

(A free translation of the original in Portuguese)

B2W - Companhia Digital
Quarterly Information (ITR) at
June 30, 2020
and report on review of
quarterly information



(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
B2W - Companhia Digital

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of B2W - Companhia Digital ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2020, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21 - Interim Financial Reporting of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

B2W - Companhia Digital

Other matters


Statements of value added

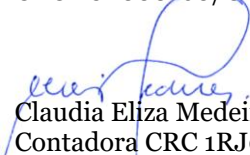
The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Review of previous year's figures

The Quarterly Information (ITR) referred to in the first paragraph includes accounting information corresponding to income and comprehensive income for the three and six-month period ended June 30, 2019, changes in equity, cash flows and value added for the six-month period ended June 30, 2019, obtained from the quarterly information (ITR) for that quarter. The review of the Quarterly Information (ITR) for the quarter ended in June 30, 2019, was conducted under the responsibility of other independent auditors, who issued an unmodified review report dated July 30, 2019.

Rio de Janeiro, August 5, 2020


PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/Q-5


Claudia Eliza Medeiros de Miranda
Contadora CRC 1RJ087128/O-0

B2W Companhia Digital
Balance Sheet
In thousands of reais

		Parent Company		Consolidated	
ASSETS	Note	6/30/2020	12/31/2019	6/30/2020	12/31/2019
CURRENT					
Cash and cash equivalents	6	3,901,934	3,533,847	3,903,989	3,535,807
Marketable securities	7	2,554,198	2,719,116	2,699,227	2,947,491
Accounts receivables	8	548,504	751,168	566,412	762,147
Inventories	9	1,189,595	888,168	1,295,375	951,382
Recoverable taxes	10	716,836	658,600	748,606	684,136
Prepaid expenses		27,840	22,777	37,233	35,422
Other current assets		440,645	510,295	447,209	515,344
Total current assets		9,379,552	9,083,971	9,698,051	9,431,729
NON CURRENT					
Marketable securities	7	97,377	224,775	97,377	224,775
Recoverable taxes	10	1,255,455	1,197,168	1,255,455	1,197,168
Deferred income tax and social contribution	11	1,339,252	1,264,561	1,409,009	1,326,769
Judicial deposits	22	104,644	90,350	106,720	90,543
Account Receivable - Related parties	12	88,175	89,729	16,077	-
Other non current assets		62,875	62,875	69,014	69,014
Total non current assets		6,809,366	6,693,889	6,747,207	6,624,841
TOTAL ASSETS		16,188,918	15,777,860	16,445,258	16,056,570

B2W Companhia Digital
Balance Sheet
In thousands of reais

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent Company		Consolidated	
		6/30/2020	12/31/2019	6/30/2020	12/31/2019
CURRENT					
Suppliers	17	2,929,492	2,665,242	2,996,447	2,758,582
Borrowings and financing	18	899,161	1,300,545	899,242	1,320,955
Debentures	19	4,614	214	4,614	214
Salaries, provisions and social contributions		68,958	38,361	99,094	60,303
Accounts payable - Business combination	20	1,182	-	8,569	8,092
Taxes payable	21	70,479	85,224	98,340	106,930
Income tax and social contribution		-	-	3,393	2,960
Advances received from clients		73,849	136,432	73,996	136,461
Lease liability	16	64,577	62,062	77,336	79,648
Other current liabilities		214,041	203,142	347,946	353,398
Total current liabilities		4,326,353	4,491,222	4,608,977	4,827,543
NON CURRENT					
Borrowings and financing	18	5,623,684	4,866,478	5,689,538	4,912,171
Debentures	19	200,000	200,000	200,000	200,000
Provisions	22	58,389	56,055	151,210	148,698
Accounts payable - Related parties	12	205,149	248,805	-	20,367
Accounts payable - Business combination	20	12,653	-	12,653	-
Lease liability	16	190,587	177,845	210,160	209,747
Other non current liabilities		1,825	3,023	2,442	3,612
Total non current liabilities		6,292,287	5,552,206	6,266,003	5,494,595
SHAREHOLDERS' EQUITY					
Capital	23	8,325,578	8,289,558	8,325,578	8,289,558
Capital reserve		20,904	38,513	20,904	38,513
Accumulated losses		(2,776,204)	(2,593,639)	(2,776,204)	(2,593,639)
		5,570,278	5,734,432	5,570,278	5,734,432
Total shareholders' equity		5,570,278	5,734,432	5,570,278	5,734,432
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,188,918	15,777,860	16,445,258	16,056,570

B2W Companhia Digital
Statement of Operations
In thousands of reais

		Parent Company		Consolidated	
	Note	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Net revenue	25	4,024,660	2,669,235	4,129,904	2,760,389
Cost of goods and services sold		(2,824,008)	(1,884,464)	(2,995,427)	(2,014,971)
Gross profit		1,200,652	784,771	1,134,477	745,418
Operating income (expenses)					
Selling expenses	26	(839,094)	(565,083)	(712,621)	(469,901)
General and administrative expenses	26	(352,421)	(297,546)	(406,371)	(336,638)
Other operating income (expenses)	26	(32,429)	(26,705)	(36,089)	(24,247)
OPERATING INCOME (LOSSES) BEFORE FINANCIAL RESULT		(23,292)	(104,563)	(20,604)	(85,368)
Financial revenue		181,717	235,479	184,877	241,796
Financial expenses		(401,652)	(544,377)	(409,223)	(556,312)
FINANCIAL RESULT	27	(219,935)	(308,898)	(224,346)	(314,516)
Equity accounting		(14,029)	13,070	(16,629)	-
Loss before income tax and social contribution		(257,256)	(400,391)	(261,579)	(399,884)
Income tax and social contribution					
Current	11	-	-	(3,226)	(4,219)
Deferred	11	74,691	133,581	82,240	137,293
Loss for the period		(182,565)	(266,810)	(182,565)	(266,810)
Attributable to Company's shareholders		(182,565)	(266,810)	(182,565)	(266,810)
Attributable to Non controlling shareholders		-	-	-	-
Basic net loss per share	28	(0.3487)	(0.5835)	(0.3487)	(0.5835)
Diluted net loss per share	28	(0.3451)	(0.5741)	(0.3451)	(0.5741)

B2W Companhia Digital
Comprehensive Income Statement
In thousands of reais

	Parent Company		Consolidated	
	<u>06/30/2020</u>	<u>06/30/2019</u>	<u>06/30/2020</u>	<u>06/30/2019</u>
Loss for the period	(182,565)	(266,810)	(182,565)	(266,810)
Total comprehensive result	<u>(182,565)</u>	<u>(266,810)</u>	<u>(182,565)</u>	<u>(266,810)</u>
Atributed to controlling shareholders	(182,565)	(266,810)	(182,565)	(266,810)
Atributed to non controlling shareholders	-	-	-	-

B2W Companhia Digital
Statement of Changes in Shareholders' Equity
Parent Company and Consolidated
In thousands of reais

	Parent Company			Consolidated
	Capital Stock	Capital reserve	Accumulated losses	Total
Balance on January 1, 2020	8,289,558	38,513	(2,593,639)	5,734,432
Loss for the period	-	-	(182,565)	(182,565)
Capital increase	9,705	-	-	9,705
Capital increase with issuance of stock option plan	26,315	(26,315)	-	-
Stock option plan	-	8,706	-	8,706
Balance on June 30, 2020	8,325,578	20,904	(2,776,204)	5,570,278

	Controladora			Consolidado
	Capital Social	Reserva de capital	Prejuízos acumulados	Total
Balance on January 1, 2019	5,742,330	46,773	(2,251,988)	3,537,115
Initial adoption IFRS 16	-	-	(23,413)	(23,413)
Loss for the period	-	-	(266,810)	(266,810)
Stock option plan	-	10,924	-	10,924
Balance on June 30, 2019	5,742,330	57,697	(2,542,211)	3,257,816

B2W Companhia Digital
Cash Flow Statement
In thousands of reais

		Parent Company		Consolidated	
	Note	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Cash flows from operating activities					
Loss for the period		(182,565)	(266,810)	(182,565)	(266,810)
Adjustments to net loss:					
Depreciation and amortization	14/15/16	285,707	245,055	298,719	256,056
Deferred income tax and social contribution		(74,691)	(133,581)	(82,240)	(137,293)
Interest and indexation and exchange variances		137,580	298,900	139,253	302,774
Equity accounting		14,029	(13,070)	16,629	-
Others		(23,261)	(35,184)	(20,366)	(35,029)
Adjusted net loss		156,799	95,310	169,430	119,698
Decrease (increase) in operational assets:					
Accounts receivable		307,754	(225,197)	295,439	(212,946)
Inventories		(308,137)	12,529	(350,703)	29,251
Recoverable taxes		(116,523)	(61,202)	(122,757)	(49,816)
Prepaid expenses		(5,063)	4,609	(1,810)	6,451
Judicial deposits		(14,294)	(14,948)	(16,177)	(15,015)
Other accounts receivable (current and non-current)		69,650	75,542	68,606	71,919
		(66,613)	(208,667)	(127,402)	(170,156)
Decrease (increase) in operational liabilities:					
Suppliers		194,692	(57,192)	166,567	(113,480)
Payroll and related charges		30,597	2,142	38,361	4,467
Taxes and contributions (current and non current)		(14,745)	(1,377)	(8,905)	(11,200)
Other accounts payable (current and non current)		(44,210)	9,913	(57,633)	(29,222)
Accounts payable/ receivable affiliate companies		(42,102)	(48,291)	(46,281)	56,650
		124,232	(94,805)	92,109	(92,785)
Interest paid on loans and debentures		(165,147)	(213,208)	(166,866)	(215,304)
Interest paid on leases		(11,041)	(8,725)	(12,323)	(10,724)
Paid Income Tax and Social Contribution		-	-	(5,420)	(5,153)
Net cash provided by (used in) operational activities		38,230	(430,095)	(50,472)	(374,424)
Cash flow from investing activities:					
Marketable securities		292,316	(285,379)	375,753	(325,969)
Fixed assets acquisition	14	(10,659)	(3,668)	(16,401)	(5,634)
Intangible assets acquisition	15	(267,036)	(221,292)	(267,944)	(221,331)
Capital increase in associates	13	(39,067)	-	(17,227)	-
Value paid for the acquisition of subsidiaries		(1,182)	-	(2,691)	(1,107)
Net cash provided by (used in) investment activities		(25,628)	(510,339)	71,490	(554,041)
Cash flow from financing activities:					
Borrowings and financing	18 (b)	1,103,285	1,720,000	1,103,307	1,766,421
Loans and Financing Settlements	18 (b)	(718,255)	(563,660)	(718,124)	(612,570)
Payments of lease liabilities		(39,250)	(25,982)	(47,724)	(32,125)
Capital increase		9,705	-	9,705	-
Net cash provided by financing activities		355,485	1,130,358	347,164	1,121,726
Increase in cash and cash equivalents		368,087	189,924	368,182	193,261
Opening balance of cash and cash equivalents	6	3,533,847	3,113,727	3,535,807	3,119,948
Closing balance of cash and cash equivalents	6	3,901,934	3,303,651	3,903,989	3,313,209
Increase in cash and cash equivalents		368,087	189,924	368,182	193,261

B2W Companhia Digital
Statement of Value Added
In thousands of reais

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Revenues				
Sales of goods and services	4,973,233	3,322,468	5,125,709	3,451,932
Other revenues/ expenses	(856)	3	2,347	34
Reversal (allowance) for doubtful accounts	(19,173)	(8,114)	(25,334)	(9,651)
	<u>4,953,204</u>	<u>3,314,357</u>	<u>5,102,722</u>	<u>3,442,315</u>
Goods acquired from third parties				
Costs of goods and services sold	(3,409,203)	(2,342,363)	(3,631,088)	(2,512,457)
Materials, energy, third party services and others	(834,636)	(509,933)	(666,906)	(362,589)
	<u>(4,243,839)</u>	<u>(2,852,296)</u>	<u>(4,297,994)</u>	<u>(2,875,046)</u>
Gross value added	<u>709,365</u>	<u>462,061</u>	<u>804,728</u>	<u>567,269</u>
Depreciation and amortization	<u>(285,707)</u>	<u>(245,055)</u>	<u>(298,719)</u>	<u>(256,056)</u>
Net value added generated	<u>423,658</u>	<u>217,006</u>	<u>506,009</u>	<u>311,213</u>
Value added received in transfer				
Equity accounting	(14,029)	13,070	(16,629)	-
Financial income	<u>181,717</u>	<u>235,479</u>	<u>184,877</u>	<u>241,796</u>
Total value added to distribute	<u>591,346</u>	<u>465,555</u>	<u>674,257</u>	<u>553,009</u>
Distribution of value added				
Employees				
Direct compensation	117,550	107,445	180,025	161,781
Benefits	27,068	28,981	34,206	35,209
Guarantee fund for years of service	<u>8,851</u>	<u>10,488</u>	<u>15,413</u>	<u>17,283</u>
	<u>153,469</u>	<u>146,914</u>	<u>229,644</u>	<u>214,273</u>
Taxes and contributions				
Federal	(70,995)	(134,582)	(82,783)	(138,292)
State	281,488	158,295	284,431	163,158
Municipal	<u>5,576</u>	<u>3,848</u>	<u>12,052</u>	<u>7,961</u>
	<u>216,069</u>	<u>27,561</u>	<u>213,700</u>	<u>32,827</u>
Compensation of third party capital				
Interest	401,652	544,377	409,223	556,312
Rentals	2,060	12,900	3,594	15,794
Others	<u>661</u>	<u>613</u>	<u>661</u>	<u>613</u>
	<u>404,373</u>	<u>557,890</u>	<u>413,478</u>	<u>572,719</u>
Remuneration of own capital				
Loss for the period	(182,565)	(266,810)	(182,565)	(266,810)
	<u>(182,565)</u>	<u>(266,810)</u>	<u>(182,565)</u>	<u>(266,810)</u>
Distribution of value added	<u>591,346</u>	<u>465,555</u>	<u>674,257</u>	<u>553,009</u>

B2W DIGITAL ANNOUNCES GMV GROWTH OF 72.2% AND CASH GENERATION OF R\$ 72.4 MM IN 2Q20

The result demonstrates the strength of the hybrid business model, with accelerated growth on the 1P (+62%) and 3P (+79%) platforms.

Rio de Janeiro, August 13, 2020: B2W Digital (B3: BTOW3), the largest and most beloved digital Company in Latin America, today announces its results for the second quarter of 2020.

KEY INDICATORS	2Q20	2Q19	Delta	1H20	1H19	Delta
Total GMV (R\$ MM)	6,715	3,899	+72.2%	11,273	7,479	+50.7%
Marketplace (R\$ MM)	4,107	2,289	+79.4%	6,835	4,480	+52.6%
Marketplace (% of Total GMV)	61.2%	58.7%	+2.5 p.p.	60.6%	59.9%	+0.7 p.p.
Assortment (Items/MM)	39.8	12.1	+27.7	39.8	12.1	+27.7
# Sellers (New/Thou)	14.4	5.5	+8.9	22.9	9.1	+13.8
# Sellers (Base/Thou)	69.8	31.0	+38.8	69.8	31.0	+38.8
B2W Entrega (# Sellers/Thou)	67.6	28.4	+39.2	67.6	28.4	+39.2
B2W Entrega (% of Seller base)	96.8%	91.6%	+5.2 p.p.	96.8%	91.6%	+5.2 p.p.
Mobile (% of Traffic)	81.5%	74.6%	+6.9 p.p.	81.5%	73.3%	+8.2 p.p.

MESSAGE FROM MANAGEMENT

In 2020, we started the 3 year strategic plan (2020-2022), with the aim of driving accelerated growth and continued cash generation. In the first six months of the year, we faced a challenging scenario due to the COVID-19 pandemic, which brought enormous learning and motivated us to be even more agile, seeking innovative and creative solutions to generate value for the Customer and society as a whole.

With a complete digital platform integrated with the Americanas Universe, we practice to instill our commitment to be increasingly relevant in the daily lives of the customer, always with a focus on better serving them, offering: Everything. Anytime. Anywhere.

The Americanas Universe continues to reinforce its social role and conduct actions to combat COVID-19 in Brazil, including more than R\$ 62 million in donations for the transport of PPE, logistics services to São Paulo, construction of a field hospital in Rio de Janeiro, among others.

Throughout 2Q20, we challenged ourselves to implement, in record time, a series of actions aimed at revolutionizing the online shopping experience, at a time when the customer most needed convenience and security to meet their consumption needs.

We accelerated O2O (Online to Offline), which offers the best combination of the physical and digital worlds and has already established an important offering to serve customers. In 2Q20, the GMV from O2O reached R\$ 920 MM (+127% vs 2Q19).

We completed the integration of Supermercado Now and launched Americanas Mercado, allowing customers to buy their complete grocery basket, including fresh items, with a customized experience and same-day deliveries. In 2Q20, the category was the Company's largest in terms of units sold and represented a growth in sales of 7x vs. 2Q19. Thus, we started to expand the Supermarket operation, including the partnership with the Grupo Big, which will enable the service to be offered to customers in several states.

We created the Local Marketplace, which uses the neighborhood concept to deliver an increasingly complete assortment, connecting more than 4,000 physical stores (Americanas and Sellers), which, through the *ship from store* model, delivers products to the customer within two hours. Throughout the quarter, we entered into several partnerships to connect more and more merchants on the platform, including Ale Combustíveis, Ancar Invanhoe, BR Malls, BR Mania, Delivery Center, Multiplan, among others, which together have 20,000 physical stores.

The creation of the Local Marketplace also allowed us to accelerate our entry into new segments that have a high purchase frequency, such as the launch of the Restaurants category, which has already connected important *fast food* chains, such as McDonald's (+1,000 stores) and Bob's (+1,000 stores).

In order to operate all these initiatives and offer better delivery times to customers, we continue to invest in Ame Flash, our *crowdshipping* platform, which already has more than 20 thousand registered independent couriers and operates in more than 700 cities. Ame Flash, in conjunction with our proprietary logistics network and O2O initiatives, has allowed us to change the level of delivery times in Brazil. In 2Q20, we have already delivered more than 30% of orders on the same day, and our goal is to achieve more than 50% of same-day deliveries by 2022.

We remain committed to the objective of offering the best Brazilian online experience, through the differentiation of our platform, regardless of the strong growth in sales volume. Thus, while the market showed a strong deterioration in customer satisfaction indicators, our brands had a significant evolution in NPS, being the only representatives of eCommerce (large operations) with the RA 1000 seal, the highest level of reputation in Reclame Aqui.

Ame Digital, the fintech and mobile business platform of the Americanas Universe, surpassed the mark of 10 million downloads and continues to gain strong traction in Americanas and B2W (on-us) and other retailers in the physical and digital worlds (off-us). At the end of 2Q20, Ame had already connected more than 1.7 MM merchants, including the partnership with BR Distribuidora, which has been showing strong results with more than R\$ 100 MM in TPV and 1 MM transactions in just 45 days of operation. In July/20 the off-us already represented 60% of new accounts created.

As a result of these actions, in 2Q20, we achieved the highest level of sales in our history, exceeding the results attained in 4Q19, a period that includes major sales events such as Black Friday and Christmas. This result was driven by the increase in purchase frequency and the strong performance of new categories, which generated 95% growth in the number of orders and 171% in units sold (vs. 2Q19). In comparison with 2Q19, we added ~ R\$ 3 billion in sales in the quarter, with growth of 72% in Total GMV.

Our active customer base reached 19.3 MM at the end of June/20, totaling more than 5 MM new customers in the last 12 months. From January/20 to June/20, our apps were the most downloaded in the shopping category in Brazil, totaling 30.6 MM downloads and a monthly active user (MAU) base of 37.6 MM customers in June/20.

Even with the gradual reopening of physical retail, sales in July/20 and the beginning of August/20 continue at an accelerated pace, with no signs of deceleration, which demonstrates that 2Q20, which was more than an exceptional quarter, was an important inflection point in our growth trajectory.

The results achieved and the countless opportunities that present us, leave us extremely motivated to attain the strategic plan (2020-2022) and start a new journey of exponential growth, with the realization of monetization and expansion of our digital platform.

In this new journey, we will develop and expand our reach through scale and speed in new categories, generating growth, profitability and network effect in our e-commerce ecosystem and in the Americanas Universe.

Accordingly, we announced a private capital increase of R\$ 4 billion that will allow for the execution of our aggressive growth plan, including organic expansion, partnerships, and possible strategic acquisitions.

This movement does not change our commitment to continue generating cash, but it will allow us to have an even faster speed of execution to continue our e-commerce revolution in Brazil.

We remain firm in our purpose of CONNECTING PEOPLE, BUSINESS, PRODUCTS AND SERVICES and in fulfilling our important social role, especially in this moment of uncertainty.

We thank our team for their engagement and enthusiasm to better serve the Customer. We also thank our suppliers for the partnership, the Marketplace sellers for choosing our platform, the shareholders for their trust and, above all, the Customers for their preference.

Marcio Cruz
CEO, B2W Digital

2Q20 HIGHLIGHTS

- **B2W Digital announced a capital increase of R\$ 4.0 Bn**, which will allow for the execution of our aggressive growth plan, including organic expansion, strategic partnerships, and possible strategic acquisitions.
- **B2W Digital announces 95% growth in the number of orders in 2Q20**. This result was driven by the increase in the purchase frequency and new customers activated in the quarter.
- **B2W Digital announces growth of 171% in units sold in 2Q20**, totaling more than 31 MM, with emphasis on the growth in the Supermarket category, B2W's largest in terms of units sold.
- **B2W Digital reached 19.3 MM active customers in 2Q20**, driven by the addition of 5.1 MM new active customers in the last 12 months.
- **B2W Marketplace registered 45.6 thousand Sellers in 2Q20**, setting a new record. Of this total, 14.4 thousand Sellers are already connected and selling on the platform, totaling a base of 69.8 thousand Sellers in June/20 (vs. 46.8 thousand in December/19).
- **B2W Digital totaled 39.8 MM offers exiting 2Q20**, providing the products that customers need most during the period of social distancing, with a differentiated service level and fast delivery. The total number of offers available increased by 226% over 2Q19, driven by Marketplace sellers.
- **O2O (Online to Offline) initiatives totaled R\$ 920 MM in GMV in 2Q20**, an increase of 127% vs. 2Q19. In the quarter, we registered 3.3 MM orders through these initiatives.
- **B2W launched the Local Marketplace platform**, which, using the neighborhood concept, allows the customer to select the stores closest to their location and receive orders within two hours powered by deliveries from the store. The Local Marketplace has already connected more than 4,000 stores, including Americanas and other Sellers with physical stores in various categories such as, supermarket, pharmacy, pet supplies, and toys.
- **B2W Digital launched the Restaurant category**, which has high purchase frequency and already includes the connection of important *fast food* chains such as McDonald's and Bob's.
- **B2W Digital launched Americanas ao Vivo, the first Live Commerce platform in Brazil**. The initiative offers a differentiated shopping experience, improving the exposure of items in fast-growing categories and driving conversion. Live Commerce was also expanded to Shoptime, which recruited more than 100 influencers to form its Live Creators team.
- **LET'S delivered 30% of orders in the same day in 2Q20**. Throughout 2Q20, same-day deliveries made by the LET'S platform (1P and 3P operations, including the Local Marketplace), totaled 30% of total deliveries. Our goal is to reach more than 50% of same-day deliveries by 2022.
- **Initiatives of IF – Innovation and Future**
 - **Ame Digital, the fintech and mobile business platform of the Americanas Universe**, surpassed the mark of 10 MM of downloads and continues to gain strong traction in Americanas and B2W (on-us).
 - **Ame connected more than 1.7 MM merchants from the physical and digital worlds (off-us)**. In July/20, off-us already represented 60% of the new accounts created.
 - **Ame accelerated the partnership with BR Distribuidora**, which has already registered more than R\$ 100 MM in TPV and 1 million transactions via QR Code in the first 45 days of operation.
 - **Ame officially launched its prepaid card**, expanding its acceptance to the entire Mastercard accredited network, in addition to withdrawals from thousands of ATMs.
 - **Ame expanded its financial solutions offering**, with the creation of the Credit Marketplace which includes personalized loans offered by partners, such as BCredi, Creditas, Jeitto, and Rebel.
 - **Ame Flash, crowdshipping platform that connects independent couriers**, ended 2Q20 with more than 20,000 couriers registered and with presence in more than 700 cities.

STRATEGIC INITIATIVES

• Commercial and Marketing

- **Assortment:** The number of items offered on the sites totaled 39.8 MM at the end of 2Q20, an increase of 226% vs. 2Q19, driven by Marketplace.
- **Traffic:** The number of visits to our sites and Apps surpassed the 1 billion mark in 2Q20, representing an increase of 102% vs. 2Q19.
- **Marketing and SEO:** With the exponential growth in the number of items offered (SKUs) came the necessity of improving the visibility of the assortment across our websites, and demonstrating to our customers the wide product offering and vast selection that can be found across our brands (one-stop-shop).
 - **Organic Traffic:** In 2Q20 the organic traffic increased 115%.
 - **SEO:** We were designated in the study "Os domínios mais presentes no top 10 Brasil", which was conducted by SEO specialist company, Conversion, as being awarded the first position for the Americanas brand and in the Top 5 with Submarino and Shoptime.
 - **Local SEO:** Integrated approach of the Americanas Universe (assortment of each store) bringing greater relevance to O2O modalities for customer navigation within search engines.
 - **Search Engine:** Intensive use of technology to design a new solution for page titles and descriptions, making information more clear for customers thus, allowing them to have a better experience in search engines.
- **Americanas Empresas:** A brand dedicated exclusively for the sale of products to corporate clients (legal entity with CNPJ), which aims to bring more facilities to companies, with a wide assortment, competitiveness and the benefits of the Americanas Universe. The Americanas Corporate clients can choose to purchase for the company's own use and consumption or purchase items for resale.
 - In 2Q20, the most sought after departments were PCs, Health, and telephony, with emphasis on the sale of essential items for companies in the midst of the pandemic.
 - In May/20, we started selling e-Gifts at Americanas Empresas, developing an option to purchase in bulk.

• Evolution of the Marketplace

- **Assortment:** The B2W Marketplace assortment grew by 232%, going from a base of 11.8 million items in 2Q19 to 39.4 million items at the end of 2Q20.
- **Americanas Mundo:** The Cross Border operation that enables customers to purchase products from all over the world (including the US and China), creating a new growth avenue for the B2W Marketplace. Launched in March/19, the operation continues to develop rapidly.
 - In 2Q20, the Cross Border operation was expanded to Sou Barato, another growth front for the sale of international products.
- **B2W Marketplace University:** In 2Q20, more than 2 thousand Sellers received online training on the use of technology platforms. The training offered was highlighted in major media outlets, which reinforced the importance of training in the pandemic period.
- **Uni360°:** To further integrate the Seller's experience within the platform, the B2W Marketplace University implemented the Uni360° on the Partner Portal, a series of videos that assist the seller when registering items, encouraging an increase in assortment.

• Mobile Platform

- **Traffic:** Throughout 2Q20, mobile traffic represented 81.5% of total visits, an increase of 6.9 p.p. compared with 2Q19.

- **Apps:** 92.6 million downloads of the brands' apps since inception. In the first six months of 2020, our apps totaled 30.6 million downloads. The Americanas app was the most downloaded in the shopping category in Brazil in 2Q20 and 1H20.
- **MAU:** Exiting 2Q20, the brand apps totaled 37.6 million active users (Monthly Active Users – Source: App Annie).
- **UX (Customer Experience):**
 - **Local Marketplace:** The same convenience structure developed for Americanas physical stores, is now available on the Marketplace. In this way, Sellers of different categories can make their sales for delivery or pick up on the same day.
 - **Special Showcase:** Allows for the availability of selected promotions with prominent display and the option of a banner for the promotion of campaigns aimed at seasonal events.
 - **Regional Offer:** Allows for the browsing of assortment in a regionalized way, with a highlight on the product page for the buy and receive today modality.
 - **Store share:** We launched the option to share a store within the Buy and Receive Today modality. This action is aimed both at users who browse our sites and applications, as well as at the establishment's operation to disseminate information, offers and news for your region.
 - **Americanas Mercado:** We integrated the online Supermarket shopping platform, Supermercado Now, as a mini app, creating Americanas Mercado, to offer greater convenience to customers.
 - **Freight menu:** In June/20, we started to display a range of dates on the site instead of showing a delivery deadline in business days, thus increasing conversion rates.
 - **Submarino**
 - **New menu in the App:** We updated the Submarino App menu layout, increasing the agility of navigation between product categories and facilitating the exposure of all available content and assortment. The new menu has the categories, highlights, and services presented in "cards" to make navigation more intuitive and accessible.
 - **Furniture assembly:** Customers who purchase products from the furniture department can also choose to hire the assembly service, with specialized service and a 3-month warranty.
 - **Shoptime**
 - **Floating Button:** We have included a floating “buy” button on the Shoptime product pages that allows the customer to be directed to their cart from anywhere on the page, increasing conversion rates. In this new area, we display the items best price, payment terms, and cashback.
 - **Video on the product page:** In order to highlight the video content on the Shoptime mobile product page, we created a display button. After the improvement, we experienced a 49% increase in conversion rates among customers who watched the videos.
- **B2WADS:**
 - With a specialized team of more than 50 people divided across the Business and Technology fronts, B2WADS is a complete advertising platform focused on leveraging the sale of business partners, including Sellers and suppliers. The platform offers advertising solutions with an integrated O2O approach, allowing for customer impact at various points in the purchase journey.

- In 2Q20, B2WADS posted a 283% growth in revenue versus 2Q19, in addition to a significant increase in profitability.
- In the quarter, several features were developed with a focus on the Marketplace Seller, with the automation of the Seller's experience when investing in advertising and a more integrated exposure with the sales algorithm of B2W websites.
- Throughout 2Q20, there was a 300% increase in investments from players in the Consumer Goods industry, who have been exploring options for display media, performance, and other special formats. Customers such as Nestlé, Nespresso, L'Oréal, and Unilever have utilized the B2WADS O2O focused advertising solutions.

- **Financial Services**

- **Credit Promotion:** Throughout 1H20, B2W and Cetelem's joint venture (Submarino Finance and Digital Finance) recorded volume of R\$ 1.8 billion in approved transactions. In the same period, the receivables portfolio for these operations was R\$ 1.5 billion.
 - In June/20, the Credit Promoter reported 3.4 MM cards issued (2.0 MM on Submarino Finance and 1.4 MM on Digital Finance, which includes the brands Americanas.com, Shoptime and Sou Barato).
- **Credit Seller:** Marketplace Sellers can access loans quickly, securely, simply, and 100% online. The contracts can be made for payment in installments (installment credit) or in full payment (single installment credit) and, aiming to meet the requests of the Sellers, we implemented innovations in the functionalities and methods of contracting these products:
 - Credit in installments now have a longer payment term, and can reach up to 24 months.
 - We implemented Credit Seller as a payment method in B2WADS, allowing for greater media investments by Sellers.
 - Partnership with the Americanas Empresas brand, with the possibility of purchasing negotiations to replenish inventory as if they were in cash, however, with the flexibility in the terms of the payment method, through the Credit Seller.
 - At the end of 1Q20, we implemented a new type of credit, Flex Credit, which allows the Seller to define a fixed percentage to be committed to its sales. In this new product, the Seller has a completely flexible operation that adapts to the seasonality of its sales on the platform.
 - As a measure to support the impacts of the COVID-19 pandemic, we expanded the base of Sellers eligible for credit, opened up the possibility of renegotiating contracts, offering longer terms, reducing the value of the installment and treating, on a case-by-case basis, the best conditions so that our Sellers are impacted as little as possible in that period.
 - In August/20, the FIDC proposal of B2W (Sellers) and Ame Digital (Merchants), in partnership with Integral Investimentos, dedicated to granting credit to MPMEs, was prioritized by BNDES (moving on to the next phase of analysis and diligence) to integrate a set of initiatives of the bank to face the impact caused by COVID-19. BNDESPAR will invest up to R\$ 4 Billion in the credit funds and may invest up to R\$ 500 Million per fund.

- **Customer Service**

- B2W Digital's main brands are regarded as industry benchmarks in customer service, being the only representatives of eCommerce (large operations) with the RA 1000 seal, the high level reputation by Reclame Aqui.
 - The average score on Reclame Aqui website for B2W's brands is 8.6, while the main competitors have an average score of 7.0.
 - 81.5% of customers who registered complaints on Reclame Aqui website indicated their intent to buy again from B2W's brands, while only 60.9% of customers indicated that they intended to buy again on the main competitors' websites.
 - The average solution rate of B2W's brands on Reclame Aqui website is 93.2% while the average solution rate of competitors' brands is 79.9%.

- In the 1H20, the average complaint solution time was reduced by 23.4% in the 1P and by 14.1% on 3P, significantly improving the service experience compared to 1H19.
- **WhatsApp:** A customer service channel via WhatsApp, promoting innovative and friendly communication throughout the main stages of purchase. To develop the new service channel, we adopted artificial intelligence in the creation of a virtual assistant, capable of talking to customers and recognizing their needs. The project was developed in partnership with Google, using Dialogflow of the Google Cloud, which allows for the creation of a more natural conversation experiences.
 - Currently, 61% of orders are being tracked with WhatsApp.
 - Millions of messages are sent monthly with the tracking request, and the client base that opted to receive communication by the app reached 9 million.

- **O2O (Online to Offline)**

Using the concept of “Everything. Anytime. Anywhere.” the O2O initiatives of Americanas and B2W have been enhancing customers’ shopping experience and growing at a rapid pace. In 2Q20, these combined initiatives recorded GMV of R\$ 920 million, an increase of 127% vs 2Q19.

- **LASA Seller:** In 2Q20, the initiative maintained the accelerated pace of growth, recording sales that are 5x higher than the same period last year. Due to the COVID-19 scenario, commercial actions focused on basic necessities items were reinforced, resulting in a 60% increase in the number of SKUs sold.
- **Click and Collect Now:** Available in all 1,702 Americanas, allowing the customer to purchase the store's inventory online and pick up the product within 1 hour without shipping costs. The modality continues its rapid development, reaching the mark of more than 300 thousand orders in 2Q20.
- **Ship from Store:** Purchase products online from the nearest store and receive them within 2 hours at the desired address. The service, available at the 1,702 Americanas, has been expanded to B2W Marketplace Sellers stores, allowing same-day deliveries from 4,000 stores.
- **Click and Collect:** Buy online and withdraw at the physical store. In 2019, we became the largest network of pick-up points in Brazil, and in 2Q20 reached 9,075 connected points (Americanas, Sellers stores, and partner points) in more than 5 thousand municipalities, offering 99% of the Brazilian population access to the service.
- **Infinite Shelf:** Assisted sales operation at Americanas for products offered on the digital platform (1P and 3P). In 2Q20, the operation had an average ticket approximately 15x higher than in physical stores and 25% growth in sales in relation to 2Q19, even with the closing of approximately 30% of stores due to COVID-19.

- **LET’S – Logistics and Distribution**

The shared management platform for the logistics and distribution assets of LASA and B2W, which aims to optimize the operations of the Companies through a flexible Fulfillment model.

- **Delivery Time:** In 2Q20, deliveries made by LET’S (1P and 3P operations, including the Local Marketplace) conducted 30% of total deliveries on the Same Day. Two day delivery represented 58% of total deliveries.
- **Fulfillment Centers:** LET’s operates 17 FCs in 8 states (MG, PA, PE, PR, RJ, RS, SC, and SP). By the end of 2020, we will open an additional 3 Fulfillment centers in three different states.
- **B2W Entrega:** Reached more than 67.6 thousand Sellers at the end of 2Q20, representing 96.8% of the total Seller base and participating in more than 80% of orders placed on the Marketplace.
 - **Integrated Platform:** The integrated logistics services platform increases cross-selling, allowing Sellers to connect complementary logistics services, such as B2W Fulfillment, Click & Collect and Ship from Store.

- **B2W Fulfillment:** Reached a total of 908 Sellers connected, with their inventory operated by the platform, ensuring shorter lead times and more competitive freight costs. Through B2W Fulfillment, the customer gets the best shopping experience, where the entire logistics process (inventory, transportation and fulfillment) is operated by B2W.

- **IF – Innovation and Future**

Faced with the context of accelerated transformation of the physical and digital worlds, and in order to capture the opportunities generated by this new business environment, in 2018, IF – Innovation and Future was created, outside Americanas and B2W operations. IF was conceived with the mission of creating disruptive business and leveraging various initiatives of the Companies. IF's main verticals include: incubating new business, accelerating existing initiatives, investing in startups (venture capital), leading the O2O fronts, and prospecting new opportunities, including M&A operations.

- **Ame:** Fintech and mobile business platform, and among the first initiatives of IF, continues to accelerate and deliver impressive metrics.
 - Ame Digital reached 10.1 million downloads and continues to gain strong traction at Americanas and B2W, optimizing the offer of discounts to customers through cashback, generating greater purchase frequency and increasing Customer spending.
 - Ame connected more than 1.7 MM merchants from the physical and digital worlds (off-us). In July/ 20, off-us already represented 60% of the new accounts created.
 - The campaign #AmeFazerSuaParte("AmeDoingYourPart") intermediated a total of R\$ 4.5 million in donations, with a strong presence on social media. Using mini-app technology, Ame leveraged its donation platform by supporting more than 70 NGOs.
 - Ame officially launched its prepaid card, expanding its acceptance to the entire Mastercard accredited network. The card allows the user to use the balance of the wallet for payments in physical stores and online, in addition to allowing withdrawals from thousands of ATMs throughout Brazil.
 - Ame announced the expansion of its financial solutions offering, with the creation of a Credit Marketplace. Through the platform, customers can contract personalized loans quickly and simply through a 100% digital process. Currently, it is possible to contract various formats of personal loans offered by partners such as BCredi, Creditas, Jeitto, and Rebel.
 - Ame accelerated the partnership with BR Distribuidora, which has already registered more than R\$ 100 MM in TPV and 1 million transactions via QR Code in the first 45 days of operation, making it possible to pay quickly and securely with Ame.
 - Ame has integrated with new technology platforms to expand acceptance in the online world. Throughout 2Q20, Ame Plus was connected to the Magento, WooCommerce and Payhow.
 - In June, the Ame Scan&Go pilot was launched, which allows customers to scan the barcode of products in the store and pay with the app, without having to go to the cashier.
 - Ame Digital already has more than 45 features, with the aim of simplifying the lives of customers.
- **Ame Flash:** In order to accelerate O2O initiatives, Ame Flash connects independent couriers (motorcycle, bicycle, and other modes), enabling for the delivery of products to customers within 2 hours, from the 1,700 physical stores of Americanas and the physical stores of B2W Marketplace Sellers. The app already has 20 thousand couriers and has surpassed the mark of 700 cities served.

- **Digital Team**

- **Summer Job Program:** The program selects students from the best universities to work on the Company's projects. In June/ 20, we received 9 students from international schools who, in addition to carrying out the development of the project, are participating in meetings with managers, as well as technical and behavioral training with the Human Resources team.

- **Meetups:** In 2Q20, B2W Digital continued the rounds of meetups, holding more than 10 meetings in an online format. The meetings are moments of exchange of information and experiences on a specific topic, involving professionals from the technology communities and other topics, with the B2W team. During this period, we had meetings with the communities of "Recursos Humanos", "Mentoria", "CyberSecurityGirls BR", "Perifacode", and "Node.js Rio", among others.
- **Giro 360°:** For the purpose of promoting knowledge and interaction between the areas of the Company. In 2Q20, 14 presentations were made involving business and technology areas of the Americanas Universe, providing global business knowledge and vision about the reality and performance of the Company.
- **On LET'S:** In 2Q20 we launched On LET'S, an online workshop for the leadership of our Fulfillment Centers, which addresses topics chosen by the managers themselves. Since May/20, we have held 14 Talks, with themes such as "Culture of Engagement", "CNV - Non-Violent Communication" and "Leader Communicator".
- **Online Learning:** We promoted changes in our training that began to be conducted 100% online. In 2Q20, more than 50 training sessions were held on various topics, such as Adobe, Machine Learning, Power BI, Python, Salesforce, Scrum, Treinamento de Entrevistas, DRE, Canvas, Oratória, PDCA, PDI, Excel, Process Management, Financial Management, Indicators, among others.

- **Corporate Governance and Sustainability**

In line with the Global Compact principles and the Agenda 2030 Sustainable Development Objectives (SDO), a United Nations initiative, in 2Q20 we continued advancing our sustainability strategies.

- **COVID-19 Donations:** The The Americanas Universe continues to reinforce its social role and conduct actions to combat COVID-19 in Brazil, including more than R\$ 62 million in donations for the transport of PPE, logistics services to São Paulo, construction of a field hospital in Rio de Janeiro, among others.
- **ISE:** For the sixth consecutive year, B2W was selected for the ISE portfolio, B3's Corporate Sustainability Index, which assesses companies' commitments to sustainable development and recognizes those that promote best practices.
- **Pacts, commitments and ethics:** B2W is a signatory to the Business Pact for Integrity and Anti-Corruption, an initiative developed by the Ethos Institute, which aims to unite companies and promote a more honest and ethical market, eradicating bribery and corruption. It is also part of the UN Principles of Women's Empowerment, as well as the "Business Coalition for Racial and Gender Equity" and the "Business Charter for Human Rights and the Promotion of Decent Work", both from the Ethos Institute.
- **Diversity and Inclusion:** We enable the sites to be accessible to people with hearing, visual and motor disabilities through Hand Talk and Essential Accessibility, enabling the site to be read in sign language (for the hearing impaired), out loud (for the visually impaired), and only with eye movement (for the disabled).
- **Social Impact:** The Jirau da Amazônia project, carried out in partnership with the Amazonas Sustainable Foundation, promotes the sale of products by local indigenous and riverside artisans on the Americanas digital platform throughout Brazil, with the proceeds reverted to the development of the project. In light of the social distancing and the prohibition of tourist activity in the communities, Jirau da Amazônia is the only means of selling products by artisans.
- **Operation Carbon Neutral:** As a way to contribute to SDG 13, Action Against Global Climate Change, we offset greenhouse gas (GHG) emissions, becoming a Carbon Neutral operations Company. Altogether, the compensation of B2W and the parent company Americanas contributed

to avoid 1.4 million tCO₂eq of emissions per year, in addition to supporting the conservation of 1.1 million hectares of the Amazon Forest.

- **Annual Report 2019:** In line with our commitment to sustainable development and improvement to communicate the Company's performance, for the sixth consecutive year, the guidelines outlined by the Global Report Initiative (GRI) were adopted in the global indicator model for reporting sustainability. The report also shows actions in line with the Universal Principles of the Global Compact and with the Sustainable Development Goals (SDGs).

FINANCIAL HIGHLIGHTS

The financial information serving as the basis for the comments below refer to 2Q20, and are in compliance with international financial reporting standards (IFRS), the standards issued by the Securities and Exchange Commission of Brazil (CVM), as well as the listing regulations of the Novo Mercado and in Brazilian reais (R\$). Definitions for adjusted financial metrics can be found in Annex III and Annex V.

- **Total GMV:** In 2Q20, Total GMV of R\$ 6,714.7 million, an increase of 72.2% compared to the R\$ 3,899.2 million registered in 2Q19. For the 1H20, Total GMV increased by 50.7%, from R\$ 7,478.5 million in the 1H19 to R\$ 11,272.7 million in 1H20.
- **Gross Revenue:** In 2Q20, gross revenue totaled R\$ 3,020.3 million, an increase of 63.8% in comparison to the R\$ 1,843.6 million registered in 2Q19. For the 1H20, gross revenue of R\$ 5,125.7 million represents an increase of 48.5% when compared to the R\$ 3,451.9 million in 1H19.
- **Net Revenue:** In 2Q20, net revenue totaled R\$ 2,433.7 million, an increase of 64.7% in comparison to the R\$ 1,477.8 million registered in 2Q19. For the 1H20, net revenue increased 49.6%, from R\$ 2,760.4 million in 1H19 to R\$ 4,129.9 million in 1H20.
- **Adjusted Gross Profit:** In 2Q20, adjusted gross profit totaled R\$ 761.1 million, an increase of 67.3% vs. the R\$ 454.9 million registered in 2Q19. Adjusted gross margin reached 31.3% in 2Q20 vs. 30.8% in 2Q19. For 1H20, gross profit totaled R\$ 1,287.9 million, representing an increase of 49.3% in relation to the R\$ 862.8 million in 1H19, with margin going from 31.3% in 1H19 to 31.2% in 1H20.
- **Adjusted Selling, General and Administrative (SG&A) Expenses:** In 2Q20, adjusted expenses totaled R\$ 576.4 million vs. the R\$ 344.7 million registered in 2Q19. The SG&A as a percentage of GMV decreased by 0.2 p.p., to 8.6% in 2Q20 vs. 8.8% in 2Q19. For the 1H20, expenses of R\$ 975.7 million compared to R\$ 669.4 million in 1H19, which represents a reduction of 0.3 p.p. as a percentage of GMV, from 9.0% to 8.7%.
- **Adjusted EBITDA:** In 2Q20, adjusted EBITDA reached R\$ 184.7 million, an increase of 67.6% compared with the R\$ 110.2 million in 2Q19. Adjusted EBITDA margin went from 7.5% in 2Q19 to 7.6% in 2Q20, an increase of 0.1 p.p. For the 1H20, adjusted EBITDA reached R\$ 312.3 million, representing an increase of 61.5% in relation to the R\$ 193.4 million in 1H19, with EBITDA margin going from 7.0% in 1H19 to 7.6% in 1H20.
- **Other operating income (expenses):** In 2Q20, the other operating income (expenses) reached R\$ 21.3 million vs. the R\$ 12.5 million registered in 2Q19. For the 1H20, other operating income (expenses) totaled R\$ 36.1 million compared with the R\$ 24.2 million in 2H19.

The growth in other operating income (expenses) line is related to non-recurring expenses due to COVID-19, including employee testing, distribution of PPE, donations, among others.

- **Net Financial Result:** In 2Q20, the net financial result reached R\$ -114.3 million vs. R\$ -158.4 million in 2Q19, which represents an improvement of 27.8%. For the 1H20, the net financial result reached R\$ -224.3 million, representing an improvement of 28.7% in relation to the R\$ -314.5 million in 1H19.

- **Net Result:** In 2Q20, the net result reached R\$ -74.6 million vs. R\$ -127.6 million in 2Q19, an improvement of 41.5%. The net margin showed an evolution of 5.5 p.p., from -8.6% in 2Q19 to -3.1% in 2Q20. For the 1H20, the net result was R\$ -182.6 million, representing an improvement of 31.6% in relation to the R\$ -266.8 million in 1H19, with net margin going from -9.7% in 1H19 to -4.4% in 1H20, an evolution of 5.3 p.p..

- **Cash Management:**

- Cash Generation: In 2Q20, cash generation reached R\$ 72.4 MM. Cash generation in the quarter is associated with the continued acceleration of the Marketplace and the constant gain in efficiency of the 1P operation, with a focus on curating the assortment to maximize results.

As a way of capturing all the effects, cash generation or consumption is measured by the variation in net debt in relation to the previous quarter, always disregarding any resources from capital increase operations.

- Working Capital: -15 days in June/20 (improvement of 19 days vs. 2Q19). This result reflects the 1P assortment curation and assortment review process, the optimization of the merchandise planning, as well as the increased 3P (Marketplace) share of total sales.

It is important to remember that Marketplace (whose credit card transactions are approved on the B2W platform and make up the gross balance of receivables) does not demand Working Capital (B2W is an intermediary and receives a commission on realized sales).

- CAPEX: B2W uses its cash generation by prioritizing investments that present optimal returns to shareholders. Accordingly, in 2Q20, CAPEX totaled R\$ 171.5 MM, representing 2.6% of Total GMV.

- **Capital Raise**

- On July 21, 2020, a meeting of the Board of Directors was held with the purpose of approving the Company's capital increase in the amount of R\$ 4,000,000,035.00 (four billion and thirty five reais), through private subscription of 34,782,609 new common shares, nominative and without par value, at the issue price of R\$ 115.00 per share.
- The capital increase is intended to allow the acceleration of the strategic growth plan, including any strategic acquisitions, while maintaining the cash generation commitment.
- On July 27, 2020, the period for the subscription of preemptive rights began, which should be exercised until August 25, 2020.
- Lojas Americanas S.A. the controlling shareholder of the Company, committed to exercise the preemptive right to subscribe the shares, in proportion to its participation in the capital of the Company, as well as to subscribe up to the totality of the eventual balance of shares not subscribed in the scope of the capital increase.

- **Rating**

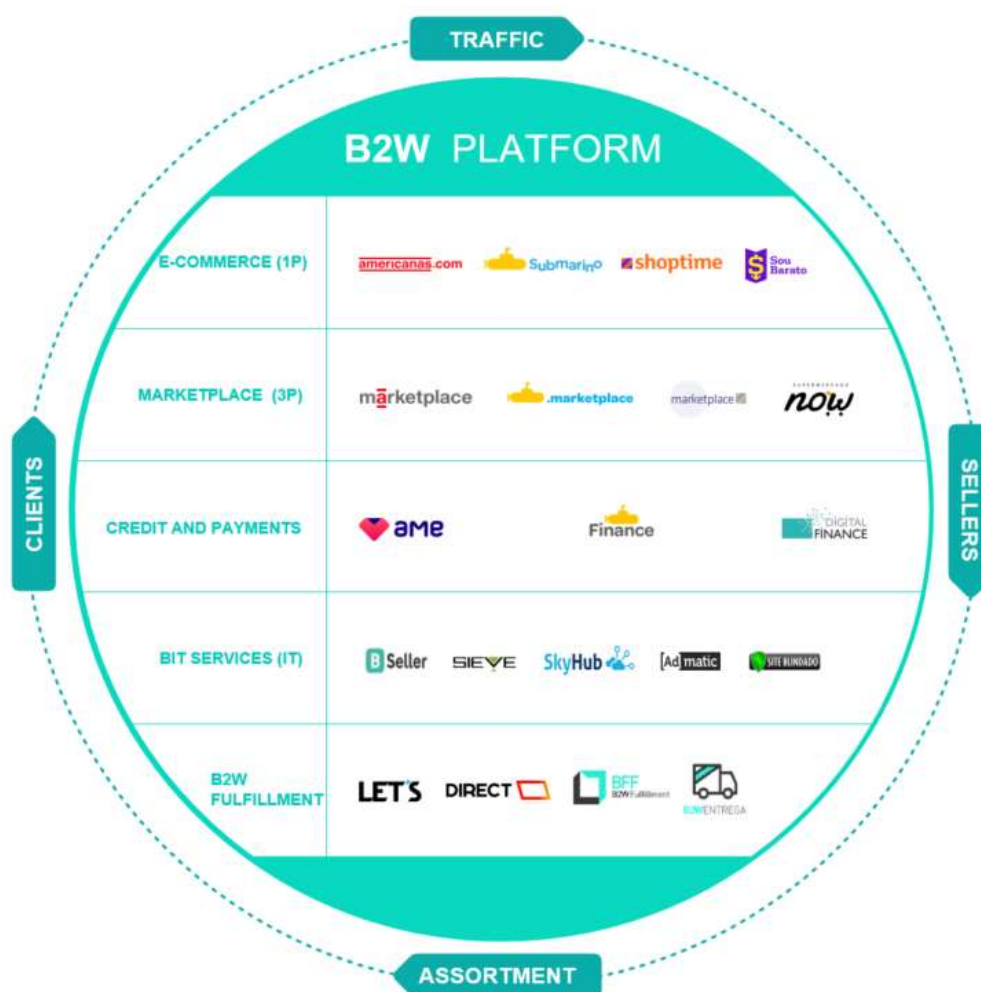
- On July 25, 2020, the risk rating agency Fitch Ratings, Inc. gave the Company a corporate rating of AAA(bra) on the National Scale of Brazil, with a stable outlook.

ANNEX I: ABOUT B2W DIGITAL

B2W Digital is the leader in e-commerce in Latin America and its purpose is to **CONNECT PEOPLE, BUSINESS, PRODUCTS AND SERVICES IN A DIGITAL PLATFORM.**

The Company has the largest and most beloved Internet brands (Americanas.com, Submarino, Shoptime and Sou Barato) and a fast growing Marketplace operation. The platform built over the years allows B2W to also offer technology, logistics, distribution, customer service and payments.

DIGITAL PLATFORM AND B2W VIRTUOUS CYCLE:



ANNEX II: FINANCIAL STATEMENTS

EXCLUDING THE EFFECTS OF THE CONSOLIDATION OF B2W DIGITAL'S TRANSPORTATION SUBSIDIARIES

B2W - Companhia Digital						
Income Statements ¹						
(in million of Brazilian reais)						
	Consolidated Period ended on June 30			Consolidated Period ended on June 30		
	2Q20	2Q19	Variation	1H20	1H19	Variation
Gross Merchandise Volume (GMV)	6,714.7	3,899.2	72.2%	11,272.7	7,478.5	50.7%
Gross Sales and Services Revenue	3,020.3	1,843.6	63.8%	5,125.7	3,451.9	48.5%
Taxes on sales and services	(586.7)	(365.8)	60.4%	(995.8)	(691.5)	44.0%
Net Sales and Services Revenue	2,433.7	1,477.8	64.7%	4,129.9	2,760.4	49.6%
Cost of goods and services sold	(1,672.6)	(1,022.9)	63.5%	(2,842.0)	(1,897.6)	49.8%
Gross Profit	761.1	454.9	67.3%	1,287.9	862.8	49.3%
Gross Margin (% NR)	31.3%	30.8%	0.5 p.p.	31.2%	31.3%	-0.1 p.p.
Operating Revenue (Expenses)	(727.0)	(472.9)	53.7%	(1,272.4)	(923.9)	37.7%
Selling expenses	(517.1)	(309.0)	67.3%	(866.1)	(587.3)	47.5%
General and administrative expenses	(59.3)	(35.7)	66.1%	(109.6)	(82.1)	33.5%
Depreciation and amortization	(150.6)	(128.2)	17.5%	(296.8)	(254.6)	16.6%
Operating Result before Net Financial Result and Equity Accounting	34.1	(18.0)	289.4%	15.5	(61.1)	125.4%
Net Financial Result	(114.3)	(158.4)	-27.8%	(224.3)	(314.5)	-28.7%
Financial revenues	86.9	122.0	-28.7%	184.9	241.8	-23.5%
Financial expenses	(201.2)	(280.3)	-28.2%	(409.2)	(556.3)	-26.4%
Non-controlling shareholder participation	(5.6)	0.0	-	(16.6)	0.0	-
Other operating income (expenses)	(21.3)	(12.5)	70.4%	(36.1)	(24.2)	49.2%
Income tax and social contribution	32.5	61.3	-47.0%	79.0	133.1	-40.6%
Net Result	(74.6)	(127.6)	-41.5%	(182.5)	(266.8)	-31.6%
Net Margin (% NR)	-3.1%	-8.6%	5.5 p.p.	-4.4%	-9.7%	5.3 p.p.
Adjusted EBITDA	184.7	110.2	67.6%	312.3	193.4	61.5%
Adjusted EBITDA Margin (% NR)	7.6%	7.5%	0.1 p.p.	7.6%	7.0%	0.6 p.p.

 Effects of the consolidation of B2W Digital's transportation subsidiaries.

NON-EXCLUDING THE CONSOLIDATION OF B2W DIGITAL'S TRANSPORTATION SUBSIDIARIES

B2W - Companhia Digital						
Income Statements ¹	Consolidated Period ended on June 30			Consolidated Period ended on June 30		
	2Q20	2Q19	Variation	1H20	1H19	Variation
(in million of Brazilian reais)						
Gross Merchandise Volume (GMV)	6,714.7	3,899.2	72.2%	11,272.7	7,478.5	50.7%
Gross Sales and Services Revenue	3,020.3	1,843.6	63.8%	5,125.7	3,451.9	48.5%
Taxes on sales and services	(586.7)	(365.8)	60.4%	(995.8)	(691.5)	44.0%
Net Sales and Services Revenue	2,433.7	1,477.8	64.7%	4,129.9	2,760.4	49.6%
Cost of goods and services sold	(1,765.9)	(1,080.2)	63.5%	(2,995.4)	(2,015.0)	48.7%
Gross Profit	667.8	397.6	68.0%	1,134.5	745.4	52.2%
Gross Margin (% NR)	27.4%	26.9%	0.5 p.p.	27.5%	27.0%	0.5 p.p.
Operating Revenue (Expenses)	(633.7)	(415.6)	52.5%	(1,119.0)	(806.5)	38.7%
Selling expenses	(423.8)	(251.7)	68.4%	(712.6)	(469.9)	51.7%
General and administrative expenses	(59.3)	(35.7)	66.1%	(109.6)	(82.1)	33.5%
Depreciation and amortization	(150.6)	(128.2)	17.5%	(296.8)	(254.6)	16.6%
Operating Result before Net Financial Result and Equity Accounting	34.1	(18.0)	289.4%	15.5	(61.1)	125.4%
Net Financial Result	(114.3)	(158.4)	-27.8%	(224.3)	(314.5)	-28.7%
Financial revenues	86.9	122.0	-28.7%	184.9	241.8	-23.5%
Financial expenses	(201.2)	(280.3)	-28.2%	(409.2)	(556.3)	-26.4%
Non-controlling shareholder participation	(5.6)	0.0	-	(16.6)	0.0	-
Other operating income (expenses)	(21.3)	(12.5)	70.4%	(36.1)	(24.2)	49.2%
Income tax and social contribution	32.5	61.3	-47.0%	79.0	133.1	-40.6%
Net Result	(74.6)	(127.6)	-41.5%	(182.5)	(266.8)	-31.6%
Net Margin (% NR)	-3.1%	-8.6%	5.5 p.p.	-4.4%	-9.7%	5.3 p.p.
Adjusted EBITDA	184.7	110.2	67.6%	312.3	193.4	61.5%
Adjusted EBITDA Margin (% NR)	7.6%	7.5%	0.1 p.p.	7.6%	7.0%	0.6 p.p.

BALANCE SHEET

B2W - Companhia Digital		
Balance Sheet		
(in million of Brazilian reais)		
	06/30/2020	03/31/2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,904.0	3,682.3
Marketable securities	2,699.2	2,867.2
Accounts receivable	566.4	518.8
Inventories	1,295.4	1,194.0
Recoverable taxes	748.6	712.0
Prepaid expenses and other accounts	484.4	480.5
Total Current Assets	9,698.1	9,454.9
NON CURRENT ASSETS		
Marketable Securities and other financial assets	97.4	92.3
Deferred income tax and social contribution	1,409.0	1,374.2
Recoverable taxes	1,255.5	1,273.8
Escrow deposits and other receivables	191.8	171.4
Investments	66.3	54.7
Plant, property and equipment	388.6	396.9
Intangible assets	3,086.3	3,048.7
Right of use asset	252.4	262.0
Total Non-Current Assets	6,747.2	6,674.0
TOTAL ASSETS	16,445.3	16,129.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Suppliers	2,996.4	2,690.7
Loans and financing	899.2	1,192.2
Debentures	4.6	2.8
Salaries and social contribution	99.1	60.8
Taxes payable	98.3	54.2
Deferred income tax and social contribution	3.4	1.5
Other accounts payable	430.5	395.0
Lease liability	77.3	79.4
Total Current Liabilities	4,609.0	4,476.5
NON-CURRENT LIABILITIES		
Loans and financing	5,689.5	5,393.8
Debentures	200.0	200.0
Related parties	-	42.0
Provision for contingencies and other accounts payable	166.3	166.3
Lease liability	210.2	218.7
Total Non-Current Liabilities	6,266.0	6,020.8
SHAREHOLDERS' EQUITY		
Capital	8,325.6	8,289.6
Advance for future capital increase	-	-
Capital reserves	20.9	43.7
Accumulated income (losses)	(2,776.2)	(2,701.6)
Total Shareholders' Equity	5,570.3	5,631.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,445.3	16,129.0

CASH FLOW STATEMENT

B2W - Companhia Digital			
Cash Flow Statement			
(in million of reais)			
	Consolidated		
	6/30/2020	6/30/2019	Variation
Operating Activities			
Net Result for the Period	(182.6)	(266.8)	84.2
Adjustment to the Net Result:			
Depreciation and amortization	298.7	256.1	42.6
Deferred income tax and social contribution	(82.2)	(137.3)	55.1
Interest, monetary and currency changes	139.3	302.8	(163.5)
Equity accounting	16.6	-	16.6
Others	(20.4)	(35.0)	14.6
Adjusted Net Result	169.4	119.8	49.6
Change in Working Capital:			
Accounts receivable	295.4	(212.9)	508.3
Inventories	(350.7)	29.3	(380.0)
Suppliers	166.6	(113.5)	280.1
Change in Working Capital:	111.3	(297.1)	408.4
Change in Assets:			
Prepaid expenses	(1.8)	6.5	(8.3)
Escrow deposits	(16.2)	(15.0)	(1.2)
Recoverable taxes	(122.8)	(49.8)	(73.0)
Other accounts receivable (current and non-current)	68.6	71.9	(3.3)
Change in Assets:	(72.2)	13.6	(85.8)
Change in Liabilities			
Salaries and social security charges	38.4	4.5	33.9
Recoverable taxes (current and non-current)	(8.9)	(11.2)	2.3
Other liabilities (current and non-current)	(57.6)	(29.2)	(28.4)
Accounts payable/receivable (related companies)	(46.3)	56.7	(103.0)
Change in Liabilities:	(74.4)	20.8	(95.2)
Interest Expense on Loans and Debentures	(166.9)	(215.3)	48.4
Settlement of interest in leases	(12.3)	(10.7)	(1.6)
Paid Income Tax and Social Contribution	(5.4)	(5.2)	(0.2)
Cash Flow from Operating Activities	(50.5)	(374.1)	323.6
Investing Activities			
Marketable securities	375.8	(326.0)	701.8
Purchases of property, plant and equipment assets	(16.4)	(5.6)	(10.8)
Intangible assets	(267.9)	(221.3)	(46.6)
Capital increase in related parties	(17.2)	-	(17.2)
Value paid for the acquisition of subsidiaries	(2.7)	(1.1)	(1.6)
Cash Flow from Investing Activities	71.6	(554.0)	625.6
Financing Activities			
Funding	1,103.3	1,766.4	(663.1)
Payments	(718.1)	(612.6)	(105.5)
Payment of lease liabilities	(47.7)	(32.1)	(15.6)
Capital increase cash	9.7	-	(9.7)
Cash Flow from Financing Activities	347.2	1,121.7	(774.5)
Change in cash balance	368.2	193.3	174.9
Beginning Cash Balance	3,535.8	3,119.9	415.9
Ending Cash Balance	3,904.0	3,313.2	590.8

ANNEX III: NOTE REGARDING FINANCIAL STATEMENT

Effects in the consolidation of B2W Digital's transportation subsidiaries

BFF Logistics and Distribution, a subsidiary of B2W Digital, provides merchandise distribution services to the Company, generating an elimination effect in consolidated gross revenue and selling, general and administrative expenses (distribution expenses), according to the present accounting rules.

Consolidated gross profit is reduced in proportion to the positive effect observed on selling, general and administrative expenses, but no effect on Adjusted EBITDA and Adjusted EBITDA Margin.

Adjusted EBITDA

On October 4th, 2012, Brazilian Securities Exchange Commission (CVM) enacted Instruction 527/12, regarding the voluntary disclosure of non-accounting information such as EBITDA. The Instruction aims to standardize the disclosure, in order to improve the understanding of this information and make it comparable among publicly listed companies.

In order to maintain consistency and comparability between previous periods, we present the reconciliation of EBITDA.

In 2Q20, Adjusted EBITDA was R\$ 184.7 million. Including other operating income and expenses and the equity income, EBITDA, according to CVM Instruction 527/12, would be R\$ 157.8 million in 2Q20 (6.5% of NR) vs. R\$ 97.7 MM in 2Q19 (6.6% of NR).

Consolidated EBITDA Reconciliation - R\$ MM	2Q20	1Q19	Δ %	1H20	1H19	Δ %
(=) Adjusted EBITDA	184.7	110.2	67.6%	312.3	193.4	61.5%
(+) Other Operating Income (Expenses)	(21.3)	(12.5)	70.4%	(36.1)	(24.2)	49.4%
(+) Equity Accounting	(5.6)	-	-	(16.6)	-	-
(=) EBITDA (CVM 527/12)	157.8	97.7	61.5%	259.6	169.2	53.4%

ANNEX IV: INDEBTEDNESS

	Including FIDC Effects		Excluding FIDC Effects	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Consolidated Indebtedness - R\$ MM				
Short Term Debt	899.2	1,157.8	498.0	968.1
Short Term Debentures	4.6	8.0	4.6	8.0
Short Term Indebtedness	903.9	1,165.8	502.6	976.1
Long Term Debt	5,689.5	6,733.5	5,689.5	6,733.5
Long Term Debentures	200.0	200.0	200.0	200.0
Long Term Indebtedness	5,889.5	6,933.5	5,889.5	6,933.5
Gross Debt (1)	6,793.4	8,099.3	6,392.1	7,909.6
Cash and Equivalents	6,700.6	5,562.3	6,700.6	5,562.3
Credit Card Accounts Receivables Net of Discounts	504.2	453.0	102.9	263.3
Total Cash (2)	7,204.8	6,015.3	6,803.5	5,825.6
Net Debt (Cash) (2) - (1)	411.4	(2,084.0)	411.4	(2,084.0)
Cash Generation (Consumption) ¹	72.4	6.4	72.4	6.4
Average Maturity of Debt (days)	1,100	1,165	1,148	1,178

Accounts receivable are mainly composed of credit card receivables, net of the discounted value, which have immediate liquidity and can be considered as cash.

In December/18, the Board of Directors approved the structuring of the FIDC (Credit Card Receivables Advance Fund) with shareholders' equity of R\$ 1.1 billion. The FIDC is a unique tool in the market, representing an important source of fundraising.

The composition of accounts receivable from B2W is shown in the following table:

	Including FIDC Consolidation		Excluding FIDC Consolidation	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Consolidated Accounts Receivable Reconciliation - R\$ MM				
Gross Credit Cards Receivables	6,080.7	4,307.8	6,080.7	4,307.8
Discounted Receivables	(5,576.5)	(3,854.9)	(5,977.7)	(4,044.6)
Credit Card Receivables - Net of Discounted Amount	504.2	453.0	102.9	263.3
Present Value Adjustment	(6.3)	(6.8)	(6.3)	(6.8)
Allowance for Doubtful Accounts	(59.3)	(44.1)	(59.3)	(44.1)
Other Accounts Receivable	127.8	78.0	127.8	78.0
Net Accounts Receivable - Consolidated	566.4	480.1	165.1	290.4

ANNEX V: DEFINITIONS

- **Adjusted EBITDA:** Operational earnings before interest, taxes, depreciation and amortization and excluding other operational revenues/expenses and equity accounting.
- **Adjusted Gross Profit:** Gross profit excluding the effects of the consolidation of B2W Digital's transportation subsidiaries.
- **Adjusted Selling, General, and Administrative (SG&A):** SG&A excluding the effects of the consolidation of B2W Digital's transportation subsidiaries.
- **GMV (Gross Merchandise Volume):** Sales of own merchandise, sales realized on the Marketplace, and other revenues (excluding commissions from Marketplace sales), after returns and including taxes.
- **Marketplace Participation:** Marketplace sales as a percentage of total consolidated GMV.
- **Market Share:** Total sales on B2W sites, including those made on the Marketplace, divided by total market sales (source: e-Bit).
- **Net Debt (Cash):** Calculated as the sum of short-term and long-term indebtedness, less the sum of cash & equivalents and credit card accounts receivables (net of the discounted balance).
- **New Customers:** Increase in active customer base during the trailing 12 months.
- **Working Capital:** Calculated as the sum of days of trade accounts receivable (using GMV as a basis) and inventory days, minus vendor days, considering GMV and CMV in the last 12 months.

INFORMATION ABOUT THE WEBCAST AND CONFERENCE CALL

	
Eventos 2T20	2Q20 Events
Divulgação de Resultados 13 de agosto de 2020 (quinta-feira) após fechamento da Bolsa	Earnings Release August 13th, 2020 (Thursday) after B3 trading hours
Teleconferência com Webcast (em português - tradução simultânea para inglês)	Conference Call and Webcast (in Portuguese - simultaneous translation into English)
14 de agosto de 2020 (sexta-feira) 12:00h (Horário de Brasília) Acesso: +55 (11) 3181-8565 ou +55 (11) 4210-1803 Código: B2W	August 14th, 2020 (Friday) 11:00 a.m. (Eastern Time) Connection: +1 412 717-9627 Code: B2W
Link para Webcast:	Link to Webcast:
ri.b2w.digital/ webcast2T20	ri.b2w.digital/ webcast2Q20
Replay: Até 20 de agosto de 2020 Acesso: +55 (11) 3193-1012 Código: 8823339#	Replay: Until August 20th, 2020 Access: +55 (11) 3193-1012 Code: 7332761#
Palestrante: Raoni Lapagesse Diretor de RI	Speaker: Raoni Lapagesse IR Director
Equipe de Relações com Investidores ri@b2wdigital.com +55 (21) 2206-6000	Investor Relations Team ri@b2wdigital.com +55 (21) 2206-6000

Notes to the individual and consolidated financial statements On June 30, 2020

(In thousands of Reais, unless otherwise stated)

1 Operational context

B2W - Companhia Digital ("B2W" or "Company"), with head offices at Rua Sacadura Cabral, 102, in the City and State of Rio de Janeiro, incorporated through the merger of Americanas.com S.A. - eCommerce (Americanas.com) and Submarino S.A., with shares traded on the Novo Mercado B3 S.A. - Brasil, Bolsa, Balcão under the ticker BTOW3. B2W is controlled by Lojas Americanas SA ("LASA" or "Parent Company"), a publicly traded company with shares traded on B3 S.A. - Brasil, Bolsa, Balcão under the ticker LAME3 - ON and LAME4 - PN.

The Company and its subsidiaries (collectively, "the Group") operate on the following fronts: e-commerce, through its brands, Americanas.com, Submarino, Shoptime, Sou Barato, and Supermercado Now; credit card administration and promotion; technology platform; logistics platform, distribution and customer service platform, *Marketplace*, and digital payment account through Ame.

B2W offers technology services through BIT Services, which is the result of the construction of a disruptive, robust and innovative technology platform to support the growth of the Company. On the logistics vertical, B2W offers services of storage, distribution and customer services to its partners through its B2W Fulfillment (BFF) platform. Finally, consumer credit services are another important part of B2W Digital's platforms, through which the Company offers private label credit cards for its four main brands, Americanas.com, Submarino, Shoptime and Sou Barato.

Corona Virus Pandemic - COVID 19

B2W sent a notice to the market on April 6, 2020 and its parent company, Lojas Americanas, sent a notice to the market on April 6 and 14, 2020, informing that they created the "Crisis Committee – Americanas Universe" to:

- (i) Monitor the daily evolution and impact of the COVID 19 pandemic;
- (ii) Prioritize actions that preserve the health of our associates and customers;
- (iii) Addressing the necessary responses to the crisis;
- (iv) Ensuring that the Americanas Universe continues to fulfill its social role, providing products and services necessary to the population through physical and digital platforms and adjusting our assortment to better face the current challenges;
- (v) Establish collaborative initiatives in order to offer relevant contributions to society in this difficult time that we are experiencing; and
- (vi) Ensuring consistent and fluid communication with key stakeholders, as well as establishing social impact partnerships with public and private entities.

The Americanas Universe consists of a physical platform (Americanas) and a digital platform (B2W Digital) that complement each other and allow to meet the needs of customers in different ways.

The Brazilian government has been taking actions to contain the spread of the virus since the second half of March 2020. The recommended social distancing, the compulsory closing of stores, and the consequent reduction in consumption in physical stores, took place more broadly from April 2020. On the other hand, the growing social distancing contributed to lift sales of B2W and the number of users of the O2O services (online to offline).

Throughout the quarter, B2W was 100% available to serve the population across the country and performed very well. To increase the supply of items and support local commerce, new sellers were connected to the B2W marketplace, further increasing the number of items offered.

Even considering the scenario of uncertainties regarding the eradication of the pandemic outbreak for the normal resumption of activities and its negative impact on the country's economy, management assessed the effects subsequent to the June 30 quarterly information, including in its projections of results and cash generation, applying its best estimate, and concluded that there is no need to record provisions for losses on non-financial assets, and there are no material adverse effects on its operations that put its operational continuity in doubt. The Company

will continue to monitor the situation of the pandemic in order to keep their projections of generation of results up to date and corresponding analysis of any effects on their financial statements.

2 Main accounting policies

The main accounting policies applied in the preparation of these quarterly information are defined below. These policies were consistently applied in the semesters presented, unless otherwise stated.

2.1 Basis of preparation

The individual interim financial information was prepared in accordance with technical pronouncement CPC 21 (R1) - Interim Statement and the consolidated interim financial information in accordance with the rules of CPC 21 (R1) and IAS 34– *Interim Financial Reporting* issued by IASB – *International Accounting Standards Board* and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information - ITR.

In accordance with CPC 21 (R1) - Interim Statement and in Management's assessment of the relevant impacts of the information to be disclosed, the explanatory notes described below are not being presented. The others are being presented in order to allow a perfect understanding of this quarterly information if read in conjunction with the explanatory notes disclosed in the financial statements of December 31, 2019.

Explanatory notes not shown:

- Accounting practices and policies;
- Critical accounting estimates and judgments;
- Credit quality of financial assets;
- Anticipated revenue; and
- Insurance coverage.

The issuance of these quarterly information was authorized by the board of directors on August 5, 2020.

2.2 Accounting practices and policies

Accounting policies are being presented in a manner consistent with the accounting practices adopted in the individual and consolidated financial statements for the year ended December 31, 2019. Therefore, this quarterly information should be read in conjunction with the information disclosed in the financial statements for the year ended December 31, 2019.

2.3 Presentation of segment information

The activities of the Group are concentrated in the marketing of products and delivery of services by various means of non-presence marketing, especially the Internet. Despite the diversity of products sold and services provided by the Group (e-commerce, consumer finance service platforms; technology platform; logistics, distribution and customer services platform; Marketplace; and the digital payment account), such activities are not controlled and managed by the Management as independent operational segments, as their accompanying results are monitored, tracked, and evaluated in an integrated manner. Thus, Management understands that the Company is organized, basically, as a single business unit. The Group also operates in the area of financial products through the subsidiary Submarino Finance Promotora de Crédito Ltda. and Digital Finance Promotora de Crédito Ltda, which, by not achieving the minimum quantitative and qualitative parameters, is not being presented as a separate operating segment.

2.4 Present value adjustment

The operations of long-term purchases, primarily from suppliers of goods and services, were adjusted to their present value taking into account the maturities of these transactions. The average rate used of 3.48% per annum

(p.a.) on June 30, 2020 (5.86% p.a. at December 31, 2019), funding base for the base dates. The constitution of the present value adjustment of purchases is recorded under "Suppliers" (note 17) against the "Inventories" account (note 9) and the counterpart entries are shown under the heading "Financial Expenses" (note 27), through the maturity date, in the case of suppliers, and for the realization of inventories based on the amounts recorded under the heading "Cost of goods sold and services provided."

The operations of long-term transactions, at the same previously-agreed prices as represented, mainly, through credit card installment sales, were brought to their present value taking into account the payment deadlines of the aforementioned transactions. The average rate used of 4.37% p.a. at June 30, 2020 (6.31% p.a. as of December 31, 2019), was based on receivable discounts on their respective base dates. On the identified adjustments, the tax rates were applied on the respective base of dates. The present value adjustment of installment sales has a counterpart entry under the heading "Accounts receivable from clients" (note 8) against the "Sales Revenue" (note 25) account and its realization is recorded under "Financial revenues" (note 27) through the maturity date.

3 Accounting estimates and judgment

Accounting estimates and judgment are continually evaluated, and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Until the semester ended June 30, 2020, there were no changes in accounting assumptions and estimates in relation to those disclosed in the financial statements of December 31, 2019.

4 Management of financial risk

4.1 Financial risk factors

In the normal course of business, the Group is exposed to market risks related to the fluctuation of interest rates and exchange variations, as well as credit risk on its installment sales and liquidity risk. Under monitoring carried out by its officers and management, and supervised by the Board of Directors, the Group uses hedge instruments to minimize exposure to these risks. These administrators determine what strategies are to be adopted and Management contracts appropriate hedge instruments for each circumstance and inherent risk.

The Group does not have options, *swaptions*, repentance swaps, flexible options, derivatives embedded in other products, structured derivative transactions and "exotic derivatives". The Group does not operate derivative financial instruments for speculative purposes, thus reaffirming its commitment to the conservative cash management policy, whether in relation to its financial liabilities or its cash position.

(a) Market risk

(i) Exchange rate risk

The Group uses traditional swaps to offset exchange losses arising from sharp devaluations of the Real (R\$) against these foreign currency deposits.

- *Traditional swaps* (registered in the borrowings and financing account):
The counterparts to these traditional swaps are the financial institutions that provide loans in foreign currency (US dollars and Euro). These CDI-referenced swaps aim to cancel exchange risk, transforming the cost of the debt (note 18) to local currency and interest rates, varying at 121.95% to 122.60% of the CDI. These contracts, at June 30, 2020, amounted to a reference value of R\$ 500,000 for the Parent Company and in the Consolidated (R\$ 800,000 on December 31, 2019, for the Parent Company and in the Consolidated). These operations are matched in terms of amount, terms, and interest rates. The Group intends to settle such contracts simultaneously with the respective loans. In this type of operation there are no contractual terms of margin call. There are no contractual clauses for margin calls in this type of transaction.

At June 30, 2020 and December 31, 2019, the position of these derivative financial instruments was as follows:

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Hedge object	701,228	804,465	701,228	804,465
Liability of the swap (% CDI)	(506,803)	(818,256)	(506,803)	(818,256)
Swap accounting balance (note 18(a))	194,425	(13,791)	194,425	(13,791)

		Parent Company		Consolidated	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Object of the hedge (debt)	Amortized cost	671,168	790,496	671,168	790,496
	Fair value	701,208	802,770	701,208	802,770
		30,040	12,274	30,040	12,274
<i>Swaps</i>					
Active position (Dollar/Euro + Pré)	Amortized cost	(671,168)	(790,496)	(671,168)	(790,496)
	Fair value	(701,228)	(804,465)	(701,228)	(804,465)
		(30,060)	(13,969)	(30,060)	(13,969)
Passive position (% CDI)	Amortized cost	(506,783)	(816,561)	(506,783)	(816,561)
	Fair value	(506,803)	(818,256)	(506,803)	(818,256)
		20	1,695	20	1,695
		30,040	12,274	30,040	12,274

Considering that the Group's exposure to the risk of wide swings in currency exchange rates is mitigated by traditional swap operations, contracted for exchange protection purposes and, therefore, simultaneously with the respective foreign currency borrowings, the change in the rate of the US dollar and Euro compared to the real due to the current market conditions does not produce any significant impacts on the Group's financial information.

(ii) Interest rate risk

The Group uses resources produced by operational activities to manage its operations, as well as to guarantee investments and growth. In order to complement its cash requirements for growth, as well as to support cash investments, when necessary, the Group obtains loans and financing from the main financial institutions in the country, which are substantially (around 82% of total) indexed to the variation of the Interbank Deposit Certificate (CDI). Relevant fluctuations in the CDI (see sensitivity analysis in item (d) below) raise the possibility of inherent risk. Financial investment policies indexed by the CDI partially mitigate this effect.

(b) Credit risk

Credit risk is managed at the corporate level. Credit risk stems from cash and cash equivalents, derivative financial instruments, deposits in banks and other financial institutions as well as exposure to client credit. With regard to banks and other financial institutions, the individual risk limits are determined based on internal or external classifications according to the limits set by the Board of Directors. The use of credit limits is regularly monitored. Sales to retail clients are settled in cash or through the main credit cards existing in the market.

The credit risk is minimized by the fact that approximately 83% of the Group's sales are conducted through credit cards administered by the main credit card operators, which have excellent levels of risk classification. The Group maintains a provisions for estimated credit losses by management, that is considered sufficient to cover possible losses on its receivables.

(c) Liquidity risk

Management continuously monitors forecasts for the liquidity requirements of the Group in order to ensure that it has sufficient cash to satisfy its operating needs. This forecast takes into consideration plans for financing the Groups's debt, compliance with clauses, compliance with internal targets for the asset balance quotient and, if applicable, external or legal regulatory requirements - for example, currency restrictions.

The Treasury invests excess cash in interest-bearing bank accounts, term deposits, short-term deposits and securities, choosing instruments with appropriate maturities with sufficient liquidity that offer a sufficient margin as determined by the aforementioned forecasts.

The table below analyzes the non-derivative financial liabilities of the Group and the derivative financial liabilities that are settled on a liquid basis by the Group, through common maturity periods that correspond to the period remaining between the date of the calculation of the net equity balance and the contracted date of maturity. Derivative financial liabilities are included in the analysis if their maturities are essential for an understanding of the cash flows.

				Parent Company
	Less than one year	Between one and two years	Between two and five years	More than five years
At June 30, 2020				
Suppliers	2,929,492			
Borrowings, financing and debentures	914,954	638,880	6,220,226	622,591
Leases liability	79,596	72,789	125,212	18,681

At December 31, 2019				
Suppliers	2,665,242			
Borrowings, financing and debentures	1,322,361	461,152	5,663,804	646,166
Leases liability	78,240	54,487	118,236	40,212

				Consolidated
	Less than one year	Between one and two years	Between two and five years	More than five years
At June 30, 2020				
Suppliers	2,996,447			
Borrowings, financing and debentures	914,954	688,050	6,242,710	622,591
Leases liability	94,392	83,610	135,813	18,681

At December 31, 2019				
Suppliers	2,758,582			
Borrowings, financing and debentures	1,342,808	460,686	5,717,242	646,166
Leases liability	98,988	71,239	136,698	40,212

(d) Analysis of additional sensitivity

Sensitivity analysis of swap transactions

Swap operations recorded by the Group were contracted, simultaneously with foreign currency loans, including maturities, rates and equivalent amounts, exchanging foreign exchange exposure of the loans for exposure to CDI. The Group's gross debt in USD/EUR was represented as follows:

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Foreign currency loans				
US\$	-	296,368	-	296,368
€	671,168	494,128	671,168	494,128
US\$ rate at closing date	-	4.0307	-	4.0307
€ rate at closing date	6.1539	4.5305	6.1539	4.5305
Estimated final US\$ rate, released by Bacen	-	4.0900	-	4.0900
Estimated final € rate, released by Bacen	6.2149	4.6203	6.2149	4.6203

Scenarios I and II were estimated to deteriorate from 25% to 50% respectively, above the probable expectation, as shown in the table below:

Operation	Risk	Probable scenario	Parent Company	
			Scenario I - Deterioration of 25%	Scenario II - Deterioration of 50%
Euro				
Exchange rate at June 30, 2020		6.1539	6.1539	6.1539
Estimated exchange rate at December 31, 2020		6.2149	7.7686	9.3223
Foreign currency borrowings	(variation €)	6,649	176,103	345,557
Swaps (Foreign currency assets)	(variation €)	(6,649)	(176,103)	(345,557)
	Net effect	null	null	null
Consolidated				
Operation	Risk	Probable scenario	Scenario I - Deterioration of 25%	Scenario II - Deterioration of 50%
Euro				
Exchange rate at March 31, 2020		6.1539	6.1539	6.1539
Estimated exchange rate at December 31, 2020		6.2149	7.7686	9.3223
Foreign currency borrowings	(variation €)	6,649	176,103	345,557
Swaps (Foreign currency assets)	(variation €)	(6,649)	(176,103)	(345,557)
	Net effect	null	null	null

• CDI rate sensitivity analysis

The Group maintains a large part of its debt, approximately 82%, and its cash and cash equivalents indexed to the CDI variation (considering the exchange of foreign currency denominated debt by CDI variation with traditional swaps). The net cash (debt) (a) was represented as follows:

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Net cash (debt) (a):				
- Cash and cash equivalents	3,901,934	3,533,847	3,903,989	3,535,807
- Marketable securities	2,651,575	2,943,891	2,796,604	3,172,266

- Loans and financing	(6,522,845)	(6,167,023)	(6,588,780)	(6,233,126)
- Debentures	(204,614)	(200,214)	(204,614)	(200,214)
	(173,950)	110,501	(92,801)	274,733
CDI rate on the closing date	2.15%	4.40%	2.15%	4.40%
Estimated final CDI rate, released by Bacen	2.00%	4.50%	2.00%	4.50%

- Additionally, Management conducted sensitivity tests for adverse scenarios, deteriorating the CDI rate by 25% or 50% higher than the probable scenario (judged by Management), as shown in the table below:

Operation	Parent Company		
	Probable scenario	Scenario I – Deterioration of 25%	Scenario II – Deterioration of 50%
CDI effective annual interest rate June 30, 2020	2.15%	2.15%	2.15%
Net debt	173,950	173,950	173,950
CDI estimated annual interest rate in 2020	2.00%	2.50%	3.00%
Annual effect on net debt			
Reduction	(261)	-	-
Increase	-	609	1,479

Operation	Consolidated		
	Probable scenario	Scenario I – Deterioration of 25%	Scenario II – Deterioration of 50%
CDI effective annual interest rate June 30, 2020	2.15%	2.15%	2.15%
Net debt	92,801	92,801	92,801
CDI estimated annual interest rate in 2020	2.00%	2.50%	3.00%
Annual effect on net debt			
Reduction	(139)	-	-
Increase	-	325	789

4.2 Capital management

The goal of the Group with regard to capital management is to ensure the continuity of its operations, to offer a return to shareholders and benefits to other stakeholders, as well as maintaining the ideal capital structure to minimize associated costs.

The Group monitors the levels of its indebtedness through the Net debt/EBITDA ratio, which in its understanding represents the most appropriate manner to present the debt metric, because it reflects consolidated net financial obligations requiring immediate cash for payments, considering its operating cash generation.

4.3 Fair value estimate

It is assumed that the book value of the balances of client accounts receivable and suppliers accounts payable, minus impairment in the case of accounts receivable, are close to their fair value. The fair value of financial liabilities, for disclosure purposes, is estimated using discounted contractual future cash flows at existing market interest rates, which are available to the Group through similar financial instruments. The Group uses a market approach to estimate the fair value of its financial instruments.

The Group applies CPC 46/IFRS 13 to the financial instruments measured in the balance sheet at fair value, which requires disclosure of the fair value measurements by level in the following hierarchy:

- (Level 1) Quoted (unadjusted) prices in asset markets for identical assets and liabilities to which an entity may have access at the measurement date.
- (Level 2) Insertions different from the price quotes negotiated in active market included in Level 1 that are observed

for assets or liabilities, whether directly (that is, as prices) or indirectly (that is, price derivatives).

- (Level 3) Insertions for assets or liabilities that are not based on data adopted by the market (that is, non-observable insertions).

The following table presents the Group's assets and liabilities measured by fair value through profit or loss as of June 30, 2020.

	Level 1	Level 2	Level 3	Consolidated Total
Assets				
Investment Fund – FIDC	-	97,377	-	97,377
Bank Deposit Certificates - CDB	-	5,385,473	-	5,385,473
Other marketable securities	-	995,864	-	995,864
Total assets	-	6,478,714	-	6,478,714
Liabilities				
Borrowings and financing (Foreign currency)	-	701,208	-	701,208
Derivatives used for <i>hedge -swap</i>	-	(194,425)	-	(194,425)
Total liabilities	-	506,783	-	506,783

The following table presents the Group's assets and liabilities measured by fair value at December 31, 2019.

	Level 1	Level 2	Level 3	Consolidated Total
Assets				
Investment Fund – FIDC	-	224,775	-	224,775
Bank Deposit Certificates - CDB	-	5,217,596	-	5,217,596
Other marketable securities	-	1,250,523	-	1,250,523
Total assets	-	6,692,894	-	6,692,894
Liabilities				
Borrowings and financing (Foreign currency)	-	802,770	-	802,770
Derivatives used for <i>hedge -swap</i>	-	13,791	-	13,791
Total liabilities	-	816,561	-	816,561

There are no relevant financial assets and liabilities subject to the netting agreement.

5 Financial instruments by category

	Amortized Cost	Fair Value Through Results	Consolidated Total
At June 30, 2020			
Assets			
Marketable securities	-	6,478,714	6,478,714
Accounts receivable from customers and other accounts receivable, excluding prepayments	1,013,621	-	1,013,621
Cash and cash equivalents	221,879	-	221,879
	1,235,500	6,478,714	7,714,214
	Fair Value Through Results	Amortized Cost	Total
At June 30, 2020			

Liabilities

Borrowing			
National currency	-	6,081,997	6,081,997
Foreign currency	701,208	-	701,208
Derivatives financial instruments - swap	(194,425)	-	(194,425)
Suppliers and other liabilities, excluding legal obligations	-	3,729,549	3,729,549
Debentures	-	204,614	204,614
	506,783	10,016,160	10,522,943

Consolidated

At December 31, 2019

Assets

Marketable securities	-	6,692,894	6,692,894
Accounts receivable from customers and other accounts receivable, excluding prepayments	1,277,491	-	1,277,491
Cash and cash equivalents	15,179	-	15,179
	1,292,670	6,692,894	7,985,564

Fair Value Through Results	Amortized Cost	Total
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At December 31, 2019

Liabilities

Borrowing			
National currency	-	5,416,565	5,416,565
Foreign currency	802,770	-	802,770
Derivatives financial instruments - swap	13,791	-	13,791
Suppliers and other liabilities, excluding legal obligations	-	3,569,907	3,569,907
Debentures	-	200,214	200,214
	816,561	9,186,686	10,003,247

6 Cash and cash equivalents

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Funds in cash and banks	219,824	13,219	221,879	15,179
Certificates of bank deposits – CDBs (i)	3,682,110	3,504,490	3,682,110	3,504,490
Leasing Letters (ii)	-	16,138	-	16,138
	3,901,934	3,533,847	3,903,989	3,535,807

- (i) Remunerated at a rate of up to 105.5 % of the CDI as of June 30, 2020 (up to 105.5% of the CDI as of December 31, 2019). The CDB's are classified as cash equivalents have immediate liquidity without risk of change in value in case of early redemption.
- (ii) Remunerated at a rate of up to 103.0% of the CDI of the parent and consolidated on December 31, 2019. LAM's classified as cash equivalents and have immediate liquidity without risk of change in value in case of early redemption.

7 Marketable Securities

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Certificates of Bank Deposits- CDB's (i)	1,578,047	1,501,924	1,703,363	1,713,107
Leasing Letters (ii)	-	145,247	-	148,047
Financial bills (iii)	976,151	1,071,945	995,864	1,086,337
Junior levels (Fênix-FIDC (a))	32,330	31,324	32,330	31,324
Senior levels (Fênix-FIDC (b))	55,726	192,951	55,726	192,951
Mezzanine levels (Faísca-FIDC (c))	9,321	500	9,321	500
	2,651,575	2,943,891	2,796,604	3,172,266
Current portion	2,554,198	2,719,116	2,699,227	2,947,491
Noncurrent portion	97,377	224,775	97,377	224,775

- (i) Bank Deposit Certificates, wholly from top-tier financial institutions, bear interest at a rate of up to 105.5% of the CDI at June 30, 2020 (up to 105.5% of the CDI of the parent and consolidated at December 31, 2019). There is no intention to sell these securities in a period longer than 1 year, which is why they are classified in current assets.
- (ii) Letters of Lease (LAM's), wholly from first-tier financial institutions, bear interest of up to 103.0% of the parent CDI and consolidated as of December 31, 2019. There is no intention to sell these securities in a period longer than 1 year, which is why they are classified in current assets.
- (iii) The Financial bills, wholly from first-tier financial institutions, bear interest at a rate of up to 107.0% of the CDI as of June 30, 2020 (up to 107.5% of the parent and consolidated CDI at December 31, 2019). There is no intention to dispose of these securities over a period of more than one year, by which they are classified in current assets.

(a) Investment Fund - Fênix FIDC do Varejo II

In October 2018, the Company's management approved the structuring of the Fênix Investment Fund in Retail Credit Rights II ("Fênix FIDC do Varejo II"), with a duration of 20 (twenty) years, whose objective defined in regulation is the acquisition of credit rights held by the Company, among others, originating through credit cards used in the purchase and sale of products and services, whose electronic transactions are captured and processed by the systems of accrediting merchants.

The "Fênix FIDC do Varejo II" initiated operations in February 2019, issued 1,100,000 shares with a unitary face value of R\$ 1 (one thousand reais), of which 1,017,500 senior shares with target yield are corresponding to 106.50% of the DI variation and 82,500 subordinated shares, with 30,000 thousand shares subscribed by the Company and 52,500 subscribed by the Parent Company Lojas Americanas, totaling the senior shares and subordinated to a stockholders' equity of R\$ 1,100,000 of the "Fênix FIDC do Varejo II".

The total amount of the senior shares corresponding to the principal invested will be amortized / redeemed on a single date, on the business day corresponding to the end of the period of 5 (five) years from the date of issue. The value of the senior shares corresponding to the profitability plus the senior shares after their issue date will be amortized every six (6) months from the date of issue.

The structure of the Fênix FIDC do Varejo II, as well as the remuneration of the shares is represented as follows:

Shares	Quantity	%	June 30, 2020	December 31, 2019	Benchmark - DI
Senior	1,017,500	92.2%	1,030,661	1,039,107	106.50%

Subordinate	85,810	7.8%	88,907	86,142	-
		100.0%	1,119,568	1,125,249	

Balance Sheet on:

	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	1	4
Marketable securities	78,692	299,967
Accounts receivable		
Lojas Americanas	639,684	364,181
B2W	401,282	448,982
Others	19	12,226
Total assets	1,119,678	1,125,360
Liabilities		
Accounts Payable (Current)	110	111
Financing (Non Current)	1,030,661	1,039,107
Shareholders equity	88,907	86,142
Total liabilities & shareholders' equity	1,119,678	1,125,360

Income statement for the semester ended:

	June 30, 2020	June 30, 2019
Financial income	4,357	607
Financial expenses	(1,592)	(837)
Income (loss) for the semester	2,765	(230)

(b) Fenícia Fundo De Investimento em Direitos Creditórios

The Company holds 57,552 shares of the Fenícia Fund (197,762 shares at December 31, 2019), whose purpose is to raise funds for the application mainly of Credit Rights, in accordance with the investment policy, composition and diversification of the Fund's portfolio. It is constituted in the form of a open condominium, so that its shares will only be redeemed according to the provisions of this Regulation. The Fund will have a term of indefinite duration, and may be settled by resolution of the General Meeting in accordance with the Regulations of the fund.

(c) Spark Non-Standard Credit Rights Investment Fund

The Company holds 9,083 shares of the Faísca Fund (1,000 shares at December 31, 2019), which aims to provide Shareholders with the appreciation of their Quotas, through the application of the Fund's resources mainly in the acquisition of Credit Rights from third parties, and the others in Financial Assets. It is constituted in the form of a closed condominium, so that its Quotas will only be redeemed at the end of the term, in accordance with the provisions of the regulation or due to its liquidation.

The Fund will have an indefinite duration and may be liquidated by resolution of the General Meeting in accordance with the Fund's Regulations.

8 Accounts receivable

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Credit cards (i)	102,125	261,017	102,125	261,017
Digital Wallet (ii) (note 12)	817	-	817	-
Investment fund - FIDC (note 7(a))	401,282	448,982	401,282	448,982
Other accounts receivable (iii)	68,151	64,609	127,768	111,324
	<u>572,375</u>	<u>774,608</u>	<u>631,992</u>	<u>821,323</u>
Present value adjustments (note 2.4) (iv)	(6,267)	(8,179)	(6,267)	(8,179)
Provision for estimated credit loss	<u>(17,604)</u>	<u>(15,261)</u>	<u>(59,313)</u>	<u>(50,997)</u>
	<u>548,504</u>	<u>751,168</u>	<u>566,412</u>	<u>762,147</u>

- (i) The operations with credit cards can be paid in installments, generally, of up to twelve months. The Group's credit risks are minimized as the portfolio receivables are monitored by the credit card management companies.
- (ii) Open balance on the Ame Digital platform.
- (iii) Other accounts receivable mainly represent sales to companies through corporate transactions.
- (iv) Present value adjustment was calculated on accounts receivable, net of FIDC anticipations.

The *aging list* of accounts receivable from customers is composed as follows:

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Falling due	530,080	749,025	579,299	783,149
Overdue:				
Up to 30 days	20,703	8,324	14,944	10,593
31 to 60 days	11,060	5,795	18,304	6,422
61 to 90 days	2,426	3,418	3,338	3,746
91 to 120 days	1,830	1,163	1,945	1,687
121 to 180 days	151	804	257	1,786
> 180 days	6,125	6,079	13,905	13,940
	<u>572,375</u>	<u>774,608</u>	<u>631,992</u>	<u>821,323</u>

The amount of the provision for estimated credit loss is based on the Management's analysis of expected losses on the credits to mature and expire.

The changes in the provision for estimated credit losses are shown below:

	Parent Company	Consolidated
Balance at January 1, 2019	(15,839)	(45,004)
Additions/ Reversals	1,946	915
Balance at June 30, 2019	(13,893)	(44,089)
Additions/ Reversals	(1,368)	(6,908)
Balance at December 31, 2019	(15,261)	(50,997)
Additions/ Reversals	(2,343)	(8,316)
Balance at June 30, 2020	<u>(17,604)</u>	<u>(59,313)</u>

9 Inventories

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Goods for resale	1,192,453	888,396	1,298,233	950,451
Present value adjustments (note 2.4)	(5,251)	(2,836)	(5,251)	(2,836)
Supplies and packaging	2,393	2,608	2,393	3,767
	1,189,595	888,168	1,295,375	951,382

The balances above are presented the net values of provision for losses due to inventories, obsolescence and low turnover. The changes in the provision for losses are shown below:

	Parent Company and Consolidated
Balance at January 1, 2019	(71,344)
Additions/ Reversals	9,445
Balance at June 30, 2019	(61,899)
Additions/ Reversals	(3,950)
Balance at December 31, 2019	(65,849)
Additions/ Reversals	3,788
Balance at June 30, 2020	(62,061)

10 Recoverable taxes

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Taxes on Goods and Services (ICMS)	232,164	201,266	240,699	209,949
Withholding Income Tax (IRRF)	89,826	48,459	95,358	52,991
Social Integration Program (PIS) and Contribution to Social Security Financing (COFINS)	1,437,348	1,357,455	1,444,592	1,360,972
Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)	204,361	239,996	213,921	247,509
Others	8,592	8,592	9,491	9,883
	1,972,291	1,855,768	2,004,061	1,881,304
Current portion	716,836	658,600	748,606	684,136
Non-current portion	1,255,455	1,197,168	1,255,455	1,197,168

Considering the taxation rules currently in effect, the following expectation of the main recoverable taxes is as follows:

Yr	Parent Company		
	PIS and COFINS	IR and CSLL	ICMS
2020	301,416	156,560	96,093
2021	496,154	24,220	136,071
2022	432,269	23,581	-
2023	207,509	89,826	-
	1,437,348	294,187	232,164

- PIS and COFINS: The Company expects to recover R\$ 301,416 in 2020 and R\$ 1,135,932 in up to 3 years (2021 to 2023) through debits calculation and compensation with other federal taxes.

- IRPJ and CSLL: The Company expects to recover R\$ 294,187 in up to 4 years (2020 to 2023), through a request for restitution and / or compensation with other federal taxes.

- ICMS: The Company expects to recover the ICMS credit with its own operations in the amount of R\$ 96,093 in 2020 and R\$ 136,071 in 2021.

The Company constantly evaluates the recovery of its tax credits and maintains the net balance of the recovery expectation in the balance sheet.

11 Income tax and social contribution

(a) Composition of deferred income tax and social contribution

	Parent Company		Assets	
			Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Tax losses	792,581	756,338	820,967	780,382
Negative bases for social contribution	285,329	272,281	295,556	280,940
Temporary differences				
Contingencies	19,951	19,157	19,951	19,157
Unsettled swaps	12,905	14,471	15,847	17,417
Present value adjustments receivables and payables	41,758	40,843	41,758	40,843
Provisions for losses on inventories, estimated credit				
loss and other provisions	219,835	196,894	237,409	216,165
Lease operations	10,447	9,898	11,942	12,661
Others	1,574	9,967	14,107	17,892
	1,384,380	1,319,849	1,457,537	1,385,457
	Parent Company		Liabilities	
			Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Capitalization of interest	6,366	15,192	6,366	15,192
Extemporaneous Tax Credits	37,789	37,789	37,789	37,789
Others	973	2,307	4,373	5,707
	45,128	55,288	48,528	58,688
Net balance	1,339,252	1,264,561	1,409,009	1,326,769

(b) Expected realization of deferred tax and social contribution

	Parent Company	Consolidated
2022	17,249	18,148
2023	81,662	85,916
2024	155,291	163,380
2025	264,373	278,143
2026	371,299	390,639
2027	449,378	472,783
	1,339,252	1,409,009

The realization of deferred taxes was determined based on the business plan approved by the Company's management and is reviewed at least every year.

The projections are made through operating cash flows started from the year 2020, in nominal terms, considering the inflation of the economy due to changes in market financial indexes using the maximum period of 10 years.

The Company's Management confirms its confidence in its Business Plan, which has made the operational structure of its business development platforms more robust, and will continue to monitor internal and external indicators as a way ratifying its estimates.

(c) Reconciliation between nominal and effective tax rates

The reconciliation between the income tax and social contribution, computed by the nominal and effective rates is demonstrated below:

	Parent Company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Losses for the semester before income tax and social contribution	(257,256)	(400,391)	(261,579)	(399,884)
Nominal rate	34%	34%	34%	34%
	87,467	136,133	88,937	135,961
Effect of (additions) or deductions on accounting profit				
Interest in subsidiaries and affiliates	(4,770)	4,444	(5,654)	-
Other permanent deductions (additions), net	(8,006)	(6,996)	(1,043)	(2,887)
Income tax and social contribution at effective rate	74,691	133,581	82,240	133,074
Current	-	-	(3,226)	(4,219)
Deferred	74,691	133,581	82,240	137,293
Income tax and social contribution	74,691	133,581	79,014	133,074
Effective rate	29%	33%	30%	33%

12 Related party transactions

	Receivable (payable)		Revenue (expenses)	
	June 30, 2020	December 31, 2019	June 30, 2020	June 30, 2019
Operations with Parent Company				
Lojas Americanas S.A. (i)	15,405	(20,367)	61,011	33,051
- Rental of headquarters, Distribution Center's, and others	(4,338)	(6,227)	(6,829)	(10,816)
- Resale Goods - sale	5,866	26,128	41	44
- Resale Goods - purchase	(1,694)	(3,255)	(222)	465
- Platform of Digital Services and O2O operations	(70,618)	(133,974)	(1,885)	(9,321)
- Operations Lojas Americanas x QSM	35,373	36,558	11,960	24,943
- Operations Lojas Americanas x Direct	28,220	35,213	35,259	16,552
- Operation Lojas Americanas x BIT	22,596	25,190	22,687	11,184
Operations with subsidiaries and related (ii)	83,286	61,546	(104,325)	(36)
B2W Rental	39,462	39,462	-	-
Submarino Finance	13	156	-	-
BIT Services (antiga Ideais)	41,506	43,320	-	-
Direct	417	887	(2)	(36)
QSM	(6,046)	(28,955)	-	-
AME Digital (iii)	817	-	(104,323)	-
Other accounts receivable AME	550	-	-	-
Other accounts receivable	6,659	6,837	-	-
Other accounts payable	(92)	(161)	-	-
Other operations with subsidiaries and related	(128,537)	(103,294)	-	-
Transportation of merchandise				
Direct	(128,644)	(103,248)	-	-
- Operations AME x Direct	122	-	-	-
Systems Development				
BIT Services (formery Ideais)	(15)	(46)	-	-
Total receivable from related parties	88,992	89,729		
Reclassification to Accounts receivable - Ame digital wallet (iii)	(817)	-		
Non-Current Assets	88,175	89,729		
Non-Current Liabilities	(205,149)	(248,805)		
Non-current assets (liabilities) - Consolidated	16,077	(20,367)		
Debentures (iv)	(204,614)	(200,214)	(4,400)	(7,724)
BWU	(204,614)	(200,214)	(4,400)	(7,724)

(i) Refer to operations of purchase and sale of merchandise, reimbursement of expenses and provision of transport and technology services.

(ii) Refers mainly to reimbursement of expenses and advances for future capital increase and digital wallet transactions.

(iii) Receivables through the digital wallet - AME are presented in the item "Accounts receivable" (note 8).

(iv) On December 7, 2010, the Board of Directors approved the first private issue of the Company's simple debentures, not convertible into shares, subordinated, in a single series, totaling R\$ 200,000. The issue was not subject to registration with CVM, since the debentures were a private placement without any effort to sell to investors, fully subscribed by BWU Comércio Entretenimento S.A. a wholly owned subsidiary of Lojas Americanas S.A. The requirements and characteristics of emissions are listed in note 19.

13 Investments – Parent Company

(a) Changes in parent company's investments

	BFF	Finance	ST Importações	QSM	BIT Services (i)	Digital Finance	Rental	Mesa- express	SuperNow (ii)	Ame Digital Brasil (iii)	Ame Pay Cayman (iii)	Total
Balance at January 1, 2019	181,402	87,102	76,461	28,576	228,861	10,573	(23,228)	3	-	-	-	589,750
Equity accounting	222	6,021	1,673	1,547	643	3,454	(44)	-	-	-	-	13,516
Added value write-off	-	-	-	-	(445)	-	-	-	-	-	-	(445)
Initial adoption IFRS 16	(1,483)	-	(78)	(1,108)	(1,076)	-	-	-	-	-	-	(3,745)
Balance at June 30, 2019	180,141	93,123	78,056	29,015	227,983	14,027	(23,272)	3	-	-	-	599,076
Equity accounting	1,343	4,316	10,590	128	2,759	(836)	(17)	-	-	(3,714)	-	14,569
Advance for Future Capital increase	-	-	-	-	-	-	-	-	-	27,567	-	27,567
Added value write-off	-	-	-	-	(444)	-	-	-	-	-	-	(444)
Constitution with tangible and intangible	-	-	-	-	-	-	-	-	-	41,840	-	41,840
Balance at December 31, 2019	181,484	97,439	88,646	29,143	230,298	13,191	(23,289)	3	-	65,693	-	682,608
Transfer of equity interest	-	-	-	-	-	-	-	-	-	(38,126)	38,126	-
Equity accounting	1,735	708	1,771	1,715	2,787	(1,495)	(8)	-	(4,168)	-	(16,629)	(13,584)
Investment acquisition	-	-	-	-	-	-	-	-	15,015	-	-	15,015
Advance for Future Capital increase	-	-	-	-	-	-	-	-	-	17,231	-	17,231
Capital Increase	-	-	-	-	-	-	-	-	20,656	-	-	20,656
Added value write-off	-	-	-	-	(445)	-	-	-	-	-	-	(445)
Balance at June 30, 2020	183,219	98,147	90,417	30,858	232,640	11,696	(23,297)	3	31,503	44,798	21,497	721,481

(i) Includes goodwill for future profitability in the acquisition of the subsidiary in the amount of R\$ 43,794.

(ii) The capital increase amounting to R\$ 20,656 consists of R\$15,594 corresponding to the portion of the transaction amount (note 13(c)) and R\$ 5,062, of primary contribution

(iii) A corporate restructuring was carried out at AME Brasil, with the formation of two new companies abroad as a holding company and a sub holding company, these being Ame Pay Cayman LTD, wholly owned by Ame Pay Delaware Holding LLC. As a result of this fact, the Company and its parent company Lojas Americanas remained with 1 (one) quota each, yielding to Ame Pay Cayman LTD its other its quotas of participation in AME Brasil, and will then have the indirect coalition and control respectively.

(b) Information on the investments in subsidiaries and related

June 30, 2020				
	% Participation	Capital Social	Shareholder equity	Adjusted net income (loss)
Direct subsidiaries				
BFF Logística e Distribuição Ltda.	100.00	163,198	183,215	1,735
ST Importações Ltda.	100.00	4,050	90,417	1,771
Mesa Express Serv. de Informação da Internet S.A.	99.99	275	-	-
Submarino Finance Promotora de Crédito Ltda.	100.00	12,005	98,147	708
QSM Distribuidora e Logística Ltda.	100.00	5,000	30,864	1,715
BIT Services Tecnologia e Inovação Ltda.	100.00	170,013	194,062	2,342
Digital Finance Promotora Ltda.	100.00	500	11,696	(1,495)
B2W Rental S.A.	99.96	2	(23,307)	(8)
SuperNow Portal e Serviços de Internet Ltda.	100.00	21,008	1,234	(4,168)
Indirect subsidiaries				
Click - Rodo Entregas Ltda	100.00	44,928	11,991	(213)
Direct Express Logística Integrada S/A	100.00	237,755	82,454	1,948
Affiliates				
Ame Digital Brasil Ltda	43.08	201,114	153,890	(38,602)
Ame Pay Cayman LTD.	43.08	97,124	49,900	(38,602)
December 31, 2019				
	% Participation	Capital social	Shareholder equity	Adjusted net income (loss)
Direct subsidiaries				
BFF Logística e Distribuição Ltda.	100.00	163,198	181,480	1,565
ST Importações Ltda.	100.00	4,050	88,646	12,263
Mesa Express Serv. de Informação da Internet S.A.	99.99	275	-	-
Submarino Finance Promotora de Crédito Ltda.	100.00	12,005	97,439	10,337
QSM Distribuidora e Logística Ltda.	100.00	5,000	29,713	1,675
BIT Services Tecnologia e Inovação Ltda.	100.00	170,013	192,207	2,513
Digital Finance Promotora Ltda.	100.00	500	13,191	2,618
B2W Rental S.A.	99.96	2	(23,298)	(61)
Indirect subsidiaries				
Click - Rodo Entregas Ltda	100.00	44,928	12,205	(142)
Direct Express Logística Integrada S/A	100.00	237,755	80,506	(604)
Related				
Ame Digital Brasil Ltda	43.08	97,124	152,491	(8,622)

(c) Other information on subsidiaries

On January 13, 2020, the Company acquired the totality of the shares of SuperNow Portal e Serviços de Internet Ltda. ("Supermercado Now"), an innovative e-commerce platform focused on the Supermarket category in Brazil.

The value of the transaction is up to R\$ 33,000, distributed as follows:

- (i) R\$ 15,015, due to the acquiree, with R\$ 1,181 being paid in cash and most of the remaining amount being subject to the achievement goals by 2022. The updated balance on June 30, 2020 is R\$ 13,835 (note 20) to be settled by 2024; and

- (ii) R\$ 17,985 to settle Supermercado Now's obligations with third parties through the payment of capital, of which R\$ 15,594 was paid at the time of the acquisition and R\$ 2,391 to be paid in the next 4 years.

The goodwill totals R\$ 30,269 and was calculated based on the expectation of future profitability, arising from the benefit generated to the company by expanding its operations in the food retail segment, offering a more complete assortment to the customer base. The goodwill, calculated based on the company's accrued unsecured liabilities, consists of:

Accrued Unsecured Liabilities of Acquiree (1)	(15,254)
Consideration (2)	15,015
Goodwill (2) - (1)	<u>30,269</u>

The Company expects to complete the studies to determine the assets and liabilities at fair value and the consequent allocation of the purchase price by the end of fiscal year 2020.

14 Fixed assets

	Parent Company				Consolidated			
	June 30, 2020			December 31, 2019	June 30, 2020			December 31, 2019
	Cost	Accumulated depreciation	Net	Net	Cost	Accumulated depreciation	Net	Net
Land	5,704	-	5,704	5,704	5,704	-	5,704	5,704
Installations, furniture and fixtures	115,485	(69,725)	45,760	46,271	127,293	(75,702)	51,591	51,482
Assets for rent	-	-	-	-	27,383	(27,383)	-	-
Computer machines and equipment	558,596	(292,079)	266,517	288,707	604,730	(326,427)	278,303	299,734
Improvements in third-party properties	83,518	(47,815)	35,703	43,001	86,312	(54,470)	31,842	34,438
Construction in progress	8,745	-	8,745	402	19,584	-	19,584	15,417
Vehicles	45	(4)	41	46	7,762	(6,651)	1,111	650
Others	4	(4)	-	-	597	(156)	441	441
	772,097	(409,627)	362,470	384,131	879,365	(490,789)	388,576	407,866

Movement of fixed assets in the quarter:

	Parent Company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net balances at the beginning of the quarter	384,131	414,417	407,866	435,499
Additions	10,659	3,668	16,401	5,634
Write-offs	(4,783)	(50)	(5,126)	(65)
Depreciation	(27,537)	(27,312)	(30,565)	(29,780)
Net balances at the end of the quarter	362,470	390,723	388,576	411,288

In accordance with Technical Pronouncement CPC 01 (IAS 36), items of property, plant and equipment, which show signs that their recorded costs are higher than their recovery values, are reviewed annually to determine the need for a provision to reduce the balance book value at its realization value. Management did not identify changes in circumstances or signs of technological obsolescence, nor evidence that its assets used in its operations are not recoverable in view of its operational and financial performance and concluded that, as of June 30, 2020 and December 31, 2019, there was no need to record any provision for loss on property, plant and equipment.

15 Intangible assets

	Parent Company				Consolidated			
	June 30, 2020			December 31, 2019	June 30, 2020			December 31, 2019
	Cost	Accumulated amortization	Net	Net	Cost	Accumulated amortization	Net	Net
Goodwill on investment acquisitions (a)	135,305	(53,866)	81,439	81,439	645,232	(62,449)	582,783	552,958
Right to use software	374,827	(212,176)	162,651	54,277	450,507	(263,205)	187,302	77,308
Right to use mining (c)	16,500	(9,570)	6,930	7,590	16,500	(9,570)	6,930	7,590
Web sites and systems development (b)	4,104,256	(1,803,032)	2,301,224	2,342,635	4,119,888	(1,818,269)	2,301,619	2,343,804
BLOCKBUSTER Online brand license	21,060	(21,060)	-	-	21,060	(21,060)	-	-
Others	955	-	955	955	12,812	(5,135)	7,677	9,195
	4,652,903	(2,099,704)	2,553,199	2,486,896	5,265,999	(2,179,688)	3,086,311	2,990,855

Movement of intangible assets during the semester:

	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net balanced at beginning of the semester	2,486,896	2,462,235	2,990,855	2,966,256
Additions	267,036	221,292	267,944	221,331
Capitalization of interest (i)	13,800	18,053	13,800	18,053
Write-offs	-	-	(63)	-
Goodwill on acquisition of companies	-	-	30,269	-
Amortization	(214,533)	(189,828)	(216,494)	(191,284)
Net balanced at end of the semester	2,553,199	2,511,752	3,086,311	3,014,356

(i) the weighted average CDI rate on loans taken out by the Company in the semester ended on June 30, 2020 and June 30, 2019 was 144.9% and 125.9%, respectively.

(a) Goodwill on acquisition of investments

The Company annually evaluates impairment, with the latest assessment conducted upon the closing of the year ended December 31, 2019. This goodwill calculated from investments and mergers stemming from the expectation of future profitability, based on the projections of future period earnings for 10 years, using a pre-tax discount rate of 9.4% to discount future estimated cash flows, plus more or less of the assets and liabilities in a business combination.

The business model adopted by the Company corresponds to a vertical structure, as a result, the consolidated balances represent, in a more adequate way, the only cash generating unit (CGU), see note 2.3, which is considered for the impairment test, therefore, there is no impact on the possible negative results of the investees.

The goodwill balances determined on acquisition of equity interests are supported by technical appraisals based on expected future profitability. The company monitored the assumptions used and did not identify loss indicators nor the necessity of a new evaluation on June 30, 2020.

As of June 30, 2020 and December 31, 2019, the goodwill from the acquisition of investments was represented as follows:

	Parent Company				Consolidated			
	June 30, 2020		December 31, 2019		June 30, 2020		December 31, 2019	
	Cost	Accumulated Amortization	Net	Net	Cost	Accumulated Amortization	Net	Net
Goodwill in investment acquisition								
TV Sky Shop	135,305	(53,866)	81,439	81,439	135,305	(53,866)	81,439	81,439
SuperNow	-	-	-	-	30,269	-	30,269	-
BIT Services	-	-	-	-	264,881	(8,276)	256,605	257,049
Mesaexpress	-	-	-	-	310	(307)	3	3
Click Rodo	-	-	-	-	19,426	-	19,426	19,426
Direct	-	-	-	-	195,038	-	195,038	195,038
BFF Logística	-	-	-	-	3	-	3	3
	135,305	(53,866)	81,439	81,439	645,232	(62,449)	582,783	552,958

(b) Development of websites and systems

Represents expenses with e-commerce platform (development of technological infrastructure, content, applications and graphic layout of sites), expenses with ERP system implementation and development of own systems, being amortized in a linear way considering the stipulated period of use and benefits earned.

Following its path of innovation, B2W has proceeded to invest in new features, designed mainly to improve the purchase experience, increase the conversion rate and strengthen the positioning of its brands, as well as implementing new operating functions for the Company.

The Company used the same assumptions in item (a) above for the impairment test of intangible assets and did not identify the need for a provision for recoverability of assets.

(c) Right of use mining

The Company reacquired from LASA the amount of R\$ 16,500 related to the use of mining in telecommunication means (internet, teleshopping, among others), resulting from the finalization of the partnership between LASA and Itaú Unibanco Holding SA and recorded the said amount as an intangible asset.

16 Lease Assets and Liabilities

As of June 30, 2020, the Group has contracts classified as leases for their commercial, logistics and administrative units.

The measurement of the cost of the right to use real estate assets corresponds to the net value of the lease liability, calculated on the lease provided for in the contracts, discounted to present value at the projected rates and terms provided for in these lease agreements, this being the non-cancellable period and covered by the option to extend the lease, if the Group is reasonably certain to exercise this option. The monthly depreciation of the right to use real estate assets is calculated, on a straight-line basis, over the term provided for in the contract, regardless of the renewal clause in accordance with the Group's internal policies.

In order to calculate the cost of the right to use real estate assets and the value of the lease liability, the Group used the nominal incremental interest rate to discount the actual flow of payments to present value.

Below we present the assets to the right-of-use assets and the corresponding obligations:

(a) Right of use assets – Leasing Companies

	Parent Company				Consolidated			
	June 30, 2020			December 31, 2019	June 30, 2020			December 31, 2019
	Cost	Accumulated Depreciation	Net	Net	Cost	Accumulated Depreciation	Net	Net
Right of use assets	311,110	(86,672)	224,438	210,796	356,357	(103,983)	252,374	252,158
	<u>311,110</u>	<u>(86,672)</u>	<u>224,438</u>	<u>210,796</u>	<u>356,357</u>	<u>(103,983)</u>	<u>252,374</u>	<u>252,158</u>

Movement of the right-of-use assets of the leases during the semester:

	Parent Company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net balance at of beginning of the semester	210,796	197,783	252,158	244,241
Additions/ Write-offs	57,279	-	51,876	-
Depreciation	(43,637)	(27,915)	(51,660)	(34,992)
Net balances at the end of the semester	<u>224,438</u>	<u>169,868</u>	<u>252,374</u>	<u>209,249</u>

(b) Leases payable

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Leases payable	296,278	291,175	332,496	347,137
Interest on leasing	(41,114)	(51,268)	(45,000)	(57,742)
	<u>255,164</u>	<u>239,907</u>	<u>287,496</u>	<u>289,395</u>
Current portion	64,577	62,062	77,336	79,648
Noncurrent portion	190,587	177,845	210,160	209,747

Movement on leases in the semester:

	Parent Company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net balance at beginning of semester	239,907	227,583	289,395	279,715
Additions/ Write-offs	54,507	-	45,825	-
Payments (*)	(50,291)	(34,707)	(60,047)	(42,849)
Appropriate interest	11,041	8,725	12,323	10,724
Net balances at the end of the semester	<u>255,164</u>	<u>201,601</u>	<u>287,496</u>	<u>247,590</u>

(*) - The Company, in accordance with the Technical Pronouncements Review No. 16/2020, issued by the Accounting Pronouncements Committee, which exceptionally authorizes changes due to benefits obtained in lease agreements related to Covid-19, recognized in the income for the year the amount of R \$ 1,064 in the parent company and in the consolidated, originating from the fixed installments of the contracts negotiated with the tenants.

(c) Commitments assumed – Lease agreements

The Group maintains a Private Instrument of Rental Agreement for Commercial Property and Other Covenants for all their properties, with short and long term maturities, whose rent is updated annually based mainly on the IGP-M and IPC-A.

According to CPC 06 (R2) / IFRS 16, lease liabilities were recorded as lease liabilities under contracts with a validity of more than 12 months. The rent corresponding to short-term contracts continues to be recognized, by competence, as occupancy expense.

In the semester ended June 30, 2020, the Group incurred rental expenses on short-term contracts and other related to real estate in the amount of R\$ 1,696. Future commitments related to these contracts total R\$ 1,841.

17 Suppliers

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Merchandise Suppliers of Goods and others	3,235,780	2,985,104	3,302,735	3,078,444
Commercial agreements	(289,241)	(304,121)	(289,241)	(304,121)
Adjustment to present value (note 2.4)	(17,047)	(15,741)	(17,047)	(15,741)
	<u>2,929,492</u>	<u>2,665,242</u>	<u>2,996,447</u>	<u>2,758,582</u>

Trade agreements are receivable, defined in partnership agreements signed with suppliers. In financial operations, when provided for in a commercial agreement, settlements are made upon the payment of invoices to suppliers at the net amount.

18 Borrowings and financing

(a) Composition

Object	Annual Charges	Final Maturity	Parent Company		Consolidated	
			June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
In National currency						
Working capital	114.0% CDI to 124.0% CDI	12.20.2027	4,168,882	4,340,300	4,235,721	4,407,439
Working capital	CDI + 3.7% to CDI +4.3%	05.27.2022	958,017		958,017	
BNDES (i)	TJLP to TJLP + 2.9% p.a	09.15.2022	7,263	8,816	7,263	8,816
BNDES (i)	TLP to TLP +2.5% p.a.	06.15.2026	437,039	459,194	437,039	459,194
BNDES (i)	SELIC +2.5% p.a. to 2.9% p.a	06.15.2026	44,575	48,333	44,575	48,333
BNDES (i)	PSI 6.0% p.a.	09.15.2021	206	358	206	358
FINEP (iv)	4.0% p.a.	12.15.2020	28,352	56,732	28,352	56,732
FINEP (iv)	TJLP + 3.0% p.a.	05.15.2024	50,502	57,003	50,502	57,003
Shares FIDC (v)	106.5% of CDI	02.14.2024	401,282	448,982	401,282	448,982
In foreign currency (iii)						
Working capital (ii)	US\$ + 5.879% p.a.	08.27.2021	-	314,579	-	314,579
Swap operations (ii)	118.9% CDI	08.27.2021	-	(8,949)	-	(8,949)
Working capital (ii)	€ + 2.1% to 2.3% a.a.	01.18.2023	701,208	488,191	701,208	488,191
Swap operations (ii)	121.9% CDI to 122.6% CDI	01.18.2023	(194,425)	22,740	(194,425)	22,740
Cost funding (IOF and others)			(80,056)	(69,256)	(80,960)	(70,292)
			6,522,845	6,167,023	6,588,780	6,233,126
Current portion			899,161	1,300,545	899,242	1,320,955
Non-current portion			5,623,684	4,866,478	5,689,538	4,912,171

(i) BNDES financing related to the FINEM program (investments in information technology, implementing a distribution center, acquisition of machinery and equipment and investments in social projects), PEC (Working Capital), BNDES Automatic and "Connected Citizens - Computers for Everyone" programs.

(ii) Foreign currency operations are protected against changes in exchange rates by the use of financial instruments known as swaps (note 4).

(iii) Funding consistent with Resolution 4.131 of the Brazilian Central Bank (BACEN).

(iv) Financing of FINEP with the objective of investing in projects of research and development of technological innovations.

(v) Represents the balance of the shares issued by the Fênix-FIDC (note 7 (a)).

(b) Movement

	Parent Company	Consolidated
At December 31, 2019	6,167,023	6,233,126
Funding	1,103,285	1,103,307
Principal amortization	(718,255)	(718,124)
Interest amortization	(165,147)	(166,866)
Financial charges	135,939	137,337
At June 30, 2020	6,522,845	6,588,780

(c) Borrowing and long-term financing by maturity date

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
2021	38,245	419,680	38,245	419,680
2022	584,330	266,960	630,186	266,960
2023	1,400,637	578,361	1,420,635	624,054
2024	3,232,348	3,232,918	3,232,348	3,232,918
2025	88,413	89,127	88,413	89,127
2026	64,857	64,624	64,857	64,624
2027	214,854	214,808	214,854	214,808
	5,623,684	4,866,478	5,689,538	4,912,171

The Company is subject to certain debt restriction clauses (Debt Covenants and Cross Default) included in some loan and financing agreements. These clauses include, among others, the maintenance of certain financial ratios, calculated based on the consolidated financial statements disclosed by its parent company. As of June 30, 2020 and December 31, 2019, all indexes were met.

(d) Guarantees

Borrowings and financing in the Parent Company and in the Consolidated are guaranteed by letters of credit of R\$ 567,937 on June 30, 2020 (R\$ 630,436 on December 31, 2019).

(e) Available credit lines

As of June 30, 2020, the Group had credit lines with several institutions in order to use them at the times necessary to drive the Company's organic growth.

19 Debentures

(a) Composition (Parent Company and Consolidated)

	Issue Date	Maturity (i)	Type of issue	Bonds outstanding	Value at Issue date	Annual Financial Charges	June 30, 2020	December 31, 2019
1st Private issue	12.22.2010	12.22.2022	Private	200,000	1,000	125.0% CDI	204,614	200,214

(b) Movement

	1st Private issue
At January 1, 2019	200,246
Financial charges	7,724
At June 30, 2019	207,970
Interest amortization	(15,130)
Financial charges	7,374
At December 31, 2019	200,214
Financial charges	4,400
At June 30, 2020	204,614

(c) Information about issues of debentures

Below are the descriptions of the issued debentures which remain in effect as of June 30, 2020.

Nature	1st Private issue
Date of issue	12.22.2010
Date of maturity	12.22.2022
Amount issued	200
Unitary value	R\$ 1,000
Annual financial charges	125.0% CDI
Convertibility	simple, non convertible to shares
Type and form	nominative and book-entry
Amortization of principal value	At date of payment
Payment of compensatory interest	December 22 of each year (2011 to 2022)
Guarantees	N/A
Renogiation	Allowed, if agrren between issuer and debenture holder

20 Accounts Payable – Combination of Businesses

In order to expand its business and in accordance with the strategic plan, the Company acquired companies with operations related to digital services. On January 13, 2020, the Company added SuperNow Portal e Serviços de Internet Ltda (note 13(c)). Between 2013 and 2015, 19 companies were acquired, operating in the areas of systems development, e-commerce operations and services, customer and product intelligence consulting, and two of the leading e-commerce specialized carriers in Brazil. As of June 30, 2020 the balance payable related to the acquisitions of these companies in the parent company and in the consolidated is R\$ 13,835 and R\$ 21,222, respectively.

	Current			
	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
BIT Services	-	-	7,387	8,092
SuperNow	1,182	-	1,182	-
	1,182	-	8,569	8,092
	Non Current			
	Parent Company		Consolidated	

	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
SuperNow	12,653	-	12,653	-
	12,653	-	12,653	-

21 Taxes and contributions

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Taxes on goods and services (ICMS)	37,411	69,293	42,306	76,634
Withholding Income Tax (IRRF)	1,563	993	1,690	1,140
Service tax (ISS)	4,640	5,501	5,592	6,668
Social integration program (PIS) and Contribution for the social security fund (COFINS)	25,141	8,081	38,686	15,951
Tax on industrialized products (IPI)	-	-	8	1,033
Others	1,724	1,356	10,058	5,504
	70,479	85,224	98,340	106,930

22 Provision for lawsuits and contingencies

(a) Provisions constituted

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Tax	3,569	3,515	32,410	32,355
Labor	17,654	16,169	74,212	72,639
Civil	37,166	36,371	44,588	43,704
	58,389	56,055	151,210	148,698

Tax

Refer mainly to tax assessment notices issued for collection of supposed ICMS debt.

Labor

The Group are also parties to lawsuits involving labor. None of these lawsuits refers to individually significant amounts, and the lawsuits mainly involve claims for overtime, among others.

Civil

The Company is a party, together with its subsidiaries, in lawsuits arising from the normal course of its operations and its subsidiaries, primarily related to consumers, accounting, on June 30, 2020, for the amount shown as contingent liability related to these issues. None of these lawsuits refers to individually significant amounts.

(b) Contingent liabilities not provided

On June 30, 2020, the Group had administrative and legal demands of a fiscal, civil and labor nature, classified as “possible loss” by the legal advisors, and, for this reason, no provision was made. The approximate amount of the lawsuits is R\$ 786,933 (R\$ 824,225 on December 31, 2019) in the parent company and R\$ 1,120,124 (R\$ 1,148,198 on December 31, 2019) in the consolidated.

The main variations that occurred in the semester are basically due to monetary updates and prospects for new and existing processes, which are in accordance with the criteria and with the information disclosed in the Financial Statements of December 31, 2019.

23 Shareholder's equity

(a) Capital

On June 30, 2020, the share capital represented 524,654,065 common, registered shares with no par value (523,229,262 shares as of December 31, 2019).

The shareholding composition of the Company's capital as of June 30, 2020 and December 31, 2019 is as follows:

	June 30, 2020	December 31, 2019
Lojas Americanas S.A	321,376,659	321,376,659
Macquarie Group Limited	27,699,048	27,699,048
Management	7,928,339	7,168,400
Other shareholders ("free floating")	167,650,019	166,985,155
	524,654,065	523,229,262
Lojas Americanas S.A.	61.25%	61.42%
Non-controlling	38.75%	38.58%

(b) Changed in capital

Number of shares, with no par value.

	Common nominal	Balance (thousands of reais)
At December 31, 2019	523,229,262	8,289,558
Subscription of shares through an Stock Option Plan	1,424,803	36,020
At June 30, 2020	524,654,065	8,325,578

At Board of Director meetings, held on May 21 and June 30, 2020, the capital increase was approved with the issue of 1,242,908 and 181,895 common shares, respectively, largely paid for by capitalization of reserves, granted under the terms of the Shares approved by the General Meeting of August 31, 2011.

24 Share-based payment

Remuneration costs arising from the Company's share-based payment plan for the period ended June 30, 2020 were R\$ 8,706 (R\$ 10,899 at June 30, 2019). The compensation costs are recorded in equity in capital reserve - reserve of recognized options granted, since the options, when exercised, are settled through the issuance of new shares or the use of shares held in treasury. The remuneration cost corresponds to the fair value of the B2W Plan, calculated on the grant date, recorded during the service provision period that begins on the grant date until the date on which the beneficiary acquires the right to exercise the option.

The compensation costs of the Plan to be recognized by the Company for the remaining period of service rendering to occur based on the assumptions used total approximately R\$ 26,054 on June 30, 2020 (R\$ 33,717 on December 31, 2019).

Based on the shareholding composition of the capital stock on June 30, 2020, the maximum percentage of share dilution to which the current shareholders of the Company will eventually be subjected in case of exercise of all options granted is less than 1%.

25 Sales and Services Revenue

	Parent Company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Gross sales revenue	4,074,451	2,990,755	4,128,589	3,045,100
Gross services revenue	1,087,883	590,184	1,189,991	678,094
Unconditional returns/discounts	(189,101)	(258,471)	(192,871)	(271,261)
(-) Sales/services tax	(948,573)	(653,233)	(995,805)	(691,544)
Net Revenue	4,024,660	2,669,235	4,129,904	2,760,389

26 Expenses by nature

The Group opted to present its income statements for the semester ended on June 30, 2020 and June 30, 2019 by function and presents the breakdown by nature below:

	Parent Company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<u>Selling</u>				
Staff	(126,646)	(124,908)	(134,562)	(134,709)
Occupation	(4,086)	(12,558)	(7,273)	(16,507)
Supplies	(12,466)	(9,095)	(13,669)	(10,375)
Fees and commissions	(165,853)	(102,864)	(166,684)	(102,864)
Distribution	(162,421)	(130,472)	(10,459)	(11,327)
Others (i)	(367,622)	(185,186)	(379,974)	(194,119)
Total Selling Expenses	(839,094)	(565,083)	(712,621)	(469,901)
<u>General and administrative</u>				
Staff	(36,986)	(34,556)	(44,720)	(47,973)
Occupation	(1,120)	(1,354)	(4,027)	(3,358)
Management fees	(4,684)	(4,221)	(4,684)	(4,221)
Depreciation and amortization	(285,707)	(245,055)	(296,806)	(254,554)
Others (ii)	(23,924)	(12,360)	(56,134)	(26,532)
Total General and Administrative expenses	(352,421)	(297,546)	(406,371)	(336,638)
Other operating income (expenses)	(32,429)	(26,705)	(36,089)	(24,247)

- (i) The increase refers mainly to investments in online and offline media and outsourced customer service related to the Company's growth.
(ii) Refers mainly to attorney's fees, advisory and consultancy services and legal indemnities.

27 Financial result

	Parent Company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest and monetary variation on securities	99,821	138,944	102,857	143,598
Financial discounts obtained	1,064	-	1,164	1,365
Adjustment to present value of account receivable	80,787	96,403	80,787	96,403
Other finance income	45	132	69	430

Total financial income	181,717	235,479	184,877	241,796
Interest and monetary variation of financing and prepayment of receivables	(303,495)	(455,866)	(305,726)	(459,090)
Adjustment to present value of suppliers	(69,558)	(69,745)	(69,558)	(69,745)
Other financial expenses	(17,558)	(10,041)	(21,616)	(16,753)
Total financial expense	(390,611)	(535,652)	(396,900)	(545,588)
Lease charges	(11,041)	(8,725)	(12,323)	(10,724)
Financial result	(219,935)	(308,898)	(224,346)	(314,516)

28 Losses per share

The calculation of the basic loss per share was based on the net loss attributed to the holders of common shares and the weighted average number of common shares outstanding.

The calculation of the diluted loss per share was based on the net loss attributed to the holders of common shares and the weighted average number of common shares outstanding after the adjustments for all potential dilutive common shares.

	Parent Company	
	June 30, 2020	June 30, 2019
Numerator		
Loss for the semester	(182,565)	(266,810)
Denominator (in thousands of shares) basic		
Weighted average number of common shares in circulation	523,502	457,281
Basic losses per share	(0.3487)	(0.5835)
Denominator (in thousands of shares) diluted		
Weighted average number of common shares in circulation	529,069	464,780
Diluted losses per share	(0.3451)	(0.5741)

29 Employee and management remuneration

In the semester ended June 30, 2020 and June 30, 2019, the total compensation (salaries, bonuses and payment based on shares) of the directors, officers and main executives of the Company was R\$ 15,278 and R\$ 14,950, with remunerations falling within the limits approved in the corresponding Shareholders' Meetings.

30 Subsequent events

At a meeting of the Board of Directors, held on July 21, 2020, the capital increase of R\$ 4 billion was approved, through the private issue of 34,782,609 common shares, nominative and without par value, at the issue price of R\$ 115.00 per share, to be fully allocated to the corporate capital. The payment of the subscribed shares will be made in local currency in the subscription Act.

The parent company, Lojas Americanas, in a meeting of the Board of Directors held on 07/21/2020, committed to exercise the right to subscribe the Company's shares, in proportion to its ownership participation, as well as to subscribe up to the totality of the eventual balance of shares not subscribed in the scope of the capital increase.

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