

Interim Financial Statements

1Q23



C&A

Interim Financial Statement

C&A Modas S.A.

March 31, 2023 and 2022
and the Report of the Independent Auditor

C&A Modas S.A.

Interim Financial Statement

March 31, 2023 and 2022

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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)

Independent auditor's review report on quarterly information

The Shareholders and Officers
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 March 31, 2023, comprising the statement of financial position as at March 31, 2023 and the related statements of profit or loss, of comprehensive income (loss), and the statement of changes in equity and cash flows for the three-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.



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 three-month period ended as at March 31, 2023, 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, May 10, 2023.

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



Flávio Serpejante Peppe
Partner



Statements of Financial Position
On March 31, 2023 and December 31, 2022
(in thousand Reals)

	Note	Parent Company		Consolidated	
	Note	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Assets					
Current					
Cash and cash equivalents	6	1,401,725	1,627,977	1,455,994	1,674,091
Financial investments	7	4,393	8,735	4,393	8,735
Trade receivables	8	579,260	1,065,961	846,019	1,278,206
Derivatives	32.4	-	1,371	-	1,371
Related parties	9	4,133	4,335	72	95
Inventory	11	1,002,020	852,224	1,001,937	852,033
Taxes recoverable	12	955,011	898,651	955,978	899,433
Other Assets	13	46,790	39,200	46,790	39,259
Total current assets		3,993,332	4,498,454	4,311,183	4,753,223
Non-current assets					
Long-term assets					
Taxes recoverable	12	815,439	937,371	815,439	937,371
Deferred taxes	14	492,461	423,049	492,461	423,049
Judicial deposits	25.3	62,067	61,290	62,067	61,290
Related parties	9	62	76	62	76
Other Assets	13	2,222	2,528	2,222	2,528
Total long-term assets		1,372,251	1,424,314	1,372,251	1,424,314
Investments	15	76,522	48,655	-	-
Property and Equipment	16	836,032	865,545	836,032	865,545
Right-of-use assets - leases	19	1,507,326	1,565,447	1,507,326	1,565,447
Intangible assets	17	1,010,851	1,020,702	1,011,191	1,021,065
Total non-current assets		4,802,982	4,924,663	4,726,800	4,876,371
Total assets		8,796,314	9,423,117	9,037,983	9,629,594

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Statements of Financial Position On March 31, 2023 and December 31, 2022 (in thousand Reals)

	Note	Parent Company		Consolidated	
	Note	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Net liabilities and equity					
Current					
Lease liabilities	19	487,113	513,238	487,113	513,238
Trade payables	20	778,520	1,466,548	789,110	1,478,387
Obligations - Forfait	21	252,049	386,266	252,049	386,266
Loans and debentures	22	629,302	582,558	836,674	746,015
Derivatives	32.4	5,014	1,756	5,014	1,756
Labor liabilities	23	204,702	198,732	204,702	198,732
Related parties	9	102,679	48,567	96,924	43,592
Taxes payable	24	47,108	245,954	49,793	248,041
Other liabilities		21,972	29,733	48,574	63,704
Total current liabilities		2,528,459	3,473,352	2,769,953	3,679,731
Non-current liabilities					
Lease liabilities	19	1,251,003	1,275,974	1,251,003	1,275,974
Trade payables	20	498,394	12,570	498,394	12,570
Loans and debentures	22	1,385,352	1,404,817	1,385,352	1,404,817
Labor liabilities		7,484	7,370	7,484	7,370
Provisions for tax, civil and labor risks	25	189,975	182,750	190,151	182,847
Taxes payable	24	11,293	15,863	11,293	15,863
Other liabilities		53,194	50,226	53,194	50,226
Total non-current liabilities		3,396,695	2,949,570	3,396,871	2,949,667
Total liabilities		5,925,154	6,422,922	6,166,824	6,629,398
Shareholder's Equity					
Capital stock	26	1,847,177	1,847,177	1,847,177	1,847,177
Shares in Treasury		(8,498)	(6,778)	(8,498)	(6,778)
Capital reserve		39,726	37,641	39,726	37,641
Profit reserve		1,122,409	1,122,409	1,122,409	1,122,409
Other comprehensive income (loss)		(3,309)	(254)	(3,309)	(254)
Accumulated losses		(126,345)	-	(126,345)	-
Total controlling shareholders		2,871,160	3,000,195	2,871,160	3,000,195
Total non-controlling shareholders		-	-	(1)	1
Total shareholder's equity		2,871,160	3,000,195	2,871,159	3,000,196
Total liabilities and shareholder's equity		8,796,314	9,423,117	9,037,983	9,629,594

See accompanying notes.



Statement of earnings
 Quarters ending March 31, 2023 and 2022
 (In thousand Reals - R\$, except earnings per share)

	Note	Parent Company		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
Net Revenue	28	1,187,509	1,188,926	1,240,577	1,197,024
<i>Sale of goods and services</i>		1,161,408	1,130,689	1,161,408	1,130,689
<i>Financial Products and Services</i>		26,101	58,237	79,169	66,335
Cost of goods sold and services rendered	29	(615,951)	(629,381)	(616,056)	(629,605)
<i>Sale of goods and services</i>		(615,835)	(629,208)	(615,727)	(629,208)
<i>Financial Products and Services</i>		(116)	(173)	(329)	(397)
Gross Profit		571,558	559,545	624,521	567,419
Operating revenue (expenses):					
General and administrative expenses	29	(168,777)	(167,356)	(170,160)	(175,828)
Sales expenses	29	(481,838)	(560,165)	(509,023)	(559,936)
Net credit losses		-	-	(44,124)	(1,194)
Share of profit of subsidiaries	15	(19,815)	(2,728)	-	-
Other net operating income (expenses)	29	5,615	(1,404)	5,591	(1,404)
Operating loss before financial results		(93,257)	(172,108)	(93,195)	(170,943)
Exchange variation		(683)	3,749	(683)	3,749
Finance expenses		(168,045)	(109,805)	(168,923)	(110,332)
Finance income		67,802	37,737	68,626	38,015
Finance results	29	(100,926)	(68,319)	(100,980)	(68,568)
Loss before income taxes		(194,183)	(240,427)	(194,175)	(239,511)
Income taxes	14	67,838	87,703	67,828	86,781
Net income for the period		(126,345)	(152,724)	(126,347)	(152,730)
Attributable to the shareholders:					
Non-controlling				(2)	(6)
Equity holders of the parent				(126,345)	(152,724)
				(126,347)	(152,730)
Basic profit per share in R\$	35			(0.4134)	(0.4958)
Diluted basic profit per share in R\$	35			(0.4134)	(0.4958)

See accompanying notes.

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Statement of comprehensive income (loss)
Quarters ending March 31, 2023 and 2022
(in thousand Reals - R\$)

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Profit (loss) for the period	(126,345)	(152,724)	(126,347)	(152,730)
Other comprehensive results:				
Gain (loss) from derivatives	(4,629)	(28,383)	(4,629)	(28,383)
Tax effects	1,574	9,650	1,574	9,650
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	(3,055)	(18,733)	(3,055)	(18,733)
Total comprehensive results				
Attributable to the shareholders:	(129,400)	(171,457)	(129,402)	(171,463)
Non-controlling interests			(2)	(6)
Equity holders of the parent			(129,400)	(171,457)
			(129,402)	(171,463)

See accompanying notes.

Statements of changes in equity
Quarters ending March 31, 2023 and 2022
(in thousand Reals - R\$)

Note	Capital reserve				Profit reserve			Other comprehensive income			Non-controlling interests	Total controlling interests	Total shareholders equity
	Capital stock	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)			
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	-	-	-	2,400	-	-	-	-	-	-	2,400	-	2,400
Destination of earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	(152,724)	(152,724)	(6)	(152,730)
Other comprehensive income	-	-	-	-	-	-	-	-	(18,733)	-	(18,733)	-	(18,733)
Balance on March 31, 2022	1,847,177	(1,362)	10,516	19,745	65,050	75,720	11,552	969,256	(18,981)	(152,724)	2,825,949	(3)	2,825,946
Balance on December 31, 2022	1,847,177	(6,778)	10,516	27,125	65,092	75,720	12,341	969,256	(254)	-	3,000,195	1	3,000,196
Equity instruments granted - share-based compensation	-	-	-	2,085	-	-	-	-	-	-	2,085	-	2,085
Share buy-back	-	(1,720)	-	-	-	-	-	-	-	-	(1,720)	-	(1,720)
Destination of earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	(126,345)	(126,345)	(2)	(126,347)
Other comprehensive income	-	-	-	-	-	-	-	-	(3,055)	-	(3,055)	-	(3,055)
Balance on March 31, 2023	1,847,177	(8,498)	10,516	29,210	65,092	75,720	12,341	969,256	(3,309)	(126,345)	2,871,160	(1)	2,871,159

See accompanying notes.

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Statements of cash flow Quarters ending March 31, 2023 and 2022 (in thousand Reals - R\$)

	Note	Parent Company		Consolidated	
		03/31/2023	03/31/2022	03/31/2023	03/31/2022
Operating activities					
Income (loss) before income tax		(194,183)	(240,427)	(194,175)	(239,511)
Adjustments to reconcile income before income taxes to net cash flows:					
Allowance (reversal) for expected credit losses	8.4	1,461	1,622	45,584	2,816
Adjustment to present value of accounts receivables and suppliers		(6,700)	646	(6,700)	646
Expenses with stock-based compensation	10	2,085	2,400	2,085	2,400
Provisions for inventory losses	11.3	14,537	11,012	14,537	11,012
Gains/Recognition of tax claims, including monetary correction	12.2.1.4	(20,963)	(19,321)	(20,963)	(19,321)
Share of profit of subsidiaries	15.2	19,815	2,728	-	-
	16.3 and 17.3	88,135	80,792	88,158	80,815
Depreciation and amortization					
Impairment (Reversal) of provisions for property and equipment, intangible and right-of-use assets		(1,354)	(4,414)	(1,354)	(4,414)
Losses from the sale or disposal of property and equipment and intangible assets		2,055	3,634	2,055	3,634
Right-of-use amortization	19.4	94,736	94,542	94,736	94,542
Interest on leases	19.4	40,990	40,378	40,990	40,378
Interest on loans	22.4	74,198	40,758	74,198	40,898
Amortization of the transaction costs on loans	22.4	847	487	1,647	487
Provisions (reversal) for tax, civil and labor risks		12,548	9,655	12,627	9,655
Update of judicial deposits		(2,445)	(1,549)	(2,445)	(1,549)
Yield from investments in Short-term investments		(234)	(180)	(234)	(180)
Variations in assets and liabilities:					
Trade receivables		493,813	197,892	395,176	157,295
Related parties		76,647	62,007	53,369	42,350
Inventory		(164,333)	(141,513)	(164,441)	(141,513)
Taxes recoverable		86,651	51,776	86,466	51,641
Other credits		(7,284)	(32,680)	(7,225)	(32,669)
Redemption of investments in bonds and securities		4,459	-	4,459	-
Judicial deposits		(100)	(67)	(100)	(67)
Suppliers		(180,338)	(223,575)	(181,587)	(219,999)
Obligations – forfait		(134,217)	(184,195)	(134,217)	(184,195)
Labor liabilities		6,084	5,837	6,084	5,837
Other liabilities		(4,793)	(3,474)	(12,161)	1,132
Provisions for tax, civil and labor risks		(3,555)	(3,873)	(3,555)	(3,873)
Taxes payable		(194,981)	(81,936)	(194,224)	(81,359)
Income Tax and Social Contribution paid		(8,435)	(4,466)	(8,604)	(5,186)
Cash flow originating (invested) in operating activities		95,146	(335,504)	(9,814)	(388,298)
Investment activities					
Purchase of property and equipment		(24,051)	(63,699)	(24,051)	(63,699)
Purchase of intangible assets		(49,540)	(114,159)	(49,540)	(114,159)
Investments em subsidiary		(70,000)	-	-	-
Receivables from the sale of property and equipment		380	192	380	192
Cash flow used in investment activities		(143,211)	(177,666)	(73,211)	(177,666)
Financing activities					
New loans and debentures issued		-	250,000	93,898	320,110
Loan/debenture transaction costs		(72)	(1,513)	(872)	(2,216)
Repayment of loans		(20,000)	-	(86,576)	(15,107)
Interest paid on loans		(27,694)	(13,446)	(11,101)	(8,753)
Repayments and interest paid on leases		(128,701)	(117,948)	(128,701)	(117,948)
Share buy-back		(1,720)	-	(1,720)	-
Net cash flows originating from (used in) financing activities		(178,187)	117,093	(135,072)	176,086
Net increase (decrease) in cash and cash equivalents		(226,252)	(396,077)	(218,097)	(389,878)
Cash and cash equivalents at the beginning of the period		1,627,977	1,003,249	1,674,091	1,050,251
Cash and cash equivalents at the end of the period		1,401,725	607,172	1,455,994	660,373

See accompanying notes.

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Statements of value added
Quarters ending March 31, 2023 and 2022
(in thousand Reals - R\$)

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Revenue				
Sales of goods and services	1,542,615	1,528,672	1,602,332	1,537,888
Other operating revenue	5,623	3,642	5,623	3,642
Provision for/reversal of expected credit losses	(586)	(974)	(44,710)	(2,168)
	1,547,652	1,531,340	1,563,245	1,539,362
Inputs acquired from third parties				
Cost of goods and services sold	(610,114)	(622,892)	(610,006)	(622,892)
Materials, energy, third party services, and others	(199,372)	(275,493)	(215,604)	(280,156)
Impairment of assets	(5,780)	(2,781)	(5,780)	(2,781)
	(815,266)	(901,166)	(831,390)	(905,829)
Gross Value Added	732,386	630,174	731,855	633,533
Depreciation and amortization	(88,134)	(80,792)	(88,158)	(80,815)
Depreciation of right-of-use	(94,736)	(94,542)	(94,736)	(94,542)
Retentions	(182,870)	(175,334)	(182,894)	(175,357)
Net value added generated	549,516	454,840	548,961	458,176
Value added received through transfer				
Share of profit of subsidiaries	(19,815)	(2,728)	-	-
Finance income	74,091	56,445	74,961	56,739
	54,276	53,717	74,961	56,739
Total value added for distribution	603,792	508,557	623,922	514,915
Distribution of value added				
Personnel and payroll charges	189,477	210,469	202,058	214,250
Direct compensation	138,620	154,870	150,213	157,788
Benefits	32,174	37,192	32,174	37,192
Severance pay fund (FGTS)	13,551	13,429	13,551	13,429
Other	5,132	4,978	6,120	5,841
Taxes and Contributions	318,555	278,370	325,260	280,425
Federal	69,538	48,611	75,118	50,464
State	232,915	215,505	232,915	215,505
Municipal	16,102	14,254	17,227	14,456
Debt remuneration	222,105	172,442	222,951	172,970
Rentals	51,517	51,048	51,517	51,048
Finance expenses	170,588	121,394	171,434	121,922
Compensation on equity	(126,345)	(152,724)	(126,347)	(152,730)
Losses for the period	(126,345)	(152,724)	(126,347)	(152,730)
Share of withheld profits of non-controlling shareholders			-	-
Distribution of value added	603,792	508,557	623,922	514,915

See accompanying notes.

C&A Modas S.A.



Notes to the interim financial statements
March 31, 2023 and 2022
(in thousand Reals unless otherwise stated)

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 33.6% 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 merchandise in 331 stores (332 stores On December 31, 2022), supplied by 7 logistics operations and 4 distribution centers in the state of São Paulo, Rio de Janeiro, and Santa Catarina. The company also sells its goods through e-commerce services.

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 March 31, 2023 were prepared based on accounting practices adopted 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")

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.

On May 10, 2023 the Board of Directors authorized the issuing of the individual and consolidated interim financial statements for the period ending March 31, 2023.



2.1. Basis of measurement and presumption of continuity

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.

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.

2.2. Functional and disclosure currency

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.

2.3. Statement of Value Added (SVA)

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.

2.4. Changes in the Charts and Notes to the Financial Statements

The company continuously reviews its financial statements and makes the necessary corrections and reclassifications. When preparing its financial statements for the quarter ended March 31, 2023, the Company realized it needed to reclassify certain amounts and, in order to comply with the principle of comparability introduced by CPC 00 (R2) Conceptual Framework for Financial Reporting, reclassified these in the balances for March 31, 2022 and December 31, 2022 as shown below. These reclassifications do not change the total amounts nor any of the previously disclosed results, they also do not impact the financial statements:

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Notes to the interim financial statements
March 31, 2023 and 2022
(in thousand Reals unless otherwise stated)

2.5.1. - Statements of cash flow

After issuing the financial statements for the quarter ended March 31, 2022 Management found a disclosure error in the amount entered under “cash and cash equivalents”, which is being resubmitted for this reason. This error did not impact the amount in the Statement of Financial Position, nor the Statement of Earnings for the period.

The impact is as follows:

	Parent Company			Consolidated		
	As previously reported on 03/31/2022	Reclassification	Balance on 03/31/2022	As previously reported on 03/31/2022	Reclassification on	Balance on 03/31/2022
Operating activities						
Income before income tax	(240,427)	-	(240,427)	(239,511)	-	(239,511)
Yield from investments in bonds and securities	-	(180)	(180)	-	(180)	(180)
Cash flow originating (invested) in operating activities	(335,324)	(180)	(335,504)	(383,425)	(4,873)	(388,298)
Cash flow used in investment activities	(177,666)	-	(177,666)	(177,666)	-	(177,666)
Cash flow originating from (applied in) finance activities	117,093	-	117,093	171,393	4,693	176,086
Increase (decrease) in cash and cash equivalents	(395,897)	(180)	(396,077)	(389,698)	(180)	(389,878)
Cash and cash equivalents at the beginning of the period	1,011,025	(7,776)	1,003,249	1,058,027	(7,776)	1,050,251
Cash and cash equivalents at the end of the period	615,128	(7,956)	607,172	668,329	(7,956)	660,373



2.5.2. - Statements of value added

After issuing the financial statements for the period ended March 31, 2022 Management found a disclosure error in the Statements of Value Added, which is being resubmitted for this reason. This error did not impact the balance in the Statement of Financial Position or Statement of Earnings for the period. The impact is as follows:

	Parent Company			Consolidated		
	As previously reported on 03/31/2022	Reclassification	Balance on 03/31/2022	As previously reported on 03/31/2022	Reclassification	Balance on 03/31/2022
Revenue						
Sales of goods and services	1,514,894	13,778	1,528,672	1,524,110	13,778	1,537,888
Other operating revenue	3,642	-	3,642	3,642	-	3,642
Provision for/reversal of expected credit losses	(974)	-	(974)	(2,168)	-	(2,168)
	1,517,562	13,778	1,531,340	1,525,584	13,778	1,539,362
Inputs acquired from third parties						
Cost of goods and services sold	(615,431)	(7,461)	(622,892)	(615,431)	(7,461)	(622,892)
Materials, energy, third party services, and others	(275,493)	-	(275,493)	(280,156)	-	(280,156)
Impairment of assets	(2,781)	-	(2,781)	(2,781)	-	(2,781)
	(893,705)	(7,461)	(901,166)	(898,368)	(7,461)	(905,829)
Gross Value Added	623,857	6,317	630,174	627,216	6,317	633,533
Depreciation and amortization	(80,792)	-	(80,792)	(80,815)	-	(80,815)
Depreciation of right-of-use	(86,089)	(8,453)	(94,542)	(86,089)	(8,453)	(94,542)
Retentions	(166,881)	(8,453)	(175,334)	(166,904)	(8,453)	(175,357)
Net value added generated	456,976	(2,136)	454,840	460,312	(2,136)	458,176
Value added received through transfer						
Share of profit of subsidiaries	(2,728)	-	(2,728)	-	-	-
Finance income	54,605	1,840	56,445	54,883	1,856	56,739
	51,877	1,840	53,717	54,883	1,856	56,739
Total value added for distribution	508,853	(296)	508,557	515,195	(280)	514,915
Distribution of value added						
Personnel and payroll charges	210,469	-	210,469	214,250	-	214,250
Direct compensation	154,870	-	154,870	154,870	2,918	157,788
Benefits	37,192	-	37,192	37,192	-	37,192
Severance pay fund (FGTS)	13,429	-	13,429	13,429	-	13,429
Other	4,978	-	4,978	8,759	(2,918)	5,841
Taxes and Contributions	267,853	10,517	278,370	269,893	10,532	280,425
Federal	38,330	10,281	48,611	40,168	10,296	50,464
State	215,269	236	215,505	215,269	236	215,505
Municipal	14,254	-	14,254	14,456	-	14,456
Debt remuneration	183,255	(10,813)	172,442	183,782	(10,812)	172,970
Rentals	61,547	(10,499)	51,048	61,547	(10,499)	51,048
Finance expenses	121,708	(314)	121,394	122,235	(313)	121,922
Compensation on equity	(152,724)	-	(152,724)	(152,730)	-	(152,730)
Losses for the period	(152,724)	-	(152,724)	(152,730)	-	(152,730)
Share of withheld profits of non-controlling shareholders	-	-	-	-	-	-
Distribution of value added	508,853	(296)	508,557	515,195	(280)	514,915

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2.5.3. – Breakdown of the balance of Suppliers and Drawee Risk obligations

After the financial statements for the period ending December 31, 2022 had been issued, to improve the presentation of its drawee risk transactions, Management reviewed the format used to present them and now includes them in a separate note under “Drawee Risk Transactions”, and no longer under “Suppliers”.

	Parent Company			Consolidated		
	As previously reported on 12/31/2022	Reclassification	Balance on 03/31/2022	As previously reported on 12/31/2022	Reclassification	Balance on 03/31/2022
Merchandise suppliers	706,318	-	706,318	706,318		706,318
Bradescard Partnership	469,328	-	469,328	469,328		469,328
Materials, asset and service suppliers	324,069	-	324,069	335,908		335,908
Agreement suppliers - drawee risk	386,266	(386,266)	-	386,266	(386,266)	-
Present value adjustment	(20,597)	-	(20,597)	(20,597)	-	(20,597)
	<u>1,865,384</u>	<u>(386,266)</u>	<u>1,479,118</u>	<u>1,877,223</u>	<u>(386,266)</u>	<u>1,490,957</u>
Current liabilities	1,852,814	(386,266)	1,466,548	1,864,653	(386,266)	1,478,387
Non-current liabilities	12,570	-	12,570	12,570	-	12,570
Agreement suppliers - drawee risk	-	386,266	386,266	-	386,266	386,266
	-	386,266	386,266	-	386,266	386,266

3. Basis for Consolidation

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.

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

Consolidated interim financial statements include the operations of the Company and its direct - Orion Instituição de Pagamento S.A., Moda Lab LTDA and C&A Pay Holding Financeira Ltda. - , and indirect -Pay Sociedade de Crédito Direto S.A - affiliates.

Direct Affiliates	Shareholding	
	03/31/2023	12/31/2022
Orion Instituição de Pagamento S.A.	99.99%	99.99%
Moda Lab LTDA	99.00%	99.00%
C&A Pay Holding Financeira Ltda	99.99%	99.99%
Indirect Subsidiary		
C&A Pay Sociedade de Crédito Direto S.A.	99.99%	99.99%

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3.1. Orion Instituição de Pagamento S.A.

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, and payment transaction initiator, among other activities inherent to a payment institution.

3.2. Moda Lab LTDA

On May 5, 2022 Moda Lab Ltda. was created. Its main purpose of business is apparel, toll manufactured by third parties with C&A supplying the inputs and the patterns, dies, or models. Moda Lab Ltda. sells exclusively to its parent company.

3.3. C&A Pay Holding Financeira Ltda

C&A Pay Holding Financeira Ltda. was created on December 27, 2022. It's stated purpose of business is to own equity in financial institutions and other institutions authorized to operate by the Brazilian Central Bank (BACEN). It is directly controlled by C&A Pay Sociedade de Crédito, which received BACEN authorization to operate on December 30, 2022, and is allowed to offer credit to its end consumers, thus it is subject to this regulatory agency.

3.4. C&A Pay Sociedade de Crédito Direto S.A.

C&A Pay Sociedade de Crédito Direto S.A. received authorization from Bacen to offer credit to end consumers on December 30, 2022. Thus, it is subject to Bacen regulations.

4. Accounting policies

The main accounting policies used to prepare these Individual and Consolidated Interim Financial Statements are submitted in the following notes.

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.

4.2. New statements or statements reviewed for the first time in 2023

Management has analyzed the accounting standards, instructions, and pronouncements that became effective for the first time in the period starting January 1, 2023 and concluded that they do not have a significant impact on the interim financial statements. The Company decided against early adoption of other standards, interpretations, or amendments issued but not yet applicable.

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

This specifies the requirements for classifying liabilities as current and 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 its 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

It is not expected that these changes will impact the Company's interim financial statements.

b) Changes in IAS 8: Definition of 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.

It is not expected that these changes will impact the Company's interim financial statements.

c) Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of 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.

It is not expected that the changes in IAS 1 will impact the Company's interim financial statements.



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 interim 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.

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

6.1. Accounting policy

Cash equivalents are held to meet the short-term cash commitments and not for investment or other purposes. The Company considers as cash equivalents financial investments of immediate liquidity that may be redeemed at any time with the issuer of the security for a known cash amount and subject to insignificant risk that the value will change. Thus, investments are normally considered as cash equivalents when they mature over a short period such as three months or less from the date of the transaction.

Following initial recognition, cash equivalents are measured at amortized cost plus yield up to the date of the financial statement.

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6.2. Composition of cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Cash	3,987	4,426	3,987	4,426
Banks	24,040	53,930	34,487	56,621
Cash and cash equivalents	1,373,698	1,569,621	1,417,520	1,613,044
	1,401,725	1,627,977	1,455,994	1,674,091

The Company has cash equivalents in the form of fixed-yield financial investments, indexed to 80% to 104.5% 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

7.1. Accounting policy

Financial investments considered cash-equivalents are those with no buy-back guarantee by the issuer in the primary market. They are liquid only in the secondary market and are measured according to the Company's intent to use.

7.2. Breakdown of Financial investments

	Index	Rate	Parent Company		Consolidated	
			03/31/2023	12/31/2022	03/31/2023	12/31/2022
LTF (Brazilian Treasury Notes)	SELIC	100%	4,393	8,735	4,393	8,735
			4,393	8,735	4,393	8,735
Current assets			4,393	8,735	4,393	8,735
Non-current assets			-	-	-	-

The company has financial investments it intends to retain until they mature, and thus classifies them as amortized cost.

The Company has LTFs (Brazilian Treasury Notes), indexed to the variation in the SELIC (Special Custody and Settlement System) rate, which mature in September 2023.

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8. Trade receivables

8.1. Accounting policy

Trade receivables are receivables from the sale of goods paid for using third-party cards and the C&A Pay Card. They also include amounts receivable related to the partnership that provides customer financial services and smaller amounts receivable from commercial partners. They are recorded at realizable value.

Installment sales are brought to their present value on the date of the transaction and realized against sales revenue.

For sales paid for with third-party credit cards, default risk belongs to each card operator. For purchases with the Company's card the risk belongs to the company. The Company recognizes losses from sales not recognized by the customer (chargebacks) and expected credit losses, as mentioned in Note 32.2.b.ii.

Current losses include amounts written off to loss after 360 dpd, amounts not reconciled with the business partner, and chargebacks, which are not relevant compared to the Company's total receivables.

8.2. Breakdown of trade receivables

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Card operators (*)	327,559	733,956	327,559	733,956
C&A Pay Card - related parties	228,313	308,796	-	-
C&A Pay Card - third parties	-	-	568,261	562,632
Commissions receivable - insurers	23,777	30,486	41,099	45,924
Bradescard Partnership	4,306	2,343	4,306	2,343
Raw material sales to suppliers	1,120	1,261	1,120	1,261
Other	24,884	27,805	27,988	35,214
Present value adjustment	(13,176)	(21,749)	(13,176)	(21,749)
Allowances for expected credit losses	(17,523)	(16,937)	(111,138)	(81,375)
	579,260	1,065,961	846,019	1,278,206

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

8.3. Receivable anticipation

In March 2023 the Company received R\$ 251,390 as an advance from acquirers referring to its credit card receivables. This transaction cost R\$ 1,545, equivalent to a monthly rate of 1.06%, entered as bank expenses - receivables pre-payment.

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8.4. C&A pay credit portfolio by past due range

	Orion	
	03/31/2023	12/31/2022
Coming due:		
Up to 30 days	124,224	127,055
31 – 60 days	77,617	85,049
61 – 90 days	54,058	58,792
91 - 180 days	96,565	107,183
Longer than 180 days	50,915	66,426
	403,379	444,505
Past due:		
Up to 30 days	15,574	10,381
31 – 60 days	17,017	10,293
61 – 90 days	26,552	15,454
Longer than 90 days	105,739	81,999
	164,882	118,127
Total	568,261	562,632

8.5. Changes in provisions for expected credit losses

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Balance on December, 31	(16,937)	(16,968)	(81,375)	(17,461)
(Provision)/Reversal	(1,461)	(1,622)	(45,584)	(2,816)
Loss	875	859	15,821	859
Balance on March, 31	(17,523)	(17,731)	(111,138)	(19,418)
<i>Provisions for losses, C&A pay</i>	-	-	(93,615)	-
<i>Provisions for other losses</i>	(17,523)	(17,731)	(17,523)	(19,418)

Expected losses from the Private Label C&A Pay card are based on internal studies to measure the percent loss according to the past-due range, bearing in mind the likelihood of exposure to default and actual loss in each past-due range, and the portfolio as a whole, as per CPC 48/IFRS 9.

Credit transactions are written off as losses after 360 days past due, and provisions for expected losses are reversed.

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 and up to 30 days past due	31 - 90 days past due	91 - 360 days past due

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As C&A Pay card operations mature, the model used may be revised to adjust provisions to reflect the macroeconomic scenario and/or changes in customer profile.

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

Orion			
03/31/2023			
	Portfolio	Provisions	% Coverage
Stage 1	402,432	6,439	1.60%
Stage 2	58,672	4,107	7.00%
Stage 3	107,162	82,649	77.13%
On-Balance-Sheet Balance	568,266	93,195	16.40%
Off-Balance-Sheet Balance	1,398,386	420	0.03%
Grand Total	1,966,652	93,615	4.76%
Coverage over credit portfolio			16.47%

8.6. Present value adjustment

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 March 31, 2023 and December 31, 2022 were 1.17% and 1.12% respectively. Realization of the present value adjustment is recognized as an offsetting item to sales revenue.

9. Related parties

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. During the periods ended March 31, 2023 and 2022 there was no need to recognize provisions for expected credit losses in related party accounts receivable.

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

Direct Parent Company	Associate, with no significant influence
COFRA Investments	C&A Mexico
Incas SARL	C&A Services
Indirect Final Parent Company	C&A Sourcing
COFRA AG	COFRA Latin America
Direct subsidiary	Instituto C&A
Orion Instituição de Pagamento S.A.	Associate under direct influence
Moda Lab LTDA	Cyamprev Soc. Previd. Privada
C&A Pay Holding Financeira Ltda	
Indirect subsidiary	
C&A Pay Sociedade de Crédito Direto S.A.	

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On March 31, 2023 and December 31, 2022 the outstanding balances in related party transactions were the following:

9.1. On-balance-sheet transactions

Assets	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Trade receivables				
Instituto C&A de Desenvolvimento Social	6	28	6	28
COFRA Latin America (*)	10	10	10	10
Orion Inst. Pagamento (*)	4,061	4,240	-	-
	4,077	4,278	16	38
Prepaid expenses				
C&A Services	118	133	118	133
	118	133	118	133
Total related party assets	4,195	4,411	134	171
Related party assets – current	4,133	4,335	72	95
Related party assets - non current	62	76	62	76

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

Liabilities	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Accounts payable				
C&A Sourcing	95,613	41,713	95,613	41,713
Cyamprev Soc. Previd. Privada	1,311	1,879	1,311	1,879
COFRA Latin America	-	-	-	-
Orion Inst. Pagamento	5,755	4,975	-	-
	102,679	48,567	96,924	43,592
Total related party liabilities	102,679	48,567	96,924	43,592
Related party liabilities – current	102,679	48,567	96,924	43,592

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9.2. Transactions in the statement of earnings for the period

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Reimbursement for shared expenses				
Cyamprev Soc. Prev. Privada	137	158	137	158
COFRA Latin America	23	30	23	30
Orion Inst. Pagamento	11,615	2,934	-	-
	11,775	3,122	160	188
Merchandise purchased				
C&A Sourcing	(137,297)	(134,962)	(137,297)	(134,962)
	(137,297)	(134,962)	(137,297)	(134,962)
Services purchased				
C&A Services	(464)	(423)	(464)	(423)
COFRA Latin America	(58)	(54)	(58)	(54)
	(522)	(477)	(522)	(477)
Pension fund contributions				
Cyamprev Soc. Prev. Privada	(1,452)	(832)	(1,452)	(832)
	(1,452)	(832)	(1,452)	(832)

9.3. Compensation of members of the Board of Directors and Executive Board

Expenses (paid and payable) associated with Officer compensation in the periods ending March 31, 2023 and 2022 were as follows:

	Parent Company and Consolidated	
	03/31/2023	03/31/2022
Fixed Compensation	3,385	2,978
Variable Compensation	3,005	238
Contributions to post-employment plans	19	71
Long-Term Incentives	1,361	2,917
Total excluding charges	7,770	6,204
Charges	2,134	784
Total including charges	9,904	6,988

Global annual compensation of the Board of Directors and Board of Executive Officers for 2023, in the amount of up to R\$ 35,457 (R\$ 31,645 in 2022) was approved at the Ordinary and Extraordinary Shareholder's Meeting of March 28, 2023.



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 March 31, 2023 was 2.56 years. The weighted average fair value of the options granted during the period is R\$ 8,96 in the original program, and R\$ 2.32 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.

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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. 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.

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.

The weighted average contractual term for the stock options remaining on March 31, 2023 was 0.90 years. The fair value of the options granted in 1Q23 was R\$ 12.45.

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.

The weighted average contractual term for the stock options remaining on March 31, 2023 was 1.98 years. The fair value of the options granted in 2023 was R\$2.66.

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

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Changes:

Program	2019 grants; 2nd placement	2019 grants transferred to 2021 grants	2021 Grants	2022 Grants	Total
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
Cancelled	-	-	(177,730)	(199,829)	(377,559)
Balance on 12/31/2022	86,111	1,062,037	1,354,675	3,419,789	5,922,612
Cancelled	-	-	(68,197)	(150,586)	(218,783)
Balance on 03/31/2023	86,111	1,062,037	1,286,478	3,269,203	5,703,829

Premises:

	2019 Grants (substitution add-ons)			2019 Grants (December 2021 substitution)	2021 Grants	2022 Grants
	Batch 1	Batch 2	Batch 3	Single batch	Single batch	Single batch
Pricing model	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free rate	5.63%	5.95%	6.20%	10.92%	6.395%	12.785%
Share price considered	16.89	16.89	16.89	6.59	11.63	2.51
Expected lifetime of the options	10/21/2023	10/21/2024	10/21/2025	02/24/2024	02/24/2024	03/23/2025
Fair value on the date measured	4.46	3.11	1.37	4.39	12.45	2.66
Expected annual volatility	36.64%	37.79%	37.10%	58.69%	53.92%	57.58%

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Recognition of expenses

Expenses with stock-based compensation payable in company securities are recorded as personnel, administrative, and sales expenses with the capital reserve account - shares granted - as the counterpart. The following expenses incurred in 1Q2023 and in 2022 have yet to be recognized:

Expenses recognized				
In the period:	2019 Grants	2021 Grants	2022 Grants	Total
03/31/2022	323	2,077	-	2,400
03/31/2023	-	1,367	718	2,085

Expenses to be recognized			
Year	2021 Grants	2022 Grants	Total
2023	5,764	2,413	8,177
2024	1,153	3,211	4,364
2025	-	720	720
	6,917	6,344	13,261

11. Inventory

11.1. Accounting policy

Inventory is measured as the lowest between the average purchasing cost and net realizable value. It includes the cost to ship inventory to distribution centers, costs incurred in preparing merchandise for shipment between distribution centers and stores, and non-recoverable taxes. The present value adjustment of forward merchandise purchases is deducted from these costs and booked according to inventory turnover in the cost of goods sold line. The cost of imported goods includes gains and losses from cash flow hedging. The net realizable value is the estimated sales price in the normal course of business less any additional costs estimated to be necessary to complete the sale.

Provisions for inventory losses are estimated based on the Company's historical losses, calculated based on physical inventories completed at least annually.

Expenses with shipping merchandise between distribution centers and stores are booked directly as sales expense in the period at the time they are incurred.

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11.2. Inventory breakdown

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Goods for resale	983,290	871,063	983,207	870,872
Merchandise sold and in transit for delivery to customers	1,253	681	1,253	681
Advances to raw material suppliers	743	811	743	811
Present value adjustment	(20,137)	(17,289)	(20,137)	(17,289)
Provisions for losses	(48,971)	(37,258)	(48,971)	(37,258)
	916,178	818,008	916,095	817,817
Imports in transit	85,842	34,216	85,842	34,216
	1,002,020	852,224	1,001,937	852,033

11.3. Changes in provisions for losses

	03/31/2023	03/31/2022
Balance on December 31	37,258	45,961
Provisions	14,537	11,012
Reversal due to use	(2,824)	(1,807)
Balance on March 31	48,971	55,166

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.

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

12. Taxes recoverable

12.1. Accounting policy

Taxes recoverable include:

- . taxes resulting from normal Company operations and that may offset and/or recovered,
- . according to CPC 25 - Provisions, Contingent Liabilities and Contingent assets, taxes derived from legal claims where it is almost certain that an economic benefit will result and that can be measured with reasonable certainty.



12.2. Breakdown of taxes recoverable

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Previously unused PIS / COFINS credit (12.2.1)	1,178,844	1,363,664	1,178,844	1,363,664
PIS/COFINS	271,739	164,489	271,747	164,498
ICMS	185,250	182,883	185,253	182,887
IT/CSLL	39,836	39,060	40,232	39,456
IRRF (withholding taxes)	36,753	28,365	37,302	28,735
IPI (excise tax)	328	328	328	328
Other	57,700	57,233	57,711	57,236
	1,770,450	1,836,022	1,771,417	1,836,804
Current assets	955,011	898,651	955,978	899,433
Non-current assets	815,439	937,371	815,439	937,371

12.2.1 Previously unused PIS / COFINS credit

12.2.1.1 ICMS on the basis for calculating PIS and COFINS

The Company is involved in two lawsuits on this theme, both of these received final rulings in favor of the company, on 02/28/2019 and the other on 02/23/2022. On March 31, 2023 the updated balance of this unused credit was R\$ 882,986.

Management expects that these will be realized before they lapse, given the tax debits generated from normal Company operations.

12.2.1.2 Credit for the Manaus Free Trade Zone (FTZ) Lawsuit

On November 30, 2020 the final unappealable ruling was issued, recognizing the Company's right to consider sales in the MFTZ as being equivalent to exports, and thus not subject to PIS and COFINS on revenue generated in the Manaus Free Trade Zone, and the right to enjoy the benefits of REINTEGRA. On 03/31/2023 the updated credits amounted to R\$ 151,280.

12.2.1.3 Credit Related to the Lei do Bem Lawsuit

On 03/18/2023 a final unappealable ruling favoring the Company was issued by the Federal Supreme Court (STF), co-validating the right that had already been recognized by the Superior Court of Justice (STJ) on 10/27/2022, recognizing the Company's right to the zero PIS and COFINS on the sale of smartphones made in Brazil prior to 12/31/2018, as per Law 11.196/2005 (known as the "Law for Good" or "Lei do Bem"). The credit was recognized during the periods ended December 31, 2022. On March 31, 2023 the updated balance of this tax credit was R\$ 144,579.

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12.2.1.4 Expected realization of previously unused PIS and COFINS credits on March 31, 2023:

Year	R\$
2023	550,622
2024	283,754
2025	95,615
2026	106,053
2027	111,847
2028	30,953
Total	1,178,844

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.

12.2.1.5 Changes in unused PIS and COFINS credits in the three-month period ended March 31, 2023 and 2022:

	03/31/2023	03/31/2022
Balance on December, 31	1,363,664	1,521,074
Offset by	(206,166)	(75,773)
Update	21,346	19,321
Balance on March, 31	1,178,844	1,464,622

12.2.2 ICMS Credits

12.2.2.1 Credit from the lawsuit regarding ICMS on the supply of electricity

In December 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 rate, as the effective rate for ICMS on electricity and telecommunication services. Thus, although the final unappealable ruling for the claims filed between 2015 and 2016 has yet to be issued, The Company booked its best estimate as it believes the economic benefits are almost a certainty. The updated balance on 03/31/2023 was R\$ 77,054.

12.2.2.2 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. Given this scenario, the Company recognized the updated amount of R\$ 14,703.

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

12.2.3 Social security credits

In 2010 and 2011 the company filed Ordinary Claims discussing the incidence of social security on employee compensation and indemnification such as maternity pay, termination notice, and support in the first two weeks following sick leave. Given the favorable general repercussion ruling of the Supreme Court, the rulings favored the company in these claims. In light of this, the Company partially recorded its best estimate. On 03/31/2023 the updated balance was R\$ 51,602.

13. Other assets

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Prepaid expenses	37,573	36,367	37,573	36,426
I.P.T.U. (property tax)	2,824	670	2,824	670
Employee loans and advances	5,252	1,928	5,252	1,928
Actuarial assets	331	632	331	632
Other	3,032	2,131	3,032	2,131
	49,012	41,728	49,012	41,787
Current assets	46,790	39,200	46,790	39,259
Non-current assets	2,222	2,528	2,222	2,528

14. Income Tax and Social Contribution

14.1. Accounting policy

Tax assets and liabilities from the previous and earlier periods are measured at the expected recoverable or that payable to the tax authorities.

Provisions for income tax and social contribution are calculated using the rate of 15% plus 10% on any taxable income exceeding R\$ 240 for income tax, and 9% of taxable income for Social Contribution on Net Profits [Contribuição Social sobre o Lucro Líquido (CSLL)]. This includes compensation for tax losses and negative basis for social contribution, limited to 30% of the taxable income calculated in each period; these do not expire.

Income tax and social contribution on items recognized directly as shareholder's equity are also booked as shareholder's equity. From time to time, management analyzes the fiscal position of the situations where tax regulations require interpretation, making provisions as appropriate.

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Prepayments or amounts susceptible to offsetting are stated in current and non-current assets, depending on the expectation of realization.

Deferred taxes are generated when there are temporary differences between the fiscal bases of assets and liabilities, and their book value, on the data of the balance sheet. Deferred tax credits are recognized to the extent that it is likely that there will be taxable income available to enable using existing tax losses and negative bases against which temporary differences may be used.

Significant Management judgment is required to determine the value of deferred tax assets to be recognized based on the reasonable timing and taxable future profits, together with future tax planning strategies. The recoverability of deferred taxes is analyzed at the end of each period and written off to the extent that it is no longer likely that taxable profits will be available to enable their use.

14.2. Breakdown and changes in deferred taxes

	Balance on 12/31/2022	Parent Company and Consolidated Increase/(Reduction)		Balance on 03/31/2023
		in earnings	in shareholder' s equity	
Tax losses and negative bases	412,633	45,931	-	458,564
Temporary differences:				
Provisions for tax, civil and labor risks	94,806	3,058	-	97,864
Provisions for losses in inventories and trade receivables	20,160	4,234	-	24,394
Provisions for loss of property and equipment and right-of-use assets	6,411	(461)	-	5,950
Provisions for profit sharing	22,401	(1,877)	-	20,524
Leases CPC 06 (R2)/IFRS16	80,613	2,124	-	82,737
Other	73,086	(3,350)	1,574	71,310
Deferred tax assets	710,110	49,659	1,574	761,343
Previously unused	(276,650)	32,789	-	(243,861)
Present value adjustment	(10,411)	(14,610)	-	(25,021)
Deferred tax liabilities	(287,061)	18,179	-	(268,882)
Balance net of deferred tax assets	423,049	67,838	1,574	492,461

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	Balance on 12/31/2021	Parent Company Increase/(Reduction)		Balance on 03/31/2022
		in earnings	in shareholder' s equity	
Tax losses and negative bases	364,017	71,803	-	435,820
Temporary differences:				
Provisions for tax, civil and labor risks	86,626	1,966	-	88,592
Provisions for losses in inventories and trade receivables	21,534	3,959	-	25,493
Provisions for loss of property and equipment and right-of-use assets	8,498	(1,501)	-	6,997
Provisions for profit sharing	19,176	(1,020)	-	18,156
Leases CPC 06 (R2)/IFRS16	62,451	4,774	-	67,225
Other	70,062	(8,334)	9,650	71,378
Deferred tax assets	632,364	71,647	9,650	713,661
Previously unused	(252,091)	25,474	-	(226,617)
Present value adjustment	(1,908)	(9,418)	-	(11,326)
Deferred tax liabilities	(253,999)	16,056	-	(237,943)
Balance of deferred tax assets (liabilities)	378,365	87,703	9,650	475,718

	Balance on 12/31/2021	Consolidated Increase/(Reduction)		Balance on 03/31/2022
		in earnings	in shareholder' s equity	
Tax losses and negative bases	364,017	71,803	-	435,820
Temporary differences:				
Provisions for tax, civil and labor risks	86,626	1,966	-	88,592
Provisions for losses in inventories and trade receivables	21,972	3,521	-	25,493
Provisions for loss of property and equipment and right-of-use assets	8,498	(1,501)	-	6,997
Provisions for profit sharing	19,176	(1,020)	-	18,156
Leases CPC 06 (R2)/IFRS16	62,451	4,774	-	67,225
Other	70,062	(8,334)	9,650	71,378
Deferred tax assets	632,802	71,209	9,650	713,661
Previously unused	(252,091)	25,474	-	(226,617)
Present value adjustment	(1,908)	(9,418)	-	(11,326)
Deferred tax liabilities	(253,999)	16,056	-	(237,943)
Balance of deferred tax assets (liabilities)	378,803	87,265	9,650	475,718

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14.3. Expected realization of deferred tax assets on March 31, 2023

Parent Company and Consolidated	
Year	R\$
2023	105,269
2024	79,740
2025	37,288
2026	67,462
2027	78,422
2028 to 2030	150,306
2031 to 2035	242,856
	761,343

14.4. Reconciliation of effective rate

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Profit (pre-tax losses)	(194,183)	(240,427)	(194,175)	(239,511)
Income tax and social contribution expenses at statutory rates - 34%	66,022	81,745	66,020	81,434
Adjustments to reflect the effective rate				
Share of profit of subsidiaries (*)	(6,775)	(927)	-	-
Non-deductible donations	(499)	(588)	(499)	(588)
Adjustments in transfer pricing	-	(259)	-	(259)
Corporate gifts and non-deductible fines	(132)	(138)	(132)	(1,149)
Investment Subsidies	728	760	728	760
IT and SC from previous periods	(101)	-	(101)	(533)
Undue Taxes	8,595	7,110	8,595	7,110
Operating Losses	-	-	(303)	-
Deferred taxes on temporary differences not constituted (*)	-	-	(6,480)	-
Taxes calculated on that portion exempt from the additional 10%	-	-	-	6
Income Tax and Social Contribution on profits	67,838	87,703	67,828	86,781
Current	-	-	(10)	(484)
Deferred	67,838	87,703	67,838	87,265
	67,838	87,703	67,828	86,781
Effective rate	35%	36%	35%	36%

(*) Deferred taxes for affiliate Orion are not constituted as its activities will be transferred to C&A Pay Sociedade de Crédito Direto in 2023, therefore there is no expectation of using these tax losses in the short term.



15. Investments

15.1. Accounting policies

Company investments in its affiliates is booked in the individual financial statements using the equity method.

After using the equity method, the Company determines if additional impairment of its investments in affiliates must be booked. At each statement of earnings closing date, the company determines if there is objective evidence that its investment in affiliates has suffered losses due to impairment. If so, the Company calculates the amount of impairment as the difference between the recoverable amount in its affiliates and their book value, entering the loss in its statement of earnings.

15.2. Business Combinations

15.2.1. Accounting policy

Business combinations are booked using the acquisition approach. The cost of an acquisition is measured as the sum of the counterpart transferred, which is valued based on fair value on the date of acquisition, and the value of any non-controlling shareholding in the acquired business. For each combination of businesses, the acquirer shall measure the participation of non-controlling equity holders in the acquiree at fair value or based on their share of the net assets of the acquiree. Costs directly attributable to the acquisition are booked as expenses when incurred.

The Company determines that it acquired a business when the set of acquired activities and assets includes at least one input (ingress of funds), and a substantive process that together, significantly contribute to the ability to generate output (egress of funds). An acquired process is considered material if it is essential to the ability to develop or convert the acquired input into output, and the input acquired includes an organized workforce with the skills, knowledge, and experience to perform the process, or because it is essential for the ability to continue to produce output, and is considered unique or scarce, or cannot be replaced without significant cost, effort, or delay in the ability to continue producing the output.

In acquiring a business, the Company analyzes the financial assets and liabilities it will be acquiring to rank them and allocate them according to the contractual terms, the economic circumstances, and the relevant conditions on the date of acquisition, which includes acquirer segregation of derivatives existing in the host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer shall be recognized at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent consideration considered an asset or liability shall be recognized in the statement of earnings as per CPC 48.

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15.2. Information on investments in the subsidiary

03/31/2023								
	Shareholding	Assets	Liabilities	Net Collecti on	Gross Revenue gross	Losses	Book value of the investment	Share of profit of subsidiaries
Orion	99.99%	542,745	(473,898)	68,847	59,817	(19,951)	68,849	(19,949)
C&A Pay Holding	99.99%	7,734	(18)	7,716	-	34	7,716	34
Moda Lab	99.00%	40	(0)	40	-	(8)	(43)	100*
Total							76,522	(19,815)

* The difference between Moda Lab losses and the equity approach refers to unrealized profit from inventories

12/31/2022								
	Shareholding	Assets	Liabilities	Net Collecti on	Gross Revenue gross	Losses	Book value of the investment	Share of profit of subsidiaries
Orion	99.99%	563,045	(514,247)	48,798	119,640	(52,477)	48,798	(52,474)
Moda Lab	99.00%	49	-	49	2,801	(2)	(143)	(193) *
Total							48,655	(52,667)

* The difference between Moda Lab losses and the equity approach refers to unrealized profit from inventories

15.3. Changes in investment

	Orion	C&A Pay Holding	Moda Lab
Balance of investments on December 31, 2021	31,272	-	-
Share of profit of subsidiaries	(52,474)	-	(2)
Advances for future capital increases	70,000	-	-
Capital increases	-	-	50
Unrealized profits from inventories	-	-	(191)
Balance of investments On December 31, 2022	48,798	-	(143)
Share of profit of subsidiaries	(19,949)	34	(8)
Advances for future capital increases	40,000	-	-
Capital increases	-	7,682	-
Unrealized profits from inventories	-	-	108
Balance of investments on March 31, 2023	68,849	7,716	(43)

16. Property and Equipment

16.1. Accounting policy

Booked at the purchase, formation, or construction cost of the assets less recoverable taxes. To this is added consideration of the provision for store restoration if not included in the right-of-use, less depreciation and provisions for losses of a non-financial asset (impairment). Depreciation of assets is calculated using the straight-line approach and takes into consideration the estimated lifetime of the asset.

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At the start of each fiscal period the cost to restore and the methods of depreciation are reviewed and the impact of any changes on estimates is booked prospectively.

Analysis of lifetime bears in mind the expected use of the assets, scheduled store revamps, and any evidence that an asset might have a lifetime other than the one originally booked. This assessment is documented in the form of a report prepared by Company experts.

A Property & Equipment item is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from writing off the asset (calculated as the difference between the net sale value and the book value of the asset) are included in the statement of earnings for the period in which the asset was written off.

16.2. Breakdown of property and equipment (Parent Company and Consolidated)

Property and Equipment	Cost	Accumulated Depreciation	Provision for impairment	March 31, 2023
Machinery and equipment	236,334	(142,468)	(1,272)	92,594
Furniture and fixtures	555,369	(335,154)	(1,606)	218,609
IT Equipment	285,719	(204,144)	(276)	81,299
Vehicles	470	(469)	-	1
Leasehold improvements	1,374,798	(935,087)	(13,532)	426,179
Land	126	-	-	126
Construction in progress	15,564	-	-	15,564
Provisions for store restorations	2,880	(1,220)	-	1,660
	2,471,260	(1,618,542)	(16,686)	836,032

Property and Equipment	Cost	Accumulated Depreciation	Provision for impairment	December 31, 2022
Machinery and equipment	234,113	(139,508)	(1,303)	93,302
Furniture and fixtures	555,481	(325,043)	(1,931)	228,507
IT Equipment	284,440	(196,765)	(387)	87,288
Vehicles	534	(533)	-	1
Leasehold improvements	1,381,956	(927,774)	(14,365)	439,817
Land	126	-	-	126
Construction in progress	14,787	-	-	14,787
Provisions for store restorations	2,880	(1,163)	-	1,717
	2,474,317	(1,590,786)	(17,986)	865,545

The company has no property and equipment pledged as collateral.

16.3. Changes in property and equipment (Parent Company and Consolidated)

	Average annual depreciation rate	Balance on December 31, 2022	Additions (iii)	Depreciation	Write-offs	Transfers	Reversals (provisions) impairment	Balance on March 31, 2023
Machinery and equipment	6.5%	93,302	-	(3,472)	(30)	2,763	31	92,594
Furniture and fixtures	10.8%	228,507	308	(11,232)	(277)	979	324	218,609
IT Equipment	20.3%	87,288	2,219	(8,269)	(49)	-	110	81,299
Vehicles	20.0%	1	-	-	-	-	-	1
Leasehold improvements (i)	9.4%	439,817	-	(16,852)	(930)	3,310	834	426,179
Land	-	126	-	-	-	-	-	126
Construction in progress	-	14,787	7,829	-	-	(7,052)	-	15,564
Provisions for returning stores	-	1,717	-	(57)	-	-	-	1,660
(ii)	-	865,545	10,356	(39,882)	(1,286)	-	1,299	836,032
Total								

	Average annual depreciation rate	Balance on December 31, 2021	Additions (iii)	Depreciation	Write-offs	Transfers	Reversals (provisions) impairment	Balance on March 31, 2022
Machinery and equipment	7.7%	98,864	1,029	(3,217)	(2,808)	371	3,261	97,500
Furniture and fixtures	14.5%	229,769	3,858	(12,476)	(130)	2,074	-	223,095
IT Equipment	20.2%	89,808	4,027	(7,306)	-	1,809	-	88,338
Vehicles	20.0%	14	-	(6)	-	-	-	8
Leasehold improvements (i)	10.5%	397,914	-	(20,327)	(862)	8,224	1,135	386,084
Land	-	126	-	-	-	-	-	126
Construction in progress	-	18,291	18,940	-	-	(12,478)	-	24,753
Provisions for returning stores	-	1,483	-	(46)	-	-	-	1,437
Total		836,269	27,854	(43,378)	(3,800)	-	4,396	821,341

- (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 32 lease agreements with fully variable payments. These are linked to provisions for dismantling and returning stores.
- (iii) In 1Q23 the Company purchased R\$ 10,356 in property and equipment, R\$ 5,442 of which are entered as supplier accounts payable (R\$ 7,855 in 1Q22) and R\$ 19,137 were paid out in 2023 for purchases made prior to December 31, 2022 (R\$ 43,700 were disbursed in 1Q22 for 2021).

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16.4. Assets useful life review

In 2022 the Company retained specialized advisors to review the lifetime of its assets, as per CPC 27 Property and Equipment. This review was required so that the lifetime of the assets reflects the Company's current investment strategy. The methodology used for the study consisted of surveys and technical and document analyses showing certain lifetimes, bearing in mind the type and nature of each asset, its use in Company operations, and the conditions under which the asset is operated and maintained.

Below we show the new deadlines of lifetimes for the classes of assets that changed in 2022:

Accounting Classes	Average Lifetime (years)		
	2023	2022	2021
Machinery and equipment	15	15	13
Furniture and fixtures	9	9	7
Leasehold improvements	11	11	9

17. Intangible assets

17.1. Accounting policy

Intangible assets with a finite lifetime (software and trade funds) are booked at cost less accumulated amortization and impairment. Amortization is booked linearly based on the estimated lifetime of the asset. The estimated lifetime and amortization approach are reviewed at the end of each period, and the impact of any changes on the estimates is booked prospectively. Amortization is calculated using the linear approach, bearing in mind the estimated lifetime of the assets.

For intangible assets with undefined lifetimes recoverability tests are performed annually.

17.2. Breakdown of intangibles:

Parent Company	03/31/2023				12/31/2022			
	Cost	Accumulated amortization	Provision for impairment	Accounting Balance	Cost	Accumulated amortization	Provision for impairment	Accounting Balance
Software	1,177,955	(625,535)	(64)	552,356	1,136,302	(578,031)	(119)	558,152
Goodwill	69,296	(48,771)	(750)	19,775	72,211	(50,977)	(750)	20,484
Right to explore financial services	415,000	-	-	415,000	415,000	-	-	415,000
Intangibles in process	23,720	-	-	23,720	27,066	-	-	27,066
Total	1,685,971	(674,306)	(814)	1,010,851	1,650,579	(629,008)	(869)	1,020,702

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Consolidated	Cost	Accumulate d amortization	Provision for impairment	Accountin g Balance	Cost	Accumulate d amortization	Provision for impairment	Accountin g Balance
Software	1,178,419	(625,659)	(64)	552,696	1,136,765	(578,131)	(119)	558,515
Goodwill	69,296	(48,771)	(750)	19,775	72,211	(50,977)	(750)	20,484
Right to explore financial services	415,000	-	-	415,000	415,000	-	-	415,000
Intangibles in process	23,720	-	-	23,720	27,066	-	-	27,066
Total	1,686,435	(674,430)	(814)	1,011,191	1,651,042	(629,108)	(869)	1,021,065

17.3. Changes in intangibles:

Parent Company								
	Average annual amortization rate (%)	Balance on December 31, 2022	Additions (i)	Amortization	Write- offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment
Software	18.5%	558,152	-	(47,544)	(149)	41,842	-	55
Goodwill	10.0%	20,484	-	(709)	(1,000)	1,000	-	-
Right to explore financial services	-	415,000	-	-	-	-	-	-
Intangibles in process	-	27,066	39,496	-	-	(42,842)	-	-
Total		1,020,702	39,496	(48,253)	(1,149)	-	55	1,010,851

	Average annual amortization rate (%)	Balance on December 31, 2021	Additions	Amortization	Write- offs	Transfers	Property and equipment transfers	Reversals (provisions) Impairment
Software	16.6%	364,375	-	(36,731)	(26)	154,259	-	-
Goodwill	10.0%	19,633	-	(683)	-	-	-	-
Right to explore financial services	-	415,000	-	-	-	-	-	-
Intangibles in process	-	176,231	27,626	-	-	(154,259)	-	-
Total		975,239	27,626	(37,414)	(26)	-	-	965,425

Consolidated								
	Average annual amortization rate (%)	Balance on December 31, 2022	Additions (i)	Amortization	Write- offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment
Software	18.5%	558,515	-	(47,567)	(149)	41,842	-	55
Goodwill	10.0%	20,484	-	(709)	(1,000)	1,000	-	-
Right to explore financial services	-	415,000	-	-	-	-	-	-
Intangibles in process	-	27,066	39,496	-	-	(42,842)	-	-
Total		1,021,065	39,496	(48,276)	(1,149)	-	55	1,011,191

	Average annual amortization rate (%)	Balance on December 31, 2021	Additions	Amortization	Write- offs	Transfers	Property and equipment transfers	Reversals (provisions) Impairment
Software	16.6%	364,831	-	(36,754)	(26)	154,259	-	-
Goodwill	10.0%	19,633	-	(683)	-	-	-	-
Right to explore financial services	-	415,000	-	-	-	-	-	-
Intangibles in process	-	176,231	27,626	-	-	(154,259)	-	-
Total		975,695	27,626	(37,437)	(26)	-	-	965,858

- (i) In the first quarter of 2023 the company added R\$ 39,496 to the intangibles line, of which R\$ 18,683 are booked as supplier accounts receivable, and R\$ 28,727 were spent in 2023 for purchases made prior to December 31, 2022.

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18. Impairment of Property and Equipment and Intangible assets

18.1 Accounting policy

At the end of each fiscal period the Company reviews the net book value of its assets to assess events or changes in economic or operating circumstances, or in technology, which could indicate deterioration or impairment of value. If any such evidence is identified and the net book value exceeds the recoverable value, provision is made for impairment, adjusting the net book value to the recoverable value. The recoverable value of an asset or cash generating unit is defined as being the value in use and the net sales value, whichever is largest. Each store is considered a cash generating unit. The Company considers it to be an indication of impairment if, at the end of the period, a given store's contribution is less than 5% of net sales, and/or stores with impairment in the previous year. Stores must be three years or older, which is the age at which the Company considers a store to be mature.

The Company bases its assessment of impairment on detailed financial budgets and provisions, prepared separately by Management for each cash generating unit to which assets are allocated. An average rate of long-term growth is calculated and applied to future cash flows.

In the estimate of the value of the asset in use, estimated future cash flows are discounted at present value, using an after-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash generating unit operates. The fair value of sales expenses is determined based on recent market transactions between willing and knowing parties involving similar assets. In the absence of such transactions, an appropriate assessment methodology is used.

Losses due to asset devaluation are recognized in a manner consistent with the function of the asset subject to loss.

A loss due to impairment of a previously recognized asset is reversed only if there have been changes in the estimates used to determine the impairment of the asset since the most recent recognized loss due to impairment. Reversal is limited so that the book value of the asset does not exceed the book value of the asset that would have been determined (net of depreciation and amortization) had no loss for devaluation been recognized for the asset in previous years. This reversal is booked in earnings.

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.

18.2 Premises:

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:

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- (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 5.23% for 2023, 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 13.98% annually. When calculating the discount rate, the Company considers lease liabilities as part of financing activities.

On March 31, 2023 and December 31, 2022 the Company maintained a provision for impairment of its assets, as show in the table below:

Nature	Impairment test		Store/DC closures/revamps		Total	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Property and Equipment	(15,973)	(15,974)	(713)	(2,012)	(16,686)	(17,986)
Intangible assets	(64)	(119)	(750)	(750)	(814)	(869)
Total	(16,037)	(16,093)	(1,463)	(2,762)	(17,500)	(18,855)

19. Leases

19.1 Accounting policy

The Company recognizes a right-of-use asset and a lease liability on the date of commencement of the lease. A right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment and adjusted for certain re-measurements of the lease liability. Depreciation is calculated using the straight-line-approach over the remaining term of the agreements. The Company used the amounts of fixed or in-substance fixed lease payments, which are the minimum payments agreed in contracts with variable payments based on revenue achieved, gross of PIS and COFINS effects, as a cost component. Right-of-use assets are added for pre-payment of leases and provisions for store revamps, less lessor incentives received. Specifically variable payments are recognized monthly as operating expenses.

A lease liability is initially measured at the present value of residual lease payments, discounted using the incremental interest rate on the lease, which is defined as the equivalent real interest rate (including inflation) the lessee would incur if it were to contract a loan for a similar term and similar guarantees.

The Company has applied judgment to determine the lease term of some agreements, considering the provisions of Law 8,245 ("Tenant Law"), which grants the lessee the right to contractual renewals when certain conditions are met, as well as past practices regarding the Company's success in renewing its leases. An assessment of whether the Company is reasonably certain of exercising these options has an impact on the lease term, which significantly affects the amount of recognized lease liabilities and right-of-use assets Based on past revamps where negotiated terms and values differ substantial from

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past contracts, the Company considers revamps as a new agreement and excludes the time to revamp from the contractual term.

Effects of adopting the Guidelines of regulator instruction CVM/SNC/SEP 01/2020

Following the guidelines in the Memo above, and the explanation of some of the controversial points regarding adopting the new standard, the Company reviewed its premises for calculating right-of-use assets and lease liabilities, and now considers the cash flows of future payments without deducting potential PIS and Cofins credits, discounting them using a nominal incremental interest rate. This approach is in line with CPC06 (R2)/IFRS16. The impact of this change was prospectively considered by remeasuring the changes in lease balances.

19.2 Benefits related to Covid-19 granted by Lessors in Lease Agreements

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 net tax discount obtained from negotiations between January and March 2022 was R\$ 6,440, recorded under results for the period, occupancy costs. The period covered by this pronouncement ended on June 30, 2022, therefore, there were no amounts to be recorded in the year 2023.

19.3 Incremental interest rate

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 on March 31, 2023 and December 31, 2022:

Contractual terms	03/31/2023		12/31/2022	
	Actual rate (% per year)	Actual rate (% per year)	Actual rate (% per year)	Nominal rate (% per year)
0 to 3 years	-	-	8.0 – 10.6	14.9 - 16.4
3 to 5 years	-	-	7.3	13.4
5 to 6 years	-	-	4.0 – 8.1	9.1 – 14.7
6 to 10 (or more) years	3.2 - 7.7	6.8 – 14.5	3.2 - 7.7	6.8 - 14.3

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

	Right-of-use asset			Lease liabilities
	Real Estate	Equipment	Total	
Balance on December 31, 2022	1,541,306	24,141	1,565,447	(1,789,212)
Amortization (i)	(93,492)	(1,244)	(94,736)	-
Financial charges	-	-	-	(40,990)
Payments made	-	-	-	128,701
New/renewed/closed Agreements (ii)	8,724	3,403	12,127	(12,127)
Re-measurements (iii)	24,488	-	24,488	(24,488)
Balance on March 31, 2023	1,481,026	26,300	1,507,326	(1,738,116)
Current liabilities				(487,113)
Non-current liabilities				(1,251,003)
(i) The amounts in this table include the PIS/COFINS credits on lease payments in the amount of R\$ 11,479 and on interest, in the amount of R\$ 3,031, booked directly in earnings to reduce amortization and interest expenses.				
(ii) This refers to 3 new store 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			Lease liabilities
	Real Estate	Equipment	Total	
Balance on December 31, 2021	1,635,512	4,778	1,640,290	(1,814,148)
Amortization	(93,619)	(923)	(94,542)	-
Financial charges	-	-	-	(40,378)
Payments made	-	-	-	117,948
Provisions for dismantling costs	180	-	180	-
Prepayments	2,500	-	2,500	-
Impairment	18	-	18	-
New/renewed/closed Agreements (ii)	(2,326)	3,428	1,102	2,027
Re-measurements	26,553	-	26,553	(26,553)
Balance on March 31, 2022	1,568,818	7,283	1,576,101	(1,761,104)
Current liabilities				(484,740)
Non-current liabilities				(1,276,364)

a) 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 (3.2% to 14.5%), 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)

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The Company is adopting scenario 2 for the period ended March 31, 2023, as per CPC06(R2) / IFRS16. The comparative balances of lease liabilities are submitted below:

	03/31/2023	12/31/2022
Lease liabilities		
Scenario 1	1,812,349	2,033,448
Scenario 2 (book value)	1,738,116	1,789,212
Financial Charges		
Scenario 1	43,066	87,981
Scenario 2 (book value)	40,990	165,719
Depreciation Expenses		
Scenario 1	90,652	435,603
Scenario 2 (book value)	94,736	381,532
Total Expenses		
Scenario 1	133,718	523,584
Scenario 2 (book value)	135,726	547,251

b) 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:

	03/31/2023		12/31/2022	
	Potential PIS/COFINS		Potential PIS/COFINS	
Coming due in	Payments	Rights	Payments	Rights
Less than 1 year	491,386	(43,807)	513,238	(44,118)
One to five years	1,350,925	(120,419)	1,391,273	(125,785)
Over five years	452,094	(39,730)	475,322	(41,983)
Total minimum payments	2,294,405	(203,956)	2,379,833	(211,886)
Minimum payments discounted to present value	(556,289)	49,343	(590,621)	52,979
Present value of the minimum payments	1,738,116	(154,613)	1,789,212	(158,907)
Current Liabilities	487,113		513,238	
Non-current Liabilities	1,251,003		1,275,974	

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 quarter ended March 31, 2023, the expense associated with the 18 variable lease agreements was R\$ 1,115 (R\$ 838 for the 17 agreements in the same period of 2022). Expenses associated with short-term leases and low-value assets totaled R\$ 3,589 (R\$ 6,202 in the period ending March 31, 2022), 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 and the sensitivity analysis of variable expenses with leases and the factors that impact this variation.

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

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c) Impairment

Right-of-use assets are also subject to the impairment test. This approach is the same as used for property and equipment (Note 18).

20. Suppliers

20.1 Accounting policy

Suppliers represent the Company's obligations resulting from the purchase of goods and service, occupancy expenses, property and equipment, and intangibles. Term purchases are adjusted to present value on the date of the transactions, and reversals have financial earnings as counterpart due to the fruition.

20.2 Breakdown of the balance

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Merchandise suppliers	564,242	706,318	564,242	706,318
Bradescard Partnership	487,189	469,328	487,189	469,328
Materials, asset and service suppliers	244,207	324,069	254,797	335,908
Present value adjustment	(18,724)	(20,597)	(18,724)	(20,597)
	1,276,914	1,479,118	1,287,504	1,490,957
Current liabilities	778,520	1,466,548	789,110	1,478,387
Non-current liabilities	498,394	12,570	498,394	12,570

Bradescard Partnership

The Company purchased Balcão Bradesco for R\$ 415 million, recorded under long-term suppliers. This amount is updated monthly, and monetary correction is booked against financial expenses in the sub-group "supplier interest" (note 30). On March 31, 2023 the corrected amount was R\$ 487 million.

The terms of the original agreement have been renegotiated. The changes made include, among others, postponement of the settlement from January 2023 to July 2025. This new agreement includes covenants with the terms mentioned in item 21.5 "Restrictive covenants" for loans and debentures.

Present value adjustment

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 March 31, 2023 and 2022 were 1.17% and 0.93% 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.

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21. Obligations – Forfait

21.1 Accounting policy

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 through 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 suppliers. 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 booked as operational liabilities.

21.2 Breakdown of the balance

	Parent Company and Consolidated	
	03/31/2023	12/31/2022
Forfait - Supplier agreements	252,049	386,266
	252,049	386,266

In 1Q23 the company received commissions related to such transactions amounting to R\$ 2,015 (R\$ 2,754 in 1Q22). In 1Q23 the monthly discount rate ranged from 1.23% to 1.81% (1.28% and 1.75 % in 1Q22).

22. Loans and debentures

22.1 Accounting policy

Loans and debentures are initially recognized at fair value and subsequently are measured at amortized cost, as established in the agreement. All other loan costs are recorded as expenses in the period in which they are incurred. Loan costs include interests and other costs incurred by the Company regarding those loans.

The Company also considers loan transactions with third parties as financing activities

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22.2 Breakdown of the loans and debentures

Descriptions	Annual rates	Maturity	Parent Company		Consolidated	
			03/31/2023	12/31/2022	03/31/2023	12/31/2022
Promissory notes (i)	100% CDI+ 1.09%	2023	524,778	506,881	524,778	506,881
CCB (ii)	100% CDI+ 2.90%	2023 a 2024	82,100	106,694	82,100	106,694
Debentures - Issue 1 - Single Series (iii)	100% CDI+ 2.15%	2024 a 2025	527,995	508,661	527,995	508,661
Structured Commercial Notes - single series, issue 1 (iv)	100% CDI + 2.45%	2026 a 2027	251,362	260,951	251,362	260,951
Debentures, 2nd issue, 1st series (v)	100% CDI + 2.10%	2025	261,929	252,368	261,929	252,368
Debentures, 2nd issue, 2nd series (v)	100% CDI + 2.40%	2025 to 2028	373,467	359,571	373,467	359,571
Guaranteed Accounts (v)	100% CDI+2.10%	2023	-	-	207,372	163,457
(-) Transaction costs to appropriate			(6,977)	(7,751)	(6,977)	(7,751)
Total			2,014,654	1,987,375	2,222,026	2,150,832
Current liabilities			629,302	582,558	836,674	746,015
Non-current liabilities			1,385,352	1,404,817	1,385,352	1,404,817

- 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 three-month period ended March 31, 2023 was R\$ 119 (R\$ 477 in 2022).
- 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.
 - On December 14, 2022 the Company pre-paid a CCB in the amount of R\$ 230,000, originally coming due on June 30, 2023.

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 three-month period ended March 31, 2023, was R\$ 116 (R\$ 463 in 2022).

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- 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 three-month period ended March 31, 2023, was R\$ 226 (R\$ 905 in 2022).
- 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. The amount appropriated in the three-month period ended March 31, 2023 was R\$ 76 (R\$ 229 in 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 in the 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 fees, commissions, and other costs totaled R\$ 4,510 and are entered as deductions to liabilities and appropriated in earnings monthly during the debt period. The amount appropriated in the three-month period ended March 31, 2023 was R\$ 241 (R\$ 641 in 2022).

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- vi. Since December 1, 2021 the Company has been capturing funds through its subsidiary Orion Instituição de Pagamentos. On March 31, 2023 the company's position was R\$ 188,876 at 100% of the CID plus a 2.10% a year surcharge, to be settled on April 4, 2023. These funds will be used 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.

22.3 Payment Forecast

The following is a forecast of the payment of long-term loans on March 31, 2023:

Maturity	Parent Company	Consolidated
2023	609,845	817,217
2024	307,827	307,827
2025	584,063	584,063
2026	212,359	212,359
2027	212,588	212,588
2028	87,972	87,972
	2,014,654	2,222,026

22.4 Changes in loans

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Balance on December 31	1,987,375	1,358,756	2,150,832	1,374,826
New loans/debentures	-	250,000	93,898	320,110
Interest	74,198	40,758	74,198	40,898
Interests to pass along	-	-	16,593	4,693
Funding cost	(72)	(1,513)	(872)	(2,216)
Cost amortization	847	487	1,647	487
Payment of the principal	(20,000)	-	(86,576)	(15,107)
Interest payment	(27,694)	(13,446)	(27,694)	(13,446)
Balance on March 31	2,014,654	1,635,042	2,222,026	1,710,245

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22.5 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.

23. Labor liabilities

	Parent Company and Consolidated	
	03/31/2023	12/31/2022
Salaries, profit sharing and payroll charges	123,427	128,638
Vacation, 13th salary and payroll charges	88,759	77,464
	212,186	206,102
Current liabilities	204,702	198,732
Non-current liabilities	7,484	7,370

24. Taxes payable

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
ICMS	28,077	151,788	28,077	151,788
PIS/COFINS	20,103	100,039	21,806	101,170
ISS	4,805	4,991	5,482	5,482
INSS	1,466	1,623	1,466	1,623
Other	3,950	3,376	4,255	3,841
	58,401	261,817	61,086	263,904
Current liabilities	47,108	245,954	49,793	248,041
Non-current liabilities	11,293	15,863	11,293	15,863

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

25.1 Accounting policy

The Company is a party in numerous legal and administrative proceedings of a tax, civil, and labor nature. Provisions are recognized for all contingencies related to proceedings for which it is probable that an outflow of resources will be required to settle the contingency and a reasonable estimate can be made. Assessment of the likelihood of loss includes an assessment of the available evidence, the hierarchy of the laws, the available case law, and recent court decisions and their relevance in the legal system, as well as the assessment made by independent advisors. Provisions are reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, the completion of tax audits or additional exposures identified based on new matters or court rulings.

If the provisions include the corresponding judicial deposit, and if the Company intends to settle the liability and realize the asset simultaneously, the values offset each other for the purposes of financial statements.

25.2 Balance and changes in provisions for tax, civil, and labor risks

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.

Parent Company					
	12/31/2022	Addition (reversal)	Payments	Update	03/31/2023
Tax	245,782	1,565	(23)	4,540	251,864
Labor 23.2 (iv)	29,371	2,684	(1,000)	999	32,054
Civil	3,688	2,676	(2,532)	84	3,916
Provisions for tax, civil and labor risks	278,841	6,925	(3,555)	5,623	287,834
Judicial deposits with a corresponding liability	(96,091)			(1,768)	(97,859)
Net provisions for judicial deposits	182,750	6,925	(3,555)	3,855	189,975
Consolidated					
	12/31/2022	Addition (reversal)	Payments	Update	03/31/2023
Tax	245,782	1,565	(23)	4,540	251,864
Labor 23.2 (iv)	29,371	2,684	(1,000)	999	32,054
Civil	3,785	2,755	(2,532)	84	4,092
Provisions for tax, civil and labor risks	278,938	7,004	(3,555)	5,623	288,010
Judicial deposits with a corresponding liability	(96,091)			(1,768)	(97,859)
Net provisions for judicial deposits	182,847	7,004	(3,555)	3,855	190,151

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	Parent Company and Consolidated				
	12/31/2021	Addition (reversal)	Payments	Update	03/31/2022
Tax	220,978	3,263	-	2,392	226,633
Labor	30,095	2,087	(2,843)	919	30,258
Civil	3,710	879	(1,030)	115	3,674
Provisions for tax, civil and labor risks	254,783	6,229	(3,873)	3,426	260,565
Judicial deposits with a corresponding liability	(85,257)	-	-	(1,026)	(86,283)
Net provisions for judicial deposits	169,526	6,229	(3,873)	2,400	174,282

Tax provisions refer substantially to discussions regarding the following taxes:

(i) PIS/COFINS

On March 31, 2023, the Company had provisions for PIS and COFINS risks in the amount of R\$ 142,392 (R\$ 136,976 on December 31, 2022). The most significant amounts are the result of credits used as inputs for its purpose of business in the amount of R\$ 90,662 (R\$ 86,387 on December 31, 2022) and import COFINS credits in the amount of R\$ 43,386 (R\$ 42,374 on December 31, 2022). For the latter case, on March 31, 2023, the Company had an updated deposit balance in the amount of R\$ 44,927 (R\$ 43,842 on December 31, 2022).

(ii) ICMS (State Value Added Tax)

On March 31, 2023, the Company had provisions for ICMS risks in the amount of R\$ 45,026 (R\$ 44,422 on December 31, 2022). The more significant amounts are related to credit for suppliers the tax authorities consider to be un reputable, in the amount of R\$ 10,998 (R\$ 10,899 on December 31, 2022), and discussions regarding whether or not ICMS should be levied on charges on electricity transactions, in the amount of R\$ 25,076 (R\$ 24,005 on December 31, 2022).

(iii) Other taxes

On March 31, 2023 the Company had provisions for tax risk related to other taxes in the amount of R\$ 64,446 (R\$ 64,384 on December 31, 2022). The most significant amounts were related FGTS in the amount of R\$ 16,023 (R\$ 16,768 on December 31, 2022) 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\$ 42,553 (R\$ 41,897 on December 31, 2022).

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(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 March 31, 2023, the updated amount of this deposit was R\$ 33,740 (R\$ 33,108 on December 31, 2022). The Company has booked provisions of R\$ 42,553 (R\$ 41,897 on December 31, 2022) for this.

(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. Measurement of the provisions for civil cases uses the overall average success and payment rates, with individual assessments made where the amounts are significant.

(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 the 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 March 31, 2023, the updated amount of this deposit was R\$ 44,927 (R\$ 43,841 on December 31, 2022). In this case, the company has booked provisions of R\$ 43,386 (R\$ 42,374 on December 31, 2022).

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25.3 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	
	03/31/2023	12/31/2022
Tax	33,731	32,893
Labor and Civil	28,336	28,397
Total	62,067	61,290

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

25.4 Non-provisioned contingencies

On March 31, 2023 the Company had an updated amount of R\$ 221,501 (R\$ 362,640 on December 31, 2022) 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	
	03/31/2023	12/31/2022
PIS and COFINS - rate of zero on the sale of electronics	-	191,472
Social Security on Medical and Hospital Care (b)	9,704	9,627
Non-cumulative PIS/COFINS (c)	72,611	26,373
Import Taxes on Royalties (d)	19,144	18,794
Offset and non-homologated social security credits (e)	29,373	28,669
Other demands	90,669	87,705
	221,501	362,640

- (a) This refers to tax enforcement to collect debts arising from the zero PIS and COFINS rate on the sale of electronics, as per law 11,196/05. Given the favorable ruling recognizing the company's right to the tax benefit (SEE Note 12.2.1.3), the Company is waiting for the case to be closed.

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- (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.
- (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.

The Company informs that it reviews its provisions for civil and labor claims from time to time, and these are created for claims where there it is considered likely the Company will lose, bearing in mind how past claims have evolved, and the actual amounts settled.

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.

26. Shareholder's Equity

26.1 Accounting policy

O capital stock is represented by common shares. Incremental costs attributable directly to issuing shares are entered as a deduction of shareholder's equity as capital transactions net of tax effects.

26.2 Capital stock

On March 31, 2023, the company's capital stock of R\$1,847,177 was split into 308,245,068 fully paid-in common shares, with a free-float of 103,469,435 common shares (104,150,035 common shares On December 31, 2022).

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On March 31, 2023 the ownership of Company shares broke down as follows:

	03/31/2023		12/31/2022	
	Number of shares	%	Number of shares	%
COFRA Investment SARL	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	0.02%	17,121	0.02%
Officers	805,797	0.26%	805,797	0.26%
Treasury	2,650,500	0.86%	1,969,900	0.64%
Free Float	103,469,435	33.57%	104,150,035	33.79%
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.

26.3 Shares in Treasury

On March 31, 2023, the balance of shares in treasury was R\$ 8,498, corresponding to 2,650,500 shares (R\$ 6,778 on December 31, 2022, corresponding to 1,969,900 shares).

26.4 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.

26.5 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.

26.6 Reserve for unrealized profits

On December 31, 2022 the reserve for unrealized profits set aside by the Company was R\$ 75,720.

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26.7 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.

26.8 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. Setting aside this incentive for tax incentive reserves is subject to profit in the period after deducting required reserves. The destination of earnings for tax incentives is done annually in the month of December. On December 31, 2022, the total reserve for tax incentives was R\$ 12,342. In 2022 the Company set aside R\$ 789.

26.9 Equity valuation adjustments

This refers to the effective portion of financial instruments designated as cash flow hedge, as per Note 32.

27. Dividends and interest on shareholder's equity payable

27.1 Accounting policy

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, and is booked as liabilities on the date of the statement of earnings. Any amounts in excess of the mandatory minimum are booked as proposed additional dividends in the statement of changes in shareholder's equity and entered as dividends payable only on the date on which such additional dividends are approved by the Company shareholder's equity at a General Meeting.

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27.2 Distribution de Interest on Shareholder's Equity and dividends

The Company's profits in the period ended December 31, 2022 were set aside as legal reserve and reserve for tax incentives, as mentioned in Note 27.

28. Net revenue

28.1 Accounting policy

Revenue is measured based on the fair value of the counterpart received, net of taxes, sales taxes, discounts, and deductions. To be recognized, the transaction must meet the criteria for recognition of transactions described in CPC47/IFRS15, The criteria below must also be fulfilled before revenue is recognized:

a) Sale of goods

Revenue from the sale of goods paid for upfront and in installments is recognized when the Company fulfills its obligation to deliver or, in other words, when control over the goods is transferred to the buying customer.

b) Services provided

Revenue from services is recognized when the services are actually provided, i.e. when the Company has fulfilled its obligation to deliver.

Revenue from services includes commissions served for the sale of insurance products to C&A Pay customers, commissions from the sale of cell phone top-ups, and other commissions.

c) receivables

Affiliate Orion recognizes revenue when it settles securities in its receivables portfolio that are a long time past due, and whose credit rights were purchased by Banco Bradesco. This policy was adopted as there is uncertainty that the debtor will pay these amounts to Banco Bradesco, which passes along the funds received to Orion.

d) Right to return

Returned goods happen substantially in our e-commerce transactions. At this time, they are not sufficiently significant to be recorded as estimates on the date of the balance sheet. Physical returns to stores are immediately exchanged for other and/or similar goods of the same value.

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e) Interest Revenue

Interest revenue is booked using the effective interest rate in the “Financial revenue” line of the statement of earnings.

f) Revenue from commissions from intermediating financial services

This revenue is the commissions received for financial intermediation in receiving payment slips (boletos), and commissions for brokering credit cards and other financial services. The calculation includes the commission on revenue from interest and fees charged from Bradesco customers who use the Company intermediation services, in addition to the related operating costs and expenses.

C&A Pay funding transactions are supported by the mandate clause with the partner financial institution, whereby the customer authorizes that funds be contracted for financing. The operating structure is made up of credit lines with interest rates that comply with each type of C&A Pay credit line, so that interests charged from customers are passed along to the bank during the financing period. In the event of default, interest is recognized and passed along to the bank up to 60 days-past-due, when interest stops accruing and the balance financed with the bank is settled. As expenses owed to the partner are deducted from the amounts received as rebate. Orion provides intermediation services between customers and the partner bank.

The calculation includes commissions on revenue from interest and fees charged from Bradesco customers who use the Company intermediation services, in addition to the related operating costs and expenses.

g) Non-exercised customer rights

The Company recognizes a revenue when, based on past behavior, it expects customers will not exercise their contractual rights regarding non-reimbursable prepayments. This happens in the case of gift cards and exchange vouchers not used before they expire.

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28.2 Composition of net revenue

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Sale of goods	1,588,811	1,547,032	1,588,811	1,547,032
Cancellations, exchanges and vouchers	(88,431)	(98,238)	(88,431)	(98,238)
Sales taxes	(343,115)	(323,703)	(343,115)	(323,703)
Net revenue from the sale of merchandise	1,157,265	1,125,091	1,157,265	1,125,091
Commission revenue from the sale of financial services - Bradescard partnership	6,423	55,872	6,423	55,872
Revenue from the commission on insurance sales	4,106	6,200	4,106	6,200
Commission revenue from other services rendered	5,888	6,514	5,888	6,514
Net revenue from credit securitization	-	-	615	627
Revenue from financial products	18,851	2,681	77,953	11,271
Taxes on commissions and services	(5,024)	(7,432)	(11,673)	(8,551)
Net revenue from services rendered	30,244	63,835	83,312	71,933
	1,187,509	1,188,926	1,240,577	1,197,024

29. Earnings by nature

29.1 Classified by function

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Cost of goods sold and services rendered	(615,951)	(629,381)	(616,056)	(629,605)
General and administrative	(168,777)	(167,356)	(170,160)	(175,828)
Sales	(481,838)	(560,165)	(509,023)	(559,936)
Net credit losses	-	-	(44,124)	(1,194)
Other net operating income (expenses)	5,615	(1,404)	5,591	(1,404)
	(1,260,951)	(1,358,306)	(1,333,772)	(1,367,967)

29.2 Cost of sales by nature

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Cost of goods sold	(601,045)	(618,763)	(600,937)	(618,763)
Costs from lost merchandise	(14,790)	(10,445)	(14,790)	(10,445)
Cost of services rendered	(116)	(173)	(116)	(173)
Cost of financial services	-	-	(213)	(224)
	(615,951)	(629,381)	(616,056)	(629,605)

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29.3 General and administrative expenses by nature

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Personnel	(66,009)	(68,482)	(67,297)	(71,400)
Third party materials/services	(27,599)	(38,298)	(27,670)	(42,251)
Depreciation and amortization (a)	(52,468)	(40,796)	(52,491)	(40,819)
Depreciation of right-of-use	(6,196)	(8,253)	(6,196)	(8,253)
Occupancy	(2,937)	(1,289)	(2,937)	(1,289)
Other	(13,568)	(10,238)	(13,569)	(11,816)
	(168,777)	(167,356)	(170,160)	(175,828)

29.4 Selling expenses by nature

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Personnel	(154,100)	(171,678)	(164,405)	(171,678)
Third party materials/services	(63,888)	(71,113)	(74,130)	(71,384)
Depreciation of right-of-use	(80,091)	(77,836)	(80,091)	(77,836)
Depreciation and amortization (a)	(35,666)	(39,997)	(35,666)	(39,997)
Occupancy	(86,842)	(92,270)	(86,842)	(92,270)
Advertising and promotions	(19,860)	(63,314)	(19,887)	(63,314)
Other	(41,391)	(43,957)	(48,002)	(43,457)
	(481,838)	(560,165)	(509,023)	(559,936)

29.5 Other net operating revenue (expenses) by nature

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Results from asset write-offs	(1,323)	(3,634)	(1,323)	(3,634)
Reversals (provisions) for impairment:				
Store/DC closures/revamps	1,354	3,676	1,354	3,676
Impairment test	-	738	-	738
Recovery of tax credits	6,593	3,537	6,593	3,537
Reversal (provision) for tax contingencies	(1,105)	(2,426)	(1,105)	(2,426)
Strategy consulting services	-	(5,541)	-	(5,541)
Other	96	2,246	72	2,246
	5,615	(1,404)	5,591	(1,404)

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30. Finance results

	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
<u>Exchange variation</u>				
Exchange variation - Purchases	(683)	3,749	(683)	3,749
	(683)	3,749	(683)	3,749
<u>Finance expenses</u>				
Interest on loans	(74,198)	(40,758)	(74,198)	(40,758)
Interest on leases	(37,959)	(38,332)	(37,959)	(38,332)
Supplier financial expenses - PVA	(27,891)	(18,233)	(27,891)	(18,233)
Bradescard supplier interest	(17,861)	(7,851)	(17,861)	(7,851)
Interest on taxes and contingencies	(6,212)	(3,639)	(6,212)	(3,639)
Charges with receivable anticipation	(1,545)	-	(1,545)	-
Other Finance expenses	(2,379)	(992)	(3,257)	(1,519)
	(168,045)	(109,805)	(168,923)	(110,332)
<u>Finance income</u>				
Interest and monetary adjustment (a)	24,682	21,352	24,637	21,309
Interest on financial investments	41,913	13,627	42,782	13,948
Supplier financial income	1,207	2,757	1,207	2,757
Other	-	1	-	1
	67,802	37,737	68,626	38,015
Net financial results	(100,926)	(68,319)	(100,980)	(68,568)

- (a) On March 2023 interest revenue included R\$ 21,346 (R\$ 19,321 on March 2022) related to monetary adjustment for previously unused PIS/COFINS credits, less PIS/COFINS taxes in the amount of R\$ 993 (R\$ 898 on March 2022).

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31. 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	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Revenue from third parties	1,161,408	1,130,418	79,169	66,606	1,240,577	1,197,024
Cost of sales and services provided	(615,727)	(629,208)	(329)	(397)	(616,056)	(629,605)
Gross Profit	545,681	501,210	78,840	66,209	624,521	567,419
General and administrative	(107,948)	(124,160)	(3,525)	(2,596)	(111,473)	(126,756)
Sales	(341,637)	(401,398)	(51,629)	(40,705)	(393,266)	(442,103)
Net credit losses	-	-	(44,124)	(1,194)	(44,124)	(1,194)
Other net operating income (expenses)	5,616	(1,404)	(25)	-	5,591	(1,404)
Earnings by segment (excluding depreciation)	101,712	(25,752)	(20,463)	21,714	81,249	(4,038)
Depreciation and amortization	(171,479)	(162,905)	(2,965)	(4,000)	(174,444)	(166,905)
Finance results					(100,980)	(68,568)
Income taxes					67,828	86,781
Net income (loss) for the period					(126,347)	(152,730)

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32. Financial instruments and capital management

32.1 Accounting Policy

A financial instrument is a contract that gives rise to a financial asset for one entity, and a financial liability or equity instrument for another entity.

a) Financial assets

Initial recognition and measurement

When initially recognized, financial assets are classified as subsequently measured at amortized cost, fair value using other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the financial asset's contractual cash flows, and on the Company's business model used to manage such financial assets. For financial assets not measured at fair value through profit or loss, the Company initially measures them at fair value plus transaction costs. For financial instruments measured at fair value, transaction costs are allocated directly to profit or loss. For term accounts receivable the financial asset is brought to present value using the basic interest rate on the date of closing of the financial statements. In order to classify and measure a financial asset based on the amortized cost or fair value through other comprehensive income (OCI), it must generate cash flows that are "solely payments of principal and interest" (also referred to as the SPPI test) on the value of the principal outstanding. This assessment is performed at the instrument level.

The business model the Company uses to manage its financial assets refers to how it manages its financial assets to generate cash flow. The business model determines if the cash flows will result from contractual cash flows, the sale of financial assets, or both.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are split into four categories:

- (i) Financial assets at amortized cost;
- (ii) Financial assets at fair value through OCI, with recycling of cumulative gains and losses;
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition;
- (iv) Financial assets at fair value through earnings.

The Company has financial assets classified as financial assets at amortized cost, financial assets at fair value through OCI with recycling of cumulative gains and losses, and financial assets at fair value through profit or loss.

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Financial assets at amortized cost

The company measures financial assets at amortized costs if both of the following conditions are met:

- The financial asset is kept within the business model whose goal is to keep financial assets to receive contractual cash flows;
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the outstanding principal (SSPI).

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) approach and are subject to impairment.

Gains and losses are recognized as profit or loss when the asset is derecognized, modified or impaired.

The Company's financial results at amortized cost include the following lines: cash and cash equivalents, trade receivables, judicial deposits, and related parties.

Financial assets at fair value through other comprehensive results

Financial assets in this category are derivative transactions to which hedge accounting applies. The Company uses hedge accounting and considers future contracts designates forward currency contracts (NDF) as cash flow hedges. The fair value of derivative financial instruments is determined based on the exchange rate and interest rate curves.

The Company uses cash flow hedge accounting only to protect itself from foreign exchange risk associated with as-yet unpaid import orders, and for this reason designates them as cash flow hedges.

The effective and unsettled portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in shareholder's equity as equity valuation adjustments in OCI. This installment is realized when the risk for which the derivative was purchased no longer exists. Regarding liquidation of financial instruments, previously deferred gains and losses in shareholder's equity are transferred to the initial measurement of the cost of the asset.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, and financial assets designed at fair value through profit or loss when initially recognized. Financial assets are classified as held for trading if they were acquired to be sold short term. Derivatives are classified as held for trading unless they have been designated as effective hedge instruments. These are recorded in the statement of financial position at fair value, and the corresponding gains and losses booked in the statement of earnings.

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Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recognized in the statement of earnings. This category includes the ineffective portion of the derivative instruments used by the Company for hedge accounting purposes.

Derecognition

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

- The rights to receive cash flow from the asset expire; or
- The Company has transferred its right to receive cash flows from the asset to a third party, or undertake an obligation to pay the cash flows received in full with no material delay to a third party by means of a pass-through agreement, and (a) the Company has substantially transferred all of the risks and rewards associated with the asset, or (b) the Company has neither transferred nor substantially retained substantially all of the risks and rewards associated with the asset, but did transfer control over the asset.

Whenever the Company transfers its rights to receive cash flows from an asset, or has entered into a pass-through agreement, and has neither transferred nor retained substantially all the risks and rewards associated with the asset, the asset will be recognized to the extent of the continuing involvement of the Company in the asset. In this case, the Company will also recognize the associated liability. The transferred assets and associated liability are measured on a basis that reflects the rights and obligations retained by the Company. Continuing involvement in the form of a guarantee over the transferred asset is measured at the original book value of the asset, or the maximum consideration that could be demanded of the Company, whichever is less.

Impairment of financial assets

The company assesses the need to make provisions for expected credit losses for all of its asset financial instruments, classified at amortized cost. For client accounts receivable, the Company uses a simplified approach to calculate expected credit losses. The reason for this is that, based on the risk assessment of such losses, they are concentrated in customer chargebacks, and business partner receivables. Therefore, the Company does not monitor changes in credit risk, but instead recognizes a provision for expected losses arising from the periodic assessment of the receivables portfolio undertaken by Management.

The company considers a financial asset to be in arrears when contractual payments are 90 days or more past due. This situation refers to receivables from business partners. Cases are analyzed individually and provisions made if there is an expectation that these amounts will be lost.

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b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives classified as hedge instruments, as appropriate.

Financial liabilities are initially recognized at fair value and, in the case of loans and financing, plus the directly attributable transaction costs.

On December 31 the Company and its subsidiary had only financial liabilities classified as (i) financial liabilities at amortized cost and (ii) derivatives classified as hedge instruments.

The financial liabilities of the company and its subsidiaries are suppliers, related party loans and accounts payable, leases payable and derivative financial instruments.

Subsequent measurement

Measuring financial liabilities depends on their classification. Trade payables, related party loans and accounts payable, and leases payable classified by the Company as financial liabilities at amortized cost upon initial recognition, including those subject to interest, are subsequently measured at amortized cost using the effective interest rate approach.

Derecognition

A financial liability is derecognized when the obligation is revoked, canceled or expires. Whenever an existing financial liability is replaced by another of the same lender at substantially different terms, or whenever the terms of an existing liability are substantially modified, such exchange or modification is treated as the derecognition of the original liability and recognition of a new liability, with the difference in the carrying amounts recognized in the statement of earnings.

c) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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d) Derivative financial instruments and hedge accounting

Initial recognition and measurement

The Company uses derivative financial instruments to minimize the risks associated with foreign currency exposure, represented by future purchases to be made in foreign currency and to settle debt with foreign suppliers.

Such derivative financial instruments in hedge transactions are initially recognized at fair value on the date the derivative agreement is entered into, and are subsequently reviewed, also at fair value.

Derivatives are entered as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative.

Any gains or losses resulting from changes in the fair value of derivatives during the period are entered directly into the statement of earnings, with the exception of the effective portion of cash flow hedges, recognized directly in shareholder's equity as other comprehensive income.

Swaps are not designated as hedge accounting, and their gains and losses are recognized as financial earnings.

The following classifications are used for hedge accounting purposes:

- Fair value hedging - by protecting against exposure to fluctuations in fair value of a recognized asset or liability, or non-recognized firm commitment;
- Cash flow hedges, providing protection against variations in cash flow attributable to a specific risk associated with a recognized asset or liability, or a highly likely transaction that could affect earnings, or
- Hedges of a net investment in a foreign operating unit.

In the initial recognition of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, and the risk management objective and strategy in undertaking the hedge. Documentation includes a description of the hedge instrument, the item or transaction to be hedged, the nature of the risk to be hedged, the nature of the risks excluded from the hedge relationship, a prospective demonstration of the effectiveness of the hedge relationship, and how the Company will assess the effectiveness of the hedge instrument to offset exposure to changes in fair value of the hedged item or the cash flows related to the hedged risk.

Regarding cash flow hedges, a demonstration of the highly likely nature of the transaction to be hedged, as well as the expected periods in which gains or losses resulting from the hedge instruments will be transferred from shareholder's equity to earnings are also included in the hedge relationship documentation. Such hedges are expected to be highly effective to offset changes in fair value or cash flow and are assessed on an ongoing basis to determine whether they remain highly effective throughout the financial reporting period for which they were contracted.

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The hedge ratio is measured as the ratio between the contracted amount of the hedging instrument and the amount of imported goods actually purchased. There will be a need to rebalance the hedge relationship whenever contracting derivative financial instruments (NDFs) reflects a relationship different from that initially stipulated in the Company's Hedge Policy.

Hedges that meet the Company's criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedge instrument is recognized in equity under OCI, while any ineffective portion is recognized immediately in the statement of operations under finance results. .

Whenever the Company's documented risk management strategy for a given hedge relationship excludes from the hedge effectiveness assessment a specific component of gains or losses, or the respective hedge instrument cash flows, this component of excluded gains or losses is recognized under financial results.

The amounts recognized in OCI are immediately transferred to the statement of earnings whenever the hedged transaction impacts profit or loss, for example, whenever a hedged financial revenue or expense is recognized, or whenever a forecast sale occurs. Whenever the hedged object is the cost of a non-financial asset or liability, the amounts recognized in equity are transferred at the initial carrying amount of the non-financial asset or liability.

If the hedge expires or is sold, terminated, exercised or discontinued without replacement or roll-over (as part of the hedging strategy), or if it's classification as a hedge is revoked, or whenever coverage no longer fulfills the hedge accounting criteria, the gains or losses previously recognized in OCI remain separately in equity until the forecast transaction occurs or the firm commitment is fulfilled.

e) measurement of the fair value of financial instruments

The Company measures financial instruments such derivatives at fair value on each balance sheet closing date.

Fair value is the price that would be received for selling an asset or for the transfer of a liability in a willing transaction between market players on the date of measurement. Measurement of fair value is based on a presumption that the transaction to sell the asset or transfer the liabilities will take place, either:

- In the main market for the asset or liability; or
- In the absence of a main market for the asset or liability, in the most advantageous market for the asset or liability.

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The main or most advantageous market must be accessible to the company.

The fair value of an asset or liability is based on the premises that market players would use to define the price of an asset or liability, presuming they were acting in their best economic interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 - valuation techniques for which the lowest level input that is significant for fair value measurement is directly or indirectly observable;

Level 3 - valuation techniques for which the lowest significant level of input for fair value measurement is not observable;

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

32.2 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 include 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 rates that could impact returns on its short-term assets and financial liabilities indexed to the CDI.

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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. The company is also exposed to the CDI in the payment for the purchase of Balcão.

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.

The Company ran tests using scenarios for the next disclosure to demonstrate how fluctuations in this index impact results. Likely scenario interest rates come from the reference rates on the B3 website on March 31, 2023 (annualized CDI of 13.64%).

Parent Company								
Risk	Balance on 03/31/2023	Rate	Likely scenario	Increasing interest		Decreasing interest		
				Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%	
Financial investments (i)	Lower CDI	1,378,091	CDI (i)	45,070				
Loans and debentures	Higher CDI	(2,014,654)	CDI (i)	(67,490)				
Bradescard Partnership	Higher CDI	(487,189)	CDI (i)	(16,321)				
Net exposure/Impact on earnings prior to IT/SC	(1,123,752)		(38,741)	(48,426)	(58,112)	(29,056)	(19,370)	
Impact on earnings, net of IT/SC			(25,569)	(31,961)	(38,354)	(19,177)	(12,784)	
(i)	Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 102.21% of the CDI.							

Consolidated								
Risk	Balance on 03/31/2023	Rate	Likely scenario	Increasing interest		Decreasing interest		
				Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%	
Financial investments (ii)	Lower CDI	1,421,913	CDI (i)	46,504				
Loans and debentures	Higher CDI	(2,222,026)	CDI (i)	(74,438)				
Bradescard Partnership	Higher CDI	(487,189)	CDI (i)	(16,321)				
Net exposure/Impact on earnings prior to IT/SC	(1,287,302)		(44,255)	(55,319)	(66,383)	(33,191)	(22,127)	
Impact on earnings, net of IT/SC			(29,208)	(36,511)	(43,813)	(21,906)	(14,604)	
(i)	Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 102.17% 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.

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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.

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 March 31, 2023. Scenario estimates were adopted according to CVM Instruction 475/08.

		Risk	Negative scenarios			
			Notional USD (Payables)/ Receivables	Likely Scenario USD 1 = R\$ 5.25	Possible scenario +25% USD 1 = R\$ 6.56	Remote scenario +50% USD 1 = R\$ 7.88
Hedge object	Purchasing orders for imported goods and imports in transit	Increase in the USD exchange	(36,616)	(6,210)	(54,176)	(102,509)
Hedge instrument	NDF	Decrease in the USD exchange	28,017	4,751	41,454	78,436
Net exposure of import orders			(8,599)	(1,459)	(12,722)	(24,073)
Non-recoverable taxes (36%)			(13,182)	(2,236)	(19,503)	(36,903)
Total net exposure			(21,781)	(3,695)	(32,225)	(60,976)
Impact on earnings, net of IT/SC			(14,376)	(2,439)	(21,268)	(40,244)

USD on 03/31/2023 = R\$ 5.0804

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.

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The Company's hedge structure consists of hedging highly likely transactions where merchandise will be imported and added to company inventory in US Dollars for sale in Brazil, against the risk of US Dollar / Brazilian R\$ exchange variations using derivative financial instruments such as NDFs in amounts, maturity dates, and currency equivalent to the US Dollar import budget.

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:

Date	US\$ thousand			US\$ thousand
Expected	Budget	Maturity	Counterparty	NDF reference value
(hedged)				
Apr 23	(7,185)	Apr 23	Bradesco	7,185
May 23	(5,815)	May 23	Itaú	5,815
May 23	(4,123)	May 23	XP Investimentos	4,123
Jun 23	(6,106)	Jun 23	XP Investimentos	6,106
Jul 23	(1,189)	Jul 23	Bradesco	1,189
Jul 23	(1,537)	Jul 23	XP Investimentos	1,537
Aug 23	(1,063)	Aug 23	Bradesco	1,063
Sep 23	(999)	Sep 23	Bradesco	999
	(28,017)			28,017

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.

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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 March 31, 2023:

Derivative	Position	Contract	Date contracted	Maturity date	Reference (notional) value - USD	Fair value
Term	Purchased	NDF	10/28/2022	04/19/2023	2,874	(1,266)
Term	Purchased	NDF	11/04/2022	05/17/2023	2,507	(343)
Term	Purchased	NDF	11/04/2022	04/19/2023	2,874	(363)
Term	Purchased	NDF	11/04/2022	06/21/2023	1,508	(217)
Term	Purchased	NDF	12/28/2022	05/17/2023	759	(225)
Term	Purchased	NDF	12/28/2022	06/21/2023	1,536	(470)
Term	Purchased	NDF	01/27/2023	05/17/2023	2,332	(194)
Term	Purchased	NDF	01/27/2023	07/19/2023	1,537	(153)
Term	Purchased	NDF	02/28/2023	08/16/2023	1,063	(237)
Term	Purchased	NDF	02/28/2023	05/17/2023	857	(172)
Term	Purchased	NDF	02/28/2023	04/19/2023	1,437	(270)
Term	Purchased	NDF	02/28/2023	06/21/2023	2,658	(555)
Term	Purchased	NDF	03/29/2023	05/17/2023	3,483	(287)
Term	Purchased	NDF	03/29/2023	07/19/2023	1,189	(115)
Term	Purchased	NDF	03/29/2023	09/20/2023	999	(110)
Term	Purchased	NDF	03/29/2023	06/21/2023	404	(37)
					28,017	(5,014)
Current assets						-
Current Liabilities						(5,014)

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 March 31, 2023, non-settled NDF transactions had an outstanding balance net of tax effects in the amount of R\$ 3,309 (net outstanding debt of R\$ 248 on December 31, 2022), recorded as other comprehensive income.

The amount presented in the statements of comprehensive income refers to the variation between operations not settled in December 2022 and March 2023. In the period ended December 31, 2023, the cost of goods sold was negatively impacted by the in NDF transactions in the amount of R\$ 1,794 (loss of R\$ 21.086 in the same period of 2022).

In the period ended March 31, 2023 NDF hedge transactions used to protect against the cash flow risk of import orders were effective, based on the standard in 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 the timing of the cash flows of the protected items and the hedge instruments. There were no ineffective portions in the quarters ending March 31, 2023 and 2022.

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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 (chargebacks) 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 chargebacks. 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.

Management constantly monitors the expectation of 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.

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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 March 31, 2023	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	487,113	882,149	368,854	1,738,116
Loans	836,674	1,385,352	-	2,222,026
Suppliers	789,110	498,394	-	1,287,504
Drawee risk transactions	252,049	-	-	252,049
Total	2,364,946	2,765,895	368,854	5,499,695

32.3. 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 March 31, 2023.

Net Debt excluding Lease Liabilities	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Short and long-term loans and debentures	2,014,654	1,987,375	2,222,026	2,150,832
Cash and cash equivalents	(1,401,725)	(1,627,977)	(1,455,994)	(1,674,091)
Financial investments	(4,393)	(8,735)	(4,393)	(8,735)
Net debt (cash)	608,536	350,663	761,639	468,006
Non-controlling interests	-	-	(1)	1
Total shareholder's equity	2,871,160	3,000,195	2,871,159	3,000,196
Financial leverage index	21%	12%	27%	16%

On March 31, 2023, the balance of lease liabilities was R\$ 1,738,116 (R\$ 1,789,212 on December 31, 2022). If lease liabilities are included in the capital management calculations, leverage would be 82%, as follows.

Net Debt including Lease liabilities	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
Net debt (cash)	608,536	350,663	761,639	468,006
Lease liabilities	1,738,116	1,789,212	1,738,116	1,789,212
Adjusted net debt	2,346,652	2,139,875	2,499,755	2,257,218
Total shareholder's equity	2,871,160	3,000,195	2,871,159	3,000,196
Financial leverage index	82%	71%	87%	75%

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32.4. Financial instruments - classification

On March 31, 2023 and December 31, 2022 financial instruments were summarized and classified as follows:

Parent Company

On March 31, 2023	Amortized Cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	1,401,725	-	1,401,725
Financial investments	4,393	-	4,393
Trade receivables	579,260	-	579,260
Derivatives	-	-	-
Related parties	4,195	-	4,195
Judicial deposits	62,067	-	62,067
Financial liabilities			
Lease liabilities	(1,738,116)	-	(1,738,116)
Suppliers	(1,528,963)	-	(1,528,963)
Loans and debentures	(2,014,654)	-	(2,014,654)
Derivatives	-	(5,014)	(5,014)
Related parties	(102,679)	-	(102,679)
Total On March 31, 2023	(3,332,772)	(5,014)	(3,337,786)

On December 31, 2022	Amortized Cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	1,627,977	-	1,627,977
Financial investments	8,735	-	8,735
Trade receivables	1,065,961	-	1,065,961
Derivatives	-	1,371	1,371
Related parties	4,411	-	4,411
Judicial deposits	61,290	-	61,290
Financial liabilities			
Lease liabilities	(1,789,212)	-	(1,789,212)
Suppliers	(1,865,384)	-	(1,865,384)
Loans and debentures	(1,987,375)	-	(1,987,375)
Derivatives	-	(1,756)	(1,756)
Related parties	(48,567)	-	(48,567)
Total On December 31, 2022	(2,922,164)	(385)	(2,922,549)

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Consolidated

On March 31, 2023	Amortized Cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	1,455,994	-	1,455,994
Financial investments	4,393	-	4,393
Trade receivables	846,019	-	846,019
Derivatives	-	-	-
Related parties	134	-	134
Judicial deposits	62,067	-	62,067
Financial liabilities			
Lease liabilities	(1,738,116)	-	(1,738,116)
Suppliers	(1,539,553)	-	(1,539,553)
Loans and debentures	(2,222,026)	-	(2,222,026)
Derivatives	-	(5,014)	(5,014)
Related parties	(96,924)	-	(96,924)
Total On March 31, 2023	(3,228,012)	(5,014)	(3,233,026)

On December 31, 2022	Amortized Cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	1,674,091	-	1,674,091
Financial investments	8,735	-	8,735
Trade receivables	1,278,206	-	1,278,206
Derivatives	-	1,371	1,371
Related parties	171	-	171
Judicial deposits	61,290	-	61,290
Financial liabilities			
Lease liabilities	(1,789,212)	-	(1,789,212)
Suppliers	(1,877,223)	-	(1,877,223)
Loans and debentures	(2,150,832)	-	(2,150,832)
Derivatives	-	(1,756)	(1,756)
Related parties	(43,592)	-	(43,592)
Total On December 31, 2022	(2,838,366)	(385)	(2,838,751)

The fair value of the Company's assets and liabilities were measured on March 31, 2023 and 2022 using Level 2 hierarchy, which corresponds to significant observable data.

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32.5 Changes in liabilities associated with consolidated Company financing activities

	December 31, 2022	Cash flows	Interest incurred	Re- measurements of lease liabilities	Other	March 31, 2023
Leases (i)	1,789,212	(128,701)	40,990	24,488	12,127	1,738,116
Loans and debentures	2,150,832	(4,651)	74,198	-	1,647	2,222,026
Total	3,940,044	(133,352)	115,188	24,488	13,774	3,960,142

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

	December 31, 2021	Cash flows	Interest incurred	Re- measurements of lease liabilities	Other	March 31, 2022
Leases (i)	1,814,148	(117,948)	40,378	26,553	(2,027)	1,761,104
Loans and debentures	1,374,826	289,341	45,591	-	487	1,710,245
Total	3,188,974	171,393	85,969	26,553	(1,540)	3,471,349

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

33. 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	
	03/31/2023	12/31/2022
Civil Liability and D&O	264,949	290,781
Property and Inventory	633,230	633,230
Shipping	66,270	69,807
	964,449	993,818

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34. Retirement plan

34.1 Accounting Policy

The Company sponsors Cyamprev - Sociedade de Previdência Privada, a closed capital private pension company that provides private pension plans for the employees of its sponsors. In essence, the pension plans sponsored by the Company are structured as defined contribution plans e pension plan contributions are made by active participants and/or the sponsor. The plans guarantee a minimum benefit 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.

Benefit plans are reviewed at the end of each fiscal period to check if contributions are sufficient for forming the necessary reserves to honor current and future commitments. Actuarial losses and gains are recognized on an accrual basis.

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.

34.2 Retirement plan

On March 31, 2023 the Company contributed R\$ 1,745 (R\$ 2,440 on March 31, 2022) to the plans, entered as an expense in the earnings for the period. The total number of participating employees on March 31, 2023 was 5,326 (5,647 on December 31, 2022), with 185 participants under care (185 on December 31, 2022).

On March 31, 2023 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\$ 331 (R\$ 632 on December 31, 2022).

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35. Earnings per share

Basic earnings per share are obtained by dividing the profit attributable to the owners of common shares (numerator) by the weighted average number of outstanding shares (common shares in the hands of shareholders) (denominator) during the period.

Diluted earnings per share are obtained by dividing net profit attributable to the owners of common shares (numerator) by the weighted average number of outstanding shares in the period plus the weighted average number of common shares that would be issued if all potential diluted common shares were converted into common shares.

Equity instruments that should or could be settled only as Company shares are included in the calculation if their settlement would have a dilution effect on earnings per share.

Cash equivalents are held to honor cash commitments.

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:

	03/31/2023	03/31/2022
Basic earnings per share		
Net income for the period	(126,345)	(152,724)
Weighted average of the number of common shares	305,594,568	308,030,568
Basic profit per share - R\$	(0.4134)	(0.4958)
Diluted earnings per share		
Net income for the period	(126,345)	(152,724)
Weighted average of the number of outstanding common shares	305,594,568	308,030,568
Weighted average of the options granted as part of the stock-based compensation plan	-	-
Weighted average of the diluted number of common shares	305,594,568	308,030,568
Diluted profit per share - R\$	(0.4134)	(0.4958)

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

On March 31, 2023 and 2022, the stock-based compensation plan provided an anti-dilution effect, and therefore the above-mentioned was not considered.

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36. Subsequent Events

36.1 Issue of Commercial Notes

On April 25, 2023 the Company issued its 2nd (second) book-entry commercial notes in a single series for public distribution, in the amount of R\$ 50,000 (fifty million Reals), at 100% of the CDI plus a 2.10% annual surcharged, for settlement in 12 months. The net funds captured through this Issue shall be used to reinforce the Company's cash position and extend the Issuer's average payment term. The costs associated with the second issue of commercial notes, including fees, commissions, and other costs amounted to R\$ 537 and will be booked as liability reducers and appropriated into the results monthly throughout the term of the debt.

36.2 Start of the operations of C&A Pay SCD

C&A Pay Sociedade de Crédito Direto S.A started to operate on May 2, 2023. C&A Pay Cards, formerly issued and administered by Orion IP, are now issued by C&A Pay SCD.

This operation took place simultaneously with the creation of an FIDC (C&A Pay Fundo de Investimento em Direitos Creditórios Não Padronizados), of which C&A is the sole quota holder.

The following transactions were completed in this period:

On May 2 and 3, 2023 C&A Modas paid in R\$ 500 million to the FDIC.

On May 2, 2023 Orion Instituição de Pagamento S/A assigned its credit portfolio to the FDIC.