

Earnings Release

3Q20



Earnings Teleconference:

- **Portuguese/English**
- **Date: November 13, 2020**
- **Time:**
 - ✓ **Brasília: 11:00 a.m.**
 - ✓ **New York: 09:00 a.m.**
 - ✓ **London: 2:00 p.m.**
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- **Code: C&A**
- **Webcast: ri.cea.com.br**

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Barueri, November 12, 2020 – C&A Modas S.A. (B3: CEAB3), a leading fashion retailer in Brazil, hereby discloses its earnings for the third quarter of 2020 (3Q20). 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 continuous growth of our marketplace **Galeria C&A**, our total (1P* + 3P*) **GMV** (*Gross Merchandise Value*) reached R\$ 213.8 million, a **418% increase** compared to 3T19.
- C&A's online revenue this quarter was R\$ 173.7 million, **444% or 5.4-fold increase** compared to the previous year.
- More of our stores reopened this quarter, however same store sales (SSS) still **dropped 14.7pp** compared to 2019. By early September, all our stores were open again, but with restrictions, especially in terms of the hours they can be open to customers;
- At the end of the quarter, total revenues were **above** levels of **last year**;
- As stores reopen our costs and expenses returned to normal, however we have still been able to **cut our operating expenses by 5.0%**;

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

Key Indicators

	3Q20	3Q19	Δ	3Q20 pro forma*	3Q19 pro forma*	Δ pro forma*	9M20	9M19	Δ	9M20 pro forma*	9M19 pro forma*	Δ pro forma*
Total Net Revenue (R\$MM)	1,067.2	1,241.9	-14.1%	1,067.2	1,241.9	-14.1%	2,338.5	3,542.7	-34.0%	2,338.5	3,542.7	-34.0%
Same Store Sales	-13.9%	0.8%	-14.7p.p.	-13.9%	0.8%	-14.7p.p.	-35.2%	2.1%	-37.3p.p.	-35.2%	2.1%	-37.3p.p.
Total Gross Margin	42.6%	47.3%	-4.7p.p.	42.6%	47.3%	-4.7p.p.	46.0%	48.3%	-2.3p.p.	46.0%	48.3%	-2.3p.p.
Operating (income) expenses (R\$MM)	(494.2)	(530.0)	-6.7%	(515.6)	(543.0)	-5.0%	(1,408.2)	(968.6)	45.4%	(1,466.8)	(1,629.1)	-10.0%
Adjusted EBITDA from Retailing Operation (R\$MM)	96.6	196.5	-50.9%	6.1	115.5	-94.7%	74.6	510.2	-85.4%	(189.6)	272.2	-R\$461.9
Adjusted EBITDA (R\$MM)	64.7	198.1	-67.4%	(25.8)	117.1	-R\$142.9	41.8	526.6	-92.1%	(222.4)	288.6	-R\$511.1
Adjusted EBITDA margin	6.1%	16.0%	-9.9p.p.	-2.4%	9.4%	-11.8p.p.	1.8%	14.9%	-13.1p.p.	-9.5%	8.1%	-17.6p.p.
Net Income (loss) (R\$MM)	(28.2)	19.1	-R\$47.3	(19.9)	13.9	-R\$33.8	(275.7)	796.3	-R\$1,072.0	(247.4)	14.1	-R\$261.5
Net Margin	-2.6%	1.5%	-4.1p.p.	-1.9%	1.1%	-3.0p.p.	-11.8%	22.5%	-34.3p.p.	-10.6%	0.4%	-11.0p.p.
Investments	44.4	75.9	-41.5%	44.4	75.9	-41.5%	123.2	233.9	-47.3%	123.2	233.9	-47.3%

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 9M19

Message from Management

The speed of recovery this quarter was greater than the industry had initially expected. On August 31, we announced that all our stores were open again, although hours are still limited and, in some cities, stores are only allowed to open on one weekend day. With the reopening of our stores, we start offering a more complete experience to the consumer. As we resume operations, our focus is on making sure that the items we are introducing are relevant, collections are available in the stores, and that more stores adopt winning initiatives such as the Beauty Space to sell cosmetics. Stores are also reorganizing their sales floors in a customized way to call attention to the best-selling categories in each store.

Despite store reopenings, we find that our online sales continue strong growth. Our Gross Merchandise Value (GMV), including Galeria C&A (1P +3P), reached R\$ 213.8 million, a 5.4-fold increase compared to 3Q19. This reinforces our belief that part of the migration observed in the second quarter, at the height of the pandemic, is actually structural. Customers have become digital and, after experiencing the convenience of buying online, will continue to do so.

We also saw changes in consumer behavior in the Brick & Mortar world. Early in the third quarter, customers would come into the store with a purpose, in quick visits looking for specific goods, often comfortable apparel (sweats, pajamas and the like). While customer flows have been smaller than last year, the conversion rate has been higher. Gradually, as social isolation measures become more flexible, there are more people walking around malls and on streets. Customers are now looking for non-comfort items as well, in particular dresses and sportswear. Fitting rooms have gradually reopened as city ordinances allow, enabling us to provide the same level of service as in the past.

We have reviewed our growth plan due to our omnichannel activities and customers embracing digital more fully. We kept the same five value creation levers but are prioritizing resources that will strengthen the Supply Chain and Digital Transformation levers. Below is a list of the progress made in each lever:

- ❖ **New stores:** we opened a new store in 3Q20, in São Luiz, Maranhão. As malls reopened, we went back to work on stores to be opened in the fourth quarter. As mentioned, we will not

be able to fulfil our plan of opening 22 new stores this year, but we will be able to open 10. We opened 4 new stores in the first nine months of the year.

- ❖ **Stores revamped to the CVP** (Customer Value Proposition) concept: in the third quarter we completed the revamp of 18 stores that reopened their doors. The review of our growth plan includes a discussion of store formats, mainly in view of the evolution of omnichannel initiatives. In other words, we are discussing format segmentation based on store vocation, which in turn depends on location, size, and available assortment, to offer ship-from-store, click-and-collect and endless aisles endlessly efficiently. For this reason, revamps have been temporarily suspended until these discussions are complete.
- ❖ **Supply Chain:** we made significant progress in our supply chain front this quarter. It is important that C&A's final supply chain design be ambitious. Delivering this project will be a lengthy and complex process. Since the IPO, we have been preparing the Company for this transformation with a clear roadmap, an experienced team and a robust partner ecosystem. This lever is split into three main pillars: distribution network, omnichannel operations and technology. In our distribution network pillar, we point to optimizing the logistics network in terms of structure, processes, and shipments, all of which will reduce lead times and costs. In addition, we have become more efficient with the import and receiving operation in Santa Catarina. On the distribution front, we continue to increase the productivity of the sorter we have already installed, which now serves not only the denim category but also other items (e.g. knits), helping increase sales and increase inventory efficiency. Our second sorter should be operational in the first half of 2021, further increasing this positive impact. In terms of omnichannel operations, we created a new ship-from-store transportation matrix to improve delivery time and reduce costs. We had already realized that we were quite exposed to risk using the post office as a logistics agent. In mid-August, the post office went on strike, so we accelerated the project to implement this new matrix and are now working on stabilizing it. In this pillar we have also started a hub-store pilot for our ship-from-store operations. Having identified stores with a regional hub vocation, in 3Q20 we started to operate 3 hubs to increase our shipping capacity and operating efficiency. Right now, all our stores offer ship-from-store and click-and-collect. Finally, in the technology pillar, we accelerated the technological improvement of our supply-chain, bringing it up-to-date. We have also expanded the use of RFID to the entire *mindse7* category, and to all of the apparel category in some pilot stores. This improved the

accuracy of our inventories, which has now reached benchmark levels. It also increased our omnichannel sales because we are able to sell down to the last SKU. We have also accelerated the use of machine learning in distribution, and 70% of our sales now use this tool. Finally, we decided to replace our legacy WMS (warehouse management system) with a market leading system, which will support the future C&A Digital architecture we are now building.

- ❖ **Digital Transformation:** we continue to evolve in this lever quite significantly. It is worth calling attention to our WhatsApp sales, now an alternative channel for our customers and available at more than 260 stores. Another initiative worth mentioning are our Endless Aisles that, while still in the pilot phase, have delivered interesting results. This quarter we also started to pilot our MinhaC&A (My C&A) initiative, where digital consultants have optimized stores on the C&A App and website. Galeria C&A continues to expand, and we now have over 150 partners who complement the assortment we offer our customers.

Furthermore, we are moving to a new way of working, adopting methodologies aimed at solving problems using dedicated multifunctional teams. Right now, we have 5 corporate squads that address businesses we want to significantly accelerate, or pain-points we have identified in customer journeys.

- ❖ **Credit availability:** in this lever we continue with an action plan to optimize contact with our C&A card customers using online channels, providing them with information and focused offers.

The third quarter also saw novel initiatives in product development, which remains a focus point for C&A, and in points of sale. Late in the quarter we launched the first collection developed together with C&A &VC customers. A selected group of these customers helped develop the collection known as *meu jeito de arrasar* (my way of wowing). In another step towards fashion that has a positive impact, we launched a denim collection with items that use 65% less water in the washing process, using state-of-the art software from a benchmark Spanish company. Regarding points of sale, we launched a novel pilot to sell basic goods in vending machines located in high-traffic areas.

Finally, the outlook following the recovery of this quarter remains optimistic. However, we remain cautious in our planning as we are aware that external factors are supporting part of this growth. We continue to focus on product development and assortment availability to

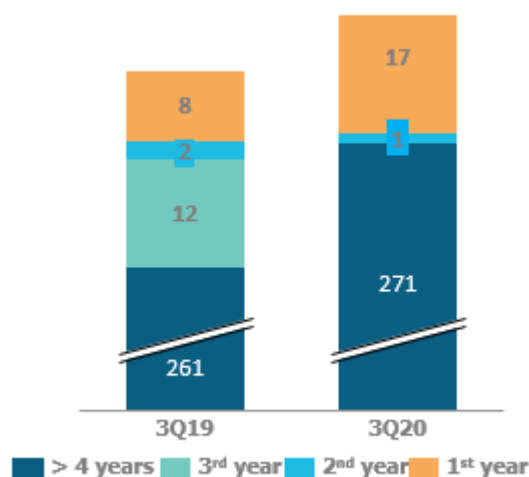
remain relevant to our customers. We will also focus on inventory and store management, and on improving our logistics to become more efficient and improve our omnichannel presence, ensuring our growth and improving our levels of service.

The Management of C&A Modas S.A.

Operating Indicators

	3Q20	3Q19	△	9M20	9M19	△
Stores	289	283	6	289	283	6
New	1	2	-1	4	6	-2
Closed	0	1	-1	2	2	0
Remodeled	18	35	-17	30	73	-43
Sales area (thousand m²)	549	535	14	549	535	14

Store Distribution by Age



In 3Q20 we opened a new store in São Luiz, in the state of Maranhão, in Golden Shopping Calhau. Regarding adapting stores to the CVP (Customer Value Proposition) concept, we completed the 18 revamps we started before the Covid pandemic. However, given the strong growth of our online operations we are reviewing our store formats to better accommodate our omnichannel initiatives.

This brought our total to 289 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 proforma figures, with adjustments to exclude: (i) The impact of adopting IFRS16 in 2019, and (ii) tax credit gains from excluding ICMS from the basis for calculating PIS/COFINS in 2019. The following table consolidates the various lines and amounts, adjusted to present the proforma results throughout the document.

R\$ million	3Q20	3Q19	9M20	9M19
Balance Sheet				
Right-of-use - leases (Assets)	1,527.4	1,591.7	1,527.4	1,591.7
Lease (Liabilities)	1,662.2	1,624.8	1,662.2	1,624.8
Results				
Occupancy (Operational Expenses)	(90.5)	(81.0)	(264.2)	(237.9)
Depreciation - Right-of-use (Operational Expenses)	69.1	72.8	205.7	219.8
Gains from interest and monetary correction of tax credits (Financial Results)	0.0	(12.8)	0.0	(579.7)
Lease interest expenses (Financial Result)	33.9	17.9	101.4	55.1
Tax credit recovery (Other net operating income (expenses))	0.0	(4.9)	0.0	(642.4)
Net Income	8.3	(5.3)	28.3	(782.2)

Net Revenue

R\$ million	3Q20	3Q19	△	9M20	9M19	△
Total Net Revenue	1,067.2	1,241.9	-14.1%	2,338.5	3,542.7	-34.0%
<i>Apparel</i>	820.6	974.8	-15.8%	1,728.6	2,699.6	-36.0%
<i>Fashiontronics</i>	228.1	210.7	8.2%	500.7	660.1	-24.2%
Financial Services - Bradescard Partnership	16.0	52.5	-69.4%	100.1	168.8	-40.7%
Other Revenues	2.4	3.8	-37.4%	9.1	14.2	-36.3%
Same Store Sales^(*)	-13.9%	0.8%	-14.7p.p.	-35.2%	2.1%	-37.3p.p.
<i>Apparel</i>	-18.2%	3.6%	-21.8p.p.	-37.7%	2.2%	-39.9p.p.
<i>Fashiontronics</i>	6.2%	-9.4%	15.6p.p.	-25.3%	1.8%	-27.1p.p.

(*) SSS: same store sales. This is the sales of stores active for more than 13 months compared to the same period of the prior year, including all forms of e-commerce sales and delivery (100% online, ship-from-store and click-and-collect).

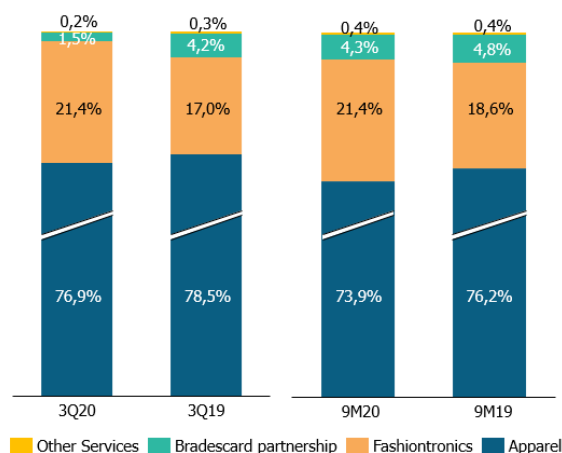
In the third quarter, net revenue was R\$ 1,067.2 million, 14.1% less than in 3Q19.

Revenue from apparel dropped 15.8%, and revenue from fashiontronics went up 8.2%. Same-store sales dropped 13.9% compared to 3Q19. Same store sales for apparel dropped 18.2%, and for fashiontronics increased 6.2%.

Net revenue from Financial Services, our partnership with Bradescard, was R\$ 16.0 million, a 69.4% drop.

Other revenue, which includes commissions from telephony operators when cell-phone plans sold by C&A are activated, revenue from cell-phone top-offs and services, among others, dropped 37.4% in 3Q20 to R\$ 2.4 million.

Net Revenue by Business



In the breakdown of net revenue in 3Q20, the share of financial services (our partnership with Bradescard) dropped significantly. The share of fashiontronics remains above the 2019 levels but dropped compared to the previous quarter. Revenue from apparel dropped 1.6 pp compared to 3Q19, but increased compared to 2Q20, when it lost 10 pp.

Gross Profit and Margin

R\$ million except margin	3Q20	3Q19	△	9M20	9M19	△
Total Gross Profit	455.0	587.9	-22.6%	1,074.6	1,709.4	-37.1%
<i>Apparel</i>	395.9	489.2	-19.1%	875.7	1,390.3	-37.0%
<i>Fashiontronics</i>	56.9	51.3	10.8%	117.3	161.7	-27.5%
Gross Profit of Goods	452.8	540.5	-16.2%	993.0	1,552.0	-36.0%
Financial Services Gross Profit - Bradescard Partnership	15.8	52.2	-69.7%	99.4	167.8	-40.8%
Other Gross Losses	(13.6)	(4.8)	181.6%	(17.7)	(10.4)	70.8%
Total Gross Margin	42.6%	47.3%	-4.7p.p.	46.0%	48.3%	-2.3p.p.
Apparel Gross Margin	48.2%	50.2%	-2.0p.p.	50.7%	51.5%	-0.8p.p.
Fashiontronics Gross Margin	25.0%	24.4%	0.6p.p.	23.4%	24.5%	-1.1p.p.
Gross Margin of Goods	43.2%	45.6%	-2.4p.p.	44.5%	46.2%	-1.7p.p.

In 3Q20, gross profit totaled R\$ 455.0 million, 22.6% below 3Q19. The 42.6% gross margin was 4.7 pp lower, primarily due to the decreased share of revenue from financial services.

The 48.2% gross margin in apparel is 2.0 pp lower than in 3Q19, primarily due to promotions in July as a result of more intense competition started at the end of 2Q20.

The 25.0% margin in fashiontronics is 0.6 pp higher than the 3Q19 margin, due to the ever-increasing share of cosmetics and a small improvement in telephony margins.

Gross profit from financial services dropped 69.7%, in line with the drop in revenue.

Gross profits in other lines was negative R\$ 13.6 million, primarily due to higher inventory losses.

Proforma Operating Revenue and Expenses

R\$ million	3Q20	3Q19	△	3Q20 pro forma	3Q19 pro forma	△ pro forma	9M20	9M19	△	9M20 pro forma	9M19 pro forma	△ pro forma
Operating (Expenses) Income	(494.2)	(530.0)	-6.7%	(515.6)	(543.0)	-5.0%	(1,408.2)	(968.6)	45.4%	(1,466.8)	(1,629.1)	-10.0%
Selling Expenses	(409.1)	(428.7)	-4.6%	(429.3)	(436.1)	-1.6%	(1,099.3)	(1,272.3)	-13.6%	(1,153.4)	(1,288.1)	-10.5%
General and Administrative Expenses	(115.0)	(108.9)	5.6%	(116.2)	(109.6)	5.9%	(334.4)	(347.6)	-3.8%	(338.9)	(350.0)	-3.2%
Total Selling and G&A Expenses	(524.1)	(537.5)	-2.5%	(545.5)	(545.8)	-0.05%	(1,433.7)	(1,619.9)	-11.5%	(1,492.3)	(1,638.0)	-8.9%
Total Selling and G&A Expenses/Total Net Revenue	49.1%	43.3%	5.8p.p.	51.1%	43.9%	7.2p.p.	61.3%	45.7%	15.6p.p.	63.8%	46.2%	17.6p.p.
Other operating income (expenses)	29.9	7.5	R\$22.4	29.9	2.8	R\$27.1	25.5	651.3	-R\$625.8	25.5	9.0	R\$16.6
Operating (Expenses) Income/ Total Net Revenue	46.3%	42.7%	3.6p.p.	48.3%	43.7%	4.6p.p.	60.2%	27.3%	32.9p.p.	62.7%	46.0%	16.7p.p.

In the third quarter, proforma sales, general and administrative expenses were R\$ 515.6 million, 5.0% below what they were in 3Q19. Excluding depreciation and amortization, the reduction was 6.0%.

Proforma sales expenses were R\$ 429.3 million, a 1.6% or R\$ 6.8 million drop. The focus on minimizing the impact of social isolation continued, and we were able to both negotiate with store lessors as well as suspend labor agreements (enabled by Provisional Measures 936 and 927), leading to savings of R\$ 63.3 million this quarter. This benefit has been reduced by R\$ 53.3 million due to: (i) Higher e-commerce and ship-from-store sales and consequently an increase in shipping expenses, and our significant exposure in using the Post Office as a logistics operator, impacting the third party materials and services line, and (ii) increased digital marketing spending, primarily due to an increase in the CPV (cost per visit) due to increased competition and more investment in appinstalls and leads.

Pro-forma general and administrative expenses increased 5.9% or R\$ 6.5 million to R\$ 116.2 million, mainly due to a reduction in the "other, general and administrative expenses" line, which dropped R\$ 1.9 million given a reduction in provisions for contingencies.

Other proforma Operating Revenue and Expenses were R\$ 29.9 million, primarily due to the recovery of PIS/ COFINS on imports.

Financial Services - Bradescard partnership

R\$ million	3Q20	3Q19	△	9M20	9M19	△
Financial Services Net Revenues - Bradescard Partnership	16.0	52.5	-69.5%	100.1	168.8	-40.7%
Financial Services Gross Profit	15.8	52.2	-69.7%	99.3	167.9	-40.9%
(-) Financial Services Expenses - Selling	(47.7)	(50.5)	-5.5%	(132.1)	(151.3)	-12.7%
(-) Financial Services Result	(31.9)	1.6	-R\$33.5	(32.8)	16.4	-R\$49.2
	3Q20	3Q19	△	9M20	9M19	△
Average Trade Receivables (R\$ billions)	2.7	2.9	-6.9%	2.9	3.0	-3.3%
% of sales	15.5%	21.2%	-5.7p.p.	17.2%	21.4%	-4.2p.p.
Number of new cards (thousand)	102.7	178.9	-42.6%	335.9	489.4	-31.4%
Number of active cards (million)	2.8	5.3	-47.2%	3.8	5.4	-29.6%
Delinquency Rate* (%)	13.3%	10.2%	3.1p.p.	12.7%	8.2%	4.5p.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 third quarter of the year, revenue from this partnership added up to R\$ 16.0 million, a 69.5% decrease. This performance was the result of lower revenue due to less credit granted. As we see above, the percent total sales from this partnership was only 15% of total C&A sales, 5 pp below the same period last year and the lowest it has ever been. Up-front, lump-sum payments experienced the largest growth, or 4 pp.

Payment method	3Q20	3Q19	△	9M20	9M19	△
Cash payment	38%	34%	4p.p.	36%	34%	2p.p.
Bradescard partnership Cards	15%	21%	-5p.p.	17%	21%	-4p.p.
Up to 5 installments	3%	12%	-9p.p.	4%	12%	-8p.p.
More than 5 installments	11%	3%	8p.p.	9%	3%	6p.p.
Other	1%	6%	-5p.p.	4%	6%	-2p.p.
Third party Cards	47%	45%	2p.p.	47%	45%	2p.p.
Up to 3 installments	7%	7%	-0p.p.	24%	29%	-5p.p.
More than 3 installments	26%	31%	-5p.p.	15%	9%	6p.p.
Other	14%	7%	7p.p.	8%	7%	1p.p.

Default is calculated as annualized losses net of recovery divided by the net average of accounts receivable in the quarter. Default this quarter reached 13.3%, closer to normal levels. Default in the first 9 months of the year was 12.7%.

New cards issued totaled 102.7 thousand cards, 42.6% lower than in the same period last year, but better than 2Q20.

Proforma Adjusted EBITDA

R\$ million except margin	3Q20	3Q19	Δ	3Q20 pro forma	3Q19 pro forma	Δ pro forma	9M20	9M19	Δ	9M20 pro forma	9M19 pro forma	Δ pro forma
Profit (Losses)	(28.2)	19.1	-R\$47.3	(19.9)	13.9	-R\$33.8	(275.7)	796.3	-R\$1,072.0	(247.4)	14.1	(261.5)
(+) Income Tax	(24.1)	9.9	-R\$34.0	(19.8)	7.2	-R\$27.1	(151.2)	411.3	-R\$562.5	(136.6)	8.4	-R\$145.0
(+/-) Net Financial Result	13.1	28.8	-R\$15.7	(20.8)	23.7	-R\$44.6	93.2	(466.8)	R\$560.0	(8.1)	57.9	-R\$66.0
(+) Depreciation and Amortization	130.1	132.1	-1.5%	61.0	59.3	2.8%	387.7	392.7	-1.3%	182.1	172.9	5.3%
(-) EBITDA	90.9	190.0	-52.2%	0.4	104.2	-99.6%	54.1	1,133.5	-95.2%	(210.1)	253.3	-R\$463.3
(+/-) Other net operating income (expenses)	21.4	(2.8)	R\$24.2	21.4	(2.8)	R\$24.2	37.5	(9.0)	R\$46.4	37.5	(9.0)	R\$46.4
(+) Expenses with Controlling Shareholder	0.0	0.5	-R\$0.5	0.0	0.5	-R\$0.5	0.0	3.2	-R\$3.2	0.0	3.2	-R\$3.2
(+) Royalties Expenses	0.0	7.6	-R\$7.6	0.0	7.6	-R\$7.6	0.0	20.6	-R\$20.6	0.0	20.6	-R\$20.6
(+) Financial Income of Supplier	3.7	7.6	-51.0%	3.7	7.6	-51.0%	13.2	20.6	-36.0%	13.2	20.6	-36.0%
(-) Tax Credit Recovery	(51.3)	(4.8)	976.1%	(51.3)	0.0	-R\$51.3	(63.0)	(642.4)	-90.2%	(63.0)	0.0	-R\$63.0
(-) Adjusted EBITDA	64.7	198.1	-67.4%	(25.8)	117.1	-R\$142.9	41.8	526.6	-92.1%	(222.4)	288.6	-R\$511.1
Adjusted EBITDA Margin	6.1%	16.0%	-9.9p.p.	-2.4%	9.4%	-11.8p.p.	1.8%	14.9%	-13.1p.p.	-9.5%	8.1%	-17.6p.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

Proforma adjusted EBITDA in the third quarter was negative R\$ 25.8 million. Proforma adjusted EBITDA margin was negative 2.4%, an 11.8 pp drop.

Adjusted EBITDA in the first 9 months of the year was negative R\$ 222.4 million and proforma adjusted EBITDA margin was negative 9.5%.

Proforma Financial Earnings

R\$ milhões	3Q20	3Q19	△	3Q20 pro forma	3Q19 pro forma	△ pro forma	9M20	9M19	△	9M20 pro forma	9M20 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	(0.2)	(0.3)	R\$0.1	(0.2)	(0.3)	R\$0.1	(12.9)	30.6	-R\$43.5	(12.9)	30.6	-R\$43.5
Total Financial Expenses	(61.1)	(53.0)	-R\$8.1	(27.2)	(35.1)	R\$7.9	(161.8)	(148.5)	-R\$13.3	(60.5)	(93.4)	R\$32.9
Interest on loans - related party	0.0	(20.5)	R\$20.5	0.0	(20.5)	R\$20.5	0.0	(51.2)	R\$51.2	0.0	(51.2)	R\$51.2
Interest on loans - third party	(13.3)	0.0	-R\$13.3	(13.3)	0.0	-R\$13.3	(23.1)	0.0	-R\$23.1	(23.1)	0.0	-R\$23.1
Interests on Leases	(33.9)	(17.9)	-R\$16.0	0.0	0.0	R\$0.0	(101.4)	(55.1)	-R\$46.2	0.0	0.0	R\$0.0
Bank expenses and IOF	(0.4)	(0.9)	R\$0.5	(0.4)	(0.9)	R\$0.5	(1.3)	(3.7)	R\$2.4	(1.3)	(3.7)	R\$2.4
Interest on taxes and contingencies	(10.5)	(6.7)	-R\$3.8	(10.5)	(6.7)	-R\$3.8	(22.9)	(21.5)	-R\$1.4	(22.9)	(21.5)	-R\$1.4
Financial expenses of Suppliers - APV	(2.1)	(6.9)	R\$4.8	(2.1)	(6.9)	R\$4.8	(11.9)	(16.7)	R\$4.8	(11.9)	(16.7)	R\$4.8
Other	(0.8)	(0.1)	-R\$0.7	(0.8)	(0.1)	-R\$0.7	(1.3)	(0.20)	-R\$1.1	(1.3)	(0.2)	-R\$1.1
Total Financial Revenue	48.2	24.4	R\$23.8	48.2	11.7	R\$36.6	81.5	610.7	-R\$529.2	81.5	30.9	R\$50.6
Interests	44.3	16.8	R\$27.5	44.3	4.0	R\$40.3	67.3	590.3	-R\$523.1	67.3	10.6	R\$56.7
Financial income of supplier	3.7	7.6	-R\$3.9	3.7	7.6	-R\$3.9	13.2	20.6	-R\$7.4	13.2	20.6	-R\$7.4
Other	0.2	0.1	R\$0.2	0.2	0.1	R\$0.1	1.1	(0.2)	R\$1.3	1.1	(0.2)	R\$1.3
Net Financial Result	(13.1)	(28.8)	R\$15.7	20.8	(23.7)	R\$44.6	(93.2)	466.8	-R\$560.0	8.1	(57.9)	R\$66.0

In 3Q20 we had proforma financial revenue of R\$ 20.8 million, a R\$ 44.6 million increase compared to 3Q19.

This was impacted by a R\$ 40.3 million change mainly due to (i) R\$ 33.5 million in tax credit interest because the Company won a lawsuit regarding PIS / COFINS on imports, and (ii) increased interest from cash financial investments in the amount of R\$ 5.0 million.

The main impact on financial expenses was a R\$ 7.9 million reduction due a difference between the interest on related party loans in 2019, and the interest on third party loans in 2020.

Proforma Net Profit

R\$ million except margin	3Q20	3Q19	△	3Q20 pro forma	3Q19 pro forma	△ pro forma	9M20	9M19	△	9M20 pro forma	9M19 pro forma	△ pro forma
Net Profit (Losses)	(28.2)	19.1	-R\$47.3	(19.9)	13.9	-R\$33.8	(275.7)	796.3	-R\$1,072.0	(247.4)	14.1	-R\$261.5
Net Margin	-2.6%	1.5%	-4.1p.p.	-1.9%	1.1%	-3.0p.p.	-11.8%	22.5%	-34.3p.p.	-10.6%	0.4%	-11.0p.p.

Proforma net loss in 3Q20 was R\$ 19.9 million, a R\$ 33.8 million variation compared to 3Q19. Proforma net margin was negative 1.9%, a 3.0 pp drop. Proforma net losses, excluding the non-recurring effect of tax credit due to winning the PIS / COFINS on imports claim would have been R\$ 68.3 million, a variation of R\$82.2 million.

In the first 9 months of the year, proforma net loss were R\$ 247.4 million, with a proforma net margin of negative 10.6%.

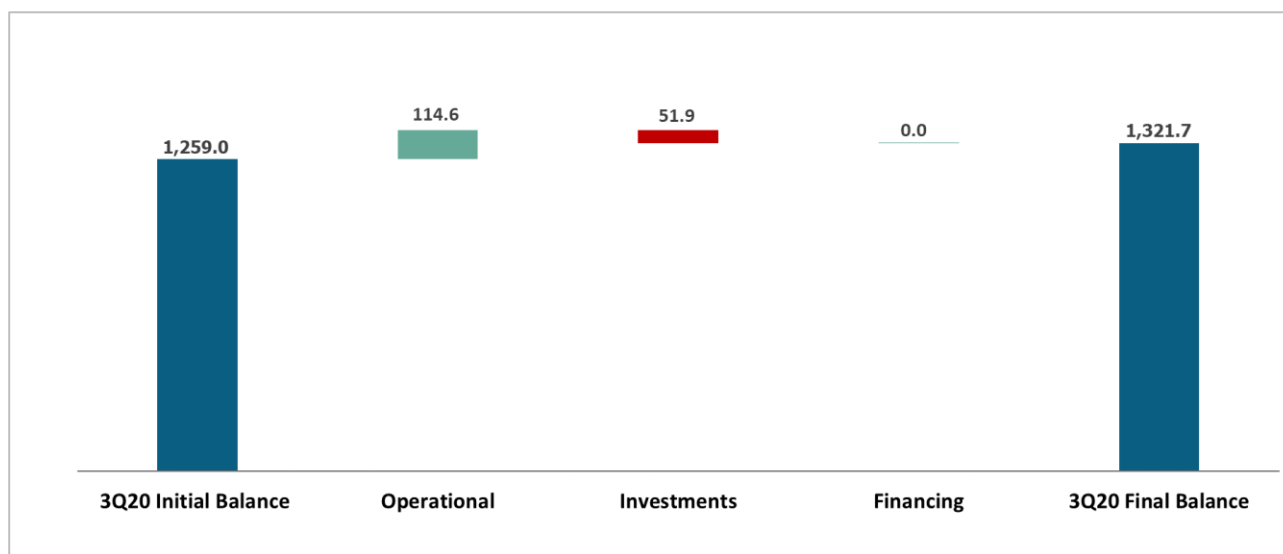
Adjusted Free Cash Flow

R\$ milhões	9M20	9M19	△
Pro forma (Loss) Income before Taxes	(384.0)	22.4	-R\$406.4
Depreciation and Amortization	182.1	172.9	5.3%
(+/-) Others	69.6	87.9	-20.8%
Non-cash Adjustment	251.7	260.8	-3.5%
Income tax and social contribution paid	(30.2)	(19.3)	56.7%
Working Capital	(37.7)	(110.4)	-65.8%
Trade Receivables	472.5	309.1	52.9%
Inventories	(245.1)	(117.6)	108.5%
Trade Payables	(77.6)	(91.0)	-14.7%
Others	(187.5)	(211.0)	-11.1%
Cash originated from operational activities	(200.3)	153.6	-R\$353.9
(-) CAPEX	(128.4)	(241.0)	-46.7%
(=) Adjusted Free Cash Flow	(328.7)	(87.4)	276.1%

C&A consumed R\$ 328.7 million in cash in the first 9 months of 2020, a R\$ 241.3 million increase compared to 2019. 2020 numbers are still heavily impacted by the need to close all our stores during 2Q20.

The cash balance at the end of 3Q20 was R\$ 1,321.7 million. R\$ 114.6 million in operating cash were generated and R\$ 51.9 million used for investments.

Change in Cash Position 3Q20



Investments

R\$ million	3Q20	3Q19	Δ	9M20	9M19	Δ
Total Investments	44.4	75.9	-41.5%	123.2	233.9	-47.3%
New Stores	12.6	14.6	-14.0%	27.2	40.2	-32.5%
Remodelling	15.1	36.4	-58.5%	43.9	109.5	-59.9%
Distribution Center	3.8	3.5	8.4%	8.0	12.5	-36.1%
IT and Others	12.9	21.4	-39.7%	44.1	71.7	-38.5%

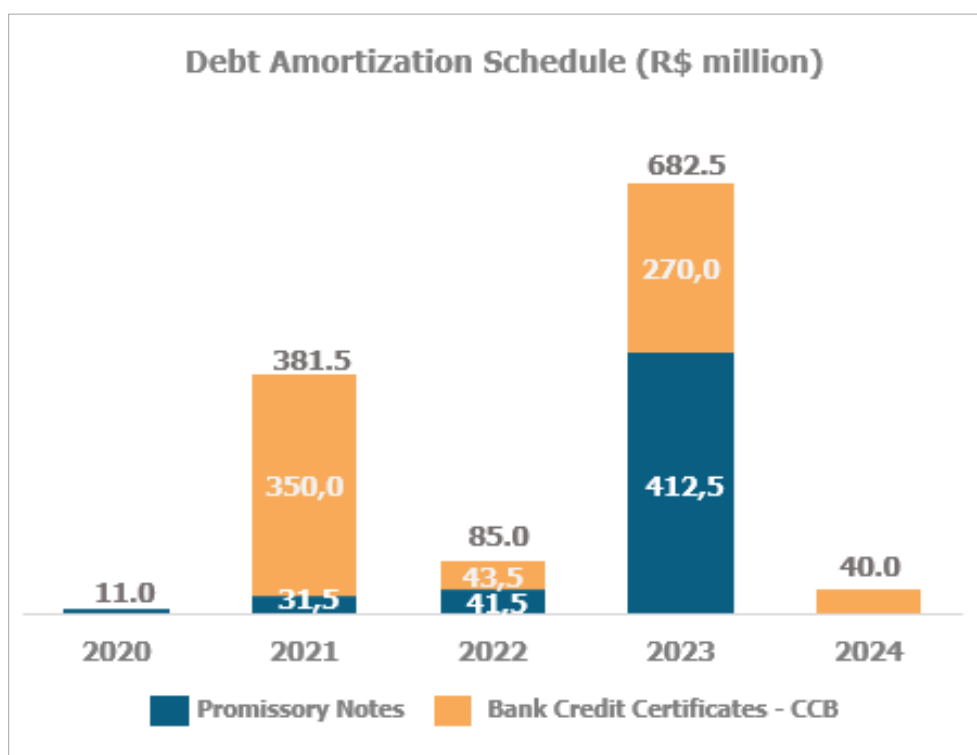
R\$ 44.4 million were invested in 3Q20, a 41.5% reduction compared to 3Q19. We have resumed our expansion plan and are investing in new stores. This quarter we opened one new store and have resumed work on others to be opened before the year ends. Store revamps started before stores were ordered to close have been completed, with 18 delivered in 3Q20. We are in the process of reviewing our store concept and segmentation and will halt store revamps until this project is complete.

We are again investing in distribution centers, and this should intensify over the next quarters as we move along in our plan to modernize our supply chain.

Indebtedness

R\$ million	09/30/2020	09/30/2019	Δ
Gross Debt	1,219.3	807.4	51.0%
Short-term debt	384.5	24.9	R\$359.6
Long-term debt	834.8	782.5	R\$52.3
(-) Cash and cash equivalents	1,321.7	188.7	R\$1,133.0
(=) Net Cash (Debt)	102.4	(618.7)	R\$721.1

C&A ended 3Q20 with a total gross debt of R\$ 1.2 billion and a solid net cash position of R\$ 102.4 million. The total debt has an average maturity of 2.16 years, and an average all-in cost of CDI + 2.35%.

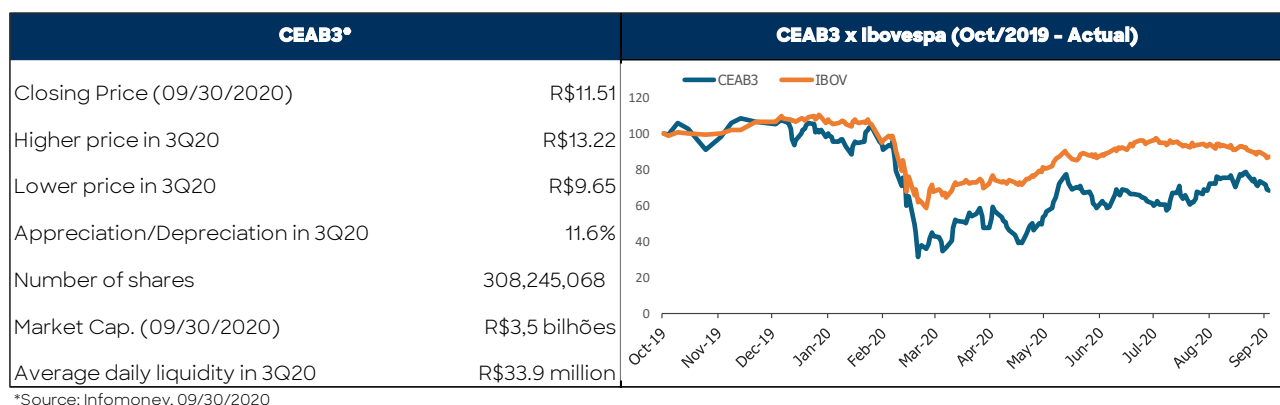


The debt amortization schedule regards only the principal, not including interest.

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 in 3Q20 was R\$ 33.9 million, with a 11.6% increase in the value of the shares. On September 30, 2020 the company's market cap was R\$ 3.5 billion.



The Company's share capital is 308,245,068 common shares, with a 34.5% free-float. The Company's free-float and its main shareholders on September 30, 2020 are described below:

Stockholding structure	Number of Shares (ON)	% of total
Controlling shareholder	201,319,336	65.3%
Itaú Unibanco S.A.	15,766,280	5.1%
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	75,027,355	24.3%
Total	308,245,068	100.0%

Attachments

Consolidated Statement of Financial Position

R\$ million	09/30/2020	12/31/2019	R\$ million	09/30/2020	12/31/2019
Total Assets	6,778.0	6,037.1	Total liabilities and shareholder's equity	6,778.0	6,037.1
Current Assets	3,093.0	2,999.6	Current Liabilities	1,827.3	1,751.1
Cash and cash equivalents	1,321.7	447.1	Lease liabilities	388.3	357.9
Trade receivables	680.8	1,151.5	Loans	384.5	0.0
Derivatives	4.3	0.7	Trade payables	725.4	804.0
Related Parties	0.04	0.4	Derivatives	0.0	3.9
Inventories	762.2	544.7	Labor Liabilities	145.1	128.5
Taxes recoverable	272.5	795.6	Related Parties	67.2	69.5
Income tax recoverable	17.5	38.0	Interest on shareholders' equity and dividends payable	68.8	144.8
Other assets	33.9	21.6	Taxes Payable	21.9	183.6
Noncurrent Assets	3,685.0	3,037.5	Income Tax payable	0.3	35.8
Long term Assets	1,306.2	624.9	Other liabilities	25.7	23.1
Taxes recoverable	1,091.4	521.1	Noncurrent liabilities	2,401.4	1,546.5
Deferred taxes	128.0	0.0	Lease liabilities	1,273.8	1,229.8
Judicial deposits	83.1	101.8	Loans	834.8	-
Other assets	3.7	2.0	Labor Liabilities	3.6	3.6
Property and equipment	631.1	717.4	Labor, Civil, Security and Tax Provisions	231.2	233.8
Right-of-use assets	1,527.4	1,507.8	Taxes payable	24.6	1.1
Intangible asset	220.3	187.3	Deferred taxes	0.0	45.6
			Other liabilities	33.4	32.6
			Equity	2,549.3	2,739.6
			Capital stock	1,847.2	1,847.2
			Capital reserves	16.0	11.7
			Retained earnings (loss)	(275.7)	-
			Profit Reserve	958.9	882.9
			Other comprehensive income (loss)	2.9	(2.2)

Consolidated Statement of Earnings - Quarterly

R\$ million	3Q20	3Q19	△	3Q20 pro forma	3Q19 pro forma	△ pro forma
Net Operational Revenue	1,067.2	1,241.9	-14.1%	1,067.2	1,241.9	-14.1%
Apparel	820.6	974.8	-15.8%	820.6	974.8	-15.8%
Fashiontronics	228.1	210.7	8.2%	228.1	210.7	8.2%
Financial Services - Bradescard Partnership	16.0	52.5	-69.4%	16.0	52.5	-69.4%
Other Commissions Revenue	2.4	3.8	-37.4%	2.4	3.8	-37.4%
Cost of sales and services rendered	(612.1)	(654.0)	-6.4%	(612.1)	(654.0)	-6.4%
Gross Profit	455.0	587.9	-22.6%	455.0	587.9	-22.6%
Apparel	395.9	489.2	-19.1%	395.9	489.2	-19.1%
Fashiontronics	56.9	51.3	10.8%	56.9	51.3	10.8%
Gross Profit of Goods	452.8	540.5	-16.2%	452.8	540.5	-16.2%
Financial Products - Bradescard Partnership	15.8	52.2	-69.7%	15.8	52.2	-69.7%
Other Commissions Gross Profit	(13.6)	(4.8)	-R\$8.7	(13.6)	(4.8)	-R\$8.7
Operating (expenses) income	(494.2)	(530.0)	-6.7%	(515.6)	(543.0)	-5.0%
General and Administrative expenses	(115.0)	(108.9)	5.6%	(116.2)	(109.6)	5.9%
Selling expenses	(409.1)	(428.7)	-4.6%	(429.3)	(436.1)	-1.6%
Other net operating income (expenses)	29.9	7.5	R\$22.4	29.9	2.8	R\$27.1
Operating profit	(39.2)	57.9	-R\$97.1	(60.6)	44.8	-R\$105.4
Net Finance Results	(13.1)	(28.8)	R\$15.7	20.8	(23.7)	R\$44.6
Gain (loss) from derivative	0.0	0.0	R\$0.0	0.0	0.0	R\$0.0
Foreign exchange variation	(0.2)	(0.3)	R\$0.1	(0.2)	(0.3)	R\$0.1
Total Finance Expenses	(61.1)	(53.0)	-R\$8.1	(27.2)	(35.1)	R\$7.9
Interest on related party loans	0.0	(20.5)	R\$20.5	0.0	(20.5)	R\$20.5
Interest on loans	(13.3)	0.0	-R\$13.3	(13.3)	0.0	-R\$13.3
Interests on Leases	(33.9)	(17.9)	-R\$16.0	0.0	0.0	R\$0.0
Bank expenses and IOF	(0.4)	(0.9)	R\$0.5	(0.4)	(0.9)	R\$0.5
Interest on taxes and contingencies	(10.5)	(6.7)	-R\$3.8	(10.5)	(6.7)	-R\$3.8
Financial expenses of Suppliers - PVA	(2.1)	(6.9)	R\$4.8	(2.1)	(6.9)	R\$4.8
Other	(0.8)	(0.1)	-R\$0.7	(0.8)	(0.1)	-R\$0.7
Total Financial Revenue	48.2	24.4	R\$23.8	48.2	11.7	R\$36.6
Interests	44.3	16.8	R\$27.5	44.3	4.0	R\$40.3
Financial income of supplier	3.7	7.6	-R\$3.9	3.7	7.6	-R\$3.9
Other	0.2	0.1	R\$0.2	0.2	0.1	R\$0.1
Income before taxes	(52.3)	29.0	-R\$81.3	(39.8)	21.1	-R\$60.9
Income taxes	24.1	(9.9)	R\$34.0	19.8	(7.2)	R\$27.1
Net Income (loss) for the period	(28.2)	19.1	-R\$47.3	(19.9)	13.9	-R\$33.8
(+) Income Tax	(24.1)	9.9	-R\$34.0	(19.8)	7.2	-R\$27.1
(+/-) Net Financial Result	13.1	28.8	-R\$15.7	(20.8)	23.7	-R\$44.6
(+) Depreciation and Amortization	130.1	132.1	-1.5%	61.0	59.3	2.8%
(=) EBITDA	90.9	190.0	-R\$99.1	0.4	104.2	-R\$103.8
(+/-) Other net operating income (expenses)	21.4	(2.8)	R\$24.2	21.4	(2.8)	R\$24.2
(+) Expenses with Controlling Shareholder	0.0	0.5	-R\$0.5	0.0	0.5	-R\$0.5
(+) Royalties Expenses	0.0	7.6	-R\$7.6	0.0	7.6	-R\$7.6
(+) Financial Income of Supplier	3.7	7.6	-51.0%	3.7	7.6	-51.0%
(-) Tax Credit Recovery	(51.3)	(4.8)	-R\$46.6	(51.3)	0.0	-R\$51.3
(=) Adjusted EBITDA	64.7	198.1	-R\$133.4	(25.8)	117.1	-R\$142.9

Consolidated Statement of Earnings - 9M20

R\$ million	9M20	9M19	△	9M20 pro forma	9M19 pro forma	△ pro forma
Net Operational Revenue	2,338.5	3,542.7	-34.0%	2,338.5	3,542.7	-34.0%
Apparel	1,728.6	2,699.6	-36.0%	1,728.6	2,699.6	-36.0%
Fashiontronics	500.7	660.1	-24.2%	500.7	660.1	-24.2%
Financial Services - Bradescard Partnership	100.1	168.8	-40.7%	100.1	168.8	-40.7%
Other Commissions Revenue	9.1	14.2	-36.3%	9.1	14.2	-36.3%
Cost of sales and services rendered	(1,263.9)	(1,833.3)	-31.1%	(1,263.9)	(1,833.3)	-31.1%
Gross Profit	1,074.6	1,709.4	-37.1%	1,074.6	1,709.4	-37.1%
Apparel	875.7	1,390.3	-37.0%	875.7	1,390.3	-37.0%
Fashiontronics	117.3	161.7	-27.5%	117.3	161.7	-27.5%
Gross Profit of Goods	993.0	1,552.0	-36.0%	993.0	1,552.0	-36.0%
Financial Products - Bradescard Partnership	99.4	167.8	-40.8%	99.4	167.8	-40.8%
Other Commissions Gross Profit	(17.7)	(10.4)	70.8%	(17.7)	(10.4)	70.8%
Operating (expenses) income	(1,408.2)	(968.6)	45.4%	(1,466.8)	(1,629.1)	-10.0%
General and Administrative expenses	(334.4)	(347.6)	-3.8%	(338.9)	(350.0)	-3.2%
Selling expenses	(1,099.3)	(1,272.3)	-13.6%	(1,153.4)	(1,288.1)	-10.5%
Other net operating income (expenses)	25.5	651.3	-R\$625.8	25.5	9.0	16.6
Operating profit	(333.6)	740.9	-R\$1,074.5	(392.2)	80.3	-R\$472.5
Net Finance Results	(93.2)	466.8	-R\$560.0	8.1	(57.9)	R\$66.0
Gain (loss) from derivative	0.0	(26.1)	R\$26.1	0.0	(26.1)	R\$26.1
Foreign exchange variation	(12.9)	30.6	-R\$43.5	(12.9)	30.6	-R\$43.5
Total Finance Expenses	(161.8)	(148.5)	-R\$13.3	(60.5)	(93.4)	R\$32.9
Interest on related party loans	0.0	(51.2)	R\$51.2	0.0	(51.2)	R\$51.2
Interest on loans	(23.1)	0.0	-R\$23.1			
Interests on Leases	(101.4)	(55.1)	-R\$46.2	0.0	0.0	R\$0.0
Bank expenses and IOF	(1.3)	(3.7)	R\$2.4	(1.3)	(3.7)	R\$2.4
Interest on taxes and contingencies	(22.9)	(21.5)	-R\$1.4	(22.9)	(21.5)	-R\$1.4
Financial expenses of Suppliers - PVA	(11.9)	(16.7)	R\$4.8	(11.9)	(16.7)	R\$4.8
Other	(1.3)	(0.2)	-R\$1.1	(1.3)	(0.2)	-R\$1.1
Total Financial Revenue	81.5	610.7	-R\$529.2	81.5	30.9	R\$50.6
Interests	67.3	590.3	-R\$523.1	67.3	10.6	R\$56.7
Financial income of supplier	13.2	20.6	-R\$7.4	13.2	20.6	-R\$7.4
Other	1.1	(0.2)	R\$1.3	1.1	(0.2)	R\$1.3
Income before taxes	(426.8)	1,207.6	-R\$1,634.5	(384.1)	22.4	-R\$406.5
Income taxes	151.2	(411.3)	R\$562.5	136.6	(8.4)	R\$145.0
Net Income (loss) for the period	(275.7)	796.3	-R\$1,072.0	(247.4)	14.1	-R\$258.7
(+) Income Tax	(151.2)	411.3	-R\$562.5	(136.6)	8.4	-R\$145.0
(+/-) Net Financial Result	93.2	(466.8)	R\$560.0	(8.1)	57.9	-R\$66.0
(+) Depreciation and Amortization	387.7	392.7	-1.3%	182.1	172.9	5.3%
(=) EBITDA	54.1	1,133.5	-R\$1,079.4	(210.1)	253.3	-R\$463.4
(+/-) Other net operating income (expenses)	37.5	(9.0)	R\$46.4	37.5	(9.0)	R\$46.4
(+) Expenses with Controlling Shareholder	0.0	3.2	-R\$3.2	0.0	3.2	-R\$3.2
(+) Royalties Expenses	0.0	20.6	-R\$20.6	0.0	20.6	-R\$20.6
(+) Financial Income of Supplier	13.2	20.6	-36.0%	13.2	20.6	-36.0%
(-) Tax Credit Recovery	(63.0)	(642.4)	R\$579.3	(63.0)	0.0	-R\$63.0
(=) Adjusted EBITDA	41.8	526.6	-R\$484.8	(222.5)	288.6	-R\$511.1

Consolidated Cash Flow

R\$ million	9M20	9M19
Operating Activities		
Income (loss) before income tax	(426.8)	1,207.6
(*)Adjustments to reconcile income taxes to net cash flow:	584.7	(735.9)
Depreciation and amortization	182.1	172.9
Depreciation of right of use asset	226.3	219.8
Losses on sale or disposal of property and equipment and intangible assets	7.2	19.5
Impairment on property and equipment and intangibles and right of use	(7.1)	(21.1)
Provisions for expected credit losses	3.8	5.3
Adjustment to present value of trade receivables and suppliers	(3.2)	(2.4)
Expenses with stock-based compensation	4.4	0.0
Provisions (reversals) for tax, civil and labor risks	28.7	7.4
Judicial deposits	(1.4)	(2.3)
Provisions for inventory losses	27.7	21.3
Interest on leases	106.8	55.1
Interest on related parties loans	0.0	51.2
Interest on loans	23.1	0.0
Amortization transaction costs of loans	1.2	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	(14.7)	(1,271.6)
(*)Working capital adjustments	(67.9)	(80.2)
Trade receivable	472.5	309.1
Related parties	(2.0)	8.9
Inventories	(245.1)	(117.6)
Taxes recoverable	(12.0)	16.6
Other assets	(14.0)	(18.8)
Judicial deposits	2.9	(7.0)
Trade Payables	(77.6)	(91.0)
Labor liabilities	16.6	2.4
Other liabilities	3.4	(12.6)
Provisions for tax, civil and labor proceedings	(14.0)	(8.0)
Taxes payable	(168.4)	(143.0)
Income tax paid	(30.2)	(19.3)
(=)Net cash flows from operating activities	89.9	391.5
(*)Investment Activities	(128.5)	(241.0)
Purchase of property and equipment	(81.7)	(241.0)
Purchase of intangible assets	(46.8)	0.0
Receivables from the sale of property and equipment	0.09	0.0
Cash flow used in investment activities		
(*)Financing Activities	913.0	(407.8)
Proceeds from new loans	1,200.0	508.0
Repayments of loans	0.0	(590.6)
Loan transaction costs	(5.0)	0.0
Interest paid on loans	0.0	(36.3)
Settlements of derivatives	0.0	7.6
Repayments and interest paid on leases	(282.0)	(237.9)
Interest on shareholder's equity paid	0.0	(58.6)
Net cash flows obtained from (used in) financing activities	913.0	(407.8)
(=)Increase (Decrease) in cash and cash equivalents	874.6	(257.3)
Cash and cash equivalents at the beginning of the period	447.1	446.0
Cash and cash equivalents at the end of the period	1,321.7	188.7

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 colognes for men, women and children. It has a number of B&M stores and an online e-commerce platform. It also offers electronic items such as 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 September 30, 2020 there were 289 C&A stores in operation, with a total sales area of approximately 549 thousand sq. meters.

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