

(A free translation of the original in Portuguese)

Alpargatas S.A.
Quarterly information (ITR) at
September 30, 2022
and report on review of
quarterly information



(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim financial information of Alpargatas S.A. (“Company”), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2022, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim financial information 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 issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on 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 on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



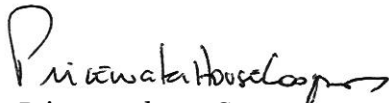
Alpargatas S.A.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim financial information 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 consistent with the parent company and consolidated interim financial information taken as a whole.

São Paulo, November 3, 2022


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

Marcelo Orlando
Contador CRC 1SP217518/O-7

ALPARGATAS S.A AND SUBSIDIARIES

Statements of financial position

September 30, 2022 and December 31, 2021

In thousands of reais

ASSETS	Note	Parent company		Consolidated		LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company		Consolidated	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021			09/30/2022	12/31/2021	09/30/2022	12/31/2021
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	5	179,938	425,535	240,984	583,176	Suppliers	16	593,980	619,796	618,201	643,731
Trade accounts receivable	6	798,024	825,006	878,427	750,778	Forfeiting	17	249,580	236,651	249,580	236,651
Inventories	7	1,212,372	789,848	1,439,905	1,009,261	Loans and financing	18	313,366	81,512	361,348	107,895
Recoverable taxes	8	274,790	141,551	293,739	172,768	Lease liabilities	15,1	15,609	13,759	29,618	34,564
Prepaid expenses		36,515	30,583	47,532	48,583	Tax liabilities	19	18,917	24,762	63,738	36,438
Accounts receivable from sale of subsidiary	11	126,635	-	126,635	-	Long-term incentive plan	24,2	56,498	54,159	56,862	54,701
Assets held for sale	11	-	-	-	617,710	Accounts payable for acquisition of subsidiary and associated company	12	-	2,403,788	-	2,403,788
Other receivables		97,946	193,272	-	-	Provisions and other obligations	20	74,280	94,449	157,659	150,963
			29,372	114,279	42,112	Labor and social security obligations	21	142,645	142,669	159,549	171,375
Total current assets		2,726,220	2,435,167	3,141,501	3,224,388	Provision for tax, civil and labor contingencies	23	8,662	8,133	8,662	8,236
						Interest on own capital and dividends payable	25,3	80,924	91,755	80,924	91,755
						Liabilities from asset held for sale	11	-	-	-	351,220
						Total current liabilities		1,554,461	3,771,433	1,786,141	4,291,317
NON-CURRENT ASSETS						NON-CURRENT LIABILITIES					
Interest earning bank deposits	5	9,467	8,860	9,467	8,860	Loans and financing	18	19,718	2,609	19,718	2,609
Trade accounts receivable	6	170	569	170	569	Lease liabilities	15,1	80,562	83,430	127,821	143,071
Accounts receivable for the sale of subsidiary	11	253,269	233,905	253,269	233,905	Deferred income tax and social contribution	9,1	-	-	601	726
Recoverable taxes	8	153,996	246,713	153,996	246,713	Provision for tax, civil and labor contingencies	23	7,656	14,458	7,656	14,458
Deferred income tax and social contribution	9,1	47,387	38,535	56,879	51,820	Long-term incentive plan	24,2	10,608	10,801	16,065	18,277
Judicial deposits	10	30,394	31,339	30,394	31,339	Accounts payable for acquisition of subsidiary	12	76,028	69,917	76,028	69,917
Related parties	22,1	635	9,114	-	-	Other liabilities		73,874	21,179	13,587	24,178
Other receivables		6,069	6,654	14,414	9,122	Total non-current liabilities		268,446	202,394	261,476	273,236
Long-term assets						SHAREHOLDERS' EQUITY					
Investments:						Capital	25,1	3,967,128	1,500,000	3,967,128	1,500,000
Subsidiary and associated companies	12	2,906,318	3,176,736	2,384,412	2,705,560	Capital reserves		156,011	149,344	156,011	149,344
Other		145	145	197	201	Profit reserve		1,826,926	1,684,646	1,826,926	1,684,646
Property, plant and equipment	13	1,131,058	809,187	1,163,058	841,263	Equity valuation adjustment		(89,897)	61,655	(89,897)	61,655
Right-of-use assets	15	92,663	97,007	153,662	177,527	Shareholders' equity attributable to controlling shareholders		5,860,168	5,860,168	5,860,168	3,395,645
Intangible assets	14	325,284	275,541	548,280	500,497	Non-controlling interest in shareholders' equity of subsidiaries		-	-	1,914	71,566
Total non-current assets		4,956,855	4,934,305	4,768,198	4,807,376	Total shareholders' equity		5,860,168	3,395,645	5,862,082	3,467,211
TOTAL ASSETS		7,683,075	7,369,472	7,909,699	8,031,764	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,683,075	7,369,472	7,909,699	8,031,764

ALPARGATAS S.A AND SUBSIDIARIES

Statement of operations for the year

September 30, 2022 and December 31, 2021

In thousands of reais

Note	Parent company				Consolidated				
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	
CONTINUED OPERATIONS									
Net operating revenue	26	933,695	2,409,016	841,350	2,096,328	1,089,926	3,078,484	987,899	2,879,575
Cost of products sold	27	(531,271)	(1,474,624)	(507,079)	(1,283,129)	(573,642)	(1,566,830)	(511,713)	(1,381,580)
GROSS INCOME		402,424	934,392	334,271	813,199	516,284	1,511,654	476,186	1,497,995
OPERATING (EXPENSES) REVENUES									
Sales expenses	27	(171,590)	(455,756)	(123,495)	(382,908)	(304,538)	(911,526)	(269,583)	(847,153)
General and administrative expenses	27	(49,548)	(140,981)	(40,710)	(115,593)	(49,858)	(141,747)	(40,711)	(115,691)
Equity in net income of subsidiaries	12	(89,674)	(99,760)	1,657	179,821	(59,547)	(168,877)	-	-
Other expenses, net	28	(18,386)	(75,847)	(10,931)	(39,572)	(22,179)	(75,276)	(13,412)	(49,600)
		(329,198)	(772,344)	(173,479)	(358,252)	(436,122)	(1,297,426)	(323,706)	(1,012,444)
OPERATING INCOME BEFORE FINANCIAL INCOME (LOSS)		73,226	162,048	160,792	454,947	80,162	214,228	152,480	485,551
Financial revenues	29	19,568	87,454	12,193	28,265	19,729	88,228	12,441	28,418
Financial expenses	29	(17,845)	(57,324)	(5,984)	(16,093)	(20,375)	(63,057)	(7,621)	(20,003)
Gains on derivative operations	29	-	-	-	4,685	-	-	-	4,685
Losses on operations with derivatives	29	-	(192,996)	-	(4,579)	-	(192,996)	-	(4,579)
Net exchange-rate change		(2,749)	243,192	18,379	(2,459)	(4,933)	240,385	24,250	12,324
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		72,200	242,374	185,380	464,766	74,583	286,788	181,550	506,396
Income tax and social contribution - Current	9,2	1,257	22,591	(2,465)	(2,465)	(1,688)	(22,617)	(3,462)	(45,575)
Income tax and social contribution - Deferred	9,2	(29,009)	(59,606)	(31,217)	(38,119)	(28,652)	(59,589)	(26,361)	(36,714)
NET INCOME FOR THE PERIOD FROM CONTINUED OPERATIONS		44,448	205,359	151,698	424,182	44,243	204,582	151,727	424,107
INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	11	673	(63,088)	4,623	(28,750)	673	(75,074)	5,988	(34,601)
NET INCOME FOR THE PERIOD		45,121	142,271	156,321	395,432	44,916	129,508	157,715	389,506
INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS									
Controlling shareholders		673	(63,088)	4,623	(28,750)	673	(63,088)	4,623	(28,750)
Non-controlling shareholders		-	-	-	-	-	(11,986)	1,365	(5,851)
INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Controlling shareholders		45,121	142,271	156,321	395,432	45,121	142,271	156,321	395,432
Non-controlling shareholders		-	-	-	-	(205)	(12,763)	1,394	(5,926)
EARNINGS PER SHARE FOR THE PERIOD - CONTINUED OPERATIONS									
Basic earnings per common share - R\$	32	0.0934	0.3182	0.2416	0.6756	0.0934	0.3182	0.2416	0.6756
Basic earnings per preferred share - R\$	32	0.1047	0.3522	0.2667	0.7459	0.1047	0.3522	0.2667	0.7459
Diluted earnings per common share - R\$	32	0.0925	0.3152	0.2392	0.6692	0.0925	0.3152	0.2392	0.6692
Diluted earnings per preferred share - R\$	32	0.1038	0.3492	0.2646	0.7396	0.1038	0.3492	0.2646	0.7396
EARNINGS (LOSS) PER SHARE FOR THE PERIOD - DISCONTINUED OPERATIONS									
Basic earnings per common share - R\$	32	0.0012	(0.0879)	0.0074	(0.0458)	0.0012	(0.0879)	0.0074	(0.0458)
Basic earnings per preferred share - R\$	32	0.0008	(0.0973)	0.0081	(0.0506)	0.0008	(0.0973)	0.0081	(0.0506)
Diluted earnings per share - Common shares - R\$	32	0.0012	(0.0871)	0.0073	(0.0454)	0.0012	(0.0871)	0.0073	(0.0454)
Diluted earnings per share - Preferred shares - R\$	32	0.0008	(0.0965)	0.0080	(0.0501)	0.0008	(0.0965)	0.0080	(0.0501)
EARNINGS PER SHARE FOR THE PERIOD									
Basic earnings per common share - R\$	32	0.0946	0.2303	0.2490	0.6298	0.0946	0.2303	0.2490	0.6298
Basic earnings per preferred share - R\$	32	0.1055	0.2549	0.2749	0.6953	0.1055	0.2549	0.2749	0.6953
Diluted earnings per common share - R\$	32	0.0937	0.2282	0.2465	0.6239	0.0937	0.2282	0.2465	0.6239
Diluted earnings per preferred share - R\$	32	0.1046	0.2528	0.2726	0.6894	0.1046	0.2528	0.2726	0.6894

ALPARGATAS S.A AND SUBSIDIARIES

Statement of comprehensive income

September 30, 2022 and December 31, 2021

In thousands of reais

	Parent company				Consolidated			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
NET INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS	44,448	205,359	151,698	424,182	44,243	204,582	151,727	424,107
Other comprehensive income to be reclassified to income (loss) for the subsequent years:								
Gain (losses) in translation of financial statements of foreign subsidiaries	74,548	(159,578)	7,687	(23,445)	74,550	(159,957)	8,239	(24,200)
INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	673	(63,088)	4,623	(28,750)	673	(75,074)	5,988	(34,601)
Gains (losses) in translation of financial statements of foreign subsidiaries - Discontinued	-	3,701	-	-	-	6,166	(1,995)	-
Write-off for sale of subsidiary	-	4,325	-	-	-	(54,650)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	119,669	(9,281)	164,008	371,987	119,466	(78,933)	163,959	365,306
Total comprehensive income for the period attributable to:								
Controlling shareholders	119,669	(9,281)	164,008	371,987	119,669	(9,281)	164,008	371,987
Non-controlling shareholders	-	-	-	-	(203)	(69,652)	(49)	(6,681)

ALPARGATAS S.A AND SUBSIDIARIES
Statement of changes in quotaholders' equity
For the periods ended September 30, 2022 and December 31, 2021
In thousands of reais

	Profit reserves					Equity valuation adjustments	Retained earnings	Shareholders' equity attributable to controlling shareholders	Non-controlling interest in shareholders' equity of subsidiaries	Total shareholders' equity
	Capital	Capital reserves	Legal	From tax incentives	For investments / to be distributed					
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	-	-	-	-	-	-	142,271	142,271	(12,763)	129,508
Capital increase for the secondary issue of shares	2,498,500	-	-	-	-	-	-	2,498,500	-	2,498,500
Share issue costs	(47,332)	-	-	-	-	-	-	(47,332)	-	(47,332)
Expenditures with issue of associated companies' shares	-	(21,026)	-	-	-	-	-	(21,026)	-	(21,026)
Deferred income tax on issue of shares	15,960	-	-	-	-	-	-	15,960	-	15,960
Sale of treasury shares (ILP)	-	7,423	-	-	-	-	-	7,423	-	7,423
Granting of shares	-	12,847	-	-	-	-	-	12,847	-	12,847
Stock options of associated companies	-	7,423	-	-	-	-	-	7,423	-	7,423
Other comprehensive income	-	-	-	-	-	(155,877)	-	(155,877)	2,086	(153,791)
Write-off for sale of subsidiary	-	-	-	-	-	4,325	-	4,325	(58,975)	(54,650)
Formation of reserves:	-	-	-	-	-	-	-	-	-	-
For tax incentives	-	-	-	142,271	-	-	(142,271)	-	-	-
BALANCES AT SEPTEMBER 30, 2022	3,967,128	156,011	87,187	1,636,807	102,932	(89,897)	-	5,860,168	1,914	5,862,082

ALPARGATAS S.A AND SUBSIDIARIES

Statements of cash flows

For the nine-month periods ended September 30, 2022 and 2021

In thousands of reais

	Parent company		Consolidated	
	01/01/2022– 09/30/2022	01/01/2021– 09/30/2021	01/01/2022– 09/30/2022	01/01/2021– 09/30/2021
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period from discontinued operations	205,359	424,182	204,582	424,107
Adjustments to reconcile net income for the period from continued operation to the net cash generated by operating activities:				
Depreciation and amortization	76,676	54,736	92,801	65,736
Income (loss) from sale/write-off of property, plant and equipment	3,010	1,341	4,037	1,979
Equity in net income of subsidiaries	99,760	(179,821)	168,877	-
Interest, inflation adjustment, exchange-rate changes, and adjustment at fair value	(258,072)	(11,750)	(257,386)	(11,088)
Provision for labor, civil and tax contingencies	8,772	10,923	8,772	10,923
Deferred income tax and social contribution	37,015	40,584	82,206	82,289
Inventory losses – provision for inventory and inventory adjustment	11,750	5,366	11,768	5,366
Provision for expected loss on accounts receivable	928	(4,720)	4,501	(5,692)
(Gain) loss from fair value of derivative financial instruments	192,996	(106)	192,996	(106)
Inflation adjustment of judicial deposits and tax credits	(17,849)	(13,016)	(17,849)	(13,015)
Provision for loss in property, plant and equipment/intangible asset - impairment	(4,607)	(1,623)	(4,607)	(1,623)
Other provisions	(845)	3,491	(845)	3,491
Recognized options granted	20,270	9,732	20,275	9,723
Provision for interest - IFRS 16	6,055	5,765	7,042	6,872
Depreciation from right-of-use - IFRS 16	13,722	11,696	27,686	29,308
Income (loss) on write-off of right-of-use – IFRS 16	-	(361)	(1,380)	(451)
Provision for long-term incentive plan	11,085	16,162	9,831	21,623
	406,025	372,581	553,307	629,442
Decrease (increase) in assets and liabilities:				
Trade accounts receivable	25,109	42,287	(147,984)	(56,506)
Inventories	(436,573)	(303,190)	(475,601)	(280,431)
Prepaid expenses	(5,932)	(16,388)	56	(21,609)
Recoverable taxes	(5,114)	37,685	(7,863)	42,715
Suppliers	(29,902)	110,082	(1,246)	103,531
Forfeiting	12,929	(5,052)	12,929	(15,000)
Tax liabilities	116	1,196	3,151	1,021
Payment of income tax and social contribution	(40,321)	(4,476)	(42,053)	5,823
Labor and social security obligations	(24)	57,212	(8,321)	66,550
Contingencies	(17,775)	(11,760)	(17,876)	(17,353)
Derivative payments	(192,996)	(1,289)	(192,996)	(1,289)
Payment of charges, loans and financing	(4,372)	(2,704)	(27,170)	(4,555)
Net cash generated (consumed) in discontinued operations	(5,100)	118,168	(5,100)	101,661
Other	(12,137)	(48,620)	(39,894)	(84,243)
Net cash generated by (used in) operating activities	(306,067)	345,732	(396,661)	469,757
CASH FLOW FROM INVESTMENT ACTIVITIES				
Capital increase in subsidiaries and acquisition of investments	(26,439)	(95,448)	-	(89,186)
Acquisition of property, plant and equipment and intangible assets	(489,176)	(159,106)	(511,253)	(180,577)
Interest earning bank deposits	(6,284)	(23,810)	(6,284)	(23,810)
Redemption of interest earning bank deposits	8,860	28,009	8,860	28,009
Dividends and interest on own capital received	34,738	-	-	-
Net cash consumed by discontinued operations	(1,226)	-	(1,226)	(4,406)
Cash assumed upon acquisition of Subsidiary (loasys)	-	-	-	1,784
Receipt from sale of operation (Mizuno)	-	38,337	-	38,337
Payment for the acquisition of Company (Rothy's and loasys)	(2,130,133)	-	(2,130,133)	-
Net cash (used) in investment activities	(2,609,660)	(212,018)	(2,640,036)	(229,849)
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings and financing	369,235	-	434,164	100,010
Payment of loans and financing - Principal	(130,543)	(43,098)	(147,063)	(96,630)
Payment of interest on own capital and dividends	(10,831)	(16)	(10,831)	(16)
Payment of principal from lease - IFRS 16	(10,266)	(8,749)	(22,977)	(22,861)
Payment of lease interest - IFRS 16	(6,055)	(5,765)	(7,042)	(6,872)
Sale of treasury stock	7,423	3,206	7,423	3,206
Restricted stock offer, net of offer costs	2,451,167	-	2,451,167	-
Net cash generated by (used in) financing activities	2,670,130	(54,422)	2,704,841	(23,163)
Effect in exchange rate change on cash and cash equivalents	-	-	(10,336)	4,933
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(245,597)	79,292	(342,192)	221,678
Opening balance of cash and cash equivalents	425,535	505,222	583,176	693,004
Closing balance of cash and cash equivalents	179,938	584,514	240,984	914,682
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(245,597)	79,292	(342,192)	221,678

ALPARGATAS S.A AND SUBSIDIARIES

Statements of added value

For the nine-month periods ended September 30, 2022 and 2021

In thousands of reais

	Parent company		Consolidated	
	01/01/2022– 09/30/2022	01/01/2021– 09/30/2021	01/01/2022– 09/30/2022	01/01/2021– 09/30/2021
REVENUES	2,777,264	2,461,411	3,462,579	3,250,133
Sales of goods and products	2,770,516	2,412,558	3,447,891	3,197,594
Provision for expected loss (impairment) on accounts receivable	(928)	4,720	(4,501)	5,692
Other revenues	7,676	44,133	19,189	46,847
INPUTS ACQUIRED FROM THIRD PARTIES	(1,154,327)	(1,006,350)	(1,541,105)	(1,418,059)
Cost of goods and products sold	(931,047)	(813,064)	(973,019)	(877,623)
Materials, energy, outsourced services and other	(223,155)	(189,661)	(567,242)	(542,541)
Gain (loss) with asset values	(3,694)	(2,752)	(3,700)	2,978
Other	3,569	(873)	2,856	(873)
REVENUES - INPUTS = GROSS ADDED VALUE	1,622,937	1,455,061	1,921,474	1,832,074
RETENTIONS	(90,398)	(66,432)	(120,487)	(95,044)
Depreciation and amortization	(90,398)	(66,432)	(120,487)	(95,044)
ADDED VALUE PRODUCED BY THE COMPANY	1,532,539	1,388,629	1,800,987	1,737,030
ADDED VALUE RECEIVED AS TRANSFER	246,774	208,862	169,382	25,489
Equity in net income of subsidiaries	(99,760)	179,821	(168,877)	-
Financial revenues - including exchange-rate changes	406,504	49,832	410,215	52,131
Other	3,118	7,959	3,118	7,959
Income from discontinued operations	(63,088)	(28,750)	(75,074)	(34,601)
ADDED VALUE PAYABLE	1,779,313	1,597,491	1,970,369	1,762,519
DISTRIBUTION OF ADDED VALUE	1,779,313	1,597,491	1,970,369	1,762,519
PERSONNEL	606,890	559,801	723,584	674,676
Direct remuneration	440,922	399,432	548,242	500,831
Benefits	133,930	130,539	142,481	143,871
FGTS (severance indemnity fund)	32,038	29,830	32,861	29,974
TAXES, RATES AND CONTRIBUTIONS	663,407	563,713	728,102	620,848
Federal	416,045	349,471	479,315	405,116
State	246,008	212,630	246,395	213,783
Municipal	1,354	1,612	2,392	1,949
THIRD-PARTY CAPITAL REMUNERATION	366,745	78,545	389,175	77,489
Interest	319,365	41,975	330,937	33,362
Rentals	17,171	10,492	28,181	18,090
Other	30,209	26,078	30,057	26,037
REMUNERATION OF OWN CAPITAL	142,271	395,432	129,508	389,506
Retained earnings	142,271	395,432	142,271	395,432
Non-controlling interest in retained earnings	-	-	(12,763)	(5,926)

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

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, nº 14.261, 9º, 10º e 11º 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 its 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 loasys and Innovation

On May 7, 2021, the Company completed acquisition of 100% of the capital of loasys Desenvolvimento de Software Ltda. and Innovation Oasys Desenvolvimento de Sistemas Ltda. (jointly called “loasys”) upon execution of the respective Quota Purchase and Sale Agreement 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, with focus on user experience.

Amounts related to investment, goodwill and allocation of prices to assets identified in this transaction are shown in Note 12.2.

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 received in 3 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.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

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. With over 2,000 customers, Rothy's products are sold directly online and through single-brand stores. Rothy's has been recognized for awards including TIME Most Influential Companies, Fast Company 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, in December 2021.
- (ii) Second closing of primary acquisition in the amount of US\$ 150,000, equivalent to R\$ 717,388, which took place in March 2022.
- (iii) Secondary acquisition in the amount of US\$ 273,240, equivalent to R\$ 1,367,449, which took place in May 2022, in which the Company acquired shares, options or warrants from the selling shareholders of Rothy's.

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 Company also has a call option related to all Rothy's shares, which may be exercised, at Alpargatas' discretion, between December 2022 and December 2025.

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

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

During the period ended September 30, 2022, there were stock option exercises held by Rothy's executives that are part of the Company's attraction, retention and alignment program. As a result of such exercises, new shares were issued in a total amount of 1.2% of the total number of Rothy's shares. As a result, Alpargatas' equity interest was diluted from 49.9% to 49.3%. This dilution caused a loss in the Company's investment, as shown 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"). 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. The expenses related to this issue amounted to R\$ 31,372.

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.

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, during the nine-month period ended September 30, 2022, provisions were recorded 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. On September 30, 2022, the balance receivable was R\$ 63,834.

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 nine-period ended September 30, 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 and the Board of Directors authorized the issue of this interim financial information on November 03, 2022.

2.2. Basis for preparation of the interim financial information

The individual and consolidated interim financial information were 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.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

2.3. Use of estimates and judgments

In 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

Subsidiaries are all the entities (including structured entities) in which the Group retains control. The subsidiaries are fully consolidated as of the date control is transferred to the Group. Consolidation is interrupted beginning as of the date in which the Group no longer holds control.

Identifiable assets acquired and liabilities and contingent liabilities assumed for the acquisition of subsidiaries 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 its 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. Costs related to the acquisition are accounted for in income for the year, as incurred

Transactions, balances and unrealized gains in transactions between Group's companies are eliminated. Unrealized losses are also eliminated, unless the transaction shall provide impairment evidence of the asset transferred. The accounting policies of the subsidiaries are changed when required in order to ensure the consistency with the policies adopted by the Group.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the nine-month period ended September 30, 2022
In thousands of reais

ii. Associate

Associated companies are the entities in which the Company has, directly or indirectly, significant influence but not control or jointly-control on financial and operating policies. Such investments are initially recognized by the cost. After initial recognition, financial statements include the Company's interest in net income or loss for the year and other comprehensive income of the investee up to the date in which significant influence or joint control no longer exists.

The Company had the following associated company on September 30, 2022:

	Core business	Interest (%)	
		09/30/2022	12/31/2021
Direct interest:			
Rothy's Inc. (i)	Manufacture and sale of footwear and textile products, mainly in the North-American market	49.30	49.90

(i) Company acquired in 2021, as mentioned in Note 1.4.

iii. Non-controlling interest

The Group chose to measure non-controlling interests initially at their proportion in identifiable net assets of each 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.

iv. 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 by the proportion of 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.

The excess of the consideration over the value 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.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

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

	Core business	Interest (%)	
		09/30/2022	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	0.00	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. (iii)	Technology and digital innovation	-	100.00
IOASYS Desenvolvimento de Software Ltda. (ii)	Technology and digital innovation	100.00	100.00
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) During the period ended September 30, 2022, the company Innovation Oasys Desenvolvimento de Sistemas Ltda was merged into the subsidiary ioasys Desenvolvimento de Software Ltda.

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 expire in 2027 in Campina Grande, Montes Claros and Carpina and in 2030 in Santa Rita.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the nine-month period ended September 30, 2022
In thousands of reais

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

		Parent Company and Consolidated	
		01/01/2022–09/30/2022	01/01/2021–09/30/2021
ICMS grant:			
Paraíba	(i)	88,049	92,875
Pernambuco	(ii)	17,051	15,051
Minas Gerais	(iii)	49,696	39,029
IRPJ incentives:			
SUDENE Region		8,170	7,310
Total		162,966	154,265

- (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 September 30, 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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Cash and banks (i)	9,681	142,553	64,584	261,096
Interest earning bank deposits:				
Floating-rate Bank Deposit Certificate (CDBs) (ii)	62,621	282,982	62,627	320,084
Floating-rate repurchase and resale agreements (ii)	107,636	-	107,636	-
CDT – Alpargatas Colombia SAS (iii)	-	-	6,137	1,996
Total	179,938	425,535	240,984	583,176

- (i) As at September 30, 2022, the Company had a total balance of US\$ 1,300, equivalent to R\$ 7,100, available to meet the commitments for the coming months in that currency. In consolidated, in addition to company's amount in foreign currency, foreign subsidiaries' cash is added, invested in *Time Deposit*.
- (ii) As at September 30, 2022, CDBs (Bank Deposit Certificates) and repurchase and resale agreements of the company had an average remuneration of 87.46% of CDI (101.17% as of December 31, 2021). The maturity terms are distributed between October 2022 and October 2023, with no grace period.
- (iii) On September 30, 2022, the subsidiary Alpargatas Colômbia S.A.S. had investments represented by liquid fixed income security, in Colombian pesos.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

5.2. Interest earning bank deposits

As at September 30, 2022, the balance of interest earning bank deposits refers to floating rate Bank Deposit Certificates (CDBs) with an average yield of 98.79% of the CDI (99.00% as at December 31, 2021).

	Parent Company and Consolidated	
	09/30/2022	12/31/2021
Floating-rate Bank Deposit Certificates (CDBs) with grace period above 12 months (CDBs) (i)	9,467	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 the nominal value of securities, net of provision for estimated losses (impairment), which are assessed considering an individual analysis of receivables, of the economic environment and the history of losses recorded in prior periods:

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Domestic market	702,495	658,686	722,447	670,305
Foreign market (i)	46,474	46,757	219,644	143,958
Related parties (Note 22.1)	100,156	170,487	-	-
Provision for estimated losses (Impairment)	(50,931)	(50,355)	(63,494)	(62,916)
Total	798,194	825,575	878,597	751,347
Current installment	798,024	825,006	878,427	750,778
Non-current installment	170	569	170	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 ageDomestic market

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Falling due	628,826	604,719	648,778	616,058
Overdue (days):				
up to 30	12,432	10,636	12,432	10,647
31–60	4,740	1,848	4,740	1,893
61–90	3,612	1,586	3,612	1,634
91–180	5,868	2,792	5,868	2,968
>181	47,017	37,105	47,017	37,105
Total	702,495	658,686	722,447	670,305

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

Foreign market

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
Falling due	39,661	38,552	165,870	116,120
Overdue (days):				
up to 30	-	1,143	19,632	7,220
31-60	-	-	6,114	1,289
61-90	-	30	7,990	1,659
91-180	-	-	7,549	2,268
>181	6,813	7,032	12,489	15,402
Total	46,474	46,757	219,644	143,958

6.2. Provision for estimated losses (Impairment)

Changes in the provision for expected losses (impairment) for the period ended September 30, 2022 are shown below:

	<u>Parent company</u>	<u>Consolidated</u>
Balances at December 31, 2021	(50,355)	(62,916)
Additions and reversals	(928)	(4,501)
Other changes (write-offs and exchange rate change)	352	3,923
Balances at September 30, 2022	(50,931)	(63,494)

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
Falling due	(321)	(4,816)	(320)	(4,816)
Overdue (days):				
up to 30	(29)	(141)	(170)	(341)
31-60	(47)	(109)	(47)	(109)
61-90	(51)	(117)	(51)	(117)
91-180	(1,978)	(1,035)	(1,978)	(1,035)
>181	(41,692)	(37,105)	(41,692)	(37,105)
Total	(44,118)	(43,323)	(44,258)	(43,523)

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

Foreign market

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Overdue (days):				
up to 30	-	-	(680)	(535)
31-60	-	-	(1,305)	(143)
61-90	-	-	(2,797)	(1,467)
91-180	-	-	(1,965)	(1,846)
>181	(6,813)	(7,032)	(12,489)	(15,402)
Total	(6,813)	(7,032)	(19,236)	(19,393)
Grand total	(50,931)	(50,355)	(63,494)	(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 in case 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 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 September 30, 2022 was R\$ 11,958 in the Parent Company and Consolidated (R\$ 5,281 as at December 31, 2021 in the Parent Company and Consolidated). Furthermore, there were some provisions for franchisees related to COVID in December, which were reversed during 2022.

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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Finished goods	575,171	298,785	803,010	519,171
Work in process	80,960	68,720	80,669	68,068
Raw materials	425,916	320,118	425,369	319,008
Imports in progress	128,794	100,316	128,689	100,316
Other	1,531	1,909	2,168	2,698
Total	1,212,372	789,848	1,439,905	1,009,261

Changes in the provision for inventory losses for the period ended September 30, 2022 are shown below:

	Parent company	Consolidated
Balances at December 31, 2021	(7,018)	(15,350)
Additions and reversals	(11,750)	(11,768)
Write-offs and other changes	10,400	12,283
Balances at September 30, 2022	(8,368)	(14,835)

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

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 September 30, 2022, there was no portion of the inventory pledged as collateral.

8. RECOVERABLE TAXES

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Income tax and social contribution on inflation adjustment of undue amounts paid (i)	52,372	52,270	52,372	52,270
Prepayments of income tax and social contribution	46,274	1,298	46,281	1,509
Withholding income tax (IRRF)	9,874	5,440	10,610	6,119
Value-added tax on sales and services (ICMS)	7,759	3,992	7,759	3,992
Excise Tax - IPI	1,689	780	1,689	780
Recoverable PIS and COFINS (iii)	177,611	24,960	178,044	25,117
PIS and COFINS (ICMS basis) (ii)	110,971	283,863	110,971	283,863
Recoverable INSS	13,793	13,219	13,793	13,219
<i>Alpargatas Europe S.L.U. - Spain:</i>				
Value added tax (IVA)	-	-	-	5,304
Prepayments of income tax	-	-	7,971	16,045
<i>Alpargatas Colombia S.A.S.</i>				
Value added tax (IVA)	-	-	6,526	5,969
Prepayments of income tax	-	-	765	575
Other	8,443	2,442	10,954	4,719
Total	428,786	388,264	447,735	419,481
Current installment	274,790	141,551	293,739	172,768
Non-current installment	153,996	246,713	153,996	246,713

- (i) Refers to tax credit arising from income tax and social contribution on inflation adjustment of undue payments, as mentioned in Note 23.4.
- (ii) 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. Thus, the total amount enabled related to the legal argument amounted to R\$ 373,082, and the restated amount of R\$ 271,629 has already been offset up to the third quarter of 2022.
- (iii) The Company opted to first use the credits from the PIS and COFINS lawsuit based on ICMS mentioned in item ii.

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.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

Origins are shown below:

Description	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Assets				
Provision for estimated losses (Impairment)	2,240	3,232	3,653	3,818
Provision for inventory losses, including taxes	6,962	5,855	7,197	6,255
Provision for tax, civil and labor contingencies	7,261	12,268	7,261	12,268
Provision for long-term incentive plan	22,862	22,086	25,888	25,539
Provision for impairment loss in property, plant and equipment	2,226	3,793	2,226	3,793
Recognition adjustment of sales revenue	3,531	1,299	3,531	1,299
Tax losses and the negative social contribution base	18,580	-	24,855	7,180
Other temporary differences	31,932	32,256	30,475	34,145
Total gross tax credits	95,594	80,789	105,086	94,297
Liabilities and shareholders' equity				
Goodwill in the acquisition of subsidiaries - amortized for tax purposes (i)	18,313		18,313	
Inflation adjustment of judicial deposits	4,492	4,513	4,492	4,513
Changes in the tax depreciation rate of property, plant and equipment	21,738	19,428	21,738	19,428
Other temporary differences	3,664	-	4,265	949
Total gross tax debits	48,207	42,254	48,808	43,203
Total tax credits, net	47,387	38,535	56,278	51,094
Deferred tax assets	47,387	38,535	56,879	51,820
Deferred taxes - liabilities	-	-	(601)	(726)
Total tax credits, net	47,387	38,535	56,278	51,094

(i) The Company enjoyed the goodwill tax benefit on merger of subsidiary CBS S.A. - Companhia Brasileira de Sandálias.

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

	09/30/2022	12/31/2021
2022	20,505	18,859
2023	13,146	19,073
2024	13,485	19,357
>2025	57,950	37,008
Total - consolidated	105,086	94,297

As at September 30, 2022, the Company had 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:

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

	<u>09/30/2022</u>	<u>12/31/2021</u>
Alpargatas USA Inc. – United States	56,349	51,738
Osklen USA Holding Corp – USA	-	10,751
Alpargatas Asia Ltd. – Hong Kong	203	-
Alpargatas Trading (Shanghai) Co., Ltd.	4,964	5,563
Alpargatas Índia Fashions Private Ltd. – India	3,640	4,062
Terras de Aventura Ind. de Artigos Esportivos S.A.	-	8,044
Alpargatas Colombia SAS	13,586	15,269
Total tax credit, not formed	<u>78,742</u>	<u>95,427</u>

The tax credit on tax losses generated by subsidiaries in United States 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 September 30, 2022 are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Balances at December 31, 2021	<u>38,535</u>	<u>51,094</u>
Effects on income (loss)	(59,606)	(59,589)
Deferred income tax/social contribution on the provision for impairment of Osklen	43,805	43,805
Income (loss) from discontinued operation	24,653	24,653
Exchange-rate change and other changes	-	(3,685)
Balances at September 30, 2022	<u>47,387</u>	<u>56,278</u>

9.2. Current

Reconciliation of income tax and social contribution on net income:

	<u>Parent company</u>				<u>Consolidated</u>			
	<u>07/01/2022– 09/30/2022</u>	<u>01/01/2022– 09/30/2022</u>	<u>07/01/2021– 09/30/2021</u>	<u>01/01/2021– 09/30/2021</u>	<u>07/01/2022– 09/30/2022</u>	<u>01/01/2022– 09/30/2022</u>	<u>07/01/2021– 09/30/2021</u>	<u>01/01/2021– 09/30/2021</u>
Income before income tax and social contribution	72,200	242,374	185,380	464,766	74,583	286,788	181,550	506,396
Combined tax rate for income tax and social contribution	34%	34%	34%	34%	34%	34%	34%	34%
Expected income tax and social contribution expense at current tax rate	(24,548)	(82,407)	(63,029)	(158,020)	(25,358)	(97,508)	(61,727)	(172,175)
Equity in net income of subsidiaries	(30,489)	(33,918)	563	61,139	(20,246)	(57,418)	-	-
Investment grant – ICMS	24,921	54,862	20,865	51,004	24,921	54,862	20,865	51,004
Federal tax grant - IRPJ (Corporate Income Tax)	-	-	7,311	7,311	-	-	7,311	7,311
Tax loss not formed and adjustment of equalization of rates of subsidiaries	-	-	-	-	(12,020)	(6,590)	4,831	29,167
Transfer of tax incentive loss to discontinued operation (i)	-	23,713	-	-	-	23,713	-	-
Income tax and social contribution on the SELIC of undue amounts paid to be recovered in the future	692	1,018	-	-	1,018	1,018	-	-
Other permanent exclusions (additions), net	1,672	(283)	608	(2,018)	1,345	(283)	(1,103)	2,404
Total expense for income tax and social contribution	<u>(27,752)</u>	<u>(37,015)</u>	<u>(33,682)</u>	<u>(40,584)</u>	<u>(30,340)</u>	<u>(82,206)</u>	<u>(29,823)</u>	<u>(82,289)</u>
Current	1,257	22,591	(2,465)	(2,465)	(1,688)	(22,617)	(3,462)	(45,575)
Deferred	(29,009)	(59,606)	(31,217)	(38,119)	(28,652)	(59,589)	(26,361)	(36,714)
Effective rate	38%	15%	18%	9%	41%	29%	16%	16%

(i) Refers to the loss of tax incentive arising from the sale of Osklen that was transferred to a discontinued operation.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

10. JUDICIAL AND PLEDGE DEPOSITS

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Tax lawsuits	27,168	25,755	27,168	25,755
Civil lawsuits	111	38	111	38
Labor claims	3,115	5,546	3,115	5,546
Total	30,394	31,339	30,394	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	(48,287)
CTA write-off	(4,325)
Other costs (i)	(6,628)
Total cost	(146,958)
Income (loss) from sale before taxes	(29,013)
Income tax and social contribution	(15,146)
Net income (loss) from sale	(44,159)

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

As at September 30, 2022, the Company recorded a balance of R\$ 126,635 receivable from the sale of equity interests in the subsidiary Osklen. As at December 31, 2021, the balances of said operation were reclassified to 'held for sale' in the following amounts: assets held for sale in the amount of R\$ 193,272 and R\$ 617,710 in the parent company and consolidated, and R\$ 351,220 in liabilities held for sale in the consolidated.

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

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 three and nine-month periods ended September 30, 2022 and 2021 are as follows:

	Parent company			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Equity in net income of subsidiaries	-	(17,881)	2,145	(8,483)
Income (loss) from sale before taxes	-	(29,013)	-	-
Income tax and social contribution	-	(15,146)	-	-
Other revenues	795	594	-	-
Total	795	(61,446)	2,145	(8,483)

	Consolidated			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Net operating revenue	-	67,053	75,042	179,981
Cost	-	(24,120)	(25,870)	(67,687)
Gross income	-	42,933	49,172	112,294
Operating revenues (expenses)	795	(63,850)	(42,366)	(118,011)
Financial income (loss)	-	(16,078)	(4,079)	(9,300)
Income tax and social contribution	-	(36,437)	783	683
Income (loss) for the period of discontinued operations	795	(73,432)	3,510	(14,334)

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. ("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 three and nine-month periods ended September 30, 2022 and 2021 are as follows:

	Parent Company and Consolidated			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Net operating revenue	-	-	8,262	148,452
Cost	-	-	(4,127)	(131,197)
Gross income	-	-	4,135	17,255
Net operating expenses	(218)	(2,162)	(93)	(51,264)
Financial income (loss)	32	(327)	(290)	256
Income tax and social contribution	64	847	(1,274)	13,486
Income (loss) for the period of discontinued operations	(122)	(1,642)	2,478	(20,267)

ALPARGATAS S.A AND SUBSIDIARIES

Notes to the interim financial information

For the nine-month period ended September 30, 2022

In thousands of reais

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

Income (loss)

	Parent company				Consolidated			
	07/01/2022 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Osklen	795	(61,446)	2,145	(8,483)	795	(73,432)	3,510	(14,334)
Mizuno	(122)	(1,642)	2,478	(20,267)	(122)	(1,642)	2,478	(20,267)
Total discontinued operations	673	(63,088)	4,623	(28,750)	673	(75,074)	5,988	(34,601)

Cash flow

	Parent company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Osklen	-	-	-	(16,507)
Mizuno	(5,100)	118,168	(5,100)	118,168
Total flow from operating activities	(5,100)	118,168	(5,100)	101,661
Osklen	(1,226)	(4,406)	(1,226)	(4,406)
Total flow from investment activities	(1,226)	(4,406)	(1,226)	(4,406)

11.3. ASAIC

As at September 30, 2022, the Company had a balance receivable of R\$ 253,269 from the sale of the subsidiary ASAIC on March 4, 2020 (R\$ 233,905 in the Parent Company and in the Consolidated as at December 31, 2021).

12. INVESTMENTS

They are represented as follows:

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Investments (subsidiaries and associated companies)	1,548,640	2,982,335	1,221,135	2,705,560
Goodwill (i)	1,357,678	194,401	1,163,277	-
	2,906,318	3,176,736	2,384,412	2,705,560

(i) Refers to the goodwill calculated on the acquisition of Rothy's, in the amount of R\$ 1,163,277 as presented in Note 12.1 in the Consolidated. In the Parent company, it includes the goodwill of loasys, in the amount of R\$ 194,401.

Changes in investments in the period ended September 30, 2022 are as follows:

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the nine-month period ended September 30, 2022
In thousands of reais

	Fibrasil Agrícola e Comercial Ltda.	Alpargatas Europeu S.L.U.	Alpargatas Imobiliária Ltda.	Alpargatas Colombia S.A.S.	Alpargatas Asia Ltd.(Hong Kong)	Alpargatas India Fashion Private Ltd.	Alpargatas Trading (Shanghai) Co. Ltd. (China)	Ioasys	Rothy's Inc.	Total
Information at September 30, 2022										
Quantity of shares or quotas held	5,978,752	57,834,570	16,557,755	19,056,969	1	51,000,000	1	406,522	9,069,518	
Total current assets	180	350,548	3,307	28,864	45,069	4,428	32,487	25,871	964,330	
Total non-current assets	-	121,440	5,571	6,710	1,389	74	1,870	5,787	1,666,356	
Total current liabilities	(4,892)	190,053	(18,968)	43,785	25,297	595	22,531	7,844	127,412	
Total non-current liabilities	-	49,826	-	-	1,589	-	-	2,461	26,136	
Capital	5,979	529	16,558	33,569	38,894	16,006	41,208	407	1,141,258	
Non-controlling interest	-	-	-	-	-	1,914	-	-	1,221,135	
Shareholders' equity - controlling shareholders	5,072	232,109	27,846	(8,211)	19,572	1,993	11,826	21,353	1,256,003	
Unrealized income in inventories / Unrealized gain from sale of assets	-	8,704	-	(1,212)	-	(101)	(869)	-	-	
Shareholders' equity of for equity income (loss)	5,072	240,813	27,846	(9,423)	19,572	1,892	10,957	21,353	1,241,046	
Net revenue for the period	-	753,741	-	11,087	154,369	120	20,096	54,781	654,957	
Net income (loss) for the period	(189)	83,999 (i)	8,307	(8,294) (ii)	(21,114) (iii)	(1,667) (iv)	(7,455) (v)	11,775	(292,260)	
Interest %	100.00	100.00	100.00	100.00	100.00	51.00	100.00	100.00	49.30	
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 in subsidiaries and acquisition of investment	-	-	-	-	-	-	26,439	-	-	26,439
Goodwill identified in the acquisition	-	-	-	-	-	-	-	-	(1,229,743)	(1,229,743)
Equity in net income of subsidiaries	(189)	85,127 (i)	8,307	(8,627) (ii)	(21,047) (iii)	(748) (iv)	(5,480) (v)	11,775	(145,395) (vi)	(76,277)
Exchange-rate change on investments	-	(13,708)	-	761	(3,608)	(395)	(2,759)	-	(72,201)	(91,910)
Dilution of equity interest	-	-	-	-	-	-	-	-	(23,483)	(23,483)
Other changes	-	-	-	-	10	-	-	187	(13,603)	(13,406)
Reclassification of shareholders' equity	-	-	-	9,423	-	-	-	-	-	9,423
Distribution of dividends	-	-	(30,000)	-	(4,738)	-	-	-	-	(34,738)
Balance at September 30, 2022	5,072	240,813	27,846	-	19,572	1,892	10,957	21,353	1,221,135	1,548,640

- (i) The difference of R\$ 1,128 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 the subsidiary.
(ii) The difference of R\$ 333 between income (loss) earned by Alpargatas Colombia and equity in net income of subsidiaries for the year refers to non-realized profit in inventories of the subsidiary.
(iii) The difference of R\$ 67 between income earned by Alpargatas Asia and equity in net income of subsidiaries for the year refers to realized profit in inventories of the subsidiary.
(iv) The difference of R\$ 102 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 the subsidiary.
(v) The difference of R\$ 1,975 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\$ (72,201) of amortization of surplus, as mentioned in Note 12.1.

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

As mentioned in Note 1.2, 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	273,240
Total consideration for the acquisition of 49.9% of the shares	473,240
Interest in the cash contribution (49.9% on the first and second closing)	(99,800)
Total adjusted consideration	373,440

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

The Company contracted an independent appraiser to determine the fair values of net assets acquired, 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
<i>Brand</i>	-	218,800	218,800
<i>Technology/Product design</i>	-	44,900	44,900
<i>Customer portfolio</i>	-	11,700	11,700
<i>Other intangible assets</i>	-	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\$ 216,446, 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	(373,440)
Goodwill	216,466

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
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 amounts recorded in the Company using the equity method as at September 30, 2022 were as follows:

Income (loss) for the period	
Operation result	(81,760)
Amortization of surplus	(63,634)
Dilution of interest (i)	(23,483)
Equity in net income of subsidiaries	(168,877)
Shareholders' equity at September 30, 2022	
Expenses with issuing of shares	21,026
Loss on translation of financial statements (including surplus and goodwill)	139,869
Total shareholders' equity	160,895
Assets	
Investment	1,221,135
Goodwill	1,163,277
Total investments	2,384,412

(i) Refers to the dilution of interest as mentioned in note 1.4, comprising the following balances:

	USD	R\$
Investment	1,219	6,588
Surplus	1,661	8,978
Goodwill	1,307	7,067
CTA	-	850
Total	4,343	23,483

On May 5, 2022, the balance recorded in the group of "accounts payable for the acquisition of subsidiary and associated company" was paid in the amount of US\$ 273,240, equivalent to R\$ 1,367,449, therefore as of September 30, 2022, there are no accounts payable related to this operation.

Transaction costs incurred in 2022 up to the completion date were R\$ 31,844.

12.2. Acquisition of loasys

As mentioned in note 1.4, the Company acquired 100% of companies loasys Desenvolvimento de Software Ltda. and Innovation Oasys Desenvolvimento de Sistemas Ltda. Quotas; This acquisition represents an important step in the Company's digital transformation.

The fair value of the consideration transferred was R\$ 200,367, of which R\$ 89,186 was paid on the acquisition date. The residual balance will be restated by the CDI rate until the payment date, which will occur over the next few years.

The goodwill recorded in this transaction was R\$ 194,401, considering that the acquired company's shareholders' equity was R\$ 5,966 on the acquisition date. This goodwill is mainly assigned to the Acquiree's contribution in Alpargatas' digital transformation process, as well as to the future results of the acquiree's business with its foreign clients.

On September 30, 2022, the Company had a balance payable of R\$ 76,028 in the long term for the acquisition of the subsidiary loasys on May 7, 2021 (R\$ 43,236 in the short term and R\$ 69,917 in the long term in the Parent Company and in the Consolidated as at December 31, 2021).

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

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.

	Average rate of depreciation % p.a.	Parent company					
		09/30/2022			12/31/2021		
		Cost	Accumulated depreciation (i)	Net	Cost	Accumulated depreciation (i)	Net
Land	-	9,722	-	9,722	9,722	-	9,722
Buildings and constructions	2	363,148	(120,424)	242,724	372,952	(122,643)	250,309
Machinery and equipment	7	707,698	(320,459)	387,239	665,853	(316,057)	349,796
Furniture and fixtures	10	59,212	(40,674)	18,538	58,115	(39,411)	18,704
Vehicles	10	6,739	(5,718)	1,021	7,215	(5,908)	1,307
Leasehold improvements	16	39,963	(22,872)	17,091	39,752	(18,870)	20,882
Projects in progress	-	491,856	-	491,856	169,605	-	169,605
Other fixed assets	10	1,365	-	1,365	566	(548)	18
Provision for impairment (ii)	-	(38,498)	-	(38,498)	(11,156)	-	(11,156)
Total		1,641,205	(510,147)	1,131,058	1,312,624	(503,437)	809,187

	Average rate of depreciation % p.a.	Consolidated					
		09/30/2022			12/31/2021		
		Cost	Accumulated depreciation (i)	Net	Cost	Accumulated depreciation (i)	Net
Land	-	9,722	-	9,722	9,722	-	9,722
Buildings and constructions	2	380,098	(137,474)	242,624	374,046	(123,799)	250,247
Machinery and equipment	7	719,528	(327,374)	392,154	689,672	(334,080)	355,592
Furniture and fixtures	10	85,010	(59,006)	26,004	92,587	(67,357)	25,230
Vehicles	10	9,943	(6,647)	3,296	9,819	(6,678)	3,141
Leasehold improvements	16	73,520	(46,288)	27,232	126,531	(92,725)	33,806
Projects in progress	-	499,159	-	499,159	173,950	-	173,950
Other fixed assets	10	1,365	-	1,365	1,937	(1,206)	731
Provision for impairment (ii)	-	(38,498)	-	(38,498)	(11,156)	-	(11,156)
Total		1,739,847	(576,789)	1,163,058	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 September 30, 2022 are as follows:

	Parent company						
	12/31/2021	Additions	Transfers (i)	Depreciation	Write-offs	Other changes (iii)	09/30/2022
Property, plant and equipment							
Land	9,722	-	-	-	-	-	9,722
Buildings and constructions	250,309	-	3,877	(8,753)	(2,709)	-	242,724
Machinery and equipment	349,796	-	87,287	(38,331)	(13,486)	1,973	387,239
Furniture and fixtures	18,704	-	3,287	(2,908)	(545)	-	18,538
Vehicles	1,307	-	72	(333)	(23)	(2)	1,021
Leasehold improvements	20,882	-	208	(3,998)	-	(1)	17,091
Projects in progress (iv)	169,605	419,314	(96,975)	-	-	(88)	491,856
Other fixed assets	18	-	-	-	-	1,347	1,365
Provision for losses ("impairment")(ii)	(11,156)	-	-	-	-	(27,342)	(38,498)
Total	809,187	419,314	(2,244)	(54,323)	(16,763)	(24,113)	1,131,058

- (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\$ 22,147, Masterplan in the amount of R\$ 336,122, Productivity in the amount of R\$ 80,860, Compliance in the amount of R\$ 24,404; and other projects in the amount of R\$ 28,323.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

	Consolidated						09/30/2022
	12/31/2021	Additions	Transfers (i)	Depreciation	Write-offs	Exchange-rate change and other changes (iii)	
Property, plant and equipment							
Land	9,722	-	-	-	-	-	9,722
Buildings and constructions	250,247	-	3,879	(8,755)	(2,710)	(37)	242,624
Machinery and equipment	355,592	-	89,334	(39,669)	(13,524)	421	392,154
Furniture and fixtures	25,230	-	5,744	(4,798)	(857)	685	26,004
Vehicles	3,141	-	630	(848)	(23)	396	3,296
Leasehold improvements	33,806	-	1,455	(7,606)	(272)	(151)	27,232
Projects in progress (iv)	173,950	441,391	(117,714)	-	-	1,532	499,159
Other fixed assets	731	-	-	(102)	(195)	931	1,365
Provision for impairment (ii)	(11,156)	-	-	-	-	(27,342)	(38,498)
Total	841,263	441,391	(16,672)	(61,778)	(17,581)	(23,565)	1,163,058

- (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\$ 22,147, Masterplan in the amount of R\$ 336,122, Productivity in the amount of R\$ 80,860, Compliance in the amount of R\$ 24,404; and other projects in the amount of R\$ 35,626.

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

14. INTANGIBLE ASSETS

	Average rate of amortization % p.a.	Parent company					
		09/30/2022			12/31/2021		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
With defined useful life:							
Business management systems (i)	15	355,124	(216,520)	138,604	283,226	(195,361)	87,865
Customer portfolio	-	-	-	-	27,311	(27,311)	-
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 the subsidiary	-	53,862	-	53,862	-	-	53,862
Projects in progress	-	131,802	-	131,802	132,798	-	132,798
Total		543,115	(217,831)	325,284	499,524	(223,983)	275,541

	Average rate of amortization % p.a.	Consolidated					
		09/30/2022			12/31/2021		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
With defined useful life:							
Business management systems (i)	15	415,631	(249,929)	165,702	349,485	(233,236)	116,249
Customer portfolio	33	15,374	(13,877)	1,497	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	-	248,263	-	248,263	248,263	-	248,263
Projects in progress	-	131,802	-	131,802	132,798	-	132,798
Total		813,397	(265,117)	548,280	755,584	(255,087)	500,497

- (i) Refers to expenses incurred in the acquisition, development and implementation of business management systems, such as SAP/R3, systems related to the production process and systems related to the sales process.

Changes in balances in the period ended September 30, 2021 are as follows:

	Parent company					
	12/31/2021	Additions	Transfers (i)	Amortization	Other changes (iii)	09/30/2022
Intangible assets						
With defined useful life:						
Business management system	87,865	-	84,643	(22,355)	(11,549)	138,604
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	69,862	(82,399)	-	11,541	131,802
Total	275,541	69,862	2,244	(22,355)	(8)	325,284

- (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.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

- (ii) The balances recorded in line item "projects in progress" refer to the following projects: Innovation in the amount of R\$ 19,096, Productivity in the amount of R\$ 9,479, Digital expansion in the amount of R\$ 46,820, Compliance in the amount of R\$ 5,737, Masterplan in the amount of R\$ 34,267; and other projects in the amount of R\$ 16,403.
- (iii) During the 9-month period ended September 30, 2022, some systems were reclassified to ongoing projects as they had not yet been activated.

	Consolidated					Exchange-rate change / Other changes (ii)	09/30/2022
	12/31/2021	Additions	Transfer (i)	Amortization	Write-offs		
Intangible assets							
With defined useful life:							
Business management systems	116,249	-	99,071	(31,023)	(209)	(18,386)	165,702
Customer portfolio	2,171	-	-	-	-	(674)	1,497
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	69,862	(82,399)	-	-	11,541	131,802
Total	500,497	69,862	16,672	(31,023)	(209)	(7,519)	548,280

- (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 the exchange rate change of subsidiaries abroad; additionally, during the 9-month period ended September 30, 2022 some systems were reclassified to projects in progress as they had not yet been activated.
- (iii) The balances recorded in line item "Projects in progress" refer to the following projects: Innovation in the amount of R\$ 19,096, Productivity in the amount of R\$ 9,479, Digital expansion in the amount of R\$ 46,820, Compliance in the amount of R\$ 5,737, Masterplan in the amount of R\$ 34,267 and other projects in the amount of R\$ 16,403.

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. 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.

Contracts' discount at present value rate is 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 September 30, 2022 are as follows:

	Parent company	Consolidated
Assets		
Balances at December 31, 2021	97,007	177,527
Additions (i)	9,250	10,611
Write-offs (ii)	-	(1,507)
Depreciation	(13,722)	(27,686)
Exchange-rate change / Other changes (iii)	128	(5,283)
Balances at September 30, 2022	92,663	153,662
Liabilities		
Balances at December 31, 2021	97,189	177,635
Additions (i)	9,250	11,979
Write-offs (ii)	-	(2,887)
Payment of lease liability – ST	(16,323)	(30,020)
Interest appropriation	6,055	7,042
Exchange-rate change / Other changes (iii)	-	(6,310)
Balances at September 30, 2022	96,171	157,439

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

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Current	15,609	13,759	29,618	34,564
Non-current	80,562	83,430	127,821	143,071
	96,171	97,189	157,439	177,635

15.2 Impact on income (loss) for the year

	Parent company				Consolidated			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Depreciation of right-of-use	4,780	13,722	4,182	11,696	8,763	27,686	10,099	29,308
Appropriation of interest of leases	2,037	6,055	1,973	5,765	2,353	7,042	2,368	6,872
Income upon write-off of right-of-use	-	-	688	360	-	1,380	870	451
	6,817	19,777	6,843	17,821	11,116	36,108	13,337	36,631

15.3 Impact on Cash flows

	Parent company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Flows from operating activities				
Interest appropriation	6,055	5,765	7,042	6,872
Depreciation from right-of-use	13,722	11,696	27,686	29,308
Income (loss) upon write-off of right-of-use	-	(361)	(1,380)	(451)
Flow from financing activities				
Payment of principal - lease	10,266	8,749	22,977	22,861
Payment of interest - lease	6,055	5,765	7,042	6,872
Items without cash effect				
Additions	9,250	11,823	10,611	27,270
Write-offs	-	4,028	1,507	9,889

15.4 Discount rates

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

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

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Current	1,444	1,273	2,740	3,197
Non-current	7,452	7,717	11,823	13,234
	8,896	8,990	14,563	16,431

15.6 Maturity of lease liabilities and depreciation

Lease liabilities	Parent company			
	≤1 year	1–2 years	3–5 years	>5 years
Current scenario	15,608	15,345	24,396	40,822
Inflation scenario	16,840	15,974	25,176	42,047
Depreciation				
Current scenario	17,004	15,660	23,195	31,827
Inflation scenario	18,346	16,303	23,937	32,782
Average inflation rate (%)	7.89	4.10	3.20	3.00
Lease liabilities	Consolidated			
	≤1 year	1–2 years	3–5 years	>5 years
Current scenario	30,626	29,204	42,995	54,614
Inflation scenario	33,043	30,402	44,370	56,252
Depreciation				
Current scenario	29,266	26,753	38,266	43,829
Inflation scenario	31,575	27,850	39,490	45,144
Average inflation rate (%)	7.89	4.10	3.20	3.00

16. SUPPLIERS

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Domestic	445,539	456,249	447,039	457,824
Foreigners	148,441	163,547	171,162	185,907
Total	593,980	619,796	618,201	643,731

The balance of foreign suppliers mostly refers to amounts denominated in US dollars mainly related to the purchase of raw material by the Parent Company.

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 September 30, 2022, the amount was R\$ 249,580 in the Parent Company and Consolidated (R\$ 236,651 in the Parent Company and Consolidated as at December 31, 2021).

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

18. LOANS AND FINANCING

	Currency	Index and annual interest rate	Parent company		Consolidated	
			09/30/2022	12/31/2021	09/30/2022	12/31/2021
In reais (R\$):						
FNE (BNB)	(a)	4.51%	26,335	25,765	26,335	25,765
Finame	(b)	3.70%	3,543	8,134	3,543	8,134
Debentures	(c)	106% CDI	52,025	50,222	52,025	50,222
Total in reais (R\$)			81,903	84,121	81,903	84,121
In foreign currency:						
Resolution 4131 – Alpargatas S.A.	(d)	USD	101,181	-	101,181	-
Resolution 4131 – Alpargatas S.A.	(e)	USD	150,000	-	150,000	-
"Working Capital" – Alpargatas Europe S.L.U	(f)	EUR	-	-	18,080	22
"Working Capital" – Alpargatas Trading (Shanghai)	(g)	RMB	-	-	13,680	26,361
"Working Capital" – Alpargatas USA Inc. - United States	(h)	USD	-	-	16,222	-
Total foreign currency			251,181	-	299,163	26,383
Grand total			333,084	84,121	381,066	110,504
Current liabilities			313,366	81,512	361,348	107,895
Non-current liabilities			19,718	2,609	19,718	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. In July 2022, the Company took out financing from Banco do Nordeste do Brasil S.A. for the reimbursement of investments in the amount of R\$ 53,900, for a period of up to 96 months, at a rate of 5.02% pa, for the acquisition of machinery and equipment, providing a guarantee by means of a letter of guarantee. The disbursements are made as of the financial proof of the equipment acquisition, with the first release in September 2022 in the amount of R\$ 19,200.
- (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). These loans are repaid monthly and principal and interest are amortized. All funding carried out up to 2012 has already been settled, thus, funding made beginning as of 2013 that mature from 2022 up to 2024 is active.
- (c) In December 2017, the Company raised the amount of R\$ 250,000 through the issue 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 December 2020, respectively. The third installment will be amortized in December 2022.
- (d) In August 2022, the parent company raised a credit facility called "Resolution 4131", denominated in dollars, in the amount of US\$ 19,841. At the same time, a swap was contracted, converting the financial charges from exchange-rate changes + 4.1735% p.a. to CDI + 1.30%. The transaction matures in February 2023. The amount was used to settle facility 4131, which had been contracted in June, maturing in September 2022.
- (e) In September 2022, the parent company raised a credit facility called "Resolution 4131" denominated in dollars, in the amount of US\$ 28,000, to support its working capital. At the same time, a swap was contracted, converting the financial charges from exchange-rate changes + 5.1085% p.a. to CDI + 1.45%. The transaction matures in September 2023.
- (f) In May 2020, the subsidiary Alpargatas Europe S.L.U. raised a revolving credit facility with a maximum value of EUR 5,000 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.
- (g) In April 2020, the subsidiary Alpargatas Trading Shanghai ("Alpargatas China") raised a working capital loan facility, with monthly renewal in the amount of CNY 3,400 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 18,600 and to support the subsidiary's working capital. This credit facility was renewed up to April 2022 with limit of CNY 30,000.
- (h) In July 2022, the subsidiary Alpargatas USA Inc. raised a revolving credit facility with a maximum value of USD 5,000 to support its working capital. This facility matures in July 2023. The subsidiary raises and amortizes this facility according to its cash needs.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

Changes in balances in the period ended September 30, 2022 are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Balance at December 31, 2021	84,121	110,504
Raising of loans, net of hedge instrument	369,235	434,164
Payment of principal	(130,543)	(147,063)
Interest payment	(10,539)	(33,339)
Provision for interest and exchange rate change	20,810	16,800
Balance at September 30, 2022	333,084	381,066

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:

	<u>Parent Company and Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>
2023	3,689	1,971
2024	8,244	638
>2025	7,785	-
Total	19,718	2,609

Contractual covenants

As at September 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/Ebitda equal or 3x lower) by the Company and its subsidiaries. The Company and its subsidiaries are in compliance with these clauses.

19. TAX LIABILITIES

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>	<u>09/30/2022</u>	<u>12/31/2021</u>
ICMS (value added tax)	-	-	822	-
PIS & Cofins Taxes	4,172	3,580	4,185	3,583
Income tax and social contribution	-	4,301	3,540	6,944
Social security contribution on gross revenue	5,266	4,583	5,266	4,583
INSS - Third parties	1,057	1,520	1,057	1,520
Provision for taxes on inventory losses	3,068	3,554	3,068	3,554
CIDE	872	1,728	879	1,728
Alpargatas Europe S.L.U. - Spain:				
Income tax	-	-	33,800	3,699
Other taxes	-	-	3,940	1,811
Alpa USA Taxes	-	-	103	3,264
Alpa China Taxes	-	-	1,261	82
Other	4,482	5,496	5,817	5,670
Total	18,917	24,762	63,738	36,438

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

20. PROVISIONS AND OTHER LIABILITIES

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Royalties payable	8,512	14,165	8,512	14,165
Freight payable	10,768	12,079	19,907	18,068
Advertising payable	17,836	5,006	29,188	9,201
Commissions payable	693	461	11,884	4,114
Advance from customers	7,646	11,071	8,191	12,740
Provision for indemnities	1,172	4,188	1,172	4,188
Provision for logistics services	3,314	2,437	3,314	2,437
Provision for IT projects	1,782	3,417	1,782	3,417
Provision for payments abroad	-	4,685	-	4,685
Provision for payment of international structure	4,224	4,224	4,224	4,224
Provision for M&A expenditures	-	8,812	-	8,812
Services payable - EMEA	-	-	36,006	26,659
Services payable - India	-	-	488	984
Services payable - USA	-	-	4,960	4,708
Services payable - Hong Kong	-	-	6,745	4,628
Other accounts payable (outsourced services, concessionaires and other)	18,333	23,904	21,286	27,933
Total	74,280	94,449	157,659	150,963

21. LABOR AND SOCIAL SECURITY OBLIGATIONS

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Salaries payable	18,629	16,290	21,098	17,905
Provision for vacation pay	62,900	58,089	69,588	62,544
Provision for 13 th salary	31,598	-	32,660	-
Provision for profit sharing program	19,566	58,694	23,082	76,671
Social charges	9,952	9,596	13,121	14,255
Total	142,645	142,669	159,549	171,375

22. RELATED PARTIES

22.1. Balances with subsidiaries

	Parent company Assets		Parent company Liabilities	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Alpargatas Imobiliária S.A. (i)	-	12	(18,988)	-
Terras de Aventura Indústria de Artigos Esportivos S.A. - Osklen	-	3,977	-	-
Fibrasil Agrícola e Comercial Ltda. (i)	-	-	(4,892)	-
Alpargatas Colombia SAS	635	5,125	-	-
Alpargatas Europe S.L.U. – Spain (ii)	-	-	(27,543)	-
Total	635	9,114	(51,423)	-

(i) Refers to the loan agreement.

(ii) Refers to the advance of accounts receivable for the sale of goods.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Alpargatas USA Inc. – United States	42,820	29,836	-	-
Alpargatas Europe S.L.U. - Spain	-	74,852	-	-
Alpargatas Colombia SAS	45,948	31,673	-	-
Alpargatas Trading (Shanghai) Co. Ltd.	599	10,610	-	-
Alpargatas Asia Ltd. – Hong Kong	10,789	23,516	-	-
IOASYS Desenvolvimento de Software Ltda	-	-	3,396	-
Total	100,156	170,487	3,396	-

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

Transactions made with subsidiaries are shown below:

	Sales of products				Purchase of products			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Alpargatas S.A. (i)	69,117	310,980	69,216	215,923	-	-	-	-
Alpargatas USA Inc. – United States	-	-	-	-	3,001	37,008	9,103	24,601
Alpargatas Europe S.L.U. - Spain	-	-	-	-	19,238	117,889	34,026	92,042
Alpargatas Colombia SAS	-	-	-	-	2,233	11,675	2,808	8,669
Alpargatas Índia Fashions Private Ltd.	-	-	-	-	-	40	-	588
Alpargatas Trading (Shanghai) Co. Ltd.	-	-	-	-	285	2,003	1,798	7,296
Alpargatas Asia Ltd. – Hong Kong	-	-	-	-	44,360	142,365	21,481	82,727
Total	69,117	310,980	69,216	215,923	69,117	310,980	69,216	215,923

(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.

Moreover, in the three and two-month periods ended September 30, 2022, the parent company loasys provided technology services to Alpargatas Brasil, in the amounts of R\$ 8,158 and R\$ 14,723.

During the period ended September 30, 2022, the Company did not record any write-off or provision for estimated loss (impairment) for balances receivable of foreign subsidiaries.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

22.3. Related-party transactions

	Parent company and Consolidated Assets (i)		Parent company and Consolidated Liabilities (ii)	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
	Banco Itaú-Unibanco	53,610	24,907	68,513
Total	53,610	24,907	68,513	3,890

	Parent company and Consolidated Revenue (iv)				Parent company and Consolidated Expense (iii)			
	07/01/2022–09/30/2022	01/01/2022–09/30/2022	07/01/2021–09/30/2021	01/01/2021–09/30/2021	07/01/2022–09/30/2022	01/01/2022–09/30/2022	07/01/2021–09/30/2021	01/01/2021–09/30/2021
	Banco Itaú-Unibanco	53	7,221	98	618	290	874	303
Total	53	7,221	98	618	290	874	303	849

- (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. and drawee risk operations.
(iii) They refer to expenses with interest on loans.
(iv) Refers to gains from interest earning bank deposits in the 9-month period ended September 30, 2022. They include the amounts of financial investments as a result of the follow-on fund raising, as mentioned in Note 1.5.

As at September 30, 2022, except for the sureties 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 sureties and guarantees to the related parties.

22.4. Remuneration of key management personnel

The Directors' fees are as follows:

	Parent Company and Consolidated					
	07/01/2022–09/30/2022			01/01/2022–09/30/2022		
	Remuneration			Remuneration		
	Fixed	Floating (i)	Total	Fixed	Floating (i)	Total
Board of Directors / Audit Committee	1,512	-	1,512	3,756	-	3,756
Directors	1,666	(897)	769	4,861	1,684	6,545
Total	3,178	(897)	2,281	8,617	1,684	10,301

	Parent Company and Consolidated					
	07/01/2021–09/30/2021			01/01/2021–09/30/2021		
	Remuneration			Remuneration		
	Fixed	Floating (i)	Total	Fixed	Floating (i)	Total
Board of Directors / Audit Committee	1,333	-	1,333	3,697	-	3,697
Directors	1,648	2,080	3,728	4,143	6,241	10,384
Total	2,981	2,080	5,061	7,840	6,241	14,081

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

In addition to the Directors' fees, during the period ended September 30, 2022, the Company made contributions to the private pension plan in the amount of R\$ 286 (R\$ 269 in the same period of 2021) on behalf of the statutory directors and the long-term incentive plan in the amount of R\$ 6,959 (R\$ 9,762 in the same period of 2021).

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

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	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Labor claims	(i)	16,616	17,983	16,616	17,983
Tax lawsuits	(ii)	23	6,771	23	6,771
Civil lawsuits	(iii)	3,019	3,072	3,019	3,175
Total		19,658	27,826	19,658	27,929
Judicial deposits		3,340	5,235	3,340	5,235
Net total		16,318	22,591	16,318	22,694
Current installment		8,662	8,133	8,662	8,236
Non-current installment		7,656	14,458	7,656	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.

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 and reversals	15,070	(6,701)	403	8,772
Write-offs and other	(14,542)	(47)	(456)	(15,045)
Balance at September 30, 2022	13,276	23	3,019	16,318
	Consolidated			
	Labor	Tax	Civil	Total
Balance at December 31, 2021	12,748	6,771	3,175	22,694
Additions and reversals	15,070	(6,701)	403	8,772
Write-offs and other	(14,542)	(47)	(559)	(15,148)
Balance at September 30, 2022	13,276	23	3,019	16,318

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

23.1. Possible losses (not provisioned)

Contingent liabilities with risk of loss classified as possible:

	Parent company		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Tax:				
Tax assessment notice - IRRF (Withholding Income Tax)	-	-	-	-
(i)		4,689		4,689
CSLL and IRPJ	13,188	12,819	13,188	12,819
(ii)				
Royalties	12,358	11,850	12,358	11,850
(iii)				
PIS/COFINS credit	3,387	3,264	3,387	3,264
(iv)				
Other	15,159	8,999	15,159	8,999
Total tax	44,092	41,621	44,092	41,621
Civil	40,592	37,472	40,830	37,756
(v)				
Labor	9,625	7,019	9,625	7,019
Grand total	94,309	86,112	94,547	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 on the date of credit activation related to overpayments made in 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".

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

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 the 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 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 1063187, 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, and the decision was published on 12/16/2021, the Company, as provided for by the accounting standards, recognized an asset of this nature, whose amount is recorded at its best estimate in the amount of R\$ 52,372 as of September 30, 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 defined contribution private pension plan, in which the participant makes a contribution and the Company complements it. And, in addition, grant its own conceded um 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.

As at December 31, 2021, actuarial assets referring to these plans, deriving from excess investments in relation to actuarial liabilities was R\$ 3,991.

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	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Current liabilities	56,498	54,159	56,862	54,701
Non-current liabilities	10,608	10,801	16,065	18,277
Shareholders' equity	45,396	32,548	45,396	32,548

Accounting impact recorded as an expense in income for the period ended September 30, 2022 was an expense and R\$ 11,085 in the Parent Company and R\$ 9,831 in the Consolidated (R\$ 16,162 expenses in the same period of 2021 in the Parent Company and R\$ 21,821 in the Consolidated).

In shareholders' equity, the impact was an increase of R\$ 12,847 in the period ended September 30, 2022 (increase of R\$ 13,650 for the year 2021).

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

24.3. Profit sharing

The Company and its subsidiaries grant profit sharing to their 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 September 30, 2022 and 2021, the following amounts were recognized in income (loss):

	Parent company				Consolidated			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Profit sharing program	646	12,317	3,872	27,034	722	16,081	5,317	37,935

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” captions.

25. SHAREHOLDERS' EQUITY

25.1. Capital

Capital paid-up on September 30, 2022 was R\$ 3,967,128, represented by 683,062,222 registered shares with no par value, of which 339,510,689 are common and 343,551,533 are preferred.

Subscribed and paid-in capital have the following ownership interest as at September 30, 2022 and September 31, 2021:

	09/30/2022					
	Common shares		Preferred shares		Total	
Shareholders	Quantity	%	Quantity	%	Quantity	%
Controlling shareholders (Itaúsa, Cambuhy I and Cambuhy Alpa)	296,549,009	87.35%	98,078,653	28.55%	394,627,662	57.77%
Administrators:						
Board of Directors	31,562,390	9.30%	36,670,528	10.67%	68,232,918	9.99%
Other shareholders	11,399,258	3.36%	200,008,594	58.22%	211,407,852	30.95%
Treasury	32	0.00%	8,793,758	2.56%	8,793,790	1.29%
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 8,793,790 treasury shares at an average cost of R\$ 6.9427. During the period ended September 30, 2022, 186,404 shares were transferred from Treasury 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 September 30, 2022, Management did not declare dividends or interest on own capital. As at September 30, 2022, the balance payable of these amounts was R\$ 80,924 (R\$ 91,755 as at December 31, 2021).

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 the "profit reserves" group.

During the period ended September 30, 2022, the Company allocated the amount of R\$ 142,271 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).

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.

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, the Company's capital had an increase of R\$ 2,467,128, after the approval of the Annual General Meeting held on April 27, 2022.

26. NET OPERATING REVENUE

	Parent company				Consolidated			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021 – 09/30/2021	01/01/2021 – 09/30/2021
Gross operating revenue:								
Domestic market	998,550	2,458,227	892,016	2,172,555	1,012,713	2,503,911	900,695	2,183,066
Foreign market	98,978	391,337	95,516	295,300	272,974	1,102,634	268,908	1,153,461
	1,097,528	2,849,564	987,532	2,467,855	1,285,687	3,606,545	1,169,603	3,336,527
Returns and rebates (i)	(20,503)	(79,048)	(18,246)	(55,298)	(49,499)	(158,653)	(52,131)	(138,932)
Sales taxes (ii)	(143,330)	(361,500)	(127,936)	(316,229)	(146,262)	(369,408)	(129,573)	(318,020)
Net operating revenue	933,695	2,409,016	841,350	2,096,328	1,089,926	3,078,484	987,899	2,879,575

(i) It includes commercial agreements with certain customers that allow special discounts.

(ii) It includes ICMS tax incentives mentioned in Note 4.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
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			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Cost of goods sold:								
Raw material and material	298,960	822,767	322,597	748,997	328,518	864,804	310,108	807,605
Salaries, social charges and benefits	157,127	454,314	128,587	382,152	162,312	471,991	132,365	386,445
Depreciation	17,560	51,493	15,611	40,229	17,747	52,020	15,741	40,399
Other costs	57,624	146,050	40,284	111,751	65,065	178,015	53,499	147,131
Total	531,271	1,474,624	507,079	1,283,129	573,642	1,566,830	511,713	1,381,580
Sales expenses:								
Salaries, social charges and benefits	24,826	69,401	15,557	61,820	62,279	179,790	51,624	168,981
Profit sharing	1,099	4,713	1,392	10,965	1,176	7,983	2,836	21,866
Allowance for doubtful accounts	470	928	(1,879)	(1,692)	1,867	4,501	(2,942)	(2,664)
Freight	32,446	78,849	24,379	61,150	47,263	133,466	45,493	117,923
Advertising and publicity	52,602	142,278	41,877	123,483	84,338	249,851	76,241	235,422
Commissions	2,258	6,334	2,283	6,440	7,153	39,294	8,428	43,617
Depreciation (i)	3,035	8,706	2,550	8,182	9,594	30,090	9,941	29,512
Royalties	12,810	30,209	9,807	25,573	12,803	30,057	9,765	25,532
Outsourced services	7,780	24,743	6,336	21,706	21,554	63,239	19,763	55,544
Rentals / Lease	549	1,932	685	2,033	5,183	11,350	3,050	9,528
Travel expenses	833	3,819	210	569	3,594	10,552	1,566	3,181
Storage expenses	1,198	3,442	1,285	3,428	8,871	46,570	13,296	45,795
Collective packaging	9,798	26,842	3,660	15,402	8,795	26,586	4,161	16,538
Transportation insurance	1,139	4,231	1,310	3,999	1,485	5,372	1,934	5,658
Logistic services	6,388	13,153	3,623	9,984	7,459	16,759	4,978	13,345
Other	14,359	36,176	10,420	29,866	21,124	56,066	19,449	57,375
Total	171,590	455,756	123,495	382,908	304,538	911,526	269,583	847,153
General and administrative:								
Salaries, social charges and benefits	25,178	67,143	22,181	62,939	25,178	67,143	22,180	62,939
Directors' fees								
(Note 22.4)	2,282	10,302	5,061	14,081	2,282	10,302	5,061	14,081
Outsourced services	14,160	41,768	6,589	23,244	14,160	42,218	6,580	23,244
Depreciation (i)	2,223	6,277	1,800	5,085	2,223	5,939	1,799	5,085
Rent and condominium	125	533	131	525	125	506	131	525
IT maintenance	1,528	4,741	2,677	3,871	1,528	4,741	2,676	3,871
Other	4,052	10,217	2,271	5,848	4,362	10,898	2,284	5,946
Total	49,548	140,981	40,710	115,593	49,858	141,747	40,711	115,691

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

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

28. OTHER OPERATING REVENUES (EXPENSES)

	Parent company				Consolidated			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Other operating revenues:								
Sale of scrap	862	2,023	543	1,047	862	2,023	543	1,047
Gain in the sale of property, plant and equipment	42	1,077	100	803	770	1,879	103	887
PIS/COFINS tax gain (iii)	-	-	240	7,902	-	-	240	7,902
Receipt of escrow accounting (i)	-	-	-	5,346	-	-	-	5,346
Sale of real estate (iv)	-	-	-	-	-	9,000	-	-
Royalties	979	3,118	869	2,603	979	3,118	869	2,603
Other	(437)	1,225	1,673	2,542	181	2,609	3,747	5,173
	1,446	7,444	3,425	20,243	2,792	18,629	5,502	22,958
Other operating expenses:								
Amortization of intangible assets	(9,395)	(23,921)	(3,440)	(9,748)	(12,205)	(33,382)	(6,328)	(16,706)
Provision for labor, civil and tax contingencies	2,187	1,876	(657)	(1,615)	2,187	1,876	(658)	(1,615)
Long-term incentive plan (Note 24.2)	(4,598)	(11,085)	(5,336)	(16,162)	(5,070)	(9,831)	(6,927)	(21,623)
Outsourced services (ii)	(5,223)	(38,685)	(1,157)	(17,925)	(5,870)	(39,382)	(1,157)	(17,731)
COVID expenses	-	-	-	(5,000)	-	-	-	(5,000)
Other	(2,803)	(11,476)	(3,766)	(9,365)	(4,013)	(13,186)	(3,844)	(9,883)
	(19,832)	(83,291)	(14,356)	(59,815)	(24,971)	(93,905)	(18,914)	(72,558)
Total	(18,386)	(75,847)	(10,931)	(39,572)	(22,179)	(75,276)	(13,412)	(49,600)

- (i) 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.
- (ii) It mainly refers to M&A expenses in the amount of R\$ 31,844 in the nine-month period ended September 30, 2022.
- (iii) Refers to recognition of PIS and COFINS credit on freight.
- (iv) Refers to the sale of a property in the city of Mogi Mirim carried out by the subsidiary Alpargatas Imobiliária S.A.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

29. FINANCIAL REVENUES AND EXPENSES, NET

	Parent company				Consolidated			
	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Financial revenues:								
Yields from interest earning bank deposits	1,713	43,050	6,558	14,400	1,713	44,129	7,040	15,384
Inflation adjustment of receivable, judicial deposits and tax credits	16,888	41,539	4,001	8,725	16,891	41,542	4,338	8,725
Interest receivable and other	967	2,865	1,634	5,140	1,125	2,557	1,063	4,309
	19,568	87,454	12,193	28,265	19,729	88,228	12,441	28,418
Financial expenses:								
Interest and charges on loans and financing	(6,122)	(10,035)	(878)	(3,073)	(6,843)	(11,270)	(1,789)	(3,717)
Tax on financial revenues	(632)	(4,450)	(567)	(1,436)	(632)	(4,390)	(742)	(1,421)
Tax on financial operations	(555)	(9,508)	(176)	(438)	(557)	(9,572)	(3)	(454)
Bank expenses	(368)	(456)	(128)	(344)	(1,667)	(3,722)	(1,299)	(3,194)
Liability interest	(2,514)	(8,927)	(1,718)	(2,050)	(2,518)	(8,939)	(1,718)	(2,050)
Interest from lease - IFRS 16	(2,037)	(6,056)	(1,973)	(5,765)	(2,353)	(7,043)	(2,368)	(6,872)
Discounts granted	(4,979)	(14,441)	(38)	(47)	(4,979)	(14,442)	(39)	(47)
Other	(638)	(3,451)	(506)	(2,940)	(826)	(3,679)	337	(2,248)
	(17,845)	(57,324)	(5,984)	(16,093)	(20,375)	(63,057)	(7,621)	(20,003)
Gain with derivative financial instruments (i)	-	-	-	4,685	-	-	-	4,685
Losses with derivative instruments (i)	-	(192,996)	-	(4,579)	-	(192,996)	-	(4,579)
	-	(192,996)	-	106	-	(192,996)	-	106
Total	1,723	(162,866)	6,209	12,278	(646)	(167,825)	4,820	8,521

(i) Refers to instruments contracted to hedge the exchange rate change of the account payable for the acquisition of Rothy's in the six-month period ended September 30, 2022, 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 in 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 was as follows in the period ended September 30, 2022:

- Domestic operations:
 - Brazil: 65.51%
- Foreign operations:
 - International Flip Flops: 32.41%
- Discontinued operations: 2.08%

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.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

Information is shown below:

07/01/2022–09/30/2022						
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	846,769	126,729	(29,087)	2,694	(7,308)	(34,587)
Foreign operations:						
International Flip Flops	243,157	(22,940)	(12,683)	(3,340)	2,375	4,247
Rothy's	-	(59,546)	-	-	-	-
Continued operations consolidated	1,089,926	44,243	(41,770)	(646)	(4,933)	(30,340)
Discontinued operations	-	673	-	32	-	63
Consolidated	1,089,926	44,916	(41,770)	(614)	(4,933)	(30,277)

01/01/2022–09/30/2022						
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	2,059,722	310,914	(82,234)	(163,386)	247,358	(55,293)
Foreign operations:						
International Flip Flops	1,018,762	62,545	(38,254)	(4,439)	(6,973)	(26,913)
Rothy's	-	(168,877)	-	-	-	-
Continued operations consolidated	3,078,484	204,582	(120,488)	(167,825)	240,385	(82,206)
Discontinued operations	65,479	(75,074)	(7,634)	(6,655)	(9,752)	8,215
Consolidated	3,143,963	129,508	(128,122)	(174,480)	230,633	(73,991)

07/01/2021–09/30/2021						
Statement of income accounts	Net operating revenue	Net income (loss)	Depreciation and amortization	Financial income (loss)	Net exchange rate change	Income tax and social contribution
Domestic operations:						
Brazil	753,862	133,162	(21,718)	6,085	(5,202)	(23,411)
Foreign operations:						
International Flip Flops	234,037	18,565	(11,926)	(1,265)	29,452	(6,412)
Continued operations consolidated	987,899	151,727	(33,644)	4,820	24,250	(29,823)
Discontinued operations	83,304	5,988	(8,469)	(6,872)	2,503	(492)
Consolidated	1,071,203	157,715	(42,113)	(2,052)	26,753	(30,315)

01/01/2021–09/30/2021						
Statement of income accounts	Net operating revenue	Net income (loss)	Depreciation and amortization	Financial income (loss)	Net exchange rate change	Income tax and social contribution
Domestic operations:						
Brazil	1,811,293	236,236	(60,828)	10,276	(3,886)	(38,598)
Foreign operations:						
International Flip Flops	1,068,282	187,871	(34,217)	(1,755)	16,210	(43,691)
Continued operations consolidated	2,879,575	424,107	(95,045)	8,521	12,324	(82,289)
Discontinued operations	328,433	(34,601)	(24,458)	(10,982)	1,938	14,170
Consolidated	3,208,008	389,506	(119,503)	(2,461)	14,262	(68,119)

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

The table below presents equity balances as at September 30, 2022 and December 31, 2021:

Assets and liabilities	09/30/2022			12/31/2021		
	Total assets	Current and non-current liabilities	Addition to property, plant and equipment and intangible assets	Total assets	Current and non-current liabilities	Addition to property, plant and equipment and intangible assets
Domestic operations:						
Brazil	7,140,904	1,734,231	490,265	6,696,847	3,844,307	305,545
Foreign operations:						
International Flip Flops	768,795	313,386	20,988	717,207	369,027	33,902
Continued operations consolidated	7,909,699	2,047,617	511,253	7,414,054	4,213,334	339,447
Assets held for sale	-	-	-	617,710	351,219	8,542
Consolidated	7,909,699	2,047,617	511,253	8,031,764	4,564,553	347,989

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 rates.

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 floating-rate 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 September 30, 2022, the amount recorded for provision for estimated losses (Impairment) was R\$ 63,494 (R\$ 62,916 as at December 31, 2021). The maximum exposure to credit risk on the base date of September 30, 2022 is 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 the definition/attribution of 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 / 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 these 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 September 30, 2022, 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 in maintaining cash, enough marketable securities, cash fund raising availability by means of bank credit facilities and 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 the 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.

As at September 30, 2022, the Company had a position of derivative financial instruments of the type Swap designated as hedge of debts in foreign currency, obtained through Foreign Facility 4131. The settlement of this type of instrument is made according to the present value on the settlement date.

The operations of fair value hedge of loans in currency were considered as highly efficient on September 30, 2022 and are classified as net of hedged item as described in Note 18. The result of these operations is presented net of the hedged item, as shown in Note 29; this result is in contrast to the positive exchange exchange-rate change recognized in the period arising from accounts payable for the acquisition of Rothy's.

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 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 nine-month period ended September 30, 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 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.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

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.

In the period ended September 30, 2022, the Company settled the hedging instruments (NDF) contracted to hedge its cash.

Furthermore, in this period, the Company contracted operations with derivatives to hedge the accounts payable for the acquisition of Rothy's, which was pegged to the US dollar. These operations were also settled in this period.

The total accumulated impacts of derivative financial instruments on income (loss) for nine-month period ended September 30, 2022 totaled R\$ 192,996 in expense in the parent company and Consolidated (R\$ 106 of revenue in the same period of 2021), as presented in Note 29.

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:

					09/30/2022
	≤1 year	1–2 years	3–5 years	>5 years	Future flow
Financial liabilities:					
Loans and financing	397,411	4,630	10,715	10,463	423,219
Suppliers	618,201	-	-	-	618,201
Forfeiting	249,580	-	-	-	249,580
Long-term incentive	56,862	41,716	6,814	12,931	118,323
Lease liabilities	30,626	29,204	42,995	54,614	157,439
Accounts payable for acquisition of subsidiary	-	-	76,028	-	76,028
Total	1,352,680	75,550	136,552	78,008	1,642,790
					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
Forfeiting	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.

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

	<u>09/30/2022</u>	<u>12/31/2021</u>
Cash and cash equivalents and interest earning bank deposits	250,451	592,036
(-) Short and long-term loans and financing	(381,066)	(110,504)
Net financial position	<u>(130,615)</u>	<u>481,532</u>
Shareholders' equity	<u>5,862,082</u>	<u>3,467,211</u>

Foreign exchange exposure

The Company has foreign exchange exposure as shown below: 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.

	<u>Parent Company and Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>
Assets:		
Export receivables	7,085	37,871
Trade accounts receivable	146,630	217,244
Total assets	<u>153,715</u>	<u>255,115</u>
Liabilities:		
Suppliers	(148,441)	(163,547)
Royalties payable	(8,513)	(14,165)
Accounts payable for acquisition of subsidiary (Rothy's)	-	(2,360,551)
Total liabilities	<u>(156,954)</u>	<u>(2,538,263)</u>
Net exposure	<u>(3,239)</u>	<u>(2,283,148)</u>

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

On September 30, 2022 and December 31, 2021, the market values of variable 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 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).

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

- 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 "swaps" of interest rate 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.

Accounting classification and fair values

<u>September 30, 2022</u>	Fair value through profit or loss	Amortized cost	Total
Financial assets			
Cash and cash equivalents	176,400	64,584	240,984
Interest earning bank deposits	9,467	-	9,467
Judicial deposit	-	30,394	30,394
Accounts receivable for the sale of subsidiary	-	253,269	253,269
Trade accounts receivable	-	878,597	878,597
Other accounts receivable	-	111,936	111,936
	185,867	1,338,780	1,524,647

<u>September 30, 2022</u>	Fair value through profit or loss	Amortized cost	Total
Financial liabilities			
Loans and financing	251,181	129,885	251,181
Suppliers	-	618,201	618,201
Forfeiting	-	249,580	249,580
Lease liabilities	-	157,439	157,439
Accounts payable for acquisition of companies	33,867	42,161	76,028
	285,048	1,197,266	1,482,314

<u>December 31, 2021</u>	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
Trade accounts receivable	-	751,347	751,347
Other accounts receivable	-	29,933	29,933
	564,845	1,073,715	1,638,560

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

<u>December 31, 2021</u>	<u>Fair value through profit or loss</u>	<u>Amortized cost</u>	<u>Total</u>
Financial liabilities			
Suppliers	-	643,731	643,731
Forfeiting	-	236,651	236,651
Loans and financing	-	110,504	110,504
Lease liabilities	-	177,635	177,635
Accounts payable for acquisition of subsidiary	71,223	2,402,482	2,473,705
	<u>71,223</u>	<u>3,571,003</u>	<u>3,642,226</u>

31.7. Sensitivity analysis of financial instruments

Currency risk

For the sensitivity analysis of the consolidated foreign exchange exposure on September 30, 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, which are denominated in 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 as a scenario, a valuation of US Dollar of 1.7% against the Real, considering a future exchange rate of R\$ 5.50.

Interest rate risk

As at September 30, 2022, 100% of investments was indexed at CDI (Interbank Deposit Certificate). Loans comprised 91% of the balance tied to the variable interest curve and 9% of the balance tied to the fixed rate.

The analysis considers the Company's financial assets and liabilities as of September 30, 2022 indexed to fixed rates and project the financial revenues and expenses calculated on this balance, using the future interest curve as at September 30, 2022 on the maturities of these operations. As a result, an increase of 0.05% in CDI (interbank deposit certificate) rate from October to December 2022 is verified.

Sensitivity of exchange and interest rate

<u>Risk</u>	<u>Instrument/Operation</u>	<u>Risk description</u>	<u>Impact</u>
Foreign exchange		USD incr.	
	Export receivables		122
	Trade accounts receivable		2,533
	Suppliers		(2,564)
	Royalties		(147)
	Exchange-rate effect		<u>(56)</u>
Interest rate		CDI increase	
	Revenue from interest earning bank deposits		6,041
	Expense with interest on loans		(10,890)
	Effect of interest		<u>(4,849)</u>
	Total effect		<u><u>(4,905)</u></u>

ALPARGATAS S.A AND SUBSIDIARIES
Notes to the interim financial information
For the six-month period ended September 30, 2022
In thousands of reais

32. EARNINGS PER SHARE

	07/01/2022– 09/30/2022	01/01/2022– 09/30/2022	07/01/2021– 09/30/2021	01/01/2021– 09/30/2021
Basic numerator				
Income for the period from continued operations - Common shares	20,581	96,101	72,964	204,025
Income for the period from continued operations - Preferred shares	23,867	109,258	78,734	220,157
Income for the period from continued operations - Total	44,448	205,359	151,698	424,182
Income (loss) for the period from discontinued operations - Common shares	402	(29,523)	2,224	(13,828)
Income (loss) for the period from discontinued operations - Preferred shares	271	(33,565)	2,399	(14,922)
Income (loss) for the period from discontinued operations - Total	673	(63,088)	4,623	(28,750)
Income for the period attributable to each share class - Common shares	20,983	66,578	75,188	190,197
Income for the period attributable to each share class - Preferred shares	24,138	75,693	81,133	205,235
Income for the period attributable to each share class - Total	45,121	142,271	156,321	395,432
Diluted numerator				
Income for the period from continued operations - Common shares	20,389	95,217	72,251	202,110
Income for the period from continued operations - Preferred shares	24,059	110,142	79,447	222,072
Income for the period from continued operations - Total	44,448	205,359	151,698	424,182
Income (loss) for the period from discontinued operations - Common shares	399	(29,251)	2,206	(13,699)
Income (loss) for the period from discontinued operations - Preferred shares	274	(33,837)	2,417	(15,051)
Income (loss) for the period from discontinued operations - Total	673	(63,088)	4,623	(28,750)
Income for the period attributable to each share class - Common shares	20,788	65,966	74,457	188,411
Income for the period attributable to each share class - Preferred shares	24,333	76,305	81,864	207,021
Income for the period attributable to each share class - Total	45,121	142,271	156,321	395,432
Basic / diluted denominator				
Basic and diluted weighted average of the number of shares - Common shares	335,921,887	335,921,887	302,010,657	302,010,657
Basic weighted average of the number of shares - Preferred shares	345,061,898	345,061,898	295,170,765	295,170,765
Weighted average of the number of stock option - Preferred shares	5,702,456	5,702,456	5,105,453	5,105,453
Diluted weighted average of shares - Preferred shares	350,764,354	350,764,354	300,276,218	300,276,218
Basic earnings per share - continued operations - Common shares	0.0613	0.2861	0.2416	0.6756
Basic earnings per share - continued operations - Preferred shares	0.0692	0.3166	0.2667	0.7459
Diluted earnings per share - continued operations - Common shares	0.0607	0.2834	0.2392	0.6692
Diluted earnings per share - continued operations - Preferred shares	0.0686	0.3140	0.2646	0.7396
Basic earnings (losses) per share - discontinued operations - Common shares	0.0012	(0.0879)	0.0074	(0.0458)
Basic earnings (losses) per share - discontinued operations - Preferred shares	0.0008	(0.0973)	0.0081	(0.0506)
Diluted earnings (losses) per share - discontinued operations - Common shares	0.0012	(0.0871)	0.0073	(0.0454)
Diluted earnings (losses) per share - discontinued operations - Preferred shares	0.0008	(0.0965)	0.0080	(0.0501)
Basic earnings per share - net income - Common shares	0.0625	0.1982	0.2490	0.6298
Basic earnings per share - net income - Preferred shares	0.0700	0.2194	0.2749	0.6953
Diluted earnings per share - net income - Common shares	0.0619	0.1964	0.2465	0.6239
Diluted earnings per share - net income - Preferred shares	0.0694	0.2175	0.2726	0.6894

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

33. ASSUMED COMMITMENTS

The Company has commitments derived from 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 minimum term of six months in case the Company does not use the total contracted power 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 September 30, 2022, the insurance coverage in consolidated was considered sufficient by Management to cover risks involved.

35. SUBSEQUENT EVENT

On October 7, 2022, the Company took out a financing from Banco do Nordeste do Brasil S.A. in the amount of R\$ 204,000. Such financing has a term of up to 120 months for amortization with a 2-year grace period for the beginning of the payment of principal. The funds are intended for sundry investments for the modernization of industrial plants (ILEP project).

The total value of the operation could reach R\$ 435,000, to be paid over 10 years.

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 September 30, 2022. Independent auditors presented independent auditors' report for the period ended September 30, 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 September 30, 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, November 03, 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 September 30, 2022 of Alpargatas S.A.

São Paulo, November 03, 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 September 30, 2022 of Alpargatas S.A.

São Paulo, November 03, 2022.

Roberto Funari
CEO

Adalberto Fernandes Granjo

Edson Rubião Gonzales

José Roberto Martinez Daniello

Julian Garrido Del Val Neto