

Company and Consolidated Financial Statements

Aliansce Sonae Shopping Centers S.A.

At December 31, 2022 and 2021
and Independent Auditor's Report

Aliansce Sonae Shopping Centers S.A.

Company and consolidated financial statements

December 31, 2022 and 2021

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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 International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

To the Shareholders and Officers of
Aliansce Sonae Shopping Centers S.A.
Rio de Janeiro - Rio de Janeiro State

Opinion

We have audited the individual and consolidated financial statements of Aliansce Sonae Shopping Centers S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheets as at December 31, 2022, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and 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 its individual and consolidated cash flows for the year then ended, in accordance with 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 the 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, 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 obtained is sufficient and appropriate to provide a basis for our audit 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 of the current period. 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 an individual 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 misstatements 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 individual and consolidated financial statements.

Recoverable amount of investment properties and goodwill based on future profitability

As mentioned in Notes 11 and 12, at December 31, 2022, investment properties which are measured by the cost method, and of goodwill totaled R\$7,897,907 thousand and R\$207,497 thousand, respectively, in the consolidated financial statements. The Company and its subsidiaries support the realization of these assets through estimates of their future profitability and cash generation, prepared by management, based on its judgment and supported by the business plan and budget, approved by the corporate governance bodies. These estimates are prepared and reviewed internally in accordance with the Company’s governance structure and involve a high degree of judgment. Every year, the Company assesses the assumptions and estimates of future profitability and cash generation by Cash-Generating Units (CGUs) to which the properties and respective goodwill are allocated, as well as growth rates, discount rates, cash flow projections, among other indicators, since there may be changes in the operation markets, whether economic or regulatory.

Due to the relevance of the balances and subjective nature of these estimates, which may materially impact the recoverable amount of these assets, this issue was considered a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (a) involvement of valuation model experts to assist us in testing the assumptions and methodologies used by management in preparing the cash flow projections, through comparisons with methodologies used in valuations of similar assets, and crosschecking of assumptions (such as gross revenue, operating expenses, net operating income, net, vacancy, default, discount rate and cap rate, among others) against internal and external sources, segment information and historical data; (b) validation of information used as well as of mathematical calculations presented in the model; (c) performance of a retrospective review of prior projections and crosschecking of information against other estimates prepared by management to identify any potential inconsistencies in the development of future estimates; (d) realization of independent calculation sensitizing key assumptions used; and (e) review of the adequacy of the disclosures included in the financial statements.



Based on the results of the audit procedures performed on the impairment test of investment properties and of goodwill, which is consistent with management's assessment, we consider that the criteria and assumptions adopted by management, as well as the respective disclosures in notes, are appropriate, in the context of the overall financial statements.

Revenue recognition of leases and assignment of use of right agreements

As described in Note 2.24, the Company and its subsidiaries recognize their lease and assignment of use of right income by the straight-line method over the lease term, included under revenue in the statement of income due to their operational nature. These transactions are classified as operating leases, since the Group does not transfer substantially all the risks and rewards of ownership of the asset.

For lease income, lease agreements generally establish that lessors should pay the highest value between a minimum amount contractually established and a variable, calculated through a percentage on the sales of each establishment. Minimum lease payments are adjusted by regular fixed increases over the term of the agreements, double lease in December and by inflation. Pursuant to CPC 06 (R1)/IAS 17 - Leases, the minimum lease income, considering any effects of deficiencies, discounts, etc. and excluding inflation effects, should be recognized on a straight-line basis over the term of the agreement, and any variable lease excess is recognized when incurred. Revenues from assignment of use of right are also recognized on a straight-line basis over the term of the agreements, from the beginning of the lease term. The volume of contracts in force and the peculiarity of the contractual terms, as well as the potential risks involved in relation to the accrual period for revenue recognition led us to identify this issue as a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others, (a) documental test on a sample basis, including the examination of the respective agreements; (b) recalculation of the straight-line related amounts recognized throughout the year; (c) analytical procedures on the monthly changes in lease income and assignment of use of rights, using disaggregated data by shopping mall, to identify changes inconsistent with our expectations obtained from our prior knowledge of the Company and the industry, which may indicate potential accrual period problems; (d) understanding and assessing the impacts of concessions made to storeowners due to the COVID-19 pandemic on the rental income calculation on a straight-line basis, through document testing of a selected sample; and (e) review of the adequacy of disclosures made in the financial statements.

Based on the results of the audit procedures performed on the recognition of lease income and assignment of use of rights, which is consistent with management's assessment, we consider that the criteria for recognition of these revenues adopted by management, as well as the respective disclosures in notes, are appropriate, in the context of the overall financial statements.



Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for year ended December 31, 2022, prepared under the responsibility of Company management, 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 abovementioned accounting pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

Management 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 management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements 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), and for such internal control as management 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, management 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 management either intends to liquidate the Company and its subsidiaries 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 of 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 the Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve the override of internal control, collusion, forgery, intentional omissions or misrepresentation.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude 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 and its subsidiaries' 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 conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate 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.



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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate 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 determine those matters that were of most significance in the audit of the financial statements of the current year 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.

Rio de Janeiro, March 21, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP015199/F

A handwritten signature in blue ink, appearing to read 'Roberto Martorelli', is written over a faint, light blue circular stamp.

Roberto Martorelli
Contador CRC-RJ106103/O

Aliansce Sonae Shopping Centers S.A.

Balance sheets

December 31, 2022 and 2021

(All amounts in thousands of reais)

	Note	Company		Consolidated	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents		8,429	3,006	18,256	14,862
Short-term investments	7	2,105,672	943,800	2,543,865	1,231,460
Trade receivables	8	61,567	46,929	322,566	400,545
Dividends and interest on capital receivable	10	68,850	885	657	-
Recoverable taxes	9	34,022	17,558	46,378	52,969
Prepaid expenses		2,062	845	488	1,109
Others	8.2	120,974	15,873	306,622	35,864
		2,401,576	1,028,896	3,238,832	1,736,809
Non-current assets held for sale					
	11	10,187	21,610	27,142	38,565
		10,187	21,610	27,142	38,565
Non-current assets					
Short-term investments	7	92,104	90,687	102,873	95,447
Deferred income tax and social contribution	17	55,504	45,076	64,160	54,723
Recoverable taxes	9	-	-	31,419	1,927
Judicial deposits	15	1,335	1,591	36,702	33,567
Loans and other receivables	23	-	-	7,843	7,889
Derivative financial instruments	5	5,927	4,736	5,927	4,736
Prepaid expenses		3,352	3,125	4,164	3,544
Others	8.2	36,917	18,790	115,557	25,863
Investments	10	6,242,914	6,622,653	322,138	420,541
Investment properties	11	888,646	623,973	7,897,907	8,321,206
Property and equipment		5,904	7,691	20,031	24,495
Intangible assets	12	92,058	79,597	410,510	345,401
		7,424,661	7,497,919	9,019,231	9,339,339
Total assets					
		9,836,424	8,548,425	12,285,205	11,114,713

	Note	Company		Consolidated	
		2022	2021	2022	2021
Liabilities					
Current liabilities					
Trade payables		14,665	13,245	36,530	34,175
Borrowings and financings	13	581,744	387,858	666,670	463,503
Taxes and contributions payable	9	15,295	6,954	70,789	56,069
Dividends payable	18	37,020	65,282	43,034	70,162
Deferred revenues	14	1,783	919	5,585	5,412
Lease liabilities		10,060	7,856	10,104	9,440
Other obligations	16	123,400	33,689	183,077	88,720
		783,967	515,803	1,015,789	727,481
Non-current liabilities					
Borrowings and financings	13	2,150,587	1,241,247	2,389,097	1,560,089
Taxes and contributions payable	9	360	360	7,937	7,663
Deferred revenues	14	2,466	2,694	8,401	9,183
Deferred income tax and social contribution	17	-	-	866,254	932,436
Derivative financial instruments	5	60,117	-	60,117	-
Lease liabilities		15,584	24,896	23,361	33,547
Provision for contingencies	15	1,573	1,431	9,046	12,390
Other obligations	16	16,152	15,065	28,172	21,938
		2,246,839	1,285,693	3,392,385	2,577,246
Equity					
Share capital	18	4,156,722	4,156,722	4,156,722	4,156,722
Expenditure on issuance of shares		(72,332)	(72,332)	(72,332)	(72,332)
Treasury shares		(2,825)	(19,123)	(2,825)	(19,123)
Capital reserves		884,078	882,328	884,078	882,328
Revenue reserves		395,441	318,657	395,441	318,657
Carrying value adjustments		1,444,534	1,480,677	1,444,534	1,480,677
Equity attributable to stockholders of the Company		6,805,618	6,746,929	6,805,618	6,746,929
Non-controlling interest	18	-	-	1,071,413	1,063,057
Total equity		6,805,618	6,746,929	7,877,031	7,809,986
Total liabilities and equity		9,836,424	8,548,425	12,285,205	11,114,713

The accompanying notes are an integral part of these company and consolidated financial statements.

Aliansce Sonae Shopping Centers S.A.

Statements of income

Years ended December 31, 2022 and 2021

(All amounts in thousands of reais, except for net result per share)

	Note	Company		Consolidated	
		2022	2021	2022	2021
Net revenue from rental and services	19	201,019	160,629	1,111,321	937,677
Cost of rentals and services	20	(40,167)	(87,936)	(309,999)	(300,793)
Gross profit		160,852	72,693	801,322	636,884
Operating expenses					
Selling, general and administrative expenses	21	(167,541)	(127,463)	(221,232)	(195,177)
Result of equity in subsidiaries	10	393,309	413,913	55,307	44,849
Other costs, net	23	(21,996)	9,637	(165,835)	3,502
		203,772	296,087	(331,760)	(146,826)
Finance income (costs)	22				
Financial costs		(354,630)	(161,684)	(400,028)	(216,729)
Finance income		134,366	51,805	185,684	66,561
		(220,264)	(109,879)	(214,344)	(150,168)
Income before income tax and social contribution		144,360	258,901	255,218	339,890
Income tax and social contribution	17	11,515	15,967	(33,074)	(21,485)
Net income for the year		155,875	274,868	222,144	318,405
Net income attributable to stockholders of the Company	18	155,875	274,868	155,875	274,868
Non-controlling interest		-	-	66,269	43,537
		155,875	274,868	222,144	318,405
Result per share attributable to stockholders of the Company during the year (expressed in R\$ per share)					
Result per share - basic	18	0.5883	1.0364		
Result per share - diluted	18	0.5883	1.0364		

The accompanying notes are an integral part of these company and consolidated financial statements.

Aliansce Sonae Shopping Centers S.A.

Statements of comprehensive income
Years ended December 31, 2022 and 2021
(All amounts in thousands of reais)

	Company		Consolidated	
	2022	2021	2022	2021
Net income for the year	155,875	274,868	222,144	318,405
Unrealized loss on equity instruments designated at fair value through other comprehensive income	(36,143)	-	(36,143)	-
Total comprehensive income	119,732	274,868	186,001	318,405
Attributable to:				
Stockholders of the Company	119,732	274,868	119,732	274,868
Non-controlling interest	-	-	66,269	43,537

The accompanying notes are an integral part of these company and consolidated financial statements.

Aliansce Sonae Shopping Centers S.A.

Statements of changes in equity
Years ended December 31, 2022 and 2021
(All amounts in thousands of reais)

	Share capital	Expenditure on issuance of shares	Treasury shares	Capital reserve	Revenue reserve		Carrying value adjustments	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total
					Legal reserve	Profit retention					
At December 31, 2020	4,156,476	(72,332)	(24,696)	875,808	8,454	120,463	1,480,677	-	6,544,850	1,072,232	7,617,082
Net income for the year	-	-	-	-	-	-	-	274,868	274,868	43,537	318,405
Constitution of legal reserve	-	-	-	-	13,743	-	-	(13,743)	-	-	-
Constitution of profit retention reserve	-	-	-	-	-	195,843	-	(195,843)	-	-	-
Minimum mandatory dividends	-	-	-	-	-	-	-	(65,282)	(65,282)	-	(65,282)
Share-based compensation program (Note 27)	-	-	5,573	6,520	-	-	-	-	12,093	-	12,093
Additional dividends (Note 19)	-	-	-	-	-	(19,846)	-	-	(19,846)	-	(19,846)
Capital contribution related to the share-based compensation program (Note 19)	246	-	-	-	-	-	-	-	246	-	246
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(53,116)	(53,116)
Other corporate events involving non-controlling interests	-	-	-	-	-	-	-	-	-	404	404
At December 31, 2021	4,156,722	(72,332)	(19,123)	882,328	22,197	296,460	1,480,677	-	6,746,929	1,063,057	7,809,986
Net income for the year	-	-	-	-	-	-	-	155,875	155,875	66,269	222,144
Constitution of legal reserve	-	-	-	-	7,794	-	-	(7,794)	-	-	-
Constitution of profit retention reserve	-	-	-	-	-	111,061	-	(111,061)	-	-	-
Minimum mandatory dividends	-	-	-	-	-	-	-	(37,020)	(37,020)	-	(37,020)
Share-based compensation program (Note 26)	-	-	16,298	1,750	-	-	-	-	18,048	-	18,048
Complementary dividends for 2021 distributed in the period (Note 18)	-	-	-	-	-	(36,697)	-	-	(36,697)	-	(36,697)
Not realizable loss on equity instruments designated at fair value through other comprehensive income (Notes 4 and 18)	-	-	-	-	-	-	(36,143)	-	(36,143)	-	(36,143)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(79,534)	(79,534)
Transactions between stockholders (loss on sale of non-controlling equity interests in a subsidiary (Note 4))	-	-	-	-	-	(5,374)	-	-	(5,374)	5,374	-
Other corporate events involving non-controlling interests (Note 18)	-	-	-	-	-	-	-	-	-	16,247	16,247
At December 31, 2022	4,156,722	(72,332)	(2,825)	884,078	29,991	365,450	1,444,534	-	6,805,618	1,071,413	7,877,031

The accompanying notes are an integral part of these company and consolidated financial statements.

Aliansce Sonae Shopping Centers S.A.

Statements of cash flows

Years ended December 31, 2022 and 2021

(All amounts in thousands of reais)

	Company		Consolidated	
	2022	2021	2022	2021
Operating activities				
Net income of the year	155,875	274,868	222,144	318,405
Adjustments to net income arising from				
Straight-line rent	10,220	(4,094)	65,929	(39,720)
Depreciation and amortization	59,585	100,038	202,110	191,140
Result of equity in subsidiaries	(393,309)	(413,913)	(55,307)	(44,849)
Constitution of provision for expected credit loss	8,033	10,712	28,803	52,121
Share-based compensation	16,005	12,231	16,005	12,542
Interest and indexation charges on financial transactions	383,392	128,482	423,916	186,732
Fair value of the derivative financial instruments	58,927	5,807	58,927	5,807
Deferred income tax and social contribution	(11,514)	(15,967)	(56,587)	(39,894)
Capital gain on the sale of investment	(49,846)	(14,178)	(49,846)	(14,178)
(Gain) loss on sale of investment properties	(128)	-	91,807	-
Write off of asset added value	(35,030)	-	-	-
Business combination costs transaction	112,746	-	112,746	-
Other provisions	142	(282)	1,494	(87)
	315,098	83,704	1,062,141	628,019
Decrease (increase) in assets				
Trade receivables	(11,002)	(8,596)	(23,977)	(92,641)
Judicial deposits	637	(981)	(3,103)	(1,898)
Recoverable taxes	(16,398)	13,142	(22,836)	14,584
Others	15,520	17,707	(57,044)	9,403
	(11,243)	21,272	(106,960)	(70,552)
Increase (decrease) in liabilities				
Trade payables	435	(988)	2,355	439
Taxes and contributions payable	16,689	2,709	154,730	98,027
Other obligations	27,955	4,549	42,188	26,191
Deferred revenues	(451)	(840)	(609)	(1,596)
	(3,813)	5,430	114,288	123,061
Taxes paid - IRPJ and CSLL	-	-	(83,040)	(45,985)
Taxes paid - PIS, COFINS and ISS	(8,348)	(1,648)	(56,696)	(34,298)
Net cash provided by operating activities	291,694	108,758	929,733	600,245

Aliansce Sonae Shopping Centers S.A.

Statements of cash flows (Continued)
Years ended December 31, 2022 and 2021
(All amounts in thousands of reais)

	Company		Consolidated	
	2022	2021	2022	2021
Investing activities				
Acquisition of property and equipment	(883)	(936)	(954)	(3,839)
Acquisition of intangible assets	(37,535)	(39,320)	(94,231)	(64,359)
Acquisition of investment properties - shopping malls	(13,132)	(10,490)	(214,440)	(431,853)
Acquisition of equity interests	-	-	-	(25,058)
Capital increase in subsidiaries/associates	(106,673)	(363,287)	(7,000)	(9,161)
Increase in non-controlling interests	-	-	16,247	-
Decrease in investments	5,000	-	232,500	-
Sale of investments	-	125,000	-	125,000
Capital decrease in subsidiaries/associates/amortization of quotas	77,773	-	-	-
Decrease (increase) in short-term investments	(1,199,431)	57,465	(1,351,495)	54,059
Interest on capital and received dividends	372,034	268,110	31,827	45,992
Net cash provided by (used in) investing activities	(902,847)	36,542	(1,387,546)	(309,219)
Financing activities				
Capital increase	-	246	-	246
Capital increase of FII Parque Dom Pedro and non-controlling interest	-	-	-	8,192
Payment of interest - borrowings and financings and real estate credit notes	(6,925)	(4,974)	(53,056)	(50,136)
Payment of principal - borrowings and financings and real estate credit notes	(2,939)	(2,033)	(68,383)	(62,652)
Payment of structuring cost of borrowings and financings	-	-	-	(297)
Payment of interest on debentures	(175,680)	(68,213)	(175,680)	(68,213)
Pre-payment of interest of debentures	-	(36,975)	-	(36,975)
Payment of principal of debentures	(574,884)	(175,529)	(574,884)	(175,529)
Pre-payment of principal of debentures	-	(125,000)	-	(125,000)
Issuance of debentures	1,500,000	415,000	1,500,000	415,000
Payment of structuring cost of debentures	(19,739)	(11,297)	(19,739)	(11,297)
Payment of interest - Lease (right of use)	(3,087)	(3,001)	(3,907)	(3,658)
Payment of principal - Lease (right of use)	(4,020)	(6,006)	(5,614)	(8,844)
Sale of shares	5,829	-	5,829	-
Repurchase of debentures	-	(67,898)	-	(67,898)
Dividends paid to stockholders	(101,979)	(60,000)	(101,979)	(60,000)
Dividends paid to non-controlling stockholders	-	-	(41,380)	(42,216)
Net cash provided by (used in) financing activities	616,576	(145,680)	461,207	(289,277)
Increase (decrease) in cash and cash equivalents	5,423	(380)	3,394	1,749
Cash and cash equivalents at the end of the year	8,429	3,006	18,256	14,862
Cash and cash equivalents at the beginning of the year	3,006	3,386	14,862	13,113
Increase (decrease) in cash and cash equivalents	5,423	(380)	3,394	1,749

The accompanying notes are an integral part of these company and consolidated financial statements.

Aliansce Sonae Shopping Centers S.A.

Statements of value added
Years ended December 31, 2022 and 2021
(All amounts in thousands of reais)

	Company		Consolidated	
	2022	2021	2022	2021
Revenue				
Gross revenue from rental and services	219,497	174,577	1,184,471	989,899
Provision for expected credit loss	(8,033)	(10,712)	(28,803)	(52,121)
Other revenue	(21,995)	18,195	(165,836)	105,064
	189,469	182,060	989,832	1,042,842
Inputs acquired from third parties				
Cost of rentals and services	(8,330)	(8,445)	(141,646)	(119,118)
Materials, energy, outsourced services and other operating expenses	(32,011)	(29,570)	(46,134)	(130,950)
Gross value added provided by the Company	149,128	144,045	802,052	792,774
Retentions				
Depreciation and amortization	(59,585)	(100,038)	(202,110)	(191,140)
Net value added provided by the Company	89,543	44,007	599,942	601,634
Value added received in transfer				
Result of equity in subsidiaries	393,309	413,913	55,307	44,864
Finance income	134,366	51,805	185,684	66,561
	527,675	465,718	240,991	111,425
Total value added distributed	617,218	509,725	840,933	713,059
Distribution of value added				
Employees	99,749	75,031	111,302	97,350
Taxes	6,964	(1,858)	107,459	79,623
Federal	2,869	(4,194)	91,845	68,961
Municipal	4,095	2,336	15,614	10,662
Financiers	354,630	161,684	400,028	217,681
Interest and other finance costs	354,630	161,684	400,028	216,735
Rentals	-	-	-	946
Remuneration of own capital	155,875	274,868	222,144	318,405
Dividends	37,020	60,000	37,020	60,000
Retained earnings	118,855	214,868	118,855	214,868
Non-controlling interest in retained earnings	-	-	66,269	43,537
	617,218	509,725	840,933	713,059

The accompanying notes are an integral part of these company and consolidated financial statements.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements
At December 31, 2022 and 2021
(All amounts in thousands of reais unless otherwise stated)

1. Operations

Aliansce Sonae Shopping Centers S.A. ("Aliansce Sonae", "Aliansce Group" or "Company"), headquartered at Rua Dias Ferreira, 190 - 3º andar, Leblon, Rio de Janeiro, is controlled by a group of stockholders who jointly control the shares. As a result of the Stockholders' Agreement signed on June 6, 2019, Canada Pension Plan Investment Board ("Canada Pension Plan Investment Board"), CPPIB Flamengo US LLC ("CPPIB Flamengo" and, jointly with Canada Pension Plan Investment Board, "CPPIB"), Renato Feitosa Rique ("Renato"), Rique Empreendimentos e Participações Ltda. ("Rique Empreendimentos"), RFR Empreendimentos e Participações S.A. ("RFR"), Fundo de Investimentos em Participações Bali Multiestratégia ("FIP Bali" and, jointly with Renato, Rique Empreendimentos, RFR and FIP Bali, "Rique") and Sierra Brazil 1 S.À R.L ("SB 1") and Cura Brazil S.À R.L ("Cura") together share the control of the Company, with shares representing 48.8% of total and voting share capital linked to this agreement, as at December 31, 2022.

The Company's principal activity is investing, directly or indirectly in commercial centers, shopping malls and similar ventures, and in other companies as a partner or stockholder, as well as rendering commercial advisory services, management of shopping malls and condominiums in general. The Company and its subsidiaries, joint ventures and associates are hereinafter collectively referred to as the "Group".

The Company, its subsidiaries and joint ventures have seasonality in their operations. Historically, festive dates and holidays, such as Christmas, Mother's Day, among others, have a positive impact on shopping mall sales.

The issuance of these financial statements was authorized by the Board on March 21, 2023.

2. Presentation of financial statements and accounting policies

2.1. Compliance statement

The Company and consolidated financial statements were prepared according to the accounting policies adopted in Brazil including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and contain all material information specific to the financial statements, which is consistent with that used by management.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.1. Compliance statement (Continued)

Furthermore, the Company considered the guidance arising from the Technical Guidance OCPC 07, issued by CPC in November 2014, in the preparation of its financial statements. Accordingly, the relevant information of the financial statements is being pointed out and corresponds to that used by Management in its management.

2.2. Basis of preparation and measurement

The company and consolidated financial statements have been prepared on the historical cost convention, except for the financial instruments measured at fair value as described in Note 5.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.3. New or revised pronouncements first adopted in 2022

The Company applied for the first time certain amendments to accounting standards, effective for annual reporting periods beginning on or after January 1, 2022. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.3. New or revised pronouncements first adopted in 2022 (Continued)

Amendments to CPC 37 (R1), CPC 48, CPC 29, CPC 27, CPC 25 and CPC 15 (R1)

The amendments to the above pronouncements are due to the annual changes related to the cycle of improvements between 2018 and 2020, such as:

- Onerous Contracts - costs of fulfilling a contract;
- Property, plant and equipment - proceeds before intended use; and
- Reference to the conceptual framework.

The effective period of these amendments shall be established by the regulatory bodies that approve them, and in order to fully comply with the international accounting standards, the entity shall apply these amendments in the annual periods beginning on or after January 1, 2022.

Reference to the conceptual framework

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* (equivalent to CPC 15 (R1) - Business combinations) to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (equivalent to CPC 25 - Provisions, Contingent Liabilities and Contingent Assets) or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.3. New or revised pronouncements first adopted in 2022 (Continued)

Reference to the conceptual framework (Continued)

These amendments had no impact on the Company's consolidated financial statements as there were no assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities (equivalent to CPC 48 - Financial Instruments)

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender on the other's behalf.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the Company's consolidated financial statements, as there were no changes in the Company's financial instruments during the period.

2.4. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company and consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of liabilities as current or non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, equivalent to CPC 26, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.4. Standards issued but not yet effective (Continued)

Amendments to IAS 1: Classification of liabilities as current or non-current (Continued)

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;

That only in the case an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

Amendments to IAS 8: Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 (standard related to CPC 23), in which it introduces the definition of 'accounting estimate'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the company and consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 (equivalent to CPC 26 (R1) and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.4. Standards issued but not yet effective (Continued)

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (Continued)

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

Amendments to IAS 12: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction (equivalent to revision 20 of the Brazilian Accounting Pronouncements Committee)

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company is currently assessing the impact of the amendments.

2.5. Basis of consolidation

The consolidated financial statements are comprised of the Company's and its subsidiaries' financial statements at December 31, 2022 and 2021, as disclosed in Note 10. The control is obtained when the Company is exposed to or has the right to variable returns based on its involvement with the investee and is able to affect these returns through the power exercised over the investee.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.5. Basis of consolidation (Continued)

Specifically, the Company controls an investee if, and only if, it has: (a) power over the investee (i.e., existing rights that ensure it the current ability of managing the relevant activities of the investee); (b) exposition or right to variable returns arising from its involvement with the investee; or (c) the ability to use its power over the investee to affect the amount of its returns.

In general, it is assumed that the majority of voting rights results in control. To support this assumption and when the Company has less than the majority of the voting right of an investee, the Company considers all the relevant facts and circumstances when assessing whether it has power over an investee, including: (a) the agreement between the investor and other voting rights holders; (b) rights arising from other agreements; and (c) the voting rights and the potential voting rights of the Group (investor).

The Company assesses whether it exercises control in an investee or not if facts and circumstances indicate that there are changes in one or more of the three control elements previously mentioned. The consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ends when the Company no more exercises the mentioned control. Assets, liabilities and result of a subsidiary acquired or sold during the year are included in the consolidated financial statements as from the date when the Company obtains the control up to the date it no more exercises the control on the subsidiary.

The result and each component of other comprehensive income are attributable to the Company's controlling stockholders and to the non-controlling interests, even if it results in loss to the non-controlling interests. The subsidiaries' financial statements are prepared for the same disclosing period of the parent's, using consistent accounting policies. When necessary, adjustments are made in the subsidiaries' financial statements to align their accounting policies with those of the Company. All the assets, liabilities, results, income, expenses and cash flows of the same group, related to transactions between members of the Company, are totally eliminated in the consolidation.

The variation in the subsidiary's equity interest, with no loss of control, is accounted for as equity transaction.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.5. Basis of consolidation (Continued)

If the Company loses the control it exercises on a subsidiary, the correspondent assets (including any goodwill) and the subsidiary's liabilities are written off by their carrying amount at the date the control was lost and the carrying amount of any non-controlling interests is written off at the date the control was lost (including any components of other comprehensive income attributable to them). Any difference arising from it, as gains or loss, is accounted for as result. Any retained investment is recognized at its fair value at the date the control is lost.

2.6. Investment in associates and joint venture

Associate is an entity on which the Company exercises material influence. Material influence is the power to take part in the decisions about financial and operating policies of an investee, but with no individual or joint control of these policies.

Joint venture is a joint business according to which the integral parties that hold the business joint control have rights on the assets and have obligation on the liabilities related to the business. These parties are called joint operators. Joint control is the sharing, contractually agreed, of the business control, which exists only when decisions about the material activities require the unanimous agreement of the parties that share the control.

The considerations carried out in the establishment of significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investment in its associate and joint ventures are accounted for based on the equity accounting method.

Based on the equity accounting method, the investment in associate or joint venture is initially recognized at cost. The investment's carrying amount is adjusted for the purpose of recognition of the variations in the Company's interest in the net equity of the associate or joint venture as from the acquisition date. The goodwill related to the associate or joint venture is included in the investment carrying amount, but it is not amortized nor separately tested for impairment of assets purpose.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.6. Investment in associate s and joint ventures (Continued)

The statement of income reflects the Company's interest in the operating results of the associate or joint venture. Likely variation in other comprehensive income of these investees is presented as part of the Company's other comprehensive income. Furthermore, whenever there is variation directly recognized in the equity of the associate or joint venture, the Company will recognize its interest in any variations, whenever applicable, in the statement of changes in equity. Unrealized gains and losses arising from transactions between the Company and the associate or joint venture are eliminated in the proportion to the interest in the associate or joint venture.

The sum of the Company's interest in the results of an associate or joint venture is presented in the statement of income, representing the result after the taxes and the non-controlling interest in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same disclosure period of the Company's. Whenever necessary, adjustments are made in order that the accounting policies are aligned with the Company's.

After the equity accounting method is used, the Company determines whether it is necessary to recognize additional loss on the recoverable value of the Company's investment in its associate or joint venture. The Company determines, at each reporting date, whether there is objective evidence that the investment in the associate or joint venture was impaired. . If so, the Company calculates the impairment amount as the difference between the recoverable amount of the associate or joint venture and the carrying amount and recognizes the loss as "Profit share of associate and joint venture", in the statement of income.

When the Company loses significant influence over the associate or joint control over the joint venture, it measures and recognizes any investment retained at fair value. Likely difference between the carrying amount of the associate or joint venture, at the moment of the loss of significant influence, and the fair value of the retained investment and the results of the disposal are recognized in the result.

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.7. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on their classification as current or non-current. An asset is classified as current when:

- It is expected that it is realized, or it is intended that it is sold or consumed during the normal course of the entity's operating cycle.
- It is essentially maintained for trade purposes.
- It is expected that it is realized in up to 12 months from the balance date.
- It is cash or cash equivalent (as defined in the Technical Pronouncement CPC 03 - Statements of cash flows), unless its exchange or use for settlement of liability is forbidden within 12 months from the balance date.

All the other assets are classified as non-current. A liability is classified as current when:

- It is expected it is settled during the entity's normal operating cycle.
- It should be settled within 12 months from the balance date.
- The entity has no unconditional right to differ the settlement of the liability within at least 12 months from the balance date.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8. Functional and presentation currency

The functional currency of the Company and its subsidiaries in Brazil and abroad is Real, same currency of preparation and presentation of the company and consolidated financial statements. All the financial information presented in Real were rounded to the nearest thousand, except when otherwise indicated.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.9. Segment reporting

An operating segment is a Company's component that develops business activities from which it is possible to obtain revenue and incur in expenses, including revenues and expenses related to transactions with Company's other components. Management often reviews all the operating results of the operating segments for the purpose of decision making about the resources to be allocated to the segment and for assessment of its performance, and to which individual financial information is available.

The segments' results that are reported to Management include items directly attributable to the segment, as well as those that may be allocated on a reasonable basis. The non-allocated items mainly comprise expenses of the headquarter and assets and liabilities of income tax and social contribution.

2.10. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with banks. The balances of this account are subject to immaterial risk of change in value. Therefore, an investment normally qualifies as a cash equivalent when it matures within short term, such as, for instance, within three months or less from the investment date.

2.11. Financial instruments

A financial instrument is an agreement that gives rise to a financial asset of an entity and to a financial liability or equity instrument of other entity.

Financial assets

Initial recognition and measurement

Financial assets on initial recognition are measured at amortized cost, and subsequently measured at fair value through other comprehensive income or at fair value through profit or loss.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.11. Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

The classification of the financial assets in the initial recognition depends on the characteristics of the contractual cash flows of the financial asset and of the Company's business model for the management of these financial assets. Except for the trade receivables that do not contain a significant financing component or to which the Company has used a practical expedient, the Company initially measures a financial asset at fair value plus the transaction costs, in the case of a financial asset not measured at fair value through profit or loss. Trade receivables that do not contain a significant financing component or to which the Company has used a practical expedient are measured at the transaction price determined according to CPC 47. See accounting policies in Note 2.24 - Revenue recognition.

In order that a financial asset is classified and measured at amortized cost or at fair value through other comprehensive income, it needs to generate cash flows that are "exclusively payments of principal and interest" (also called "SPPI" test) on the amount of the outstanding principal. This evaluation is carried out at instrument level.

The Company's business model to manage financial assets refers to the way it manages its financial assets to generate cash flows. The business model determines whether cash flows will result in the charge of contractual cash flows, in the sale of financial assets or both.

The purchases or sales of financial assets that require the delivery of assets within a term established by market regulation or agreement (regular negotiations) are recognized at the negotiation date, i.e., the date the Company commits to purchase or sell the asset.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.11. Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement

Financial assets at amortized cost (debt instruments)

The Company measures the financial assets at amortized cost if both of the following conditions are met: (a) the financial asset is maintained within the business model whose objective is to maintain financial assets in order to receive contractual cash flows; and (b) the contractual terms of the financial asset give rise, at specified dates, to cash flows that exclusively constitute payment of principal and interest on the amount of the outstanding principal.

The financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized when the asset is written off, modified or impaired.

The Company's financial assets at amortized cost include trade receivables, loans and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, and financial assets to be mandatorily measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchase within short term. Derivatives, including separate embedded derivatives, are also classified as held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows other than exclusive payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model adopted. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments can be designated at fair value through profit or loss on initial recognition if this eliminates, or significantly reduces accounting mismatch.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.11. Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

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

Financial assets at fair value through profit or loss are presented in the balance sheet at fair value, with the net changes in fair value recognized in the statement of income.

This category includes derivative instruments and listed equity investments, which the Company has not irrevocably classified as at fair value through other comprehensive income. Dividends on listed equity investments are recognized as other income in the statement of income when the right to payment has been vested.

An embedded derivative in a hybrid contract with a financial liability is bifurcated from the liability and accounted for as a separate derivative if: a) the economic characteristics and risks are not strictly related to the economic characteristics and risks of the main contract; b) the separate instrument, with the same terms as those of the embedded derivative, meets the definition of derivative; and c) the hybrid contract is not measured at fair value, with changes recognized in the statement of income. Embedded derivatives are measured at fair value, with changes in fair value recognized in profit or loss. A revaluation only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset not within the category of fair value through profit or loss category.

The Company's financial assets at fair value through profit or loss mainly include the financial investments and derivative instruments.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.11. Financial instruments (Continued)

Financial assets (Continued)

Derecognition

A financial asset (or, when applicable, a portion of a financial asset or a portion of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows expire.
- The Company transferred its rights to receive cash flows of the asset or assumed an obligation to fully pay, with no significant delay, the cash flows received to a third-party in the terms of an onlending agreement and (a) the Company substantially transferred all the risks and benefits of the asset, or (b) the Company did not transfer nor substantially retain all the risks and benefits of the asset, but transferred the asset control.

When the Company transfers its rights to receive cash flows of an asset or enters into an onlending agreement, it assesses whether it retained the risks and benefits of the property and to what extent. When the Company did not transfer nor substantially retain all the risks and benefits of the asset, and it did not even transfer the asset control, it continues recognizing the transferred asset to the extent of its continued involvement. In this case, the Company also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained by the Company.

The continuous involvement in the form of guarantee on a transferred asset is measured at the lower between (i) the asset value and (ii) the maximum value of the consideration received that the entity may be obliged to reimburse (guarantee value).

Impairment of financial assets

The Company recognizes a provision for expected credit losses for all the debt instruments not held at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows due according to the agreement and all the cash flows that the Company expects to receive, discounted at an effective interest rate that is near the transaction original rate. The expected cash flows will include cash flows from the sale of related guarantees or other credit improvements that are an integral part of the contractual terms.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.11. Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The expected losses of credit are recognized in two steps. For the credit exposures to which there has been no significant increase in the credit risk since the initial recognition, the expected credit losses are provided for credit losses resulting from possible default events in the next 12 months (expected credit loss of 12 months). For the credit exposures to which there has been significant increase in the credit risk since the initial recognition, it is necessary a provision for expected credit loss during the exposure remaining life, regardless the default moment (lifetime expected credit loss).

For trade receivables, the Company uses a simplified approach in the calculation of the expected credit losses. Therefore, the Company does not monitor the changes in the credit risk, but recognizes a provision for losses based on the lifetime expected credit losses at each base date.

The Company established a provisions matrix based on its historical experience of credit losses, adjusted for specific prospective factors for the debtors and for the economic environment.

For debt instruments at fair value through other comprehensive income, the Company uses a simplification of the low credit risk allowed. At each reporting date, the Company evaluates whether the debt instrument is considered as low risk credit using all the reasonable information available that is subject to grounding. When assessing, the Company reevaluates the internal classification of credit risk of the debt instruments.

Financial liabilities

Initial recognition and measurement

At initial recognition, the financial liabilities are classified as financial liabilities at fair value through profit or loss, borrowings and financings, payables, or as derivatives designated as hedge instruments in an effective hedge, as appropriate.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.11. Financial instruments (Continued)

Financial liabilities (Continued)

Initial recognition and measurement (Continued)

All the financial liabilities are initially measured at their fair value, more or less, in the case of financial liability that is not measured at fair value through profit or loss, the transaction costs that are directly attributable the issuance of the financial liability.

The Company's financial liabilities include trade and other payables, borrowings and financings, CRIs and debentures.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated at the initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired with the objective of sale or repurchase in the short term. This category also includes derivative financial instruments contracted by the Company that are not designated as hedge instruments in the hedge relationship defined by CPC 48. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedge instruments.

Gains or losses on liabilities for trading are recognized in the statement of income.

The financial liabilities designated at initial recognition at fair value through profit or loss are designated at the recognition initial date, and only if the criteria provided by CPC 48 are met.

The Company did not designate any financial liability at fair value through profit or loss, except for the derivative financial instrument.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.11. Financial instruments (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

ii) Amortized cost

This is the most relevant category for the Company. After the initial recognition, loans contracted are subject to interest that are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the result when the liabilities are written off by the amortization process of the effective interest rate.

The amortized cost is calculated considering any negative goodwill or goodwill in the acquisition and rates or costs that are an integral part of the effective interest rate method. The amortization using the effective interest rate method is included as finance costs in the statement of income.

This category is usually used for borrowings and financings, CRIs and debentures contracted, subject to interest. See Note 13 for more information.

Derecognition

A financial liability is written off when the obligation on the liability is extinct, i.e., when the obligation specified in the agreement is settled, cancelled or expires. When an existing financial liability is substituted for other from the same lender in substantially different terms or the terms of an existing liability are substantially changed, this exchange or amendment is treated as derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognized in the statement of income.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, realize the asset and settle the liability simultaneously.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.12. Present value adjustment of assets and liabilities

The long term monetary assets and liabilities are monetarily updated and, therefore, they are adjusted at present value. The present value adjustment of short term monetary assets and liabilities is calculated, and just registered, if it is considered relevant in relation to the financial statements taken as whole. For the purpose of registration and determination of relevance, the present value adjustment is calculated considering the contractual cash flows and the explicit interest rate, and in some cases the implicit one, of the respective assets and liabilities.

2.13. Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, in the case of adoption of hedge accounting, and if so, the nature of the item being hedged.

The fair value of the derivative instrument used for hedge purposes is disclosed in Note 5. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The Company does not have derivative contracts designated as hedge accounting.

2.14. Intangible assets

Intangible assets separately acquired are measured upon initial recognition at acquisition cost and later the accumulated amortization and the impairment are deducted, when applicable.

The intangible assets with finite useful life are amortized according to their estimated economic useful life and, when indications of impairment are identified, submitted to impairment testing. The intangible assets with indefinite useful life are not amortized, but they are submitted to annual impairment testing.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

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(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.14. Intangible assets (Continued)

The goodwill arising from the acquisition of subsidiaries and grounded on future profitability is recorded as intangible assets.

2.15. Investments

Investments in subsidiaries, joint ventures and associates where the Company has significant influence are accounted for using the equity method, plus goodwill or less gain on bargain purchase on the value added of the assets, when applicable.

2.16. Property and equipment

Property and equipment are stated at historical cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, when applicable.

Subsequent costs are capitalized to the extent that it is probable that future benefits associated with these costs will flow to the Company. Recurring repairs and maintenance are charged to the statement of income.

Depreciation of property and equipment is calculated using the straight-line method over their estimated economic useful lives, which are 10 years for machinery and equipment, 10 years for furniture and fittings, and 5 years for other components.

The asset depreciation methods, useful lives and residual values may be reviewed at the end of each reporting period and any resulting adjustments are recognized as changes in accounting estimates.

2.17. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or use in the provision of services or for administrative purposes. Investment properties are initially measured at cost and is depreciated over their useful life, which varies between 21 and 50 years.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.17. Investment properties (Continued)

Goodwill arising from the added value of assets recorded in subsidiaries is recorded as investment properties in the consolidated financial statements and depreciated using the straight-line method. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes capitalized borrowing costs, the cost of materials and direct labor, and other costs directly attributable to bringing the investment properties to a working condition for its intended use.

The Company and its subsidiaries record shopping malls in operation and under development as investment properties, given that these commercial properties are held for purposes of operating lease.

The costs related to the repurchase of retail location are aggregated to the values of the respective investment properties. The appropriation of the repurchases are carried out according to the lease term of the leased asset.

2.18. Impairment of non-financial assets

Management annually reviews the net carrying amount of the assets, with the objective of assessing events or changes in the economic, operating or technological circumstances that may indicate deterioration or impairment. If these evidences were identified and the net carrying amount exceeds the recoverable amount, a provision for impairment is constituted, adjusting the net carrying amount to the recoverable value.

The recoverable amount of an asset or of certain cash generating unit is defined as the higher of the value in use and the fair value less selling expenses.

In the estimate of the asset's value in use, the estimated future cash flows are discounted at their present value, using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash generating unit operates. The net amount is determined, whenever possible, based on firm sale contract a cumulative basis transaction, between knowledgeable and interested parties, adjusted by expenses attributable to the sale of the asset or, when there is no firm sale contract, based on the market price of an active market, or on the price of the latest transaction with similar assets.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.18. Impairment of non-financial assets (Continued)

In the case of the goodwill paid in the acquisition of investments, the recoverable amount is estimated every year. An impairment is recognized if the carrying amount of the goodwill allocated to Cash Generating Unit (CGU) exceeds its recoverable amount. The recoverable amount of the goodwill is calculated through its comparison with the fair value of the investment properties that gave rise to the goodwill. The assumptions used for the determination of the fair value of the investment properties are detailed in Note 11.

Impairments are recognized in the result. Recognized losses related to CGUs are initially allocated in the decrease of any goodwill allocated to this CGU and, subsequently, in the decrease of other assets of this CGU.

An impairment related to goodwill is not reversed. Regarding other assets, the impairments are reversed only if the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the impairment had not been recognized.

2.19. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.20. Provisions

Provisions are recognized for present obligations (legal or presumed) resulting from past events, in which it is possible to reliably estimate the accounts and whose settlement is probable. The amount recognized as provision is the best estimate of the considerations required to settle the obligation at the end of each reporting period, considering the risks and the uncertainties related to the obligation.

When the provision is measured based on the cash flows estimated to settle the obligation, its carrying amount corresponds to the present value of these cash flows (in which the effect of the time value of the money is material).

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.20. Provisions (Continued)

The Company is a party to many lawsuits and administrative proceedings. Provisions are constituted for all the lawsuits to which there will probably be an outflow to settle the contingency/obligation and a reasonable estimate can be made. The evaluation of the loss probability includes the evaluation of the available evidences, the hierarchy of the laws, the available jurisprudence, the most recent decisions in the courtrooms and their relevance in the legal framework. The provisions are reviewed and adjusted to consider changes in the circumstances, such as limitation period applicable, conclusions of tax inspections or additional exposures identified based on new matters or courtrooms decisions.

2.21. Share capital

Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax effects, when applicable.

2.22. Employee benefits

Employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for an amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

a) Share-based payment

The Company has a number of equity-settled, share-based compensation plans, under which it receives services from employees as consideration for equity instruments (options) of the Company.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.22. Employee benefits (Continued)

a) Share-based payment (Continued)

The fair value of share-based payment awards is recognized on the grant date as personnel expenses, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of shares for which the related service and non-market vesting conditions are expected to be satisfied, such that the amount ultimately recognized as an expense is based on the number of shares that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium, if applicable, when the options are exercised.

Any social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

b) Profit sharing

The Company recognizes a liability and an expense for profit-sharing based on a methodology that takes into consideration the profit attributed to the Company's stockholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.23. Taxation

The income from sales and services is subject to the following taxes and contributions, at the basic rates below:

Tax name	Acronym	Rates company and subsidiaries	
		Taxable income	Presumed Profit
Contribution for the Social Integration Program	PIS (Social Integration Program)	1.65%	0.65%
Contribution for the Social Security Financing Tax on Service	COFINS (Social Contribution on Revenues) ISS	7.6% 2% to 5%	3.0% 2% to 5%

These burdens are presented as deductions of sales in the statement of income. The credits arising from non-cumulative PIS/COFINS are presented in the lines related to taxes and contributions on sales and services in the statement of income.

Tax on income comprises the income tax and the social contribution. The income tax is calculated based on the 25% rate and social contribution on the 9% rate, recognized on an accrual basis.

As the tax law allows, some companies of Grupo Aliansce Sonae, which had annual income lower than R\$78,000 in the immediately previous year, opted for the presumed profit system. In these cases, the calculation basis of the income tax considered the rates of 8%, 32% and 100%, depending on the nature of the income, as provided by tax law. The calculation basis of the social contribution, in this scenario, was based on the following rates, 12%, 32% and 100%, also depending on the nature of the income.

Income tax and social contribution represent the taxes payable. The deferred income tax and social contribution are recognized on temporary differences and tax losses/negative basis of social contribution. We highlight that the deferred tax credits are recognized at the extent of the existence of consistent prospects of future positive bases.

The income tax and social contribution expense is divided into the current and the deferred effects.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.23. Taxation (Continued)

The current taxes are stated in assets/liabilities by their net amounts when the taxes payable and to offset have the same nature.

Similarly, the deferred income tax and social contribution are also stated by their net effects in assets/liabilities, as required by CPC 32.

2.24. Revenue recognition

Services

This refers to the rendering of services of brokerage and advisory for promotions and publicity, for lease and/or trade of commercial spaces (merchandise) and revenue with the shopping malls management. These revenues are recognized at the moment (or at the extent) it meets a performance obligation when transferring the control of a service to a customer.

Rental revenue and assignment of right to use

The Company and its subsidiaries recognize its rental revenue and assignment of right to use on a straight-line basis during the lease period, included as revenue in the statement of income due to its operating nature. These operations are classified as operating leases, once the Company does not substantially transfer all the risks and benefits of the ownership of the asset.

The lease agreements usually establish that the lessee must pay the higher amount between a minimum stipulated in contract and a variable, calculated through a percentage on the sales of each establishment. The minimum rentals are adjusted by regular fixed increases during the agreement term, double rental in December and by the inflation. According to CPC 06 (R2) / IFRS 16 - Leases, the minimum rental revenues, considering eventual effects of grace periods, discounts etc., less the inflation effects, should be recognized on a straight-line basis during the agreement term, and any excess of the variable rental is recognized when incurred, regardless the form it was received.

Similarly, the revenues from assignment of right to use are also recognized on a straight-line basis during the agreement term, as from the beginning of the lease term.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.24. Revenue recognition (Continued)

Parking lot revenue

This refers to the revenue with the exploration of the parking lot of the shopping malls appropriated to the result on an accrual basis.

Finance income

Interest income comprises income on financial investments, changes in the fair value of financial assets carried at fair value through profit or loss (including derivatives) and gains on derivative financial instruments. Interest income is recognized in the statement of income, using the effective interest method.

2.25. Dividends

The mandatory dividends to be distributed to the Company's stockholders are recognized as a liability in the financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved at the General Meeting.

2.26. Repurchase of shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes any costs directly attributable, is recognized as a deduction of equity. The repurchased shares are classified as treasury shares and stated as deduction of equity. When treasury shares are sold or reissued, subsequently, the amount received is recognized as increase in equity, and the gain or loss arising from the transaction is stated as capital reserve.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

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(All amounts in thousands of reais unless otherwise stated)

2. Presentation of financial statements and accounting policies (Continued)

2.27. Result per share

Basic result per share is calculated by dividing the profit attributable to the controlling stockholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding for the effects of dilutive potential common shares, as set out in CPC 41/IAS 33.

2.28. Statement of value added (“DVA”)

The objective of this statement is to evidence the wealth created by the Company and its distribution during certain period and the Company presents it as part of its company and consolidated financial statements, whose presentation is required by Brazilian Corporation Law for publicly listed company and as complementary information by IFRS that does not require the presentation of statement of value added.

2.29. Cash flow

The Company classifies in the statement of cash flows the interest paid as financing activity and the dividends received as investing activity because it understands that the interest represents costs for obtaining financial funds and dividends represent return of its investments.

3. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's consolidated financial statements requires that the Management makes judgments, estimates and adopts assumptions that affect the amounts presented as revenues, expenses, assets and liabilities and the respective disclosures, as well as the disclosure of contingent liabilities.

The consolidated financial statements were prepared with support in many evaluation bases used in the accounting estimates. The accounting estimates involved in the preparation of the financial statements were supported on objective and subjective factors, based on the management judgment for the determination of the appropriate amount to be recorded in the financial statements.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

3. Significant accounting judgments, estimates and assumptions (Continued)

Judgments (Continued)

The settlement of the transactions involving these estimates may result in amounts significantly diverging from those recorded in the financial statements due to the uncertainties inherent to the estimate process. The Company reviews its estimates at least once a year.

We describe below the Company's main estimates:

Measurement at fair value of investment properties

The Company discloses the fair value of its investment properties according to requirements of IAS 40 and / CPC 28. For investment properties, an evaluation methodology based on one discounted cash flow model was used, considering the absence of comparable market data due to the nature of the properties. The Company internally prepares the mentioned calculations. The main assumptions used to determine the fair value of the properties for disclosure purposes are detailed in Note 11.

Impairment of non-financial assets

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of the net fair value of the selling expenses and the value in use. The calculation of the net fair value of the selling expenses is based on available information of transactions of sales of similar assets or market prices less the selling expenses. The calculation of the value in use is based on the discounted cash flow model. The cash flows arise from the Company's budget and do not include reorganization activities to which the Company had not committed yet or significant future investments that will improve the assets base of the cash generating unit that is object of the test. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as to expected future cash receipts and to the growth rate used for extrapolation purposes. The main assumptions used to determine the recoverable amount of the many cash generating units, including the sensibility analysis, are detailed in Notes 11 and 12.

Provision for expected credit losses for receivables and contract assets

The Company uses a provision matrix to calculate the expected credit loss for receivables from rentals and assignment of right of use. The provision rates used are based on days of delay for grouping of many segments of customers that present similar loss patterns.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

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(All amounts in thousands of reais unless otherwise stated)

3. Significant accounting judgments, estimates and assumptions (Continued)

Judgments (Continued)

Provision for expected credit losses and contract assets (Continued)

The provision matrix is initially based on the historic loss rates observed by the Company. The Company prospectively reviews the matrix in order to adjust it according to the historic experience of credit loss. For example, if the economic conditions are expected to deteriorate in the following year (e.g., the gross domestic product), which may give rise to an increase in the default in the sector, the historic loss rates are adjusted. At all the reporting dates, the observed historic loss rates are updated and the changes in the prospective estimates are analyzed.

The evaluation of the correlation between the observed historic loss rates, the foreseen economic conditions and the expected credit losses are a significant estimate. The number of expected credit loss is sensitive to changes in the circumstances and in the foreseen economic conditions. The Company's credit loss historic experience and the foreseen economic conditions may also not represent the real pattern of the future customer. The information about the expected credit losses on the Company's receivables are disclosed in Note 8.

Realization of deferred tax credits

Deferred tax asset is recognized for all the tax losses not used to the extent that it is probable that there will be available taxable income to allow the use of the mentioned losses. Significant judgment by management is required to determine the amount of deferred tax assets that can be recognized, based on the probable term and level of future taxable income, together with strategies of future tax planning. These losses do not prescribe and cannot be used for the purpose of offset of taxable income in distinct entities. The offset of accumulated tax losses is restricted to a limit of 30% of the taxable income generated in certain fiscal year. For more details about deferred taxes, see note 17.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

3. Significant accounting judgments, estimates and assumptions (Continued)

Judgments (Continued)

Provisions for tax, civil and labor contingencies

The Company recognizes provision for tax, civil and labor lawsuits. The evaluation of the loss probability includes the evaluation of the available evidences, the hierarchy of the laws, the available jurisprudences, the most recent decisions in the courtrooms and their relevance in the legal framework, as well the evaluation of the internal and external lawyers. The provisions are reviewed and adjusted to consider changes in the circumstances, such as limitation period applicable, conclusions of tax inspections or additional exposures identified based on new matters or courtrooms decisions. The legal obligations are provided for, regardless of the loss estimate of the lawsuits related to it. For more details about provision for contingencies, see note 15.

4. Significant events occurred during the year

During the first quarter of 2022, the Company acquired through a fund of investments in shares of which it is the sole quotaholder, an investment in shares of BR Malls Participações S.A. ("Br Malls") in the amount of R\$624,069. Considering that this investment acquired does not ensure significant influence over the entity issuing the shares, the Company maintained this financial instrument classified as "Short-term investments", measured at its fair value through other comprehensive income. See Notes 7 and 18.

On April 29, 2022, the Company signed the Rationale and Protocol of Merger of Shares Issued by Br Malls Participações S.A. ("Br Malls") into Dolunay Empreendimentos e Participações S.A. ("Dolunay"), followed by the merger of Dolunay into the Company ("Rationale and Protocol"), for the purpose of (i) the merger of shares issued by Br Malls, by a subsidiary of the Company, with the issuance of Class A and B preferred shares, Class B preferred shares are immediately redeemable; and (ii) the subsequent merger of such entity into the Company ("Transaction").

On June 8, 2022, the stockholders of Br Malls and the Company the combination of their businesses, at their respective extraordinary general meetings. On November 17, 2022, this transaction was approved by CADE and on December 19, 2022, the boards of directors of both companies signed the conditions for closing the transaction, confirming the terms previously established in the rationale and protocol, as reproduced below:

- (i) Confirmed the fulfillment of all suspensive conditions for the consummation of the Transaction to date, as provided for in the Rationale and Protocol;

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Notes to company and consolidated financial statements (Continued)

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4. Significant events during the year (Continued)

- (ii) Confirmed that January 6, 2023 will be the date of consummation of the Transaction, which will be the reference date for defining the stockholders of Br Malls who will receive the shares issued by Aliansce Sonae;
- (iii) They attested that the Redemption Value per Share (according to the term defined in the Rationale and Protocol) will be paid in cash, in local currency and in a single installment, for each 1 common share issued by Br Malls - which will occur on January 20, 2023 for operational reasons. The Redemption Value per Share is equivalent to R\$1.6289, already considering all the adjustments provided for in the Rationale and Protocol and the pro rata die adjustment based on the projected variation of the CDI until January 13, 2023, in line with the provisions of the Rationale and Protocol; and
- (iv) They attested that the Final Number of Shares (according to the term defined in the Rationale and Protocol) is 0.3985 common shares issued by Aliansce Sonae for each common share issued by Br Malls, already considering all the adjustments provided for in the Rationale and Protocol.

Additionally, on December 19, 2022, at an Extraordinary General Meeting of the Company's stockholders, and at a Meeting of the Board of Directors, the new members of the board of directors and the executive board of the new Company created on January 6, 2023 were elected. The total costs incurred with the transaction was R\$112,746 and are recorded as Other operating expenses (Note 23).

The information on the closing the transaction is disclosed in Note 28, Event after the Reporting Period.

On April 1, 2022, Sierra Investimentos, a subsidiary of the Company, sold 5% of its interest in investee Alsotech Ltda. ("Alsotech"). This transaction generated a loss of R\$5,374, which was recognized directly in equity, as these are transactions between partners. After this sale, the Company maintained its interest in Alsotech at 95%.

On June 08, 2022, the Company sold its interest in associate 2008 Empreendimentos Comerciais S.A., a company that held a 50% interest in Boulevard Shopping Brasília, for the amount of R\$90,337. The transaction costs amounted to R\$56,314 (R\$26,314 referring to Investment costs and R\$30,000 to goodwill). Consequently, the gain arising from this sale totaled R\$34,023, which is recorded under "other income (costs), net" in the statement of income for the year. On the transaction date, the Company received R\$5,000; the remaining R\$85,337 will be paid in up to 12 months, subject to CDI variation, and is recorded under "Others" in current assets.

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4. Significant events during the year (Continued)

On August 1st, 2022, the stockholders who owned a 50% equity interest in the investee Gaudi withdrew their interest through a capital decrease; as a result, Gaudi is now wholly owned by the Company. Upon this restructuring, the Company recorded a gain of R\$12,530 due to Result of equity in the new investment, which is recorded under "Other income (costs), net". Accordingly, as from August, after obtaining control over this entity, the Company started to consolidate its investment. As a result, out of the balance of R\$67,224 recorded in the Consolidated Financial Statements, the amount of R\$62,012 was transferred to Investment Properties and R\$5,212 was transferred to other line items under assets and liabilities. It is worth noting that all of assets and liabilities of Gaudi were already recorded at fair value on the restructuring date.

On September 29, 2022, the Company sold the entire interest it held in Shopping Uberlândia, for the amount of R\$185,000, received in cash. The transaction cost was R\$231,111 (R\$217,909 referring to investment properties and R\$13,202 to other net assets). The loss arising from this sale is recorded under "other income (costs), net" in the statement of income for the year.

On October 21, 2022, the Company concluded the sale of its entire interest in Boulevard Londrina Shopping for R\$160,954, which includes an estimate of the expected variable remuneration ("earn-out"), based on the shopping mall's performance in 2023. On the transaction date, an installment of R\$35,000 was received and the remaining amount will be received within one year, monetarily adjusted based on the CDI rate, and is recorded under "Others" in current assets. The residual accounting cost of the asset sold was R\$180,356 (R\$172,003 for investment properties and R\$8,353 for other net assets). The loss arising from this sale is recorded under "other income (costs), net" in the statement of income for the year. On the same date, the Company sold its entire interest in Shopping Vila Velha for R\$39,279, of which R\$5,000 was received in cash. The remaining amount will be received within one year, monetarily adjusted based on the CDI rate, and is recorded under "Others" in current assets. The residual accounting cost of the asset sold is R\$38,029 (R\$36,952 for investment properties and R\$1,077 for other net assets). The gain arising from this sale is recorded under "other income (costs), net" in the statement of income for the year.

On October 27, 2022, the Company sold 2.22% of its interest in Fundo de Investimento Via Parque for R\$10,000, received on the transaction date. The cost of this transaction was R\$8,459 (R\$8,208 recorded as investment properties and R\$251 as goodwill) and the transaction gain is recorded under "other income (costs), net" in the income statement for the year.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

4. Significant events during the year (Continued)

On November 11, 2022, the Company sold subsidiary ALSO Participações, an entity established to be an investment holding company and shopping mall manager, for R\$14,458, which is recorded under "Others" in non-current assets. The receivable balance will be updated by IPCA + 3% per year and has a period up to 120 months for receipt. The gain of R\$13,960 from this sale is recorded under "other income (costs), net" in the statement of income for the year.

On November 25, 2022, the Company sold land in Barra da Tijuca - Rio de Janeiro, for R\$50,000, which R\$2.500 was received until the end of the year. The outstanding balance is recorded under "Others" in non-current assets. The Company already had a provision for loss on this operation, so that the actual result was an additional loss of R\$27,672, which is recorded in "other income (costs), net" in the statement of income for the year.

The balances receivable at the end of the year for the sale of these assets described above is shown in Note 8.2.

5. Financial risk management

5.1. Financial risk factors

The Company may be exposed to the following risks according to its activity:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operating risk.

This Note presents information on the Company's exposure to the above-mentioned risks, the Company's goals, risk management policies, and the Company's capital management. Additional quantitative disclosures are included throughout these financial statements.

l) Credit risk

The Company's credit risk is characterized by the non-performance by a customer or counterparty in a financial instrument of their contractual obligations. The Company's operations consist of leasing of commercial spaces and management of shopping malls.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

l) Credit risk (Continued)

The lease contracts are regulated by the Lease Law. The customer portfolio is diversified and is constantly monitored with the objective of reducing losses due to default. Leases may feature a guarantor, which mitigates the Company's credit risk.

Accounts receivable from rent and other receivables are related mainly to the storeowners of the shopping malls in which the Company has an interest. The Company establishes a provision for impairment that represents its estimate of losses incurred in relation to trade receivables and other receivables and investments.

The Company monitors its receivables portfolio periodically. Its lease activity has specific rules in relation to default, the department of operations and the legal department are active in the negotiations with debtors. The retail location of the shopping malls when taken back or returned is immediately renegotiated with another storeowner.

The measure adopted to mitigate the credit risk is always to maintain a good quality of storeowners in the shopping malls and an active commercial area for an immediate filling of any potential vacancy in the venture.

Part of the Company's revenues, such as revenues from parking lot and services provision, have a very low credit risk.

Management considers that maximum exposure to credit risk of its financial assets is represented by the accounts receivable recorded in the balance sheet of the Company. Credit risk of its customers is estimated and disclosed in Note 8. All cash and cash equivalents are invested in financial institutions that meet the minimum rating threshold assigned by the largest global rating firms (Moody's, Austin, S&P's, Fitch) and therefore the Company does not consider such instruments as having significant credit risk.

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

II) Liquidity risk

Investment decisions are made in light of their impact on the long-term cash flow (60/120 months). The Company's guideline is to work with assumptions of minimum cash balances, which vary according to the schedule of investments, and of financial coverage of our obligations, where the projected cash generation has to surpass the contracted obligations (financing, construction works, acquisitions), thus mitigating the refinancing risk of debts and obligations. To finance buildings under construction, the Company seeks to structure long-term operations in the financial market, with a grace period to align them with expected cash generation.

Included below is the nominal cash flow of the main financial liabilities as at December 31, 2022 and December 31, 2021.

December 31, 2022	Company						
	Carrying amount	Contractual cash flow	6 months or less	06-12 months	01-02 years	02-05 years	Over 5 years
Non-derivative financial liabilities							
Borrowings and financings	64,261	110,729	5,450	5,482	11,989	43,292	44,516
Trade payables	14,665	14,665	14,665	-	-	-	-
Debentures	2,668,070	3,848,532	519,328	266,773	320,332	1,802,831	939,268
Derivative financial instruments							
Swap (debentures)	54,191	114,332	(1,018)	(777)	(1,099)	9,924	107,302
	2,801,187	4,088,258	538,425	271,478	331,222	1,856,047	1,091,086
December 31, 2021	Company						
	Carrying amount	Contractual cash flow	6 months or less	06-12 months	01-02 years	02-05 years	Over 5 years
Non-derivative financial liabilities							
Borrowings and financings	65,499	109,638	4,939	5,013	10,766	35,469	53,451
Trade payables	13,245	13,245	13,245	-	-	-	-
Debentures	1,563,606	2,182,512	248,730	264,618	626,566	338,901	703,697
Derivative financial instruments							
Swap (debentures)	(4,736)	(58,598)	13,764	16,399	21,312	19,862	(129,935)
	1,637,614	2,246,797	280,678	286,030	658,644	394,232	627,213

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

II) Liquidity risk (Continued)

December 31, 2022	Consolidated						
	Carrying amount	Contractual cash flow	6 months or less	06-12 months	01-02 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Borrowings and financings	254,476	345,685	38,716	38,875	79,197	144,380	44,517
Trade payables	36,530	36,530	36,530	-	-	-	-
Obligations for purchase of assets	111	111	111	-	-	-	-
Debentures	2,668,070	3,848,532	519,328	266,773	320,332	1,802,831	939,268
Real estate credit note (CCIs)	133,221	170,928	23,792	22,143	47,182	77,811	-
Derivative financial instruments							
Swap (debentures)	54,191	114,332	(1,018)	(777)	(1,099)	9,925	107,301
	3,146,599	4,516,118	617,459	327,014	445,612	2,034,947	1,091,086

December 31, 2021	Consolidated						
	Carrying amount	Contractual cash flow	6 months or less	06-12 months	01-02 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Borrowings and financings	301,000	405,705	37,990	38,206	77,450	180,074	71,985
Trade payables	34,175	34,175	34,175	-	-	-	-
Obligations for purchase of assets	110	110	110	-	-	-	-
Debentures	1,563,606	2,182,512	248,730	264,618	626,566	338,901	703,697
Real estate credit note (CCIs)	158,985	210,580	22,717	21,527	44,911	92,648	28,777
Derivative financial instruments							
Swap (debentures)	(4,736)	(58,598)	13,764	16,399	21,312	19,862	(129,935)
	2,053,140	2,774,484	357,486	340,750	770,239	631,485	674,524

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

III) Market risk

The Company, as well as the retail segment, is exposed to inflationary risk, as this puts pressure on household income and may, as a result, reduce retail consumption. Different levels of inflation are used in the projection models used for determination of strategies, in order to establish scenarios for the Company's development.

Another risk to which the Company is exposed is the risk of increase of interest rates and of price indices, as the Company raises funds indexed to them. However, in order to mitigate this effect over the medium and long term, whenever possible, the Company opts for low volatility indices to be able to estimate its future outlays more accurately.

The market risk is divided into: foreign currency, interest rate and fair value risks.

a) *Foreign exchange rate risk*

The Company is not subject to foreign exchange risks as all of its collection and payment transactions are carried out in Brazilian currency. Furthermore, the Company does not have assets and liabilities subject to foreign currency fluctuations.

b) *Interest rate risk*

The analysis of the Company's net exposure to the interest rate risk is as follows:

	Carrying amount			
	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Interest rate financial instruments				
Financial assets	2,206,204	1,034,487	2,664,993	1,326,906
Financial liabilities	(2,746,996)	(1,707,632)	(3,092,408)	(2,127,929)
	(540,792)	(673,145)	(427,415)	(801,023)
Derivative financial instruments				
Financial assets	(54,191)	4,736	(54,191)	4,736
	(54,191)	4,736	(54,191)	4,736

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

III) Market risk (Continued)

b) *Interest rate risk* (Continued)

Sensitivity analysis of interest rates

In accordance with CPC 40 (R1) Financial Instruments: Disclosures, the Company shall disclose a sensitivity analysis for any market risks deemed as significant by management, arising from financial instruments, to which the Company is exposed at the end of each year, including all the transactions with derivative financial instruments.

Financial assets

The financial assets are concentrated in floating-rate investments with the above-mentioned characteristic.

Financial liabilities (type of risk exposure)

For calculation of the sensitivity analysis, the annual projection of the risk variables was carried out based on the market rate projection, which the Brazilian Central Bank makes available. The probable scenario is that scenario worked by Management and can be understood as the estimated balance of the borrowings and financings CCI's and Debentures at the end of the current year. An adverse change of 25% and 50% in the respective risk variables were considered in Scenarios II and III. Management does not apply a sensitivity analysis to the TR risk variation since it understands that this variable is neither volatile nor significantly sensitive to changing interest rates and any potential changes of 25% and 50% in this rate do not have a material impact on the fair value of the Company's debts tied to TR.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

III) Market risk (Continued)

b) *Interest rate risk* (Continued)

Financial liabilities (type of risk exposure) (Continued)

The tables below show the sensitivity analysis of the Company's Management and the cash effect of transactions outstanding at December 31, 2022, as well as the amounts of indexes used in the forecasts.

Operation	Risk variable	Carrying amount	Company		
			Scenario I (probable)	Scenario II (+25%)	Scenario III (+50%)
CDI	Increase of CDI	(2,105,078)	(2,104,431)	(2,123,842)	(2,143,388)
IPCA	IPCA increase	(605,141)	(566,816)	(573,576)	(580,402)
Swap (debentures)	Increase of CDI	(54,191)	(54,191)	(110,486)	(172,899)
Consolidated					
Operation	Risk variable	Carrying amount	Scenario I (probable)	Scenario II (+25%)	Scenario III (+50%)
CDI	Increase of CDI	(2,105,078)	(2,104,431)	(2,123,842)	(2,143,388)
IPCA	IPCA increase	(605,141)	(566,816)	(573,576)	(580,402)
IGP-DI	Increase of IGP-DI	(59,524)	(38,027)	(38,422)	(38,821)
Swap (debentures)	Increase of CDI	(54,191)	(54,191)	(110,486)	(172,899)
December 31, 2021					
Index			Scenario I Probable	Scenario II (+25%)	Scenario III (+50%)
TR			1.80%	2.25%	2.70%
IPCA			5.30%	6.63%	7.95%
CDI			13.65%	17.06%	20.48%
IGP-DI			3.75%	4.68%	5.62%

For each scenario, a gross finance cost was calculated, not taking into account the levy of taxes and the maturity flow of each agreement programmed to 2022.

There are no material changes in the equity position of the financial liabilities in the different scenarios shown above, because a great part of the interest is provided for and paid within the same year. However, the Company understands that an increase in the interest rate, in the indexes or in both may give rise to a material increase in the finance costs, causing a negative impact on the Company's finance result.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

III) Market risk (Continued)

c) *Determination of fair value*

Management's understanding is that financial assets and liabilities not presented in this Note are stated at carrying amount, which approximates their fair value.

The fair values of the financial liabilities, together with the carrying amounts presented in the balance sheet, are as follows:

Instruments	Company			
	December 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings and financings	72,017	68,083	73,945	68,757
Debentures	2,710,219	2,682,374	1,690,756	1,644,712
Total borrowings	<u>2,782,236</u>	<u>2,750,457</u>	<u>1,764,701</u>	<u>1,713,469</u>
Total borrowing cost	<u>(44,763)</u>		<u>(22,851)</u>	
Total fair value of debts assumed in business combinations	<u>7,745</u>		<u>12,143</u>	
Total fair value on debt renegotiation	<u>(3,930)</u>		<u>(7,266)</u>	
Total partial repurchase of company-issued debentures	<u>(5,562)</u>		<u>(114,227)</u>	
Total gain on debenture repurchase transaction	<u>(3,395)</u>		<u>(3,395)</u>	
Total net borrowings	<u>2,732,331</u>		<u>1,629,105</u>	

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

III) Market risk (Continued)

c) *Determination of fair value* (Continued)

Instruments	Consolidated			
	December 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings and financings	271,958	250,547	322,515	296,198
CRIs	138,022	134,575	165,954	162,676
Debentures	2,710,218	2,682,374	1,690,756	1,644,712
Total borrowings	3,120,198	3,067,496	2,179,225	2,103,586
Total borrowing cost	(50,445)		(30,243)	
Total fair value of debts assumed in business combinations	11,103		16,844	
Total fair value on debt renegotiation	(16,132)		(24,612)	
Total partial repurchase of company-issued debentures	(5,562)		(114,227)	
Total gain on debenture repurchase transaction	(3,395)		(3,395)	
Total net borrowings	3,055,767		2,023,592	

Fair value hierarchy

The table below classifies financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

III) Market risk (Continued)

c) *Determination of fair value* (Continued)

Fair value hierarchy (Continued)

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Management understands that the fair values applicable to the Company's financial instruments frame within Level 2.

Criteria, assumptions and limitations used in the calculation of fair value

The estimated fair values of the financial instruments assets and liabilities of the Company and its subsidiaries were calculated as described below.

Cash and cash equivalents and short-term investments

Bank accounts have their fair values identical to the carrying amounts.

Bank Certificates of Deposit (CDB), debentures and repurchase agreements- stated at fair value based on the probable realizable value.

For other short-term investments, the fair value was calculated based on the market quotations of these securities; when there were no quotations, they were based on the future cash flows discounted at the average interest rates available.

Trade receivables

The balances of trade receivables have fair values similar to the accounting balances.

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Notes to company and consolidated financial statements (Continued)

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(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

III) Market risk (Continued)

c) *Determination of fair value* (Continued)

Derivative financial instruments

In May 2017, the Company entered into a Swap agreement with Goldman Sachs for the 2nd Series of the 4th private issuance of simple debentures, non-convertible into shares, up to two series, of unsecured type to be converted in real guarantee, in the amount of R\$72,111. The term of the derivative financial instrument is the same as the original operation, being the last installment in October 2024.

The fair values of swap instruments were obtained through the difference between the future payment flows of rates in each position and then the resulting flow was discounted at the forecast annual rate of SELIC, release by the Central Bank of Brazil. In the CDI x IPCA swap, the Company has, on one side, CDI + 1.25% and, on the other, IPCA + 6.5727%, the projection of the FOCUS report had been used which is made available by the Brazilian Central Bank.

In July 2021, the Company entered into a Swap agreement with XP Investimentos for the 4th private issuance of simple debentures, non-convertible into shares, single series, of unsecured type in the amount of R\$415,798. The debentures are backing the 347th series of the 1st issuance of Certificates of Real Estate Receivables ("CRI") by RB Sec Companhia de Securitização ("Securitizer"). The derivative financial instrument has the same original term of operation, with the last installment in July 2028. In the CDI x IPCA swap, the Company has, on one side, CDI + 1.23% and, on the other, IPCA + 4.6197%. This transaction was settled on November 21, 2022. On the same date, the Company contracted a new derivative financial instrument, maintaining the same conditions related to notional amount and transaction term, but with other conditions related to rates. In the new swap contract that exchanges IPCA index for CDI, the Company has a liability position of the CDI + 1.18% and an asset position of the IPCA + 4.6197%.

The fair values of swap instruments were obtained through the difference between the future payment flows of rates in each position and then the resulting flow was discounted at the forecast annual rate of SELIC, released by the Central Bank of Brazil, using the projection of the FOCUS report also released by the Central Bank of Brazil.

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Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

III) Market risk (Continued)

c) *Determination of fair value* (Continued)

Limitations

The fair values were estimated at the balance sheet date, based on “market material information”. The changes in the assumptions may significantly affect the presented estimates.

The estimated fair value for the derivative financial instrument contracted by the Company was determined by use of information available in the market and specific valuation methodologies.

IV) Operating risk

As the Company's revenue is directly related to the Company's ability to lease the retail spaces of its real estate ventures, Management periodically monitors its operating conditions in order to anticipate possible impacts. For this purpose, in the maintenance of its ventures and in new developments and expansions, specialized companies with widely known operational qualification are engaged to keep track of the physical and financial schedule and performance of construction works and improvements in order to ensure the fulfillment of the approved budget.

Nevertheless, the sale of the retail spaces is made by a team from the Company in order to ensure negotiations with storeowners that are aligned with the marketing and mix strategy of the shopping malls.

Risks are reviewed monthly by the operations and financial management areas that generate monitoring reports. If situations of deviation are identified, reviews of the Company's strategies are submitted for approval by the Executive Board for deployment.

The Executive Board keeps track of the performance of the shopping malls in operation and under development, based on a budget approved annually. This system allows the monitoring and prior validation of outlays in relation to the budget as well as the financial and operating performance of investments, in the same way as the growth of liquidity is monitored with a focus on the short and long terms.

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Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

5. Financial risk management (Continued)

5.1. Financial risk factors (Continued)

IV) Operating risk (Continued)

Capital management

Financial Management, as well as the other areas, seeks a balance between profitability in relation to the risk incurred, so as not to expose its assets or suffer with sudden price or market fluctuations. In order to obtain a healthy capital management, the Company has the policy of preserving liquidity, monitoring the short and long term cash flow.

There has been no alteration in the Company's capital management policy in relation to previous years and the Company and its subsidiaries and joint ventures are not subject to external capital requirements imposed.

The net debt and equity ratio are as follows:

	Consolidated	
	December 31, 2022	December 31, 2021
Borrowings and financings	3,055,767	2,023,591
Obligations for purchase of assets	111	110
Total	3,055,878	2,023,701
(-) Cash and cash equivalents	(18,256)	(14,862)
(-) Short-term investments	(2,646,738)	(1,326,907)
(-) Derivative financial instruments	54,190	(4,736)
Net debt (A)	445,074	677,196
Total equity (B)	7,877,031	7,809,986
Net debt /equity ratio (A/B)	5.65%	8.67%

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

6. Segment reporting

Segment reporting is used by the Company's senior management to make decisions about resources to be allocated to a segment and assess its performance.

The Company's reportable segments, in accordance with technical pronouncement CPC 22 (IFRS 8) - "Operating Segments" are as follow:

- Rent: refers to the operating leases of the shopping malls classified as investment properties by the Company. It is important to note that the segment includes rent, assignment of right of use and transfer fee revenue;
- Parking lot: refers to the operation of the parking lot of the shopping mall;
- Rendering of services: involves the trading, rental and condominium management and development/planning services carried out in shopping malls owned by the Company and third parties.

The Company's management monitors the operating results of its business units in a segregated manner in order to make decisions on the allocation of resources and better use of their sources. The performance of each segment is measured based on the gross result of its consolidated financial statements. Some income and expenses (finance income, finance cost, general and administrative expenses, income tax and social contribution), as well as assets and liabilities, are not subject to analysis by operating segment, since Management believes that the items not considered in the analysis are indivisible, with corporate and less relevant characteristics for decision making, as regards the operating segments defined here. Revenues and costs among subsidiaries are eliminated upon consolidation.

Item	Consolidated							
	December 31, 2022				December 31, 2021			
	Rent	Parking lot	Services	Total	Rent	Parking lot	Services	Total
Net revenue (1)	838,487	180,005	92,829	1,111,321	712,949	125,255	99,473	937,677
Cost	(231,411)	(25,625)	(52,963)	(309,999)	(230,561)	(22,338)	(47,894)	(300,793)
Gross result	607,076	154,380	39,866	801,322	482,388	102,917	51,579	636,884

(1) Net of taxes on revenue (Social Integration Program (PIS), Social Contribution on Revenue (COFINS) and Service Tax (ISS)), discounts and cancellations.

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(All amounts in thousands of reais unless otherwise stated)

7. Short-term investments

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Bank Certificate of Deposits (CDB)	978,125	638,843	1,206,364	803,271
Fund Gaia (i)	-	-	10,770	4,760
Fixed-income fund	47,023	186,655	233,246	304,999
Financial bill	442,158	109,381	442,158	109,381
Government Bonds NTN-C	92,104	90,687	92,104	90,687
Shares of Br Malls (ii)	585,928	-	585,928	-
Repurchase agreements (iii)	44,739	-	66,660	-
Other short-term investments	7,699	8,921	9,508	13,809
	2,197,776	1,034,487	2,646,738	1,326,907
Current assets	2,105,672	943,800	2,543,865	1,231,460
Non-current assets (i)	92,104	90,687	102,873	95,447

(i) Balance of investments held in a Separate Reserve Fund of Gaia Securitizadora S.A. as provided for in the assignment contract of the real estate credit notes (CCIs) issued by Tarsila (Note 13).

(ii) As mentioned in Note 4, the investment in Br Malls' shares was carried out through Regatas Fundo de Investimento em Ações and is measured at its fair value through other comprehensive income.

(iii) The amount of R\$14,670 was invested in government bonds through Regatas Fundo de Investimento em Ações, of which the Company is the sole quotaholder.

As at December 31, 2022, Bank Certificate of Deposits, Fixed-income fund and Financial bill have interest rate between 80% and 110% of the Interbank Deposit Certificate (CDI), with original maturity until 2024 (90% to 120% with original maturity until 2031 as at December 31, 2021). Government bonds NTN-C are remunerated at IGPM + 3.3% on December 31, 2022 and 2021 with original maturity until 2031. As at December 31, 2022, the Buyback transactions have interest rates between 80% and 94% of the Interbank Deposit Certificate (CDI)

8. Trade receivables

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Rentals	61,546	40,019	277,250	273,815
Parking lot	4,144	1,228	18,787	9,867
Services provision	11,854	10,413	26,131	18,221
Assignment of right of use	516	934	5,271	8,873
Condominium fees	21,670	17,609	90,880	88,500
Others	1,904	1,320	6,967	6,512
	101,634	71,523	425,286	405,788
Straight-line rent	29,681	28,734	165,022	243,027

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

Provision for expected credit losses ("ECL")	(69,748)	(53,328)	(267,742)	(248,270)
	61,567	46,929	322,566	400,545

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

8. Trade receivables (Continued)

The aging of receivables is as follows:

Company	Balance falling due	Overdue balance				Total
		< 90 days	91-180 days	181-360 days	>360 days	
Rentals	24,068	1,798	1,767	5,609	28,304	61,546
Parking lot	4,144	-	-	-	-	4,144
Services provision	1,862	216	466	985	8,325	11,854
Assignment of right of use	73	25	37	117	264	516
Condominium fees	-	-	-	2,350	19,320	21,670
Others	41	17	1	155	1,690	1,904
Total at December 31, 2022	30,188	2,056	2,271	9,216	57,903	101,634

Straight-line rental (a) **29,681**

Provision for expected credit losses
("ECL") **(69,748)**

Net balance at December 31, 2022 **61,567**

Company	Balance falling due	Overdue balance				Total
		< 90 days	91-180 days	181-360 days	>360 days	
Rentals	14,749	2,655	2,555	4,062	15,998	40,019
Parking lot	1,228	-	-	-	-	1,228
Services provision	1,706	645	617	619	6,826	10,413
Assignment of right of use	592	64	21	-	257	934
Condominium fees	-	-	1,025	3,335	13,249	17,609
Others	-	16	-	3	1,301	1,320
Total at December 31, 2021	18,275	3,380	4,218	8,019	37,631	71,523

Straight-line rental (a) 28,734

Provision for expected credit losses
("ECL") (53,328)

Net balance at December 31, 2021 **46,929**

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

8. Trade receivables (Continued)

Consolidated	Balance falling due	Overdue balance				Total
		< 90 days	91-180 days	181-360 days	>360 days	
Rentals	113,163	11,227	9,141	21,506	122,213	277,250
Parking lot	18,787	-	-	-	-	18,787
Services provision	12,413	1,306	1,169	1,484	9,759	26,131
Assignment of right of use	1,260	580	542	797	2,092	5,271
Condominium fees	-	-	46	11,716	79,118	90,880
Others	225	281	412	606	5,443	6,967
Total at December 31, 2022	145,848	13,394	11,310	36,109	218,625	425,286
Straight-line rental (a)						165,022
Provision for expected credit losses ("ECL")						(267,742)
Net balance at December 31, 2022						<u>322,566</u>

Consolidated	Balance falling due	Overdue balance				Total
		< 90 days	91-180 days	181-360 days	>360 days	
Rentals	116,566	16,192	10,848	22,978	107,231	273,815
Parking lot	9,867	-	-	-	-	9,867
Services provision	5,701	1,177	755	811	9,777	18,221
Assignment of right of use	5,647	623	609	117	1,877	8,873
Condominium fees	-	-	6,451	21,017	61,032	88,500
Others	95	267	2	42	6,106	6,512
Total at December 31, 2021	137,876	18,259	18,665	44,965	186,023	405,788
Straight-line rental (a)						243,027
Provision for expected credit losses ("ECL")						(248,270)
Net balance at December 31, 2021						<u>400,545</u>

(a) Since March 2020, due to COVID-19 pandemic that had direct impacts on the Company's operations, Management introduced occasional reductions in the amount of rental owed by storeowners, under the condition that they make the payments due on the respective maturities dates (this condition applies to most tenants of the Company's portfolio, but considers as exceptions establishments that did not have their operations interrupted with the closing of the malls). These reductions will not be offset against the remaining installments of the lease agreements. Accordingly, this condition was treated as a change in the flow of the lease agreements and, therefore, the Company revised the linearization of its minimum rentals according to the remaining term of each agreement, as provided for in CPC 06 (R2)/IFRS 16. During 2022, the discounts applied by the Company were significantly lower than in the prior years of 2020 and 2021 and nowadays aren't recurrent in the business context of the Company.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

8. Trade receivables (Continued)

Rentals, assignment of right of use receivable and condominium fees receivable

The Company uses the simplified approach to estimate the expected loss on its receivables, using the expected loss matrix, prepared based on the loss history, adjusted by Management's expectation, on the aspects that may influence the default of the storeowners in the future.

The information about exposure to credit risk in the Company's rentals, assignment of right of use and condominium fees receivable, using a provision matrix by shopping mall is presented on a weighted average basis, as follows:

Risk	%	
	12/31/2022	12/31/2021
Falling due	2.43%	2.57%
Overdue up to 90 days	49.45%	49.60%
Overdue between 91 and 180 days	79.45%	84.00%
Overdue between 181 and 360 days	90.09%	94.96%
Overdue for more than 360 days	99.02%	99.60%

Parking lot

Parking lot trade receivables comprise the amounts received through payment means whose financial settlement occurs within 30 days. The Company understands that the credit risk for the parking lot receivables is very low, with no history of default. Accordingly, the Company identified no need for provision for expected credit loss on the respective balance as at December 31, 2022 and 2021.

Services provision and others

As at December 31, 2022, receivables balance in the consolidated related to "Services provision" and "Others" have provision for expected credit losses of R\$10,197 and R\$5,905, respectively (R\$8,853 and R\$5,882 as at 2021, respectively). The Company calculates provision for expected credit loss through an individual analysis of the expected losses of trade receivables from services provision and others.

The changes in the provision for impairment of trade receivables during the year were as follows:

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

8. Trade receivables (Continued)

Services provision and others (Continued)

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
At January 1	(53,328)	(41,795)	(248,270)	(200,141)
Effect of corporate events (i)	(6,874)	-	6,875	-
Permanent write-off (reversal) of receivables	(1,513)	(821)	2,456	3,992
Recognition of provision for ECL (Note 22)	(8,033)	(10,712)	(28,803)	(52,121)
	(69,748)	(53,328)	(267,742)	(248,270)

Amounts receivable from related parties arising from the rendering of management and/or selling services are described in Note 24.

- (i) In the Company, the increase in the balance of the Provision for expected credit losses is due to the merger of the wholly-owned subsidiary Pátio Sertório, then owner of Shopping Manauara. The decrease in the consolidated results from the sales of shopping malls Uberlândia and Boulevard Londrina.

8.1. Leases

The Company has lease agreements with the tenants of shopping mall stores (lessors) with a standard term of 5 years. Exceptionally, there may be agreements with differentiated terms and conditions.

As at December 31, 2022 and 2021, leases have the following renewal schedule:

	Consolidated	
	December 31, 2022	December 31, 2021
2022	-	20.71%
2023	15.07%	16.04%
2024	14.69%	14.72%
2025	8.44%	9.54%
After 2025	33.58%	17.66%
Indefinite period (*)	28.22%	21.33%
	100.00%	100.00%

(*) Non-renewed and expired agreements in which the parties may request termination upon prior legal notice (30 days). Percentages determined on the basis of revenues generated from lease agreements entered into by the Group.

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

8. Trade receivables (Continued)

8.2. Other receivables

As described in Note 4, during the year the Company sold its interest in shopping malls Brasília, Uberlândia, Boulevard Londrina and Boulevard Vila Velha, as well as land for a real estate development attached to a shopping mall in which the Company owns an interest. The outstanding balances receivable at the end of the year are recorded under "Others" in current and non-current assets, as shown below:

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Amount receivable for the sale of interest in associate 2008 (Shopping Brasília)	85,337	-	85,337	-
Amount receivable for the sale of Shopping Boulevard Londrina	-	-	125,954	-
Amount receivable for the sale of Shopping Boulevard Vila Velha	-	-	34,279	-
Sale of ALSO Participações	14,458	-	14,458	-
Amount receivable for the sale of land	11,551	-	59,051	-
Others	46,550	34,663	103,758	61,727
	157,896	34,663	422,837	61,727
Current assets	120,974	15,873	306,622	35,864
Non-current assets	36,917	18,790	115,557	25,863

9. Recoverable taxes and taxes payable

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Recoverable taxes				
IR, IRRF and CS	33,370	14,950	70,286	49,599
COFINS and PIS	531	2,498	1,511	4,333
Other taxes	121	110	6,000	964
Total	34,022	17,558	77,797	54,896

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

9. Recoverable taxes and taxes payable (Continued)

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Taxes and contributions payable				
PIS/COFINS	13,594	4,403	29,627	13,950
ISS	170	208	1,886	1,810
Income tax and social contribution	45	-	19,521	29,335
ITBI	-	-	9,134	8,708
Others	1,846	2,703	18,558	9,929
Total	15,655	7,314	78,726	63,732
Current assets	34,022	17,558	46,378	52,969
Non-current assets	-	-	31,419	1,927
Current liabilities	15,295	6,954	70,789	56,069
Non-current liabilities	360	360	7,937	7,663

Recoverable taxes comprise basically prepaid taxes or amounts that the Company and its subsidiaries are eligible to offset.

10. Investments

As at December 31, 2022 and 2021, the Company held direct interests in the following shopping malls:

Ideal fraction of the assets held	% interest	
	December 31, 2022	December 31, 2021
Company		
Aliansce Sonae Shopping Centers S.A.		
Bangu Shopping	100.00	100.00
Boulevard BH	70.00	70.00
Shopping Plaza Sul	30.00	30.00
Shopping Manauara (i)	100.00	-

(i) Shopping Manauara was transferred to the Company in 2022 through the merger of the wholly-owned subsidiary Pátio Sertório. This transaction was made at book values and therefore did not generate any income gain or loss.

a) Subsidiaries/associates

Equity interests in subsidiaries and associates as at December 31, 2022 and 2021 are the following:

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

a) Subsidiaries/associates (Continued)

Subsidiaries and associates, with the respective shareholdings and ideal fraction of the assets held	% interest	
	December 31, 2022	December 31, 2021
Subsidiaries		
Acapurana Participações S.A.	52.37	52.37
Santana Parque Shopping	70.00	70.00
Aliansce Assessoria Comercial Ltda.	99.99	99.99
Aliansce Estacionamentos Ltda.	99.99	99.99
Alsotech Ltda.	100.00	100.00
Hubsell Desenv. de Soluções S.A.	100.00	100.00
Box Delivery Desenv Software S.A	27.20	27.20
Altar Empreendimentos e Participações S.A.	100.00	100.00
Shopping Leblon	46.10	46.10
Bazille Empreendimentos e Participações Ltda.	99.00	99.00
Shopping Parangaba	40.00	40.00
Boulevard Belém S.A.	79.99	79.99
Boulevard Shopping Belém	100.00	100.00
CDG Centro Comercial Ltda.	100.00	100.00
Boulevard Shopping Campos	75.00	75.00
Cezanne Empreendimentos e Participações Ltda.	99.99	99.99
Carioca Shopping	100.00	100.00
Administradora Carioca	100.00	100.00
C&A store - Carioca Shopping	100.00	100.00
Chopin Empreendimentos Imobiliários Ltda.	99.99	99.99
Land attached to the Shopping Mall Via Parque	99.99	99.99
CTBH Fundo de Invest. Imob. - FII	99.99	99.99
Dali Empreendimentos e Participações S.A.	99.99	99.99
SDT3 Centro Comercial Ltda.	40.00	40.00
Shopping Taboão	40.00	40.00
Hannover Consultoria e Negócios Ltda.	100.00	100.00
Land attached to Shopping da Bahia (spin-off Beethoven)	2.00	2.00
Shopping da Bahia - Riguat Condominium	2.00	2.00
Shopping da Bahia - Naciguat Condominium	2.00	2.00
Land - Bahia Sul	2.00	2.00
Malfatti Empreendimentos e Participações Ltda.	99.99	99.99
Shopping da Bahia - Naciguat Condominium	22.36	22.36
Shopping da Bahia - Riguat Condominium	22.36	22.36
Land - Bahia Sul	22.36	22.36
Land attached to Shopping da Bahia (spin-off Beethoven)	22.36	22.36
Nibal Participações S.A.	99.99	99.99
Shopping da Bahia - Naciguat Condominium	46.68	46.68
Shopping da Bahia - Riguat Condominium	46.68	46.68
Land - Bahia Sul	46.68	46.68
C&A store - Shopping da Bahia	77.50	77.50
Land attached to Shopping da Bahia (spin-off Beethoven)	46.68	46.68
Norte Shopping Belém S.A.	100.00	100.00
Parque Shopping Belém	51.00	51.00
Sierra Investimentos Brasil Ltda.	100.00	100.00
Fundo de Investimento Imobiliário Shopping Parque Dom Pedro	48.26	48.26
Shopping Parque Dom Pedro	74.47	74.47

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

a) Subsidiaries/associates (Continued)

Subsidiaries and associates, with respective interest	Shareholding - %	
	December 31, 2022	December 31, 2021
Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center	50.10	50.10
Shopping Parque Dom Pedro	15.00	15.00
Pátio Boavista Shopping Ltda.	100.00	100.00
Shopping Metrópole	100.00	100.00
Pátio Londrina Empreendimentos e Participações Ltda.	100.00	100.00
Boulevard Londrina (i)	-	88.64
Shopping Plaza Sul	30.00	30.00
Shopping Taboão	14.00	14.00
Pátio São Bernardo Shopping Ltda.	100.00	100.00
Shopping Plaza Sul	30.00	30.00
Pátio Sertório Shopping Ltda. (ii)	-	100.00
Shopping Manauara (ii)	-	100.00
Pátio Uberlândia Shopping Ltda.	100.00	100.00
Uberlândia Shopping (i)	-	100.00
Franca Shopping	76.93	76.93
SCGR Empreend. e Particip. S.A.	100.00	100.00
Shopping Grande Rio	50.00	50.00
GR Parking Estacionamentos Ltda. - Parking lot manager	50.00	50.00
SDT3 Centro Comercial Ltda.	38.00	38.00
Tarsila Empreendimentos e Participações Ltda.	99.99	99.99
Shopping Taboão	38.00	38.00
Tissiano Empreendimentos e Participações S.A.	99.99	99.99
Caxias Shopping	65.00	65.00
Vértico Bauru Empreend. Imob. S.A.	99.99	99.99
Boulevard Shopping Bauru	99.99	99.99
Associated and joint ventures		
2008 Empreendimentos Comerciais S.A. (i)	-	50.00
Boulevard Shopping Brasília (i)	-	100.00
BG Malls Fazendas Urbanas em Shopping Centers S.A. (iii)	-	50.00
BG Cayman Fund Limited (iii)	22.50	-
Campo Limpo Empreendimentos e Participações Ltda.	20.00	20.00
Shopping Campo Limpo	100.00	100.00
Fundo de Investimento Imobiliário Via Parque Shopping (i)	9.28	11.50
Via Parque Shopping	100.00	100.00
Gaudi Empreendimentos e Participações Ltda. (iv)	100.00	50.00
Boulevard Shopping Vila Velha (i)	-	50.00
GDR 2012 Participações S.A.	16.33	16.33
Shopping Leblon	4.90	4.90
Parque Shopping Maceió S.A.	50.00	50.00
Parque Shopping Maceió	100.00	100.00
Colina Shopping Center Ltda.	50.00	50.00

(i) The Company fully or partially sold its interest in these assets during 2022. See the description of these transactions in Note 4.

(ii) Shopping Manauara was transferred to the Company in 2022 through the merger of the wholly-owned subsidiary Pátio Sertório. This transaction did not generate any gain or loss.

(iii) In 2022, the Company sold its interest in BG Malls and acquired an interest in BG Cayman. See Note 4.

(iv) In 2022, the Company obtained control in Gaudi. See Note 4

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

b) Breakdown of investment balance

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Investments - book value	4,465,292	4,947,041	209,421	280,650
Assets' added value	1,736,052	1,603,182	97,625	96,848
Goodwill	41,570	72,430	15,092	43,043
	6,242,914	6,622,653	322,138	420,541

Added value shown in this Note arises substantially from the added value of the investment properties acquired and is amortized over the useful lives of the ventures.

c) Changes in investments

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Balance at the beginning of the period	6.622.653	6.289.898	420.541	463.195
Capital movements				
Capital increase	106.673	363.287	-	9.161
Capital reduction	(77.773)	-	-	-
Equity Income	393.309	413.913	55.307	44.849
Dividends and interest on equity	(448.034)	(268.110)	(31.879)	(45.992)
Incorporation of Pátio Sertório (Shopping Manauara) - (i)	(315.120)	-	-	-
Investment acquisitions				
BG Cayman (ii)	7.860	-	7.860	-
Box Delivery (iii)	-	-	-	23.000
Company's interest sales				
2008 Empreendimentos Comerciais S.A (ii)	(56.314)	-	(56.315)	-
BG Malls (ii)	1.003	-	1.003	-
Fundo de Investimento Via Parque (ii)	(8.208)	(106.971)	(8.208)	(106.971)
Reclassifications and other movements				
Amortization of fair value	(17.788)	(69.364)	(4.189)	(3.364)
Write off of asset added value	35.030	-	-	-
Gain on control of the Gaudi investee (ii)	-	-	(67.190)	-
Gain on equity equalization of investee Gaudi (ii)	12.530	-	12.530	-
Reclassification of unsecured liabilities (Note 16)	-	-	5.161	-
Reclassification of intangible assets and other Equity movements of investees (iv)	(12.907)	-	(14.945)	30.000
Allocation of fair value from associates	-	-	2.462	6.663
Balance at the end of the period	6.242.914	6.622.653	322.138	420.541

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

c) Changes in investments (Continued)

- (i) Refers to the merger of an entity 100% indirectly held by the Company. The practical effect of this transaction was the transfer of Shopping Manauara to the Company, to improve the operational efficiency of the group's corporate structure. The transaction was carried out at book values and did not generate any gain or loss.
- (ii) These sale and acquisition transaction and gain of control of associates are described in Note 4.
- (iii) On August 6, 2021, Alsotech, a subsidiary of the Company, acquired a 23.95% interest in Box Delivery Desenvolvedora de Software S.A. ("Box Delivery"), a company whose principal activity is the development and licensing of non-customizable computer programs, in the amount of R\$23,000, paid at the time of the transaction.
- (iv) The amount of R\$30,000 in 2021 was reclassified to goodwill in the investment on December 31, 2021, transferred from intangible.

d) Data on the interest

Company	Company				
	December 31, 2022				
Company	Interest	Equity value	Total investment	Profit or (loss)	Result of equity in subsidiaries
Subsidiaries and associates					
Aliansce Assessoria Comercial Ltda.	99.99%	11,301	11,301	(4,614)	(4,614)
Acapurana Participações S.A.	52.37%	206,776	108,288	11,735	6,146
Aliansce Estacionamentos Ltda.	99.99%	4,513	4,513	2,420	2,420
Altar Empr. e Partic. S.A.	100%	512,673	512,673	26,135	26,135
Alsogreen	100%	1,630	1,630	-	-
Bazille Empreend. e Partic. Ltda.	99.99%	120,406	120,406	9,868	9,868
Boulevard Shopping Belém S.A.	79.99%	267,801	214,214	79,802	63,834
CDG Centro Comercial Ltda.	100%	124,082	124,082	10,168	10,168
Cezanne Empreendimentos e Participações Ltda.	99.99%	229,911	229,911	27,090	27,090
Chopin Empreend. Imob. Ltda.	99.99%	79,261	79,261	(34,048)	(34,048)
CTBH Fundo de Invest. Imob. - FII	99.99%	170	170	(1,146)	(1,146)
Dolunay Empreendimentos e Participações S.A.	100%	21,918	21,918	16	16
Dali Empreend. e Participações S.A.	99.99%	167,380	167,380	20,290	20,290
Gaudi Empreend. e Participações Ltda.	100%	68,779	68,779	34,556	34,556
Nibal Participações S.A.	99.99%	335,340	335,340	43,674	43,674
Norte Shopping Belém S.A.	100%	113,363	113,363	13,020	13,020
SDT 3 Centro Comercial Ltda.	38%	2,772	1,053	124	47
Sierra Investimentos Brasil Ltda.	99.99%	1,425,418	1,425,418	81,834	81,834
Tarsila Empreend. e Part. Ltda.	99.99%	288,305	288,305	19,544	19,544
Tissiano Empreend. e Participações S.A.	99.99%	134,501	134,501	14,284	14,284
Vértico Bauru Empreend. Imobiliário S.A.	99.99%	222,951	222,951	12,343	12,343
2008 Empreendimentos Comerciais S.A.	-	-	-	3,400	1,700
BG Cayman Fund Limited	22.50%	32,531	7,320	2,402	(540)
Colina Shopping Center Ltda.	50%	114	57	1,263	631
Fundo de Investimento Imobiliário Via Parque	9.28%	210,433	36,288	14,556	1,674
GDR 2012 Participações S.A.	16.33%	46,936	7,665	26,274	4,291
Parque Shopping Maceió S.A.	9.28%	283,796	141,897	36,448	18,224
SCGR Empreendimentos e Participações S.A.	100%	86,605	86,605	21,866	21,868
Total subsidiaries and associates			4,465,292		393,309

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

d) Data on the interest (Continued)

Company	Consolidated				
	December 31, 2022				
	Interest	Equity	Total investment	Profit or (loss)	Result of equity in subsidiaries
Associates and joint ventures					
2008 Empreendimentos Comerciais S.A.	-	-	-	-	1,700
BG Cayman Fund Limited (i)	22.5%	32,529	7,319	(2,402)	(540)
Campo Limpo Empreendimentos e Part. Ltda.	20%	83.148	16,063	15,398	3,932
Gaudi Empreend. e Participações Ltda. (ii)	100%	-	-	64,973	32,487
Colina Shopping Center Ltda.	50%	114	57	1,263	631
Fundo de Investimento Imobiliário Via Parque (iv)	9.28%	210.433	36,288	14,556	1,674
GDR 2012 Participações S.A.	16.33%	46,936	7,666	26,274	4,291
GR Parking Estacionamentos Ltda.	50%	262	131	262	131
Parque Shopping Maceió S.A.	50%	283,796	141,897	36,448	18,224
Box Delivery Desenv Software S.A. (iii)	27.2%	-	-	(27,406)	(7,223)
Total associates and joint ventures			209,421		55,307

(i) In 2022, the Company sold its interest in BG Malls and acquired an interest in BG Cayman. See Note 4.

(ii) The Company acquired control of Gaudi in August 2022 and started to consolidate such interest as a subsidiary. See Note 4.

(iii) The equity deficit of R\$5,161 of the associate Box Delivery is stated as "Other obligations" in non-current liabilities.

(iv) The value FII Via Parque includes the gain on fair value for the loss of control.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

d) Data on the interest (Continued)

Company	Interest	Company			
		Equity value	Total investment	Profit or (loss)	Result of equity in subsidiaries
Subsidiaries and associates					
Aliansce Assessoria Comercial Ltda.	99.99%	13,863	13,863	(3,217)	(3,217)
Acapurana Participações S.A.	52.37%	214,043	112,094	7,303	3,824
América Latina Malls Empreend. e Part. (1)	-	-	-	1,000	1,000
Aliansce Estacionamentos Ltda.	99.99%	4,093	4,093	2,205	2,205
Aliansce Mall e Midia Ltda. (1)	-	-	-	354	354
Aliansce Services - Serv. Adm. em Geral Ltda. (1)	-	-	-	(151)	(151)
Altar Empr. e Partic. S.A.	100%	501,598	501,598	12,142	12,142
Atalaya Imóveis e Participações Ltda. (1)	-	-	-	258	258
Bazille Empreend. e Partic. Ltda.	99.99%	123,337	123,337	15,493	15,493
Boulevard Shopping Belém S.A.	79.99%	251,995	201,570	47,986	38,384
CDG Centro Comercial Ltda.	100%	129,214	129,214	20,334	20,334
Cezanne Empreendimentos e Participações Ltda.	99.99%	182,927	182,927	34,066	34,066
Chopin Empreend. Imob. Ltda.	99.99%	112,603	112,603	(99)	(99)
CTBH Fundo de Invest. Imob. - FII	99.99%	4,237	4,237	(5,798)	(5,798)
Dali Empreend. e Participações S.A.	99.99%	215,559	215,559	11,583	11,583
Degas Empreend. e Participações. S.A. (1)	-	-	-	1	1
Gaudi Empreend. e Participações Ltda.	50%	44,346	22,173	(700)	(350)
Nibal Participações S.A.	99.99%	319,668	319,668	35,807	35,807
Norte Shopping Belém S.A.	100%	107,743	107,743	13,345	13,345
RRSPE Empreend. e Partic. Ltda. (1)	-	-	-	362	362
SDT 3 Centro Comercial Ltda.	38%	2,647	1,006	1,989	756
Sierra Investimentos Brasil Ltda.	99.99%	1,949,173	1,949,173	166,603	166,603
Tarsila Empreend. e Part. Ltda.	99.99%	262,251	262,251	(942)	(942)
Tissiano Empreend. e Participações S.A.	99.99%	134,213	134,213	12,845	12,845
Unishopping Consultoria Imobiliária Ltda. (1)	-	-	-	(970)	(970)
Vértico Bauru Empreend. Imobiliário S.A.	99.99%	238,051	238,051	4,214	4,214
Vivaldi Empreend. e Partic. S.A. (1)	-	-	-	(9,075)	(9,075)
2008 Empreendimentos Comerciais S.A.	50%	55,910	27,955	2,044	1,022
BG Malls Fazendas Urbanas em Shopp. Centers S.A.	50%	3,280	1,640	-	-
Colina Shopping Center Ltda.	50%	108	54	1,230	615
Fundo de Investimento Imobiliário Via Parque	11.5%	384,375	44,565	9,796	3,843
GDR 2012 Participações S.A.	16.33%	66,215	10,813	21,600	3,527
Parque Shopping Maceió S.A.	50%	275,448	146,673	48,034	32,966
SCGR Empreendimentos e Participações S.A.	100%	79,968	79,968	18,966	18,966
Total subsidiaries and associates			4,947,041		413,913

(1) As described above, these companies were merged in February and April 2021 into other companies in the same economic group.

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

d) Data on the interest (Continued)

Company	Interest	Equity	Consolidated		
			December 31, 2021		
			Total investment	Profit or (loss)	Result of equity in subsidiaries
Associates and joint ventures					
2008 Empreendimentos Comerciais S.A.	50%	55,910	27,955	2,044	1,022
BG Malls Fazendas Urbanas em Shopp. Centers S.A.	50%	3,280	1,640	-	-
Campo Limpo Empreendimentos e Part. Ltda.	20%	60,213	20,501	15,575	3,115
Gaudi Empreend. e Participações Ltda.	50%	44,346	22,173	(700)	(350)
Colina Shopping Center Ltda.	50%	108	54	1,230	615
Fundo de Investimento Imobiliário Via Parque	11.5%	188,039	44,565	9,796	3,843
GDR 2012 Participações S.A.	16.33%	66,215	10,813	21,600	3,527
GR Parking Estacionamentos Ltda.	50%	224	112	222	111
Parque Shopping Maceió S.A.	50%	275,448	146,673	48,034	32,966
Box Delivery Desenv Software S.A	27.2%	22,415	6,164	-	-
Total associates and joint ventures			280,650		44,849

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

e) Headquarter and balances of the associates and joint ventures - non-consolidated entities

Associate	December 31, 2022			
	Parque Shop. Maceió Rio de Janeiro - RJ	Colina São João de Meriti- RJ	FIIVPS São Paulo - SP	Campo Limpo Empreendimentos São Paulo - SP
Headquarter	Interest in Shopping Mall	Shopping Mall management	Interest in Shopping Mall	Interest in Shopping Mall
Operating activity				
Assets				
Current	22,843	312	19,851	19,116
Non-current	274,619	-	199,972	67,959
	297,462	312	219,823	87,075
Liabilities and equity				
Current	2,570	198	9,390	2,517
Non-current	11,096	-	-	1,410
Equity	283,796	114	210,433	83,148
	297,462	312	219,823	87,075
Profit or loss				
Net revenue	54,981	1,407	14,592	30,136
Services costs	(12,134)	-	(9,906)	(7,017)
Operating expenses	(600)	-	13,090	(1,774)
Net finance result	458	(1)	263	1,830
Income tax and social contribution	(6,257)	(144)	-	(3,505)
Profit (loss) for the year	36,448	1,262	18,039	19,670

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

e) Headquarter and balances of the associates and joint ventures - non-consolidated entities (Continued)

Associate	December 31, 2021					
	Parque Shop. Maceió Rio de Janeiro - RJ	2008 Empreend. Rio de Janeiro - RJ	Gaudi Rio de Janeiro - RJ	Colina São João de Meriti- RJ	FIIVPS São Paulo - SP	Campo Limpo Empreendimentos São Paulo - SP
Headquarter	Interest in Shopping Mall	Interest in Shopping Mall	Interest in Shopping Mall	Shopping Mall management	Interest in Shopping Mall	Interest in Shopping Mall
Operating activity						
Assets						
Current	29,014	21,090	10,976	148	15,988	15,334
Non-current	281,190	96,069	35,254	-	178,316	48,814
	310,204	117,159	46,230	148	194,304	64,148
Liabilities and equity						
Current	3,510	4,648	171	40	5,519	595
Non-current	13,347	56,601	1,713	-	746	3,340
Equity	293,347	55,910	44,346	108	188,039	60,213
	310,204	117,159	46,230	148	194,304	64,148
Result						
Net revenue	43,823	23,558	6,175	1,368	44,200	26,778
Services costs	(12,424)	(12,499)	(7,450)	-	(34,235)	(2,331)
Operating expenses	(245)	(955)	(27)	-	(755)	(1,620)
Net finance result	395	(5,085)	575	2	586	103
Other income (costs)	27,873	-	-	-	-	-
Income tax and social contribution	(11,388)	(2,975)	27	(140)	-	(2,988)
Profit (loss) for the year	48,034	2,044	(700)	1,230	9,796	19,942

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

10. Investments (Continued)

f) Dividends and interest on capital receivable

The balances below refer to dividends and interest on capital receivable and are recorded under "Dividends and interest on capital receivable" in current assets.

	<u>Company</u>	
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Sierra Investimentos Brasil Ltda.	64,600	-
Vértico Bauru Empreend. Imobiliário S.A.	4,250	-
Fundo de Investimento Imobiliário Via Parque Shopping	-	885
	<u>68,850</u>	<u>885</u>

11. Investment properties and non-current assets held for sale

	<u>Company</u>		<u>Consolidated</u>	
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Land (a)	10,187	21,610	27,142	38,565
Shopping Malls (b)	888,646	623,973	7,897,907	8,321,206
Total investment properties	<u>898,833</u>	<u>645,583</u>	<u>7,925,049</u>	<u>8,359,771</u>

(a) Land - Non-current assets held for sale

The Company has pieces of land on some shopping malls which Management intends to negotiate with potential developers of residential and/or commercial properties that bring synergy and increase the flow of visitors in these shopping malls. As at December 31, 2022, all of these properties have a sales contract signed, but are awaiting the conclusion of the preceding clauses of the deal. Management expects the suspensive conditions to be fulfilled until the end of 2023. In August 2022, part of the land in Goiânia exceeded the restrictive conditions provided for in the contract, and the sale was concluded. The sale amounted to R\$11,551, and a gain of R\$1,057 is recorded in the statement of income for the year, under "Other operating income (expenses)". The amount of R\$11,551 will be received in installments, as the real estate units are delivered, and has been recorded under "Others" in non-current assets.

These properties, when allocated for sale, were measured at the fair value of the properties and are recorded in the item "Non-current assets held for sale". The assessment of the risk of impairment is carried out annually, at each balance sheet closing. No indicators of impairment of land were identified as at December 31, 2022 and December 31, 2021.

(b) Shopping malls - Investment properties

These refer to the commercial properties held by the Group companies under an operating lease. The Company's investment properties refer to shopping malls already built and shopping malls under development.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

11. Investment properties and non-current assets held for sale (Continued)

The changes in the balances of investment properties in the reported years are as follow:

	Company			Total
	Cost	Accumulated depreciation	Assets' added value	
At December 31, 2020	683,281	(98,747)	43,487	628,021
Additions				
Facilities and buildings	9,322	(9,713)	-	(391)
Depreciation and amortization of asset added value	-	-	(1,279)	(1,279)
Amortization of right to use leased assets	-	(1,084)	-	(1,084)
Others	1,169	(2,463)	-	(1,294)
At December 31, 2021	693,772	(112,007)	42,208	623,973
Additions				
Facilities and buildings	12,257	(10,546)	-	1,711
Depreciation and amortization of asset added value	-	-	(1,279)	(1,279)
Amortization of right to use leased assets	-	(1,084)	-	(1,084)
Others	875	(2,420)	-	(1,545)
Merger of Manauara Shopping - See note 10 a)	370,354	(103,484)	-	266,870
At December 31, 2022	1,077,258	(229,541)	40,929	888,646
	Consolidated			Total
	Cost	Accumulated depreciation	Assets' added value	
At December 31, 2020	4,359,990	(548,991)	4,252,391	8,063,390
Additions				
Purchase of Land	17,441	-	-	17,441
Purchase of 2% interest in the property of Shopping da Bahia (i)	26,466	-	-	26,466
Purchase of 21% interest in the property of Shopping Leblon (ii)	272,342	-	-	272,342
Installations and buildings	105,359	(135,935)	-	(30,576)
Amortization of right to use leased assets	-	(1,084)	-	(1,084)
Others	7,477	(7,853)	-	(376)
Reclassifications and other movements				
Price acquisition adjustment of Santana Parque Shopping	-	-	(518)	(518)
Corporate restructuring of Beethoven	(7,489)	-	-	(7,489)
Amortization of added value	-	-	(18,390)	(18,390)
At December 31, 2021	4,781,586	(693,863)	4,233,483	8,321,206
Additions				
Facilities and buildings	199,548	(96,283)	1,641	104,906
Amortization of added value	-	-	(48,632)	(48,632)
Amortization of right to use leased assets	-	(1,084)	-	(1,084)
Others	15,035	(16,929)	(4,189)	(6,083)
Write-offs				
Sale Shopping Uberlândia (iii)	(244,523)	86,632	(60,018)	(217,909)
Sale Shopping Vila Velha (iii)	(55,285)	18,333	-	(36,952)
Sale Shopping Londrina (iii)	(364,779)	118,135	74,641	(172,003)
Sale of land	(77,655)	-	-	(77,655)
Reclassifications and other movements				
Allocation fair value	-	(83,554)	(83,554)	-
Effect for the gain control over stake of Gaudi investee (iii)	-	(17,843)	-	-
Provision for loss of investment properties (iv)	54,795	(17,843)	-	36,952
	(4,839)	-	-	(4,839)
At December 31, 2022	4,303,883	(686,456)	4,280,480	7,897,907

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

11. Investment properties and non-current assets held for sale (Continued)

- (i) In January de 2021, Tarsila Empreendimentos e Participações Ltda., subsidiary of the Company, acquired a 100% stake in Hannover Consultoria e Negócios Ltda., company that holds an only asset the 2% stake in Shopping da Bahia, for the amount of R\$28.683, paid in the act of the transaction. From the total amount paid, R\$26.466 was allocated as investment properties, R\$960 as accounts receivable and R\$1.257 as other assets..
- (ii) On April 23, 2021, Altar Empreendimentos e Participações Ltda. ("Altar"), subsidiary of the Company, acquired 60% stake of Luanda Empreendimentos e Participações S.A. ("Luanda"), company that holds an only asset the 35% in Shopping Leblon, for the amount of R\$275.054, paid in the act of the transaction.
- (iii) The sales transactions of Shoppings Uberlândia, Boulevard Vila Velha and Boulevard Londrina, are described in note 4.
- (iv) The Company recorded a provision for loss on investment property (corresponding to land currently in process of sale), in the amount of R\$4,839. The impact on the statement of income for the year is recorded under "Other income (costs), net".

Fair value of the properties

The fair value of the investment properties was calculated internally by experienced professionals from the shopping malls segment.

The projection methodology was prepared considering the existing contracts in light of the current conditions and projections consistent with the growth capacity of each asset and macroeconomic estimates for a 10-year period, together with a residual value based on the perpetuity of the last year projected with no growth. These forecasts were discounted to the valuation date at a discount rate defined for each mall within a range of 7% and 9.50% of "Discount rate" and a range of 6.75% and 9.25% of "Discount rate" and range of 6.5% and 8.75% of "Exit yield" for the valuation at December 31, 2022 (6.5% and 9% of "Discount rate" and range of 6.5% and 8.75% of "Exit yield" for the valuation at December 31, 2021). Additionally, the estimated cash flow of the malls in operation did not consider relevant expansions planned for these ventures.

The projections reflect the best estimate of the Company's management, regarding its current view of the market, as well as regarding the potential revenues and costs of each shopping mall. The profitability rate and the discount rate are defined based on observable indicators prevailing in the local and institutional investment market.

With the review of the assumptions adopted according to the economic scenario, the total fair value of the ventures (including the non-controlling interests) is R\$14,590,650 at December 31, 2022 (R\$13,127,134 in 2021).

Management reviews at least annually the net carrying amount of its ventures, with the objective of assessing whether there are events or changes in the economic, operating or technological circumstances that may indicate impairment of its properties.

As at December 31, 2022 and 2021, the Company did not identify the existence of indicators of impairment of its investment properties, other than that presented in the changes above for the land recorded in subsidiary Choppin.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

12. Intangible assets

Company					
December 31, 2022					
Useful life	Initial cost	Additions/ (write-offs)	Cost	Accumulated amortization	Net value
Right to the Transfer Unit of the Right to Build (UTDC)	1,116	-	1,116	-	1,116
Right of use	19,793	-	19,793	(14,024)	5,769
Computer software	114,099	37,522	151,621	(73,657)	77,964
Customers portfolio	7,192	-	7,192	-	7,192
Others	4	13	17	-	17
	142,204	37,535	179,739	(87,681)	92,058

Company					
December 31, 2021					
Useful life	Initial cost	Additions/ (write-offs)	Cost	Accumulated amortization	Net value
Right to the Transfer Unit of the Right to Build (UTDC)	1,116	-	1,116	-	1,116
Right of use	19,793	-	19,793	(9,967)	9,826
Computer software	74,779	39,320	114,099	(52,640)	61,459
Customers portfolio	7,192	-	7,192	-	7,192
Others	4	-	4	-	4
	102,884	39,320	142,204	(62,607)	79,597

Consolidated					
December 31, 2022					
Useful life	Cost cost	Additions/ (write-offs)	Cost	Accumulated amortization	Carrying Net
Goodwill on acquisition of non-merged entities					
Aliansce Ass. Com. S.A.(1)	4,160	-	4,160	-	4,160
Norte Shopping Belém S.A.	587	-	587	-	587
Shopping Boulevard Belém S.A.	2,338	-	2,338	-	2,338
Hubsell Desenv. de Soluções S.A.(2)	11,702	-	11,702	-	11,702
Goodwill on acquisition of merged entities					
BSC Shopping Center S.A.	14,416	-	14,416	-	14,416
Boulevard Shopping S.A.	20,068	-	20,068	-	20,068
Barpa Empr. Part. S.A.	36,630	-	36,630	-	36,630
Supra Empr. Part. S.A.	9,708	-	9,708	-	9,708
Ricshopping Emp. Part. Ltda.	107,888	-	107,888	-	107,888
Intangible assets					
Customers portfolio	7,192	-	7,192	-	7,192
Balance of customers portfolio	447	-	447	(328)	119
Right of use	19,793	-	19,793	(14,024)	5,769
Right to explore the parking lot	40,828	-	40,828	(10,702)	30,126
Right to the Transfer Unit of the Right to Build (UTDC)	1,913	-	1,913	-	1,913
Computer software	147,525	94,231	241,756	(83,862)	157,894
	425,195	94,231	519,426	(108,916)	410,510

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

- (1) Reclassified to goodwill in the Investment
- (2) On September 3, 2021, Alstotech, a subsidiary of the Company, acquired a 100% interest in Hubsell Desenvolvimento de Soluções S.A. ("Hubsell"), a company whose purpose is to provide computer program (software) development services to order, for the amount of R\$12,000. The amount of R\$11,702 refers to the price allocated as goodwill.

12. Intangible assets (Continued)

	Useful life	Consolidated				
		December 31, 2021				
		Cost cost	Additions (write-offs)	Cost	Accumulated amortization	Carrying Net
Goodwill on acquisition of non-merged entities						
2008 Empr. Imob. Ltda. (1)	Indefinite	30,000	(30,000)	-	-	-
Aliance Ass. Com. S.A.	Indefinite	4,160	-	4,160	-	4,160
Norte Shopping Belém S.A.	Indefinite	587	-	587	-	587
Shopping Boulevard Belém S.A.	Indefinite	2,338	-	2,338	-	2,338
Hubsell Desenv. de Soluções S.A.	Indefinite	-	11,702	11,702	-	11,702
Goodwill on acquisition of merged entities						
BSC Shopping Center S.A.	Indefinite	14,416	-	14,416	-	14,416
Boulevard Shopping S.A.	Indefinite	20,068	-	20,068	-	20,068
Barpa Empr. Part. S.A.	Indefinite	36,630	-	36,630	-	36,630
Supra Empr. Part. S.A.	Indefinite	9,708	-	9,708	-	9,708
Ricshopping Emp. Part. Ltda.	Indefinite	107,888	-	107,888	-	107,888
Intangible assets						
Customers portfolio	Indefinite	7,192	447	7,639	-	7,639
Right of use	5 years	19,793	-	19,793	(9,967)	9,826
Right to explore the parking lot	25 years	40,828	-	40,828	(8,842)	31,986
Right to the Transfer Unit of the Right to Build (UTDC)	Indefinite	1,913	-	1,913	-	1,913
Computer software	5 years	82,054	65,471	147,525	(60,985)	86,540
		377,575	47,620	425,195	(79,794)	345,401

- (1) Reclassified to goodwill in the investment group.

Goodwill does not have a determinable useful life and hence is not amortized. The Company tests these assets for impairment on an annual basis or when there are any indicators that may represent a need for adjustments in the recovery value of these assets.

The other intangible assets with a finite useful life are amortized on a straight-line basis over the period shown in the table above.

In the years ended December 31, 2022 and 2021, the Company did not identify the need for a provision for impairment of its intangible assets.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

13. Borrowings and financings

Initial date	Company	Instrument	Funding	Rate	Maturity	December 31, 2022	December 31, 2021	Note: Guarantees	Covenants
May/2015	Aliansce Sonae	Financing - Banco Itaú S.A.	R\$74,400	TR+5.60% to 9.88%	May/2030	72,017	73,945	(1)(2)(3)	
Sep/2014	Aliansce Sonae	Debentures III - Vinci Partners (holders of the debentures)	R\$90,000	IPCA+4%	Jan/2024	115,588	109,309	(2)	(i)
Oct/2016	Aliansce Sonae	Debentures VI	R\$72,111	CDI + 1.25%	Oct/2024	25,871	37,234	(1)(2)	(i)
Mar/2017	Aliansce Sonae	Debentures VII	R\$180,000	99% of CDI	May/2022	-	180,103	(1)(2)	(i)
Jun/2017	Aliansce Sonae	Debentures VIII	R\$100,000	CDI + 1.00%	Jun/2029	100,579	100,399	(2)	(i)
Oct/2017	Aliansce Sonae	Debentures IX	R\$300,000	101% of CDI	Apr/2023	309,432	305,180	(1)(2)	(i)
Sept/2018	Aliansce Sonae	Debentures X	R\$244,830	110% of CDI	Sept/2023	127,510	250,292		(i)
Aug/2021	Aliansce Sonae	Debentures XII	R\$415,000	CDI + 1.23%	Jul/2028	463,682	436,997	(b)	(i)
Jul/2017	Aliansce Sonae	2017 - 1 st series	R\$125,000	CDI + 0.75%	Jul/2022	-	64,539		
Feb/2019	Aliansce Sonae	2019 - 1 st series	R\$90,000	CDI + 0.8%	Jan/2024	-	92,957	(e)	
Feb/2019	Aliansce Sonae	2019 - 2 nd series	R\$110,000	CDI + 1.05%	Jan/2027	-	113,746	(e)	
Mar/2022	Aliansce Sonae	2022 - 1 st series	R\$234,000	CDI + 1.43%	Mar/2027	244,559	-	(c)	(i)
Mar/2022	Aliansce Sonae	2022 - 2 nd series	R\$265,000	CDI + 1.55%	Mar/2029	277,099	-	(c)	(i)
Aug/2022	Aliansce Sonae	2022 - 6th issuance (1bi)	R\$1,000,000	CDI + 1.35%	Aug/2027	1,045,899	-	(d)	(i)
(=) Subtotal						2,782,236	1,764,701		(i)
(-) Structuring cost - Parent						(44,763)	(22,851)		
(+) Effect of fair value of debts assumed in business combinations						7,745	12,143		
(-) Effect of fair value on debt renegotiation						(3,930)	(7,266)		
(-) Effect of partial repurchase of company-issued debentures						(5,562)	(114,227)	(a)	
(-) Gain on debenture repurchase transaction						(3,395)	(3,395)	(a)	
Total Company						2,732,331	1,629,105		
Current liabilities						581,744	387,858		
Non-current liabilities						2,150,587	1,241,247		
Initial date	Company	Instrument	Funding	Rate	Maturity	December 31, 2022	December 31, 2021	Note: Guarantees	Covenants
Oct/2012	Cezanne	Financing - Banco Bradesco S.A.	R\$193,140	TR + 7.15%	Aug/2027	109,396	127,811	(2)	
Jan/13	Tarsila	CRI - Gaia Sec.	R\$87,321	IGP-DI + 7.95%	May/2025	59,524	77,908	(2)	
Oct/2016	Altar	CCI RB Capital	R\$130,131	TR + 5.60% to 11.25%	Jun/2027	78,498	88,046	(2)	
Jun/2011	Sierra Investimentos	Banco Santander S.A.	R\$200,000	TR + 6.8%	Jun/2025	90,546	120,759	(3)	
(-) Subtotal						337,964	414,524		
(-) Structuring cost - subsidiaries						(5,683)	(7,392)		
(-) Effect of fair value on debt renegotiation						(12,202)	(17,346)		
(+) Effect at fair value of debts assumed in business combinations						3,357	4,701		
Total Consolidated						3,055,767	2,023,592		
Current liabilities						666,670	463,503		
Non-current liabilities						2,389,097	1,560,089		

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

13. Borrowings and financings (Continued)

- (a) In May 2021, the Company repurchased its own debentures (53,464 debentures 2019 - 1st series and 4,100 debentures 2019 - 2nd series), in September 2021 (995 debentures 2019 - 2nd series) and in November 2021 (7,588 debentures 2019 - 2nd series and 33,659 debentures 2017 - 2nd series). These transactions generated gains of R\$590, R\$3 and R\$385, respectively, and are recorded in finance income (costs). The Company presents this transaction at its net amount in liabilities and the accumulated balance of repurchase of debentures of R\$114,227 is presented as R\$13,291 in current liabilities and R\$100,936 in non-current liabilities. Finance income is also presented net of interest expense on debentures.
- (b) On July 15, 2021, the Company issued 415,000 debentures, not convertible into shares, unsecured, single series for private placement, amounting to R\$415,000, with IPCA interest + 4.6197% p.a. and maturity in July 2028 for principal and monthly interest payment. These debentures were settled on August 4, 2021 and are backed by the 347th series of the 1st issuance of real estate receivables certificates (CRI) of RB Sec Companhia de Securitização ("Securitizadora"). The Company also contracted a swap transaction to exchange the cost of IPCA +4.6197% p.a. for a CDI rate + 1.23% p.a., which generated a loss of R\$5,807 in the period referring to the assessment of this derivative financial instrument at fair value. This loss was recorded as finance cost. This debt has covenants associated to cash, net debt and Adjusted EBITDA ratio.
- (c) On March 15, 2022, the Company issued 500,000 simple, non-convertible, unsecured debentures, in two series for public distribution in the total amount of R\$500,000, the 1st series with interest at CDI + 1.43% p.a. and maturity in 5 years; and the 2nd series with interest at CDI + 1.55% p.a. and maturing in 7 years. Interest will be paid semiannually. Additionally, this debt has covenants associated to cash, net debt and Adjusted EBITDA.
- (d) On August 26, 2022, the Company issued 1,000,000 simple, non-convertible, unsecured debentures, in a single series for public distribution in the total amount of R\$1,000,000 with interest at CDI + 1.35% p.a. and maturing in 5 years. Interest will be paid semiannually. Additionally, this debt has covenants associated to cash, net debt and Adjusted EBITDA.
- (e) Prepaid debt during the year 2022.

Guarantees

- (1) Fiduciary assignment of the Shopping Mall's receivables;
- (2) Chattel mortgage of shares and quotas of the Shopping Mall;
- (3) Mortgage of the Shopping Mall; and
- (4) Company's guarantee.

Financial covenants

- (i) For this issue of debentures, the Company has covenants that determine the maximum levels of debt and leverage based on the consolidated annual financial information:
 - Ratio between Net Debt and Managerial Consolidated Adjusted EBITDA equal to or lower than 3.5x.
 - Ratio between: (1) The index obtained by dividing cash and cash equivalents plus short-term investments and managerial consolidated adjusted EBITDA determined in the fourth quarter of each year, duly annualized, by borrowings and financing, and debt instruments stated in the managerial current liabilities, equal to or higher than 1.3x; and (2) The rate obtained by dividing managerial consolidated adjusted EBITDA determined in the fourth quarter of each year, duly annualized, by payments of interest on borrowings and financing, CCI's and debentures, included in managerial cash flow, less managerial finance revenue, equal to or higher than 1.5x.

At December 31, 2022 and 2021, the Company is compliant with all covenants.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

13. Borrowings and financings (Continued)

Disbursement schedule

The repayment schedule for borrowings and financings is as follows:

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
2022	-	402,956	-	484,761
2023	582,673	538,646	672,644	625,773
2024	75,948	117,030	171,303	210,914
2025	105,146	63,546	172,438	130,123
2026	606,833	65,209	646,523	104,763
2027	608,855	67,201	654,510	112,783
2028	627,539	467,943	627,539	467,938
From 2029 to 2030	175,242	42,170	175,242	42,170
	2,782,236	1,764,701	3,120,199	2,179,225

Changes in borrowings and financings are as follows:

	Company	Consolidated
Balances of the debts as at December 31, 2020	1,559,859	2,006,935
(+) Appropriation of interest and structuring cost of borrowings and financings	5,585	26,098
(+) Appropriation of interest and structuring cost of CCI/CRIs	-	27,223
(+) Appropriation of interest and structuring cost of debentures	138,769	138,769
(-) Payment of principal of borrowings and financings	(2,033)	(46,874)
(-) Payment of principal of CCI/CRIs	-	(15,778)
(-) Payment of principal of debentures	(300,529)	(300,529)
(-) Payment of interest on borrowings and financings	(4,974)	(27,332)
(-) Payment of interest on CCI/CRIs	-	(22,804)
(-) Payment of interest on debentures	(105,188)	(105,188)
(+) Issuance of debentures	415,000	415,000
(-) Payment of structuring cost	(11,297)	(11,594)
(+) Effect of fair value adjustment of debentures	(4,415)	(4,415)
(+) Effect of fair value adjustment of borrowings and financings	-	(1,343)
(-) Effect of repurchase of debentures	(64,541)	(64,541)
(-) Effect of gain on repurchase of debentures	(778)	(778)
(+) Effective interest resulting from debt renegotiation	3,647	10,743
Balances of the debts as at December 31, 2021	1,629,105	2,023,592
(+) Appropriation of interest and structuring cost of borrowings and financings	29,187	49,316
(+) Appropriation of interest and structuring cost of CCI/CRIs	-	16,594
(+) Appropriation of interest and structuring cost of debentures	253,936	253,936
(-) Payment of principal of borrowings and financings	(2,939)	(50,972)
(-) Payment of principal of CCI/CRIs	-	(17,411)
(-) Payment of principal of debentures	(574,884)	(574,884)
(-) Payment of interest on borrowings and financings	(6,925)	(25,436)
(-) Payment of interest on CCI/CRIs	-	(27,619)
(-) Payment of interest on debentures	(175,680)	(175,680)
(+) Issuance of debentures	1,500,000	1,500,000
(-) Payment of structuring cost	(27,072)	(27,072)
(+) Effect of fair value adjustment of debentures	(4,398)	(4,398)
(+) Effect of fair value adjustment of borrowings and financings	-	(1,344)
(-) Effect of repurchase of debentures	108,665	108,665
(+) Effective interest resulting from debt renegotiation	3,336	8,480
Balances of the debts as at December 31, 2022	2,732,331	3,055,767

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

14. Deferred revenues

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Assignment of right of use	4,249	3,577	13,986	14,423
Prepaid rentals	-	36	-	172
	4,249	3,613	13,986	14,595
Current liabilities	1,783	919	5,585	5,412
Non-current liabilities	2,466	2,694	8,401	9,183

Deferred revenues include the recognition of assignment of right of use, which is appropriated to profit or loss over the lease term, as well as prepaid rentals and other pertinent items.

15. Judicial deposits and provision for contingencies

The Company and its subsidiaries are owners unit in condominiums which consist of a number of individually-owned units and common areas owned by more than one party, pursuant to an agreement. If contingencies arise in these shopping malls, the respective condominiums will be responsible for the settlement of such contingencies.

The Company and its subsidiaries may be subject to joint and/or subsidiary liability for any possible labor, social security, tax, civil or other litigation involving outflow of resources or provision of guarantees in the form of assets and rights. In order to mitigate these risks, the Company signs indemnification agreements whereby the former stockholders/quotaholders of the properties acquired undertake to reimburse the Company and its subsidiaries for any losses suffered because of events that occurred prior to the property's acquisition date. Management monitors any risks of this kind and, based on the support of its legal advisors, believes that at the date of these financial statements there are no significant risks that cannot be mitigated through existing legal mechanisms and/or settlement of immaterial amounts.

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

15. Judicial deposits and provision for contingencies (Continued)

The balance of the provision for contingencies is as follows:

	Consolidated					
	December 31, 2022			December 31, 2021		
	Provision	Judicial deposits	Net	Provision	Judicial deposits	Net
Judicial assets freezing	-	3,083	3,083	-	1,207	1,207
Labor	-	-	-	-	1,194	1,194
Civil	-	30	30	-	221	221
Tax (i)	-	33,589	33,589	-	30,945	30,945
Assets	-	36,702	36,702	-	33,567	33,567
Tax	25,012	21,579	3,433	26,453	19,375	7,078
Civil	6,977	2,851	4,127	5,848	1,567	4,281
Labor	2,399	912	1,486	1,449	418	1,031
Non-current liabilities	34,388	25,342	9,046	33,750	21,360	12,390
Total	34,388	62,044	27,656	33,750	54,927	21,177

Changes in the provision for contingencies	Consolidated			
	December 31, 2021	Additions	Disposals	December 31, 2022
PIS/COFINS tax proceedings on lease income	22,356	-	(927)	21,429
Other taxes	4,097	288	(802)	3,583
Civil	5,848	4,712	(3,583)	6,977
Labor	1,449	1,622	(672)	2,399
	33,750	6,622	(5,984)	34,388

Changes in the provision for contingencies	Consolidated			
	December 31, 2020	Additions	Disposals	December 31, 2021
PIS/COFINS tax proceedings on lease income	22,356	-	-	22,356
Other taxes	9,907	218	(6,569)	3,556
Tax contingency allocated through business combination, as described in Note 4	-	541	-	541
Civil	1,338	4,560	(50)	5,848
Labor	1,278	553	(382)	1,449
	34,879	5,872	(7,001)	33,750

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

15. Judicial deposits and provision for contingencies (Continued)

Changes in judicial deposits:	Consolidated			December 31, 2022
	December 31, 2021	Additions	Disposals	
Judicial assets freezing	1,207	3,256	(1,380)	3,083
PIS/COFINS tax proceedings on lease income	15,061	-	(1,536)	13,525
Other taxes (i)	35,259	6,651	(267)	41,643
Civil	1,788	2,307	(1,214)	2,881
Labor	1,612	423	(1,123)	912
	54,927	12,637	(5,520)	62,044

Changes in judicial deposits:	Consolidated			December 31, 2021
	December 31, 2020	Additions	Disposals	
Judicial assets freezing	1,139	68	-	1,207
PIS/COFINS tax proceedings on lease income	15,061	-	-	15,061
Other taxes (i)	34,328	983	(52)	35,259
Civil	1,007	867	(86)	1,788
Labor	1,751	-	(139)	1,612
	53,286	1,918	(277)	54,927

- (i) This mainly refers to the proceeding that discusses the mandatory withholding of income tax on the income of the quotaholder of Fundo de Investimento Imobiliário FII - Shopping Parque D. Pedro, which is structured as a real estate investment fund. The aforementioned judicial discussion is sponsored by the Fund's administrator and has the quotaholder Parque D. Pedro 1 BV as the financial responsible party. In view of an agreement between Parque D. Pedro 1 BV SARL and Sierra Investimentos, the amounts used to make the deposit to cover any required tax were retained from Sierra Investimentos and, therefore, Parque D. Pedro 1 BV SARL undertook to compensate Sierra Investimentos for any and all risks associated with the lawsuit, which is still in progress. The balance of this deposit as at December 31, 2022 is R\$33,590 (R\$30,945 as at December 31, 2021). See Note 24.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

15. Judicial deposits and provision for contingencies (Continued)

Contingent liabilities with a risk of possible loss - Consolidated

	December 31, 2022	December 31, 2021
Tax	130,698	133,442
Civil	54,377	41,268
Labor	9,778	3,358
Total	194,853	178,068

Tax

Main tax lawsuit: The main tax lawsuit with possible likelihood of loss is related to the Federal Revenue of Brazil Assessment notice charging Income Tax (IRPJ), Social Contribution on Net Income (CSLL), Social Integration Program (PIS) and Social Security Financing Contribution (COFINS) for supposed omission of revenue in 2014 in the subsidiary Matisse Participações S.A, merged into Boulevard Belém S.A., in the amount of R\$42,098.

Civil

The Company's subsidiaries are defendants in several lawsuits arising from their regular business activities, especially involving compensation, contract termination and shopping mall rental renewal and revision lawsuits. The Company's subsidiaries are plaintiffs in lawsuits mostly related to evictions (due to default and contractual breaches), executions and collections, in general.

16. Other obligations

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Labor obligations	35,314	22,808	62,273	41,895
Obligations with shopping mall	3,754	-	13,820	7,073
Obligation for the power cogeneration equipment	12,058	12,525	12,058	12,525
Related parties transactions (see Note 24)	2,400	2,400	7,120	7,120
Bangu assets certified as a historic structure	8,794	9,664	8,794	9,664
Amounts to be passed on - condominium fees	-	-	3,683	4,925
Rents to be passed on to partners	-	-	-	4,084
Payables for company acquisition	-	-	5,400	8,400
Provision for costs with the business combination with Br Malls - Note 4	64,303	-	64,303	-
Cost with debt structuring	10,000	-	10,000	-
Equity deficit of investees	-	-	5,161	-
Others	2,929	1,357	18,637	14,972
	139,552	48,754	211,249	110,658
Current	123,400	33,689	183,077	88,720
Non-current	16,152	15,065	28,172	21,938

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

17. Income tax and social contribution

i) Deferred tax assets and liabilities

The Company, based on its financial forecast studies for the next 10 years, recognized tax credits related to the tax losses for previous years and also on temporary differences.

The Company has been adopting measures that believes are sufficient to lead the use of the balances of tax losses with consequent realization of the deferred tax asset on tax losses, such as: (i) corporate reorganizations; (ii) operating improvements; (iii) renegotiation of debts, with decrease in the interest rates, among others.

The Company reviewed its taxable income projections as at December 31, 2022 and concluded that there is no need for a provision for reduction to realizable value on the balance recorded.

Deferred income tax and social contribution breakdown is as follows:

	Company			
	Assets		Liabilities	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Difference of depreciation for the useful life of assets	-	-	(8,590)	(4,072)
Receivables - adjustment to straight-line rent	-	-	(7,194)	(6,969)
Swap carried at fair value	5,228	-	-	(3,349)
Capitalization of interest	-	-	(2,797)	(2,989)
Provision for expected credit losses ("ECL")	7,464	4,892	-	-
Amortization of the goodwill based on future profitability	-	-	(11,725)	(9,380)
Tax losses	59,978	59,681	-	-
Benefits program	13,979	9,826	-	-
Fair value gain Via Parque and Acapurana	-	-	(9,810)	(9,810)
Debentures carried at fair value	2,633	4,130	-	-
Gain on debt renegotiation	-	-	(1,334)	(2,470)
Others	7,672	5,586	-	-
	96,954	84,115	(41,450)	(39,039)

Net balance of R\$55,504 stated as non-current assets as at December 31, 2022 (R\$45,076 as at December 31, 2021 as non-current assets).

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

17. Income tax and social contribution (Continued)

i) Deferred tax assets and liabilities (Continued)

	Consolidated			
	Assets		Liabilities	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Difference of depreciation for the useful life of assets	-	-	(48,568)	(55,684)
Fair value of investment properties	-	-	(760,111)	(817,608)
Receivables - adjustment to straight-line rent	-	-	(20,320)	(34,662)
Capitalization of interest	-	-	(17,055)	(18,758)
Swap carried at fair value	5,228	-	-	(3,349)
Amortization of the goodwill based on future profitability	-	-	(62,538)	(60,193)
Provision for expected credit losses ("ECL")	14,594	11,892	-	-
Fair value gain Via Parque and Acapurana	-	-	(9,811)	(9,810)
Tax losses	91,570	106,707	-	-
Fair value of debentures and borrowings	3,774	7,850	-	-
Benefits program	14,412	10,088	-	-
Gain on debt renegotiation	-	-	(7,607)	(10,491)
Others	14,511	7,933	(20,173)	(11,629)
	144,089	144,470	(946,183)	(1,022,184)

The balance is presented on a net basis in the Consolidated, of which R\$64,160 is presented in non-current assets and R\$866,254 in non-current liabilities as at December 31, 2022 (R\$54,723 in non-current assets and R\$932,436 in non-current liabilities as at December 31, 2021).

These balances were classified by nature. For disclosure purposes, the balances stated in the Balance Sheets were adjusted to reflect the net position between deferred tax assets and liabilities by company in the consolidated.

Below is the schedule for expected realization of deferred tax assets:

Year	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
2023	-	-	3,394	1,522
2024	-	3,122	4,101	5,528
2025	-	4,856	5,696	8,070
2026	-	5,914	7,301	10,218
2027	2,009	7,196	6,393	12,882
2028-2032	94,946	63,027	117,204	106,250
	96,955	84,115	144,089	144,470

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

17. Income tax and social contribution (Continued)

ii) Reconciliation of effective rate

Reconciliation of income tax and social contribution expense calculated at the rates established by tax legislation with the amounts recorded in the statement of income for the years ended December 31, 2022 and 2021 is shown below:

Determination of effective tax rate	Company	
	December 31, 2022	December 31, 2021
Profit before income tax and social contribution	144,360	258,901
Combined statutory tax rate - companies under the taxable income method	34%	34%
Income tax and social contribution at the combined statutory tax rate	(49,082)	(88,026)
Additions		
Non-deductible expenses and unrecorded temporary differences	(33,576)	(3,352)
Write-off of added value of asset sold	(13,468)	-
Effects of taxation on the real estate investment funds	(944)	(2,020)
Effect of tax losses for which no deferred tax credits were recognized	(18,444)	(11,800)
Amortization of added value of investments	(7,716)	(20,973)
Effect of interest on capital	(27,540)	-
Exclusions		
Equity in the results of investees	136,906	140,730
Write-off of added value	25,378	-
Other exclusions	-	1,408
Income tax and social contribution in profit or loss for the year	11,514	15,967
Income tax and social contribution		
Current income tax and social contribution	-	-
Deferred income tax and social contribution	11,514	15,967
Income tax and social contribution expense as per the statement of income	11,514	15,967
Total effective tax rate	7.98%	6.17%

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

17. Income tax and social contribution (Continued)

ii) Reconciliation of effective rate (Continued)

Determination of effective tax rate	Consolidated	
	December 31, 2022	December 31, 2021
Profit before income tax and social contribution	255,218	339,890
Combined statutory tax rate - companies under the taxable income method	34%	34%
Income tax and social contribution at the combined statutory tax rate	(86,774)	(115,563)
Additions		
Non-deductible expenses	(31,141)	(3,722)
Effect of tax losses for which no deferred tax credits were recognized	(41,202)	(21,122)
Other additions	-	-
Exclusions		
Equity in the results of investees	18,804	15,249
Effects of taxation on the real estate investment funds	33,028	14,447
Tax effect of the companies opting for presumed profit system	57,668	66,912
Write-off of deferred tax assets and net liabilities, due to a change from the taxable profit to the deemed profit method	8,756	16,034
Others	7,787	6,280
Income tax and social contribution in profit or loss for the year	(33,074)	(21,485)
Income tax and social contribution		
Current income tax and social contribution	(89,661)	(61,379)
Deferred income tax and social contribution	56,587	39,894
Income tax and social contribution expense as per the statement of income	(33,074)	(21,485)
Total effective tax rate	12.96%	6.32%

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

18. Equity

Share capital

As at December 31, 2022 the Company's capital is R\$4,156,722 (R\$4,156,722 as at December 31, 2021), represented by 265,772,778 registered common shares with no par value (265,772,778 as at December 31, 2021).

The Company is authorized to increase its share capital through the issuance of new registered common shares, book-entry and with no par value, by resolution of the Board of Directors and irrespective of amendment to the bylaws, in the amount of up to R\$4,000,000, in addition to the Company's capital.

Capital reserve - Share subscription premium reserve

The premium reserve represents the premium paid by stockholders on the issuance of shares. The amount will remain recorded in "capital reserve" until its capitalization and will be capitalized proportionately to the interest held by each stockholder.

Expenditure on issuance of shares

Refers to expenditure on issuance of shares, which was classified as a capital reserve reduction. The balance refers mainly to expenditures incurred in the IPO transaction on December 5, 2019, which totaled R\$56,729, among others.

Treasury shares

Until December 31, 2022, the Company acquired 1,314,000 common shares (1,314,000 as at December 31, 2021). The balance of treasury shares as at December 31, 2022 is 43,783 shares (664,669 as at December 31, 2021).

Treasury shares were acquired at a weighted average cost of R\$28.11, at a minimum cost of R\$27.02, and at a maximum cost of R\$29.10. The closing price of the shares calculated based on the last quote prior to the end of the period was R\$17.01.

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

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18. Equity (Continued)

Carrying value adjustments

As at December 31, 2022, the carrying value adjustments balance corresponds to fair value, net of tax impacts, allocated as the price of the business combination transaction occurred in 2019.

Additionally, as described in Note 4, during the first quarter of 2022, the Company invested in equity instruments, which are subject to market price variations. As at December 31, 2022, these securities are measured at fair value and the net loss accumulated of R\$36,143 was allocated directly in equity, under "Carrying value adjustments".

Non-controlling interest

i) *Breakdown of equity and result of non-controlling interest*

Equity	December 31, 2022	December 31, 2021
Fundo de Investimento Imobiliário Shopping Parque D. Pedro	538,098	537,759
Fundo de Investimento Imobiliário Parque D. Pedro Shopping Center	355,619	341,892
Added value attributed to non-controlling interest in the business combinations	51,892	51,892
Others	125,804	131,514
	1,071,413	1,063,057
Profit or loss for the year	December 31, 2022	December 31, 2021
Fundo de Investimento Imobiliário Shopping Parque D. Pedro	36,655	24,952
Fundo de Investimento Imobiliário Parque D. Pedro Shopping Center	8,182	5,067
Others	21,432	13,518
	66,269	43,537

During the year ended December 31, 2022, the non-controlling stockholders of Fundo de Investimento Imobiliários do Shopping Parque D. Pedro contributed the amount of R\$16,247 as capital increase of the respective.

FII Shopping Parque D. Pedro and FII Parque D. Pedro Shopping Center distributed to non-controlling stockholders the total amount of R\$61,069.

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

18. Equity (Continued)

Non-controlling interest (Continued)

- ii) *Main balances of balance sheet and result of FII Shopping Parque D. Pedro e FII Parque D. Pedro Shopping Center at December 31, 2022*

Balance sheet	FII Shopping Parque D. Pedro (31.52%)	FII Parque S. Pedro Shopping Center (49.9%)
Current assets	93,584	27,831
Non-current assets	1,522,847	841,452
Current liabilities	12,968	9,512
Non-current liabilities	645	163
Equity	1,602,819	859,608
Equity attributable to non-controlling interest	538,097	355,620
	December 31, 2022	December 31, 2021
Profit or loss and dividends paid	December 31, 2022	December 31, 2021
Net operating revenue from rentals and others	142,785	67,959
Net income and comprehensive income for the year	88,455	58,745
Profit for the year from non-controlling interests	36,655	8,182
Dividends paid	38,115	13,924

Result per share

- i) *Basic earnings per share*

Basic result per share is calculated by dividing the result attributable to stockholders of the Company by the weighted average number of common shares outstanding during the year.

Basic result per share	December 31, 2022 Common	December 31, 2021 Common
Net income attributable to controlling stockholders	155,875	274,868
Weighted average number of common shares (thousands)	265,773	265,773
Weighted average number of treasury shares (thousands)	(820)	(554)
Basic earnings per share	0.5883	1.0364

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

18. Equity (Continued)

Result per share (Continued)

ii) *Diluted result per share*

Diluted result per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential common shares with dilutive effects under the stock option program.

Diluted result per share	December 31, 2022	December 31, 2021
	Common	Common
Net income attributable to controlling stockholders	155,875	274,868
Weighted average number of common shares (thousands)	265,773	265,773
Weighted average number of treasury shares (thousands)	(820)	(554)
Weighted average number of outstanding common shares (thousands)	264,952	265,219
Diluted result per share	0.5883	1.0364

Dividends

	2022		2021	
	Total	Amount per share (R\$)	Total	Amount per share (R\$)
Net income for the year	155,875	0.5883	274,868	1.0342
(-) Legal reserve	(7,794)		(13,743)	
Basic earnings for calculation of dividends	148,081		261,125	
Minimum mandatory dividends - 25%	(37,020)	0.1392	(65,282)	0.2456
Allocation to profit retention reserve	111,061		195,843	

Distributed dividends

On April 30, 2021, the Company approved the distribution of dividends for 2020 in the amount of R\$60,000, of which R\$40,154 were recorded as minimum mandatory dividends and R\$19,846 were allocated to the profit retention reserve. These additional dividends were paid on May 17, 2021.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

18. Equity (Continued)

Distributed dividends (Continued)

On April 30, 2022, the Company approved the distribution of dividends for 2021 in the amount of R\$101,978, of which R\$65,282 were recorded as minimum mandatory dividends and the complementary R\$36,697 were allocated to the profit retention reserve. These dividends were paid on May 20, 2022.

19. Net revenue from rentals and services

Revenue by nature	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue from rentals	116,943	101,594	875,554	756,233
Revenue from services	78,364	70,553	94,993	85,279
Assignment of right of use	1,186	1,160	8,664	9,956
Parking lot	23,005	8,443	201,600	138,350
Others	-	23	3,660	2,102
Taxes and contributions and other deductions	(18,479)	(21,144)	(73,150)	(54,243)
	201,019	160,629	1,111,321	937,677

20. Cost of rentals and services

Cost by nature	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Depreciation and amortization of properties	(12,966)	(12,176)	(161,845)	(153,311)
Depreciation of the right of use of the assets	(1,084)	(1,084)	(1,084)	(1,084)
Amortization of added value of goodwill of assets	(17,788)	(66,232)	(4,189)	(11,450)
Cost of services rendered	(395)	(1,227)	(52,963)	(47,894)
Expenditures on rented properties	(2,151)	(2,933)	(45,756)	(51,017)
Cost of parking lot	(2,517)	(2,326)	(25,625)	(22,338)
Operating costs of shopping malls	(3,266)	(1,958)	(17,302)	(9,164)
Others	-	-	(1,235)	(4,535)
	(40,167)	(87,936)	(309,999)	(300,793)

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

21. Selling, general and administrative expenses

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Personnel expenses	(99,749)	(75,031)	(111,303)	(86,950)
Professional services	(21,580)	(16,631)	(31,700)	(21,425)
Occupancy expenses	(1,155)	(630)	(1,647)	(961)
Depreciation and amortization	(26,586)	(19,385)	(32,576)	(22,317)
Depreciation of the right of use of the assets	(1,161)	(1,161)	(2,416)	(2,978)
Utility and service expenses	(728)	(639)	(759)	(876)
Legal and tax expenses	(900)	(644)	(2,308)	(1,404)
Provision for expected credit losses (Note 8)	(8,033)	(10,712)	(28,803)	(52,121)
Other administrative expenses	(7,649)	(2,630)	(9,720)	(6,145)
	(167,541)	(127,463)	(221,232)	(195,177)

22. Finance income (costs)

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Finance costs				
Interests and liability monetary variations on borrowings, CCI and debentures	(270,035)	(137,460)	(306,602)	(194,775)
Result from derivative financial instruments	(52,928)	(7,110)	(52,928)	(7,110)
Structuring cost	(8,197)	(6,511)	(9,513)	(7,823)
Others	(23,470)	(10,603)	(30,985)	(7,021)
	(354,630)	(161,684)	(400,028)	(216,729)
Finance income				
Income from financial investments	131,080	46,978	170,330	56,835
Asset monetary variations	1,991	4,031	3,125	6,436
Update, fine and interest on trade receivables	1,189	634	8,914	3,162
Others	106	162	3,315	128
	134,366	51,805	185,684	66,561
Finance income (costs)	(220,264)	(109,879)	(214,344)	(150,168)

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

23. Other income (costs), net

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Gain (loss) with disposal of investment properties (1)	128	14,178	(91,807)	14,178
Gain (loss) with disposal of investment (2)	49,846	-	49,846	-
Provision for investments and investment properties losses (3)	-	-	(4,839)	-
Fair value write-off from sale of assets	35,030	-	-	-
Expenses with the business combination - Note 4	(112,746)	-	(112,746)	-
Others	5,746	(4,541)	(6,289)	(10,676)
	(21,996)	9,637	(165,835)	3,502

(1) The loss in the Consolidated represents the result of the sale of Shopping Boulevard Vila Velha, Uberlândia Shopping, Boulevard Londrina Shopping, land in Rio de Janeiro that was registered in subsidiary Choppin and land in Goiânia. These transactions are described in detail in Note 4.

(2) The gain represents the sale of investments in 2008 Empreendimentos (Boulevard Shopping Brasília), ALSO Participações and BG Malls.

(3) As at December 31, 2022, subsidiary Choppin recorded a provision for loss related to a land currently in the process of sale, in the amount of R\$4,839. See Note 12.

24. Related-party transactions

In the course of their business, the Company and its subsidiaries, joint ventures, associates and other related parties carry out commercial and financial transactions with each other. These commercial transactions mainly include the shopping mall management service, in addition to loan operations and other amounts receivable due to asset purchase and sale agreements. The main balances of assets and liabilities as at December 31, 2022 and December 31, 2021 arise from transactions as follows:

	Company			
	December 31, 2022		December 31, 2021	
	Non-current assets	Non-current liabilities	Non-current assets	Non-current liabilities
Subsidiaries				
Boulevard Belém S.A. (1)	-	2,400	-	2,400
	-	2,400	-	2,400

(1) Refers to a loan agreement entered into between Boulevard Belém and the Company in April 2014, in the amount of R\$2,400, maturing in December 2023, without interest and monetary adjustment.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

24. Related-party transactions (Continued)

	Consolidated					
	December 31, 2022			December 31, 2021		
References	Non-current assets	Non-current liabilities	Transaction/result (rendering of shopping mall management services)	Non-current assets	Non-current liabilities	Transaction/result (rendering of shopping mall management services)
Subsidiaries						
Aliansce Sonae Shopping Centers S.A.	-	-	13,827	-	-	9,457
Aliansce Ass. Comercial Ltda.	-	-	11,656	-	-	8,645
Shopping Taboão	-	-	(3,977)	-	-	(2,287)
Santana Parque Shopping	-	-	(785)	-	-	(443)
Norte Shopping Belém	-	-	(75)	-	-	(248)
Boulevard Shopping Belo Horizonte	-	-	(3,157)	-	-	(1,790)
Boulevard Shopping Belém	-	-	(4,676)	-	-	(3,423)
Boulevard Shopping Campos	-	-	(397)	-	-	(235)
Shopping Grande Rio	-	-	(1,882)	-	-	(1,321)
Parque Shopping Maceió	-	-	(2,346)	-	-	(1,566)
Shopping Parangaba	-	-	(1,082)	-	-	(775)
Boulevard Shopping Brasília	-	-	(465)	-	-	(691)
Caxias Shopping	-	-	(105)	-	-	(363)
Boulevard Vila Velha	-	-	(157)	-	-	(136)
Shopping Leblon	-	-	(3,893)	-	-	(2,355)
Shopping da Bahia	-	-	(2,084)	-	-	(1,697)
Via Parque	-	-	(402)	-	-	(772)
Other related parties						
Luciana Rique	(1)	-	87	-	87	-
Reinaldo Rique	(2)	4,932	-	3,855	-	-
FIP Bali	(3)	4,033	7,120	4,033	7,120	-
CPPIB Salvador Participações Ltda.	(4)	-	448	44	-	1,032
CPPIB US RE-A, INC.	(5)	49	539	-	-	458
-	-	9,014	7,207	7,932	7,207	1,490

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

24. Related-party transactions (Continued)

- (1) Tarsila has recorded the amount payable for the acquisition of a 22.36% interest in Naciguat Condominium, which integrates Shopping da Bahia, occurred in January 2013. The financial settlement still depends on some contractual obligations.
- (2) Receivables due to tax obligations from the former owner of the interest acquired in Shopping da Bahia, which are paid in installments through the Program of Payment in Installments or Refinancing of Federal Tax Debts ("REFIS") by Nibal.
- (3) Altar records in non-current assets the amount receivable from the former owners of the interest acquired in Shopping Leblon (purchase of 25.1% of Shopping Leblon by Vivaldi (company merged into Altar) in August 2016 from sellers FIP BALI and RLB Empreendimentos e Participações), which will be carried out through the reimbursement of amounts that can be paid by Altar in legal proceedings related to IPTU tax of Shopping Leblon and are in progress. The contingent liability of the respective IPTU is recorded under "Provision for Contingencies". Also in connection with this transaction of purchase of Shopping Leblon, Altar maintains recorded in non-current liabilities the amount payable to FIP Bali and RLB Empreendimentos e Participações, which aims to reimburse such companies for the use of tax credits by Altar then received upon the purchase of said Shopping.
- (4) Refers to the provision of administration and asset management services for Shopping da Bahia, in which CPPIB Salvador Participações Ltda., a wholly-owned subsidiary of CPPIB Salvador Holding Inc. (a related party of the Company's controlling stockholder, Canada Pension Plan Investment Board) holds 18.1%.
- (5) Refers to the provision of asset management services for Shopping Leblon, in which CPPIB Leblon Brazil Ltda. (a related party of the Company's controlling stockholder, Canada Pension Plan Investment Board) holds 14%.

Contract signed between Sierra Investimentos and Parque D. Pedro 1 BV

The investee Sierra Investimentos has an agreement signed with Parque D. Pedro 1 BV under which Parque D. Pedro 1 BV undertakes to compensate Sierra Investimentos for all and any risks associated with the proceeding in progress that discusses the taxation of income of Fundo de Investimento Imobiliário Shopping Parque D. Pedro belonging to a stockholder that is not part of the group. Under this agreement, Sierra Investimentos had part of its income retained and used for purposes of judicial deposits, totaling R\$33,590 as at December 31, 2022 (R\$30,945 as at December 31, 2021).

Key management compensation

The compensation paid to key management, which includes directors and officers, amounted to R\$33,195 in the year ended December 31, 2022 (R\$31,776 as at December 31, 2021). This amount encompasses short-term compensation, corresponding to: (i) fee paid to the directors and members of the Board of Directors and its supporting Committees; (ii) bonus paid to the members of the Executive Board; and (iii) other benefits, such as health care plan, in addition to long-term incentives such as share-based compensation.

The Company has not made payments for post-employment benefits, other long-term benefits and termination benefits.

The Company has a share-based compensation program (Note 26).

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

25. Collaterals and guarantees

The Company and/or its stockholders, in the capacity of guarantors of borrowings and financings assumed by the Company and by some of its subsidiaries, provided surety bonds in amounts proportional to their interest in the subsidiaries, in the amount of R\$961,450.

26. Share-based compensation

a) Restricted shares program

In June 2019, as a result of the corporate restructuring process for the merger of Aliansce Shopping Centers S.A. into Sonae Sierra Brasil S.A. (see note 1), and considering that the Stock Option and Incentives Linked to the Company's Shares Plan ("Plan" and/or "Program") issued by Aliansce Shopping Center S.A. ("Aliansce") granted powers to the Board of Directors to perform the appropriate adjustments to the respective stock option and incentives linked to the share programs to protect the interests of the beneficiaries, the Aliansce's Board of Directors approved the granting to each beneficiary of the programs of the possibility of subscribing all the common shares that were subject to the stock options granted to such beneficiary under the programs.

The payment by the respective beneficiary followed the same terms originally provided for in the programs and in the respective adhesion contracts for each exercise of the stock options granted, except for the 10% portion of the issuance price of each common share, which was paid up in cash by each beneficiary.

There were issued 2,496,421 common shares by Aliansce Shopping Centers S.A., which, after the business combination with Sonae Sierra Brasil S.A., were converted into 1,966,662 nominative and with no par value shares of the Company, fully allocated for subscription and payment by the beneficiaries of the restricted shares plan of the Company.

The amount of restricted shares to be paid up should correspond to the strike price (which correspond to a value between R\$15.00 to R\$18.55 according to each contract) and will be adjusted monthly by reference to the IPCA variation, deducting the value of dividends distributed by the Company between the date established in each adhesion agreement and the payment date.

The shares granted to the beneficiaries of the programs will be free to be exercised after two or three years (according to the adhesion agreement) as of the date of grant and at the ratio of 33.33% per each year. The annual lots may be fully or partially paid up until the end of the extinguishing term of 12 months, counted from the end of the Grace Period of the respective Annual Lot. After the end of this extinguishing term, the beneficiary will lose the right to the payment of the shares underlying the respective Annual Lot

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

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(All amounts in thousands of reais unless otherwise stated)

26. Share-based compensation (Continued)

a) Restricted shares program (Continued)

or the portion of shares not exercised of the Annual Lot by the beneficiary, without any right to indemnification.

As required by technical pronouncement CPC 10 (R1) - Share-based Payment, the Company started the recognition in profit or loss, as services were provided, in share-based payment transactions; the effect in profit or loss for the year ended December 31, 2022 amounted to R\$1,419 (December 31, 2021: R\$5,823).

The premiums corresponding to the flexibilities of restricted shares were calculated based on the fair value as of the grant date of the agreement, based on their respective market price. Based on valuation techniques using the Binomial Model and financial models, the Company estimated the accounting effects with a reasonable degree of accuracy, as follows:

Programs	Group 1	Group 2	Group 3	Group 4
Exercise term	11/10/2022	4/9/2023	12/31/2022	4/9/2024
Number of shares of the program (i)	1,346,431	208,863	111,289	300,079
Strike price in R\$	15.00	17.50	15.14	18.55
Market price as of the grant date in R\$	17.79	17.80	15.77	19.47
Fair value of flexibilities in R\$	5.04	3.78	3.59	4.07
Volatility of share price - %	29.93	31.58	32.28	32.02
Risk-free rate of return - %	4.74	4.60	4.69	4.20

(i) These numbers of shares correspond to the Company's shares, after the application of a conversion factor upon the merger of Aliansce Shopping Centers S.A. into Sonae Sierra Brasil S.A.

Pursuant to item 45 of CPC 10 (R1), the number and weighted average price for payment of shares are set out for the following share groups:

Changes in restricted shares	Number	Weighted average price
Outstanding at the beginning of the year	1,676,051	16.26
Paid up in the year	(12,004)	16.26
Outstanding at the end of the year	1,664,047	16.26
Exercisable at the end of the year	832,024	16.26

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Notes to company and consolidated financial statements (Continued)

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26. Share-based compensation (Continued)

b) Hybrid stock option program

- (i) *1st Grant of the Hybrid Stock Option and Share-based Incentive Program:* On July 8, 2020, the Company granted its beneficiaries the right to purchase 218,656 shares, immediately receiving the amount of R\$5,788. In addition, it granted additional 218,656 shares due to the estimated match in the program without any cost to the beneficiary. The 437,312 shares granted to beneficiaries were derived from treasury shares at an average cost of R\$27.95, totaling R\$12,222. The fair value of these shares is R\$7,111 (R\$16.26 per share).
- (ii) *2nd Grant of the Hybrid Stock Option and Share-based Incentive Program:* On April 14, 2021, the Company granted its beneficiaries the right to purchase 82,568 shares, receiving the amount of R\$1,649 and maintaining at December 31, 2021 the amount receivable of R\$178. In addition, it granted additional 82,568 shares due to the estimated match in the program without any cost to the beneficiary. The 165,136 shares granted to beneficiaries were derived from treasury shares at an average cost of R\$28.11, totaling R\$4,642. The fair value of these shares is R\$2,263 (R\$13.71 per share).
- (iii) *3rd Grant of the Hybrid Stock Option and Share-based Incentive Program:* On April 14, 2022, the Company granted its beneficiaries the right to purchase 269,359 shares, receiving the amount of R\$5,829. In addition, it granted additional 269,359 shares due to the estimated match in the program without any cost to the beneficiary. The 538,718 shares granted to beneficiaries were derived from treasury shares at an average cost of R\$28.11, totaling R\$15,143. The fair value of these shares is R\$5,696 (R\$10.58 per share).

In all three grants of the "Hybrid Stock Option and Share-based Incentive Program", there is the granting of performance shares after the end of the three-year lock-up period of the shares granted by way of matching. For these concessions, the respective fair values were calculated as shown below:

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26. Share-based compensation (Continued)

b) Hybrid stock option program (Continued)

	1 st grant		2 nd grant		3 rd grant	
	Number	Fair value attributed to shares	Number	Fair value attributed to shares	Number	Fair value attributed to shares
Stock options exercised in the program and shares granted as matching	437,312	7,111	165,136	2,263	269,359	5,696
Performance shares attributed to the plan:						
Performance shares based on market conditions	109,328	840	41,284	476	134,680	1,553
Performance shares based on non-market conditions	109,328	3,225	41,284	1,090	134,680	2,848
Total	218,656	4,065	82,568	1,566	269,359	4,401

In the year ended December 31, 2022, R\$11,423 (R\$2,108 as at December 31, 2021) was recognized related to the allocation of personnel expenses linked to such program, under the line item "Selling, general and administrative expenses".

c) Share-based compensation program (Phantom)

1st program: The Company signed a compensation agreement that establishes the terms and conditions for the payment of a premium in cash to certain officers, based on the appreciation of Company shares, after meeting the restrictive condition that is remaining at the Company for a minimum period of three years counted from July 08, 2020. For this program, the executives were granted an economic benefit linked to the value of 21,327 shares, which was assigned a fair value of R\$324.

Aliansce Sonae Shopping Centers S.A.

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26. Share-based compensation (Continued)

c) Share-based compensation program (Phantom) (Continued)

2nd program: The Company signed a compensation agreement that establishes the terms and conditions for the payment of a premium in cash to certain officers, based on the appreciation of Company shares, after meeting the restrictive condition that is remaining at the Company for a minimum period of three years counted from April 14, 2020. For this program, the executives were granted an economic benefit linked to the value of 5,550 shares, which was assigned a fair value of R\$84.

3rd program: The Company signed a compensation agreement that establishes the terms and conditions for the payment of a premium in cash to certain officers, based on the appreciation of Company shares, after meeting the restrictive condition that is remaining at the Company for a minimum period of three years counted from April 14, 2022. For this program, executives were granted an economic benefit pegged to the value of 31,949 shares, in the amount of R\$675.

In all three programs, a performance premium is granted after the end of the three-year period. For such grant, the respective fair values were calculated as shown below:

	1 st grant		2 nd grant		3 rd grant	
	Reference number	Fair value attributed to the premium	Reference number	Fair value attributed to the premium	Reference number	Fair value attributed to the premium
Stock options exercised in the program and shares granted as matching	21,327	324	5,550	84	31,949	675
Performance shares attributed to the plan:						
Performance premium based on market conditions	10,664	92	2,775	32	15,975	183
Performance premium based on non-market conditions	10,663	314	2,775	73	15,974	338
Total	21,327	406	5,550	105	31,949	521

In the year ended December 31, 2022, R\$523 was recognized related to the allocation of personnel expenses linked to such program, under the line item "Selling, general and administrative expenses". In addition, the Company has a provision for all three programs in the amount of R\$1,178, which is recorded in "Other obligations" in non-current liabilities.

Aliance Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

26. Share-based compensation (Continued)

d) 1st Restricted shares program of the Company's Board of Directors

On March 31, 2021, the Company granted 56,668 shares as compensation to the members of the Company's Board of Directors. The shares granted to beneficiaries were derived from treasury shares, already net of taxes, amounting to 41,084 shares at an average cost of R\$28.11, totaling R\$1,155. The fair value of these shares is R\$1,593, and the lock-up period is one year. In the same program, a second grant of 42,866 shares was also granted at an average cost of R\$28.11, with a lock-up period of two years. The fair value attributed to this second grant was R\$1,500. In the year ended December 31, 2022, R\$1,576 was recorded as personnel expenses attached to the referred program, presented under the item "Selling, administrative and general expenses".

27. Insurance

The Company and its subsidiaries adopt the policy of contracting insurance coverage for assets subject to risks. The insurance amounts are considered sufficient by Management to cover possible losses, taking into consideration the nature of the activities.

As at December 31, 2022, the Company's shopping malls in operation were insured as follows:

- General civil liability - The shopping malls of the Company have a general civil liability insurance policy which the Company believes to cover the risks involved in their activities. The policies refer to civil claim amounts for which the Company may be held liable by a final court decision or by express agreement by the insurance company, with reference to compensation for damages caused to third parties. Moral damages covered in this policy for the operations of the shopping malls of the Company's portfolio total R\$50,000.
- Specific Risks and Operating Insurance - The Company's shopping malls have Specific Risks and Operating Insurance encompassing what the Company understands that are the main risks involved in its operations. The insured amount for each asset represents the Company's estimate for their total reconstruction plus lost profit. The deductible varies according to the insured events. The lost profits are also guaranteed in each one of the assets at an amount the Company understands as representing the earnings for 12 consecutive months.

Aliansce Sonae Shopping Centers S.A.

Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

28. Supplementary cash flow information

The Company carried out the following transactions that did not involve cash and cash equivalents:

	Company		Consolidated	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Amount receivable from the sale of assets	111,346	-	319,079	-
Loss on fair value of financial investments recorded in other comprehensive income	36,143	-	36,143	-
Structuring cost	10,000	-	10,000	-
Provision for costs related to the business combination transaction with Br Malls	64,303	-	64,303	-
Interest on capital receivable	81,000	-	-	-

29. Events after the reporting period

On January 6, 2023, the Company completed the business combination process with Br Malls, under the terms of the agreement described in Note 4.

The transaction foresees the business combination of the Company and Br Malls involving (i) the merger of the shares issued by Br Malls by a subsidiary of Aliansce Sonae, with the issuance of classes A and B preferred shares, with the class B preferred shares being immediately redeemable, and (ii) the subsequent merger of that company into Aliansce Sonae. Therefore, the stockholders of Br Malls received a portion in cash and a portion in shares issued by Aliansce Sonae, thus migrating to the stockholder base of Aliansce Sonae.

As a result of the transaction, Aliansce Sonae (a) issued to the stockholders of Br Malls 326,339,911 common shares, representing 55.2% of the combined company's share capital, thus assuming a share exchange ratio of 0.3985 common shares issued by Aliansce Sonae for each 1 common share issued by Br Malls, plus (b) a cash portion in the total amount of R\$1,250,000, which was monetarily adjusted based on the CDI variation between June 8, 2022, date of signature of the combination agreement and approval by the stockholders of both companies at an Extraordinary General Meeting, and January 13, 2023, in line with the provisions of the Rationale and Protocol, which resulted in a final amount of the cash portion of R\$1,335,253. This amount was paid to the stockholders of Br Malls on January 20, 2023, net of applicable tax effects in each case.

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Notes to company and consolidated financial statements (Continued)

December 31, 2022 and 2021

(All amounts in thousands of reais unless otherwise stated)

29. Events after the reporting period (Continued)

The Company is in the process of measuring the fair values of the consideration paid to the stockholders of Br Malls, as well as the assets acquired and liabilities assumed with the transaction and, therefore, it understands that presently it is not possible to disclose the effects of the preliminary allocation of the added value and determination of goodwill or negative goodwill.