

# ANNUAL REPORT 2022

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LOJAS RENNER S.A



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## MANAGEMENT REPORT 2022

### Introduction

In compliance with the legal provisions and in accordance with Brazilian corporate law, Lojas Renner S.A. presents as follows its Management Report, with comments on the operational and financial results for the fiscal year ending December 31, 2022. This report is complementary to the Company's Financial Statements, which comply with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). The content presented herein is aligned to the Company's Integrated Report which respects global best practices and IIRC (International Integrated Reporting Council) guidelines.

### Message from the Management

The year 2022 was marked by important developments in the Company's projects and by further investments in the consolidation of our Fashion and Lifestyle ecosystem which has brought us continuity in the increase of the active customer base, now totaling 18.7 million, as well as greater productivity in our businesses.

Operationally, the year began still with a degree of uncertainty in relation to the pandemic. However, with the gradual recovery in mobility, we were able to report a sequential improvement in sales, the Company turning in particularly robust year-on-year growth in 2Q. In this context, Net Revenue from retailing was R\$ 11.6 billion, an increase of 21% in relation to the preceding year and 37% compared with 2019. And this despite a more challenging second half impacted by atypical temperatures, general elections, the FIFA World Cup and a macroeconomic environment characterized by reduced consumer purchasing power – a reflection of accumulating inflation with record leverage and delinquency. Set against these conditions, Youcom's 39% year-on-year growth performance over the year merits particular mention.

Additionally, sales performance combined with the optimization of the integrated inventory plus the use of data in our processes, have contributed to lowest levels of markdowns in recent years. With this, gross margin continued its upward trajectory to reach 55.3%, a 1.1 p.p. increase compared with 2021.

In 2022, online operations took on an even greater significance, reaching a 13.5% penetration and with ~250% more assortment at the disposal of the customers, mainly through the marketplace vehicle, officially launched and named Alameda Renner. Digital GMV rose 25% vs 2021, with increased representativeness of the new channels – marketplaces, Favoritos Renner, B2B and WhatsApp. The Camicado and Renner platforms expanded the number of categories over the period, ending the year with 505 and 362 sellers, respectively. In addition, a new home page was launched for the Renner app with architecture, performance, and search engines all upgraded. Thus, the Renner app was one of the 10 most used by Brazilians in 2022, in the retail category, in a survey carried out by Hibou, a market insights consultancy.

Accelerated growth of digital in recent years has resulted in a more intensive agenda for efficiency gains in the channel where we are focusing improvements in service and productivity. In line with omni-journey investments, the migration of operations to the new Cabreúva DC, unveiled in 2022, are occurring in line with plan, the process expected to be concluded in the third quarter of 2023. The rollout of this new DC is an important step in capturing synergies between the different businesses of the ecosystem and will permit efficiency gains in the physical and digital operation, also being one of the key elements in the evolution of profitability. Cabreúva is a totally omni DC which will enable the integration of the physical and digital operation, making exclusive use of SKUs, in turn, reflecting in greater optimization of inventory, fewer markdowns, improved productivity and more assertive store fulfillment. We have also acquired the startup Uello, a natively digital logtech, its focus on the optimization of corporate deliveries. As a result of these and other initiatives, the percentage of deliveries in D+2 in Brazil reached 48%, an increase of 12p.p, and in the metropolitan regions of São Paulo and Rio de Janeiro, accounted for 75% of deliveries, an increase of 14p.p. In relation to freight expenses on online sales, it reduced by 3p.p.

The content and branding front has also played a fundamental role in CAC (Customer Acquisition Cost) optimization. In the year, we aired digital fashion shows, lives of different formats and activations with influencers. These initiatives have brought greater flows, awareness and engagement, contributing to the reduction of CAC participation over online revenues. As a result, Renner become the Brazilian fashion company with the largest number of followers in the social networks.

During the year, we rolled out 40 stores of which 21 were Renner, 11 Youcom, 4 Ashua and 4 Camicado, 30 of the new stores in cities where previously we had no footprint, in line with the Company's plan of expanding to new municipalities. As we have announced, these units have a more accelerated maturation curve with profitability above the average. At the stores, we are advancing in the digitalization of the customer journey with more agility in processes and service. In this context, we are increasing the relative importance of alternative checkout modalities with a greater number of mobile devices in the hands of instore employees. Also, we are the only company in Brazil to operate self-service totems with RFID technology, and this year, we installed more devices totaling 133 stores, which reach up to 25% of their revenue in this modality. In addition, the Pague Digital feature whereby the customer pays using their own smartphone, has gained traction with a 7% participation. These initiatives have reflected in greater efficiency for our operations as well as a more digitalized and enchanting journey through our stores, which among other factors, contributed to a growth of 8% in the omni-customer base.

In line with our strategy of expanding the offer of innovative products and services, in October we launched our Estilo Orbi Loyalty Program and the Orbi Bank digital financial platform, reinforcing our relationship with consumers throughout the entire Fashion and Lifestyle ecosystem. The Loyalty program offers rewards to the most assiduous of the Company's customers, while the Orbi Bank platform provides a complete and differentiated financial experience, potentializing the benefits journey.

Still in the matter of financial solutions offering, the institution's client base increased 5% compared with 2021, in parallel with growth in services revenue, the latter accounting for a 25% share of the total in 2022. Realize's results for the year were impacted by a more challenging scenario for credit and delinquency and affecting the banking sector. Several actions in client capturing, maintenance and collection were taken, such as a reduction in the approval rate, considering different profiles and their risks, higher negotiations, an increase in service positions e anticipation of the billing rule, as well as a new balance in approvals across different channels and products. As a result, the new cohorts already showed better quality.

In addition, in March we launched RX Ventures, our Corporate Venture Capital fund with a capital of R\$ 155 million, which seeks to invest in the growth of startups focused on innovative solutions for the ecosystem. The first investments were in the logistics startup, Logstore, and in Klavi, which operates in the financial services area.

On the ESG front, we renewed our strategy focused on the building of human and diverse relations, on climate, circular and regenerative solutions in addition to expanding connections in the search for solutions along the value chain, setting new goals for 2030. For the ninth consecutive year, we were components of B3's Corporate Sustainability Index (ISE) as well as featuring as the leading fashion retailing company in the Dow Jones Sustainability Index and inclusion in the S&P Global Sustainability Yearbook for the fifth consecutive year with the highest score among retailing companies worldwide. Also, we unveiled 2 stores which employ the circular economy concept.

Set against the foregoing scenario, our total EBITDA reached R\$ 2.5 billion in 2022, a growth of 43% compared with 2021 while ROIC increased from 6.7% to 12.8%, reinforcing the Company's commitment of recovering profitability and return on capital. In turn, Net Income reported an increase of 104%, totaling R\$ 1.3 billion, of which 50.2% distributed as shareholder remuneration. We concluded the year with a cash position of R\$ 3.5 billion and net cash of R\$ 1.1 billion. With a view to greater efficiency in capital structure and shareholder returns, we repurchased 18 million shares in 2022 and anticipated the payout of earnings as well as amortizing debt. We also totaled R\$ 1.0 billion in CAPEX, employed on several fronts and in 2023, we intend to invest a similar amount, allocated largely to the rollout of approximately 40 new stores – some 20 under the Renner banner, 75% of which in new municipalities – that bring not only growth in the physical sales area, but also leverage online. We will also invest in refurbishment to update the layout, which generate greater productivity in operations, as well as investments in the ecosystem and IT development.

The year 2022 was one of challenges, albeit undoubtedly, also one of evolution and lessons learnt! And now moving ahead into 2023 with strategic priorities bringing further opportunities of accelerating growth and creation of value through differentiation and focus on the consumer. Thus, in addition to the store expansion plan in new cities, inculcating greater productivity at a lower operational cost, we shall continue seeking to consolidate our position as a leading reference in fashion and lifestyle, in responsible fashion and in enchanting the consumer journey.

Our priorities will continue to be directed to improving time to market, seeking to integrate the supplier's network with the process of developing collections, making the entire chain more flexible and agile to the demands of the customer, with gains in efficiency and precision and in a sustainable manner. We shall also be investing in our technological and logistical platform and highlighting the ramp-up of the new DC, already mentioned above, this to translate into transformational benefits to our physical and digital operations and in the consolidation of our omnichannel model. In line with the advances in the omni experience, we will accelerate the customers conversion from single to omnichannel, which brings gains in spending and frequency, and we will continue to gain scale in digital channel, with profitability, this requiring not only improvement in the services offered but also in greater assortment (1P and 3P). From the value equation point of view, in addition to the benefits of the new logistics platform themselves, the attraction and retention of organic flows are fundamental for a continued reduction in CAC through initiatives for fostering the generation of content and loyalty. And we shall also continue to advance in recovering profitability and attractiveness in the offer of financial solutions. So it is that we move into the new year, aware of the external challenges, but convinced of our capacity to continue gaining market share, enchanting our customers, and creating value for our shareholders!

And finally, a vote of thanks to our employees, directors and executives for their engagement and dedication; to our suppliers, for their commitment to our operations; to the shareholders, for their trust in our Company, and to our customers and the community at large, who maintained their complicity with the brands in the ecosystem.

**José Galló**

Chairman of the Board of Directors

**Fabio Adegas Faccio**

Chief Executive Officer

Porto Alegre, February 16, 2023

## Highlights



Net revenue from retailing sales rose 21% and 37% vs 2021 and 2019, respectively



Youcom: high performance in sales, +39% vs 2021



Sales for 2023 so far are in line with expectations



Consistent share gain (+7p.p vs PMC-IBGE)



Digital GMV: +25% with 13.5% penetration. Marketplaces reached 8.5% of Digital GMV and ~860 active sellers



Launch of the Estilo Orbi Loyalty Program and the digital financial platform Orbi Bank



Record-setting enchantment highly satisfied customers: 93.7%



Markdowns at the lowest levels in recent years



D+2 delivery: BR +12p.p.(48%) and Rio de Janeiro/São Paulo +14p.p. (75%); Reduction of 3p.p. in freight expenses over online sales



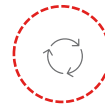
Accelerated content production: Over 3 thousand activations and 150 live broadcasts – CAC/Digital Sales decrease 2.8p.p.



Total EBITDA (post-IFRS16) of R\$ 2.5 B, +43%; Record Net Income of R\$ 1.3 B, 2x vs 2021



Free cash flow generation of R\$ 182.8 MM (+449.4 MM vs 2021)



12.8% ROIC (+6.1p.p.): improved return and capital structure progress



Acquisition of Uello, a logtech focusing on corporate deliveries optimization



Ramp-up of the totally omnichannel Cabreúva DC



50% payout with R\$ 648MM in ISE distributed to shareholders



18.7MM active customers in the ecosystem (+6%). Omnichannel customer base +8%



Launch of RX Ventures, with R\$ 155 MM in equity capital, for investments in startups, with two contributions made



Renewed ESG strategy with new 2030 targets

## Macroeconomic Scenario

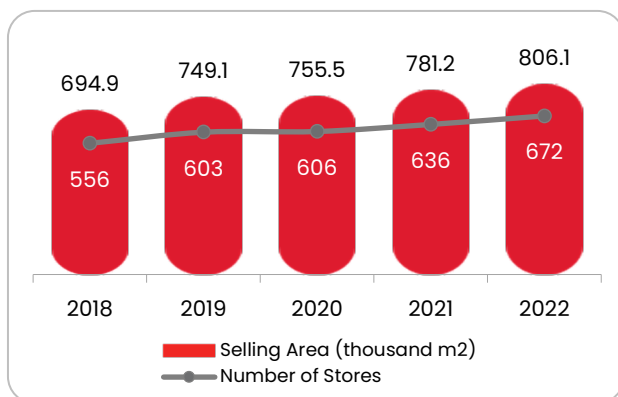
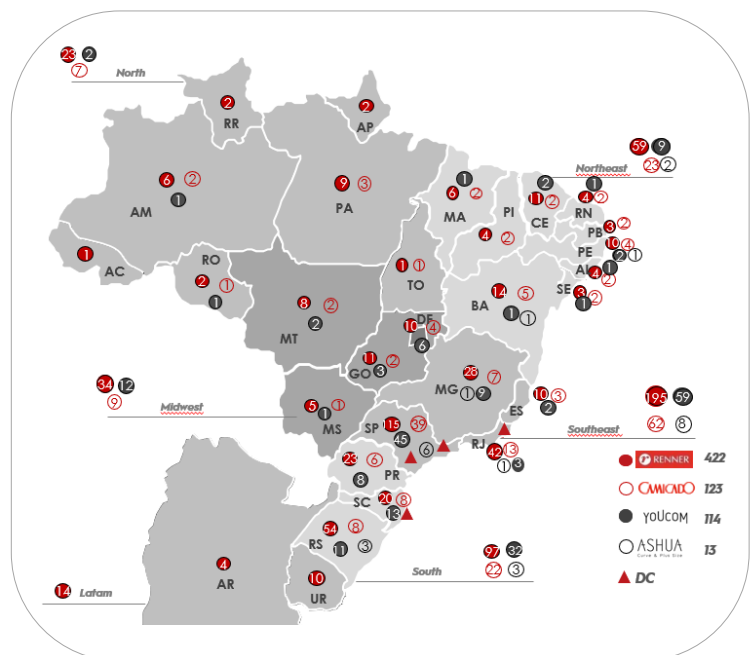
The year of 2022 was marked by challenges around the globe, from Covid 19-related health issues to the Ukraine War and the effects of these events on the world's economies. It was no different in Brazil. The year was marked by high inflation rates and rising interest rates, which compounded the uncertain atmosphere that the general elections created. These factors had a material impact on consumer purchasing power, household debt and repayment capacity and, therefore, on business dynamics as well.

Apparel retail was not immune. Although early 2022 saw reduced flow because of the increased occurrence of the Omicron variant, mall flows gradually evolved and, consequently, the segment's sales improved. On the other hand, and particularly in the latter half of the year, economic and political uncertainties, together with lower-than-usual temperatures for the period and the FIFA World Cup, influenced fashion consumption and sales lost momentum. Furthermore, it was a year of rising raw-material and operational costs, leading to product price markups and, thereby, higher segment-specific inflation.

## The Company and its businesses

Lojas Renner S.A. comprises a fashion and lifestyle ecosystem that leads omnichannel fashion retail. The Company includes the Renner, Camicado, Youcom, Ashua and Repassa brands, for retail, and Realize, for financial services. It has ended the year with 672 operational brick-and-mortar stores in every Brazilian state and has an international presence with 10 units in Uruguay and 4 in Argentina. In 2022, the Company acquired Uello, a natively digital express deliveries logtech.

Lojas Renner S.A. was incorporated in 1965 and has its headquarters in Porto Alegre (state of Rio Grande do Sul). It also has offices in China, Vietnam and Bangladesh for import operations and development of new suppliers. It also has three Distribution Centers (DCs), one of which currently in its ramp-up stage, and one cross-docking unit.



Number of stores  
Stores opened  
Stores closed  
Sales Area (1000 m<sup>2</sup>)

RENNER		CAMICADO		YOUCOM	
2022	2021	2022	2021	2022	2021
435	413	123	119	114	104
25	21	4	6	11	5
3	1	0	0	1	1
734.8	713.8	51.6	49.8	19.6	17.7

Note: Ashua's units are consolidated under the Renner brand.

## RENNER

The Company's principal business is its network of Renner stores, representing 92% of total Net Revenue. Operates on the concept of lifestyle, on each one reflecting its own style of being and dressing, counting with 20 proprietary brands. Renner seeks to deliver the best experience in fashion and lifestyle to middle/high income groups with quality apparel, footwear and underwear for women, men, and children, in addition to accessories and cosmetics through proprietary brands.

In 2022, Renner pursued its physical expansion plan, opening 21 stores in the period. As a result of the operational profitability review process, three units were shut down. At year-end, there were 422 units in operation, being 408 in Brazil, 10 in Uruguay and 4 in Argentina. The stores average 1.7 thousand m<sup>2</sup> in sales area and 88% of them are in shopping malls. Furthermore, Renner continued to evolve towards an increasingly digital and omnichannel business, with new store formats and the development of the required tools to strengthen customer relationships. To this end, it continued to improve its various sales channels, as well as delivery times, to continuously improve customers' omni experience.

## CAMICADO

Camicado is a specialist home and decor brand, offering a wide range of decorative items, kitchen utensils, portable appliances, household appliances, furniture and bed, bath and tableware lines. In addition to reselling items, it develops proprietary-brand items and sellers in its marketplace. Camicado also specializes in gift lists for weddings, housewarmings and birthdays. The brand, which was acquired in 2011, is Brazil's largest retailer in the segment, and has a presence in every region in Brazil. It opened 4 new units in 2022, for a total 123 in operation. The stores average 420 m<sup>2</sup> making 51.6 thousand m<sup>2</sup> in total area.

Camicado continued on its evolution trajectory, not only in brick-and-mortar units but also digitally. The year saw customer experience improvements made to the website and app. Marketing strategies have been revised and adjusted to the new selling environment to increase the share of digital, leading to improved assertiveness and lower CAC. Furthermore, the brand reported significant growth in terms of sales on new channels, such as WhatsApp, sales force digitalization, and through affiliates of the *Minha Sacola*, the social sales program. It also continued to evolve its marketplace, which currently includes 505 sellers and more than 280 thousand active products. New categories, such as appliances and household electric and electronic devices, were added in the period.

## YOUCOM

Youcom is a youth fashion and lifestyle brand launched in 2013. The stores are specially formatted to offer quality products at competitive prices in an innovative and sustainable way, with high fashion appeal and a constant connection with young consumers' behavior and needs. Embracing the strategy of serving as a benchmark for responsible fashion, in 2022 it accelerated its offering of goods with reduced-impact appeal through the YC Change seal: it sold more than 2.5MM items with sustainable appeal and carried out several projects with a positive social impact.

In 2022, Youcom opened 11 stores and shut down one in the light of the operational profitability review process. The brand has 114 operational units present in every region of Brazil, for a total 19.6 thousand m<sup>2</sup> sales area, in addition to exclusive e-commerce and app.

Youcom continued to invest in accelerating the business's digital transformation and strengthening its youth fashion and lifestyle positioning on digital channels by constantly evolving the features on its app, which has been showing remarkable download and customer retention results. In addition, the brand has been strengthening new initiatives, such as the Por Você (affiliates) program and its social commerce strategy, yielding excellent results in direct revenue capture and building consumer ties.

## ASHUA

Ashua is a brand launched in 2016 on the e-commerce channel, focusing on Curvy and Plus-Size fashion and offering products that enhance the value of curves and the female body with quality and fashion information. Since 2018, the brand has installed brick-and-mortar stores to expand its omnichannel offering, and reached year-end with 13 operational units, 4 of which opened in 2022. The specially formatted stores average 218 m<sup>2</sup> in area. As part of the sales channel's strategy, the brand maintains corners at Renner stores with a total 14 averaging 42 m<sup>2</sup>. In 2022, it opened its first corners-store in Uruguay – in addition to maintaining its e-commerce operations there.

As for the digital transformation, Ashua continued to take important steps forward, consolidating its influencers strategy, which included production of the first collab signed by a digital influencer. The community of customers on social media also strengthened, with an engagement gain of more than 40% from 2021. Another highlight was the Ashua Studio Collection, with premium-grade items made from noble materials and more sustainably finished.

## REALIZE CFI – FINANCIAL SERVICES

Realize Crédito, Financiamento e Investimento S.A. – (“Realize CFI”) supports customer loyalty building and convenience, supporting the Company’s retail operations with the provision of a suite of financial services to customers, including the Renner Card (private label) and Meu Cartão (international credit card), besides Saque Rápido – a personal credit line – and a portfolio of insurance policies, and on the investing front, CDB issues. In addition, it provides business solutions with advances on receivables for the ecosystem’s sellers, as well as working capital facilities and supplier credit.

Realize CFI has been gaining group in terms of ecosystem occupation through an increasingly comprehensive offering to better serve customers’ needs and thereby generate increasing portfolio volumes and business profitability. In October 2022, Realize launched a digital financial platform – Orbi Bank – to reinforce its relationships with consumers all across the Fashion and Lifestyle ecosystem by providing a complete and differentiated financial experience that leverages the customer benefits journey. The Financial Solutions chapter in the ecosystem describes the evolution of the financial main initiatives.

## REPASSA

Repassa is an online platform for apparel, footwear and accessories resales, acquired in 2021. It is a natively digital startup founded in 2015 that has sustainability at its core. Repassa expands the offering of adjacent services to customers, operating in the managed fashion reselling segment.

The reselling segment has high growth potential and is one of major trends in apparel retail, in addition to being aligned with the Company’s ecosystem strategy. The service delivers value to customers by supplementing their journey, in addition to creating an avenue for revenue, increased recurrence and lifetime value. In 2022, several Repassa communication actions took place on the Renner channels, underscoring the Company’s purpose of stimulating conscious consumption and extending the useful life of goods.

Also, in 2022, Repassa’s logistics migrated to the Renner unit in Arujá (state of São Paulo). In addition, the *Sacolas do Bem* bags receipt operation at Renner stores expanded and was present at 62 units by year-end, with *roll-out* expected to increase in 2023.

## Supporting pillars

### CORPORATE VALUES

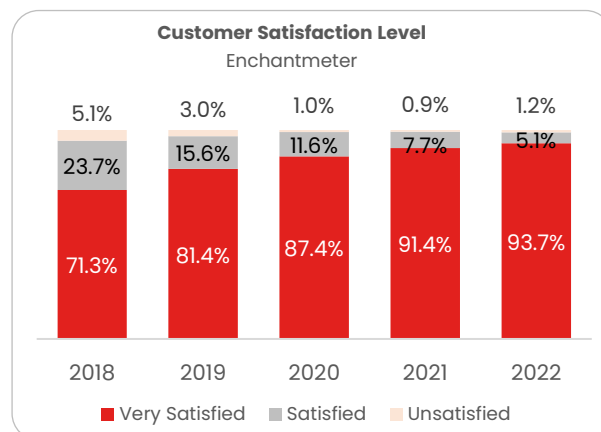
- ENCHANT... to exceed customer expectations.
- OUR WAY... to do things in a simple and agile manner, with great energy and passion.
- PEOPLE... to hire, develop and retain the best people.
- OWNERS OF THE BUSINESS... to think and act like owners of our business unit.
- OBSTINATE PURSUIT OF RESULTS... to seek results and not just good ideas.
- QUALITY... our products and services have the highest level of quality.
- SUSTAINABILITY... businesses and attitudes based on the principles of sustainability.

WE LOVE CHALLENGES: not knowing that something is impossible, we just go ahead and do it!

## CULTURE OF ENCHANTMENT

More than 20 years ago, the company pioneered the Enchantmentmeter, which measures customers’ shopping experience at Renner stores.

To enchant all comers is what Lojas Renner seeks to achieve: it is one of its values as well as its purpose. Based on this, the Company has been making significant gains developing its fashion and lifestyle ecosystem to offer an increasingly robust value proposition and a wide offering at every step along the consumer journey. Consequently, the Company continues to surpass customer expectations and set new records for the enchantment of highly satisfied customers in 2022.

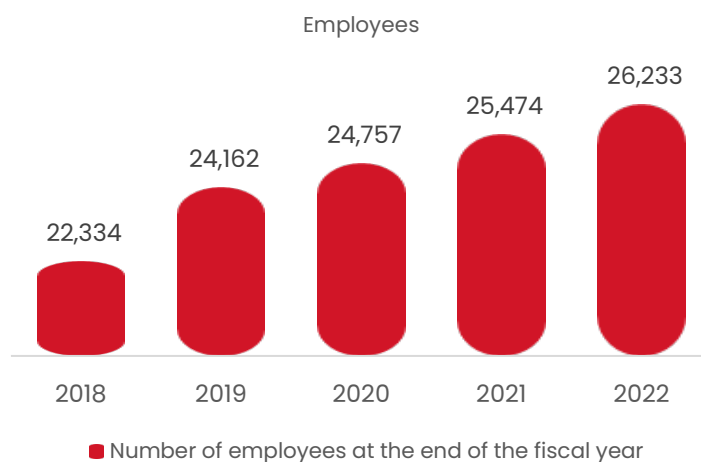


## PEOPLE

The Company continues to work on its cultural evolution project started in 2021, for strengthening the ecosystem and business connections, as well as innovation and digital transformation. This proposition aims to maintain the strategy as an employer brand that values the culture and the diversity of talents and businesses of Lojas Renner. The Company believes that the heart of the entire value chain lies in its team of employees, who are responsible for everyday business, decision making, attaining objectives and results, innovation, meticulous care for commitments and values, and the enchantment of customers and all stakeholders. One of the strategic objectives is to attract, develop, engage and retain the best people, with a fluid, enchanting and more digital journey. To this end, the Culture and Talents front is one of the drivers of the 2023-2025 strategy and its objectives breaks down into five goals, applicable to all businesses, with an impact on the variable remuneration of leaders throughout the Lojas Renner S.A. ecosystem.

In order to achieve objectives and results, the Company's career cycle begins with a competency assessment, which is carried out annually for leaders and every six months for 100% of employees at Lojas Renner S.A. team. In 2022, in line with market trends, listening to customers and with a constant focus on rapid development and adaptation, as the agile model prescribes, optional shorter cycles were implemented for evaluation of competences every three months, between mandatory cycles. In this way, leaders and employees have the opportunity to guarantee the alignment of expectations and deliveries in a continuous and more frequent way, as well as to correct and intensify what needs improvement, more quickly and adapted to the moment.

Every year, for more than two decades, the Company has held a voluntary and anonymous engagement survey with all employees. The 2022 survey recorded 89% adherence and the same average percentage for engagement, both within the high-performance range according to the data bank used as a benchmark. The results are presented in a structured way to the executive board and the organization's leaders, by means of workshops to prepare them to deploy action plans for the respective areas.



## PRODUCT

The product front underwent notable changes in 2022. For the Renner brand, digital collections were expanded to include the Get Over sports brands, which translated into good sales performance. Development of these collections involved acquiring cutting-edge technology to design the digital product, enable body scanning and apply textiles, in addition to hyper-realistic simulation software capable of replicating the product's visual and physical features. An additional 2022 highlight was the release of the first capsule collection created entirely with 3-D technology, a pioneer project for fashion retail in Brazil, underscoring the Company's focus on phygital fashion as an opportunity to explore new business models. This involved using 3-D tools to create, model and digitally try products, in addition to the release of an exclusive virtual-reality store.

Another highlight was the recovered performance of the dress up/work lines, strengthening lifestyle brands that play the leading roles in the category. It is worth noting the increased share of sustainable raw materials in the collections, leading to desirability and recognized quality. In this sense, the new ambiente format of the RE+ has expanded, with increased emphasis on the sustainability pillars. There was also focus on the collection clustering strategy, with region-appropriate palettes and prints as a means of leveraging sales in each region and reducing the need for markdowns. As for Time to Market – one of the Company's strategic priorities for the year –, in addition to the digital collections or the Get Over sporting apparel brand, as mentioned before, there was increased usage of the printing machine, producing benefits in terms of improved reactivity to customer demand.

Youcom had another year of growing sales and margins. A highlight was the continued acceptance and assertiveness of its collections, as well as improved procurement processes that resulted in a reduced lead time between capturing a trend and introducing collections, with reflections in the form of improved sales and margins throughout the year.

As for Camicado, there was an increased in the share of proprietary-brand products, which offer better margins, and the reduced share of old inventory, maintaining collection renewal. Improved assortment of the Home Style brand, with exclusive items providing better returns versus partner brand goods, in addition to offering collections in collaboration with stylists.

## ESG – ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

### ENVIRONMENTAL AND SOCIAL

Sustainability is one of Lojas Renner S.A.'s values. After delivering commitments for the 2018-2021 period, the Company progressed along its sustainability journey and introduced new commitments to be realized by 2030. The new cycle was built collaboratively, based on the experiences and future visions of its main stakeholders, incorporating a holistic view of sustainability for the entire fashion and lifestyle ecosystem.

The first cycle, which delivered four commitments – focusing on reduced-impact products, socio-environmental certification of the Renner chain, reduced CO<sub>2</sub> emissions, and increased share of low-emissions, renewable energy – provided the groundwork for the construction of the future. Pursuing the role of an agent for change to increasingly generate positive-impact actions, not only for retail but for society, the Company defined 12 objectives that are even more comprehensive and challenging than their predecessors, reaching down to all the Company's businesses. The new goals break down into three key pillars: climate, circular and regenerative solutions; amplifying connections; and human and diverse relationships.

#### Climate, circular and regenerative solutions

Lojas Renner S.A.'s environmental commitments aim to develop circular and regenerative solutions intended to promote more sustainable operations and offer customers conscious choices. To this end, our goals for the coming years include transitioning to decarbonization of businesses based on science-based metrics and capable of creating the conditions for Lojas Renner S.A. to attain climate neutrality by 2050 – in line with the Paris Agreement, which enshrined the global challenge of limiting the planet's average warming to 2°C above pre-industrial levels.

The first phase of this commitment consists in an objective to attain significant emissions reduction by 2030. Lojas Renner S.A. is to require the apparel developed for its proprietary brands to emit 75% less CO<sub>2</sub> than in 2019. The goal has been submitted to and approved by the SBTi (Science Based Targets Initiative), an initiative by the UNO Global Compact, the Carbon Disclosure Program (CDP), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that provides mathematical parameters for greenhouse gas emissions reduction.

In this new cycle, the Company is committed to incorporating the principles of circularity in the development of its products and services and its business models, in addition to investing in circular and regenerative textile raw materials and in the expansion of responsible processes, such as reduced water consumption and the supply chain's energy transition. To this end, the Company in 2022 expanded its circular stores model, opening two additional units, one in Jacarepaguá, state of Rio de Janeiro, and extending the concept to São Vicente, in the state of São Paulo, to offer customers a more modern and sustainable store format.

Lojas Renner S.A. understands that the path to Responsible Fashion must include the construction of a less impactful offering of products and services. This purpose has been materialized in the Re Responsible Fashion Seal (Renner) and YC Change (Youcom), which label products whose raw materials or processes involve lower environmental impact and increased value generation along the chain. In this light, we aim to make sure that by 2030, 100% of the raw materials used in apparel by the Company's proprietary brands are more sustainable. To this end, the Company has made progress in the development and alignment of reselling suppliers, in support of innovation and sectoral development. In 2022, these initiatives were recognized by the Carbon Disclosure Program (CDP), climate change category, earning the company an A- score and recognizing it as a leader in supplier engagement.

The Company also promotes awareness building for product teams, these subject to goals for the creation of lower-impact items and linked variable compensation, progress being made in the development of collections that incorporate the principles of circularity, such as a footwear line made from grape waste and an apparel collection produced using the upcycling technique.

#### Amplifying connections

To promote the systemic changes needed to face the challenges of sustainability, Lojas Renner S.A. believes in the power of collective action to transform. Thus, another pillar for this new cycle covers enhanced value generation between Lojas Renner S.A. and its network of partners to provide more sustainable products and services. One goal is for every one of the Company's brands to have its suppliers certified according to socio-environmental criteria. At present, 100% of the Global supply chain for Renner-brand products is already certified.

In 2022, in line with the new 2030 commitment to certify the entire suppliers' chain, was given continuity to the Camicado Compliance Program, making progress on domestic and international certifications and exceeding the goal of evaluating 90% of supply chain (domestic and international proprietary brands). Furthermore, the stage concerned with socio-environmental evaluation of Camicado's reselling suppliers also became part of the certification process for new suppliers, as did the periodical re-evaluation of those that are already partners with the Company.

In addition, one of the commitments announced in 2022 focuses on implementing traceability systems for 100% of cotton apparel, in addition to gains in terms of origin tracking of other textile raw materials. In September, the Company gained ground in projects associated with this pillar, hosting the 1st edition of the *Boas Práticas* (“Best Practices”) Fair, focusing on environmental sustainability to connect the Company’s suppliers and executives with startups and other players in the fashion ecosystem, fostering the development of innovative and more environmentally sustainable processes across the chain. Progress was also made on the products front: Renner and Youcom launched their first women’s jeans collections with blockchain traceability technology in Brazil, in partnership with the Brazilian Cotton Producers Association – Abrapa.

## Human and diverse relationships

Lojas Renner S.A. has people at the heart of its strategy, is driven by the philosophy of enchantment, and has always acted in favor of diversity and inclusion. As such, the Company’s new cycle of commitments also includes goals intended to foster the evolution of diversity indicators as a means to ensure opportunities for full personal and professional development for all and to increasingly mirror the plurality of Brazilian society. In recent years, the Company has been increasing its efforts in this direction through the creation of Plural, a corporate program for training courses, awareness initiatives and strengthening an inclusive culture. In 2022, the company reached 32 leadership positions held by black employees and 61 top leadership positions held by women. Lojas Renner S.A. has pledged to have by 2030 a minimum 50% of all leadership positions held by black members of staff and 55% of the top leadership held by women.

All these initiatives remained aligned to the principles of sustainability, which have been incorporated into the ecosystem, pervading its actions towards products and services and, above all, people and the enchantment culture. After all, Lojas Renner S.A. believes that Sustainability begins from within, which is why it has invested in building its employees’ skills and engagement in environmental- and society-related topics. The movement led to recognition as an “Amazing place to work” according to the FIA EX survey, where the Company was a highlight in the “Most amazing in ESG” category.

In addition, the introduction of these and more sustainability practices in its fashion and lifestyle ecosystem has been recognized by several outside entities. A highlight in this sense was the Company being invited to attend the 2022 United Nations Climate Change Conference (COP27) in Egypt, where Lojas Renner S.A. presented its responsible fashion strategy

## CORPORATE GOVERNANCE

In July 2005, Lojas Renner S.A. was the first company in Brazil to have 100% of its shares traded on B3 without a controlling shareholder, and thereby regarded as the first Brazilian corporation. Adherence to best corporate governance practices makes the Company’s governance model one of the strengths of its ESG practices, which reflects in its presence in and evolution before the main market indices, such as the Dow Jones Sustainability Index (DJSI) and the Corporate Sustainability Index (ISE B3).

The strategic guidelines are set by its Board of Directors, which currently comprises eight members, 88% of whom are independent, and has the support of four Committees: People (2005), Sustainability (2008), Strategic (2014), and Audit and Risk Management (2012), the latter being statutory since 2018. The Company also has had in place since 2006 a permanent Fiscal Council.

Operational activities follow the guidelines set by the Board of Directors and are carried out by the Executive Board, which currently has five members with the support of certain Management Committees in the decision-making process. The Company also has non-statutory executive divisions aligned with the culture of leader-making leaders and with the development and appreciation of in-house talent to support the growth.

As concerns risk management, Lojas Renner embraces best practices for efficient business risk management, reinforcing its culture of ethics, transparency and responsible governance, with a robust structure supported by policies and processes. The Risk Division works closely with business areas, providing advisory support to the identification, prevention and treatment of the main risks, as well as building awareness of a preventive culture. The main risk categories under monitoring include operational, strategic, reputational and socio-environmental risks. The Company also has a dedicated structure in the area of Compliance, reporting to the Risk Division and dedicated to compliance with the General Data Protection Law (“*Lei Geral de Proteção de Dados*” – LGPD), whose purpose is to ensure the privacy and security of personal data and that has since 2018 adopted the best practices for the theme. In 2022, the Company continued to advance on the topic of efficient risk management, using external tools to automate management of the Risk Division teams’ activities and processes.

Lojas Renner constantly reviews its Corporate Governance system, where new practices are adopted, and existing ones undergo improvements. The Corporate Governance Secretariat, which was created in 2018 and led by a Governance Officer, was renamed Corporate Governance area in 2022. The area’s purpose is to support activities concerned with the functioning of governance, compliance and relations with regulators, shareholders and voting agencies, including matters associated with General Shareholder Meetings, as well as with the proposition and implementation of processes to promote best practices at all times.

In 2022, the Company announced the Board of Directors competencies matrix, whose drafting and disclosure aim to map the profile, experience, and skills of members, assisting Management in evaluating and tracking the corporate body's membership and providing improved transparency to shareholders.

Finally, in this period, the Company also revised certain policies and corporate documents: highlights include updates to Manager Appointment and Compensation Policy, Material Fact Announcement and Securities Trading Policy, Results Distribution Policy, the Compliance Policy, as well as to the Charters of the Board of Directors and of the Executive Board. Furthermore, for added transparency, the Company also created the Tax Policy, which provides guidelines and general rules governing the functioning, structure and organization of tax-related conduct of Lojas Renner S.A. and its subsidiaries.

## Principal Corporate Governance Practices

- Novo Mercado segment of B3 - Brasil, Bolsa, Balcão
- 100% free float
- Majority of independent Board Members (88%)
- Women on the Board of Directors (25%), the Executive Board (40%), and the Fiscal Council (33%)
- Committees of the Board of Directors (BoD) and Executive Board
- Different executives serve as Chairman of the Board and CEO
- Permanent Fiscal Council (CF)
- General Meeting Attendance Manuals
- Stock Options and Restricted Shares Plan
- Charters of the BoD, Fiscal Council, Executive Board and Committees
- Formally evaluated BoD and Executive Board
- Secretaries to the BoD, Fiscal Council, Executive Board and Committees
- Governance Portal for the BoD, Fiscal Council and Committees
- Internal Audit and Compliance
- Outsourced and independent whistleblower channel
- Several Corporate Policies
- Corporate governance Area - Governance Officer
- Executive Board remuneration linked to ESG goals
- BoD competences matrix

The Company is and has been since 2018 the leading adherent to the Brazilian Corporate Governance Code Report. It was the first to submit the Report to the Brazilian Securities and Exchange Commission ("*Comissão de Valores Mobiliários*" - CVM), in the very first year of disclosure. Since 2019, its adherence to the recommended practices has been at 98.1%, whereas the average of all companies in 2022, for example, was 62.6%, according to published surveys.

In addition, with its appreciation of gender diversity and in line with the Managers Appointment Policy, since 2011 (with the exception

of 2015), 25% of the members of the Board of Directors have been women. In this respect, and aligned with the world's best governance practices, Lojas Renner S.A. adhered in 2020 to Women on Board (WOB), committing to having at least two women as members of its Board of Directors.

To facilitate and encourage shareholder attendance at the Company's General Meetings, in 2022 the Annual General Meeting was held for the first time in hybrid (partly digital) format and offered shareholders several voting mechanisms, such as Distance Voting Ballots, Virtual Platform, and proxy representation, offered by the Company itself. As a result, the Annual General Meeting had 792 shareholders in attendance, representing 62.16% of Shareholders Equity, which bears witness to the commitment of shareholders to the business and to new forms of attendance. The items on the agenda included (i) approval of the financial statements for 2020; (ii) the distribution of dividends; (iii) election of the members of the Board of Directors and Fiscal Council; and (iv) management remuneration. All items on the agenda were approved.

This year, the Company earned several ESG-related recognitions, mirroring Lojas Renner S.A.'s commitment to business sustainability, transparency and governance, in the constant pursuit of value creation for its shareholders, employees, customers and society at large, and underscoring the consistency and relevance of environmental, social and corporate governance matters within the responsible fashion strategy.

## ESG Recognition

- Dow Jones Sustainability Index (DJSI) Portfolio - 8<sup>th</sup> consecutive year, and the fashion retail company with the highest score in the world and the second overall for retail in general, reaching 76 points out of 100 in the ranking. It was included in two categories of the index: World Index and the Emerging Markets Index.
- Corporate Sustainability Index (ISE B3) - 9<sup>th</sup> consecutive year, placing 4<sup>th</sup> in the general ranking and the best score of all retailers.
- Época Negócios 360° of the Retail Dimension - 1st place in the "Corporate Governance" and "People" categories.
- Fashion Brazil Transparency Index (ITMB) 2021- Renner and Youcom in 4<sup>th</sup> place.
- Carbon Efficient Index (ICO2) B3 - 12<sup>th</sup> consecutive year, a component since the creation of the index.
- Morgan Stanley Capital International (MSCI) - Rating upgrade from A to AA according to the MSCI ESG ratings in 2022, placing first in its industry in the Supply Chain Labor Standards category.
- Sustainalytics - Categorized as low risk and placed as the best fashion retailer in the world in the ESG risk ranking.
- Refinitiv - best-in-industry for ESG according to the refinitiv ESG scores.
- FTSE4GOOD - 8<sup>th</sup> consecutive year.
- CDP Climate Change - 12<sup>th</sup> consecutive years submitting information to the Climate Change, rating A- and included in the portfolio of the CDP Brasil Index - Climatic Resilience (ICDPR-70).
- ESG Ranking in Brazil of the Bank of America - 1st place according to the MSCI, Refinitiv and Sustainalytics scores.
- Merco Most Responsible and Best Corporate Governance Companies - 1<sup>st</sup> place in the Fashion Retail category.

## Corporate events

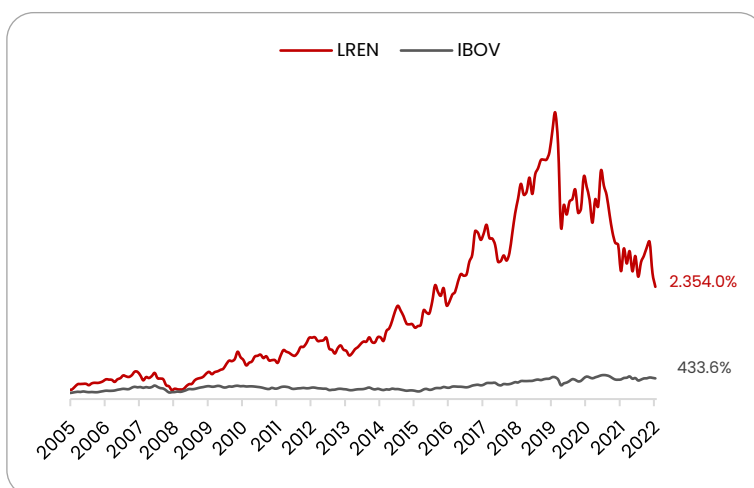
A meeting of the Board of Directors held January 20, 2022, approved the Company's Share Buyback Program, based on which, from January to June 2022, eighteen million (18,000,000) common shares eligible for the program were purchased at an average price of R\$25.20, to be held as treasury shares and later divested and/or cancelled and/or used to honor obligations arising from Long-Term Incentive Plans.

Also, in 2022, the Company distributed R\$ 648.3 million to its shareholders and Interest on Shareholders' Equity. As a result, dividend yield was 3.3% (based on the share price as of December 29, 2022) and payout was 50.2%.

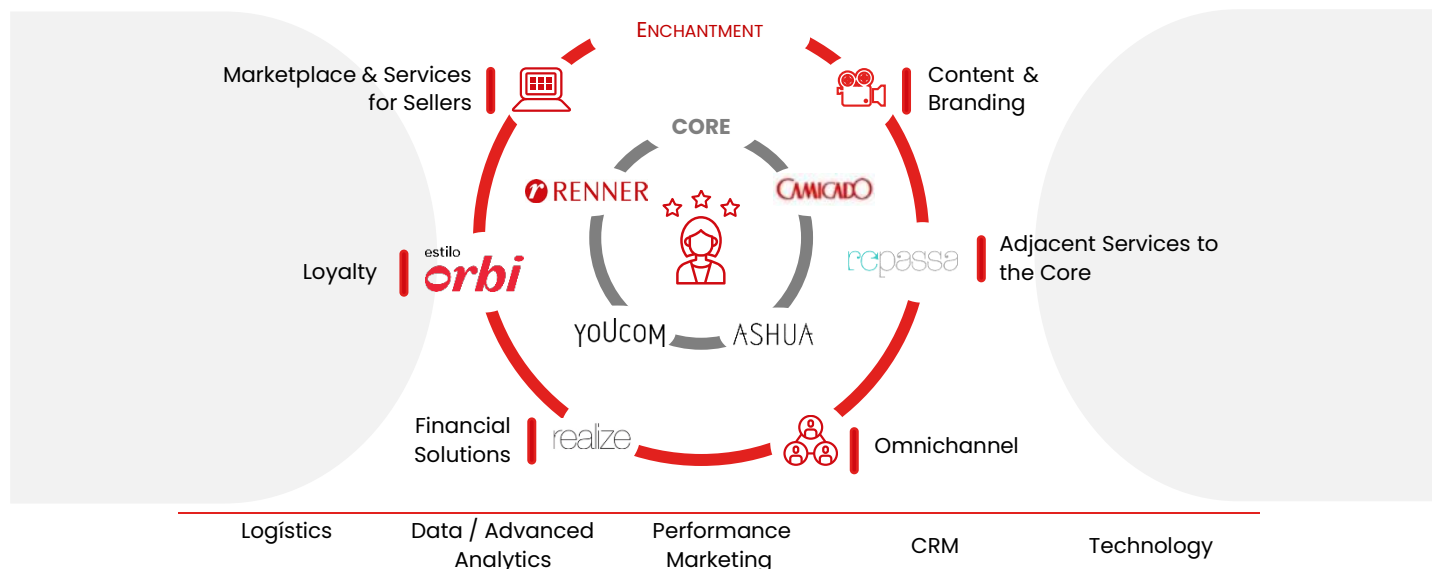
## Share performance

Lojas Renner S.A.'s shares are traded on B3 - Brasil, Bolsa, Balcão, under the LREN3 symbol and in the form of ADRs on the US OTC market under the LRENY symbol. Shares lost 14.2% (adjusted for corporate events), *versus* a 4.7% appreciation of IBOV (Ibovespa Index), reaching a market cap of R\$ 20 billion as of December 30, 2022.

In the fiscal year, the shareholders headcount decreased by 12.5%, reaching 136.6 thousand in December 2022, mainly comprised of personal investors. In this period 9.2 million trades were transacted, with 3,303.5 million assets traded and an average daily trade volume of R\$ 335.3 million. As for the ADR program, launched in 2017, as of year-end 2022 there were a total 1.0 million receipts issued.



## Fashion and Lifestyle Ecosystem



Since 2019, the Company has made significant investments in the development of its ecosystem. The aim is to become a benchmark in fashion and lifestyle, in an experience to the consumer and in sustainable fashion through the continuous evolution of its business model and maximization of the potential of its platform. In this context, it has made investments on several fronts in relation to the expansion product assortment, categories and services. Similarly, it has invested in the generation of proprietary and media content as well as in the cross-brand loyalty program for ramping up greater engagement, frequency and stickiness. Again, the continuous investment in the omni-journey with greater coverage of channels and integrated platforms, has brought greater sales flexibility and effectiveness. In addition, Realize CFI, has been offering financial solutions to meet the needs of all the ecosystem's components. Below are the main developments on these fronts:

### OMNICHANNEL

This year, the Company continued the consolidation of the fronts relating to the omni-channel pillar with the objective of improving the customer shopping experience in a journey which is increasingly more enchanting, thus reinforcing its position as the leading Brazilian omni-channel player in fashion.

Services and efficiency continue to be priorities in this context with important developments in deliveries up to D+2 with an increase of 12p.p. versus 2021 and reaching 48% of orders at a nationwide level. Considering the deliveries up to D+2 in the metropolitan regions of São Paulo and Rio de Janeiro, reported an improvement of 14p.p. In addition, there was a significant efficiency gain in online transport costs, which reduced the share of freight expenses in relation to digital sales by 3p.p. versus 2021.

Still in the area of logistics, during the year, the direct transport management operation in the São Paulo region started using the last mile delivery management system developed by Uello, a logtech acquired in April, contributing to the aforementioned gains in speed and efficiency. Also in April, the new omni DC was inaugurated, located in the city of Cabreúva-SP. At that moment, the process of transferring and internalizing Camicado's on and off logistics operations began, which was concluded in the second half of the year and is currently in a continuous improvement phase, with important advances in Camicado's deliveries up to D+2 which, compared to 2021, increased by 16p.p. its participation in the metropolitan region of São Paulo and 11p.p. nationally. In addition, and as scheduled, in 4Q22, the Company began the gradual overturning of the apparel operations (Renner, Youcom and Ashua), for the new DC, focusing on testing new automation technologies and integration between systems. The omni DC will provide gains in efficiency, velocity and synergy between the businesses, one of the key elements in restoring profitability. It is a fully Omni DC, which will allow integration of the physical and digital operation, with 100% of the operation per SKU, bringing greater inventory optimization, reduced markdowns, greater productivity and more assertive fulfillment at store level.

In relation to the expansion plan of the physical operation, in 2022, as already mentioned above, 40 new units were rolled out as well as the second Renner store employing the guide shop model, a concept combining online and offline journeys. In the digitalization of instore activities, the purchase returns process via RFID was concluded using the mobile devices of store attendants. By year-end, approximately 85% of the returns were conducted using this technology, reducing execution times, and bringing greater fluidity to the

customer journey. In addition, the second phase of the RFID project for enhancing the store checkout process, reached 437 self-service totems installed in 133 stores and accounting for a third of the payments at these units.

Digital channels sales performance continued to report robust results with a growth of 24.5% versus 2021 notwithstanding the strong comparative base. The online GMV was R\$ 2,046.4 million, representing 13.5% of total Company GMV, an increase of 0.4p.p. In the environment of the diversification of available sales channels, social sales (Renner Favorites) continued the highlight, reporting an increase in the number of orders and average ticket, resulting in robust growth of 187% compared with 2021 and a base of associated members of 80 thousand. Sales channeled via WhatsApp, installed at more than 160 stores, posted a year-on-year increase of approximately 35%.

As to online flows, the Company recorded approximately 931.6 million visits (-12.4% compared with 2021), given a stronger basis for comparison due to the fact that there were still specific operating restrictions in physical stores in that year. Furthermore, 59% of the online flow was through the app. In the period, there were more than 13 million downloads, and once more, maintaining absolute leadership in Monthly Active Users (MAU) among indigenous players according to AppAnnie data.

The customer journey continued to evolve in various aspects, highlighting the launch in August, of the app's new home page, with a reformulation of the fashion and lifestyle positioning, in addition to improvements in the tools for operating the store, allowing for an even more enchanting journey and assertive.

## CONTENT & BRANDING

During 2022, the content strategy begun in the preceding year consolidated along all fronts of activity. As a result, Renner became the Brazilian retailer with the largest number of followers in the social networks and a leader on Instagram and Tiktok. Assertiveness in diversity and complicity of the content with information on fashion and lifestyle have brought a 29% increase in engagement in relation to 2021 on Instagram.

More than 3000 macro, medium and micro influencers were activated in the digital channels through different campaigns and contents co-created with partners, with a sequential increase during the quarters of the year including organic partners and leading creators. Again in 2022, more than 150 live transmissions were aired, between liveshops and lives on Instagram with a large number of spectators. All these initiatives favored the focus on an increase in unpaid traffic via social networks and influencers to the site and app, with record results and growth of 25% versus 1H22, the period during which we began to track the origination of these visits.

An Initiative prioritized in 2022 with a focus on SEO (Search Engine Optimization), the Renner Style Blog enjoyed the results of a platform transition, change of layout, reformulation of editorials as well as production of daily content and the reinforcement of the squad of columnists, a reference in the market. The result was the doubling of visits in relation to 2021 with the highlight being a growth in unpaid sessions.









As a result of these and other initiatives related to digital channels, the CAC expense over digital net revenue decreased by 2,8p.p.

## CRM AND LOYALTY

The continued expansion of the active customer base of the ecosystem is one of the Company's main key priorities and reporting a 5.7% evolution in relation to 2021 to reach 18.7 million with greater retention and 8.1% reduction in churn. In addition, approximately 85% of sales invoicing was identified, leading to improved data on these customers, their profile and consumption habits.

The Omni customer base continued increasing with growth of 8% in relation to the preceding year, and 30% share of revenue. This category of customer purchases more frequently, generating average spending approximately 3 times greater than other channels, reflecting greater customer lifetime value.

In October, the Estilo Orbi – Lojas Renner's Ecosystem Loyalty Program was launched in specific states – Paraná and São Paulo – offering rewards such as advantages and differentiated experiences to the Company's most assiduous customers. This program is cross-branded (Renner, Camicado, Youcom, Ashua, Repassa and Realize), being an important tool for customer attraction, recognition and retention, reinforcing the relationship strategy through the Ecosystem. The Estilo Orbi program is to be extended throughout Brazil from the first half of 2023, incorporating the digital channels and the physical stores of the Company's brands.

-  Free delivery
-  Exclusive promotions
-  Anticipated promotions
-  Trends curation
-  Pre-selling of collections
-  Invitations to events
-  Cashback linked to Orbi Bank
-  Gifts

estilo  
**orbi**

## MARKETPLACE & SERVICES TO SELLERS

The Renner Marketplace ended the year with 362 sellers, in December 2022 representing ~6% of the transacted sales volume in e-commerce. Currently, there are more than 117 thousand active products in the website and in relation to 2021, there was an increase of 112% in available online assortment, to which new categories were added to the portfolio, as for example: sporting goods, travel accessories and party fashion.

Progress was also made in the development of platform technology to automating processes, functionalities and visions for commercial actions and management of the marketplace, permitting growth and scalability of the business. There were advances and lessons learnt as to consumer acceptance of new categories and the entry of new brands and improvements in the experience of users browsing between 1P and 3P items.

The Camicado Marketplace ended the year 2022 with 505 active sellers, representing 26% of the digital GMV for the year. The number of items on offer more than trebled to reach 280 thousand SKUs. During the year, the marketplace incorporated new categories such as electrical home appliances and electro-electronic goods in addition to lines such as furniture and items for decoration, kitchenware, items for sitting and dining rooms, bedrooms, bathrooms, gardens, balcony, laundry room and office as well as a pets' line of goods. In addition to its own, Camicado is a participant in some third-party platforms.

## ADJACENT SERVICES TO THE CORE

Repassa, the fashion resale digital platform, acquired with the aim of amplify the offer of services to the fashion and lifestyle ecosystem of Lojas Renner S.A., has been capturing and increasing number of synergies with the ecosystem. In this context, in 2022, Repassa's logistics operation migrated to Arujá DC (SP). In addition, the operation for receiving *Sacolas do Bem* at Renner stores was expanded and at the end of the year, was present in 62 units, that it will be extended to further stores in 2023.

## FINANCIAL SOLUTIONS – REALIZE CFI

In line with initiatives for greater occupation of the ecosystem, Realize CFI's TPV reported R\$ 17.8 billion for the year, an increase of 36.5% versus 2021, a reflection of growth in the active customer base, the latter closing 2022 with 5.8 million, +5% versus 2021. In December, Realize CFI reached a record TPV of 2 billion in Renner Cards in a single month. Meu Cartão gained traction with 19% more customers with indications of principality in the customer wallet (assiduous use of the card). The institution posted a nominal growth in services revenue of 53% versus 2021, representing 25.2% participation in the year.

Launched in September in the Renner app, the disclosure of the Cashback +Parceiros platform was bolstered notably during the Black Friday period, resulting in an increase of 67% in the number of sessions and 180% in the number of orders compared with the month prior to launching.

In relation to the expansion of the omnichannel, Realize CFI recorded an advance in digital channel numbers: there were 273 million total accesses to the app and site in the year, an increase of 17% versus 2021 for a digitalized customer base which recorded approximately 94% at the end of the period.

With its focus on providing financial services for the ecosystem, it was launched the Pix solution in retailing, becoming a new payment service provider of the QR Codes. The service is offered at Lojas Renner's points of sale and through mobile sales devices. Following the launch of this new service, Realize CFI reported results above forecast during the Black Friday and Christmas sales campaigns.

In the front of offering financial solutions, the highlight in October was the launch of the Orbi Bank financial platform, reinforcing the relationship with consumers throughout the fashion and lifestyle ecosystem. Since launch, there has been a gradual expansion to new cities where the Company already has a footprint with new features also being launched in the app. The digital account closed 2022 with more accounts opened than expected, reflecting the efforts of more than 230 stores where Orbi Bank is already present and also via an invite list for customers who are already card holders. In this period, average spending among customers with account movement was greater on average as well as frequency of purchasing 2.5 times higher than customers with no account movement. Additionally, first impressions on the part of customers were positive while those using the Orbi Bank app rated it as simple, easy and intuitive.

## TECHNOLOGY AND DATA

In terms of the use of data, the Company reported important advances in 2022. On the sales forecasting front, continuity was given to recommendations of actions for changing sales tendencies at various stores and for subclasses of products, improving the performance of these units. In 2022, the model's average assertiveness for Renner reached 97% and, in the ecosystem, 96%.

In the purchasing process, tests were made with long-term forecasting for a range of basic jeans products at Youcom, which will support the decision to purchase domestically made and imported products, the aim being for greater assertiveness in the purchasing and optimizing in store inventory. In relation to the collection selection purchasing motor, trials continued with a category

from the Renner brand, with gains in assertiveness. The objective is to reduce leftovers inventory and consequently the transfer of these items to other stores, allowing stores to receive grades more suited to their requirements.

In relation to the fulfillment model using artificial intelligence (AI), for the Renner brand, considering the first shipment or total shipment of collection products to stores, the coverage achieved was 50.1% in 2022. The Company also ran experiments for collection replacement based on the turnover of each item/store, making the process more consistent and comprehensive. This experiment sought to bring equilibrium between sales and inventory in the replacement of sizes according to the velocity of sales of each SKU/store. As to fulfillment using artificial intelligence, the scope of items covered by the model using AI at Youcom closed the year at 11% of sales.

In relation to price and promotion, Renner's markdown motor increased its activities, concluding the year with categories representing 94% of sales. The pricing motor operated with suggestions for promotions in categories representing 44% of Camicado's e-commerce sales and 79% of Renner's e-commerce sales of beauty products.

Finally, the omni smart assortment experiment continued during the year with a view to applying AI in making decisions on assortment geared to consumer preferences of a given region in e-commerce orders and aimed at reducing interstate freight and improving customer service. At the end of the year, a second version of the experiment was being run, divided in 2 modules: assortment – responsible for verifying the ideal assortment for a region, and for quantification, this already being used for assisting in the transfer process of pieces between stores and the DC.

## Economic Financial Performance

The following financial and operational information, except where indicated to the contrary, is in accordance with international standards of financial reporting ("IFRS") issued by the International Accounting Standards Board (IASB). All the variations presented herein are calculated on the basis of numbers in thousands of Reais, as well as rounding. As per the standard in effect, as from January 2019, the leasing expenses, depreciation and interest reflect the effect of IFRS 16. For questions of comparability with the market and in line with the Financial Statements, as from 4Q21, the Company began reporting information relative to EBITDA post-IFRS 16 (excluding Depreciation and Leasing Interest).

## CONSOLIDATED INFORMATION

(R\$ MM)	2022	2021	Chg.
Net Revenue from Retailing <sup>1</sup>	11,575.8	9,555.4	21.1%
Growth of Same Store Sales	18.5%	40.1%	-
Digital GMV	2,046.4	1,644.4	24.5%
Penetration of Digital Sales	13.5%	13.1%	0.4 p.p.
Gross Profit from the Retailing Operation	6,399.5	5,178.8	23.6%
Gross Margin from the Retailing Operation	55.3%	54.2%	1.1 p.p.
Operational Expenses (SG&A) <sup>2</sup> (Post-IFRS 16)	(4,125.3)	(3,529.8)	16.9%
% SG&A/Net Revenue from the Retailing Operation	35.6%	36.9%	-1.3 p.p.
Adjusted EBITDA from the Retailing Operation (Post-IFRS 16) <sup>3</sup>	2,381.5	1,474.5	61.5%
Adjusted EBITDA Margin from the Retailing Operations (Post-IFRS 16) <sup>3</sup>	20.6%	15.4%	5.2 p.p.
Financial Services Result	81.5	247.6	-67.1%
Total Adjusted EBITDA (Post-IFRS 16) <sup>3</sup>	2,463.0	1,722.1	43.0%
Total Adjusted EBITDA Margin (Post-IFRS 16) <sup>3</sup>	21.3%	18.0%	3.3 p.p.
Net Income	1,291.7	633.1	104.0%
Net Margin	11.2%	6.6%	4.6 p.p.
Earnings per share	1.30	0.64	103.5%
ROIC <sup>LTM</sup>	12.8%	6.7%	6.1 p.p.

<sup>1</sup> The Retailing Operation includes revenue from the sale of merchandise as well as service revenues (commissions and costs of the marketplaces and Repassa)

<sup>2</sup> Operating Expenses (SG&A) do not include Depreciation and Amortization expenses.

<sup>3</sup> Total Adjusted EBITDA (Post IFRS 16), without depreciation expenses and financial expenses from leasing.

## NET REVENUE FROM RETAILING OPERATIONS

The Company reported year-end 2022 Net Revenue from Retailing up 21.1% versus 2021 and 36.6% versus 2019, and 18.5% of Same-Store Sales. This performance exceeded the Apparel PMC (IBGE Monthly Commerce Survey) Index of 7p.p., bearing witness to the continued gains in market share throughout the period.

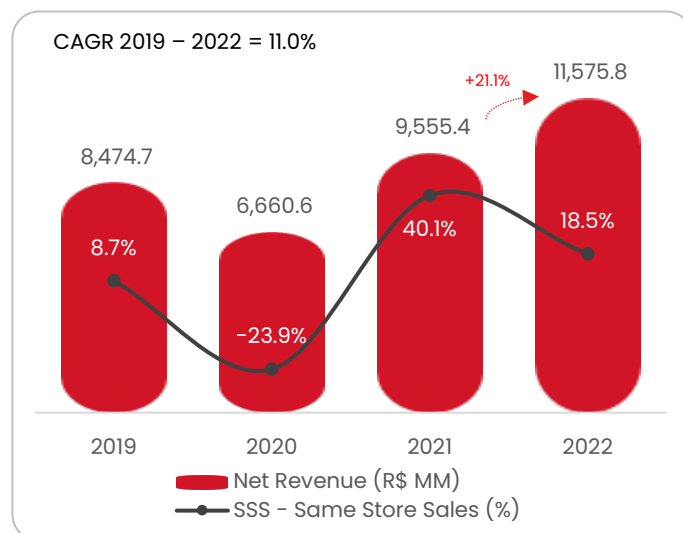
The early weeks of the year carried a degree of uncertainty relative to the pandemic because of the increased number of cases of the 'Omicron variant, causing below-expected customer footfall in January. Beginning in February, however, the situation evolved, with increased mobility and a gradual return to social activities, adding momentum to sales in the months that followed. The period's strong seasonality, with Mothers' Day, Valentine's Day and the São João festivities, boosted by an early and more rigorous winter and the need to refresh wardrobes due to the resumption of social events and increased circulation, translated in robust growth throughout 2Q22.

In the second half of the year, external factors such as colder than expected temperatures, the general elections, the FIFA World Cup and a more challenging macroeconomic environment marked by reduced consumer purchasing power, a reflection of accumulated inflation and record-setting indebtedness and defaulting, had a negative effect on sales.

In relation to digital sales, the Company achieved important results. Digital GMV was R\$ 2,046.4 million, up 24.5% from 2021 and with a 13.5% share, whereas new channels, which include the Alameda Renner marketplace, Renner Favorites, B2B and WhatsApp, accounted for 23% of Digital GMV in 2022. In addition, Camicado's and Renner's marketplaces reinforced by extending into new categories as the year went by, reaching year-end at 505 and 362 sellers, respectively.

Youcom reported a 39.4% robust YoY growth, consolidating its status as the leading youth fashion brand player in Brazil. Highlights include product engineering gains and lead-time reduction due to closer ties with strategic suppliers, as well as the 31% growth in the active customer base of 1.3 million. The brand also held campaigns that reached over 60 million people, including activations with influencers, generating more than 1.3 million e-commerce visits, contributing to revenues growth in this channel as well.

Camicado, in turn, saw its operations affected by a more challenging environment for the Home & Décor segment, intensified by the effects of the general elections, FIFA World Cup and purchasing power restrictions, as mentioned before, leading to a decrease in Net Revenue from Retailing versus 2021. Despite this result, the brand also posted important evolution. Some of the gains include inventory reduction to its lowest levels since the second quarter of 2021, profitability-boosting actions such as a decrease in general expenses and an increased share of proprietary-brand products, with higher margins, in addition to the offering of collaborative collections with stylists.



## BREAKDOWN BY BUSINESS

(R\$ MM)	2022	2021	Chg.
<b>Consolidated</b>	<b>11,575.8</b>	<b>9,555.4</b>	<b>21.1%</b>
Renner (*)	10,602.9	8,613.9	23.1%
Camicado	567.1	650.4	-12.8%
Youcom	405.8	291.1	39.4%

\* Includes sales revenues from Ashua and Repassa services.

## GROSS PROFIT FROM RETAILING OPERATIONS

Over the year, the Company traveled a path of margin recovery, reaching levels close to 2019 and exceeding those of 2021.

This performance was supported by the acceptance that the collections enjoyed, particular emphasis due on the second quarter's Fall/Winter collection, as well as by efficient commercial management. In addition, year-end inventories were stable in number of days versus 2021 and well-adjusted in terms of composition and age group. These factors, together with the pass-throughs, albeit partial, of the effects of inflation and exchange rates to selling prices, were reflected in smaller collection leftovers and, consequently, smaller markdowns in line with the lowest levels on record.

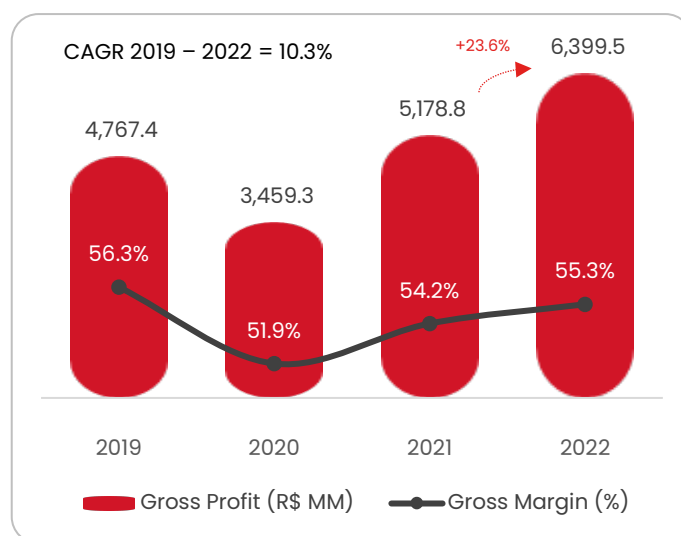
Furthermore, the use of Data Analytics and AI tools for supply processes and the integration of on-and offline platform inventories also contributed to the year's evolving margin.

As a result, all businesses reported a recovery in gross margin because of improved inventory turnover, recovery at Camicado particularly significant and due to improved importation processes and pricing/ markdowns management.

## BREAKDOWN BY BUSINESS

	2022	2021	Chg.
<b>Consolidated</b>	<b>55.3%</b>	<b>54.2%</b>	<b>1.1 p.p.</b>
Renner	55.3%	54.6%	0.7 p.p.
Camicado	51.4%	46.3%	5.1 p.p.
Youcom	61.2%	60.4%	0.8 p.p.

The Retail operation includes merchandise sales and service operations (commissions and costs of the marketplaces and Repassa).

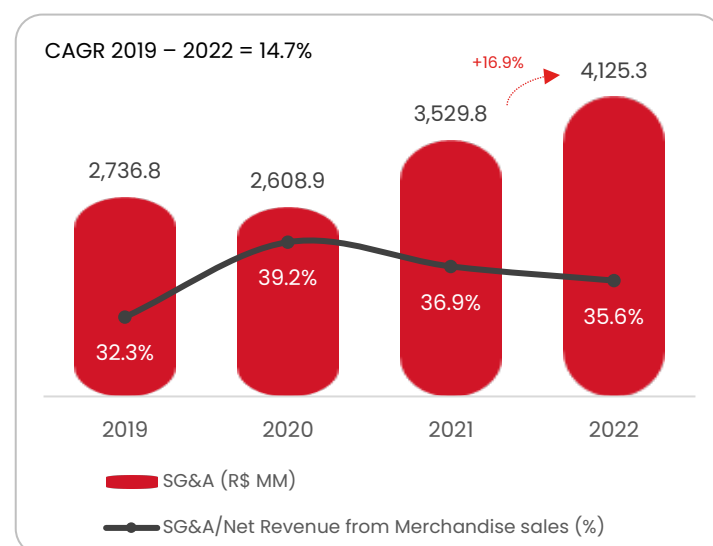


## OPERATING EXPENSES

The ratio of Operating Expenses to Net Revenue from Retailing was down from 2021, due mainly to scale and efficiency gains in operations, despite an inflation environment that remained challenging throughout the period. Digital's highlights included shipping expenses, down 19% versus 2021, and CAC, which was less representative as percentage of revenues from the channel.

The increase in General and Administrative Expenses was due to the increased investment in developing the Fashion and Lifestyle ecosystem, particular emphasis due on expenditures associated with the operational ramp-up of the new Cabreúva DC, as well as on carryover of investments which were more intense in 2021.

In addition, the increased recovery of tax credits, a product of the Company's ongoing tax review drive in the light of monitoring court rulings and the establishment of case law, together with the effect of lower provisioning for the Profit-Sharing Program ("Programa de Participação de Resultados" – PPR) associated with realized performance, benefited gains in Other Operating Income. It is worth pointing out that, in 2021, the Company distributed the most PPR on record, a non-recurring event.

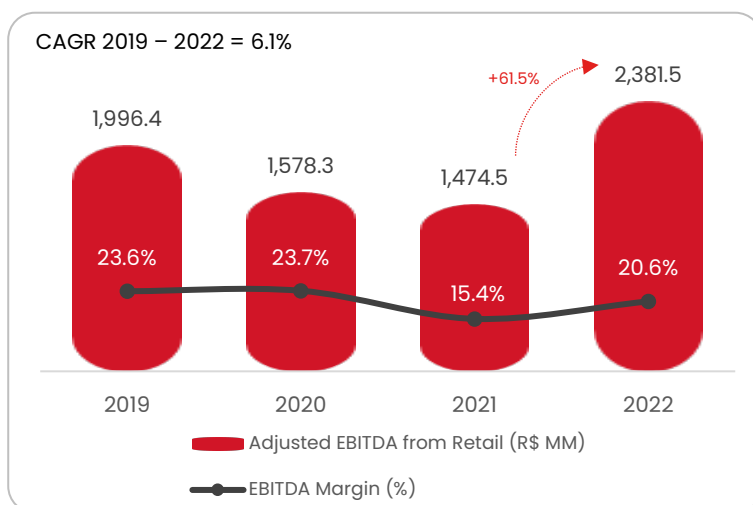


Operating expenses (SG&A) do not include Depreciation and Amortization.

## OPERATING EXPENSES COMPOSITION

(R\$ MM)	2022	2021	Chg.
<b>Operating Expenses (SG&amp;A) (Post-IFRS 16)</b>	<b>(4,125.3)</b>	<b>(3,529.8)</b>	<b>16.9%</b>
<i>% of Net Rev from Merchandise Sales</i>	35.6%	36.9%	-1.3 p.p.
Selling	(2,829.4)	(2,545.1)	11.2%
<i>% of Net Rev from Merchandise Sales</i>	24.4%	26.6%	-2.2 p.p.
General and Administrative	(1,295.8)	(984.7)	31.6%
<i>% of Net Rev from Merchandise Sales</i>	11.2%	10.3%	0.9 p.p.
<b>Other Operating Results</b>	<b>105.0</b>	<b>(176.3)</b>	<b>NA</b>
Profit-Sharing Program	(13.6)	(217.3)	-93.7%
Tax Credits Recovered	110.1	79.1	39.1%
Other Operating revenues/expenses	8.6	(38.1)	NA
<b>Total Operating Expenses, Net</b>	<b>(4,020.2)</b>	<b>(3,706.1)</b>	<b>8.5%</b>
<i>% of Net Rev from Merchandise Sales</i>	34.7%	38.8%	-4.1 p.p.

## ADJUSTED EBITDA FROM RETAILING OPERATIONS (POST-IFRS 16)

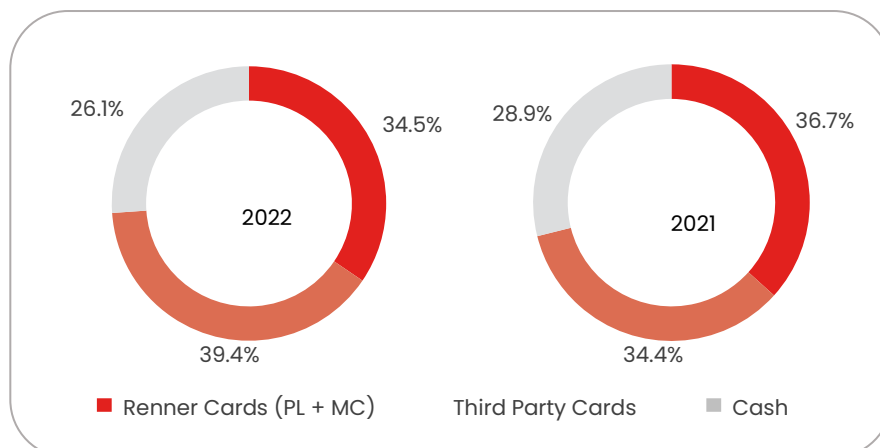


Adjusted EBITDA from Retailing Operations posted substantial growth in the fiscal year, due to the higher gross profit, operational leverage, and the increase in Other Operating Income.

2020 benefitted from the recognition of a tax credit associated with a favorable ruling on a court case concerning the exclusion of ICMS from the PIS and COFINS taxable base, in the amount of R\$ 735.4 million, net of attorney fees.

## PAYMENT CONDITIONS

The active cards issued by the Company totaled 5.8 million units as of December 2022, representing 34.5% of retailing sales, down 2.2p.p. The decrease is due to fiercer competition in the credit segment.



## FINANCIAL SERVICES RESULT

(R\$ MM)

	2022	2021	Chg.
<b>Revenues, net of funding</b>	<b>1,585.3</b>	<b>993.6</b>	<b>59.5%</b>
Renner Card	129.6	172.0	-24.7%
<i>% on the Renner Card</i>	<i>13.5%</i>	<i>15.6%</i>	<i>-2.1p.p.</i>
Co-Branded Card	1,437.9	820.3	75.3%
<i>% on the co-branded card</i>	<i>26.8%</i>	<i>22.3%</i>	<i>4.5p.p.</i>
Other Operating Revenues	17.8	1.4	NA
<b>Credit losses, net of recoveries</b>	<b>(991.7)</b>	<b>(339.8)</b>	<b>191.9%</b>
Renner Card	(71.3)	(41.5)	71.9%
<i>% on the Renner Card</i>	<i>7.4%</i>	<i>3.8%</i>	<i>3.6p.p.</i>
Co-Branded Card	(920.4)	(298.3)	208.5%
<i>% on the co-branded card</i>	<i>17.2%</i>	<i>8.1%</i>	<i>9.1p.p.</i>
<b>Operational expenses</b>	<b>(512.0)</b>	<b>(406.3)</b>	<b>26.0%</b>
<i>% on total portfolio</i>	<i>-8.1%</i>	<i>-8.5%</i>	<i>0.4p.p.</i>
<b>Financial Services Results</b>	<b>81.5</b>	<b>247.6</b>	<b>-67.1%</b>
<i>% on total portfolio</i>	<i>1.3%</i>	<i>5.2%</i>	<i>-3.9p.p.</i>
<i>% of Total Adjusted EBITDA (post-IFRS 16)</i>	<i>3.3%</i>	<i>14.4%</i>	<i>-11.1p.p.</i>

The Financial Services Result in 2022 was affected by a deterioration in the credit environment over the year, with increased household indebtedness and defaulting, which reached historically high levels in addition to reduced consumption overall because of a more challenging situation affecting the performance of the current portfolio. In this context, and given the environment, Realize CFI performed several origination, maintenance and collection actions with customers. Highlights include the concession of credit on a more selective basis to higher-risk customers – leading to a decrease in approval rates, credit limit reductions, debt renegotiations, increased collection points and other initiatives that added quality to new credit operations, albeit at lower volumes.

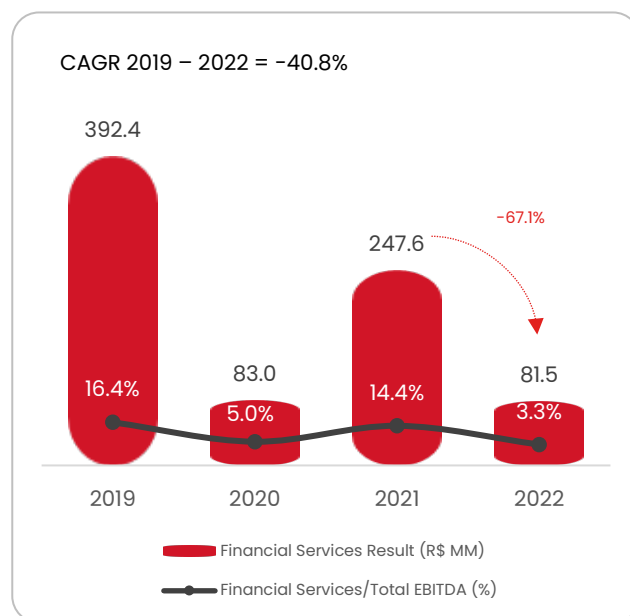
Revenues were up because of larger portfolio volumes arising from sales growth, as well as increased Meu Cartão spending, given the strategy to prioritize the product to enhance Realize's credit offering in the light of fiercer competition in segment and set against the background of migration from Private Label to Co-branded cards.

In the other hand, credit-restriction measures and a lower customer base apt to consume (unrestricted), particularly in the latter half, had an impact on revenues, which grew less than expected. Additionally, revenues were affected by discounts associated with renegotiation.

Net losses, in turn, were affected by the deteriorating credit environment, as mentioned earlier, leading to higher levels of provisioning for losses and lower volumes in credit recovery.

Also in the latter half, Realize CFI assigned credits associated with the write-offs portfolio (more than 360 days past due) for a total R\$ 43.6 million.

Operating expenses in turn, were up, but at a slower pace than portfolio growth, reflecting improved efficiency in managing expenses.



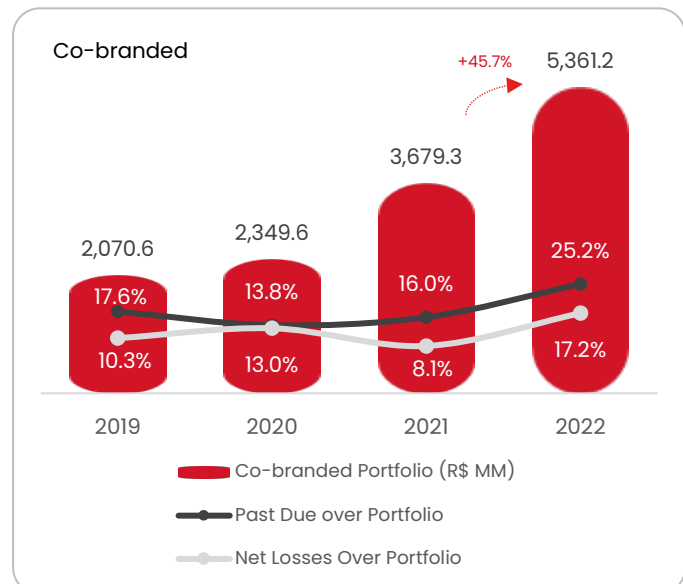
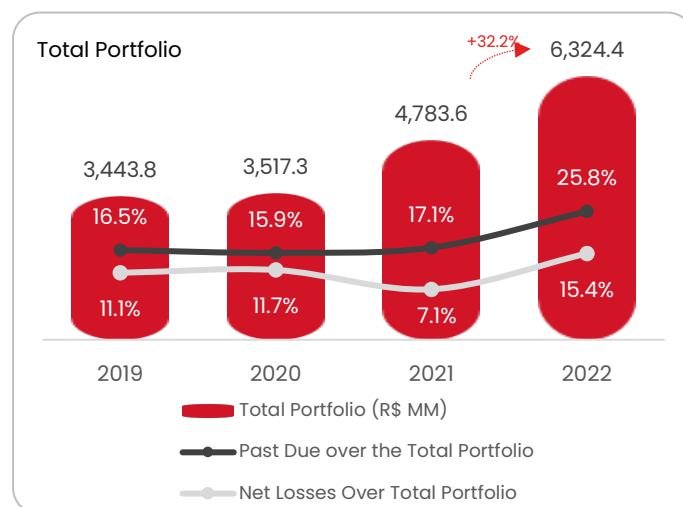
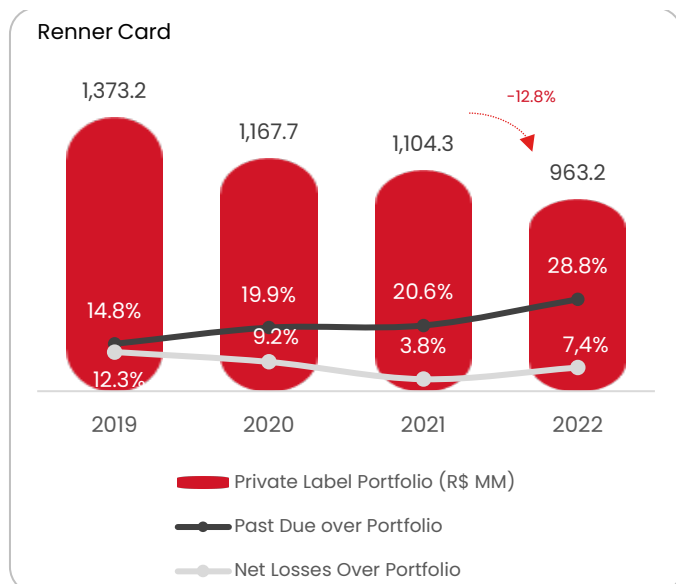
## CREDIT PORTFOLIO

The total portfolio was up 32.2% YoY, due essentially to the higher volumes transacted on Meu Cartão, as well as to increased retailing sales. Growth of the current portfolio alone was 18%.

The increased percentage of past-due payments on both products reflected a more challenging macroeconomic situation, with continuously worsening delinquency that affected recoveries.

Reduced on and offline consumption, particularly in the latter half, as well as a more conservative credit policy and a smaller base of customers apt to consume (unrestricted) led to reduced portfolio oxygenation.

Net losses raised due to increased provisioning for the past due portfolio to ensure the required coverage for future credit losses.



## TOTAL ADJUSTED EBITDA (POST-IFRS 16)

### EBITDA RECONCILIATION

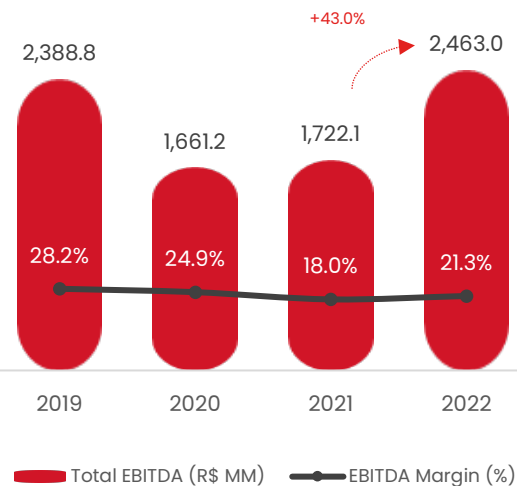
(R\$ MM)

	2022	2021	Chg.
<b>Net Income for the Period</b>	<b>1,291.7</b>	<b>633.1</b>	<b>104.0%</b>
Income Tax and Social Contribution	92.6	6.7	NA
Financial Result, Net	23.1	174.1	-86.7%
Depreciation and Amortization	993.9	877.0	13.3%
<b>Total EBITDA</b>	<b>2,401.3</b>	<b>1,691.0</b>	<b>42.0%</b>
Stock Options Plan	21.8	15.4	42.0%
Statutory Profit Sharing	2.3	6.8	-66.2%
Proceeds from the disposal or write-off of Fixed Assets	37.7	9.0	319.2%
<b>Total Adjusted EBITDA (post-IFRS 16)</b>	<b>2,463.0</b>	<b>1,722.1</b>	<b>43.0%</b>

Total Adjusted EBITDA was up YoY, due to the retailing segment's improved performance.

The amount for 2020 benefited from the recognition of tax credits relative to a successful legal action relative to the exclusion of ICMS from the PIS/COFINS tax calculation base of approximately R\$ 735.4 million, net of legal fees.

CAGR 2019 – 2022 = 1.0%



## NET FINANCIAL RESULT

(R\$ MM)

	2022	2021	Chg.
<b>Financial Revenues</b>	<b>559.1</b>	<b>223.0</b>	<b>150.7%</b>
Return on cash equivalents and financial investments	488.9	196.2	149.2%
Selic-rate interest on tax credits	70.2	26.8	161.9%
<b>Financial Expenses</b>	<b>(543.1)</b>	<b>(371.7)</b>	<b>46.1%</b>
Interest on loans, financing and debentures	(316.0)	(169.9)	86.0%
Interest on leases	(227.1)	(201.8)	12.5%
<b>FX variation and currency adjustments, net</b>	<b>(42.4)</b>	<b>(5.0)</b>	<b>748.0%</b>
<b>Other financial revenues and expenses, net</b>	<b>3.3</b>	<b>(20.4)</b>	<b>NA</b>
<b>Financial Result, Net</b>	<b>(23.1)</b>	<b>(174.1)</b>	<b>86.7%</b>

Net Financial Result was a negative R\$23.1 million, versus an equally negative R\$174.1 million in 2021, due mainly to higher returns on a position of average cash equivalents greater than the previous fiscal year and the increase in the SELIC rate.

## FREE CASH FLOW

The increase in Free Cash Flow was due to increased Operational Cash Generation, reflecting the retailing segment's performance in the period.

(R\$ MM)	2022	2021	Chg.
<b>Total Adjusted EBITDA (Post-IFRS 16)</b>	<b>2.463.0</b>	<b>1.722.1</b>	<b>741.0</b>
(+/-) IR&CS, CSLL/Financial Revenues	405.0	125.0	280.0
<b>Operational Cash Flow</b>	<b>2.868.0</b>	<b>1.847.1</b>	<b>1.021.0</b>
<b>(+/-) Working Capital Variation</b>	<b>(1.481.2)</b>	<b>(1.083.5)</b>	<b>(397.8)</b>
Accounts Receivable	(1.112.0)	(1.601.2)	489.3
Card Management Obligations	629.8	641.7	(11.9)
Inventories	(227.4)	(227.9)	0.5
Suppliers	(5.6)	195.3	(200.9)
Taxes	133.0	225.3	(92.3)
Other Accounts Receivable/Payable	(899.0)	(316.7)	(582.4)
<b>(-) Capex</b>	<b>(1.105.3)</b>	<b>(934.0)</b>	<b>(171.3)</b>
<b>(-) Investment in subsidiaries</b>	<b>(98.8)</b>	<b>(96.3)</b>	<b>(2.5)</b>
<b>(=) Free Cash Flow</b>	<b>182.8</b>	<b>(266.6)</b>	<b>449.4</b>

## (CASH) NET DEBT

As of December 31, 2022, the Company had a net cash position, due mainly to the issuance of 102 million new shares in 2Q21. The share offering was liquidated on May 4, 2021, and the proceeds are being used to develop the Fashion and Lifestyle ecosystem, accelerate the digital transformation, and the rump up of the new Omni DC operation and expansion of brick-and-mortar stores. Furthermore, cash was also consumed in 2022 to deploy a share buyback program and pay of Interest on Capital

(R\$ MM)	12/31/2022	12/31/2021
<b>Loans and financings</b>	<b>1.169,1</b>	<b>2.664,5</b>
Current	122,8	1.610,5
Non-Current	1.046,3	1.054,0
<b>Financing of Customer Credit Operations</b>	<b>1.236,2</b>	<b>802,6</b>
Current	581,4	475,5
Non-Current	654,9	327,1
<b>Gross Debt</b>	<b>2.405,4</b>	<b>3.467,1</b>
<b>Cash and Cash Equivalents and Financial Investments</b>	<b>(3,503.5)</b>	<b>(5,947.5)</b>
<b>(Cash) Net Debt</b>	<b>(1.098,1)</b>	<b>(2.480,4)</b>
(Cash) Net Debt/Total Adjusted EBITDA (Post-IFRS 16) (LTM)	-0.45x	-1,44x
(Cash) Net Debt/Total Adjusted EBITDA (Ex-IFRS 16) (LTM)	-0.63x	-2,24x

## INVESTMENTS

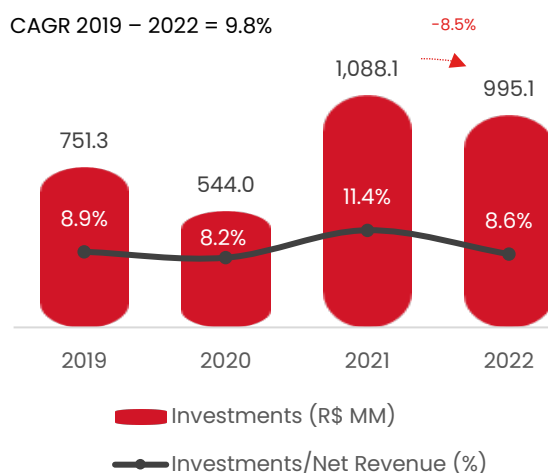
Investments in 2022 were down from 2021, due mainly to reduced disbursements associated with the new DC in Cabreúva, which represented approximately 13% of the year's investments (versus ~45% in 2021). Approximately 47% of investments were allocated to technology fronts relative to development of the Fashion and Lifestyle Ecosystem, and ~40% to store openings and renovations. In the year, 40 stores were opened – 21 Renner, 11 Youcom, 4 Ashua and 4 Camicado – 30 of which in cities where we lacked a presence, in line with the Company's plans of expanding to new municipalities.

Depreciation and Amortization was R\$499.4 million, up 9.1% from 2021, due mainly to increased investments in technology and store rollout plan, as mentioned. Right-of-use depreciation (IFRS 16) was R\$494.5 million, up 17.9% reflecting the increased number of stores, as well as to the effects of inflation on leases.

## INVESTMENTS SUMMARY

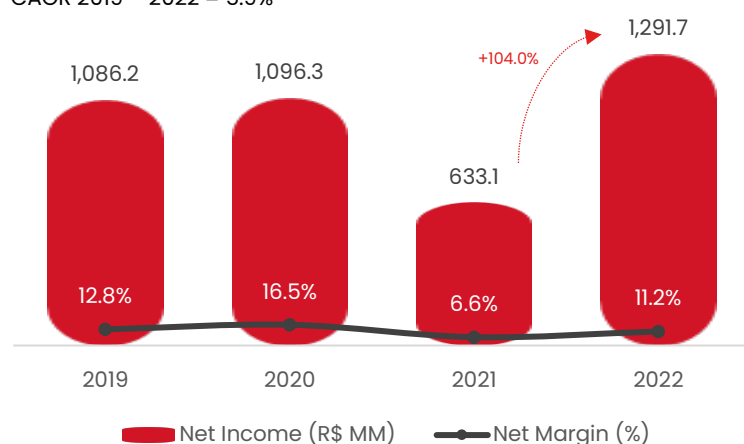
(R\$ MM)	2022	2021
New stores	222.3	173.2
Facilities remodeling and other	178.8	91.2
Technology systems and equipments	464.6	334.7
Distribution centers and other	129.4	489.0
<b>Total investments</b>	<b>995.1</b>	<b>1.088.1</b>

CAGR 2019 – 2022 = 9.8%



## NET INCOME

CAGR 2019 – 2022 = 5.9%



Net Income in 2022 was up from 2021, due mainly to increased operational generation of the retailing segment and the lower effective Income Tax & Social Contribution rate. The tax rate benefitted from the decision to make higher payout of interest on shareholders' equity, as well as from tax incentives recognized as investment subsidies based on Complementary Law 160. The performance also benefitted from improved financial results during the year.

The amount for 2020 benefitted from the recognition of tax credits relative to a successful legal action relative to the exclusion of ICMS from the PIS/COFINS tax calculation base of approximately R\$ 1,036.9 million, net of legal fees.

## INDEPENDENT AUDITORS

Lojas Renner's policy towards its independent auditors, with regard to the provision of services not related to the external audit, is based on principles that preserve the auditor's independence. These principles are based on the fact that the auditor should not audit his own work, nor perform managerial functions or advocate for his client. During the year ended December 31, 2022, the independent audit services at the Company, performed by Ernst e Young Auditores Independentes S/S, included the examination of the financial statements and the assurance of the Company's Annual Report. The amount of fees incurred with the independent auditors in the year 2022 was R\$ 1,968 thousand.

## AWARDS AND RECOGNITIONS

In 2022, Lojas Renner was recognized in several awards and rankings sponsored by different benchmark institutions in their respective fields of activity. This recognition contributes to team engagement and to strengthening the Company's brand and ecosystem. The main recognitions are listed below:

<b>The Best of Dinheiro</b> – 1st Place in the Retail Category	Istoé Dinheiro
<b>Innovation Champions</b> – 1st Place in the Retail Category	Amanhã Magazine
<b>Dow Jones Sustainability World Index (DJSI)</b> – 8th year in the index, which is based on the S&P Global ESG Score; Renner is the fashion retail company with the highest score worldwide, and the second highest for retail overall	S&P Global
<b>Corporate Sustainability Index (ISE)</b> – included in the portfolio for the 9th consecutive year	B3
<b>Brands of those that Decide</b> – 1st place in the Women's Fashion – Recall and Preference category	Jornal do Comércio and Qualidata
<b>300 Largest in Brazilian Retail</b> – 1st place in the Fashion, Footwear and Sporting Goods category	Brazilian Retail and Consumer Society (Sociedade Brasileira de Varejo e Consumo – SBVC)
<b>Best CEO</b> – Fabio Faccio: 2nd place in the combined Buy-side and Sell-side category and Buy-side <b>Best CFO</b> – Daniel Santos: 3rd place combined and 2nd place Buy-side <b>Best IR Program</b> – General: 3rd place Sell-side and 2nd place overall, Buy-side and Sell-side <b>Best IR Professional</b> – Carla Sffair – General: 3rd place overall, Buy-side and Sell-side and 2nd place overall, 1st place Buy-side and 2nd place Sell-side <b>Best IR Team</b> – General: 1st place overall and 2nd place Buy-side and 1st place overall and Buy-side <b>Best Investor/Analyst Event</b> – General: 3rd place overall and Buy-side and 1st place overall and Buy-side and 3rd place Sell-side <b>Best ESG</b> – General: 3rd place overall Buy-side and 1st place overall and Buy-side and 3rd place Sell-side; <b>Covid-19 Crisis Management</b> – 2nd place overall and Buy-side and 3rd place Sell-side. Rankings consider the Mid-Cap category.	Institutional Investor Magazine
<b>Merco Most Responsible Companies</b> and with the <b>Best Corporate Governance</b> – 1st place in the fashion retail category	Merco
<b>Exame Best and Biggest</b> – 6th place in the Fashion and Apparel category	Exame
<b>Época Negócios 360°</b> – 1st place in the Retail industry	Época Negócios
<b>Reclame Aqui Awards</b> – 1st place in the Fashion and Textile – Retail category	Reclame Aqui
<b>Top of Mind RS</b> – 1st place in the Apparel Chain category	Amanhã Magazine
<b>Ranking BrandZ</b> – The Most Valuable Brands in Brazil – 12th place in the Retail category	Kantar Brasil
<b>Transparency Trophy</b> – featured in the category Net Revenue from R\$ 5 billion to R\$ 20 billion in 2021, integrating the list of companies awarded for the 3 <sup>rd</sup> time. The Prize throughout its existence has sought to encourage the transparency of companies with regard to the disclosure of their information through the quality of their financial statements.	ANEFAC – National Association of Finance, Administration and Accounting Executives

## OUTLOOK

The year of 2023 began with lingering economic uncertainty and the potential effects thereof on household consumption and indebtedness over the year. However, the Company is of the view that brands with a clear value proposition generate competitive advantages and create the conditions for gains in market share.

In this context, Lojas Renner will continue to address its strategic priorities, which aim at opportunities to accelerate business growth and value creation through differentiation and a focus on consumers. Hence, we continue to pursue an increasingly relevant role as a reference for fashion and lifestyle, responsible fashion, and enchantment along the consumer journey. To this end, our forecast is for R\$ 1.1 billion in investments in 2023, pursuant to a proposal to be submitted to the shareholders. The amount will be allocated to

consolidating and further developing the omnichannel model, opening approximately 20 Renner stores, 75% of which in cities where we still lack a presence, 10 to 15 Youcom and 5 Ashua, as well as remodeling units. It also encompasses investments aimed at improving time to market, seeking to integrate the supply chain into the collection development process, making the chain more flexible and responsive to customer demands, with gains in efficiency and precision in a sustainable manner. Investments will also be made in the evolution of the technological and logistics platform, with emphasis on the ramp up of the new DC, which will bring transformational benefits in our physical and digital operations and in the consolidation of our omnichannel model. In line with the advancement of the omni experience, the digital will continue to evolve, with profitability, not only through improvements in the services offered, but through greater assortment (1P and 3P). From the point of view of the value equation, in addition to the benefits of the new logistics platform, the attraction and retention of organic flow are also fundamental, for the continuous reduction of CAC, through initiatives to generate content and loyalty. In addition, initiatives aimed at making the offer of financial solutions more attractive.

All of this will be performed with focus in pursuit of improved operational productivity and efficiency to boost customer enchantment and generate shareholder value.

## ACKNOWLEDGEMENTS

Lojas Renner wishes to extend special thanks to its employees, for their engagement and dedication; its suppliers, for their commitment to our operations; its shareholders, for their confidence in the Company; and its customers and the community at large, who remained loyal to the ecosystem's brands.

Porto Alegre, February 16, 2023.

## Glossary

**1P (first party):** Own inventory, the company buys and sells products directly to the customers.

**3P (third-party seller):** Third party inventory which is managed by the sellers.

**B2B (Business-to-Business):** A commercial transaction between companies.

**BRANDING:** Management strategy of the brand with the objective of rendering it more recognizable by its consuming public and present in the market.

**CAC:** Customer Acquisition Cost.

**CAGR:** Compound Rate of Annual Growth.

**CAPEX:** Capital Expenditure allocated to the Company's investments. (Example: Fixed Assets and Intangible Assets).

**CDB:** Bank Deposit Certificate is a fixed income security issued by banks to raise funds for financing their activities. In exchange for this loan of resources to the bank, the latter will return the amount invested to the investor plus the interest agreed at the time of the investment.

**CHURN:** Rate of turnover. This is a metric used in customer management which shows the rate of consumers which a company has lost in a given period and the total revenue involved in this process.

**MOBILE CHECKOUT:** Process of concluding a purchase alternative to the traditional cashier's desk. The conclusion of the transaction may be made through *Mobile Sales*, made by the store employee using instore mobile devices; *Self-Checkout*, self-service totems; and through the *Pague Digital* (Digital Payment) whereby the customer concludes the purchase with his own smartphone using the Renner app.

**CRM (Customer Relationship Management):** Software which provides a complete management of the sales process, making the approach and contacts with the client more assertive.

**CROSS-BRAND CUSTOMER:** Customer who buys from more than one brand of the ecosystem.

**CROSS SELL:** Sale of complementary products or services based on customer interests within the Renner ecosystem.

**DIGITAL PAYMENT:** A purchase modality where the customer can pay for his purchases in the store with his own smartphone using the Renner app.

**EBITDA:** Stands for "Earnings before interest, taxes, depreciation and amortization". Performance indicator of operating cash generation. The calculation of EBITDA may be adjusted for non-recurring items which contribute to the information on the potential for gross cash generation in the Company's operations. Adjusted EBITDA has no standardized meaning, and our definition may not be comparable with that used by other companies.

**ESG (Environmental, Social and Governance):** Environmental, social and governance practices.

**FINTECH:** Company using technology to offer financial products and services in an innovative manner.

**FOLLOW ON:** Subsequent offering of shares of a publicly held company.

**FREE FLOAT:** Is the percentage of a company's shares which are traded on the Stock Exchange.

**GMV (Gross Merchandise Volume):** Term used in online retailing to show the total monetary value of sales through this channel.

**GUIDE SHOP:** The guide shop model is a bricks-and-mortar commercial establishment with a display case, but with no stock (or with a small stock), in which consumers choose and try products, purchase them using totems or tablets, and receive the products at home.

**INFINITE AISLE:** Availability of inventories of the physical stores in the e-commerce, where customers can buy products from the physical stores inventory through e-commerce.

**INFLUENCER:** Professionals who through content published in the social media, are able to influence and cause an effect on thousands of people in relation to a given product. Due to their followers and engagement, they are deemed to be credible and successful people in their métier.

**IFRS:** International Financial Reporting Standards correspond to international accounting norms.

**LAST MILE:** Is a concept which relates to the last stage in the delivery of the product, leaving a distribution center to the final recipient.

**LIFETIME VALUE:** Is a metric defining the value of the customer's life cycle. It represents the sum of all the values expended by a consumer while he is a customer of the brand.

**LOYALTY:** Program for rewarding customers and encouraging repeat business.

**MARKETPLACE:** An online sales platform which combines different companies selling products as if it were a virtual store window.

**MAU (Monthly Active Users):** The number of active users in a month, the metric related to the frequency and involvement of users in sites and apps.

**OMNICHANNEL:** A strategy which uses all a company's communication channels in an integrated and simultaneous fashion. The underlying objective is to narrow the relationship between on- and off-line and strengthen the relationship of the customer with the company, thus improving their experience.

**p.p:** Percentage points.

**ROIC LTM:** Return On Invested Capital over the last twelve months.

**SELLER:** Is the name given to all those that sell their products in the marketplace.

**SEO (Search Engine Optimization):** set of strategies to enhance and improve the positioning of websites considering organic results.

**SPENDING:** Total customer expenditure in a given period.

**SSS (Same Store Sales):** Relation between the sales executed in the same stores (more than 12 months of operation) in the current period compared to sales in these selfsame stores in the same period of the previous year.

**STAKEHOLDERS:** Individuals or entities that have a relationship with the Company. In addition to the shareholders, the company's employees, customers, suppliers, creditors, governments and community are stakeholders.

**STARTUP:** Young or recently constituted companies which present major growth possibilities. Startups are characterized by being scalable businesses and growing in a much faster and efficient way compared with a traditional small and middle market company.

**STICKINESS:** This is the propensity of customers to return to a product or use it with greater frequency, the product itself having characteristics that enhance the profoundness of the relationship with the customer over time.

**TIME TO MARKET:** Integration in the supplier's network with the process of developing collections, making the entire chain more flexible and agile to the demands of the customer, with gains in efficiency and precision and this in a sustainable manner.

**TPV (Total Payment Volume):** It is the total amount that was made in transactions through payment methods such as cards, acquirers, sub-acquirers and other intermediaries.

**UX (User Experience):** User Experience is the combination of elements and factors relative to the interaction of the user with a given product, system, or service responsible for projecting experiences of enchantment to gain the loyalty and capture customers.

## SOCIAL BALANCE SHEET

Lojas Renner S.A. and subsidiaries

On December 31, 2022 and 2021

(In thousands of Brazilian Reals)

<b>1 – Calculation base</b>		<b>2022</b>				<b>2021</b>			
Net revenue (NR)		13,271,137				10,571,556			
Operating income (RO)		1,407,401				813,944			
Gross payroll (GP)		1,374,806				1,120,645			
Total value added (TVA)		7,155,423				5,495,478			

<b>2 – Internal social indicators</b>		<b>2022</b>				<b>2021</b>			
		R\$ thousands	% on GP	% on NR	% on TVA	R\$ thousands	% on GP	% on NR	% on TVA
Food		92,892	6.8%	0.7%	1.3%	71,068	6.3%	0.7%	1.3%
Compulsory social charges		424,691	30.9%	3.2%	5.9%	342,773	30.6%	3.2%	6.2%
Health		85,848	6.2%	0.6%	1.2%	69,847	6.2%	0.7%	1.3%
Safety and labor medicine		3,805	0.3%	0.0%	0.1%	3,267	0.3%	0.0%	0.1%
Training and professional development		1,055	0.1%	0.0%	0.0%	973	0.1%	0.0%	0.0%
Kindergarten or kindergarten benefit		1,182	0.1%	0.1%	0.1%	1,036	0.1%	0.0%	0.0%
Employee profit sharing		13,644	1.0%	0.1%	0.2%	217,333	19.4%	2.1%	4.0%
Transportation		39,015	2.8%	0.3%	0.5%	34,322	3.1%	0.3%	0.6%
Other		35,822	2.6%	0.3%	0.5%	25,352	2.3%	0.2%	0.5%
<b>Total – Internal social indicators</b>		<b>697,954</b>	<b>50.8%</b>	<b>5.3%</b>	<b>9.8%</b>	<b>765,971</b>	<b>68.4%</b>	<b>7.2%</b>	<b>13.9%</b>

<b>3 – External social indicators</b>		<b>2022</b>				<b>2021</b>			
		R\$ thousands	% on GP	% on NR	% on TVA	R\$ thousands	% on GP	% on NR	% on TVA
Others (Lojas Renner Institute)		4,855	0.4%	0.1%	0.1%	6,770	0.6%	0.1%	0.1%
<b>Total contributions to society</b>		<b>4,855</b>	<b>0.4%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>6,770</b>	<b>0.6%</b>	<b>0.1%</b>	<b>0.1%</b>
Taxes (excluding social charges)		2,577,743	187.5%	19.4%	36.0%	2,065,297	184.3%	19.5%	37.6%
<b>Total – External social indicators</b>		<b>2,582,598</b>	<b>187.9%</b>	<b>19.5%</b>	<b>36.1%</b>	<b>2,072,067</b>	<b>184.9%</b>	<b>19.6%</b>	<b>37.7%</b>

<b>4 – Environmental indicators</b>		<b>2022</b>				<b>2021</b>			
		R\$ thousands	% on GP	% on NR	% on TVA	R\$ thousands	% on GP	% on NR	% on TVA
<b>4.1 – Investments relating to production/operation of the Company</b>									
Energy preservation		5,000	0.4%	0.0%	0.1%	1,188	0.1%	0.0%	0.0%
Investments in environmental offset actions		714	0.1%	0.0%	0.0%	1,111	0.1%	0.0%	0.0%
<b>Total investments relating to production/operation of the Company</b>		<b>5,714</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>2,299</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>

	<b>2022</b>	<b>2021</b>
Regarding the establishment of annual goals to minimize waste and consumption in general in production/operation to increase the effectiveness in the use of natural resources, the company:	( ) Has no goals ( ) Meet the goals from 0% to 50% ( ) Meet the goals from 51% to 75% (x) Meet the goals from 76% to 100%	( ) Has no goals (x) Meet the goals from 0% to 50% ( ) Meet the goals from 51% to 75% ( ) Meet the goals from 76% to 100%

## 5 – Personnel indicators

	2022	2021
	In units	In units
Number of employees at the end of the year	26.208	25.474
Number of onboarding in the year	12.931	12.638
Number of terminated employees in the year	12.197	11.921
Number of outsourced professionals	ND	ND
Number of interns	131	154
<b>Number of employees per age range:</b>		
Up to 29 years old	15.148	14.449
Between 30 and 49	10.169	10.062
50 years old or older	891	963
<b>Gross compensation segregated into:</b>		
Employees	835.986	1.136.819
Managers and Directors	27.782	23.445
<b>Number of employees per educational level:</b>		
Illiterate	4	4
Primary school	429	515
High school/technical school	20.148	19.479
Undergraduation and graduation	4.783	4.637
Did not informed	844	839
Number of womens working in the Company	16.772	16.476
Percentage of women in leadership positions	64,0%	65,2%
Number of mens working in the Company	9.436	8.998
Percentage of men in leadership positions	36,0%	35,3%
Number of employees with disabilities or special needs	798	871

## 6 – Significant information on the exercise of corporate citizenship

	2022	2021
Number of work-related accidents	-	-
The Company's social and environmental projects were developed by:	<input type="checkbox"/> Directors <input type="checkbox"/> Directors and managers <input checked="" type="checkbox"/> All employees	<input type="checkbox"/> Directors <input type="checkbox"/> Directors and managers <input checked="" type="checkbox"/> All employees
The safety and health standards in the workplace were defined by:	<input type="checkbox"/> Directors <input checked="" type="checkbox"/> Directors and managers <input type="checkbox"/> All employees <input type="checkbox"/> Everyone + CIPA	<input type="checkbox"/> Directors <input checked="" type="checkbox"/> Directors and managers <input type="checkbox"/> All employees <input type="checkbox"/> Everyone + CIPA
Regarding to the employees' labor union freedom, the right to collection bargaining and internal representation, the Company:	<input type="checkbox"/> Does not get involved <input type="checkbox"/> Follows OIT rules <input checked="" type="checkbox"/> Encourages and follows OIT	<input type="checkbox"/> Does not get involved <input type="checkbox"/> Follows OIT rules <input checked="" type="checkbox"/> Encourages and follows OIT
The private pension plan comprises:	We haven't private pension plan	We haven't private pension plan
The profit sharing comprises:	<input type="checkbox"/> Directors <input type="checkbox"/> Directors and managers <input checked="" type="checkbox"/> All employees	<input type="checkbox"/> Directors <input type="checkbox"/> Directors and managers <input checked="" type="checkbox"/> All employees
The choice of suppliers adopts the same ethical, social and environmental responsibility standards by the Company:	<input type="checkbox"/> Aren't considered <input type="checkbox"/> Are suggested <input checked="" type="checkbox"/> Are required	<input type="checkbox"/> Aren't considered <input type="checkbox"/> Are suggested <input checked="" type="checkbox"/> Are required
Regarding to commitment of employees in volunteer work programs, the Company:	<input type="checkbox"/> Does not ger involved <input type="checkbox"/> Supports these programs <input checked="" type="checkbox"/> Organizes and encourages these programs	<input type="checkbox"/> Does not ger involved <input type="checkbox"/> Supports these programs <input checked="" type="checkbox"/> Organizes and encourages these programs

Distribution of value added (DVA):	2022		2021	
	R\$ thousands	% on total	R\$ thousands	% on total
Government	3.002.434	42,0%	2.408.070	43,8%
Employees	1.709.658	23,9%	1.617.548	29,4%
Shareholders	648.325	9,1%	387.876	7,1%
Third parties	1.151.627	16,1%	836.748	15,2%
Retained	643.379	9,0%	245.236	4,5%

## BALANCE SHEETS

Lojas Renner S.A. and subsidiaries

On December 31, 2022 and 2021

(All amounts in thousands of Brazilian Reais)

	Note	Parent Company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7.2	2,640,732	5,216,237	2,848,351	5,489,417
Interest-earning bank deposits	7.3	233,451	209,715	655,131	458,085
Trade accounts receivable	8.2	2,470,421	2,378,330	6,524,832	5,412,881
Inventories	9.2	1,562,813	1,289,049	1,836,947	1,609,560
Taxes recoverable	10	816,349	766,524	1,003,849	849,389
Derivative financial instruments	25.4	7,461	21,022	8,204	24,364
Related-party receivables	27.3.2	20,307	15,161	-	-
Other assets	11	104,267	101,835	176,456	141,084
<b>Total current assets</b>		<b>7,855,801</b>	<b>9,997,873</b>	<b>13,053,770</b>	<b>13,984,780</b>
<b>Noncurrent assets</b>					
Long-term receivables					
Trade accounts receivable	8.2	7,934	8,098	-	-
Taxes recoverable	10	207,149	509,892	234,726	551,243
Related-party receivables	27.3.2	819	1,872	-	-
Deferred income tax and social contribution	12.2	251,519	248,617	555,595	457,537
Other assets	11	197,536	115,676	225,345	125,738
<b>Total long-term assets</b>		<b>664,957</b>	<b>884,155</b>	<b>1,015,666</b>	<b>1,134,518</b>
Investments	13	2,349,458	2,018,188	-	-
Property, plant and equipment	14.2	2,427,746	2,258,449	2,830,784	2,650,859
Rights of use	15.2	2,278,024	2,080,926	2,609,505	2,434,188
Intangible	14.3	870,779	656,071	1,639,167	1,207,640
<b>Total non-current assets</b>		<b>8,590,964</b>	<b>7,897,789</b>	<b>8,095,122</b>	<b>7,427,205</b>
<b>Total assets</b>		<b>16,446,765</b>	<b>17,895,662</b>	<b>21,148,892</b>	<b>21,411,985</b>

Management's explanatory notes are an integral part of individual and consolidated financial statements.

## BALANCE SHEETS

Lojas Renner S.A. and subsidiaries

On December 31, 2022 and 2021

(All amounts in thousands of Brazilian Reais)

	Note	Parent Company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Interest-bearing loans, borrowings and derivatives	17.2	53,571	1,603,751	122,824	1,610,452
Borrowings - financial debt	18.1	-	-	581,351	475,522
Leases payable	19.2	621,502	567,416	719,829	666,100
Suppliers	20.2	1,449,107	1,539,711	1,624,082	1,707,489
Obligations - forfait	21.2	71,068	60,075	78,848	54,744
Obligations with credit card administrators		28,001	19,295	2,464,968	1,835,143
Tax obligations	22	414,476	414,739	566,891	516,678
Social and labor obligations	23	249,709	404,892	305,062	460,373
Statutory obligations	29.2.2	160,966	353,522	160,966	353,522
Provisions for risks	24.2	60,764	47,635	85,079	66,613
Derivative financial instruments	25.4	6,759	315	6,940	315
Related-party payables	27.3.2	918	1,463	-	-
Other obligations	26	180,903	114,247	288,739	207,149
<b>Total current liabilities</b>		<b>3,297,744</b>	<b>5,127,061</b>	<b>7,005,579</b>	<b>7,954,100</b>
<b>Non-current liabilities</b>					
Interest-bearing loans, borrowings and derivatives	17.2	999,372	998,430	1,046,319	1,054,027
Borrowings - financial debt	18.1	-	-	654,881	327,101
Leases payable	19.2	1,941,780	1,719,815	2,190,081	1,994,936
Deferred income and social contribution taxes	12.2	-	-	3,618	3,392
Suppliers	20.2	17,099	58,774	17,304	58,992
Provisions for risks	24.2	45,568	82,697	49,245	86,122
Other obligations	26	57,687	102,264	94,350	126,694
<b>Total non-current liabilities</b>		<b>3,061,506</b>	<b>2,961,980</b>	<b>4,055,798</b>	<b>3,651,264</b>
<b>Total liabilities</b>		<b>6,359,250</b>	<b>8,089,041</b>	<b>11,061,377</b>	<b>11,605,364</b>
<b>Equity</b>					
Capital	28.1.1	9,022,277	8,978,349	9,022,277	8,978,349
Treasury shares	28.2	(552,812)	(108,620)	(552,812)	(108,620)
Capital reserves	28.3	119,375	85,966	119,375	85,966
Income reserves	28.4	1,382,939	739,901	1,382,939	739,901
Other comprehensive income	28.5	115,736	111,025	115,736	111,025
<b>Total equity</b>		<b>10,087,515</b>	<b>9,806,621</b>	<b>10,087,515</b>	<b>9,806,621</b>
<b>Total liabilities and equity</b>		<b>16,446,765</b>	<b>17,895,662</b>	<b>21,148,892</b>	<b>21,411,985</b>

Management's explanatory notes are an integral part of individual and consolidated financial statements.

## INCOME STATEMENT

Lojas Renner S.A. and subsidiaries

For the years ended December 31, 2022 and 2021

(In thousands of Brazilian Reais, except net income per share, stated in Brazilian R\$)

	Note	Parent Company		Consolidated	
		2022	2021	2022	2021
<b>Operating revenue, net</b>		<b>10,341,740</b>	<b>8,365,402</b>	<b>13,271,137</b>	<b>10,571,566</b>
Sales of goods	34.1	10,262,968	8,329,816	11,529,896	9,547,440
Service revenue	34.1	78,772	35,586	1,741,241	1,024,126
<b>Costs of sales and services</b>		<b>(4,702,887)</b>	<b>(3,862,653)</b>	<b>(5,286,323)</b>	<b>(4,399,178)</b>
Sales of goods		(4,702,887)	(3,862,653)	(5,156,590)	(4,374,886)
Services		-	-	(129,733)	(24,292)
<b>Gross profit</b>		<b>5,638,853</b>	<b>4,502,749</b>	<b>7,984,814</b>	<b>6,172,388</b>
Selling expenses	35.1	(2,937,531)	(2,653,258)	(3,563,412)	(3,204,715)
General and administrative expenses	35.2	(1,302,028)	(1,005,840)	(1,535,798)	(1,181,073)
Reversals (losses) on receivables, net		48,114	82,456	(991,742)	(339,801)
Other operating income (expenses)	35.3	(36,034)	(291,457)	(486,461)	(632,855)
Equity on profit/loss of subsidiaries	13	(30,343)	68,094	-	-
<b>Operating expenses, net</b>		<b>(4,257,822)</b>	<b>(3,800,005)</b>	<b>(6,577,413)</b>	<b>(5,358,444)</b>
<b>Operating income before finance income (costs)</b>		<b>1,381,031</b>	<b>702,744</b>	<b>1,407,401</b>	<b>813,944</b>
Finance income	36	553,984	223,795	703,939	383,304
Finance costs	36	(529,492)	(366,517)	(727,055)	(557,395)
<b>Finance income (costs), net</b>		<b>24,492</b>	<b>(142,722)</b>	<b>(23,116)</b>	<b>(174,091)</b>
<b>Income before income and social contribution taxes</b>		<b>1,405,523</b>	<b>560,022</b>	<b>1,384,285</b>	<b>639,853</b>
Current	12.5	(110,195)	(87,424)	(184,492)	(195,071)
Deferred	12.5	(3,624)	160,514	91,911	188,330
<b>Income and social contribution taxes, net</b>		<b>(113,819)</b>	<b>73,090</b>	<b>(92,581)</b>	<b>(6,741)</b>
<b>Net income for the year</b>		<b>1,291,704</b>	<b>633,112</b>	<b>1,291,704</b>	<b>633,112</b>
<b>Net earnings per share – basic – R\$</b>	30	1.3261	0.6647	1.3261	0.6647
<b>Net earnings per share – diluted – R\$</b>	30	1.3231	0.6628	1.3231	0.6628
<b>Number of shares at end of year (in thousands)</b>		991,227	988,779	991,227	988,779

Management's explanatory notes are an integral part of individual and consolidated financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME

Lojas Renner S.A. and Subsidiaries

For the years ended on December 31, 2022 and 2021

(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>Net income for the year</b>	<b>1,291,704</b>	<b>633,112</b>	<b>1,291,704</b>	<b>633,112</b>
<b>Equity adjustments</b>				
<b>Items that will be reclassified to profit or loss</b>	<b>(14,504)</b>	<b>33,026</b>	<b>(14,504)</b>	<b>33,026</b>
Cash flow hedge	(19,195)	46,138	(21,975)	50,042
Taxes relating to gains from (losses on) cash flow hedge	6,526	(15,687)	7,471	(17,016)
Cash flow hedge in subsidiaries, net of taxes	(1,835)	2,575	-	-
<b>Cumulative translation adjustments and monetary adjustments</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>	<b>19,215</b>	<b>51,094</b>	<b>19,215</b>	<b>51,094</b>
Cumulative translation adjustments and hyperinflation adjustments	19,215	51,094	19,215	51,094
<b>Other comprehensive income</b>	<b>4,711</b>	<b>84,120</b>	<b>4,711</b>	<b>84,120</b>
<b>Total comprehensive income (loss) for the year</b>	<b>1,296,415</b>	<b>717,232</b>	<b>1,296,415</b>	<b>717,232</b>

Management's explanatory notes are an integral part of individual and consolidated financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY – PARENT COMPANY AND CONSOLIDATED

Lojas Renner S.A.

On December 31, 2022 and 2021

(All amounts in thousands of Brazilian Reais, except interest on equity and dividends per share in Brazilian Reais)

	Note	Capital reserves		Stock option plan and restricted share plan reserve	Income reserves					Retained earnings	Total
		Capital	Treasury shares		Legal reserve	Investment and expansion reserve	Tax incentive reserve	Additional dividend proposed	Other comprehensive income		
<b>Balance on January 1, 2022</b>		<b>8,978,349</b>	<b>(108,620)</b>	<b>85,966</b>	<b>17,757</b>	<b>443,832</b>	<b>277,971</b>	<b>341</b>	<b>111,025</b>	-	<b>9,806,621</b>
Net income for the year		-	-	-	-	-	-	-	-	1,291,704	1,291,704
Capital increase	28.1.1	43,928	-	-	-	-	-	-	-	-	43,928
Share buyback	28.2	-	(453,943)	-	-	-	-	-	-	-	(453,943)
Disposal/transfer of shares	28.2	-	9,751	(9,751)	-	-	-	-	-	-	-
Stock option plan	31	-	-	21,799	-	-	-	-	-	-	21,799
Restricted share plan	32	-	-	21,361	-	-	-	-	-	-	21,361
Equity adjustments	28.5	-	-	-	-	-	-	-	(14,504)	-	(14,504)
Cumulative translations adjustments	28.5	-	-	-	-	-	-	-	(33,386)	-	(33,386)
Monetary adjustment due to hyperinflation	28.5	-	-	-	-	-	-	-	52,601	-	52,601
Unclaimed dividends		-	-	-	-	-	-	(341)	-	-	(341)
<b>Profit allocation:</b>		-	-	-	<b>51,114</b>	<b>322,848</b>	<b>269,417</b>	-	-	<b>(1,291,704)</b>	<b>(648,325)</b>
Legal reserve	28.4	-	-	-	51,114	-	-	-	-	(51,114)	-
Investment and expansion reserve	28.4	-	-	-	-	322,848	-	-	-	(322,848)	-
Tax incentive reserve	28.4	-	-	-	-	-	269,417	-	-	(269,417)	-
Interest on equity (R\$0.667067 per share)	29.2.1	-	-	-	-	-	-	-	-	(648,325)	(648,325)
<b>Balance on December 31, 2022</b>		<b>9,022,277</b>	<b>(552,812)</b>	<b>119,375</b>	<b>68,871</b>	<b>766,680</b>	<b>547,388</b>	-	<b>115,736</b>	-	<b>10,087,515</b>

Management's explanatory notes are an integral part of individual and consolidated financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY – PARENT COMPANY AND CONSOLIDATED

Lojas Renner S.A.

On December 31, 2022 and 2021

(All amounts in thousands of Brazilian Reais, except interest on equity and dividends per share in Brazilian Reais)

	Note	Capital reserves		Stock option plan and restricted share plan reserve	Income reserves					Retained earnings	Total
		Capital	Treasury shares		Legal reserve	Investment and expansion reserve	Tax incentive reserve	Additional dividend proposed	Other comprehensive income		
<b>Balance on January 1, 2021</b>		<b>3,805,326</b>	<b>(119,461)</b>	<b>94,031</b>	<b>109,768</b>	<b>1,421,744</b>	<b>162,812</b>	<b>191</b>	<b>26,905</b>	-	<b>5,501,316</b>
Net income for the year		-	-	-	-	-	-	-	-	633,112	633,112
Capital increase	28.1.1	5,173,023	-	(30,759)	(109,768)	(927,420)	(162,812)	-	-	-	3,942,264
Disposal/transfer of shares	28.2	-	10,841	(10,841)	-	-	-	-	-	-	-
Stock option plan	31	-	-	15,351	-	-	-	-	-	-	15,351
Restricted share plan	32	-	-	18,184	-	-	-	-	-	-	18,184
Equity adjustments	28.5	-	-	-	-	-	-	-	33,026	-	33,026
Cumulative translations adjustments	28.5	-	-	-	-	-	-	-	10,096	-	10,096
Monetary adjustment due to hyperinflation	28.5	-	-	-	-	-	-	-	40,998	-	40,998
Decision on dividends		-	-	-	-	-	-	(191)	-	-	(191)
Unclaimed dividends		-	-	-	-	-	-	-	-	341	341
<b>Profit allocation:</b>		-	-	-	<b>17,757</b>	<b>(50,492)</b>	<b>277,971</b>	<b>341</b>	-	<b>(633,453)</b>	<b>(387,876)</b>
Legal reserve	28.4	-	-	-	17,757	-	-	-	-	(17,757)	-
Investment and expansion reserve	28.4	-	-	-	-	(50,492)	-	-	-	50,492	-
Tax incentive reserve	28.4	-	-	-	-	-	277,971	-	-	(277,971)	-
Dividends	28.3	-	-	-	-	-	-	341	-	(341)	-
Interest on equity (R\$0.428513 per share)	29.2.1	-	-	-	-	-	-	-	-	(387,876)	(387,876)
<b>Balance on December 31, 2021</b>		<b>8,978,349</b>	<b>(108,620)</b>	<b>85,966</b>	<b>17,757</b>	<b>443,832</b>	<b>277,971</b>	<b>341</b>	<b>111,025</b>	-	<b>9,806,621</b>

Management's explanatory notes are an integral part of individual and consolidated financial statements.

## STATEMENTS OF CASH FLOWS

Lojas Renner S.A. and subsidiaries  
For the years ended on December 31, 2022 and 2021  
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>Cash flows from operating activities</b>				
<b>Net income for the year</b>	<b>1,291,704</b>	<b>633,112</b>	<b>1,291,704</b>	<b>633,112</b>
<b>Adjustments to reconcile profit or loss to cash and cash equivalents from operating activities:</b>				
Depreciation and amortization	850,586	746,086	1,041,025	916,070
Interest and structuring costs on borrowings, financing and leases	526,830	355,971	700,366	428,371
Equity pickup	30,343	(68,094)	-	-
Income and social contribution taxes	113,819	(73,090)	92,581	6,741
Estimated (reversals) losses on assets, net	11,013	(887)	578,538	33,022
Discounts - leases payable	(19,986)	(97,473)	(25,905)	(117,622)
Other adjustments to net income	89,311	88,509	186,878	81,164
<b>Adjusted net income</b>	<b>2,893,620</b>	<b>1,584,134</b>	<b>3,865,187</b>	<b>1,980,858</b>
<b>Dividends received from subsidiaries</b>	<b>2,749</b>	<b>8,171</b>	<b>-</b>	<b>-</b>
<b>(Increase) decrease in assets</b>				
Trade accounts receivable	(124,213)	(558,284)	(1,688,112)	(1,659,394)
Inventories	(302,937)	(128,611)	(260,432)	(218,537)
Taxes recoverable	180,646	217,703	97,317	222,723
Other assets	(85,558)	(171,041)	(215,207)	(186,154)
<b>Increase (decrease) in liabilities</b>				
Trade accounts payable	(53,515)	205,785	(55,968)	175,929
Obligations - forfait	10,993	1,413	24,104	(3,918)
Obligations with credit card administrators	8,706	3,584	629,825	641,975
Tax obligations	(110,457)	(43,704)	(18,521)	(14,382)
Other obligations	(144,525)	338,507	(138,604)	367,130
Payment of income and social contribution taxes	-	-	(114,987)	(72,223)
Interest on borrowings, financing and debentures	(304,075)	(146,941)	(391,319)	(165,666)
<b>Net cash flows from operating activities, before interest-earning bank deposits</b>	<b>1,971,434</b>	<b>1,310,716</b>	<b>1,733,283</b>	<b>1,068,341</b>
Interest-earning bank deposits	(23,736)	(70,503)	(197,046)	147,487
<b>Net cash flows from operating activities</b>	<b>1,947,698</b>	<b>1,240,213</b>	<b>1,536,237</b>	<b>1,215,828</b>
<b>Cash flows from investing activities</b>				
Acquisition of property and equipment and intangible assets	(865,402)	(784,192)	(1,105,271)	(933,963)
Capital contribution in subsidiaries and acquisition of subsidiaries, net of cash acquired	(349,790)	(275,612)	(85,215)	(96,271)
<b>Net cash flows used in investing activities</b>	<b>(1,215,192)</b>	<b>(1,059,804)</b>	<b>(1,190,486)</b>	<b>(1,030,234)</b>
<b>Cash flows from financing activities</b>				
Capital increase, net of share issue costs	43,928	3,916,730	43,928	3,916,730
Share buyback	(453,943)	-	(453,943)	-
Borrowings and amortization of borrowings and debentures	(1,550,000)	(2,102)	(1,123,517)	37,024
Lease consideration payable	(583,516)	(396,393)	(686,384)	(471,918)
Interest on equity and dividends paid	(764,480)	(243,846)	(764,480)	(243,846)
<b>Net cash flows used in (from) financing activities</b>	<b>(3,308,011)</b>	<b>3,274,389</b>	<b>(2,984,396)</b>	<b>3,237,990</b>
<b>Effect of exchange differences on cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>(2,421)</b>	<b>(948)</b>
(Decrease) increase in cash and cash equivalents	<b>(2,575,505)</b>	<b>3,454,798</b>	<b>(2,641,066)</b>	<b>3,422,636</b>
Cash and cash equivalents at beginning of year	5,216,237	1,761,439	5,489,417	2,066,781
<b>Cash and cash equivalents at end of year</b>	<b>2,640,732</b>	<b>5,216,237</b>	<b>2,848,351</b>	<b>5,489,417</b>

Management's explanatory notes are an integral part of individual and consolidated financial statements.

## STATEMENTS OF VALUE ADDED

Lojas Renner S.A. and subsidiaries  
For the years ended on December 31, 2022 and 2021  
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>(+) Revenues</b>	<b>13,570,433</b>	<b>11,084,919</b>	<b>15,859,028</b>	<b>13,225,472</b>
Sales of goods, net of cancellations and returns	13,282,820	10,871,089	14,831,797	12,366,079
Service revenue	98,305	47,026	1,864,134	1,098,272
Reversals (losses) on receivables, net	48,114	82,456	(991,742)	(339,801)
Other revenues	141,194	84,348	154,839	100,922
<b>(-) Materials acquired from third parties</b>	<b>(7,171,326)</b>	<b>(6,136,749)</b>	<b>(8,380,694)</b>	<b>(7,208,344)</b>
Cost of sales and services (including taxes)	(5,292,742)	(4,390,241)	(5,908,451)	(4,955,850)
Power, services from suppliers and other	(1,747,604)	(1,654,185)	(2,311,385)	(2,145,737)
Loss on realization of other assets, net	(130,980)	(92,323)	(160,858)	(106,757)
<b>(=) Gross value added</b>	<b>6,399,107</b>	<b>4,948,170</b>	<b>7,478,334</b>	<b>6,017,128</b>
<b>(-) Retentions</b>	<b>(850,586)</b>	<b>(746,086)</b>	<b>(1,041,025)</b>	<b>(916,070)</b>
Depreciation and amortization	(850,586)	(746,086)	(1,041,025)	(916,070)
<b>(=) Net value added produced by entity</b>	<b>5,548,521</b>	<b>4,202,084</b>	<b>6,437,309</b>	<b>5,101,058</b>
<b>(+) Value added received from transfers</b>	<b>537,568</b>	<b>302,667</b>	<b>718,114</b>	<b>394,430</b>
Share of profit of a subsidiary, an associate and a joint venture	(30,343)	68,094	-	-
Finance income, net of taxes	567,911	234,573	718,114	394,430
<b>(=) Total value added to be distributed</b>	<b>6,086,089</b>	<b>4,504,751</b>	<b>7,155,423</b>	<b>5,495,488</b>
<b>(=) Value added distributed</b>	<b>6,086,089</b>	<b>4,504,751</b>	<b>7,155,423</b>	<b>5,495,488</b>
<b>Employee benefits expense</b>	<b>1,323,228</b>	<b>1,318,271</b>	<b>1,709,658</b>	<b>1,617,548</b>
Salaries	970,987	1,018,054	1,303,295	1,275,941
Benefits	201,022	162,779	237,822	190,513
Unemployment Compensation Fund (FGTS)	80,232	75,507	95,318	87,360
Other	70,987	61,931	73,223	63,734
<i>Stock option plan and restricted share plan</i>	<i>43,159</i>	<i>33,535</i>	<i>43,159</i>	<i>33,535</i>
<i>Management compensation</i>	<i>27,828</i>	<i>28,396</i>	<i>30,064</i>	<i>30,199</i>
<b>Taxes and contributions</b>	<b>2,623,705</b>	<b>1,990,588</b>	<b>3,002,434</b>	<b>2,408,080</b>
Federal taxes	818,160	472,203	982,403	686,902
State taxes	1,737,121	1,456,001	1,913,502	1,631,534
Local taxes	68,424	62,384	106,529	89,644
<b>Debt remuneration</b>	<b>847,452</b>	<b>562,780</b>	<b>1,151,627</b>	<b>836,748</b>
Finance costs	547,623	380,960	747,205	573,272
Occupancy expenses	299,829	181,820	404,422	263,476
<b>Equity remuneration</b>	<b>1,291,704</b>	<b>633,112</b>	<b>1,291,704</b>	<b>633,112</b>
Interest on equity and dividends proposed	648,325	387,876	648,325	387,876
Profits withheld	643,379	245,236	643,379	245,236

Management's explanatory notes are an integral part of individual and consolidated financial statements.



**TRADE ACCOUNTS  
RECEIVABLE/ INVENTORIES /  
TRADE ACCOUNT PAYABLE /**

- Note 8 – TRADE ACCOUNTS
- Note 9 – INVENTORIES
- Note 20 – SUPPLIERS
- Note 21 – OBLIGATIONS - FORFAIT



**DERIVATIVE FINANCIAL  
INSTRUMENTS / RISK  
MANAGEMENT**

- Note 6 – RISK MANAGEMENT
- Note 25 – DERIVATIVE FINANCIAL INSTRUMENTS



**IFRS 16 – LEASES**

- Note 15 – RIGHTS OF USE
- Note 19 – LEASES PAYABLE



**KEY  
EXPLANATORY  
NOTES**

This interactive tool offers a thematic overview of the key explanatory notes and can guide your reading by theme.

LOJAS RENNER S.A.



**TAXES**

- Note 10 – TAXES RECOVERABLE
- Note 12 – INCOME AND SOCIAL CONTRIBUTION TAXES
- Note 22 – TAX OBLIGATIONS



**CASH AND CASH  
EQUIVALENTS / INDEBTEDNESS  
/ BORROWINGS**

- Note 7.2 – CASH AND CASH EQUIVALENTS
- Note 7.3 – INTEREST-EARNING BANK
- Note 17 – BORROWINGS, LOANS AND DEBENTURES
- Note 18 – FINANCING – FINANCIAL DEBT



**BUSINESS**

- Note 2 – HIGHLIGHTS
- Note 3.13 COVID-19 IMPACTS
- Note 16 – IMPAIRMENT
- Note 3.9 – BUSINESS COMBINATION
- Note 27 – RELATED PARTIES
- Note 33 – SEGMENT INFORMATION
- Note 35 – EXPENSES BY NATURE
- Note 38 – EVENTS AFTER THE REPORTING PERIOD








## 1 OPERATIONS

Lojas Renner S.A. (the “Company” or “Parent Company”) – corporation with headquarter at Av. Joaquim Porto Villanova, 401, Porto Alegre, Rio Grande do Sul State, listed on B3 S.A. – Brasil, Bolsa, Balcão under code LREN3 and its direct and indirect subsidiaries, individually or jointly (“Parent Company” or “Consolidated”), are mainly engaged in:

- i) **Retail:** trade of clothes and sports products, shoes, accessories, perfumery, domestic appliances, towels & linen, furniture, and decoration articles; and
- ii) **Services:** personal loans, purchase financing, insurance and active or passive operations inherent to credit companies, revenue from sales commissions through the marketplace between the Company and partner companies, commissions from sales intermediation and intercompany services, urban delivery service, and complete and customized logistics management solutions, among others.

## 2 HIGHLIGHTS

Below, the management discusses the important matters of 2022 addressed in these financial statements:

 <p><b>RX Ventures</b> We set up RX Ventures, a Corporate Venture Capital fund. Note. 3.7.</p>	 <p><b>Acquisition of intangible assets and Incorporation MOR Participações</b> The direct subsidiary Dromegon acquired an intangible asset through the company MOR Participações Ltda.. note 3.9.3 and 3.10.</p>
 <p><b>Uello</b> We acquired 100% of the emission quotas of Uello Tecnologia S.A (digital native Logtech). Note 3.9.</p>	 <p><b>Prepayment of IOE</b> We decided to pay IOE for 2022 for the first three quarters, during the 2022 financial year in July and October. Note 29.2.1.</p>
 <p><b>Rlog Investimentos</b> Rlog Investimentos, the subsidiary Rlog Investimentos Ltda. began its operations in April 2022 aiming at equity interest in non-financial institutions . Note 3.8.</p>	 <p><b>Fund-raising</b> In October 2022, the indirect subsidiary Realize raised funds in order to reinforce its cash position. Note 18.1.</p>
 <p><b>Events after the reporting period</b> Between the months of January and February 2023 we had subsequent events found. Note 38.</p>	

## 3 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

### 3.1 Statement of compliance

These financial statements were approved by the Company’ management on February 16, 2023, and were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP), considering the pronouncements, guidance and interpretations issued by the Brazilian Financial Accounting Standards Board (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), and the provisions of the Corporation Law.

### 3.2 Statement of relevance

We have applied accounting guidance OCPC 7 and CVM Rule No. 727/2014, complying with the minimum requirements and disclosing only relevant information to help readers to ake decisions. Therefore, all relevant information used in business management is disclosed in this document.

### 3.3 Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the measurement of NDF and Swap (Note 25.3), the stock option plan (Note 31.4), and the restricted share plan (Note 32), which are measured at fair value.

### 3.4 Functional and presentation currency

The financial statements are presented in Brazilian reais (R\$), the Company’s functional currency and the balances were rounded to the nearest thousand, unless otherwise highlighted. For foreign subsidiaries operating in a stable economic environment and with a functional

currency other than the Parent Company's, the statements of profit income are translated into Brazilian reais at the average monthly exchange rate. Assets and liabilities are translated at the closing rate. For subsidiaries operating in a hyperinflationary economy, the balances of assets, liabilities and retained earnings/(accumulated losses) are translated at the closing rate. Equity items are held at the historical rate in all scenarios.

### 3.5 Significant accounting judgments, estimates and assumptions

Since the preparation of financial statements requires to the management to make assumptions and estimates related to the probability of future events that affect the balances of assets and liabilities and other transactions, actual results may differ from these estimates.

Significant accounting estimates that are essential to produce the best possible information on profit or loss and assets and liabilities, even if subjective, complex and inaccurate, have a significant impact on:

Estimates	Note
Expected credit losses	8.3
Business combinations and merger of MOR Participações	3.9 and 3.9.3
Estimated inventory losses	9.2.2
Discount rate applied to adjustments to present value	8.1, 9.1, 19.4.1, 10, 20.1 and 21.1
Realization of deferred income and social contribution taxes	12.4
Determination of useful lives of property and equipment and intangible assets	14.1
Impairment testing of intangible assets with indefinite useful life	16
Provision for tax, civil and labor contingencies, contingent liabilities and contingent assets	24
Determination of fair values of derivative financial instruments and stock option plans	25.3, 31.4 and 32.3

### 3.6 Accounting policies

We have consistently applied the significant accounting policies to the years presented in the notes to the financial statements.

### 3.7 Corporate Venture Capital fund RX Ventures

On March 10, we established Fundo de Investimentos em Participações RX Ventures Multiestratégia (the "Fund") with the purpose of investing in startups focused on innovative solutions for the fashion and lifestyle ecosystem, and on April 7, we paid in capital the amount of R\$ 1,445. The Fund was created as a closed-end fund, pursuant to the CVM Rule No. 578 of August 30, 2016, CVM Rule No. 579 of August 30, 2016, and the Third-Party Asset Management Code ("ANBIMA ART Code"), as well as other applicable legal and regulatory provisions. On December 31, 2022, the Fund's portfolio contained two investees, as follows:

	logstore	
Investees	Logstore	Klavi
Date of capital contribution	08/03/2022	11/08/2022
Amount	R\$ 1,260	R\$ 9,042
Type	Convertible loan	Convertible loan

### 3.8 RLog Investimentos Ltda.

In April, RLog Investimentos Ltda. ("RLog"), a direct subsidiary of Lojas Renner S.A. focused on the purchase and sale of equity interest in non-financial institutions, began operations through the acquisition of 100% of the shares of Uello Tecnologia S.A.

### 3.9 Business combination – Uello Tecnologia S.A. and MOR Participações Ltda.

#### 3.9.1 Accounting policy

Business combination is accounted for by applying the acquisition method when the set of activities and assets acquired meets the definition of a business and control is transferred to the Company. The consideration transferred is measured at fair value, as well as the identifiable net assets acquired. The goodwill measured corresponds to the consideration transferred in excess of net assets acquired at the date of acquisition.

### 3.9.2 Acquisition of Equity Interest - Uello Tecnologia S.A.

On April 4, 2022, RLog completed the purchase of 100% of the shares issued by Sociedade Uello Tecnologia S.A., with transfer of control, i.e. a business combination in accordance with CPC15 (R1)/IFRS 3. Uello is a digital native logtech focused on urban deliveries with a complete and customized logistics management solution for medium- and large-sized corporate customers, including last mile deliveries with route management, tracking and order notifications, as well as an application for drivers. This acquisition represents another step towards the consolidation of Lojas Renner's fashion and lifestyle ecosystem and will benefit our logistics platform.

We demonstrate the conclusion of the fair value valuation report of assets acquired and liabilities assumed, as well as the calculation of the revaluation surplus of intangible assets and goodwill (the basis was the trial balance sheet on March 31, 2022) are as follows:

<b>Assets</b>	<b>Fair value</b>
Cash and cash equivalents	424
Accounts receivable	4,616
Other assets	17
Property and equipment	243
Intangible assets (ii)	93,229
<i>Revaluation surplus – brand "Uello"</i>	11,040
<i>Revaluation surplus – software</i>	82,189
<b>Total assets</b>	<b>98,529</b>
Trade accounts payable	540
Borrowings and loans	1,900
Social and labor obligations	492
Tax obligations	363
Other liabilities	64
<b>Total liabilities</b>	<b>3,359</b>
<b>Total – Identifiable net assets</b>	<b>95,170</b>
Consideration transferred (i)	110,268
<b>Goodwill generated (iii)</b>	<b>15,098</b>
<b>Cash flows at the time of acquisition</b>	<b>Fair value</b>
Net cash flows acquired with the subsidiary	424
Cash paid	(85,639)
<b>Net cash flows from the acquisition</b>	<b>(85,215)</b>

(i) **Acquisition price (consideration transferred):** in April, we completed the acquisition for R\$ 112,745; on August 17, 2022,

(iii) **Goodwill:** The amount of R\$ 15,098 is related to the strengthening of the logistics platform and the consolidation of the Company's fashion and lifestyle ecosystem. In case of a future corporate restructuring operation that complies with the requirements of article 7 of Law No. 9532/97, goodwill may be amortized for tax purposes. The amount was recognized in the investee RLog as an investment and in the Consolidated statements as intangible assets (Note 14.3.2).

the contract was updated with a return of R\$ 2,477 of the acquisition price, totaling R\$ 110,268, with R\$85,639 as down payment, and the remaining amount of R\$ 24,629 to be paid in four annual installments of R\$ 8,210 in April 2023, R\$ 1,812 in April 2024, R\$1,812 in April 2025, and R\$12,795 in April 2028, adjusted monthly using the Extended Consumer Price Index (IPCA). The amounts were recognized in Other obligations (Note 26).

(ii) **Revaluation surplus of brand and software:** the fair value of the brand (R\$ 11,040) and the of software (R\$ 76,102) were measured using the Relief-from-Royalty and Multi-Period Excess Earnings methods, respectively, which are based on the present value of the cash flows expected from the valued asset in the future. The royalty rate and discount rates were obtained by using estimates based on experience and the data base of the consulting firm engaged to prepare the report. We believe that the brand's future economic benefits are related to the consistent growth of the segment in which it operates and to attracting customers, and that the software's future economic benefits are related to the strengthening of the Company's logistics network. The useful lives of the brand and the software were defined, respectively, at 9 and 5 years. The amount was recognized in the investee RLog as an investment and in the Consolidated statements as intangible assets (Note 14.3.2).

### 3.9.3 Acquisition of intangible assets - MOR Participações Ltda.

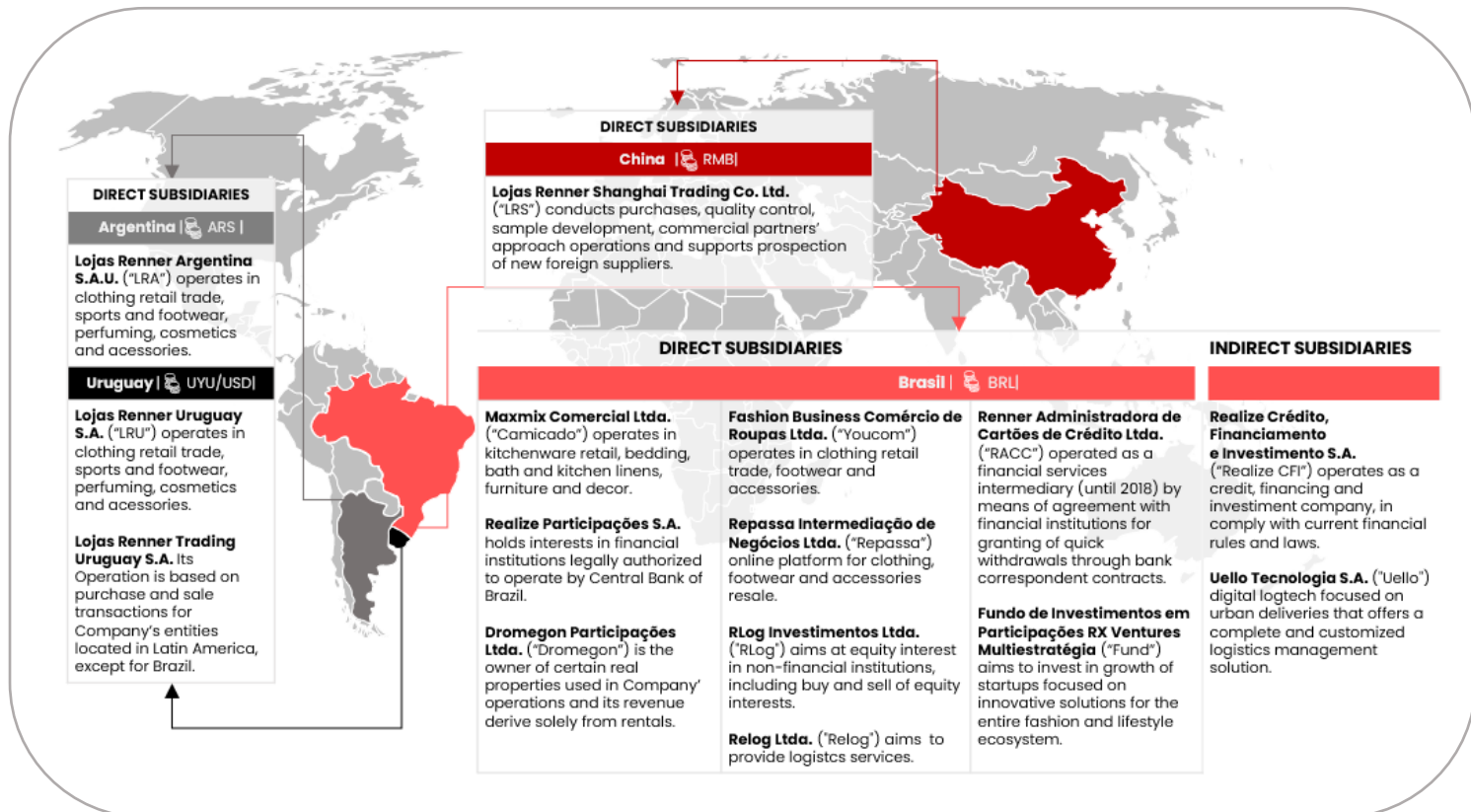
On November 28, 2022, the direct subsidiary Dromegon concluded the purchase of an intangible asset through MOR Participações Ltda. in the amount of R\$ 35,000, which held the right of use of "Renner" brands for the financial product business segment. According to the report, the brand's useful life is 19.1 years. This acquisition is not a business combination (with processing input and output), and therefore, the Company performed a concentration test, which classified it as an acquisition of a single group of assets (as described in CPC 15 (R2)/IFRS 3). Thus, the total amount paid was considered as the cost of acquisition of the intangible asset.

### 3.10 Merger of MOR Participações Ltda.

On December 31, 2022, Dromegon merged MOR Participações, whose net assets amounted to R\$62 according to the rationale for the merger. Furthermore, since Dromegon is the unique member of MOR Participações, thus belonging to the same economic group, the merger will not result in capital increase in Dromegon, but only in the transfer of MOR Participações' assets to equity, and settlement of MOR's canceled units of interest due to the merger. The transaction is part of a restructuring process intended to streamline the corporate structure.

### 3.11 Basis of consolidation

This publication includes the following entities, in which we hold direct and indirect equity interest of **100.0%** on December 31, 2022 and 2021, and their financial statements as at the same reporting date. Investments are accounted for using the equity method.



### 3.12 CPC 42/IAS 29 Financial Reporting in Hyperinflationary Economies

In 2022, Argentina recorded a cumulative inflation of 94.8%. LRA's statements have been restated in accordance with CPC 42/IAS 29. In the year ended on December 31, 2022, we recognize R\$ 52,601 in inflation adjustment (R\$ 40,998 as at December 31, 2021) in equity, under other comprehensive income, and net revenues of R\$ 22,383 arising from hyperinflation (R\$ 34,924 on December 31, 2021) in profit or loss, under monetary gains and losses (Note 36).

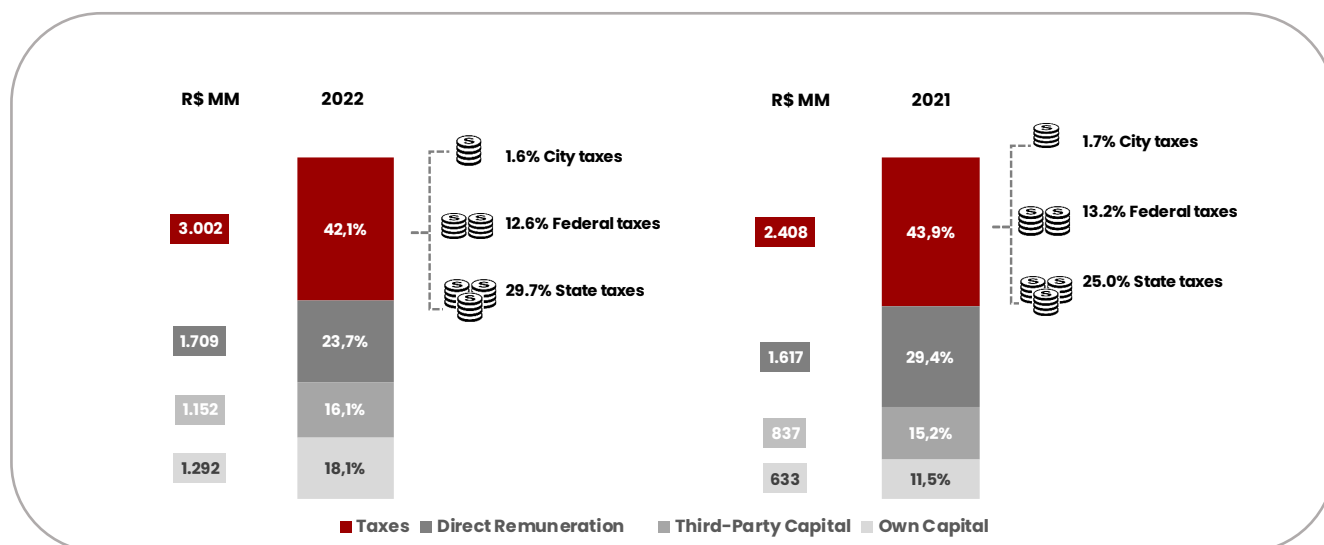
### 3.13 Covid-19 impacts

We had been constantly monitoring the scenario and maintain a dynamic and adaptable adjustment plan, according to the evolution of the economic scenario and internal opportunities. In 2022, we had no restrictions on the operation of our stores, nor any impact on the judgment of estimates due to Covid-19.

## 4 STATEMENT OF VALUE ADDED

The purpose of the statement of value added is to state the wealth generated by the Company and its distribution. The statement of value added has been prepared based on information from the accounting records used in the preparation of the financial statements and following the provisions of CPC 09 - Statement of Value Added. The Brazilian corporation law for publicly held companies requires the publication of the statement of value added as part of the individual financial statements and, in the consolidated financial statements, it is considered a supplementary information, since the IFRS does not require its publication.

In 2022, we generated and distributed value added in the amount of R\$ 7,155,423 (R\$ 5,495,488 on December 31, 2021):



## 5 STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

The amendments that will take effect from January 1, 2023 and their impacts are the following:

### 5.1 Amendment to IAS 1 - Classification of liabilities as current or noncurrent

The purpose of the amendment is to promote consistency in applying the requirements of this standard by helping companies determine whether, in the statement of financial position, borrowings and financing and other liabilities with an uncertain settlement date should be classified as current or noncurrent. We assessed the impacts of the amendment, and the classification and settlement of borrowings and financing reflect contractual conditions, thus there is no risk of breach of covenants (Note 6.2) on or after the reporting date.

### 5.2 Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies

The amendments require an entity to disclose its material accounting policies, rather than its significant accounting policies. We assessed the amendments and concluded that there will be no impacts, since the current financial statements reflect only material accounting policies.

### 5.3 Amendments to IAS 8 - Definition of accounting estimates

The proposed amendments clarify that a change in accounting estimates arising from new information or new developments is not a correction of error. There will be no significant impacts on our financial statements.

### 5.4 Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The amendment clarifies that the initial recognition exception does not apply to transactions that give rise to equal taxable and deductible temporary differences during the period of initial recognition. Upon the initial recognition of the lease on January 1, 2019, temporary tax differences were recognized, with no significant impacts on the financial statements.

## 6 RISK MANAGEMENT

A multidisciplinary structure manages the Company's risks and enables the Executive Board to assess the alignment of business management with the policies and guidelines defined by management. In April 2012, the Board of Directors created the Audit and Risk Management Committee, which identifies and monitors the main risk factors to which the Company is exposed in the normal course of operations:

- i) Market risk (including interest rate and currency risks);
- ii) Credit risk (Notes 7.4, 8.4 and 25.5);
- iii) Liquidity risk; and
- iv) Capital management.

The Company applied the requirements of *CPC 40 (R1)*/IFRS 7 and considered the guidance of CVM SNC/SEP Memorandum Circular No. 01/202, observing qualitative and quantitative aspects of risk management.

A description of main risks involved is provided below.

### 6.1 Market risks

#### 6.1.1 Currency risk

Currency risk arises mainly from import of goods and our Company's policy for currency risk management is to hedge up to 100% of imports through hedging transactions – comprising currency Non-Deliverable Forwards (NDF) and swap transactions related to the borrowings in foreign currency (Bacen [Central Bank of Brazil] Law No. 4131).

In addition, net exposure to currency risk refers to estimated future cash flows and installment payments for goods imported. Subsequently to their recording in inventories, the Company adjusts the composition of prices in retail to offset the impact on costs. To mitigate the net exposure of imported product orders, in compliance with the Company's currency risk management policy, management monitors the projections and expected scenarios for the exchange rates of foreign currencies, therefore analyzing the best timing for engaging in hedging transactions.

Net exposure and sensitivity analysis regarding goods import orders, payment flow related to customs cleared goods, import of property and equipment and borrowings in foreign currency on December 31, 2022, taking into consideration the US dollar and Euro quotation in each scenario based on B3's future market projections for the next reporting date, are presented below:

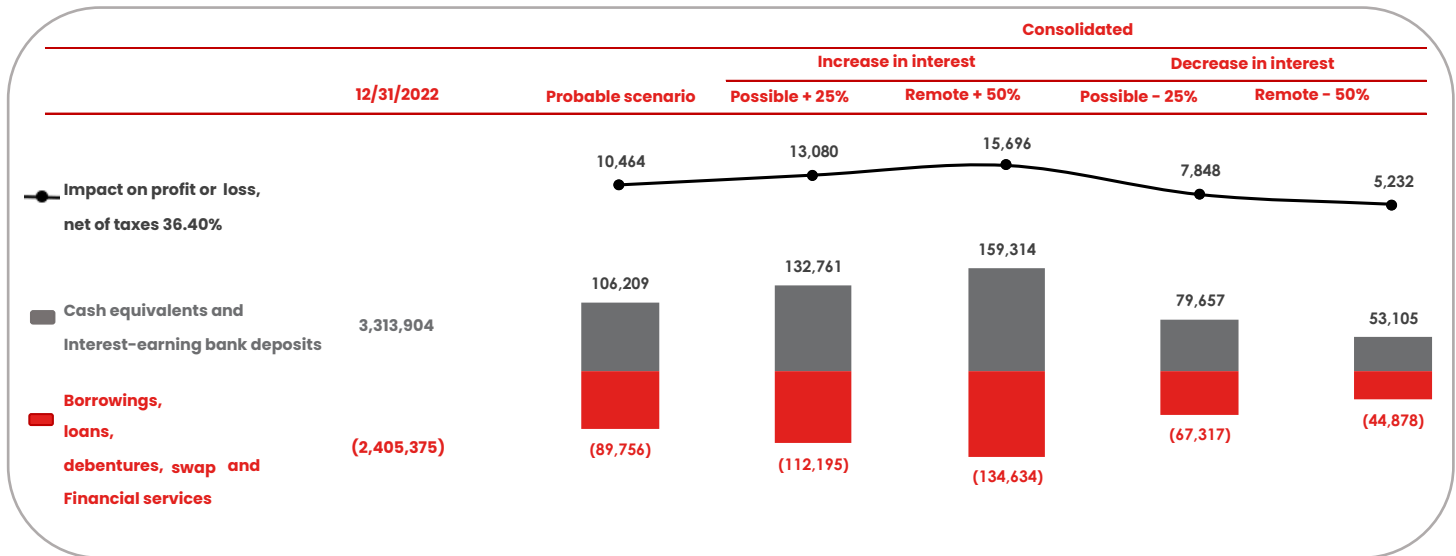
	Notional amount (Payable) Receivable		Quotation - next quarter		Probable scenario		Consolidated	
							Currency appreciation	
						Possible -25%	Remote +50%	
<b>Derivatives designated for hedge accounting</b>								
Projected orders (item)	US\$	(257,475)	R\$ 5.3828	R\$ 9,188	R\$ (321,759)	R\$ (652,707)		
NDF (instrument)	US\$	181,362	R\$ 5.3828	R\$ (6,472)	R\$ 226,643	R\$ 459,758		
<b>Net exposure</b>	<b>US\$</b>	<b>(76,113)</b>		<b>R\$ 2,716</b>	<b>R\$ (95,116)</b>	<b>R\$ (192,949)</b>		
<b>Not designated for hedge accounting</b>								
Borrowing 4,131 (item)	€	(18,431)	R\$ 5.7857	R\$ 3,142	R\$ (8,262)	R\$ (19,666)		
Swap - (Instrument)	€	18,431	R\$ 5.7827	R\$ (3,142)	R\$ 8,262	R\$ 19,666		
<b>Net exposure</b>	<b>€</b>	<b>-</b>		<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	
Payment flow	US\$	(14,305)	R\$ 5.3828	R\$ (573)	R\$ (19,463)	R\$ (38,353)		
NDF (instrument)	US\$	14,305	R\$ 5.3828	R\$ 573	R\$ 19,463	R\$ 38,353		
<b>Net exposure</b>	<b>US\$</b>	<b>-</b>		<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	
Payment flow	€	(3,382)	R\$ 5.7857	R\$ -	R\$ (4,735)	R\$ (9,470)		
NDF (instrument)	€	3,382	R\$ 5.7827	R\$ -	R\$ 4,735	R\$ 9,470		
<b>Net exposure</b>	<b>€</b>	<b>-</b>		<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	<b>R\$ -</b>	
<b>Total net exposure/effect</b>				<b>R\$ 2,716</b>	<b>R\$ (95,116)</b>	<b>R\$ (192,949)</b>		
<b>Total exposure, net of income tax/social contribution of 34.00%</b>				<b>R\$ 1,793</b>	<b>R\$ (62,777)</b>	<b>R\$ (127,346)</b>		

## 6.1.2 Interest rate risk

This risk arises from cash equivalent transactions, interest-earning bank deposits, financing of financial services operations, debentures, loans and swap. Our policy is to keep 100% of our loans in the fixed rate market, with funding repayment at fixed rates, and adjusted for Interbank Deposit Certificates (*CDI*) and Central Bank Benchmark Rate (*Selic*). Since financial assets are fixed to the *CDI* and receivables are realizable in the short-term, restated at fixed interest rates, the risk level associated with interest rate fluctuation is relatively low.

The management continuously analyzes interest risk exposure, by comparing the contractual rates to market rates, simulating refinancing, position renewal and natural hedge scenarios, defining a reasonable change in the interest rate and calculating the impact on profit or loss.

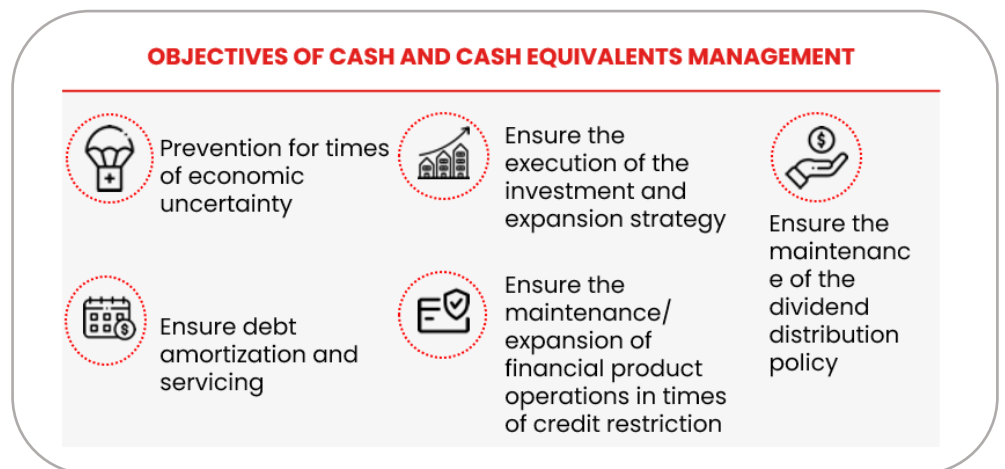
On December 31, 2022, we conducted sensitivity tests for adverse scenarios of interest, considering the expected scenario for the next CDI and Selic interest rate disclosure of 13.69% p.a., based on B3 futures market projections. Yield from cash equivalents and interest-earning bank deposits are net of PIS and COFINS. Below are the estimated impacts for the next quarter:



Since the Company recorded a cash position greater than its debts (negative net debt), both increase and decrease in interest rates would result in a positive impact on its profit or loss.

## 6.2 Liquidity risk

We manage our cash and cash equivalents by establishing a minimum strategic cash amount, based on the cash cycle of retail operations, as well as on the minimum capital required to guarantee the credit operations, ensuring sufficient cash to meet Company requirements and business plans:



The management continuously monitors the forecasts of liquidity requirements considering the debt financing plans, and monitor, on a quarterly basis, the financial and non-financial ratios provided for in loan agreements, based on the last 12 months. We confirm that we are compliant with the contractual assumptions. The ratios monitored are as follows:

\*Rating agency Standard & Poors rated the Company credit as brAAA with stable outlook in the national scale category (Brazil).

Financials						
Instrument	Issue date	Due date	1º Indicator: $\frac{\text{Consolidated Net Debt}}{\text{EBITDA}}$	2º Indicator: $\frac{\text{EBITDA}}{\text{Financial Income}}$		
			Hired	Accurate	Hired	Accurate
12 <sup>th</sup> Debenture Issue	01/03/2021	18/02/2025	Until Dec. 2023 $\leq 4,0$ after $\leq 3,5$	-0,63x	$\geq 2,0$ ou $< 0$	-9,0x

Contractual cash flow includes principal plus estimated future interest. The contractual cash flows of financial liabilities in the Consolidated financial statements are as follows:

### Non Financials

- **Present Standardized Financial Statements**  
– Financial Standard Statements with the independent auditor's opinion up to three months after the end of each fiscal year or five working days after its publication
- **Comply with environment and labor laws**  
(health and security, no use of child or slave labor and fight against sexual exploitation).
- **Adopt policies and procedures to comply with the Anti-corruption Law**, according to Federal Decree nº 8.420, from March 18th, 2015.

	Book balance	Contractual cash flow	Less than 3 months	4-6 months	7-12 months	1-2 years	3-5 years	Above 5 years
Borrowings, loans and debentures	1,169,143	<b>1,422,638</b>	80,609	2,438	140,776	663,329	535,486	-
Financing - financial service operations	1,236,232	<b>1,506,416</b>	-	253,213	397,674	482,766	372,763	-
Leases payable	2,909,910	<b>3,980,044</b>	281,169	208,315	204,848	115,122	541,018	2,629,572
Suppliers	1,641,386	<b>1,644,028</b>	1,587,708	56,320	-	-	-	-
Obligations - Forfait	78,848	<b>79,721</b>	58,020	21,701	-	-	-	-
Obligations with credit card administrators	2,464,968	<b>2,464,968</b>	1,805,606	446,573	212,789	-	-	-
Derivative financial instruments	6,940	<b>7,121</b>	6,995	126	-	-	-	-
<b>Balance on December 31, 2022</b>	<b>9,507,427</b>	<b>11,104,936</b>	<b>3,820,107</b>	<b>988,686</b>	<b>956,087</b>	<b>1,261,217</b>	<b>1,449,267</b>	<b>2,629,572</b>

	Book balance	Contractual cash flow	Less than 3 months	4-6 months	7-12 months	1-2 years	3-5 years	Above 5 years
Borrowings, loans and debentures	2,664,479	<b>3,101,082</b>	18,717	362,833	1,404,746	188,142	1,126,644	-
Financing - financial service operations	802,623	<b>923,570</b>	-	31,936	485,905	335,821	69,908	-
Leases payable	2,661,036	<b>3,682,146</b>	171,820	160,221	304,182	545,962	1,213,905	1,286,056
Suppliers	1,766,481	<b>1,773,811</b>	1,621,515	75,014	18,290	58,992	-	-
Obligations - Forfait	54,744	<b>54,983</b>	41,773	13,210	-	-	-	-
Obligations with credit card administrators	1,835,143	<b>1,835,143</b>	1,366,768	333,007	135,368	-	-	-
Derivative financial instruments	315	<b>315</b>	315	-	-	-	-	-
<b>Balance on December 31, 2021</b>	<b>9,784,821</b>	<b>11,371,050</b>	<b>3,220,908</b>	<b>976,221</b>	<b>2,348,491</b>	<b>1,128,917</b>	<b>2,410,457</b>	<b>1,286,056</b>

## 6.3 Capital Management

In addition to equity, the Company uses third-party capital to finance its activities, thereby optimizing its capital structure. Cash (net indebtedness) reflects total exposure of the obligations payable to the financial system and capital market, therefore not including liabilities relating to leases payable.

Indebtedness levels are monitored in relation to the Company's cash generation capacity and capital structure.

	Consolidated	
	12/31/2022	12/31/2021
<b>Borrowings, loans and debentures</b>	<b>(1,169,143)</b>	<b>(2,664,479)</b>
Current	(122,824)	(1,610,452)
Noncurrent	(1,046,319)	(1,054,027)
<b>Operating financing</b>	<b>(1,236,232)</b>	<b>(802,623)</b>
Current	(581,351)	(475,522)
Noncurrent	(654,881)	(327,101)
<b>Gross indebtedness</b>	<b>(2,405,375)</b>	<b>(3,467,102)</b>
Cash and cash equivalents and interest-earning bank deposits	3,503,482	5,947,502
<b>Net indebtedness (i)</b>	<b>1,098,107</b>	<b>2,480,400</b>
<b>Equity</b>	<b>10,087,515</b>	<b>9,806,621</b>
<b>Financial leverage ratio (ii)</b>	<b>-10.89%</b>	<b>-25.29%</b>

- Due to the funds raised, especially the restricted share offer on May 4, 2021, when we raise approximately R\$ 3,978,000, the Company recorded cash and cash equivalents and interest-earning bank deposits above gross indebtedness.
- Relative ratio obtained by dividing cash (net debt) by equity.

## 7 CASH AND CASH EQUIVALENTS AND INTEREST-EARNING BANK DEPOSITS

### 7.1 Accounting policy

Cash and cash equivalents and interest-earning bank deposits are measured at fair value through profit or loss. They include cash balance, demand deposits, short-term and highly liquid interest-earning bank deposits, recorded at amounts similar to their market values.

Interest-earning bank deposits not classified as cash equivalents are investments that do not have repurchase guarantees by the issuer in the primary market, with liquidity only in the secondary market (OTC), and are measured at fair value through profit or loss.

### 7.2 Breakdown of cash and cash equivalents

	Index/rate	Weighted average rate p.a.	Parent Company		Consolidated	
			12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Cash and banks</b>						
Domestic currency			135,504	105,780	189,578	209,537
Foreign currency			-	-	-	88,992
<b>Cash equivalents</b>						
CDB	CDI	97.0% to 104.5%	2,497,770	5,100,928	2,631,520	5,110,638
CDI	CDI	100.0%	-	-	14,598	54,519
Scheduled Investment	CDI	10.0%	7,350	9,500	7,350	9,500
Other cash equivalents	CDI	50.11% to 94.0%	108	29	5,305	16,231
<b>Total</b>			<b>2,640,732</b>	<b>5,216,237</b>	<b>2,848,351</b>	<b>5,489,417</b>

### 7.3 Breakdown of interest-earning bank deposits

	Index/rate	Weighted average rate p.a.	Parent Company		Consolidated	
			12/31/2022	12/31/2021	12/31/2022	12/31/2021
National Financial Treasury Bills	SELIC	101.2%	-	-	421,680	248,370
<b>Boutique investment funds (i)</b>						
Financial bills	CDI	101.0%	180,123	180,054	180,123	180,054
National Financial Treasury Bills	SELIC	100.0%	23,131	29,661	23,131	29,661
CDB	CDI	107.9%	30,197	-	30,197	-
<b>Total</b>			<b>233,451</b>	<b>209,715</b>	<b>655,131</b>	<b>458,085</b>

- (i) The investment fund Brasil Plural Retail FI is a fixed-income private credit fund managed and administered by BNY Mellon Serviços Financeiros DTVM S.A. and was organized for the unique purpose of holding interests of the Parent Company. As such, the fund's financial investment was consolidated in full in these financial statements, pursuant to CVM Rule No. 408/04. Other obligations relating to this fund substantially refer to administrative fees for portfolio maintenance. Earnings recognized reflect the daily MTM of the fund's position and its assets have liquidity in a secondary market.

## 7.4 Credit risk

According to the Company's financial policy, cash equivalents and interest-earning bank deposits are invested in financial institutions with long-term national scale rating of low credit risk and that are known for their soundness.

The ratings of cash equivalents and interest-earning bank deposits are in accordance with the main risk rating agencies.

Next is the credit quality of cash equivalents and interest-earning bank deposits of the Company.

(\*) Not applicable, since the main rating agencies have no risk rating for Funds – Brasil Plural Crédito Privado Retail FIRF and National Treasury Bills in national scale. However, these assets are rated AAA in at least one risk rating agency.

## 8 TRADE ACCOUNTS

### 8.1 Accounting policy

Trade accounts receivable include receivables for the sale of goods, use of the co-branded card ("Meu Cartão") at the network of affiliated stores of the Visa and Mastercard systems, and personal loans granted to its customers by indirect subsidiary Realize CFI.

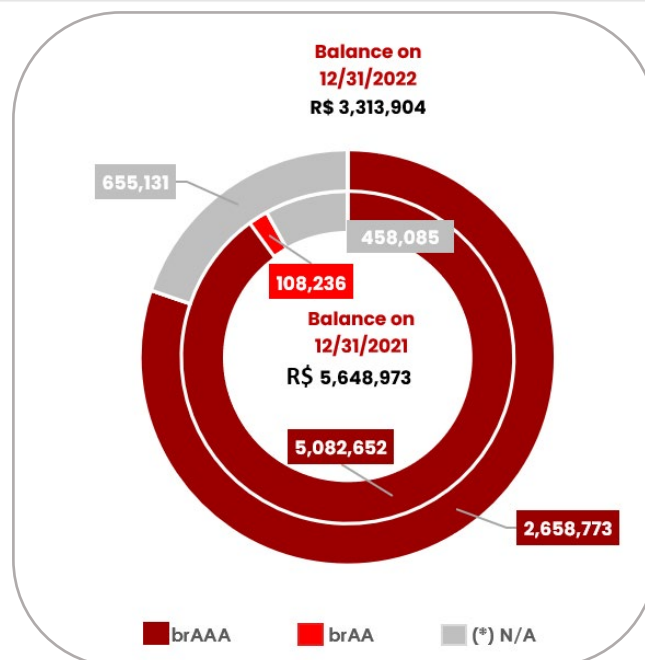
Fixed credit sales were brought to present value at the transaction dates, based on the average rate disclosed on the website of the Central Bank of Brazil for prepaid receivables, which was 1.41% p.m. (0.97% on December 31, 2021). Present value adjustment is matched against trade accounts receivable and its realization is recorded as sales revenue over time.

### 8.2 Breakdown

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Renner credit card (Private Label)	-	-	982,593	1,117,920
Renner credit card (Private Label) - Related parties	611,603	730,937	-	-
Co-branded card (Meu Cartão)	-	-	5,385,933	3,693,744
Co-branded card (Meu Cartão) - Related parties	804,856	703,918	-	-
Third-party cards	1,108,959	966,397	1,341,711	1,203,698
Exports - Related parties	30,889	32,025	-	-
Other receivables	2,965	1,783	33,631	36,211
(-) Expected credit losses	-	-	(1,128,158)	(583,139)
(-) Adjustment to present value	(80,917)	(48,632)	(90,878)	(55,553)
<b>Total</b>	<b>2,478,355</b>	<b>2,386,428</b>	<b>6,524,832</b>	<b>5,412,881</b>
Current assets	2,470,421	2,378,330	6,524,832	5,412,881
Noncurrent assets	7,934	8,098	-	-
<b>Total</b>	<b>2,478,355</b>	<b>2,386,428</b>	<b>6,524,832</b>	<b>5,412,881</b>

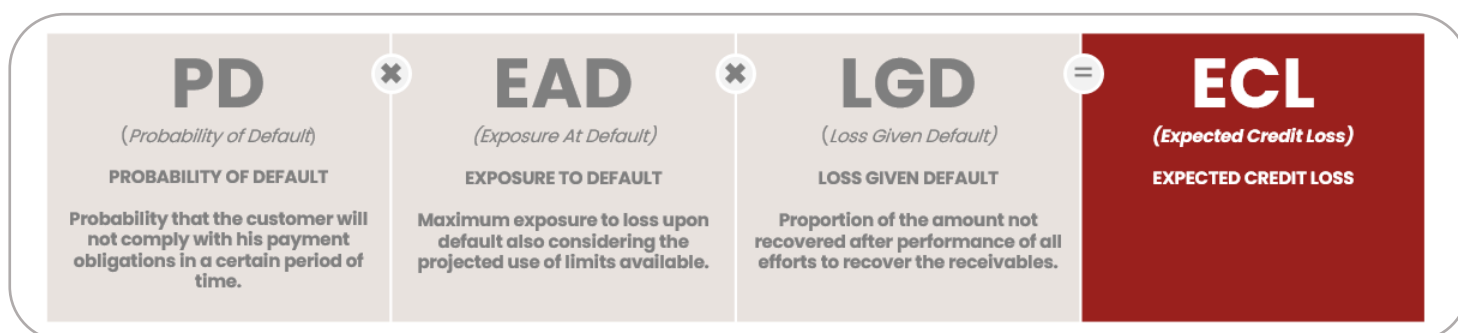
### 8.3 Expected credit losses

Expected credit losses are recorded using the general model of the CPC 48/IFRS 9 methodology. The model adopted by the Company is based on the measurement of expected losses, by observing the portfolio's behavior in recovering and granting credit, taking into consideration the probability of, and exposure to default and effective loss in each late-payment bracket over the entire transaction term.



The allowance for expected credit losses is the total considered sufficient by management to cover any losses on realization of receivables based on customer portfolio analysis.

This methodology consists in classifying credit transactions on balance and credit limits off balance until the 8<sup>th</sup> day of default, taking into consideration the segregation into portfolios (Renner credit card and Co-branded card ("Meu Cartão")), allocation of transactions into three risk stages and subsegmentation in each group (such as customer profile, score or regions), and the calculation components presented below.



The allocation of credit transactions to measure expected loss considers the criteria for migration from one stage to another, according to changes in credit risk, and the expected loss calculation components are applied to the three stages:

**Stage 1:** Transactions on time and up to 30 days overdue, with measurement of expected losses for the next 6 months;

**Stage 2:** Transactions that are 31 to 89 days overdue, with measurement of expected losses over the contract lifetime, projected for 12 months;

**Stage 3:** Transactions that are 90 days or more overdue, measured considering only the effective loss due to default.

For renegotiated transactions rated "A – D", the outstanding balances are allocated to stage 2, and for renegotiated transactions rated "E – H", the balances are allocated to stage 3.

### 8.3.1 Changes in expected credit losses

	Balances on 01/01/2021	(Recognition) reversal	Write-offs	Balances on 12/31/2021	(Recognition) reversal	Write-offs	Balances on 12/31/2022
Branded card	(341,385)	(367,903)	304,038	(405,250)	(1,015,947)	503,962	(917,235)
Renner credit card (Private Label)	(206,724)	(159,659)	188,494	(177,889)	(219,674)	186,640	(210,923)
<b>Total - Consolidated</b>	<b>(548,109)</b>	<b>(527,562)</b>	<b>492,532</b>	<b>(583,139)</b>	<b>(1,235,621)</b>	<b>690,602</b>	<b>(1,128,158)</b>

### 8.3.2 Assignment of receivables

Between September and December 2022, we assigned receivables without co-obligation relating to the portfolio written down in losses to unrelated parties. The transaction amounted to R\$ 43.694 recorded in the statement of profit or loss under reversals of (losses on) receivables, net in the consolidated statements.

### 8.3.3 Changes in adjustment to present value

	Balances on 01/01/2021	Additions	Write-offs	Balances on 12/31/2021	Additions	Write-offs	Balances on 12/31/2022
<b>Total - Parent Company</b>	<b>(29,455)</b>	(124,150)	104,973	<b>(48,632)</b>	(284,276)	251,991	<b>(80,917)</b>
<b>Total - Consolidated</b>	<b>(31,767)</b>	(141,157)	117,371	<b>(55,553)</b>	(320,683)	285,358	<b>(90,878)</b>

## 8.3.4 Breakdown per credit product and aging list - Resolution No. 2682/BACEN (Central Bank of Brazil)

Renner credit card (Private Label)	Consolidated					
	12/31/2022			12/31/2021		
	Falling due	Overdue	Balance	Falling due	Overdue	Balance
A - from 0 to 14 days	626,966	11,503	638,469	809,546	15,327	824,873
B - from 15 to 30 days	25,696	7,476	33,172	29,111	8,519	37,630
C - from 31 to 60 days	17,990	11,539	29,529	21,853	15,150	37,003
D - from 61 to 90 days	10,575	13,355	23,930	10,649	15,029	25,678
E - from 91 to 120 days	6,867	16,515	23,382	6,003	15,941	21,944
F - from 121 to 150 days	4,683	18,590	23,273	3,684	18,002	21,686
G - from 151 to 180 days	3,333	21,566	24,899	2,293	17,154	19,447
H - more than 180 days	9,410	176,529	185,939	7,481	122,178	129,659
<b>Total</b>	<b>705,520</b>	<b>277,073</b>	<b>982,593</b>	<b>890,620</b>	<b>227,300</b>	<b>1,117,920</b>

Co-branded card (Meu Cartão)	Consolidated					
	12/31/2022			12/31/2021		
	Falling due	Overdue	Balance	Falling due	Overdue	Balance
A - from 0 to 14 days	3,618,941	56,482	3,675,423	2,883,121	57,166	2,940,287
B - from 15 to 30 days	99,078	72,428	171,506	64,263	36,281	100,544
C - from 31 to 60 days	89,387	115,134	204,521	48,666	66,244	114,910
D - from 61 to 90 days	95,763	146,922	242,685	37,066	73,688	110,754
E - from 91 to 120 days	37,635	137,452	175,087	15,619	58,198	73,817
F - from 121 to 150 days	22,872	124,588	147,460	8,978	53,814	62,792
G - from 151 to 180 days	16,577	112,845	129,422	5,957	41,873	47,830
H - more than 180 days	52,380	587,449	639,829	39,845	202,965	242,810
<b>Total</b>	<b>4,032,633</b>	<b>1,353,300</b>	<b>5,385,933</b>	<b>3,103,515</b>	<b>590,229</b>	<b>3,693,744</b>

## 8.3.5 Breakdown of the ECL portfolio per on-balance and off-balance product, according to the aging list

Renner credit card (Private Label)	Consolidated				
	12/31/2022				
	Falling due	Overdue	Portfolio	Loss Allowance	% Coverage
<b>Credit transaction balance (On Balance)</b>	<b>705,520</b>	<b>277,073</b>	<b>982,593</b>	<b>208,047</b>	<b>21.2%</b>
Stage 1	664,985	28,179	693,164	13,073	1.9%
Stage 2	22,723	39,874	62,597	6,562	10.5%
Stage 3	17,812	209,020	226,832	188,412	83.1%
<b>Credit limit available (Off Balance)</b>	<b>-</b>	<b>-</b>	<b>977,978</b>	<b>2,876</b>	<b>0.3%</b>
<b>Grand total</b>			<b>1,960,571</b>	<b>210,923</b>	<b>10.8%</b>
<b>Coverage ratio on credit portfolio</b>					<b>21.5%</b>

Renner credit card (Private Label)	12/31/2021				
	Falling due	Overdue	Portfolio	Loss Allowance	% Coverage
	<b>Credit transaction balance (On Balance)</b>	<b>890,620</b>	<b>227,300</b>	<b>1,117,920</b>	<b>172,252</b>
Stage 1	851,801	32,919	884,720	19,949	2.3%
Stage 2	24,221	39,288	63,509	7,293	11.5%
Stage 3	14,598	155,093	169,691	145,010	85.5%
<b>Credit limit available (Off Balance)</b>	<b>-</b>	<b>-</b>	<b>1,505,275</b>	<b>5,637</b>	<b>0.4%</b>
<b>Grand total</b>			<b>2,623,195</b>	<b>177,889</b>	<b>6.8%</b>
<b>Coverage ratio on credit portfolio</b>					<b>15.9%</b>

Co-branded card (Meu Cartão)	Consolidated				
	12/31/2022				
	Falling due	Overdue	Portfolio	Loss Allowance	% Coverage
<b>Credit transaction balance (On Balance)</b>	<b>4,032,633</b>	<b>1,353,300</b>	<b>5,385,933</b>	<b>902,233</b>	<b>16.8%</b>
Stage 1	3,720,127	126,150	3,846,277	69,169	1.8%
Stage 2	184,072	266,346	450,418	56,347	12.5%
Stage 3	128,434	960,804	1,089,238	776,717	71.3%
<b>Credit limit available (Off Balance)</b>	<b>-</b>	<b>-</b>	<b>5,639,780</b>	<b>15,002</b>	<b>0.3%</b>
<b>Grand total</b>			<b>11,025,713</b>	<b>917,235</b>	<b>8.3%</b>
<b>Coverage ratio on credit portfolio</b>					<b>17.0%</b>

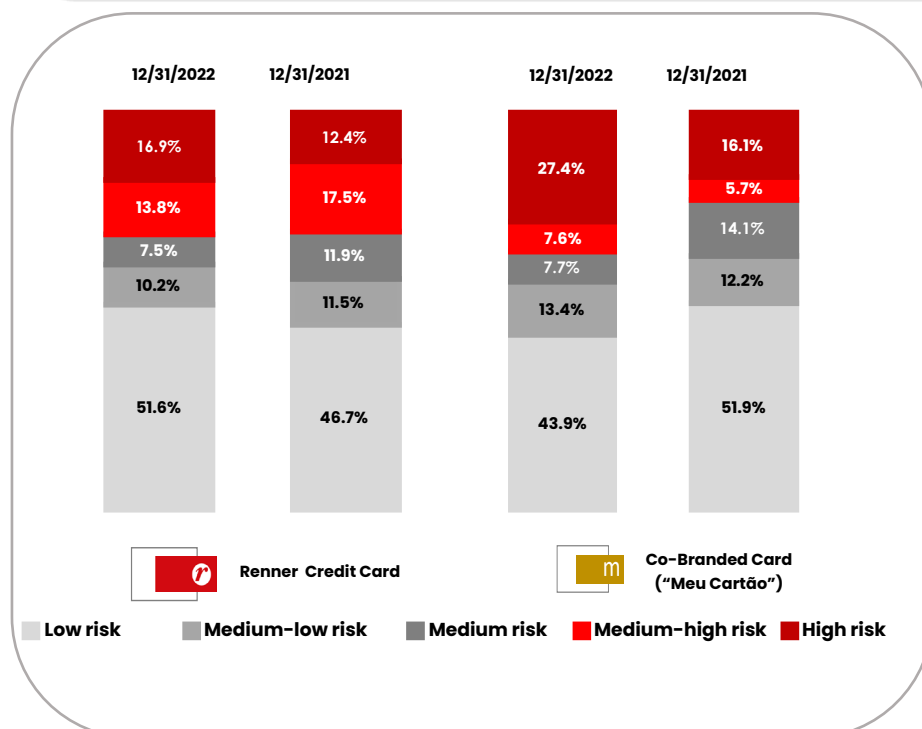
Co-branded card (Meu Cartão)	12/31/2021				
	Falling due	Overdue	Portfolio	Loss Allowance	% Coverage
<b>Credit transaction balance (On Balance)</b>	<b>3,103,515</b>	<b>590,229</b>	<b>3,693,744</b>	<b>388,586</b>	<b>10.5%</b>
Stage 1	2,950,541	92,380	3,042,921	59,011	1.9%
Stage 2	83,791	142,446	226,237	28,683	12.7%
Stage 3	69,183	355,403	424,586	300,892	70.9%
<b>Credit limit available (Off Balance)</b>	<b>-</b>	<b>-</b>	<b>4,655,732</b>	<b>16,664</b>	<b>0.4%</b>
<b>Grand total</b>			<b>8,349,476</b>	<b>405,250</b>	<b>4.9%</b>
<b>Coverage ratio on credit portfolio</b>					<b>11.0%</b>

## 8.4 Credit risk

Our sales and credit grant policies aim at minimizing problems arising from the default of our customers through a judicious selection of the portfolio, which takes into consideration their ability to pay and diversification of its operations. These policies are subordinated to the credit policies set out by management, supported by advanced technology systems and processes related to the risk and fraud functions.

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

The internal credit risk rating is as follows:



Probability of being more than 60 days overdue:

- **Low risk:** probability  $\leq 9.3\%$ ;
- **Medium to low risk:** probability  $> 9.3\%$  and  $\leq 16.8\%$ ;
- **Medium risk:** customers holding Renner Credit Card or Meu Cartão for up to 4 months with low historical use for purposes of measuring the likelihood of default.
- **Medium to high risk:** probability  $>16.8\%$  and  $\leq 31.3\%$ ;
- **High risk:** probability  $>31.3\%$ .

New customers and/or low historical use:

Receivables from sales using third-party credit cards are not included in this analysis since these amounts are subject to the risk of default by the card issuer, with no historical losses or expected future losses.

## 9 INVENTORIES

### 9.1 Accounting policy

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

Inventories are valued at the weighted average cost, less estimated losses and adjustment to present value, at the date of the transactions that are matched against an inventory account, and their realization is recorded as cost of sales. The discount rate used for adjusting inventory balances to present value is the average discount rate for trade notes observable in the market, as informed by the Central Bank of Brazil. The rate used was 1.54% p.m. (1.21% p.m. on December 31, 2021).

### 9.2 Breakdown

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Goods for resale	1,361,252	1,046,576	1,624,770	1,331,436
Imports in transit	248,678	254,413	265,709	288,245
Advances to suppliers (i)	10,962	20,424	11,516	20,438
Auxiliary materials and warehouse	12,764	9,307	15,129	12,740
Adjustment to present value	(41,905)	(23,251)	(46,758)	(26,179)
Estimated losses	(28,938)	(18,420)	(33,419)	(17,120)
<b>Total</b>	<b>1,562,813</b>	<b>1,289,049</b>	<b>1,836,947</b>	<b>1,609,560</b>

- (i) This balance refers to advances made under a forfait agreement to provide financial support to suppliers in connection with purchase orders that will be fully recognized as inventory items in the Individual and Consolidated statements.

## 9.2.1 Changes in adjustment to present value

	Balances at 01/01/2021	Additions	Write-offs	Balances at 12/31/2021	Additions	Write-offs	Balances at 12/31/2022
<b>Total – Parent Company</b>	<b>(23,256)</b>	(75,393)	75,398	<b>(23,251)</b>	(142,190)	123,536	<b>(41,905)</b>
<b>Total – Consolidated</b>	<b>(25,999)</b>	(81,313)	81,133	<b>(26,179)</b>	(153,765)	133,186	<b>(46,758)</b>

## 9.2.2 Estimated inventory losses

	Parent Company	Consolidated
<b>Balance on January 1, 2021</b>	<b>(26,615)</b>	<b>(27,476)</b>
(-) Estimated losses, net	(84,827)	(97,764)
(+) Actual loss	93,022	107,791
(+/-) Translation adjustments	-	329
<b>Balance on December 31, 2021</b>	<b>(18,420)</b>	<b>(17,120)</b>
(-) Estimated losses, net	(115,229)	(123,158)
(+) Actual loss	104,711	109,660
(+/-) Translation adjustments	-	(2,801)
<b>Balance on December 31, 2022</b>	<b>(28,938)</b>	<b>(33,419)</b>

Since implementation of the Radio Frequency Identification (RFID) system, initially in the Parent Company and subsequently in LRU and LRA, it was possible to increase the frequency of inventory counts for most inventories and, accordingly, recognize the effects of inventory losses, identified in inventory counts performed throughout the year, directly in profit or loss, without recording such amounts in estimated losses.

## 10 TAXES RECOVERABLE

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
State VAT (ICMS) (i)	339,843	186,942	400,314	243,439
ICMS on property and equipment	141,380	119,075	149,190	125,148
Income and social contribution taxes	97,545	59,470	201,088	78,229
Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and Social Security Financing (COFINS) (ii)	371,947	890,966	385,169	905,541
Tax credits from foreign subsidiaries	-	-	12,138	31,072
Other taxes recoverable	72,783	19,963	94,801	28,860
Adjustment to present value (iii)	-	-	(4,125)	(11,657)
<b>Total</b>	<b>1,023,498</b>	<b>1,276,416</b>	<b>1,238,575</b>	<b>1,400,632</b>
Current assets	816,349	766,524	1,003,849	849,389
Noncurrent assets	207,149	509,892	234,726	551,243
<b>Total</b>	<b>1,023,498</b>	<b>1,276,416</b>	<b>1,238,575</b>	<b>1,400,632</b>

- i) **ICMS – Selectivity:** In November 2019, the Brazilian Supreme Court determined that the application of rates higher than those applied to the operations in general of the electricity and telecommunications industries is unconstitutional, thus allowing the recovery of amounts unduly paid by taxpayers that filed lawsuits until February 5, 2021. A final decision on the limitation of the effects of that ruling was reached on June 30, 2022. The lawsuits filed by the Parent Company before that date have not yet been granted a final and unappealable decision. The tax credit on December 31, 2022 amounted to R\$ 40,104 (R\$ 42,409 on December 31, 2021). Currently, there is no way to ensure when the amounts will be effectively realized. Based on an assessment made together with its legal advisors, the Company concluded that, at December 31, 2022, it was compliant with the requirements of CPC 25/IAS 37 on accounting for tax credits, since the inflow of economic benefits is virtually certain.
- ii) **ICMS in the PIS/COFINS base:** The lawsuits filed by the Company and its subsidiaries have already received a final favorable decision. The Company expects to offset the tax credit by the second quarter of 2023. On December 31, 2022, the restated balance, net of amounts already offset, was R\$ 345,839 (R\$ 866,406 on December 31, 2021).
- iii) **Adjustment to present value:** Considering the hyperinflation scenario in Argentina and since the term for tax recovery is longer than one year, direct subsidiary LRA has adopted the adjustment to present value. The discount rate used was 71% p.a. (50.6% p.a. on December 31, 2021), as observed in the market and informed by the National Bank of Argentina.

## 11 OTHER ASSETS

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Prepaid expenses (i)	18,569	20,596	28,067	28,366
Judicial deposits – ICMS (ii)	111,908	45,415	126,514	51,181
Judicial deposits – Other taxes	9,498	4,154	9,743	4,374
Advances to third parties	13,314	16,320	34,607	24,256
Advances to employees	10,739	8,387	12,338	9,347
Credits from agreements with suppliers (iii)	61,397	84,572	61,399	84,572
Insurance indemnities in progress	1,415	18,500	5,239	18,604
Insurance commissions receivable	-	-	5,732	4,409
Other accounts receivable (iv)	65,034	17,835	106,557	41,713
Other accounts receivable - related parties (v)	9,929	1,732	11,605	-
<b>Total</b>	<b>301,803</b>	<b>217,511</b>	<b>401,801</b>	<b>266,822</b>
Current assets	104,267	101,835	176,456	141,084
Noncurrent assets	197,536	115,676	225,345	125,738
<b>Total</b>	<b>301,803</b>	<b>217,511</b>	<b>401,801</b>	<b>266,822</b>

- (i) This refers mainly to system support services.
- (ii) This refers mainly to judicial deposits relating to ICMS Rate Difference (EC 87/2015) in remote sales.
- (iii) Balances of agreements with suppliers referring to transfers to the Brazilian Development Bank (BNDES).
- (iv) This balance includes incentive agreements for retention of the Company's executives entered into in May 2022 and approved by management, in the amount of R\$ 37,531 (Parent Company) and R\$ 42,364 (Consolidated).
- (v) This balance includes the retention grant agreement entered into in May 2022, in the amount of R\$ 9,818 (Parent Company) and R\$ 11,605 (Consolidated).

## 12 INCOME AND SOCIAL CONTRIBUTION TAXES

### 12.1 Accounting policy

Deferred taxes are recognized on temporary differences at each year-end between the balances of assets and liabilities recognized in the financial statements and the corresponding tax bases used to calculate taxable profit, including the balance of tax losses, when applicable. Current and deferred taxes are recognized in profit or loss, except when they correspond to items recorded in other comprehensive income (loss) in equity.

Calculating current and deferred income and social contribution taxes, we take into consideration the impact of uncertainties relating to the tax positions assumed and believe that the provision for income tax in liabilities is appropriate based on analysis of various factors, including interpretation of tax laws and the opinion of the Company legal advisors.

## 12.2 Breakdown of deferred taxes

Taxable event	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
	IRPJ/CSLL	IRPJ/CSLL	IRPJ/CSLL	IRPJ/CSLL
Estimated losses in assets	12,492	8,748	209,448	134,735
Provisions for tax, civil and labor contingencies	36,364	44,575	48,685	54,587
Adjustment to present value	36,041	22,085	40,737	25,654
Provision for employee profit sharing	5,010	52,986	6,724	55,986
Restricted share plan	15,803	10,966	15,803	10,966
Income and social contribution tax losses (i)	148,973	128,661	278,883	240,928
Swap from borrowings	-	-	4,706	617
Leases payable	90,567	64,996	99,610	73,632
Other provisions	6,240	4,169	13,862	12,126
<b>Deferred tax assets</b>	<b>351,490</b>	<b>337,186</b>	<b>718,458</b>	<b>609,231</b>
Goodwill on acquisition of equity interest	-	-	(39,671)	(39,671)
Revaluation surplus of assets	-	-	(9,704)	(9,704)
Difference between useful life for corporate purposes v. tax purposes	(99,457)	(81,529)	(110,461)	(89,652)
Equity adjustments - hedge	(514)	(7,040)	(431)	(8,176)
Other provisions	-	-	(6,214)	(7,883)
<b>Deferred tax liabilities</b>	<b>(99,971)</b>	<b>(88,569)</b>	<b>(166,481)</b>	<b>(155,086)</b>
<b>Total</b>	<b>251,519</b>	<b>248,617</b>	<b>551,977</b>	<b>454,145</b>
Noncurrent assets	251,519	248,617	555,595	457,537
Noncurrent liabilities	-	-	(3,618)	(3,392)
<b>Total</b>	<b>251,519</b>	<b>248,617</b>	<b>551,977</b>	<b>454,145</b>

(i) The credits recognized on income and social contribution tax losses of the Parent Company and of subsidiaries Realize CFI, LRS, Camicado and Youcom are supported by reviews that occur at the end of each year, to verify the probability of generation of future taxable bases that would allow the recovery of these credits.

The rates for companies headquartered in Brazil are of 25% Corporate Income Tax (IRPJ) and 9% Social Contribution Tax on Net Profit (CSLL), except for indirect subsidiary Realize CFI, which is subject to 25% IRPJ and 15% CSLL. Foreign companies are subject to income tax ranging from 25% to 30%.

We offset deferred assets against deferred liabilities of the Parent Company and subsidiaries separately.

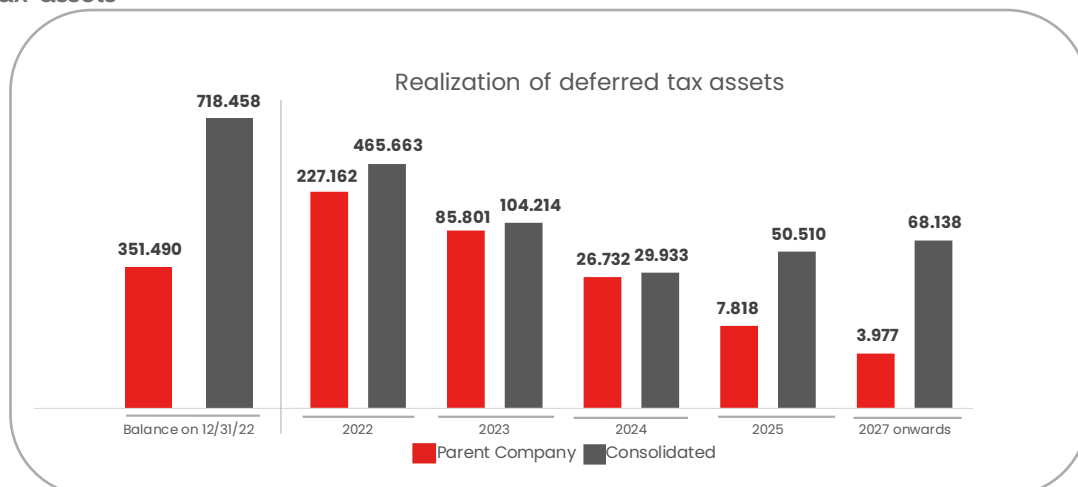
## 12.3 Changes in deferred taxes, net

The changes in deferred taxes recognized at weighted nominal rates are as follows:

	Parent Company	Consolidated
<b>Balance on January 1, 2021</b>	<b>103,790</b>	<b>276,925</b>
Recognized in profit or loss	160,514	188,330
Recognized in other comprehensive income	(15,687)	(17,016)
Translation adjustments	-	5,906
<b>Balance on December 31, 2021</b>	<b>248,617</b>	<b>454,145</b>
Recognized in profit or loss	(3,624)	91,911
Recognized in other comprehensive income	6,526	7,579
Translation adjustments	-	(1,658)
<b>Balance on December 31, 2022</b>	<b>251,519</b>	<b>551,977</b>

## 12.4 Realization of deferred tax assets

Regularly we check the recoverability of the balance of deferred taxes assets. Management's assessment is based on technical feasibility studies that demonstrate future taxable profit projections, allowing a credit recovery estimate within a period that does not exceed 10 years. Also, estimated deferred tax realization involves uncertainties of other estimates.



## 12.5 Analysis of effective rate of income and social contribution taxes

Reconciliation of the expense calculated by applying the combined tax rates and the income and social contribution tax expense charged to profit or loss is as follows:

	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>Profit or loss before income and social contribution taxes</b>	<b>1,405,523</b>	<b>560,022</b>	<b>1,384,285</b>	<b>639,853</b>
Combined tax rate	34%	34%	34%	34%
<b>Tax expense at nominal rate</b>	<b>(477,878)</b>	<b>(190,407)</b>	<b>(470,657)</b>	<b>(217,550)</b>
<b>Permanent (additions) exclusions:</b>				
Stock option plan expense	(7,412)	(5,219)	(7,412)	(5,219)
Profit or loss on equity interest	(10,317)	23,152	-	-
Interest on equity	220,431	131,878	220,431	131,878
Management fees	(990)	(1,688)	(1,821)	(1,688)
Tax benefits (PAT)	3,598	2,058	4,972	2,730
Investment grant (i)	122,352	94,023	123,011	95,654
Incentive for technological innovation (Law No. 11196/2005)	17,998	5,289	33,534	11,073
Income and social contribution tax differences of subsidiaries	-	-	3,174	(19,163)
Recovery – loan transactions	-	-	3,910	266
Unrecoverable deferred tax not recognized	-	-	(16,042)	(17,301)
Monetary adjustments	-	-	-	(2,919)
Other exclusions (ii)	18,387	13,986	14,236	15,404
Portion exempt from 10% surtax	12	18	83	94
<b>Income and social contribution taxes in P&amp;L</b>	<b>(113,819)</b>	<b>73,090</b>	<b>(92,581)</b>	<b>(6,741)</b>
Current	(110,195)	(87,424)	(184,492)	(195,071)
Deferred	(3,624)	160,514	91,911	188,330
<b>Effective rate</b>	<b>8.10%</b>	<b>-13.05%</b>	<b>6.69%</b>	<b>1.05%</b>

- (i) Our import operations are exempt from ICMS on import and covered by the ICMS matching credit benefit. Interstate shipments to end consumers of goods sold on the Internet are benefited by the ICMS matching credit. These benefits are considered an investment grant under Supplementary Law No. 160/2017, thus should not be included in the income and social contribution tax base. In compliance with ICPC 22 (IFRIC 23) and assisted by its legal advisors, management analyzed the acceptability of the tax treatment described above and concluded that it is probable that the taxation authorities will accept it.

- (ii) These refer mostly to the exclusion of SELIC interest on unduly paid tax amounts under the terms of court decisions for lawsuits to which the Company is a party, and decision on the merits of Appeal No. 1,063,187 to the Brazilian Supreme Court (*STF*), under the general repercussion (generally binding decision) regime.

## 13 INVESTMENTS

### 13.1 Breakdown of investments

In the individual financial statements, we record our investments using the equity method.

	Parent Company	
	12/31/2022	12/31/2021
Investments in subsidiaries	2,348,168	2,016,898
Goodwill on revaluation surplus of assets	1,290	1,290
<b>Total</b>	<b>2,349,458</b>	<b>2,018,188</b>

### 13.2 Changes in investments in subsidiaries

Subsidiaries	Balance on 12/31/2021	Capital contribution	Business combination (i)	Equity pickup	Other comprehensive income	Dividends	Balance on 12/31/2022
RACC	1,483	-	-	3,274	-	(1,476)	3,281
Dromegon	10,835	29,200	-	5,448	-	(1,273)	44,210
Camicado	644,161	36,500	-	(53,552)	(1,330)	-	625,779
Youcom	171,040	14,590	-	11,483	(505)	-	196,608
LRS	5,393	-	-	7,230	(956)	-	11,667
Realize Participações S.A.	704,733	-	-	49,412	(14,419)	-	739,726
LRU	187,357	-	-	38,060	8,989	-	234,406
LRA	159,520	11,068	-	(29,696)	11,032	-	151,924
Realize CFI	4	100,000	-	(2,805)	14,419	-	111,618
Lojas Renner Trading Uruguay	1,426	4,900	-	(670)	150	-	5,806
Repassa	130,946	30,250	(2,808)	(25,509)	-	-	132,879
Fundo RX Ventures	-	12,305	-	(1,882)	-	-	10,423
RLog	-	110,965	-	(31,136)	-	-	79,829
Relog	-	12	-	-	-	-	12
<b>Total</b>	<b>2,016,898</b>	<b>349,790</b>	<b>(2,808)</b>	<b>(30,343)</b>	<b>17,380</b>	<b>(2,749)</b>	<b>2,348,168</b>

- (i) Refers to the update of the PPA (Purchase Price Allocation) report.

Subsidiaries	Balance on 01/01/2021	Capital contribution	Business combination (i)	Equity pickup	Other comprehensive income	Dividends	Balance on 12/31/2021
RACC	1,985	-	-	2,555	-	(3,057)	1,483
Dromegon	11,331	-	-	4,618	-	(5,114)	10,835
Camicado	514,722	159,222	-	(31,704)	1,921	-	644,161
Youcom	170,527	-	-	(141)	654	-	171,040
LRS	9,287	-	-	(6,598)	2,704	-	5,393
Realize Participações S.A.	580,808	-	-	123,925	-	-	704,733
LRU	165,251	-	-	19,792	2,314	-	187,357
LRA	138,758	8,017	-	(33,407)	46,152	-	159,520
Realize CFI	3	-	-	1	-	-	4
Lojas Renner Trading Uruguay	1,293	4,132	-	(3,923)	(76)	-	1,426
Repassa	-	7,970	130,000	(7,024)	-	-	130,946
<b>Total</b>	<b>1,593,965</b>	<b>179,341</b>	<b>130,000</b>	<b>68,094</b>	<b>53,669</b>	<b>(8,171)</b>	<b>2,016,898</b>

- (i) Includes: identifiable net assets acquired, brand goodwill and goodwill.

## 13.3 Supplementary information on subsidiaries

The Company's direct and indirect interest is 100%.

Subsidiaries 2022	Control	Equity interest	Total assets	Total liabilities	Equity	Net income (loss) (i)
RACC	Direct	99.9%	4,979	1,698	3,281	3,274
Dromegon	Direct	99.9%	44,437	227	44,210	5,448
Camicado	Direct	100.0%	980,469	354,690	625,779	(53,552)
Youcom	Direct	100.0%	388,445	191,837	196,608	11,483
LRS	Direct	100.0%	21,068	9,401	11,667	7,230
Realize Participações S.A.	Direct	99.9%	739,786	60	739,726	49,412
LRU (i)	Direct	100.0%	339,364	103,764	235,600	37,744
LRA (i)	Direct	100.0%	280,648	128,209	152,439	(29,600)
Realize CFI	Indirect	0.1%	6,289,296	6,177,678	111,618	(2,805)
Lojas Renner Trading Uruguay	Direct	100.0%	19,916	13,125	6,791	314
Repassa	Direct	100.0%	17,565	10,376	7,189	(25,509)
Fundo RX Ventures	Direct	100.0%	10,703	280	10,423	(1,882)
RLog	Direct	100.0%	105,027	25,198	79,829	(31,136)
Relog	Direct	100.0%	12	-	12	-

Subsidiaries 2021	Control	Equity interest	Total assets	Total liabilities	Equity	Net income (loss) (i)
RACC	Direct	99.9%	2,750	1,267	1,483	2,555
Dromegon	Direct	99.9%	11,092	257	10,835	4,618
Camicado	Direct	100.0%	976,909	332,748	644,161	(31,704)
Youcom	Direct	100.0%	335,588	164,548	171,040	(141)
LRS	Direct	100.0%	20,136	14,743	5,393	(6,598)
Realize Participações S.A.	Direct	99.9%	704,789	4	704,785	123,934
LRU (i)	Direct	100.0%	292,604	103,743	188,861	19,292
LRA (i)	Direct	100.0%	296,337	136,391	159,946	(33,396)
Realize CFI	Indirect	0.1%	5,032,417	4,327,932	704,485	123,944
Lojas Renner Trading Uruguay	Direct	100.0%	16,725	15,299	1,426	(3,923)
Repassa	Direct	100.0%	11,020	8,571	2,449	(7,024)

(i) These amounts refer to the profit or loss of subsidiaries, with no effect of unrealized profit on inventories.

## 14 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

### 14.1 Accounting policy

Property and equipment items are recorded at the cost of acquisition, formation or installation of stores, less accumulated depreciation or amortization. Calculation is based on the straight-line method at rates that consider the estimated useful lives of assets, as follows:

Fixed Assets. Annual Rates | Useful Life

FIXED ASSETS			INTANGIBLE ASSETS	
<b>Buildings</b> 1.66%   60 years	<b>Facilities</b> 5 a 10%   10 a 20 years	<b>Machinery and equipment</b> 5 a 10%   10 a 20 years	<b>IT systems</b> 12.5 a 20%   5 a 8 years	
<b>Leasehold improvements</b> 10%   10 years	<b>Furniture and utensils</b> 10 a 25%   4 a 10 years	<b>Vehicles</b> 20%   5 years	<b>Computers and peripherals</b> 10 a 33.3%   3 a 10 years	<b>Real property rights-of-use</b> 10%   10 years

We annually review property and equipment items and intangible assets based on assessments made by specialists in order to identify:

- i) Possible evidence that its assets may be impaired; and
- ii) Changes in the form of use and maintenance that may affect the useful lives of its property and equipment items and intangible assets.

On December 31, 2022, the management reviewed the future projections of its cash-generating units (UGC) and identified some factors indicating significant impairment losses for LRA and Camicado (Note 16.1.3). For occurring revaluation or idleness of property and equipment items, we did not identified any factors.

## 14.2 Reconciliation of net carrying amount of property and equipment

### 14.2.1 Parent Company

Carrying amount	Balance on 01/01/2022	Additions (i)	Transfers	Provisions / Write-offs	Deprec.	Balance on 12/31/2022	Accumulated	
							Cost	Deprec.
Land	288	-	-	-	-	288	288	-
Properties	57,634	-	-	-	(825)	56,809	61,898	(5,089)
Furniture and fixtures	201,090	33,074	25,485	(8,154)	(38,878)	212,617	489,854	(277,237)
Facilities	266,916	24,089	15,602	(2,625)	(29,024)	274,958	600,796	(325,838)
Machinery and equipment	132,103	12,328	11,089	(1,073)	(16,418)	138,029	310,081	(172,052)
Leasehold improvements	714,493	74,932	103,060	(1,838)	(149,377)	741,270	2,056,497	(1,315,227)
Vehicles	871	289	-	-	(183)	977	1,813	(836)
Computers	129,472	6,969	48,797	(1,201)	(39,524)	144,513	347,001	(202,488)
Construction in progress (ii)	755,582	308,065	(204,033)	(1,329)	-	858,285	858,285	-
<b>Total</b>	<b>2,258,449</b>	<b>459,746</b>	<b>-</b>	<b>(16,220)</b>	<b>(274,229)</b>	<b>2,427,746</b>	<b>4,726,513</b>	<b>(2,298,767)</b>

Carrying amount	Balance on 01/01/2021	Additions (i)	Transfers	Provisions / Write-offs	Deprec.	Balance on 12/31/2021	Accumulated	
							Cost	Deprec.
Land	288	-	-	-	-	288	288	-
Properties	58,459	-	-	-	(825)	57,634	61,898	(4,264)
Furniture and fixtures	200,028	14,709	22,530	(179)	(35,998)	201,090	459,504	(258,414)
Facilities	257,537	15,713	25,527	(1,053)	(30,808)	266,916	564,515	(297,599)
Machinery and equipment	125,897	7,935	12,563	(1,014)	(13,278)	132,103	288,855	(156,752)
Leasehold improvements	738,707	42,105	92,833	(5,014)	(154,138)	714,493	1,890,393	(1,175,900)
Vehicles	862	264	-	(82)	(173)	871	1,524	(653)
Computers	111,601	12,393	33,693	(533)	(27,682)	129,472	304,493	(175,021)
Construction in progress (ii)	293,017	649,712	(187,146)	(1)	-	755,582	755,582	-
<b>Total</b>	<b>1,786,396</b>	<b>742,831</b>	<b>-</b>	<b>(7,876)</b>	<b>(262,902)</b>	<b>2,258,449</b>	<b>4,327,052</b>	<b>(2,068,603)</b>

## 14.2.2 Consolidated

Carrying amount	Balance on 01/01/2022	Addition due to acquisition of subsidiary		Transfers	Provisions / Write-offs		Deprec.	Translation adjustment / monetary adjustment	Balance on 12/31/2022	Accumulated Cost Deprec.	
		Additions (i)			Write-offs	Deprec.					
Land	288	-	-	-	-	-	-	-	288	-	
Properties	66,821	-	-	-	-	(825)	-	-	65,996	76,965	(10,969)
Furniture and fixtures	249,754	35,642	10	31,756	(9,672)	(46,903)	915	915	261,502	589,024	(327,522)
Facilities	298,080	26,427	-	19,110	(5,438)	(33,284)	355	355	305,250	664,973	(359,723)
Machinery and equipment	151,606	12,801	39	11,336	(1,310)	(18,052)	941	941	157,361	337,006	(179,645)
Leasehold improvements	952,942	82,796	-	136,092	(16,950)	(189,020)	8,416	8,416	974,276	2,459,903	(1,485,627)
Vehicles	872	299	-	-	-	(194)	-	-	977	1,824	(847)
Computers	150,549	9,095	194	55,664	(2,249)	(45,891)	250	250	167,612	394,535	(226,923)
Construction in progress (ii)	779,947	372,228	-	(253,958)	(1,342)	-	647	647	897,522	897,522	-
<b>Total</b>	<b>2,650,859</b>	<b>539,288</b>	<b>243</b>	<b>-</b>	<b>(36,961)</b>	<b>(334,169)</b>	<b>11,524</b>	<b>11,524</b>	<b>2,830,784</b>	<b>5,422,040</b>	<b>(2,591,256)</b>

Carrying amount	Balance on 01/01/2021	Addition due to acquisition of subsidiary		Transfers	Provisions / Write-offs		Deprec.	Translation adjustment / monetary adjustment	Balance on 12/31/2021	Accumulated Cost Deprec.	
		Additions (i)			Write-offs	Deprec.					
Land	288	-	-	-	-	-	-	-	288	-	
Properties	67,646	-	-	-	-	(825)	-	-	66,821	76,965	(10,144)
Furniture and fixtures	250,377	16,144	272	25,123	(412)	(44,007)	2,257	2,257	249,754	549,563	(299,809)
Facilities	290,923	17,125	-	25,930	(1,434)	(34,790)	326	326	298,080	625,398	(327,318)
Machinery and equipment	143,726	8,153	-	12,963	(1,174)	(14,829)	2,767	2,767	151,606	314,027	(162,421)
Leasehold improvements	975,574	50,980	1,541	101,712	(6,237)	(191,148)	20,520	20,520	952,942	2,258,884	(1,305,942)
Vehicles	862	265	-	-	(82)	(173)	-	-	872	1,525	(653)
Computers	126,984	14,193	445	41,220	(661)	(32,802)	1,170	1,170	150,549	343,457	(192,908)
Construction in progress (ii)	297,880	689,047	-	(206,948)	(45)	-	13	13	779,947	779,947	-
<b>Total</b>	<b>2,154,260</b>	<b>795,907</b>	<b>2,258</b>	<b>-</b>	<b>(10,045)</b>	<b>(318,574)</b>	<b>27,053</b>	<b>27,053</b>	<b>2,650,859</b>	<b>4,950,054</b>	<b>(2,299,195)</b>

- (i) Of the total acquisitions for 2021, in the Individual and Consolidated statements, R\$ 132,216 will be paid during 2022 and 2023. In the twelve-month period ended December 31, 2022, R\$ 88,393 of the total due in 2021 was settled.
- (ii) The main natures that make up the group of PP&E in progress refer to the opening of the Company's new stores and distribution centers.

## 14.3 Reconciliation of net carrying amount of intangible assets

### 14.3.1 Parent Company

Carrying amount	Balance at	Additions	Transfers	Provisions /		Balance at	Accumulated	
	01/01/2022			Write-offs	Amort.		12/31/2022	Cost
IT systems	451,722	5,807	306,430	(63)	(111,722)	652,174	1,397,936	(745,762)
Right-of-use properties	21,934	257	2,132	(8)	(4,173)	20,142	79,926	(59,784)
Trademarks and patents	6,895	219	-	-	-	7,114	7,197	(83)
Intangible assets in progress (i)	175,520	324,647	(308,562)	(256)	-	191,349	191,349	-
<b>Total</b>	<b>656,071</b>	<b>330,930</b>	<b>-</b>	<b>(327)</b>	<b>(115,895)</b>	<b>870,779</b>	<b>1,676,408</b>	<b>(805,629)</b>

Carrying amount	Balance on	Additions	Transfers	Provisions /		Balance on	Accumulated	
	01/01/2021			Write-offs	Amort.		12/31/2021	Cost
IT systems	471,535	2,740	78,872	(55)	(101,370)	451,722	1,085,770	(634,048)
Right-of-use properties	17,173	1,662	6,885	(33)	(3,753)	21,934	77,590	(55,656)
Trademarks and patents	6,672	223	-	-	-	6,895	6,978	(83)
Intangible assets in progress (i)	92,333	168,952	(85,757)	(8)	-	175,520	175,520	-
<b>Total</b>	<b>587,713</b>	<b>173,577</b>	<b>-</b>	<b>(96)</b>	<b>(105,123)</b>	<b>656,071</b>	<b>1,345,858</b>	<b>(689,787)</b>

### 14.3.2 Consolidated

Carrying amount	Balance on	Additions	Addition due to acquisition of subsidiary	Transfers	Provisions /		Translation adjustment/ Monetary restatement	Balance at	Accumulated	
	01/01/2022				Write-offs	Amort.			12/31/2022	Cost
IT systems	662,357	9,542	82,189	416,893	(76)	(156,476)	657	1,015,086	1,888,672	(873,586)
Right-of-use properties	47,288	1,722	-	6,666	(1,252)	(8,297)	713	46,840	129,672	(82,832)
Trademarks and patents	56,861	220	46,010	-	-	(920)	-	102,171	103,174	(1,003)
Other intangible assets	-	-	-	-	-	-	-	-	3,500	(3,500)
Intangible assets in progress (i)	217,171	444,865	-	(423,559)	(256)	-	596	238,817	238,817	-
Goodwill (ii)	223,963	-	12,290	-	-	-	-	236,253	236,253	-
<b>Total</b>	<b>1,207,640</b>	<b>456,349</b>	<b>140,489</b>	<b>-</b>	<b>(1,584)</b>	<b>(165,693)</b>	<b>1,966</b>	<b>1,639,167</b>	<b>2,600,088</b>	<b>(960,921)</b>

Carrying amount	Balance on 01/01/2021	Addition due to acquisition of subsidiary			Provisions / Write-offs	Amort.	Translation adjustment / monetary adjustment	Balance on 12/31/2021	Accumulated Cost Amort.	
		Additions	Transfers						Cost	Amort.
IT systems	634,994	59,424	-	95,604	(57)	(131,340)	3,732	662,357	1,378,755	(716,398)
Right-of-use properties	38,125	3,449	-	12,047	(316)	(7,656)	1,639	47,288	121,056	(73,768)
Trademarks and patents	35,425	222	21,214	-	-	-	-	56,861	56,944	(83)
Other intangible assets	336	-	-	(336)	-	-	-	-	3,500	(3,500)
Intangible assets in progress (i)	115,077	207,177	2,096	(107,315)	(8)	-	144	217,171	217,171	-
Goodwill (ii)	116,679	-	107,284	-	-	-	-	223,963	223,963	-
<b>Total</b>	<b>940,636</b>	<b>270,272</b>	<b>130,594</b>	<b>-</b>	<b>(381)</b>	<b>(138,996)</b>	<b>5,515</b>	<b>1,207,640</b>	<b>2,001,389</b>	<b>(793,749)</b>

- (i) The main natures of the group "Intangible assets in progress" refer to the development and implementation of Information Technology systems and licensing.
- (ii) The balance in "Addition due to acquisition of subsidiary" refers to the goodwill from the acquisition of subsidiary Uello and to adjustment of the allocated goodwill arising from the updated PPA report for the acquisition of subsidiary Repassa, in the amount of R\$ 2,808.

## 15 RIGHT OF USE

CPC 06 (R2)/IFRS 16 requires for all lease contracts within the scope of the standard - unless they are covered by exemption - that lessees recognize the liabilities assumed against the respective right-of-use assets.

### 15.1 Accounting policy

We elected to use the practical expedient for transition and to not consider initial costs for measurement of right-of-use assets that correspond to initial lease liability amount plus initial direct costs incurred, thus maintaining the initial lease liability amount. Depreciation is calculated on a straight-line basis over the remaining term of the contracts.

### 15.2 Breakdown of right of use

Lease with call option (i) USEFUL LIFE: 43 YEARS	Lease (ii) USEFUL LIFE: 2-15 years	Balance on 12/31/2022	Balance on 12/31/2021
24,542	2,253,482	2,278,024	2,080,926
24,542	2,584,963	2,609,505	2,434,188
<b>Parent Company</b>	<b>Consolidated</b>		

- (i) Headquarter building.
- (ii) Lease of commercial spaces, distribution centers and other administrative offices.

## 15.3 Changes in right of use

	Parent Company	Consolidated
<b>Balance on January 1, 2021</b>	<b>1,397,843</b>	<b>1,700,038</b>
(+) Remeasurement	335,422	409,135
(+) Acquisition - business combination	-	3,813
(+/-) New contracts / Ended contracts	725,722	770,323
(-) Depreciation - rental	(378,061)	(458,500)
(+/-) Translation adjustment/ Monetary adjustment	-	9,379
<b>Balance on December 31, 2021</b>	<b>2,080,926</b>	<b>2,434,188</b>
(+) Remeasurement	293,874	266,865
(+/-) New contracts / Ended contracts	363,686	422,212
(-) Depreciation - rental	(460,462)	(541,163)
(+/-) Translation adjustment/ Monetary adjustment	-	27,403
<b>Balance on December 31, 2022</b>	<b>2,278,024</b>	<b>2,609,505</b>

## 16 IMPAIRMENT TEST

### 16.1 Accounting policy

Assets with an indefinite useful life, such as goodwill, are not subject to amortization and are tested for impairment annually, taking into consideration the value generated by the set of underlying assets. For impairment testing of other assets, such assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGU), in conformity with the analyses used by management. Non-financial assets, except goodwill, that have been impaired, are subsequently reviewed for possible reversal of the impairment at each reporting date.

#### 16.1.1 Impairment testing of goodwill and brand

To determine the recoverable amount of Camicado and Repassa, it was used cash flow projections, before income and social contribution taxes, based on financial budgets approved by the management for a 10-year period considering the following assumptions:

Assumptions used	Camicado	Repassa
<b>Goodwill and brand</b>	R\$ 144,741 (R\$ 144,741 in 2021)	R\$ 125,690 (R\$ 128,498 in 2021)
<b>Revenues</b>	Projected from 2023 to 2032, considering the historical growth in sales, and an increase in sales through the plan of opening new stores and digital initiatives.	Projected from 2023 to 2032 considering the growth of digital initiatives and greater synergy with the Parent Company.
<b>Costs and expenses</b>	Projected for the same year of revenues according to the store dynamics, seeking synergy with the Parent Company.	Projected for the same year of revenues according to business growth, seeking synergy with the Parent Company.
<b>Discount rate</b>	13.3% p.a. (13.0% p.a. in 2021)	15.0% p.a. (15.0% p.a. in 2021)
<b>Perpetuity growth rate</b>	6.5% p.a. (6.5% p.a. in 2021)	4.5% p.a. (4.5% p.a. in 2021)

On December 31, 2022, we tested assets with indefinite useful life for impairment and concluded that there are no factors indicating losses due to impairment, given that the recoverable amount exceeded the carrying amount.

On April 4, 2022, in Rlog Investimentos Ltda.'s acquisition of 100% of the shares issued by Uello Tecnologia S.A., R\$ 17,575 was recognized in intangible assets as goodwill and, in August 2022, based on the valuation report adjusted according to the updated acquisition contract issued by a specialized consulting firm, goodwill was adjusted to R\$ 15,098 (Note 3.9), corresponding to the unlocated purchase price.

Since the acquisition took place in 2022, we used the same impairment test and concluded that there are no factors that indicate impairment losses.

## 16.1.2 Sensitivity analysis

We carried out a sensitivity analysis on the discount rates and growth rates of Camicado and Repassa, considering an increase or decrease of 1% in the discount rate and of 0.5% in the growth rate in perpetuity, as shown in the table below:

Change in discounted cash flow	Discount rate			Perpetuity rate		
	Probable scenario	1% increase	1% decrease	Probable scenario	0.5% increase	0.5% decrease
Camicado	13.3%	(108,750)	147,521	6.5%	37,648	(32,491)
Repassa	15.0%	(23,511)	29,250	4.5%	6,882	(6,256)

## 16.1.3 Impairment testing per cash-generating unit (CGU)

We perform impairment tests per cash-generating unit whenever indications of loss are identified, by using specific variables of each unit, and recognized a provision for impairment of R\$ 8,421 in Camicado and of R\$ 10,908 in LRA.

## 17 BORROWINGS, LOANS AND DEBENTURES

### 17.1 Accounting policy

Borrowings, loans and debentures are initially recognized at fair value upon receipt and are subsequently measured at amortized cost as provided for by contract (plus charges, interest calculated at effective rate, inflation and currency fluctuation adjustments, and amortization charges incurred up to the reporting dates).

The balance of working capital loans (Law No. 4,131 of the Central Bank of Brazil) is measured at fair value, which reflects current market expectations of future amounts, using the discounted cash flow valuation technique (conversion of future cash flows into one single amount).

### 17.2 Breakdown of borrowings, financing and debentures

Description	Charges (p.a.)	Issue date	Contract value	Maturity	Parent Company		Consolidated	
					12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>In domestic currency</b>								
Debentures 9 <sup>th</sup> issue and 11 <sup>th</sup> issue	-	-	-	-	-	915,469	-	915,469
Debentures 12 <sup>th</sup> issue - single series (i)	CDI+1.60%	02/18/2021	1,000,000	02/18/2025	1,054,513	1,030,736	1,054,513	1,030,736
Debentures - Structuring costs	-	-	-	-	(1,570)	(3,992)	(1,570)	(3,992)
Working capital - CCB	-	-	-	-	-	661,697	-	661,697
Working capital - CCB	3.80%	-	20	06/04/2023	-	-	20	53
Working capital - Structuring costs	-	-	-	-	-	(1,729)	-	(1,729)
<b>In foreign currency</b>								
Working capital - under Law No. 4131 (ii)	€+1.05%	10/14/2021	€ 9,390	10/16/2023	-	-	51,894	60,431
Working capital - under Law No. 4131 (ii)	€+2.75%	07/27/2022	€ 9,041	07/15/2024	-	-	50,444	-
(+/-) Swap - working capital (ii)	CDI+1.5%	10/14/2021	60,000	10/16/2023	-	-	10,387	1,814
(+/-) Swap - working capital (ii)	109.57% of CDI	07/27/2022	50,000	07/15/2024	-	-	3,455	-
<b>Total</b>					<b>1,052,943</b>	<b>2,602,181</b>	<b>1,169,143</b>	<b>2,664,479</b>
Current liabilities					53,571	1,603,751	122,824	1,610,452
Noncurrent liabilities					999,372	998,430	1,046,319	1,054,027
<b>Total</b>					<b>1,052,943</b>	<b>2,602,181</b>	<b>1,169,143</b>	<b>2,664,479</b>

- (i) **Debentures:** refers to 12<sup>th</sup> issue in a single series through an agreement for placement with restricted efforts of unsecured nonconvertible debentures, subject to payment of semi-annual interest and amortization of principal in the 3<sup>rd</sup> and 4<sup>th</sup> year, according to their respective maturities. In May and November 2022, the 11<sup>th</sup> issue, 1<sup>st</sup> and 2<sup>nd</sup> series debentures, amounting to R\$300,000 and R\$ 200,000 respectively, were settled, and in October 2022, the 9<sup>th</sup> issue debentures, amounting to R\$400,000, were settled;
- (ii) **Bank Credit Note (CCB):** between July and November 2022, we settled loans through CCB entered into with Banco Safra, in the amounts of R\$ 150,000 and R\$ 100,000, respectively, and in November 2022, it settled borrowings from Banco Itaú in the amount of R\$ 400,000;
- (iii) **Working Capital – under Law No. 4,131:** refer to foreign currency borrowings, under Law No. 4,131, entered into with Banco Itaú S.A. and hedged by swap, having the Parent Company as guarantor (Note 27.1).

## 17.3 Changes in borrowings, loans and debentures

	Parent Company	Consolidated
<b>Balance on January 1, 2021</b>	<b>2,583,559</b>	<b>2,623,014</b>
(+) Net borrowings – structuring costs	997,377	1,057,316
(-) Amortization and swap adjustment received	(999,479)	(1,038,473)
(-) Payment of interest	(146,941)	(147,362)
(+) Interest expenses and structuring costs (i)	170,676	175,976
(+) Acquisition - business combination	-	65
(+/-) Change in fair value (i)	(3,011)	(6,057)
<b>Balance on December 31, 2021</b>	<b>2,602,181</b>	<b>2,664,479</b>
(+) Net borrowings – structuring costs	-	50,000
(-) Amortization and swap adjustment received	(1,550,000)	(1,556,759)
(-) Payment of interest	(304,075)	(304,601)
(+) Interest expenses and structuring costs (i)	304,837	293,628
(+/-) Change in fair value (i)	-	22,396
<b>Balance on December 31, 2022</b>	<b>1,052,943</b>	<b>1,169,143</b>

- (i) Non-cash changes

The covenants and settlement schedule in accordance with the contractual cash flow (principal plus estimated future interest) are shown in Note 6.2.

## 18 FINANCING – FINANCIAL SERVICE OPERATIONS AND GUARANTEES

### 18.1 Financing - financial service operations

Financing	Charges (p.a.)	Issue date	Contract value	Maturity	Consolidated	
					12/31/2022	12/31/2021
<b>In domestic currency</b>						
Interbank Deposit Certificates (i)	116.0% of CDI	06/22/2021	200,000	06/12/2023	237,512	207,412
Interbank Deposit Certificates (i)	112.7% of CDI	02/09/2022	53,000	02/09/2024	59,784	52,671
Interbank Deposit Certificates (i)	115.1% to 115.3% of CDI	10/13/2022	300,000	10/02/2024	309,684	-
Interbank Deposit Certificates (i)	113.4% of CDI	07/14/2022	100,000	06/30/2025	106,957	-
Interbank Deposit Certificates (i)	114.3% of CDI	07/18/2022	150,000	07/02/2025	160,342	-
Financial bills (ii)	-	-	-	-	-	329,637
Bank Credit Notes (iii)	-	-	-	-	-	52,064
Bank Deposit Certificates (iv)	121.9% of CDI	01/2021 - 12/2021	316,447	01/2023-12/2023	343,839	93,821
Bank Deposit Certificates (iv)	117.2% of CDI	01/2022 - 12/2022	16,920	01/2024-12/2024	18,114	67,018
<b>Total</b>					<b>1,236,232</b>	<b>802,623</b>
Current liabilities					581,351	475,522
Noncurrent liabilities					654,881	327,101
<b>Total</b>					<b>1,236,232</b>	<b>802,623</b>

- (i) **Interbank Deposit Certificates (CDI):** these refer to short and long-term issues from XP Investimentos, Easynvest, Genial Investimentos and Órama Investimentos amounting to R\$ 316,447 and R\$ 16,920, respectively, aimed at financing operations and the ordinary course of business.
- (ii) **Financial Bills:** In August 2022, R\$ 300,000 raised in August 2019 was settled.
- (iii) **Bank Credit Note (CCB):** the borrowings taken from bank BOCOM BB, in the amounts of R\$ 30,000 and R\$ 20,000, were settled in May and September 2022, respectively.
- (iv) **Bank Deposit Certificates (CDB):** these refer to short and long-term issues from XP Investimentos, Nu Invest, Genial Investimentos and Órama Investimentos aimed at financing operations and the ordinary course of business.

On December 31, 2022 the aforementioned outstanding funds refer to indirect subsidiary Realize CFI.

## 18.2 Changes in financing - financial service operations

	<b>Consolidated</b>
<b>Balance on January 1, 2021</b>	<b>761,965</b>
(+) Funds raised	348,231
(-) Amortization	(330,050)
(-) Payment of interest	(18,304)
(+) Interest expense (i)	40,781
<b>Balance on December 31, 2021</b>	<b>802,623</b>
(+) Funds raised	1,276,256
(-) Amortization	(893,014)
(-) Payment of interest	(86,718)
(+) Interest expense (i)	137,085
<b>Balance on December 31, 2022</b>	<b>1,236,232</b>

- (i) Non-cash changes

## 18.3 Guarantees

The Parent Company is a guarantor and is jointly liable for all (main and accessory) obligations deriving from Financial Bills and Bank Credit Notes (Note 27.1 Guarantees).

## 19 LEASES PAYABLE

### 19.1 Accounting policy

Of the contracts that were within the scope of CPC 06 (R2)/IFRS 16, only the minimum fixed rent amounts were considered to be a lease component for liability valuation purposes. Measurement of lease liabilities corresponds to total future fixed rent payments (gross of taxes), discounted at an incremental interest rate. The nominal discount rate corresponds to reference market rates plus risk spread for funding at amounts that represent total investments for opening new stores.

### 19.2 Breakdown of leases payable

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
Rentals subject to purchase option (i)	43,427	40,302	43,427	40,302
Rentals	2,519,855	2,246,929	2,866,483	2,620,734
<b>Total</b>	<b>2,563,282</b>	<b>2,287,231</b>	<b>2,909,910</b>	<b>2,661,036</b>
Current liabilities	621,502	567,416	719,829	666,100
Noncurrent liabilities	1,941,780	1,719,815	2,190,081	1,994,936
<b>Total</b>	<b>2,563,282</b>	<b>2,287,231</b>	<b>2,909,910</b>	<b>2,661,036</b>

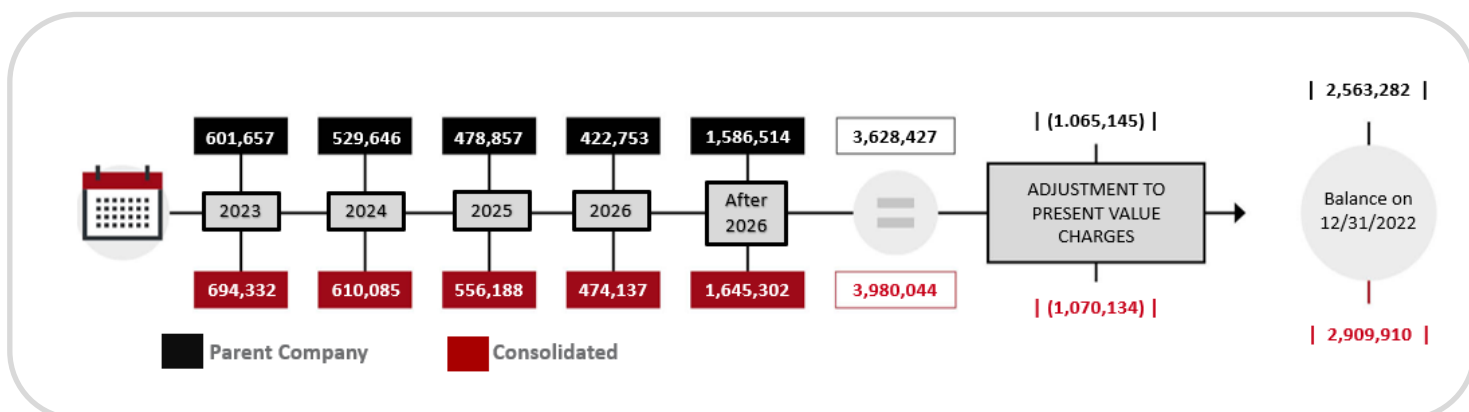
- (i) The discount rate for rentals subject to a purchase option is in compliance with the rental agreement referring to the headquarter building, entered into in July 2012 and restated based on the cumulative annual fluctuation of Brazil's National Consumer Price Index (INPC).

## 19.3 Changes in leases payable

	Parent Company	Consolidated
<b>Balance on January 1, 2021</b>	<b>1,531,647</b>	<b>1,862,387</b>
(+) Remeasurement	335,422	409,135
(+) Acquisition - business combination	-	3,927
(+/-) New contracts / Ended contracts	725,722	770,323
(+) Charges	188,306	217,671
(-) Consideration (i)	(493,866)	(589,540)
(+/-) Translation adjustments	-	(24,031)
(+/-) Foreign exchange difference	-	11,164
<b>Balance on December 31, 2021</b>	<b>2,287,231</b>	<b>2,661,036</b>
(+) Remeasurement	293,874	266,865
(+/-) New contracts / Ended contracts	363,686	422,212
(+) Charges	221,993	247,257
(-) Consideration (i)	(603,502)	(712,289)
(+/-) Translation adjustments	-	7,184
(+/-) Foreign exchange difference	-	17,645
<b>Balance on December 31, 2022</b>	<b>2,563,282</b>	<b>2,909,910</b>

- (i) In May 2020, IASB approved an amendment to IFRS 16, which grants lessees benefits in profit or loss in the period affected by the Covid-19 pandemic, not treating them as a lease modification. On July 7, 2020, CVM published Resolution No. 859/2020, which approves the revision of CPC 06 (R2)/IFRS 16 that came into effect on January 1, 2020. The Company chose the practical expedient and recognized consideration discounts in profit or loss from January to June 30, 2022, in the amounts of R\$ 19,986 (Parent Company) and R\$ 25,905 (Consolidated) (Notes 35.1 and 35.2).

## 19.4 Future commitments



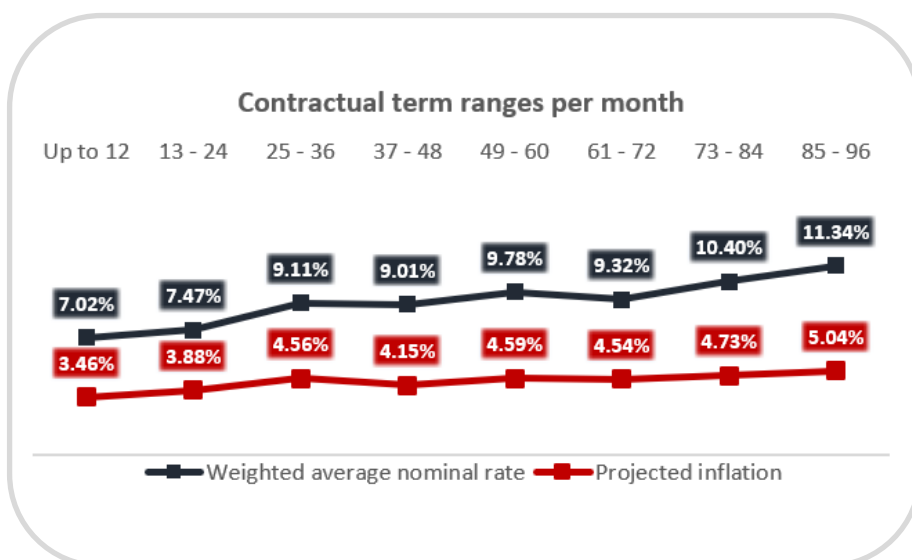
## 19.4.1 Additional information

In order to comply with Memorandum Circular CVM SNC/SEP No. 02/2019 issued by the Brazilian Securities and Exchange Commission (CVM), we disclose the minimum inputs for projecting the nominal rate and nominal cash flow model recommended by the CVM.

The nominal discount rate corresponds to future market quotations obtained at B3 S.A. - Brasil, Bolsa, Balcão - reference in DI vs. Pre + risk spread for funding at amounts that represent total investments for the opening of new stores.

Projected inflation quotations use the same discount rate criterion and are stated for cash flow calculation purposes, as shown in this graph.

The payment flow in accordance with the weighted average term, which corresponds to the respective rates presented in the graph beside, is as follows:



Weighted average period (months) (i)	Contractual flow	Consolidated					2026 onwards
		2023	2024	2025	2026		
Up to 12	8,228	5,100	1,717	1,058	353	-	
13-24	26,651	16,396	5,041	3,993	1,128	93	
25-36	674,873	237,696	167,872	127,364	96,250	45,691	
37-48	306,353	90,870	90,886	79,193	32,268	13,136	
49-60	893,802	141,964	142,050	142,050	141,840	325,898	
61-72	934,332	126,769	126,819	126,830	126,598	427,316	
73-84	85,517	7,713	7,712	7,712	7,712	54,668	
85-96	831,871	62,453	62,453	62,453	62,453	582,059	
>97 months (ii)	218,417	5,371	5,535	5,535	5,535	196,441	
<b>Total</b>	<b>3,980,044</b>	<b>694,332</b>	<b>610,085</b>	<b>556,188</b>	<b>474,137</b>	<b>1,645,302</b>	

(i) We calculated the weighted average term for the purpose of rate quotation, as the contracts have monthly amortization charges, reducing the average term of the operation and the risk to the creditor.

(ii) Future lease contract flow with purchase option at a discount rate of 8.81% p.a. implicit in the contract entered into in July 2012 relating to the headquarter.

On December 31, 2022, the potential credit of PIS and COFINS on the gross contractual flow is R\$ 368,154 which, adjusted to present value using the weighted average term, amounts to R\$ 244,515.

## 20 SUPPLIERS

### 20.1 Accounting policy

Credit purchase transactions were brought to present value at the transactions date using the average discount rate for trade notes observable in the market, as disclosed by the Central Bank of Brazil, of 1.54% p.m. (1.21% p.m. on December 31, 2021) for suppliers. Adjustment to present value of credit purchases is recorded in suppliers and its reversal is matched against cost of sales, according to payment maturities. The balance of trade accounts payable is measured at amortized cost using the effective interest method.

## 20.2 Breakdown

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Suppliers (i)	1,442,332	1,561,850	1,607,541	1,722,381
Trade suppliers	1,017,653	970,500	1,085,941	1,037,816
Domestic	847,738	773,864	885,498	823,655
Foreign	169,915	196,636	200,443	214,161
Suppliers – Use and consumption	424,679	591,350	521,600	684,565
Domestic	413,347	520,991	479,846	591,385
Foreign	11,332	70,359	41,754	93,180
Adjustment to present value	(15,996)	(6,660)	(17,528)	(7,332)
Rentals payable	38,952	42,067	51,373	51,432
Rentals payable – Related parties	918	1,228	-	-
<b>Total</b>	<b>1,466,206</b>	<b>1,598,485</b>	<b>1,641,386</b>	<b>1,766,481</b>
Current liabilities	1,449,107	1,539,711	1,624,082	1,707,489
Noncurrent liabilities	17,099	58,774	17,304	58,992
<b>Total</b>	<b>1,466,206</b>	<b>1,598,485</b>	<b>1,641,386</b>	<b>1,766,481</b>

- (i) In order to meet the cash needs of suppliers, we prepaid obligations using own cash. On December 31, 2022, these transactions totaled R\$250,599 (R\$259,859 on December 31, 2021) and, since the discounts obtained are related to the supply of goods, they were recorded as a reduction in the cost of sales according to the inventory turnover.

## 20.3 Changes in adjustment to present value of trade accounts payable

	Balances on			Balances on			Balances on		
	01/01/2021	Additions	Write-offs	12/31/2021	Additions	Write-offs	12/31/2022	Additions	Write-offs
<b>Total – Parent Company</b>	<b>(7,390)</b>	(72,473)	73,203	<b>(6,660)</b>	(136,260)	126,924	<b>(15,996)</b>		
<b>Total – Consolidated</b>	<b>(8,854)</b>	(79,021)	80,543	<b>(7,332)</b>	(126,345)	116,149	<b>(17,528)</b>		

## 21 OBLIGATIONS – FORFAIT

### 21.1 Accounting policy

These transactions are an alternative to support the Company's trade suppliers, are not conducted on an aggregate basis, and stem from the suppliers' cash management decisions, without any financial charges or additional guarantees for the Company, thus preserving the normal business characteristics, in terms of both price and average term, and therefore preserving the essence of the transaction. Such transactions were also adjusted to present value, using the same rates and having the same characteristics as those used for suppliers accounts, as shown in Note 20.1.

### 21.2 Breakdown

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Forfait	69,775	34,045	79,721	54,983
Forfait – related parties	2,115	26,299	-	-
Adjustment to present value	(822)	(269)	(873)	(239)
<b>Total</b>	<b>71,068</b>	<b>60,075</b>	<b>78,848</b>	<b>54,744</b>

In these transactions, when suppliers receive in advance, they transfer the right to receive notes to a financial institution, maintaining the original terms of the transaction, which was conducted under business conditions similar to those applied to suppliers that did not enter into this type of transaction. Part of the balance of the Company's reverse factoring is matched against advances to suppliers, as these are backed by purchase orders not yet delivered, totaling R\$10,962 (Individual) at December 31, 2022 (R\$20,424 at December 31, 2021) and R\$11,516 (Consolidated) (R\$ 20,438 at December 31, 2021), as shown in the breakdown of inventories (Note 9.2). In addition, the Company

management also considered the guidance of Memorandum Circular CVM SMC/SEP No. 01/21, observing the qualitative aspects of this matter, and concluded that the amounts do not change its capital structure nor compromise the Company's financial leverage.

## 21.3 Changes in adjustment to present value of other obligations – reverse factoring

	Balances on 01/01/2021	Additions	Write-offs	Balances on 12/31/2021	Additions	Write-offs	Balances on 12/31/2022
<b>Total – Parent Company</b>	<b>(298)</b>	(2,920)	2,949	<b>(269)</b>	(8,071)	7,518	<b>(822)</b>
<b>Total – Consolidated</b>	<b>(289)</b>	(2,579)	2,629	<b>(239)</b>	(7,852)	7,218	<b>(873)</b>

## 22 TAX OBLIGATIONS

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income and social contribution taxes	57,822	38,822	147,617	86,912
ICMS payable	237,686	264,867	261,747	287,146
PIS and COFINS	92,030	87,808	109,970	101,611
Taxes payable – Foreign subsidiaries	-	-	9,122	7,474
Other taxes	26,938	23,242	38,435	33,535
<b>Total</b>	<b>414,476</b>	<b>414,739</b>	<b>566,891</b>	<b>516,678</b>

## 23 SOCIAL AND LABOR OBLIGATIONS

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Salaries payable	57,582	52,057	69,128	62,252
Employee profit sharing	14,735	205,816	21,650	220,252
Provision for vacation pay and bonus	95,028	83,558	117,500	102,055
Social charges	82,364	63,461	96,784	75,814
<b>Total</b>	<b>249,709</b>	<b>404,892</b>	<b>305,062</b>	<b>460,373</b>

## 24 PROVISION FOR TAX, CIVIL AND LABOR CONTINGENCIES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### 24.1 Accounting policy

We are parties to ongoing tax, labor and civil lawsuits and administrative proceedings, arising in the normal course of operations; based on our legal advisors' opinion, was recorded a provision considered sufficient to cover expected losses.

Contingent assets arise from the possibility that economic benefits will flow to the Company and are not accounted for. Contingent assets are measured periodically and disclosed when economic benefits are likely to flow to the Company.

#### 24.1.1 Tax provisions

Tax provisions take into consideration each proceedings individually, the likelihood of loss, and internal and external legal advisors' evaluation. For proceedings classified as possible loss and for which future disbursements are probable, management records a provision at the estimated amounts of court costs and attorney fees based on the historical and current contractual bases negotiated with its legal advisors. For proceedings rated as probable loss, provisions are recorded in the full amount of the risk measured.

## 24.1.2 Civil and labor provisions

Civil provisions are periodically reviewed, considering the development of lawsuits, and the history of effectively settled amounts, since an outflow of funds to settle these obligations is probable. Labor provisions are periodically reviewed and a provision for lawsuits with probable likelihood of loss is recorded based on calculations made by an accounting specialist.

## 24.2 Balances and changes in the provisions for tax, civil and labor contingencies

	Parent Company				
	Civil	Labor	Tax (i)	Judicial deposits	Total
<b>Balance on December 31, 2021</b>	<b>22,798</b>	<b>79,444</b>	<b>33,783</b>	<b>(5,693)</b>	<b>130,332</b>
Provisions/reversals	(10,081)	(16,522)	586	(49)	(26,066)
Restatement	-	-	2,066	-	2,066
<b>Balance on December 31, 2022</b>	<b>12,717</b>	<b>62,922</b>	<b>36,435</b>	<b>(5,742)</b>	<b>106,332</b>
Current liabilities	11,445	49,319	-	-	60,764
Noncurrent liabilities	1,272	13,603	36,435	(5,742)	45,568
<b>Total</b>	<b>12,717</b>	<b>62,922</b>	<b>36,435</b>	<b>(5,742)</b>	<b>106,332</b>

	Consolidated				
	Civil	Labor	Tax (i)	Judicial deposits	Total
<b>Balance at December 31, 2021</b>	<b>38,407</b>	<b>82,814</b>	<b>41,949</b>	<b>(10,435)</b>	<b>152,735</b>
Provisions/reversals	(4,758)	(16,461)	791	(49)	(20,477)
Restatement	-	-	2,066	-	2,066
<b>Balance at December 31, 2022</b>	<b>33,649</b>	<b>66,353</b>	<b>44,806</b>	<b>(10,484)</b>	<b>134,324</b>
Current liabilities	32,376	52,703	-	-	85,079
Noncurrent liabilities	1,273	13,650	44,806	(10,484)	49,245
<b>Total</b>	<b>33,649</b>	<b>66,353</b>	<b>44,806</b>	<b>(10,484)</b>	<b>134,324</b>

(i) Most significant tax provisions refer to:

- \* Disallowance of ICMS credit right in acquisitions from suppliers considered disreputable;
- \* Disallowance of ICMS credit right on energy, acquisitions of goods, rate difference, among others;
- \* Increase in SAT (Occupational Accident Insurance) rate and establishment of FAP (Accident Prevention Factor);
- \* Disallowance of expense with payment of interest on equity of prior years; and
- \* Requirement of Social Contribution Tax/Withholding Income Tax (INSS/IRRF) on non-salary portions.

## 24.3 Contingent tax liabilities

According to the Company's legal advisors, contingent liabilities (possible losses) plus interest and monetary adjustment are as follows:

Nature	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
IPI – resale, allegedly paid without complying with the Minimum Taxable Amount	242,701	225,327	242,701	225,327
ICMS – allocation of credits from suppliers considered disreputable	178,558	168,186	180,195	171,025
PIS/COFINS – disallowance of credits referring to input-related expenses	180,215	162,508	198,070	162,508
Withholding Income Tax (IRPF) on portions considered a compensation by the taxation authority	96,636	87,651	96,636	87,651
Social Contribution Tax (INSS) / fine for failure to withhold IRRF on portions considered a compensation by the taxation authority	41,507	39,101	41,507	39,101
IRPJ/CSLL – IOE calculated based on equity of previous years	30,885	28,965	30,885	28,965
ICMS – non-reversal of credit on inventory breakage (inventory differences)	26,050	24,223	28,189	26,197
IRPJ – offsetting relating to deduction of losses on credits received under Revenue Procedure IN RFB No. 1700/17, art. 71	-	-	27,616	25,296
ICMS – disallowance of credits acquired from third parties	22,445	19,660	22,445	19,660
ICMS – alleged error arising from centralization of debit balances of branches	-	-	21,298	19,569
Other contingent liabilities	95,001	71,209	105,953	93,263
<b>Total</b>	<b>913,998</b>	<b>826,830</b>	<b>995,495</b>	<b>898,562</b>

## 24.4 Contingent civil liabilities

These liabilities refer to massified civil lawsuits of a consumer nature, whose amounts frequently do not reflect the contingency amount. Therefore, in recognizing the provision, we consider the history of obligations effectively settled, i.e. the information that best reflects the exposure to a risk of this nature, in the Parent Company and Consolidated financial statements.

Of the lawsuits classified as possible loss, the exception to those mass lawsuits are the following:

	12/31/2022	12/31/2021
Fine due to alleged contract termination	13,414	11,618
Enforcement of fines under lease contracts	9,709	7,611
Collection by a former supplier of amounts relating to contract termination	3,739	3,194
Indemnity to a former supplier relating to contract termination	3,313	-
<b>Total</b>	<b>30,175</b>	<b>22,423</b>

## 24.5 PIS and COFINS tax credits on inputs

In compliance with Memorandum Circular CVM/SNC/SEP No. 01/2021, and based on the Brazilian High Court of Justice (STJ) decision on Appeal to the High Court REsp 1.221.170/PR, which defined the concept of input for PIS and COFINS credit calculation purposes, taking into consideration the criteria relating to the essential nature or significance of the expense for the development of the taxpayer's economic activity, we allocated PIS and COFINS credits relating to expenses considered essential or significant for its activity, on December 31, 2022, amounting to R\$22,084 (R\$20,884 on December 31, 2021). Given the opinion of our legal advisors, in the sense that the likelihood of an outflow of funds due to those credits is possible or remote, no provision was recognized, in accordance with CPC 25/IAS 37.

## 25 FINANCIAL INSTRUMENTS

### 25.1 Accounting policy

Financial instruments are recognized at fair value through other comprehensive income, except swaps and financial hedge related to the payment flow of goods recorded in the period. The fair values of derivative financial instruments are determined based on the macro-

economic scenario indicators. The method for recognizing the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument. If so, the method depends on the nature of the item that is being hedged. We adopt hedge accounting and designate non-deliverable forwards (NDF) as cash flow hedge. At the inception of each transaction, the relationship between the hedging instruments and the hedged items, the risk management objectives, the strategy for hedging transactions, and the Company's assessment, at hedge inception and on a continuing basis, of the economic relationship between the instrument and hedged item are documented.

## 25.1.1 Cash flow hedge

The purpose of cash flow hedge is to hedge against the risk of foreign exchange differences on import orders not yet paid. The effective portion of the change in fair value of derivatives designated and classified as cash flow hedge, and not settled, is recognized in equity as Equity adjustments in other comprehensive income. This portion is realized when the risk hedged by the derivative instrument is eliminated. After settlement of financial instruments, gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset's cost.

As regards the financial hedge not designated for hedge accounting and related to customs cleared goods and import of property and equipment, the Company accounts for the respective gains or losses in finance income or costs.

## 25.1.2 Swap

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

## 25.2 Financial instruments by category

### 25.2.1 Parent Company

	Amortized cost	Fair value	FVTOCI (i)	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	2,640,732	-	<b>2,640,732</b>
Interest-earning bank deposits	-	233,451	-	<b>233,451</b>
Trade accounts receivable	2,478,355	-	-	<b>2,478,355</b>
Derivative financial instruments (hedge)	-	1,206	6,255	<b>7,461</b>
<b>Financial liabilities</b>				
Derivative financial instruments (hedge)	-	(2,016)	(4,743)	<b>(6,759)</b>
Borrowings, loans and debentures	(1,052,943)	-	-	<b>(1,052,943)</b>
Leases payable	(2,563,282)	-	-	<b>(2,563,282)</b>
Suppliers	(1,466,206)	-	-	<b>(1,466,206)</b>
Obligations – Forfait	(71,068)	-	-	<b>(71,068)</b>
Obligations with credit card administrators	(28,001)	-	-	<b>(28,001)</b>
<b>Balance on December 31, 2022</b>	<b>(2,703,145)</b>	<b>2,873,373</b>	<b>1,512</b>	<b>171,740</b>

	Amortized cost	Fair value	FVTOCI (i)	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	5,216,237	-	<b>5,216,237</b>
Interest-earning bank deposits	-	209,715	-	<b>209,715</b>
Trade accounts receivable	2,386,428	-	-	<b>2,386,428</b>
Derivative financial instruments (hedge)	-	-	21,022	<b>21,022</b>
<b>Financial liabilities</b>				
Derivative financial instruments (hedge)	-	-	(315)	<b>(315)</b>
Borrowings, loans and debentures	(2,602,181)	-	-	<b>(2,602,181)</b>
Leases payable	(2,287,231)	-	-	<b>(2,287,231)</b>
Suppliers	(1,598,485)	-	-	<b>(1,598,485)</b>
Obligations – Forfait	(60,075)	-	-	<b>(60,075)</b>
Obligations with credit card administrators	(19,295)	-	-	<b>(19,295)</b>
<b>Total on December 31, 2021</b>	<b>(4,180,839)</b>	<b>5,425,952</b>	<b>20,707</b>	<b>1,265,820</b>

## 25.2.2 Consolidated

	Amortized cost	Fair value	FVTOCI (i)	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	2,848,351	-	<b>2,848,351</b>
Interest-earning bank deposits	-	655,131	-	<b>655,131</b>
Trade accounts receivable	6,524,832	-	-	<b>6,524,832</b>
Derivative financial instruments (hedge)	-	1,206	8,204	<b>9,410</b>
<b>Financial liabilities</b>				
Derivative financial instruments (hedge)	-	(2,016)	(6,940)	<b>(8,956)</b>
Borrowings, loans and debentures	(1,052,963)	-	-	<b>(1,169,143)</b>
Financing - financial service operations	(1,236,232)	-	-	<b>(1,236,232)</b>
Leases payable	(2,909,910)	-	-	<b>(2,909,910)</b>
Suppliers	(1,641,386)	-	-	<b>(1,641,386)</b>
Obligations - Forfait	(78,848)	-	-	<b>(78,848)</b>
Obligations with credit card administrators	(2,464,968)	-	-	<b>(2,464,968)</b>
<b>Balance on December 31, 2022</b>	<b>(2,859,475)</b>	<b>3,386,492</b>	<b>1,264</b>	<b>528,281</b>

	Amortized cost	Fair value	FVTOCI (i)	Total
<b>Financial assets</b>				
Cash and cash equivalents	-	5,489,417	-	<b>5,489,417</b>
Interest-earning bank deposits	-	458,085	-	<b>458,085</b>
Trade accounts receivable	5,412,881	-	-	<b>5,412,881</b>
Derivative financial instruments (hedge)	-	-	24,364	<b>24,364</b>
<b>Financial liabilities</b>				
Derivative financial instruments (hedge)	-	-	(315)	<b>(315)</b>
Borrowings, loans and debentures	(2,602,234)	(62,245)	-	<b>(2,664,479)</b>
Financing - financial service operations	(802,623)	-	-	<b>(802,623)</b>
Leases payable	(2,661,036)	-	-	<b>(2,661,036)</b>
Suppliers	(1,766,481)	-	-	<b>(1,766,481)</b>
Obligations – Forfait	(54,744)	-	-	<b>(54,744)</b>
Obligations with credit card administrators	(1,835,143)	-	-	<b>(1,835,143)</b>
<b>Total on December 31, 2021</b>	<b>(4,309,380)</b>	<b>5,885,257</b>	<b>24,049</b>	<b>1,599,926</b>

(i) Fair value through other comprehensive income, pursuant to CPC 48/IFRS 9 classification.

## 25.3 Fair value measurement and hierarchy

The discounted cash flow method is used to measure the fair value of financial assets and liabilities, whose assumption is the present value of cash flows estimated based on future market quotations. For financial assets and liabilities whose book balances are reasonably close to fair value, fair values are not determined as established in CPC 40/ IFRS 7.

We measure the fair value of borrowings, debentures and loans – financial service operations – for disclosure purposes, as follows:

### 25.3.1 Parent Company

Financial liabilities	12/31/2022		12/31/2021	
	Fair value	Book balance	Fair value	Book balance
Debentures	(1,056,274)	(1,052,943)	(1,931,316)	(1,942,213)
Working capital – Bank Credit Note (CCB)	-	-	(659,008)	(659,968)
<b>Total</b>	<b>(1,056,274)</b>	<b>(1,052,943)</b>	<b>(2,590,324)</b>	<b>(2,602,181)</b>

### 25.3.2 Consolidated

Financial liabilities	12/31/2022		12/31/2021	
	Fair value	Book balance	Fair value	Book balance
Debentures	(1,056,274)	(1,052,943)	(1,931,316)	(1,942,213)
Working capital – Bank Credit Note (CCB)	-	(20)	(658,946)	(660,021)
Financing – financial service operations	(1,243,129)	(1,236,232)	(808,325)	(802,623)
<b>Total</b>	<b>(2,299,403)</b>	<b>(2,289,195)</b>	<b>(3,398,587)</b>	<b>(3,404,857)</b>

Ours financial assets and liabilities are classified under Level 2 of the fair value hierarchy, since they are calculated based on inputs that are observable for assets or liabilities, either directly or indirectly, except for quoted (unadjusted) prices in active markets for identical assets or liabilities to which we may have access at the measurement date.

## 25.4 Derivative financial instruments

We manage of these instruments is based on operating strategies, aimed at liquidity, profitability and security. US dollar Non-Deliverable Forwards (NDF) are used as a hedging instrument for exposures to the foreign currency volatility, and the Company does not make investments in derivatives or any other risk financial instruments for speculation purposes. Derivatives are broken down as follows:

Description of derivatives	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Designated for hedge</b>				
NDF (import orders)	1,512	20,707	2,074	24,049
<b>Not designated for hedge</b>				
NDF (payment flow)	(810)	-	(810)	-
Exchange rate swap	-	-	(13,842)	(1,814)
<b>Total</b>	<b>702</b>	<b>20,707</b>	<b>(12,578)</b>	<b>22,235</b>

Summary	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Current assets – financial instruments	7,461	21,022	8,204	24,364
Current liabilities – financial instruments	(6,759)	(315)	(6,940)	(315)
Current liabilities – borrowings and financing	-	-	(13,842)	(1,814)
<b>Total</b>	<b>702</b>	<b>20,707</b>	<b>(12,578)</b>	<b>22,235</b>

## 25.4.1 Derivatives designated for hedge accounting

### 25.4.1.1 NDF (Non-Deliverable Forward)

Hedging instrument				Hedged item	
Maturity dates	Currency	Notional amount	Fair value - R\$ (i)	Transaction	Estimated maturity
From 01/2023 to 08/2023	USD	172,435	1,512	Goods import order	From 01/2023 to 08/2023
<b>Total - Parent Company</b>			<b>1,512</b>		
From 01/2023 to 08/2023	USD	8,927	562	Goods import order	From 01/2023 to 08/2023
<b>Total - Consolidated</b>	USD	<b>181,362</b>	<b>2,074</b>		

(i) The methodology for measuring the fair value of NDFs is the cash flow discount model with B3's projections.

In the period, NDF transactions used to hedge the cash flow risk of import orders were effective and complied with the levels established by CPC 48/IFRS 9.

### 25.4.1.2 Cash flow

The cash flows related to import orders of goods for resale are initially recorded in inventories and subsequently throughout the operation, in profit or loss as cost of goods sold.

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

Expected dollar rate for the next disclosure: R\$ 5.3828

	Within 3 months	4-6 months	Total
Resale goods import orders - R\$	767,716	208,519	976,235
<b>Notional amount - USD</b>	<b>142,624</b>	<b>38,738</b>	<b>181,362</b>

## 25.4.2 Derivatives not designated for hedge accounting

### 25.4.2.1 NDF (Non-Deliverable Forward)

Hedging instrument				Financial hedge	
Maturity dates	Currency	Notional amount	Fair value - R\$	Transaction	Estimated maturity
01/2023 to 02/2023	USD	14,305	(2,016)	Payment flow	01/2023 to 02/2023
03/2023	EUR	3,382	1,206	Payment flow	03/2023
<b>Total - Parent Company and Consolidated</b>		<b>17,687</b>	<b>(810)</b>		

### 25.4.2.2 Cash flow

The expected cash flows relating to non-designated financial hedge and exposed to foreign currency hedged by derivatives, corresponding to the payment flow of property and equipment items recognized, are as follows:

Expected Euro rate for the next disclosure: R\$ 5.7857

Expected dollar rate for the next disclosure: R\$ 5.3828

	Within 3 months	Total		Within 3 months	Total
Import of property and equipment - R\$	19,567	19,567	Import of property and equipment - R\$	77,001	77,001
<b>Notional amount - EUR</b>	<b>3,382</b>	<b>3,382</b>	<b>Notional amount - USD</b>	<b>14,305</b>	<b>14,305</b>

## 25.4.2.3 Swaps

Instrument	Maturity	Receivables	Payables	Notional amount	Amount receivable (payable)	
					12/31/2022	12/31/2021
<b>Exchange rate swap</b>						
Working capital – Law No. 4,131	10/2023	€ + 1.05%	CDI + 1.15%	€ 9,390	(10,387)	(1,814)
Working capital – Law No. 4,131	07/2024	€ + 2.75%	109.57% of CDI	€ 9,041	(3,455)	-
<b>Total - Consolidated</b>					<b>(13,842)</b>	<b>(1,814)</b>

(\*) Changes in swap are described in Note 17.2 – Changes in Borrowings, loans and debentures.

## 25.5 Credit risk

Rating - National Scale	Consolidated	
	12/31/2022	12/31/2021
brAAA	8,204	17,817
brAA-	-	6,547
<b>Total - Derivative financial instrument (assets)</b>	<b>8,204</b>	<b>24,364</b>

The chart at the side presents the credit risk of derivative financial instruments – assets according to the main risk agencies.

## 26 OTHER OBLIGATIONS

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Revenues received in advance (i)	18,609	24,335	42,885	51,985
Obligations with customers (ii)	41,562	39,097	111,669	102,983
Obligations related to transactions w/ insurance (iii)	-	7	12,597	12,759
Transfer of financial products operation - related parties (iv)	4,577	5,165	-	-
Acquisition of ICMS credits (v)	66,124	13,788	66,124	13,826
Marketplace partners (vi)	13,643	10,150	27,711	19,748
Suppliers' agreements (vii)	61,288	84,791	61,288	84,791
Obligations with investment (viii)	25,299	34,732	51,275	34,732
Other obligations (ix)	7,488	4,446	9,540	13,019
<b>Total</b>	<b>238,590</b>	<b>216,511</b>	<b>383,089</b>	<b>333,843</b>
Current liabilities	180,903	114,247	288,739	207,149
Noncurrent liabilities	57,687	102,264	94,350	126,694
<b>Total</b>	<b>238,590</b>	<b>216,511</b>	<b>383,089</b>	<b>333,843</b>

- (i) Advance of payroll agreements from financial institution, insurance exclusivity premiums with the insurance company and Co-branded card ("Meu Cartão") incentive premium.
- (ii) Balances on behalf of customers (credits that may be used as payment for purchases in the Company), goods bought from bridal registries, but not yet delivered, and credit balances in Realize CFI's credit cards.
- (iii) Advances related to insurance premiums paid by customers to be transferred to the insurance company.
- (iv) Transfers referring mostly to Renner card operations with Realize CFI.
- (v) Balances payable corresponding to the acquisition of ICMS credits.
- (vi) Transfers to sales people for 'Marketplace in' services.
- (vii) Balances of agreements with suppliers referring to transfers to the Brazilian Development Bank (BNDES).
- (viii) Balance restated referring to acquisition – business combination of subsidiaries Repassa and Uello.
- (ix) Balances payable corresponding to royalties, payroll advance loans, among others.

## 27 RELATED PARTIES

The main financial, commercial and operational transactions between the Parent Company and the subsidiaries are presented below:

## 27.1 Parent Company's context

- **Lease contracts:** in August 2018, lease contracts were updated through an addendum with subsidiary Dromegon referring to the buildings of the stores located in downtown Porto Alegre, Santa Maria and Pelotas, effective for ten years, which may be renewed. Amounts were set between 4% and 4.29% on gross monthly sales of stores.
- **Personal loan service agreement:** We offer Renner's customers financial services through our indirect subsidiary Realize CFI and is a party in the transaction through the operating infrastructure, providing correspondent banking and collection services.
- **PIX:** We offer to Renner customers the option to pay using the PIX system (an instant payment platform created by the Central Bank of Brazil) through our indirect subsidiary Realize CFI, which intermediates this transaction.
- **Renner Card and "Meu Cartão" in Camicado and Youcom:** one of the main synergy drivers in Camicado is the acceptance of Renner Card and Co-branded card ("Meu Cartão") In December 2021, Youcom stores started tests to accept the Renner Card, which since 2022 has been accepted at all physical stores of this subsidiary.
- **Renner credit card operations – Realize:** Since April 2019, in line with the reorganization strategy and business specialization, sales through the Renner Credit Card (Private Label) has been recorded in indirect subsidiary Realize CFI.
- **Sharing of costs and corporate expenses:** there are agreements for the sharing of back-office and corporate structures between Lojas Renner and its subsidiaries, which streamlines the corporate structure. For foreign subsidiaries, we charge the sharing expenses as service exports.
- **Import intermediation:** we carry out commercial transactions with our subsidiary LRS, which operates as an import intermediary, in line with the strategy of approximating and developing the international supplier base. Revenue from intermediation commission was recognized at a price compatible with market conditions.
- **Export and import of goods:** we conduct commercial transactions with subsidiaries LRU and LRA relating to the export of goods for the inventories of retail operations in those countries, and imports goods from LRU Trading, at prices that consider the market conditions.
- **Marketplace with Camicado e Youcom:** the Parent Company has been performing marketplace services for subsidiaries Camicado and Youcom, under the business standards it has applied to other sellers with which it has entered into arrangements to expand the mix of its digital channels.
- **Purchase of ICMS credits:** on May 29, 2019, a pledge agreement was granted for the assignment of ICMS credits in the amount of R\$9,446 from subsidiary Camicado to the Parent Company, which paid the present value of R\$9,109 at a rate of 0.5% per month. These tax credits are in the process of approval by the São Paulo State Department of Finance for their validation and transfer to the Parent Company, at which time the effect of the negative goodwill of this transaction will be recognized.
- **Guarantees:** the Parent Company is the guarantor and is jointly liable for certain financial transactions of its subsidiaries:

	12/31/2022	12/31/2021
<b>Camicado</b>		
Financing in foreign currency – Law No. 4131	102,338	60,431
<b>Realize CFI</b>		
Financial bills	-	329,637
Bank Credit Notes (CCB)	-	52,064
<b>Total</b>	<b>102,338</b>	<b>442,132</b>

## 27.2 Consolidated context

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

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

The Board of Directors, elected at the Annual General Meeting, has unified terms of office of one year, re-election being permitted. The Board members in office are automatically considered appointed for re-election by their joint proposal. The Executive Board, with members who are elected and may be removed at any time by the Board of Directors, has a two-year term, with reelection permitted. The members relationship with the Company is based on a service agreement, and their compensation comprises a fixed component restated annually using the INPC index and a variable component that is based on the Company's financial performance.

## 27.2.2 Compensation of the members of the Board of Directors and Executive Board (the "Management")

Pursuant to the Brazilian Corporation Law and the Company's bylaws, it is the shareholders' responsibility, at the Annual General Meeting, to set the total annual compensation of the management personnel and of the Board of Directors' members, and to distribute the amount among the management members after considering the People Committee's opinion.

The Annual General Meeting (AGM) of April 27, 2022 approved the 2022 global management personnel compensation, limited to R\$48,000. This amount also includes the compensation of the Supervisory Board members for 2022 of up to R\$790.

	Parent Company		Consolidated	
	2022	2021	2022	2021
Management personnel compensation (i)	(25,546)	(21,642)	(27,782)	(23,445)
Management personnel's profit sharing	(2,282)	(6,754)	(2,282)	(6,754)
Stock option plan	(6,000)	(6,068)	(6,000)	(6,068)
Restricted share plan	(3,197)	(4,693)	(3,197)	(4,693)
<b>Total (ii)</b>	<b>(37,025)</b>	<b>(39,157)</b>	<b>(39,261)</b>	<b>(40,960)</b>

- (i) In May 2022, the Parent Company entered into a retention bonus agreement with the Executive Board, which was approved by the Board of Directors (Note 10). During 2022, R\$607 (Parent Company) and R\$850 (Consolidated) were realized and recorded as management personnel compensation.
- (ii) The management fees and the retention bonus of the statutory officers of indirect subsidiary Realize CFI are recorded as management personnel compensation in the Consolidated statements.

In FY 2022, we incurred operating expenses relating to benefits offered to management personnel in the total amount of R\$266. This amount includes expenses incurred with health care, life insurance, meals and vehicles.

## 27.3 Balances and transactions with related parties

### 27.3.1 Accounting policy

Intercompany transactions including balances, and unrealized gains and losses deriving from such transactions, are eliminated. The accounting policies of the subsidiaries are consistent with the practices adopted by the Parent Company. The main balances in the statements of financial position and profit or loss relating to transactions with related parties arise from transactions under usual market and contractual conditions.

### 27.3.2 Balances with related companies

<b>Transactions - Assets (liabilities)</b>	<b>RACC</b>	<b>Dromegon</b>	<b>Camicado</b>	<b>Youcom</b>	<b>LRS</b>	<b>Realize Participações S.A.</b>	<b>LRU</b>	<b>LRA</b>	<b>Realize CFI</b>	<b>Repassa</b>	<b>Total</b>
<b>Cash and cash equivalents</b>											
Transactions through the Pix system	-	-	-	-	-	-	-	-	2,347	-	<b>2,347</b>
<b>Accounts receivable</b>											
Export of goods for resale	-	-	-	-	-	-	16,210	14,679	-	-	<b>30,889</b>
Co-branded card ("Meu Cartão") transactions	-	-	-	-	-	-	-	-	804,856	-	<b>804,856</b>
Renner credit card (Private Label)	-	-	-	-	-	-	-	-	611,603	-	<b>611,603</b>
<b>Other assets</b>											
Renner credit card	-	-	-	-	-	-	-	-	111	-	<b>111</b>
Marketplace	-	-	1	-	-	-	-	-	-	-	<b>1</b>
<b>Receivables from related parties</b>											
Sharing of expenses/provision of services	27	-	3,668	1,371	819	4	406	7,946	6,488	397	<b>21,126</b>
<b>Obligations - Forfait</b>											
Forfait - related parties	-	-	-	-	-	-	-	-	(2,115)	-	<b>(2,115)</b>
<b>Payables to related parties</b>											
Sharing of expenses	-	8	-	-	-	-	-	-	-	-	<b>8</b>
Rentals payable	-	(926)	-	-	-	-	-	-	-	-	<b>(926)</b>
<b>Obligations with credit card administrators</b>											
Co-branded card ("Meu Cartão") transactions	(70)	-	-	-	-	-	-	-	(27,931)	-	<b>(28,001)</b>
<b>Other obligations</b>											
Renner credit card transactions (Private Label)	-	-	-	-	-	-	-	-	(3,221)	-	<b>(3,221)</b>
Marketplace	-	-	(566)	(790)	-	-	-	-	-	-	<b>(1,356)</b>
<b>Total on December 31, 2022</b>	<b>(43)</b>	<b>(918)</b>	<b>3,103</b>	<b>581</b>	<b>819</b>	<b>4</b>	<b>16,616</b>	<b>22,625</b>	<b>1,392,138</b>	<b>397</b>	<b>1,435,322</b>

Transactions - Assets (liabilities)	RACC	Dromegon	Camicado	Youcom	LRS	Realize Participações		LRU	LRA	Realize CFI	Repassa	Total
						S.A.						
<b>Accounts receivable</b>												
Export of goods for resale	-	-	-	-	-	-	-	19,393	12,632	-	-	<b>32,025</b>
Co-branded card ("Meu Cartão") transactions	-	-	-	-	-	-	-	-	-	703,918	-	<b>703,918</b>
Renner credit card (Private Label)	-	-	-	-	-	-	-	-	-	730,937	-	<b>730,937</b>
<b>Other assets</b>												
Renner credit card	-	-	-	-	-	-	-	-	-	1,732	-	<b>1,732</b>
<b>Receivables from related parties</b>												
Sharing of expenses/provision of services	-	-	733	1,172	1,872	4	625	7,467	5,160	-	-	<b>17,033</b>
<b>Obligations - Forfait</b>												
Forfait - related parties	-	-	-	-	-	-	-	-	-	(26,299)	-	<b>(26,299)</b>
<b>Payables to related parties</b>												
Sharing of expenses	-	-	-	-	(235)	-	-	-	-	-	-	<b>(235)</b>
Rentals payable	-	(956)	-	-	(272)	-	-	-	-	-	-	<b>(1,228)</b>
<b>Obligations with credit card administrators</b>												
Co-branded card ("Meu Cartão") transactions	(143)	-	-	-	-	-	-	-	-	(19,152)	-	<b>(19,295)</b>
<b>Other obligations</b>												
Renner credit card transactions (Private Label)	-	-	-	-	-	-	-	-	-	(5,165)	-	<b>(5,165)</b>
<b>Total on December 31, 2021</b>	<b>(143)</b>	<b>(956)</b>	<b>733</b>	<b>1,172</b>	<b>1,365</b>	<b>4</b>	<b>20,018</b>	<b>20,099</b>	<b>1,391,131</b>	<b>-</b>	<b>-</b>	<b>1,433,423</b>

## 27.3.3 Transactions with related companies

Type of revenue (expense)	Dromegon	Camicado	Youcom	LRS	LRU	LRA	Realize CFI	LRU Trading	Repassa	Total
Sharing of corporate expenses	89	23,959	13,203	-	-	-	49,725	-	1,177	<b>88,153</b>
Intermediation commission	-	385	220	(31,807)	-	-	-	-	-	<b>(31,202)</b>
Property rent expenses	(6,118)	-	-	-	-	-	-	-	-	<b>(6,118)</b>
Service revenue	-	-	-	-	5,526	-	94,716	-	-	<b>100,242</b>
Export/import of goods	-	-	-	-	78,494	6,193	-	(984)	-	<b>83,703</b>
<b>Total 2022</b>	<b>(6,029)</b>	<b>24,344</b>	<b>13,423</b>	<b>(31,807)</b>	<b>84,020</b>	<b>6,193</b>	<b>144,441</b>	<b>(984)</b>	<b>1,177</b>	<b>234,778</b>
Sharing of corporate expenses	81	7,329	10,027	(1,853)	-	-	35,430	-	-	<b>51,014</b>
Intermediation commission	-	-	-	(23,847)	-	-	-	-	-	<b>(23,847)</b>
Property rent expenses	(5,355)	-	-	-	-	-	-	-	-	<b>(5,355)</b>
Service revenue	-	-	-	-	9,008	-	78,265	-	-	<b>87,273</b>
Export of goods	-	-	-	-	64,275	12,613	-	-	-	<b>76,888</b>
<b>Total 2021</b>	<b>(5,274)</b>	<b>7,329</b>	<b>10,027</b>	<b>(25,700)</b>	<b>73,283</b>	<b>12,613</b>	<b>113,695</b>	<b>-</b>	<b>-</b>	<b>185,973</b>

## 28 EQUITY

### 28.1 Capital

The Company's authorized capital limit is 1,497,375,000 (one billion, four hundred and ninety-seven million and three hundred and seventy-five thousand) common shares, all without par value. Within the limits authorized in the By-Laws and by decision of the Board of Directors, the Company will be able to increase the capital independently of statutory reform. The Board will determine the conditions for the share issuance, including price and timeframe for payment.

According to article 40 of the Company By-laws, any person or group of shareholders that acquires or becomes the holder of shares issued by the Company (Purchasing Shareholder) in a quantity greater than or equal to 20% of the total shares issued, shall, within 60 days after the date of acquisition, hold a Public Offering (PO) for the acquisition of all the shares, complying with provisions of CVM regulations, of the regulations of B3 and of the Company's By-laws. On December 31, 2022, 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 By-laws and in accordance with articles 190 and 202 of Law NO. 6404/76, which establish minimum mandatory dividend of 25% of adjusted net income.

28.1.1 Changes in capital and paid-up shares are shown below:

	Number of shares (in thousands)	Total
<b>Balance on January 1, 2021</b>	<b>796,170</b>	<b>3,805,326</b>
Restricted offer of shares – 05/04/2021	102,000	3,978,000
Share issue costs, net of taxes	-	(49,564)
Capital increase, Board of Directors' meetings held on 05/20/2021, 08/19/2021 and 11/18/2021	751	13,828
Incorporation of capital reserves, SGM held on 11/04/2021	-	1,230,759
Bonuses, SGM held on 11/04/2021	89,858	-
<b>Balance on December 31, 2021</b>	<b>988,779</b>	<b>8,978,349</b>
Capital increase, Board of Directors' meetings held on 05/19/2022, 08/18/2022 and 11/23/2022	2,448	43,928
<b>Balance on December 31, 2022</b>	<b>991,227</b>	<b>9,022,277</b>

### 28.2 Treasury shares

On January 20, 2022, we announced to the market that it has been approved, at a Board of Directors' Meeting, a share buyback Program with duration of up to 18 months, starting on the announcement date and ending on July 15, 2023. At the Board of Directors' meeting held on June 23, 2022, the directors decided to end this share buyback program, under which 18,000 common shares were acquired between January and June.

	01/01/21	Disposal of shares	Share buyback	12/31/21	Disposal of shares	Share buyback	12/31/22
 <b>NUMBER OF SHARES</b> (in thousands)	<b>3,159</b>	(287)	287	<b>3,159</b>	(317)	18,000	<b>20,842</b>
 <b>VALUE</b>	<b>119,461</b>	(10,841)	-	<b>108,620</b>	(9,751)	453,943	<b>552,812</b>
 <b>AVERAGE PRICE</b>	<b>37.82</b>	37.82	-	<b>34.38</b>	30.76	25.22	<b>26.52</b>

## 28.3 Capital reserves

The stock option and restricted share plan reserves, amounting to R\$119,375 on December 31, 2022 (R\$85,966 on December 31, 2021), are matched against the stock option plan and restricted share plan expenses (Notes 31 and 32), whose allocation will be decided at the Special General Meeting.

## 28.4 Income reserves

- **Legal reserve:** in accordance with art. 193 of Law No. 6404/76 and art. 34, item (a) of the Company's Bylaws, the legal reserve is recorded at an amount equivalent to 5% of net income for each year, after deducting the tax incentive reserve portion. The balance on December 31, 2022 is R\$68,871 (R\$17,757 on December 31, 2021).
- **Investment and expansion reserve:** this reserve is recognized as decided by management, as provided for in article 33, item (c) of the Company's By-laws. On December 31, 2022, the balance was R\$766,680 (R\$443,832 on December 31, 2021).
- **Tax incentive reserve:** the ICMS tax incentives impact profit or loss (Note 12.5). In accordance with Supplementary Law No. 160/17 and Law No. 6404/76, management allocates the amount relating to the exemption of ICMS on import to the tax incentive reserve at year end. On December 31, 2022, the balance was R\$ 269,417 (R\$277,971 on December 31, 2021).
- **Additional dividends proposed:** On December 31, 2022, no additional dividends were proposed (R\$341 on December 31, 2021).

## 28.5 Other comprehensive income

OCI refers to cumulative translation adjustments, hyperinflation adjustments, and unrealized profit or loss on derivative financial instruments as equity adjustments. This amount represents accumulated gains, net of taxes, of R\$115,736 on December 31, 2022 (R\$111,025 of gains, net of taxes on December 31, 2021).

## 29 INTEREST ON EQUITY

### 29.1 Accounting policy

The By-laws and the corporation law establish a distribution of dividends of a minimum of 25% of the adjusted annual net income. If such limit was not attained by remunerations, management records a provision at the end of year in the amount of the mandatory minimum dividend that has not yet been distributed. Dividends exceeding this limit are segregated in a specific equity account denominated "Additional dividends proposed". When decided by management, interest on equity is computed on dividends for the year. The tax benefit of interest on equity is recognized in the statement of profit or loss (Note 12.5).

### 29.2 Distribution of interest on equity - 2022

The sum of interest on equity, net of withholding income tax, complies with articles 201 and 202 of Law No. 6404/76 and article 36 of the Company's By-laws.

	2022	2021
<b>Dividend and IOE base</b>		
Net income for the year	1,291,704	633,112
(-) Legal reserve	(51,114)	(17,757)
(-) Tax incentive reserve	(269,417)	(277,971)
<b>Adjusted net income for the year</b>	<b>971,173</b>	<b>337,384</b>
Distributed as IOE	648,325	387,876
(+) Withholding income tax on IOE	(72,270)	(41,310)
<b>Total distributed to shareholders, net of income tax</b>	<b>576,055</b>	<b>346,566</b>

## 29.2.1 Statement of distribution proposal

Period	Nature	Payment	(i) Outstanding shares (in thousands)	R\$/share	Approved amount (ii)
1Q21	IOE – BDM held on 03/15/2021	May 2022	793,250	0.073498	58,302
2Q21	IOE – BDM held on 06/17/2021	May 2022	895,636	0.098314	88,054
3Q21	IOE – BDM held on 09/16/2021	May 2022	895,712	0.127800	114,472
4Q21	IOE – BDM held on 12/16/2021	May 2022	985,620	0.128901	127,048
<b>Total proposed distribution 2021</b>				<b>0.428513</b>	<b>387,876</b>
1Q22	IOE – BDM held on 03/17/2022	July 2022	981,012	0.144175	141,437
2Q22	IOE – BDM held on 06/23/2022	July 2022	968,462	0.164187	159,010
3Q22	IOE – BDM held on 09/22/2022	October 2022	969,221	0.174656	169,280
4Q22	IOE – BDM held on 12/16/2022	January 2023	970,385	0.184049	178,598
<b>Total proposed distribution 2022</b>				<b>0.667067</b>	<b>648,325</b>

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

(ii) Interest on equity was deducted when calculating income and social contribution taxes. The tax benefits of this deduction for the year ended on December 31, 2022 were approximately R\$220,431 (R\$131,878 on December 31, 2021).

## 29.2.2 Statement of changes in statutory obligations

	Parent Company and Consolidated
<b>Balance on January 1, 2021</b>	<b>246,269</b>
(+) Distribution of IOE and dividends, net of income tax	346,566
(-) Payment of IOE and dividends and income tax on IOE - (i)	(243,846)
(+) Distribution to management personnel	6,754
(-) Payment to management personnel	(1,880)
(-) Unclaimed dividends	(341)
<b>Balance on December 31, 2021</b>	<b>353,522</b>
(+) Distribution of IOE and dividends, net of income tax	576,055
(-) Payment of IOE and dividends and income tax on IOE - (i)	(764,480)
(+) Distribution to management personnel	2,282
(-) Payment to management personnel	(6,754)
(+) Unclaimed dividends	341
<b>Balance on December 31, 2022</b>	<b>160,966</b>

(i) Transactions that affect financing activities.

## 30 EARNINGS PER SHARE

Basic and diluted earnings per share are as follows:

Basic/diluted numerator	Parent Company and Consolidated	
	2022	2021
Net income for the year	1,291,704	633,112
Weighted average of common shares, net of treasury shares	974,085	952,449
Potential increase in common shares because of the stock option and restricted share plans	2,171	2,820
<b>Basic earnings per share – R\$</b>	<b>1.3261</b>	<b>0.6647</b>
<b>Diluted earnings per share – R\$</b>	<b>1.3231</b>	<b>0.6628</b>

## 31 STOCK OPTION PLAN

### 31.1 Accounting policy

We approved a stock option plan for selected management members and executives, offering them the possibility of acquiring the Company's shares. The fair value of stock options granted is calculated at the date of grant using the Black&Scholes model. Expense is recorded at on a pro rata basis, which starts on grant date and ends on the date in which the beneficiary acquires the right to exercise the option. We maintain one stock option plan, totaling four programs and two ongoing contract grants. Details of the 2<sup>nd</sup> stock option plan are as follows:

### 31.2 2<sup>nd</sup> stock option plan - characteristics

On September 23, 2015, at the Special Shareholders' Meeting a new stock option plan was approved. The stock option plans up to the 5<sup>th</sup> grant, including the contractual grants approved on February 9, 2017 and February 7, 2019, have four tranches in each program, 25% of which exercisable after one year and then successively. From the 6<sup>th</sup> grant, the stock option can be exercised in three tranches: 20% after a two-year grace period, 30% after a three-year grace period, and the remaining 50% four years after the grant date.

The plan is supervised by the People Committee ("Committee"), created in accordance with the Company's By-laws, which is composed of independent members of the Board of Directors, who cannot participate in the stock option plans. Once an option becomes exercisable, the beneficiary (selected management members and executives) may exercise it at any time, at his/her discretion, within 6 years from the grant date, or in the event of death, retirement or permanent disability of the participant.

In case of obligation of carrying out a public offering, under the terms of Art. 39, 40, 41 and 42 of the By-laws, or in the event of success of the tender offer of the Company, if a Plan participant is terminated (within 12 months, in the case of the plan approved in 2015) without cause by initiative of the Company, all options granted to the respective participant and that are not yet vested shall automatically become vested.

### 31.3 Position of stock option plan

Fair Value	Strike Price	Date of grant (i)	Grants	Balance at 12/31/2022 (Amount/thousand)	Available for exercise	Vesting period (ii)				Balance at 12/31/2021 (Amount/thousand) (i)
						1st tranche	2nd tranche	3rd tranche	4th tranche	
9.23	17.95	09/02/2017	2nd GRANT	-	-	-	-	-	-	555
9.23	17.95	09/02/2017	CONTRATUAL GRANT	-	-	-	-	-	-	1,893
13.96	29.93	08/02/2018	3rd GRANT	766	766	-	-	-	-	766
17.46	35.28	07/02/2019	CONTRATUAL GRANT	146	110	-	-	-	36	146
17.46	35.28	07/02/2019	4th GRANT	856	642	-	-	-	214	875
22.23	52.45	05/02/2020	5th GRANT	1,025	513	-	-	257	255	1,070
12.04	25.78	2/17/2022	6th GRANT	3,817	-	763	1,144	1,910	N/A	-
<b>Total</b>				<b>6,610</b>	<b>2,031</b>	<b>763</b>	<b>1,144</b>	<b>2,167</b>	<b>505</b>	<b>5,305</b>

(i) Limit of 6 years to exercise the options from the date of grant.

(ii) The options will be available for exercise after the vesting requirements per tranche are complied with. From the 2<sup>nd</sup> to 5<sup>th</sup> grant, including the contractual grant, the vesting period of the 1<sup>st</sup> tranche ends one year after grant date, the 2<sup>nd</sup> tranche two years after grant date and so forth, in equal amounts for each tranche, until all options are available for exercise. From the 6<sup>th</sup> grant, the stock option can be exercised in three tranches: 20% after a two-year grace period, 30% after a three-year grace period, and the remaining 50% four years after the grant date.



## 32 RESTRICTED SHARE PLAN

### 32.1 Accounting policy

The Company approved a restricted share plan for selected management members and executives whose expense is recorded on a pro rata basis (from grant date to the date in which the Company transfers the right of shares to the beneficiary) and corresponds to the number of granted shares multiplied by the share price at the grant date. The provision for social security contributions is restated monthly according to the closing price of the Company's shares.

On September 23, 2015, a Restricted Share Plan was approved at the Special Shareholders' Meeting, administered by the People Committee – composed of independent members of the Board of Directors – which provides that the members of both bodies will not be eligible for the Restricted Shares contained therein.

### 32.2 Main characteristics

The Board of Directors may grant the Company's management members and executives in strategic positions, upon the Committee's recommendation, a number of book-entry registered common shares issued by the Company, which are recorded in treasury, not exceeding 1% of all shares issued.

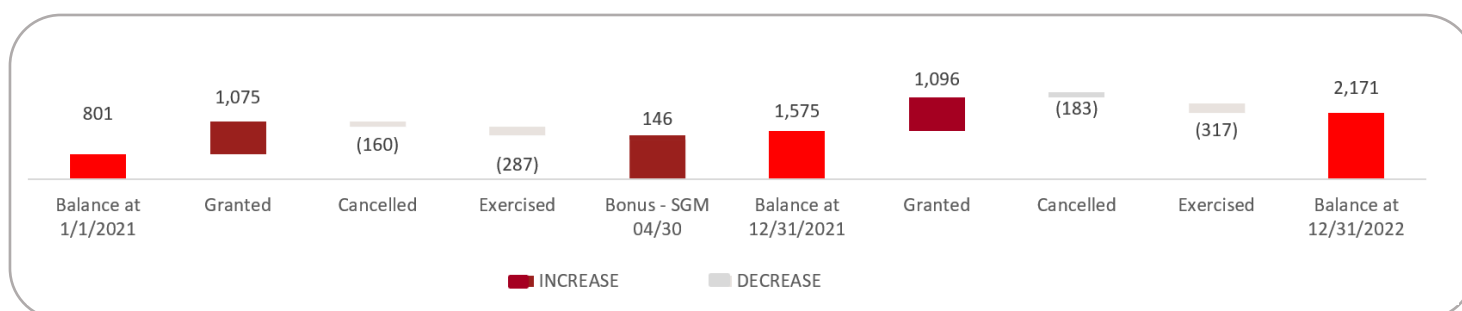
The definitive transfer of shares to the participants is conditioned on a grace period of three years for each grant and, at the end of the grace period, the participant must be employed by the Company; otherwise, the grants shall be cancelled. Restricted shares that have not yet vested will be due and will be transferred to the holders, heirs or successors in case of death, permanent disability or retirement.

In case public offer is mandatory pursuant to the terms of articles 39, 40, 41 and 42 of the By-laws, or in the event of a successful tender offer of the Company, if a plan participant is terminated without cause by the Company, all restricted shares assigned to the participant and not yet vested will be transferred to the participant by recommendation of the Committee and if approved by the Board of Directors. The contractual grant has the same exercise and vesting conditions of the other grants.

### 32.3 Position of restricted share plan

Date of Grant	Grants	Balance at 12/31/2022 (Amount/thousand)	Vesting Period			Balance at 12/31/2021 (Amount/thousand)
			2023	2024	2025	
07/02/2019	Contractual Grant	-	-	-	-	44
07/02/2019	4th Grant	-	-	-	-	261
05/02/2020	5th Grant	210	210	-	-	225
11/02/2021	6th Grant	951	-	951	-	1,045
2/17/2022	7th Grant	1,010	-	-	1,010	-
<b>TOTAL</b>		<b>2,171</b>	<b>210</b>	<b>951</b>	<b>1,010</b>	<b>1,575</b>

### 32.4 Changes in restricted share plan



The restricted share plan expenses for the year ended on December 31, 2022 amounting to R\$21,361 (R\$18,184 on December 31, 2021), and social charges amounting to R\$6,818 (R\$4,180 on December 31, 2021), totaling R\$28,179 (R\$22,364 on December 31, 2021).

## 33 SEGMENT INFORMATION

### 33.1 Accounting policy

The operating segments presented below are consistent with the internal report supplied to the Board of Directors, the chief decision maker, in charge of allocating funds and evaluating the performance of operating segments:

- i) **Retail:** sale of garment items, perfumery, cosmetics, watches, as well as the home & decoration segment, urban deliveries, and complete and customized logistics management solutions covering the operations of Renner, Camicado, Youcom, Repassa, Ashua, RLog, and the operations in Uruguay and Argentina.
- ii) **Financial products:** granting of loans to individuals and legal entities, financing of purchases, insurance, and credit and debit transactions inherent to credit, financing and investment companies.

	Retail		Financial Products		Consolidated	
	2022	2021	2022	2021	2022	2021
Operating revenue, net	11,575,795	9,555,433	1,695,342	1,016,133	13,271,137	10,571,566
Costs of sales and services	(5,176,274)	(4,376,677)	(110,049)	(22,501)	(5,286,323)	(4,399,178)
<b>Gross profit</b>	<b>6,399,521</b>	<b>5,178,756</b>	<b>1,585,293</b>	<b>993,632</b>	<b>7,984,814</b>	<b>6,172,388</b>
Selling expenses	(2,829,435)	(2,545,112)	-	-	(2,829,435)	(2,545,112)
General and administrative expenses	(1,295,836)	(984,659)	-	-	(1,295,836)	(984,659)
Credit losses, net	-	-	(991,742)	(339,801)	(991,742)	(339,801)
Other operating income (expenses)	107,267	(174,500)	(512,031)	(406,256)	(404,764)	(580,756)
<b>Income from (loss on) segments</b>	<b>2,381,517</b>	<b>1,474,485</b>	<b>81,520</b>	<b>247,575</b>	<b>2,463,037</b>	<b>1,722,060</b>
Depreciation and amortization, net of taxes (i)	(973,939)	(856,017)	(19,911)	(21,000)	(993,850)	(877,017)
Stock option plan					(21,799)	(15,351)
Income/loss from write-off and estimated losses on property and equipment					(37,705)	(8,994)
Management personnel's profit sharing					(2,282)	(6,754)
Finance income (costs), net					(23,116)	(174,091)
Income and social contribution taxes					(92,581)	(6,741)
<b>Net income for the year</b>					<b>1,291,704</b>	<b>633,112</b>

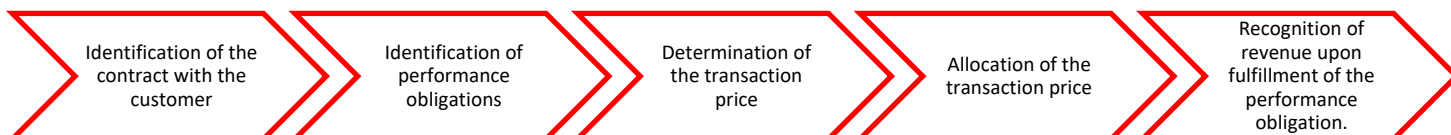
- (i) The depreciation is net of PIS and COFINS.

The result shown on the table does not deduct the expenses with depreciation and amortization, with the stock option plan and income/loss resulting from write-off of assets. The exclusion of these expenses in the calculation is in line with the manner in which we evaluate the performance of each business and its contribution to cash generation. Finance income (costs) are not allocated by segment, since their composition is more related to corporate decisions on capital structure than to the nature of profit or loss of each business segment.

## 34 REVENUES

### 34.1 Accounting policy

CPC 47/IFRS 15 – Revenue from Contracts with Customers establishes a model aimed at evidencing whether the recognition criteria were satisfied, following the steps below:



Considering these aspects, revenues are recorded at the amount that reflects the Company's expectation of receiving a consideration for the products and financial services offered to customers.

Gross revenue is presented net of rebates, discounts and eliminations of revenues between related parties and adjustment to present value (Note 8.1).

**Sale of goods – retail:** cash sales paid in cash or with debit cards, or credit sales paid with third-party cards or Renner card, and through financing granted by indirect subsidiary Realize CFI, both at physical stores and through e-commerce. Revenue is recognized in profit or loss when the goods are delivered to the customer.

**Services:** own credit transactions, loans to individuals and legal entities, and sales financing by indirect subsidiary Realize CFI; profit or loss is allocated considering the effective interest rate throughout the term of contracts. Services include revenues from commissions on marketplace sales conducted with partner companies, sales intermediation commissions, intercompany services, urban deliveries and complete and customized logistics management solutions.

Breakdown	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>Gross operating revenue</b>	<b>14,417,011</b>	<b>11,779,827</b>	<b>17,823,739</b>	<b>14,395,718</b>
Sales of goods	14,318,706	11,732,801	15,959,605	13,297,446
Service revenue	98,305	47,026	1,864,134	1,098,272
<b>Deductions</b>	<b>(4,075,271)</b>	<b>(3,414,425)</b>	<b>(4,552,602)</b>	<b>(3,824,152)</b>
Returns and cancellations	(1,035,886)	(861,712)	(1,127,808)	(931,367)
Taxes on sales	(3,019,852)	(2,541,273)	(3,301,901)	(2,818,639)
Taxes on service revenue	(19,533)	(11,440)	(122,893)	(74,146)
<b>Operating revenue, net</b>	<b>10,341,740</b>	<b>8,365,402</b>	<b>13,271,137</b>	<b>10,571,566</b>

According to the Company's product return policy, the customer receives a bonus voucher at the same price of returned products for use in a new purchase.

## 35 EXPENSES BY NATURE

The Company's statements of profit or loss are presented by function. Expenses by nature are as follows:

### 35.1 Selling expenses

	Parent Company		Consolidated	
	2022	2021	2022	2021
Personnel	(957,008)	(863,787)	(1,150,107)	(1,033,509)
Occupancy	(326,326)	(291,508)	(429,934)	(377,482)
Depreciation – right of use, net of taxes	(353,426)	(303,051)	(422,640)	(374,035)
Discounts – leases payable	19,420	62,388	25,307	82,425
Third-party services	(86,648)	(67,052)	(109,656)	(94,687)
Freight	(105,146)	(125,659)	(118,344)	(145,843)
Utilities and services	(256,052)	(240,736)	(291,237)	(272,779)
Advertising and promotion	(401,384)	(392,118)	(464,791)	(453,531)
Depreciation and amortization	(237,770)	(230,988)	(311,337)	(285,568)
Other expenses	(233,191)	(200,747)	(290,673)	(249,706)
<b>Total</b>	<b>(2,937,531)</b>	<b>(2,653,258)</b>	<b>(3,563,412)</b>	<b>(3,204,715)</b>

### 35.2 General and administrative expenses

	Parent Company		Consolidated	
	2022	2021	2022	2021
Personnel	(654,919)	(477,001)	(744,086)	(539,198)
Occupancy	(1,770)	(4,165)	(6,184)	(14,372)
Depreciation – right of use, net of taxes	(65,850)	(34,441)	(70,867)	(44,635)
Discounts – leases payable	566	35,085	598	35,197
Third-party services	(172,779)	(161,339)	(211,671)	(196,674)
Freight	(136,313)	(126,122)	(150,345)	(140,680)
Utilities and services	(85,745)	(62,491)	(99,667)	(69,531)
Depreciation and amortization	(148,789)	(139,907)	(169,095)	(151,779)
Other expenses	(36,429)	(35,459)	(84,481)	(59,401)
<b>Total</b>	<b>(1,302,028)</b>	<b>(1,005,840)</b>	<b>(1,535,798)</b>	<b>(1,181,073)</b>

### 35.3 Other operating income (expenses)

	Parent Company		Consolidated	
	2022	2021	2022	2021
Expenses with financial products and services	(96,671)	(87,242)	(509,795)	(404,443)
Depreciation and amortization	(3,098)	(3,388)	(18,962)	(20,223)
Depreciation – right of use, net of taxes	-	-	(949)	(777)
Income (expenses) from write-off of fixed assets	(15,750)	(7,496)	(37,705)	(8,994)
Stock option plan	(21,799)	(15,351)	(21,799)	(15,351)
Management personnel's profit sharing	(2,282)	(6,754)	(2,282)	(6,754)
Other operating income (expenses)	11,767	(30,068)	8,609	(38,080)
Recovery of tax credits	100,255	65,053	110,066	79,100
Employee profit sharing	(8,456)	(206,211)	(13,644)	(217,333)
<b>Total</b>	<b>(36,034)</b>	<b>(291,457)</b>	<b>(486,461)</b>	<b>(632,855)</b>

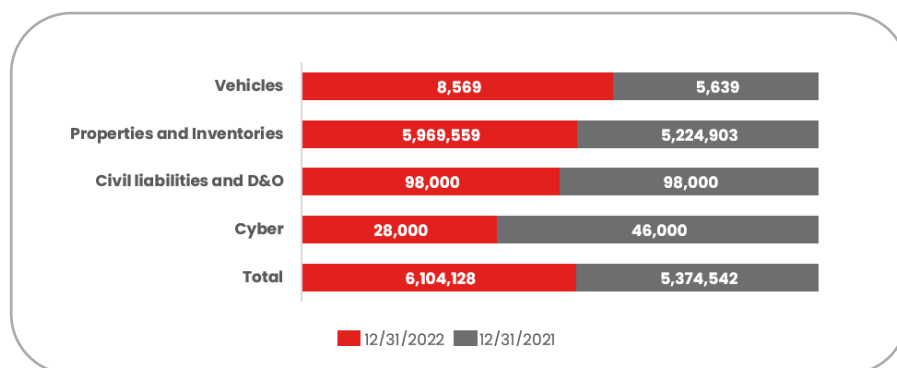
## 36 FINANCE INCOME (COSTS)

	Parent Company		Consolidated	
	2022	2021	2022	2021
<b>Finance income</b>	<b>553,984</b>	<b>223,795</b>	<b>703,939</b>	<b>383,304</b>
Income from cash equivalents and interest-earning bank deposits (i)	472,938	195,475	488,912	196,246
Foreign exchange gain	4,679	2,454	19,027	14,767
Inflation adjustment – gains (iv)	823	472	113,159	139,456
SELIC interest on tax credits (ii)	69,855	21,707	70,219	26,844
Other finance income	5,689	3,687	12,622	5,991
<b>Finance costs</b>	<b>(529,492)</b>	<b>(366,517)</b>	<b>(727,055)</b>	<b>(557,395)</b>
Interest on borrowings, financing and debentures (iii)	(304,837)	(167,665)	(316,027)	(169,920)
Interest on leases	(203,863)	(173,863)	(227,105)	(201,794)
Foreign exchange loss	(10,529)	(16,208)	(80,592)	(53,684)
Inflation adjustment – losses (iv)	(3,429)	(1,348)	(94,020)	(105,574)
Other finance costs	(6,834)	(7,433)	(9,311)	(26,423)
<b>Finance income (costs), net</b>	<b>24,492</b>	<b>(142,722)</b>	<b>(23,116)</b>	<b>(174,091)</b>

- (i) Net of PIS and COFINS, which corresponds to R\$21,074 in December 2022 (R\$9,713 in December 2021) in the Parent Company statements, and to R\$21,905 (R\$10,061 in December 2021) in the Consolidated statements;
- (ii) Net of PIS and COFINS, which corresponds to R\$7,149 in December 2022 in the Individual and Consolidated statements (R\$656 in December 2021 in the Individual and Consolidated statements);
- (iii) Includes structural debt costs of R\$4,659 (Parent Company and Consolidated) in December 2022 (R\$6,854 in December 2021);
- (iv) Consolidated balances mainly comprise the effects of the hyperinflationary economy of LRA (Note 3.12).

## 37 INSURANCE COVERAGE

We have insurance policies taken out with the main insurance companies in Brazil, which were determined based on the guidance provided by specialists, and take into consideration the nature and the value of risk involved. On December 31, 2022, we had insurance coverage for civil liability and property insurance (basic coverage: against fire, lightning, explosion and other), insurance coverage for inventories, and for cyber risks, as shown in the table:



## 38 EVENTS AFTER THE REPORTING PERIOD

### 38.1 Share buyback program

At the Board of Directors' Meeting held on January 19, 2023, we approved the cancellation of 13,000,000 (thirteen million) common shares without capital reduction, representing 62.4% of total treasury shares and 1.31% of shares recorded in capital on that date, and approved a new share buyback program without capital reduction, under which up to 15,000,000 (fifteen million) common shares, currently representing 1.55% of outstanding shares, can be purchased. The shares purchased under the new Share Buyback Program will be held in treasury and may also be cancelled or disposed of.

On January 20 and 24, 2023, we repurchased shares that totaled 2,000,000 and 94,600, at an average unit price of R\$20,8227 and R\$20,8317, totaling R\$41,645 and R\$1,971, respectively.

### 38.2 Capital increase in LRA

On January 24, 2023, was increased the capital of direct subsidiary LRA by R\$15,699, by converting LRA's debts with the Parent Company into capital contribution.

### 38.3 Capital contribution - Realize

On January 24, 2023, indirect subsidiary Realize CFI received a capital contribution in the amount of R\$300,000 to support its capital structure.

### 38.4 Payment of IOE - 4Q2022

On January 5, 2023, the IOE for 4Q2022 was paid in the amount of R\$157,486 (net of income tax), according to a decision reached at the Board of Directors' Meeting held in December 2022.

### 38.5 STF decision - Effectiveness of final and unappealable tax decisions

On February 8, 2023, Brazilian Supreme Court (*STF*) concluded Precedent No. 881 and No. 885's judgement, deliberating that individual final and unappealable tax decisions will automatically lose its effectiveness if Court later changes its understanding. Analyzing our final and unappealable individual decisions, we did not identify any case in which there was a further change of STF's understanding.

## BOARD OF DIRECTORS, BOARD OF EXECUTIVE OFFICERS, FISCAL COUNCIL AND CONTROLLING

### BOARD OF DIRECTORS

#### José Galló

Chairman of the Board of Directors

#### Oswaldo Burgos Schirmer

Vice Chairman of the Board of Directors

#### Carlos Fernando Couto de Oliveira Souto

Director

#### Fábio de Barros Pinheiro

Director

#### Jean Pierre Zarouk

Director

#### Christiane Almeida Edington

Director

#### Thomas Bier Herrmann

Director

#### Juliana Rozenbaum Munemori

Director

### BOARD OF EXECUTIVE OFFICERS

#### Fabio Adegas Faccio

Chief Executive Officer

#### Daniel Martins dos Santos

Chief Financial and Administration  
Officer and Investor Relations Officer

#### Regina Frederico Durante

Chief People and Sustainability Officer

#### Fabiana Silva Taccola

Chief Operating Officer

#### Henry Costa

Chief Product Officer

### FISCAL COUNCIL

#### Joarez José Piccinini

Chairman of the Director Fiscal  
Council

#### Roberto Fota Decourt

Director

#### Estela Maris Vieira De Souza

Director

### CONTROLLING

#### Luciano Teixeira Agliardi

Controller Officer

Accountant CRC – RS 61.106/O-5

#### Alexandro de Lima Tavares

Senior Accounting Manager

CRC – RS 63.339/O-6

## REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

### INTRODUCTION AND GENERAL INFORMATION

In April 2012, the Company's Board of Directors established the Audit and Risk Management Committee of Lojas Renner S.A., the Committee subsequently being made statutory following approval by the Extraordinary General Meeting of March 2018.

The Committee is an advisory body reporting directly to the Board of Directors, of a statutory nature, with operating autonomy, and has its functioning disciplined by the provisions of its Internal Charter and the Company's bylaws. The Committee purpose is to advise the Board of Directors in relation to its responsibilities of monitoring and supervising the quality and integrity of the financial reports, the adequacy of the risk management system and internal controls, of the activities and performance of internal and Independent Auditors and adherence to legal, regulatory and statutory requirements of the Company.

Currently, the Committee is made up of 3 (three) independent members of the Board of Directors, elected by their peers, one of whom have recognized experience in matters relating to corporate accounting, pursuant to the Brazilian Securities and Exchange Commission – CVM instruction, and 1 (one) external member nominated by the Board, also with recognized experience in corporate accounting matters, as called for by the Committee's Internal Charter.

### SUMMARY OF ACTIVITIES IN 2022

During fiscal year 2022, the Audit and Risk Management Committee held eight (8) ordinary and four (4) extraordinary meetings, where matters were deliberated and recommendations were made to the Board of Directors. One of these meetings had representatives from the Fiscal Council. Furthermore, the Risk Director participated in all meetings held in 2022, the Internal Audit in six (6) and the Independent Audit in three (3) meetings. In the same period, the Audit and Risk Management Committee added items to nine (9) meetings of the Board of Directors, where the Committee's work was presented, together with recommendations for approval. The principal matters discussed during the year are as follows:

#### **FINANCIAL STATEMENTS**

- *Review of quarterly and annual financial statements, with recommendation for approval by the Board of Directors;*
- *Assessment of criteria used to calculate provisions against risks and accounting estimations;*
- *Assessment of the study of the evolution and current status of the Company's Capital structure, as well as proposals for optimization thereof, with recommendation for approval by the Board of Directors;*
- *Analysis of the WACC rate for 2023, with recommendation for approval by the Board of Directors;*
- *Analysis of the proposed 2023 capital injection into subsidiaries, with recommendation for approval by the Board of Directors.*

## **RISK MANAGEMENT AND INTERNAL CONTROLS**

- Assessment of key information on Realize CFI's Credit Risk, requesting periodical monitoring of the matter;
- Assessment of large-scale risk indicators;

## **INTERNAL AUDIT**

- Assessment of and recommended re-categorization and evaluation of the main risks facing the Company and its Subsidiaries;
- Assessment of the summary containing the main projects implemented in 2021;
- Assessment and approval of the plan for projects to be implemented in 2022;
- Monitoring of the situation and evolution of pending audit points in 2021;
- Assessment of proposals concerning assessment and certification of Internal Audit works;
- Assessment of the preliminary evaluation of systemic governance, risk and Compliance tools used by Internal Audit and comparison with market tools;
- Assessment and approval of proposed amendments to Internal Audit Standards;
- Monitoring of Internal Audit indicators, as well as of the 2022 projects schedule;
- Assessment and approval of changing the Internal Audit firm for Argentina;
- Assessment of the preliminary projects schedule for 2023;

## **INDEPENDENT AUDIT**

- Assessment of the consolidated auditing strategy and of the main matters and outputs of the work done in 2021 by EY – Independent Auditors;
- Assessment of the overview and scope of the Independent Audit works, as well as of the consolidated auditing strategy and its main topic and outputs;

## **TOPICAL MATTERS**

- Assessment and approval of the proposed investments subsidy;
- Assessment of information on tax-related matters;
- Assessment and discussion of the structure and activities of Realize's Risk Committee, as well as 2021 yearend indicators and 2022 forecasts;
- Assessment of the management of credit and delinquency indicators and request for a periodical report on the matter;
- Appreciation and monitoring, together with the IT Division, of Internal Audit points concerned with the "Cyber incident", as well as of the Independent Auditor's main comments on access management and change management;
- Assessment of the main topic and scope of the Company's Tax Policy;
- Assessment of key information on the framework for acquisition and merger of Uello, with recommendation for approval by the Board of Directors;
- Assessment of the Company's inventory loss history, as well as of the main culprits for the outcomes and steps taken to reduce loss indicators;
- Assessment of key information on the process, balance, and track record of Realize CFI's chargeback;
- Assessment of the main suggested changes to policies and charters;

- *Analysis and approval of the Audit and Risk Management Committee's Annual Activities Report for FY 2021;*

## **OPINION OF THE AUDIT AND RISKS MANAGEMENT COMMITTEE**

Pursuant to the legal provisions, the Audit and Risks Management Committee of Lojas Renner S.A. has reviewed the Management Report and Financial Statements for the fiscal year ending December 31, 2022. On the basis of the aforementioned review and further considering the information and clarifications provided by the Company's Management and by Ernest & Young Auditores Independentes, received during the course of the fiscal year, the Audit and Risks Management Committee recommends that the Board of Directors approve the Management Report and Financial Statements (including explanatory notes) for the fiscal year ending December 31, 2022.

\* \* \*

## OPINION OF THE AUDIT AND RISKS MANAGEMENT COMMITTEE

Pursuant to the legal provisions, the Audit and Risks Management Committee of Lojas Renner S.A. has reviewed the Management Report and Financial Statements for the fiscal year ending December 31, 2022. On the basis of the aforementioned review and further considering the information and clarifications provided by the Company's Management and by Ernest & Young Auditores Independentes, received during the course of the fiscal year, the Audit and Risks Management Committee recommends that the Board of Directors approve the Management Report and Financial Statements (including explanatory notes) for the fiscal year ending December 31, 2022.

Porto Alegre, February 14, 2023.

Membros:

Fábio de Barros Pinheiro  
Presidente do Comitê

Oswaldo Burgos Schirmer

José Carlos Hruby

Carlos Fernando Couto de Oliveira Souto

**A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)**

**INDEPENDENT AUDITORS' REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS**

The Shareholders, Board of Directors and Officers

**Lojas Renner S.A.**

Porto Alegre - RS

**Opinion**

We have audited the individual and consolidated financial statements of Lojas Renner S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2022, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

**Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**Expected credit losses**

As disclosed in Note 8, the Company sells products to consumers, most of them individuals, and offers these consumers credit through the credits cards issued by indirect subsidiary Realize Crédito Financiamento e Investimento S.A. These credits are subject to expected loss analyses as defined by NBC TG 48 (IFRS 9) – Financial Instruments, and may decrease upon recognition of the allowance for expected credit losses.

We considered the allowance for expected credit losses a key audit matter, since it refers to an estimate that requires significant judgment by the executive board and involves various factors that are considered in determining the allowance amount, such as default levels, renegotiation policies and the portfolio's quality history. Additionally, we considered the significance of the amounts involved, how operations are distributed (low average ticket) and the high volume of transactions.

*How our audit addressed this matter*

Our audit procedures included, among others: test of reconciliation of accounting balances with the analytical position; analysis of the reasonableness of the policy adopted by the Company and its compliance with accounting practices adopted in Brazil and the IFRS; recalculation of the allowance based on the policy defined, which includes aspects such as considerations regarding the levels of risk and delay of operations, including analysis of trade accounts receivable on a sample basis for assessment of individual risk levels; quarterly monitoring of the allowance and periodic discussions with the executive board; and analysis of the adequacy of the respective disclosures in the notes.

Based on the findings of the audit procedures performed on the allowance for expected credit losses, which are consistent with the executive board's assessment, we believe that the policies and assumptions adopted by the executive board for measuring and recording this provision, as well as respective disclosures in Note 8, are acceptable in the context of the financial statements as a whole.

**Measurement of lease liabilities and right-of-use assets, in accordance with NBC TG 06 (R3) (IFRS 16)**

As described in Notes 15 and 19, the Company recorded right-of-use assets and lease liabilities for contracts within the scope of NBC TG 06 (R3) (IFRS 16). As at December 31, 2022, the Company recorded right-of-use assets amounting to R\$2,278,024 thousand – Individual and R\$2,609,505 thousand – Consolidated, and lease liabilities amounting to R\$2,563,282 thousand – Individual and R\$2,909,910 thousand – Consolidated.

This matter was considered a key audit matter due to the significance of the amounts involved, as regards asset and liability balances and profit or loss for the year, the uncertainties inherent in this type of calculation, and the degree of judgment required from the executive board to determine the significant assumptions, which include the discount rate used, among others.

*How our audit addressed this matter*

Our audit procedures involved, among others: assessing the significant assumptions used for lease terms, discount rates and consideration amounts, as well the calculation method used by the Company for measuring the accounting impacts; analyzing the inventory of the Company's lease contracts, and checking whether such contracts comply with the referred to standard. We also tested the reasonableness of the criteria adopted by the Company for a sample of contracts randomly selected, taking into consideration the information in such contracts and respective amendments, and recalculated the amounts measured by the Company for these transactions. Finally, we checked fairness of the Company's disclosures on the matter in the explanatory notes, including the requirements set out in NBC TG 06 (R3) (IFRS 16) and the guidance provided by the Brazilian Securities and Exchange Commission (CVM). As a result of these procedures, we identified an audit adjustment to the measurement of right of use and lease liabilities, and this adjustment was not recorded by the Company in view of its immateriality for the financial statements as a whole.

Based on the audit procedures performed, which are consistent with the executive board's assessment, we believe that the accounting records prepared by the executive board for measuring the impacts of NBC TG 06 (R3) (IFRS 16) on lease contracts, as well as respective disclosures in Notes 15 and 19, are acceptable in the context of the individual and consolidated financial statements, taken as a whole.

**Information technology environment**

Due to the volume of transactions, distributed throughout a substantial number of stores, in addition to the fact that the Company's operations dependent on the information technology structure and its systems, we considered the information technology environment a key audit matter.

*How our audit addressed this matter*

Our audit procedures included, among others, the involvement of our information technology professionals to assist us in understanding and assessing the information technology general controls (ITGCs) relating to the logical access management, change management

and information technology operations management processes for systems considered relevant for generation of information directly related to the financial statements. Additionally, we performed compensating control tests when we identified inconsistencies in ITGCs tested and, through substantive procedures, assessed the integrity of the reports generated by the related systems and used in our audit.

Based on the above-mentioned procedures, we considered the information extracted from the Company's systems for planning and performing our tests acceptable in the context of the individual and consolidated financial statements, taken as a whole.

## **Other matters**

### *Statements of value added*

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2022, prepared under the responsibility of the Company's executive board, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

## **Other information accompanying the individual and consolidated financial statements and the auditor's report**

The executive board is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

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

## **Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements**

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

In preparing the individual and consolidated financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

## **Auditor's responsibilities for the audit of the individual and consolidated financial statements**

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Porto Alegre, February 16, 2023.

**ERNST & YOUNG**  
**Auditores Independentes S.S. Ltda.**  
CRC SP-015199/F

**Guilherme Ghidini Neto**  
Contador CRC-RS 067795/O-5

## OPINION OF THE FISCAL COUNCIL

Subject to compliance with the legal and statutory provisions, in accordance with Article 163 of Law 6404/76 and its subsequent amendments, the Fiscal Council of Lojas Renner has examined the Management Report, the Financial Statements and the Earnings Dividends Distribution Proposal for the fiscal year ending December 31, 2022. Based on the examination carried out and further considering the report without qualification of the independent auditors – Ernest & Young Auditores Independentes dated February 16, 2023, as well as the information and clarifications received during the course of the fiscal year, the Council is of the unanimous opinion that the said documents are suitable for submission to the Annual General Meeting of Shareholders.

Porto Alegre, February 16, 2023.

Joarez José Piccinini

Roberto Frota Decourt

Estela Maris Vieira De Souza

## MANAGEMENT PROPOSAL FOR CAPITAL EXPENDITURES BUDGET

The following table presents the Company's capital expenditures budget for year 2023, pursuant to Normative Instruction 480/09, published by the CVM – Brazilian Securities and Exchange Commission on December 7, 2009.

Given that the budget consists of forecasts and business prospects, such involve risks, uncertainties and assumptions, the application of resources depends on circumstances that may or may not occur. General economic conditions, prevailing industrial conditions and other operational factors may affect the amounts forecasted for allocation in fixed assets and working capital.

In order to support the investments, forecast in the Company's expansion plan, the Management has a reserve for investments and expansion on December 31, 2022 of R\$ 767.0 million and a relevant balance of capital resources available in Cash and cash Equivalents and Interest-earning bank deposits.

Financing Sources	R\$ Million
<b>Remaining balance profit reserves for investment and expansion – 12/31/2021</b>	<b>444.0</b>
Constitution for profit reserve for investment and expansion – 2022	323.0
<b>Retained profits in reserve for investment and expansion 12/31/2022</b>	<b>767.0</b>
<b>Capital Expenditure Budget – Investment of Resources</b>	<b>Forecast2023</b>
<b>Investments in Fixed Assets</b>	<b>(1,100.0)</b>
New Stores	(271.6)
Remodeling and Upgrading	(364.0)
IT Systems and Equipment	(412.5)
Logistics	(51.9)
<b>Total Investments in Fixed Capital</b>	<b>(1,100.0)</b>
<b>Investments in Working Capital</b>	<b>(414.3)</b>
<b>Total Investment of Resources – Forecast 2023</b>	<b>(1,514.3)</b>

The Company's Management believes as necessary the conservation of the Earnings Reserve for Investment and Expansion at current levels, which will be added to operating cash generation for the year 2023 to support the expansion plan to be implemented in the current year.

Porto Alegre, February 16, 2023.

### BOARD OF DIRECTORS

**José Galló**  
Chairman

**Oswaldo Burgos Schirmer**  
Vice Chairman

**Carlos Fernando Couto de Oliveira Souto**  
Director

**Fábio de Barros Pinheiro**  
Director

**Jean Pierre Zarouk**  
Director

**Christiane Almeida Edington**  
Director

**Juliana Rozenbaum Munemori**  
Director

**Thomas Bier Herrmann**  
Director

### EXECUTIVE OFFICERS

**Fabio Adegas Faccio**  
Chief Executive Officer

**Daniel Martins dos Santos**  
Chief Financial and Administrative Officer  
and Investor Relations Officer

**Henry Costa**  
Chief Product Officer

**Fabiana Silva Taccola**  
Chief Operating Officer

**Regina Frederico Durante**  
Chief People and Sustainability Officer

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

Pursuant to subsection VI, Article 27 of CVM Resolution 80 of March 29, 2022, the Board of Executive Officers states that it has reviewed, discussed and agreed the Company's Financial Statements for the fiscal year 2022, authorizing their conclusion as of this date.

Porto Alegre, February 16, 2023.

### BOARD OF EXECUTIVE OFFICERS

**FABIO ADEGAS FACCIO**

Chief Executive Officer

**FABIANA SILVA TACCOLA**

Chief Operating Officer

**HENRY COSTA**

Chief Product Officer

**DANIEL MARTINS DOS SANTOS**

Chief Financial and Administrative Officer and  
Investor Relations Officer

**REGINA FREDERICO DURANTE**

Chief People and Sustainability Officer

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

Pursuant to subsection V, Article 27 of CVM Resolution 80 of March 29, 2022, 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 Financial Statements for year 2022, 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 Financial Statements.

Porto Alegre, February 16, 2023.

### BOARD OF EXECUTIVE OFFICERS

**FABIO ADEGAS FACCIO**

Chief Executive Officer

**DANIEL MARTINS DOS SANTOS**

Chief Financial and Administrative Officer and  
Investor Relations Officer

**FABIANA SILVA TACCOLA**

Chief Operating Officer

**REGINA FREDERICO DURANTE**

Chief People and Sustainability Officer

**HENRY COSTA**

Chief Product Officer