Individual and Consolidated Financial Statements

Via Varejo S.A.

Year ended December 31, 2019
with Independent Auditor's Report

Via Varejo S.A.

Financial statements
December 31, 2019

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Management Report

In 9 months, we were able to implement all the initiatives we had set out to "do retail again". We improved our stores, customer experience and internal engagement. We made our platforms more stable and functional and improved delivery times, relationship with suppliers, cash generation and, of course, we started attracting talents in this new phase. For this and many other reasons we're convinced that we've experienced the positive cycle between doing retail again and retailing with excellence.

In the beginning, in physical stores, we changed the incentives and bargaining power of the sellers, in addition to the training model (PROVE). We made everything much easier, simpler and more intuitive. There is a clear progress since the change, both in terms of motivation and vibration of our team and in the performance of the business. We are investing in the structures of existing stores to provide a better shopping experience and better working environment (air conditioning, cleaning, painting, façade renovation, new layouts, among other actions). The Via+ system is already processing 70% of physical sales. Very soon there will be news: in addition to new credit facilities, we will have an assortment of sellers, that is, more than 20.000 sellers will be available offering products from our partners. Via+ will also be available in the app version for each seller, through a mobile tool in which the customer may make the payment in a much more agile way.

We placed full focus on Payment Books. In this quarter, we again observed a growth in share, in line with the Company's strategy. We created credit approval conditions by category, in addition to a panel of options that will allow the seller to prepare the customer's proposal based on value of inflow, value of installments and number of installments.

We are the largest seller of furniture in Brazil, having observed an 8% growth in the sector in the period.

In e-commerce, our top priority was to stabilize and expand our operational capacity. And, as known by all, the largest Black Friday in Brazil! We are confident that the recovery process of 1P has been successful and we will continue with our platform transformation project. 1P underwent a significant growth of 29% in the period in relation to the previous year. We are already observing an acceleration this year. Marketplace (3P) continues to grow strongly, increasing 58% in 4Q19. We will also maintain our total focus on online retailing, whose share increased by 5 p.p. in 4Q19.

We put more than 100 improvement packages into practice in the 1P and 3P platforms for stabilization and performance purposes. This process, aligned with the precise use of data and better communication with customers began showing excellent results that include increased conversion in sales and greater loyalty. An exceptional example has been the growth in the number of active users (MAU) of Casas Bahia and Ponto Frio applications since the beginning of June/19, from 1,5 million to 5 million in the end of 2019. In January/20, we reached 7,6 million active users, a growth of 5 times. From September/19, we reversed the trend of decrease in visits in the Online channel (desk, mobile and app), which is now increasing. When comparing Dec/19 to Dec/18, the number of visits in these digital channels grew by 50%. In the app, growth was significantly higher, of more than 175%. In February/20, visits on the app grew once again surprisingly, about 300%, in relation to the same prior-year period.

Our presence on the media was once again expressive and significant. We combined customized actions on TV, such as football sponsorship and soap operas, with digital projects specially designed to serve consumers in different geographies and adopting different messages, using our data base more actively.

In terms of logistics, we integrated our physical and online stocks. At the end of 4Q19, online sales with pick-up at the stores reached 26%, observing that *Retira Rápido* was frozen for Black Friday. In December, the platform had responded very well, with a great improvement in *Retira Rápido* sales of 31%, available in 100% of the stores. Our deliveries progressed significantly in terms of delivery times: deliveries within 24 hours rose from 7% to 26%, while deliveries within 48 hours increased from 28% to 47% in the entire country. In the second half of the year, we will increase gains with the installation of the Manhattan system (WMS), which will reduce costs and increase the level of service in the DCs. Another very positive aspect refers to the number of goods shipped in the 60 mini-hubs, which doubled, showing that we are on the right track to position our products closer to our customers. This year, mini-hubs should double from 60 to 120.

We ended 4Q19 with an increase in gross revenue in physical stores by 1%, while GMV Online grew 35% over the same period last year. Consolidated gross revenue totaled R$8,9 billion, representing an increase of 3,9% over 4Q18. Adjusted EBITDA reached R$605 million and EBITDA margin was of 8,0%. Adjusted EBITDA, excluding the effect of IFRS 16, reached R$445, with a margin of 5,8%. In the period, net income amounted to R$78 million, excluding non-recurring effects.

We opened ten new stores in 4Q19, totaling 1.071 stores. Our strategy of opening stores focused on the North and Northeast regions and regions with growth potential and where we are not yet present will continue in 2020, with continuous evaluation of the performance of our stores. In existing stores, we updated about 7.000 computers, purchased 20.000 chairs and carried out repairs in more than 600 air conditioners, and we will continue with our investments in renovations.

The Company continued its work to bring together financial partners and insurers, strengthening the relationship with existing ones and also attracting new stakeholders. A debt that would mature in February/20 was extended to December/21, through issue of debentures in December/19, maturing in two years, thus reinforcing the partner's confidence in the project and ensuring greater liquidity. We also continued the process of adjustment of inventories and optimization of working capital. We ended the quarter with R$4,6 billion in inventories and 77 days of coverage, which is lower than the R$4,8 billion observed in 4Q18. Accordingly, we remain committed to improving financial liquidity, which, together with the various operational initiatives underway, has provided tranquility to continue the resumption of Via Varejo.

Lastly, we believe that to succeed in the current conditions created by this external scenario will require that we have a great capacity to adapt, enormous agility and significant experience. The changes made in these nine months of transformation evidence our capacity to adapt to changes. The speed with which we transform our business is proof of the agility we have today. All our team members have experience and have been successful in crisis scenarios, in retail and in various sectors, which gives us the security to follow through with the transformation. Many challenges lie in the coming months. We are sure to have the strategy, energy and the perfect team to overcome them. At the same time, our 2020 agenda is still very positive. There have been many achievements so far, but mark our words: our journey is just beginning.

Executive Board

Airfox and banQi

The purpose of our Company is and has always been to make dreams come true. For this reason we approved the exercise of the call option to acquire 80% of Airfox (technology partner based in Boston, USA), and could reach 100%. This partnership led to creation of banQi, our digital portfolio, which will enable that we meet all daily needs of our customers: payment of bills, charging of transportation tickets, renewal of mobile phone credits, deposits and withdrawals in stores, transfers, engagement of streaming services, public and private transport, use of prepaid card, contracting of insurance, monitoring and use of the Casas Bahia digital card, and, in the future, contracting of loans and other services. With this acquisition, Airfox is now our digital lab, with the mission and commitment to develop new technological solutions for the Company.

Conclusion of Investigation

As reported in the Material News Releases published on November 13 and December 12, 2019, at the end of September and early October 2019 the Company received anonymous reports regarding alleged accounting irregularities. Having become aware of the allegations, the Company promptly set up an Investigation Committee, which then engaged specialized external advisors to conduct an independent investigation into the matter. The investigation was initially divided into two phases, based on the periods investigated, with inclusion of a third phase in order to deepen the analysis related to certain findings of the second phase.

On March 18, 2020, the Independent Investigation was completed, and the Investigation Committee reported the findings and conclusions of the investigation to the Company management. On March 25, 2020, the final report prepared by the independent advisors was submitted to the Board of Directors. The Company published a Material News Release on March 25, 2020, reporting to the market the conclusions and main findings of the investigation. We should also mention that as a result of the Independent Investigation, the Company management identified and quantified certain adjustments to its financial statements for the year ended December 31, 2019 as detailed in Note 1.

4Q19 Highlights

- **The largest Black Friday in Brazil, with total sales of R$1,1 billion in a single day, 48% of which through the online channel.**
- **Growth of 68% of 1P in Dec/19 and 29% in 4Q19.**
- **Solid growth of 58% in 3P compared to 4Q18.**
- **Ten new stores opened in the quarter.**
- **Reduction of R$216 million in inventories compared to 4Q18.**
- **Quarter ended with cash totaling R$2,2 billion, including undiscounted credit card receivables.**

Operational performance

Highlights	**4Q19**	**4Q18**	**%**	**2019**	**2018**	**%**
Gross revenue	**8,875**	**8,544**	**3.9%**	**29,848**	**30,583**	**(2.4%)**
Net revenue	**7,613**	**7,519**	**1.3%**	**25,655**	**26,928**	**(4.7%)**
Gross margin	29.1%	26.5%	263bps	28.6%	29.8%	(119bps)
Adjusted EBITDA[1]	**-55**	**316**	**(117.4%)**	**1,076**	**2,046**	**(47.4%)**
Adjusted EBITDA margin	-0.7%	4.2%	(493bps)	4.2%	7.6%	(83bps)
Net income	**(875)**	**(282)**	**N/A**	**(1,443)**	**(291)**	**391.6%**
Net cash with undiscounted receivables[2]	2,215	4,442	50.1%	2,215	4,442	50.1%

(*) 4Q19 and 2019 present operating amounts
(1) excluding other operating income and expenses
(2) 2018 adjusted pursuant to IFRS 16

	4Q19	**4Q18**	**%**	**2019**	**2018**	**%**
Same-store sales – Gross revenue (%)	**(0.6%)**	**0.0%**		**(2.6%)**	**3.6%**	
Total GMV (e-commerce and Stores)	**9,363**	**8,728**	7.3%	**31,207**	**31,084**	0.4%
GMV e-commerce	**2,272**	**1,684**	**34.9%**	**6,357**	**6,007**	**5.8%**
GMV (1P)	1,724	1,338	28.8%	4,659	4,962	(6.1%)
GMV Marketplace (3P)	548	346	58.3%	1,698	1,045	62.5%
Penetration (%) e-commerce	24.3%	19.3%	0,497bps	20.4%	19.3%	0,105bps
Penetration Marketplace (% GMV e-commerce)	24.1%	20.6%	0,357bps	26.7%	17.4%	0,932bps
Penetration *Retira Rápido* (% GMV e-commerce)	26.0%	31.1%	(510bps)	27.2%	31.2%	(400bps)

**Retira Rápido* under the Billed GMV criterion and eligible products.

Revenue performance

R$ million	4Q19*	4Q18	%	2019*	2018	%
Physical stores	7,091	7,043	0.7%	24,849	25,077	(0.9%)
Online	1,784	1,417	26.0%	4,894	5,183	(5.6%)
Wholesale*	0	84	n/a	104	323	(67.8%)
Gross revenue	**8,875**	**8,544**	**3.9%**	**29,848**	**30,583**	**(2.4%)**

(*) Channel discontinued in 2019

Physical stores

Gross revenue from physical stores grew by 0,7% compared to 4Q18. The "same-stores sales" in 4Q19 were stable, with a variation of (0,6%) p.p. but already recovering in relation to 3Q19.

Online

Billed GMV totaled R$2,2 billion in the quarter, with an expressive growth of 35%. The stability of the online channel tools (Sites and Applications), the introduction of a package of 100 improvements and the success of marketing initiatives were crucial for an excellent turnout, as shown expressively in the largest Black Friday in Brazil, especially the 1P, which reversed the downward trend of 9M19, growing 29% in 4Q19 and reaching R$1,7 billion. We continue to observe a clear improvement in the performance of e-commerce this year.

Billed GMV of 3P grew 58.3% in the period, as a result of the strategy of continuous increase in the number of sellers, a greater number of product offerings and improved service level.

Gross revenue of the online channel grew by 26% in 4Q19 compared to 4Q18, as a result of improvements in delivery times, advances in the platform and product offerings, in addition to the robust growth of 3P.

We would also like to point out that the Wholesale unit was discontinued in 2019.

Revenue breakdown

R$ million	4Q19	4Q18	%	2019	2018	%
Goods	8,020	7,637	4.8%	26,541	27,102	(2.1%)
Freight and assembly services	119	122	(2.5%)	422	415	1.7%
Services	277	365	(31.8%)	1,143	1,362	(19.2%)
Payment books/Cards	459	420	8.5%	1,742	1,704	2.2%
Gross revenue	**8,875**	**8,544**	**3.7%**	**29,848**	**30,583**	**(2.5%)**
Freight, services, payment books and assembly	855	907	(6.1%)	3,307	3,481	(5.3%)
% Total gross revenue	**9.6%**	**10.6%**	**(98bps)**	**11.1%**	**11.4%**	**(30bps)**

In 4Q19, the performance of sales of goods combined with the higher penetration of financing of goods generated a positive impact on the Company's total gross revenue. The stability of the interest rate and inflation, the improvement in the level of consumer confidence and the Company's new strategy favored the growth of demand for credit in 4Q19. In this context, the Company intensified its efforts to expand coupon books, whose share in sales (+0.5p.p) and revenue (+8.5%) increased in the period. The share of coupon books in 4Q19 at the stores was of 14.4%, corresponding to 1.6p.p. increase in relation to 4Q18.

Breakdown of sales by payment means

Breakdown of sales	4Q19	4Q18	%	2019	2018	%
Cash	24.0%	23.7%	30bps	22.4%	24.0%	(160bps)
Coupon books	10.8%	10.3%	50bps	11.3%	10.6%	70bps
Credit card – co-branded	12.0%	12.2%	(20bps)	11.9%	11.6%	30bps
Credit card - other	53.2%	53.8%	(60bps)	54.5%	53.7%	80bps

Financial performance

R$ million	4Q19*	4Q18	%	2019*	2018	%
Finance income	**13**	**23**	**(43.5%)**	**59**	**56**	**5.4%**
Finance costs	**(246)**	**(265)**	**(7.2%)**	**(1,076)**	**(1,125)**	**(4.4%)**
Finance costs - debts	(43)	(9)	n/a	(104)	(67)	55.2%
Finance costs - CDCI	(58)	(61)	(4.9%)	(238)	(260)	(8.5%)
Cost of sales – receivables through card	(37)	(94)	(60.6%)	(311)	(391)	(20.5%)
Lease liabilities interest	(108)	(101)	6.9%	(423)	(407)	3.9%
Finance income (costs) before restatements	**(233)**	**(242)**	**(3.7%)**	**(1,017)**	**(1,069)**	**(4.9%)**
% Net revenue	(3.1%)	(3.2%)	16bps	(4.0%)	(4.0%)	1bps
Other	48	(25)	n/a	55	(78)	n/a
Net finance costs	**(185)**	**(267)**	**(30.7%)**	**(962)**	**(1,147)**	**(16.1%)**
% Net revenue	(2.4%)	(3.6%)	112bps	(3.7%)	(4.3%)	51bps

In 4Q19, net finance income (costs) before restatements reached R$233 million, which is 3.7% below 4Q18, representing 3.1% of net revenue. In the year, decrease in net finance income (costs) was of 16.1%, reaching 2.4% of net revenue.

Financial cycle

R$ million	2019	2018	(+/-)
(+/-) Inventories	**4,565**	**4,781**	**(216)**
Days in inventory[1]	77	78	(1 day)
(+/-) Trade accounts payable[2]	**7,925**	**9,073**	**(1,148)**
Total days of trade accounts payable[1]	133	149	(16 days)
Financial cycle variation	**3,360**	**4,292**	**(932)**

([1]) Cost of sales - days

([2]) Trade accounts payable + Trade accounts payable - agreement

The 4Q19 ended with a decrease in inventories and trade accounts payable, resulting in variation of R$932 million in the financial cycle. Again, there was a significant decrease in inventories (of R$216 million in relation to 4Q18) due to the Company's successful strategy on Black Friday. The deadlines for trade accounts payable were reduced, in days, according to the strategy adopted by the new management.

The quarter ended with an Adjusted net cash position of R$2,215 million, including undiscounted receivables portfolio totaling R$3,004 million. The variation compared to 4Q18, despite the decrease in inventories, is related to the reduction in generation of operating cash in 9M19 and reduction in the average payment term.

Default in payment books: Over 90 days (%) and EFIC (%)

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

EFIC, which is the percentage of regular payments portfolio to loss, is at the lowest level in the last four years for the period.

In 4Q19, we maintained approximately 90% of the credit decisions taken through the automated system.

Investments

In 4Q19, Via Varejo's investments totaled R$114 million and mainly went to opening new stores and technological upgrades, as follows:

R$ million	4Q19	4Q18	%	2019	2018	%
Logistics	7	17	(61.3%)	28	44	(36.2%)
New stores	18	63	(72.1%)	97	133	(27.5%)
Store renovation	13	12	4.9%	54	80	(32.8%)
IT	69	111	(37.6%)	225	377	(40.3%)
Other	8	6	28.9%	33	29	11.5%
Total	**114**	**209**	**(45.6%)**	**436**	**664**	**(34.3%)**

Store activity by format

Casas Bahia	12.31.2018	09.30.2019	Opened	Closed	12.31.2019
Street	619	660	8	0	668
Shopping Malls	179	182	2	0	184
Kiosk	9	3	0	0	3
Consolidated (total)	**807**	**845**	**10**	**0**	**855**
Sales area (thousand m2)	**924**	**938**	**7**	**0**	**946**
Total area (thousand m2)	**1,261**	**1,286**	**12**	**0**	**1,298**

Ponto Frio	12.31.2018	09.30.2019	Opened	Closed	12.31.2019
Street	124	112	0	0	112
Shopping Malls	98	101	0	0	101
Kiosk	6	3	0	0	3
Consolidated (total)	**228**	**216**	**0**	**0**	**216**
Sales area (thousand m2)	**141**	**134**	**0**	**0**	**134**
Total area (thousand m2)	**188**	**180**	**0**	**0**	**180**

Consolidated	12.31.2018	09.30.2019	Opened	Closed	12.31.2019
Street	743	772	8	0	780
Shopping Malls	277	283	2	0	285
Kiosk	15	6	0	0	6
Consolidated (total)	**1,035**	**1,061**	**10**	**0**	**1,071**
Sales area (thousand m2)	**1,065**	**1,072**	**7**	**0**	**1,079**
Total area (thousand m2)	**1,449**	**1,466**	**12**	**0**	**1,478**

Operational information

Consolidated statement of profit or loss

R$ million	4Q19	4Q18	Δ	2019	2018	Δ
Gross revenue	**8,875**	**8,544**	**3.9%**	**29,848**	**30,583**	**(2.4%)**
Net revenue	**7,613**	**7,519**	**1.3%**	**25,655**	**26,928**	**(4.7%)**
Cost of sales	**(5,372)**	**(5,484)**	**(2.0%)**	**(18,131)**	**(18,730)**	**(3.2%)**
Depreciation (Logistics)	(26)	(45)	(42.2%)	(181)	(171)	5.8%
Gross profit	**2,215**	**1,990**	**11.3%**	**7,343**	**8,027**	**(8.5%)**
Selling expenses	(1,923)	(1,434)	34.1%	(5,564)	(5,158)	7.9%
General and administrative expenses	(388)	(304)	27.6%	(931)	(1,034)	(10.0%)
Equity pickup	15	19	(21.1%)	47	40	17.5%
Other operating income (expenses)	(771)	(265)	190.9%	(1,235)	(539)	129.1%
Total operating expenses	**(3,067)**	**(1,984)**	**54.6%**	**(7,683)**	**(6,691)**	**14.8%**
Depreciation and amortization	(202)	(155)	30.3%	(702)	(613)	14.5%
Earnings before Interest and Taxes (EBIT)	**(1,054)**	**(149)**	**n/a**	**(1,042)**	**723**	**n/a**
Net finance income (costs)	**(185)**	**(267)**	**(30.7%)**	**(962)**	**(1,147)**	**(16.1%)**
Operating income before income tax	**(1,239)**	**(416)**	**n/a**	**(2,004)**	**(424)**	**n/a**
Income tax	364	134	171.6%	571	133	n/a
Net income (loss)	**(875)**	**(282)**	**n/a**	**(1,433)**	**(291)**	**n/a**

Earnings before Interest and Taxes (EBIT)	**(1,054)**	**(149)**	**n/a**	**(1,042)**	**723**	**n/a**
Depreciation (Logistics)	26	45	(42.2%)	181	171	5.8%
Depreciation and amortization	202	155	30.3%	702	613	14.5%
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) [1]	**(826)**	**51**	**n/a**	**(159)**	**1,507**	**(110.6%)**
Other operating income (expenses)	771	265	190.9%	1,235	539	129.1%
Adjusted EBITDA	**(55)**	**316**	**(117.4%)**	**1,076**	**2,046**	**(47.4%)**

% on Net sales revenue	4Q19	4Q18	Δ	2019	2018	Δ
Gross profit	**29.1%**	**26.5%**	**2.6 p.p.**	**28.6%**	**29.8%**	**(1.2 p.p.)**
Selling expenses	(25.3%)	(19.1%)	**(6.2 p.p.)**	(21.7%)	(19.2%)	**(2.5 p.p.)**
General and administrative expenses	(5.1%)	(4.0%)	**(1.1 p.p.)**	(3.6%)	(3.8%)	**0.2 p.p.**
Equity pickup	0.2%	0.3%	**(0.1 p.p.)**	0.2%	0.2%	**0.0 p.p.**
Other operating income (expenses)	(10.1%)	(3.5%)	**(6.6 p.p.)**	(4.8%)	(2.0%)	**(2.8 p.p.)**
Total operating expenses	**(40.3%)**	**(26.4%)**	**(13.9 p.p.)**	**(29.9%)**	**(24.8%)**	**(5.1 p.p.)**
Depreciation and amortization	(2.7%)	(2.1%)	**(0.6 p.p.)**	(2.7%)	(2.3%)	**(0.5 p.p.)**
Earnings before Interest and Taxes (EBIT)	**(13.8%)**	**(2.0%)**	**(11.9 p.p.)**	**(4.1%)**	**2.7%**	**(6.7 p.p.)**
Net finance income (costs)	**(2.4%)**	**(3.6%)**	**1.1 p.p.**	**(3.7%)**	**(4.3%)**	**0.5 p.p.**
Operating income before income tax	**(16.3%)**	**(5.5%)**	**(10.7 p.p.)**	**(7.8%)**	**(1.6%)**	**(6.2 p.p.)**
Income tax	4.8%	1.8%	**(3.0 p.p.)**	2.2%	0.5%	**1.7 p.p.**
Net income (loss)	**(11.5%)**	**(3.8%)**	**(7.7 p.p.)**	**(5.6%)**	**(1.1%)**	**(4.5 p.p.)**

EBITDA	**(10.8%)**	**0.7%**	**(11.5 p.p.)**	**(0.6%)**	**5.6%**	**(6.2 p.p.)**

Adjusted EBITDA	**(0.7%)**	**4.2%**	**(4.9 p.p.)**	**4.2%**	**7.6%**	**(3.4 p.p.)**

(1) EBITDA, Adjusted EBITDA and EBIT are not reviewed by the independent auditor.

EXECUTIVE BOARD'S REPRESENTATION

In compliance with the provisions contained in article 25 of Ruling No. 480 of the Brazilian Securities and Exchange Commission (CVM), the Company's Statutory Officers state that they have reviewed, discussed and agreed with the opinions expressed in the audit report issued by Ernst & Young Auditores Independentes S.S. on March 25, 2020, with the financial statements for the years ended December 31, 2019 and 2018.

RELATIONSHIP WITH THE INDEPENDENT AUDITOR

In compliance with Ruling No. 381/03 issued by the Brazilian Securities and Exchange Commission (CVM), we inform that the Company, its subsidiaries and jointly-controlled entities adopt the formal procedure of consulting the independent auditors Ernst & Young Auditores Independentes S.S. ("EY") so as to ensure that the services provided do not impact their independence and the objectivity necessary to perform the independent audit services. The Company's policy when engaging independent auditor services ensures that there are no conflicts of interest, impairment of independence or objectivity.

In engaging these services, the policies adopted by the Company are based on the principles that preserve the auditor's independence. According to internationally accepted standards, these principles include: (a) the auditor shall not audit his or her own work; (b) the auditor shall not exercise management functions for his or her client; and (c) the auditor shall not legally represent the interests of his or her client.

In the year ended December 31, 2019, EY did not provide any services other than related to the external audit of the individual and consolidated financial statements of Via Varejo S.A.

ERNST & YOUNG Auditores Independentes S.S. ("EY") states that the services provided were strictly in accordance with the accounting standards that address the independent auditors' independence in audit engagements and did not represent a situation that could impair the independence and objectivity in the performance of the external audit services.

ACKNOWLEDGEMENTS

We would like to thank all our customers, employees, shareholders, suppliers, partners and the community in general for their trust and partnership throughout 2019.

São Paulo, March 25, 2020

The Executive Board

Executive Board's Representation on the Financial Statements

In compliance with the provisions contained in item VI, paragraph 1, article 25 of Ruling No. 480 of the Brazilian Securities and Exchange Commission (CVM) dated December 7, 2009, the Company's Statutory Officers state that they have reviewed, discussed and agreed with the Company's financial statements for the year ended December 31, 2019, authorizing their completion on this date.

São Caetano do Sul (SP), March 25, 2020.

Roberto Fulcherberguer
Chief Executive Officer

Sérgio Augusto França Leme
Administrative Vice President

Abel Ornelas Vieira
Commercial and Operations Vice President

Orivaldo Padilha
Financial Vice President and Investor Relations Officer

Helisson Brigido Andrade Lemos
Digital Innovation and Human Resources Vice President

Executive Board's Representation on the Independent Auditor's Report on Financial Statements

In compliance with the provisions contained in item V, paragraph 1, article 25 of Ruling No. 480 of the Brazilian Securities and Exchange Commission (CVM) dated December 7, 2009, the Company's Statutory Officers state that they have reviewed, discussed and agreed with the opinions expressed in the independent auditor's report on financial statements for the year ended December 31, 2019, authorizing their completion on this date.

São Caetano do Sul (SP), March 25, 2020.

Roberto Fulcherberguer
Chief Executive Officer

Sérgio Augusto França Leme
Administrative Vice President

Abel Ornelas Vieira
Commercial and Operations Vice President

Orivaldo Padilha
Financial Vice President and Investor Relations Officer

Helisson Brigido Andrade Lemos
Digital Innovation and Human Resources Vice President

Supervisory Board's Opinion on the Financial Statements

The Supervisory Board of Via Varejo S.A., in compliance with items II and VII, article 163 of Law No. 6404 of December 15, 1976, has examined the Management Report and the Financial Statements for the year ended December 31, 2019. In its opinion, based on the examinations carried out, including the report of the independent auditors – Ernst & Young Auditores Independentes S.S. – dated March 25, 2020, as well as on information and clarifications provided during the year, the documents are in conditions to be considered at the General Shareholders' Meeting, with emphasis on the Taxes Recoverable account, for which the monetization plan presented by management related to State VAT (ICMS) raised the non-feasibility of recovery of R$245.5 million in the projected ten-year period. We subsequently received a monetization plan corrected by management, signaling that the balance would be fully offset, but the documentary evidence was not presented for our review on a timely basis.

São Caetano do Sul (SP), March 25, 2020.

Eduardo da Silva Flores
President

Bruno Meirelles Salotti
Board Member

Carla Alessandra Trematore
Board Member

Summary of the Annual Audit Committee Report

The Members of the Board of Directors of Via Varejo S.A. ("Company")

1. PRESENTATION

The Company's Audit Committee ("Committee") is a statutory advisory body directly linked to the Board of Directors, of a permanent nature, governed by CVM Ruling No. 308/99, by the provisions of the Company's Articles of Incorporation and by its Bylaws.

The Committee was installed at the Board of Directors' meeting of October 24, 2018, when the Company migrated to the special listing segment of B3 S.A. – Brasil, Bolsa, Balcão, called Novo Mercado, and is currently composed of four (4) members.

On September 12, 2019, the Board of Directors approved the following changes to the Committee members: (i) the resignation of Mr. Rennan Bergmann and Ms. Gisélia da Silva was documented; (ii) the replacement of the Committee Coordinator was resolved, and Mr. Marcel Cecchi Vieira now occupies this position; and (iii) the election of Mr. Rogério Paulo Calderón Peres and Mr. Luiz Carlos Nannini was approved. Mr. Fernando Dal-Ri Múrcia remained a member of the new Committee composition. The term of office of the current members will be effective until the first meeting of the Board of Directors to be held after the Company's General Meeting of 2021.

The Committee reports to the Board of Directors and operates independently from the Executive Board. Its powers and responsibilities are performed in compliance with the applicable legal and statutory responsibilities, defined in its Internal Rules.

2. ACTIVITIES CONDUCTED

In accordance with the Committee's Internal Rules, general meetings will be held at least bimonthly. The current Committee in office since September 2019 held seven (7) meetings in the period from October 2019 to April 2020.

All the issues, guidance, discussions, recommendations and opinions of the Committee were formalized in minutes of meetings, which are signed by the attending Committee members and remain filed at the Company's headquarters.

The Committee's key activities in the period from October 2019 to April 2020 are described below:

(a) Evaluation of the structure of the following Company departments: Corporate Governance, Internal Audit, Internal Controls, and Accounting;
(b) Analysis and recommendations regarding the quarterly information for the period ended September 30, 2019;
(c) Revision of the Audit Committee's Internal Rules to adapt it to the provisions of CVM Ruling No. 308. The Committee's new Internal Rules presents: (i) better detailing of the Committee's competencies; (ii) inclusion of the rules defined by CVM Ruling No. 308; (iii) obligation of prior evaluation of the Audit Committee, when engaging the main auditing companies to carry out accounting advisory work; and (iv) change in the Internal Audit report so that it may be directed to the Audit Committee, among others;
(d) Review of the Internal Rules of the Ethics Committee, the Gifts and Presents Policy, indicators of the Whistleblowing Hotline, and planning of the Company' Compliance area activities for 2020;
(e) Analysis and recommendation about the Company's financial statements for the period ended December 31, 2019;
(f) Analysis of accounting adjustments proposed by the Company management and recommendations for improvements.

3. CONCLUSION

The Committee members, in the exercise of their duties, carried out an examination and analysis of the Company's Financial Statements, including the Independent Auditor's Report and the Annual Management Report, referring to the year ended December 31. 2019. Considering all the analyses, studies and debates carried out during the meetings and the follow-up and supervision carried out by the Committee regarding the closing of the Financial Statements, in particular arising from the information provided by the Company, its Independent Auditors, as well as the Investigation Report, Committee members state that they have found no objection in submitting these documents for proper consideration by the Company's Board of Directors, with the subsequent recommendation for approval of shareholders at the General Meeting.

São Caetano do Sul, March 25, 2020.

Marcel Cecchi Vieira
Coordinator

Fernando Dal-Ri Múrcia
Member

Luiz Carlos Nannini
Member

Rogério Paulo Calderón Peres
Member

A free translation from Portuguese into English of independent auditor's report on individual and consolidated financial statements 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 report on individual and consolidated financial statements

The Shareholders, Board of Directors and Officers
Via Varejo S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Via Varejo S.A. ("Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2019, and the statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Via Varejo S.A. as at December 31, 2019, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent investigation

On November 13 and December 12, 2019, the Company disclosed Material News Releases to inform its shareholders and the market in general that, at the end of September and early October 2019, the Company received anonymous reports regarding alleged accounting irregularities. As described in Note 1 to the financial statements, the Company established an Investigation Committee, which then engaged specialized external advisors to conduct an independent investigation into the matter ("Investigation") . On March 18, 2020, the Investigation Committee completed the Investigation.

As described in this explanatory note and in the Material News Release dated March 25, 2020, as a result of this Investigation, the Company management identified and quantified certain adjustments arising from fraud described in the specialized external advisors' report, which were accounted for in the financial statements for the year ended December 31, 2019. The entries related to the matters described in this paragraph reduced P&L for 2019 and are mostly related to other key audit matters described in this report, namely Measurement of provision for labor and civil contingencies and Assets of judicial deposits.

This matter was considered significant for our audit given the nature of the allegations and magnitude of the amounts initially reported by the Company through the Material News Release, the evaluation involving significant judgment by management in the determination of the scope and reach of the Investigation, and the assumptions used, for which independent specialized advisors were engaged to assist.

How our audit addressed this matter:

Our audit procedures included the following, among others: (i) evaluation of the criteria used to identify and measure the amounts identified in the Investigation; (ii) regular meetings with the Investigation Committee to discuss the strategy, scope and progress of the main issues related to the Investigation; (iii) involvement of our Forensics specialists in the review of Investigation procedures performed by specialized external advisors; (iv) analyses and tests of documentary details, on a sample basis, and calculations related to the adjustments identified in the Investigation; and (v) specific audit testing procedures to address Investigation-related topics, as well as involvement of more experienced audit professionals for definition of the testing strategy, evaluation of supporting audit documentation and supervision of the audit procedures implemented. We also evaluated the adequacy of disclosures on these matters that are mentioned in Note 1 to the financial statements.

Based on the result of the audit procedures carried out to address the allegation received by the Company and its effects, we consider that the criteria and assumptions adopted by

management, as well as the respective disclosures in Note 1, are acceptable, in the context of the financial statements taken as a whole.

Measurement of the provision for labor and civil contingencies

At December 31, 2019, the provision for labor and civil contingencies totaled R$1,797 million in the individual statements and R$1,826 million in the consolidated statements, as disclosed in Note 17.b to the individual and consolidated financial statements. As described in note 17.b to the financial statements, the Company and its subsidiaries are parties to a significant number of lawsuits and administrative proceedings pending before courts and government agencies arising from the normal course of its operations, involving labor and civil matters.

The measurement, accounting recognition of the provision and the respective disclosure of contingencies related to these lawsuits and administrative proceedings require judgment of the Company and its internal and external legal advisors.

Changes in the assumptions used by the Company to exercise this judgment, or changes in external conditions, including the position of supervisory agencies, may significantly impact the amount of the provision recognized in the individual and consolidated financial statements.

How our audit addressed this matter:

Our audit procedures included the following, among others: (i) evaluation of the accounting policies applied by the Company for classification of losses, including assessment of the judgment on measurement of the amounts to be recorded as provision and the appropriate and consistent application of the judgment throughout all periods presented; (ii) analysis of the sufficiency of recognized provisions and contingency amounts disclosed and that took into account the evaluations prepared by the Company's internal and external legal advisors; (iii) external confirmations obtained from the Company's advisors about the current stage and risk classification; (iv) involvement of our tax and actuarial specialists in the analysis of the likelihood of loss and mathematics of the model adopted by the Company to set up the provision; and (v) assessment of the adequacy of the Company's disclosures in explanatory notes in relation to the matter.

Based on the results of audit procedures performed, which are consistent with management’s assessment, we understand that the estimates prepared by the Company management, as well as the respective disclosures in Note 17.b, are acceptable in the context of the financial statements taken as a whole.

Assets of judicial deposits

As mentioned in Note 17.d to the financial statements, the Company is challenging the payment of certain taxes, contributions and labor obligations, and has made judicial deposits related to the respective proceedings.

Such proceedings are usually dismissed after a long period of time and involve not only discussions of merit, but also procedural aspects, in compliance with current legislation. As a result, the accounting recognition of additions and write-offs of judicial deposits requires robust control by the Company and its legal advisors for the timely recognition.

Due to the significant volume of lawsuits, as well as the representation in relation to the Company's total assets, we consider the recognition of judicial deposits a key audit matter.

How our audit addressed this matter:

Our key audit procedures related to this matter included, among others: (i) check of the report that informs the position of the Company's internal and external legal advisors in relation to the outcome of the ongoing and dismissed proceedings; (ii) reading and analysis of the court procedures and check of the supporting documentation of deposits linked thereto; (iii) check of documentation that evidences the effective write-off of the judicial deposits accounted for and proper accrual period; and (iv) assessment of the adequacy of the Company's disclosures in explanatory notes regarding the matter.

Based on the results of audit procedures performed, which are consistent with management's assessment, we understand that the estimates prepared by the Company management, as well as the respective disclosures in Note 17.b, are acceptable in the context of the financial statements taken as a whole.

Realization of State VAT (ICMS) credits recoverable

At December 31, 2019, the balance of State VAT (ICMS) credits totaled R$2,758 million in the individual statements and R$2,760 million in the consolidated statements, as disclosed in Note 8 to the financial statements as of December 31, 2019. The recoverability analysis of ICMS credits was significant for our audit due to the following: (i) the amounts of these credits are material in relation to the individual and consolidated financial statements as of December 31, 2019 and (ii) the preparation of this analysis involves judgment by the Company management in determining the projections of future ICMS debts in its operations, including consideration of special taxation regimes. These projections could be impacted by future market and economic conditions.

How our audit addressed this matter:

Our audit procedures included the following, among others: (i) understanding of the process implemented by management for preparation of the annual tax credit recoverability analysis, including evaluation of the design and operational effectiveness of internal controls implemented for preparation of projections; (ii) assessment of the reasonableness of the data used in the preparation of the annual tax credit recoverability analysis, including the mathematical accuracy of these calculations; and (iii) involvement of our indirect tax experts in assessing the application of tax legislation and special taxation regimes in the projections used for the annual analysis of recoverability of tax credits. We also evaluated the adequacy of disclosures in Note 8 to the financial statements as of December 31, 2019.

Based on the results of the audit procedures carried out on the annual tax credit recoverability analysis, which is consistent with management's assessment, we consider

that the criteria and assumptions associated with the recoverability of the ICMS credits adopted by management, as well as the respective disclosures in Note 8, are acceptable, in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2019, prepared under the responsibility of the Company management, and presented as supplementary information for IFRS purposes, were subjected to audit procedures conducted jointly with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Audit of prior year corresponding figures

The Company's individual and consolidated financial statements for the year ended December 31, 2018 were audited by another independent auditor who issued a report on March 25, 2020 with an unmodified opinion on these financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report.

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, consequently, for the audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 25, 2020.

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

Julio Braga Pinto
Accountant CRC-1SP209957/O-2

Via Varejo S.A.

Statement of financial position
Year ended December 31, 2019
In millions of reais, unless otherwise stated

	Note	Individual			Consolidated		
		12.31.2019	12.31.2018 Restated	01.01.2018 Restated	12.31.2019	12.31.2018 Restated	01.01.2018 Restated
Assets							
Current assets							
Cash and cash equivalents	5	**1.320**	2.989	2.802	**1.364**	3.711	3.559
Trade accounts receivable	6	**5.111**	3.019	3.097	**5.112**	3.768	3.785
Inventories	7	**4.550**	3.917	3.396	**4.565**	4.781	4.387
Taxes recoverable	8	**1.029**	639	181	**1.050**	1.060	219
Transactions with related parties	9	**151**	1.333	664	**139**	132	124
Prepaid expenses		**53**	19	28	**54**	33	32
Financial instruments – *fair value* hedge	13	**2**	-	-	**2**	-	17
Other assets		**135**	28	49	**166**	67	89
Total current assets		**12.351**	11.944	10.217	**12.452**	13.552	12.212
Noncurrent assets							
Trade accounts receivable	6	**366**	210	202	**366**	217	204
Taxes recoverable	8	**2.793**	2.056	2.147	**2.794**	2.519	2.725
Deferred taxes	16 (c)	**1.431**	777	712	**1.467**	888	758
Transactions with related parties	9	**86**	156	405	**123**	190	415
Judicial deposits	17 (d)	**609**	937	919	**629**	964	941
Financial instruments		**43**	-	-	**43**	-	-
Other assets		**150**	20	19	**151**	20	19
Investments	10	**973**	937	937	**145**	108	81
Property and equipment	11	**1.277**	1.293	1.191	**1.369**	1.444	1.414
Intangible assets	12	**547**	625	376	**1.245**	1.373	1.162
Right-of-use assets	18	**3.612**	3.334	3.290	**3.640**	3.401	3.363
Total noncurrent assets		**11.887**	10.345	10.198	**11.972**	11.124	11.082
Total assets		**24.238**	22.289	20.415	**24.424**	24.676	23.294
Liabilities and equity							
Current liabilities							
Trade accounts payable		**7.232**	6.956	5.590	**7.278**	8.652	7.726
Trade accounts payable – agreement	14 (e)	**647**	291	437	**647**	421	437
Loans and financing	13	**4.944**	3.356	3.195	**4.944**	3.357	3.779
Taxes payable	15	**194**	126	243	**198**	163	265
Social and labor obligations		**389**	496	487	**401**	535	552
Deferred revenue	19	**369**	380	354	**369**	401	368
Transactions with related parties	9	**121**	315	232	**119**	154	113
Dividends payable		**-**	-	15	**-**	-	15
Transfer to third parties		**515**	535	398	**515**	540	446
Lease liabilities	18	**607**	520	474	**609**	548	505
Other liabilities		**639**	215	169	**653**	554	474
Total current liabilities		**15.657**	13.190	11.594	**15.733**	15.325	14.680
Noncurrent liabilities							
Loans and financing	13	**957**	965	321	**957**	968	325
Deferred revenue	19	**1.266**	1.514	946	**1.266**	1.605	1.006
Provision for contingencies	17 (b)	**1.799**	903	1.174	**1.865**	977	1.239
Taxes payable	15	**25**	30	43	**25**	30	43
Deferred taxes	16	**-**	-	-	**6**	6	5
Payables to related parties	9	**-**	5	-	**-**	5	-
Provision for loss on investments	10	**-**	57	484	**-**	-	-
Lease liabilities	18	**3.936**	3.617	3.576	**3.974**	3.752	3.719
Other liabilities		**20**	9	4	**20**	9	4
Total noncurrent liabilities		**8.003**	7.100	6.548	**8.113**	7.352	6.341
Total liabilities		**23.660**	20.290	18.142	**23.846**	22.677	21.021
Equity	20						
Capital		**2.903**	2.899	2.896	**2.903**	2.899	2.896
Capital transactions		**(1.232)**	(1.232)	(1.232)	**(1.232)**	(1.232)	(1.232)
Capital reserves		**375**	361	351	**375**	361	351
Income reserves		**-**	13	305	**-**	13	305
Accumulated losses		**(1.420)**	-	-	**(1.420)**	-	-
Other comprehensive income		**(48)**	(42)	(47)	**(48)**	(42)	(47)
Total equity		**578**	1.999	2.273	**578**	1.999	2.273
Total liabilities and equity		**24.238**	22.289	20.415	**24.424**	24.676	23.294

See accompanying notes

Via Varejo S.A.

Statement of profit or loss
Year ended December 31, 2019
In millions of reais, unless otherwise stated

		Individual		Consolidated	
Continuing operations	**Note**	**12.31.2019**	**12.31.2018 Restated**	**12.31.2019**	**12.31.2018 Restated**
Sales and service revenue	21	**24.486**	22.492	**25.655**	26.928
Cost of goods and services sold	22	**(17.358)**	(15.515)	**(18.312)**	(18.901)
Gross profit		**7.128**	6.977	**7.343**	8.027
Selling expenses	22	**(5.174)**	(4.260)	**(5.564)**	(5.158)
General and administrative expenses	22	**(913)**	(909)	**(931)**	(1.034)
Depreciation and amortization	11 and 12	**(681)**	(550)	**(702)**	(613)
Other operating income (expenses), net	23	**(1.227)**	(497)	**(1.235)**	(539)
Income (loss) before finance income (costs) and equity pickup		**(867)**	761	**(1.089)**	683
Finance income (costs), net	24	**(913)**	(988)	**(962)**	(1.147)
Equity pickup	10	**(211)**	(161)	**47**	40
Loss before taxes		**(1.991)**	(388)	**(2.004)**	(424)
Income and social contribution taxes	16	**558**	97	**571**	133
Net income (loss) for the year attributable to Company shareholders		**(1.433)**	(291)	**(1.433)**	(291)
Losses per share for the year (R$ per share)	25				
Basic					
Common		**(0,00111)**	(0,22506)		
Diluted					
Common		**(0,00111)**	(0,22506)		

See accompanying notes

Via Varejo S.A.

Statement of comprehensive income
Year ended December 31, 2019
In millions of reais, unless otherwise stated

	Individual		Consolidated	
	12.31.2019	12.31.2018 Restated	12.31.2019	12.31.2018 Restated
Net income (loss) for the year attributable to Company shareholders	**(1.433)**	(291)	**(1.433)**	(291)
Other comprehensive income				
Items that may be reclassified to P&L				
Fair value of financial instruments	**(20)**	7	**(10)**	1
Taxes on fair value of financial instruments	**7**	(3)	**4**	4
Equity pickup on other comprehensive income in investees	**14**	1	**-**	-
Merger of Cnova	**(7)**	-	**-**	-
Comprehensive income for the year attributable to Company shareholders	**(1.439)**	(286)	**(1.439)**	(286)

See accompanying notes

Via Varejo S.A.

Statement of cash flows
Year ended December 31, 2019
In millions of reais, unless otherwise stated

	Note	Individual		Consolidated	
		12.31.2019	12.31.2018 Restated	12.31.2019	12.31.2018 Restated
Cash flow from operating activities					
Loss for the year		**(1.433)**	(291)	**(1.433)**	(291)
Adjustments:					
Depreciation and amortization	11, 12 and 18	**834**	681	**883**	785
Equity pickup	10	**211**	161	**(47)**	(40)
Deferred income and social contribution taxes	16	**(560)**	(68)	**(576)**	(125)
Interest and monetary variation, not realized		**666**	673	**681**	741
Provision for contingencies, net of reversals		**1.871**	622	**1.906**	707
Allowance for doubtful accounts	6	**541**	517	**585**	630
Loss on disposal of property and equipment and intangible assets	23	**261**	52	**270**	74
Estimated loss on impairment of inventories	7	**41**	42	**48**	78
Deferred income recognized in P&L		**(367)**	(299)	**(368)**	(300)
Share-based payment		**15**	11	**15**	11
Write-off of right of use and lease liabilities		**(1)**	(17)	**4**	(13)
Recovery of taxes in the year		**(108)**	-	**(108)**	-
Other		**(4)**	4	**(11)**	7
Changes in working capital					
Trade accounts receivable		**(2.322)**	(444)	**(2.072)**	(629)
Inventories		**(269)**	(563)	**168**	(472)
Taxes recoverable		**66**	(267)	**82**	(558)
Transactions with related parties		**(272)**	(707)	**(9)**	115
Judicial deposits		**371**	24	**367**	19
Prepaid expenses		**(26)**	35	**(21)**	21
Financial instruments – fair value hedge		**7**	-	**7**	-
Other assets		**(97)**	(6)	**(92)**	(1)
Trade accounts payable		**137**	1.187	**(1.154)**	874
Taxes payable		**62**	(30)	**35**	(13)
Social and labor obligations		**(110)**	(14)	**(137)**	(19)
Transfer to third parties		**(22)**	73	**(25)**	30
Deferred revenue		**(5)**	893	**(4)**	928
Lawsuits	17	**(1.122)**	(796)	**(1.137)**	(900)
Other liabilities		**71**	109	**(58)**	144
Dividends received from investees		**9**	27	**10**	12
Income and social contribution taxes paid		**-**	(147)	**(5)**	(160)
Net cash generated by (used in) operating activities		**(1.555)**	1.462	**(2.196)**	1.655
Cash flow from investing activities					
Acquisition of property and equipment and intangible assets	11 and 12	**(458)**	(595)	**(472)**	(628)
Disposal of property and equipment and intangible assets		**-**	7	**16**	38
Financial instruments		**(40)**	-	**(40)**	-
Cash referring to merger of Cnova		**18**	-	**-**	-
Capital increase at subsidiary	10	**-**	(400)	**-**	-
Net cash used in investing activities		**(480)**	(988)	**(496)**	(590)
Cash flow from financing activities					
Funds raised	13	**7.615**	5.818	**7.615**	5.818
Payment of principal	13	**(6.056)**	(4.981)	**(6.057)**	(5.539)
Payment of interest	13	**(305)**	(309)	**(305)**	(334)
Payment of dividends and interest on equity (IOE)	20 (e)	**-**	(15)	**-**	(15)
Payment of principal - lease		**(486)**	(401)	**(497)**	(429)
Payment of interest - lease		**(406)**	(402)	**(415)**	(417)
Capital increase	20 (a)	**4**	3	**4**	3
Net cash generated (used in) financing activities		**366**	(287)	**345**	(913)
Increase (decrease) in cash and cash equivalents		**(1.669)**	187	**(2.347)**	152
Opening balance of cash and cash equivalents	5	**2.989**	2.802	**3.711**	3.559
Closing balance of cash and cash equivalents	5	**1.320**	2.989	**1.364**	3.711
		(1.669)	187	**(2.347)**	152
Additional information on non-cash items					
Acquisition of property and equipment and intangible assets through fi	10 and 11	**60**	106	**62**	109

See accompanying notes

Via Varejo S.A.

Statement of changes in equity
Year ended December 31, 2019
In millions of reais, unless otherwise stated

		Attributable to Company shareholders											
				Capital reserves				Income reserves					
	Note	Capital	Capital transactions	Special goodwill reserve	Tax incentives	Options granted	Treasury shares	Legal	Capital budget	Investments	Retained earnings (accumulated losses)	Other comprehensive income	Total
Balances at January 1, 2018 - original		2.896	(1.232)	279	8	64	-	109	158	538	-	(47)	2.773
Adjustments to opening balance		-	-	-	-	-	-	-	-	(500)	-	-	(500)
Balances at January 1, 2018 – restated		2.896	(1.232)	279	8	64	-	109	158	38	-	(47)	2.273
							-						
Loss for the year		-	-	-	-	-	-	-	-	-	(291)	-	(291)
Adjustments of financial instruments		-	-	-	-	-	-	-	-	-	-	1	1
Taxes on adjustments of financial instruments		-	-	-	-	-	-	-	-	-	-	4	4
Total comprehensive income		-	-	-	-	-	-	-	-	-	(291)	5	(286)
Capital increase	20 (a)	3	-	-	-	-	-	-	-	-	-	-	3
Options granted recognized	20 (c)	-	-	-	-	11	-	-	-	-	-	-	11
Treasury shares	20 (b)	-	-	-	-	-	(1)	-	-	-	-	-	(1)
Changes in equity of affiliate		-	-	-	-	-	-	-	-	(1)	-	-	(1)
Absorption of accumulated losses		-	-	-	-	-	-	(96)	(158)	(37)	291	-	-
Balances at December 31, 2018 – restated		2.899	(1.232)	279	8	75	(1)	13	-	-	-	(42)	1.999
Loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.433)**	**-**	**(1.433)**
Adjustments of financial instruments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10)**	**(10)**
Taxes on adjustments of financial instruments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**4**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.433)**	**(6)**	**(1.439)**
Capital increase	20 (a)	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**
Options granted recognized	20					**14**					**-**	**-**	**14**
Absorption of accumulated losses		**-**	**-**	**-**	**-**		**-**	**(13)**	**-**	**-**	**13**	**-**	**-**
Balances at December 31, 2019	20	**2.903**	**(1.232)**	**279**	**8**	**89**	**(1)**	**-**	**-**	**-**	**(1.420)**	**(48)**	**578**

See accompanying notes

Via Varejo S.A.

Statement of value added
Year ended December 31, 2019
In millions of reais, unless otherwise stated

	Note	Individual		Consolidated	
		12.31.2019	12.31.2018 Restated	12.31.2019	12.31.2018 Restated
Revenues		**27.778**	24.563	**29.283**	29.991
Sale of goods and services	21	**28.314**	25.074	**29.848**	30.583
Allowance for doubtful accounts	6	**(541)**	(517)	**(585)**	(630)
Other revenues		**5**	6	**20**	38
Inputs acquired from third parties		**(22.250)**	(19.412)	**(23.538)**	(23.912)
Cost of goods and services sold		**(18.568)**	(16.504)	**(19.407)**	(19.996)
Materials, energy, third-party services and other		**(3.462)**	(2.883)	**(3.898)**	(3.822)
Recovery (loss) of receivables		**(220)**	(25)	**(233)**	(94)
Gross value added		**5.528**	5.151	**5.745**	6.079
Depreciation and amortization	11 and 12	**(834)**	(681)	**(883)**	(785)
Net value added produced by the Company		**4.694**	4.470	**4.862**	5.294
Value added received in transfer		**(31)**	(28)	**239**	182
Equity pickup	10	**(211)**	(161)	**47**	40
Finance income	24	**180**	133	**192**	142
Total value added to be distributed		**4.663**	4.442	**5.101**	5.476
Distribution of value added		**4.663**	4.442	**5.101**	5.476
Personnel		**3.903**	2.917	**4.042**	3.160
Direct compensation		**1.737**	1.869	**1.827**	2.047
Benefits		**249**	236	**266**	273
Unemployment Compensation Fund (FGTS)		**200**	190	**206**	205
Labor claims		**1.685**	592	**1.702**	595
Other personnel expenses		**32**	30	**41**	40
Taxes, charges and contributions		**1.054**	675	**1.285**	1.271
Federal		**585**	283	**638**	299
State		**396**	322	**567**	891
Local		**73**	70	**80**	81
Debt remuneration		**1.139**	1.141	**1.207**	1.336
Interest	24	**1.093**	1.121	**1.154**	1.289
Lease		**31**	2	**38**	28
Other		**15**	18	**15**	19
Equity remuneration		**(1.433)**	(291)	**(1.433)**	(291)
Dividends	20 (e)	**-**	-	**-**	-
Interest on equity	20 (e)	**-**	-	**-**	-
Income (loss) for the year		**(1.433)**	(291)	**(1.433)**	(291)
Total value added distributed		**4.663**	4.442	**5.101**	5.476

See accompanying notes

1. Operations

Via Varejo S.A., directly or through its subsidiaries ("Company" or "Via Varejo"), operates in the retail market of electronics, appliances, telephony and furniture through the brands "Casas Bahia" and "Ponto Frio", in addition to the e-commerce platforms "pontofrio.com", "casasbahia.com" and "extra.com.br". It is headquartered in the city of São Caetano do Sul, state of São Paulo, Brazil. The Company is listed on the special segment Novo Mercado of B3 S.A. - Brasil, Bolsa, Balcão ("B3"), with the highest corporate governance standard, under ticker symbol "VVAR3".

At December 31, 2019, the Company had 16 Distribution Centers and Warehouses and conducted sales through 1,070 active branches (854 with the Casas Bahia flag and 216 with the Ponto Frio flag). Of the total number of stores, 290 were located in shopping malls and 780 were street stores throughout the country.

Partial spin-off and merger of Cnova Brasil

On July 1, 2019, the subsidiary Cnova Brasil was partially spun off with merger of the spun-off portion by Via Varejo. The table below shows the breakdown of the net assets merged.

Assets	**07.01.2019**	**Liabilities**	**07.01.2019**
Current		**Current**	
Cash and cash equivalents	18	Trade accounts payable	492
Trade accounts receivable	467	Loans and financing	1
Inventories	405	Deferred revenue	24
Taxes recoverable	435	Transactions with related parties	1,604
Transactions with related parties	400	Lease liabilities	27
Other assets	10	Other liabilities	197
Total current assets	**1,735**	**Total current liabilities**	**2,345**
Noncurrent		**Noncurrent**	
Trade accounts receivable	7	Loans and financing	2
Taxes recoverable	412	Deferred revenue	89
Deferred taxes	87	Provision for contingencies	31
Judicial deposits	11	Lease liabilities	91
Property and equipment	29	**Total noncurrent liabilities**	**213**
Right-of-use assets	35	**Total liabilities**	**2,558**
Intangible assets	32		
Total noncurrent assets	**613**		
Total assets	**2,348**	**Net assets merged**	**(210)**

Disposal of material interest in the Company

On June 14, 2019, the Company disclosed a Material News Release to its shareholders and to the market in general stating that, as a result of the auction held at B3, Companhia Brasileira de Distribuição ("CBD") (until then its parent company) disposed of the entire interest held in the Company's capital, for the total amount of R$2,301.

As a result, as of such date, shareholders with material interest (5% or more) in the Company's capital are as follows: Michael Klein, Twinsf Fundo de Investimento Multimercado (fund tied to Michael Klein); Goldentree Fundo de Investimento em Ações; EK-VV Limited, and investment funds managed by XP Gestão de Recursos Ltda. With respect to the remaining capital, approximately 67% is owned by shareholders who individually hold less than 5% interest and 0.02% corresponds to treasury shares. As a consequence of the disposal of the entire interest held by CBD in the Company's capital, the controlling interest of Via Varejo was dispersed.

Independent Investigation

As reported in the Significant Event Notices published on November 13 and December 12, 2019, at the end of September and early October 2019, the Company received anonymous reports regarding alleged accounting irregularities. Having become aware of the allegations, the Company promptly set up an Investigation Committee, which then engaged specialized external advisors to conduct an independent investigation into the matter. The investigation was initially divided into two phases, based on the periods investigated, with inclusion of a third phase in order to deepen the analysis related to certain findings of the second phase.

The independent investigation was completed on March 18, 2020, and the Investigation Committee reported this fact to the Company's Board of Directors. On March 25, 2020, the final report prepared by the independent advisors was submitted to the Board of Directors. The Company published a Material News Release on March 25, 2020, reporting to the market the conclusions and main findings of the investigation.

As a result of the Independent Investigation, the Company management identified and quantified certain adjustments to its financial statements for the year ended December 31, 2019 arising from fraud, errors and changes in estimates. The adjustments resulting from fraud are detailed below, and those resulting from error and changes in estimates are reflected in these financial statements and detailed in the various explanatory notes.

Labor accruals: Labor accruals are calculated considering the average amount of payment per position held in the last 24 months, among other factors. The independent investigation process found that, in certain cases, manual adjustments were made in positions of claimants in order to artificially reduce the labor accrual, characterizing accounting fraud. Given such findings, the Company engaged specialized advisors to analyze 100% of the position base that was being used to calculate labor accruals, resulting in an adjustment due to the correction of positions as of December 31, 2019 in the total amount of R$15.

Deferrals: The independent investigation identified that the Company adopted the practice of deferring certain accounting entries, including write-off of assets and recognition of liabilities, resulting in them not being fully recorded according to the period of the original entries. In several cases the deferrals occurred within the same year (although in different quarters), thus not generating adjustments to the financial statements as of December 31, 2019. Among all the cases identified, only two required adjustments to the Company's financial statements as of December 31, 2019, in the amount of R$8. The Company has already taken the necessary steps to prevent this practice from occurring again.

2. Presentation and preparation of financial statements

2.1. Basis of preparation and presentation and statement of compliance

The individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also with accounting practices adopted in Brazil, issued by the Brazilian Financial Accounting Standards Board (CPC), and approved by the Brazilian Securities and Exchange Commission (CVM), and disclose all relevant financial statements information, and this information only, which is consistent with that used for management of the business.

2.2. Measurement basis and functional and presentation currency of the financial statements

The individual and consolidated financial statements adopt the Brazilian real (R$) as the functional and presentation currency, stated in millions of R$. This information was prepared based on the historical cost of each transaction, except for certain financial instruments measured at fair value and share-based payments.

2.3. Statement of compliance

In compliance with CVM Rule No. 505/2006, authorization to issue the financial statements for the year ended December 31, 2019 was granted by the Company's Board of Directors on March 25, 2020.

2.4. Statement of relevance

The Company management states that it has applied accounting guidance OCPC 7 and CVM Rule No. 727/14, meeting the minimum requirements and, at the same time, disclosing only relevant information that assists readers in decision making.

2.5. Significant accounting judgments, estimates and assumptions

The preparation of the individual and consolidated financial statements in accordance with CPCs and IFRS requires the use of certain accounting estimates, as well as use of judgment by management of the Company in the process of applying the accounting policies. Accordingly, actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. The effects of such reviews are recognized in the periods in which estimates are reviewed and in any affected future periods. Assets and liabilities subject to these estimates and assumptions impairment losses on accounts receivable, inventories and intangible assets with indefinite useful life, deferred income and social contribution taxes, provision for litigation and contingencies, fair value of assets and liabilities, and measurement of financial instruments.

3. New accounting procedures, amendments and interpretation of standards

a) CPC 06(R2) / IFRS 16 – Leases

In January 2016, IASB issued IFRS 16 - Leases and, in December 2017, CPC 06 – Leases was issued, which became effective for years beginning on or after January 1, 2019, replacing IAS 17/CPC 06 - Leases and corresponding interpretations.

This standard introduces a single lease accounting model in the statement of financial position for lessees. A lessee recognizes the right to use an asset, which represents the period in which the Company has control over the use of the leased asset, and the corresponding lease liability, which represents its obligation to make lease payments associated with the leased asset. Exemptions are available for leases with a term of less than one year and of low-value items.

Lessor accounting remains similar to the previous standard, i.e. lessors continue to classify leases as finance or operating leases.

The Company adopted IFRS 16 and opted for application of the full retrospective approach as a method of transition on January 1, 2019, with effect as from the beginning of the first practicable period and, consequently, the comparative periods are being restated. The use of this approach substantially impacted store lease agreements, currently 1,362, subdivided into: distribution centers, commercial warehouses and administrative properties maintained, until adoption of the standard, as operating lease.

Significant changes arising from first-time adoption of CPC 06(R2) (IFRS 16) are as follows:

- **Commencement of the lease term** – the Company defined the date of execution of the agreements as the commencement date, which is the date when it holds the operational control of the property, and when it is allowed by the lessor to carry out any necessary renovations in the store, for instance;

- **Lease term** – period during which the Company contracted the property lease. The Company adopted the contractual term plus the extension permitted by Law No. 8245 / 91 ("Tenancy Law"), which grants the lessee (Company) the right to contractual renewals (enforceable right), when certain conditions are met. The Company has been successful in the contractual renewal of leases, based on said law;

- **Agreements with indefinite term** - the Company is a lessee in certain agreements with indefinite term. Considering that both the lessor and the lessee have the right to cancel the agreement at any time without a significant fine, the Company's understands that these agreements do not qualify as lease and, therefore, the respective expenses should be recognized in P&L over the period according to the lease term;

- **Fixed payments in essence** – these are payments to the lessor which the Company should make during the lease term. The Company determined as fixed payments in essence the amounts determined as fixed by the lessor (minimum contractual lease gross of the effects of PIS and COFINS paid by the lessor, when applicable). For purposes of measurement of the right-to-use assets and lease liabilities, the Company did not consider variable lease payments arising from billing, services and taxes, which are recorded as expenses in P&L over the lease term;

- **Incremental interest rate of the lessee's financing -** for all agreements with related parties and third parties, the Company considered the interest rates necessary to acquire assets (mainly stores and distribution centers) under conditions similar to the lease contracted on the execution date (which include some assumptions such as lease term, negotiated value, and physical condition of the asset). The rates adopted consider the Company's funding cost, based on the CDI (Interbank Deposit Certificate) plus risk spread, excluding the guarantees given in financing operations. These interest rates were calculated over the lease period, which considers the intention to renew;

- **Depreciation of right-of-use assets** - the lease agreements do not establish provisions that allow the Company to exercise the acquisition of the property of the asset (store or distribution center) at the end of the lease term. Accordingly, the useful life of these assets, in the absence of impairment, will be their respective contractual term. The Company allocates depreciation of the right-of-use asset systematically and on a straight-line basis. We point out that the Company will periodically reassess the useful life of the rights of use whenever there are changes in the business and strategic plans, in addition to the lessors' intention to continue with the agreements;

- **Financial charges arising from lease agreements -** the financial charge is recognized as finance expense and allocated to each period over the lease term. Contingent payments are recorded as an expense in P&L in the year as incurred;

- **Recoverable amount of the right-of-use assets** - the Company will apply Accounting Pronouncement CPC 01 (R1) – Impairment of Assets, periodically estimating the recoverable amount, based on managerial parameters of profitability of the stores and distribution centers.

The following tables show the adjustments of previous periods, which are only due to adoption of IFRS 16 on the individual and consolidated financial statements:

	Individual		Consolidated	
Statement of financial position – debit (credit)	**01.01.2018**	**12.31.2018**	**01.01.2018**	**12.31.2018**
Current assets				
Inventories	8	8	8	8
Noncurrent assets				
Deferred taxes	224	237	258	270
Right-of-use assets	3,290	3,334	3,363	3,401
Investments	(6)	(7)	-	-
Property and equipment (*)	(9)	(5)	(9)	(5)
Intangible assets (*)	(69)	(54)	(71)	(54)
Current liabilities				
Loans and financing (*)	19	21	23	21
Transactions with related parties (**)	26	28	26	28
Lease liabilities	(474)	(520)	(505)	(548)
Other liabilities (**)	54	53	54	54
Noncurrent liabilities				
Loans and financing (*)	72	53	72	53
Lease liabilities	(3,576)	(3,617)	(3,719)	(3,752)
Provision for loss on investments	(59)	(55)	-	-
Equity	500	524	500	524

(*) These refer to balances that were previously classified as finance leases and, consequently, were recorded under Property and equipment, Intangible assets and Loans and financing. As a result of adoption of CPC 06 (R2), these items were reclassified to Rights-of-use assets and Lease liabilities.

(**) These refer to the balance of lease payable to related parties and third parties that were recorded under Transactions with related parties and Other liabilities. Upon first-time adoption of CPC 06 (R2), they were reclassified to Lease liabilities.

	Individual	Consolidated
Statement of profit or loss – revenue (expense)	**12.31.2018**	**12.31.2018**
Costs of goods and services sold	106	130
Selling expenses	562	561
General and administrative expenses	15	16
Depreciation of right-of-use assets	(349)	(349)
Other operating income (expenses), net	17	12
Equity pickup	3	-
Finance income (costs), net	(391)	(406)
Income and social contribution taxes	13	12

	Individual	Consolidated
Statement of cash flows – generated (applied)	**12.31.2018**	**12.31.2018 Restated (*)**
Cash flow from operating activities	779	814
Cash flow from financing activities	(779)	(814)

	Individual	Consolidated
Statement of value added	**12.31.2018**	**12.31.2018 Restated (*)**
Total value added to be distributed		
Retentions	(444)	(453)
Value added received in transfer	3	-
Distribution of value added		
Taxes, charges and contributions	(13)	(12)
Debt remuneration	(404)	(417)
Equity remuneration	(24)	(24)

The disclosure of the changes in Right-of-use assets and Lease Liabilities are presented in Note 18(b).

b) IFRIC 23 – Uncertainty over income tax treatments

The interpretation clarifies how the recognition and measurement requirements of IAS 12 are applied when there are uncertainties regarding the treatment of income taxes (IRPJ and CSLL). Management did not identify impacts from adoption of this interpretation.

There are no other IFRS standards or IFRIC interpretations not yet effective that could have a significant impact on the Company in years subsequent to December 31, 2019.

4. Summary of significant accounting practices

The significant accounting policies adopted by the Company and its subsidiaries are described in the specific notes on the items presented. Those generally applicable to different aspects of financial information are described below.

a) Consolidation

In preparing the individual and consolidated financial statements, financial information from subsidiaries closed on the same base date and consistent with the Company's accounting policies was used.

Ownership interest in subsidiaries

	12.31.2019		**12.31.2018**	
Investments	**Direct interest**	**Indirect interest**	Direct interest	Indirect interest
Subsidiaries				
Indústria de Móveis Bartira Ltda. (“Bartira”)	**99.99%**	**0.01%**	99.99%	0.01%
Globex Administração e Serviços Ltda. (“GAS”)	**99.99%**	**0.01%**	99.99%	0.01%
Lake Niassa Empreendimentos e Participações Ltda. (“LAKE”)	**99.99%**	**0.01%**	99.99%	0.01%
VVLog Logística Ltda. (“VVLog”)	**99.99%**	**0.01%**	99.99%	0.01%
Globex Administração de Consórcio Ltda. (“GAC”)	**99.99%**	**0.01%**	99.99%	0.01%
Cnova Comércio Eletrônico S.A. (“Cnova Brasil”)	**100.00%**	**-**	100.00%	-

Description of key subsidiaries

Indústria de Móveis Bartira Ltda.
Indústria de Móveis Bartira Ltda. ("Bartira") is a limited liability company founded on May 11, 1962, whose business purpose is the manufacture and sale of furniture in general, predominantly wooden. The ultimate controlling entity is Via Varejo S.A. (“Via Varejo").

Globex Administração e Serviços Ltda.
Globex Administração e Serviços Ltda. is a limited liability company engaged in providing property administration, rent, lease and intermediation services.

Lake Niassa Empreendimentos e Participações Ltda.
Lake Niassa Empreendimentos e Participações Ltda. is a holding (limited liability company) engaged in concentrating the interests of the Company in the financial entities: Financeira Itaú CBD S.A. Créditos, Financiamento e Investimento (“FIC”), Banco Investcred Unibanco S.A. (“BINV”), and FIC Promotora de Vendas Ltda.

VVlog Logística Ltda.
VVlog Logística Ltda. (“Vvlog”) is a limited liability company established on August 29, 2000 for the purpose of optimizing the logistics operations of its parent company, Via Varejo S.A., focused primarily on the logistics management between the Company’s stores and distribution centers.

Globex Administração de Consórcio Ltda.
Globex Administração de Consórcios Ltda. ("Consortium" or "Administrator") operates, according to Authorization Certificate No. 00/00/164/90 of the Ministry of Finance, in the management of consortium groups formed for acquisition of durable goods to be delivered by its parent company Via Varejo S.A. ("Via Varejo"), upon collection of administration fees. The Administrator does not have active consortium groups at the moment.

Cnova Comércio Eletrônico S.A.
Cnova Comércio Eletrônico S.A. ("Cnova Brasil") was established in 2014 with contribution of certain assets and liabilities of Nova Pontocom, which belonged to Grupo Pão de Açúcar ("CBD") and Via Varejo S.A. ("Via Varejo"), with a view to creating Cnova N.V. based in the Netherlands. With the corporate reorganization of 2016, Cnova Brasil is now directly controlled by Via Varejo. As disclosed in Note 1, on July 1, 2019, the subsidiary Cnova Brasil was partially spun off with merger of the spun-off portion by Via Varejo.

Before the partial spin-off, Cnova Brasil was engaged in the retail and wholesale trade of goods and products in general on the Internet, through www.pontofrio.com.br, www.extra.com.br and www.casasbahia.com.br, and the telesales channel, import of products for resale, provision of promotion services, development, and various other products and services dedicated to the consumer in general. Cnova Brasil is based in São Caetano do Sul, state of São Paulo.

b) Impairment

i. Financial assets

Upon initial recognition, financial assets are classified as subsequently measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

Classification of the financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the business model for management of these financial assets.

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, it needs to generate cash flows that are “solely payment of principal and interest” on the outstanding principal amount. This assessment is conducted at the instrument level.

Financial assets with cash flows that are not exclusively payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model adopted.

The Company's business model for management of financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, from sale of financial assets, or from both. Financial assets classified and measured at amortized cost are maintained in a business plan with the objective of maintaining financial assets to obtain contractual cash flows, while financial assets classified and measured at fair value as opposed to other comprehensive results are maintained in a business model with the objective of obtaining contractual cash flows and also for the purpose of sale.

Purchases or sales of financial assets that require the delivery of assets within a period established by regulation or market convention (regular negotiations) are recognized on the negotiation date, that is, the date on which the Company undertakes to buy or sell the asset.

Subsequent measurement

For subsequent measurement purposes, financial assets are classified into four categories, as follows:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through other comprehensive income, with reclassification of accumulated gains and losses (debt instruments);
- Financial assets designated at fair value through other comprehensive income, without reclassification of accumulated gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

ii. Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in P&L when the asset is written off, modified or is impaired.

The Company's financial assets at amortized cost include Cash and cash equivalents, Trade accounts receivable (except credit card companies), Transactions with related parties, Trade accounts payable, Trade accounts payable - Agreement, Loans and financing (except local and foreign currency), and Transfer to third parties;

iii. Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income, interest income, exchange rate revaluation, and impairment losses or reversals are recognized in P&L and calculated in the same way as financial assets measured at amortized cost. The remaining changes in fair value are recognized in other comprehensive income. Upon derecognition, the cumulative change in fair value recognized in other comprehensive income is reclassified to P&L.

The Company’s debt instruments at fair value through other comprehensive income include Credit card company balances.

iv. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value, and variations net of fair value are stated in P&L.

This category includes derivative instruments and equity investments listed on stock exchanges, which the Company has not irrevocably classified at fair value through other comprehensive income.

Dividends on equity investments listed on stock exchanges are recognized as other income in the statement of profit or loss when the right to payment has been established.

A derivative embedded in a hybrid contract with a financial liability is separated from the liability and accounted for as a separate derivative if: (a) the economic characteristics and risks are not strictly related to the economic characteristics and risks of the host contract; (b) the separate instrument, with the same terms as the embedded derivative, meets the definition of a derivative; and (c) the hybrid contract is not measured at fair value, with changes recognized in P&L. Embedded derivatives are measured at fair value, and changes in fair value are recognized in P&L. A revaluation only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset outside the fair value through profit or loss category.

v. Derecognition

A financial asset (or, when applicable, a part of a financial asset, or a part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset expire; or
- The Company transfers its rights to receive cash flows from the asset or assumes an obligation to fully pay the cash flows received, without significant delay, to a third party under a transfer agreement and (a) the Company substantially transfers all risks and rewards from the asset, or (b) the Company does not substantially transfer or retain all risks and rewards from the asset, but transfers the control over the asset.

For trade accounts receivable and contractual assets, the Company applies a simplified approach for calculation of expected credit losses. Therefore, the Company does not follow the changes in credit risk, but recognizes a provision for losses based on expected lifetime credit losses at each reporting date. The Company established a provision matrix based on its historical experience in credit losses, adjusted for specific prospective factors for debtors and the economic environment.

The Company's debt instruments at fair value through other comprehensive income include Loans and financing in local and foreign currency and Financial instruments - fair value hedge;

vi. Non-financial assets

Assets with an indefinite useful life, such as goodwill and brands, are not subject to amortization and are tested for impairment. Impairment of goodwill and brands is tested at least annually or more frequently if events or changes in circumstances indicate a possible impairment.

Management reviews at each statement of financial position date the net book value of assets and other non-financial assets subject to depreciation and amortization, in order to evaluate events or changes in economic, operating or technological circumstances that could indicate deterioration or impairment. When such evidence is found and the net book value exceeds the recoverable amount, a provision for impairment is set up adjusting the net book value to the recoverable amount.

c) Foreign currency transactions

Foreign currency transactions are initially recognized at the market value of the corresponding currencies, on the date the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated into reais at the market price on the statement of financial position dates. Differences arising from the payment and conversion of monetary items are recognized in finance income (costs).

d) Hedge accounting

The Company uses derivative financial instruments such as swaps to hedge contracts in foreign currency and when there are contracts at fixed rates. Such derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into, with subsequent remeasurement at fair value at each statement of financial position date. These contracts must have the same terms, interest and principal payment dates, and be contracted with the same financial conglomerate as the hedged item.

These instruments are classified as fair value hedges, and recorded as hedge accounting, when they effectively protect the hedged asset or liability from changes.

The hedged item and derivative financial instrument are recorded following the procedures below:

- The item designated as a hedged item is classified as “measured at fair value”, and changes are recognized in as finance income (costs);
- Changes in the fair value of a derivative financial instrument classified as fair value hedge are recognized as finance income (costs) at each statement of financial position date.

Fair value of loans and derivative financial instruments

The fair value of financial instruments designated as hedged items was measured based on the rates disclosed in the financial market and projected up to the maturity date of the financial instruments, and the discount rate used for the calculation developed through the DI curves, Clean Coupon and DI, indices published by B3. For loans in local currency, the DI curve and an index published by B3 are used, and calculated by the exponential interpolation method.

e) Provisions

Provisions are recognized for present obligations (legal or constructive) arising from past events, the amounts of which may be reliably estimated and the settlement is likely to occur. In cases when the Company expects that all or part of the provision will be reimbursed, the reimbursement is recognized as a separate asset, but only when it is considered practically certain.

f) Statement of value added

This statement presents information on the wealth created by the Company and its distribution over a given year, and is presented as required by Brazilian Corporation Law as part of the individual and consolidated financial statements, given that it is not provided for or mandatory under IFRS.

The SVA was prepared based on information obtained from accounting records used as basis for preparation of the financial statements, supplementary records, and following the provisions contained in CPC 09 - Statement of Value Added. The first part presents the wealth created by the Company, represented by revenues (gross revenue from sales, including applicable taxes, other revenues, and the effects of allowance for doubtful accounts), inputs purchased from third parties (cost of sales and purchases of materials, energy and services from third parties, including taxes levied on the purchase amount, the effects of losses and recovery of receivables, and depreciation and amortization), and the value added received from third parties (equity pickup, finance income, and other revenues). The second part of the SVA presents the distribution of wealth among individuals, taxes, fees and contributions, debt remuneration, and equity remuneration.

The other significant accounting policies are disclosed in the respective explanatory notes.

5. Cash and cash equivalents

a) Accounting policy

These include cash and short-term highly liquid investments, immediately convertible into known cash amounts and subject to an insignificant risk of change in value, with intention and possibility of redemption in the short term with the issuer itself.

b) Breakdown of balances

		Individual		Consolidated	
	Weighted average rate	**12.31.2019**	**12.31.2018**	**12.31.2019**	**12.31.2018**
Cash and banks		**132**	112	**136**	120
Short-term investments - repurchase agreements	82.53% of CDI p.a.	**1,152**	2,854	**1,191**	3,562
Sweep accounts (i)	5.89% of CDI p.a. (i)	**36**	23	**37**	29
		1,320	2,989	**1,364**	3,711

(i) These refer to investment of funds available in checking account with daily profitability linked to the CDI rate, automatically redeemed on the first business day following that of the investment (D + 1).

6. Trade accounts receivable

a) Accounting policy

The balances recorded in Trade accounts receivable refer to the Company's operating activities arising from the sale of consumer goods and related services. The other accounts receivable not related to operating activities are recognized under “Other assets”.

Trade accounts receivable balances are initially recorded at the transaction value, which corresponds to the sales value, and are subsequently measured according to the portfolio: (i) fair value through other comprehensive income, in the case of credit card companies and (ii) amortized cost, for all other portfolios.

The measurement of credit card companies uses comparable operations carried out regularly by the Company, while financial assets measured at amortized cost follow the effective interest rate method for each operation. For all portfolios, the estimated loss is considered, recognized in P&L, according to the methods explained below.

- The Company uses different methods to assess allowance for doubtful accounts for each of the portfolios. The portfolios are divided as follows: CDCI Consumer financing, Credit card companies, B2B, and other portfolios;
- To calculate the estimated loss of the CDCI Consumer financing portfolio, credit analysis is performed at the time of sale, as well as subsequent changes in maturity of the portfolio. Changes in the unemployment rate and other financial indices are also taken into account for this estimate;
- For the credit card companies, B2B and other portfolios, the Company uses historical information through a loss matrix to apply estimated losses.

b) Breakdown of balances

	Individual		Consolidated	
	12.31.2019	**12.31.2018**	**12.31.2019**	**12.31.2018**
Credit card companies	**3,004**	1,114	**3,004**	1,656
Consumer financing - CDCI (i)	**2,529**	2,297	**2,529**	2,297
Trade accounts receivable – B2B (ii)	**206**	-	**206**	223
Allowance for doubtful accounts	**(489)**	(427)	**(489)**	(498)
Other accounts receivable	**227**	245	**228**	307
	5,477	3,229	**5,478**	3,985
Current	**5,111**	3,019	**5,112**	3,768
Noncurrent	**366**	210	**366**	217

i. These correspond to receivables from purchases in installments financed through Direct Consumer Credit with Seller Intervention (CDCI), according to Note 13(a)(i), payable in up to 24 months, with average receipt in 12 months.

ii. These refer to sales made to other legal entities for resale or own use.

c) Changes in allowance for doubtful accounts

	Individual		Consolidated	
	12.31.2019	**12.31.2018**	**12.31.2019**	**12.31.2018**
Balance at beginning of year	**(427)**	(510)	**(498)**	(637)
Estimated losses recorded in the year	**(541)**	(517)	**(585)**	(630)
Merger of Cnova	**(72)**	-	**-**	-
Write-off of accounts receivable	**551**	600	**594**	769
Balance at end of year	**(489)**	(427)	**(489)**	(498)
Current	**(440)**	(391)	**(440)**	(462)
Noncurrent	**(49)**	(36)	**(49)**	(36)

d) Breakdown by maturity of accounts receivable, before allowance for doubtful accounts

	Individual		Consolidated	
	12.31.2019	**12.31.2018**	**12.31.2019**	**12.31.2018**
Falling due	**5,753**	3,439	**5,753**	4,183
Overdue up to 30 days	**99**	98	**99**	125
Overdue between 30-60 days	**41**	43	**41**	52
Overdue between 61-90 days	**29**	32	**29**	36
Overdue for more than 90 days	**44**	44	**45**	87
	5,966	3,656	**5,967**	4,483

7. Inventories

a) Accounting policy

The cost of inventories is based on the weighted average cost, and inventories include all expenses related to transportation, storage, non-recoverable taxes, among other costs incurred in bringing them to their present location and condition.

Inventories are stated at the lower of acquisition cost and realization value, computed by the weighted average cost. Inventories are reduced to their recoverable amount through estimated loss due to robbery, theft, scrapping, slow-moving items, and estimated loss on goods that will be sold with negative gross margin, including showcase products.

Bonuses received from suppliers include agreements for volume of purchases, provision of logistics services and specific negotiations for margin adjustment or marketing agreements, among others. Bonuses are recorded in P&L as the corresponding inventories are sold. When applicable, the value of bonuses receivable is recorded as an account reducing the balance of trade accounts payable, provided that the agreements with suppliers allow the settlement of such balance for the net amount.

b) Accounting estimates and assumptions

The net recoverable amount represents the estimated selling price less estimated costs and expenses directly attributable to bringing the goods to selling conditions, including adjustments for slow-moving items, negative margin and shortages due to robbery, theft and scrapping, obtained through analysis of historical loss.

The net realizable value is calculated at the average selling price, less:

(i) taxes on sales;
(ii) personnel expenses directly related to the sale; and
(iii) cost of inventories.

c) Breakdown of balances

	Individual		Consolidated	
	12.31.2019	**12.31.2018 Restated**	**12.31.2019**	**12.31.2018 Restated**
Stores	**2,184**	2,133	**2,184**	2,133
Distribution centers	**2,431**	1,812	**2,445**	2,728
Storeroom	**14**	14	**15**	14
Estimated losses – net realizable value	**(79)**	(42)	**(79)**	(94)
	4,550	3,917	**4,565**	4,781

d) Changes in estimated losses on reduction of cost to net realizable value

	Individual		Consolidated	
	12.31.2019	**12.31.2018 Restated**	**12.31.2019**	**12.31.2018 Restated**
Balance at beginning of year	**(42)**	(51)	**(94)**	(92)
Additions	**(41)**	(42)	**(48)**	(78)
Realized losses	**44**	51	**63**	76
Merger of Cnova	**(40)**	-	**-**	-
Balance at end of year	**(79)**	(42)	**(79)**	(94)

8. Taxes recoverable

These refer to accumulated ICMS credits and due to tax substitution, arising from receiving operations and interstate shipping of goods.

The Company records tax credits based on legal, documentary and factual understanding that allows their recognition, including estimated realization. ICMS is recognized as a reduction in "cost of goods sold", while PIS and COFINS are accounted for as a reduction in P&L accounts on which credits are calculated.

Expected realization of ICMS recoverable is based on the projection of operations and growth, operational management, ICMS legislation of each state, and generation of debts for use of these credits per operation. In the years ended December 31, 2019 and 2018, the Company reassessed its expectations of credit realization based on changes in its budgetary and logistics plans.

Breakdown of balances

	Individual		Consolidated	
	12.31.2019	**12.31.2018**	**12.31.2019**	**12.31.2018**
ICMS recoverable (i)	**2,757**	2,090	**2,758**	2,547
PIS and COFINS recoverable (ii)	**751**	360	**752**	745
Income and social contribution taxes	**208**	149	**225**	183
INSS recoverable	**98**	88	**98**	94
ICMS recoverable on property and equipment (i)	**1**	1	**2**	3
Other	**7**	7	**9**	7
	3,822	2,695	**3,844**	3,579
Current	**1,029**	639	**1,050**	1,060
Noncurrent	**2,793**	2,056	**2,794**	2,519

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

At December 31, 2019	Individual	Consolidated
2020	316	318
2021	487	487
2022	496	497
2023	351	351
2024	330	330
2025 to 2029	778	777
	2,758	**2,760**

This ICMS credit realization plan is monitored periodically in order to ensure compliance with the established assumptions, which are reassessed based on business events, allowing the best performance of the credit realization.

With respect to credits that cannot yet be immediately offset, the Company management, based on a technical recovery study that considers future growth expectations and consequent offset with debts arising from its operations, believes that future offset is feasible. The studies mentioned are prepared and reviewed periodically based on information extracted from the strategic planning previously approved by the Company's Board of Directors. For the financial statements for the year ended December 31, 2019, management has monitoring controls over compliance with the plan established annually, reassessing and including new elements that contribute to realization of the ICMS recoverable balance, as shown in the table above.

The credit is also realized through reimbursement from the state finance departments, requiring evidence of the operations carried out that generated the Company's right to reimbursement, through tax documents and digital files. This methodology is determined in the legislation of each state, duly observed by the Company.

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

At December 31, 2019	Individual	Consolidated
2020	498	499
2021	253	253
	751	**752**

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

Since adoption of the non-cumulative PIS and COFINS regime, the Company has been pleading in court the right to deduct ICMS and ICMS-ST from the PIS and COFINS tax base. With judgment of the thesis by the STF with general resonance, which occurred on March 15, 2017, as well as the Decision published on October 2, 2017, the Company started to make the calculation with the respective deductions.

The Company is awaiting judgment of the motion for clarification filed by the Attorney General of the National Treasury, as well as the possible limitation of its effects in time. The Company's legal advisors, however, believe that the decision to apply the limitation of the effects in time will not restrict the rights of the lawsuit filed. In management's best estimate, the effects of such credits, from 2010 to February 2017, total approximately R$484 as of December 31, 2019 (R$656 as of December 31, 2018). These amounts consider monetary restatement and are net of lawyers' fees and of the portion of the transaction described below. On the financial statements preparation date, considering that the matter still depends on a final decision, the Company did not record the credits, making only this disclosure.

In December 2018, the Company disposed of part of the right to the credits from these suits to a third party, for the total amount of R$50. In December 2019, an additional disposal was made for R$50. Both disposals were recorded under Revenue from sale of goods and services, pursuant to the Company's accounting policy.

In August 2019, a final favorable decision was handed down on the proceeding in which the Company pleaded the right to exclude ICMS from the PIS and COFINS tax base. These credits total R$263 (restated), of which R$151 should be transferred to the credit acquirer, as mentioned above. The Company has also validated such credits with the Brazilian IRS.

The remaining credits of R$112, which are not part of the Credit Grant Deed, are owned by the Company and were recorded under PIS and COFINS recoverable, with the principal of R$64 recorded as Cost of goods and services sold, and monetary adjustment of R$48 as Finance income (costs), net.

9. Transactions with related parties

	Assets (liabilities), net				Revenue (expenses), net			
	Individual		Consolidated		Individual		Consolidated	
	12.31.2019	12.31.2018 Restated (*)	12.31.2019	12.31.2018 Restated (*)	12.31.2019	12.31.2018 Restated (*)	12.31.2019	12.31.2018 Restated (*)
Parent Company								
Companhia Brasileira de Distribuição ("CBD") (c), (d), (e), (f) (**)	**-**	90	**-**	94	**(9)**	(13)	**(12)**	(20)
Subsidiaries								
Indústria de Móveis Bartira Ltda.("Bartira") (b), (d), (e)	**9**	(1)	**-**	-	**(520)**	(500)	**-**	-
Globex Administração e Serviços Ltda. ("GAS") (d)	**-**	-	**-**	-	**(2)**	(2)	**-**	-
VVLog Logística Ltda. ("VVLog") (b), (e)	**1**	4	**-**	-	**(76)**	(209)	**-**	-
Cnova Comércio Eletrônico S.A. ("Cnova Brasil") (d), (e)	**-**	1,040	**-**	-	**(244)**	34	**-**	-
Lake Niassa Empreendimentos e Participações Ltda. ("Lake")	**-**	1	**-**	-	**-**	-	**-**	-
Affiliates								
Financeira Itaú CBD S.A. ("FIC") (a)	**(13)**	(2)	**(13)**	(2)	**(9)**	(3)	**(11)**	(8)
Banco Investcred Unibanco S/A ("BINV") (a)	**5**	-	**5**	-	**5**	-	**5**	-
Sendas Distribuidora S.A. ("Sendas") (d) (**)	**-**	-	**-**	1	**-**	-	**3**	7
Greenyellow do Brasil Energia e Serviços Ltda. ("Greenyellow") (d) (**)	**-**	(6)	**-**	(6)	**(4)**	(2)	**(4)**	(2)
Other								
Casa Bahia Comercial Ltda. ("CB") (d), (f)	**(312)**	(322)	**(250)**	(300)	**(327)**	(595)	**(331)**	(610)
	(310)	804	**(258)**	(213)	**(1,186)**	(1,290)	**(350)**	(633)
Lease								
Right-of-use assets	**1,123**	1,165	**1,151**	1,194	**(113)**	(186)	**(117)**	(111)
Lease liabilities	**(1,550)**	(1,530)	**(1,552)**	(1,570)	**(183)**	(105)	**(188)**	(190)
	(426)	(365)	**(401)**	(376)	**(296)**	(291)	**(305)**	(301)
Receivables from related parties								
Current	**151**	1,333	**139**	132				
Noncurrent	**86**	156	**123**	190				
Payables to related parties								
Current	**(121)**	(315)	**(119)**	(154)				
Noncurrent	**-**	(5)	**-**	(5)				

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (R2) (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a)(i).
(**) On June 14, 2019, CBD disposed of the totality of the interest held in the Company. As a result, Sendas and Greenyellow are no longer related parties, as they belong to the CBD group. See further information see Note 1.

Transactions with related parties presented in the above table refer to transactions that the Company conducts with its key shareholders, its subsidiaries and other related entities. These transactions were accounted for substantially according to the prices, terms and conditions agreed between the parties, as follows:

a) Loans and financing with FIC and BINV

The Company operates as a banking agent for services operated by FIC and BINV, which carry out operations to purchase credit card receivables from the Company. This operation generates amounts to be transferred, indicated as accounts payable to related parties and amounts receivable for services rendered, indicated as accounts receivable from related parties. The result of these operations is represented in the column Revenue (expense), net in the table above, and classified as Revenue from sale of goods and services, in the Company's statement of profit or loss.

FIC and BINV are credit card operators, issuing cards and financing purchases for customers. In the year ended December 31, 2019, the balance of credit cards receivable from FIC and BINV totaled R$202 (R$132 as of December 31, 2018). These balances are recorded as Accounts receivable under Credit card companies, shown in Note 6(b).

In the year ended December 31, 2019, the Company recognized finance costs from sale of credit card receivables of R$15 (R$24 as of December 31, 2018).

b) Intercompany loans with subsidiaries

At December 31, 2019, the Company recorded intercompany loans with the subsidiaries VVLog and Bartira, monetarily restated at the average rates below:

	12.31.2019	12.31.2018
Indústria de Móveis Bartira Ltda. ("Bartira")	110.0%	105.0%
VVlog Logística Ltda. ("VVLog")	105.0%	105.0%

c) Operations with CBD

CBD, despite the transaction described in Note 1, is still the Company's guarantor in a service agreement, in addition to guarantor in certain financing and lease agreements. There is also reimbursement of personnel and lease expenses between the parties.

The Company also acquires food vouchers and benefits for its employees from CBD, at prices similar to those of the competition. This acquisition represented an expense of R$26 for the year ended December 31, 2019 (R$49 for the year ended December 31, 2018).

d) Lease and provision of services

Via Varejo carried out lease operations, sharing of distribution centers and provision of services with CBD, GAS and Cnova Brasil. The subsidiary Cnova Brasil carried out lease operations with Sendas.

Furthermore, the Company and its subsidiary Bartira have lease agreements regarding 301 properties, including distribution centers and commercial and administrative buildings, entered into under specific conditions with the management of Casa Bahia Comercial (CB), pursuant to Association Agreement between Via Varejo, CBD and CB.

The breakdown of amounts arising from the lease agreements is as follows:

	Consolidated			
	12.31.2019	12.31.2018	12.31.2019	12.31.2018
Statement of financial position	**Right of use**	**Right of use**	**Lease liabilities**	**Lease liabilities**
Companhia Brasileira de Distribuição	**-**	10	**-**	(12)
Casa Bahia Comercial Ltda.	**1,151**	1,184	**(1,552)**	(1,558)

	Consolidated			
	12.31.2019	12.31.2018	12.31.2019	12.31.2018
Statement of profit or loss	**Depreciation**	**Depreciation**	**Lease interest**	**Lease interest**
Companhia Brasileira de Distribuição	**(1)**	(2)	**-**	(1)
Casa Bahia Comercial Ltda.	**(116)**	(109)	**(188)**	(190)

Via Varejo offered its products at the e-mail address of its subsidiary Cnova Brasil, paying a commission for the use of the subsidiary's sales space. Until the date of partial spin off of Cnova Brasil, the Company recorded an expense of R$35 (R$100 at December 31, 2018).

In 2018, the Company signed a service agreement with Greenyellow to implement energy efficiency solutions in certain branches, with the objective of monitoring and ensuring the reduction of electricity consumption. Greenyellow receives a percentage of the energy cost reduction as compensation. Greenyellow is also a supplier of certain fixed assets classified under Facilities.

e) Purchase and sale of goods and services

In the years ended December 31, 2019 and 2018, the Company carried out the following transactions with related parties:

		Revenue (expenses), net	
Counterparty	**Transaction**	**12.31.2019**	**12.31.2018**
Cnova	Sales of goods	**13**	138
CBD	Commission for intermediation of purchase	**20**	48
Bartira	Purchase of goods	**(520)**	(502)
VVLog	Freight services	**(77)**	(212)
Cnova	Purchase of goods	**(225)**	(9)

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

In 2010, the First Amendment to the Association Agreement (Association Agreement) was executed between Via Varejo, CBD and CB, which, among other rights, guaranteed Via Varejo the right to be indemnified, in respect of losses and damages, by CBD and CB, regarding certain lawsuits and reimbursement of expenses that occurred as of June 30, 2010, but that were related to facts or acts under the responsibility of the former controllers of the companies included in such Association Agreement.

As provided in the Association Agreement, after the six-year period of the closing date of the transaction, which occurred on November 8, 2016, the procedures referring to indemnification related to the new lawsuits were terminated and negotiations between the parties began for collection and settlement of existing balances relating to such losses and damages.

On July 4, 2017, the Company entered into an Agreement Term with CB, together with CBD, to (i) settle losses and damages already incurred until November 8, 2016; (ii) define new criteria to determine liabilities for losses and damages related to contingencies; (iii) hold periodic meetings in which each party must present the losses and damages incurred as from November 9, 2016, to be indemnified by the other party; and (iv) set up guarantees to meet CB's obligation to indemnify in relation to the contingencies. The Agreement Term was approved by the Company's Board of Directors and by CBD on July 24, 2017. CB partner sureties were provided as guarantees for compliance with said Agreement Term, as well as mortgages on properties owned thereby, in an amount sufficient to cover the total potential contingencies identified on November 8, 2016.

On October 24, 2018, the Company and CB signed an Amendment to the Agreement Term with a view to improving the Agreement Term's criteria and clarifying certain provisions and conditions, thus enabling the settlement of outstanding balances presented in the periodic meetings.

The Company has maintained the contractual terms of the Association Agreement and related amendments until the date of approval of these financial statements.

g) Key management personnel compensation

Expenses related to total key management personnel compensation (Statutory Officers and Members of the Board of Directors), recorded in P&L for the years ended December 31, 2019 and 2018, are as follows:

	12.31.2019		
	Short-term benefits	**Share-based payment**	**Total**
Executive Board	**13**	**14**	**27**
Board of Directors	**8**	**-**	**8**
	21	**14**	**35**

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

The above changes are mostly due to the following factors: (i) Executive Board – In 2019 there was no payment of profit sharing; (ii) Board of Directors – the Company's Board of Directors was composed of only two members who received compensation from January to April 2018. As of May 2018, the Board has nine members who received compensation throughout 2019.

10. Investments and provision for losses on investments in subsidiaries

a) Accounting policy

Subsidiaries are all the entities whose operations are controlled by Via Varejo, whether directly or indirectly. Control is defined:

(i) by the decision-making power that the Company has over significant operational and financial activities in its investees;
(ii) by its ability to use that power; and
(iii) by its exposure to the returns of these entities.

The financial statements of the subsidiaries are included in the consolidated financial statements since the date the control was acquired.

Upon loss of control of any subsidiary, the consolidation of the financial statements of the then subsidiary is interrupted. Resulting gains or losses, including any amount received from disposal of an investment, are recognized in P&L for the year when there is loss of control.

Affiliates are entities in which the Company exercises significant influence, but not control. Investments in affiliates in the consolidated financial statements are recognized using the equity method.

Investments in subsidiaries and affiliates, in the parent company's individual financial statements, are recorded using the equity method. Under this method, interests in investments are recognized in the statement of financial position at cost, and are adjusted periodically by the amount corresponding to the share in net income of these investments, recorded against equity pickup and other changes in the net assets acquired.

Furthermore, interests may also be adjusted with recognition of losses due to impairment. Dividends received from these companies are recorded as a reduction in the value of investments.

b) Balances and changes

	Individual				
	Lake	**Bartira**	**Cnova Brasil (ii)**	**Other**	**Total**
Balance at December 31, 2017 – restated (*)	81	770	(484)	86	453
Capital increase	-	-	615	-	615
Equity pickup - P&L	39	(12)	(189)	1	(161)
Distribution of dividends	(12)	-	-	(15)	(27)
Changes in equity of affiliate	(1)	-	-	-	(1)
Equity pickup - other comprehensive income	-	-	1	-	1
Balance at December 31, 2018 – restated (*)	107	758	(57)	72	880
Capital increase (i)	-	-	96	-	96
Equity pickup	47	(12)	(240)	5	(200)
Unearned income - inventories (ii)	-	(11)	-	-	(11)
Merger of Cnova	-	-	210	-	210
Distribution of dividends	(4)	-	-	(5)	(9)
Equity pickup - other comprehensive income	-	-	7	-	7
Balance at December 31, 2019	**150**	**735**	**16**	**72**	**973**

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (R2) (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a)(i).

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

(ii) Refers to the effect of income on inventories arising from sales of goods of the subsidiary Bartira to Via Varejo until December 31, 2019, which are part of Via Varejo's inventories and have not yet been resold to third parties (outside the Economic Group).

(i) FIC and BINV

These are financial institutions created with the objective of financing sales directly to CBD and Via Varejo customers. They result from the association of CBD and the Company with Banco Itaú Unibanco S.A. The Company exercises significant influence over the investments, but not control, through participation in the Board of Directors of the affiliates. The share in the total voting capital of FIC and BINV corresponds to 14.24% and 50.00%, respectively, arising from the investments of the subsidiary Lake.

	Consolidated		
	FIC (i)	**BINV (i)**	**Total**
Balance at December 31, 2017 – restated (*)	60	21	81
Equity pickup	32	8	40
Distribution of dividends and IOE	(12)	-	(12)
Changes in equity of affiliate	(1)	-	(1)
Balance at December 31, 2018	79	29	108
Equity pickup - P&L	**37**	10	47
Distribution of dividends	**(8)**	(2)	(10)
Balance at December 31, 2019	**108**	37	145

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

c) Summarized financial information of affiliates

The affiliates deemed material by the Company for equity pickup calculation are the following:

	FIC		BINV	
Statement of financial position	**12.31.2019**	**12.31.2018**	**12.31.2019**	**12.31.2018**
Current assets	**7,086**	5,691	**640**	474
Noncurrent assets	**51**	59	**-**	-
Total assets	**7,137**	**5,750**	**640**	**474**
Current liabilities	**6,185**	5,031	**563**	416
Noncurrent liabilities	**21**	10	**3**	3
Equity (i)	**931**	709	**74**	55
Total liabilities and equity	**7,137**	5,750	**640**	474
Statement of profit or loss				
Revenues	**1,207**	881	**81**	18
Operating income	**441**	321	**26**	27
Net income	**263**	186	**19**	17

(i) The calculation of the investment considers the 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 investments held by the Company.

11. Property and equipment

a) Accounting policy

Property and equipment items are measured at historical acquisition or construction cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the depreciable amount, applying the straight-line method to the established rates, and takes into account the estimated useful life of the assets, thus reflecting the consumption pattern of future economic benefits incorporated into the asset.

The useful life of assets and depreciation methods are reviewed at every year end and adjusted prospectively. The weighted depreciation and amortization rates that express the useful life of property and equipment items and right of use, respectively, are distributed as follows:

Asset categories	**Estimated weighted average useful life in years 12.31.2019**
Buildings	40
Leasehold improvements	15
Machinery and equipment	10
IT equipment	5
Facilities	13
Furniture and fixtures	13
Vehicles	4

There were no significant changes in the calculation of the weighted average useful life in relation to the previous year.

When directly related to logistics and distribution, depreciation expenses are allocated to the cost of products and subsequently recorded in "Cost of goods and services sold" according to the sale of inventories.

Impairment

Property and equipment items should be recognized at the lower of the book value and the recoverable amount, the former representing the sum of the historical cost and the accumulated depreciation of the asset. The recoverable amount is the higher of the value in use and fair value less costs to sell. If the book value of the asset exceeds the recoverable amount, the excess amount is recognized in P&L for the year.

Any gains or losses from write-off of assets are posted to P&L for the year, under Other operating income (expenses).

The Company tests its P&E items for impairment on an annual basis, assessing the existence of internal or external evidence that the assets are recognized at amounts that exceed their recoverable amount. This evidence is substantially defined by a recurring loss of profitability in cash-generating units and macroeconomic conditions reasonably different from the last impairment assessment carried out, among others.

b) Accounting estimates and assumptions

The Company understands that the Cash-Generating Units (CGU) are represented by its stores, and tests the recoverability of its fixed assets at this level. The test is conducted considering the following stages:

i) The CGUs that recorded a negative gross margin in the last 12 months proceed to the next stage;
ii) The expected cash flow of the CGUs identified for the next 5 years is prepared and the result is compared with the book value;
iii) In the case of own stores with value in use below the book value, the Company requests the assessment of independent experts to obtain the market value of the property.

The EBITDA margin used for the test varies among the CGUs based on the result presented by the CGU in the previous year. The EBITDA margin, sales growth and discount rate used are subject to approval by the Company's Board of Directors. The discount rate used in the impairment test reflects the Company's cost of capital (WACC).

The result of the impairment test, as well as the indices used, are presented in item (e) of this note.

c) Breakdown of balances and changes

	Individual						Consolidated					
	Balance at 12/31/2019			Balance at 12/31/2018 Restated (*)			Balance at 12/31/2019			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**	**(13)**	**7**	19	(12)	7
Leasehold improvements	**1,069**	**(391)**	**678**	992	(334)	658	**1,072**	**(391)**	**681**	995	(334)	661
Machinery and equipment	**225**	**(135)**	**90**	161	(90)	71	**416**	**(264)**	**152**	403	(233)	170
IT equipment	**503**	**(333)**	**170**	440	(271)	169	**506**	**(334)**	**172**	486	(307)	179
Facilities	**152**	**(60)**	**92**	153	(75)	78	**172**	**(68)**	**104**	170	(83)	87
Furniture and fixtures	**311**	**(163)**	**148**	284	(117)	167	**313**	**(165)**	**148**	300	(126)	174
Vehicles	**5**	**(4)**	**1**	4	(4)	-	**17**	**(8)**	**9**	27	(9)	18
Construction in progress	**63**	**-**	**63**	115	-	115	**64**	**-**	**64**	116	-	116
Other	**54**	**(38)**	**16**	47	(30)	17	**55**	**(38)**	**17**	47	(30)	17
	2,409	**(1,132)**	**1,277**	2,222	(929)	1,293	**2,650**	**(1,281)**	**1,369**	2,578	(1,134)	1,444

	Changes in 2018 (Restated) (*)											
	Individual						Consolidated					
	Balance at 12/31/2017	**Additions**	**Write-offs**	**Depreciation**	**Transfers**	**Balance at 12/31/2018**	**Balance at 12/31/2017**	**Additions**	**Write-offs**	**Depreciation**	**Transfers**	**Balance at 12/31/2018**
Land	12	-	-	-	-	12	16	-	(1)	-	-	15
Buildings	9	-	(1)	-	(2)	6	10	-	(1)	(1)	(1)	7
Leasehold improvements	646	-	(27)	(60)	99	658	647	2	(27)	(60)	99	661
Machinery and equipment	70	-	-	(13)	14	71	188	2	(6)	(34)	20	170
IT equipment	109	-	(2)	(39)	101	169	127	1	(4)	(46)	101	179
Facilities	67	-	(1)	(11)	23	78	84	3	(10)	(12)	22	87
Furniture and fixtures	144	-	(2)	(20)	45	167	153	-	(2)	(21)	44	174
Vehicles	1	-	-	-	(1)	-	51	-	(30)	(2)	(1)	18
Construction in progress	118	281	-	-	(284)	115	118	281	-	-	(283)	116
Other	15	-	(2)	(6)	10	17	20	1	(2)	(6)	4	17
	1,191	281	(35)	(149)	5	1,293	1,414	290	(83)	(182)	5	1,444

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (R2) (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a)(i).

	Changes in 2019												
	Individual							Consolidated					
	Balance at 12/31/2018	Additions	Merger	Write-offs (i)	Depreciation	Transfers	Balance at 12/31/2019	Balance at 12/31/2018	Additions	Write-offs	Depreciation	Transfers	Balance at 12/31/2019
Land	12	-	-	-	-	-	12	15	-	-	-	-	15
Buildings	6	3	-	-)	(2)	-	7	7	3	(1)	(2)	-	7
Leasehold improvements	658	10	-	(20)	(69)	99	678	661	10	(20)	(69)	99	681
Machinery and equipment	71	4	24	(4)	(17)	12	90	170	6	(1)	(34)	11	152
IT equipment	169	24	2	(41)	(48)	64	170	179	24	(45)	(51)	65	172
Facilities	78	12	-	(8)	(12)	22	92	87	16	(8)	(13)	22	104
Furniture and fixtures	167	5	3	(30)	(24)	27	148	174	5	(33)	(25)	27	148
Vehicles	-	-	-	1	-	-	1	18	-	(8)	(1)	-	9
Construction in progress	115	173	-	(1)	-	(224)	63	116	172	-	-	(224)	64
Other	17	-	-	(2)	(8)	9	16	17	-	(1)	(8)	9	17
	1,293	231	29	(105)	(180)	9	1,277	1,444	236	(117)	(203)	9	1,369

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (R2) (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a)(i).

d) Classification of depreciation and amortization of Property and equipment and Intangible assets in the statement of profit or loss

In the years ended December 31, 2019 and December 31, 2018, the Company recognized the following depreciation and amortization amounts in the cost of goods and services sold:

	Individual		Consolidated	
	12.31.2019	12.31.2018 Restated (*)	12.31.2019	12.31.2018 Restated (*)
Depreciation and amortization	**42**	36	**65**	68

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (R2) (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a)(i).

e) Impairment tests of property and equipment

The recoverable amount of the CGUs was determined by means of a calculation based on the value in use considering cash projections for the next five years. The following assumptions used in the calculation: (i) growth rate for the five-year period 2020-2024, according to the Company's strategic planning; and (ii) discount rate representing the Company's weighted average cost of capital of 9.75% p.a. The inflation rate of 3.5% p.a. was considered for all periods.

As a result of this analysis, in the year ended December 31, 2019, a reduction due to impairment was recorded in the amount of R$31 (R$1 at December 31, 2018) related to 11 stores.

12. Intangible assets

a) Accounting policy

The Company's intangible assets substantially include goodwill generated in business combinations, brands and advantageous contracts acquired through business combinations, goodwill, software under development or already developed internally, and software purchased from third parties.

Expenses with software development for internal use are recognized as cost of intangible assets, provided that they meet the minimum recognition criteria. Upon initial recognition of intangible assets acquired from third parties, the recognized value is the cost. However, in a business combination, all intangible assets of the investee reliably identified are measured at fair value. The goodwill generated through acquisition of subsidiaries and brands has an indefinite useful life and, therefore, are not amortized due to the perpetuity and/or positive flow of funds that the acquiree will generate for the business. Intangible assets with finite useful lives are amortized using the straight-line method. The respective useful lives are reviewed annually and adjusted prospectively, when applicable.

Intangible assets generated internally and expenses with software development that do not meet the minimum recognition criteria are recorded in P&L for the year, when incurred.

Annually, or whenever there is evidence of uncertainty in the recovery, intangible assets with an indefinite useful life are tested for impairment.

The weighted average useful lives for each class of intangible assets with defined useful life are listed below:

Intangible assets	Estimated weighted average useful life in years 12.31.2019
Goodwill	5
Contractual rights	9
Software and licenses	6
Advantageous contract	17

There were no significant changes in the calculation of the weighted average useful life in relation to the previous year.

b) Accounting estimates and assumptions

According to the accounting practice described above, the Company conducts annual tests to check whether the book value of goodwill due to acquisition of investments in subsidiaries should be adjusted to bring it to its recoverable amount. The Company uses assumptions based on its strategic planning and market indicators to assess the recoverability of this goodwill. The result of the impairment test, as well as the indices used, are presented in item (d) of this note.

c) Breakdown of balances and changes

	Individual						Consolidated					
	Balance at 12/31/2019			Balance at 12/31/2018 Restated (*)			Balance at 12/31/2019			Balance at 12/31/2018 Restated (*)		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill (i)	**-**	**-**	**-**	-	-	-	**627**	**-**	**627**	627	-	627
Software under development	**181**	**-**	**181**	280	-	280	**181**	**-**	**181**	295	-	295
Software and licenses	**573**	**(282)**	**291**	386	(152)	234	**578**	**(284)**	**294**	577	(308)	269
Contractual rights (ii)	**251**	**(177)**	**74**	251	(142)	109	**251**	**(178)**	**73**	251	(142)	109
Trademarks and patents (iii)	**-**	**-**	**-**	-	-	-	**46**	**-**	**46**	46	-	46
Advantageous contract (iv)	**-**	**-**	**-**	-	-	-	**36**	**(13)**	**23**	36	(11)	25
Commercial rights (v)	**68**	**(67)**	**1**	68	(66)	2	**68**	**(67)**	**1**	68	(66)	2
	1,073	**(526)**	**547**	985	(360)	625	**1,787**	**(542)**	**1,245**	1,900	(527)	1,373

	Changes in 2018 (Restated) (*)											
	Individual						Consolidated					
	Balance at 12/31/2017	Additions	Write-offs	Amortization	Transfers	Balance at 12/31/2018	Balance at 12/31/2017	Additions	Write-offs	Amortization	Transfers	Balance at 12/31/2018
Goodwill (i)	-	-	-	-	-	-	627	-	-	-	-	627
Software under development	101	347	-	-	(168)	280	108	373	(5)	-	(181)	295
Software and licenses	128	-	(24)	(32)	162	234	206	1	(24)	(89)	175	269
Contractual rights (ii)	145	-	-	(36)	-	109	145	-	-	(36)	-	109
Trademarks and patents (iii)	-	-	-	-	-	-	46	-	-	-	-	46
Advantageous contract (iv)	-	-	-	-	-	-	28	-	-	(3)	-	25
Commercial rights (v)	2	-	-	(1)	1	2	2	-	-	(1)	1	2
	376	347	(24)	(69)	(5)	625	1,162	374	(29)	(129)	(5)	1,373

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (R2) (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a).

	Changes in 2019												
	Individual							Consolidated					
	Balance at 12/31/2018	Additions	Merger	Write-offs	Amortization	Transfers	Balance at 12/31/2019	Balance at 12/31/2018	Additions	Write-offs	Amortization	Transfers	Balance at 12/31/2019
Goodwill (i)		-	-	-	-	-	-	627	-	-	-	-	**627**
Software under development	280	**172**	**7**	**(5)**	**-**	**(273)**	**181**	295	**179**	**(8)**	**-**	**(285)**	**181**
Software and licenses	234	**20**	**25**	**(158)**	**(94)**	**264**	**291**	269	**20**	**(159)**	**(112)**	**276**	**294**
Contractual rights (ii)	109	**-**	**-**	**-**	**(35)**	**-**	**74**	109	**-**	**-**	**(36)**	**-**	**73**
Trademarks and patents (iii)	-	**-**	**-**	**-**	**-**	**-**	**-**	46	**-**	**-**	**-**	**-**	**46**
Advantageous contract (iv)	-	**-**	**-**	**-**	**-**	**-**	**-**	25	**-**	**-**	**(2)**	**-**	**23**
Commercial rights (v)	2	**-**	**-**	**-**	**(1)**	**-**	**1**	2	**-**	**-**	**(1)**	**-**	**1**
	625	**192**	**32**	**(163)**	**(130)**	**(9)**	**547**	1,373	**199**	**(167)**	**(151)**	**(9)**	**1,245**

(i) Goodwill: The Company records goodwill for expectation of future profitability resulting from the acquisition of Bartira in 2013, in the amount of R$627.
(ii) Contractual rights: The Company's contractual rights refer to re-acquisition of insurance intermediation rights and extended warranty. The useful lives of these assets were established based on the end date of the re-acquired rights.
(iii) Trademarks and patents: As a result of Bartira's business combination, a value for this brand was recognized in the amount of R$46 based on the royalties relief methodology, which represents the remuneration that would be adopted in the market for the use of the brand had it not been acquired.
(iv) Advantageous contract: As part of Bartira's business combination, the property used by Bartira is leased from the lessor Casa Bahia Comercial Ltda. The measurement was made using information from comparable transactions in the market.
(v) Commercial rights: Refers to amounts paid to former owners of commercial points.

d) Impairment testing of intangible assets

For intangible assets with defined useful lives, the Company assesses the existence of evidence that may indicate that their book value is no longer recoverable through use. The recoverable amount was calculated based on the value in use, which was determined in relation to the cash-generating unit to which these intangible assets were linked. In the year ended December 31, 2018, no impairment loss was recorded.

The Company analyzes, at least annually, if there is any indication that intangible assets with a defined useful life are not capable of generating future economic benefits through the generation of revenue from sales of products or services, cost reduction, or other benefits resulting from the use of the asset by the Company.

In the year ended December 31, 2019, management carried out an analysis together with its information technology department about whether the projects in question were economically feasible. The cases in which it was not likely that intangible assets would be able to generate economic benefits and/or that their maintenance was not in line with the new Company management's strategy were discontinued. As a consequence, balances recorded until then were reduced to their recoverable value, which resulted in a write down to P&L of R$142.

To determine the recoverable amount of intangible assets related to Bartira's business combination (goodwill due to acquisition of subsidiary, brand and advantageous contract), their respective amounts were allocated to the single segment reported by the Company. The strategic acquisition of Bartira was made with the objective of enabling a continuous supply of furniture, an important category of sales for the Company in both businesses, as well as leveraging the flow of customers to the stores, strongly benefiting all other product categories. Thus, the goodwill impairment test was carried out considering the future cash flows projected for the next 10 years of Via Varejo based on the Company's business plan, which is structured so as to show the realization of the assets in this period.

To determine the recoverable amount, four main assumptions were used in the preparation of the test: (i) growth rate for the five-year period 2020-2024, according to the Company's strategic planning; (ii) real sales growth rate (less inflation) of 1.5% from the sixth to the tenth year; (iii) discount rate representing the Company's weighted average cost of capital of 9.75% p.a.; and (iv) stability of the EBITDA margin as from the fourth year. Perpetuity was calculated considering the same assumptions as the previous period. This analysis did not indicate the need to recognize losses on this asset.

The Company conducted a sensitivity test reducing the growth rate by 20%, increasing the discount rate to 11.7% (equivalent to a 20% increase) and reducing EBITDA margin by 1%. This analysis did not indicate the need to recognize losses on this asset either.

13. Loans and financing

a) Breakdown of balances

	Rate	Individual		Consolidated	
		12.31.2019	12.31.2018 Restated (*)	12.31.2019	12.31.2018 Restated (*)
CDCI (i)	6.40% p.a.	**3,746**	3,400	**3,746**	3,400
Promissory notes (ii)	5.18% p.a.	**1,528**	502	**1,528**	502
Foreign currency loans (iii)	4.17% p.a.	**127**	395	**127**	395
Debentures (iv)	5.20% p.a.	**500**	-	**500**	-
Financial instruments – fair value hedge		**-**	6	**-**	6
Other		**-**	18	**-**	22
		5,901	4,321	**5,901**	4,325
Current		**4,944**	3,356	**4,944**	3,357
Noncurrent		**957**	965	**957**	968
Financial instruments – fair value hedge - assets	4.5% p.a.	**2**	-	**2**	-
Total loans and financing, net		**5,899**	4,321	**5,899**	4,325

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (R2) (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a).

(i) CDCI

Direct Consumer Credit with Seller Intervention (CDCI) operations correspond to the financing of sales in installments to customers, through financial institutions (see Note 6(b)(ii)). The rates are fixed for each contract entered into. In the year ended December 31, 2019, the weighted average of the rates adopted by financial institutions for CDCI operations was 6.40% p.a. (7.78% p.a. as of December 31, 2018).

(ii) Promissory notes

On December 12, 2018, the Company made the 1st issue of commercial promissory notes, in a single series. The Company issued five notes with a nominal unit value of R$100 and maturity in February 2020, which were publicly distributed with restricted placement efforts pursuant to CVM Ruling No. 476/2009. Through the 4th issue of debentures, according to item (iv) below, the total early redemption of promissory notes was made on December 27, 2019.

On September 10, 2019, the Company made the 2nd issue of commercial promissory notes, in a single series. The Company issued 1,500 (one thousand five hundred) notes with a nominal unit value of R$1, which were publicly distributed with restricted placement efforts pursuant to CVM Ruling No. 476/2009. The amounts raised will be used to optimize cash flow in the ordinary course and management of the Company's business. The promissory notes mature in September 2020.

(iii) Foreign and local currency loans

The Company uses swap operations of 100% of borrowings taken out in US dollar and fixed interest rates and, where applicable, floating interest rates, as well as transactions in local currency at fixed interest rates, exchanging these obligations for the Real linked to the CDI interest rates (floating). Swap operations are contracted with the same financial conglomerate and currency of the corresponding loans, and are recorded under Financial instruments - fair value hedge, according to the net value determined for each instrument. These contracts have the same terms and dates for payment of interest and principal.

(iv) Debentures

On December 23, 2019, the Company made the 4th issue of simple, non-convertible debentures in a single series. The Company issued 500,000 (five hundred thousand) notes with a nominal unit value of R$1,000.00 (one thousand reais), which were publicly distributed with restricted placement efforts pursuant to CVM Ruling No. 476/2009. The debentures mature in two years from the issue date, and the funds raised were used to extend the Company´s debt maturity profile.

b) Changes

The table below shows the changes in the cash flow financing activities.

	Individual	Consolidated
Balance at December 31, 2017 – restated (*)	3,516	4,087
Cash flows from financing activities		
Funds raised (i)	5,818	5,818
Repayment (i)	(4,976)	(5,585)
Repayment of lease	-	-
Settlement – swap contract	-	45
Payment of interest (i)	(306)	(328)
Payment of interest on lease	-	-
Payment of interest on swap	(3)	(5)
Non-cash changes		
Interest incurred (i)	269	286
Swap	7	(22)
Exchange differences	(3)	30
Mark to market	(1)	(1)
Balance at December 31, 2018	4,321	4,325
Balance at December 31, 2018 – restated (*)	4,321	4,325
Cash flows from financing activities		
Funds raised (ii)	7,615	7,615
Repayment (ii)	(6,056)	(6,057)
Payment of interest (ii)	(292)	(292)
Payment of interest on swap	(13)	(13)
Merger of Cnova	3	-
Non-cash changes		
Interest incurred (ii)	306	306
Swap	6	6
Exchange differences	7	7
Mark to market	2	2
Balance at December 31, 2019	**5,899**	**5,899**

(i) In 2018, the amounts related to CDCI operations included funding of R$4,920, repayments of R$4,954, payment of interest of R$288, and interest incurred of R$256.

(ii) In 2019, the amounts related to CDCI operations included funding of R$5,344, repayments of R$4,993, payment of interest of R$240, and interest incurred of R$234.

c) Maturity of loans and financing recognized in noncurrent liabilities

Year	Individual	Consolidated
2021	456	456
2022	501	501
Total	**957**	**957**

d) Covenants

The Company constantly monitors significant indicators, such as the Consolidated Financial Leverage Index, which is total net debt divided by Earnings Before Interest, Tax, Depreciation and Amortization Adjusted (Adjusted EBITDA).

Promissory notes and debentures

The maintenance of the contractual maturity of promissory notes and debentures at their original maturities is subject to observance of covenants, which are being regularly complied with. The key covenant compliance indicators are the following:

Covenants on net debt:

(i) Adjusted net debt not to exceed Equity and
(ii) Ratio between adjusted net debt and adjusted EBITDA for verification related to all quarters

In the period ended December 31, 2019, the Company fully complied with all covenants related to loans and financing.

14. Financial risk management

When it is not possible to obtain the fair value of derivatives and other financial instruments in active markets, the fair value recorded in the financial statements is determined according to the hierarchy established by accounting pronouncement CPC 46 (IFRS 13) - Fair value measurement, which establishes certain valuation techniques. The information for these models is obtained, whenever possible, from observable markets or information from comparable market operations and transactions. The judgments include an examination of the information, such as liquidity risk, credit risk and volatility. Any changes in assumptions related to these factors may affect the fair value of financial instruments.

The fair value of financial instruments actively traded on organized markets is determined based on market prices and on the statement of financial position dates. In the case of financial instruments not actively traded, the fair value is based on valuation techniques defined by the Company and compatible with usual market practices. These techniques include the use of recent market transactions between independent parties, benchmarking of the fair value of similar financial instruments, analysis of discounted cash flow, or other valuation models.

a) Breakdown of financial instruments

The key financial instruments and related amounts recorded in the financial statements, by category, are as follows:

	Individual		Consolidated	
	12.31.2019	**12.31.2018 Restated (*)**	**12.31.2019**	**12.31.2018 Restated (*)**
Financial assets				
Amortized cost				
Cash and cash equivalents	**1,320**	2,989	**1,364**	3,711
Trade accounts receivable (except credit card companies)	**2,473**	2,115	**2,474**	2,329
Transactions with related parties	**237**	1,489	**262**	322
Fair value through other comprehensive income				
Credit card companies	**3,004**	1,114	**3,004**	1,656
Fair value through profit or loss				
Financial instruments – fair value hedge	**2**	-	**2**	-
Financial liabilities				
Trade accounts payable	**(7,232)**	6,956	**(7,278)**	8,652
Trade accounts payable – agreement	**(647)**	(291)	**(647)**	(421)
Loans and financing	**(5,774)**	(3,920)	**(5,774)**	(3,924)
Lease liabilities	**(4,543)**	(4,137)	**(4,583)**	(4,300)
Transactions with related parties	**(121)**	(320)	**(119)**	(159)
Transfer to third parties	**(515)**	(535)	**(515)**	(540)
Fair value through profit or loss				
Loans and financing	**(127)**	(395)	**(127)**	(395)
Financial instruments – fair value hedge	**-**	(6)	**-**	(6)

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (R2) (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a)(i).

The Company's treasury operations are regularly reported to the Financial Committee, the Board of Directors' advisory body, and, if necessary, directly to the Board of Directors, which approves the policies to be followed by the Company's treasury. The most significant risks to which the Company is exposed are related to market risks arising from changes in basic interest rates, exchange differences, liquidity and credit risks. The Company monitors such risks and the respective impacts on financial projections.

b) Market risk

To calculate the sensitivity analysis, the interest rate risk for asset and liability balances presented by the Company at December 31, 2019 is the increase in the CDI percentage, since the total balance of loans and financing exceeded the balance of short-term investments indexed to the same interest rate type.

(i) Basic interest rate

The Company raises loans and financing in local currency from the major financial institutions, at fixed and floating rates, among which the CDI, to cover working capital and investment needs. Likewise, the Company makes short-term investments by reference to the CDI as part of its cash management strategy.

The sensitivity analysis prepared considered an estimate of the net effect on P&L for the next 12 months. Three scenarios were considered. In scenario I, the annual interest rate was defined based on the CDI curve obtained from B3 for the maturity dates of operations, limited to 12 months, at the rate of 4.47% p.a. Scenarios II and III considered interest rate increases of 25% and 50%, respectively.

The table below shows analysis of interest rate risk sensitivity, with the possible net impact on P&L for each of the scenarios:

Transaction	Risk	Consolidated	Sensitivity analysis		
		Balance at 12.31.2019	Scenario I	Scenario II	Scenario III
Short-term investments	CDI increase	1,228	44	55	66
Bank loans (*)	CDI increase	2,028	(158)	(200)	(243)
Impact on P&L - expense			**(114)**	**(145)**	**(177)**

(*) Does not include CDCI loan agreements as these are subject to fixed interest rates. The sensitivity analysis of the derivative financial instrument is presented below.

(ii) Exchange rate and interest on foreign currency loans

n July 2018, the Company took out a new foreign currency loan (US dollars) at fixed interest rate. Accordingly, it is exposed solely to the risk of exchange variation due to the contracted debt. The Company uses swap of 100% of the borrowings in U.S. dollars and fixed interest rates, exchanging these obligations for the Real, linked to the fixed interest rates plus CDI variation.

The Company has loans in foreign currency protected by a swap contract, as described below:

Counterparty	Contract date		Contract date	Maturity date	Individual and consolidated	
	Reference amount US$ million	Reference amount R$ million			Fair value 12.31.2019	Fair value 12.31.2018
Santander	(72)	(281)	07/06/2018	07/05/2019	**-**	(279)
Itaú	(30)	(117)	07/06/2018	01/15/2020	(127)	(116)
	(102)	**(398)**			**(127)**	(395)
Swap contracts						
Long position	102	398			127	395
Short position	(102)	(398)			(125)	(401)
Net swap position	-	-			**2**	(6)

Derivative financial instruments and financial instruments designated as hedged items were accounted for at fair value.

The Company calculates the effectiveness of hedge operations when contracted, on an ongoing basis. At December 31, 2019, the hedge operations contracted were effective in relation to the debts covered. Therefore, no adjustment was recorded in P&L as a result of the effectiveness test.

Gains and losses on swap contracts, whether realized or not, are recorded as Finance income (costs), net. The balance receivable or payable, at fair value, is recorded as Financial instruments - fair value hedge, according to the net value of the respective instrument. In the year ended December 31, 2019, the Company recognized loss on foreign currency swap contracts of R$4 (loss of R$9 as of December 31, 2018) in P&L.

To measure the estimated net impact on P&L for the next 12 months arising from currency risks, the Company prepares an exposure sensitivity analysis based on the currency risk of the foreign currency loan and the CDI of the swap contract, considering three scenarios.

The following assumptions were adopted for scenario 1: (i) the annual interest rate was defined based on the CDI curve obtained from B3 for the loan maturity dates, limited to 12 months, at 4.50% p.a. and (ii) the exchange rate was set at R$4.08 based on the future dollar quote traded on B3 for the contract maturity date, limited to 12 months. In scenarios II and III, 25% and 50% were projected, respectively, with reduction of the CDI and appreciation of the dollar rate.

The table below shows analysis of currency risk sensitivity, with the possible net impact on P&L for each of the scenarios:

		Consolidated			
		Balance at	Sensitivity analysis		
Transaction	**Risk**	**12.31.2019**	**Scenario I**	**Scenario II**	**Scenario III**
Debt in USD	Dollar appreciation	(127)	(2)	(35)	(67)
Swap (long position in USD)	Dollar appreciation	127	2	35	67
Swap (short position in USD)	CDI decrease	(125)	(1)	(1)	(1)
Impact on P&L - expense			**(1)**	**(1)**	**(1)**

c) Liquidity risk

The Company adopts the policy of maintaining sufficient short-term investments, loans and credit lines to meet short- and long-term cash needs. The Company regularly monitors cash forecasts that include, in the respective maturities, the settlement of contracted financial assets and liabilities. The Company's Treasury maintains sufficient credit lines to meet the expected working capital needs. Sensitivity analyses are carried out on a regular basis to assess the impact on the Company's liquidity position, in case the existing credit lines 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 until the maturity of the financial liabilities. Accordingly, the balances presented may not match the statements of financial position balances.

	12.31.2019							
	Individual				Consolidated			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade accounts payable	7,232	-	-	7,232	7,278	-	-	7,278
Trade accounts payable – agreement	653	-	-	653	653	-	-	653
Loans and financing	5,134	993	-	6,127	5,134	993	-	6,127
Derivative financial instruments – fair value hedge	(4)	-	-	(4)	(4)	-	-	(4)
Lease liabilities	999	3,888	1,673	6,560	1,007	3,922	1,703	6,632
Transactions with related parties	121	-	-	121	119	-	-	119
Transfer to third parties	515	-	-	515	515	-	-	515
	14,650	4,881	1,673	21,204	14,702	4,915	1,703	21,320

d) Credit risk

The Company is exposed to credit risk for cash and cash equivalents held with financial institutions, in the position of accounts receivable generated in commercial transactions, as well as in non-recurring transactions, such as sale of non-financial assets.

To minimize credit risk in relation to cash and cash equivalent balances, the Company adopts policies that restrict the banking relationship in financial institutions validated by the Financial Committee and approved by the Board of Directors. Transactions are conducted with first-tier banks only. This policy also establishes monetary limits and concentration of risks that are regularly updated.

The credit risk is mitigated for accounts receivable balances as a significant portion of the Company's sales takes place with credit cards, which are substantially securitized with the credit card companies. Sales financed through Direct Consumer Credit with Seller Intervention (CDCI) are credit lines acquired from Bradesco, Safra and Banco do Brasil, with the objective of customer financing with the Company's intervention. Under this method, the Company holds the credit risk, adopting careful procedures when granting the credit. The balance receivable from customers is dispersed, with no representative individual amounts.

Estimates of loss due to non-recovery of financial assets are calculated according to the Company's accounting policy, described in Note 6(a) . Balances of these estimates, presented at December 31, 2019 and 2018, were considered sufficient by management to cover possible losses on the receivables portfolio.

e) Capital management

The objective of the Company management is to ensure an adequate credit risk rating, in addition to a well-established proportion of third-party capital, in order to support the business and maximize shareholder's value. The Company manages the capital structure and monitors the financial position considering changes in economic conditions. The Company is not subject to any capital requirements by regulatory agencies.

	Consolidated			
	12.31.2019		12.31.2018 Restated (*)	
Assets (liabilities)	**With CDCI**	**Without CDCI**	**With CDCI**	**Without CDCI**
Cash and cash equivalents	**1,364**	**1,364**	3,711	3,711
Loans and financing	**(5,901)**	**(2,155)**	(4,319)	(919)
Financial instruments – fair value hedge (assets)	**2**	**2**	(6)	(6)
Trade accounts payable – agreement (i)	**(647)**	**(647)**	(421)	(421)
Net cash (debt)	**(5,182)**	**(1,436)**	(1,035)	2,365
Equity	**578**	**578**	1,999	1,999
Net debt ratio	**(8.97)**	**(2.48)**	(0.52)	1.18

(*) The balances were restated due to first-time adoption of accounting standard CPC 06 (IFRS 16) - Leases, as of January 1, 2019. See more details in Note 3 (a)(i).

(i) Trade accounts receivable - agreement: these refer to financial liabilities characterized by the anticipation of payments to suppliers, through financial institutions, whose maturities have been postponed. Due to the characteristics of commercial negotiation of deadlines between suppliers and the Company, these financial liabilities were included in programs for anticipating resources through the Company's credit lines with financial institutions, at the implied financial cost of 6.18% p.a. as of December 31, 2019 (7.37% p.a. as of December 31, 2018). The Company understands that this transaction is of a specific nature and classifies it separately from Trade accounts payable.

f) Fair value measurement

At December 31, 2019, the Company maintained certain financial assets and liabilities, for which the disclosure of the measurement at fair value is required in accordance with CPC 40 (IFRS 7), shown in the table below:

	12.31.2019			
	Individual		Consolidated	
	Book value	**Fair value**	**Book value**	**Fair value**
Amortized cost				
Consumer financing - CDCI (i)	**2,529**	**2,745**	**2,529**	**2,745**
Loans and financing – CDCI (ii)	**(3,746)**	**3,764**	**(3,746)**	**3,764**
Fair value through profit or loss				
Loans and financing – local and foreign currency (ii)	**(127)**	**(127)**	**(127)**	**(127)**
Swap contracts (ii)	**2**	**2**	**2**	**2**
Fair value through other comprehensive income				
Credit card companies (ii)	**3,004**	**3,004**	**3,004**	**3,004**

(i) Consumer financing contracts (CDCI) are classified at level 3, as non-observable data is used for fair value measurement. For this calculation, the Company used as assumption the CDCI receivables portfolio and the expectation of loss on the notes, as well as the average discount rate of trade notes.

(ii) Loans and financing – CDCI, Foreign currency loans, Financial Instruments – fair value hedge and Credit card companies are classified at level 2, as readily observable market inputs are used, such as interest rate forecasts, spot and future exchange rate parity quotes, and negotiations with independent parties.

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

The Company's financial instruments are not traded on organized markets and will be held until their maturity, except for the financial assets of Credit card companies.

15. Taxes payable

a) Accounting policy

The balances of taxes payable are stated net between the total amount due and the balance recoverable related to each tax: Value-Added Tax on Sales and Services ("ICMS"); Service Tax ("ISS"); Contribution Tax on Gross Revenue for Social Integration Program ("PIS"); Contribution Tax on Gross Revenue for Social Security Financing ("COFINS"); Corporate Income Tax ("IRPJ"); Social Contribution Tax on Net Profit ("CSLL"); in addition to taxes that the Company needs to withhold on certain activities, such as rents and services taken, among others.

b) Breakdown of balances

	Individual		Consolidated	
	12.31.2019	**12.31.2018**	**12.31.2019**	**12.31.2018**
ICMS payable	**166**	103	**167**	125
Special Tax Settlement Program (PERT) (i)	**27**	29	**27**	29
Withholding Income Tax (IRRF) payable	**19**	17	**19**	19
Income and social contribution taxes payable	**-**	-	**1**	2
Other	**7**	7	**9**	18
	219	156	**223**	193
Current	**194**	126	**198**	163
Noncurrent	**25**	30	**25**	30

(i) The Company enrolled with the Special Tax Settlement Program ("PERT") established by Provisional Executive Order ("MP") No. 783/2017, which allows the settlement of debts with the Brazilian Internal Revenue Service ("SRFB") and the Brazilian General Attorney's Office of the National Treasury ("PGFN").

16. Current and deferred income and social contribution taxes

a) Accounting policy

(i) Current income and social contribution taxes

Income and social contribution taxes for the year are calculated at 15%, plus 10% surtax on taxable income exceeding R$240 thousand for income tax and 9% on taxable income for social contribution tax on net profit, and take into consideration the offset of income and social contribution tax losses, limited to 30% of taxable profit for the year.

(ii) Deferred income and social contribution taxes

Deferred income and social contribution taxes are recognized on temporary differences between asset and liability balances stated in the financial statements and the corresponding tax bases used to calculate taxable income, including the balance of income and social contribution tax losses not time barred by statute. Deferred tax liabilities are generally recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences only when it is probable that the future tax base will be at an amount sufficient to absorb deductible temporary differences.

The likelihood of recovery of deferred tax assets is reviewed at each year end and, when future tax bases are no longer likely to be available for total or partial tax recovery, the asset balance is reduced to the amount expected to be recovered.

Deferred tax assets and liabilities are mutually offset only when there is a legal right to offset, when they are related to taxes administered by the same tax authority and the Company intends to settle the net amount of its current tax assets and liabilities.

b) Reconciliation of income and social contribution tax revenue (expense)

	Individual		Consolidated	
	12.31.2019	12.31.2018 Restated (*)	12.31.2019	12.31.2018 Restated (*)
Income (loss) before taxes	**(1,991)**	(388)	**(2,004)**	(424)
Income and social contribution taxes at the statutory rate of 34%	**677**	132	**681**	144
Equity pickup	**(72)**	(55)	**16**	14
Temporary differences and tax loss recognized (i)	**-**	-	**-**	59
Unrecognized tax loss (i)	**-**	-	**(83)**	(106)
Other permanent differences	**(47)**	20	**(43)**	22
Fair value adjustment of financial instruments	**7**	(3)	**4**	4
Effective income and social contribution taxes	**565**	94	**575**	137
Current taxes recognized in P&L	**(2)**	29	**(5)**	8
Deferred taxes recognized in P&L	**560**	68	**576**	125
Income and social contribution tax revenue (expense)	**558**	97	**571**	133
Deferred taxes recognized in OCI	**7**	(3)	**4**	4
	565	94	**575**	137

(*) The balances were restated due to the first-time adoption of accounting pronouncement CPC 06 (IFRS 16) - Leases, as of January 1, 2019. See further information in Note 3 (a).

(i) Subsidiary Cnova Brasil did not recognize deferred tax assets resulting both from income and social contribution tax losses and from temporary differences, since there is no expectation for realization of such assets. From September 30, 2018 onwards, 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 split-off and merger of this subsidiary's operations into Via Varejo, approved by management. At December 31, 2019, unrecognized deferred income and social contribution taxes in the statement of financial position relating to tax loss carryforwards amounted to R$521 (R$438 at December 31, 2018).

c) Breakdown of deferred income and social contribution taxes

	Individual		Consolidated	
	12.31.2019	12.31.2018 Restated (*)	12.31.2019	12.31.2018 Restated (*)
Provision for contingencies	**547**	268	**561**	284
Allowance for doubtful accounts	**166**	143	**166**	168
Income and social contribution tax losses	**352**	74	**407**	128
Provision for current expenses	**40**	92	**41**	99
Provision for estimated losses with property and equipment and inventory	**121**	40	**121**	61
Lease	**297**	242	**300**	274
Other	**38**	38	**38**	48
Total deferred tax assets	**1,561**	897	**1,634**	1,062
Depreciation and amortization of property and equipment and intangible assets	**(130)**	(120)	**(140)**	(143)
PPA Bartira	**-**	-	**(27)**	(31)
Other	**-**	-	**(6)**	(6)
	(130)	(120)	**(173)**	(180)
	1,431	777	**1,461**	882
Deferred tax assets	**1,431**	777	**1,467**	888
Deferred tax liabilities	**-**	-	**(6)**	(6)

(*) The balances were restated due to the first-time adoption of accounting pronouncement CPC 06 (IFRS 16) - Leases, as of January 1, 2019. See further information in Note 3 (a).

Deferred income and social contribution taxes are stated in the statement of financial position for the net amount, by taxpaying entity, as follows:

	Individual		Consolidated	
	12.31.2019	12.31.2018	12.31.2019	12.31.2018
Deferred tax assets	**1,431**	777	**1,467**	888
Deferred tax liabilities	**-**	-	**(6)**	(6)

d) Expected realization of deferred income and social contribution taxes

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 within a maximum period of ten years, in addition to expected realization of deductible temporary differences, as follows:

At December 31, 2019	Individual	Consolidated
2020	579	588
2021	224	234
2022	228	239
2023	74	82
2024	98	106
Above 5 years	358	385
	1,561	**1,634**

17. Provision for contingencies

a) Accounting policy

So that the provisions for contingencies reflect the best estimate of future disbursements, legal proceedings are assessed by management to estimate the potential loss of each proceeding. This analysis takes into consideration legal opinions issued by legal advisors in addition to the history of the Company's proceedings and related payments. Provisions are recognized for all proceedings that were analyzed and considered as probable loss, or based on the history of losses, in the case of part of labor, social security and civil proceedings.

The provisions for contingencies are presented in accordance with the amounts of the proceedings and do not consider the balances of judicial deposits, as they are classified in assets, given that the conditions required to present them net with the provision do not exist. In addition, in the case of success fees, the Company's practice is to record the provision when the proceedings are handed down a res judicata decision.

b) Accounting estimates and assumptions

The Company is a party to legal and administrative tax, labor, social security and civil proceedings that are classified according to the risk of loss: probable, possible and remote. The analysis regarding the likelihood of loss is carried out by management supported by external legal advisors and duly corroborated by the legal department. The assessment of the likelihood of loss includes the analysis of available evidence, the hierarchy of laws, available case law, most recent court decisions and their relevance in the legal system.

Provisions for tax proceedings are recognized for all lawsuits whose likelihood of loss is assessed as probable. Accordingly, the Company set up provisions deemed sufficient to cover losses, if any, on legal and administrative proceedings.

Provisions for labor and civil contingencies are calculated based on the history of losses over the entire mass of lawsuits, using the percentage of success for each type of claim, and the average amount of losses per employee positions or type of proceeding.

In addition, regarding collective proceedings and those that have characteristics that differentiate them from the proceedings contained in the mass, the Company analyzes the individual risk (of each proceeding). In practice, an independent office is engaged for each proceeding, which analyzes and calculates the risks to which the Company is exposed. This amount is provisioned according to the procedural moment and considering the likelihood of loss, and, when there are decisions in the records and, when the provision is necessary, the amount provisioned is calculated based on the proceedings' settlement amount.

Balances and changes

	Individual			
	Tax (i)	**Social security and labor (ii)**	**Civil and other (iii)**	**Total**
Balance at December 31, 2017	112	935	127	1,174
Additions	11	862	149	1,022
Payments	(1)	(717)	(78)	(796)
Reversals	(11)	(472)	(110)	(593)
Monetary restatement	3	78	15	96
Balance at December 31, 2018	114	686	103	903
Additions	1	1,969	398	2,368
Payments	-	(1,010)	(112)	(1,122)
Merger of Cnova	-	2	29	31
Reversals	(108)	(234)	(106)	(448)
Monetary restatement	(5)	62	10	67
Balance at December 31, 2019	**2**	**1,475**	**322**	**1,799**

	Consolidated			
	Tax (i)	**Social security and labor (ii)**	**Civil and other (iii)**	**Total**
Balance at December 31, 2017	112	952	175	1,239
Additions	47	896	264	1,207
Payments	(1)	(738)	(161)	(900)
Reversals	(12)	(490)	(170)	(672)
Monetary restatement	3	80	20	103
Balance at December 31, 2018	149	700	128	977
Additions	1	2,004	413	2,418
Payments	-	(1,025)	(112)	(1,137)
Reversals	(108)	(239)	(117)	(464)
Monetary restatement	(3)	63	11	71
Balance at December 31, 2019	**39**	**1,503**	**323**	**1,865**

(i) Tax

Tax proceedings are subject, by law, to monthly restatement, calculated based on index used by each tax jurisdiction. In all proceedings, both interest charges and fines on unpaid amounts, when applicable, were fully computed and provisioned.

At March 31, 2019, the Company reversed the provision for the tax proceeding related to PIS and COFINS credits on advertising expenses, in the amount of R$108. The Company demonstrated, through technical studies, the essentiality of these expenses on sales performance in recent years. In addition, the Company relies on recent opinions of the Federal Supreme Court of Brazil ("STJ") and on the opinion of its external legal advisors, who classify the risk of loss as possible.

At December 31, 2019, significant tax proceedings provisioned refer to PIS/COFINS credit amounting to R$38, whose offset was not approved. The provision was recorded based on the assessment of external advisors and corroborated by management.

(ii) Social security and labor

The Company is a party to various labor claims relating to employee severance, as result of ordinary turnover of its business. At December 31, 2019, the Company maintained a provision in the amount of R$1,503 (R$700 at December 31, 2018).

The Company has 28,180 ongoing labor claims at December 31, 2019 (31,472 at December 31, 2018). The provision for labor contingencies is calculated based on effective historical losses applied to the total ongoing claims per position.

Considering the constant monitoring of labor claim development, an increase in the average ticket and rate of origin of these claims was detected and, for this reason, the Company considered necessary to change the calculation methodology in the year ended December 31, 2019, to cover the amounts expected to be spent in the coming years for settlement of these claims. Therefore, in addition to the provision set up for individual lawsuits that are calculated based on the history of losses over the entire mass of lawsuits, the Company started to carry out an individual analysis of all collective claims filed by the Unions or by the Labor Prosecution Office and those that present characteristics that differentiate them from the lawsuits contained in the mass. In practice, for each of these claims, an independent office analyzes the risks and calculates the expected losses, considering the outcome of the claims in the courts. This amount is provisioned according to the procedural moment and likelihood of loss indicated by the Company's internal and external legal advisors and, when there are already leading decisions in the records, the amount provisioned is in accordance with the settlement of decisions.

(iii) Civil and other

The Company also figures as a defendant in civil proceedings. Significant proceedings are:

- Proceedings requesting the renewal of store rent, in which the Company is required to pay provisional rent amounts until a final and unappealable decision on the litigation. During the trial period of proceedings, the Company recognizes a provision based on the difference between the amount paid as provisional rent and the amounts claimed by the lessors. At December 31, 2019, this provision totaled R$44 (R$45 at December 31, 2018);
- Proceedings involving consumer relations law: The Company has 41,471 ongoing civil proceedings at December 31, 2019 (40,687 at December 31, 2018). The provision is calculated based on effective historical losses, per type of proceeding, applied to the total ongoing proceedings. At December 31, 2019, this provision totaled R$282 (R$83 at December 31, 2018). Worth highlighting that the increase in the balance of provision for Civil contingencies derived from the changes implemented in the calculation methodology: (i) restatement of average ticket used to calculated the proceedings contained in the mass; (ii) collective proceedings and those that have characteristics that differentiate them from the proceedings contained in the mass began to be analyzed individually. In practice, an independent office started to be engaged to calculate and analyze the risks to which the Company may be exposed, and the related amount is provisioned according to the procedural moment.

c) Contingent liabilities

(i) The Company is a party to other contingencies that were analyzed by legal advisors and assessed as possible loss which, therefore, are not provisioned, totaling R$2,007 at December 31, 2019 (R$1,699 at 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, 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 advertising expenses and card administration fees; and (iv) other proceedings of less materiality. The amount involved in referred to proceedings at December 31, 2019 is approximately R$722 (R$637 at December 31, 2018).

- ICMS, ISS and Real Estate Tax ("IPTU"): (i) administrative and legal proceedings resulting from ISS not levied on amounts deemed by the municipal tax authorities as service revenue; (ii) tax delinquency notices arising from alleged differences upon crosschecking the information filed with the state finance departments, and ICMS not levied on rendering 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; and (iv) other proceedings of less materiality. The amount involved in referred to proceedings at December 31, 2019 is approximately R$955 (R$915 at December 31, 2018).

- Mandala goodwill: tax delinquency notice due to the deduction of amortization charges in 2012 and 2013 relating to goodwill arising from the acquisition of Ponto Frio in calendar year 2009. The restated amount of the tax delinquency notice corresponds to IRPJ and CSLL amounting to R$92 (R$89 at December 31, 2018).

Civil and other

At December 31, 2019 , the Company is a party to other civil contingencies totaling R$183 that were analyzed by legal advisors and assessed as possible loss which, therefore, are not provisioned.

d) Judicial deposits

The Company is challenging the payment of certain taxes, contributions and labor and social security obligations as well as civil proceedings, for which appeal deposits (restricted) were made, at an amount equivalent to that pending a legal decision. This amount is recorded in the Company's assets, as follows:

	Individual		Consolidated	
	12.31.2019	**12.31.2018**	**12.31.2019**	**12.31.2018**
Social security and labor	**517**	861	**532**	877
Tax	**61**	45	**65**	50
Civil and other	**31**	31	**32**	37
	609	937	**629**	964

The Company engaged specialists and made a series of improvements in its controls, which allowed a more accurate and timely view of the balances of judicial deposits. This scenario associated with a policy focused on the search for legal settlements in the initial stages of the proceedings, resulted in the reduction of the aforementioned balances of judicial deposits.

e) Guarantees

In the year ended December 31, 2019, the Company offered legal and commercial guarantees arising from civil, labor and tax proceedings, as follows:

Proceedings	**Letter of guarantee**
Tax	815
Civil and other	588
Social security and labor	818
	2,221

At December 31, 2019, the Company presents guarantees and bank sureties involving financial services commercial agreements (deferred revenue). These guarantees and sureties are granted by Companhia Brasileira de Distribuição - corporate guarantees - and the Company pays a commission for them. By December 31, 2019, these guarantees amounted to R$2,394.

The annual cost of these guarantees is approximately 0.61% on the guaranteed amount, recognized in "Finance costs", throughout the period.

18. Leases

a) Accounting policy

CPC 06 (R2)/IFRS16 - Leases introduced a single model for the accounting of leases in the statement of financial position for lessees. This standard requires that all leases and their corresponding contractual rights and obligations are recognized in the statement of financial position. According to such standard, leases with contractual terms of less than 12 months and whose underlying asset is of low value are exempted from recognition. Lease agreements with an indefinite term and those in which the consideration is based on variable amounts are also not included in the scope of this standard. Exempted leases or those not included in the scope of the standard were recognized by the Company as an expense in P&L for the year, as incurred. In the years ended December 31, 2019 and 2018, the Company incurred, respectively, variable lease expenses of R$52 and R$56 in the Individual financial statements (R$52 and R$56 in the Consolidated financial statements).

For each lease agreement, the Company recognizes a Right-of-use asset and a Lease liability.

The right-of-use asset is recognized at the commencement date of the lease, i.e., the date the underlying asset is available for use by the Company. The right-of-use asset are initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. Depreciation is calculated by the straight-line method, according to the remaining term of agreements.

The lease liability is composed of the present value of the payments to be made during the lease term. The lease payments include fixed payments or in-substance fixed payments, which would be the minimum payments agreed with the lessor. Upon calculating the lease liability, the Company used its Incremental Borrowing Rate (IBR), which was applied nominally to discount payment flows.

Interest on lease liability and depreciation of the right-of-use asset are recognized in the Statement of profit or loss according to the contract period.

b) Breakdown of balances and changes

Right-of-use asset

	Individual	Consolidated
Balance at December 31, 2017	3,290	3,363
Addition and remeasurement	535	544
Write-offs	(29)	(33)
Depreciation	(462)	(473)
Balance at December 31, 2018	3,334	3,401
Addition and remeasurement	935	941
Write-offs	(167)	(173)
Depreciation	(524)	(529)
Merger of Cnova	34	-
Balance at December 31, 2019	**3,612**	**3,640**

Classification of depreciation of right-of-use asset in the Statement of profit or loss

In the twelve-month periods ended December 31, 2019 and 2018, the Company recognized the following depreciation amounts and interest on lease liability on the cost of goods and services sold:

	Individual		Consolidated	
	12.31.2019	12.31.2018	**12.31.2019**	12.31.2018
Depreciation	**111**	97	**116**	106
Interest	**143**	132	**148**	136

Lease liability

	Individual	Consolidated
Balance at December 31, 2017	4,050	4,224
Addition and remeasurement	522	532
Write-offs	(34)	(34)
Payment of principal	(401)	(422)
Payment of interest	(402)	(417)
Interest incurred	402	417
Balance at December 31, 2018	4,137	4,300
Addition and remeasurement	934	939
Write-offs	(167)	(167)
Payment of principal	(486)	(497)
Payment of interest	(406)	(415)
Interest incurred	413	423
Merger of Cnova	118	-
Balance at December 31, 2019	**4,543**	**4,583**
Current	**607**	**609**
Noncurrent	**3,936**	**3,974**

c) Aging list of the lease liability recognized in noncurrent liabilities

	Individual			Consolidated		
Year	**Gross flow**	**Accrued interest**	**Lease liability**	**Gross flow**	**Accrued interest**	**Lease liability**
2020	974	(367)	607	981	(372)	609
2021	889	(327)	562	896	(332)	564
2022	883	(283)	600	890	(287)	603
2023	808	(237)	571	815	(241)	574
2024	670	(195)	475	677	(199)	478
2025	572	(159)	413	579	(162)	417
Above 5 years	1,669	(354)	1,315	1,699	(361)	1,338
Total	**6,465**	**(1,922)**	**4,543**	**6,537**	**(1,954)**	**4,583**

d) Potential right of PIS and COFINS recoverable

The Company has potential right of PIS and COFINS recoverable embedded in the considerations of leases. In measuring cash flows from leases, tax credits were not recorded, and the potential effects of PIS and COFINS on gross contractual flow, at December 31, 2019, amounted to R$492 in the Individual financial statements and R$499 in the Consolidated financial statements.

e) Agreements per term and discount rate

	(%) Annual average rate	
Agreement term	**First-time adoption**	**At 12.31.2019**
Within 5 years	8.54%	7.30%
From 6 to 10 years	8.08%	6.56%
From 11 to 15 years	13.55%	13.44%
From 16 to 20 years	13.63%	11.26%

f) Additional information

As previously described, the Company adopted the IBR as a discount rate for lease liabilities, which is calculated considering the Company's borrowing cost, based on the CDI (Interbank Deposit Certificate) added to a risk spread, excluding guarantees given in financing transactions.

The payment flows of the Company's lease agreements are substantially indexed to inflation indexes. To safeguard the reliable representation and to comply with the Brazilian SEC ("CVM") guidelines in Circular Letter No. 2/2019, liability balances without inflation are provided, which were effectively accounted for and the estimated inflated balances.

	Individual		Consolidated	
	01.01.2019	12.31.2019	01.01.2019	12.31.2019
Actual Flow				
Lease liability	6,337	6,465	6,564	6,537
Accrued interest	(2,200)	(1,922)	(2,264)	(1,954)
	4,137	4,543	4,300	4,583
Inflated Flow				
Lease liability	7,733	7,907	7,999	7,999
Accrued interest	(2,930)	(2,540)	(3,012)	(2,583)
	4,803	5,367	4,987	5,416

The inflated flow was measured at the present value of the lease payments expected until the end of each agreement, incorporating the projected future inflation and discounted by the IBR, that is, the nominal interest rate, already mentioned in Note 3.a and stated in this explanatory note.

In preparing future contractual cash flows incorporating the expected inflation, rates obtained through future market quotations, observed in B3 S.A. - Brasil, Bolsa, Balcão, were used for the inflation indexes contained in our lease agreements (Extended Consumer Price Index - IPCA). The inflation curves were obtained on the first-time adoption date of referred to pronouncement and at the end of the current year, considering the remaining contractual terms.

In addition, users of these financial statements may, at their discretion, use other items provided in this explanatory note, such as the aging list of liabilities and interest rates used in the calculation, to make future payment flow projections indexed by the inflation indexes observed in the market.

19. Deferred revenue

a) Accounting policy

Deferred revenues arising from prepayments received from commercial partners for the exclusivity in the rendering of certain services are recognized in the Statement of profit or loss for the year as the performance obligations contained in the respective agreements are satisfied.

b) Breakdown of balances

	Individual		Consolidated	
	12.31.2019	**12.31.2018**	**12.31.2019**	**12.31.2018**
Additional or extended guarantees (i)	**1,260**	1,396	**1,260**	1,453
Banco Bradesco and Banco Bradescard (ii)	**240**	332	**240**	378
Insurance and services (iii)	**128**	135	**128**	143
Rights granted	**-**	29	**-**	29
Other	**7**	2	**7**	3
	1,635	1,894	**1,635**	2,006
Current	**369**	380	**369**	401
Noncurrent	**1,266**	1,514	**1,266**	1,605

(i) Additional or extended guarantees (i)

On October 15, 2018, the Company entered into an amendment to the insurance distribution agreement with Zurich Minas Brasil Seguros S.A. that rescheduled and consolidated the agreements previously entered into, on August 29, 2014 and December 16, 2016. The amendment is expected to expire in January 2026. The prepayment received was R$837 and will be recognized in P&L as the goals contractually set are achieved.

(ii) Card operation and correspondent bank

On December 4, 2015, Via Varejo entered into a financial service agreement with Banco Bradesco S.A. and Banco Bradescard S.A. (jointly "Bradesco") effective until August 28, 2029. The contract amends and includes clauses in the contract entered into by between the parties, at the time Casa Bahia Comercial Ltda. and Bradesco, on November 10, 2006. This contract includes: provisions on the offer of co-branded cards and other related financial services, related to the "Casas Bahia" trademark and general provisions applicable to the rendering of financial services, correspondent bank and direct consumer credit service. The amounts involved in this transaction total R$704 and are represented by prepaid commissions amounting to R$550, and additional remuneration amounting to R$154.

The amount received of R$550 will be recognized in P&L for the year to the extent that goals contractually set are achieved and shall be offset in up to 9 years, while the additional remuneration of R$154 will be realized as determined in the contract: R$74 until 2020 and R$80 until 2021.

On September 22, 2016, Cnova Brasil entered into a financial service rendering agreement with Bradesco effective until August 28, 2029. As part of this agreement, provisions were defined on the offer of co-branded cards and other associated financial services related to "Casas Bahia" trademark on the e-commerce network. On the contract execution date, the prepayment received was R$60, which will be recognized in P&L as the goals contractually set are achieved in up to 8 years.

(iii) Insurance and services

On June 26, 2018, the Company entered into a service agreement with CDF Assistência e Suporte Digital S.A. for the rendering of technical assistance services, in accordance with the terms and conditions established in the agreement effective until 2024. The prepayments received were R$95 for Via Varejo and R$5 for Cnova Brasil, which will be recognized in P&L as the goals contractually set are achieved.

On November 9, 2016, the Company entered into a multi-assistance services sale agreement to be intermediated by Tempo USS, effective until 2022. The prepayments received were R$57 for Via Varejo and R$3 for Cnova Brasil, which will be recognized in P&L as the goals contractually set are achieved.

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

Year	Individual	Consolidated
2021	332	332
2022	318	318
2023	305	305
2024	290	290
Above 5 years	21	21
Total	**1,266**	**1,266**

20. Equity

a) Capital

At December 31, 2019, the Company's paid-up and subscribed capital amounted to R$2,903 (R$2,899 at December 31, 2018) and was represented by 1,299,653 common registered no-par-value shares with voting right.

During the years ended December 31, 2019 and 2018, the Company's capital was increased due to the exercise of stock option plans, as follows:

Date of capital increase	Balance in reais	Number of common shares	Number of preferred shares (*)
04/27/2018	235,573.99	31,686	63,372
07/23/2018	2,400,832.51	692,308	1,384,616
09/26/2018	88,111.25	19,866	39,732
10/24/2018	24.48	2,448	4,896
12/07/2018	320.18	96,054	-
02/19/2019	155.85	46,755	-
04/23/2019	75,988.36	74,376	-
07/23/2019	3,168,753.16	4,188,756	-
08/13/2019	233,326.22	185,649	-
09/12/2019	114,844.82	64,644	-
11/13/2019	1,260,388.11	789,612	

(*) On November 26, 2018, the Company completed the process of migrating its shares to the B3's special *Novo Mercado* listing segment, operating with common shares only.

b) Treasury shares

With the Company's migration to B3's Novo Mercado listing segment and the consequent conversion of all preferred shared issued by the Company into common shares, withdrawal rights were granted to holders of preferred shares who did not attend the Special General Meeting held on September 3, 2018.One shareholder of the Company elected to exercise its withdrawal right, totaling 300 thousand preferred shares, which at the time corresponded to 0.04% of the Company's total preferred shares. The reimbursement amount was calculated based on the Company's Equity at December 31, 2017 (R$2.29 per share), amounting to R$685,839.75 (six hundred eighty-five thousand, eight hundred thirty-nine reais and seventy-five centavos), paid on October 5, 2018. Those 300 thousand shares were repurchased by the Company and held in treasury.

c) Capital reserves

(i) Goodwill reserve

The amount recognized in "Special goodwill reserve" derives from the merger of Mandala Empreendimentos e Participações S.A. into the Company, on December 22, 2009, a company whose goodwill had been generated in the acquisition of Via Varejo by CBD. The merged goodwill has a provision for integrity of equity of 66% in order to keep the tax benefit that was amortized according to the economic benefit of goodwill. As established in the Merger Agreement of Casa Bahia's Shares entered into on October 5, 2010 (approved at the Special General Meeting held on November 9, 2010), the tax benefit arising from such amortization will be capitalized without issuing new shares, that is, in benefit of all shareholders of Via Varejo.

(ii) Options granted

The Company maintains share-based compensation plans that aim to: allowing the participation of the Company's managing officers and employees in its capital and in equity increases arising from the results to which referred to managing officers and employees have contributed; fostering the achievement of the Company's corporate purposes; and aligning the interests of the Company's managing officers and employees to those of the Company's shareholders.

Accounting policy

In exchange for services rendered for a certain period of time, the Company' executives may receive share-based compensation (payment in equity instruments or in cash).

The cost of share-based payment transactions is recognized as expense for the year over the period in which the performance and/or service conditions are satisfied ("vesting period"), with a corresponding increase in the Company's equity or recognition as liability for options settled in cash. At the end of each reporting period, the Company reviews the number of equity instruments that will be delivered, excluding any instruments that have expired or have not been exercised. The expense related to each year represents the changes in accumulated expenses recognized at the beginning and at the end of the year.

When a share-based payment transaction is modified, the expense added is recognized over the remaining period in which the vesting conditions are met. In the case of cancelation of a share-based payment transaction, this is classified as if it had been fully acquired by the beneficiary, and the remaining unrecognized expenses related to the share-based payment transaction are fully recognized in the statement of profit or loss for the year.

Stock option plan (equity-settled transaction)

The Company has two stock option plans approved at the Special General Meeting held on May 12, 2014 (named "Plans A and B") and one stock option plan approved at the Special General Meeting held on September 2, 2019 ("Special Plan" or "Plan E"). The shares arising from the exercise of options will have the rights established in the respective plans and they will entitle beneficiaries to receive any dividends to be distributed by the Company from the acquisition of the shares. The stock options granted under these plans are personal and non-transferrable.

As established in Plans A and B, both amended on October 22, 2018, for adjustment to the Company's new capital structure after migration to *Novo Mercado*, and in Special Plan, each option entitles its beneficiary the right to subscribe to or acquire common shares issued by the Company. The stock options may be exercised by their beneficiaries within the period established in the plans, after the expiration of the vesting period. The main requirement for the options to be vested is the beneficiary remaining as Company employee. The plans differ exclusively in the strike price of the options, grant dates and the existence or not of a blackout period for the sale or any other form of transfer of shares acquired in the option exercise.

Within the scope of Plans A and B, in May 2018, 3,183,234 stock options were granted with a vesting period of three years; in October 2018, 330,036 stock options were granted with a vesting period of two years and eight months; and in March 2019, 336,971 stock options were granted with a vesting period of up to 2 years and 5 months.

Within the scope of the Special Plan, in September 2019, options restricted to 51,944,531 common shares were granted with a vesting period of up to 4 years and 10 months. According to the terms of the Special Plan, the beneficiary will be entitled to receive a certain number of shares conditioned on maintaining their position as managing officer or employee of the Company or of any of its subsidiaries ("service condition"). Each share is subject to appreciation and price fluctuation over time.

The table below presents details and changes, by number of shares, of each of the programs for the year ended December 31, 2019:

Series	Grant date	End of the vesting period	Strike price (in reais) (*)	Number of stock options prevailing at 12.31.2018 (*)	Options granted under new programs (*)	Options cancelled (*)	Options exercised (*)	Number of stock options prevailing at 12.31.2019 (*)
A4	05/31/2016	05/31/2019	R$ 1.76	4,387,981	-	(1,490,833)	(2,710,812)	186,336
B4	05/31/2016	05/31/2019	R$ 0.01	4,545,178	-	(2,244,754)	(2,300,424)	-
C1	10/31/2016	11/20/2018	R$ 0.01	188,088	-	(188,088)	-	-
A5	05/25/2018	05/25/2021	R$ 7.24	1,415,025	-	(1,015,071)	(10,170)	389,784
B5	05/25/2018	05/25/2021	R$ 0.01	1,415,025	-	(797,937)	(227,304)	389,784
A5	10/22/2018	05/30/2021	R$ 5.05	165,018	-	(165,018)	-	-
B5	10/22/2018	05/30/2021	R$ 0.01	165,018	-	(165,018)	-	-
B4	03/26/2019	05/30/2019	R$ 0.01	-	33,309	(9,159)	(24,150)	-
B5	03/26/2019	05/30/2020	R$ 0.01	-	93,483	(59,958)	(33,525)	-
B5	03/26/2019	05/30/2021	R$ 0.01	-	210,180	(166,773)	(43,407)	-
E	09/12/2019	07/12/2024	R$ 4.97	-	51,944,531	-	-	51,944,531

(*) As a result of the Company's migration process to B3's *Novo Mercado*, according to Note 1, the table above is presented in number of shares.

For the options granted in 2016 and 2018, no options were exercised in the year ended December 31, 2018 other than through termination of employment relationship.

The expense, including taxes and social charges withheld, relating to the stock option programs and recognized in the year ended December 31, 2019 totaled R$14 (R$3 in the year ended December 31, 2018).

Phantom Stock Option Plan

At the Board of Directors' meeting held on July 24, 2017, the long-term incentive plan was approved, which establishes the terms and conditions for payment of a premium in cash, by reference to the Company's share price, to certain managing officers and employees ("beneficiaries") of the Company and of other entities under its control.

As provided for in referred to plan, which was amended on October 22, 2018, for adjustment to the new capital structure of the Company after its migration to the *Novo Mercado*, the beneficiary will be entitled to receive a certain number of Phantom Shares conditioned on maintaining their position as managing officer or employee of the Company or of other entity under its control ("service condition"). Each Phantom Share is equivalent to three (3) common share issued by the Company, and is subject to appreciation and price fluctuation over time.

On May 28, 2019, 1,312,385 phantom shares equivalent to 3,937,155 common shares issued by the Company were granted to the beneficiaries of the program. Once the service condition is fulfilled, that is, maintaining their position in the Company or other entity under its control for a period of 3 years from the grant date, the premium will be paid in the month following the calculation date.

At December 31, 2019, the liabilities corresponding to this premium, including social charges, is recorded in noncurrent liabilities amounting to R$14 (R$12 at December 31, 2018). The expense recognized in the year ended December 31, 2019 totaled R$7 (R$8 in the year ended December 31, 2018).

d) Dividends proposed based on the financial statements

(i) Accounting policy

Dividend distribution to Company's shareholders is recognized under liabilities at year end, based on the mandatory minimum dividends defined in the Company's Articles of Incorporation. Any amounts that exceed the minimum amount are recognized only on the date in which such additional dividends are approved by the Company's managing officers or shareholders.

(ii) Proposed dividends

There was no distribution of dividends for 2019 and 2018, since the Company did not record any profit in these years.

21. Sales and service revenue

a) Accounting policy

The Company sells consumer electronics, home appliance, furniture, telephony and other domestic items. It also offers services, such as intermediation in the sale of extended warranty, equipment installation, marketplace and financial and operational services such as installment sales and co-branded credit cards. Revenues from furniture production through subsidiary Bartira and from transportation services through VVLog are substantially used in the Company's operations and, consequently, eliminated in the financial statement consolidation process.

Sales revenues are recognized at their fair value when control is transferred to the buyer. The Company should also cease to have control over or responsibility for the goods sold. Revenues are not recognized if there is a significant uncertainty as to their collection.

For intermediation operations in the sale of insurance policies or extended warranty, the Company does not retain the risks related to the claims and is not the primary responsible for fulfilling the obligations of the policies sold. Revenues from commissions for intermediation in the sale of insurance policies or extended warranty are recognized in P&L when the intermediation services are provided.

Marketplace transactions refer to a single purchase platform, where an independent storekeeper offers products so that customers have access to them through a website of the Company. Service revenue is generated through a percentage on each sale completed (fee) in the website

As the consumer financing activity is fundamental to the Company business, the finance income from this operation is recognized as operating income over the term defined for each transaction carried out, using the effective interest rate.

All revenues are subject to the Contribution Taxes on Gross Revenue for Social Integration Program ("PIS") and for Social Security Funding ("COFINS"), according to the rate attributed to each operation. Sales revenues are subject to State VAT ("ICMS") while service revenues are subject to Service Tax ("ISS"), which are calculated based on the rates in effect in each State and City, respectively.

b) Breakdown of balances

	Individual		Consolidated	
	12.31.2019	**12.31.2018**	**12.31.2019**	**12.31.2018 Restated (*)**
Goods	**25,155**	21,966	**26,541**	27,102
Operational finance transactions	**1,742**	1,704	**1,742**	1,704
Intermediation services	**1,027**	1,106	**1,143**	1,362
Freight and assembly services	**390**	298	**422**	415
Gross sales revenue net of returns and cancelations	**28,314**	25,074	**29,848**	30,583
Taxes on goods	**(3,537)**	(2,316)	**(3,880)**	(3,340)
Taxes on operational finance transactions	**(80)**	(76)	**(80)**	(76)
Taxes on intermediation services	**(131)**	(131)	**(150)**	(169)
Taxes on freight and assembly services	**(80)**	(59)	**(83)**	(70)
Taxes on revenue	**(3,828)**	(2,582)	**(4,193)**	(3,655)
Net revenue	**24,486**	22,492	**25,655**	26,928

22. Expenses by nature

	Individual		Consolidated	
	12.31.2019	**12.31.2018 Restated (*)**	**12.31.2019**	**12.31.2018 Restated (*)**
Cost with inventories sold	**16,331**	14,819	**17,073**	17,964
Personnel expenses	**2,570**	2,667	**2,697**	2,934
Third-party service expenses	**1,763**	1,568	**2,066**	2,194
Freight expenses	**777**	512	**858**	775
Allowance for doubtful accounts	**541**	517	**585**	630
Expenses with labor contingencies	**809**	310	**827**	312
Reversal of tax contingencies	**(108)**	-	**(108)**	-
Other	**762**	291	**809**	284
	23,445	20,684	**24,807**	25,093
Cost of goods and services sold	**17,358**	15,515	**18,312**	18,901
Selling expenses	**5,174**	4,260	**5,564**	5,158
General and administrative expenses	**913**	909	**931**	1,034
	23,445	20,684	**24,807**	25,093

(*) The balances were restated due to: (i) the first-time adoption of accounting pronouncement CPC 06 (IFRS 16) - Leases, as of January 1, 2019.

23. Other operating income (expenses), net

	Individual		Consolidated	
	12.31.2019	**12.31.2018 Restated (*)**	**12.31.2019**	**12.31.2018 Restated (*)**
Expenses with restructuring (i)	**(974)**	(360)	**(976)**	(367)
Gain (loss) on disposal of property and equipment, intangible assets and lease (ii)	**(261)**	(52)	**(270)**	(74)
Other	**8**	(85)	**11**	(98)
	(1,227)	(497)	**(1,235)**	(539)

(*) The balances were restated due to: (i) the first-time adoption of accounting pronouncement CPC 06 (IFRS 16) - Leases, as of January 1, 2019; and (ii) expenses with labor indemnification. See further information in Note 3(a) and 2(b).

(i) This line includes, mainly, expenses with logistical readjustment, labor contract termination and labor contingencies, resulting from the implementation of measures to adjust the Company's expense structure, both in the operational and administrative areas.

(ii) Variation due to the recognition of adjustment to recoverable amount of property and equipment and intangible assets. See Notes 11(a) and 12(a).

24. Finance income (costs), net

	Individual		Consolidated	
	12.31.2019	**12.31.2018 Restated (*)**	**12.31.2019**	**12.31.2018 Restated (*)**
Finance costs				
Debt cost	**(300)**	(272)	**(302)**	(261)
Costs with sales and discount on receivables	**(271)**	(281)	**(311)**	(391)
Losses on restatements	**(76)**	(100)	**(82)**	(112)
Interest on lease liabilities	**(413)**	(402)	**(423)**	(417)
Other finance costs	**(33)**	(66)	**(36)**	(108)
Total finance costs	**(1,093)**	(1,121)	**(1,154)**	(1,289)
Finance income				
Yield from cash and cash equivalents	**14**	16	**18**	22
Gains on restatements	**132**	95	**134**	86
Advances to suppliers	**33**	22	**37**	28
Other finance income	**1**	-	**3**	6
Total finance income	**180**	133	**192**	142
Finance income (costs), net	**(913)**	(988)	**(962)**	(1,147)

(*) The balances were restated due to the first-time adoption of accounting pronouncement CPC 06 (IFRS 16) - Leases, as of January 1, 2019.

25. Earnings per share

a) Accounting policy

The Company presents two methods for calculation of earnings per share: (i) basic earnings (loss); and (ii) diluted earnings (loss). Basic earnings (loss) per share are calculated based on the weighted average number of shares outstanding over the year, except shares issued for payment of dividends and treasury shares. Diluted earnings (loss) takes into consideration the average weighted number of shares outstanding over the year, less the equity instruments potentially dilutive on the interest held by its shareholders in future years, such as stock options that, if exercised by their holders, will increase the number of the Company's common and/or preferred shares, decreasing earnings per share.

b) Table of earnings (loss) per share

The table below presents the calculation of profit (loss) available to holders of shares and the weighted average of outstanding shares used to calculate basic and diluted earnings (loss) per share, excluding shares acquired by the Company and held in treasury in each reporting period.

To calculate earnings (loss) per share, resulting from the Company's migration to B3's Novo Mercado, the current composition of common shares for the comparison year was considered, as required by CPC 41 - Earnings per share, maintaining the basic denominator and diluted on comparative bases.

	12.31.2019	12.31.2018 Restated (*)
Basic numerator		
Basic loss allocated and not distributed	(1,433)	(291)
Net loss allocated available to holders of common and preferred shares	**(1,433)**	(291)
Basic denominator (in thousands of shares)		
Weighted average number of shares	**1,296,137**	1,292,965
Basic loss per share (in R$)	**(0.00111)**	(0.22506)
Diluted denominator (in thousands of shares)		
Stock options	**-**	-
Weighted average number of shares	**1,296,137**	1,292,965
Weighted average number of shares	**1,296,137**	1,292,965
Diluted loss per share (in R$)	**(0.00111)**	(0.22506)

(*) The balances were restated due to the first-time adoption of accounting pronouncement CPC 06 (IFRS 16) - Leases, as of January 1, 2019.

For the years ended December 31, 2019 and 2018, stock options have no dilution effect due to the loss determined.

26. Insurance coverage

The Company's practice is taking out insurance coverage to minimize the risks of damage to its equity that may cause losses for its business. The insurance coverage encompasses protection of stores, distribution centers and administrative buildings, including all property and equipment and inventories. The fleet of trucks and light vehicles is likewise insured. For any losses that the Company might suffer due to the interruption of its activities due to accidents covered by the insurance policy, the loss of profit insurance covers the losses caused.

At December 31, 2019, the insurance coverage is deemed sufficient by management to cover claims, if any, and is summarized as follows:

Insured assets	Insured perils	Insured amount
Property and equipment and inventories	Named perils	**11,593**
Profit	Loss of profits	**5,445**
Vehicle and other (*)	Losses and damages	**140**

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

The Company has specific policies covering civil and administrative liability risks in the amount of R$230.

27. Segment reporting

Operating segments are defined as components of an enterprise for which financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources to an individual segment and in assessing performance segment. Considering that all decisions are made based on consolidated reports and that all decisions related to strategic, financial, purchasing, investment and investment of funds planning are made on a consolidated basis, it is concluded that the Company operates in a single operating segment in the retail market of electronics, home appliances, telephony and furniture.

28. Events after the reporting period

Impacts of COVID-19 (Coronavirus) on the Company's business

Recently, the World Health Organization (WHO) declared that coronavirus COVID-19 outbreak constitutes a global-scale pandemic. The referred pandemic has already shown to have significant impacts, including the closing of commercial establishments, creation of challenging working conditions and the interruption of the global supply chain, which may affect the availability of certain products sold by the Company. In addition, the significant increase in COVID-19 cases in the regions of Brazil where the Company operates, combined with the measures adopted to contain the outbreak and preserve the welfare and health of its employees, led to the temporary closure of its physical stores from March 21, 2020.

The Company has been adopting a series of measures to mitigate the impacts generated by COVID-19 on its operations, including: (i) establishment of two special committees aiming at faster decision making and the Company's reaction to possible new challenges arising from the COVID-19 pandemic; (ii) adoption of cash preservation measures, so that the Company has the necessary resources for its operations while the crisis generated by the pandemic lasts; (iii) inventory optimization, with state-of-the-art goods and in a quantity sufficient to face a possible slowdown of the industry or reduction in the supply; (iv) improvement of the online channel, with a robust platform that will bear a possible increase in demand from physical stores to the digital media and alignment with logistics providers, seeking to mitigate any adverse impacts on home delivery services; (v) employment of home office for workers, in compliance with the protocols established by the competent public authorities; and (vi) creation of a 0800 hotline to reply any questions our employees may have about COVID-19 and the measures the Company has been adopting for facing the pandemic.

Nevertheless, at this time, Company management is unable to accurately predict or estimate the magnitude of the adverse impacts generated by COVID-19 on the Company's operations and, consequently, on its financial statements.

Stock option exercise of Airfox/banQi

As disclosed in the Notice to the Market, on February 7, 2020, the Company's Board of Directors approved the stock option exercise of 80% of CarrierEQ, Inc. d/b/a Airfox ("banQi") shares, pursuant to the terms of the Convertible Note Purchase and Call Option Agreement entered into on September 11, 2018 ("Call Option"), subject matter of the Material News Release of September 12, 2018 and Notice to the Market of June 5, 2019.

The Company's Board of Directors also approved the acquisition of additional interest in banQi's shares which, once completed, will subsequently allow the acquisition of up to 100% of banQi's capital ("Additional Acquisitions").

The completion of the call option and additional acquisitions are subject to the fulfillment of certain conditions precedent.