VIA VAREJO

August 12, 2020 – Via Varejo S.A

The shopping channel for all Brazilians, where, when and how they want,

announces its consolidated results for the second quarter (2Q20).

Total GMV with 70% share of the online channel in relation to 18.5% in 2Q19 and 27% in relation to 1Q20.

Strong growth of 311% in 1P in 2Q20 in relation to 2Q19 with market-share gain of 1,200bps (Gfk)

Strong growth of 180% in 3P in 2Q20 in relation to 2Q19

Exponential growth of active app users, from 1.5 million in June 2019 to 15 million in June 2020.

Total GMV
R$7.3bi

Net Income of R$65 million in the period
Reversal of loss of R$162 million

Online GMV
R$5.1bi

Gross margin of 35.3%, up 7.4p.p. from 2Q19, Operational Gross margin of 30.7%, with online penetration of 70%.

Adjusted EBITDA Margin of 10.5%, up 4.2 p.p. from 2Q19, with Adjusted EBITDA reaching R$555 million, up 45.7% from 2Q19.

We ended the quarter with cash of R$7.4 billion, including unsold credit card receivables.

Message **from Management**

Status of Transformation / Technology / Projects (deliveries)

Our transformation consists of creating solutions that enable our retail to grow with excellence through an omnichannel approach to prepare the Company to advance in new business models other than retail, such as payment methods, credit, super app, logistics, advertising, and partnerships. We included the following technology deliveries:

- **New apps** focused on substantial improvements in conversion: new registration process, new search, new product page, new check-out, features such as customized offers, quick-view and auto-service. **Delivered!**

- **Online Seller / Text Me on the Whatsapp**: direct sales platform that was anticipated and delivered at the beginning of the pandemic. **Deliverd!** We continue to evolve with the use of advanced analytics to maximize the power we have on one side with 85 million customers, on the other, +20 thousand salespeople offering the full range of 1P and 3P

- **Digital CDC (Paymentbook)**: traditional in house credit of Casas Bahia in digital format, due to the pandemic, the project was antecipated. **Delivered!**

- **New marketplace features**: including a new entry process (*onboard*) and new promotional tools. **Delivered! Goal: onboarding in real time**

- **New Via+, in-store sales system**: comes in desktop and mobile version with more features such as purchase history indications, pre-approved credit value, new sales simulator (which will even allow remarketing in online/offline channels), improved product recommendations, abandoned cart information online channels, in addition to a panel with more payment terms. **Delivered! Already in roll-out**

- Following the "phygital" (physical + digital) concept, we will integrate by geolocation the customer identification through free wi-fi at stores to Via+ and through applied intelligence, we will ensure that our salespeople are armed with CRM information such as credit and marketing to get a better sales experience. Additionally, we will enable the reading of QR Codes on store signs, so that customers and sellers have additional and quickly product information. **Already in roll-out!**

- **Integration of the technology bases of Via Varejo and banQi** was accelerated, extending banQi's reach to up to 85 million target customers. **in progress!**

- **Integration of the technology bases of Via Varejo and ASAPLog**: was accelerated and **already under operation in 330 mini hubs stores**

There are other specific projects in our data area that are being prepared, such as optimization in pricing, logistics, CRM (marketing) and credit, areas that are Via Varejo's strengths. To the same extent, we are already working on migrating the legacy infrastructure to a new, more efficient, cheap and secure platform of micro services to drive the wave innovations to come.

To sustain the initiatives, we are also investing in the leadership of our Technology,

which is now divided into 3 areas: platform, data and new businesses. We've reached 1,400 employees at Via's Technology, **excluding the banQi team in Boston (USA) and ASAPLog team in Curitiba, our *TECH HUBS*. We are already 29 tribes and over +120 Squads.**

1,400

employees at
Via's Technology

Via Varejo Census

We recently conducted the Via Varejo Census to know our employees better. Below is a summary of the findings:

Active team: 41,000+ employees

Average age: 36 years

Average tenure at Via: 5.4 years

47% women and 53% men in general

53% women in leadership



+2.150

+1.750
Apprentices

CASASBAHIA pontofrio banQi bartira extra.com.br ASAPLog

2nd quarter of **2020 and current moment**

In this journey of transformation, 2Q20 was without doubt the most challenging period. But it was also the period of greater maturation of the digital culture in our Company. Unprecedented situations such as COVID-19 made us more resilient, agile and confident that we are on the right path: "to go beyond retail." During 2Q20, we started exploring e-commerce to the maximum and we did succeed, achieving remarkable results. We ended the quarter with 70% of share of the online channel and we were able to deliver **exceptional growth without jeopardizing our sales margins**.



+12p.p

Of market-share **online channel 2Q20**

The market share data more than prove our rebound and our sustainable growth. In 2Q20, Via Varejo achieved its highest share of the digital market, according to a study by GfK, gaining 12p.p. (survey of the online market in the electronics categories) and according to the portal Compre&Confie, gaining 6.5p.p. (which specializes in comprehensively measuring the electronic market). Note that despite the huge leap in April 2020, **we maintained the significant and sustainable growth**.

R$4.4 billion Follow On

We also successfully raised R$4.4 billion through the share offering, which will be allocated to Technology and Logistics (1/3) and to improving the capital structure and working capital efficiency (2/3).

e-commerce

The market share gain in 1P is evident and we are continuing our project to transform the marketplace platform (3P). 1P registered extraordinary growth of 311% in relation to the same period the previous year. Aiming for the future and signaling the potential of what lies ahead, 3P registered significant growth of 180% in 2Q20. Our e-commerce operation, which is increasingly playing a leading role, increased its share of Total GMV from 27% in 1Q20 to 70% in 2Q20 (18.5% in 2Q19). In the 1P and 3P platforms, we continue to register growth rate in monthly active users (MAU) of the Casas Bahia and Ponto Frio apps since the start of June 2019, which went from 1.5 million active users to 15 million at the end of 2Q20. In 2Q20, the share of visits in the app was 30%, compared to 14% in 2Q19. Our apps already account for 32% of online GMV.
(12% no 2T19)

Brick-and-mortar stores

The number of stores opened increased every month in the quarter, from 86 at the end of April to 790 in June. Note that the reopened stores have been reporting sales performances higher than the revenue and conversion levels prior to the onset of the pandemic.

Credit, great opportunities with low risk

We created the conditions for credit approval by category and a dashboard with options that allow salespeople to break down the client's proposal based on down payment, installment amount and number of installments. In 2Q20, the Company launched in its online platforms (Website, Msite and App) the Digital Credit solution (CDC Digital), initially targeted at 4.5 million customers but with tremendous potential for integration and penetration in the marketplace (3P) products expected this year. As for collection, the Company digitalized and expanded its customer service channels and accelerated the implementation of the renegotiation portal.

Thanks to these initiatives, about 62% of the clients paid their bills due in the period despite the grace period granted in April on account of the COVID-19 pandemic (prior to the crisis, payments outside the stores were around 6%). However, there is still a high correlation between payment book receipts and stores reopened, observed in June, when we reopened many stores. In June, however, we noted receipts above expectations and the recovery of a part of previous months. Our projection indicates recovery of the delay due to COVID-19.

We are Brazil's leading furniture seller,

and from our Bartira unit, we started to export products to the United States, a hotly contested market, showing the quality and competitiveness of our plant.

On the marketing front, in addition to Facebook's global case "ME CHAMA NO ZAP",

We repositioned the Casas Bahia brand. A year ago, the Company kickstarted the turnaround process. We reinvented ourselves and made diverse improvements to the buying experience. The new brand arrives when these transformations are taking shape for consumers, combining the digital experience with human warmth, which is why its lines were simplified, through its remarkable colors were maintained. The new position expresses our appreciation of Brazilianness, through the diversity of the country and its people, and how we recognize each person as unique, thus translating our position into the following sentence:

"Nossa casa é o Brasil,

Nossa causa é o brasileiro"

Soon, the Pontofrio brand too will have its new identity and reposition.

On the logistic front, 2Q20 was truly intense

With online purchases climbing right since the pandemic broke out, our model was challenged to the limit, with online sales increasing from 27% to up to 80% during the second quarter.

ASAPLog in 330 from 380 mini hubs,

Just as our technology provided solid support for this turnaround, logistics too played an important role. While we were executing the AsapLog integration process, which was connected to ViaVarejo systems in just two weeks, and quickly increased the number of mini-hubs in operation at the company (we started the quarter with 60 mini-hubs and ended with 180; currently we have more than 380), we started to handle approximately 50,000 online orders per day in April, which rose to over 70,000 in the quarter. This means that orders processed per day increased by up to three times in relation to 4Q19, which is a busy season due to Black Friday and Christmas. Both our physical and logistics technology network supported this significant growth in online sales with remarkable stability, underlining our capacity and vocation for a business model in which the online segment is the centerpiece.

The AsapLog operation, which has been with us for just over three months, continues its accelerated growth. It ended 2Q20 operating in approximately 130 of our mini-hubs and currently is already in over 330. Orders delivered by AsapLog are currently 20 times the number registered in the month prior to the acquisition and continue to increase exponentially. Note that currently AsapLog operates not only ViaVarejo cargo but also in the "open sea", with 10% of its deliveries pertaining to third parties in diverse e-commerce segments, such as cosmetics, consumer goods, books, auto parts, baby and pet shop items. Moreover, it operates in 21 states across Brazil, an impressive acceleration in three months, when it started off with just two states. Finally, this exponential growth is not coming at the expense of quality of service provided to our customers, since more than 90% of the deliveries are done within 24 hours.

We continued to invest heavily in logistics technology to add layers of technology to our logistics operation and, especially, be prepared in just a few months to offer all the advantages of our network to our marketplace partners, leveraging not just the level of service and order control, but also significant cost reduction. **The expansion of mini-hubs follows the accelerated plan and we will reach 500 by the end of 3Q20**, being present in all cities where Via Varejo has a physical presence.

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We ended 2Q20 with Online GMV growing 280% from the same period the previous year. Consolidated gross revenue was R$6.5 billion, down 7.8% from 2Q19. Consolidated gross profit was R$1.9 billion, with gross margin of 35.3% and growth of 10.8% in the period. Adjusted EBITDA came to R$555million, with EBITDA margin of 10.5%, up 4.2 p.p. from 2Q19. In the period, we recorded net income of R$65 million, reversing the loss in 2Q19.



280%

growth in online segment in relation to the previous year

Total GMV

R$7.3bi

Our results point to the future. The numbers of the last three months are just a reflection of the transformation journey that involves the entire Company and describe an important movement on our path towards innovation, technology and the future. A future that starts in 3Q20 with the focus on marketplace. Facilitating the entry of new sellers and offering them all our logistics power will be the initiatives that will drive this strategic move for the Company. Something that can only begin thanks to the strengthening of core products (1P) and our excellent assets. We will increase our presence at all times in the lives of our customers, with more product options, delivery methods and payment means, resulting in a better experience and relationship with the brands.

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The results shown here reinforce the management's commitment to the coherence and consistency of the Company's transformation. We remain focused on our journey to go beyond retail, generating value in a sustainable way

The Management

Cash Reinforcement and Capital Structure - Outlook

Follow-on offering and Outlook:

- R$4.4 billion raised;
- Investments in Technology and Logistics (focus on Marketplace, Apps and m-commerce, experience and usability of platforms, logistics ecosystem, banQi, digitalization and new businesses);
- Strengthening of cash, capital structure and working capital, as well as substantial improvement in Balance Sheet indicators, notably Shareholders' Equity;

Debt and financial liabilities

- Successful conclusion of Liability Management (LM) and debt extension by up to two years;
- New Debenture: R$1.5 billion, divided into two series: 1 year R$650 million / 2 years R$850 million;
- Redemption of Promissory Notes (NP) of R$1.5 billion;
- CCB of R$2.5 billion: replacing "risco sacado" operation, extension with final term of 2 years, 6-month grace period (original maturity was September 2020). Consequently, the amount was reclassified from the suppliers balance to the item "Loans and Financing".

banQi



Our focus is on acquiring clients and increasing TPV, which is currently driven by the Casas Bahia client base, which make our client acquisition cost low. Under development, we have features and integrations to increase client engagement and recurrence, which will enable credit offerings. At banQi, we reached the impressive mark of 1.7 million downloads! In addition, our app registered:

- **83% growth** in account openings (2Q20 vs 1Q20) and **93% growth** in july/20 in relation to 2Q20
- TPV growing **120%** in july/20 in relation to 2Q20
- **106,000+** CDCs added to banQi (in July alone)
- Reduction in CAC (client acquisition cost) by **75%** vs. July 2019

Performance

Result excluding **non-recurring** effects **in 2Q19 and 2Q20:**

Reconciliation Adjustments R$ million	Accounting 2Q19	Non Recurring Var.	Operational 2Q20	Accounting 2Q20	Non Recurring Var.	Operational 2Q20
Total GMV (e-commerce & Stores)	**7.226**	**(51)**	**7.175**	7.260		7.260
Gross Sales	**7.006**	**(51)**	**6.955**	6.461		6.461
Net Revenue	6.024	(45)	5.979	5.280		5.280
Cost of Goods Sold	(4.298)		(4.298)	**(3.372)**	**(241)**	**(3.613)**
Depreciation (Logistic)	(46)		(46)	(46)		(46)
Gross Profit	1.680	(45)	1.635	**1.862**	**(241)**	**1.621**
Gross Profit (% NR)	27,9%		27,3%	35,3%		30,7%
SG&A	**(1.355)**	**(157)**	**(1.512)**	(1.365)		(1.365)
Equity Income	10		10	12		12
Other Operating Income (Expenses)	(71)		(71)	(23)		(23)
Depreciation and Amortization	(168)		(168)	(181)		(181)
Net Financial Income (Expense)	(274)		(274)	**(200)**	**(123)**	**(323)**
Income Tax	16	69	85	(40)	124	84
Net Income (Loss)	(162)	(134)	(296)	65	(241)	(176)
EBITDA	**310**	**203**	**107**	**532**	**241**	**291**
EBITDA (%NR)	5,1%		1,8%	10,1%		5,5%
Adjusted EBITDA	**381**	**203**	**178**	**555**	**241**	**314**
Adjusted EBITDA	6,3%		3,0%	10,5%		5,9%

1) Sales of Tax Credit to Third Parties; R$51 million in 2Q19. (R$45 million is net amount).

2) PIS/Cofins Credit on MKT expenses; R$157 million in 2Q19.

3) Final and unappealable decision on ICMS base in PIS/Cofins : R$241 million in CMV and R$123 million in Financial Result, totaling R$364 million in 2Q20.

Financial Performance (Accounting)

Highlights	2Q20	2Q19	%	6M20	6M19	%
Gross Revenue	**6.461**	**7.006**	**(7,8%)**	**13.887**	**14.365**	**(3,3%)**
Net Revenue	**5.280**	**6.024**	**(12,4%)**	**11.619**	**12.354**	**(5,9%)**
Gross Margin	35,3%	27,9%	738bps	32,8%	27,7%	505bps
Adjusted EBITDA	**555**	**381**	**45,7%**	**1176**	**891**	**32,0%**
Adjusted EBITDA Margin	10,5%	6,3%	419bps	10,1%	7,2%	291bps
Net Earnings (Loss)	**65**	**(162)**	**(140,1%)**	**78**	**(212)**	**na**
Net Cash with receivables not discounted	2.901	1.061	1.840	2.901	1.061	1.840

	2Q20	2Q19	%	6M20	6M19	%
Bricks and Mortar - Gross Rev SSS (%)	**23%****	**(3,2%)**	**na**	**(35,8%)**	**(2,6%)**	**(33bps)**
Total GMV (e-commerce & Stores)	**7.260**	**7.226**	**0,5%**	**15.100**	**14.839**	**1,8%**
e-commerce GMV	**5.081**	**1.339**	**279,6%**	**7.198**	**2.792**	**157,9%**
GMV (1P)	4.180	1.017	311,2%	5.833	2.104	177,2%
Marketplace GMV (3P)	901	322	179,8%	1.366	687	98,7%
e-commerce Penetration (%)	70,0%	18,5%	5146bps	47,7%	18,8%	2886bps
Marketplace Penetration (% e-commerce GMV)	17,7%	24,1%	(632bps)	19,0%	24,6%	(565bps)
Click'n Collect Penetration (% e-commerce GMV)*	6,2%	27,9%	(2172bps)	12,3%	28,4%	(1605bps)

*Click and Collect under the Billed GMV criterion and eligible products.
** Value considering comparable stores that were reopened in the period

Gross Sales Performance by channel

R$ million	2Q20	2Q19	%	6M20	6M19	%
Bricks and Mortar	2.179	5.887	(63,0%)	7.902	12.047	(34,4%)
Online	4.282	1.072	299,4%	5.985	2.219	169,8%
Wholesale*	-	46	na	-	99	na
Gross Revenue	**6.461**	**7.006**	**(7,8%)**	**13.887**	**14.365**	**(3,3%)**

(*) Channel discontinued throughout 2019

Brick-and-Mortar Stores

Gross sales revenue from brick-and-mortar stores declined 63.0% from 2Q19 due to the closure of stores on March 21, 2020 and the partial reopening during 2Q20.

For the same store sales criterion, we performed two different analyzes in relation to the performance of the store portfolio:

(i) considering only stores reopened at the start of each month and which remained open the entire month, **same-store sales registered significant increase of 15.0%** in the period. This analysis considers 18 stores reopened in early April, 203 stores reopened in early May and 343 stores reopened in early June, totaling 564 stores - equivalent to 53% of total stores.

(ii) In another approach, which considers all stores reopened until the end of June 2020 (regardless of date of reopening), **in days of sales comparable with 2Q19, same-store sales grew 23%**.

Online

E-commerce GMV stood at R$5.1 billion in the quarter, representing significant growth of 280%. The stability of tools in the online channel (websites and apps), the diverse improvements made in customer experience and the successful marketing initiatives were crucial for the excellent result. Our 1P grew 311% between 2Q19 and 2Q20. We continue to observe exceptional performance by e-commerce in 3Q20**, with significant gains in market share and maintenance of profitability.**

GMV of 3P grew 180% in 2Q20, thanks to the strategy of continuous expansion in the number of sellers, a broader product offering and improved service levels. For 3Q20, we accelerated the entry of new sellers through a new process. We ended 2Q20 with 6,000 sellers, and an assortment of 4.2 million SKUs (vs. 2.5 million in 2Q19, up 64%), and these products will be available to our over 20,000 sellers at stores starting from 3Q20.

The Online Seller (channel that is part of "Me Chama no Zap") accounted for 16% of GMV in 1P in the period. E-commerce GMV accounted for 14%. Note that in May 2020, it reached over 20% share, maintaining a significant share even after the reopening of many stores in June 2020, which shows its potential.

Gross sales revenue from the online channel grew 300% in 2Q20 compared to 2Q19, thanks to improvements in delivery times, advances in the technological platform and the product offering and, especially, the strong growth of the client base.

Breakdown of Gross **Revenue**

R$ million	2Q20	2Q19	%	6M20	6M19	%
Merchandise	5.833	6.175	(5,5%)	12.469	12.699	(1,8%)
Freight and Assembly Services	96	99	(3,0%)	204	200	2,0%
Services	168	303	(44,6%)	383	616	(37,8%)
CDC/Credit Cards	364	429	(15,2%)	831	850	(2,2%)
Gross Revenue	**6.461**	**7.006**	**(7,8%)**	**13.887**	**14.365**	**(3,3%)**
Freight, Services, CDC/Credit Card and Assembly	628	831	(24,4%)	1.418	1.666	(14,9%)
% Total Gross Revenue	**9,7%**	**11,9%**	**(214bps)**	**10,2%**	**11,6%**	**(139bps)**

Consolidated Sales by means of payment	2Q20	2Q19	%
Cash/Debit Card	22,2%	20,9%	129bps
CDC (Payment Book)	6,1%	11,9%	(582bps)
Co-branded Credit Card	7,4%	12,2%	(483bps)
Third-party Credit Card	64,4%	55,0%	936bps

Sales of goods combined with other services generated a negative impact of 7.8% on Gross Sales due to the closure of stores. There was a change in the financing profile of purchases, with higher penetration of third-party credit cards (9.4p.p.+) and cash payments (1.3p.p.+). However, at the reopened stores, penetration in payment books was 20.2% in the period.

Gross **Profit**

R$ million	2Q20	2Q19	%	6M20	6M19	%
Gross Profit	1.862	1.680	10,8%	3.810	3.427	11,2%
Gross Margin	35,3%	27,9%	738bps	32,8%	27,7%	505bps
Non Recurring Adjustements	-241	-45	na	-241	-45	na
Operational Gross Profit	1.621	1.635	(0,8%)	3.569	3.382	5,5%
Operational Gross Margin	30,7%	27,3%	335bps	30,7%	27,5%	324bps

In 2Q20, operating gross margin was 30.7%, up 335bps. from 2Q19. The exceptional improvement in profitability was due to renewed inventories, omnichannel integration and better execution of the commercial strategy, with significant improvement in product margins from both channels and all categories.

SG&A

R$ million	2Q20	2Q19	%	6M20	6M19	%
SG&A	(1.365)	(1.355)	0,7%	(6.495)	(6.192)	4,0%
% Net Revenue	(25,9%)	(22,5%)	(336bps)	(25,3%)	(23,0%)	(02bps)
Non Recurring Adjustements	0	(157)	na	0	0	na
Operational SG&A	(1.365)	(1.512)	(9,7%)	(2.751)	(2.803)	(1,9%)
% Net Revenue	(25,9%)	(25,3%)	(56bps)	(23,7%)	(22,8%)	(90bps)

In 2Q20, selling, general and administrative expenses decreased 9.7% of non-recurring factors that benefited 2Q19 results were excluded.

- Regarding rental expenses (stores), R$64 million was saved in the quarter, due to partial or total reductions depending on the reopening of stores..
- Initiatives related to Provisional Presidential Decree (MP) 936, for reduction in working hours and suspension of employment agreements, resulted in a reduction of R$138 million in the quarter.
- Outsourced services, marketing expenses, store maintenance, travels and suspension in hiring of employees also contributed to the reduction.
- These actions led to a reduction of R$147 million vs. 2Q19.

Adjusted **EBITDA**

R$ million	2Q20	2Q19	%	6M20	6M19	%
EBITDA	532	310	71,7%	1.095	744	47,2%
EBITDA Margin	10,1%	5,1%	493bps	9,4%	6,0%	340bps
Other (Expenses)/Operational Revenue	23	71	(67,6%)	81	147	(44,9%)
Adjusted EBITDA	**555**	**381**	**45,7%**	**1.176**	**891**	**32,0%**
Adjusted Margin EBITDA	**10,5%**	**6,3%**	**419bps**	**10,1%**	**7,2%**	**291bps**
Non Recurring Adjustements	-241	-203	na	-241	-203	na
Operational Adjusted EBITDA	314	178	76,0%	935	688	35,8%
Operational Adjusted Margin EBITDA	5,9%	3,0%	296bps	8,0%	5,6%	245bps

Operational adjusted EBITDA in 2Q20 reached R$314 million, up 76.0% from 2Q19, with operational adjusted EBITDA margin of 5.9% in the period, up 296bps. from 2Q19.

The better performance was driven by exceptional sales in the online channel, improvement in product margin and actions to reduce fixed and variable expenses.

Note that Other Operating Income and Expenses mostly refer to restructuring and closure of stores.

Financial **Result**

R$ million	2Q20	2Q19	%	6M20	6M19	%
Financial Revenue	**22**	**13**	**69,2%**	**34**	**31**	**9,7%**
Financial Expenses	**(305)**	**(273)**	**11,7%**	**(601)**	**(545)**	**10,3%**
Debt Financial Expenses	(52)	(9)	477,8%	(64)	(21)	204,8%
CDC Financial Expenses	(57)	(59)	(3,4%)	(114)	(119)	(4,2%)
Cost of Receivable Card Sales	(59)	(94)	(37,2%)	(168)	(180)	(6,7%)
Interest on lease liabilities	(98)	(105)	(6,7%)	(195)	(211)	(7,6%)
Other financial expenses	(39)	(6)	550,0%	(60)	(14)	328,6%
Financial Results pre monetary	**(283)**	**(260)**	**8,8%**	**(567)**	**(514)**	**10,3%**
% Net Revenue	(5,4%)	(4,3%)	(104bps)	(4,9%)	(4,2%)	(72bps)
Monetary Restatements	83	(14)	na	49	(22)	na
Financial Results Net	**(200)**	**(274)**	**(27,0%)**	**(518)**	**(536)**	**(3,4%)**
% Net Revenue	(3,8%)	(4,5%)	1bps	(4,5%)	(4,3%)	0bps
Non Recurring Adjustements	-123	0	na	-123	0	na
Operational Net financial Results	-323	-274	18,0%	-641	-536	19,7%
% Net Revenue	(6,1%)	(4,6%)	(154bps)	(5,5%)	(4,4%)	(117bps)

In 2Q20, financial result net of non-recurring effects was R$(323) million, down 154bps. from 2Q19, equivalent to 6.1% of net revenue. Increase affected by CCB and debt extensions conducted by the Company in the quarter.

The cost of credit card receivables discounted was affected positively due to the cash strengthening in 1Q20 as precautionary measures to the pandemic outbreak.

This quarter and comparison periods, the balance of interest for suppliers was reclassified from “Financial Expenses - Debt” to “Other financial expenses"..

Additionally, all inflation variations are net in the “Monetary Restatements” line item. It was in this same line item that the non-recurring adjustment of R$ 123 million was accounted for.

Net Income (Loss)

R$ million	2Q20	2Q19	%	6M20	6M19	%
Net Revenue (Loss)	**65**	**(162)**	**(140,1%)**	**78**	**(212)**	**(136,8%)**
Net Margin	**1,2%**	**-2,7%**	**392bps**	**0,7%**	**-1,7%**	**239bps**
Non Recurring Adjustements	(241)	(134)	na	(241)	(134)	na
Operatonal Net Revenue (Loss)	**(176)**	**(296)**	**(40,6%)**	**(163)**	**(346)**	**(53,0%)**
Operational Net Margin	(3,3%)	(4,9%)	162bps	(1,4%)	(2,8%)	141bps

In the period, the Company reverted book net loss, from loss of R$162 million to income of R$65 million. However, it reported operating loss of R$176 million in 2Q20 vs. operating loss of R$296 million in 2Q19. This result reflects the operating performance mainly driven by e-commerce, but at the same time an operating deleverage due to reduction in revenue, fixed costs related to closure of stores, and increase in financial expenses.

Financial Cycle

R$ million	2Q20*	2Q20	2Q19	(+/-)
(+/-) Inventory	**5.302**	**5.302**	**4.975**	**+327**
Days of Inventory[1]	124	124	101	23dias
(+/-) Suppliers[2]	**8.284**	**5.780**	**6.914**	**(1.134)**
Total Days of Suppliers[1]	193	135	141	(6 days)
Working Capital Change	**2.982**	**478**	**1.939**	**(1.461)**

([1]) Days of CoGS
([2]) Suppliers + Suppliers ('Forfait')

We ended 2Q20 with an increase in inventories and suppliers, with a variation of R$1,461 million in the financial cycle.

The increase in inventory coverage (variation of R$327 million vs. 2Q19) was due to the strengthening of the financial position as a strategic differential, which was essential for gaining market share during the period.

In the suppliers account, to ensure better cash management, the payment of debtor's risk was postponed, a CCB operation that reclassified the suppliers account balance to “Loans and financing” in the amount of R$2.5 billion was carried out.

*It would be the values of the financial cycle if there was no CCB operation that reclassified the balance of suppliers to the item "Loans and financing" in the amount of R $ 2.5 billion..

Debt

R$ million	2Q20	2Q19	(+/-)
Cash and Cash Equivalents	4.743	238	+4.505
On Balance Credit Card Receivables Not Discounted	2.666	1.750	+916
Financial Debt	(4.508)	(927)	(3.581)
Net Debt with CC Receivables not Discounted	**2.901**	**1.061**	**+1.840**
LTM Operational Adjusted EBITDA	2.009	1.650	
Net cash/LTM Operational EBITDA	1,4x	0,6x	

In 2Q20, the Company successfully concluded the process of extending the payment term of its debts, which, combined with the share offering of R$4.4 billion, enabled it to strengthen and structure its capital. Total debts have a weighted average cost of CDI + 3.58% p.a.

We ended the quarter with total Cash of R$7.4 billion and Adjusted Net Cash of R$2.9 billion, including the unsold receivables portfolio of R$2.7 billion and extension via debt instrument for a 2-year term, of drawee risk operations of suppliers with original maturities in 2Q20 in the amount of R$2.5 billion.

* Below, for comparable purposes, without the Follow On and CCB adjustment (back to Suppliers), it should be noted that the Company generated cash in the period vs. consumption in 2Q19.

R$ million	2Q20*	2Q20	1Q20	(+/-)	2Q19	1Q19	(+/-)	(+/-)
Cash and Cash Equivalents	411	4.743	2.129	(1.718)	238	1.296	(1.058)	(660)
On Balance Credit Card Receivables Not Discounted[1]	2.666	2.666	752	1.914	1.750	1.824	(74)	1.988
Financial Debt	(2.004)	(4.508)	(2.053)	49	(927)	(917)	(10)	59
Net Debt with CC Receivables not Discounted	**1.073**	**2.901**	**828**	**245**	**1.061**	**2.203**	**(1.142)**	**1.386**

Payment Books

Asset	1Q20	2Q20
Receivables short term	3.153	2.792
Receivables long term	396	323
Total receivable (1)(3)	**3.549**	**3.115**
Interest to be appropriated ST	(900)	(714)
Interest to be appropriated LT	(75)	(62)
Total Interests to be Appropriated	**(975)**	**(776)**
Total receivable	**2.574**	**2.339**
Payment book PCLD	**(409)**	**(399)**

Liabilities	1Q20	2Q20
Payment Book (CDCI) short term	3.329	3.589
Payment Book (CDCI) long term	427	332
Total payable (2)	**3.756**	**3.921**
Interest to be appropriated ST	(99)	(82)
Interest to be appropriated LT	(7)	(6)
Total Interests to be Appropriated	**(105)**	**(88)**
Total payable	**3.652**	**3.834**

(1) Sales reduction due to closed stores

(2) Rollover with banks regularized in July and August

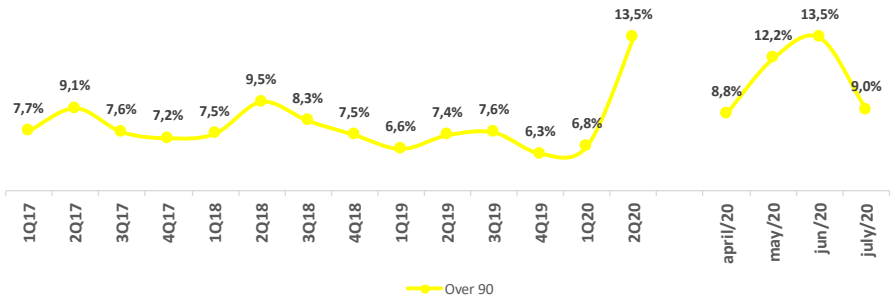
(3) Balance of accounts receivable written off (with a delay over 180 days) that remains active in our collection system, which totals R $ 1.4 billion

There was low production with the stores closed. At the reopening, there was a strong recovery in sales penetration with a strong production of new contracts / booklets. We digitized our credit card not only with the launch of the digital CDC, but also the payment and collection process.

We see payment books as an excellent sales tool because, in addition to being resilient during times of crisis, these attract clients whose credit limits were reduced by financial institutions.
Digital CDC already has a portfolio of R$116 million working for pre-approved clients.
We increased the pre-approved customer base, developed new scoring models, reviewed the credit engine parameters, added credit approval by category and included the options panel. In 2Q20, approximately 90% of the credit decisions were taken through the automated system.

Delinquency

We observed a strong improvement in receipts during May, June (July and August are still strong), which confirms the resilience of credit in times of crisis. We expect during 3Q20 to recover the delay caused by the closing of stores.



The chart below presents defaults over 90 days: (outstanding balance of all agreements overdue 91 days or more) on active payment book portfolio (balances regularly paid up to 180 days overdue).

Investments

Via Varejo's capex in 2Q20 totaled R$59 million,

and mainly went to technological and logistics upgrades, broken down as shown in the table below: After the share offering, we will keep focusing on technology and logistics investments. Moreover, we will resume the expansion of stores to strategic regions.

R$ million	2Q20	2Q19	%	6M20	6M19	%
Logistics	7	6	25,7%	23	16	40,7%
New Stores	3	30	(89,3%)	11	54	(79,9%)
Stores Renovation	6	14	(60,0%)	21	29	(28,0%)
Technology	39	44	(9,5%)	76	92	(16,9%)
Others	4	9	(58,0%)	12	15	(23,2%)
Total	**59**	**102**	**(42,0%)**	**142**	**206**	**(31,0%)**

Stores Activity by Format

Casas Bahia	12.31.2019	30.09.2019	Opening	Closure	03.31.2020
Street	652	669	0	0	669
Shopping Malls	182	185	0	0	185
Kiosk	8	3	0	0	3
Consolidated (total)	**842**	**857**	**0**	**0**	**857**
Sales Area ('000 m2)	**818**	**823**	**0**	**0**	**823**
Total Area ('000 m2)	**1.311**	**1.322**	**0**	**0**	**1.322**

Pontofrio	30.06.2019	30.09.2019	Opening	Closure	03.31.2020
Street	114	112	0	1	111
Shopping Malls	106	102	0	1	101
Kiosk	4	2	0	0	2
Consolidated (total)	**224**	**216**	**0**	**2**	**214**
Sales Area ('000 m2)	**120**	**117**	**0**	**1**	**116**
Total Area ('000 m2)	**205**	**201**	**0**	**1**	**199**

Consolidated	30.06.2019	30.09.2019	Opening	Closure	03.31.2020
Street	766	782	0	1	780
Shopping Malls	288	288	0	1	286
Kiosk	12	5	0	0	5
Consolidated (total)	**1.066**	**1.073**	**0**	**2**	**1.071**
Sales Area ('000 m2)	**938**	**940**	**0**	**1**	**939**
Total Area ('000 m2)	**1.516**	**1.523**	**0**	**1**	**1.521**

Accounting Information

Consolidated Income Statement

R$ million	2Q20	2Q19	Δ	6M20	6M19	Δ
Gross Sales	**6.461**	**7.006**	**(7,8%)**	**13.887**	**14.365**	**(3,3%)**
Net Revenue	**5.280**	**6.024**	**(12,4%)**	**11.619**	**12.354**	**(5,9%)**
Cost of Goods Sold	**(3.372)**	**(4.298)**	**(21,5%)**	**(7.717)**	**(8.837)**	**(12,7%)**
Depreciation (Logistic)	(46)	(46)	0,4%	(92)	(90)	2,4%
Gross Profit	**1.862**	**1.680**	**10,8%**	**3.810**	**3.427**	**11,2%**
Selling Expenses	(1.185)	(1.157)	2,4%	(2.444)	(2.306)	6,0%
General and Administrative Expenses	(180)	(198)	(9,1%)	(307)	(340)	(9,7%)
Equity Income	12	10	20,0%	25	20	25,0%
Other Operating Income (Expenses)	(23)	(71)	(67,6%)	(81)	(147)	(44,9%)
Total Operating Expenses	**(1.376)**	**(1.416)**	**(2,8%)**	**(2.807)**	**(2.773)**	**1,2%**
Depreciation and Amortization	(181)	(168)	7,7%	(363)	(328)	10,7%
EBIT	**305**	**96**	**217,7%**	**640**	**326**	**96,3%**
Financial Income	157	22	613,6%	188	52	261,5%
Expense Income	(357)	(296)	20,6%	(706)	(588)	20,1%
Net Financial Income (Expense)	**(200)**	**(274)**	**(27,0%)**	**(518)**	**(536)**	**(3,4%)**
Earnings before Income Tax	**105**	**(178)**	**(159,0%)**	**122**	**(210)**	**(158,1%)**
Income Tax	(40)	16	(350,0%)	(44)	(2)	2100,0%
Net Income (Loss)	**65**	**(162)**	**(140,1%)**	**78**	**(212)**	**(136,8%)**

EBIT	**305**	**96**	**217,7%**	**640**	**326**	**96,3%**
Depreciation (Logistic)	46	46	0,4%	92	90	2,4%
Depreciation and Amortization	181	168	7,7%	363	328	10,7%
EBITDA[1]	**532**	**310**	**71,7%**	**1.095**	**744**	**47,2%**
Other Operational Expenses and Revenues	23	71	(67,6%)	81	147	(44,9%)
Adjusted EBITDA	**555**	**381**	**45,7%**	**1.176**	**891**	**32,0%**

% on Net Sales Revenue	2T20	2T19	Δ	6M20	6M19	Δ
Gross Profit	**35,3%**	**27,9%**	**738bps**	**32,8%**	**27,7%**	**505bps**
Selling Expenses	(22,4%)	(19,2%)	(324bps)	(21,0%)	(18,7%)	(237bps)
General and Administrative Expenses	(3,4%)	(3,3%)	(12bps)	(2,6%)	(2,8%)	11bps
Equity Income	0,2%	0,2%	6bps	0,2%	0,2%	5bps
Other Operating Income (Expenses)	(0,4%)	(1,2%)	74bps	(0,7%)	(1,2%)	49bps
Total Operating Expense	**(26,1%)**	**(23,5%)**	**(255bps)**	**(24,2%)**	**(22,4%)**	**(171bps)**
Depreciation and Amortization	(3,4%)	(2,8%)	(64bps)	(3,1%)	(2,7%)	(47bps)
EBIT	**5,8%**	**1,6%**	**418bps**	**5,5%**	**2,6%**	**287bps**
Net Financial Income (Expense)	**(3,8%)**	**(4,5%)**	**76bps**	**(4,5%)**	**(4,3%)**	**(12bps)**
Earnings before Income Tax	**2,0%**	**(3,0%)**	**494bps**	**1,1%**	**(1,7%)**	**275bps**
Income Tax	(0,8%)	0,3%	(102bps)	(0,4%)	(0,0%)	(36bps)
Net Income (Loss)	**1,2%**	**(2,7%)**	**392bps**	**0,7%**	**(1,7%)**	**239bps**

EBITDA	**10,1%**	**5,1%**	**493bps**	**9,4%**	**6,0%**	**340bps**

Adjusted EBITDA	**10,5%**	**6,3%**	**419bps**	**10,1%**	**7,2%**	**291bps**

([1])EBITDA, Adjusted EBITDA and EBIT are not part of the review carried out by the external audit.

CASASBAHIA pontofrio banQi bartira extra.com.br ASAPLog

Accounting Information

Balance Sheet

Assets

R$ million	06.30.2020	06.30.2019
Current Assets	**16.429**	**10.607**
Cash and Cash Equivalents	4.743	238
Accounts Receivables	4.672	3.775
Credit Card	2.623	1.726
Payment Book	2.078	2.077
Others	184	274
Accounts Receivables B2B	222	159
Allowance for doubtful accounts	(435)	(461)
Inventories	5.302	4.975
Recoverable Taxes	1.151	1.229
Related Parties	134	103
Expenses in Advance	178	160
Other Assets	249	127
Noncurrent Assets	**12.558**	**10.995**
Long-Term Assets	**5.936**	**4.675**
Accounts Receivables	263	222
Credit Card	43	24
Payment Book	261	237
Allowance for doubtful accounts	(41)	(39)
Recoverable Taxes	3.347	2.413
Deferred Taxes	1.471	881
Related Parties	102	100
Financial Instruments	0	23
Judicial Deposits	602	942
Other Assets	151	94
Investments	**170**	**123**
Property and Equipment	**1.329**	**1.427**
Right of Use Asset	**3.591**	**3.368**
Intangible Assets	**1.532**	**1.402**
TOTAL ASSETS	**28.987**	**21.602**

Liabilities and Shareholders' Equity

R$ million	06.30.2020	06.30.2019
Current Liabilities	**14.027**	**13.430**
Suppliers	5.241	6.726
Suppliers ('Forfait')	539	188
Loans and Financing	1.728	925
Payment Book (CDCI)	3.507	3.004
Fiscal Obligations	175	85
Taxes and Social Contribution Payable	445	415
Defered revenues	394	406
Related Parties	93	94
Onlending of third parties	407	612
Leasing debts	667	585
Other Debts	831	390
Long-Term Liabilities	**9.911**	**6.370**
Loans and Financing	2.780	2
Payment Book (CDCI)	327	335
Defered Revenue	1.245	1.436
Provision for lawsuits	1.623	842
Tax Obligations	24	29
Leasing debts	3.867	3.695
Deferred Income Tax	6	6
Liabilities with Related Parties	0	0
Other Liabilities	39	25
Shareholders' Equity	**5.049**	**1.802**
LIABILITIES AND SHAREHOLDERS' EQUITY	**28.987**	**21.602**

Accounting Information

Audited Cash Flow (R$ million)

R$ million	06.30.2020	06.30.2019
Net Income (loss)	78	(212)
Adjustment:		
Depreciation and Amortization	455	415
Equity Income	(25)	(20)
Deferred Income Tax and Social Contribution	43	2
Interest and Exchange Variation	299	369
Provision for lawsuits	85	221
Allowance for doubtful accounts	297	304
Gain (loss) with fixed and intangible assets	(3)	32
Estimated loss of net recoverable value of inventories	(27)	56
Deferred Revenue	(113)	(166)
Write-off of right of use and lease liability	(18)	(3)
Share-based Payments	26	3
Discounts obtained - lease	(83)	0
Others	(1)	18
	1.013	**1.019**
Asset (Increase) Decreases		
Accounts Receivable	256	(301)
Inventories	(710)	(249)
Taxes to Recover	(593)	(63)
Related Parties	(21)	38
Judicial Deposits	46	36
Expenses in Advance	(124)	(127)
Other Assets	(83)	(134)
	(1.229)	**(800)**
Liabilities Increase (Decreases)		
Suppliers	(2.151)	(2.048)
Fiscal Obligations	47	(75)
Social and labor obligations	44	(121)
Onlending of third parties	(108)	(23)
Lawsuits	(391)	(371)
Other debts	145	(111)
	(2.414)	**(2.749)**
Asset and Liabilities - Others (Increase) Decreases		
Dividends Received from investees	0	5
Income Tax Paid	0	(4)
	-	**1**
Net Cash (used) in Operating Activities	**(2.630)**	**(2.529)**
Cash Flow from Investment Activities		
Acquisition of fixed and intangible assets	(134)	(255)
Disposal and write-off of property, plant and equipment	2,00	1,00
Financial Instruments	-	(23)
Subsidiary acquisition	- 53,00	-
Net Cash (used) in Operating Activities	**(185)**	**(277)**
Cash Flow from Financing Activities		
Proceeds from borrowings	5.856	2.455
Payments of Principal	(3.404)	(2.525)
Payments of Interest	(191)	(137)
Payments of Dividend - Lease	(186)	(249)
Payments of Interest - Lease	(195)	(211)
Resources from the issue of shares	4.455	-
Payment of share issuance expenses	(142)	-
Capital Increase	1	-
Net Cash (used in) Financing Activities	**6.194**	**(667)**
Cash and cash equivalents of the opening balance	1.364	3.711
Cash and Cash equivalents at the End of the Period	4.743	238
Change in Cash and Cash Equivalents	**3.379**	**(3.473)**

EARNINGS VIDEOCONFERÊNCIA AND **WEBCAST:**

August 13, 2020

2:00 p.m. (Brazil) / 1:00 p.m (NY) / 6:00 p.m (London)
Portuguese / English (simultaneous translation)

Webcast in Portuguese: click here.

Webcast English: click here.

Glossary:

E-commerce GMV (Gross Merchandise Value): Amounts in Brazilian real on our website, including 1P and 3P amounts.

1P: Products in the Company's inventory sold through Online platforms.

Marketplace or 3P: Products of partners (sellers) sold on the online platforms.

Click&Collect (Retira Rápido): Products purchased onlineand which can be picked up by customers at our stores or partner stores.

Same-Store Sales: Revenue from stores operating for more than 12 months.

Via+: Web-based sales system that unifies all the tools we developed in recent months to help sell products and services.

Mini-Hub: Stores that function as centers for shipping products to clients (shipping from store).

Online ***Seller and Me Chama no Zap:*** New online sales format through which sellers interact with consumers through social media