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RESULTS

1Q20

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RESULTS 1Q20

May 13, 2020 – Via Varejo S.A., Brazil's largest electronics, home appliances and furniture digital retailer, announces its **consolidated results** for the first quarter of 2020 (**1Q20**).

1Q20 Highlights

- **Reversal of loss of R$50 million to Net Income of R$13 million in the period (or Net Income of R$100 million, estimated without COVID-19* effects).**
- **Gross margin of 30.7%, up 310 bps from 1Q19, with Gross Profit reaching R$1.9 billion in the quarter, 11.5% growth vs. 1Q19.**
- **Adjusted EBITDA Margin of 9.8%, advancing 170 bps from 1Q19, with Adjusted EBITDA of R$621 million, 22% growth vs. 1Q19.**
- **Total GMV growth of R$7.8 billion, with 27% in the Online channel, up 800 bps from 1Q19. In March/20 Online channel.**
- **Robust growth of 52% in 1Q20 and 60% in 1P in March/20.**
- **Robust growth of 27% in 1Q20 and 37% in 3P in March/20.**
- **Exponential growth of active users of apps, from 1.5 million in June/19 to 8.0 million in March/20. In April/20 reached 11,2 million.**
- **We ended the quarter with cash, including undiscounted credit card receivables, of R$ 2.9 billion.**

***Comments about COVID-19 and more explanations ahead. Obs: April/20 figures are managerial and not audited.**

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Message from Management

We started 1Q20 accelerated in the digital transformation. We work intensively in the evolution of technology to have the scalability and flexibility to do retail with excellence and go beyond retail.

Our Transformation consists of: creating enabling solutions that allow the growth of our retail with excellence in omnicality in the medium and long term and that prepare Via Varejo to advance in new business models in addition to retail, as means of payment, super app, logistics, advertising, partnerships and others.

The road map contains the following technology deliveries in the next 60 days:

Online Channels

- New apps focusing on substantial conversion improvements: new registration process, new search, new product page, offer recommendation and checkout;
- New marketplace features for our tenants, including a new entry process (onboard) and new promotional tools. Additionally, a new integration of freight, tracking and logistical service, accelerating delivery times and reducing shipping costs;
- Integration of the bases between Via Varejo Technology and banQi was accelerated after the approval of the call option of the start-up, extending the banQi radar to up to 85 million target customers;

Digital Physical Stores

- New functionalities in the sales system of our stores, Via+, to improve the service relationship of sellers and their customers, such as indications of purchase history, pre-approved credit value, product recommendations (next best offer) and payment terms;
- Following the concept of “phygital” (physical + digital), we will integrate the customer identification system through the stores' free Wi-Fi to Via+ and, through applied intelligence, we will ensure that our salespeople are provided with CRM information, like credit and marketing, to give a better sales experience;
- All this enhanced by the integration of Via + with all the stock available on our online platform, including 1P and also 3P (sellers).
- Extension of the new Via + also in app version for our salespeople, evolving the sales dynamics in our stores;

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

To support the initiatives, we are also investing in the **leadership of our technology**, which is now divided into 3 areas: **platform, data and new business**. We advanced 110 hires (already planned throughout the year) to take advantage of the surplus of quality labor from many start-ups that had reduced staff, reaching 1,200 employees in Via Technology plus banQi team in Boston (USA).

We also innovated in methodologies in Technology, which are being considered for agile methodologies. We are already in the 1st of 3 waves (3rd wave scheduled for the end of the year) and the objective is to parallelize and thus accelerate our capacity to execute projects. In time, this new way of working will not be limited only to Technology, and will be applied to the entire Company.

1st quarter of 2020 and current moment:

We continued our strong performance in 1Q20 when, suddenly, the stores had to be closed. We started to exploit our e-commerce skills to the maximum, with absolute success reaching expressive results. Additionally, in just a few days, we implemented solutions that brought surprising results, such as the online seller and the tool "#MeChamanoZap" ("Text me on Whatsapp"), making an integration of on and offline unprecedented who are here to stay.

Additionally, we started to exploit our e-commerce skills to the maximum, with absolute success reaching very significant results. The market share data more than prove our momentum.

After the stores closed, in a market share survey conducted by GfK - Growth from Knowledge (Market-share survey of the online market in the categories in which Via Varejo works) it appears that:

1. In the 13th week of 2020 (compared to the same week in 2019), the Company grew 42.6% vs. 7.8% growth of the market;
2. In the 14th week, the Company grew 83% vs. 63% growth of the market;
3. In the 15th week, the Company grew 120% vs. 55% growth of the market;
4. In the 16th week, the Company grew 337% vs. 155% growth of the market in general;
5. In the 17th week, the Company grew 383% vs. 127% growth of the market.

According to the Compre&Confie portal of the Clearsale Group, which specializes in comprehensively measuring the electronic market:

1. In the 13th week of 2020 (compared to the same week in 2019), the Company grew 148% vs. 26% growth of the market;
2. In the 14th week, the Company grew 178% vs. 47% growth of the market;
3. In the 15th week, the Company grew 208% vs. 45% growth of the market;
4. In the 16th week, the Company grew 308% vs. 114% growth of the market;
5. In the 17th week the Company grew 307% vs. 96% of the market

It is also worth noting that, according to Compre&Confie, around 45% of all the cell phones sold in Brazil in the 16th week of the year were sold by Via Varejo.

Until their closure, the **brick-and-mortar stores** had registered same-store growth of 4.2%. Initially our sales slumped by 70%. But our sellers quickly performance of e-commerce added to the online seller initiative, started to offset a good part of the decline in sales. In April, with the e-commerce exceptionally well, the online seller getting stronger and 224 stores reopened, we reached approximately 70% of the total sales originally estimated. Note that the reopened stores have been reporting sales performances similar to levels prior to the onset of the pandemic.

We opened two (2) stores in 1Q20, bringing the total store count to 1,073. As mentioned, we will offer the 3P assortment in all stores, with our over 20,000 sellers offering products from our partners. Via+ will also be available to each seller as an app, a mobile tool by which clients can make payments with greater ease.

We sharpened our focus on **payment books**. This quarter, we once again observed growth in the share of payment books, in line with the Company's strategy. We created the conditions for credit approval by category and a dashboard with options that will allow salespeople to break down the client's proposal based on down payment, installment amount and number of installments. In April, the Company launched in its online platforms (Website and Msite) the Digital Payment Book solution (Digital CDC), initially targeted at 4.5 million clients. In early May, the Company will embed the solution also in the Casas Bahia app and will launch promotional campaigns for a select client base.

As for collections, the Company expanded its customer service channels and accelerated the implementation of new digital tools. Thanks to these initiatives, about 62% of the clients paid their bills for the period (prior to the crisis, payments outside the stores were around 6%), despite the grace period granted on account of the COVID-19 pandemic.

We are Brazil's ***largest furniture retailer*** and from our Bartira unit we started exporting products to the United States, a highly disputed market, demonstrating the quality and competitiveness of our factory.

In the **e-commerce** segment, we concluded the 1P recovery process and are going ahead with our marketplace transformation platform project (3P). The 1P segment registered solid growth of 52% in the period compared to the same period last year. In April, we noticed a remarkable acceleration of 260%. 3P continues to report significant growth 27% in 1Q20. In April, changed the level and growth 130%. Our e-commerce operation, which is increasingly playing a leading role, increased its share in Total GMV to 800 bps in 1Q20 vs. 1Q19. In March / 20 the share of e-commerce in the total GMV was 34%.

In the **1P** e **3P platforms**, we continue to make improvements constantly in order to improve performance. The accurate data usage and better communication with clients, started producing excellent results, which include higher sales activity, frequency and greater loyalty. One exceptional example was the 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 8.0 million at the end of 1Q20. In April 2020, this number grew seven-fold to reach 11.2 million active users. In 1Q20, the number of visits to these digital channels increasing 64%. The app registered even higher growth, jumping more than 345%. In March/20 compared to the same period last year, the growth in app visits was even more remarkable – around 450%. Our apps already account with 33% of visits, 18% of online GMV (9% in 1Q19) and 22% in April/20, keeping accelerating.

On the **marketing** front, we took a smart decision to combine customized actions on TV, such as sponsoring soccer games and soap operas, with digital projects specially designed to serve consumers in different regions with differentiated messages using our database more intensely. During the period when our stores were closed, the communication strategy was targeted at e-commerce and a new channel called online seller. The tool "*ME CHAMA NO ZAP*" ["text me on WhatsApp"], which promotes this new form of selling, involved over 7,000 salespeople and was a huge success, even becoming a global case on Facebook.

In ***logistics***, we ended 1Q20 with 26% of online sales being picked up at stores, despite the freeze of Click & Collect when the stores were closed. We have seen significant improvements in the rear structure with the intensive use of technology, improving the customer experience on your journey in the store. Prior to the closure, this percentage was 30.3%. In deliveries, we maintained excellent progress in delivery times: 28% in 24-hour and 47% in 48-hour. This applies to **all deliveries** in **all regions** of the country.

In the operation of CDs, a stronghold of the company with its 26 operations and more than 1 million m^2, we launched automation projects for our online operations that will reach some of the large deposits later this year, promoting a significant efficiency leap, reducing costs and increasing the service level. Additionally, we completed the roll out of the complete planning tool (S&OP) and supply in the period, taking advantage of the complete merger of inventories between the channels. This means that the stocks

belong to those who sell and not to the online or offline channel. This means better inventory management and systematic reduction of disruption in stores and CDs.

Another excellent news was the doubling of the number of mini-hubs from 60 to 120 (vs. original 4Q20 plan) which shows that that we are on the right track to bringing our products increasingly closer to our clients, a strategy that will rely on the expertise of the recently-acquired ASAPLog (which we will talk about later). This year we will reach the mark of 180 mini-hubs still in 3Q20.

We ended 1Q20 increasing total GMV (Brick-and-mortar + e-commerce) by 3.0% (without COVID-19 effect growth would be 13%), while Online GMV grew 46% from the same period last year. Consolidated gross revenue was R$7.4 billion, up 0.9% from 1Q19. Consolidated gross profit was R$1.9 billion, with gross margin of 30.7% and growth of 11.5% in the period. Adjusted EBITDA came to R$621 million, with EBITDA margin of 9.8% in 1Q20, up 1.7 p.p. from 1Q19. In the period, we recorded net income of R$13 million, reversing the loss in 1Q19.

Even in a very challenging scenario, our progress is noteworthy. We grew sales, gained market share and also improved profitability, even with the e-commerce in acceleration. Few companies in the world are delivering 70% of the budget right now. The changes made in these 10 months of transformation prove Via Varejo's capacity to move rapidly – an effort of years executed in such a short time.

Our agenda for 2020 is very positive, technology permeated all our actions, becoming digital. Our online seller project has brought about a major transformation in the proximity and quality of our relationship with our customers and has definitively integrated our sales channels. We took a big step in the evolution of our Digital Culture and Ecosystem. For this and much more, we believe that we are already in the "***doing retail with excellence***" stage as we sow the seeds to "***go beyond retail***".

The Management

banQi

With **banQi**, our digital portfolio, we identified a change in user behavior with the COVID-19 outbreak in Brazil. We reached the impressive milestone of 1,000,000 downloads! Additionally, our app registered between March and mid-April 2020 the app registered an increase of over 117% in the number of Casas Bahia Payment Books. Moreover, monthly bank slip payments increased around 300%, helping clients manage their Casas Bahia Payment Book more effectively. With these new features, banQi clients can also carry out transactions (deposits and payments) at Casas Bahia stores but also lottery outlets.

ASAPLog

As disclosed in the Notice to the Market on April 27, 2020, the Company acquired ASAPLog, a technology company specializing in solutions for urban logistics ("LogTec") and connects carriers in different stages of long-haul routes, making the entire transaction process between sellers, delivery companies and clients much more efficient.

We added to Via Varejo an easy-to-use platform focused on crowdshipping as a solution for last mile deliveries, which relies on a network of independent delivery contractors.

The ASAPlog solution provides solid support to exploring the integration of the logistics network, which includes controlling the management of mini-hubs (shipping from store) and instantly offering services to our marketplace partners (sellers), drastically reducing logistics costs and delivery times. AsapLog is already integrated with 35 mini-hubs and rising rapidly. The last few weeks were just the first steps of the revolution that we are promoting in the last mile processes, starting with deliveries and arriving at drop-off, pick-up, reverse and same day delivery.

We estimate that this acquisition has saved us 12 months of efforts to develop the solution internally. In a few weeks, in addition to fully incorporating and integrating the company, we have already extended its reach from seven to all states of the federation. AsapLog is currently processing orders within the contracts with our carriers, adding their intelligence and automation to the competitive delivery costs that Via Varejo's vast network has with its partners.

Having established ourselves in Curitiba with AsapLog has also opened up a new door for attracting talents in both logistics and technology, and we are already hiring dozens of talents in this square for our operation.

COVID-19

We started monitoring the Coronavirus risk as early as January, when it appeared to be only a risk of supplying supplies and parts to our suppliers. At that time, they were measures linked to guaranteeing our supply. However, in March things started to seem to have a big impact for Brazil, Brazilians and our economy. It culminated that the World Health Organization - WHO decreed that the outbreak of COVID-19 constituted a pandemic on a global scale.

Since the week before the carnival, the Company has adopted a series of measures aimed at mitigating the impacts generated by COVID-19 in its operations with the institution of extraordinary committees aiming at faster decision making and the Company's reaction and the new challenges resulting from the pandemic.

Two pillars have guided it since then and continue to give direction to the Company's actions: People and Agility.

People as the main asset of the Company deserved a special look at all phases and definitions to be taken to keep everyone - whether employees, customers or partners - safe and healthy. We are far, but united. This is the maximum followed within the company. All acting for a single goal.

Agility was paramount in decision making as a rigorous factor for the success of the strategy for maintaining business with creativity and excellence.

With these two motes, Via quickly structured itself with:

1. Creation of work protocols aimed at the safety and health of our employees, suppliers, business partners and customers. Following the recommendations established by the competent public authorities, quickly, risk groups were in the first days sent the home office. And, as a result, the entire company started to act in the same way, with a technological task force to meet all the necessary structural and instrumental requirements, whether for office employees or for salespeople who started to act strongly in the unprecedented online seller platform, which brought great engagement to store teams;

2. Adoption of measures to preserve cash, so that the Company preserves the necessary resources for its operations while the crisis generated by the pandemic lasts;

3. Inventory optimization, with enough merchandise to cope with the possible slowdown in the industry or reduced supply;

4. Improvement of our online channels and our logistics, with various technological and operational actions and measures to meet with robustness and stability the increase in demand caused by the growth of e-commerce sales;

5. Online reception for all employees who continued to arrive at the Company. Everyone in safety started their journey on Via Varejo in a virtual way, but fully integrated with the teams, receiving equipment, instructions and information through Onbording Online;

6. Creation of a 0800 hotline, Dr Via Saúde, to answer any questions from our employees and their families about the Coronavirus and the measures the Company has been adopting in the face of the pandemic.

7. Each procedure adopted is described in a specific booklet so that there is no doubt for employees: from opening stores to the correct use of masks. From the application of vacations to routine Personnel Department procedures, which can change in a job at a distance.

At this point, it is almost impossible to predict or estimate the impact on future results of operations, but Via Varejo remains dedicated to establishing a transparent and close contact, within what the situation allows - that is why it adopts more and more resources such as lives and online transmissions. - with the teams. The participation and empowerment of managers grows every day, transmitting security and strengthening relationships within the teams. Everything so that each employee feels more secure and belonging to a group of the size that is the largest retailer in Brazil.

Performance excluding the impacts of COVID-19 in 1Q20:

We estimate that without the impact of COVID-19 and considering the percentage of the target we achieved in March/20 until the closure of stores versus the targets of stores closed, we would have an additional R$ 726 million as Gross Revenue and R$608 million as Net Revenue, resulting in R$97 million as Adjusted EBITDA, resulting in Net Income of R$100 million in the period.

Reconciliation Adjustments	Accounting	Covid-19 Impact	Excluding Covid-19
R$ million	**1Q20**	**Var.**	**1Q20**
Total GMV (e-commerce & Stores)	**7.840**	**726**	**8.566**
Gross Sales	**7.426**	**726**	**8.152**
Net Revenue	6.339	**608**	6.948
Cost of Goods Sold	**(4.345)**	**(447)**	**(4.792)**
Depreciation (Logistic)	**(46)**	**-**	**(46)**
Gross Profit	1.948	161	2.110
SG&A	**(1.386)**	**(64)**	**(1.450)**
Equity Income	13	**-**	13
Other Operating Income (Expenses)	**(58)**	**-**	**(58)**
Depreciation and Amortization	**(182)**	**-**	**(182)**
Net Financial Income (Expense)	**(318)**	**34**	**(284)**
Income Tax	**(4)**	**(45)**	**(49)**
Net Income (Loss)	13	**87**	100
EBITDA	**563**	**97**	**661**
EBITDA (%NR)	**8,9%**		**9,5%**
Adjusted EBITDA	**621**	**97**	**719**
Adjusted EBITDA	**9,8%**		**10,3%**

Operating Performance

Highlights	1Q20	1Q19	%
Gross Revenue	**7.426**	**7.359**	**0,9%**
Net Revenue	**6.339**	**6.330**	**0,1%**
Gross Margin	**30,7%**	**27,6%**	314bps
Adjusted EBITDA	**621**	**510**	**21,8%**
Adjusted EBITDA Margin	9,8%	8,1%	174bps
Net Earnings (Loss)	**13**	**(50)**	**(126,8%)**
Net Cash with receivables not discounted	828	2.203	(1.375)

	1Q20	1Q19	%
Bricks and Mortar - Gross Rev SSS (%)	**(8,0%)**	**(2,0%)**	**(600bps)**
Total GMV (e-commerce & Stores)	**7.840**	**7.613**	3,0%
e-commerce GMV	**2.118**	**1.453**	**45,7%**
GMV (1P)	1.653	1.088	52,0%
Marketplace GMV (3P)	465	365	27,2%
e-commerce Penetration (%)	27,0%	19,1%	**792bps**
Marketplace Penetration (% e-commerce GMV)	21,9%	25,1%	**(320bps)**
Click'n Collect Penetration (% e-commerce GMV)*	25,9%	28,7%	(282bps)

*Click and Collect under the Billed GMV criterion and eligible products.

Sales Performance

R$ million	1Q20	1Q19	%
Bricks and Mortar	5.722	6.160	(7,1%)
Online	1.704	1.147	48,6%
Wholesale*	0	53	(100,0%)
Gross Revenue	7.426	7.359	**0,9%**

(*) Channel discontinued throughout 2019

Brick-and-Mortar Stores

Gross sales revenue from brick-and-mortar stores declined 7.1% vs. 1Q19 due to the closure of stores on March 21, 2020. If not for the closure, and maintaining the budget, we would have added R$726 million to gross sales revenue (equivalent to net sales revenue of R$608 million). Same-store sales in 1Q20 increased (8.0%) but growth was 4.1% before the closure of stores, reflecting the gradual improvement since the new team took over the leadership of the Company.

Online

Invoiced GMV stood at R$2.1 billion in the quarter, driven by a solid 45.7% growth. The stability of tools in the online channel (websites and apps), the improvements made and the successful marketing initiatives were crucial for the excellent result, whose milestone was Brazil's largest Black Friday, in 2019.

Our 1P grew 52% in 1Q20 compared to 1Q19. We continue to notice exceptional performance by e-commerce in 2Q20, especially 1P, with significant market share gains.

Invoiced GMV of 3P grew 27.2% in 1Q20, thanks to the strategy of continuous expansion in the number of sellers, a larger product offering and improved service levels. For 2Q20, we anticipated a part of the strategy for the 2nd half of 2020 and are already seeing the results, taking the marketplace to the next level.

We already have 3.5 million SKUs, remembering that all these products will be available to our more than 20 thousand salespeople in stores from the 2nd semester.

Gross sales revenue from the online channel grew 48.6% in 1Q20 compared to 1Q19, thanks to improvements in delivery times, the technological platform and the product offering, as well as the strong growth of the client base.

Moreover, note that we closed the Wholesale operation in 2019.

Breakdown of Revenue

R$ million	1Q20	1Q19	%
Merchandise	6.636	6.524	1,7%
Freight and Assembly Services	108	101	6,9%
Services	215	313	(31,3%)
CDC/Credit Cards	467	421	10,9%
Gross Revenue	**7.426**	**7.359**	**0,9%**
Freight, Services, CDC/Credit Card and Assembly	790	835	(5,4%)
% Total Gross Revenue	**10,6%**	**11,3%**	**(71bps)**

In 1Q20, sales of goods combined with a higher penetration of financing of goods generated a positive impact on the total gross sales of the Company. In this scenario, the Company intensified its efforts to expand Payment Book operations, whose share of consolidated gross sales revenue increased 15 bps and of revenue grew 10.9%. At the stores, the share of Payment Book stood at 15.5% in 1Q20, up 110 bps from 1Q19.

Breakdown of payment means in consolidated gross revenue:

Sales by means of payment	1Q20	1Q19	%
Cash/Debit Card	23,0%	24,0%	(100bps)
CDC (Payment Book)	10,9%	10,8%	15bps
Co-branded Credit Card	11,0%	12,0%	(98bps)
Third-party Credit Card	55,0%	53,2%	184bps

Gross Profit

R$ million	1Q20	1Q19	%
Gross Profit	1.948	1.747	11,5%
Gross Margin	30,7%	27,6%	314bps

In 1Q20, gross profit increased 11.5% and ended the quarter with gross margin of 30.7%, up 3.14 p.p. from 1Q19, driven by renewed inventories, penetration of the payment book operation and the winning strategy implemented at the stores and the commercial department as soon as the new management team took charge.

Selling, General & Administrative Expenses

R$ million	1Q20	1Q19	%
SG&A	(1.386)	(1.291)	7,4%
% Net Revenue	(21,9%)	(20,4%)	(147bps)

In 1Q20, selling, general & administrative expenses increased 7.4%.

Adjusted EBITDA

R$ million	1Q20	1Q19	%
EBITDA	563	434	29,8%
EBITDA Margin	8,9%	6,9%	203bps
Other (Expenses)/Operational Revenue	58	76	(23,7%)
Adjusted EBITDA	**621**	**510**	**21,8%**
Adjusted Margin EBITDA	**9,8%**	**8,1%**	174bps

Adjusted EBITDA reached R$621 million in 1Q20, up 21.8% from 1Q19, with adjusted EBITDA margin of 9.8% in the period. Excluding the effects of the adoption of IFRS16, EBITDA margin was 6.6%, in line with the guidance announced by the Company.

Financial Performance

R$ million	1Q20	1Q19	%
Financial Revenue	**12**	**18**	**(33,3%)**
Financial Expenses	**(286)**	**(266)**	**7,5%**
Debt Financial Expenses	(23)	(14)	64,3%
CDC Financial Expenses	(57)	(60)	(5,0%)
Cost of Receivable Card Sales	(109)	(86)	26,7%
Interest on Leasing debts	(97)	(106)	(8,5%)
Financial Results pre monetary	**(274)**	**(248)**	**10,5%**
% Net Revenue	(4,3%)	(3,9%)	(40bps)
Others	(44)	(14)	214,3%
Financial Results	**(318)**	**(262)**	**21,4%**
% Net Revenue	(5,0%)	(4,1%)	(1bps)

In 1Q20, net financial result was R$(318) million, down 0.88 p.p. from 1Q19, equivalent to 5.0% of net revenue.

Net Income (Loss)

R$ million	1Q20	1Q19	%
EBIT	17	(32)	(154%)
% Net Revenue	0,3%	(0,5%)	78bps
Income Tax	(4)	(18)	(78,5%)
Net Revenue (Loss)	**13**	**(50)**	**(126,8%)**
Net Margin	**0,2%**	**(0,8%)**	**100bps**

The Company registered net income of R$13 million in 1Q20, compared to loss of R$50 million in 1Q19.

Financial Cycle

R$ million	1Q20	1Q19	(+/-)
(+/-) Inventory	**5.273**	**4.703**	**+570**
Days of Inventory[1]	110	93	17days
(+/-) Suppliers[2]	**8.038**	**7.114**	**+924**
Total Days of Suppliers[1]	166	141	25days
Working Capital Change	**2.765**	**2.411**	**+354**

(1) Days of CoGS

(2) Suppliers + Suppliers ('Forfait')

We ended 1Q20 with an increase in inventories and suppliers, with a variation of R$354 million in the financial cycle. The increase in inventory coverage (variation of R$570 million vs. 1Q19) was due to the strengthening of the financial position as a strategic differential. In the suppliers account, we once again increased the deadlines, in days, as per the strategy adopted for the COVID-19 scenario.

Debt

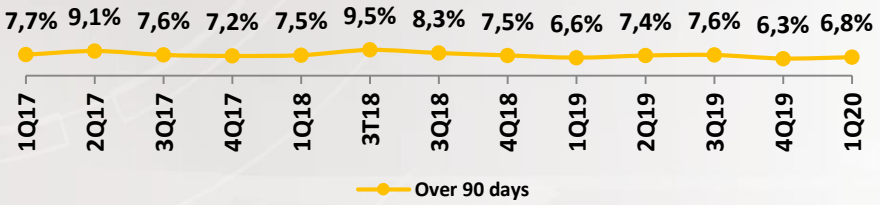
R$ million	4Q19	1Q20	(+/-)	1Q19	(+/-)	Var. YoY
Cash and Cash Equivalents	1.364	2.129	+765	1.296	(2.415)	+833
On Balance Credit Card Receivables Not Discounted[1]	3.004	752	(2.252)	1.824	+168	(1.072)
Financial Debt	(2.155)	(2.053)	+102	(917)	+8	(1.136)
Net Debt with CC Receivables not Discounted	**2.213**	**828**	**(1.385)**	**2.203**	**(2.239)**	**(1.375)**
LTM Operational Adjusted EBITDA	1.736	1.839		1.922		
Net cash/LTM Operational EBITDA	1,3x	0,5x		1,1x		

We ended the quarter with total Cash position of R$2.9 billion and Adjusted Net Cash of R$0.8 billion, including the unsold receivables portfolio of R$0.7 billion. During 1Q20, we decided to increase our liquidity by turning receivables into Cash and Cash Equivalents.

Observing our Net Cash position, including unsold receivables, cash burn between 4Q19 and 1Q20 improved compared to between 4Q18 and 1Q19, despite the negative variation in the period. This was mainly driven by the reduction in payments in the suppliers account.

Credit: Delinquency and Digitalization

The default of our credit portfolio, over 90 days, is stable in relation to 1Q19 and lower in relation to the periods of 1Q17 and 1Q18. We continue to invest in risk control processes and systems, as well as improving the experience of our customers. In 1Q20, we maintained approximately 90% of credit decisions made through an automated system.



The technology fronts carried out in 1Q20 by the Company in the Financial Services area are shown below:

Credit Granting:

(i) We started the launch of CDC Digital

(ii) Increase in the automation of credit decisions, forecasting to reach 95% in the short term.

(iii) Integration of the credit offer (CDC) in the "MeChamanoZap" channel

Billing:

(iv) New Casas Bahia Portal and Digital Advisory

(v) Digital ecosystem for collection (IVR, Chatbot and Whatsapp)

(vi) Possibility of payment of slips after maturity (via banQi, internet or banks)

Prevention:

(vii) Increased service level for online shopping approvals through greater automation

Sales:

(viii) Virtual Debit Benefit from Caixa Economica, benefiting GMV

banQi:

(ix) Management Booklet (CDC) on the banQi platform, increasing payments / month by 301%

(x) New UX: downloads + 61% and new accounts + 102%

(xi) Deposit functionalities in lotteries and Casas Bahia stores

Investments

In 1Q20, Via Varejo's investments totaled R$83 million and mainly went to technological and logistic upgrades, broken down as follows:

R$ million	1Q20	1Q19	%
Logistics	16	11	48,8%
New Stores	8	25	(68,6%)
Stores Renovation	15	15	2,7%
IT	37	48	(23,7%)
Others	8	6	31,8%
Total	**83**	**104**	**(20,0%)**

Store Activity by Format

Casas Bahia	12.31.2019	Opening	Closure	03.31.2020
Street	631	1	0	669
Shopping Malls	179	1	0	185
Kiosk	9	0	0	3
Consolidated (total)	**819**	**2**	**0**	**857**
Sales Area ('000 m2)	**812**	**1**	**0**	**823**
Total Area ('000 m2)	**1.299**	**2**	**0**	**1.322**

Pontofrio	31.03.2019	Opening	Closure	03.31.2020
Street	114	0	0	112
Shopping Malls	106	0	0	102
Kiosk	5	0	0	2
Consolidated (total)	**225**	**0**	**0**	**216**
Sales Area ('000 m2)	**120**	**0**	**0**	**117**
Total Area ('000 m2)	**205**	**0**	**0**	**201**

Consolidado	31.03.2019	Opening	Closure	03.31.2020
Street	745	1	0	781
Shopping Malls	285	1	0	287
Kiosk	14	0	0	5
Consolidated (total)	**1.044**	**2**	**0**	**1.073**
Sales Area ('000 m2)	**932**	**1**	**0**	**940**
Total Area ('000 m2)	**1.504**	**2**	**0**	**1.523**

Accounting Information

Consolidated Income Statement

R$ million	1Q20	1Q19	Δ
Gross Sales	**7.426**	**7.359**	**0,9%**
Net Revenue	**6.339**	**6.330**	**0,1%**
Cost of Goods Sold	**(4.345)**	**(4.539)**	**(4,3%)**
Depreciation (Logistic)	(46)	(44)	4,5%
Gross Profit	**1.948**	**1.747**	**11,5%**
Selling Expenses	(1.259)	(1.149)	9,6%
General and Administrative Expenses	(127)	(142)	(10,6%)
Equity Income	13	10	30,0%
Other Operating Income (Expenses)	(58)	(76)	(23,7%)
Total Operating Expenses	**(1.431)**	**(1.357)**	**5,5%**
Depreciation and Amortization	(182)	(160)	13,8%
EBIT	**335**	**230**	**45,8%**
Financial Income	31	30	2,9%
Expense Income	(349)	(292)	19,5%
Net Financial Income (Expense)	**(318)**	**(262)**	**21,4%**
Earnings before Income Tax	**17**	**(32)**	**(154,0%)**
Income Tax	(4)	(18)	(78,5%)
Net Income (Loss)	**13**	**(50)**	**(126,8%)**

EBIT	**335**	**230**	**45,8%**
Depreciation (Logistic)	46	44	4,5%
Depreciation and Amortization	182	160	13,8%
EBITDA[1]	**563**	**434**	**29,8%**
Other Operational Expenses and Revenues	58	76	(23,7%)
Adjusted EBITDA	**621**	**510**	**21,8%**

% on Net Sales Revenue	1T20	1T19	Δ
Gross Profit	**30,7%**	**27,6%**	**314bps**
Selling Expenses	(19,9%)	(18,2%)	(171bps)
General and Administrative Expenses	(2,0%)	(2,2%)	24bps
Equity Income	0,2%	0,2%	5bps
Other Operating Income (Expenses)	(0,9%)	(1,2%)	29bps
Total Operating Expense	**(22,6%)**	**(21,4%)**	**(114bps)**
Depreciation and Amortization	(2,9%)	(2,5%)	(34bps)
EBIT	**5,3%**	**3,6%**	**166bps**
Net Financial Income (Expense)	**(5,0%)**	**(4,1%)**	**(88bps)**
Earnings before Income Tax	**0,3%**	**(0,5%)**	**78bps**
Income Tax	(0,1%)	(0,3%)	22bps
Net Income (Loss)	**0,2%**	**(0,8%)**	**100bps**
EBITDA	**8,9%**	**6,9%**	**203bps**
Adjusted EBITDA	**9,8%**	**8,1%**	**174bps**

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

Balance Sheet

Assets

R$ million	03.31.2020	03.31.2019
Current Assets	**11.981**	**11.174**
Cash and Cash Equivalents	2.129	1.296
Accounts Receivables	2.961	3.913
Credit Card	707	1.799
Payment Book	2.253	2.070
Others	243	302
Accounts Receivables B2B	196	179
Allowance for doubtful accounts	(438)	(437)
Inventories	5.273	4.703
Recoverable Taxes	1.099	934
Related Parties	130	147
Expenses in Advance	138	105
Other Assets	251	76
Noncurrent Assets	**11.958**	**11.154**
Long-Term Assets	**5.650**	**4.837**
Accounts Receivables	320	224
Credit Card	45	25
Payment Book	321	234
Allowance for doubtful accounts	(46)	(35)
Recoverable Taxes	2.966	2.570
Deferred Taxes	1.444	869
Related Parties	85	183
Financial Instruments	56	9
Judicial Deposits	638	962
Other Assets	141	20
Investments	**159**	**114**
Property and Equipment	**1.354**	**1.445**
Right of Use Asset	**3.546**	**3.370**
Intangible Assets	**1.249**	**1.388**
TOTAL ASSETS	**23.939**	**22.328**

Liabilities and Shareholders' Equity

R$ million	03.31.2020	03.31.2019
Current Liabilities	**15.484**	**13.897**
Suppliers	6.549	6.608
Suppliers ('Forfait')	1.489	506
Loans and Financing	1.553	915
Payment Book (CDCI)	3.230	3.061
Fiscal Obligations	138	148
Taxes and Social Contribution Payable	352	443
Defered revenues	364	403
Related Parties	91	147
Onlending of third parties	442	510
Leasing debts	625	564
Other Debts	651	592
Long-Term Liabilities	**7.814**	**6.477**
Loans and Financing	500	2
Payment Book (CDCI)	422	340
Defered Revenue	1.202	1.520
Provision for lawsuits	1.751	856
Tax Obligations	24	30
Leasing debts	3.872	3.706
Deferred Income Tax	6	6
Liabilities with Related Parties	0	10
Other Liabilities	37	7
Shareholders' Equity	**641**	**1.954**
LIABILITIES AND SHAREHOLDERS' EQUITY	**23.939**	**22.328**

Audited Cash Flow (R$ million)

R$ million	03.31.2020	03.31.2019
Net Income (loss)	13	(50)
Adjustment:		
Depreciation and Amortization	228	205
Equity Income	(13)	(10)
Deferred Income Tax and Social Contribution	4	19
Interest and Exchange Variation	188	184
Provision for lawsuits	38	38
Allowance for doubtful accounts	122	122
Gain (loss) with fixed and intangible assets	5	10
Estimated loss of net recoverable value of inventories	(26)	25
Deferred Revenue	(69)	(83)
Write-off of right of use and lease liability	- 1,00	(4)
Share-based Payments	13	3
Others	(5)	3
	497	**462**
Asset (Increase) Decreases		
Accounts Receivable	2.132	(273)
Inventories	(682)	53
Taxes to Recover	(279)	75
Related Parties	(29)	(17)
Judicial Deposits	1	10
Expenses in Advance	(84)	(72)
Financial Instruments - fair value hedge	2	-
Other Assets	(75)	(9)
	986	**(233)**
Liabilities Increase (Decreases)		
Suppliers	114	(1.905)
Fiscal Obligations	-	(11)
Social and labor obligations	(49)	(95)
Onlending of third parties	(73)	(30)
Lawsuits	(148)	(172)
Other debts	15	41
	(141)	**(2.172)**
Asset and Liabilities - Others (Increase) Decreases		
Dividends Received from investees	-	4
Income Tax Paid	-	(3)
	-	**1**
Net Cash (used) in Operating Activities	**1.342**	**(1.942)**
Cash Flow from Investment Activities		
Acquisition of fixed and intangible assets	(84)	(158)
Disposal and write-off of property, plant and equipment and intangible assets	1	-
Financial Instruments	-	(9)
Net Cash (used) in Operating Activities	**(83)**	**(167)**
Cash Flow from Financing Activities		
Proceeds from borrowings	1.266	1.238
Payments of Principal	(1.475)	(1.247)
Payments of Interest	(58)	(71)
Payments of Dividend - Lease	(131)	(130)
Payments of Interest - Lease	(97)	(96)
Capital Increase	1	-
Net Cash (used in) Financing Activities	**(494)**	**(306)**
Cash and cash equivalents of the opening balance	1.364	3.711
Cash and Cash equivalents at the End of the Period	2.129	1.296
Change in Cash and Cash Equivalents	**765**	**(2.415)**

EARNINGS CONFERENCE CALL AND WEBCAST:

May 14, 2020

2 p.m. (Brazil) / 1 p.m. (New York) / 6 p.m. (London)

Portuguese / English (simultaneous translation):

+55 (11) 2188-0155 / +1 (646) 843-6054

Webcast: http://ri.viavarejo.com.br

Replay: +55 (11) 2188-0400 - Code: Via Varejo

Glossary:

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

Click&Collect (*Retira Rápido*): Products purchased online that are picked up by customers from our stores or from partner stores.

Invoiced GMV (Gross Merchandise Value): Amount transacted in Brazilian real on our website, including 1P and 3P amounts.

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

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

Online Seller: New online sales format through which sellers interact with consumers through social media.

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 in selling products and services.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