(A free translation of the original in Portuguese)

Raia Drogasil S.A.

Quarterly Information (ITR) at June 30, 2019
and report on review of quarterly information

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Contents

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Company information/capital composition

Number of shares (units)	Current q30uarter 6/30/2019
Paid-up share capital	
Common shares	330,386,000
Preferred shares	0
Total	330,386,000
Treasury shares	
Common shares	750,862
Preferred shares	0
Total	750,862

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Company information/dividends

Event	Date approved	Description	Initial date of payment	Type of share	Class of share	Amount per share (Reais/share)
Board of Directors' Meeting	3/21/2019	Interest on capital	12/3/2019	Common		0.17292
Board of Directors' Meeting	6/21/2019	Interest on capital	12/3/2019	Common		0.16230

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Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Parent company financial information/balance sheet - assets

(R$ thousand)

Code	Description	Current quarter 6/30/2019	Prior year 12/31/2018
1	Total assets	10,917,696	7,181,702
1.01	Current assets	4,366,028	4,316,297
1.01.01	Cash and cash equivalents	142,473	238,153
1.01.03	Trade receivables	1,147,700	960,440
1.01.03.01	Customers	956,952	805,649
1.01.03.01.01	Checks receivable	2,420	2,952
1.01.03.01.02	Credit and debit cards	898,692	751,560
1.01.03.01.03	PBM - Medicine benefit program	32,666	29,482
1.01.03.01.04	Agreements with companies	24,690	22,545
1.01.03.01.05	Bank slips/ Online transfer	0	2
1.01.03.01.06	(-) Provision for impairment of trade receivables	-1,516	-892
1.01.03.02	Other receivables	190,748	154,791
1.01.03.02.01	Advances to employees	11,633	6,694
1.01.03.02.02	Returns to suppliers	2,755	3,824
1.01.03.02.03	Commercial agreements	145,991	98,109
1.01.03.02.04	Receivables from subsidiaries	83	39
1.01.03.02.05	Other	30,286	46,125
1.01.04	Inventory	2,943,821	3,019,527
1.01.04.01	Goods for resale	2,953,325	3,029,399
1.01.04.02	Materials	1,416	1,268
1.01.04.03	(-) Allowance for losses on goods	-10,920	-11,140
1.01.06	Taxes recoverable	91,026	76,520
1.01.06.01	Current taxes recoverable	91,026	76,520
1.01.06.01.01	Taxes on profit	437	327
1.01.06.01.02	Other taxes recoverable	90,589	76,193
1.01.07	Prepaid expenses	41,008	21,657
1.02	Non-current assets	6,551,668	2,865,405
1.02.01	Long term receivables	124,930	113,670
1.02.01.04	Trade receivables	43,573	42,427
1.02.01.04.02	Other receivables	816	1,070
1.02.01.04.03	Receivables from subsidiaries	42,757	41,357
1.02.01.08	Prepaid expenses	386	1,128
1.02.01.10	Other non-current assets	80,971	70,115
1.02.01.10.03	Judicial deposits	26,034	25,770
1.02.01.10.04	Taxes recoverable	54,937	44,345
1.02.02	Investments	45,331	40,108
1.02.02.01	Equity interests	45,331	40,108
1.02.02.01.02	Interests in subsidiaries	45,331	40,108
1.02.03	Property and equipment	5,210,718	1,543,685
1.02.04	Intangible assets	1,170,689	1,167,942

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Parent company financial information/balance sheet - liabilities and equity

(R$ thousand)

Code	Description	Current quarter 6/30/2019	Prior year 12/31/2018
2	Total liabilities and equity	10,917,696	7,181,702
2.01	Current liabilities	3,254,050	2,776,886
2.01.01	Social security and labor obligations	293,202	232,300
2.01.01.01	Social security obligations	53,446	52,105
2.01.01.02	Labor obligations	239,756	180,195
2.01.02	Trade payables	1,867,271	2,033,620
2.01.02.01	Domestic suppliers	1,867,271	2,033,620
2.01.03	Tax obligations	126,763	87,826
2.01.03.01	Federal tax obligations	58,624	25,089
2.01.03.01.01	Income tax and social contribution payable	11,815	3,147
2.01.03.01.02	Other federal tax obligations	46,809	21,942
2.01.03.02	State tax obligations	63,991	59,185
2.01.03.03	Municipal tax obligations	4,148	3,552
2.01.04	Borrowing	238,241	256,033
2.01.04.01	Borrowing	76,206	92,715
2.01.04.01.01	In local currency	76,206	92,715
2.01.04.02	Debentures	162,035	163,318
2.01.04.02.01	Debentures	162,035	163,318
2.01.05	Other obligations	702,523	142,573
2.01.05.02	Other	702,523	142,573
2.01.05.02.01	Dividends and interest on capital	96,150	24,843
2.01.05.02.04	Rentals	53,312	78,618
2.01.05.02.05	Other payables	30,683	39,112
2.01.05.02.06	Lease liabilities	522,378	0
2.01.06	Provision	26,050	24,534
2.01.06.01	Provision for tax, social security, labor and civil contingencies	9,583	2,512
2.01.06.01.05	Provision for legal claims	9,583	2,512
2.01.06.02	Other provisions	16,467	22,022
2.01.06.02.04	Provisions for sundry obligations	16,467	22,022
2.02	Non-current liabilities	4,111,610	904,959
2.02.01	Borrowing	704,966	570,211
2.02.01.01	Borrowing	57,008	93,318
2.02.01.01.01	In local currency	57,008	93,318
2.02.01.02	Debentures	647,958	476,893
2.02.01.02.01	Debentures	647,958	476,893
2.02.02	Other obligations	3,136,200	46,769
2.02.02.02	Other	3,136,200	46,769
2.02.02.02.03	Tax recovery program (REFIS)	6,243	10,389
2.02.02.02.04	Payables to Subsidiary's shareholder	38,168	36,380
2.02.02.02.05	Lease liabilities	3,091,789	0
2.02.03	Deferred taxes	233,454	239,102
2.02.03.01	Deferred income tax and social contribution	233,454	239,102
2.02.04	Provision	36,990	48,877
2.02.04.01	Provision for tax, social security, labor and civil contingencies	36,990	48,877
2.02.04.01.05	Provision for legal claims	36,990	48,877
2.03	Equity	3,552,036	3,499,857
2.03.01	Paid-up share capital	2,500,000	1,808,639
2.03.02	Capital reserves	122,833	116,363
2.03.04	Revenue reserves	830,713	1,593,063
2.03.04.01	Legal reserve	115,520	115,519
2.03.04.02	Statutory reserve	673,570	1,364,931
2.03.04.07	Tax incentive reserve	41,623	41,623
2.03.04.08	Proposed additional dividends	0	70,990
2.03.05	Retained earnings (accumulated deficit)	116,785	0
2.03.06	Carrying value adjustments	-18,295	-18,208

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Parent company financial information/statement of income

(R$ thousand)

Code	Description	Current quarter 4/1/2019 to 6/30/2019	Accumulated - prior year 1/1/2019 to 6/30/2019	Same quarter - prior year 4/1/2018 to 6/30/2018	Accumulated - prior year 1/1/2018 to 6/30/2018
3.01	Net sales revenue	4,026,401	7,790,218	3,450,594	6,739,230
3.01.01	Gross sales revenue	4,216,727	8,158,069	3,612,313	7,057,548
3.01.02	Taxes on sales	-158.159	-305,337	-132,644	-262.605
3.01.03	Rebates	-32.167	-62,514	-29,075	-55,713
3.02	Cost of sales and/or services	-2,757,832	-5,375,495	-2,363,489	-4,639,876
3.03	Gross profit	1,268,569	2,414,723	1,087,105	2,099,354
3.04	Operating income/expenses	-1,034,219	-2,025,016	-880,453	-1,717,866
3.04.01	Selling expenses	-909,028	-1,785,276	-782,598	-1,531,576
3.04.02	General and administrative expenses	-114,945	-223,743	-93,079	-181,922
3.04.05	Other operating expenses	-13,058	-21,225	-6,240	-6,240
3.04.05.01	Extraordinary expenses	-13,058	-21,225	-6,240	-6,240
3.04.06	Equity in the results of investees	2,812	5,228	1,464	1,872
3.05	Profit before finance results and taxes	234,350	389,707	206,652	381,488
3.06	Finance results	-58,386	-112,881	-24,954	-40,462
3.06.01	Finance income	14,778	31,184	17,550	33,353
3.06.02	Finance costs	-73,164	-144,065	-42,504	-73,815
3.07	Profit before income tax and social contribution	175,964	276,826	181,698	341,026
3.08	Income tax and social contribution	-37,521	-49,880	-45,240	-83,614
3.08.01	Current	-44,964	-55,483	-33,405	-56,602
3.08.02	Deferred	7,443	5,603	-11,835	-27,012
3.09	Profit (loss) from continuing operations	138,443	226,946	136,458	257,412
3.11	Profit/loss for the period	138,443	226,946	136,458	257,412
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share - R$				
3.99.01.01	Common shares	0.42011	0.68868	0.41417	0.78128
3.99.02	Diluted earnings per share - R$				
3.99.02.01	Common shares	0.42039	0.68914	0.41452	0.78194

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Parent company financial information/statement of comprehensive income

(R$ thousand)

Code	Description	Current quarter 4/1/2019 to 6/30/2019	Accumulated - prior year 1/1/2019 to 6/30/2019	Same quarter - prior year 4/1/2018 to 6/30/2018	Accumulated - prior year 1/1/2018 to 6/30/2018
4.01	Profit for the period	138,443	226,946	136,458	257,412
4.03	Comprehensive income for the period	138,443	226,946	136,458	257,412

(A free translation of the original in Portuguese)

Parent company financial information/statement of cash flow - indirect method

(R$ thousand)

Code	Description	Accumulated - current year 1/1/2019 to 6/30/2019	Accumulated - prior year 1/1/2018 to 6/30/2018
6.01	Net cash provided by operating activities	469,140	149,750
6.01.01	Cash from operations	880,099	562,398
6.01.01.01	Profit before income tax and social contribution	276,826	341,026
6.01.01.02	Depreciation and amortization	517,626	195,152
6.01.01.03	Share-based compensation plan, net	6,432	6,115
6.01.01.04	Interest on payables to subsidiary	1,787	2,734
6.01.01.05	Result on disposal of property and equipment and intangible assets	6,514	4,521
6.01.01.06	Provision (reversal) for legal claims	-6,198	-3,105
6.01.01.07	Provision (reversal) for inventory losses	-221	69
6.01.01.08	Provision (reversal) for impairment of trade receivables	600	-4,128
6.01.01.09	Provision (reversal) for store closures	-3,540	-1,228
6.01.01.10	Interest expenses	30,454	26,510
6.01.01.11	Amortization of transaction cost of financing	1,343	-3,396
6.01.01.12	Equity in results of investees	-5,228	-1,872
6.01.01.13	Interest expenses - leases	53,704	0
6.01.02	Changes in assets and liabilities	-286,386	-335,096
6.01.02.01	Trade receivables and other receivables	-186,182	-40,461
6.01.02.02	Inventory	75,927	-111,082
6.01.02.03	Other current assets	-33,862	-4,096
6.01.02.04	Long term receivables	-11,258	-3,371
6.01.02.05	Trade payables	-163,316	-160,959
6.01.02.06	Salaries and social charges	60,901	50,885
6.01.02.07	Taxes and contributions	13,459	-58,914
6.01.02.08	Other liabilities	-16,749	-8,490
6.01.02.09	Rentals payable	-25,306	1,392
6.01.03	Other	-124.573	-77,552
6.01.03.01	Interest paid	-24.490	-16,834
6.01.03.02	Income tax and social contribution paid	-46,379	-60,718
6.01.03.03	Interest paid - leases	-53,704	0
6.02	Net cash used in investing activities	-337,200	-290,967
6.02.03	Purchases of property and equipment and intangible assets	-335,850	-289,573
6.02.04	Proceeds from sale of property and equipment	50	7
6.02.05	Loans granted to subsidiaries	-1,400	-1,401
6.03	Net cash used in financing activities	-227,620	160,280
6.03.01	Borrowing	243,712	400,599
6.03.02	Repayments of borrowing	-134,056	-106,219
6.03.03	Repurchase of shares	0	-46,925
6.03.04	Interest on capital and dividends paid	-93,597	-87,175
6.03.05	Leases paid	-243,679	0
6.05	Increase (decrease) in cash and cash equivalents	-95,680	19,063
6.05.01	Cash and cash equivalents at the beginning of the period	238,153	255,911
6.05.02	Cash and cash equivalents at the end of the period	142,473	274,974

(A free translation of the original in Portuguese)

Parent company financial information/statement of changes in equity - 1/1/2019 to 6/30/2019

(R$ thousand)

Code	Description	Paid-up share reserve	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balance	1,808,639	116,363	1,593,064	0	-18,208	3,499,858
5.03	Adjusted opening balance	1,808,639	116,363	1,593,064	0	-18,208	3,499,858
5.04	Equity transactions with owners	691,361	6,470	-762,351	-110,248	0	-174,768
5.04.01	Capital increases	691,361	0	-691,361	0	0	0
5.04.07	Interest on capital	0	0	0	-110.501	0	-110,501
5.04.08	Interest on capital of 2017 approved at the AGM of March 28, 2018	0	0	-70,990	0	0	-70,990
5.04.09	Interest on capital expired	0	0	0	253	0	253
5.04.10	Restricted share plan - Vesting period	0	6.432	0	0	0	6,432
5.04.11	Restricted share plan - Delivery	0	-13,429	0	0	0	-13,429
5.04.12	Goodwill on sale of shares	0	-2,208	0	0	0	-2,208
5.04.13	Treasury shares – Delivery - RD	0	15,637	0	0	0	15,637
5.04.14	Restricted shares - 4Bio	0	3	0	0	0	3
5.04.15	Treasury shares - Delivery - 4Bio	0	35	0	0	0	35
5.05	Total comprehensive income	0	0	0	226,946	0	226,946
5.05.01	Profit for the period	0	0	0	226.946	0	226.946
5.06	Internal changes in equity	0	0	0	87	-87	0
5.06.02	Realization of revaluation reserve	0	0	0	132	-132	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-45	45	0
5.07	Closing balance	2,500,000	122,833	830,713	116,785	-18,295	3,552,036

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Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Parent company financial information/statement of changes in equity - 1/1/2018 to 6/30/2018

(R$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balance	1,808,639	150,829	1,281,078	0	-18,033	3,222,513
5.03	Adjusted opening balance	1,808,639	150,829	1,281,078	0	-18,033	3,222,513
5.04	Equity transactions with owners	0	-40,810	-52,602	-101,244	0	-194,656
5.04.07	Interest on capital	0	0	0	-101,500	0	-101,500
5.04.08	Interest on capital of 2016 approved at the AGM of March 29, 2017	0	0	-52,602	0	0	-52,602
5.04.09	Interest on capital expired	0	0	0	256	0	256
5.04.10	Restricted share plan - Vesting period	0	6,115	0	0	0	6,115
5.04.11	Restricted share plan – Delivery	0	-7.382	0	0	0	-7.382
5.04.12	Goodwill on sale of shares	0	3,115	0	0	0	3,115
5.04.13	Treasury shares – Delivery	0	4,267	0	0	0	4,267
5.04.14	Repurchase of shares	0	-46,925	0	0	0	-46,925
5.05	Total comprehensive income	0	0	0	257,412	0	257,412
5.05.01	Profit for the period	0	0	0	257.412	0	257.412
5.06	Internal changes in equity	0	0	0	88	-88	0
5.06.02	Realization of revaluation reserve	0	0	0	133	-133	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-45	45	0
5.07	Closing balance	1,808,639	110,019	1,228,476	156,256	-18,121	3,285,269

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Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Parent company financial information/statement of value added

(R$ thousand)

Code	Description	Accumulated - current year 1/1/2019 to 6/30/2019	Accumulated - prior year 1/1/2018 to 6/30/2018
7.01	Revenue	8,095,530	7,006,366
7.01.01	Sales of products and services	8,095,557	7,001,846
7.01.02	Other income	573	392
7.01.04	Provision for/reversal of impairment of trade receivables	-600	4,128
7.02	Inputs acquired from third parties	-5,330,323	-4,643,094
7.02.01	Cost of sales and services	-4,848,273	-4,241,866
7.02.02	Materials, energy, outsourced services and other	-482,079	-397,961
7.02.03	Impairment/recovery of assets	29	-3,267
7.03	Gross value added	2,765,207	2,363,272
7.04	Retentions	-517,626	-195,152
7.04.01	Depreciation, amortization and depletion	-517.626	-195.152
7.05	Net value added generated by the entity	2,247,581	2,168,120
7.06	Value added received through transfer	38,289	37,708
7.06.01	Equity in the results of investees	5,228	1,872
7.06.02	Finance income	31,394	33,720
7.06.03	Other	1,667	2,116
7.07	Total value added to distribute	2,285,870	2,205,828
7.08	Distribution of value added	2,285,870	2,205,828
7.08.01	Personnel	843,352	723,154
7.08.01.01	Direct remuneration	648,447	567,734
7.08.01.02	Benefits	133,143	105,473
7.08.01.03	Unemployment compensation fund	61,762	49,947
7.08.02	Taxes and contributions	1,028,712	871,123
7.08.02.01	Federal	255,761	264,136
7.08.02.02	State	759,181	596,104
7.08.02.03	Municipal	13,770	10,883
7.08.03	Providers of capital	186,860	354,139
7.08.03.01	Interest	143,191	72,883
7.08.03.02	Rentals	43,669	281,256
7.08.04	Stockholders and the Company	226,946	257,412
7.08.04.01	Interest on capital	110,501	101,500
7.08.04.03	Profits reinvested/loss for the period	116,445	155,912

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Consolidated financial information/balance sheet - assets

(R$ thousand)

Code	Description	Current quarter 6/30/2019	Prior year 12/31/2018
1	Total assets	11,098,713	7,352,005
1.01	Current assets	4,593,002	4,529,825
1.01.01	Cash and cash equivalents	145,387	241,568
1.01.03	Trade receivables	1,285,449	1,094,236
1.01.03.01	Customers	1,092,726	937,389
1.01.03.01.01	Checks receivable	123,364	120,058
1.01.03.01.02	Credit and debit cards	914,348	766,657
1.01.03.01.03	PBM - Medicine benefit program	32,666	29,482
1.01.03.01.04	Agreements with companies	24,690	22,545
1.01.03.01.05	Bank slip/ Online transfer	0	2
1.01.03.01.06	(-) Provision for impairment of receivables	-2,342	-1,355
1.01.03.02	Other receivables	192,723	156,847
1.01.03.02.01	Advances to employees	11,688	6,849
1.01.03.02.02	Returns to suppliers	2,755	3,824
1.01.03.02.03	Commercial agreements	147,454	99,376
1.01.03.02.05	Other	30,826	46,798
1.01.04	Inventory	3,016,387	3,087,275
1.01.04.01	Goods for resale	3,025,891	3,097,147
1.01.04.02	Materials	1,416	1,268
1.01.04.03	(-) Provision for losses on goods	-10,920	-11,140
1.01.06	Taxes recoverable	104,662	84,852
1.01.06.01	Current taxes recoverable	104,662	84,852
1.01.06.01.01	Taxes on profit	4,978	4,868
1.01.06.01.02	Other taxes recoverable	99,684	79,984
1.01.07	Prepaid expenses	41,117	21,894
1.02	Non-current assets	6,505,711	2,822,180
1.02.01	Long term receivables	82,427	72,832
1.02.01.04	Trade receivables	1,070	1,589
1.02.01.04.02	Other receivables	1,070	1,589
1.02.01.08	Prepaid expenses	386	1,128
1.02.01.10	Other non-current assets	80,971	70,115
1.02.01.10.03	Judicial deposits	26,034	25,770
1.02.01.10.04	Taxes recoverable	54,937	44,345
1.02.03	Property and equipment	5,218,832	1,546,960
1.02.04	Intangible assets	1,204,452	1,202,388

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Consolidated financial information/balance sheet - liabilities and equity

(R$ thousand)

Code	Description	Current quarter 6/30/2019	Prior year 12/31/2018
2	Total liabilities and equity	11,098,713	7,352,005
2.01	Current liabilities	3,397,142	2,913,445
2.01.01	Social security and labor obligations	298,981	237,541
2.01.01.01	Social security obligations	54,138	52,862
2.01.01.02	Labor obligations	244,843	184,679
2.01.02	Trade payables	1,959,370	2,141,274
2.01.02.01	Domestic suppliers	1,959,370	2,141,274
2.01.03	Tax obligations	132,659	92,964
2.01.03.01	Federal tax obligations	58,912	25,870
2.01.03.01.01	Income tax and social contribution payable	11,855	3,493
2.01.03.01.02	Other federal tax obligations	47,057	22,377
2.01.03.02	State tax obligations	69,596	63,541
2.01.03.03	Municipal tax obligations	4,151	3,553
2.01.04	Borrowing	274,744	272,939
2.01.04.01	Borrowing	112,709	109,621
2.01.04.01.01	In local currency	112,709	109,621
2.01.04.02	Debentures	162,035	163,318
2.01.04.02.01	Debentures	162,035	163,318
2.01.05	Other obligations	705,338	144,193
2.01.05.02	Other	705,338	144,193
2.01.05.02.01	Dividends and interest on capital	96,150	24,843
2.01.05.02.04	Rentals	53,312	78,653
2.01.05.02.05	Other payables	32,041	40,697
2.01.05.02.06	Lease liabilities	523,835	0
2.01.06	Provision	26,050	24,534
2.01.06.01	Provision for tax, social security, labor and civil contingencies	9,583	2,512
2.01.06.01.05	Provision for legal claims	9,583	2,512
2.01.06.02	Other provisions	16,467	22,022
2.01.06.02.04	Provisions for sundry obligations	16,467	22,022
2.02	Non-current liabilities	4,110,346	903,793
2.02.01	Borrowing	704,966	570,211
2.02.01.01	Borrowing	57,008	93,318
2.02.01.01.01	In local currency	57,008	93,318
2.02.01.02	Debentures	647,958	476,893
2.02.01.02.01	Debentures	647,958	476,893
2.02.02	Other obligations	3,139,870	46,948
2.02.02.02	Other	3,139,870	46,948
2.02.02.02.03	Tax recovery program (REFIS)	6,366	10,568
2.02.02.02.04	Payables to Subsidiary's shareholder	38,168	36,380
2.02.02.02.05	Lease liabilities	3,095,336	0
2.02.03	Deferred taxes	228,520	237,757
2.02.03.01	Deferred income tax and social contribution	228,520	237,757
2.02.04	Provision	36,990	48,877
2.02.04.01	Provision for tax, social security, labor and civil contingencies	36,990	48,877
2.02.04.01.05	Provision for legal claims	36,990	48,877
2.03	Consolidated equity	3,591,225	3,534,767
2.03.01	Paid-up share capital	2,500,000	1,808,639
2.03.02	Capital reserves	122,833	116,363
2.03.04	Revenue reserves	830,713	1,593,063
2.03.04.01	Legal reserve	115,520	115,519
2.03.04.02	Statutory reserve	673,570	1,364,931
2.03.04.07	Tax incentive reserve	41,623	41,623
2.03.04.08	Proposed additional dividends	0	70,990
2.03.05	Retained earnings (accumulated deficit)	116,785	0
2.03.06	Carrying value adjustments	-18,295	-18,208
2.03.09	Noncontrolling interests	39,189	34,910

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Consolidated financial information/statement of income

(R$ thousand)

Code	Description	Current quarter 4/1/2019 to 6/30/2019	Accumulated - prior year 1/1/2019 to 6/30/2019	Same quarter - prior year 4/1/2018 to 6/30/2018	Accumulated - prior year 1/1/2018 to 6/30/2018
3.01	Net sales revenue	4,225,493	8,178,845	3,613,988	7,047,566
3.01.01	Gross sales revenue	4,440,683	8,594,606	3,791,578	7,395,547
3.01.02	Taxes on sales	-177,498	-343,286	-145,004	-285,551
3.01.03	Rebates	-37,692	-72,475	-32,586	-62,430
3.02	Cost of sales and/or services	-2,936,209	-5,727,897	-2,509,789	-4,916,608
3.03	Gross profit	1,289,284	2,450,948	1,104,199	2,130,958
3.04	Operating income/expenses	-1,053,232	-2,058,526	-894,059	-1,744,670
3.04.01	Selling expenses	-921,370	-1,809,123	-791,996	-1,551,038
3.04.02	General and administrative expenses	-118,746	-231.082	-95,823	-187,392
3.04.05	Other operating expenses	-13,116	-18,321	-6,240	-6,240
3.04.05.01	Extraordinary expenses	-13.116	-18,321	-6,240	-6,240
3.05	Profit before finance results and taxes	236,052	392,422	210,140	386,288
3.06	Finance results	-59,666	-114,907	-25,863	-42,001
3.06.01	Finance income	15,903	33,557	18,336	34,803
3.06.02	Finance costs	-75,569	-148,464	-44,199	-76,804
3.07	Profit before income tax and social contribution	176,386	277,515	184,277	344,287
3.08	Income tax and social contribution	-35,641	-46,291	-46,621	-85,343
3.08.01	Current	-44,964	-55,483	-34,664	-58,490
3.08.02	Deferred	9,323	9,192	-11,957	-26,853
3.09	Profit (loss) from continuing operations	140,745	231,224	137,656	258,944
3.11	Consolidated profit/loss for the period	140,745	231,224	137.656	258,944
3.11.01	Attributable to owners of the Company	138,443	226,946	136,458	257,412
3.11.02	Attributable to noncontrolling interests	2,302	4,278	1,198	1,532
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.42011	0.68868	0.41417	0.78128
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.42039	0.68914	0.41452	0.78194

Consolidated financial information/statement of comprehensive income

(R$ thousand)

Code	Description	Current quarter 4/1/2019 to 6/30/2019	Accumulated - prior year 1/1/2019 to 6/30/2019	Same quarter - prior year 4/1/2018 to 6/30/2018	Accumulated - prior year 1/1/2018 to 6/30/2018
4.01	Consolidated profit for the period	140,745	231,224	137,656	258,944
4.03	Consolidated comprehensive income for the period	140,745	231,224	137,656	258,944
4.03.01	Attributable to owners of the Company	138,443	226,946	136,458	257,412
4.03.02	Attributable to noncontrolling interests	2,302	4,278	1,198	1,532

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 6/30/2019 - RAIA DROGASIL S.A.

Consolidated financial information/statement of cash flow - indirect method

(R$ thousand)

Code	Description	Accumulated - current year 1/1/2019 to 6/30/2019	Accumulated - prior year 1/1/2018 to 6/30/2018
6.01	Net cash provided by operating activities	448,558	146,431
6.01.01	Cash from operations	889,112	568,469
6.01.01.01	Profit before income tax and social contribution	277,515	344,287
6.01.01.02	Depreciation and amortization	519,689	196,306
6.01.01.03	Share-based compensation plan	6,450	6,143
6.01.01.04	Interest on payables to subsidiary	1,787	2,734
6.01.01.05	Result on disposal of property and equipment and intangible assets	6,497	4,521
6.01.01.06	Provision (reversal) for legal claims	-6,198	-3,105
6.01.01.07	Provision (reversal) for inventory losses	-221	69
6.01.01.08	Provision (reversal) for impairment of trade receivables	964	-4,372
6.01.01.09	Provision (reversal) for store closures	-3.540	-1.228
6.01.01.10	Interest expenses	31,054	26,510
6.01.01.11	Amortization of transaction cost of financing	1,343	-3,396
6.01.01.13	Interest expenses - leases	53,772	0
6.01.02	Changes in assets and liabilities	-315,030	-343,068
6.01.02.01	Trade receivables and other receivables	-190,500	-48,100
6.01.02.02	Inventory	71,109	-123,274
6.01.02.03	Other current assets	-39,037	-5,393
6.01.02.04	Long term receivables	-10,995	-3,371
6.01.02.05	Trade payables	-178,871	-149,592
6.01.02.06	Salaries and social charges	61,439	51,424
6.01.02.07	Taxes and contributions	14,216	-57,843
6.01.02.08	Other liabilities	-17,050	-8,347
6.01.02.09	Rentals payable	-25,341	1,428
6.01.03	Other	-125,524	-78,970
6.01.03.01	Interest paid	-25,373	-16,834
6.01.03.02	Income tax and social contribution paid	-46,379	-62,136
6.01.03.03	Interest paid - leases	-53,772	0
6.02	Net cash used in investing activities	-336,475	-290,329
6.02.03	Purchases of property and equipment and intangible assets	-336,508	-290,336
6.02.04	Proceeds from sale of property and equipment	33	7
6.03	Net cash used in financing activities	-208,264	160,280
6.03.01	Borrowing	354,414	400,587
6.03.02	Repayments of borrowing	-224,878	-106,207
6.03.03	Repurchase of shares	0	-46,925
6.03.04	Interest on capital and dividends paid	-93,597	-87,175
6.03.05	Leases paid	-244,203	0
6.05	Increase (decrease) in cash and cash equivalents	-96,181	16,382
6.05.01	Cash and cash equivalents at the beginning of the period	241,568	264,873
6.05.02	Cash and cash equivalents at the end of the period	145,387	281,255

(A free translation of the original in Portuguese)

Consolidated financial information/statement of changes in equity - 1/1/2019 to 6/30/2019

(R$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balance	1,808,639	116,363	1,593,064	0	-18,208	3,499,858	34,910	3,534,768
5.03	Adjusted opening balance	1,808,639	116,363	1,593,064	0	-18,208	3,499,858	34,910	3,534,768
5.04	Equity transactions with owners	691,361	6,470	-762,351	-110,248	0	-174,768	0	-174,768
5.04.01	Capital increases	691,361	0	-691,361	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	-110.501	0	-110,501	0	-110,501
5.04.08	Interest on capital of 2017 approved at the AGM of March 28, 2018	0	0	-70,990	0	0	-70,990	0	-70,990
5.04.09	Interest on capital expired	0	0	0	253	0	253	0	253
5.04.10	Restricted share plan - Vesting period	0	6,432	0	0	0	6,432	0	6,432
5.04.11	Restricted share plan - Delivery	0	-13,429	0	0	0	-13,429	0	-13,429
5.04.12	Goodwill on sale of shares	0	-2,208	0	0	0	-2,208	0	-2,208
5.04.13	Treasury shares – Delivery - RD	0	15,637	0	0	0	15,637	0	15,637
5.04.14	Restricted shares - 4Bio	0	3	0	0	0	3	0	3
5.04.15	Treasury shares - Delivery - 4Bio	0	35	0	0	0	35	0	35
5.05	Total comprehensive income	0	0	0	226,946	0	226,946	4,278	231,224
5.05.01	Profit for the period	0	0	0	226,946	0	226,946	4,278	231,224
5.06	Internal changes in equity	0	0	0	87	-87	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	132	-132	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-45	45	0	0	0
5.07	Closing balance	2,500,000	122,833	830,713	116,785	-18,295	3,552,036	39,188	3,591,224

(A free translation of the original in Portuguese)

Consolidated financial information/statement of changes in equity - 1/1/2018 to 6/30/2018

(R$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balance	1,808,639	150,829	1,281,078	0	-18,033	3,222,513	27,859	3,250,372
5.03	Adjusted opening balance	1,808,639	150,829	1,281,078	0	-18,033	3,222,513	27,859	3,250,372
5.04	Equity transactions with owners	0	-40,810	-52,602	-101,244	0	-194,656	0	-194,656
5.04.07	Interest on capital	0	0	0	-101,500	0	-101,500	0	-101,500
5.04.08	Interest on capital of 2016 approved at the AGM of March 29, 2018	0	0	-52,602	0	0	-52,602	0	-52,602
5.04.09	Interest on capital expired	0	0	0	256	0	256	0	256
5.04.10	Restricted share plan - Vesting period	0	6,115	0	0	0	6,115	0	6,115
5.04.11	Restricted shares - Delivery	0	-7,382	0	0	0	-7,382	0	-7,382
5.04.12	Goodwill on sale of shares	0	3,115	0	0	0	3,115	0	3,115
5.04.13	Treasury shares - Delivery	0	4,267	0	0	0	4,267	0	4,267
5.04.14	Repurchase of shares	0	-46,925	0	0	0	-46,925	0	-46,925
5.05	Total comprehensive income	0	0	0	257,412	0	257,412	1,532	258,944
5.05.01	Profit for the period	0	0	0	257,412	0	257,412	1,532	258,944
5.06	Internal changes in equity	0	0	0	88	-88	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	133	-133	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-45	45	0	0	0
5.07	Closing balance	1,808,639	110,019	1,228,476	156,256	-18,121	3,285,269	29,391	3,314,660

(A free translation of the original in Portuguese)

Consolidated financial information/statement of value added

(R$ thousand)

Code	Description	Accumulated - current year 1/1/2019 to 6/30/2019	Accumulated - prior year 1/1/2018 to 6/30/2018
7.01	Revenue	8,521,750	7,337,891
7.01.01	Sales of products and services	8,522,141	7,333,127
7.01.02	Other income	573	392
7.01.04	Provision for/reversal of impairment of trade receivables	-964	4.372
7.02	Inputs acquired from third parties	-5,692,179	-4,930,159
7.02.01	Cost of sales and services	-5,200,389	-4,518,370
7.02.02	Materials, energy, outsourced services and other	-491,819	-408,522
7.02.03	Impairment/recovery of assets	29	-3,267
7.03	Gross value added	2,829,571	2,407,732
7.04	Retentions	-519,689	-196,306
7.04.01	Depreciation, amortization and depletion	-519,689	-196,306
7.05	Net value added generated by the entity	2,309,882	2,211,426
7.06	Value added received through transfer	35,434	37,286
7.06.02	Finance income	33,767	35,170
7.06.03	Other	1,667	2,116
7.07	Total value added to distribute	2,345,316	2,248,712
7.08	Distribution of value added	2,345,316	2,248,712
7.08.01	Personnel	856,499	733,543
7.08.01.01	Direct remuneration	655,591	573,516
7.08.01.02	Benefits	138,531	109,591
7.08.01.03	Unemployment compensation fund	62,377	50,436
7.08.02	Taxes and contributions	1,065,967	898,284
7.08.02.01	Federal	254,893	268,204
7.08.02.02	State	797,175	619,087
7.08.02.03	Municipal	13,899	10,993
7.08.03	Providers of capital	191,626	357,941
7.08.03.01	Interest	147,428	75,633
7.08.03.02	Rentals	44,198	282,308
7.08.04	Stockholders and the Company	231,224	258,944
7.08.04.01	Interest on capital	110,501	101,500
7.08.04.03	Profits reinvested/loss for the period	116,445	155,912
7.08.04.04	Noncontrolling interests in retained earnings	4,278	1,532

São Paulo, August 6, 2019. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 2nd quarter of 2019 (2Q19). The Company's parent company and consolidated quarterly financial statements for the periods ended in June 30, 2019 and 2018 have been prepared in accordance with technical pronouncement CPC 21 (R1) – "Interim Financial Reporting", the requirements in Official Letter/CVM/SNC/SEP 003/2011 of April 28, 2011, and the International Financial Reporting Standards (IFRS) – IAS 34. The financial statements were prepared in Reais and all growth rates, unless otherwise stated, relate to the same period of 2018.

Starting in 2019, our financial statements are prepared in accordance with IFRS 16. In order to preserve the historic comparability, the 2Q19 figures in this report are also presented under IAS 17 / CPC 06 (previous reporting standard).

CONSOLIDATED QUARTERLY HIGHLIGHTS:

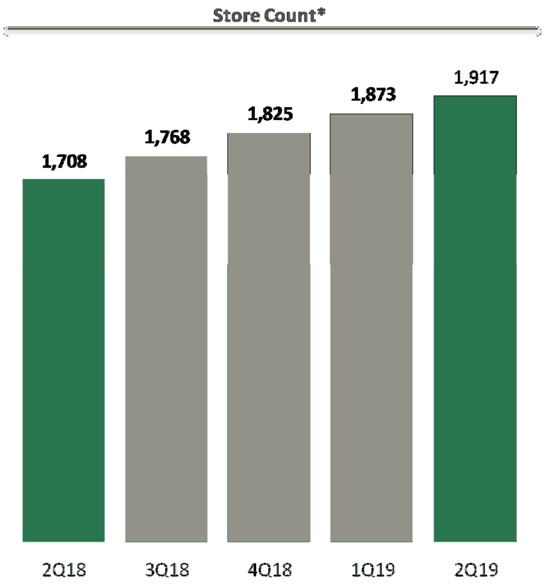
- **DRUGSTORES:** 1,917 stores in operation (47 openings and 3 closures)
- **MARKET SHARE (RETAIL):** 1.6 percentage point national increase, with 2.0 gain in São Paulo
- **GROSS REVENUE:** R$ 4.4 billion, 17.1% growth (4.0% mature-store sales growth)
- **GROSS MARGIN:** 29.0% of gross revenue, a 0.1 percentage point decrease
- **EBITDA:** R$ 363.7 million, an increase of 14.9% and a margin of 8.2%
  R$ 514.9 million, an increase of 16.7% and a margin of 11.6% **(IFRS 16)**
- **NET INCOME:** R$ 160.5 million, an increase of 13.2% and a 3.6% net margin
  R$ 149.4 million, an increase of 16.1% and a 3.4% net margin **(IFRS 16)**
- **CASH FLOW:** R$ 42.9 million free cash flow, R$ 52.9 million of cash consumption

	Previous Standard (IAS 17)					IFRS 16	
Summary	**2Q18**	**3Q18**	**4Q18**	**1Q19**	**2Q19**	**2Q18**	**2Q19**
(R$ thousand)							
# of Stores - Retail + 4Bio	1,708	1,768	1,825	1,873	1,917	1,708	1,917
Store Openings	62	64	70	62	47	62	47
Store Closures	(5)	(4)	(13)	(14)	(3)	(5)	(3)
# of Stores (average)	1,680	1,744	1,801	1,849	1,897	1,680	1,897
Headcount (EoP)	33,880	34,708	36,510	36,192	37,395	33,880	37,395
Pharmacist Count (EoP)	6,582	6,806	6,959	7,106	7,389	6,582	7,389
# of Tickets (000)	55,148	56,560	59,425	58,634	62,840	55,148	62,840
Gross Revenue	3,791,578	3,944,677	4,178,909	4,153,923	4,440,683	3,791,578	4,440,683
Gross Profit	1,104,199	1,116,776	1,197,788	1,161,663	1,289,285	1,104,199	1,289,285
% of Gross Revenues	29.1%	28.3%	28.7%	28.0%	29.0%	29.1%	29.0%
Adjusted EBITDA	316,648	295,250	311,109	270,070	363,688	441,107	514,876
% of Gross Revenues	8.4%	7.5%	7.4%	6.5%	8.2%	11.6%	11.6%
Adjusted Net Income	141,775	131,148	154,404	105,494	160,486	128,648	149,401
% of Gross Revenues	3.7%	3.3%	3.7%	2.5%	3.6%	3.4%	3.4%
Net Income	137,656	128,837	121,531	102,058	151,334	124,530	140,745
% of Gross Revenues	3.6%	3.3%	2.9%	2.5%	3.4%	3.3%	3.2%
Free Cash Flow	(67,705)	681	29,103	(210,518)	42,872	(67,705)	42,872

Notes to the quarterly information

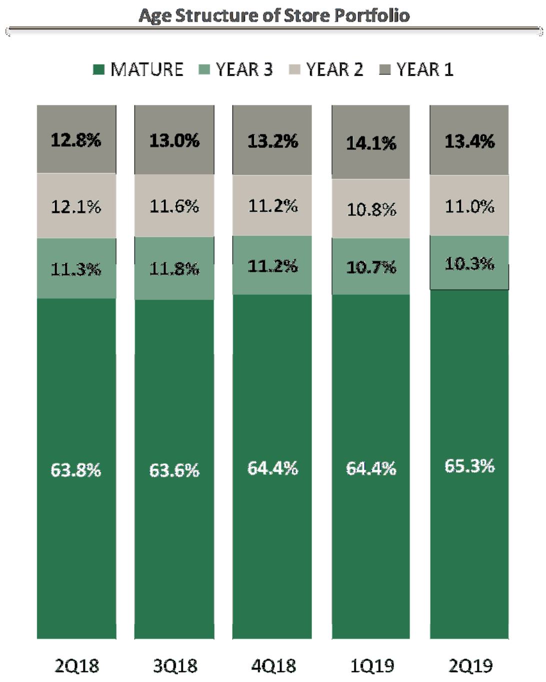
All amounts in thousands of reais unless otherwise stated

STORE DEVELOPMENT



	2Q18	3Q18	4Q18	1Q19	2Q19
Openings	62	64	70	62	47
Closures	(5)	(4)	(13)	(14)	(3)

* Includes three 4Bio stores.



We opened 47 new stores and closed 3 in the 2Q19, ending the quarter with 1,917 stores, including three 4Bio units. We reiterate our guidance of 240 gross openings for 2019. At the end of the period, 34.7% of our stores were still in the process of maturation and had not yet reached their full potential both in terms of revenue and of profitability. It is important to mention that the performance of the stores opened this year remains very robust, in line with our historical standards.

We closed three stores during the quarter, including two Farmasil stores that could not be converted to the new, larger format, and one mature store as part of the optimization of our store portfolio. We also rebranded 8 Farmasil stores to the new Droga Raia and Drogasil enhanced popular format.

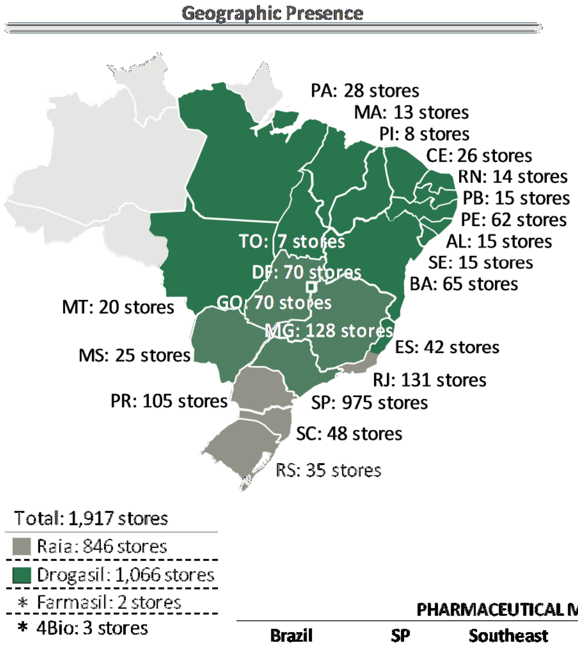
Our national market share reached 13.0% in the quarter, which represented an unprecedented 1.6 percentage point increase when compared to the 2Q18, the highest annual market share gain recorded by the Company on a national level since the merger. This performance reflects the effectiveness of the pricing investments we have made since the 2Q18, especially in generics, and the sharp reversion of the accelerated store opening cycle undertaken by several competitors in 2017 and 2018.

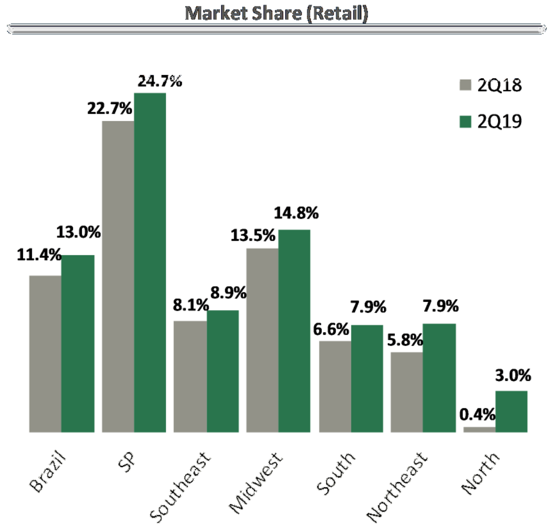
Following a cycle of massive capacity expansion, the net store addition in the industry has shrunk to unprecedented levels, while our growth pace has remained constant: in the 1H19, according to Abrafarma (Brazilian Association of Drugstore Chains), we added a total of 92 net stores, against only 28 by the rest of the market. As a reference, in the 1H18 we had added 98 net stores versus 155 by the rest of the market, and in the 1H17 we had added 86 net stores versus a record 206 by other chains. This bold reversion in the industry´s store opening cycle, with progressively more closures and less openings, underscores the high entry barriers that exist in the sector as well as the complexity of undertaking a large-scale expansion program that creates long-term value.

We have increased our market shares in the quarter in all six core regions where we operate, driven by our strong mature-store sales growth and by our successful expansion. São Paulo was our main highlight, as we recorded a market share of 24.7%, a 2.0 percentage point increase and a strong recovery despite the decentralization of our openings to the other core regions in recent years. We have also achieved strong market share gains in the North, where we reached a market share of 3.0%, a 2.6 percentage point gain, and in the Northeast, where we reached a market share of 7.9%, an increase of 2.1 percentage points. Finally, we recorded gains of 1.3 percentage point in the Midwest and in the South, reaching market shares of 14.8% and 7.9%, respectively, and a market share of 8.9% in the Southeast (excluding São Paulo), an increase of 0.8 percentage point.

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated





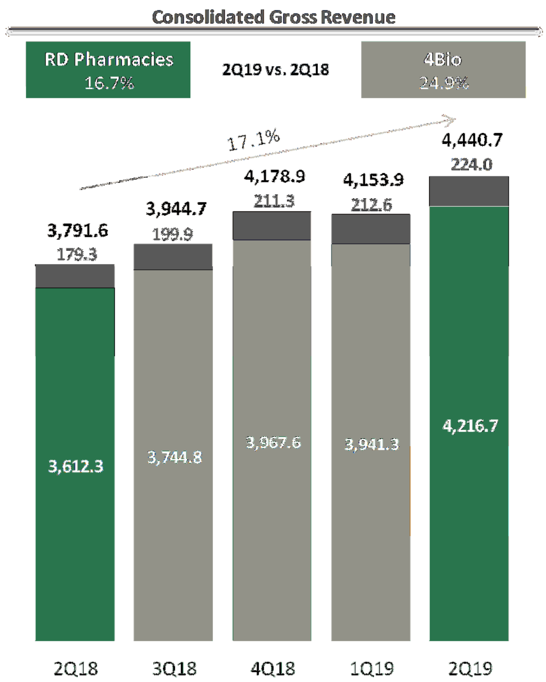
PHARMACEUTICAL MARKET BREAKDOWN BY REGION (%)

Brazil	SP	Southeast	Midwest	South	Northeast	North
100.0%	26.1%	24.6%	9.7%	15.6%	18.9%	5.1%

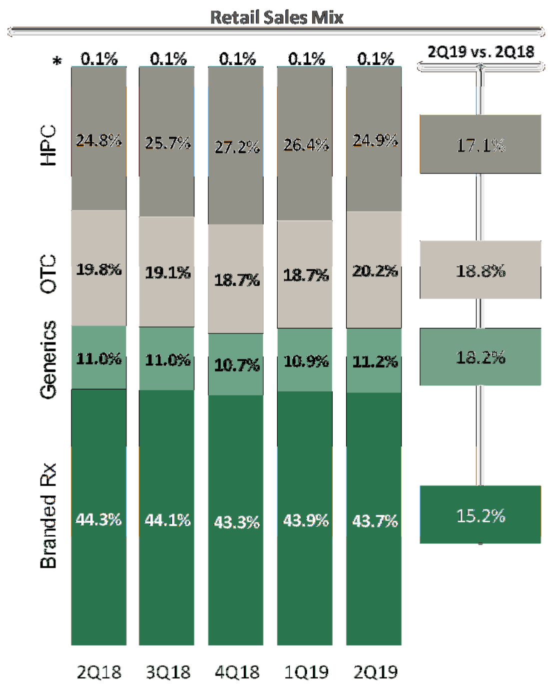
Source: IQVIA.

GROSS REVENUE

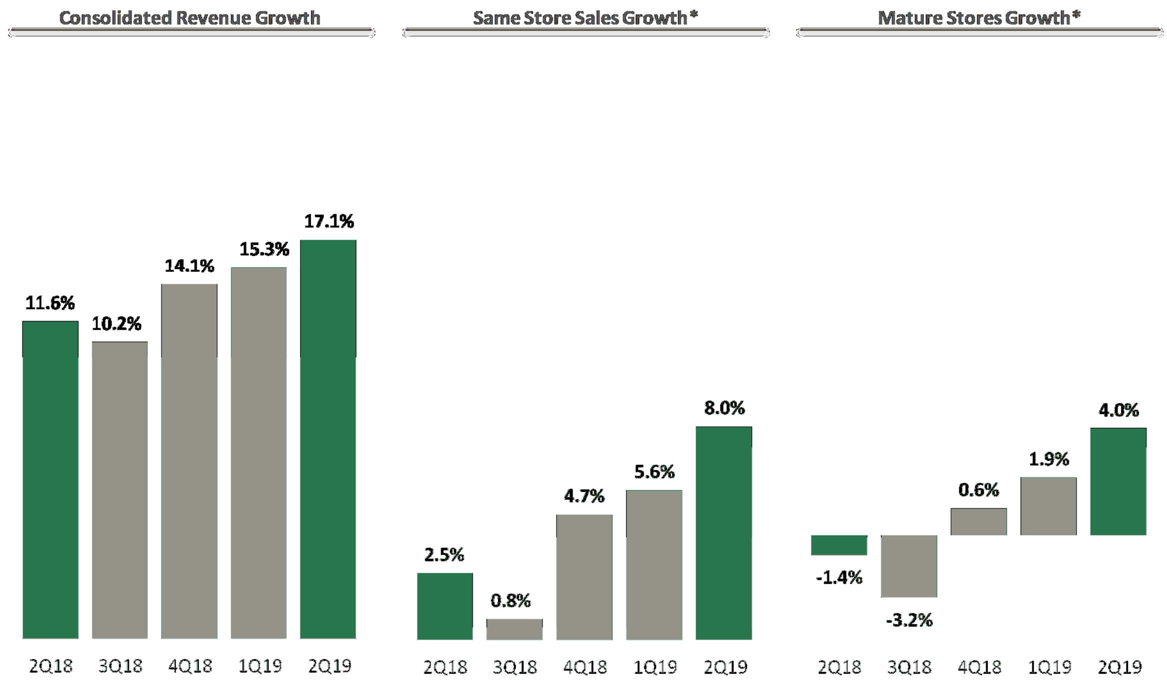
Our gross revenue totaled R$ 4,440.7 million, a 17.1% increase. RD Pharmacies grew 16.7%, while 4Bio grew 24.9%. We posted a strong recovery in Generics, which grew 18.2% and gained 0.2 percentage point in the mix, driven by significant volume growth as a result of our investments in pricing. OTC grew 18.8% and gained 0.4 percentage point in the sales mix, while HPC grew 17.1% with a 0.1 percentage point increase in the mix. Finally, Branded Rx grew 15.2%, losing 0.6 percentage point in the sales mix.



* Services.

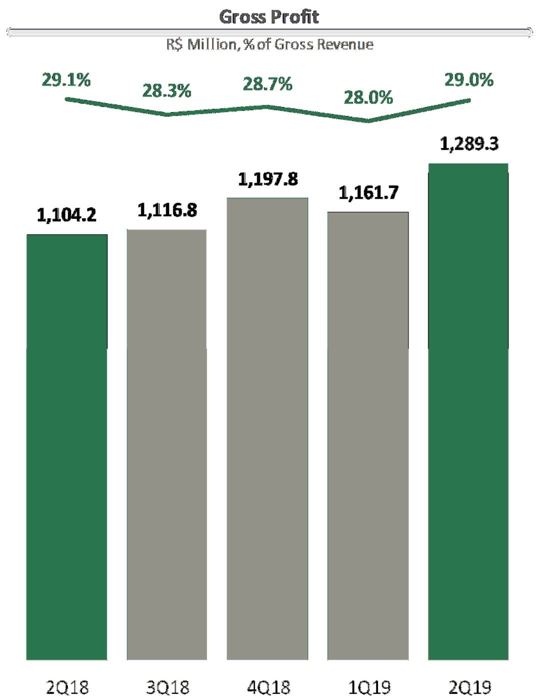


Our same store sales growth accelerated to 8.0%, while our mature stores growth accelerated to 4.0%, a real growth of 0.6% and a significant improvement over the previous quarters. We recorded a 0.6% positive impact in revenues from easier comps in 2Q18 due to the FIFA World Cup, which was partially offset by a negative calendar effect of 0.1% in the quarter.



* RD Pharmacies only

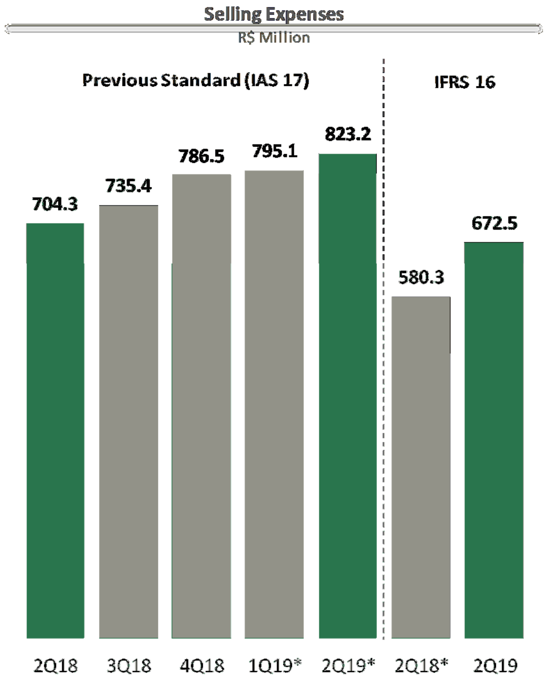
GROSS PROFIT

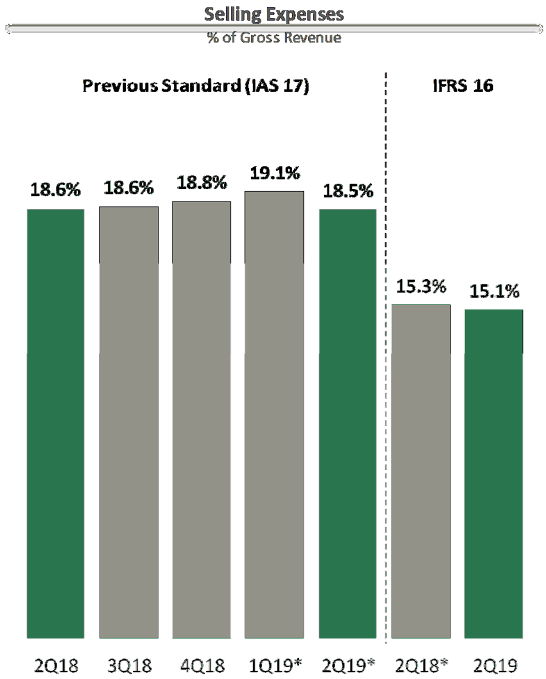


Our gross margin reached 29.0%, a 0.1 percentage point pressure. We have recorded a 0.1 percentage point pressure from 4Bio, due to its negative mix effect, while our retail margin remained constant. We recorded a 0.3 percentage point retail margin pressure due to our aggressive generics pricing implemented throughout 2018, which has been instrumental to accelerate our revenue growth, and a pressure of 0.1 percentage point due to NPV adjustment. These pressures were fully offset by the inflationary gains on pharmaceutical inventories arising from the annual price cap increase.

SELLING EXPENSES

In the 2Q19, selling expenses totaled R$ 823.2 million, equivalent to 18.5% of gross revenue, a 0.1 percentage point dilution compared to the same quarter of the previous year.





*Pro forma

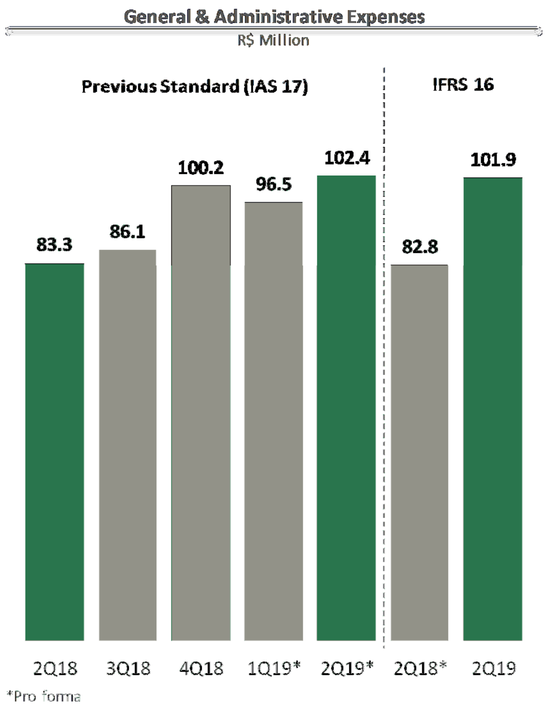
Personnel, acquiring, pre-operating and other expenses recorded a dilution of 0.1 percentage point each. Also, we recorded a 0.1 percentage point dilution from 4Bio. On the other hand, rentals and logistics pressured by 0.2 percentage point each. These pressures were driven by the acceleration of the IGP-M in the last twelve months, which totaled 6,5% and pressured our rentals, as well as by the pre-operating expenses related to the to the opening of our new DC in Guarulhos (SP), scheduled for the 2H19, and to the incremental freight expenses from our expansion into Pará.

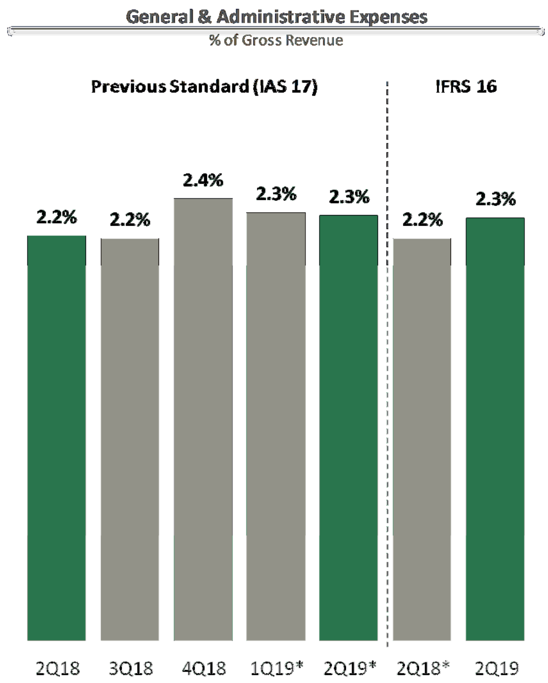
Considering IFRS 16, selling expenses totaled R$ 672.5 million, equivalent to 15.1% of gross revenue a 0.2 percentage point dilution when compared to the same quarter of the previous year.

GENERAL & ADMINISTRATIVE EXPENSES

G&A expenses amounted to R$ 102.4 million in the 2Q19, equivalent to 2.3% of gross revenue and a 0.1 percentage point pressure over the 2Q18. This pressure was mainly driven by higher consulting expenses to support the development of our digital strategy.

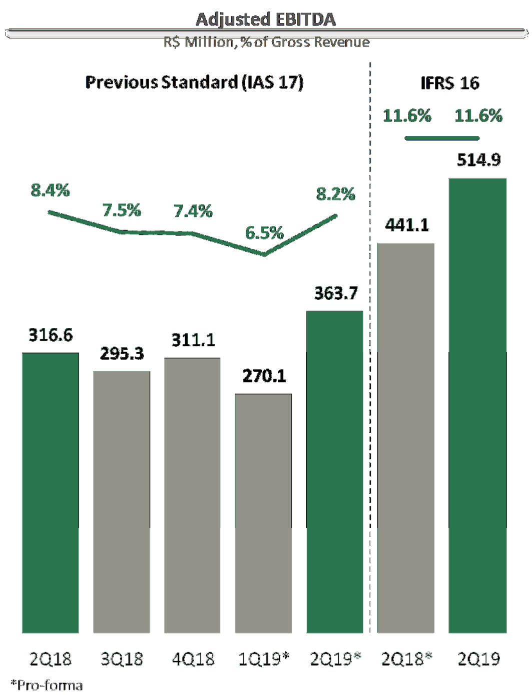
Considering IFRS 16, G&A expenses amounted to R$ 101.9 million in the 2Q19, equivalent to 2.3% of gross revenue and a 0.1 percentage point pressure over the same period of 2018.





EBITDA

Our adjusted EBITDA reached R$ 363.7 million in the quarter, an increase of 14.9%, with a margin of 8.2% and a 0.2 percentage point pressure over the same period of last year.



New stores opened in the year, as well as those in the opening process, reduced the EBITDA by R$ 5.8 million. Therefore, considering only the 1,808 stores in operation since the end of 2018 and the full absorption of logistics, general and administrative expenses by such stores, our EBITDA would have totaled R$ 369.5 million, equivalent to a margin of 8.5% over gross revenue.

All amounts in thousands of reais unless otherwise stated

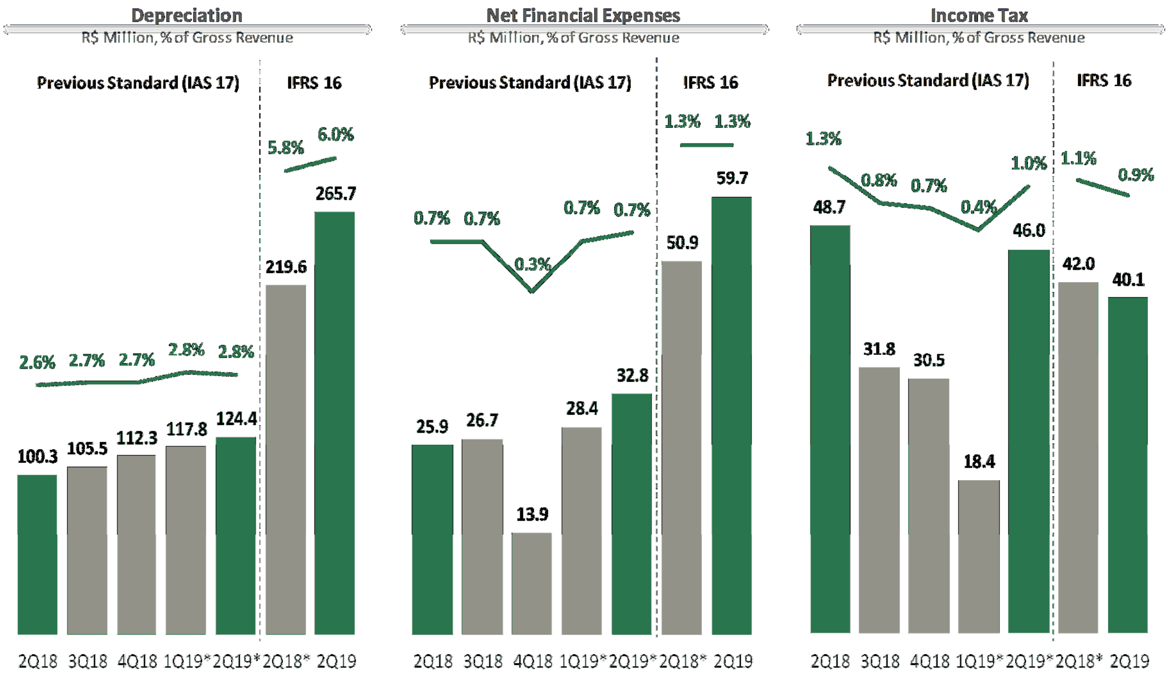
RD Pharmacies reached an adjusted EBITDA of R$ 358.4, an increase of 15.2%, a margin of 8.5% in the 2Q19 and a 0.1 percentage point pressure over the same period of last year. Finally, 4Bio reached an EBITDA of R$ 5.3 million and a margin of 2.4%, a 0.7 percentage point margin pressure.

Considering the IFRS 16, our adjusted EBITDA reached R$ 514.9 million in the quarter. Our EBITDA margin totaled 11.6%, in line with the 2Q18. The margin pressure considering IFRS 16 standard is lower due to the exclusion of fixed rental expenses from the operating result.

In the 2Q19 we recorded R$ 13.9 million in non-recurring/non-operating expenses, of which R$7.8 million were due to the relocation of our distribution center in Barra Mansa (RJ), which will result in lower operating costs (R$7.1 million under the IFRS 16 due to the exclusion of fixed rental expenses). In addition, we recorded R$ 5.5 million in consulting, advisory and restructuring expenses, mostly due to the integration of Onofre. Finally, we recorded R$ 0.6 million due to asset write-offs related to store closures.

	IAS 17		IFRS 16	
EBITDA Reconciliation	**2Q18**	**2Q19**	**2Q18**	**2Q19**
(R$ million)				
Net Income	**137.7**	**151.3**	**124.5**	**140.7**
(+) Income Tax	46.6	41.3	39.9	35.6
(+) Financial Result	25.9	32.8	50.9	59.7
EBIT	**210.1**	**225.4**	**215.3**	**236.1**
(+) Depreciation and Amortization	100.3	124.4	219.6	265.7
EBITDA	**310.4**	**349.8**	**434.9**	**501.8**
(+) Asset Write-off		0.6		0.6
(+) Consulting, Advisory and Restructuring Expenses	9.6	5.5	9.6	5.5
(-) Non-recurring tax credits	(3.3)		(3.3)	
(+) Distribution Center Closure - Barra Mansa		7.8		7.1
Total Non-recurring / Non-operating Expenses	**6.2**	**13.9**	**6.2**	**13.1**
Adjusted EBITDA	**316.6**	**363.7**	**441.1**	**514.9**

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES



*Pro forma

Depreciation expenses amounted to R$ 124.4 million in the 2Q19, equivalent to 2.8% of gross revenue, a 0.2 percentage point increase reflecting a higher Capex due to the opening of the Guarulhos (SP) distribution center. Considering the IFRS 16, Depreciation totaled R$ 265.7 million, equivalent to 6.0% of gross revenue, a 0.2 percentage point increase.

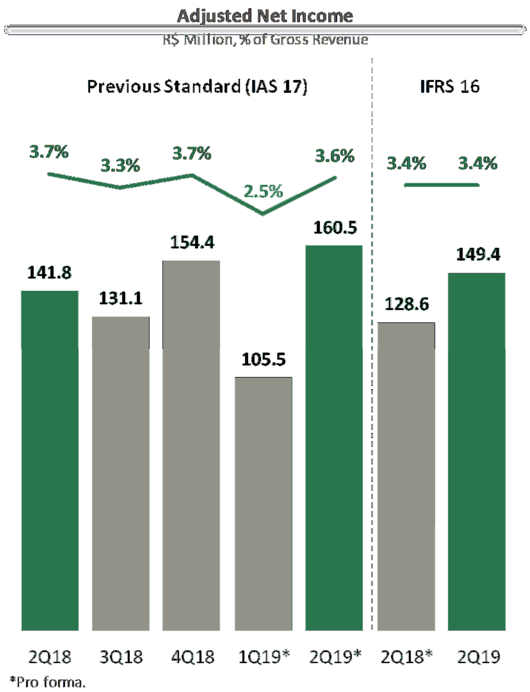
Net Financial expenses represented 0.7% of gross revenue, in line with the 2Q18. Of the R$ 32.8 million recorded in the quarter, R$ 12.9 million refers to the NPV adjustment while other R$ 0.9 million refers to interest on the option to acquire the remaining 45% of 4Bio in 2021. Excluding the NPV adjustments and the expenses related to the option to acquire 4Bio, the interest accrued on net debt amounted to R$ 18.9 million in the 2Q19, equivalent to 0.4 percentage point of gross revenue and a 0.1 percentage point pressure when compared to the 2Q18. Under the IFRS 16, net financial expenses totaled R$ 59.7 million, in line with the 2Q18.

Finally, we booked R$ 46.0 million in income taxes, equivalent to 1.0% of gross revenue, a 0.3 percentage point dilution. It is worth mentioning that we have recorded a tax reduction of R$ 4.5 million related to the deduction of state investment subventions from the income tax base.

Under the IFRS 16, accrued income taxes totaled R$ 40.1 million, equivalent to 0.9% of gross revenue, a 0.2 percentage point dilution. We highlight that IFRS 16 does not change the effective tax base, and the mismatch between the "cash" and the accrued income taxes is recorded on the balance sheet as a deferred asset.

NET INCOME

The adjusted net income totaled R$ 160.5 million in the quarter, a 13.2% increase over the same period of the previous year. We achieved a net margin of 3.6%, a 0.1 percentage point pressure over the 2Q18. Under the IFRS 16, net income totaled R$ 149.4 million, a net margin of 3.4% and in line with the 2Q18.

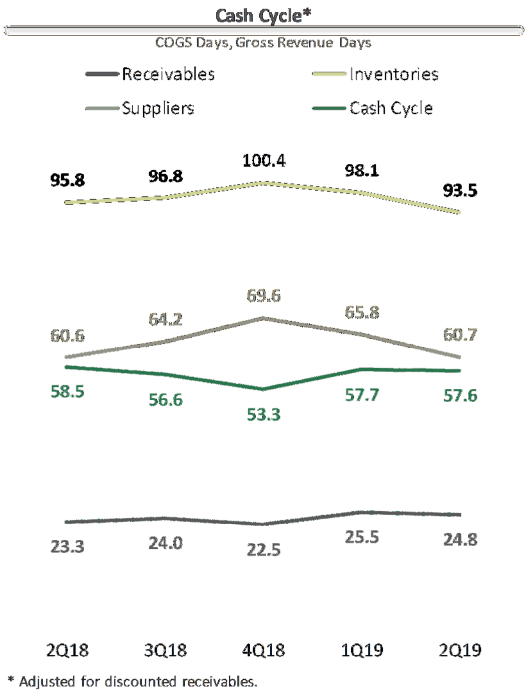


CASH CYCLE

Our cash cycle in the 2Q19 was 0.9 day lower when compared to the same period of the previous year. Inventories decreased by 2.3 days while accounts payable increased by 0.1 day. Lastly, receivables increased by 1.5 day reflecting an unfavorable calendar in the end of June when compared to the same period of 2018.

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated



CASH FLOW

In the 2Q19, we recorded a free cash flow of R$ 42.9 million, and a negative total cash flow of R$ 52.9 million.

	IAS 17		IFRS 16	
Cash Flow	**2Q19**	**2Q18**	**2Q19**	**2Q18**
(R$ million)				
Adjusted EBIT	**239.2**	**216.4**	**249.2**	**221.5**
NPV Adjustment	(10.7)	(12.6)	(10.7)	(12.6)
Non-Recurring Expenses	(13.9)	(6.2)	(13.9)	(6.2)
Income Tax (34%)	(73.0)	(67.2)	(76.4)	(68.9)
Depreciation	124.4	100.3	265.7	219.6
Rental Expenses	-	-	(151.9)	(124.5)
Others	(2.3)	(0.2)	1.8	1.6
Resources from Operations	**263.8**	**230.5**	**263.8**	**230.5**
Cash Cycle*	(133.5)	(169.9)	(133.5)	(169.9)
Other Assets (Liabilities)**	71.2	37.8	71.2	37.8
Operating Cash Flow	**201.6**	**98.4**	**201.6**	**98.4**
Investments	**(158.7)**	**(166.1)**	**(158.7)**	**(166.1)**
Free Cash Flow	**42.9**	**(67.7)**	**42.9**	**(67.7)**
Interest on Equity	(92.4)	(87.1)	(92.4)	(87.1)
Income Tax Paid over Interest on Equity	(8.5)	(7.1)	(8.5)	(7.1)
Net Financial Expenses***	(19.8)	(14.2)	(19.8)	(14.2)
Income Tax (Tax benefit over financial expenses and interest on equity)	24.9	22.0	24.9	22.0
Total Cash Flow	**(52.9)**	**(154.1)**	**(52.9)**	**(154.1)**

*Includes adjustments for discounted receivables.

**Includes tax shield from goodwill amortization and NPV adjustments.

***Excludes NPV adjustments and Interest over Leases.

All amounts in thousands of reais unless otherwise stated

Resources from operations amounted to R$ 263.8 million, equivalent to 5.9% of gross revenue, while we recorded a working capital investment of R$ 62.3 million (including adjustments for discounted receivables), amounting to a total operating cash flow of R$ 201.6 million.

Of the R$ 158.7 million invested in the quarter, R$ 90.9 million corresponded to new store openings, R$ 23.8 million to the renovation or expansion of existing stores and R$ 44.0 million to investments in infrastructure.

Net financial expenses totaled R$ 19.8 million in the quarter, excluding NPV adjustments. These were more than fully offset by the R$ 24.9 million tax shield related to the net financial expenses and to the interest on equity accrued in the period, which shall be paid in the following quarters.

We accrued R$ 53.5 million in interest on equity in the 2Q19, reflecting a payout of 35.4%, through the full usage of the legal interest on equity limit.

INDEBTEDNESS

At the end of the quarter, we recorded an adjusted net financial debt position of R$ 990.8 million, versus R$ 682.9 million recorded in the same period of 2018. The Adjusted Net Debt to EBITDA totaled 0.8x, 0.2x higher than the same period of last year due to the significant investment undertaken over the last twelve months.

This net financial debt includes R$ 38.2 million in liability related to the exercise of the put option granted and/or call option obtained for the acquisition of the remaining 45% minority stake of 4Bio. This liability reflects the estimated valuation of 4Bio as of December 2018, assuming the pre-agreed multiple, the average forecasted annual EBITDA for 2019 and 2020 and the forecasted net debt for 2020 as stipulated in the acquisition contracts. This estimate will be revisited annually to reflect changes in the financial outlook of 4Bio.

Net Debt	2Q18	3Q18	4Q18	1Q19	2Q19
(R$ million)					
Short-term Debt	227.2	237.2	272.9	280.8	274.7
Long-term Debt	684.4	665.9	570.2	797.5	705.0
Total Gross Debt	**911.6**	**903.1**	**843.1**	**1,078.3**	**979.7**
(-) Cash and Equivalents	281.3	273.6	241.6	243.6	145.4
Net Debt	**630.4**	**629.6**	**601.6**	**834.7**	**834.3**
Discounted Receivables	2.3	0.2	97.0	65.9	118.3
Put/Call option to acquire 4Bio (estimated)	50.2	51.7	36.4	37.3	38.2
Adjusted Net Debt	**682.9**	**681.5**	**735.0**	**937.9**	**990.8**
Adjusted Net Debt / EBITDA	0.6x	0.6x	0.6x	0.8x	0.8x

Our gross financial debt totaled R$ 979.7 million, of which 13.6% correspond to BNDES (Brazilian Economic and Social Development Bank) lines, 82.7% correspond to the debentures issued on April 2017 and 2018 as well as our recently issued Certificate of Real Estate Receivables, and 3.7% corresponds to other debts. Of our total debt, 74.0% is long-term, while 26.0% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R$ 145.4 million.

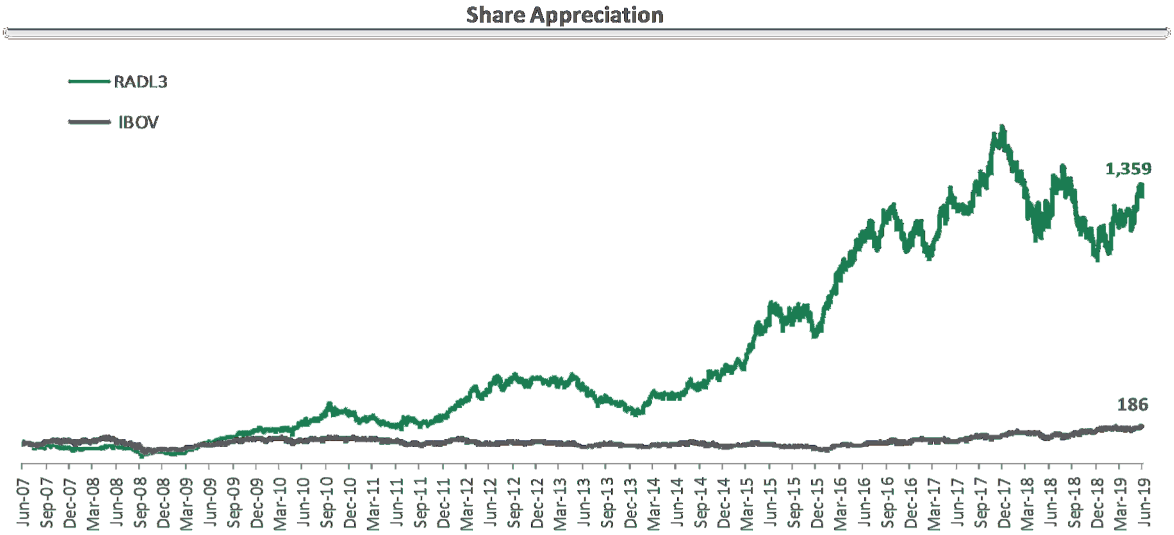
Under the IFRS 16, we have also recognized an additional liability of R$ 3,619.2 million in both current and non-current lease obligations. It is important to mention that under Brazilian real estate law, any normal lease contract can be unilaterally rescinded by the Company by paying the landlord a compensation equivalent of 3 months of rental.

Finally, in July 2019, we raised R$ 300 million in the Company's fourth Debenture issuance. The emission was made under a single tranche with an 8-year maturity (amortization in the last two years) and cost of 106.99% of CDI.

TOTAL SHAREHOLDER RETURN

Our share price increased by 16.5% in the 2Q19 versus a 5.8% increase of the Ibovespa. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,258.9% versus a return of only 85.6% for the Ibovespa. Considering the IPO of Raia in December of 2010, the cumulative return amounted to 422.4% versus an increase of only 48.5% of the Ibovespa. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 26.2%.

We recorded an average daily trading volume of R$ 71.2 million in the quarter.



CONCLUSION OF ONOFRE'S ACQUISITION AND INCORPORATION INTO RD

On July 1st 2019, we concluded the acquisition of Drogaria Onofre Ltda., which became a full subsidiary of RD. On August 1st, Onofre was incorporated into RD following the approval by our general assembly. As a result, Onofre's financial statements for the month of July will be consolidated, while from August onwards, Onofre becomes part of RD's financial statements.

The transaction has a significant value creation potential, since we had no cash disbursement for acquiring Onofre, and as we expect to extract relevant synergies by plugging its strong and complementary store portfolio and e-commerce business into our existing structure, thus allowing us to leverage our buying terms, institutional partnerships managed by Univers, logistics and IT infrastructures, corporate support, brand awareness and management model. As a result, we expect a significant profitability increase with only marginal investments required (an average of R$ 250 thousand for each store converted to Raia or Drogasil).

Onofre already has a healthy level of revenues per store, in line with the average of Abrafarma, but we believe we can enhance its performance to RD's average revenue and profitability standards. In the first week of July, we closed 8 underperforming or redundant stores as part of our portfolio optimization. Already in August 1st, the day of Onofre's incorporation, we migrated its 42 remaining stores into RD's platform and absorbed the full store staff into our teams. The stores are being rebranded as Droga Raia or Drogasil, and both their product mix and inventory levels will be enhanced, a process which will be concluded in the coming months.

Onofre will remain as a pure-play e-commerce brand, leveraging our scale, geographic presence and existing infrastructure to become a price leader in the market, with local deliveries on a national level. We are in the process of enhancing our e-commerce platform and of preparing our fulfillment structure to absorb Onofre's e-commerce operations, which will happen by the end of October. As a result, the full integration of Onofre will be finished within 2019, including the closure of its corporate headquarters, distribution center and fulfillment sites, as well as the full shutdown of its operations.

Onofre projects R$ 100 million in negative annual EBITDA, a loss that we expect to revert by December through the integration synergies. On the other hand, RD had no disbursement for its acquisition. Additionally, Onofre has a total working capital of R$ 124.5 million, including cash reserves, with significant release potential, as well as R$ 30 million in properties, tax assets which exceed the expected contingencies and fixed assets in its headquarters, distribution centers and discontinued stores which will be redeployed to minimize RD's future CAPEX. Finally, the company has no financial liabilities and is fully insulated from the existing arbitrage proceedings with its former owners, since any potential payments will be borne exclusively by CVS Health and are fully collateralized.

While we expect that the negative EBITDA will be reverted by the end of 2019, we forecast that the integration of Onofre will pressure our profitability in the 2H19. Notwithstanding, we believe that the resulting cash pressure from its negative operating margin, as well as from the integration expenses and investments, will be more than offset by its own existing assets and will likely generate a cash surplus. Finally, it is important to mention that the integration expenses and the negative performance by the stores and by the e-commerce operation before their respective integration into RD's operations will be adjusted from our financial statements.

Finally, Onofre's acquisition will allow us to enhance our capabilities, such as in digital marketing, improved call-center management, in-store health clinics, manufacturer services and in store signaling solutions, among others. Therefore, we are absorbing the teams behind those competences to strengthen our corporate structure and execution.

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

	IAS 17		IFRS 16	
Consolidated Adjusted Income Statement	**2Q18**	**2Q19**	**2Q18**	**2Q19**
(R$ thousand)				
Gross Revenue	**3,791,578**	**4,440,683**	**3,791,578**	**4,440,683**
Taxes, Discounts and Returns	(177,589)	(215,189)	(177,589)	(215,189)
Net Revenue	**3,613,989**	**4,225,494**	**3,613,989**	**4,225,494**
Cost of Goods Sold	(2,509,790)	(2,936,209)	(2,509,790)	(2,936,209)
Gross Profit	**1,104,199**	**1,289,285**	**1,104,199**	**1,289,285**
Operating (Expenses) Revenues				
Selling	(704,268)	(823,210)	(580,318)	(672,510)
General and Administrative	(83,283)	(102,388)	(82,775)	(101,899)
Other Operating Expenses, Net				
Operating Expenses	**(787,552)**	**(925,598)**	**(663,092)**	**(774,410)**
EBITDA	**316,648**	**363,688**	**441,107**	**514,876**
Depreciation and Amortization	(100,268)	(124,442)	(219,584)	(265,709)
Operating Earnings before Financial Results	**216,380**	**239,245**	**221,523**	**249,166**
Financial Expenses	(44,199)	(48,678)	(69,235)	(75,569)
Financial Revenue	18,336	15,903	18,336	15,903
Financial Expenses/Revenue	**(25,863)**	**(32,776)**	**(50,899)**	**(59,666)**
Earnings before Income Tax and Social Charges	**190,517**	**206,469**	**170,623**	**189,500**
Income Tax and Social Charges	(48,742)	(45,983)	(41,975)	(40,099)
Net Income	**141,775**	**160,486**	**128,648**	**149,401**

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

Consolidated Income Statement	IAS 17		IFRS 16	
(R$ thousand)	2Q18	2Q19	2Q18	2Q19
Gross Revenue	**3,791,578**	**4,440,683**	**3,791,578**	**4,440,683**
Taxes, Discounts and Returns	(177,589)	(215,189)	(177,589)	(215,189)
Net Revenue	**3,613,989**	**4,225,494**	**3,613,989**	**4,225,494**
Cost of Goods Sold	(2,509,790)	(2,936,209)	(2,509,790)	(2,936,209)
Gross Profit	**1,104,199**	**1,289,285**	**1,104,199**	**1,289,285**
Operating (Expenses) Revenues				
Selling	(704,268)	(823,210)	(580,318)	(672,510)
General and Administrative	(83,283)	(102,388)	(82,775)	(101,899)
Other Operating Expenses, Net	(6,240)	(13,867)	(6,240)	(13,116)
Operating Expenses	**(793,791)**	**(939,465)**	**(669,332)**	**(787,526)**
EBITDA	**310,408**	**349,821**	**434,867**	**501,760**
Depreciation and Amortization	(100,268)	(124,442)	(219,584)	(265,709)
Operating Earnings before Financial Results	**210,140**	**225,378**	**215,283**	**236,050**
Financial Expenses	(44,199)	(48,678)	(69,235)	(75,569)
Financial Revenue	18,336	15,903	18,336	15,903
Financial Expenses/Revenue	**(25,863)**	**(32,776)**	**(50,899)**	**(59,666)**
Earnings before Income Tax and Social Charges	**184,277**	**192,602**	**164,384**	**176,384**
Income Tax and Social Charges	(46,621)	(41,269)	(39,854)	(35,639)
Net Income	**137,656**	**151,334**	**124,530**	**140,745**

All amounts in thousands of reais unless otherwise stated

Assets	**IAS 17**		**IFRS 16**	
(R$ thousand)	**2Q18**	**2Q19**	**2Q18**	**2Q19**
Current Assets				
Cash and Cash Equivalents	281,255	145,387	281,255	145,387
Accounts Receivable	967,282	1,092,726	967,282	1,092,726
Inventories	2,640,798	3,016,387	2,640,798	3,016,387
Taxes Receivable	66,874	104,623	66,884	104,662
Other Accounts Receivable	134,342	192,867	134,209	192,722
Anticipated Expenses	35,179	41,118	35,179	41,118
	4,125,731	4,593,108	4,125,607	4,593,003
Non-Current Assets				
Deposit in Court	33,399	26,034	33,399	26,034
Taxes Receivable	36,126	54,937	36,126	54,937
Other Credits	2,599	2,009	1,875	1,456
Property, Plant and Equipment	1,368,359	1,659,838	4,767,166	5,218,832
Intangible	1,193,602	1,204,452	1,193,602	1,204,452
	2,634,085	2,947,270	6,032,168	6,505,711
ASSETS	6,759,816	7,540,378	10,157,775	11,098,714

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

Liabilities and Shareholder's Equity	**IAS 17**		**IFRS 16**	
(R$ thousand)	**2Q18**	**2Q19**	**2Q18**	**2Q19**
Current Liabilities				
Suppliers	1,670,111	1,959,370	1,670,111	1,959,370
Financial Leases Payable	0	0	506,161	523,835
Loans and Financing	227,242	274,744	227,242	274,744
Salaries and Social Charges Payable	254,223	298,981	254,223	298,981
Taxes Payable	83,200	132,658	83,200	132,658
Dividend and Interest on Equity	89,932	96,150	89,932	96,150
Provision for Lawsuits	1,060	9,583	1,060	9,583
Other Accounts Payable	112,332	128,920	89,345	101,820
	2,438,100	2,900,407	2,921,275	3,397,143
Non-Current Liabilities				
Loans and Financing	684,376	704,966	684,376	704,966
Financial Leases Payable	0	0	2,952,504	3,095,336
Provision for Lawsuits	6,090	36,990	6,090	36,990
Income Tax and Social Charges deferred	255,521	240,169	242,699	228,520
Other Accounts Payable	61,069	44,533	61,069	44,533
	1,007,056	1,026,659	3,946,738	4,110,346
Shareholder's Equity				
Common Stock	1,808,639	2,500,000	1,808,639	2,500,000
Capital Reserves	110,346	122,833	110,346	122,833
Revaluation Reserve	12,109	11,935	12,109	11,935
Income Reserves	1,228,149	830,713	1,228,149	830,713
Accrued Income	156,256	138,837	131,367	116,785
Equity Adjustments	(30,230)	(30,230)	(30,230)	(30,230)
Non Controller Interest	29,392	39,224	29,383	39,189
	3,314,660	3,613,312	3,289,763	3,591,225
LIABILITIES AND SHAREHOLDERS' EQUITY	6,759,816	7,540,378	10,157,775	11,098,714

Notes to the quarterly information
All amounts in thousands of reais unless otherwise stated

Cash Flow	IAS 17 2Q18	IAS 17 2Q19	IFRS 16 2Q19
(R$ thousand)			
Earnings before Income Tax and Social Charges	**184,277**	**192,602**	**176,384**
Adjustments			
Depreciation and Amortization	100,268	124,442	265,709
Compensation plan with restricted shares, net	2,872	3,319	3,320
Interest over additional stock option	1,386	905	904
P,P&E and Intangible Assets residual value	2,734	(3,019)	566
Provisioned Lawsuits	(3,703)	(4,026)	(4,026)
Provisioned Inventory Loss	576	1,222	1,222
Provision for Doubtful Accounts	(2,013)	170	170
Provisioned Store Closures	(636)	0	0
Interest Expenses	15,382	16,264	16,264
Debt Issuance Costs Amortization	542	736	735
Interest Expenses - Financial Leases	0	0	26,891
	301,685	**332,616**	**488,139**
Assets and Liabilities variation			
Clients and Other Accounts Receivable	1,454	(10,118)	(10,360)
Inventories	(14,301)	(9,371)	(9,371)
Other Short Term Assets	(1,004)	9,430	9,394
Long Term Assets	(4,379)	(3,018)	(4,143)
Suppliers	(163,926)	(61,636)	(61,636)
Salaries and Social Charges	48,966	59,139	59,139
Taxes Payable	(26,049)	(13,179)	(13,179)
Other Liabilities	(539)	(10,039)	(10,933)
Rents Payable	(754)	609	2,373
Cash from Operations	**141,153**	**294,433**	**449,423**
Interest Paid	(13,542)	(2,733)	(23,103)
Income Tax and Social Charges Paid	(31,561)	(25,997)	(25,997)
Interest Paid - Financial Leases	0	0	(26,891)
Net Cash from (invested) Operational Activities	**96,050**	**265,703**	**373,432**
Investment Activities Cash Flow			
P,P&E and Intangible Acquisitions	(166,097)	(158,738)	(162,105)
P,P&E Sale Payments	7	50	50
Net Cash from Investment Activities	**(166,090)**	**(158,688)**	**(162,055)**
Financing Activities Cash Flow			
Funding	400,002	89,169	89,170
Payments	(64,269)	(202,015)	(181,644)
Interest on Equity and Dividends Paid	(87,114)	(92,378)	(92,378)
Financial Lease Payments	0	0	(124,735)
Net Cash from Funding Activities	**248,619**	**(205,224)**	**(309,587)**
Cash and Cash Equivalents net increase	**178,579**	**(98,209)**	**(98,209)**
Cash and Cash Equivalents in the beggining of the period	**102,675**	**243,596**	**243,596**
Cash and Cash Equivalents in the end of the period	**281,254**	**145,387**	**145,387**

All amounts in thousands of reais unless otherwise stated

1. Operations

Raia Drogasil S.A. ("Company" or "Raia Drogasil") is a publicly-held company listed on the Novo Mercado ("New Market") listing segment of B3 S.A. - Brasil, Bolsa, Balcão, under ticker RDL3, with its headquarters in the capital of the state of São Paulo.

Raia Drogasil S.A. and its subsidiary 4Bio S.A. (together "Consolidated" or "Group") are mainly engaged in the retail sale of medicines, perfumery, personal care and beauty products, cosmetics and dermocosmetics and specialty medicines.

The Group performs its sales through 1,917 stores (1,825 stores Dec/2018), distributed in 22 Brazilian states (22 states - 2018), as follows:

	Consolidated	
State	**Jun-2019**	**Dec-2018**
São Paulo	975	952
Rio de Janeiro	131	127
Minas Gerais	128	125
Paraná	105	103
Distrito Federal	70	68
Goiás	70	68
Bahia	65	59
Pernambuco	62	52
Santa Catarina	48	43
Espírito Santo	42	37
Rio Grande do Sul	35	32
Pará	28	19
Mato Grosso do Sul	25	23
Ceará	26	21
Mato Grosso	20	16
Paraíba	15	15
Sergipe	15	15
Alagoas	15	14
Rio Grande do Norte	14	15
Maranhão	13	9
Piauí	8	7
Tocantins	7	5
Total	**1,917**	**1,825**

Raia Drogasil's stores are supplied by eight distribution centers located in six States: São Paulo, Minas Gerais, Paraná, Goiás, Pernambuco and Bahia.

The subsidiary 4Bio Medicamentos S.A. ("4Bio") markets its products through telesales and the delivery is made directly to the customer's location or through its three call centers in the states of São Paulo and Tocantins.

Business combination in progress – Drogaria Onofre Ltda.

As disclosed in the financial statements at December 31, 2018, on February 26, 2019, the Company entered into an agreement for purchase of share units ("CVQ") with CCI Foreign, S.à.r.l. and Beauty Holdings, L.L.C., comprising 100% of the share units of Drogaria Onofre Ltda ("Onofre")

The acquisition of Onofre occurred on July 1, 2019, when all the conditions precedent set forth in the CVQ were fulfilled.

The purchase price of Onofre's share units is immaterial and subject to usual adjustments in operations of this nature arising from minimum cash and working capital and EBITDA variation. Based on its estimates, the Company does not expect to make any financial or share disbursements to Onofre's current shareholders as a result of the acquisition. Thus, after due analysis of the terms of the Sale and Purchase Agreement, the Company understands that the acquisition does not meet the requirements and parameters set forth in article 256 of the Brazilian Corporate Law, and, therefore, its execution shall not depend on the approval of the Company's General Meeting or entitle the Company's shareholders to withdraw.

Also on July 1, 2019, the Board of Directors approved the proposal to merge Onofre into Raia Drogasil, in which Onofre is merged at its book value, with the consequent extinction and succession by Raia Drogasil of all its assets, rights and obligations.

On August 1, 2019, an Extraordinary General Meeting was held, at which the proposed merger was approved by the shareholders of Raia Drogasil. In addition, the appraisal report at book value on Onofre's net assets was presented on July 1, 2019, which was prepared by a specialized and independent expert, and will be merged into Raia Drogasil.

The Company hired a specialized and independent company to assist the Company's management in determining the elements that make up the fair value of the business acquired, for the purpose of allocating the purchase price. The preliminary analysis indicates that this business combination will result in a negative goodwill. As it is the case under this type of circumstances, the Company's Management is in the process of clearing its initial results, with the main purpose of ensuring the adequacy of the negative goodwill to be recorded in the Company's financial statements for the year ending December 31, 2019.

At June 30, 2019, Onofre's total assets, liabilities and equity totaled R$ 692,585, R$ 514,496 and R$ 178,089, respectively.

As of this date, Onofre has a network of 50 stores, 47 in the state of São Paulo, 2 in Rio de Janeiro and 1 in Minas Gerais, and it operates an establishment where e-commerce is located.

With the acquisition of Onofre by Raia Drogasil and, considering the characteristics of each of the stores acquired, 8 stores were closed, 19 stores had their flag changed to Drogasil and 23 stores to Raia flag.

2. Presentation of quarterly information

The quarterly information was approved by the Executive Board on August 6, 2019.

The parent company and consolidated quarterly information is presented in thousands of Brazilian Reais (R$), which is the Group's functional and presentation currency.

The Company's parent company and consolidated quarterly information for the periods ended June 30, 2019 and 2018 has been prepared in accordance with technical pronouncement CPC 21 (R1) - "Interim Financial Reporting", the requirements in Official Letter/CVM/SNC/SEP 003/2011 of April 28, 2011, and the International Financial Reporting

Standards (IFRS) - IAS 34 and discloses all material information specific to the individual and consolidated quarterly information, which is consistent with the information used by management in managing the activities.

The Company's financial statements for the year ended December 31, 2018 have been prepared in accordance with the accounting practices adopted in Brazil, including the rules issued by the Brazilian Securities Commission (CVM) and the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The individual and consolidated quarterly information should be read in conjunction with the Company's financial statements for the year ended December 31, 2018.

The consolidated quarterly information includes the Company's quarterly information and the quarterly information of its subsidiary 4Bio. The consolidated quarterly information has been prepared in accordance with consolidation practices and applicable legal provisions.

The accounting practices adopted by the Company were applied uniformly and consistently with those adopted by the Subsidiary. Where applicable, all transactions, balances, income and expenses between the Subsidiary and the Company are fully eliminated in the consolidated quarterly information.

The quarterly information includes accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies regarding provision for inventory losses, provision for the impairment of trade receivables, appreciation of financial instruments, taxes recoverable, the amortization and depreciation periods for property and equipment and intangible assets, estimate of impairment of intangible assets with indefinite useful life, provision for legal claims, fair value measurement of financial liabilities, determination of provision for taxes, recognition of revenues from commercial agreements, among others. The significant estimates and judgments are disclosed in Note 4(u) to the financial statements for the year ended December 31, 2018.

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, while it is not required by IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

The Group adopted all standards, revised standards and interpretations issued by the IFRS and CPC that were effective as at June 30, 2019.

3. New accounting procedures, amendments to and interpretations of standards

The following accounting pronouncements were adopted for the first time to financial reporting periods beginning on or after January 1, 2019:

(a) CPC 06 (R2) / IFRS 16 – Leases

In January 2016, IASB issued IFRS 16 - Leases and in December 2017 CPC 06 (R2) - Lease Transactions was issued effective for financial reporting periods beginning on or after January 1, 2019, replacing IAS 17 / CPC 06 - "Leases" and related interpretations.

The new standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Exemptions are available for leases with term of less of less than one year and low-value items.

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

All amounts in thousands of reais unless otherwise stated

The Company chose the modified retrospective approach, which does not require the restatement of comparative figures, thus not impacting equity, as well as not changing the calculation of dividends and allow the adoption of practical expedients.

The impacts of the adoption of this standard and the new accounting practices are disclosed in Note 14. The procedures adopted by Management were detailed in Note 3 (d) to the financial statements at December 31, 2018.

(b) IFRIC 23 - Uncertainty over income tax treatments

The interpretation clarifies how the recognition and measurement requirements of IAS 12 are applied when there are uncertainties about the treatment of income taxes (Corporate Income Tax - IRPJ and Social Contribution on Net Profit - CSLL). Management did not identify impacts arising from these amendments.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. Significant accounting practices

The accounting practices adopted for preparing this ITR are consistent with those disclosed in Note 4 to the financial statements for the year ended December 31, 2018, except for the new practices applied as of January 1, 2019, as described in Note 3.

5. Cash and cash equivalents

	Parent Company		Consolidated	
Cash and cash equivalents items	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Cash and banks	92,267	113,417	92,936	115,002
Investment fund	868	2,381	868	2,381
Automatic investments (a)	27,874	59,860	27,959	59,860
Bank Deposit Certificates - CDB (b)		25,344		25,344
Debentures held under repurchase agreements (c)	21,464	37,151	23,624	38,981
Total	**142,473**	**238,153**	**145,387**	**241,568**

(a) Refers to a short-term fixed income fund with automatic redemptions where the financial assets of the portfolio have an average term of 10 days.

(b) Investments in bank deposit certificate have daily liquidity and grace period of 30 days.

(c) Refers to a fixed income investment with income linked to the variation of the Interbank Deposit Certificate - CDI, backed by publicly offered debentures issued by companies, with commitment of repurchase by the Bank and resale by the Group, according to the conditions previously established where financial institutions which negotiated these securities guarantee credit risk, of low risk to the Group, and immediate liquidity without loss of income.

The financial investments are distributed at the banks Bradesco, Santander, Itaú and Banco do Brasil.

The Group's exposure to interest rate risks on financial investments is disclosed in Note 24(a).

All amounts in thousands of reais unless otherwise stated

6. Trade receivables

	Parent Company		Consolidated	
Trade receivables items	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Trade receivables	958,468	806,541	1,095,068	938,744
(-) Provision for impairment of trade receivables	(1,516)	(892)	(2,342)	(1,355)
Total	**956,952**	**805,649**	**1,092,726**	**937,389**

The ageing of trade receivables is as follows:

	Parent Company		Consolidated	
Maturities	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Not yet due	952,814	799,003	1,075,298	923,872
Overdue				
Between 1 and 30 days	3,112	2,784	8,729	7,679
Between 31 and 60 days	1,689	2,982	6,156	3,678
Between 61 and 90 days	332	610	2,021	1,147
Between 91 and 180 days	521	1,128	1,814	1,937
Between 181 and 360 days		34	1,050	431
Provision for impairment of trade receivables	(1,516)	(892)	(2,342)	(1,355)
Total	**956,952**	**805,649**	**1,092,726**	**937,389**

Days sales outstanding, represented by credit and debit cards and partnerships with companies and the government, are approximately 35 days, term that is considered part of the normal conditions inherent in Group's operations. A substantial portion of the amounts overdue for more than 31 days are represented by collection through special plans and PBMs.

The changes in the Company's provision for the impairment of trade receivables are as follows:

	Parent Company		Consolidated	
Changes in expected losses	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Opening balance	(892)	(3,889)	(1,355)	(4,664)
Additions	(4,310)	(5,684)	(5,773)	(8,354)
Reversals	1,357	1,722	2,145	4,241
Losses	2,329	6,959	2,641	7,422
Closing balance	**(1,516)**	**(892)**	**(2,342)**	**(1,355)**

Trade receivables are classified as financial assets at amortized cost and are therefore measured as described in Note 4(d)(i) to the financial statements for 2018.

All amounts in thousands of reais unless otherwise stated

7. Inventory

	Parent Company		Consolidated	
Inventory items	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Goods for resale	2,889,533	2,984,574	2,962,099	3,052,322
Goods held by third parties (i)	63,792	44,825	63,792	44,825
Consumables	1,416	1,268	1,416	1,268
Provision for inventory losses	(10,920)	(11,140)	(10,920)	(11,140)
Total inventory	**2,943,821**	**3,019,527**	**3,016,387**	**3,087,275**

(i) Company's goods located in third party warehouses.

Changes in the provision for goods losses are as follows:

	Parent Company		Consolidated	
Changes in expected losses	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Opening balance	(11,140)	(13,821)	(11,140)	(13,821)
Additions	(2,172)	(2,857)	(2,172)	(2,857)
Write-offs	2,392	5,538	2,392	5,538
Closing balance	**(10,920)**	**(11,140)**	**(10,920)**	**(11,140)**

For the quarter ended June 30, 2019, cost of goods sold recognized in the statement of income was R$ 2,757,401 (R$ 2,363,489 – 2nd Quarter-2018) for the parent company and R$ 2,935,778 (R$ 2,509,789 - 2nd Quarter-2018) for the consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the quarter amounting to R$ 29,203 (R$ 22,470 - 2nd Quarter-2018) for the parent company and R$ 29,246 (R$ 22,538 - 2nd Quarter-2018) for the consolidated accounts.

The effect of the recognition, reversal or write-off of the provision for inventory losses is included in cost of sales in the statement of income.

All amounts in thousands of reais unless otherwise stated

8. Taxes recoverable

	Parent Company		Consolidated	
Taxes recoverable items	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Taxes on profit recoverable				
Withholding Income Tax (IRRF)	37	113	358	113
Corporate Income Tax (IRPJ)	400	214	3,704	3,518
Social Contribution on Net Profit (CSLL)			1,237	1,237
Subtotal	437	327	5,299	4,868
Other taxes recoverable				
Value Added Tax on Sales and Services (ICMS) – credit balance	54,419	37,679	59,657	41,470
ICMS – Refund of ICMS withheld in advance	3,882	186	3,882	186
ICMS on acquisitions of fixed assets	72,598	58,410	72,598	58,410
Social Integration Program (PIS)	2,376	4,228	3,017	4,228
Social Contribution on Revenue (COFINS)	11,690	19,474	14,585	19,474
Social Investment Fund - 1982 - securities issued to cover court-ordered debts	561	561	561	561
Subtotal	145,526	120,538	154,300	124,329
Total	**145,963**	**120,865**	**159,599**	**129,197**
Current assets	91,026	76,520	104,662	84,852
Non-current assets	54,937	44,345	54,937	44,345

The ICMS credits amounting to R$ 54,419 and R$ 3,882 (R$ 37,679 and R$ 186 - Dec/2018) for the parent company and R$ 59,657 and R$ 3,882 (R$ 41,470 and R$ 186 - Dec/2018) for the consolidated are the result of applying different ICMS rates and of refunds of ICMS-ST (the substitute taxpayer regime) on goods receiving and shipping operations carried out by the Company's distribution centers in the states of Pernambuco and Rio de Janeiro, in order to supply their branches located in other Brazilian states. The respective tax credits have been progressively consumed in the last months, mainly due to goods that are not under the substitute taxpayer regime.

The Group analyzed the use of ICMS credits and concluded that the tax credit balances will be utilized within 12 months. As regards ICMS credits on purchases of property, plant and equipment, these credits will be utilized in up to 48 months according to the legislation in force.

During the first quarter of 2017, upon the judgment with general repercussion, RE 574,706, the Federal Supreme Court (STF) accepted the exclusion of the ICMS in the calculation base of PIS and COFINS. In this context, the Company filed actions to suspend the requirement for inclusion of the ICMS in the calculation base of such contributions. The Company recalculated and recorded credits from contributions in the amount of R$ 2,376 for PIS and R$ 11,690 for COFINS (R$ 4,228 - PIS and R$ 19,474 - COFINS - Dec-2018) in parent company and R$ 3,017 for PIS and R$ 14,585 for COFINS (R$ 4,228 - PIS and 19,474 - COFINS - Dec-2018) in the consolidated.

9. Investments

(a) Business combinations

In 2015, the Company acquired a 55% equity interest in 4Bio Medicamentos S.A. ("4Bio") and obtained its control on October 1, 2015.

The Agreement establishes the granting of call and put options for all the remaining shares, corresponding to 45% of the total, held by the founding stockholder prior year after January 2021, and the exercise price will be calculated based on the average of the adjusted EBITDA of 4Bio for the years ended December 31, 2018 and ending December 31, 2019 and 2020 the fair value of which at June 30, 2019 corresponds to R$ 38,168 (R$ 36,380 - Dec/2018).

All amounts in thousands of reais unless otherwise stated

The fair value of the additional stock options recorded in Parent Company and Consolidated, of R$ 38,168 (R$ 36,380 - Dec/2018) is classified as Level 3 in the fair value hierarchy. The main fair value measurements have as reference: (i) a discount rate of 10.07% in December 2018 (11.84% - Dec/2017), (ii) an average growth rate of EBITDA of 38.38% in December 2018 (50.58% in Dec/2017), considering the average of the EBITDAs projected for 2018 to 2020 and the multiple provided for in contract.

The goodwill of R$ 25,563 for the consolidated accounts arising from the acquisition represents the future economic benefits expected from the business combination.

(b) Changes in investments

At June 30, 2019 and 2018, the Company's investment balance is as follows:

Company name	**Main activity**	**Interest (%)**	**06/30/2019**	**12/31/2018**
4Bio Medicamentos S.A.	Retail of special medicines	55%	45,331	40,108

Changes in the investment balance in the subsidiary, presented in the parent company financial statements, are as follows:

	Parent Company	
Changes in investments	**Jun-2019**	**Dec-2018**
Opening balance	40,108	31,489
Capital increase in subsidiary		228
Equity in the results of subsidiary	5,228	8,391
Restricted share compensation plan	(5)	
Closing balance	**45,331**	**40,108**

All amounts in thousands of reais unless otherwise stated

For the purposes of calculating the equity of 4Bio, the Company has adjusted the assets, liabilities and related changes in the statement of income of 4Bio based on the allocation of purchase price at the acquisition date. The table below shows the effects on the profit for the year of 4Bio for the purposes of determining the equity in the results of subsidiaries for June 30, 2019 and December 31, 2018:

	Parent Company	
Equity in the results of subsidiary	**Jun-2019**	**Dec-2018**
Profit for the year	5,515	8,965
Amortization of surplus arising from the business combination	(287)	(574)
Adjusted profit of 4Bio	**5,228**	**8,391**

Adjusted equity	**Jun-2019**	**Dec-2018**
Investment at book value (55%)	29,863	24,348
Allocation of the purchase price (surplus of assets)	3,888	4,324
Deferred income tax liability on allocation adjustments	(1,322)	(1,471)
Restricted share compensation plan	(5)	
Total adjusted equity	32,424	27,201
Goodwill based on expected future profitability	12,907	12,907
Investment balance	**45,331**	**40,108**

All amounts in thousands of reais unless otherwise stated

10. Property and equipment and intangible assets

I. Property and equipment

Changes in the parent company's property and equipment are as follows:

							2019	2018
Changes	**Land**	**Buildings**	**Furniture, fittings and facilities**	**Machinery and equipment**	**Vehicles**	**Leasehold improvements / Right of use - Leases**	**Total**	**Total**
Cost								
At January 1	27,440	41,917	816,474	441,238	63,656	1,203,624	2,594,349	2,119,641
Additions (i)			77,547	92,564	2,297	3,985,017	4,157,425	253,947
Disposals and write-offs			(4,676)	(2,461)	(217)	(52,640)	(59,994)	(64,209)
Expected losses on store closures			1,553			4,461	6,014	2,817
At June 30	**27,440**	**41,917**	**890,898**	**531,341**	**65,736**	**5,140,462**	**6,697,794**	**2,312,196**
Accumulated depreciation								
Average annual depreciation rates (%)		2.5 - 2.7	7.4 - 10	7.1 - 15.8	20 - 23.7	13 - 20		
At January 1		(22,068)	(280,684)	(216,166)	(23,749)	(507,997)	(1,050,664)	(845,728)
Additions		(540)	(40,244)	(31,254)	(3,809)	(412,510)	(488,357)	(159,405)
Disposals and write-offs			2,931	2,223	168	49,445	54,767	60,503
Expected losses on store closures			(551)			(2,271)	(2,822)	(1,644)
At June 30		**(22,608)**	**(318,548)**	**(245,197)**	**(27,390)**	**(873,333)**	**(1,487,076)**	**(946,274)**
Net balance								
At January 1	27,440	19,849	535,790	225,072	39,907	695,627	1,543,685	1,273,913
At June 30	27,440	19,309	572,350	286,144	38,346	4,267,129	5,210,718	1,365,922

(i) With the adoption of IFRS 16, the Company began to record, as from January 1, 2019, the right-of-use assets related to lease agreements. Accordingly, the additions for the period include the amount of R$ 3,659,594 related to the leased right-of-use assets. See details in Note 14.

All amounts in thousands of reais unless otherwise stated

Changes in the consolidated property and equipment are as follows:

							2019	2018
Changes	**Land**	**Buildings**	**Furniture, fittings and facilities**	**Machinery and equipment**	**Vehicles**	**Leasehold improvements / Rights of use - Leases**	**Total**	**Total**
Cost								
At January 1	27,440	41,917	817,963	442,875	63,909	1,205,547	2,599,651	2,123,436
Additions (i)			77,636	92,720	2,265	3,990,710	4,163,331	254,288
Disposals and write-offs			(4,677)	(2,462)	(217)	(52,640)	(59,996)	(64,210)
Expected losses on store closures			1,553			4,461	6,014	2,817
At June 30	**27,440**	**41,917**	**892,475**	**533,133**	**65,957**	**5,148,078**	**6,709,000**	**2,316,331**
Accumulated depreciation								
Average annual depreciation rates (%)		2.5 - 2.7	7.4 - 10	7.1 - 15.8	20 - 23.7	13 - 20		
At January 1		(22,068)	(281,155)	(216,836)	(23,966)	(508,666)	(1,052,691)	(847,160)
Additions		(540)	(40,316)	(31,377)	(3,784)	(413,406)	(489,423)	(159,670)
Disposals and write-offs			2,931	2,223	168	49,445	54,767	60,502
Expected losses on store closures			(551)			(2,271)	(2,822)	(1,644)
At June 30		**(22,608)**	**(319,091)**	**(245,990)**	**(27,582)**	**(874,898)**	**(1,490,169)**	**(947,972)**
Net balance								
At January 1	27,440	19,849	536,808	226,039	39,943	696,881	1,546,960	1,276,276
At June 30	27,440	19,309	573,384	287,143	38,375	4,273,180	5,218,831	1,368,359

(i) With the adoption of IFRS 16, the Company began to record, as from January 1, 2019, the right-of-use assets related to lease agreements. Accordingly, the additions for the period include the amount of R$ 3,659,594 in the parent company and R$ 3,663,759 in the consolidated, referring to the leased right-of-use assets. See details in Note 14.

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

II. Intangible assets

Changes in the Company's intangible assets are as follows:

Changes	Points of sale	Software license and systems implementation	Goodwill on business acquisition (Vison Ltda)	Goodwill on business acquisition (Raia S.A.)	Trademarks	Customers portfolio	2019 Total	2018 Total
Cost								
At January 1	278,941	140,078	22,275	780,084	159,751	41,700	1,422,829	1,378,334
Additions	21,742	22,782			589		45,113	39,641
Disposals and write-offs	(9,355)	(7,899)					(17,254)	(25,647)
Expected losses on store closures	909	22					931	203
At June 30	**292,237**	**154,983**	**22,275**	**780,084**	**160,340**	**41,700**	**1,451,619**	**1,392,531**
Accumulated amortization								
Average annual amortization rates (%)	17.0 - 23.4		Indefinite useful life	Indefinite useful life	Indefinite useful life	6.7 - 25		
At January 1	(154,498)	(59,905)	(2,387)			(38,097)	(254,887)	(222,876)
Additions	(26,295)	(14,619)				(230)	(41,144)	(35,749)
Disposals and write-offs	7,812	7,870					15,682	24,747
Expected losses on store closures	(568)	(13)					(581)	(145)
At June 30	**(173,549)**	**(66,667)**	**(2,387)**			**(38,327)**	**(280,930)**	**(234,023)**
Net balance								
At January 1	124,443	80,173	19,888	780,084	159,751	3,603	1,167,942	1,155,458
At June 30	118,688	88,316	19,888	780,084	160,340	3,373	1,170,689	1,158,508

All amounts in thousands of reais unless otherwise stated

Changes in the consolidated intangible assets are as follows:

									2019	2018
Changes	**Points of sale**	**Software license and systems implementation**	**Goodwill on business acquisition (Vison Ltda)**	**Goodwill on business acquisition (Raia S.A.)**	**Goodwill on business acquisition (4BIO)**	**Raia S.A. brands**	**Raia S.A. customers portfolio**	**4BIO customer relationship**	**Total**	**Total**
Cost										
At January 1	278,941	141,745	22,275	780,084	25,563	164,820	41,700	7,928	1,463,056	1,418,381
Additions	21,741	23,063				589			45,393	40,065
Disposals and write-offs	(9,355)	(7,899)							(17,254)	(25,647)
Expected losses on store closures	909	22							931	203
At June 30	**292,236**	**156,931**	**22,275**	**780,084**	**25,563**	**165,409**	**41,700**	**7,928**	**1,492,126**	**1,433,002**
Accumulated amortization										
Average annual amortization rates (%)	17 - 23.4	20	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life	6.7 - 25	7		
At January 1	(154,498)	(60,551)	(2,387)			(3,295)	(38,097)	(1,840)	(260,668)	(227,365)
Additions	(26,295)	(14,792)				(507)	(230)	(283)	(42,107)	(36,637)
Disposals and write-offs	7,813	7,870							15,683	24,747
Expected losses on store closures	(568)	(13)							(581)	(145)
At March 31	**(173,548)**	**(67,486)**	**(2,387)**			**(3,802)**	**(38,327)**	**(2,123)**	**(287,673)**	**(239,400)**
Net balance										
At January 1	124,443	81,194	19,888	780,084	25,563	161,525	3,603	6,088	1,202,388	1,191,016
At June 30	118,688	89,445	19,888	780,084	25,563	161,607	3,373	5,805	1,204,453	1,193,602

(i) Goodwill on acquisition of companies

The goodwill arising on acquisition of companies is tested annually for impairment.

Goodwill on acquisition of Drogaria Vison Ltda.

Goodwill of R$ 19,888 refers to the acquisition of Drogaria Vison Ltda. on February 13, 2008, which was merged into the Company from June 30, 2008.

The goodwill is based on the expected future profitability, as assessed by an independent expert, and was amortized from April to December 2008. As provided for in CPC Guidance (OCPC) 02, beginning in 2009, goodwill is no longer amortized, but is tested annually for ("impairment").

Goodwill on acquisition of Raia S.A.

The Company recorded goodwill of R$ 780,084 arising from the business combination with Raia S.A., which occurred on November 10, 2011, based on the expected future profitability arising from the difference between the amounts of assets assigned and received.

Goodwill on acquisition of 4Bio Medicamentos S.A.

The Company recorded goodwill of R$ 25,563 arising from the business combination with 4Bio Medicamentos S.A., which occurred on October 1, 2015, whose amount was supplemented by the final adjustment of the price at March 31, 2016 of R$ 2,040, which is based on expected future profitability arising from the difference between the amounts of assets assigned and received.

11. Employees benefits

(a) Profit sharing program

The Group has a profit sharing program intended mainly to measure the performance of employees during the year. On a monthly basis, a liability and an expense for profit sharing are recognized in income statement based on estimates of achievement of operating targets and specific objectives established and approved by Management. The recognition as liabilities is made in the account of salaries and social charges and in the statement of income the recognition is made in the account of selling expenses and general and administrative expenses (Note 20).

(b) Other benefits

Other short-term benefits are also granted to employees, such as life insurance, health and dental care, housing allowance, maternity leave and scholarship, which are recognized on an accrual basis and whose right is extinguished at the end of the employment relationship with the Group.

The Group does not grant post-employment benefits, severance pay benefits or other long-term benefits.

All amounts in thousands of reais unless otherwise stated

12. Trade payables

	Parent Company		Consolidated	
Trade payables items	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Goods suppliers	1,799,754	1,962,589	1,890,835	2,069,087
Materials suppliers	7,995	9,429	8,165	9,610
Assets suppliers	15,899	18,932	15,976	19,224
Service providers	53,235	57,687	54,428	58,846
Adjustment to present value	(9,612)	(15,017)	(10,034)	(15,493)
Total	**1,867,271**	**2,033,620**	**1,959,370**	**2,141,274**

Certain suppliers have the option to assign Company notes, totaling R$ 218,483 (R$ 504,028 - Dec/2018), without right of subrogation, to financial institutions. In this operation, the supplier can have a reduction of its finance costs since the financial institution takes into consideration the credit risk of the buyer. In these operations, there is no change in the average payment period when compared to the amounts payable to other suppliers. In addition, in these transactions there is no obligation that generates expenses for the Company.

All amounts in thousands of reais unless otherwise stated

13. Borrowing

		Parent Company		Consolidated	
Borrowing items	**Average annual long-term interest rate**	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
BNDES - Sub-loan					
Businesses	TLP + 2.11% (+2.12% - Dec/2018) p.a.	54,285	69,459	54,285	69,459
Businesses	SELIC + 2.36% (+2.35% - Dec/2018) p.a.	65,983	82,348	65,983	82,348
Machinery, equipment and vehicles	TLP + 2.02% (+2.02% - Dec/2018) p.a.	9,480	11,821	9,480	11,821
Machinery, equipment and vehicles	PSI + 9.50% (+9.54% - Dec/2018) p.a.	1,775	2,596	1,775	2,596
Machinery, equipment and vehicles	SELIC + 2.42% (2.42% - Dec/2018) p.a.	43	53	43	53
Working capital	SELIC + 2.42% (+2.42% - Dec/2018) p.a.		17,703		17,703
Other		1,648	2,053	1,648	2,053
Debentures					
1st issue of debentures	104.75% of CDI	201,712	235,424	201,712	235,424
2nd issue of debentures	104.50% of CDI	360,669	404,787	360,669	404,787
3rd issue of debentures - Certificate of Real Estate Receivables	98.5% of CDI	247,612		247,612	
Borrowing					
Other				36,503	16,906
Total		**943,207**	**826,244**	**979,710**	**843,150**
Current liabilities		238,241	256,033	274,744	272,939
Non-current liabilities		704,966	570,211	704,966	570,211

All amounts in thousands of reais unless otherwise stated

Characteristics of borrowing

Borrowing from the BNDES is used for the expansion of stores, acquisition of machinery and equipment, vehicles and also to finance the Company's working capital.

The subloans for the Social Project, Development of Own Brand and Acquisition of National Software are grouped in the Others line. Part of the Company's borrowing from BNDES has been taken out in the form of sub-loans, totaling R$ 133,214 (R$ 186,033 - Dec/ 2018), subject to the following restrictive covenants:

(i) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) margin (EBITDA/Net operating revenue): equal to or higher than 3.6% and

(ii) Total net debt/Total assets: equal to or lower than 20%.

Covenants are measured annually and, at December 31, 2018, the Company was in compliance with these covenants.

If these requirements were not met, the Company would have to provide BNDES with bank guarantees to ensure the performance of its obligations under the agreement.

The Group is not a party to any agreements containing non-financial covenants.

Non-current amounts mature as follows:

	Parent Company	Consolidated
	Jun-2019	**Jun-2019**
2020	119,932	119,932
2021	168,013	168,013
2022 and thereafter	417,021	417,021
Total	704,966	704,966

Characteristics of the Debentures

On February 1, 2019, the Company approved, through the Extraordinary Meeting of the Board of Directors, the 3rd issue of non-convertible, simple unsecured debentures in a single series, in the total amount of R$ 250,000, with remuneration of 98.5% of CDI and payment term of 7 years. Interest payments will be semi-annual, and principal will be amortized in two equal annual and consecutive installments, the last installment to be paid on March 13, 2026. The funds raised will be used for the construction, expansion, development and renovation of certain properties indicated by the Company. This operation is linked to the real estate receivables certificates issued by Vert Companhia Securitizadora, which will be issued with guarantee in the "CRI" Debentures, object of a public offering of distribution under CVM 400.

Notes to the quarterly information
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Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
3rd issue — single series	R$ 250,000	250,000	3/15/2019	2019-2026	98.5%	R$ 1

The 2nd issue of debentures was carried out on April 2, 2018 and have maturity of 60 months (April/2023).

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
2nd issue - 9 series	R$ 400,000	40,000	04/02/2018	2018-2023	104.5% (*)	R$ 10

(*) Weighted average rate of series.

The amortization of the principal related to the 2nd issue of debentures will occur in 9 semiannual consecutive installments, the first being from the 12nd month after the issue. The payment of the remuneration will occur on a semiannual basis, and the first payment is due in April 2019, and other payments always in April and October of each year, until the due date.

The characteristics of the debentures issued in 2017 were not changed, as shown in the table below:

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
1st issue – Single Series	R$ 300,000	30,000	4/19/2017	2017 - 2022	104.75%	R$ 10

The costs incurred on the issues of the Company's debentures (2017 - 1st issue, 2018 - 2nd issue and 2019 - 3rd issue), including fees, commissions and other costs, totaled R$ 9,440 and are classified in the line item of the respective debentures and are being recognized over the total period of the debt. At June 30, 2019, the amount to be recognized was R$ 7,920 (R$ 1,260 - Dec/2018), and is presented net in the debentures balance.

The Company's debentures are conditioned to the compliance with the following covenants:

(i) Net Debt / EBITDA: cannot exceed 3 times.

The calculation of net debt, the basis for determining the covenants calculation of the Company's debentures, comprises of the balances of borrowings and debentures. As described in Note 14, the lease obligations are being presented in a separate heading in the quarterly information, and therefore, do not compose the net debt calculation.

Covenants are measured quarterly and, at June 30, 2019, the Company was in compliance with these covenants.

The non-compliance with the covenants for two consecutive quarters can be considered as a default event and consequently result in early maturity.

All amounts in thousands of reais unless otherwise stated

Reconciliation of net debt

The analysis of and changes in net debt are as follows:

	Parent Company		Consolidated	
Analysis of and changes in net debt	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Short-term borrowings	238,241	256,033	274,744	272,939
Long-term borrowings	704,966	570,211	704,966	570,211
Total debt	943,207	826,244	979,710	843,150
(-) Cash and cash equivalents	(142,473)	(238,153)	(145,387)	(241,568)
Net debt	**800,734**	**588,091**	**834,323**	**601,582**

			Parent Company
Changes in net debt	**Borrowing**	**Cash and equivalents**	**Net debt**
Net debt at January 1, 2019	826,244	(238,153)	588,091
Capital contribution	243,712		243,712
Accrued interest	30,454		30,454
Payment of interest	(24,490)		(24,490)
Amortization of principal	(134,056)		(134,056)
Transaction cost	1,343		1,343
(Increase) decrease in cash and cash equivalents		95,680	95,680
Net debt at June 30, 2019	**943,207**	**(142,473)**	**800,734**

			Consolidated
Changes in net debt	**Borrowing**	**Cash and equivalents**	**Net debt**
Net debt at January 1, 2019	843,150	(241,568)	601,582
Capital contribution	354,414		354,414
Accrued interest	31,054		31,054
Payment of interest	(25,373)		(25,373)
Amortization of principal	(224,878)		(224,878)
Transaction cost	1,343		1,343
(Increase) decrease in cash and cash equivalents		96,181	96,181
Net debt at June 30, 2019	**979,710**	**(145,387)**	**834,323**

14. Leases

The Group leases land and real estate properties for its office space and retail stores. Operating real estate leases usually have term of 5 to 20 years, residential real estate leases usually have term of 2 years, and lease agreements for distribution/administrative centers usually have term of 5 to 20 years. Some leases include a renewal option for an additional period equal to the initial lease term, after the expiration of the lease agreement term. The Group also leases vehicles, with lease term of 3 years. At the end of the lease agreement term, the Group conducts new negotiations of leases.

Some lease agreements provide for additional lease payments based on sales that the Group makes in the leased property within the period. The Group subleases part of some of the properties under operating and finance leases.

The measurements associated with the right-of-use asset were made taking into account the following assumptions:

• Beginning of the lease term: the Group defined that the lease term begins on the date it becomes entitled to use the leased property. Thus, the Group determined the date of signature of the lease contracts, when it starts controlling the operating aspects of the leased property, such as its refurbishing, remodeling and preparation for the leasehold improvement;

• Lease term: period for which the Group contracted the lease. The Group adopted the term of each new contract and assumptions detailed below or, when applicable, added by Law 8,245/91 ("Landlord-Tenant Law"), which grants to lessee (the Company and its subsidiary) the right to enforceable lease renewals (enforceable right) when certain conditions are satisfied.

- Commercial leases: given that type of contract involves variable terms, the following assumptions were considered:
    - Contracts with original term of less than 10 years and that are already in a period after the main term of the contract: in this case the contract term shall be the residual period;
    - Contracts with original term of less than 10 years and that still have the renewal period to go: in this case the contract term will be the residual period;
    - Contracts with original term of less than 10 years and close to the expiry date (one year) of the main contract: in this case a renewal period will be included;
    - Contracts with original term of more than 10 years and close to the expiry date (one year): an additional renewal term will be considered in the contract term;
    - Contracts with original term of more than 10 years and already within the renewal period: only the residual period of the contract will be considered;
- Warehouses and Distribution Centers: contract term;
- Residential real estate: contract term;
- Vehicles: contract term.

The renewal options are assessed as probable only by the Group and not by the lessors. The Group assesses at the inception of the lease whether exercise of the renewal options is reasonably certain and reassesses whether exercise of the options is still reasonably certain if there is a significant event or a significant change in the circumstances under its control;

• Contracts with indefinite term: the Group is lessee in some contracts with indefinite term. Considering that both the lessor and the lessee have the right to terminate the contract at any time at their discretion, the Group's understanding is that these contracts should be treated as lease, by recording the lease expense in the statement of income for the year over the lease term;

All amounts in thousands of reais unless otherwise stated

• Fixed payments in essence: these are payments during the lease term that the Company is or may be required to make. The Group determined that fixed payments in essence correspond to the amounts determined to be fixed by the lessor (minimum contractual rental amount). The Company did not consider, for the purposes of measuring the right-of-use asset and the lease liability, the variable lease payments based on sales, services and taxes, which are recorded as expenses in the statement of income for the year over the lease term;

• Variable payments: for these contracts, the Group recognizes a monthly lease expense;

• Fixed + variable payments: for such contracts, the Group segregates the components of lease payments and the fixed portion is included in the determination of the lease liability and the variable portion is recognized as a monthly lease expense, as well as payments related to property taxes payable by the lessor and insurance payments made by the lessor. These amounts are generally determined annually;

• Incremental interest rate of tenant financing: for all related party and third party contracts, the Group considered interest rates required to acquire assets under similar conditions to those leased as of the date of lease contract signature. After analysis, the real discount rate was estimated in 2.94% p.a. and corresponds to the debentures raised on April 2, 2018, as described in Note 13 (reference in % CDI accumulated on December 31, 2018, net of inflation of 2018). The Group opted for using the practical expedient to use a single real discount rate in accordance with the respective terms for contracts with similar characteristics.

• Depreciation of right-of-use asset: The lease agreements of the Group do not have clauses allowing it to buy the leased asset (store or distribution center) at the end of the lease term. In this way, the useful life of these assets, in the absence of impairment, shall the contractual term, whichever the shortest. The Group allocates depreciation of right-of-use asset on a systematic and straight-line basis. It should be emphasized that the Company will periodically review the useful life of the right-of-use asset, for any case of changes in its strategic business plans and in lessors' intention of not terminating the contract;

• Interest expenses on lease agreements: Interest expenses are recognized as finance costs and allocated to each period during the lease term;

• Impairment of right-of-use asset: the Group will continue applying Technical Pronouncement CPC 01 – Impairment of Assets, and will periodically carry out an assessment of impairment indicators, based on managerial profitability measurement parameters of the stores and distribution centers.

In the financial statements for 2018, the Group presented, in Note 23, the commitments assumed with lease agreements in accordance with nominal future minimum payments of store rents, based on the terms established in the contracts signed.

These agreements were remeasured at present value, considering also the renewal options exercisable by the Group, and the lease amounts recognized in the right-of-use asset on January 1, 2019 were as follows:

	Parent Company	**Consolidated**
	2019	**2019**
Commitments of operating leases disclosed at December 31, 2018	2,412,005	2,414,679
Remeasurement	1,247,589	1,249,080
Lease liability recognized at January 1, 2019	**3,659,594**	**3,663,759**

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

Information on the leases for which the Group is a lessee is presented below:

As a lessee

Right-of-use asset

The changes in the Parent Company's right-of-use asset were as follows:

	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Total
At January 1	3,647,698	6,512	3,740	1,644	3,659,594
New agreements	185,610	9,372	218		195,200
Remeasurements	36,277	154	70		36,501
Termination of agreements	(33,221)	(802)			(34,023)
Depreciation	(269,372)	(4,310)	(350)	(1,081)	(275,113)
At June 30	**3,566,992**	**10,926**	**3,678**	**563**	**3,582,159**

The changes in the consolidated right-of-use asset were as follows:

	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Total
At January 1	3,647,698	6,512	7,905	1,644	3,663,759
New agreements	186,914	9,431	218		196,563
Remeasurements	36,277	154	70		36,501
Termination of agreements	(33,221)	(802)			(34,023)
Depreciation	(269,372)	(4,315)	(1,047)	(1,081)	(275,815)
At June 30	**3,568,296**	**10,980**	**7,146**	**563**	**3,586,985**

Lease liabilities

	Parent Company	Consolidated
Analysis of maturities - Lease liabilities	**Jun-2019**	**Jun-2019**
Less than 1 year	(522,378)	(523,952)
1 – 5 years	(2,174,659)	(2,178,345)
Over 5 years	(917,130)	(917,130)
Total	**(3,614,167)**	**(3,619,427)**
Lease liabilities in the balance sheet At June 30		
Current	(522,378)	(523,952)
Non-current	(3,091,789)	(3,095,475)

All amounts in thousands of reais unless otherwise stated

Amount recognized in the statement of income

	Parent Company	Consolidated
Amount recognized in the statement of income – lease	**2nd quarter-2019**	**2nd quarter-2019**
Amortization of right-of-use asset	276,727	277,062
Interest on lease liabilities	53,703	53,736
Variable payments not included in the measurement of lease liabilities	7,238	7,396
Revenue on subleases of right-of-use assets	(1,100)	(1,100)
Expenses related to short-term and/or low-value leases	10,654	10,654
Total	**347,222**	**347,748**

Amount recognized in the statement of cash flow

	Parent Company	Consolidated
Statement of Cash Flows	**Jun-2019**	**Jun-2019**
Non-cash items		
Initial recognition of lease agreements	3,659,594	3,663,759
New agreements	231,701	233,064
Termination of agreements	(34,023)	(34,023)
In operating activities:		
Lease monetary adjustment	26,856	26,891
Interest paid on lease	(26,856)	(26,891)
In financing activities:		
Payment of lease liabilities	(124,443)	(124,674)

(i) Payment of variable leases based on sales

Some operating real estate leases contain variable lease payments based on a percentage of 2% to 12% of the sales made during the period in the leased operating real estate. These payment conditions are common for stores in the country where the Group operates. Variable lease payments for the period ended June 30, 2019 amounted to R$ 676 in Parent company and consolidated.

(ii) Leases fitting into exceptions and practical expedients

The lease agreements identified and that fall within the scope of exemption mainly refer to lease of printers, forklifts, cardiotech scales, power generators, electron aligners and photovoltaic plates.

The Group also leases equipment with contracts of up to one year. These leases are short-term and/or low-value leases. The Group opted not to recognize the right-of-use assets and the lease liabilities of such items.

All amounts in thousands of reais unless otherwise stated

As lessor

The Group subleases some of the properties to third parties. The Group has classified these leases as operating leases because they do not transfer substantially all the risks and rewards of ownership of the assets.

The following table presents an analysis of maturities of lease payments, showing the undiscounted lease payments to be received after the balance sheet date:

	Parent Company/Consolidated
Undiscounted lease payments	**Jun-2019**
Less than 1 year	2,039
1 – 2 years	1,045
2 – 3 years	724
3 – 4 years	601
4 – 5 years	562
Total	**4,971**

15. Provision for contingencies and judicial deposits

The Company and its subsidiary are subject to legal claims (tax, civil and labor) arising in the normal course of business. Management, supported by the opinion of its legal advisors and, where applicable, by specific opinions issued by experts, assesses the probable final outcomes of ongoing litigation and determines whether or not setting up of provision for contingencies is necessary. In the case of labor contingencies, the evolution of the lawsuits and the history of losses are determining factors to reflect the best estimate.

At June 30, 2019 and December 31, 2018, the Group had the following provision and corresponding judicial deposits relating to legal proceedings:

	Parent Company		**Consolidated**	
Judicial deposits items	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Labor and social security	66,381	73,146	66,381	73,146
Tax	1,071	642	1,071	642
Civil	836	700	836	700
Subtotal	68,288	74,488	68,288	74,488
(-)Corresponding judicial deposits	(21,715)	(23,099)	(21,715)	(23,099)
Total	**46,573**	**51,389**	**46,573**	**51,389**
Current liabilities	9,583	2,512	9,583	2,512
Non-current liabilities	36,990	48,877	36,990	48,877

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All amounts in thousands of reais unless otherwise stated

Changes in the provision are as follows:

	Parent Company		Consolidated	
Changes in the provision	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
At January 1	74,488	25,318	74,488	25,318
Additions of new lawsuits and review of estimate[(i)]	15,175	66,433	15,175	66,433
Write-offs	(22,401)	(28,589)	(22,401)	(28,589)
Reversals due to changes in lawsuits	(6,082)	(889)	(6,082)	(889)
Revaluation of amounts [(ii)]	1,538	9,656	1,538	9,656
Monetary restatement	5,570	2,559	5,570	2,559
Closing balance	**68,288**	**74,488**	**68,288**	**74,488**

The provision for legal claims took into consideration the best estimate of the amounts involved, for the cases in which the likelihood of loss is estimated as probable, and a portion of these proceedings is guaranteed by pledged assets (Note 23).

(i) For labor contingencies, management adopts a provisioning methodology based on the history of indemnities by groups of positions and the index of origin for conversion to actual loss, applied to lawsuits in progress, in their various stages, in order to better evaluate the elements of each claim that are likely to be lost. As a result of an increase observed in the volume and speed of judgment of the Company's labor lawsuits at the courts during 2018, in connection with the revision of the provision assumptions, they started considering also labor lawsuits that were still pending judgment before the courts, until then excluded from the analysis due to their initial stage and absence of sufficient parameters to evaluate the estimate of financial loss. As a result of these changes, the labor provision was complemented by R$ 40,415 at December 31, 2018.

(ii) Refers to the revaluation of amounts to be disbursed related to labor lawsuits in phase of judgment or decision.

Possible losses

At June 30, 2019 and December 31, 2018, the Group was party to legal proceedings of a tax and civil nature, the likelihood of loss in which is estimated as possible by Management and its legal advisors, amounting to R$ 46,983 (R$ 45,444 - Dec/2018) for the parent company and consolidated, of which R$ 1,504 (R$ 1,379 - Dec/2018) corresponds to civil proceedings, and R$ 45,929 (R$ 44,065 - Dec/2018) to tax proceedings.

All amounts in thousands of reais unless otherwise stated

Judicial deposits

At June 30, 2019 and December 31, 2018, the Group had the following judicial deposit amounts, for which no corresponding provision had been set up:

	Parent Company		Consolidated	
Analysis of judicial deposits	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Labor and social security	10,273	10,461	10,273	10,461
Tax	11,960	11,409	11,960	11,409
Civil	3,801	3,900	3,801	3,900
Total	**26,034**	**25,770**	**26,034**	**25,770**

Labor contingencies

Labor claims in general relate to lawsuits filed by former employees questioning the payment of unpaid overtime and health hazard premium. The Group is also involved in proceedings assumed upon the acquisition of Raia S.A., which were filed by former employees of service providers claiming to have employment relationships directly with the Group, or in which the Group received a joint enforcement order for the payment of the labor rights claimed. There are also proceedings filed by professional unions for the payment of union dues, under the dispute regarding the legitimacy of the territorial base.

Tax contingencies

These represent administrative fines, tax rate differences on interstate transfers and tax collection proceedings.

Civil contingencies

The Group is a defendant in lawsuits regarding usual and unique matters arising in the course of its business, most of which seek indemnification for property damage and pain and suffering from consumption relations.

All amounts in thousands of reais unless otherwise stated

16. Income tax and social contribution

(a) Income tax and social contribution paid

Effective income tax and social contribution for the quarters are as follow:

	Parent Company		Consolidated	
	2nd Quarter - 2019	2nd Quarter - 2018	2nd Quarter- 2019	2nd Quarter -2018
Profit before income tax and social contribution	175,964	181,698	176,386	184,277
Interest on capital	(53,501)	(50,500)	(53,501)	(50,500)
Taxable profit	122,463	131,198	122,885	133,777
Combined tax rate (25% for income tax and 9% for social contribution)	34	34	34	34
Theoretical tax expense	(41,637)	(44,607)	(41,781)	(45,484)
Permanent additions	(2,132)	(1,760)	(2,170)	(1,796)
Equity in the results of investees	956	498		
Reduction of taxes due to incentives (PAT)	808	601	808	625
Adjustment related to offset of tax losses		28		34
Investment grant (i)	4,457		7,475	
Other (revaluation reserve + additional income tax exemption ceiling)	27		27	
Effective income tax and social contribution expense	(37,521)	(45,240)	(35,641)	(46,621)
Effective tax rate	21.3%	24.9%	20.2%	25.3%

(i) Beginning the third quarter of 2018, the Group considers as deductible for income tax purposes the gains arising from the ICMS tax benefits in the States of Bahia, Goiás and Pernambuco, established by supplementary law 160/17, agreement ICMS CONFAZ 190/17, and the amendment to Law 12,973/2014. The effect of the adjusted amount on the calculation of IRPJ/CSLL amounted to R$ 4,457 for the parent company and R$ 7,475 for the consolidated accounts.

(b) Deferred income tax and social contribution

Deferred income tax and social contribution assets amounting to R$ 71,046 at June 30, 2019 (R$ 66,826 – Dec/ 2018) for the parent company and R$ 78,384 at June 30, 2019 (R$ 70,844 – Dec/2018) for the consolidated accounts arose from temporarily non-deductible expenses that may be carried forward indefinitely, with estimated realization as disclosed in item (c) below.

Deferred income tax and social contribution liabilities amounting to R$ 304,500 at June 30, 2019 (R$ 305,928 - Dec2018) for the parent company and R$ 306,904 at June 30, 2019 (R$ 308,601 - Dec- 2018) for the consolidated accounts relate to tax charges on the remaining balances of: (i) the revaluation reserve; and (ii) goodwill from future profitability.

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

Deferred income tax and social contribution for the quarters were as follows:

	Balance sheet				Statement of income			
	Parent Company		Consolidated		Parent Company		Consolidated	
Temporary differences	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**	**2nd quarter-2019**	**2nd quarter-2018**	**2nd quarter-2019**	**2nd quarter-2018**
Revaluation at fair value of land and buildings	(6,931)	(6,976)	(6,931)	(6,976)				
Amortization of the goodwill on future profitability	(243,874)	(243,995)	(243,874)	(243,995)	61	(7,073)	61	(7,073)
Non-deductible intangible assets - merger of Raia S.A.	(53,695)	(54,957)	(53,695)	(54,957)	631	631	631	631
Non-deductible intangible assets - acquisition of 4Bio			(2,404)	(2,673)			134	134
Tax losses to be offset against future taxable profits			6,331	3,163			1,618	
Adjustment to fair value	2,699	2,091	2,699	2,091	308	472	308	472
Provision for inventory losses	8,133	13,560	8,133	13,560	(1,916)	(7,103)	(1,916)	(7,103)
Provision for sundry obligations	12,432	10,713	12,621	10,935	(381)	(1,019	(386)	(1,070
Provision for employee profit sharing	13,121	14,254	13,609	14,730	5,350	3,923)	5,465	4,000)
Provision for contingencies	23,218	25,326	23,218	25,326	(1,393)	(1,264	(1,393)	(1,264
Provision for impairment of trade receivables	1,086	882	1,367	1,039	68	(402)	59	(684)
Lease (depreciation x consideration) (i)	10,357		10,406		4,715		4,742	
Deferred income tax and social contribution expense (benefit)					**7,443**	**(11,835)**	**9,323**	**(11,957)**
Deferred tax liabilities, net	**(233,454)**	**(239,102)**	**(228,520)**	**(237,757**				
Reflected in the balance sheet as follows:								
Deferred tax assets	71,046	66,826	78,384	70,844				
Deferred tax liabilities	(304,500)	(305,928)	(306,904)	(308,601)				
Deferred tax liabilities, net	**(233,454)**	**(239,102)**	**(228,520)**	**(237,757)**				
Reconciliation of deferred tax assets (liabilities), net								
At the beginning of the year	(239,102)	(226,217)	(237,757)	(228,715)				
Expense recognized in the statement of income	5,603	(12,975)	9,192	(9,132)				
Realization of deferred tax recognized in equity	45	90	45	90				
Balance at the end of the year	**(233,454)**	**(239,102)**	**(228,520)**	**(237,757)**				

(i) Refers to the deferred tax effect of lease liabilities recorded as from January 1, 2019.

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

(c) Estimated recovery of income tax and social contribution credits

The projections of future taxable profits are based on estimates relating to the Group's performance, the behavior of the market in which the Group operates and certain economic aspects, among other factors. Actual amounts may differ from these estimates. According to projections, the tax credit will be recovered according to the following schedule:

	Parent Company	Consolidated
Payment forecast	**Jun-2019**	**Jun-2019**
2019	41,956	41,956
2020	9,754	9,754
2021	15,352	15,352
2022 and thereafter	3,984	11,322
Total	**71,046**	**78,384**

17. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential common diluted shares.

The following table presents profit and stock information used for calculating basic and diluted earnings per share:

	Parent Company/ Consolidated	
Earnings per share items	**2nd quarter-2019**	**2nd quarter-2018**
Basic		
Profit for the year	138,443	136,458
Weighted average number of common shares	329,537	329,475
Basic earnings per share - R$	0.42011	0.41417
Diluted		
Profit for the year	138,443	136,458
Weighted average number of common shares adjusted for dilution effect	329,317	329,196
Diluted earnings per share - R$	**0.42039**	0.41452

All amounts in thousands of reais unless otherwise stated

18. Equity

(a) Capital

At June 30, 2019, the fully paid-up capital amounted to R$ 2,500,000 (R$ 1,808,639 - Dec/2018), represented by 330,386,000 common registered book-entry shares with no par value, of which 213,626,834 shares were outstanding (214,459,215 common shares - Dec/2018).

Pursuant to the Company's bylaws, it is authorized to increase its capital up to the limit of 400,000,000 common shares, subject to the approval of the Board of Directors.

At June 30, 2019, the Company's ownership interest was as follows:

	Number of shares		Interest (%)	
Ownership interest	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Controlling stockholders	116,008,304	114,880,213	35.11	34.77
Shares outstanding	213,626,834	214,459,215	64.66	64.91
Treasury shares	750,862	1,046,572	0.23	0.32
Total	**330,386,000**	**330,386,000**	**100.00**	**100.00**

The ownership interest of the controlling stockholders is represented by the families Pipponzi, Pires Oliveira Dias and Galvão and by the Holding Pragma.

The change in the number of outstanding shares of the Company was as follows:

Changes	**Shares outstanding**
At December 31, 2018	214,459,215
(Purchase)/sale of restricted shares, net	(832,381)
At June 30, 2019	**213,626,834**

At June 30, 2019, the Company's common shares were quoted at R$ 76.10 (closing quote) (R$ 57.15 at December 31, 2018).

(b) Tax incentive reserve

These refer to ICMS tax benefits obtained in the States of Bahia, Goiás and Pernambuco, as regulated by complementary law 160/17, ICMS CONFAZ 190/17 agreement and amendment of Law 12,973/2014. Set up in accordance with the provisions of article 195-A of the Brazilian Corporation Law (as amended by Law 11,638/07), this reserve receives the portion of government subsidiary recognized in profit for the year, as a deduction from sales taxes and allocated to it from the retained earnings account, accordingly, they are not included in the calculation basis of the minimum mandatory dividend.

All amounts in thousands of reais unless otherwise stated

(c) Treasury shares

On August 3, 2017, the Board of Directors authorized the Company to repurchase, over a period of 365 days, its own registered common shares with no par value to be held in treasury and subsequently sold. The changes in treasury shares in the quarter ended June 30, 2019 are summarized below:

	Parent Company	
Changes in treasury shares	**Number of shares**	**Amount of shares**
At December 31, 2018	1,046,572	55,466
Shares delivered to executives related to the 3rd tranche of the 2015 grant, 2nd tranche of the 2016 grant and 1st tranche of the 2017 grant	(284,552)	(15,081)
Shares delivered to executives related to the 1st tranche of the 2017 grant of 4Bio	(666)	(35)
Other shares delivered to executives related to the Exercise of the Share-based Compensation Plan	(10,492)	(556)
At June 30, 2019	**750,862**	**39,794**

At June 30, 2019, the market value of the treasury shares, having as reference the quotation of R$ 76.10 per share at that date, corresponds to R$ 57,141.

(d) Restricted share plan

Since March 2014, the Company offers its officers the Long-Term Incentive Program with Restricted Shares (the "Restricted Share Plan"), which aims to offer an opportunity to receive variable remuneration provided that the officer remains for a predetermined period in the Company.

As stated in the Restricted Share Plan, a portion of their annual variable remuneration (profit-sharing), will be paid to the officer in cash and the remaining balance shall be paid only in Company shares ("incentive stock").

If the officer decides to use a portion of the total amount of the variable remuneration paid in cash to buy Company shares ("own shares") on the stock exchange, the Company will offer the officer an equal number of shares purchased on the stock exchange.

At its discretion, the Company may grant to this officer more Company shares, using as reference the number of own shares acquired by the officer on the stock exchange.

The shares offered to the officer through the Restricted Share Plan may not be sold, assigned or transferred to third parties for a period of four years from the date of the grant, provided that, every year, from the second, third and fourth anniversary of the grant date, the officers will acquire the right to receive a third of their restricted stock.

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

The changes of the restricted shares are summarized below:

	Jun-2019		Dec-2018	
Change in restricted shares	**Shares**	**Amount**	**Shares**	**Amount**
Opening balance	499,797	23,940	485,242	18,863
Granted shares for the period	99,648	6,432	239,137	12,459
Value of the shares at the delivery date	(295,710)	(13,429)	(224,582)	(7,382)
Closing balance	**303,735**	**16,943**	**499,797**	**23,940**

19. Net sales revenue

	Parent Company		Consolidated	
Net revenue items	**2nd Quarter -2019**	**2nd Quarter -2018**	**2nd Quarter -2019**	**2nd Quarter -2018**
Gross sales revenue				
Sales revenue	4,213,303	3,609,050	4,437,197	3,788,315
Service revenue	3,424	3,263	3,485	3,263
Total gross sales revenue	**4,216,727**	**3,612,313**	**4,440,682**	**3,791,578**
Taxes on sales	(158,159)	(132,644)	(177,497)	(145,004)
Returns, rebates and other	(32,167)	(29,075)	(37,692)	(32,586)
Net sales revenue	**4,026,401**	**3,450,594**	**4,225,493**	**3,613,988**

Taxes on sales primarily comprise ICMS at rates predominantly between 17% and 18%, for goods not subject to the tax substitute (ST) regime, service tax at 5%, and PIS (1.65%) and COFINS (7.60%) for goods not subject to the one-time taxation regime (Law 10,147/00).

20. Information on the nature of expenses recognized in the statement of income

The Group presented its statement of income using a classification based on the function of expenses. Information on the nature of these expenses is recorded in the statement of income as follows:

	Parent Company		Consolidated	
Nature of expenses	**2nd Quarter-2019**	**2nd Quarter -2018**	**2nd Quarter-2019**	**2nd Quarter-2018**
Personnel expenses	(512,318)	(443,445)	(520,368)	(449,771)
Occupancy expenses (i)	(56,701)	(168,560)	(57,084)	(169,211)
Service provider expenses	(49,493)	(37,958)	(49,886)	(38,158)
Depreciation and amortization (ii)	(264,655)	(99,681)	(265,710)	(100,268)
Other (iii)	(140,806)	(126,033)	(147,068)	(130,411)
Total	**(1,023,973)**	**(875,677)**	**(1,040,116)**	**(887,819)**
Classified in the statement of income as:				
Function of expenses	**2nd Quarter-2019**	**2nd Quarter-2018**	**2nd Quarter-2019**	**2nd Quarter-2018**
Selling expenses	(909,028)	(782,598)	(921,370)	(791,996)
General and administrative	(114,945)	(93,079)	(118,746)	(95,823)
Total	**(1,023,973)**	**(875,677)**	**(1,040,116)**	**(887,819)**

All amounts in thousands of reais unless otherwise stated

(i) These refer to expenses on property rental, condominium fees, electricity, water, communication and municipal real estate tax (IPTU).

(ii) Depreciation and amortization totaled R$ 264,930 in the second quarter of 2019 (R$ 99,681 - 2nd Quarter-2018) for the parent company, of which R$ 248,876 (R$ 87,633 - 2nd Quarter-2018) correspond to the sales area and R$ 16,054 (R$ 12,048 - 2nd Quarter-2018) to the administrative area, and R$ 265,985 (R$ 100,268 - 2nd Quarter-2018) in the consolidated, of which R$ 249,061 (R$ 88,076 - 2nd Quarter-2018) refers to the sales area and R$ 16,924 (R$ 12,192 - 2nd Quarter-2018) to the administrative area. The change in the balance is mostly due to the amortization of the right-of-use of the leases described in Note 14.

(iii) These refer mostly to expenses on card operator fees, transportation, materials, other administrative expenses, maintenance of assets, advertising and publicity.

21. Other operating (income)/expenses

Other operating (income)/expenses totaled R$ 13,116 in the second quarter of 2019 for the consolidated accounts. These amounts comprise non-recurring and non-operating expenses/revenues, related to: (i) consultancy and advisory expenses of R$ 5,452; (ii) additional expenses due to the closing of the Barra Mansa DC in the amount of R$ 7,098; (iii) write-off of property and equipment and intangible assets due to the closure of stores in the amount of R$ 566.

22. Finance income and costs

(a) Finance income

	Parent Company		Consolidated	
Finance income items	**2nd Quarter - 2019**	**2nd Quarter - 2018**	**2nd Quarter - 2019**	**2nd Quarter -2018**
Discounts obtained	515	337	520	360
Short term investment yields	405	3,197	405	3,197
Interest on intercompany loans	712	675		
Monetary gains	380	479	411	573
Other finance income			19	30
Taxes thereon (PIS/COFINS)	(93)	(217)	(93)	(217)
Present Value Adjustment (PVA) - finance income	12,859	13,079	14,641	14,393
Total finance income	**14,778**	**17,550**	**15,903**	**18,336**

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

(b) Finance costs

Finance cost items	Parent Company 2nd Quarter - 2019	Parent Company 2nd Quarter - 2018	Consolidated 2nd Quarter - 2019	Consolidated 2nd Quarter - 2018
Discounts granted to customers	(10)		(54)	(186)
Interest, charges and bank fees	(250)	(217)	(1,050)	(339)
Charges on debentures	(12,888)	(9,956)	(12,888)	(9,956)
Amortization of transaction costs	(443)	(165)	(443)	(165)
Charges on borrowings	(3,084)	(5,425)	(3,084)	(5,425)
Monetary losses (i)	(29,446)	(515)	(29,556)	(672)
Interest on payables to Subsidiary's shareholder	(905)	(1,386)	(905)	(1,386)
PVA - finance costs	(26,138)	(24,840)	(27,589)	(26,070)
Total finance costs	(73,164)	(42,504)	(75,569)	(44,199)
Finance income (costs), net	**(58,386)**	**(24,954)**	**(59,666)**	**(25,863)**

(i) The change in the balance is mostly due to interest on the leases described in Note 14.

23. Guarantees for lawsuits

The items of property and equipment were given as security for tax, social security and labor proceedings in the amount of R$ 105 (R$ 111 – Dec/2018) for the parent company and consolidated accounts.

24. Financial instruments and risk management policy

Financial instruments by category

Financial instruments items	Parent Company Jun-2019	Parent Company Dec-2018	Consolidated Jun-2019	Consolidated Dec-2018
Assets				
At amortized cost				
Cash and cash equivalents (Note 5)	142,473	238,153	145,387	241,568
Trade receivables (Note 6)	956,952	805,649	1,092,726	937,389
Other receivables	233,505	196,148	192,723	156,847
Judicial deposits (Note 15)	26,034	25,770	26,034	25,770
Subtotal	1,358,964	1,265,720	1,456,870	1,361,574
Total assets	**1,358,964**	**1,265,720**	**1,456,870**	**1,361,574**
Liabilities				
Liabilities at fair value through profit or loss				
Payables to Subsidiary's shareholder (Note 9)	38,168	36,380	38,168	36,380
Subtotal	38,168	36,380	38,168	36,380
Other financial liabilities				
Trade payables	1,867,271	2,033,620	1,959,370	2,141,274
Borrowings (Note 13)	943,207	826,244	979,710	843,150
Other payables	106,705	150,141	108,186	151,940
Subtotal	2,917,183	3,010,005	3,047,266	3,136,364
Total liabilities	**2,955,351**	**3,046,385**	**3,085,434**	**3,172,744**

All amounts in thousands of reais unless otherwise stated

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of financial and operational markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Board of Directors provides principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of non-derivative financial instruments and investment of surplus cash.

(a) Market risk

Foreign exchange risk

All of the asset and liability operations of the Group are denominated in Brazilian reais; therefore, the Company is not exposed to foreign exchange risk.

Interest rate risk

Most of the BNDES transactions are entered into based on the TLP + interest and on the SELIC rate. Financial investments are entered into based on the CDI variations, which does not result in higher interest rate risk since these variations are not significant. Management understands that there is a low risk of significant changes in profit or loss or in cash flows.

(b) Credit risk

Credit risk arises from financial assets, i.e. cash and cash equivalents, short-term investments and trade receivables.

Cash and cash equivalents and short-term investments are maintained with sound financial institutions.

The risk ratings of the cash equivalents are in accordance with the main risk rating agencies, according to the table below:

	Parent Company		Consolidated	
Risk rating	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Rating - National Scale				
brAAA	21,514	62,622	24,338	65,251
brAA+	3,733	14,680	3,734	15,464
brA	183	729	183	729
(*) n/a - Automatic investments	27,874	59,860	27,959	59,860
(*) n/a - Investment Funds	868	2,381	868	2,381
Total - National Scale	**54,172**	**140,272**	**57,082**	**143,685**

(*) Not applicable, since there is no risk rating for Automatic Investments and Funds.

The granting of credit on sales of goods follows a policy that aims at minimizing defaults. For the quarter ended June 30, 2019, credit sales represented 53% (52% - Dec/2018) for the parent company and 55% (54% - Dec/2018) for the consolidated accounts of which 93% (92% - Dec/2018) for the parent company and 86% (86% - Dec/2018) for the consolidated accounts related to credit card sales which, based on the history of losses, posed an extremely low risk.

All amounts in thousands of reais unless otherwise stated

The remaining 7% (8% - Dec/2018) and 14% (14% - Dec/2018) for the consolidated accounts are credits from PBMs, special plans with companies and post-dated checks and bills for payment that pose a low risk, due to customer selectivity and the adoption of individual limits.

(c) Liquidity risk

The Group's management continuously monitors forecasts of the Company's liquidity requirements, in order to ensure that it has sufficient cash to meet operational needs. The Group invests its surplus cash in financial assets with appropriate maturities to provide the liquidity necessary to honor its obligations.

(d) Sensitivity analysis

The table below presents a sensitivity analysis of financial instruments that are exposed to losses.

The most probable scenario (scenario I), according to the assessment made by management, is based on a three-month horizon. Two further scenarios are presented, pursuant to CVM Instruction 475/08, in order to show a 25% and 50% deterioration in the risk variables considered (scenarios II and III).

Parent Company

Operation	Risk	Notional amount	Scenario I (probable)	Scenario II	Scenario III
Short term investments - CDI	0.5% increase	50,206	251	314	377
Revenue			**251**	**314**	**377**
REFIS (SELIC)	0.5% increase	1,156	6	7	9
Expense			**6**	**7**	**9**

Consolidated

Operation	Risk	Notional amount	Scenario I (probable)	Scenario II	Scenario III
Short term investments - CDI	0.5% increase	52,433	262	328	394
Revenue			**262**	**328**	**394**
REFIS (SELIC)	0.5% increase	1,156	6	7	9
Expense			**6**	**7**	**9**

The risk of variations in the TLP on BNDES operations which could result in material losses for the Group is not considered as probable by management.

(e) Capital management

The Group's objective relating to capital management is to maintain the Group's investment capacity, thus allowing it to grow its business and provide proper returns for stockholders.

The Group has adopted a policy of not leveraging its capital structure with borrowing, except for long-term credit facilities from BNDES (FINEM) and debentures at interest rates that are commensurate with the Group's profit levels.

All amounts in thousands of reais unless otherwise stated

Accordingly, this ratio corresponds to the net debt expressed as a percentage of total capital. The net debt, in turn, corresponds to total borrowings less cash and cash equivalents. The total capital is calculated through the sum of the equity, as shown in the individual and consolidated balance sheet, and the net debt, as presented below:

The increase in the gearing ratio at June 30, 2019 was mainly due to the issue of debentures (Note 13) and consequent use of the resources obtained in the Company's investments and operation.

	Parent Company		Consolidated	
Capital management items	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Short and long-term borrowings	943,207	826,244	979,710	843,150
(-) Cash and cash equivalents	(142,473)	(238,153)	(145,387)	(241,568)
Net debt	**800,734**	**588,091**	**834,323**	**601,582**
Equity attributable to the stockholders of the parent company	3,552,104	3,499,857	3,552,104	3,499,857
Non-controlling interest			39,189	34,910
Total equity	3,552,104	3,499,857	3,591,293	3,534,767
Total capital	**4,352,838**	**4,087,948**	**4,425,616**	**4,136,349**
Gearing ratio	**18.40**	**14.39**	**18.85**	**14.54**

	Parent Company		Consolidated	
Adjusted net debt with lease liabilities	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Net debt	800,734	588,091	834,323	601,582
Lease liabilities	3,621,368		3,626,372	
Adjusted net debt	**4,422,102**	**588,091**	**4,460,695**	**601,582**
Total equity	3,552,104	3,499,857	3,591,293	3,534,767
Total adjusted capital	7,974,206	**4,087,948**	8,051,988	**4,136,349**
Adjusted gearing ratio (%)	55.46	**14.39**	55.40	**14.54**

As described in Note 14, as from January 1, 2019, the Group recognized in its balance sheet the obligations associated with lease agreements where it has control. On June 30, 2019, the balance of lease liabilities in the Parent Company and Consolidated, corresponded to R$ 3,621,368 and R$ 3,626,372, respectively. Considering the lease liability in the capital management calculation, the gearing ratio of the Company and the Group would be 55.46% in the Parent Company and 55.40% in the Consolidated.

(f) Fair value estimation

The carrying values of financial investments in the balance sheet approximate their fair values since the remuneration rates are based on the CDI variation. The carrying values of trade receivables and payables are measured at amortized cost and are recorded at their original amount, less the provision for impairment and adjustment to present value, when applicable. The carrying values are assumed to approximate their fair values, taking into consideration the realization of these balances and settlement terms not exceeding 60 days.

Borrowings are classified as financial liabilities not measured at fair value and are carried at amortized cost and according to contractual conditions. The fair values of the borrowings approximate their carrying values since they refer to financial instruments with rate that approximate market rates. The estimated fair values are:

All amounts in thousands of reais unless otherwise stated

	Parent Company				Consolidated			
Fair value estimation	**Carrying amount**		**Fair value**		**Carrying amount**		**Fair value**	
	Jun-2019	**Dec-2018**	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
BNDES	133,214	186,033	133,189	185,996	133,214	186,033	133,189	185,996
Debentures	809,993	640,211	810,073	640,256	809,993	640,211	810,073	640,256
Other					36,503	16,906	36,503	16,906
Total	**943,207**	**826,244**	**943,262**	**826,252**	**979,710**	**843,150**	**979,765**	**843,158**

For disclosure purposes, the fair value of financial liabilities is estimated by discounting future contractual cash flow at the interest rates available in the market that are available to the Group for similar financial instruments. The effective interest rates at the balance sheet dates are usual market rates and their fair value does not significantly differ from the balances in the accounting records.

At June 30, 2019, the Group had no material assets and liabilities measured at fair value at Level 1 and Level 2 in the fair value hierarchy. The following table presents the changes in Level 3 instruments for the quarter ended June 30, 2019:

	Parent company and consolidated	
	Payables to Subsidiary's shareholder	
Changes in payables to Subsidiary's shareholder	**Jun-2019**	**Jun-2018**
Opening balance	36,380	47,515
Expenses/(revenue) recognized in the statement of income	1,788	2,734
Closing balance	38,168	50,249
Total expenses/(revenue) for the year recognized in the statement of income	**1,788**	**2,734**
Changes in unrealized expenses/(revenue) for the year included in the statement of income	**1,788**	**2,734**

25. Derivative financial instruments

The Group does not operate with derivative instruments, except in specific situations. At June 30, 2019 and December 31, 2018, the Group did not have any derivative transactions.

All amounts in thousands of reais unless otherwise stated

26. Transactions with related parties

(a) Transactions with related parties consist of transactions with the Company's stockholders and persons connected to them:

		Current assets				Transacted amount			
		Parent Company		Consolidated		Parent Company		Consolidated	
Related parties	**Relationship**	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**	**2nd quarter-2019**	**2nd quarter-2018**	**2nd quarter-2019**	**2nd quarter-2018**
Receivables									
Special plans (i)									
Regimar Comercial S.A.	Stockholder/Family	10	8	10	8	23	23	23	23
Heliomar Ltda.	Stockholder/Board Member	1	1	1	1	3	3	3	3
Rodrigo Wright Pipponzi (Editora Mol Ltda.)	Stockholder/Family	1	1	1	1	1	1	1	1
Natura Cosméticos S.A. (ii)	Stockholder/Related party	123	8	123	8	365	314	365	314
4Bio Medicamentos S.A. (v)	Subsidiary	47	17	47	17	85	76	85	76
Subtotal		182	35	182	35	477	417	477	417
Other receivables									
Commercial agreements									
Natura Cosméticos S.A. (ii)	Stockholder/Related party	86	102	86	102	163	182	163	182
Advances to suppliers									
Cfly Consultoria e Gestão Empresarial Ltda. (iii)	Family	179	414	179	414				
Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire – Advogados (iv)	Stockholder/Family	70	3	70	3				
Loan and other receivables									
4Bio Medicamentos S.A. (v)	Subsidiary	42,841	41,395			842	787		
Subtotal		43,176	41,914	335	519	1,005	969	163	182
Total receivables from related parties		**43,358**	**41,949**	**517**	**554**	**1,482**	**1,386**	**640**	**599**

Notes to the quarterly information

All amounts in thousands of reais unless otherwise stated

		Parent Company		Consolidated		Parent Company		Consolidated	
		Current liabilities				Transacted amount			
Related parties	**Relationship**	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**	**2nd quarter-2019**	**2nd quarter-2018**	**2nd quarter-2019**	**2nd quarter-2018**
Payables									
Rentals (ii)									
Heliomar Ltda.	Stockholder/Board Member	20	21	20	21	60	50	60	50
Antonio Carlos Pipponzi	Stockholder/Board Member	7	7	7	7	23	23	23	23
Rosalia Pipponzi Raia	Stockholder/Board Member	7	7	7	7	23	23	23	23
Estate of Franco Maria David Pietro Pipponzi	Stockholder/Board Member	7	7	7	7	23	23	23	23
Subtotal		41	42	41	42	129	119	129	119
Service providers									
Zurcher, Ribeiro Filho, Pires Oliveira Dias e	Stockholder/Family	3		3		2,169	1,709	2,169	1,709
Rodrigo Wright Pipponzi (Editora Mol Ltda.) (vii)	Stockholder/Family	924	924	924	924	3,046	2,516	3,046	2,516
Cfly Consultoria e Gestão Empresarial Ltda. (iii)	Family	182	34	182	34	724	704	724	704
FMA Assessoria e Consultoria (viii)	Stockholder/Board Member					10	30	10	30
Subtotal		1,109	958	1,109	958	5,949	4,959	5,949	4,959
Suppliers									
Natura Cosméticos S.A. (ii)	Stockholder/Related party	503	632	503	632	810	994	810	994
Subtotal		503	632	503	632	810	994	810	994
Total payables to related parties		**1,653**	**1,632**	**1,653**	**1,632**	**6,888**	**6,072**	**6,888**	**6,072**

All amounts in thousands of reais unless otherwise stated

(i) Refer to sales made by agreements whose transactions are executed into under commercial conditions equivalent to those practiced with other companies.

(ii) Purchase and sale of Natura Cosméticos S.A.'s products, which will be sold across the national territory and Raia Drogasil will receive a percentage on the products sold. Some members of the controlling block of Natura Cosméticos S.A. indirectly own shares of Raia Drogasil S.A..

(iii) Provision of services of aircraft operation to the owner Raia Drogasil S.A., which will pay the operator a monthly remuneration for the services of Operational Advisory, Compliance, Finance, Maintenance Coordination and Maintenance Technical Control.

(iv) Transaction related to Legal Advisory.

(v) During 2016 and 2017 loan transactions between Raia Drogasil S.A. (Lender) and 4Bio Medicamentos S.A. (Borrower) were carried out in the amounts of R$ 14,000 and R$ 20,100, respectively. All loan agreements are monetarily restated by 110% of the CDI, and mature in December 2019.

Other receivables comprises commissions on Raia Drogasil referrals (R$ 83).

(vi) Transactions related to rental of commercial properties for the implementation of stores.

(vii) These balances and transactions relate to service agreements for the development, creation and production of marketing materials for the institutional sales area, and the design of the Company's internal magazine.

(viii) Transactions related to sales representation services with trade associations.

Moreover, we inform that there are no additional transactions other than the amounts presented above and that the category of the related parties corresponds to the entity's key management personnel.

(b) Key management compensation

Key management includes the Officers, Directors and members of the Supervisory Board. The compensation paid or payable for services rendered is as follows:

	Parent Company		Consolidated	
Compensation items	**2nd Quarter - 2019**	**2nd Quarter - 2018**	**2nd Quarter - 2019**	**2nd Quarter - 2018**
Fees and social charges	8,850	7,824	9,772	8,688
Bonuses and social charges	11,100	7,062	11,210	7,110
Fringe benefits	210	497	210	497
Total	**20,160**	**15,383**	**21,192**	**16,295**

All amounts in thousands of reais unless otherwise stated

27. Insurance coverage

The Company has adopted a policy of taking out insurance coverage at amounts deemed sufficient to cover any losses on assets or civil liability attributed to it taking into consideration the nature of its activities and the guidance of its insurance consultants

The Group had the following insurance coverage at June 30, 2019:

	Parent Company		Consolidated	
Insurance items	**Jun-2019**	**Dec-2018**	**Jun-2019**	**Dec-2018**
Inventory loss risks	362,272	182,449	420,588	217,837
Permanent assets	417,494	289,479	427,401	296,619
Loss of profits	242,556	242,556	335,743	293,670
Civil liability risks	38,424	38,424	40,000	40,000

28. Non-cash transactions

At June 30, 2019, the main transactions that did not involve the Group's cash were:

(i) the restatement of the financial liability arising from payables to Subsidiary's shareholder (Note 9);
(ii) part of the compensation of key management personnel associated with the restricted share plan (Note 26);
(iii) the installment purchase of property and equipment items in the amount of R$ 15,899 (R$ 18,932 - Dec/ 2018);
(iv) Recognition of lease liability with a balancing item to the right-of-use asset on January 1, 2019, adjusted to present value in the amount of R$ 3,663,759, additions of new agreements in the amount of R$ 233,064 and termination of agreements in the amount of (R$ 34,023).

29. Events after the reporting period

On July 1, 2019, the acquisition of shares representing Onofre's share capital was completed and the information on this acquisition is described in Note 1.

On June 17, 2019, the Company issued the 4th issue of non-convertible, simple unsecured debentures in a single series, for public distribution with restricted efforts (CVM476), with settlement on July 12, 2019, in the amount of R $ 300,000, with remuneration of 106.99% of CDI and payment term of 8 years. Interest payments will be semi-annual, and principal will be amortized in two equal annual and consecutive installments, the last installment to be paid on June 17, 2027. The funds raised will be used to reinforce working capital.

Comment on the Behavior of Business Projections

In this section, pursuant to CVM Instruction 480/09, we compare the store opening projections for the Company with the data on store openings actually conducted every year, until the end of the current year. The projections for 2016 and 2017 were disclosed to the market on July 28, 2016, while the projections for 2018 and 2019 were disclosed on November 9, 2017.

YEAR	PRIOR PROJECTION	CURRENT PROJECTION	ACTUAL ACCUMULATED[1]
2016	165 openings	200 openings	212 openings
2017	195 openings	200 openings	210 openings
2018		240 openings	240 openings
2019		240 openings	109 openings

[1] **For 2019, accumulated until 06/30/2019.**

On July 28, 2016, we revised the prior projection of 165 openings in 2016 and 195 openings in 2017 to 200 store openings for both years. The Company has ended 2018 with 240 store openings, and reiterate the projection of 240 openings for 2019.

(A free translation of the original in Portuguese)

Reports and Statements / Report on Special Review - Without Exceptions

Report on review of quarterly information

To the Board of Directors and Stockholders
Raia Drogasil S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Raia Drogasil S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2019, 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.

Reports and Statements / Report on Special Review - Without Exceptions

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2019. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, August 6, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Renato Barbosa Postal
Contador CRC 1SP187382/O-0

(A free translation of the original in Portuguese)

Opinions and Representations / Opinion of Supervisory Board or Equivalent Body

To the Board of Directors and Stockholders Raia Drogasil S.A.

The Company's Supervisory Board, in exercising its duties and legal responsibilities, has examined the Quarterly Information (ITR) for the quarter ended June 30, 2019 and, based on the examinations performed and on clarifications provided by management, and also considering the favorable Report on Special Review without exceptions, issued by the independent auditor PricewaterhouseCoopers Auditores Independentes, the Supervisory Board members concluded that the documents above are fairly presented, in all material respects.

São Paulo, August 6, 2019.

Gilberto Lério
Supervisory Board member

Fernando Carvalho Braga
Supervisory Board member

Mário Antonio Luiz Corrêa
Supervisory Board member

(A free translation of the original in Portuguese)

Opinions and Representations / Officers' Representation on Financial Statements

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the conclusions expressed in the quarterly information (ITR) for the quarter ended June 30, 2019.

São Paulo, August 6, 2019.

Marcilio D'Amico Pousada
Chief Executive Officer

Fernando Kozel Varela
Officer

Antonio Carlos Coelho
Officer

Renato Cepollina Raduan
Officer

Eugênio De Zagottis
Officer

Maria Susana de Souza
Officer

Marcello De Zagottis
Officer

Antonio Carlos Marques de Oliveira
Accountant in charge CRC-1SP215445/O-0

(A free translation of the original in Portuguese)

Opinions and Representations / Officers' Representation on Independent Auditor's Report

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the Quarterly Information (ITR) for the quarter ended June 30, 2019.

São Paulo, August 6, 2019.

Marcilio D'Amico Pousada
Chief Executive Officer

Fernando Kozel Varela
Officer

Antonio Carlos Coelho
Officer

Renato Cepollina Raduan
Officer

Eugênio De Zagottis
Officer

Maria Susana de Souza
Officer

Marcello De Zagottis
Officer

Antonio Carlos Marques de Oliveira
Accountant in charge CRC-1SP215445/O-0