Individual and Consolidated Financial Statements
Via Varejo S.A.

Year ended December 31, 2020
with Independent Auditor's Report

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Management Report

Presentation

Via Varejo S.A., the shopping route for all Brazilians, wherever, whenever and however they want, in compliance with the legal provisions and in accordance with the corporation law in force, presents below the Management Report containing the financial and operating results for the year ended December 31, 2020.

Profile

Via Varejo S.A. (“Company” or "Via Varejo"), directly or through its subsidiaries, 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.br”, “casasbahia.com.br” 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 (New Market) of B3 S.A. - Brasil, Bolsa, Balcão (“B3”), with the highest corporate governance standard, under ticker symbol “VVAR3”.

At December 31, 2020, the Company had 27 Distribution Centers and Warehouses and conducted sales through 1,052 active branches (857 with the Casas Bahia brand and 195 with the Ponto Frio brand). Of the total number of stores, 284 were located in shopping malls and 768 were street stores throughout the country.

Disclaimer

The statements contained in this report relating to the Company’s business prospects, projections and its growth potential are mere forecasts and were based on Management’s expectations regarding the Company's future. These expectations are highly dependent on market changes and on the general economic performance in Brazil, the industry and the market as a whole and are therefore subject to change.

Message from Management

The year 2020 will live long in the memory, not only of all Brazilians, but of the whole world. It was a year of many uncertainties, countless losses and complex challenges for all people, companies and governments. It was no different for Via. But, even in this scenario, the year was one of overcoming and also of great achievements. In just one year, the Company reinvented itself, implemented and executed a series of projects, attracting talented people for that transformation, strengthened its strategic positioning and increased competitiveness in this new scenario of unified retail, an environment in which the physical and online worlds - our physical stores, our CDs and our entire digital ecosystem – are fully integrated so that the experiences provided to all our customers are unique. This is our essence: the shopping route for all Brazilians wherever, whenever and however they want.

The digital transformation allowed a great turning point in our growth and profitability in a short period of time. With the agility of a startup, we have gained significant market share in many segments and in all channels and categories. We ended 2020 with a historical record for the evolution of gross GMV, which totaled R$38,8 billion reais, an increase of 21% in relation to the previous year. The greater share of the digital channel in total sales was proof of how our transformation was successful (~50% of the gross GMV of 2020 originated from digital channels). We have delivered a robust profit of R$1,0 billion, with a consistent evolution of Adjusted EBITDA each quarter, also resulting in a robust R$2,9 billion reais in the year (a growth of 171%). These numbers give us confidence that we are on the right path.

At the end of December, more than 70% of customers who made online purchases used mobile digital options (apps and mobile websites). Our apps have the top three best scores the app stores. The number of monthly active users (MAU) more than doubled in relation to the number registered in 2019 and reached almost 14,0 million at the end of December. Our customers are becoming increasingly multichannel, digital and multiplatform. And that digital customer now spends twice as much and returns more often when compared to that of physical stores. Our penetration in high-income consumers doubled at the end of the year, reflecting the strength of our communication strategy, the good acceptance of our brands and the successful repositioning of the beloved "Bahianinho" to Casas Bahia. In other words, today we have customers of all social classes and ages, a true democratization of our operating strategy.

The challenges posed by the pandemic required a quick and bold response: in a single day we had to close all of our more than one thousand stores. At the end of 2019, 24% of sales were digital. Via Varejo quickly showed its ability to reinvent itself and went further: during two weeks in March/2020, our more than 20 thousand sellers resumed their sales activities, only this time, they did it digitally. Our online sales strategy, known as "Call me on WhatsApp" ("Me chama no zap"), is a unique human e-commerce experience, considered one of the greatest "social selling cases" in the world. This innovative sales platform was critical to boost our sales of 1P and 3P. In 4Q20 it represented more than R$1.2 billion in sales and R$2,8 billion in 2020.

Even our famous payment booklet (credit purchase) at Casas Bahia was reinvented. We digitized the entire process - from credit granting to billing by any physical or digital medium. The fully digital format has been widely accepted by our customers, whether via apps, websites or mobile sites. In stores, the payment booklet already represents about 25% of sales (in 2019 it represented about 14%).

In mid-2019, we started a turnaround process. In November of that year we established a milestone - a record in online sales with R$2,2 billion on Black Friday. But, on Black Friday 2020, that number reached R$3,0 billion reais - a new record in Brazilian retail. Our GMV advance and market share gains show that we are winning the game. We still had to adjust the capital structure: in June 2020, the Company reopened the capital market, carrying out a public offering of shares (follow-on) of R$4,5 billion reais. This operation received the award for Best Follow-on Offer in Latin America in 2020 by Latin Finance In November of that year we established a milestone – a record in online sales with R$2,2 billion on Black Friday. But, on Black Friday 2020, that number reached R$3,0 billion reais – a new record in Brazilian retail. Our GMV growth advance and market share gains show that we are winning the game. We still had to adjust the capital structure: in June 2020, the Company resumed activities in the capital market, carrying out a public offering of shares (follow-on) of R$4,5 billion reais. This operation was awarded the Best Follow-on Offer in Latin America in 2020 Award by Latin Finance.

Additionally, we completed the acquisition of control of BanQi (Airfox), practically at the beginning of the pandemic, and we went shopping, acquiring logtech ASAPLog, I9XP - a company specialized in developing technologies for e-commerce and we also acquired significant noncontrolling interest in Distrito, a hub of innovation and startups. All of these acquisitions have driven and will drive our digital strategy. BanQi is already a reality like the Brazilian digital wallet - an excellent financial inclusion tool, making banking services available to classes C and D, offering a portfolio of financial services, attracting recurring customers to Via and generating more profitability. Our app has already been downloaded 3.3 million times and we have 1.8 million active customers, 2.0 million payment booklets managed within the platform, equivalent to R$2,3 billion. We have already made available a complete digital account, including payment services such as QR Code, PIX, in addition to the integration with Casas Bahia stores, allowing withdrawals and deposits at any of the chain's stores. We have a roadmap with new features that includes credit offers, corporate accounts, integration with Casas Bahia apps and marketplace and several partnerships for 2021.

We continue to see great growth opportunities for Via in 2021 and high potential for continuous value generation:

(i) Winning the game in the marketplace (3P) - with a wide range of services for our storekeepers (sellers), increased frequency, spending and shopping destination for new categories;
(ii) Mastering the game in logistics for light and heavy products, offering a full range of services via our Envvias platform for sellers and “open sea” solutions (collection, distribution and storage services);
(iii) Boosting our logistics with more same-day=deliveries;
(iv) Expanding by opening at least 120 physical stores in new regions/cities in the north and northeast;
(v) Growing in 1P in core and high volume categories;
(vi) Leveraging our dominance in the furniture and mattress segments;
(vii) Continuously increase penetration in the higher income classes (we are the largest iPhone seller in Brazil, for example);
(viii) Accelerating our credit offers (i) via payment booklets, in the traditional and digital models, (ii) granting credit to our customers in marketplace products and (iii) via co-branded cards.
(ix) Having BanQi as Brazilians’ preferred financial services, truly financially including classes C and D, attracting more recurring customers to Via and generating more profitability.

Our logistics network will offer our customers and marketplace partners more service options for light and heavy products same-day deliveries, and that not only in large capital cities, but throughout Brazil. We have the largest retail logistics network, with more than 1,100,000 m^2 of storage, more than 1,000 stores that surpass 1,500,000 m^2 of storage, which are used as mini-hubs for sales and serve as a shipping and collection points for purchases and deliveries of products made via 1P and 3P e-commerce, serving all of the Brazilian population. Both the investment and the cost of this entire structure are already supported by the current sales volumes. With the growth expected for this year, we will take further advantage of our installed capacity, accelerating productivity gains.

Our customers are at the center of our strategy, which reflected in the improvement of our NPS and Reclame Aqui indicators throughout this year. We also released on that date our annual and sustainability report that highlights our main initiatives in the environmental, social and governance (ESG) aspects in 2020. Without the active engagement of our 47 thousand employees and the preference of our 85 million customers, 2020 results probably would not have been so significant. We would like to thank our customers and employees, our storekeepers, our shareholders, our advisors, our analysts and suppliers for their trust. #Boravarejar (#letsretail)

The Management of Via Varejo

Consolidated information

Accounting Highlights (R$ Million)	*4Q20*	*4Q19*	*%*	*2020*	*2019*	*%*
Gross Revenue	**11.274**	**8.875**	**27,0%**	**34.458**	**29.848**	**15,4%**
Net Revenue	**9.470**	**7.613**	**24,4%**	**28.901**	**25.655**	**12,7%**
Gross Margin	30,5%	29,1%	1,4p.p.	32,8%	28,6%	4,1p.p.
Adjusted EBITDA	**545**	**(35)**	**-**	**2.917**	**1.076**	**171,1%**
Adjusted EBITIDA Margin	5,8%	-0,5%	6,2p.p.	10,1%	4,2%	5,9p.p.
Net Income (Loss)	**336**	**(875)**	**-**	**1.004**	**(1.433)**	**-**
Net Cash including Advances	4.807	2.213	117,2%	4.807	**2.213**	117,2%

(R$ Million)	*4Q20*	*4Q19*	*%*	*2020*	*2019*	*%*
Total Gross GMV (e-commerce and Stores)	12.665	9.640	31,4%	38.827	32.078	21,0%
Total Net GMV (e-commerce and Stores)	12.160	9.363	29,9%	37.306	31.206	19,5%
Digital Sales[1]	**5.665**	**2.691**	**110,5%**	**18.099**	**7.449**	**143,0%**
Share (%) Digital Sales	46,6%	28,7%	17,8p.p.	48,5%	23,9%	24,6p.p.
GMV e-commerce (1P+3P)	4.670	2.272	105,6%	15.989	6.357	151,5%
GMV (1P)	3.661	1.724	112,4%	12.766	4.658	174,0%
Marketplace Share (3P)	1.009	548	84,2%	3.224	1.698	89,8%
Marketplace Share (% GMV e-commerce)	21,6%	24,1%	(2,5p.p.)	20,2%	26,7%	(6,6p.p.)
Same-Store Sales - Gross Revenue (%)[2]	6,1%	-2,2%	8,3p.p.	7,7%	-1,6%	9,3p.p.

[1] GVM e-commerce + Retira Rápido
[2] Open stores and comparable sales considering the operating restrictions of the pandemic

Gross Revenue Performance per channel

R$ million	*4Q20*	*4Q19*	*%*	*2020*	*2019*	*%*
Physical Stores	7.490	7.091	5,6%	21.317	24.849	(14,2%)
Online	3.784	1.784	112,1%	13.141	4.895	168,5%
Wholesale*	-	-	na	-	104	na
Gross Revenue	**11.274**	**8.875**	**27,0%**	**34.458**	**29.848**	**15,4%**

(*) Channel discontinued in 2019

Consolidated Gross Revenue grew by 27.0% compared to 4Q19, reaching R$11,3 billion, driven by a strong online performance (an increase of 112.1% in Online Gross Revenue and 5.6% in Gross Revenue from Physical Stores).

Physical Stores – GMV of R$7,5 billion and SSS of 6.1%

Gross revenue from physical stores increased by 5.6% compared to 4Q19, reaching R$7,5 billion, representing 66% of sales in the quarter. Considering Same-Store Sales (SSS), there was an increase of 6.1% in the period. In 2020, SSS was 7.7%.

Online – GMV of R$4,7 billion and Gross Revenue of R$3.8 billion

E-commerce GMV totaled R$4,7 billion in the quarter, an impressive growth of 106%. Gross revenue from the online channel grew by approximately 112% in 4Q20 compared to 4Q19, as a result of improvements in delivery times, greater commercial assertiveness, but mainly due to the robust customer base and gains in market share. The greater penetration of online tools (Sites and Applications), the introduction of improvements in the customer experience and the successful marketing initiatives were key to the excellent result achieved. Our 1P grew 112% in the period, with significant gains in market share and improved profitability.

The GMV of 3P grew 84% in 4Q20, as a result of the strategy of continuous increase in the number of storekeepers (sellers), a greater number of product offerings and improved service level. During 4Q20, we will accelerate the onboarding of new sellers through improvements in the registration process so that we end the year with around 10,000 active sellers, an increase of 90% compared to 4Q19, and with more than double the assortment of our 7 million SKUs. Our current number of sellers is around 15 thousand.

Opening Balance of Gross Revenue

R$ million	4Q20	4Q19	%	2020	2019	%
Goods	10.317	8.020	28,6%	31.281	26.541	17,9%
Freight and assembly services	127	119	6,7%	458	422	8,5%
Services	341	277	23,1%	1.020	1.143	(10,8%)
Payment booklets/Cards	489	459	6,5%	1.699	1.742	(2,5%)
Gross revenue	**11.274**	**8.875**	**27,0%**	**34.458**	**29.848**	**15,4%**
Freight, services, payment booklets and assembly	957	855	11,9%	3.177	3.307	(3,9%)
% Total gross revenue	**8,5%**	**9,6%**	**(1,1 p.p.)**	**9,2%**	**11,1%**	**(1,9 p.p.)**

Breakdown of consolidated sales	4Q20	4Q19	%	2020	2019	%
Cash	24,9%	24,0%	0,9 p.p.	24,1%	22,3%	1,84 p.p.
Payment booklet	14,7%	10,8%	4,0 p.p.	11,6%	11,3%	0,34 p.p.
Credit card – co-branded	8,0%	12,0%	(4,0 p.p.)	8,5%	11,8%	(3,28 p.p.)
Credit card - other	52,3%	53,2%	(0,9 p.p.)	55,7%	54,6%	1,09 p.p.

In 4Q20, we recorded a significant growth in all items that comprise Gross Revenue. In addition, we resumed initiatives related to credit purchases, which had a positive effect. That is reflected in the change in how purchases have been financed, with greater penetration of payments through booklets (+4.0 p.p.).

Gross Profit

R$ million	4Q20	4Q19	%	2020	2019	%
Gross Profit	2.892	2.215	30,6%	9.466	7.343	28,9%
% Gross Margin	30,5%	29,1%	1,4p.p.	32,8%	28,6%	4,1p.p.

Sales, General and Administrative Expenses

R$ million	4Q20	4Q19	%	2020	2019	%
Sales, General and Administrative Expenses	(2.402)	(2.311)	3,9%	(6.783)	(6.495)	4,4%
% Net revenue	(25,4%)	(30,4%)	5,0p.p.	(23,5%)	(25,3%)	1,8p.p.

In 4Q20, selling, general and administrative expenses increased by 3.9%, a much lower percentage than the sales performance in the same period.

Adjusted EBITDA

R$ million	4Q20	4Q19	%	2020	2019	%
EBITDA	316	(806)	na	2.531	(159)	na
% EBITDA Margin	3,3%	(10,6%)	13,9p.p.	8,8%	(0,6%)	9,4p.p.
Other operating income/(expenses)	229	771	(70,3%)	386	1.235	(68,7%)
Adjusted EBITDA	545	(35)	na	2.917	1.076	171,1%
% Adjusted EBITDA margin	5,8%	(0,5%)	6,2p.p.	10,1%	4,2%	5,9p.p.

Adjusted EBITDA amounted to R$545 million in the period, with a margin of 5.8%, 6.2 p.p. higher than in 4Q19.

Finance income (costs)

R$ million	4Q20	4Q19	%	2020	2019	%
Finance income	**21**	**13**	**61,5%**	**83**	**58**	**43,1%**
Finance costs	**(251)**	**(225)**	**11,6%**	**(1.103)**	**(1.072)**	**2,9%**
Finance costs - debts	(64)	(31)	106,5%	(195)	(65)	200,0%
Finance costs - CDCI	(57)	(58)	(1,7%)	(222)	(237)	(6,3%)
Cost of sales – receivables through card	(12)	(37)	(67,6%)	(180)	(311)	(42,1%)
Interest on lease liability	(96)	(108)	(11,1%)	(388)	(423)	(8,3%)
Other finance costs	(22)	9	(344,4%)	(118)	(36)	227,8%
Finance income (costs) before restatements	**(230)**	**(212)**	**8,5%**	**(1.020)**	**(1.014)**	**0,6%**
% Net revenue	-2,4%	(2,8%)	0,4p.p.	(3,5%)	(4,0%)	0,4p.p.
Monetary restatements	159	27	488,9%	324	52	523,1%
Finance income (costs), net	**(71)**	**(185)**	**(61,6%)**	**(696)**	**(962)**	**(27,7%)**
% Net revenue	-0,7%	(2,4%)	1,7p.p.	(2,4%)	(3,7%)	1,3p.p.

During 4Q20, we resumed our policy of discounting credit card receivables, albeit to a lesser extent. For 2020, there was a 42.1% decrease in discounts on credit card receivables due to the strengthening of cash in 2Q20, mainly due to the completion of the follow-on offer.

Net income (loss)

R$ million	4Q20	4Q19	%	2020	2019	%
Income before income taxes	21	(1.239)	na	923	(2.004)	na
% Net revenue	0,2%	(16,3%)	16,5p.p.	3,2%	(7,8%)	11,0p.p.
IRPJ	315	364	(13,5%)	81	571	(85,8%)
Net income (loss)	336	(875)	na	1.004	(1.433)	na
Net Margin	3,5%	(11,5%)	15,0p.p.	3,5%	(5,6%)	9,1p.p.

The Company reported a net income in 4Q20 of R$336 million, reversing the loss of R$875 million.

Financial cycle

R$ million	*4T20*	*4T19*	*(+/-)*
(+/-) Inventories	**6.176**	**4.565**	**+1.611**
Days in Inventory[1]	84	78	6dias
(+/-) Trade accounts payable[2]	**11.546**	**7.925**	**+3.621**
Days in Trade accounts payable - Total[1]	156	136	21dias
Financial cycle variation	**5.370**	**3.360**	**+2.010**

[1] Cost of sales - days
[2] Trade accounts payable + Trade accounts payable - agreement These would be the amounts of the financial cycle were there no operations with Bank Credit Notes (CCBs) that reclassified the balance of trade accounts receivable to "Loans and financing" in the amount of R$2.5 billion and R$760 million from the program of advances to suppliers with own cash (Portal) made in Dec/20.

4Q20 ended with an increase in inventories and trade accounts payable, resulting in a variation of R$2,0 billion in the financial cycle. The increase in inventories (variation of R$1.6 billion compared to 4Q19) is due to a strategic decision to strengthen the inventory position considering the current market scenario and the risk of shortages. That decision proved to be correct in 2020, reflecting the market share gain observed in the period.

Working Capital

In the last 12 months, changes in adjusted working capital contributed R$1.9 billion to the generation of operating cash flows, with emphasis on the discipline in inventory turnover as a strategy to leverage online growth and ensure product supply.

With the strengthening and robustness of cash, the Company expanded the program of advances to suppliers with its own cash - Suppliers Portal - and made prepayments in the amount of R$760 million in 2020.

	12.31.2020	**12.31.2019**	Δ
R$ million			
(+) Accounts receivable (without credit cards)	2.840	2.190	650
(+) Inventories	6.176	4.565	1.611
(+) Related parties	209	139	70
(+) Taxes recoverable	1.394	1.050	344
(+) Other assets	578	222	356
(+) Operating current assets	**11.197**	**8.166**	**3.031**
(-) Trade accounts payable	8.283	7.925	358
(-) Trade accounts payable - Portal	760	-	760
(-) Reclassification CCB	2.503	-	2.503
(-) Payment booklets – consumer financing	4.003	3.289	714
(-) Social and labor obligations	612	401	211
(-) Taxes payable	276	198	78
(-) Related parties	26	119	(93)
(-) Deferred revenue	385	369	16
(-) Other accounts payable	1.563	1.168	395
(-) Operating current liabilities	**18.411**	**13.469**	**4.942**
Δ	**7.214**	**5.303**	**1.911**

Capital Structure

CAPITAL STRUCTURE (in R$ million)	12/31/2020	12/31/2019
(-) Loans and financing - current	(2.684)	(1.655)
(-) Loans and financing – noncurrent	(1.765)	(500)
(=) Gross debt	**(4.449)**	**(2.155)**
(+) Cash and short-term investments	**2.984**	**1.364**
(+) Accounts receivable – Credit Cards	**5.512**	**3.004**
(=) Adjusted Net Cash	**4.047**	**2.213**
Short-term debt / Total	60,3%	76,8%
Long-term debt / Total	39,7%	23,2%
Adjusted EBITDA (Last 12 months)	2.917	1.076
Adjusted Net Cash / Adjusted EBITDA	1,4 x	2,1 x
Cash, Investments and Credit Cards	**8.496**	**4.368**

In the last 12 months, the Company increased its adjusted net cash position by R$1,8 billion.

Investments

In 4Q20, Via Varejo's investments totaled R$181 million.

Investments were made mainly in technological evolution, expansion, store remodeling and logistics, divided according to the table below.

R$ million	4Q20	4Q19	%	2020	2019	%
Logistics	16	7	142,3%	49	28	73,1%
New stores	39	18	122,2%	55	97	(43,4%)
Store renovation	18	13	43,4%	47	54	(12,9%)
Technology	99	69	42,3%	259	225	15,0%
Other	9	8	16,9%	26	33	(21,3%)
Total	**181**	**114**	**58,9%**	**434**	**436**	**(0,4%)**

Store Activity by Format and Brand

Casas Bahia	4Q19	3Q20	Open	Closed	4Q20
Street	668	669	17	15	671
Shopping Malls	184	185	3	2	186
Kiosk	3	0	0	0	0
Consolidated (total)	**855**	**854**	**20**	**17**	**857**
Sales area (thousand m²)	**822**	**823**	**11,8**	**13,8**	**820**
Total area (thousand m²)	**1.319**	**1.320**	**19,9**	**23,5**	**1.317**

Pontofrio	4Q19	3Q20	Open	Closed	4Q20
Street	112	111	0	14	97
Shopping Malls	102	99	0	1	98
Kiosk	2	0	0	0	0
Consolidated (total)	**216**	**210**	**0**	**15**	**195**
Sales area (thousand m²)	**118**	**116**	**0**	**9,2**	**107**
Total area (thousand m²)	**201**	**198**	**0,0**	**14,9**	**184**

Consolidated	4Q19	3Q20	Open	Closed	4Q20
Street	780	780	17	29	768
Shopping Malls	286	284	3	3	284
Kiosk	5	0	0	0	0
Consolidated (total)	**1.071**	**1.064**	**20**	**32**	**1.052**
Sales area (thousand m²)	**939**	**938**	**11,8**	**23,0**	**927**
Total area (thousand m²)	**1.521**	**1.519**	**19,9**	**38,4**	**1.500**

Capital Market

On June 3, 2020, the initial offering of 220,000,000 common shares was approved at a Meeting of the Board of Directors (RCA), with restricted placement efforts, which could be increased by up to 35%, i.e. up to 77,000,000 common shares ("Additional Shares"), depending on demand.

The closing price of common shares issued by the Company on B3 on June 3, 2020, was R$13.48 (this is merely an indication of the Price per Share), which could vary upwards or downwards, according to the conclusion of the Bookbuilding Procedure. Thus, the total amount of the Restricted Offer, based on this indicative Price per Share, would be R$2,965,600,000.00, without considering the placement of Additional Shares, or R$4,003,560,000.00, considering the placement of Additional Shares.

The price per Share was set at R$15.00 by the Board of Directors, after the completion of the procedure for collecting investment intentions from professional investors. In view of the price per Share and the issue of 297,000,000 shares, the total amount of the Offer was R$4,455,000,000.00.

The Company's capital was increased by R$2,227,500,000.00, through the issuance of 297,000,000 new shares, within the authorized capital limit, as approved at the Board of Directors' Meeting held on June 15, 2020, and the remaining amount of R$2,227,500,000.00 was allocated to Capital Reserve, under the premium on subscription of shares account.

The net resources deriving from the Restricted Offer were allocated to (i) investments in technology and logistics, innovation and development; and (ii) optimization of the Company's capital structure, including replenishment of working capital.

In the year ended December 31, 2020, the Company's market value was R$25.813 million, considering the final share price of R$16.16 on December 12, 2020.

The final share price appreciated by 44.7% when compared to the previous year, from R$11.17 to R$16.16, reflecting the market's expectations regarding the Company's results. The Ibovespa index appreciated by 2.9% in the period.

Fiscal Year

The Company's fiscal year coincides with the calendar year, and the financial statements will be drawn up at the end of each year, in accordance with the provisions of the Brazilian Corporation Law and other applicable legal provisions.

The Company will prepare interim balance sheets observing the applicable legal provisions.

The accumulated losses and the provision for taxes on income (loss) for the year will be deducted from income (loss) for the year before any profit distribution or sharing.

When presenting the financial statements for the year at the General Meeting, Management will propose the allocation of the remaining net income for the year after the following deductions or additions, made on a decreasing basis and in the following order:

(a) 5% (five percent) for the set-up of the legal reserve, which will not exceed 20% (twenty percent) of the share capital. The set-up of the legal reserve may be waived in the year in which the balance thereof, plus the amount of capital reserves, exceeds 30% (thirty percent) of the share capital;
(b) Amount intended for to the recognition of reserves for contingencies and reversal of those recognized in previous years;
(c) Unrealized profits and reversal of profits previously recorded in this reserve that have been realized in the year;
(d) twenty-five percent (25%) for payment of mandatory dividends; and
(e) The remaining portion of net income will be allocated: (i) to the investment and expansion reserve, without prejudice to retained profits under the terms of article 196 of the Brazilian Corporation Law; (ii) strengthening working capital; and it may also (iii) be used in the redemption, reimbursement or acquisition of shares of the Company's capital, and the General Meeting may resolve otherwise in case dividends are paid in addition to the mandatory minimum.

By resolution of the Board of Directors, the Company may declare interim dividends to the account of (i) profits determined in the interim balance sheets, provided for in the Sole Paragraph of Article 31 above, (ii) retained earnings or (iii) profit reserves.

The dividends thus declared will be considered an advance payment of mandatory dividends referred to in article 33 of these Bylaws.

The Board of Directors may also determine the payment of interest on equity (IOE) in accordance with the legislation in force, which will be imputed to the annual mandatory minimum dividends.

Dividends attributed to shareholders will be paid within the terms of the law, and, if they are not claimed within 3 (three) years from the publication of the act that authorized their distribution, they will lapse in favor of the Company.

Relationship with the External Audit

The Company's policy in contracting any services from the independent auditor that are not related to the external audit is based on principles that preserve the auditor's independence, namely: (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 promote the interests of his or her client.

Audit fees refer to professional services provided for the audit of the Company's consolidated financial statements, quarterly reviews of the Company's consolidated financial statements, corporate audits and interim reviews of certain subsidiaries, as required by the applicable legislation.

In order to comply with CVM Ruling No. 381/2003, the Company informs that Ernst & Young Auditores Independentes S.S., which provided external audit services to the Company, did not provide other non-audit services that represented more than 5% (five percent) of audit fees in 2020.

ESG highlights - 2020

Value Added

Value Added for the year totaled R$7.270 million. Of that amount, R$1.907 million, 26.23% of the Value Added, was allocated to the federal, state and local governments in the form of taxes and contributions.

People Management

In the year ended December 31, 2020, the Company had a staff of 47,485 employees, 8.4% higher than the number presented in the year ended December 31, 2019, which was 43,821 employees.

As previously mentioned, we had to close all of our more than 1,000 physical stores in one single day. At the time, March 2020, only 24% of sales were digital. Via Varejo quickly showed its ability to reinvent itself and went further: during two weeks, our more than 20 thousand sellers resumed their sales activities, only this time, they did it digitally. Our online sales strategy, known as "Call me on WhatsApp" ("Me chama no zap"), is a unique human e-commerce experience, considered one of the greatest "social selling cases" in the world and was even the subject of a case study by Facebook. The Company acted quickly and its priority is to sustain employment in the face of uncertainties arising from the pandemic. The number of employees increased by 8.4% when compared to the previous year.

Environmental

Reverse logistics: The number of e-waste collectors used in Via Varejo stores has tripled, reaching a total of 400 in the year.

Recycling: Through the REVIVA program, more than 5,000 tons of material was sent for recycling, benefiting 250 families from 11 partner cooperatives.

Logistics efficiency: The Company enhanced the integration of its logistics network, with the increase in the number of mini-hubs, in the Retira Rápido service and the operation of ASAPLog as a solution for the final stage of delivery (last mile), speeding up deliveries to customers, reducing costs and generating less emissions.

Solar energy: Via Varejo contracted two solar plants that will generate electricity for 57 branches in the state of Rio de Janeiro as of 2021. They will join the 79 stores in Minas Gerais, whose energy is currently fully supplied by the solar plant maintained by the Company in the state.

Paperless stores: 43% of payment slips issued in stores are already digital, reflecting a substantial reduction in paper printing.

Combating Covid-19: Agility in decision-making, creativity and adaptability made Via Varejo able to maintain the safety of its employees and customers, the continuity of its operations and conclude the year with positive ESG and financial results.

Social

Communities first: The Casas Bahia Foundation recorded the largest investment in its history, with a value 74% higher than the previous year, changing its form of action to meet the communities' emergency needs generated by the covid-19 pandemic throughout the Brazilian territory.

Focus on diversity: Several actions were taken to reinforce Via Varejo's commitment to diversity and inclusion, such as strengthening affinity groups, joining public initiatives and strategically repositioning its brands, among others.

New identity: The Casas Bahia brand has adopted a new visual identity, a new character, CB, and a new brand positioning, with a focus on inclusion and sustainability: "Our home is Brazil. Our cause is the Brazilian people".

Banking and digital inclusion: The company created new tools to serve its customers, such as "Call me on WhatsApp" (Me Chama no Zap) and the Digital Payment Booklet (Crediário Digital), in addition to expanding the marketplace and services offered by banQi, promoting the banking and digital inclusion of thousands of people.

Corporate Governance

The Company has a very robust Governance structure, aiming to guarantee an efficient and responsible management, always following the best market practices, in accordance with the laws, rulings and other applicable rules, in addition to the commitments assumed by the Company with its customers, investors and society as a whole, particularly with regard to transparency. The Company's Governance is structured as follows: General Meeting; Board of Directors; Audit, Risk and Compliance Committee, with the objective, among others, of ensuring that risk controls are in full operation; Finance Committee; and a People, Innovation and Governance Committee, which also has an independent member, where people discuss matters related to people and governance improvements, in addition to, of course, an Executive Board, responsible for implementing and executing the Company's strategy. Additionally, the Company has a Supervisory Board, a non-permanent body, but which has been established in recent years, always very active and helping to ensure even more transparency with regard to the practices adopted by the Company.

Board of Directors: In relation to recent changes, in June 2020, the General Meeting elected a new Board of Directors and a new chairman was appointed, Raphael Klein. With extensive experience at Via Varejo, having even held the position of CEO when the Company was created, Raphael has a lot of experience in the technology area, always working together with the Executive Board to ensure the continuity of the transformation and digitalization of the company. It is also noteworthy that the profile and lean size of the new composition contribute to an agile decision-making process. The Company's Board of Directors has 3 independent members out of a total of 5 members.

It is also worth mentioning that the Company has an internal area of Corporate Governance, which acts to support the bodies and ensure the implementation of the practices approved and/or the practices recommended by the market, which always works together with the Relations with Investors area in control of block periods, monitoring and reporting of transactions between related parties, including the use of modern systems to support, record and guarantee the continuity of good governance.

Review of the Code of Ethics: In addition to several other measures, the Company reviewed and approved the new Code of Ethics to reinforce the company's commitment to diversity and to combating gender violence and moral harassment.

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 Officers state that they have reviewed, discussed and agreed with the Company's financial statements for the year ended December 31, 2020, authorizing their completion on this date.

São Caetano do Sul (SP), March 02, 2021.

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 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, 2020, authorizing their completion on this date.

São Caetano do Sul (SP), March 02, 2021.

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. ("Company"), in compliance with the legal and statutory provisions, examined the Management Report and the Financial Statements for the year ended on December 31, 2020. Based on the examinations carried out and the clarifications provided by Management, also considering the opinion of the independent auditors - Ernst & Young Auditores Independentes S.S. - dated March 2, 2021, the Supervisory Board's favorable opinion is that the referred to documents, in all significant aspects, are in conditions to be considered by the Company's Annual Shareholders' Meeting to be called, under the terms of Law No. 6404/76.

São Caetano do Sul, March 2, 2021.

Olavo Fortes Campos Rodrigues Junior – Chairman

Carlos Roberto de Albuquerque Sá – Member

André Coji – Member

Summary of the Annual Report of the Audit, Risk and Compliance Committee

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

1. Presentation

The Company's Audit, Risk and Compliance Committee ("Committee") is a statutory advisory body directly linked to the Board of Directors, of a permanent nature, governed by the applicable legislation and regulations, particularly 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 three (3) members.

On July 07, 2020, the Board of Directors approved the updating of the Committee's Internal Rules, as well as the new composition of the Committee, namely: (i) Mr. Fernando Dal-Ri Múrcia was removed from the position of member of the Committee; (ii) Mr. Marcel Cecchi Vieira was elected as Coordinator of the Committee, and (iii) Messrs. Luiz Carlos Nannini and Rogério Paulo Calderón Peres were elected as members of the Committee. The term of office of the abovementioned members will be effective until the first meeting of the Board of Directors to be held after the Company's General Meeting of 2022.

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 Committee held fourteen (14) meetings from January 2020 to March 2021.

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 January 2020 to March 2021 are described below:

(a) Review of the Internal Rules of the Ethics Committee, the Gifts and Presents Policy;
(b) Monitoring of the independent investigation conducted by the Investigation Committee related to anonymous reports received by the regarding alleged accounting irregularities ("Investigation");
(c) Monitoring of the main controls and practices implemented by the Company in order to mitigate the inconsistencies found in the Investigation;
(d) Analysis and recommendation about the Company's Management Report and Financial Statements for the year ended December 31, 2019 (FS2019);
(e) Analysis and recommendation about the Company's financial information for the period ended March 31, 2020 (1Q20);
(f) Analysis and recommendation about the Company's financial information for the period ended June 31, 2020 (2Q20);
(g) Monitoring the Company's Eternal Audit work plan;
(h) Monitoring the transition of the Company's Internal Audit area;
(i) Analysis and recommendation about the Company's financial information for the period ended September 30, 2020 (3Q20);
(j) Review of the Company's new Code of Ethics;
(k) Review of the Company's new Contributions, Sponsorship and Donations Policy;

(l) Analysis and recommendation about the Company's Management Report and Financial Statements for the year ended December 31, 2020 (FS2020);

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, 2020. 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 01, 2021.

Marcel Cecchi Vieira – Coordinator

Luiz Carlos Nannini – Member

Rogério Paulo Calderón Peres – Member

A free translation from Portuguese into English of Independent auditor's report on the individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and with the IFRS

Independent auditor's report on the individual and consolidated financial statements

To the Board of Directors, Shareholders and Officers of
Via Varejo S.A.
São Caetano do Sul - 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, 2020, 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, 2020, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with the 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.

Measurement of the provision for labor and civil contingencies

At December 31, 2020, the provision for labor and civil contingencies totaled R$1,625 million in the individual statements and R$1,653 million in the consolidated statements, as disclosed in Note 17.b to the individual and consolidated 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 their 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 the explanatory notes in relation to the matter.

Based on the results of the 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, 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 the proper accrual period; and (iv) assessment of the adequacy of the Company's disclosures in the explanatory notes regarding the matter.

Based on the results of the audit procedures performed, which are consistent with management's assessment, we consider the amounts recorded under assets as judicial deposits, as well as the respective disclosures in Note 17.e, to be acceptable in the context of the financial statements taken as a whole.

Realization of State VAT (ICMS) credits recoverable

As of December 31, 2020, the balance of State VAT (ICMS) credits totaled R$3.123 million in the Individual financial statements and R$3.127 million in the Consolidated financial statements, as disclosed in Note 8.b to the financial statements as at December 31, 2020. 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 at December 31, 2020 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, 2020.

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, to be 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, 2020, 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.

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.

- Evaluated 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 2, 2021

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

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

Statement of financial position
Year ended December 31, 2020
In thousands of reais, unless otherwise stated

	Note	Individual 31.12.2020	Individual 31.12.2019	Consolidated 31.12.2020	Consolidated 31.12.2019
Assets					
Current assets					
Cash and cash equivalents	5	**2.925**	1.320	**2.984**	1.364
Accounts receivable	6	**7.901**	5.111	**7.907**	5.112
Inventories	7	**6.149**	4.550	**6.176**	4.565
Taxes recoverable	8	**1.366**	1.029	**1.394**	1.050
Related parties	9	**254**	151	**209**	139
Prepaid expenses		**276**	53	**281**	54
Financial instruments – fair value hedge	13	**-**	2	**-**	2
Other assets		**259**	135	**297**	166
Total current assets		**19.130**	12.351	**19.248**	12.452
Noncurrent assets					
Accounts receivable	6	**888**	366	**888**	366
Taxes recoverable	8	**4.052**	2.793	**4.052**	2.794
Deferred taxes	16 (c)	**1.535**	1.431	**1.607**	1.467
Related parties	9	**57**	86	**97**	123
Judicial deposits	17 (e)	**654**	609	**676**	629
Financial instruments		**-**	43	**-**	43
Other assets		**136**	150	**137**	151
Investments	10	**1.173**	973	**206**	145
Property and equipment	11	**1.335**	1.277	**1.413**	1.369
Intangible assets	12	**661**	547	**1.653**	1.245
Right-of-use asset	18	**3.039**	3.612	**3.079**	3.640
Total noncurrent assets		**13.530**	11.887	**13.808**	11.972
Total assets		**32.660**	24.238	**33.056**	24.424
Liabilities and equity					
Current liabilities					
Trade accounts payable		**7.704**	7.232	**7.799**	7.278
Trade accounts payable - agreement	14 (f)	**484**	647	**484**	647
Loans and financing	13	**6.687**	4.944	**6.687**	4.944
Taxes payable	15	**273**	194	**276**	198
Social and labor obligations		**582**	389	**612**	401
Deferred revenue	19	**357**	369	**385**	369
Related parties	9	**51**	121	**26**	119
Transfer to third parties		**637**	515	**653**	515
Lease liability	18	**659**	607	**665**	609
Other liabilities		**864**	639	**910**	653
Total current liabilities		**18.298**	15.657	**18.497**	15.733
Noncurrent liabilities					
Loans and financing	13	**2.409**	957	**2.409**	957
Deferred revenue	19	**1.036**	1.266	**1.108**	1.266
Provision for contingencies	17 (c)	**1.625**	1.799	**1.691**	1.865
Taxes payable	15	**22**	25	**23**	25
Deferred taxes	16 (c)	**-**	-	**6**	6
Lease liability	18	**3.249**	3.936	**3.298**	3.974
Other liabilities		**42**	20	**45**	20
Total noncurrent liabilities		**8.383**	8.003	**8.580**	8.113
Total liabilities		**26.681**	23.660	**27.077**	23.846
Equity	20				
Capital		**5.039**	2.903	**5.039**	2.903
Capital transactions		**(1.232)**	(1.232)	**(1.232)**	(1.232)
Capital reserves		**2.656**	376	**2.656**	376
Treasury shares		**(1)**	(1)	**(1)**	(1)
Income reserve		**1.004**	-	**1.004**	-
Accumulated losses		**(1.420)**	(1.420)	**(1.420)**	(1.420)
Other comprehensive income		**(67)**	(48)	**(67)**	(48)
Total equity		**5.979**	578	**5.979**	578
Total liabilities and equity		**32.660**	24.238	**33.056**	24.424

See accompanying notes.

Statement of profit or loss
Year ended December 31, 2020
In thousands of reais, unless otherwise stated

		Individual		Consolidated	
Continuing operations	**Notes**	**12.31.2020**	**12.31.2019**	**12.31.2020**	**12.31.2019**
Revenue from sale of goods and services	21	**28.893**	24.486	**28.901**	25.655
Cost of goods sold and services rendered	22	**(19.403)**	(17.358)	**(19.435)**	(18.312)
Gross profit		**9.490**	7.128	**9.466**	7.343
Selling expenses	22	**(5.893)**	(5.174)	**(5.892)**	(5.564)
General and administrative expenses	22	**(812)**	(913)	**(891)**	(931)
Depreciation and amortization	11, 12 and 18	**(721)**	(681)	**(731)**	(702)
Other operating income (expenses), net	23	**(390)**	(1.227)	**(386)**	(1.235)
Income (loss) before finance income (costs) and equity pickup		**1.674**	(867)	**1.566**	(1.089)
Finance income (costs), net	24	**(691)**	(913)	**(696)**	(962)
Equity pickup	10	**(25)**	(211)	**53**	47
Income (loss) before income taxes		**958**	(1.991)	**923**	(2.004)
Income and social contribution taxes	16	**46**	558	**81**	571
Net income (loss) for the year attributable to Company shareholders		**1.004**	(1.433)	**1.004**	(1.433)
Earnings (loss) for the year per share (Reais per share)	25				
Basic					
Common shares		**0,68707**	(0,00111)		
Diluted					
Common shares		**0,66838**	(0,00111)		

See accompanying notes.

Via Varejo S.A.

Statement of comprehensive income (loss)
Year ended December 31, 2020
In thousands of reais, unless otherwise stated

	Individual		Consolidated	
	12.31.2020	**12.31.2019**	**12.31.2020**	**12.31.2019**
Net income (loss) for the year attributable to Company shareholders	**1.004**	(1.433)	**1.004**	(1.433)
Other comprehensive income				
Items that may be reclassified to P&L				
Fair value of financial instruments	**(24)**	(20)	**(24)**	(10)
Taxes on fair value of financial instruments	**8**	7	**8**	4
Equity pickup on other comprehensive income of investees	**(3)**	14	**-**	-
Merger of Cnova	**-**	(7)	**-**	-
Translation adjustments for the period	**-**	-	**(3)**	-
Comprehensive income for the year attributable to Company shareholders	**985**	(1.439)	**985**	(1.439)

See accompanying notes.

Statement of cash flows
Year ended December 31, 2020
In thousands of reais, unless otherwise stated

	Notes	Individual 31.12.2020	Individual 31.12.2019	Consolidated 31.12.2020	Consolidated 31.12.2019
Cash flow from operating activities					
Net income (loss) for the year		**1.004**	(1.433)	**1.004**	(1.433)
Adjustments:					
Depreciation and amortization	11, 12 and 18	**884**	834	**912**	883
Equity pickup	10	**25**	211	**(53)**	(47)
Deferred income and social contribution taxes	16	**(81)**	(560)	**(114)**	(576)
Unrealized interest and monetary difference		**428**	666	**431**	681
Provision for contingencies, net of reversals		**781**	1.871	**808**	1.906
Allowance for expected credit losses	6	**799**	541	**800**	585
Loss on disposal of property and equipment and intangible assets	23	**(58)**	261	**(59)**	270
Estimated impairment loss of inventories	7	**(13)**	41	**(12)**	48
Deferred revenue recognized in profit or loss		**(249)**	(367)	**(269)**	(368)
Share-based payment		**53**	15	**53**	15
Write-off of right of use and lease liabilities	18	**(129)**	(1)	**(125)**	4
Discounts received – leases	18	**(91)**	-	**(91)**	-
Other		**(2)**	(4)	**(2)**	(11)
Changes in working capital					
Accounts receivable		**(4.134)**	(2.322)	**(4.139)**	(2.072)
Inventories		**(1.586)**	(269)	**(1.599)**	168
Taxes recoverable		**(1.272)**	(42)	**(1.426)**	(26)
Related parties		**(188)**	(272)	**(181)**	(9)
Judicial deposits		**(15)**	371	**(17)**	367
Prepaid expenses		**(223)**	(26)	**(226)**	(21)
Financial instruments - fair value hedge		**-**	7	**-**	7
Other assets		**(110)**	(97)	**(114)**	(92)
Trade accounts payable		**237**	137	**283**	(1.154)
Taxes payable		**109**	62	**256**	35
Social and labor obligations		**193**	(110)	**191**	(137)
Transfer to third parties		**122**	(22)	**136**	(25)
Deferred revenue		**6**	(5)	**7**	(4)
Contingencies	17	**(909)**	(1.122)	**(936)**	(1.137)
Other liabilities		**247**	71	**251**	(58)
Dividends received from investees		**5**	9	**10**	10
Income and social contribution taxes paid		**-**	-	**-**	(5)
Net cash used in operating activities		**(4.167)**	(1.555)	**(4.221)**	(2.196)
Cash flow from investing activities					
Acquisition of property and equipment and intangible assets	11 and 12	**(347)**	(458)	**(362)**	(472)
Disposal of property and equipment and intangible assets	11 and 12	**-**	-	**6**	16
Financial instruments		**-**	(40)	**-**	(40)
Acquisition of equity interest	10	**-**	-	**(18)**	-
Acquisition of subsidiary, net of cash		**-**	18	**(70)**	-
Capital increase in subsidiary	10	**(176)**	-	**-**	-
Net cash used in investing activities		**(523)**	(480)	**(444)**	(496)
Cash flow from financing activities					
Fundraising	13	**10.247**	7.615	**10.247**	7.615
Payment of principal	13	**(6.998)**	(6.056)	**(6.998)**	(6.057)
Interest payment	13	**(466)**	(305)	**(466)**	(305)
Repayment of principal - lease	18	**(420)**	(486)	**(424)**	(497)
Payment of interest - lease	18	**(383)**	(406)	**(389)**	(415)
Funds from issue of shares		**4.455**	-	**4.455**	-
Payment of share issue costs		**(142)**	-	**(142)**	-
Capital increase	20 (a)	**2**	4	**2**	4
Net cash from financing activities		**6.295**	366	**6.285**	345
Net increase (decrease) in cash and cash equivalents		**1.605**	(1.669)	**1.620**	(2.347)
Opening balance of cash and cash equivalents	5	**1.320**	2.989	**1.364**	3.711
Closing balance of cash and cash equivalents	5	**2.925**	1.320	**2.984**	1.364
		1.605	(1.669)	**1.620**	(2.347)
Additional information on non-cash items					
Acquisition of property and equipment and intangible assets through financing	11 and 12	**137**	60	**138**	62

See accompanying notes.

Statement of changes in equity
Year ended December 31, 2020
In thousands of reais, unless otherwise stated

		Attributable to Company shareholders											
				Capital reserves					Income reserves				
	Note	**Capital**	**Capital transactions**	**Special goodwill reserve**	**Premium on subscription of shares**	**Tax incentives**	**Options granted**	**Treasury shares**	**Legal**	**Investment grant**	**Accumulated losses**	**Other comprehensive income**	**Total**
Balances at December 31, 2018		2.899	(1.232)	279	-	8	75	(1)	13	-	-	(42)	1.999
Loss for the year		-	-	-	-	-	-	-	-	-	(1.433)	-	(1.433)
Adjustments to 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
Recognized options granted	20 (d)	-	-	-	-	-	14	-	-	-	-	-	14
Absorption of accumulated losses		-	-	-	-	-	-	-	(13)	-	13	-	-
Balances at December 31, 2019		2.903	(1.232)	279	-	8	89	(1)	-	-	(1.420)	(48)	578
Income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.004**	**-**	**1.004**
Adjustments to financial instruments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(24)**	**(24)**
Taxes on adjustments of financial instruments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**8**
Translation adjustments for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.004**	**(19)**	**985**
Capital increase	20 (a)	**2.230**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.230**
Share issue costs	20 (a)	**(94)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(94)**
Investment grant		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.004**	**(1.004)**	**-**	**-**
Recognized options granted		**-**	**-**	**-**	**-**	**-**	**53**	**-**	**-**	**-**	**-**	**-**	**53**
Premium on subscription of shares	20 (d)	**-**	**-**	**-**	**2.227**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.227**
Balances at December 31, 2020		**5.039**	**(1.232)**	**279**	**2.227**	**8**	**142**	**(1)**	**-**	**1.004**	**(1.420)**	**(67)**	**5.979**

See accompanying notes.

Via Varejo S.A.

Statement of value added
Year ended December 31, 2020
In thousands of reais, unless otherwise stated

	Notes	Individual 31.12.2020	Individual 31.12.2019	Consolidated 31.12.2020	Consolidated 31.12.2019
Revenues		**33.631**	27.778	**33.665**	29.283
Sale of goods and services	21	**34.430**	28.314	**34.458**	29.848
Allowance for expected credit losses	6	**(799)**	(541)	**(800)**	(585)
Other revenues		**-**	5	**7**	20
Bought-in inputs		**(25.993)**	(22.250)	**(25.958)**	(23.538)
Cost of goods sold and services rendered		**(21.799)**	(18.568)	**(21.654)**	(19.407)
Materials, energy, third-party services and other expenses		**(4.474)**	(3.462)	**(4.580)**	(3.898)
Recovery (loss) of receivables		**184**	(220)	**180**	(233)
Other		**96**	-	**96**	-
Gross value added		**7.638**	5.528	**7.707**	5.745
Depreciation and amortization	11, 12 and 18	**(884)**	(834)	**(912)**	(883)
Net value added produced by the Company		**6.754**	4.694	**6.795**	4.862
Value added received in transfer		**394**	(31)	**475**	239
Equity pickup	10	**(25)**	(211)	**53**	47
Finance income	24	**419**	180	**422**	192
Total value added to be distributed		**7.148**	4.663	**7.270**	5.101
Value added distributed		**7.148**	4.663	**7.270**	5.101
Personnel		**3.121**	3.903	**3.219**	4.042
Salaries		**2.006**	1.737	**2.063**	1.827
Benefits		**236**	249	**246**	266
Unemployment Compensation Fund (FGTS)		**156**	200	**160**	206
Labor claims		**698**	1.685	**706**	1.702
Other personnel expenses		**25**	32	**44**	41
Taxes, charges and contributions		**1.890**	1.054	**1.907**	1.285
Federal taxes		**635**	585	**648**	638
State taxes		**1.187**	396	**1.190**	567
Local taxes		**68**	73	**69**	80
Debt remuneration		**1.133**	1.139	**1.140**	1.207
Interest	24	**1.110**	1.093	**1.118**	1.154
Rents		**2**	31	**-**	38
Other		**21**	15	**22**	15
Equity remuneration		**1.004**	(1.433)	**1.004**	(1.433)
Income (loss) for the year		**1.004**	(1.433)	**1.004**	(1.433)
Total value added distributed		**7.148**	4.663	**7.270**	5.101

See accompanying notes.

1. Operations

Via Varejo S.A. ("Company" or "Via Varejo"), directly or through its subsidiaries, 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.br", "casasbahia.com.br" 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 (New Market) of B3 S.A. - Brasil, Bolsa, Balcão ("B3"), with the highest corporate governance standard, under ticker symbol "VVAR3".

At December 31, 2020, the Company had 27 Distribution Centers and Warehouses and conducted sales through 1,052 active branches (857 with the Casas Bahia brand and 195 with the Ponto Frio brand). Of the total number of stores, 284 were located in shopping malls and 768 were street stores throughout the country.

2. Presentation and preparation of the individual and consolidated 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 individual and consolidated 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 has been prepared on a historical cost basis, 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 individual and consolidated financial statements for the year ended December 31, 2020 was granted by the Company's Board of Directors on March 02, 2021.

2.4. Statement of relevance

The Company management 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 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 include 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.

2.6. Impacts of COVID-19

The aforementioned pandemic has already shown to have relevant impacts on the Brazilian economy in general and on the retail sector in particular, including guidelines for restricting opening hours and/or closing commercial establishments. This situation resulted in challenging working conditions and disruption of the global supply chain, affecting the availability of certain goods sold by the Company. In addition, the significant increase in COVID-19 cases in several Brazilian regions where the Company operates, combined with the social distancing measures and other measures adopted to contain the outbreak, led to the temporary closing of our physical stores from March 21, 2020.

As of the second quarter of 2020, due to the implementation of new strategies and investments made in technology and in the business platform, we presented a significant acceleration of sales via the digital channel, resulting in significant market share gains. Additionally, the stores reopened according to the schedules and safety standards defined by the States and Municipalities. The number of stores in operation at the end of June 30, 2020 was 639. During the third quarter of 2020, the stores were gradually reopened, so that, at December 31, 2020, virtually all of the Company's stores were already open. Regardless of the permission to reopen stores in several states, the Company continues to adopt a series of measures aimed at mitigating the impacts generated by COVID-19 in its operations, including, but not limited to: (i) institution of two special committees with the purpose of speeding up 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 to maintain the continuity of its operations for the duration of the pandemic; (iii) inventory optimization, with enough goods available to meet future demand and avoid possible product shortages; (iv) continuous investment in its network of stores and distribution centers, logistics, business platform and online channel, increasingly seeking to improve the level of service offered to customers that have become increasingly multichannel; (v) keeping its employees working from home for as long as necessary, in compliance with the protocols established by the competent public authorities; and (vi) creation of a 0800 hotline to answer any questions from our employees related to health in general and specifically to COVID-19 in the face of the pandemic.

Notwithstanding, at this time, neither the Company nor its Management is able to accurately predict or estimate the impact on future results of operations, cash flows or the future financial condition of the Company, since COVID-19 continues to impact economic activity worldwide and the performance of the Brazilian retail, in particular, representing new risks for the Company, employees, service providers, suppliers, customers and other business partners. On the other hand, with the start of the national immunization plan, it is likely that the Brazilian economic activity will gradually improve in 2021.

Main risks associated with COVID-19 to the Company's operations

a) Going concern risk

The risks arising from disease outbreaks and health epidemics, notably those arising from the pandemic caused by COVID-19, may contribute significantly to the deterioration of the economic conditions in Brazil and worldwide, and may cause, among other consequences: (i) risk of shortages for the retail sector, since the large countries that produce electronic components are located in the Asian continent, and those components are imported months in advance. It is estimated that China alone accounts for 42% of the electronic components imported by the Brazilian industry in the sector; in addition, we estimate that (ii) obtaining financing for operations or refinancing debt may become more difficult or costly in the future; (iii) an impact on the financial position of certain customers and suppliers and; (iv) a change to the in investment programs in general.

The Company maintained its purchase plans throughout 2020 in order to protect itself against the risk of shortages. Additionally, the Company extended debts of approximately R$4 billion over the second quarter of 2020, which added to capitalization through the follow-on offering of Company shares of approximately R$4.4 billion, results in the increase and preservation of cash, totaling R$8.4 billion.

The Company understands that there is no going concern risk. However, future changes that deteriorate the economic and business environment in the segment in which the Company operates, or significant changes in the economy or in the financial market, with a possible increase (higher than estimated) in risk perception or reduction in liquidity and refinancing capacity, may cause the Company to revise its estimates of future performance and, eventually, may affect the Company's ability to meet its obligations and/or lead to a review of its operation and future growth prospects.

b) Risk of losses based on the realizable value of inventories

Accounting Pronouncement CPC 16 - Inventories establishes that the Company measures its inventories at the lower of cost or net realizable value. The net realizable value is the estimated sale price in the ordinary course of business, less estimated completion costs and directly related selling expenses. The Company evaluates on a monthly basis whether inventories are stated at their realizable value and, when applicable, records impairment losses on inventories. To that end, the Company uses the estimated sale price in the ordinary course of business as an assumption. The total amount of estimated loss to net realizable value is presented in Note 7.

c) Risk related to impairment of financial assets

The expected impairment losses on financial assets were calculated based on the credit risk analysis. The Company considers the determining aspects of the portfolio's credit risk, such as the history of losses. In addition, Management constantly assesses economic factors that could affect its credit operation. In this process, internal data and exogenous variables are observed, such as the percentage of unemployment reported in the Brazilian National Household Sampling Survey (PNAD), as well as other macroeconomic indicators that impact the Company's business, such as the consumer confidence index and income.

The maximum exposure to the Company's credit risk, net of impairment losses on financial assets, refers to the amount of accounts receivable less the amount of the effective risk of losses on trade accounts receivable, which are presented in Note 6.

d) Risk related to impairment of property and equipment

Property and equipment items should be recognized at the lower of the carrying amount 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 carrying amount of the asset exceeds the recoverable amount, the excess amount is recognized in P&L for the year.

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 of cash-generating units and macroeconomic conditions reasonably different from the last impairment test, among others, by virtue of the macroeconomic scenario. The Company carried out a new analysis regarding the need to reduce its assets to their recoverable amount. See Note 11.

e) Covenants

Accounting Pronouncement CPC 26 - Presentation of Financial Statements determines that when an entity breaks a covenant related to a long-term loan (debt or interest coverage ratio, for instance) at the end or before the end of the reporting period, making the liability overdue and payable at the creditor's request, the liability must be classified as current even if the creditor has agreed, after the reporting date and before the date the financial statements were authorized for issue, not to require the accelerated settlement as a result of the breach of covenant. The liability must be classified as current since, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

The maintenance of the contractual maturity of debentures at their original maturities is subject to covenants, which are being regularly complied with. Key covenant compliance indicators are stated in Note 13(d).

2.7. Acquisitions

According to the Disclosures made to the market, during the year 2020, the Company acquired equity interests. The completion of these acquisitions and the integration between the Company's systems and those of the new subsidiaries and associates are another step in the structuring of the turnaround process that the Company has been developing. Acquisitions made are further detailed below:

a) ASAPLog Ltda. ("ASAPLog")

On April 27, 2020, the Company announced the acquisition of 100% (one hundred percent) of the units of interest representing the capital of ASAPLog through its subsidiary and logistics operator of the group, VVLog Logística Ltda. ASAPLog is a technology company and operates in the logistics industry ("LogTec"), specializing in solutions for urban logistics, in addition to connecting carriers in the long distance stages, making the transactional process (between sellers, delivery companies and customers) much more efficient. In recent years, ASAPLog has been transforming the delivery process of small ecommerce retailers, with an easy-to-use platform, favoring crowdshipping as a solution for last mile delivery, with a wide network of independent couriers.

This acquisition is, therefore, a relevant contribution to the accelerated development of the Company's logistics technology, and it will bring strong support to explore the integration of its logistics network, including controlling the management of Mini Hubs ("ship from store"), drastically reducing logistics cost and delivery time. It is also part of the strategy to improve solutions for the Company's Marketplace partners ("sellers").

b) Carrier EQ, LLC ("Airfox") /BanQi Instituição de Pagamento Ltda. ("BanQi")

On May 21, 2020, the Company announced that it completed the full acquisition of Airfox through its subsidiary Lake Niassa Empreendimentos e Participações Ltda. Airfox is a North American fintech located in Boston and is organized as a hub for technological innovation. As of December 31, 2020, Airfox has a 99.99% interest in the Brazilian subsidiary BanQi, which is the Company's digital account platform. The integration of the application allows users access to services such as deposit, cash withdrawal at stores, as well various other financial services, such as the option to settle payment booklets, payment slips and bills, and make transfers and mobile recharges through the application.

In thousands of reais, unless otherwise stated

In accordance with CPC 15 (R1) – Business Combinations, the Company completed the fair value measurement of net assets acquired on May 21, 2020.

The fair value of identifiable assets and liabilities on the date of acquisition of Airfox is presented below:

Statement of financial position	Fair value at the date of acquisition 05/21/2020
Current assets	45
Intangible assets - software	89
Noncurrent assets	14
	148
Current liabilities	65
Noncurrent liabilities	102
Equity	(19)
	148

A study was prepared by an independent specialist for the effective purchase and segregation of goodwill, using the financial statements at the time of acquisition to allocate the purchase price. The goodwill from the acquisition amounts to R$189, which comprise the difference paid by the Company, in the amount of R$170, in relation to the fair value of the acquiree's equity.

It is mainly attributed to the synergies expected from the integration of the entity to the Company's existing businesses.

The cash disbursement for the acquisition of the subsidiary, net of the cash acquired, is R$50, which corresponds to the amount of R$92 paid in 2020 net of the cash acquired of R$42.

c) I9XP Tecnologia e Participações S.A. ("I9XP")

On October 29, 2020, the Company disclosed to its shareholders and to the market in general, the execution through its subsidiary VVLog of the final documents related to the full (100%) of the shares issued by I9XP Tecnologia e Participações S.A. I9XP is a technology company specialized in developing solutions for e-commerce. This acquisition is part of the Company's digital transformation acceleration strategy, this time focusing on the evolution of special projects such as marketplace and logistics.

d) Growth Partners Investimentos e Participações S.A. ("Growth" or "Distrito")

On November 9, 2020, the Company disclosed to its shareholders and the market in general, that through its subsidiary CNova, the final documents were executed regarding the acquisition of 16.67% of the capital of Growth Partners Investimentos e Participações S.A., company that controls the startup Distrito. On that occasion, Cnova acquired 14.58% of the capital of Distrito, and entered into a stock option to acquire 2.09% of the common shares issued by Distrito.

Founded in 2014, Distrito is an innovation hub that has a complete platform to support companies in their digital transformation through technology. With its ecosystem of open innovation, supported by data and artificial intelligence, Distrito connects large companies, startups, investors and academics to generate new, more collaborative, efficient, transparent and sustainable business models.

2.8. Follow-on offering shares

On June 3, 2020, the initial offering of 220,000,000 common shares was approved at a Meeting of the Board of Directors (RCA), with restricted placement efforts, which could be increased by up to 35%, i.e. up to 77,000,000 common shares ("Additional Shares"), depending on demand.

The closing price of common shares issued by the Company on B3 on June 3, 2020, was R$13.48 (this is merely an indication of the Price per Share), which could vary upwards or downwards, according to the conclusion of the Bookbuilding Procedure. Thus, the total amount of the Restricted Offer, based on this indicative Price per Share, would be R$2,965,600,000.00, without considering the placement of Additional Shares, or R$4,003,560,000.00, considering the placement of Additional Shares.

The price per Share was set at R$15.00 by the Board of Directors, after the completion of the procedure for collecting investment intentions from professional investors. In view of the price per Share and the issue of 297,000,000 shares, the total amount of the Offer was R$4,455,000,000.00. The Company's capital was increased by R$2,227,500,000.00, through the issuance of 297,000,000 new shares, within the authorized capital limit, as approved at the Board of Directors' Meeting held on June 15, 2020, and the remaining amount of R$2,227,500,000.00 was allocated to Capital Reserve, under the premium on subscription of shares account.

The net resources deriving from the Restricted Offer were allocated to (i) investments in technology and logistics, innovation and development; and (ii) optimization of the Company's capital structure, including replenishment of working capital.

3. Revised pronouncements and interpretations issued but not yet adopted

Those IFRSs issued/amended by the IASB that are effective for the year beginning in 2020 had no impact on the Company's financial statements, except for the amendments mentioned below. In addition, the IASB issued/revised certain IFRSs, whose adoption is scheduled for 2021 or later, and the Company is assessing the impacts of the adoption of these standards on its financial statements:

- Amendment to IAS 1 - Classification of liabilities as current or noncurrent: This clarifies aspects to be considered for the classification of liabilities as current or noncurrent liabilities. This amendment to the standard is effective for years beginning on or after January 1, 2023, and can be applied retrospectively. The Company does not expect significant impacts on its financial statements.

4. 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.

In thousands of reais, unless otherwise stated

Equity interest in subsidiaries

Investments	12/31/2020 Direct interest	12/31/2020 Indirect interest	12/31/2019 Direct interest	12/31/2019 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 Administradora de Consórcio Ltda. ("GAC")	99.99%	0.01%	99.99%	0.01%
Cnova Comércio Eletrônico S.A. ("Cnova")	100.00%	-	100.00%	-
ASAPLog Ltda. ("ASAPLog")	-	100.00%	-	-
Carrier EQ, LLC ("Airfox")	-	100.00%	-	-
BanQi Instituição de Pagamento Ltda. ("BanQi")	-	100.00%	-	-
I9XP Tecnologia e Participações S.A. ("I9XP")	-	100.00%	-	-

Description of key subsidiaries

Indústria de Móveis Bartira Ltda.
Indústria de Móveis Bartira Ltda. 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.

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 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. In 2020, Via Varejo announced that the acquisition of Airfox through its subsidiary Lake was complete, as mentioned in Note 2.7 (b).

VVLog Logística Ltda.
VVlog Logística Ltda. 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. In 2020, VVLog announced the acquisition of companies ASAPLog and I9XP, as mentioned in Note 2.7.

Globex Administradora de Consórcios Ltda.
Globex Administradora de Consórcios Ltda is authorized, according to Authorization Certificate No. 00/00/164/90 of the Ministry of Finance, to manage consortium groups formed for the acquisition of durable goods to be delivered by its parent company Via Varejo S.A. 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. 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 is now directly controlled by Via Varejo.

On July 1, 2019, subsidiary Cnova Brasil was partially spun off with merger of the respective spun-off portion by Via Varejo. As of that date, Via Varejo started to directly operate the e-commerce and marketplace businesses previously operated by Cnova. In 2020, Cnova acquired equity interest in Distrito, as mentioned in Note 2.7 (d).

b) Financial instruments – initial recognition and subsequent measurement

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

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 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 payments of principal and interest" on the principal amount outstanding. That assessment is conducted at the instrument level.

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

Financial liabilities are initially classified as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially measured at their fair value, approximately, in the case of a financial liability other than at fair value through profit or loss, and at transaction costs that are directly attributable to the issue of a financial liability.

Subsequent measurement

(i) Financial assets

For subsequent measurement purposes, financial assets are classified into the following categories:

- 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 at fair value through profit or loss.

Financial assets and liabilities at amortized cost

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) and Transactions with related parties.

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 the balances of Accounts receivable from credit card companies.

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, which the Company has not irrevocably classified at fair value through other comprehensive income.

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.

(ii) Financial liabilities

For subsequent measurement purposes, financial liabilities are classified into two categories, as follows:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost (loans and financing)

After initial recognition, financial liabilities subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss upon derecognition of liabilities, as well as by the effective interest rate amortization process.

The amortized cost is calculated taking into account any negative goodwill or goodwill on acquisition and rates or costs that are an integral part of the effective interest method. Amortization by the effective interest method is recorded as a finance cost in the statement of profit or loss.

The Company's financial liabilities at amortized cost include Trade accounts payable, Trade accounts payable - agreement, Loans and financing (except foreign currency), Lease liabilities, Transactions with related parties and Transfer to third parties.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially recognized at fair value through profit or loss. Financial liabilities are classified as held for trading if incurred for repurchase in the short term. This category also includes derivative financial instruments taken out by the Company that are not designated as hedging instruments in the hedging relationships defined by CPC 48. Bifurcated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities initially recognized at fair value through profit or loss are designated at the initial recognition date, and only if the CPC 48 criteria are met. Financial liabilities classified at fair value through profit or loss comprise balances of Loans and financing in foreign currency.

Derecognition

(i) Financial assets

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 the cash flows from the asset expire;
- 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 pass-through agreement and (a) the Company substantially transfers all the risks and rewards from the asset, or (b) the Company neither substantially transfers nor retains all risks and rewards from the asset, but transfers the control over the asset.

When the Company transfers its rights to receive cash flows from an asset or enters into a pass-through agreement, it assesses whether and to what extent it has retained the risks and rewards of ownership. When the Company neither transfers nor substantially retains all the risks and rewards from the asset, nor transfers the control over the asset, it continues to recognize the transferred asset to the extent of its continuing involvement therewith. In this case, the Company also recognizes an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations retained by the Company.

The continuing involvement in the form of guarantee on the transferred asset is measured at the lower of: (i) the value of the asset; and (ii) the maximum value of the consideration received that the entity may be required to repay (value of the guarantee).

(ii)Financial liability

A financial liability is derecognized when:

- The obligation under the liability is settled or canceled;
- An existing financial liability is replaced by another from the same lender on substantially different terms.
- The terms of an existing liability are substantially modified.

Impairment of financial assets

The Company applies a simplified approach of CPC 48 - Financial instruments to measure expected credit losses considering a loss allowance based on lifetime ECLs for all trade accounts receivable.

To measure expected credit losses, trade accounts receivable were grouped based on shared credit risk characteristics and number of days overdue. The expected loss rates are based on the sales payment profiles over a 12-month period and the corresponding historical credit losses incurred in that period, adjusted for specific prospective factors relating to the debtors and the economic environment.

The Company periodically assesses whether the debt instrument is considered of low credit risk using all reasonable and supportable information that is available. In making such an assessment, the Company reassesses the internal credit risk rating of the debt instrument.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and their net amount is presented in the Company's statement of financial position if the entity has a legally enforceable right to offset the amounts recognized and intends to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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.

In thousands of reais, unless otherwise stated

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 virtually 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 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	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cash and banks		**106**	132	**118**	136
Short-term investments under repurchase agreement	87.20 % of the CDI p.a.	**2,805**	1,152	**2,837**	1,191
Sweep accounts	8.59 % of the CDI p.a. (i)	**14**	36	**14**	37
Investments in government bonds (Financial Treasury Bills – LFTs)	105.61 % of Selic p.a.	**-**	-	**15**	-
		2,925	1,320	**2,984**	1,364

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

In thousands of reais, unless otherwise stated

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 goods and 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 balances of accounts receivable from credit card companies is based on 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 the allowance for expected credit losses for each of the portfolios. The portfolios are divided as follows: CDCI Consumer financing, Credit card companies, B2B, and other portfolios;

- To calculate the expected losses from the CDCI Consumer financing portfolio, the Company considers the sales payment profiles over a 12-month period and the corresponding historical credit losses incurred in that period, adjusted for specific prospective factors relating to the debtors and the economic environment.

- 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**	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Credit card companies	**5,512**	3,004	**5,512**	3,004
Consumer financing - CDCI (i)	**3,275**	2,529	**3,275**	2,529
Trade accounts receivable – B2B (ii)	**217**	206	**217**	206
Other receivables	**327**	227	**334**	228
Allowance for expected credit losses	**(542)**	(489)	**(543)**	(489)
	8,789	5,477	**8,795**	5,478
Current	**7,901**	5,111	**7,907**	5,112
Noncurrent	**888**	366	**888**	366

(i) These correspond to receivables from time sales financed through Direct Consumer Credit with Seller Intervention (CDCI), according to Note 13(a)(i), payable in up to 24 months, with days sales outstanding of 14 months.

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

In thousands of reais, unless otherwise stated

c) Changes in allowance for expected credit losses

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Balance at beginning of year	**(489)**	(427)	**(489)**	(498)
Estimated losses recorded in the year	**(799)**	(541)	**(800)**	(585)
Merger of Cnova	**-**	(72)	**-**	-
Write-off of accounts receivable	**746**	551	**746**	594
Balance at end of year	**(542)**	(489)	**(543)**	(489)
Current	**(477)**	(440)	**(478)**	(440)
Noncurrent	**(65)**	(49)	**(65)**	(49)

In thousands of reais, unless otherwise stated

d) Aging list of accounts receivable, before allowance for expected credit losses

Individual

	12/31/2020						12/31/2019					
		Overdue						Overdue				
	Falling due	Within 30 days	31 - 60 days	61-90 days	Above 90 days	Total	Falling due	Within 30 days	31 - 60 days	61-90 days	Above 90 days	Total
Credit card companies	**5,496**	**-**	**-**	**1**	**15**	**5,512**	3,004	-	-	-	-	3,004
Consumer Financing - CDCI	**3,076**	**97**	**41**	**27**	**34**	**3,275**	2,328	95	40	28	38	2,529
Trade accounts receivable – "B2B"	**113**	**86**	**8**	**2**	**8**	**217**	194	4	2	1	5	206
Other receivables	**321**	**2**	**2**	**1**	**1**	**327**	225	-	-	-	2	227
	9,006	**185**	**51**	**31**	**58**	**9,331**	5,751	99	42	29	45	5,966

Consolidated

	12/31/2020						12/31/2019					
		Overdue						Overdue				
	Falling due	Within 30 days	31 - 60 days	61-90 days	Above 90 days	Total	Falling due	Within 30 days	31 - 60 days	61-90 days	Above 90 days	Total
Credit card companies	**5,496**	**-**	**-**	**1**	**15**	**5,512**	3,004	-	-	-	-	3,004
Consumer financing - CDCI	**3,076**	**97**	**41**	**27**	**34**	**3,275**	2,328	95	40	28	38	2,529
Trade accounts receivable – "B2B"	**113**	**86**	**8**	**2**	**8**	**217**	194	4	2	1	5	206
Other receivables	**326**	**2**	**2**	**2**	**2**	**334**	226	-	-	-	2	228
	9,011	**185**	**51**	**32**	**59**	**9,338**	5,752	99	42	29	45	5,967

In thousands of reais, unless otherwise stated

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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Stores	**1,970**	2,184	**1,970**	2,184
Distribution centers	**4,204**	2,431	**4,232**	2,445
Storeroom	**16**	14	**16**	15
Estimated loss – net realizable value	**(41)**	(79)	**(42)**	(79)
	6,149	4,550	**6,176**	4,565

d) Changes in estimated impairment losses

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Balance at beginning of year	**(79)**	(42)	**(79)**	(94)
Reversals (additions)	**13**	(41)	**12**	(48)
Realized losses	**25**	44	**25**	63
Merger of Cnova	**-**	(40)	**-**	-
Balance at end of year	**(41)**	(79)	**(42)**	(79)

In thousands of reais, unless otherwise stated

8. Taxes recoverable

a) Accounting policy

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 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, 2020 and 2019, the Company reassessed its expectations of credit realization based on changes in its budgetary and logistics plans.

b) Breakdown of balances

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
State VAT (ICMS) recoverable (i)	**3,123**	2,757	**3,127**	2,758
Contribution Tax on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) recoverable (ii)	**1,878**	751	**1,880**	752
Income and social contribution taxes	**243**	208	**257**	225
Social Security Tax (INSS) recoverable	**163**	98	**169**	98
Other	**11**	8	**13**	11
	5,418	3,822	**5,446**	3,844
Current	**1,366**	1,029	**1,394**	1,050
Noncurrent	**4,052**	2,793	**4,052**	2,794

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

At December 31, 2020	Individual	Consolidated
2021	**457**	**461**
2022	**633**	**633**
2023	**706**	**706**
2024	**563**	**563**
2025	**231**	**231**
2026 to 2027	**533**	**533**
	3,123	**3,127**

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 a better 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 individual and consolidated financial statements for the year ended December 31, 2020, 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 realized through refund from the state finance departments, requiring evidence of the operations that generated the Company's right to refund, such as tax documents and digital files. This methodology is determined by the legislation of each state, and is duly complied with by the Company.

In thousands of reais, unless otherwise stated

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

At December 31, 2020	Individual	Consolidated
2021	**578**	**580**
2022	**768**	**768**
2023	**532**	**532**
	1,878	**1,880**

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

Since adoption of the noncumulative 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 the judgment of this matter by the STF under general resonance on March 15, 2017, as well as the Decision published on October 2, 2017, calculation is now made considering the respective deductions.

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 March 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.

The recorded amount of these credits totaled R$266 (in restated amounts), R$152 of which should be transferred to the buyer of the credits, of which R$120 had already been settled by September 30, 2020. The amount of R$114 related to the remaining credits , which are not part of the Public Credit Grant Deed, are owned by the Company and were recorded under "PIS and COFINS recoverable", the principal of R$64 recorded under "Cost of goods and services sold" and monetary restatement of R$50 in "Finance income (costs), net". These credits have already been approved by the Brazilian Internal Revenue Service (RFB) and offset by the Company with federal tax debts amounting to R$150 from January to December 2020.

On October 30, 2020, the Company reacquired the credits assigned as mentioned above, paying the assignee the amount of R$190.

In May 2020, the Company obtained a favorable decision in another proceeding addressing the right to exclude ICMS from the PIS and COFINS base. The amount accounted for in the year was R$1,330, recorded under "PIS and COFINS recoverable", the principal amount of R$1,039 recorded under "Cost of goods and services sold" and monetary restatement of R$291 recorded under "Finance income (costs), net".

The Company is a party to lawsuits that still await a final decision under which, in management's best estimate, the effects of such credits, from 2010 to February 2017, total approximately R$76 at December 31, 2020 (R$484 at December 31, 2019). These amounts consider monetary restatement and are net of lawyers' fees.

The Company is awaiting judgment of the motion for clarification filed by the Office of the Attorney General of the National Treasury ("PGFN"), as well as the possible limitation of its effects in time. The Company's legal advisors, however, understand that the decision to apply the limitation of the effects in time will not restrict the rights of the lawsuit filed.

In thousands of reais, unless otherwise stated

9. Transactions with related parties

	Assets (liabilities), net				Income (expenses), net			
	Individual		Consolidated		Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Parent company (*)								
Companhia Brasileira de Distribuição (“CBD”) (c), (d), (e), (f)	**-**	-	**-**	-	**-**	(9)	**-**	(12)
Subsidiaries								
Indústria de Móveis Bartira Ltda. (“Bartira”) (b), (d), (e)	**21**	9	**-**	-	**(393)**	(520)	**-**	-
Globex Administração e Serviços Ltda. (“GAS”) (d)	**-**	-	**-**	-	**(1)**	(2)	**-**	-
ASAPLog Ltda. (“ASAPLog”) (e)	**-**	-	**-**	-	**(4)**	-	**-**	-
VVLog Logística Ltda. (“VVLog”) (b) (e)	**(2)**	1	**-**	-	**(4)**	(76)	**-**	-
Cnova Comércio Eletrônico S.A. (“Cnova”) (e)	**-**	-	**-**	-	**-**	(244)	**-**	-
BanQi Instituição de Pagamento Ltda. (“BanQi”)	**2**	-	**-**	-	**(1)**	-	**-**	-
Associates								
Financeira Itaú CBD S.A. (“FIC”) (a)	**(3)**	(13)	**(3)**	(13)	**(9)**	(9)	**(9)**	(11)
Banco Investcred Unibanco S.A. (“BINV”) (a)	**-**	5	**-**	5	**-**	5	**-**	5
Growth Partners Investimentos e Participações S.A. (“Growth” or “Distrito”)	**-**	-	**3**	-	**-**	-	**-**	-
Sendas Distribuidora S.A. (“Sendas”) (*)	**-**	-	**-**	-	**-**	-	**-**	3
Greenyellow do Brasil Energia e Serviços Ltda. (“Greenyellow”) (*)	**-**	-	**-**	-	**-**	(4)	**-**	(4)
Other								
Casa Bahia Comercial Ltda. (“CB”) (d), (f)	**(207)**	(285)	**(182)**	(288)	**(146)**	(327)	**(154)**	(331)
	(189)	(283)	**(182)**	(296)	**(558)**	(1,186)	**(163)**	(350)
Leases								
Right-of-use asset	**1,008**	1,123	**1,034**	1,151	**(122)**	(113)	**(124)**	(117)
Lease liabilities	**(1,457)**	(1,522)	**(1,496)**	(1,590)	**(181)**	(183)	**(186)**	(188)
	(449)	(399)	**(462)**	(439)	**(303)**	(296)	**(310)**	(305)
Receivables from related parties								
Current	**254**	151	**209**	139				
Noncurrent	**57**	86	**97**	123				
Payables to related parties								
Current	**(51)**	(121)	**(26)**	(119)				

(*) 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.

In thousands of reais, unless otherwise stated

The transactions with related parties presented in the table above 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 usual market 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 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 presented in the column "Income (expenses), 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 that issue cards and finance purchases for customers. In the year ended December 31, 2020, the balance of credit cards receivable from FIC and BINV totaled R$247 (R$202 at December 31, 2019). These balances are recorded as Accounts receivable under Credit card companies, shown in Note 6.

In the year ended December 31, 2020, the Company recognized finance costs from sale of credit card receivables of R$9 (R$15 for the year ended December 31, 2019).

b) Intercompany loans with subsidiaries

In year ended December 31, 2020, the Company did not have any loan agreements with its subsidiaries. The rates applied to the contracts in force at December 31, 2019, are described below:

	12/31/2020	12/31/2019
Indústria de Móveis Bartira Ltda. ("Bartira")	-	110.0%
VVLog Logística Ltda. ("VVLog")	-	105.0%

c) Transactions with CBD

At December 31, 2020, CBD was the Company's guarantor in an insurance distribution agreement, and guarantor in counter-guarantee and property lease agreements. There is also reimbursement of 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. There was no expense in the year ended December 31, 2020 (R$25 in the year ended December 31, 2019).

d) Lease and provision of services

Via Varejo has leases with CBD and GAS. Furthermore, the Company and its subsidiary Bartira have lease contracts regarding 293 properties, including distribution centers and commercial and administrative buildings, entered into under specific conditions with Casa Bahia Comercial ("CB") and its shareholders, pursuant to Association Agreement entered into by Via Varejo, CBD, CB and CB's shareholders.

In thousands of reais, unless otherwise stated

The breakdown of the lease contracts' amounts is as follows:

	Consolidated			
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Statement of financial position	**Right of use**	**Right of use**	**Lease liability**	**Lease liability**
Casa Bahia Comercial Ltda.	**1,034**	1,151	**(1,496)**	(1,590)

	Consolidated			
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Statement of profit or loss	**Depreciation**	**Depreciation**	**Lease interest**	**Lease interest**
Companhia Brasileira de Distribuição	**-**	(1)	**-**	-
Casa Bahia Comercial Ltda.	**(124)**	(116)	**(186)**	(188)

Until July 1, 2019 (date of the partial spin off of Cnova with the subsequent merger of the spun-off portion by Via Varejo), Via Varejo offered its products at the website of its subsidiary Cnova, paying a commission for the use of the subsidiary's sales platform. The Company recognized, until the date of the spin-off, an expense of R$20 for the six-month period ended June 30, 2019. From the partial spin-off, Via Varejo began to operate directly the e-commerce and marketplace businesses previously operated by Cnova.

e) Purchase and sale of goods and services

In the years ended December 31, 2020 and 2019, the Company carried out the following transactions with related parties:

		Income (expenses), net	
Counterparty	**Transaction**	**12/31/2020**	**12/31/2019**
Bartira	Purchase of goods	**(393)**	(520)
VVLog	Freight services	**(4)**	(77)
ASAPLog	Freight services	**(4)**	-
Cnova	Purchase of goods	**-**	(225)
Cnova	Sale of goods	**-**	13
CBD	Commission for intermediation of purchase	**-**	20

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

On July 1, 2010, the First Amendment to the Association Agreement ("Association Agreement") was entered into by 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 related to facts or acts whose origin or triggering event had occurred under the responsibility of the former controlling shareholders of Via Varejo (formerly Globex Utilidades) and of the companies included in the Association Agreement.

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

In thousands of reais, unless otherwise stated

On July 4, 2017, the Company entered into an Agreement 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. This Agreement 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, as well as mortgages on properties owned by CB, in an amount sufficient to cover the total potential contingencies identified on November 8, 2016.

On October 24, 2018, the Company and CB, jointly with CBD, entered into an Amendment to the Agreement with a view to improving its criteria and clarifying certain clauses and conditions, thus enabling the settlement of outstanding balances presented in the periodic meetings.

On June 14, 2019, CBD disposed of the totality of the interest held in the Company. From that date, the amounts receivable started to be recognized under Other assets in Current assets. At December 31, 2020, amounts receivable totaled R$148 (R$80 at December 31, 2019).

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

g) Management 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, 2020 and 2019, are as follows:

	12/31/2020		
	Short-term benefits	**Share-based payment**	**Total**
Executive Board	**29**	**33**	**62**
Board of Directors	**6**	**-**	**6**
	35	**33**	**68**

	12/31/2019		
	Short-term benefits	**Share-based payment**	**Total**
Executive Board	13	14	27
Board of Directors	8	-	8
	21	14	35

10. Investments

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.

In thousands of reais, unless otherwise stated

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 that 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 (ii)	**Bartira**	**Cnova**	**Other**	**Total**
Balance at December 31, 2018	107	758	(57)	72	880
Capital increase (i)	-	-	96	-	96
Unearned income - inventories	-	(11)	-	-	(11)
Merger of Cnova	-	-	210	-	210
Distribution of dividends	(4)	-	-	(5)	(9)
Equity pickup - P&L	47	(12)	(240)	5	(200)
Equity pickup on other comprehensive income (loss)	-	-	7	-	7
Balance at December 31, 2019	150	735	16	72	973
Capital increase	**205**	**-**	**11**	**17**	**233**
Unearned income - inventories	**-**	**4**	**-**	**-**	**4**
Distribution of dividends	**(5)**	**-**	**-**	**-**	**(5)**
Equity pickup - P&L	**2**	**(16)**	**(10)**	**(5)**	**(29)**
Equity pickup on other comprehensive income (loss)	**(3)**	**-**	**-**	**-**	**(3)**
Balance at December 31, 2020	**349**	**723**	**17**	**84**	**1,173**

(i) In 2019, the Company increased the capital of subsidiary Cnova by R$96, by converting debts with Via Varejo.

(ii) In 2020, the Company increased the capital of subsidiary Lake by R$205, with R$148 in cash and R$57 from Convertible Notes issued by Airfox in favor of Via Varejo. For further information, see Note 2.7(b).

	Consolidated			
	FIC	**BINV**	**Distrito**	**Total**
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
Equity pickup - P&L	**47**	**6**	**-**	**53**
Investment acquisition	**-**	**-**	**18**	**18**
Distribution of dividends	**(6)**	**(4)**	**-**	**(10)**
Balance at December 31, 2020	**149**	**39**	**18**	**206**

In thousands of reais, unless otherwise stated

c) Summarized financial information of associates

FIC and BINV

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

Distrito

Distrito is an innovation hub that has a complete platform to support companies in their digital transformation through technology. With its ecosystem of open innovation, supported by data and artificial intelligence, Distrito connects large companies, startups, investors and academics to generate new, more collaborative, efficient, transparent and sustainable business models. The Company has significant influence on investments, but not control over them. At December 31, 2020, interest in the total voting capital of Distrito corresponds to 14.58%.

Information on the associates deemed material by the Company for equity pickup calculation purposes is as follows:

	FIC		BINV	
Statement of financial position	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Current assets	**6,738**	7,086	**679**	640
Noncurrent assets	**52**	51	**-**	-
Total assets	**6,790**	7,137	**679**	640
Current liabilities	**5,611**	6,185	**603**	563
Noncurrent liabilities	**22**	21	**2**	3
Equity (i)	**1,157**	931	**74**	74
Total liabilities and equity	**6,790**	7,137	**679**	640
Statement of profit or loss	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Net income	**332**	263	**12**	19

(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.

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 - 12/31/2020
Buildings	40
Leasehold improvements	15
Machinery and equipment	8
IT equipment	4
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 carrying amount 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 carrying amount of the asset exceeds the recoverable amount, the excess amount is recognized in P&L for the year.

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

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.

In thousands of reais, unless otherwise stated

c) Breakdown of balances and changes

	Individual						Consolidated					
	Balance at 12/31/2020			Balance at 12/31/2019			Balance at 12/31/2020			Balance at 12/31/2019		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	**11**	**-**	**11**	12	-	12	**15**	**-**	**15**	15	-	15
Buildings	**15**	**(8)**	**7**	15	(8)	7	**19**	**(12)**	**7**	20	(13)	7
Leasehold improvements	**1,090**	**(452)**	**638**	1,069	(391)	678	**1,092**	**(451)**	**641**	1,072	(391)	681
Machinery and equipment	**251**	**(151)**	**100**	225	(135)	90	**440**	**(290)**	**150**	416	(264)	152
IT equipment	**602**	**(393)**	**209**	503	(333)	170	**605**	**(393)**	**212**	506	(334)	172
Facilities	**158**	**(53)**	**105**	152	(60)	92	**177**	**(62)**	**115**	172	(68)	104
Furniture and fixtures	**356**	**(191)**	**165**	311	(163)	148	**358**	**(193)**	**165**	313	(165)	148
Vehicles	**5**	**(4)**	**1**	5	(4)	1	**12**	**(7)**	**5**	17	(8)	9
Property under construction	**82**	**-**	**82**	63	-	63	**85**	**-**	**85**	64	-	64
Other	**61**	**(44)**	**17**	54	(38)	16	**63**	**(45)**	**18**	55	(38)	17
	2,631	**(1,296)**	**1,335**	2,409	(1,132)	1,277	**2,866**	**(1,453)**	**1,413**	2,650	(1,281)	1,369

In thousands of reais, unless otherwise stated

Changes in 2019

	Individual							Consolidated					
	Balance at 12/31/2018	Additions	Merger	Write-offs	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
Property under construction	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

Changes in 2020

	Individual						Consolidated						
	Balance at 12/31/2019	Additions	Write-offs	Depreciation	Transfers	Balance at 12/31/2020	Balance at 12/31/2019	Additions	Write-offs	Business combination	Depreciation	Transfers	Balance at 12/31/2020
Land	12	**-**	**-**	**-**	**(1)**	**11**	15	**-**	**-**	**-**	**-**	**-**	**15**
Buildings	7	**-**	**-**	**-**	**-**	**7**	7	**-**	**-**	**-**	**(1)**	**1**	**7**
Leasehold improvements	678	**17**	**(15)**	**(70)**	**28**	**638**	681	**17**	**(15)**	**-**	**(70)**	**28**	**641**
Machinery and equipment	90	**24**	**4**	**(16)**	**(2)**	**100**	152	**27**	**4**	**-**	**(29)**	**(4)**	**150**
IT equipment	170	**62**	**30**	**(61)**	**8**	**209**	172	**62**	**30**	**1**	**(61)**	**8**	**212**
Facilities	92	**43**	**(15)**	**(11)**	**(4)**	**105**	104	**43**	**(15)**	**-**	**(12)**	**(5)**	**115**
Furniture and fixtures	148	**1**	**32**	**(22)**	**6**	**165**	148	**1**	**31**	**-**	**(22)**	**7**	**165**
Vehicles	1	**-**	**-**	**-**	**-**	**1**	9	**-**	**(4)**	**-**	**-**	**-**	**5**
Property under construction	63	**68**	**-**	**-**	**(49)**	**82**	64	**70**	**-**	**-**	**-**	**(49)**	**85**
Other	16	**7**	**(1)**	**(7)**	**2**	**17**	17	**7**	**(1)**	**-**	**(7)**	**2**	**18**
	1,277	**222**	**35**	**(187)**	**(12)**	**1,335**	1,369	**227**	**30**	**1**	**(202)**	**(12)**	**1,413**

In thousands of reais, unless otherwise stated

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, 2020 and December 31, 2019, the Company recognized the following depreciation and amortization amounts in the cost of goods and services sold:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Depreciation and amortization	**37**	42	**52**	65

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 were used in the calculation: (i) growth rate for the five-year period 2021-2025, according to the Company's strategic planning; and (ii) discount rate representing the Company's weighted average cost of capital of 9.77%. 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, 2020, no reductions due to impairment were recorded (R$31 at December 31, 2019, related to 11 stores).

12. Intangible assets

a) Accounting policy

The Company's intangible assets substantially include goodwill generated in business combinations, brands and bargain purchases deriving from business combinations, goodwill items, 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 12/31/2020
Goodwill	5
Contractual rights	13
Software and licenses	7
Bargain purchase	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.

In thousands of reais, unless otherwise stated

c) Breakdown of balances and changes

	Individual						Consolidated					
	Balance at 12/31/2020			Balance at 12/31/2019			Balance at 12/31/2020			Balance at 12/31/2019		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill (i)	**-**	**-**	**-**	-	-	-	**830**	**-**	**830**	627	-	627
Software under development	**251**	**-**	**251**	181	-	181	**251**	**-**	**251**	181	-	181
Software and licenses	**703**	**(344)**	**359**	573	(282)	291	**801**	**(347)**	**454**	578	(284)	294
Contractual rights (ii)	**251**	**(206)**	**45**	251	(177)	74	**251**	**(206)**	**45**	251	(178)	73
Trademarks and patents (iii)	**-**	**-**	**-**	-	-	-	**46**	**-**	**46**	46	-	46
Bargain purchase (iv)	**-**	**-**	**-**	-	-	-	**36**	**(15)**	**21**	36	(13)	23
Goodwill (v)	**73**	**(67)**	**6**	68	(67)	1	**73**	**(67)**	**6**	68	(67)	1
	1,278	**(617)**	**661**	1,073	(526)	547	**2,288**	**(635)**	**1,653**	1,787	(542)	1,245

	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
Bargain purchase (iv)	-	-	-	-	-	-	-	25	-	-	(2)	-	23
Goodwill (v)	2	-	-	-	(1)	-	1	2	-	-	(1)	-	1
	625	192	32	(163)	(130)	(9)	547	1,373	199	(167)	(151)	(9)	1,245

In thousands of reais, unless otherwise stated

	Individual						Consolidated							
	Balance at 12/31/2019	Additions	Write-offs	Amortization	Transfers	Balance at 12/31/2020	Balance at 12/31/2019	Additions	Write-offs	Business combination	Exchange difference	Amortization	Transfers	Balance at 12/31/2020
Goodwill (i)	-	-	-	-	-	-	627	-	-	203	-	-	-	830
Software under development	181	189	(105)	-	(14)	251	181	189	(105)	-	-	-	(14)	251
Software and Licenses	291	9	129	(91)	21	359	294	18	128	93	(1)	(99)	21	454
Contractual rights (ii)	74	-	(1)	(28)	-	45	73	-	-	-	-	(28)	-	45
Trademarks and patents (iii)	-	-	-	-	-	-	46	-	-	-	-	-	-	46
Bargain purchase (iv)	-	-	-	-	-	-	23	-	-	-	-	(2)	-	21
Goodwill (v)	1	-	-	-	5	6	1	-	-	-	-	-	5	6
	547	198	23	(119)	12	661	1,245	207	23	296	(1)	(129)	12	1,653

Changes in 2020

(i) Goodwill: The Company records goodwill arising from the acquisition of: (a) Bartira in 2013, in the amount of R$627; (ii) ASAPLog in 2020, in the amount of R$3; (iii) Airfox in 2020, in the amount of R$182 and; (d) I9XP in 2020, in the amount of R$11.

(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) Bargain purchase: 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) Goodwill: Refers to amounts paid to former owners of points of sale.

In thousands of reais, unless otherwise stated

d) Impairment testing of intangible assets

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

The Company's Management carries out, at least annually, an analysis with the support of its IT department to check whether the ongoing software projects are economically feasible. Those cases in which intangible assets are not likely to generate economic benefits and/or whose maintenance is not in line with the current strategy of the Company's management are discontinued.

During the year ended December 31, 2020, the Company's Management performed the respective analysis and, as a consequence, found there were no losses related to impairment.

To determine the recoverable amount of the intangible assets related to the business combination, 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 2021-2025, according to the Company's strategic planning; (ii) real sales growth rate (less inflation) of 0.5% from the sixth to the tenth year; (iii) discount rate representing investee Bartira's weighted average cost of capital of 13.75% 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.

13. Loans and financing

a) Breakdown of balances

		Individual and Consolidated	
	Rate	12/31/2020	12/31/2019
CDCI (i)	5.39% p.a.	**4,647**	3,746
Loans in local currency (ii)	CDI + 3.67% p.a.	**2,448**	-
Debentures (iii)	CDI + 3.27% p.a.	**2,001**	500
Promissory notes (iv)	-	**-**	1,528
Loans in foreign currency	-	**-**	127
		9,096	5,901
Current		**6,687**	4,944
Noncurrent		**2,409**	957
Financial instruments – fair value hedge - assets	-	**-**	(2)
Total loans and financing, net of swap - assets		**9,096**	5,899

In thousands of reais, unless otherwise stated

(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(a)). The rates are fixed for each contract entered into. At December 31, 2020, the weighted average of the rates adopted by financial institutions for CDCI operations was 5.39% p.a. (6.40% p.a. as of December 31, 2019).

(ii) Borrowings in domestic currency

During the year ended December 31, 2020, the Company entered into the following Bank Credit Notes (CCB) contracts:

Contract date	Amount raised	Maturity	Interest	Amortization
06/29/2020	R$2,503	2 years	CDI + 3.82%	Grace period of principal – six (6) months and quarterly amortization and interest
11/26/2020	R$150	3 years	CDI + 2.59%	Semiannual principal and interest
11/26/2020	R$150	3 years	CDI + 2.65%	Annual principal and interest

(iii) Debentures

On December 23, 2019, the Company made the 4th issue of simple, nonconvertible debentures in a single series. The Company issued 500,000 (five hundred thousand) debentures at the par value of R$1,000.00 (one thousand reais), at CDI + 0.99% p.a., final amortization and semiannual interest, which were publicly distributed with restricted placement efforts pursuant to CVM Ruling No. 476/2009. The debentures mature within two years from the issue date, and the funds raised were used to extend the Company's debt maturity profile.

On June 25, 2020, the Company made the 5th issue of simple, nonconvertible debentures in 2 (two) series. 650,000 (six hundred and fifty thousand) debentures were issued at the par value of R$1,000.00 (one thousand reais) for the 1st series and 850.00 (eight hundred and fifty thousand) debentures at the par value of R$1,000.00 (one thousand reais) for the 2nd series, at CDI + 3.75% p.a. and CDI + 4.25% p.a. respectively, with final amortization and quarterly interest, which were publicly distributed with restricted placement efforts pursuant to CVM Ruling No. 476/2009. The 1st series matures within 1 year and the 2nd series matures within 2 years from the issue date, and the funds raised were used to extend the Company's debt maturity profile.

(iv) Promissory notes

On September 10, 2019, the Company carried out the 2nd issue of commercial promissory notes, in a single series, maturing in September 2020. One thousand and five hundred (1,500) notes were issued with a par value of R$1, with a remuneration of 119% of the CDI, which were subject to public distribution with restricted placement efforts under the terms of CVM Ruling No. 476/2009. The amounts raised were used to optimize cash flow in the ordinary course of business. On June 25, 2020, the Company redeemed 1,497 (one thousand four hundred and ninety-seven) notes outstanding of the second issue, thus contributing to the extension of the Company's debt maturity profile. The remaining balance of the promissory notes was paid in full upon maturity.

In thousands of reais, unless otherwise stated

b) Changes

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

	Individual	Consolidated
Balance at December 31, 2018	4,321	4,325
Cash flows from financing activities		
Funds raised (i)	7,615	7,615
Amortization (i)	(6,056)	(6,057)
Payment of interest (i)	(292)	(292)
Payment of interest on swap	(13)	(13)
Merger of Cnova	3	-
Non-cash changes		
Interest incurred (i)	306	306
Swap	6	6
Exchange difference	7	7
Mark to market	2	2
Balance at December 31, 2019	5,899	5,899
Cash flows from financing activities		
Funds raised (i)	**10,247**	**10,247**
Amortization (i)	**(7,004)**	**(7,004)**
Swap settlement	**6**	**6**
Payment of interest (i)	**(466)**	**(466)**
Non-cash changes		
Interest incurred (i)	**423**	**423**
Swap	**(4)**	**(4)**
Exchange difference	**(5)**	**(5)**
Balance at December 31, 2020	**9,096**	**9,096**

(i) At December 31, 2020, the amounts related only to CDCI operations included funding of R$5,944, amortization of R$5,030, payment of interest of R$232, and interest incurred of R$219 (R$5,344, R$4,993, R$240 and R$234 respectively at December 31, 2019).

c) Aging list of loans and financing recognized in noncurrent liabilities

Year	Individual and Consolidated
2022	**2,308**
2023	**101**
	2,409

d) Covenants

The Company constantly monitors significant indicators, such as the consolidated financial leverage ratio, which is total net debt divided by Earnings Before Interest, Tax, Depreciation and Amortization Adjusted (Adjusted EBITDA).

Debentures

The maintenance of the contractual maturity of debentures at their original maturities is subject to 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 year ended December 31, 2020, the Company fully complied with all covenants related to loans and financing.

In thousands of reais, unless otherwise stated

14. Financial risk management

a) Accounting policy

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.

b) Breakdown of financial instruments

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

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial assets				
Amortized cost				
Cash and cash equivalents	**2,925**	1,320	**2,984**	1,364
Trade accounts receivable (except credit card companies)	**3,277**	2,473	**3,283**	2,474
Transactions with related parties	**311**	237	**306**	262
Fair value through other comprehensive income				
Credit card companies	**5,512**	3,004	**5,512**	3,004
Fair value through profit or loss				
Financial instruments – fair value hedge	**-**	2	**-**	2
Financial liabilities				
Amortized cost				
Trade accounts payable	**(7,704)**	(7,232)	**(7,799)**	(7,278)
Trade accounts payable – agreement	**(484)**	(647)	**(484)**	(647)
Loans and financing obtained (except foreign currency)	**(9,096)**	(5,774)	**(9,096)**	(5,774)
Lease liabilities	**(3,908)**	(4,543)	**(3,963)**	(4,583)
Transactions with related parties	**(51)**	(121)	**(26)**	(119)
Transfer to third parties	**(637)**	(515)	**(653)**	(515)
Fair value through profit or loss				
Loans in foreign currency	**-**	(127)	**-**	(127)

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 department. 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.

In thousands of reais, unless otherwise stated

c) Market risk

To calculate the sensitivity analysis, the interest rate risk for asset and liability balances presented by the Company at December 31, 2020 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 transactions, limited to 12 months, at the rate of 2.85% p.a. Scenarios II and III considered interest rate increases of 25% and 50%, respectively.

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

Operations	Risk	Consolidated	Sensitivity analysis		
		Balance at 12/31/2020	Scenario I	Scenario II	Scenario III
Financial investments	CDI increase	**2,866**	**71**	**89**	**106**
Bank loans (*)	CDI increase	**(4,449)**	**(266)**	**(297)**	**(328)**
Impact on P&L - expense			**(195)**	**(208)**	**(222)**

(*) 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

The Company had loans in foreign currency hedged by swap contracts, as described below:

	Contract date					Individual and Consolidated	
Foreign currency loans (hedged item)	Counter-party	Reference amount US$ million	Reference amount R$ million	Contract date	Maturity	Fair value 12/31/2020	Fair value 12/31/2019
	Itaú	-	-	07/06/2018	01/15/2020	-	(127)
		-	-			-	(127)
Financial instruments – fair value hedge							
Long position		-	-			-	127
Short position		-	-			-	(125)
Net swap position		-	-			-	2

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

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, 2020, the Company recognized a gain on foreign currency swap contracts of R$3 (loss of R$4 as of December 31, 2019) in P&L.

In thousands of reais, unless otherwise stated

d) Liquidity risk

The Company adopts the policy of maintaining sufficient short-term investments, loans and lines of credit to meet short- and long-term cash needs. The Company regularly monitors cash forecasts that include, upon the respective maturities, the settlement of contracted financial assets and liabilities. The Company's Treasury department maintains sufficient lines of credit 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 lines of credit are not renewed.

The table below shows the undiscounted cash flows of the financial liabilities held by the Company. The table includes principal and interest, calculated until the maturity of the financial liabilities. Accordingly, the balances presented may not match the statements of financial position balances.

	12/31/2020							
	Individual				Consolidated			
	Within 1 year	1 to 5 years	Above 5 years	Total	Within 1 year	1 to 5 years	Above 5 years	Total
Trade accounts payable	7,704	-	-	7,704	7,799	-	-	7,799
Trade accounts payable – agreement	485	-	-	485	485	-	-	485
Loans and financing	7,001	2,380	106	9,487	7,001	2,380	106	9,487
Lease liability	1,008	3,440	1,202	5,650	1,019	3,489	1,229	5,737
Transactions with related parties	51	-	-	51	26	-	-	26
Transfer to third parties	637	-	-	637	653	-	-	653
	16,886	5,820	1,308	24,014	16,983	5,869	1,335	24,187

e) 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 its relationship with banks to financial institutions validated by the Financial Committee and approved by the Board of Directors. The authorized banks are classified as top-tier banks. This policy also establishes monetary limits and concentration of risks that are regularly updated.

The credit risk relating to Accounts receivable balances is mitigated 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 lines of credit acquired from Bradesco, Safra, Banco do Brasil and Daycoval, 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 impairment of financial assets are calculated according to the Company's accounting policy, as described in Note 6(a). Balances of these estimates at December 31, 2020 and December 31, 2019 were considered sufficient by management to cover possible losses on the receivables portfolio.

In thousands of reais, unless otherwise stated

f) 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 shareholders' 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 of regulatory agencies.

	Consolidated			
	12/31/2020		12/31/2019	
	With CDCI	Without CDCI	With CDCI	Without CDCI
Cash and cash equivalents	**2,984**	**2,984**	1,364	1,364
Accounts receivable – Consumer financing (CDCI)	**3,275**	**-**	2,529	-
Financial instruments – fair value hedge (assets)	**-**	**-**	2	2
Trade accounts payable – agreement (i)	**(484)**	**(484)**	(647)	(647)
Loans and financing	**(9,096)**	**(4,449)**	(5,901)	(2,155)
Net debt	**(3,321)**	**(1,949)**	(2,653)	(1,436)
Equity	**5,979**	**5,979**	578	578
Net debt ratio	**(0.56)**	**(0.33)**	(4.59)	(2.48)

(i) Trade accounts payable - agreement: these refer to financial liabilities characterized by prepayments 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 3% p.a. as of December 31, 2020 (6.18% p.a. as of December 31, 2019). The Company understands that this transaction is of a specific nature and classifies it separately from Trade accounts payable.

g) Fair value measurement

At December 31, 2020, 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:

	Individual and Consolidated	
	Fair value	Fair value
Amortized cost		
Consumer financing - CDCI (i)	**3,275**	**3,707**
Loans and financing – CDCI (ii)	**(4,647)**	**(4,671)**
Fair value through other comprehensive income		
Credit card companies (ii)	**5,512**	**5,512**

(i) These are classified at level 3, as non-observable inputs are 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) These are classified at level 2, as readily observable market inputs are used, such as interest rate projections, 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.

In thousands of reais, unless otherwise stated

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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
ICMS payable	**228**	166	**228**	167
Special Tax Settlement Program (PERT)	**25**	27	**27**	27
Withholding Income Tax (IRRF) payable	**28**	19	**28**	19
Income and social contribution taxes payable	**-**	-	**-**	1
Other	**14**	7	**16**	9
	295	219	**299**	223
Current	**273**	194	**276**	198
Noncurrent	**22**	25	**23**	25

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 profit exceeding R$240 thousand for income tax and 9% on taxable profit 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 profit, 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.

In thousands of reais, unless otherwise stated

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

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Income (loss) before taxes	**958**	(1,991)	**923**	(2,004)
Income and social contribution taxes at the statutory rate of 34%	**(326)**	677	**(314)**	681
Investment grant (i)	**401**	-	**416**	-
Equity pickup	**(9)**	(72)	**18**	16
Unrecognized tax loss (ii)	**-**	-	**(19)**	(83)
Other permanent differences	**(20)**	(47)	**(20)**	(43)
Effective income and social contribution taxes	**46**	558	**81**	571
Current tax recognized through profit or loss	**(35)**	(2)	**(33)**	(5)
Deferred tax recognized through profit or loss	**81**	560	**114**	576
Income and social contribution tax income (expenses), net	**46**	558	**81**	571

(i) The Company has tax benefits from ICMS reduction that are characterized as investment grants, as provided for by Supplementary Law (LC) No. 160/17 and Law No. 12973/14. In year ended December 31, 2020, the Company excluded ICMS tax from the IRPJ and CSLL calculation bases.
(ii) Subsidiaries Cnova and BanQi do not recognize deferred tax assets arising from tax losses as there is no expectation of realization due to losses recorded in prior years. In the year ended December 31, 2020, unrecognized deferred income and social contribution taxes in the statement of financial position relating to tax loss carryforwards amount to:

	Consolidated	
	12/31/2020	12/31/2019
Cnova	**450**	446
BanQi	**15**	-

c) Breakdown of deferred income and social contribution taxes

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Provision for contingencies	**502**	547	**515**	561
Allowance for expected credit losses	**184**	166	**185**	166
Income and social contribution tax losses	**528**	352	**609**	407
Provision for current expenses	**115**	40	**118**	41
Estimated loss on property and equipment and inventories	**42**	132	**42**	132
Leases	**250**	286	**255**	289
Other	**66**	38	**68**	38
Total deferred tax assets	**1,687**	1,561	**1,792**	1,634
Depreciation and amortization of property and equipment and intangible assets	**(152)**	(130)	**(162)**	(140)
PPA Bartira	**-**	-	**(23)**	(27)
Other	**-**	-	**(6)**	(6)
Total deferred tax liabilities	**(152)**	(130)	**(191)**	(173)
	1,535	1,431	**1,601**	1,461

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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Deferred tax assets	**1,535**	1,431	**1,607**	1,467
Deferred tax liabilities	**-**	-	**(6)**	(6)

In thousands of reais, unless otherwise stated

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

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

At December 31, 2020	Individual	Consolidated
2021	**471**	**481**
2022	**178**	**189**
2023	**183**	**197**
2024	**209**	**224**
2025	**219**	**236**
Above 5 years	**427**	**465**
	1,687	**1,792**

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). An independent office is engaged for each proceeding, which analyzes the risks and calculates the corresponding amounts 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, the amount provisioned is calculated based on the proceedings' settlement amount.

In thousands of reais, unless otherwise stated

c) Balances and changes

	Individual			
	Tax	Social security and labor	Civil and other	Total
Balance at December 31, 2018	114	686	103	903
Additions of new proceedings and other additions	1	1,969	398	2,368
Write-off of provision due to settlement	-	(1,010)	(112)	(1,122)
Merger of Cnova	-	2	29	31
Write-off of provision due to success and other write-offs	(108)	(234)	(106)	(448)
Monetary restatement	(5)	62	10	67
Balance at December 31, 2019	2	1,475	322	1,799
Additions of new proceedings and other additions	**-**	**788**	**192**	**980**
Write-off of provision due to settlement	**-**	**(782)**	**(127)**	**(909)**
Write-off of provision due to success and other write-offs	**(2)**	**(129)**	**(114)**	**(245)**
Balance at December 31, 2020	**-**	**1,352**	**273**	**1,625**

	Consolidated			
	Tax (i)	Social security and labor (ii)	Civil and other (iii)	Total
Balance at December 31, 2018	149	700	128	977
Additions of new proceedings and other additions	1	2,004	413	2,418
Write-off of provision due to settlement	-	(1,025)	(112)	(1,137)
Write-off of provision due to success and other write-offs	(108)	(239)	(117)	(464)
Monetary restatement	(3)	63	11	71
Balance at December 31, 2019	39	1,503	323	1,865
Additions of new proceedings and other additions	**-**	**806**	**192**	**998**
Write-off of provision due to settlement	**-**	**(809)**	**(127)**	**(936)**
Write-off of provision due to success and other write-offs	**(2)**	**(120)**	**(115)**	**(237)**
Monetary restatement	**1**	**-**	**-**	**1**
Balance at December 31, 2020	**38**	**1,380**	**273**	**1,691**

(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 showed, through technical studies, how essential these expenses have been for sales performance in recent years. Additionally, based on recent opinions of the High Court of Justice ("STJ") and of our external legal advisors, in the event a proceeding is filed, the probability of cash disbursement would be possible.

At December 31, 2020, significant tax proceedings provisioned refer to PIS/COFINS credit amounting to R$38 (R$39 at December 31, 2019), whose offset was not approved. The provision was recorded based on the assessment of external legal 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 the ordinary turnover of its business. At December 31, 2020, the Company maintained a provision in the amount of R$1,380 (R$1,503 at December 31, 2019).

The Company has 22,275 ongoing labor claims at December 31, 2020 (28,180 at December 31, 2019). The provision for labor contingencies is calculated based on effective historical losses applied to the total ongoing claims per position. A risk analysis is also made on an individual basis for certain proceedings with unique characteristics.

(iii) Civil and others

The Company is a defendant in civil proceedings, mainly related to:

- Proceedings requesting the renewal of store lease, 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, 2020, this provision totaled R$37 (R$44 at December 31, 2019);

- Proceedings involving consumer relations law: The Company has 34,522 ongoing civil proceedings at December 31, 2020 (41,471 at December 31, 2019). The provision is calculated based on effective historical losses, per proceeding type and timing, applied to the total ongoing proceedings and a risk analysis made on an individual basis for certain proceedings with unique characteristics. At December 31, 2020, this provision totaled R$236 (R$279 at December 31, 2019).

d) Contingent liabilities

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$3,612 at December 31, 2020 (R$2,007 at December 31, 2019), mainly related to:

Tax

- COFINS, PIS, IRPJ, IRRF, CSLL and INSS: (i) administrative and legal proceedings related to offset requests not recognized by the taxation 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, such as bonuses paid to suppliers; (iii) use of PIS and COFINS credits relating to advertising expenses and card administration fees; (iv) tax delinquency notice as a result of insufficient offset tax loss balance; (v) other proceedings of less materiality. The amount involved in referred to proceedings at December 31, 2019 is approximately R$908 (R$772 at December 31, 2019);

- Tax Relief Law (“Lei do Bem”): tax assessment for calendar year 2016 due to disregard of the repeal of the benefit of the PIS/COFINS zero contribution tax rate on retail sales of IT products and smartphones, under the Digital Inclusion Program, by operation of Provisional Executive Order (MP) No. 690/2015, signed into Law No. 13241/15. The amount of the tax assessment notice corresponds to R$924 of PIS and COFINS at December 31, 2020.

- ICMS-ST (Tax Substitution taxation regime) on purchases of goods: tax assessment notice arising from the appropriation of PIS and COFINS credits on the ICMS-ST disclosed in the purchase invoices relating to goods for resale in calendar year 2016. The amount of the tax assessment notice corresponds to R$258 at December 31, 2020.

In thousands of reais, unless otherwise stated

- 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$1,048 (R$955 at December 31, 2019);

- Mandala goodwill: tax delinquency notice due to the deduction of amortization charges in years 2012, 2013, 2015 and 2016 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$265 at December 31, 2020 (R$92 at December 31, 2019).

Civil and other

At December 31, 2020, the Company is a party to civil contingencies totaling R$167 (R$183 at December 31, 2019) that were analyzed by legal advisors and assessed as possible loss which, therefore, are not provisioned.

e) Judicial deposits

The Company is challenging the payment of certain taxes and contributions, as well as social security, labor and civil matters for which supplied appeal bonds (restricted) in amounts equivalent to those pending decisions. This amount is recorded in the Company's assets, as follows:

	Individual		**Consolidated**	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Social security and labor	**412**	517	**429**	532
Tax	**166**	61	**170**	65
Civil and other	**76**	31	**77**	32
	654	609	**676**	629

f) Collaterals and bank guarantees

At December 31, 2020, the Company offered guarantees in connection with social security, labor, tax and civil proceedings, as follows:

Proceedings	**12/31/2020**
Social security and labor	**1,779**
Tax	**1,337**
Civil and other	**356**
	3,472

At December 31, 2020, the Company presents bank guarantees involving commercial agreements on financial services (deferred revenue) and administrative agreements totaling R$746.

The corporate guarantees granted by Companhia Brasileira de Distribuição at December 31, 2020 total R$2,497.

In thousands of reais, unless otherwise stated

18. Leases

a) Accounting policy

CPC 06 - 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. The Company recognized variable lease expenses of R$39 in the Individual and in the Consolidated financial statements at December 31, 2020 (R$52 in the Individual and in the Consolidated financial statements at December 31, 2019).

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 is 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.

As a practical expedient, lessees may choose not to assess whether a benefit granted under a lease contract in connection with COVID-19 is a lease modification and instead to account for the resulting changes in lease payments in profit or loss for the period. The Company and its subsidiaries applied the practical expedient to all benefits granted under lease contracts in accordance with the requirements of Ruling No. 859/20.

b) Breakdown of balances and changes

Right-of-use asset

	Individual	**Consolidated**
Balance at December 31, 2018	3,334	3,401
Additions and remeasurements	935	941
Write-offs	(167)	(173)
Depreciation	(524)	(529)
Merger of Cnova	34	-
Balance at December 31, 2019	3,612	3,640
Additions and remeasurements	**359**	**360**
Write-offs	**(354)**	**(356)**
Depreciation	**(578)**	**(581)**
Business combination	**-**	**16**
Balance at December 31, 2020	**3,039**	**3,079**

In thousands of reais, unless otherwise stated

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

In the years ended December 31, 2020 and December 31, 2019, the Company recognized the following depreciation and amortization amounts of the right-of-use asset in the Cost of goods and services sold:

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Depreciation	**126**	111	**129**	116

Lease liabilities

	Individual	Consolidated
Balance at December 31, 2018	4,137	4,300
Addition and remeasurement	934	939
Write-offs	(167)	(167)
Payment of principal	(486)	(497)
Interest payment	(406)	(415)
Interest incurred	413	423
Merger of Cnova	118	-
Balance at December 31, 2019	4,543	4,583
Addition and remeasurement	**359**	**360**
Write-offs	**(483)**	**(481)**
Payment of principal	**(420)**	**(424)**
Interest payment	**(383)**	**(389)**
Interest incurred	**383**	**388**
Discounts received	**(91)**	**(91)**
Business combination	**-**	**17**
Balance at December 31, 2020	**3,908**	**3,963**
Current	**659**	**665**
Noncurrent	**3,249**	**3,298**

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

Year	Individual			Consolidated		
	Gross flow	Embedded interest	Lease liabilities	Gross flow	Embedded interest	Lease liabilities
2022	**873**	**(302)**	**571**	**883**	**(308)**	**575**
2023	**799**	**(259)**	**540**	**809**	**(264)**	**545**
2024	**683**	**(219)**	**464**	**693**	**(223)**	**470**
2025	**588**	**(181)**	**407**	**597**	**(185)**	**412**
2026	**498**	**(145)**	**353**	**507**	**(148)**	**359**
Above 5 years	**1,201**	**(287)**	**914**	**1,229**	**(292)**	**937**
	4,642	**(1,393)**	**3,249**	**4,718**	**(1,420)**	**3,298**

d) Potential right for PIS and COFINS recoverable

The Company has potential right for 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, 2020 amounted to R$426 in the Individual financial statements and R$433 in the Consolidated financial statements (R$492 in the Individual financial statements and R$499 in the Consolidated financial statements at December 31, 2019).

e) Agreements per term and discount rate

	(%) Annual average rate	
Agreement term	**At 12/31/2020**	**At 12/31/2019**
Within 5 years	6.47%	7.30%
From 6 to 10 years	10.76%	6.56%
From 11 to 15 years	15.13%	13.44%
From 16 to 20 years	14.44%	11.26%

In thousands of reais, unless otherwise stated

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	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Actual Flow				
Lease liabilities	**5,650**	6,465	**5,737**	6,537
Embedded interest	**(1,742)**	(1,922)	**(1,774)**	(1,954)
	3,908	4,543	**3,963**	4,583
Inflated Flow				
Lease liabilities	**6,776**	7,907	**6,882**	7,999
Embedded interest	**(2,259)**	(2,540)	**(2,272)**	(2,583)
	4,517	5,367	**4,610**	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.

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 the 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.

g) Impacts of COVID-19

On March 21, 2020, the Company communicated, through a material news release, that all its physical stores would close due to the restrictions implemented by the authorities to curb the COVID-19 pandemic. In addition, the Company released an announcement to the market on April 17, 2020, in which it informed that, in view of the global economic crisis triggered by the COVID-19 pandemic, management has already been, preventively and in line with the cash preservation measures adopted by several companies in the current context, renegotiating the collection and deferral of payment of rental related to all leased properties (particularly of physical stores that had been temporarily closed as a result of the pandemic containment measures). The Company clarified that all rents for March 2020 were paid, including any discounts negotiated with the respective owners, without prejudice to other measures required for the renegotiation or deferral of rents of subsequent months. The Company points out that it has given equal treatment to all lessors in the context of renegotiations, including property owners that are related parties, pursuant to the Company's Related Party Transaction Policy, which does not necessarily imply the same result for all negotiations, given the peculiarities and specifics of each lease contract.

In thousands of reais, unless otherwise stated

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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Additional or extended guarantees (i)	**1,127**	1,260	**1,127**	1,260
Bradesco (ii)	**145**	240	**145**	240
Insurance and services (iii)	**113**	128	**113**	128
Other	**8**	7	**108**	7
	1,393	1,635	**1,493**	1,635
Current	**357**	369	**385**	369
Noncurrent	**1,036**	1,266	**1,108**	1,266

(i) Additional or extended guarantees

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 2025. The prepayment received was R$837 and has been 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 has been 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 has been realized as determined in the contract.

On September 22, 2016, the Company 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 has been recognized in P&L as the goals contractually set are achieved in up to 8 years.

In thousands of reais, unless otherwise stated

(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$100 for the Company, which has been recognized in P&L as the goals contractually set are achieved.

On November 10, 2020, the Company entered into an amendment to the partnership agreement for intermediation of services and other covenants with the USS and MMS, and renegotiated the agreements previously entered into between the parties. The amendment is expected to expire in October 2025.

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

Year	Individual	Consolidated
2022	**340**	**347**
2023	**340**	**345**
2024	**325**	**331**
2025	**31**	**39**
2026	**-**	**10**
2027 to 2029	**-**	**36**
	1,036	**1,108**

20.Equity

a) Capital

At December 31, 2020, the Company's paid-up and subscribed capital amounted to R$5,133 (R$2,903 at December 31, 2019) and was represented by 1,597,342 common registered no-par-value shares with voting right. In the years ended December 31, 2020 and 2019, the following capital increases took place:

Date of capital increase (*)	Amounts in Brazilian reais (R$)	Number of common shares
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
02/12/2020	600,179.02	313,131
03/25/2020	204,982.26	48,798
05/13/2020	6.08	1,824
06/15/2020	2,227,500,000.00	297,000,000
10/20/2020	1,613,525.41	324,653

(*) Capital increases resulting from the exercise of stock option plans, except that of June 15, 2020, when there was an IPO, the total amount of which was R$4.455. Of that amount, 50% was used to increase capital. Costs were incurred in the subsequent issue of shares, amounting to R$94, net of tax effects. For further information see Note 2.8.

b) Treasury shares

In 2018, due to the Company's migration to B3's Novo Mercado listing and the consequent conversion of all the preferred shares 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. The Company repurchased 300 thousand preferred shares totaling R$685,839.75 (six hundred and eighty-five thousand, eight hundred and thirty-nine reais and seventy-five cents), paid on October 5 2018.

c) Capital transactions

Differences arising from changes in the equity interest of subsidiaries or investees under common control with CBD are recorded in this account, considering that these are capital transactions, i.e. transactions with shareholders as owners.

d) 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 upon 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) Premium on subscription of shares

The premium on subscription of shares arises when the Company trades its shares and the buyer pays a value per share higher than the equity value; this positive difference must be accounted for as capital reserves. On June 15, 2020, a public offering of primary distribution of common registered book-entry shares without par value was made after approval at a meeting of the Company's Board of Directors, through which 297,000,000 new shares at the price of R$15.00 (fifteen reais) each were issued, within the limit of the authorized capital; thus, the total amount of the Restricted Offer was R$4,455,000,000.000 (four billion, four hundred and fifty-five million reais).

The Company determined that, of the price per share of R$15.00: (i) the amount of R$7.50 would be allocated to the Company's Capital account, totaling R$2,227,500,000.00 (two billion, two hundred and twenty-seven million, five hundred thousand reais) in capital increase, and (ii) the remaining amount of R$7.50 would be allocated to Capital Reserve, under the premium on subscription of shares account, totaling R$2,227,500,000.00 (two billion, two hundred and twenty-seven million, five hundred thousand reais).

(iii) Options granted

The Company maintains share-based compensation plans with the purpose of: allowing the participation of the Company's managing officers and employees in its capital and in capital increases arising from earnings to which the 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.

In thousands of reais, unless otherwise stated

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 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.

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, 2020:

Series	Grant date	End of the vesting period	Strike price (in reais) (*)	Number of stock options prevailing at 12/31/2019 (*)	Options canceled (*)	Options exercised (*)	Number of stock options prevailing at 12/31/2020 (*)
A4	05/31/2016	05/31/2019	R$1.76	285,993	-	(285,993)	-
A5	05/25/2018	05/25/2021	R$7.24	389,784	(72,300)	(41,652)	275,832
B5	05/25/2018	05/25/2021	R$0.01	389,784	(77,844)	(36,108)	275,832
E	09/12/2019	07/12/2024	R$4.97	51,944,531	-	(324,653)	51,619,878

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

The expense, including taxes and social charges withheld, relating to the stock option programs and recognized in the year ended December 31, 2020 totaled R$53 (R$14 in the year ended December 31, 2019).

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.

In May and November, 2019, 1,378,744 phantom shares equivalent to 4,136,232 common shares issued by the Company were granted to the beneficiaries of the program. Once the service condition is fulfilled, that is, maintaining the employment relationship in the Company or other entity under its control until the end of the vesting period, expected for May 2022, the premium will be paid in the month following the calculation date.

In August and November, 2020, 129,943 phantom shares equivalent to 389,829 common shares issued by the Company were granted to the beneficiaries of the program. Once the service condition is fulfilled, which means to remain under employment relationship as an officer or employee of the Company or entity under until the end of the vesting period, expected for August 2025, the beneficiary will be entitled to receive the premium in 3 installments as of the third anniversary of the grant date in proportion to the following percentages: (i) 40% of the premium on the third anniversary date; (ii) 30% of the premium on the fourth anniversary date; and (iii) 30% of the premium on the fifth anniversary date.

At December 31, 2020, the liabilities corresponding to this premium, including social charges, is recorded in noncurrent liabilities amounting to R$20 (R$14 at December 31, 2019). The expense recognized in the year ended December 31, 2020 totaled R$21 (R$7 in the year ended December 31, 2019).

e) Income reserves

Investment grant

The Company has State VAT (ICMS) tax incentives, as described in Note 16 (b), which are classified as investment grant. At December 31, 2020, in view of Supplementary Law No. 160/2017, the Company allocated R$1,004 to the investment grant reserve, recorded under Income reserve.

The amounts of the investment grant are not part of the mandatory minimum dividend calculation basis, and can only absorb losses or be incorporated into the capital, in accordance with Law No. 6404/76.

21. Sales and service revenue

a) Accounting policy

The Company sells consumer electronics, home appliance, furniture 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. Revenues are not recognized if there is a significant uncertainty as to their collection.

In thousands of reais, unless otherwise stated

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	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Goods	**31,275**	25,155	**31,281**	26,541
Operational finance transactions	**1,699**	1,742	**1,699**	1,742
Services	**1,000**	1,027	**1,020**	1,143
Freight and assembly services	**456**	390	**458**	422
Gross sales revenue net of returns and cancelations	**34,430**	28,314	**34,458**	29,848
Taxes on goods	**(5,240)**	(3,537)	**(5,260)**	(3,880)
Taxes on operational finance transactions	**(76)**	(80)	**(76)**	(80)
Service Tax (ISS)	**(126)**	(131)	**(126)**	(150)
Taxes on freight and assembly services	**(95)**	(80)	**(95)**	(83)
Taxes on revenue	**(5,537)**	(3,828)	**(5,557)**	(4,193)
Net operating revenue	**28,893**	24,486	**28,901**	25,655

22. Expenses by nature

	Individual		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cost with inventories sold	**18,539**	16,331	**18,432**	17,073
Personnel expenses	**2,673**	2,570	**2,750**	2,697
Third-party service expenses	**2,667**	1,763	**2,763**	2,066
Freight expenses	**1,055**	777	**1,055**	858
Allowance for ECL	**799**	541	**800**	585
Expenses with labor contingencies	**225**	809	**230**	827
Reversal of tax contingencies	**-**	(108)	**-**	(108)
Other	**150**	762	**188**	809
	26,108	23,445	**26,218**	24,807
Cost of goods sold and services rendered	**19,403**	17,358	**19,435**	18,312
Selling expenses	**5,893**	5,174	**5,892**	5,564
General and administrative expenses	**812**	913	**891**	931
	26,108	23,445	**26,218**	24,807

In thousands of reais, unless otherwise stated

23. Other operating income (expenses), net

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Restructuring expenses (i)	**(534)**	(974)	**(537)**	(976)
Gain (loss) on disposal of property and equipment and Intangible assets	**58**	(261)	**59**	(270)
Other	**86**	8	**92**	11
	(390)	(1,227)	**(386)**	(1,235)

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

24. Finance income (costs), net

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Finance costs				
Cost of debt	**(416)**	(300)	**(417)**	(302)
Costs of sales and discount on receivables	**(180)**	(271)	**(180)**	(311)
Losses on restatements	**(13)**	(76)	**(15)**	(82)
Interest on lease liability	**(383)**	(413)	**(388)**	(423)
Other finance costs	**(118)**	(33)	**(118)**	(36)
Total finance costs	**(1,110)**	(1,093)	**(1,118)**	(1,154)
Finance income				
Profitability of cash and cash equivalents	**35**	14	**36**	18
Gains on restatements	**338**	132	**339**	134
Advances to suppliers	**43**	33	**44**	37
Other finance income	**3**	1	**3**	3
Total finance income	**419**	180	**422**	192
Finance income (costs), net	**(691)**	(913)	**(696)**	(962)

25. Earnings (loss) per share

a) Accounting policy

The Company presents two methods for calculation of earnings per share: (i) basic earnings (loss); and (ii) diluted earnings. 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 take 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 shares, decreasing earnings per share.

b) Table of earnings (loss) per share

The table below shows the determination of net income (loss) available to shareholders and the weighted average number of outstanding shares.

	12/31/2020	12/31/2019
Basic numerator		
Basic earnings (loss) allocated and not distributed	**1,004**	(1,433)
Total basic earnings (loss) allocated and not distributed	**1,004**	(1,433)
Basic denominator (in thousands of shares)		
Weighted average number of shares	**1,461,216**	1,296,137
Basic earnings (loss) per share (in R$)	**0.68707**	(0.00111)
Diluted denominator (in thousands of shares)		
Stock options	**40,870**	-
Weighted average number of shares	**1,461,216**	1,296,137
Diluted weighted average	**1,502,086**	1,296,137
Diluted earnings (loss) per share (in R$)	**0.66838**	(0.00111)

For the year ended December 31, 2019, 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, 2020, 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	**13,400**
Profit	Loss of profits	**5,388**
Vehicle and other (*)	Losses and damages	**108**

(*) It does not include coverage of bodywork, which is insured at 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$385.

27.Segment information

Operating segments are defined as components of a business 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 the segment performance. Considering that all decisions are made based on consolidated reports and that all decisions relating to strategic, financial, procurement and investment planning and to investment of funds are made on a consolidated basis, it is possible to conclude that the Company operates in one single operating segment in the retail market of electronics, home appliances and furniture.