
2.02.01.01.02	In Foreign Currency	-	130,375
2.02.01.02	Debentures	299,889	535,712
2.02.01.03	Lease Financing	33,362	58,896
2.02.02	Other obligations	1,484	5,968
2.02.02.01	Related Party Liabilities	-	3,743
2.02.02.01.02	Debts with Subsidiaries	-	3,743
2.02.02.02	Others	1,484	2,225
2.02.02.02.04	Other obligations	1,484	2,225
2.02.04	Provisions	26,656	24,094
2.02.04.01	Labor and Civil Security Tax Provisions	26,656	24,094
2.02.04.01.01	Tax Provisions	26,656	24,094
2.03	Shareholder´s Equity	3,607,482	3,223,446
2.03.01	Capital	2,614,480	2,556,896
2.03.02	Capital reserves	72,052	66,428
2.03.02.04	Granted Options	116,588	94,285
2.03.02.05	Treasury Shares	(44,536)	(27,857)
2.03.04	Profit Reserves	499,775	596,022
2.03.04.01	Legal reserve	36,634	36,634
2.03.04.07	Tax Incentive Reserve	23,669	23,669
2.03.04.08	Proposed Additional Dividend	-	96,247
2.03.04.10	Reserve for Investment and Expansion	439,472	439,472
2.03.05	Accumulated Profit / Loss	397,886	-
2.03.06	Equity Valuation Adjustments	17,093	2,496
2.03.07	Accumulated Conversion Adjustments	6,196	1,604

Individual Statements / Income Statements
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	Quarter 7/1/2018 to 9/30/2018	Acumulated of Current Year 1/1/2018 to 9/30/2018	Same Quarter of Last Year 7/1/2017 to 9/30/2017	Acumulated of Last Year 1/1/2017 to 9/30/2017
3.01	Revenue from Sale of Goods and / or Services	1,621,364	4,690,998	1,479,211	4,324,882
3.01.01	Net sales revenue from goods	1,532,978	4,413,219	1,375,199	4,002,917
3.01.02	Net revenue from financial products and services	88,386	277,779	104,012	321,965
3.02	Cost of Goods and / or Services Sold	(709,119)	(1,965,842)	(640,895)	(1,818,175)
3.02.01	Cost of sales with goods	(704,714)	(1,952,183)	(635,786)	(1,801,308)
3.02.02	Cost of financial products and services	(4,405)	(13,659)	(5,109)	(16,867)
3.03	Gross Profit	912,245	2,725,156	838,316	2,506,707
3.04	Operating Expenses / Revenues	(680,606)	(2,022,703)	(653,944)	(1,936,721)
3.04.01	Selling Expenses	(404,236)	(1,211,392)	(379,920)	(1,127,922)
3.04.02	General and Administrative Expenses	(170,958)	(465,894)	(143,505)	(393,249)
3.04.03	Losses due to non-recoverability of assets	(13,244)	(65,297)	(24,825)	(83,146)
3.04.04	Other Operating Income	23,737	31,268	4,281	8,110
3.04.05	Other Operating Expenses	(137,666)	(394,040)	(142,317)	(405,361)
3.04.06	Equity on Profit/Loss of Subsidiaries	21,761	82,652	32,342	64,847
3.05	Income Before Net Financial Expenses and Taxes	231,639	702,453	184,372	569,986
3.06	Net Financial expenses	(16,260)	(44,865)	(17,982)	(67,074)
3.06.01	Financial income	11,289	29,534	12,042	41,355
3.06.02	Financial expenses	(27,549)	(74,399)	(30,024)	(108,429)
3.07	Income Before Taxes on Profit	215,379	657,588	166,390	502,912
3.08	Income Tax and Social Contribution on Profit	(21,168)	(77,226)	(26,071)	(102,034)
3.08.01	Current	(4,033)	(8,857)	(24,897)	(87,681)
3.08.02	Deferred	(17,135)	(68,369)	(1,174)	(14,353)
3.09	Net Income from Continuing Operations	194,211	580,362	140,319	400,878
3.11	Profit / Loss for the Period	194,211	580,362	140,319	400,878
3.99.01	Basic Earnings per Share	0.2707	0.8116	0.1971	0.5888
3.99.01.01	ON	0.2707	0.8116	0.1971	0.5888
3.99.02	Diluted Earnings Per Share	0.2692	0.8053	0.1950	0.5817
3.99.02.01	ON	0.2692	0.8053	0.1950	0.5817

Individual Statements / Comprehensive Income Statements
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	Quarter 7/1/2018 to 9/30/2018	Acumulated of Current Year 1/1/2018 to 9/30/2018	Same Quarter of Last Year 7/1/2017 to 9/30/2017	Acumulated of Last Year 1/1/2017 to 9/30/2017
4.01	Net Income For The Period	194,211	580,362	140,319	400,878
4.02	Other Comprehensive Income	(14,283)	19,189	(13,872)	27,347
4.02.01	Cash Flow Hedge	(15,484)	19,999	(17,187)	41,036
4.02.02	Portion Of Other Comprehensive Income Of Subsidiaries	(2,131)	1,398	(991)	1,132
4.02.03	Taxes Related To Components Of Comprehensive Income	5,264	(6,800)	5,844	(13,952)
4.02.04	Cumulative Translation Adjustments	(1,932)	4,592	(1,538)	(869)
4.03	Total Comprehensive Income For The Period	179,928	599,551	126,447	428,225
4.03.01	Attributed to Parent Company Shareholders	179,928	599,551	126,447	428,225

Individual Statements / Cash Flow Statements
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	Acumulated of Current Year 1/1/2018 to 9/30/2018	Acumulated of Last Year 1/1/2017 to 9/30/2017
6.01	Net Cash From Operating Activities	410,812	619,533
6.01.01	Cash Flow From Operating Activities	810,352	737,327
6.01.01.01	Net Income For The Period	580,362	400,878
6.01.01.02	Depreciation And Amortization	203,278	221,494
6.01.01.03	Profits or losses on selling Or Write-Off Of Fixed Assets	2,986	4,748
6.01.01.04	Transaction Costs Of Debentures	705	568
6.01.01.05	Interest Expense Of Borrowing, Financing And Debentures	64,007	95,121
6.01.01.06	Stock Option Plan And Restricted Shares	26,224	29,681
6.01.01.07	Equity on Profit/Loss of Subsidiaries	(82,652)	(64,847)
6.01.01.08	Provision (reversion) For Tax, Civil And Labor Risks	9,239	(10,615)
6.01.01.09	Deferred And Current Taxes	77,226	102,034
6.01.01.10	Net Foreign Exchange Variation	(82)	(64)
6.01.01.11	Net Present Value Adjustment	(38,113)	(15,886)
6.01.01.12	Reversal For Loss On Assets	(32,828)	(25,785)
6.01.02	Changes In Assets And Liabilities	(249,275)	112,783
6.01.02.01	Accounts Receivable	331,876	430,022
6.01.02.02	Inventories	(219,007)	(168,661)
6.01.02.03	Other Assets	(51,100)	10,545
6.01.02.04	Financing – Financial Services Operations	(28,881)	(23,751)
6.01.02.05	Suppliers	(13,579)	(24,682)
6.01.02.06	Taxes And Contributions Payable	(206,881)	(148,571)
6.01.02.07	Salaries And Social Charges	(14,540)	33,388
6.01.02.08	Rents Payable	(6,779)	(7,866)
6.01.02.09	Statutary Obligations	(10,821)	(6,734)
6.01.02.10	Obligations With Card Administrators	(23,172)	18,886
6.01.02.11	Other Payables	6,526	3,153
6.01.02.12	Intercompany Payables	(12,917)	(2,946)
6.01.03	Others	(150,265)	(230,577)
6.01.03.01	Subsidiaries Dividend Received	67,871	63,469
6.01.03.02	Payment Of Income Tax And Social Contribution	(134,224)	(202,006)
6.01.03.03	Payment Of Interest On Loans, Financing And Debentures	(83,912)	(92,040)
6.02	Net Cash From Investing Activities	(380,751)	(478,974)
6.02.01	Acquisitions Of Fixed Assets	(209,819)	(194,388)
6.02.02	Acquisitions Intangible Assets	(80,373)	(43,879)
6.02.03	Proceeds From Disposal Of Fixed Assets	427	5,006
6.02.04	Investments In Subsidiaries	(90,986)	(245,713)
6.03	Net Cash From Financing Activities	(439,364)	(85,169)
6.03.01	Capital Increase	57,584	57,505
6.03.02	Repurchase Of Treasury Stocks	(16,988)	(8,836)
6.03.03	Borrowings	166,680	664,411
6.03.04	Payment Of Borrowings	(328,829)	(542,719)
6.03.05	Payment of Structuring Costs Of Borrowings And Debentures	-	(1,360)
6.03.06	Installment Lease Financing	(38,571)	(8,181)
6.03.07	Interest On Capital And Dividends Paid	(279,240)	(245,989)
6.04	Net Foreign Exchange Variation in Cash And Cash Equivalents	49	-
6.05	Decrease In Cash And Cash Equivalents	(409,254)	55,390
6.05.01	Cash And Cash Equivalents At The Beginning Of The Period	981,014	711,186
6.05.02	Cash And Cash Equivalents At The End Of The Period	571,760	766,576

Individual Statements / Changes in Shareholder´s Equity - 1/1/2018 to 9/30/2018
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	CAPITAL	CAPITAL RESERVES	REVENUE RESERVES	RETAINED EARNINGS	CARRYING VALUE ADJUSTMENT	TOTAL
5.01	Opening Balances	2,556,896	66,428	596,022	-	4,100	3,223,446
5.03	Adjusted Initial Balances	2,556,896	66,428	596,022	-	4,100	3,223,446
5.04	Capital Transactions with Members	57,584	5,624	(96,247)	(182,476)	-	(215,515)
5.04.01	Capital Increases	57,584	-	-	-	-	57,584
5.04.03	Granted Options Recognized	-	15,721	-	-	-	15,721
5.04.04	Treasury Stock Acquired	-	(16,988)	-	-	-	(16,988)
5.04.07	Interest on equity	-	-	-	(161,314)	-	(161,314)
5.04.08	Proposed additional dividend resolution	-	-	(96,247)	-	-	(96,247)
5.04.09	Restricted Stock Plan	-	6,891	-	-	-	6,891
5.04.10	Initial adoption of CPC 48 / IFRS 9 - Expected Losses	-	-	-	(21,162)	-	(21,162)
5.05	Comprehensive Income Total	-	-	-	580,362	19,189	599,551
5.05.01	Net Income for the Period	-	-	-	580,362	-	580,362
5.05.02	Other Comprehensive income	-	-	-	-	19,189	19,189
5.05.02.01	Adjustments to Financial Instruments	-	-	-	-	19,999	19,999
5.05.02.02	Taxes / Adjustments Financial Instruments	-	-	-	-	1,398	1,398
5.05.02.03	Equity on Other Comprehensive Net Income	-	-	-	-	(6,800)	(6,800)
5.05.02.04	Period Conversion Adjustments	-	-	-	-	4,592	4,592
5.07	Balances As Of September 30, 2018	2,614,480	72,052	499,775	397,886	23,289	3,607,482

Individual Statements / Changes in Shareholder´s Equity - 1/1/2017 to 9/30/2017
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	CAPITAL	CAPITAL RESERVES	REVENUE RESERVES	RETAINED EARNINGS	CARRYING VALUE ADJUSTMENT	TOTAL
5.01	Opening Balances	1,178,368	279,268	1,216,985	-	(37,825)	2,636,796
5.03	Balances Adjusted	1,178,368	279,268	1,216,985	-	(37,825)	2,636,796
5.04	Capital Transactions With Stockholders	1,375,355	(220,842)	(1,156,817)	(144,049)	-	(146,353)
5.04.01	Capital Increase	1,375,355	(237,849)	(1,080,001)			57,505
5.04.02	Shares In Treasury Acquired		(8,836)	-	-	-	(8,836)
5.04.03	Stock Option Plan	-	21,581	-	-	-	21,581
5.04.04	Restricted Shares Granted	-	4,262	-	-	-	4,262
5.04.07	Interest On Capital	-	-	-	(144,049)	-	(144,049)
5.04.10	Dividends	-	-	(76,816)	-	-	(76,816)
5.05	Total Comprehensive Income	-	-	-	400,878	27,347	428,225
5.05.01	Net Income For The Period	-	-	-	400,878	-	400,878
5.05.02	Other Comprehensive Income	-	-	-	-	27,347	27,347
5.05.02.01	Carrying Value Adjustments	-	-	-	-	28,216	28,216
5.05.02.04	Cumulative Translation Adjustments	-	-	-	-	(869)	(869)
5.07	Balances As Of September 30, 2017	2,553,723	58,426	60,168	256,829	(10,478)	2,918,668

Individual Statements / Statement of Added Value
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	Acumulated of Current Year 1/1/2018 to 9/30/2018	Acumulated of Last Year 1/1/2017 to 9/30/2017
7.01	Income	6,065,009	5,565,964
7.01.01	Sales of Goods, Products and Services	6,084,853	5,636,803
7.01.02	Other Recipes	45,453	12,307
7.01.04	Provision / Reversal of Crédits. Doubtful Settlement	(65,297)	(83,146)
7.02	Input Purchased From Third Parties	(3,010,241)	(2,758,561)
7.02.01	Cost Of Sales Of Goods, Financial Products And Services (Including Taxes)	(2,231,958)	(2,092,190)
7.02.02	Materials, Energy, Outsides Services And Others	(735,176)	(621,794)
7.02.03	Loss / Recovery of Assets	(43,107)	(44,577)
7.03	Gross Value Added	3,054,768	2,807,403
7.04	Retentions	(203,278)	(221,494)
7.04.01	Depreciation and Amortization	(203,278)	(221,494)
7.05	Value Added Net Produced	2,851,490	2,585,909
7.06	Value Added Received In Transfer	113,598	108,195
7.06.01	Equity on Profit/Loss of Subsidiaries	82,652	64,847
7.06.02	Financial income	30,946	43,348
7.07	Total Added Value to Distribute	2,965,088	2,694,104
7.08	Distribution of Added Value	2,965,088	2,694,104
7.08.01	Personnel Expenses	663,019	621,949
7.08.01.01	Compensation	489,052	409,235
7.08.01.02	Benefits	102,549	126,046
7.08.01.03	Government Severance Indemnity Fund For Employees	47,153	56,466
7.08.01.04	Others	24,265	30,202
7.08.01.04.01	Stock Option Plan	15,721	21,581
7.08.01.04.02	Managers remuneration	8,544	8,621
7.08.02	Taxes, fees and contributions	1,263,953	1,192,532
7.08.02.01	Federal Taxes	412,878	429,722
7.08.02.02	State Taxes	813,294	728,144
7.08.02.03	Municipal Taxes	37,781	34,666
7.08.03	Remuneration of Third Party Capital	457,754	478,745
7.08.03.01	Interest	74,399	108,429
7.08.03.02	Rents	383,355	370,316
7.08.04	Remuneration of Shareholders' Equity	580,362	400,878
7.08.04.01	Interest on Equity	161,314	144,049
7.08.04.03	Retained Earnings / Loss for the Period	419,048	256,829

Consolidated Statements / Asset
(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2018	Prior end of year 12/31/2017
1	Total Assets	7,547,252	7,547,658
1.01	Current assets	4,779,355	4,907,941
1.01.01	Cash and cash equivalents	555,121	1,059,873
1.01.02	Financial investments	399,440	82,360
1.01.02.01	Financial investments measured at fair value through profit or loss	399,440	82,360
1.01.02.01.01	Trading Securities	399,440	31,578
1.01.02.01.02	Fair Value Titles	-	50,782
1.01.03	Trade Accounts Receivable	2,281,306	2,644,258
1.01.03.01	Customers	2,281,306	2,644,258
1.01.04	Inventories	1,212,285	923,176
1.01.06	Recoverable Taxes	253,836	140,273
1.01.06.01	Recoverable Taxes	253,836	140,273
1.01.07	Prepaid expenses	12,739	5,266
1.01.08	Other Current Assets	64,628	52,735
1.01.08.03	Others	64,628	52,735
1.01.08.03.02	Derivative financial instruments	25,915	6,917
1.01.08.03.03	Other Assets	38,713	45,818
1.02	Non-Current Assets	2,767,897	2,639,717
1.02.01	Long-Term Assets	274,626	299,809
1.02.01.07	Deferred Taxes	169,552	199,211
1.02.01.07.01	Deferred Income Tax and Social Contribution	169,552	199,211
1.02.01.08	Prepaid expenses	1,421	353
1.02.01.10	Other Non-Current Assets	103,653	100,245
1.02.01.10.03	Judicial deposits	10,091	10,615
1.02.01.10.04	Recoverable Taxes	85,418	80,331
1.02.01.10.05	Other Assets	8,144	9,299
1.02.02	Investments	46	46
1.02.02.01	Shareholdings	46	46
1.02.02.01.02	Investments in Subsidiaries	46	46
1.02.03	Fixed Assets	1,910,603	1,813,627
1.02.03.01	Fixed Assets in Operation	1,829,239	1,699,987
1.02.03.03	Fixed Assets in Progress	81,364	113,640
1.02.04	Intangible	582,622	526,235

Consolidated Statements / Liabilities
(All amounts in thousands of Reais unless otherwise stated)

Code	Description	Current period 9/30/2018	Prior end of year 12/31/2017
2	Total Liabilities	7,547,252	7,547,658
2.01	Current Liabilities	3,239,419	2,941,712
2.01.01	Social and Labor Obligations	222,826	233,338
2.01.01.01	Social Obligations	67,740	54,863
2.01.01.01.01	Social charges	67,740	54,863
2.01.01.02	Labor obligations	155,086	178,475
2.01.01.02.01	Wages payable	155,086	178,475
2.01.02	Suppliers	788,835	842,254
2.01.02.01	National suppliers	788,835	842,254
2.01.03	Tax Obligations	221,185	470,989
2.01.03.01	Federal Tax Obligations	140,053	279,550
2.01.03.01.01	Income Tax and Social Contribution Payable	98,714	177,577
2.01.03.01.02	Other Federal Obligations	41,339	101,973
2.01.03.02	State Tax Obligations	77,125	188,642
2.01.03.03	Municipal Tax Obligations	4,007	2,797
2.01.04	Borrowings, Financing and Debentures	1,124,664	516,839
2.01.04.01	Borrowings and Financing	880,812	170,480
2.01.04.01.01	In National Currency	490,727	161,419
2.01.04.01.02	In Foreign Currency	390,085	9,061
2.01.04.02	Debentures	243,378	336,469
2.01.04.03	Financial Leases	474	9,890
2.01.05	Other obligations	836,633	842,296
2.01.05.02	Others	836,633	842,296
2.01.05.02.01	Dividends and Interest Payable	140,850	170,112
2.01.05.02.04	Rents payable	49,899	59,393
2.01.05.02.05	Other obligations	92,602	74,252
2.01.05.02.06	Statutory Participation	-	10,821
2.01.05.02.07	Obligations with Card Administrators	553,264	524,581
2.01.05.02.08	Derivative financial instruments	18	3,137
2.01.06	Provisions	45,276	35,996
2.01.06.01	Labor and Civil Security Tax Provisions	45,276	35,996
2.01.06.01.04	Civil Provisions	26,311	20,654
2.01.06.01.05	Labor Provisions	18,965	15,342
2.02	Non-Current Liabilities	700,351	1,382,500
2.02.01	Borrowings, Financing and Debentures	663,160	1,353,977
2.02.01.01	Borrowings and Financing	329,909	759,369
2.02.01.01.01	In National Currency	189,023	628,994
2.02.01.01.02	In Foreign Currency	140,886	130,375
2.02.01.02	Debentures	299,889	535,712
2.02.01.03	Lease Financing	33,362	58,896
2.02.02	Other obligations	1,634	2,440
2.02.02.02	Others	1,634	2,440
2.02.02.02.03	Taxes and contributions to collect	-	11
2.02.02.02.04	Other obligations	1,634	2,429
2.02.03	Deferred Taxes	6,797	-
2.02.03.01	Deferred Income Tax and Social Contribution	6,797	-
2.02.04	Provisions	28,760	26,083
2.02.04.01	Labor and Civil Security Tax Provisions	28,760	26,083
2.02.04.01.01	Tax Provisions	28,760	26,083
2.03	Shareholder´s Equity	3,607,482	3,223,446
2.03.01	Capital	2,614,480	2,556,896
2.03.02	Capital reserves	72,052	66,428
2.03.02.04	Granted Options	116,588	94,285
2.03.02.05	Treasury Shares	(44,536)	(27,857)
2.03.04	Profit Reserves	499,775	596,022
2.03.04.01	Legal reserve	36,634	36,634
2.03.04.07	Tax Incentive Reserve	23,669	23,669
2.03.04.08	Proposed Additional Dividend	-	96,247
2.03.04.10	Reserve for Investment and Expansion	439,472	439,472
2.03.05	Accumulated Profit / Loss	397,886	-
2.03.06	Equity Valuation Adjustments	17,093	2,496
2.03.07	Accumulated Conversion Adjustments	6,196	1,604

Consolidated Statements/Income Statements
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	Quarter 7/1/2018 to 9/30/2018	Acumulated of Current Year 1/1/2018 to 9/30/2018	Same Quarter of Last Year 7/1/2017 to 9/30/2017	Acumulated of Last Year 1/1/2017 to 9/30/2017
3.01	Revenue from Sale of Goods and / or Services	1,943,288	5,591,670	1,746,377	4,992,833
3.01.01	Net sales revenue from goods	1,711,461	4,890,311	1,512,578	4,377,718
3.01.02	Net revenue from financial products and services	231,827	701,359	233,799	615,115
3.02	Cost of Goods and / or Services Sold	(789,181)	(2,173,627)	(702,553)	(1,984,148)
3.02.01	Cost of sales with goods	(782,320)	(2,152,757)	(696,818)	(1,966,655)
3.02.02	Cost of financial products and services	(6,861)	(20,870)	(5,735)	(17,493)
3.03	Gross Profit	1,154,107	3,418,043	1,043,824	3,008,685
3.04	Operating Expenses / Revenues	(895,619)	(2,637,526)	(837,896)	(2,404,013)
3.04.01	Selling Expenses	(476,685)	(1,416,130)	(435,509)	(1,282,218)
3.04.02	General and Administrative Expenses	(190,538)	(520,176)	(156,914)	(432,805)
3.04.03	Losses due to non-recoverability of assets	(68,260)	(204,802)	(71,408)	(177,051)
3.04.04	Other Operating Income	25,774	34,668	5,205	9,181
3.04.05	Other Operating Expenses	(185,910)	(531,086)	(179,270)	(521,120)
3.05	Income Before Net Financial Expenses and Taxes	258,488	780,517	205,928	604,672
3.06	Net Financial expenses	(17,462)	(44,661)	(21,305)	(68,682)
3.06.01	Financial income	12,886	37,768	11,915	47,141
3.06.02	Financial expenses	(30,348)	(82,429)	(33,220)	(115,823)
3.07	Income Before Taxes on Profit	241,026	735,856	184,623	535,990
3.08	Income Tax and Social Contribution on Profit	(46,815)	(155,494)	(44,304)	(135,112)
3.08.01	Current	(36,722)	(114,019)	(73,271)	(156,784)
3.08.02	Deferred	(10,093)	(41,475)	28,967	21,672
3.09	Net Income from Continuing Operations	194,211	580,362	140,319	400,878
3.11	Profit / Loss for the Period	194,211	580,362	140,319	400,878
3.11.01	Attributed to Parent Company Shareholders	194,211	580,362	140,319	400,878
3.99.01	Basic Earnings per Share	0.2707	0.8116	0.1971	0.5888
3.99.01.01	ON	0.2707	0.8116	0.1971	0.5888
3.99.02	Diluted Earnings Per Share	0.2692	0.8053	0.1950	0.5817
3.99.02.01	ON	0.2692	0.8053	0.1950	0.5817

Consolidated Statements / Comprehensive Income Statements (All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	Quarter 7/1/2018 to 9/30/2018	Acumulated of Current Year 1/1/2018 to 9/30/2018	Same Quarter of Last Year 7/1/2017 to 9/30/2017	Acumulated of Last Year 1/1/2017 to 9/30/2017
4.01	Net Income For The Period	194,211	580,362	140,319	400,878
4.02	Other Comprehensive Income	(14,283)	19,189	(13,872)	27,347
4.02.01	Cash Flow Hedge	(18,713)	22,117	(18,689)	42,752
4.02.03	Taxes Related To Components Of Comprehensive Income	6,362	(7,520)	6,355	(14,536)
4.02.04	Cumulative Translation Adjustments	(1,932)	4,592	(1,538)	(869)
4.03	Total Comprehensive Income For The Period	179,928	599,551	126,447	428,225
4.03.01	Attributed to Parent Company Shareholders	179,928	599,551	126,447	428,225

Consolidated Statements / Cash Flow Statements
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	Acumulated of Current Year 1/1/2018 to 9/30/2018	Acumulated of Last Year 1/1/2017 to 9/30/2017
6.01	Net Cash From Operating Activities	243,659	299,407
6.01.01	Cash Flow From Operating Activities	1,061,403	919,885
6.01.01.01	Net Income For The Period	580,362	400,878
6.01.01.02	Depreciation And Amortization	231,414	241,592
6.01.01.03	Profits or losses on selling Or Write-Off Of Fixed Assets	4,031	5,039
6.01.01.04	Transaction Costs Of Debentures	705	568
6.01.01.05	Interest Expense Of Borrowing, Financing And Debentures	66,836	97,459
6.01.01.06	Stock Option Plan And Restricted Shares	26,224	29,681
6.01.01.08	Provision (reversion) For Tax, Civil And Labor Risks	11,957	(8,888)
6.01.01.09	Deferred And Current Taxes	155,494	135,112
6.01.01.10	Net Foreign Exchange Variation	(3,337)	(71)
6.01.01.11	Net Present Value Adjustment	(37,584)	(15,886)
6.01.01.12	Reversal For Loss On Assets	25,301	34,401
6.01.02	Changes In Assets And Liabilities	(211,398)	(205,964)
6.01.02.01	Accounts Receivable	327,316	169,404
6.01.02.02	Inventories	(274,674)	(170,610)
6.01.02.03	Other Assets	(79,941)	19,753
6.01.02.04	Financing – Financial Services Operations	59,966	(203,665)
6.01.02.05	Suppliers	(51,103)	(32,877)
6.01.02.06	Taxes And Contributions Payable	(205,350)	(157,611)
6.01.02.07	Salaries And Social Charges	(13,712)	34,339
6.01.02.08	Rents Payable	(9,494)	(7,998)
6.01.02.09	Statutary Obligations	(10,821)	(6,734)
6.01.02.10	Obligations With Card Administrators	28,683	143,948
6.01.02.11	Other Payables	17,732	6,087
6.01.03	Others	(606,346)	(414,514)
6.01.03.02	Payment Of Income Tax And Social Contribution	(204,000)	(229,701)
6.01.03.03	Payment Of Interest On Loans, Financing And Debentures	(85,266)	(92,938)
6.01.03.04	Variation in Financial Investments	(317,080)	(91,875)
6.02	Net Cash From Investing Activities	(386,170)	(319,489)
6.02.01	Acquisitions Of Fixed Assets	(288,312)	(260,897)
6.02.02	Acquisitions Intangible Assets	(98,289)	(59,105)
6.02.03	Proceeds From Disposal Of Fixed Assets	431	513
6.03	Net Cash From Financing Activities	(363,253)	(102,492)
6.03.01	Capital Increase	57,584	57,505
6.03.02	Repurchase Of Treasury Stocks	(16,988)	(8,836)
6.03.03	Borrowings	258,926	850,396
6.03.04	Payment Of Borrowings	(344,964)	(746,027)
6.03.05	Payment of Structuring Costs Of Borrowings And Debentures	-	(1,360)
6.03.06	Installment Lease Financing	(38,571)	(8,181)
6.03.07	Interest On Capital And Dividends Paid	(279,240)	(245,989)
6.04	Net Foreign Exchange Variation in Cash And Cash Equivalents	1,012	(1,358)
6.05	Decrease In Cash And Cash Equivalents	(504,752)	(123,932)
6.05.01	Cash And Cash Equivalents at the beginning of the period	1,059,873	894,881
6.05.02	Cash And Cash Equivalents at the end of the period	555,121	770,949

Consolidated Statements / Changes in Shareholder´s Equity - 1/1/2018 to 9/30/2018
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	CAPITAL	CAPITAL RESERVES	REVENUE RESERVES	RETAINED EARNINGS	CARRYING VALUE ADJUSTMENT	TOTAL ATTRIBUITED TO PARENT COMPANY SHAREHOLDERS	NON-CONTROLLING SHAREHOLDER INTEREST	SHAREHOLDER´S EQUITY
5.01	Opening Balances	2,556,896	66,428	596,022	-	4,100	3,223,446	-	3,223,446
5.03	Adjusted Initial Balances	2,556,896	66,428	596,022	-	4,100	3,223,446	-	3,223,446
5.04	Capital Transactions with Members	57,584	5,624	(96,247)	(182,476)	-	(215,515)	-	(215,515)
5.04.01	Capital Increases	57,584	-	-	-	-	57,584	-	57,584
5.04.03	Granted Options Recognized	-	15,721	-	-	-	15,721	-	15,721
5.04.04	Treasury Stock Acquired	-	(16,988)	-	-	-	(16,988)	-	(16,988)
5.04.06	Dividends	-	-	(96,247)	-	-	(96,247)	-	(96,247)
5.04.07	Interest on equity	-	-	-	(161,314)	-	(161,314)	-	(161,314)
5.04.09	Restricted Stock Plan	-	6,891	-	-	-	6,891	-	6,891
5.04.10	Initial adoption of CPC 48 / IFRS 9 - Expected Losses	-	-	-	(21,162)	-	(21,162)	-	(21,162)
5.05	Comprehensive Income Total	-	-	-	580,362	19,189	599,551	-	599,551
5.05.01	Net Income for the Period	-	-	-	580,362	-	580,362	-	580,362
5.05.02	Other Comprehensive income	-	-	-	-	19,189	19,189	-	19,189
5.05.02.01	Adjustments to Financial Instruments	-	-	-	-	19,999	19,999	-	19,999
5.05.02.02	Taxes / Adjustments Financial Instruments	-	-	-	-	1,398	1,398	-	1,398
5.05.02.03	Equity on Other Comprehensive Net Income	-	-	-	-	(6,800)	(6,800)	-	(6,800)
5.05.02.04	Period Conversion Adjustments	-	-	-	-	4,592	4,592	-	4,592
5.07	Balances As Of September 30, 2018	2,614,480	72,052	499,775	397,886	23,289	3,607,482	-	3,607,482

Consolidated Statements / Changes in Shareholder´s Equity - 1/1/2017 to 9/30/2017
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	CAPITAL	CAPITAL RESERVES	REVENUE RESERVES	RETAINED EARNINGS	CARRYING VALUE ADJUSTMENT	TOTAL ATTRIBUITED TO PARENT COMPANY SHAREHOLDERS	NON-CONTROLLING SHAREHOLDER INTEREST	SHAREHOLDER´S EQUITY
5.01	Opening Balances	1,178,368	279,268	1,216,985	-	(37,825)	2,636,796	-	2,636,796
5.03	Balances Adjusted	1,178,368	279,268	1,216,985	-	(37,825)	2,636,796	-	2,636,796
5.04	Capital Transactions With Stockholders	1,375,355	(220,842)	(1,156,817)	(144,049)	-	(146,353)	-	(146,353)
5.04.01	Capital Increase	1,375,355	(237,849)	(1,080,001)			57,505	-	57,505
5.04.02	Shares In Treasury Acquired		(8,836)	-	-	-	(8,836)	-	(8,836)
5.04.03	Stock Option Plan	-	21,581	-	-	-	21,581	-	21,581
5.04.04	Restricted Shares Granted	-	4,262	-	-	-	4,262	-	4,262
5.04.07	Interest On Capital	-	-	-	(144,049)	-	(144,049)	-	(144,049)
5.04.10	Dividends	-	-	(76,816)	-	-	(76,816)	-	(76,816)
5.05	Total Comprehensive Income	-	-	-	400,878	27,347	428,225	-	428,225
5.05.01	Net Income For The Period	-	-	-	400,878	-	400,878	-	400,878
5.05.02	Other Comprehensive Income	-	-	-	-	27,347	27,347	-	27,347
5.05.02.01	Carrying Value Adjustments	-	-	-	-	28,216	28,216	-	28,216
5.05.02.04	Cumulative Translation Adjustments	-	-	-	-	(869)	(869)	-	(869)
5.07	Balances As Of Septemper 30, 2017	2,553,723	58,426	60,168	256,829	(10,478)	2,918,668	-	2,918,668

Consolidated Statements / Statement of Added Value
(All amounts in thousands of Reais unless otherwise stated)

CODE	DESCRIPTION	Acumulated of Current Year 1/1/2018 to 9/30/2018	Acumulated of Last Year 1/1/2017 to 9/30/2017
7.01	Income	6,976,040	6,277,399
7.01.01	Sales of Goods, Products and Services	7,131,577	6,439,766
7.01.02	Other Recipes	49,265	14,684
7.01.04	Provision / Reversal of Crédits. Doubtful Settlement	(204,802)	(177,051)
7.02	Input Purchased From Third Parties	(3,420,234)	(3,067,555)
7.02.01	Cost Of Sales Of Goods, Financial Products And Services (Including Taxes)	(2,457,137)	(2,276,759)
7.02.02	Materials, Energy, Outsides Services And Others	(914,376)	(743,914)
7.02.03	Loss / Recovery of Assets	(48,721)	(46,882)
7.03	Gross Value Added	3,555,806	3,209,844
7.04	Retentions	(231,414)	(241,592)
7.04.01	Depreciation and Amortization	(231,414)	(241,592)
7.05	Value Added Net Produced	3,324,392	2,968,252
7.06	Value Added Received In Transfer	39,275	49,364
7.06.02	Financial income	39,275	49,364
7.07	Total Added Value to Distribute	3,363,667	3,017,616
7.08	Distribution of Added Value	3,363,667	3,017,616
7.08.01	Personnel Expenses	762,874	724,895
7.08.01.01	Compensation	571,956	543,406
7.08.01.02	Benefits	113,183	103,397
7.08.01.03	Government Severance Indemnity Fund For Employees	52,796	47,280
7.08.01.04	Others	24,939	30,812
7.08.01.04.01	Stock Option Plan	15,721	21,581
7.08.01.04.02	Managers remuneration	9,218	9,231
7.08.02	Taxes, fees and contributions	1,480,973	1,349,129
7.08.02.01	Federal Taxes	547,832	523,049
7.08.02.02	State Taxes	884,248	786,010
7.08.02.03	Municipal Taxes	48,893	40,070
7.08.03	Remuneration of Third Party Capital	539,458	542,714
7.08.03.01	Interest	82,429	115,823
7.08.03.02	Rents	457,029	426,891
7.08.04	Remuneration of Shareholders' Equity	580,362	400,878
7.08.04.01	Interest on Equity	161,314	144,049
7.08.04.03	Retained Earnings / Loss for the Period	419,048	256,829

MANAGEMENT REPORT / BUSINESS PERFOMANCE ANALISYS

Highlights of the Period

Consolidated Information (R$ MM)	3Q18	3Q17	Var. %	9M18	9M17	Var. %
Net Revenue from Merchandise Sales	1,711.5	1,512.6	13.1%	4,890.3	4,377.7	11.7%
Growth in Same Store Sales (%)	6.9%	13.4%	-	5.1%	9.5%	-
Gross Profit from Merchandise Sales	929.1	815.8	13.9%	2,737.6	2,411.1	13.5%
Gross Margin from Retailing Operation (%)	54.3%	53.9%	0.4p.p.	56.0%	55.1%	0.9p.p.
Operating Expenses (SG&A)	(667.2)	(592.4)	12.6%	(1,936.3)	(1,715.0)	12.9%
SG&A as a % of Net Revenue from Merchandise Sales (%)	39.0%	39.2%	-0.2p.p.	39.6%	39.2%	0.4p.p.
Ajusted EBITDA from Retailing Operation	260.3	201.4	29.3%	759.9	616.5	23.3%
Ajusted EBITDA Margin from Retailing Operation (%)	15.2%	13.3%	1.9p.p.	15.5%	14.1%	1.4p.p.
Financial Products Result	86.6	97.8	-11.5%	270.7	255.9	5.8%
Ajusted Total EBITDA (Retail + Financial Products)	347.0	299.2	15.9%	1,030.7	872.4	18.1%
Ajusted Total EBITDA Margin (%)	20.3%	19.8%	0.5p.p.	21.1%	19.9%	1.2p.p.
Net Income	194.2	140.3	38.4%	580.4	400.9	44.8%
Net Margin (%)	11.3%	9.3%	2.0p.p.	11.9%	9.2%	2.7p.p.
ROIC LTM (%)	22.7%	21.3%	1.4p.p.	22.7%	21.3%	1.4p.p.

Operational Highlights – 3Q18

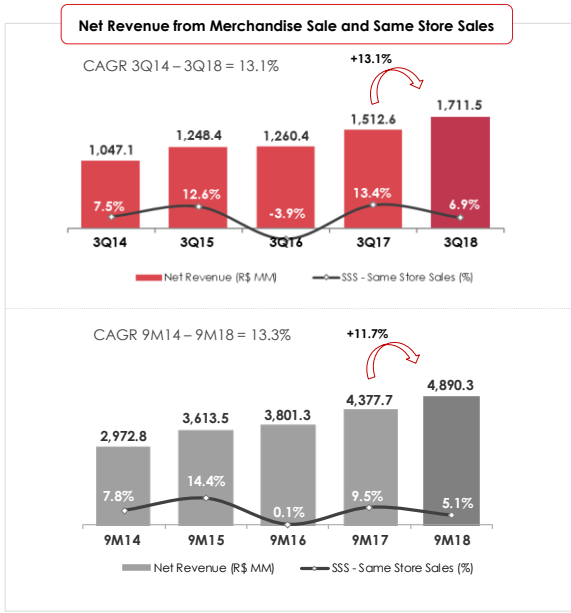
Net Revenue +13.1% Same Store Sales +6.9%	▪ Good pace of sales with the assertiveness of the new collection
Gross Profit +13.9% Gross Margin +0.4 p.p.	▪ Adequate commercial management ▪ Contribution from foreign exchange hedge on imported products
EBITDA Retail Margin +1.9 p.p.	▪ Combination of gains in gross margin with effective control over expenditures
Financial Products Result -11.5%	▪ Maintenance of portfolio's credit quality ▪ Efficiency in credit recoveries ▪ Revenue impacted by falling interest rates
Net Margin +2.0 p.p.	▪ Growth in Total Adjusted EBITDA ▪ Net financial result and effective income tax rate lower
Capex R$ 158.3 MM	▪ Rollout of 14 stores: 3 Renner, 3 Ashua, 6 Camicado and 2 Youcom ▪ Increased investments in modernization of installations and systems

Businesses Breakdown

Businesses Breakdown	3Q18	3Q17	Var. %	9M18	9M17	Var. %
RENNER						
Stores in Operation	340	318	22	340	318	22
Net Openings	6	8	-	10	18	-
Selling Area (thousand m²)	606.0	581.8	4.2%	606.0	581.8	4.2%
Net Revenue (R$ MM)	1,551.9	1,376.2	12.8%	4,447.3	4,003.7	11.1%
Gross Margin (%)	54.3%	53.9%	0.4p.p.	56.2%	55.1%	1.1p.p.
CAMICADO						
Stores in Operation	107	96	11	107	96	11
Net Openings	6	3	-	9	11	-
Selling Area (thousand m²)	46.4	41.4	12.0%	46.4	41.4	12.0%
Net Revenue (R$ MM)	121.0	110.1	10.0%	336.7	297.3	13.3%
Gross Margin (%)	53.3%	53.5%	-0.2p.p.	52.1%	53.6%	-1.5p.p.
YOUCOM						
Stores in Operation	90	76	14	90	76	14
Net Openings	-2	6	-	6	17	-
Selling Area (thousand m²)	14.6	11.6	25.9%	14.6	11.6	25.9%
Net Revenue (R$ MM)	38.5	26.3	46.5%	106.3	76.7	38.5%
Gross Margin (%)	57.2%	58.0%	-0.8p.p.	57.9%	58.2%	-0.3p.p.

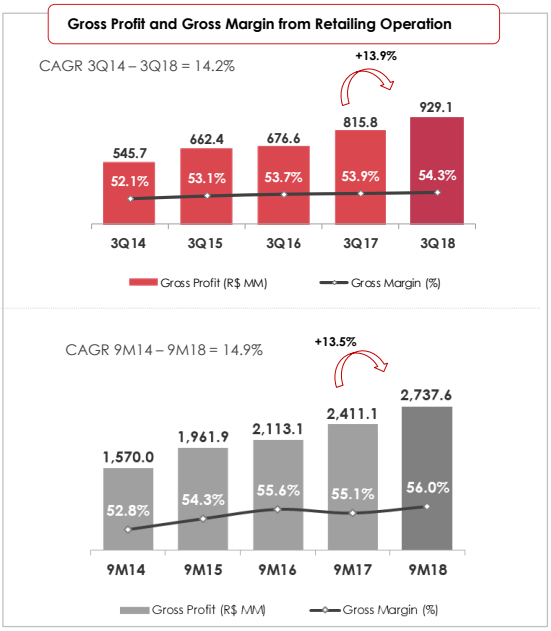


Net Revenue from Merchandise Sales



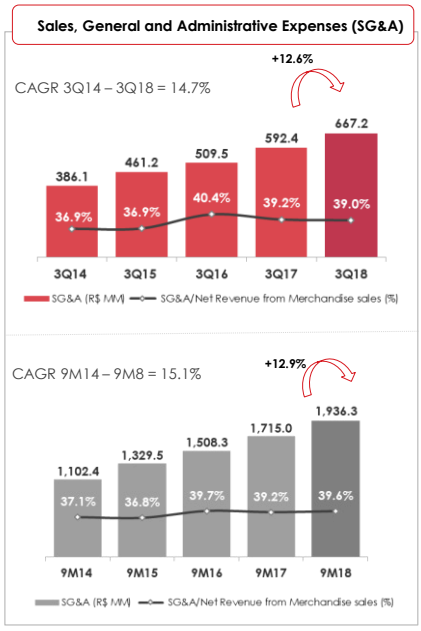
- 3Q18 saw a recovery to a good level of sales, combined with commercial management, reflected in a product mix adequate for the transitional period between collections .
- Same store sales reverted to levels last seen early in the year, despite consumer confidence levels still influenced by the macroeconomic environment.
- Net Consolidated Revenue of Camicado and Youcom had increased 10.0% and 46.5%, respectively.
- Consequently, in the first nine months of 2018, the Company reported growth in Net Revenue of 11.7% and Same Store Sales of 5.1%. This performance is indicative of consistent gains in market share during the year when set against the market as a whole for apparel and footwear, which recorded a decline of 1.6% between January and August according to the Federal Government Statistics Office's (IBGE) Monthly Retailing Survey Index, for apparel and footwear.

Gross Profit from the Retailing Operation



- The improvement of 0.4 p.p. in Gross Margin reinforces the adequate commercial management combining sales performance with the protection of margins.
- Gross Margin in 3Q18 was also positively effected by hedges contracted on imported goods.
- The 0.4 p.p. increase in gross margin at Renner also offset thinner margins at Youcom and Camicado, due to the more promotional activity at both banners.
- In the light of the foregoing factors, the Gross Margin from Merchandise Sales reported 56.0% for the nine-month period, with expansion of 0.9 p.p.. This improvement reflected the the positive impact of the hedges on imported goods, as well as the assertiveness of the collections, markdown management and the commercial decisions adopted in the period.

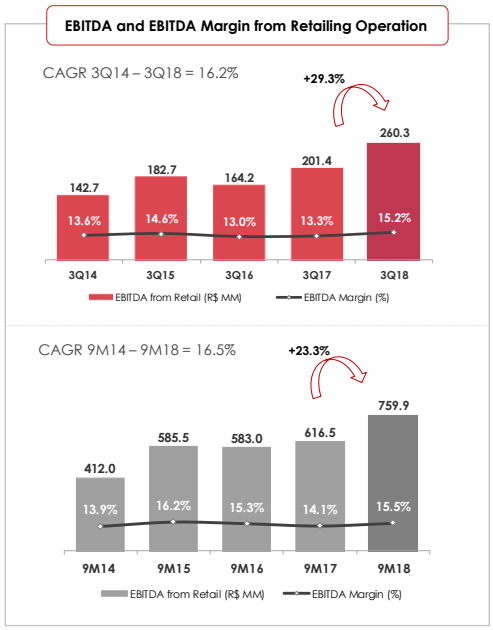
Operating Expenses



Operating Expenses (R$ MM)	3Q18	3Q17	Var. %	9M18	9M17	Var. %
Operating Expenses (SG&A)	**(667.2)**	**(592.4)**	**12.6%**	**(1,936.3)**	**(1,715.0)**	**12.9%**
% Over Net Revenue from Merchandise Sales	**39.0%**	**39.2%**	**-0.2p.p.**	**39.6%**	**39.2%**	**0.4p.p.**
Selling Expenses	(476.7)	(435.5)	9.5%	(1,416.1)	(1,282.2)	10.4%
General and Administrative Expenses	(190.5)	(156.9)	21.4%	(520.2)	(432.8)	20.2%
Other Operating Expenses	**(1.6)**	**(21.9)**	**-92.8%**	**(41.3)**	**(79.5)**	**-48.0%**
Management Remuneration	(2.9)	(2.6)	11.2%	(8.5)	(8.6)	-0.9%
Tax Expenses	(14.1)	(13.2)	6.9%	(42.0)	(37.8)	11.1%
Profit Sharing Program	(8.8)	(10.7)	-17.8%	(23.1)	(41.6)	-44.4%
Recovery of Tax Credits	25.8	5.2	395.2%	34.7	9.2	277.6%
Other Operating Revenues/ (Expenses)	(1.6)	(0.6)	145.9%	(2.3)	(0.7)	242.6%
Total Operating Expenses	**(668.8)**	**(614.3)**	**8.9%**	**(1,977.6)**	**(1,794.5)**	**10.2%**

- Operating Expenses (SG&A) increased by 12.6%, proportionally lower than growth of 13.1% in Net Revenue from Merchandise Sales, what generated operating leverage in the quarter. Once again, this reflected the improvement in the Company's commercial operations and effective budget controls despite the pace of new store openings and continuing implementation of projects.
- Higher General & Administrative Expenses were due principally to the strengthening of the structure in key areas of the Company over the past 12 months with a view to ensuring the competitiveness of the business, with the initiatives taken in the new business cycle, and also the centralization of activities in the administration of costs previously allocated in Selling Expenses.
- Other operating expenses were 92.8% less than 3Q17, due to the recognition of R$ 20.0 million in recovered tax credits and the reduced level of provisioning for the Profit Sharing Program (PPR).
- Operating Expenses for 9M18 reported an increase in line with the rate of expansion of the business and the strengthening of structures to support the business model.

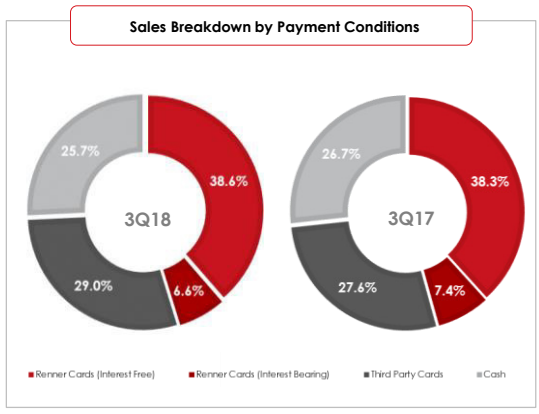
Adjusted EBITDA of the Retailing Operation

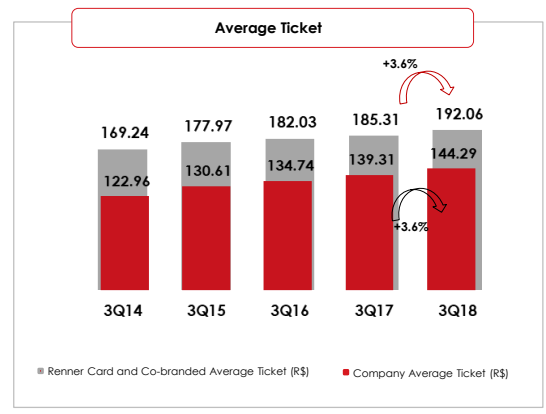




- The 1.9 p.p. increase in the EBITDA of the Retailing Operation was due to an improved Gross Margin from Merchandise Sales, control of expenses and Other Operating Expenses. Excluding the non-recurring effect of R$ 20.0 million of recovered tax credits, the EBITDA Margin of the Retailing Operation would have grown 0.7 p.p..
- EBITDA of the Retailing Operation in 9M18 rose 23.3%, a 1.4 p.p improvement, thus conserving the higher Gross Margin.

Payment Conditions and Average Ticket

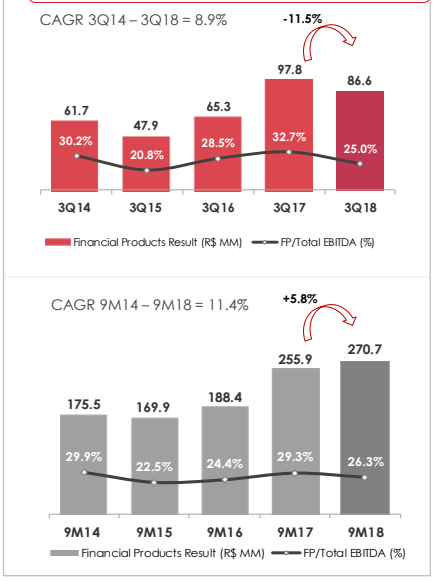




- At the end of September, Company reached the important milestone of 30.0 million of issued cards, accounting for 45.2% of merchandise sales in 3Q18, against 45.7% in the same quarter in 2017, the lower participation mainly a reflection of greater customer caution in relation to interest bearing installment purchases in the light of the current economic scenario.

Financial Products Results

Financial Products Result



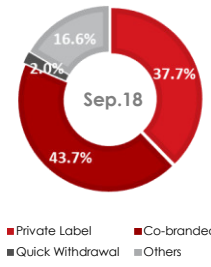
Financial Products Result (R$ MM)	3Q18	3Q17	Var.	9M18	9M17	Var. %
Revenues, Net of Funding and Taxes	**225.0**	**228.1**	**-1.4%**	**680.5**	**597.6**	**13.9%**
Renner Card (Private Label)	72.8	81.8	-11.0%	225.0	254.3	-11.5%
Co-branded Card Meu Cartão	131.4	126.6	3.8%	388.6	275.9	40.8%
Quick Withdrawal and Insurances	20.8	19.7	5.4%	66.9	67.4	-0.7%
Credit Losses, Net of Recoveries	**(68.3)**	**(71.4)**	**-4.4%**	**(204.8)**	**(177.1)**	**15.7%**
Renner Card (Private Label)	(15.7)	(26.0)	-39.5%	(70.1)	(75.6)	-7.3%
Co-branded Card Meu Cartão	(52.1)	(46.6)	11.9%	(133.8)	(93.9)	42.4%
Quick Withdrawal - Saque Rápido	(0.5)	1.1	-140.0%	(0.9)	(7.5)	-87.4%
Operating Expenses	**(70.1)**	**(58.8)**	**19.1%**	**(205.0)**	**(164.7)**	**24.4%**
Financial Products Result	**86.6**	**97.8**	**-11.5%**	**270.7**	**255.9**	**5.8%**
% of Company's Total Adjusted EBITDA	25.0%	32.7%	-7.7p.p.	26.3%	29.3%	-3.0p.p.

- Revenues from Financial Products were impacted by a reduction in the participation of the Private Label in total sales in the light of greater consumer caution with respect to interest-bearing installment purchases, as well as the incorporation of a portion of revenues generated from booklet payments and from cash withdrawals now included in the Co-branded portfolio. The more moderate growth in revenues from the Co-branded credit card was due the stabilization in portfolio growth and lower spreads between comparative periods.
- Net Losses were 4.4% lower due to the improvement in processes for granting and recovery of credit.
- Operating Expenses rose 19.1% due to higher compliance costs following the incorporation of Realize CFI, Co-branded processing volume and also call center related costs, which rose due to recent regulatory changes implemented by the Brazilian Central Bank.

Customer Accounts Receivable

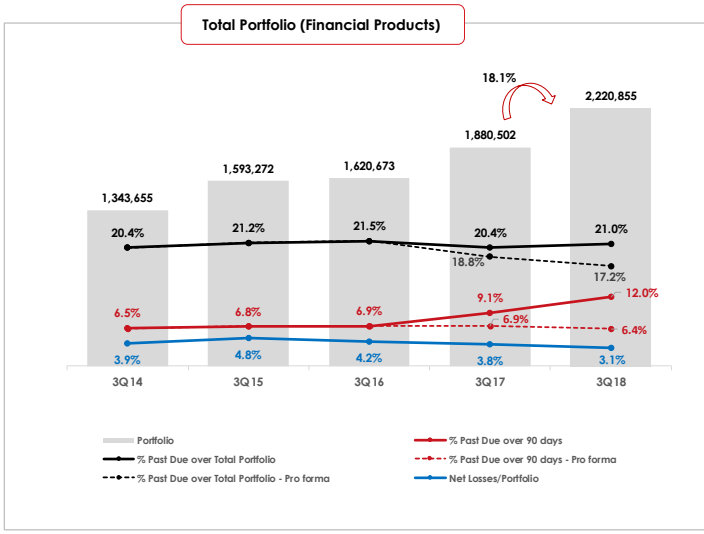
Customer Accounts Receivable (R$ MM)	Sep. 18	Sep. 17	Var.%
Cartão Renner (Private Label) - Net Portfolio	**860.4**	**820.4**	**4.9%**
Renner Card (Private Label) - Total Portfolio	972.9	931.4	4.5%
Estimated Credit Losses	(65.2)	(48.8)	33.7%
Present Value Adjustment	(13.7)	(23.1)	-40.4%
Other	(33.5)	(39.1)	-14.4%
Cartão bandeira (Meu Cartão) - Net Portfolio	**995.9**	**796.9**	**25.0%**
Meu Cartão (Co-Branded) - Total Portfolio	1,209.9	888.1	36.2%
Estimated Credit Losses	(210.5)	(85.7)	145.5%
Present Value Adjustment	(3.6)	(5.5)	-35.0%
Quick Whihdrawal - Net Portfolio	**45.7**	**74.1**	**-38.2%**
Fees and Transactions Receivable	55.4	89.0	-37.8%
Estimated Credit Losses	(9.6)	(15.0)	-35.7%
Total Third-Party Credit Card Companies	**376.0**	**331.5**	**13.4%**
Other Accounts Receivable	**3.2**	**2.0**	**59.4%**
Total Credit Portfolio, Net	**2,281.3**	**2,024.9**	**12.7%**

Customer Accounts Receivable



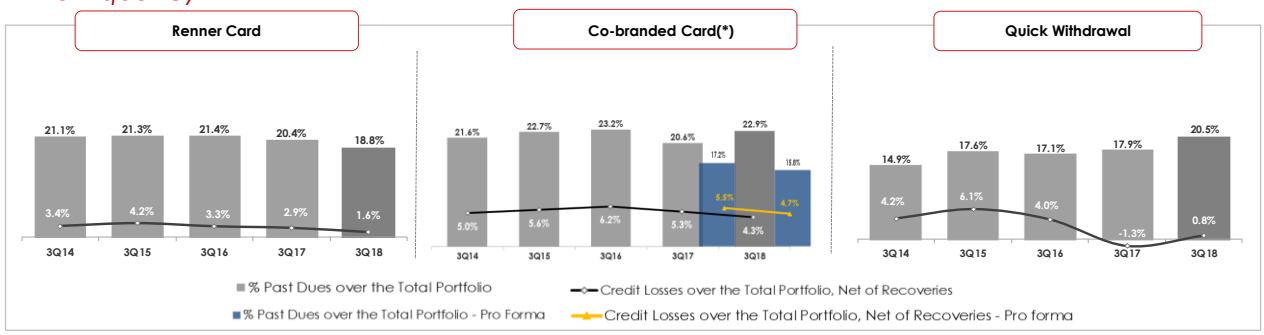
- As of September 30, 2018, Customer Accounts Receivable were 12.7% higher than the position in September 2017 due to growth in sales in the period and increased use of Meu Cartão.

Analysis of the Financial Products Portfolio



- The Total Financial Products portfolio posted a growth of 18.1% in 3Q18, the principal driver being the Co-branded credit card. Excluding the effect of the change in period for writing-off credits from 180 to 360 days, portfolio growth would have been 14.7%.
- The percentage increases of delinquency in the portfolio and delinquency involving delays of more than 90 days, once again, reflected the change in the term for writing down credits to 360 days.
- Excluding the above effect, the total delinquency ratio would have been cut from 18.8% in 3Q17 to 17.2% in 3Q18. And delinquencies of more than 90 days would have been reduced from 6.9% in 3Q17 to 6.4% in 3Q18.
- Net Losses fell from 3.8% to 3.1% in 3Q18, the lower ratio in the last five year.

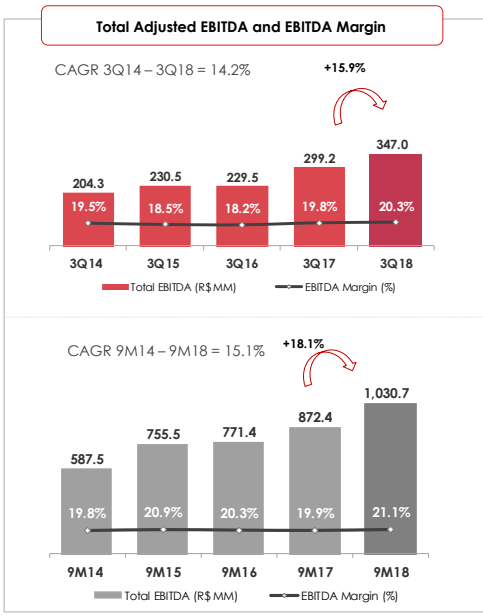
Delinquency



- **Private Label - Renner Card:** The reduction in the percentage of losses and delinquencies are a reflection of important improvements made in processes for granting and recovery of credit, this already capturing the effects of enhanced digitization, a case in point being the Negotiation Portal.
- **Co-Branded (Meu Cartão):** Excluding the effect of changes in the credit write-off in 360 days, Pro-Forma Net Losses were 4.7% in 3Q18, the result of advances in the processes for granting and recovery of credit. The Pro-forma Percentage of Overdues reached 15.8%, an indication of improved portfolio quality.
- **Quick Withdrawal (Saque Rápido):** Net Losses were 0.8% due mainly to the improved clawback of credits written off in relation to a significantly larger portfolio in previous periods. The increase in the percentage of Past Dues was, above all, a reflection of the reduction in the portfolio and the lower representativity of concessions of new credit relative to total portfolio.
- In addition, these results reflected improvements in the processes for granting credit and prevention of fraud with the use of facial biometrics.

Pro forma information exclude the effect of changes in the credit from 180 days to 360 days

Total Adjusted EBITDA



EBITDA Reconciliation (R$ MM)	3Q18	3Q17	Var.%	9M18	9M17	2016
Net Income	**194.2**	**140.3**	**38.4%**	**580.4**	**400.9**	**44.8%**
(+)Income and Social Contribution Taxes	46.8	44.3	5.7%	155.5	135.1	15.1%
(+)Financial Result, Net	17.5	21.3	-18.0%	44.7	68.7	-35.0%
(+)Depreciation and Amortization	81.3	82.8	-1.8%	231.4	241.6	-4.2%
Total EBITDA	**339.8**	**288.7**	**17.7%**	**1,011.9**	**846.3**	**19.6%**
(+) Stock Option Plan	5.9	7.1	-17.0%	15.7	21.6	-27.2%
(+) Result on Write-Off and Provision for Impairment of Fixed Assets	1.3	3.4	-62.8%	3.0	4.6	-34.1%
Total Adjusted EBITDA*	**347.0**	**299.2**	**15.9%**	**1,030.7**	**872.4**	**18.1%**
Total Adjusted EBITDA Margin*	20.3%	19.8%	0.5p.p.	21.1%	19.9%	1.2p.p.

**Pursuant to Article 4 of CVM Instruction 527, the Company has chosen to show its Adjusted EBITDA as in the above table in order to provide the information that best reflects the gross operating cash generation from its activities. These adjustments are based on: a) the Stock Option Plan – corresponding to the fair value of the respective financial instruments recorded "pro rata temporis", during the period services are rendered and offset by the Equity Capital Reserve and thus not representing a cash outflow; b) Statutory Participations are of a contingent nature and are related to the generation of profits pursuant to Article 187 of Law 6.404/76; and c) the Write-off or Sale of Fixed Assets refer to results accounted for this end, therefore having no cash impact.*

- The 0.5 p.p. gain in Total Adjusted EBITDA Margin is a reflection of the improvement in EBITDA Margin from Retailing, the consequence of a better Gross Margin and efficiency in the management of Operating Expenses.
- In 9M18, Total Adjusted EBITDA was R$ 1,030.7 million, equivalent to an expansion of 1.2 p.p. in Total Ebitda Margin.

Free Cash Flow

Cash Flow (R$ MM)	3Q18	3Q17	Var.	9M18	9M17	Var.
Total Adjusted EBITDA	**347.0**	**299.2**	**47.7**	**1,030.7**	**872.4**	**158.2**
(+/-) Income and Social Contribution Taxes/Others	(22.4)	(75.7)	53.3	(190.1)	(221.8)	31.6
Operating Cash Flow	**324.5**	**223.5**	**101.0**	**840.5**	**650.6**	**189.9**
(+/-) Changes in Working Capital	**126.8**	**(109.1)**	**235.9**	**(249.2)**	**(193.4)**	**(55.8)**
Accounts Receivable	78.1	116.8	(38.7)	329.4	184.4	145.1
Operating Financing (Financial Products)	74.5	(294.2)	368.7	60.0	(203.7)	263.6
Inventories	(126.6)	(74.0)	(52.6)	(289.1)	(166.4)	(122.7)
Suppliers	102.8	113.1	(10.3)	(53.4)	(33.8)	(19.7)
Other Accounts Receivable/Payable	(1.9)	29.2	(31.1)	(296.1)	26.1	(322.1)
(-) Capex	**(158.3)**	**(134.9)**	**(23.4)**	**(386.6)**	**(320.0)**	**(66.6)**
(=) Free Cash Flow	**293.0**	**(20.5)**	**313.5**	**204.7**	**137.1**	**67.5**



- The increase in the generation of Free Cash Flow in the quarter is a reflection above all of the improvement in operating cash generation and the normalization of the financing structure of financial products, which in 3Q17 was affected by the amortization of funding lines, related to initial operations at Realize.

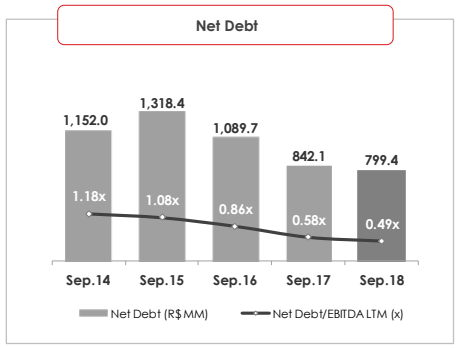
Financial Result, Net

Financial Result, Net (R$ MM)	3Q18	3Q17	Var.	9M18	9M17	Var. %
Financial Revenue	**11.7**	**11.3**	**3.3%**	**31.3**	**44.6**	**-29.9%**
Gains on Cash Equivalents	7.0	10.6	-34.2%	25.1	43.6	-42.4%
Other finance revenues	4.7	0.7	573.4%	6.2	1.0	493.5%
Financial Expenses	**(29.9)**	**(32.2)**	**-6.9%**	**(79.3)**	**(109.6)**	**-27.6%**
Interest on Loans, Borrowings and Swap	(23.3)	(27.1)	-14.2%	(66.8)	(97.5)	-31.4%
Other Finance Expenses	(6.7)	(5.0)	32.5%	(12.5)	(12.1)	3.0%
Exchange Variation, Net	**0.8**	**(0.5)**	**-**	**3.3**	**0.1**	**3200.0%**
Hedge Operations (NDF), Net	**0.0**	**(0.0)**	**-**	**0.0**	**(3.8)**	**-**
Financial Result, Net	**(17.5)**	**(21.3)**	**-18.1%**	**(44.7)**	**(68.7)**	**-35.0%**

- The Net Financial Result for the quarter was 18.1% lower due to the decrease in Financial Expenses, a reflection of the decline in the cost of funding and the reduction in structural debt.



Net Debt

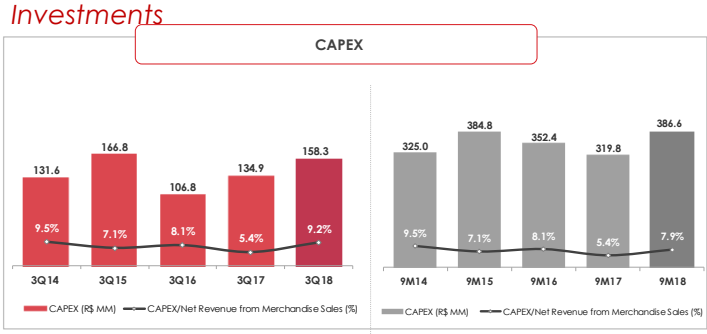


Net Debt (R$ MM)	Sep. 18	Sep. 17	Var %
Borrowings and Financing	**(996.5)**	**(1,112.9)**	**-10.5%**
Current	(665.9)	(385.2)	72.8%
Noncurrent	(330.6)	(727.7)	-54.6%
Operational Financing	**(757.5)**	**(592.0)**	**28.0%**
Current	(458.3)	(173.1)	164.7%
Noncurrent	(299.2)	(418.8)	-28.6%
Gross Debt	**(1,754.0)**	**(1,704.9)**	**2.9%**
Cash and Cash Equivalents and Financial Investments	**954.6**	**862.8**	**10.6%**
Net Debt	**(799.4)**	**(842.1)**	**-5.1%**
Net Debt / Total Adjusted EBITDA (LTM)	*0.49x*	*0.58x*	-

Operational finance is used for financing the Financial Products portfolios and its variation is reflection of the financed volumes of these products.
Debt servicing charges related to capital management are booked to the Financial Result, Net. Conversely, the costs of Operational Financing relative to the volume of Financial Products – are reflected in the Operational Result.

- On September 30, 2018, the Company's Net Debt was 5.1% less than reported on September 30, 2017, a result of increased cash generation over the past 12 months.

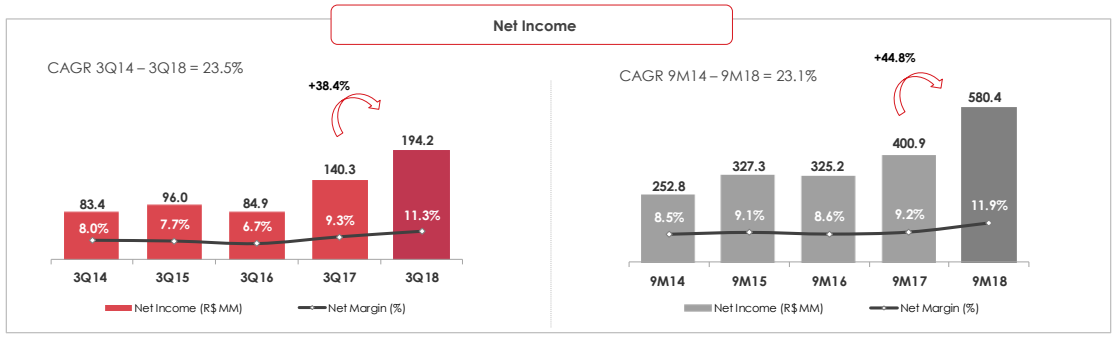
Investments



CAPEX Summary (R$ MM)	3Q18	3Q17	9M18	9M17
New Stores	64.5	57.4	140.6	132.4
Remodeling of Installations	49.9	38.4	123.7	87.5
IT Equipament & Systems	34.5	26.7	101.9	69.4
Distribution Centers	5.1	7.1	11.4	14.7
Others	4.4	5.4	8.9	15.9
Total Capex	**158.3**	**134.9**	**386.6**	**319.8**

- Out of the total invested in fixed assets in the quarter, 72.2% were applied in the opening of new stores and remodeling and a further 21.8% in technology. In the 9M18 period, the Company invested 386.6 million.
- During the period, the Company continued its expansion plan, with the opening of 14 stores, of which 3 in the Renner format, together with 6 Camicado, 2 Youcom and 3 Ashua units. Ashua Curve & Plus Size was launched in 2016, exclusively using Renner's e-commerce channel. In response to a good sales performance, in 3Q18, the Ashua brand opened its first three bricks and mortar stores.
- Consequently, in September, Renner was operating 340 stores, including 5 in Uruguay and 3 with the Ashua banner, Camicado, 107 units and Youcom, 90 units, with sales areas of 606.0 thousand m², 46.4 thousand m² and 14.6 thousand m², respectively.
- Depreciation and Amortization expenses totaled R$ 81.3 million in 3Q18, 2.0% less than 3Q17, due to the reduction in depreciation rates from December 2017 following the revision of the useful life of the fixed assets pursuant to CPC 04 and 27 (accounting pronouncements).

New Income and Dividends



- The increase in Net Margin (+2.0 p.p.) in 3Q18, reflected the better operational result during the period with gains in both Gross Margin and efficiency in the control of operating expenses, combined with lower Net Financial Expenses and lower Depreciation overheads. Also contributing to the increase in Net Income is the lower effective income tax rate, the consequence of recognition of R$ 24.7 million following a legal ruling for which there is no further appeal, allowing the deduction in double of expenses incurred with the Workers' Food Program – PAT, directly from taxable profits.
- In 9M18, Net Income was R$ 580.4 million, equivalent to a Net Margin of 11.9%.
- In 3Q18, Lojas Renner credited shareholders with dividends in the form of interest on capital of R$ 57.0 million, corresponding to R$ 0.0797 per share considering 715,880,536 common shares, from which treasury stock has been excluded. For the full 9M18 period, paid out Interest on Capital has already reached R$ 161.3 million, corresponding to R$ 0.2259 per share.

1 OPERATIONS

Lojas Renner S.A. ("Parent Company") is a corporation with head office at Av. Joaquim Porto Villanova, 401, Porto Alegre, Rio Grande do Sul, listed in São Paulo Stock Exchange ("B3 S.A.- Brasil, Bolsa e Balcão": LREN3).

Lojas Renner S.A. and its direct and indirect subsidiaries, individually or jointly (the "Company" or the "Consolidated"), are mainly engaged in:

a) Retail trade of clothes and sports products, shoes, accessories and perfumery;
b) Retail trade of domestic appliances, towels & linen, and decoration articles;
c) Granting of personal borrowings, financing of purchases and insurance, and the practice of operations inherent to credit companies, such as branded card, among others.

2 SUBSIDIARIES

The Company's consolidated interim financial statements include the following subsidiaries:

			Direct/Indirect interest	
	Country	**Currency**	**09/30/2018**	**12/31/2017**
Direct subsidiaries				
Dromegon Participações Ltda. ("Dromegon")	Brazil	BRL	100.0%	100.0%
Renner Administradora de Cartões de Crédito Ltda. ("RACC")	Brazil	BRL	100.0%	100.0%
Maxmix Comercial Ltda. ("Camicado")	Brazil	BRL	100.0%	100.0%
Fashion Business Comércio de Roupas Ltda. ("Youcom")	Brazil	BRL	100.0%	100.0%
Lojas Renner Shanghai Trading Co., Ltd. ("LRS")	China	RMB	100.0%	100.0%
Lojas Renner Uruguay S.A. ("LRU")	Uruguay	UYU	100.0%	100.0%
Realize Participações S.A.	Brazil	BRL	100.0%	100.0%
Indirect subsidiaries				
Realize Crédito Financiamento e Investimento S.A. ("Realize CFI")	Brazil	BRL	100.0%	100.0%
Specific purpose Company				
(*) Credit Rights Investment Fund ("FIDC Lojas Renner")	Brazil	BRL	40.8%	33.0%

(*) Refers to participation percentage of subordinated quota (see note 11)

2.1 DROMEGON PARTICIPAÇÕES LTDA. ("DROMEGON")

Dromegon owns some of the properties used in the Company's commercial transactions and its income is limited to the rent of these properties.

2.2 RENNER ADMINISTRADORA DE CARTÕES DE CRÉDITO LTDA. ("RACC")

RACC is engaged in intermediation of financial services such Quick Withdrawals through an agreement with financial institutions.

2.3 MAXMIX COMERCIAL LTDA. ("CAMICADO")

Camicado is engaged in retail trade of domestic appliances, towels & linen, and decoration articles.

2.4 FASHION BUSINESS COMÉRCIO DE ROUPAS LTDA. ("YOUCOM")

Youcom is engaged in specialized retail trade of clothing, shoes and accessories.

2.5 LOJAS RENNER SHANGHAI TRADING CO LTD. ("LRS")

The purpose of LRS consists in performing the duties of purchasing, quality control and sample development, and also acting as a means for building up relationships with business partners and to provide support in the prospecting of new foreign suppliers.

2.6 LOJAS RENNER URUGUAY S.A. ("LRU")

The purpose of LRU has as object the specialized retail trade in clothing, sports and footwear, perfumery, cosmetics, watches and sporting goods.

2.7 REALIZE PARTICIPAÇÕES S.A.

Realize Participações S.A. is engaged in equity interest in financial institutions and other financial institutions authorized to operate by the Central Bank of Brazil.

2.8 REALIZE CRÉDITO, FINANCIAMENTO E INVESTIMENTO S.A. ("REALIZE CFI")

The purpose of Realize CFI is the practice of operations inherent to the credit companies, financing and investment, in accordance with the legal and regulatory provisions in force.

3 BASIS FOR THE PREPARATION AND PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements included in the Quarterly Information Form - ITR, are prepared in accordance with Technical Pronouncement CPC 21 - Interim Financial Reporting and with IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board (IASB), and presented in accordance with the rules issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Quarterly Information - ITR.

The preparation of interim financial statements requires, the Company's management to use estimates and assumptions that affect the reported amounts of assets, liabilities and other transactions. Since Management's judgment involves the determination of estimates related to the probability of future events, actual results may differ from these estimates (for further details, see note 5.2).

The financial statements were prepared considering the historical cost as a basis of value, except for certain financial instruments measured at their fair values (Note 25.3).

Interim financial statements were approved by the Company's Management on October 17, 2018.

4 FUNCTIONAL AND PRESENTATION CURRENCY

The individual and consolidated interim financial statements are being presented in Brazilian Reais, functional and presentation currency of the Company. All balances have been rounded to the nearest value, except otherwise indicated.

4.1 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currency are translated into the functional currency of the Company (R$ - Reais) at the current exchange rates on the dates of the transactions. Balance sheet balances are translated into the functional currency at period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the foreign exchange rate on the transaction date.

4.2 TRANSLATION OF THE FINANCIAL STATEMENTS

The financial statements of foreign subsidiaries are translated into the Company's functional currency, and the resulting translation differences are recognized in other comprehensive income in equity.

5 ACCOUNTING POLICIES OF CONSOLIDATION

5.1 CONSOLIDATION

Subsidiaries are all entities that are directly or indirectly controlled by the Company. Control is considered to exist when Lojas Renner S.A. holds, directly or indirectly, the majority of voting rights or the power to determine financial and operating policies of an entity in order to obtain benefits from its activities. The subsidiaries are fully consolidated as of the date control is transferred to the Company.

As established by CVM Instruction No. 408/04, the Company consolidates interim financial statements of FIDC Lojas Renner, as this represents a specific purpose entity whose activities are performed substantially in accordance with the Company's operating needs; the Company is being exposed to most risks and benefits related to the fund, as it owns all subordinated quotas. In consolidation process of FIDC Lojas Renner, assets and liabilities, as well as gains and losses from transactions between the Company and the Fund were eliminated.

5.2 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management considers as critical accounting estimates those that are important to demonstrate financial situation and income and that require most difficult, subjective or complex judgments by Management, once they have an impact on issues that are uncertain. These judgments become even more subjective as the number of variables and assumptions that affect possible future solution of these uncertainties.

In addition to compliance with prevailing accounting standards and rules, Management understands that the adoption of critical accounting estimates is essential to produce the best possible information on income and financial situation upon each period closing, even if such information may temporarily lack accuracy as a result of subjectivity and complexity involved.

Main transactions and evaluations significantly impacted by estimates are as follows:

5.2.1 Provisions for tax, civil and labor risks

Based on information from Company's legal advisors, formed a provision in an amount considered sufficient to cover estimated losses from lawsuits in progress. However, as a result of lawsuits' progress, classification of loss likelihood may not be definitive up to their conclusion.

5.2.2 Estimated credit losses

Based on historical levels of default, analyses of internal indicators and uncertainties of the macro-economic scenario (inflation, interest rates, credit facilities retraction, employment level, salaries, etc.), in compliance with CPC 48 / IFRS 9.

5.2.3 Estimated inventory losses

Based on historic levels of the Company's losses, and is accomplished only upon realization of inventories, which will reflect the Company's operation model and will be the basis for adjustment of the estimate.

5.2.4 Discount rate applied to adjustment to present value

The discount rate applied to adjustments to present value involves analysis of capital structure and of macro-economic context uncertainties, which influence variables used to determine such rate.

5.2.5 Determination of stock option plans and fair values of derivative financial instruments

Based on indicators of the macro-economic context (inflation, interest rates, volatility of the Company's shares, fluctuation of dollar quotation, etc.), we determined the stock option plans and financial instruments' fair values.

5.2.6 Estimate for realization of deferred income tax and social contribution

Realization of deferred income tax and social contribution is supported by technical feasibility studies, which demonstrate projections of future taxable earnings, allowing for an estimate of the recovery of credits within a period of no more than 10 years. Also, estimated realization of deferred income tax and social contribution involves uncertainties of other estimates.

5.2.7 Definition of the useful life of the fixed and intangible assets

Useful lives of fixed and intangible assets are reviewed every year, based on technical assessments from specialized employees.

5.2.8 Evaluation of impairment of intangible assets with undefined useful life

To determine the recoverable value, the Company used cash flow projections, before income tax and social contribution, based on financial budgets approved by Management for a 10-year period considering the following assumptions: income, costs and expenses projected from 2018 to 2027, discount rate and growth rate at perpetuity, inflation rates, and shop opening schedule, among others.

6 STATEMENT OF ADDED VALUE

The purpose of this statement is to evidence the wealth created by the Company and its distribution during a certain period and is presented by the Company, as required by the Brazilian Corporate Law, as part of its individual interim financial statements and as supplemental information to the consolidated interim financial statements since it is not a statement provided or mandatory as IFRS.

The Statement of added value has been prepared based on information obtained from the accounting records used as basis for the preparation of the interim financial statements and following the provisions in CPC 09 - Statement of Added Value.

7 STANDARDS, INTERPRETATIONS, AND REVIEW ON NON-PREVAILING STANDARDS

The early adoption of standards, although encouraged by the IASB, is not allowed in Brazil by the Accounting Pronouncement Committee (CPC). The following new standards and interpretations were issued by the IASB but are not in force for the year 2018:

7.1 *IFRS* 16/ CPC 06 (R2) LEASES

The purpose of the standard IFRS 16/CPC 06 (R2) (applicable as of January 1, 2019) is to unify lease accounting model, requiring lessees to recognize assumed liabilities against respective assets related to their right to use all lease contracts, unless the following characteristics are in the scope that the standard is not applicable:

i) contract with term equal to 12 months or lower; and
ii) immaterial amount or is based on variable amounts.

The Company concluded its assessment of the transition model and opted for the simplified transition approach, which does not require the restatement of amounts. However, we are still assessing the full impact of this standard on the financial statements during the first-time application, and can state that lease considerations are currently recorded as occupancy expenses will start to be recognized under "Depreciation" and "Financial expenses". Although this new pronouncement does not introduce any change to total amount that shall be taken to income over the contract's useful life, it is correct to state that a temporal effect will occur mainly in net income due to the method adopted for recognition of interest and monetary restatements associated to leases. Balance sheet accounts will be probably subject to significant changes if we take payment flow, as presented in note 20, as the basis, together with determination of variables, such as:

i) discount rate;
ii) identification of contracts that will be covered by the exemption; and
iii) other aspects that require a meticulous assessment so that we can assign the exact amounts for measurement purposes.

The Company does not expect the first-time adoption of CPC 06 (R2)/IFRS 16 to affect its ability to comply with covenants.

There are no other IFRS or IFRIC interpretations that have not yet entered into effect that could have significant impact on the Company's interim financial statements.

8 RISK MANAGEMENT

In the normal course of its operations, the Company is exposed to the following risks:

i) market risk (including foreign exchange risk and interest rate risk);
ii) credit risk (notes 9.4, 10.4 and 25.5);9.410.425.5
iii) liquidity risk; and
iv) capital management.

The Company's risk management is performed by a multidisciplinary structure, enabling the Executive Board to evaluate whether the business management is in line with the policies and guidelines set by Management. In April 2012, the Company's Board of Directors created the Audit and Risk Management Committee, aimed at identifying and monitoring the main risk factors of the Company.

8.1 MARKET RISKS

8.1.1 Foreign exchange risk

The foreign exchange risk arises from current and future business operations, mainly generated by the import of goods denominated in US dollars and obtaining a borrowing in foreign currency.

The policy on foreign exchange risk management formulated by the Company's Management is to hedge up to 100% of its imports by means of currency forwards purchase contracts such as Non-Deliverable Forward (NDF) and the contracted amount of borrowing in foreign currency (Bacen [Central Bank of Brazil] Law 4.131) by means of Foreign exchange swap. For setting the dollar price used in the expected scenario, the Company follows future market projections of *"B3 S.A.- Brasil, Bolsa e Balcão"* for the next base date of disclosure.

It is important to highlight that the effective net exposure is mainly related to the future cash flows estimate, for which there is the possibility of adjustment to the price composition to be adopted in retail, as a way to offset possible reflections of costs because of scenarios of dollar price valuation. It should be greatly considered that the effective results should be noted only upon the settlement of import requests, borrowings in foreign currency and swaps.

We show below the net exposure and the related sensitivity analysis regarding the requests for import of goods, swaps and borrowings in foreign currency as of September 30, 2018:

				Consolidated			
				Currency appreciation		Currency depreciation	
Derivatives for hedge accounting		**Notional US$ (Pay) Receive**	**Probable US$ 1 = R$ 4.0664**	**Possible +25% US$ 1 = R$ 5.0830**	**Remote 50% US$ 1 = R$ 6.0996**	**Possible +25% US$ 1 = R$ 3.0498**	**Remote 50% US$ 1 = R$ 2.0332**
Hedge transactions	Import orders	(198,099)	1,784	(195,570)	(392,924)	199,137	396,491
Hedge instrument	NDF	154,898	(1,395)	152,916	307,227	(155,705)	(310,016)
Net Exposure - Import orders		**(43,201)**	**389**	**(42,654)**	**(85,697)**	**43,432**	**86,475**
Derivatives not for hedge accounting							
Object	Loan (Bacen 4131)	(142,469)	10,669	(128,932)	(268,532)	150,270	289,871
Instrument	Swap	141,132	(10,168)	123,340	256,849	(143,677)	(277,185)
Net exposure - Swap		**(1,337)**	**501**	**(5,592)**	**(11,683)**	**6,593**	**12,686**
Total net exposure/effect			**890**	**(48,246)**	**(97,380)**	**50,025**	**99,161**
(*) Impact in income (loss), net of income tax and social contribution			**561**	**(30,419)**	**(61,398)**	**31,541**	**62,521**

(*) Weighted nominal rate of income tax and social contribution is 36.95%.

In relation to the impacts of borrowing and swap contracted for hedging the US dollar exposure in these contracts, the demonstrated net exposure is related to the fixed cost of interest plus Libor, not covered by the contracted hedge instrument.

8.1.2 Interest rate risk

The risk related to interest rates arises from transactions of cash equivalents, financial investments, financing of financial services operations, debentures, borrowings and swap. The Company's policy is to keep 100% of its borrowings in the fixed rate market, with funding repaying fixed rates, and adjusted for the CDI, Selic, TJLP and Libor and also changes in inflation rates. Keeping financial assets indexed to the CDI, as well as the short-term realization of receivables adjusted for fixed interest rates, ensures the Company a low risk level associated with interest rates fluctuation.

The Company analyzes its exposure to interest rate on a dynamic basis. Several scenarios are simulated taking into consideration the refinancing, and the renewal of existing positions and natural hedge. Based on these scenarios, the company defines a reasonable change in interest rate and calculates impact on income. The comparison between the contracted rates and the effective market rates is permanently followed up.

As of September 30, 2018, as required by IN CVM No. 475/08, the Company conducted sensitivity tests for adverse and favorable scenarios of interest (CDI, Selic and IPCA at 25% or 50% higher or lower than the probable scenario), considering the following assumptions: scenario expected for interest rate of the CDI, Selic, TJLP and IPCA for the next disclosure of, respectively, 6.68% p.a., 6.69% p.a., 6.56% p.a. and 3.97% p.a. CDI and SELIC estimates are based on projections of the future market *B3 S.A* and TJLP extracted from BNDES.

We present below the sensitivity analysis of the risk of interest rates on September 30, 2018:

		Consolidated					
				Interest increase		Interest decrease	
Financial instruments	**Risk**	**Balance at 09/30/2018**	**Probable scenario**	**Possible (+) 25% - R$**	**Remote (+) 50% - R$**	**Possible (-) 25% - R$**	**Remote (-) 50% - R$**
(*) Cash equivalents	CDI decr.	402,478	6,133	7,666	9,200	4,600	3,067
(*) Interest earning bank deposits	CDI decr.	399,440	6,234	7,793	9,351	4,676	3,117
Borrowings, financing and debentures and swap	CDI & IPCA incr.	(996,520)	(17,081)	(21,351)	(25,622)	(12,811)	(8,541)
Financing - financial services operations	CDI incr.	(757,468)	(13,814)	(17,268)	(20,721)	(10,361)	(6,907)
Decrease in profit for the year			**(18,528)**	**(23,160)**	**(27,792)**	**(13,896)**	**(9,264)**
(**) Impact in income (loss), net of income tax and social contribution			**(12,036)**	**(15,045)**	**(18,054)**	**(9,027)**	**(6,018)**

(*) The income from cash equivalents and financial investments are net of Social Integration Program (PIS) contributions and Social Contribution on Revenues (COFINS).
(**) Weighted nominal rate of income tax and social contribution is 35.04%.

8.2 LIQUIDITY RISK

The Company has adopted the Management of its cash and cash equivalents by setting a minimum strategic cash amount, based on the cash cycle of retail operations, as well as on the minimal capital required to guarantee the credit operations. Management's main goals in the Management of a strategic minimum cash are the following:

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

Management monitors the continuous forecasts of liquidity requirements to ensure the Company has sufficient cash to meet its operational needs. The global limits granted to the Company show sufficient free space available in its restricted credit lines, not giving rise to risk of breaching these borrowing limits or clauses. This forecast takes into account the debt finance plans of the Company. The Company has loans with contractual clauses that require the maintenance of financial covenants having debentures as the only operation of this type. Bellow, following the summary of the expected financial covenants, according to the public offering documents registered with the CVM:

Instrument	Issue	1st indicator	2nd Indicator
5th issue of debentures	06/15/2012	$\frac{Consolidated\ Net\ Debt}{EBITDA} \leq 3.0$	$\frac{EBITDA}{Financial\ income} \geq 2.0$
7th issue of debentures	02/13/2017		
8th issue of debentures	07/04/2017		

The Company periodically monitors these covenants and has confirmed the compliance with significant security margin.

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

	Book balance	Contractual cash flow	up to 3 months	4–6 months	7–12 months	1–2 years	2–5 years	>5 years
Borrowings, financing and debentures	996,520	1,071,380	16,110	89,340	615,785	329,450	20,295	400
Financing - financial services operations	757,468	808,778	42,834	11,374	583,775	170,795	-	-
Financial leases	33,836	185,782	5,022	1,055	2,130	2,926	9,559	165,090
Suppliers	788,835	794,924	762,146	32,778	-	-	-	-
Obligations with credit card administrators	553,264	553,264	420,164	92,102	40,998	-	-	-
Derivative financial instruments	18	23	-	-	23	-	-	-
Total at September 30, 2018	**3,129,941**	**3,414,151**	**1,246,276**	**226,649**	**1,242,711**	**503,171**	**29,854**	**165,490**
Borrowings, financing and debentures	1,104,525	1,272,658	33,140	132,162	243,622	473,352	379,084	11,298
Financing - financial services operations	697,505	794,613	108,659	39,306	34,088	612,560	-	-
Financial leases	68,786	221,977	4,301	4,139	8,396	11,604	30,156	163,381
Suppliers	842,254	847,626	844,579	3,047	-	-	-	-
Obligations with credit card administrators	524,581	524,581	384,538	101,460	38,583	-	-	-
Derivative financial instruments	3,137	3,187	2,310	875	2	-	-	-
Total - December 31, 2017	**3,240,788**	**3,664,642**	**1,377,527**	**280,989**	**324,691**	**1,097,516**	**409,240**	**174,679**

The contractual cash flow includes charges up to the instrument's maturity date.

8.3 CAPITAL MANAGEMENT

The Company uses its own and third party's capital to finance its activities, the use of third party's capital aiming at optimizing its capital structure. The Company monitors the indebtedness levels in relation to its cash generation capacity and its capital structure as of is as follows: As of September 30, 2018 is as follows:

	Consolidated	
	09/30/2018	12/31/2017
Loans and financing	**(996,520)**	**(1,104,525)**
Current	(665,877)	(379,553)
Non-current	(330,643)	(724,972)
Operating financing	**(757,468)**	**(697,505)**
Current	(458,313)	(127,396)
Non-current	(299,155)	(570,109)
Gross indebtedness	**(1,753,988)**	**(1,802,030)**
Cash and cash equivalents and short-term financial investments	954,561	1,142,233
Net indebtedness	**(799,427)**	**(659,797)**
Shareholders' equity	**3,607,482**	**3,223,446**
Leverage ratio	**22.16%**	**20.47%**

The net indebtedness, including operational financing, reflects the Company's total exposure to the obligations contracted in the financial system and also includes the decisions on capital management.

9 CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

9.1 ACCOUNTING POLICY

Includes cash balance, demand deposits, short-term financial investments and interest earnings related to FIDC Lojas Renner (Parent Company's subordinated quota), recorded at amounts similar to market values. Cash equivalents are measured at fair value through profit or loss.

Financial investments not classified as cash equivalents are investments that do not have repurchase guarantees by the issuer in the primary market, only in the secondary market. Financial investments are measured at fair value through profit or loss.

9.2 BREAKDOWN OF CASH AND CASH EQUIVALENTS

	Index	Weighted average rate p.a.	Parent Company		Consolidated	
			09/30/2018	12/31/2017	09/30/2018	12/31/2017
Cash and banks			92,758	152,385	152,643	215,792
Cash equivalents						
CDB	CDI	100.9%	62,835	340,175	95,735	360,280
Investment funds	CDI	100.3%	296,190	258,518	296,190	258,518
Repo operations in debentures	CDI	80.0%	11	172,682	11	183,970
Automatic Investment	CDI	10.0%	10,287	27,161	10,492	37,848
Financial income Fund FIDC	CDI	-	109,629	29,974	-	3,346
BACEN Jud - Fund	CDI	51.3%	50	119	50	119
Total			**571,760**	**981,014**	**555,121**	**1,059,873**

9.3 BREAKDOWN OF INTEREST EARNING BANK DEPOSITS

	Index	Weighted average rate p.a.	Parent Company		Consolidated	
			09/30/2018	12/31/2017	09/30/2018	12/31/2017
Financial National treasury bills	SELIC	100.5%	-	-	399,440	82,360
Total			**-**	**-**	**399,440**	**82,360**

9.4 CREDIT RISK

According to the Company's financial policy, cash equivalents and financial investments shall be invested in financial institutions with long-term rating in domestic scale classified as low credit risk and that are renowned in the market for their soundness. The ratings of cash equivalents are according to the main risk rating agencies. We show below the credit quality of the cash equivalents as of September 30, 2018:

	Consolidated	
Rating - National Scale	09/30/2018	12/31/2017
brAAA	73,700	-
brAA+	32,588	81,157
brAA-	-	285,958
brA-	-	218,448
(*) N/a - Fundo Brasil Plural and Western	296,190	258,518
(**) N/a - National Treasury Bills	399,440	82,360
Total - Cash equivalents and financial investments	**801,918**	**926,441**

(*) Not applicable, there is no classification of risk for Funds – Brasil Plural Crédito Privado Retail FIRF e Western in the main risk rating agencies. The assets that make up the fund's balance have a brAAA risk rating in at least one rating agency.
(**) Not applicable, there is no classification risk for National Treasury Bills in the national scale. The sovereign credit rating is BB (negative perspective) in the global scale, as per main rating agencies.

10 TRADE ACCOUNTS RECEIVABLE

10.1 ACCOUNTING POLICY

Trade accounts receivable correspond to the amounts receivable for the sale of goods, through the use of the branded card at the network of affiliated stores (Meu Cartão), and for the amounts of personal borrowings granted to its customers by the indirect subsidiary Realize CFI and financial institutions in the agreement.

Fixed credit sale transactions were brought to present value on transactions date, considering their terms and based on estimated rate of the Company's capital average weighted cost. Contra-entry of adjustment to present value is the clients' account and its realization is recorded as sales income due to fruition term. Interest rate used was 0.99% p.m. to the Parent Company and 1.06% p.m. to the subsidiaries (1.85% p.m. on December 31, 2017 to the parent company and 1.06% p.m. to subsidiaries). With the adoption of CPC 48/IFRS 9 (expected losses), credit risk is no longer comprising this rate, because it was already reflected in the estimated credit losses of the balance falling due.

Trade accounts receivable are initially recognized at fair value using the effective interest method, less any estimated credit losses.

10.2 BREAKDOWN

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Renner credit card (Private Label)	939,379	1,166,253	939,379	1,166,253

Co-Branded card *(Meu Cartão)*	145,753	178,711	1,209,912	1,071,133
Third party cards	328,584	490,019	384,823	606,221
Quick Withdrawal (Saque rápido)	4,049	15,978	55,364	71,889
Export - Related parties	5,187	9,153	-	-
Other receivables	-	370	3,243	3,752
(-) FIDC Lojas Renner	(495,400)	(601,057)	-	-
(-) Estimated credit losses	(68,744)	(64,534)	(285,291)	(210,180)
(-) Adjustment to present value	(24,967)	(63,445)	(26,124)	(64,810)
Total	**833,841**	**1,131,448**	**2,281,306**	**2,644,258**

10.3 ESTIMATED CREDIT LOSSES

The estimated credit loss is formed with a basis on the analysis of the balance of clients, in an amount considered sufficient by Management to cover any losses in the recovery of receivables.

Due to the practices of financial institutions, the balance of co-branded card (*Meu Cartão*) and of Quick Withdrawal with a maturity over 360 days is written off from the balance of trade accounts receivable against estimated losses in credit, except for Renner Credit Card (Private Label), which is written off when the bonds are overdue for more than 180 days.

10.3.1 Changes in estimated credit losses

	Parent Company			Consolidated			
	Renner Credit Card	Quick Withdrawal	Total	Renner Credit Card	Co-Branded card	Quick Withdrawal	Total
Balances at 01/01/2017	**(57,860)**	**(34,989)**	**(92,849)**	**(57,860)**	**(24,090)**	**(34,989)**	**(116,939)**
Estimated losses, net	(190,739)	(30,189)	(220,928)	(190,739)	(192,152)	(30,290)	(413,181)
Write-offs	195,535	53,708	249,243	195,535	70,697	53,708	319,940
Balances at 12/31/2017	**(53,064)**	**(11,470)**	**(64,534)**	**(53,064)**	**(145,545)**	**(11,571)**	**(210,180)**
Initial adoption - CPC 48 / IFRS 9	(16,569)	(814)	(17,383)	(16,569)	(15,947)	(1,016)	(33,532)
Estimated losses, net	(136,821)	(4,713)	(141,534)	(136,821)	(162,885)	(10,495)	(310,201)
Write-offs	141,256	13,451	154,707	141,256	113,915	13,451	268,622
Balances at 09/30/2018	**(65,198)**	**(3,546)**	**(68,744)**	**(65,198)**	**(210,462)**	**(9,631)**	**(285,291)**

Criterion for estimated credit losses for Renner credit card (private label) is based on balance realization history, taking into consideration recovery of receivables in arrears for up to 360 days. This methodology has calculated estimated losses in this balance with high level of accuracy, complying with concepts of international standards IFRS 9/ CPC 48. This criterion, both for distribution of ranges and attribution of estimated loss percentage, is not comparable with that used for financial institutions' credit balances, which follows the Central Bank of Brazil's standard (Res. 2682), which establishes the transfer of clients' balances to the worst delay range, with application of minimum estimated loss percentages for each range.

10.3.2 Coverage of losses per maturity ranges:

	09/30/2018			12/31/2017		
Renner credit card (Private Label)	**Balance**	**Estimated losses**	**% coverage**	**Balance**	**Estimated losses**	**% coverage**
Not yet due	759,533	(10,928)	1.4%	1,019,379	-	-
Overdue (in days)						
1–30	66,144	(11,206)	16.9%	49,601	(9,847)	19.9%
31–60	28,960	(11,316)	39.1%	24,457	(12,730)	52.1%
61–90	21,797	(11,887)	54.5%	19,810	(12,629)	63.8%
91–120	21,400	(12,961)	60.6%	19,190	(13,604)	70.9%
121–150	21,339	(14,069)	65.9%	17,748	(13,374)	75.4%
151–180	20,206	(14,303)	70.8%	16,069	(12,895)	80.2%
181–360	87,327	(74,557)	85.4%	91,419	(83,214)	91.0%
Total balance	**1,026,706**	**(161,227)**	**15.7%**	**1,257,673**	**(158,293)**	**12.6%**
(-) Credits written-off 181–360 days	(96,029)	96,029	100.0%	(105,229)	105,229	100.0%
(+) Credits written-off 181–360 days - recovered	8,702	-		13,809	-	
Book balance	**939,379**	**(65,198)**	**6.9%**	**1,166,253**	**(53,064)**	**4.5%**
Coverage ratio over 90			**103.6%**			**100.1%**

As regards CO-branded card (Meu Cartão), and quick withdrawal (Saque Rápido), estimated credit losses are formed with a basis on the risk rating of operations, similar to the rating criteria of credit operations defined by the Central Bank of Brazil (Res. 2682).

	09/30/2018			12/31/2017		
Co-Branded Card ("Meu Cartão") - in days	**Balance**	**Estimated losses**	**% coverage**	**Balance**	**Estimated losses**	**% coverage**

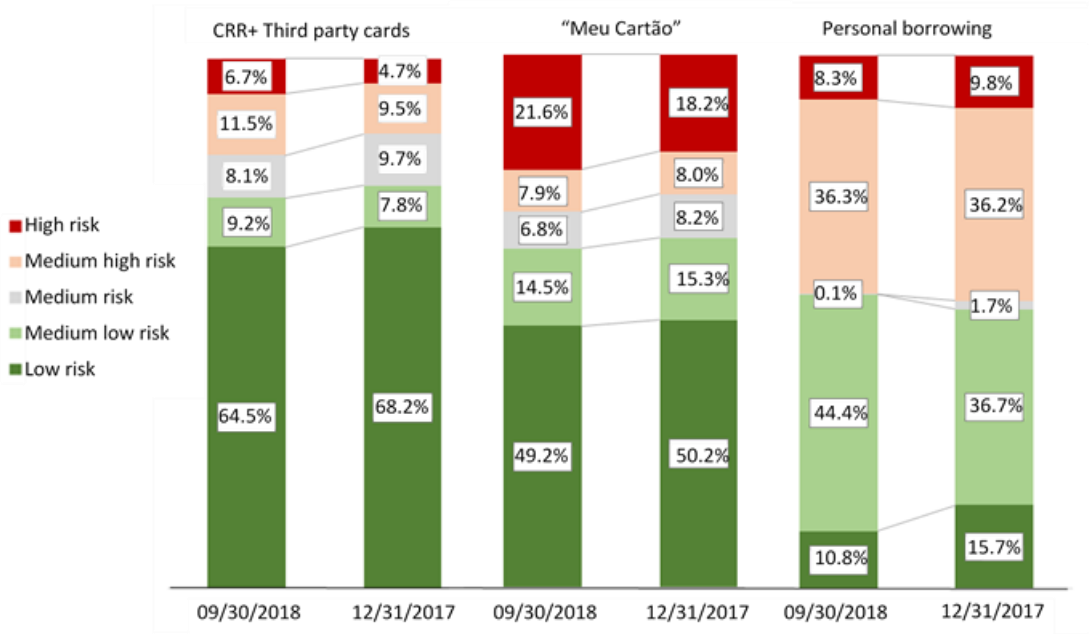
A.	0–14	856,673	(19,363)	2.3%	829,983	(4,738)	0.6%
B.	15–30	63,239	(1,429)	2.3%	28,296	(357)	1.3%
C.	31–60	39,477	(1,855)	4.7%	29,762	(1,443)	4.9%
D.	61–90	41,358	(6,824)	16.5%	25,952	(4,246)	16.4%
E.	91–120	33,151	(16,347)	49.3%	27,023	(13,509)	50.0%
F.	121–150	28,272	(19,787)	70.0%	22,444	(15,709)	70.0%
G.	151–180	26,363	(23,478)	89.1%	19,471	(17,341)	89.1%
H.	>180	121,379	(121,379)	100.0%	88,202	(88,202)	100.0%
Total		**1,209,912**	**(210,462)**	**17.4%**	**1,071,133**	**(145,545)**	**13.6%**
PDD balance x Minimum required (Central Bank of Brazil)				**120.9%**			**112.7%**

		09/30/2018			12/31/2017		
Quick Withdrawal (Saque rápido) - in days		**Balance**	**Estimated losses**	**% coverage**	**Balance**	**Estimated losses**	**% coverage**
A.	0–14	39,321	(890)	2.3%	52,328	(318)	0.6%
B.	15–30	2,652	(60)	2.3%	2,671	(34)	1.3%
C.	31–60	2,047	(96)	4.7%	2,305	(112)	4.9%
D.	61–90	1,539	(254)	16.5%	2,117	(346)	16.3%
E.	91–120	1,694	(835)	49.3%	1,982	(991)	50.0%
F.	121–150	1,471	(1,029)	70.0%	1,773	(1,241)	70.0%
G.	151–180	1,576	(1,403)	89.0%	1,681	(1,497)	89.1%
H.	>180	5,064	(5,064)	100.0%	7,032	(7,032)	100.0%
Total		**55,364**	**(9,631)**	**17.4%**	**71,889**	**(11,571)**	**16.1%**
PDD balance x Minimum required (Central Bank of Brazil)				**122.7%**			**112.8%**

10.4 CREDIT RISK

The sales and credit grant policies of the Company are subordinated to the credit policies set out by its Management, supported by advanced technology systems and processes, related to the risk and fraud area, and aim at minimizing possible problems arising from the default of its clients. This objective is achieved by Company's Management through the judicious selection of the client balance, which takes into consideration their capacity to pay (credit analysis) and diversification of its operations (risk spread).

Breakdown of credit quality risk in Consolidated is as follows:



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

i. **Low Risk:** Clients with likelihood lower or equal to 9.3% of being over 60 days past due.
ii. **Medium low risk:** Clients with likelihood higher than 9.3 % and lower or equal to 16.8% of being over 60 past due.
iii. **Medium Risk:** Clients with up to four months of Renner credit card (private label) or co-branded card "Meu Cartão" and who do not show history of movement for purposes of measuring the likelihood of default.

iv. **Medium high risk:** Clients with likelihood higher than 16.8 % and lower or equal to 31.3% of being over 60 past due.
v. **High risk:** Clients with likelihood higher than 31.3% of being over 60 days past due.

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

11 INVESTMENT FUNDS IN CREDIT RIGHTS

In May 2014, FIDC Lojas Renner's operations began, whose purpose defined in regulation is the Investment in credit rights recognized as closed condominium, ruled by CMN Resolution 2.907/2001, CVM Instructions 356/2001 and 531/2013, by the Regulation and by other applicable legal and regulatory provisions, with the specific purpose of acquiring credit rights originated from the installment payment of shopping malls made by the Company's clients using the Company's installment plan free of charges, or granting of financing with charges by Banco Itaú S.A.. FIDC Lojas Renner has defined operational life, and it will be closed on May 12, 2019.

Equity structure of FIDC Lojas Renner as of September 30, 2018 is as follows:

Quotas	Remuneration rate	% Shareholders' Equity of Fund	Amount (in thousands)	09/30/2018	12/31/2017
Subordinated	(*)	40.8% (33.0% 2017)	7,280	291,629	208,628
Senior	CDI + 1.08% p.a.	59.2% (67.0% 2017)	16,800	424,017	424,280
			24,080	**715,646**	**632,908**

(*) The regulation of FIDC Lojas Renner does not define any remuneration target and also, defines that subordinated quotas should represent at least 30% of the shareholders' equity. If this percentage is below 30%, the subordinated quotas should be immediately paid up by Lojas Renner S.A. in order to stay within the minimum ratio.

Subordinated quota earnings are presented as cash and cash equivalents in Parent Company, totaling R$ 109,629 as of September 30, 2018 (R$ 26,628 as of December 31, 2017), and principal is presented as FIDC Lojas Renner in non-current assets R$182,000 (R$182,000 in non-current assets as of December 31, 2017).

The Parent Company acts as agent of collection in case of default of the Credit Rights, maintaining continuous Management of the balance after its transfer to FIDC Lojas Renner.

On September 30, 2018, FIDC Lojas Renner's balance sheet is as follows:

	09/30/2018	12/31/2017
Assets		
Cash equivalents	832	500
Financial investments	219,749	31,578
Accounts receivable	495,400	601,057
Total assets	**715,981**	**633,135**
Liabilities		
Accounts payable	335	227
Shareholders' equity	715,646	632,908
Total liabilities and shareholders' equity	**715,981**	**633,135**

12 INVENTORIES

12.1 ACCOUNTING POLICY

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

Inventories are stated at weighted average cost and deducted from estimated losses and adjustment to present value, when applicable.

12.2 BREAKDOWN

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Goods for resale	878,546	743,580	1,063,635	867,682
Imports in transit	170,754	98,876	190,759	125,435
Advances to suppliers	17,855	6,909	18,439	6,995
Auxiliary materials and warehouse	6,241	5,024	10,577	8,621
Adjustment to present value	(19,642)	(18,900)	(21,706)	(19,886)
Estimated losses	(43,784)	(63,437)	(49,419)	(65,671)

Total	**1,009,970**	**772,052**	**1,212,285**	**923,176**

12.3 ESTIMATED LOSSES

Changes in the estimate for inventory losses is stated in the table below:

	Parent Company	Consolidated
Balance at January 1, 2017	**(39,611)**	**(43,444)**
(-) Estimated losses, net	(64,656)	(67,679)
(+) Actual loss	40,830	45,457
(+/-) Translation adjustment	-	(5)
Balance at December 31, 2017	**(63,437)**	**(65,671)**
(-) Estimated losses, net	(40,882)	(45,709)
(+) Actual loss	60,535	61,979
(+/-) Translation adjustment	-	(18)
Balance at September 30, 2018	**(43,784)**	**(49,419)**

13 RECOVERABLE TAXES

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
ICMS	92,751	69,367	129,382	100,417
ICMS – Fixed Assets	54,947	53,051	64,204	61,172
Income tax and social contribution (i)	61,939	25,627	63,675	26,719
PIS and COFINS	36,605	12,483	40,001	13,362
Tax credits from foreign subsidiaries	-	-	37,093	16,987
Other recoverable taxes	4,753	1,767	4,899	1,947
Total	**250,995**	**162,295**	**339,254**	**220,604**
Current assets	200,097	115,915	253,836	140,273
Non-current assets	50,898	46,380	85,418	80,331
Total	**250,995**	**162,295**	**339,254**	**220,604**

(i) The Company recognized the effects from tax incentives for tax deduction purposes, which are considered investment grants pursuant to the requirements of ICMS Agreement 190/17, arising from Complementary Law 160/17 and also obtained a final decision that allowed it to deduct, in double, the expenses incurred with the Workers' Meal Program (PAT), directly from taxable profit.

14 INCOME TAX AND SOCIAL CONTRIBUTION

14.1 ACCOUNTING POLICY

Provision for income tax and social contribution are based on taxable income for the period.

Deferred income tax and social contribution are recognized on the temporary differences at the end of each period between the balances of assets and liabilities recognized in the interim financial statements and the respective tax bases employed to arrive at taxable income, including the balance of tax losses, where applicable.

The recovery of deferred tax asset balances is reviewed at the end of each year and, when it is no longer probable that future taxable profits will be available to allow for the recovery of the asset, in whole or in part, the asset balance is adjusted by the amount that is expected to be recovered.

The current and deferred taxes are recognized in the income, except when they correspond to items recorded in "Other comprehensive income" in the shareholders' equity.

14.1.1 Parent Company

	09/30/2018		12/31/2017	
Basis of calculation IRCS deferred	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Estimated credit losses, net	68,744	68,744	64,534	64,534
Adjustment to present value	39,849	39,849	77,959	77,959
Provision for tax risks	29,562	29,562	27,161	27,161
Provision for civil and labor risks	39,260	39,260	32,583	32,583
Estimated inventory losses, net	43,784	43,784	63,437	63,437
Provision for employee profit sharing	24,959	24,959	48,280	48,280
Estimated losses for devaluation of assets, net	-	-	12,803	12,803
Restricted share plan	25,160	25,160	15,376	15,376

Review of the useful life	(46,781)	(46,781)	(1,249)	(1,249)
Equity valuation adjustments - hedge	(22,877)	(22,877)	(2,878)	(2,878)
Swap of borrowing	(48,670)	(48,670)	(6,176)	(6,176)
Other provisions	(24,174)	(24,865)	686	-
Total	**128,816**	**128,125**	**332,516**	**331,830**
Weighted nominal rates	25%	9%	25%	9%
Deferred income tax and social contribution assets	**32,204**	**11,531**	**83,129**	**29,865**

14.1.2 Consolidated

	09/30/2018		12/31/2017	
Basis of calculation IRCS deferred	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Estimated credit losses, net	285,291	285,291	210,180	210,180
Adjustment to present value	41,742	41,742	79,324	79,324
Provision for tax risks	35,993	35,993	32,969	32,969
Provision for civil and labor risks	45,276	45,276	35,996	35,996
Estimated inventory losses, net	49,419	49,419	65,671	65,671
Provision for employee profit sharing	24,959	24,959	50,695	50,695
Estimated losses for devaluation of assets, net	1,806	1,806	15,395	15,395
Restricted share plan	25,160	25,160	15,376	15,376
Income tax and social contribution losses (i)	156,083	155,426	112,921	109,928
Goodwill on acquisition of equity interest	(51,725)	(51,725)	(36,736)	(36,736)
Appreciation of assets	(29,325)	(29,325)	(29,624)	(29,624)
Review of the useful life	(48,953)	(48,953)	(1,249)	(1,249)
Equity valuation adjustments - hedge	(17,092)	(17,092)	(3,780)	(3,780)
Swap of borrowing	(53,997)	(53,997)	(6,176)	(6,176)
Other provisions	(28,725)	(29,594)	(1,503)	(3,089)
Total	**435,912**	**434,386**	**539,459**	**534,880**
Weighted nominal rates (ii)	25%	12.38%	25%	12.03%
Deferred income tax and social contribution assets and liabilities	**108,978**	**53,777**	**134,865**	**64,346**

(i) Credits recognized on tax losses and negative basis of social contribution of its subsidiaries Camicado, Youcom and LRU. The credits are supported by technical feasibility studies, which shows projections of taxable future results, allowing for an estimate of recovery of credits in a period not exceeding 10 years. The technical feasibility studies are submitted annually to approval of the Company's Board of Directors.

(ii) The weighted nominal rate of Social Contribution is greater than the general rate of 9% due to the consolidation of the balances of the indirect subsidiary Realize Crédito Financiamento e Investimento S.A., which has a 20% rate for 2018 and a rate of 15% as of 2019.

14.2 CHANGES IN DEFERRED TAXES NET

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

	Parent Company	Consolidated
Balance at 01/01/2017	**126,516**	**156,616**
(+) Recognized in net income	5,987	63,171
(-) Recognized in other comprehensive income	(19,509)	(20,721)
(+) Translation adjustments	-	145
Balance at 12/31/2017	**112,994**	**199,211**
(-) Recognized in net income	(68,369)	(41,475)
(-) Recognized in other comprehensive income	(6,800)	(7,520)
(+) Translation adjustments	-	173
(+) Initial adoption - CPC 48 / IFRS 9	5,910	12,366
Balance at 09/30/2018	**43,735**	**162,755**

14.3 REALIZATION OF DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION ASSETS

Based on the history of realization of bases that originated the balances of deferred income and social contribution tax assets, as well as on the projections of results for the following periods, we estimate the following schedule of recovery of tax credits:

Period	Parent Company	Consolidated
2018	20,632	47,586
2019	54,311	140,028
2020	10,862	24,463
2021	2,924	15,225
2022 onwards	3,519	21,466
Total - Deferred assets	**92,248**	**248,768**

14.4 ANALYSIS OF THE EFFECTIVE RATE FOR THE INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expense charged to income is presented below:

	Parent Company			
	3Q18	9M18	3Q17	9M17
Profit before income tax and social contribution	**215,379**	**657,588**	**166,390**	**502,912**
Nominal rates	**34%**	**34%**	**34%**	**34%**
Tax expense at nominal rate	**(73,229)**	**(223,580)**	**(56,573)**	**(170,990)**
Permanent (additions) exclusions				
Stock option plan expense	(2,013)	(5,345)	(2,424)	(7,338)
Equity in the profit/loss of subsidiaries	7,399	28,102	10,996	22,049
Interest on own capital	19,395	54,847	17,032	48,977
Tax incentives (PAT) (i)	17,949	18,628	470	1,603
Investment subsidy (ii)	4,560	45,697	-	-
Innovation incentive - Law 11196/2005	3,156	3,156	2,181	2,181
Other exclusions	1,609	1,257	2,241	1,478
Exempt portion of the 10% surtax	6	12	6	6
Income tax and social contribution for the period	**(21,168)**	**(77,226)**	**(26,071)**	**(102,034)**
Current	(4,033)	(8,857)	(24,897)	(87,681)
Deferred	(17,135)	(68,369)	(1,174)	(14,353)
Effective tax rate	**9.83%**	**11.74%**	**15.67%**	**20.29%**

	Consolidated			
	3Q18	**9M18**	**3Q17**	**9M17**
Profit before income tax and social contribution	**241,026**	**735,856**	**184,623**	**535,990**
Nominal rates	**34%**	**34%**	**34%**	**34%**
Tax expense at nominal rate	**(81,949)**	**(250,191)**	**(62,772)**	**(182,237)**
Permanent (additions) exclusions				
Stock option plan expense	(2,013)	(5,345)	(2,424)	(7,338)
Interest on own capital	19,395	54,847	17,032	48,977
Tax incentives (PAT)(i)	17,957	18,636	476	1,609
Investment subsidy (ii)	5,034	46,171	-	-
Innovation incentive - Law 11196/2005	3,156	3,156	2,181	2,181
Income tax and social contribution differences of subsidiaries	(9,021)	(23,708)	(1,095)	334
Other exclusions	608	890	2,280	1,320
Exempt portion of the 10% surtax	18	50	18	42
Income tax and social contribution for the period	**(46,815)**	**(155,494)**	**(44,304)**	**(135,112)**
Current	(36,722)	(114,019)	(73,271)	(156,784)
Deferred	(10,093)	(41,475)	28,967	21,672
Effective tax rate	**19.42%**	**21.13%**	**24.00%**	**25.21%**

(i) In the third quarter of 2018, the Company obtained a final decision that allowed it to deduct, in double, the expenses incurred with the Workers' Meal Program (PAT), directly from taxable profit.

(ii) The Company used amounts of tax incentives for tax deduction purposes, which are considered investment grants pursuant to the requirements of ICMS Agreement 190/2017, arising from Complementary Law 160/2017.

15 INVESTMENTS

15.1 BREAKDOWN

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Investments in subsidiaries	922,827	822,860	-	-
Goodwill on asset appreciation	1,290	1,290	-	-
Other investments	46	46	46	46
Total	**924,163**	**824,196**	**46**	**46**

15.2 CHANGES IN INVESTMENTS IN SUBSIDIARIES

Subsidiaries	Balance at 12/31/2017	Capital contribution	Initial adoption of IFRS 9	Equity on profit/loss of subsidiaries	Other comprehensive income	Dividends	Reclassification of negative equity	Balance at 09/30/2018
Renner Adm. Cartões de Crédito Ltda.	61,286	-	-	14,948	-	(61,278)	-	14,956
Dromegon Participações Ltda.	16,154	-	(2)	4,357	-	(6,593)	-	13,916
Maxmix Comercial Ltda.	400,397	-	-	3,094	1,216	-	-	404,707
Fashion Business Comércio de Roupas Ltda.	91,877	40,000	-	(15,264)	182	-	-	116,795
Lojas Renner Shanghai Trading Co. Ltd. (*)	-	-	-	1,421	677	-	(2,098)	-
Realize Participações S.A.	183,955	-	(9,690)	76,861	-	-	-	251,126
Lojas Renner Uruguay S.A.	69,190	50,986	-	(2,766)	3,915	-	-	121,325
Realize Crédito, Financiamento e Investimento S.A.	1	-	-	1	-	-	-	2
Total	**822,860**	**90,986**	**(9,692)**	**82,652**	**5,990**	**(67,871)**	**(2,098)**	**922,827**

Subsidiaries	Balance at 01/01/2017	Capital contribution	Spin-off	Equity on profit/loss of subsidiaries	Other comprehensive income	Dividends	Reclassification of negative equity	Balance at 12/31/2017
Renner Adm. Cartões de Crédito Ltda.	55,907	-	(1)	61,278	-	(55,898)	-	61,286
Dromegon Participações Ltda.	17,131	-	-	6,594	-	(7,571)	-	16,154
Maxmix Comercial Ltda.	341,159	40,000	-	17,220	2,018	-	-	400,397
Fashion Business Comércio de Roupas Ltda.	70,003	33,000	-	(11,460)	334	-	-	91,877
Lojas Renner Shanghai Trading Co. Ltd. (*)	-	-	-	(326)	(34)	-	360	-
Realize Participações S.A.	15,268	134,825	-	33,861	1	-	-	183,955
Lojas Renner Uruguay S.A.	3,623	66,021	-	(2,189)	1,735	-	-	69,190
Realize Crédito, Financiamento e Investimento S.A.	-	-	1	-	-	-	-	1
Total	**503,091**	**273,846**	**-**	**104,978**	**4,054**	**(63,469)**	**360**	**822,860**

(*) The negative equity of Lojas Renner Shanghai Trading Co. Ltd. (LRS) is related with its initial stage of operation and has a counterpart in credits with its Parent Company Lojas Renner S.A. (see note 27.3.1). The expectation is that this position will be reverted as soon as the business evolves, according with the Company's planning. As of September 30, 2018, the negative equity corresponds to the amount of R$ 321 (R$ 2,419 as of December 31, 2017).

16 FIXED ASSETS AND INTANGIBLE ASSET

16.1 ACCOUNTING POLICY

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

	Consolidated	
	Rate	**Useful life (years)**
Fixed assets		
Properties	1.67–2%	50–60
Furniture, equipment, facilities and improvements	5–25%	4–20
Vehicles	20%	5
Computers and peripherals	10–20%	5–10
Intangible assets		
IT systems	12.5–20%	5–8
Right to use properties	10%	10

The Company performs periodic reviews on fixed assets and intangible assets for the purpose of:

i) identifying evidences that its assets may be impaired;
ii) identify changes in the form of use and maintenance that may affect the useful life of your PPE and intangible assets.

16.2 BREAKDOWN OF FIXED ASSETS

	Parent Company					
	09/30/2018			12/31/2017		
	Cost	**Accumulated depreciation**	**Net book value**	**Cost**	**Accumulated depreciation**	**Net book value**
Land	288	-	288	288	-	288
Properties	92,898	(5,405)	87,493	92,898	(4,321)	88,577
Furnishings, equip, facilities and improvements	2,651,305	(1,253,084)	1,398,221	2,468,517	(1,116,281)	1,352,236
Vehicles	2,239	(350)	1,889	3,045	(546)	2,499
Computers and peripherals	223,440	(131,998)	91,442	188,831	(124,984)	63,847
Construction in progress	62,330	-	62,330	96,263	-	96,263
Total	**3,032,500**	**(1,390,837)**	**1,641,663**	**2,849,842**	**(1,246,132)**	**1,603,710**

	Consolidated					
	09/30/2018			12/31/2017		
	Cost	**Accumulated depreciation**	**Net book value**	**Cost**	**Accumulated depreciation**	**Net book value**
Land	288	-	288	288	-	288
Properties	107,835	(11,285)	96,550	107,835	(10,201)	97,634
Furnishings, equip, facilities and improvements	2,958,470	(1,327,082)	1,631,388	2,703,513	(1,172,605)	1,530,908
Vehicles	2,239	(350)	1,889	3,045	(544)	2,501
Computers and peripherals	235,887	(136,763)	99,124	197,640	(128,984)	68,656
Construction in progress	81,364	-	81,364	113,640	-	113,640
	3,386,083	**(1,475,480)**	**1,910,603**	**3,125,961**	**(1,312,334)**	**1,813,627**

As of September 30, 2018, the balance of leased property, plant and equipment net of depreciation consider leased assets in the amount of R$ 27,176 (R$ 58,026 on December 31, 2017).

16.3 RECONCILIATION OF NET BOOK VALUE OF FIXED ASSETS

16.3.1 Parent Company

Book value	Balance at 12/31/2017	Additions	Transf.	Write-offs	Estimated losses	Depreciation	Balance at 09/30/2018
Land	288	-	-	-	-	-	288
Properties	88,577	-	-	-	-	(1,084)	87,493
Furnishings, equip, facilities and improvements	1,352,236	378	198,102	(1,647)	-	(150,848)	1,398,221
Vehicles	2,499	-	-	(370)	-	(240)	1,889
Computers	63,847	-	45,244	(467)	-	(17,182)	91,442
Construction in progress	96,263	209,441	(243,346)	(28)	-	-	62,330
Total	**1,603,710**	**209,819**	**-**	**(2,512)**	**-**	**(169,354)**	**1,641,663**

Book value	Balance at 01/01/2017	Additions	Transf.	Write-offs	Estimated losses	Depreciation	Balance at 12/31/2017
Land	288	-	-	-	-	-	288
Properties	90,022	-	-	-	-	(1,445)	88,577
Furnishings, equip, facilities and improvements	1,290,880	744	287,306	(5,312)	(12,801)	(208,581)	1,352,236
Vehicles	988	2,268	-	(562)	-	(195)	2,499
Computers	51,209	201	31,547	(59)	-	(19,051)	63,847
Construction in progress	70,316	346,831	(318,853)	(2,031)	-	-	96,263
Total	**1,503,703**	**350,044**	**-**	**(7,964)**	**(12,801)**	**(229,272)**	**1,603,710**

16.3.2 Consolidated

Book value	Balance at 12/31/2017	Additions	Transf.	Write-offs	Estimated losses	Deprec.	Translation adjustment	Balance at 09/30/2018
Land	288	-	-	-	-	-	-	288
Properties	97,634	-	-	-	-	(1,084)	-	96,550
Furnishings, equip, facilities and improve.	1,530,908	4,256	267,611	(2,552)	-	(169,885)	1,050	1,631,388
Vehicles	2,501	-	-	(372)	-	(240)	-	1,889
Computers	68,656	1,404	47,800	(469)	-	(18,300)	33	99,124
Construction in progress	113,640	282,652	(315,411)	(28)	-	-	511	81,364
Total	**1,813,627**	**288,312**	**-**	**(3,421)**	**-**	**(189,509)**	**1,594**	**1,910,603**

Book value	Balance at 01/01/2017	Additions	Transf.	Write-offs	Estimated losses	Deprec.	Translation adjustment	Balance at 12/31/2017
Land	288	-	-	-	-	-	-	288
Properties	98,244	835	-	-	-	(1,445)	-	97,634
Furnishings, equip, facilities and improvements	1,415,607	31,638	330,876	(1,465)	(15,334)	(230,213)	(201)	1,530,908
Vehicles	990	2,268	-	(562)	-	(195)	-	2,501
Computers	54,017	1,883	33,066	(154)	-	(20,156)	-	68,656
Construction in progress	75,923	403,656	(363,942)	(2,031)	-	-	34	113,640
Total	**1,645,069**	**440,280**	**-**	**(4,212)**	**(15,334)**	**(252,009)**	**(167)**	**1,813,627**

16.4 BREAKDOWN OF INTANGIBLE ASSET

	Parent Company					
	09/30/2018			12/31/2017		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
IT systems	701,229	(418,559)	282,670	625,723	(386,761)	238,962
Right to use properties	61,928	(45,400)	16,528	63,240	(43,302)	19,938
Trademarks and patents	5,823	(83)	5,740	5,609	(83)	5,526
Intangible asset in progress	65,135	-	65,135	60,099	-	60,099
Total	**834,115**	**(464,042)**	**370,073**	**754,671**	**(430,146)**	**324,525**

	Consolidated					
	09/30/2018			12/31/2017		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
IT systems	777,220	(447,888)	329,332	687,805	(409,978)	277,827
Right to use properties	84,968	(53,375)	31,593	83,894	(49,347)	34,547
Trademarks and patents	34,155	(83)	34,072	33,940	(83)	33,857
Intangible - others	3,500	(3,500)	-	3,500	(3,500)	-
Intangible asset in progress	70,946	-	70,946	63,325	-	63,325
Goodwill - Camicado	116,679	-	116,679	116,679	-	116,679
Total	**1,087,468**	**(504,846)**	**582,622**	**989,143**	**(462,908)**	**526,235**

16.5 RECONCILIATION OF NET BOOK VALUE OF INTANGIBLE ASSETS

16.5.1 Parent Company

Book value	Balance at 12/31/2017	Additions	Transf.	Write-offs	Estimated losses	Amort.	Balance at 09/30/2018
IT systems	238,962	8,607	66,926	-	-	(31,825)	282,670
Right to use properties	19,938	(1,311)	-	-	-	(2,099)	16,528
Trademarks and patents	5,526	214	-	-	-	-	5,740
Intangible asset in progress	60,099	72,863	(66,926)	(901)	-	-	65,135
Total	**324,525**	**80,373**	**-**	**(901)**	**-**	**(33,924)**	**370,073**

Book value	Balance at 01/01/2017	Additions	Transf.	Write-offs	Estimated losses	Amort.	Balance at 12/31/2017
IT systems	213,284	974	96,828	(3,800)	(2)	(68,322)	238,962
Right to use properties	12,541	1,837	7,974	-	-	(2,414)	19,938
Trademarks and patents	4,455	1,071	-	-	-	-	5,526
Intangible asset in progress	92,409	75,652	(104,802)	(3,160)	-	-	60,099
Total	**322,689**	**79,534**	**-**	**(6,960)**	**(2)**	**(70,736)**	**324,525**

16.5.2 Consolidated

Book value	Balance at 12/31/2017	Additions	Transf.	Write-offs	Estimated losses	Amort.	Translation adjustment	Balance at 09/30/2018
IT systems	277,827	19,396	69,307	(143)	-	(37,865)	810	329,332
Right to use properties	34,547	(1,954)	2,910	3	-	(4,040)	127	31,593
Trademarks and patents	33,857	215	-	-	-	-	-	34,072
Intangible asset in progress	63,325	80,632	(72,217)	(901)	-	-	107	70,946
Goodwill - Camicado	116,679	-	-	-	-	-	-	116,679
Total	**526,235**	**98,289**	**-**	**(1,041)**	**-**	**(41,905)**	**1,044**	**582,622**

Book value	Balance at 01/01/2017	Additions	Transf.	Write-offs	Estimated losses	Amort.	Translation adjustment	Balance at 12/31/2017
IT systems	229,810	12,219	112,292	(3,800)	(2)	(72,621)	(71)	277,827
Right to use properties	24,408	3,615	11,041	-	(59)	(4,421)	(37)	34,547
Trademarks and patents	32,799	1,070	-	(12)	-	-	-	33,857
Intangible asset in progress	96,548	93,179	(123,333)	(3,160)	-	-	91	63,325
Goodwill - Camicado	116,679	-	-	-	-	-	-	116,679
Total	**500,244**	**110,083**	**-**	**(6,972)**	**(61)**	**(77,042)**	**(17)**	**526,235**

The Company continually assesses its performance indicators for each business, and performs impairment tests at least annually. In the quarter ended September 30, 2018, there was no evidence requiring the recognition of impairment. In addition, there was no revaluation or idleness of property, plant and equipment items, nor assets classified as available for sale.

17 IMPAIRMENT TEST OF THE GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

17.1 ACCOUNTING POLICY

Assets with an indefinite useful life, such as goodwill, are not subject to amortization and are tested every year to identify a possible impairment need.

For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGU), in conformity with the analysis of views used by the Management. Non-financial assets, except goodwill, that have been impaired, are subsequently reviewed for possible reversal of the impairment at each reporting date.

17.2 EVALUATION OF THE RECOVERABLE VALUE

The book value of the goodwill and the brand allocated Camicado is R$ 144,741 (R$ 144,741 on December 31, 2017).

To determine the recoverable value of Camicado, the Company used cash flow projections, before income tax and social contribution, based on financial budgets approved by management for a 10-year period. Measures such as improvement of the product mix, opening of an increasing number of stores in synergy with the parent company, aligned with the brand value proposition and cost dilution, brought about by growth, are signs that sustain the business plan of Camicado, approved by the parent company.

The Company conducts review tests of impairment at least once a year and there are no signs of the need to perform the recoverability test of goodwill and other long-lived assets for the quarter ended September 30, 2018.

18 BORROWINGS, FINANCING, DEBENTURES AND FINANCIAL LEASE

18.1 ACCOUNTING POLICY

Balances of borrowing and debentures are initially recognized at fair value upon receipt of funds. Subsequently, they start to be measured at amortized cost, that is, plus charges, interest calculated at effective rate, inflation adjustment, exchange-rate change, and amortizations - as provided for in contract - incurred up to balance sheet dates.

Balance of working capital loan – Law 4.131 of Central Bank of Brazil is measured at fair value, using the discounted cash flow evaluation techniques, which converts future cash flows into a single value. The fair value reflects the current market expectations of future values.

According to the characteristics, certain lease contracts for assets intended to maintenance of the Company and its subsidiaries' activities are classified as financial lease. The classification of lease agreements is carried out upon their signing.

Financial lease contracts are recognized in the balance sheet at the lower of leased asset fair value and present value of minimum lease payments. Contracts are accounted for as property, plant and equipment or intangible asset and a financing liability, and assets are subject to depreciation or amortization over the asset's economic useful life or according to lease contract term, when this is lower. Financial lease paid installments are partially recognized in liabilities, and the portion referring to financial charges are recognized in income. The corresponding liabilities are classified in current liabilities and non-current according to the contract term.

18.2 BREAKDOWN OF BORROWINGS, FINANCING, AND DEBENTURES

Descriptions	Weighted annual rates	Maturity	Parent Company		Consolidated	
			09/30/2018	12/31/2017	09/30/2018	12/31/2017
In domestic currency						
Debentures	Note 18.3	Note 18.3	544,667	873,928	544,667	873,928
(+/-) swap of debentures - (i)	Note 18.3	Note 18.3	(1,400)	(1,747)	(1,400)	(1,747)
Fundo do Nordeste - FNE - (ii)	6.97% p.a.	06/30/2023	11,846	13,684	11,846	13,684
Fundo do Nordeste - FNE - (ii)	9.5% p.a.	06/29/2023	17,072	19,721	17,072	19,721
Fundo do Nordeste - FNE - (ii)	11.01% a..	06/03/2024	1,990	2,076	1,990	2,076
Fundo do Nordeste - FNE - (ii)	11.01% a..	07/25/2024	-	-	895	927
BNDES - (iii)	SELIC + 2.5% p.a.	07/15/2020	9,608	12,917	9,608	12,917
BNDES - (iii)	TJLP + 2.12% p.a.	07/15/2020	5,473	7,678	5,473	7,678
FINEP - (iv)	TJLP + 4% p.a.	12/15/2023	-	18,263	-	18,263
Working capital - secured account - (v)	112.5% CDI	-	-	-	15,079	16,234
Other borrowings			1,205	1,408	1,205	1,408
Foreign currency						
Working capital - Law 4131 - (v)	US$ + 2.61% p.a.	08/15/2019	174,400	143,865	174,400	143,865
Working capital - Law 4131 - (v)	US$ + 4.31% p.a.	06/10/2019	184,779	-	184,779	-
Working capital - Law 4131 - (v)	US$ + 2.36% p.a.	01/10/2019	-	-	43,634	-
Working capital - Law 4131 - (v)	US$ + 3.05% p.a.	04/18/2019	-	-	35,640	-
Working capital - (iv)	8.97% p.a.	10/22/2018	-	-	8,635	-
Working capital - (iv)	10% p.a.	12/24/2018	-	-	3,627	-
(+/-) *swap* - working capital - (i)	103% CDI	08/15/2019	(32,910)	(4,429)	(32,910)	(4,429)
(+/-) *swap* - working capital - (i)	100.9% CDI	06/10/2019	(14,360)	-	(14,360)	-
(+/-) *swap* - working capital - (i)	103.9% CDI	01/10/2019	-	-	(8,096)	-
(+/-) *swap* - working capital - (i)	100.9% CDI	04/18/2019	-	-	(5,264)	-
Total			**902,370**	**1,087,364**	**996,520**	**1,104,525**
Current liabilities			572,448	363,288	665,877	379,553
Non-current liabilities			329,922	724,076	330,643	724,972
Total			**902,370**	**1,087,364**	**996,520**	**1,104,525**

(i) Transactions in foreign currency and debentures are protected against foreign exchange rate and inflation rate fluctuations through derivative financial instruments (swaps).

(ii) The Company signed financing agreements with Banco do Nordeste through FNE (Northeast Constitutional Financing Fund) to fund the expansion of its group of stores in that region.

(iii) The Company entered into a financing transaction with BNDES (Brazilian Bank for Economic and Social Development) using the Prodesign facility to invest in design by increasing and changing product development structure and processes.

(iv) The Company entered into a financing transaction with FINEP (Studies and Projects Financer) for the purpose of partially paying the costs of its innovation projects. The Company decided to settle the aforementioned borrowing in advance in April 2018.

(v) The Company entered into contracts of the types of secured account and Law 4131 Bacen for working capital purposes and to invest in the organic expansion plan.

(vi) The indirect subsidiary Lojas Renner Uruguay S.A obtained two loans for working capital purposes and to invest in the organic expansion plan.

The covenants and the settlement schedule in accordance with the contractual cash flow are shown in note 8.2.

18.3 DEBENTURES

18.3.1 Debentures Characteristics

Type of issue	Issue value	Issue	Maturity	Annual charges %	Unit price (in thousands R$)	
5th issue - 2nd series	80,000	06/15/2012	2017 – 2019	IPCA + 5.7% p.a.	R$	10.00
7th issue - single series	300,000	02/13/2017	2020	108% CDI	R$	10.00
8th issue - single series	200,000	07/04/2017	2019	104.5% CDI	R$	10.00

18.3.2 Debentures Composition

	Parent Company and Consolidated					
	Current		Non-current		Total	
Type of issue	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
5th issue - 1st series	-	73,556	-	-	-	73,556
5th issue - 2nd series	39,374	39,846	-	37,565	39,374	77,411
6th issue - single series	-	207,172	-	-	-	207,172
7th issue - single series	2,640	9,427	300,000	300,000	302,640	309,427
8th issue - single series	203,158	7,308	-	200,000	203,158	207,308
Structuring costs	(394)	(547)	(111)	(399)	(505)	(946)
Swap - 5th issue - 2nd series	(1,400)	(293)	-	(1,454)	(1,400)	(1,747)
Total	**243,378**	**336,469**	**299,889**	**535,712**	**543,267**	**872,181**

18.4 SCHEDULE OF REALIZATION OF BORROWINGS AND FINANCING - NON-CURRENT

18.4.1 Consolidated

Borrowings	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Debentures	-	299,889	-	-	-	-	299,889
Fundo do Nordeste - FNE	1,606	6,425	6,425	6,425	3,458	258	24,597
BNDES	1,846	4,311	-	-	-	-	6,157
Total	**3,452**	**310,625**	**6,425**	**6,425**	**3,458**	**258**	**330,643**

18.5 FINANCIAL LEASES

During the third quarter, the Company's Management anticipated the settlement of lease agreements of IT systems in the amount of R$ 29,294.

In July 2012, the Company entered into a commercial financial lease agreement for rent of property (Administrative Head Office), for 50 years restated based on the accumulated change in annual INPC. At the end of the agreement, it is given preference in the acquisition of the property upon notice.

As of September 30, 2018, financial lease liabilities are due as follows:

	Parent Company and Consolidated	
Minimum lease payments	**09/30/2018**	**12/31/2017**
< 1 year	8,207	16,836
1–5 years	12,485	41,760
>5 years	165,090	163,381
Total minimum payments	**185,782**	**221,977**
(-) Less future financial charges	(151,946)	(153,191)
Present value of minimum payments	**33,836**	**68,786**
Current	474	9,890
Non-current	33,362	58,896
Total	**33,836**	**68,786**

19 FINANCING - FINANCIAL SERVICES OPERATIONS AND GUARANTEES

19.1 FINANCING – FINANCIAL SERVICE OPERATIONS

	Weighted average	Parent Company		Consolidated	
Financing	**charges - %**	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
Credit sales (i)	6.9% p.m.	10,398	33,628	10,398	33,628
Quick Withdrawal (ii)	10.9% p.m.	-	-	846	45,597
Secured Account (iii)	20.7% p.m.	1,503	1,619	1,503	1,619
Vendor (iv)	20.7% p.m.	22,702	28,237	22,702	28,237
Interbank deposit	103.14% CDI	-	-	-	16,007
Financial bills (v)	103.25% CDI	-	-	158,269	150,768
Working capital - Law 4131 Bacen (vi)	US$ + 4.67% p.a.	-	-	132,853	-
(+/-) swap - working capital	101.8% CDI	-	-	8,033	-
Senior Quotas – FIDC Lojas Renner (vii)	CDI + 1.08% p.a.	-	-	424,017	424,280
Structuring cost - FIDC Lojas Renner (viii)	-	-	-	(1,153)	(2,631)
		34,603	**63,484**	**757,468**	**697,505**
Current liabilities		34,603	63,484	458,313	127,396
Non-current liabilities		-	-	299,155	570,109
Total		**34,603**	**63,484**	**757,468**	**697,505**

i. The values of "Credit sales" refer to the amounts financed to the clients of the Company by Financial Institutions, through Vendor, on shopping malls made under the condition of payment from seven to eight monthly installments at Lojas Renner S.A.

ii. The values of "Quick Withdrawal" correspond to the amounts of Quick Withdrawal agreement, granted to the clients by a bank with which there is special agreement ("bank agreement") and intermediated by the subsidiary RACC.

iii. The values of "Secured Account" are used for the financing of balances in delay of sales made by Renner credit card (private label) to Camicado.

iv. The values of "Vendor" are realized through the Special Agreement for Granting of Financing – Electronic Vendor with Itaú Unibanco, credit facility destined to financing of delinquent clients. The Company guarantees Itaú Unibanco in these transactions, serving as guarantor and chief payer of the liabilities assumed by clients.

v. Through its indirect subsidiary Realize CFI S.A., the Company issued Financial Bills for private distribution in the amount of R$150,000 on December 4, 2017, at the cost of 103.25% of CDI, with settlement period of two years after issuance date. This issue is solely intended to be used in the ordinary course of business and financing of operations.

vi. The indirect subsidiary Realize CFI SA entered into contract in modality 4131 on August 27, 2018 with Banco Santander S.A. in the amount of S$ 33,000 at a cost of 4.67% p.a. plus exchange-rate changes, with maturity on August 23, 2020. This issue is solely intended to be used in the ordinary course of business and financing of operations.

vii. Represents the balance of senior quotas issued by FIDC Lojas Renner (note 11), which is subject to public distribution under CVM Instruction 400/03, with priority of amortization and redemption in relation to subordinated quotas. This amount will be settled upon the closure of FIDC Loja Renner in May 2019.

viii. Refers to the balance of costs incurred in the structuring of FIDC Lojas Renner, which will be recognized in the income (loss) (cost of financial services) over the life of the fund, according to the internal return rate (IRR) of the funding.

19.2 GUARANTEES

Parent Company is the guarantor and main payer, and is jointly responsible for all (main and accessory) obligations deriving from the following transactions (further details in note 19.1):

i) Credit sales;
ii) Quick Withdrawal;
iii) Secured account; and
iv) Vendor.

20 RENTS PAYABLE

The Company and its subsidiaries have rental agreements for its retail, logistics and administrative units, classed as operational leasing, with the exception of its head office agreement (see note 18.5), classified as financial lease.

Most lease agreements of commercial units (stores) provide for a variable rent depending on sales and/or a minimum value, and it is mandatory for the Company to pay the higher value. The minimum contractual amounts are readjusted annually in accordance with the changes in the main inflation indices.

Rental agreements for the logistics areas are based on contractual amounts with annual readjustments according to changes in the main inflation indices.

Future commitments deriving from these contracts are distributed as follows:

Period	Parent Company	Consolidated
2018	174,440	202,210
2019	365,367	420,929
2020	332,367	384,522
2021	304,633	351,948
>2022	1,157,923	1,297,142
Total	**2,334,730**	**2,656,751**

21 SUPPLIERS

21.1 ACCOUNTING POLICY

It is initially recognized at fair value and, subsequently, measured at amortized cost using the effective interest rate method. Purchase transactions were brought to present value on transactions date, considering their terms and based on estimated rate of the Company's capital cost. Interest rate used to calculate credit purchases' adjustment to present value was 0.99% p.m. to the Parent Company and its subsidiaries (1.06% p.m. on December 31, 2017). Adjustment of purchases to present value is recorded in supplier and its reversal is in account sales cost, due to fruition of term in case of suppliers.

21.2 BREAKDOWN

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Trade suppliers	599,761	601,562	661,593	702,392
Adjustment to present value	(4,760)	(4,386)	(6,088)	(5,372)
Suppliers - use and consumption	112,284	124,126	133,330	145,234
Total	**707,285**	**721,302**	**788,835**	**842,254**

As of September 30, 2018, the amount of pre-payments made to suppliers whose original maturity was subsequent to September 30, 2018 totaled R$ 213,285 (R$ 295,392 on December 31, 2017). The discounts obtained from these pre-payments are recorded as reduction of the cost of sales, since they are directly related to the goods supply agreement.

22 SOCIAL CHARGES AND LABOR LEGISLATION OBLIGATIONS

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Salaries payable	56,460	106,786	61,019	115,240
Provision for vacation pay, bonuses and 13th salary	82,793	55,489	94,067	63,235
Social charges	60,840	49,158	67,740	54,863
Total	**200,093**	**211,433**	**222,826**	**233,338**

The Company provides to its executives and employees a profit sharing program that considers operating income achievement, sales goals, and cards enabled, among others. Recognition of this liability is accounted for in salaries payable account and its contra-entry is in other operating income account (see note 36).

23 TAXES AND CONTRIBUTIONS PAYABLE

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Income tax and social contribution	21,029	134,024	98,714	177,577
ICMS payable	69,200	177,353	77,125	188,642
PIS/COFINS	8,221	70,133	11,040	77,764
Taxes payable - Foreign subsidiaries	-	-	14,871	5,508
Other taxes	14,940	18,611	19,435	21,509
Total	**113,390**	**400,121**	**221,185**	**471,000**
Current liabilities	113,390	400,121	221,185	470,989
Non-current liabilities	-	-	-	11
Total	**113,390**	**400,121**	**221,185**	**471,000**

24 PROVISION FOR TAX, CIVIL, LABOR RISKS AND CONTINGENCIES LIABILITIES

24.1 PROVISIONS

The Company and its subsidiaries are party to tax, labor and civil lawsuits and administrative processes in course before courts and governmental agencies, derived from the normal course of its business. Management, based on information from its legal advisors, formed a provision in an amount considered sufficient to cover estimated losses from lawsuits in progress. The breakdown of provision amounts as of September 30, 2018 is shown below:

		Parent Company		Consolidated	
Tax		09/30/2018	12/31/2017	09/30/2018	12/31/2017
ICMS - Complementary Law 102/2000	(a.1)	4,593	4,593	4,593	4,593
ICMS - Unqualified suppliers	(a.2)	9,622	9,591	9,694	9,591
ICMS - Anticipated RS	(a.3)	5,082	4,950	5,082	4,950
ICMS - Gloss credit of third party	(a.4)	1,143	1,140	1,143	1,140
ICMS - Ancillary obligation	(a.5)	-	-	1,297	1,041
FAP/SAT	(a.6)	-	-	4,252	3,578
IRPJ/CSLL - Interest on own capital of formers years	(a.7)	1,587	1,522	1,587	1,522
INSS/IRRF - Non-wage installments	(a.8)	2,156	2,094	2,156	2,094
Other provisions		7,615	5,756	8,426	6,945
(-) Judicial deposits	24,1,2	(5,142)	(5,552)	(9,470)	(9,371)
		26,656	**24,094**	**28,760**	**26,083**
Civil	24,1,3	21,257	18,155	26,311	20,654
Labor	24,1,3	18,003	14,428	18,965	15,342
		65,916	**56,677**	**74,036**	**62,079**
Classified as:					
Current liabilities		39,260	32,583	45,276	35,996
Non-current liabilities		26,656	24,094	28,760	26,083
Total		**65,916**	**56,677**	**74,036**	**62,079**

Most significant tax provisions refer to lawsuits in which the Company and its subsidiaries discuss:

(a.1) Entitlement to ICMS credits on energy, telecommunications and property, plant and equipment acquisitions (LC 102/2000);
(a.2) Right to take ICMS credits upon acquisitions of merchandise from suppliers considered as disreputable by tax authorities;
(a.3) Charge of advanced ICMS rate difference upon entry of merchandise in Rio Grande do Sul State;
(a.4) Removal of ICMS credit rights acquired from third parties in Rio de Janeiro State;
(a.5) Fine due to alleged non-compliance with accessory obligation
(a.6) Unconstitutionality from increase in SAT rate and establishment of FAP;
(a.7) Disallowance of expenses with payment of interest on own capital calculated based on prior year's shareholders' equity; and
(a.8) Charge of INSS/IRRF on non-wage installments that is understood by tax authorities as having tax nature.

24.1.1 Classification of Losses in Tax Provisions

For tax proceedings classified into possible loss, the Company records provision at the estimated amounts of court costs and attorney fees based on the history incurred and current contractual bases negotiated with its legal advisors. Classification of tax provisions according to likelihood of loss as of September 30, 2018 is as follows:

	Parent Company		Consolidated	
Loss rating	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
Possible	27,321	25,169	33,753	30,977
Probable	4,477	4,477	4,477	4,477
(-) Judicial deposits	(5,142)	(5,552)	(9,470)	(9,371)
Total	**26,656**	**24,094**	**28,760**	**26,083**

24.1.2 Judicial deposits

	Parent Company		Consolidated	
Judicial deposits	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
Contingency	5,142	5,552	9,470	9,371
Not recorded in contingency reserve	10,048	10,530	10,091	10,615
Total	**15,190**	**16,082**	**19,561**	**19,986**

24.1.3 Civil and labor provisions

The Company and its subsidiaries are party to civil and labor lawsuits that have consumption-related nature with different objects. The provisions are periodically reviewed, considering the development of lawsuits, and the history of effectively settled amounts.

24.2 CHANGES IN THE PROVISION FOR TAX, CIVIL AND LABOR RISKS

	Parent Company				
Nature	**Civil**	**Labor**	**Tax**	**(-) Judicial deposits**	**Total**
Balances at 01/01/2018	18,155	14,428	29,646	(5,552)	56,677
(+/-) Provisions / (reversal)	3,102	3,575	1,494	429	8,600
(-) Charges	-	-	658	(19)	639
Balances at 09/30/2018	**21,257**	**18,003**	**31,798**	**(5,142)**	**65,916**

	Consolidated				
Nature	**Civil**	**Labor**	**Tax**	**(-) Judicial deposits**	**Total**
Balances at 01/01/2018	20,654	15,342	35,454	(9,371)	62,079
(+/-) Provisions / (reversal)	5,657	3,623	2,002	(79)	11,203
(-) Charges	-	-	774	(20)	754
Balances at 09/30/2018	**26,311**	**18,965**	**38,230**	**(9,470)**	**74,036**

24.3 CONTINGENT LIABILITIES

24.3.1 Tax contingent liabilities

As of September 30, 2018, the estimated amount of judicial contingent liabilities and administrative proceedings, related to tax matters whose likelihood of loss was assessed as possible was R$ 368,669 in the Parent Company and R$ 384,920 in the Consolidated (R$ 354,607 in the Parent Company and R$ 367,244 in the Consolidated as of December 31, 2017, respectively).

24.3.1.1 ICMS in PIS and COFINS calculation basis

In the first quarter of 2017, before decision issued by the Federal Supreme Court (STF) in the judgment of leading case with general repercussion on exclusion of ICMS from PIS and COFINS calculation bases, the Company filed for legal measures regarding parent company, Camicado, and Youcom, for the purpose of cancelling requirement of including ICMS in calculation bases of said contributions, applicable to installments due to the period of Law 12973/14. If the Federal Supreme Court decides to apply the modulation mechanism, limiting the effects of the decision over time, a revaluation of the risk of loss associated with such actions may be necessary, with the consequent need to make provision for this matter in the future. In relation to the accrual periods prior to the filing of the lawsuits discussing the period of Laws 10637/02 and 10833/03, in 2006, the Company is currently awaiting a final decision on this subject to determine the amounts. The likelihood of gain from lawsuits is assessed by its legal advisors as probable as to the merits and regarding the obtaining of patrimonial effects from the date of the decision of the Federal Court of Justice ("STF") (03/15/2017), and possible to obtain equity effects in relation to competencies prior to the date of the STF decision, given the current stage of the proceedings, due to the inexistence of a decision on possible modulation of effects. On October 24, 2018, the Company´s judicial claim about this subject was judged with a favorable decision by Federal Regional Court 4, but this decision isn´t final.

25 FINANCIAL INSTRUMENTS

Derivative financial instruments are entered into as defined by an internal policy approved by the Management, in order to hedge the foreign exchange risk taken in import orders and borrowings abroad, as well as to hedge interest rate risk.

Company Management determines the classification of its non-derivative financial assets and liabilities at the time of their initial recognition, pursuant to the criteria set forth in CPC 48 / IFRS 9 when the characteristics of the Company's cash flows and business model in the management of financial assets. Financial liabilities are measured according to their nature and purpose.

25.1 ACCOUNTING POLICY

Derivatives are recognized at fair value through other comprehensive income. The method for recognizing the resulting gain or loss depends on whether the derivative is or is not designated as a hedge instrument in cases of adoption of hedge accounting. If that is the case, the method depends on the nature of the item that is being hedged. The Company adopts hedge accounting and assigns some derivatives as: cash flow hedge.

The Company documents, early in each transaction, the relationship between the hedge instruments and the hedge-protected items, as well as the risk Management objectives and the strategy for conducting several hedge transactions. The Company also documents its evaluation - both at the start of hedging and continuously - that derivatives used in hedging transactions are highly effective to offset hedged items' cash flow.

25.1.1 Cash flow hedge

The Company only applies cash flow hedge accounting to protect itself against exchange-rate change risk deriving from import orders not yet paid.

The effective portion of the change in the fair value of designated derivatives and qualified as cash flow hedge, and not settled, is recognized in shareholders' equity as "Equity valuation adjustments" in other comprehensive income. This portion is realized upon elimination of risk for which derivative was contracted. Upon settlement of financial instruments, gains and losses previously deferred in equity are transferred from and included in initial measurement of asset's cost.

25.1.2 Swap

In the Swap transactions not designed for hedge accounting, respective gains or losses are recognized in the financial result.

25.2 FINANCIAL INSTRUMENTS BY CATEGORY

25.2.1 Parent Company

Financial assets	Amortized cost	Fair value	Fair value through other comprehensive income	Other financial liabilities	Total
Cash and cash equivalents	109,629	462,131	-	-	571,760
Trade accounts receivable	833,841	-	-	-	833,841
FIDC Lojas Renner	182,000	-	-	-	182,000
Derivative financial instruments - hedge	-	-	22,877	-	22,877
Financial liabilities					
Borrowings, financing and debentures	-	(310,509)	-	(591,861)	(902,370)
Financing - financial services operations	-	-	-	(34,603)	(34,603)
Financial leases	-	-	-	(33,836)	(33,836)
Suppliers	-	-	-	(707,285)	(707,285)
Obligations with credit card administrators	-	-	-	(15,459)	(15,459)
Total at September 30, 2018	**1,125,470**	**151,622**	**22,877**	**(1,383,044)**	**(83,075)**
Financial assets					
Cash and cash equivalents	29,974	951,040	-	-	981,014
Trade accounts receivable	1,131,448	-	-	-	1,131,448
FIDC Lojas Renner	182,000	-	-	-	182,000
Derivative financial instruments - hedge	-	-	5,822	-	5,822
Financial liabilities					
Derivative financial instruments - hedge	-	-	(2,944)	-	(2,944)
Borrowings, financing and debentures	-	(137,689)	-	(949,675)	(1,087,364)
Financing - financial services operations	-	-	-	(63,484)	(63,484)
Financial leases	-	-	-	(68,786)	(68,786)
Suppliers	-	-	-	(721,302)	(721,302)
Obligations with credit card administrators	-	-	-	(38,631)	(38,631)
Total as of January 1, 2018	**1,343,422**	**813,351**	**2,878**	**(1,841,878)**	**317,773**

25.2.2 Consolidated

Financial assets	Amortized cost	Fair value	Fair value through other comprehensive income	Other financial liabilities	Total
Cash and cash equivalents	-	555,121	-	-	555,121
Financial investments	-	399,440	-	-	399,440
Trade accounts receivable	2,281,306	-	-	-	2,281,306
Derivative financial instruments - hedge	-	-	25,915	-	25,915
Financial liabilities					
Derivative financial instruments - hedge	-	-	(18)	-	(18)
Borrowings, financing and debentures	-	(376,423)	-	(620,097)	(996,520)
Financing - financial services operations	-	(140,886)	-	(616,582)	(757,468)
Financial leases	-	-	-	(33,836)	(33,836)
Suppliers	-	-	-	(788,835)	(788,835)
Obligations with credit card administrators	-	-	-	(553,264)	(553,264)
Total at September 30, 2018	**2,281,306**	**437,252**	**25,897**	**(2,612,614)**	**131,841**
Financial assets					
Cash and cash equivalents	-	1,059,873	-	-	1,059,873
Financial investments	-	82,360	-	-	82,360
Trade accounts receivable	2,644,258	-	-	-	2,644,258
Derivative financial instruments - hedge	-	-	6,917	-	6,917
Financial liabilities	-	-	-	-	
Derivative financial instruments - hedge	-	-	(3,137)	-	(3,137)
Borrowings, financing and debentures	-	(137,689)	-	(966,836)	(1,104,525)
Financing - financial services operations	-	-	-	(697,505)	(697,505)
Financial leases	-	-	-	(68,786)	(68,786)
Suppliers	-	-	-	(842,254)	(842,254)
Obligations with credit card administrators	-	-	-	(524,581)	(524,581)
Total as of January 1, 2018	**2,644,258**	**1,004,544**	**3,780**	**(3,099,962)**	**552,620**

25.3 MEASUREMENT AND HIERARCHY OF FAIR VALUES

The Company uses discounted cash flow evaluation technique to measure financial assets and liabilities' fair values. The discounted cash flow evaluation technique calculates fair value based on estimated cash flows' present values. Cash flow estimates are based on future market quotations. For the financial assets and liabilities not measured at fair value, which accounting balances are a reasonable approximation to their fair values, we did not include the fair values as established in the CPC 40/IFRS 7. As of financial, fair values of financial assets and liabilities are classified in "Level 2" of the fair value hierarchy versus book balances:

25.3.1 Parent Company

		Fair value		Book balance	
Financial assets and liabilities	**Note**	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
Cash and cash equivalents	9,2	571,760	981,014	571,760	981,014
Working capital - Law 4131 Bacen	18,2	(359,179)	(143,865)	(359,179)	(143,865)
Debentures (i)	18,2	(534,446)	(864,644)	(544,667)	(873,928)
Financial lease (i)	18,3	(33,836)	(70,188)	(33,836)	(68,786)
Financing - financial services operations (i)	19,1	(36,568)	(66,534)	(34,603)	(63,484)
Derivative financial instruments - hedge	25,4,1	22,877	2,878	22,877	2,878
Swaps	25,4,2	48,670	6,176	48,670	6,176
Total		**(320,722)**	**(155,163)**	**(328,978)**	**(159,995)**

25.3.2 Consolidated

		Fair value		Book balance	
Financial assets and liabilities	**Note**	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
Cash and cash equivalents	9,2	555,121	1,059,873	555,121	1,059,873
Financial investments	9,3	399,440	82,360	399,440	82,360
Working capital - Law 4131 Bacen	18,2	(438,453)	(143,865)	(438,453)	(143,865)
Debentures (i)	18,2	(534,446)	(864,644)	(544,667)	(873,928)
Financial lease (i)	18,3	(33,836)	(70,188)	(33,836)	(68,786)
Financing - financial services operations (i)	19,1	(757,446)	(695,324)	(757,468)	(697,505)
Derivative financial instruments - hedge	25,4,1	25,897	3,780	25,897	3,780
Swaps	25,4,2	53,997	6,176	53,997	6,176
Total		**(729,726)**	**(621,832)**	**(739,969)**	**(631,895)**

(i) The Company measures fair values of debentures, financial lease and financing for disclosure purposes – financial services.

Level 2: Used for financial instruments that are not traded in active markets (for example, over-the-counter derivatives) and whose evaluation is based on techniques that, in addition to quoted prices included in Level 1, use other information directly (prices) or indirectly (deriving from prices) adopted by the market for the asset or liability.

25.4 DERIVATIVE FINANCIAL INSTRUMENTS

The Management of these instruments is done through operating strategies, aimed at liquidity, profitability and security. The Company and its subsidiaries do not invest in derivatives or any other financial instruments on a speculative basis. The Company has used as a hedging instrument for its exposure to volatility of foreign currency exchange, Non-Deliverable Forward (NDF) and swap contracts.

The information on transactions with derivatives is segregated between designated to hedge accounting (cash flow hedge) and not designated to hedge accounting. In the table below, we present the breakdown of derivatives at September 30, 2018 and December 31, 2017 in the Parent Company and Consolidated financial statements:

		Parent Company		Consolidated	
Description of derivatives	**Category**	**09/30/2018**	**12/31/2017**	**09/30/2018**	**12/31/2017**
NDF (Import orders)	Designated for hedge	22,877	2,878	25,897	3,780
Interest rate swap	Not designated for hedge	1,400	1,747	1,400	1,747
FX swap	Not designated for hedge	47,270	4,429	52,597	4,429
	Total	**71,547**	**9,054**	**79,894**	**9,956**
	Current assets	22,877	5,822	25,915	6,917
	Current liabilities	48,670	(8,108)	62,012	(8,301)
	Non-current liabilities	-	11,340	(8,033)	11,340
	Total	**71,547**	**9,054**	**79,894**	**9,956**

Swaps are stated in borrowing, financing and debenture balance (see Note 18.2 Financing - financial services operations (see Note 19.1) in compliance with CPC 40/IFRS 7.

25.4.1 Derivatives for hedge accounting

25.4.1.1 NDF (Non-Deliverable Forward)

Hedge instrument				Hedge transactions	
Maturity dates	**Transaction**	**Notional (US$)**	**(*) Fair value**	**Transaction**	**Estimated maturity**
01/01/2018–06/30/2019	NDF	139,000	22,877	Import orders	01/01/2018–06/30/2019
Total Parent Company		**139,000**	**22,877**		
01/01/2018–06/30/2019	NDF	15,898	3,020	Import orders	01/01/2018–06/30/2019
Total Consolidated		**154,898**	**25,897**		

(*) Non-Deliverable Forwards are priced under the discounted cash flow method, using projections from "B3 S.A.- Brasil, Bolsa e Balcão".

During the period, the NDF transactions used to hedge the cash flow risk of import orders were effective and complied with the levels established by accounting pronouncement CPC 40/IAS 39.

25.4.1.2 Cash flow

The cash flows related to import orders of goods for resale are initially recorded in the inventories and subsequently in profit or loss as the inventories are realized in the normal course of operations. The table below shows the expected cash flow from the import orders of future operations exposed to foreign currency hedged by derivatives, using as reference the US dollar exchange rate expected for the next reporting date of R$ 4.0664:

	4Q18	**1Q19**	**2Q19**	**Total**
Resale goods import orders	245,826	368,058	15,993	629,877
Notional amount - US$ thousand	**60,453**	**90,512**	**3,933**	**154,898**

25.4.2 Derivatives not for hedge accounting

25.4.2.1 Swaps

						Amount receivable (payable)	
Type	**Instrument**	**Maturity**	**Long position**	**Short position**	**Notional**	**09/30/2018**	**12/31/2017**
Interest rate swap	Debentures - 5th issue - 2nd series	Note 18.3	IPCA + 5.7% p.a.	98.7% CDI	R$ 31,838	1,400	1,747
FX swap	Working capital - Law 4131	08/15/2019	US$ + 2.61% p.a.	103% CDI	$ 43,550	32,910	4,429
FX swap	Working capital - Law 4131	06/10/2019	US$ + 4.31% p.a.	100.9% CDI	$ 45,000	14,360	-
					Total - Parent Company	**48,670**	**6,176**
FX swap	Working capital - Law 4131	01/10/2019	US$ + 2.36% p.a.	103.9% CDI	$ 10,779	8,096	-
FX swap	Working capital - Law 4131	04/18/2019	US$ + 3.05% p.a.	100.9% CDI	$ 8,803	5,264	-
FX swap	Working capital - Law 4131	08/23/2020	US$ + 4.67% p.a.	101.8% CDI	$ 33,000	(8,033)	-
					Total - Consolidated	**53,997**	**6,176**

25.4.2.2 Change of the swaps

	Parent Company	**Consolidated**
Balance at January 1, 2017	**(20,320)**	**(23,891)**
Settlement of principal	22,272	27,120
Interest payment	5,721	5,721
Loss from fair value	(1,497)	(2,774)
Balance at December 31, 2017	**6,176**	**6,176**
Interest payment	3,199	4,075
Gain from fair value	39,295	43,746
Balance at September 30, 2018	**48,670**	**53,997**

25.5 CREDIT RISK

The ratings of derivatives are in accordance with the main risk rating agencies. Below we present the credit risk of derivative assets at September 30, 2018 (currency forward contracts of the Non-Deliverable Forward (NDF) type), since the balances of swaps are presented in Note 8.2 on liquidity 8.2:

	Consolidated	
Rating - National Scale	**09/30/2018**	**12/31/2017**
brAAA	87,373	12,965
(*) N/a	572	128
Total - Derivative financial instrument (assets)	**87,945**	**13,093**

(*) Not applicable, because it is not included in the national scale rating.

26 OTHER OBLIGATIONS

	Parent Company		Consolidated	
	09/30/2018	**12/31/2017**	**09/30/2018**	**12/31/2017**
Advances from financial institutions (a)	2,473	3,214	4,865	4,903
Obligations with customers (b)	17,210	18,317	46,255	40,749
Obligations related to the transactions with insurance (c)	8,102	8,712	8,208	9,021
Transfer operation of financial products (d)	13,090	14,616	-	-
Other obligations (e)	31,548	21,039	34,908	22,008
Total	**72,423**	**65,898**	**94,236**	**76,681**
Current liabilities	70,939	63,673	92,602	74,252
Non-current liabilities	1,484	2,225	1,634	2,429
Total	**72,423**	**65,898**	**94,236**	**76,681**

(a) Refer to advances of payroll agreements from financial institute, among others related with Branded Card.
(b) Refer to balances in favor to clients, which credits may be used as payment for purchases in the Company and goods bought from bridal registries, but not yet delivered.
(c) Advances related to insurance operations related to exclusivity contract and insurance premiums paid by clients to be transferred to the insurance company.
(d) Refer to the agreement of transfers of the Quick Withdrawal agreement and transfers of "*Meu Cartão*" operations balances.
(e) Refer to balances payable corresponding to the acquisition of ICMS credits, freights, royalties, payroll advance borrowings, among others.

27 RELATED PARTIES

The Company, the subsidiaries and related persons perform transactions among themselves, related to the financial, business and operational aspects of the Company. We describe below the most significant transactions:

27.1 PARENT COMPANY'S CONTEXT

27.1.1 Lease agreements

In August 2018, the Company updated lease agreements by means of addendum with the subsidiary Dromegon referring to the buildings of the stores located in the downtown of Porto Alegre, Santa Maria and Pelotas. The lease values for these properties were set at 4.29%, 4% and 4% of gross monthly sales by stores, in this order. These lease agreements are effective for ten years and may be renewed.

27.1.2 Quick Withdrawal extension service agreement

The Company provides Quick Withdrawal services, through its indirect subsidiary Realize CFI S.A., making it possible for Renner customers to obtain Quick Withdrawal. Lojas Renner is a party in the transaction through its operating infrastructure, providing bank correspondent product services.

27.1.3 Use of Renner credit card (private label) and "Meu Cartão" in Camicado

One of the main synergy drivers pointed out by management in the Camicado integration process is the acceptance of Renner credit card (private label) (CCR) and "Meu Cartão" in Camicado stores.

27.1.4 Agreement to apportion corporate costs and expenses

As a means of optimizing the corporate structure made available to management, Lojas Renner and its subsidiaries entered into agreements among themselves to share their structures, mainly focused on sharing back-office and corporate structure.

27.1.5 Import intermediation

Parent Company carries out commercial transactions with its subsidiary Lojas Renner Shanghai Trading Co. Ltd., which operates as import intermediary. Such operation is in line with the Company's strategy of increasing the approximation to and development of its international base of suppliers. The revenue from intermediation commission was produced at a price compatible with the market conditions.

27.1.6 Export of goods and services

Parent Company carries out commercial transactions with its subsidiary Lojas Renner Uruguay S.A. related to the export of merchandise for the purpose of building inventories and be prepared for retail transactions in that country. In addition, parent company also exports services to this subsidiary, as part of an agreement for the sharing of corporate expenses. All commercial transactions carried out with this subsidiary are priced considering market conditions.

27.2 CONSOLIDATED CONTEXT

27.2.1 Remuneration of the members of the Board of Directors and Executive Board (the "Management")

Pursuant to Corporation Law and the Company's bylaws, it is the responsibility of shareholders, at a Annual Shareholders' Meeting, to set the total amount of the annual Management fees. It is up to the Board of Directors to distribute the allowance among the Management members after considering the Committee of Persons.

The Annual Shareholders' Meeting held on April 19, 2018, approved the Management members' global remuneration limit up to R$ 44,000 (forty-four million) for fiscal year 2018. This amount consists of funds that include fixed remuneration, variable remuneration, which sum, besides participation in meetings, the statutory participation (Art. 34 of the Bylaws and paragraph 1 of art. 152 of Law 6.4047/76), and the cost of the share plan and the restricted share plan (notes 31 and 32).

The summary of amounts for the three and nine-month periods ended September 30, 2018 is as follows:

	Parent Company				Consolidated			
	3Q18	**9M18**	**3Q17**	**9M17**	**3Q18**	**9M18**	**3Q17**	**9M17**
Management remuneration	2,887	8,544	2,596	8,621	3,077	9,218	2,962	9,231
Stock option plans	2,395	7,100	4,536	12,773	2,395	7,100	4,536	12,773
Restricted share plan	952	2,857	809	2,203	952	2,857	809	2,203
TOTAL	**6,234**	**18,501**	**7,941**	**23,597**	**6,424**	**19,175**	**8,307**	**24,207**

Total management remuneration is impacted by calculation of operating and financial indicators that are reflected in the Company's net income.

27.3 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

27.3.1 ACCOUNTING POLICY

Transactions between the Company's subsidiaries, including balances, gains and losses not realized in these transactions were eliminated, when applicable. The subsidiaries' accounting policies were adjusted to ensure consistency with the Parent Company's accounting practices.

27.3.2 Balances with related companies

The main asset and liability balances, as well as the transaction amounts recorded in profit or loss for the period from related party transactions arise from transactions performed at arm's length in the respective transaction types and are summarized below:

Operations - Assets (liabilities)	Renner Adm. de Cartões de Crédito Ltda.	Dromegon Participações Ltda.	Maxmix Comercial Ltda.	Fashion Business Comércio de Roupas Ltda.	Lojas Renner Shanghai Trading Co. Ltd.	Realize Participações S.A.	Lojas Renner Uruguay S.A.	Realize CFI S.A.	Total
Accounts receivable									
Export of goods for resale	-	-	-	-	-	-	5,187	-	5,187
Co-Branded card operations	-	-	-	-	-	-	-	145,753	145,753
Credit with related parties									
Sharing of expenses	-	-	635	538	5,704	4	116	18,196	25,193
Unsecured liability	-	-	-	-	(321)	-	-	-	(321)
Debits with related parties									
Sharing of expenses	(563)	12	-	-	(29)	-	-	-	(580)
Rents payable	-	(516)	(24)	-	-	-	-	-	(540)
Obligations with credit card administrators									
Co-Branded card operations	(7,079)	-	-	-	-	-	-	(8,380)	(15,459)
Other obligations									
Renner credit card operations	-	-	(12,122)	-	-	-	-	-	(12,122)
Quick Withdrawal operations	-	-	-	-	-	-	-	(968)	(968)
Total at September 30, 2018	**(7,642)**	**(504)**	**(11,511)**	**538**	**5,354**	**4**	**5,303**	**154,601**	**146,143**
Accounts receivable									
Export of goods for resale	-	-	-	-	-	-	9,153	-	9,153
Co-Branded card operations ("Meu Cartão")	-	-	-	-	-	-	-	178,711	178,711
Credit with related parties									
Sharing of expenses	-	-	395	970	6,167	1	78	7,319	14,930
Unsecured liability	-	-	-	-	(2,419)	-	-	-	(2,419)
Other assets									
Quick Withdrawal operations	-	-	-	-	-	-	-	638	638
Debits with related parties									
Quick Withdrawal operations	(2,513)	-	-	-	-	-	-	-	(2,513)
Sharing of expenses	-	5	-	-	(40)	-	-	11	(24)
Rents payable	-	(1,090)	(116)	-	-	-	-	-	(1,206)
Obligations with credit card administrators									
Co-Branded card operations	(26,040)	-	-	-	-	-	-	(12,591)	(38,631)
Other obligations									
Renner credit card operations (Private Label)	-	-	(14,616)	-	-	-	-	-	(14,616)
Total - December 31, 2017	**(28,553)**	**(1,085)**	**(14,337)**	**970**	**3,708**	**1**	**9,231**	**174,088**	**144,023**

27.3.3 Transactions with related companies

Type of income (expense)	Renner Administradora de Cartões de Crédito Ltda.	Dromegon Participações Ltda.	Maxmix Comercial Ltda.	Fashion Business Comércio de Roupas Ltda.	Lojas Renner Shanghai Trading Co., Ltd.	Lojas Renner Uruguay S.A.	Realize CFI S.A.	09/30/2018
Apportionment for corporate expenses	(156)	18	890	970	310	-	6,316	8,348
Intermediation commission	-	-	-	-	(3,482)	-	-	(3,482)
Property rental expenses	-	(1,677)	-	-	-	-	-	(1,677)
Income from rendering of services	-	-	-	-	-	676	4,202	4,878
Export of goods	-	-	-	-	-	6,252	-	6,252
Total 3Q18	**(156)**	**(1,659)**	**890**	**970**	**(3,172)**	**6,928**	**10,518**	**14,319**
Apportionment for corporate expenses	(427)	54	2,646	3,399	1,305	-	10,060	17,037
Intermediation commission	-	-	-	-	(9,423)	-	-	(9,423)
Property rental expenses	-	(4,939)	-	-	-	-	-	(4,939)
Income from rendering of services	-	-	-	-	-	1,408	11,562	12,970
Export of goods	-	-	-	-	-	27,802	-	27,802
Total 9M18	**(427)**	**(4,885)**	**2,646**	**3,399**	**(8,118)**	**29,210**	**21,622**	**43,447**

Type of income (expense)	Renner Administradora de Cartões de Crédito Ltda.	Dromegon Participações Ltda.	Maxmix Comercial Ltda.	Fashion Business Comércio de Roupas Ltda.	Lojas Renner Shanghai Trading Co.Ltd.	Lojas Renner Uruguay S.A.	Realize CFI S.A.	09/30/2017
Apportionment for corporate expenses	(250)	16	1,076	810	218	-	2,418	4,288
Intermediation commission	-	-	-	-	(1,120)	-	-	(1,120)
Property rental expenses	-	(1,620)	(31)	-	-	-	-	(1,651)
Income from rendering of services	-	-	-	-	-	-	3,501	3,501
Export of goods	-	-	-	-	-	1,895	-	1,895
Financial returns	-	-	-	-	-	-	657	657
Total 3Q17	**(250)**	**(1,604)**	**1,045**	**810**	**(902)**	**1,895**	**6,576**	**7,570**
Apportionment for corporate expenses	30,089	48	2,442	2,204	977	-	1,256	37,016
Intermediation commission	-	-	-	-	(4,273)	-	-	(4,273)
Property rental expenses	-	(4,792)	(61)	-	-	-	-	(4,853)
Income from rendering of services	-	-	-	-	-	-	3,501	3,501
Sale of property, plant and equipment and intangible assets	-	-	-	-	-	-	4,493	4,493
Export of goods	-	-	-	-	-	2,133	-	2,133
Financial returns	-	-	-	-	-	-	657	657
Total 3M17	**30,089**	**(4,744)**	**2,381**	**2,204**	**(3,296)**	**2,133**	**9,907**	**38,674**

28 SHAREHOLDERS' EQUITY

28.1 CAPITAL

The Company's authorized capital limit is 1,237,500,000 (one billion, two hundred and thirty-seven million and five hundred thousand) common shares, all without par value. Within the limits authorized in the Articles of Association, the Company will be able to increase the capital independently of statutory reform. The Board of Directors will determine the conditions for the share issue, including price and timeframe for payment.

According to art. 40 of the Company By-laws, any person or group of shareholders that acquires or becomes the holder of shares issued by the Company (Purchasing Shareholder) in a quantity greater than or equal to 20% of the total shares issued, shall, within 60 days after the date of acquisition, hold a Public Offering (PO) for the acquisition of all the shares, complying with provisions of CVM regulations, of the regulations of *B3* and of the Company's By-laws. As of September 30, 2018, no shareholder individually holds ownership interest greater than or equal to 20%.

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

28.1.1 The changes in the Capital is shown below:

	Share quantity (thousand)	Amount
Balance at January 1, 2017	**643,551**	**1,178,368**
Capital increase, General Meeting on May 17, Aug 17 and Nov 16	5,329	60,678
Incorporation with capital reserves	-	237,849
(*) Share bonus with incorporation of profit reserves	64,355	1,080,001
Balance at December 31, 2017	**713,235**	**2,556,896**
Capital increase, General Meeting on May 21 and Aug 16	4,731	57,584
Balance at September 30, 2018	**717,966**	**2,614,480**

28.2 TREASURY SHARES

Treasury shares balance on September 30, 2018 are as follows:

28.2.1 Position of treasury shares

Descriptions	Amount (in thousand)	Average cost (R$) per share	Total
1st Repurchase Program	1,100	17.29	19,021
2nd Repurchase Program	999	25.85	25,824
(-) Disposal/ transfer of shares	(14)	21.35	(309)
Total	**2,085**	**21.36**	**44,536**

28.2.2 Changes in treasury shares

	Amount (in thousand)	Amount	Average price
Balance at January 1, 2017	**1,100**	**19,021**	**17.29**
Repurchase of shares	399	8,836	22.15
Balance at December 31, 2017	**1,499**	**27,857**	**18.58**
Repurchase of shares	600	16,988	28.31
Disposal/ transfer of shares	(14)	(309)	21.35
Balance at September 30, 2018	**2,085**	**44,536**	**21.36**

28.3 CAPITAL RESERVES

28.3.1 Stock option plan reserve and restricted share plan

Refer to the contra-entry of the stock option plan expenses, as described in Notes 31 and 32. The allocation of capital reserves depends on resolution at Special Shareholders' Meeting. The balance on September 30, 2018 is R$ 116,588 (R$ 94,285 on December 31, 2017).

28.4 PROFIT RESERVES

28.4.1 Legal reserve

In compliance with art. 193 of Law 6404/76 and art. 34, item (a) of the Company's Bylaws, the legal reserve is set up at amount equivalent to 5% of the net income for each year. The balance on September 30, 2018 is R$ 36,634 (R$ 36,634 on December 31, 2017).

28.4.2 Reserve for investment and expansion

This reserve is formed according to the intended use decided on by the Management bodies, to cover investments in the Company's expansion plan, as provided for in art. 34, item (c) of the Company's by-laws. The balance on September 30, 2018 is R$ 439,472 (R$ 439,472 on December 31, 2017).

28.4.3 Tax incentive reserve

The Company uses ICMS tax incentives in the form of "presumed credit," with its respective impacts on Income, having earned the amount of R$ 23,669 at the parent company in 2017. The Company's management, in view of the publication of Complementary Law 160/17, assigned such benefits, such as Tax incentive reserve, which was approved in the Annual Shareholders' Meeting, held on April 19, 2018. The balance of tax incentive reserve on September 30, 2018 is R$ 23,669 (R$ 23,669 on December 31, 2017).

The amounts of tax incentives calculated in 2018 will be allocated to the tax incentive reserve at the end of the current year, in compliance with Law 6,404/76.

28.4.4 Additional dividend proposed

Refers to the dividends proposed in addition to the minimum mandatory dividend, totaling R$ 96,247, submitted to and approved by the Annual Shareholders' Meeting held in April 2018.

28.5 OTHER COMPREHENSIVE INCOME

They are presented as other comprehensive income: Accumulated translation adjustments and the unrealized profit or loss on derivative financial instruments as equity valuation adjustments. The amount of adjustments recorded represents an accumulated balance of earnings, net of taxes, in the amount of R$ 23,289 on September 30, 2018 (R$ 4,100 of gain, net of taxes, on December 31, 2017).

29 INTEREST ON OWN CAPITAL

29.1 ACCOUNTING POLICY

The Company's bylaws and corporate law establish that a minimum of 25% of the adjusted annual net income must be distributed as dividends. Accordingly, the Company records provision, upon the closing of each year, in the amount of the minimum compulsory dividend that has not yet been distributed if such limit was not attained by interim remunerations. Dividends exceeding this limit are segregated in a specific account of shareholders' equity denominated "Additional dividends proposed". When decided by Management, interest on own capital is calculated in dividends for the year.

The tax benefit of interest on own capital is recognized in the income statement (Note 14.4).

29.2 DISTRIBUTION OF INTEREST ON OWN CAPITAL

The statement of the proposal for distribution of interest on own capital as of September 30, 2018 and 2017 is as follows:

Period	Nature	Payment	Outstanding shares (thousand)	R$/share	09/30/2018
1Q18	JSCP - RCA 03/15/2018	April 2019	711,735	0.072964	51,931
2Q18	JSCP - RCA 06/19/2018	April 2019	714,575	0.073243	52,338
3Q18	JSCP - RCA 09/19/2018	April 2019	715,881	0.079685	57,045
			TOTAL	**0.225892**	**161,314**

Period	Nature	Payment	Outstanding shares (thousand)	R$/share	09/30/2017
1Q17	JSCP - RCA 3/16/2017	April 2018	642,187	0.074760	48,010
2Q17	JSCP - RCA 6/20/2017	April 2018	709,646	0.064743	45,945
3Q17	JSCP - RCA 09/19/2017	April 2018	711,486	0.070408	50,094
			TOTAL	**0.209911**	**144,049**

Interest on own capital was fully deducted when calculating income tax and social contribution, and the tax benefits arising from this deduction for the three and nine-month period ended September 30, 2018 were R$ 19,395 and R$ 54,847 (R$ 17,032 and R$ 48,977 as of September 30, 2017).

30 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit attributable to company shareholders by the weighted average number of common shares issued during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares, presuming the conversion of all the potential diluted common shares for the stock option plans.

The number of shares calculated as described above is compared to the number of issued shares, assuming that the stock option plan is exercised. Basic and diluted earnings per share for the three and nine-month period ended September 30, 2018 and 2017 are as follows:

	Parent Company and Consolidated			
Basic/Diluted numerator	**3Q18**	**9M18**	**3Q17**	**9M17**
Net income for the period	194,211	580,362	140,319	400,878
(*) Weighted average of common shares	717,400	715,093	712,029	680,861
(*) Potential increase in common shares on account of the option plan	3,917	5,546	7,477	8,343
Basic earnings per share - R$	**0.2707**	**0.8116**	**0.1971**	**0.5888**
Diluted earnings per share - R$	**0.2692**	**0.8053**	**0.1950**	**0.5817**

31 STOCK OPTION PLAN

31.1 ACCOUNTING POLICY

The Company approved a stock option plan for selected Management members and executives, offering them the possibility of acquiring the Company's shares in the form and at conditions described in the plan. Fair value of granted stock option plans is calculated at the date of respective grant using the Black&Scholes model. Expense is recorded at a "*pro rata temporis*" basis, which starts on grant date and ends on the date in which the beneficiary acquires the right to exercise the option.

Currently, the Company maintains two stock option plans, totaling six programs and two ongoing contract grants. Details of stock option plans are as follow:

31.2 1st PLAN (PROGRAMS 2005–2015 AND CONTRACT GRANTS)

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

On March 5, 2014, it was approved the contractual grant of options of the CEO, which establishes that the option exercise is subject to a total grace period of six years, counted as of the grant date, and from the second and third anniversary of the grant date, it shall be granted the advance exercise of a portion of 30% of the options in each anniversary, taking into account that the balance of 40% may be exercised from the last quarter of the fourth year counted as of the contract signature date, and provided that a target of Company's valuation is met through the Total Shareholder Return (TSR), set by the Board of Directors.

31.3 2nd PLAN (PROGRAMS 2016–2017 AND CONTRACT GRANTS)

On September 23, 2015, at the Special Shareholders' Meeting a new stock option plan was approved, which still did not have any grants through the reporting dates of the financial statements. Each program will have four tranches, with 25% being exercisable after one year and successively. On February 9, 2017, a new contractual options granting was approved by the Chief Executive Officer, which provides for the same conditions of the 2nd Stock option plans.

31.4 COMMON FEATURES OF THE PLANS

Both plans establish the oversight by the Committee of Personnel ("Committee"), created according to the Company's Bylaws, which is composed of the independent members of the Board of Directors ("Board"). Committee members may not be benefitted in stock options. Once an option becomes exercisable, the beneficiary (selected Management members and Executives) may exercise it at any time, at its own discretion, up to the end of the 6-year period counted as of such option grant date. Plans also provide for the right to exercise them in case of death, retirement or permanent disability of the member.

In case of obligation of carrying out a public offering, under the terms of Art. 39, 40, 41 and 42 of the Bylaws, or in the event of success of the tender offer of the Company, if any of these cases result in the termination without cause of a Plan participant by initiative of the Company, all options granted to the respective participant and that are not yet vested shall automatically become vested, which condition is restricted to the termination that occurs up to 12 months in case of the Plan approved in 2015.

31.5 POSITION OF STOCK OPTION PLAN

								Position of grants (Quantity)	
Option plan (approval date)	**Grant**	**Exercise value**	**Grant date**	**Grace period 1st tranche**	**Grace period 2nd tranche**	**Grace period 3rd tranche**	**Grace period 4th tranche**	**Balance at 09/30/2018**	**Balance at 12/31/2017**
1st plan - May/05	9th grant	14.19	02/22/2013	02/22/2016	02/21/2017	-	-	19	240
1st plan - May/05	10th grant	10.21	02/19/2014	02/18/2017	02/18/2018	-	-	286	1,902
1st plan - May/05	Contractual grant	10.16	03/05/2014	03/04/2016	03/04/2017	09/30/2017	-	2,313	3,312
1st plan - May/05	11th grant	13.25	02/12/2015	02/11/2018	02/11/2019	-	-	1,737	3,168
1st plan - May/05	11th grant compl.	15.83	04/16/2015	04/15/2018	04/15/2019	-	-	14	28
								4,369	**8,650**
2nd plan - Sep/15	1st grant	15.40	02/04/2016	02/03/2017	02/03/2018	02/03/2019	02/03/2020	1,238	1,725
2nd plan - Sep/15	2nd grant	21.71	02/09/2017	02/09/2018	02/09/2019	02/09/2020	08/02/2021	1,152	1,521
2nd plan - Sep/15	Contractual grant	21.71	02/09/2017	02/09/2018	02/09/2019	02/09/2020	08/02/2021	1,564	1,564
2nd plan - Sep/15	3rd grant	36.21	02/08/2018	02/08/2019	02/08/2020	07/02/2021	07/02/2022	1,028	-
							Total	**9,351**	**13,460**

The closing share price of the Company as of September 30, 2018 is R$ 31.00 (R$ 35.49 as of December 31, 2017).

Each option corresponds to the right to subscribe one share of the Company. As of September 30, 2018, there were 8,323 thousand options in the Money. We show below the effects in the equity value of share and the respective percentage of reduction in the ownership interest of the current shareholders as of September 30, 2018 (December 31, 2017):

	09/30/2018	**12/31/2017**
Shareholders' equity	3,607,482	3,223,446
Number of shares - thousand	717,966	713,235
Book value per share - R$	5.02	4.52
Shareholders' equity, considering the in the Money options exercised	3,735,439	3,415,890
Number of shares, considering the in the Money options exercised	726,289	726,695
Book value of the share, considering the in the Money options exercised	5.14	4.70
% of decrease in the ownership interest of current shareholders, considering the in the Money options exercised	1.15%	1.85%

31.6 ASSUMPTIONS TO FAIR VALUE MEASUREMENT OF STOCK OPTION PLAN

The fair value of granted shares purchase option plan is calculated on the respective grant date based on the Black&Scholes model. For determining fair value, the Company adopted assumptions as:

(a) Option exercise value: corresponds to the weighted average rate over the last 30 share trading sessions of Lojas Renner S.A before the grant date.
(b) The Company's share price volatility: corresponds to the weighting of the trading history of the Company's share.
(c) Risk-free interest rate: the Company used the Interbank Deposit Certificate (CDI) available on the grant date and projected for the maximum grace period of the option.
(d) Expected dividend: this percentage corresponds to the payment of dividends per share in relation to the market value of the Company's shares on the grant date.
(e) Vesting period: represents the maximum period for beneficiaries to exercise their options.

31.7 CHANGES IN SHARE PURCHASE OPTION PLAN

	Amount (in thousands)
Balance at January 1, 2017	**14,486**
Options granted	2,816
Options exercised	(5,329)
Options canceled	(229)
Share bonus effect - Special Shareholders' Meeting on May 3, 2017	1,716
Balance at December 31, 2017	**13,460**
Options granted	1,178
Options exercised	(4,731)
Options canceled	(556)
Balance at September 30, 2018	**9,351**

In the three and nine-month period ended September 30, 2018, expense with stock option plan totaled R$ 5,920 and R$ 15,721 (R$ 7,129 and R$ 21,581 on September 30, 2017) in the Parent Company and Consolidated.

32 RESTRICTED SHARE PLAN

32.1 ACCOUNTING POLICY

The Company approved a restricted share plan for selected Management members, executives and employees, offering them the possibility of acquiring restricted share in the form and at conditions described in the plan. Expense is recorded at a *pro rata temporis* basis, which starts on grant date and ends on the date in which the Company transfers the right of shares to the beneficiary. Expenses corresponds to the number of issued shares multiplied by the share price on the grant date. The provision of social security contributions is updated monthly according to the closing price of the Company.

On September 23, 2015, at the Special Shareholders' Meeting a Restricted Share Plan was approved. The plan shall be administered by the Committee of Personnel of the Company ("Committee"), created in compliance with the Bylaws, which is composed of independent members of the Board of Directors ("Board"). The plan establishes that the Committee and Board members shall not be eligible to the Restricted Share plan.

32.2 MAIN CHARACTERISTICS OF THE RESTRICTED SHARE PLAN

For purposes of this plan, the Board of Directors may, upon previous recommendation of the Committee, grant a number of registered and book-entry common shares of the Company, not in excess of 1% of the totality of issued shares. The restricted shares to be granted to participants should be those that are held in the Company's treasury.

The grants of Restricted Shares shall be periodically performed to benefit the executive officers, executives and employees of the Company who occupy strategic positions for the businesses, so identified by the Committee. The definite transfer of Restricted Shares to the participants is conditioned to the fulfillment of a grace period of three years for each grant, and at the end of the grace period, the participant shall have employment agreement with the Company, otherwise, the grants shall be cancelled. All Restricted Shares which grace period has not been completed yet shall be due and shall be transferred to the owners, heirs or successors in case of death, permanent invalidity or retirement.

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

On February 9, 2017, a contractual restricted shares granting was approved by the Chief Executive Officer due to the extension of his contract. The contractual grant has the same conditions of exercise and grace period of the other existing grants.

32.3 POSITION OF RESTRICTED SHARE PLAN

Grant	Grant date	Grace period 1st tranche	Position of grants (Quantity) 09/30/2018	12/31/2017
1st grant	02/04/2016	02/03/2019	421	484
2nd grant	02/09/2017	02/09/2020	292	292
Contractual grant	02/09/2017	02/09/2020	369	425
3rd grant	02/08/2018	07/02/21	275	-
			1,357	**1,201**

32.4 CHANGES IN RESTRICTED SHARE PLAN

	Amount (In thousands)
Balance at January 1, 2017	**453**
Options granted	654
Options canceled	(16)
Share bonus effect - Special Shareholders' Meeting on May 3, 2017	110
Balance at December 31, 2017	**1,201**
Options granted	317
Options canceled	(147)
Options exercised	(14)
Balance at September 30, 2018	**1,357**

In the three and nine-month period ended September 30, 2018, expenses with restricted share plan, including principal and social charges, R$ 4,635 and R$ 10,503 (R$ 3,605 and R$ 8,100 on September 30, 2017).

33 INFORMATION PER BUSINESS SEGMENT

33.1 ACCOUNTING POLICY

The operating segments are presented consistently with the internal report supplied to the Company's main operating decision maker. The main decision maker, in charge of allocating funds and evaluating performance of operating segments is the Company's Board of Directors. Information of operating segments is divided in:

(i) **Retail:** sale of garment items (women, men and children), perfumery, cosmetics, watches, as well as the home & decoration segment;
(ii) **Financial products:** granting of Quick Withdrawals, financing of purchases, insurance and the practice of active and liabilities inherent to credit companies, such as co-branded card, among others.

Income or loss by segment is as follows:

	Retail		Financial Products		Total	
	3Q18	9M18	3Q18	9M18	3Q18	9M18
Net operating income	1,711,461	4,890,311	231,827	701,359	1,943,288	5,591,670
Cost of sales	(782,320)	(2,152,757)	(6,861)	(20,870)	(789,181)	(2,173,627)
Gross profit	**929,141**	**2,737,554**	**224,966**	**680,489**	**1,154,107**	**3,418,043**
Selling	(476,685)	(1,416,130)	-	-	(476,685)	(1,416,130)
General and administrative	(190,538)	(520,176)	-	-	(190,538)	(520,176)
Losses on receivables, net	-	-	(68,260)	(204,802)	(68,260)	(204,802)
Other operating income	(1,577)	(41,302)	(70,087)	(204,970)	(71,664)	(246,272)
Net income from segments	**260,341**	**759,946**	**86,619**	**270,717**	**346,960**	**1,030,663**
Supplementary information						
Depreciation and Amortization	(78,089)	(221,727)	(3,196)	(9,687)	(81,285)	(231,414)
Stock option plan					(5,920)	(15,721)
Income (loss) in the write-off of fixed assets					(1,267)	(3,011)
Finance income, net					(17,462)	(44,661)
Income tax and social contribution					(46,815)	(155,494)
Net income for the period					**194,211**	**580,362**

Retail	Financial Products	Total

(All amounts in thousands of Reais unless otherwise stated)

	3Q17	9M17	3Q17	9M17	3Q17	9M17
Net operating income	1,512,578	4,377,718	233,799	615,115	1,746,377	4,992,833
Cost of sales	(696,818)	(1,966,655)	(5,735)	(17,493)	(702,553)	(1,984,148)
Gross profit	**815,760**	**2,411,063**	**228,064**	**597,622**	**1,043,824**	**3,008,685**
Selling	(435,509)	(1,282,218)	-	-	(435,509)	(1,282,218)
General and administrative	(156,914)	(432,805)	-	-	(156,914)	(432,805)
Losses on receivables, net	-	-	(71,408)	(177,051)	(71,408)	(177,051)
Other operating income	(21,921)	(79,496)	(58,835)	(164,702)	(80,756)	(244,198)
Net Income from segments	**201,416**	**616,544**	**97,821**	**255,869**	**299,237**	**872,413**
Supplementary information						
Depreciation and Amortization	(78,169)	(232,258)	(4,599)	(9,334)	(82,768)	(241,592)
Stock option plan					(7,129)	(21,581)
Income (loss) in the write-off of fixed assets					(3,412)	(4,568)
Finance income, net					(21,305)	(68,682)
Income tax and social contribution					(44,304)	(135,112)
Net income for the period					**140,319**	**400,878**

The segment profit or loss shown in the above table does not deduct the expenses with depreciation and amortization, with the stock option plan and income (loss) from write-off of assets. The exclusion of these expenses in the calculation of the profit or loss of segments is in line with the way Management evaluates the performance of each business and its contribution to the cash generation of the Company. The Company does not allocate the financial income by segment, understanding that its composition is more related to corporate decisions on capital structure than to the nature of the profit or loss of each business segment.

34 INCOME

34.1 ACCOUNTING POLICY

Beginning on January 1, 2018 the CPC 47 / *IFRS* 15 – Revenue from Contracts with Customers came into effect, which deals with the new approach to recognize revenue from transactions with customers. This standard establishes a model aimed at evidencing whether the criteria for accounting were satisfied or not. The steps of this new process also comprise the following:

i) identification of the contract with the client;
ii) identification of performance obligations;
iii) determination of transaction price;
iv) to allocation of transaction price; and
v) income recognition upon satisfaction of performance obligation.

Considering the above-mentioned aspects, revenues shall be recorded at the amount that reflects the Company's expectation of receiving in consideration of the products and financial services offered to customers.

Management evaluated the effects of adopting the standard and did not identify any change or impact from the recognition of such income, regarding the possible changes in the recognized amounts and the changes in the performed control activities, as they are recognized to the extent there is transfer of control of products and services.

The income is presented net of taxes, goods returned, rebates and discounts, and eliminations of income between related parties.

Sale of goods – retail: The Company operates with a chain of retail outlets to trade its goods. Income is recognized in income upon the effective delivery of the goods to the customer. Sales are spot sales, in cash and debit cards, or forward sales by third party cards, Renner credit card (private label), through financing granted through agreements with financial institutions or indirect subsidiary Realize CFI.

Sales of financial products and services: The Company carries out own credit transactions and offers Quick Withdrawals and sales financing by means of agreements with financial institutions. Operating income is recognized in income considering effective interest rate, throughout contract validity and for agreed operations, according to the effective provision of services.

34.2 BREAKDOWN

	Parent Company			
	3Q18	**9M18**	**3Q17**	**9M17**
Gross operating income	**2,106,563**	**6,084,853**	**1,920,280**	**5,636,803**
Sales of goods	2,012,488	5,789,005	1,809,484	5,294,495
Financial products and services	94,075	295,848	110,796	342,308
Deductions	**(485,199)**	**(1,393,855)**	**(441,069)**	**(1,311,921)**
Taxes on sales	(479,510)	(1,375,786)	(434,285)	(1,291,578)
Taxes on financial products and services	(5,689)	(18,069)	(6,784)	(20,343)
Net operating income	**1,621,364**	**4,690,998**	**1,479,211**	**4,324,882**

	Consolidated			
	3Q18	**9M18**	**3Q17**	**9M17**
Gross operating income	**2,480,005**	**7,131,577**	**2,231,419**	**6,439,766**
Sales of goods	2,234,198	6,386,692	1,982,620	5,768,847
Financial products and services	245,807	744,885	248,799	670,919
Deductions	**(536,717)**	**(1,539,907)**	**(485,042)**	**(1,446,933)**
Taxes on sales	(522,737)	(1,496,381)	(470,042)	(1,391,129)
Taxes on financial products and services	(13,980)	(43,526)	(15,000)	(55,804)
Net operating income	**1,943,288**	**5,591,670**	**1,746,377**	**4,992,833**

The Company does not record balance of sales returns, because according to its product return policy, the client receives a bonus voucher in the moment of the return of the sale at the same price of the returned good for further use in a new purchase.

In Management's opinion, the returns occur on an occasional basis and in amounts which are not deemed material.

35 EXPENSES PER TYPE

The Company's income statements are shown by function. We show below the breakdown of expenditures by nature:

	Parent Company			
	3Q18	**9M18**	**3Q17**	**9M17**
Personal	(243,171)	(709,970)	(223,689)	(645,993)
Occupancy	(112,633)	(337,055)	(106,610)	(315,603)
Outsourced services	(65,384)	(181,090)	(55,970)	(154,079)
Utilities and services	(57,725)	(183,060)	(54,419)	(168,234)
Promotions	(43,533)	(122,399)	(35,878)	(105,960)
Other expenses	(52,748)	(143,712)	(46,859)	(131,302)
Total	**(575,194)**	**(1,677,286)**	**(523,425)**	**(1,521,171)**
Classified as:				
Selling expenses				
Personal	(152,443)	(464,881)	(155,066)	(449,433)
Occupancy	(105,051)	(314,552)	(98,008)	(293,074)
Outsourced services	(15,822)	(46,920)	(10,995)	(36,688)
Utilities and services	(45,589)	(145,607)	(43,417)	(134,471)
Promotions	(43,533)	(122,399)	(35,878)	(105,960)
Other expenses	(41,798)	(117,033)	(36,556)	(108,296)
	(404,236)	**(1,211,392)**	**(379,920)**	**(1,127,922)**
General and administrative expenses				
Personal	(90,728)	(245,089)	(68,623)	(196,560)
Occupancy	(7,582)	(22,503)	(8,602)	(22,529)
Outsourced services	(49,562)	(134,170)	(44,975)	(117,391)
Utilities and services	(12,136)	(37,453)	(11,002)	(33,763)
Other expenses	(10,950)	(26,679)	(10,303)	(23,006)
	(170,958)	**(465,894)**	**(143,505)**	**(393,249)**

	Consolidated			
	3Q18	**9M18**	**3Q17**	**9M17**
Personal	(277,041)	(805,473)	(250,806)	(720,940)

Occupancy	(135,907)	(402,703)	(125,039)	(367,736)
Outsourced services	(75,843)	(208,847)	(62,625)	(173,051)
Utilities and services	(65,248)	(203,752)	(59,638)	(182,946)
Promotions	(50,788)	(144,015)	(40,428)	(118,286)
Other expenses	(62,396)	(171,516)	(53,887)	(152,064)
Total	**(667,223)**	**(1,936,306)**	**(592,423)**	**(1,715,023)**
Classified as:				
Selling expenses				
Personal	(179,523)	(541,875)	(177,162)	(510,486)
Occupancy	(127,134)	(376,804)	(115,595)	(342,481)
Outsourced services	(18,962)	(55,657)	(13,043)	(42,899)
Utilities and services	(51,625)	(162,406)	(47,553)	(146,013)
Promotions	(50,788)	(144,015)	(40,428)	(118,286)
Other expenses	(48,653)	(135,373)	(41,728)	(122,053)
	(476,685)	**(1,416,130)**	**(435,509)**	**(1,282,218)**
General and administrative expenses				
Personal	(97,518)	(263,598)	(73,644)	(210,454)
Occupancy	(8,773)	(25,899)	(9,444)	(25,255)
Outsourced services	(56,881)	(153,190)	(49,582)	(130,152)
Utilities and services	(13,623)	(41,346)	(12,085)	(36,933)
Other expenses	(13,743)	(36,143)	(12,159)	(30,011)
	(190,538)	**(520,176)**	**(156,914)**	**(432,805)**

36 OTHER OPERATING INCOME

	Parent Company			
	3Q18	**9M18**	**3Q17**	**9M17**
Management remuneration	(2,887)	(8,544)	(2,596)	(8,621)
Tax expenses	(11,919)	(35,134)	(11,573)	(32,893)
Expenses related to financial products and services	(36,084)	(105,565)	(30,775)	(74,157)
Income (loss) in the write-off of fixed assets	(945)	(2,224)	(3,413)	(4,277)
Depreciation and amortization	(71,154)	(203,278)	(75,211)	(221,494)
Stock option plan	(5,920)	(15,721)	(7,129)	(21,581)
Other operating income	6	(679)	(965)	(1,785)
Recovery of tax credits	23,731	31,268	4,281	8,110
Employee profit sharing	(8,757)	(22,895)	(10,655)	(40,553)
Total	**(113,929)**	**(362,772)**	**(138,036)**	**(397,251)**

	Consolidated			
	3Q18	**9M18**	**3Q17**	**9M17**
Management remuneration	(3,077)	(9,218)	(2,962)	(9,231)
Tax expenses	(14,148)	(41,964)	(13,241)	(37,801)
Expenses related to financial products and services	(69,896)	(204,296)	(58,469)	(164,093)
Income (loss) in the write-off of fixed assets	(1,269)	(3,011)	(3,412)	(4,568)
Depreciation and amortization	(81,285)	(231,414)	(82,768)	(241,592)
Stock option plan	(5,920)	(15,721)	(7,129)	(21,581)
Other operating income	(1,554)	(2,347)	(632)	(685)
Recovery of tax credits	25,774	34,668	5,205	9,181
Employee profit sharing	(8,761)	(23,115)	(10,657)	(41,569)
Total	**(160,136)**	**(496,418)**	**(174,065)**	**(511,939)**

37 NET FINANCIAL EXPENSES

	Parent Company			
	3Q18	9M18	3Q17	9M17
Financial income	**11,289**	**29,534**	**12,042**	**41,355**
Gains on cash equivalents	6,366	23,127	11,352	40,257
Foreign-exchange gains	180	259	10	116
Other financial income	4,743	6,148	680	982
Financial expenses	**(27,549)**	**(74,399)**	**(30,024)**	**(108,429)**
Interest on borrowings, financing and swap	(22,017)	(64,007)	(26,548)	(95,121)
Loss on hedge transactions - settled	-	-	-	(3,840)
Foreign-exchange losses	(114)	(177)	(25)	(52)
Other financial expenses	(5,418)	(10,215)	(3,451)	(9,416)
Net financial expenses	**(16,260)**	**(44,865)**	**(17,982)**	**(67,074)**

	Consolidated			
	3Q18	9M18	3Q17	9M17
Financial income	**12,886**	**37,768**	**11,915**	**47,141**
Gains on cash equivalents	7,011	25,113	10,649	43,600
Foreign-exchange gains	1,168	6,477	567	2,500
Other financial income	4,707	6,178	699	1,041
Financial expenses	**(30,348)**	**(82,429)**	**(33,220)**	**(115,823)**
Interest on borrowings, financing and swap	(23,285)	(66,836)	(27,139)	(97,459)
Loss on hedge transactions - settled	-	-	-	(3,840)
Foreign-exchange losses	(409)	(3,140)	(1,059)	(2,429)
Other financial expenses	(6,654)	(12,453)	(5,022)	(12,095)
Net financial expenses	**(17,462)**	**(44,661)**	**(21,305)**	**(68,682)**

38 SUPPLEMENTARY INFORMATION TO THE CASH FLOW

38.1 PARENT COMPANY

	Capital	Treasury shares	Financial leases	Loans, financing and debentures	Statutory payables	Total
Balance at January 1, 2017	**1,178,368**	**(19,021)**	**72,018**	**962,369**	**156,679**	**2,350,413**
Changes in cash	**60,678**	**(8,836)**	**(11,466)**	**13,440**	**(260,071)**	**(206,255)**
Receipt (payment) from financing activities	60,678	(8,836)	(8,283)	110,978	(253,337)	(98,800)
Payment of interest and Management members' profit sharing	-	-	(3,183)	(97,538)	(6,734)	(107,455)
Changes not affecting cash	**1,317,850**	**-**	**8,234**	**111,555**	**284,325**	**1,721,964**
Interest expenses and structuring costs	-	-	8,234	111,555	-	119,789
Incorporation of capital reserves	237,849	-	-	-	-	237,849
Share bonus increase	1,080,001	-	-	-	-	1,080,001
Distribution of interest on own capital, dividends and Management members' profit sharing	-	-	-	-	284,325	284,325
Balance at December 31, 2017	**2,556,896**	**(27,857)**	**68,786**	**1,087,364**	**180,933**	**3,866,122**
Changes in cash	**57,584**	**(16,988)**	**(41,735)**	**(242,897)**	**(290,061)**	**(534,097)**
Receipt (payment) from financing activities	57,584	(16,988)	(38,571)	(162,149)	(279,240)	(439,364)
Payment of interest and Management members' profit sharing	-	-	(3,164)	(80,748)	(10,821)	(94,733)
Changes not affecting cash	**-**	**309**	**6,785**	**57,903**	**249,978**	**314,975**
Disposal/ transfer of shares	**-**	309	-	-	-	309
Interest expenses and structuring costs	-	-	6,785	57,927	-	64,712
Other assets	-	-	-	(24)	-	(24)
Distribution of interest on own capital, dividends and tax obligations	-	-	-	-	249,978	249,978
Balance at September 30, 2018	**2,614,480**	**(44,536)**	**33,836**	**902,370**	**140,850**	**3,647,000**

38.2 CONSOLIDATED

	Capital	Treasury shares	Financial leases	Loans, financing and debentures	Statutory payables	Total
Balance at January 1, 2017	**1,178,368**	**(19,021)**	**72,018**	**1,008,267**	**156,679**	**2,396,311**
Changes in cash	**60,678**	**(8,836)**	**(11,466)**	**(18,318)**	**(260,071)**	**(238,013)**
Receipt (payment) from financing activities	60,678	(8,836)	(8,283)	80,546	(253,337)	(129,232)
Payment of interest and Management members' profit sharing	-	-	(3,183)	(98,864)	(6,734)	(108,781)
Changes not affecting cash	**1,317,850**	**-**	**8,234**	**114,576**	**284,325**	**1,724,985**
Interest expenses and structuring costs	-	-	8,234	114,576	-	122,810
Incorporation of capital reserves	237,849	-	-	-	-	237,849
Share bonus increase	1,080,001	-	-	-	-	1,080,001
Distribution of interest on own capital, dividends and Management members' profit sharing	-	-	-	-	284,325	284,325
Balance at December 31, 2017	**2,556,896**	**(27,857)**	**68,786**	**1,104,525**	**180,933**	**3,883,283**
Changes in cash	**57,584**	**(16,988)**	**(41,735)**	**(168,140)**	**(290,061)**	**(459,340)**
Receipt (payment) from financing activities	57,584	(16,988)	(38,571)	(86,038)	(279,240)	(363,253)
Payment of interest and Management members' profit sharing	-	-	(3,164)	(82,102)	(10,821)	(96,087)
Changes not affecting cash	**-**	**309**	**6,785**	**60,135**	**249,978**	**317,207**
Disposal of shares	-	309	-	-	-	309
Interest expenses and structuring costs	-	-	6,785	60,756	-	67,541
Other assets	-	-	-	(621)	-	(621)
Distribution of interest on own capital, dividends and tax obligations	-	-	-	-	249,978	249,978
Balance at September 30, 2018	**2,614,480**	**(44,536)**	**33,836**	**996,520**	**140,850**	**3,741,150**

39 INSURANCE COVERAGE

The Company and its subsidiaries have insurance policies taken out with the main insurance companies in Brazil, which were determined in accordance with the orientation of experts, and take into consideration the nature and the value of risk involved. As of September 30, 2018, the Company and its subsidiaries had insurance coverage for legal liability and property and casualty insurance (basic coverage: against fire, thunder, explosion and other financial loss policy coverage) and for inventory, as shown below:

	Consolidated	
	09/30/2018	**12/31/2017**
Civil liability and Directors & Officers (D&O)	98,200	98,200
Property and inventories	4,253,452	3,942,960
Vehicles	20,276	22,850
	4,371,928	**4,064,010**

40 AGREEMENTS OR OTHER SIGNIFICANT OBLIGATIONS BETWEEN THE COMPANY AND ITS MANAGEMENT MEMBERS

According to Chapter IV, art. 13 of the Company's Bylaws, the Company's Management is incumbent upon the Board of Directors and the Executive Management. The investiture of these Management members in their position is for a term of office drafted in a book, signed by the invested Management member, not requiring any guarantee of Management, and conditioned to the prior signature of the Statement of Compliance of Management Members regarding the Novo Mercado Listing Rules.

The Board of Directors, elected at Shareholders' Meeting, have unified terms of office of one year, re-election being permitted. The Board of Directors' members in office are automatically considered appointed for re-election by joint proposal of the Board of Directors' members.

The Executive Management, which members are elected and may be removed from office at any time by the Board of Directors, have term of office of two years, re-election being permitted, and are tied to a service contract, which remuneration comprises a fixed component annually adjusted for the INPC and a variable component, which amount reflects the financial performance of the Company.

A Board of Directors' Meeting held on April 19, 2018 elected the Company's Executive Board, according to which their term in office started as of that date and will end on the date of the next Annual Shareholders' Meeting, in 2020.

REPORT ON THE REVIEW OF QUARTERLY INFORMATION - ITR

To the Board Members and Shareholders of
Lojas Renner S.A.
Porto Alegre - RS

Introduction

We have reviewed the interim, individual and consolidated, accounting information of Lojas Renner S.A. ("Company"), included in the quarterly financial information – ITR, for the quarter ended September 30, 2018, which comprises the balance sheet as of September 30, 2018, and related statements of income, comprehensive income for the three and nine months period then ended, and changes in shareholders' equity and cash flows for the nine months period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual an consolidated interim accounting information in accordance with Technical Pronouncements CPC 21 (R1) and with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities Commission, applicable to the preparation of the Quarterly Information – ITR. Our responsibility is to express a conclusion on this interim information based on our review.

Scope of the Review

Our review was carried out in accordance with the Brazilian and international Review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. The scope of a review is significantly lower than that of an audit held in accordance with auditing rules, and as a result we were unable to ascertain whether we became aware of all the significant matters likely to be detected in an audit. Therefore, we do not express an opinion on the information disclosed.

Conclusion on the interim accounting information

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Brazilian Securities Commission.

Other matters - Statements of added value

Individual and consolidated statements of added value (DVA), for the nine-month period ended September 30, 2018, prepared under responsibility of Company's management, and presented as supplementary information for IAS 34 purposes, were submitted to review procedures carried out together with the review of Company's interim accounting information. In order to form our conclusion, we evaluated whether these statements are reconciled with the interim accounting information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Added Value. Based on our review, we are not aware of any facts that would make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

Porto Alegre, October 24, 2018

KPMG Auditores Independentes
CRC SP-014428/F-7

(Original report in Portuguese signed by)
Cristiano Jardim Seguecio
Accountant CRC SP-244525/O-9 T-RS

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

Pursuant to subsection VI, Article 25 of CVM Instruction 480 of December 7, 2009 (amended by CVM Instruction 586 of June 8, 2017), the Board of Executive Officers states that it has reviewed, discussed and agreed the Company's Quarterly Financial Information - ITR for the period of three and nine months ended on September 30, 2018, authorizing their conclusion as of this date.

Porto Alegre, October 17, 2018.

BOARD OF EXECUTIVE OFFICERS

José Galló
Chief Executive Officer

Laurence Beltrão Gomes
Chief Financial and Administrative Officer and Investor Relations Officer

Fabiana Silva Taccola
Operations Officer

Clarice Martins Costa
Human Resource Officer

Fabio Adegas Faccio
Procurement Officer

Emerson Silveira Kuze
Information Technology and Business Management Officer

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

In conformity with sub-item V, article 25 of CVM Instruction 480 of December 7 , 2009 (amended by CVM Instruction 586 of June 8, 2017), the Board of Executive Officers declares that it has reviewed and discussed the content and opinion expressed in the report of the Independent Auditors on the Company's Quarterly Financial Information - ITR for the three and nine months ended on September 30, 2018, issued on this date.

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

Porto Alegre, October 17, 2018.

BOARD OF EXECUTIVE OFFICERS

José Galló
Chief Executive Officer

Laurence Beltrão Gomes
Chief Financial and Administrative Officer and Investor Relations Officer

Fabiana Silva Taccola
Operations Officer

Clarice Martins Costa
Human Resource Officer

Fabio Adegas Faccio
Procurement Officer

Emerson Silveira Kuze
Information Technology and Business Management Officer