C&A MODAS S.A.
CNPJ/ME 45.242.914/0001-05
NIRE 353000542762

Publicly Held Company

NOTICE TO SHAREHOLDERS

On May 26, 2020, the Management of **C&A MODAS S.A.** (the "Company") submitted to the Company shareholders a Management Proposal with the justifications for retaining minimum mandatory dividends, as per Attachment 2 "a" of said Management Proposal.

In this Proposal, Company management proposed to the shareholders that, of the total mandatory dividends in the amount of R$ 230,848,280.74 (two hundred and thirty million, eight hundred and forty eight thousand, two hundred and eighty Brazilian Reals and seventy four cents), R$ 162,002,106.89 (one hundred and sixty two million, two thousand, one hundred and six Brazilian Reals and eighty nine cents) would be retained and set aside to constitute the "Special Dividends Reserve", based on article 202, paragraphs four and five of Brazilian Corporate Law, to be distributed when the Company's financial situation allows, if not taken up by losses in subsequent periods.

To justify said retention of dividends, Company management informs that, considering: (i) The current stage of the Covid-19 pandemic, declared by the World Health Organization on March 11, 2020, which has required extraordinary measures to mitigate the social and economic impact of the pandemic; (ii) in Brazil, the Ministry of Health, as well as numerous state and city health departments, have recommended that Federal, State and City Governments adopt social distancing measures across the country, among then the shutting down stores and malls, especially in those locations with larger numbers of confirmed cases of the new virus; (iii) the Company acts essentially in retail, one of the sectors most affected by the measures ordering store closures (by March 22 all of the Company's Brick and Mortar stores were closed); (iv) at this point in time Management cannot estimate when merchants will be allowed to resume normal activities, when it will be allowed to open its stores, if there will be limits imposed on how many people can be in its a store at any one time, or even how consumers will behave once life returns to "normal"; (v) Company management believes that store closings will have a significant impact on sales and thus on the company's cash position, although at this time it cannot estimate the measure of this impact; (vi) in line with its "value people" and social responsibility corporate values, the Company is determined to mitigate, in as much as possible, any impact of the pandemic on its associates and to fulfill all of its financial and contractual obligations; (vii) this situation requires extraordinary measure to contain the social and economic effects of the pandemic, embodied in setting aside part of the mandatory dividends to a Special Dividends Reserve.

Company management stressed the exceptional nature of these measures, and reaffirmed that the amount set aside as Special Dividends Reserve will be paid out as dividends as soon as the Company's economic situation so allows, so long as they are not used to offset losses in subsequent periods. It also reiterated that the Company Board of Directors issued a favorable opinion regarding adopting this preventive measure, as per the minutes of the Meeting of Board of Directors of May 26, 2020, and that the Shareholders Meeting held on June 26, 2020 approved the said proposed destination to a Special Dividends Reserve.

Barueri, June 30, 2020.

Milton Lucato Filho

CFO and Investor Relations Director