

Earnings Release 1Q20



Earnings Teleconference:

- Portuguese/English
- Date: 28 May 2020
- Time:
 - Brasília: 12:00 noon
 - New York: 11:00 a.m.
 - London: 4:00 p.m.
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Barueri, 27 May 2020 – C&A Modas S.A. (B3: CEAB3) a leading fashion retailer in Brazil, hereby discloses its earnings for the first quarter of 2020 (1Q20). 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.

Premises for Performance Comparisons

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 to exclude the impact of IFRS16 and recording of tax credit gains due to the exclusion of ICMS in the basis for calculating PIS/COFINS in 1Q19. This impact occurred in the following lines and amounts.

	1Q20	1Q19
Balance Sheet		
Right-of-use – leases (Assets)	+ R\$1,601.3 MM	+ R\$ 1,507.8MM
Lease (Liabilities)	+ R\$1,700.9MM	+ R\$1,587.7MM
Results		
Occupancy (Operational Expenses)	- R\$86.3MM	- R\$77.3MM
Depreciation - Right-of-use (Operational Expenses)	+ R\$67.8MM	+ R\$73.7MM
Gains from interest and monetary correction of tax credits (Financial Results)	R\$0	+ R\$559.0MM
Lease interest expenses (Financial Result)	+ R\$32.8MM	+ R\$18.5MM
Tax credit recovery (Other net operating income (expenses))	R\$0	- R\$637.7MM
Profit, Net of Tax Effects	+ R\$9.4MM	- R\$780.3MM

Highlights

Net revenue in 1Q20 was **R\$ 976.9 million**, **6.1%** lower than **1Q19**.

Same-Store Sales dropped **9.7%** in 1Q20, considering the **period preceding** the Covid-19 pandemy, same-store sales **increased 7.3%**.

Total gross margin increased **0.6** percentage points (pp) in 1Q20.

Pro-forma operating revenue and expenses in 1Q20 added up to **R\$ 544.7 million** in **1Q20**, **2.4%** above 1Q19.

Pro-forma adjusted EBITDA was **R\$ 4.8 million** in 1Q20, **86.8%** less than 1Q19. **Pro-forma adjusted EBITDA margin** was **0.5%**, **3.0 pp** below 1Q19.

Pro-forma net income dropped **58.9%** in **1Q20**, resulting in a loss of **R\$ 45.9 million**. Net margin was **-4.7%**.

Investments in 1Q20 totaled **R\$ 33.5 million**, a **60.0% drop**.

Subsequent Events

R\$ 500 million in Promissory Notes were issued, maturing **in 3 years** with a **daily DI rates +1.09%**.

R\$ 350 million in two CCBs (Bank Credit Certificates) were issued, maturing **in 12 months** with a **daily DI rates +3.45%**.

	1Q20	1Q19	Δ	1Q20 pro forma*	1Q19 pro forma*	Δ pro forma*
Total Net Revenue (R\$MM)	976.9	1,040.5	-6.1%	976.9	1,040.5	-6.1%
<i>Same Store Sales</i>	<i>-9.7%</i>	<i>3.9%</i>	<i>-13.6p.p.</i>	<i>-9.7%</i>	<i>3.9%</i>	<i>-13.6p.p.</i>
Total Gross Margin	48.8%	48.2%	0.6p.p.	48.8%	48.2%	0.6p.p.
Operational Income and Expenses (R\$MM)	(526.3)	109.4	-R\$635.7	(544.7)	(531.9)	2.4%
Adjusted EBITDA (R\$MM)	91.1	113.9	-20.0%	4.8	36.6	-86.8%
Adjusted EBITDA margin	9.3%	10.9%	-1.6p.p.	0.5%	3.5%	-3.0p.p.
Net Profit (R\$MM)	(55.4)	751.4	-R\$806.8	(45.9)	(28.9)	58.9%
Net Margin	-5.7%	72.2%	-77.9p.p.	-4.7%	-2.8%	-1.9p.p.
Investments	33.5	83.7	-60.0%	33.5	83.7	-60.0%

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 1Q19

Message from Management

Management had positive expectations for the first quarter of 2020 and the entire year. With the GDP expected to increase by about 3% in the year, the Company was focused on its growth plan, in line with what was presented at the IPO.

The Company advanced in some of its growth levers in the first months of the quarter. One new store was opened and five were revamped to the CVP concept (Customer Value Proposition) concept. On the Supply Chain front, we expanded the use of the sorter beyond the denim category and ran pilots to expand the operation of the Santa Catarina distribution center. In the digital transformation lever, we continue to roll out our ship-from-store offer to more stores and are working to increase the number of partners selling on our website, transforming it into a marketplace, as added functionalities to our relationship program (C&A &VC or C&A &You), among other initiatives. It enables personalized interaction with our customers, driving omnichannel buying functionalities such as the ability to locate the nearest store using GPS, and a bar-code scanner that provides additional content about items during the buying process.

In the financial services lever we are again talking to our partner about how to optimize the results of the business for both parties.

However, with the Covid-19 pandemic and a deteriorating scenario worldwide, the Company soon felt the impact of the pandemic in Brazil. Sales started to drop in mid-March, especially in the stores located in the south and southeast of the country. The Company started to gradually shut down stores and, by March 21, all C&A Brick and Mortar stores in Brazil were shut down. While the quarter started out as expected, responding to initiatives implemented according to our growth levers and new inventory management, with same-store sales increasing 7.3%, as measures to fight the pandemic took effect, same-store sales started to drop.

We have since focused our efforts on finding alternatives to sell and remain close to our customers in this scenario. There are numerous initiatives in this regard: implementation of drive-through pickups, basically an adaptation of in-store pickups, and different types of direct selling, all in line with our omnichannel strategy. We have also significantly increased our ship-from-store sales to ensure e-commerce growth, shipping from the closest store to reduce delivery times and avoid stockouts.

In light of the limitations imposed by the pandemic, in Financial Services we are reinforcing our efforts with our partner to provide customers with different ways of paying their bills. With stores entirely closed or open for reduced hours, paying their bill is no longer trivial for many customers. As social distancing measures are maintained, and in some cases upgraded to lock-down, this can demand a measure of effort.

As the seriousness of the crisis became clearer, all investments in new growth projects, especially those related to B&M stores, were suspended. The Company is now focusing on the safety of its employees and the protection of its cash position. Therefore, we are negotiating with our suppliers of goods and services to postpone and possibly reduce payments related to our B&M operations, as all our stores are closed and employees are working remotely.

To reinforce our financial robustness, on April 3, 2020 the Company issued its first Promissory Notes in the amount of R\$ 500 million, maturing in three years and yielding CDI +1.09%. Furthermore, on April 9, 2020 we completed the issue of two CCBs (Bank Credit Certificates) totaling R\$ 350 million, with an annual yield equivalent to CDI+3.45%, maturing in 12 months.

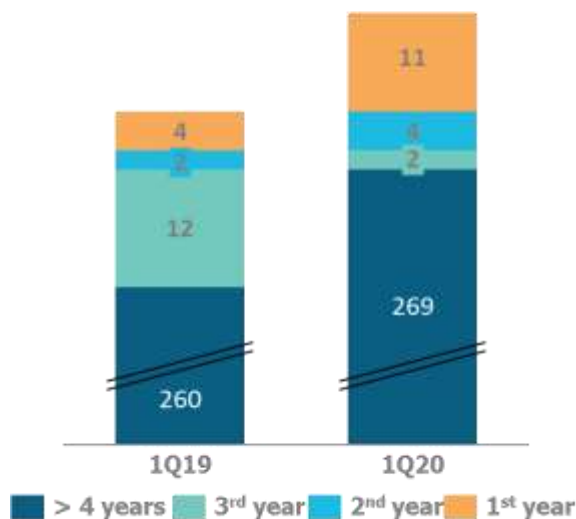
We will persevere during these troubling times, caring for our people, and respecting the guidelines issued by government and healthcare bodies. We will challenge our creativity to sell and maintain our market presence, doing business in a new and adverse scenario where we must learn as we go along and mitigate any negative impact on our results. We are confident that even during these difficult times we are making important progress that will strengthen us and ensure the success of our growth plan.

The Management of C&A Modas S.A.

Operating Indicators

	1Q20	1Q19	Δ
Stores	286	278	8
Open	1	0	1
Closed	2	1	1
Remodeled	5	20	-15
Sales area (thousand m²)	544	525	19

Store Distribution by Age



We opened one unit in the first quarter of the year (Parque Shopping Bahia), and closed two (Shopping Villa Lobos, which opened in July 2013, and Shopping Iguatemi Ribeirão Preto, which opened in September 2013). We also revamped five stores to adapt them to the CVP concept (Customer Value Proposition) concept.

This brought our total to 286 across Brazil, 269 of which have been in operation for more than 4 years.

Comments on the Company's Financial Performance

Net Revenue

R\$ million	1Q20	1Q19	Δ
Total Net Revenue	976.9	1,040.5	-6.1%
<i>Apparel</i>	713.7	767.1	-7.0%
<i>Fashiontronics</i>	191.8	213.7	-10.2%
Financial Services - Bradescard Partnership	68.2	55.3	23.4%
Other Revenues	3.2	4.5	-29.1%
<i>Same Store Sales</i>	-9.7%	3.9%	-13.6p.p.
<i>Apparel</i>	-8.9%	2.1%	-11.0p.p.
<i>Fashiontronics</i>	-12.2%	10.9%	-23.1p.p.

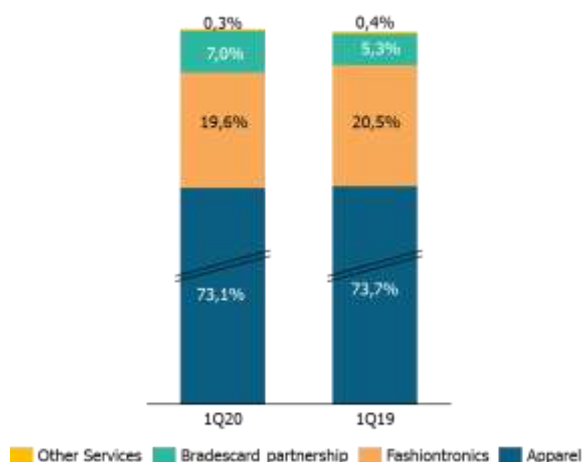
In the first quarter, net revenue was R\$ 976.9 million, 6.1% less than in 1Q19.

Revenue from apparel dropped 7.0%, and revenue from Fashiontronics dropped 10.2%. Same-store sales dropped 9.7% compared to 1Q19 – 8.9% for apparel and 12.2% for Fashiontronics. If we look at this indicator prior to March, 13, 2020, before any significant impact from the pandemic, same-store sales reflected the initiatives taken in late 2019 to reinforce our assortment in stores and online, increasing 9.3% for apparel and 0.4% for Fashiontronics, resulting in a combined increase of 7.3%.

Net revenue from Financial Services resulting from our partnership with Bradescard was R\$ 68.2 million in 1Q20, an increase of 23.4%, primarily due to a credit portfolio sale executed by our partner.

Other revenue, which includes commissions from telephony operators when cell-phone plans sold by C&A are activated, as well as revenue from cell-phone top-offs and services, among others, dropped 29.1% in 1Q20, primarily due to reduced commissions from telephony operators.

Net Revenue by Business



When we look at how net revenue broke down in the quarter, the share of apparel dropped only slightly, while the share of Fashiontronics decreased, and that of financial services increased due to the sale of the credit portfolio by Bradesco.

Gross Profit and Margin

R\$ million except margin	1Q20	1Q19	Δ
Total Gross Profit	476.3	501.4	-5.0%
<i>Apparel</i>	373.1	394.8	-5.5%
<i>Fashiontronics</i>	40.9	52.9	-22.8%
Gross Profit of Goods	413.9	447.8	-7.6%
Financial Services Gross Profit - Bradescard Partnership	67.9	55.0	23.6%
Other Gross Losses	(5.5)	(1.3)	324.4%
Total Gross Margin	48.8%	48.2%	0.6p.p.
Apparel Gross Margin	52.3%	51.5%	0.8p.p.
Fashiontronics Gross Margin	21.3%	24.8%	-3.5p.p.
Gross Margin of Goods	45.7%	45.7%	0.1p.p.

Gross profit in the first quarter totaled R\$ 476.3 million, 5.0% below 1Q19. This is the direct result of the Covid-19 pandemic, which forced us to shut down our B&M stores on March 21, 2020. Total gross margin was 48.8%, a 0.6 pp increase, primarily due to the performance of financial services.

The 52.3% gross margin in apparel was 0.8 pp higher than in 1Q19, with improvements across almost all categories. In Fashiontronics, the margin was only 21.3%, a 3.5 pp drop due to more intense competition and the promotional event named Consumer Week in March of this year.

The 23.6% increase in gross profits is the result of the Bradesco sale of the credit portfolio.

The R\$ 5.5 million gross losses in the "other" line is due to a reduction in the revenue from telephony operator commissions from the activation of mobile telephony plans purchased at C&A, and higher inventory losses.

Pro forma Operating Revenue and Expenses

R\$ million	1Q20	1Q19	Δ	1Q20 pro forma	1Q19 pro forma	Δ pro forma
Operational Income and Expenses	(526.3)	109.4	-R\$635.7	(544.7)	(531.9)	2.4%
Sales	(413.2)	(404.4)	2.2%	(429.8)	(407.2)	5.6%
General and Administrative	(108.7)	(126.1)	-13.8%	(110.5)	(126.8)	-12.9%
Total Expenses with sales and G&A	(521.9)	(530.4)	-1.6%	(540.4)	(534.0)	1.2%
Total Expenses with sales, G&A / Net Total Revenue	53.4%	51.0%	2.4p.p.	55.3%	51.3%	4.0p.p.
Other Operational Income and Expenses	(4.4)	639.9	-R\$644.2	(4.4)	2.1	-R\$6.5
Operational Income and Expenses / Net Total Revenue	53.9%	10.5%	43.4p.p.	55.8%	51.1%	4.6p.p.

Pro-forma operating expenses in the quarter added up to R\$ 544.7 million, 2.4% more than in 1Q19.

Pro-forma sales expenses were R\$ 429.8 million, a 5.6% increase. The main reason was higher spending on marketing campaigns such as Big Brother Brasil, partially offset by the fact that the Company is no longer paying royalties. In the activations during the BBB program, our App was among the 5 most downloaded in Brazil both in iOS and Android.

Pro-forma general and administrative expenses dropped 12.9% to R\$ 110.5 million, primarily due to the reversal of R\$ 7.8 million in provisions. Excluding the effect of this reversal, in 1Q20 general and administrative expenses would have been 6.7% less than in 1Q19.

Sales, general and administrative expenses as a percent of total net revenue were 55.3% in 1Q20, a drop of 4.0 pp.

Other pro-forma revenue and expenses amounted to expenses of R\$ 4.4 million due to R\$ 6.6 million in impairment as a result of the Covid-19 pandemic.

Financial Services - Bradescard Partnership

R\$ million	1Q20	1Q19	Δ
Net Revenue of the partnership with Bradescard	68.2	55.3	23.4%
Financial Services Gross Profit	67.9	55.0	23.6%
(-) Financial Services Expenses - Sales	(51.0)	(49.7)	2.5%
(=) Financial Services Result	17.0	5.2	224.8%
	1Q20	1Q19	Δ
Average Net Receivables (R\$ bilions)	3.2	3.0	7.7%
% of sales	21.3%	20.9%	0.5p.p.
Number of new cards (thousand)	179.5	143.2	25.4%
Number of active cards (million)	5.2	5.5	-5.3%
Delinquency Rate* (%)	5.6%	7.6%	-1.9p.p.

*Net Losses /Portfolio

C&A offers a number of financial products and services, such as C&A card issuing and administration, personal loans and insurance through its partnership with Banco Bradescard.

In the first quarter of the year, revenue from this partnership added up to R\$ 68.2 million, a 23.4% increase. This performance was the result of the Bradesco sale of part of the portfolio, which brought in an additional R\$ 19.8 million in 1Q20. If we exclude the impact of this sale, revenue from the partnership would have been R\$ 48.4 million, a 12.5% reduction. The sale of this portfolio also had a positive impact on default in the period, which was 1.9 pp below what it had been in 1Q19.

The focus of the business in this time is to provide means for customers to pay their bills, as this is now a challenge and we understand that our actions are essential to reduce future losses and ensure customer satisfaction. The availability of self-service totems in specific stores and partnerships with other retailers are some of the solutions implemented.

Adjusted EBITDA

R\$ million except margin	1Q20	1Q19	Δ	1Q20 pro forma	1Q19 pro forma	Δ pro forma
Profit (Losses)	(55.4)	751.4	-R\$806.8	(45.9)	(28.9)	58.9%
(+) Income Tax	(33.5)	387.6	-R\$421.2	(28.7)	(13.8)	107.1%
(+/-) Net Financial Result	39.0	(528.2)	R\$567.2	6.2	12.3	-49.8%
(+) Depreciation and Amortization	128.1	129.6	-1.2%	60.3	55.8	7.9%
(=) EBITDA	78.2	740.4	-89.4%	(8.1)	25.4	-R\$33.5
(+/-) Expenses (Revenue) with asset disposal and other operating expenses	4.4	(2.1)	R\$6.5	4.4	(2.1)	R\$6.5
(+) Expenses with Controlling Shareholder	0.0	1.4	-R\$1.4	0.0	1.4	-R\$1.4
(+) Royalties Expenses	0.0	5.6	-R\$5.6	0.0	5.6	-R\$5.6
(+) Suppliers Financial Revenue	8.6	6.3	36.7%	8.6	6.3	36.7%
(-) Tax Credit Recovery	0.0	(637.7)	R\$637.7	0.0	0.0	R\$0.0
(=) Adjusted EBITDA	91.1	113.9	-20.0%	4.8	36.6	-86.8%
Adjusted EBITDA Margin	9.3%	10.9%	-1.6p.p.	0.5%	3.5%	-3.0p.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.

In the first quarter, pro-forma adjusted EBITDA dropped 86.8% to R\$ 4.8 million. Pro-forma adjusted EBITDA margin was 0.5%, a 3.0 pp drop. This is primarily due to the closure of stores in March, which had a significant impact on sales.

Financial Results

R\$ milhões	1Q20	1Q19	Δ	1Q20 pro forma	1Q19 pro forma	Δ pro forma
Financial Result	(39.0)	528.2	-R\$567.2	(6.2)	(12.3)	R\$6.1
Derivatives Results	0.0	(26.1)	R\$26.1	0.0	(26.1)	R\$26.1
Total Financial Expenses	(75.6)	(52.1)	-R\$23.5	(42.7)	(33.5)	-R\$9.2
Interests on Loans	0.0	(11.2)	R\$11.2	0.0	(11.2)	R\$11.2
Interests on Leasing	(32.8)	(18.5)	-R\$14.3	0.0	0.0	R\$0.0
Bank expenses and IOF	(0.5)	(1.9)	R\$1.4	(0.5)	(1.9)	R\$1.4
Interest on taxes and contingencies	(5.8)	(7.6)	R\$1.7	(5.8)	(7.6)	R\$1.7
Exchange Rate	(30.6)	(8.5)	-R\$22.1	(30.6)	(8.5)	-R\$22.1
Financial expenses of Suppliers – APV	(5.8)	(4.3)	-R\$1.5	(5.8)	(4.3)	-R\$1.5
Other financial Expenses	(0.01)	(0.03)	R\$0.0	(0.01)	(0.03)	R\$0.0
Total Financial Revenue	36.6	606.3	-R\$569.7	36.6	47.3	-R\$10.7
Interests	9.4	561.4	-R\$552.0	9.4	2.4	R\$7.0
Exchange Rate	18.1	39.3	-R\$21.2	18.1	39.3	-R\$21.2
Suppliers Revenue	8.6	6.3	R\$2.3	8.6	6.3	R\$2.3
Other Financial Revenue	0.4	(0.7)	R\$1.1	0.4	(0.7)	R\$1.1

In the first quarter, pro-forma financial expenses amounted to R\$ 6.2 million, a decrease of R\$ 6.1 million compared to 1Q19. This was primarily impacted by the settlement of related party loans in 2019, resulting in savings of R\$ 6.3 million in the first quarter on exchange variations, swap variations and interest expenses.

Net Profit

R\$ million except margin	1Q20	1Q19	Δ	1Q20 pro forma	1Q19 pro forma	Δ pro forma
Net Profit (Losses)	972.0	751.4	R\$220.6	(9.5)	(28.9)	-67.2%
Net Margin	99.5%	72.2%	27.3p.p.	-1.0%	-2.8%	1.8p.p.

Pro-forma net losses in the quarter were R\$ 45.9 million, a performance 58.9% below 1Q19. Pro-forma net margin was negative 4.7%, lower 1.9 pp than the margin in the 1Q19.

Adjusted Free Cash Flow

R\$ million	1Q20	1Q19	Δ
Pro forma (Loss) Profit before Taxes	(74.6)	(42.7)	74.5%
Depreciation and Amortization	60.2	55.8	7.9%
(+/-) Others	5.7	-13.1	R\$18.8
Non-cash Adjustment	66.0	42.7	54.4%
Income tax and social contribution paid	(20.4)	(3.3)	-R\$17.2
Working Capital	(105.5)	45.5	-R\$151.0
Trade Receivables	464.1	389.9	19.0%
Inventories	(249.0)	(123.6)	101.4%
Trade Payables	(177.3)	(104.7)	69.4%
Others	(143.2)	(116.1)	23.4%
Cash originated from operational activities	(134.6)	42.3	-R\$176.8
(-) CAPEX	(32.6)	(89.9)	-63.7%
(=) Adjusted Free Cash Flow	(167.1)	(47.6)	-R\$119.5

C&A consumed R\$ 167.1 million in free cash flow in the first quarter of the year, an increase of R\$ 119.5 million compared to 1Q19. The main impact was an increase use of cash for inventories, which is in line with our strategy to increase our in-store and online assessment, and the impact of Covid-19 on our sales this quarter.

Investments

R\$ million	1Q20	1Q19	Δ
Total Investments	33.5	83.7	-60.0%
New Stores	7.5	11.5	-34.8%
Remodeling	14.4	39.5	-63.5%
Distribution Center	2.1	0.6	250.0%
IT and Others	9.5	32.1	-70.4%

We invested R\$ 33.5 million in the first quarter, a 60% drop due to a concentration in IT and other projects in 1Q19, and the number and schedule of store remodeling. This year, our original plan was to revamp 62 stores, compared to the 74 in 2019. In the first quarter of this year we revamped only 5 stores, compared to 20 in the first quarter of 2019.

Indebtedness

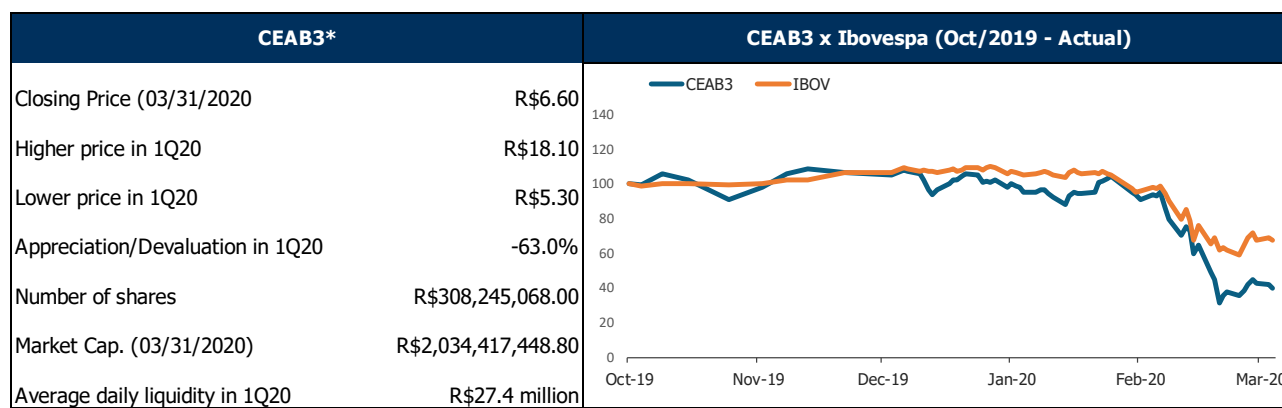
R\$ million	03/31/2020	03/31/2019
Gross Debt	0.0	(673.7)
Short-term debt	0.0	(11.3)
Long-term debt	0.0	(662.5)
(-) Cash and cash equivalents	280.0	134.9
(=) Cash or (Net Debt)	280.0	(538.8)

C&A ended the first quarter of the year with no short or long-term debt, and with a net cash position of R\$ 280.0 million.

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 1Q20 was R\$ 27.4 million, with a 63.0% loss in value of the shares. On 31 March 2020 the company's market cap was R\$ 2.0 billion.



*Source: Infomoney, 03/31/2020

The Company's capital stock is 308,245,068 common shares, with 34.5% free-float. The Company's free-float and its main shareholders on 31 March 2020 were as follows:

Stockholding structure	Number of Shares (ON)	% of total
Controlling shareholder	201,895,453	65.5%
Itaú Unibanco S.A.	15,766,280	5.1%
XP Gestão de Recursos Ltda	15,601,000	5.1%
Management	23,636	0.01%
Others	74,958,699	24.3%
Total	308,245,068	100.0%

Attachments

Consolidated Statement of Financial Position

R\$ million	2020-03-31	2019-12-31	R\$ million	2020-03-31	2019-12-31
Total Assets	5,798.4	6,037.1	Total liabilities and shareholder's equity	5,798.4	6,037.2
Current Assets	2,062.2	2,999.6	Current Liabilities	1,475.7	1,751.1
Cash and cash equivalents	280.0	447.1	Leases	368.9	357.9
Accounts receivable	690.9	1,151.5	Suppliers	628.2	804.0
Derivatives	34.5	0.6	Derivatives	-	3.9
Related Parties	0.1	0.4	Labor Liabilities	124.3	128.5
Inventory	784.2	544.7	Related Parties	143.9	69.5
Taxes to recover	209.6	795.6	Dividends	144.8	144.8
Income tax and Social Contribution to recover	23.9	38.0	Taxes Payable	16.5	183.6
Other assets	38.9	21.7	Income Tax and social contribution payable	25.2	35.8
Non-current Assets	3,736.2	3,037.5	Other liabilities	23.9	23.1
Long-term Achievable Assets	1,257.7	624.9	Non-current liabilities	1,612.0	1,546.5
Taxes to recover	1,149.1	521.1	Leases	1,331.9	1,229.8
Deferred taxes	2.2	-	Related Parties	0.0	-
Judicial deposits	103.0	101.8	Labor Liabilities	3.5	3.6
Other assets	3.5	2.0	Provisions for tax, civil and labor liabilities	229.0	233.8
Investment	-	-	Taxes payable	14.5	1.1
PP&E	664.4	717.5	Deferred taxes	0.0	45.6
Right-of-use - leases	1,601.3	1,507.8	Other liabilities	33.2	32.6
Intangibles	212.8	187.3	Shareholder's Equity	2,710.6	2,739.6
			Share capital	1,847.2	1,847.2
			Capital reserves	13.1	11.7
			Accumulated profits	-55.4	-
			Profit Reserve	882.9	882.9
			Comprehensive income	22.8	(2.2)

Earnings Release

1Q20



Consolidated Statement of Earnings

R\$ million	1Q20	1Q19	Δ	1Q20 pro forma	1Q19 pro forma	Δ pro forma
Net Operational Revenue	976.9	1,040.5	-6.1%	976.9	1,040.5	-6.1%
Apparel	713.7	767.1	-7.0%	713.7	767.1	-7.0%
Fashiontronics	191.8	213.7	-10.2%	191.8	213.7	-10.2%
Financial Services - Bradescard Partnership	68.2	55.3	23.4%	68.2	55.3	23.4%
Other Commissions Revenue	3.2	4.5	-29.1%	3.2	4.5	-29.1%
Sales Cost	(500.5)	(539.1)	-7.2%	(500.5)	(539.1)	-7.2%
Gross Profit	476.3	501.4	-5.0%	476.3	501.4	-5.0%
Apparel	373.1	394.8	-5.5%	373.1	394.8	-5.5%
Fashiontronics	40.9	52.9	-22.8%	40.9	52.9	-22.8%
Gross Profit of Goods	413.9	447.8	-7.6%	413.9	447.8	-7.6%
Financial Products - Bradescard Partnership	67.9	55.0	23.6%	67.9	55.0	23.6%
Other Commissions Gross Profit	(5.5)	(1.3)	324.4%	(5.5)	(1.3)	324.4%
(Expenses) and Operational Revenue	(526.3)	109.4	-R\$635.7	(544.7)	(531.9)	2.4%
General and Administrative	(108.7)	(126.1)	-13.8%	(110.5)	(126.8)	-12.9%
Sales	(413.2)	(404.4)	2.2%	(429.8)	(407.2)	5.6%
Other Operational Revenue (Expenses), Net	(4.4)	639.9	-R\$644.2	(4.4)	2.1	(6.5)
Profit before Financial Revenue and Expenses	(49.9)	610.8	-R\$660.8	(68.4)	(30.4)	124.7%
Financial Result	(39.0)	528.2	-R\$567.2	(6.2)	(12.3)	-49.8%
Derivatives Results	0.0	(26.1)	R\$26.1	0.0	(26.1)	R\$26.1
Total Financial Expenses	(75.6)	(52.1)	45.2%	(42.7)	(33.5)	27.5%
Interests on Loans	0.0	(11.2)	R\$11.2	0.0	(11.2)	R\$11.2
Interests on Leasing	(32.8)	(18.5)	77.2%	0.0	0.0	R\$0.0
Bank expenses and IOF	(0.5)	(1.9)	-74.1%	(0.5)	(1.9)	-74.1%
Interest on taxes and contingencies	(5.8)	(7.6)	-22.8%	(5.8)	(7.6)	-22.8%
Foreign exchange variation	(30.6)	(8.5)	260.9%	(30.6)	(8.5)	260.9%
Financial expenses of Suppliers – PVA	(5.8)	(4.3)	34.3%	(5.8)	(4.3)	34.3%
Other financial Expenses	(0.01)	(0.03)	-80.6%	(0.01)	(0.03)	-80.6%
Total Financial Revenue	36.6	606.3	-R\$569.7	36.6	47.3	-22.7%
Interests	9.4	561.4	-R\$552.0	9.4	2.4	292.4%
Foreign exchange variation	18.1	39.3	-53.9%	18.1	39.3	-53.9%
Suppliers Revenue	8.6	6.3	36.7%	8.6	6.3	36.7%
Other Financial Revenue	0.4	(0.7)	R\$1.1	0.4	(0.7)	R\$1.1
Profit before Tax	(88.9)	1,139.0	-R\$1,228.0	(74.6)	(42.7)	74.5%
Profit Tax	33.5	(387.6)	R\$421.2	28.7	13.8	107.1%
Accounting Year Net profit	-55.4	751.4	-R\$806.8	-45.9	-28.9	58.9%
(+) Profit Tax	(33.5)	387.6	-R\$421.2	(28.7)	(13.8)	107.1%
(+/-) Net Financial Result	39.0	(528.2)	R\$567.2	6.2	12.3	-49.8%
(+) Depreciation and Amortization	128.1	129.6	-1.2%	60.3	55.8	7.9%
(=) EBITDA	78.2	740.4	-89.4%	-8.1	25.4	-R\$33.5
(+/-) Expenses (Revenue) with asset retirement	4.4	(2.1)	R\$6.5	4.4	(2.1)	R\$6.5
(+) Expenses with Controlling Shareholder	0.0	1.4	-R\$1.4	0.0	1.4	-R\$1.4
(+) Royalties Expenses	0.0	5.6	-R\$5.6	0.0	5.6	-R\$5.6
(+) Suppliers Financial Revenue	8.6	6.3	36.7%	8.6	6.3	36.7%
(-) Tax Credits Recovery	0.0	(637.7)	R\$637.7	0.0	0.0	R\$0.0
(-) Commercial Lease Payments	0.0	0.0	-	0.0	0.0	-
(=) Adjusted EBITDA	91.1	113.9	-20.0%	4.8	36.6	-86.8%

Consolidated Cash Flow

R\$ million	1Q20	1Q19
Operational Activities		
Profit before income tax	(88.9)	1,139.0
(+) Adjustments in items with no cash disbursement to reconcile profit before taxes and cash flow	174.8	(1,061.7)
Depreciation and amortization	60.2	55.8
Depreciation of right of use asset	74.3	73.7
Losses from the sale or write-off of PP&E and intangible assets	3.5	5.5
Provisions to reduce the recoverable value of PP&E and intangible assets	2.9	(6.2)
Provisions for expected credit losses	(0.1)	0.9
Adjustments to present value of accounts receivable and suppliers	(2.8)	(2.1)
Expenses with stock-based compensation	1.5	0.0
Provisions for tax, civil and labor liabilities	(1.5)	8.5
Update of judicial deposits	(0.5)	(0.7)
Provisions for inventory losses	9.5	9.0
Interest on leases	34.5	18.5
Interest on related parties loans	0.0	11.2
Exchange variation on related party loans	0.0	(32.4)
Derivatives	0.0	41.3
Gains from legal claims - extemporaneous PIS/Cofins credits	(6.7)	(1,245)
(+) Variations in assets and liabilities	(126.0)	42.2
Client accounts receivable	464.1	389.9
Related parties	74.6	48.6
Inventory	(249.0)	(123.6)
Taxes to recover	(21.1)	(0.2)
Other credits	(18.9)	(9.7)
Judicial deposits	(0.9)	(2.9)
Suppliers	(177.3)	(104.7)
Labor liabilities	(4.4)	12.8
Other debits	1.4	(19.0)
Provisions for tax, civil and labor liabilities	(3.1)	(2.2)
Taxes due	(170.9)	(143.5)
Income tax and social contribution paid	(20.4)	(3.3)
(=) Cash flow originating (invested in) operating activities	(40.1)	119.6
(+) Investments Activities	(32.6)	(89.9)
PP&E purchases	(32.6)	(60.4)
Intangible purchases	0.00	(29.42)
Receivables from selling property and equipment	0.04	0.00
Cash flow invested in investments activities		
(+) Financing Activities	(94.4)	(340.8)
New loans	0.0	388.0
Payments on the principle of loans	0.0	(590.6)
Payment of interest on loans	0.0	(10.0)
Swap settlements	0.0	7.6
Payments of the principal on leases	(93.1)	(76.8)
Payments of the interest on leases	(1.3)	(0.5)
Interest on equity and dividends paid	0.0	(58.6)
Cash flow invested in financing activities	(94.4)	(340.8)
(=) Reduction in the balance of cash and cash equivalents	(167.1)	(311.1)
Cash and cash equivalents at the start of the period	447.1	446.0
Cash and cash equivalents at the end of the period	280.0	134.9

About C&A

C&A was established in 1841 by Dutch brothers Clemns 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 and the such like smart-phones, Kindles, tablets, watches and accessories such as earphones and chargers. Combined these are known as Fashiontronics. C&A's target audience is primarily made up of young women aged 18 to 35 in search of an elegant, fashionable style. Because it has been in Brazil for over 40 years, C&A has a network of B&M stores in 26 states and the Federal District. On 31 March 2020 there were 286 C&A stores in operation, with a total sales area of approximately 544 thousand sq. meters.

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