
earnings
4Q22

Significant improvement in performance

Successful implementation of cash protection plan announced in 3Q22

Measures to address short-term issues and improve return on investments:

- Increased gross margin: Impact of push and pull and dynamic pricing
- Increased productivity: improve sales / sq. meter of store floor space, and continue to grow in digital
- Cost and expense efficiency: reorganize structures focusing on priority projects
- Improved working capital: sustainable initiatives to extend payment terms and reduce receivables cycles
- Capex discipline: Investments at around half 2021 level

Higher sales and profitability and strengthened balance sheet

Clear **evolution** of **Gross Profit +1.6pp** vs 2019 (pre-pandemic level)

>R$1 billion Digital Gross Revenue

Improved EBITDA Margin **+3.4 pp** y-o-y

R$ 130 million Free Cash Flow in 2022

R$1.6 billion in Cash

0.9x Net Debt / EBITDA **leverage**

4Q22 Highlights

Improvement in operational metrics and returns

Total Gross Margin

51.7%

+3.4 p.p. vs 4Q21
+2.4 p.p. vs 4Q19

Gross Margin from Merchandise

51.2 %

+2.6 p.p. vs 4Q21
+2.3 p.p. vs 4Q19

Adjusted EBITDA[1] (post-IFRS16)

R$ 36 MM

+20.1% vs 4Q21
-2.3 % vs 4Q19

C&A Pay accounted for

16%

of sales

Free Cash Flow of

R$ 761 MM

> 24 million

C&A&VC[2] registered customers

4% growth

in total customer base

1- Adjustments include: (i) other net operating revenue (expenses); (ii) trade financial revenue; e (iii) Recovery of tax credits
2- C&A relationship program

Recognized successes and initiatives

- **#1** in the Brazilian Fashion Transparency Index (**ITM**) for the 5th consecutive year, a **score of 73%**, increasing 3% y-o-y

- **Recycling ('Movimento Reciclo')** : collected 75,000 pieces in FY2022, equivalent to 17 tons - part of them used in the production of new garments: 20,000 pieces produced in 13 models

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Great Place To Work.
BRASIL 2022

- For the second consecutive year among the **10 best retail** companies with more than 10,000 employees in the **GPTW ranking**

4

Growth levers: Focus on profitability

New stores and formats

- **1 new store** opened in 4Q22
- Total of **332** stores at the end of 2022 (17 openings / 4 closures)
- **10 new double doors ACE** in 4Q22

Increase of 23% on ACE (sportswear brand) sales

Digital transformation :

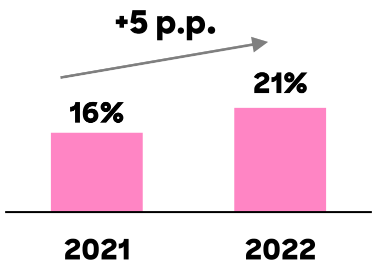
- **Improvement in profitability:**
  - ✓ Successful strategy of implementing direct sales through **WhatsApp as a service**
  - ✓ **More efficient CAC** and lower shipping costs

WhatsApp > 60% of digital sales

Increased credit offering:

- 1° operational **year – C&A Pay**
- **Strong financial indicators** despite deterioration in macro environment

Credit offering (% sales)



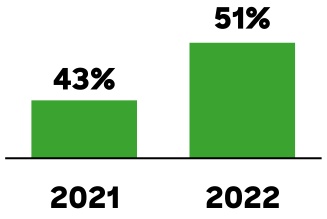
Modernized Supply Chain operations:

- Store Distribution
  - ✓ 3 sorters in operation
  - ✓ Warehouse management system by Manhattan
  - ✓ Allocation intelligence system (SIA) by E2E

Push-Pull: ~25% apparel sales

- Customer deliveries
  - ✓ Focus on higher **profitability**
  - ✓ **Excellence** in delivery **service** level

Delivery in D+2 Brazil:

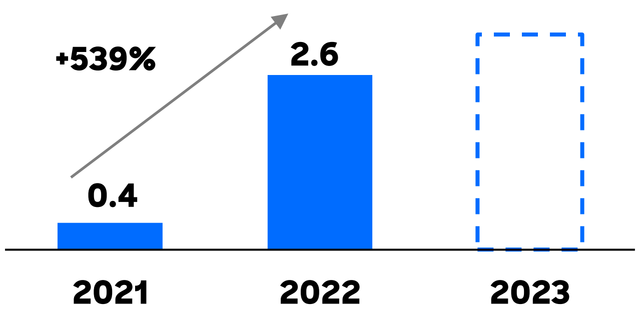


Gross Margin from Merchandise 2.3 p.p. higher than 4Q19

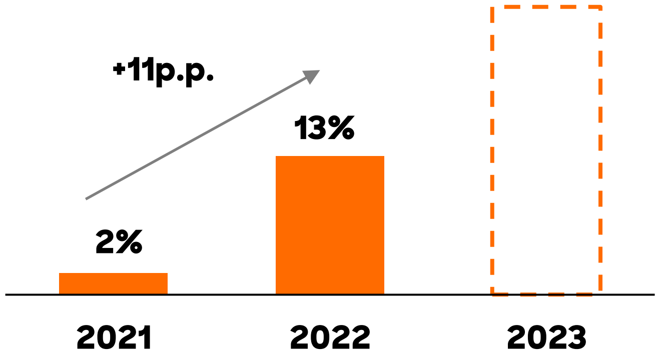
Financial Services – C&A Pay gaining traction

Growth ramping up, promising end-of-year numbers

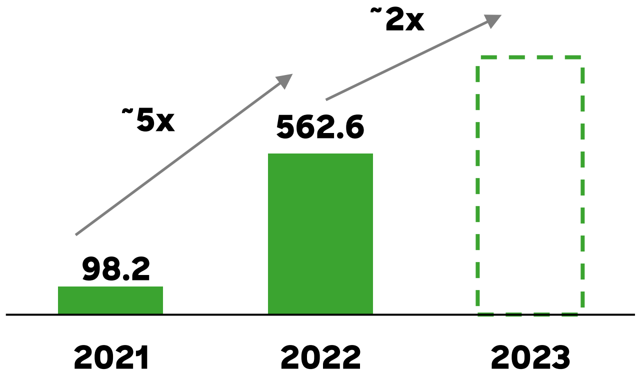
Digital cards issued
(million)



Share of sales
(%)

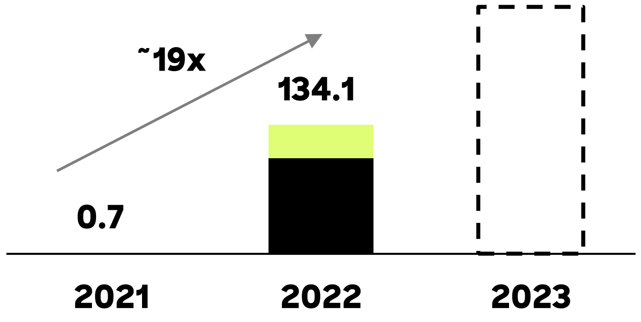


Portfolio
(R$ million)



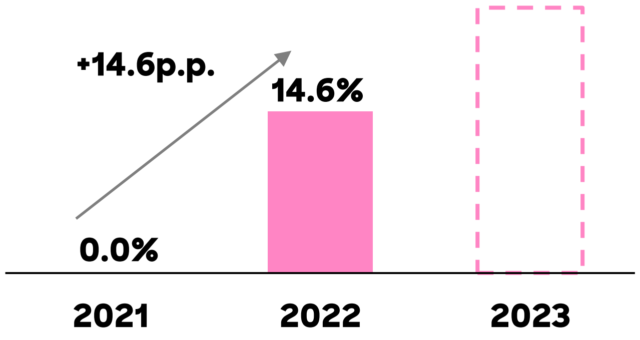
Average spending
of C&A Pay holders
80% above
average

Revenue – C&A Pay
(R$ million)



Adjacent revenues to card business (insurance, withdrawing fees, ...)

Past due over 90 days
(%)



Financial Services – Adjusting partnership with Bradesco

Fine-tuning to current macroeconomic environment

- **Review given that:**
  - Timing to launch C&A own credit card might not be ideal
  - Active cards base remains relevant – > 2 MM cards

- **New contract to maintain offer to client:**
  - To assure a broad credit offering for our customers, we will issue Bradesco cards[2] and will be compensated in the form of a per issuance commission

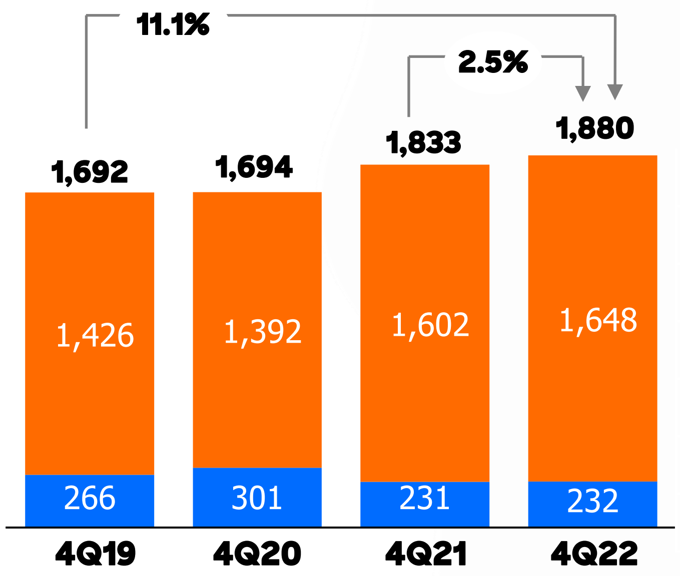
- **Modification of terms:**
  - Payment to Bradesco postponed to July 2025[1]
  - Active base of partnership cards (Jan/23) to continue for 2.5 years – but no new cards issued
  - Acquisition of active base possible in Jul/25

1- As of February 2023, this amount will be adjusted at the rate of CDI + 1.65%
2- These cards shall not be part of the previous partnership

Higher Revenue from Merchandise Sales

(R$ million)

Robust recovery of revenue growth, with apparel strong



variation

vs.4Q21

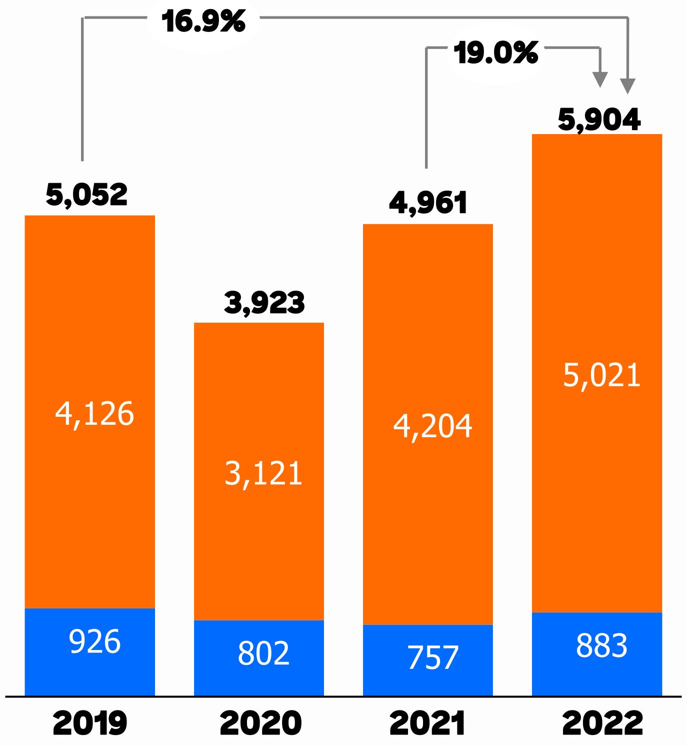
+2.9%

+0.3%

vs.4Q19

+15.5%

-12.7%



variation

vs.2021

+19.4%

+16.8%

vs.2019

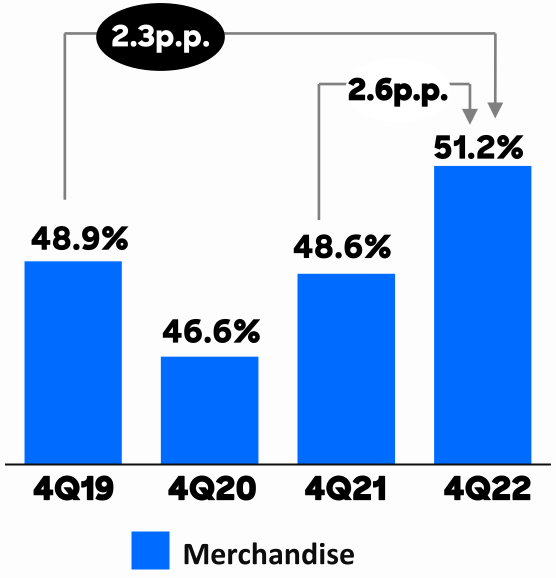
+21.7%

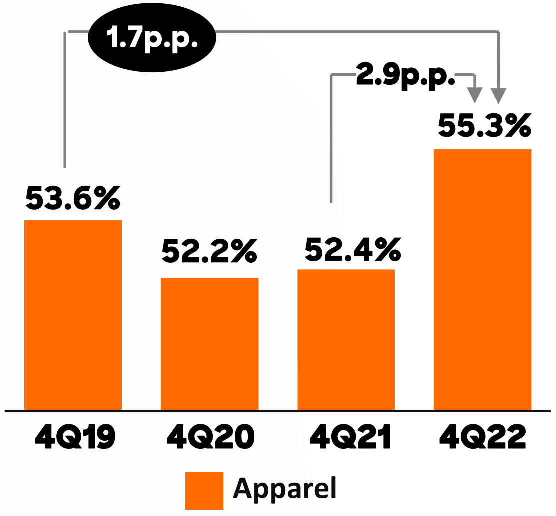
-4.6%

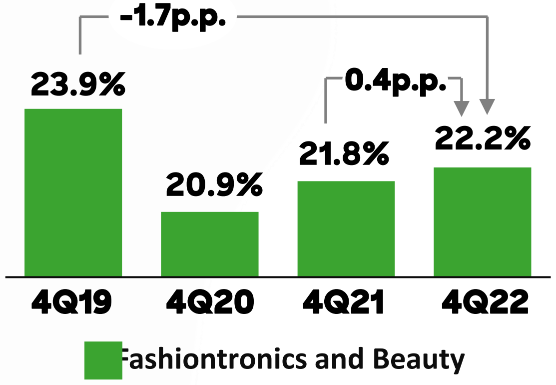
Apparel　Fashiontronics and Beauty

Improvement in Gross Margin From Merchandise (%)

Return of investments in supply and technology supporting relevant evolution in Apparel Gross Margin – higher than pre-pandemic levels





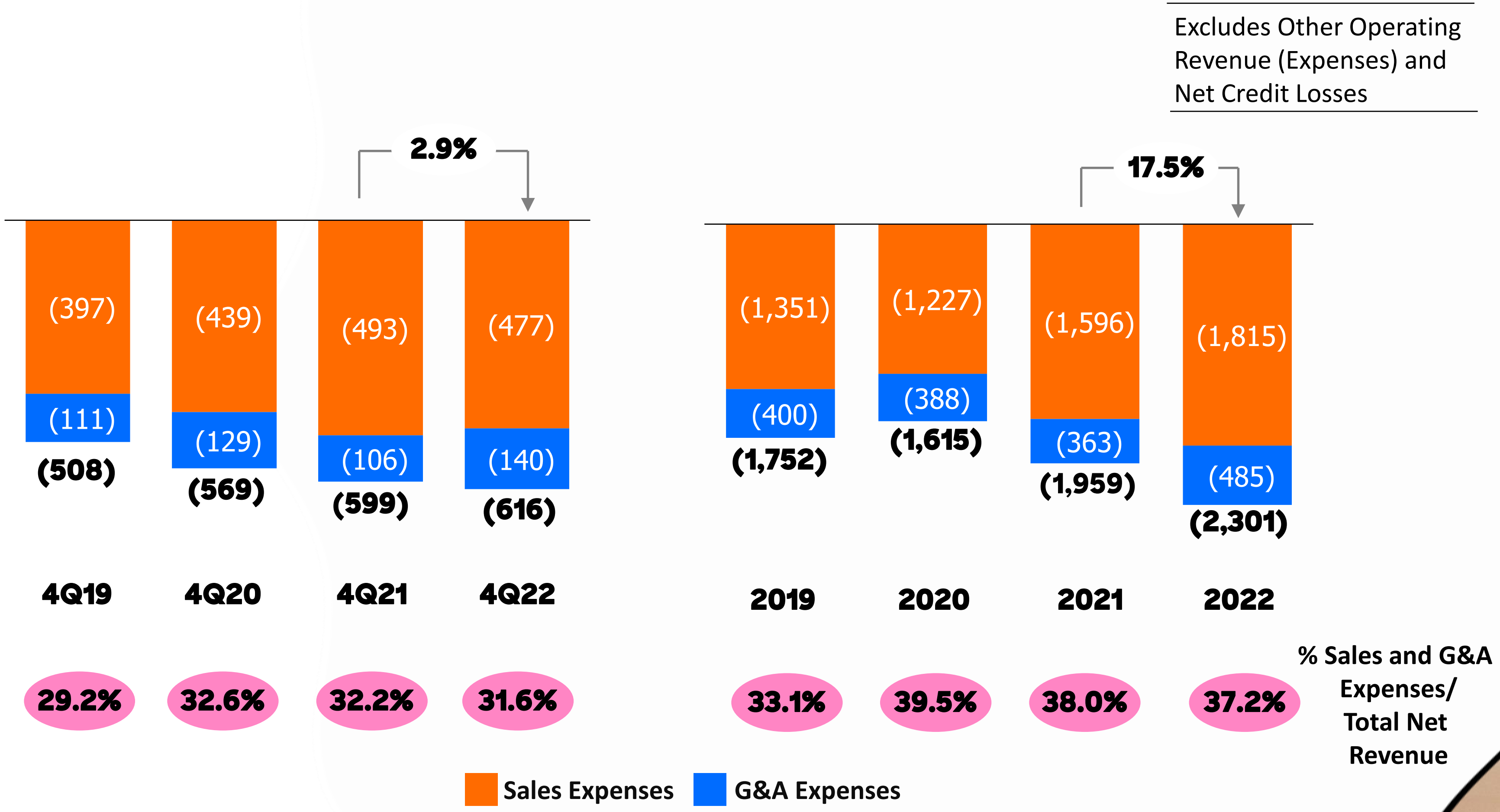


pre-pandemic levels

Operating Expenses[1] under control

(R$ million)

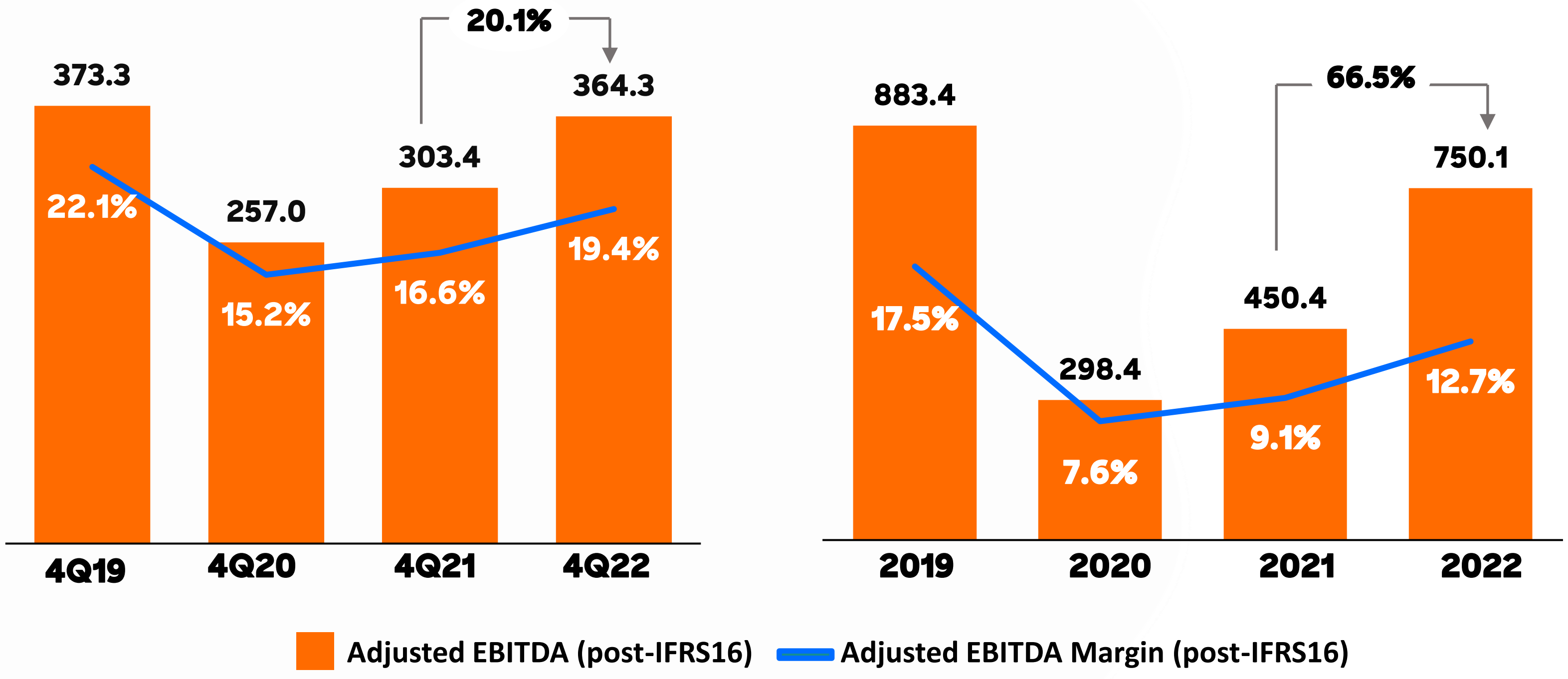
Gradual improvement in our operating leverage



1- Expenses including the payment of leases, as per accounting standard IFRS 16. Excludes depreciation and amortization, icluding right-of-use (lease) depreciation. It also excludes net credit losses

Strong improvement in Adjusted EBITDA[1] (post-IFRS16) and margin[2]

(R$ million and %)

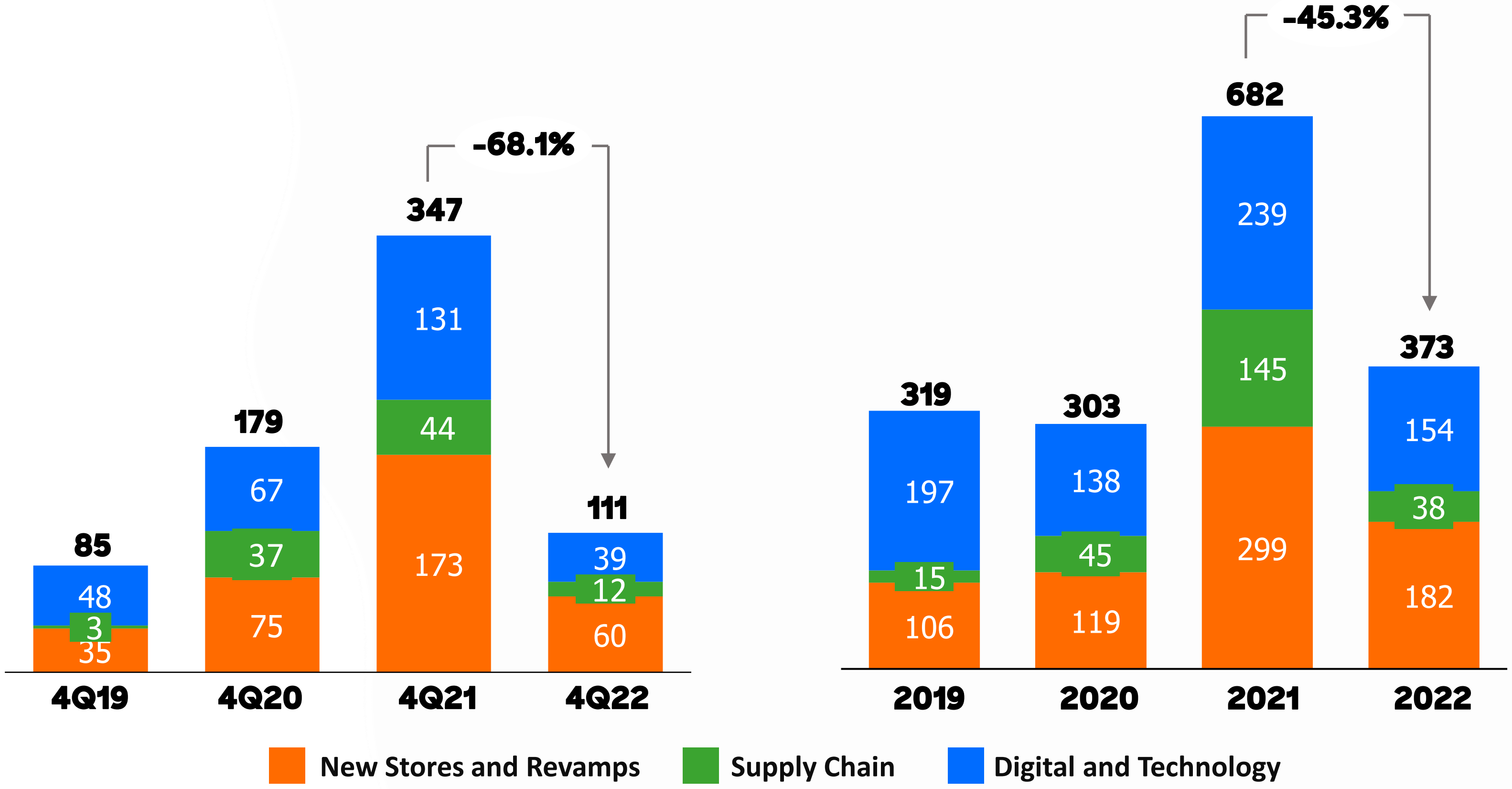


1- EBITDA Adjusted considers the impact of the payment of leases, as per accounting standard IFRS16, and is adjusted for? (i) for other net operating revenue (expenses); and (iii) recovered tax credits 2- EBITDA margin cover merchandise net revenue

2 – EBITDA margin over merchandise net revenue

Prioritization of Investment plan
(R$ million)

Lower investments reflect cash protection program

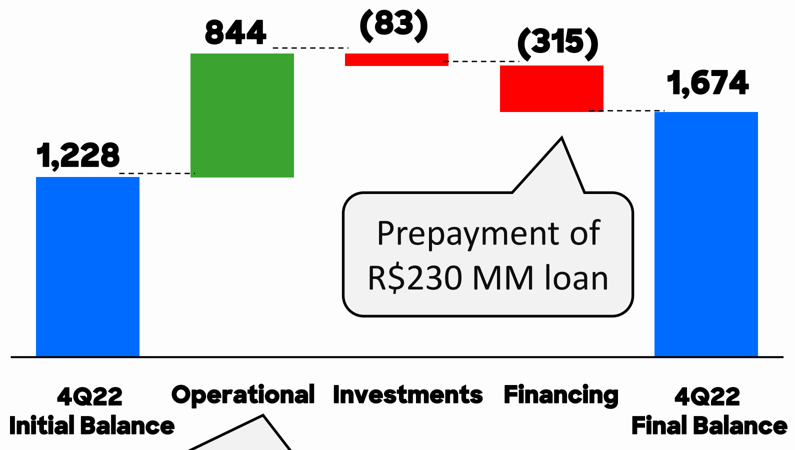


Sharp improvement in Cash Position

(R$ million)

R$ 446 million in cash generated in the quarter, with final balance over R$ 1.6 billion

Quarter

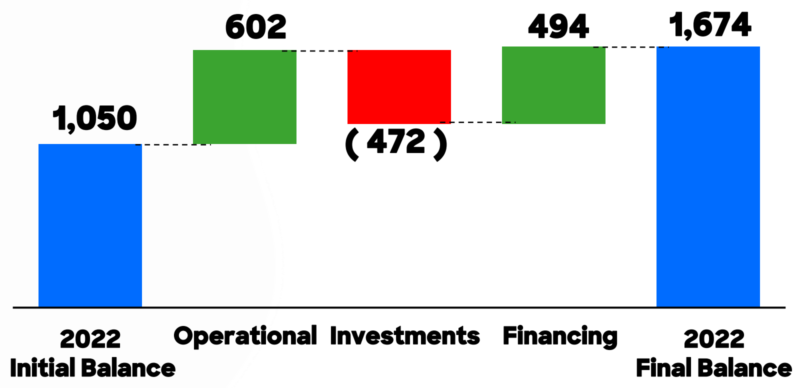


Prepayment of R$230 MM loan

Impacted by working capital improvement and the seasonally good operational result from the strongest quarter

Year

Impacted by R$850 MM debt raised



Positively impacted by fiscal credit compensation in the amount of R$230 MM

Improved Balance Sheet

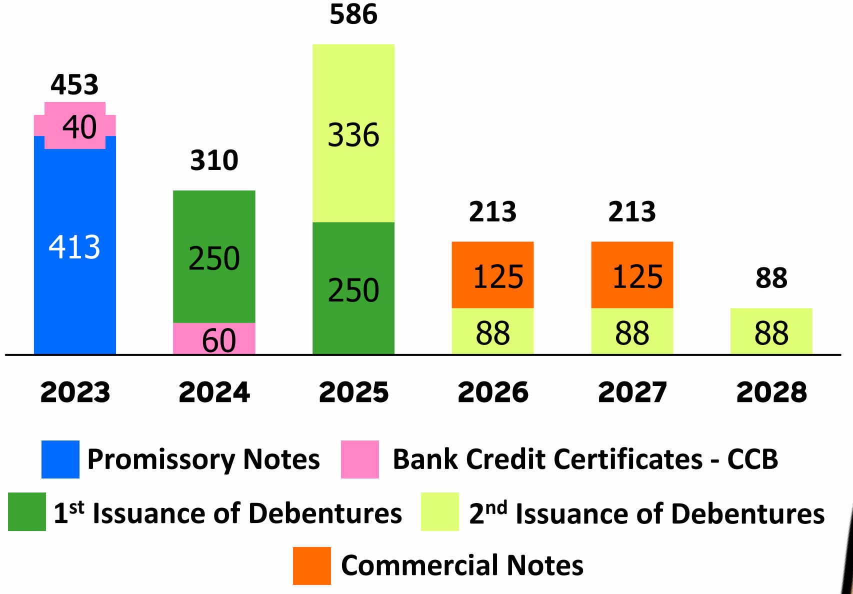
Stronger balance sheet reduces the challenges of a deteriorating macroeconomic environment considering debt amortization schedule

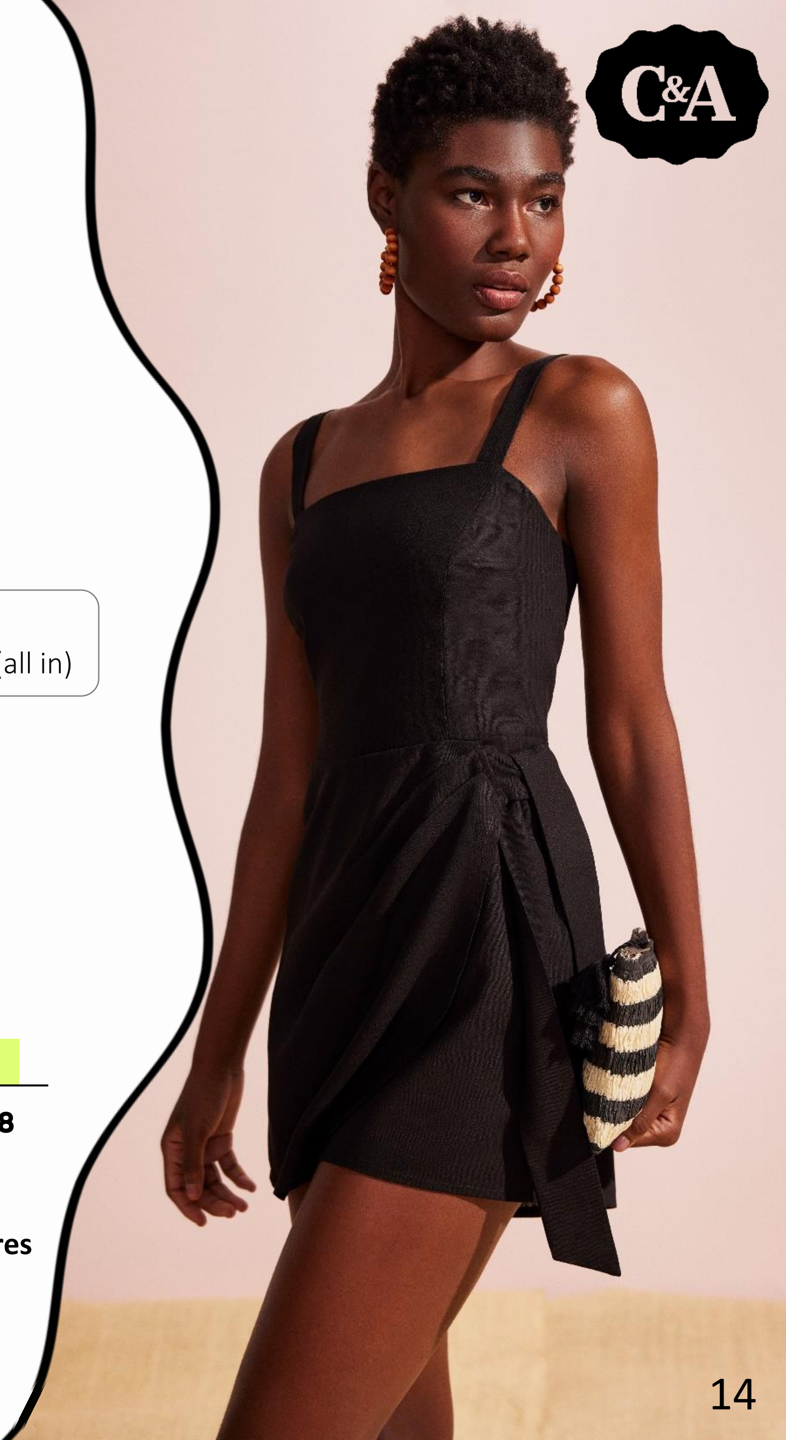
Indebtedness (R$ million)

R$ million	2022	2021	△
Gross Debt	**2,151**	**1,375**	**56.4%**
(-) Cash and Investments	**1,683**	**1,058**	**59.1%**
(=) Cash or (Net Debt)	**(468)**	**(317)**	**47.7%**
Adjusted EBITDA (covenants)[1]	501	249	108.1%
Leverage	0.9x	1.3x	- 0.4

Debt Amortization Schedule (R$ million)

Average maturity: 3.7 years
Average cost : CDI + 2.03% (all in)





(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.

Key Messages

- **Strong improvement in operating performance**
  - Robust structural advance in Gross Margin
  - Performance of WhatsApp sales
  - Development of C&A Pay
- **Success of the cash protection plan**
- **In 2023 our focus on results and cash protection remains priorities:**
  - Continuous improvement in operations
  - Capex optimization: store openings limited from 5 to 10 new ones and more assertive scope in technology projects
  - Expenses will be closely monitored
  - Working capital will benefit from measures adopted in 2022

Questions and Answers

For live **questions via audio**, raise your hand to join the line. On being announced, a request to activate your microphone will appear on the screen, upon which you should **activate your microphone to ask the questions.** Please note that all questions should be made at once.

Or should you prefer, **write your question directly in the Q&A icon** to be found on the lower part of the screen.

Raise Hand

Q&A

earnings 4Q22

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