

Earnings Report 4Q20 and 2020

C&A



Earnings Teleconference:

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Earnings Report

4Q20 and 2020



Barueri, March 18, 2021 – C&A Modas S.A. (B3: CEAB3) a leading fashion retailer in Brazil, hereby discloses its earnings for the fourth quarter of 2020 (4Q20) and for the year 2020. Unless otherwise stated, the financial and operating information that follows is presented on a consolidated basis, as per Brazilian Corporate Law. The statements are submitted in Reals, and unless stated otherwise, all growth rates refer to the same period in 2019.

Highlights

- Given the strong performance of our e-commerce operation and the growth of our marketplace Galeria C&A, our total (1P* + 3P*) GMV (Gross Merchandise Value) reached R\$ 205.6 million, a 278% increase compared to 4Q19. In the year our GMV was R\$ 658.5 million, a 290% increase;
- C&A's online net revenue in the quarter was R\$ 157.3 million, a 279% increase compared to 4Q19. In the year it was R\$ 509.1 million, a growth of 297%;
- The very good start to the quarter was impacted by the increase in Covid-19 cases in December, and additional control measures that primarily impacted store traffic. This resulted in slightly lower SSS (Same Store Sales), which came in 0.8 pp below the previous year. SSS in the year dropped 23.6%;
- We opened 6 new stores in 4Q20, and 10 in the year, resuming our expansion plan;
- Total gross margin dropped 2.2 pp in the fourth quarter to 47.1%. In the year it was 46.4%, also 2.2 pp lower;
- Our app was the most frequently downloaded of all apparel apps, with 12.4 million new downloads. By year end we had 3.4 million active monthly users.

* 1P – first-party relationship or direct sales, 3P – third-party relationship or marketplace sales

Key Indicators

	4Q20	4Q19	Δ	4Q20 pro forma*	4Q19 pro forma*	Δ pro forma*	2020	2019	Δ	2020 pro forma*	2019 pro forma*	Δ pro forma*
Total Net Revenue (R\$MM)	1,747.0	1,742.4	0.3%	1,747.0	1,742.4	0.3%	4,085.5	5,285.2	-22.7%	4,085.5	5,285.2	-22.7%
Same Store Sales	-0.8%	1.0%	-1.8p.p.	-0.8%	1.0%	-1.8p.p.	-23.6%	1.8%	-25.4p.p.	-23.6%	1.8%	-25.4p.p.
Total Gross Margin	47.1%	49.3%	-2.2p.p.	47.1%	49.3%	-2.2p.p.	46.4%	48.6%	-2.2p.p.	46.4%	48.6%	-2.2p.p.
Operating (Income) expenses (R\$MM)	(652.6)	(566.5)	15.2%	(672.4)	(601.8)	11.7%	(2,060.9)	(1,535.0)	34.3%	(2,139.2)	(2,230.9)	-4.1%
Adjusted EBITDA from Retailing Operation (R\$MM)	255.4	382.4	-33.2%	162.7	297.7	-45.4%	329.6	876.1	-62.4%	(27.3)	553.5	-R\$580.9
Adjusted EBITDA (R\$MM)	257.0	373.3	-31.1%	164.3	288.6	-43.1%	298.4	883.4	-66.2%	(58.5)	560.8	(619.4)
Adjusted EBITDA margin	14.7%	21.4%	-6.7p.p.	9.4%	16.6%	-7.2p.p.	7.3%	16.7%	-9.4p.p.	-1.4%	10.6%	-12.0p.p.
Net Income (loss) (R\$MM)	109.3	175.7	-37.8%	116.3	200.1	-41.9%	(166.3)	972.0	-R\$1,138.3	(131.0)	214.2	-R\$345.3
Net Margin	6.3%	10.1%	-3.8p.p.	6.7%	11.5%	-4.8p.p.	-4.1%	18.4%	-22.5p.p.	-3.2%	4.1%	-7.3p.p.
Investments	179.3	84.8	111.4%	179.3	84.8	111.4%	302.5	318.7	-5.1%	302.5	318.7	-5.1%

Pro forma: Adjustments exclude the impact of IFRS16 and the recording of the tax credit gain referring to the exclusion of ICMS in the calculation basis of the PIS / COFINS occurred in 2019

.Message from Management

For a variety of reasons, 2020 will not easily be forgotten! For C&A Brasil, while 2020 required postponing some of the value creation levers in our plans, we were able to open new stores and once again demonstrate our ability to rise to the challenges of a crisis, such as developing new market skills (digital and omnichannel), cost management and focus on cash generation. We also demonstrated our commitment to our employees with a number of initiatives like complementing the income of those furloughed due to provisional measures issued by Government, or the service channels created to provide support and answer questions in times of anxiety. Above all, for those who were part of our journey in 2020, the year will be remembered as one of overcoming challenges and of transformation. We defined our ambition as being a digital fashion company with B&M stores and human warmth – C&A Fashion Tech. Our B&M stores – 295 by the end of 2020 –, remain the cornerstone of the customer experience, however we plan to keep up with their changes in behavior, remaining relevant and improving our offer.

Focusing on the last quarter of the year, we continue to face numerous challenges. After a gradual improvement in sales as stores and dressing rooms reopened and hours of operation returned to normal, December saw a resurgence of the pandemic as the second wave hit in what is normally the best month of the year. New government decrees required that stores close and hours of operation were again curtailed. These measures, combined with increased consumer insecurity regarding the pandemic heavily impacted store traffic, especially in shopping malls. This resulted in a 0.8% drop in same store sales in 4Q20.

Once again, a highlight for the fourth quarter was the solid growth of our online sales. Even as B&M stores reopened, our GMV (Gross Merchandise Value), including revenue from Galeria C&A (1P + 3P) increased 278% to R\$ 205.6 million. Our total net revenue in the quarter increased 0.3%.

Important progress was made this quarter in our growth plan value creation levers. Despite the pandemic, the year was positive for building the basis for C&A Fashion Tech. Starting in 4Q20 we consolidated the plan into 4 levers, grouping topics related to stores into a single lever. Below is the progress made and outlook for each one:

- ❖ **New stores and formats:** in 4Q20 we again turned our focus to expanding the number of stores, opening 6 new units. It is important to point out that in the current scenario we found opportunities in this lever that resulted in lower occupancy costs and prioritized stores

based on space available in mature malls with lots of potential, such as Shopping Rio Sul in Rio de Janeiro. In 2021 we will continue opening new stores across the country, most of them in operationally mature malls. Stores are increasingly relevant as they are part customer online and offline journeys. Our aim is to provide an easy, intuitive and pleasant experience. In addition to stores, we will continue testing new formats such as the mini-stores opened in the last quarter in high-flow locations (bus and subway stations).

❖ **Modernizing our Supply Chain:** we made important progress in modernizing all three fronts of our supply chain: i) distribution network; ii) omnichannel operations and iii) technology.

In our distribution network, we opened our distribution center in Santa Catarina and continue to investigate new optimization fronts. In the year we developed our logistics network in the South, which includes the distribution center mentioned above. We reinforced our organization, reviewed processes and consolidated our sorter operation. The sorter picks individual SKUs, reducing lead times and cost, increasing sales and improving inventory efficiency. Our second sorter will start up in 1Q21, and a third one will be purchased and put into operation in 2H21. With three sorters running, by the end of 2021 we will be distributing most of our inventory by SKU (stock-keeping unit) rather than package. This is an important step in our supply modernization lever, moving to a push-and-pull operating model.

On the omnichannel operations front, in 3Q20 we adopted a new shipping matrix, significantly reducing our exposure to the Postal Service. This helped stabilize the new customer service levels. Since the start of the pandemic, we tripled the percent 2-day deliveries; in many locations, over 50% of our orders are delivered in 2 days. Implementation of our model of hub stores for ship-from-store operations is also progressing and included 14 stores by the end of December. This has had a significant impact on our processing capacity, and in some cases these stores are able to process 1,000 orders a day. The plan for this front in 2021 is to further improve our shipping matrix and implement other ship-from-store hubs. In addition, we will automate distribution centers, focusing on those dedicated to online sales, installing robots capable of shipping 50 thousand units a day. We expect to improve our order picking efficiency and improve our processes, reducing potential mistakes.

The last front is technology, comprised of the following projects: The RFID (radiofrequency identification tags) pilot project was completed last quarter, with the entire assortment of 9 stores, and is Mindse7 categories in all stores in which it is present. Furthermore, the pilot

added suppliers to the process. With the results of the increased inventory accuracy pilot – achieving benchmark levels and increasing omnichannel sales, selling every last SKU, in 2021 our ambition is to end the year with a significant share of the company's assortment using RFID. In the project to replace the legacy WMS (Warehouse Management System), in 4Q20 we retained the services of a world leading consultant to support the project and have progressed in the technical design to ensure we are able to migrate in 2021.

- ❖ **Digital Transformation:** this was the great highlight of 2020. In addition to broadly operationalizing a number of omnichannel initiatives, such as click-and-collect, drive-thru, ship-from-store and infinite aisles, providing a range of options to our clients and a wider assortment, we also started social [network] selling projects. Specifically, WhatsApp and Minha C&A (My C&A) sales – digital consultants with optimized stores on the C&A app and site – grew significantly in the 4Q with the seamless adoption by customers and high levels of engagement. Right now, all stores in the country have associates dedicated to WhatsApp sales and completed 615 thousand services in December alone.

Finally, we have the Galeria C&A initiative. By the end of 2020, our marketplace had 229 active sellers, complementing our product offering to our customers. With strongly growing sales, in 4Q20 we strengthened the Galeria C&A hunting and farming teams, using tools to increase onboarding and seller interface productivity. Finally, our customers recognized our effort to be a full-range platform for self-expression in fashion, and the year ended with more than 3.4 million monthly active users (MAUs).

- ❖ **Credit offering:** in this lever we continue to search for ways to improve our offer of financial products, today provided by a partnership with Bradescard. To achieve this goal, in 4Q20 we had an intense agenda of negotiations with the partner to find new formats, products and terms that will allow us to increase our credit offering to our customers, given the importance of credit, in particular in the current situation. Meanwhile, digital solutions are being developed to facilitate and improve the customer experience, with online information on their bills, limits, terms and payment codes.

We also made important progress in corporate governance. In our first year as a traded company, our Board of Directors and the Audit and Risk Management Committee were actively involved in providing strategic direction for C&A. Two additional committees were

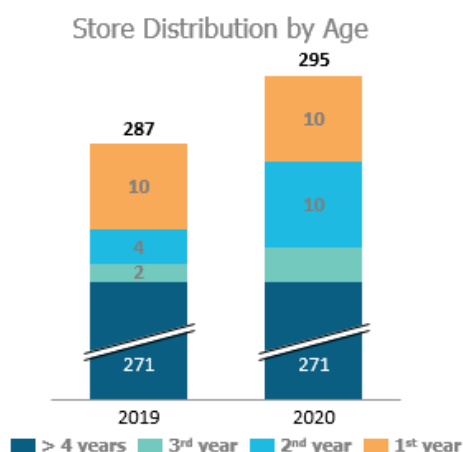
created: Digital Acceleration and, more recently, Human Resources, focusing on themes relevant for the current scenario. In October 2020 we elected the first female board member. We are proud of the recognition we received from different stakeholders. We know we have a long way to go, but they confirm we are on the right path and encourage us. Some of these recognitions include being once again on the Great Place to Work (GPTW) Ranking for 2020, being among the top 3 Jury picks for the Academia iBest award for Fashion eCommerce, achieving the highest score on the Fashion Transparency Brazil Index for 2020, issued by Fashion Revolution, and being among the 3 brands most associated with diversity in Brazil, according to a survey by Grupo Croma.

The outlook for 2021 includes the uncertainties brought on by the pandemic and the country's macroeconomic scenario, which impacts the general purchasing power. In spite of this, we remain optimistic and are confident in our long-term agenda for growth and value creation. The learnings of 2020 will be applied to mitigate the challenges of 2021. Company management, recently reinforced, is motivated with the funds and other resources required to deliver along the various growth levers, providing professional opportunities for all.

The Management of C&A Modas S.A.

Operating Indicators

	4Q20	4Q19	△	2020	2019	△
Stores	295	287	8	295	287	8
New	6	4	2	10	10	0
Closed	0	0	0	2	2	0
Remodeled	0	1	-1	30	74	-44
Sales area (thousand m²)	559	544	15	559	544	15



The fourth quarter of 2020 saw 6 new stores opened, of the 10 we opened during the year. Below is a list of their location and size:

Date	Location	Size
Oct. 6, 2020	Shopping Center Lapa – Salvador, BA	1,313
Oct. 10, 2020	Águas Claras Shopping – Brasília, DF	1,762
Nov. 5, 2020	Partage Shopping Rio Grande – Rio Grande, RS	1,694
Nov. 12, 2020	Nações Shopping – Criciúma, SC	1,319
Nov. 17, 2020	Partage Shopping Mossoró – Mossoró, RN	1,783
Nov. 19, 2020	Shopping Anália Franco – São Paulo, SP	1,417

This brought our total to 295 stores across Brazil, 271 of which have been in operation for more than 4 years.

Comments on the Company's Financial Performance

Comment

To better reflect the nature of our business and its economic reality, some of the numbers in this report are presented as pro-forma figures, with adjustments that exclude: 1) The impact of adopting IFRS16 in 2019, and tax credit gains from excluding ICMS from the basis for calculating PIS/COINS in 2019. The following table consolidates the various lines and amounts, adjusted to present the proforma results throughout the document.

R\$ million	4Q20	4Q19	2020	2019
Balance Sheet				
Right-of-use – leases (Assets)	1,514.4	1,507.8	1,514.4	1,507.8
Lease (Liabilities)	1,654.8	1,587.7	1,654.8	1,587.7
Results				
Occupancy (Operational Expenses)	(92.7)	(84.7)	(356.9)	(322.6)
Depreciation - Right-of-use (Operational Expenses)	73.0	49.0	278.6	268.8
Gains from interest and monetary correction of tax credits (Financial Results)	0.0	(10.0)	0.0	(589.7)
Lease interest expenses (Financial Result)	30.4	82.4	131.8	137.5
Tax credit recovery (Other net operating income (expenses))	0.0	(0.3)	0.0	(642.0)
Net Income	7.0	30.8	35.3	55.2

Net Revenue

R\$ million	4Q20	4Q19	△	2020	2019	△
Total Net Revenue	1,747.0	1,742.4	0.3%	4,085.5	5,285.2	-22.7%
<i>Apparel</i>	1,392.4	1,426.4	-2.4%	3,121.1	4,126.0	-24.4%
<i>Fashiontronics</i>	301.2	265.8	13.3%	801.8	925.9	-13.4%
Financial Services - Bradescard Partnership	49.1	47.6	3.1%	149.3	216.4	-31.0%
Other Revenues	4.3	2.7	57.8%	13.3	16.9	-21.2%
Same Store Sales^(*)	-0.8%	1.0%	-1.8p.p.	-23.6%	1.8%	-25.4p.p.
<i>Apparel</i>	-3.3%	2.2%	-5.5p.p.	-25.7%	2.2%	-27.9p.p.
<i>Fashiontronics</i>	12.4%	-4.7%	17.1p.p.	-14.4%	-0.2%	-14.2p.p.

(*) SSS: Growth in same store sales. This is comprised of sales in stores in activity for more than 13 months compared to the same period in the previous year. It includes e-commerce and all types of sales delivered (100% online, ship-from-store and click-and-collect).

In the fourth quarter, net revenue was R\$ 1,747.0 million, 0.3% higher than in 4Q19. Because of the pandemic, our consolidated net revenue for the year was 22.7% below 2019, or R\$ 4,085.5 million.

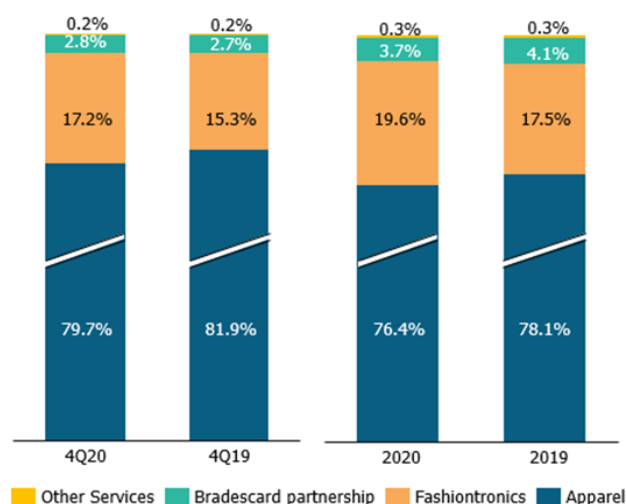
Revenue from apparel dropped 2.4%, and revenue from Fashiontronics went up 13.3%. Same-store sales dropped 0.8% compared to 4Q19. Same store sales for apparel dropped 3.3%, and for Fashiontronics increased 12.4%.

Sales gradually recovered in 4Q20, especially in our B&M stores, at least until the end of November. However, as the number of Covid-19 cases increased in several locations, the government imposed new and significant operating restrictions in December, causing a negative impact on fashion retailers. As a result, although sales were good in October and November, the quarter ended pretty much flat compared to 4Q19.

Net revenue from Financial Services, our partnership with Bradescard, was R\$ 49.1 million, a 3.1% increase. This increase is a result of reversing previously recognized provisions.

Other revenue increased 57.8% in 4Q20, to R\$ 4.3 million. This increase is primarily due to shipping revenue from customer deliveries and an increase in the commission from Galeria C&A sellers and cell phone operators.

Net Revenue by Business



In 4Q20 Fashiontronics's share remained above the historical average. It is important that the demand for cell phones and accessories increased sharply at the height of the pandemic, around the second quarter. The situation has since returned to normal. The higher sale in the quarter is the result of expanding our sales cosmetics and perfumery items, which performed very well in Black Friday. These sales are recorded under Fashiontronics.

Gross Profit and Margin

R\$ million except margin	4Q20	4Q19	Δ	2020	2019	Δ
Total Gross Profit	822.0	858.7	-4.3%	1,896.6	2,568.1	-26.1%
<i>Apparel</i>	726.4	764.1	-4.9%	1,602.1	2,154.4	-25.6%
<i>Fashiontronics</i>	62.9	63.5	-1.0%	180.1	225.2	-20.0%
Gross Profit of Goods	789.3	827.6	-4.6%	1,782.2	2,379.6	-25.1%
Financial Services Gross Profit – Bradescard Partnership	48.9	47.3	3.3%	148.2	215.1	-31.1%
Other Gross Losses	(16.1)	(16.2)	-0.7%	(33.8)	(26.6)	27.1%
Total Gross Margin	47.1%	49.3%	-2.2p.p.	46.4%	48.6%	-2.2p.p.
Apparel Gross Margin	52.2%	53.6%	-1.4p.p.	51.3%	52.2%	-0.9p.p.
Fashiontronics Gross Margin	20.9%	23.9%	-3.0p.p.	22.5%	24.3%	-1.8p.p.
Gross Margin of Goods	46.6%	48.9%	-2.3p.p.	45.4%	47.1%	-1.7p.p.

In 4Q20, gross profit totaled R\$ 822.0 million, 4.3% below 4Q19. The gross margin of 47.1% was 2.2 pp lower, primarily due to a change in the mix, with an increase in online and Fashiontronics sales, and the drop in Fashiontronics gross margin. Gross margin from goods dropped only 1.7 pp compared to 2019, similar to the 4Q20 drop. The good margin performance in a year of poor sales is a result of strict inventory management, ending the year just 18% above 2019, and launching products relevant for our customers, even at the peak of the pandemic.

The 52.2% gross margin in apparel is 1.4 pp lower than it was in 4Q19 due to promotional measures in December specifically to fight poor sales.

The 20.9% margin in Fashiontronics is 3.0 pp lower than it was in 4Q19, primarily as in that quarter we sold a lot of Kindles, which have higher margins than our traditional Fashiontronics products. This quarter we no longer carried Kindles as we were unable to sign an agreement with the manufacturer. This was mitigated in part by increasing the share of beauty goods in the Fashiontronics mixture.

Gross profit from financial services increased 3.3%, in line with the increase in revenue.

Gross profit in others was negative R\$ 16.1 million, in line with 4Q19.

Pro-Forma Operating Revenue and Expenses

R\$ million	4Q20	4Q19	△	4Q20 pro forma	4Q19 pro forma	△ pro forma	2020	2019	△	2020 pro forma	2019 pro forma	△ pro forma
Operating (Expenses) Income	(652.6)	(566.5)	15.2%	(672.4)	(601.8)	11.7%	(2,060.9)	(1,535.0)	34.3%	(2,139.2)	(2,230.9)	-4.1%
Selling Expenses	(549.1)	(483.1)	13.7%	(567.5)	(515.8)	10.0%	(1,648.4)	(1,755.3)	-6.1%	(1,720.9)	(1,803.9)	-4.6%
General and Administrative Expenses	(156.9)	(134.0)	17.1%	(158.3)	(136.9)	15.6%	(491.7)	(498.0)	-1.3%	(497.6)	(503.3)	-1.1%
Total Selling and G&A Expenses	(706.0)	(617.0)	14.4%	(725.8)	(652.7)	11.2%	(2,140.1)	(2,253.4)	-5.0%	(2,218.5)	(2,307.2)	-3.8%
Total Selling and G&A Expenses/Total Net Revenue	40.4%	35.4%	5.0p.p.	41.5%	37.5%	4.0p.p.	52.4%	42.6%	9.8p.p.	54.3%	43.7%	10.6p.p.
Other Operating Income (Expenses)*	53.3	50.6	5.4%	53.3	50.9	4.8%	79.3	718.3	-89.0%	79.3	76.3	3.9%
Operating (Expenses) Income/ Total Net Revenue	37.4%	32.5%	4.9p.p.	38.5%	34.5%	4.0p.p.	50.4%	29.0%	21.4p.p.	52.4%	42.2%	10.2p.p.

* In order to facilitate the comparability of numbers in relation to 2019, the Company revised its policy for the Other Operating Income (Expenses) line, and started to classify reversals and provisions for tax contingencies in that line. These changes did not impact net income.

In the fourth quarter, pro-forma operating expenses were R\$ 672.4 million, 11.7% higher than what they were in 4Q19. If we exclude depreciation and amortization from the q-o-q comparison, the increase is 12.7%. In the year, our pro-forma operating expenses dropped 4.1%, primarily from negotiating occupancy costs with lessors and suspending labor agreements as allowed by the provisional measures declared to the Federal Government, which expired in December.

Pro-forma sales expenses were R\$ 567.5 million, a 10.0% or R\$ 51.7 million increase. This is the result of growth and investment in our online operation. The increase in sales directly impacts shipping costs, and we continue investing in digital marketing.

Pro-forma general and administrative expenses increased 15.6% to R\$ 158.3 million. This variation is the result of third-party services, especially customer service, due to an increase in online sales.

The Other Pro-Forma Operating Revenue and Expenses amounted to R\$ 53.3 million in revenue, 4.8% more than in 4Q19. Although results are stable, there were non-recurring items in both quarters. In 4Q19 we reversed provisions for tax contingencies in the amount of R\$ 55,0 million, and in 4Q20 we recovered tax credits resulting the favorable ruling on PIS/COFINS on internal operations in the Manaus Free Trade Zone, in the amount of R\$ 94.9 million. Furthermore, to ensure we delivered our 2021 growth levers, in 4Q20 we retained different consulting firms that impacted this line.

Financial Services

R\$ million	4Q20	4Q19	Δ	2020	2019	Δ
Financial Services Net Revenues – Bradescard Partnership	49.1	47.6	3.2%	149.2	216.4	-31.1%
Financial Services Gross Profit	48.9	47.3	3.4%	148.2	215.1	-31.1%
(-) Financial Services Expenses – Selling	(47.3)	(56.4)	-16.1%	(179.4)	(207.8)	-13.7%
(*) Financial Services Result	1.6	(9.1)	R\$10.7	(31.2)	7.3	-R\$38.5
	4Q20	4Q19	Δ	2020	2019	Δ
Average Trade Receivables (R\$ billions)	2.8	3.1	-9.7%	3.1	2.9	6.9%
% of sales	13.6%	18.0%	-4.4p.p.	15.7%	21.1%	-5.4p.p.
Number of new cards (thousand)	179.6	294.1	-38.9%	516.1	783.5	-34.1%
Number of active cards (million)	2.7	5.3	-49.1%	4.0	5.4	-25.9%
Delinquency Rate* (%)	3.8%	9.8%	-6.0p.p.	11.1%	9.0%	2.1p.p.

*Net Losses /Portfolio

C&A has partnered with Bradesco to offer a number of financial products and services, such as C&A card issuing and administration, personal loans and insurance.

In the fourth quarter of the year revenue from this partnership added up to R\$ 49.1 million, a 3.2% increase. This performance is the result of reversing provisions made in previous quarters. The percent total sales from this partnership was only 13.6% of total C&A sales, 4.4 pp below the same period last year and the lowest it has ever been. Up-front, lump-sum payments had the largest growth, or 3 pp.

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Payment method	4Q20	4Q19	Δ	2020	2019	Δ
Cash payment	41.4%	38.2%	3p.p.	38.2%	33.8%	4p.p.
Bradescard partnership Cards	13.6%	18.0%	-4p.p.	15.7%	21.1%	-5p.p.
Up to 5 installments	7.8%	10.8%	-3p.p.	8.3%	11.8%	-3p.p.
More than 5 installments	2.3%	2.3%	-0p.p.	3.6%	3.2%	0p.p.
Other	3.5%	4.8%	-1p.p.	3.8%	6.1%	-2p.p.
Third party Cards	45.0%	43.9%	1p.p.	46.1%	45.2%	1p.p.
Up to 3 installments	27.5%	30.3%	-3p.p.	24.0%	28.9%	-5p.p.
More than 3 installments	9.9%	6.4%	4p.p.	14.3%	9.0%	5p.p.
Other	7.7%	7.1%	1p.p.	7.8%	6.8%	1p.p.

Default is calculated as annualized net recovery losses divided by the net average of accounts receivable in the quarter. Default in the quarter was 3.8%, primarily impacted by reduction in the issuance of new cards. In 2020 this indicator was 11.1%, a 2.1 pp increase compared to last year.

New cards issued - 179.6 thousand - dropped 38.9% compared to the previous year, but should gradually recover due to the impact of the pandemic in 2020.

Pro-Forma Adjusted EBITDA

R\$ million except margin	4Q20	4Q19	Δ	4Q20 pro forma	4Q19 pro forma	Δ pro forma	2020	2019	Δ	2020 pro forma	2019 pro forma	Δ pro forma
Profit (Losses)	109.3	175.7	-37.8%	116.3	200.1	-41.9%	(166.3)	972.0	-R\$1,138.3	(131.0)	214.2	(345.3)
(+) Income Tax	61.8	38.7	59.7%	65.5	51.3	27.6%	(89.3)	450.0	-R\$539.4	(71.2)	59.7	-R\$130.8
(+/-) Net Financial Result	(1.8)	77.8	-R\$79.6	(32.2)	5.5	-R\$37.7	91.4	(388.9)	R\$480.4	(40.4)	63.3	-R\$103.7
(+) Depreciation and Amortization	137.2	109.1	25.7%	64.3	60.1	6.9%	524.9	501.8	4.6%	246.3	233.0	5.7%
(-) EBITDA	306.6	401.3	-23.6%	213.8	317.0	-32.5%	360.7	1,534.9	-76.5%	3.8	570.3	-99.3%
(+/-) Other net operating income (expenses)	40.9	(50.9)	-180.2%	40.9	(50.9)	-180.2%	77.9	(76.3)	R\$154.2	77.9	(76.3)	R\$154.2
(+) Expenses with Controlling Shareholder	0.0	0.0	-	0.0	0.0	-	0.0	3.2	-R\$3.2	0.0	3.2	-R\$3.2
(+) Royalties Expenses	0.0	11.4	-R\$11.4	0.0	11.4	-R\$11.4	0.0	32.0	-R\$32.0	0.0	32.0	-R\$32.0
(+) Financial Income of Supplier	3.8	11.1	-65.9%	3.8	11.1	-65.9%	17.0	31.7	-46.5%	17.0	31.7	-46.5%
(-) Tax Credit Recovery	(94.2)	0.3	-R\$94.5	(94.2)	0.0	-R\$94.2	(157.2)	(642.0)	-75.5%	(157.2)	0.0	-R\$157.2
(-) Adjusted EBITDA*	257.0	373.3	-31.1%	164.3	288.6	-43.1%	298.4	883.4	-66.2%	(58.5)	560.8	-R\$619.4
Adjusted EBITDA Margin*	14.7%	21.4%	-6.7p.p.	9.4%	16.6%	-7.2p.p.	7.3%	16.7%	-9.4p.p.	-1.4%	10.6%	-12.0p.p.

*Pursuant to Article 4, CVM Instruction 527, the Company has chosen to show Adjusted EBITDA as in the above table in order to provide information which best reflects the gross operational cash generation from its activities. The adjustment are: (i) Other net operating income (expenses); (ii) Expenses with Controlling Shareholder; (iii) Royalties Expenses; (iv) Financial Income of Supplier; and (v) Tax Credit Recovery.

** In order to facilitate the comparability of numbers in relation to 2019, the Company revised its policy for the Other Operating Income (Expenses) line, and started to classify reversals and provisions for tax contingencies in that line. These changes did not impact net income.

In 4Q20, pro-forma adjusted EBITDA was R\$ 164.3 million, a 43.1% drop. Pro-forma adjusted EBITDA margin was 9.4%, a 7.2 pp drop.

Adjusted EBITDA for 2020 was negative R\$ 58.5 million, and adjusted EBITDA Margin was - 1.4%.

Pro-forma Financial Earnings

R\$ milhões	4Q20	4Q19	△	4Q20 pro forma	4Q19 pro forma	△ pro forma	2020	2019	△	2020 pro forma	2019 pro forma	△ pro forma
Gain (loss) from derivatives	0.0	0.0	R\$0.0	0.0	0.0	R\$0.0	0.0	(26.1)	R\$26.1	0.0	(26.1)	R\$26.1
Foreign exchange variation	1.2	(1.1)	R\$2.3	1.2	(1.1)	R\$2.3	(11.7)	29.6	-R\$41.3	(11.7)	29.6	-R\$41.3
Total Financial Expenses	(52.3)	(107.4)	R\$55.1	(21.8)	(25.0)	R\$3.2	(214.1)	(255.8)	R\$41.8	(82.3)	(118.4)	R\$36.1
Interest on loans - related party	0.0	(9.5)	R\$9.5	0.0	(9.5)	R\$9.5	0.0	(60.7)	R\$60.7	0.0	(60.7)	R\$60.7
Interest on loans - third party	(12.7)	0.0	-R\$12.7	(12.7)	0.0	-R\$12.7	(35.8)	0.0	-R\$35.8	(35.8)	0.0	-R\$35.8
Interests on Leases	(30.4)	(82.4)	R\$51.9	0.0	0.0	R\$0.0	(131.8)	(137.5)	R\$5.7	0.0	0.0	R\$0.0
Bank expenses and IOF	(0.5)	(0.4)	-R\$0.1	(0.5)	(0.4)	-R\$0.1	(1.8)	(4.2)	R\$2.3	(1.8)	(4.2)	R\$2.3
Interest on taxes and contingencies	(4.2)	(6.7)	R\$2.4	(4.2)	(6.7)	R\$2.4	(27.2)	(28.2)	R\$1.1	(27.2)	(28.2)	R\$1.1
Financial expenses of Suppliers - Present Value Adjustment	(3.5)	(8.3)	R\$4.8	(3.5)	(8.3)	R\$4.8	(15.4)	(25.0)	R\$9.6	(15.4)	(25.0)	R\$9.6
Other	(0.8)	(0.1)	-R\$0.8	(0.9)	(0.1)	-R\$0.8	(2.1)	(0.3)	-R\$1.8	(2.1)	(0.3)	-R\$1.9
Total Financial Revenue	52.8	30.6	R\$22.2	52.8	20.6	R\$32.2	134.3	641.3	-R\$506.9	134.4	51.5	R\$82.8
Interests	49.0	18.8	R\$30.2	49.0	8.8	R\$40.2	116.3	609.1	-R\$492.8	116.3	19.4	R\$96.9
Financial income of supplier	3.8	11.1	-R\$7.3	3.8	11.1	-R\$7.3	17.0	31.7	-R\$14.8	17.0	31.7	-R\$14.8
Other	0.01	0.7	-R\$0.7	0.02	0.7	-R\$0.6	1.1	0.4	R\$0.7	1.1	0.4	R\$0.7
Net Financial Result	1.8	(77.8)	R\$79.6	32.2	(5.5)	R\$37.7	(91.4)	388.9	-R\$480.4	40.4	(63.3)	R\$103.7

In 4Q20 we had pro-forma financial revenue of R\$ 32.2 million, a R\$ 37.7 million increase compared to 4Q19.

Financial revenue was impacted by a R\$ 40.2 million variation in the “interest” line, primarily due to R\$ 40.6 million in interest from tax credits associated with the favorable ruling on PIS/COFINS on transactions in the Manaus Free Trade Zone.

The main impact on our financial expenses was a R\$ 4.8 million reduction in our trade financial expenses as we changed the type of financing. This also had a negative impact on our trade receivables.

Pro-Forma Net Profit

R\$ million except margin	4Q20	4Q19	△	4Q20 pro forma	4Q19 pro forma	△ pro forma	2020	2019	△	2020 pro forma	2019 pro forma	△ pro forma
Net Profit (Losses)	109.3	175.7	-37.8%	116.3	200.1	-41.9%	(166.3)	972.0	-R\$1,138.3	(131.0)	214.2	-R\$345.3
Net Margin	6.3%	10.1%	-3.8p.p.	6.7%	11.5%	-4.8p.p.	-4.1%	18.4%	-22.5p.p.	-3.2%	4.1%	-7.3p.p.

C&A's pro-forma net profit was R\$ 116.3 million in 4Q20, a 41.9% reduction compared to 4Q19. Pro-forma net margin was 6.7%, a 4.8 pp drop. Pro-forma net profit excluding the non-recurring impact of tax credits related to the favorable ruling on the PIS/COFINS on internal operations in the Manaus Free Zone would have been R\$ 28.6 million.

In 2020 pro-forma net losses were R\$ 131.0 million, with a pro-forma margin of negative 3.2%.

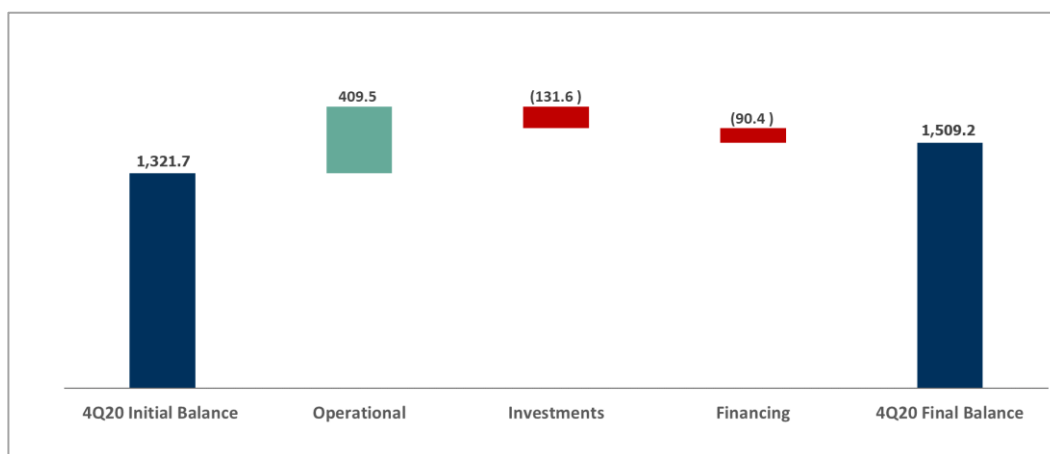
Adjusted Free Cash Flow

R\$ milhões	2020	2019	△
Pro forma (Loss) Income before Taxes	(202.2)	273.1	-R\$475.3
Depreciation and Amortization	246.3	233.0	5.7%
(+/-) Others	(114.4)	83.6	-R\$198.1
Non-cash Adjustment	131.9	316.7	-R\$184.8
Income tax and social contribution paid	(21.9)	(18.9)	15.6%
Working Capital	304.8	(73.1)	R\$377.9
Trade Receivables	88.9	(14.5)	R\$103.4
Inventories	(142.1)	(92.9)	52.9%
Trade Payables	337.4	126.5	166.7%
Others	20.5	(92.2)	R\$112.8
Cash originated from operational activities	212.6	497.7	-57.3%
(-) CAPEX	(260.0)	(321.3)	-19.1%
(=) Adjusted Free Cash Flow	(47.4)	176.4	-R\$223.9

C&A consumed R\$ 47.4 million in cash in 2020, a R\$ 233.9 million increase compared to 2019. 2020 numbers are still heavily impacted by the results of the second quarter, when we had to close all our stores.

The cash balance at the end of 2020 was R\$ 1,509.2 million. R\$ 409.5 million in operating cash were generated and R\$ 90.4 million used for investments.

Change in Cash Position – 4Q20



Investments

R\$ million	4Q20	4Q19	Δ	2020	2019	Δ
Total Investments*	179.3	84.8	111.4%	302.5	318.7	-5.1%
New Stores	36.5	25.5	43.1%	63.7	65.7	-3.0%
Remodelling	30.5	22.1	38.0%	74.4	131.6	-43.5%
Distribution Center	37.0	2.5	1380.0%	45.0	15.0	200.0%
IT and Others	75.3	34.7	117.0%	119.4	106.4	12.2%

*The investment value corresponds to the investments acquired in the period, but not necessarily paid. The amount paid (cash outflow) is reported in the cash flow from investment activities

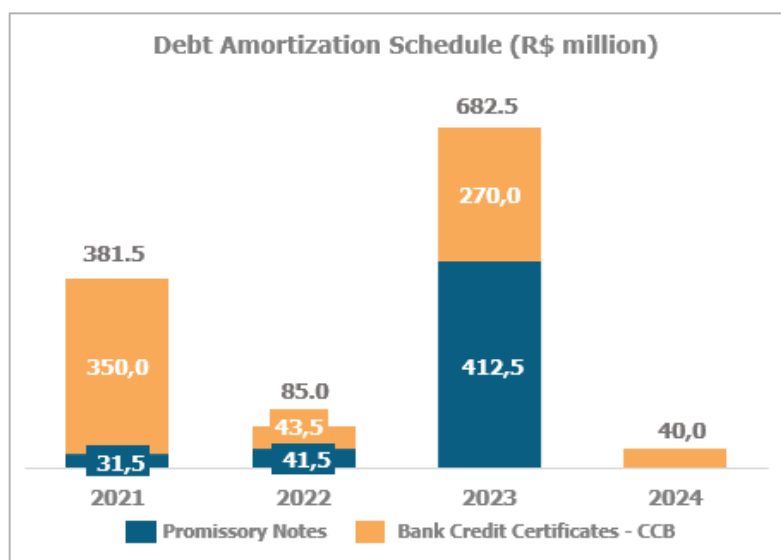
R\$ 179.3 million were invested in 4Q20, a 111.4% increase compared to 4Q19.

Technology was another vertical we drove in the fourth quarter. In addition to recurring support investments, we focused on digitization and implemented and/or contracted several tools, such as those to improve the experience and performance of our app. Supply chain was another vertical we drove in 4Q20. As mentioned above, this lever includes a number of projects that will continue in 2021.

Indebtedness

R\$ million	2020	2019	△
Gross Debt	1,211.3	0.0	R\$1,211.3
Short-term debt	390.6	0.0	R\$390.6
Long-term debt	820.7	0.0	R\$820.7
(-) Cash and cash equivalents	1,509.2	447.1	R\$1,062.1
(=) Net Cash (Debt)	297.9	447.1	-33.4%

C&A ended 2020 with a total gross debt of R\$ 1.2 billion and a solid net cash position of R\$ 297.9 million. The total debt has an average maturity of 1.68 years, and an average all-in cost of CDI + 2.33%.

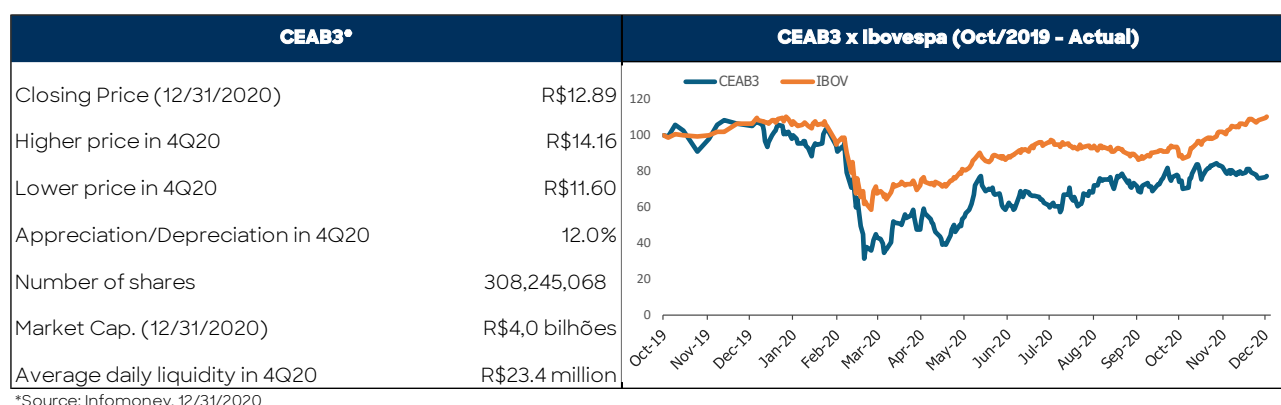


The amortization schedule refers to the principal only and excludes interest.

Capital Market

C&A joined the B3 "Novo Mercado" on 28 October 2019, at a starting share price of R\$ 16,50.

The average daily volume traded was R\$ 23.4 million, with a 12% increase in the value of the shares. On December 31, 2020 the company's market cap was R\$ 4.0 billion.



The Company's share capital is 308,245,068 common shares, with 34.5% free-float. The Company's free-float and its main shareholders on December 31, 2020 are described below:

Stockholding structure	Number of Shares (ON)	% of total
Controlling shareholder	201,319,336	65.3%
XP Gestão de Recursos Ltda	15,601,000	5.1%
Verde Asset Management S.A.	15,888,100	5.2%
Management	531,097	0.17%
Others	74,905,535	24.3%
Total	308,245,068	100.0%

Attachments

Consolidated Statement of Financial Position

R\$ million	2020	2019	R\$ million	2020	2019
Total Assets	7,309.6	6,037.1	Total liabilities and shareholder's equity	7,309.6	6,037.0
Current Assets	3,520.0	2,999.6	Current Liabilities	2,251.7	1,751.0
Cash and cash equivalents	1,509.2	447.1	Lease liabilities	390.6	357.9
Trade receivables	1,063.8	1,151.5	Loans	390.6	0.0
Derivatives	0.2	0.7	Trade payables	1,158.9	804.0
Related Parties	0.12	0.4	Derivatives	6.8	3.9
Inventories	641.0	544.7	Labor Liabilities	136.1	128.5
Taxes recoverable	271.7	795.6	Related Parties	34.8	69.5
Income tax recoverable	10.9	38.0	Interest on shareholders' equity and dividends payable	0.0	144.8
Other assets	22.9	21.6	Taxes Payable	107.0	183.6
Noncurrent Assets	3,789.7	3,037.5	Income Tax payable	0.3	35.7
Long term Assets	1,313.0	624.9	Other liabilities	26.6	23.1
Taxes recoverable	1,157.4	521.1	Noncurrent liabilities	2,403.1	1,546.4
Deferred taxes	71.5	0.0	Lease liabilities	1,264.2	1,229.8
Judicial deposits	81.5	101.8	Trade payables	24.8	0.0
Other assets	2.7	2.0	Loans	820.7	0.0
Investment	667.2	717.4	Labor Liabilities	4.4	3.6
Right-of-use assets	1,514.4	1,507.8	Labor, Civil, Security and Tax Provisions	230.1	233.8
Intangible asset	295.0	187.3	Taxes payable	25.0	1.1
			Deferred taxes	0.0	45.6
			Other liabilities	33.9	32.6
			Equity	2,654.8	2,739.6
			Capital stock	1,847.2	1,847.2
			Capital reserves	19.4	11.7
			Profit Reserve	792.6	882.9
			Other comprehensive income (loss)	(4.3)	(2.2)

Consolidated Statement of Earnings - Quarterly

R\$ million	4Q20	4Q19	△	4Q20 pro forma	4Q19 pro forma	△ pro forma
Net Operational Revenue	1,747.0	1,742.4	0.3%	1,747.0	1,742.4	0.3%
Apparel	1,392.4	1,426.4	-2.4%	1,392.4	1,426.4	-2.4%
Fashiontronics	301.2	265.8	13.3%	301.2	265.8	13.3%
Financial Services - Bradescard Partnership	49.1	47.6	3.1%	49.1	47.6	3.1%
Other Commissions Revenue	4.3	2.7	57.8%	4.3	2.7	57.8%
Cost of sales and services rendered	(925.0)	(883.8)	4.7%	(925.0)	(883.8)	4.7%
Gross Profit	822.0	858.7	-4.3%	822.0	858.7	-4.3%
Apparel	726.4	764.1	-4.9%	726.4	764.1	-4.9%
Fashiontronics	62.9	63.5	-1.0%	62.9	63.5	-1.0%
Gross Profit of Goods	789.3	827.6	-4.6%	789.3	827.6	-4.6%
Financial Products - Bradescard Partnership	48.9	47.3	3.3%	48.9	47.3	3.3%
Other Commissions Gross Profit	(16.1)	(16.2)	-0.7%	(16.1)	(16.2)	-0.7%
Operating (expenses) income	(652.6)	(566.5)	15.2%	(672.4)	(601.8)	11.7%
General and Administrative expenses	(156.9)	(134.0)	17.1%	(158.3)	(136.9)	15.6%
Selling expenses	(549.1)	(483.1)	13.7%	(567.5)	(515.8)	10.0%
Other net operating income (expenses)	53.3	50.6	5.4%	53.3	50.9	4.8%
Operating profit	169.4	292.2	-42.0%	149.6	256.9	-41.8%
Net Finance Results	1.8	(77.8)	R\$79.6	32.2	(5.5)	R\$37.7
Gain (loss) from derivative	0.0	0.0	R\$0.0	0.0	0.0	R\$0.0
Foreign exchange variation	1.2	(1.1)	R\$2.3	1.2	(1.1)	R\$2.3
Total Finance Expenses	(52.3)	(107.4)	-51.3%	(21.8)	(25.0)	-12.7%
Interest on related party loans	0.0	(9.5)	R\$9.5	0.0	(9.5)	R\$9.5
Interest on loans	(12.7)	0.0	-R\$12.7	(12.7)	0.0	-R\$12.7
Interests on Leases	(30.4)	(82.4)	-63.1%	0.0	0.0	0.0%
Bank expenses and IOF	(0.5)	(0.4)	25.0%	(0.5)	(0.4)	25.0%
Interest on taxes and contingencies	(4.2)	(6.7)	-36.6%	(4.2)	(6.7)	-36.6%
Financial expenses of Suppliers - PVA	(3.5)	(8.3)	-58.2%	(3.5)	(8.3)	-58.2%
Other	(0.8)	(0.1)	1596.0%	(0.9)	(0.1)	1602.0%
Total Financial Revenue	52.8	30.6	72.7%	52.8	20.6	156.5%
Interests	49.0	18.8	161.0%	49.0	8.8	457.1%
Financial income of supplier	3.8	11.1	-65.9%	3.8	11.1	-65.9%
Other	0.01	0.7	-98.0%	0.02	0.7	-97.1%
Income before taxes	171.2	214.4	-20.2%	181.8	251.4	-27.7%
Income taxes	(61.8)	(38.7)	59.7%	(65.5)	(51.3)	27.6%
Net Income (loss) for the period	109.3	175.7	-37.8%	116.3	200.1	-41.9%
(+) Income Tax	61.8	38.7	59.7%	65.5	51.3	27.6%
(+/-) Net Financial Result	(1.8)	77.8	-R\$79.6	(32.2)	5.5	-R\$37.7
(+) Depreciation and Amortization	137.2	109.1	25.7%	64.3	60.1	6.9%
(=) EBITDA	306.6	401.3	-23.6%	213.8	317.0	-32.5%
(+/-) Other net operating income (expenses)	40.9	(50.9)	-180.2%	40.9	(50.9)	-180.2%
(+) Expenses with Controlling Shareholder	0.0	0.0	R\$0.0	0.0	0.0	R\$0.0
(+) Royalties Expenses	0.0	11.4	-R\$11.4	0.0	11.4	-R\$11.4
(+) Financial Income of Supplier	3.8	11.1	-65.9%	3.8	11.1	-65.9%
(-) Tax Credit Recovery	(94.2)	0.3	-R\$94.5	(94.2)	0.0	-R\$94.2
(=) Adjusted EBITDA	257.0	373.3	-31.1%	164.3	288.6	-43.1%

Earnings Report

4Q20 and 2020



Consolidated Statement of Earnings - 2020

R\$ million	2020	2019	Δ	2020 pro forma	2019 pro forma	Δ pro forma
Net Operational Revenue	4,085.5	5,285.2	-22.7%	4,085.5	5,285.2	-22.7%
Apparel	3,121.1	4,126.0	-24.4%	3,121.1	4,126.0	-24.4%
Fashiontronics	801.8	925.9	-13.4%	801.8	925.9	-13.4%
Financial Services - Bradescard Partnership	149.3	216.4	-31.0%	149.3	216.4	-31.0%
Other Commissions Revenue	13.3	16.9	-21.2%	13.3	16.9	-21.2%
Cost of sales and services rendered	(2,188.9)	(2,717.1)	-19.4%	(2,188.9)	(2,717.1)	-19.4%
Gross Profit	1,896.6	2,568.1	-26.1%	1,896.6	2,568.1	-26.1%
Apparel	1,602.1	2,154.4	-25.6%	1,602.1	2,154.4	-25.6%
Fashiontronics	180.1	225.2	-20.0%	180.1	225.2	-20.0%
Gross Profit of Goods	1,782.2	2,379.6	-25.1%	1,782.2	2,379.6	-25.1%
Financial Products - Bradescard Partnership	148.2	215.1	-31.1%	148.2	215.1	-31.1%
Other Commissions Gross Profit	(33.8)	(26.6)	27.1%	(33.8)	(26.6)	27.1%
Operating (expenses) income	(2,060.9)	(1,535.0)	34.3%	(2,139.2)	(2,230.9)	-4.1%
General and Administrative expenses	(491.7)	(498.0)	-1.3%	(497.6)	(503.3)	-1.1%
Selling expenses	(1,648.4)	(1,755.3)	-6.1%	(1,720.9)	(1,803.9)	-4.6%
Other net operating income (expenses)	79.3	718.3	-89.0%	79.3	76.3	3.9%
Operating profit	(164.2)	1,033.1	-R\$1,197.3	(242.6)	337.2	-R\$579.8
Net Finance Results	(91.4)	388.9	-R\$480.4	40.4	(63.3)	R\$103.7
Gain (loss) from derivative	0.0	(26.1)	R\$26.1	0.0	(26.1)	R\$26.1
Foreign exchange variation	(11.7)	29.6	-R\$41.3	(11.7)	29.6	-R\$41.3
Total Finance Expenses	(214.1)	(255.8)	-16.3%	(82.3)	(118.4)	-30.5%
Interest on related party loans	0.0	(60.7)	R\$60.7	0.0	(60.7)	R\$60.7
Interest on loans	(35.8)	0.0	-R\$35.8			
Interests on Leases	(131.8)	(137.5)	-4.1%	0.0	0.0	-
Bank expenses and IOF	(1.8)	(4.2)	-55.6%	(1.8)	(4.2)	-55.6%
Interest on taxes and contingencies	(27.2)	(28.2)	-3.7%	(27.2)	(28.2)	-3.7%
Financial expenses of Suppliers - PVA	(15.4)	(25.0)	-38.5%	(15.4)	(25.0)	-38.5%
Other	(2.1)	(0.3)	730.4%	(2.1)	(0.3)	732.8%
Total Financial Revenue	134.3	641.3	-79.1%	134.4	51.5	160.7%
Interests	116.3	609.1	-80.9%	116.3	19.4	499.9%
Financial income of supplier	17.0	31.7	-46.5%	17.0	31.7	-46.5%
Other	1.1	0.4	157.4%	1.1	0.4	159.1%
Income before taxes	(255.7)	1,422.0	-R\$1,677.7	(202.2)	273.9	-R\$476.1
Income taxes	89.3	(450.0)	R\$539.4	71.2	(59.7)	R\$130.8
Net Income (loss) for the period	(166.3)	972.0	-R\$1,138.3	(131.0)	214.2	-R\$345.3
(+) Income Tax	(89.3)	450.0	-R\$539.4	(71.2)	59.7	-R\$130.8
(+/-) Net Financial Result	91.4	(388.9)	R\$480.4	(40.4)	63.3	-R\$103.7
(+) Depreciation and Amortization	524.9	501.8	4.6%	246.3	233.0	5.7%
(=) EBITDA	360.7	1,534.9	-76.5%	3.8	570.3	-99.3%
(+/-) Other net operating income (expenses)	77.9	(76.3)	R\$154.2	77.9	(76.3)	R\$154.2
(+) Expenses with Controlling Shareholder	0.0	3.2	-R\$3.2	0.0	3.2	-R\$3.2
(+) Royalties Expenses	0.0	32.0	-R\$32.0	0.0	32.0	-R\$32.0
(+) Financial Income of Supplier	17.0	31.7	-46.5%	17.0	31.7	-46.5%
(-) Tax Credit Recovery	(157.2)	(642.0)	-75.5%	(157.2)	0.0	-R\$157.2
(=) Adjusted EBITDA	298.4	883.4	-66.2%	(58.5)	560.8	-R\$619.4

Consolidated Cash Flow

R\$ million	2020	2019
Operating Activities		
Income (loss) before income tax	(255.7)	1,422.0
(*) Adjustments to reconcile income taxes to net cash flow:	577.5	(527.5)
Depreciation and amortization	246.3	233.0
Depreciation of right of use asset	306.4	295.7
Losses on sale or disposal of property and equipment and intangible assets	7.6	19.8
Impairment on property and equipment and intangibles and right of use	(6.2)	(11.3)
Provisions for expected credit losses	3.2	8.4
Adjustment to present value of trade receivables and suppliers	(4.8)	(2.0)
Expenses with stock-based compensation	7.7	1.1
Provisions (reversals) for tax, civil and labor risks	29.5	(38.0)
Judicial deposits	(1.4)	(2.9)
Provisions for inventory losses	45.8	38.8
Interest on leases	139.1	142.1
Interest on related parties loans	0.0	60.7
Interest on loans	35.8	0.0
Amortization transaction costs of loans	2.0	0.0
Foreign exchange differences on related party loans	0.0	(32.4)
Derivatives	0.0	41.3
Gains on lawsuits - previously unused PIS/COFINS credits	(233.7)	(1,282.0)
(*) Working capital adjustments	282.9	(42.6)
Trade receivable	88.9	(14.5)
Related parties	(34.5)	10.4
Inventories	(142.1)	(92.9)
Taxes recoverable	148.5	23.4
Other assets	(2.0)	(2.7)
Judicial deposits	7.3	(4.4)
Trade Payables	337.4	126.5
Labor liabilities	8.5	(2.9)
Other liabilities	4.5	(15.2)
Provisions for tax, civil and labor proceedings	(18.8)	(17.6)
Taxes payable	(92.8)	(33.8)
Income tax paid	(21.9)	(18.9)
(*) Net cash flows from operating activities	604.6	851.9
(*) Investment Activities	(260.0)	(321.3)
Purchase of property and equipment	(158.5)	(321.3)
Purchase of intangible assets	(101.6)	(0.0)
Receivables from the sale of property and equipment	0.09	0.0
Cash flow used in investment activities		
(*) Financing Activities	717.4	(529.5)
Capital increase	0.0	813.7
Costs with stock issuing transactions	0.0	(2.2)
Proceeds from new loans	1,200.0	508.0
Repayments of loans	(11.0)	(1,373.0)
Loan transaction costs	(5.0)	0.0
Interest paid on loans	(10.6)	(70.8)
Settlements of derivatives	0.0	7.6
Repayments and interest paid on leases	(387.2)	(354.1)
Interest on shareholder's equity paid	(68.8)	(58.6)
Net cash flows obtained from (used in) financing activities	717.4	(529.5)
(*) Increase (Decrease) in cash and cash equivalents	1,062.1	1.1
Cash and cash equivalents at the beginning of the period	447.1	446.0
Cash and cash equivalents at the end of the period	1,509.2	447.1

Glossary of Terms

1P: Goods in our own inventory marketed by our e-commerce.

3P: Third-party (seller) goods marketed by our e-commerce.

Click and Collect: A solution whereby customers can buy online and pick-up their goods in one of our B&M stores.

Fashiontronics: Electronics and other related goods such as smartphones, tablets, watches and accessories. This includes earphones/pods and chargers. More recently beauty items and cosmetics were added to the category.

Galeria C&A: C&A Marketplace.

GMV (Gross Merchandise Volume): The total amount in Reals (R\$) sold by our e-commerce, including 1P and 3P goods.

Hunting and Farming: Prospecting and maintaining partner sellers for our marketplace.

Kindle: Amazon's e-reader.

Lead time: This is the time it takes for raw materials or goods to be delivered to C&A from the supplier once they are ordered.

HUB stores: B&M stores in privileged locations that work as hubs to ship goods to customers.

MAU (Monthly Active Users): Monthly Active Users measures how many users used our app for any action in the past 30 days.

Mindse7: Launched in November 2018, Mindse7 is a digital native project that presents weekly collections inspired on the main conversations and trends on the streets and on social networks, using a co-creation model between a multidisciplinary team comprised of C&A and its suppliers. Focusing on versatile, timeless items aligned to the desires of Brazilian women, it has already launched some 200 collections, always focusing on innovative offerings of diverse and inclusive fashion for all styles, bodies and ages.

Onboarding: System, product and process integration.

Push and pull: A supply model that consists in replacing individual SKUs of different models, sizes and colors in our B&M stores according to demand, making service to the demand for our fashion items more efficient.

RFID (Radio-Frequency Identification): enables identifying and locating each SKU in both stores and DCs.

Seller: partner sellers who market our goods on our marketplace.

Ship-from-Store: transforming B&M stores into distribution centers, shipping goods purchased on our e-commerce directly to customers.

SKU: Stock keeping unit

Social selling: A process whereby relationships are developed and sales made using social networks.

Sorter: Individual sorting/picking equipment.

SSS: Same store sales Growth in same store sales. This is comprised of sales in stores in activity for more than 13 months compared to the same period in the previous year. It includes e-commerce and all types of sales delivered (100% online, ship-from-store and click-and-collect).

Supply: Supply chain

WhatsApp sales: A type of online sale where C&A associates interact with customers using Whatsapp.

WMS: Warehouse management system, an inventory management tool

About C&A

C&A was established in 1841 by Dutch brothers Clemens and August, whose initials gave rise to the name and brand. C&A was a pioneer in ready-for-use fashion, and is now one of the leading retail chains in the world. C&A is present in 21 countries in Europe, Latin America and Asia, with 1,800 stores. The C&A brand has been present in Brazil since 1976 and was a precursor of the Fast-Fashion concept. C&A markets apparel of good cost-benefit, including clothing, accessories, footwear, swimwear, beauty items and perfumes for men, women and children. It has a number of B&M stores and an online e-commerce platform. It also offers electronic items and the such like smartphones, Kindles, tablets, watches and accessories such as earphones and chargers. Combined these are known as Fashiontronics. C&A's target public is comprised primarily of young women aged 18 to 35. The Company offers them a self-expression through fashion platform. Because it has been in Brazil for over 44 years, C&A has a network of B&M stores in 26 states and the Federal District. On 31 December 2020 there were 295 C&A stores in operation, with a total sales area of around 559 thousand sq. meters.

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