(A free translation of the original in Portuguese)

Alpargatas S.A.

Parent company and consolidated interim financial statements at March 31, 2022 and report on review

(A free translation of the original in Portuguese)

Report on review of parent company and consolidated interim financial statements

To the Board of Directors and Stockholders
Alpargatas S.A.

Introduction

We have reviewed the accompanying interim balance sheet of Alpargatas S.A. ("Company") as at March 31, 2022 and the related statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, as well as the accompanying consolidated interim balance sheet of Alpargatas S.A. and its subsidiaries ("Consolidated") as at March 31, 2022 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and notes, comprising significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these parent company and consolidated interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - "Interim Financial Reporting", of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim 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 Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position of Alpargatas S.A. and of Alpargatas S.A. and its subsidiaries as

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Alpargatas S.A.

at March 31, 2022, and the parent company financial performance and its cash flows for the quarter then ended, as well as the consolidated financial performance and the consolidated cash flows for the quarter then ended, in accordance with CPC 21 and IAS 34.

Other matters

Statements of value added

The interim financial statements referred to above include the parent company and consolidated statements of value added for the three-month period ended March 31, 2022. These statements are the responsibility of the Company's management and are presented as supplementary information. These statements have been subjected to review procedures performed together with the review of the interim financial statements for the purpose concluding whether they are reconciled with the interim financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and that they are consistent with the parent company and consolidated interim financial statements taken as a whole.

São Paulo, May 05, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Marcelo Orlando
Contador CRC 1SP217518/O-7

"This document will be signed electronically using DocuSign (www.docusign.com.br), pursuant to art. 10, § 2, of Medida Provisória (Provisional Decree) No. 2200-2/2001 and was prepared on the date indicated, being valid for all legal purposes."

ALPARGATAS S.A AND SUBSIDIARIES

Balance sheets

As at March 31, 2022 and December 31, 2021

In thousands of reais

ASSETS	Note	Parent company 03/31/2022	Parent company 12/3/2021	Consolidated 03/31/2022	Consolidated 12/31/2021
CURRENT ASSETS					
Cash and cash equivalents	5	1,626,022	425,535	1,734,399	583,176
Trade accounts receivable	6	756,840	825,006	804,629	750,778
Inventories	7	894,464	789,848	1,107,985	1,009,261
Recoverable taxes	8	246,437	141,551	263,345	172,768
Prepaid expenses		42,603	30,583	57,574	48,583
Accounts receivable from sale of subsidiary	11	80,006	-	80,006	-
Assets held for sale	11	118,698	193,272	502,118	617,710
Other receivables		95,278	29,372	108,245	42,112
Total current assets		**3,860,348**	**2,435,167**	**4,658,301**	**3,224,388**
NON-CURRENT ASSETS					
Interest earning bank deposits	5	9,073	8,860	9,073	8,860
Trade accounts receivable	6	334	569	334	569
Accounts receivable for the sale of subsidiary	11	160,012	233,905	160,012	233,905
Recoverable taxes	8	145,676	246,713	145,676	246,713
Deferred income tax and social contribution	9,1	87,419	38,535	99,755	51,820
Judicial deposits	10	32,471	31,339	32,471	31,339
Related parties	22,1	9,322	9,114	-	-
Other receivables		6,648	6,654	9,205	9,122
Long-term assets					
Investments:					
Subsidiary and associates	12	2,661,032	3,176,736	2,181,377	2,705,560
Other		145	145	195	201
Property, plant and equipment	13	901,262	809,187	929,928	841,263
Right-of-use assets	15	92,852	97,007	155,959	177,527
Intangible assets	14	285,279	275,541	505,619	500,497
Total non-current assets		**4,391,525**	**4,934,305**	**4,229,604**	**4,807,376**
TOTAL ASSETS		**8,251,873**	**7,369,472**	**8,887,905**	**8,031,764**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company 03/31/2022	Parent company 12/31/2021	Consolidated 03/31/2022	Consolidated 12/31/2021
CURRENT LIABILITIES					
Suppliers	16	493,382	619,796	518,952	643,731
Forfaiting	17	200,015	236,651	200,015	236,651
Loans and financing	18	75,745	81,512	116,640	107,895
Lease liabilities	15,1	14,136	13,759	28,077	34,564
Tax liabilities	19	19,680	24,762	46,070	36,438
Long-term incentive plan	24,2	54,629	54,159	55,019	54,701
Accounts payable for acquisition of subsidiary and associated company	12	1,335,872	2,403,788	1,335,872	2,403,788
Provisions and other obligations	20	94,778	94,449	169,355	150,963
Labor and social security obligations	21	144,853	142,669	158,965	171,375
Provision for tax, civil and labor contingencies	23	9,335	8,133	9,335	8,236
Interest on own capital and dividends payable	25,3	80,950	91,755	80,950	91,755
Derivative financial instruments	31,3	132,451	-	132,451	-
Liabilities from asset held for sale	11	-	-	319,671	351,220
Total current liabilities		**2,655,826**	**3,771,433**	**3,171,372**	**4,291,317**
NON-CURRENT LIABILITIES					
Loans and financing	18	1,848	2,609	1,848	2,609
Lease liabilities	15,1	79,968	83,430	129,422	143,071
Deferred income tax and social contribution	9,1	-	-	756	726
Provision for tax, civil and labor contingencies	23	10,776	14,458	10,776	14,458
Long-term incentive plan	24,2	10,167	10,801	15,985	18,277
Accounts payable for acquisition of subsidiary	12	71,211	69,917	71,211	69,917
Other liabilities		16,290	21,179	19,339	24,178
Total non-current liabilities		**190,260**	**202,394**	**249,337**	**273,236**
SHAREHOLDERS' EQUITY					
Capital	25,1	1,500,000	1,500,000	1,500,000	1,500,000
Capital reserves		2,604,685	149,344	2,604,685	149,344
Profit reserve		1,717,565	1,684,646	1,717,565	1,684,646
Equity valuation adjustment		(416,463)	61,655	(416,463)	61,655
Shareholders' equity attributable to controlling shareholders		**5,405,787**	**3,395,645**	**5,405,787**	**3,395,645**
Non-controlling interest in shareholders' equity of subsidiaries		**-**	**-**	61,409	71,566
Total shareholders' equity		**5,405,787**	**3,395,645**	**5,467,196**	**3,467,211**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,251,873**	**7,369,472**	**8,887,905**	**8,031,764**

ALPARGATAS S.A AND SUBSIDIARIES

Statements of income

For the three-month periods ended March 31, 2022 and 2021

In thousands of reais (R$), except earnings per share

		Parent company		Consolidated	
	Note	**03/31/2022**	**03/31/2021**	**03/31/2022**	**03/31/2021**
CONTINUED OPERATIONS					
Net operating revenue	26	725,478	632,784	927,205	850,457
Cost of products sold	27	(478,506)	(386,525)	(485,614)	(408,220)
GROSS INCOME		**246,972**	**246,259**	**441,591**	**442,237**
OPERATING (EXPENSES) REVENUES					
Sales expenses	27	(130,496)	(119,807)	(257,795)	(241,008)
General and administrative expenses	27	(36,678)	(34,438)	(36,679)	(34,525)
Equity in net income of subsidiaries	12	(6,927)	68,820	(59,161)	-
Other expenses, net	28	(38,640)	(15,741)	(41,068)	(17,487)
		(212,741)	**(101,166)**	**(394,703)**	**(293,020)**
OPERATING INCOME BEFORE FINANCIAL INCOME (LOSS)		**34,231**	**145,093**	**46,888**	**149,217**
Financial revenues	29	36,369	8,726	36,951	8,586
Financial expenses	29	(13,192)	(6,129)	(14,274)	(6,765)
Gains on derivative operations	29	-	5,305	-	5,305
Losses on operations with derivatives	29	(247,888)	(137)	(247,888)	(137)
Net exchange-rate change		306,445	15,024	310,118	25,675
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**115,965**	**167,882**	**131,795**	**181,881**
Income tax and social contribution - Current	9,2	(36,117)	-	(52,979)	(13,165)
Income tax and social contribution – Deferred	9,2	32,398	(19,436)	33,301	(20,262)
NET INCOME FOR THE PERIOD FROM CONTINUED OPERATIONS		**112,246**	**148,446**	**112,117**	**148,454**
(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	11	(79,336)	(16,791)	(91,322)	(22,272)
NET INCOME FOR THE PERIOD		**32,910**	**131,655**	**20,795**	**126,182**
(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS					
Controlling shareholders		(79,336)	(16,791)	(79,336)	(16,791)
Non-controlling shareholders		-	-	(11,986)	(5,481)
NET INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO					
Controlling shareholders		32,910	131,655	32,910	131,655
Non-controlling shareholders		-	-	(12,115)	(5,473)
EARNINGS PER SHARE FOR THE PERIOD – CONTINUED OPERATIONS					
Basic earnings per common share - R$	32	0.1676	0.2364	0.1676	0.2364
Basic earnings per preferred share - R$	32	0.1853	0.2610	0.1853	0.2610
Diluted earnings per common share - R$	32	0.1660	0.2343	0.1660	0.2343
Diluted earnings per preferred share - R$	32	0.1837	0.2589	0.1837	0.2589
(LOSS) PER SHARE FOR THE PERIOD – DISCONTINUED OPERATIONS					
Basic earnings per common share - R$	32	(0.1185)	(0.0267)	(0.1185)	(0.0267)
Basic earnings per preferred share - R$	32	(0.1310)	(0.0295)	(0.1310)	(0.0295)
Diluted earnings per share - Common shares - R$	32	(0.1173)	(0.0265)	(0.1173)	(0.0265)
Diluted earnings per share - Preferred shares - R$	32	(0.1299)	(0.0293)	(0.1299)	(0.0293)
EARNINGS PER SHARE FOR THE PERIOD					
Basic earnings per common share - R$	32	0.0491	0.2097	0.0491	0.2097
Basic earnings per preferred share - R$	32	0.0543	0.2315	0.0543	0.2315
Diluted earnings per common share - R$	32	0.0487	0.2078	0.0487	0.2078
Diluted earnings per preferred share - R$	32	0.0539	0.2296	0.0539	0.2296

ALPARGATAS S.A AND SUBSIDIARIES

Statements of comprehensive income
For the three-month periods ended March 31, 2022 and 2021
In thousands of reais

	Parent company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
NET INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS	**112,246**	**148,446**	**112,117**	**148,454**
Other comprehensive income to be reclassified to income (loss) for the subsequent years:				
Gain (losses) in the translation of financial statements of foreign subsidiaries	(481,819)	(7,054)	(482,326)	(8,329)
	(481,819)	**(7,054)**	**(482,326)**	**(8,329)**
LOSS FOR THE PERIOD OF DISCONTINUED OPERATIONS	(79,336)	(16,791)	(91,322)	(22,272)
Gain/losses in translation of financial statements of subsidiary – Osklen	3,701	(2,459)	6,166	(2,459)
	3,701	**(2,459)**	**6,166**	**(2,459)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(445,208)**	**122,142**	**(455,365)**	**115,394**
Total comprehensive income for the period attributable to:				
Controlling shareholders	(445,208)	122,142	(445,208)	122,142
Non-controlling shareholders	-	-	(10,157)	(6,748)

ALPARGATAS S.A AND SUBSIDIARIES

Statements of changes in shareholders' equity

For the periods ended March 31, 2022 and December 31, 2021

In thousands of reais

			Revenue reserves								
	Capital	Capital reserves	Legal	From tax incentives	payable	Additional dividends proposed	Equity valuation adjustments	Retained earnings	Shareholders' equity attributable to controlling shareholders	Non-controlling interest in shareholders' equity of subsidiaries	Total shareholders' equity
BALANCES AT DECEMBER 31, 2020	**1,500,000**	**131,732**	**69,356**	**1,161,558**	**2,536**	**-**	**83,553**	**-**	**2,948,735**	**69,817**	**3,018,552**
Net income for the year	-	-	-	-	-	-	-	689,608	689,608	2,955	692,563
Sale of treasury shares (ILP)	-	3,962	-	-	-	-	-	-	3,962	-	3,962
Granting of shares	-	13,650	-	-	-	-	-	-	13,650	-	13,650
Other comprehensive income	-	-	-	-	-	-	(21,898)	-	(21,898)	(1,206)	(23,104)
Dividends and interest on own capital distributed	-	-	-	-	-	-	-	(240,000)	(240,000)	-	(240,000)
Interest on own capital and unclaimed dividends	-	-	-	-	1,588	-	-	-	1,588	-	1,588
Formation of reserves:	-	-	-	-	-	-	-	-	-	-	-
For tax benefits - prior year	-	-	-	96,974	-	-	-	(96,974)	-	-	-
For tax benefits - current year	-	-	-	236,004	-	-	-	(236,004)	-	-	-
Legal reserve	-	-	17,831	-	-	-	-	(17,831)	-	-	-
Reserve for investments	-	-	-	-	98,799	-	-	(98,799)	-	-	-
BALANCES AT DECEMBER 31, 2021	**1,500,000**	**149,344**	**87,187**	**1,494,536**	**102,923**	**-**	**61,655**	**-**	**3,395,645**	**71,566**	**3,467,211**
BALANCES AT DECEMBER 31, 2021	**1,500,000**	**149,344**	**87,187**	**1,494,536**	**102,932**	**-**	**61,655**	**-**	**3,395,654**	**71,566**	**3,467,220**
Net income for the period	-	-	-	-	-	-	-	32,910	32,910	(12,115)	20,795
Advance for capital increase for the secondary issue of shares	-	2,498,500	-	-	-	-	-	-	2,498,500	-	2,498,500
Share issuance costs	-	(46,942)	-	-	-	-	-	-	(46,942)	-	(46,942)
Expenditures with issue of associated companies' shares	-	(18,757)	-	-	-	-	-	-	(18,757)	-	(18,757)
Deferred income tax on issue of shares	-	15,960	-	-	-	-	-	-	15,960	-	15,960
Sale of treasury shares (ILP)	-	2,620	-	-	-	-	-	-	2,620	-	2,620
Granting of shares	-	3,960	-	-	-	-	-	-	3,960	-	3,960
Other comprehensive income	-	-	-	-	-	-	(478,118)	-	(478,118)	1,958	(476,160)
Formation of reserves:											
For tax benefits - current period	-	-	-	32,910	-	-	-	(32,910)	-	-	-
BALANCES AT MARCH 31, 2022	**1,500,000**	**2,604,685**	**87,187**	**1,527,446**	**102,932**	**-**	**(416,463)**	**-**	**5,405,787**	**61,409**	**5,467,196**

ALPARGATAS S.A AND SUBSIDIARIES

Cash flow statements

For the three-month periods ended March 31, 2022 and 2021

In thousands of reais

		Parent company		Consolidated
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period from discontinued operations	**112,246**	**148,446**	**112,117**	**148,454**
Adjustments to reconcile net income for the period from continued operations to the net cash generated by operational activities:				
Depreciation and amortization	22,889	17,715	27,558	17,666
Income (loss) from sale/write-off of property, plant and equipment	493	1,599	747	1,667
Equity in net income of subsidiaries	6,927	(68,820)	59,161	-
Interest, inflation adjustment, exchange-rate changes, and adjustment at fair value	(330,676)	1,772	(330,438)	1,912
Provision for labor, civil and tax contingencies	3,343	4,793	3,343	4,793
Deferred income tax and social contribution	3,719	19,436	19,678	33,427
Inventory losses – provision for inventory and inventory adjustment	4,599	(3,135)	5,306	(5,240)
Provision for expected loss on accounts receivable	(719)	437	(1,181)	(1,227)
(Gain) loss from fair value of derivative financial instruments	247,888	(5,168)	247,888	(5,168)
Inflation adjustment of judicial deposits and tax credits	(1,601)	(1,324)	(1,601)	(1,324)
Provision for loss in property, plant and equipment/intangible asset - impairment	(830)	(300)	(830)	(300)
Other provisions	(237)	3,504	(237)	3,504
Recognized options granted	3,960	3,159	3,964	3,072
Provision for interest - IFRS 16	2,039	1,900	2,395	2,248
Depreciation from right-of-use - IFRS 16	4,457	3,722	10,756	12,817
Income (loss) on write-off of right-of-use – IFRS 16	-	(328)	(1,428)	(419)
Provision for long-term incentive plan	2,574	(802)	1,912	(982)
	81,071	**126,606**	**159,110**	**214,900**
Decrease (increase) in assets and liabilities:				
Trade accounts receivable	45,243	179,486	(99,565)	96,715
Inventories	(109,885)	(85,196)	(143,721)	(86,445)
Prepaid expenses	(12,020)	(514)	(11,271)	(244)
Recoverable taxes	(3,948)	3,811	(2,611)	7,226
Suppliers	(119,359)	(5,354)	(85,048)	(26,300)
Forfaiting	(36,636)	10,721	(36,636)	(1,373)
Tax liabilities	(4,202)	(2,261)	271	335
Payment of income tax and social contribution	(35,642)	(4,476)	(30,002)	12,518
Labor and social security obligations	2,185	20,766	(8,390)	23,176
Contingencies	(5,823)	(3,655)	(5,925)	(3,726)
Receipt of derivatives	(115,437)	2,317	(115,437)	2,317
Payment of charges, loans and financing	(318)	(1,174)	(556)	(1,281)
Net cash generated (consumed) in discontinued operations	(2,725)	100,539	(2,725)	59,297
Other	(40,536)	(15,025)	(8,231)	(18,121)
Net cash generated by operating activities	**(358,032)**	**326,591**	**(390,737)**	**278,994**
CASH FLOW FROM INVESTMENT ACTIVITIES				
Capital increase and acquisition of investments	(26,439)	(6,262)	-	-
Acquisition of property, plant and equipment and intangible assets	(166,266)	(32,915)	(174,023)	(40,726)
Interest earning bank deposits	(4,360)	(31,978)	(4,360)	(31,978)
Redemption of interest earning bank deposits	8,860	31,419	8,860	31,419
Dividends and interest on own capital received	34,738	-	-	-
Net cash generated (consumed) by discontinued operations	-	-	-	(1,320)
Payment for the acquisition of Company (Rothy's)	(718,388)	-	(718,388)	-
Net cash (used) in investment activities	**(871,855)**	**(39,736)**	**(887,911)**	**(42,605)**
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings and financing	-	-	28,022	26,412
Payment of loans and financing - Principal	(7,699)	(27,699)	(16,122)	(30,327)
Payment of interest on own capital and dividends	(10,805)	(13)	(10,805)	(13)
Payment of principal from lease - IFRS 16	(3,261)	(2,648)	(7,886)	(7,330)
Payment of lease interest - IFRS 16	(2,039)	(1,900)	(2,395)	(2,248)
Sale of treasury stock	2,620	236	2,620	236
Restricted Stock Offer, net of Offer Costs	2,451,558	-	2,451,558	-
Net cash generated by (used in) financing activities	**2,430,374**	**(32,024)**	**2,444,992**	**(13,270)**
Effect in exchange rate change on cash and cash equivalents	-	-	(15,121)	8,259
INCREASE IN CASH AND CASH EQUIVALENTS	**1,200,487**	**254,831**	**1,151,223**	**231,378**
Opening balance of cash and cash equivalents	425,535	505,222	583,176	693,004
Closing balance of cash and cash equivalents	1,626,022	760,053	1,734,399	924,382
INCREASE IN CASH AND CASH EQUIVALENTS	**1,200,487**	**254,831**	**1,151,223**	**231,378**

ALPARGATAS S.A AND SUBSIDIARIES

Statements of added value

For the three-month periods ended March 31, 2022 and 2021

In thousands of reais

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
REVENUES	**836,936**	**726,940**	**1,041,769**	**946,585**
Sales of goods and products	834,024	725,891	1,037,766	943,584
Provision for expected loss (impairment)on accounts receivable	719	(437)	1,181	1,227
Other revenues	2,193	1,486	2,822	1,774
INPUTS ACQUIRED FROM THIRD PARTIES	**(390,263)**	**(274,294)**	**(475,461)**	**(369,123)**
Cost of goods and products sold	(313,974)	(221,961)	(301,149)	(235,637)
Materials, energy, outsourced services and other	(75,874)	(45,080)	(173,202)	(128,817)
Gain (loss) with asset values	(1,015)	(5,126)	(1,710)	(2,542)
Other	600	(2,127)	600	(2,127)
REVENUES - INPUTS = GROSS ADDED VALUE	**446,673**	**452,646**	**566,308**	**577,462**
RETENTIONS	**(27,346)**	**(21,437)**	**(38,314)**	**(30,483)**
Depreciation and amortization	(27,346)	(21,437)	(38,314)	(30,483)
ADDED VALUE PRODUCED BY THE COMPANY	**419,327**	**431,209**	**527,994**	**546,979**
ADDED VALUE RECEIVED AS TRANSFER	**317,828**	**89,301**	**254,599**	**31,231**
Equity in net income of subsidiaries	(6,927)	68,820	(59,161)	-
Financial revenues - including exchange-rate changes	402,887	31,038	403,878	47,269
Other	1,204	6,234	1,204	6,234
Income (loss) from discontinued operations	(79,336)	(16,791)	(91,322)	(22,272)
ADDED VALUE PAYABLE	**737,155**	**520,510**	**782,593**	**578,210**
DISTRIBUTION OF ADDED VALUE	**737,155**	**520,510**	**782,593**	**578,210**
PERSONNEL	**175,586**	**188,876**	**211,102**	**223,582**
Direct remuneration	124,757	142,939	157,317	174,786
Benefits	40,553	35,753	43,266	38,612
FGTS (severance indemnity fund)	10,276	10,184	10,519	10,184
TAXES, RATES AND CONTRIBUTIONS	**196,494**	**179,619**	**219,099**	**197,766**
Federal	117,548	112,904	139,314	130,945
State	78,519	66,087	79,026	66,107
Municipal	427	628	759	714
THIRD-PARTY CAPITAL REMUNERATION	**332,165**	**20,360**	**331,597**	**30,680**
Interest	318,763	8,732	316,605	15,149
Rentals	3,971	3,093	5,707	6,995
Other	9,431	8,535	9,285	8,536
REMUNERATION OF OWN CAPITAL	**32,910**	**131,655**	**20,795**	**126,182**
Retained earnings	32,910	131,655	32,910	131,655
Non-controlling interest in retained earnings	-	-	(12,115)	(5,473)

1. OPERATIONS

1.1. General considerations

Alpargatas S.A. ("the Company") is a publicly-held corporation headquartered in the capital city of São Paulo, at Av. das Nações Unidas, n° 14.261, 9°, 10° e 11° andares and listed in B3 S.A. - Brasil, Bolsa, Balcão under tickers "ALPA4" and "ALPA3".

The Company and its subsidiaries (hereinafter collectively referred to as "Alpargatas Group" or "the Group") are primarily engaged in the manufacturing and sale of footwear and related components, apparel, textile products and respective components, leather, resin and natural or artificial rubber articles.

The long-term strategy is to be a powerhouse of desired and hyperconnected brands, aligned with the Group’s four strategic pillars: global, innovative, digital and sustainable. For this, the discontinuity of businesses, as well as new acquisitions, always follow this strategic vision.

The direct and indirect subsidiaries through which the Company conducts activities in Brazil and abroad are described in Note 3.

1.2. Acquisition of Ioasys and Innovation

On May 7, 2021, the Company completed acquisition of 100% of the capital of Ioasys Desenvolvimento de Software Ltda. and Innovation Oasys Sistemas Desenvolvimento Ltda. (jointly called "Ioasys") upon execution of the related Quota Purchase and Sale Agreements and payment of the first installment, in the amount of R$ 89,186.

The price remaining amount of up to R$ 110,000 will be paid over five years, part in cash and part in Alpargatas shares, at the Company’s discretion, one installment of which is linked to achievement of certain targets.

This acquisition represents an important step in Alpargatas’ digital transformation and it is focused on user experience.

Amounts related to investment, goodwill and allocation of prices to assets identified in this transaction are shown in note 12.

1.3. Sale of interest at Osklen

As at December 30, 2021, the Company entered into a purchase and sale agreement, in which it committed to sell its full interest at Terras de Aventura Indústria de Artigos Esportivos S.A. ("Osklen") which corresponds to 60% of the capital of Osklen ("Operation").

The sale price was R$ 117,945, which will be settled in three installments, the first on the first anniversary of the closing of the Transaction, and the others on the second and third anniversaries of the Transaction closing, all of them monetarily restated by the positive variation of the CDI rate, as of the date of execution of the Agreement until the payment of each of the installments. This amount may be adjusted up to the limit of R$ 60,000, conditioned to the achievement by Osklen of certain performance metrics for the years 2022 and 2023.

On April 19, 2022, the Company concluded the sale of Osklen, and the amounts related to this transaction are presented in Note 11.1.

1.4. Acquisition of Rothy's

As at December 20, 2021, the Company acquired the ownership interest of 49.9% from Rothy's Inc. ("Rothy's"), that operates in the manufacture and trading of footwear and accessories based in California, United States of America.

Rothy's is a company focused on sustainability in the manufacture of its products, transforming recycled materials into modern shoes, bags and accessories. With a vertically integrated supply chain, Rothy's minimizes waste in its production process ("knitting" each product) at its plant in Dongguan, China. Since its launch in 2016, Rothy's has transformed over 100,000 single-use plastic water bottles and kept over 122,000 kilos of plastic out of rivers and seas. With over 2,000 customers, Rothy's products are sold directly online and through right single-brand stores. Rothy's has been recognized for awards including TIME's Most Influential Companies, Fast Company's Most Innovative Companies, Forbes Next Billion-Dollar Startups and Inc. Best Places to Work. Based in San Francisco, CA, the company has offices in New York, NY and Shanghai, China.

The transaction was formalized in the following steps:

(i) First closing of primary acquisition in the amount of US$ 50,000, equivalent to R$ 286,000, paid by the Company with own funds in December 2021.
(ii) Second closing of primary acquisition in the amount of US$ 150,000, equivalent to R$ 718,388, which took place in March 2022.
(iii) Tender offer in the approximate amount of US$ 273,000, equivalent to R$ 1,293,419, scheduled to take place in May 2022, in which the Company may acquire shares, options or subscription warrants from Rothy's shareholders (excluding main sellers). If the Company does not reach the percentage of 49.9%, the sellers will sell an additional amount of shares required to allow the Company to reach this percentage of shares at the end of the transaction.

The Company has the rights of a relevant minority shareholder with the individual appointment of four members to the board of directors, out of a total of nine.

This acquisition represents an important step in accelerating Alpargatas' global expansion and consolidating its strategy of being a powerhouse of desired and hyperconnected brands, aligned with its four strategic pillars: global, innovative, digital and sustainable. Rothy's will continue operating independently. Moreover, as provided for in the Transaction Agreements, Alpargatas will play a strategic role in accelerating the growth of the customer base and increasing awareness of the Rothy's brand in the US and international markets.

The source of funds required for the payment of the transaction came mainly from the issuance of shares by the Company, as mentioned in Note 1.5.

The amounts involved in said transaction are presented in Note 12.1.

1.5. Restricted Stock Offer

On February 10, 2022, the Company's Board of Directors approved the public offering for the primary distribution of common and preferred shares, issued by the Company, with restricted placement efforts, pursuant to CVM Instruction 476 ("Restricted Offer"). The quantity of 37,500,000 common shares and 57,500,000 preferred shares were placed, at the issue price per share of R$ 26.30, totaling R$ 2,498,500,000. The expenses related to this issue amounted to R$ 46,942,000.

The Shares issued under the Restricted Offer began to be traded on B3 S.A. - Brasil, Bolsa, Balcão ("B3") as of February 24, 2022, with the physical and financial settlement of the shares taking place on February 25, 2022.

The Company will use all the net proceeds from the Restricted Offer to pay Rothy's Inc.

1.6. Fire at the Santa Rita Plant

On February 21, 2022, there was a fire (without casualties) at the Santa Rita plant, in the State of Paraíba. Some items were damaged, such as machinery and equipment, civil construction and inventories. The Company has an insurance policy that covers all said losses. Therefore, as at March 31, 2022, provisions were recorded in the amount of R$ 44,128 to cover these losses and, concurrently, an account receivable was recorded with the insurance company in the group of "other credits", in the same amounts. In addition to said provisions, the amount of R$ 25,360 related to general expenses due to the fire was recorded in the income (loss) for the period, which will also be reimbursed by the insurance company. The final calculation of losses and reimbursement by the insurance company is in the calculation process and should take place during the second quarter.

2. BASIS OF PREPARATION, PRESENTATION OF INTERIM FINANCIAL INFORMATION

2.1. Statement of conformity

The individual and consolidated interim financial information of the Company for the three-period ended March 31, 2022 were prepared and are being presented in accordance with the technical pronouncements CPC 21 (R1) - Interim Financial Reporting, which includes the provisions of the Brazilian Corporate Law, accounting standards and procedures issued by the Brazilian Securities Commission (CVM) and the Accounting Pronouncement Committee (CPC), and in accordance with IAS 34 - Interim Financial Reporting, issued by the Accounting Pronouncement Committee and the International Accounting Standards Board (IASB).

All relevant information specific to the interim financial information, and only such information, is being evidenced, and corresponds to the information used by the Company in its Management.

The Executive Board authorized the issue of this interim financial information on May 05, 2022.

2.2. Basis for preparation of the interim financial information

The individual and consolidated interim financial information was prepared to update users on material events and transactions that occurred in the period, and should be analyzed in conjunction with the individual and consolidated financial statements for the year ended December 31, 2021, which is available on the Company's website. Accounting policies, estimates and judgments, risk management and measurement methods are the same as those adopted in the preparation of the last annual financial statements.

2.3. Use of estimates and judgments

The preparation of this financial information, Management used judgments, estimates and assumptions that affect the Group's application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Reviews of estimates are recognized on a prospective basis.

Information on uncertainties as to assumptions and estimates that pose a high risk of resulting in a material adjustment in book balances of assets and liabilities in the year are included in the following notes:

- Note 9.1 – Deferred income tax and social contribution: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;
- Note 15 – Right-of-use assets and lease: implicit discount rate for rent contracts;
- Note 22 - Provision for tax, civil and labor risks: main assumptions about the likelihood and magnitude of the outflows of funds;
- Note 23.2 - Long-term incentive plan: main assumption for calculation of share value;
- Note 31.3 - Derivative financial instruments and hedge accounting.

2.4. Statement of added value

The statement of added value is not required by IFRS and is presented in supplementary form in compliance with Brazilian corporate law. Its purpose is to disclose the wealth generated by the Company during the period, and demonstrate how it was distributed among the various agents.

3. CONSOLIDATED FINANCIAL INFORMATION

Intercompany transactions, as well as unrealized gains and losses on transactions between Group companies, are eliminated in the consolidation of the consolidated financial information. When required, the accounting policies of the subsidiaries are adjusted in order to assure the consistency with the policies adopted by the Company.

i. *Subsidiaries*

The subsidiaries are all entities over which the Company holds control and are fully consolidated as of the date control is transferred to the Company. The consolidation is interrupted beginning on the date on which the Company no longer has control.

ii. *Non-controlling interest*

The Group chose to measure non-controlling interest initially at their proportion in identifiable net assets of the acquiree on the acquisition date. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as shareholders' equity transactions.

iii. *Business combination*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is equal to the fair value of the assets transferred, liabilities incurred and equity instruments issued by the Group. When applicable, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs related to the acquisition are recorded in income (loss) for the year as incurred. Identifiable assets acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes the interest of the non-parent company in that acquiree both by is fair value as well as by its proportional part in the non-controlling interest in the fair value of the net assets of that acquired. Measurement of the non-parent company interest is determined in each acquisition made.

In thousands of reais

The excess of the consideration transferred plus the acquisition-date fair value of any previous ownership interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized as a gain directly in the statement of income for the year.

Intercompany transactions, as well as the balances and unrealized gains and losses in those transactions, were eliminated. When required, the subsidiaries' accounting policies were adjusted to ensure consistency with the accounting policies adopted by the Company.

The Company considers that it controls the investee if, and only if, it has all the following attributes: (a) power over the investee; (b) exposure to, or rights over, variable returns deriving from its involvement with the investee; and (c) capacity to use its power over investee to affect value of its returns

The consolidation comprises the accounting information of the Company and the following direct and indirect subsidiaries:

		Interest (%)	
	Core business	**03/31/2022**	**12/31/2021**
Direct interest:			
Fibrasil Agrícola e Comercial Ltda.	Import and export in general, purchase, sale and lease of own properties and interest in other companies, in the country or abroad	99.99	99.99
Alpargatas Imobiliária Ltda.	Sale and lease of own properties and holding interest in other companies, in Brazil or abroad.	99.99	99.99
Alpargatas Europe S.L.U. - Spain	Import and trading of footwear in the European market	100.00	100.00
Terras de Aventura Indústria de Artigos Esportivos S.A. – Osklen (ii)	Premium fashion retail chain with stores in Brazil and abroad	60.00	60.00
Alpargatas Asia Ltd. – Hong Kong	Commercial representation of the brand Havaianas	100.00	100.00
Alpargatas Colombia S.A.S.	Import and trading of footwear in the Colombian market	100.00	100.00
Alpargatas Índia Fashions Private Ltd.	Import and trading of footwear in the Indian market	51.00	51.00
Alpargatas Trading (Shanghai) Co. Ltd.	Commercial representation of the brand Havaianas	100.00	100.00
Innovation Oasys Desenvolvimento de Sistemas Ltda. (i)	Technology and digital innovation	100.00	100.00
IOASYS Desenvolvimento de Software Ltda. (i)	Technology and digital innovation	100.00	100.00
Rothy's Inc. (iii)	Manufacture and sale of footwear and textile products, mainly in the North-American market	49.90	49.90
Indirect interest through Alpargatas Europe S.L.U.:			
Alpargatas USA Inc. – United States	Import and trading of footwear in the North-American market	100.00	100.00
Alpargatas UK Limited - United Kingdom	Import and trading of footwear in the European market	100.00	100.00
Alpargatas France S.A.R.L. – France		100.00	100.00
Alpargatas Itália S.R.L. - Italy		100.00	100.00
Alpargatas Portugal Limited - Portugal		100.00	100.00
Alpargatas Germany GmbH – Germany		100.00	100.00
Alpargatas Greece M.E.P.E. - Greece		100.00	100.00
Indirect interest (through Fibrasil Agrícola e Comercial Ltda.):			
Alpargatas Imobiliária S.A.	Sale and lease of own properties and holding interest in other companies, in Brazil or abroad.	0.01	0.01

(i) Companies acquired in 2021, as described in Note 1.2.
(ii) Company definitively sold on April 19, 2022, as mentioned in Note 1.3.
(iii) Company acquired in 2021, as mentioned in Note 1.4.

In thousands of reais

4. TAX INCENTIVES - GOVERNMENT GRANT

The Company enjoys grants linked to ICMS tax incentives granted by the state governments in its main plants, validated under the Complementary Law 160/17, regulated by ICMS Agreement 190/17, with subsequent amendments. Such incentives are valid until 2032, since they are associated with the promotion of industrial activities.

The Company also has tax incentives granted by the federal government through profit from tax-incentive activities in the SUDENE Region, which will be valid until 2027/2028.

The amount of these grants and tax incentives are as follows:

		Parent Company and Consolidated	
		03/31/2022	**03/31/2021**
ICMS grant:			
Paraíba	(i)	21,354	32,020
Pernambuco	(ii)	3,774	4,264
Minas Gerais	(iii)	15,141	11,244
IRPJ incentives:			
SUDENE Region		23,713	-
Total		**63,983**	**47,528**

(i) Amounts of the investment grant in the State of Paraíba, used in the calculation of presumed ICMS credit. The Company is compliant with the established agreement, which consisted of expanding the manufacturing plants in that region, increasing its production of footwear and generating direct jobs in that state.

In addition, as at March 31, 2022, there were no incentive installments to be accounted for, arising from obligations established by the incentive program, to be complied with by the Company. The tax incentive installments are recorded as a credit under "Sales taxes" in the statement of income.

(ii) Amounts of the investment grant in the State of Pernambuco, used in the calculation of presumed ICMS credit. The Company is compliant with the established agreement, which consists of maintaining a minimum number of direct jobs in the region and reaching gross revenue of at least R$ 2,500.

(iii) Amounts of the investment grant in the State of Minas Gerais, used in the calculation of presumed ICMS credit. The Company is in compliance with the established agreement, which consists of investing, generating income and creating direct jobs in that state.

The allocation of incentives to the incentive reserve account is described in Note 25.4

5. CASH, CASH EQUIVALENTS AND INTEREST EARNING BANK DEPOSITS

5.1. Cash and cash equivalents

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Cash and banks (i)	66,668	142,553	155,206	261,096
Interest earning bank deposits:				
Floating-rate Bank Deposit Certificate (CDBs) (ii)	1,559,354	282,982	1,577,899	320,084
CDT – Alpargatas Colombia SAS (iii)	-	-	1,294	1,996
Total	**1,626,022**	**425,535**	**1,734,399**	**583,176**

(i) As at March 31, 2022, the parent company had a balance of US$ 6,000,000, equivalent to R$ 28,500,000. In consolidated, in addition to parent company's amount in foreign currency, foreign subsidiaries' cash is added, invested in *Time Deposit.*

(ii) As at March 31, 2022, CDBs (Bank Deposit Certificates) and repurchase and resale agreements of the parent company had an average remuneration of 102.59% of CDI (101.17% as of December 31, 2021). The maturity terms are distributed between February 2023 and October 2024, with no grace period. The change for the period is linked to the funding made through the issuance of shares, as mentioned in Note 25.5 Restricted Stock Offer.

(iii) On March 31, 2022, the subsidiary Alpargatas Colômbia S.A.S. has investments represented by fixed income security, in Colombian pesos and liquidity. The other international subsidiaries have a cash and banks position pursuant to item (i).

In thousands of reais

5.2. Interest earning bank deposits

As at March 31, 2022, the balance of interest-earning bank deposits refers to floating rate Bank Deposit Certificates (CDBs) with an average yield of 99.00% of the CDI (99.00% as of December 31, 2021). Only the parent company had interest earning bank deposits of this nature.

	Parent Company and Consolidated	
	03/31/2022	**12/31/2021**
Bank Deposit Certificates - CDBs (i)	**9,073**	**8,860**

(i) These investments were made in Banco do Nordeste do Brasil and are object of guarantee of FNE loans made in the same financial institution. Maturities are in January 2023.

6. TRADE ACCOUNTS RECEIVABLE

Accounts receivable are recorded in the balance sheet at that nominal value of securities, net of provision for estimated losses (impairment), which is formed considering an individual analysis of receivables, of the economic environment and the history of losses recorded in prior periods:

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Domestic market	564,511	658,686	579,759	670,305
Foreign market (i)	24,059	46,757	283,446	143,958
Related parties (Note 22.1)	217,161	170,487	-	-
Provision for estimated losses (Impairment)	(48,557)	(50,355)	(58,242)	(62,916)
Total	**757,174**	**825,575**	**804,963**	**751,347**
Current installment	756,840	825,006	804,629	750,778
Non-current installment	334	569	334	569

(i) Foreign trade accounts receivable are denominated in U.S. dollar, Euro and other currencies and amounts are converted to Reais.

6.1. Trade accounts receivable (third-parties) by maturity age

Domestic market

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Falling due	501,589	604,719	516,837	616,058
Overdue (days):				
Up to 30	9,573	10,636	9,573	10,647
31–60	3,392	1,848	3,392	1,893
61–90	2,117	1,586	2,117	1,634
91–180	3,658	2,792	3,658	2,968
>181	44,182	37,105	44,182	37,105
Total	**564,511**	**658,686**	**579,759**	**670,305**

Foreign market

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Falling due	16,265	38,552	251,665	116,120

In thousands of reais

Overdue:				
Up to 30	1,734	1,143	15,319	7,220
31–60	90	-	2,530	1,289
61–90	-	30	241	1,659
91–180	-	-	1,254	2,268
>181	5,970	7,032	12,437	15,402
Total	**24,059**	**46,757**	**283,446**	**143,958**

6.2. Provision for estimated losses (Impairment)

Changes in the provision for expected losses (impairment) for the period ended March 31, 2022 are shown below:

	Parent company	Consolidated
Balances at December 31, 2021	**(50,355)**	**(62,916)**
Additions and reversals	719	1,181
Other changes	1,079	3,493
Balances at March 31, 2022	**(48,557)**	**(58,242)**

Additions and reversals of provisions for estimated losses (impairment) are recorded in "Sales expenses" caption in the statement of income.

The change for the year ended December 31, 2021 is presented in the individual and consolidated annual financial statements for the year then ended.

The breakdown by maturity age of trade accounts receivable included in the provision for estimated losses (impairment) is as follows:

Domestic market

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Falling due	-	(4,816)	-	(4,816)
Overdue (days):				
Up to 30	(9)	(141)	(209)	(341)
31–60	(72)	(109)	(72)	(109)
61–90	(78)	(117)	(78)	(117)
91–180	(781)	(1,035)	(781)	(1,035)
>181	(41,647)	(37,105)	(41,647)	(37,105)
Total	**(42,587)**	**(43,323)**	**(42,787)**	**(43,523)**

In thousands of reais

Foreign market

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Overdue (days):				
Up to 30	-	-	(1,595)	(535)
31–60	-	-	(221)	(143)
61–90	-	-	(108)	(1,467)
91–180	-	-	(1,094)	(1,846)
>181	(5,970)	(7,032)	(12,437)	(15,402)
Total	**(5,970)**	**(7,032)**	**(15,455)**	**(19,393)**
Grand total	**(48,557)**	**(50,355)**	**(58,242)**	**(62,916)**

The maximum credit risk exposure on the date of the financial statements is the book value of each maturity bracket as shown in the tables of the Note 6.1. According to the collection policy, overdue securities should receive some treatment in up to 45 days and if there is no positive evolution in the negotiation in up to 90 days, they are forwarded to outside collection advisory or judicial collection.

The provisions for expected losses (impairment) are recognized according to the CPC 48/IFRS 9, based on the historical percentages of loss, macroeconomic impacts on the behavior of default history of the customer portfolio, segregated by category of customers and according to the aging of the portfolio and correlation with these factors to determine the expected loss in accounts receivable. Furthermore, the Company carries out an individual assessment for specific customer in which collateral or renegotiations already approved by Management are analyzed. A provision is not formed for these cases, and their amount as at March 31, 2022 was R$ 5,799 in the Parent Company and Consolidated (R$ 5,281 as at December 31, 2021 in the Parent Company and Consolidated).

7. INVENTORIES

They are recorded at average acquisition or production cost and when applicable, restated at realizable net value of sale cost and possible losses.

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Finished goods	372,349	298,785	586,588	519,171
Work in process	70,126	68,720	69,532	68,068
Raw materials	330,678	320,118	329,831	319,008
Imports in progress	118,812	100,316	118,812	100,316
Other	2,499	1,909	3,222	2,698
Total	**894,464**	**789,848**	**1,107,985**	**1,009,261**

Changes in the provision for inventory losses for the period ended March 31, 2022 are shown below:

	Parent company	**Consolidated**
Balances at December 31, 2021	**(7,018)**	**(15,350)**
Additions and reversals	(4,599)	(5,306)
Provision for fire (i)	2,924	2,924
Write-offs/FX rate	(5,266)	(3,693)
Balances at March 31, 2022	**(13,959)**	**(21,425)**

(i) Refers to the provision for inventory losses arising from the fire at the Santa Rita plant, which will be reimbursed by the insurance company, as mentioned in Note 1.6.

In thousands of reais

The Company records a provision for inventory losses based on the turnover and life time for the collections, product line and the time during which the product is outdated. Additionally, the Company carries a periodic evaluation and action plan is implemented to address obsolete items

The change for the year ended December 31, 2021 is presented in the individual and consolidated annual financial statements for the year then ended.

As at March 31, 2022, there was no portion of the inventory pledged as collateral.

8. RECOVERABLE TAXES

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Income tax and social contribution on inflation adjustment of undue amounts paid (i)	51,723	52,270	51,723	52,270
Prepayments of income tax and social contribution	1,986	1,298	2,098	1,509
Withholding income tax (IRRF)	8,064	5,440	8,861	6,119
Value-added tax on sales and services (ICMS)	6,272	3,992	6,272	3,992
Excise Tax - IPI	910	780	910	780
PIS and COFINS recoverable	52,640	24,960	52,842	25,117
PIS and COFINS (ICMS basis) (ii)	249,121	283,863	249,121	283,863
Recoverable INSS	13,388	13,219	13,388	13,219
Alpargatas Europe S.L.U. - Spain:				
Value added tax (IVA)	-	-	-	5,304
Prepayments of income tax	-	-	7,039	16,045
Alpargatas Colombia S.A.S.				
Value added tax (IVA)	-	-	6,075	5,969
Prepayments of income tax	-	-	619	575
Other	8,009	2,442	10,073	4,719
Total	**392,113**	**388,264**	**409,021**	**419,481**
Current installment	246,437	141,551	263,345	172,768
Non-current installment	145,676	246,713	145,676	246,713

(i) Refers to tax credit arising from income tax and social contribution on monetary restatement of undue payments, as mentioned in Note 23.4.
(ii) Mainly refers to success in lawsuit that questioned the inclusion of ICMS in PIS and COFINS calculation basis, obtained a favorable final and unappealable decision, as described in Note 23.3. The Company opted to start enabling the amounts to be offset, with expected realization of the respective balance in five years from the final and unappealable decision. For the period from March 1996 to May 2008 (COFINS), the amount enabled amounted to R$ 191,635, having already been offset up to the first quarter of 2022, and the updated amount is R$ 34,912. For the period from March 2002 to December 2014 (PIS), the authorized amount totaled R$ 85,637 and was settled in the third quarter of 2021. For the period from January 2015 to May 2017 (PIS and COFINS), the amount enabled amounted to R$ 95,810, with the updated amount of R$ 7,958 having already been offset up to the first quarter of 2022.

9. INCOME TAX AND SOCIAL CONTRIBUTION

9.1. Deferred

Deferred tax assets are recognized on temporary differences only when it is probable that the Company will present future taxable income in a sufficient amount to use these deductible temporary differences. The amounts are calculated based on the rates provided for by the tax legislation prevailing on the balance sheet dates.

In thousands of reais

Sources are shown below:

	Parent company		Consolidated	
Description	**03/31/2022**	**12/31/2021**	**03/31/2022**	**12/31/2021**
Assets				
Provision for estimated losses (Impairment)	1,561	3,232	3,465	3,818
Provision for inventory losses, including taxes	6,333	5,855	6,786	6,255
Provision for tax, civil and labor contingencies	9,983	12,268	9,983	12,268
Provision for long-term incentive plan	22,031	22,086	24,985	25,539
Provision for impairment loss in property, plant and equipment	2,516	3,793	2,516	3,793
Recognition adjustment of sales revenue	1,953	1,299	1,953	1,299
Tax losses and the negative social contribution base	-	-	6,756	7,180
Fair value of derivative financial instrument	45,033	-	45,033	-
Adjustment to present value - Law 11638	-	-	1,318	1,324
Other temporary differences	37,522	32,256	36,474	32,821
Total gross tax credits	**126,932**	**80,789**	**139,269**	**94,297**
Liabilities and shareholders' equity				
Goodwill in the acquisition of subsidiaries - amortized for tax purposes (i)	18,313	18,313	18,313	18,313
Inflation adjustment of judicial deposits	-	4,513	-	4,513
Changes in the tax depreciation rate of property, plant and equipment	21,200	19,428	21,200	19,428
Share issuance costs	15,960	-	15,960	-
Other temporary differences	-	-	757	949
Total gross tax debits	**55,473**	**42,254**	**56,230**	**43,203**
Total tax credits, net	**71,459**	**38,535**	**83,039**	**51,094**
Deferred tax assets	87,419	38,535	99,755	51,820
Deferred taxes - liabilities	-	-	(756)	(726)
Deferred taxes - shareholders' equity (ii)	(15,960)	-	(15,960)	-
Total tax credits, net	**71,459**	**38,535**	**83,039**	**51,094**

(i) The Company enjoyed the goodwill tax benefit on merger of subsidiary CBS S.A. - Companhia Brasileira de Sandálias.
(ii) Refers to the deferred income tax recognized on expenses with issuance of shares recorded in shareholders' equity, as mentioned in Note 25.5.

The deferred tax credits (consolidated) have the following estimated realization terms:

	03/31/2022	**12/31/2021**
2022	27,854	18,859
2023	28,056	19,073
2024	28,327	19,357
>2025	55,032	37,008
Total - consolidated	**139,269**	**94,297**

As at March 31, 2022, the Company has tax credits on tax losses and temporary differences not recognized in consolidated financial statements, generated by its subsidiaries. The amounts of tax credits, not recognized and calculated at the current rates in the respective countries, is as follows:

In thousands of reais

	03/31/2022	12/31/2021
Alpargatas USA Inc. – United States	43,470	51,738
Osklen USA Holding Corp – USA	10,751	10,751
Alpargatas Trading (Shanghai) Co., Ltd.	4,823	5,563
Alpargatas Índia Fashions Private Ltd. – India	3,432	4,062
Terras de Aventura Ind. de Artigos Esportivos S.A.	8,044	8,044
Alpargatas Colombia SAS	13,703	15,269
Total tax credit, not formed	**84,223**	**95,427**

The tax credit on tax losses generated by subsidiaries in United Stated have up to 20-year period to be offset (expiration date). The Company maintains proper control and does not expect an impairment loss on said credits in the next five years.

Changes in balances of deferred income tax and social contribution, net for the period ended March 31, 2022 are as follows:

	Parent company	Consolidated
Balances at December 31, 2021	**38,535**	**51,094**
Effects on income (loss)	32,398	33,301
Income (loss) from discontinued operation (Mizuno)	526	526
Exchange-rate change and other changes	-	(1,882)
Balances at March 31, 2022	**71,459**	**83,039**

9.2. Current

Reconciliation of income tax and social contribution on net income:

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Income before income tax and social contribution	115,965	167,882	131,795	181,881
Combined tax rate for income tax and social contribution	34%	34%	34%	34%
Expected income tax and social contribution expense at current tax rate	**(39,428)**	**(57,080)**	**(44,810)**	**(61,840)**
Equity in net income of subsidiaries	(2,355)	23,399	(20,115)	-
Investment grant – ICMS	14,346	16,401	14,346	16,401
Federal tax grant - IRPJ (Corporate Income Tax)	24,767	-	24,767	-
Tax loss not formed and adjustment of equalization of rates of subsidiaries	-	-	7,183	9,508
Equalization of discontinued operation fees (i)	-	(1,818)	-	2,842
Other permanent exclusions (additions), net	(1,049)	(338)	(1,049)	(338)
Total expense for income tax and social contribution	**(3,719)**	**(19,436)**	**(19,678)**	**(33,427)**
Current	(36,117)	-	(52,979)	(13,165)
Deferred	32,398	(19,436)	33,301	(20,262)
Effective rate	(2%)	(12%)	(10%)	(18%)

(i) The equalization of rates, including tax incentives and temporary differences (provisions for losses on inventories, labor indemnities and other provisions).

In thousands of reais

10. JUDICIAL AND PLEDGE DEPOSITS

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Tax lawsuits	26,870	25,755	26,870	25,755
Civil lawsuits	110	38	110	38
Labor claims	5,491	5,546	5,491	5,546
Total	**32,471**	**31,339**	**32,471**	**31,339**

Judicial deposits, which do not involve current obligations, were necessary to proceed with certain claims. Based on the management's and its legal advisors' opinion, the likelihood of loss is not considered probable; therefore, no provision for tax, civil and labor contingencies was recorded. with respect to such proceedings, other judicial deposits' balances are presented net of respective lawsuits, as shown in note 23.

11. ASSETS HELD FOR SALE

11.1. OSKLEN

As mentioned in Note 1.3, the Company completed the Osklen sale process on April 19, 2022. The amounts determined in the sale are presented below:

Sales revenue - fixed portion	**117,945**
Sale cost	
Investment (60% interest)	(87,718)
Goodwill, net of impairment	(91,372)
CTA write-off	(4,325)
Other costs (i)	(3,532)
Total cost	**(186,947)**
Income (loss) from sale before taxes	**(69,002)**
Income tax and social contribution	8,567
Net income (loss) from sale	**(60,435)**

(i) It mainly refers to the contractual fine for change of control.

Considering that the net result of the sale was a loss, the Company recorded a provision for impairment in said amount on Osklen's assets as at March 31, 2022, as presented in the tables below.

In thousands of reais

As at March 31, 2022, assets and liabilities related to this transaction were classified as assets and liabilities held for sale, and the main balances are shown below:

Assets	**03/31/2022**	**12/31/2021**
Cash and cash equivalents	18,577	65,651
Trade accounts receivable	50,249	59,186
Inventories	70,494	65,066
Property, plant and equipment	21,714	21,739
Right-of-use assets	149,001	132,988
Intangible assets	122,830	148,859
Other assets	38,316	32,849
Assets held for sale	**471,181**	**526,338**
Liabilities		
Suppliers	21,256	17,610
Loans and financing	101,492	117,326
Lease liabilities	101,880	109,777
Other liabilities	95,043	106,507
Liability from asset held for sale	**319,671**	**351,220**
Eliminations	4,072	3,977
Shareholders' equity	147,438	171,141
Liability from asset held for sale	**471,181**	**526,338**

In the parent company, assets held for sale comprise the following amounts:

	03/31/2022	**12/31/2021**
Investment (60% interest)	87,718	101,900
Goodwill, net of impairment	91,372	91,372
Impairment determined by the sale	(69,002)	-
Income tax on impairment determined by the sale	8,567	-
Assets held for sale at the Parent Company	**118,655**	**193,272**
Total Osklen’s assets	471,181	526,338
Elimination of investment	(87,718)	(101,900)
Assets held for sale at the Consolidated	**502,118**	**617,710**

The revenues and expenses from this operation, as well as revenues and expenses related to sale operation, were classified discontinued operations, causing an impact on the business segment "domestic operations".

The results of this operation for the periods ended March 31, 2022 and 2021 are as follows:

	Parent company	
	03/31/2022	**03/31/2021**
Equity in net income of subsidiaries	(17,881)	(8,123)
Impairment determined by the sale	(69,002)	-
Deferred income tax on impairment determined by the sale	8,567	-
Total	**(78,316)**	**(8,123)**

	Consolidated	
	03/31/2022	**03/31/2021**
Net operating revenue	67,053	50,840
Cost	(24,120)	(20,346)
Gross income	**42,933**	**30,494**
Net operating expenses	(124,525)	(42,558)
Financial income (loss)	(16,078)	(1,488)
Income tax and social contribution	7,369	(52)
Income (loss) for the period of discontinued operations	**(90,302)**	**(13,604)**

In thousands of reais

11.2. MIZUNO

On September 21, 2020, the Company celebrated a Purchase and Sale Agreement with Vulcabras Azaleia – CE Calçados e Artigos Esportivos S.A. and Vulcabras Distribuidora de Artigos Esportivos Ltda. ("the Buyer") for the disposal of 100% of the business unit related to the "Mizuno" brand operation in Brazil.

During the second quarter of 2021, the Company completed sale of Mizuno operation. Accordingly, asset balances related to this operation were written-off. In 2022, the Company incurred expenses that were provided for in the sales agreement.

The revenues and expenses, as well as the revenue from the sale of operation, were classified discontinued operations, causing an impact on the business segment "domestic operations".

The results of this operation for the periods ended March 31, 2022 and 2021 are as follows:

	Parent Company and Consolidated	
	03/31/2022	**03/31/2021**
Net operating revenue	-	105,999
Cost	-	(98,084)
Gross income	**-**	**7,915**
Net operating expenses	(1,177)	(19,535)
Exchange-rate change	(369)	(4,268)
Income tax and social contribution	526	7,220
Income (loss) from discontinued operations for the year	**(1,020)**	**(8,668)**

The total effect of discontinued operations on income (loss) and cash flow was as follows:

Income (loss)

	Parent company		Consolidated	
	03/31/2022	**03/31/2022**	**03/31/2022**	**03/31/2021**
Osklen	(78,316)	(8,123)	(90,302)	(13,604)
Mizuno	(1,020)	(8,668)	(1,020)	(8,668)
Total discontinued operations	**(79,336)**	**(16,791)**	**(91,322)**	**(22,272)**

11.3. ASAIC

As at March 31, 2022, the Company had a balance of R$ 240,018 receivable from the sale of the subsidiary ASAIC on March 4, 2020.

Cash flow

	Parent company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Osklen	-	-	-	(41,242)
Mizuno	(2,725)	100,539	(2,725)	100,539
Total flow from operating activities	**(2,725)**	**100,539**	**(2,725)**	**59,297**
Osklen	-	(1,320)	-	(1,320)
Mizuno	-	-	-	-
Total flow from investment activities	**-**	**(1,320)**	**-**	**(1,320)**

In thousands of reais

12. INVESTMENTS

They are represented as follows:

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Investments (subsidiaries and associated companies)	1,442,198	2,982,335	1,156,944	2,705,560
Goodwill (i)	1,218,834	194,401	1,024,433	-
	2,661,032	**3,176,736**	**2,181,377**	**2,705,560**

(i) Refers to the goodwill calculated on the acquisition of Rothy's, in the amount of R$ 1,024,433, as presented in Note 12.1 in the Consolidated. In the Parent company, it includes the goodwill of Ioasys, in the amount of R$ 194,401.

In thousands of reais

Changes in investments in the period ended March 31, 2022 are as follows:

Information as of March 31, 2022	Fibrasil Agrícola e Comercial Ltda.	Alpargatas Europeu S.L.U.	Alpargatas Imobiliária Ltda.	Alpargatas Colombia S.A.S.	Alpargatas Asia Ltd.(Hong Kong)	Alpargatas Índia Fashion Private Ltd.	Alpargatas Trading (Shanghai) Co. Ltd. (China)	Ioasys	Rothy's Inc.	Total
Quantity of shares or quotas held	5,978,752	57,834,570	16,557,755	19,056,969	1	70,939,200	1	406,522	3,832,945	
Total current assets	5,340	417,659	19,908	30,385	73,918	5,777	44,158	22,200	1,068,466	
Total non-current assets	-	117,601	712	8,238	1,597	103	1,844	6,086	1,462,207	
Total current liabilities	-	297,074	95	38,262	40,758	914	30,996	6,065	146,763	
Total non-current liabilities	-	52,360	-	-	1,411	0	-	5,303	65,386	
Capital	5,979	526	16,558	36,141	34,157	15,045	40,525	407	191,739	
Non-controlling interest	-	-	-	-	-	2,433	-	-	1,156,943	
Shareholders' equity - controlling shareholders	5,340	185,826	20,525	361	33,346	2,533	15,006	16,918	1,161,581	
Unrealized income in inventories / Unrealized gain from sale of assets	-	7,292	-	(756)	-	(167)	(969)	-	-	
Net revenue for the period	-	256,330	-	3,533	55,144	226	3,807	19,630	166,317	
Net income (loss) for the period	79	47,400 (i)	986	671 (ii)	(3,784) (iii)	(343) (iv)	(4,059) (v)	7,469	(118,561)	
Interest %	100.00	100.00	100.00	100.00	100.00	51.00	100.00	100.00	49.9	
Book value of investments:									-	
Balance at December 31, 2021	**5,261**	**169,394**	**49,539**	**(1,557)**	**48,955**	**3,035**	**(7,243)**	**9,391**	**2,705,560**	**2,982,335**
Capital increase and investment acquisition (vii)	-	-	-	-	-	-	26,439	-	-	26,439
Goodwill identified in the acquisition	-	-	-	-	-	-	-	-	(1,236,810)	(1,236,810)
Equity in net income of subsidiaries	79	49,421 (i)	986	1,130 (ii)	(4,106) (iii)	(139) (iv)	(2,605) (v)	7,468	(59,161) (vi)	(6,927)
Exchange-rate change on investments	-	(25,697)	-	32	(6,806)	(530)	(2,554)	-	(233,888)	(269,443)
Incentive reserve - LT	-	-	-	-	41	-	-	49	-	90
Other changes	-	-	-	-	-	-	-	9	(18,757)	(18,748)
Distribution of dividends	-	-	(30,000)	-	(4,738)	-	-	-	-	(34,738)
Balance at March 31, 2022	**5,340**	**193,118**	**20,525**	**(395)**	**33,346**	**2,366**	**14,037**	**16,917**	**1,156,944**	**1,442,198**

(i) The difference of 2021 between income (loss) earned by Alpargatas Europe S.L.U. and equity in net income of subsidiaries for the year refers to realized income in inventories of subsidiary.
(ii) The difference of 459 between income (loss) earned by Alpargatas Colombia and equity in net income of subsidiaries for the year refers to realized profit in inventories of subsidiary.
(iii) The difference of (322) between income earned by Alpargatas Asia and equity in net income of subsidiaries for the year refers to unrealized profit in inventories of subsidiary.
(iv) The difference of 36 between income (loss) earned by Alpargatas India Fashion Private Ltda. and equity in net income of subsidiaries for the year refers to realized income in inventories of subsidiary.
(v) The difference of 1,454 between the income (loss) of Alpargatas Trading (Shanghai) Co. Ltd. (China) and equity in net income of subsidiaries for the year refers to realized income in the subsidiary's inventories.
(vi) Includes the value of R$ (30,165) of amortization of surplus, as mentioned in Note 12.1.

In thousands of reais

12.1. ACQUISITION OF INTEREST IN ASSOCIATED COMPANY (ROTHY'S)

As mentioned in Note 1.4, the Company acquired an ownership interest of 49.9% on December 20, 2021 and started having significant influence and recording the investment under the equity method.

The fair value of the consideration transferred, expressed in US dollars, is as follows:

First closing (i)	50,000
Second closing (i)	150,000
Tender offer	273,000
Total consideration for the acquisition of 49.9% of the shares	**473,000**
Interest in the cash contribution (49.9% on the first and second closing)	(99,800)
Total adjusted consideration	**373,200**

(i) The amounts paid will be merged into Rothy's cash to leverage its operations.

The Company contracted an independent appraiser to determine acquired net assets' fair values, which generated surplus and goodwill as follows:

	Balance at 12/31/2021 in US$ (i)	Surplus in US$	Balance at fair value 12/31/2021 in US$
Inventories	31,126	20,574	51,700
Property, plant and equipment	25,917	4,088	30,005
Intangible assets	2,028	275,413	277,441
Brand	-	*218,800*	*218,800*
Technology/Product design	-	*44,900*	*44,900*
Customer portfolio	-	*11,700*	*11,700*
Other intangible assets	-	*13*	*13*
Other assets	5,667	-	5,667
Total assets	**64,738**	**300,075**	**364,813**
Other liabilities	50,235	-	50,235
Shareholders' equity	14,503	300,075	314,578
Total liabilities and shareholders' equity	**64,738**	**300,075**	**364,813**

(i) balances as at December 31, 2021, adjusted by the cash inflow related to the first closing.

As a result, the goodwill calculated was US$ 216,226, as shown below:

Balances expressed in US$	
Shareholders' equity at December 31, 2021	14,503
Surplus of assets	300,075
Adjusted shareholders' equity	**314,578**
Company's interest in shareholders' equity (49.9%)	**156,974**
Adjusted consideration	**(373,200)**
Goodwill	**216,226**

In thousands of reais

As it is an investee abroad, whose functional currency is the US dollar, the amounts were translated into the Company's presentation currency (Reais). The main balances recorded in the Company using the equity method as at March 31, 2022 were as follows:

Income (loss) for the period	
Operation result	(28,996)
Amortization of surplus	(30,165)
Equity in net income of subsidiaries	**(59,161)**
Shareholders' equity at March 31, 2022	
Expenses with issuing of shares	18,757
Loss on translation of financial statements (including surplus and goodwill)	446,264
Total shareholders' equity	**465,021**
Assets	
Investment	1,156,944
Goodwill	1,024,433
Total investments	**2,181,377**

The balance of accounts payable related to the acquisition of said investment on March 31, 2022 was US$ 273,000, equivalent to R$ 1,293,419, recorded in the group of "accounts payable for the acquisition of subsidiary and associated company", a balance that will be settled in May 2022.

Transaction costs incurred up to the completion date were R$ 30,438.

12.2. Acquisition of Iaosys

As at March 31, 2022, the Company had a balance payable of R$ 113,664 for the acquisition of subsidiary Ioasys on May 7, 2021. The details of such transaction are mentioned in the financial statements as of December 31, 2021.

13. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment is measured at historical, which cost includes expenditures directly attributable to the acquisition of items and financing costs related to the acquisition of qualified assets.

							Parent company
				03/31/2022			12/31/2021
	Average rate of depreciation % p.a.	Cost	Accumulated depreciation (i)	Net	Cost	Accumulated depreciation (i)	Net
Land	-	9,722	-	9,722	9,722	-	9,722
Buildings and constructions	3	372,855	(124,392)	248,463	372,952	(122,643)	250,309
Machinery and equipment	8	681,467	(324,840)	356,627	665,853	(316,057)	349,796
Furniture and fixtures	10	58,070	(40,100)	17,970	58,115	(39,411)	18,704
Vehicles	10	7,287	(6,019)	1,268	7,215	(5,908)	1,307
Leasehold improvements	20	39,964	(20,203)	19,761	39,752	(18,870)	20,882
Projects in progress	-	298,962	-	298,962	169,605	-	169,605
Other fixed assets	10	566	(548)	18	566	(548)	18
Provision for impairment (ii)	-	(51,529)	-	(51,529)	(11,156)	-	(11,156)
Total		**1,417,364**	**(516,102)**	**901,262**	**1,312,624**	**(503,437)**	**809,187**

							Consolidated
				03/31/2022			12/31/2021
	Average rate of depreciation % p.a.	Cost	Accumulated depreciation (i)	Net	Cost	Accumulated depreciation (i)	Net
Land	-	9,722	-	9,722	9,722	-	9,722
Buildings and constructions	3	373,953	(125,561)	248,392	374,046	(123,799)	250,247
Machinery and equipment	8	703,965	(342,638)	361,327	689,672	(334,080)	355,592

In thousands of reais

Furniture and fixtures	10	89,154	(65,896)	23,258	92,587	(67,357)	25,230
Vehicles	10	9,610	(6,876)	2,734	9,819	(6,678)	3,141
Leasehold improvements	20	125,205	(94,539)	30,666	126,531	(92,725)	33,806
Projects in progress	-	303,521	1,107	304,628	173,950	-	173,950
Other fixed assets	10	1,980	(1,250)	730	1,937	(1,206)	731
Provision for impairment (ii)	-	(51,529)	-	(51,529)	(11,156)	-	(11,156)
Total		**1,565,581**	**(635,653)**	**929,928**	**1,467,108**	**(625,845)**	**841,263**

(i) Depreciation is calculated under the straight-line method, based on the estimated useful life of each asset, which is reviewed every year.
(ii) Refers to provision for asset losses of deactivated plants or obsolete assets.

Changes in balances for the period ended March 31, 2022 are as follows:

							Parent company
	12/31/2021	**Additions**	**Transfers (i)**	**Depreciation**	**Write-offs**	**Other changes (iii)**	**03/31/2022**
Property, plant and equipment							
Land	9,722	-	-	-	-	-	9,722
Buildings and constructions	250,309	-	1,664	(2,989)	(521)	-	248,463
Machinery and equipment	349,796	-	18,901	(11,899)	(171)	-	356,627
Furniture and fixtures	18,704	-	423	(975)	(182)	-	17,970
Vehicles	1,307	-	72	(111)	-	-	1,268
Leasehold improvements	20,882	-	210	(1,331)	-	-	19,761
Projects in progress (iv)	169,605	152,655	(22,980)	-	-	(318)	298,962
Other fixed assets	18	-	-	-	-	-	18
Provision for losses ("impairment")(ii)	(11,156)	-	-	-	-	(40,373)	(51,529)
Total	**809,187**	**152,655**	**(1,710)**	**(17,305)**	**(874)**	**(40,691)**	**901,262**

(i) They are changes in assets between the "Projects in progress" caption to the corresponding definite accounts in "property, plant and equipment", "Intangible assets" or a right-of-use asset in case of commercial rights.
(ii) Refers to provision for asset losses of deactivated plants or obsolete assets.
(iii) It mainly refers to the provision for impairment of machinery, equipment and facilities that were damaged in the fire that occurred at the Santa Rita plant, as mentioned in Note 1.6.
(iv) The balances recorded in line item "Projects in progress" refer to the following projects: Innovation in the amount of R$ 25,457, Masterplan in the amount of R$ 201,768, productivity in the amount of R$ 47,722 and other projects in the amount of R$ 24,015.

							Consolidated
	12/31/2021	**Additions**	**Transfers (i)**	**Depreciation**	**Write-offs**	**Exchange-rate change and other changes (iii)**	**03/31/2022**
Property, plant and equipment							
Land	9,722	-	-	-	-	-	9,722
Buildings and constructions	250,247	-	1,664	(2,989)	(521)	(9)	248,392
Machinery and equipment	355,592	-	20,170	(12,494)	(171)	(1,770)	361,327
Furniture and fixtures	25,230	-	1,075	(1,511)	(240)	(1,296)	23,258
Vehicles	3,141	-	156	(258)	-	(305)	2,734
Leasehold improvements	33,806	-	471	(2,494)	-	(1,117)	30,666
Projects in progress (iv)	173,950	160,412	(30,737)	(28)	-	1,031	304,628
Other fixed assets	731	-	-	(17)	(195)	211	730
Provision for impairment (ii)	(11,156)	-	-	-	-	(40,373)	(51,529)
Total	**841,263**	**160,412**	**(7,201)**	**(19,791)**	**(1,127)**	**(43,628)**	**929,928**

(i) It corresponds to changes in assets between the "projects in progress" cation to the corresponding definite accounts in "property, plant and equipment", "intangible assets" or a right-of-use asset in case of commercial rights.
(ii) Refers to provision for asset losses of deactivated plants or obsolete assets.
(iii) It mainly refers to the provision for impairment of machinery, equipment and facilities that were damaged in the fire that occurred at the Santa Rita plant, as mentioned in Note 1.6 and exchange rate change.
(iv) The balances recorded in line item "projects in progress" refer to the following projects: Innovation in the amount of R$ 25,457, Masterplan in the amount of R$ 201,768, Productivity in the amount of R$ 47,722 and other projects in the amount of R$ 29,681.

The change for the year ended December 31, 2021 is presented in the individual and consolidated annual financial statements for the year then ended.

In thousands of reais

14. INTANGIBLE ASSETS

							Parent company
				03/31/2022			12/31/2021
	Average rate of amortization % p.a.	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
With defined useful life:							
Business management systems (i)	10	333,133	(199,741)	133,392	283,226	(195,361)	87,865
Customer portfolio	20	-	-	-	27,311	(27,311)	-
Without defined useful life:							
Brands, rights and patents	-	2,328	(1,312)	1,016	2,327	(1,311)	1,016
Goodwill in the acquisition of the subsidiary	-	53,862	-	53,862	53,862	-	53,862
Projects in progress	-	97,009	-	97,009	132,798	-	132,798
Total		**486,332**	**(201,053)**	**285,279**	**499,524**	**(223,983)**	**275,541**

							Consolidated
				03/31/2022			12/31/2021
	Average rate of amortization % p.a.	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
With defined useful life:							
Business management systems (i)	10	392,966	(235,583)	157,383	349,485	(233,236)	116,249
Customer portfolio	20	20,290	(18,342)	1,948	22,711	(20,540)	2,171
Without defined useful life:							
Brands, rights and patents	-	2,327	(1,311)	1,016	2,327	(1,311)	1,016
Goodwill in the acquisition of subsidiaries	-	296,550	(48,287)	248,263	248,263	-	248,263
Projects in progress	-	97,009	-	97,009	132,798	-	132,798
Total		**809,142**	**(303,523)**	**505,619**	**755,584**	**(255,087)**	**500,497**

(i) They refer to the expenditures incurred in the acquisition, development and implementation of business management systems, such as SAP/R3, ALPA ONE Platform and LINX, and the costs incurred in the value chain management project.

Changes in balances in the period ended March 31, 2021 are as follows:

						Parent company
	12/31/2021	Additions	Transfers (i)	Amortizations	Write-offs	03/31/2022
Intangible assets						
With defined useful life:						
Business management system	87,865	-	51,110	(5,583)	-	133,392
Without defined useful life:						
Brands, rights and patents	1,016	-	-	-	-	1,016
Goodwill in the acquisition of subsidiaries	53,862	-	-	-	-	53,862
Projects in progress (ii)	132,798	13,611	(49,400)	-	-	97,009
Total	**275,541**	**13,611**	**1,710**	**(5,583)**	**-**	**285,279**

(ii) The transfers correspond to the changes in assets between the line item "projects in progress" to the corresponding definite accounts in "intangible assets", upon completion of projects.
(iii) The balances recorded in line item "projects in progress" refer to the following projects: Innovation in the amount of R$ 15,104, Productivity in the amount of R$ 16,097, Digital expansion in the amount of R$ 44,520, Compliance in the amount of R$ 16,737 and other projects in the amount of R$ 4,551.

							Consolidated
	12/31/2021	Additions	Transfer (i)	Amortizations	Write-offs	Exchange-rate change / Other changes (ii)	03/31/2022
Intangible assets							
With defined useful life:							
Business management systems	116,249	-	56,601	(7,767)	-	(7,700)	157,383
Customer portfolio	2,171	-	-	-	-	(223)	1,948
Without defined useful life:							
Brands, rights and patents	1,016	-	-	-	-	-	1,016
Goodwill in the acquisition of subsidiaries	248,263	-	-	-	-	-	248,263
Projects in progress (iii)	132,798	13,611	(49,400)	-	-	-	97,009
Total	**500,497**	**13,611**	**7,201**	**(7,767)**	**-**	**(7,923)**	**505,619**

(i) The transfers correspond to the changes in assets between the line item "projects in progress" to the corresponding definite accounts in "intangible assets", upon completion of projects.
(ii) Mainly refers to exchange rate change of foreign subsidiaries.
(iii) The balances recorded in line item "Projects in progress" refer to the following projects: innovation in the amount of R$ 15,104, productivity in the amount of R$ 16,097, digital expansion in the amount of R$ 44,520, compliance in the amount of R$ 16,737 and other projects in the amount of R$ 4,551.

The change for the year ended December 31, 2021 is presented in the individual and consolidated annual financial statements for the year then ended.

In thousands of reais

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company leases a few assets, mainly properties (offices, distribution centers and stores), usually for a period of five to 15 years. A few leases include the renewal option of the lease for another period of five years after the agreement term.

Contract discounts at present value rate are calculated for each Group's company using the Company's credit risk rates with the market's large financial institutions that would be practiced if the Company raised loans with maturities like rent contracts' maturities, including each asset's guarantee.

Payments linked to short-term leases of equipment and vehicles and all leases of low-value assets are recognized under the straight-line method as an expense in the income (loss). Short-term leases are those with a term of 12 months or less. Low-value assets include IT equipment and small office furniture items.

Changes in balances of assets and liabilities for the period ended March 31, 2022 are as follows:

Assets	**Parent company**	**Consolidated**
Balances at December 31, 2021	**97,007**	**177,527**
Additions (i)	177	1,538
Write-offs (ii)	-	(1,507)
Depreciation	(4,457)	(10,756)
Exchange-rate change / Other changes (iii)	125	(10,843)
Balances at March 31, 2022	**92,852**	**155,959**

Liabilities	**Parent company**	**Consolidated**
Balances at December 31, 2021	**97,189**	**177,635**
Additions (i)	177	2,906
Write-offs (ii)	-	(2,935)
Payment of lease liability – ST	(5,301)	(10,280)
Interest appropriation	2,039	2,395
Exchange-rate change / Other changes (iii)	-	(12,222)
Balances at March 31, 2022	**94,104**	**157,499**

(i) They refer to inflation adjustments of the contracts.
(ii) Refer to suspended contracts of stores that were closed.
(iii) It mainly refers to the foreign exchange variation of the balances of subsidiaries abroad.

The change for the year ended December 31, 2021 is presented in the individual and consolidated annual financial statements for the year then ended.

15.1 Lease liabilities

	Parent company		**Consolidated**	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Current	14,136	13,759	28,077	34,564
Non-current	79,968	83,430	129,422	143,071
	94,104	**97,189**	**157,499**	**177,635**

15.2 Impact on income (loss) for the year

	Parent company		**Consolidated**	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Depreciation from right-of-use	(4,457)	(3,722)	(10,756)	(12,817)
Appropriation of interest of leases	(2,039)	(1,900)	(2,395)	(2,248)
Income upon write-off of right-of-use	-	328	1,428	419
	(6,496)	**(5,294)**	**(11,723)**	**(14,646)**

In thousands of reais

15.3 Impact on cash flow

	Parent company		Consolidated	
	03/31/2022	**03/31/2020**	**03/31/2022**	**03/31/2021**
Flows from operating activities				
Interest appropriation	2,039	1,900	2,395	2,248
Depreciation from right-of-use	4,457	3,722	10,756	12,817
Income (loss) upon write-off of right-of-use	-	(328)	(1,428)	(419)
Flow from financing activities				
Payment of principal - lease	(3,261)	(2,648)	(7,886)	(7,330)
Payment of interest - lease	(2,039)	(1,900)	(2,395)	(2,248)
Items without cash effect				
Additions	177	607	1,538	3,211
Write-offs	-	3,600	1,507	9,461

15.4 Discount rates

The weighted average discount rates applied to lease agreements are presented below:

	Rates p.a.	
Contract term (years)	**Parent company**	**Consolidated**
1–5	8.94%	5.99%
6–10	9.43%	8.18%
>10	9.53%	9.53%

15.5 PIS and Cofins

The amounts payable related to leases include PIS and Cofins at the rates of 9.25%; thus, the amounts related to these taxes are:

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Current	1,308	1,273	2,597	3,197
Non-current	7,397	7,717	11,971	13,234
	8,705	**8,990**	**14,568**	**16,431**

16. SUPPLIERS

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Domestic	360,361	456,249	360,944	457,824
Foreigners	133,021	163,547	158,008	185,907
Total	**493,382**	**619,796**	**518,952**	**643,731**

The balance of foreign suppliers mostly refers to amounts denominated in US dollars.

17. FORFAITING

The Group maintains agreements with partner banks to structure transactions to advance receivables with its main suppliers. In this operation, suppliers transfer the right to receive from securities to the Bank in exchange of the advanced receipt of the security. The Bank, on its turn, becomes a creditor of the transaction and the Group settles the obligation on the date originally agreed-upon with its supplier. This operation does not change the terms, prices and conditions formerly agreed with the supplier. As at March 31, 2022, the amount was R$ 200,015 in the Parent Company and Consolidated (R$ 236,651 in the Parent Company and Consolidated as at December 31, 2021).

In thousands of reais

18. LOANS AND FINANCING

		Currency	Index and annual interest rate	Parent company 03/31/2022	Parent company 12/31/2021	Consolidated 03/31/2022	Consolidated 12/31/2021
In reais (R$):							
FNE (BNB)	(a)		3.00%	19,477	25,765	19,477	25,765
Finame	(b)		3.70%	6,603	8,134	6,603	8,134
Debentures	(c)		106% CDI	51,513	50,222	51,513	50,222
Total in reais (R$)				**77,593**	**84,121**	**77,593**	**84,121**
In foreign currency:							
"Working Capital" – Alpargatas Europe S.L.U	(d)	EUR	Euribor 1M + 1.00%	-	-	19,220	22
"Working Capital" – Alpargatas Trading (Shanghai)	(e)	RMB	4.54%	-	-	21,675	26,361
Total foreign currency				-	-	**40,895**	**26,383**
Grand total				**77,593**	**84,121**	**118,488**	**110,504**
Current liabilities				75,745	81,512	116,640	107,895
Non-current liabilities				1,848	2,609	1,848	2,609

(a) It aims to support investment programs in the Northeast Region and investments in the Montes Claros plant in the northern region of Minas Gerais. The release of the contract installments was linked to the investment disbursement schedule. Guarantees are backed by a letter of bank guarantee. In April 2020, FNE funding was renegotiated, with suspension of interest and amortization payments until January 2021. Moreover, interest incurred for the period was capitalized in installments and payments were made again, without changing the loan's maturity.

(b) Loans and financing related to FINAME, which were raised by the parent company between 2010 and 2014, are aimed at financing equipment used by the company for improving and increasing production (usually plant equipment). Such loans are amortized monthly, with principal and interest being amortized. All funding carried out up to 2012 has already been settled, thus, funding made beginning as of 2013 that mature from 2022 to 2024 is active.

(c) In December 2017, the Company raised the amount of R$ 250,000 through the issuance of unsecured simple debentures, non-convertible into shares in three series of the first issue. The funds will be used for the ordinary management of its businesses, as provided for in its bylaws. Repayment of funds was negotiated for full settlement in single installments on maturity date of each series. The first and second installments were repaid in December 2019 and 2020, respectively. The third installment will be amortized in December 2022.

(d) In May 2020, the subsidiary Alpargatas Europe S.L.U. raised a revolving credit facility with a maximum value of EUR 5 million to support its working capital. Original maturity was in May 2021, when it was renewed up to March 2023, maintaining the same credit amount. The subsidiary raises and amortizes this facility according to its working capital needs.

(e) In April 2020, the subsidiary Alpargatas Trading Shanghai ("Alpargatas China") raised a working capital loan facility, with monthly renewal in the amount of CNY 34 million, for the purpose of protecting its cash, due to the impacts of COVID-19. The contracting rate was 4.54% p.a., maturing in April 2021. In February and April 2021, this line was increased and totaled CNY 18.6 million to support the subsidiary's working capital. This credit facility was renewed up to April 2022 with limit of CNY 30 million.

Changes in balances in the period ended March 31, 2022 are as follows:

	Parent company	Consolidated
Balance at December 31, 2021	**84,121**	**110,504**
Raising of loans, net of hedge instrument	-	28,022
Payment of principal	(7,699)	(16,122)
Interest payment	(318)	(556)
Provision for interest and exchange rate change	1,489	(3,360)
Balance at March 31, 2022	**77,593**	**118,488**

The change for the year ended December 31, 2021 is presented in the individual and consolidated annual financial statements for the year then ended.

The maturities for the installment recorded in non-current liabilities are as follows:

	Parent Company and Consolidated 03/31/2022	Parent Company and Consolidated 12/31/2021
2023	1,505	1,971
>2024	343	638
Total	**1,848**	**2,609**

In thousands of reais

Contractual covenants
As at March 30, 2022 and December 31, 2021, debentures held by the Company and its subsidiaries contained restrictive covenants that established financial and non-financial obligations (net debt/Ebtida equal or 3x lower) by the Company and its subsidiaries. The Company and its subsidiaries are in compliance with these clauses.

19. TAX LIABILITIES

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
ICMS (value added tax)	-	-	358	-
PIS & Cofins Taxes	4,718	3,580	4,724	3,583
Income tax and social contribution	4,616	4,301	6,583	6,944
Social security contribution on gross revenue	4,353	4,583	4,353	4,583
INSS - Third parties	1,123	1,520	1,123	1,520
Provision for taxes on inventory losses	3,458	3,554	3,458	3,554
CIDE	833	1,728	833	1,728
Alpargatas Europe S.L.U. - Spain:				
Income tax	-	-	15,558	3,699
Other taxes	-	-	5,380	1,811
Alpa USA Taxes	-	-	2,843	3,264
Alpa China Taxes	-	-	82	82
Other	579	5,496	775	5,670
Total	**19,680**	**24,762**	**46,070**	**36,438**

20. PROVISIONS AND OTHER LIABILITIES

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Royalties payable	7,473	14,165	7,473	14,165
Freight payable	9,000	12,079	17,963	18,068
Advertising payable	3,237	5,006	11,742	9,201
Commissions payable	422	461	9,817	4,114
Advance from customers	6,279	11,071	8,252	12,740
Provision for indemnities	3,021	4,188	3,021	4,188
Provision for logistics services	2,046	2,437	2,046	2,437
Provision for IT projects	2,760	3,417	2,760	3,417
Provision for payments abroad	675	4,685	675	4,685
Provision for payment of international structure	4,224	4,224	4,224	4,224
Provision for expenditures with issue of shares	3,430	-	3,430	-
Provision for M&A expenditures	25,833	8,812	25,833	8,812
Services payable - EMEA	-	-	34,600	26,659
Services payable - India	-	-	177	984
Services payable - USA	-	-	5,249	4,708
Services payable - Hong Kong	-	-	7,992	4,628
Provisions for discontinuity of Mizuno (i)	1,962	4,069	1,962	4,069
Other accounts payable (outsourced services, concessionaires and other)	24,416	19,835	22,139	23,864
Total	**94,778**	**94,449**	**169,355**	**150,963**

(i) It refers to provision for administrative restructuring due to discontinuation of Mizuno operation.

In thousands of reais

21. LABOR AND SOCIAL SECURITY OBLIGATIONS

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Salaries payable	14,623	16,290	16,374	17,905
Provision for vacation pay	57,576	58,089	63,463	62,544
Provision for 13th salary	10,330	-	10,596	-
Provision for profit sharing program	50,120	58,694	52,181	76,671
Social charges	12,204	9,596	16,351	14,255
Total	**144,853**	**142,669**	**158,965**	**171,375**

22. RELATED PARTIES

22.1. Balances with subsidiaries

	Parent company	
Non-current assets and (liabilities)	**03/31/2022**	**12/31/2021**
Alpargatas Imobiliária S.A.	12	12
Terras de Aventura Indústria de Artigos Esportivos S.A. - Osklen (ii)	4,029	3,977
Alpargatas Colombia SAS (i)	5,281	5,125
Total	**9,322**	**9,114**

(i) Refers to loan agreement in the amount of US$ 900 with CDI interest rate + 1.66% p.a.
(ii) Refers to debit notes receivable for payment of employee expenses.

The balance is represented by the current account between the Company and its subsidiaries, in view of the centralized management of cash and cash equivalents.

Balances receivable and payable from subsidiaries' transactions:

	Parent company Accounts receivable		Parent company Accounts payable	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Alpargatas USA Inc. – United States	41,121	29,836	-	-
Alpargatas Europe S.L.U. - Spain	111,713	74,852	-	-
Alpargatas Colombia SAS	30,620	31,673	-	-
Alpargatas Índia Fashions Private Ltd.	34	-	-	-
Alpargatas Trading (Shangai) Co. Ltd.	7,033	10,610	-	-
Alpargatas Asia Ltd. – Hong Kong	26,640	23,516	-	-
Total	**217,161**	**170,487**	**-**	**-**

In thousands of reais

22.2. Transactions with subsidiaries with effect in income (loss) for the period

Transactions made with subsidiaries are shown below:

		Sale of products		Purchasing products
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Alpargatas S.A. (i)	137,046	80,498	-	-
Alpargatas USA Inc. – United States	-	-	18,129	9,321
Alpargatas Europe S.L.U. - Spain	-	-	61,125	43,163
Alpargatas Colombia SAS	-	-	4,177	957
Alpargatas Índia Fashions Private Ltd.	-	-	40	-
Alpargatas Trading (Shangai) Co. Ltd.	-	-	50,513	5,292
Alpargatas Asia Ltd. – Hong Kong	-	-	1,374	21,765
IOASYS Desenvolvimento de Software Ltda			1,688	
Total	**137,046**	**80,498**	**137,046**	**80,498**

(i) Substantially comprises sales of flip flops of "Havaianas" trademark to the foreign subsidiaries, in view of the operations model, and the distribution channel format defined for the Company's foreign operations, in which products are manufactured in Brazil and then sold to foreign subsidiaries, where they are resold.

During the period ended March 31, 2022, the Company did not record any write-off or provision for estimated loss (impairment) for balances receivable of foreign subsidiaries.

22.3. Related party transactions

		Parent company and Consolidated Assets (i)		Parent company and Consolidated Liabilities (ii)
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Banco Itaú-Unibanco	17,914	24,907	3,423	3,890
Total	**17,914**	**24,907**	**3,423**	**3,890**

		Parent company and Consolidated Revenue (iv)		Parent company and Consolidated Expense (iii)
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Banco Itaú-Unibanco	6,961	458	268	271
Total	**6,961**	**458**	**268**	**271**

(i) The amounts refer to the balances of interest earning bank deposits of Alpargatas S.A.
(ii) The amounts refer to Finame at Alpargatas S.A.
(iii) They refer to expenses with interest on loans.
(iv) Refer to gains from interest earning bank deposits.

As at March 31, 2022, except for the collaterals and for the guarantees granted to support the loans and financing operations, as mentioned in Note 18, the Company and its subsidiaries had not granted other collaterals and guarantees to the related parties.

In thousands of reais

22.4. Remuneration of key management personnel

The Directors' fees are as follows:

	Consolidated		
	03/31/2022		
	Remuneration		
	Fixed	**Floating (i)**	**Total**
Board of Directors / Audit Committee	1,210	-	1,210
Directors	1,604	-	1,604
Total	**2,814**	**-**	**2,814**

	03/31/2021		
	Remuneration		
	Fixed	**Floating (i)**	**Total**
Board of Directors / Audit Committee	1,045	-	1,045
Directors	1,256	1,877	3,133
Total	**2,301**	**1,877**	**4,178**

(i) Refers to profit sharing recorded in the period.

In addition to the Directors' fees, during the period ended March 31, 2022, the Company made contributions to the private pension plan in the amount of R$ 92 (R$ 87 in the same period of 2021) on behalf of the statutory directors and the long-term incentive plan in the amount of R$ 2,001 (R$ 1,867 in the same period of 2021).

The annual global Directors' fees set for the year 2022 in the Annual Shareholders' Meeting of April 27, 2022 was R$ 30,849 (R$ 33,893 in 2021).

23. PROVISION FOR TAX, CIVIL AND LABOR CONTINGENCIES

The Company and its subsidiaries are parties to tax, civil and labor lawsuits, arising from tax assessment notices by tax authorities, third-parties and former employees claims, or actions and questionings. Provisions were made for these contingencies. In the opinion of Management and its legal advisors, the risk of any loss is considered probable. These provisions are shown as follows:

		Parent company		Consolidated	
		03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Labor claims	(i)	18,217	17,983	18,217	17,983
Tax lawsuits	(ii)	3,413	6,771	3,413	6,771
Civil lawsuits	(iii)	2,749	3,072	2,749	3,175
Total		**24,379**	**27,826**	**24,379**	**27,929**
Judicial deposits		4,268	5,235	4,268	5,235
Net total		**20,111**	**22,591**	**20,111**	**22,694**
Current installment		9,335	8,133	9,335	8,236
Non-current installment		10,776	14,458	10,776	14,458

(i) Refer to the claims filed against the Company and its subsidiaries by former employees, who basically claim severance payment, extras, overtime, and allowances that they understand as due in view of the subsidiary liability.
(ii) Mainly refers to a COFINS collection of the period from July and September to December 1992, in which the non-taxed differences are disputed. The lawsuit is awaiting decision in a trial court.
(iii) Refer to civil lawsuits filed against the Company primarily related to pain and suffering and material damages arising from discussions related to consumption and commercial contracts.

In thousands of reais

Changes in provision for tax, civil and labor contingencies are as follows:

				Parent company
	Labor	Tax	Civil	Total
Balance at December 31, 2021	**12,748**	**6,771**	**3,072**	**22,591**
Additions	3,943	(628)	28	3,343
Payments	(2,742)	(2,730)	(351)	(5,823)
Balance at March 31, 2022	**13,949**	**3,413**	**2,749**	**20,111**

				Consolidated
	Labor	Tax	Civil	Total
Balance at December 31, 2021	**12,748**	**6,771**	**3,175**	**22,694**
Additions	3,943	(628)	28	3,343
Payments	(2,742)	(2,730)	(454)	(5,926)
Balance at March 31, 2022	**13,949**	**3,413**	**2,749**	**20,111**

23.1. Possible losses (not provisioned)

Contingent liabilities with risk of loss classified as possible:

		Parent company		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Tax:					
Tax assessment notice – IRRF		4,722		4,722	
(Withholding Income Tax)	(i)		4,689		4,689
CSLL and IRPJ	(ii)	12,920	12,819	12,920	12,819
Royalties	(iii)	11,989	11,850	11,989	11,850
PIS/COFINS credit	(iv)	3,298	3,264	3,298	3,264
Other		8,092	8,999	8,092	8,999
Total tax		**41,021**	**41,621**	**41,021**	**41,621**
Civil	(v)	38,067	37,472	38,303	37,756
Labor		7,855	7,019	7,855	7,019
Grand total		**86,943**	**86,112**	**87,179**	**86,396**

(i) Tax assessment notice for the collection of withholding income tax (IRRF), offset with corporate income tax (IRPJ) credits.
(ii) Tax assessment notice related to the non-approval of offsets of tax debits against IRPJ and CSLL debits.
(iii) Tax assessment notice aimed at collecting II, IPI, PIS-Import and COFINS-Import on amounts remitted abroad as royalties.
(iv) Disallowance of offsets against tax credits mostly deriving from freight transactions.
(v) Refer mainly to indemnity lawsuits.

23.2. Contingent assets

The Company has court discussions aiming at the recovery of taxes, with likelihood of probable success according to its legal counsel. Among the main theses, the application of the REINTEGRA benefit in sales made to the Manaus Free Trade Zone stands out.

Since they are contingent assets, they will be measured and recorded in the form and proportion of the favorable court decisions, when they take place on final basis.

23.3. Judicial questioning – ICMS in PIS and COFINS calculation basis

The Company was questioning in court the inclusion of ICMS in the calculation basis of COFINS since May 1993 and in the calculation basis of PIS since March 2002.

From June 2008 to December 2014, the Company used the stay effects from the Injunction sought at the Federal Supreme Court to exclude ICMS from the COFINS calculation basis, with no need for making judicial deposits. Such amounts were recorded as liability with enforceability suspended. This provision of R$ 190,500 was reversed by the Company in 2017, in view of the STF's decision, with general repercussion, on the Extraordinary Appeal 574706, on March 15, 2017. On that date, there was favorable thesis to the taxpayers: "ICMS should not comprise PIS and COFINS calculation basis". Such judgment was duly formalized by the Judgment Records published on March 17, 2017 and March 20, 2017.

On September 25, 2018, the lawsuit discussing the COFINS in the period from May 1993 to December 2014 was given a final and unappealable judgment. The amounts involved in this lawsuit correspond to R$ 15,000, deposited in court, related to the period from May 1993 to February 1996, and to R$ 191,635, overpaid, related to the period from March 1996 to May 2008. These assets were recognized by the Company on September 30, 2018 under the caption "Other operating revenues".

On April 4, 2019, the lawsuit that questioned inclusion of ICMS in PIS calculation basis for the period from March 2002 to December 2014 was finally judged. The amount involved in this lawsuit corresponded to R$ 85,637 on the date of credit activation. This asset was recognized by the Company on April 30, 2019 as a contra entry to caption "other operating revenues".

The lawsuit that discusses the PIS and COFINS for the period from January 2015 onwards had a final decision certified on April 06, 2020. The amount involved in this lawsuit corresponded to R$ 95,810 on the date of credit activation. This asset was recognized by the Company in April 2020 as a contra entry to caption "Other operating revenues".

In all its lawsuits, the Company requested the exclusion of the ICMS portion from the PIS and COFINS calculation basis in its request. Accordingly, for the purpose of measuring its right, the Company excluded from the PIS and COFINS basis all ICMS therein included, as pacified by the Supreme Court (STF) upon decision on Motions for Clarification in RE 574,706.

23.4. Inflation adjustment on undue amounts paid

In view of the judgment of the Federal Supreme Court (STF) in the context of general repercussion in Extraordinary Appeal No. 1.063.187, where by an absolute majority the thesis that "it is unconstitutional to levy IRPJ and CSLL on amounts related to the Selic rate received as a result of repetition of undue tax collection" was accepted, decision published on 12/16/2021, the Company, as provided for by the accounting standards, recognized an asset of this nature, whose amount was recorded at its best estimate in the amount of R$ 51,723 as of March 31, 2022.

24. EMPLOYEE BENEFITS

24.1. Retirement plans

The Company sponsors a retirement plan to all employees, using the closed supplementary pension entity, ALFAPREV – Sociedade de Previdência Complementar under a defined contribution private pension plan, in which the participant makes a contribution and the Company complements it. And, in addition, the Company grant its own conceded single-life annuity and pension plan for a certain group of former employees and respective spouses which will be extinguished after the last beneficiary's death.

On March 31, 2022, actuarial assets referring to these plans, deriving from excess investments in relation to actuarial liabilities was R$ 3,991 (R$ 3,991 of assets as of December 31, 2021).

In thousands of reais

24.2. Long-term incentive plan

The balances of the provision recorded in liabilities and the amount recorded in the shareholders' equity are as follows:

	Parent company		Consolidated	
	03/31/2022	**12/31/2021**	**03/31/2022**	**12/31/2021**
Current liabilities	54,629	54,159	55,019	54,701
Non-current liabilities	10,167	10,801	15,985	18,277
Shareholders' equity	36,508	32,548	36,508	32,548

The accounting impact recorded as an expense in income (loss) for the period ended March 31, 2022 was an expense of R$ 2,574 in the Parent Company and an expense of R$ 1,845 in the Consolidated (expense of R$ 802 in the same period of 2021 in the Parent Company and R$ 982 in the Consolidated).

In shareholders' equity, the impact was an increase of R$ 3,960 in the period ended March 31, 2022 (increase of R$ 13,650 for the year 2021).

24.3. Profit sharing

The Company and its subsidiaries grant profit-sharing to its employees related to the achievement of operating goals and specific objectives established and approved at the beginning of each year for each plant/unit. In the periods ended March 31, 2022 and 2021, the following amounts were recognized in income (loss):

	Parent company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Profit sharing program	(8,566)	14,346	(9,106)	17,875

This obligation is recorded in "salaries and social charges payable" group, in current liabilities. The expense is calculated under "cost of products sold", "sales expenses" and "general and administrative expenses".

In thousands of reais

25. SHAREHOLDERS' EQUITY

25.1. Capital

Capital paid-up on March 31, 2022 was R$ 1,500,000, represented by 683,062,222 book-entry shares with no par value, of which 339,510,689 are common and 343,551,533 are preferred.

Subscribed and paid-in capital had the following ownership interest as at March 31, 2022 and December 31, 2021:

						03/31/2022
	Common shares		Preferred shares			Total
Shareholders	Quantity	%	Quantity	%	Quantity	%
Controlling shareholders (Itaúsa, Cambuhy I and Cambuhy Alpa)	294,231,502	86.66%	98,362,012	28.63%	392,593,514	57.48%
Administrators:						
Board of Directors	31,562,390	9.30%	33,743,155	9.82%	65,305,545	9.56%
Other shareholders	13,716,765	4.04%	202,466,204	58.93%	216,182,969	31.65%
Treasury	32	0.00%	8,980,162	2.61%	8,980,194	1.31%
Total	**339,510,689**	**100%**	**343,551,533**	**100%**	**683,062,222**	**100%**

						12/31/2021
	Common shares		Preferred shares			Total
Shareholders	Quantity	%	Quantity	%	Quantity	%
Controlling shareholders (Itaúsa, Cambuhy I and Cambuhy Alpa)	259,057,585	85.78%	69,715,679	24.37%	328,773,264	55.91%
Administrators:						
Board of Directors	31,562,390	10.45%	38,085,683	13.31%	69,648,073	11.84%
Other shareholders	11,390,682	3.77%	169,270,009	59.17%	180,660,691	30.72%
Treasury	32	0.00%	8,980,162	3.15%	8,980,194	1.53%
Total	**302,010,689**	**100%**	**286,051,533**	**100%**	**588,062,222**	**100%**

25.2. Treasury shares

The Company has 8,980,194 treasury shares at an average cost of R$ 6.9491. During the period ended March 31, 2022, treasury shares were not transferred to participants in the long-term incentive program (Matching).

25.3. Dividends and interest on own capital

Shareholders are guaranteed, every year, minimum dividend of 25% of net income for the year, less tax incentives, calculated under the terms of Corporation law and by-laws.

In the quarter ended March 31, 2022, Management did not declare dividends or interest on own capital. As at December 31, 2021, the balance payable of these amounts was R$ 91,755.

25.4. Profit reserve

Tax incentive reserve

From January 1, 2008, tax incentives started to be directly recorded in profit or loss, being later on, upon the closing of the financial statements, recognized as "tax incentive reserve" in "profit reserves".

In thousands of reais

During the period ended March 31, 2022, the Company allocated the amount of R$ 32,910 to the tax incentive reserve (R$ 332,978 as at December 31, 2021, of which R$ 96,974 related to incentives for the year 2020). The amount of R$ 24,073 of incentives will be allocated in future periods.

Legal reserve

The legal reserve is calculated at the rate of 5% of the net income under current legislation, up to the limit of 20% of the capital after deduction of tax incentives.

Investment reserve

The investment reserve refers to the retention of the remaining balance of retained earnings, aimed at reinvesting such amount in the Company's operations. The balance of said reserve as at March 31, 2022 and December 31, 2021 was R$ 102,932.

25.5. Restricted Stock Offer

As mentioned in Note 1.5, on February 22, 2022 the Company concluded the restricted stock offer process. As a result of the offer, 37,500,000 common shares and 57,500,000 preferred shares were placed, at the issue price per share of R$ 26.30, totaling R$ 2,498,500. As a result, the Company's capital will increase in this amount, after the approval of the Annual General Meeting held on April 27, 2022.

26. NET OPERATING REVENUE

	Parent company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Gross operating revenue:				
Domestic market	707,500	640,339	726,832	640,339
Foreign market	159,177	100,442	359,680	338,284
	866,677	**740,781**	**1,086,512**	**978,623**
Refunds and rebates (i)	(32,652)	(14,891)	(48,746)	(35,039)
Sales taxes (ii)	(108,547)	(93,106)	(110,561)	(93,127)
Net operating revenue	**725,478**	**632,784**	**927,205**	**850,457**

(i) It includes commercial agreements with certain customers that allow special discounts.
(ii) It includes ICMS tax incentives mentioned in Note 4.

In thousands of reais

27. EXPENSES BY TYPE

The Company presents the statement of income using a classification of expenses based on their function. The information on expense by type is as follows:

	Parent company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Cost of goods sold:				
Raw material and material	280,227	218,483	268,116	228,888
Salaries, social charges and benefits	138,437	122,602	143,702	122,602
Depreciation	16,538	11,159	16,704	11,158
Other costs	43,304	34,281	57,092	45,572
Total	**478,506**	**386,525**	**485,614**	**408,220**
Sales expenses				
Salaries, social charges and benefits	21,866	24,091	57,827	58,901
Profit sharing	-	4,840	(540)	8,369
Allowance for doubtful accounts	(719)	241	(1,181)	(1,423)
Freight	23,122	18,552	34,907	30,272
Advertising and publicity	37,489	32,952	62,363	55,858
Commissions	2,257	1,615	14,037	12,506
Depreciation (i)	2,776	3,168	9,893	10,259
Royalties	9,431	6,455	9,285	6,456
Outsourced services	7,752	6,350	19,068	15,605
Rental / Lease (ii)	793	551	2,495	4,444
Travel expenses	653	204	2,196	506
Storage expenses	1,175	1,109	16,072	12,551
Collective packaging	8,741	6,300	8,013	6,300
Transportation insurance	1,798	1,349	2,239	2,021
Logistic services	3,409	3,502	4,754	3,963
Other	9,953	8,528	16,367	14,420
Total	**130,496**	**119,807**	**257,795**	**241,008**
General and administrative:				
Salaries, social charges and benefits	14,686	20,054	14,686	20,054
Directors' fees (Note 22.4)	2,814	4,178	2,814	4,178
Outsourced services	12,372	5,618	12,372	5,618
Depreciation (i)	1,931	1,635	1,931	1,635
Rent and condominium	126	174	126	174
IT maintenance	1,708	515	1,708	515
Other	3,041	2,264	3,042	2,351
Total	**36,678**	**34,438**	**36,679**	**34,525**

(i) Includes depreciation of lease agreements, as mentioned in Note 15.

In thousands of reais

28. OTHER OPERATING REVENUES (EXPENSES)

	Parent company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Other operating revenues:				
Sale of scrap	680	239	680	239
Gain in the sale of property, plant and equipment	1,027	675	1,100	756
Receipt of escrow accounting (i)	-	5,346	-	5,346
Other	1,371	1,106	1,928	1,314
	3,078	**7,366**	**3,708**	**7,655**
Other operating expenses:				
Amortization of intangible assets	(6,102)	(3,122)	(9,786)	(5,075)
Provision for labor, civil and tax contingencies	106	(2,737)	106	(2,956)
Long-term incentive plan (Note 24.2)	(2,574)	802	(1,845)	982
Outsourced services (ii)	(29,209)	(10,316)	(29,209)	(10,123)
COVID expenses	-	(5,000)	-	(5,000)
Other	(3,939)	(2,734)	(4,042)	(2,970)
	(41,718)	**(23,107)**	**(44,776)**	**(25,142)**
Total	**(38,640)**	**(15,741)**	**(41,068)**	**(17,487)**

(ii) Refers to the release of balance and closing of escrow accounting that was given as a guarantee for future contingency losses on the acquisition of the subsidiary Osklen.

(iii) It mainly refers to expenses with the acquisition of companies, in the amount of R$ 24,884 as at March 31, 2022.

In thousands of reais

29. FINANCIAL REVENUES AND EXPENSES, NET

	Parent company		Consolidated	
	03/31/2022	**03/31/2021**	**03/31/2022**	**03/31/2021**
Financial revenues:				
Income from interest earning bank deposits	24,518	3,052	25,408	3,243
Inflation adjustment of accounts receivable, judicial deposits and tax credits	11,045	2,959	11,045	2,727
Interest receivable and other	806	2,715	498	2,386
	36,369	**8,726**	**36,951**	**8,586**
Financial expenses:				
Interest and charges on loans and financing	(1,490)	(1,424)	(1,748)	(1,214)
Tax on financial revenues	(4,818)	(478)	(4,818)	(478)
Bank expenses	(48)	(106)	(687)	(593)
Adjustment to present value	-	(454)	-	(454)
Liability interest	(2,813)	(19)	(2,874)	(71)
Interest from lease - IFRS 16	(2,040)	(1,900)	(2,395)	(2,248)
Discounts granted	(1,584)	(1)	(1,584)	(2)
Other	(399)	(1,747)	(168)	(1,705)
	(13,192)	**(6,129)**	**(14,274)**	**(6,765)**
Gains with derivative financial instruments	-	5,305	-	5,305
Losses with derivative financial instruments (i)	(247,888)	(137)	(247,888)	(137)
	(247,888)	**5,168**	**(247,888)**	**5,168**
Total	**(224,711)**	**7,765**	**(225,211)**	**6,989**

(i) Refers to instruments contracted to hedge the exchange rate change of the account payable for the acquisition of Rothy's, as mentioned in Note 12.1.

30. BUSINESS SEGMENTS

The Company has a matrix management structure where sales revenue is analyzed by the main decision maker at several levels, because the products manufactured and sold by the Company and its subsidiaries are divided into footwear and clothing. Operations are managed by geographic segmentation with the following segregation: (i) Domestic operations: performance of the Company and its subsidiaries in Brazil and (ii) Foreign Operations: consolidated performance of the subsidiaries in the United States, Europe, Asia, Latin America and India, as well as direct exports. The performance of the operations of the subsidiary Osklen, as well as the Mizuno operation, are presented as discontinued operations, considering the operations carried out as described in Note 1.3.

Net revenue per segment is as follows in the period ended March 31, 2022:

- Domestic operations:
  - Brazil: 58.83%

- Foreign operations:
  - International Flip Flops: 34.41%

- Discontinued operations 6.76%

The segment performance was assessed based on net operating revenues, net revenues, and employed capital (total assets less current and non-current liabilities) in each segment. This measurement basis includes the financial effects, income tax and social contribution, depreciation and amortization.

Information is shown below:

In thousands of reais

						03/31/2022
Statement of income accounts	**Net operating revenue**	**Net income**	**Depreciation and amortization**	**Financial income (loss)**	**Net exchange rate change**	**Income tax and social contribution**
Domestic operations:						
Brazil	584,996	166,272	(25,040)	(226,337)	354,203	(12,879)
Foreign operations:						
International Flip Flops	342,209	5,006	(13,274)	1,126	(44,085)	(6,799)
Rothy's	-	(59,161)	-	-	-	-
Continued operations consolidated	**927,205**	**112,117**	**(38,314)**	**(225,211)**	**310,118**	**(19,678)**
Discontinued operations	67,255	(91,322)	(7,634)	(6,696)	(9,752)	7,894
Consolidated	**994,460**	**20,795**	**(45,948)**	**(231,907)**	**300,366**	**(11,784)**

						03/31/2021
Statement of income accounts	**Net operating revenue**	**Net income (loss)**	**Depreciation and amortization**	**Financial income (loss)**	**Net exchang e rate change**	**Income tax and social contribution**
Domestic operations:						
Brazil	532,607	59,648	(20,463)	4,973	(3,654)	(19,846)
Foreign operations:						
International Flip Flops	317,850	88,806	(11,088)	2,016	29,329	(13,581)
Continued operations consolidated	**850,457**	**148,454**	**(31,551)**	**6,989**	**25,675**	**(33,427)**
Discontinued operations	156,839	(22,272)	(7,096)	(4,543)	(1,213)	7,169
Consolidated	**1,007,296**	**126,182**	**(38,647)**	**2,446**	**24,462**	**(26,258)**

The table below presents equity balances as at December 31, 2021 and 2020:

			03/31/2022			12/31/2021
Assets and liabilities	**Total asset s**	**Current and no n- current liabilitie s**	**Addition to property, plant and equipment and intangible assets**	**Total asset s**	**Current and no n- current liabilitie s**	**Addition to property, plant and equipment and intangible assets**
Domestic operations:						
Brazil	,106,076	2,703,029	166,433	,696,847	3,844,307	305,545
Foreign operations:						
International Flip Flops	803,894	398,009	7,590	717,207	369,027	33,902
Continued operations consolidated	**,909,970**	**3,101,038**	**174,023**	**,414,054**	**4,213,334**	**339,447**
Assets held for sale	502,118	319,671	-	617,710	351,219	8,542
Consolidated	**,412,088**	**3,420,709**	**174,023**	**,031,764**	**4,564,553**	**347,989**

The Company has a diluted customer portfolio, and no individual customer accounted for more than 6% of sales revenues.

31. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

31.1. Sundry considerations and policies

The management of financial instruments, including derivatives, is carried out by means of policies, definition of strategies and establishment of control systems, and are monitored by the Company's management.

The treasury procedures defined by the prevailing policy include monthly routines of projection and evaluation of the consolidated foreign exchange exposure of the Company and its subsidiaries, on which the decisions made by Management are based.

31.2. Financial risk management

Financial risk factors

The Company's activities expose it to various financial risks: market risk (including foreign exchange risk and interest rate), credit risk and liquidity risk. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects in financial performance, and when required, using derivative financial instruments to hedge certain risk exposures.

Management of financial risk is carried out by the Company's treasury department and policies are mandatorily approved by the Board of Directors. The Treasury Department identifies, values and hires financial instruments with the intention of protecting the Company from possible financial risks, especially those derived from interest and foreign exchange rate.

Market risk

The Company is exposed to market risks arising from a number of its business activities. These risks mainly involve the possibility of fluctuations in exchange rates and changes in interest rates.

- Currency risk

In view of accounts receivable and financial obligations of several natures assumed by the Company in foreign currencies, a foreign exchange hedge policy is conducted establishing levels of exposure related to this risk.

Considering values in foreign currency of balances receivable and payable of commitments already assumed and recorded in the financial statements derived from the Company's operations, as well as loans and derivatives. The Company's exchange exposure is neutral as foreign currency inflows neutralize commitments, thus generating a natural hedge effect.

- Interest rate risk

The Company's interest rate risk arises from interest earning bank deposits which are post-fixed and loans and financing are on short and long-term basis.

Credit risk

Sales are mainly made to retailers and wholesalers. The credit risk is reduced by the large dispersion of the customer portfolio and the procedures of evaluation and concession of credit. As at March 31, 2022, the amount recorded for provision for expected losses (Impairment) was R$ 58,242 (R$ 62,916 as of December 31, 2021). The maximum exposure to credit risk on the base date of December 31, 2021 was the book value of accounts receivable presented in Note 6.

The Company has differentiated credit policies for customers in the Domestic Market and Third-Party Customers Abroad.

In the domestic market, the volume of business is concentrated on retailers, distributors, wholesalers and e-commerce sales which work with a model of purchase on credit and to operate in this market it is necessary to define or attribute credit limits. The following factors are considered to define the appropriate threshold: market survey about the company, analysis of economic and financial data and evaluation of the internal history with the Company. These limits are regularly reviewed and in few cases actual guarantees, surety letters or bank sureties are required to define the limit.

In the foreign market, sales to third-party customers are almost entirely made upon advance payment or letter of credit. Exceptions are analyzed by Management.

In both policies, there are grants of authority defined according to the different hierarchical levels or values and which are used for concession, change or maintenance of credit limits for each customer.

The measurement of the provision for expected credit losses is described in note 6.

The Company and its subsidiaries are also subject to credit risks related to the financial instruments contracted in the management of its business.

The risk of non-settlement of the operations that it maintains at financial institutions with which it operates was considered low, being those considered prime by the market.

The Company maintains cash, cash equivalents and short-term interest earning bank deposits in prime line financial institutions and does not limit its exposure to a specific institution. As at December 31, 2021, the maximum exposure to credit risk was the book value of cash, cash equivalents and interest earning bank deposits, presented in Note 5.

Liquidity risk

Prudent liquidity risk management implies maintaining cash, marketable securities, the ability to raise cash funds by means of bank credit facilities, and the capacity to settle market positions.

Management monitors the consolidated liquidity level of the Company, considering the expected cash flows against the credit facilities not used and amounts not available in cash and cash equivalents.

The Note 31.4 states the financial liabilities per maturity brackets for the remaining period in the balance sheet in relation to contract maturity date. Amounts presented in the table are contracted undiscounted cash flows.

31.3. Derivative financial instruments and hedge accounting

Fair value hedge

The Company adopts hedge accounting to operations with derivative financial instruments of the Swap type, whose object of hedge is the risk of exchange-rate change on debts in foreign currency.

The operations of fair value hedges of loans in currency were considered as highly efficient and are classified as net of hedged item. The result of these operations is presented net of the hedged item, as shown in Note 29. The balances as at March 31, 2022 were reclassified from assets held for sale to the liability line, in view of the operation mentioned in Note 1.3.

Cash flow hedge

The Company and its subsidiaries carry out operations of derivative financial instruments that are classified as cash flow hedges and applies hedge accounting, in accordance with CPC 48/IFRS 9 - Financial Instruments. Cash flow hedge provides a protection against changes in the cash flows which are attributable to a particular risk associated with a recognized asset or liability or with a foreseen transaction that is highly likely and that might affect the result;

The relationship between the instrument and the hedged item, as well as the risk management policies and objectives, are documented at the beginning of the operation. The prospective and retrospective effectiveness tests are also duly documented, confirming that the designated derivatives are effective in offsetting the market value changes in the hedged items.
The effective portion of the changes in the fair value of derivatives designated and qualified as cash flow hedge is

In thousands of reais

recorded as a component of "other comprehensive income". When calculated, the gain or loss relating to the non-effective portion is immediately recognized in income (loss).

Amounts accumulated in "other comprehensive income) are realized in the statement of income in the years that the hedged item affects the income (loss) (for instance, upon the settlement of hedged item).

During the period ended March 31, 2022, the Group did not carry out transactions with derivatives classified as cash flow hedge.

Other derivative financial instruments

The Company has imports of finished products and raw materials in dollars, in relation to the business units of Brazil. In addition, the Company also buys part of its local raw materials at a price that is subject to indirect impact of the exchange-rate change. On the other hand, the Company also has exports of flip flops, which are sold in dollars.

Exports volume and foreign currency receipts are greater than imports volume and foreign currency payments, which makes exchange exposure neutral, that is, it has a neutral risk of loss in case exchange rate rises.

To mitigate temporary mismatches related to foreign exchange exposure and to protect its cash flow, the Company's Board of Directors approved the Foreign Exchange Risk Management Policy. This policy establishes the guidelines for operations of hedge of the cash flow through derivative financial instruments.

The operations with derivatives aim to hedge the Company’s future cash flow through reduction of foreign exchange exposure to a horizon of three months in the future. The future foreign exchange exposure is based on projections of payments and receipts in foreign currency. These operations were not eligible for the application of hedge accounting as CPC 48/IFRS 9 – Financial instruments, and due to this fact, gains and losses arising from changes in the fair value of these operations are recorded in the statement of income (loss) for the year.

Furthermore, during the period ended March 31, 2022, the Company contracted hedging instruments (NDF) to hedge its cash in relation to the exchange rate change of accounts payable for the acquisition of Rothy’s, which is pegged to the US dollar. The recorded balances related to this transaction are presented below:

	Parent Company and Consolidated			
	03/31/2022		**12/31/2020**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
"Non-Deliverable Forward" (NDF)	-	132,451	-	-
Total	**-**	**132,451**	**-**	**-**

The total accumulated impacts of derivative financial instruments on income (loss) for the period ended March 31, 2022 totaled (R$ 247,888) of revenue in the Parent Company and Consolidated (R$ 5,168 of expense in the Parent Company and Consolidated in the same period of 2021), as presented in Note 29.

In thousands of reais

31.4. Maturities of financial liabilities

The consolidated book value of financial liabilities is measured under the amortized cost method, and its corresponding future values are as follows:

					03/31/2022
	≤ 1 year	1–2 years	3–5 years	>5 years	Future flow
Financial liabilities:					
Loans and financing	123,162	1,566	347	-	125,075
Suppliers	518,952	-	-	-	518,952
Forfaiting	200,015	-	-	-	200,015
Long-term incentive	55,019	28,261	13,765	10,467	107,512
Lease liabilities	28,933	27,566	43,846	57,154	157,499
Accounts payable for acquisition of subsidiary	1,335,872		71,211		1,407,083
Total	**2,261,953**	**57,393**	**129,169**	**67,621**	**2,516,136**

					12/31/2021
	≤ 1 year	1–2 years	3–5 years	>5 years	Future flow
Financial liabilities:					
Loans and financing	113,863	2,054	650	-	116,567
Suppliers	643,731	-	-	-	643,731
Forfaiting	236,651	-		-	236,651
Long-term incentive	54,702	37,165	5,419	8,241	105,527
Lease liabilities	31,976	58,029	53,324	34,306	177,635
Accounts payable for acquisition of subsidiary	2,403,788	-	69,917	-	2,473,705
Total	**3,484,711**	**97,248**	**129,310**	**42,547**	**3,753,816**

31.5. Capital management

The Company's objectives in managing its capital are to safeguard its business continuity capacity to offer return to shareholders and benefits to the other shareholders besides maintaining an optimal capital structure to reduce this cost.

	03/31/2022	12/31/2021
Cash and cash equivalents and interest earning bank deposits	1,743,472	592,036
(-) Short and long-term loans and financing	(118,488)	(110,504)
Net financial position	**1,624,984**	**481,532**
Shareholders' equity	**5,467,196**	**3,467,211**

Foreign exchange exposure

The Company is exposed to changes in the US dollar. For the foreign subsidiaries, there is no risk of currency exposure since monetary assets and liabilities are maintained in the functional currencies of each location.

	Parent Company and Consolidated	
	03/31/2022	12/31/2021
Assets:		
Export receivables	28,504	37,871
Trade accounts receivable	241,220	217,244
Total assets	**269,724**	**255,115**
Liabilities:		
Suppliers	(133,022)	(163,547)
Royalties payable	(7,473)	(14,165)
Accounts payable for acquisition of subsidiary (Rothy's)	(1,293,419)	(2,360,551)
Total liabilities	**(1,433,914)**	**(2,538,263)**
Net exposure	**(1,164,190)**	**(2,283,148)**

Derivative financial instruments	(132,451)	-
Total exposure for sensitivity analysis purpose	**(1,296,641)**	**(2,283,148)**

In relation to the positions shown above, the Company has positions in reais linked to the US dollar; thus, when necessary, the Company contracts derivative operations aimed to mitigate the risk of exchange rate change on these operations.

31.6. Market values

As at March 31, 2022 and December 31, 2021, the market values of variable cash investments approximate the values recorded in the financial statements since they are linked to the CDI change. The Company adjusts the market value of its fixed-interest-earning bank deposits recorded in the balance sheet. Loans and financing are maintained monetarily and updated based on interest rates contracted according to usual market conditions and, therefore, the balances payable on the balance sheet dates substantially approximate market values, even those classified as "non-current", considering the type of the corresponding financing.

The fair value of financial instruments that are not traded on active markets (for example, over-the-counter market derivatives) is determined based on valuation techniques. The Company and its subsidiaries use several methods and define assumptions that are based on market conditions on the balance sheet date. The fair value of forward exchange agreements is determined based on forward exchange rates, quoted on the balance sheet date.

It is assumed that balances of trade accounts receivable and trade accounts payable, recorded at book value, approximate their market fair values, due to the short-term of transactions made.

The Company and its subsidiaries adopt hierarchical rules to determine the fair values of its financial instruments, which requires disclosure of the measurements of fair value according to the level of the following hierarchy:

- Prices quoted (not adjusted) in active markets for identical assets and liabilities (Level 1).
- In addition to quoted prices, information included in Level 1 that is adopted by the market for the asset or liability, either directly (such as prices) or indirectly (derived from prices) (Level 2).
- Exemptions for assets or liabilities that are not based on data adopted by the market (non-observable inputs) (Level 3).

Specific evaluation techniques used to measure the financial instruments pursuant to Level 2 rules include:

- Quoted market prices or quotes from financial institutions or brokerage firms for similar instruments.
- The fair value of interest-rate "swaps" is calculated at the present value of future cash flows estimated based on yield curves adopted by the market, as well as of options.
- The fair value of future exchange agreements is determined based on future exchange rates on the balance sheet date, whose result is discounted at present value.
- Other techniques, such as analysis of discounted cash flows, are used to determine the fair value of the remaining financial instruments.

The Company does not have financial instruments classified as Level 1 and 3.

In thousands of reais

Accounting classification and fair values

March 31, 2022

	Fair value through profit or loss	Amortized cost	Total
Financial assets			
Cash and cash equivalents	1,579,193	155,206	1,734,399
Interest earning bank deposits	9,073	-	9,073
Judicial deposit	-	32,471	32,471
Accounts receivable for the sale of subsidiary	240,018	-	240,018
	1,828,284	**187,677**	**2,015,961**
Financial assets			
Trade accounts receivable	-	804,963	804,963
Other accounts receivable	-	102,425	102,425
	-	**907,388**	**907,388**

March 31, 2022

	Fair value through profit or loss	Amortized cost	Total
Financial liabilities			
Derivative financial instruments	132,451	-	132,451
Accounts payable for acquisition of companies	74,203	-	74,203
	206,654	**-**	**206,654**
Financial liabilities			
Suppliers	-	518,952	518,952
Forfaiting	-	200,015	200,015
Loans and financing	-	118,488	118,488
Lease liabilities	-	157,499	157,499
Accounts payable for acquisition of companies	-	1,332,880	1,332,880
	-	**2,327,834**	**2,327,834**

December 31, 2021

	Fair value through profit or loss	Amortized cost	Total
Financial assets			
Cash and cash equivalents	322,080	261,096	583,176
Interest earning bank deposits	8,860	-	8,860
Judicial deposit	-	31,339	31,339
Accounts receivable for the sale of subsidiary	233,905	-	233,905
	564,845	**292,435**	**857,280**
Financial assets			
Trade accounts receivable	-	751,347	751,347
Other accounts receivable	-	29,933	29,933
	-	**781,280**	**781,280**

December 31, 2021

	Fair value through profit or loss	Amortized cost	Total
Financial liabilities			
Accounts payable for acquisition of subsidiary	71,223	-	71,223
	71,223	**-**	**71,223**

In thousands of reais

Financial liabilities			
Suppliers	-	643,731	643,731
Forfaiting	-	236,651	236,651
Loans and financing	-	110,504	110,504
Lease liabilities	-	177,635	177,635
Accounts payable for acquisition of subsidiary	-	2,402,482	2,402,482
	-	**3,571,003**	**3,571,003**

31.7. Sensitivity analysis of financial instruments

Currency risk

For the sensitivity analysis of the consolidated exchange exposure on March 31, 2022, whose effects reflect only the impacts on monetary assets and liabilities, the balances of trade accounts receivable and of loans and financing held by the foreign subsidiaries were not considered. These are denominated in the local functional currencies of each of these subsidiaries, and for this reason, the Company’s Management believes that there is no risk of exchange exposure to these subsidiaries.

The Company considers a scenario involving a valuation of the Dollar of 16.1% against the U.S. dollar, considering a future exchange rate of R$ 5.07.

Interest rate risk

As at March 31, 2022, 100% of investments were indexed at the CDI (Interbank Deposit Certificate) rate. Loans comprised 66% of the balance tied to the variable interest curve and 34% of the balance tied to the fixed rate.

The analysis considers the Company’s financial assets and liabilities as at March 31, 2022 indexed to fixed rates and projects the financial revenues and expenses calculated on this balance, using the future interest curve as at March 31, 2022 on the maturities of these operations. As a result, there was a 0.65% increase in the CDI rate from April to June 2022.

Sensitivity of exchange and interest rate

Risk	Instrument/Operation	Risk description	Impact
Foreign exchange		Dollar incr.	
	Export receivables		4,586
	Trade accounts receivable		38,807
	Suppliers		(21,400)
	Royalties		(1,202)
	Accounts payable for acquisition of subsidiary (Rothy’s)		(208,081)
	Derivative instruments		(21,308)
	Exchange-rate effect		**(208,598)**
Interest rate		CDI increase	
	Revenue from interest earning bank deposits		46,150
	Expense with interest on loans		(1,560)
	Effect of interest		**44,590**
	Total effect		**(164,008)**

In thousands of reais

32. EARNINGS PER SHARE

			03/31/2022
Parent company and Consolidated - continued operations	**Common shares (ON)**	**Preferred shares (PN) (i)**	**Total**
Denominator			
Weighted average of total number of shares	317,427,356	309,690,422	627,117,778
Weighted number of treasury shares	(32)	8,980,162	8,980,130
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
% of shares in relation to total	49.90%	50.10%	100.00%
Basic numerator			
Income for the period attributable to each share class	53,199	59,047	112,246
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
Total basic earnings per share for the period	0.1676	0.1853	0.1765
Diluted numerator			
Income for the period attributable to each share class	52,692	59,554	112,246
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
Weighted average of the number of stock option	-	5,495,310	5,495,310
Total diluted earnings per share for the period	0.1660	0.1837	0.1749

			03/31/2021
Parent company and Consolidated - continued operations	**Common shares (ON)**	**Preferred shares (PN) (i)**	**Total**
Denominator			
Weighted average of total number of shares	302,010,689	286,051,533	588,062,222
Weighted number of treasury shares	(32)	9,119,232	9,119,200
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
% of shares in relation to total	50.57%	49.43%	100.00%
Basic numerator			
Income for the period attributable to each share class	71,400	77,046	148,446
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
Total basic earnings per share for the period	0.2364	0.2610	0.2486
Diluted numerator			
Income for the period attributable to each share class	70,746	77,700	148,446
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
Weighted average of the number of stock option	-	4,988,162	4,988,162
Total diluted earnings per share for the period	0.2343	0.2589	0.2465

In thousands of reais

			03/31/2022
Parent company and Consolidated - discontinued operations	**Common shares (ON)**	**Preferred shares (PN) (i)**	**Total**
Denominator			
Weighted average of total number of shares	317,427,356	309,690,422	627,117,778
Weighted number of treasury shares	(32)	8,980,162	8,980,130
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
% of shares in relation to total	49.90%	50.10%	100.00%
Basic numerator			
(Loss) for the period attributable to each share class	(37,601)	(41,735)	(79,336)
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
(Loss) for the period per total basic earnings (loss) per share	(0.1185)	(0.1310)	(0.1247)
Diluted numerator			
Income for the period attributable to each share class	(37,243)	(42,093)	(79,336)
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
Weighted average of the number of stock option	-	5,495,310	5,495,310
Total diluted earnings per share for the period	(0.1173)	(0.1299)	(0.1237)

			03/31/2021
Parent company and Consolidated - discontinued operations	**Common shares (ON)**	**Preferred shares (PN) (i)**	**Total**
Denominator			
Weighted average of total number of shares	302,010,689	286,051,533	588,062,222
Weighted number of treasury shares	(32)	9,119,232	9,119,200
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
% of shares in relation to total	50.57%	49.43%	100.00%
Basic numerator			
(Loss) for the period attributable to each share class	(8,076)	(8,715)	(16,791)
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
(Loss) for the period per total basic earnings (loss) per share	(0.0267)	(0.0295)	(0.0281)
Diluted numerator			
Income for the period attributable to each share class	(8,002)	(8,789)	(16,791)
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
Weighted average of the number of stock option	-	4,988,162	4,988,162
Total diluted earnings per share for the period	(0.0265)	(0.0293)	(0.0279)

			03/31/2022
Parent company and Consolidated	**Common shares (ON)**	**Preferred shares (PN) (i)**	**Total**
Denominator			
Weighted average of total number of shares	317,427,356	309,690,422	627,117,778
Weighted number of treasury shares	(32)	8,980,162	8,980,130
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
% of shares in relation to total	49.90%	50.10%	100.00%
Basic numerator			
Income for the period attributable to each share class	15,598	17,312	32,910
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
Total basic earnings per share for the period	0.0491	0.0543	0.0517
Diluted numerator			
Income for the period attributable to each share class	15,449	17,461	32,910
Weighted average number of outstanding shares	317,427,324	318,670,584	636,097,908
Weighted average of the number of stock option	-	5,495,310	5,495,310
Total diluted earnings per share for the period	0.0487	0.0539	0.0513

In thousands of reais

			03/31/2021
Parent company and Consolidated	Common shares (ON)	Preferred shares (PN) (i)	Total
Denominator			
Weighted average of total number of shares	302,010,689	286,051,533	588,062,222
Weighted number of treasury shares	(32)	9,119,232	9,119,200
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
% of shares in relation to total	50.57%	49.43%	100.00%
Basic numerator			
Income for the period attributable to each share class	63,324	68,331	131,655
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
Total basic earnings per share for the period	0.2097	0.2315	0.2205
Diluted numerator			
Income for the period attributable to each share class	62,743	68,912	131,655
Weighted average number of outstanding shares	302,010,657	295,170,765	597,181,422
Weighted average of the number of stock option	-	4,988,162	4,988,162
Total diluted earnings per share for the period	0.2078	0.2296	0.2186

(i) Preferred shares are entitled to dividend 10% higher than common shares.

33. ASSUMED COMMITMENTS

The Company has commitments derived from its electric power supply agreement, according to which a minimum monthly volume of 11,119 MWh, equivalent to R$ 2,558, should be acquired, which may be changed with a minimum term of six months if the Company does not use the total contracted power. It may sell the surplus on the market and because of this, does not expect to incur losses.

34. INSURANCE COVERAGE

The Company and its subsidiaries adopt the policy of contracting insurance to cover property, plant and equipment and inventories subject to risk of fire, at the technical replacement value, and to cover loss of profits. As at March 31, 2022, the insurance coverage in the consolidated was considered sufficient by Management to cover the risks involved.

Audit Committee Opinion

ALPARGATAS S.A.
Publicly Company

CNPJ [EIN]: 61.079.117/0001-05

Audit Committee Opinion

The Chief Financial and Investor Relations Officer presented the main financial indicators for the period ended March 31, 2022. Independent auditors presented independent auditors' report for the period ended March 31, 2022. After clarifying, analyzing and discussing the relevant aspects of this interim financial information together with the independent auditors, the members of the Audit Committee issued the following opinion: *"With the conclusion of the review of interim financial information for the period ended March 31, 2022 and after confirmation of the accuracy of all the elements analyzed, considering the unqualified report of PricewaterhouseCoopers Auditores Independentes, the effective members of the Audit Committee of Alpargatas S/A. believe that these documents fairly reflect the financial condition and the activities developed by the company in the period then ended and present conditions to be submitted to appreciation of the Board of Directors".*

São Paulo, May 05, 2022.

Ricardo Baldin
Committee coordinator

Alfredo S. Lazzareschi Neto
Committee Member

Carlos A. Reis de Athayde Fernandes
Committee Member

Rodolfo Villela Marino
Committee Member

Opinions and Statements / Statement of the Directors on the Interim financial information

STATEMENT OF EXECUTIVE BOARD ON INTERIM FINANCIAL INFORMATION

In compliance with article 25, paragraph 1, item II of CVM Instruction 480/09, the Executive Board states that reviewed, discussed and agreed with interim financial information for the period ended March 31, 2022 of Alpargatas S.A.

São Paulo, May 05, 2022.

Roberto Funari
CEO

Adalberto Fernandes Granjo

Edson Rubião Gonzales

José Roberto Martinez Daniello

Julian Garrido Del Val Neto

Opinions and Statements / Statement of the Directors on Independent Auditor's Report

STATEMENT OF THE EXECUTIVE BOARD ON INDEPENDENT AUDITOR'S REPORT

In compliance with article 25, paragraph 1, item V of CVM Instruction 480/09, the Executive Board states that reviewed, discussed and agreed with the opinions expressed in the independent auditor's report on interim financial information for the period ended March 31, 2022 of Alpargatas S.A.

São Paulo, May 05, 2022.

Roberto Funari
CEO

Adalberto Fernandes Granjo

Edson Rubião Gonzales

José Roberto Martinez Daniello

Julian Garrido Del Val Neto