Grendene®

Publicly Held company

Brazilian Corporate Tax Number (CNPJ): 89.850.341/0001-60
Brazilian Company Number (NIRE): 23300021118-CE

2022
MANAGEMENT REPORT

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2022 MANAGEMENT REPORT

In accordance with the law and the company's bylaws, the Management of Grendene S.A. presents the Management Report and the Individual and Consolidated Financial Statements of the Company. The documents were prepared in accordance with the accounting practices adopted in Brazil and the regulations of the Brazilian Securities Commission (CVM), while adhering to the accounting principles outlined in the corporate law (Law 6404/76) and the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB). The company has adopted all regulations, revisions to regulations, and interpretations issued by the IASB that are effective for the financial statements as of December 31, 2022.

1. Message from Management

The restoration of global operations was one of the most significant events of 2022. After three years since the identification of the first COVID-19 cases, the isolation restrictions have lost their effectiveness and significantly impacted the economic performance. Yet, we recognize that 2022 was a difficult year for consumer discretionary industries due to the rising cost of living, high interest rates, war in Eastern Europe, and political unpredictability. Besides this challenging environment, we were capable of achieving success: our gross sales reached R$3.1 billion and we sold more than 148 million pairs of shoes, demonstrating the endurance of our business model.

On the international market, the decline in COVID-19 cases permitted the reopening of marketplaces and the resumption of tourism. The search for supplier diversification and the increase in international freight from Asia have contributed to the resumption of Brazilian footwear exports. In this context, gross export revenues increased by 7.9 percent and peer volumes by 2.9 %, respectively, compared to 2021.

In Brazil, the convergence of factors such as high inflation, high interest rates, political unpredictability, and high levels of debt led to a decline in consumer confidence and, subsequently, a decline in sales, particularly among the poorer classes, whose purchasing power has diminished. In this context, domestic market revenue increased by 10.1% compared to 2021, from R$ 2.2 billion to R$ 2.4 billion, but the number of pairs sold declined by 5.6%, to 114.4 million.

In 2022, recurring Ebit reached R$ 284.9 million, a decrease of 31.5% compared to the same time in 2021. The decline in EBIT is attributable to pressure on COGS in the first quarters of the year, the return of commercial expenses to historical levels, and, as previously stated, project expenses that negatively impact EBIT and margin in the short term.

The increase in financial result is primarily responsible for the 13.2% increase in recurring net profit, totaling R$ 613.1 million in 2022 compared to 2021.

The operating cash flow generation in 2022 was R$ 536.1 million, and the dividends proposed amount to a payout of 233.4 % (dividends and interest on equity divided by Profit after legal reserves) and a dividend yield of 17.9 %.

The increase in the payout percentage and in the dividend yield is due to the proposed distribution as dividends of part of the balance of the Tax on the Movement of Goods and Services (ICMS) incentive reserve for the periods from Apriç 2016 to June 2021 and, from July 2021 to December 2022, in accordance with the favorable ruling of the Federal Regional Court of the 5th Region. The legal opinion has recognized Grendene's right not to include amounts corresponding to tax benefits granted by the state of Ceará in the IRPJ (Corporate Tax on Legal Persons) and CSLL (Social Contribution on Net Profit) calculation base, and removed the restrictions imposed by federal legislation, which conditioned the non-taxation of such amounts to their maintenance in a profit reserve account, which could only be used to absorb losses or increase in share capital.

Dividends and Interest on equity (I.E.) totaled R$1.3 billion for the year, while the return on net equity at the beginning of the year was 14.1%.

Relevant features of the year's positive performance included the emphasis on the product and the flexibility/agility to fulfill client requests. The growth of EVA footwear production capacity enabled the company to meet the demand for lighter and more comfortable products. Constant investments in the modernization of the manufacturing park increased the production process's efficiency, while investments in innovation led to the development of new business models, materials, and processes.

Several initiatives, albeit in their infancy, have the potential to significantly increase the Company's revenue, volume, and profitability. The structuring of Grendene Global Brands (GGB), for example, provides the opportunity to operate in foreign markets more directly, thereby strengthening our brands and building distribution channels; e-commerce, which currently accounts for about 2.5% of domestic sales, should increase its penetration to close to 10% over the medium term; the internalization of Melissa's operations will allow for better control over activities; and proximity with franchisees and the e-commerce channel will allow for greater control over the business.

We released the Sustainability Report (2021) for the third consecutive year, adhering to the main worldwide guidelines for sustainability reporting and management, such as: Integrated Report (Capitals), Global Reporting Initiative (GRI), and United Nations Sustainable Development Goals (SDGs). In the document, we reaffirm our commitment to our stakeholders and to management transparency while offering information about the year's highlights, value generation, and key outcomes.

We announced the signing of a preliminary contract for the equalization-based structure of energy self-production. The deal stipulates the acquisition of an ownership participation in a partner company for the 20-year supply of 10 MW/year of electric power.

In 2023, the business environment for the Brazilian footwear industry will remain challenging due to elements that were already present in 2022: high inflation, continued high interest rates, high unemployment, income reduction, and political uncertainty. Yet, we are hopeful and confident about the performance of the Brazilian footwear industry in 2023.

We are confident in our ability to overcome the challenges posed by the macroeconomic environment, and we are grateful to everyone who has helped us become one of the most admired companies in Brazil: the shareholders, for their continued trust in our ability to create long-term value; our employees, for their dedication and commitment to results; our suppliers, for their partnership; and our clients and consumers, who choose our brands and who continually challenge us in their pursuit of quality, innovation, creativity.

Thank you very much. We really appreciate your confidence in us.

The Management

2. Main Consolidated Indicators (IFRS)

R$ million	2019	2020	2021	2022	Change 2022/2021	CAGR[1] 2022/2019
Gross Sales Revenue	2,513.3	2,334.8	2,847.2	3,119.9	9.6%	7.5%
Domestic market	1,979.5	1,903.6	2,160.9	2,379.5	10.1%	6.3%
Exports	533.8	431.2	686.3	740.4	7.9%	11.5%
Exports (US$)	135.3	83.6	127.2	143.4	12.7%	1.9%
Net revenue	2,071.0	1,896.8	2,342.5	2,512.7	7.3%	6.7%
Average cost of goods sold	(1,126.5)	(1,022.3)	(1,312.4)	(1,504.9)	14.7%	10.1%
Gross profit	944.5	874.5	1,030.1	1,007.8	(2.2%)	2.2%
Operational Expenses	(375.2)	(573.3)	(636.5)	(768.6)	20.8%	27.0%
EBIT	569.4	301.2	393.5	239.1	(39.2%)	-
Recurring Ebit	335.6	372.2	415.6	284.9	(31.5%)	-
EBITDA	646.6	389.2	484.5	332.9	(31.3%)	-
Recurring EBITDA	412.8	460.2	506.6	378.6	(25.3%)	-
Net financial revenue	374.4	137.4	159.2	336.2	111.2%	-
Recurring net financial revenue	178.1	137.4	159.2	336.2	111.2%	23.6%
Net profit	819.2	405.2	601.0	568.0	(5.5%)	-
Recurring net profit	478.8	468.6	541.8	613.1	13.2%	8.6%
Investments (fixed and intangible)	52.4	73.2	121.6	173.1	42.4%	48.9%
Stockholders' equity	4,006.7	4,230.2	4,094.3	4,364.1	6.6%	2.9%

R$ per pair	2019	2020	2021	2022	Change 2022/2021	CAGR[1] 2022/2019
Gross revenue	16.66	16.06	18.48	21.05	13.9%	8.1%
Domestic market	16.50	15.94	17.84	20.80	16.6%	8.0%
Exports	17.30	16.60	20.87	21.89	4.9%	8.2%
Exports (US$)	4.39	3.22	3.87	4.24	9.6%	-
Average cost of goods sold	(7.47)	(7.03)	(8.52)	(10.15)	19.1%	10.8%

R$	2019	2020	2021	2022	Change 2022/2021	CAGR[1] 2022/2019
Basic profit per share	0.9084	0.4494	0.6663	0.6298	(5.5%)	-
Diluted profit per share	0.9070	0.4491	0.6662	0.6294	(5.5%)	-
Dividend per share	0.5947	0.2434	0.4381	1.4601	233.3%	34.9%

Millions of pairs	2019	2020	2021	2022	Change 2022/2021	CAGR[1] 2022/2019
(Volume)	150.9	145.4	154.0	148.2	(3.8%)	-
Domestic market	120.0	119.4	121.1	114.4	(5.6%)	-
Exports	30.9	26.0	32.9	33.8	2.9%	3.1%

Margin, %	2019	2020	2021	2022	Change 2022/2021	Change[2] 2022/2019
Gross	45.6%	46.1%	44.0%	40.1%	(3.9 pp)	(5.5 pp)
EBIT	27.5%	15.9%	16.8%	9.5%	(7.3 pp)	(18.0 pp)
Recurring EBIT	16.2%	19.6%	17.7%	11.3%	(6.4 pp)	(4.9 pp)
EBITDA	31.2%	20.5%	20.7%	13.2%	(7.5 pp)	(18.0 pp)
Recurring EBITDA	19.9%	24.3%	21.6%	15.1%	(6.5 pp)	(4.8 pp)
Net	39.6%	21.4%	25.7%	22.6%	(3.1 pp)	(17.0 pp)
Recurring net margin	23.1%	24.7%	23.1%	24.4%	1.3 pp	1.3 pp

R$	2019	2020	2021	2022	Change 2022/2021	CAGR[1] 2022/2019
US$ at end of period	4.0307	5.1967	5.5805	5.2177	(6.5%)	9.0%
Average US$	3.9451	5.1558	5.3950	5.1648	(4.3%)	9.4%

Liquidity	2019	2020	2021	2022	Change 2022/2021	CAGR[1] 2022/2019
General liquidity	7.7	9.3	8.1	8.5	4.9%	3.3%
Current liquidity	6.5	9.1	8.0	7.3	(8.8%)	3.9%
Dry liquidity	5.8	8.2	6.7	6.3	(6.0%)	2.8%

Note:

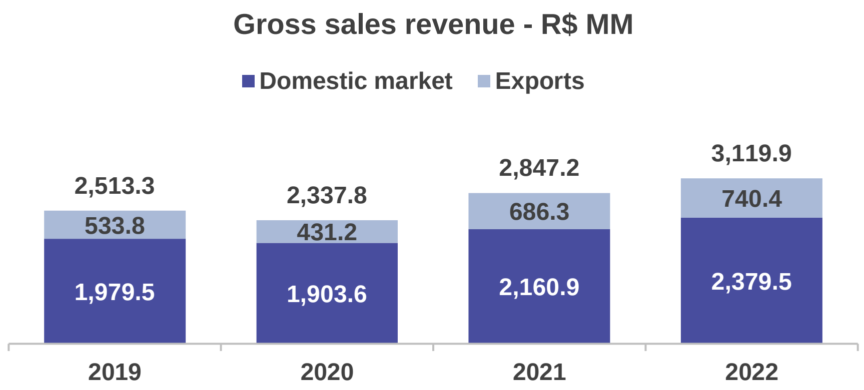
1) *CAGR (Compound Annual Growth Rate):*
2) *pp: percentage points*

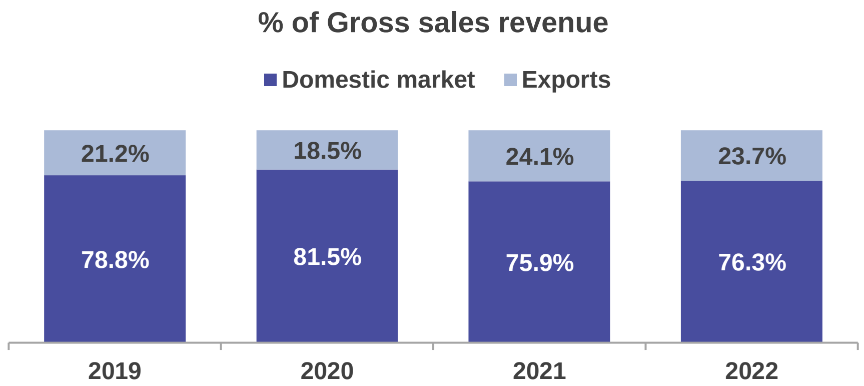
3. Economic-Financial Performance

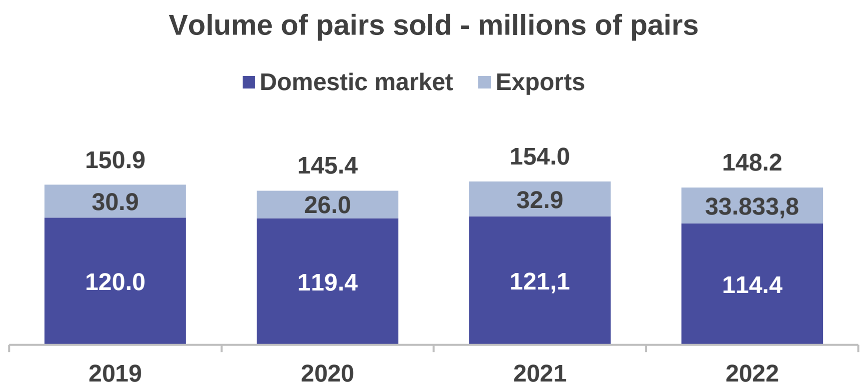
3.1. Gross Sales Revenue

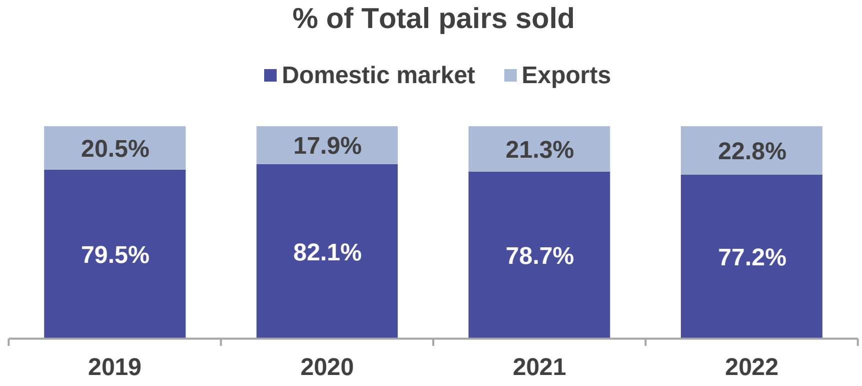
The gross revenue recorded in 2022 was R$3.1 billion, up 9.6% from 2021. We sold 148.2 million pairs of shoes during the year, 3.8% less than in 2021. The strengthening of exports, the higher value-added mix, and the approved price increases resulted in 13.9% greater gross revenue/par than in 2021.

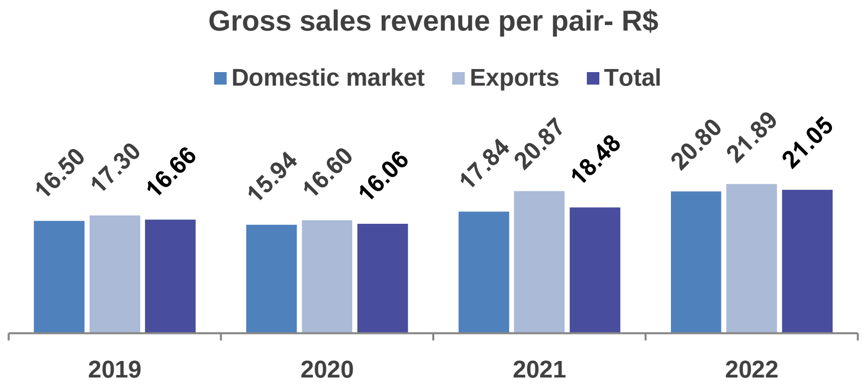
The evolution of these figures is depicted in the graphs below:





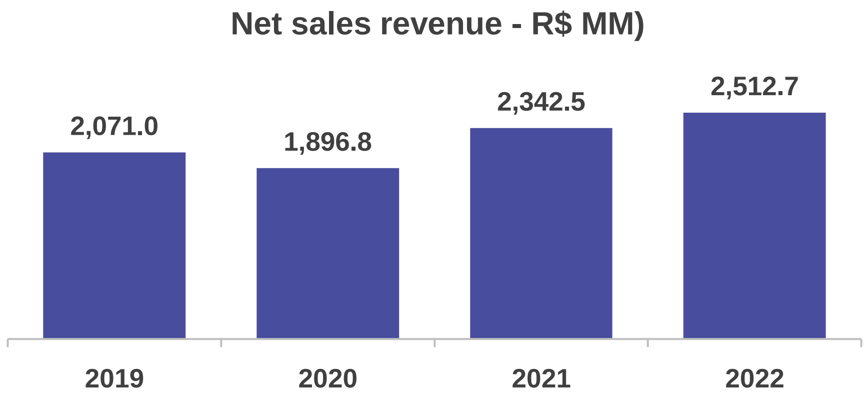






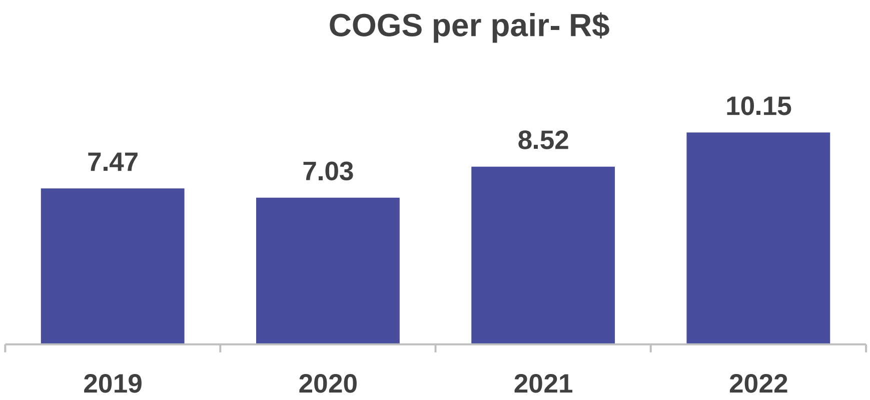
Data from the MDIC (Ministry of Development, Industry and Foreign Trade) /SECEX/ABICALÇADOS (Department of Trade Defense of the Department of Foreign Trade), revealed that Brazilian footwear exports in 2022 compared to 2021, had a 45.5% rise in dollar revenues, a 14.8% increase in the volume of pairs sold, and a 26.8% increase in the average price per pair exported in dollars. In comparison, Grendene reported a 12.7% increase in revenue in dollars, an 2.9% increase in the volume of pairs sold, and a 9.6% increase in the average price per pair exported in dollars. In 2022, Grendene's share of the volume of pairs of Brazilian footwear exported was 23.8% (it was 26.6% in 2021).

3.2. Net Sales Revenue



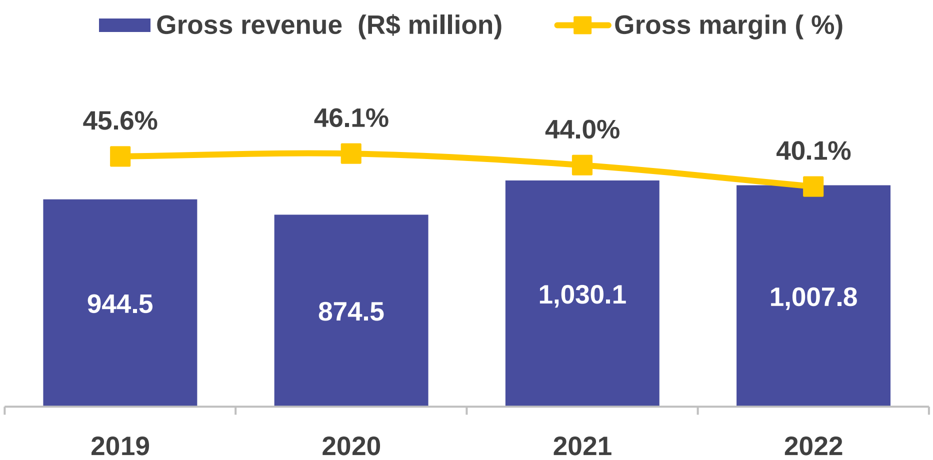
3.3. Average cost of goods sold / pair (COGS)

In 2022, the unit cost of COGS increased by 19.1%. The decrease in the price of our raw materials, particularly PVC resin, has been reflected somewhat in the COGS. Some of the factors that explain the time lag between the drop in raw material prices and its reflection in the income statement are the average term of raw material inventories, purchases of inputs in smaller quantities (normalization of supply chains), and shipment of products produced during the first semester (strategic inventory).



3.4. Gross profit

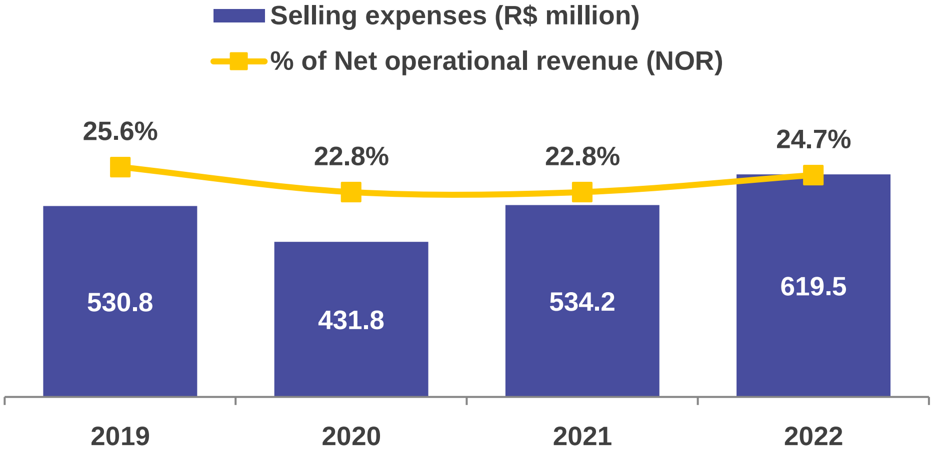
In 2022, the gross margin decreased from 44.0% to 40.1% (a decrease of 3.9 pp), as a result of the increase in the cost of raw materials and the decline in the number of pairs sold.



3.5. Operational Expenses (SG&A)

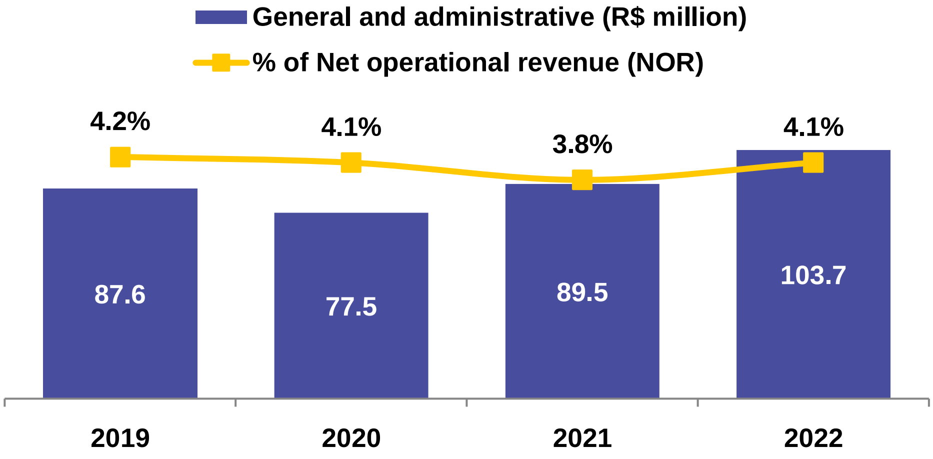
3.5.1. Selling expenses

The Company's commercial expenses are predominantly variable and include freight, licensing, commissions, advertising, and marketing. In 2022, commercial expenses returned to historical levels, constituting 24.7% of net revenues (+16% compared to 2021). Advertising and publicity, freight, commissions, accelerating online businesses, and making strategic investments in technology and innovative ideas were the expenses that changed the most during the period.



3.5.2. General and Administrative expenses (G&A)

n 2022, general and administrative expenses increased by 16% and remained around 4% of net revenues.



3.6. EBIT and EBITDA

3.6. 1. EBIT

EBIT – *Earnings Before Interests and Taxes*. We are aware that, given our substantial cash position and high financial income, EBIT best describes the operating profit of our business.

EBIT / EBITDA Reconciliation (R$ thousands)	2019	2020	2021	2022	Change 2022/2021	CAGR1 2022/2019
Recurring net profit for the period	**478,789**	**468,598**	**541,761**	**613,084**	**13.2%**	**8.6%**
Non-recurring effect	340,428	(63,392)	59,244	(45,057)	-	-
Net profit for the period	**819,217**	**405,206**	**601,005**	**568,027**	**(5.5%)**	**-**
Taxes on profit	124,552	33,406	(48,276)	7,290	-	-
Net financial revenue	(374,408)	(137,413)	(159,207)	(336,197)	111.2%	-
EBIT	**569,361**	**301,199**	**393,522**	**239,120**	**(39.2%)**	**-**
Non-recurring effect	(233,809)	70,955	22,068	45,758	107.4%	-
Recurring Ebit	**335,552**	**372,154**	**415,590**	**284,878**	**(31.5%)**	**-**
Depreciation and amortization	77,222	88,049	91,020	93,746	3.0%	6.7%
EBITDA	**646,583**	**389,248**	**484,542**	**332,866**	**(31.3%)**	**-**
Recurring EBITDA	**412,774**	**460,203**	**506,610**	**378,624**	**(25.3%)**	**-**
EBIT margin (%)	**27.5%**	**15.9%**	**16.8%**	**9.5%**	**(7.3 pp)**	**(18.0 pp)**
Recurring EBIT margin	**16.2%**	**19.6%**	**17.7%**	**11.3%**	**(6.4 pp)**	**(4.9 pp)**
EBITDA margin (%)	**31.2%**	**20.5%**	**20.7%**	**13.2%**	**(7.5 pp)**	**(18.0 pp)**
Recurring EBITDA margin	**19.9%**	**24.3%**	**21.6%**	**15.1%**	**(6.5 pp)**	**(4.8 pp)**

Non-recurring items:

2019	In 2019, we had the following non-recurring expenses: provision of R$11.3 million of receivables from a customer who filed for judicial reorganization; termination of representatives in the amount of R$14 million; adjustment to the present value of R$5.1 million relating to the Proapi export incentive credit; and other non-recurring items totaling R$0.3 million. We additionally recognized nonrecurring revenue resulting from the removal of ICMS from the calculation basis of PIS/COFINS, in the sum of R$264.0 million.
2020	In 2020, we had non-recurring expenses of R$71.0 million, of which: R$ 48.0 million of COVID-19 related expenses; R$ 11.0 million of provision for receivables from a client that filed for judicial recovery; R$ 4.0 million of advisory services; and R$ 8.0 million of other non-recurring expenses.
2021	In 2021, we had non-recurring items referring to: PIS/COFINS credits on ICMS inputs (+R$10.0 million), procedural credits (+R$ 0.9 million), estimated losses with doubtful debtors (-R$ 13.9 million), expenses related to COVID-19 (-R$ 14.0 million), INCRA lawsuit (-R$ 2.1 million), write-off of fixed assets of Grendene UK (-R $2.1 million) and other non-recurring expenses (-R$ 0.9 million), totaling -R$ 22.1 million.
2022	In 2022 we had non-recurring items referring to: Non-recurring revenues (+R$ 14.8 million); procedural credits (+R$ 3.2 million); expenses related to COVID-19 (-R$ 3.8 million); result FM retail stores (-R$ 15.8 million); result GGB equity equivalence (-R$ 30.5 million); write-off of FM inventories (-R$ 6.3 million); write-off of Grendene USA fixed assets (-R$ 1.2 million); franchise management (-R$ 5.3 million) and civil indemnities (-R$ 0.9 million).

3.6. 2. EBITDA

Our business is low capital intensive, depreciation is around 4.0% of Net Revenue, and the company regularly invests an amount close to depreciation to keep its production capacity up to date. Additionaly, maintains positive net cash and has no financial charges that must be paid using resources derived from the operation. As a result, we believe that EBIT analysis is a better indicator for the operational management of the company.

3.7. Net financial revenue

As shown in the table below, the income from financial investments and the results from variable income financial instruments and other financial assets (SCPs) were the major contributors to the 111.2% growth in the net financial result, which reached R$ 336.2 million.

Net financial revenue (R$ thousands)	2019	2020	2021	2022	Change 2022/2021	CAGR1 2022/2019
Revenue from cash investments	**144,839**	**83,806**	**103,463**	**157,270**	**52.0%**	**2.8%**
Revenue from cash investments	144,839	83,806	103,463	157,270	52.0%	2.8%
Gain on equity financial instruments	**-**	**76,418**	**5,338**	**89,158**	**1,570.3%**	**-**
Gain on equity financial instruments	-	76,418	5,338	89,158	1,570.3%	-
Net gain (loss) on FX variations	**5,169**	**(52,864)**	**157**	**12,795**	**8,049.7%**	**35.3%**
Net gain (loss) on FX derivatives transactions- B3	**6,377**	**(67,346)**	**(23)**	**17,836**	**-**	**40.9%**
Net gain (loss) on FX derivatives transactions- B3	53,975	64,331	44,942	23,258	(48.2%)	-
Net gain (loss) on FX derivatives transactions- B3	(47,598)	(131,677)	(44,965)	(5,422)	(87.9%)	-
Net gain (loss) from FX variations	**(1,208)**	**14,482**	**180**	**(5,041)**	**-**	**61.0%**
FX variation – gains	54,209	109,033	54,073	97,223	79.8%	21.5%
FX variation – losses	(55,417)	(94,551)	(53,893)	(102,264)	89.8%	22.7%
Profit/loss on other financial assets – SCPs	**-**	**8,020**	**25,101**	**28,222**	**12.4%**	**-**
Profit/loss on other financial assets – SCPs	-	8,020	25,101	28,222	12.4%	-
Profit/loss on Structured Transaction Certificate (COE)	**-**	**-**	**-**	**2,915**	**-**	**-**
Profit/loss on Structured Transaction Certificate (COE)	-	-	-	2,915	-	-
Result of Debentures	**-**	**-**	**5,149**	**(33,070)**	**-**	**-**
Result of Debentures	-	-	5,149	(33,070)	-	-
Other financial transactions	**181,930**	**(5,883)**	**(1,056)**	**15,810**	**-**	**-**
Active interest	-	-	13,822	39,551	186.1%	-
Interest received from clients	2,128	1,937	3,585	2,505	(30.1%)	5.6%
Borrowing costs	(9,007)	(7,891)	(6,041)	(8,779)	45.3%	-
PIS and COFINS taxes on financial revenues	(16,024)	(4,902)	(6,721)	(10,038)	49.4%	-
Other financial revenues (expenses)	204,833	4,973	(5,701)	(7,429)	30.3%	-
Gains on adjustments to present value	**42,470**	**27,916**	**21,055**	**63,097**	**199.7%**	**14.1%**
Adjustments to present value	42,470	27,916	21,055	63,097	199.7%	14.1%
Net financial revenue	**374,408**	**137,413**	**159,207**	**336,197**	**111.2%**	**-**

Financial Statement Reconciliation (R$ thousands)	2019	2020	2021	2022	Change 2022/2021	CAGR1 2022/2019
Net financial revenue - formal accounting	**374,408**	**137,413**	**159,207**	**336,197**	**111.2%**	**-**
Non-recurring effect	(196,336)	-	-	-	-	-
Recurring net financial revenue	**178,072**	**137,413**	**159,207**	**336,197**	**111.2%**	**23.6%**

3.8. Net profit for the period

In 2022, the recurring net profit increased by 13.2%, mostly due to the improvement in the financial result.

Net profit (R$ thousands)	2019	2020	2021	2022	Change 2022/2021	CAGR1 2022/2019
Net profit for the period	**819,217**	**405,206**	**601,005**	**568,027**	**(5.5%)**	**-**
Non-recurring effect	(340,428)	63,392	(59,244)	45,057	-	-
Recurring net profit for the period	**478,789**	**468,598**	**541,761**	**613,084**	**13.2%**	**8.6%**

Net margin	**39.6%**	**21.4%**	**25.7%**	**22.6%**	**(3.1 pp)**	**(17.0 pp)**
Recurring net margin	**23.1%**	**24.7%**	**23.1%**	**24.4%**	**1.3 pp**	**1.3 pp**

3.9. Cash generation

In 2022, the cash of R$ 536.1 million generated in operating activities added to the net amount of R$ 142.9 million in financial investments was allocated to the following: investments in subsidiaries and associates in the amount of R$ 98.2 million; acquisition of fixed assets and intangible assets in the amount of R$ 173.1 million; payment of dividends and interest on own capital in the amount of R$ 275.6 million; payment of loans and financing in the net amount of R$ 24.4 million; a net result of R$ 2.4 million from the purchase and sale of treasury shares for the exercise of call options granted by the company resulted in an increase of R$ 105.3 million, in the amount held in cash and equivalents.

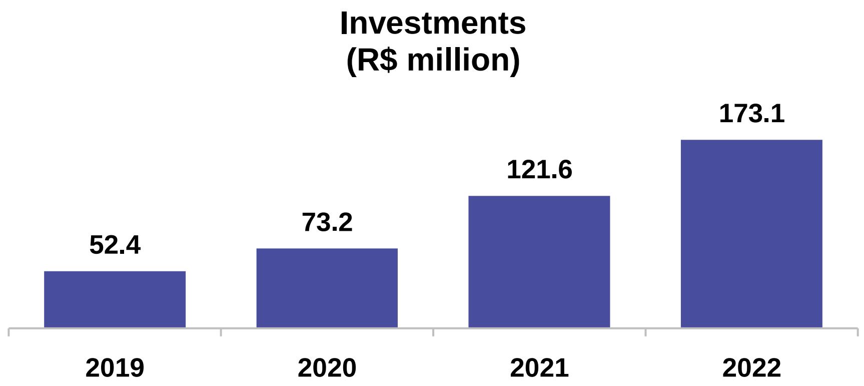
3.10. Net cash and cash equivalents

The following table illustrates the distribution of cash and cash equivalents (cash and cash equivalents and short- and long-term financial investments), loans and financing (short- and long-term), and net cash:

R$ million	2019	2020	2021	2022
Cash and cash equivalents plus cash investments (ST and LT)	2,128.5	2,000.9	1,588.0	1,796.6
Loans and financings (ST and LT)	(95.2)	(9.8)	(124.3)	(106.6)
Net cash	2,033.3	1,991.1	1,463.7	1,690.0

3.11. Investments (fixed and intangible)

Maintenance of industrial structures and facilities, replacement of fixed assets, procurement of new equipment to upgrade the industrial park, and different projects to improve the company's performance were the primary investments in 2022.



3.12. External Auditors – CVM Resolution 162/2022

In order to comply with CVM Resolution 162 of July 13, 2022, Grendene S.A. announces that it utilized the independent audit services of PricewaterhouseCoopers Auditores Independentes Ltda (PWC) for the special review of its quarterly information and the audit of its financial statements for the year ending December 31, 2022, for a total fee of R$ 452,2 thousand. For this fiscal year, PWC provided other consulting services of R$ 115,0 thousand which represents 20.3% of the independent auditors' total compensation in 2022.

In contracting with the independent auditor for services unrelated to the external audit, the Company adheres to the following principles to safeguard the auditor's independence: (a) The auditor must not audit their own work; (b) The auditor must not exercise managerial functions for their client; and (c) The auditor must not promote the interests of their client.

3.12. 1. External auditors' Statement of Reasons – PWC

The above-described provision of additional professional services unrelated to external auditing does not compromise the independence or objectivity of external auditing examination conducted on Grendene S.A. and its subsidiaries. The operational policy for providing services to Grendene that are unrelated to external auditing is based on the principles that safeguard the independence of the External Auditor, and all of these principles were adhered to when providing the aforementioned services.

4. Capital Markets and Corporate Governance

4.1. Capital Markets

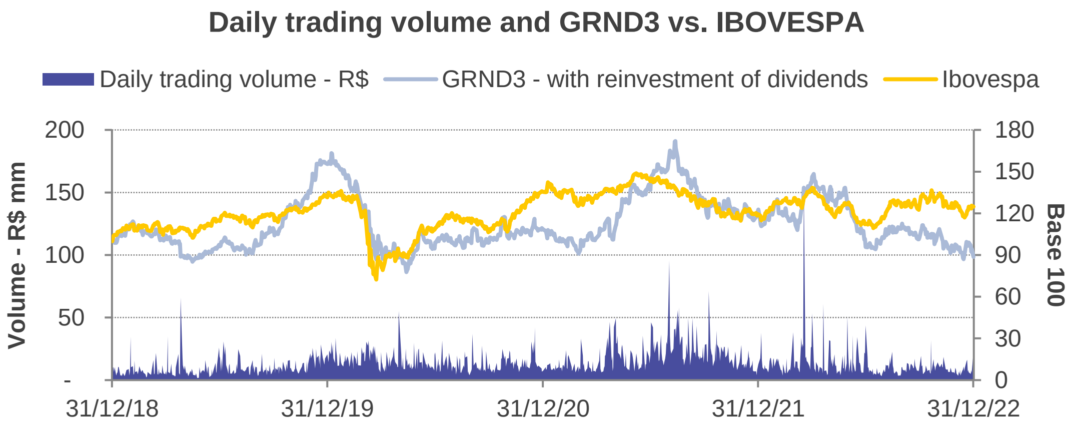
In 2022, 391.0 million common shares were traded (1.46 times the free float), 1.2 million trades, which represented a financial volume of R$ 3.1 billion. The daily averages were as follows: 1.563.9 million common shares (0.58% of the free float), R$12.5 million in financial volume, and 4,654 trades.

Considering the reinvestment of dividends, Grendene's stock (GRND3) depreciated 27.8% from January to December 2022, and the price fluctuated between R$ 5.81 on December 14, 2022, and the maximum was R$ 10.51 on April 4, 2022. In the same period, Ibovespa was valued at 4.7%. The dividend yield estimated using the weighted average share price in 2022 was 17.9% per year. (4.5% per year in 2021).

The number of trades, number of shares traded, financial volume and daily averages are shown in the table below:

Year	No. of trading sessions	No.o f trades	Number of shares	Volume R$	Price R$		Average No. of shares		Daily trading volume R$	
					Weighted average	Close	Trades	Daily	Trades	Daily
2019	248	928,550	282,204,700	2,428,829,992	8.61	12.28	304	1,137,922	2,616	9,793,669
2020	249	1,408,309	444,831,700	3,714,553,078	8.35	8.38	316	1,786,473	2,638	14,917,884
2021	247	1,440,522	502,221,900	4,707,044,572	9.37	8.65	349	2,033,287	3,268	19,056,861
2022	250	1,163,624	390,965,200	3,123,880,041	7.99	6.03	336	1,563,861	2,685	12,495,520

This chart shows the performance of Grendene ON shares compared to the BOVESPA index (Base: December 31, 2018 = 100), and daily trading volume.



4.2. Shareholder's Profile

On December 31, 2022, Brazilian institutional investors held 8.7% of the share capital of Grendene S.A. (29.4% of the free float); foreign investors held 13.1% (44.3% of the free float); small investors including individuals and shares held in treasury totaled 7.9% (26.3% of the free float); and the other 70.3% of the share capital was in the possession of the controlling stockholders and managers.

Participation in share capital (%)	2019	2020	2021	2022
Controlling shareholders and managers	69.9%	70.0%	70.3%	70.3%
Foreign Investors	13.7%	11.1%	13.6%	13.1%
Institutional Investors	9.2%	10.2%	8.8%	8.7%
Individuals	7.2%	8.4%	7.3%	7.7%
Other	0.0%	0.3%	0.0%	0.2%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

% of Free Float	2019	2020	2021	2022
Foreign Investors	45.1%	37.3%	45.6%	44.3%
Institutional Investors	30.7%	34.0%	29.5%	29.4%
Individuals	23.8%	28.1%	24.5%	25.9%
Public and private companies	0.3%	0.5%	0.3%	0.3%
Financial Institutions	0.1%	0.1%	0.1%	0.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The geographic distribution of shareholders as of December 31, 2022, is shown in the table below:

Country	Number of shareholders	% of total	Number of shares	% of total
Germany	2	0.002575%	101,500	0.011251%
Saudi Arabia	1	0.001288%	494,340	0.054795%
Australia	1	0.001288%	3,199	0.000355%
Brazil	77,517	99.808149%	783,661,461	86.865019%
Canada	6	0.007725%	197,670	0.021911%
Chile	1	0.001288%	86,500	0.009588%
Spain	1	0.001288%	9	0.000001%
USA	80	0.103005%	101,965,335	11.302356%
Ireland	17	0.021889%	6,314,727	0.699956%
Luxembourg	3	0.003863%	2,767,637	0.306779%
Norway	1	0.001288%	554,585	0.061473%
New Zealand	1	0.001288%	33,449	0.003708%
The Netherlands	4	0.005150%	381,917	0.042334%
Portugal	1	0.001288%	25,000	0.002771%
United Kingdom	24	0.030902%	4,238,384	0.469804%
Switzerland	5	0.006438%	875,382	0.097032%
Uruguay	1	0.001288%	458,905	0.050867%
Total	**77,666**	**100.000000%**	**902,160,000**	**100.000000%**

Grendene is officially included in the 18th portfolio of the Corporate Sustainability Index (ISE B3), which was announced on December 28, 2022, and will be in effect from January 2, 2023, to December 29, 2023. The Corporate Sustainability Index measures the average performance of the asset values of companies chosen for their commitment to sustainability.

The Company now contributes to the composition of the B3 SA *Brasil Bolsa Balcão* following indexes: IBrA, ICON, IGCT, IGCX, IGNM, INDX, ISEE, ITAG, and SMLL.

4.3. Dividends

4.3.1. Deliberated dividends and Interest on Equity (I.E.)

In continuation of and in accordance with the Relevant Fact disclosed on December 19, 2022, in which the Company informed the market that a favorable ruling by the Federal Regional Court of the 5th Region has become final and non-appealable, recognizing its right to not include amounts corresponding to tax benefits granted by the State of Ceará in the tax base of the Corporate Income Tax (IRPJ) and of the Social Contribution on Net Profit,(CSLL), and ruled out the restrictions imposed by the federal legislation, which conditioned the non-taxation of such amounts to their maintenance in a profit reserve account, which could only be used to absorb losses or increase share capital. In a meeting held on March 2, 2023, the Board of Directors approved, among other matters and "ad referendum" of the Ordinary General Assembly that will deliberate on the results of the fiscal year 2022, the distribution of dividends proposed in the audited financial statements related to the fiscal year 2022, from a portion of the ICMS tax incentive reserve, in the net amount of R$1,000,000,000.00 (one billion reais), being: (i) R$ 732,047,551, 69 (seven hundred and thirty-two million, forty-seven thousand, five hundred and fifty-one reais and sixty-nine cents), pertaining to the period between April 2016 and June 2021; and (ii) R$ 267. 952,448.31 (two hundred and sixty-seven million, nine hundred and fifty-two thousand, four hundred and forty-eight reais, and thirty-one cents), relative to the period between July 2021 and December 2022.

According to the bylaws, the minimum required dividend is 25% of the remaining net revenue for the year after statutory and legal reserves have been deducted.

We considered the payment of interest on equity (I.E.) (gross) and accumulated dividends in the table below:

R$ million	2019	2020	2021	2022
Mandatory minimum dividend – 25%	134.1	54.9	94.2	79.1
Additional dividend	402.4	164.6	301.0	1,237.5
Total	**536.5**	**219.5**	**395.2**	**1,316.6**

	2019	2020	2021	2022
Dividend + Net Interest on Equity per share (R$)	0.5947	0.2434	0.4381	1.4601
Payout, %	65.7%	51.6%	63.0%	233.4%
Dividend yield, %	6.7%	2.7%	4.5%	17.9%

(*) Payout: Dividend plus (Net Interest on Equity), divided by (Net Profit after constitution of legal reserves).

(**) Dividend yield: (Dividend per share plus Net Interest on Equity per share in the period), divided by (weighted average price of the share in the period, annualized).

The Company proposes to allocate the result for the year 2022 as follows:

a) R$79,159,871.77 as minimum mandatory dividend, or 25% of the dividend calculation base, shown below;

b) R$237,479,615.32 of additional dividend to the minimum mandatory dividend, totaling the amount of R$316,639,487.09 relative to fiscal year 2022, and

c) In addition, the Board of Directors suggested the distribution of R$1,000,000,000.00 in dividends to shareholders, pointing to the net outcome of the various destination of the ICMS tax incentive: From 2016 to April 2021, R$732,047,551.69 and R$267,952,448.31 from July 2021 to December 2022.

The total of these amounts is R$1,316,639,487.09, which, after deducting the quarterly advances made in the amount of R$ 202,408,465.07, results in a balance of R$1,114,231,022.02, which the company will pay "ad referendum" of the Ordinary General Assembly that approves the accounts for fiscal year 2022 on May 17, 2023, as follows:

a) R$110,000,000.00 as Interest on Equity (gross), which is imputed to the dividend (net amount R$93,500,000.00), and;

b) R$1,004,231,022.02 as a complementary dividend for fiscal year 2022.

Shareholders holding common shares (GRND3) registered in the Company's records on May 2, 2023 (the cut-off date) will be entitled to receive the dividends. Thus, Grendene's shares (GRND3) will start trading ex-dividend as of May 3, 2023 on the B3.

Basis for the distribution of dividends in 2022

Grendene S.A. (Holding company)	R$
Net profit for the year	568,027,378.53
(–) Tax Incentives reserve	(234,722,655.28)
Basis for calculation of the Legal reserve	**333,304,723.25**
(–) Legal reserve	(16,665,236.16)
Amount of the dividend for the fiscal year 2022 / Calculation basis of the minimum mandatory dividend	**316,639,487.09**
(+) Diverse destination of ICMS tax incentive	1,000,000,000.00
Amount of the dividend proposed by management	**1,316,639,487.09**
(-) Early distribution of dividends	(202,408,465.07)
Balance available for distribution for the year 2022	**1,114,231,022.02**

Balance to be distributed as dividend	1,004,231,022.02
Balance to be distributed as Interest on Equity	110,000,000.00
(-) Income tax withheld at source (15%)	(16,500,000.00)
(=) Interest on Equity Net of Taxes	93,500,000.00

Mandatory minimum dividend – 25%	79,159,871.77
Dividend proposed in excess of the mandatory minimum – fiscal year 2022	237,479,615.32
Sum	**316,639,487.09**
Diverse destination of ICMS tax incentive	1,000,000,000.00
Total	**1,316,639,487.09**

Dividends + Interest on Equity (I.E.) distributed / proposed

Dividend	Date approved	Ex-date	Date of start of payment	Gross value R$	Gross value per share R$	Net value R$	Net value per share R$
Dividend [1]	Apr. 28, 2022	May 10, 2022	May 25, 2022	46,696,009.12	0.051760415	46,696,009.12	0.051760415
I.E. [1]	Apr 28, 2022	May 10, 2022	May 25, 2022	37,000,000.00	0.041012827	31,450,000.00	0.034860903
Dividend [1]	Aug. 4, 2022	Aug. 12, 2022	Aug. 31, 2022	7,644,683.71	0.008478151	7,644,683.71	0.008478151
I.E. [1]	Aug. 4, 2022	Aug. 12, 2022	Aug. 31, 2022	18,000,000.00	0.019962463	15,300,000.00	0.016968093
Dividend [1]	Oct. 27, 2022	Nov. 4, 2022	Nov. 23, 2022	59,067,772.24	0.065507678	59,067,772.24	0.065507678
I.E. [1]	Oct. 27, 2022	Nov. 4, 2022	Nov. 23, 2022	34,000,000.00	0.037706874	28,900,000.00	0.032050843
Dividend [1] and [2]	Mar. 2, 2023	May 3, 2023	May 17, 2023	1,004,231,022.02	1.113718024	1,004,231,022.02	1.113718024
I.E. [1] and [2]	Mar. 2, 2023	May 3, 2023	May 17, 2023	110,000,000.00	0.121992828	93,500,000.00	0.103693904
			Total	**1,316,639,487.09**	**1.460139260**	**1,286,789,487.09**	**1.427038011**

[1] Dividends approved subject to ratification by the Annual General Meeting of Stockholders that considers the financial statements for the 2022 business year.

[2] Value per share subject to change depending on the balance of treasury shares on the cut-off date (May 2, 2023). The value of dividends and Interest on Equity per share is shown at base date December 31, 2022.

4.3.2. Dividend Policy

The new Dividend Policy of the Company stipulates that a mandatory distribution of 25% of the net income for the fiscal year will be made in accordance with the Brazilian Corporation Law, after the legal and statutory reserves have been established, and that it may also be paid as interest on equity (I.E.) as stipulated by law. Hence, the payment of additional dividends (extraordinary dividends) in excess of the statutory minimum will be the responsibility of the Board of Directors "ad referendum" of the General Shareholders' Meeting. However, as is customary for the Company, the amount to be distributed each year will be proposed by management ("ad referendum" of the shareholders meeting) after an evaluation that will take into account, among other things, the level of capitalization, financial leverage, and liquidity of the Company, its capacity to generate cash, its investment plan, the prospects for the use of capital due to the anticipated growth of the Company's business, and/or the need for funds.

In addition, we will maintain our quarterly dividend distribution policy.

4.4. Board of Directors Statement

We declare, as statutory directors of Grendene S.A., in accordance with Sub-item V of Article 27 of CVM Instruction No. 80 of March 29, 2022, Subsection III – Financial Statements, that we have reviewed, discussed, and agree with the opinions expressed in the Opinion of the independent auditors, and;

We declare, as statutory directors of Grendene S.A., in accordance with Sub-item VI of Article 27 of CVM Instruction No. 80 of March 29, 2022, Subsection III – Financial Statements, that we have reviewed, discussed, and agree with the information presented in the Financial Statements of the Company and subsidiary companies (Consolidated), for the business years ended December 31, 2021, and 2022.

5. Sustainable Development

At Grendene, we strive to make fashion with less environmental impact, value relationships, and generate prosperity for all.

We have a responsibility to people, the planet, and the future, and in order to generate long-term value, we have a Sustainable Development Policy based on three pillars: valuing and respecting people, eco-friendly operations, and low-impact products.

In addition, eight of the United Nations' seventeen Sustainable Development Goals (SDGs) are aligned with our strategy.

We are proud of our results and seek opportunities that will facilitate a move toward greater sustainability. Aware of our challenges and committed to meeting our goals, we want to be protagonists of the transformation of the future.

5.1. Circular Economy

Circularity is one of the primary approaches to build a more sustainable enterprise. The circular economy approaches aim to extend the lifespan of utilized materials and resources, hence preventing waste and the generation of residues that exceeds the planet's capacity for processing and regeneration.

At Grendene, we practice circularity by adopting solutions that prioritize the greatest use of raw materials, avoid waste and the generation of residues, and increase the reinsertion of materials into the production cycle by means of reverse logistics.

As part of the Ipanema Recria campaign, there are more than 400 reverse logistics collectors in Melissa Clubs and Galleries in Brazil and abroad, Rider Spaces Copan (SP), and partner retail chains in the states of Alagoas (AL), Bahia (BA), Espírito Santo (ES), Minas Gerais (MG), Pará (PA), Paraíba (PB), Pernambuco (PE), Rio de Janeiro (RJ), Natal (RN) and Aracaju (SE).

All of Grendene's footwear is vegan, created with an average of 30% pre-consumer recycled content (using waste materials that would otherwise be discarded), non-toxic, and devoid of dangerous or allergen-causing ingredients. PVC, the primary raw material for the products, is 100 % recyclable.

From August 2019 until the end of 2022, 56 styles of lower impact footwear have been introduced, 32 of which were introduced in the last year alone. In the year-to-date, sales of products with lesser environmental impact exceed R$ 66,000,000.00.

In 2022, the analyzed period, 807,565 pairs of reduced impact items were sold, generating R$50,351,667.66 in revenue.

5.2. Energy Efficiency

We continue to accept the challenge of reducing energy usage per pair annually, although our result in 2022 was 3% higher than in 2021. To reach our target of a 3% improvement in results by 2023, we provide automation initiatives aimed at supplying the production process with energy on demand, and the updating of the utility blocks while maintaining the monitoring, control, and management of industrial indicators.

In 2022, we designed initiatives and actions for factory energy efficiency, including the scopes of process redesign, equipment adaption (compressor management and equipment cooling temperature reprogramming), and operational management (compressed air audit routines).

Electricity Consumption	2019	2020	2021	2022	Change 2022/2021
Absolute energy consumption (kWh)	100,756,580	92,127,784	104,133,661	99,453,193	(4%)
Energy consumption indicator (kWh/pair)	0.670	0.646	0.653	0.673	3%

With the responsibility of using carbon-free energy, our photovoltaic solar plant erected at the Sobral (CE) facility will generate 1,301 MWh in 2022. Through the self-generation of renewable energy, we avoided the emission of 471 tCO2eq.

5.3. Waste Management

In 2022, the amount of waste generated per pair of shoes decreased by 6%. The absolute volume of common non-recyclable waste decreased by 24%. One point of contribution was the advancement in immunization and the relaxation of COVID-19 preventive laws, which made possible the return to using hand dryers, hence reducing the usage of paper towels.

Reductions in residues destined for co-processing resulted from activities to intensify the management of industrial wastes from the manufacturing process, which allowed for a rise in the recycling of resources, in addition to the investigation of more efficient inputs.

Grams/pair	2019	2020	2021	2022	Change 2022/2021
Waste generation indicator (g/pair)	9.27	9.56	10.48	9.84	(6%)

In 2022, we kept our commitment to sending zero waste to industrial landfills, focusing on the reduction of generation, reuse, recycling, and energy valuation.

In addition, our main raw material, PVC, is continuously used and 100% recyclable. We have our own recycling system, which incorporates all PVC waste generated prior to use into new products, resulting in shoes with a lower environmental effect (30% recycled material on average).

5.4. Water Consumption

Our industrial operations are located in a semiarid region of Brazil, which strengthens our efforts to boost water availability and hence lower our water footprint.

a) More than 127 million gallons of treated wastewater were reused. The recycled water is utilized to flush toilets and water the company's green spaces and gardens.

b) In 2022, we had a 3% increase in the result of the liter per pair produced indicator. In 2023, we will continue reducing our water footprint through programs that aim to prevent water leaks, increase the usage of recycled water, catch rainwater, and monitor water consumption to identify opportunities.

Liters/pair	2019	2020	2021	2022	Change 2022/2021
Potable water consumption indicator (l/pair)	1.67	1.74	1.50	1.53	3%

5.5. Highlights of the year

We have evolved in our sustainability journey, check out the main highlights and awards received:

- **Sustainability Report 2021:** We present the Sustainability Report for the third year, reporting on the Company's sustainability information and Environmental, Social and Governance (ESG) practices for the year 2021. The Report outlines Grendene's new materiality matrix, which was developed in accordance with the following international guidelines for sustainability reporting and management: Integrated Report (Capitals), Global Reporting Initiative (GRI), and UN Sustainable Development Goals (SDGs).

- **Eco® Amcham Award** Grendene won the Amcham ECO® Award in the Sustainability Practices, Products and Services for Large Companies category with the case "The recreation of Rider's future". The ECO® Award is an initiative that recognizes the leading Brazilian companies committed to the

ESG agenda. It has been recognizing excellent business practices and encouraging reflection on the evolution of the sustainability issue in Brazil for the past 39 years.

- **Carbon Disclosure Project (CDP):** We submitted the CDP Questionnaire for the third year in a row, and we received a C grade for Climate Change and Forestry, and a B rating for Water Security.

- **Grendene demonstrates its commitment to sustainability at MICAM Milan:** Once again, we exhibited at MICAM Milano, one of the most important international footwear exhibitions. The event is a reference for footwear industry retailers from all over the world. At the exhibition stall, sustainability messages from the entire universe of Grendene brands could be contemplated.

- **Rider Spaces Copan: Rider** opened its first physical store at the iconic Copan building in São Paulo. The store offers an integrated digital and physical shopping experience. In addition, it offers space for user customization and a reverse logistics collector that demonstrates the recycling process for shoes. The store was built using sustainable practices for the selection of materials and the management of resources.

- **Melissa launches product with USDA certified content:** Melflex, Melissa's raw material famous for its plasticity and tutti-frutti aroma, received a formulation containing 25% renewable carbon, resulting in a 30% decrease in atmospheric CO_2 emissions. The brand's classic, the iconic Melissa Possession, was the first shoe style to employ the new biobased material certified by the United States Department of Agriculture (USDA).

- **Plástico Sul Award:** Grendha+ was the brand's first low-impact collection, and it featured a low-priced flat sandal that replicated the handcrafted aesthetics of leather in a completely vegan and recyclable material. Laser texturing has replaced chemical processes in its production. The collection took first place in the Injection-Transformer category of the third edition of the Plástico Sul Innovation and Sustainability Award.

- **Comerc Renew and Grendene sign PPA for Solar Energy Supply:** The Comerc Renew, Centralized Generation of the Comerc Energia Group has finalized a preliminary collaboration deal with Grendene for the provision of solar energy, with the objective of meeting 80% of its operating needs. The photovoltaic facility is scheduled to begin operations in 2024 and will be responsible for preventing the emission of 52,000 tons of CO_2 per year.

- **Inovyn Awards:** Grendene was one of the winners of the Inovyn Awards in the area of Circular Economy for their 100% recycled Melissa case. The award ceremony took place in Germany during the K Fair program event.

- **Fashion Transparency Index Brazil (ITMB):** Grendene's brands Ipanema and Melissa are reviewed annually by the Fashion Transparency Index Brazil, an initiative of the Fashion Revolution movement. The brands are among the top five in terms of performance improvements over the previous year, measured in percentage points.

- **B3's Corporate Sustainability Index:** For the first time, we were included in the ISE B3 portfolio—B3's Corporate Sustainability Index.

5.6. Audits and Certifications in Operations for Sustainable Development

The Brazilian Association of Textile Retail (ABVTEX) audits us on a regular basis, attesting to good procedures across our production chain. At the most recent audit, conducted in August 2022, we were awarded the ABVTEX Gold Seal, the highest possible grade.

This year, we were also audited by Sedex Members Ethical Trade Audit (SMETA), one of the most well-recognized audits of ethics and social responsibility in the world and had great results.

All Grendene shoes are **registered by the Vegan Society** through the Vegan trademark. The trademark is recognized worldwide and is certified by The Vegan Society (based in the UK). The trademark certifies that Grendene's footwear do not contain any components of animal origin and are free from animal testing.

With the **I-REC (Renewable Energy Certificate)** accreditation, we have demonstrated the exclusive usage of renewable electricity in operations. Tracking the origin of energy is responsible for the total reduction of scope 2 emissions when the purchase choice approach is considered.

Grendene was awarded the **Diamond Seal of Sustainable Origin** in September, the world's only certification aimed at footwear producers and producers of footwear inputs, promoted by Abicalçados (Brazilian Footwear Industry Association) and Assintecal (Brazilian Association of Companies of Components for Leather and Artifacts).

The United States Department of Agriculture **(USDA) has certified the composition of products** including biobased EVA and biobased PVC components. With a formulation made of 28% renewable carbon, CO2eq emissions per product pair are reduced by approximately 30% compared to the standard version (non-renewable origin).

GOLD SEAL GHG PROTOCOL Publishing of the greenhouse gas emissions inventory in the Public Emissions Registry and attainment of the program's top certification, the Gold Seal.

The sustainability expenditures (investments and expenses) included:

In millions of reais	2019	2020	2021	2022	Change 2022/2021
Sustainability investments and expenses	3.8	3.6	4.8	2.5	(48%)

For more information visit: http://www.grendene.com.br/sustentabilidade

6. Human Resources

As part of its core values, Grendene acknowledges that its growth is driven by people. People are therefore the focal point of everything we do. We believe that when people grow, we grow too, and respect is the foundation of our connection with our employees.

Improving the knowledge, capacities, and skills of employees to ensure the maintenance of business and human competencies is a task shared by the Human Resources department, Grendene University, and the company's managers, who are regularly trained in leadership.

Our Human Resources Department's mission is to contribute to the business strategy through competitive and integrated people management practices. According with our values, we prioritize on professional fulfillment — both personally and collectively — through continuous feedback, education, and training programs. We also encourage a collaborative atmosphere and a healthy work-life balance.

In other words, we have successfully consolidated HR initiatives and actions, particularly in the learning culture. The return on investment in our employees is shown in the low turnover rate and the preservation of the company's track record of success.

Corporate and Social Data	2019	2020	2021	2022
Employees (average/year)	18,809	18,340	17,692	17,192
Training (hours/employee)	76	68	12	55
Meals (year)	4,363,688	2,896,659	3,407,656	3,066,775
Special Needs Employees (year)	948	847	793	751
Dental care (attendances/year)	14,685	3,521	6,922	8,297
Absenteeism	1.71%	3.47%	3.61%	3.41%
Turnover (month)	1.29%	1.75%	1.98%	2.01%
Basic food baskets distributed (units/year)*	220,066	210,374	206,727	197,901

(*) Since 1990, Grendene's food basket distribution policy has sought to improve the food security of its employees. The nutritional value of the food basket is maintained over time, allowing a variety of possibilities. This benefit is available to all employees and interns of Grendene beginning with their first month of employment.

Grendene University (*Universidade Grendene* - UG)

Since 2005, Grendene has been investing in and improving its corporate education process depending on employee and business requirements. We are committed to maximizing the potential of our employees through an integrated training and development system linked with the organization's core principles.

Schools and Educational Solutions establish the primary knowledge and technical and behavioral learning areas within the UG framework.

The highlights of 2022 were Institutional Solutions that supported business growth in a number of ways, such as through Digital Transformation, Education for Sustainability, and Diversity and Inclusion programs.

All of these subjects were covered in the leadership development activities, which stimulated the participants' vision, awareness, and day-to-day application of their knowledge of Grendene and the current market.

In addition to maintaining the Potentials Program and the asynchronous activities on the UG Platform, we've expanded the development actions with the teams through a training menu aligned with their technical and behavioral needs.

This is how, through the use of learning approaches, collective constructs, and topics related to business goals and people, we increase organizational effectiveness and innovation. Moreover, we encourage that the knowledge gained at Grendene be brought home and shared with family and the community.

Appendix I

OPINION OF THE AUDIT COMMITTEE

The Committee reviewed Grendene's Internal Audit, Compliance, Risk Management, and Internal Controls preparations, as well as the Financial Statements for the 2022 base date.

Risk Management, Internal Controls and Compliance
The Audit Committee determined that Grendene's management has been examining and constructing standards, policies, and processes, as well as establishing a Governance, Risk, and Compliance (GRC) team dedicated only to these duties. Among other measures, the Corporate Risk Matrix has been developed, the Company's Risk Appetite has been established, and the control structure has been enhanced in an effort to better manage these risks. These measures are intended to strengthen Grendene's internal controls, governance system, risk management, and culture of integrity (Compliance).

External Auditors
The Audit Committee maintains regular contact with the External Auditors in order to discuss the outcomes of their work in support of its opinion.
The Committee finds the information presented by the External Auditors to be satisfactory, and no issues that could compromise their independence have been detected.

Internal Audit
In 2022, the Internal Audit area was restructured with the objective of reinforcing its performance and independence. The Committee oversaw the planning and timetable of Internal Audit efforts, as well as the main processes that would be the focus of specific work.

Financial Statements
The Audit Committee evaluated the Financial Statements and Explanation Notes prepared by Management and examined by the External Audit for the year 2022, noting that all pertinent information has been recorded and is compliant with the applicable rules.

Conclusion
The Audit Committee of Grendene S.A., taking into account its responsibilities and the inherent limitations arising from the scope of its action, the decisions and responsibilities of the other Governance bodies, the External Audit, and the Administrators, has determined that the Financial Statements present Grendene S.A.'s equity and financial position as of December 31, 2022, in all material respects.

Farroupilha, March 1, 2023.

João Carlos Sfreddo	Bruno Alexandre Licarião Rocha
Member and Coordinator of the Committee	Member of the Committee

Herculano Aníbal Alves
Member of the Committee

Appendix II

Grendene®

Parent company and consolidated financial statements

December 31, 2022 and 2021

Grendene®

Financial statements
December 31, 2022 and 2021

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Independent auditor's report

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

Opinion

We have audited the accompanying parent company financial statements of Grendene S.A. (the "Company"), which comprise the balance sheet as at December 31, 2022 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Grendene S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

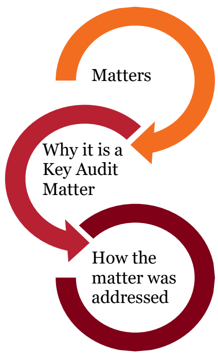
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grendene S.A. and of Grendene S.A. and its subsidiaries as at December 31, 2022, and the financial performance and the cash flows for the year then ended, as well as the consolidated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

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Recognition of sales revenue in the correct period (Note 23)	
The Company's and its subsidiaries' sales revenues consist in a large volume of transactions with small individual amounts and with deliveries in different regions of the country. Management monitors the delivery of products to customers to identify invoiced and undelivered sales at the end of the year, in order to recognize revenue in its correct period. Due to the large volume of invoiced items, as well as the fact that management judgment is involved in recognizing the revenue in the correct period, we considered this area as the focus of our audit.	Our main audit procedures considered, among others, the understanding of the controls considered relevant in the revenue recognition process, including the general controls of the information technology environment. We selected, on a sample basis, certain sales transactions at the end of the year for inspection of the evidence of delivery of the product to the customer, with the objective of observing that only sales delivered were recorded by the Company, identifying and reporting adjustments considered immaterial by the Company's management. We also selected, on a sample basis, sales transactions that occurred after the year-end, to observe whether revenue was recognized on the correct period. Finally, we analyze the volume and nature of sales returns after the balance sheet date. We considered that the criteria adopted by management for recognizing revenue in the correct period are reasonable and consistent with the disclosures made in the financial statements.

Why it is a Key Audit Matter	How the matter was addressed in the audit
Government grants (Note 17)	
The Company is a beneficiary of federal and state tax incentives. In the state level, it has incentives related to the ICMS tax, from the Incentive Program for the Operation of a Company – PROVIN, the Program for Attracting Strategic Business – PROADE and the Incentive Program for Port and Industrial Activities – PROAPI, on activities located in the State of Ceará. The recognition of these incentives is conditioned to the fulfillment of conditions established in the agreements, mainly regarding compliance with the clauses related to the required counterparts and allocation of resources. In 2022, the Company obtained a favorable decision on the final and unappealable decision regarding the non-taxation of the ICMS tax incentive reserve when used for other purposes. The compliance with these conditions requires management controls to comply with current legislation. In this context, we considered this topic to be a key audit matter.	Our main audit procedures considered, among others, the understanding of the relevant internal controls for recording and measuring tax incentives, and monitoring compliance with current legislation. We understood the conditions established in the agreements, recalculate, on a sample basis, the benefits arising from federal and state incentives, as well as inspect and analyze supporting documentation for compliance with the requirements established in the agreements. With the support of our tax specialists, we obtained and discussed with management and its legal advisors the final and unappealable favorable decision on the non-taxation of the ICMS tax incentive reserve when used for other purposes. We considered that the information disclosed in the financial statements is consistent with the information and documentation obtained during our work.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Prior-year information

The financial statements for the year ended December 31, 2021, were audited by another firm of auditors whose report, dated February 23, 2022, expressed an unmodified opinion on those statements.

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

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Porto Alegre, March 2, 2023

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

Rafael Biedermann Mariante
Contador CRC 1SP243373/O-0

Grendene®

Balance sheets
December 31, 2022 and 2021
(All amounts in thousands of reais)

	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
ASSETS					
Current assets					
Cash and cash equivalents	5	**87,621**	5,353	**127,409**	22,146
Financial investments and other financial assets	6	**1,053,487**	1,299,827	**1,053,487**	1,299,827
Trade receivables	7	**1,118,469**	1,043,517	**1,131,904**	1,030,529
Inventories	8	**408,093**	449,949	**412,612**	497,642
Tax credits	9	**170,934**	145,055	**175,337**	149,609
Income tax and social contribution recoverable		**16,079**	12,635	**16,229**	12,839
Securities receivable	17	**11,662**	13,284	**11,714**	13,346
Costs and prepaid expenses		**8,878**	8,104	**10,429**	10,389
Other receivables		**29,101**	21,267	**29,238**	22,236
Total current assets		**2,904,324**	2,998,991	**2,968,359**	3,058,563
Non-current assets					
Long-term receivables:					
Financial investments and other financial assets	6	**615,744**	266,045	**615,744**	266,045
Judicial deposits		**1,051**	1,360	**1,154**	1,454
Tax credits	9	**231,384**	339,061	**231,384**	339,061
Income tax and social contribution recoverable		**-**	-	**138**	220
Deferred income tax and social contribution	18	**45,985**	29,275	**45,779**	27,730
Securities to receive	17	**26,395**	30,781	**26,395**	30,781
Other receivables		**1,381**	1,416	**7,109**	10,163
		921,940	667,938	**927,703**	675,454
Investments	10	**408,255**	351,767	**336,717**	277,326
Property, plant and equipment	11	**478,780**	404,275	**528,734**	499,231
Intangible assets	12	**56,578**	38,570	**60,407**	43,921
Total non-current assets		**1,865,553**	1,462,550	**1,853,561**	1,495,932
Total assets		**4,769,877**	4,461,541	**4,821,920**	4,554,495

The accompanying notes are an integral part of these financial statements.

Grendene®

Balance sheets
December 31, 2022 and 2021
(All amounts in thousands of reais)

	Note	Parent company 2022	Parent company 2021	Consolidated 2022	Consolidated 2021
LIABILITIES					
Current liabilities					
Borrowings	13	**98,815**	117,479	**98,815**	117,479
Leasing contracts	14	**-**	-	**14,005**	19,052
Trade payables		**72,318**	49,348	**74,704**	55,954
Contractual obligations - Licensing		**8,490**	12,065	**11,264**	15,885
Commissions payable		**55,900**	51,816	**56,085**	52,325
Taxes and contributions		**36,672**	21,223	**36,764**	21,294
Income tax and social contribution payable		**2,574**	4,487	**2,583**	4,492
Salaries and social security charges payable		**78,685**	63,015	**79,321**	65,005
Provision for labor risks, tax and civil	15	**1,680**	1,882	**1,688**	1,891
Advances from clients		**24,968**	23,762	**26,357**	24,629
Other payables		**6,395**	3,284	**6,395**	3,284
Total current liabilities		**386,497**	348,361	**407,981**	381,290
Non-current liabilities					
Borrowings	13	**7,824**	6,806	**7,824**	6,806
Leasing contracts	14	**-**	-	**29,902**	59,328
Trade payables		**5,536**	10,120	**5,536**	10,120
Provision for labor risks, tax and civil	15	**1,757**	1,924	**1,957**	1,924
Other debits		**4,131**	-	**4,588**	697
Total non-current liabilities		**19,248**	18,850	**49,807**	78,875
Equity	16				
Share capital		**1,231,302**	1,231,302	**1,231,302**	1,231,302
Capital reserves		**2,940**	809	**2,940**	809
Revenue reserves		**(3,458)**	(1,832)	**(3,458)**	(1,832)
Treasury shares		**3,115,812**	2,828,869	**3,115,812**	2,828,869
Other comprehensive income		**17,536**	35,182	**17,536**	35,182
Total equity		**4,364,132**	4,094,330	**4,364,132**	4,094,330
Total liabilities and equity		**4,769,877**	4,461,541	**4,821,920**	4,554,495

The accompanying notes are an integral part of these financial statements.

Grendene®

Statements of income

December 31, 2022 and 2021

(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Net sales revenue	23	**2,450,497**	2,315,277	**2,512,656**	2,342,546
Cost of goods sold	25	**(1,484,851)**	(1,313,117)	**(1,504,894)**	(1,312,479)
Gross profit		**965,646**	1,002,160	**1,007,762**	1,030,067
Selling expenses	25	**(531,794)**	(456,202)	**(619,503)**	(534,203)
General and administrative expenses	25	**(97,735)**	(84,790)	**(103,748)**	(89,462)
Other operating income		**26,491**	15,097	**27,652**	16,220
Other operating expenses		**(38,620)**	(29,626)	**(45,257)**	(29,012)
Equity in the results of subsidiaries	10	**(84,975)**	(56,207)	**(27,786)**	(88)
Operating profit before finance result and taxes		**239,013**	390,432	**239,120**	393,522
Finance result	26				
Finance income		**458,804**	269,263	**460,861**	270,031
Finance costs		**(121,452)**	(107,958)	**(124,664)**	(110,824)
		337,352	161,305	**336,197**	159,207
Profit before taxation		**576,365**	551,737	**575,317**	552,729
Income tax and social contribution	18				
Current		**(25,048)**	52,252	**(25,339)**	52,106
Deferred		**16,710**	(2,984)	**18,049**	(3,830)
		(8,338)	49,268	**(7,290)**	48,276
Profit for the year		**568,027**	601,005	**568,027**	601,005
Total comprehensive income attributed to:					
Controlling interests		**568,027**	601,005	**568,027**	601,005
Basic earnings per share	16.g	**0.6298**	0.6663	**0.6298**	0.6663
Diluted earnings per share	16.g	**0.6294**	0.6662	**0.6294**	0.6662

The accompanying notes are an integral part of these financial statements.

Grendene®

Statements of comprehensive income

December 31, 2022 and 2021
(All amounts in thousands of reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Profit for the year	**568,027**	601,005	**568,027**	601,005
Items potentially reclassified to the Statement of income in the future:				
Exchange differences on subsidiaries abroad	**(18,857)**	3,384	**(18,857)**	3,384
Realization of foreign exchange losses on investments	**1,211**	-	**1,211**	-
Comprehensive income for the year, net of taxes	**550,381**	604,389	**550,381**	604,389
Total comprehensive income attributed to:				
Controlling interests	**550,381**	604,389	**550,381**	604,389

The accompanying notes are an integral part of these financial statements.

Grendene®

Statements of changes in equity

December 31, 2021 and 2020

(All amounts in thousands of reais)

			Capital reserves			Income reserves				Comprehensive income		
	Note	Share capital	Options granted	Gains from sale of treasury shares	Treasury shares	Legal reserve	Reserve for the acquisition of shares	Tax incentives	Additional proposed dividends	Retained earnings	Other comprehensive income	Total
On December 31, 2020		1,231,302	3,275	-	(4,945)	205,142	25,206	2,329,463	408,927	-	31,798	4,230,168
Total comprehensive income		-	-	-	-	-	-	-	-	*601,005*	*3,384*	*604,389*
Profit for the year		-	-	-	-	-	-	-	-	601,005	-	601,005
Exchange differences on subsidiaries abroad	10	-	-	-	-	-	-	-	-	-	3,384	3,384
Change of the stock option or purchase subscription plan:												
Purchase of treasury shares	16.c	-	-	-	(1,832)	-	-	-	-	-	-	(1,832)
Stock options exercised in the exercise	16.c	-	-	(4,945)	4,945	-	-	-	-	-	-	-
Sale of treasury shares through exercise of purchase options	22	-	-	3,404	-	-	-	-	-	-	-	3,404
Result on sale of shares related to the stock option or subscription plan	22	-	(2,835)	1,541	-	-	1,294	-	-	-	-	-
Expenses with stock option or subscription plan	22	-	369	-	-	-	-	-	-	-	-	369
Proposed appropriations:												
Constitution of reserves	16.d	-	-	-	-	19,840	-	204,210	-	(224,050)	-	-
Dividends distributed	16.f	-	-	-	-	-	-	-	(315,427)	-	-	(315,427)
Interest on Equity distributed	16.f	-	-	-	-	-	-	-	(93,500)	-	-	(93,500)
Interest on Equity (counted as part of total dividends)	16.f	-	-	-	-	-	-	-	62,050	(73,000)	-	(10,950)
Additional dividend proposed – Allocation of Provin tax incentive	16.d	-	-	-	-	66	-	(2,000)	1,254	-	-	(680)
Tax incentive reserve – Other allocations (Corporate income tax)	16.d	-	-	-	-	-	-	375	-	-	-	375
Additional proposed dividends		-	-	-	-	-	-	-	223	(223)	-	-
Interim dividends	16.f	-	-	-	-	-	(17,000)	-	(1,254)	(303,732)	-	(321,986)
On December 31, 2021		1,231,302	809	-	(1,832)	225.048	9,500	2,532,048	62,273	-	35,182	4,094,330
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***568,027***	***(17,646)***	***550,381***
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**568,027**	**-**	**568,027**
Exchange differences on subsidiaries abroad	10	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(18,857)**	**(18,857)**
Realization of foreign exchange losses on investments	10	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,211**	**1,211**
Change of the stock option or purchase subscription plan:												
Purchase of treasury shares	16.c	**-**	**-**	**-**	**(3,429)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,429)**
Stock options exercised in the exercise	16.c	**-**	**-**	**(1,803)**	**1,803**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sale of treasury shares through exercise of purchase options	22	**-**	**-**	**1,058**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,058**
Result on sale of shares related to the stock option or subscription plan	22	**-**	**(843)**	**745**	**-**	**-**	**98**	**-**	**-**	**-**	**-**	**-**
Expenses with stock option or subscription plan	22	**-**	**2,974**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,974**
Proposed appropriations:												
Constitution of reserves	16.d	**-**	**-**	**-**	**-**	**16,665**	**-**	**234,722**	**-**	**(251,387)**	**-**	**-**
Dividends distributed	16.f	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(223)**	**-**	**-**	**(223)**
Interest on Equity distributed	16.f	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(62,050)**	**(89,000)**	**-**	**(151,050)**
Interest on Equity distributed imputed to dividends	16.f	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**93,500**	**(110,000)**	**-**	**(16,500)**
Additional dividend proposed – Allocation of ICMS tax incentive	16.f	**-**	**-**	**-**	**-**	**4,547**	**-**	**(1,004,547)**	**1,000,000**	**-**	**-**	**-**
Additional proposed dividends	16.f	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,231**	**(4,231)**	**-**	**-**
Interim dividends	16.f	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(113,409)**	**-**	**-**	**(113,409)**
On December 31, 2022		**1,231,302**	**2,940**	**-**	**(3,458)**	**246,260**	**9,598**	**1,762,223**	**1,097,731**	**-**	**17,536**	**4,364,132**

The accompanying notes are an integral part of these financial statements.

Grendene®

Statements of cash flows – Indirect method

December 31, 2022 and 2021
(All amounts in thousands of reais)

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit for the year	**568,027**	601,005	**568,027**	601,005
Adjustments to reconcile results to cash generated by operating activities:				
Equity in the results of subsidiaries	**84,975**	56,207	**27,786**	88
Realization of foreign exchange losses on investments	**1,211**		**-**	
Gain on sale or write-off of investment	**13,983**		**-**	
Depreciation and amortization	**73,491**	66,855	**93,746**	91,020
Residual value after write-down the property, plant and equipment and intangible	**6,785**	4,695	**13,599**	8,068
Income tax and social contribution tax – credit for Selic interest	**-**	(77,947)	**-**	(77,947)
Deferred income tax and social contribution	**(16,710)**	2,984	**(18,049)**	3,830
Stock option or subscription plan	**2,974**	369	**2,974**	369
Reducing accounts receivable from clients	**33,523**	(28,190)	**33,472**	(28,391)
Estimated losses for obsolete inventories	**2,525**	(734)	**471**	(2,625)
Provision for labor, tax and civil risks	**(369)**	715	**(170)**	713
Interest expenses on loans, financings and leasing contracts	**623**	506	**1,680**	933
Interest income on financial investments	**(238,939)**	(121,663)	**(238,939)**	(121,663)
Fair value of equity financial investments	**(7,353)**	32,683	**(7,353)**	32,683
Foreign exchange variations, net	**(11,245)**	2,633	**(16,211)**	4,115
	513,501	540,118	**461,033**	512,198
Changes in assets and liabilities:				
Trade receivables	**(108,475)**	154,757	**(134,847)**	160,400
Inventories	**39,331**	(153,296)	**84,559**	(178,657)
Tax credits	**81,798**	84,010	**81,949**	83,658
Other receivables	**(5,700)**	27,270	**(978)**	28,165
Trade payables	**18,386**	(31,714)	**14,166**	(28,386)
Salaries and social security charges payable	**15,670**	7,923	**14,316**	8,542
Taxes and contributions	**9,899**	(19,227)	**9,920**	(19,233)
Income tax and social contribution paid	**(1,913)**	(2,576)	**(1,909)**	(2,571)
Tax on allocation of tax incentives, net	**-**	(305)	**-**	(305)
Advances from clients	**1,206**	5,714	**1,728**	5,769
Other payables	**7,751**	(10,736)	**6,141**	(13,184)
Net cash provided by operating activities	**571,454**	601,938	**536,078**	556,396
Cash flows from investing activities:				
Investment in subsidiaries and affiliated company	**(174,303)**	(344,189)	**(98,185)**	(265,323)
Purchases of property, plant and equipment and intangible	**(172,789)**	(94,585)	**(173,134)**	(105,721)
Financial investments	**(3,808,864)**	(3,575,480)	**(3,808,864)**	(3,575,480)
Redemption of financial investments	**3,722,945**	4,003,326	**3,722,945**	4,003,326
Interest received of financial investments	**228,852**	76,972	**228,852**	76,972
Net cash provided by (used in) investing activities	**(204,159)**	66,044	**(128,386)**	133,774
Cash flows from financing activities:				
New borrowings	**412,232**	183,696	**412,232**	183,696
Payments of loans, financings and leasing contracts	**(418,161)**	(72,290)	**(434,096)**	(90,306)
Interest paid on loans, financings and leasing contracts	**(1,095)**	(81)	**(2,562)**	(1,374)
Dividends paid	**(113,632)**	(670,774)	**(113,632)**	(670,774)
Interest on Equity paid	**(162,000)**	(110,000)	**(162,000)**	(110,000)
Purchase of treasury shares	**(3,429)**	(1,832)	**(3,429)**	(1,832)
Sale of treasury shares through exercise of purchase options	**1,058**	3,404	**1,058**	3,404
Net cash used in financing activities	**(285,027)**	(667,877)	**(302,429)**	(687,186)
Increase in cash and cash equivalents	**82,268**	105	**105,263**	2,984
At the beginning of the year	**5,353**	5,248	**22,146**	19,162
At the end of the year	**87,621**	5,353	**127,409**	22,146
Item not affecting cash flow:				
Foreign exchange variations on investments	**17,646**	(3,384)	**11,008**	-
Right of use – initial recognition	**-**	-	**-**	15,856
Leasing liabilities – Initial recognition	**-**	-	**-**	(15,856)
Rights of use – Written down	**-**	-	**(11,995)**	(15,220)
Leasing liabilities – Written down	**-**	-	**11,995**	15,220
Dividends, and Interest on Equity, proposed, net of income tax withheld at source	**1,097,731**	62,273	**-**	62,273

The accompanying notes are an integral part of these financial statements.

Grendene®

Statements of value added

December 31, 2022 and 2021
(All amounts in thousands of reais)

	Parent company				Consolidated			
	2022		2021		2022		2021	
Revenue								
Sales of goods	**2,782,054**		2,633,901		**2,844,833**		2,662,989	
Other income /expenses	**(1,206)**		(1,073)		**(1,515)**		(3,360)	
Provision for impairment of trade receivables	**14,719**		8,283		**14,766**		8,490	
	2,795,567		2,641,111		**2,858,084**		2,668,119	
Inputs acquired from third parties								
Raw materials used	**(938,521)**		(835,615)		**(893,197)**		(787,904)	
Other production costs	**(4,318)**		(2,612)		**(69,685)**		(49,684)	
Materials, electricity, outsourced services and other	**(643,995)**		(564,615)		**(707,948)**		(596,612)	
Impairment and recovery of assets	**(2,525)**		734		**(654)**		2,966	
	(1,589,359)		(1,402,108)		**(1,671,484)**		(1,431,234)	
Gross value added	**1,206,208**		1,239,003		**1,186,600**		1,236,885	
Retentions								
Depreciation and amortization	**(71,431)**		(64,936)		**(91,444)**		(89,102)	
	(71,431)		(64,936)		**(91,444)**		(89,102)	
Net value added	**1,134,777**		1,174,067		**1,095,156**		1,147,783	
Value added received through transfer								
Equity in the results of subsidiaries	**(84,975)**		(56,207)		**(27,786)**		(88)	
Finance income	**472,383**		275,814		**474,510**		276,614	
Rentals	**126**		116		**126**		116	
	387,534		219,723		**446,850**		276,642	
Value added to distribute	**1,522,311**		1,393,790		**1,542,006**		1,424,425	
Distribution of value added								
Personnel								
Direct compensation	**507,712**		466,428		**521,531**		489,075	
Benefits	**57,989**		51,445		**58,133**		51,562	
Government Severance Indemnity Fund for Employees (FGTS)	**53,174**		46,034		**53,174**		46,033	
	618,875	**40.65%**	563,907	40.46%	**632,838**	**41.04%**	586,670	41.19%
Taxes and contributions								
Federal	**173,559**		70,204		**173,386**		72,534	
State	**36,248**		47,146		**36,801**		47,851	
Municipal	**1,510**		1,620		**3,167**		2,163	
	211,317	**13.88%**	118,970	8.54%	**213,354**	**13.84%**	122,548	8.60%
Third-party capital remuneration								
Interest, discounts and financial charges	**121,452**		107,958		**124,664**		110,824	
Rentals	**2,640**		1,950		**3,123**		3,378	
	124,092	**8.15%**	109,908	7.89%	**127,787**	**8.29%**	114,202	8.02%
Remuneration of own capital								
Dividends	**293,587**		303,955		**293,587**		303,955	
Interest on Equity (counted as part of total dividends)	**199,000**		73,000		**199,000**		73,000	
Profits for the year	**75,440**		224,050		**75,440**		224,050	
	568,027	**37.32%**	601,005	43.11%	**568,027**	**36.83%**	601,005	42.19%
	1,522,311	**100%**	1,393,790	100%	**1,542,006**	**100%**	1,424,425	100%

The accompanying notes are an integral part of these financial statements.

1. General information

a) Operational context

Grendene S.A. ('The Company') is a listed corporation with head office at Av. Pimentel Gomes 214, Sobral, in the state of Ceará, Brazil. It began operations in 1971. It is currently controlled by the stockholder Alexandre Grendene Bartelle, and its shares are listed in the *Novo Mercado* segment of the São Paulo stock exchange (B3 S.A. – Brasil, Bolsa, Balcão), under the ticker GRND3.

The Company and its subsidiaries ('the Group') have the following principal activities: development, production, distribution and sale of plastic footwear for all the socio-economic classes, in the women's, men's and children's market segments.

It has five industrial plants, in three states of Brazil: Ceará, Bahia and Rio Grande do Sul. It also has its own stores, franchises and web commerce channels, operating under the brands *Melissa, Grendha, Zaxy, Rider, Cartago, Grendene Kids* and *Ipanema*. Grendene S.A. also owns the brands *Pega Forte* and *Nuar*.

b) Impacts of Covid-19

The management of the Company and its subsidiaries continues to monitor the possible impacts of Covid-19 on its business. On the date of issuance of these financial statements, the Company sees no risks to the continuity of its business, nor to its accounting estimates and judgments.

c) Authorization for issuance of the financial statements

Issuance of the Company's financial statements for the period ended December 31, 2022, was authorized by the Board of Directors on March 2, 2023.

2. Basis of preparation and presentation of the financial statements

a) Accounting policies

Of the accounting policies presented on December 31, 2021, those which have changed are the result to updates of accounting rules which came into effect on January 1, 2022, and they do not present any significant effect on the individual and consolidated financial statements.

The principal accounting policies applied in the preparation of these individual and consolidated financial statements are presented in the related explanatory Notes, and have been published consistently in the respective business years.

b) Statement of compliance

The individual and consolidated financial statements of the Company has been prepared in accordance with accounting policies adopted in Brazil and rules of the Brazilian Securities Commission (*Comissão de Valores Mobiliários* – CVM), obeying the accounting rules stated in the Brazilian Corporation Law legislation (Law 6.406 of 1976) and also International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

All the material information in the financial statements accounting information, and only that information, is being presented, and is the information used by the Company in its management.

(All amounts in thousands of reais)

2. Basis of preparation and presentation of the financial statements--Continued

c) Added value statement

The individual and consolidated Statements of Added Value (*Demonstração do Valor Adicionado*, or DVA) are presented, in accordance with Technical Pronouncement CPC 09, as an integral part of the financial statements, whereas under IFRS they have the status of supplementary information.

d) Basis of measurement

The financial statements have been prepared considering the historic cost as the basis of value, except in the case of certain financial instruments, and a stock purchase option and subscription plan, which are measured at fair value, when applicable.

e) Functional currency and currency of presentation

These individual and consolidated financial statements are presented in Reais, which is the Company's functional currency.

f) Rules, and interpretations of rules, not yet in force

The rules and revisions issued by the IASB, but not yet adopted up to the reporting date of these financial statements, are as follows:

i) Revisions in effect from January 1, 2023

Revisions	Nature of change	Comes into force
IFRS 17 / CPC50 – *Insurance contracts:* Replaces IFRS 4 / CPC11 – *Insurance contracts*	The objective of the alteration is to ensure that the entity provides material information that faithfully represents the essence of these contracts, through a consistent accounting model.	1/01/2023
IAS 8 /CPC 23 – Definition of accounting estimates	These alterations clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. They further clarify how entities should use techniques of measurement and inputs for making accounting estimates.	1/01/2024
IAS 12 / CPC 32 – *Taxation of profit*	This requires that entities recognize the deferred tax on any transactions which, in the initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1/01/2024
IAS 1 /CPC 26 (R1) – Presentation of financial statements	***(i)* Classification of liabilities as current or non-current:** Specifies the requirements for classification of a liability as current or non-current. Subsequently, in October 2022 a new alteration was issued, to explain that for liabilities that contain contractual restrictive covenants requiring indices to be met only after the reporting date, their classification as current or non-current is not affected. Only covenants with which the entity is required to comply by the reporting date affect the classification of the liability, even if the measurement takes place only after that date.***(ii)* Disclosure of accounting policies:** Alterations to help entities to make more useful disclosures of accounting policies, by replacing the requirement for publication of significant accounting policies with a requirement for publication of material accounting policies and adding guides to how entities should apply the concept of materiality to taking decisions on publication of accounting policies.	1/01/2024

It is the assessment of the Company's management that IFRS 17/CPC 50 do not apply to the Group. Further, the Company does not expect that adoption of IAS 1/CPC 26 (R1); IAS 8 /CPC 23 and IAS 12 /CPC 32 will have any impact on its individual or consolidated financial statements.

2. Basis of preparation and presentation of the financial statements--Continued

f) Rules, and interpretations of rules, not yet in force--Continued

These are the only rules and interpretations issued which have not yet been adopted and which might, in the opinion of Management, have a significant effect on the profit or net equity reported by the Company.

3. The consolidated of the financial statements

The consolidated financial information includes information of Grendene S.A. and its subsidiaries (direct and indirect), as demonstrated in Note 10.

The subsidiaries are consolidated from the date on which control is obtained up to the date on which control ceases to exist, using accounting practices that are consistent with those adopted by the Company.

The business years of the financial statements of the subsidiaries included in the consolidation are coincident with those of the parent company, and the accounting policies having been applied uniformly in the consolidated companies and are consistent with international accounting rules and with accounting practice adopted in Brazil.

4. Judgments, estimated and accounting assumptions

The preparation of the individual and financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by Management in the process of application of the accounting policies, for the accounting of certain assets, liabilities, revenues and expenses.

Estimates and the exercise of judgment are continuously reviewed, and the results of this process are recognized in a timely manner and in any future periods affected. Actual results may diverge from these estimates when they materialize.

Information on judgments, estimates and accounting assumptions that could result in significant effects on the amounts recognized in the financial statements are as follows:

Notes	Nature
Note 6	The fair value of the measurement of the investments in other financial assets;
Note 7	Estimated losses for doubtful receivables, estimated discounts for punctuality and the rates and periods applied in determining adjustments to present value;
Note 8	Estimated losses for obsolete inventory;
Notes 11 and 12	Selection of useful lives of fixed and intangible assets, and impairments;
Note 15	Provisions for employment-law, tax, civil and environmental risk and contingent assets;
Note 18	a) Deferred income tax and Social Contribution tax and b) IRPJ and CSLL – Credits on Selic interest due to the repetition of tax overdue;
Note 20	Sensitivity analyses of financial instruments; and
Note 22	The fair value of measuring the stock option or subscription plan.

5. Cash and cash equivalents

Cash and equivalents include amounts in physical cash, bank deposits not attracting interest, and cash investments with immediate liquidity, able to be redeemed within three months or less from the date of acquisition, and with insignificant risk of change in value.

(All amounts in thousands of reais)

5. Cash and cash equivalents--Continued

The composition of cash and cash equivalents is as follows:

Type	Index	Average rate of return (y.y)	Parent company		Consolidated	
			2022	2021	2022	2021
Current assets						
Cash						
Cash and banks	-	-	**3,900**	5,353	**31,388**	10,925
Cash equivalents						
Debentures with repurchase guarantees	CDI	83.00%	**83,721**	-	**96,021**	11,221
			87,621	5,353	**127,409**	22,146

6. Financial investments and other financial assets

Financial investments are reported at acquisition value, updated to the reporting date these amounts are close to fair value and do not exceed market or realization value. Note 19 gives the classification of these securities.

Note 20 gives the exposure of the Company and its subsidiaries to interest rate risks, and a sensitivity analysis of their effects on financial assets and liabilities.

The Company's cash investments comprise the following components:

Type	Index	Average rate of return (y.y)	Parent company / Consolidated 2022	2021
Current assets				
Financial investments				
Bank certificates of deposit (CDBs)	CDI	104.16% and 102.56%	**885,688**	603,883
Assignment of receivables	CDI +	4.25%	**4,009**	9,344
Debentures with repurchase guarantees	CDI	81.56% and 80%	**-**	14,695
Treasury Bills	CDI	138.87%	**-**	32,381
Investment funds	CDI +	6.00%	**30,759**	29,128
Treasury Bills	IPCA +	5.66%	**-**	220,395
Term deposits with specific guarantee	IPCA +	4.50%	**-**	40,509
Debentures "Vale S.A"	IGPM	100%	**-**	72,434
ational treasury notes	IPCA +	5.90%	**39,948**	-
			960,404	1,022,769
Other financial assets				
Variable income – Shares (i)	–	–	**77,477**	269,174
SCP Parque Raposo (ii)	CDI +	6.00%	**-**	7,884
Silent partner companies – SCPs (iii)	–	–	**15,606**	-
			90,083	277,058
			1,053,487	1,299,827
Non-current assets				
Financial investments				
Treasury Bills	CDI	159.25%	**3,124**	2,660
Treasury Bills	IPCA +	6.48% and 5.66%	**278,520**	-
Treasury notes (NTNs)	IPCA +	3.34% and 5.89%	**25,259**	62,811
Bank Credit Note	CDI +	5.00%	**-**	14,240
Brazilian Structured Notes (Structured Transaction Certificates – (COE)	Pre-fixed	15.00%	**101,007**	-
			407,910	79,711
Other financial assets				
SCP Seleto (ii)	CDI +	5.00%	**6,237**	41,028
SCP Baronesa de Itu (ii)	INCC +	9.00%	**38,372**	23,000
SCP São Sebastião (ii)	INCC +	8.56%	**26,269**	-
Silent partner companies – SCPs (iii)	–	–	**136,956**	122,306
			207,834	186,334
			615,744	266,045

(All amounts in thousands of reais)

6. Financial investments and other financial assets--Continued

(i) Variable income - Shares: financial assets at fair value through profit or loss include equity interests in listed entities. The fair value of these shares is determined based on the prices available in an active market
(ii) Represents financial instruments, recorded at acquisition cost and updated to the reporting date, in accordance with the contractual clauses, relating to the following: SCP Parque Raposo Empreendimentos Imobiliários Ltda. (100%), SCP Seleto (59.81%), SCP Baronesa de Itu (100%) and SCP São Sebastião (48%). The corporate objects of these companies are: Acquisition of real estate properties, construction, structuring, development, incorporation, commercial activity in the sale of autonomous units, execution, conclusion and delivery of Real Estate works.
(iii) This refers to ownership interests in Silent Partnership Companies (SCP), the corporate objects of which are: acquisition of real estate properties; and structuring, development, incorporation, operation and sale of real estate projects, through funds and efforts for conclusion of works. This financial instrument is registered at fair value through profit or loss, determined on the basis of discounted cash flow, in accordance with the expected curve of sales, using as an assumption the value of the units most recently sold, using as an assumption the average value of the most recent units sold, brought to present value at discount rates from 8% to 10.5% y.y., in real terms, which reflect the expected risk/return and IRR.

The movement in the positions of cash investment is shown below:

	Parent company / Consolidated						
	Balances in 2021	Financial investments	Redemption	Fair value	Interest income	Interest received	Balances in 2022
Financial investments	1,102,480	3,454,102	(3,184,840)	-	120,948	(225,383)	1,267,307
Financial investments – COE	-	100,000	-	726	2,331	(2,050)	101,007
Financial investments – SCPs	71,912	33,000	(45,899)	-	13,284	(1,419)	70,878
Variable income – Shares	269,174	182,074	(467,219)(i)	145	93,303(i)	-	77,477
Silent partner companies – SCPs	122,306	39,688	(24,987)(ii)	6,482	9,073(iii)	-	152,562
	1,565,872	**3,808,864**	**(3,722,945)**	**7,353**	**238,939**	**(228,852)**	**1,669,231**

(i) Refers to sale of shares, and receipt of dividends and Interest on Equity, relating to equity holdings in listed companies.
(ii) Refers to redemption of the principal amount of the capital initially invested in silent partner companies ('SCPs').
(iii) Refers to the amount of the dividends received arising from distribution of the earnings of the SCPs.

7. Trade receivables

They include receivables from sales of merchandise, plus foreign exchange variation when applicable, less estimated losses on doubtful receivables, estimated discounts for punctuality, and adjustments to present value.

The estimated credit losses are analyzed and constituted based on the amount billed to the customer, based on the track record of default and individual analysis of clients, and excluding those that have court or out-of-court agreements, or guarantees. Management considers the amounts to be sufficient to cover any losses.

Estimated discounts for punctuality are recorded at the estimated amount of discount to be given, on trade bills becoming due at maturity, with counterpart in deductions from sales.

Transactions in accounts receivable from clients have been adjusted to present value, taking into account the cash flows of the transaction and the implicit interest rate of the related assets.

(All amounts in thousands of reais)

7. Trade receivables--Continued

This table shows Accounts receivable from clients in detail:

	Parent company		Consolidated	
	2022	2021	2022	2021
Domestic market	**975,617**	835,711	**975,617**	835,711
Foreign market	**192,834**	235,668	**213,142**	235,668
Foreign market - Related parties	**43,097**	31,694	**36,250**	18,783
	1,211,548	1,103,073	**1,225,009**	1,090,162
Estimated losses on doubtful receivables	**(2,371)**	(17,090)	**(2,397)**	(17,167)
Punctuality discounts estimated	**(64,313)**	(36,368)	**(64,313)**	(36,368)
Adjustment to Present Value (AVP)	**(26,395)**	(6,098)	**(26,395)**	(6,098)
	1,118,469	1,043,517	**1,131,904**	1,030,529

On December 31, 2022 the average period for receipt of sales in the domestic market is 112 days (106 days in 2021), and for sales in foreign market is 95 days (81 days in 2021).

The amounts of accounts receivable from clients are not subject to any lien or charge, nor guarantee given, nor any restrictions.

The classification by maturity of accounts receivable from customers, analyzed together with the estimated losses for doubtful accounts, are shown below:

	Parent company			
	2022		2021	
	Balance	Provision	Balance	Provision
Not yet due	**1,188,064**	**-**	1,055,098	-
Overdue for up to 30 days	**7,726**	**-**	11,403	(230)
Overdue from 31 to 60 days	**1,412**	**-**	1,771	(205)
Overdue from 61 to 90 days	**1,180**	**(1)**	1,052	(207)
Past due for more than 91 days	**13,146**	**(2,370)**	33,749	(16,448)
	1,211,548	**(2,371)**	1,103,073	(17,090)

	Consolidated			
	2022		2021	
	Balance	Provision	Balance	Provision
Not yet due	**1,188,789**	**-**	1,034,317	-
Overdue for up to 30 days	**15,405**	**-**	13,669	(230)
Overdue from 31 to 60 days	**1,422**	**-**	2,703	(205)
Overdue from 61 to 90 days	**1,232**	**(1)**	2,650	(207)
Past due for more than 91 days	**18,161**	**(2,396)**	36,823	(16,525)
	1,225,009	**(2,397)**	1,090,162	(17,167)

(All amounts in thousands of reais)

7. Trade receivable--Continued

The changes in estimated losses on doubtful receivables and estimated discounts for punctuality are as follows:

	Estimated losses on doubtful receivables		Punctuality discounts estimated	
	Parent company	Consolidated	Parent company	Consolidated
Balances at 12/31/2020	(25,373)	(25,651)	(55,955)	(55,955)
Additions	(18,314)	(18,345)	(101,115)	(101,115)
Realizations	25,659	25,871	99,514	99,514
Reversals	1,057	1,083	21,188	21,188
Exchange variation	(119)	(125)	-	-
Balances at 12/31/2021	(17,090)	(17,167)	(36,368)	(36,368)
Additions	**(4,624)**	**(4,717)**	**(164,430)**	**(164,430)**
Realizations	**17,024**	**17,031**	**113,749**	**113,749**
Reversals	**2,027**	**2,160**	**22,736**	**22,736**
Exchange variation	**292**	**296**	**-**	**-**
Balances at 12/31/2022	**(2,371)**	**(2,397)**	**(64,313)**	**(64,313)**

8. Inventories

Valued at the average of acquisition or production cost, not exceeding their net realizable value. The net realizable value is calculated as the difference between the sale price in the Company's normal operation, less costs incurred to achieve the sale.

Estimated losses, for low-turnover or obsolete stock, are constituted on the basis of application of the average non-recoverable percentage on the balance of this inventory. The percentage takes into account the history of loss on resale of inventory, in which the Company recovers part of this cost. The Company's Management considers that estimated losses have been constituted in an amount sufficient for the low-turnover or obsolete inventory.

The following is the composition of Inventories:

	Parent company		Consolidated	
	2022	2021	2022	2021
Footwear	**104,004**	101,953	**108,794**	151,719
Inputs and components	**43,512**	45,912	**43,512**	45,912
Raw materials	**128,242**	161,972	**128,242**	161,972
Packaging materials	**24,824**	27,614	**24,824**	27,614
Intermediate and other materials	**47,588**	41,182	**47,588**	41,182
Goods for resale	**1,539**	1,134	**1,759**	1,606
Molds and tooling	**30,573**	29,227	**30,573**	29,227
Advances to suppliers	**6,947**	7,317	**6,947**	7,317
Imports in transit	**11,406**	20,677	**11,406**	20,677
Inventories held by third parties	**21,524**	22,502	**21,524**	22,502
Estimated losses for obsolete inventories	**(12,066)**	(9,541)	**(12,557)**	(12,086)
	408,093	449,949	**412,612**	497,642

(All amounts in thousands of reais)

8. Inventories--Continued

The changes in the estimated losses for obsolete inventories were as follows:

	Parent company	Consolidated
Balances at 12/31/2020	(10,275)	(14,711)
Additions	(15,579)	(20,339)
Realizations	6,496	8,405
Reversals	9,817	14,900
Exchange variation	-	(341)
Balances at 12/31/2021	(9,541)	(12,086)
Additions	**(20,239)**	**(23,318)**
Realizations	**4,954**	**7,582**
Reversals	**12,760**	**15,082**
Exchange variation	**-**	**183**
Balances at 12/31/2022	**(12,066)**	**(12,557)**

There are no liens, pledges and/or restrictions to the full utilization of the inventories.

9. Tax credits

Tax credits are posted in current and non-current assets, in accordance with their expected date of realization, and are updated financially by the Selic rate when relevant. The Company periodically monitors its credits, with the intention of guaranteeing that they are in fact offset, and recoverable.

	Parent company		Consolidated	
	2022	2021	2022	2021
Income tax withheld at source	**24,849**	15,435	**26,658**	17,428
IPI tax recoverable	**1**	10	**1**	10
ICMS tax recoverable	**8,461**	9,897	**9,601**	11,037
PIS and COFINS taxes recoverable (i)	**282,959**	380,827	**282,959**	380,827
Income tax and Social Contribution tax – credit for Selic interest (ii)	**86,048**	77,947	**86,048**	77,947
Other expenses	**-**	-	**1,454**	1,421
	402,318	484,116	**406,721**	488,670
Current assets	**170,934**	145,055	**175,337**	149,.609
Non-current assets	**231,384**	339,061	**231,384**	339,061

(i) On December 31, 2022 the amount of R$282,354 (R$379,296 in 2021) refers to the tax legal action to exclude amounts of ICMS tax from the basis of calculation of the PIS and COFINS taxes, with final judgment on February 13, 2019, and with an authorization request granted on September 19, 2019. In the 2020 business year the company began the process of use of the credit, through a declaration of offsetting.

(ii) This refers to credits of corporate income tax ('IRPJ'), and the Social Contribution on Net Profit ('CSLL'), in relation to interest received at the Selic rate, on amounts receivable due to double charging of taxation as recognized under IFRIC 23/IPC22, supported by the Federal Supreme Court Decision in Extraordinary Appeal (RE) 1,063,187. The amounts will be offset only after final judgment against which there is no further appeal and license granted.

10. Investments

The Company has investments in directly and indirectly-controlled, affiliated companies and joint ventures, which are valued by the equity method. The other investments are recorded at acquisition cost and adjusted to market cost when applicable.

In the acquisition of the investment, any differences between the cost of the investment and the investor's share in the net fair value of the identifiable assets and liabilities of the investee should be considered as goodwill.

(All amounts in thousands of reais)

10. Investments--Continued

The Company's investments are as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Holdings in subsidiaries	**72,889**	84,572	**-**	-
Equity interest in affiliated company	**236,973**	136,056	**236,973**	136,056
Joint venture	**99,332**	140,858	**99,332**	140,858
Unrealized profits in subsidiaries	**(1,351)**	(10,131)	**-**	-
Other investments	**412**	412	**412**	412
	408,255	351,767	**336,717**	277,326

a) Stockholding interests in the investments

	Principal characteristics	Country of head office	Stake	Percentage interest 2022	Percentage interest 2021
Consolidated					
MHL Calçados Ltda.	Manufacture and sale of footwear.	Brazil	Direct	**99.998%**	99.998%
Grendene USA, Inc.	Commercial representative, selling and distributing our products in the US market. This is the parent company of Grendene New York L.L.C., which has head office in United States and operates in the same market segment.	USA	Direct	**100.00%**	100.00%
Grendene UK Limited.	Commercial representative, selling and distributing our products. Parent company of Grendene Italy S.R.L., a company with head office in Italy which operates in the same market segment.	United Kingdom	Direct	**100.00%**	100.00%
Grendene Shanghai Trading Co., Ltd.	Wholesale and retail sales of products of the Company and third parties in the Chinese market.	China	Direct	**100.,00% (*)**	100,00%
Grendene New York, L.L.C. (through Grendene USA, Inc.)	Commercial representative, selling and distributing our products in the US market.	USA	Indirect	**100.00%**	100.00%
Grendene Italy, S.R.L. (through Grendene UK Limited)	Commercial representative, selling and distributing our products.	Italy	Indirect	**100.00%**	100.00%
Unconsolidated					
YOUPE Participações S.A.	Management of own assets, and participation, directly or through subsidiaries, in the share capital of other companies, in Brazil or the rest of the world, including the conclusion in silent partner companies.	Brazil	Affiliated Company	**18.952%**	18.952%
HIPE Participações S.A.	Management of own assets and the participation, directly or through subsidiaries, as a holder of share units or stock, in the share capital of other companies, in Brazil or abroad, and/or in investment funds, as a quotaholder, including the conclusion in silent partner companies.	Brazil	Affiliated Company	**49.9%**	49.9%
NM GAP II Participações S.A.	Management of own assets and the participation, directly or through subsidiaries, as a holder of share units or stock, in the share capital of other companies, in Brazil or abroad, and/or in investment funds, as a quotaholder, including the conclusion in silent partner companies.	Brazil	Affiliated Company	**36.47%**	36.47%
NM IBIRA Participações S.A.	Management of own assets and the participation, directly or through subsidiaries, as a holder of share units or stock, in the share capital of other companies, in Brazil or abroad, and/or in investment funds, as a quotaholder, including the conclusion in silent partner companies.	Brazil	Affiliated Company	**59.48%**	-
Grendene Global Brands Limited	Distribution and sale of Grendene products in the international market, initially to the USA, Canada, China and Hong Kong. 3G Radar and Grendene S.A. share joint control of the operation.	United Kingdom	Joint Venture	**49.9%**	49.9%

(*) Up to November 30, 2022. After that date it becomes Grendene Global Brands, as described in Note 10, sub-item (b).

(All amounts in thousands of reais)

10. Investments--Continued

b) Changes

The changes in investments are as follows:

	Balances in 2021	Investments				Equity in the results of subsidiaries	Exchange differences on subsidiaries abroad	Balances in 2022
		Capital reduction	Capital increase	Write-off of investments	write-off of Exchange rate diferences			
Subsidiaries								
MHL Calçados Ltda.	12,817	**-**	**-**	**-**	**-**	**834**	**-**	**13,651**
Grendene USA, Inc. (i) (ii)	53,719	**-**	**36,932**	**-**	**-**	**(36,218)**	**(5,152)**	**49,281**
Grendene UK Limited (i) (ii)	7,905	**-**	**11,791**	**-**	**-**	**(9,604)**	**(1,486)**	**8,606**
Grendene Shanghai Trading Co. Ltd.	-	**-**	**27,395**	**(13,983)**	**(1,211)**	**(12,201)**	**-**	**-**
	74,441	**-**	**76,118**	**(13,983)**	**(1,211)**	**(57,189)**	**(6,638)**	**71,538**
Affiliated Company (*)								
YOUPE Participações S.A.	13,892	**(3,035)**	**1,382**	**-**	**-**	**2,475**	**-**	**14,714**
HIPE Participações S.A.	71,949	**-**	**54,202**	**-**	**-**	**(11)**	**-**	**126,140**
NM GAP II Participações S.A.	50,215	**(7,293)**	**985**	**-**	**-**	**400**	**-**	**44,307**
NM IBIRAI Participações S.A.	-	-	**51,944**	**-**	**-**	**(132)**	**-**	**51,812**
	136,056	**(10,328)**	**108,513**	**-**	**-**	**2,732**	**-**	**236,973**
Joint venture								
Grendene Global Brands Limited (i)	140,858	**-**	**-**	**-**	**-**	**(30,518)**	**(11,008)**	**99,332**
	140,858	**-**	**-**	**-**	**-**	**(30,518)**	**(11,008)**	**99,332**
Other investments								
Others	412	**-**	**-**	**-**	**-**	**-**	**-**	**412**
	412	**-**	**-**	**-**	**-**	**-**	**-**	**412**
	351,767	**(10,328)**	**184,631**	**(13,983)**	**(1,211)**	**(84,975)**	**(17,646)**	**408,255**

(*) On December 1, 2022 the 161st meeting of the Company's Executive Board approved the sale of Grendene Shanghai Trading Co., Ltd. to Grendene Global Brands, for USD2,654, in accordance with the value of Stockholders' equity on November 30, 2022, in compliance with Clause 3.2 of the Master Financing and Distribution Agreement ('MFDA') signed on October 7, 2021 and approved by the Board of Directors on that date.

	Balances in 2020	Investments		Equity in the results of subsidiaries	Exchange differences on subsidiaries abroad	Balances in 2021
		Acquisitions in affiliated company s	Capital increase			
Subsidiaries						
MHL Calçados Ltda.	12,245	-	-	572	-	12,817
Grendene USA, Inc. (i) (ii)	24,415	-	65,625	(39,323)	3,002	53,719
Grendene UK Limited (i) (ii)	11,650	-	13,241	(17,368)	382	7,905
	48,310	-	78,866	(56,129)	3,384	74.441
Affiliated company						
YOUPE Participações S.A.	11,679	-	2,196	17	-	13,892
HIPE Participações S.A.	-	24,390	47,664	(105)	-	71,949
NM GAP II Participações S.A.	-	50,215	-	-	-	50,215
	11,679	74,605	49,860	(88)	-	136,056
Joint venture						
Grendene Global Brands Limited (i)	-	140,858	-	-	-	140,858
	-	140,858	-	-	-	140,858
Other investments						
Others	412	-	-	-	-	412
	412	-	-	-	-	412
	60,401	215,463	128,726	(56,207)	3,384	351,767

(All amounts in thousands of reais)

10. Investments--Continued

c) Summarized financial information of direct and indirect subsidiaries (consolidated), affiliated company and joint venture

	2022							
	Investments		Balance sheet			P&L		
	Percentage of interest	Interest in equity	Assets	Liabilities	Equity	Revenue	Costs and expenses	Net income
Subsidiaries								
MHL Calçados Ltda.	**99.998%**	**13,651**	**13,874**	**223**	**13,651**	**1,445**	**(611)**	**834**
Grendene USA, Inc. [(i) (ii)]	**100.00%**	**49,743**	**106,974**	**57,231**	**49,743**	**105,267**	**(149,360)**	**(44,093)**
Grendene UK Limited [(i) (ii)]	**100.00%**	**9,495**	**11,078**	**1,583**	**9,495**	**9,432**	**(19,941)**	**(10,509)**
Grendene Shanghai Trading Co. Ltd.	**100.00%**	**-**	**-**	**-**	**-**	**6,081**	**(18,282)**	**(12,201)**
Affiliated company								
YOUPE Participações S.A.	**18.952%**	**14,714**	**82,721**	**5,077**	**77,644**	**13,112**	**(50)**	**13,062**
HIPE Participações S.A.	**49.9%**	**126,140**	**251,657**	**-**	**251,657**	**84**	**(107)**	**(23)**
NM GAP II Participações S.A.	**36.47%**	**44,307**	**125,813**	**4,313**	**121,500**	**1,324**	**(226)**	**1,098**
NM IBIRA Participações S.A.	**59.48%**	**51,812**	**87,155**	**1**	**87,154**	**57**	**(279)**	**(222)**
Joint venture								
Grendene Global Brands Limited. [(i)]	**49.9%**	**99,332**	**237,883**	**38,822**	**199,061**	**42,667**	**(103,826)**	**(61,159)**

The closing date of the reporting period for the summary information of the Balance Sheet and Income Statement of the affiliates and the joint venture is November 30, 2022.

	2021							
	Investments		Balance sheet			P&L		
	Percentage of interest	Interest in equity	Assets	Liabilities	Equity	Revenue	Costs and expenses	Net income
Subsidiaries								
MHL Calçados Ltda.	99.998%	12,817	12,836	19	12,817	730	(158)	572
Grendene USA, Inc. (i/ii)	100.00%	62,055	178,930	116,875	62,055	74,569	(109,081)	(34,512)
Grendene UK Limited (i/ii)	100.00%	9,699	17,887	8,188	9,699	10,672	(27,304)	(16,632)
Affiliated company (*)								
YOUPE Participações S.A. (iii)	18.952%	13,892	85,722	14,693	71,029	133	(64)	69
HIPE Participações S.A. (iv)	49.9%	71,949	131,085	2	131,083	50	(261)	(211)
NM GAP II Participações S.A. (v)	36.47%	50,215	137,701	-	137,701	-	-	-
Joint venture								
Grendene Global Brands Limited (vi)	49.9%	140,858	282,280	-	282,280	-	-	-

The end date of the reporting period of the summary information of the Balance Sheet and Income Statement for the affiliated companies YOUPE Participações S.A., and HIPE Participações S.A. was November 30, 2021.

(i) Review by other independent auditors.
(ii) Amount consolidated in the subsidiary Grendene USA Inc, and indirect subsidiary Grendene New York L.L.C.; and amount consolidated in the subsidiary Grendene UK Limited and indirect subsidiary Grendene Italy, S.R.L..

Transactions and balances in foreign currency: The monetary assets and liabilities of transactions in foreign currency are converted to the entity's functional currency, using the exchange rate of the reporting date, and profit and loss account items are converted at the average monthly rates for the periods. Non-monetary assets are converted from their functional currency to Reais at the FX rate of the accounting transaction. The functional currencies used in the conversion of the financial statements of these subsidiaries outside Brazil are: US dollars, pounds sterling Euros and Renminbi.

(All amounts in thousands of reais)

11. Property, plant and equipment

PP&E is recorded as cost of acquisition or construction, less depreciation, net of credits of PIS, COFINS and ICMS taxes, and reduced to recovery value if appropriate. Depreciation of goods is calculated by the straight-line method at the rates mentioned in the tables below and takes into consideration the estimated useful life of the assets. Residual values and the useful life of assets are reviewed and adjusted, if appropriate, at the end of each business year.

When significant parts of PP&E need to be replaced, their cost is recognized at the book value of the asset as a replacement, if the criteria for recognition had been met. All other expenses on repairs and maintenance are recognized in the profit and loss account, when they take place, and the book value of items or parts replaced is written off.

The composition of the PP&E is represented in the tables below:

	Parent Company						
	Land, buildings, facilities, and leasehold improvements	Machinery, equipment, tools and parts and replacement sets	Furniture and fittings	Data processing equipment	PPE in progress	Other	Total
Cost of PPE							
Balances at 12/31/2020	383,166	440,542	33,828	47,047	34,384	6,277	945,244
Purchases	3,203	17,668	1,166	11,260	48,690	55	82,042
Disposals	(393)	(4,908)	(91)	(1,154)	(3,805)	(64)	(10,415)
Transfers	12,478	16,414	1,697	15	(30,604)	-	-
Balances at 12/31/2021	398,454	469,716	36,600	57,168	48,665	6,268	1,016,871
Purchases	**3,363**	**52,771**	**3,036**	**10,736**	**75,442**	**403**	**145,751**
Disposals	**(15)**	**(7,839)**	**(24)**	**(1,744)**	**(5,059)**	**(5)**	**(14,686)**
Transfers	**17,727**	**35,378**	**2,264**	**37**	**(55,854)**	**448**	**-**
Balances at 12/31/2022	**419,529**	**550,026**	**41,876**	**66,197**	**63,194**	**7,114**	**1,147,936**
Accumulated depreciation	**4%, 10% and 20%**	**10% and 20%**	**10%**	**20%**	**-**	**5% and 10%**	**-**
Balances at 12/31/2020	(229,509)	(267,288)	(21,121)	(35,781)	-	(4,779)	(558,478)
Depreciation	(18,390)	(33,558)	(2,630)	(4,815)	-	(456)	(59,849)
Disposals	46	4,468	69	1,091	-	57	5,731
Transfers	(16)	16	(4)	4	-	-	-
Balances at 12/31/2021	(247,869)	(296,362)	(23,686)	(39,501)	-	(5,178)	(612,596)
Depreciation	**(19,161)**	**(36,509)**	**(2,857)**	**(6,202)**	**-**	**(487)**	**(65,216)**
Disposals	**-**	**6,995**	**6**	**1,650**	**-**	**5**	**8,656**
Transfers	**(2)**	**-**	**2**	**-**	-	**-**	**-**
Balances at 12/31/2022	**(267,032)**	**(325,876)**	**(26,535)**	**(44,053)**	**-**	**(5,660)**	**(669,156)**
Net book value							
At 12/31/2021	150,585	173,354	12,914	17,667	48,665	1,090	404,275
At 12/31/2022	**152,497**	**224,150**	**15,341**	**22,144**	**63,194**	**1,454**	**478,780**
Assets in use fully depreciated							
At 12/31/2021	93,035	124,521	9,410	27,036	-	2,431	256,433
At 12/31/2022	**104,033**	**136,009**	**11,561**	**29,921**	**-**	**2,786**	**284,310**

(All amounts in thousands of reais)

11. Property, plant and equipment--Continued

	Consolidated							
	Land, buildings, facilities, and leasehold improvements	Machinery, equipment, tools and parts and replacement sets	Furniture and fittings	Data processing equipment	PPE in progress	Right of use (*)	Other	Total
Cost of PPE								
Balances at 12/31/2020	411,169	440,542	37,882	50,915	34,384	124,664	6,366	1,105,922
Purchases	5,504	17,668	2,528	12,102	53,548	15,856	55	107,261
Disposals	(14,838)	(4,908)	(579)	(1,286)	(3,805)	(26,547)	(64)	(52,027)
Transfers	17,627	16,414	1,697	15	(35,753)	-	-	-
Foreign exchange variation	954	-	351	292	291	8,438	6	10,332
Balances at 12/31/2021	420,416	469,716	41,879	62,038	48,665	122,411	6,363	1,171,488
Purchases	**3,404**	**52,771**	**3,069**	**10,899**	**75,442**	**-**	**403**	**145,988**
Disposals	**(5,054)**	**(7,839)**	**(3,366)**	**(5,059)**	**(5,059)**	**(20,135)**	**(97)**	**(44,587)**
Transfers	**17,727**	**35,378**	**2,264**	**37**	**(55,854)**	**-**	**448**	**-**
Foreign exchange variation	**(1,720)**	**-**	**(414)**	**(386)**	**-**	**(8,862)**	**(3)**	**(11,385)**
Balances at 12/31/2022	**434,773**	**550,026**	**43,432**	**69,551**	**63,194**	**93,414**	**7,114**	**1,261,504**
Accumulated depreciation	**4%, 10% and 20%**	**10% e 20%**	**10%**	**20%**	–	**3% and 7%**	**5% and 10%**	
Balances at 12/31/2020	(244,992)	(267,288)	(24,090)	(38,635)	-	(34,428)	(4,851)	(614,284)
Depreciation	(20,967)	(33,558)	(3,027)	(5,407)	-	(20,241)	(473)	(83,673)
Disposals	11,234	4,468	445	1,219	-	11,327	57	28,750
Transfers	(16)	16	(4)	4	-	-	-	-
Foreign exchange variation	(374)	-	(182)	(205)	-	(2,283)	(6)	(3,050)
Balances at 12/31/2021	(255,115)	(296,362)	(26,858)	(43,024)	-	(45,625)	(5,273)	(672,257)
Depreciation	**(22,009)**	**(36,509)**	**(3,154)**	**(6,626)**	**-**	**(16,247)**	**(487)**	**(85,032)**
Disposals	**556**	**6,995**	**2,258**	**2,505**	**-**	**8,140**	**97**	**20,581**
Transfers	**(2)**	**-**	**2**	**-**	**-**	**-**	**-**	**-**
Foreign exchange variation	**470**	**-**	**235**	**271**	**-**	**2,959**	**3**	**3,938**
Balances at 12/31/2022	**(276,070)**	**(325,876)**	**(27,517)**	**(46,874)**	**-**	**(50,773)**	**(5,660)**	**(732,770)**
Net book value								
At 12/31/2021	165,301	173,354	15,021	19,014	48,665	76,786	1,090	499,231
At 12/31/2022	**158,703**	**224,150**	**15,915**	**22,677**	**63,194**	**42,641**	**1,454**	**528,734**
Assets in use fully depreciated								
At 12/31/2021	93,257	124,521	11,587	28,207	-	-	2,526	260,098
At 12/31/2022	**95,932**	**127,250**	**11,742**	**28,406**	**-**	**-**	**2,834**	**266,164**

b) This refers to the value of the Right of Use within a leasing contract (IFRS 16 /CPC 06 (R2)), as described in Note 14, Sub-item (b).

(All amounts in thousands of reais)

12. Intangible assets

Intangible assets have a defined useful life and are recognized at acquisition cost, net of accumulated amortization and impairment if any. Amortizations are calculated by the straight-line method at the rates mentioned in the tables below.

	Parent Company						
	Software	Trademarks and patents	Goodwill	Technology	Development of software	Others	Total
Cost of intangible assets							
Balances at 12/31/2020	68,025	23,960	800	11,927	12,924	-	117,636
Purchases	2,839	1,597	-	-	7,564	543	12,543
Disposals	(448)	(43)	-	-	(1)	-	(492)
Transfers	7,414	-	-	-	(7,414)	-	-
Balances at 12/31/2021	77,830	25,514	800	11,927	13,073	543	129,687
Purchases	**508**	**12,102**	**190**	**-**	**14,180**	**58**	**27,038**
Disposals	**(72)**	**(464)**	**-**	**-**	**(593)**	**(58)**	**(1,187)**
Transfers	**5,735**	**(6)**	**-**	**-**	**(5,729)**	**-**	**-**
Balances at 12/31/2022	**84,001**	**37,146**	**990**	**11,927**	**20,931**	**543**	**155,538**
Accumulated amortization	**20%**	**10%**	**20%**	**20%**	–	–	
Balances at 12/31/2020	(57,866)	(16,662)	(800)	(9,264)	-	-	(84,592)
Amortization	(4,607)	(1,463)	-	(936)	-	-	(7,006)
Disposals	442	39	-	-	-	-	481
Balances at 12/31/2021	(62,031)	(18,086)	(800)	(10,200)	-	-	(91,117)
Amortization	**(5,116)**	**(2,504)**	**(22)**	**(633)**	**-**	**-**	**(8,275)**
Disposals	**1**	**431**	**-**	**-**	**-**	**-**	**432**
Balances at 12/31/2022	**(67,146)**	**(20,159)**	**(822)**	**(10,833)**	**-**	**-**	**(97,015)**
Net book value							
At 12/31/2021	15,799	7,428	-	1,727	13,073	543	38,570
At 12/31/2022	**16,855**	**16,987**	**168**	**1,094**	**20,931**	**543**	**56,578**

	Consolidated						
	Software	Trademarks and patents	Goodwill	Technology	Development of software	Others	Total
Cost of intangible assets							
Balances at 12/31/2020	69,500	27,338	800	11,927	12,924	-	122,489
Purchases	3,503	1,597	-	-	7,564	1,652	14,316
Disposals	(534)	(43)	-	-	(1)	-	(578)
Transfers	7,414	-	-	-	(7,414)	-	-
Foreign exchange variation	133	249	-	-	-	-	382
Balances at 12/31/2021	80,016	29,141	800	11,927	13,073	1,652	136,609
Purchases	**616**	**12,102**	**190**	**-**	**14,180**	**59**	**27,146**
Disposals	**(72)**	**(464)**	**-**	**-**	**(593)**	**(1,088)**	**(2,217)**
Transfers	**5,735**	**(6)**	**-**	**-**	**(5,729)**	**-**	**-**
Foreign exchange variation	**(142)**	**(235)**	**-**	**-**	**-**	**(79)**	**(456)**
Balances at 12/31/2022	**86,153**	**40,538**	**990**	**11,927**	**20,931**	**543**	**161,082**
Accumulated amortization	**20%**	**10%**	**20%**	**20%**	–	–	
Balances at 12/31/2020	(59,090)	(16,662)	(800)	(9,264)	-	-	(85,816)
Amortization	(4,864)	(1,463)	-	(936)	-	(84)	(7,347)
Disposals	528	39	-	-	-	-	567
Foreign exchange variation	(93)	-	-	-	-	1	(92)
Balances at 12/31/2021	(63,519)	(18,086)	(800)	(10,200)	-	(83)	(92,688)
Amortization	**(5,437)**	**(2,504)**	**(22)**	**(633)**	**-**	**(118)**	**(8,714)**
Disposals	**1**	**431**	**-**	**-**	**-**	**197**	**629**
Foreign exchange variation	**94**	**-**	**-**	**-**	**-**	**4**	**98**
Balances at 12/31/2022	**(68,861)**	**(20,159)**	**(822)**	**(10,833)**	**-**	**-**	**(100,675)**
Net book value							
At 12/31/2021	16,497	11,055	-	1,727	13,073	1,569	43,921
At 12/31/2022	**17,292**	**20,379**	**168**	**1,094**	**20,931**	**543**	**60,407**

On December 31, 2022 and 2021, the Company does not have internally generated intangible assets.

(All amounts in thousands of reais)

12. Intangible assets--Continued

Impairment

Fixed assets, intangible assets and other assets which present indications that their recorded costs are higher than their recovery value should be reviewed in detail to determine the need for posting of any impairment.

The Company carries out an annual analysis of impairment. In the December 31, 2022 and 2021 business year no assets were identified that presented a need to calculate impairment.

13. Borrowings

Borrowings are posted at contracted value, plus agreed charges including interest and monetary or FX updating incurred. After initial recognition they are measured at amortized cost using the effective rates method.

a) Borrowings

Obligations under loans and financings are as follows:

	Parent company / Consolidated							
			2022			2021		
	Index	Interest rate (y.y.)	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
In local currency								
Incentive-bearing financings	Long-term Interest Rate (TJLP)	7.20% and 5.32%	**1,888**	**7,824**	**9,712**	5,408	6,806	12,214
In foreign currency								
Post-shipping financing of exports (ACEs)	US Dollar +	5.98% and 1.38%	**96,927**	**-**	**926,927**	112,071	-	112,071
			98,815	**7,824**	**106,639**	117,479	6,806	124,285

a.1) Incentive-bearing financings (ICMS tax and exports)

The financings classified here relate to the non-incentive-bearing portions of the government subsidies (Note 17) granted through the Industrial Development Fund (FDI) of the state of Ceará, through the financing agent established by that Fund as intermediary, arising from ICMS tax owed (the Provin and Proade programs) and products exported (the Proapi program) which must be settled within 36 and 60 months after being granted.

The benefit of the reduction in the amounts owed is recognized at the moment of obtaining the financings, on the basis that this is the most appropriate reflection of the accrual method approach, since the costs of the taxes referring to the incentive-bearing transactions are being registered simultaneously with the benefits.

(All amounts in thousands of reais)

13. Borrowings--Continued

a) Borrowings—Continued

a.1) Incentive-bearing financings (ICMS tax and exports)--Continued

Long-term installments have the following composition by year of maturity:

Maturities	2024	2025	2026	2027	Total
Proapi	-	445	1,186	614	**1,766**
Provin	1,553	995	858	-	**4,476**
Proade	103	408	351	1,311	**841**
Total	**1,656**	**1,848**	**2,395**	**1,925**	**7,824**

a.2) Post-shipping financing of exports (ACEs)

These advances comprise funds raised in Brazilian currency by the exporter subsequent to shipment of merchandise to a foreign destination, with maturity dates up to August 2023. Operations are guaranteed through the transfer of rights over installment sales to the bank.

14. Leasing contracts

The Group assesses, on the start date of the contract, whether that contract is or contains leasing, that is to say, whether the contract transmits the right to control the use of an identified asset for a given period.

The Group applies a single approach of recognition and measurement to all leasing arrangements, except contracts for leasing whose periods end in 12 months and leasing arrangements in which the assets are of low value.

The Group has rental contracts for stores and distribution centers, signed with third parties, which are being classified as commercial leasing, and which provide an option for renewal or rescission. These options are negotiated by Management to obtain flexibility in management of the portfolio of leased assets, and so as to be aligned with the Group's business needs.

The discount rates that express the time of realization of the rights of use have been obtained based on the principal inflation indices of the market and an estimated rate for interest on lending, in the event that the Company were to opt to obtain the object of the leasing for similar periods and in similar scenarios.

(All amounts in thousands of reais)

14. Leasing contracts--Continued

The table below shows the rates practiced, the maturities and the periods of the contract:

Real estate rental contracts	End date	Maturity	Average rates (y.y.)
Grendene USA, Inc. – Distribution center	7/31/2022	5 years and 8 months	3.00%
Grendene USA, Inc. – Store Clube Melissa Century City	11/30/2027	7 years	3.00%
Grendene USA, Inc. – Store Clube Melissa Orlando Springs	5/31/2023	3 years	3.00%
Grendene USA, Inc. – Loja Clube Melissa Sawgrass Store [(i)]	7/31/2026	5 years	3.00%
Grendene USA, Inc. – Loja Clube Melissa Aventura Store [(i)]	6/30/2028	7 years	3.00%
Grendene USA, Inc. – Loja Clube Melissa San Diego Store [(i)]	7/31/2028	7 years	3.00%
Grendene New York, L.L.C. – Store	11/30/2025	10 years	4.00%
Grendene Italy, S.R.L. – Distribution center [(ii)]	8/31/2025	5 years	6.84%

[(i)] In the second quarter of 2022, the contracts of three Clube Melissa stores – Sawgrass, Aventura and San Diego – were transferred to the joint venture Grendene Global Brands.
[(ii)] In December 2022 Grendene Italy registered cancellation of the leasing agreement.

The changes in liabilities corresponding to the leases are as follows:

	Consolidated
Balance at 12/31/2020	90,956
Purchases	15,856
Disposals	(15,220)
Interest appropriated and paid	(866)
Payments	(18,016)
Foreign exchange variation	5,670
Balance at 12/31/2021	78,380
Disposals [(*)]	**(11,995)**
Interest appropriated and paid	**(410)**
Payments	**(15,935)**
Foreign exchange variation	**(6,133)**
Balance at 12/31/2022	**(43,907)**
Current	**14,005**
Non-current	**29,902**

[(*)] Refers to: *(i)* R$11,445 the contracts of Melissa Club stores: Orlando Springs, San Diego, Aventura and Sawgrass, were transferred to the Grendene Global Brands; and *(ii)* R$ 550 for cancellation of the contract of Grendene Italy, S.R.L..

The future commitments arising from this contract are presented net of adjustment to present value, as follows:

Maturities	2024	2025	2026	2027	Total
Leasing contracts	**13,737**	**14,189**	**1,032**	**944**	**29,902**

On December 31, 2022 the Company recognized the amount of R$640 (R$1,950 in 2021) as short-term rental expenses in the individual financial statements, and R$3,123 in the consolidated financial statements (R$3,378 in 2021).

15. Provisions, contingent liabilities and contingent asset

The Company and its subsidiaries are parties in administrative and court actions of an employment-law, tax, civil and environmental nature, arising from the normal course of business.

The Company periodically revises its list of contingencies, upon assessment by its legal department and external legal advisors and classifies the changes of loss into three categories: *(i)* Probable; *(ii)* Possible; and *(iii)* Remote.

(All amounts in thousands of reais)

15. Provisions, contingent liabilities and contingent asset--Continued

a) Provisions – Probable loss risk

The estimated losses have been provisioned in an amount sufficient to cover any adverse judgments.

The changes in provisions for employment-law, tax and civil risks are as follows:

	Parent company				Consolidated			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
Balances at 12/31/2020	1,164	1,117	810	3,091	1,175	1,117	810	3,102
Additions	2,616	171	594	3,381	2,616	171	594	3,381
Realizations	(2,151)	-	(493)	(2,644)	(2,151)	-	(493)	(2,644)
Reversals	(12)	-	-	(12)	(14)	-	-	(14)
Monetary updating	-	(10)	-	(10)	-	(10)	-	(10)
Balances at 12/31/2021	1,617	1,278	911	3,806	1,626	1,278	911	3,815
Current liabilities	*855*	*143*	*884*	*1,882*	*864*	*143*	*884*	*1,891*
Non-current liabilities	*762*	*1,135*	*27*	*1,924*	*762*	*1,135*	*27*	*1,924*
Balances at 12/31/2021	1,617	1,278	911	3,806	1,626	1,278	911	3,815
Additions	**1,118**	**864**	**100**	**2,082**	**1,418**	**864**	**100**	**2,382**
Realizations	**(1,521)**	**(143)**	**(810)**	**(2,474)**	**(1,621)**	**(143)**	**(810)**	**(2,574)**
Reversals	**(24)**	**-**	**-**	**(24)**	**(25)**	**-**	**-**	**(25)**
Monetary updating	**-**	**43**	**4**	**47**	**-**	**43**	**4**	**47**
Balances at 12/31/2022	**1,190**	**2,042**	**205**	**3,437**	**1,398**	**2,042**	**205**	**3,645**
Current liabilities	***611***	***864***	***205***	***1,680***	***619***	***864***	***205***	***1,688***
Non-current liabilities	***579***	***1,178***	***-***	***1,757***	***779***	***1,178***	***-***	***1,957***

Employment-law cases: These refer claims from former employees for alleged non-compliance with employment-law rules, relating to severance pay, additional payment for unhealthy conditions, and amounts alleged to be due for subsidiary liability.

Tax issues: Refers: *(i)* PIS and COFINS ('Import PIS/COFINS') taxes on services received outside Brazil (R$1,178); and *(ii)* Legal fees in state tax execution (R$ 864).

Civil cases: Refers: *(i)* a various action for indemnity (R$114) and; *(ii)* Losers' fees (R$91).

b) Contingent liabilities – Possible loss risk

The Company has labor, tax, civil and environmental contingencies involving risks classified by management as possible losses, based on the evaluation of the legal advisors, for which no provision was recognized. The analysis and the estimates are as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Labor	**1,101**	1,155	**1,211**	1,772
Tax	**11,743**	12,135	**11,743**	12,135
Civil	**36,752**	35,278	**36,752**	35,278
Environmental	**316**	722	**316**	722
	49,912	49,290	**50,022**	49,907

Employment-law cases: These refer complaints by former employees of the Company and its subsidiaries, for alleged non-compliance with employment-law rules indemnity amounts and additional payments for alleged unhealthy conditions.

(All amounts in thousands of reais)

15. Provisions, contingent liabilities and contingent asset--Continued

b) Contingent liabilities – Possible loss risk--Continued

Tax issues: These refer to the following notifications of postings of tax debts: *(i)* Social Security contribution on the collective life insurance made available to the employees (R$568); *(ii)* execution related to alleged omission of offsetting of a presumed credit of IPI tax, ascertained as reimbursement relating to the Social Security Financing Contribution (COFINS) and the Social Integration Program (PIS) (R$6,998); *(iii)* execution related to alleged omission of offsetting of Cofins tax (R$1,431); *(iv)* exclusion of offsetting of a tax loss in Corporate income tax with a debit of Social Contribution tax on Net Profit (CSLL) (R$507); *(v)* exclusion of offsetting of credits recognized under the Reintegra program with debits of COFINS tax (R$1,494); and *(vi)* alleged undue use of ICMS tax credits on electricity (R$745).

Civil cases: Refers to: *(i)* action for indemnity by former commercial representatives (R$18,376); *(ii)* action for indemnity by a former client alleging the existence of a distribution contract (R$6,000); *(iii)* actions to annul a tax claim for supposed non-compliance with consumer rules (R$10,761); *(iv)* various other actions for indemnity (R$1,544); and *(v)* legal action relating to intellectual property in a product (R$71).

Environmental: These are for amounts arising under inspection notices for supposed non-compliance with conditions of environmental licenses.

c) Contingent assets

The Group is a party in disputes in the courts and in administrative proceedings on reimbursement of federal taxes. The Company's legal advisors have assessed the chance of success in these proceedings as 'probable'. The cases are:

Type	Description	Estimate
Tax	Inclusion of sales made to the Manaus Free Trade Zone into the basis for calculation of benefits under the Reintegra export support system.	R$6,159
Tax	Disputing demandability of the social security contribution on the proportional payroll for the '13th-salary' end-of-year bonus paid in December 2011.	R$7,161

16. Equity

a) Capital

On December 31, 2022 and 2021 the share capital, fully paid-up, comprised 902,160,000 nominal book-entry common shares without par value. The shares are all of the same class as regards their holders' rights, and all have equal right to vote, subject to the conditions of law.

(All amounts in thousands of reais)

16. **Equity**--Continued

a) Capital--Continued

This table shows the Company's ownership structure:

	Ownership structure			
	2022		2021	
	Common Shares	%	Common Shares	%
Alexandre Grendene Bartelle	**371,651,807**	**41.20%**	371,651,807	41.20%
Pedro Grendene Bartelle	**125,312,376**	**13.89%**	125,312,376	13.89%
Giovana Bartelle Veloso	**37,132,797**	**4.12%**	37,132,797	4.12%
Pedro Bartelle	**34,557,397**	**3.83%**	35,557,397	3.94%
André de Camargo Bartelle	**29,201,277**	**3.24%**	29,201,277	3.24%
Gabriella de Camargo Bartelle	**28,912,677**	**3.20%**	28,912,677	3.20%
3G Radar Gestora de Recursos Ltda	**72,443,300**	**8.03%**	72,443,300	8.03%
Executive Board and Boar of Directors' Members	**2,623,587**	**0.29%**	3,031,889	0.34%
Treasury shares	**467,650**	**0.05%**	205,522	0.02%
Outstanding shares	**199,857,132**	**22.15%**	198,710,958	22.02%
	902,160,000	**100.00%**	902,160,000	100.00%

b) Capital Reserve

This corresponds to the amount of stock options granted by the Company to its managers as described in Note 22.

c) Treasury shares

On July 29, 2021, as authorized and recorded in Minute 94 rd, the Board of Directors approved creation of a new program of acquisition of the Company's nominal common shares, without par value, to be held in treasury and later sold and/or canceled, for compliance with the stock options plan (Note 22), limited to 5,000,000 common shares, the program to expire on January 20, 2023.

In 2022, the Company acquired 464,424 of its own shares for compliance with its 15th stock options plan (Note 22), without reduction of the share capital.

The table below shows the changes of shares held in treasury:

	Parent company		
	Common shares	R$	Medium cost
Balances at 12/31/2020	(657,490)	(4,945)	7.52
Acquisition of shares	(205,522)	(1,832)	8.92
Share options exercised	657,490	4,945	7.52
Balances at 12/31/2021	(205,522)	(1,832)	8.92
Acquisition of shares	**(464,424)**	**(3,429)**	**7.38**
Share options exercised	**202,296**	**1,803**	**8.92**
Balances at 12/31/2022	**(467,650)**	**(3,458)**	**7.39**

(All amounts in thousands of reais)

16. Equity--Continued

d) Income reserves

d.1) *Legal reserve*

Constituted on December 31, 2022 in the amount of R$246,260 (R$ 225,048 in 2021), based on 5% of the net profit for the year, less the value of benefits under tax incentive systems, held in a reserves account, limited to 20% of the paid-up share capital.

d.2) *Reserve for acquisition of shares*

This comprises the balance of R$9,598 on December 31, 2022 (R$9,500 in 2021), used for repurchasing or acquisition of shares in the Company, to comply with share-based compensation commitments offered to participants in the Company's stock options plan.

The reserve is limited to a total value equal to 20% of the share capital; it may be made up of up to 100% of the net profit remaining after the deductions required by law and by the by-laws.

d.3) *Tax incentives*

On December 16, 2022 the Company obtained a final judgment against which there is no appeal in the form of the decision by the Regional Federal Appeal Court of the 5th Region, granting it an order of *mandamus* giving it the right not to include amounts corresponding to the tax benefit of ICMS, conceded by the State of Ceará, in the basis for calculation of corporate income tax and the Social Contribution on Net Profit – thus removing the effect of the restrictions imposed by the federal legislation, which had made the non-taxation of such amounts conditional upon their being maintained in a profit reserves account or an account for absorption of losses or for increase in share capital.
As a result of this decision, these amounts can be imputed as part of dividends without restrictions, or risks of being taxed by corporate income tax or the Social Contribution on Net Profit.

Thus, the remaining balance is constituted by the portion of the profit arising from government subsidies for investments (Note 17) arising from federal tax incentives and state tax incentives, both of which are not included in the dividend calculation basis.

The changes are as follows:

	Parent company / Consolidated			
	Exports incentive (Proapi)	ICMS incentive (Provin and Proade)	Income Tax	Total
Balances at 12/31/2020	235,437	1,273,465	820,561	2,329,463
Incentives generated by the operation	-	134,605	69,605	204,210
Separate allocation of tax incentive amounts (i)	-	(2,000)	375	(1,625)
Balances at 12/31/2021	235,437	1,406,070	890,541	2,532,048
Incentives generated by the operation	**-**	**175,947**	**58,775**	**234,722**
Allocation to a proposed additional dividend (ii)	**-**	**(1,004,547)**	**-**	**(1,004,547)**
Balances at 12/31/2022	**235,437**	**577,470**	**949,316**	**1,762,223**

(i) Management has proposed distribution of additional dividends arising from a tax incentive (ICMS) for the years 2014 and 2015, as described in Note 16, letter (f).
(ii) Management has proposed distribution of additional dividends arising from a tax incentive system (Provin) for the years 2016 to 2022, as described in Note 16, letter (f).

(All amounts in thousands of reais)

16. **Equit**--Continued

e) Other comprehensive income

This corresponds to the accumulated effect of FX conversion from the functional currency to the original currency of the financial statements of the subsidiaries outside Brazil, calculated on the stockholding investments held outside Brazil, valued by the equity method. This accumulated effect will be reverted to the profit for the business year as a gain or loss, when the investment is sold or written off.

f) Dividends and interest on equity

In accordance with the Company's bylaws, the minimum mandatory dividend is calculated as 25% of the profit for the year, after deduction of the transfers to reserves required by law.

The Company calculated Interest on Equity using the Long-term Interest Rate (TJLP) in effect during the period. This is counted as part of the total of dividends. The Interest on Equity is posted in Stockholders' equity, and its tax effect in the Statement of income.

Dividends on December 31, 2022 and 2021 were calculated as follows:

	Parent company	
	2022	**2021**
Profit for the year	**568,027**	601,005
Legal reserve	**(16,665)**	(19,840)
Tax incentive reserve	**(234,722)**	(204,210)
Minimum mandatory dividends calculation basis	**316,640**	376,955
Minimum mandatory dividend – 25%	**79,160**	94,239
Dividend proposed in addition to the minimum mandatory amount	**237,480**	282,716
Total of dividends proposed by management	**316,640**	376,955
Proposed allocation:		
Prepaid corporate action payments:		
Interim dividends	**113,409**	303,732
Interest on equity imputed as part of dividends (R$75,650, net of tax withheld at source)	**89,000**	-
Corporate action payments proposed:		
Additional dividend proposed	**4,231**	223
Interest on equity imputed as part of dividends (R$93,500, net of tax withheld at source)	**110,000**	73,000
	316,640	376,955
Additional dividend proposed – Allocation of tax incentive amounts (ICMS tax).	**1,000,000**	-
	1,316,640	376,955

16. Equit--Continued

f) Dividends and interest on equity--Continued

f.1) *Dividends and Interest on Equity for the 2021 business year*

i) *Interim dividends*

The Board of Directors approved distribution of interim dividends in the total amount of R$321,986 (representing R$0.3570 per share), which were paid to stockholders as follows:

a) 1Q21: on May 10, 2021, dividends in the amount of R$81,972 (representing R$0.0909 per share), as follows: *(i)* R$80,718 as interim dividends; and *(ii)* R$2,000 (R$1,254 net of tax) arising from separate allocation of the tax incentive (ICMS), without prejudice to continued maintenance of all the commitments relating to the concession of the tax incentive.
b) 2Q21: on August 12, 2021, dividends in the amount of R$33,702 (representing R$0.00374 per share), as follows: *(i)* R$16,702 in interim dividends; and *(ii)* R$17,000 arising from reversion of the reserve for acquisition of shares.
c) 3Q21: on November 24, 2021, R$134,658 in interim dividends (representing R$0.1493 per share); and
d) 4Q21: on December 28,2021, R$71,654 in interim dividends (representing R$0.00794 per share).

ii) *Additional dividend proposed*

The 98th meeting of the Board of Directors, held on February 24, 2022, approved the payment of additional dividends proposed by Management on December 31, 2021. The amounts were paid to stockholders as from May 3, 2022, as follows: *(i)* R$223 (R$0.0002 per share), being the proposed additional dividend; and *(ii)* R$ 73,000 in the form of Interest on Equity (R$62,050, net of income tax withheld at source (IRRF).

f.2) Distributions of dividends made and proposed in 2022

i) *Interim dividends*

The Board of Directors approved distribution of dividends and interim payment of Interest on Equity, in the amount of R$202,409 (representing R$0.02245 per share), which were paid to stockholders as follows:

a) 1Q22: on May 25, 2022, dividends in the amount of R$83,696 (representing R$0.0928 per share), as follows: (i) R$46,696 in interim dividends; and (ii) R$37,000 (R$31,450 net of tax) in interest on equity;
b) 2Q22: on August 12, 2022, dividends in the amount of R$25,645 (representing R$0.0284 per share), as follows: (i) R$7,645 in interim dividends; and (ii) R$18,000 (R$15,300 net of tax) in interest on equity; and
c) 3Q22: on November 23,2022, dividends in the amount of R$93,068 (representing R$0.1032 per share), as follows: *(i)* R$59,068 of interim dividends; and *(ii)* R$34,000 (R$28,900 net of tax) in Interest on Equity.

16. Equit--Continued

f) Dividends and interest on equity--Continued

f.2) Distributions of dividends made and proposed in 2022

ii) Additional dividend proposed

Management submitted for decision by the Annual General Meeting (AGM) the proposal for distribution of additional dividends in the amount of R$4,231 (R$0.0047 per share) and R$110,000 in Interest on Equity (R$93,500, net of income tax withheld at source), on the net profit for the 2022 business year. Additionally, as complementary dividends, the amount of R$1,004,547 (R$1,000,000 net of the Legal reserve), arising from the ICMS tax benefit, based on the court judgment against which there is no further appeal, as referred to in Note 16 d.3, which guarantees that corporate income tax and the Social Contribution on Net Profit (CSLL) will not be applied to these amounts.

These amounts are presented in Stockholders' equity for approval by the Annual General Meeting.

g) Earnings per share

Reconciliation of net income to the amounts used to calculate basic and diluted earnings per share (all amounts in thousands of Reais, except earnings per share), are as follows:

	Parent company / Consolidated	
	2022	2021
Numerator		
Profit for the year (a)	**588,027**	601,005
Denominator (Thousands of shares)		
Weighted average number of common shares	**902,160,000**	902,160,000
Weighted average number of common treasury shares	**(284,007)**	(164,475)
Weighted average number of outstanding common shares (b)	**901,875,993**	901,995,525
Potential increase in common shares due to the stock option or subscription plan	**596,630**	185,136
Weighted average of the number of common shares, considering potential increment (c)	**902,472,623**	902,180,661
Basic earnings per common share (a/b)	**0.6298**	0.6663
Diluted earnings per common share (a/c)	**0.6294**	0.6662

17. Government grants for investments

The government subsidies received by the Company have the nature of a subsidy for investment and are as follows: *(i)* tax incentives applying to ICMS tax, relating to its operational activities located in the states of Ceará; and *(ii)* reduction of 75% in income tax on profits of undertakings physically located in the state of Ceará Calculated on the basis of operating profit.

Government subsidies are recognized when there is reasonable certainty that the conditions established in the agreements governing them have been complied with.

a) State tax incentives

Provin - Program of Incentive to the Industrial Development Fund of Ceará (FDI), which consists of the deferral equivalent to 75% for the unit of Sobral and 81% for the unit of Crato and Fortaleza of the effectively paid ICMS, levied on the Company's production. Of the amount of each portion of the benefit, the equivalent to 1% will be paid at once, on the last day of the maturity month, after 60 months and will be dully restated, from the date of the disbursement up to the maturity date, by applying the Long-Term Interest Rate (TJLP). This tax incentive was in effect up to September 30, 2021.

Proade - Program to attract strategic enterprises, as from October 1, 2021, replacing the previous industrial development incentive program (the Provin program). It grants deferment equivalent to 88% of the amount of ICMS tax in fact paid on their physical production, for Grendene's units at Sobral, Fortaleza and Crato. Of the amount of each installment of the benefit, the equivalent of 1% will be paid one time only, on the last day of the month in question, after 60 months (for Sobral), and 36 months (for Fortaleza and Crato), with the amount updated from the initial date to the due date (12/31/2032) by application of the TJLP long-term interest rate.

Proapi - The incentive program for port and industrial activities of the State of Ceará, which was in effect up to March 31, 2017, for the Company's unit at Sobral, in the State of Ceará.

Resolution 131 of the Industrial Development Council (CEDIN) of Ceará State, published on 11/14/2019, enabled the State to pay the balance of the credits of the Proapi incentive amounts receivable in 60 successive, equal monthly installments.

As a result, the balance posted by the Company as amounts receivable – which was R$38,509 – when brought to present value is reduced to R$34,0714 at December 31, 2022 (R$44,670 in 2021, which when brought to present value was R$39,869).

The balances of the incentive amounts are reported in the Profit and loss account of the Holding company and in the Consolidated accounts, under Net sales revenue, as shown in Note 23. These amounts were allocated to the *Tax incentives reserve,* in *Profit reserves*, in Stockholders' equity.

Further, on December 16, 2022 the Company obtained a final judgment against which there is no appeal in the form of the decision by the Regional Federal Appeal Court of the 5th Region, relating to the ICMS tax benefit granted by the State of Ceará, granting the Company an order of mandamus giving it the right not to apply the restrictions that had been imposed by the federal legislation, which had made non-taxation of such amounts conditional upon their being maintained in a profit reserves account and used only for absorption of losses or increase in the Company's share capital. As a result of this decision, these amounts can be imputed as part of dividends without restrictions, or risks of being taxed by corporate income tax or the Social Contribution on Net Profit (CSLL).

(All amounts in thousands of reais)

17. Government grants for investments--Continued

b) Federal fiscal tax incentive

The Company is beneficiary of the following tax incentive: reduction of 75% in income tax on the profits of undertakings located in the industrial units headquartered in the area of activity of SUDENE, as shown in the table below:

Units benefited by the incentive	Project	Percentage reduction	Expiration date
Fortaleza – CE	Modernization	75%	Dec/2030
Sobral – CE	Modernization	75%	Dec/2031 (*)
Crato – CE	Modernization	75%	Dec/2026

(*) On June 23, 2022, the Regional Development Ministry, through the Northeast Region Development Authority, Sudene (Superintendência do Desenvolvimento do Nordeste), issued its Authorization Letter (Laudo Constitutivo) N° 0091/2022, which granted renewal of the tax benefit comprising 75% reduction in corporate income tax to Grendene's unit at Sobral, in the Brazilian state of Ceará, valid up to December 31, 2031.

The balances of this incentive are posted in the Company's Profit and loss account, under Current income tax, as shown in Note 18. In counterpart, these amounts were posted in the Tax incentives reserve account, in Profit reserves, in Stockholders' equity.

18. Income tax and social contribution tax

a) Current income tax and social contribution tax

The provisions for current income tax and Social Contribution tax are calculated individually, by the Company and its subsidiaries, based on the tax laws in effect on the reporting date, in the countries where they generate tax revenue.

Current taxes are presented net and reported in assets when the balances paid in advance exceed the total payable on the reporting date, or in liabilities when there is an amount payable.

(All amounts in thousands of reais)

18. Income tax and social contribution tax--Continued

a) Current income tax and social contribution tax--Continued

Current income tax and social contribution tax amounts recorded in the expense for the year, net of tax incentives, are as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Income tax				
Amount due	**(60,543)**	(69,605)	**(60,751)**	(69,706)
Tax incentives	**58,775**	69,605	**58,775**	69,605
Credit for Selic interest (*)	**-**	56,975	**-**	56,975
	(1,768)	56,975	**(1,976)**	56,874
Social contribution				
Amount due	**(23,280)**	(25,695)	**(23,363)**	(25,740)
Credit for Selic interest (*)	**-**	20,972	**-**	20,972
	(23,280)	(4,723)	**(23,363)**	(4,768)
	(25,048)	52,252	**(25,339)**	52,106

(*) Refers to the credits of corporate Income tax and the Social Contribution tax on interest charged at the Selic rate on reimbursed tax debits as described in Note 18 letter (e).

b) Deferred income tax and social contribution tax

Deferred taxes are recognized only if there is a possibility of future generation of taxable profit in an amount significant to enable those temporal differences to be used.

Deferred income tax and Social Contribution tax are calculated by applying the rates expected to be in force on the reporting date at which the temporary differences are expected to be realized or demanded.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets with current tax liabilities, and if they are related with the taxed imposed by the same tax authority.

Deferred income tax and social contribution tax are comprised as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Estimated losses on doubtful receivables	**414**	2,790	**414**	2,790
Punctuality discounts estimated	**9,807**	5,546	**9,807**	5,546
Adjustment to Present Value	**4,702**	1,662	**4,702**	1,662
Fair value of equity financial instruments	**(8,768)**	(8,721)	**(8,768)**	(8,721)
Estimated losses for obsolete inventory	**1,840**	1,455	**1,840**	1,455
Provision for labor risks, tax and civil	**524**	580	**524**	580
Interest on equity (counted as part of total dividends)	**37,400**	24,820	**37,400**	24,820
Other	**66**	1,143	**(140)**	(402)
	45,985	29,275	**45,779**	27,730

(All amounts in thousands of reais)

18. Income tax and social contribution tax--Continued

c) Estimate for realization of deferred income tax and Social Contribution tax

The figures for realization of deferred income tax and Social Contribution tax are supported by technical feasibility studies, which show an estimate of the realization of the deferred assets.

The company estimates realization of the tax credits in the various business years as follows:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
2022	**-**	26,604	**-**	26,089
2023	**44,159**	1,106	**43,953**	591
2024	**1,467**	1,003	**1,467**	488
2025	**349**	562	**349**	562
2026	**10**	-	**10**	-
2027	**(235)**	-	**(235)**	-
	45,985	29,275	**45,779**	27,730

d) Reconciliation of tax expense to statutory rates

The amounts of income tax and Social Contribution tax, calculated at nominal rates, reported in the Profit and loss account, are reconciled as follows:

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Pretax income	**576,365**	551,737	**575,317**	552,729
Income tax and social contribution tax (at nominal rates of 25% and 9% respectively)	**(195,964)**	(187,590)	**(195,608)**	(187,928)
Adjustments to show effective rate				
Equity in the results of subsidiaries	**(31,876)**	(17,224)	**(9,447)**	(30)
Non-deductible costs and expenses	**9,809**	211	**9,809**	211
Adjustments to fair value	**2,204**	2,898	**2,204**	2,898
Stock options plan	**(1,011)**	(126)	**(1,011)**	(126)
Special System for Refund of Tax Amounts to Exporting Companies (Reintegra)	**225**	217	**225**	217
State tax incentives	**59,822**	45,766	**59,822**	45,766
Technological innovation incentive	**11,992**	10,519	**11,992**	10,519
Corporate tax incentive deductions – Income tax	**4,100**	1,745	**4,100**	1,745
Interest on equity counted as part of total dividends	**67,600**	24,820	**67,660**	24,820
Other financial instruments – Dividends	**11,739**	15,830	**11,739**	15,830
Income tax and Social Contribution tax – credit for Selic interest (i)	**-**	77,947	**-**	77,947
Realization of foreign exchange losses on investments	**(412)**	-	**(412)**	-
Other additions and exclusions	**(5,401)**	4,650	**(27,138)**	(13,198)
Amount before deduction of corporate tax incentives	**(67,113)**	(20,337)	**(66,065)**	(21,329)
Tax incentive reductions of corporate income tax (Calculated on operational profit)	**58,775**	69,605	**58,775**	69,605
Total taxes posted in profit and loss account	**(8,338)**	49,268	**(7,290)**	48,276
Current taxes	**(25,048)**	52,252	**(25,339)**	52,106
Deferred taxes	**16,710**	(2,984)	**18,049**	(3,830)
Effective rate (ii)	**-1.4%**	-5.2%	**-1.3%**	-5.4%

(i) Refers to credits of corporate income tax and Social Contribution tax on interest charged at the Selic rate on reimbursed tax debits, as described in Note 18 letter e.
(ii) This does not include credits of R$77,947 in corporate income tax and Social Contribution tax charged at the Selic rate on reimbursed tax debits (Note 18 letter e), since the effective rate in not altered.

18. Income tax and social contribution tax--Continued

e) Corporate income tax and Social Contribution tax – Credits for interest charged at the Selic rate on interest amounts received due to tax unduly charged

On September 24, 2021 the Federal Supreme Court (STF) recognized, by majority, the unconstitutionality of application of corporate income tax and the Social Contribution Tax to amounts resulting from application of interest at the Selic rate to amounts received due to repetition of tax charges. The decision, in Extraordinary Appeal (RE) 1,063 ,187, gave a judgment which has the status of general precedent, to the effect that arrears interest and inflation correction, since they have the nature of an indemnity, are not an addition to personal or corporate wealth, because their purpose is solely to repair monetary losses suffered in the period of the dispute on the subject of taxes unduly charged.

The company has an analogous case, filed on April 16, 2018, and in the judgment of management it is effectively certain that Grendene has the right to the credits of income tax and Social Contribution tax paid in excess in prior periods. In the light of IFRIC 23 and ICPC 22, management has thus recognized a credit of R$77,947, on September 30, 2021, which are recorded in Non-current assets. The Company awaits progress on the necessary procedural stages, before starting to offset the amounts concerned.

19. Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. These are measured at amortized cost or at fair value and classified in one of the following three categories: *(i)* Financial instruments at amortized cost; *(ii)* Financial instruments measured at fair value through Comprehensive income; and *(iii)* Financial instruments measured at fair value through Profit or loss.

Subsequent measurement

Their subsequent measurement takes place at each recording date in accordance with the rules established for each type of classification of financial assets and liabilities.

The Company and its subsidiaries have classified their financial assets and liabilities at amortized cost or at fair value through profit or loss, in accordance with the characteristics of the contract and the purpose for which they were acquired or issued:

a. *Financial assets at amortized cost:* These are measured in a business model the objective of which is to receive contractual cash flows where the contractual terms give rise to cash flows which are, exclusively, payment of the principal and/or interest on it.

(All amounts in thousands of reais)

19. Financial instruments—Continued

b. *Financial assets measured at fair value through profit or loss*: Any financial assets that are not classified in the aforementioned category stated above are measured and recognized at fair value through Profit or loss. Financial assets that are held for training and managed on the basis of fair value are also included in this category.

c. *Financial liabilities*: The entity should classify all financial liabilities as measured at amortized cost, except in the case of: (a) financial liabilities measured at fair value through Profit or loss; (b) financial liabilities that arise when the transfer of the financial asset does not qualify for derecognition, or when the continuing involvement approach is applicable; (c) a financial guarantee contract; (d) undertakings to grant loans with interest rates below market; or (e) a contingent consideration recognized by an acquiring party in a business combination to which CPC 15 should be applied.

Derivative financial instruments and hedging activities

The Company operates with derivative financial statements for the purpose of hedging but does not use the practice of hedge accounting to account for its derivative transactions, which are not made for speculative purposes.

Derivatives are recorded initially at fair value on the date of contracting, and subsequently revalued, also at fair value, with any gains or losses being recognized in financial revenue/expenses.

The Company has transactions with financial instruments, the risks of which are managed through financial position strategies and exposure limit systems. All transactions are fully recognized in the accounting records.

The table below gives the classification of the principal financial assets and liabilities of the Company and its subsidiary:

	Parent company		Consolidated	
	2022	2021	2022	2021
Financial assets at amortized cost (*)				
Cash and cash equivalents	**87,621**	5,353	**127,409**	22,146
Financial investments	**1,338,185**	1,174,392	**1,338,185**	1,174,392
Trade receivables	**1,118,469**	1,043,517	**1,131,904**	1,030,529
Financial assets measured at fair value through profit of loss				
Financial investments (iii)	**253,569**	122,306	**253,569**	122,306
Financial investments (i)	**77,477**	269,174	**77,477**	269,174
Derivatives (ii) (*)	**-**	2,635	**-**	2,635
Financial liabilities at amortized cost (*)				
Borrowings	**106,639**	124,285	**106,639**	124,285
Leasing contracts	**-**	-	**43,907**	78,380
Trade payables	**77,854**	59,468	**80,240**	66,074
Commissions payable	**55,900**	51,816	**56,085**	52,325
Financial liabilities measured at fair value through profit of loss				
Derivatives (ii) (*)	**624**	-	**624**	-

(*) The accounting balances at December 31, 2022 and 2021 reflect the fair values of the financial instruments.
(i) Level 1: Items valued by prices quoted in an active market (without any adjustments) for similar assets of liabilities.
(ii) Level 2: Items on which there is observable information for assets and liabilities, but which do not have prices quoted on an active market.
(iii) Level 3: Items for which there are no observable data for assets and liabilities that reflect assumptions for pricing.

(All amounts in thousands of reais)

19. Financial instruments--Continued

a) Foreign exchange rate hedging transactions

The strategy when contracting these transactions is to hedge the sales revenue and financial assets of the Company and its subsidiaries that are subject to foreign exchange exposure. These instruments are used for the specific purpose of hedging, and the portfolio includes sale of U.S. dollar futures through financial instruments used for this purpose such as: Commodities and Securities Exchange – B3 and advances on future exports (ACE).

In transactions involving B3 sales, the impact on the cash flow of the Company and its subsidiaries is assessed through the calculation of daily adjustments to the U.S. dollar exchange rate until the settlement of the contracts.

To reduce the net effects of exposure of its business, the Company's management determines the managers may negotiate future contracts for sale of USD, exclusively at B3 up to the maximum limit defined by the sum of the following items: *(i)* bank balances in foreign currency held outside Brazil; *(ii)* financial investments held outside Brazil; *(iii)* balances of accounts receivable (denominated in USD) of exchange transactions to be contracted; *(iv)* up to 25% of the forecasts of annual exports equivalent to approximately 90 days of forecast exports (normally corresponding to orders in the order book and negotiations for sales in progress), less: *(a)* balances of suppliers held in foreign currency; *(b)* imports in progress; and *(c)* ACCs (Advances against exchange contract).

The risks are monitored daily and administered through internal controls aimed to demonstrate the limits of exposure and adapt them to the Company's risk management policy.

Foreign exchange hedging transactions are usually made with the B3, are carried out through specialized brokers, with specific guarantees. The guarantee amounted to R$65,207 on December 31, 2022 (R$62,811 in 2021), comprises the Company's investments in government securities, observing the limits and exposures to foreign exchange risk, as defined in the policy for management of counterparty risk.

The table below shows the positions at December 31, 2022 and 2021, with the notional and fair value.

	Notional value – US$		Notional value – R$		Amount receivable (payable)	
	2022	2021	2022	2021	2022	2021
Futures contracts						
Sell commitment	**14,250**	22,750	**75,867**	127,785	**(624)**	2,635

It should be noted that these transactions are linked to sales and financial assets in foreign currency, which are also subject to foreign exchange rate changes, offsetting any gains or losses. The balance payable on December 31, 2022, in the amount of R$624, is classified in other accounts payable and the balance receivable of R$2,635 in 2021, is classified in the accounts of receivables.

20. Risk management

Risks are managed through governance policies that establish the techniques for continuous monitoring and measurement of the exposure, aligned with strategies for business growth and for social and environmental responsibility.

a) *Operational risks management*

The organizational structure of the Company's risk management processes uses as a parameter the Three Lines of Defense of the IIA *(the Institute of Internal Auditors),* and in terms of methodology is based on the Enterprise Risk Management (ERM) framework of COSO *(the Committee of Sponsoring Organizations of the Treadway Commission)*, in relation to the flow of identification, evaluation, treatment and monitoring of the risks to which the Company and its subsidiaries are exposed.

In this context the Company operates in relation to strategic, operational, compliance, financial, market, information, technological and socio-environmental risks in accordance with policy approved by the Board of Directors of Grendene.

In relation to treatment of risks:

(i) The process of corporate risk management permeates all the business processes, and, hence, all of Grendene's workers – from employees to directors – are responsible for management of the Company's risks, from the decisions on strategies and projects through to performance of day-to-day functions.
(ii) The Governance, Risks and Compliance Department (GRC) coordinates Grendene's process of corporate risk management, and in terms of methodology advises and supports the business areas in identification, classification, evaluation and treatment of the risks inherent to their processes.
(iii) The Internal Audit's role is to independently, impartially and timely examine the effectiveness and quality of Grendene's corporate risk management process, recording weaknesses and making recommendations for improvements and adjustments to the process.

Finally, the company has constituted an Audit Committee, which supervises the activities, effectiveness, development and structure of the corporate risk management of Grendene S.A. and suggests improvements to the Board of Directors.

The purpose of all this structure is to guarantee, with the due sponsorship and monitoring from senior management (i.e. including the Executive Board and the Board of Directors), an efficient and effective management of corporate risks in the Company.

b) *Management of social and environmental risks*

The Company seeks mechanisms for reduction of social and environmental risks, through management of its operations and products, and through the development of people, and the communities where it operates. The indicators of sustainability are guided by three main principles: *(i)* giving value to people and respecting them; *(ii)* eco-efficient operations; and *(iii)* products of lower impact. Within this context, possible impacts are analyzed that might result in some exposure and/or risk for the business, and when applicable these will be assessed by Management.

(All amounts in thousands of reais)

20. Risk management--Continued

c) *Financial risks management*

c.1) *Credit risks*

The Group is exposed to credit risk in its operational activities arising from accounts receivable from clients and counterparties in financial investments, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The following are the risk management practices: *(i)* *Accounts receivable from clients*: Management aims to minimize any problems arising from default by its clients, through analysis of credit in the client portfolio, establishment of sales limits and sales well spread out between multiple clients. No single client represented more than 5% of the total of the Company's accounts receivable on December 31, 2022 and 2021; and *(ii)* *Financial instruments, cash and cash equivalents, and other financial assets*: The Company's financial resources are allocated in a diversified manner in financial assets that may be securities issued by financial institutions that are considered by the market to be first-tier (the country's 10 largest banks by assets), or public securities or private securities such as, for example, debentures, real estate receivable certificates, real estate financing transactions, credits receivable, or others, that seek remuneration tied to a basket of indicators, such as: the CDI rate, and securities with fixed rates or indexed to inflation indices.

Investment opportunities of greater risk (those made in private securities) are evaluated by the investment committee created for this purpose, which, under the Company's policy, may allocate up to R$850 million for this type of investment.

c.2) *Liquidity risk*

The Company monitors the policy on cash generated by its activities, to avoid mismatch between accounts receivable and accounts payable, thus ensuring liquidity for compliance with its obligations. The principal source of funds used by the company is the volume of proceeds from the sale of its products. One characteristic of the strong cash flow generation is low default. The Company, additionally, holds balances in cash investments that may be redeemed at any moment, and has solid financial and equity conditions, for complying with its short and medium-term obligations.

This table shows the requirements for contractual payments arising from the Company's financial liabilities:

	Parent company / Consolidated					
	2022			2021		
	Up to 1 year	From 1 to 5 years	Total	Up to 1 year	From 1 to 5 years	Total
Incentive-bearing financings	**1,888**	**7,824**	**9,712**	5,408	6,806	12,214
Post-shipment financing of exports (ACEs)	**96,927**	**-**	**96,927**	112,071	-	112,071
Projection including future interest						
Incentive-bearing financings	**1,952**	**9,343**	**11,295**	5,496	8,119	13,615
Post-shipment financing of exports (ACEs)	**99,902**	**-**	**99,902**	112,728	-	112,728

20. Risk management--Continued

c) *Financial risks management*--Continued

c.3) *Market risks*

These market risks principally involve the possibility of variation in interest rates, foreign exchange rates and prices of commodities and stock prices.

i) Interest rate risk

This risk arises from the possibility that the Company may incur losses due to fluctuations in interest rates that lead to an increase in its finance costs related to borrowings, or a decrease in its earnings on financial investments. The Company continuously monitors the volatility of market interest rates.

The Company's policy is to keep its funds invested in instruments indexed to the CDI rate, at fixed rates or rates adjusted by inflation – since this ensures reduction of the impacts arising from variations in market interest rates.

ii) Exchange rate risk

The Company's risk in this case arises from transactions in accounts receivable originating from exports, or from financial or other investments outside Brazil – which form a natural hedge against exchange rate variations. Management values its assets and liabilities that are subject to foreign exchange risk, and if necessary, contracts additional derivative financial instruments.

On December 31, 2022, the Company had coverage for exposures to changes in the exchange rate for conversion to Reais at maturity of its export contracts in the amount of US$18,579 (US$20,085 in 2021).

iii) Commodity price risk

This risk refers to the possibility of fluctuations in the price of raw materials and other inputs used in the production process, As the Company uses commodities as raw materials, its cost of sales can be affected by fluctuations in the international prices of these materials. In order to minimize this risk, the Company maintains ongoing monitoring of price fluctuations in the domestic and foreign markets and, if necessary, maintains strategic inventories to support its commercial activities.

iv) Stock price risk

The Company is exposed to risk of change in the price of the shares, due to its investments in equity instruments in other companies, which are traded and quoted on stock exchanges.

v) Risk related to the rate of return from the Silent Partner companies

The Company's risk relates to the return expected on each transaction, taking into account not only the specific risks, but also the macroeconomic expectations of the market – which include factors ranging from the outlook of the construction sector to the scenario for the basic interest rate.

(All amounts in thousands of reais)

20. Risk management--Continued

d) *Sensitivity analysis*

To analyze the sensitivity of the indexers governing financial investments and the financings to which the Company was exposed on the base date December 31, 2022, we set three different scenarios, and prepared a sensitivity analysis of the effect of variations in the indicators of these instruments. The scenarios are calculated leaving out of account the probable cash flow of payments from financings and redemptions of investments.

d.1) *Interest rate fluctuation sensitivity analysis*

The yields from cash investments, and the financial expenses arising from the Company's financings, are affected by the variations in rates or indicators, such as the CDI rate, the IPCA and IGP–M inflation indices, and the TJLP long-term interest rate. For these instruments, our analysis considered variations of 25% and 50% from the probable scenario – downward for financial investments, and upward for financings.

The table below shows the outstanding positions at December 31, 2022, with the notional values and interest of each contracted instrument:

		Sensitivity Scenarios					
Risk factor	%y.y.	Balances at 12/31/2022	Remote - 50%	Possible - 25%	Probable	Possible + 25%	Remote + 50%
Fixed income cash investments							
CDI rate	**13.6500%**	**929,818**	**44,342**	**66,844**	**89,060**	**110,920**	**133,401**
IPCA rate	**5.9005%**	**343,727**	**29,726**	**34,706**	**39,685**	**44,662**	**49,636**
INCC rate	**9.5547%**	**64,641**	**7,626**	**8,661**	**8,972**	**10,732**	**11,768**
Incentive-bearing financings							
TJLP	**7.2000%**	**9,712**	**(328)**	**(492)**	**(656)**	**(819)**	**(983)**

d.2) *Sensitivity analysis for variations in the exchange rate*

i) Debt in foreign currency

The Company has projected the effect of the transactions designed for Exchange rate protection in three scenarios, considering the transactions would be settled, on the basic of the position becoming due on January 31, 2023, as follows:

				Sensitivity scenarios				
Risk factor	Short position in USD	FX rate	Balances at 12/31/2022	Remote - 50%	Possible - 25%	Probable	Possible + 25%	Remote + 50%
Contracted derivative - Hedge								
Dollar rise	**14,250**	**5.3239**	**75,867**	**37,933**	**18,967**	**(624)**	**(18,967)**	**(37,933)**

(All amounts in thousands of reais)

20. Risk management--Continued

d) *Sensitivity analysis*

d.2) *Sensitivity analysis for variations in the exchange rate*--Continued

ii) FX exposure

This table shows the net assets and liabilities in foreign currency:

Risk factor	Cash position in US$	FX rate	Balances at 12/31/2022	Sensitivity scenarios Remote - 50%	Possible - 25%	Probable	Possible + 25%	Remote + 50%
FX exposure								
Current account	10	5.2171	50	(25)	(12)	-	12	25
Accounts receivable from clients	45,223	5.2171	235,931	(117,965)	(58,983)	-	58,983	117,965
Advances from clients	(3,912)	5.2171	(20,408)	10,204	5,102	-	(5,102)	(10,204)
Accounts payable	(3,848)	5.2171	(20,078)	10,039	5,019	-	(5,019)	(10,039)
Post-shipping financing of exports (ACEs)	(18,579)	5.2171	(96,927)	18,463	24,232	-	(24,232)	(48,463)
Derivatives contracted – Hedge	(14,250)	5.3297	(75,867)	37,933	18,967	(624)	(18,967)	(37,933)
Net exposure	4,644		22,701	(11,351)	(5,675)	(624)	5,675	11,351

d.3) *Sensitivity analysis for variations in stock prices*

The Company projected the impact of operations aimed at protecting the risk of financial investments in variable income of shares listed on the stock exchange, in three scenarios, considering that the operations would be closed out, in the position maturing on December 31, 2022, as follows:

Risk factor	Number of shares	Average price	Balances at 12/31/2022	Sensitivity scenarios Remote - 50%	Possible - 25%	Possible + 25%	Remote + 50%
Financial investments in equities							
Price of the shares	871,700	88.88	77,477	(38,738)	(19,369)	19,369	38,738

d.4) *Sensitivity analysis for variations in the rate of return from the Silent Partner companies*

The Company has made projections of the effect of the operations of the silent partner companies, based on the average rate of return expected to December 31, 2022, as shown below:

Risk factor	Average rate of return	Balances at 12/31/2022	Sensitivity scenarios Remote - 50%	Possible - 25%	Possible + 25%	Remote + 50%
Other financial assets - SCPs						
Values of real estate properties	9.2930%	152,562	2,569	1,248	(1,182)	(2,296)

(All amounts in thousands of reais)

20. Risk management--Continued

e) *Capital management*

Management has the objective of ensuring continuity of the Company's business, protecting its capital from economic changes and conditions, so as to support reduction of costs of capital and maximize return to stockholders. To maintain or adjust the capital structure, the Company may, among other possible actions, make adjustments to its dividend payment policy, or contract loans, or issue securities in the financial markets.

There were no impacts on the objectives or processes of capital management arising from the distribution of additional dividends referred to in Note 16, letter (f).

The Company's policy of a low level of leverage is monitored through the financial leverage index, as shown below.

	Parent company		Consolidated	
	2022	2021	2022	2021
Current and non-current borrowings	**106,639**	124,285	**106,639**	124,285
Leasing contracts	**-**	-	**43,907**	78,380
(-) Cash and cash equivalents	**(87,621)**	(5,353)	**(127,409)**	(22,146)
Net debt	**19,018**	118,932	**23,137**	180,519
Equity	**4,094,132**	4,094,330	**4,364,132**	4,094,330
Gearing ratio	**0.4%**	2.9%	**0.5%**	4.4%

21. Related parties

The Company has a *Related Party Transactions Policy*, approved by the Board of Directors, which aims to establish rules and procedures to ensure that decisions involving related parties and situations with potential conflict of interests are taken with full independence and absolute transparency in accordance with the interests of Grendene S.A. and its stockholders.

Any legal transactions between related parties are carried out on an arms-length basis and in accordance with market criteria, obeying the same principles and procedures that orient transactions made with non-related parties.

The Company's related parties are: subsidiaries, affiliated companies, joint ventures, and other companies related to stockholders and to the Company's key management personnel.

(All amounts in thousands of reais)

21. Related parties--Continued

a) Amounts of balances and transactions with subsidiaries

Parent company / Consolidated			2022			2021		
	Nature of transaction	Maturity	Assets	Liabilities	P&L	Assets	Liabilities	P&L
Direct subsidiaries								
Grendene USA, Inc.	Accounts receivable from clients	–	**6,566**	**-**	**-**	26,631	-	-
	Commissions payable	–	**-**	**184**	**-**	-	430	-
	Sales of footwear	185 days	**-**	**-**	**28,780**	-	-	41,357
	Fees for services	15 days	**-**	**-**	**(1,447)**	-	-	(737)
	Financial revenues	–	**-**	**-**	**5,743**	-	-	4,969
	Financial expenses	–	**-**	**-**	**(6,527)**	-	-	(3,787)
Grendene UK Limited.	Accounts receivable from clients	–	**-**	**-**	**-**	222	-	-
	Sales of footwear	203 days	**-**	**-**	**1**	-	-	519
	Financial revenues	–	**-**	**-**	**87**	-	-	324
	Financial expenses	–	**-**	**-**	**(214)**	-	-	(357)
Grendene Shanghai Trading Co., Ltd	Sales of footwear	196 days	-	-	**17,582**	-	-	-
	Financial revenues	–	-	-	**1,964**	-	-	-
	Financial expenses	–	-	-	**(1,216)**	-	-	-
Indirect subsidiary								
Grendene Italy SRL.	Accounts receivable from clients	–	**281**	**-**	**-**	4,841	-	-
	Sales of footwear	193 days	**-**	**-**	**962**	-	-	5,835
	Financial revenues	–	**-**	**-**	**468**	-	-	511
	Financial expenses	–	**-**	**-**	**(929)**	-	-	(342)
Affiliated company								
YOUPE Participações S.A.	Investments	–	**14,715**	**-**	**-**	13,892	-	-
	Advances received	–	**-**	**2,627**	**-**	-	3,035	-
	Equity income	–	**-**	**-**	**2,475**	-	-	17
HIPE Participações S.A.	Investments	–	**126,140**	**-**	**-**	71,949	-	-
	Equity income	–	**-**	**-**	**(11)**	-	-	(105)
NM GAP II Participações S.A.	Other credits	–	**1,394**	**-**	**-**	-	-	-
	Investments	–	**44,307**	**-**	**-**	50,215	-	-
	Advances received	–	**-**	**1,038**	**-**	-	-	-
	Equity income	–	**-**	**-**	**400**	-	-	-
NM IBIRA Participações S.A.	Investments	–	**51,812**	**-**	**-**	-	-	-
	Equity income	–	**-**	**-**	**(132)**	-	-	-
Joint Venture								
Grendene Global Brands Limited (*)	Accounts receivable from clients	–	**36,250**	**-**	**-**	-	-	-
	Investments	–	**99,332**	**-**	**-**	140,858	-	-
	Sales of footwear	191 days	**-**	**-**	**19,314**	-	-	-
	Equity income	–	**-**	**-**	**(30,518)**	-	-	-
	Financial revenues	–	**-**	**-**	**279**	-	-	-
	Financial expenses	–	**-**	**-**	**(359)**	-	-	-
Other transactions								
Vulcabras – BA, Calçados e Artigos Esportivos S.A.	Sales of inputs	28 days	**-**	**-**	**67**	-	-	-
Vulcabras – CE, Calçados e Artigos Esportivos S.A.	Accounts receivable from clients	–	**104**	**-**	**-**	-	-	-
	Trade payables	–	**-**	**210**	**-**	-	-	-
	Contractual obligations (Licensing)	–	**-**	**773**	**-**	-	-	-
	Sales of inputs	22 days	**-**	**-**	**3**	-	-	-
	Revenue from services (Use of the Brand)	–	**-**	**-**	**133**	-	-	-
	Selling expenses (Licensing)	91 days	**-**	**-**	**(2,336)**	-	-	-
	Purchase of footwear and inputs	53 days	**-**	**-**	**(260)**	-	-	-
Calzados Azaleia Peru S.A.	Accounts receivable from clients	–	**842**	**-**	**-**	2,141	-	-
	Sales of footwear	88 days	**-**	**-**	**3,643**	-	-	8,054
	Financial revenues	–	**-**	**-**	**297**	-	-	457
	Financial expenses	–	**-**	**-**	**(382)**	-	-	(230)
Unicasa Industria	Purchase of materials	23 days	**-**	**-**	**4**	-	-	-
SCP Gouda Even II	Other financial assets	–	**15,000**	**-**	**-**	-	-	-
SCP Jesuíno Maciel	Other financial assets	–	**6,430**	**-**	**-**	6,128	-	-
	Financial revenues	–	**-**	**-**	**1,240**	-	-	2,246
SCP Mairinque	Other financial assets	–	**25,697**	**-**	**-**	16,690	-	-
	Financial revenues	–	**-**	**-**	**6,766**	-	-	-
SCP Neto de Araujo	Other financial assets	–	**3,236**	**-**	**-**	6,963	-	-
	Financial revenues	–	**-**	**-**	**661**	-	-	1,678
SCP Parque Raposo	Other financial assets	–	**-**	**-**	**-**	7,884	-	-
SCP Pensilvânia	Other financial assets	–	**327**	**-**	**-**	5,386	-	-
	Financial revenues	–	**-**	**-**	**411**	-	-	1,625
SCP Saioá	Other financial assets	–	**7,354**	**-**	**-**	6,518	-	-
	Financial revenues	–	**-**	**-**	**1,260**	-	-	2,219
SCP Venâncio	Other financial assets	–	**5,327**	**-**	**-**	5,681	-	-
	Financial revenues	–	**-**	**-**	**696**	-	-	2,206

(*) On December 1, 2022, Grendene Global Brands Limited acquired Grendene Shanghai. Hence the amounts in this line correspond the sum of both companies.

(All amounts in thousands of reais)

21. Related parties--Continued

b) Remuneration of key personnel

The global compensation of management – the Executive Board (Statutory Directors) and the Board of Directors – for the 2022 business year was approved by the Ordinary (Annual) General Meeting of Stockholders of April 25, 2022, in the amount of up to R$ 7,900 (R$ 7,050 in 2021). The same meeting approved discontinuation of the Audit Board, whose members received compensation up to May 2022.

The 98th meeting of the Board of Directors had created the Company's Audit Committee (a body not specified by the bylaws), with compensation set as from May 2022.

This table gives the total remuneration of the key personnel of management:

	Parent company			
	2022		2021	
	Fees	Variable (*)	Fees	Variable (*)
Board of Directors	**1,676**	**-**	1,520	-
Audit Board	**157**	**-**	461	-
Executive Board	**5,083**	**956**	4,574	117
	6,916	**956**	6,555	117

(*) Refers to expenses in the business year on premiums in the stock options/subscription plan, as described in Note 22.

c) Other related parties

The Company uses travel agency and consultancy services provided by companies that are the property of a related party, as follows:

	Parent company	
	2022	2021
Dall'Onder Viagens & Turismo Ltda.	**286**	41
Mailson da Nóbrega Consultoria S/S Ltda.	**72**	72
Ochman Advogados Associados	**95**	279
	453	392

The amounts spent on these services total approximately 0.02% of the Company's general expenses. On December 31, 2022, there was a balance of R$6 payable to Maílson da Nóbrega Consultoria S/S Ltda.

(All amounts in thousands of reais)

21. Related parties--Continued

c) Other related parties--Continued

On December 31, 2021 and 2021, there were transactions with indirect related parties, stockholders and members of the Company's key management personnel, as follows:

Related parties	Party's relationship with the Company	Nature of transaction
Even Construtora e Incorporadora S.A.	Holder of an investment of 48.04% in Nova Milano Investimentos, a management entity controlled by Alexandre Grendene Bartelle.	Provider of sureties for the obligations of the following real estate operations: *(i)* SCP Pensilvânia, *(ii)* SCP Neto de Araujo, *(iii)* SCP Jesuíno Maciel, *(iv)* SCP Saioá, *(v)* SCP Venâncio, *(vi)* SCP Mairinque, and *(vii)* SCP Gouda Even II.
Casa de Pedra Securitizadora de Créditos S.A.	Manager and administrator of receipt and allocation of the receivables, under Fiduciary Assignment (chattel mortgage), of SCP Parque Raposo, pursuant to agreement signed by the parties.	Fiduciary Assignment (chattel mortgage) of receivables of SCP Parque Raposo.
Veneza Negócios e Participação S.A.	Company belonging to the stockholders Alexandre Grendene Bartelle and Pedro Grendene Bartelle	Stockholder in the real estate investments of the affiliated companies: *(i)* YOUPE Participações S.A., *(ii)* NM GAP II Participações S.A.
Nova Milano Investimentos Ltda.	Company belonging to the stockholder Alexandre Grendene Bartelle and managed by the Deputy CEO, Gelson Luis Rostirolla.	Stockholder in the real estate investments of the affiliated companies: *(i)* YOUPE Participações S.A., *(ii)* HIPE Participações S.A., *(iii)* NM GAP II Participações S.A. and *(iv)* NM IBIRA Participações S.A.
3 G Radar Gestora de Recursos Ltda.	Partner in the joint venture Grendene Global Brands Limited.	Investment in the joint venture Grendene Global Brands Limited.
André Carvalho Bartelle	Stockholder	Investor in the following real estate undertakings: *(i)* SCP Neto de Araujo, *(ii)* YOUPE Participações S.A., *(iii)* HIPE Participações S.A., and *(iv)* NM GAP II Participações S.A.
Gabriela de Camargo Bartelle	Stockholder	Investor in the following real estate undertakings: *(i)* YOUPE Participações S.A., *(ii)* HIPE Participações S.A. and *(iii)* NM IBIRA Participações S.A.
Rudimar Dall'Onder	CEO and Chief Administrative and Financial Officer.	Investor in the following real estate undertakings: *(i)* YOUPE Participações S.A., *(ii)* HIPE Participações S.A., *(iii)* NM GAP II Participações S.A. and *(iv)* NM IBIRA Participações S.A.

There are no other transactions between the Company and its related parties, other than dividends and Interest on Equity paid.

22. Stock option or subscription plan

The stock options or subscription plan approved the stockholders or the Company in Extraordinary General Meeting of April 14, 2008, grants stock options, on the terms described in the plan, to directors and managers, other than the controlling stockholders.

The share options may be exercised in up to six years from the date of grant, with a vesting period of three years, under which 33% is released as from expiry of the first year, 66% on completion of the second year and 100% on completion of the third year.

For compliance with stock option programs, in 2022 a total of 464,424 shares were acquired (205,522 in 2021) at an average cost of R$7.38 (R$8.92 in 2021), totaling R$3,429 (R$1,832 in 2021).

In the first quarter of 2022 options were exercised on 202,296 shares at an average price of R$5.23, resulting in a total amount of R$1,058.

The difference between the average exercise price of the options and the average cost of the shares acquired for compliance with the exercise of stock options resulted in recognition of R$98. This was posted in Stockholders' equity, since settlement of the stock option plans takes place with equity instruments.

(All amounts in thousands of reais)

22. Stock option or subscription plan--Continued

a) Bases for recognition of expenses on share-based remuneration

Shares are valued at fair value on the date of the grant, and expenses recognized in the Profit and loss account as Personnel expenses, over the period in which the right to the exercise of the option is acquired, with counterpart in Stockholders' equity.

The fair value of the options granted was estimated using the Black & Scholes options pricing model. The economic parameters used were: *(i)* expected dividends, obtained on the basis of the average of dividend payments per share, in relation to the market value of the shares in the last 12 months; *(ii)* volatility, based on the historic average variation of the share price in the 18 months prior to the date of the grant; and *(iii)* the risk-free interest rate, assumed to be the projected average of the Selic rate, published by the Central Bank. This table gives this information in detail:

	11th Plan	12th Plan	15th Plan
Grant date	2/22/2018	2/14/2019	2/24/2022
Total purchase options granted	1,524,825	695,892	1,402,950
Exercise price	5.16	4.68	4.50
Estimated volatility	15.58%	17.11%	25.95%
Expected dividends	4%	4%	5%
Weighted average risk-free interest rate	6.75%	6.50%	12.25%
Maximum maturity	6 years	6 years	6 years
Average maturity	2.5 Years	2.5 years	2.5 years
Fair value on the date of the concession	4.43	4.12	3.79

The Company has no commitment to re-purchase such shares as are acquired by the beneficiaries.

This table shows the changes arising from the transactions of purchase or subscription of shares:

	11th Plan	12th Plan	15th Plan	Final Balance
Total at 12/31/2020	448,095	418,790	-	866,885
Exercised	(448,095)	(209,395)	-	(657,490)
Canceled	-	(3,873)	-	(3,873)
Total at 12/31/2021	-	205,522	-	205,522
Granted	**-**	**-**	**1,402,950**	**1,402,950**
Exercised	**-**	**(202,296)**	**-**	**(202,296)**
Canceled	**-**	**(3,226)**	**(8,013)**	**(11,239)**
Total at 12/31/2022	**-**	**-**	**1,394,937**	**1,394,937**
Options exercisable in 2023	**-**	**-**	**464,979**	**464,979**
Options exercisable in 2024	**-**	**-**	**464,979**	**464,979**
Options exercisable in 2025	**-**	**-**	**464,979**	**464,979**
	-	**-**	**1,394,937**	**1,394,937**
Result of options granted, recognized on 12/31/2021	(1,961)	(874)	-	(2,835)
Result of options granted, recognized on 12/31/2022	**-**	**(832)**	**(11)**	**(843)**
Expense on personnel at 12/31/2021	(55)	(314)	-	(369)
Expense on personnel at 12/31/2022	**-**	**(23)**	**(2,951)**	**(2,974)**

(All amounts in thousands of reais)

23. Net sales and services revenue

Revenue is measured based on the fair value of the consideration received for the commercialization of products.

Operational revenue is recognized when: *(i)* there is certainty that it will be realized; *(ii)* the control of the products is transferred to the client and the Company and its subsidiaries longer have control or responsibility over the merchandise sold; *(iii)* the amount of the revenue can be reliably measured; and *(iv)* it is probable that the economic/financial benefits will flow to the Group.

Revenue is presented net of taxes, returns, reductions in price and discounts, and also with elimination of sales between companies of the Group in the consolidated statements.

Net sales and services revenue is comprised as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Gross sales and services revenue	**3,047,711**	2,814,360	**3,119,947**	2,847,221
Domestic market	***2,451,466***	*2,180,185*	***2,451,466***	*2,180,185*
Adjustment to Present Value	***(71,941)***	*(19,280)*	***(71,941)***	*(19,280)*
Foreign market	***678,614***	*653,995*	***750,850***	*686,856*
Adjustment to Present Value	***(11,089)***	*(1,177)*	***(11,089)***	*(1,177)*
Special System for Refund of Tax Amounts to Exporting Companies (Reintegra)	***661***	*637*	***661***	*637*
Sales returns	**(104,105)**	(75,045)	**(106,744)**	(78,357)
Discounts for punctuality	**(162,890)**	(101,156)	**(169,796)**	(102,741)
Taxes on sales and services	**(471,815)**	(421,298)	**(472,347)**	(421,993)
ICMS tax incentives (Provin and Proade)	**175,947**	134,605	**175,947**	134,605
INSS	**(34,351)**	(30,839)	**(34,351)**	(30,839)
State Fiscal Balance Fund (FEEF)	**-**	(5,350)	**-**	(5,350)
	2,450,497	2,315,277	**2,512,656**	2,342,456

(All amounts in thousands of reais)

24. Segment reporting

The group operates in development, production, distribution and sale of plastic footwear in the domestic and export market, controlled and managed as a single segment (Footwear). Although these products are destined to serve various publics and social classes, the results of this business activity are monitored and assessed by the Management in an integrated form for taking of decisions.

a) Distribution by geographical area

This table shows gross revenue in the domestic and external markets:

	Parent company		Consolidated	
	2022	2021	2022	2021
Domestic market (Brazil)	**2,379,525**	2,160,905	**2,379,525**	2,160,905
Export market	**668,186**	653,455	**740,422**	686,316
North America	***93,776***	*80,959*	***169,703***	*103,508*
Asia and Oceania	***116,868***	*89,143*	***105,235***	*89,143*
Europe	***149,100***	*156,971*	***157,042***	*167,283*
Central and South America – Latam	***262,500***	*275,745*	***262,568***	*275,745*
Middle East and Africa – MEA	***45,874***	*50,637*	***45,874***	*50,637*
	3,047,711	2,814,360	**3,119,947**	2,847,221

No customer individually represented more than 5% of sales in the domestic or foreign market.

b) Non-current assets

Of the total non-current assets of the Company, approximately 8% are investments made outside Brazil by its subsidiaries (direct and indirect) and by the joint venture. The summary financial information of these companies is presented in Note 10.

(All amounts in thousands of reais)

25. Costs and expenses by nature

The Company presents the Profit and loss account itemized by function. The classification of operational costs and expenses by type is as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Cost of goods sold				
Raw materials	**(734,257)**	(644,849)	**(742,204)**	(644,381)
Personnel expenses	**(494,410)**	(425,142)	**(502,315)**	(425,121)
Depreciation and amortization	**(61,729)**	(57,650)	**(61,729)**	(57,650)
Outsourced services	**(26,726)**	(22,994)	**(26,726)**	(22,995)
Travel and accommodation	**(3,450)**	(1,880)	**(3,450)**	(1,880)
Energy, water and environmental costs	**(39,568)**	(35,262)	**(39,568)**	(35,262)
Other costs	**(124,711)**	(125,340)	**(128,902)**	(125,190)
	(1,484,851)	(1,313,117)	**(1,504,894)**	(1,312,479)
Selling expenses				
Commissions	**(120,905)**	(113,437)	**(130,600)**	(115,154)
Freight	**(156,092)**	(126,023)	**(159,729)**	(129,633)
Copyrights	**(36,167)**	(42,058)	**(36,167)**	(42,058)
Advertising and publicity	**(88,737)**	(71,315)	**(108,927)**	(80,831)
Personnel expenses	**(56,239)**	(43,941)	**(69,283)**	(65,562)
Depreciation and amortization	**(5,275)**	(3,440)	**(25,278)**	(27,602)
Outsourced services	**(14,762)**	(13,240)	**(27,290)**	(22,038)
Travel and accommodation	**(5,913)**	(1,092)	**(6,065)**	(1,752)
Energy, water and environmental expenses	**(370)**	(361)	**(932)**	(1,027)
Congresses	**(4,318)**	(3,142)	**(4,318)**	(3,142)
Rentals	**(2,496)**	(1,736)	**(2,837)**	(3,165)
Other expenses	**(40,520)**	(36,417)	**(48,077)**	(42,239)
	(531,794)	(456,202)	**(619,503)**	(534,203)
General and administrative expenses				
Personnel expenses	**(70,156)**	(58,200)	**(71,541)**	(60,610)
Depreciation and amortization	**(4,423)**	(3,846)	**(4,434)**	(3,850)
Outsourced services	**(10,672)**	(11,146)	**(14,742)**	(13,249)
Travel and accommodation	**(566)**	(216)	**(574)**	(217)
Energy, water and environmental expenses	**(1,092)**	(808)	**(1,112)**	(821)
Tax expenses	**(7,713)**	(7,681)	**(7,770)**	(7,701)
Other expenses	**(3,113)**	(2,893)	**(3,575)**	(3,014)
	(97,735)	(84,790)	**(103,748)**	(89,462)

(All amounts in thousands of reais)

26. Finance result

	Parent company		Consolidated	
	2022	**2021**	**2022**	**2021**
Receitas financeiras				
Gains on foreign exchange hedge – B3	**23,258**	44,942	**23,258**	44,942
Foreign exchange gains	**96,612**	53,970	**97,223**	54,073
Income from financial investments (i)	**155,785**	102,878	**157,270**	103,463
Result of variable income financial instruments (ii)	**89,158**	5,338	**89,158**	5,338
Profit/loss on other financial assets - SCPs (iii)	**28,222**	25,101	**28,222**	25,101
Results of Structured Transaction Certificates (COEs) (iv)	**2,915**	-	**2,915**	-
Result of debentures (v)	**(33,070)**	5,149	**(33,070)**	5,149
Adjustment to Present Value (iv)	**63,097**	21,055	**63,097**	21,055
Interest income (Vii)	**39,519**	13,808	**39,551**	13,822
Interest received from customers	**2,505**	3,486	**2,505**	3,585
PIS and COFINS tax on financial revenues	**(9,967)**	(6,688)	**(10,038)**	(6,721)
Other financial income	**770**	224	**770**	224
	458,804	269,263	**460,861**	270,031
Financial expenses				
Losses on foreign exchange hedge – B3	**(5,422)**	(44,965)	**(5,422)**	(44,965)
Foreign exchange losses	**(101,147)**	(53,098)	**(102,264)**	(53,893)
Financing expenses (i)	**(8,779)**	(6,041)	**(8,779)**	(6,041)
Other finance expenses	**(6,104)**	(3,854)	**(8,199)**	(5,925)
	(121,452)	(107,958)	**(124,664)**	(110,824)
	337,352	161,305	**336,197**	159,207

(i) This refers to interest revenue and expenses on cash investments and financings, recognized at the effective interest rate on the amount of the principal still payable.
(ii) This includes the results of: *(i)* yields on investments; *(ii)* gains or losses on sales of shares; *(iii)* dividends and Interest on Equity; *(iv)* adjustment to fair value; and *(v)* taxation;
(iii) This includes the results of: *(i)* yields on investments; *(ii)* dividends and Interest on Equity; *(iii)* adjustments to fair value; and *(iv)* taxation;
(iv) This includes the results of: *(i)* yields on investments; *(ii)* adjustments to fair value; and (*iii*) taxation;
(v) This includes the results of: *(i)* yields on investments; *(ii)* net income from sales; and (*iii*) taxation;
(vi) Includes adjustment to present value of Accounts Receivable from clients; and
(vii) Refers mainly comprises monetary updating (by the Selic rate) of the balances arising from legal actions: *(i)* exclusion of ICMS tax amounts from calculation of PIS and COFINS taxes; and *(ii)* credits of corporate income tax and the Social Contribution tax on net profit (CSLL) on interest allocated at the Selic rate on tax credits resulting from tax legal actions,

(All amounts in thousands of reais)

27. Insurance

For protection against operational risks, the Company's Management contracts insurance cover in sufficient amounts to cover possible losses, taking into account the nature of its activities and the risk involved, in accordance with the orientation of its insurance consultants. The principal coverages contracted have the follow Maximum Limits of Indemnity, under their respective policies:

Type	Coverage	Coverage amount
Balance sheet	Fixed assets and inventories are insured against fire, gales, flooding, electrical damage and damage in movement of merchandise and stationary equipment and furniture.	R$481,000
Loss of profits	Coverage of fixed expenses arising from payroll.	R$37,800
Civil liability	Industrial operations, employer, products and damages for pain and suffering.	R$4,150
Aviation	Fuselage, third party liability, medical expenses, rescue/emergency, substitute aircraft and personal damages.	U$3,520
Vehicles	Fuselage, third party liability for property and corporate damage and pain and suffering.	100% of FIPE valuation plus R$150 MD R$200 third party property damages and R$1,000 third party personal injury
Transportation	Export and import.	U$2,500 per shipment

28. Subsequent Events

Following directives established by the Investment Committee, the Company carried out the following transactions:

(i) NM GAP II Participações S.A.: On January 16, 2023 the equity interest was increased from 36.47% to 42.78%, by acquisition of shares in the amount of R$8,791, resulting in a capital gain of R$ 65;

(ii) SCP Itaim Bibi: On January 16, 2023 the equity interest was increased from 76.36% to 83.25%, through injection of the amount of R$500, resulting in a capital gain of R$2,965; and

(iii) NM GAP Participações Ltda: 02/02/2023 it registered the acquisition of quotas, through injection of the amount of R$3,208, resulting in a capital gain of R$2,444.

Members of Boards, executive Board and Controller's department

Board of Directors

Alexandre Grendene Bartelle
CEO

Pedro Grendene Bartelle
Deputy CCEO

Mailson Ferreira da Nóbrega
Oswaldo de Assis Filho
Renato Ochman
Walter Janssen Neto
Bruno Alexandre Licarião Rocha
Board member

Executive Board

Rudimar Dall'Onder
Chief executive officer, finance and administration

Gelson Luis Rostirolla
Deputy chief executive officer

Alceu Demartini de Albuquerque
Chief officer for investor relations

Controller's department

Luiz Carlos Schneider
Controller division manager

Gisele Carina Pistore Pereira
Accountant – CRC 087193/O-5 "S" CE