C&A

Interim Financial Statements
3Q23

Interim Financial Statement

C&A Modas S.A.

September 30, 2023 and 2022
and the Report of the Independent Auditor

C&A Modas S.A.

Interim Financial Statement

September 30, 2023 and 2022

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

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of C&A Modas S.A. (the "Company") for the quarter ended September 30, 2023, comprising the statement of financial position as at September 30, 2023 and the related statements of profit or loss and of comprehensive income (loss) for the three and nine-month periods then ended, and the statements of changes in equity and cash flows for the nine-month period then ended including the explanatory notes.

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

Scope of review

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

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Conclusion on the individual and consolidated interim financial information

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

Other matters

Statements of value added

The above-mentioned quarterly information includes the individual and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2023, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, November 9, 2023

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

Flávio Serpejante Peppe
Accountant CRC-1SP172167/O

C&A Modas S.A.

Statements of Financial Position
On September 30, 2023 and December 31, 2022
(in thousand Reals)

	Note	Parent Company		Consolidated	
	Note	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Assets					
Current					
Cash and cash equivalents	6	**751,496**	1,627,977	**1,119,607**	1,674,091
Bonds and securities	7	**-**	8,735	**-**	8,735
Trade receivables	8	**452,743**	1,065,961	**1,009,410**	1,278,206
Derivatives	32.4	**2,623**	1,371	**2,623**	1,371
Related parties	9	**281**	4,335	**125**	95
Inventory	11	**998,118**	852,224	**998,035**	852,033
Taxes recoverable	12	**988,593**	898,651	**992,578**	899,433
Other assets	13	**63,543**	39,200	**63,591**	39,259
Total current assets		**3,257,397**	4,498,454	**4,185,969**	4,753,223
Non-current assets					
Long-term assets					
Bonds and securities	7	**782,526**	-	**-**	-
Taxes recoverable	12	**683,944**	937,371	**683,944**	937,371
Deferred taxes	14	**536,672**	423,049	**538,161**	423,049
Judicial deposits	25.3	**58,434**	61,290	**58,466**	61,290
Related parties	9	**33**	76	**33**	76
Other assets	13	**183**	2,528	**183**	2,528
Total long-term assets		**2,061,792**	1,424,314	**1,280,787**	1,424,314
Investments	15	**106,175**	48,655	**-**	-
Property and equipment	16	**786,157**	865,545	**786,157**	865,545
Right-of-use assets - leases	19	**1,522,224**	1,565,447	**1,522,224**	1,565,447
Intangible assets	17	**977,041**	1,020,702	**977,335**	1,021,065
Total non-current assets		**5,453,389**	4,924,663	**4,566,503**	4,876,371
Total assets		**8,710,786**	9,423,117	**8,752,472**	9,629,594

C&A Modas S.A.

Statements of Financial Position
On September 30, 2023 and December 31, 2022
(in thousand Reals)

	Note	Parent Company		Consolidated	
	Note	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Liabilities and equity					
Current					
Leases	19	**490,797**	513,238	**490,797**	513,238
Suppliers	20	**923,019**	1,466,548	**936,247**	1,478,387
Obligations - Forfait	21	**302,204**	386,266	**302,204**	386,266
Loans and debentures	22	**507,666**	582,558	**507,666**	746,015
Derivatives	32.4	**88**	1,756	**88**	1,756
Labor liabilities	23	**199,715**	198,732	**201,177**	198,732
Related parties	9	**87,241**	48,567	**76,931**	43,592
Taxes payable	24	**53,295**	245,954	**56,851**	248,041
Other liabilities		**23,651**	29,733	**56,470**	63,704
Total current liabilities		**2,587,676**	3,473,352	**2,628,431**	3,679,731
Non-current assets					
Leases	19	**1,273,470**	1,275,974	**1,273,470**	1,275,974
Suppliers	20	**534,224**	12,570	**534,224**	12,570
Loans and debentures	22	**1,215,467**	1,404,817	**1,215,467**	1,404,817
Labor liabilities		**12,001**	7,370	**12,001**	7,370
Provisions for tax, civil, and labor risks	25	**182,149**	182,750	**183,069**	182,847
Taxes payable	24	**10,091**	15,863	**10,091**	15,863
Other liabilities		**53,016**	50,226	**53,016**	50,226
Total non-current liabilities		**3,280,418**	2,949,570	**3,281,338**	2,949,667
Total liabilities		**5,868,094**	6,422,922	**5,909,769**	6,629,398
Shareholder's equity					
Capital stock	26	**1,847,177**	1,847,177	**1,847,177**	1,847,177
Shares in treasury		**(8,498)**	(6,778)	**(8,498)**	(6,778)
Capital reserve		**46,286**	37,641	**46,286**	37,641
Profit reserve		**1,122,409**	1,122,409	**1,122,409**	1,122,409
Other comprehensive income		**1,673**	(254)	**1,673**	(254)
Accumulated losses		**(166,355)**	-	**(166,355)**	-
Total controlling shareholders		**2,842,692**	3,000,195	**2,842,692**	3,000,195
Total non-controlling shareholders		**-**	-	**11**	1
Total shareholder's equity		**2,842,692**	3,000,195	**2,842,703**	3,000,196
Total liabilities and shareholder's equity		**8,710,786**	9,423,117	**8,752,472**	9,629,594

See accompanying notes.

C&A Modas S.A.

Statements of earnings
Quarters and nine-month periods ended September 30, 2023 and 2022
(In thousand Reals - R$, except earnings per share)

		Parent Company			
	Note	Current Quarter 07/01/2023 to 09/30/2023	Year-to-date 01/01/2023 to 09/30/2023	Previous Quarter 07/01/2022 to 09/30/2022	Previous year 01/01/2022 to 09/30/2022
Net Revenue	28	**1,482,176**	**4,256,432**	1,373,419	4,170,518
Sale of goods and services		**1,462,965**	**4,179,360**	1,334,276	4,040,847
Financial products and services		**19,211**	**77,072**	39,143	129,671
Cost of goods sold and services rendered	29	**(745,270)**	**(2,124,700)**	(713,851)	(2,136,877)
Sale of goods and services		**(745,176)**	**(2,124,385)**	(713,714)	(2,136,415)
Financial products and services		**(94)**	**(315)**	(137)	(462)
Gross Profit		**736,906**	**2,131,732**	659,568	2,033,641
Operating revenue (expenses):					
General and administrative	29	**(193,418)**	**(557,646)**	(158,215)	(489,665)
Sales	29	**(510,617)**	**(1,496,365)**	(527,967)	(1,646,830)
Share of profit of subsidiaries	15	**10,761**	**(17,762)**	(13,127)	(33,022)
Other net operating income (expenses)	29	**14,653**	**26,170**	37,493	50,777
Profit/(Loss) before financial results		**58,285**	**86,129**	(2,248)	(85,099)
Exchange variation		**(462)**	**1,137**	(1,169)	59
Finance expenses		**(177,738)**	**(504,290)**	(174,269)	(428,164)
Finance income		**40,996**	**149,528**	73,715	162,891
FIDC C&A Pay		**(6,718)**	**(13,474)**	-	-
Finance results	30	**(143,922)**	**(367,099)**	(101,723)	(265,214)
Loss before income taxes		**(85,637)**	**(280,970)**	(103,971)	(350,313)
Income taxes	14	**41,403**	**114,615**	42,575	138,289
Losses for the period		**(44,234)**	**(166,355)**	(61,396)	(212,024)

See accompanying notes.

C&A Modas S.A.

Statements of earnings
Quarters and nine-month periods ended September 30, 2023 and 2022
(In thousand Reals - R$, except earnings per share)

		Consolidated			
		Current Quarter	Year-to-date	Previous Quarter	Previous year
	Note	07/01/2023 to 09/30/2023	01/01/2023 to 09/30/2023	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022
Net Revenue	28	**1,542,676**	**4,426,214**	1,407,540	4,234,804
Sale of goods and services		**1,456,493**	**4,172,888**	1,334,134	4,040,273
Financial products and services		**86,183**	**253,326**	73,406	194,531
Cost of goods sold and services rendered	29	**(745,433)**	**(2,125,110)**	(713,691)	(2,137,079)
Sale of goods and services		**(745,177)**	**(2,124,278)**	(713,317)	(2,135,918)
Financial products and services		**(256)**	**(832)**	(374)	(1,161)
Gross Profit		**797,243**	**2,301,104**	693,849	2,097,725
Operating revenue (expenses):					
General and administrative	29	**(193,567)**	**(559,840)**	(160,121)	(494,765)
Sales	29	**(525,951)**	**(1,562,977)**	(552,735)	(1,702,564)
Net credit losses		**(64,192)**	**(167,278)**	(20,847)	(34,233)
Other net operating income (expenses)		**14,653**	**25,913**	37,492	49,791
Profit/(Loss) before financial results	29	**28,186**	**36,922**	(2,362)	(84,046)
Exchange variation		**(462)**	**1,137**	(1,169)	59
Finance expenses		**(161,097)**	**(481,710)**	(174,331)	(429,468)
Finance income		**48,693**	**160,971**	73,959	163,680
Bonds and securities results		**1,941**	**3,098**	-	-
Finance results	30	**(110,925)**	**(316,504)**	(101,541)	(265,729)
Loss before income taxes		**(82,739)**	**(279,582)**	(103,903)	(349,775)
Income taxes	14	**38,517**	**113,237**	42,510	137,751
Losses for the period		**(44,222)**	**(166,345)**	(61,393)	(212,024)
Attributable to the shareholders:					
Non-controlling		12	**10**	3	-
Controlling		(44,234)	**(166,355)**	(61,396)	(212,024)
		(44,222)	**(166,345)**	(61,393)	(212,024)
Basic loss per share – in R$	35	(0.1441)	**(0.5443)**	(0.2000)	(0.6908)
Diluted loss per share – in R$	35	(0.1441)	**(0.5443)**	(0.2000)	(0.6908)

See accompanying notes.

C&A Modas S.A.

Statement of comprehensive income (loss)
Quarters and nine-month periods ended September 30, 2023 and 2022
(in thousand Reals - R$)

	Parent Company			
	Current Quarter	**Year-to-date**	**Same quarter in the previous year**	**Previous year**
	07/01/2023 to 09/30/2023	**01/01/2023 to 09/30/2023**	**07/01/2022 to 09/30/2022**	**01/01/2022 to 09/30/2022**
Losses for the period	**(44,234)**	**(166,355)**	(61,396)	(212,024)
Other comprehensive results:				
Gains (losses) from derivatives	**6,821**	**2,920**	3,836	(304)
Tax effects	**(2,319)**	**(993)**	(1,304)	103
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	**4,502**	**1,927**	2,532	(201)
Total comprehensive results	**(39,732)**	**(164,428)**	(58,864)	(212,225)

	Consolidated			
	Current Quarter	**Year-to-date**	**Same quarter in the previous year**	**Previous year**
	07/01/2023 to 09/30/2023	**01/01/2023 to 09/30/2023**	**07/01/2022 to 09/30/2022**	**01/01/2022 to 09/30/2022**
Losses for the period	**(44,222)**	**(166,345)**	(61,393)	(212,024)
Other comprehensive results:				
Gains (losses) from derivatives	**6,821**	**2,920**	3,836	(304)
Tax effects	**(2,319)**	**(993)**	(1,304)	103
Total comprehensive results to be reclassified to results for the period in subsequent periods, net of taxes	**4,502**	**1,927**	2,532	(201)
Total comprehensive results				
Attributable to the shareholders:	**(39,720)**	**(164,418)**	(58,861)	(212,225)
Non-controlling	**12**	**10**	3	-
Controlling	**(39,732)**	**(164,428)**	(58,864)	(212,225)
	(39,720)	**(164,418)**	(58,861)	(212,225)

See accompanying notes.

C&A Modas S.A.

Statements of changes in equity
Nine-month periods ended September 30, 2023 and 2022
(in thousand Reals - R$)

	Note	Capital stock	Shares in Treasury	Capital reserve: Capital reserve	Capital reserve: Shares granted	Profit reserve: Legal reserve	Profit reserve: Reserves for unrealized gains	Profit reserve: Reserve for tax incentives	Profit reserve: Reserve for investments	Other comprehensive income: Equity valuation adjustments	Accumulated losses	Total controlling interests	Non-controlling interests	Total shareholder's equity
Balance on December 31, 2021		1,847,177	(1,362)	10,516	17,345	65,050	75,720	11,552	969,256	(248)	-	2,995,006	3	2,995,009
Equity instruments granted - share-based compensation	10	-	-	-	6,985	-	-	-	-	-	-	6,985	-	6,985
Share buy-back		-	(3,897)	-	-	-	-	-	-	-	-	(3,897)	-	(3,897)
Destination of earnings:														
Loss for the period		-	-	-	-	-	-	-	-	-	(212,024)	(212,024)	-	(212,024)
Other comprehensive income		-	-	-	-	-	-	-	-	(201)	-	(201)	-	(201)
On September 30, 2022		1,847,177	(5,259)	10,516	24,330	65,050	75,720	11,552	969,256	(449)	(212,024)	2,785,869	3	2,785,872
Balance on December 31, 2022		**1,847,177**	**(6,778)**	**10,516**	**27,125**	**65,092**	**75,720**	**12,341**	**969,256**	**(254)**	**-**	**3,000,195**	**1**	**3,000,196**
Equity instruments granted - share-based compensation	10	**-**	**-**	**-**	**8,645**	**-**	**-**	**-**	**-**	**-**	**-**	**8,645**	**-**	**8,645**
Share buy-back		**-**	**(1,720)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,720)**	**-**	**(1,720)**
Destination of earnings:														
Loss for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(166,355)**	**(166,355)**	**10**	**(166,345)**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,927**	**-**	**1,927**	**-**	**1,927**
Balance on September 30, 2023		**1,847,177**	**(8,498)**	**10,516**	**35,770**	**65,092**	**75,720**	**12,341**	**969,256**	**1,673**	**(166,355)**	**2,842,692**	**11**	**2,842,703**

See accompanying notes.

C&A Modas S.A.

Statements of cash flow
Nine-month periods ended September 30, 2023 and 2022
(in thousand Reals - R$)

	Note	Parent Company		Consolidated	
		09/30/2023	09/30/2022	09/30/2023	09/30/2022
Operating activities					
Loss before income tax		**(280,970)**	(350,313)	**(279,582)**	(349,775)
Adjustments to reconcile income before income taxes to net cash flows:					
Allowance (reversal) for expected credit losses	8.4	**2,009**	3,983	**171,096**	38,216
Adjustment to present value of accounts receivables and suppliers		**(12,941)**	(1,219)	**(12,941)**	(1,219)
Expenses with stock-based compensation	10	**8,645**	6,985	**8,645**	6,985
Provisions for inventory losses	11.3	**55,828**	40,294	**55,828**	40,294
Gains/Recognition of tax claims, including monetary correction	12.2.1.4	**(55,723)**	(62,810)	**(55,723)**	(62,810)
Share of profit of subsidiaries	15.2	**17,762**	33,022	**-**	-
Depreciation and amortization	16.3 and 17.3	**271,712**	247,629	**271,782**	247,698
Impairment (Reversal) of provisions for property and equipment, intangibles, and right-of-use assets	18.2	**(2,227)**	(8,207)	**(2,227)**	(8,207)
Losses from the sale or disposal of property and equipment and intangible assets		**5,460**	6,112	**5,460**	6,112
Right-of-use amortization	19.4	**281,915**	291,115	**281,915**	291,115
Lease liabilities		**(2,581)**	-	**(2,581)**	-
Interest on leases	19.4	**127,740**	122,762	**127,740**	122,762
Interest on loans	22.4	**197,864**	191,040	**197,864**	202,042
Amortization of the transaction costs on loans	22.4	**3,270**	1,983	**4,069**	1,983
Provisions (reversal) for tax, civil and labor risks		**20,436**	28,630	**21,259**	28,690
Update of judicial deposits		**(6,879)**	(8,689)	**(6,879)**	(8,689)
Yield from investments in bonds and securities		**(322)**	(688)	**(322)**	(688)
Variations in assets and liabilities:					
Trade receivables		**625,546**	208,548	**112,037**	366
Related parties		**42,772**	(21,562)	**33,352**	7,060
Inventory		**(201,722)**	(166,143)	**(201,830)**	(165,981)
Taxes recoverable		**219,208**	137,017	**216,005**	136,725
Other credits		**(21,997)**	(18,714)	**(21,987)**	(18,938)
Investment fund		**(773,469)**	-	**9,057**	-
Judicial deposits		**4,810**	621	**4,778**	621
Suppliers		**5,818**	(151,772)	**7,207**	(144,233)
Obligations – forfait		**(84,062)**	(125,600)	**(84,062)**	(125,600)
Labor liabilities		**5,614**	(12,783)	**7,076**	(12,783)
Other liabilities		**(3,473)**	577	**(4,623)**	24,666
Provisions for tax, civil and labor risks		**(16,112)**	(10,696)	**(16,112)**	(10,696)
Taxes payable		**(174,756)**	(111,691)	**(174,812)**	(110,067)
Income Tax and Social Contribution paid		**(23,675)**	(4,466)	**(25,018)**	(5,186)
Cash flow originating (invested in) operating activities		**235,500**	264,965	**646,471**	130,463
Investment activities					
Purchase of property and equipment		**(58,842)**	(160,672)	**(58,842)**	(160,672)
Purchase of intangible assets		**(122,697)**	(228,250)	**(122,697)**	(228,250)
Investments in subsidiaries		**(75,282)**	-	**-**	-
Receivables from the sale of property and equipment		**552**	362	**552**	362
Cash flow used in investment activities		**(256,269)**	(388,560)	**(180,987)**	(388,560)
Financing activities					
New loans and debentures issued		**250,000**	850,000	**381,372**	1,103,691
Loan/debenture transaction costs		**(4,159)**	(5,992)	**(4,959)**	(6,032)
Repayment of loans (principal)		**(452,500)**	(65,000)	**(745,429)**	(200,029)
Interest paid on loans		**(258,717)**	(94,431)	**(260,616)**	(94,431)
Repayments and interest paid on leases		**(388,616)**	(363,240)	**(388,616)**	(363,240)
Share buy-back		**(1,720)**	(3,897)	**(1,720)**	(3,897)
Net cash flows originating from (used by) financing activities		**(855,712)**	317,440	**(1,019,968)**	436,062
Net increase (decrease) in cash and cash equivalents		**(876,481)**	193,845	**(554,484)**	177,965
Cash and cash equivalents at the start of the period		**1,627,977**	1,003,249	**1,674,091**	1,050,251
Cash and cash equivalents at the end of the period		**751,496**	1,197,094	**1,119,607**	1,228,216

See accompanying notes.

C&A Modas S.A.

Statements of value added
Nine-month periods ended September 30, 2023 and 2022
(in thousand Reals - R$)

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Revenue				
Sales of goods and services	**5,573,401**	5,415,186	**5,753,558**	5,488,550
Other operating revenue	**25,210**	64,836	**19,407**	64,836
Provision for/reversal of expected credit losses	**1,315**	303	**(165,963)**	(33,930)
	5,599,926	5,480,325	**5,607,002**	5,519,456
Inputs acquired from third parties				
Cost of goods and services sold	**(2,080,939)**	(2,084,642)	**(2,080,831)**	(2,084,145)
Materials, energy, third party services, and others	**(634,457)**	(758,734)	**(680,045)**	(780,260)
Impairment of assets	**(45,870)**	(47,969)	**(45,870)**	(47,969)
	(2,761,266)	(2,891,345)	**(2,806,746)**	(2,912,374)
Gross Value Added	**2,838,660**	2,588,980	**2,800,256**	2,607,082
Depreciation and amortization	**(271,711)**	(247,629)	**(271,781)**	(247,698)
Depreciation of right-of-use	**(281,915)**	(291,115)	**(281,915)**	(291,115)
Retentions	**(553,626)**	(538,744)	**(553,696)**	(538,813)
Net value added generated	**2,285,034**	2,050,236	**2,246,560**	2,068,269
Value added received through transfer				
Share of profit of subsidiaries	**(17,760)**	(33,022)	**-**	-
Finance income	**154,706**	195,497	**184,509**	196,327
	136,946	162,475	**184,509**	196,327
Total value added for distribution	**2,421,980**	2,212,711	**2,431,069**	2,264,596
Distribution of value added				
Personnel and payroll charges	**632,146**	632,921	**655,467**	673,846
Direct compensation	**460,978**	460,908	**481,991**	493,910
Benefits	**108,370**	115,369	**108,559**	115,369
F.G.T.S.	**41,916**	42,260	**42,107**	42,260
Other	**20,882**	14,384	**22,810**	22,307
Taxes and Contributions	**1,302,784**	1,188,765	**1,311,289**	1,198,422
Federal	**370,967**	335,372	**383,625**	343,244
State	**883,143**	811,862	**877,341**	812,208
Municipal	**48,674**	41,531	**50,323**	42,970
Debt remuneration	**653,405**	603,049	**630,658**	604,352
Rentals	**146,193**	155,423	**146,193**	155,423
Finance expenses	**507,212**	447,626	**484,465**	448,929
Compensation on equity	**(166,355)**	(212,024)	**(166,345)**	(212,024)
Accumulated losses in the period	**(166,355)**	(212,024)	**(166,355)**	(212,024)
Share of withheld profits of non-controlling shareholders			**10**	-
Distribution of value added	**2,421,980**	2,212,711	**2,431,069**	2,264,596

See accompanying notes.

1. Operating Context

C&A Modas S.A. (hereafter the "Company" or "Controlling Entity") has its main offices located at Alameda Araguaia, 1.222 - Barueri - São Paulo - Brazil. The Company is a traded company, currently 33.54% of its shares are traded on the B3 Brazilian stock exchange (São Paulo – Brazil) under the ticker “CEAB3”. The ultimate parent company is COFRA Holding AG headquartered in Switzerland.

The primary activities of the C&A Modas and its subsidiaries (jointly the “Group” or “Consolidated”) are:

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

The Group sells its merchandise in 334 stores (332 stores On December 31, 2022), supplied by 7 logistics operations and 4 distribution centers in the states of São Paulo, Rio de Janeiro, and Santa Catarina. The Group also sells its goods through e-commerce services.

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

2. Basis of Preparation

The Group's individual and consolidated interim financial statements for the quarter ended September 30, 2023 were prepared based on accounting practices used in Brazil, in accordance with Brazilian Accounting Standard NBC TG 21 (R4) - Interim Statement issued by the Federal Accounting Council (“CFC”) which is correlated to the international financial reporting standard (IFRS) IAS 34 - Interim Financial Reporting Standards issued by International Accounting Standards Board - IASB, and guidelines from the Brazilian Securities and Exchange Commission (“CVM”)

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 Group activities, as per Technical Instruction OCPC07.
The issuing of the individual and consolidated interim financial statements for the quarter ended September 30, 2023 was authorized by the Board of Directors on November 09, 2023.

2.1. Basis of measurement and presumption of continuity

The individual and consolidated financial statements were prepared based on a historical cost basis, except for certain financial instruments measured at fair value, and based on the premise of a going concern of the consolidated entities.

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

2.2. Functional and disclosure currency

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

2.3. Statement of Value Added (SVA)

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

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

The Group continuously reviews its financial statements and makes the necessary corrections and reclassifications. When preparing the interim individual and consolidated financial statements for the quarter ended September 30, 2023, the Group realized it needed to reclassify certain amounts and, in order to comply with the principle of comparability introduced by CPC 00 (R2) Conceptual Framework for Financial Reporting, reclassified these in the balances for September 30, 2022 and December 31, 2022, as shown below. These reclassifications do not change the total amounts nor any of the previously disclosed results, they also do not impact the financial statements:

(in thousand Reals unless otherwise stated)

2.4.1. - Statements of value added

After issuing the financial statements for the period ended September 30 2022, management found a disclosure error in the Statements of Value Added, which is being restated for this reason. This error did not impact the balance in the Statements of Financial Position or Statement of Earnings for the period The impact is as follows:

	Parent Company			**Consolidated**		
	As previously reported on 09/30/2022	**Reclassification**	**Balance on 09/30/2022 (Restated)**	**As previously reported on 09/30/2022**	**Reclassifica tion**	**Balance on 09/30/2022 (Restated)**
Revenue						
Sales of goods and services	5,379,724	35,462	5,415,186	5,453,088	35,462	5,488,550
Other operating revenue	64,836	-	64,836	64,836	-	64,836
Provision for/reversal of expected credit losses	303	-	303	(33,930)	-	(33,930)
	5,444,863	35,462	5,480,325	5,483,994	35,462	5,519,456
Inputs acquired from third parties		-			-	
Cost of goods and services sold	(2,062,678)	(21,964)	(2,084,642)	(2,062,181)	(21,964)	(2,084,145)
Materials, energy, third party services, and others	(758,734)	-	(758,734)	(780,260)	-	(780,260)
Impairment of assets	(47,969)	-	(47,969)	(47,969)	-	(47,969)
	(2,869,381)	(21,964)	(2,891,345)	(2,890,410)	(21,964)	(2,912,374)
		-			-	
Gross Value Added	2,575,482	13,498	2,588,980	2,593,584	13,498	2,607,082
		-			-	
Depreciation and amortization	(247,629)	-	(247,629)	(247,698)	-	(247,698)
Depreciation of right-of-use	(265,154)	(25,961)	(291,115)	(265,154)	(25,961)	(291,115)
Withholdings	(512,783)	(25,961)	(538,744)	(512,852)	(25,961)	(538,813)
		-			-	
Net value added generated	2,062,699	(12,463)	2,050,236	2,080,732	(12,463)	2,068,269
		-			-	
Value added received through transfer		-			-	
Share of profit of subsidiaries	(33,022)	-	(33,022)	-	-	-
Finance income	187,554	7,943	195,497	188,343	7,984	196,327
	154,532	7,943	162,475	188,343	7,984	196,327
		-			-	
Total value added for distribution	2,217,231	(4,520)	2,212,711	2,269,075	(4,479)	2,264,596
		-			-	
Distribution of value added		-			-	
Personnel and payroll charges	632,921	-	632,921	673,846	-	673,846
Direct compensation	460,908	-	460,908	460,908	33,002	493,910
Benefits	115,369	-	115,369	115,369	-	115,369
F.G.T.S.	42,260	-	42,260	42,260	-	42,260
Other	14,384	-	14,384	55,309	(33,002)	22,307
		-			-	
Taxes and Contributions	1,160,016	28,749	1,188,765	1,169,632	28,790	1,198,422
Federal	307,472	27,900	335,372	315,303	27,941	343,244
State	811,013	849	811,862	811,359	849	812,208
Municipal	41,531	-	41,531	42,970	-	42,970
		-			-	
Debt remuneration	636,318	(33,269)	603,049	637,621	(33,269)	604,352
Rentals	187,818	(32,395)	155,423	187,818	(32,395)	155,423
Finance expenses	448,500	(874)	447,626	449,803	(874)	448,929
		-			-	
Compensation on equity	(212,024)	-	(212,024)	(212,024)	-	(212,024)
Withheld profit	(212,024)	-	(212,024)	(212,024)	-	(212,024)
Share of withheld profits of non-controlling shareholders		-			-	-
Distribution of value added	2,217,231	(4,520)	2,212,711	2,269,075	(4,479)	2,264,596

(in thousand Reals unless otherwise stated)

2.4.2 - Breakdown of the balance of Suppliers and Drawee Risk obligations

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

	Parent Company			Consolidated		
	As previously reported on 12/31/2022	Reclassification	Balance on 12/31/2022	As previously reported on 12/31/2022	Reclassification	Balance on 12/31/2022
Note 20 - Supplier Breakdown						
Merchandise suppliers	706,318	-	706,318	706,318	-	706,318
Bradescard Partnership	469,328	-	469,328	469,328	-	469,328
Materials, asset, and service suppliers	324,069	-	324,069	335,908	-	335,908
Drawee risk obligations	386,266	(386,266)	-	386,266	(386,266)	-
Present value adjustment	(20,597)	-	(20,597)	(20,597)	-	(20,597)
	1,865,384	(386,266)	1,479,118	1,877,223	(386,266)	1,490,957
Current liabilities	1,852,814	(386,266)	1,466,548	1,864,653	(386,266)	1,478,387
Non-current liabilities	12,570	-	12,570	12,570	-	12,570
Note 21 - Obligations - forfait						
Obligation - forfait	-	386,266	386,266	-	386,266	386,266
Current liabilities	-	386,266	386,266	-	386,266	386,266

3. Basis for Consolidation

The fiscal periods of the subsidiaries coincide with those of the Parent Company, and accounting practices were uniformly applied to the subsidiaries. When necessary, adjustments are made in the subsidiary financial statements to align their accounting policies with those of the Company. Consolidation eliminates any assets, liabilities, earnings, revenue, expenses, and cash flows for the same group that have to do with transactions between members of the same economic group.

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

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

Consolidated interim financial statements include the operations of the Company and its direct - Orion Instituição de Pagamento S.A., Moda Lab LTDA and C&A Pay Holding Financeira Ltda. - , and indirect -C&A Pay Sociedade de Crédito Direto S.A - subsidiaries The Group also consolidates the financial statements of FIDC C&A Pay, given that C&A Modas owns all of the subordinate quotas and is exposed to most of the fund's risks and benefits. Consolidation of FIDC C&A Pay data eliminates all assets, liabilities, gains, and losses of the transactions between the Group and FIDC C&A Pay.

(in thousand Reals unless otherwise stated)

	Shareholding	
Direct Subsidiaries	**09/30/2023**	**12/31/2022**
Orion Instituição de Pagamento S.A.	99.99%	99.99%
Moda Lab LTDA	99.00%	99.00%
C&A Pay Holding Financeira Ltda	99.99%	99.99%
Indirect Subsidiary		
C&A Pay Sociedade de Crédito Direto S.A.	99.99%	99.99%
Investment Fund		
C&A Pay Fundo de Investimento em Direitos Creditórios	100.00%	-

3.1. Orion Instituição de Pagamento S.A.

Orion Instituição de Pagamento S.A.'s stated purpose of business is the development of payment arrangements, payment services as an issuer of electronic currency, an issuer of post-paid payment instruments, accrediting, and payment transaction initiator, among other activities inherent to a payment institution.

3.2. Moda Lab LTDA.

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

3.3. C&A Pay Holding Financeira Ltda.

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

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

C&A Pay Sociedade de Crédito Direto S.A. received authorization from Bacen to offer credit to end consumers on December 30, 2022. Thus, it is subject to Bacen regulations. This Company started operating on May 2, 2023.

3.5. C&A Pay Fundo de Investimento em Direitos Creditórios não padronizados (non-standard credit rights)

FIDC (C&A Pay Fundo de Investimento em Direitos Creditórios Não Padronizados, of which C&A is the sole quota holder, started operations on May 2, 2023. The FIDC initially purchased C&A Pay's legacy portfolio, which had been in the hands of Orion Instituição de Pagamento. In May 2023, credit management and concession were transferred to the C&A Pay SCD, which now originates the assets and assigns them to the FIDC.

4. Accounting policies

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

4.1. Statements made but not yet applicable

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

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

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

a) <u>Changes in IAS 1: Classification of liabilities as current or non-current</u>

This specifies the requirements for classifying liabilities as current and non-current. These amendments clarify:

- What the right to defer settlement means;
- That the right to defer must exist on the effective date of the report;
- That this classification is not affected by the likelihood that an entity will exercise 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 changes did not impact the Group's interim financial statements.

b) Changes in IAS 8: Definition of accounting estimates

The changes clarify the distinction between changes in accounting estimates, changes in accounting policies, and error correction. They also explain how entities use the measuring techniques, and inputs to develop accounting estimates.

These changes did not impact the Group's interim financial statements.

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

The goal of the amendments is to help entities disclose accounting policies that are more useful, by replacing the requirement for disclosing significant accounting policies to material accounting policies and adding guidelines as to how entities shall apply the concept of materiality to make decisions regarding the Disclosure of accounting policies.

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

5. Significant accounting judgments, estimates, and premises

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

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

(in thousand Reals unless otherwise stated)

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

6. Cash and cash equivalents

6.1. Accounting policy

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

Following initial recognition, cash equivalents are measured at amortized cost plus yield up to the date of the financial statement, or at fair value plus yield for those available for sale.

6.2. Composition of cash and cash equivalents

	Parent Company		Consolidated	
	09/30/2023	**12/31/2022**	**09/30/2023**	**12/31/2022**
Cash	**4,893**	4,426	**4,893**	4,426
Banks	**35,897**	53,930	**42,192**	56,621
Cash and cash equivalents	**710,706**	1,569,621	**1,072,522**	1,613,044
	751,496	1,627,977	**1,119,607**	1,674,091

The Group has cash equivalents in the form of fixed-yield financial investments indexed to 98% to 103.9% 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.

(in thousand Reals unless otherwise stated)

7. Bonds and securities

7.1. Accounting policy

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

7.2. Breakdown of bonds and securities

			Parent Company		Consolidated	
	Index	**Rate**	**09/30/2023**	**12/31/2022**	**09/30/2023**	**12/31/2022**
LTF (Brazilian Treasury Notes)	**SELIC**	**100%**	**-**	8,735	**-**	8,735
FIDC – C&A Pay		**100%**	**782,526**	-	**-**	-
			782,526	8,735	**-**	8,735
Current assets			**-**	8,735	**-**	8,735
Non-current assets			**782,526**	-	**-**	-

The Group had LTFs (Brazilian Treasury Notes), indexed to the variation in the SELIC (Special Custody and Settlement System) rate, which it settled in September 2023.

7.3. FIDC C&A Pay

FIDC C&A Pay operations started in May 2023; it was established as a non-standardized credit rights investment fund closed condominium, governed by its own Bylaws and subservient to CMN Resolution 2,907, by CVM Instructions 356 and 444, and other applicable laws and regulations. On September 30, 2023, all quotas issued by the fund were owned by C&A, the sole quota-holder to date.

The equity structure of FIDC C&A Pay is presented below, as of June 30, 2023 (restated) and September 30, 2023:

Subordinates Quotas	**% SE Fund**	**Amount (Not audited)**	**Value of each quota (Not audited)**	**Value (Not Audited)**
06/30/2023 (restated)	100%	584,868	0.9684	566,376
09/30/2023	100%	978,706	0.8464	828,387

(in thousand Reals unless otherwise stated)

On September 30, 2023 the Statements of Financial Position and Statement of Earnings for the nine months of FIDC C&A Pay were as follows:

	06/30/2023 Restated	09/30/2023
Assets		
Cash and cash equivalents	12	6
Financial investments	13,610	195,563
Trade receivables	618,397	651,890
Other credits	66,369	4,259
Total assets	**698,388**	**851,718**
Net liabilities and equity		
Accounts payable	132,012	23,331
Shareholder's Equity	566,376	828,387
Total liabilities and shareholder's equity	**698,388**	**851,718**

Restatement of the FIDC balance sheet for June/23

The Company identified a disclosure error in the balance sheet and in the value of the FIDC share reported in June/23 and, therefore, is correcting the information. It is worth noting that this difference does not impact the Group's results nor equity position.

Reconciliation of Net Asset Value of the FIDC vs. Consolidated FIDC Net Asset Value

	06/30/2023	09/30/2023
FIDC Net Asset Value – Not audited	**566,376**	**828,387**
IFRS adjustment:	**(5,304)**	**(16,678)**
Expected credit loss	(7,173)	(11,606)
Present value adjustment	(1,478)	(6,473)
Recognition of Interest	3,347	1,402
Portfolio operational adjustments (*)	**14,172**	**(29,183)**
Consolidated FIDC Net Asset Value	**575,244**	**782,526**

The FIDC's results are accounted for in accordance with ICVM 489. For Consolidated Quarterly Information, the calculation of revenue and credit losses is being carried out in accordance with IFRS/CPC standards.

8. Trade receivables

8.1. Accounting policy

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

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

For sales paid for with third-party credit cards, default risk belongs to each card operator. For purchases with the Company's card the risk belongs to the Group. The Group recognizes losses from sales not recognized by the customer (chargebacks) and expected credit losses, as mentioned in Note 32.3.b.ii.

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

For customer accounts receivable the Group uses a simplified approach to calculate expected credit losses. It does not monitor changes in credit risk, but instead recognizes a provision for expected losses based on expected credit losses over each reporting period.

Current losses include credit transactions written off to loss after 360 days past due, amounts not reconciled with the business partner, and chargebacks, which are not relevant compared to the Group’s total receivables.

(in thousand Reals unless otherwise stated)

8.2. Breakdown of trade receivables

	Parent Company		Consolidated	
	09/30/2023	**12/31/2022**	**09/30/2023**	**12/31/2022**
Card Operator (a)	**410,524**	733,956	**410,524**	733,956
C&A Pay Card - related parties(b)	**15,857**	308,796	**-**	-
C&A Pay Card - third parties (c)	**-**	-	**-**	562,632
FIDC C&A Pay Credit Rights (d)	**-**	-	**724,765**	-
Present value adjustment	**(8,413)**	(21,749)	**(14,885)**	(21,749)
Allowances for expected credit losses	**(15,214)**	(16,937)	**(174,824)**	(81,375)
Trade receivables	**402,754**	1,004,066	**945,580**	1,193,464
Commissions receivable - insurers (e)	**13,583**	30,486	**13,583**	45,924
Bradescard Partnership (f)	**6,343**	2,343	**6,343**	2,343
Other (g)	**30,063**	29,066	**43,904**	36,475
Trade receivables	**49,989**	61,895	**63,830**	84,742
Total trade receivables	**452,743**	1,065,961	**1,009,410**	1,278,206

(a) Credit card transactions that involve financial institutions and card schemes.
(b) C&A accounts receivable regarding Private Label C&A pay card sales transactions
(c) Customer accounts receivable regarding Private Label C&A pay card sales transactions
(c) Customer accounts receivable regarding Private Label C&A pay card transactions assigned to the FIDC
(e) For 2022, the amount of R$ 45,924 includes amounts for insurance commissions and support linked to C&A Pay for September-December 2022. For September, 2023, this line includes amounts for the months of August and September 2023.
(f) Banco Bradescard receivables related to the partnership
(g) Miscellaneous accounts receivable: raw material sales, sub-leases. supplier allowances.

8.3. Receivables pre-payment

In September 2023 the Group advanced R$ 201,720 in September 2023 to the acquirers for its credit card receivables, and R$ 705,127 in the first nine months of 2023 (R$ 259,112 in December 2022). This had a transaction cost R$ 4,110 over nine months, equivalent to a monthly rate of 1% to 1.2%, entered as financial expenses - receivables pre-payment (see note 30).

During the third quarter of 2023, C&A Modas prepaid its receivables with affiliate C&A Pay SCD in the amount of R$502,965 (R$ 846,953 in nine-month cumulative total of 2023), at a cost of R$16,794 (R$ 23,696 in nine-month cumulative total of 2023), equivalent to a rate of 1.25% to 1.80%, booked as financial expenses by C&A Modas, and as financial revenue by C&A Pay SCD, eliminated in the group consolidation (note 30).

(in thousand Reals unless otherwise stated)

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

	FIDC C&A Pay	
	09/30/2023	12/31/2022
Coming due:		
Up to 30 days	**173,668**	127,055
31 – 60 days	**108,322**	85,049
61 – 90 days	**74,835**	58,792
91 - 180 days	**105,165**	107,183
Over 180 days	**30,601**	66,426
	492,591	444,505
Past due:		
Up to 30 days	**23,310**	10,381
31 – 60 days	**20,872**	10,293
61 – 90 days	**21,729**	15,454
Longer than 90 days	**166,263**	81,999
	232,174	118,127
Total	**724,765**	562,632

8.5. Changes in provisions for expected credit losses

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Balance on December 31	**(16,937)**	(16,968)	(81,375)	(17,461)
(Provision)/Reversal	**(2,009)**	(3,983)	(171,096)	(38,216)
Loss	**3,732**	4,497	77,647	4,497
Balance on September 30,	**(15,214)**	(16,454)	(174,824)	(51,180)
Provisions for losses, C&A pay	**-**	-	(159,610)	(34,726)
Provisions for other losses	**(15,214)**	(16,454)	(15,214)	(16,454)

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

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

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

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

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

(in thousand Reals unless otherwise stated)

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

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

	FIDC C&A Pay		
	09/30/2023		
	Portfolio	Provisions	% Coverage
Stage 1	493,750	13,797	2.79%
Stage 2	56,491	6,681	11.83%
Stage 3	174,524	139,040	79.67%
On balance portfolio	**724,765**	**159,518**	22.01%
Off balance (Balance of limits granted but not used)	466,291	92	0.02%
Grand Total	**1,191,056**	**159,610**	13.40%
Coverage over credit portfolio			22.02%

8.6. Present value adjustment

The Group discounts its receivables to present value using interest rates directly related to customer credit profiles. The average monthly interest rates used to calculate the present value of outstanding receivables on September 30, 2023 and December 31, 2022 were 0.97% and 1.12% 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

Related party transactions entered into to support the Group's operations in the form of consulting services or importation of goods are performed at specific prices agreed by the parties. In the nine months ending September 30, 2023 and 2022 there was no need to recognize provisions for expected losses in credit from related party accounts receivable.

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

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

On September 30, 2023 and December 31, 2022 the outstanding balance and related party transactions were as follows:

9.1. On-balance-sheet transactions

Assets	Nature of the balance	Parent Company 09/30/2023	Parent Company 12/31/2022	Consolidated 09/30/2023	Consolidated 12/31/2022
Trade receivables					
Instituto C&A de Desenvolvimento Social	Shared expenses	**60**	28	**60**	28
COFRA Latin America	Shared expenses	**8**	10	**8**	10
Orion Inst. Pagamento	Shared expenses	**6**	4,240	**-**	-
C&A Pay Sociedade de Crédito Direto	Card transactions	**150**	-	**-**	
		224	4,278	**68**	38
Prepaid expenses					
C&A Services	Licenses	**90**	133	**90**	133
		90	133	**90**	133
Total related party assets		**314**	4,411	**158**	171
Related party assets - current		**281**	4,335	**125**	95
Related party assets - noncurrent		**33**	76	**33**	76

(in thousand Reals unless otherwise stated)

Liabilities		**Parent Company**		**Consolidated**	
	Nature of the balance	**09/30/2023**	**12/31/2022**	**09/30/2023**	**12/31/2022**
Accounts payable					
C&A Sourcing	**Revenue from Merchandise Sales**	**75,914**	41,713	**75,914**	41,713
Cyamprev Soc. Previd. Privada	**Pension fund contributions**	**994**	1,879	**1,017**	1,879
Orion Inst. Pagamento	**Expense reimbursement**	**-**	4,975	**-**	-
FIDC C&A Pay	**Amounts to pass along for invoice receiving**	**9,757**	-	**-**	-
C&A Pay Sociedade de Crédito Direto	**Expense reimbursement**	**576**	-	**-**	-
		87,241	48,567	**76,931**	43,592
Total related party liabilities		**87,241**	48,567	**76,931**	43,592
Related party liabilities - current		**87,241**	48,567	**76,931**	43,592

9.2. Transactions in the statement of earnings for the period

	Parent Company		**Consolidated**	
	09/30/2023	**09/30/2022**	**09/30/2023**	**09/30/2022**
Reimbursement for shared expenses				
Cyamprev Soc. Prev. Privada	**203**	726	**203**	726
COFRA Latin America	**61**	61	**61**	61
Orion Inst. Pagamento	**11,655**	33,064	**-**	-
	11,919	33,851	**264**	787
Receivables pre-payment				
C&A Pay Sociedade de Crédito Direto	**23,696**	-		-
	23,696	-		-
Merchandise purchased				
C&A Sourcing	**(259,052)**	(283,291)	**(259,052)**	(283,291)
Moda Lab	**-**	(2,801)	**-**	-
	(259,052)	(286,092)	**(259,052)**	(283,291)
Services purchased				
C&A Services	**(1,345)**	(1,236)	**(1,345)**	(1,236)
COFRA Latin America	**(172)**	(161)	**(172)**	(161)
	(1,517)	(1,397)	**(1,517)**	(1,397)
Pension fund contributions				
Cyamprev Soc. Prev. Privada	**(4,299)**	(5,855)	**(4,299)**	(5,855)
	(4,299)	(5,855)	**(4,299)**	(5,855)

(in thousand Reals unless otherwise stated)

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

Paid and payable expenses regarding management compensation in the nine months ending September 30, 2023 and 2022 were as follows:

	Parent Company and Consolidated	
	09/30/2023	09/30/2022
Fixed Compensation	**10,310**	9,181
Variable Compensation	**4,292**	1,255
Contributions to post-employment plans	**66**	231
Long-Term Incentives	**4,967**	2,888
Cessation of office	**2,163**	-
Total excluding charges	**21,798**	13,555
Charges	**9,317**	2,600
Total including charges	**31,115**	16,155

Global annual compensation of the Board of Directors and Board of Executive Officers for 2023, in the amount of up to R$ 35.457 (R$ 31.645 in 2022) was approved at the Ordinary and Extraordinary Shareholder's Meeting of March 28, 2023.

10. Stock-based compensation plan

The Group currently has a Stock Option Plan approved at the Ordinary Shareholder's Meeting held on October 2, 2019, which resulted in programs approved by the Board of Directors and grants to eligible individuals. So far, stock has been granted under programs approved in 2019, 2021, 2022, and 2023 (“2019 grant”, “2021 grant”, “2022 grant”, and "2023 grant").

<u>2019 Grants</u>

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

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

The weighted average contractual term for the stock options remaining on September 30, 2023 was 2.06 years. The weighted average fair value of the options granted during the period is R$9.03 in the original program, and R$ 2.01 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. The meeting of the Board of Directors on December 21, 2021 also approved uniform rules for the 1,062,037 shares of the 2019 grant, bringing them in line with the rules for the 2021 grants.

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

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

The weighted average contractual term for the stock options remaining on September 30, 2023 was 0.40 years. The fair value of the options granted during 2023 was R$ 12.45.

<u>2022 Grants</u>

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

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

(in thousand Reals unless otherwise stated)

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

The weighted average contractual term for the stock options remaining on September 30, 2023 was 1.48 years. The fair value of the options granted during the nine-months of 2023 was R$ 2.66.

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

2023 Grants

The Performance Share Units program was approved at a meeting of the Board of Directors on May 10, 2023. The meeting approved granting 4,712,639 options to senior managers in a single batch.

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

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

The weighted average contractual term for the stock options remaining on September 30, 2023 was 2.61 years. The fair value of the options granted during the nine-months of 2023 was R$ 5.29.

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

Changes:

Program	2019 grants; 2nd replacement	2019 grants transferred to 2021 grants	2021 Grants	2022 Grants	2023 Grants	Total
Balance on 12/31/2021	86,111	1,062,037	1,463,569	-	-	2,611,717
Granted	-	-	68,836	3,619,618	-	3,688,454
Cancelled	-	-	(177,730)	(199,829)	-	(377,559)
Balance on 12/31/2022	**86,111**	**1,062,037**	**1,354,675**	**3,419,789**	**-**	**5,922,612**
Granted	**-**	**-**	**-**	**-**	**4,846,687**	**4,846,687**
Cancelled	**-**	**-**	**(160,787)**	**(542,946)**	**-**	**(703,733)**
Balance on 09/30/2023	**86,111**	**1,062,037**	**1,193,888**	**2,876,843**	**4,846,687**	**10,065,566**

(in thousand Reals unless otherwise stated)

Premises:

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

	2023 Grants
	Single batch
Pricing model	Monte Carlo
Dividend yield	0.00%
Risk-free rate	12.97%
Share price considered	4.98
Expected lifetime of the options	05/10/2026
Fair value on the date measured	5.36
Expected annual volatility	66.50%

(in thousand Reals unless otherwise stated)

Recognition of expenses

Expenses with stock-based compensation payable in company securities are recorded as personnel, administrative, and sales expenses with the capital reserve account - shares granted - as the counterpart. The following expenses were recorded in during nine-month of 2023 and 2022:

Expenses recognized

In the period:	2019 Grants	2021 Grants	2022 Grants	2023 Grants	Total
09/30/2022	979	5,186	820	-	**6,985**
09/30/2023	-	4,208	1,849	2,588	**8,645**

Expenses to be recognized

Year	2021 Grants	2022 Grants	2023 Grants	Total
2023	1,830	711	2,225	**4,766**
2024	1,094	2,826	8,853	**12,773**
2025	-	633	8,829	**9,462**
2026	-	-	3,144	**3,144**
	2,924	**4,170**	**23,051**	**30,145**

11. Inventory

11.1. Accounting policy

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

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

(in thousand Reals unless otherwise stated)

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

11.2. Inventory breakdown

	Parent Company		Consolidated	
	09/30/2023	**12/31/2022**	**09/30/2023**	**12/31/2022**
Goods for resale	**1,026,709**	871,063	**1,026,626**	870,872
Merchandise sold and in transit for delivery to customers	**948**	681	**948**	681
Advances to raw material suppliers	**365**	811	**365**	811
Present value adjustment	**(32,930)**	(17,289)	**(32,930)**	(17,289)
Provisions for losses	**(68,827)**	(37,258)	**(68,827)**	(37,258)
	926,265	818,008	**926,182**	817,817
Imports in transit	**71,853**	34,216	**71,853**	34,216
	998,118	852,224	**998,035**	852,033

11.3. Changes in provisions for losses

Changes in the period:

	09/30/2023	**09/30/2022**
Balance on December 31	**37,258**	45,961
Provisions	**55,828**	40,294
Reversal due to use	**(24,259)**	(31,908)
Balance on September 30	**68,827**	54,347

Changes in the quarter

	09/30/2023	**09/30/2022**
Balance on June 30	**66,705**	68,026
Provisions	**21,523**	13,566
Reversal due to use	**(19,401)**	(27,245)
Balance on September 30	**68,827**	54,347

Throughout the year, the Group 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. On September 30, 2023 the Company had finished inventorying 126 locations (207 in the period ending September 30, 2022).

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

12.1 Accounting policy

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

12.2 Breakdown of taxes recoverable

	Parent Company		Consolidated	
	09/30/2023	**12/31/2022**	**09/30/2023**	**12/31/2022**
Previously unused PIS / COFINS credit (12.2.1)	**840,330**	1,363,664	**840,330**	1,363,664
PIS/COFINS	**515,200**	164,489	**515,214**	164,498
ICMS	**204,087**	182,883	**204,091**	182,887
IT/CSLL	**40,721**	39,060	**43,013**	39,456
IRRF (withholding taxes)	**27,259**	28,365	**28,928**	28,735
IPI (excise tax)	**345**	328	**345**	328
Other	**44,595**	57,233	**44,601**	57,236
	1,672,537	1,836,022	**1,676,522**	1,836,804
Current assets	**988,593**	898,651	**992,578**	899,433
Non-current assets	**683,944**	937,371	**683,944**	937,371

12.2.1 Previously unused PIS / COFINS credit

12.2.1.1. ICMS on the basis for calculating PIS and COFINS

The Company is involved in two lawsuits on this theme, both of these received final rulings in favor of the company, on 02/28/2019 and the other on 02/23/2022. On 09/30/2023 the updated balance of this unused credit was R$ 532,953.

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

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

On November 30, 2020 the final unappealable ruling was issued, recognizing the Company's right to consider sales in the MFTZ as being equivalent to exports, and thus not subject to PIS and COFINS on revenue generated in the Manaus Free Trade Zone, and the right to enjoy the benefits of REINTEGRA. On 09/30/2023 the updated credits amounted to R$ 156,564.

12.2.1.3 Credit Related to the Lei do Bem Lawsuit

(in thousand Reals unless otherwise stated)

On March 18, 2023 a final unappealable ruling favoring the Group was issued by the Federal Supreme Court (STF), co-validating the right that had already been recognized by the Superior Court of Justice (STJ) on October 27, 2022 recognizing the Company's right to the zero PIS and COFINS on the sale of smartphones made in Brazil prior to December 31, 2018 as per Law 11.196/2005 (known as the "Law for Good" or "Lei do Bem"). This credit was recognized in the periods ended December 30, 2022, and September 30, 2023. The updated balance is R$ 150,813.

12.2.1.4 Expected realization of previously unused PIS/COFINS credits on September 30, 2023:

Year	R$
2023	183,761
2024	192,974
2025	95,948
2026	106,645
2027	261,002
Total	**840,330**

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

12.2.1.5 <u>Changes in unused PIS and COFINS credits in the nine-month periods ended</u> September 30, 2023 and 2022:

	09/30/2023	09/30/2022
Balance on December 31	**1,363,664**	1,521,074
Offset by	**(579,211)**	(355,310)
Update	**55,877**	62,810
Balance on September 30	**840,330**	1,228,574

12.2.2 ICMS Credits

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

In December 2021 the Federal Supreme Court (STF) published its understanding with general repercussion (Extraordinary Appeal 714.139/SC) that the general rate should apply, and not the higher rate, as the effective rate for ICMS on electricity and telecommunication services. Thus, although the final unappealable ruling for the claims filed between 2015 and 2016 has yet to be issued, the Company booked its best estimate as it believe the economic benefits are almost a certainty. The updated balance on 09/30/2023 was R$ 80,331.

12.2.2.2. Credit regarding the DIFAL claim - sales to end consumers not subject to ICMS

On 03.30.2022 the STF passed the final ruling with general repercussion on the leading case (RE 1287019) involving Theme 1093, stating that collecting the difference in ICMS rates (DIFAL) on interstate transactions involving end-consumers not subject to the tax was unconstitutional. This ruling will remain in force until a supplemental law is issued on this theme. Given this scenario, the Company recognized the updated amount of R$ 15,582.

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

12.2.3 Social security credits

In 2010 and 2011 the Company filed Ordinary Claims discussing the incidence of social security on employee compensation and indemnification such as maternity pay, paid termination notice, and support in the first two weeks following sick leave. Given the favorable general repercussion ruling of the Supreme Court, the rulings favored the company in these claims. On 09/30/2023 the updated balance of this tax credit was R$ 36,179.

(in thousand Reals unless otherwise stated)

13. Other assets

	Parent Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Prepaid expenses	**49,420**	36,367	**49,420**	36,426
I.P.T.U. (property tax)	**4,190**	670	**4,190**	670
Employee loans and advances	**5,852**	1,928	**5,900**	1,928
Actuarial assets	**183**	632	**183**	632
Other	**4,081**	2,131	**4,081**	2,131
	63,726	41,728	**63,774**	41,787
Current assets	**63,543**	39,200	**63,591**	39,259
Non-current assets	**183**	2,528	**183**	2,528

14. Income Tax and Social Contribution

14.1. Accounting policy

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

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

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

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

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

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

(in thousand Reals unless otherwise stated)

14.2. Breakdown and changes in deferred taxes

In the period:

	Parent Company			
		Increase/(Reduction)		
	Balance on 12/31/2022	in earnings	in shareholder's equity	Balance on 09/30/2023
Tax losses carryforward	412,633	**30,285**	**-**	**442,918**
Temporary differences:				
Provisions for tax, civil and labor risks	94,806	**1,470**	**-**	**96,276**
Provisions for losses in inventories and trade receivables	20,160	**10,328**	**-**	**30,488**
Provisions for loss of property and equipment and right-of-use assets	6,411	**(758)**	**-**	**5,653**
Provisions for profit sharing	22,401	**(9,966)**	**-**	**12,435**
Leases CPC 06 (R2)/IFRS16	80,613	**6,076**	**-**	**86,689**
Other	73,086	**(7,750)**	**(993)**	**64,343**
Deferred tax assets	710,110	**29,685**	**(993)**	**738,802**
Previously unused credits	(276,650)	**90,614**	**-**	**(186,036)**
Present value adjustment	(10,411)	**(5,683)**	**-**	**(16,094)**
Deferred tax liabilities	(287,061)	**84,931**	**-**	**(202,130)**
Balance net of deferred tax assets	423,049	**114,616**	**(993)**	**536,672**

	Consolidated			
		Increase/(Reduction)		
	Balance on 12/31/2022	in earnings	in shareholder's equity	Balance on 09/30/2023
Tax losses carryforward	412,633	**30,285**	**-**	**442,918**
Temporary differences:				
Provisions for tax, civil and labor risks	94,806	**1,782**	**-**	**96,588**
Provisions for losses in inventories and trade receivables	20,160	**11,788**	**-**	**31,948**
Provisions for loss of property and equipment and right-of-use assets	6,411	**(758)**	**-**	**5,653**
Provisions for profit sharing	22,401	**(9,966)**	**-**	**12,435**
Leases CPC 06 (R2)/IFRS16	80,613	**6,076**	**-**	**86,689**
Other	73,086	**(8,033)**	**(993)**	**64,060**
Deferred tax assets	710,110	**31,174**	**(993)**	**740,291**
Previously unused credits	(276,650)	**90,614**	**-**	**(186,036)**
Present value adjustment	(10,411)	**(5,683)**	**-**	**(16,094)**
Deferred tax liabilities	(287,061)	**84,931**	**-**	**(202,130)**
Balance net of deferred tax assets	423,049	**116,105**	**(993)**	**538,161**

(in thousand Reals unless otherwise stated)

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

	Consolidated			
		Increase/(Reduction)		
	Balance on 12/31/2021	**in earnings**	**in shareholder's equity**	**Balance on 09/30/2022**
Tax losses carryforward	**364,017**	95,783	-	**459,800**
Temporary differences:				
Provisions for tax, civil, and labor risks	**86,626**	6,098	-	**92,724**
Provisions for losses in inventories and trade receivables	**21,972**	3,005	-	**24,977**
Provisions for loss of property and equipment and right-of-use assets	**8,498**	(2,790)	-	**5,708**
Provisions for profit sharing	**19,176**	(13,994)	-	**5,182**
Leases CPC 06 (R2)/IFRS16	**62,451**	16,883	-	**79,334**
Other	**70,062**	(9,550)	103	**60,615**
Deferred tax assets	**632,802**	**95,435**	**103**	**728,340**
Previously unused credits	**(252,091)**	50,956	-	**(201,135)**
Present value adjustment	**(1,908)**	(8,539)	-	**(10,447)**
Deferred tax liabilities	**(253,999)**	**42,417**	**-**	**(211,582)**
Balance of deferred tax assets (liabilities)	**378,803**	**137,852**	**103**	**516,758**

(in thousand Reals unless otherwise stated)

In the quarter:

	Parent Company			
		Increase/(Reduction)		
	Balance on 06/30/2023	in earnings	in shareholder's equity	Balance on 09/30/2023
Tax losses carryforward	452,410	**(9,492)**	**-**	**442,918**
Temporary differences:				
Provisions for tax, civil, and labor risks	100,128	**(3,852)**	**-**	**96,276**
Provisions for losses in inventories and trade receivables	30,242	**246**	**-**	**30,488**
Provisions for loss of property and equipment and right-of-use assets	5,653	**-**	**-**	**5,653**
Provisions for profit sharing	8,968	**3,467**	**-**	**12,435**
Leases CPC 06 (R2)/IFRS16	84,180	**2,509**	**-**	**86,689**
Other	65,336	**1,326**	**(2,319)**	**64,343**
Deferred tax assets	746,917	**(5,796)**	**(2,319)**	**738,802**
Previously unused credits	(215,357)	**29,321**	**-**	**(186,036)**
Present value adjustment	(33,973)	**17,879**	**-**	**(16,094)**
Deferred tax liabilities	(249,330)	**47,200**	**-**	**(202,130)**
Balance net of deferred tax assets	497,587	**41,404**	**(2,319)**	**536,672**

	Consolidated			
		Increase/(Reduction)		
	Balance on 06/30/2023	in earnings	in shareholder's equity	Balance on 09/30/2023
Tax losses carryforward	452,410	**(9,492)**	**-**	**442,918**
Temporary differences:				
Provisions for tax, civil, and labor risks	100,405	**(3,817)**	**-**	**96,588**
Provisions for losses in inventories and trade receivables	31,840	**108**	**-**	**31,948**
Provisions for loss of property and equipment and right-of-use assets	5,653	**-**	**-**	**5,653**
Provisions for profit sharing	8,968	**3,467**	**-**	**12,435**
Leases CPC 06 (R2)/IFRS16	84,180	**2,509**	**-**	**86,689**
Other	65,337	**1,042**	**(2,319)**	**64,060**
Deferred tax assets	748,793	**(6,183)**	**(2,319)**	**740,291**
Previously unused credits	(215,357)	**29,321**	**-**	**(186,036)**
Present value adjustment	(33,973)	**17,879**	**-**	**(16,094)**
Deferred tax liabilities	(249,330)	**47,200**	**-**	**(202,130)**
Balance net of deferred tax assets	499,463	**41,017**	**(2,319)**	**538,161**

(in thousand Reals unless otherwise stated)

	Parent Company			
		Increase/(Reduction)		
	Balance on 06/30/2022	in earnings	in shareholder's equity	Balance on 09/30/2022
Tax losses carryforward	445,461	**14,339**	**-**	**459,800**
Temporary differences:				
Provisions for tax, civil, and labor risks	89,108	**3,616**	**-**	**92,724**
Provisions for losses in inventories and trade receivables	29,412	**(4,435)**	**-**	**24,977**
Provisions for loss of property and equipment and right-of-use assets	6,319	**(611)**	**-**	**5,708**
Provisions for profit sharing	4,081	**1,101**	**-**	**5,182**
Leases CPC 06 (R2)/IFRS16	72,580	**6,754**	**-**	**79,334**
Other	65,396	**(3,477)**	**(1,304)**	**60,615**
Deferred tax assets	712,357	**17,287**	**(1,304)**	**728,340**
Previously unused credits	(219,381)	**18,246**	**-**	**(201,135)**
Present value adjustment	(17,489)	**7,042**	**-**	**(10,447)**
Deferred tax liabilities	(236,870)	**25,288**	**-**	**(211,582)**
Balance of deferred tax assets (liabilities)	475,487	**42,575**	**(1,304)**	**516,758**

	Consolidated			
		Increase/(Reduction)		
	Balance on 06/30/2022	in earnings	in shareholder's equity	Balance on 09/30/2022
Tax losses carryforward	445,521	**14,279**	**-**	**459,800**
Temporary differences:				
Provisions for tax, civil, and labor risks	89,108	**3,616**	**-**	**92,724**
Provisions for losses in inventories and trade receivables	29,412	**(4,435)**	**-**	**24,977**
Provisions for loss of property and equipment and right-of-use assets	6,319	**(611)**	**-**	**5,708**
Provisions for profit sharing	4,081	**1,101**	**-**	**5,182**
Leases CPC 06 (R2)/IFRS16	72,580	**6,754**	**-**	**79,334**
Other	65,396	**(3,477)**	**(1,304)**	**60,615**
Deferred tax assets	712,417	**17,227**	**(1,304)**	**728,340**
Previously unused credits	(219,381)	**18,246**	**-**	**(201,135)**
Present value adjustment	(17,489)	**7,042**	**-**	**(10,447)**
Deferred tax liabilities	(236,870)	**25,288**	**-**	**(211,582)**
Balance of deferred tax assets (liabilities)	475,547	**42,515**	**(1,304)**	**516,758**

(in thousand Reals unless otherwise stated)

14.3. Expected realization of deferred tax assets on September 30, 2023

Each quarter the Group reviews its earnings projects, and estimates that it will realize deferred tax assets in the following periods:

Year	Parent Company	Consolidated
2023	113,347	114,681
2024	61,445	61,601
2025	47,704	47,704
2026	78,371	78,371
2027	98,800	98,800
2028 to 2030	243,402	243,402
2031 to 2033	95,733	95,732
	738,802	**740,291**

14.4. Reconciliation of effective rate

	Parent Company		Consolidated	
	09/30/2023	**09/30/2022**	**09/30/2023**	**09/30/2022**
Losses before taxes	**(280,970)**	(350,313)	**(279,582)**	(349,775)
Income tax and social contribution expenses at statutory rates - 34%	**95,530**	119,106	**95,058**	118,924
Adjustments to reflect the effective rate				
Share of profit of subsidiaries	**(6,263)**	(11,172)	**-**	-
Unrealized gain (or loss) in inventories		(55)	**-**	(55)
Non-deductible donations	**(2,003)**	(1,736)	**(2,003)**	(1,736)
Adjustments in transfer pricing	**(1,004)**	(935)	**(1,004)**	(935)
Corporate gifts and non-deductible fines	**(458)**	(455)	**(458)**	(1,254)
Investment Subsidies	**3,338**	3,585	**3,338**	3,585
Income taxes from previous periods	**(101)**	2,314	**(101)**	1,781
Undue Taxes	**25,576**	27,637	**25,599**	27,637
Operating Losses	**-**	-	**(544)**	-
Deferred taxes on temporary differences not constituted (*)			**(6,671)**	(10,198)
Other permanent additions and exclusions	**-**	-	**5**	-
Taxes calculated on that portion exempt from the additional 10%	**-**	-	**18**	2
Income Tax and Social Contribution on profits	**114,615**	138,289	**113,237**	137,751
Current	**-**	-	**(2,868)**	(101)
Deferred	**114,615**	138,289	**116,105**	137,852
	114,615	138,289	**113,237**	137,751
Effective rate	**41%**	39%	**41%**	39%

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

15. Investments

15.1. Accounting policies

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

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

15.2. Business Combinations

15.2.1. Accounting policy

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

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

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

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

(in thousand Reals unless otherwise stated)

15.3 Information on investments in the subsidiary

Direct Subsidiaries	09/30/2023 Shareholding	Assets	Liabilities	Net Collection	Gross Revenue.	Profit/ Losses	Book value of the investment	Share of profit of subsidiaries
Orion	**99.99%**	**33,016**	**(24,421)**	**8,595**	**80,880**	**(19,703)**	**8,594**	**(19,704)**
C&A Pay Holding	**99.99%**	**148,547**	**(50,884)**	**97,663**	**2,795**	**1,881**	**97,653**	**1,871**
Moda Lab	**99.00%**	**19**	**(8)**	**11**	**-**	**(37)**	**(72)**	**(37)** *
Total							**106,175**	**(17,870)**

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

Indirect Subsidiary	09/30/2023 Shareholding	Assets	Liabilities	Net Collection	Gross Revenue.	Profit/ Losses	Book value of the investment	Share of profit of subsidiaries
C&A pay SCD	**99.99%**	**140,391**	**(50,868)**	**89,523**	**2,795**	**1,840**	**89,514**	**1,840**

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

* The difference between Moda Lab losses and the equity approach refers to Unrealized gain (or loss) in inventories

15.4 Changes in investment

	Orion	C&A Pay Holding	Moda Lab	Total
Balance of investments on December 31, 2021	31,272	-	-	31,272
Share of profit of subsidiaries	(52,474)	-	(2)	(52,476)
Advances for future capital increases	70,000	-	-	70,000
Capital increases	-	-	50	50
Unrealized gain (or loss) in inventories	-	-	(191)	(191)
Balance of investments On December 31, 2022	48,798	-	(143)	48,655
Share of profit of subsidiaries	**(19,704)**	**1,871**	**(37)**	**(17,870)**
Capital increases	**40,000**	**95,782**	**-**	**135,782**
Capital decrease	**(60,500)**			**(60,500)**
Unrealized gain (or loss) in inventories	**-**	**-**	**108**	**108**
Balance of investments on September 30, 2023	**8,594**	**97,653**	**(72)**	**106,175**

(in thousand Reals unless otherwise stated)

16. Property and Equipment

16.1. Accounting policy

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

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

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

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

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

Property and Equipment	Cost	Accumulated Depreciation	Provision for impairment	September 30, 2023
Machinery and equipment	237,992	(149,275)	(1,271)	87,446
Furniture and fixtures	562,369	(353,869)	(1,606)	206,894
IT Equipment IT Equipment	278,337	(211,435)	(276)	66,626
Vehicles	470	(469)	0	1
Leasehold improvements	1,400,079	(970,954)	(13,410)	415,715
Land	126	0	0	126
Construction in progress	7,724	0	0	7,724
Estimated cost of returning stores	2,970	(1,345)	0	1,625
	2,490,067	**(1,687,347)**	**(16,563)**	**786,157**

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

The Group has no property or equipment pledged as guarantee.

(in thousand Reals unless otherwise stated)

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

	Average annual depreciation rate	Balance on December 31, 2022	Additions (iii)	Depreciation	Write-offs	Transfers	Transfer to intangibles	Reversals (provisions) impairment	Balance on September 30, 2023
Machinery and equipment	6.5%	**93,302**	-	(9,585)	(98)	3,796	-	31	87,446
Furniture and fixtures	10.8%	**228,507**	5,842	(30,630)	(555)	3,406	-	324	206,894
IT Equipment	20.3%	**87,288**	5,308	(24,866)	(526)	(48)	(640)	110	66,626
Vehicles	20.0%	**1**	-	-	-	-	-	-	1
Leasehold improvements (i)	9.4%	**439,817**	100	(55,828)	(2,929)	33,598	-	957	415,715
Land	-	**126**	-	-	-	-	-	-	126
Construction in progress	-	**14,787**	33,689	-	-	(40,752)	-	-	7,724
Estimated cost of returning stores (ii)	-	**1,717**	90	(182)	-	-	-	-	1,625
Total		**865,545**	**45,029**	**(121,091)**	**(4,108)**	**-**	**(640)**	**1,422**	**786,157**

	Average annual depreciation rate	Balance on December 31, 2021	Additions (iii)	Depreciation	Write-offs	Transfers	Transfer to intangibles	Reversals (provisions) impairment	Balance on September 30, 2022
Machinery and equipment	7.7%	98,864	248	(9,445)	(2,838)	2,906	-	3,500	93,235
Furniture and fixtures	14.5%	229,769	15,492	(38,495)	(992)	7,665	-	511	213,950
IT Equipment	20.2%	89,808	16,978	(22,650)	(407)	2,565	-	369	86,663
Vehicles	20.0%	14	-	(13)	-	-	-	-	1
Leasehold improvements (i)	10.5%	397,914	-	(61,561)	(2,103)	78,829	-	2,370	415,449
Land	-	126	-	-	-	-	-	-	126
Construction in progress	-	18,291	90,307	-	-	(91,965)	-	-	16,633
Estimated cost of returning stores	-	1,483	360	(155)	-	-	-	-	1,688
Total		836,269	123,385	(132,319)	(6,340)	-	-	6,750	827,745

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

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

(iii) In the first nine months of 2023 the Group purchased R$ 45,019 in property and equipment, R$ 6,551 of which are entered as supplier accounts payable (R$ 6,413 in during nine-month of 2022); R$ 19,364 were paid out in 2023 for purchases made prior to December 31, 2022 (in during nine-month of 2022, R$ 43,700 were disbursed related to previous years).

(in thousand Reals unless otherwise stated)

16.4. Lifetime Review

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

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

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

17. Intangible assets

17.1. Accounting policy

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

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

(in thousand Reals unless otherwise stated)

17.2. Breakdown of intangibles:

Parent Company	09/30/2023 Cost	Accumulated amortization	Provision for impairment	Accounting Balance	12/31/2022 Cost	Accumulated amortization	Provision for impairment	Accounting Balance
IT systems	1,232,311	(726,605)	(64)	505,642	1,136,302	(578,031)	(119)	558,152
Goodwill	71,107	(50,255)	0	20,852	72,211	(50,977)	(750)	20,484
Right to explore financial services	415,000	0	0	415,000	415,000	-	-	415,000
Intangibles in process	35,547	0	0	35,547	27,066	-	-	27,066
Total	1,753,965	(776,860)	(64)	977,041	1,650,579	(629,008)	(869)	1,020,702

Consolidated	09/30/2023 Cost	Accumulated amortization	Provision for impairment	Accounting Balance	12/31/2022 Cost	Accumulated amortization	Provision for impairment	Accounting Balance
IT systems	1,232,775	(726,775)	(64)	505,936	1,136,765	(578,131)	(119)	558,515
Goodwill	71,107	(50,255)	0	20,852	72,211	(50,977)	(750)	20,484
Right to explore financial services	415,000	0	0	415,000	415,000	-	-	415,000
Intangibles in process	35,547	0	0	35,547	27,066	-	-	27,066
Total	1,754,429	(777,030)	(64)	977,335	1,651,042	(629,108)	(869)	1,021,065

17.3. Changes in intangibles:

Parent Company

	Average annual amortization rate (%)	Balance on December 31, 2022	Additions (i)	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) Impairment	Balance on September 30, 2023
IT systems	18.5%	558,152	0	(148,429)	(154)	95,378	640	55	505,642
Goodwill	10.0%	20,484	0	(2,192)	(1,750)	3,560	0	750	20,852
Right to explore financial services	-	415,000	0	0	0	0	0	0	415,000
Intangibles in process	-	27,066	107,419	0	0	(98,938)	0	0	35,547
Total		1,020,702	107,419	(150,621)	(1,904)	0	640	805	977,041

	Average annual amortization rate (%)	Balance on December 31, 2021	Additions	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) Impairment	Balance on September 30, de 2022
IT systems	16.6%	364,375	-	(113,288)	(124)	206,008	-	99	457,070
Goodwill	10.0%	19,633	-	(2,022)	(10)	2,920	-	11	20,532
Right to explore financial services	-	415,000	-	-	-	-	-	-	415,000
Intangibles in process	-	176,231	139,644	-	-	(208,928)	-	-	106,947
Total		975,239	139,644	(115,310)	(134)	-	-	110	999,549

(in thousand Reals unless otherwise stated)

	Consolidated								
	Average annual amortization rate (%)	**Balance on December 31, 2022**	**Additions (i)**	**Amortization**	**Write-offs**	**Transfers**	**Property and equipment transfers**	**Reversals (provisions) impairment**	**Balance on September 30, 2023**
IT systems	**18.5%**	**558,515**	-	(148,499)	(153)	95,378	640	55	505,936
Goodwill	**10.0%**	**20,484**	_	(2,192)	(1,750)	3,560	-	750	20,852
Right to explore financial services	**-**	**415,000**	-	-	-	-	-	-	415,000
Intangibles in process	**-**	**27,066**	107,419	-	-	(98,938)	-	-	35,547
Total		**1,021,065**	**107,419**	**(150,691)**	**(1,903)**	**-**	**640**	**805**	**977,335**

	Average annual amortization rate (%)	Balance on December 31, 2021	Additions	Amortization	Write-offs	Transfers	Property and equipment transfers	Reversals (provisions) Impairment	Balance on September 30, 2022
IT systems	16.6%	364,831	-	(113,357)	(124)	206,008	-	99	457,457
Goodwill	10.0%	19,633	-	(2,022)	(10)	2,920	-	11	20,532
Right to explore financial services	-	415,000	-	-	-	-	-	-	415,000
Intangibles in process	-	176,231	139,644	-	-	(208,928)	-	-	106,947
Total		975,695	139,644	(115,379)	(134)	-	-	110	999,936

(i) In the first nine months of 2023 the company added R$ 107,419 to the intangibles line, of which R$ 15,079 are booked as supplier accounts receivable, and R$ 30,355 were spent in 2023 for purchases made prior to December 31, 2022.

18. Impairment

18.1. Accounting policy

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

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

In the estimate of the value of the asset in use, estimated future cash flows are discounted at present value, using an after-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash generating unit operates. The fair value of sales expenses is determined based on recent market transactions between willing and knowing parties involving similar assets. If no such transactions are noted, a suitable assessment methodology is used.

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

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

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

18.2. Premises:

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

(i) Revenue: projected to the end of the store's lease term
(ii) Costs and expenses: projected in the same period as revenue, corrected for an estimated annual inflation of 5.23% for 2023, and 3.5% for subsequent periods, as per Central Bank estimates;
(iii) Discount rate: determined bearing in mind the risk-free rate, the business risk, third-party cost of capital and the Company's capital structure. The discount rate used was 13.98% annually. When calculating the discount rate the Company considers lease liabilities as part of financing activities.

On the base date of September 30, 2023 and December 31, 2022, the Company had provisions for asset impairments as follows:

Nature	Impairment test		Store revamps and closures		Total	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Property and Equipment	(15,973)	(15,974)	(590)	(2,012)	(16,563)	(17,986)
Intangible assets	(64)	(119)	0	(750)	(64)	(869)
Total	**(16,037)**	(16,093)	**(590)**	(2,762)	**(16,627)**	(18,855)

19. Leases

19.1. Accounting policy

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

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

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

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

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

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

Based on a Review of Technical Pronouncement 16/2020, which clarifies Technical Pronouncement CPC 06 (R2)/IFRS16 regarding Covid-19-related benefits granted to the lessors in Lease Agreements, the Group analyzed its leases together with its partner Lessors and concluded that the lease negotiations resulting from COVID-19 do not constitute a contractual amendment and thus have no impact on re-measurement of the leases. The net tax discount obtained from negotiations between January and March 2022 was R$ 6,440, recorded under results for the period, occupancy costs. The period affected by this pronouncement ended on June 30, 2022, thus there were no amounts to be recorded in 2023.

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19.3 Incremental interest rate

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

Incremental rates based on lease terms practiced On September 30, 2023 and December 31, 2022:

	09/30/2023		12/31/2022	
Contractual terms	**Actual rate (% per year)**	**Nominal rate (% per year)**	**Actual rate (% per year)**	**Nominal rate (% per year)**
0 to 3 years	6	12.3	8.0 – 10.6	14.9 – 16.4
3 to 5 years	6.5 – 7.9	12 – 14.5	7.3	13.4
5 to 6 years	3.5	7.9	4.0 – 8.1	9.1 – 14.7
6 to 10 (or more) years	3.2 – 7.7	6.8 – 14.8	3.2 - 7.7	6.8 - 14.3

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

	Right-of-use assets			
	Real Estate	Equipment	Total	Lease liabilities
Balance on December 31, 2022	**1,541,306**	**24,141**	**1,565,447**	**(1,789,212)**
Amortization (i)	**(278,184)**	**(3,731)**	**(281,915)**	**-**
Financial charges	**-**	**-**	**-**	**(127,740)**
Payments made	**-**	**-**	**-**	**388,616**
Provisions for dismantling costs	**180**	**-**	**180**	**-**
New/renewed/closed Agreements (ii)	**116,083**	**3,403**	**119,486**	**(119,486)**
Re-measurements (iii)	**118,151**	**875**	**119,026**	**(116,445)**
Balance on September 30, 2023	**1,497,536**	**24,688**	**1,522,224**	**(1,764,267)**
Current liabilities				**(490,797)**
Non-current liabilities				**(1,273,470)**

(i) The amounts in this table include the PIS/COFINS credits on lease payments in the amount of R$ 34,699 and on interest, in the amount of R$ 9,543, booked directly in earnings to reduce amortization and interest expenses.
(ii) This refers to 7 new store agreements.
(iii) Refers to the annual re-measurement inflation adjustments on minimal lease payments as per the respective agreements and lease renewals;

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

a) Comparison of lease projections in the different scenarios

In compliance with CVM guidelines and in order to provide the market with a comprehensive view of the different effects of applying models, with and without inflation, on the flow of minimum lease payments using a given discount rate (3.2% to 14.5%), below is a comparative list of the right-of-use lease liabilities, financial expenses and amortization expenses for the current and coming years in the following scenarios:

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

(in thousand Reals unless otherwise stated)

The Group adopted scenario 2 for the period ending September 30, 2023, as determined by CPC06(R2) / IFRS16. The comparative balances of lease liabilities are submitted below:

	09/30/2023	12/31/2022
Lease liabilities		
Scenario 1	1,878,329	2,033,448
Scenario 2 (book value)	**1,764,267**	**1,789,212**
Financial Charges		
Scenario 1	133,443	87,981
Scenario 2 (book value)	**127,740**	**165,719**
Depreciation Expenses		
Scenario 1	269,991	435,603
Scenario 2 (book value)	**281,915**	**381,532**
Total Expenses		
Scenario 1	403,434	523,584
Scenario 2 (book value)	**409,655**	**547,251**

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

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

	09/30/2023		12/31/2022	
Coming due in	**Payments**	**Potential PIS/COFINS Rights**	**Payments**	**Potential PIS/COFINS Rights**
Less than 1 year	**500,992**	**(44,824)**	513,238	(44,118)
One to five years	**1,360,973**	**(121,558)**	1,391,273	(125,785)
Over five years	**518,951**	**(45,716)**	475,322	(41,983)
Total minimum payments	**2,380,916**	**(212,098)**	2,379,833	(211,886)
Minimum payments discounted to present value	**(616,649)**	**54,697**	(590,621)	52,979
Present value of the minimum payments	**1,764,267**	**(157,401)**	1,789,212	(158,907)
Current Liabilities	**490,797**		513,238	
Non-current Liabilities	**1,273,470**		1,275,974	

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

During the period ended September 30, 2022, the expense associated with the 20 variable lease agreements was R$ 3,772 (19 agreements or R$ 3,453 on September 30, 2022). Expenses associated with short-term leases and low-value assets totaled R$ 12,587 (R$ 16,258 in the period ending September 30, 2022), and refer to leasing printers and forklifts. Because of limited relevance, future commitments with minimum lease payments of low-value assets and short-term contracts are not presented, nor is any sensitivity analysis of variable expenses with leases and the factors that impact this variation.

(in thousand Reals unless otherwise stated)

The Group does not offer property as collateral in any transaction.

c) Impairment

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

20. Suppliers

20.1 Accounting policy

Trade receivables are Group obligations resulting from the purchase of goods, services, occupancy charges, property and equipment, and intangibles. Term purchases are adjusted to present value on the date of the transactions, and reversals have financial earnings as counterpart due to the fruition.

20.2 Breakdown of the balance

	Parent Company		Consolidated	
	09/30/2023	**12/31/2022**	**09/30/2023**	**12/31/2022**
Merchandise suppliers	**684,604**	706,318	**684,604**	706,318
Bradescard Partnership	**522,923**	469,328	**522,923**	469,328
Materials, asset, and service suppliers	**269,918**	324,069	**283,146**	335,908
Present value adjustment	**(20,202)**	(20,597)	**(20,202)**	(20,597)
	1,457,243	1,479,118	**1,470,471**	1,490,957
Current liabilities	**923,019**	1,466,548	**936,247**	1,478,387
Non-current liabilities	**534,224**	12,570	**534,224**	12,570

Bradescard Partnership
The Group purchased Balcão Bradesco for R$ 415 million, recorded under long-term suppliers. This amount is updated monthly, and monetary correction is booked against financial expenses in the sub-group “supplier interest” (note 30). On September 30, 2023 the corrected value was R$ 523 million.

The terms of the original agreement have been renegotiated. The changes made include, among others, postponement of the settlement from January 2023 to July 2025. This new agreement also has similar covenants to those mentioned in item 23.5 Restrictive covenants for loans and debentures.

Present value adjustment
The Group uses interest rates close to those used by the industry to discount the balance of trade receivables to present value. The monthly interest rates used to calculate the present value of outstanding payables on September 30, 2023 and December 31, 2022 were 0.97% and

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1.12% 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.

21 Obligations - Forfait

21.1 Accounting policy

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

Under these agreements, the financial institution advances a given amount to the supplier and, when this amount comes due, it is paid back by the Group. 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 Group and its supplier. For this reason, the balances payable were booked as operational liabilities.

21.2 Breakdown of the balance

	Parent Company and Consolidated	
	09/30/2023	**12/31/2022**
Obligations – Forfait	**302,204**	386,266
Current liabilities	**302,204**	386,266

In the nine-month period ended September 30, 2023, the Group received a commission in the amount of R$ 7,803 (R$ 6,703 in during the same period of 2022). During the first nine months of 2023 the discount ranged from 1.23% to 1.89% a month (compared to 1.08% and 1.87% in during the same period of 2022).

In the nine-month period ended September 30, 2023 the Group advanced R$ 43,361 to suppliers, which generated an income of R$ 329, recognized as financial income, net of funding costs (in the same period of 2022 R$ 87 was advanced, for an income of R$ 1).

(in thousand Reals unless otherwise stated)

22 Loans and debentures

22.1 Accounting policy

Loans and debentures are initially recognized at fair value and subsequently are measured at amortized cost, as established in the agreement. All other loan costs are recorded as expenses in the period in which they are incurred. Loan costs include interest and other costs incurred by the Group regarding those loans.
The Group also considers third-party loan transactions as financing activities.

22.2 Breakdown of loans and debentures

			Parent Company		Consolidated	
Description	**Annual rates**	**Maturity**	**09/30/2023**	**12/31/2022**	**09/30/2023**	**12/31/2022**
Promissory notes	100% CDI+ 1.09%	2023	**-**	**506,881**	**-**	**506,881**
CCB (i)	100% CDI+ 2.79%	2024	**61,567**	**106,694**	**61,567**	**106,694**
Debentures - single series, issue 1 (ii)	100% CDI+ 2.15%	2024 to 2025	**527,570**	**508,661**	**527,570**	**508,661**
Book-entry Commercial Notes - single series, issue 1 (iv)	100% CDI + 2.45%	2026 a 2027	**251,296**	**260,951**	**251,296**	**260,951**
Debentures - 1st series, issue 2 (iv)	100% CDI + 2.10%	2025	**261,872**	**252,368**	**261,872**	**252,368**
Debentures - 2nd series, issue 2 (iv)	100% CDI + 2.40%	2025 to 2028	**373,391**	**359,571**	**373,391**	**359,571**
Book-entry Commercial Notes - single series, issue 2 (v)	100% CDI+ 2.10%	2024	**53,217**	**-**	**53,217**	**-**
Book-entry Commercial Notes - single series, issue 3 (vi)	100% CDI+ 2.70%	2024 to 2025	**202,860**	**-**	**202,860**	**-**
Guaranteed Accounts (vii)	100% CDI+2.10%	2023	**-**	**-**	**-**	**163,457**
(-) Transaction costs to appropriate			**(8,640)**	**(7,751)**	**(8,640)**	**(7,751)**
Total			**1,723,133**	**1,987,375**	**1,723,133**	**2,150,832**
Current liabilities			**507,666**	**582,558**	**507,666**	**746,015**
Non-current liabilities			**1,215,467**	**1,404,817**	**1,215,467**	**1,404,817**

i. On September 30, 2020 the Group issued two CCBs:

- The first, in the amount of R$ 230,000 paying the equivalent of 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.95% and half-yearly interest payments in 6 installments, and amortization of the principal on the maturity date in 2023. On December 14, 2022 the Company pre-paid a CCB in the amount of R$ 230,000, originally coming due on June 30, 2023.
- The second, in the amount of R$ 120,000 paying the equivalent to 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.90% and half-yearly interest payments in 6 installments of R$ 20,000, the first due in January 2022 and the last in July 2024 The Company renegotiated the agreement. The maturity of the installment originally coming due in January 2022 was postponed to July 2024, and compensation changed to the equivalent of 100% of the accumulated variation in the average daily DI rate, plus an annual surcharge of 2.79%.

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. In the nine-month period ended September 30, 2023, R$ 232 were appropriated (R$ 463 in 2022).

ii. 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, 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. In the nine-month period ended September 30, 2023, R$ 679 were appropriated (R$ 905 in 2022).

iii. On March 18, 2022 the Company issued its first Commercial Notes (“Commercial Notes” and “Issue”) for public distribution with limited effort as per law 14,195 of August 26, 2021, as amended (“Law 14,195”) and CVM Instruction n. 476, in the amount of R$ 250,000 with a yield of 100% of the DI, plus an annual surcharge of 2.45% for settlement on March 18, 2027. The net funds captured through this Issue shall be used to reinforce the Company’s cash position and extend the Issuer’s average payment term. The costs associated with the first issue of promissory notes, including taxes, commissions and other costs totaled R$ 1,528 and are being recorded as deductions from liabilities and added to results monthly during the debt term. In the nine-month period ended September 30, 2023, R$ 229 were appropriated (R$ 229 in 2022).

iv. On April 8 2022 the Company issued its second series of simple, non-secured, non-convertible debentures for public distribution with limited effort in two series, in the amount of R$ 600,000 (six hundred million), R$ 247,500 (two hundred and forty-seven, five hundred thousand Reals) refer to debentures int he first series, and R$ 352,500 (three hundred and fifty-two million, six hundred thousand Reals) refer to the second series. The first series will have a yield of 100% of the DI, plus an annual surcharge of 2.10%, while the second will have a yield of 100% of the DI, plus an annual surcharge of 2.40%. The first series debentures will mature in 42 (forty-two) months from the date of issue, or November 13, 2025 (“maturity date of the first series debentures), while the second series debentures shall mature in 72 (seventy-two) months from the date of issue, or May 13, 2028 (“maturity date of the second series debentures). The costs incurred, including fees, commissions, and other costs totaled R$ 4,521 and are entered as deductions to liabilities and appropriated in earnings monthly during the debt period. In the nine-month period ended September 30, 2023, R$ 722 were appropriated (R$ 641 in 2022).

v. On April 25, 2023 the Group issued its second Commercial Notes for public distribution with automatic registration according to the Securities Law, law 14,195, and CVM Instruction n.

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160, in the amount of R$ 50,00 with a yield of 100% of the CDI, plus an annual surcharge of 2.10% for settlement on April 25, 2024. The net funds captured through this Issue shall be used to reinforce the Group's cash position and extend the Issuer's average payment term. The costs associated with the first issue of promissory notes, including taxes, commissions and other costs totaled R$ 536 and are being recorded as deductions from liabilities and added to results monthly during the debt term. In the period ended September 30, 2023, R$ 268,00 were appropriated.

vi. On May 22, 2023 the Group issued its third Book-entry Commercial Notes in a single series, for public distribution and automatic registration ("Issue Term", "Commercial Notes", and "Issue") respectively, as per article 45 and subsequent articles of law 14,195 of August 26, 2021 ("Law 14,195") and CVM Instruction n. 160 of July 13, 2022 as amended ("CVM Resolution 160"), in the amount of R$ 200,000 with a yield of 100% of the CDI, plus an annual surcharge of 2.70% for settlement on May 25, 2025. The net funds captured through this Issue shall be used to reinforce the issuer's working capital. The costs associated with the first issue of promissory notes, including taxes, commissions and other costs totaled R$ 3,331 and are being recorded as deductions from liabilities and added to results monthly during the debt term. In the period ended September 30, 2023, R$ 694,00 were appropriated.

Since December 1, 2021 the Group had captured funds through its subsidiary Orion Instituição de Pagamentos, for use to settle the funding of with-interest installment portfolios, past-due accounts, withdrawals, and refinancing of the new C&A Pay card operations. On May 2, 2023, the Group settled its secured account agreements in the amount of R$ 201,500.

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

22.3 Payment Forecast

The following is a forecast of the payment of long-term loans On September 30, 2023:

Maturity	Parent Company	Consolidated
2023	**70,679**	**70,679**
2024	**476,027**	**476,027**
2025	**663,508**	**663,508**
2026	**212,359**	**212,359**
2027	**212,588**	**212,588**
2028	**87,972**	**87,972**
	1,723,133	**1,723,133**

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22.4 Changes in loans

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Balance on December 31	**1,987,375**	**1,358,756**	**2,150,832**	**1,374,826**
New loans/debentures	**250,000**	850,000	**381,372**	1,103,691
Interest	**197,864**	191,040	**197,864**	192,924
Interest passed along and to pass along (*)	**-**	-	**(1,899)**	9,118
Funding cost	**(4,159)**	(5,992)	**(4,959)**	(6,032)
Cost amortization	**3,270**	1,983	**4,069**	1,983
Payment of the principal	**(452,500)**	(65,000)	**(745,429)**	(200,029)
Interest payment	**(258,717)**	(94,431)	**(258,717)**	(94,431)
Balance on September 30,	**1,723,133**	**2,236,356**	**1,723,133**	**2,382,050**

(*) Refers to the mandate clause settled on 05/02/2023.

22.5 Restrictive covenants

Based on the clauses of current agreements, the Group 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 Group monitors financial indicators that may impact the covenants. The covenants are the normal ones for transactions of this nature and, to date, have in no way limited the Group's ability to conduct its business.

23 Labor liabilities

	Parent Company		Consolidated	
	09/30/2023	12/31/2022	09/30/2023	12/31/2022
Salaries, profit sharing, and payroll charges	**99,519**	128,638	**99,930**	128,638
Vacation, 13th salary, and payroll charges	**112,197**	77,464	**113,248**	77,464
	211,716	206,102	**213,178**	206,102
Current liabilities	**199,715**	198,732	**201,177**	198,732
Non-current liabilities	**12,001**	7,370	**12,001**	7,370

(in thousand Reals unless otherwise stated)

24 Taxes payable

	Parent Company		Consolidated	
	09/30/2023	**12/31/2022**	**09/30/2023**	**12/31/2022**
ICMS	**24,557**	151,788	**24,557**	151,788
PIS/COFINS	**33,294**	100,039	**33,421**	101,170
ISS	**2,413**	4,991	**2,416**	5,482
Other	**3,122**	4,999	**6,548**	5,464
	63,386	261,817	**66,942**	263,904
Current liabilities	**53,295**	245,954	**56,851**	248,041
Non-current liabilities	**10,091**	15,863	**10,091**	15,863

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

25.1 Accounting policy

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

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

(in thousand Reals unless otherwise stated)

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

On the advice of its legal advisors, Management creates provisions to cover likely and reasonably estimable losses where disbursement of financial resources by the Group is likely.

Parent Company

	12/31/2022	Addition (reversal)	Payments	Update	09/30/2023
Tax	**245,782**	**(8,099)**	**(23)**	**12,224**	**249,884**
Labor 23.2 (iv)	**29,371**	**9,226**	**(10,970)**	**2,289**	**29,916**
Civil	**3,688**	**4,624**	**(5,119)**	**172**	**3,365**
Provisions for tax, civil, and labor risks	**278,841**	**5,751**	**(16,112)**	**14,685**	**283,165**
Judicial deposits with a corresponding liability	**(96,091)**			**(4,925)**	**(101,016)**
Net provisions for judicial deposits	**182,750**	**5,751**	**(16,112)**	**9,760**	**182,149**

Consolidated

	12/31/2022	Addition (reversal)	Payments	Update	09/30/2023
Tax	**245,782**	**(8,099)**	**(23)**	**12,224**	**249,884**
Labor 23.2 (iv)	**29,371**	**9,226**	**(10,970)**	**2,289**	**29,916**
Civil	**3,785**	**5,447**	**(5,119)**	**172**	**4,285**
Provisions for tax, civil, and labor risks	**278,938**	**6,574**	**(16,112)**	**14,685**	**284,085**
Judicial deposits with a corresponding liability	**(96,091)**			**(4,925)**	**(101,016)**
Net provisions for judicial deposits	**182,847**	**6,574**	**(16,112)**	**9,760**	**183,069**

Parent Company

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

Consolidated

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

Tax provisions refer substantially to discussions regarding the following taxes:

(i) PIS/COFINS

On September 30, 2023, the Group had provisions for PIS and COFINS risks in the amount of R$ 144,864 (R$ 136,976 on December 31, 2022). The most significant amounts are the result of credits used as inputs for its purpose of business in the amount of R$ 99,195 (R$ 86,387 on December 31, 2022), and import COFINS credits in the amount of R$ 45,120 (R$ 42,374 on December 31, 2022). For the latter, on September 30, 2023, the Group had an updated amount on deposit of R$ 47,052 (R$ 43,842 on December 31, 2022).

On September 30, 2023, the Group reversed a tax provision in the amount of R$ 7,970 due to a favorable ruling in a similar case, discussing the non-inclusion of royalties paid in the basis xy calculating taxes owed on the import of goods.

(ii) ICMS (State Value Added Tax)

On September 30, 2023 the Group had provisions for ICMS risks in the amount of R$ 48,721 (R$ 44,422 on December 31, 2022). The more significant amounts are related to credit for suppliers the tax authorities consider to be unreputable, in the amount of R$ 11,215 (R$ 10,899 on December 31, 2022), and discussions regarding whether or not ICMS should be levied on charges on electricity transactions, in the amount of R$ 26,986 (R$ 24,005 on December 31, 2022).

(iii) Other taxes

On September 30, 2023, the Group had provisions for tax risks related to other taxes in the amount of R$ 56,299 (R$ 64,384 on December 31, 2022). The most significant amounts were related FTS in the amount of R$ 16,748 (R$ 16,768 on December 31, 2022) and CPRB (social security on gross income) regarding the case in which exclusion of ICMS and ISS from the basis for calculation is being discussed, in the amount of R$ 34,978 (R$ 41,897 on December 31, 2022).

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

On August 28, 2013, the Group 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 Group opted to make monthly payments of CPRB in the form of judicial deposits. On September 30, 2023, the updated amount of this deposit was R$ 34,978 (R$ 33,108 on December 31, 2022). For this, the Group has booked provisions of R$ 34,978 (R$ 41,897 on 31 December 2022).

(iv) Civil and labor

Provisions for labor claims are obtained by applying the historical percent losses to the total value of the claim (which is the maximum exposure to which the Group is subject) for each claim, as informed by the Group's legal advisors. This measurement is reviewed every six months, most recently in September 2023. Measurement of the provisions for civil cases uses the overall average success and payment rates, with individual assessments made where the amounts are significant.

(in thousand Reals unless otherwise stated)

(v) Judicial deposits with a corresponding liability

1% additional COFINS for imports

On March 7, 2013, the Group filed a lawsuit claiming the right to credit for the 1% COFINS surtax levied on the import of some of its goods, and obtained a preliminary injunction allowing it to take credit for such COFINS import surtax. On March 26, 2018, said injunction was revoked. Thus, the Group was required to put up a judicial deposit to ensure suspension of enforceability and thus continue the legal discussion in the courts. On September 30, 2023 the updated amount on deposit was R$ 47,052 (R$43.841 on December 31, 2022). For this, the Group has booked provisions of R$ 45,120 (R$ 42,374 on December 31, 2022).

25.3 Judicial deposits

The Group 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:

	Parent Company		Consolidated	
	09/30/2023	**12/31/2022**	**09/30/2023**	**12/31/2022**
Tax	**20,546**	32,893	**20,546**	32,893
Labor and Civil	**37,888**	28,397	**37,920**	28,397
Total	**58,434**	61,290	**58,466**	61,290

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

25.4 Non-provisioned contingencies

On September 30, 2023 the Group had an updated amount of R$ 300,235 (R$ 362,640 on December 31 2022) associated with judicial and/or administrative claims where it is considered possible that the Company will lose, and for this reason accounting provisions are not made, as per the relevant accounting standards.

(in thousand Reals unless otherwise stated)

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

	Parent Company and Consolidated	
	09/30/2023	**12/31/2022**
PIS and COFINS - rate of zero on the sale of electronics	**-**	**191,472**
Disallowed PIS/COFINS credits (b)	**76,037**	**26,373**
PIS/COFINS (taxes on revenue - Non-homologated offsets (c)	**56,186**	**41,259**
Import Taxes on Royalties (d)	**27,905**	**18,794**
INSS - Non-homologated offsets and Other (e)	**65,888**	**38,297**
ICMS - Non-homologated offsets and Other	**39,961**	**29,681**
Other demands	**34,258**	**16,764**
	300,235	**362,640**

(a) This refers to tax enforcement to collect debts arising from the zero PIS and COFINS rate on the sale of electronics, as per law 11,196/05. Considering the favorable ruling that recognized the Group's right to the tax benefit (See Note 12.2.1.3).

(b) This refers to a notice of violation disallowing PIS and COFINS credits on expenses classified as inputs by the Group in 2012 and 2014.

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

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

(e) Notice of violation demanding the payment of social security contributions supposedly levied on the amounts paid as Medical and Hospital care to its insured employees for the period between December 12, 1997 and February 28, 2005. Given that the ruling favored the Group, in February 2020 part of this amount was reversed; administrative proceedings discuss the failure to approve requests for compensation.

(f) Court and administrative proceedings discussing credits disallowed by the authorities.

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

Due to external factors not under the Group'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)

26 Shareholder's Equity

26.1 Accounting policy

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

26.2 Capital stock

On September 30, 2023, the share capital of R$1,847,177 was split into 308,245,068 fully paid-in common shares (308,245,068 on December 31, 2022), with a free float of 103,469,435 common shares (104,150,035 common shares on December 31, 2022).

On September 30, 2023, share ownership broke down as follows:

	09/30/2023		12/31/2022	
	Number of shares	**%**	**Number of shares**	**%**
COFRA Investment SARL	100,363,049	32.56%	100,363,049	32.56%
Incas SARL	100,939,166	32.75%	100,939,166	32.75%
COFRA Latin America	17,121	0.02%	17,121	0.02%
Officers	899,686	0.29%	805,797	0.26%
Treasury	2,650,500	0.86%	1,969,900	0.64%
Free Float	103,375,546	33.54%	104,150,035	33.79%
Total	308,245,068	100%	308,245,068	100%

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

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

26.3 Shares in Treasury

On September 30, 2023, the balance of shares in treasury was R$ 8,498, corresponding to 2,650,500 shares (R$ 6,778 on December 31, 2022, corresponding to 1,969,900 shares).

26.4 Capital reserve – shares granted

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

26.5 Legal reserve

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

26.6 Reserve for unrealized profits

On December 30, 2023 the reserve for unrealized profits set aside by the Company was R$ 75,720 (R$ 75,720 on December 31 2022).

26.7 Reserve for investments

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

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

26.8 Reserve for tax incentives

The Group has ICMS tax incentives as presumed credit due to its operations in the state of Santa Catarina. Thus, it recognizes the impact as credit on the statement of earnings in those periods in which it recognizes the related costs. Setting aside this incentive for tax incentive reserves is subject to profit in the period after deducting required reserves. The destination of earnings for tax incentives is done annually in the month of December. On September 30, 2023 this reserve for tax incentives amounted to R$ 12,341 (R$ 12,341 on December 31, 2022). In 2022 the Group set aside R$ 789.

26.9 Equity valuation adjustments

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

27 Dividends and interest on shareholder's equity payable

27.1 Accounting policy

As stipulated in the Bylaws, each period the shareholders have the right to receive the minimum mandatory 25% of net profits for the period, less legal reserves and plus the reversal of previous reserves, as dividends, and is booked as liabilities on the date of the statement of earnings. Any amounts in excess of the mandatory minimum are booked as proposed additional dividends in the statement of changes in shareholder's equity and entered as dividends payable only on the date on which such additional dividends are approved by the Company shareholder's equity at a General Meeting.

27.2 Distribution de Interest on Shareholder's Equity and dividends

The Company’s profits in the period ended December 31, 2022 was set aside as legal reserve and reserve for tax incentives, as mentioned in Note 26.

28 Net revenue

28.1 Accounting policy

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

a) Sale of goods

Revenue from the sale of goods in a lump sum and in installments is recognized when the Group fulfills its obligations to perform, i.e. when control over the merchandise is transferred to the buying customer.

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

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

b) Services provided

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

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

c) Net revenue from credit securitization

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

f) Revenue from commissions from intermediating financial services - Bradescard Partnership

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

e) Revenue from financial products

This is the interest on installment sales and arrears interest from the e portfolio originating from SCD – C&A Pay Sociedade de Crédito Direto S.A. ("SCD") and assigned to FIDC -Fundo de Investimento a um Direito Creditório. In compliance with the accrual approach, revenue is recognized when results are calculated in the period to which they belong, to the extent that it is likely that they will be received. Formal transactions with predefined financial charges are updated pro rata diem and booked as revenue from financial products.

(in thousand Reals unless otherwise stated)

28.2 Composition da net revenue

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Sale of goods	**5,776,301**	5,572,010	**5,769,829**	5,572,010
Cancellations, exchanges and vouchers	**(328,535)**	(344,924)	**(328,535)**	(344,924)
Sales taxes	**(1,284,517)**	(1,201,660)	**(1,284,517)**	(1,202,233)
Net revenue from the sale of merchandise	**4,163,249**	4,025,426	**4,156,777**	4,024,853
Commission revenue from the sale of financial services - Bradescard partnership	**23,434**	105,936	**23,434**	105,936
Revenue from the commission on insurance sales	**11,347**	16,648	**11,347**	16,648
Commission revenue from other services rendered	**20,655**	18,300	**20,655**	19,722
Net revenue from credit securitization	**-**	-	**1,632**	2,239
Revenue from financial products (*)	**53,576**	21,592	**238,686**	92,717
Taxes on commissions and services	**(15,829)**	(17,384)	**(26,317)**	(27,311)
Net revenue from services rendered	**93,183**	145,092	**269,437**	209,951
	4,256,432	4,170,518	**4,426,214**	4,234,804

(*) As of May 2023, transactions with C&A Pay characteristics migrated to SCD – C&A Pay Sociedade de Crédito Direto S.A. ("SCD"). Formerly they were supported by a mandate clause with the partner financial institution. The portfolio originating from the SCE is assigned to an FDIC - Credit Rights Investment Fund on the day after origination, the FDIC records the interest on installment sales and arrears interest.

29 Earnings by nature

29.1 Classified by function

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Cost of goods sold and services rendered	**(2,124,700)**	(2,136,877)	**(2,125,110)**	(2,137,079)
General and administrative	**(557,646)**	(489,665)	**(559,840)**	(494,765)
Sales	**(1,496,365)**	(1,646,830)	**(1,562,977)**	(1,702,564)
Net credit losses	**-**	-	**(167,278)**	(34,233)
Other net operating income (expenses)	**26,170**	50,777	**25,913**	49,791
	(4,152,541)	(4,222,595)	**(4,389,292)**	(4,318,850)

(in thousand Reals unless otherwise stated)

29.2 Cost of sales by nature

	Parent Company		Consolidated	
	09/30/2023	**09/30/2022**	**09/30/2023**	**09/30/2022**
Cost of goods sold	**(2,064,423)**	(2,088,500)	**(2,064,316)**	(2,088,002)
Costs from lost merchandise	**(59,962)**	(47,915)	**(59,962)**	(47,915)
Cost of services rendered	**(315)**	(462)	**(315)**	(462)
Cost of financial services	**-**	-	**(517)**	(700)
	(2,124,700)	(2,136,877)	**(2,125,110)**	(2,137,079)

29.3 General and administrative expenses by nature

	Parent Company		Consolidated	
	09/30/2023	**09/30/2022**	**09/30/2023**	**09/30/2022**
Personnel	**(225,927)**	(214,543)	**(227,742)**	(219,273)
Third party materials/services	**(102,779)**	(91,219)	**(102,998)**	(91,536)
Depreciation and amortization	**(164,843)**	(129,099)	**(164,913)**	(129,168)
Depreciation of right-of-use	**(19,184)**	(19,703)	**(19,184)**	(19,703)
Occupancy	**(10,459)**	(7,957)	**(10,459)**	(7,957)
Other	**(34,454)**	(27,144)	**(34,544)**	(27,128)
	(557,646)	(489,665)	**(559,840)**	(494,765)

29.4 Selling expenses by nature

	Parent Company		Consolidated	
	09/30/2023	**09/30/2022**	**09/30/2023**	**09/30/2022**
Personnel	**(494,007)**	(507,725)	**(514,239)**	(535,997)
Third party materials/services	**(209,362)**	(231,710)	**(242,573)**	(250,350)
Depreciation of right-of-use	**(237,575)**	(245,451)	**(237,575)**	(245,451)
Depreciation and amortization	**(106,868)**	(118,530)	**(106,868)**	(118,530)
Occupancy	**(250,535)**	(262,297)	**(250,535)**	(262,297)
Advertising and promotions	**(70,202)**	(136,545)	**(70,231)**	(136,546)
Other	**(127,816)**	(144,572)	**(140,956)**	(153,393)
	(1,496,365)	(1,646,830)	**(1,562,977)**	(1,702,564)

(in thousand Reals unless otherwise stated)

29.5 Other net operating revenue (expenses) by nature

Other net operating revenue (expenses) are amounts that are not related or only incidentally related to core Group activities and are not expected to be repeated with any frequency in future periods.

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Results from asset write-offs	**(4,460)**	(6,112)	**(4,460)**	**(6,112)**
Reversals (provisions) for impairment:				
Store/DC closures/revamps	**2,227**	6,033	**2,227**	**6,033**
Impairment test	**-**	2,174	**-**	**2,174**
(-) Tax credit recovery (a)	**30,166**	67,473	**30,166**	**67,473**
Reversal (provision) for tax contingencies (b)	**9,497**	(3,218)	**9,497**	**(3,218)**
Strategy consulting services	**(1,872)**	(7,339)	**(1,872)**	**(7,339)**
Structuring FIDC	**-**	-	**(212)**	-
Other	**(9,388)**	(8,234)	**(9,433)**	**(9,220)**
	26,170	50,777	**25,913**	**49,791**

(a) This refers substantially to PIS and COFINS credits, social security credits, and ICMS credits.
(b) During the third quarter of 2023 R$17 million in provisions for Royalties and Social Security Contribuition on Gross Revenue (CPRB) were reversed

(in thousand Reals unless otherwise stated)

30 Finance results

	Parent Company		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Exchange variation				
Exchange variation - Purchases	**1,137**	59	**1,137**	59
	1,137	59	**1,137**	59
Finance expenses				
Interest on loans	**(197,864)**	(191,005)	**(197,864)**	(191,005)
Interest on leases	**(118,197)**	(116,329)	**(118,197)**	(116,329)
Supplier financial expenses - PVA	**(84,761)**	(62,791)	**(84,761)**	(62,791)
Bradescard supplier interest	**(53,595)**	(37,998)	**(53,595)**	(37,998)
Interest on taxes and contingencies	**(16,611)**	(15,664)	**(16,624)**	(15,669)
Payroll Charges com receivable anticipation (note 8.3)	**(27,806)**	(1,407)	**(4,110)**	(1,408)
Other Finance expenses	**(5,456)**	(2,970)	**(6,559)**	(4,268)
	(504,290)	(428,164)	**(481,710)**	(429,468)
Finance income				
Monetary update on tax credits monetária sobre créditos tributários	**73,247**	84,515	**71,526**	84,447
Interest on financial investments	**69,431**	71,671	**82,596**	72,528
Supplier financial income	**6,843**	6,700	**6,843**	6,700
Other	**7**	5	**6**	5
	149,528	162,891	**160,971**	163,680
FIDC C&A Pay	**(13,474)**	-	-	-
	(13,474)	-	-	-
Earnings from bonds and securities	**-**	-	**3,098**	-
	-	-	**3,098**	-
Net financial results	**(367,099)**	(265,214)	**(316,504)**	(265,729)

(a) In September 2023, interest revenue included R$ 55,723 (R$ 62,610 in September 2022) related to monetary adjustment for previously unused PIS/COFINS credits, less PIS/COFINS taxes in the amount of R$ 2,591 (R$ 2,911 in September 2022).

31 Information by segment

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

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

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

(in thousand Reals unless otherwise stated)

	Retail		Financial Services		Consolidated	
	09/30/2023	09/30/2022	09/30/2023	09/30/2022	09/30/2023	09/30/2022
Revenue from third parties	**4,172,887**	4,040,273	**253,327**	194,531	**4,426,214**	4,234,804
Cost of sales and services provided	**(2,124,278)**	(2,135,918)	**(832)**	(1,161)	**(2,125,110)**	(2,137,079)
Gross Profit	**2,048,609**	**1,904,355**	**252,495**	**193,370**	**2,301,104**	**2,097,725**
Sales	**(1,076,325)**	(1,198,279)	**(142,209)**	(140,304)	**(1,218,534)**	(1,338,583)
General and administrative	**(362,502)**	(337,762)	**(13,241)**	(8,132)	**(375,743)**	(345,894)
Net credit losses	**-**	-	**(167,278)**	(34,233)	**(167,278)**	(34,233)
Other net operating income (expenses)	**26,164**	50,772	**(251)**	(981)	**25,913**	49,791
Earnings by segment	**635,946**	**419,086**	**(70,484)**	**9,720**	**565,462**	**428,806**
]						
Depreciation and amortization	**(516,978)**	(501,135)	**(11,562)**	(11,717)	**(528,540)**	(512,852)
Finance results					**(316,504)**	(265,729)
Income taxes					**113,237**	137,751
Profit (loss) for the period					**(166,345)**	**(212,024)**

32 Financial instruments and capital management

32.1 Financial instruments - Accounting Policy

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

a) <u>Classification of financial instruments</u>

The classification of financial assets depends on the characteristics of the financial asset's contractual cash flows, and on the business, model used to manage such financial instruments. The Group classifies them at:

(i) Amortized cost
(ii) Fair value through profit or loss,
(iii) Fair value through other comprehensive income.

(i) Amortized cost

Financial results at amortized cost include the following lines: cash and cash equivalents, trade receivables, judicial deposits, and related parties. Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) approach and are subject to impairment.

Financial liabilities are initially recognized at fair value and, in the case of loans and financing, plus the directly attributable transaction costs. Measuring financial liabilities depends on their classification. Trade payables, related party loans and accounts payable, and leases payable classified as financial liabilities at amortized using the effective interest rate approach.

(ii) Fair value through profit or loss

Includes financial assets held for trading, and financial assets designed upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they were acquired to be sold short term. This category includes investments in bonds and securities (Treasury Bonds) held for negotiation.

(iii) (iii) Fair value through other comprehensive income.

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

b) *Cash flow hedges*

The Group uses derivative financial instruments to minimize the risks associated with foreign currency exposure. The Group uses hedge transactions to protect itself from foreign exchange risk associated with as-yet unpaid import orders, and for this reason designates them as cash flow hedges.

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

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

The effective portion of the gain or loss on the hedge instrument is recognized in shareholder's equity under other comprehensive income, while any ineffective portion is recognized immediately in the statement of operations under finance results.

(in thousand Reals unless otherwise stated)

32.2 Financial instruments - classification

On September 30, 2023 and December 31, 2022 financial instruments were summarized and classified as follows:

<u>Parent Company</u>

	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Financial assets				
Cash and cash equivalents	**751,496**	-	**-**	**751,496**
Financial investments	**-**	-	**-**	**-**
Trade receivables	**452,743**	-	**-**	**452,743**
FIDC C&A Pay	**-**	**782,526**	-	**782,526**
Derivatives	-	-	2,623	**2,623**
Related parties	**314**	-	**-**	**314**
Judicial deposits	**58,434**	-	**-**	**58,434**
Financial liabilities				
Lease liabilities	**(1,764,267)**	-	**-**	**(1,764,267)**
Suppliers	**(1,759,447)**	-	**-**	**(1,759,447)**
Loans and debentures	**(1,723,133)**	-	**-**	**(1,723,133)**
Derivatives	**-**	-	**(88)**	**(88)**
Related parties	**(87,241)**	-	**-**	**(87,241)**
Total on September 30, 2023	**(4,071,101)**	**782,526**	**2,535**	**(3,286,040)**

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

(in thousand Reals unless otherwise stated)

Consolidated

	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Financial assets				
Cash and cash equivalents	**924,044**	195,563	**-**	**1,119,607**
Financial investments	**-**	**-**	**-**	**-**
Trade receivables	**1,009,410**	-	**-**	**1,009,410**
Derivatives	**-**	-	**2,623**	**2,623**
Related parties	**158**	-	**-**	**158**
Judicial deposits	**58,466**	-	**-**	**58,466**
Financial liabilities				
Lease liabilities	**(1,764,267)**	-	**-**	**(1,764,267)**
Suppliers	**(1,772,675)**	-	**-**	**(1,772,675)**
Loans and debentures	**(1,723,133)**	-	**-**	**(1,723,133)**
Derivatives	**-**	-	**(88)**	**(88)**
Related parties	**(76,931)**	-	**-**	**(76,931)**
Total on September 30, 2023	**(3,344,928)**	**195,563**	**2,535**	**(3,146,830)**

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

The fair value of the Group's assets and liabilities were measured on September 30, 2023 and 2022 using Level 2 hierarchy, which corresponds to significant observable data.

32.3 Financial risk management

The activities of the Group and its subsidiaries expose them to certain financial risks (including foreign exchange and interest rate), credit risk, and liquidity risk. Financial risks are assessed and managed carefully, using the limits and procedures defined in the Group's financial policy.

a) Market Risk

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

Interest rate risk

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

The Group attempts to keep the interest rate indicators for its assets and liabilities equal to reduce the impact of a risk in a fluctuation in interest rates. Currently all our loans are fixed rate and indexed to the CDI. The Group is also exposed to the CDI in the payments to Bradesco for the purchase of Balcão.

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

The Group ran tests using scenarios for the next disclosure to demonstrate how fluctuations in this index impact results. Interest rates for the likely scenario were taken from the reference rates published on the B3 site on September 30, 2023 (annualized CDI of 11.71% and 8.66% for the nine-month period).

(in thousand Reals unless otherwise stated)

					Parent Company			
					Increasing interest		Decreasing interest	
	Risk	Balance on 09/30/2023	Rate	Likely scenario	Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%
Financial investments (i)	Lower CDI	710,706	CDI (i)	59,160	73,950	88,740	44,370	29,580
Loans and debentures	Higher CDI	(1,723,133)	CDI (i)	(149,223)	(186,529)	(223,835)	(111,917)	(74,612)
Bradescard Partnership	Higher CDI	(522,923)	CDI (i)	(45,285)	(56,606)	(67,928)	(33,964)	(22,642)
Net exposure/Impact on earnings prior to IT/SC		**(1,535,350)**	**.**	**(135,348)**	**(169,185)**	**(203,023)**	**(101,511)**	**(67,674)**
Impact on earnings, net of IT/SC				**(89,330)**	**(111,662)**	**(133,995)**	**(66,997)**	**(44,665)**

(i) Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 100.75% of the CDI.

					Consolidated			
					Increasing interest		Decreasing interest	
	Risk	Balance on 09/30/2023	Rate	Likely scenario	Possible scenario + 25%	Remote scenario + 50%	Possible scenario - 25%	Remote scenario - 50%
Financial investments (ii)	Lower CDI	1,072,522	CDI (i)	89,073	111,341	133,610	66,805	44,536
Loans and debentures	Higher CDI	(1,723,133)	CDI (i)	(149,223)	(186,529)	(223,835)	(111,917)	(74,611)
Bradescard Partnership	Higher CDI	(522,923)	CDI (i)	(45,285)	(56,606)	(67,928)	(33,964)	(22,642)
Net exposure/Impact on earnings prior to IT/SC		**(1,173,534)**		**(105,435)**	**(131,794)**	**(158,153)**	**(79,076)**	**(52,717)**
Impact on earnings, net of IT/SC				**(69,587)**	**(86,984)**	**(104,381)**	**(52,190)**	**(34,793)**

(i) Financial revenue stated net of 4.65% PIS and COFINS. For financial investments we considered an average yield of 100.54% of the CDI.

Exchange risk

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

The Group 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 Group is not hedged. The Group shows sensitivity to possible changes in the range of 25% to 50%, indicating a deteriorating financial situation for the Group due to increases in the US Dollar exchange rate.

(in thousand Reals unless otherwise stated)

The US Dollar exchange rate used in the sensitivity analysis was taken by the FOCUS report published by the Brazilian Central Bank on September 29, 2023. Scenario estimates were adopted according to CVM Instruction 475/08.

				Negative scenarios		
		Risk	**Notional USD (Payables)/ Receivables**	**Scenario Likely USD 1 = R$ 4.95**	**Possible scenario +25% USD 1 = R$ 6.19**	**Scenario Remote scenario +50% USD 1 = R$ 7.43**
Hedge object	Purchasing orders for imported goods and imports in transit	Increase in the USD exchange	(75,180)	4,330	(88,892)	(182,115)
Hedge instrument	NDF	Decrease in the USD exchange	16,634	(958)	19,668	40,295
	Net exposure of import orders		**(58,546)**	**3,372**	**(69,224)**	**(141,820)**
	Non-recoverable taxes (36%)		(27,065)	1,559	(32,001)	(65,561)
	Total net exposure		**(85,611)**	**4,931**	**(101,225)**	**(207,381)**
	Impact on earnings, net of IT/SC		**(56,503)**	**3,254**	**(66,808)**	**(136,871)**

USD on 09/30/2023 = R$ 5.0076

Financial instruments designated for hedge accounting

To manage its market risk, the Group manages its foreign currency exposure related to the purchase of merchandise by contracting US Dollar-based derivative financial instruments, considering the expected date the merchandise will enter Group inventory in the official budget.

b) Credit risk

i) Cash and Cash Equivalents

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

ii) Receivables

In December 2021 the C&A pay card was launched, operated by subsidiary Orion until April 2023. As of May 2023, this operation is the responsibility of another subsidiary, SCD – C&A Pay Sociedade de Credito Direto. In the current operation, CCD assigns the receivables to FIDC – C&A Pay Fundos de Investimentos em Direitos Creditórios, of which C&A Modas is the sole quota holder (see Note 7.3).

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

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

The credit risk of other Group operations 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 Group remains only with the risk of non-recognition of purchase by customers (chargebacks) for which an allowance for impairment is measured and recognized. For transactions intermediated by Banco Bradescard, there is a potential loss, contractually limited to 50% of the net doubtful receivables registered with that institution, in addition to customer chargebacks. Historically, credit losses resulting from the agreement with Banco Bradescard are smaller than the gains.

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

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 expected demands on the liquidity of the Group and that of its subsidiary to ensure they have sufficient cash to meet their operational needs, investment plans and financial obligations.

The Group invests excess cash in financial assets with floating interest rates and daily liquidity (CDBs, repo transactions, and private credit investment funds that comply with the investment policy approved by Management). The Group also invests in LFTs (Treasury Bonds) (Note 7), that may or may not be kept until they mature. Those that are kept until maturity are registered at amortized cost, and those available for sale at fair value.

(in thousand Reals unless otherwise stated)

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

On September 30, 2023	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	**490,797**	**875,850**	**397,620**	**1,764,267**
Loans	**507,666**	**1,215,467**	**-**	**1,723,133**
Suppliers	**936,247**	**534,224**	**-**	**1,470,471**
Drawee risk transactions	**302,204**	**-**	**-**	**302,204**
Total	**2,236,914**	**2,625,541**	**397,620**	**5,260,075**

32.4 Capital management

The Group's capital management aims to ensure the maintenance of a structure to fund its operations.

The Group manages its capital structure by making suitable adjustments to changes in economic conditions. To keep this structure adjusted, the Group may pay dividends and take out loans. There were no changes in the capital structure objectives, policies, or processes in the period ending September 30, 2023.

	Parent Company		Consolidated	
Net Debt excluding Lease Liabilities	**09/30/2023**	**12/31/2022**	**09/30/2023**	**12/31/2022**
Short and long-term loans and debentures	**1,723,133**	1,987,375	**1,723,133**	2,150,832
Cash and cash equivalents	**(751,496)**	(1,627,977)	**(1,119,607)**	(1,674,091)
Financial investments	**-**	(8,735)	**-**	(8,735)
Net debt (cash)	**971,637**	350,663	**603,526**	468,006
Non-controlling interests	**-**	-	**11**	1
Total shareholder's equity	**2,842,692**	3,000,195	**2,842,703**	3,000,196
Financial leverage index	**34%**	12%	**21%**	16%

On September 30, 2023, the balance of lease liabilities was R$1,764,267 (R$1.789.212 on December 31, 2022). If lease liabilities are included in capital management calculations, the Group's leverage would be 96%, as follows:

	Parent Company		Consolidated	
Net Debt including Lease liabilities	**09/30/2023**	**12/31/2022**	**09/30/2023**	**12/31/2022**
Net debt (cash)	**971,637**	350,663	**603,526**	468,006
Lease liabilities	**1,764,267**	1,789,212	**1,764,267**	1,789,212
Adjusted net debt	**2,735,904**	2,139,875	**2,367,793**	2,257,218
Total shareholder's equity	**2,842,692**	3,000,195	**2,842,703**	3,000,196
Financial leverage index	**96%**	71%	**83%**	75%

(in thousand Reals unless otherwise stated)

32.5 Consolidated Group changes in liabilities associated with financing activities :

	December 31, 2022	Cash flows	Interest incurred	Re-measurements of lease liabilities	Other	September 30, 2023
Leases (i)	**1,789,212**	**(388,616)**	**127,740**	**116,445**	**119,486**	**1,764,267**
Loans and debentures	**2,150,832**	**(629,632)**	**197,864**		**4,069**	**1,723,133**
Total	**3,940,044**	**(1,018,248)**	**325,604**	**116,445**	**123,555**	**3,487,400**

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

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

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

33 Insurance

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

	Consolidated	
	09/30/2023	12/31/2022
Civil Liability and D&O	**313,688**	290,781
Property and Inventory	**529,900**	633,230
Shipping	**66,270**	69,807
	909,858	993,818

34 Retirement plan

34.1 Accounting policy

The Company sponsors Cyamprev - Sociedade de Previdência Privada, a closed capital private pension company that provides private pension plans for the employees of its sponsors. In essence, the pension plans sponsored by the Company are structured as defined contribution plans e pension plan contributions are made by active participants and/or the sponsor. The plans guarantee a minimum benefit paid out in a single installment at the end of their employment link and eligibility for retirement. Contributions to the plans for this minimum benefit are made exclusively by the Company.

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

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

34.2 Retirement plan

On September 30, 2022, the Company contributed R$ 1,600 (R$ 2,673 on September 30, 2022) to the plans, booked as expenses in earnings in the period. The total number of participating employees on September 30, 2023 was 4,760 (5,647 on December 31, 2022), with 187 participants under care (185 on December 31, 2022).

On September 30, 2023 the fair value of the plan assets related to the minimum benefit described above exceeded the actuarial present value of the accumulated benefit obligations by approximately R$ 183 (R$ 632 on December 31, 2022).

(in thousand Reals unless otherwise stated)

35 Earnings per share

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

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

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

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:

Basic earnings per share	**09/30/2023**	**09/30/2022**
Net losses in the period	**(166,345)**	(212,024)
Weighted average of the number of common shares	**305,594,568**	306,936,668
Basic profit (loss) per share - in R$	**(0.5443)**	(0.6908)

Diluted earnings per share	**09/30/2023**	**09/30/2022**
Net losses in the period	**(166,345)**	(212,024)
Weighted average of the number of outstanding common shares	**305,594,568**	306,936,668
Weighted average of the options granted as part of the stock-based compensation plan	**-**	-
Weighted average of the diluted number of common shares	**305,594,568**	306,936,668
Diluted profit (loss) per share - R$	**(0.5443)**	(0.6908)

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

On September 30, 2023 and 2022, 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