Interim Financial Statements 1Q22

Interim Financial Statement

C&A Modas S.A.

March 31, 2022 and 2021
and the Report of the Independent Auditor

C&A Modas S.A.

Interim Financial Statement

March 31, 2022 and 2021

Contents

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

Independent auditor's review report on quarterly information

The Shareholders and Officers
C&A Modas S.A.
Barueri - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of C&A Modas S.A. (the "Company") for the quarter ended March 31, 2022, comprising the statement of financial position as of March 31, 2022 and the related statements of profit or loss, comprehensive income, changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, May 5, 2022.

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

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

C&A Modas S.A.

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

	Note	Parent Company		Consolidated	
	Note	**03/31/2022**	12/31/2021	**03/31/2022**	12/31/2021
Assets					
Current					
Cash and cash equivalents	6	**607,172**	1,003,249	**660,373**	1,050,251
Financial investments	7	**3,978**	-	**3,978**	-
Trade receivables	8	**946,434**	1,144,404	**986,769**	1,145,336
Derivatives	29.1.a	**-**	1,535	**-**	1,535
Related parties	9	**1,246**	643	**70**	504
Inventory	11	**979,770**	849,269	**979,770**	849,269
Taxes recoverable	12	**936,099**	848,803	**936,586**	849,155
Other Assets	13	**58,892**	33,337	**58,892**	33,348
Total current assets		**3,533,591**	3,881,240	**3,626,438**	3,929,398
Non-current assets					
Long-term assets					
Financial investments	7	**3,978**	7,776	**3,978**	7,776
Taxes recoverable	12	**720,027**	839,778	**720,027**	839,778
Deferred taxes	14	**475,718**	378,365	**475,718**	378,803
Judicial deposits	23.2	**62,527**	61,937	**62,527**	61,937
Related parties	9	**118**	133	**118**	133
Other Assets	13	**4,083**	2,587	**4,083**	2,587
Total long-term assets		**1,266,451**	1,290,576	**1,266,451**	1,291,014
Investments	15	**28,544**	31,272	**-**	-
Property and Equipment	16	**821,341**	836,269	**821,341**	836,269
Right-of-use assets - leases	18	**1,576,101**	1,640,290	**1,576,101**	1,640,290
Intangible assets	17	**965,425**	975,239	**965,858**	975,695
Total non-current assets		**4,657,862**	4,773,646	**4,629,751**	4,743,268
Total assets		**8,191,453**	8,654,886	**8,256,189**	8,672,666

C&A Modas S.A.

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

	Note	Parent Company		Consolidated	
	Note	**03/31/2022**	12/31/2021	**03/31/2022**	12/31/2021
Liabilities and equity					
Current liabilities					
Leases liabilities	18	**484,740**	471,723	**484,740**	471,723
Trade payables	19	**1,286,591**	1,399,676	**1,291,227**	1,400,736
Loans and debentures	20	**120,083**	105,108	**195,286**	121,178
Derivatives	29.1.a	**28,758**	1,910	**28,758**	1,910
Labor liabilities	21	**160,656**	155,470	**160,656**	155,470
Related parties	9	**122,049**	59,454	**100,917**	59,016
Interest on shareholder's equity and dividends payable	25	**-**	-	**1**	1
Taxes payable	22	**90,143**	175,352	**90,846**	175,640
Income Taxes payable		**-**	-	**389**	463
Other liabilities		**23,835**	28,585	**28,774**	28,918
Total current liabilities		**2,316,855**	2,397,278	**2,381,594**	2,415,055
Non-current liabilities					
Leases	18	**1,276,364**	1,342,425	**1,276,364**	1,342,425
Trade payables	19	**20,367**	435,060	**20,367**	435,060
Loans and debentures	20	**1,514,959**	1,253,648	**1,514,959**	1,253,648
Labor liabilities		**6,326**	5,675	**6,326**	5,675
Provisions for tax, civil and labor proceedings	23	**174,282**	169,526	**174,282**	169,526
Taxes payable	22	**15,019**	16,212	**15,019**	16,212
Other liabilities		**41,332**	40,056	**41,332**	40,056
Total non-current liabilities		**3,048,649**	3,262,602	**3,048,649**	3,262,602
Total liabilities		**5,365,504**	5,659,880	**5,430,243**	5,677,657
Equity					
Capital stock	24	**1,847,177**	1,847,177	**1,847,177**	1,847,177
Shares in Treasury		**(1,362)**	(1,362)	**(1,362)**	(1,362)
Capital reserve		**30,261**	27,861	**30,261**	27,861
Profit reserve		**1,121,578**	1,121,578	**1,121,578**	1,121,578
Other comprehensive income (loss)		**(18,981)**	(248)	**(18,981)**	(248)
Accumulated losses		**(152,724)**	-	**(152,724)**	-
Total controlling interests		**2,825,949**	2,995,006	**2,825,949**	2,995,006
Non-controlling interests		**-**	-	**(3)**	3
Total shareholder's equity		**2,825,949**	2,995,006	**2,825,946**	2,995,009
Total liabilities and equity		**8,191,453**	8,654,886	**8,256,189**	8,672,666

See accompanying notes.

C&A Modas S.A.

Statement of Operations
Quarters ended March 31, 2022 and 2021
(In thousand Reals - R$, except for earnings per share)

	Note	Parent Company		Consolidated	
		03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Net Revenue	26	**1,188,926**	775,364	**1,197,024**	776,076
Sale of goods and services		**1,130,689**	713,587	**1,130,689**	713,587
Financial Products and Services		**58,237**	61,777	**66,335**	62,489
Cost of sales and services rendered	27	**(629,381)**	(425,079)	**(629,605)**	(425,079)
Sale of goods and services		**(629,208)**	(424,840)	**(629,208)**	(424,840)
Financial Products and Services		**(173)**	(239)	**(397)**	(239)
Gross profit		**559,545**	350,285	**567,419**	350,997
Operating (expenses) income:					
General and administrative expenses	27	**(167,356)**	(77,573)	**(175,828)**	(78,060)
Sales expenses	27	**(560,165)**	(448,408)	**(559,936)**	(448,408)
Net credit losses		**-**	-	**(1,194)**	-
Share of profit of subsidiaries		**(2,728)**	51	**-**	-
Other net operating income (expenses)	27	**(1,404)**	6,378	**(1,404)**	6,378
Operating loss before finance results		**(172,108)**	(169,267)	**(170,943)**	(169,093)
Foreign exchange variation		**3,749**	(1,600)	**3,749**	(1,600)
Finance expenses		**(109,805)**	(53,013)	**(110,332)**	(53,014)
Finance income		**37,737**	16,325	**38,015**	16,326
Finance results	28	**(68,319)**	(38,288)	**(68,568)**	(38,288)
Loss before income taxes		**(240,427)**	(207,555)	**(239,511)**	(207,381)
Income taxes	14	**87,703**	69,016	**86,781**	68,841
Profit (loss) for the period		**(152,724)**	(138,539)	**(152,730)**	(138,540)
Attributable to the shareholders:					
Non-controlling interests				**(6)**	(1)
Equity holders of the parent				**(152,724)**	(138,539)
				(152,730)	(138,540)
Basic profit (loss) per share - in R$	32			**(0.4958)**	(0.4494)
Diluted profit (loss) per share - in R$	32			**(0.4932)**	(0.4494)

See accompanying notes.

C&A Modas S.A.

Statement of comprehensive income (loss)
Quarters ended March 31, 2022 and 2021
(in thousand Reals - R$)

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Profit (loss) for the period	**(152,724)**	(138,539)	**(152,730)**	(138,540)
Other comprehensive results:				
Gain (loss) from derivatives	**(28,383)**	11,021	**(28,383)**	11,021
Tax effects	**9,650**	(3,747)	**9,650**	(3,747)
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	**(18,733)**	7,274	**(18,733)**	7,274
Total comprehensive results				
Attributable to the shareholders:	**(171,457)**	(131,265)	**(171,463)**	(131,266)
Non-controlling interests			**(6)**	(1)
Equity holders of the parent			**(171,457)**	(131,265)
			(171,463)	(131,266)

See accompanying notes.

C&A Modas S.A.

Statements of Changes in Equity
Quarters ended March 31, 2022 and 2021
(in thousand Reals - R$)

				Capital reserve		Profit reserve				Other comprehensive income				
	Note	**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**	**(Accumulated losses)**	**Total controlling interests**	**Non-controlling interests**	**Total shareholder's equity**
Balance on December 31, 2020		1,847,177	-	10,516	8,859	48,600	-	1,874	742,096	(4,324)	-	2,654,798	2	2,654,800
Equity instruments granted - share-based compensation	10	-	-	-	897	-	-	-	-	-	-	897	-	897
Destination of earnings:		-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period		-	-	-	-	-	-	-	-	-	(138,539)	(138,539)	(1)	(138,540)
Reserve for tax incentives	24.7	-	-	-	-	-	-	862	-	-	(862)	-	-	-
Other comprehensive results		-	-	-	-	-	-	-	-	7,274	-	7,274	-	7,274
Balance on March 31, 2021		1,847,177	-	10,516	9,756	48,600	-	2,736	742,096	2,950	(139,401)	2,524,430	1	2,524,431
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	**-**	**-**	**-**	**2,400**	**-**	**-**	**-**	**-**	**-**	**-**	**2,400**	**-**	**2,400**
Destination of earnings:		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(152,724)**	**(152,724)**	**(6)**	**(152,730)**
Reserve for tax incentives	24.7	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other comprehensive results		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(18,733)**	**-**	**(18,733)**	**-**	**(18,733)**
Balance on March 31, 2022		**1,847,177**	**(1,362)**	**10,516**	**19,745**	**65,050**	**75,720**	**11,552**	**969,256**	**(18,981)**	**(152,724)**	**2,825,949**	**(3)**	**2,825,946**

See accompanying notes.

C&A Modas S.A.

Statements of cash flow
Quarters ended March 31, 2022 and 2021
(in thousand Reals - R$)

	Note	Parent Company		Consolidated	
		03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Operating activities					
Income (loss) before income tax		**(240,427)**	(207,555)	**(239,511)**	(207,381)
Adjustments to reconcile income before income taxes to net cash flows:					
Allowance for (reversal) for expected credit losses	8c	**1,622**	533	**2,816**	533
Adjustment to present value of accounts receivables and suppliers		**646**	(920)	**646**	(920)
Expenses with stock-based compensation	10	**2,400**	897	**2,400**	897
Provisions for inventory losses	11b	**11,012**	6,347	**11,012**	6,347
Gains/Recognition of tax claims	12(i.iv)	**(19,321)**	(3,376)	**(19,321)**	(3,376)
Share of profit of subsidiaries	15	**2,728**	(51)	**-**	-
Depreciation and amortization	16b and 17b	**80,792**	56,959	**80,815**	56,959
Impairment reversal of property and equipment, intangible and right-of-use assets		**(4,414)**	-	**(4,414)**	-
Losses from the sale or disposal of property and equipment and intangible assets		**3,634**	334	**3,634**	334
Depreciation of right-of-use	19a	**94,542**	82,134	**94,542**	82,134
Interest on leases	19a	**40,378**	33,599	**40,378**	33,599
Interest on loans	21c	**40,758**	12,838	**45,591**	12,838
Amortization of the transaction costs on loans	21c	**487**	820	**487**	820
Provisions (reversal) for tax, civil and labor proceedings		**9,655**	(37,791)	**9,655**	(37,791)
Update of judicial deposits		**(1,549)**	(280)	**(1,549)**	(280)
Variations in assets and liabilities:					
Trade receivables		**197,892**	487,361	**157,295**	487,414
Related parties		**62,007**	30,151	**42,350**	30,145
Inventory		**(141,513)**	(304,343)	**(141,513)**	(304,343)
Taxes recoverable		**51,776**	(75,355)	**51,641**	(75,435)
Other credits		**(32,680)**	(20,089)	**(32,669)**	(20,089)
Judicial deposits		**(67)**	2,739	**(67)**	2,739
Trade payables		**(407,770)**	(242,531)	**(404,194)**	(242,192)
Labor liabilities		**5,837**	(24,301)	**5,837**	(24,301)
Other debits		**(3,474)**	5,618	**1,132**	5,618
Provisions for tax, civil and labor proceedings		**(3,873)**	(4,057)	**(3,873)**	(4,057)
Taxes payable		**(81,936)**	(88,773)	**(81,359)**	(88,695)
Income Tax and Social Contribution paid		**(4,466)**	(1,727)	**(5,186)**	(1,806)
Net cash flows originating from (used by) operating activities		**(335,324)**	(290,819)	**(383,425)**	(290,289)
Investment activities					
Purchase of property and equipment		**(63,699)**	(40,325)	**(63,699)**	(40,325)
Purchase of intangible assets		**(114,159)**	(32,305)	**(114,159)**	(32,305)
Receivables from the sale of property and equipment		**192**	82	**192**	82
Cash flow used in investment activities		**(177,666)**	(72,548)	**(177,666)**	(72,548)
Investment activities					
New loans and debentures issued		**250,000**	-	**320,110**	
Loan/debenture transaction costs		**(1,513)**	(26)	**(2,216)**	(26)
Interest paid on loans		**(13,446)**	(5,829)	**(28,553)**	(5,829)
Repayments and interest paid on leases		**(117,948)**	(101,995)	**(117,948)**	(101,995)
Interest on shareholder's equity and dividends paid		**-**	-	**-**	(1)
Net cash flows originating from (used by) financing activities		**117,093**	(107,850)	**171,393**	(107,851)
Net increase (decrease) in cash and cash equivalents		**(395,897)**	(471,217)	**(389,698)**	(470,688)
Cash and cash equivalents at the beginning of the period		**1,011,025**	1,507,789	**1,058,027**	1,509,159
Cash and cash equivalents at the end of the period		**615,128**	1,036,572	**668,329**	1,038,471

See accompanying notes.

C&A Modas S.A.

Statements on value added
Quarters ended March 31, 2022 and 2021
(in thousand Reals - R$)

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	**03/31/2022**	03/31/2021
Revenue				
Sales of goods and services	**1,514,894**	990,055	**1,524,110**	990,801
Other net operating income (expenses)	**3,642**	8,613	**3,642**	8,613
Provision for/reversal of expected credit losses	**(974)**	755	**(2,168)**	755
	1,517,562	999,423	**1,525,584**	1,000,169
Inputs acquired from third parties				
Cost of sales and services sold	**(615,431)**	(407,968)	**(615,431)**	(407,968)
Materials, energy, third party services and others	**(275,493)**	(178,407)	**(280,156)**	(178,891)
Impairment of assets	**(2,781)**	(5,803)	**(2,781)**	(5,803)
	(893,705)	(592,178)	**(898,368)**	(592,662)
Gross value added	**623,857**	407,245	**627,216**	407,507
Depreciation and amortization	**(80,792)**	(56,959)	**(80,815)**	(56,959)
Depreciation of right-of-use	**(86,089)**	(74,768)	**(86,089)**	(74,768)
Retentions	**(166,881)**	(131,727)	**(166,904)**	(131,727)
Net value added	**456,976**	275,518	**460,312**	275,780
Value added received through transfer				
Share of profit of subsidiaries	**(2,728)**	51	**-**	-
Finance income	**54,605**	21,246	**54,883**	21,246
	51,877	21,297	**54,883**	21,246
Total value added for distribution	**508,853**	296,815	**515,195**	297,026
Distribution of value added				
Personnel	**210,469**	163,902	**214,250**	163,904
Direct compensation	**154,870**	121,426	**154,870**	121,426
Benefits	**37,192**	28,343	**37,192**	28,343
Severance-pay fund (FGTS)	**13,429**	10,306	**13,429**	10,306
Other	**4,978**	3,827	**8,759**	3,829
Taxes and Contributions	**267,853**	171,118	**269,893**	171,327
Federal	**38,330**	13,079	**40,168**	13,288
State	**215,269**	145,861	**215,269**	145,861
Municipal	**14,254**	12,178	**14,456**	12,178
Debt remuneration	**183,255**	100,334	**183,782**	100,335
Rentals	**61,547**	40,450	**61,547**	40,450
Finance expenses	**121,708**	59,884	**122,235**	59,885
Compensation on equity	**(152,724)**	(138,539)	**(152,730)**	(138,540)
Losses for the period	**(152,724)**	(138,539)	**(152,730)**	(138,540)
Distribution of value added	**508,853**	296,815	**515,195**	297,026

See accompanying notes.

1. Operating Context

C&A Modas S.A. (hereafter the "Company" or "Controlling Entity") has its main offices located at Alameda Araguaia, 1.222 - Barueri - São Paulo - Brazil. The Company is a traded company, currently 34.44% 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 main purpose of business of the Company and its subsidiary are:

- Offline (B&M) and online trade in apparel, comprised of men's clothing, footwear, accessories, mobile phones, watches, costume jewelry and cosmetics, among others.
- Financial intermediation services in the form of credit to finance purchases, issuing credit cards and personal loans, and intermediation in brokering and promoting the distribution of insurance, capitalization bonds, and related products offered by insurers and other third-parties third parties offering of such products
- Proprietary payment institution activities.

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

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

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

2. Basis of Preparation

The Company's individual and consolidated interim financial statements for the quarter ended March 31, 2022 were prepared based on accounting practices adopted in Brazil, in accordance with Brazilian Accounting Standard NBC TG 21 (R4) - Interim Statement issued by the Federal Accounting Council (“CFC”) which is correlated to the international financial reporting standard (IFRS) IAS 34 - Interim Financial Reporting Standards issued by International Accounting Standards Board - IASB, and guidelines from the Brazilian Securities and Exchange Commission (“CVM”)

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

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

The issuing of the individual and consolidated interim financial statements for the quarter ended March 31, 2022 was authorized by the Board of Directors on May 3, 2022.

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

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

Impact of COVID-19

After a period of uncertainty regarding the pandemic, by late 2021 the situation was far more stable. All our stores are working normal hours, and sales have consistently recovered. Management is monitoring the situation and from time to time updates its financial projections, which are used to measure and assess the sufficiency of accounting estimates.

When preparing the interim financial statements for the first quarter ended March 31, 2022 the Company made no specific assessment for the pandemic situation, however, is closely following relevant themes such as liquidity, inventory, tax recovery, and expenses in general, which it monitors on a daily basis.

3. Basis for Consolidation

Consolidated interim financial statements include the Company's operations and those of its subsidiary Orion Companhia Securitizadora de Créditos Financeiros S.A. ("Orion" or "subsidiary").

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

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

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

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

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

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

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

4. Accounting policies

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

4.1. Statements made but not net 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. Changes related to CPC50/IFRS17 do not apply to the Company.

a) IFRS 17 - Insurance Contracts

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

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

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

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

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

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

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

c) Changes in IAS 8: Definition of accounting estimates

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

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

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

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

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

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

4.2. New statements or statements reviewed for the first time in 2021

For the first time the Company applied certain standards and amendments that are valid for the annual periods starting on or after January 1, 2021. The Company decided against early adoption of other standards, interpretations, or amendments issued but not yet applicable.

a) <u>Amendments to CPC 06 (R2), CPC 11, CPC 38, CPC 40 (R1) e CPC 48: Revamping the Reference Interest Rate</u>

Changes in CPC 38 and 48 provide temporary exceptions that address the impact on financial statements when an interbank deposit certificate (CDI) rate is replaced with an alternative at an almost risk-free rate, these changes include the following practical expedients:

- A practical expedient that requires contractual changes or changes in cash flow directly required by the revamp, to be addressed as changes in the floating, interest, equivalent to the fluctuation in a market rate;
- This enables making the changes required in the revamp in hedge designations and documentation, without the need to discontinue the hedge relationship;
- Provides a temporary exception for entities to comply with the separately identifiable requirement when a risk-free rate instrument is designated as the hedge of a risk component.

These amendments do not impact the Company's individual or consolidated financial statements. The Company intends to use the practical expedients in future periods, should they become applicable.

b) <u>Amendments to CPC 06 (R2): Covid-19 Benefits Granted to the Lessees in Lease Agreements extending beyond June 30, 2021.</u>

The amendments include concessions granted to lessees in the enforcement of CPC 06 (R2) guidelines on changes in the lease agreement by including the benefits granted as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may opt not to check if a Covid-19 related benefit granted by the lessor is an amendment to the lease agreement. The lessee who opts for this must book any changes in lease payment resulting from a Covid-19 benefit granted in the lease agreement exactly as it would book the change a by applying CPC 06 (R2) if the change were not an amendment to the lease agreement.

On March 31, 2021 the CPC extended the period for ap plying this practical expedient to June 30, 2022. This amendment became enforceable for fiscal periods starting on or before January 1, 2021.

5. Significant accounting judgments, estimates and premises

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

a) Determination of the lifetime of property and equipment and intangible assets;
b) Impairment analysis of property and equipment, as well as intangible assets;
c) Allowance for expected credit losses;
d) Provisions for inventory losses;
e) Realization of deferred income tax and social contribution;
f) Rates and timeliness applied when determining adjustment to present value of assets and liabilities;
g) Provisions for tax, civil and labor proceedings;
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.

The measurement of provisions for labor claims is obtained by applying the historical percent losses to the total value of the claim (which is the maximum exposure to which the Company is subject) for each claim, as informed by the Company's legal advisors. This measurement is reviewed every six months, most recently in September 2021.

(in thousand Reals unless otherwise stated)

6. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash	**4,428**	4,490	**4,428**	4,490
Banks	**79,800**	51,354	**117,023**	68,182
Financial investments	**522,944**	947,405	**538,922**	977,579
	607,172	1,003,249	**660,373**	1,050,251

The Company has cash equivalents in the form of fixed-yield financial investments, indexed to 80% to 104% of the variation in CDI (Interbank Deposit Certificates), which may be redeemed at any time with the issuer of the security with no loss of the contracted yield.

7. Financial investments

	Index	Rate	Parent Company		Consolidated	
			03/31/2022	12/31/2021	03/31/2022	12/31/2021
LTF (Brazilian Treasury Notes)	**Selic**	**100%**	**7,956**	7,776	**7,956**	7,776
			7,956	7,776	**7,956**	7,776
Current assets			**3,978**	-	**3,978**	-
Non-current assets			**3,978**	7,776	**3,978**	7,776

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

8. Trade receivables

a) Breakdown

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Card operators	**718,977**	988,865	**718,977**	988,865
C&A Pay Card - related parties	**139,618**	96,269	**-**	-
C&A Pay Card - third parties	**-**	-	**178,033**	97,694
Commissions receivable - telephony suppliers	**6,453**	13,013	**6,453**	13,013
Commissions receivable - insurers	**9,841**	6,506	**9,841**	6,506
Bradescard Partnership	**43,269**	9,562	**43,269**	9,562
Raw material sales to suppliers	**26,643**	29,823	**26,643**	29,823
Other	**19,364**	17,334	**22,971**	17,334
Allowances for expected credit losses	**(17,731)**	(16,968)	**(19,418)**	(17,461)
	946,434	1,144,404	**986,769**	1,145,336

(in thousand Reals unless otherwise stated)

b) Aging of trade accounts receivable, net of allowance for expected losses

	Parent Company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Coming due:				
Up to 30 days	**427,950**	444,178	**366,178**	347,368
31 - 60 days	**217,079**	291,548	**207,038**	298,874
61 - 90 days	**121,182**	219,878	**125,632**	235,771
91 - 120 days	**64,624**	71,488	**73,743**	84,130
121 - 150 days	**41,183**	48,230	**59,419**	84,996
151 - 180 days	**28,134**	24,805	**31,917**	30,113
Longer than 180 days	**45,357**	43,424	**107,247**	63,422
	945,509	1,143,551	**971,174**	1,144,674
Past due:				
Up to 30 days	**123**	79	**6,489**	284
31 - 60 days	**146**	24	**3,783**	23
61 - 90 days	**126**	12	**4,874**	12
Longer than 90 days	**530**	738	**449**	246
	925	853	**15,595**	565
Trade receivables not recognized by customers (*)		-		97
Total	**946,434**	1,144,404	**986,769**	1,145,336

(*) Includes Banco Bradescard credit card sales unrecognized by the card owners (chargebacks), in the amount of R$ 2,996 on March 31, 2022, (R$ 2,233 on December 31, 2021), and thus considered in the provision for expected credit losses. The Company also recognized provisions for expected credit losses for court-blocked amounts in C&A bank accounts, in the amount of R$ 12,096 on March 31, 2022 (R$ 12,096 December 31, 2021), the responsibility for unblocking procedures belongs to Banco Bradescard.

c) Changes in provisions for expected credit losses

	Parent Company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Balance on December 31	**(16,968)**	(15,102)	**(17,461)**	(15,102)
(Provision)/Reversal	**(1,622)**	(533)	**(2,816)**	(533)
Loss	**859**	1,288	**859**	1,288
Balance on March 31	**(17,731)**	(14,347)	**(19,418)**	(14,347)

d) Present value adjustment

The Company discounts its receivables to present value using interest rates directly related to customer credit profiles. The monthly interest rates used to calculate the present value of outstanding receivables on March 31, 2022 and December 31, 2021 were 0.93% and 0.77% respectively. Realization of the present value adjustment is recognized as an offsetting item to sales revenue.

(in thousand Reals unless otherwise stated)

9. Related parties

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

Assets	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Trade receivables				
Instituto C&A de Desenvolvimento Social (*)	**5**	13	**5**	13
COFRA Latin America (*)	**8**	435	**8**	435
Orion Inst. Pagamento (*)	**1,058**	6	**-**	-
	1,071	454	**13**	448
Dividends receivable				
Orion Inst. Pagamento	**118**	133	**-**	-
	118	133	**-**	-
Prepaid expenses				
C&A Services	**175**	189	**175**	189
	175	189	**175**	189
Total related party assets	**1,364**	776	**188**	637
Related party assets - current	**1,246**	643	**70**	504
Related party assets - non current	**118**	133	**118**	133

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

Liabilities	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Accounts payable				
C&A Sourcing	**99,579**	56,660	**99,579**	56,660
Cyamprev Soc. Previd. Privada	**1,321**	2,337	**1,321**	2,337
COFRA Latin America	**17**	19	**17**	19
Orion Inst. Pagamento	**21,132**	438	**-**	-
	122,049	59,454	**100,917**	59,016
Interest on shareholder's equity and dividends				
COFRA Latin America	**-**	-	**1**	1
	-	-	**1**	1
Total related party liabilities	**122,049**	59,454	**100,918**	59,017
(-) Interest on Shareholder's Equity and related party dividends	**-**	-	**(1)**	(1)
Related party liabilities - current	**122,049**	59,454	**100,917**	59,016

(in thousand Reals unless otherwise stated)

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

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

Transactions with related parties

	Parent Company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Reimbursement for shared expenses				
Cyamprev Soc. Prev. Privada	**158**	675	**158**	675
Instituto C&A de Desenvolvimento social	**-**	15	**-**	15
COFRA Latin America	**30**	12	**30**	12
Orion Inst. Pagamento	**16**	10	**-**	-
	204	712	**188**	702
Revenue from services rendered				
C&A Mexico	**-**	3,803	**-**	3,803
	-	3,803	**-**	3,803
Goods purchased				
C&A Sourcing	**(134,962)**	(75,375)	**(134,962)**	(75,375)
	(134,962)	(75,375)	**(134,962)**	(75,375)
Services purchased				
C&A Services	**(423)**	(43)	**(423)**	(43)
COFRA Latin America	**(54)**	(48)	**(54)**	(48)
	(477)	(91)	**(477)**	(91)
Pension fund contributions				
Cyamprev Soc. Prev. Privada	**(832)**	(2,449)	**(832)**	(2,449)
	(832)	(2,449)	**(832)**	(2,449)

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 fiscal of three-month periods ended March 31, 2022 and 2021 there was no need to recognize provisions for expected credit losses in related party accounts receivable.

(in thousand Reals unless otherwise stated)

Compensation of members of the Board of Directors and Executive Board

Expenses (paid and payable) associated with Officer compensation in the three-month periods ended March 31, 2022 and 2021 were as follows:

	Parent Company and Consolidated	
	03/31/2022	03/31/2021
Fixed Compensation	**3,762**	3,475
Variable Compensation	**238**	732
Contributions to post-employment plans	**71**	98
Long-Term Incentives	**2,917**	653
Total	**6,988**	4,958

At the Ordinary Shareholder's Meeting held on April 28, global annual compensation for the period ending 2022 was defined as up to R$31,645 (R$28,283 for FY 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 and 2021 ("2019 grant" and "2021 grant").

2019 Grants

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

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

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

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

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

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

The weighted average contractual term for the stock options remaining on March 31, 2022 was 3.56 years. The weighted average fair value of the options granted during the period is R$ 8.90 in the original program, and R$ 2.58 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.

<u>2021 Grants</u>

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. No options were granted in the first quarter of 2022.

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

The price of the global exercise payable by the executives for the vested options on each anniversary is R$ 1.00. Vested options shall be unrestricted as of the date of transfer.

No options were exercised, expired, or canceled in the first quarter of 2022. In 2021 43,133 options prescribed. No options were exercised or matured during Fiscal year 2021.
The contractual term for the stock options remaining on March 31, 2022 was 1.90 years. The fair value of the options granted during the period was R$ 12.45.

(in thousand Reals unless otherwise stated)

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

Changes:

Program	Initial balance on 01/01/2021	Granted	Changes	Cancelled	Balance on 12/31/2021	Balance on 03/31/2022
2019 grants 2nd replacement	1,148,148	-	(1,062,037)	-	86,111	86,111
2019 grants transferred to 2021 grants	-	-	1,062,037	-	1,062,037	1,062,037
2021 Grants	-	1,506,702	-	(43,133)	1,463,569	1,463,569
Total	**1,148,148**	**1,506,702**		**(43,133)**	**2,611,717**	**2,611,717**

Premises:

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

	2019 Grants (December 2021 substitution)	2021 Grants
	Single batch	**Single batch**
Pricing model	Monte Carlo	Monte Carlo
Dividend yield	0.00%	0.00%
Risk-free rate	10.92%	6.395%
Price per share considered	6.59	11.63
Expected lifetime of the options	02/24/2024	02/24/2024
Fair value on the date measured	4.39	12.45
Expected annual volatility	58.69%	53.92%

(in thousand Reals unless otherwise stated)

In the first quarter of 2022, the Company recognized expenses of R$ 2,400, R$ 323 for the 2019 grants, and R$ 2,077 for the 2021 grants (R$ 897 in the same period of 2021 for the 2019 grants), with the capital reserve - shares granted as the counterpart. The following expenses will be recognized in subsequent periods.

	Program	
Year	**2019 Grants**	**2021 Grants**
2022	732	6,346
2023	-	8,424
2024	-	1,269
	732	**16,039**

11. Inventory

a) Inventory breakdown

	Parent Company and Consolidated	
	03/31/2022	**12/31/2021**
Goods for resale	**968,717**	873,953
Goods sold and in transit for delivery to customers	**1,704**	1,154
Present value adjustment	**(16,012)**	(11,651)
Provisions for losses	**(55,166)**	(45,961)
	899,243	817,495
Imports in transit	**80,527**	31,774
	979,770	849,269

b) Changes in provisions for losses:

	03/31/2022	**03/31/2021**
Balance on December 31	**45,961**	34,108
Addition (reversal)	**11,012**	6,347
Actual losses	**(1,807)**	(3,638)
Balance on March 31	**55,166**	36,817

Throughout the year, the Company performs periodic physical counts of goods it classifies as high risk of loss; a full physical count is performed for all items once a year. As physical counts are performed, adjustments are recorded as actual losses, consuming provisions for inventory losses booked for this purpose.

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

(in thousand Reals unless otherwise stated)

12. Taxes recoverable

	Parent Company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Previously unused PIS / COFINS credit	**1,464,622**	1,521,074	**1,464,622**	1,521,074
ICMS (ii)	**127,858**	115,661	**127,858**	115,661
IT/CSLL	**37,467**	29,476	**37,841**	29,820
IRRF (withholding taxes)	**14,759**	9,664	**14,872**	9,672
IPI (excise tax)	**331**	328	**331**	328
Other	**11,089**	12,378	**11,089**	12,378
	1,656,126	1,688,581	**1,656,613**	1,688,933
Current assets	**936,099**	848,803	**936,586**	849,155
Non-current assets	**720,027**	839,778	**720,027**	839,778

(i) Previously unused PIS / COFINS credit

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

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

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

Thus, in fiscal period 2019 the Company recognized PIS/COFINS tax credits in the amount of R$ 1,282,030, deferred to March 17, 2020, ensuring the right to offset this credit. On March 31, 2022 the balance of previously unused credits was R$ 1,068,792.

On May 13, 2021 the Federal Supreme Court confirmed the exclusion of ICMS from the basis for calculating PIS and COFINS. As result, on June 30, 2021, the Company recognized tax credits relative to the second lawsuit for the period between 2015 and 2017, in the amount of R$ 234,704, even though the final ruling was only issued on February 23, 2022. The updated amount on March 31, 2022 was R$ 255,069.

Management expects that updated tax credits from the first lawsuit will be offset by 2023, given the tax debits generated from normal Company operations, as shown in item (i.iii).

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

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

(in thousand Reals unless otherwise stated)

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

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

On December 31, 2021, there was an addition to Reintegra for the period between January 2020 and September 2021, in the amount of R$ 229, the updated balance of these unused credits is R$140,761. Realizing these credits shall respect the deadlines determined in applicable legislation from the moment the credits are enabled by the Brazilian Federal Revenue Service.

(i.iii) Expected realization of previously unused PIS/COFINS credits on March 31, 2022.

Year	R$
2022	657,410
2023	411,382
Waiting for enablement	395,830
Total	**1,464,622**

Starting in 2Q22 Management will offset the tax debits arising from its operations with PIS AND COFINS credits, without using current credit.

(i.iv) Changes in previously unused PIS / COFINS credits, in the three-month period ended in March 31, 2021 and 2022.

	03/31/2022	03/31/2021
Balance on December 31	**1,521,074**	1,361,210
Recognition	**-**	-
Interest	**19,321**	3,376
Offset by	**(75,773)**	(17,772)
Balance on March 31	**1,464,622**	1,346,814

(ii) Credit on the increase in ICMS on the supply of electricity

On December 17, 2021 the Federal Supreme Court (STF) published its understanding with general repercussion (Extraordinary Appeal 714,139/SC) that the general rate should apply, and not the higher 25% rate as the effective rate for ICMS on electricity and telecommunication services. In 2015 and 2016 the Company filed Ordinary Claims in the states of BA, CE, DF, GO, MG, PA, PE, PR, RJ, RS, and SP regarding ICMS on telecom services, and in AL, AM, BA, CE, DF, ES, GO, MT, PA, PB, PE, PI, PR, RJ, RN, RO, RS, SC, and SE regarding ICMS on electricity, claiming the right to apply the general ICMS rate on electricity and telecom services, given that these states applied the current increased rates.

(in thousand Reals unless otherwise stated)

In light of this, although a final ruling has yet to be made, the Company proceeded to partially record its best estimates for December 31, 2021 in the amount of R$ 32,612. The amounts for the period from 2012 to 2021 are being calculated to enable recording supplemental amounts.

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

13. Other assets

	Parent Company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Prepaid expenses	**42,081**	30,697	**42,081**	30,697
I.P.T.U. (property tax)	**11,785**	103	**11,785**	103
Employee loans and advances	**4,601**	2,021	**4,601**	2,021
Actuarial assets	**4,063**	2,552	**4,063**	2,552
Supplier advances	**397**	-	**397**	-
Other	**48**	551	**48**	562
	62,975	35,924	**62,975**	35,935
Current assets	**58,892**	33,337	**58,892**	33,348
Non-current assets	**4,083**	2,587	**4,083**	2,587

14. Income Tax and Social Contribution

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

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

In this scenario and based on the interpretation of IPC 22 (Uncertainty on the Treatment of Taxes on Profit) and CPC 32 (Taxes on Profit), the Company proceeded to record its best estimate in December 2021, in the amount of R$ 311,301 as deferred tax assets, and R$ 26,137 long-term taxes recoverable. On March 31, 2022 the balance of these accounts was R$ 318,411 and R$ 26,605 respectively.

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

(in thousand Reals unless otherwise stated)

a) Breakdown and changes in deferred taxes deferred taxes

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

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

(in thousand Reals unless otherwise stated)

		Parent Company and Consolidated		
		Increase/(Reduction)		
	Balance on 12/31/2020	in earnings	in shareholder's equity	Balance on 03/31/2021
Tax losses and negative bases	265,898	98,458	-	**364,356**
Temporary differences				
Provisions for tax, civil and labor proceedings	96,667	(14,228)	-	**82,439**
Provisions for losses in inventories and trade receivables	16,175	2,132	-	**18,307**
Provisions for the loss of property and equipment	9,824	-	-	**9,824**
Provisions for profit sharing	15,976	(9,637)	-	**6,339**
CPC 06 (R2)/IFRS16 leases	46,626	4,374	-	**51,000**
Other	79,369	(13,825)	(3,747)	**61,797**
Deferred tax assets	**530,535**	**67,274**	**(3,747)**	**594,062**
Gains from legal cases	(456,033)	**4,490**	-	**(451,543)**
Present value adjustment	(3,010)	**(2,748)**	-	**(5,758)**
Fair value adjustments	-	**-**	-	**-**
Deferred tax liabilities	**(459,043)**	**1,742**	**-**	**(457,301)**
Balance of deferred tax assets (liabilities)	**71,492**	**69,016**	**(3,747)**	**136,761**

b) Expected realization of deferred tax assets on March 31, 2022

Parent Company and Consolidated	
Year	**R$**
2022	195,875
2023	68,136
2024	65,878
2025	92,355
2026	116,441
2027 to 2029	148,066
2030 to 2032	26,910
	713,661

(in thousand Reals unless otherwise stated)

c) Reconciliation of effective rate

	Parent Company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Pre-tax losses	**(240,427)**	(207,555)	**(239,511)**	(207,381)
Income tax and social contribution expenses at statutory rates - 34%	**81,745**	70,569	**81,434**	70,510
Adjustments to reflect the effective rate				
Share of profit of subsidiaries	**(927)**	17	**-**	-
Non-deductible donations	**(588)**	(539)	**(588)**	(539)
Adjustments in transfer pricing	**(259)**	(1,127)	**(259)**	(1,127)
Corporate gifts and non-deductible fines	**(138)**	-	**(1,149)**	-
Investment Subsidies	**760**	293	**760**	293
IT and SC from previous periods	**-**	-	**(533)**	-
Other additions and exclusions	**-**	(197)	**-**	(301)
Tax overpayment	**7,110**	-	**7,110**	-
Taxes calculated on that portion exempt from the additional 10%	**-**	-	**6**	5
Income Tax and Social Contribution on profits	**87,703**	69,016	**86,781**	68,841
Current	**-**	-	**(484)**	(175)
Deferred	**87,703**	69,016	**87,265**	69,016
	87,703	69,016	**86,781**	68,841
Effective rate	**36%**	33%	**36%**	33%

15. Investments

a) Information on investments in the subsidiary

Orion	Shareholding	Current assets	Non-current assets	Current Liabilities	Net Collection	Gross Revenue gross	Profit	Book value of the investment	Share of profit of subsidiaries
03/31/2022	**99.8%**	**235,679**	**433**	**(207,571)**	**28,541**	**9,901**	**(2,733)**	**28,544**	**(2,728)**
12/31/2021	99.8%	145,919	895	(115,539)	31,275	3,855	531	31,272	530

b) Changes in investment

	03/31/2022	**03/31/2021**
Balance at the start of the period	**31,272**	875
Share of profit of subsidiaries	**(2,728)**	51
Balance on December 31	**28,544**	926

(in thousand Reals unless otherwise stated)

16. Property and Equipment

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

Property and Equipment	Cost	Accumulated Depreciation	Provision for impairment	March 31, 2022
Machinery and equipment	**232,938**	**(133,927)**	**(1,511)**	**97,500**
Furniture and fixtures	**535,394**	**(310,182)**	**(2,117)**	**223,095**
IT Equipment .	**264,255**	**(175,272)**	**(645)**	**88,338**
Vehicles	**534**	**(526)**	**-**	**8**
Leasehold improvements	**1,293,655**	**(893,516)**	**(14,055)**	**386,084**
Land	**126**	**-**	**-**	**126**
Construction in progress	**24,753**	**-**	**-**	**24,753**
Provisions for store restorations	**2,430**	**(993)**	**-**	**1,437**
	2,354,085	**(1,514,416)**	**(18,328)**	**821,341**

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.

(in thousand Reals unless otherwise stated)

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

	Average annual depreciation rate	Balance on December 31, 2021	Additions (iii)	Depreciation	Write-offs	Transfers	Transfer to intangibles	Reversals (provisions) impairment	Balance on March 31, 2022
Machinery and equipment	8%	98,864	1,029	(3,217)	(2,808)	371	-	3,261	97,500
Furniture and fixtures	15%	229,769	3,858	(12,476)	(130)	2,074	-	-	223,095
IT Equipment	20%	89,808	4,027	(7,306)	-	1,809	-	-	88,338
Vehicles	20%	14	-	(6)	-	-	-	-	8
Leasehold improvements (i)	11%	397,914	-	(20,327)	(862)	8,224	-	1,135	386,084
Land	-	126	-	-	-	-	-	-	126
Construction in progress	-	18,291	18,940	-	-	(12,478)	-	-	24,753
Provisions for returning stores (ii)	-	1,483	-	(46)	-	-	-	-	1,437
Other	-	-	-	-	-	-	-	-	-
Total		836,269	27,854	(43,378)	(3,800)	-	-	4,396	821,341

	Average annual depreciation rate	Balance on December 31, 2020	Additions (iii)	Depreciation	Write-offs	Transfers	Transfer to intangibles	Reversals (provisions) impairment	Balance on March 31, 2021
Machinery and equipment	9%	63,797	9,414	(2,709)	(7)	165	-	-	70,660
Furniture and fixtures	14%	187,294	6,950	(10,504)	(9)	1,606	-	-	185,337
IT Equipment	20%	63,014	882	(5,360)	(20)	23	-	-	58,539
Vehicles	20%	41	-	(6)	-	-	-	-	35
Leasehold improvements	11%	335,581	-	(19,284)	(380)	8,665	-	-	324,582
Land	-	126	-	-	-	-	-	-	126
Construction in progress	-	15,411	21,070	-	-	(9,242)	(7,254)	-	19,985
Provisions for returning stores	12%	744	90	(31)	-	-	-	-	803
Other	-	1,217	-	-	-	(1,217)	-	-	-
Total		667,225	38,406	(37,894)	(416)	-	(7,254)	-	660,067

(i) Leasehold improvements include miscellaneous assets such as civil works, lighting, fire-fighting, 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 27 lease agreements with fully variable payments. These are linked to provisions for dismantling and returning stores.

(iii) In 1Q22 the Company purchased R$ 27,854 in property and equipment, R$ 7,855 of which are entered as supplier accounts payable (R$ 8,578 in 1Q21) and R$ 43,700 were paid out in 2022 for purchases made prior to December 31, 2021 (R$ 10,497 were disbursed in 1Q21 for 2020).

c) <u>Impairment</u>

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

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

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

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

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

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

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

On March 31, 2022 the Company had provisions for impairment in the amount of R$ 19,251 (R$ 22,723 on December 31, 2021), of which R$ 16,145 referred to the impairment test (R$ 15,941 on December 31, 2021), and R$ 3,106 in provisions for writing off assets due to revamping and closing stores (R$ 6,782 on December 31, 2021).

(in thousand Reals unless otherwise stated)

17. Intangibles

a) Breakdown of intangibles:

Parent Company	03/31/2022 Cost	Accumulated amortization	Provision for impairment	Accounting Balance	12/31/2021 Cost	Accumulated amortization	Provision for impairment	Accounting Balance
Software	941,790	(459,750)	(163)	**481,877**	787,579	(423,041)	(163)	**364,375**
Goodwill	70,137	(50,426)	(761)	**18,950**	70,387	(49,993)	(761)	**19,633**
Other intangibles	415,000	-	-	**415,000**	415,000	-	-	**415,000**
Intangibles in process	49,598	-	-	**49,598**	176,231	-	-	**176,231**
Total	**1,476,525**	**(510,176)**	**(924)**	**965,425**	**1,449,197**	**(473,034)**	**(924)**	**975,239**

Consolidated	03/31/2022 Cost	Accumulated amortization	Provision for impairment	Accounting Balance	12/31/2021 Cost	Accumulated amortization	Provision for impairment	Accounting Balance
Software	942,254	(459,781)	(163)	**482,310**	788,043	(423,049)	(163)	**364,831**
Goodwill	70,137	(50,426)	(761)	**18,950**	70,387	(49,993)	(761)	**19,633**
Other intangibles	415,000	-	-	**415,000**	415,000	-	-	**415,000**
Intangibles in process	49,598	-	-	**49,598**	176,231	-	-	**176,231**
Total	**1,476,989**	**(510,207)**	**(924)**	**965,858**	**1,449,661**	**(473,042)**	**(924)**	**975,695**

b) Changes in intangibles:

Parent Company

	Average annual amortization rate (%)	Balance on December 31, 2021	Additions (i)	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment	Balance on March 31, 2022
Software	17%	364,375	-	(36,731)	(26)	154,259	-	-	481,877
Goodwill	10%	19,633	-	(683)	-	-	-	-	18,950
Other intangibles	-	415,000	-	-	-	-	-	-	415,000
Intangibles in process	-	176,231	27,626	-	-	(154,259)	-	-	49,598
Total		**975,239**	**27,626**	**(37,414)**	**(26)**	**-**	**-**	**-**	**965,425**

	Average annual amortization rate (%)	Balance on December 31, 2020	Additions	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment	Balance on March 31, 2021
Software	13%	233,622	-	(18,482)	-	24,277	7,254	-	246,671
Goodwill	10%	10,469	-	(583)	-	-	-	-	9,886
Intangibles in process	-	50,869	32,385	-	-	(24,277)	-	-	58,977
Total		294,960	32,385	(19,065)	-	-	7,254	-	315,534

(in thousand Reals unless otherwise stated)

	Consolidated								
	Average annual amortization rate (%)	**Balance on December 31, 2021**	**Additions (i**	**Amortization**	**Write-offs**	**Transfers**	**Property and equipment transfers**	**Reversals (provisions) impairment**	**Balance on March 31, 2022**
Software	**17%**	**364,831**	**-**	**(36,754)**	**(26)**	**154,259**	**-**	**-**	**482,310**
Goodwill	**10%**	**19,633**	**-**	**(683)**	**-**	**-**	**-**	**-**	**18,950**
Other intangibles		**415,000**	**-**	**-**	**-**	**-**	**-**	**-**	**415,000**
Intangibles in process	**-**	**176,231**	**27,626**	**-**	**-**	**(154,259)**	**-**	**-**	**49,598**
Total		**975,695**	**27,626**	**(37,437)**	**(26)**	**-**	**-**	**-**	**965,858**

	Average annual amortization rate (%)	Balance on December 31, 2020	Additions	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) impairment	Balance on March 31, 2021
Software	13%	233,622	-	(18,482)	-	24,277	7,254	-	246,671
Goodwill	10%	10,469	-	(583)	-	-	-	-	9,886
Intangibles in process	-	50,869	32,385	-	-	(24,277)	-	-	58,977
Total		294,960	32,385	(19,065)	-	-	7,254	-	315,534

(i) In the first quarter of 2022 the company added R$ 27,626 to the intangibles line, of which R$ 9,473 are booked as supplier accounts receivable, and R$ 96,006 were spent in 2022 for purchases made prior to December 31, 2021.

c) Impairment

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

d) Acquisitions during the period

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

18. Leases

Based on a Review of Technical Pronouncement 16/2020, which clarifies Technical Pronouncement CPC 06 (R2)/IFRS16 regarding Covid-19-related benefits granted to the lessors in Lease Agreements, the Company analyzed its leases together with its partner Lessors and concluded that the lease negotiations resulting from COVID-19 do not constitute a contractual amendment and thus have no impact on re-measurement of the leases. The net tax discount obtained from negotiations in 1Q22 was R$ 6,440 (R$ 7,178 in 1Q21), net of PIS/COFINS, recorded under results for the period, occupancy costs. The company also has payable leases related to the pandemic, which should be settled in full by July 2022. Deferred payments with no further burden to the Company added up to R$ 773 on March 31 2022 (R$ 971 on December 31, 2021), and are booked under lease liabilities until they are settled.

(in thousand Reals unless otherwise stated)

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

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

Incremental rates based on lease terms practiced in the period ended March 31, 2022

Contractual terms	Actual rate (% per year)	Nominal rate (% per year)
5 to 6 years	4.0 – 7.5	9.1 – 14.3
6 to 10 (or more) years	6.2 - 6.9	11.8 - 12.6

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

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

(in thousand Reals unless otherwise stated)

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

	Right-of-use asset			
	Real Estate	**Equipment**	**Total**	**Lease liabilities**
Balance on December 31, 2021	**1,635,512**	**4,778**	**1,640,290**	**(1,814,148)**
Amortization (i)	**(93,619)**	**(923)**	**(94,542)**	**-**
Financial charges	**-**	**-**	**-**	**(40,378)**
Payments made	**-**	**-**	**-**	**117,948**
Provisions for dismantling costs	**180**	**-**	**180**	**-**
Prepayments	**2,500**	**-**	**2,500**	**-**
Impairment	**18**	**-**	**18**	**-**
New/renewed/closed Agreements (ii)	**(2,326)**	**3,428**	**1,102**	**2,027**
Re-measurements (iii)	**26,553**	**-**	**26,553**	**(26,553)**
Balance on March 31, 2022	**1,568,818**	**7,283**	**1,576,101**	**(1,761,104)**
Current Liabilities				**(484,740)**
Non-current Liabilities				**(1,276,364)**

(i) In this table, amortization has not been corrected in the amount of R$ 10,499 for PIS/COFINS credits on lease payments, nor R$ 2,046 in interest, recorded directly as a reduction of amortization and interest expenses in the statements of operation.
(ii) This refers to 9 new store agreements and 1 closed agreement.
(iii) This refers to the annual re-measurement inflation adjustments on minimal lease payments as per the respective agreements and lease renewals;

	Right-of-use asset			
	Real Estate	**Equipment**	**Total**	**Lease liabilities**
Balance on December 31, 2020	**1,507,566**	**6,872**	**1,514,438**	**(1,654,796)**
Amortization	(81,676)	(458)	(82,134)	-
Financial charges	-	-	-	(33,599)
Payments made	-	-	-	101,995
Re-measurements	50,329	(696)	49,633	(49,977)
Balance on March 31, 2021	1,476,219	5,718	1,481,937	(1,636,377)
Current Liabilities				(411,635)
Non-current Liabilities				(1,224,742)

b) Comparison of lease projections in the different scenarios

In compliance with CVM guidelines and in order to provide the market with a comprehensive view of the different effects of applying models, with and without inflation, on the flow of minimum lease payments using a given discount rate (4.0% to 14.3%), below is a comparative list of the right-of-use lease liabilities, financial expenses and amortization expenses for the current and coming years in the following scenarios:

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

(in thousand Reals unless otherwise stated)

The Company is adopting scenario 2 for the three-month period ended March 31, 2022, as per CPC06(R2) / IFRS16. The comparative balances of lease liabilities are submitted below:

	03/31/2022	12/31/2021
Lease liabilities		
Scenario 1	2,079,392	2,143,756
Scenario 2 (book value)	**1,761,104**	**1,814,148**
Financial Charges		
Scenario 1	42,852	164,441
Scenario 2 (book value)	**40,378**	**107,753**
Depreciation Expenses		
Scenario 1	105,887	376,522
Scenario 2 (book value)	**94,542**	**252,435**
Total Expenses		
Scenario 1	148,739	540,963
Scenario 2 (book value)	**134,920**	**360,188**

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

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

	03/31/2022		12/31/2021	
Coming due in	Payments	Potential PIS/COFINS Rights	Payments	Potential PIS/COFINS Rights
Less than 1 year	**466,131**	**(41,845)**	450,798	(41,351)
One to five years	**1,416,257**	**(127,325)**	1,448,274	(131,105)
Over five years	**428,103**	**(39,948)**	483,982	(44,351)
Total minimum payments	**2,310,491**	**(209,118)**	2,383,054	(216,807)
Minimum payments discounted to present value	**(549,387)**	**66,324**	(568,906)	52,047
Present value of the minimum payments	**1,761,104**	**(142,794)**	1,814,148	(164,760)
Current Liabilities	**484,740**		471,723	
Non-current Liabilities	**1,276,364**		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 quarter ended March 31, 2022, the expense associated with the 17 variable lease agreements was R$ 838 (R$ 4,167 for the 17 agreements in the period ended December 31, 2021). 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$ 6,202 (R$ 19,619 in the period ended December 31, 2021), and refer to leasing printers and forklifts. Because of limited relevance, future commitments with minimum lease payments of low-value assets and short-term contracts are not presented, nor is any sensitivity analysis of variable expenses with leases and the factors that impact this variation.

(in thousand Reals unless otherwise stated)

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

d) Impairment

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

19. Suppliers

	Parent Company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Goods suppliers	**478,725**	668,457	**478,725**	668,457
Materials, asset and service suppliers	**636,126**	789,977	**640,762**	791,037
Agreement suppliers - drawee risk	**192,107**	376,302	**192,107**	376,302
	1,306,958	1,834,736	**1,311,594**	1,835,796
Current Liabilities	**1,286,591**	1,399,676	**1,291,227**	1,400,736
Non-current Liabilities	**20,367**	435,060	**20,367**	435,060

In November 2021 C&A formalized the purchase of balcão Bradesco for R$415 million, to be settled in January 2023. In December 2021 this amount was recorded as long-term suppliers and was considered as a current liability as of 1Q22. This amount is updated monthly and the result of monetary correction is recorded against financial expenses in the “others” subgroup (note 28). As of March 31, 2022, the updated amount was R$423 million.

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

Under these agreements, the financial institution advances a given amount to the supplier and, when this amount comes due, it is paid back by the Company. The decision to subscribe to this type of transaction is solely the supplier's. The agreement does not change the commercial conditions, terms and prices previously agreed between the Company and its supplier. For this reason, the balances payable were kept under the item “suppliers". In 1Q22 the company received commissions related to such transactions amounting to R$ 2,754 (R$ 3,686 in 1Q21).

In 1Q22 the monthly discount rate ranged from 1.28% to 1. 75% (0.75% and 1.21 % in 1Q21).

In 1Q22 the Company advanced R$ 87 to suppliers, which generated an income of R$ 1, recognized as financial income, net of funding costs (in the same period of 2021 no advances were made and there was no income generated).

The company discounts the current balance of trade receivables at interest rates close to market rates. The monthly interest rates used for the calculation of present value of outstanding payables on March 31, 2022 and 2021 were 0.93% and 0.20% 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.

(in thousand Reals unless otherwise stated)

20. Loans and debentures

a) Breakdown of the loans and debentures

			Parent Company		Consolidated	
Descriptions	**Annual rates**	**Maturity**	**03/31/2022**	**12/31/2021**	**03/31/2022**	**12/31/2021**
Promissory notes (i)	100% CDI+ 1.09%	2022 - 2023	**508,257**	494,905	**508,257**	494,905
CCB (ii)	100% CDI + 2.95%	2023	**237,538**	230,107	**237,538**	230,107
CCB (ii)	100% CDI + 2.90%	2022 - 2024	**122,567**	132,227	**122,567**	132,227
Debentures - Offer 1 - Single Series	100% CDI + 2.15%	2024 - 2025	**520,926**	505,940	**520,926**	505,940
Structured Commercial Notes - single series, Offer 1 (iv)	100% CDI + 2.45%	2022 - 2027	**251,203**	-	**251,203**	-
Guaranteed Accounts (v)	100% CDI+ 1.70%	2022 - 2023	**-**	-	**75,906**	16,070
(-) Transaction costs to appropriate			**(5,449)**	(4,423)	**(6,152)**	(4,423)
Total			**1,635,042**	1,358,756	**1,710,245**	1,374,826
Current Liabilities			**120,083**	105,108	**195,286**	121,178
Non-current Liabilities			**1,514,959**	1,253,648	**1,514,959**	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$500,000 with a ticket equivalent to 100% of the accumulated variation in the daily DI rate plus a 1.09% annual surcharge payable in 3 years. In April 2021 the second principal was settled and R$ 12,913 in interest were paid (the first payment of R$ 11,197 (principal + interest) was made in October 2020). Further payments will be made every 6 months. The costs associated with the first Offer of promissory notes, including taxes, commissions and other costs totaled R$ 1,432 and are being recorded as deductions from liabilities and added to results monthly during the debt term. The amount appropriated in the three-month period ended March 31, 2022 was R$ 119 (R$ 477 in 2021).

ii. On June 30, 2020 the company issued to 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. The first interest payment, in the amount of R$ 5,829, was made in January 2021, the second, in the amount of R$ 6,258 in June 2021, and the third in the amount of R$ 10,575 in December 2021.
- 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 June 2024.

The costs associated with the first and second CCBs, including taxes, commissions and other costs totaled R$ 3,647 and are being recorded as deductions from liabilities and added to results monthly during the debt term. The amount appropriated in the three-month period ended March 31, 2022 was R$ 116 (R$ 1,216 in 2021).

iii. On May 20, 2021 the Company issued its first series of simple, non-secured, non-convertible debentures for public distribution with limited effort (CVM n. 476), in the amount of R$ 500,000 with a yield of 100% of the DI, plus an annual surcharge of 2.15% effective for 4 (four) years and amortized annually in 2 (two) installments as of year 3 from the date of issue of the debentures. The first installment, equivalent to 50% of the nominal unit amount due on May 20, 2024 and the last on the maturity date of May 20, 2025. The costs associated with the first issue of debentures notes, including taxes, commissions and other costs totaled R$ 3,619 and are being recorded as deductions from liabilities and added to results monthly during the debt term. The amount appropriated in the three-month period ended March 31, 2022 was R$ 226 (R$ 528 in 2021).

iv. On March 18, 2022 the Company issued its first Commercial Notes (“Commercial Notes” and “Offer”) 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 Offer will be used to reinforce the Company’s cash position and extend the average term of the Issuer’s debt.

v. Since December 1, 2021 the Company has been capturing funds through its subsidiary Orion Instituição de Pagamentos. Position on March 31, 2022 was R$ 70,489 with a yield of 100% of the CDI plus an annual surcharge of 1.70%, to be settled on May 30, 2022. The purpose of this is to settle the funding of with-interest installment portfolios, past-due accounts, withdrawals and refinancing of the new C&A Pay card operations.

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

b) Payment Forecast

(in thousand Reals unless otherwise stated)

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

Maturity	Parent Company	Parent Company
2022	100,619	175,822
2023	726,672	726,672
2024	308,798	308,798
2025	249,325	249,325
2026	124,702	124,702
2027	124,926	124,926
	1,635,042	**1,710,245**

c) Changes in loans

Changes in third party loans break down as follows:

	Parent Company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Balance on December 31	**1,358,756**	**1,211,252**	**1,374,826**	**1,211,252**
New loans/debentures	250,000	-	320,110	-
Interest	40,758	12,838	40,898	12,838
Interests to pass along	-	-	4,693	-
Funding cost	(1,513)	(26)	(2,216)	(26)
Cost amortization	487	820	487	820
Principal payment	-	-	(15,107)	-
Interest payment	(13,446)	(5,829)	(13,446)	(5,829)
Balance on March 31	**1,635,042**	**1,219,055**	**1,710,245**	**1,219,055**

d) Restrictive covenants

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

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

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

(in thousand Reals unless otherwise stated)

21. Labor liabilities

	Parent Company and Consolidated	
	03/31/2022	**12/31/2021**
Salaries, profit sharing and payroll charges	**86,261**	93,586
Vacation, 13th salary and payroll charges	**80,721**	67,559
	166,982	161,145
Current Liabilities	**160,656**	155,470
Non-current Liabilities	**6,326**	5,675

22. Taxes payable

	Parent Company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
ICMS	**70,115**	118,561	**70,115**	118,561
PIS/COFINS	**24,263**	62,882	**24,610**	63,031
Other	**10,784**	10,121	**11,140**	10,260
	105,162	191,564	**105,865**	191,852
Current Liabilities	**90,143**	175,352	**90,846**	175,640
Non-current Liabilities	**15,019**	16,212	**15,019**	16,212

(in thousand Reals unless otherwise stated)

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

23.1. Provisions for tax, civil and labor proceedings (Parent Company and Consolidated)

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

	12/31/2021	Addition (reversal)	Payments	Update	03/31/2022
Tax	**220,978**	**3,263**	**-**	**2,392**	**226,633**
Labor 23.1 (iv)	**30,095**	**2,087**	**(2,843)**	**919**	**30,258**
Civil	**3,710**	**879**	**(1,030)**	**115**	**3,674**
Provisions for tax, civil and labor proceedings	**254,783**	**6,229**	**(3,873)**	**3,426**	**260,565**
Judicial deposits with a corresponding liability	**(85,257)**	**-**	**-**	**(1,026)**	**(86,283)**
Net provision for judicial deposits	**169,526**	**6,229**	**(3,873)**	**2,400**	**174,282**

	12/31/2020	Addition (reversal)	Payments	Update	03/31/2021
Tax	200,437	761	(52)	439	201,585
Labor	74,994	(42,873)	(3,084)	2,632	31,669
Civil	8,884	857	(921)	393	9,213
Provisions for tax, civil and labor proceedings	284,315	(41,255)	(4,057)	3,464	242,467
Judicial deposits with a corresponding liability	(54,191)	-	-	(111)	(54,302)
Net provision for judicial deposits	230,124	(41,255)	(4,057)	3,353	188,165

Tax provisions refer substantially to discussions regarding the following taxes:

(i) PIS/COFINS

On March 31, 2022 the Company had provisions for PIS and COFINS risks in the amount of R$ 126,046 (R$ 122,405 on December 31, 2021). The most significant values are associated with credits used with inputs for its end-activity, in the amount of R$ 77,713 (R$ 64,998 on December 31, 2021), and Cofins Import credits, in the amount of R$ 40,627 (R$ 40,077 on December 31, 2021). For the latter case, on March 31, 2022 the Company had an updated deposit balance in the amount of R$ 38,323 (R$ 37,773 on December 31, 2021).

(ii) ICMS (State Value Added Tax)

On March 31, 2022, the Company had provisions for ICMS risks in the amount of R$ 37,491 (R$ 36,069 on December 31, 2021). The most significant values are associated with themes related to credit taken on trade payables to suppliers considered unqualified by the tax authorities, in the amount of R$ 10,601 (R$ 10,499 on December 31, 2021), and discussions regarding ICMS rates on energy, in the amount of R$ 20,691 (R$ 19,424 on December 31, 2021).

(iii) Other taxes

On March 31, 2022, the Company had provisions for tax risks related to other taxes in the amount of R$ 63,097 (R$ 62,505 on December 31, 2021). The most significant amounts were related FGTS in the amount of R$ 16,768 (R$ 16,748 on December 31, 2021) and CPRB (social security on gross income) regarding the case in which exclusion of ICMS and ISS from the basis for calculation is being discussed, in the amount of R$ 38,763.

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

On August 28, 2013 the Company filed a claim to exclude ICMS and ISS from the basis for calculating CPRB - Social Security on Gross Revenue. Between January 2014 and November 2015, the Company opted to make monthly payments of CPRB in the form of judicial deposits. On March 31, 2022, the updated amount of this deposit was R$ 31,274 (R$ 30,798 on December 31, 2021).

(iv) Civil and labor

The measurement of provisions for labor claims is obtained by applying the historical percent losses to the total value of the claim (which is the maximum exposure to which the Company is subject) for each claim, as informed by the Company's legal advisors. This measurement is reviewed semi-annually, with the most recent review in September 2021

(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 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 guarantee to suspend the enforceability of the tax credit in order to continue challenging the matter in the higher courts. The company made judicial deposits in the amount of R$ 33,795. In March 31, 2022 the updated amount was R$ 38,323 (R$ 37,773 on December 31, 2021), equivalent to the credits taken during the period plus interest.

(in thousand Reals unless otherwise stated)

23.2. Judicial deposits

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

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

	Parent Company and Consolidated	
	03/31/2022	**12/31/2021**
Tax	**32,853**	**31,064**
Labor e Civil	**29,674**	**30,873**
Total	**62,527**	**61,937**

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

23.3. Non-provisioned contingencies

On March 31, 2022 the Company had an updated amount of R$ 325,368 (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:

(a) PIS and COFINS - At the rate of zero on the sale of electronic goods - Law No. 11,196/05 (“Lei do Bem” - tax relief law): refers to claim discussing the reinstatement of the benefit provided for by Law No. 11,196/05, suspending the enforcement of PIS and COFINS levied on the sale of electronic products, revoked by Provisional Measure # 690/2015, signed into Law # 13,241/15, On October 7, 2019, the Company was informed of the decision granting urgent interlocutory relief, guaranteeing the tax debt through an insurance bond in the amount of R$ 165 million. For this reason, considering that the initial petition was amended to allocate the same value to the case as the insurance bond, the non-provisioned contingency was adjusted. On March 31, 2022, the updated amount was R$ 180,812 (R$176,798 On December 31, 2021).

(b) Social Security Contribution on Healthcare and Hospitalization: notice of violation was issued against the Company demanding the payment of social security contributions supposedly levied on the amounts paid as Healthcare and Hospitalization to its insured employees for the period between December 12, 1997 and February 28, 2005, Based on a favorable ruling issued based on a hierarchical appeal, the Company reversed part of this amount in February 2020. On March 31, 2022 the updated amount for the case amounted to R$ 8,902 (R$7,980 On December 31, 2021).

(c) PIS/COFINS - Non-cumulative taxation refers to notices of tax violations disallowing PIS and COFINS credits on expenses classified as inputs by the Company in 2012 and 2014. On March 31, 2022 the updated value of the tax violations classified as possible was approximately R$ 25,796 (R$ 25,561 on December 31, 2021).

(d) Import Taxes on Royalties refers to notices of tax assessments 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. On March 31, 2022, the updated amount for these claims was R$ 17,843 (R$ 17,572 on December 31, 2021).

(e) Social Security credits are administrative claims that are discussing the non-homologation of requests for compensation. On March 31, 2022 the updated amount of these claims was R$ 17,468 (R$ 16,445 On December 31, 2021).

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

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.

(in thousand Reals unless otherwise stated)

24. Shareholder's Equity

24.1 Capital stock

On March 31, 2022, the Company's capital stock was R$1,847,177, represented by 308,245,068 fully paid-in common shares, with a free-float of 106,164,435 common shares (106,164,435 common shares on December 31, 2021.

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

	03/31/2022		12/31/2021	
	Number of shares	**%**	**Number of shares**	**%**
COFRA SARL Investments	100,363,049	32.56%	100,363,049	32.56%
Incas SARL	100,939,166	32.75%	100,939,166	32.75%
COFRA Latin America	17,121	0.01%	17,121	0.01%
Management	551,497	0.17%	546,797	0.17%
Treasury	214,500	0.07%	214,500	0.07%
Free Float	106,159,735	34.44%	106,164,435	34.44%
Total	308,245,068	100%	308,245,068	100%

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

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

24.2 Shares in Treasury

In December 2021 the Company spent R$ 1,362 to buy back 214,500 of its own shares, which at this time are kept in treasury.

24.3 Capital reserve – shares granted

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

24.4 Legal reserve

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

24.5 Reserve for unrealized profits

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

24.6 Reserve for investments

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

The proposed destination of profits for the period ended on December 31 2021, to be discussed at a General Meeting of the Shareholders, expects that R$ 227,160 of the profit for the period will be set aside for the investment reserve account.

24.7 Reserve for tax incentives

The Company has ICMS tax incentives in the form of presumed credits due to its operations in the state of Santa Catarina. Thus, it recognizes the impact as credit on the statement of earnings in those periods in which it recognizes the related costs. Management set aside the amounts of these incentives as tax incentive reserves. On March 31, 2022, the total reserve for tax incentives amounted to R$ 11,553.

24.8 Equity valuation adjustments

This refers to the effective portion of financial instruments designated as cash flow hedge, as per Note 29.

25. Dividends and interest on shareholder's equity payable

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

(in thousand Reals unless otherwise stated)

26. Net revenue

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Sale of goods	**1,547,032**	1,008,287	**1,547,032**	1,008,287
Cancellations, exchanges and vouchers	**(98,238)**	(86,970)	**(98,238)**	(86,970)
Sales taxes	**(323,703)**	(212,935)	**(323,703)**	(212,935)
Net revenue from the sale of goods	**1,125,091**	708,382	**1,125,091**	708,382
Commission revenue from the sale of financial services - Bradescard partnership	**55,872**	58,980	**55,872**	58,980
Commission revenue from the sale of partner insurance	**6,200**	8,605	**6,200**	8,605
Commission revenue from other services rendered	**6,514**	6,609	**6,514**	6,609
Net revenue from credit securitization	**-**	-	**627**	747
Revenue from financial products	**2,681**	-	**11,271**	-
Taxes on commissions and services	**(7,432)**	(7,212)	**(8,551)**	(7,247)
Net revenue from services rendered	**63,835**	66,982	**71,933**	67,694
	1,188,926	775,364	**1,197,024**	776,076

27. Earnings by nature

27.1 Classified by function

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Cost of sales and services rendered	**(629,381)**	(425,079)	**(629,605)**	(425,079)
General and administrative expenses	**(167,356)**	(77,573)	**(175,828)**	(78,060)
Sales expenses	**(560,165)**	(448,408)	**(559,936)**	(448,408)
Net credit losses	**-**	-	**(1,194)**	-
Other net operating income (expenses)	**(1,404)**	6,378	**(1,404)**	6,378
	(1,358,306)	(944,682)	**(1,367,967)**	(945,169)

27.2 Cost of sales by nature

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Cost of goods sold	**(618,763)**	(419,568)	**(618,763)**	(419,568)
Cost of services rendered	**(173)**	(238)	**(173)**	(238)
Cost of financial services	**-**	-	**(224)**	-
Other	**(10,445)**	(5,273)	**(10,445)**	(5,273)
	(629,381)	(425,079)	**(629,605)**	(425,079)

(in thousand Reals unless otherwise stated)

27.3 General and administrative expenses by nature

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Personnel	**(68,482)**	(58,855)	**(71,400)**	(58,855)
Third party materials/services	**(38,298)**	(25,656)	**(42,251)**	(26,144)
Depreciation and amortization	**(40,796)**	(22,313)	**(40,819)**	(22,313)
Depreciation of right-of-use	**(8,253)**	(5,330)	**(8,253)**	(5,330)
Occupancy (a)	**(1,289)**	(900)	**(1,289)**	(900)
Other (b)	**(10,238)**	35,481	**(11,816)**	35,482
	(167,356)	(77,573)	**(175,828)**	(78,060)

(a) The Company chose to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R$ 98 on March 31, 2022 (R$ 34 in the same period in 2021) as a deduction of occupancy costs.

(b) 2021 includes the reversal for labor provisions in the amount of R$ 41,418 (note 23.1.iv)

27.4 Cost of sales by nature

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Personnel	**(171,678)**	(127,775)	**(171,678)**	(127,775)
Third party materials/services	**(71,113)**	(72,267)	**(71,384)**	(72,267)
Depreciation of right-of-use	**(77,836)**	(69,438)	**(77,836)**	(69,438)
Depreciation and amortization	**(39,997)**	(34,646)	**(39,997)**	(34,646)
Occupancy (a)	**(92,270)**	(62,462)	**(92,270)**	(62,462)
Advertising and promotions	**(63,314)**	(56,100)	**(63,314)**	(56,100)
Other (b)	**(43,957)**	(25,720)	**(43,457)**	(25,720)
	(560,165)	(448,408)	**(559,936)**	(448,408)

(a) The Company chose to adopt the practical expedient in CPC06 (R2) and consider lease discounts due to the pandemic, in the amount of R$ 6,657 on March 31, 2022 (R$ 7,562 in the same period in 2021) as a deduction of occupancy costs.

(b) The increase in 2022 refers to credit card fees and commissions of R$ 19,426 in March 2022 (R$ 8,921 in March 2021).

27.5 Other net operating revenue (expenses) by nature

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Results from asset write-offs	**(3,634)**	(335)	**(3,634)**	(335)
Reversals (provisions) for impairment:				
Store/DC closures/revamps	**3,676**	-	**3,676**	-
Impairment test	**738**	-	**738**	-
Recovery of tax credits (a)	**3,537**	4,358	**3,537**	4,358
Reversal (provision) for tax contingencies	**(2,426)**	(247)	**(2,426)**	(247)
Strategy consulting services	**(5,541)**	-	**(5,541)**	-
Other	**2,246**	2,602	**2,246**	2,602
	(1,404)	6,378	**(1,404)**	6,378

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

(in thousand Reals unless otherwise stated)

28. Finance results

	Parent Company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Exchange variation				
Exchange variation - Purchases	**3,749**	(1,600)	**3,749**	(1,600)
	3,749	(1,600)	**3,749**	(1,600)
Finance expenses				
Interest on loans	**(40,759)**	(12,838)	**(40,759)**	(12,838)
Interest on leases	**(38,332)**	(31,755)	**(38,332)**	(31,755)
Supplier financial expenses - PVA	**(18,233)**	(3,507)	**(18,233)**	(3,507)
Interest on taxes and contingencies	**(3,639)**	(3,594)	**(3,639)**	(3,594)
Bank expenses and IOF	**(467)**	(492)	**(470)**	(493)
Other	**(8,375)**	(827)	**(8,899)**	(827)
	(109,805)	(53,013)	**(110,332)**	(53,014)
Finance income				
Interest and monetary adjustment	**21,352**	6,377	**21,309**	6,378
Interest on financial investments	**13,627**	6,155	**13,948**	6,155
Supplier financial income	**2,757**	3,599	**2,757**	3,599
Other	**1**	194	**1**	194
	37,737	16,325	**38,015**	16,326
Net financial results	**(68,319)**	(38,288)	**(68,568)**	(38,288)

29. Financial instruments and capital management

29.1. Financial risk management

The activities of the Company and its subsidiary expose them to a few 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

(in thousand Reals unless otherwise stated)

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. Interest rates for the likely scenario were taken from the reference rates published on the B3 site on 03/31/2022 (annualized CDI of 12.09% and 3.07% for the three-month period)

		Parent Company						
					Increasing interest		Decreasing interest	
	Risk	Balance on 03/31/2022	Rate	Likely scenario	Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%
Financial investments (i)	Lower CDI	530,900	CDI	14,832	18,540	22,248	11,124	7,416
Loans and debentures	Higher CDI	(1,635,042)	CDI	(48,070)	(60,088)	(72,105)	(36,052)	(24,035)
Net exposure/Impact on earnings prior to IT/SC		**(1,104,142)**		**(33,238)**	**(41,548)**	**(49,857)**	**(24,928)**	**(16,619)**
Impact on earnings, net of IT/SC				**(21,937)**	**(27,422)**	**(32,906)**	**(16,453)**	**(10,969)**

(i) Financial revenue is stated net of 4.65% PIS and COFINS. For financial investments an average yield of 99.8% of the CDI was considered.

		Consolidated						
					Increasing interest		Decreasing interest	
	Risk	Balance on 03/31/2022	Rate	Likely scenario	Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%
Financial investments (ii)	Lower CDI	546,878	CDI	15,278	19,098	22,917	11,458	7,639
Loans and debentures	Higher CDI	(1,710,245)	CDI	(50,281)	(62,851)	(75,422)	(37,711)	(25,140)
Net exposure/Impact on earnings prior to IT/SC		**(1,163,367)**		**(35,003)**	**(43,753)**	**(52,505)**	**(26,253)**	**(17,501)**
Impact on earnings, net of IT/SC				**(23,102)**	**(28,877)**	**(34,653)**	**(17,327)**	**(11,551)**

(i) Financial revenue is stated net of 4.65% PIS and COFINS. For financial investments an average yield of 99.8% of the CDI was considered.

(in thousand Reals unless otherwise stated)

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 states sensitivity to possible changes in the range of 25% to 50%, indicating a deteriorating financial 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, 2021. Scenario estimates were adopted according to CVM Instruction 475/08.

				Negative scenarios		
		Risk	**Notional USD (Payable)/ Receivable**	**Scenario Likely USD 1 = R$ 5,25**	**Possible scenario +25% USD 1 = R$ 6,56**	**Scenario Remote scenario +50% USD 1 = R$ 7,88**
Hedge object	Purchasing orders for imported goods and imports in transit	Increase in the USD exchange	(43,569)	(22,316)	(79,392)	(136,903)
Hedge instrument	NDF	Decrease in the USD exchange	41,654	21,336	75,902	130,886
	Net exposure of import orders		**(1,915)**	**(980)**	**(3,490)**	**(6,017)**
	Non-recoverable taxes (36%)		(15,685)	(8,034)	(28,581)	(49,285)
	Total net exposure		**(17,600)**	**(9,014)**	**(32,071)**	**(55,302)**
	Impact on earnings, net of IT/SC		**(11,616)**	**(5,949)**	**(21,167)**	**(36,499)**

USD on 03/31/2022 = R$ 4.7378

Financial instruments designated for hedge accounting

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

As of October 2016, the Company formally adopted cash flow hedge accounting for derivative instruments to cover its highly likely future imports, in order to hedge against oscillations in the cost of goods entered in inventories during periods of unfavorable exchange rates.
The hedging structure consists of hedging a highly likely transaction whereby imported goods to be sold by the Company will enter the inventory in USD, against the risk of variations in the US$ vs. R$ exchange rate, using derivative financial instruments such as NDFs as hedging instruments, in amounts, maturities and currencies equivalent to import budget in US$.

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

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

Date Expected	US$ thousand Budget (hedged)	Maturity	Counterparty	US$ thousand NDF reference value
Apr/22	(1,145)	Apr/22	Bradesco	1,145
Apr/22	(7,068)	Apr/22	Itaú	7,068
May/22	(6,768)	May/22	Bradesco	6,768
May/22	(3,875)	May/22	Itaú	3,875
May/22	(866)	May/22	Santander	866
Jun/22	(3,673)	Jun/22	Bradesco	3,673
Jun/22	(2,601)	Jun/22	Itaú	2,601
Jun/22	(646)	Jun/22	Santander	646
Jul/22	(1,151)	Jul/22	Bradesco	1,151
Jul/22	(420)	Jul/22	Itaú	420
Jul/22	(1,641)	Jul/22	Santander	1,641
Aug/22	(272)	Aug/22	Bradesco	272
Aug/22	(1,430)	Aug/22	Itaú	1,430
Aug/22	(674)	Aug/22	Santander	674
Sep/22	(1,869)	Sep/22	Bradesco	1,869
Oct/22	(1,417)	Oct/22	Itaú	1,417
Nov/22	(914)	Nov/22	Bradesco	914
Nov/22	(603)	Nov/22	Itaú	603
Dec/22	(615)	Dec/22	Bradesco	615
Dec/22	(922)	Dec/22	Santander	922
Jan/23	(714)	Jan/23	Itaú	714
Feb/23	(905)	Feb/23	Bradesco	905
Mar/23	(1,465)	Mar/23	Itaú	1,465
Total	**(41,654)**			**41,654**

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

(in thousand Reals unless otherwise stated)

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

Derivative	Position	Contract	Date contracted	Maturity date	Reference (notional) value - USD	Fair value
Term	Purchased	NDF	05/07/2021	04/20/2022	1,307	(890)
Term	Purchased	NDF	06/25/2021	05/18/2022	866	(359)
Term	Purchased	NDF	06/25/2021	04/20/2022	68	(29)
Term	Purchased	NDF	08/30/2021	06/15/2022	646	(422)
Term	Purchased	NDF	08/30/2021	07/15/2022	420	(275)
Term	Purchased	NDF	11/05/2021	06/15/2022	545	(549)
Term	Purchased	NDF	11/05/2021	08/17/2022	400	(419)
Term	Purchased	NDF	11/05/2021	05/18/2022	1,066	(1,059)
Term	Purchased	NDF	11/05/2021	10/19/2022	561	(601)
Term	Purchased	NDF	11/05/2021	04/20/2022	3,454	(3,396)
Term	Purchased	NDF	11/05/2021	07/20/2022	74	(76)
Term	Purchased	NDF	11/05/2021	09/21/2022	518	(548)
Term	Purchased	NDF	12/30/2021	06/15/2022	3,128	(3,095)
Term	Purchased	NDF	12/30/2021	11/16/2022	603	(638)
Term	Purchased	NDF	12/30/2021	08/17/2022	169	(173)
Term	Purchased	NDF	12/30/2021	05/18/2022	3,789	(3,690)
Term	Purchased	NDF	12/30/2021	04/20/2022	1,077	(1,039)
Term	Purchased	NDF	12/30/2021	07/20/2022	400	(402)
Term	Purchased	NDF	12/30/2021	12/21/2022	615	(656)
Term	Purchased	NDF	01/26/2022	08/17/2022	103	(84)
Term	Purchased	NDF	01/26/2022	01/18/2023	714	(617)
Term	Purchased	NDF	01/26/2022	07/20/2022	1,567	(1,247)
Term	Purchased	NDF	01/31/2022	06/15/2022	2,601	(1,748)
Term	Purchased	NDF	01/31/2022	08/17/2022	1,030	(721)
Term	Purchased	NDF	01/31/2022	05/18/2022	1,913	(1,263)
Term	Purchased	NDF	01/31/2022	04/20/2022	1,380	(904)
Term	Purchased	NDF	02/22/2022	02/15/2023	905	(455)
Term	Purchased	NDF	02/22/2022	11/16/2022	914	(423)
Term	Purchased	NDF	02/22/2022	08/17/2022	674	(290)
Term	Purchased	NDF	02/22/2022	10/19/2022	856	(386)
Term	Purchased	NDF	02/22/2022	04/20/2022	927	(359)
Term	Purchased	NDF	02/22/2022	07/20/2022	751	(312)
Term	Purchased	NDF	02/22/2022	12/21/2022	922	(435)
Term	Purchased	NDF	02/22/2022	09/21/2022	1,125	(492)
Term	Purchased	NDF	03/24/2022	03/15/2023	1,465	(316)
Term	Purchased	NDF	03/24/2022	05/18/2022	3,875	(358)
Term	Purchased	NDF	03/24/2022	09/21/2022	226	(32)
					41,654	**(28,758)**
Current assets						**-**
Current Liabilities						**(28,758)**

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

On March 31, 2022, non-settled NDF transactions had an outstanding balance net of tax effects in the amount of R$ 18,980 (net outstanding credit of R$ 248 on December 31, 2021), recorded as other comprehensive income.
The amount presented in the statements of comprehensive income refers to the variation between operations not settled in December 2021 and March 2022 (between December 2020 and March 2021). In the three-month period ended in March 31, 2022, the cost of goods sold was negatively impacted by the in NDF transactions in the amount of R$ 763 (gain of R$ 505 in the same period of 2021).

During the three-month period ended March 2022, NDF hedge transactions used to hedge the cash flow risk of import orders were effective, based on the rules set forth by CPC 48/IFRS 9. To test effectiveness, the Company compares changes in the value of the hedge instrument to changes in value of the item protected attributable to the risk covered. Should the transaction become ineffective, the ineffective portion is recognized directly in the earnings of the period in which this takes place. Ineffectiveness can be the result of differences in timing of the cash flows of the protected items and the hedge instruments. There were no ineffective portions in the quarters ended March 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. As this operation is in its infancy, and there is no historical data, the Company provisioned expected losses considering that, to date

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

(in thousand Reals unless otherwise stated)

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 March 31, 2022	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	484,740	1,097,490	178,874	1,761,104
Loans	195,286	1,514,959	-	1,710,245
Suppliers	1,291,227	20,367	-	1,311,594
Total	**1,971,253**	**2,632,816**	**178,874**	**4,782,943**

29.2. Capital management

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

The Company manages its capital structure by making suitable adjustments to changes in economic conditions. To keep this structure adjusted, the Company may make dividend payments and take out loans. There were no changes in the capital structure objectives, policies or processes in the three-month period ended March 31, 2022.

(in thousand Reals unless otherwise stated)

	Parent Company		Consolidated	
Net Debt excluding Lease Liabilities	**03/31/2022**	**12/31/2021**	**03/31/2022**	**12/31/2021**
Short and long-term loans and debentures	**1,635,042**	1,358,756	**1,710,245**	1,374,826
Cash and cash equivalents	**(607,172)**	(1,003,249)	**(660,373)**	(1,050,251)
Financial investments	**(7,956)**	(7,776)	**(7,956)**	(7,776)
Net debt (cash)	**1,019,914**	347,731	**1,041,916**	316,799
Non-controlling interests	**-**	-	**3**	3
Total shareholder's equity	**2,825,949**	2,995,006	**2,825,946**	2,995,009
Financial leverage index	**36%**	12%	**37%**	11%

On March 31, 2022, the balance of lease liabilities amounted to R$1,761,104 (R$1,814,148 on December 31, 2021). If lease liabilities are included in the capital management calculations, leverage would be 98%, as follows:

	Parent Company		Consolidated	
Net Debt including Lease liabilities	**03/31/2022**	**12/31/2021**	**03/31/2022**	**12/31/2021**
Net debt (cash)	**1,019,914**	347,731	**1,041,916**	316,799
Lease liabilities	**1,761,104**	1,814,148	**1,761,104**	1,814,148
Adjusted net debt	**2,781,018**	2,161,879	**2,803,020**	2,130,947
Total shareholder's equity	**2,825,949**	2,995,006	**2,825,946**	2,995,009
Financial leverage index	**98%**	72%	**99%**	71%

(in thousand Reals unless otherwise stated)

29.3. Financial instruments - classification

On March 31, 2022 and December 31, 2021, the financial instruments can be summarized and classified as follows:

Parent Company

On March 31, 2022	Amortized cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	**607,172**	**-**	**607,172**
Financial investments	**7,956**		**7,956**
Trade receivables	**946,434**	**-**	**946,434**
Related parties	**1,364**	**-**	**1,364**
Judicial deposits	**62,527**	**-**	**62,527**
Financial liabilities			
Lease liabilities	**(1,761,104)**	**-**	**(1,761,104)**
Suppliers	**(1,306,958)**	**-**	**(1,306,958)**
Loans and debentures	**(1,635,042)**	**-**	**(1,635,042)**
Derivatives	**-**	**(28,758)**	**(28,758)**
Related parties	**(122,049)**	**-**	**(122,049)**
Total On March 31, 2022	**(3,199,700)**	**(28,758)**	**(3,228,458)**

On December 31 2021	Amortized cost	Fair value through other 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)
Suppliers	(1,834,736)	-	(1,834,736)
Loans and debentures	(1,358,756)	-	(1,358,756)
Derivatives	-	(1,910)	(1,910)
Related parties	(59,454)	-	(59,454)
Total on December 31, 2021	(2,848,952)	(375)	(2,849,327)

(in thousand Reals unless otherwise stated)

Consolidated

On March 31, 2022	Amortized cost	Fair value through other comprehensive income	Total
Financial assets			
Cash and cash equivalents	**660,373**	**-**	**660,373**
Financial investments	**7,956**		**7,956**
Trade receivables	**986,769**	**-**	**986,769**
Related parties	**188**	**-**	**188**
Judicial deposits	**62,527**	**-**	**62,527**
Financial liabilities			
Lease liabilities	**(1,761,104)**	**-**	**(1,761,104)**
Suppliers	**(1,311,594)**	**-**	**(1,311,594)**
Loans and debentures	**(1,710,245)**	**-**	**(1,710,245)**
Derivatives	**-**	**(28,758)**	**(28,758)**
Related parties	**(100,917)**	**-**	**(100,917)**
Total On March 31, 2022	**(3,166,047)**	**(28,758)**	**(3,194,805)**

On December 31 2021	Amortized cost	Fair value through other 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)
Suppliers	(1,835,796)	-	(1,835,796)
Loans and debentures	(1,374,826)	-	(1,374,826)
Derivatives	-	(1,910)	(1,910)
Related parties	(59,016)	-	(59,016)
Total on December 31, 2021	(2,817,849)	(375)	(2,818,224)

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

(in thousand Reals unless otherwise stated)

29.4. Changes in liabilities associated with financing activities

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

(i) The amount of R$ 26,553 presented in “Re-measurement of lease liabilities” refers substantially to the re-measurement of the correction of lease liabilities due to the annual review to adjust minimum lease payments based on the inflation in the lease agreements.

	December 31, 2020	Cash flows	Interest incurred	Re-measurements of lease liabilities	Other	March 31, 2021
Leases	1,654,796	(101,995)	33,599	49,977	-	1,636,377
Loans and debentures	1,211,252	(5,855)	12,838	-	820	1,219,055
Total	**2,866,048**	**(107,850)**	**46,437**	**49,977**	**820**	**2,855,432**

(i) The mount of R$ 49,977 stated as “Re-measurements of lease liabilities corresponds to the re-measurement of lease liabilities due the annual review of the adjustment of the minimal lease payments based on the inflation rates in the lease agreements

30. Insurance

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

	Consolidated	
	03/31/2022	12/31/2021
Civil Liability and D&O	**290,781**	239,674
Property and Inventory	**633,230**	600,010
Shipping	**74,558**	80,684
	998,569	920,368

31. Retirement plan

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

On March 31, 2022 the Company contributed R$ 2,440 (R$ 2,368 on March 31, 2021) to the plans, entered as an expense in the earnings for the period. The total number of participating employees on March 31, 2022 was 7,525 participants: (8,055 On December 31, 2021), with 194 participants under care (199 on December 31, 2021).

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

On March 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$ 4,063 (R$ 2,552 on December 31, 2021).

(in thousand Reals unless otherwise stated)

32. Earnings per share

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

Basic earnings per share	**03/31/2022**	**03/31/2021**
Net income (loss) for the period	(152,724)	(138,539)
Weighted average of the number of common shares	308,030,568	308,245,068
Basic profit (loss) per share - in R$	(0.4958)	(0.4494)

Diluted earnings per share	**03/31/2022**	**03/31/2021**
Net income (loss) for the period	(152,724)	(138,539)
Weighted average of the number of outstanding common shares	308,030,568	308,245,068
Weighted average of the options granted as part of the stock-based compensation plan	1,649,101	-
Weighted average of the diluted number of common shares	309,679,669	308,245,068
Diluted profit (loss) per share - R$	(0.4932)	(0.4494)

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

On March 31, 2022 the share based compensation plan provided dilution. On March 31, 2021, considering the fair value of the Company's common shares and the average share price in the period, the compensation plan would provide an anti-dilution effect, which is why it was not considered in the calculation shown above

33. Subsequent Events

a) 2nd Debenture Offer

On April 8, 2022, the Company's Board of Directors' Meeting approved the 2nd Offer of simple, non-convertible, unsecured debentures (“Offer”) in up to two series, for limited effort public distribution under a firm placement guarantee regiment for all of the debentures, in a total amount equivalent to 600,000 (six hundred thousand) debentures. The number of debentures to be allocated as series one debentures (“Series One Debentures”) and as series two debentures (“Series Two Debentures”) will be determined using a Bookbuilding Procedure (as defined below), respecting the system of communicating vessels and the Minimum Volume for Series Two (as defined below), with a unit face value of R$ 1,000.00 (one-thousand Reals) on the date of issue, in a total amount of R$ 600,000 (six hundred million Reals), of which at least R$ 200,000 (two hundred million Reals) will necessarily be allocated to Series Two Debentures (“Series Two Minimum Volume”).

The procedure for collecting investment intentions, organized by financial institutions that are part of the securities distribution system with the Company, will be adopted to determine (i) demand for First Series Debentures and Second Series Debentures, in order to define the total volume of each series; (ii) its final allocation, subject to the Minimum Volume of the Second Series; and (iii) the final rate of the Remuneration of the First Series Debentures and the final rate of the Remuneration of the Second Series Debentures ("Bookbuilding Procedure").

b) Other events

On February 22, 2022, Russian President Vladimir Putin ordered Russian military forces into breakaway regions of Ukraine, and on February 24, he announced an operation to "demilitarize" Ukraine, launching a full-scale invasion of Ukraine. parents.

Following the military escalation in Ukraine, some countries announced sanctions on Russia and Belarus, including certain Russian individuals and Belarusian entities.

Due to growing geopolitical tensions, since February 2022 there has been a significant increase in the volatility of commodities and exchange rates in the markets, as well as a significant depreciation of the Russian ruble against the US dollar and the euro.

To date, the Company has not observed and has no expectation that the events mentioned above could significantly impact its operations directly.

Management will continue to monitor any significant effects and risks that may impact its operations, as well as its ability to generate future cash flows.