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Company Information / Capital Breakdown

Number of Shares (in thousands)	Current Quarter 6/30/2019
Paid-in Capital	
Common	1,294,125
Preferred	0
Total	1,294,125
Treasury Shares	
Common	300
Preferred	0
Total	300

Individual Interim Financial Information / Statement of Financial Position – Assets

R$ (in thousands)

Code	Description	6/30/2019	12/31/2018
1	Total Assets	20,801,000	21,970,000
1.01	Current Assets	10,779,000	11,935,000
1.01.01	Cash and Cash Equivalents	191,000	2,989,000
1.01.03	Trade Accounts Receivable	3,301,000	3,019,000
1.01.04	Inventories	4,528,000	3,909,000
1.01.06	Taxes Recoverable	778,000	639,000
1.01.07	Prepaid Expenses	152,000	19,000
1.01.08	Other Current Assets	1,829,000	1,360,000
1.01.08.03	Other	1,829,000	1,360,000
1.01.08.03.01	Related Parties	1,735,000	1,333,000
1.01.08.03.20	Other Assets	94,000	27,000
1.02	Noncurrent Assets	10,022,000	10,035,000
1.02.01	Long-Term Assets	4,049,000	4,141,000
1.02.01.04	Trade Accounts Receivable	215,000	210,000
1.02.01.07	Deferred Taxes	739,000	762,000
1.02.01.09	Receivables from Related Parties	66,000	156,000
1.02.01.10	Other Noncurrent Assets	3,029,000	3,013,000
1.02.01.10.04	Financial instruments	23,000	0
1.02.01.10.05	Taxes Recoverable	2,000,000	2,056,000
1.02.01.10.06	Judicial Deposits	912,000	937,000
1.02.01.10.20	Other Accounts Receivable	94,000	20,000
1.02.02	Capital Expenditure	948,000	938,000
1.02.03	Property, Plant and Equipment	4,355,000	4,331,000
1.02.03.01	Property, plant and equipment in use	1,290,000	1,293,000
1.02.03.02	Right-of-Use Assets	3,065,000	3,038,000
1.02.04	Intangible Assets	670,000	625,000

Individual Interim Financial Information / Statement of Financial Position – Liabilities

R$ (in thousands)

Code	Description	6/30/2019	12/31/2018
2	Total Liabilities	20,801,000	21,970,000
2.01	Current Liabilities	13,267,000	13,480,000
2.01.01	Payroll and Related Charges	399,000	496,000
2.01.02	Trade accounts payable	6,208,000	6,956,000
2.01.03	Tax Obligations	81,000	126,000
2.01.04	Loans and Financing	3,928,000	3,356,000
2.01.05	Other Liabilities	2,651,000	2,546,000
2.01.05.01	Related-Party Liabilities	541,000	315,000
2.01.05.02	Other	2,110,000	2,231,000
2.01.05.02.04	Deferred Revenues	382,000	380,000
2.01.05.02.07	Supplier Agreement	188,000	291,000
2.01.05.02.08	Transfer to third parties	515,000	535,000
2.01.05.02.09	Lease liabilities	812,000	813,000
2.01.05.02.20	Other Accounts Payable	213,000	212,000
2.02	Noncurrent Liabilities	5,684,000	6,458,000
2.02.01	Loans and Financing	334,000	965,000
2.02.02	Other Liabilities	4,392,000	4,533,000
2.02.02.01	Lease liabilities	0	5,000
2.02.02.02	Other	4,392,000	4,528,000
2.02.02.02.03	Deferred Revenue	1,347,000	1,514,000
2.02.02.02.05	Tax Obligations	29,000	30,000
2.02.02.02.06	Lease liabilities	2,990,000	2,975,000
2.02.02.02.20	Other liabilities	26,000	9,000
2.02.04	Provisions	958,000	960,000
2.02.04.01	Provisions for Tax, Pension, Labor and Civil Contingencies	762,000	903,000
2.02.04.02	Other Provisions	196,000	57,000
2.02.04.02.04	Provision for Investment Losses	196,000	57,000
2.03	Equity	1,850,000	2,032,000
2.03.01	Paid-in Capital	2,899,000	2,899,000
2.03.02	Capital Reserves	-867,000	-871,000
2.03.04	Income Reserves	537,000	537,000
2.03.05	Retained earnings / Accumulated losses	-687,000	-491,000
2.03.08	Other Comprehensive Income (Loss)	-32,000	-42,000

Individual Interim Financial Information / Statement of Profit or Loss

R$ (in thousands)

Code	Description	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018
3.01	Revenue from Sales and/or Services	5,534,000	11,166,000	5,284,000	10,767,000
3.02	Cost of Sales and/or Services	-3,948,000	-7,971,000	-3,665,000	-7,221,000
3.03	Gross Profit	1,586,000	3,195,000	1,619,000	3,546,000
3.04	Operating Expense/Income	-1,502,000	-2,885,000	-1,335,000	-2,915,000
3.04.01	Selling Expenses	-973,000	-1,906,000	-905,000	-2,021,000
3.04.02	General and Administrative Expenses	-188,000	-322,000	-181,000	-404,000
3.04.05	Other Operating Expenses	-216,000	-434,000	-238,000	-394,000
3.04.05.01	Depreciation and Amortization	-151,000	-296,000	-132,000	-256,000
3.04.05.05	Other Operating Income (Expenses), Net	-65,000	-138,000	-106,000	-138,000
3.04.06	Equity Income (Loss)	-125,000	-223,000	-11,000	-96,000
3.05	Income Before Finance Income (Costs) and Taxes	84,000	310,000	284,000	631,000
3.06	Finance Income (Costs)	-249,000	-485,000	-257,000	-466,000
3.07	Income Before Income Tax	-165,000	-175,000	27,000	165,000
3.08	Income Tax and Social Contribution Tax on Net Profit	11,000	-21,000	-13,000	-87,000
3.09	Net Income/(Loss) from Continuing Operations	-154,000	-196,000	14,000	78,000
3.11	Net Income/Loss in the Period	-154,000	-196,000	14,000	78,000
3.99	Earnings (Loss) per Share - (Reais/Share)				
3.99.01	Basic Earnings (Loss) per Share				
3.99.01.01	Common	-0.11919	-0.15121	0.01111	0.06075
3.99.02	Diluted Earnings (Loss) per Share				
3.99.02.01	Common	-0.11906	-0.15102	0.01075	0.06024

Individual Interim Financial Information / Statement of Comprehensive Income (Loss)

R$ (in thousands)

Code	Description	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018
4.01	Net Income for the Period	-154,000	-196,000	14,000	78,000
4.02	Other Comprehensive Income (Loss)	10,000	10,000	14,000	7,000
4.02.02	Fair value of financial assets	1,000	4,000	21,000	13,000
4.02.03	Deferred income and social contribution taxes on fair value of financial assets	0	-1,000	-6,000	-4,000
4.02.08	Share of other Comprehensive Income (Loss) in equity-accounted investments	9,000	7,000	-1,000	-2,000
4.03	Comprehensive Income (Loss) for the period	-144,000	-186,000	28,000	85,000

Individual Interim Financial Information / Statement of Cash Flows – Indirect Method

R$ (in thousands)

Code	Description	1/1/2019 to 6/30/2019	1/1/2018 to 6/30/2018
6.01	Net Cash from Operating Activities	-1,890,000	-713,000
6.01.01	Cash From Operations	1,107,000	1,278,000
6.01.01.01	Net Income (Loss) in the Period	-196,000	78,000
6.01.01.03	Depreciation and Amortization	364,000	318,000
6.01.01.04	Equity Income (Loss)	223,000	96,000
6.01.01.05	Deferred Income and Social Contribution Taxes	21,000	60,000
6.01.01.07	Unrealized Interest and Monetary Restatement	343,000	321,000
6.01.01.08	Provision for Lawsuits, Net of Reversals	182,000	200,000
6.01.01.09	Share-Based Compensation	3,000	8,000
6.01.01.10	Estimated Loss on Doubtful Accounts	261,000	281,000
6.01.01.11	Loss on Divestment of PP&E and Intangible Assets	26,000	32,000
6.01.01.12	Estimated Impairment Loss of Inventories	48,000	27,000
6.01.01.16	Deferred Revenue Recognized in Profit or Loss	-165,000	-136,000
6.01.01.17	Write-off of Right-of-Use and Lease Liabilities	-2,000	-11,000
6.01.01.20	Other	-1,000	4,000
6.01.02	Changes in Assets and Liabilities	-3,006,000	-1,844,000
6.01.02.01	Trade Accounts Receivable	-543,000	-112,000
6.01.02.02	Inventories	-667,000	-993,000
6.01.02.03	Taxes Receivable	-83,000	-268,000
6.01.02.04	Related Parties	-200,000	198,000
6.01.02.06	Judicial Deposits	39,000	4,000
6.01.02.07	Prepaid Expenses	-133,000	-19,000
6.01.02.10	Other Assets	-141,000	45,000
6.01.02.11	Trade Accounts Payable	-801,000	77,000
6.01.02.12	Tax Obligations	-46,000	-6,000
6.01.02.13	Labor and Social Security Obligations	-96,000	-103,000
6.01.02.15	Contingencies	-334,000	-340,000
6.01.02.16	Transfer to Third Parties	-20,000	-33,000
6.01.02.17	Deferred revenues	0	95,000
6.01.02.20	Other Liabilities	19,000	-389,000
6.01.03	Other	9,000	-147,000
6.01.03.01	Income and social contribution taxes paid	0	-147,000
6.01.03.02	Dividends received from Investees	9,000	0
6.02	Net Cash from/used in Investing Activities	-267,000	-634,000
6.02.01	Acquisition of PP&E and Intangible Assets	-244,000	-250,000
6.02.02	Disposal of PP&E and Intangible Assets	0	1,000
6.02.03	Financial Instruments	-23,000	0
6.02.07	Capital Increase in Subsidiary	0	-385,000
6.03	Net Cash From / (Used in) Financing Activities	-641,000	-594,000
6.03.01	Funding	2,455,000	2,457,000
6.03.02	Principal Payments	-2,525,000	-2,500,000
6.03.03	Interest Payments	-137,000	-162,000
6.03.04	Payment of Dividends and Interest on Equity	0	-15,000
6.03.05	Principal Payment - Lease	-249,000	-190,000
6.03.06	Interest Payment – Lease	-185,000	-184,000
6.05	Increase (Decrease) in Cash and Cash Equivalents	-2,798,000	-1,941,000
6.05.01	Opening Balance of Cash and Cash Equivalents	2,989,000	2,802,000
6.05.02	Closing Balance of Cash and Cash Equivalents	191,000	861,000

Individual Interim Financial Information / Statement of Changes in Equity – 1/1/2019 to 6/30/2019

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income (Loss)	Equity
5.01	Opening Balances	2,899,000	-871,000	537,000	-491,000	-42,000	2,032,000
5.03	Adjusted Opening Balances	2,899,000	-871,000	537,000	-491,000	-42,000	2,032,000
5.04	Equity Transactions with Partners	0	4,000	0	0	0	4,000
5.04.03	Options Granted Recognized	0	4,000	0	0	0	4,000
5.05	Total Comprehensive Income/(Loss)	0	0	0	-196,000	10,000	-186,000
5.05.01	Net Income for the Year	0	0	0	-196,000	0	-196,000
5.05.02	Other Comprehensive Income (Loss)	0	0	0	0	10,000	10,000
5.05.02.01	Adjustments to financial instruments	0	0	0	0	4,000	4,000
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	-1,000	-1,000
5.05.02.03	Share of Comprehensive Income (Loss) in equity-accounted investments	0	0	0	0	7,000	7,000
5.07	Closing Balances	2,899,000	-867,000	537,000	-687,000	-32,000	1,850,000

Individual Interim Financial Information / Statement of Changes in Equity – 1/1/2018 to 6/30/2018

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income (Loss)	Equity
5.01	Opening Balances	2,896,000	-881,000	944,000	-139,000	-47,000	2,773,000
5.02	Prior-year adjustments	0	0	0	-474,000	0	-474,000
5.03	Adjusted Opening Balances	2,896,000	-881,000	944,000	-613,000	-47,000	2,299,000
5.04	Equity Transactions with Partners	0	11,000	0	0	0	11,000
5.04.03	Options Granted Recognized	0	11,000	0	0	0	11,000
5.05	Total Comprehensive Income/(Loss)	0	0	0	78,000	7,000	85,000
5.05.01	Net Income for the Year	0	0	0	78,000	0	78,000
5.05.02	Other Comprehensive Income (Loss)	0	0	0	0	7,000	7,000
5.05.02.01	Adjustments to financial instruments	0	0	0	0	13,000	13,000
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	-4,000	-4,000
5.05.02.03	Share of Comprehensive Income (Loss) in equity-accounted investments	0	0	0	0	-2,000	-2,000
5.07	Closing Balances	2,896,000	-870,000	944,000	-535,000	-40,000	2,395,000

Individual Interim Financial Information / Statement of Value Added

R$ (in thousands)

Code	Description	1/1/2019 to 6/30/2019	1/1/2018 to 6/30/2018
7.01	Revenue	12,573,000	11,697,000
7.01.01	Sales of Goods, Products and Services	12,834,000	11,978,000
7.01.04	Allowance for/Reversal of Doubtful Accounts	-261,000	-281,000
7.02	Inputs Acquired from Third Parties	-9,773,000	-8,947,000
7.02.01	Cost of sales and services	-8,511,000	-7,619,000
7.02.02	Materials, Energy, Third-party Services and Other	-1,238,000	-1,296,000
7.02.03	Loss/Recovery of Assets	-24,000	-32,000
7.03	Gross Value Added	2,800,000	2,750,000
7.04	Retentions	-364,000	-318,000
7.04.01	Depreciation, Amortization and Depletion	-364,000	-318,000
7.05	Net Value Added Produced	2,436,000	2,432,000
7.06	Value Added Received in Transfer	-177,000	-37,000
7.06.01	Equity Income (Loss)	-223,000	-96,000
7.06.02	Finance Income	46,000	59,000
7.07	Total Added Value to Distribute	2,259,000	2,395,000
7.08	Distribution of Value Added	2,259,000	2,395,000
7.08.01	Personnel	1,279,000	1,274,000
7.08.01.01	Direct Compensation	823,000	885,000
7.08.01.02	Benefits	120,000	115,000
7.08.01.03	Unemployment Compensation Fund (FGTS)	93,000	92,000
7.08.01.04	Other	243,000	182,000
7.08.01.04.01	Labor claims	229,000	170,000
7.08.01.04.02	Other personnel expenses	14,000	12,000
7.08.02	Taxes, Charges and Contributions	639,000	478,000
7.08.02.01	Federal	456,000	277,000
7.08.02.02	State	146,000	164,000
7.08.02.03	Municipal	37,000	37,000
7.08.03	Remuneration on Third-Party Capital Debt remuneration	537,000	565,000
7.08.03.01	Interest	531,000	525,000
7.08.03.02	Rent	1,000	32,000
7.08.03.03	Other	5,000	8,000
7.08.04	Equity remuneration	-196,000	78,000
7.08.04.03	Retained Earnings/Accumulated Losses in the Period	-196,000	78,000

Consolidated Interim Financial Information / Statement of Financial Position – Assets

R$ (in thousands)

Code	Description	6/30/2019	12/31/2018
1	Total Assets	21,327,000	24,353,000
1.01	Current Assets	10,598,000	13,544,000
1.01.01	Cash and Cash Equivalents	238,000	3,711,000
1.01.03	Trade Accounts Receivable	3,775,000	3,768,000
1.01.04	Inventories	4,966,000	4,773,000
1.01.06	Taxes Recoverable	1,229,000	1,060,000
1.01.07	Prepaid Expenses	160,000	33,000
1.01.08	Other Current Assets	230,000	199,000
1.01.08.03	Other	230,000	199,000
1.01.08.03.01	Related Parties	103,000	132,000
1.01.08.03.20	Other Assets	127,000	67,000
1.02	Noncurrent Assets	10,729,000	10,809,000
1.02.01	Long-Term Assets	4,650,000	4,782,000
1.02.01.04	Trade Accounts Receivable	222,000	217,000
1.02.01.07	Deferred Taxes	856,000	872,000
1.02.01.09	Receivables from Related Parties	100,000	190,000
1.02.01.10	Other Noncurrent Assets	3,472,000	3,503,000
1.02.01.10.04	Financial instruments	23,000	0
1.02.01.10.05	Taxes Recoverable	2,413,000	2,519,000
1.02.01.10.06	Judicial Deposits	942,000	964,000
1.02.01.10.20	Other Accounts Receivable	94,000	20,000
1.02.02	Capital Expenditure	123,000	108,000
1.02.03	Property, Plant and Equipment	4,554,000	4,546,000
1.02.03.01	Property, plant and equipment in use	1,427,000	1,444,000
1.02.03.02	Right-of-Use Assets	3,127,000	3,102,000
1.02.04	Intangible Assets	1,402,000	1,373,000

Consolidated Interim Financial Information / Statement of Financial Position – Liabilities

R$ (in thousands)

Code	Description	6/30/2019	12/31/2018
2	Total Liabilities	21,327,000	24,353,000
2.01	Current Liabilities	13,690,000	15,619,000
2.01.01	Payroll and Related Charges	415,000	535,000
2.01.02	Trade accounts payable	6,788,000	8,652,000
2.01.03	Tax Obligations	85,000	163,000
2.01.04	Loans and Financing	3,929,000	3,357,000
2.01.05	Other Liabilities	2,473,000	2,912,000
2.01.05.01	Related Party Liabilities	94,000	154,000
2.01.05.02	Other	2,379,000	2,758,000
2.01.05.02.04	Deferred Revenues	406,000	401,000
2.01.05.02.07	Supplier Agreement	188,000	421,000
2.01.05.02.08	Transfer to third parties	517,000	540,000
2.01.05.02.09	Lease liabilities	846,000	844,000
2.01.05.02.20	Other Accounts Payable	422,000	552,000
2.02	Noncurrent Liabilities	5,787,000	6,702,000
2.02.01	Loans and Financing	337,000	968,000
2.02.02	Other Liabilities	4,602,000	4,751,000
2.02.02.01	Lease liabilities	0	5,000
2.02.02.02	Other	4,602,000	4,746,000
2.02.02.02.03	Deferred Revenue	1,436,000	1,605,000
2.02.02.02.05	Tax Obligations	29,000	30,000
2.02.02.02.06	Lease liabilities	3,112,000	3,102,000
2.02.02.02.20	Other liabilities	25,000	9,000
2.02.03	Deferred taxes	6,000	6,000
2.02.04	Provisions	842,000	977,000
2.02.04.01	Provisions for Tax, Pension, Labor and Civil Contingencies	842,000	977,000
2.03	Consolidated Equity	1,850,000	2,032,000
2.03.01	Paid-in Capital	2,899,000	2,899,000
2.03.02	Capital Reserves	-867,000	-871,000
2.03.04	Income Reserves	537,000	537,000
2.03.05	Retained earnings / Accumulated losses	-687,000	-491,000
2.03.08	Other Comprehensive Income (Loss)	-32,000	-42,000

Consolidated Interim Financial Information / Statement of Profit or Loss

R$ (in thousands)

Code	Description	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018
3.01	Revenue from Sales and/or Services	6,024,000	12,354,000	6,446,000	13,042,000
3.02	Cost of Sales and/or Services	-4,337,000	-8,919,000	-4,537,000	-8,946,000
3.03	Gross Profit	1,687,000	3,435,000	1,909,000	4,096,000
3.04	Operating Expense/Income	-1,577,000	-3,086,000	-1,585,000	-3,384,000
3.04.01	Selling Expenses	-1,155,000	-2,301,000	-1,101,000	-2,463,000
3.04.02	General and Administrative Expenses	-198,000	-340,000	-220,000	-479,000
3.04.05	Other Operating Expenses	-234,000	-465,000	-270,000	-454,000
3.04.05.01	Depreciation and Amortization	-161,000	-316,000	-153,000	-297,000
3.04.05.05	Other Operating Income (Expenses), Net	-73,000	-149,000	-117,000	-157,000
3.04.06	Equity Income (Loss)	10,000	20,000	6,000	12,000
3.05	Income Before Finance Income (Costs) and Taxes	110,000	349,000	324,000	712,000
3.06	Finance Income (Costs)	-276,000	-534,000	-303,000	-556,000
3.07	Income Before Income Tax	-166,000	-185,000	21,000	156,000
3.08	Income Tax and Social Contribution Tax on Net Profit	12,000	-11,000	-7,000	-78,000
3.09	Net Income/(Loss) from Continuing Operations	-154,000	-196,000	14,000	78,000
3.11	Consolidated Net Income/Loss in the Period	-154,000	-196,000	14,000	78,000
3.11.01	Attributable to the Partners of the Parent Company	-154,000	-196,000	14,000	78,000
3.99	Earnings (Loss) per Share - (Reais/Share)				

Consolidated Interim Financial Information / Statement of Comprehensive Income (Loss)

R$ (in thousands)

Code	Description	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018
4.01	Net Income for the Period	-154,000	-196,000	14,000	78,000
4.02	Other Comprehensive Income (Loss)	10,000	10,000	22,000	7,000
4.02.02	Fair value of financial assets	14,000	14,000	20,000	11,000
4.02.03	Deferred income and social contribution taxes on fair value of financial assets	-4,000	-4,000	2,000	-4,000
4.03	Comprehensive Income (Loss) for the Period	-144,000	-186,000	36,000	85,000
4.03.01	Attributable to the Partners of the Parent Company	-144,000	-186,000	36,000	85,000

Consolidated Interim Financial Information / Statement of Cash Flows – Indirect Method

R$ (in thousands)

Code	Description	1/1/2019 to 6/30/2019	1/1/2018 to 6/30/2018
6.01	Net Cash from Operating Activities	-2,539,000	-1,426,000
6.01.01	Cash From Operations	1,009,000	1,459,000
6.01.01.01	Net Income (Loss) in the Period	-196,000	78,000
6.01.01.03	Depreciation and Amortization	403,000	378,000
6.01.01.04	Equity Income (Loss)	-20,000	-12,000
6.01.01.05	Deferred Income and Social Contribution Taxes	11,000	46,000
6.01.01.07	Unrealized Interest and Monetary Restatement	359,000	438,000
6.01.01.08	Provision for Lawsuits, Net of Reversals	221,000	254,000
6.01.01.09	Share-Based Compensation	3,000	8,000
6.01.01.10	Estimated Loss on Doubtful Accounts	304,000	315,000
6.01.01.11	Loss on Divestment of PP&E and Intangible Assets	32,000	51,000
6.01.01.12	Estimated Impairment Loss of Inventories	56,000	44,000
6.01.01.16	Deferred Revenue Recognized in Profit or Loss	-166,000	-138,000
6.01.01.17	Write-off of Right-of-Use and Lease Liabilities	3,000	-5,000
6.01.01.20	Other	-1,000	2,000
6.01.02	Changes in Assets and Liabilities	-3,549,000	-2,731,000
6.01.02.01	Trade Accounts Receivable	-301,000	-82,000
6.01.02.02	Inventories	-249,000	-1,065,000
6.01.02.03	Taxes Receivable	-63,000	-408,000
6.01.02.04	Related Parties	38,000	272,000
6.01.02.06	Judicial Deposits	36,000	1,000
6.01.02.07	Prepaid Expenses	-127,000	-19,000
6.01.02.10	Other Assets	-134,000	-28,000
6.01.02.11	Trade Accounts Payable	-2,048,000	-599,000
6.01.02.12	Tax Obligations	-75,000	-3,000
6.01.02.13	Labor and Social Security Obligations	-121,000	-109,000
6.01.02.15	Contingencies	-371,000	-393,000
6.01.02.16	Transfer to Third Parties	-23,000	-125,000
6.01.02.17	Deferred revenues	0	100,000
6.01.02.20	Other Liabilities	-111,000	-273,000
6.01.03	Other	1,000	-154,000
6.01.03.01	Income and social contribution taxes paid	-4,000	-154,000
6.01.03.02	Dividends received from Investees	5,000	0
6.02	Net Cash from/used in Investing Activities	-277,000	-246,000
6.02.01	Acquisition of PP&E and Intangible Assets	-255,000	-267,000
6.02.02	Disposal of PP&E and Intangible Assets	1,000	21,000
6.02.03	Financial Instruments	-23,000	0
6.03	Net Cash From / (Used in) Financing Activities	-657,000	-942,000
6.03.01	Funding	2,455,000	2,457,000
6.03.02	Principal Payments	-2,525,000	-2,812,000
6.03.03	Interest Payments	-137,000	-181,000
6.03.04	Payment of Dividends and Interest on Equity	0	-15,000
6.03.05	Principal Payment - Lease	-258,000	-200,000
6.03.06	Interest Payment – Lease	-192,000	-191,000
6.05	Increase (Decrease) in Cash and Cash Equivalents	-3,473,000	-2,614,000
6.05.01	Opening Balance of Cash and Cash Equivalents	3,711,000	3,559,000

Consolidated Interim Financial Information / Statement of Changes in Equity – 1/1/2019 to 6/30/2019

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income (Loss)	Equity	Non-controlling Interest	Consolidated Equity
5.01	Opening Balances	2,899,000	-871,000	537,000	-491,000	-42,000	2,032,000	0	2,032,000
5.03	Adjusted Opening Balances	2,899,000	-871,000	537,000	-491,000	-42,000	2,032,000	0	2,032,000
5.04	Equity Transactions with Partners	0	4,000	0	0	0	4,000	0	4,000
5.04.03	Options Granted Recognized	0	4,000	0	0	0	4,000	0	4,000
5.05	Total Comprehensive Income/(Loss)	0	0	0	-196,000	10,000	-186,000	0	-186,000
5.05.01	Net Income for the Year	0	0	0	-196,000	0	-196,000	0	-196,000
5.05.02	Other Comprehensive Income (Loss)	0	0	0	0	10,000	10,000	0	10,000
5.05.02.01	Adjustments to Financial Instruments	0	0	0	0	14,000	14,000	0	14,000
5.05.02.02	Taxes on Adjustments to Financial Instruments	0	0	0	0	-4,000	-4,000	0	-4,000
5.07	Closing Balances	2,899,000	-867,000	537,000	-687,000	-32,000	1,850,000	0	1,850,000

Consolidated Interim Financial Information / Statement of Changes in Equity – 1/1/2018 to 6/30/2018

R$ (in thousands)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings / Accumulated Losses	Other Comprehensive Income (Loss)	Equity	Non-controlling Interest	Consolidated Equity
5.01	Opening Balances	2,896,000	-881,000	944,000	-139,000	-47,000	2,773,000	0	2,773,000
5.02	Prior-year adjustments	0	0	0	-474,000	0	-474,000	0	-474,000
5.03	Adjusted Opening Balances	2,896,000	-881,000	944,000	-613,000	-47,000	2,299,000	0	2,299,000
5.04	Equity Transactions with Partners	0	11,000	0	0	0	11,000	0	11,000
5.04.03	Options Granted Recognized	0	11,000	0	0	0	11,000	0	11,000
5.05	Total Comprehensive Income/(Loss)	0	0	0	78,000	7,000	85,000	0	85,000
5.05.01	Net Income for the Period	0	0	0	78,000	0	78,000	0	78,000
5.05.02	Other Comprehensive Income (Loss)	0	0	0	0	7,000	7,000	0	7,000
5.05.02.01	Adjustments to financial instruments	0	0	0	0	11,000	11,000	0	11,000
5.05.02.02	Taxes on adjustments to Financial Instruments	0	0	0	0	-4,000	-4,000	0	-4,000
5.07	Closing Balances	2,896,000	-870,000	944,000	-535,000	-40,000	2,395,000	0	2,395,000

Consolidated Interim Financial Information / Statement of Value Added

R$ (in thousands)

Code	Description	1/1/2019 to 6/30/2019	1/1/2018 to 6/30/2018
7.01	Turnover	14,062,000	14,506,000
7.01.01	Sales of Goods, Products and Services	14,365,000	14,800,000
7.01.02	Other Revenue	1,000	21,000
7.01.04	Allowance for/Reversal of Doubtful Accounts	-304,000	-315,000
7.02	Bought-in inputs	-9,946,000	-11,237,000
7.02.01	Cost of sales and services	-8,229,000	-9,383,000
7.02.02	Bought-in materials, energy and services and others	-1,689,000	-1,777,000
7.02.03	Loss/Recovery of Assets	-28,000	-77,000
7.03	Gross Value Added	4,116,000	3,269,000
7.04	Retentions	-403,000	-378,000
7.04.01	Depreciation, Amortization and Depletion	-403,000	-378,000
7.05	Net Value Added Produced	3,713,000	2,891,000
7.06	Value Added Received in Transfer	72,000	75,000
7.06.01	Equity Income (Loss)	20,000	12,000
7.06.02	Finance Income	52,000	63,000
7.07	Total Value Added Payable	3,785,000	2,966,000
7.08	Payment of Value Added	3,785,000	2,966,000
7.08.01	Personnel	1,321,000	1,405,000
7.08.01.01	Direct Compensation	854,000	986,000
7.08.01.02	Benefits	132,000	133,000
7.08.01.03	Unemployment Compensation Fund (FGTS)	86,000	100,000
7.08.01.04	Other	249,000	186,000
7.08.01.04.01	Labor claims	231,000	169,000
7.08.01.04.02	Other personnel expenses	18,000	17,000
7.08.02	Taxes, Charges and Contributions	2,059,000	805,000
7.08.02.01	Federal	1,209,000	298,000
7.08.02.02	State	808,000	465,000
7.08.02.03	Local	42,000	42,000
7.08.03	Debt remuneration	601,000	678,000
7.08.03.01	Interest	586,000	619,000
7.08.03.02	Rent	9,000	48,000
7.08.03.03	Other	6,000	11,000
7.08.04	Equity remuneration	-196,000	78,000
7.08.04.03	Retained Earnings/Accumulated Losses in the Period	-196,000	78,000

viavarejo



RESULTS

2Q19

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August 14, 2019 – Via Varejo S.A., Brazil's largest electronics, home appliances and furniture retailer, announces its **consolidated results** for the second quarter of 2019 (**2Q19**). On January 1, 2019, the Company adopted the accounting standards CPC 06(R2) (IFRS 16) – Leases, which clarifies the difference between operating and finance lease. The balances and transactions, including for the comparison period in 2018, already reflect the impacts of the adoption of said standard. For more information, please see Note 2-a to the quarterly financial statements (ITR).

2Q19 Highlights

- **Via Varejo has new leaders in its management.**
- **Consolidated gross sales revenue was R$ 7.0 billion in 2Q19, down 4.3% from the same period last year.**
- **Gross sales revenue from brick-and-mortar stores reached R$ 5.7 billion in the quarter, advancing 1.9% compared to 2Q18.**
- **Invoiced GMV in the Online Business reached R$1.6 billion, down 15% from 2Q18, while marketplace penetration was 20.8 % (vs. 11.8% in 2Q18).**
- **In the quarter, gross profit amounted to R$ 1.7 billion, with gross margin of 28%.**
- **In 2Q19, adjusted EBITDA was R$388 million, with EBITDA margin of 6.4%.**
- **We ended the quarter with net cash, including unsold credit card receivables, of R$ 1.1 billion.**

Management's Comments

"You don't make a sale, you plant it." This is saying by Samuel Klein, founder of Casas Bahia, and perfectly describes the current moment at the company: at the end of the second quarter of 2019, we sowed the seeds of a new Via Varejo. With a fully renovated leadership consisting of people who have always worked in and have in-depth knowledge of the segment, with the energy and focus to transform the business and with the commitment to recover the company's historical operating performance and customer focus, besides preparing the company to resume sustainable growth and transform it digitally.

Our new Executive Board is composed of Roberto Fulcherberguer, CEO, Abel Ornelas, COO, Orivaldo Padilha, CFO & IRO, Sergio Leme, CAO and Helisson Lemos, CDO. We are very pleased with the team that we brought together to run the company. This team will return to doing the retail business in a simple manner – sourcing well, selling well and enchanting customers in the platform they choose.

We are, once again, a fully independent Company. We are at the center of our decisions and will have full autonomy to plan our long-term strategy, including our relationship with industry.

We ended 2Q19 increasing gross sales revenue from brick-and-mortar stores by 1.9%, while Online GMV decreased 15.0% from the same period last year. Consolidated gross sales revenue was R$7.0 billion, down 4.3% from 2Q18. Consolidated gross profit was R$1.7 billion, for gross margin of 28.0%. Adjusted EBITDA reached R$388 million, with EBITDA margin of 6.4%. In the period, we reported net loss of R$154 million.

Though we are still in a challenging quarter, we are fully confident of the company's capacity to reverse its results. At the stores, we acted quickly and changed the incentives for the sales team. We made everything easier, simpler and more intuitive. We already see a clear improvement since the change, both in terms of team motivation and in business performance. We are also investing in the structures of existing stores in order to provide a better buying experience to our customers and a better working environment.

We also believe that there is significant room for transformations and recoveries in the Furniture segment. We see tremendous opportunities for resuming growth, especially by capturing above-average margins for the Company and capturing significant synergies with our Plant - the largest in Brazil and with the Bartira brand. Moreover, furniture is a product that is intrinsically connected with payment books, further increasing the profitability of the operation.

Making dreams come true has been, and will always be, the goal of our Company. That is why we partnered with Airfox to launch banQi, a digital bank that will meet all the daily needs of our customers: paying bills, recharging their transport card and pre-paid phones, making deposits and withdrawing

money at the stores, transferring money, contracting streaming services, hiring transport through apps, using prepaid cards, taking out insurance, monitoring and using the Casas Bahia digital payment book and, in the future, taking out loans and other services. Brazil is going digital and so are our customers. And Via Varejo will closely follow this transformation by offering the best retail experience across all platforms and realizing the dreams and wishes of our consumers.

On July 1, the merger of Cnova (e-commerce) with Via Varejo was approved, which enables us to deliver products bought online through any of our 1,066 stores, 26 distribution centers and/or 63 mini hubs. Customers can also return products bought online at the brick-and-mortar stores, which will improve the customer experience. We will provide our brick-and-mortar with an excellent digital environment, and our digital environment with excellent brick-and-mortar stores. We expect to be more competitive and capture gains with the changes that we implementing.

We opened twenty-four (24) stores in 2Q19. During the period, we closed two (2) underperforming units. In 2019, we will continue the strategy of opening stores especially in the Northern and Northeastern regions and in regions with high growth potential where we still do not operate, while constantly assessing the performance of our stores.

Finally, we wish to highlight the positive trend we have seen in these first 45 days and are continuing the rollout of the newly defined strategy, in a process of gradual and consistent recovery over the coming periods.

The Management

Operating Performance

Highlights	2Q19	2Q18	%	6M19	6M18	%
Gross Revenue	**7.006**	**7.322**	**(4,3%)**	**14.365**	**14.800**	**(2,9%)**
Net Revenue	**6.024**	**6.446**	**(6,5%)**	**12.354**	**13.042**	**(5,3%)**
Gross Margin	28,0%	29,6%	(161bps)	27,8%	31,4%	(360bps)
Adjusted EBITDA[1]	**388**	**633**	**(38,7%)**	**901**	**1.247**	**(27,7%)**
Adjusted EBITDA Margin	6,4%	9,8%	(338bps)	7,3%	9,6%	(227bps)
Net Earnings	**(154)**	**14**	**na**	**(196)**	**78**	**na**
Net Cash with receivables not discounted[2]	1.061	2.091	(1.030)	1.061	2.091	(1.030)

([1]) Excluding other operational revenues and expenses
([1]) 2018 Adjusted by IFRS 16

Operation	2Q19	2Q18	%	6M19	6M18	%
Bricks and Mortar - Gross Rev SSS (%)	**(0,7%)**	**3,9%**		**(1,3%)**	**6,2%**	
Net GMV (y/y % growth)	**(15,0%)**	**7,3%**		**(7,0%)**	**8,6%**	
Net GMV	1.550	1.824	(15,0%)	3.273	3.519	(7,0%)
Net Marketplace GMV	322	216	49,1%	687	440	56,2%
Marketplace Penetration (% GMV)	20,8%	11,8%	893bps	21,0%	12,5%	849bps
Click'n Collect Penetration (% GMV)	26,6%	31,9%	(530bps)	27,2%	30,7%	(350bps)

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

Revenue performance

Net Sales - R$ million	2Q19	2Q18	%	6M19	6M18	%
Bricks and Mortar	5.673	5.567	1,9%	11.563	11.440	1,1%
Online	1.286	1.676	(23,2%)	2.703	3.199	(15,5%)
Wholesale	46	80	(41,7%)	99	161	(38,4%)
Gross Revenue	**7.006**	**7.322**	**(4,3%)**	**14.365**	**14.800**	**(2,9%)**

Brick-and-Mortar stores

"Same-store" sales in 2Q19 decreased 0.7%. Gross sales revenue from brick-and-mortar stores grew 1.9% in relation to 2Q18, driven by new store openings, in line with the Company's expansion strategy, registering an increase compared to 1Q19 (1.9% vs 0.3%).

Online

Billed GMV amounted to R$1.6 billion in the quarter. The instability of tools in the Online channel (websites and apps) and the integration of Cnova impacted the channel's performance in the period. Billed GMV from the marketplace grew 49.1% in the period, thanks to the strategy of continuous expansion in the number of sellers and, consequently, a wider offering of products.

Gross sales revenue from the Online channel decreased 23.2% in 2Q19 compared to 2Q18. The higher marketplace penetration contributed to a change in the sales mix, which explains the higher variation in sales revenue in relation to GMV.

Revenue Breakdown

R$ million	2Q19	2Q18	%	6M19	6M18	%
Merchandise	6.175	6.454	(4,3%)	12.699	13.037	(2,6%)
Freight and Assembly Services	99	93	6,5%	200	194	3,1%
Services	303	336	(9,8%)	616	685	(10,1%)
CDC/Credit Cards	429	439	(2,3%)	850	884	(3,8%)
Gross Revenue	**7.006**	**7.322**	**(4,3%)**	**14.365**	**14.800**	**(2,9%)**
Freight, Services, CDC/Credit Card and Assembly	831	868	(4,3%)	1.666	1.763	(5,5%)
% Total Gross Revenue	**11,9%**	**11,9%**	**1bps**	**11,6%**	**11,9%**	**(31bps)**

In 2Q19, sales of goods combined with the lower approval rate of payment books and cards (in 2018), which are recognized as revenue on an accrual basis, generated a negative impact on the Company's total gross revenue.

The stability of the basic interest rates and inflation, and the improved level of consumer confidence, drove the demand for credit in 2Q19. In this scenario, the Company intensified its efforts to expand the Payment Book operations, whose share of sales grew during the period.

Breakdown of sales by payment means:

Sales by means of payment	2Q19	2Q18	%	6M19	6M18	%
Cash/Debit Card	20,9%	23,4%	(249bps)	22,2%	24,3%	(204bps)
CDC (Payment Book)	11,9%	10,7%	121bps	11,6%	10,9%	70bps
Co-branded Credit Card	12,2%	11,7%	56bps	11,8%	11,6%	18bps
Third-party Credit Card	55,0%	54,3%	72bps	54,5%	53,3%	116bps

Gross Profit

Net Sales - R$ million	2Q19	2Q18	%	6M19	6M18	%
Bricks and Mortar	5.526	5.249	5,3%	11.138	10.700	4,1%
Online	498	1.197	(58,4%)	1.216	2.342	(48,1%)
Net Revenue	**6.024**	**6.446**	**(6,5%)**	**12.354**	**13.042**	**(5,3%)**

Gross margin ended 2Q19 at 28.0%, down 161 bps from 2Q18, due to lower total revenue and the end of the "Lei do Bem" tax incentive, which resulted in a higher tax rate.

Selling, General and Administrative Expenses

R$ million	2Q19	2Q18	%	6M19	6M18	%
SG&A	(1.353)	(1.321)	2,4%	(2.641)	(2.942)	(10,2%)
% Net Revenue	(22,5%)	(20,5%)	(197bps)	(21,4%)	(22,6%)	118bps

In 2Q19, selling, general and administrative expenses increased slightly, corresponding to 22.5% of net sales revenue (vs. 20.5% in 2Q18). In the six-month period, these expenses decreased 10.2%. The focus was on reducing expenses, especially those that do not affect sales and the level of service of our operations, with a significant reduction in occupancy, outsourced services and personnel expenses.

Adjusted EBITDA

EBITDA - R$ million	2Q19	2Q18	%	6M19	6M18	%
EBITDA	315	516	(39,0%)	752	1.090	(31,0%)
EBITDA Margin	5,2%	8,0%	(278bps)	6,1%	8,4%	(227bps)
Other Operational (Expenses) Revenues	73	117	(37,6%)	149	157	(5,1%)
Adjusted EBITDA	**388**	**633**	**(38,7%)**	**901**	**1.247**	**(27,7%)**
Adjusted EBITDA Margin	**6,4%**	**9,8%**	**(338bps)**	**7,3%**	**9,6%**	**(227bps)**
IFRS 16	(199)	(180)	10,6%	(402)	(358)	12,3%
Adjusted EBITDA without IFRS 16	189	453	(58,3%)	499	889	(43,9%)
Adj. EBITDA Margin without IFRS 16	3,1%	7,0%	(389bps)	4,0%	6,8%	(278bps)

2Q18 aligned with the new parameter of other operating income (expenses) disclosed in 4Q18.

Adjusted EBITDA reached R$388 million in 2Q19, down 38.7% from 2Q18, with adjusted EBITDA margin of 6.4% in the period. The decrease reflects lower total revenue and the end of the “Lei do Bem” tax incentive, which resulted in a higher tax rate. Excluding the effects of IFRS 16, adjusted EBITDA was R$189 million, with adjusted EBITDA margin of 3.1%.

Financial Performance

Net Financial Results - R$ million	2Q19	2Q18	%	6M19	6M18	%
FinancialRevenues	**13**	**7**	**85,7%**	**31**	**24**	**29,2%**
Financial Expenses	**(262)**	**(296)**	**(11,5%)**	**(517)**	**(552)**	**(6,3%)**
Debt Financial Expenses	(13)	(14)	(7,1%)	(26)	(30)	(13,3%)
CDC Financial Expenses	(59)	(65)	(9,2%)	(119)	(137)	(13,1%)
Credit Card Receivables' Discounting Exp	(94)	(125)	(24,8%)	(180)	(194)	(7,2%)
Interest on Leasing debts	(96)	(92)	4,3%	(192)	(191)	0,5%
Financial Results pre monetary	**(249)**	**(289)**	**(13,8%)**	**(486)**	**(528)**	**(8,0%)**
% Net Revenue	(4,1%)	(4,5%)	35bps	(3,9%)	(4,0%)	11bps
Monetary Variation	(27)	(14)	95,7%	(48)	(28)	71,4%
Net financial results	**(276)**	**(303)**	**(8,8%)**	**(534)**	**(556)**	**(4,0%)**
% Net Revenue	(4,6%)	(4,7%)	11bps	(4,3%)	(4,3%)	(6bps)

In 2Q19, net financial result was R$276 million, up 8.8% from 2Q18, equivalent to 4.6% of net revenue.

Net Income (Loss)

R$ million	2Q19	2Q18	%	6M19	6M18	%
EBT	(166)	21	na	(185)	156	na
% Net Revenue	(2,8%)	0,3%	na	(1,5%)	1,2%	(269bps)
Taxes	12	(7)	(271,4%)	(11)	(78)	na
Net Earnings	**(154)**	**14**	**na**	**(196)**	**78**	**na**
Net Margin	**(2,6%)**	**0,2%**	**(277bps)**	**(1,6%)**	**0,6%**	**(218bps)**

The Company posted net loss of R$154 million in 2Q19, as against net income of R$14 million in 2Q18, reflecting the lower total revenue and the end of the "Lei do Bem" tax incentive, which resulted in a higher tax rate.

Financial Cycle

R$ million	06.30.2019	06.30.2018	(+/-)
(+/-) Inventory	**4.966**	**5.400**	**(434)**
Days of Inventory[1]	104	108	(4 days)
(+/-) Suppliers[2]	**6.976**	**7.560**	**(584)**
Total Days of Suppliers[1]	146	151	(5 days)
Working Capital Change	**2.010**	**2.160**	**(150)**

(1) Days of CoGS

(2) Suppliers + Suppliers ('Forfait')

We closed 2Q19 with a decrease in inventories and suppliers, with a variation of R$150 million in the financial cycle.

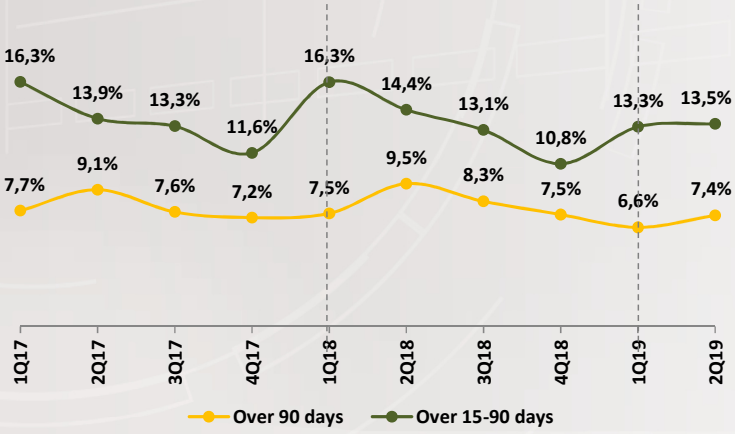
Debt

R$ million	06.30.2019	06.30.2018	(+/-)
Cash and Cash Equivalents	238	945	(707)
On Balance Credit Card Receivables Not Discounted[1]	1.750	1.496	+254
Financial Debt	(927)	(350)	(577)
Net Debt with CC Receivables not Discounted	**1.061**	**2.091**	**(1.030)**
LTM Adjusted EBITDA	1.337	2.140	
Net cash/LTM EBITDA	0,8x	1,0x	

(1) Credit Card Receivables Short Term and Long Term, 2018 Adjusted by IFRS 9

We ended the quarter with adjusted Net Cash of R$1,061 million, including the unsold receivables portfolio of R$1,750 million. The variation compared to 2Q18 is related to lower operating cash generation, mainly affected by sales performance and the lower average payment term.

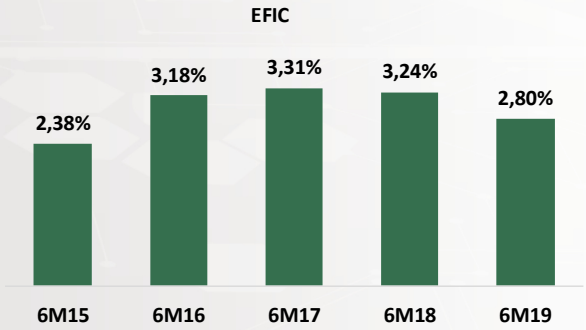
Payment book defaults: Overdue more than 90 days (%) and EFIC (%)



Default in our payment book portfolio of payments overdue more than 90 days reached the lowest level in 2 years in the period. We continue to invest in risk control processes and systems and in improving the customer experience.

The EFIC, which represents the percentage of on time receivables portfolio posted to loss, is at the lowest level in the last three years for the period.

In 2Q19, approximately 90% of the credit decisions were taken through the automated system.



Investments

In 2Q19, Via Varejo's investments totaled R$102 million and went mainly to new store openings and technological upgrades, as shown below:

R$ million	2Q19	2Q18	%	6M19	6M18	%
Logistics	6	6	(6,1%)	16	14	16,0%
New Stores	30	21	41,0%	54	33	64,3%
Stores Renovation	14	27	(47,8%)	29	42	(31,4%)
IT	44	93	(53,1%)	92	159	(42,4%)
Others	9	10	(7,5%)	15	15	0,6%
Total	**102**	**157**	**(34,9%)**	**206**	**263**	**(21,7%)**

Store Activity by Format

Casas Bahia	03.31.2019	Opening	Closure	06.30.2019
Street	631	21	0	652
Shopping Malls	179	3	0	182
Kiosk	9	0	1	8
Consolidated (total)	**819**	**24**	**1**	**842**
Sales Area ('000 m2)	**936**	**5**	**0**	**941**
Total Area ('000 m2)	**1.284**	**9**	**0**	**1.293**

Pontofrio	03.31.2019	Opening	Closure	06.30.2019
Street	114	0	0	114
Shopping Malls	106	0	0	106
Kiosk	5	0	1	4
Consolidated (total)	**225**	**0**	**1**	**224**
Sales Area ('000 m2)	**141**	**0**	**0**	**138**
Total Area ('000 m2)	**188**	**0**	**0**	**184**

Consolidated	03.31.2019	Opening	Closure	06.30.2019
Street	745	21	0	766
Shopping Malls	285	3	0	288
Kiosk	14	0	2	12
Consolidated (total)	**1.044**	**24**	**2**	**1.066**
Sales Area ('000 m2)	**1.077**	**5**	**0**	**1.079**
Total Area ('000 m2)	**1.472**	**9**	**0**	**1.477**

IFRS 16 – 2Q19 and 2Q18

IFRS 16	without IFRS 16		with IFRS 16	without IFRS 16		with IFRS 16
R$ million	**2Q19**	**Var.**	**2Q19**	**2Q18**	**Var.**	**2Q18**
Net Sales	6.024		6.024	6.446		6.446
Cost of Goods Sold	**(4.342)**	**49**	**(4.293)**	**(4.549)**	**51**	**(4.498)**
Depreciation (Logistic)	**(17)**	**(27)**	**(44)**	**(15)**	**(24)**	**(39)**
Gross Profit	1.665	22	1.687	1.882	27	1.909
SG&A	**(1.503)**	**150**	**(1.353)**	**(1.450)**	**129**	**(1.321)**
Equity Income	10		10	6		6
Other Operating Income (Expenses)	**(83)**	**10**	**(73)**	**(122)**	**5**	**(117)**
Depreciation and Amortization	**(70)**	**(91)**	**(161)**	**(72)**	**(81)**	**(153)**
Net Financial Income (Expense)	**(183)**	**(93)**	**(276)**	**(214)**	**(89)**	**(303)**
Income Tax	**12**	**0**	**12**	**(10)**	**3**	**(7)**
Net Income (loss)	(152)	(2)	(154)	20	(6)	14
EBITDA	**106**	**209**	**315**	**331**	**185**	**516**
Adjusted EBITDA	**189**	**199**	**388**	**453**	**180**	**633**

IFRS 16 – Year-to-Date

IFRS 16	without IFRS 16		with IFRS 16	without IFRS 16		with IFRS 16
R$ million	**6M19**	**Var.**	**6M19**	**6M18**	**Var.**	**6M18**
Net Sales	12.354		12.354	13.042		13.042
Cost of Goods Sold	**(8.935)**	**103**	**(8.832)**	**(8.967)**	**102**	**(8.865)**
Depreciation (Logistic)	**(33)**	**(54)**	**(87)**	**(33)**	**(48)**	**(81)**
Gross Profit	3.386	49	3.435	4.042	54	4.096
SG&A	**(2.940)**	**299**	**(2.641)**	**(3.198)**	**256**	**(2.942)**
Equity Income	20		20	12		12
Other Operating Income (Expenses)	**(169)**	**20**	**(149)**	**(172)**	**15**	**(157)**
Depreciation and Amortization	**(136)**	**(180)**	**(316)**	**(138)**	**(159)**	**(297)**
Net Financial Income (Expense)	**(348)**	**(186)**	**(534)**	**(371)**	**(185)**	**(556)**
Income Tax	**(9)**	**(2)**	**(11)**	**(84)**	**6**	**(78)**
Net Income (loss)	(196)	0	(196)	91	(13)	78
EBITDA	**330**	**422**	**752**	**717**	**373**	**1.090**
Adjusted EBITDA	**499**	**402**	**901**	**889**	**358**	**1.247**

Accounting Information

Audited Income Statement

R$ million	2Q19	2Q18	Δ	6M19	6M18	Δ
Gross Sales	**7.006**	**7.322**	**(4,3%)**	**14.365**	**14.800**	**(2,9%)**
Net Sales	**6.024**	**6.446**	**(6,5%)**	**12.354**	**13.042**	**(5,3%)**
Cost of Goods Sold	**(4.293)**	**(4.498)**	**(4,6%)**	**(8.832)**	**(8.865)**	**(0,4%)**
Depreciation (Logistic)	(44)	(39)	12,8%	(87)	(81)	7,4%
Gross Profit	**1.687**	**1.909**	**(11,6%)**	**3.435**	**4.096**	**(16,1%)**
Selling Expenses	(1.155)	(1.101)	4,9%	(2.301)	(2.463)	(6,6%)
General and Administrative Expenses	(198)	(220)	(10,0%)	(340)	(479)	(29,0%)
Equity Income	10	6	66,7%	20	12	66,7%
Other Operating Income (Expenses)	(73)	(117)	(37,6%)	(149)	(157)	(5,1%)
Total Operating Expenses	**(1.416)**	**(1.432)**	**(1,1%)**	**(2.770)**	**(3.087)**	**(10,3%)**
Depreciation and Amortization	(161)	(153)	5,2%	(316)	(297)	6,4%
Earnings before Interest and Taxes - EBIT	**110**	**324**	**(66,0%)**	**349**	**712**	**(51,0%)**
Financial Revenue	22	23	(4,3%)	52	63	(17,5%)
Financial Expenses	(298)	(326)	(8,6%)	(586)	(619)	(5,3%)
Net Financial Income (Expense)	**(276)**	**(303)**	**(8,9%)**	**(534)**	**(556)**	**(4,0%)**
Earnings before Income Tax	**(166)**	**21**	**na**	**(185)**	**156**	**na**
Income Tax	12	(7)	na	(11)	(78)	(85,9%)
Net Income (loss)	**(154)**	**14**	**na**	**(196)**	**78**	**na**
Earnings before Interest and Taxes - EBIT	**110**	**324**	**(66,0%)**	**349**	**712**	**(51,0%)**
Depreciation (Logistic)	44	39	12,8%	87	81	7,4%
Depreciation and Amortization	161	153	5,2%	316	297	6,4%
Earnings before Interest, Taxes, Depreciation, Amortization-EBITDA[1]	**315**	**516**	**(39,0%)**	**752**	**1.090**	**(31,0%)**
Other Operating Income (Expenses)	73	117	(37,6%)	149	157	(5,1%)
Adjusted EBITDA	**388**	**633**	**(38,7%)**	**901**	**1.247**	**(27,7%)**
% of Net Sales Revenue	**2Q19**	**2Q18**	**Δ**	**6M19**	**6M18**	**Δ**
Gross Profit	**28,0%**	**29,6%**	**(1,6 p.p.)**	**27,8%**	**31,4%**	**(3,6 p.p.)**
Selling Expenses	(19,2%)	(17,1%)	**(2,1 p.p.)**	(18,6%)	(18,9%)	**0,3 p.p.**
General and Administrative Expenses	(3,3%)	(3,4%)	**0,1 p.p.**	(2,8%)	(3,7%)	**0,9 p.p.**
Equity Income	0,2%	0,1%	**0,1 p.p.**	0,2%	0,1%	**0,1 p.p.**
Other Operating Income (Expenses)	(1,2%)	(1,8%)	**0,6 p.p.**	(1,2%)	(1,2%)	**0,0 p.p.**
Total Operating Expenses	**(23,5%)**	**(22,2%)**	**(1,3 p.p.)**	**(22,4%)**	**(23,7%)**	**1,3 p.p.**
Depreciation and Amortization	(2,7%)	(2,4%)	**(0,3 p.p.)**	(2,6%)	(2,3%)	**(0,3 p.p.)**
Earnings before Interest and Taxes - EBIT	**1,8%**	**5,0%**	**(3,2 p.p.)**	**2,8%**	**5,5%**	**(2,7 p.p.)**
Net Financial Income (Expense)	**(4,6%)**	**(4,7%)**	**0,1 p.p.**	**(4,3%)**	**(4,3%)**	**0,0 p.p.**
Earnings before Income Tax	**(2,8%)**	**0,3%**	**(3,1 p.p.)**	**(1,5%)**	**1,2%**	**(2,7 p.p.)**
Income Tax	0,2%	(0,1%)	**0,3 p.p.**	(0,1%)	(0,6%)	**0,5 p.p.**
Net Income (loss)	**(2,6%)**	**0,2%**	**(2,8 p.p.)**	**(1,6%)**	**0,6%**	**(2,2 p.p.)**
EBITDA	**5,2%**	**8,0%**	**(2,8 p.p.)**	**6,1%**	**8,4%**	**(2,3 p.p.)**
Adjusted EBITDA	**6,4%**	**9,8%**	**(3,4 p.p.)**	**7,3%**	**9,6%**	**(2,3 p.p.)**

([1]) EBITDA, Ajdusted EBITDA and EBIT are not revised by External Audit.

Balance Sheet

Assets

R$ million	06.30.2019	06.30.2018
Current Assets	**10.598**	**10.774**
Cash and Cash Equivalents	238	945
Accounts Receivables	3.775	3.545
Credit Card	1.726	1.466
Payment Book	2.077	2.202
Others	274	265
Accounts Receivables B2B	159	216
Allowance for doubtful accounts	(461)	(604)
Inventories	4.966	5.400
Recoverable Taxes	1.229	570
Related Parties	103	133
Expenses in Advance	160	51
Other Assets	127	130
Noncurrent Assets	**10.729**	**10.594**
Long-Term Assets	**7.777**	**7.894**
Accounts Receivables	222	181
Credit Card	24	30
Payment Book	237	186
Allowance for doubtful accounts	(39)	(35)
Recoverable Taxes	2.413	2.806
Deferred Taxes	856	696
Related Parties	100	320
Financial Instruments	23	-
Judicial Deposits	942	961
Other Assets	94	20
Investments	**123**	**93**
Property and Equipment	**1.427**	**1.373**
Right of Use Asset	**3.127**	**2.910**
Intangible Assets	**1.402**	**1.234**
TOTAL ASSETS	**21.327**	**21.368**

Liabilities and Shareholders' Equity

R$ million	06.30.2019	06.30.2018
Current Liabilities	**13.690**	**13.772**
Suppliers	6.788	7.446
Suppliers ('Forfait')	188	114
Loans and Financing	925	346
Payment Book (CDCI)	3.004	3.120
Fiscal Obligations	85	120
Taxes and Social Contribution Payable	415	445
Defered revenues	406	412
Related Parties	94	115
Onlending of third parties	517	571
Leasing debts	846	810
Other Debts	422	273
Long-Term Liabilities	**5.787**	**5.201**
Loans and Financing	2	4
Payment Book (CDCI)	335	291
Defered Revenue	1.436	926
Provision for lawsuits	842	1.000
Tax Obligations	29	39
Leasing debts	3.112	2.927
Deferred Income Tax	6	6
Other Liabilities	25	8
Shareholders' Equity	**1.850**	**2.395**
LIABILITIES AND SHAREHOLDERS' EQUITY	**21.327**	**21.368**

Audited Cash Flow (R$ million)

R$ million	06.30.2019	06.30.2018
Net Income (loss)	(196)	78
Adjustment:		
Depreciation and Amortization	403	378
Equity Income	(20)	(12)
Deferred Income Tax and Social Contribution	11	46
Interest and Exchange Variation	359	438
Provision for lawsuits	221	254
Allowance for doubtful accounts	304	315
Gain (loss) with fixed and intangible assets	32	51
Provision for Obsolescence and Retail Loss	56	44
Deferred Revenue	(166)	(138)
Write-off of right of use and lease liability	3	(5)
Share-based Payments	3	8
Others	(1)	2
	1.009	**1.459**
Asset (Increase) Decreases		
Accounts Receivable	(301)	(82)
Inventories	(249)	(1.065)
Taxes to Recover	(63)	(408)
Related Parties	38	272
Judicial Deposits	36	1
Expenses in Advance	(127)	(19)
Other Assets	(134)	(28)
	(800)	**(1.329)**
Liabilities Increase (Decreases)		
Suppliers	(2.048)	(599)
Fiscal Obligations	(75)	(3)
Payroll and Charges	(121)	(109)
Onlending of third parties	(23)	(125)
Deferred Revenue	-	100
Lawsuits	(371)	(393)
Other debts	(111)	(273)
	(2.749)	**(1.402)**
Asset and Liabilities - Others (Increase) Decreases		
Dividends Received from subsidiaries	5	-
Income Tax Paid	(4)	(154)
	1	**(154)**
Net Cash (used) in Operating Activities	**(2.539)**	**(1.426)**
Cash Flow from Investment Activities		
Acquisition of fixed and intangible assets	(255)	(267)
Sale of Property and Equipment	1	21
Financial Instruments	(23)	-
Net Cash (used) in Operating Activities	**(277)**	**(246)**
Cash Flow from Financing Activities		
Proceeds from borrowings	2.455	2.457
Repayments of borrowings	(2.525)	(2.812)
Payments of Interest	(137)	(181)
Payments of Dividend	-	(15)
Payments of Dividend	(258)	(200)
Payments of Dividend	(192)	(191)
Net Cash (used in) Financing Activities	**(657)**	**(942)**
Cash and Cash equivalents at the Beginning of the Period	3.711	3.559
Cash and Cash equivalents at the End of the Period	238	945
Change in Cash and Cash Equivalents	**(3.473)**	**(2.614)**

EARNINGS CONFERENCE CALL AND WEBCAST:

August 15, 2019

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:

Click&Collect (Retira Rápido): Purchases made Online that are picked by customers at our stores or our partner stores.

GMV (Gross Merchandise Value): Amount transacted in Brazilian real on our website, including the Marketplace (third-party products).

Marketplace: Products of partners ("sellers") offered for sale on our websites.

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

Via Única/CRM "Single Path": Project in partnership with Accenture to create a single database (Brick-and-Mortar Stores, Online and Payment Book), segmented by the profiles of our more than 60 million customers.

Via+: Web-based Sales System that unifies all the tools we developed in recent months (compensation model, Via Única/CRM and Online channel catalog).


viavarejo

Notes to the Interim Financial Information

Individual and Consolidated Interim Financial Information

Via Varejo S.A.

Quarter ended June 30, 2019
with Independent Auditor's Report

Via Varejo S.A.

Notes to the interim financial information
for the period ended June 30, 2019
(In millions of Brazilian reais – R$, unless otherwise stated)

1. Operations

Via Varejo S.A., directly or through its subsidiaries (the "Company" or "Via Varejo"), operates in the consumer electronics, home appliance, mobile phone and furniture retail segments through "Casas Bahia" and "Ponto Frio" flagship, as well as the e-commerce platforms "pontofrio.com", "casasbahia.com" and "extra.com.br". Its registered headquarter is located in São Caetano do Sul, State of São Paulo, Brazil. The Company is listed in Novo Mercado, the special listing segment of B3 S.A. - Brasil, Bolsa, Balcão ("B3"), with the highest corporate governance standards, under the ticker "VVAR3."

Sale of material ownership interest in the Company

On June 14, 2019, the Company announced to its shareholders that through auction held in B3, the Companhia Brasileira de Distribuição (named as "CBD", then its parent company) divested its 36.27% ownership interest in the Company for R$2,301.

As a result, from that date, shareholders holding material interest in the Company are: Michael Klein and Twisnf Fundo de Investimento Multimercado (fund linked to Michael Klein) with 11.19%; Goldentree Fundo de Investimento em Ações with 10.01%; XP Gestão de Recursos with 6.45%; and EK-VV Limited with 6.33% of common shares. Of the remaining capital stock of the Company, 65.99%, belongs to shareholders who individually hold 5% or less interest, and 0.02% corresponds to treasury shares. As a result, the capital and controlling interest of the Company are fragmented.

2. Significant accounting policies

The individual and consolidated interim financial information was prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and also with accounting policies adopted in Brazil issued by the Brazilian FASB ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM"), and discloses all, and only, the significant information related to the Interim Financial Information ("ITR"), which is consistent with the information used by management in the performance of its duties.

The individual and consolidated interim financial information adopts the Brazilian real (R$) as the functional and reporting currency, is stated in millions of Brazilian reais (R$), and was prepared based on the historical cost of each transaction, except for certain financial instruments measured at their fair values and share-based compensation.

The individual interim financial information for the six-month period ended June 30, 2019 was approved by the Board of Directors on August 13, 2019.

For situations when there was no significant change in the nature of book balances or the Company's accounting policies, the details disclosed in the annual financial statements for the fiscal year ended December 31, 2018 were not fully reproduced in these interim financial statements (ITR). As a result, this ITR must be read jointly with the annual financial statements for 2018, published on February 19, 2019.

a) New accounting policies adopted

In the preparation of this interim financial information, the Company's management considered, when applicable, the new interpretations to the International Financial Reporting Standards ("IFRS") and the standards issued by the IASB and the CPC, respectively, which are effective since January 1, 2019.

(i) CPC 06(R2) (IFRS 16) - Leases

The Company adopted the IFRS 16's full retrospective approach as the transition method on January 1, 2019, which effects set from the start of the first period applicable, and consequently the comparative periods are being restated. The use of this approach had a relevant impact on the lease agreements of stores, distribution centers, commercial warehouses and administrative properties held until the adoption of the standard as operating lease.

Via Varejo S.A.

Notes to the interim financial information
for the period ended June 30, 2019
(In millions of Brazilian reais – R$, unless otherwise stated)

The relevant effects due to the first-time adoption of CPC 06(R2) (IFRS 16) in the Company interim financial information are:

- Commencement lease date – the Company defines the start of the lease period, as the date of signing of the agreements since, as of that date which, it owns the operational control of the property, when allows it, for example, to make the necessary overhauls to open a store, for example;

- The Company follows the Federal law nº 8.245/91 ("lease law"), which allows the Company to review any current lease contract automatically, once that aforementioned law is considered an enforceable right to the lessee. The Company has successfully obtained contractual renewals when this law was applied against lessor.

- Agreements with indefinite lease term – The Company is lessee in certain agreements with indefinite lease term. Considering that both, lessor and lessee are entitled to cancel the agreement at any time, the Company believes that these agreements should be considered as operating lease, with the expenses therefore recorded in the profit or loss in the year over the period of the lease.

- Fixed payments in essence – these are payments during the term of a lease that the Company is or may be required to fulfill. The Company determined as fixed payments in essence the amounts recognized as fixed by the lessor (minimum contractual rentals net of PIS and COFINS paid by the lessor, when applicable). The Company has not taken into account for the purpose of measuring the right-of-use assets and liabilities of leases, the payments of variable rentals arising from sales, services and taxes, which are recorded as expenses the entire statement of profit and loss for the year over the term of the lease.

- Incremental financing interest rate of the lessee – The Company considered, for all agreements with related parties and third parties, the interest rates required to acquire assets in similar conditions as those rentals contracted on the date of signing. The rates adopted consider Company's funding cost based on the Overnight rate (CDI) plus a risk spread, excluding any collateral offered in financing operations. These interest rates were calculated using the lease period, which considers the intention for renewal.

- Depreciation of the right-of-use asset – The Company's lease agreements do not have clauses which enables the Company to acquire the asset (store or distribution center) at the end of the lease period. Therefore, the useful life of these assets, in the absence of impairment, will be the respective contractual period. The Company records depreciation of the right-of-use asset systematically and uses the straight-line method. Note that the Company will periodically reassess the useful life of rights-of-use whenever there are any changes in the strategic and commercial plans, as well as, the intention of lessors in keeping the agreements.

- Finance charges arising from lease agreements – Finance charges are recognized as finance costs and allocated to each period over the term of the lease. Contingent payments are recorded as expenses in profit or loss for the year as incurred.

- Recoverable amount of right-of-use assets – The Company will continue to apply Technical Pronouncement CPC 01 – Impairment of Assets, periodically estimating impairment based on managerial parameters of stores and distribution center's profitability.

Via Varejo S.A.

Notes to the interim financial information
for the period ended June 30, 2019
(In millions of Brazilian reais – R$, unless otherwise stated)

The following tables show the effects of the standard in prior periods on the individual and consolidated interim financial statements:

	Individual		Consolidated	
Statement of financial position – debit (credit)	**1.1.2018**	**12.31.2018**	**1.1.2018**	**12.31.2018**
Current assets				
Deferred taxes	211	222	244	254
Right-of-use asset	2,943	3,038	3,013	3,102
Investments	(64)	(62)	-	-
Property and equipment (*)	(9)	(5)	(9)	(5)
Intangible assets (*)	(69)	(54)	(71)	(54)
Current liabilities				
Loans and financing (*)	19	21	23	21
Related parties (**)	26	28	26	28
Lease liabilities	(773)	(813)	(808)	(844)
Other liabilities (**)	54	56	55	56
Noncurrent liabilities				
Loans and financing (*)	72	53	72	53
Lease liabilities	(2,884)	(2,975)	(3,019)	(3,102)
Equity	474	491	474	491

(*) Refers to the balance of financial leases that were recorded under Property and Equipment, Intangible Assets and Loans and Financing, which, due to the first-time adoption of CPC 06(R2), were reclassified to Right-of-use assets and liabilities of Lease.

(**) Refers to the balance of rent payable to related parties and third parties, which was previously recorded in Related Parties and Other liabilities and which, due to the first-time adoption of CPC 06(R2), was reclassified to Lease liabilities.

	Individual	Consolidated
Statement of profit or loss – revenue / (expenses)	**6.30.2018**	**6.30.2018**
Costs of sales and services	46	54
Selling expenses	249	249
General and administrative expenses	7	7
Depreciation of right-of-use asset	(159)	(159)
Other operating income (expenses), net	17	15
Equity income (loss)	(1)	-
Finance income (costs), net	(178)	(185)
Income and social contribution taxes	6	6

	Individual	Consolidated
Statement of cash flows – provided by / (used in)	**6.30.2018**	**6.30.2018**
Cash flow from operating activities	352	369
Cash flow from investment activities	-	-
Cash flow from financing activities	(352)	(369)

	Individual	Consolidated
Statement of value added	**6.30.2018**	**6.30.2018**
Total value added to distribute		
Retentions	(203)	(207)
Value added received in transfer	(1)	-
Distribution of value added		
Taxes, charges and contributions	(6)	(6)
Debt remuneration	(185)	(188)
Equity remuneration	(13)	(13)

Disclosure of the changes in Right-of-use assets and Lease liabilities are presented in Note 16.

Via Varejo S.A.

Notes to the interim financial information
for the period ended June 30, 2019
(In millions of Brazilian reais – R$, unless otherwise stated)

b) Reclassifications in the Statement of profit or loss

Expenses with labor indemnities

In the six-month period ended June 30, 2018, the Company recognized expenses with labor indemnities, attorneys' fees and court costs related to the operational and administrative restructuring processes, which totaled R$89, under “Cost of goods and services,” “Selling expenses" and “General and administrative expenses.” In this regard, in the Statement of profit or loss there was no differentiation between said expenses and the current expenses of the Company.

As of fiscal year ended December 31, 2018, the Company recognizes expenses with labor indemnities, attorneys' fees and court costs related to the operational and administrative restructuring processes under “Other operating income (expenses), net,” since these expenses have the same nature of the expenses with employment termination resulting from restructuring, already classified under this item.

Expenses with re-shipment of goods

In order to maintain the level of services provided to its clients, the subsidiary Cnova Brasil has the operational practice of re-shipping a product when e-commerce clients do not confirm receipt of such product (“re-shipment process”).

In the six-month period ended June 30, 2018, in the consolidated quarterly financial information, revenues and expenses resulting from the aforementioned re-shipment process were classified in the Statement of profit or loss under the items “Net revenue from sale of goods and services,” R$ R$44 higher, “Cost of goods and services,” R$37 lower and “Selling expenses,” R$7 lower.

For comparison of the balances, the Company made the aforementioned reclassifications described in the Statement of profit or loss in the six-month period ended June 30, 2018, in compliance with CPC 23 (IAS 8) – Accounting policies, changes in estimates and rectification of errors. The table below presents the reclassification effects:

	Individual			
Statement of income (expense)	**6.30.2018 originally presented**	**First-time application of CPC 06(R2) (*)**	**Reclassification**	**6.30.2018 reclassified**
Cost of goods and services	(7,303)	46	36	(7,221)
Selling expenses	(2,320)	249	50	(2,021)
General and administrative expenses	(414)	7	3	(404)
Other operating income (expenses), net	(66)	17	(89)	(138)

	Consolidated			
Statement of income (expense)	**6.30.2018 originally presented**	**First-time application of CPC 06(R2) (*)**	**Reclassification**	**6.30.2018 reclassified**
Net revenue from sales and services	13,086	-	(44)	13,042
Cost of goods and services	(9,073)	54	73	(8,946)
Selling expenses	(2,769)	249	57	(2,463)
General and administrative expenses	(489)	7	3	(479)
Other operating income (expenses), net	(83)	15	(89)	(157)

(*) Balances were restated due to the first-time application of the accounting standard CPC 06(R2) (IFRS 16) – Leases as of January 1, 2019.See more details in note 2(a)(i).

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3. Financial risk management

a) Breakdown of financial instruments

The main financial instruments and their amounts recognized in the interim financial information by category are as follows:

	Individual		Consolidated	
	6.30.2019	**12.31.2018 restated (*)**	**6.30.2019**	**12.31.2018 restated (*)**
Financial assets				
Amortized cost				
Cash and cash equivalents	**191**	2,989	**238**	3,711
Trade accounts receivable (except credit card companies)	**2,135**	2,115	**2,247**	2,329
Related parties	**1,801**	1,489	**203**	322
Fair value through other comprehensive income (loss)				
Credit card companies	**1,381**	1,114	**1,750**	1,656
Financial liabilities				
Amortized cost				
Trade accounts payable	**(6,208)**	(6,956)	**(6,788)**	(8,652)
Supplier agreement	**(188)**	(291)	**(188)**	(421)
Loans and financing (except foreign currency and fair value hedge)	**(3,857)**	(3,920)	**(3,861)**	(3,924)
Lease liabilities	**(3,802)**	(3,788)	**(3,958)**	(3,946)
Related parties	**(541)**	(320)	**(94)**	(159)
Transfer to third parties	**(515)**	(535)	**(517)**	(540)
Fair value through profit or loss				
Loans and financing in foreign currency	**(396)**	(395)	**(396)**	(395)
Financial instruments – fair value hedge	**(9)**	(6)	**(9)**	(6)

(*) Balances were restated due to the first-time application of the accounting policy CPC 06(R2) (IFRS 16) – Leases as of January 1, 2019. See more details in Note 2(a)(i).

The Company's treasury operations are regularly reported to the Financial Committee, advisory body of the Board of Directors, and, if necessary, directly to the Board of Directors, which approves the policies to be followed by the Company's Treasury Department. The most significant risks which the Company is exposed are (i) market risks due to fluctuations in basic interest rates, (ii) exchange differences, (iii) liquidity risks and (iv) credit risks. The Company monitors these risks and the related impacts on the financial forecasts.

b) Market risk

The Company applies a reduction in the CDI rate for sensitivity analysis over the interest rates. This assumption is due to the fact that the total investments exceeded the balance of borrowings indexed to the CDI plus a spread the same indexer applied in the instruments.

(i) Basic interest rate

The Company takes out loans and financing in local currency from the main financial institutions, at fixed and floating rates, among which is the Interbank Deposit Certificate ("CDI"), in order to meet cash requirements for investments and sales on term for customers. Concurrently, the Company makes financial investments indexed to the CDI as part of its cash management strategy.

To measure the estimated net effect on profit or loss for the next 12 months, a sensitivity analysis was prepared considering three scenarios. In the scenario I, the annual interest rate was defined based on the CDI yield obtained at B3 website for the maturity date of the transactions, limited to 12 months, when

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the rate was 6.47% p.a. In the scenarios II and III, we considered an increase in interest rate of 25% and 50%, respectively.

.A table of the sensitivity analysis considering the Brazilian risk free rate, demonstrates a possible net impact on profit or loss for each scenario is presented below:

Transaction	Risk	Consolidated Balance at 6.30.2019	Sensitivity analysis Scenario I	Scenario II	Scenario III
Financial investments	CDI increase	126	6	7	8
Bank borrowings (*)	CDI increase	(518)	(29)	(36)	(44)
Impact on profit or loss - expense			(23)	(29)	(36)

(*) They do not include CDCI contracts because they have fixed rates. The sensitivity analysis of the derivative financial instrument is presented in the item below.

(ii) Currency and interest rate risk on borrowings in foreign currency

In July 2018, the Company entered into a new loan agreement in foreign currency (US dollar) with pre-established interest rates. Therefore, the Company is only exposed to the currency risk as a result of the debt contracted. The Company applies swap for 100% of its borrowings in US dollars and fixed interest rates, hedging these obligations for Real pegged to the fixed interest rates, plus the CDI variation.

The Company currently has borrowings in foreign currency, hedged by swap contract, as described below:

	Counterparty	At the contracting date: Notional value USD million	Notional value R$ million	Contracting date	Maturity	Individual and Consolidated: Fair value R$ 6.30.2019	Fair value R$ 12.31.2018
Borrowing in foreign currency (hedged item)	Santander	(72)	(281)	07/06/2018	07/05/2019	**(277)**	(279)
	Itaú	(30)	(117)	07/06/2018	01/15/2020	**(119)**	(116)
		(102)	(398)			**(396)**	(395)
Financial instrument – fair value hedge							
Long position		102	398			**396**	395
Short position		(102)	(398)			**(405)**	(401)
Net swap position		-	-			**(9)**	(6)

The derivative financial instruments and the financial instruments designated as hedged items are carried at fair value.

The Company calculates the effectiveness of hedging transactions when they are engaged on a continuing basis. On June 30, 2019, the hedging transactions taken out are effective in relation to the hedged debts.

Realized and unrealized gains and losses on swap contracts are recognized in “Net finance income/costs” and the balance payable or receivable, at fair value, is recognized in “Financial instruments – fair value hedge,” depending on the net value of the related instrument. In the six-month period ended June 30, 2019, the recognized loss on swap contracts in foreign currency was R$6 (income of R$40 in the six-month period ended June 30, 2018).

In order to measure the estimated net impact on Company’s profit or loss for the next 12 months due to currency risks, the Company carries out a sensitivity analysis of exposure based on the currency risk of the foreign currency borrowing and the CDI of the swap contract, considering three scenarios.

In scenario I, the following assumptions were adopted: (i) the annual interest rate was based on the CDI curve obtained in B3 for the borrowing maturity dates, limited to 12 months, at 5.95% p.a. and (ii) the

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exchange rate was defined at R$9.90 based on the quotation of the future dollar traded on B3 for the maturity date of the contract, limited to 12 months. For scenarios II and III, the CDI increase and dollar appreciation is projected at 25% and 50%, respectively.

A table of the sensitivity analysis of the currency risk showing the possible net impact on profit or loss for each scenario is presented below:

Transaction	Risk	Consolidated Balance at 6.30.2019	Sensitivity analysis Scenario I	Scenario II	Scenario III
Debt in USD	Dollar appreciation (USD)	(396)	(5)	(105)	(206)
Swap (long position in USD)	Dollar appreciation (USD)	396	6	106	207
Swap (short position in USD)	Increase in CDI	(405)	(4)	(5)	(6)
Impact on profit or loss - expense			(3)	(4)	(5)

c) Liquidity risk

It is the Company's policy to maintain financial investments, borrowings and lines of credit sufficient to meet short and long-term cash requirements. The Company monitors regularly cash forecasts that include, on the respective maturities, the settlement of financial assets and liabilities contracted. The Company's Treasury Department maintains lines of credit sufficient to comply with working capital requirements. Sensitivity analyses are regularly prepared to assess the impact on the Company's liquidity position, if the current lines of credit are not renewed.

The table below shows the undiscounted cash flows of the financial liabilities held by the Company. The table includes principal and interest calculated through the maturity of the financial liabilities. Accordingly, the balances presented therein may not be in line with the balances presented in the statements of financial position.

	6.30.2019							
	Individual				Consolidated			
	Less than one year	From 1 to 5 years	Over 5 years	Total	Less than one year	From 1 to 5 years	Over 5 years	Total
Trade accounts payable	6,208	-	-	6,208	6,788	-	-	6,788
Reverse factoring	189	-	-	189	189	-	-	189
Loans and financing	4,048	341	-	4,389	4,049	343	-	4,392
Derivative instruments – fair value hedge	11	-	-	11	11	-	-	11
Lease liability	883	3,299	1,553	5,735	918	3,444	1,584	5,946
Transfer to third parties	515	-	-	515	517	-	-	517
	11,854	3,640	1,553	17,047	12,472	3,787	1,584	17,843

d) Credit risk

The Company is exposed to credit risk for cash and cash equivalents held with financial institutions, for the position of receivables generated in trading transactions, as well as, in nonrecurring transactions, such as sale of nonfinancial assets.

For the balances of cash and cash equivalents, in order to minimize credit risk, the Company adopts policies that restrict bank relationship with financial institutions approved by the Financial Committee of the Board of Directors. Authorized banks are top-tier banks. This policy also establishes monetary limits and risk concentration, which are regularly adjusted.

For the balances of Trade accounts receivable, the credit risk is mitigated because most of the Company's sales are done using credit cards, which are substantially securitized with the credit card companies. Sales financed through the consumer credit with intervention of seller ("CDCI") are lines of credit acquired from banks Bradesco, Safra and Banco do Brasil for consumer financing, with Company intervention. Therefore, the Company has held credit risk of the transaction, adopting strict credit granting procedures. The balance receivable from customers is diffused, and there are no material individual amounts.

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Impairment losses on financial assets are calculated according to the accounting policy of the Company described in note 5(a) to the 2018 annual Financial Statements. The balances of such measurements as of June 30, 2019 and December 31, 2018 were considered by management sufficient to cover any losses on receivables.

e) Capital management

The purpose of the Company's management is assessing a proper credit risk classification, as well as a well-established third-party capital ratio, in order to support the business and maximize shareholder value. The Company manages the capital structure and monitors the financial position considering the changes in economic conditions. The Company is not subject to any external capital requirement imposed by regulatory body.

	Consolidated			
	6.30.2019		12.31.2018 restated (*)	
	With CDCI	Without CDCI	With CDCI	Without CDCI
Assets (liabilities)				
Cash and cash equivalents	**238**	**238**	3,711	3,711
Borrowings	**(4,257)**	**(918)**	(4,319)	(919)
Financial instruments – fair value hedge (liabilities)	**(9)**	**(9)**	(6)	(6)
Reverse factoring (i)	**(188)**	**(188)**	(421)	(421)
Net cash (net debt)	**(4,216)**	**(877)**	(1,035)	2,365
Equity	**1,850**	**1,850**	2,032	2,032
Net debt ratio	**(2.28)**	**(0.47)**	(0.51)	1.16

(*) Balances were restated due to the first-time application of the accounting standard CPC 06 (IFRS 16) – Leases as of January 1, 2019. See details in Note 2(a)(i).

(i) Reverse factoring: financial liabilities characterized by the advance of payments to suppliers, through financial institutions, whose maturities were postponed. Due to the features of commercial negotiation of terms between suppliers and the Company, these financial liabilities were included in programs for prepayment purposes through the Company's lines of credit from financial institutions with the implicit financial cost of 7.15% p.a. as of June 30, 2019 (7.37% p.a. as of December 31, 2018). The Company believes that this transaction has a specific nature and classifies it separately from "Trade accounts payable".

f) Fair value measurements

At June 30, 2019, the Company had certain financial assets and liabilities; their measurement at fair value must be disclosed under CPC 40 (IFRS 7), and they are presented below:

	6.30.2019			
	Individual		Consolidated	
	Book value	Fair value	Book value	Fair value
Amortized cost				
Trade accounts receivable - CDCI (i)	**2,314**	**2,455**	**2,314**	**2,455**
Loans and financing - CDCI (ii)	**(3,339)**	**(3,345)**	**(3,339)**	**(3,345)**
Fair value through profit or loss				
Loans and financing in foreign currency (ii)	**(396)**	**(396)**	**(396)**	**(396)**
Financial instruments – fair value hedge (ii)	**(9)**	**(9)**	**(9)**	**(9)**
Fair value through other comprehensive income (loss)				
Credit card companies (ii)	**1,381**	**1,381**	**1,750**	**1,750**

(i) The consumer financing contracts (CDCI) are classified in level 3 because non-observable inputs are used to measure the fair value. For this calculation, the Company considered the portfolio of CDCI receivables, the expected loss of the instruments, as well as, the average market rate of discounts on trade notes.

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(ii) Borrowings – CDCI, Borrowings in foreign currency, Financial instruments – fair value hedge and credit card companies are classified in level 2 since readily observable market inputs are used, such as the expected interest rates, currency parity spot rate and future rate and transactions with independent parties.

The Company concluded that, except for the assets indicated in the previous table, most of its financial assets and liabilities are equivalent to their book values, mainly due to the short-term maturity of these instruments.

The Company's financial instruments are not traded on organized exchange markets and are held to maturity by the Company, except for financial assets of credit card companies.

4. Cash and cash equivalents

a) Accounting balances

	Weighted average rate	Individual		Consolidated	
		6.30.2019	12.31.2018	6.30.2019	12.31.2018
Cash and banks		**107**	112	**112**	120
Financial investments - repurchase agreements	86.96% of the CDI p.a.	**78**	2,854	**112**	3,562
Automatic financial Investments	6.02% of the CDI p.a. (i)	**6**	23	**14**	29
		191	2,989	**238**	3,711

(i) Refers to the application of amounts available in bank accounts with a daily yield indexed to the CDI rate, automatically redeemable on the first business day after the investment date (D+1).

5. Trade accounts receivable

a) Accounting balances

	Individual		Consolidated	
	6.30.2019	12.31.2018	6.30.2019	12.31.2018
Credit card companies (i)	**1,381**	1,114	**1,750**	1,656
Consumer financing – CDCI (ii)	**2,314**	2,297	**2,314**	2,297
Receivables "B2B" (iii)	**25**	-	**159**	223
Allowance for doubtful accounts	**(428)**	(427)	**(500)**	(498)
Other receivables	**224**	245	**274**	307
	3,516	3,229	**3,997**	3,985
Current	**3,301**	3,019	**3,775**	3,768
Noncurrent	**215**	210	**222**	217

(i) In the six-month period ended June 30, 2019 and fiscal year ended December 31, 2018, as part of the Company's cash management strategy, it has sold part of its account receivables from credit card to banks.

(ii) Refers to receivables from credit sales financed through consumer financing with intervention of seller – CDCI, as per note 12(a)(i), which can be paid within 24 months (the most common period for receipt is 14 months on average).

(iii) Refers to sale done directly to companies, for resale or own use in wholesale.

b) Changes in the allowance for doubtful accounts

Individual		Consolidated	
6.30.2019	6.30.2018	6.30.2019	6.30.2018 restated (*)

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Balance at the beginning of the period	**(427)**	(510)	**(498)**	(637)
Estimated loss recognized during the period	**(261)**	(281)	**(304)**	(315)
Amounts written off as uncollectible	**260**	282	**302**	313
Balance at the end of the period	**(428)**	(509)	**(500)**	(639)
Current	**(389)**	(474)	**(461)**	(604)
Noncurrent	**(39)**	(35)	**(39)**	(35)

(*) Balances were restated due to reclassification of expenses with re-shipment of products. See more details in note 2(b).

c) Aging of Trade accounts receivable, gross of allowance for doubtful accounts

	Individual		Consolidated	
	6.30.2019	**12.31.2018**	**6.30.2019**	**12.31.2018**
Falling due	**3,707**	3,439	**4,198**	4,183
Overdue within 30 days	**110**	98	**127**	125
Overdue between 30-60 days	**48**	43	**55**	52
Overdue between 61-90 days	**34**	32	**42**	36
Overdue above 90 days	**45**	44	**75**	87
	3,944	3,656	**4,497**	4,483

6. Inventories

a) Accounting balances

	Individual		Consolidated	
	6.30.2019	**12.31.2018**	**6.30.2019**	**12.31.2018**
Stores	**2,104**	2,133	**2,104**	2,133
Distribution centers	**2,483**	1,812	**2,960**	2,728
Storeroom supplies	**13**	14	**14**	14
Estimated loss for write-down of cost to net realizable value	**(72)**	(50)	**(112)**	(102)
	4,528	3,909	**4,966**	4,773

b) Changes in the estimated loss for write-down of cost to net realizable value

	Individual		Consolidated	
	6.30.2019	**6.30.2018**	**6.30.2019**	**6.30.2018**
Balance at the beginning of the period	**(50)**	(59)	**(102)**	(100)
Additions	**(48)**	(27)	**(56)**	(44)
Realized losses	**26**	29	**46**	46
Balance at the end of the period	**(72)**	(57)	**(112)**	(98)

7. Taxes recoverable

a) Accounting balances

	Individual		Consolidated	
	6.30.2019	**12.31.2018**	**6.30.2019**	**12.31.2018**
ICMS recoverable (i)	**2,146**	2,090	**2,617**	2,547
PIS and COFINS recoverable (ii)	**373**	360	**719**	745
Income and social contribution taxes	**161**	149	**200**	183
INSS recoverable	**90**	88	**97**	94
ICMS on property and equipment (i)	**1**	1	**2**	3
Other	**7**	7	**7**	7
	2,778	2,695	**3,642**	3,579
Current	**778**	639	**1,229**	1,060
Noncurrent	**2,000**	2,056	**2,413**	2,519

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(i) ICMS recoverable is expected to be fully realized as follows:

At June 30, 2019	Individual	Consolidated
6 months of 2019	-	-
2020	178	287
2021	279	348
2022	274	323
2023	268	307
2024 to 2028	1,148	1,354
	2,147	**2,619**

(ii) PIS and COFINS recoverable are expected to be fully realized as follows:

At June 30, 2019	Individual	Consolidated
6 months of 2019	341	401
2020	32	318
	373	**719**

Decision of the Supreme Federal Court (STF) on ICMS in the PIS and COFINS tax base

Since the adoption of the noncumulative PIS and COFINS regime, the Company has claimed at court the right to deduct ICMS and ICMS-ST from the PIS and COFIS tax base. With the STF's judgment of the case on March 15, 2017 featured as general repercussion, as well as the publication of the Appellate Decision on October 2, 2017, the Company began performing PIS/COFINS calculation according to the STF's decision.

The Company is awaiting the outcome of the motions for clarification filed by the General Counsel for the Federal Treasury, and its possible adaptation. However, the legal counsels of the Company expect that the decision on the application of the effects from the adaptation will not limit the right of the lawsuit. In management's best estimate, the effects of such credits, from 2010 to February 2017, total approximately R$505 on June 30, 2019 (R$656 at December 31, 2018). These amounts consider inflation adjustment and are net of attorney's fees and of the portion of the transaction described below. At this interim financial information date, considering that the issue is still pending a final judgment, the Company did not record the credits and only disclosed the information herein.

On December 7, 2018, the Board of Directors approved the sale of PIS and COFINS credits to third-party investment funds not related to the Company. On December 28, 2018, the Company sold credits in the amount of R$248, for R$50. In the six-month period ended June 30, 2019, the Company sold credits in the amount of R$168 for R$50, Both sales were recorded under "Revenue from sales and services" in accordance with the Company's accounting policy. The sales are documented by a Public Deed of Credit Assignment, which definitively transfers to the assignee all the rights and risks over such credits. Such deeds also address certain conditions precedent, which were fully met, and also establish that, when the courts render a final decision, the Company will undertake to use the tax benefit and transfer all the amounts offset to the acquirer, acting merely as an agent. Note that the acquirer assumed all risks resulting from future administrative and court decisions, which cannot be controlled by the Company.

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8. Related parties

	Assets (Liabilities), net				Revenues (Expenses), net			
	Individual		Consolidated		Individual		Consolidated	
	6.30.2019	12.31.2018 restated (*)	6.30.2019	12.31.2018 restated (*)	6.30.2019	6.30.2018 restated (*)	6.30.2019	6.30.2018 restated (*)
Individual								
Companhia Brasileira de Distribuição ("CDB") (c), (d), (e), (f) (**)	**-**	89	**-**	92	**(9)**	(8)	**(11)**	(11)
Subsidiaries								
Indústria de Móveis Bartira Ltda.("Bartira") (b), (e) (d)	**(15)**	(1)	**-**	-	**(253)**	(256)	**-**	-
Globex Administração e Serviços Ltda. ("GAS") (d)	**-**	-	**-**	-	**(1)**	(1)	**-**	-
VVLog Logística Ltda. ("VVLog") (b), (e)	**(3)**	4	**-**	-	**(72)**	(104)	**-**	-
Cnova Comércio Eletrônico S.A. ("Cnova Brasil") (b), (d), (e)	**1,204**	1,040	**-**	-	**(244)**	7	**-**	-
Lake Niassa Empreendimentos e Participações Ltda. ("Lake") (b)	**-**	1	**-**	-	**-**	-	**-**	-
Associates								
Financeira Itaú CBD S.A. ("FIC") (a)	**(2)**	(2)	**(2)**	(2)	**(3)**	(1)	**(5)**	(3)
Banco Investcred Unibanco S/A ("BINV") (a)	**3**	-	**3**	-	**2**	-	**2**	-
Sendas Distribuidora S.A. ("Sendas") (d) (**)	**-**	-	**-**	1	**-**	-	**3**	3
Greenyellow do Brasil Energia e Serviços Ltda. ("Greenyellow") (d) (**)	**-**	(6)	**-**	(6)	**(4)**	-	**(4)**	-
Other								
Casa Bahia Comercial Ltda. ("CB") (d), (f)	**(257)**	(279)	**(232)**	(255)	**15**	(148)	**16**	(151)
	930	846	**(231)**	(170)	**(569)**	(511)	**1**	(162)
Leases								
Right-of-use asset	**1,054**	1,008	**1,081**	1,034	**53**	50	**54**	51
Lease liabilities	**(1,384)**	(1,331)	**(1,421)**	(1,367)	**80**	81	**82**	83
	(330)	(323)	**(340)**	(333)	**133**	131	**136**	134
Assets – Related parties								
Current	**1,735**	1,333	**103**	132				
Noncurrent	**66**	156	**100**	190				
Liabilities – Related parties								
Current	**(541)**	(315)	**(94)**	(154)				
Noncurrent	**-**	(5)	**-**	(5)				

(*) Balances were restated due to the first-time application of the accounting standard CPC 06(R2) (IFRS 16) – Leases as of January 1, 2019. See more details in note 2(a)(i).
(**) On June 14, 2019, CBD sold 100% of its interest in the Company. Thus, Sendas and Greenyellow also ceased to be related parties of the Company since they are part of the CBD group. See more details in note 1.

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Transactions with related parties presented in the table above are due to transactions between the Company, its main shareholders, and its subsidiaries, and between shareholders and other related parties. These transactions were substantially recorded considering prices, terms and conditions agreed between the parties. The main transactions with related parties are as follows:

a) Credit and financing transactions with FIC and BINV

The Company operates as a correspondent bank for services operated by FIC and BINV. This operation generates amounts to be passed on, indicated as payables to related parties, and receivables for services provided, indicated as receivables from related parties. Profit or loss from these operations is represented in the column "Revenues (expenses), net" in the table previously presented and classified in “Revenue from sales and services” in the Company’s statement of profit or loss.

FIC and BINV operate as a credit card company, issuing cards and financing customers’ purchases. In the period ended June 30, 2019, the balance of credit card receivables from FIC and BINV was R$140 (R$132 as of December 31, 2018). These balances are recognized under “Accounts receivable,” in “Credit card companies,” explained in Note 5.

FIC and BINV also purchase credit card receivables of the Company. In the six-month period ended June 30, 2019, the Company recognized R$9 (R$11 in the period ended June 30, 2018) in finance costs from sale of credit card receivables.

b) Loan agreements with subsidiaries

In the six-month period ended June 30, 2019, the Company had loan agreements with subsidiaries VVLog, Bartira and Cnova Brasil, adjusted for inflation by the average rate of 105% of the CDI (105% of the CDI at December 31, 2018).

c) Transactions with CBD

CBD, in spite of the transaction described in note 1, is still the Company’s guarantor in a service agreement and in certain financing and rental agreements, and also reimburses personnel and rental expenses between the parties.

The Company also acquires meal and benefit vouchers for its employees from CBD at prices similar to competitors’ prices. This acquisition represented an expense of R$26 in the six-month period ended June 30, 2019 (R$24 in the six-month period ended June 30, 2018).

d) Rental transactions and provision of services

Via Varejo carried out rental transactions, sharing of its distribution centers and provision of services with CBD, GAS and Cnova Brasil. Cnova Brasil carried out rental transactions with Sendas.

Furthermore, the Company and its subsidiary Bartira have rental agreements related to 301 properties – including distribution centers, commercial and administrative buildings – established under specific conditions with Casa Bahia Comercial (“CB”) management, under the Association Agreement between Via Varejo, CBD and CB.

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The following table shows the amounts arising from lease agreements:

	Consolidated			
	6.30.2019	12.31.2018	6.30.2019	12.31.2018
Statement of Financial Position	**Right-of-use**	**Right-of-use**	**Lease liabilities**	**Lease liabilities**
Companhia Brasileira de Distribuição	-	10	-	(11)
Casa Bahia Comercial Ltda.	1,081	1,024	(1,421)	(1,356)

	Consolidated			
	6.30.2019	6.30.2018	6.30.2019	6.30.2018
Statement of Profit or Loss	**Depreciation**	**Depreciation**	**Lease interest**	**Lease interest**
Companhia Brasileira de Distribuição	**(1)**	(1)	**-**	-
Casa Bahia Comercial Ltda.	**(53)**	(50)	**(82)**	**(83)**

Via Varejo offers its products on the electronic address of its subsidiary Cnova Brasil, paying a commission for using this retail space to the subsidiary. The Company recognized in the six-month period ended June 30, 2019 an expense of R$20 (R$18 at December 31, 2018).

In 2018, the Company signed a service agreement with Greenyellow to implement energy efficiency solutions in some branches in order to monitor and ensure a reduction in energy consumption therein. Greenyellow is compensated on a percentage basis, according to the reduction in energy consumption. In addition, Greenyellow is the supplier of certain assets classified under “Facilities,” as Property and Equipment.

e) Purchases and sales of goods and services

In the six-month periods ended June 30, 2019 and June 30, 2018, the Company has realized the following transactions with related parties:

		Income (expenses), net	
Counterparty	**Transaction**	**6.30.2019**	**6.30.2018**
Cnova	Sales of goods	**13**	53
CBD	Commission on intermediation of purchase	**20**	22
Bartira	Purchase of goods	**(254)**	(256)
VVLog	Freight services	**(73)**	(106)
Cnova	Purchase of goods	**(225)**	(4)

f) Association agreement between Via Varejo, CBD and CB and related instruments

In 2010, the First Amendment to the Association Agreement (“Association Agreement”) between Via Varejo, CBD and CB was signed and, among other rights, it guaranteed to Via Varejo the right to be indemnified by CBD and CB for certain lawsuits and reimbursement of expenses as from June 30, 2010, which were the responsibility of the former controlling shareholders of the companies of such Association Agreement.

On November 8, 2016, six years after the transaction closing date, under the "Association Agreement," the Company completed the procedures regarding to indemnity (cash refunds) related to new legal claims. The parties began negotiations for collection and payment of the existing balance related to such losses.

On July 4, 2017, the Company entered into an “Agreement” with CB, together with CBD, for (i) settlement contingent of losses and damage already incurred until November 8, 2016; (ii) definition of new criteria to determine liability for losses and damage related to contingencies; (iii) holding of periodical meetings at which one of the parties has to present any losses and damage incurred as of November 9, 2016, to be

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reimbursed by the other party; and (iv) provision of guarantees for CB's obligation to indemnify contingencies. The Agreement was approved by the Boards of Directors of the Company and CBD on July 24, 2017.Under such Agreement, personal guarantees from CB's shareholders and mortgages on properties were provided, in an amount sufficient to support the total potential contingencies identified on November 8, 2016.

On October 24, 2018, the Company signed an amendment to the Agreement, with CB and CBD, to improve the criteria of the Agreement and clarify certain clauses and conditions, for settling the outstanding balances presented from one party to the other at the periodical meetings.

The Company has maintained the contractual terms of the Association Agreement and its subsequent amendments until the date of approval of the interim accounting information.

g) Management compensation

The expenses related to the Senior Management (statutory officers and members of the Board of Directors) compensation, recognized in the statement of profit or loss for the six-month period ended June 30, 2019 and the year ended December 31, 2018, were as follows:

	6.30.2019		
	Short-term benefits	**Share-based payment**	**Total**
Executive Board	**9**	**1**	**10**
Board of Directors	**2**	**-**	**2**
	11	**1**	**12**

	12.31.2018		
	Short-term benefits	**Share-based payment**	**Total**
Executive Board	24	11	35
Board of Directors	3	-	3
	27	11	38

9. Investments

a) Ownership interests

	6.30.2019	
Investments	**Direct interest**	**Indirect interest**
Subsidiaries		
Indústria de Móveis Bartira Ltda. (“Bartira”)	**99.99%**	**0.01%**
Globex Administração e Serviços Ltda. (“GAS”)	**99.99%**	**0.01%**
Lake Niassa Empreendimentos e Participações Ltda. (“LAKE”)	**99.99%**	**0.01%**
VVLog Logística Ltda. (“VVLog”)	**99.99%**	**0.01%**
Globex Administração de Consórcio Ltda. (GAC”)	**99.99%**	**0.01%**
Cnova Comércio Eletrônico S.A. (“Cnova Brasil”)	**100.00%**	**-**
Associates		
Financeira Itaú CBD S.A. (“FIC”)	**-**	**14.24%**
Banco Investcred Unibanco S.A. (“BINV”)	**-**	**50.00%**
FIC Promotora de Vendas Ltda.	**-**	**14.24%**

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b) Changes in investments

	Individual – restated (*)				
	Lake	**Bartira**	**Cnova Brasil (ii)**	**Other**	**Total**
Balance at December 31, 2017 – restated (*)	81	770	(484)	86	453
Advance for future capital increase	-	-	385	-	385
Equity income through profit or loss	14	(16)	(89)	(5)	(96)
Equity income through other comprehensive income (loss)	-	-	(2)	-	(2)
Balance at June 30, 2018	95	754	(190)	81	740

	Individual				
	Lake	**Bartira**	**Cnova Brasil (ii)**	**Other**	**Total**
Balance at December 31, 2018 – restated (*)	107	760	(57)	71	881
Capital increase (i)	-	-	**96**	-	**96**
Equity income through profit or loss	**20**	**(5)**	**(242)**	**4**	**(223)**
Payment of dividends	**(4)**	**-**	**-**	**(5)**	**(9)**
Equity income through other comprehensive income (loss)	**-**	**-**	**7**	**-**	**7**
Balance at June 30, 2019	**123**	**755**	**(196)**	**70**	**752**

(*) Balances were restated due to the first-time application of account standard CPC 06(R2) (IFRS 16) – Leases as of January 1, 2019. See more details in Note 2(a)(i).

(i) In 2019, the Company increased the capital of its subsidiary Cnova Brasil by R$96 through conversion of debts contracted from Via Varejo.

(ii) On June 30, 2019, parent company Via Varejo had a provision for negative net worth of R$196 for subsidiary Cnova Brasil (R$190 at June 30, 2018).

	Consolidated		
	FIC (i)	**BINV (i)**	**Total**
Balance at December 31, 2017	60	21	81
Equity income through profit or loss	12	-	12
Balance at June 30, 2018	72	21	93

	Consolidated		
	FIC (i)	**BINV (i)**	**Total**
Balance at December 31, 2018	79	29	108
Equity income through profit or loss	**15**	**5**	**20**
Payment of dividends	**(3)**	**(2)**	**(5)**
Balance at June 30, 2019	**91**	**32**	**123**

(i) FIC and BINV

They are credit bank that are financing the Company sales directly to the Company's and CBD's customers and they resulted from the association of CBD and the Company with Banco Itaú Unibanco S.A. The Company has significant influence in investments, but not control, through its representation on the Board of Directors of the affiliates. Interest in the total voting capital of FIC and BINV corresponds to 14.24% and 50.00%, respectively, arising from investments in subsidiary Lake.

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c) Summary of financial information on associates

We present below information on associates that the Company considers relevant for the calculation of share of profit (loss) of associates.

	FIC
Statement of financial position	**6.30.2019**
Current assets	**6,281**
Noncurrent assets	**60**
Total assets	**6,341**
Current liabilities	**5,549**
Noncurrent liabilities	**12**
Equity (i)	**780**
Total liabilities and equity	**6,341**
Statement of profit or loss	
Income	**470**
Operating income (expenses)	**136**
Profit for the year	**108**

(i) The investment calculation considers investee's equity, less the special goodwill reserve, which is the exclusive right of Itaú Unibanco S.A.

There are no significant restrictions related to the investments held by the Company.

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10. Property and equipment

a) Changes in property and equipment

	Individual						Consolidated					
	Balance at 6.30.2019			Balance at 12.31.2018 restated (*)			Balance at 6.30.2019			Balance at 12.31.2018 restated (*)		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	**12**	**-**	**12**	12	-	12	**15**	**-**	**15**	15	-	15
Buildings	**15**	**(8)**	**7**	14	(8)	6	**20**	**(12)**	**8**	19	(12)	7
Leasehold improvements	**1,053**	**(364)**	**689**	992	(334)	658	**1,057**	**(365)**	**692**	995	(334)	661
Machinery and equipment	**171**	**(97)**	**74**	161	(90)	71	**415**	**(248)**	**167**	403	(233)	170
IT equipment	**459**	**(294)**	**165**	440	(271)	169	**478**	**(308)**	**170**	486	(307)	179
Facilities	**178**	**(80)**	**98**	153	(75)	78	**197**	**(88)**	**109**	170	(83)	87
Furniture and fixtures	**303**	**(129)**	**174**	284	(117)	167	**313**	**(136)**	**177**	300	(126)	174
Vehicles	**4**	**(4)**	**-**	4	(4)	-	**26**	**(9)**	**17**	27	(9)	18
Properties under construction	**52**	**-**	**52**	115	-	115	**52**	**-**	**52**	116	-	116
Other	**53**	**(34)**	**19**	47	(30)	17	**54**	**(34)**	**20**	47	(30)	17
	2,300	**(1,010)**	**1,290**	2,222	(929)	1,293	**2,627**	**(1,200)**	**1,427**	2,578	(1,134)	1,444

	Balance at 12.31.2017	Additions	Write-offs	Depreciation	Transfers	Balance at 6.30.2018	Balance at 12.31.2017	Additions	Write-offs	Depreciation	Transfers	Balance at 6.30.2018
Changes in 2018	1,191	114	(25)	(74)	(6)	1,200	1,414	121	(65)	(91)	(6)	1,373

	Balance at 12.31.2018	Additions	Write-offs	Depreciation	Transfers	Balance at 6.30.2019	Balance at 12.31.2018	Additions	Write-offs	Depreciation	Transfers	Balance at 6.30.2019
Changes in 2019	1,293	**108**	**(23)**	**(86)**	**(2)**	**1,290**	1,444	**112**	**(27)**	**(100)**	**(2)**	**1,427**

(*) Balances were restated due to the first-time application of accounting standard CPC 06(R2) (IFRS 16) – Leases, as of January 1, 2019. See more details in Note 2(a)(i).

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b) Classification of depreciation and amortization of Property and Equipment and Intangible Assets in the Statement of profit or loss

In the six-month periods ended June 30, 2019 and June 30, 2018, the Company recognized the following depreciation and amortization amounts in the Cost of goods and services:

	Individual		Consolidated	
	6.30.2019	**6.30.2018**	**6.30.2019**	**6.30.2018**
Depreciation and amortization	**19**	18	**33**	33

c) Impairment test of property and equipment

In the six-month period ended June 30, 2019, the Company assessed and concluded that there were no changes in both internal and external impairment indicators and, therefore, it did not conduct a new impairment test of property, plant and equipment.

The Company will conduct new tests for the financial statements for the fiscal year ending December 31, 2019 or if any indication of impairment is identified.

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11. Intangible assets

a) Changes in Intangible assets

	Individual						Consolidated					
	Balance at 6.30.2019			Balance at 12.31.2018 restated (*)			Balance at 6.30.2019			Balance at 12.31.2018 restated (*)		
	Cost	Accumulated Amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated Amortization	Net	Cost	Accumulated amortization	Net
Goodwill	**-**	**-**	**-**	-	-	-	**627**	**-**	**627**	627	-	627
Software under development (**)	**343**	**-**	**343**	280	-	280	**350**	**-**	**350**	295	-	295
Software and licenses	**340**	**(106)**	**234**	386	(152)	234	**482**	**(219)**	**263**	577	(308)	269
Contractual rights	**251**	**(159)**	**92**	251	(142)	109	**251**	**(160)**	**91**	251	(142)	109
Trademarks and patents	**-**	**-**	**-**	-	-	-	**46**	**-**	**46**	46	-	46
Advantageous rental agreements	**-**	**-**	**-**	-	-	-	**36**	**(12)**	**24**	36	(11)	25
Commercial rights	**68**	**(67)**	**1**	68	(66)	2	**68**	**(67)**	**1**	68	(66)	2
	1,002	**(332)**	**670**	985	(360)	625	**1,860**	**(458)**	**1,402**	1,900	(527)	1,373

	Balance at 12.31.2017	Additions	Write-offs	Amortization	Transfers	Balance at 6.30.2018	Balance at 12.31.2017	Additions	Write-offs	Amortization	Transfers	Balance at 6.30.2018
Changes in 2018	376	132	(8)	(32)	6	474	1,162	142	(7)	(69)	6	1,234

	Balance at 12.31.2018	Additions	Write-offs	Amortization	Transfers	Balance at 6.30.2019	Balance at 12.31.2018	Additions	Write-offs	Amortization	Transfers	Balance at 6.30.2019
Changes in 2019	625	**86**	**(3)**	**(40)**	**2**	**670**	1,373	**94**	**(6)**	**(61)**	**2**	**1,402**

(*) Balances were restated due to the first-time application of accounting standard CPC 06(R2) (IFRS 16) – Leases, as of January 1, 2019. See more details in Note 2(a)(i).
(**) The Company and its subsidiaries have been investing in the acquisition and development of software and digital applications to improve the operating performance of e-commerce sales, in line with the Company's strategy.

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b) Impairment test of intangible assets

In the six-month period ended June 30, 2019, the Company assessed and concluded that there were no changes in both internal and external impairment indicators and, therefore, it did not conduct a new impairment test of intangible assets with definite useful life.

The Company will conduct new tests for the financial statements for the fiscal year ending December 31, 2019 or if any indication of impairment is identified.

In relation to intangible assets with indefinite useful life, the Company, according to its accounting policy, will test them for impairment during the second half of 2019.

12. Loans and financing

a) Book balances

	Rate	Individual		Consolidated	
		6.30.2019	12.31.2018 restated (*)	6.30.2019	12.31.2018 restated (*)
Consumer financing ("CDCI") (i)	7.38% p.a.	**3,339**	3,400	**3,339**	3,400
Promissory notes (ii)	7.10% p.a.	**518**	502	**518**	502
Borrowings in foreign currency (iii)	3.92% p.a.	**396**	395	**396**	395
Financial instruments – fair value hedge liabilities	6.29% p.a.	**9**	6	**9**	6
Other		**-**	18	**4**	22
		4,262	4,321	**4,266**	4,325
Current		**3,928**	3,356	**3,929**	3,357
Noncurrent		**334**	965	**337**	968
Total borrowings, net		**4,262**	4,321	**4,266**	4,325

(*) Balances were restated due to the first-time application of accounting standard CPC 06(R2) (IFRS 16) – Leases, as of January 1, 2019. See more details in Note 2(a)(i).

(i) CDCI

Consumer credit with intervention of seller ("CDCI") refers to financing of credit sale to clients, through financial institutions (see Note 5(a)(ii)). The rates are fixed at each transaction date. For the six-month period ended June 30, 2019, the weighted average rate charged by financial institutions for CDCI transactions was 7.38% p.a. (7.78% p.a. as of December 31, 2018).

(ii) Promissory notes

On December 12, 2018, the Company carried out the 1st issue of promissory notes in a single series. Five unsecured promissory notes were issued, all with a par value of R$100, amounting to R$500. The due date for the promissory notes is February 2020.

(iii) Borrowings in foreign currency

The Company uses swap transactions for 100% of its borrowings in US dollars and fixed interest rates and, when applicable, variable interest, as well as transactions in local currency at fixed rates, swapping these obligations for Real pegged to CDI interest rates (floating). The Company enters into swap transactions with the same financial conglomerate and currency of the corresponding borrowings, and recorded them under "Financial instruments – fair value hedge," as per the net value measured for each instrument. These contracts have the same terms and dates for interest and principal payment.

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In the period ended June 30, 2019, the Company fully complied with all the covenants related to borrowings, as well as existing financial guarantees.

b) Changes in loans

The table below shows changes in cash flow related to financing activities.

	Individual	Consolidated
Balance at December 31, 2017 – restated (*)	3,516	4,104
Cash flow from borrowings		
Additions (i)	2,457	2,457
Amortization (i)	(2,500)	(2,813)
Interest payment (i)	(162)	(181)
Noncash changes		
Accrued interest (i)	134	154
Exchange differences	-	42
Mark to market	-	(2)
Balance at June 30, 2018 – restated (*)	3,445	3,761
Balance at December 31, 2018 – restated (*)	4,321	4,325
Cash flow from borrowings		
Additions (ii)	**2,455**	**2,455**
Amortization (ii)	**(2,525)**	**(2,525)**
Interest payment (ii)	**(137)**	**(137)**
Noncash changes		
Accrued interest (ii)	**143**	**143**
Swap	**9**	**9**
Exchange differences	**(4)**	**(4)**
Mark to market		
Balance at June 30, 2019	**4,262**	**4,266**

(*) Balances were restated due to the first-time application of accounting standard CPC 06(R2) (IFRS 16) – Leases, as of January 1, 2019. See more details in Note 2(a)(i).

(i) At June 30, 2018, the amounts of the CDCI transactions were R$2,457 related to additions, R$2,490 to amortization, R$156 to interest payment and R$134 to accrued interest.

(ii) At June 30, 2019, the amounts of the CDCI transactions were R$2,455 related to additions, R$2,514 to amortization, R$121 to interest payment and R$119 to accrued interest.

c) Aging list of loans recognized in noncurrent liabilities

Year	Individual	Consolidated
6 months of 2020	287	287
2021	47	48
2022	-	2
Total	**334**	**337**

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13. Taxes payable

a) Accounting balances

	Individual		Consolidated	
	6.30.2019	**12.31.2018**	**6.30.2019**	**12.31.2018**
ICMS	**64**	103	**67**	125
Special Tax Regularization Program	**28**	29	**28**	29
Withholding income tax	**11**	17	**12**	19
Income and social contribution taxes	**-**	-	**-**	2
Other	**7**	7	**7**	18
	110	156	**114**	193
Current	**81**	126	**85**	163
Noncurrent	**29**	30	**29**	30

14. Current and deferred income and social contribution taxes

a) Reconciliation of profit or loss and social contribution tax expenses

	Individual		Consolidated	
	6.30.2019	**6.30.2018 restated (*)**	**6.30.2019**	**6.30.2018 restated (*)**
Profit (loss) before tax	**(175)**	165	**(185)**	156
Income and social contribution taxes at the statutory rate of 34%	**60**	(56)	**63**	(53)
Share of profit (loss) of subsidiaries and associates	**(76)**	(32)	**7**	4
Unrecognized tax loss (i)	**-**	-	**(84)**	(18)
Other nondeductible permanent differences	**(5)**	1	**3**	(11)
Financial instrument fair value adjustment	**(1)**	(4)	**(4)**	(4)
Effective income and social contribution taxes	**(22)**	(91)	**(15)**	(82)
Current recognized in profit or loss	**-**	(27)	**-**	(32)
Deferred recognized in profit or loss	**(21)**	(60)	**(11)**	(46)
	(21)	(87)	**(11)**	(78)
Deferred recognized in other comprehensive income (loss)	**(1)**	(4)	**(4)**	(4)
	(22)	(91)	**(15)**	(82)

(*) Balances were restated due to the change in the accounting policy related to CPC 06(R2) (IFRS 16) – Leases. See more details in Note 2(b).

(i) Cnova Brasil did not recognize deferred tax assets resulting both from tax losses and social contribution carryforwards, and from temporary differences because there is no expectation of realization of such assets. At September 30, 2018, the Company started recognizing the tax assets calculated on temporary differences of subsidiary Cnova Brasil considering that monetization studies have indicated the possibility of recovery of such assets. These studies are based mainly on the partial spin-off and merger of the subsidiary's operations into Via Varejo, approved by management. In the six-month period ended June 30, 2019, unrecognized deferred income and social contribution taxes in the statement of financial position related to tax losses and social contribution carryforwards amounted to R$521 (R$485 on December 31, 2018).

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b) Breakdown of deferred income and social contribution taxes:

	Individual		Consolidated	
	6.30.2019	**12.31.2018 restated (*)**	**6.30.2019**	**12.31.2018 restated (*)**
Provision for contingencies	**227**	268	**244**	284
Allowance for doubtful accounts	**145**	143	**170**	168
Tax loss carryforward	**164**	74	**221**	128
Provision for current expenses	**21**	92	**40**	99
Provision for impairment of property and equipment and inventories	**54**	40	**69**	61
Leases	**226**	226	**257**	258
Other	**30**	39	**34**	48
Total deferred tax asset	**867**	882	**1,035**	1,046
Depreciation and amortization of property and equipment and intangible assets	**(128)**	(120)	**(150)**	(143)
PPA Bartira	**-**	-	**(29)**	(31)
Other	**-**	-	**(6)**	(6)
Total deferred tax liability	**(128)**	(120)	**(185)**	(180)
	739	762	**850**	866

(*) Balances were restated due to the first-time application of accounting standard CPC 06 (IFRS 16) – Leases, as of January 1, 2019. See more details in Note 2(a)(i).

Deferred income and social contribution taxes are recorded in the statement of financial position at the net amount, per paying entity, as follows:

	Individual		Consolidated	
	6.30.2019	**12.31.2018**	**6.30.2019**	**12.31.2018**
Deferred taxes – assets	**739**	762	**856**	872
Deferred taxes – liabilities	**-**	-	**(6)**	(6)

c) Expected realization of deferred income and social contribution tax assets

Deferred income and social contribution tax assets were recognized as a result of studies prepared by management, demonstrating the generation of future taxable profits in amount sufficient for full realization of these amounts, as well as the expected realization of deductible temporary differences, as follows:

At June 30, 2019	**Individual**	**Consolidated**
6 months of 2019	340	399
2020	200	229
2021	133	152
2022	45	64
2023	9	28
Above 5 years	140	163
	867	**1,035**

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Notes to the interim financial information
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15. Provision for contingencies

a) Changes in the provision for contingencies:

	Individual			
	Tax	**Social security and labor**	**Civil and others**	**Total**
Balance at December 31, 2017	112	935	127	1,174
Additions	7	359	82	448
Payments	(1)	(302)	(37)	(340)
Reversals	-	(357)	(62)	(419)
Interests	1	36	8	45
Balance at June 30, 2018	119	671	118	908
Balance at December 31, 2018	114	686	103	903
Additions	**1**	**357**	**60**	**418**
Payments	**-**	**(300)**	**(34)**	**(334)**
Reversals	**(108)**	**(108)**	**(44)**	**(260)**
Interests	**(5)**	**35**	**5**	**35**
Balance at June 30, 2019	**2**	**670**	**90**	**762**

	Consolidated			
	Tax (i)	**Social security and labor (ii)**	**Civil and Others (iii)**	**Total**
Balance at December 31, 2017	112	952	175	1,239
Additions	42	377	153	572
Payments	(1)	(309)	(83)	(393)
Reversals	-	(370)	(98)	(468)
Interests	1	37	12	50
Balance at June 30, 2018	154	687	159	1,000
Balance at December 31, 2018	149	700	128	977
Additions	**1**	**365**	**104**	**470**
Payments	**-**	**(306)**	**(65)**	**(371)**
Reversals	**(108)**	**(110)**	**(55)**	**(273)**
Interests	**(4)**	**36**	**7**	**39**
Balance at June 30, 2019	**38**	**685**	**119**	**842**

(i) Tax

Tax claims are subject, by law, to monthly adjustment for inflation, calculated based on indexation rates used by each tax jurisdiction. In all cases, both interest charges and fines on unpaid amounts, when applicable, were computed and provisioned in full.

At March 31, 2019, the Company reversed the provision for the tax contingency related to PIS and COFINS credits on advertising expenses, in the amount of R$108. In the Company's opinion, based on recent decisions of the Superior Court of Justice ("STJ"), on internal studies that demonstrate the importance of expenses to generation of income, and on the opinion of its external lawyers, it is a contingent liability and its likelihood of loss is only possible.

(ii) Social security and labor

The Company is a party to various labor claims, connected with employee lay off, as result of ordinary turnover of its business. As of June 30, 2019, the Company maintained a provision for losses associated with these claims of R$685 (R$700 as of December 31, 2018).

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Notes to the interim financial information
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The Company has 29,344 labor claims as of June 30, 2019 (31,472 as of December 31, 2018). The provision for labor contingencies is calculated based on effective historical losses applied to the total of pending claims.

(iii) Civil and others

The Company is a defendant in civil and other claims. The main claims are the following:

- Claims in which the Company requests the renewal of rental agreements where the Company is required to pay provisional rental amounts until a final and unappealable decision on the litigation. While the claims are pending, the Company recognizes provision based on the difference between the amount paid as provisional rent and the amounts sought by the lessors. As of June 30, 2019, the balance of this provision was R$33 (R$45 as of December 31, 2018).

- Claims involving consumer relationships rights. The Company has 45,265 civil claims as of June 30, 2019 (40,687 at December 31, 2018). The provision is calculated based on the history of losses, by type of claim, applied to the total of pending claims. As of June 30, 2019, the balance of the provision was R$86 (R$83 as of December 31, 2018).

b) Contingent liabilities

The Company is a party to other claims that were analyzed by legal advisors and whose unfavorable outcome is possible and, therefore, those claims are not recorded in the financial statements, totaling R$1,789 as of June 30, 2019 (R$1,699 as of December 31, 2018), mainly related to:

Tax

- COFINS, PIS, IRPJ, IRRF, CSLL and INSS: (i) administrative and legal proceedings related to offset requests not recognized by tax authorities, generated due to credits from favorable court decisions, and to payment differences, and fine for noncompliance with accessory obligations; (ii) tax delinquency notice as a result of PIS and COFINS not levied on amounts deemed by the Brazilian IRS as taxable revenues, among which are bonuses paid to suppliers; (iii) use of PIS and COFINS credits relating to expenses with advertising and card administration fees; (iv) others of lower materiality. The amount involved in these claims is approximately R$764 as of June 30, 2019 (R$637 at December 31, 2018.

- ICMS, ISS and IPTU: (i) administrative and judicial proceedings resulting from ISS not levied on amounts deemed by the municipal tax authorities as revenue from services; (ii) tax delinquency notices arising from alleged divergences in the information filed with the state finance departments, and ICMS not levied on provision of extended warranty services; (iii) tax delinquency notices arising from the use of Company's credits for acquisition of goods from suppliers with irregular state registration and fine for noncompliance with accessory obligations; (iv) others of lower materiality. The amount involved in these claims is approximately R$932 as of June 30, 2019 (R$915 as of December 31, 2018).

- Mandala goodwill: tax delinquency notice due to the deduction of amortization charges in 2012 and 2013 from goodwill arising from the acquisition of Ponto Frio in calendar year 2009. The adjusted amount of the tax delinquency notice corresponds to IRPJ and CSLL amounting to R$91 as of June 30, 2019 (R$89 as of December 31, 2018).

Via Varejo S.A.

Notes to the interim financial information
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c) Escrow deposits

The Company is questioning the payment of certain taxes, contributions and labor obligations. As consequence, the Company made deposits (restricted deposits) in corresponding amounts, in order to cover additional disbursements in contingent liability process. This amount is recorded in the Company's assets, as shown below:

	Individual		Consolidated	
	6.30.2019	**12.31.2018**	**6.30.2019**	**12.31.2018**
Social security and labor	**831**	861	**850**	877
Tax	**49**	45	**54**	49
Civil and others	**32**	31	**38**	38
	912	937	**942**	964

d) Guarantees

In the quarter ended June 30, 2019, the Company offered commercial collateral in some civil, labor and tax claims, as follows:

Claims	Real estate	Letter of guarantee	Total
Tax	**9**	**1,137**	**1,146**
Civil and others	**-**	**818**	**818**
Social security and labor	**-**	**300**	**300**
	9	**2,255**	**2,264**

The annual cost of the guarantees is approximately 0.65% on the guaranteed amount, recognized in "Finance cost", throughout the period.

16. Lease transactions

a) Accounting policy

The accounting standard CPC 06(R2) (IFRS16) – Leases requires all leases and their corresponding contractual rights and obligations to be recognized in the statement of financial position. According to such standard, leases with contractual duration of less than 12 months, indefinite contractual duration or low-value agreements are exempted from recognition. For leases exempt from recognition, the Company recorded the expenses in profit or loss for the year over the period of the lease, as incurred.

For each lease agreement, the Company recognizes a Right-of-use asset and a Lease liability comprising the present value of the installments and costs associated with the lease agreement. The interest on Lease liabilities and depreciation of the Right-of-use asset are recognized in the Statement of profit or loss according to the term of the agreement.

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Notes to the interim financial information
for the period ended June 30, 2019
(In millions of Brazilian reais – R$, unless otherwise stated)

b) Breakdown of balances and changes

Right-of-use assets

	Individual	Consolidated
Balance at December 31, 2017	2,943	3,013
Addition and remeasurement	115	121
Write-offs	(1)	(6)
Depreciation	(212)	(218)
Balance at June 30, 2018	2,845	2,910

	Individual	Consolidated
Balance at December 31, 2018	3,038	3,102
Addition and remeasurement	**278**	**285**
Write-offs	**(13)**	**(18)**
Depreciation	**(238)**	**(242)**
Balance at June 30, 2019	**3,065**	**3,127**

Classification of depreciation of right-of-use assets in the Statement of Profit or Loss

In the six-month periods quarter ended June 30, 2019 and June 30, 2018, the Company recognized the following depreciation amounts:

	Individual		Consolidated	
	6.30.2019	**6.30.2018**	**6.30.2019**	**6.30.2018**
Depreciation	**49**	44	**54**	48

Lease liabilities

	Individual	Consolidated
Balance at December 31, 2017	3,657	3,827
Addition and remeasurement	105	112
Write-offs	(2)	(2)
Principal payment	(190)	(200)
Interest payment	(184)	(191)
Interest incurred	184	191
Balance at June 30, 2018	3,570	3,737

	Individual	Consolidated
Balance at December 31, 2018	3,788	3,946
Addition and remeasurement	**278**	**285**
Write-offs	**(15)**	**(15)**
Principal payment	**(249)**	**(258)**
Interest payment	**(185)**	**(192)**
Interest incurred	**185**	**192**
Balance at June 30, 2019	**3,802**	**3,958**
Current	**812**	**846**
Noncurrent	**2,990**	**3,112**

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Notes to the interim financial information
for the period ended June 30, 2019
(In millions of Brazilian reais – R$, unless otherwise stated)

c) Aging list of the lease liabilities recognized as noncurrent liabilities

Year	Individual	Consolidated
6 months of 2020	223	234
2021	468	490
2022	458	482
2023	374	400
2024	306	319
More than 5 years	1,161	1,187
Total	**2,990**	**3,112**

d) Payment of variable rentals, low-value and short-term assets

In the six-month period ended June 30, 2019, the Company recognized R$25 (R$27 on June 30, 2018) related to expenses for the payment of variable rentals, low-value and short-term assets in the individual and consolidated interim financial statements.

17. Deferred revenue

a) Accounting balances

	Individual		Consolidated	
	6.30.2019	12.31.2018	6.30.2019	12.31.2018
Additional or extended warranties	**1,301**	1,396	**1,357**	1,453
Card operation and bank correspondent	**270**	332	**318**	378
Insurance and services	**127**	135	**135**	143
Granted rights	**28**	29	**29**	29
Other	**3**	2	**3**	3
	1,729	1,894	**1,842**	2,006
Current	**382**	380	**406**	401
Noncurrent	**1,347**	1,514	**1,436**	1,605

b) Management's estimate for realization of the amounts classified as "Noncurrent"

Year	Individual	Consolidated
6 months of 2020	163	173
2021	310	331
2022	296	317
2023	285	305
2024	274	290
Above 5 years	19	20
Total	**1,347**	**1,436**

Via Varejo S.A.

Notes to the interim financial information for the period ended June 30, 2019

(In millions of Brazilian reais – R$, unless otherwise stated)

18. Equity

a) Issued capital

The Company's subscribed and paid-up capital as of June 30, 2019 was R$2,899 (R$2,899 at December 31, 2018) and comprised 1,294,425 thousand common shares, all of them registered book-entry shares with voting rights and without par value.

For the period ended June 30, 2019, the Company had a capital increase due to the exercise of stock option plans, as follows:

Date of capital increase	Balance in R$	Number of common shares
2/19/2019	R$155.85	46,755
4/23/2019	R$75,988.00	74,376

b) Share-based compensation plan

The Company maintains share-based compensation plans that aim to: (i) allowing interest of Company management and employees in its capital and in equity increases derived from profit to which management and employees have contributed; (ii) fostering the achievement of the Company's corporate purposes; and (iii) aligning the interests of Company management and employees to those of the Company's shareholders. The current plans can be settled in cash or in stock exchange membership.

i) Stock option program (payment in stock exchange membership)

In March 2019, 336,971 stock options were granted with a vesting period of up to two years and five months. According to the terms of the program, the beneficiary will have the right to receive a certain number of shares conditioned on maintaining their position as manager or employee of the Company or any of its subsidiaries ("service condition"). Each share is subject to appreciation and price variation over time.

The total expense of plans payable in stock exchange membership, including taxes and social charges withheld, recognized in the six-month period ended June 30, 2019 was R$5 (R$6 in the six-month period ended June 30, 2018).

ii) Phantom Stock Option Plan

On May 28, 2019, the Company granted to the Program beneficiaries a total of 1,312,385 phantom shares, equivalent to 3,937,155 common shares issued by the Company. Once the employment condition is met, which is keeping their employment relationship with the Company or its subsidiary during the three-year period from the grant date, the premium will be paid in the month subsequent to the calculation date.

At June 30, 2019, the amount of liabilities, including social charges, was recorded as noncurrent liabilities as R$10 (R$12 at December 31, 2018). The total reversal of expense recognized in the six-month period ended June 30, 2019 was R$2 (expense of R$5 in the six-month period ended June 30, 2018).

Via Varejo S.A.

Notes to the interim financial information for the period ended June 30, 2019

(In millions of Brazilian reais – R$, unless otherwise stated)

19. Net revenue from sales and services

a) Accounting balances

	Individual		Consolidated	
	6.30.2019	**6.30.2018**	**6.30.2019**	**6.30.2018 restated (*)**
Goods	**11,313**	10,398	**12,699**	13,037
Financial transactions	**850**	884	**850**	884
Intermediation fees	**501**	565	**616**	685
Freight and assembly services	**170**	131	**200**	194
Gross revenue from sales net of returns and cancellations	**12,834**	11,978	**14,365**	14,800
Taxes on goods	**(1,533)**	(1,078)	**(1,855)**	(1,603)
Taxes on financial transactions	**(39)**	(40)	**(39)**	(40)
Taxes on intermediation fees	**(61)**	(65)	**(80)**	(82)
Taxes on freight and assembly services	**(35)**	(28)	**(37)**	(33)
Taxes on revenue	**(1,668)**	(1,211)	**(2,011)**	(1,758)
Net sales	**11,166**	10,767	**12,354**	13,042

(*) Balances were restated due to reclassification of expenses with re-shipment of products. See more details in note 2(b).

20. Expenses by nature

	Individual		Consolidated	
	6.30.2019	**6.30.2018 restated (*)**	**6.30.2019**	**6.30.2018 restated (*)**
Cost of goods and services	**7,606**	6,854	**8,431**	8,433
Personnel expenses	**1,218**	1,265	**1,302**	1,409
Cost of third-party services	**571**	724	**857**	1,030
Freight expenses	**335**	234	**420**	381
Allowance for doubtful accounts	**261**	281	**304**	315
Labor claim expenses	**158**	81	**160**	81
Reversal of tax contingencies	**(108)**	-	**(108)**	-
Other	**158**	207	**194**	289
	10,199	9,646	**11,560**	11,888
Cost of goods and services	**7,971**	7,221	**8,919**	8,946
Selling expenses (i)	**1,906**	2,021	**2,301**	2,463
General and administrative expenses	**322**	404	**340**	479
	10,199	9,646	**11,560**	11,888

(*) Balances were restated due to: (i) first-time application of the accounting standard CPC 06 (IFRS 16) – Leases as of January 1, 2019; (ii) reclassification of costs with the re-shipment of goods; and (iii) expenses with labor indemnity. See more details in Notes 2(a)(i) and 2(b).

(i) In the six-month period ended June 30, 2019, the Company recorded untimely PIS and COFINS credits related to advertising and publicity expenses in the last five years, in the amount of R$157, under Selling expenses. This decision is based on internal studies that demonstrate the importance of expenses for generating revenue.

Via Varejo S.A.

Notes to the interim financial information for the period ended June 30, 2019

(In millions of Brazilian reais – R$, unless otherwise stated)

21. Other operating income (expenses), net

	Individual		Consolidated	
	6.30.2019	**6.30.2018 restated (*)**	**6.30.2019**	**6.30.2018 restated (*)**
Restructuring expenses (i)	**(121)**	(102)	**(120)**	(103)
Gain (loss) on disposal of property and equipment and intangible assets	**(26)**	(32)	**(32)**	(50)
Other	**9**	(4)	**3**	(4)
	(138)	(138)	**(149)**	(157)

(*) Balances were restated due to: (i) first-time application of the accounting standard CPC 06 (IFRS 16) – Leases as of January 1, 2019; and (ii) expenses with labor indemnity. See more details in note 2(a)(i) and 2(b).

(i) This item records mainly expenses with logistics adjustment, termination of employment contracts and labor claims arising from the implementation of measures to adapt the Company's expense structure, including operational and administrative areas.

22. Finance income (costs), net

	Individual		Consolidated	
	6.30.2019	**6.30.2018 restated (*)**	**6.30.2019**	**6.30.2018 restated (*)**
Finance costs				
Cost of debt	**(140)**	(138)	**(140)**	(114)
Cost of sales and discount of receivables	**(140)**	(136)	**(180)**	(194)
Monetary and exchange losses	**(38)**	(36)	**(43)**	(86)
Interest on liability lease	**(185)**	(184)	**(192)**	(191)
Other finance costs	**(28)**	(31)	**(31)**	(34)
Total finance costs	**(531)**	(525)	**(586)**	(619)
Finance income				
Yield from cash and cash equivalents	**8**	8	**11**	11
Monetary and exchange gains	**24**	41	**21**	37
Advances to suppliers	**14**	9	**18**	12
Other finance income	**-**	1	**2**	3
Total finance income	**46**	59	**52**	63
Finance income (costs), net	**(485)**	(466)	**(534)**	(556)

(*) Balances were restated due to first-time application of the accounting standard CPC 06 (IFRS 16) – Leases as of January 1, 2019.

Via Varejo S.A.

Notes to the interim financial information for the period ended June 30, 2019

(In millions of Brazilian reais – R$, unless otherwise stated)

23. Earnings (loss) per share

The table below presents the calculation of profit (loss) available to shareholders and the weighted average number of outstanding shares.

	6.30.2019	6.30.2018 restated (*)
Basic numerator		
Basic earnings (loss) allocated and not distributed	**(196)**	78
Total basic earnings (loss) allocated and not distributed	**(196)**	78
Basic denominator (in thousands of shares)		
Weighted average number of shares	**1,294,065**	1,291,111
Basic earnings (loss) per share (in R$)	**(0.15121)**	0.06075
Diluted denominator (in thousands of shares)		
Stock options	**2,024**	11,083
Weighted average number of shares	**1,294,065**	1,291,111
Diluted weighted average number of shares	**1,296,089**	1,302,194
Diluted earnings (loss) per share (in R$)	**(0.15102)**	0.06024

(*) Balances were restated due to the first-time application of accounting standard CPC 06 (IFRS 16) – Leases as of January 1, 2019.

24. Insurance

The insurance coverage as of June 30, 2019 is considered sufficient to cover any claims and is summarized as follows:

Insured assets	Insured risks	Insured amount
Property and equipment and inventories	Assigning profits	**12,082**
Profit	Loss of profits	**5,445**
Cars and others (*)	Damage	**207**

(*) The amount above does not include coverage of hooves, which are insured by an amount equivalent to 100% of the Institute of Economic Research Foundation (FIPE) table.

The Company has specific policies covering civil and administrative liability risks in the amount of R$315.

25. Segment information

Until 2015, the Company reported its information through the single segment of brick and mortar stores. The corporate reorganization in 2016 resulted in integration of the e-commerce business (“online”) with the brick and mortar store business. The Company implemented a unified operational management for businesses, seeking greater competitiveness and a better strategic positioning.

The chief operating decision maker is the CEO of Via Varejo, who analyzes revenues earned by the business per sales channel. However, the entire cost and expense structure was integrated and then controlled on a unified basis since the beginning of the corporate reorganization.

Via Varejo S.A.

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Due to similar characteristics, where revenues and business are very similar, management considered only a single reportable operating segment. Below are the total net revenues per business:

	Consolidated	
	6.30.2019	**6.30.2018 restated (*)**
Net revenue – Brick and mortar stores	**11,138**	10,700
Net revenue - Online	**1,216**	2,342
	12,354	13,042

(*) Balances were restated due to reclassification of expenses with re-shipment of products. See more details in note 2(b).

26. Events after the reporting period

Partial spin-off of the subsidiary Cnova Brasil followed by merger with the Company

On April 23, 2019, Via Varejo disclosed as Material Fact notice to its shareholders informing that its Board of Directors approved a proposal for the partial spin-off of its wholly-owned subsidiary Cnova Brasil based on the accounting balances as of February 28, 2019. On July 1, 2019, the asset and liability balances of the spun-off portion of Cnova Brasil were merged with the Company. The portion of Cnova Brasil merged is R$1,222.95 (amounts in Brazilian real), composed of the spun-off portion of assets and liabilities, respectively, in the amounts of R$3,133,415,296.19 and R$3,133,414,073.24 (amounts in Brazilian real).

The proposal is aligned with the strategy of changing the ownership structure of the Company, aiming to increase its productivity and efficiency of its commercial activities and to reduce its operating costs.

A free translation from Portuguese into English of independent auditor's review report on individual and consolidated interim financial information prepared in Brazilian currency in accordance with accounting policies adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB) and consistently with the standards issued by the Brazilian Securities Commissions (CVM).

Independent auditor's review report on individual and consolidated interim financial information

To the Shareholders, Board of Directors and Officers

Via Varejo S.A.

São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim financial information of Via Varejo S.A. and its subsidiaries ("the Company"), included in the Quarterly Information Form (ITR), for the quarter ended June 30, 2019, which comprise the statement of financial position as at June 30, 2019, and the related statements of profit or loss and of comprehensive income (loss) for the three and six month periods then ended, and the statement of changes in equity and of cash flows for the six month period then ended, and notes to the individual and consolidated interim financial information, including a summary of significant accounting policies.

Management is responsible for the preparation and fair presentation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) -– Interim Financial Reporting ("CPC 21 (R1)") and IAS 34 - Interim Financial Reporting ("IAS 34"), issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of the Quarterly Information Form (ITR), consistently with the rules issued by the CVM.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added for the six-month period ended June 30, 2019, prepared under the responsibility of Company management, whose presentation in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Financial Information (ITR), and considered supplementary information for purposes of IFRS, which does not require the presentation of the statement of value added. These statements were subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Audit and review of prior year financial information

The individual and consolidated financial information, comprising the statement of financial position as at December 31, 2018, and the statements of profit or loss, of comprehensive income (loss), of changes in equity, of cash flows and of value added for the six-month period ended June 30, 2018, presented for comparative purposes, were audited and reviewed, respectively, by other auditor who issued an unqualified audit report and an unqualified review report on the interim financial information dated August 13, 2019.

Sao Paulo, August 13, 2019.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Julio Braga Pinto
Accountant CRC-1SP209957/O-

MANAGEMENT'S DECLARATION ON THE QUARTERLY FINANCIAL INFORMATION

The Executive Officers of Via Varejo S.A. (the "Company"), pursuant to item VI, article 25, of CVM Rule No. 480 of December 7, 2009, declare that they have reviewed, discussed and agreed with the Company's quarterly financial statements for the three- and six-month periods ended June 30, 2019, authorizing their completion on the date hereof.

São Caetano do Sul (SP), August 13, 2019.

Roberto Fulcherberguer – Chief Executive Officer

Sérgio Augusto França Leme – Administrative Officer

Abel Ornelas Vieira – Commercial and Operations Officer

Orivaldo Padilha – Financial and Investor Relations Officer

Helisson Brigido Andrade Lemos – Digital Innovation and Human Resources Officer

MANAGEMENT'S DECLARATION ON THE INDEPENDENT AUDITOR'S REPORT ON THE QUARTERLY FINANCIAL INFORMATION

The Executive Officers of Via Varejo S.A. (the "Company"), pursuant to item V, article 25, of CVM Rule No. 480 of December 7, 2009, declare that they have reviewed, discussed and agreed with the opinions contained in the independent auditor's report on the Company's quarterly financial statements for the three- and six-month periods ended June 30, 2019, authorizing their completion on the date hereof.

São Caetano do Sul (SP), August 13, 2019.

Roberto Fulcherberguer – Chief Executive Officer

Sérgio Augusto França Leme – Administrative Officer

Abel Ornelas Vieira – Commercial and Operations Officer

Orivaldo Padilha – Financial and Investor Relations Officer

Helisson Brigido Andrade Lemos – Digital Innovation and Human Resources Officer