



**Individual and
Consolidated
Financial
Statements under
BRGAAP and IFRS**

2022

Individual and Consolidated Financial Statements under BR GAAP and IFRS

C&A Modas S.A.

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

C&A Modas S.A.

Individual and Consolidated Financial Statements

December 31, 2022 and 2021

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

Independent auditor's report on the individual and consolidated financial statements

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Recoverability of deferred income and social contribution tax assets

As disclosed in Note 14, the Company has recorded deferred income and social contribution tax assets in the amount of R\$710,110 thousand as at December 31, 2022, computed on temporary differences and income and social contribution tax losses carryforward. The Company evaluated the recoverability of deferred income and social contribution tax assets based on projections of future taxable profits.

We consider this to be a key audit matter since this evaluation involves a high degree of professional judgment by Management based on assumptions and criteria used in determining the projections of taxable profits, which are affected by future market expectation and economic conditions.

How our audit conducted this matter

Our procedures included, among others, the engagement of subject matter experts in valuation and taxes to assist us in assessing the assumptions and methodology used by the Company, in particular those related to the projections of future taxable profits. Projections of future taxable profits were prepared based on the Company's business plan, which was approved by the Management's bodies. We also evaluated the appropriateness of the disclosures related to this matter in Note 14.

Based on the result of the audit procedures performed on the recoverability of deferred income and social contribution tax assets, which is consistent with Management's assessment, we consider that the criteria and assumptions adopted by Management, as well as the related disclosures in Note 14 are acceptable in the context of the financial statements taken as a whole.

Realization of extemporaneous tax credits

As disclosed in Note 12, on December 31, 2022, the Company has extemporaneous tax credits related to PIS and COFINS in the amount of R\$1,363,664 thousand and ICMS in the amount of R\$ 75,382 thousand, arising from legal claims that have already become final ruling and causes that await the final ruling, but whose probability of favorable outcome to the Company is considered by the legal advisors as being virtually certain. The Company evaluated the recoverability of these balances based on projections of its prospective financial information.

We consider it as a main audit subject since such assessment involves a high degree of professional judgment by management in determining assumptions and criteria used in these projections of prospective financial information, which are affected by future market expectation and economic conditions.

How our audit conducted this matter

Our procedures included, among others, the involvement of professionals specialized in financial projections and taxes to assist us in evaluating the assumptions and methodology used by the Company, in particular those related to future scenario projections. The projections of prospective financial information were prepared based on the Company's business plan, which was approved by the management. We also evaluate the adequacy of disclosures related to this subject in Note 12.

We identified a significant deficiency in the Company's internal controls regarding the recognition in the year ended December 31, 2022 of extemporaneous tax credits related to ICMS energy supply, recognized in incorrect competence. We communicate to the Administration and The Audit and Risk Management Committee.

Based on the results of the audit procedures carried out on the recoverability of extemporaneous credit balances, which is consistent with the management's assessment, we consider that the criteria and assumptions adopted by management, as well as the respective disclosures in Note 12, are appropriate, in the context of the financial statements taken together.

Tax contingencies

The Company is party to administrative and judicial proceedings arising from various tax disputes, whose provision as at December 31, 2022 was R\$245,782 thousand (R\$149,691 thousand net of judicial deposits with corresponding liabilities), as disclosed in Note 23. The assessment of the probability of loss and the measurement of the provision to cover the probable losses require judgment by the Company's management, which relies on the opinions of its internal and external legal advisors. Changes in the assumptions used by the Company, which are the basis for exercising this judgment, or on external factors, including the positioning of the tax authorities and courts, may significantly impact the individual and consolidated financial statements of the Company.

Additionally, as of December 31, 2022, the Company is party to tax discussions totaling R\$362,640 thousand, as disclosed in Note 23.4, which are not recorded in the financial statements due to Management assessment, supported by its external and internal legal advisors, that the likelihood of loss on these discussions is possible, but not probable.

We consider this to be a key audit matter due to the magnitude of the amounts involved and the fact that the assessment of likelihood of loss and the measurement of these contingencies involve a high degree of professional judgment by the Company's Management together with its external and internal legal advisors.

How our audit conducted this matter

Our audit procedures included, among others, the evaluation of the accounting policies adopted by the Company for the classification of administrative and judicial proceedings between probable, possible or remote likelihood of loss, including the assumptions used to measure the amounts to be recorded as a provision for tax proceedings. We analyzed the provisions recorded and the proceedings disclosed in relation to contingencies classified as possible loss, taking into consideration the assessments prepared by the Company's external and internal legal advisors. We obtained evidence on the risks of losses considered by the Company in the main proceedings, including the existing documentation and legal opinions, as well as

obtained letters of confirmation of the Company's external legal advisors containing the current stage and the likelihood of loss in these administrative and judicial proceedings. Additionally, we evaluated the adequacy of the disclosures of Note 23 to the individual and consolidated statements as at December 31, 2022.

Based on the result of audit procedures performed as to tax contingencies, which is consistent with Management's assessment, we understand that the criteria and assumptions used in the measurement of provisions, as well as the respective disclosures in Note 23 are acceptable in the context of the individual and consolidated financial statements taken together.

Information Technology Environment

The Company has a high volume of daily transactions, carried out through the operations that occurred in its stores, Distribution Centers and internal processes. Due to the Company's high dependence on systems and technology structure, we consider the information technology environment as a key audit matter.

How our audit conducted this matter

Our audit procedures included, but is not limited to, the involvement of our information technology professionals to assist in understanding and evaluating the environment of general technology controls related to logical access management processes, change management and management of information technology operations, for systems considered relevant for the generation of information directly related to financial statements. As a result of these procedures, no control deficiencies related to the mentioned processes were identified. Based on these results, we consider acceptable the information extracted from the Company's systems for the planning and execution of our tests in the context of the individual and consolidated financial statements taken together.

Other matters

Statements of value added

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

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

Management is responsible for such other information, including the Management Report.

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

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is significantly inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise seems to contain material misstatements. If, based on our work, we conclude that there are material misstatements in the Management Report, we are required to communicate this matter. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Concluded on the appropriateness of Management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

São Paulo, March 01, 2023

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



Flávio Serpejante Peppe
Partner

C&A Modas S.A.

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



	Note Note	Parent Company		Consolidated	
		2022	2021	2022	2021
Assets					
Current					
Cash and cash equivalents	6	1,627,977	1,003,249	1,674,091	1,050,251
Short-term investments	7	8,735	-	8,735	-
Trade receivables	8	1,065,961	1,144,404	1,278,206	1,145,336
Derivatives	30.2.a	1,371	1,535	1,371	1,535
Related parties	9	4,335	643	95	504
Inventory	11	852,224	849,269	852,033	849,269
Taxes recoverable	12	898,651	848,803	899,433	849,155
Other Assets	13	39,200	33,337	39,259	33,348
Total current assets		4,498,454	3,881,240	4,753,223	3,929,398
Non-current assets					
Long-term assets					
Financial investment	7	-	7,776	-	7,776
Taxes recoverable	12	937,371	839,778	937,371	839,778
Deferred taxes	14	423,049	378,365	423,049	378,803
Judicial deposits	23.3	61,290	61,937	61,290	61,937
Related parties	9	76	133	76	133
Other Assets	13	2,528	2,587	2,528	2,587
Total long-term assets		1,424,314	1,290,576	1,424,314	1,291,014
Investments	15	48,655	31,272	-	-
Property and Equipment	16	865,545	836,269	865,545	836,269
Right-of-use assets - leases	18	1,565,447	1,640,290	1,565,447	1,640,290
Intangible assets	17	1,020,702	975,239	1,021,065	975,695
Total non-current assets		4,924,663	4,773,646	4,876,371	4,743,268
Total assets		9,423,117	8,654,886	9,629,594	8,672,666

C&A Modas S.A.



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

	Note	Parent Company		Consolidated	
	Note	2022	2021	2022	2021
Net liabilities and equity					
Current liabilities					
Lease liabilities	18	513,238	471,723	513,238	471,723
Trade payables	19	1,852,814	1,399,676	1,864,653	1,400,736
Loans and debentures	20	582,558	105,108	746,015	121,178
Derivatives	30.2.a	1,756	1,910	1,756	1,910
Labor liabilities	21	198,732	155,470	198,732	155,470
Related parties	9	48,567	59,454	43,592	59,017
Taxes payable	22	245,954	175,352	248,041	176,103
Other liabilities		29,733	28,585	63,704	28,918
Total current liabilities		3,473,352	2,397,278	3,679,731	2,415,055
Non-current assets					
Lease liabilities	18	1,275,974	1,342,425	1,275,974	1,342,425
Trade payables	19	12,570	435,060	12,570	435,060
Loans and debentures	20	1,404,817	1,253,648	1,404,817	1,253,648
Labor liabilities		7,370	5,675	7,370	5,675
Provisions for tax, civil and labor risks	23	182,750	169,526	182,847	169,526
Taxes payable	22	15,863	16,212	15,863	16,212
Other liabilities		50,226	40,056	50,226	40,056
Total non-current liabilities		2,949,570	3,262,602	2,949,667	3,262,602
Total liabilities		6,422,922	5,659,880	6,629,398	5,677,657
Equity					
Capital stock	24	1,847,177	1,847,177	1,847,177	1,847,177
Shares in Treasury		(6,778)	(1,362)	(6,778)	(1,362)
Capital reserve		37,641	27,861	37,641	27,861
Profit reserve		1,122,409	1,121,578	1,122,409	1,121,578
Other comprehensive income (loss)		(254)	(248)	(254)	(248)
Total controlling shareholders		3,000,195	2,995,006	3,000,195	2,995,006
Total non-controlling shareholders		-	-	1	3
Total shareholder's equity		3,000,195	2,995,006	3,000,196	2,995,009
Total liabilities and shareholder's equity		9,423,117	8,654,886	9,629,594	8,672,666

See accompanying notes.

C&A Modas S.A.



Statements of earnings

Periods ending December 31, 2022 and 2021

(In thousand Reals - R\$, except earnings per share)

	Note	Parent Company		Consolidated	
		2022	2021	2022	2021
Net Revenue	26	6,081,265	5,150,223	6,183,550	5,153,205
<i>Sale of goods and services</i>		5,926,749	4,978,231	5,926,177	4,978,231
<i>Financial Products and Services</i>		154,516	171,992	257,373	174,974
Cost of goods sold and services rendered	27	(3,076,995)	(2,754,776)	(3,077,441)	(2,755,897)
<i>Sale of goods and services</i>		(3,076,408)	(2,753,915)	(3,075,909)	(2,753,915)
<i>Financial Products and Services</i>		(587)	(861)	(1,532)	(1,982)
Gross Profit		3,004,270	2,395,447	3,106,109	2,397,308
Operating revenue (expenses):					
General and administrative expenses	27	(676,045)	(486,412)	(682,646)	(487,881)
Sales expenses	27	(2,178,333)	(2,026,254)	(2,260,266)	(2,025,632)
Net credit losses		-	-	(64,271)	(492)
Share of profit of subsidiaries	15	(52,667)	530	-	-
Other net operating income (expenses)	27	170,287	209,495	169,254	209,495
Operating profit before finance results		267,512	92,806	268,180	92,798
Foreign exchange variation		324	(691)	324	(691)
Finance expenses		(599,947)	(267,168)	(601,339)	(267,305)
Finance income		288,304	176,019	289,559	176,189
Finance results	28	(311,319)	(91,840)	(311,456)	(91,807)
Profit (loss) before income taxes		(43,807)	966	(43,276)	991
Income taxes	14	44,638	328,042	44,105	328,018
Profit for the year		831	329,008	829	329,009
Attributable to the shareholders:					
Non-controlling				(2)	1
Equity holders of the parent				831	329,008
				829	329,009
Basic profit per share in R\$	33			0.0027	1.0681
Diluted basic profit per share in R\$	33			0.0027	1.0617

See accompanying notes.

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Statement of comprehensive income (loss)
Periods ending December 31, 2022 and 2021
(in thousand Reals - R\$)

	Parent Company		Consolidated	
	2022	2021	2022	2021
Profit for the year	831	329,008	829	329,009
Other comprehensive results:				
Gain (loss) from derivatives	(9)	6,176	(9)	6,176
Tax effects	3	(2,100)	3	(2,100)
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	(6)	4,076	(6)	4,076
Total comprehensive results	825	333,084	823	333,085
Attributable to the shareholders:				
Non-controlling			(2)	1
Equity holders of the parent			825	333,084
			823	333,085

See accompanying notes.

C&A Modas S.A.

Statements of changes in equity
For the years ended December 31, 2022 and 2021
(in thousand Reals - R\$)



	Note	Capital reserve				Profit reserve			Other comprehensive income	Retained earnings (Accumulated Losses)	Total controlling interests	Non-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
Balance on December 31, 2020		1,847,177	-	10,516	8,859	48,600	-	1,874	742,096	(4,324)	-	2,654,798	2	2,654,800
Equity instruments granted - share-based compensation	10	-	-	-	8,486	-	-	-	-	-	-	8,486	-	8,486
Share buy-back		-	(1,362)	-	-	-	-	-	-	-	-	(1,362)	-	(1,362)
Destination of earnings:		-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	-	329,008	329,008	1	329,009
Legal reserve		-	-	-	-	16,450	-	-	-	-	(16,450)	-	-	-
Reserve for unrealized profits		-	-	-	-	-	75,720	-	-	-	(75,720)	-	-	-
Reserve for investments		-	-	-	-	-	-	-	227,160	-	(227,160)	-	-	-
Reserve for tax incentives	24.8	-	-	-	-	-	-	9,678	-	-	(9,678)	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-	4,076	-	4,076	-	4,076
Balance on December 31, 2021		1,847,177	(1,362)	10,516	17,345	65,050	75,720	11,552	969,256	(248)	-	2,995,006	3	2,995,009
Equity instruments granted - share-based compensation	10	-	-	-	9,780	-	-	-	-	-	-	9,780	-	9,780
Share buy-back		-	(5,416)	-	-	-	-	-	-	-	-	(5,416)	-	(5,416)
Destination of earnings:		-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	-	831	831	(2)	829
Legal reserve		-	-	-	-	42	-	-	-	-	(42)	-	-	-
Reserve for tax incentives	24.8	-	-	-	-	-	-	789	-	-	(789)	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-	(6)	-	(6)	-	(6)
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

See accompanying notes.



Statements of cash flow
For the years ended December 31, 2022 and 2021
(in thousand Reals - R\$)

	Note	Parent Company		Consolidated	
		2022	2021 (restated)	2022	2021 (restated)
Operating activities					
Income (loss) before income tax		(43,807)	966	(43,276)	991
Adjustments to reconcile income before income taxes to net cash flows:					
Allowance for (reversal) expected credit losses	8.4	4,582	5,133	68,527	5,626
Adjustment to present value of accounts receivables and suppliers		(480)	1,511	(480)	1,511
Expenses with stock-based compensation	10	9,780	8,486	9,780	8,486
Provisions for inventory losses	11.3	63,139	52,792	63,139	52,792
Gains/Recognition of tax claims, including monetary correction	12.2.1.4.	(225,271)	(312,738)	(225,271)	(312,738)
Share of profit of subsidiaries	15.2	52,667	(530)	-	-
Depreciation and amortization	16.3 and 17.3	294,967	246,647	295,060	246,655
Impairment (Reversal) of provisions for property and equipment, intangible and right-of-use assets		(6,141)	(3,900)	(6,141)	(3,900)
Losses from the sale or disposal of property and equipment and intangible assets		8,594	4,632	8,594	4,632
Rent disposal		(6,577)	(8,075)	(6,577)	(8,075)
Right-of-use amortization	18.4	381,532	338,325	381,532	338,325
Interest on leases	18.4	165,719	144,151	165,719	144,151
Interest on loans	20.4	272,449	81,458	272,449	82,181
Amortization of the transaction costs on loans	20.4	2,777	2,369	4,247	2,369
Provisions (reversal) for tax, civil and labor risks		42,047	(5,662)	42,144	(5,662)
Update of judicial deposits		(10,972)	(2,635)	(10,972)	(2,635)
Interest on investments in securities		(959)	(86)	(959)	(86)
Variations in assets and liabilities:					
Trade receivables		68,349	(97,395)	(206,909)	(98,717)
Related parties		(14,572)	(5,171)	(14,959)	23,737
Inventory		(66,094)	(261,041)	(65,903)	(261,041)
Taxes recoverable		77,830	63,747	77,400	63,822
Other credits		(5,804)	(10,304)	(5,852)	(10,316)
Judicial deposits		785	(8,854)	785	(8,854)
Trade payables		134,722	134,082	145,501	135,119
Labor liabilities		44,957	20,577	44,957	20,577
Other liabilities		10,739	6,647	44,377	6,979
Provisions for tax, civil and labor risks		(17,989)	(23,870)	(17,989)	(23,870)
Taxes payable		89,032	80,422	91,221	80,454
Income Tax and Social Contribution paid		(18,822)	(1,727)	(19,770)	(1,806)
Cash flow originating (invested in) operating activities		1,307,179	449,957	1,090,374	480,707
Investment activities					
Purchase of property and equipment		(193,203)	(302,840)	(193,203)	(302,840)
Purchase of intangible assets		(278,765)	(268,102)	(278,765)	(268,566)
Investments in subsidiary		(70,000)	-	-	-
Receivables from the sale of property and equipment		380	82	380	82
Cash flow used in investment activities		(541,588)	(570,860)	(471,588)	(571,324)
Investment activities					
New loans and debentures issued		850,000	500,000	1,291,249	515,347
Loan/debenture transaction costs		(6,104)	(3,812)	(7,574)	(3,812)
Repayment of loans		(295,000)	(381,500)	(590,042)	(381,500)
Interest paid on loans		(195,503)	(51,011)	(194,323)	(51,011)
Repayments and interest paid on leases		(488,840)	(438,262)	(488,840)	(438,262)
Investments in bonds and securities		-	(7,690)	-	(7,690)
Share buy-back		(5,416)	(1,362)	(5,416)	(1,362)
Interest on shareholder's equity and dividends paid		-	-	-	(1)
Net cash flows originating from (used by) financing activities		(140,863)	(383,637)	5,054	(368,291)
Net increase (decrease) in cash and cash equivalents		624,728	(504,540)	623,840	(458,908)
Cash and cash equivalents at the beginning of year		1,003,249	1,507,789	1,050,251	1,509,159
Cash and cash equivalents at the end of year		1,627,977	1,003,249	1,674,091	1,050,251

See accompanying notes.



Statements of value added.
Periods ending 31 December 2022 and 2021
(in thousand Reals - R\$)

	Parent Company		Consolidated	
	2022	2021 (restated)	2022	2021 (restated)
Revenue				
Sales of goods and services	7,918,641	6,734,089	8,034,803	6,737,322
Other net operating income (expenses)	202,980	227,244	202,980	227,244
Provision for/reversal of expected credit losses	31	(1,866)	(64,240)	(2,359)
	8,121,652	6,959,467	8,173,543	6,962,207
Inputs acquired from third parties				
Cost of merchandise and services sold	(3,003,603)	(2,705,149)	(3,003,105)	(2,705,149)
Materials, energy, third party services, and others	(1,017,627)	(947,364)	(1,053,989)	(949,708)
Impairment of assets	(49,593)	(55,054)	(49,593)	(55,054)
	(4,070,823)	(3,707,567)	(4,106,687)	(3,709,911)
Gross Value Added	4,050,829	3,251,900	4,066,856	3,252,296
Depreciation and amortization	(294,967)	(246,647)	(295,060)	(246,655)
Depreciation of right-of-use	(381,531)	(338,325)	(381,531)	(338,325)
Retentions	(676,498)	(584,972)	(676,591)	(584,980)
Net value added generated	3,374,331	2,666,928	3,390,265	2,667,316
Value added received through transfer				
Share of profit of subsidiaries	(52,667)	530	-	-
Finance income	327,142	197,501	328,464	197,679
	274,475	198,031	328,464	197,679
Total value added for distribution	3,648,806	2,864,959	3,718,729	2,864,995
Distribution of value added				
Personnel	883,831	747,035	937,891	747,048
Direct compensation	655,465	557,420	700,699	557,420
Benefits	152,471	133,608	152,471	133,608
Severance pay fund (FGTS)	55,855	44,923	55,855	44,923
Other	20,040	11,084	28,866	11,097
Taxes and Contributions	1,935,891	1,354,312	1,950,370	1,354,595
Federal	646,994	258,930	658,880	259,213
State	1,231,856	1,041,923	1,232,202	1,041,923
Municipal	57,041	53,459	59,288	53,459
Debt remuneration	828,253	434,604	829,641	434,342
Rentals	211,212	161,226	211,212	161,226
Finance expenses	617,041	273,378	618,429	273,116
Compensation on equity	831	329,008	827	329,010
Profit in the year	831	329,008	829	329,009
			(2)	1
Distribution of value added	3,648,806	2,864,959	3,718,729	2,864,995

See accompanying notes.



1. Operating Context

C&A Modas S.A. (hereafter the "Company" or "Controlling Entity") has its main offices located at Alameda Araguaia, 1.222 - Barueri - São Paulo - Brazil. The Company is a traded company, currently 33.79% 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 offering of such products
- activities specific to a payment institution.
- Apparel, toll manufactured by third parties at their own facilities, with C&A supplying the inputs and products distributed solely to the parent company.

The company sells its goods in 332 stores (319 stores and 4 mini-stores on December 31, 2021), supplied by 7 logistics operations and 4 distribution centers located in the states of São Paulo, Rio de Janeiro, 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 nor reviewed by our Independent auditors.

2. Basis of Preparation

The company's individual and consolidated financial statements for the years ended December 31, 2022 and 2021 were prepared according to the accounting practices adopted in Brazil, which comprise the accounting pronouncements and instructions and interpretations issued by the CPC [Comitê de Pronunciamentos Contábeis or Accounting Pronouncements Committee], approved by the Brazilian Federal Accounting Board [Conselho Federal de Contabilidade CFC], and by the Brazilian Securities and Exchange Committee CVM (Comissão de Valores Mobiliários), all of which comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB.

All the data relevant to the 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 March 01, 2023, the Board of Directors authorized the issuing of the individual and consolidated financial statements for the year ended December 31, 2022.

2.1. Basis of measurement and presumption of a going concern

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 going concerns.

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 financial statements were prepared based on the presumption of going concerns.

2.2. Functional and disclosure currency

The financial statements are submitted in thousand Reals (R\$), the functional and disclosure currency of the Company and its affiliates. 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 Earnings.

2.3. Statements 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. As a consequence, by IFRS, this statement is presented as supplementary information, without prejudice to the set of financial statements. 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. Impact of COVID-19

Following a period of uncertainty regarding the pandemic, the scenario is now stable. All stores were open during normal hours and sales have returned to pre-pandemic levels.

In preparing its financial statements for the period ended December 31, 2022 the Company made no specific assessment for the pandemic situation. However, it remains diligent regarding relevant themes such as liquidity, inventory, tax recovery, and expenses in general, all of which it monitors on a daily basis.



2.5. Changes in the 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 period ended December 31, 2022, 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 the balances for 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:

2.5.1 – Trade receivables

To improve the form of presentation, and for increased clarity and comparability for investors regarding our credit transactions, the Company reviewed how it submits trade receivable aging, and now discloses only the breakdown of the C&A Pay credit portfolio, no longer including third-party cards as it does not represent a significant risk to the Company and is not material to the users of its financial statements.

Below are our accounts receivable and the reclassifications that have been made:

2.5.1.1 – Breakdown of trade receivable

	Parent Company				Consolidated	
	As previously reported in 2021	Adjustment	As previously reported in 2021	Adjustment	As previously reported in 2021	Adjustment
Card operators (*)	988,865	14,884	1,003,749	988,865	14,884	1,003,749
C&A Pay Card - related parties	96,269	1,353	97,622	-	-	-
C&A Pay Card - third parties	-	-	-	97,694	545	98,239
Commissions receivable - telephony suppliers	13,013	-	13,013	13,013	-	13,013
Commissions receivable - insurers	6,506	-	6,506	6,506	707	7,213
Bradescard Partnership	9,562	-	9,562	9,562	-	9,562
Raw material sales to suppliers	29,823	-	29,823	29,823	-	29,823
Other	17,334	-	17,334	17,334	101	17,435
Present value adjustment	-	(16,237)	(16,237)	-	(16,237)	(16,237)
Allowances for expected credit losses	(16,968)	-	(16,968)	(17,461)	-	(17,461)
	1,144,404	-	1,144,404	1,145,336	-	1,145,336

Immediately below, we demonstrate our accounts receivables aging in the format disclosed on December 31, 2021 and currently disclosed in note 8.3:



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

	Parent Company	Consolidated
	2021	2021
Coming due:		
Up to 30 days	444,178	347,368
31 – 60 days	291,548	298,874
61 – 90 days	219,878	235,771
91 - 120 days	71,488	84,130
121 - 150 days	48,230	84,996
151 - 180 days	24,805	30,113
Longer than 180 days	43,424	63,422
	1,143,551	1,144,674
Past due:		
Up to 30 days	79	284
31 – 60 days	24	23
61 – 90 days	12	12
Longer than 90 days	738	246
	853	565
Trade receivables not recognized by customers (*)	-	97
Total	1,144,404	1,145,336

2.5.1.3. - C&A pay credit portfolio by past due range

	Consolidated
	2021
Coming due:	
Up to 30 days	376
31 – 60 days	6,943
61 – 90 days	15,912
91 - 180 days	54,750
Longer than 180 days	20,005
	97,986
Past due:	
Up to 30 days	253
	253
Total	98,239



2.5.2. – Statements of cash flow

After issuing the financial statements for the period ended December 31, 2021 Management found a disclosure error in the amount entered under “cash and cash equivalents”, which is being restated 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 in 2021	Adjustment	Balance in 2021 (Restated)	As previously reported in 2021	Adjustment	Balance in 2021 (Restated)
Operating activities						
Income before income tax	966	-	966	991	-	991
Rent disposal	-	(8,075)	(8,075)	-	(8,075)	(8,075)
Yield from investments in bonds and securities	-	(86)	(86)	-	(86)	(86)
Other credits	(18,379)	8,075	(10,304)	(18,391)	8,075	(10,316)
Trade payables	132,642	1,440	134,082	133,679	1,440	135,119
Other liabilities	8,087	(1,440)	6,647	8,419	(1,440)	6,979
Net cash flows from operating activities	450,043	(86)	449,957	480,793	(86)	480,707
Cash flow used in investment activities	(570,860)	-	(570,860)	(571,324)	-	(571,324)
Investments in bonds and securities	-	(7,690)	(7,690)	-	(7,690)	(7,690)
Cash flow originating from (applied in) finance activities	(375,947)	(7,690)	(383,637)	(360,601)	(7,690)	(368,291)
Increase (decrease) in cash and cash equivalents	(496,764)	(7,776)	(504,540)	(451,132)	(7,776)	(458,908)
Cash and cash equivalents at the start of the year	1,507,789	-	1,507,789	1,509,159	-	1,509,159
Cash and cash equivalents at the end of the year	1,011,025	(7,776)	1,003,249	1,058,027	(7,776)	1,050,251



2.5.3. – Statements of value added

After issuing the financial statements for the period ended December 2021, Management found a disclosure error in the Statements of Value Added, which is being restated 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 in 2021	Reclassification	Balance in 2021 (Restated)	As previously reported in 2021	Reclassification	Balance in 2021 (Restated)
Revenue						
Sales of goods and services	6,675,741	58,348	6,734,089	6,678,975	58,348	6,737,322
Other operating revenue	227,244	-	227,244	227,244	-	227,244
Provision for/reversal of expected credit losses	(1,866)	-	(1,866)	(2,359)	-	(2,359)
	6,901,119	58,348	6,959,467	6,903,860	58,348	6,962,207
Inputs acquired from third parties						
Cost of goods and services sold	(2,667,555)	(37,594)	(2,705,149)	(2,667,555)	(37,594)	(2,705,149)
Materials, energy, third party services, and others	(947,364)	-	(947,364)	(949,585)	(123)	(949,708)
Impairment of assets	(55,054)	-	(55,054)	(55,054)	-	(55,054)
	(3,669,973)	(37,594)	(3,707,567)	(3,672,194)	(37,717)	(3,709,911)
Gross Value Added	3,231,146	(20,754)	3,251,900	3,231,666	(20,630)	3,252,296
Depreciation and amortization	(246,647)	-	(246,647)	(246,655)	-	(246,655)
Depreciation of right-of-use	(307,986)	(30,339)	(338,325)	(307,986)	(30,339)	(338,325)
Retentions	(554,633)	(30,339)	(584,972)	(554,641)	(30,339)	(584,980)
Net value added generated	2,676,513	(9,585)	2,666,928	2,677,025	(9,709)	2,667,316
Value added received through transfer						
Share of profit of subsidiaries	530	-	530	-	-	-
Finance income	188,224	9,277	197,501	188,394	9,285	197,679
	188,754	9,277	198,031	188,394	9,285	197,679
Total value added for distribution	2,865,267	(308)	2,864,959	2,865,419	(424)	2,864,995
Distribution of value added						
Personnel and payroll charges	747,287	(252)	747,035	747,301	(253)	747,048
Direct compensation	557,744	(324)	557,420	557,744	(324)	557,420
Benefits	133,608	-	133,608	133,608	-	133,608
Severance pay fund (FGTS)	44,851	72	44,923	44,851	72	44,923
Other	11,084	-	11,084	11,098	(1)	11,097
Taxes and Contributions	1,313,323	40,989	1,354,312	1,313,721	40,874	1,354,595
Federal	219,261	39,669	258,930	219,659	39,554	259,213
State	1,040,603	1,320	1,041,923	1,040,603	1,320	1,041,923
Municipal	53,459	-	53,459	53,459	-	53,459
Debt remuneration	475,649	(41,045)	434,604	475,388	(41,046)	434,342
Rentals	200,304	(39,078)	161,226	200,304	(39,078)	161,226
Finance expenses	275,345	(1,967)	273,378	275,084	(1,968)	273,116
Compensation on equity	329,008	-	329,008	329,009	-	329,010
Profit in the year	329,008	-	329,008	329,009	-	329,009
Share of withheld profits of non-controlling shareholders	-	-	-	-	1	1
Distribution of value added	2,865,267	(308)	2,864,959	2,865,419	(424)	2,864,995



2.5.4. – Explanatory Note on Composition of Net Revenue

Management identified a disclosure error in the composition of Net Revenue disclosed in the 2021 fiscal year and for this reason is resubmitting this explanatory note. This error did not affect the total Net Revenue, so it had no impact on the Income Statement.

Below, we demonstrate the amounts and headings impacted in said note:

	Parent Company			Consolidated		
	As previously reported in 2021	Reclassification	Restated balance in 2021	As previously reported in 2021	Reclassification	Restated balance in 2021
Sale of goods	6,632,087	346,389	6,978,476	6,632,087	346,389	6,978,476
Cancellations, exchanges, and vouchers	(153,039)	(346,389)	(499,428)	(153,039)	(346,389)	(499,428)
Sales taxes	(1,518,415)	-	(1,518,415)	(1,518,415)	-	(1,518,415)
Net revenue from the sale of goods	4,960,633	-	4,960,633	4,960,633	-	4,960,633
Commission revenue from the sale of financial services - Bradescard partnership	159,568	-	159,568	159,568	-	159,568
Commission revenue from the sale of partner insurance	31,380	-	31,380	31,380	407	31,787
Commission revenue from other services rendered	20,506	-	20,506	20,506	-	20,506
Net revenue from credit securitization	-	-	-	2,523	-	2,523
Revenue from financial products	-	-	-	710	(407)	303
Taxes on commissions and services	(21,864)	-	(21,864)	(22,115)	-	(22,115)
Net revenue from services rendered	189,590	-	189,590	192,572	-	192,572
	5,150,223	-	5,150,223	5,153,205	-	5,153,205

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 financial statements Company investments in its affiliates are recorded using the equity method.

Consolidated financial statements include the Company and its affiliates Orion Instituição de Pagamento S.A. and Moda Lab Ltda.



Affiliates	Shareholding	
	2022	2021
Orion Instituição de Pagamento S.A.	99.99%	99.80%
Moda Lab LTDA	99.00%	-
C&A Pay Holding Financeira Ltda	99.99%	-

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 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, accreditor and sub-accreditor, 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 toll-manufactured apparel, with C&A supplying the inputs and the patterns, dies, or models to the third-party manufacturers. 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 with Brazilian Central Bank (BACEN) authorization to operate. It is directly controlled by C&A Pay Sociedade de Crédito S.A., 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. Neither company was operational as of December 31, 2022 and for this reason were not included in the Company's consolidated statements for the period ended December 31, 2022.

4. Accounting policies

The main accounting policies used to prepare these Individual and Consolidated 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.



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

These amendments shall be effective as of January 1, 2023 and must be applied retrospectively. These changes are not expected to impact the Company's 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.

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

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 material accounting policies with significant accounting policies and adding guidelines as to how entities shall apply the concept of materiality to make decisions regarding the Disclosure of accounting policies.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 with early adoption permitted. Given that the amendments to *Practice Statement 2* provide non-mandatory guidelines for applying the definition of material as regards Accounting policies, a date for adopting this amendment is not necessary. The Company is currently analyzing the impact of these changes on the accounting policies disclosed.

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

Management has analyzed the accounting standards, instructions, and pronouncements that became effective for the first time in the period starting January 1, 2022. The Company decided



against early adoption of other standards, interpretations, or amendments issued but not yet applicable.

a) IAS amendment IAS 37/ NBC TG 25 - Onerous Contracts: Cost to fulfill a contract

The main changes specify that the cost to fulfill a contract includes “costs directly related to the contract”. Costs related directly to a contract may be the incremental costs to fulfill this contract, or the allocation of other costs directly related to contract fulfillment. From time to time management reviews its contracts and recognizes possible provisions as warranted.

5. Significant accounting judgments, estimates and premises

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

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

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 policies

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 statements of financial position.

6.2. Breakdown of cash and cash equivalents

	Parent Company		Consolidated	
	2022	2021	2022	2021
Cash	4,426	4,490	4,426	4,490
Banks	53,930	51,354	56,621	68,182
Financial investments	1,569,621	947,405	1,613,044	977,579
	1,627,977	1,003,249	1,674,091	1,050,251

The Company has fixed-yield financial investments indexed to 80.0% to 105.71% of Interbank Certificates of Deposit (CDIs); these can be redeemed at any time from the issuing institution with no loss in contracted yield.

7. Financial investments

7.1. Accounting policies

Financial investments not considered as 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.

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 March 2023 and September 2023.



7.2. Breakdown of Financial investment

	Index	Rate	Parent Company		Consolidated	
			2022	2021	2022	2021
LTF (Brazilian Treasury Notes)	SELIC	100%	8,735	7,776	8,735	7,776
			8,735	7,776	8,735	7,776
Current assets			8,735	-	8,735	-
Non-current assets			-	7,776	-	7,776

8. Trade receivables

8.1. Accounting policies

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

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

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 stated in Note 30.2.b.ii.

Current losses include amounts not reconciled with the business partner and chargebacks, which are not relevant compared to the Company's total receivables. They also include credit transactions written off to loss after 360 days past due. Transactions with our private-label C&A Pay card started in December 2021.



Notes to the financial statements
December 31, 2022 and 2021
(in thousand Reals unless otherwise stated)

8.2. Breakdown of trade receivables

	Parent Company		Consolidated	
	2022	2021 (restated)	2022	2021 (restated)
Card operators (*)	733,956	1,003,749	733,956	1,003,749
C&A Pay Card - related parties	308,796	97,622	-	-
C&A Pay Card - third parties	-	-	562,632	98,239
Receivable - telephony suppliers	9,474	13,013	9,474	13,013
Commissions receivable - insurers	30,486	6,506	45,924	7,213
Bradescard Partnership	2,343	9,562	2,343	9,562
Raw material sales to suppliers	1,261	29,823	1,261	29,823
Other	18,331	17,334	25,740	17,435
Present value adjustment	(21,749)	(16,237)	(21,749)	(16,237)
Allowances for expected credit losses	(16,937)	(16,968)	(81,375)	(17,461)
	1,065,961	1,144,404	1,278,206	1,145,336

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

In December/22, the Company received in advance from acquirers the amount of R\$ 259,112 referring to its credit card receivables. This operation had a cost of R\$1,532 equivalent to a rate of 1.19% per month, recorded as bank expenses. These funds were mainly allocated to the early settlement of loans in the amount of R\$ 230,000.

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

	Consolidated	
	2022	2021
Coming due:		
Up to 30 days	127,055	376
31 – 60 days	85,049	6,943
61 – 90 days	58,792	15,912
91 - 180 days	107,183	54,750
Longer than 180 days	66,426	20,005
	444,505	97,986
Past due:		
Up to 30 days	10,381	253
31 – 60 days	10,293	-
61 – 90 days	15,454	-
Longer than 90 days	81,999	-
	118,127	253
Total	562,632	98,239



8.4. Changes in provisions for expected credit losses

	Parent Company		Consolidated	
	2022	2021	2022	2021
Balance on December 31	(16,968)	(15,102)	(17,461)	(15,102)
(Provision)/Reversal	(4,582)	(5,133)	(68,853)	(5,626)
Loss	4,613	3,267	4,939	3,267
Balance on December 31	(16,937)	(16,968)	(81,375)	(17,461)
<i>Provisions for losses, C&A pay</i>	-	-	(64,438)	(493)
<i>Provisions to other losses</i>	(16,937)	(16,968)	(16,937)	(16,968)

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 operations are written off after 360 days of delay, and thus are reversed as provisions for expected losses.

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 to 90 days past due	91 to 360 days past due

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 2022		
	Portfolio	Provisions	% Coverage
Stage 1	445,148	3,086	0.69%
Stage 2	34,775	4,263	12.26%
Stage 3	82,709	56,746	68.61%
On-Balance-Sheet Balance	562,632	64,095	11.39%
Off-Balance-Sheet Balance	1,143,596	343	0.03%
Grand Total	1,706,228	64,438	3.78%
Coverage over credit portfolio			11.45%



8.5. 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 December 31, 2022 and 2021 were 1.12% and 0.77% 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 years ended December 31, 2022 and 2021 there was no need to recognize provisions for expected credit losses in related party trade receivables.

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 Parent Company final	C&A Sourcing
COFRA AG	COFRA Latin America
Direct Subsidiary	Instituto C&A
Orion Inst. 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.	



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

9.1. On-balance-sheet transactions

Assets	Parent Company		Consolidated	
	2022	2021	2022	2021
Trade receivables				
Instituto C&A de Desenvolvimento Social (*)	28	13	28	13
COFRA Latin America (*)	10	435	10	435
Orion Inst. Pagamento (*)	4,240	6	-	-
	4,278	454	38	448
Dividends receivable				
Orion Inst. Pagamento	-	133	-	-
	-	133	-	-
Prepaid expenses				
C&A Services	133	189	133	189
	133	189	133	189
Total related party assets	4,411	776	171	637
Related party assets - current	4,335	643	95	504
Related party assets - non current	76	133	76	133
(*) COFRA Group companies have an agreement whereby general and administrative expenses are shared.				
Liabilities	Parent Company		Consolidated	
	2022	2021	2022	2021
Accounts payable				
C&A Sourcing	41,713	56,660	41,713	56,660
Cyamprev Soc. Previd. Privada	1,879	2,337	1,879	2,337
COFRA Latin America	-	19	-	19
Orion Inst. Pagamento	4,975	438	-	-
	48,567	59,454	43,592	59,016
Interest on shareholder's equity and dividends				
COFRA Latin America	-	-	-	1
	-	-	-	1
Total related party liabilities	48,567	59,454	43,592	59,017
Related party liabilities - current	48,567	59,454	43,592	59,017



9.2. Transactions in the statement of earnings for the period

	Parent Company		Consolidated	
	2022	2021	2022	2021
Reimbursement for shared expenses				
Cyamprev Soc. Prev. Privada	1,003	1,233	1,003	1,233
Instituto C&A de Desenvolvimento social	-	15	-	15
COFRA Latin America	79	79	79	79
Orion Inst. Pagamento	33,082	80	-	-
	34,164	1,407	1,082	1,327
Revenue from services rendered				
C&A Mexico	-	4,085	-	4,085
	-	4,085	-	4,085
Merchandise purchased				
C&A Sourcing	(338,562)	(230,892)	(338,562)	(230,892)
Moda Lab	(2,799)	-	-	-
	(341,361)	(230,892)	(338,562)	(230,892)
Services purchased				
C&A Services	(1,706)	(1,698)	(1,706)	(1,698)
COFRA Latin America	(216)	(197)	(216)	(197)
	(1,922)	(1,895)	(1,922)	(1,895)
Pension fund contributions				
Cyamprev Soc. Prev. Privada	(7,851)	(6,066)	(7,851)	(6,066)
	(7,851)	(6,066)	(7,851)	(6,066)

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

Expenses (paid and payable) for Management compensation in the periods ended 31 December 2022 and 2021 were:

	Parent Company and Consolidated	
	2022	2021
Fixed Compensation	12,579	11,163
Variable Compensation	3,170	10,360
Contributions to post-employment plans	264	331
Long-Term Incentives	4,280	5,708
Total excluding charges	20,293	27,562
Charges	3,561	3,186
Total including charges	23,854	30,748

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



10. Stock-based compensation plan

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

2019 Grants

The first stock-based compensation program was approved at a meeting of the Board of Directors held on October 21, 2019, as per the terms of the Company's Purchase Option Plan. As a result of granting options to purchase stock, 1,148,148 options were granted 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, a meeting of the Board of Directors was held, in which a new amendment to the conditions for granting 1,062,037 options out of the 1,148,148 granted was approved. These options started to follow the same rules of the "Grants 2021", and for this reason they started to be disclosed together. Below are the rules for the remaining grants of 86,111, currently in force in the "Grants 2019" program.

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 December 31, 2022 was 2.81 years. The weighted average fair value of the options granted during the period is R\$ 8.94 in the original program, and R\$ 2.41 incremental fair value for the options replaced according to the calculation method established in CPC 10. The exercise price shall be adjusted whenever dividends are paid or stock is grouped or split.



2021 Grants

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

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.

In fiscal year 2022, 134,596 options lapsed, and in 2021 43,133 options lapsed. No options were exercised or matured in fiscal year 2022 and 2021.

The contractual term for the stock options remaining on December 31, 2022 was 1.15 years. The fair value of the options granted during 2022 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.



A total of 199,829 options lapsed in 2022.

The contractual term for the stock options remaining on December 31, 2022 was 2.23 years. The fair value of the options granted in 2022 was R\$2.66.

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

Changes:

Program	2019 grants 2nd replacement	2019 grants transferred to 2021 grants	2021 Grants	2022 Grants	Total
Balance on 01/01/2021	1,148,148	-	-	-	1,148,148
Granted	-	-	1,506,702	-	1,506,702
Changes	(1,062,037)	1,062,037	-	-	-
Cancelled	-	-	(43,133)	-	(43,133)
Balance on 12/31/2021	86,111	1,062,037	1,463,569	-	2,611,717
Granted	-	-	68,836	3,619,618	3,688,454
Cancelled	-	-	(177,730)	(199,829)	(377,559)
Balance on 31/12/2022	86,111	1,062,037	1,354,675	3,419,789	5,922,612

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	21/10/2023	21/10/2024	21/10/2025	24/02/2024	24/02/2024	23/03/2025
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%

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 were recorded or will be recorded in 2021 and 2022:

Expenses recognized				
Year	2019 Grants	2021 Grants	2022 Grants	Total
2021	3,183	5,303	-	8,486
2022	1,055	7,091	1,634	9,780

Expenses to be recognized				
Year	2019 Grants	2021 Grants	2022 Grants	Total
2023	-	7,938	3,350	11,288
2024	-	1,196	3,360	4,556
2025	-	-	752	752
	-	9,134	7,462	16,596

11. Inventory

11.1. Accounting policies

Inventory is measured as the lowest between the average purchase 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. They are deducted from bonuses received from suppliers and from the adjustment to present value of the purchase of goods in installments, which is carried out in accordance with the inventory turnover in the cost of goods sold account. The cost of imported goods includes gains or 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.



11.2. Inventory breakdown

	Parent Company		Consolidated	
	2022	2021	2022	2021
Goods for resale	871,063	873,953	870,872	873,953
Merchandise sold and in transit for delivery to customers	681	1,154	681	1,154
Advances to raw material suppliers	811	-	811	-
Present value adjustment	(17,289)	(11,651)	(17,289)	(11,651)
Provisions for losses	(37,258)	(45,961)	(37,258)	(45,961)
	818,008	817,495	817,817	817,495
Imports in transit	34,216	31,774	34,216	31,774
	852,224	849,269	852,033	849,269

11.3. Changes in provisions for losses

	2022	2021
Balance on December 31	45,961	34,108
Provision	63,139	52,792
Reversals due to utilization	(71,842)	(40,939)
Balance on December 31	37,258	45,961

During 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. In the year ended December 31, 2022, the Company had completed the total inventory process in 311 establishments (304 establishments in the year ended December 31, 2021).

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

12. Taxes recoverable

12.1. Accounting policies

The following are considered recoverable taxes::

- . Taxes resulting from normal Company operations and that may offset and/or recovered,
- . As per 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	
	2022	2021	2022	2021
Previously unused PIS / COFINS credit	1,363,664	1,521,074	1,363,664	1,521,074
PIS/COFINS (taxes on revenue)	164,489	-	164,498	-
ICMS (ii)	182,883	115,661	182,887	115,661
IT/CSLL	39,060	29,476	39,456	29,820
IRRF (withholding taxes)	28,365	9,664	28,735	9,672
IPI (excise tax)	328	328	328	328
Other	57,233	12,378	57,236	12,378
	1,836,022	1,688,581	1,836,804	1,688,933
Current assets	898,651	848,803	899,433	849,155
Non-current assets	937,371	839,778	937,371	839,778

12.2.1 Previously unused PIS / COFINS credit

12.2.1.1. ICMS on the basis for calculating PIS and COFINS

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

On February 28, 2019, the favorable final ruling on the injunction seeking recognition of the right to not include ICMS in the basis for calculating PIS and COFINS in the period between January 2002 and December 2014 was passed, in line with the decision made in leading case RE 574706, recognizing that the ICMS highlighted in a fiscal document is not part of the calculation basis of the contribution to PIS and COFINS. On February 23, 2022 the final ruling was passed on the second claim covering the period between 2015 and 2017. On December 31, 2022 previously unused credits added up to R\$ 1,073,148.

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

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.

Because of the favorable ruling, an asset was created/booked for credits associated with periods more than 5 years prior to filing the claim (March 31, 2016), in the updated (December 31, 2022) amount of R\$ 148,583.



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

12.2.1.3 Credit associated with the “Lei do Bem” (tax relief law) Claim

On August 16, 2027 the Company filed an Injunction to discuss the right to use the zero PIS and COFINS rate defined in Law 11,196/2005 (known as “Lei do Bem” or “Law for Good”) on the retail sale of smartphones manufactured in Brazil.

On October 27, 2022 a final ruling was issued by the Supreme Court (STJ) in favor of the Company, recognizing its right to enjoy the benefits of reducing the rate to zero through December 12, 2018, also granting the Company the right to receive compensation or reimbursement for amounts paid in excess. In December 2022 the Company recognized R\$ 141,933.

12.2.1.4 Expected realization of previously unused PIS and COFINS credits on December 31, 2022.

Year	R\$
2023	724,854
2024	158,489
2025	125,493
2026	228,758
2027	126,070
Total	1,363,664

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, these 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 previously unused PIS and COFINS credits in the periods ended December 31, 2022 and 2021:

	2022	2021
Balance on December 31	1,521,074	1,361,210
Recognition of the principal	99,487	181,435
Recognition dos interest + updates	125,784	98,691
Offset by	(382,681)	(120,262)
Balance on December 31	1,363,664	1,521,074



12.2.2. ICMS Credits

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

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

In light of this scenario, although a final unappealable ruling has yet to be issued, on December 31, 2021 the Company partially recorded its best estimate, in the amount of R\$ 31,612. In 2022 best estimates were complemented to make up an updated balance of R\$ 75,382 on December 31, 2022.

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 on this theme is passed. Considering that the Company filed claims regarding this topic, and that the final rulings are almost certain favor of the Company, the corresponding amounts were booked, totaling R\$ 14,317 on December 31, 2022.

12.2.2.3 Social security credits

In 2010 and 2011, the company filed Ordinary Claims discussing the incidence of social security on certain 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, even though the final unappealable ruling has yet to be passed, the company partially booked its best estimate, the balance of which was R\$ 51,750 on December 31, 2022.



13. Other assets

	Parent Company		Consolidated	
	2022	2021	2022	2021
Prepaid expenses	36,367	31,184	36,426	31,184
I.P.T.U. (property tax)	670	103	670	103
Employee loans and advances	1,928	2,022	1,928	2,022
Actuarial assets	632	2,552	632	2,552
Other	2,131	63	2,131	74
	41,728	35,924	41,787	35,935
Current assets	39,200	33,337	39,259	33,348
Non-current assets	2,528	2,587	2,528	2,587

14. Income Tax and Social Contribution

14.1 Accounting policies

a) Income Tax and Social Contribution - current

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.

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. Tax overpayment

On September 24, 2021 the Federal Supreme Court (STF) published its understanding that IRPJ and CSLL (taxes on income) shall not apply to Selic-based corrections on tax overpayments.

On January 9, 2012 the Company took out a Writ of Mandamus claiming the right to not have IRPJ and CSLL levied on monetary correction, including the Selic rate. Based on the interpretation of ICPC 22 (uncertainty on income tax treatments) and CPC 32 (income taxes), in December 2021 the Company recorded its best estimate of deferred income tax and social contribution assets, or R\$ 311,031, and R\$ 26,137 as taxes recoverable.

On November 29, 2022 the final ruling was issued in favor of the Company. On December 31, 2022 the final amount calculated was an increase in Tax Losses and Negative Basis for CSLL in the amount of R\$ 201,670, and R\$ 28,404 in taxes recoverable.

14.3. Breakdown and changes in deferred taxes

	Balance on 12/31/2021	Parent Company		Balance on 31/12/2022
		Increase/(Reduction) in earnings	in shareholder' s equity	
Tax losses and negative bases	364,017	48,616	-	412,633
Temporary differences:				
Provisions for tax, civil and labor risks	86,626	8,180	-	94,806
Provisions for losses in inventories and accounts receivable	21,534	(1,374)	-	20,160
Provisions for loss of property and equipment and right-of-use assets	8,498	(2,087)	-	6,411
Provisions for profit sharing	19,176	3,225	-	22,401
CPC 06 (R2)/IFRS 16 leases	62,451	18,162	-	80,613
Other	70,062	3,021	3	73,086
Deferred tax assets	632,364	77,743	3	710,110
Gains from legal cases	(252,091)	(24,559)	-	(276,650)
Present value adjustment	(1,908)	(8,503)	-	(10,411)
Deferred tax liabilities	(253,999)	(33,062)	-	(287,061)
Balance of deferred tax assets (liabilities)	378,365	44,681	3	423,049



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	Balance on 12/31/2021	Consolidated Increase/(Reduction)		Balance on 31/12/2022
		in earnings	in shareholder' s equity	
Tax losses and negative bases	364,017	48,616	-	412,633
Temporary differences:				
Provisions for tax, civil and labor risks	86,626	8,180	-	94,806
Provisions for losses in inventories and accounts receivable	21,972	(1,812)	-	20,160
Provisions for loss of property and equipment and right-of-use assets	8,498	(2,087)	-	6,411
Provisions for profit sharing	19,176	3,225	-	22,401
CPC 06 (R2)/IFRS 16 leases	62,451	18,162	-	80,613
Other	70,062	3,021	3	73,086
Deferred tax assets	632,802	77,305	3	710,110
Gains from legal cases	(252,091)	(24,559)	-	(276,650)
Present value adjustment	(1,908)	(8,503)	-	(10,411)
Deferred tax liabilities	(253,999)	(33,062)	-	(287,061)
Balance of deferred tax assets (liabilities)	378,803	44,243	3	423,049

	Balance on 31/12/2020	Parent Company Increase/(Reduction)		Balance on 12/31/2021
		in earnings	in shareholder' s equity	
Tax losses and negative bases	265,898	98,119	-	364,017
Temporary differences:				
Provisions for tax, civil and labor risks	96,667	(10,041)	-	86,626
Provisions for losses in inventories and accounts receivable	16,175	5,359	-	21,534
Provisions for loss of property and equipment and right-of-use assets	9,824	(1,326)	-	8,498
Provisions for profit sharing	15,976	3,200	-	19,176
CPC 06 (R2)/IFRS 16 leases	46,626	15,825	-	62,451
Other	79,369	(7,207)	(2,100)	70,062
Deferred tax assets	530,535	103,929	(2,100)	632,364
Gains from legal cases	(456,033)	203,942	-	(252,091)
Present value adjustment	(3,010)	1,102	-	(1,908)
Deferred tax liabilities	(459,043)	205,044	-	(253,999)
Balance of deferred tax assets (liabilities)	71,492	308,973	(2,100)	378,365



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	Balance on 31/12/2020	Consolidated Increase/(Reduction)		Balance on 12/31/2021
		in earnings	in shareholder' s equity	
Tax losses and negative bases	265,898	98,119	-	364,017
Temporary differences:				
Provisions for tax, civil and labor risks	96,667	(10,041)	-	86,626
Provisions for losses in inventories and accounts receivable	16,175	5,797	-	21,972
Provisions for loss of property and equipment and right-of-use assets	9,824	(1,326)	-	8,498
Provisions for profit sharing	15,976	3,200	-	19,176
CPC 06 (R2)/IFRS 16 leases	46,626	15,825	-	62,451
Other	79,369	(7,207)	(2,100)	70,062
Deferred tax assets	530,535	104,367	(2,100)	632,802
Gains from legal cases	(456,033)	203,942	-	(252,091)
Present value adjustment	(3,010)	1,102	-	(1,908)
Deferred tax liabilities	(459,043)	205,044	-	(253,999)
Balance of deferred tax assets (liabilities)	71,492	309,411	(2,100)	378,803

14.4. Expected realization of deferred tax assets on December 31, 2022

Parent Company and Consolidated	
Year	R\$
2023	152,334
2024	62,487
2025	75,589
2026	116,054
2027	100,957
De 2028 a 2030	174,951
De 2031 a 2032	27,738
	710,110



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14.5. Reconciliation of effective rate

	Parent Company		Consolidated	
	2022	2021	2022	2021
Pre-tax profit (loss)	(43,807)	966	(43,276)	991
Income tax and social contribution expenses at statutory rates - 34%	14,894	(328)	14,714	(337)
Adjustments to reflect the effective rate				
Share of profit of subsidiaries (*)	(17,842)	180	-	-
Non-deductible donations	(2,610)	(1,872)	(2,610)	(1,872)
Adjustments in transfer pricing	(1,456)	(2,418)	(1,456)	(2,418)
Technology innovation (R&D) incentives	-	(70)	-	(70)
Corporate gifts and non-deductible fines	(718)	(1,111)	(718)	(1,114)
Investment Subsidies	4,629	3,291	4,629	3,291
IT and SC from previous periods	2,272	(261)	1,738	(261)
Other additions and exclusions	-	-	-	144
Undue Taxes	45,469	330,631	45,469	330,631
Operating Losses	-	-	(1,026)	-
Deferred taxes on temporary differences not constituted (*)	-	-	(16,635)	-
Taxes calculated on that portion exempt from the additional 10%	-	-	-	24
Income Tax and Social Contribution on profits	44,638	328,042	44,105	328,018
Current	(43)	19,069	(138)	18,607
Deferred	44,681	308,973	44,243	309,411
	44,638	328,042	44,105	328,018
Effective rate	102%	-33,953%	102%	-33,062%

(*) 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 are booked in the individual financial statements using the equity method.

After applying 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 policies

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 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.

15.3. Information on investments in the subsidiary

2022								
	Shareholding	Current 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

2021								
	Shareholding	Assets	Liabilities	Net Collecti on	Gross Revenue gross	Profit	Book value of the investment	Share of profit of subsidiaries
Orion	99.8%	146,814	(115,539)	31,275	3,855	531	31,272	530



15.4. Changes in investment

	Orion	Moda Lab
Balance of investments on December 31, 2020	875	-
Share of profit of subsidiaries	530	-
Advances for future capital increases	30,000	-
Dividends declared	(133)	-
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)

As disclosed in note 3.3, on December 31, 2022 C&A Pay Holding Ltda. was created. On December 31, 2022 the Capital stock invested in C&A Pay Holding by parent company C&A Modas S.A. was R\$ 7,683, not yet paid in.

16. Property and Equipment

16.1. Accounting policies

Recorded at the cost of purchase, formation, or construction of the assets, deducted from recoverable taxes. Are plus consideration of the provisions for store restoration if not included in the right-of-use, less depreciation and provisions for losses in 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.

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 from writing off the asset (calculated as the difference between the net sale value and the book value of the asset) is included in the statement of earnings for the period in which the asset was written off.



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

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

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

The company has no property and equipment pledged as collateral.



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

	Average annual depreciation rate	Balance on December 31, 2021	Additions (iii)	Depreciation	Write-offs	Transfers	Transfer to intangibles	Reversals (provisions) impairment	Balance on December 31, 2022
Machinery and equipment	6.5%	98,864	255	(9,685)	(2,838)	3,236	-	3,470	93,302
Furniture and fixtures	10.8%	229,769	21,500	(33,007)	(1,087)	11,145	-	187	228,507
IT Equipment	20.3%	89,808	23,227	(30,816)	(460)	5,271	-	258	87,288
Vehicles	20.0%	14	-	(13)	-	-	-	-	1
Leasehold improvements (i)	9.4%	397,914	5	(63,433)	(2,775)	107,282	-	824	439,817
Land	-	126	-	-	-	-	-	-	126
Construction in progress	-	18,291	123,430	-	-	(126,934)	-	-	14,787
Provisions for returning stores	-	1,483	-	-	-	-	-	-	-
(ii)	-	-	450	(216)	-	-	-	-	1,717
Total		836,269	168,867	(137,170)	(7,160)	-	-	4,739	865,545

	Average annual depreciation rate	Balance on December 31, 2020	Additions (iii)	Depreciation	Write-offs	Transfers	Transfer to intangibles	Reversals (provisions) impairment	Balance on December 31, 2021
Machinery and equipment	7.7%	63,797	9,357	(11,100)	(187)	39,924	-	(2,927)	98,864
Furniture and fixtures	14.5%	187,294	67,599	(44,794)	(234)	18,958	-	946	229,769
IT Equipment	20.2%	63,014	45,917	(23,409)	(260)	4,779	-	(232)	89,808
Vehicles	20.0%	41	-	(27)	-	-	-	-	14
Leasehold improvements (i)	10.5%	335,581	6,522	(77,854)	(4,011)	132,935	-	4,741	397,914
Land	-	126	-	-	-	-	-	-	126
Construction in progress	-	15,411	205,748	-	-	(195,379)	(7,489)	-	18,291
Provisions for returning stores	-	744	900	(161)	-	-	-	-	1,483
Other	-	1,217	-	-	-	(1,217)	-	-	-
Total		667,225	336,043	(157,345)	(4,692)	-	(7,489)	2,528	836,269

- (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 31 lease agreements with fully variable payments. These are linked to provisions for dismantling and returning stores.
- (iii) In 2022 the Company purchased R\$ 168,867 in property and equipment. Of this, R\$ 19,364 of this as supplier accounts payable (R\$ 43,700 in 2021); in R\$ 43,700 were paid out in 2022 for purchases made prior to December 31, 2021 (R\$ 10,497 in 2021 regarding 2020).



16.4. Assets useful life review

During the year 2022, the Company carried out, with the help of a specialized consultancy, the review of the useful life of its assets in accordance with pronouncement CPC 27 Fixed Assets. This review was necessary so that the useful life of the assets reflected the Company's current investment strategy. The methodology applied in the study consisted of carrying out research, technical and documentary analysis that indicated certain useful life intervals, taking into account the typology, nature of each asset, application in the Company's operation, operating conditions and maintenance of the asset.

As a result, the study indicated an extension of the useful life for certain categories that led to a reduction in depreciation expenses. The effect generated by this reduction in depreciation expenses was a reversal of R\$40,526, of which R\$5,710 against Administrative Expenses and R\$34,816 against Selling Expenses, as disclosed in Note 27. depreciation before and after the rate review, for asset classes that have changed:

Accounting Classes	Depreciation Expenses			Average Lifetime (years)	
	Original	Revised	Variation	2021	2022
Machinery and equipment	12,505	9,685	2,820	13	15
Furniture and fixtures	51,867	33,007	18,860	7	9
Leasehold improvements	82,278	63,433	18,846	9	11
	146,651	106,124	40,526		

16.5. Impairment of Property and Equipment and Intangible Assets

16.5.1. Accounting policies

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, that 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 or 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 to 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 valuation approach 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 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.

16.5.2. 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:

- (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 December 31, 2022 the Company had provisions for asset impairment to impairment in the amount of R\$ 18,855 (R\$ 23,647 on December 31, 2021), R\$ 16,037 associated with the impairment test (R\$ 15,941 on December 31, 2021), and R\$ 2,818 in provisions for writing down assets due to store refurbishment and closures (R\$ 6,782 on December 31, 2021).



17. Intangible assets

17.1. Accounting policies

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, impairment tests are performed annually.

17.2. Breakdown of intangibles:

Parent Company	2022				2021			
	Cost	Accumulated amortization	Provision for impairment	Accounting Balance	Cost	Accumulated amortization	Provision for impairment	Accounting Balance
Software	1,136,302	(578,031)	(119)	558,152	787,579	(423,041)	(163)	364,375
Goodwill	72,211	(50,977)	(750)	20,484	70,387	(49,993)	(761)	19,633
Right to explore financial services	415,000	-	-	415,000	415,000	-	-	415,000
Intangibles in process	27,066	-	-	27,066	176,231	-	-	176,231
Total	1,650,579	(629,008)	(869)	1,020,702	1,449,197	(473,034)	(924)	975,239

Consolidated	2022				2021			
	Cost	Accumulated amortization	Provision for impairment	Accounting Balance	Cost	Accumulated amortization	Provision for impairment	Accounting Balance
Software	1,136,765	(578,131)	(119)	558,515	788,043	(423,049)	(163)	364,831
Goodwill	72,211	(50,977)	(750)	20,484	70,387	(49,993)	(761)	19,633
Right to explore financial services	415,000	-	-	415,000	415,000	-	-	415,000
Intangibles in process	27,066	-	-	27,066	176,231	-	-	176,231
Total	1,651,042	(629,108)	(869)	1,021,065	1,449,661	(473,042)	(924)	975,695



17.3. Changes in intangibles:

Parent Company								
	Average annual amortization rate (%)	Balance on December 31, 2021	Additions (i)	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment
Software	18.5%	364,375	-	(155,061)	(126)	348,920	-	44
Goodwill	10.0%	19,633	-	(2,736)	(1,688)	5,264	-	11
Right to explore financial services		415,000	-	-	-	-	-	-
Intangibles in process	-	176,231	205,019	-	-	(354,184)	-	-
Total		975,239	205,019	(157,797)	(1,814)	-	-	55
	Average annual amortization rate (%)	Balance on December 31, 2020	Additions	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment
Software	16.6%	233,622	43	(86,546)	(22)	209,949	7,489	(160)
Goodwill	10.0%	10,469	-	(2,756)	-	11,587	-	333
Right to explore financial services		-	415,000	-	-	-	-	-
Intangibles in process	-	50,869	346,898	-	-	(221,536)	-	-
Total		294,960	761,941	(89,302)	(22)	-	7,489	173
Consolidated								
	Average annual amortization rate (%)	Balance on December 31, 2021	Additions (i)	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment
Software	18.5%	364,831	-	(155,154)	(126)	348,920	-	44
Goodwill	10.0%	19,633	-	(2,736)	(1,688)	5,264	-	11
Right to explore financial services		415,000	-	-	-	-	-	-
Intangibles in process	-	176,231	205,019	-	-	(354,184)	-	-
Total		975,695	205,019	(157,890)	(1,814)	-	-	55
	Average annual amortization rate (%)	Balance on December 31, 2020	Additions	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment
Software	16.6%	233,622	507	(86,554)	(22)	209,949	7,470	(141)
Goodwill	10.0%	10,469	-	(2,756)	-	11,587	(1,077)	1,410
Right to explore financial services		-	415,000	-	-	-	-	-
Intangibles in process	-	50,869	346,898	-	-	(221,536)	-	-
Total		294,960	762,405	(89,310)	(22)	-	6,393	1,269

- (i) In 2022 the Company added R\$ 205,019 to its intangibles account, R\$ 23,102 of which in supplier accounts payable, and R\$ 96,848 paid out in 2022 for purchases made before December 31, 2021.



18. Leases

18.1. Accounting policies

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 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.



18.2. 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 period covered by this statement ended on June 30, 2022. The amount of discounts obtained from negotiations between January and June 2022, net of taxes, amounted to R\$ 17,672 (R\$ 40,297 in 2021, net of PIS/COFINS) booked in the period as occupancy costs.

18.3. 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 in fiscal periods 2022 and 2021:

Contractual terms	2022		2021	
	Actual rate (% per year)	Nominal rate (% per year)	Actual rate (% per year)	Nominal rate (% per year)
0 to 3 years	8.0 – 10.6	14.9 – 16.4	1.6 - 8.8	4.0 - 14.9
3 to 5 years	7.3	13.4	2.2 - 7.7	5.4 - 14.3
5 to 6 years	4.0 – 8.1	9.1 – 14.7	2.2 – 7.2	5.6 – 13.7
6 to 10 (or more) years	3.2 - 7.7	6.8 - 14.3	3.2 - 7.2	6.8 - 14.1



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

	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 (i)	(378,210)	(3,322)	(381,532)	-
Financial charges	-	-	-	(165,719)
Payments made	-	-	-	488,840
Provisions for dismantling costs	990	-	990	-
Prepayments	(410)	-	(410)	-
Reversals (Provisions) impairment	1,347	-	1,347	-
New/renewed/closed Agreements (ii)	72,622	22,277	94,899	(88,322)
Re-measurements (iii)	209,455	408	209,863	(209,863)
Balance on December 31, 2022	1,541,306	24,141	1,565,447	(1,789,212)
Current liabilities				(513,238)
Non-current liabilities				(1,275,974)

(i) The amounts in this table include the PIS/COFINS credits on lease payments in the amount of R\$ 43,886 and on interest, in the amount of R\$ 9,182, booked directly in earnings to reduce amortization and interest expenses.

(ii) This refers to 18 new store agreements and 2 closed agreements.

(iii) Refers to the annual re-measurement inflation adjustments on minimal lease payments as per the respective agreements and lease renewals;

	Right-of-use asset			Lease liabilities
	Real Estate	Equipment	Total	
Balance on December 31, 2020	1,507,566	6,872	1,514,438	(1,654,796)
Amortization	(336,479)	(1,846)	(338,325)	-
Financial charges	-	-	-	(144,151)
Payments made	-	-	-	438,262
Provisions for dismantling costs	1,440	-	1,440	-
Impairment	1,200	-	1,200	-
New/renewed/closed Agreements (ii)	277,462	-	277,462	(267,323)
Re-measurements	184,323	(248)	184,075	(186,140)
Balance on December 31, 2021	1,635,512	4,778	1,640,290	(1,814,148)
Current liabilities				(471,723)
Non-current liabilities				(1,342,425)

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 (4.0% to 16.4%), below is a comparative list of the right-of-use lease liabilities, finance 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)



The Company adopted scenario 2 for the period ended December 31, 2022, as determined by CPC06(R2) / IFRS16. The comparative balances of lease liabilities are submitted below:

	2022	2021
Lease liabilities		
Scenario 1	2,033,448	2,143,756
Scenario 2 (book value)	1,789,212	1,814,148
Financial Charges		
Scenario 1	87,981	164,441
Scenario 2 (book value)	165,719	107,753
Depreciation Expenses		
Scenario 1	435,603	376,522
Scenario 2 (book value)	381,532	252,435
Total Expenses		
Scenario 1	523,584	540,963
Scenario 2 (book value)	547,251	360,188

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:

	2022		2021	
	Potential PIS/COFINS		Potential PIS/COFINS	
Coming due in	Payments	Rights	Payments	Rights
Less than 1 year	513,238	(44,118)	450,798	(41,351)
One to five years	1,391,273	(125,785)	1,448,274	(131,105)
Over five years	475,322	(41,983)	483,982	(44,351)
Total minimum payments	2,379,833	(211,886)	2,383,054	(216,807)
Minimum payments discounted to present value	(590,621)	52,979	(568,906)	52,047
Present value of the minimum payments	1,789,212	(158,907)	1,814,148	(164,760)
Current Liabilities	513,238		471,723	
Non-current Liabilities	1,275,974		1,342,425	

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

During the period ended December 31, 2022, the expense associated with the 19 variable lease agreements was R\$ 5,336 (17 agreements in the period ended December 31, 2021, or R\$ 4,167). Management believes it would not be appropriate to project minimum payments, given the nature of these expenses. Expenses associated with short-term leases and low-value assets totaled R\$ 20,631 (R\$ 19,619 in the period ended December 31, 2021) and refer to leasing printers and forklifts. Because of limited relevance, future commitments with minimum lease payments of low-value assets and short-term contracts are not presented, nor is any sensitivity analysis of variable expenses with leases and the factors that impact this variation.



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

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 16.5).

19. Suppliers

19.1. Accounting policies

Suppliers represent the Company's obligations resulting from the purchase of goods and services, occupancy expenses, property and equipment, and intangibles. It also includes transactions where suppliers transfer part of their receivables to financial institutions as part of agreements with no right to recourse, so long as there is no change in the original payment amounts and terms. Term purchases are adjusted to present value on the date of the transactions, and reversals have financial earnings as counterpart due to the fruition of the term, in the case of suppliers.

19.2. Breakdown of the balance

	Parent Company		Consolidated	
	2022	2021	2022	2021
Merchandise suppliers	706,318	683,063	706,318	683,063
Bradescard Partnership	469,328	415,000	469,328	415,000
Materials, asset and service suppliers	324,069	374,977	335,908	376,037
Agreement suppliers - drawee risk	386,266	376,302	386,266	376,302
Present value adjustment	(20,597)	(14,606)	(20,597)	(14,606)
	1,865,384	1,834,736	1,877,223	1,835,796
Current liabilities	1,852,814	1,399,676	1,864,653	1,400,736
Non-current liabilities	12,570	435,060	12,570	435,060

Supplier Bradescard

In November 2021 C&A formalized the purchase of *balcão Bradesco* for R\$ 415 million, to be settled in January 2023. In December 2021, this amount was recorded as long-term suppliers, and was considered as a current liability in the first quarter of 2022. This amount is updated monthly, and monetary correction is booked against financial expenses in the sub-group "supplier interest" (note 28). On December 31, 2022 the corrected amount was R\$ 469 million.

In January 2023, the Company renegotiated the agreement with Banco Bradescard, but its effects will be reflected from the next fiscal year. More details can be seen in Note 34.



Agreement suppliers – drawee risk operations

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. These transactions may take place directly with the Company or thorough agreements with financial institutions.

Under these agreements, the financial institution advances a given amount to the supplier and, when this amount comes due, it is paid back by the Company. The decision to subscribe to this type of transaction is solely the supplier's. The agreement does not change the commercial conditions, terms and prices previously agreed between the Company and its supplier. For this reason, the balances payable were kept under the item "suppliers".

This operation paid the Company R\$ 9,254 in commissions for the period ended December 31, 2022 (R\$ 12,372 in 2021). In 2022 the discount ranged from 0.57% and 2.04% a month (compared to 0.75% and 1.69% in 2021).

Present value adjustment

The company discounts the current balance of trade payables at interest rates close to market rates. The monthly interest rates used for the calculation of present value of outstanding payables on December 31, 2022 and 2021 were 1.12% and 0.77% respectively. The matching entry to the present value adjustment is made on inventories and the interest is recognized on a *pro rata die* basis in financial expenses.

20. Loans and debentures

20.1. Accounting policies

Loans and debentures are initially recognized at fair value and are subsequently measured at amortized cost, as contractually established. All other loan costs are recorded as expenses in the period in which they are incurred. Loan costs include interest 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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20.2. Breakdown of loans and debentures

Descriptions	Annual rates	Maturity	Parent Company		Consolidated	
			2022	2021	2022	2021
Promissory notes (i)	100% CDI+ 1.09%	2023	506,881	494,905	506,881	494,905
CCB (ii)	100% CDI+ 2.95%	2023	-	230,107	-	230,107
CCB (iii)	100% CDI+ 2.90%	2023 a 2024	106,694	132,227	106,694	132,227
Debentures - Issue 1 - Single Series	100% CDI+ 2.15%	2024 a 2025	508,661	505,940	508,661	505,940
Structured Commercial Notes - single series, issue 1 (iv)	100% CDI + 2.45%	2026 a 2027	260,951	-	260,951	-
Debentures, 2 nd issue, 1 st series (v)	100% CDI + 2.10%	2025	252,368	-	252,368	-
Debentures, 2 nd issue, 2 nd series (v)	100% CDI + 2.40%	2025 to 2028	359,571	-	359,571	-
Guaranteed Accounts (v)	100% CDI+2.10%	2023	-	-	163,457	16,070
(-) Transaction costs to appropriate			(7,751)	(4,423)	(7,751)	(4,423)
Total			1,987,375	1,358,756	2,150,832	1,374,826
Current liabilities			582,558	105,108	746,015	121,178
Non-current liabilities			1,404,817	1,253,648	1,404,817	1,253,648

- i. On April 3, 2020, the Company issued its first Promissory Notes in 6 series for public distribution with limited effort (CVM 476), in the amount of R\$ 500,000 with a ticket equivalent to 100% of the accumulated variation in the daily DI rate plus a 1.09% annual surcharge payable in 3 years. Payments of the interest and amortization of the principal are made every 6 months; these installments are not linear and are contractually defined. The first installment came due in October 2020 and payments will end in April 2023. The costs associated with the first issue of promissory notes, including taxes, commissions and other costs totaled R\$ 1,432 and are being recorded as deductions from liabilities and added to results monthly during the debt term. The amount appropriated in the period ended on December 31, 2022 is R\$ 477 (R\$ 477 in 2021).
- ii. On September 30, 2020 the company issued two CCBs:
 - The first, in the amount of R\$ 230,000 paying the equivalent of 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.95% and half-yearly interest payments in 6 installments, and amortization of the principal on the maturity date in 2023.; e
 - The second, in the amount of R\$ 120,000 paying the equivalent to 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.90% and half-yearly interest payments in 6 installments of R\$ 20,000, the first due in January 2022 and the last in July 2024
 - 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. R\$ 463 (R\$ 1,216 in 2021) were appropriated in the period ended December 31, 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. R\$ 905 (R\$ 528 in 2021) were appropriated in the period ended December 31, 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. R\$ 229 were appropriated in the period ended December 31, 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. R\$ 641 were appropriated in the period ended December 31, 2022.



- vi. Since December 1, 2021 the Company has been capturing funds through its subsidiary “Orion Instituição de Pagamentos”. On December 31, 2022 the company’s position was R\$ 161,554 at 100% of the CID plus a 2.10% a year surcharge, to be settled on April 4, 2023. The purpose of this is to settle the funding of with-interest installment portfolios, past-due accounts, withdrawals and refinancing of the new C&A Pay card operations.

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

20.3. Payment Forecast

The following is a forecast of the payment of long-term loans as of December 31, 2022:

Maturity	Parent Company	Consolidated
2023	582,558	746,015
2024	307,829	307,829
2025	584,065	584,065
2026	212,361	212,361
2027	212,590	212,590
2028	87,972	87,972
	1,987,375	2,150,832

20.4. Changes in loans

	Parent Company		Consolidated	
	2022	2021	2022	2021
Balance on December 31	1,358,756	1,211,252	1,374,826	1,211,252
New loans/debentures	850,000	500,000	1,291,249	515,347
Interest	272,449	81,458	272,449	81,458
Interests to pass along	-	-	1,180	723
Funding cost	(6,104)	(3,812)	(7,574)	(3,812)
Cost amortization	2,777	2,369	4,247	2,369
Payment of the principal	(295,000)	(381,500)	(590,042)	(381,500)
Interest payment	(195,503)	(51,011)	(195,503)	(51,011)
Balance on December 31	1,987,375	1,358,756	2,150,832	1,374,826



20.5. 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.

21. Labor liabilities

	Parent Company and Consolidated	
	2022	2021
Salaries, profit sharing and payroll charges	128,638	93,586
Vacation, 13 th salary and payroll charges	77,464	67,559
	206,102	161,145
Current liabilities	198,732	155,470
Non-current liabilities	7,370	5,675

22. Taxes payable

	Parent Company		Consolidated	
	2022	2021	2022	2021
ICMS (i)	151,788	118,561	151,788	118,561
PIS/COFINS	100,039	62,882	101,170	63,031
Other	9,990	10,121	10,946	10,723
	261,817	191,564	263,904	192,315
Current liabilities	245,954	175,352	248,041	176,103
Non-current liabilities	15,863	16,212	15,863	16,212

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



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

23.1. Accounting policies

The Company is a party in several legal and administrative proceedings of a tax, civil, and labor nature. Provisions are recognized for all contingencies related to claims 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.

23.2. Balance and changes in provisions for tax, civil and labor proceedings

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					
	2021	Addition (reversal)	Payments	Update	2022
Tax	220,978	9,128	-	15,676	245,782
Labor 23.2 (iv)	30,095	5,955	(10,544)	3,865	29,371
Civil	3,710	7,017	(7,445)	406	3,688
Provisions for tax, civil and labor risks	254,783	22,100	(17,989)	19,947	278,841
Judicial deposits with a corresponding liability	(85,257)	(2,361)	-	(8,473)	(96,091)
Net provisions for judicial deposits	169,526	19,739	(17,989)	11,474	182,750
Consolidated					
	2021	Addition (reversal)	Payments	Update	2022
Tax	220,978	9,128	-	15,676	245,782
Labor 23.2 (iv)	30,095	5,955	(10,544)	3,865	29,371
Civil	3,710	7,114	(7,445)	406	3,785
Provisions for tax, civil and labor risks	254,783	22,197	(17,989)	19,947	278,938
Judicial deposits with a corresponding liability	(85,257)	(2,361)	-	(8,473)	(96,091)
Net provisions for judicial deposits	169,526	19,836	(17,989)	11,474	182,847



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	Parent Company and Consolidated				
	2020	Addition (reversal)	Payments	Update	2021
Tax	200,437	17,680	(2,473)	5,334	220,978
Labor	74,994	(38,923)	(12,617)	6,641	30,095
Civil	8,884	2,080	(8,780)	1,526	3,710
Provisions for tax, civil and labor risks	284,315	(19,163)	(23,870)	13,501	254,783
Judicial deposits with a corresponding liability	(54,191)	(30,798)	-	(268)	(85,257)
Net provisions for judicial deposits	230,124	(49,961)	(23,870)	13,233	169,526

Tax provisions refer substantially to discussions surrounding the following taxes:

(i) PIS/COFINS

On December 31, 2022 the Company had provisions for PIS and COFINS risks amounting to R\$ 136,976 (R\$122,405 on December 31, 2021). The most significant losses are the result of credits used as inputs for its purpose of business in the amount of R\$ 86,387 (R\$ 64,998 on December 31, 2021), and import COFINS credits in the amount of R\$ 42,374 (R\$ 40,077 on December 31, 2021). In the latter case, on December 31, 2022 the Company had an updated balance on deposit of R\$ 43,842 (R\$ 37,773 on December 31, 2021).

(ii) ICMS (State Value Added Tax)

On December 31, 2022 the Company had provisions for ICMS risks in the amount of R\$ 44,422 (R\$ 36,069 on December 31, 2022). The more significant amounts were associated with credit for suppliers considered by the tax authorities to be disreputable, in the amount of R\$ 10,899 (R\$ 10,499 on December 31, 2021), and discussions regarding ICMS on fees associated with electricity operations, in the amount of R\$ 24,005 (R\$ 19,424 on December 31, 2021).

(iii) Other taxes

On December 31, 2022, the Company had provisions for other tax risks in the amount of R\$ 64,384 (R\$ 62,505 On December 31, 2022). The most significant amounts were related FGTS in the amount of R\$ 16,768 (R\$ 16,748 on December 31, 2021) and CPRB (social security on gross income) regarding the case in which exclusion of ICMS and ISS from the basis for calculation is being discussed, in the amount of R\$ 41,897 (R\$ 38,268 on December 31, 2021).

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

On August 28, 2013, the Company filed a claim to exclude ICMS and ISS from the basis for calculating CPRB - Social Security on Gross Revenue. Between January 2014 and November 2015, the Company



opted to make monthly payments of CPRB in the form of judicial deposits. On December 31, 33.108, the updated amount on deposit was R\$ 33,108 (R\$ 30,798 on December 31, 2021). The Company has booked provisions of R\$ 41,897 (R\$ 38,268 on December 31, 2021) for this.

(iv) Civil and labor

The measurement of the provision for labor disputes is obtained by applying the historical percentage of losses to the total value of the claim (which represents the maximum estimated exposure to which the Company is subject), informed for each case by the Company's legal advisors. The measurement of the provision for civil disputes considers the global historical average of success and payments, and the individual assessment of cases of relevant amounts. This measurement is reviewed every six months, most recently in September 2022.

(v) Judicial deposits with a corresponding liability

1% additional COFINS for imports

On March 7, 2013, the Company filed a lawsuit claiming the right to credit for the 1% COFINS surtax levied on the import of some of its goods, and obtained a preliminary injunction allowing it to take credit for such COFINS import surtax. On March 26, 2018, said injunction was revoked. As such, the Company offered a judicial deposit to guarantee suspension of enforceability and thus continue the legal discussion in the courts. On December 31, 2022 the updated amount on deposit was R\$ 43,841 (R\$37,773 On December 31, 2022). In this case, the company has booked provisions of R\$ 42,374 (R\$ 40,077 on December 31, 2021).

23.3. 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	
	31/12/2022	31/12/2021
Tax	32,893	31,064
Labor and Civil	28,397	30,873
Total	61,290	61,937

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

23.4 Non-provisioned contingencies

On December 31, 2022 the Company had an updated amount of R\$ 362,640 (R\$ 315,978 on December 31, 2021) associated with judicial and/or administrative claims where it is considered possible that the Company will lose, and for this reason accounting provisions are not made, as per the relevant accounting standards.

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

	Parent Company and Consolidated	
	2022	2021
PIS and COFINS - rate of zero on the sale of electronics (a)	191,472	176,798
Social Security on Medical and Hospital Care (b)	9,627	7,980
Non-cumulative PIS/COFINS (c)	26,373	25,561
Import Taxes on Royalties (d)	18,794	17,572
Social security credits (e)	28,669	16,445
Other demands	87,705	71,622
	362,640	315,978

- (a) Refers to the tax foreclosure for the collection of debts arising from the benefit of the zero rate of PIS and COFINS, for the sale of electronic products, provided for in Law No. 11,196/05 ("Lei do Bem"). Considering the favorable decision, which recognized the right to enjoy the tax benefit (see Note 12.2.1.3), the Company awaits the closure of the case.
- (b) Notice of violation demanding the payment of social security contributions supposedly levied on the amounts paid as Medical and Hospital care to its insured employees for the period between December 12, 1997 and February 28, 2005. In February 2020, based on the favorable decision issued by the appeals power, part of the amount was reversed.
- (c) Notice of violation disallowing PIS and COFINS credits on expenses classified as inputs by the Company in 2012 and 2014.



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

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

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.

24. Shareholder's Equity

24.1 Accounting policies

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.

24.2 Capital stock

On December 31, 2022, the Capital stock of R\$1,847,177 is split into 308,245,068 fully paid-in common shares, with a free float of 104,150,035 common shares (106,164,435 common shares on December 31, 2021).



On December 31, 2022 the ownership of Company shares broke down as follows:

	2022		2021	
	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	0.01%
Officers	805,797	0.26%	546,797	0.17%
Treasury	1,969,900	0.64%	214,500	0.07%
Free Float	104,150,035	33.79%	106,164,435	34.44%
Total	308,245,068	100%	308,245,068	100%

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

The increase in Capital stock 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 Capital stock, with input from the Fiscal Board, if any.

24.3 Shares in Treasury

On December 31, 2022, the balance of shares in treasury was R\$ 6,778, corresponding to 1,969,900 shares (R\$ 1,362 on December 31, 2021 corresponding to 214,500 shares).

24.4 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.

24.5 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.

24.6 Reserve for unrealized profits

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



24.7 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 Capital stock. Once this threshold is reached, and pursuant to article 199 of Law 11,638/07, the General Meeting shall determine how to distribute any surplus and shall use it to pay in or increase the capital stock or distribute dividends.

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

24.8 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\$12,462 (R\$11,552 in 2021). In 2022 the Company set aside R\$ 789.

24.9 Equity valuation adjustments

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

25. Dividends and interest on shareholder's equity payable

25.1 Accounting policies

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. This is recognized as a liability on the date of the statements of financial position. 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.



25.2 Dividends and interest on shareholder's equity payable

The Company's profits in the period ended December 31, 2022 was set aside as legal reserve and reserve for tax incentives, as mentioned in Note 24.

26. Net revenue

26.1. Accounting policies

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.



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 intermediation of services

This is commission revenue from financial intermediation of services such as receiving sales slips (boletos), and commissions for in representing financial services and credit cards. Its calculation includes commissions on interest revenue and fees charged from Bradesco customers who use the Company’s intermediation services, in addition to the associated operating costs and expenses.

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.

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 interest 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. Any expenses owed to the partner are deducted from the amounts received as rebate. Intermediation services between customers and the partner bank are provided by Orion.

The calculation includes commissions on revenue from interest and fees charged from Bradesco customers who use 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.



26.2. Composition da net revenue

	Parent Company		Consolidated	
	2022	2021 (Restated)	2022	2021 (Restated)
Sale of goods	8,175,912	6,978,476	8,175,912	6,978,476
Cancellations, exchanges, and vouchers	(491,795)	(499,428)	(491,795)	(499,428)
Sales taxes	(1,779,342)	(1,518,415)	(1,779,915)	(1,518,415)
Net revenue from the sale of goods	5,904,775	4,960,633	5,904,202	4,960,633
Commission revenue from the sale of financial services - Bradescard partnership	112,710	159,568	112,710	159,568
Commission revenue from the sale of partner insurance	59,507	31,380	60,747	31,787
Commission revenue from other services rendered	27,859	20,506	27,859	20,506
Net revenue from credit securitization	-	-	3,000	2,523
Revenue from financial products	-	-	111,922	303
Taxes on commissions and services	(23,586)	(21,864)	(36,890)	(22,115)
Net revenue from services rendered	176,490	189,590	279,348	192,572
	6,081,265	5,150,223	6,183,550	5,153,205

27. Earnings by nature

27.1 Classified by function

	Parent Company		Consolidated	
	2022	2021	2022	2021
Cost of merchandise sold and services rendered	(3,076,995)	(2,754,776)	(3,077,441)	(2,755,897)
General and administrative	(676,045)	(486,412)	(682,646)	(487,881)
Sales	(2,178,333)	(2,026,254)	(2,260,266)	(2,025,632)
Net credit losses	-	-	(64,271)	(492)
Other net operating income (expenses)	170,287	209,495	169,254	209,495
	(5,761,086)	(5,057,947)	(5,915,370)	(5,060,407)



27.2 Cost of sales by nature

	Parent Company		Consolidated	
	2022	2021	2022	2021
Cost of goods sold	(3,005,335)	(2,690,186)	(3,004,837)	(2,690,186)
Cost of lost merchandise	(71,073)	(63,729)	(71,071)	(63,729)
Cost of services rendered	(587)	(861)	(587)	(861)
Cost of financial services	-	-	(946)	(1,121)
	(3,076,995)	(2,754,776)	(3,077,441)	(2,755,897)

27.3 General and administrative expenses by nature

	Parent Company		Consolidated	
	2022	2021	2022	2021
Personnel	(303,700)	(254,764)	(309,835)	(254,763)
Third party materials/services	(125,195)	(126,127)	(125,578)	(127,569)
Depreciation and amortization (a)	(171,218)	(102,317)	(171,311)	(102,325)
Depreciation of right-of-use	(25,748)	(22,319)	(25,748)	(22,319)
Occupancy (b)	(11,784)	(5,728)	(11,784)	(5,727)
Other (c)	(38,400)	24,843	(38,390)	24,822
	(676,045)	(486,412)	(682,646)	(487,881)

- (a) In 2022 the company reviewed the lifetime of its assets, which resulted in a R\$5,710 decrease in depreciation expenses.
- (b) The Company chose to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R\$ 241 on December 31, 2022 (R\$ 738 in the same period in 2021) as a deduction of occupancy costs.
- (c) 2021 includes the reversal of labor provisions in the amount of R\$ 41,418, whereas in 2022 labor provisions were made in the amount of R\$ 5,812, plus R\$ 6,804 for tax and civil claims.

27.4 Selling expenses by nature

	Parent Company		Consolidated	
	2022	2021	2022	2021
Personnel	(692,640)	(598,914)	(731,739)	(598,914)
Third party materials/services	(323,899)	(324,160)	(351,675)	(324,160)
Depreciation of right-of-use	(321,079)	(285,667)	(321,079)	(285,667)
Depreciation and amortization (a)	(123,749)	(144,330)	(123,749)	(144,330)
Occupancy (b)	(353,337)	(294,021)	(353,337)	(294,022)
Advertising and promotions	(161,389)	(211,744)	(161,389)	(211,744)
Other	(202,240)	(167,418)	(217,298)	(166,795)
	(2,178,333)	(2,026,254)	(2,260,266)	(2,025,632)

- (a) In 2022 the company reviewed the lifetime of its assets, which resulted in a R\$ 34,816 decrease in depreciation expenses.
- (b) The Company chose to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R\$ 18,487 on December 31, 2022 (R\$ 41,524 in the same period in 2021)



as a deduction of occupancy costs.

27.5 Other net operating revenue (expenses) by nature

	Parent Company		Consolidated	
	2022	2021	2022	2021
Results from asset write-offs	(8,592)	(2,529)	(8,592)	(2,529)
Reversals (provisions) for impairment:				
Store/DC closures/revamps	3,966	(2,220)	3,966	(2,220)
Impairment test	2,174	6,121	2,174	6,121
Recovery of tax credits (a)	200,382	228,404	200,382	228,404
Reversal (provision) for tax contingencies	(6,453)	(13,644)	(6,453)	(13,644)
Strategy consulting services	(7,104)	(4,309)	(7,104)	(4,309)
Other	(14,086)	(2,328)	(15,119)	(2,328)
	170,287	209,495	169,254	209,495

(a) Credit recovery is booked net of attorney, consulting, and auditing expenses and is comprised substantially of gains associated with “Lei do Bem”, Social security credits, and ICMS on electricity claims.

28. Finance results

	Parent Company		Consolidated	
	2022	2021	2022	2021
<u>Exchange variation</u>				
Exchange variation - Purchases	324	(691)	324	(691)
	324	(691)	324	(691)
<u>Finance expenses</u>				
Interest on loans	(272,366)	(81,458)	(272,366)	(81,458)
Interest on leases	(156,537)	(135,412)	(156,537)	(135,412)
Supplier financial expenses - PVA	(88,611)	(28,604)	(88,611)	(28,604)
Bradescard supplier interest	(54,328)	-	(54,328)	-
Interest on taxes and contingencies	(21,742)	(14,462)	(21,747)	(14,462)
Bank expenses and IOF	(2,284)	(2,812)	(2,334)	(2,816)
Other	(4,079)	(4,420)	(5,416)	(4,553)
	(599,947)	(267,168)	(601,339)	(267,305)
<u>Finance income</u>				
Interest and monetary adjustment (a)	168,737	126,385	168,642	126,381
Interest on financial investments	110,312	37,194	111,662	37,368
Supplier financial income	9,248	12,438	9,248	12,438
Other	7	2	7	2
	288,304	176,019	289,559	176,189
Net financial results	(311,319)	(91,840)	(311,456)	(91,807)



Notes to the financial statements
December 31, 2022 and 2021
(in thousand Reals unless otherwise stated)

- (a) In December 2022 interest revenue included R\$ 125,784 (R\$ 98,691 in December 2021) related to monetary adjustment for previously unused PIS/COFINS credits, less PIS/COFINS taxes in the amount of R\$ 5,849 (R\$ 4,589 in December 2021).

29. Information by segment

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

- (i) Retail: sale of apparel, perfumery, cosmetics, watches, and cell phones in B&M stores and e-commerce.
- (ii) Financial products and services: consumer credit operations and intermediation of insurance sales through our partners or own operations with the C&A Pay card

	Retail		Financial Services		Consolidated	
	2022	2021	2022	2021	2022	2021
Net Operating Revenue	5,926,173	4,978,232	257,377	174,973	6,183,550	5,153,205
Cost of sales and services provided	(3,075,909)	(2,753,915)	(1,532)	(1,982)	(3,077,441)	(2,755,897)
Gross Profit	2,850,264	2,224,317	255,845	172,991	3,106,109	2,397,308
General and administrative Sales	(473,412)	(361,184)	(12,175)	(2,053)	(485,587)	(363,237)
	(1,617,101)	(1,467,679)	(198,337)	(127,956)	(1,815,438)	(1,595,635)
Net credit losses	-	-	(64,271)	(492)	(64,271)	(492)
Other operating income (expenses) net	170,281	210,741	(1,027)	(1,246)	169,254	209,495
Earnings by segment (excluding depreciation)	930,032	606,195	(19,965)	41,244	910,067	647,439
Depreciation and amortization	(626,334)	(548,074)	(15,553)	(6,567)	(641,887)	(554,641)
Finance results	(311,320)	(91,837)	(136)	30	(311,456)	(91,807)
Income taxes	44,638	328,044	(533)	(26)	44,105	328,018
Net income (loss) for the period	37,016	294,328	(36,187)	34,681	829	329,009



30. Financial instruments and capital management

30.1 Accounting policies

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 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 profit and loss.

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.



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 income

Financial assets in this category are derivative transactions to which hedge accounting applies. The Company uses hedge accounting and considers non-derivable forward (NDF) contracts 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 portion is realized when the risk for which the derivative was purchased no longer exists. When financial instruments are liquidated, previously deferred gains and losses in equity are transferred and included in 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.

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 asset 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 charge-backs, 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.

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.

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.

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 its 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.

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.

30.2 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 includes loans and financing, cash equivalents and other financial assets, investments in debt and equity instruments, and derivative financial instruments.

Interest rate risk

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

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

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

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 December 31, 2022 (annualized CDI of 13.67%).



Parent Company								
Risk	Balance on 12/31/2022	Rate	Likely scenario	Increasing interest		Decreasing interest		
				Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%	
Financial investments (i)	Lower CDI	1,578,356	CDI	210,695	263,369	316,043	158,021	105,347
Loans and debentures	Higher CDI	(1,987,375)	CDI	(271,674)	(339,593)	(407,511)	(203,755)	(135,837)
Net exposure/Impact on earnings prior to IT/SC				(409,019)	(60,979)	(76,224)	(91,468)	(45,734)
Impact on earnings, net of IT/SC				(60,979)	(76,224)	(91,468)	(45,734)	(30,490)
(i) Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 102.43% of the CDI.				(40,246)	(50,308)	(60,369)	(30,184)	(20,123)

Consolidated								
Risk	Balance on 31/12/2022	Rate	Likely scenario	Increasing interest		Decreasing interest		
				Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%	
Financial investments (ii)	Lower CDI	1,621,779	CDI	216,491	270,614	324,737	162,368	108,245
Loans and debentures	Higher CDI	(2,150,832)	CDI	(294,019)	(367,524)	(441,029)	(220,514)	(147,009)
Net exposure/Impact on earnings prior to IT/SC				(529,053)	(77,528)	(96,910)	(116,292)	(58,146)
Impact on earnings, net of IT/SC				(77,528)	(96,910)	(116,292)	(58,146)	(38,764)
(i) Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 102.43% of the CDI.				(51,168)	(63,961)	(76,753)	(38,376)	(25,584)

Exchange risk

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

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

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 December 31, 2022. Scenario estimates were adopted according to CVM Instruction 475/08.



			Negative scenarios			
		Risk	Notional USD (Payable)/ Receivable	Scenario Likely USD 1 = R\$ 5.27	Possible scenario +25% USD 1 = R\$ 6.59	Scenario Remote scenario +50% USD 1 = R\$ 7.91
Hedge object	Purchasing orders for imported goods and imports in transit	Increase in the USD exchange	(46,908)	(2,454)	(64,372)	(126,291)
Hedge instrument	NDF	Decrease in the USD exchange	22,404	1,172	30,745	60,319
Net exposure of import orders			(24,504)	(1,282)	(33,627)	(65,972)
Non-recoverable taxes (36%)			(16,887)	(883)	(23,174)	(45,465)
Total net exposure			(41,391)	(2,165)	(56,801)	(111,437)
Impact on earnings, net of IT/SC			(27,318)	(1,429)	(37,489)	(73,548)

USD on 12/31/2022 = R\$ 5.2177

Financial instruments designated for hedge accounting

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

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

The 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:



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Date Expected	US\$ thousand	Maturity	Counterparty	US\$ thousand
	Budget (hedged)			NDF reference value
Jan '23	(1,452)	Jan '23	Itaú	1,452
Jan '23	(1,512)	Jan '23	XP Investimentos	1,512
Feb '23	(3,276)	Feb '23	Bradesco	3,276
Mar '23	(1,465)	Mar '23	Itaú	1,465
Mar '23	(2,641)	Mar '23	XP Investimentos	2,641
Apr '23	(5,748)	Apr '23	Bradesco	5,748
May '23	(3,266)	May '23	XP Investimentos	3,266
Jun '23	(3,044)	Jun '23	XP Investimentos	3,044
Total	(22,404)			22,404

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.

The following table shows the outstanding positions by maturity date on December 31, 2022 of the forward contracts (Non-Deliverable Forwards - NDF) used to hedge exchange rate risk:

Derivative	Position	Contract	Date contracted	Maturity date	Reference	Fair value
					(notional) value - USD	
Term	Purchased	NDF	01/26/22	01/18/23	714	(528)
Term	Purchased	NDF	10/28/22	01/18/23	1,512	(297)
Term	Purchased	NDF	11/04/22	01/18/23	738	88
Term	Purchased	NDF	02/22/22	02/15/23	905	(254)
Term	Purchased	NDF	10/28/22	02/15/23	845	(115)
Term	Purchased	NDF	04/11/22	02/15/23	583	101
Term	Purchased	NDF	12/28/22	02/15/23	943	5
Term	Purchased	NDF	03/24/22	03/15/23	1,465	51
Term	Purchased	NDF	10/28/22	03/15/23	223	(32)
Term	Purchased	NDF	11/04/22	03/15/23	1,114	179
Term	Purchased	NDF	12/28/22	03/15/23	1,304	2
Term	Purchased	NDF	10/28/22	04/19/23	2,874	(469)
Term	Purchased	NDF	11/04/22	04/19/23	2,874	406
Term	Purchased	NDF	12/28/22	05/17/23	759	(11)
Term	Purchased	NDF	11/04/22	05/17/23	2,507	351
Term	Purchased	NDF	12/28/22	06/21/23	1,536	(49)
Term	Purchased	NDF	11/04/22	06/21/23	1,508	187
					22,404	(385)
Current assets						1,371
Current Liabilities						(1,756)

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 December 31, 2022, non-settled NDF transactions amounted to a debtor position net of tax effects in the amount of R\$ 254 (net creditor position of R\$248 on December 31, 2021), booked in other comprehensive results.

The amount presented in the statements of comprehensive income refers to the variation between operations not settled in 2021 and 2020 (entre 2020 and 2021). In the period ended December 31, 2022, the cost of goods sold was negatively impacted by our NDF transactions in the amount of R\$ 21,086 (R\$ 505 in the same period of 2021).

In the period ended December 31, 2022 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 timing of the cash flows of the protected items and the hedge instruments. There were no ineffective portions in the periods ended December 31, 2022 and 2021.

b) Credit risk

i) *Cash and Cash Equivalents*

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

ii) *Receivables*

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

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

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

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

For other operations, the Company's credit risk is minimized to the extent that assets represented by receivables from the sale of goods and services are intermediated by Bradescard and credit card companies. In the case of credit card companies, the risk is fully transferred to them, and the Company remains only with the risk of non-recognition of purchase by customers (charge-backs) for which an



allowance for impairment is measured and recognized. For transactions intermediated by Banco Bradescard, there is a potential loss, contractually limited to 50% of the net doubtful receivables registered with that institution, in addition to customer 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 on the Company's liquidity and that of its subsidiary to ensure they have sufficient cash to meet their operational needs, investment plans and financial obligations.

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

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

On December 31, 2022	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	513,238	893,435	382,539	1,789,212
Loans	746,015	1,404,817	-	2,150,832
Trade payables	1,864,653	12,570	-	1,877,223
Total	3,123,906	2,310,822	382,539	5,817,267

30.3. 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 twelve-month period ending December 31, 2022.



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	Parent Company		Consolidated	
	2022	2021	2022	2021
Net Debt excluding Lease Liabilities				
Short and long-term loans and debentures	1,987,375	1,358,756	2,150,832	1,374,826
Cash and cash equivalents	(1,627,977)	(1,003,249)	(1,674,091)	(1,050,251)
Financial investments	(8,735)	(7,776)	(8,735)	(7,776)
Net debt (cash)	350,663	347,731	468,006	316,799
Non-controlling interests	-	-	1	3
Total shareholder's equity	3,000,195	2,995,006	3,000,196	2,995,009
Financial leverage index	12%	12%	16%	11%

On December 31, 2022, the balance of lease liabilities was R\$1,789,212 (R\$1,814,148 On December 31, 2022). If lease liabilities are included in the capital management calculations, leverage would be 71%, as follows:

	Parent Company		Consolidated	
	2022	2021	2022	2021
Net Debt including Lease liabilities				
Net debt (cash)	350,663	347,731	468,006	316,799
Lease liabilities	1,789,212	1,814,148	1,789,212	1,814,148
Adjusted net debt	2,139,875	2,161,879	2,257,218	2,130,947
Total shareholder's equity	3,000,195	2,995,006	3,000,196	2,995,009
Financial leverage index	71%	72%	75%	71%



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30.4. Financial instruments - classification

Financial instruments on December 31, 2022 and 2021 can be summarized and classified as follows:

Parent Company

On December 31, 2022	Cost Amortized	Fair value through other earnings 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)
Trade payables	(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)

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



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Consolidated

On December 31, 2022	Cost Amortized	Fair value through other earnings 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)
Trade payables	(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)

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

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



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30.4 Changes in liabilities associated with consolidated Company financing activities

	December 31, 2021	Cash flows	Interest incurred	Re- measurements of lease liabilities	Other	December 31, 2022
Leases (i)	1,814,148	(488,840)	165,719	209,863	88,322	1,789,212
Loans and debentures	1.374.826	498,130	273,629		4,247	2,150,832
Total	3,188,974	9,290	439,348	209,863	92,569	3,940,044

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

	December 31, 2020	Cash flows	Interest incurred	Re- measurements of lease liabilities	Other	December 31, 2021
Leases (i)	1,654,796	(438,262)	144,151	186,140	267,323	1,814,148
Loans and debentures	1,211,252	79,024	82,181	-	2,369	1.374.826
Total	2,866,048	(359,238)	226,332	186,140	269,692	3,188,974

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

31. Insurance

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

	Consolidated	
	2022	2021
Civil Liability and D&O	290,781	239,674
Property and Inventory	633,230	600,010
Shipping	69,807	80,684
	993,818	920,368

32. Retirement plan

32.1 Accounting policies

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, and pension plan



contributions are made by active participants and/or the sponsor. The plans ensure 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.

32.2 Retirement plan

In 2022 the company paid R\$ 11,364 (R\$ 9,653 in 2021) into the plans, booked as expenses in the earnings for the period. The total number of participating employees on December 31, 2022 was 5,647 (8,055 on December 31, 2021), with 185 participants under care (199 on December 31, 2021).

On December 31, 2022, the fair value of the plan assets related to the minimum benefit described above, exceeded the actuarial present value of the accumulated benefit obligations by approximately R\$ 632 (R\$ 2,552 on December 31, 2021).



33. Earnings per share

Basic earnings per share are obtained by dividing 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:

	2022	2021
Basic earnings per share		
Net profit for the period	828	329,009
Weighted average of the number of common shares	306,275,168	308,030,568
Basic profit per share – in R\$	0.0027	1.0681
Diluted earnings per share		
Net profit for the period	828	329,009
Weighted average of the number of outstanding common shares	306,275,168	308,030,568
Weighted average of the options granted as part of the stock-based compensation plan	2,751,213	1,855,934
Weighted average of the diluted number of common shares	309,026,381	309,886,502
Diluted profit per share – in R\$	0.0027	1.0617

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

On December 31, 2022 and 2021 o stock-based compensation plan provided dilution.



34. Subsequent Events

34.1 Extension of the C&A and Bradesco agreement

On January 26, 2023 C&A and Banco Bradesco signed an Amendment to the Renegotiation of the Agreement for a Business, Administration, and Joint Exploration of Credit Cards and Other Financial Services Agreement, extending the partnership for 2.5 years. This partnership will maintain the current accounts active, and C&A shall be compensated for providing the service of opening new Bradesco branded credit cards.

As part of the negotiations the Parties agree to extend the payment term of the installment due on January 2023 to July 2025, corrected at the annual rate of 112.5% of the CDI.

Also as a result of these negotiations, as of 2023 the Company is subject to the covenant of net financial debt equal to or below 3x EBITDA until the Bradesco obligation is settled in full. The breakdown of net financial debt and EBITDA follow the same standards as other agreements where the Company is subject to covenants.

34.2 Creation of C&A Pay Sociedade de Crédito Direto S.A.

C&A Pay Sociedade de Crédito Direto S.A. was created following a decision made at the General Meeting of the Shareholders on November 19, 2021 and operations were approved by Brazilian Central Bank on December 31, 2022, with effects on third parties as of January 13, 2023, date that its articles of incorporation were filed with JUCESP (Board of Trade of the State of São Paulo) and its CNPJ (National Register of Legal Entities) was issued.

34.3 STF decision on res judicata in tax matters

On February 8, 2023, the Federal Supreme Court (STF), when judging the general repercussion Issues 881 (Extraordinary Appeal No. 949.297) and 885 (Extraordinary Appeal No. 955.227), decided that final individual decisions, i.e. those which have become final and unappealable, lose their effects in case the STF decides otherwise superveningly.

The Company, supported by its legal advisors, evaluated the individual final and unappealable decisions and concluded that there would be no impact on the individual and consolidated financial statements taken as a whole.