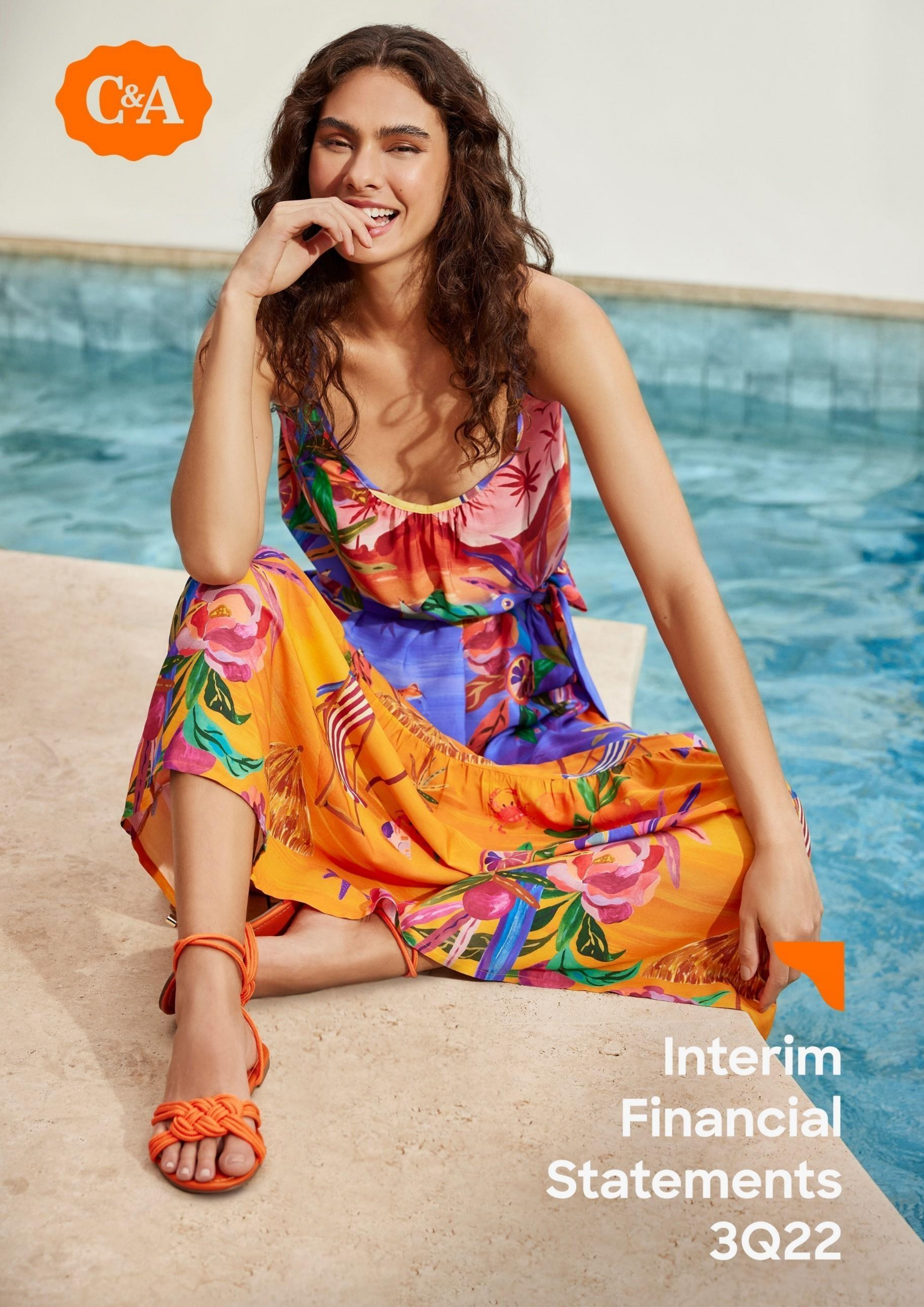

Interim Financial Statements 3Q22

Interim Financial Statement

C&A Modas S.A.

September 30, 2022 and 2021
and the Report of the Independent Auditor

C&A Modas S.A.

Interim Financial Statement

September 30, 2022 and 2021

Contents

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A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Report on the review of the quarterly information

To the Officers and Shareholders of
C&A Modas S.A.
Barueri - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of C&A Modas S.A. (the "Company") for the quarter ended September 30, 2022, comprising the statement of financial position as at September 30, 2022 and the related statements of profit or loss and of comprehensive income (loss) for the three and nine-month periods then ended, and the statement of changes in equity and cash flows for the nine-month period then ended including the explanatory notes.

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

Scope of review

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

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Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The above-mentioned quarterly information includes the individual and consolidated statements of value added (SVA) for the nine-month period ended as at September 30, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, November 08, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Flávio Serpejante Peppe
Accountant CRC-1SP172167/O-6

C&A Modas S.A.

Statements of Financial Position
On September 30, 2022 and December 31, 2021
(in thousand Reals)

	Note	Parent Company		Consolidated	
	Note	**09/30/2022**	12/31/2021	**09/30/2022**	12/31/2021
Assets					
Current					
Cash and cash equivalents	6	**1,197,094**	1,003,249	**1,228,216**	1,050,251
Financial investments	7	**8,464**	-	**8,464**	-
Trade receivables	8	**932,497**	1,144,404	**1,107,378**	1,145,336
Derivatives	30.1.a	**1,193**	1,535	**1,193**	1,535
Related parties	9	**4,134**	643	**107**	504
Inventory	11	**975,118**	849,269	**974,956**	849,269
Taxes recoverable	12	**692,263**	848,803	**692,907**	849,155
Other Assets	13	**50,881**	33,337	**51,116**	33,348
Total current assets		**3,861,644**	3,881,240	**4,064,337**	3,929,398
Non-current assets					
Long-term assets					
Financial investments	7	**-**	7,776	**-**	7,776
Taxes recoverable	12	**922,111**	839,778	**922,111**	839,778
Deferred taxes	14	**516,758**	378,365	**516,758**	378,803
Judicial deposits	23.2	**60,917**	61,937	**60,917**	61,937
Related parties	9	**90**	133	**90**	133
Other Assets	13	**965**	2,587	**965**	2,587
Total long-term assets		**1,500,841**	1,290,576	**1,500,841**	1,291,014
Investments	15	**28,251**	31,272	**-**	-
Property and Equipment	16	**827,745**	836,269	**827,745**	836,269
Right-of-use assets - leases	18	**1,622,000**	1,640,290	**1,622,000**	1,640,290
Intangible assets	17	**999,549**	975,239	**999,936**	975,695
Total non-current assets		**4,978,386**	4,773,646	**4,950,522**	4,743,268
Total assets		**8,840,030**	8,654,886	**9,014,859**	8,672,666

C&A Modas S.A.

Statements of Financial Position
On September 30, 2022 and December 31, 2021
(in thousand Reals)

	Note	Parent Company		Consolidated	
	Note	**09/30/2022**	12/31/2021	**09/30/2022**	12/31/2021
Net liabilities and equity					
Current liabilities					
Lease liabilities	18	**515,756**	471,723	**515,756**	471,723
Trade payables	19	**1,419,393**	1,399,676	**1,427,992**	1,400,736
Loans and debentures	20	**831,989**	105,108	**977,683**	121,178
Derivatives	30.1.a	**1,872**	1,910	**1,872**	1,910
Labor liabilities	21	**141,383**	155,470	**141,383**	155,470
Related parties	9	**71,341**	59,454	**65,637**	59,017
Taxes payable	22	**59,559**	175,352	**61,316**	176,103
Other liabilities		**24,833**	28,585	**49,254**	28,918
Total current liabilities		**3,066,126**	2,397,278	**3,240,893**	2,415,055
Non-current assets					
Lease liabilities	18	**1,325,610**	1,342,425	**1,325,610**	1,342,425
Trade payables	19	**12,473**	435,060	**12,473**	435,060
Loans and debentures	20	**1,404,367**	1,253,648	**1,404,367**	1,253,648
Labor liabilities		**6,979**	5,675	**6,979**	5,675
Provisions for tax, civil and labor risks	23	**178,372**	169,526	**178,432**	169,526
Taxes payable	22	**15,848**	16,212	**15,848**	16,212
Other liabilities		**44,386**	40,056	**44,385**	40,056
Total non-current liabilities		**2,988,035**	3,262,602	**2,988,094**	3,262,602
Total liabilities		**6,054,161**	5,659,880	**6,228,987**	5,677,657
Equity					
Capital stock	24	**1,847,177**	1,847,177	**1,847,177**	1,847,177
Shares in Treasury		**(5,259)**	(1,362)	**(5,259)**	(1,362)
Capital reserve		**34,846**	27,861	**34,846**	27,861
Profit reserve		**1,121,578**	1,121,578	**1,121,578**	1,121,578
Other comprehensive income (loss)		**(449)**	(248)	**(449)**	(248)
Accumulated losses		**(212,024)**	-	**(212,024)**	-
Total controlling shareholders		**2,785,869**	2,995,006	**2,785,869**	2,995,006
Non-controlling interests		**-**	-	**3**	3
Total shareholder's equity		**2,785,869**	2,995,006	**2,785,872**	2,995,009
Total liabilities and shareholder's equity		**8,840,030**	8,654,886	**9,014,859**	8,672,666

See accompanying notes.

C&A Modas S.A.

Statement of earnings
Quarters and nine-month periods ended September 30, 2022 and 2021
(In thousand Reals - R$, except earnings per share)

		Parent Company			
		Current Quarter	Year-to-date	Same quarter in the previous year	Previous year
	Note	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Net Revenue	26	**1,373,419**	**4,170,518**	1,338,806	3,289,239
Sale of goods and services		**1,334,276**	**4,040,847**	1,289,801	3,141,297
Financial Products and Services		**39,143**	**129,671**	49,005	147,942
Cost of sales and services rendered	27	**(713,851)**	**(2,136,877)**	(740,069)	(1,792,302)
Sale of goods and services		**(713,714)**	**(2,136,415)**	(739,860)	(1,791,634)
Financial Products and Services		**(137)**	**(462)**	(209)	(668)
Gross Profit		**659,568**	**2,033,641**	598,737	1,496,937
Operating revenue (expenses):					
General and administrative expenses	27	**(158,215)**	**(489,665)**	(135,618)	(344,430)
Sales expenses	27	**(527,967)**	**(1,646,830)**	(517,232)	(1,422,411)
Share of profit of subsidiaries		**(13,127)**	**(33,022)**	65	198
Other net operating income (expenses)	27	**37,493**	**50,777**	13,357	145,507
Operating profit (loss) before finance results		**(2,248)**	**(85,099)**	(40,691)	(124,199)
Foreign exchange variation		**(1,169)**	**59**	(1,902)	(616)
Finance expenses		**(174,269)**	**(428,164)**	(73,442)	(181,577)
Finance income		**73,715**	**162,891**	33,556	120,760
Finance results	28	**(101,723)**	**(265,214)**	(41,788)	(61,433)
Loss (loss) before income taxes		**(103,971)**	**(350,313)**	(82,479)	(185,632)
Income taxes	14	**42,575**	**138,289**	326,383	360,228
Profit (loss) for the period		**(61,396)**	**(212,024)**	243,904	174,596

See accompanying notes.

C&A Modas S.A.

Statement of earnings
Quarters and nine-month periods ended September 30, 2022 and 2021
(In thousand Reals - R$, except earnings per share)

		Consolidated			
		Current Quarter	Year-to-date	Same quarter in the previous year	Previous year
	Note	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Net Revenue	26	**1,407,540**	**4,234,804**	1,339,406	3,291,072
Sale of goods and services		**1,334,134**	**4,040,273**	1,289,801	3,141,297
Financial Products and Services		**73,406**	**194,531**	49,605	149,775
Cost of sales services rendered	27	**(713,691)**	**(2,137,079)**	(740,069)	(1,792,302)
Sale of merchandise and services		**(713,317)**	**(2,135,918)**	(739,860)	(1,791,634)
Financial Products and Services		**(374)**	**(1,161)**	(209)	(668)
Gross Profit		**693,849**	**2,097,725**	599,337	1,498,770
Operating (expenses) income:					
General and administrative expenses	27	**(160,121)**	**(494,765)**	(136,083)	(345,840)
Sales expenses	27	**(552,735)**	**(1,702,564)**	(517,232)	(1,422,411)
Net credit losses		**(20,847)**	**(34,233)**	-	-
Other net operating income (expenses)	27	**37,492**	**49,791**	13,359	145,509
Operating profit (loss) before finance results		**(2,362)**	**(84,046)**	(40,619)	(123,972)
Foreign exchange variation		**(1,169)**	**59**	(1,902)	(616)
Finance expenses		**(174,331)**	**(429,468)**	(73,443)	(181,580)
Finance income		**73,959**	**163,680**	33,558	120,763
Finance results	28	**(101,541)**	**(265,729)**	(41,787)	(61,433)
Profit (loss) before income taxes		**(103,903)**	**(349,775)**	(82,406)	(185,405)
Income taxes	14	**42,510**	**137,751**	326,310	360,001
Profit (loss) for the period		**(61,393)**	**(212,024)**	243,904	174,596
Attributable to the shareholders:					
Non-controlling interests		**3**	**-**	-	-
Equity holders of the parent		**(61,396)**	**(212,024)**	243,904	174,596
		(61,393)	**(212,024)**	243,904	174,596
Basic profit (loss) per share in R$	33	**(0.2000)**	**(0.6908)**	0.7913	0.5664
Diluted profit (loss) per share in R$	33	**(0.2000)**	**(0.6908)**	0.7913	0.5664

See accompanying notes.

C&A Modas S.A.

Statement of comprehensive income (loss)
Quarters and nine-month periods ended September 30, 2022 and 2021
(in thousand Reals - R$)

	Parent Company			
	Current Quarter	**Year-to-date**	**Same quarter in the previous year**	**Previous year**
	07/01/2022 to 09/30/2022	**01/01/2022 to 09/30/2022**	**07/01/2021 to 09/30/2021**	**01/01/2021 to 09/30/2021**
Profit (loss) for the period	**(61,396)**	**(212,024)**	243,904	174,596
Other comprehensive results:				
Gain (loss) from derivatives	**3,836**	**(304)**	7,736	8,478
Tax effects	**(1,304)**	**103**	(2,630)	(2,882)
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	**2,532**	**(201)**	5,106	5,596
Total comprehensive results	**(58,864)**	**(212,225)**	249,010	180,192

	Consolidated			
	Current Quarter	**Year-to-date**	**Same quarter in the previous year**	**Previous year**
	07/01/2022 to 09/30/2022	**01/01/2022 to 09/30/2022**	**07/01/2021 to 09/30/2021**	**01/01/2021 to 09/30/2021**
Profit (loss) for the period	**(61,393)**	**(212,024)**	243,904	174,596
Other comprehensive results:				
Gain (loss) from derivatives	**3,836**	**(304)**	7,736	8,478
Tax effects	**(1,304)**	**103**	(2,630)	(2,882)
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	**2,532**	**(201)**	5,106	5,596
Total comprehensive results	**(58,861)**	**(212,225)**	249,010	180,192
Attributable to the shareholders:				
Non-controlling interests	**3**	**-**	-	-
Equity holders of the parent	**(58,864)**	**(212,225)**	249,010	180,192
	(58,861)	**(212,225)**	249,010	180,192

See accompanying notes.

C&A Modas S.A.

Statements of changes in equity
Nine-month periods ended September 30, 2022 and 2021
(in thousand Reals - R$)

				Capital reserve		Profit reserve				Other comprehensive income				
	Note	Share capital	Shares in Treasury	Capital reserve	Shares granted	Legal reserve	Reserves for unrealized gains	Reserve for tax incentives	Reserve for investments	Equity valuation adjustments	Retained earnings (Accumulated Losses)	Total controlling interests	Non-controlling interests	Total shareholder's equity
Balance on December 31, 2020		1,847,177	-	10,516	8,859	48,600	-	1,874	742,096	(4,324)	-	2,654,798	2	2,654,800
Equity instruments granted - share-based compensation	10	-	-	-	6,215	-	-	-	-	-	-	6,215	-	6,215
Destination of earnings:		-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	174,596	174,596	-	174,596
Reserve for tax incentives	24.7	-	-	-	-	-	-	7,699	-	-	(7,699)	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-	5,596	-	5,596	-	5,596
Balance on September 30, 2021		1,847,177	-	10,516	15,074	48,600	-	9,573	742,096	1,272	166,897	2,841,205	2	2,841,207
Balance on December 31, 2021		**1,847,177**	**(1,362)**	**10,516**	**17,345**	**65,050**	**75,720**	**11,552**	**969,256**	**(248)**	**-**	**2,995,006**	**3**	**2,995,009**
Equity instruments granted - share-based compensation	10	**-**	**-**	**-**	**6,985**	**-**	**-**	**-**	**-**	**-**	**-**	**6,985**	**-**	**6,985**
Share buy-back		**-**	**(3,897)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,897)**	**-**	**(3,897)**
Destination of earnings:		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(212,024)**	**(212,024)**	**-**	**(212,024)**
Reserve for tax incentives	24.7	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(201)**	**-**	**(201)**	**-**	**(201)**
Balance on September 30, 2022		**1,847,177**	**(5,259)**	**10,516**	**24,330**	**65,050**	**75,720**	**11,552**	**969,256**	**(449)**	**(212,024)**	**2,785,869**	**3**	**2,785,872**

See accompanying notes.

C&A Modas S.A.

Statements of cash flow
Nine-month periods ended September 30, 2022 and 2021
(in thousand Reals - R$)

	Note	Parent Company 09/30/2022	Parent Company 09/30/2021	Consolidated 09/30/2022	Consolidated 09/30/2021
Operating activities					
Income (loss) before income tax		**(350,313)**	(185,632)	**(349,775)**	(185,405)
Adjustments to reconcile income before income taxes to net cash flows:					
Allowance for (reversal) expected credit losses	8c	**3,983**	3,619	**38,216**	3,619
Adjustment to present value of accounts receivables and suppliers		**(1,219)**	(148)	**(1,219)**	(148)
Expenses with stock-based compensation	10	**6,985**	6,215	**6,985**	6,215
Provisions for inventory losses	11b	**40,294**	29,360	**40,294**	29,360
Gains/Recognition of tax claims	12(i.iv)	**(62,810)**	(253,947)	**(62,810)**	(253,947)
Share of profit of subsidiaries	15	**33,022**	(198)	**-**	-
Depreciation and amortization	16b and 17b	**247,629**	178,503	**247,698**	178,503
Impairment (Reversal) of provisions for property and equipment, intangible and right-of-use assets		**(8,207)**	81	**(8,207)**	81
Losses from the sale or disposal of property and equipment and intangible assets		**6,112**	4,628	**6,112**	4,628
Depreciation of right-of-use	1a	**291,115**	252,435	**291,115**	252,435
Interest on leases	19a	**122,762**	107,753	**122,762**	107,753
Interest on loans	21c	**191,040**	49,778	**202,042**	49,778
Amortization of the transaction costs on loans	21c	**1,983**	1,856	**1,983**	1,856
Provisions (reversal) for tax, civil and labor proceedings		**28,630**	18,323	**28,690**	18,323
Update of judicial deposits		**(8,689)**	(1,505)	**(8,689)**	(1,505)
Interest on financial investments		**(688)**	-	**(688)**	-
Variations in assets and liabilities:					
Trade receivables		**208,548**	183,861	**366**	183,887
Related parties		**(21,562)**	(115)	**7,060**	(770)
Inventory		**(166,143)**	(271,093)	**(165,981)**	(271,093)
Taxes recoverable		**137,017**	56,399	**136,725**	56,515
Other credits		**(18,714)**	(26,045)	**(18,938)**	(26,045)
Judicial deposits		**621**	(9,613)	**621**	(9,613)
Trade payables		**(277,372)**	(105,023)	**(269,833)**	(104,726)
Labor liabilities		**(12,783)**	24,337	**(12,783)**	24,337
Other debits		**577**	11,727	**24,666**	11,727
Provisions for tax, civil and labor risks		**(10,696)**	(20,308)	**(10,696)**	(20,308)
Taxes payable		**(111,691)**	(52,195)	**(110,067)**	(52,443)
Income Tax and Social Contribution paid		**(4,466)**	(1,727)	**(5,186)**	(1,806)
Cash flow originating (invested in) operating activities		**264,965**	1,326	**130,463**	1,208
Investment activities					
Purchase of property and equipment		**(160,672)**	(167,904)	**(160,672)**	(167,904)
Purchase of intangible assets		**(228,250)**	(162,760)	**(228,250)**	(163,224)
Receivables from the sale of property and equipment		**362**	82	**362**	82
Cash flow used in investment activities		**(388,560)**	(330,582)	**(388,560)**	(331,046)
Financing activities					
New loans and debentures issued		**850,000**	500,000	**1,103,691**	500,000
Loan/debenture transaction costs		**(5,992)**	(3,788)	**(6,032)**	(3,788)
Repayment of loans		**(65,000)**	(362,500)	**(200,029)**	(362,500)
Interest paid on loans		**(94,431)**	(21,872)	**(94,431)**	(21,872)
Repayments and interest paid on leases		**(363,240)**	(321,778)	**(363,240)**	(321,778)
Share buy-back		**(3,897)**	-	**(3,897)**	-
Interest on shareholder's equity and dividends paid		**-**	-	**-**	(1)
Net cash flows originating from (used by) financing activities		**317,440**	(209,938)	**436,062**	(209,939)
Net increase (decrease) in cash and cash equivalents		**193,845**	(539,194)	**177,965**	(539,777)
Cash and cash equivalents at the beginning of the period		**1,003,249**	1,507,789	**1,050,251**	1,509,159
Cash and cash equivalents at the end of the period		**1,197,094**	968,595	**1,228,216**	969,382

See accompanying notes.

C&A Modas S.A.

Statements of value added
Nine-month periods ended September 30, 2022 and 2021
(in thousand Reals - R$)

	Parent Company		Consolidated	
	09/30/2022	09/30/2021	**09/30/2022**	09/30/2021
Revenue				
Sales of goods and services	**5,379,724**	4,255,699	**5,453,088**	4,257,621
Other net operating income (expenses)	**64,836**	188,806	**64,836**	188,806
Provision for/reversal of expected credit losses	**303**	(795)	**(33,930)**	(795)
	5,444,863	4,443,710	**5,483,994**	4,445,632
Inputs acquired from third parties				
Cost of merchandise and services sold	**(2,062,678)**	(1,721,207)	**(2,062,181)**	(1,721,207)
Materials, energy, third party services, and others	**(758,734)**	(676,716)	**(780,260)**	(678,122)
Impairment of assets	**(47,969)**	(51,631)	**(47,969)**	(51,631)
	(2,869,381)	(2,449,554)	**(2,890,410)**	(2,450,960)
Gross Value Added	**2,575,482**	1,994,156	**2,593,584**	1,994,672
Depreciation and amortization	**(247,629)**	(178,503)	**(247,698)**	(178,503)
Depreciation of right-of-use	**(265,154)**	(229,849)	**(265,154)**	(229,849)
Retentions	**(512,783)**	(408,352)	**(512,852)**	(408,352)
Net value added generated	**2,062,699**	1,585,804	**2,080,732**	1,586,320
Value added received through transfer				
Share of profit of subsidiaries	**(33,022)**	198	**-**	-
Finance income	**187,554**	129,642	**188,343**	129,644
	154,532	129,840	**188,343**	129,644
Total value added for distribution	**2,217,231**	1,715,644	**2,269,075**	1,715,964
Distribution of value added				
Personnel	**632,921**	525,931	**673,846**	525,932
Direct compensation	**460,908**	391,485	**460,908**	391,485
Benefits	**115,369**	93,601	**115,369**	93,601
Severance pay fund (FGTS)	**42,260**	32,554	**42,260**	32,554
Other	**14,384**	8,291	**55,309**	8,292
Taxes and Contributions	**1,160,016**	690,652	**1,169,632**	690,968
Federal	**307,472**	(10,083)	**315,303**	(9,767)
State	**811,013**	661,509	**811,359**	661,509
Municipal	**41,531**	39,226	**42,970**	39,226
Debt remuneration	**636,318**	324,465	**637,621**	324,468
Rentals	**187,818**	136,199	**187,818**	136,199
Finance expenses	**448,500**	188,266	**449,803**	188,269
Compensation on equity	**(212,024)**	174,596	**(212,024)**	174,596
Profit (loss) for the period	**(212,024)**	174,596	**(212,024)**	174,596
Distribution of value added	**2,217,231**	1,715,644	**2,269,075**	1,715,964

See accompanying notes.

1. Operating Context

C&A Modas S.A. (hereafter the "Company" or "Controlling Entity") has its main offices located at Alameda Araguaia, 1,222 - Barueri - São Paulo - Brazil. The Company is a traded company, currently 34.0% of its shares are traded on the B3 Brazilian stock exchange (São Paulo – Brazil) under the ticker “CEAB3”. The ultimate parent company is COFRA Holding AG headquartered in Switzerland.

The primary activities of the Company and its subsidiary are:

- online and B&M retail sales of apparel, footwear, accessories, cell phones, watches, costume jewelry, and cosmetics, among others.
- Financial intermediation services in the form of credit to finance purchases, issuing credit cards and personal loans, and intermediation in brokering and promoting the distribution of insurance, capitalization bonds, and related products offered by insurers and other third-parties third parties offering of such products
- Proprietary payment institution activities.
- Apparel, toll manufactured by third parties at their own facilities, with C&A supplying the inputs and products distributed solely to the parent company.

The company sells its goods in 331 stores (319 stores and 4 mini-stores on December 31, 2021), supplied by 7 logistics operations and 4 distribution centers located in the states of São Paulo, Rio de Janeiro e Santa Catarina. The Company also sells its goods through numerous forms of e-commerce:

- Deliveries made directly from the distribution center in São Paulo to the customer’s location;
- Click-and-collect, where customers choose a store to pick up their goods;
- Ship-from-store, where goods are shipped from one of the stores to the location chosen by the customer.

The non-financial data included in these financial statements, such as number of stores and distribution centers, among others, were not audited or reviewed by our Independent auditors.

2. Basis of Preparation

The Company's individual and consolidated interim financial statements for the quarter ended September 30, 2022 were prepared based on accounting practices used in Brazil, in accordance with Brazilian Accounting Standard NBC TG 21 (R4) - Interim Statement issued by the Federal Accounting Council (“CFC”) which is correlated to the international financial reporting standard (IFRS) IAS 34 - Interim Financial Reporting Standards issued by International Accounting Standards Board - IASB, and guidelines from the Brazilian Securities and Exchange Commission (“CVM”)

The individual and consolidated financial statements were prepared based on a historical cost basis, except for certain financial instruments measured at fair value, and based on the premise of a going concern of the consolidated entities. All the data relevant to the interim individual and consolidated financial statements, and only this data, is disclosed, and corresponds to the data used by Management in managing Company activities, as per Technical Instruction OCP C07.

Management has assessed the Company's ability, and that of its subsidiaries, to continue normal operations, and is convinced they have the resources to remain as a going concern. Furthermore, Management is unaware of any material uncertainty that might create significant questions on its ability to remain a going concern. Thus, these interim financial statements were prepared based on an assumption of a going concern.

The issuing of the individual and consolidated interim financial statements for the quarter ended September 30, 2022 was authorized by the Board of Directors on November 04, 2022.

The interim financial statements are submitted in thousand Reals (R$), which is the functional and statement currency of the Company and its subsidiaries. Transactions in foreign currency are initially recorded at the exchange rate of the functional currency in effect on the date of the transaction. Foreign-currency denominated monetary assets and liabilities are converted using the functional currency exchange rate in effect on the date of the Statements of Financial Position. All differences are recorded in the Statement of Operations.

The presentation of the Statement of Added Value (SAV), individual and consolidated, is required by Brazilian Accounting Standard NBC TG 09 - Statement of Added Value - applicable to publicly-held companies. IFRS does not require the presentation of this statement. Consequently, by IFRS, this statement is presented as supplementary information, without prejudice to the set of interim financial information. The purpose of the SVA is to demonstrate the wealth created by the company during the period and demonstrate how it was distributed to the various players.

Impact of COVID-19

Following a period of uncertainty regarding the pandemic, the scenario is now stable. All our stores are working normal hours, and sales have consistently recovered. Management is monitoring the situation and from time to time updates its financial projections, which are used to measure and assess the sufficiency of accounting estimates.

When preparing the interim financial statements for the quarter ended September 30, 2022 the Company made no specific assessment for the pandemic situation, however it is closely following relevant themes such as liquidity, inventory, tax recovery, and expenses in general, which it monitors on a daily basis.

(in thousand Reals unless otherwise stated)

Amendments to the accounts receivable note

To improve the form of presentation and provide increased clarity to investors regarding our credit transactions, has reviewed how the aging of accounts receivable is submitted and now shows only the breakdown of the C&A Pay credit portfolio, and no longer third-party cards as these are of no risk to the company.

Below is the aging of accounts receivable as formerly disclosed:

Accounts receivable, net of allowance for expected losses, by due date

	Parent Company		Consolidated	
	09/30/2022	**12/31/2021**	**09/30/2022**	**12/31/2021**
Coming due:				
Up to 30 days	**525,329**	444,178	**447,362**	347,368
31 – 60 days	**195,385**	291,548	**255,464**	298,874
61 – 90 days	**88,853**	219,878	**130,602**	235,771
91 - 120 days	**38,024**	71,488	**66,030**	84,130
121 - 150 days	**27,502**	48,230	**48,924**	84,996
151 - 180 days	**19,630**	24,805	**37,992**	30,113
Longer than 180 days	**31,452**	43,424	**70,605**	63,422
	926,175	1,143,551	**1,056,979**	1,144,674
Past due:				
Up to 30 days	**4,701**	79	**13,678**	284
31 – 60 days	**281**	24	**6,119**	23
61 – 90 days	**985**	12	**14,800**	12
Longer than 90 days	**355**	738	**15,802**	246
	6,322	853	**50,399**	565
Trade receivables not recognized by customers (*)	**-**	-	**-**	97
Total	**932,497**	1,144,404	**1,107,378**	1,145,336

How we will report them as of the current Interim Financial Statement:

C&A pay credit portfolio by past due range

	Consolidated	
	09/30/2022	**12/31/2021**
Coming due:		
Up to 30 days	**97,297**	19,521
31 – 60 days	**60,036**	18,538
61 – 90 days	**41,749**	19,673
91 - 180 days	**67,790**	28,635
Longer than 180 days	**39,153**	11,619
	306,025	**97,986**
Past due:		
Up to 30 days	**11,624**	253
31 – 60 days	**9,836**	-
61 – 90 days	**13,815**	-
Longer than 90 days	**43,488**	-
	78,763	253
Total	**384,788**	98,239

3. Basis for Consolidation

Consolidated interim financial statements include the Company's operations and those of its subsidiaries Orion Companhia Securitizadora de Créditos Financeiros S.A. and Moda Lab Ltda. (known as ‘subsidiaries” or “subsidiary”, or just Orion or Moda Lab when addressed in isolation).

The Company analyzes whether or not is controls a subsidiary if facts and circumstances indicate that one or more of the following elements of control have changed:
• Power over the subsidiary (e.g., existing rights that ensure the current ability to manage the relevant activities of the subsidiary);
• Exposure or right to variable results as a result of its involvement with the subsidiary;
• The ability to use its power over the subsidiary to impact the value of its returns.

Consolidation of a subsidiary commences at the time the Company has control of the subsidiary and ends when it no longer exercises said control. The assets, liabilities and earnings of a subsidiary that is purchased or sold during the period are included in the consolidated financial statements as of the day the Company obtained control until the date it no longer has control of the subsidiary.

The result of each component of other comprehensive earnings are allocated to the Company's controlling and non-controlling shareholders, even if this means a loss for non-controlling shareholders. The fiscal periods of the subsidiaries coincide with those of the Parent Company, and accounting practices were uniformly applied to the subsidiaries. When necessary, adjustments are made in the subsidiary financial statements to align their accounting policies with those of the Company. Consolidation eliminates any assets, liabilities, earnings, revenue, expenses, and cash flows for the same group that have to do with transactions between members of the same economic group.

A change in equity in the subsidiary without loss of control is booked as an equity transaction.

If the company loses control over a subsidiary, the subsidiary assets (including any premium) and liabilities are written off at book value on the date control is lost, and the book value of any non-controlling assets on the date on which control is lost (including any components of other comprehensive results attributed to them). Any difference (loss or gain) is booked under earnings. Withheld investments are recognized at fair value on the date control is lost.

In the individual interim financial statements, the Company’s investments in its subsidiaries are recorded using the equity approach.

At an Extraordinary General Meeting held on February 1, 2021 the shareholders approved a change in the name of Companhia Orion Companhia Securitizadora de Créditos Financeiros S.A. to Orion Instituição de Pagamento S.A. This Company's stated purpose of business was also amended to primarily the development of payment arrangements, payment services as an issuer of electronic currency, an issuer of post-paid payment instruments, accrediting, subaccrediting, and payment transaction initiator, among other activities inherent to a payment institution.

On May 5, 2022, the company Moda Lab Ltda was created, whose main activity is the manufacture of clothing articles manufactured exclusively by third parties, in their own facilities, by order and by sending inputs, molds, dies or models. Moda Lab Ltda.'s sales are made exclusively to its parent company.

4. Accounting policies

The main accounting policies used to prepare these Individual and Consolidated Interim Financial Statements are consistent with those used and disclosed in Explanatory Note 4, corresponding to the financial statements for the period ending December 31, 2021 and published on March 10, 2022, and therefore, should be read in combination.

4.1. Statements made but not yet applicable

New and amended standards and interpretations issued but not yet in effect as of the date of issue of the Company's financial statements are described below. The Company plans to adopt these new and amended standards and interpretations as applicable, on the date they become effective.

a) <u>IFRS 17 - Insurance Contracts</u>

In May 2017 the IASB issued IFRS 17 - Insurance Contracts (CPC 50 - Insurance Contracts, replacing CPC 11 - Insurance Contracts), a new comprehensive accounting standard for insurance contracts that includes recognition and measurement, submission and disclosure. As soon as it became effective, IFRS 17 (CPC 50) replaced IFRS 4 - Insurance Contracts (CPC 11), issued in 2005. IFRS 17 applies to all sorts of insurance contracts (such as life, property & casualty, direct insurance and reinsurance), regardless of the type of issuing entity, as well as certain guarantees and financial instruments with discretionary participation features. There are some exceptions to the scope. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Unlike the requirements of IFRS 4, which is broadly based on local accounting practices applicable to previous periods, IFRS 17 provides a broad model for insurance contracts that includes all relevant accounting aspects. IFRS 17 is the overall template, and is complemented by:

- Specific adaptations for contracts with direct participation features (variable rate approach).
- A simplified approach (premium allocation approach), primarily for short-term agreements.

IFRS 17 and CPC 50 shall apply to all periods as of January 1, 2023; comparable values must be submitted. Early adoption is allowed if the entity also adopts IFRS 9 and IFRS 15 on or before the date it adopts IFRS 17. This standard does not apply to the Company.

b) Changes in IAS 1: Classification of liabilities as current or non-current

In January 2020, the IASB amended paragraphs 69 through 76 of IAS 1, which corresponds to CPC 26, specifying the requirements for classifying a liability as current or non-current. These amendments clarify:

- What the right to defer settlement means;
- That the right to defer must exist on the effective date of the report;
- That this classification is not affected by the likelihood that an entity will exercise is right to defer;
- The terms of a liability would not impact its classification only if that derivative is embedded into a convertible liability is itself an equity instrument

These amendments shall be effective as of January 1, 2023 and must be applied retrospectively. Currently the Company analyzes the impact that the changes will have on current practices and if existing loan agreements may require renegotiation.

c) Changes in IAS 8: Definition of accounting estimates

In February 2021 IASM amended IAS 8 (the standard that is equivalent to CPC 23), introducing a definition for 'accounting estimates'. The changes clarify the distinction between changes in accounting estimates, changes in accounting policies, and error correction. They also explain how entities use the measuring techniques, and inputs to develop accounting estimates.

The changes are effective for periods starting on or after January 1, 2023 and apply to changes in policies and accounting estimates during and after this period. Early adoption is allowed if disclosed. These changes are not expected to have a significant impact on the Company’s financial statements.

d) Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021 the IASB issued amendments to IAS 1 (the standard corresponding to CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgements, providing guidelines and examples to help entities apply judgement of materiality when disclosing accounting policies. The goal of the amendments is to help entities disclose accounting policies that are more useful, by replacing the requirement for disclosing significant accounting policies to material accounting policies and adding guidelines as to how entities shall apply the concept of materiality to make decisions regarding the Disclosure of accounting policies.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Given that the amendments to *Practice Statement 2* provide non-mandatory guidelines for applying the definition of material as regards accounting policy, a date for adopting this amendment is not necessary.

The Company is currently analyzing the impact of these changing on the accounting policies disclosed.

4.2. New statements or statements reviewed for the first time in 2022

There are no accounting standards, guidelines, or pronouncements that could be effect for the first time during the period starting January 1, 2022 and that could have a significant impact on the Company's interim financial statements. The Company decided against early adoption of other standards, interpretations, or amendments issued but not yet applicable.

5. Significant accounting judgments, estimates and premises

The accounting estimates involved in preparing the interim financial statements are based on objective and subjective factors, which in turn are based on the judgment of Management to determine the appropriate amount to be recognized in the financial statements. The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic approach inherent to the estimating process. Significant items subject to these estimates and premises include:

a) Determination of the lifetime of property and equipment and intangible assets;
b) Impairment analysis of property and equipment, as well as intangible assets;
c) Allowance for expected credit losses;
d) Provisions for inventory losses;
e) Realization of deferred income tax and social contribution;
f) Rates and timeliness applied when determining adjustment to present value of assets and liabilities;
g) Provisions for tax, civil and labor risks;
h) Determination of the fair value of derivative financial instruments;
i) Provisions for restoring stores to their original condition;
j) Profit sharing;
k) Stock-based compensation; and
l) Determination of incremental interest rates and contract deadlines to be used to book lease liability cash flows.

(in thousand Reals unless otherwise stated)

Provisions for labor claims are obtained by applying the historical percent losses to the total value of the claim (which is the maximum exposure to which the Company is subject) for each claim, as informed by the Company's legal advisors.

6. Cash and cash equivalents

	Parent Company		Consolidated	
	09/30/2022	**12/31/2021**	**09/30/2022**	**12/31/2021**
Cash	**4,420**	4,490	**4,420**	4,490
Banks	**29,940**	51,354	**30,931**	68,182
Financial investments	**1,162,734**	947,405	**1,192,865**	977,579
	1,197,094	1,003,249	**1,228,216**	1,050,251

The Company has cash equivalents in the form of fixed-yield financial investments, indexed to 80% to 106.31% of the variation in CDI (Interbank Deposit Certificates), which may be redeemed at any time with the issuer of the security with no loss of the contracted yield.

7. Financial investments

			Parent Company		Consolidated	
	Index	**Rate**	**09/30/2022**	**12/31/2021**	**09/30/2022**	**12/31/2021**
LTF (Brazilian Treasury Notes)	**Selic**	**100%**	**8,464**	7,776	**8,464**	7,776
			8,464	7,776	**8,464**	7,776
Current assets			**8,464**	-	**8,464**	-
Non-current assets			**-**	7,776	**-**	7,776

The Company has LTFs (Brazilian Treasury Notes), indexed to the variation in the SELIC (Special Custody and Settlement System) rate, which mature in March and September 2023. As the Company intends to hold on to these bonds until they mature, they are classified under short assets as amortized cost depending on the maturity date.

(in thousand Reals unless otherwise stated)

8. Trade receivables

a) Breakdown

	Parent Company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Card operators (*)	**720,811**	1,003,749	**720,811**	1,003,749
C&A Pay Card - related parties	**188,454**	97,622	**-**	-
C&A Pay Card - third parties	**-**	-	**384,788**	98,239
Commissions receivable - telephony suppliers	**7,287**	13,013	**7,287**	13,013
Commissions receivable - insurers	**4,995**	6,506	**4,995**	6,506
Bradescard Partnership	**3,780**	9,562	**3,780**	9,562
Raw material sales to suppliers	**7,658**	29,823	**7,658**	29,823
Other	**31,580**	17,334	**44,853**	18,142
Present value adjustment	**(15,614)**	(16,237)	**(15,614)**	(16,237)
Allowances for expected credit losses	**(16,454)**	(16,968)	**(51,180)**	(17,461)
	932,497	1,144,404	**1,107,378**	1,145,336

(*) as these credit card transactions involve financial institutions and card schemes, the risk is quite low.

b) C&A Pay credit portfolio by past due range

	Consolidated	
	09/30/2022	12/31/2021
Coming due:		
Up to 30 days	**97,297**	19,521
31 – 60 days	**60,036**	18,538
61 – 90 days	**41,749**	19,673
91 - 180 days	**67,790**	28,635
Longer than 180 days	**39,153**	11,619
	306,025	97,986
Past due:		
Up to 30 days	**11,624**	253
31 – 60 days	**9,836**	-
61 – 90 days	**13,815**	-
Longer than 90 days	**43,488**	-
	78,763	253
Total	**384,788**	98,239

c) Changes in provisions for expected credit losses

	Parent Company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Balance on December 31	**(16,968)**	(15,102)	**(17,461)**	(15,102)
(Provision)/Reversal	**(3,983)**	(3,619)	**(38,216)**	(3,619)
Loss	**4,497**	2,824	**4,497**	2,824
Balance on September 30	**(16,454)**	(15,897)	**(51,180)**	(15,897)
Provisions for losses, C&A pay	**-**	-	**(34,726)**	-
Provisions to other losses	**(16,454)**	(15,897)	**(16,454)**	(15,897)

(in thousand Reals unless otherwise stated)

Expected losses from C&A Pay (Private Label) operations are calculated by the Company based on in-house studies to measure percent loss based on stages, bearing in mind the likelihood of exposure to default and the effective loss for each past-due range and of the portfolio as a whole, as per CPC 48/IFRS 9.

Credit transactions include on-balance (active portfolio) and off-balance (limits granted but not used) transactions.

The three stages below are used as components of the calculation of expected credit portfolio losses.

Stage 1	Stage 2	Stage 3
Paid up to 30 days past due	31 - 90 days past due	91 - 360 days past due

As C&A Pay operations mature, the models used may be reviewed to adjust provisions to reflect the changes in the macroeconomic scenario and/or changes in customer profiles.

Management believes that the estimates used to make provisions for expected losses are sufficient to cover possible customer portfolio credit losses.

	Orion		
	09/30/2022		
	Portfolio	**Provisions**	**% Coverage**
Stage 1	307,628	2,424	0.79%
Stage 2	32,973	3,998	12.12%
Stage 3	44,187	28,043	63.46%
On-Balance-Sheet Balance	**384,788**	**34,465**	**8.96%**
Off-Balance-Sheet Balance	867,923	261	0.03%
Grand Total	**1,252,711**	**34,726**	**2.77%**
Coverage over credit portfolio			9.02%

d) <u>Present value adjustment</u>

The Company discounts its receivables to present value using interest rates directly related to customer credit profiles. The monthly interest rates used to calculate the present value of outstanding receivables on September 30, 2022 and December 31, 2021 were 1.07% and 0.77% respectively. Realization of the present value adjustment is recognized as an offsetting item to sales revenue.

(in thousand Reals unless otherwise stated)

9. Related parties

On September 30, 2022 and December 31, 2021, the outstanding balances in related party transactions were the following:

Assets	**Parent Company**		**Consolidated**	
	09/30/2022	**12/31/2021**	**09/30/2022**	**12/31/2021**
Trade receivables				
Instituto C&A de Desenvolvimento Social (*)	**42**	13	**42**	13
COFRA Latin America (*)	**8**	435	**8**	435
Orion Inst. Pagamento (*)	**4,027**	6	**-**	-
	4,077	454	**50**	448
Dividends receivable				
Orion Inst. Pagamento	**-**	133	**-**	-
	-	133	**-**	-
Prepaid expenses				
C&A Services	**147**	189	**147**	189
	147	189	**147**	189
Total related party assets	**4,224**	776	**197**	637
Related party assets - current	**4,134**	643	**107**	504
Related party assets – non-current	**90**	133	**90**	133

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

Liabilities	**Parent Company**		**Consolidated**	
	09/30/2022	**12/31/2021**	**09/30/2022**	**12/31/2021**
Accounts payable				
C&A Sourcing	**64,411**	56,660	**64,411**	56,660
Cyamprev Soc. Previd. Privada	**1,226**	2,337	**1,226**	2,337
COFRA Latin America	**-**	19	**-**	19
Orion Inst. Pagamento	**5,509**	438	**-**	-
Moda Lab	**195**	-	**-**	-
	71,341	59,454	**65,637**	59,016
Interest on shareholder's equity and dividends				
COFRA Latin America	**-**	-	**-**	1
	-	-	**-**	1
Total related party liabilities	**71,341**	59,454	**65,637**	59,017
Related party liabilities - current	**71,341**	59,454	**65,637**	59,017

(in thousand Reals unless otherwise stated)

The relationship between the Company and related parties is the following:

Associate, with no significant influence	Direct Parent Company
C&A Mexico	COFRA Investments
C&A Services	Incas SARL
C&A Sourcing	**Indirect Parent Company**
COFRA Latin America	C&A & AG
Instituto C&A de Desenvolvimento Social	**Subsidiary**
	Orion Inst. Pagamento
	Moda Lab
	Associate under direct influence
	Cyamprev Soc. Previd. Privada

Transactions with related parties

	Parent Company		Consolidated	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**
Reimbursement for shared expenses				
Cyamprev Soc. Prev. Privada	**726**	1,118	**726**	1,118
Instituto C&A de Desenvolvimento social	**-**	15	**-**	15
COFRA Latin America	**61**	61	**61**	61
Orion Inst. Pagamento	**33,064**	62	**-**	-
	33,851	1,256	**787**	1,194
Revenue from services rendered				
C&A Mexico	**-**	4,085	**-**	4,085
	-	4,085	**-**	4,085
Merchandise purchased				
C&A Sourcing	**(283,291)**	(145,774)	**(283,291)**	(145,774)
Moda Lab	**(2,801)**	-	**-**	-
	(286,092)	(145,774)	**(283,291)**	(145,774)
Services purchased				
C&A Services	**(1,236)**	(1,051)	**(1,236)**	(1,051)
COFRA Latin America	**(161)**	(145)	**(161)**	(145)
	(1,397)	(1,196)	**(1,397)**	(1,196)
Pension fund contributions				
Cyamprev Soc. Prev. Privada	**(5,855)**	(3,940)	**(5,855)**	(3,940)
	(5,855)	(3,940)	**(5,855)**	(3,940)

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

In the nine months ending September 30, 2022 and 2021 there was no need to recognize provisions for expected losses in credit from related party accounts receivable.

(in thousand Reals unless otherwise stated)

Compensation of members of the Board of Directors and Executive Board

Paid and payable expenses regarding management compensation in the nine months ending September 30, 2022 and 2021 were as follows:

	Parent Company and Consolidated	
	09/30/2022	**09/30/2021**
Fixed Compensation	**9,181**	8,251
Variable Compensation	**1,255**	2,271
Contributions to post-employment plans	**231**	238
Long-Term Incentives	**2,888**	4,681
Total excluding charges	**13,555**	15,441
Charges	**2,600**	2,393
Total including charges	**16,155**	17,834

At the Ordinary Shareholder's Meeting held on April 28, global annual compensation for the period ending 2022 was defined as up to R$ 31,645 (R$ 28,283 for the year 2021).

10. Stock-based compensation plan

The Company currently has a Stock Option Plan approved at an ordinary meeting of the shareholders on October 2, 2019, which resulted in programs approved by the Board of Directors, with stocks granted to eligible individuals. So far stock has been granted under programs approved in 2019, 2021, and 2022 (“2019 grant”, “2021 grant" and "2022 grant").

2019 Grants

The first stock-based compensation program was approved at a meeting of the Board of Directors held on October 21, 2019, as per the terms of the Company's Purchase Option Plan. As a result of granting options to purchase stock, 1,148,148 options were given to senior managers in three different batches.

A number of the existing conditions for granting stock options were amended by the Board of Directors at a meeting held on February 18, 2020.

On December 22, 2021 the Board of Directors met and approved a new amendment to the conditions for granting 1,062,037 of the 1,148,148 shares granted. These options now follow the same rules as the “2021 Grants”, and for this reason are disclosed together with them. Below are the rules for granting the remaining 86,111 shares currently part of the “2019 Grant”.

Ownership of the option to convert stock will be transferred to the participants in identical batches of 33.33% on each anniversary of the plan over a period of three years from the Granting Date.

This transfer will take place regardless of whether the participant remains as a Company employee or officer. It is subject to verification of the following: the average price per share on the Brazilian stock exchange (B3 S.A. – Brasil, Bolsa, Balco) in the 22 (twenty two) trading sessions that immediately precede the date of exercising the Vested Options must be equal to or larger than the price per share paid by investors in the Initial Public Offering (IPO), corrected according to the IPCA/IBGE less the value per share distributed as dividends distributed and interest on equity, and adjusted to reflect any share bonuses, splits or grouping between the Granting Date and the date of exercise of the Vested Options.

The price of the global exercise payable by the executives for the vested options on each anniversary is R$ 1.00. Vested options are restricted for three years after each transfer date.

The weighted average contractual term for the stock options remaining on September 30, 2022 was 3.06 years. The weighted average fair value of the options granted during the period is R$ 8.92 in the original program, and R$ 2.48 incremental fair value for the options replaced according to the calculation method established in CPC 10. The exercise price shall be adjusted whenever dividends are paid, or stock is grouped or split.

2021 Grants

The Performance Share Units program was approved at a meeting of the Board of Directors on February 24, 2021. The meeting approved granting 1,412,194 options to senior managers in a single batch. A total of 94,508 options were granted in 2021. The meeting of the Board of Directors on December 21, 2021 also approved uniform rules for the 1,062,037 shares of the 2019 grant, bringing them in line with the rules for the 2021 grants. A total of 68,836 options were granted in 2022.

The value of the stock will be paid in a single installment (100% of the batch) at the end of the three-year restriction period.

The price of the global exercise payable by the executives for the vested options on each anniversary is R$ 1.00. After the transfer date there will be no more restrictions on the vested options.

A total of 62,429 options lapsed during the nine months of 2022. In 2021 43,133 options lapsed. No options were exercised or matured in the nine months of 2022 and fiscal year 2021.

The contractual term for the stock options remaining on September 30, 2022 was 1.40 years. The fair value of the options granted during the period was R$ 12.45.

(in thousand Reals unless otherwise stated)

2022 Grants

The Performance Share Units program was approved at a meeting of the Board of Directors on May 03, 2022. The meeting approved granting 3,619,618 options to senior managers in a single batch.

The value of the stock will be paid in a single installment (100% of the batch) at the end of the three-year restriction period.

The price of the global exercise payable by the executives for the vested options on each anniversary is R$ 1.00. After the transfer date there will be no more restrictions on the vested options.

A total of 157,841 options lapsed during the nine months of 2022.

The contractual term for the stock options remaining on September 30, 2022 was 2.48 years. The fair value of the options granted during the period was R$ 2.66.

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

Changes:

Program	**2019 grants 2nd replacement**	**2019 grants transferred to 2021 grants**	**2021 Grants**	**2022 Grants**	**Total**
Balance on 01/01/2021	**1,148,148**	**-**	**-**	**-**	**1,148,148**
Granted	-	-	1,506,702	-	1,506,702
Changes	(1,062,037)	1,062,037	-	-	-
Lapsed	-	-	(43,133)	-	(43,133)
Balance on 12/31/2021	**86,111**	**1,062,037**	**1,463,569**	**-**	**2,611,717**
Granted	**-**	**-**	**68,836**	**3,619,618**	**3,688,454**
Lapsed	**-**	**-**	**(162,429)**	**(157,841)**	**(320,270)**
Balance on 09/30/2022	**86,111**	**1,062,037**	**1,369,976**	**3,461,777**	**5,979,901**

(in thousand Reals unless otherwise stated)

Premises:

	2019 Grants (original)			2019 Grants (substitution add-ons)		
	Batch 1	**Batch 2**	**Batch 3**	**Batch 1**	**Batch 2**	**Batch 3**
Pricing model	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
Dividend yield	1.10%	1.10%	1.10%	0.00%	0.00%	0.00%
Risk-free rate	4.41%	4.78%	5.31%	5.63%	5.95%	6.20%
Share price considered	16.50	16.50	16.50	16.89	16.89	16.89
Expected lifetime of the options	10/21/2020	10/21/2021	10/21/2022	10/21/2023	10/21/2024	10/21/2025
Fair value on the date measured	8.09	8.45	8.73	4.46	3.11	1.37
Expected annual volatility	31.26%	35.73%	36.55%	36.64%	37.79%	37.10%

	2019 Grants (December 2021 substitution)	2021 Grants	2022 Grants
	Single batch	**Single batch**	**Single batch**
Pricing model	Monte Carlo	Monte Carlo	Monte Carlo
Dividend yield	0.00%	0.00%	0.00%
Risk-free rate	10.92%	6.395%	12.785%
Share price considered	6.59	11.63	2.51
Expected lifetime of the options	02/24/2024	02/24/2024	03/23/2025
Fair value on the date measured	4.39	12.45	2.66
Expected annual volatility	58.69%	53.92%	57.58%

In the first nine months of 2022 the Company recognized expenses of R$ 6,985, R$ 979 for the 2019 grants, R$ 5,186 for the 2021 grants, and R$ 820 for the 2022 grants (R$ 6,215 in the same period of 2021, R$ 2,719 for the 2019 grants and R$ 3,496 for the 2021 grants), with the capital reserve - shares granted as the counterpart. The following expenses will be recognized in subsequent periods.

	Programs			
Year	**2019 Grants**	**2021 Grants**	**2022 Grants**	**Total**
2022	75	2,018	878	**2,971**
2023	-	8,006	3,481	**11,487**
2024	-	1,206	3,491	**4,697**
2025	-	-	782	**782**
	75	**11,230**	**8,632**	**19,937**

(in thousand Reals unless otherwise stated)

11. Inventory

a) Inventory breakdown

	Parent Company		Consolidated	
	09/30/2022	**12/31/2021**	**09/30/2022**	**12/31/2021**
Goods for resale	**988,023**	873,953	**987,861**	873,953
Merchandise sold and in transit for delivery to customers	**2,066**	1,154	**2,066**	1,154
Present value adjustment	**(17,309)**	(11,651)	**(17,309)**	(11,651)
Provisions for losses	**(54,347)**	(45,961)	**(54,347)**	(45,961)
	918,433	817,495	**918,271**	817,495
Imports in transit	**56,685**	31,774	**56,685**	31,774
	975,118	849,269	**974,956**	849,269

b) Changes in provisions for losses

Changes in the period:

	09/30/2022	**09/30/2021**
Balance on December 31	**45,961**	34,108
Composition/reversals	**40,294**	29,360
Actual losses	**(31,908)**	(36,868)
Balance on September 30	**54,347**	26,600

Changes in the quarter

	09/30/2022	**09/30/2021**
Balance on June 30	**68,026**	49,965
Composition/reversals	**13,566**	11,667
Actual losses	**(27,245)**	(35,032)
Balance on September 30	**54,347**	26,600

Throughout the year, the Company performs periodic physical counts of goods it classifies as high risk of loss; a full physical count is performed for all items once a year. As physical counts are performed, adjustments are recorded as actual losses, consuming provisions for inventory losses booked for this purpose. By September 30, 2022 the Company had finished inventorying 207 locations (303 in the period ending September 30, 2021).

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

(in thousand Reals unless otherwise stated)

12. Taxes recoverable

	Parent Company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Previously unused PIS / COFINS credit	**1,228,574**	1,521,074	**1,228,574**	1,521,074
PIS/COFINS (taxes on revenue)	**164,490**	-	**164,499**	-
ICMS (ii)	**147,656**	115,661	**147,659**	115,661
IT/CSLL	**37,720**	29,476	**38,110**	29,820
IRRF (withholding taxes)	**12,793**	9,664	**13,032**	9,672
IPI (excise tax)	**328**	328	**328**	328
Other	**22,813**	12,378	**22,816**	12,378
	1,614,374	1,688,581	**1,615,018**	1,688,933
Current assets	**692,263**	848,803	**692,907**	849,155
Non-current assets	**922,111**	839,778	**922,111**	839,778

(i) Previously unused PIS / COFINS credit

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

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

On February 28, 2019, the favorable final ruling on the injunction seeking recognition of the right to not include ICMS in the basis for calculating PIS and COFINS in the period between January 2002 and December 2014 was passed, in line with the decision made in leading case RE 574706, judged by the STF in terms of general repercussion, in which it is recognized that the ICMS highlighted in a fiscal document is not part of the calculation basis of the contribution to PIS and COFINS.

Thus, the Company recognized a corresponding tax credit in the amount of R$ 1,282,030 during 2019. On September 30, 2022 the updated balance of this unused credit was R$ 816,433.

On May 13, 2021 the Federal Supreme Court confirmed the exclusion of ICMS from the basis for calculating PIS and COFINS. As result, on June 30, 2021 the Company recognized tax credits relative to the second lawsuit for the period between 2015 and 2017 in the amount of R$ 234,704. On February 23, 2022 the final unappealable ruling was issued in favor of the Company. On September 30, 2022, the updated balance of unused credit was R$ 266,213.

Management expects that these will be realized before they lapse, given the tax debits generated from normal Company operations, as shown in item (i.iii).

(in thousand Reals unless otherwise stated)

(i.ii) Credit for the Manaus Free Trade Zone (FTZ) Lawsuit

On November 30, 2020 the final unappealable ruling was issued in favor of the Company, allowing it to:

a) recognize that all sales of goods to the FTZ (including those originating within thee FTZ) be comparable, for all fiscal purposes, to exports and thus that the non-existence of a legal-tax relationship between the Federal Government and the Company regarding PIS and COFINS levied on the revenue of transactions of this nature and its right to tax credits;
b) recognition of the fruition of the REINTEGRA benefits resulting from the sale of domestic goods to the FTZ.

Thus, the assets related to credits in the period 5 years or more prior to the date the claim was filed (March 31, 2016), in the amount of R$124,657 and R$10,187 referring to Reintegra were recognized.

On December 31, 2021 R$ 229 were added to Reintegra for the period between January 2020 and September 2021. The balance of previously unused credit on September 30 was R$ 145,928. Realizing these credits shall respect the deadlines determined in applicable legislation.

(i.iii) Expected realization of previously unused PIS/COFINS credits on September 30, 2022:

Year	R$
2022	40,697
2023	728,385
2024	206,508
2025	245,001
2026	7,983
Total	**1,228,574**

Each quarter Management reviews how to offset its tax credits and may offset tax debits arising from its operations with PIS AND COFINS credits, without using current credit, or use current credits in the calculation. When it opts not to use current credits they are classified as long-term until such a time as the balance of unused credits has been completely offset.

(in thousand Reals unless otherwise stated)

(i.iv) Changes in unused PIS and COFINS credits in the nine-month period ended September 30, 2022 and 2021:

	09/30/2022	09/30/2021
Balance on December 31	**1,521,074**	1,361,210
Recognition	**-**	173,339
Interest	**62,810**	80,608
Offset by	**(355,310)**	(90,363)
Balance on September 30	**1,228,574**	**1,524,794**

(ii) ICMS Credits

(ii.i) From the lawsuit regarding ICMS on the supply of electricity

On December 17, 2021 the Federal Supreme Court (STF) published its understanding with general repercussion (Extraordinary Appeal 714,139/SC) that the general rate should apply, and not the higher 25% rate as the effective rate for ICMS on electricity and telecommunication services. In 2015 and 2016 the Company filed Ordinary Claims regarding the right to apply the general ICMS rate on electricity services.

In light of this, although a final ruling has yet to be made, the Company proceeded to partially record its best estimates for December 31, 2021 in the amount of R$ 32,612. On August 31, 2022 the Company recognized R$ 8,482 regarding electricity purchased from the free market, complementing the initial entry. The updated balance on September 30 was R$ 43,042.

The company is waiting for the completion of its claims to start booking these amounts regarding its accessory obligations.

(ii.ii) Credit regarding the DIFAL claim - sales to end consumers not subject to ICMS

On March 30, 2022 the STF passed the final ruling with general repercussion on the leading case (RE 1287019) involving Theme 1093, stating that collecting the difference in ICMS rates (DIFAL) on interstate transactions involving end-consumers not subject to the tax was unconstitutional. This ruling will remain in force until a supplemental law is issued on this theme. In light of this, and based on the interpretation of CPC 25 Item 33 (Provisions and Contingent Assets and Liabilities), the Company recognized the amount of R$ 20,481 comprised of the already paid amount of R$ 6,042, booked as “ICMS Recoverable”, and R$ 14,439, paid as a judicial deposit and booked as “ICMS Payable”, later reversed as this obligation no longer exists.

The Company is waiting for a ruling on its claims to determine the elements required resulting from the specific circumstances of each case.

(in thousand Reals unless otherwise stated)

13. Other assets

	Parent Company		Consolidated	
	09/30/2022	**12/31/2021**	**09/30/2022**	**12/31/2021**
Prepaid expenses	**36,817**	30,697	**37,052**	30,697
I.P.T.U. (property tax)	**8,104**	103	**8,104**	103
Employee loans and advances	**5,039**	2,021	**5,039**	2,021
Actuarial assets	**929**	2,552	**929**	2,552
Supplier advances	**906**	-	**906**	-
Other	**51**	551	**51**	562
	51,846	35,924	**52,081**	35,935
Current assets	**50,881**	33,337	**51,116**	33,348
Non-current assets	**965**	2,587	**965**	2,587

14. Income Tax and Social Contribution

On September 24, 2021 the Federal Supreme Court (STF) published its understanding that IRPJ and CSLL (taxes on income) shall not apply on arrears interest and monetary correction.

On January 9, 2012 the Company took out a Writ of Mandamus claiming the right to not have IRPJ and CSLL levied on monetary correction, including the Selic rate applied to repeated incidents of tax overpayment that resulted in a favorable ruling of the Company or its successors.

In light of this and based on the interpretation of IPC 22 (Uncertainty regarding the Handling of Income Taxes), and CPC 32 (Income Tax), in December 2021 the Company recorded its best estimate of R$ 311,301 as deferred income tax and social contribution, and R$ 26,137 as taxes to be recovered long term. On September 30, 2022 the updated balance was R$ 301,192 and R$ 27,794.

The Company is waiting for a final ruling on its claims to enable its credits with the Brazilian Federal Revenue Services (FRS) to start offsetting these amounts.

(in thousand Reals unless otherwise stated)

a) Breakdown and changes in deferred taxes

In the period:

		Parent Company		
		Increase/(Reduction)		
	Balance on 12/31/2021	in earnings	in shareholder's equity	Balance on 09/30/2022
Tax losses and negative bases	364,017	95,783	-	**459,800**
Temporary differences:				
Provisions for tax, civil and labor risks	86,626	6,098	-	**92,724**
Provisions for losses in inventories and accounts receivable	21,534	3,443	-	**24,977**
Provisions for loss of property and equipment and right-of-use assets	8,498	(2,790)	-	**5,708**
Provisions for profit sharing	19,176	(13,994)	-	**5,182**
CPC 06 (R2)/IFRS 16 leases	62,451	16,883	-	**79,334**
Other	70,062	(9,550)	103	**60,615**
Deferred tax assets	632,364	**95,873**	**103**	**728,340**
Gains from legal cases	(252,091)	50,956	-	**(201,135)**
Present value adjustment	(1,908)	(8,539)	-	**(10,447)**
Deferred tax liabilities	(253,999)	**42,417**	**-**	**(211,582)**
Balance of deferred tax assets (liabilities)	378,365	**138,290**	**103**	**516,758**

		Consolidated		
		Increase/(Reduction)		
	Balance on 12/31/2021	in earnings	in shareholder's equity	Balance on 09/30/2022
Tax losses and negative bases	364,017	95,783	-	**459,800**
Temporary differences:				
Provisions for tax, civil and labor risks	86,626	6,098	-	**92,724**
Provisions for losses in inventories and accounts receivable	21,972	3,005	-	**24,977**
Provisions for loss of property and equipment and right-of-use assets	8,498	(2,790)	-	**5,708**
Provisions for profit sharing	19,176	(13,994)	-	**5,182**
CPC 06 (R2)/IFRS 16 leases	62,451	16,883	-	**79,334**
Other	70,062	(9,550)	103	**60,615**
Deferred tax assets	632,802	**95,435**	**103**	**728,340**
Gains from legal cases	(252,091)	50,956	-	**(201,135)**
Present value adjustment	(1,908)	(8,539)	-	**(10,447)**
Deferred tax liabilities	(253,999)	**42,417**	**-**	**(211,582)**
Balance of deferred tax assets (liabilities)	378,803	**137,852**	**103**	**516,758**

(in thousand Reals unless otherwise stated)

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

In the quarter:

		Parent Company		
		Increase/(Reduction)		
	Balance on 06/30/2022	**in earnings**	**in shareholder's equity**	**Balance on 09/30/2022**
Tax losses and negative bases	**445,461**	14,339	-	**459,800**
Temporary differences:				
Provisions for tax, civil and labor risks	**89,108**	3,616	-	**92,724**
Provisions for losses in inventories and accounts receivable	**29,412**	(4,435)	-	**24,977**
Provisions for loss of property and equipment and right-of-use assets	**6,319**	(611)	-	**5,708**
Provisions for profit sharing	**4,081**	1,101	-	**5,182**
CPC 06 (R2)/IFRS 16 leases	**72,580**	6,754	-	**79,334**
Other	**65,396**	(3,477)	(1,304)	**60,615**
Deferred tax assets	**712,357**	17,287	(1,304)	**728,340**
Gains from legal cases	**(219,381)**	18,246	-	**(201,135)**
Present value adjustment	**(17,489)**	7,042	-	**(10,447)**
Deferred tax liabilities	**(236,870)**	**25,288**	**-**	**(211,582)**
Balance of deferred tax assets (liabilities)	**475,487**	**42,575**	(1,304)	**516,758**

(in thousand Reals unless otherwise stated)

	Consolidated			
		Increase/(Reduction)		
	Balance on 06/30/2022	**in earnings**	**in shareholder's equity**	**Balance on 09/30/2022**
Tax losses and negative bases	**445,521**	14,279	-	**459,800**
Temporary differences:				
Provisions for tax, civil and labor risks	**89,108**	3,616	-	**92,724**
Provisions for losses in inventories and accounts receivable	**29,412**	(4,435)	-	**24,977**
Provisions for loss of property and equipment and right-of-use assets	**6,319**	(611)	-	**5,708**
Provisions for profit sharing	**4,081**	1,101	-	**5,182**
CPC 06 (R2)/IFRS 16 leases	**72,580**	6,754	-	**79,334**
Other	**65,396**	(3,477)	(1,304)	**60,615**
Deferred tax assets	**712,417**	**17,227**	(1,304)	**728,340**
Gains from legal cases	**(219,381)**	18,246	-	**(201,135)**
Present value adjustment	**(17,489)**	7,042	-	**(10,447)**
Deferred tax liabilities	**(236,870)**	**25,288**	**-**	**(211,582)**
Balance of deferred tax assets (liabilities)	**475,547**	**42,515**	**(1,304)**	**516,758**

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

(in thousand Reals unless otherwise stated)

b) Expected realization of deferred tax assets on September 30, 2022

Parent Company and Consolidated	
Year	**R$**
2022	140,759
2023	98,026
2024	66,100
2025	87,988
2026	100,138
De 2027 a 2029	207,433
De 2030 a 2032	27,896
	728,340

c) Reconciliation of effective rate

	Parent Company		**Consolidated**	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**
Pre-tax losses	**(350,313)**	(185,632)	**(349,775)**	(185,405)
Income tax and social contribution expenses at statutory rates - 34%	**119,106**	63,115	**118,924**	63,038
Adjustments to reflect the effective rate				
Share of profit of subsidiaries	**(11,172)**	67	**-**	-
Unrealized profits from inventories	**(55)**	-	**(55)**	-
Non-deductible donations	**(1,736)**	(1,310)	**(1,736)**	(1,310)
Adjustments in transfer pricing	**(935)**	(1,214)	**(935)**	(1,214)
Technology innovation (R&D) incentives	-	(70)	-	(70)
Corporate gifts and non-deductible fines	**(455)**	(801)	**(1,254)**	-
Investment Subsidies	**3,585**	2,618	**3,585**	2,618
IT and SC from previous periods	**2,314**	(261)	**1,781**	(261)
Other additions and exclusions	**-**	-	**-**	(902)
Undue Taxes	**27,637**	298,084	**27,637**	298,084
Deferred taxes on temporary differences not constituted	**-**	-	**(10,198)**	-
Taxes calculated on that portion exempt from the additional 10%	**-**	-	**2**	18
Income Tax and Social Contribution on profits	**138,289**	360,228	**137,751**	360,001
Current	**-**	(261)	**(101)**	(488)
Deferred	**138,289**	360,489	**137,852**	360,489
	138,289	360,228	**137,751**	360,001
Effective rate	**39%**	194%	**39%**	194%

(in thousand Reals unless otherwise stated)

15. Investments

a) Information on investments in the subsidiary

	09/30/2022									
	Shareholding	**Current assets**	**Non-current assets**	**Current Liabilities**	**Non-current liabilities**	**Net Collection**	**Gross Revenue gross**	**Profit**	**Book value of the investment**	**Share of profit of subsidiaries**
Orion	**99.99%**	**397,927**	**386**	**(369,856)**	**(60)**	**28,397**	**76,404**	**(32,879)**	**28,395**	**(32,877)**
Moda Lab	**99.00%**	**247**	**-**	**(229)**	**-**	**18**	**2,801**	**(17)**	**(144)**	**18**

	12/31/2021								
	Shareholding	**Current assets**	**Non-current assets**	**Current Liabilities**	**Net Collection**	**Gross Revenue gross**	**Profit**	**Book value of the investment**	**Share of profit of subsidiaries**
Orion	99.8%	145,919	895	(115,539)	31,275	3,855	531	31,272	530

b) Changes in investment

	Orion	**Moda Lab**
Balance of investments on December 31, 2020	875	-
Share of profit of subsidiaries	198	-
Balance of investments on September 30, 2021	1,073	-
Balance of investments on December 31, 2021	**31,272**	-
Share of profit of subsidiaries	**(32,877)**	**18**
Advances for future capital increases	**30,000**	
Unrealized profits from inventories	**-**	**(162)**
Balance of investments on September 30, 2022 (i)	**28,395**	**(144)**

(i) On September 30, 2022 R$ 50 of the capital invested by parent company C&A Moda S.A. in Moda Lab Ltda. had yet to be paid in.

(in thousand Reals unless otherwise stated)

16. Property and Equipment

a) Breakdown of property and equipment (Parent Company and Consolidated)

Property and Equipment	Cost	Accumulated Depreciation	Provision for impairment	September 30, 2022
Machinery and equipment	**233,776**	**(139,270)**	**(1,271)**	**93,235**
Furniture and fixtures	**546,185**	**(330,629)**	**(1,606)**	**213,950**
IT Equipment IT Equipment	**275,940**	**(188,999)**	**(278)**	**86,663**
Vehicles	**534**	**(533)**	**-**	**1**
Leasehold improvements	**1,354,169**	**(925,901)**	**(12,819)**	**415,449**
Land	**126**	**-**	**-**	**126**
Construction in progress	**16,633**	**-**	**-**	**16,633**
Provisions for store restorations	**2,790**	**(1,102)**	**-**	**1,688**
	2,430,153	**(1,586,434)**	**(15,974)**	**827,745**

Property and Equipment	Cost	Accumulated Depreciation	Provision for impairment	December 31, 2021
Machinery and equipment	241,850	(138,214)	(4,772)	98,864
Furniture and fixtures	529,770	(297,884)	(2,117)	229,769
IT Equipment IT Equipment	258,423	(167,970)	(645)	89,808
Vehicles	534	(520)	-	14
Leasehold improvements	1,293,687	(880,584)	(15,189)	397,914
Land	126	-	-	126
Construction in progress	18,291	-	-	18,291
Provisions for store restorations	2,430	(947)	-	1,483
	2,345,111	(1,486,119)	(22,723)	836,269

The company has no property and equipment pledged as collateral.

(in thousand Reals unless otherwise stated)

b) Changes in property and equipment (Parent Company and Consolidated)

	Average annual depreciation rate	Balance on December 31, 2021	Additions (iii)	Depreciation	Write-offs	Transfers	Transfer to intangibles	Reversals (provisions) impairment	Balance on September 30, 2022
Machinery and equipment	8%	98,864	248	(9,445)	(2,838)	2,906	-	3,500	93,235
Furniture and fixtures	15%	229,769	15,492	(38,495)	(992)	7,665	-	511	213,950
IT Equipment	20%	89,808	16,978	(22,650)	(407)	2,565	-	369	86,663
Vehicles	20%	14	-	(13)	-	-	-	-	1
Leasehold improvements (i)	11%	397,914	-	(61,561)	(2,103)	78,829	-	2,370	415,449
Land	-	126	-	-	-	-	-	-	126
Construction in progress	-	18,291	90,307	-	-	(91,965)	-	-	16,633
Provisions for returning stores (ii)	-	1,483	360	(155)	-	-	-	-	1,688
Total		**836,269**	**123,385**	**(132,319)**	**(6,340)**	**-**	**-**	**6,750**	**827,745**

	Average annual depreciation rate	Balance on December 31, 2020	Additions (iii)	Depreciation	Write-offs	Transfers	Transfer to intangibles	Reversals (provisions) impairment	Balance on September 30, 2021
Machinery and equipment	8%	63,797	6,734	(7,853)	(187)	1,947	-	(3,216)	61,222
Furniture and fixtures	11.80%	187,294	27,716	(32,557)	(232)	8,285	-	233	190,739
IT Equipment	20%	63,014	21,253	(16,821)	(256)	915	-	184	68,289
Vehicles	20%	41	-	(19)	-	-	-	-	22
Leasehold improvements (i)	11%	335,581	-	(58,002)	(4,013)	58,957	-	2,897	335,420
Land	-	126	-	-	-	-	-	-	126
Construction in progress	-	15,411	116,312	-	-	(68,887)	(7,489)	-	55,347
Provisions for returning stores	-	744	450	(107)	-	-	-	-	1,087
Other	-	1,217	-	-	-	(1,217)	-	-	-
Total		667,225	172,465	(115,359)	(4,688)	-	(7,489)	98	712,252

(i) Leasehold improvements include miscellaneous assets such as civil works, lighting, firefighting, generators, etc. The depreciation rate is defined based on the lifetime of these assets or the lease term, whichever is shortest.

(ii) The Company has 29 lease agreements with fully variable payments. These are linked to provisions for dismantling and returning stores.

(iii) During the nine-month period of 2022, the Company purchased R$123,385 in property and equipment, R$6,413 of which are entered as supplier accounts payable (R$15,058 during the same period of 2021) and R$ 43,700 were paid out in 2022 for purchases made prior to December 31, 2021 (R$10,497 were disbursed in the first quarter of 2021 for purchases made prior of 2020).

c) Impairment

The Company considers each store individually to be a cash-generating unit (CGU). CGUs are valued annually to check if the value of their assets in the financial statements does not exceed their recoverable value.

The Company uses the following criteria to identify assets that could show signs of impairment:

- Operating profit before financial earnings - In selecting stores for testing, the Company considers those with operating profits lower than the target set by the Company;
- Stores that recorded impairment in the previous year.

Furthermore, stores must be more than three years old, which is what the Company considers to be a mature store.

The company used after-tax cash flow projections based on financial budgets approved by Management, and consistent with the results presented in the past. The following premises were used to develop the discounted cash flows:

(i) Revenue: projected to the end of the store's lease term
(ii) Costs and expenses: projected in the same period as revenue, corrected for an estimated annual inflation of 10% for 2022, and 3.5% for subsequent periods, as per Central Bank estimates;
(iii) Discount rate: determined bearing in mind the risk-free rate, the business risk, third-party cost of capital and the Company's capital structure. The discount rate used was 11.85% annually. When calculating the discount rate, the Company considers lease liabilities as part of financing activities.

The Company also records provisions for store closing impairment when approved by Management. The provision is made in the estimated amount of the assets to be written off and reversed when the actual write-off is taken.

On the base date of September 30, 2022, the Company had provisions for asset impairment in the amount of R$ 16,787 (R$ 22,723 on December 31, 2021), of which R$16,037 referred to the impairment test (R$ 15,941 on December 31, 2021) and R$ 750 in provisions for asset write-offs resulting from store revamps and closures (R$ 6,782 On December 31, 2021).

(in thousand Reals unless otherwise stated)

17. Intangible assets

a) Breakdown of intangibles:

	09/30/2022				12/31/2021			
Parent Company	**Cost**	**Accumulated amortization**	**Provision for impairment**	**Accounting Balance**	**Cost**	**Accumulated amortization**	**Provision for impairment**	**Accounting Balance**
Software	993,392	(536,258)	(64)	**457,070**	787,579	(423,041)	(163)	**364,375**
Goodwill	71,546	(50,264)	(750)	**20,532**	70,387	(49,993)	(761)	**19,633**
Right to explore financial services	415,000	-	-	**415,000**	415,000	-	-	**415,000**
Intangibles in process	106,947	-	-	**106,947**	176,231	-	-	**176,231**
Total	**1,586,885**	**(586,522)**	**(814)**	**999,549**	**1,449,197**	**(473,034)**	**(924)**	**975,239**

Consolidated	**Cost**	**Accumulated amortization**	**Provision for impairment**	**Accounting Balance**	**Cost**	**Accumulated amortization**	**Provision for impairment**	**Accounting Balance**
Software	993,856	(536,335)	(64)	**457,457**	788,043	(423,049)	(163)	**364,831**
Goodwill	71,546	(50,264)	(750)	**20,532**	70,387	(49,993)	(761)	**19,633**
Right to explore financial services	415,000	-	-	**415,000**	415,000	-	-	**415,000**
Intangibles in process	106,947	-	-	**106,947**	176,231	-	-	**176,231**
Total	**1,587,349**	**(586,599)**	**(814)**	**999,936**	**1,449,661**	**(473,042)**	**(924)**	**975,695**

b) Changes in intangibles:

Parent Company

	Average annual amortization rate (%)	**Balance on December 31, 2021**	**Additions (i)**	**Amortization**	**Write-offs**	**Transfers**	**Property and equipment transfers**	**Reversals (provisions) impairment**	**Balance on September 30, 2022**
Software	**17%**	**364,375**	**-**	**(113,288)**	**(124)**	**206,008**	**-**	**99**	**457,070**
Goodwill	**10%**	**19,633**	**-**	**(2,022)**	**(10)**	**2,920**	**-**	**11**	**20,532**
Right to explore financial services	**-**	**415,000**	**-**	**-**	**-**	**-**	**-**	**-**	**415,000**
Intangibles in process	**-**	**176,231**	**139,644**	**-**	**-**	**(208,928)**	**-**	**-**	**106,947**
Total		**975,239**	**139,644**	**(115,310)**	**(134)**	**-**	**-**	**110**	**999,549**

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

(in thousand Reals unless otherwise stated)

	Consolidated								
	Average annual amortization rate (%)	**Balance on December 31, 2021**	**Additions (i)**	**Amortization**	**Write-offs**	**Transfers**	**Property and equipment transfers**	**Reversals (provisions) impairment**	**Balance on September 30, 2022**
Software	**17%**	**364,831**	**-**	**(113,357)**	**(124)**	**206,008**	**-**	**99**	**457,457**
Goodwill	**10%**	**19,633**	**-**	**(2,022)**	**(10)**	**2,920**	**-**	**11**	**20,532**
Right to explore financial services		**415,000**	**-**	**-**	**-**	**-**	**-**	**-**	**415,000**
Intangibles in process	**-**	**176,231**	**139,644**	**-**	**-**	**(208,928)**	**-**	**-**	**106,947**
Total		**975,695**	**139,644**	**(115,379)**	**(134)**	**-**	**-**	**110**	**999,936**

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

(i) In the first nine months of 2022 the Company added R$ 139,644 to the intangibles line, of which R$ 8,242 are booked as supplier accounts receivable, and R$ 96,848 were spent in 2022 for purchases made prior to December 31, 2021.

c) <u>Impairment</u>

Intangible assets, software and trade fund are also subject to the impairment test. The approach is the same used for property and equipment (note 16.c)

d) <u>Acquisitions during the period de 2021</u>

On November 8, 2021, through a combination of transactions, the Company acquired the right to explore financial services, heretofore explored by Banco Bradesco. The company acquired the right to explore this new business as of December 1, 2021 as per the agreement between the parties. This date was defined as the date of purchase according to a specific requirement in CPC 15. There is no fixed period for exploring this business. The transaction was registered at the cost of acquisition, measured as the sum of the counterpart to be transferred, which is valued based on the fair value on the date of acquisition, or R$ 415,000. This transaction had no premium, but as it relates to an intangible asset with no defined lifetime, an annual recoverability test will be run.

(in thousand Reals unless otherwise stated)

18. Leases

Based on a Review of Technical Pronouncement 16/2020, which clarifies Technical Pronouncement CPC 06 (R2)/IFRS16 regarding Covid-19-related benefits granted to the lessors in Lease Agreements, the Company analyzed its leases together with its partner Lessors and concluded that the lease negotiations resulting from COVID-19 do not constitute a contractual amendment and thus have no impact on re-measurement of the leases. The period covered by this pronouncement ended on June 30, 2022. The discount, net of taxes, obtained from negotiations in the first half of 2022 was R$ 17,672 (R$ 31,677 in the period from January to September 2021, net of PIS/COFINS), booked in results for the period, occupancy costs.

Following the guidelines in CVM/SNC/SEP Memo 01/2020, the Company considers the cash flows of future payments without deducting potential PIS and Cofins credits, discounting them using a nominal incremental interest rate. This methodology agrees with CPC06 (R2) /IFRS16.

The Company estimated the incremental borrowing rate, based on the Brazil risk-free interest rates for similar periods to its lease agreements, adjusted to the Company's credit situation (credit spread). Spreads were obtained from the spreads observed for debt securities issued by comparable Brazilian companies (debentures). Rates are updated for each new lease agreement.

Incremental rates based on lease terms practiced in the period ended September 30, 2022

Contractual terms	Actual rate (% per year)	Nominal rate (% per year)
0 to 3 years	8.0 – 10.6	14.9 – 16.4
5 to 6 years	4.0 – 7.5	9.1 – 14.3
6 to 10 (or more) years	6.2 - 7.6	11.8 - 14.3

Incremental rates based on lease terms practiced in the period ended December 31, 2021

Contractual terms	Actual rate (% per year)	Nominal rate (% per year)
0 to 3 years	1.6 - 8.8	4.0 - 14.9
3 to 5 years	2.2 - 7.7	5.4 - 14.3
5 to 6 years	2.2 – 7.2	5.6 – 13.7
6 to 10 (or more) years	3.2 - 7.2	6.8 - 14.1

(in thousand Reals unless otherwise stated)

a) a) Changes in the balance of lease right-of-use assets and liabilities (Parent Company e Consolidated)

	Right-of-use asset			
	Real Estate	**Equipment**	**Total**	**Lease liabilities**
Balance on December 31, 2021	**1,635,512**	**4,778**	**1,640,290**	**(1,814,148)**
Amortization (i)	**(288,799)**	**(2,316)**	**(291,115)**	**-**
Financial charges	**-**	**-**	**-**	**(122,762)**
Payments made	**-**	**-**	**-**	**363,240**
Provisions for dismantling costs	**990**	**-**	**990**	**-**
Prepayments	**590**	**-**	**590**	**-**
Reversals (Provisions) impairment	**1,347**	**-**	**1,347**	**-**
New/renewed/closed Agreements (ii)	**91,220**	**4,008**	**95,228**	**(93,026)**
Re-measurements (iii)	**174,262**	**408**	**174,670**	**(174,670)**
Balance on September 30, 2022	**1,615,122**	**6,878**	**1,622,000**	**(1,841,366)**
Current liabilities				**(515,756)**
Non-current liabilities				**(1,325,610)**

(i) In this table, amortization has not been corrected in the amount of R$ 32,395 for PIS/COFINS credits on lease payments, nor R$ 6,434 in interest, recorded directly as a reduction of amortization and interest expenses in the statements of operation.
(ii) This refers to 16 new store agreements and 2 closed agreements.
(iii) Refers to the annual re-measurement inflation adjustments on minimal lease payments as per the respective agreements and lease renewals;

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

b) Comparison of lease projections in the different scenarios

In compliance with CVM guidelines and in order to provide the market with a comprehensive view of the different effects of applying models, with and without inflation, on the flow of minimum lease payments using a given discount rate (4.0% to 16.4%), below is a comparative list of the right-of-use lease liabilities, financial expenses and amortization expenses for the current and coming years in the following scenarios:

Scenario	Incremental rate	Future payments flow
1	Nominal	Including projections for inflation
2	Nominal	No projection for inflation (book value)

(in thousand Reals unless otherwise stated)

The Company adopted scenario 2 for the nine-month period ending September 30, 2022, as determined by CPC06(R2) / IFRS16. The comparative balances of lease liabilities are submitted below:

	09/30/2022	12/31/2021
Lease liabilities		
Scenario 1	2,030,897	2,143,756
Scenario 2 (book value)	**1,841,366**	**1,814,148**
Financial Charges		
Scenario 1	138,984	164,441
Scenario 2 (book value)	**122,762**	**107,753**
Depreciation Expenses		
Scenario 1	313,690	376,522
Scenario 2 (book value)	**291,115**	**252,435**
Total Expenses		
Scenario 1	452,674	540,963
Scenario 2 (book value)	**413,877**	**360,188**

c) Minimum future payments and potential PIS and COFINS rights (Parent Company and Consolidated)

Minimum future lease payments, according to the terms of the lease agreements, plus the fair value of the minimum lease payments are as follows:

	09/30/2022		12/31/2021	
Coming due in	**Payments**	**Potential PIS/COFINS Rights**	**Payments**	**Potential PIS/COFINS Rights**
Less than 1 year	**515,756**	**(45,370)**	450,798	(41,351)
One to five years	**1,472,878**	**(133,222)**	1,448,274	(131,105)
Over five years	**492,959**	**(44,698)**	483,982	(44,351)
Total minimum payments	**2,481,593**	**(223,290)**	2,383,054	(216,807)
Minimum payments discounted to present value	**(640,227)**	**57,428**	(568,906)	52,047
Present value of the minimum payments	**1,841,366**	**(165,862)**	1,814,148	(164,760)
Current Liabilities	**515,756**		471,723	
Non-current Liabilities	**1,325,610**		1,342,425	

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

During the nine-month period ended September 30, 2022, the expense associated with the 19 variable lease agreements was R$ 3,453 (17 agreements in the period ended December 31, 2021, or R$ 4,167). Management believes it would not be appropriate to project minimum payments, given the nature of these expenses. Expenses associated with short-term leases and low-value assets totaled R$ 16,258 (R$ 19,619 in the period ended December 31, 2021) and refer to leasing printers and forklifts. Because of limited relevance, future commitments with minimum lease payments of low-value assets and short-term contracts are not presented, nor is any sensitivity analysis of variable expenses with leases and the factors that impact this variation.

(in thousand Reals unless otherwise stated)

The Company does not pledge real estate as collateral in any of its transactions.

d) Impairment

Right-of-use assets are also subject to the impairment test. The approach is the same used for property and equipment (note 16.c)

19. Trade payables

	Parent Company		Consolidated	
	09/30/2022	**12/31/2021**	**09/30/2022**	**12/31/2021**
Merchandise suppliers	**532,429**	668,457	**532,652**	668,457
Bradescard Partnership	**452,998**	415,000	**452,998**	415,000
Materials, asset and service suppliers	**195,737**	374,977	**204,113**	376,037
Agreement suppliers - drawee risk	**250,702**	376,302	**250,702**	376,302
	1,431,866	1,834,736	**1,440,465**	1,835,796
Current liabilities	**1,419,393**	1,399,676	**1,427,992**	1,400,736
Non-current liabilities	**12,473**	435,060	**12,473**	435,060

In November 2021 C&A formalized the purchase of *balcão* Bradesco for R$ 415 million, to be settled in January 2023. In December 2021 this amount was recorded as long-term suppliers and was considered as a current liability in the first quarter of 2022. This amount is updated monthly, and monetary correction is booked against financial expenses in the sub-group “supplier interest” (note 28). On September 30, 2022 the corrected value was R$453 million.

The Company offers advanced receivables at a discount over the face value to suppliers who sign a term agreeing with the Company's terms and conditions. This transaction may take place directly with the Company or thorough agreements with financial institutions.

Under these agreements, the financial institution advances a given amount to the supplier and, when this amount comes due, it is paid back by the Company. The decision to subscribe to this type of transaction is solely the supplier's. The agreement does not change the commercial conditions, terms and prices previously agreed between the Company and its supplier. For this reason, the balances payable were kept under the item “suppliers". In the period ended September 30 2022 the Company received a commission in the amount of R$ 6,703 (R$ 8,033 during the same period of 2021).

During the third quarter of 2022, the monthly discount rate ranged from 1.08% to 1.87% (0.75% and 1.21 % in the third quarter of 2021).

(in thousand Reals unless otherwise stated)

The Company discounts the current balance of trade receivables at interest rates close to market rates. The monthly interest rates used for the calculation of present value of outstanding payables on September 30, 2022 and 2021 were 1.07% and 0.44% respectively. The matching entry to the present value adjustment is made on inventories and the interest is recognized on a pro rata die basis in financial expenses.

20. Loans and debentures

a) Breakdown of the loans and debentures

			Parent Company		Consolidated	
Descriptions	**Annual rates**	**Maturity**	**09/30/2022**	**12/31/2021**	**09/30/2022**	**12/31/2021**
Promissory notes (i)	100% CDI+ 1.09%	2023	**489,864**	494,905	**489,864**	494,905
CCB (ii)	100% CDI+ 2.95%	2023	**239,432**	230,107	**239,432**	230,107
CCB (ii)	100% CDI+ 2.90%	2023 a 2024	**102,673**	132,227	**102,673**	132,227
Debentures - Issue 1 - Single Series	100% CDI+ 2.15%	2024 a 2025	**527,642**	505,940	**527,642**	505,940
Structured Commercial Notes - single series, issue 1 (iv)	100% CDI + 2.45%	2026 a 2027	**251,362**	-	**251,362**	-
Debentures, 2nd issue, 1st series (v)	100% CDI + 2.10%	2025	**261,281**	-	**261,281**	-
Debentures, 2nd issue, 2nd series (v)	100% CDI + 2.40%	2025 to 2028	**372,534**	-	**372,534**	-
Guaranteed Accounts (v)	100% CDI+ 1.70%	2022	**-**	-	**145,733**	16,070
(-) Transaction costs to appropriate			**(8,432)**	(4,423)	**(8,471)**	(4,423)
Total			**2,236,356**	1,358,756	**2,382,050**	1,374,826
Current liabilities			**831,989**	105,108	**977,683**	121,178
Non-current liabilities			**1,404,367**	1,253,648	**1,404,367**	1,253,648

i. On April 3, 2020, the Company issued its first Promissory Notes in 6 series for public distribution with limited effort (CVM 476), in the amount of R$ 500,000 with a ticket equivalent to 100% of the accumulated variation in the daily DI rate plus a 1.09% annual surcharge payable in 3 years. Payments of the interest and amortization of the principal are made every 6 months; these installments are not linear and are contractually defined. The first installment came due in October 2020 and payments will end in April 2023. The costs associated with the first issue of promissory notes, including taxes, commissions and other costs totaled R$ 1,432 and are being recorded as deductions from liabilities and added to results monthly during the debt term. The amount appropriated in the nine-month period ended September 30, 2022 was R$ 358 (R$ 477 in 2021).

ii. On September 30, 2020 the company issued two CCBs:

- The first, in the amount of R$ 230,000 paying the equivalent of 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.95% and half-yearly interest payments in 6 installments, and amortization of the principal on the maturity date in 2023.; e
- The second, in the amount of R$ 120,000 paying the equivalent to 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.90% and

half-yearly interest payments in 6 installments of R$ 20,000, the first due in January 2022 and the last in July 2024.

The costs associated with the first and second CCBs, including taxes, commissions and other costs totaled R$ 3,647 and are being recorded as deductions from liabilities and added to results monthly during the debt term. The amount appropriated in the nine-month period ended September 30, 2022 was R$ 348 (R$ 1,216 in 2021).

iii. On May 20, 2021 the Company issued its first series of simple, non-secured, non-convertible debentures for public distribution with limited effort (CVM n. 476), in the amount of R$ 500,000 with a yield of 100% of the DI, plus an annual surcharge of 2.15% effective for 4 (four) years and amortized annually in 2 (two) installments as of year 3 from the date of issue of the debentures. The first installment, equivalent to 50% of the nominal unit amount due on May 20, 2024 and the last on the maturity date of May 20, 2025. The costs associated with the first issue of debentures notes, including taxes, commissions and other costs totaled R$ 3,619 and are being recorded as deductions from liabilities and added to results monthly during the debt term. The amount appropriated in the nine-month period ended September 30, 2022 was R$ 679 (R$ 528 in 2021).

iv. On March 18, 2022 the Company issued its first Commercial Notes (“Commercial Notes” and “Issue”) for public distribution with limited effort as per law 14,195 of August 26, 2021, as amended (“Law 14,195”) and CVM Instruction n. 476, in the amount of R$ 250,000 with a yield of 100% of the DI, plus an annual surcharge of 2.45% for settlement on March 18, 2027. The net funds captured by the Issue will be used to reinforce the Company’s cash position and extend the average term of the Issuer’s debt. The costs associated with the first issue of promissory notes, including taxes, commissions and other costs totaled R$ 1,528 and are being recorded as deductions from liabilities and added to results monthly during the debt term. R$ 153 were appropriated in the nine-month period ended September 30, 2022.

v. On April 8, 2022 the Company issued its second series of simple, non-secured, non-convertible debentures for public distribution with limited effort in two series, in the amount of R$ 600,000 (six hundred million), R$ 247,500 (two hundred and forty-seven, five hundred thousand Reals) refer to debentures int he first series, and R$ 352,500 (three hundred and fifty-two million, six hundred thousand Reals) refer to the second series. The first series will have a yield of 100% of the DI, plus an annual surcharge of 2.10%, while the second will have a yield of 100% of the DI, plus an annual surcharge of 2.40%. The first series debentures will mature in 42 (forty-two) months from the date of issue, or November 13, 2025 (“maturity date of the first series debentures), while the second series debentures shall mature in 72 (seventy-two) months from the date of issue, or May 13, 2028 (“maturity date of the second series debentures). The costs incurred, including taxes, commissions and other costs, totaled R$ 4,389 and are being recorded as deductions from liabilities and added to results monthly during the debt term. R$ 392 were appropriated in the period ending September 30, 2022.

(in thousand Reals unless otherwise stated)

vi. Since December 1, 2021 the Company has been capturing funds through its subsidiary Orion Instituição de Pagamentos. The position on September 30, 2022 was R$ 135,209 with a yield of 100% of the CDI plus an annual surcharge of 1.70%, to be settled on November 29, 2022. The purpose of this is to settle the funding of with-interest installment portfolios, past-due accounts, withdrawals and refinancing of the new C&A Pay card operations.

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

b) Payment Forecast

The following is a forecast of the payment of long-term loans On September 30, 2022:

Maturity	Parent Company	Consolidated
2022	64,697	210,391
2023	766,755	766,755
2024	307,849	307,849
2025	584,085	584,085
2026	212,381	212,381
2027	212,610	212,610
2028	87,979	87,979
	2,236,356	**2,382,050**

c) Changes in loans

Changes in third party loans break down as follows:

	Parent Company		Consolidated	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**
Balance on December 31	**1,358,756**	**1,211,252**	**1,374,826**	**1,211,252**
New loans/debentures	850,000	500,000	1,103,691	500,000
Interest	191,040	49,778	192,924	49,778
Interests to pass along	-	-	9,118	-
Funding cost	(5,992)	(3,788)	(6,032)	(3,788)
Cost amortization	1,983	1,856	1,983	1,856
Payment of the principal	(65,000)	(362,500)	(200,029)	(362,500)
Interest payment	(94,431)	(21,872)	(94,431)	(21,872)
Balance on September 30	**2,236,356**	**1,374,726**	**2,382,050**	**1,374,726**

(in thousand Reals unless otherwise stated)

d) Restrictive covenants

Based on the clauses of current agreements, the company must fulfill the following financial covenants, measured once a year on December 31:

- Maintain a Net Debt (comprised of loans and debentures plus or minus the balance of derivatives less cash and cash equivalents) over Adjusted EBITDA (comprised of EBITDA plus revenue discounting suppliers less non-operating results, define as the sale of assets, contingency provisions/reversals, impairment, and restructuring clauses) ratio at less than or equal to 3.0x, to be calculated each year based on the consolidated financial statements. For this calculation Adjusted EBITDA for the past 12 (twelve) months is used, and the effects brought on by adopting CPC06/IFRS16 are ignored.

From time to time, the Company monitors financial indicators that may impact the covenants. The covenants are the normal ones for transactions of this nature and so far, have not limited limit the Company's ability to conduct its business in any way.

21. Labor liabilities

	Parent Company and Consolidated	
	09/30/2022	**12/31/2021**
Salaries, profit sharing and payroll charges	**42,898**	93,586
Vacation, 13th salary and payroll charges	**105,464**	67,559
	148,362	161,145
Current liabilities	**141,383**	155,470
Non-current liabilities	**6,979**	5,675

22. Taxes payable

	Parent Company		Consolidated	
	09/30/2022	**12/31/2021**	**09/30/2022**	**12/31/2021**
ICMS (i)	**38,410**	118,561	**38,410**	118,561
PIS/COFINS	**27,715**	62,882	**28,695**	63,031
Other	**9,282**	10,121	**10,059**	10,723
	75,407	191,564	**77,164**	192,315
Current liabilities	**59,559**	175,352	**61,316**	176,103
Non-current liabilities	**15,848**	16,212	**15,848**	16,212

(i) In September 2022 the amount of R$ 14,439 for DIFAL on interstate sales (see note 12.ii.ii) was recognized under results.

(in thousand Reals unless otherwise stated)

23. Provisions for tax, civil and labor risks, and judicial deposits

23.1. Provisions for tax, civil and labor proceedings

The Company is a party in administrative and judicial claims of tax, civil and labor natures. On the advice of its legal advisors, Management believes it must create provisions to cover likely and reasonably estimable losses where disbursement of financial resources by the Company is likely. The balance of provisions is as follows:

	Parent Company				
	12/31/2021	**Addition (reversal)**	**Payments**	**Update**	**09/30/2022**
Tax	**220,978**	**5,668**	**-**	**10,889**	**237,535**
Labor 23.1 (iv)	**30,095**	**4,374**	**(6,252)**	**2,868**	**31,085**
Civil	**3,710**	**4,514**	**(4,444)**	**317**	**4,097**
Provisions for tax, civil and labor risks	**254,783**	**14,556**	**(10,696)**	**14,074**	**272,717**
Judicial deposits with a corresponding liability	**(85,257)**	**-**	**-**	**(9,088)**	**(94,345)**
Net provisions for judicial deposits	**169,526**	**14,556**	**(10,696)**	**4,986**	**178,372**

	Consolidated				
	12/31/2021	**Addition (reversal)**	**Payments**	**Update**	**09/30/2022**
Tax	**220,978**	**5,668**	**-**	**10,889**	**237,535**
Labor 23.1 (iv)	**30,095**	**4,374**	**(6,252)**	**2,868**	**31,085**
Civil	**3,710**	**4,574**	**(4,444)**	**317**	**4,157**
Provisions for tax, civil and labor risks	**254,783**	**14,616**	**(10,696)**	**14,074**	**272,777**
Judicial deposits with a corresponding liability	**(85,257)**	**-**	**-**	**(9,088)**	**(94,345)**
Net provisions for judicial deposits	**169,526**	**14,616**	**(10,696)**	**4,986**	**178,432**

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

Tax provisions refer substantially to discussions regarding the following taxes:

(i) PIS/COFINS

On September 30, 2022, the Company had provisions for PIS and COFINS risks in the amount of R$ 131,485 (R$ 122,405 on December 31, 2021). The most significant values are associated with credits used with inputs for its end-activity, in the amount of R$ 81,765 (R$ 64,998 on December 31, 2021), and Cofins Import credits, in the amount of R$ 41,629 (R$ 40,077 on December 31, 2021). For the latter case, on September 30, 2022 the Company had an updated deposit balance in the amount of R$ 42,774 (R$ 37,773 on December 31, 2021).

(ii) ICMS (State Value Added Tax)

On September 30, 2022 the company had provisions for ICMS risks in the amount of R$ 40,478 (R$ 36,069 on December 31, 2021). The most significant values are associated with themes related to credit taken on trade payables to suppliers considered unqualified by the tax authorities, in the amount of R$ 10,803 (R$ 10,499 on December 31, 2021), and discussions regarding ICMS rates on energy, in the amount of R$ 22,992 (R$ 19,424 on December 31, 2021).

(iii) Other taxes

On September 30, 2022 the Company had provisions for tax risks associated with other taxes in the amount of R$ 65,572 (R$ 62,505 on December 31, 2021). The most significant amounts were related FGTS in the amount of R$ 16,768 (R$ 16,748 on December 31, 2021) and CPRB (social security on gross income) regarding the case in which exclusion of ICMS and ISS from the basis for calculation is being discussed, in the amount of R$ 40,634 (R$ 38,268 on December 31, 2021).

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

On August 28, 2013, the Company filed a claim to exclude ICMS and ISS from the basis for calculating CPRB - Social Security on Gross Revenue. Between January 2014 and November 2015, the Company opted to make monthly payments of CPRB in the form of judicial deposits. On September 30, 2022 the updated amount of this deposit was R$ 32,485 (R$ 30,798 on December 31, 2021). For this, the Company booked provisions in the amount of R$ 40,634 (R$ 38,268 on December 31, 2021).

(in thousand Reals unless otherwise stated)

(iv) Civil and labor

Provisions for labor claims are obtained by applying the historical percent losses to the total value of the claim (which is the maximum exposure to which the Company is subject) for each claim, as informed by the Company's legal advisors. This measurement is reviewed every six months, most recently in September 2022.

(v) Judicial deposits with a corresponding liability

1% additional COFINS for imports

On March 7, 2013, the Company filed a lawsuit claiming the right to credit for the 1% COFINS surtax levied on the import of some of its goods and obtained a preliminary injunction allowing it to take credit for such COFINS import surtax. On March 26, 2018, said injunction was revoked. As such, the Company offered a judicial deposit to guarantee suspension of enforceability and thus continue the legal discussion in the courts. On September 30, 2022 the updated amount of the deposit was R$ 42,774 (R$ 37,773 on December 31, 2021). The Company has booked provisions of R$ 41,629 (R$ 40,077 on December 31, 2021) for this.

23.2. Judicial deposits

The Company is contesting the payment of certain taxes, contributions and labor obligations, and has made judicial deposits to ensure that court discussions proceed, either because said deposits are required by the courts, or because of a strategic decision by Management to protect its cash position. Thus, the updated amount of the company's judicial deposits is:

The balance of judicial deposits recorded in assets by nature of the discussion is as follows

	Parent Company and Consolidated	
	09/30/2022	**12/31/2021**
Tax	**31,844**	**31,064**
Labor e Civil	**29,073**	**30,873**
Total	**60,917**	**61,937**

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

(in thousand Reals unless otherwise stated)

23.3. Non-provisioned contingencies

On September 30, 2022 the Company had an updated amount of R$ 351,644 (R$ 315,978 on December 31, 2021) associated with judicial and/or administrative claims where it is considered possible that the Company will lose, and for this reason accounting provisions are not made, as per the relevant accounting standards.

Below is a summary of the main claims, with the amount of the principal plus interest and fines that our legal advisors believe we may lose:

	Parent Company and Consolidated	
	09/30/2022	**12/31/2021**
PIS and COFINS - rate of zero on the sale of electronics	**188,842**	**176,798**
Social Security on Medical and Hospital Care (b)	**9,427**	**7,980**
Non-cumulative PIS/COFINS (c)	**26,041**	**25,561**
Import Taxes on Royalties (d)	**18,552**	**17,572**
Social security credits	**25,493**	**16,445**
Other demands	**83,289**	**71,622**
	351,644	**315,978**

(a) Reestablishment of the benefit of Law No. 11,196/05 (“Lei do Bem” - tax relief law) suspending the enforcement of PIS and COFINS levy on the sale of electronic goods. On October 7, 2019 the company obtained an injunction after putting up a bond.

(b) Notice of violation demanding the payment of social security contributions supposedly levied on the amounts paid as Medical and Hospital care to its insured employees for the period between December 12, 1997 and February 28, 2005. In February 2020, based on the favorable decision issued by the appeals power, part of the amount was reversed.

(c) Notice of violation disallowing PIS and COFINS credits on expenses classified as inputs by the Company in 2012 and 2014.

(d) Notice of violation demanding the payment of Import Taxes as well as PIS/PASEP and COFINS on imports, due to failure to include royalties paid for the use of licensed brands in the basis for calculating taxes levied on imported goods.

(e) Administrative proceedings discussing the non-homologation of requests for compensation.

Regarding civil and labor claims, because of the diverse nature and features of these claims, Management believes that the amounts provisioned are those that best represent the Company's risks regarding such matters. The Company does not believe it is feasible to determine the amount of non-provisioned labor and civil contingencies (involving possible but not probable loss) because, as a rule, the amount of the original claim is quite a bit different from the final amounts paid or settled.

(in thousand Reals unless otherwise stated)

Due to external factors not under the Company's control, it is not feasible to determine when the associated cash disbursements, if any, will be made in the event the Company loses any such claims.

24. Shareholder's Equity

24.1 Share capital

On September 30, 2022, the share capital of R$1,847,177 was represented by 308,245,068 fully paid-in common shares, 104,811,534 common shares in free-float (106,164,435 common shares on December 31, 2021).

On September 30, 2022, ownership of Company shares broke down as follows:

	09/30/2022		12/31/2021	
	Number of shares	**%**	**Number of shares**	**%**
COFRA SARL Investments	100,363,049	32.56%	100,363,049	32.56%
Incas SARL	100,939,166	32.75%	100,939,166	32.75%
COFRA Latin America	17,121	0.01%	17,121	0.01%
Directors	805,798	0.26%	546,797	0.17%
Treasury	1,308,400	0.42%	214,500	0.07%
Free Float	104,811,534	34.00%	106,164,435	34.44%
Total	308,245,068	100%	308,245,068	100%

According to the Bylaws, the Company is authorized to increase capital by as many as 135,000,000 new common shares, up to a limit of 443,245,068 common shares, regardless of any statutory reform, as per article 168 of Law 6,404 of December 15, 1976, as amended ("Brazilian Corporate Law").

The increase in share capital within the authorized limits shall be completed by issuing shares, convertible debentures or subscription warrants, as decided by the Board of Directors, which is responsible for setting the issuing terms, including price and form of payment. If payment takes the form of assets, the General Meeting shall be responsible for increasing the share capital, with input from the Fiscal Board, if any.

24.2 Shares in Treasury

In December 2021 the Company spent R$ 1,362 to purchase 214,500 of its own shares. During the period of nine months of 2022, the Company spent R$ 3,897 to acquire 1,093,900 of its own shares, for a total of R$ 5,259 (1,308,400 shares) which at this time are kept in treasury.

24.3 Capital reserve – shares granted

This refers to the reserve for options granted according to the stock-based compensation plan. See Note 10 for further details.

24.4 Legal reserve

The Company Bylaws stipulate that 5% of net profit will be taken as legal reserves, to the limit of 20% of the capital stock.

24.5 Reserve for unrealized profits

On December 31, 2021 the company set aside R$ 75,720 as a reserve for unrealized gains.

24.6 Reserve for investments

The purpose of this reserve is to reinforce the Company's working capital and activities. The balance of this reserve, plus the balance of other profit reserves with the exception of contingency reserves, reserves for tax incentives and reserves for future profits may not exceed 100% (one hundred percent) of the share capital. Once this threshold is reached, and pursuant to article 199 of Law 11,638/07, the General Meeting shall determine how to distribute any surplus and shall use it to pay in or increase the capital stock or distribute dividends.

On April 28, 2022 the General Meeting of the Shareholders decided to allocate R$ 227,160 of the profit for the period ended December 31, 2021 to the investment reserve account. This amount has already been used.

24.7 Reserve for tax incentives

The Company has ICMS tax incentives in the form of presumed credits due to its operations in the state of Santa Catarina. Thus, it recognizes the impact as credit on the statement of earnings in those periods in which it recognizes the related costs. Management set aside the amounts of these incentives as tax incentive reserves. The destination of earnings for tax incentives is done annually in the month of December. On December 30, 2021, the total reserve for tax incentives was R$ 11,552.

24.8 Equity valuation adjustments

This refers to the effective portion of financial instruments designated as cash flow hedge, as per Note 30.

(in thousand Reals unless otherwise stated)

25. Dividends and interest on shareholder's equity payable

As stipulated in the Company Bylaws, each period the Company shareholders have the right to receive the minimum mandatory 25% of net profits for the period, less legal reserves and plus the reversal of previous reserves, as dividends.

26. Net revenue

	Parent Company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Sale of goods	**5,572,010**	4,429,200	**5,572,010**	4,429,200
Cancellations, exchanges and vouchers	**(344,924)**	(340,274)	**(344,924)**	(340,274)
Sales taxes	**(1,201,660)**	(961,359)	**(1,202,233)**	(961,359)
Net revenue from the sale of goods	**4,025,426**	3,127,567	**4,024,853**	3,127,567
Commission revenue from the sale of financial services - Bradescard partnership	**105,936**	139,791	**105,936**	139,791
Commission revenue from the sale of partner insurance	**16,648**	24,336	**16,648**	24,336
Commission revenue from other services rendered	**18,300**	15,577	**19,722**	15,577
Net revenue from credit securitization	**-**	-	**2,239**	1,923
Revenue from financial products	**21,592**	-	**92,717**	-
Taxes on commissions and services	**(17,384)**	(18,032)	**(27,311)**	(18,122)
Net revenue from services rendered	**145,092**	161,672	**209,951**	163,505
	4,170,518	3,289,239	**4,234,804**	3,291,072

27. Earnings by nature

27.1 Classified by function

	Parent Company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Cost of merchandise sold and services rendered	**(2,136,877)**	(1,792,302)	**(2,137,079)**	(1,792,302)
General and administrative	**(489,665)**	(344,430)	**(494,765)**	(345,840)
Sales	**(1,646,830)**	(1,422,411)	**(1,702,564)**	(1,422,411)
Net credit losses	**-**	-	**(34,233)**	-
Other net operating income (expenses)	**50,777**	145,507	**49,791**	145,509
	(4,222,595)	(3,413,636)	**(4,318,850)**	(3,415,044)

(in thousand Reals unless otherwise stated)

27.2 Cost of sales by nature

	Parent Company		Consolidated	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**
Cost of goods sold	**(2,088,500)**	(1,747,414)	**(2,088,002)**	(1,747,414)
Cost of services rendered	**(462)**	(670)	**(462)**	(670)
Cost of financial services	**-**	-	**(700)**	-
Other	**(47,915)**	(44,218)	**(47,915)**	(44,218)
	(2,136,877)	(1,792,302)	**(2,137,079)**	(1,792,302)

27.3 General and administrative expenses by nature

	Parent Company		Consolidated	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**
Personnel	**(214,543)**	(184,990)	**(219,273)**	(184,990)
Third party materials/services	**(91,219)**	(86,993)	**(91,536)**	(88,403)
Depreciation and amortization	**(129,099)**	(72,299)	**(129,168)**	(72,299)
Depreciation of right-of-use	**(19,703)**	(16,400)	**(19,703)**	(16,400)
Occupancy	**(7,957)**	(3,829)	**(7,957)**	(3,829)
Other (b)	**(27,144)**	20,081	**(27,128)**	20,081
	(489,665)	(344,430)	**(494,765)**	(345,840)

(a) The Company chose to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R$ 241 on September 30, 2022 (R$ 640 in the same period in 2021) as a deduction of occupancy costs.

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

27.4 Selling expenses by nature

	Parent Company		Consolidated	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**
Personnel	**(507,725)**	(418,843)	**(535,997)**	(418,843)
Third party materials/services	**(231,710)**	(228,881)	**(250,350)**	(228,881)
Depreciation of right-of-use	**(245,451)**	(213,449)	**(245,451)**	(213,449)
Depreciation and amortization	**(118,530)**	(106,204)	**(118,530)**	(106,204)
Occupancy	**(262,297)**	(201,235)	**(262,297)**	(201,235)
Advertising and promotions	**(136,545)**	(145,610)	**(136,546)**	(145,610)
Other (b)	**(144,572)**	(108,189)	**(153,393)**	(108,189)
	(1,646,830)	(1,422,411)	**(1,702,564)**	(1,422,411)

(a) The Company chose to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R$ 18,390 on September 30, 2022 (R$ 32,582 in the same period in 2021) as a deduction of occupancy costs.

(b) The increase in 2022 is substantially due to card fees in the amount of R$ 66,982 on September 30, 2022 (R$ 48,437 in September 2021).

(in thousand Reals unless otherwise stated)

27.5 Other net operating revenue (expenses) by nature

	Parent Company		Consolidated	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**
Results from asset write-offs	**(6,112)**	(3,166)	**(6,112)**	(3,166)
Reversals (provisions) for impairment:				
Store/DC closures/revamps	**6,033**	(2,102)	**6,033**	(2,102)
Impairment test	**2,174**	2,021	**2,174**	2,021
Recovery of tax credits (a)	**67,473**	184,733	**67,473**	184,733
Reversal (provision) for tax contingencies	**(3,218)**	(38,691)	**(3,218)**	(38,691)
Strategy consulting services	**(7,339)**	(3,364)	**(7,339)**	(3,364)
Other	**(8,234)**	6,076	**(9,220)**	6,078
	50,777	145,507	**49,791**	145,509

(a) Credit recovery is booked net of attorney, consulting, and auditing expenses.

28. Finance results

	Parent Company		Consolidated	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**
Exchange variation				
Exchange variation - Purchases	**59**	(616)	**59**	(616)
	59	(616)	**59**	(616)
Finance expenses				
Interest on loans	**(191,005)**	(49,778)	**(191,005)**	(49,778)
Interest on leases	**(116,329)**	(101,385)	**(116,329)**	(101,385)
Supplier financial expenses - PVA	**(62,791)**	(15,890)	**(62,791)**	(15,890)
Bradescard supplier interest	**(37,998)**	-	**(37,998)**	-
Interest on taxes and contingencies	**(15,664)**	(10,422)	**(15,669)**	(10,422)
Bank expenses and IOF	**(1,407)**	(1,305)	**(1,408)**	(1,308)
Other	**(2,970)**	(2,797)	**(4,268)**	(2,797)
	(428,164)	(181,577)	**(429,468)**	(181,580)
Finance income				
Interest and monetary adjustment (a)	**84,515**	90,655	**84,447**	90,658
Interest on financial investments	**71,671**	22,064	**72,528**	22,064
Supplier financial income	**6,700**	8,081	**6,700**	8,081
Other	**5**	(40)	**5**	(40)
	162,891	120,760	**163,680**	120,763
Net financial results	**(265,214)**	(61,433)	**(265,729)**	(61,433)

(a) In September 2022 interest revenue included R$ 62,810 (R$ 80,608 in September 2021) related to monetary adjustment for previously unused PIS/COFINS credits, less PIS/COFINS taxes in the amount of R$ 2,921 (R$ 3,748 in September 2021).

(in thousand Reals unless otherwise stated)

29. Information by segment

Company Management defined the reportable operating segments based on the reports used to make strategic decisions. The businesses were classified into two segments, retail and financial services; the main characteristics for each of the divisions are:

(i) Retail: sale of apparel, perfumery, cosmetics, watches, and cell phones in B&M stores and e-commerce.

(ii) Financial products and services: consumer credit operations and intermediation of insurance sales through our partners or own operations with the C&A Pay card

	Retail		**Financial Services**		**Consolidated**	
	09/30/2022	**09/30/2021**	**09/30/2022**	**09/30/2021**	**09/30/2022**	**09/30/2021**
Net Operating Revenue	4,040,273	3,141,297	194,531	149,775	4,234,804	3,291,072
Cost of sales and services provided	(2,135,918)	(1,791,634)	(1,161)	(668)	(2,137,079)	(1,792,302)
Gross Profit	**1,904,355**	**1,349,663**	**193,370**	**149,107**	**2,097,725**	**1,498,770**
Sales	(1,198,279)	(1,018,025)	(140,304)	(84,733)	(1,338,583)	(1,102,758)
General and administrative	(337,762)	(255,784)	(8,132)	(1,357)	(345,894)	(257,141)
Net credit losses	-	-	(34,233)	-	(34,233)	-
Earnings by segment (excluding depreciation)	50,772	146,103	(981)	(594)	49,791	145,509
	419,086	**221,957**	**9,720**	**62,423**	**428,806**	**284,380**
Depreciation and amortization	(501,135)	(403,789)	(11,717)	(4,563)	(512,852)	(408,352)
Finance results	(265,216)	(61,434)	(513)	1	(265,729)	(61,433)
Income taxes	138,284	360,228	(533)	(227)	137,751	360,001
Net income (loss) for the period	**(208,981)**	**116,962**	**(3,043)**	**57,634**	**(212,024)**	**174,596**

30. Financial instruments and capital management

30.1 Financial risk management

The activities of the Company and its subsidiaries expose them to a number of financial risks, such as market risk (including exchange and interest rate risks), credit risk, and liquidity risk. Financial risks are assessed and managed carefully, using the limits and procedures defined in the Company's financial policy. The Auditing Committee is responsible for monitoring and ensuring compliance with the Financial Policy.

a) Market Risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to market prices. Market prices include three types of risk: interest rate risk, exchange risk and price risk, which can be commodities or shares, among others. Financial instruments affected by market risk includes loans and financing, cash equivalents and other financial assets, investments in debt and equity instruments, and derivative financial instruments.

Interest rate risk

The Company is exposed to the risk of changes in interest rate that could impact returns on its short-term assets and financial liabilities indexed to the CDI.

The Company attempts to keep the interest rate indicators for its assets and liabilities equal to reduce the impact of a risk in a fluctuation in interest rates. Currently all our loans are fixed rate and indexed to the CDI.

Management continuously analyzes its exposure to interest rates, comparing the contracted rates to current market rates and simulating refinancing scenarios and the impact on results.

(in thousand Reals unless otherwise stated)

The Company ran tests using scenarios for the next disclosure to demonstrate how fluctuations in this index impact results. Interest rates for the likely scenario were taken from the reference rates published on the B3 site on September 30, 2022 (annualized CDI of 13.68% and 6.62% for the nine-month period)

		Parent Company						
					Increasing interest		Decreasing interest	
	Risk	Balance on 09/30/2022	Rate	Likely scenario	Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%
Financial investments (i)	Lower CDI	1,171,198	CDI	75,826	94,783	113,739	56,870	37,913
Loans and debentures	Higher CDI	(2,236,356)	CDI	(148,047)	(185,059)	(222,071)	(111,035)	(74,024)
Net exposure/Impact on earnings prior to IT/SC		**(1,065,158)**		**(72,221)**	**(90,276)**	**(108,332)**	**(54,165)**	**(36,111)**
Impact on earnings, net of IT/SC				**(47,666)**	**(59,581)**	**(71,498)**	**(35,749)**	**(23,833)**

(i) Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 102.60% of the CDI.

		Consolidated						
					Increasing interest		Decreasing interest	
	Risk	Balance on 30/09/2022	Rate	Likely scenario	Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%
Financial investments (ii)	Lower CDI	1,201,329	CDI	77,777	97,221	116,666	58,333	38,889
Loans and debentures	Higher CDI	(2,382,050)	CDI	(157,692)	(197,115)	(236,538)	(118,269)	(78,846)
Net exposure/Impact on earnings prior to IT/SC		**(1,180,721)**		**(79,915)**	**(99,894)**	**(119,872)**	**(59,936)**	**(39,957)**
Impact on earnings, net of IT/SC				**(52,744)**	**(65,930)**	**(79,116)**	**(39,558)**	**(26,372)**

(i) Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 102.60% of the CDI.

Exchange risk

Foreign currency exchange risk exists in future commercial transactions, primarily those associated with US-Dollar denominated imports. The foreign currency risk management policy is defined by Management and approved by the Auditing and Risk Management Committee.

The Company hedges against exchange variations in the outstanding balance of its imports by entering into Non-Deliverable Forward Contracts (NDFs) for highly probable budgeted purchases. Contracts based on the FOB value of the goods limits the exchange exposure and its effect on price composition. As soon as goods are nationalized, taxes must be paid that are not included in the hedge defined when contracting the NDF. These taxes amount to 36% of the value of the order.

(in thousand Reals unless otherwise stated)

The table below shows exposure to exchange variation related to orders issued and not covered by the hedge, and non-recoverable customs clearance taxes for which the Company is not hedged. The company shows sensitivity to possible changes in the range of 25% to 50%, indicating a deteriorating financial situation for the Company due to increases in the US Dollar exchange rate.

The US Dollar exchange rate used in the sensitivity analysis was taken by the FOCUS report published by the Brazilian Central Bank on September 30, 2022. Scenario estimates were adopted according to CVM Instruction 475/08.

				Negative scenarios		
		Risk	**Notional USD (Payable)/ Receivable**	**Scenario Likely USD 1 = R$ 5.20**	**Possible scenario +25% USD 1 = R$ 6.50**	**Scenario Remote scenario +50% USD 1 = R$ 7.80**
Hedge object	Purchasing orders for imported goods and imports in transit	Increase in the USD exchange	(50,225)	10,376	(54,917)	(120,209)
Hedge instrument	NDF	Decrease in the USD exchange	12,560	(2,595)	13,733	30,061
	Net exposure of import orders		**(37,665)**	**7,781**	**(41,184)**	**(90,148)**
	Non-recoverable taxes (36%)		(18,081)	3,735	(19,770)	(43,275)
	Total net exposure		**(55,746)**	**11,516**	**(60,954)**	**(133,423)**
	Impact on earnings, net of IT/SC		**(36,792)**	**7,601**	**(40,230)**	**(88,059)**

USD on 09/30/2022 = R$ 5.4066

Financial instruments designated for hedge accounting

To handle its market risks, the Company manages its foreign currency exposure related to the purchase of goods by contracting derivative financial instruments pegged to the US dollar, considering the expected entry of the goods in the Company's inventory in the Company's official budget.

As of October 2016, the Company formally adopted cash flow hedge accounting for derivative instruments to cover its highly likely future imports, in order to hedge against oscillations in the cost of goods entered in inventories during periods of unfavorable exchange rates.

The hedging structure consists of hedging a highly likely transaction whereby imported goods to be sold by the Company will enter the inventory in USD, against the risk of variations in the US$ vs. R$ exchange rate, using derivative financial instruments such as NDFs as hedging instruments, in amounts, maturities and currencies equivalent to import budget in US$.

Transactions for which the Company uses hedge accounting are highly likely and are exposed to variations in cash flow that could impact profit and loss and are highly effective in achieving exchange rate fluctuations or cash flow attributable to the hedged risk.

The following is a list of the hedge accounting instruments and expected periods for the import cash flow:

	US$ thousand			US$ thousand
Date Expected	**Budget (hedged)**	**Maturity**	**Counterparty**	**NDF reference value**
Oct. 22	(1,644)	Oct. 22	Bradesco	1,644
Oct. 22	(1,417)	Oct. 22	Itaú	1,417
Nov. 22	(914)	Nov. 22	Bradesco	914
Nov. 22	(1,920)	Nov. 22	Itaú	1,920
Dec. 22	(615)	Dec. 22	Bradesco	615
Dec. 22	(2,044)	Dec. 22	Itaú	2,044
Dec. 22	(922)	Dec. 22	Santander	922
Jan. 23	(714)	Jan. 23	Itaú	714
Feb. 23	(905)	Feb. 23	Bradesco	905
Mar. 23	(1,465)	Mar. 23	Itaú	1,465
Total	**(12,560)**			**12,560**

Financial instruments are measured at fair value in Level 2, which uses valuation techniques for which the lowest significant level of information for fair value measurement is directly or indirectly observable.

(in thousand Reals unless otherwise stated)

The following table shows the outstanding positions by maturity date of the forward contracts (Non-Deliverable Forwards - NDF) used to hedge exchange rate risk on the date of September 30, 2022:

Derivative	Position	Contract	Date contracted	Maturity date	Reference (notional) value - USD	Fair value
Term	Purchased	NDF	11/05/2021	10/19/2022	561	(380)
Term	Purchased	NDF	12/30/2021	11/16/2022	603	(417)
Term	Purchased	NDF	12/30/2021	12/21/2022	615	(446)
Term	Purchased	NDF	01/26/2022	01/18/2023	714	(357)
Term	Purchased	NDF	02/22/2022	10/19/2022	856	(17)
Term	Purchased	NDF	02/22/2022	11/16/2022	914	(56)
Term	Purchased	NDF	02/22/2022	12/21/2022	922	(87)
Term	Purchased	NDF	02/22/2022	02/15/2023	905	(111)
Term	Purchased	NDF	03/24/2022	03/15/2023	1,465	263
Term	Purchased	NDF	08/12/2022	10/19/2022	1,644	360
Term	Purchased	NDF	08/12/2022	11/16/2022	1,317	243
Term	Purchased	NDF	08/12/2022	12/21/2022	2,044	326
					12,560	**(679)**
Current assets						**1,193**
Current Liabilities						**(1,872)**

Derivative financial instruments are entered at fair value. Thus, at the inception of the hedge transaction the book value and fair value are the same.

On September 30, 2022, non-settled NDF transactions had an outstanding balance net of tax effects in the amount of R$ 448 (net outstanding credit of R$ 248 on December 31, 2021), recorded as other comprehensive income.
The amount in the statements of comprehensive income refers to the variation between operations not settled in December, 2021 and September, 2022 (between December, 2020 and September, 2021). In the nine-months ending September 30, 2022, the cost of goods sold was negatively impacted by the in NDF transactions in the amount of R$ 17,224 (loss of R$ 154 in the same period of 2021).

During the nine-month period ended September 30, 2022, NDF hedge transactions used to hedge the cash flow risk of import orders were effective, based on the rules set forth by CPC 48/IFRS 9. To test effectiveness, the Company compares changes in the value of the hedge instrument to changes in value of the item protected attributable to the risk covered. Should the transaction become ineffective, the ineffective portion is recognized directly in the earnings of the period in which this takes place. Ineffectiveness can be the result of differences in timing of the cash flows of the protected items and the hedge instruments. There were no ineffective portions in the nine-month periods ended September 30, 2022 and 2021.

b) Credit risk

i) Cash and Cash Equivalents

In accordance with the Company's policy, cash and cash equivalents must be invested in financial institutions rated as having low credit risk.

ii) Receivables

The Company, through its subsidiary Orion, has been operating its own C&A Pay cards since December 2021. This operation is recent, and Management organized itself to control credit risk by continuously monitoring the portfolio.

Expected losses from C&A Pay Private Label operations are calculated by the Company based on in-house studies to measure percent loss based on past-due stage and time, bearing in mind the likelihood of exposure to default and the effective loss for each past-due range.

As C&A Pay operations mature, estimates and approaches may be reviewed to adjust provisions to reflect the changes in the macroeconomic scenario and/or changes in customer profiles.

Management believes that the estimates used to make provisions for expected losses are sufficient to cover possible customer portfolio credit losses.

For other operations, the Company's credit risk is minimized to the extent that assets represented by receivables from the sale of goods and services are intermediated by Bradescard and credit card companies. In the case of credit card companies, the risk is fully transferred to them, and the Company remains only with the risk of non-recognition of purchase by customers (charge-backs) for which an allowance for impairment is measured and recognized. For transactions intermediated by Banco Bradescard, there is a potential loss, contractually limited to 50% of the net doubtful receivables registered with that institution, in addition to customer charge-backs. Historically, credit losses resulting from the agreement with Banco Bradescard are smaller than the gains.

c) Liquidity risk

Based on the operation's cash cycle, Management approved a minimum cash policy to:

i) Protect itself in times of uncertainty;
ii) Ensure execution of its investment and expansion strategy;
iii) Ensure that a dividend distribution policy is maintained.

(in thousand Reals unless otherwise stated)

Management constantly monitors the expectation on the Company's liquidity and that of its subsidiary to ensure they have sufficient cash to meet their operational needs, investment plans and financial obligations.

The Company invests excess cash in financial assets with floating interest rates and daily liquidity (CDBs and LCAs of financial institutions that comply with the investment policy approved by Management). In 2021 the company also invested in treasury notes (LFTs) (Note 7), which it intends to keep until they mature, booked at amortized cost.

The following table summarizes the maturity profile of the Company's financial liabilities:

On September 30, 2022	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	515,756	932,751	392,859	1,841,366
Loans	977,683	1,404,367	-	2,382,050
Trade payables	1,427,992	12,473	-	1,440,465
Total	**2,921,431**	**2,349,591**	**392,859**	**5,663,881**

30.2. Capital management

The goal of the Company's capital management is to ensure a financing structure is maintained for its operations.

The Company manages its capital structure by making suitable adjustments to changes in economic conditions. To keep this structure adjusted, the Company may make dividend payments and take out loans. There were no changes in the capital structure objectives, policies, or processes in the period ending September 30, 2022.

	Parent Company		Consolidated	
Net Debt excluding Lease Liabilities	**09/30/2022**	**12/31/2021**	**09/30/2022**	**12/31/2021**
Short and long-term loans and debentures	**2,236,356**	1,358,756	**2,382,050**	1,374,826
Cash and cash equivalents	**(1,197,094)**	(1,003,249)	**(1,228,216)**	(1,050,251)
Financial investments	**(8,464)**	(7,776)	**(8,464)**	(7,776)
Net debt (cash)	**1,030,798**	347,731	**1,145,370**	316,799
Non-controlling interests	**-**	-	**3**	3
Total shareholder’s equity	**2,785,869**	2,995,006	**2,785,872**	2,995,009
Financial leverage index	**37%**	12%	**41%**	11%

(in thousand Reals unless otherwise stated)

On September 30, 2022, the balance of lease liabilities was R$1,841,366 (R$1,814,148 On December 31, 2021). If lease liabilities are included in the capital management calculations, leverage would be 103%, as follows.

	Parent Company		Consolidated	
Net Debt including Lease liabilities	**09/30/2022**	**12/31/2021**	**09/30/2022**	**12/31/2021**
Net debt (cash)	**1,030,798**	347,731	**1,145,370**	316,799
Lease liabilities	**1,841,366**	1,814,148	**1,841,366**	1,814,148
Adjusted net debt	**2,872,164**	2,161,879	**2,986,736**	2,130,947
Total shareholder's equity	**2,785,869**	2,995,006	**2,785,872**	2,995,009
Financial leverage index	**103%**	72%	**107%**	71%

(in thousand Reals unless otherwise stated)

30.3. Financial instruments - classification

As of September 30, 2022, and December 31, 2021, the financial instruments can be summarized and classified as follows:

<u>Parent Company</u>

On September 30, 2022	Cost amortized	Fair value through other earnings comprehensive income	Total
Financial assets			
Cash and cash equivalents	**1,197,094**	**-**	**1,197,094**
Financial investments	**8,464**	**-**	**8,464**
Trade receivables	**932,497**	**-**	**932,497**
Derivatives	**-**	**1,193**	**1,193**
Related parties	**4,224**	**-**	**4,224**
Judicial deposits	**60,917**	**-**	**60,917**
Financial liabilities			
Lease liabilities	**(1,841,366)**	**-**	**(1,841,366)**
Trade payables	**(1,431,866)**	**-**	**(1,431,866)**
Loans and debentures	**(2,236,356)**	**-**	**(2,236,356)**
Derivatives	**-**	**(1,872)**	**(1,872)**
Related parties	**(71,341)**	**-**	**(71,341)**
Total on September 30, 2022	**(3,377,733)**	**(679)**	**(3,378,412)**

On December 31, 2021	Cost amortized	Fair value through other earnings comprehensive income	Total
Financial assets			
Cash and cash equivalents	1,003,249	-	1,003,249
Financial investments	7,776	-	7,776
Trade receivables	1,144,404	-	1,144,404
Derivatives	-	1,535	1,535
Related parties	776	-	776
Judicial deposits	61,937	-	61,937
Financial liabilities			
Lease liabilities	(1,814,148)	-	(1,814,148)
Trade payables	(1,834,736)	-	(1,834,736)
Loans and debentures	(1,358,756)	-	(1,358,756)
Derivatives	-	(1,910)	(1,910)
Related parties	(59,454)	-	(59,454)
Total On December 31, 2021	(2,848,952)	(375)	(2,849,327)

(in thousand Reals unless otherwise stated)

Consolidated

On September 30, 2022	Cost Amortized	Fair value through other earnings comprehensive income	Total
Financial assets			
Cash and cash equivalents	**1,228,216**	**-**	**1,228,216**
Financial investments	**8,464**	**-**	**8,464**
Trade receivables	**1,107,378**	**-**	**1,107,378**
Derivatives	**-**	**1,193**	**1,193**
Related parties	**197**	**-**	**197**
Judicial deposits	**60,917**	**-**	**60,917**
Financial liabilities			
Lease liabilities	**(1,841,366)**	**-**	**(1,841,366)**
Trade payables	**(1,440,465)**	**-**	**(1,440,465)**
Loans and debentures	**(2,382,050)**	**-**	**(2,382,050)**
Derivatives	**-**	**(1,872)**	**(1,872)**
Related parties	**(65,637)**	**-**	**(65,637)**
Total on September 30, 2022	**(3,324,346)**	**(679)**	**(3,325,025)**

On December 31, 2021	Cost Amortized	Fair value through other earnings comprehensive income	Total
Financial assets			
Cash and cash equivalents	1,050,251	-	1,050,251
Financial investments	7,776	-	7,776
Trade receivables	1,145,336	-	1,145,336
Derivatives	-	1,535	1,535
Related parties	637	-	637
Judicial deposits	61,937	-	61,937
Financial liabilities			
Lease liabilities	(1,814,148)	-	(1,814,148)
Trade payables	(1,835,796)	-	(1,835,796)
Loans and debentures	(1,374,826)	-	(1,374,826)
Derivatives	-	(1,910)	(1,910)
Related parties	(59,017)	-	(59,017)
Total On December 31, 2021	(2,817,850)	(375)	(2,818,225)

The fair value of the Company’s assets and liabilities were measured on September 30, 2022 and December 31, 2021 using Level 2 hierarchy, which corresponds to significant observable data.

(in thousand Reals unless otherwise stated)

30.4 Changes in liabilities associated with consolidated Company financing activities

	December 31, 2021	Cash flows	Interest incurred	Re-measurements of lease liabilities	Other	September 30, 2022
Leases (i)	1,814,148	(363,240)	122,762	174,670	93,026	1,841,366
Loans and debentures	1,374,826	803,199	202,042	-	1,983	2,382,050
Total	**3,188,974**	**439,959**	**324,804**	**174,670**	**95,009**	**4,223,416**

(i) “Other” refers to new, ended, and renewed lease agreements

	December 31, 2020	Cash flows	Interest incurred	Re-measurements of lease liabilities	Other	September 30, 2021
Leases (i)	1,654,796	(321,778)	107,753	140,549	187,720	1,769,040
Loans and debentures	1,211,252	111,840	49,778	-	1,856	1,374,726
Total	**2,866,048**	**(209,938)**	**157,531**	**140,549**	**189,576**	**3,143,766**

(ii) “Other” refers to new, ended, and renewed lease agreements

31. Insurance

The Company has a policy of keeping insurance coverage in the amount that Management considers appropriate to cover possible risks to its property and equipment (basic coverage: fire, lightning, explosion and other property and equipment policy coverage), inventories, civil liability and transportation of goods. Below is the maximum indemnity limit for each coverage:

	Consolidated	
	09/30/2022	**12/31/2021**
Civil Liability and D&O	**290,781**	239,674
Property and Inventory	**633,230**	600,010
Shipping	**71,067**	80,684
	995,078	920,368

32. Retirement plan

Together with other related companies, the Company participates as a sponsor of Cyamprev - Sociedade de Previdência Privada, to provide private pension plans to supplement the general social security system. The benefit plans are structured in the form of Defined Contribution (DC), and the amount of monthly income is linked to the financial amount of the accumulated contributions on behalf of each participant. After payments start, the monthly income is updated on an annual basis based on the participant's updated balance. Pension plan contributions are made by active participants and/or the sponsor. The plans guarantee a minimum benefit equivalent to three monthly salaries of each participant, calculated in proportion to their length of service and paid out in a single installment at the end of their employment link and eligibility for retirement. Contributions to the plans for this minimum benefit are made exclusively by the Company.

On September 30, 2022, the Company contributed R$ 2,673 (R$ 6,737 on September 30, 2021) to the plans, booked as expenses in earnings in the period. The total number of participating employees on September 30, 2022 was 6,089 (8,055 on December 31, 2021), with 183 participants under care (199 on December 31, 2021).

In accordance with CPC 33/IAS19, approved by CFC Resolution 1,193/09, the Company recognizes an actuarial asset when: (a) the Company controls a resource, which is the ability to use the surplus to generate future benefits, (b) that control is a result of past events (contributions paid by the Company and service rendered by the employee), and (c) future economic benefits are available to the Company in the form of a reduction in future contributions.

On September 30, 2022, the fair value of the plan assets related to the minimum benefit described above, exceeded the actuarial present value of the accumulated benefit obligations by approximately R$ 929 (R$ 2,552 on December 31, 2021).

(in thousand Reals unless otherwise stated)

33. Earnings per share

The following chart shows the determination of net profit available to the holders of common shares, and the weighted average of outstanding common shares used to calculate basic and diluted earnings (loss) per share in each period, already considering retrospective adjustment for share grouping:

Basic earnings per share	**09/30/2022**	**09/30/2021**
Net income (loss) for the period	(212,024)	174,596
Weighted average of the number of common shares	306,936,668	308,245,068
Basic profit (loss) per share - in R$	(0.6908)	0.5664

Diluted earnings per share	**09/30/2022**	**09/30/2021**
Net income (loss) for the period	(212,024)	174,596
Weighted average of the number of outstanding common shares	306,936,668	308,245,068
Weighted average of the options granted as part of the stock-based compensation plan	-	-
Weighted average of the diluted number of common shares	306,936,668	308,245,068
Diluted profit (loss) per share - R$	(0.6908)	0.5664

The only financial instrument providing dilution is the stock-based compensation plan, described in detail in Note 10.

On September 30, 2022 and 2021, given the fair value of the Company's common shares and the average share price in the period, the compensation plan would provide an anti-dilution effect, which is why it was not considered in the calculation shown above.

34. Subsequent Events

On August 16, 2017, the Company filed an Injunction to discuss the right to use the zero PIS and COFINS rate defined in Law 11,196/2005 (known as “Lei do Bem” or “Law for Good”) on the retail sale of smartphones manufactured in Brazil. On October 27, 2022 the final unappealable ruling was issued by the Federal Supreme Court - STF and the Company awaits the completion of the legal procedures and respective formalizations for the earnings to be disclosed.

The amounts to be recorded as credits for future compensation are being surveyed, and up to the disclosure date of the interim financial statements of September 30, 2022, the company's management estimates that these credits, with the respective monetary restatements, total approximately R$ 140 million.