



Earnings Release

2Q23

Results Videoconference:

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Apparel sales grew 1.7% in 2Q23, with a 2.2 p.p. increase in gross margin and 11.5% increase in Adjusted EBITDA

HIGHLIGHTS

- Net revenue from apparel was 1.7% higher than in 2Q22.
- 0.8% increase in total Net Revenue compared to 2Q22.
- Apparel same store sales were up 0.7% compared to 2Q22.
- Apparel gross margin was 56.4%, a 0.5 p.p. increase over 2Q22; 1.4 p.p. increase in gross margin from merchandise to 52.0%.
- Operating expenses dropped 4.0% compared to 2Q22;
- Adjusted EBITDA post-IFRS16 was R\$ 274.0 million, 11.5% above 2Q22.
- Over 600,000 new C&A Pay cards were issued in the quarter. Currently we have close to 3.6 million active cards. We continue to exercise cautious risk management.
- Disciplined Capex, with investments of R\$ 55.7 million in the quarter, 51.0% less than in 2Q22.
- Free cash flow of R\$76.0 million, compared to R\$ 101.3 million cash consumption in 2Q22.
- 26.9% drop in gross debt in 2Q23.

Indicators (R\$ million)	2Q23	2Q22	Δ	6M23	6M22	Δ
Total Net Revenue (R\$ Mn)	1,643.0	1,630.2	0.8%	2,883.5	2,827.3	2.0%
Apparel Net Revenue (R\$ Mn)	1,351.0	1,328.8	1.7%	2,317.0	2,239.6	3.5%
Apparel Same Store Sales (SSS) ¹ (%)	0.7%	35.0%	-34.3 p.p.	2.2%	42.5%	-40.3 p.p.
Same Store Sales (SSS) ¹ (%)	-2.2%	34.2%	-36.4 p.p.	-0.7%	41.6%	-42.3 p.p.
Total Gross Omnichannel Revenue (GMV ² 1P+3P)	366.1	300.7	21.7%	575.0	509.1	12.9%
Total Gross Margin (%)	53.5%	51.3%	2.2 p.p.	52.2%	49.7%	2.5 p.p.
Apparel Gross Margin (%)	56.4%	55.9%	0.5 p.p.	55.0%	53.9%	1.1 p.p.
Gross Merchandise Margin (%)	52.0%	50.6%	1.4 p.p.	50.3%	48.3%	2.0 p.p.
Operating Expenses ³ (R\$ Mn)	(543.1)	(565.6)	-4.0%	(1,042.2)	(1,135.9)	-8.2%
Adjusted EBITDA (post-IFRS16) ⁴ (R\$ Mn)	274.0	245.8	11.5%	350.8	246.0	42.6%
Adjusted EBITDA margin (post-IFRS16) (%)	16.7%	15.1%	1.6 p.p.	12.2%	8.7%	3.5 p.p.
Net profit (loss) (R\$ Mn)	4.2	2.1	100.0%	(122.1)	(150.6)	-18.9%
Investments (R\$ Mn)	55.7	113.7	-51.0%	105.5	169.2	-37.6%

(1) 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 and deliveries (100% online, ship-from-store and click-and pick-up).

(2) GMV - Gross Merchandise Value: 1P – first-party relationship or direct sales, 3P – third-party relationship or marketplace sales

(3) Excludes depreciation and amortization, includes right-of-use (lease) depreciation to facilitate the analysis.

(4) Adjustments include: (i) other net operating revenue (expenses); (ii) trade financial revenue; e (iii) Recovery of tax credits.

Message from management

With another improvement in its key financial metrics, C&A again posted a solid performance in the second quarter, demonstrating our continued focus on our key strategic drivers: efficient and disciplined cash management, constant operational improvement and connection to the customer.

Our fall/winter collection was well received, and our inventory levels proved adequate, as we continue to reap the benefits of dynamic pricing and SKU-based distribution. Although we are still operating in a more challenging consumption and competition environment that was also marked by milder winter that impacted the sale of winter goods, we managed to grow our apparel sales by 1.7% in the second quarter, on a tough comparable base. This reflects the assertive commercial strategy to address customers seeking value, quality, and an overall better buying experience. In spite of this our gross margin from apparel grew by 0.5 p.p., and our total gross margin was up 2.2 p.p. We also organized tactical promotions during commemorative dates such as Mother's Day and *Dia dos Namorados*, the Brazilian equivalent of Valentine's. These helped leverage sales by increasing store traffic and after-sales repurchases.

We intensified our cost and expense management, reducing operating expenses by 4%. This led to an 11.5% increase in Adjusted EBITDA (post IFRS 16), which reached R\$ 274.0 million, while our margin increased 1.6 p.p. to 16.7%. We also exercised strict control of our investment plan, reducing the CAPEX for the quarter by 51%. We focused our effort on opening 3 new stores, on investments in technology to improve our processes to further our understanding of customer behavior, and on reinforcing our omnichannel position.

We continue to focus on reducing our gross debt. There was a decrease of R\$ 512 million in the second quarter, a reduction of 26.9% in our gross debt. We ended the quarter with a cash position of R\$ 965.4 million, resulting in a significant drop in net debt compared to 2Q22.

In terms of credit solutions, C&A Pay continues growing and now has 3.6 million digital cards that customers can use in our B&M stores and digital channels. We continue to be selective in offering credit, cognizant of household debt levels, their ability to pay, and the behavior of default rates in the country. We also focus on improving the customer buying experience, and introduced payment based on facial biometrics this quarter. This innovation will offer customers a more agile and seamless experience when C&A Pay customers make their purchases.

Reinforcing our good practices in Sustainability, we launched our first denim collection with certified, traceable cotton. Each item has a tag with a CR Code that allows customers to see the trajectory for each item, from the farm where the cotton was farmed, to the C&A store that sold it, and each step along the way using blockchain technology.

We would like to take this opportunity to welcome Laurence Gomes, who joins us as our new CFO. He has over 20 years' experience in traded companies and in fashion retail and financial services.

Finally, we continue to consistently improve our main financial metrics due to disciplined management, capturing returns on the investments made in recent years, which transformed operations on several fronts. We believe that by constantly focusing on cash management, disciplined operational execution,

and better connection with customer expectation, we will consistently increase the shine and value of C&A for our customers, associates, suppliers, and shareholders.

The management of C&A Modas S.A

Financial Performance

Net Revenue

In the second quarter, net revenue was R\$ 1,643.0 billion, 0.8% above 2Q22. Net revenue from goods was R\$ 1,549.3 million, a 1.4% drop. It accounted for 94.3% of total revenue with revenue from financial services growing 60.6% to R\$ 88.0 million.

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
Net Revenue from Apparel	1,351.0	1,328.8	1.7%	2,317.0	2,239.6	3.5%
Net Revenue from <i>Fashiontronics</i> and Beauty	198.3	241.7	-18.0%	389.5	456.0	-14.6%
Net Revenue from Merchandise sales	1,549.3	1,570.6	-1.4%	2,706.6	2,695.7	0.4%
Other revenue	5.7	4.9	16.3%	9.8	10.5	-6.7%
Financial Services	88.0	54.8	60.6%	167.1	121.1	38.0%
Total Net Revenue	1,643.0	1,630.2	0.8%	2,883.5	2,827.3	2.0%
%	2Q23	2Q22	Δ	6M23	6M22	Δ
Apparel - Same Store Sales	0.7%	35.0%	-34.3 p.p.	2.2%	42.5%	-40.3 p.p.
<i>Fashiontronics</i> and Beauty - Same Store Sales	-17.9%	30.0%	-47,9p.p.	-15.0%	37.4%	-52,4p.p.
Same Store Sales (SSS)¹ (%)	-2.2%	34.2%	-36.4 p.p.	-0.7%	41.6%	-42.3 p.p.

(1) 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 and deliveries (100% online, ship-from-store and click-and pick-up).

Apparel

In 2Q23 apparel revenue increased 1.7%, and SSS were up de 0.7%. Apparel performance was impacted by higher temperatures in April and May compared to the previous year. This was partially offset by the good reception of our collection, resulting in sales above 2022 levels.

Fashiontronics and Beauty

This category is primarily comprised of cell phones and smartphones, and by beauty goods and watches. Beauty products already account for 18% of the category, although they were only added in late 2019. The focus right now is to improve their share of the category.

Revenue was down 18.0% compared to 2Q22. Demand for cell phones and smartphones remains weak due to Brazil's challenging macroeconomic conditions.

Net Revenue from Merchandise

Net revenue from merchandise was 1.4% below 2Q22, or R\$ 1,549.3 million. This is the result of the drop in fashiontronics and beauty items in the quarter.

Same-store sales dropped 2.2% in 2Q23.

Other revenue

Other revenue increased 16.3% in 2Q23, to R\$ 5.7 million, mostly due to an increase in e-commerce shipping charges, despite the decrease in cell phone and smartphone sales, and thus a decrease in the commission from sim-card activation.

Net Revenue from Financial Products and Services

Revenue from financial services in the quarter amounted to R\$ 88.0 million, a 60.6% increase, primarily due to the growth of C&A Pay operations.

Omnichannel

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
Total Gross Omnichannel Revenue (GMV¹ 1P+3P)	366.1	300.7	21.7%	575.0	509.1	12.9%
Omnichannel Net Revenue	267.4	220.7	21.2%	508.3	378.4	34.3%
% Net Revenue from Digital / Total Merchandise Revenue	17.3%	14.1%	3.2 p.p.	18.7%	14.0%	4.7 p.p.

(1) GMV - Gross Merchandise Value: 1P – first-party relationship or direct sales, 3P – third-party relationship or marketplace sales

Our Omnichannel Gross Revenue, or online GMV, which includes sales via our website, app, direct sales (including WhatsApp), and marketplace partner (*sellers*) sales increased 21.7% in the quarter, to R\$ 366.1 million.

Omni net revenue in 2Q23 was R\$ 267.4 million, a 21.2% growth. They accounted for 17.3% of total sales.

Gross Profit and Margin

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
Gross Profit from Apparel	762.5	743.3	2.6%	1,275.3	1,207.7	5.6%
Gross Profit from Fashiontronics and Beauty	43.1	52.1	-17.3%	86.7	94.0	-7.8%
Gross Profit from Merchandise	805.6	795.4	1.3%	1,362.0	1,301.7	4.6%
Other Gross Profit	(14.0)	(13.1)	6.9%	(24.7)	(18.2)	35.7%
Gross Profit from Financial Services	87.7	54.1	62.1%	166.6	120.3	38.5%
Total Gross Profit	879.3	836.5	5.1%	1,503.9	1,403.9	7.1%
%	2Q23	2Q22	Δ	6M23	6M22	Δ
Gross Margin from Apparel	56.4%	55.9%	0.5 p.p.	55.0%	53.9%	1.1 p.p.
Gross Margin from <i>Fashiontronics and Beauty</i>	21.7%	21.6%	0.1 p.p.	22.2%	20.6%	1.6 p.p.
Gross Merchandise Margin	52.0%	50.6%	1.4 p.p.	50.3%	48.3%	2.0 p.p.
Total Gross Margin	53.5%	51.3%	2.2 p.p.	52.2%	49.7%	2.5 p.p.

Gross profit in 2Q23 amounted to R\$ 879.3 million, 5.1% over 2Q22. Total gross margin in the quarter was 53.5%, 2.2 p.p. higher, primarily due to better margins in all business lines.

Gross margin from apparel was 56.4%, a 0.5 p.p. increase due to the continued use of dynamic pricing and the benefits of push-pull distribution for our higher turnover goods.

The margin from Fashiontronics and Beauty in the quarter remained broadly stable at 21.7% due to the larger share of beauty products in our Fashiontronics and Beauty line.

Gross margin from merchandise was 52.0%, s 1.4 p.p. increase over 2T22. This is primarily the result of improved apparel margins, and the lower share of Fashiontronics and Beauty in the mix.

Operating Expenses

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
Selling Expenses	413.8	(464.9)	-11.0%	807.1	(911.4)	-11.4%
General and administrative expenses	(134.9)	(114.4)	17.9%	(246.4)	(236.8)	4.1%
Total Selling and G&A Expenses¹	(548.7)	(579.3)	-5.3%	1,053.5	(1,148.2)	-8.2%
Other operating income (expenses)	5.7	13.7	-58.4%	11.3	12.3	-8.1%
Operating Expenses¹	(543.0)	(565.6)	-4.0%	(1,042.2)	(1,135.9)	-8.2%

%	2Q23	2Q22	Δ	6M23	6M22	Δ
Selling Expenses / Total Net Revenue	25.2%	28.5%	-3.3 p.p.	28.0%	32.2%	-4.2 p.p.
G&A Expenses / Total Net Revenue	8.2%	7.0%	1.2 p.p.	8.5%	8.4%	0.1 p.p.
Selling Expenses and G&A/Total Net Revenue	33.4%	35.5%	-2.1 p.p.	36.5%	40.6%	-4.1 p.p.

(1) Expenses comply with accounting standard IFRS16 and exclude Depreciation and Amortization expenses, as well as Right-of-Use Depreciation (Lease), and net credit provisions to facilitate the analysis. Data that excludes this impact is available on the fundamentals spreadsheet on the C&A RI site

Operating expenses in the second quarter, excluding depreciation and net credit losses, amounted to R\$ 543.0 million, 4.0% less than in 2Q22, primarily as a result of lower selling expenses.

Sales expenses were down 11.0% compared to 2Q22, to R\$ 413.8 million. This is due to a decline in marketing expenses as we seek to make our online operating profitable by reducing our digital marketing costs. We also reduced third party goods and services, as well as shipping and personnel costs.

General and administrative expenses increased 17.9%, to R\$ 134.9 million as we spent more on third party goods and services, reflecting an increase in our spending on technology and digital projects, and had higher expenses with third party labor due to the larger number of SKUs handled at our distribution centers.

Our operating expenses are available in the fundamentals spreadsheet on the company's IR site – <https://ri.cea.com.br>.

Sales and G&A expenses were 33.4% of total net revenue, a 2.1 p.p. drop, reflecting better operating leverage.

Other operating income was revenue of R\$ 5.7 million, a 58.4% drop due to the recognition of social security credits in the approximate amount of R\$ 17 million.

Financial Services

Net revenue from financial services was R\$ 88.0 million this quarter, 60.6% above 2Q22 due to the good performance of C&A Pay, which offset the drop in revenue from the Bradescard Partnership. The drop in contribution from this partnership is related to the macroeconomic environment, with higher delinquency rates and increased provisions for losses that have been impacting banks and retailers.

Provisions for losses from the C&A Pay operation in the month were R\$ 59.0 million, due to a portfolio that is still maturing. Total expenses amounted to R\$ 54.7 million, a 5.2% increase as the C&A Pay operation is now mature. Our financial services operating expenses are available in the fundamentals spreadsheet on the company's IR site – <https://ri.cea.com.br>.

One quarter of 2Q23 sales used credit, either via C&A Pay or via our Bradescard partnership.

Indicators (R\$ million)	2Q23	2Q22	Δ	6M23	6M22	Δ
Bradescard Partnership	16.2	26.4	-38.6%	26.1	82.8	-68.5%
C&A Pay (Private Label)	71.8	28.4	152.8%	141.0	38.3	268.1%
Net revenue from Funding and Taxes on Financial Services	88.0	54.8	60.6%	167.1	121.1	38.0%
Gross profit - Financial Services	87.7	54.1	62.1%	166.6	120.3	38.5%
(-) Losses Net of Recoveries (C&A Pay - Private Label)	(59.0)	(12.2)	383.6%	(103.1)	(13.4)	669.4%
(-) Total Financial Services Expenses¹	(54.7)	(52.0)	5.2%	(112.9)	(99.9)	13.0%
(=) Financial Services Results	(26.0)	(10.1)	157.4%	(49.4)	7.0	-805.7%

(1) Includes depreciation

Indicators	2Q23	2Q22	Δ	6M23	6M22	Δ
C&A Pay (Private Label)						
Trade receivables (million)	702.5	324.5	116.5%	702.5	324.5	116.5%
% of Sales	20%	13%	7.0 p.p.	19%	12%	7.0 p.p.
Number of new cards (thousand)	609	589	3.3%	1,032	1,079.0	-4.4%
Number of active cards (thousand)	3,598	1,481	142.9%	3,598	1,481.0	142.9%
Losses net of recoveries over portfolio for the period %	9.1%	4.8%	4.3 p.p.	16.1%	6.3%	9.8 p.p.

In the quarter, C&A Pay issued over 609,000 new digital cards, for a total of 3.6 million cards issued. The card now accounts for 20% of sales, a 7 p.p. increase. Losses net of recovery over the average portfolio in the quarter amounted to 9.1%.

In the Bradescard partnership, 86,000 new cards were issued, and Bradescard credit as a percentage sale was 5%, down 4 p.p. The indicators for the Bradescard Partnership are in the appendix.

C&A Pay - Private Label (R\$ thousand)	Coming due	Past due	Balance
Up to 30 days	147,893	17,628	165,521
31 – 60 days	98,779	14,505	113,284
61 – 90 days	74,636	25,124	99,760
91 - 180 days	114,740	72,407	187,147
180 - 360 days	58,052	77,973	136,025
Longer than 361 days	746	-	746
Total	494,846	207,637	702,483

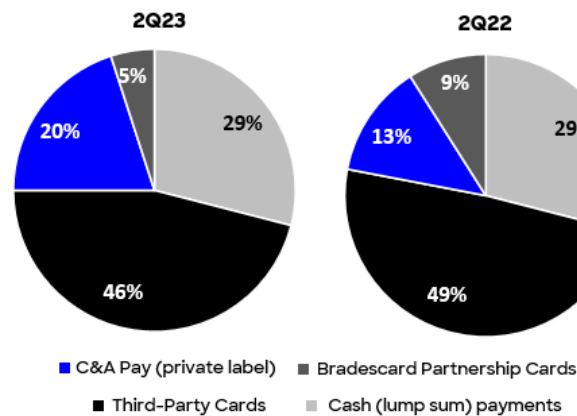
The 90 days or more past due portfolio accounted for 21.4% of the total. We remind you that C&A Pay completed its first full year of operations in December 2022, and is still in the process of creating baskets.

C&A Pay - Private Label (R\$ thousand)	Portfolio	DPD	% Coverage
Balance of active portfolio (on balance)	702,483	129,635	18.5%
Stage 1	496.115	10,418	2.1%
Stage 2	52,610	5,314	10.1%
Stage 3	153,758	113,903	74.1%
Off balance higher provisions for losses ¹ (off balance)	1,621,877	320	0.02%
Grand Total	2,324,360	129,955	
Coverage over credit portfolio			18.5%

(1) Includes limits granted but not used

Coverage over credit portfolio ended the quarter at 18.5%. In stage 3, the 90 days or more past due portfolio coverage amounted to 74.1%.

Payment methods



In payment methods we highlight the increase share of C&A Pay, reflecting assertive offering and execution.

Adjusted EBITDA (post- IFRS 16)

R\$ million, except margins	2Q23	2Q22	Δ	6M23	6M22	Δ
Net Profit (Loss) for the Period	4.2	2.1	100.0%	(122.1)	(150.6)	-18.9%
(+) Income taxes	(6.9)	(8.5)	-18.8%	(74.7)	(95.2)	-21.5%
(+/-) Net financial results	104.6	95.6	9.4%	205.6	164.2	25.2%
(+) Depreciation and Amortization	175.4	169.4	3.5%	349.8	336.3	4.0%
(=) EBITDA (post-IFRS 16)	277.3	258.6	7.2%	358.6	254.6	40.8%
(+/-) Other net operating income (expenses)	1.0	2.5	-60.0%	2.0	7.5	-73.3%
(+) Financial income from suppliers	2.3	1.9	21.1%	3.5	4.7	-25.5%
(-) Tax credit recovery	(6.7)	(17.2)	-61.0%	(13.3)	(20.7)	-35.7%
(=) Adjusted EBITDA (post- IFRS 16)¹	274.0	245.8	11.5%	350.8	246.0	42.6%
Adjusted EBITDA Margin (post-IFRS 16)¹ over Net Revenue	16.7%	15.1%	1.6 p.p.	12.2%	8.7%	3.5 p.p.

(1) EBITDA adjusted for (i) other net operating revenue (expenses); (ii) trade financial revenue; (iii) recovery of tax credits.

Adjusted EBITDA (post-IFRS 16) in 2Q23 was R\$ 274.0 million, an increase of 11.5% compared to 2Q22. Adjusted EBITDA margin (post- IFRS 16) was 16.7%.

R\$ million, except margins	2Q23	2Q22	Δ	6M23	6M22	Δ
(=) Financial Services Results	26.0	10.1	157.4%	49.4	(7.0)	-805.7%
Adjusted EBITDA from Retail Operations (post-IFRS16)	299.9	255.9	17.2%	400.2	239.0	67.4%
Adjusted EBITDA margin from Retail Operations (post IFRS16)	18.3%	15.7%	2.6 p.p.	13.9%	8.5%	5.4 p.p.

Adjusted EBITDA from Retail Operations was R\$ 299.9 million in 2Q23, with a 18.3% margin.

Finance Results

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
Exchange Variation	2.3	(2.5)	-192.0%	1.6	1.2	33.3%
Total Finance Expenses	(151.7)	(144.8)	4.8%	(320.6)	(255.1)	25.7%
Interest on loans	(58.7)	(64.7)	-9.3%	(132.9)	(105.5)	26.0%
Interest on leases	(39.7)	(37.6)	5.6%	(77.7)	(75.9)	2.4%
Finance Expenses de trade receivables - AVP	(27.4)	(20.5)	33.7%	(55.3)	(38.7)	42.9%
Interest from trade receivables - Bradescard	(17.3)	(13.9)	24.5%	(35.2)	(21.7)	62.2%
Interest on taxes and contingencies	(5.4)	(5.0)	8.0%	(11.6)	(8.7)	33.3%
Early receivables charges	(1.5)	0.0	-	(3.1)	0.0	-
Other Finance expenses	(1.6)	(3.2)	-50.0%	(4.8)	(4.7)	2.1%
Total Finance Income	43.7	51.7	-15.5%	112.3	89.7	25.2%
Revenue from interest	24.4	28.7	-15.0%	49.1	50.0	-1.8%
Interest on short-term investments	16.9	21.1	-19.9%	59.7	35.0	70.6%
Supplier Financial Revenue	2.3	1.9	21.1%	3.5	4.7	-25.5%
Other Finance Income	0.0	0.0	-	0.0	0.0	-
Earnings from Bonds and Securities	1.2	-	-	1.2	-	-
Finance Results	(104.6)	(95.6)	9.4%	(205.6)	(164.2)	25.2%

In 2Q23, financial results were an expense of R\$ 104.6 million, 9.4% higher than last year, mostly due to the increase in the Selic rate and lower interest revenue from the monetary correction of previously unused PIS/COFINS tax credits.

Net Income

R\$ million, except margins	2Q23	2Q22	Δ	6M23	6M22	Δ
Net profit (loss)	4.2	2.1	100.0%	(122.1)	(150.6)	-18.9%
Net Margin	0.3%	0.1%	0.2 p.p.	-4.2%	-5.3%	1.1 p.p.

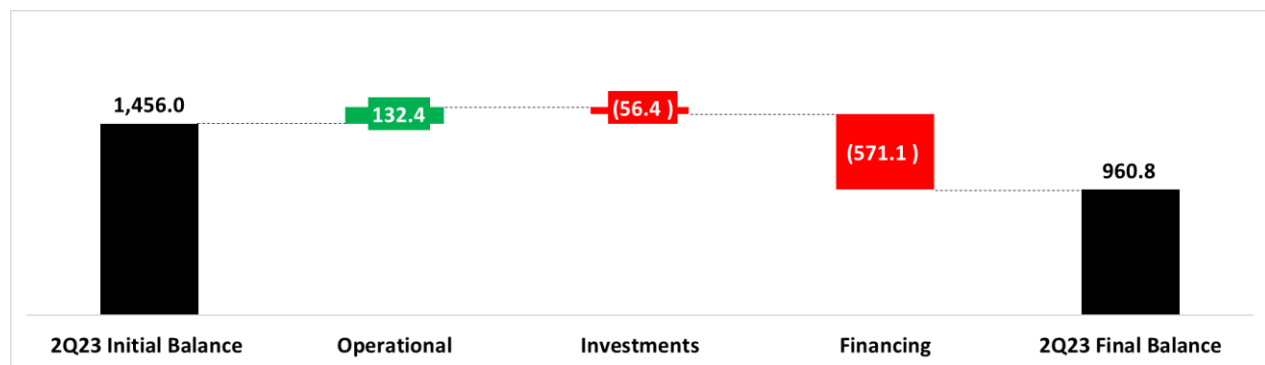
C&A's profit in 2Q23 was R\$ 4.2 million, 100% less than 2Q22, with a net margin of 0.3%.

Adjusted Free Cash Flow

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
Pre IFRS16 income (losses) before Income Tax and Social Contribution	1.7	8.3	-79.5%	(185.4)	(214.3)	-13.5%
Depreciation and amortization	90.1	82.7	8.9%	178.2	163.6	8.9%
(+/-) Other	133.8	85.9	55.8%	254.8	136.9	86.1%
Adjustments with no impact on cash	223.8	168.6	32.7%	433.0	300.4	44.1%
Income Tax and Social Contribution paid	(12.6)	0.0	-	(21.2)	(5.2)	307.7%
Working Capital	(80.5)	(164.3)	-51.0%	(232.5)	(569.7)	59.2%
Trade receivables	(304.8)	(289.6)	5.2%	90.4	(132.3)	-168.3%
Inventory	18.2	3.1	487.1%	(146.2)	(138.4)	5.6%
Suppliers	210.6	161.5	30.4%	105.2	(242.7)	-56.7%
Other	(4.6)	(39.4)	88.3%	71.5	(56.4)	26.8%
Cash from operating activities	132.4	12.6	950.8%	(6.1)	(488.9)	-98.8%
(-) CAPEX (Investments)	(56.4)	(113.9)	-50.5%	(129.6)	(291.6)	-55.6%
(=) Adjusted Free Cash Flow	76.0	(101.3)	-175.0%	(135.8)	(780.4)	-82.6%

In the second quarter of 2023, the company's free cash flow was R\$ 76.0 million due to the improvement in the cash conversion cycle as a result of the maintenance of actions to reduce the need for working capital adopted in the second half of 2022.

Changes in Cash Position – 2Q23



R\$ 495.1 million in cash were consumed in the quarter. Operating activities generated R\$ 132.4 million, partially due to offsetting previously unused tax credits in the amount of R\$ 49.8 million. We continue to prepay credit card receivables (11 days), as we did in 1Q23, in the amount of R\$ 250 million. Investments used R\$ 56.4 million, and financing activities another R\$ 571.1 million. It is important to point out that in 2Q23 we settled prior debts in the amount of R\$ 854,7 million and issued two commercial notes in the amount of R\$ 250 million.

Investments

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
New Stores	3.3	45.7	-92.8%	9.7	68.2	-85.8%
Revamps and Refurbishings	19.1	9.4	103.2%	24.1	14.0	72.1%
Supply Chain	4.1	11.3	-63.7%	5.1	14.8	-65.5%
Digital and Technology	29.2	47.3	-38.3%	66.6	72.2	-7.8%
Total Investments¹	55.7	113.7	-51.0%	105.5	169.2	-37.6%

(1) Investments for the period include investments made but not necessarily paid. The amount paid (cash outlay) is included in the cash flow statement for investment activities.

Investments in the quarter totaled R\$ 55.7 million, 51.0% less than in 2Q22. Of this, Digital and Technology accounted for R\$ 29.2 million. This is the result of constant financial discipline and continued measures to protect our cash position.

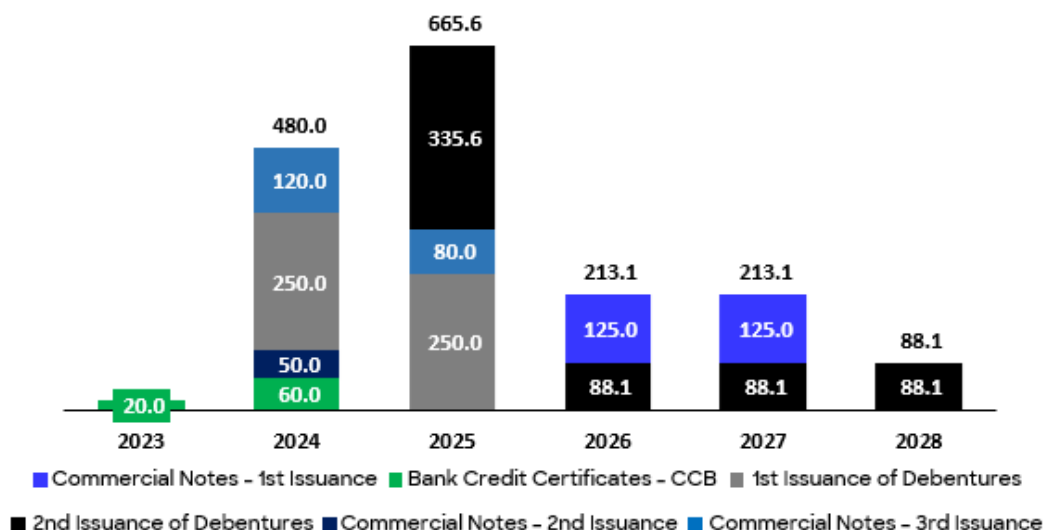
Indebtedness

R\$ million	6M23	6M22	Δ
Gross Debt	1,715.0	2,345.1	-26.9%
Short-Term Debt	420.5	921.1	-54.3%
Long-Term Debt	1,294.5	1,424.0	-9.1%
Cash and Cash Equivalents and Short-Term Investments	965.4	1,121.8	-13.9%
Cash or (Net Debt)	(749.7)	(1,223.3)	-38.7%
Covenant-Adjusted EBITDA¹ (last 12 months) pre IFRS16.	588.6	290.7	102,4%
Net Debt/EBITDA Adjusted for covenants ¹ (12 months)	1.3x	4.2x	

(1) As per the table in the appendix page 13

At the end of the second quarter our net debt was R\$ 749.7 million. The average term of our total debt was 3.5 years. Leverage, calculated using the debt covenants, was 1.3x net debt/12-m EBITDA.

Debt Amortization Schedule (R\$ million)

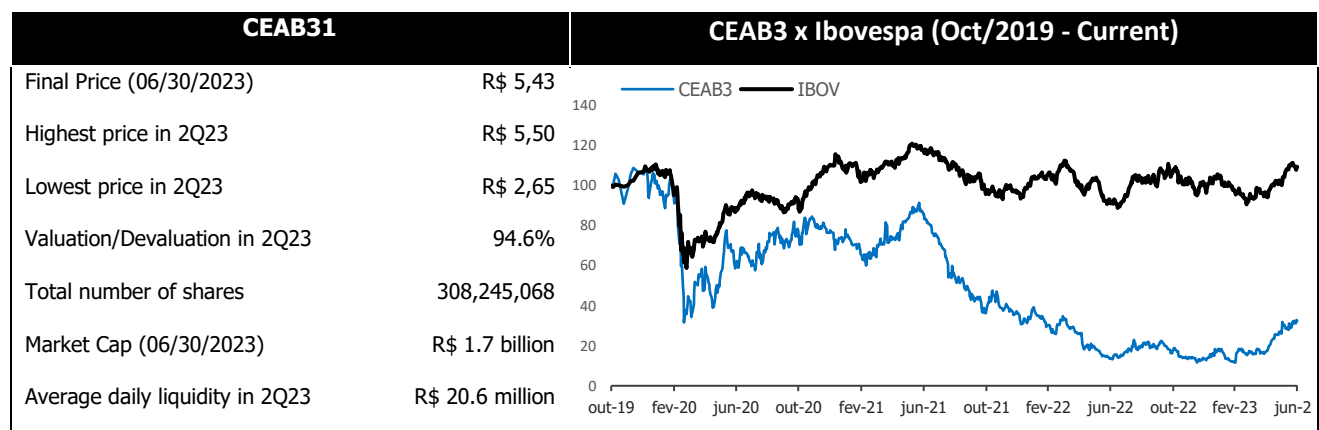


The amortization schedule refers to the principal only, and excludes interest.

In the debt amortization schedule, looking only at the principal, we will pay out R\$ 20.0 million in 2023. In addition to the amounts in this schedule, in 2025 we will pay out R\$ 415 million of the Bradesco debt incurred when buying back the right to offer credit products and financial services from Bradesco, recorded in the Statement of Financial Position under suppliers.

Capital Market

C&A joined the B3 "Novo Mercado" on 28 October 2019, at a starting share price of R\$ 16,50. Average daily trading in 2Q23 was R\$ 20.6 million, and the share price increased 94.6%. On June 30, 2023 the company's market cap was R\$ 1.7 billion.



(1) Source: Enfoque, base date 06/30/2023

The Company's capital stock is comprised of 308,245,068 common shares, with a 33.5% free-float. The Company's free-float and its main shareholders based on June 30, 2023 are described below:

Shareholding	# Of common shares (ON)	% of total
Controlling shareholder	201,319,336	65.3%
Officers	899,686	0.3%
Treasury	2,650,500	0.9%
Other	103,375,546	33.5%
Total	308,245,068	100.0%

Appendix

Total Adjusted EBITDA (pre IFRS 16)

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
Net Income (Losses) in the period	4.2	2.1	100.0%	(122.1)	(150.6)	-18.9%
(+) Income taxes	(6.9)	(8.5)	-18.8%	(74.7)	(95.2)	-21.5%
(+/-) Net financial results	104.6	95.6	9.4%	205.6	164.2	25.2%
(+) Depreciation and amortization	175.4	169.4	3.5%	349.8	336.3	4.0%
(=) EBITDA (post-IFRS 16)	277.3	258.6	7.2%	358.6	254.6	40.8%
(+/-) Other net operating income (expenses)	1.0	2.5	-60.0%	2.0	7.5	-73.3%
(+) Financial income from suppliers	2.3	1.9	21.1%	3.5	4.7	-25.5%
(-) Tax credit recovery	(6.7)	(17.2)	-61.0%	(13.3)	(20.7)	-35.7%
(=) Adjusted EBITDA (post-IFRS 16)	274.0	245.8	11.5%	350.8	246.0	42.6%
(-) Lease liabilities	(117.7)	(108.1)	8.9%	234.6	(215.4)	8.9%
(=) Adjusted EBITDA¹ (pre-IFRS16)	156.2	137.7	13.5%	116.2	30.6	280.0%

Adjusted EBITDA margin before IFRS16): 9.5% 8.4% 1.1 p.p. 4.0% 1.1% 2.9 p.p.

(1) Pursuant to article 4 of CVM Instruction 527, the Company opted to disclose adjusted EBITDA as per the table above, demonstrating data that best reflects gross operating cash management in its activities. Adjustments include: (i) Other Operating Income (Expenses) Net; (ii) Finance Income de Trade receivables; (iii) Recovery of tax credits; e (iv) Lease liabilities. Adjusted EBITDA (before IFRS16) excludes the effects of accounting standard IFRS16.

Covenant-adjusted EBITDA (last 12 months)

R\$ million	2Q23	2Q22
EBITDA post- IFRS16 (last 12 months)	1,014.0	715.6
Adjusted Lease liabilities (last 12 months)	(469.9)	422.2
(=) EBITDA pre- IFRS16 (last 12 meses)	544.1	293.4
(+/-)Gains (losses) from the sale of assets, excluding IFRS16	8.6	4.5
(+/-) Impairment	(2.0)	(10.4)
(+) Financial income from suppliers	8.1	11.1
(-) Restructuring/Consulting Expenses	(0.4)	4.4
(+/-) Provisions (Reversals) for Contingencies	30.1	(12.3)
(=) Covenant-Adjusted EBITDA² (last 12 months) pre IFRS16.	588.6	290.7

Net Debt/EBITDA Adjusted for covenants (12 months)

1.3x

4.2x

(1) Debt-covenant adjusted EBITDA excludes the effects of CPC 06 (R2) and International Financial Reporting Standard IFRS-16 before: (i) Income tax and social contribution on net income, (ii) PP&E depreciation (excluding tie-up), (iii) amortization expenses, (iv) financial results (except for revenue from supplier pre-payments, to be considered part of EBITDA), (v) equity, (vi) minority shareholders, and (vii) Non-Operating results. For this report "Non Operating Income" includes: (i) asset sales, (ii) contingency provisions, reversals, (iii) impairment, (iv) occasional restructuring expenses.

Bradescard Partnership Indicators

Bradescard Partnership Indicators	2Q23	2Q22	Δ	6M23	6M22	Δ
Bradescard Partnership (old model)						
Trade receivables (million)	2,530.0	2,722.5	-7.1%	2,530.0	2,722.5	-7.1%
% of Sales	4%	9%	-5.0 p.p.	5%	9%	-4.0 p.p.
Number of new cards (thousand)	27.6	117.0	-76.5%	98.6	212.9	-53.7%
Number of active cards (thousand)	1,906	2,247	-15.2%	1,960.0	2,449.0	-20.0%
Losses net of recoveries over average portfolio - period %	3.7%	3.4%	0.3 p.p.	8.7%	4.7%	4.0 p.p.
Bradescard Partnership (new model)						
% of Sales	1%	-	-	-	-	-
Number of new cards (thousand)	58.7	-	-	58.7	-	-

Consolidated Statement of Earnings - 2Q23 and 6M23

R\$ million	2Q23	2Q22	Δ	6M23	6M22	Δ
Net Operating Revenue	1,643.0	1,630.2	0.8%	2,883.5	2,827.3	2.0%
<i>Apparel</i>	1,351.0	1,328.8	1.7%	2,317.0	2,239.6	3.5%
<i>Fashiontronics and Beauty</i>	198.3	241.7	-18.0%	389.5	456.0	-14.6%
Net revenue from merchandise	1,549.3	1,570.6	-1.4%	2,706.6	2,695.7	0.4%
Other revenue	5.7	4.9	16.3%	9.8	10.5	-6.7%
Retail Revenue	1,555.0	1,575.5	-1.3%	2,716.4	2,706.1	0.4%
Financial Services	88.0	54.8	60.6%	167.1	121.1	38.0%
Cost of Goods/ Services	(763.6)	(793.8)	-3.8%	(1,379.7)	(1,423.4)	-3.1%
Gross Profit	879.3	836.5	5.1%	1,503.9	1,403.9	7.1%
<i>Apparel</i>	762.5	743.3	2.6%	1,275.3	1,207.7	5.6%
<i>Fashiontronics and Beauty</i>	43.1	52.1	-17.3%	86.7	94.0	-7.8%
Gross Profit From Merchandise	805.6	795.4	1.3%	1,362.0	1,301.7	4.6%
Other Gross Profit	(14.0)	(13.1)	6.9%	(24.7)	(18.2)	35.7%
Gross Profit from Retail	791.6	782.3	1.2%	1,337.3	1,283.5	4.2%
Gross Profit from Financial Services	87.7	54.1	62.1%	166.6	120.3	38.5%
Operating (Expenses) and Revenue	(777.4)	(747.2)	4.0%	(1,495.1)	(1,485.6)	0.6%
General and Administrative	(134.9)	(114.4)	17.9%	(246.4)	(236.8)	4.1%
Sales	(413.8)	(464.9)	-11.0%	(807.1)	(911.4)	-11.4%
Depreciation and Amortization	(175.4)	(169.4)	3.5%	(349.8)	(336.3)	4.0%
Other Revenue (Expenses) , net	5.7	13.7	-58.4%	11.3	12.3	-8.1%
Net credit losses	(59.0)	(12.2)	383.6%	(103.1)	(13.4)	669.4%
Profit before Financial Revenue and Expenses	101.9	89.3	14.1%	8.7	(81.7)	-110.6%
Finance Results	(104.6)	(95.6)	9.4%	(205.6)	(164.2)	25.2%
Exchange Variation	2.3	(2.5)	-192.0%	1.6	1.2	33.3%
Total Finance expenses	(151.7)	(144.8)	4.8%	(320.6)	(255.1)	25.7%
Total Finance Income	43.7	51.7	-15.5%	112.3	89.7	25.2%
Earnings from Bonds and Securities	1.2	-	-	1.2	-	-
Profit before taxes	(2.7)	(6.4)	-57.8%	(196.8)	(245.9)	-20.0%
Income taxes	6.9	8.5	-18.8%	74.7	95.2	-21.5%
Net Income (Losses) in the period	4.2	2.1	100.0%	(122.1)	(150.6)	-18.9%

Consolidated Statement of Financial Position

R\$ million	06/30/2023	12/31/2022	R\$ million	06/30/2023	12/31/2022
Total Assets	8,713.3	9,629.6	Total Liabilities and Shareholder's Equity	8,713.3	9,629.6
Current Assets	4,077.6	4,753.2	Current Liabilities	2,494.2	3,679.7
Cash and cash equivalents	960.8	1,674.1	Lease liabilities	478.3	513.2
Financial investments	4.5	8.7	Suppliers	919.7	1,478.4
Trade receivables	1,091.2	1,278.2	Direct and Indirect Suppliers	919.7	1,009.1
Derivatives	0.0	1.4	Suppliers Buying back the right to offer credit (Bradescard)	0.0	469.3
Related parties	0.1	0.1	Drawee risk obligations	312.4	386.3
Inventory	963.9	852.0	Loans	416.3	746.0
Taxes recoverable	989.7	899.4	Derivatives	4.3	1.8
Other Assets	67.3	39.3	Labor liabilities	183.1	198.7
Non-Current Assets	4,635.8	4,876.4	Related parties	30.7	43.6
Taxes recoverable	762.8	937.4	Taxes payable	105.0	248.0
Deferred taxes	499.5	423.0	Other liabilities	44.4	63.7
Judicial deposits	51.9	61.3	Non-Current Liabilities	3,340.9	2,949.7
Other Assets	2.1	2.5	Lease liabilities	1,265.8	1,276.0
Related parties	0.0	0.1	Suppliers	515.8	12.6
Property and Equipment	815.1	865.5	Direct and Indirect Suppliers	11.3	12.6
Right-of-use lease liabilities	1,508.9	1,565.4	Suppliers Buying back the right to offer credit (Bradescard)	504.5	0.0
Intangible assets	995.5	1,021.1	Loans	1,294.5	1,404.8
			Labor liabilities	8.9	7.4
			Provisions for tax, civil, and labor risks	195.6	182.8
			Taxes payable	8.9	15.9
			Other liabilities	51.5	50.2
			Shareholder's Equity	2,878.2	3,000.2
			Share capital	1,847.2	1,847.2
			Shares in Treasury	(8.5)	(6.8)
			Capital reserve	42.1	37.6
			Accumulated profit (losses)	(122.1)	0.0
			Profit reserve	1,122.4	1,122.4
			Other comprehensive income	(2.8)	(0.3)

Consolidated Cash Flow

R\$ million	6M23	6M22
Operating activities		
Income (loss) before income tax	(196.8)	(245.9)
Adjustments to reconcile income before income taxes to net cash flows:	702.8	569.9
Allowance (reversal) for expected credit losses	104.7	15.8
Adjustment to present value of accounts receivables and suppliers	(7.8)	3.6
Expenses with stock-based compensation	4.4	5.9
Provisions for inventory losses	34.3	26.7
Gains/Recognition of tax claims, including monetary correction	(39.4)	(41.0)
Depreciation and amortization	178.2	163.6
Impairment (Reversal) of provisions for property and equipment, intangible and right-of-use assets	(2.2)	(6.4)
Losses from the sale or disposal of property and equipment and intangible assets	5.3	4.3
Right-of-use amortization	188.4	189.7
Lease liabilities	(2.6)	0.0
Interest on leases	83.9	80.1
Interest on loans	132.9	118.2
Amortization of the transaction costs on loans	2.8	1.2
Provisions (reversal) for tax, civil and labor risks	25.1	14.8
Update of judicial deposits	(4.9)	(6.2)
Yield from investments in bonds and securities	(0.4)	(0.4)
Variations in assets and liabilities:	(253.7)	(574.5)
Trade receivables	90.4	(132.3)
Related parties	(12.8)	(16.1)
Inventory	(146.2)	(138.4)
Taxes recoverable	123.8	119.1
Other credits	(27.5)	(47.9)
Redemption of investments in bonds and securities	4.5	0.0
Judicial deposits	10.7	0.4
Suppliers	(31.3)	(103.7)
Drawee risk transactions	(73.9)	(139.0)
Labor liabilities	(14.1)	(27.5)
Other liabilities	(18.1)	8.5
Provisions for tax, civil and labor risks	(8.8)	(7.5)
Taxes payable	(129.1)	(84.9)
Income Tax and Social Contribution paid	(21.2)	(5.2)
Cash flow originating (invested in) operating activities	252.2	(250.5)
Investment activities		
Purchase of property and equipment	37.9	(120.4)
Purchase of intangible assets	(92.0)	(171.4)
Receivables from the sale of property and equipment	0.4	0.2
Cash flow used in investment activities	(129.6)	(291.6)
Financing activities		
New loans and debentures issued	381.4	1,019.3
Loan/debenture transaction costs	(4.8)	(5.9)
Repayment of loans (principal)	(725.4)	(104.6)
Interest paid on loans	(226.9)	(62.4)
Repayments and interest paid on leases	(258.3)	(238.0)
Share buy-back	(1.7)	(2.9)
Cash flow originating (invested in) operating activities	(835.8)	605.4
Net increase (decrease) in cash and cash equivalents	(713.2)	63.3
Cash and Cash Equivalents at the start of the period	1,674.1	1,050.3
Cash and Cash Equivalents at the end of the period	960.8	1,113.6

Glossary of terms

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

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

CAC: Customer Acquisition Costs

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

Cashback:

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.

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.

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.

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 goods in our marketplace.

SHIP FROM STORE: transforms 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 all forms of e-commerce sales and deliveries (100% online, ship-from-store and click-and pick-up).

Supply: Supply chain

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

WMS (Warehouse Management System): Warehouse management system, an inventory management tool

About C&A

C&A is a fashion company focused on suggesting experiences that go beyond dressing. Established in the Netherlands in 1841 by Clemens and August, C&A believes in and defends Fashion as one of the most fundamental channels for people to connect with themselves and those around them. For this reason, C&A customers are the core of its strategy. C&A is one of the world's leading fashion retailers and has been in Brazil since 1976, when it opened its first store in Shopping Ibirapuera in São Paulo. On June 30, 2023 there were 333 stores in operation, with a total sales area of around 615 thousand square meters, plus our e-commerce. The Company has been listed on the Brazilian B3 exchange since October 2019 and innovates by offering digital and omnichannel services and solutions to expand customer online and offline experiences. With over 15 thousand employees all over Brazil, C&A offers young, innovative, diverse and inclusive fashion for women, men and children. It also offers a line of Fashiontronics with a wide array of cell phones and smartphones, along with the recently added beauty products. In December 2021 we launched C&A PAY, a direct credit offer for our customers. In 2021 it committed to becoming C&A Fashion Tech, and in the coming years aims to become the digital fashion company that best understands Brazilian women, with B&M stores and a lot of emotional connection.

Investor Relations

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