

(A free translation of the original in Portuguese)

**Raia Drogasil S.A.**  
**Quarterly Information (ITR) at**  
**March 31, 2018**  
**and report on review of**  
**quarterly information**

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## Company information/capital composition

| <b>Number of shares<br/>(units)</b> | <b>Current quarter<br/>3/31/2018</b> |
|-------------------------------------|--------------------------------------|
| <b>Paid-up share capital</b>        |                                      |
| <b>Common shares</b>                | 330,386,000                          |
| <b>Preferred shares</b>             | 0                                    |
| <b>Total</b>                        | 330,386,000                          |
| <b>Treasury shares</b>              |                                      |
| <b>Common shares</b>                | 1,046,572                            |
| <b>Preferred shares</b>             | 0                                    |
| <b>Total</b>                        | 1,046,572                            |

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Company information/dividends**

| <b>Event</b>                | <b>Date approved</b> | <b>Description</b>  | <b>Initial date of payment</b> | <b>Type of share</b> | <b>Class of share</b> | <b>Amount per share<br/>(Reais/share)</b> |
|-----------------------------|----------------------|---------------------|--------------------------------|----------------------|-----------------------|---|
| Board of Directors' Meeting | 3/21/2018            | Interest on capital | 12/3/2018                      | Common               |                       | 0.15486                                   |

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Parent company financial information/balance sheet - assets**

**(R\$ thousand)**

| <b>Code</b>   | <b>Description</b>                                | <b>Current quarter<br/>3/31/2018</b> | <b>Prior year<br/>12/31/2017</b> |
|---------------|---|--------------------------------------|----------------------------------|
| 1             | Total assets                                      | 6,371,953                            | 6,354,767                        |
| 1.01          | Current assets                                    | 3,812,607                            | 3,825,154                        |
| 1.01.01       | Cash and cash equivalents                         | 99,075                               | 255,911                          |
| 1.01.03       | Trade receivables                                 | 1,050,065                            | 994,559                          |
| 1.01.03.01    | Customers   | 869,734                              | 837,582                          |
| 1.01.03.01.01 | Checks receivable                                 | 4,504                                | 3,742                            |
| 1.01.03.01.02 | Credit and debit cards                            | 794,589                              | 780,138                          |
| 1.01.03.01.03 | PBM - Medicine benefit program                    | 49,711                               | 36,600                           |
| 1.01.03.01.04 | Agreements with companies                         | 21,716                               | 20,988                           |
| 1.01.03.01.05 | Bank slips/ Online transfer                       | 36                                   | 3                                |
| 1.01.03.01.06 | (-) Provision for impairment of trade receivables | -822                                 | -3,889                           |
| 1.01.03.02    | Other receivables                                 | 180,331                              | 156,977                          |
| 1.01.03.02.01 | Advances to employees                             | 7,277                                | 6,054                            |
| 1.01.03.02.02 | Returns to suppliers                              | 5,655                                | 6,656                            |
| 1.01.03.02.03 | Commercial agreements                             | 104,058                              | 93,550                           |
| 1.01.03.02.04 | Loan receivable                                   | 39,558                               | 38,831                           |
| 1.01.03.02.05 | Other   | 23,783                               | 11,886                           |
| 1.01.04       | Inventory   | 2,563,832                            | 2,478,939                        |
| 1.01.04.01    | Goods for resale                                  | 2,575,460                            | 2,490,941                        |
| 1.01.04.02    | Materials   | 1,686                                | 1,819                            |
| 1.01.04.03    | (-) Allowance for losses on goods                 | -13,314                              | -13,821                          |
| 1.01.06       | Taxes recoverable                                 | 67,355                               | 78,088                           |
| 1.01.06.01    | Current taxes recoverable                         | 67,355                               | 78,088                           |
| 1.01.06.01.01 | Taxes on profit                                   | 5,074                                | 654                              |
| 1.01.06.01.02 | Other taxes recoverable                           | 62,281                               | 77,434                           |
| 1.01.07       | Prepaid expenses                                  | 32,280                               | 17,657                           |
| 1.02          | Non-current assets                                | 2,559,346                            | 2,529,613                        |
| 1.02.01       | Long term receivables                             | 67,747                               | 68,753                           |
| 1.02.01.03    | Trade receivables                                 | 1,284                                | 1,622                            |
| 1.02.01.03.02 | Other receivables                                 | 1,284                                | 1,622                            |
| 1.02.01.07    | Prepaid expenses                                  | 2,718                                | 4,941                            |
| 1.02.01.09    | Other non-current assets                          | 63,745                               | 62,190                           |
| 1.02.01.09.03 | Judicial deposits                                 | 29,972                               | 29,215                           |
| 1.02.01.09.04 | Taxes recoverable                                 | 33,773                               | 32,975                           |
| 1.02.02       | Investments                                       | 31,897                               | 31,489                           |
| 1.02.02.01    | Equity interests                                  | 31,897                               | 31,489                           |
| 1.02.02.01.02 | Interests in subsidiaries                         | 31,897                               | 31,489                           |
| 1.02.03       | Property and equipment                            | 1,304,582                            | 1,273,913                        |
| 1.02.04       | Intangible assets                                 | 1,155,120                            | 1,155,458                        |

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Parent company financial information/balance sheet - liabilities and equity**

**(R\$ thousand)**

| <b>Code</b>   | <b>Description</b>  | <b>Current quarter<br/>3/31/2018</b> | <b>Prior year<br/>12/31/2017</b> |
|---------------|---|--------------------------------------|----------------------------------|
| 2             | Total liabilities and equity                                      | 6,371,953                            | 6,354,767                        |
| 2.01          | Current liabilities   | 2,481,223                            | 2,415,001                        |
| 2.01.01       | Social security and labor obligations                             | 201,598                              | 198,835                          |
| 2.01.01.01    | Social security obligations                                       | 36,745                               | 40,378                           |
| 2.01.01.02    | Labor obligations   | 164,853                              | 158,457                          |
| 2.01.02       | Trade payables  | 1,748,118                            | 1,745,041                        |
| 2.01.02.01    | Domestic suppliers  | 1,748,118                            | 1,745,041                        |
| 2.01.03       | Tax obligations   | 94,424                               | 127,247                          |
| 2.01.03.01    | Federal tax obligations   | 36,325                               | 75,883                           |
| 2.01.03.01.01 | Income tax and social contribution payable                        | 0                                    | 3,189                            |
| 2.01.03.01.02 | Other federal tax obligations                                     | 36,325                               | 72,694                           |
| 2.01.03.02    | State tax obligations   | 53,782                               | 49,318                           |
| 2.01.03.03    | Municipal tax obligations   | 4,317                                | 2,046                            |
| 2.01.04       | Borrowing   | 186,160                              | 196,248                          |
| 2.01.04.01    | Borrowing   | 111,297                              | 126,741                          |
| 2.01.04.01.01 | In local currency   | 111,297                              | 126,741                          |
| 2.01.04.02    | Debentures  | 74,863                               | 69,507                           |
| 2.01.04.02.01 | Debentures  | 74,863                               | 69,507                           |
| 2.01.05       | Other obligations   | 230,658                              | 136,098                          |
| 2.01.05.02    | Other   | 230,658                              | 136,098                          |
| 2.01.05.02.01 | Dividends and interest on capital                                 | 133,747                              | 37,288                           |
| 2.01.05.02.04 | Rentals   | 67,916                               | 65,768                           |
| 2.01.05.02.05 | Other payables  | 28,995                               | 33,042                           |
| 2.01.06       | Provision   | 20,265                               | 11,532                           |
| 2.01.06.01    | Provision for tax, social security, labor and civil contingencies | 4,289                                | 2,817                            |
| 2.01.06.01.01 | Tax provision   | 93                                   | 93                               |
| 2.01.06.01.05 | Provision for legal claims  | 4,196                                | 2,724                            |
| 2.01.06.02    | Other provisions  | 15,976                               | 8,715                            |
| 2.01.06.02.04 | Provisions for sundry obligations                                 | 15,976                               | 8,715                            |
| 2.02          | Non-current liabilities   | 694,531                              | 717,253                          |
| 2.02.01       | Borrowing   | 387,345                              | 414,711                          |
| 2.02.01.01    | Borrowing   | 153,960                              | 181,062                          |
| 2.02.01.01.01 | In local currency   | 153,960                              | 181,062                          |
| 2.02.01.02    | Debentures  | 233,385                              | 233,649                          |
| 2.02.01.02.01 | Debentures  | 233,385                              | 233,649                          |
| 2.02.02       | Other obligations   | 59,842                               | 68,156                           |
| 2.02.02.01    | Payables to related parties                                       | 48,863                               | 47,515                           |
| 2.02.02.01.02 | Payables to subsidiaries  | 48,863                               | 47,515                           |
| 2.02.02.02    | Other   | 10,979                               | 20,641                           |
| 2.02.02.02.03 | Tax recovery program (REFIS)                                      | 10,979                               | 20,641                           |
| 2.02.03       | Deferred taxes  | 241,371                              | 226,217                          |
| 2.02.03.01    | Deferred income tax and social contribution                       | 241,371                              | 226,217                          |
| 2.02.04       | Provision   | 5,973                                | 8,169                            |
| 2.02.04.01    | Provision for tax, social security, labor and civil contingencies | 5,973                                | 8,169                            |
| 2.02.04.01.05 | Provision for legal claims  | 5,973                                | 8,169                            |
| 2.03          | Equity  | 3,196,199                            | 3,222,513                        |
| 2.03.01       | Paid-up share capital   | 1,808,639                            | 1,808,639                        |
| 2.03.02       | Capital reserves  | 107,490                              | 151,156                          |
| 2.03.04       | Revenue reserves  | 1,228,149                            | 1,280,751                        |
| 2.03.04.01    | Legal reserve   | 90,397                               | 90,397                           |
| 2.03.04.02    | Statutory reserve   | 1,137,752                            | 1,137,752                        |
| 2.03.04.08    | Proposed additional dividends                                     | 0                                    | 52,602                           |
| 2.03.05       | Retained earnings (accumulated deficit)                           | 69,998                               | 0                                |
| 2.03.06       | Carrying value adjustments  | -18,077                              | -18,033                          |

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Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

**Parent company financial information/statement of income**

**(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                               | <b>Accumulated -<br/>current year<br/>1/1/2018 to<br/>3/31/2018</b> | <b>Accumulated -<br/>prior year<br/>1/1/2017 to<br/>3/31/2017</b> |
|-------------|--|---|---|
| 3.01        | Net sales revenue                                | 3,288,636   | 2,948,298   |
| 3.01.01     | Gross sales revenue                              | 3,445,235   | 3,094,321   |
| 3.01.02     | Taxes on sales                                   | -129,961  | -110,569  |
| 3.01.03     | Rebates  | -26,638   | -35,454   |
| 3.02        | Cost of sales and/or services                    | -2,276,387  | -2,039,509  |
| 3.03        | Gross profit                                     | 1,012,249   | 908,789   |
| 3.04        | Operating income/expenses                        | -837,413  | -746,154  |
| 3.04.01     | Selling expenses                                 | -664,850  | -591,131  |
| 3.04.02     | General and administrative expenses              | -172,971  | -153,041  |
| 3.04.02.01  | Administrative expenses                          | -77,500   | -76,035   |
| 3.04.02.02  | Depreciation and amortization                    | -95,471   | -77,006   |
| 3.04.05     | Other operating expenses                         | 0   | -2,160  |
| 3.04.05.01  | Extraordinary expenses                           | 0   | -2,160  |
| 3.04.06     | Equity in the results of investees               | 408   | 178   |
| 3.05        | Profit before finance results and taxes          | 174,836   | 162,635   |
| 3.06        | Finance results                                  | -15,508   | -28,298   |
| 3.06.01     | Finance income                                   | 15,803  | 27,181  |
| 3.06.02     | Finance costs                                    | -31,311   | -55,479   |
| 3.07        | Profit before income tax and social contribution | 159,328   | 134,337   |
| 3.08        | Income tax and social contribution               | -38,374   | -30,481   |
| 3.08.01     | Current  | -23,197   | -24,207   |
| 3.08.02     | Deferred   | -15,177   | -6,274  |
| 3.09        | Profit (loss) from continuing operations         | 120,954   | 103,856   |
| 3.11        | Profit/loss for the period                       | 120,954   | 103,856   |
| 3.99        | Earnings per share - (Reais/share)               |   |   |
| 3.99.01     | Basic earnings per share - R\$                   |   |   |
| 3.99.01.01  | Common shares                                    | 0.36696   | 0.31463   |
| 3.99.02     | Diluted earnings per share - R\$                 |   |   |
| 3.99.02.01  | Common shares                                    | 0.36768   | 0.31463   |

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Parent company financial information/statement of comprehensive income**

**(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                  | <b>Current quarter<br/>1/1/2018 to<br/>3/31/2018</b> | <b>Accumulated-<br/>prior year<br/>1/1/2017 to<br/>3/31/2017</b> |
|-------------|-------------------------------------|--|--|
| 4.01        | Profit for the period               | 120,954  | 103,856  |
| 4.03        | Comprehensive income for the period | 120,954  | 103,856  |



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Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

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

**(R\$ thousand)**

| <b>Code</b> | <b>Description</b>   | <b>Accumulated -<br/>current year<br/>1/1/2018 to<br/>3/31/2018</b> | <b>Accumulated -<br/>prior year<br/>1/1/2017 to<br/>3/31/2017</b> |
|-------------|--|---|---|
| 6.01        | Net cash provided by operating activities                          | 56,261  | 4,010   |
| 6.01.01     | Cash from operations   | 264,528   | 242,374   |
| 6.01.01.01  | Profit before income tax and social contribution                   | 159,328   | 134,337   |
| 6.01.01.02  | Depreciation and amortization                                      | 95,471  | 77,006  |
| 6.01.01.03  | Share-based compensation plan, net                                 | 3,259   | 2,765   |
| 6.01.01.04  | Interest on payables to subsidiary                                 | 1,348   | 2,310   |
| 6.01.01.05  | Result on disposal of property and equipment and intangible assets | 1,787   | 429   |
| 6.01.01.06  | Provision for legal claims   | 598   | 10,534  |
| 6.01.01.07  | (Reversal) provision for inventory losses                          | -507  | 1,086   |
| 6.01.01.08  | Provision for impairment of trade receivables                      | -2,946  | 1,460   |
| 6.01.01.09  | (Reversal) provision for store closures                            | -592  | -91   |
| 6.01.01.10  | Interest expenses  | 11,128  | 12,716  |
| 6.01.01.11  | Amortization of transaction cost of debentures                     | -3,938  | 0   |
| 6.01.01.12  | Equity in results of investees                                     | -408  | -178  |
| 6.01.02     | Changes in assets and liabilities                                  | -174,648  | -216,433  |
| 6.01.02.01  | Trade receivables and other receivables                            | -51,824   | -37,806   |
| 6.01.02.02  | Inventory  | -84,386   | -48,927   |
| 6.01.02.03  | Other current assets   | -3,890  | 146   |
| 6.01.02.04  | Long term receivables  | 1,008   | -4,289  |
| 6.01.02.05  | Trade payables   | 102   | -135,344  |
| 6.01.02.06  | Salaries and social charges  | 2,763   | -6,475  |
| 6.01.02.07  | Taxes and contributions  | -32,799   | 14,285  |
| 6.01.02.08  | Other liabilities  | -7,770  | 324   |
| 6.01.02.09  | Rentals payable  | 2,148   | 1,653   |
| 6.01.03     | Other  | -33,619   | -21,931   |
| 6.01.03.01  | Interest paid  | -3,292  | -5,466  |
| 6.01.03.02  | Income tax and social contribution paid                            | -30,327   | -16,465   |
| 6.02        | Net cash used in investing activities                              | -124,759  | -141,285  |
| 6.02.01     | Purchases of property and equipment and intangible assets          | -124,033  | -135,146  |
| 6.02.02     | Proceeds from sale of property and equipment                       | 0   | 494   |
| 6.02.03     | Loans granted to subsidiaries                                      | -726  | -6,633  |
| 6.03        | Net cash used in financing activities                              | -88,338   | 45,648  |
| 6.03.01     | Borrowing  | 598   | 72,097  |
| 6.03.02     | Repayments of borrowing  | -41,950   | -26,382   |
| 6.03.03     | Repurchase of shares   | -46,925   | 0   |
| 6.03.04     | Interest on capital and dividends paid                             | -61   | -67   |
| 6.05        | Increase (decrease) in cash and cash equivalents                   | -156,836  | -91,627   |
| 6.05.01     | Cash and cash equivalents at the beginning of the period           | 255,911   | 273,095   |
| 6.05.02     | Cash and cash equivalents at the end of the period                 | 99,075  | 181,468   |

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Parent company financial information/statement of changes in equity - 1/1/2018 to 3/31/2018**

**(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             | 151,156   | 1,292,948        | 0                                      | -30,230                    | 3,222,513 |
| 5.03    | Adjusted opening balance  | 1,808,639             | 151,156   | 1,292,948        | 0                                      | -30,230                    | 3,222,513 |
| 5.04    | Equity transactions with owners                                   | 0                     | -43,666   | -52,602          | -51,000                                | 0                          | -147,268  |
| 5.04.07 | Interest on capital   | 0                     | 0   | 0                | -51,000                                | 0                          | -51,000   |
| 5.04.08 | Interest on capital of 2017 approved at the AGM of March 28, 2018 | 0                     | 0   | -52,602          | 0                                      | 0                          | -52,602   |
| 5.04.09 | Restricted share plan - Vesting period                            | 0                     | 3,259   | 0                | 0                                      | 0                          | 3,259     |
| 5.04.10 | Restricted share plan - Delivery                                  | 0                     | -7,382  | 0                | 0                                      | 0                          | -7,382    |
| 5.04.11 | Goodwill on sale of shares  | 0                     | 3,115   | 0                | 0                                      | 0                          | 3,115     |
| 5.04.12 | Treasury shares - Delivery  | 0                     | 4,267   | 0                | 0                                      | 0                          | 4,267     |
| 5.04.13 | Repurchase of shares  | 0                     | -46,925   | 0                | 0                                      | 0                          | -46,925   |
| 5.05    | Total comprehensive income  | 0                     | 0   | 0                | 120,954                                | 0                          | 120,954   |
| 5.05.01 | Profit for the period   | 0                     | 0   | 0                | 120,954                                | 0                          | 120,954   |
| 5.06    | Internal changes in equity  | 0                     | 0   | -44              | 44                                     | 0                          | 0         |
| 5.06.02 | Realization of revaluation reserve                                | 0                     | 0   | -67              | 67                                     | 0                          | 0         |
| 5.06.03 | Taxes on realization of revaluation reserve                       | 0                     | 0   | 23               | -23                                    | 0                          | 0         |
| 5.07    | Closing balance   | 1,808,639             | 107,490   | 1,240,302        | 69,998                                 | -30,230                    | 3,196,199 |

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Parent company financial information/statement of changes in equity - 1/1/2017 to 3/31/2017**

**(R\$ thousand)**

| <b>Code</b> | <b>Description</b>  | <b>Paid-up<br/>share<br/>capital</b> | <b>Capital reserves,<br/>options granted and<br/>treasury shares</b> | <b>Revenue<br/>reserves</b> | <b>Retained<br/>earnings/<br/>accumulated<br/>deficit</b> | <b>Other<br/>comprehensive<br/>income</b> | <b>Equity</b> |
|-------------|---|--------------------------------------|--|-----------------------------|---|---|---------------|
| 5.01        | Opening balance   | 1,808,639                            | 138,553  | 992,825                     | 0   | -30,230                                   | 2,909,787     |
| 5.03        | Adjusted opening balance  | 1,808,639                            | 138,553  | 992,825                     | 0   | -30,230                                   | 2,909,787     |
| 5.04        | Equity transactions with owners                                   | 0                                    | 2,765  | -61,324                     | -51,000   | 0   | -109,559      |
| 5.04.07     | Interest on capital   | 0                                    | 0  | 0                           | -51,000   | 0   | -51,000       |
| 5.04.08     | Interest on capital of 2016 approved at the AGM of March 29, 2017 | 0                                    | 0  | -61,324                     | 0   | 0   | -61,324       |
| 5.04.09     | Restricted share plan - Vesting period                            | 0                                    | 2,765  | 0                           | 0   | 0   | 2,765         |
| 5.04.10     | Restricted share plan - Delivery                                  | 0                                    | -4,863   | 0                           | 0   | 0   | -4,863        |
| 5.04.11     | Goodwill on sale of shares  | 0                                    | 1,382  | 0                           | 0   | 0   | 1,382         |
| 5.04.12     | Treasury shares - Delivery  | 0                                    | 3,481  | 0                           | 0   | 0   | 3,481         |
| 5.05        | Total comprehensive income  | 0                                    | 0  | 0                           | 103,856   | 0   | 103,856       |
| 5.05.01     | Profit for the period   | 0                                    | 0  | 0                           | 103,856   | 0   | 103,856       |
| 5.06        | Internal changes in equity  | 0                                    | 0  | -47                         | 47  | 0   | 0             |
| 5.06.02     | Realization of revaluation reserve                                | 0                                    | 0  | -70                         | 70  | 0   | 0             |
| 5.06.03     | Taxes on realization of revaluation reserve                       | 0                                    | 0  | 23                          | -23   | 0   | 0             |
| 5.07        | Closing balance   | 1,808,639                            | 141,318  | 931,454                     | 52,903  | -30,230                                   | 2,904,084     |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

**Parent company financial information/statement of value added**

**(R\$ thousand)**

| Code       | Description   | Accumulated -                         | Accumulated -                       |
|------------|---|---------------------------------------|-------------------------------------|
|            |   | current year<br>1/1/2018 to 3/31/2018 | prior year<br>1/1/2017 to 3/31/2017 |
| 7.01       | Revenue   | 3,421,755                             | 3,057,840                           |
| 7.01.01    | Sales of products and services                            | 3,418,599                             | 3,058,867                           |
| 7.01.02    | Other income  | 210                                   | 433                                 |
| 7.01.04    | Provision for/reversal of impairment of trade receivables | 2,946                                 | -1,460                              |
| 7.02       | Inputs acquired from third parties                        | -2,294,525                            | -2,018,652                          |
| 7.02.01    | Cost of sales and services                                | -2,101,646                            | -1,846,051                          |
| 7.02.02    | Materials, energy, outsourced services and other          | -191,715                              | -171,831                            |
| 7.02.03    | Impairment/recovery of assets                             | -1,164                                | -770                                |
| 7.03       | Gross value added   | 1,127,230                             | 1,039,188                           |
| 7.04       | Retentions  | -95,471                               | -77,006                             |
| 7.04.01    | Depreciation, amortization and depletion                  | -95,471                               | -77,006                             |
| 7.05       | Net value added generated by the entity                   | 1,031,759                             | 962,182                             |
| 7.06       | Value added received through transfer                     | 17,223                                | 27,359                              |
| 7.06.01    | Equity in the results of investees                        | 408                                   | 178                                 |
| 7.06.02    | Finance income  | 15,974                                | 27,181                              |
| 7.06.03    | Other   | 841                                   | 0                                   |
| 7.07       | Total value added to distribute                           | 1,048,982                             | 989,541                             |
| 7.08       | Distribution of value added                               | 1,048,982                             | 989,541                             |
| 7.08.01    | Personnel   | 352,590                               | 315,418                             |
| 7.08.01.01 | Direct remuneration                                       | 276,865                               | 253,431                             |
| 7.08.01.02 | Benefits  | 50,962                                | 43,705                              |
| 7.08.01.03 | Unemployment compensation fund                            | 24,763                                | 18,282                              |
| 7.08.02    | Taxes and contributions                                   | 405,876                               | 402,396                             |
| 7.08.02.01 | Federal   | 130,488                               | 111,087                             |
| 7.08.02.02 | State   | 270,056                               | 285,891                             |
| 7.08.02.03 | Municipal   | 5,332                                 | 5,418                               |
| 7.08.03    | Providers of capital                                      | 169,562                               | 167,871                             |
| 7.08.03.01 | Interest  | 30,828                                | 55,100                              |
| 7.08.03.02 | Rentals   | 138,734                               | 112,771                             |
| 7.08.04    | Stockholders and the Company                              | 120,954                               | 103,856                             |
| 7.08.04.01 | Interest on capital                                       | 22,040                                | 51,000                              |
| 7.08.04.03 | Profits reinvested/loss for the period                    | 98,914                                | 52,856                              |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Consolidated financial information/balance sheet - assets**

**(R\$ thousand)**

| <b>Code</b>   | <b>Description</b>                          | <b>Current quarter<br/>3/31/2018</b> | <b>Prior year<br/>12/31/2017</b> |
|---------------|---|--------------------------------------|----------------------------------|
| 1             | Total assets                                | 6,496,808                            | 6,464,249                        |
| 1.01          | Current assets                              | 3,931,798                            | 3,928,204                        |
| 1.01.01       | Cash and cash equivalents                   | 102,675                              | 264,873                          |
| 1.01.03       | Trade receivables                           | 1,100,997                            | 1,049,074                        |
| 1.01.03.01    | Customers                                   | 959,182                              | 930,071                          |
| 1.01.03.01.01 | Checks receivable                           | 95,836                               | 97,479                           |
| 1.01.03.01.02 | Credit and debit cards                      | 794,066                              | 779,665                          |
| 1.01.03.01.03 | PBM - Medicine benefit program              | 49,711                               | 36,600                           |
| 1.01.03.01.04 | Agreements with companies                   | 21,716                               | 20,988                           |
| 1.01.03.01.05 | Bank slip/ Online transfer                  | 36                                   | 3                                |
| 1.01.03.01.06 | (-) Provision for impairment of receivables | -2,183                               | -4,664                           |
| 1.01.03.02    | Other receivables                           | 141,815                              | 119,003                          |
| 1.01.03.02.01 | Advances to employees                       | 7,304                                | 6,216                            |
| 1.01.03.02.02 | Returns to suppliers                        | 5,655                                | 6,656                            |
| 1.01.03.02.03 | Commercial agreements                       | 104,968                              | 94,240                           |
| 1.01.03.02.05 | Other                                       | 23,888                               | 11,891                           |
| 1.01.04       | Inventory                                   | 2,627,074                            | 2,517,594                        |
| 1.01.04.01    | Goods for resale                            | 2,638,702                            | 2,529,596                        |
| 1.01.04.02    | Materials                                   | 1,686                                | 1,819                            |
| 1.01.04.03    | (-) Provision for losses on goods           | -13,314                              | -13,821                          |
| 1.01.06       | Taxes recoverable                           | 68,598                               | 78,778                           |
| 1.01.06.01    | Current taxes recoverable                   | 68,598                               | 78,778                           |
| 1.01.06.01.01 | Other taxes recoverable                     | 63,524                               | 78,124                           |
| 1.01.06.01.02 | Taxes on profit                             | 5,074                                | 654                              |
| 1.01.07       | Prepaid expenses                            | 32,454                               | 17,885                           |
| 1.02          | Non-current assets                          | 2,565,010                            | 2,536,045                        |
| 1.02.01       | Long term receivables                       | 67,747                               | 68,753                           |
| 1.02.01.03    | Trade receivables                           | 1,284                                | 1,622                            |
| 1.02.01.03.02 | Other receivables                           | 1,284                                | 1,622                            |
| 1.02.01.07    | Prepaid expenses                            | 2,718                                | 4,941                            |
| 1.02.01.09    | Other non-current assets                    | 63,745                               | 62,190                           |
| 1.02.01.09.03 | Judicial deposits                           | 29,972                               | 29,215                           |
| 1.02.01.09.04 | Taxes recoverable                           | 33,773                               | 32,975                           |
| 1.02.03       | Property and equipment                      | 1,306,937                            | 1,276,276                        |
| 1.02.04       | Intangible assets                           | 1,190,326                            | 1,191,016                        |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

**Consolidated financial information/balance sheet - liabilities and equity**

**(R\$ thousand)**

| <b>Code</b>   | <b>Description</b>  | <b>Current quarter<br/>3/31/2018</b> | <b>Prior year<br/>12/31/2017</b> |
|---------------|---|--------------------------------------|----------------------------------|
| 2             | Total liabilities and equity                                      | 6,496,808                            | 6,464,249                        |
| 2.01          | Current liabilities   | 2,575,363                            | 2,493,779                        |
| 2.01.01       | Social security and labor obligations                             | 205,256                              | 202,799                          |
| 2.01.01.01    | Social security obligations                                       | 37,323                               | 41,042                           |
| 2.01.01.02    | Labor obligations   | 167,933                              | 161,757                          |
| 2.01.02       | Trade payables  | 1,832,996                            | 1,815,687                        |
| 2.01.02.01    | Domestic suppliers  | 1,832,996                            | 1,815,687                        |
| 2.01.03       | Tax obligations   | 98,994                               | 130,432                          |
| 2.01.03.01    | Federal tax obligations   | 37,059                               | 76,443                           |
| 2.01.03.01.01 | Income tax and social contribution payable                        | 455                                  | 3,399                            |
| 2.01.03.01.02 | Other federal tax obligations                                     | 36,604                               | 73,044                           |
| 2.01.03.02    | State tax obligations   | 57,618                               | 51,941                           |
| 2.01.03.03    | Municipal tax obligations   | 4,317                                | 2,048                            |
| 2.01.04       | Borrowing   | 186,160                              | 196,248                          |
| 2.01.04.01    | Borrowing   | 111,297                              | 126,741                          |
| 2.01.04.01.01 | In local currency   | 111,297                              | 126,741                          |
| 2.01.04.02    | Debentures  | 74,863                               | 69,507                           |
| 2.01.04.02.01 | Debentures  | 74,863                               | 69,507                           |
| 2.01.05       | Other obligations   | 231,581                              | 136,821                          |
| 2.01.05.02    | Other   | 231,581                              | 136,821                          |
| 2.01.05.02.01 | Dividends and interest on capital                                 | 133,933                              | 37,474                           |
| 2.01.05.02.04 | Rentals   | 67,950                               | 65,768                           |
| 2.01.05.02.05 | Other payables  | 29,698                               | 33,579                           |
| 2.01.06       | Provision   | 20,376                               | 11,792                           |
| 2.01.06.01    | Provision for tax, social security, labor and civil contingencies | 4,289                                | 2,817                            |
| 2.01.06.01.01 | Tax provision   | 93                                   | 93                               |
| 2.01.06.01.05 | Provision for legal claims  | 4,196                                | 2,724                            |
| 2.01.06.02    | Other provisions  | 16,087                               | 8,975                            |
| 2.01.06.02.04 | Provisions for sundry obligations                                 | 16,087                               | 8,975                            |
| 2.02          | Non-current liabilities   | 697,053                              | 720,098                          |
| 2.02.01       | Borrowing   | 387,345                              | 414,711                          |
| 2.02.01.01    | Borrowing   | 153,960                              | 181,062                          |
| 2.02.01.01.01 | In local currency   | 153,960                              | 181,062                          |
| 2.02.01.02    | Debentures  | 233,385                              | 233,649                          |
| 2.02.01.02.01 | Debentures  | 233,385                              | 233,649                          |
| 2.02.02       | Other obligations   | 60,148                               | 68,503                           |
| 2.02.02.01    | Payables to related parties                                       | 48,863                               | 47,515                           |
| 2.02.02.01.04 | Payables to other related parties                                 | 48,863                               | 47,515                           |
| 2.02.02.02    | Other   | 11,285                               | 20,988                           |
| 2.02.02.02.03 | Tax recovery program (REFIS)                                      | 11,285                               | 20,988                           |
| 2.02.03       | Deferred taxes  | 243,587                              | 228,715                          |
| 2.02.03.01    | Deferred income tax and social contribution                       | 243,587                              | 228,715                          |
| 2.02.04       | Provision   | 5,973                                | 8,169                            |
| 2.02.04.01    | Provision for tax, social security, labor and civil contingencies | 5,973                                | 8,169                            |
| 2.02.04.01.05 | Provision for legal claims  | 5,973                                | 8,169                            |
| 2.03          | Consolidated equity   | 3,224,392                            | 3,250,372                        |
| 2.03.01       | Paid-up share capital   | 1,808,639                            | 1,808,639                        |
| 2.03.02       | Capital reserves  | 107,490                              | 151,156                          |
| 2.03.04       | Revenue reserves  | 1,228,149                            | 1,280,751                        |
| 2.03.04.01    | Legal reserve   | 90,397                               | 90,397                           |
| 2.03.04.02    | Statutory reserve   | 1,137,752                            | 1,137,752                        |
| 2.03.04.08    | Proposed additional dividends                                     | 0                                    | 52,602                           |
| 2.03.05       | Retained earnings (accumulated deficit)                           | 69,998                               | 0                                |
| 2.03.06       | Carrying value adjustments  | -18,077                              | -18,033                          |
| 2.03.09       | Noncontrolling interests  | 28,193                               | 27,859                           |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

**Consolidated financial information/statement of income**

**(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                               | <b>Accumulated -<br/>current year<br/>1/1/2018 to<br/>3/31/2018</b> | <b>Accumulated -<br/>prior year<br/>1/1/2017 to<br/>3/31/2017</b> |
|-------------|--|---|---|
| 3.01        | Net sales revenue                                | 3,433,578   | 3,057,110   |
| 3.01.01     | Gross sales revenue                              | 3,603,969   | 3,212,406   |
| 3.01.02     | Taxes on sales                                   | -140,547  | -116,634  |
| 3.01.03     | Rebates  | -29,844   | -38,662   |
| 3.02        | Cost of sales and/or services                    | -2,406,819  | -2,135,486  |
| 3.03        | Gross profit                                     | 1,026,759   | 921,624   |
| 3.04        | Operating income/expenses                        | -850,612  | -757,288  |
| 3.04.01     | Selling expenses                                 | -674,840  | -599,142  |
| 3.04.02     | General and administrative expenses              | -175,772  | -155,986  |
| 3.04.02.01  | Administrative expenses                          | -79,734   | -78,464   |
| 3.04.02.02  | Depreciation and amortization                    | -96,038   | -77,522   |
| 3.04.05     | Other operating expenses                         | 0   | -2,160  |
| 3.04.05.01  | Extraordinary expenses                           | 0   | -2,160  |
| 3.05        | Profit before finance results and taxes          | 176,147   | 164,336   |
| 3.06        | Finance results                                  | -16,138   | -29,490   |
| 3.06.01     | Finance income                                   | 16,467  | 28,219  |
| 3.06.02     | Finance costs                                    | -32,605   | -57,709   |
| 3.07        | Profit before income tax and social contribution | 160,009   | 134,846   |
| 3.08        | Income tax and social contribution               | -38,721   | -30,844   |
| 3.08.01     | Current  | -23,826   | -24,939   |
| 3.08.02     | Deferred   | -14,895   | -5,905  |
| 3.09        | Profit (loss) from continuing operations         | 121,288   | 104,002   |
| 3.11        | Consolidated profit/loss for the period          | 121,288   | 104,002   |
| 3.11.01     | Attributable to owners of the Company            | 120,954   | 103,856   |
| 3.11.02     | Attributable to noncontrolling interests         | 334   | 146   |
| 3.99        | Earnings per share - (Reais/share)               |   |   |
| 3.99.01     | Basic earnings per share                         |   |   |
| 3.99.01.01  | Common shares                                    | 0.36696   | 0.31463   |
| 3.99.02     | Diluted earnings per share                       |   |   |
| 3.99.02.01  | Common shares                                    | 0.36768   | 0.31463   |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Consolidated financial information/statement of comprehensive income**

**(R\$ thousand)**

| <b>Code</b> | <b>Description</b>                               | <b>Current quarter<br/>1/1/2018 to<br/>3/31/2018</b> | <b>Accumulated -<br/>prior year<br/>1/1/2017 to<br/>3/31/2017</b> |
|-------------|--|--|---|
| 4.01        | Consolidated profit for the period               | 121,288  | 104,002   |
| 4.03        | Consolidated comprehensive income for the period | 121,288  | 104,002   |
| 4.03.01     | Attributable to owners of the Company            | 120,954  | 103,856   |
| 4.03.02     | Attributable to noncontrolling interests         | 334  | 146   |



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## Consolidated financial information/statement of cash flow - indirect method

(R\$ thousand)

| Code       | Description  | Accumulated -<br>current year<br>1/1/2018 to<br>3/31/2018 | Accumulated -<br>prior year<br>1/1/2017 to<br>3/31/2017 |
|------------|--|---|---|
| 6.01       | Net cash provided by operating activities                          | 50,380  | -12,255   |
| 6.01.01    | Cash from operations   | 266,783   | 243,994   |
| 6.01.01.01 | Profit before income tax and social contribution                   | 160,009   | 134,846   |
| 6.01.01.02 | Depreciation and amortization                                      | 96,038  | 77,522  |
| 6.01.01.03 | Share-based compensation plan                                      | 3,271   | 2,768   |
| 6.01.01.04 | Interest on payables to subsidiary                                 | 1,348   | 2,310   |
| 6.01.01.05 | Result on disposal of property and equipment and intangible assets | 1,787   | 429   |
| 6.01.01.06 | Provision for legal claims   | 598   | 10,534  |
| 6.01.01.07 | (Reversal) provision for inventory losses                          | -507  | 1,086   |
| 6.01.01.08 | Provision for impairment of trade receivables                      | -2,359  | 1,540   |
| 6.01.01.09 | (Reversal) provision for store closures                            | -592  | -91   |
| 6.01.01.10 | Interest expenses  | 11,128  | 13,050  |
| 6.01.01.11 | Amortization of transaction cost of debentures                     | -3,938  | 0   |
| 6.01.02    | Changes in assets and liabilities                                  | -182,536  | -233,749  |
| 6.01.02.01 | Trade receivables and other receivables                            | -49,554   | -44,802   |
| 6.01.02.02 | Inventory  | -108,973  | -72,734   |
| 6.01.02.03 | Other current assets   | -4,389  | 257   |
| 6.01.02.04 | Long term receivables  | 1,008   | -4,289  |
| 6.01.02.05 | Trade payables   | 14,334  | -123,259  |
| 6.01.02.06 | Salaries and social charges  | 2,458   | -6,054  |
| 6.01.02.07 | Taxes and contributions  | -31,794   | 14,956  |
| 6.01.02.08 | Other liabilities  | -7,808  | 530   |
| 6.01.02.09 | Rentals payable  | 2,182   | 1,646   |
| 6.01.03    | Other  | -33,867   | -22,500   |
| 6.01.03.01 | Interest paid  | -3,292  | -5,984  |
| 6.01.03.02 | Income tax and social contribution paid                            | -30,575   | -16,516   |
| 6.02       | Net cash used in investing activities                              | -124,239  | -135,084  |
| 6.02.01    | Purchases of property and equipment and intangible assets          | -124,239  | -135,578  |
| 6.02.02    | Proceeds from sale of property and equipment                       | 0   | 494   |
| 6.03       | Net cash used in financing activities                              | -88,339   | 52,308  |
| 6.03.01    | Borrowing  | 585   | 85,849  |
| 6.03.02    | Repayments of borrowing  | -41,938   | -33,474   |
| 6.03.03    | Repurchase of shares   | -46,925   | 0   |
| 6.03.04    | Interest on capital and dividends paid                             | -61   | -67   |
| 6.05       | Increase (decrease) in cash and cash equivalents                   | -162,198  | -95,031   |
| 6.05.01    | Cash and cash equivalents at the beginning of the period           | 264,873   | 276,632   |
| 6.05.02    | Cash and cash equivalents at the end of the period                 | 102,675   | 181,601   |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

**Consolidated financial information/statement of changes in equity - 1/1/2018 to 3/31/2018**

**(R\$ thousand)**

| Code    | Description  | Paid-up<br>share<br>capital | Capital reserves,<br>options granted and<br>treasury shares | Revenue<br>reserves | Retained earnings/<br>accumulated<br>deficit | Other<br>comprehensive<br>income | Equity    | Noncontrolling<br>interests | Consolidated<br>equity |
|---------|--|-----------------------------|---|---------------------|--|----------------------------------|-----------|-----------------------------|------------------------|
| 5.01    | Opening balance  | 1,808,639                   | 151,156   | 1,292,948           | 0  | -30,230                          | 3,222,513 | 27,859                      | 3,250,372              |
| 5.03    | Adjusted opening balance   | 1,808,639                   | 151,156   | 1,292,948           | 0  | -30,230                          | 3,222,513 | 27,859                      | 3,250,372              |
| 5.04    | Equity transactions with owners                                      | 0                           | -43,666   | -52,602             | -51,000                                      | 0                                | -147,268  | 0                           | -147,268               |
| 5.04.07 | Interest on capital  | 0                           | 0   | 0                   | -51,000                                      | 0                                | -51,000   | 0                           | -51,000                |
| 5.04.08 | Interest on capital of 2017 approved at the<br>AGM of March 29, 2018 | 0                           | 0   | -52,602             | 0  | 0                                | -52,602   | 0                           | -52,602                |
| 5.04.09 | Restricted share plan - Vesting period                               | 0                           | 3,259   | 0                   | 0  | 0                                | 3,259     | 0                           | 3,259                  |
| 5.04.10 | Restricted share plan - Delivery                                     | 0                           | -7,382  | 0                   | 0  | 0                                | -7,382    | 0                           | -7,382                 |
| 5.04.11 | Goodwill on sale of shares   | 0                           | 3,115   | 0                   | 0  | 0                                | 3,115     | 0                           | 3,115                  |
| 5.04.12 | Treasury shares - Delivery   | 0                           | 4,267   | 0                   | 0  | 0                                | 4,267     | 0                           | 4,267                  |
| 5.04.13 | Repurchase of shares   | 0                           | -46,925   | 0                   | 0  | 0                                | -46,925   | 0                           | -46,925                |
| 5.05    | Total comprehensive income   | 0                           | 0   | 0                   | 120,954                                      | 0                                | 120,954   | 334                         | 121,288                |
| 5.05.01 | Profit for the period  | 0                           | 0   | 0                   | 120,954                                      | 0                                | 120,954   | 334                         | 121,288                |
| 5.06    | Internal changes in equity   | 0                           | 0   | -44                 | 44   | 0                                | 0         | 0                           | 0                      |
| 5.06.02 | Realization of revaluation reserve                                   | 0                           | 0   | -67                 | 67   | 0                                | 0         | 0                           | 0                      |
| 5.06.03 | Taxes on realization of revaluation reserve                          | 0                           | 0   | 23                  | -23  | 0                                | 0         | 0                           | 0                      |
| 5.07    | Closing balance  | 1,808,639                   | 107,490   | 1,240,302           | 69,998                                       | -30,230                          | 3,196,199 | 28,193                      | 3,224,392              |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

**Consolidated financial information/statement of changes in equity - 1/1/2017 to 3/31/2017**

**(R\$ thousand)**

| Code    | Description  | Paid-up<br>share<br>capital | Capital reserves,<br>options granted and<br>treasury shares | Revenue<br>reserves | Retained earnings/<br>accumulated<br>deficit | Other<br>comprehensive<br>income | Equity    | Noncontrolling<br>interests | Consolidated<br>equity |
|---------|--|-----------------------------|---|---------------------|--|----------------------------------|-----------|-----------------------------|------------------------|
| 5.01    | Opening balance  | 1,808,639                   | 138,553   | 992,825             | 0  | -30,230                          | 2,909,787 | 26,168                      | 2,935,955              |
| 5.03    | Adjusted opening balance   | 1,808,639                   | 138,553   | 992,825             | 0  | -30,230                          | 2,909,787 | 26,168                      | 2,935,955              |
| 5.04    | Equity transactions with owners                                      | 0                           | 2,765   | -61,324             | -51,000                                      | 0                                | -109,559  | 0                           | -109,559               |
| 5.04.07 | Interest on capital  | 0                           | 0   | 0                   | -51,000                                      | 0                                | -51,000   | 0                           | -51,000                |
| 5.04.08 | Interest on capital of 2016 approved at the<br>AGM of March 29, 2017 | 0                           | 0   | -61,324             | 0  | 0                                | -61,324   | 0                           | -61,324                |
| 5.04.09 | Restricted share plan - Vesting period                               | 0                           | 2,765   | 0                   | 0  | 0                                | 2,765     | 0                           | 2,765                  |
| 5.04.10 | Restricted shares - Delivery   | 0                           | -4,863  | 0                   | 0  | 0                                | -4,863    | 0                           | -4,863                 |
| 5.04.11 | Goodwill on sale of shares   | 0                           | 1,382   | 0                   | 0  | 0                                | 1,382     | 0                           | 1,382                  |
| 5.04.12 | Treasury shares - Delivery   | 0                           | 3,481   | 0                   | 0  | 0                                | 3,481     | 0                           | 3,481                  |
| 5.05    | Total comprehensive income   | 0                           | 0   | 0                   | 103,856                                      | 0                                | 103,856   | 146                         | 104,002                |
| 5.05.01 | Profit for the period  | 0                           | 0   | 0                   | 103,856                                      | 0                                | 103,856   | 146                         | 104,002                |
| 5.06    | Internal changes in equity   | 0                           | 0   | -47                 | 47   | 0                                | 0         | 0                           | 0                      |
| 5.06.02 | Realization of revaluation reserve                                   | 0                           | 0   | -70                 | 70   | 0                                | 0         | 0                           | 0                      |
| 5.06.03 | Taxes on realization of revaluation reserve                          | 0                           | 0   | 23                  | -23  | 0                                | 0         | 0                           | 0                      |
| 5.07    | Closing balance  | 1,808,639                   | 141,318   | 931,454             | 52,903                                       | -30,230                          | 2,904,084 | 26,314                      | 2,930,398              |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

## Consolidated financial information/statement of value added

(R\$ thousand)

| Code       | Description   | Accumulated -<br>current year<br>1/1/2018 to<br>3/31/2018 | Accumulated -<br>prior year<br>1/1/2017 to<br>3/31/2017 |
|------------|---|---|---|
| 7.01       | Revenue   | 3,576,730   | 3,172,638   |
| 7.01.01    | Sales of products and services                            | 3,574,161   | 3,173,745   |
| 7.01.02    | Other income  | 210   | 433   |
| 7.01.04    | Provision for/reversal of impairment of trade receivables | 2,359   | -1,540  |
| 7.02       | Inputs acquired from third parties                        | -2,430,038  | -2,119,261  |
| 7.02.01    | Cost of sales and services                                | -2,231,983  | -1,942,029  |
| 7.02.02    | Materials, energy, outsourced services and other          | -196,891  | -176,462  |
| 7.02.03    | Impairment/recovery of assets                             | -1,164  | -770  |
| 7.03       | Gross value added   | 1,146,692   | 1,053,377   |
| 7.04       | Retentions  | -96,038   | -77,522   |
| 7.04.01    | Depreciation, amortization and depletion                  | -96,038   | -77,522   |
| 7.05       | Net value added generated by the entity                   | 1,050,654   | 975,855   |
| 7.06       | Value added received through transfer                     | 18,148  | 28,219  |
| 7.06.02    | Finance income  | 17,307  | 28,219  |
| 7.06.03    | Other   | 841   | 0   |
| 7.07       | Total value added to distribute                           | 1,068,802   | 1,004,074   |
| 7.08       | Distribution of value added                               | 1,068,802   | 1,004,074   |
| 7.08.01    | Personnel   | 357,591   | 320,134   |
| 7.08.01.01 | Direct remuneration                                       | 279,677   | 256,332   |
| 7.08.01.02 | Benefits  | 52,914  | 45,353  |
| 7.08.01.03 | Unemployment compensation fund                            | 25,000  | 18,449  |
| 7.08.02    | Taxes and contributions                                   | 417,976   | 409,618   |
| 7.08.02.01 | Federal   | 131,958   | 112,216   |
| 7.08.02.02 | State   | 280,655   | 291,966   |
| 7.08.02.03 | Municipal   | 5,363   | 5,436   |
| 7.08.03    | Providers of capital                                      | 171,947   | 170,320   |
| 7.08.03.01 | Interest  | 32,686  | 57,166  |
| 7.08.03.02 | Rentals   | 139,261   | 113,154   |
| 7.08.04    | Stockholders and the Company                              | 121,288   | 104,002   |
| 7.08.04.01 | Interest on capital                                       | 22,040  | 51,000  |
| 7.08.04.03 | Profits reinvested/loss for the period                    | 98,914  | 52,856  |
| 7.08.04.04 | Noncontrolling interests in retained earnings             | 334   | 146   |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

## Comments on company performance

São Paulo, May 2, 2018. **RD - People, Health and Well-being** (Raia Drogasil S.A. - B3: RADL3) announces today its results for the 1<sup>st</sup> quarter of 2018 (1Q18). The Company's parent company and consolidated quarterly financial statements for the periods ended in March 31, 2018 and 2017 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 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. Such information was prepared in Reais and all growth rates relate to the same period of 2017.

### QUARTERLY HIGHLIGHTS:

- › **DRUGSTORES: 1,651 stores in operation (44 openings and 3 closures)**
- › **GROSS REVENUES: R\$ 3.6 billion, 12.2% growth (2.7% retail same-store sales growth)**
- › **GROSS MARGIN: 28.5% of gross revenues, a 0.2 percentage point decrease**
- › **EBITDA: R\$ 272.2 million, a margin of 7.6%, in line with the 1Q17**
- › **NET INCOME: R\$ 121.3 million, 3.4% of net margin, an increase of 15.0%**
- › **CASH FLOW: R\$ 102.0 million negative free cash flow, R\$ 135.2 million of cash consumption**
- › **DEBENTURES: Issuance of R\$ 400 million in April 2018**

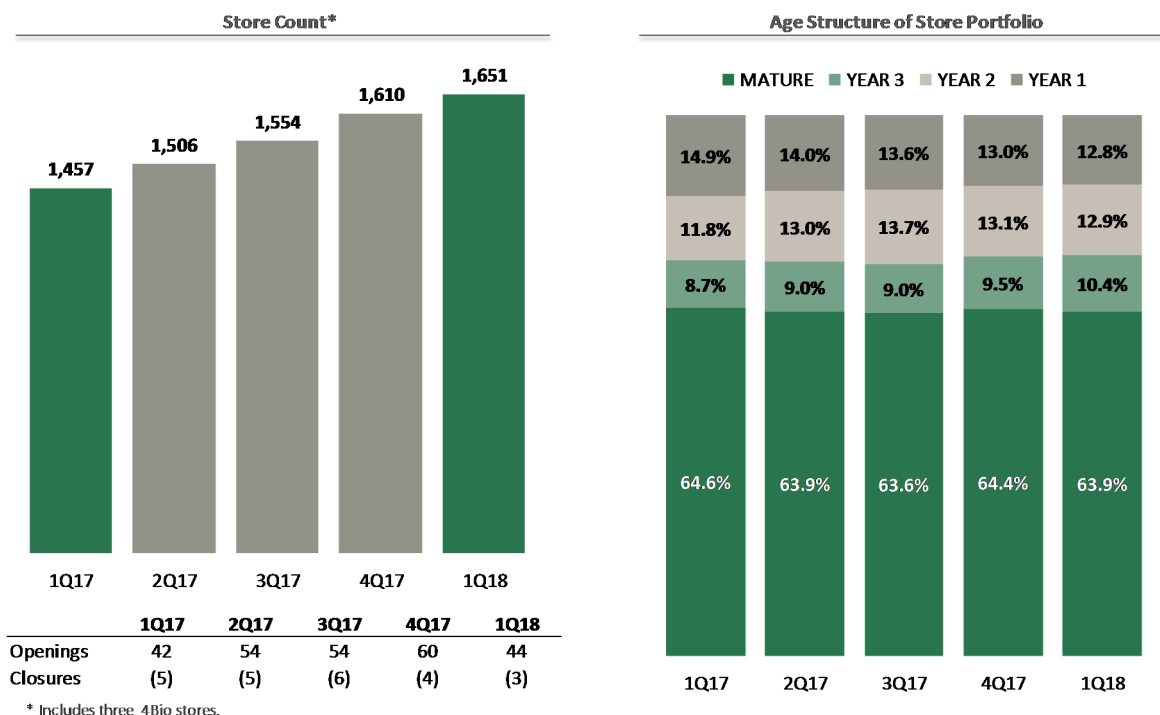
| Summary                     | 1Q17      | 2Q17      | 3Q17      | 4Q17      | 1Q18      |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| <i>(R\$ thousand)</i>       |           |           |           |           |           |
| # of Stores - Retail + 4Bio | 1,457     | 1,506     | 1,554     | 1,610     | 1,651     |
| Store Openings              | 42        | 54        | 54        | 60        | 44        |
| Store Closures              | (5)       | (5)       | (6)       | (4)       | (3)       |
| # of Stores (average)       | 1,435     | 1,485     | 1,533     | 1,588     | 1,629     |
| Headcount (EoP)             | 28,952    | 30,264    | 31,163    | 32,265    | 32,633    |
| Pharmacist Count (EoP)      | 5,561     | 5,773     | 5,977     | 6,044     | 6,323     |
| # of Tickets (000)          | 48,439    | 51,091    | 52,798    | 53,957    | 52,291    |
| Gross Revenue               | 3,212,406 | 3,397,860 | 3,580,024 | 3,662,178 | 3,603,969 |
| Gross Profit                | 921,624   | 999,721   | 1,020,396 | 1,046,258 | 1,026,758 |
| % of Gross Revenues         | 28.7%     | 29.4%     | 28.5%     | 28.6%     | 28.5%     |
| EBITDA                      | 244,018   | 301,085   | 296,463   | 288,719   | 272,185   |
| % of Gross Revenues         | 7.6%      | 8.9%      | 8.3%      | 7.9%      | 7.6%      |
| Adjusted Net Income         | 105,427   | 137,970   | 136,493   | 132,623   | 121,288   |
| % of Gross Revenues         | 3.3%      | 4.1%      | 3.8%      | 3.6%      | 3.4%      |
| Net Income                  | 104,002   | 137,970   | 136,493   | 134,188   | 121,288   |
| % of Gross Revenues         | 3.2%      | 4.1%      | 3.8%      | 3.7%      | 3.4%      |
| Free Cash Flow              | (172,735) | (47,500)  | 102,135   | 68,432    | (102,012) |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

## Comments on company performance

### STORE DEVELOPMENT



We opened 44 new stores in the 1Q18, ending the quarter with a total of 1,651 stores in operation, including three 4Bio units. We reiterate our guidance of 240 gross openings per year for both 2018 and 2019.

At the end of the period, 36.1% 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 over the last twelve months remains very strong when compared to our historical standards.

We had three store closures in the quarter, of which two were still in the maturation process, representing corrections of expansion mistakes that are normal in such large-scale expansion, and one mature store relocation, with positive return expectations associated to it.

Our national market share reached 12.0% in the 1Q18 (including 4Bio), a 0.6 percentage point increase when compared to the same period of the previous year. We increased our market share in all five regions where we operate under a context of increased competition due to accelerated store addition from the other national chains. This share gain under increased competition represents a testament to the strength of our brands, to the unique quality of our locations and to the high caliber of our execution. Together, they constitute a very high entry barrier in all our core markets.

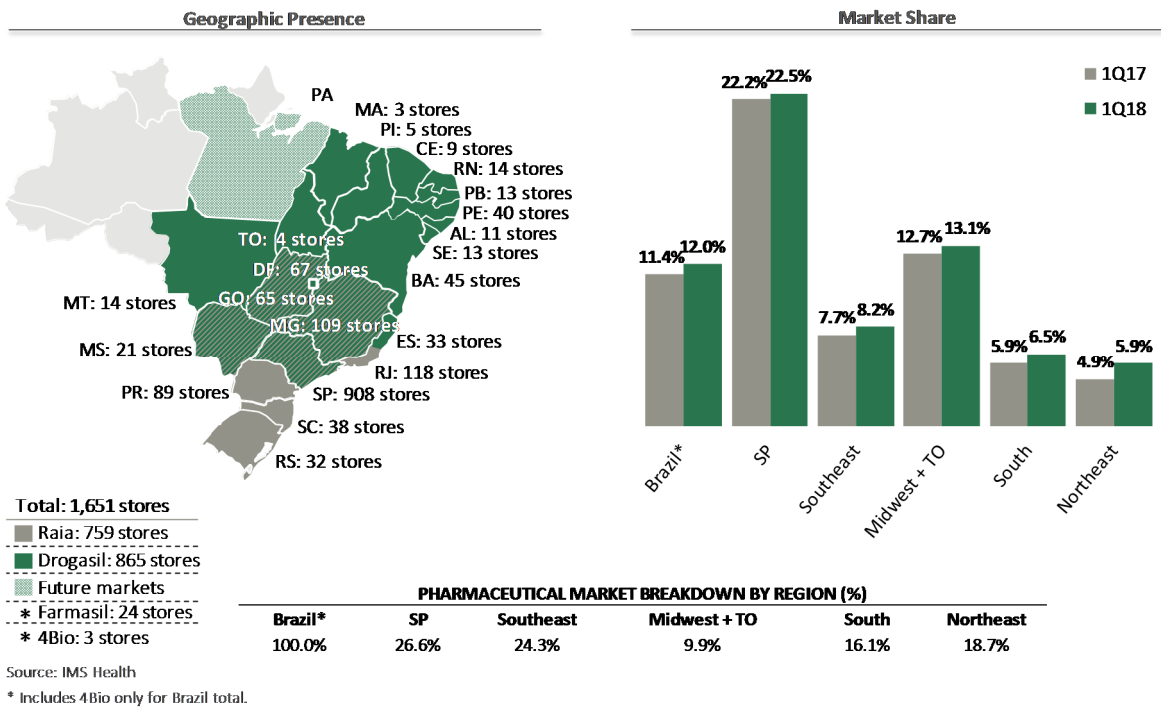
The Northeast remained as our main highlight, where we recorded a market share of 5.9%, a 1.0 percentage point increase driven by our organic expansion. We recorded a market share of 22.5% in São Paulo, a 0.3 percentage point increase, and of 8.2% in the remaining states of the Southeast, a 0.5 percentage point gain. Lastly, we have resumed to gain market share in the Midwest after 3 quarters of year-on-year decline or stability due to a strong comp base in Brasília, recording a 13.1% market share and a 0.4 percentage point increase.

In March, we entered the state of Maranhão by opening three stores in São Luís, extending our presence to all the nine states of the Northeast region (Bahia, Sergipe, Alagoas, Pernambuco, Paraíba, Rio Grande do Norte, Ceará, Piauí and Maranhão). This marks the achievement of an important milestone for RD, which is now present in 21 states that account for 96% of the Brazilian pharmaceutical market. We are also preparing our entry in the coming months into the state of Pará, which will extend our presence to 22 states.

(A free translation of the original in Portuguese)

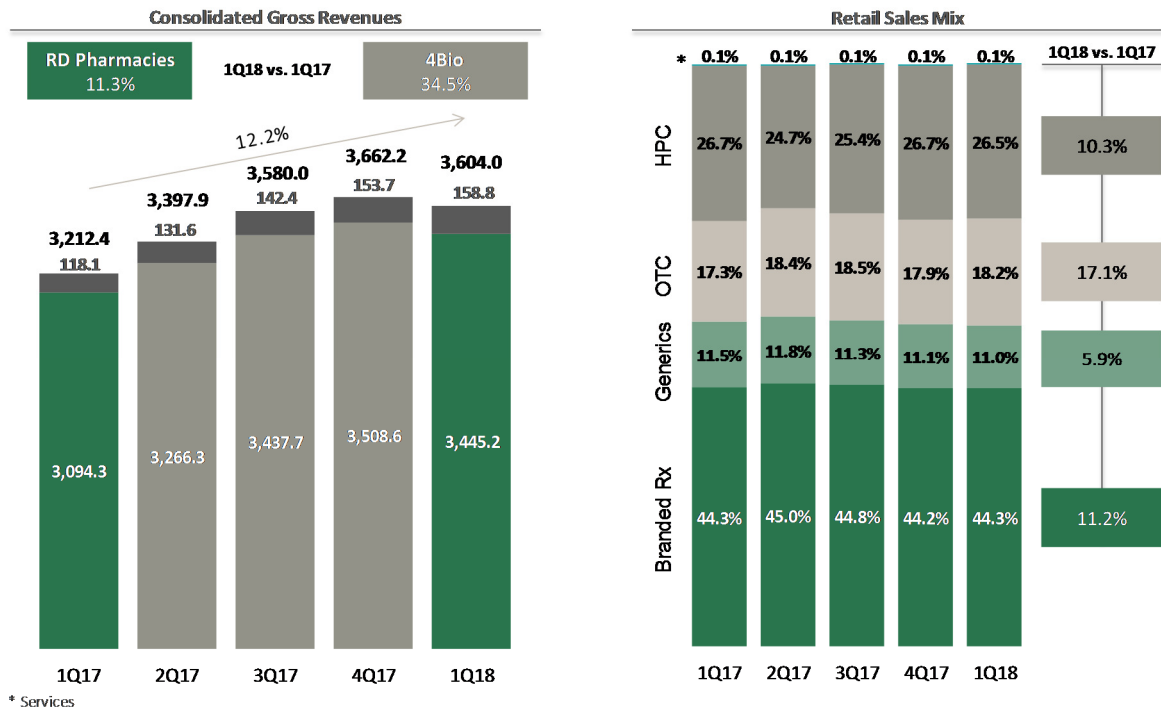
Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

### Comments on company performance



### GROSS REVENUES

We ended the 1Q18 with consolidated gross revenues of R\$ 3,604.0 million, a 12.2% increase over the same period of the previous year. Our drugstore revenues increased by 11.3%, while 4Bio grew 34.5% in the period.



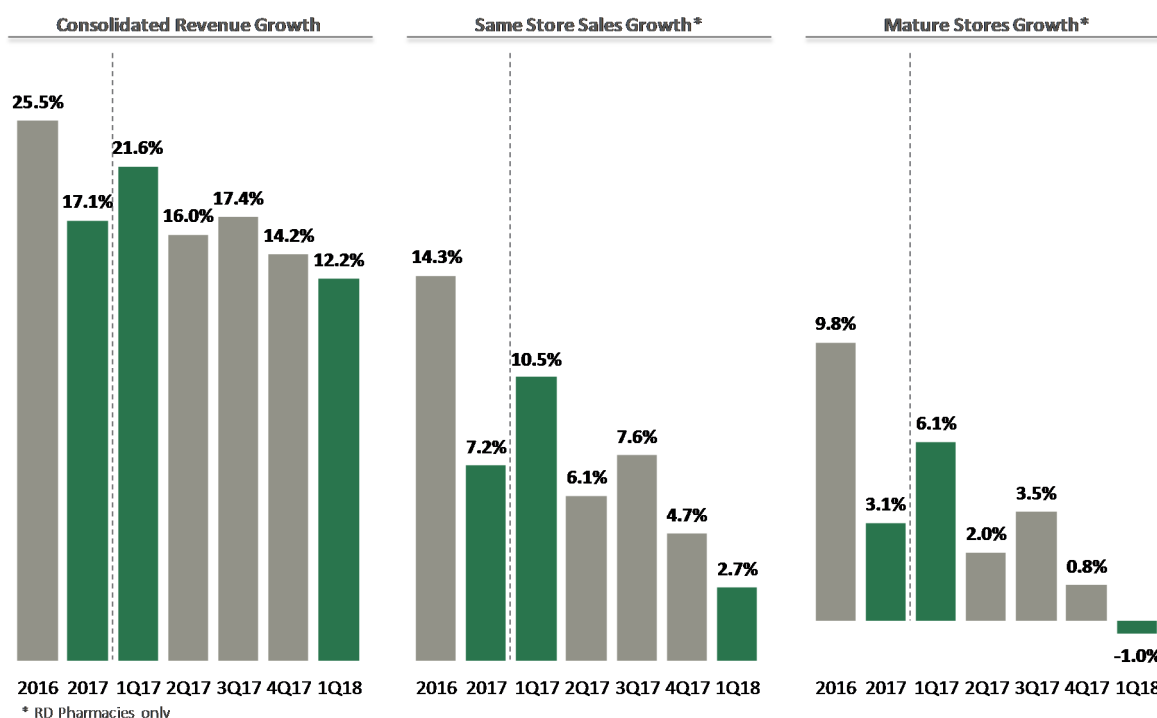
OTC was the highlight of the quarter by growing 17.1% and gaining 0.9 percentage point of participation in the sales mix. Branded Rx grew 11.2%, maintaining its participation in the sales mix. On the other hand, HPC grew by 10.3% in the quarter, losing 0.2 percentage point in the sales mix, while Generics grew by 5.9% and lost 0.5 percentage point in the sales mix.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

## Comments on company performance

We recorded an unusually colder quarter, which slightly penalized our seasonal HPC mix but strongly benefited the OTC category. It is important to highlight that the relative outperformance by OTC is also partially explained by the switch of specific drugs from Branded Rx, which represented a migration of 0.2 percentage point of the sales mix.



Considering our retail operations, same store sales increased by 2.7%, while our mature stores declined 1.0%. We recorded a negative calendar effect of 0.6% in the quarter, leading to a normalized mature store decline of 0.4%.

In the context of robust market share gains recorded in every region, RD's lower revenue growth in the 1Q18 reflects a relevant deceleration in the overall pharmaceutical industry growth in Brazil due to macroeconomic reasons. We increased our retail revenues by 11.3% in the quarter versus a national pharmaceutical market growth of only 5.6% according to IMS. If we compare our performance to the remaining chains of Abrafarma, the difference is even higher, as they reported an average growth of only 4.2% in the quarter (excluding RD) as depicted below, even below the overall market growth.

| Growth Y/Y (%)     | LTM   | 1Q18  |
|--------------------|-------|-------|
| RD Pharmacies      | 13.9% | 11.3% |
| Abrafarma (ex-RD)  | 5.9%  | 4.2%  |
| Pharma Total - IMS | 7.9%  | 5.6%  |

## GROSS MARGIN

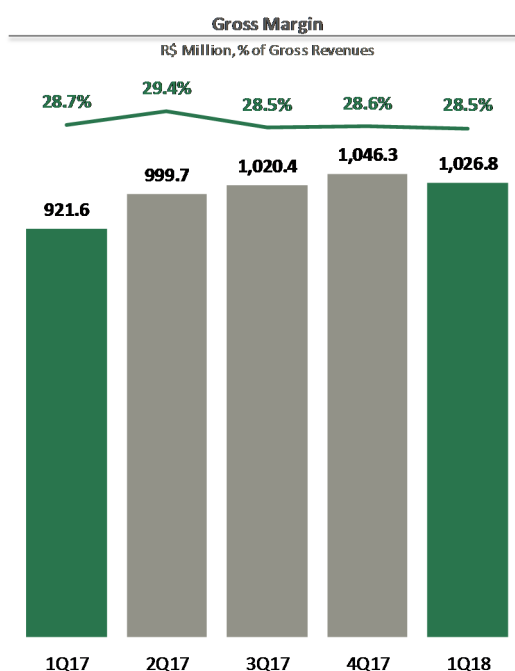
Our gross margin reached 28.5% in the quarter, a 0.2 percentage point pressure versus the 1Q17. We recorded a 0.4 percentage point margin pressure due to a lower Net Present Value (NPV) adjustment, which is a non-cash effect due to the sharp decline in interest rates that was offset by other commercial gains. We also recorded a 0.2 percentage point pressure from 4Bio, due to its negative mix effect and to gross margin pressures.



(A free translation of the original in Portuguese)

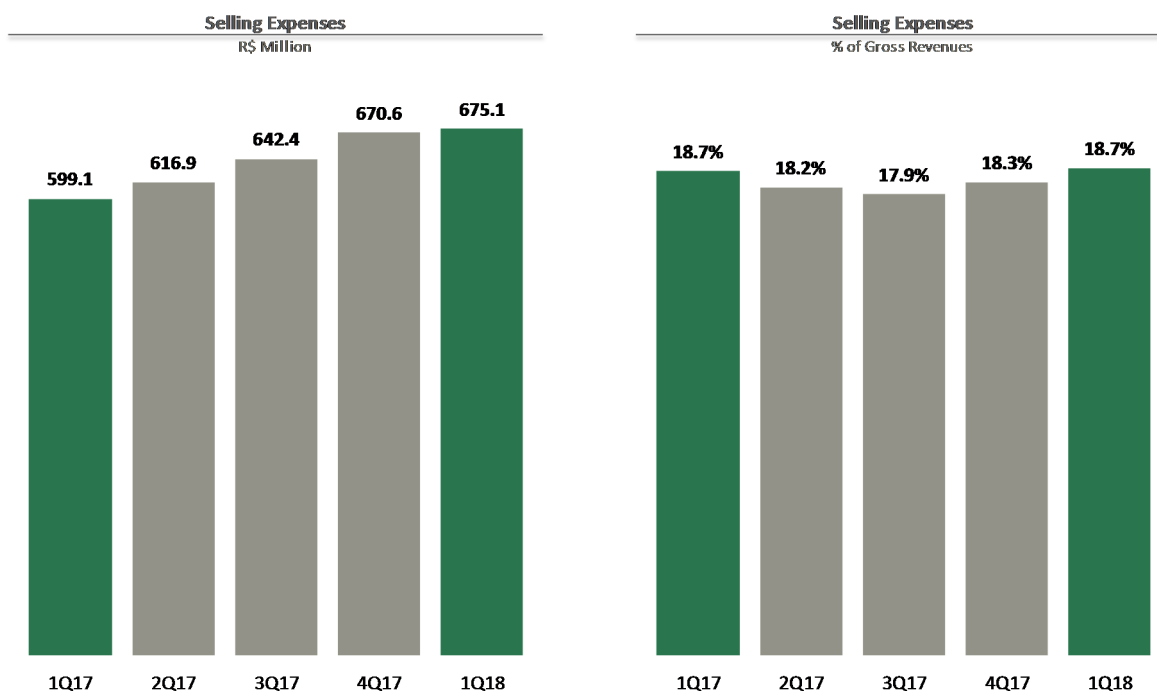
Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

### Comments on company performance



### SELLING EXPENSES

In the 1Q18, selling expenses totaled R\$ 675.1 million, equivalent to 18.7% of gross revenues, stable when compared to the same quarter of the previous year.



Personnel expenses pressured by 0.2 percentage point and rentals pressured by another 0.1 percentage point. These pressures were offset by 0.1 percentage point gains both in pre-operating expenses and in other expenses. Finally, we recorded a 0.1 percentage point dilution due to 4Bio, which has lower selling expenses than the average for the Company.

Although we faced a negative operating leverage in the stores' fixed expenses, we maintained them flat as a percentage of revenues. This is a result of the enhanced expense control and disciplined execution carried out by the Company.

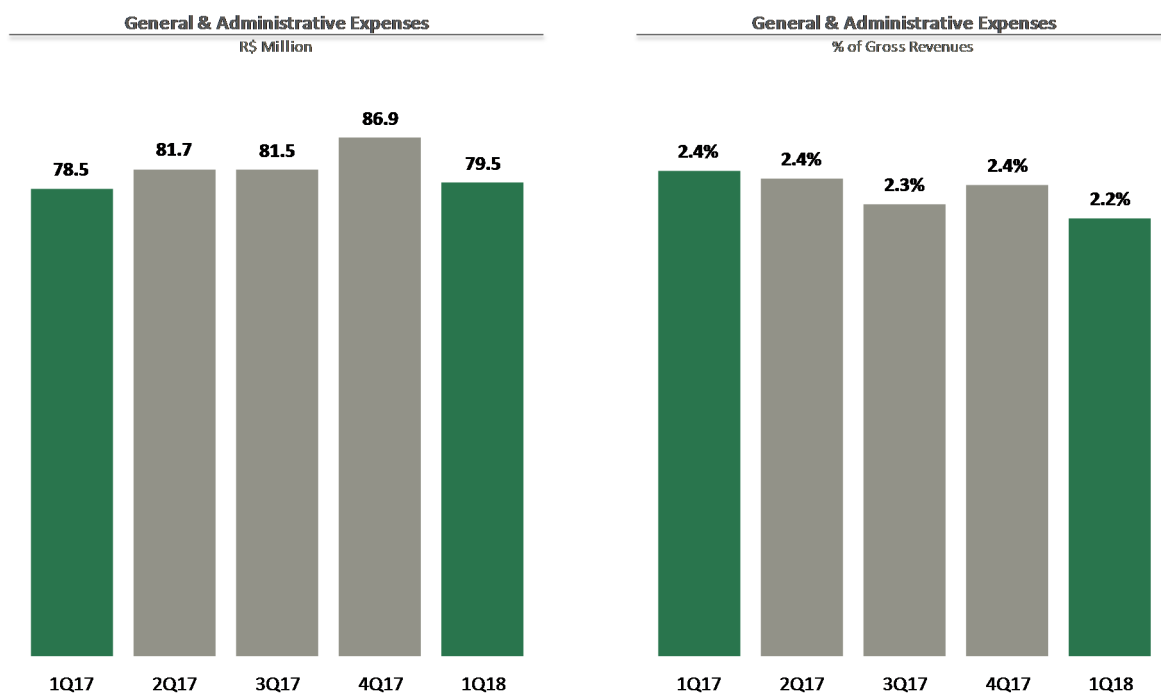
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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

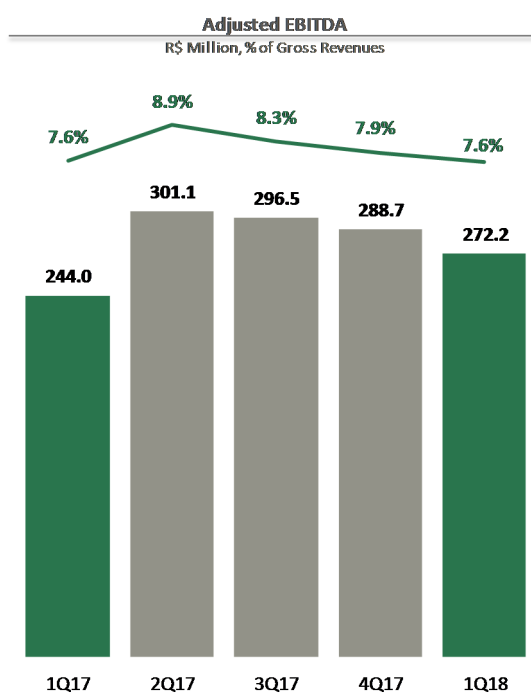
## Comments on company performance

### GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R\$ 79.5 million in the 1Q18, equivalent to 2.2% of gross revenues and a 0.2 percentage point dilution over both the 1Q17 and the 4Q17. This expense dilution was due to a lower variable compensation allowance and also to other gains stemming from economies of scale.



### EBITDA



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

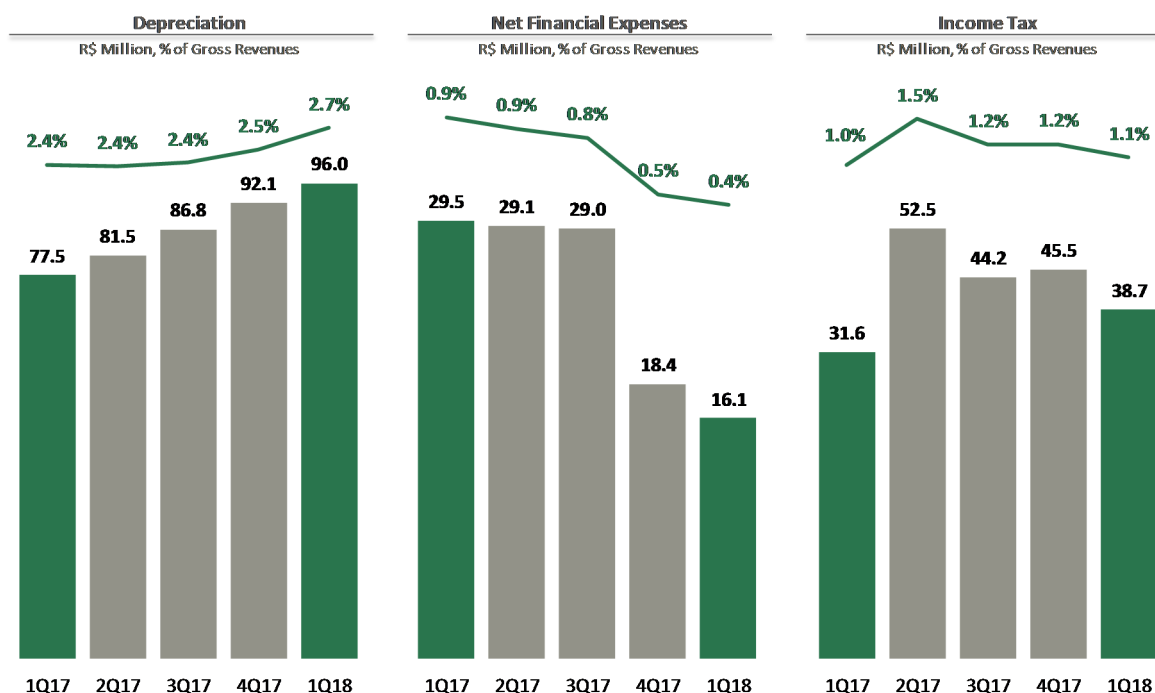
## Comments on company performance

Our EBITDA reached R\$ 272.2 million in the quarter, an increase of 11.5% over the 1Q17. Our EBITDA margin totaled 7.6%, in line with the same period of last year. It is important to mention that we recorded a gross margin pressure due to a lower Net Present Value (NPV) adjustment, which is a non-cash adjustment mainly driven by lower interest rates. Excluding that adjustment, our structural EBITDA margin increased by 0.4 percentage point.

New stores opened in the quarter, as well as those that were in the opening process, reduced the EBITDA by R\$ 10.2 million. Therefore, considering only the 1,607 stores in operation since the end of 2017 and the full absorption of logistics, as well as of general and administrative expenses by such stores, our EBITDA would have totaled R\$ 282.4 million, equivalent to an EBITDA margin of 7.9% over gross revenues.

RD Pharmacies reached an EBITDA of R\$ 269.9 and a margin of 7.8% in the 1Q18, stable over the same period of the last year. Finally, 4Bio reached an EBITDA of R\$ 2.3 million and a margin of 1.4%, a 0.6 percentage point margin pressure due to one-offs in the gross margin that we expect to be reversed in the following quarter.

## DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES



Depreciation expenses amounted to R\$ 96.0 million in the 1Q18, equivalent to 2.7% of gross revenues, a 0.3 percentage point increase when compared to the previous year reflecting a higher capex due to an acceleration in our expansion program and a lower dilution due to a weaker sales performance.

Net Financial expenses represented 0.4% of gross revenues, a 0.5 percentage point decrease over the 1Q17. Of the R\$ 16.1 million recorded in the quarter, R\$ 10.8 million refers to the NPV adjustment while other R\$ 1.3 million refers to interest on the option to acquire the remaining 45% of 4Bio in 2021. We also recorded a one-off financial income of R\$ 5.1 million due to a reversion of interests accrued on tax payables.

Excluding the NPV adjustments, expenses related to the option to acquire 4Bio and the one-off event, the interest accrued on net debt amounted to R\$ 9.1 million in the 1Q18, equivalent to 0.3 percentage point of gross revenues and in line with the 1Q17. Finally, we booked R\$ 38.7 million in income taxes, equivalent to 1.1% of gross revenues

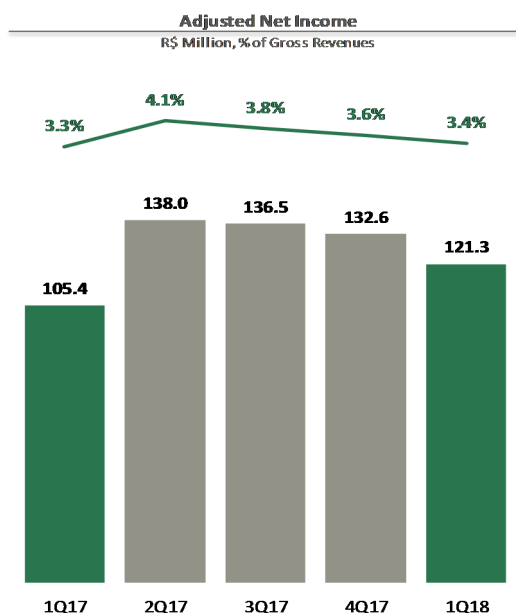
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Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

## Comments on company performance

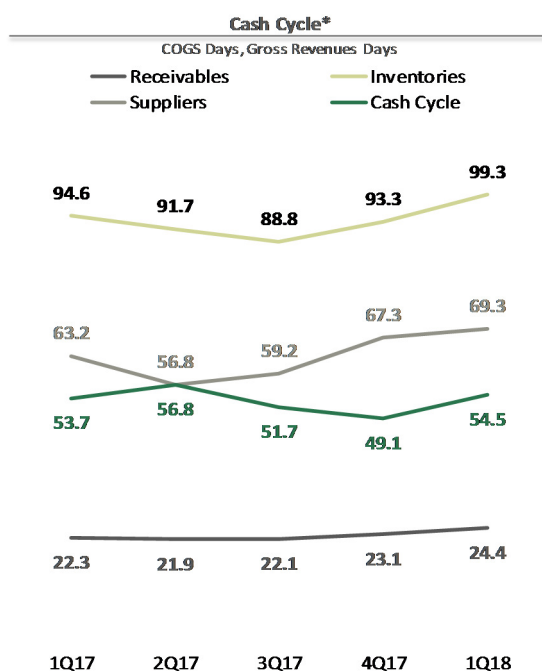
### NET INCOME

Net income totaled R\$ 121.3 million in the quarter, a 15.0% increase over the same period of the previous year. We achieved a net margin of 3.4%, a 0.1 percentage point expansion over the 1Q17.



### CASH CYCLE

Our cash cycle in the 1Q18 was 0.7 day higher when compared to the same period of the previous year. Inventories increased by 4.7 days while accounts payable increased by 6.1 days. Lastly, receivables increased by 2.1 days, reflecting an unfavorable calendar in the end of March when compared to the same period in 2017.



\* Adjusted to discounted receivables.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

## Comments on company performance

### CASH FLOW

In the 1Q18, we recorded a negative free cash flow of R\$ 102.0 million, and a negative total cash flow of R\$ 135.2 million. Both free cash flow and total cash flow improved versus the 1Q17, due to a lower working capital consumption. It is important to highlight that the first quarter always brings an unfavorable cash cycle seasonality, while the fourth quarter has the most favorable seasonality of the year, therefore resulting in a material cash outlay in the quarter.

| <b>Cash Flow</b>  | <b>1Q18</b>    | <b>1Q17</b>    |
|---|----------------|----------------|
| <i>(R\$ million)</i>  |                |                |
| <b>Adjusted EBIT</b>  | <b>176.1</b>   | <b>166.5</b>   |
| NPV Adjustment  | (8.5)          | (21.1)         |
| Non-Recurring Expenses  | -              | (2.2)          |
| Income Tax (34%)  | (57.0)         | (48.7)         |
| Depreciation  | 96.0           | 77.5           |
| Others  | 2.2            | 16.3           |
| <b>Resources from Operations</b>  | <b>208.9</b>   | <b>188.3</b>   |
| Cash Cycle*   | (153.3)        | (246.7)        |
| Other Assets (Liabilities)**  | (33.4)         | 20.8           |
| <b>Operating Cash Flow</b>  | <b>22.2</b>    | <b>(37.7)</b>  |
| <b>Investments</b>  | <b>(124.2)</b> | <b>(135.1)</b> |
| <b>Free Cash Flow</b>   | <b>(102.0)</b> | <b>(172.7)</b> |
| Interest on Equity  | (0.1)          | (0.1)          |
| Income Tax Paid over Interest on Equity                                 | -              | -              |
| Net Financial Expenses***   | (5.4)          | (10.9)         |
| Share Buyback   | (46.9)         | -              |
| Income Tax (Tax benefit over financial expenses and interest on equity) | 19.2           | 21.1           |
| <b>Total Cash Flow</b>  | <b>(135.2)</b> | <b>(162.7)</b> |

\*Includes adjustments to discounted receivables.

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

\*\*\*Excludes NPV adjustments.

Resources from operations amounted to R\$ 208.9 million, equivalent to 5.8% of gross revenues, while we recorded a working capital increase of R\$ 186.7 million (including adjustments to discounted receivables), amounting to a total operating cash flow of R\$ 22.2 million.

Of the R\$ 124.2 million invested in the quarter, R\$ 80.9 million corresponded to new store openings, R\$ 19.7 million to the renovation or expansion of existing stores and R\$ 23.7 million to investments in infrastructure.

Net financial expenses totaled R\$ 5.4 million in the quarter, excluding NPV adjustments. These were more than fully offset by the R\$ 19.2 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 also recorded a cash outlay of R\$ 46.9 million in share buyback in order to support our long term executive restricted shares plan.

We accrued R\$ 51.0 million in interest on equity in the 1Q18, reflecting a payout of 42.0%, through the full usage of the legal interest on equity limit.

### INDEBTEDNESS

At the end of the quarter, we recorded an adjusted net debt position of R\$ 528.8 million, versus R\$ 345.2 million recorded in the same period of 2017. The Adjusted Net Debt to EBITDA totaled 0.5x, 0.2x higher than the same period of last year due to the significant investment undertaken in the last twelve months.

This net debt includes R\$ 48.9 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 2017, assuming the pre-agreed multiple, the average forecasted annual EBITDA for 2018, 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 economic outlook of 4Bio.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

## Comments on company performance

Further, 4Bio ended the quarter with R\$ 9.1 million in discounted receivables.

| Net Debt                                    | 1Q17         | 2Q17         | 3Q17         | 4Q17         | 1Q18         |
|---|--------------|--------------|--------------|--------------|--------------|
| <i>(R\$ million)</i>                        |              |              |              |              |              |
| Short-term Debt                             | 167.9        | 240.6        | 231.8        | 196.2        | 186.2        |
| Long-term Debt                              | 305.5        | 513.0        | 486.7        | 414.7        | 387.3        |
| <b>Total Gross Debt</b>                     | <b>473.4</b> | <b>753.7</b> | <b>718.5</b> | <b>611.0</b> | <b>573.5</b> |
| (-) Cash and Equivalents                    | 181.6        | 324.4        | 394.6        | 264.9        | 102.7        |
| <b>Net Debt</b>                             | <b>291.8</b> | <b>429.3</b> | <b>323.9</b> | <b>346.1</b> | <b>470.8</b> |
| Discounted Receivables                      | 5.9          | -            | -            | -            | 9.1          |
| Put/Call option to acquire 4Bio (estimated) | 47.5         | 50.0         | 52.5         | 47.5         | 48.9         |
| <b>Adjusted Net Debt</b>                    | <b>345.2</b> | <b>479.3</b> | <b>376.4</b> | <b>393.6</b> | <b>528.8</b> |
| Adjusted Net Debt / EBITDA                  | 0.3x         | 0.5x         | 0.3x         | 0.3x         | 0.5x         |

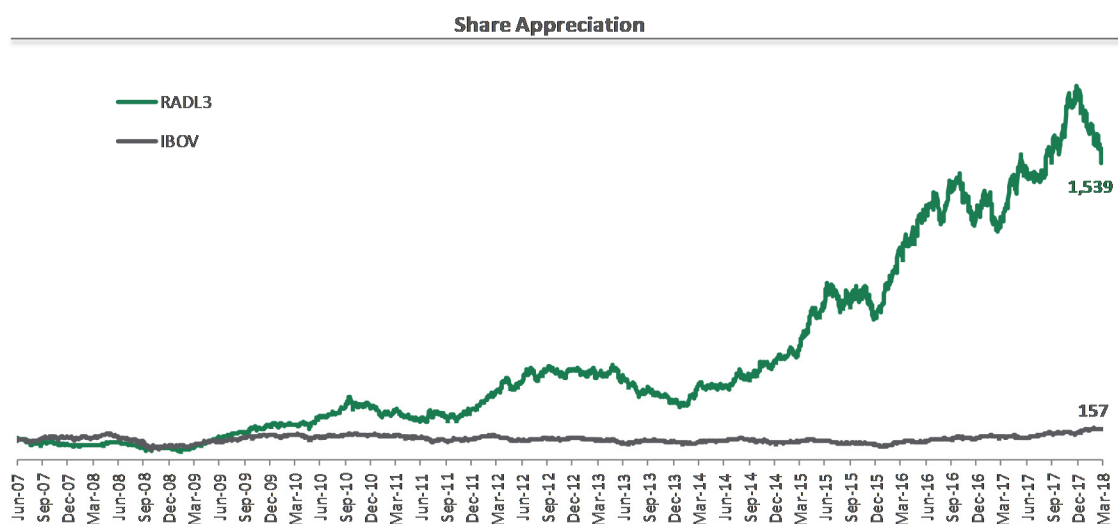
Our gross debt totaled R\$ 573.5 million, of which 46.3% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines, and 53.7% correspond to the debentures issued on April 2017. Of our total debt, 67.5% is long-term, while 32.5% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 102.7 million.

In April 2018, we raised R\$ 400 million in the Company's second Debenture issuance. The emission was divided in nine different series with a 2.7 years duration, 5 years maturity to the payment of the last series and an average cost of 104.5% of CDI.

## TOTAL SHAREHOLDER RETURN

Our share price fell by 18.4% in the 1Q18 versus a 33.5% gain of the Ibovespa. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,439.1% versus a return of only 56.9% for the Ibovespa. Including the payment of interest on equity, we generated an average annual total return to shareholders of 29.4%. Considering the IPO of Raia in December of 2010, the cumulative return amounted to 614.0% versus an increase of only 25.6% of the Ibovespa. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 31.3%.

We recorded an average daily trading volume of R\$ 86.9 million in the quarter.



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Comments on company performance**

| <b>Adjusted Income Statement</b><br><i>(R\$ thousand)</i> | <b>1Q17</b>      | <b>1Q18</b>      |
|---|------------------|------------------|
| <b>Gross Revenue</b>                                      | <b>3,212,406</b> | <b>3,603,969</b> |
| Taxes, Discounts and Returns                              | (155,296)        | (170,391)        |
| <b>Net Revenue</b>  | <b>3,057,110</b> | <b>3,433,578</b> |
| Cost of Goods Sold  | (2,135,486)      | (2,406,819)      |
| <b>Gross Profit</b>                                       | <b>921,624</b>   | <b>1,026,758</b> |
| Operational (Expenses) Revenue                            |                  |                  |
| Sales   | (599,142)        | (675,113)        |
| General and Administrative                                | (78,464)         | (79,461)         |
| <b>Operational Expenses</b>                               | <b>(677,606)</b> | <b>(754,573)</b> |
| <b>EBITDA</b>   | <b>244,018</b>   | <b>272,185</b>   |
| Depreciation and Amortization                             | (77,522)         | (96,038)         |
| <b>Operational Earnings before Financial Results</b>      | <b>166,496</b>   | <b>176,147</b>   |
| Financial Expenses  | (57,710)         | (32,605)         |
| Financial Revenue   | 28,219           | 16,467           |
| <b>Financial Expenses/Revenue</b>                         | <b>(29,490)</b>  | <b>(16,138)</b>  |
| <b>Earnings before Income Tax and Social Charges</b>      | <b>137,006</b>   | <b>160,009</b>   |
| Income Tax and Social Charges                             | (31,578)         | (38,722)         |
| <b>Net Income</b>   | <b>105,427</b>   | <b>121,288</b>   |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Comments on company performance**

| <b>Consolidated Income Statement</b><br><i>(R\$ thousand)</i> | <b>1Q17</b>      | <b>1Q18</b>      |
|---|------------------|------------------|
| <b>Gross Revenue</b>  | <b>3,212,406</b> | <b>3,603,969</b> |
| Taxes, Discounts and Returns                                  | (155,296)        | (170,391)        |
| <b>Net Revenue</b>  | <b>3,057,110</b> | <b>3,433,578</b> |
| Cost of Goods Sold  | (2,135,486)      | (2,406,819)      |
| <b>Gross Profit</b>   | <b>921,624</b>   | <b>1,026,758</b> |
| Operational (Expenses) Revenue                                |                  |                  |
| Sales   | (599,142)        | (675,113)        |
| General and Administrative                                    | (78,464)         | (79,461)         |
| Other Operational Expenses, Net                               | (2,160)          | 0                |
| <b>Operational Expenses</b>                                   | <b>(679,766)</b> | <b>(754,573)</b> |
| <b>EBITDA</b>   | <b>241,858</b>   | <b>272,185</b>   |
| Depreciation and Amortization                                 | (77,522)         | (96,038)         |
| <b>Operational Earnings before Financial Results</b>          | <b>164,336</b>   | <b>176,147</b>   |
| Financial Expenses  | (57,710)         | (32,605)         |
| Financial Revenue   | 28,219           | 16,467           |
| <b>Financial Expenses/Revenue</b>                             | <b>(29,490)</b>  | <b>(16,138)</b>  |
| <b>Earnings before Income Tax and Social Charges</b>          | <b>134,846</b>   | <b>160,009</b>   |
| Income Tax and Social Charges                                 | (30,844)         | (38,722)         |
| <b>Net Income</b>   | <b>104,002</b>   | <b>121,288</b>   |



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Comments on company performance**

| <b>Assets</b>                  | <b>1Q17</b>      | <b>1Q18</b>      |
|--------------------------------|------------------|------------------|
| <i>(R\$ thousand)</i>          |                  |                  |
| Current Assets                 |                  |                  |
| Cash and Cash Equivalents      | 181,601          | 102,675          |
| Accounts Receivable            | 781,330          | 959,181          |
| Inventories                    | 2,221,116        | 2,627,073        |
| Taxes Receivable               | 95,620           | 68,598           |
| Other Accounts Receivable      | 139,299          | 141,816          |
| Following Fiscal Year Expenses | 28,452           | 32,454           |
|                                | <u>3,447,418</u> | <u>3,931,798</u> |
| Non-Current Assets             |                  |                  |
| Deposit in Court               | 25,076           | 29,972           |
| Taxes Receivable               | 24,302           | 34,683           |
| Other Credits                  | 5,770            | 3,092            |
| Property, Plant and Equipment  | 1,049,967        | 1,306,937        |
| Intangible                     | 1,179,057        | 1,190,326        |
|                                | <u>2,284,172</u> | <u>2,565,010</u> |
| ASSETS                         | <u>5,731,590</u> | <u>6,496,808</u> |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

**Comments on company performance**

| <b>Liabilities and Shareholder's Equity</b><br><i>(R\$ thousand)</i> | <b>1Q17</b>      | <b>1Q18</b>      |
|--|------------------|------------------|
| <b>Current Liabilities</b>   |                  |                  |
| Suppliers  | 1,483,477        | 1,832,996        |
| Loans and Financing  | 167,928          | 186,160          |
| Salaries and Social Charges Payable                                  | 193,325          | 205,257          |
| Taxes Payable  | 127,157          | 98,994           |
| Dividend and Interest on Equity                                      | 131,169          | 133,933          |
| Provision for Lawsuits   | 5,596            | 4,196            |
| Other Accounts Payable   | 120,631          | 113,828          |
|  | <u>2,229,284</u> | <u>2,575,363</u> |
| <b>Non-Current Liabilities</b>                                       |                  |                  |
| Loans and Financing  | 305,479          | 387,345          |
| Provision for Lawsuits   | 7,373            | 5,973            |
| Income Tax and Social Charges deferred                               | 199,069          | 243,587          |
| Other Accounts Payable   | 59,986           | 60,148           |
|  | <u>571,908</u>   | <u>697,053</u>   |
| <b>Shareholder's Equity</b>  |                  |                  |
| Common Stock   | 1,808,639        | 1,808,639        |
| Capital Reserves   | 141,319          | 107,490          |
| Revaluation Reserve  | 12,337           | 12,153           |
| Income Reserves  | 919,117          | 1,228,149        |
| Accrued Income   | 52,903           | 69,998           |
| Equity Adjustments   | (30,230)         | (30,230)         |
| Non Controller Interest  | 26,314           | 28,193           |
|  | <u>2,930,398</u> | <u>3,224,392</u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                          | <u>5,731,590</u> | <u>6,496,808</u> |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

### Comments on company performance

| <b>Cash Flow</b><br><i>(R\$ thousand)</i>                       | <u>1Q17</u>      | <u>1Q18</u>      |
|---|------------------|------------------|
| <b>Earnings before Income Tax and Social Charges</b>            | <b>134,846</b>   | <b>160,009</b>   |
| <b>Adjustments</b>  |                  |                  |
| Depreciation and Amortization                                   | 77,522           | 96,038           |
| Compensation plan with restricted shares, net                   | 2,768            | 3,271            |
| Interest over additional stock option                           | 2,310            | 1,348            |
| P,P&E and Intangible Assets residual value                      | 429              | 1,787            |
| Provisioned Lawsuits  | 10,534           | 598              |
| Provisioned Inventory Loss                                      | 1,086            | (507)            |
| Provision for Doubtful Accounts                                 | 1,540            | (2,359)          |
| Provisioned Store Closures                                      | (91)             | (592)            |
| Interest Expenses   | 13,050           | 11,128           |
| Debt Issuance Costs Amortization                                | 0                | (3,938)          |
|   | <b>243,994</b>   | <b>266,783</b>   |
| <b>Assets and Liabilities variation</b>                         |                  |                  |
| Clients and Other Accounts Receivable                           | (44,802)         | (49,554)         |
| Inventories   | (72,734)         | (108,973)        |
| Other Short Term Assets   | 257              | (4,389)          |
| Long Term Assets  | (4,289)          | 1,008            |
| Suppliers   | (123,259)        | 14,334           |
| Salaries and Social Charges                                     | (6,054)          | 2,458            |
| Taxes Payable   | 14,956           | (31,794)         |
| Other Liabilities   | 530              | (7,808)          |
| Rent Payable  | 1,646            | 2,182            |
| <b>Cash from Operations</b>                                     | <b>10,245</b>    | <b>84,247</b>    |
| Interest Paid   | (5,984)          | (3,292)          |
| Income Tax and Social Charges Paid                              | (16,516)         | (30,575)         |
| <b>Net Cash from (invested) Operational Activities</b>          | <b>(12,255)</b>  | <b>50,380</b>    |
| <b>Investment Activities Cash Flow</b>                          |                  |                  |
| P,P&E and Intangible Acquisitions                               | (135,578)        | (124,239)        |
| P,P&E Sale Payments   | 494              | 0                |
| <b>Net Cash from Investment Activities</b>                      | <b>(135,084)</b> | <b>(124,239)</b> |
| <b>Financing Activities Cash Flow</b>                           |                  |                  |
| Funding   | 85,849           | 585              |
| Payments  | (33,474)         | (41,938)         |
| Share Buyback   | 0                | (46,925)         |
| Interest on Equity and Dividends Paid                           | (67)             | (61)             |
| <b>Net Cash from Funding Activities</b>                         | <b>52,308</b>    | <b>(88,339)</b>  |
| <b>Cash and Cash Equivalents net increase</b>                   | <b>(95,031)</b>  | <b>(162,198)</b> |
| <b>Cash and Cash Equivalents in the beginning of the period</b> | <b>276,632</b>   | <b>264,873</b>   |
| <b>Cash and Cash Equivalents in the end of the period</b>       | <b>181,601</b>   | <b>102,675</b>   |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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### 1. Operations

Raia Drogasil S.A. (the "Company") is a publicly-held company listed on the Novo Mercado ("New Market") listing segment of B3 S.A. - Brasil, Bolsa, Balcão, 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 1,651 stores (1,610 stores - Dec-2017), distributed in 21 Brazilian states, as follows:

|                     | <b>Consolidated</b> |
|---------------------|---------------------|
|                     | <b>Mar-2018</b>     |
| São Paulo           | 908                 |
| Rio de Janeiro      | 118                 |
| Minas Gerais        | 109                 |
| Paraná              | 89                  |
| Distrito Federal    | 67                  |
| Goiás               | 65                  |
| Bahia               | 45                  |
| Pernambuco          | 40                  |
| Santa Catarina      | 38                  |
| Espírito Santo      | 33                  |
| Rio Grande do Sul   | 32                  |
| Mato Grosso do Sul  | 21                  |
| Rio Grande do Norte | 14                  |
| Mato Grosso         | 14                  |
| Paraíba             | 13                  |
| Sergipe             | 13                  |
| Alagoas             | 11                  |
| Ceará               | 9                   |
| Piauí               | 5                   |
| Tocantins           | 4                   |
| Maranhão            | 3                   |
|                     | <u>1,651</u>        |

Raia Drogasil's stores are supplied by 9 distribution centers located in seven States: São Paulo, Rio de Janeiro, Minas Gerais, Paraná, Goiás, Pernambuco and Bahia.

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

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## **Notes to the Quarterly Information**

All amounts in thousands of reais unless otherwise stated

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### **2. Presentation of quarterly information**

The quarterly information was approved by the Executive Board on May 2, 2018.

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 March 31, 2018 and 2017 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 financial statements for the year ended December 31, 2017 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, 2017.

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. Therefore, the consolidated statements of income, comprehensive income, cash flows and value added include three months of operations of the Company and its Subsidiary.

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 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(w) to the financial statements for the year ended December 31, 2017.

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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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. The IFRS do not require the presentation of this statement. Therefore, under the IFRS, such statement as presented as supplementary information, notwithstanding the set of the financial statements.

The Group adopted all standards, revised standards and interpretations issued by the CPC that were effective as at March 31, 2018.

### 3. New standards that became effective this fiscal year

The following new standards and amendments to standards became effective and were early adopted in the fiscal year beginning on January 1, 2018.

- (a) IFRS 9 - Financial Instruments / CPC 48 - Financial Instruments: this standard's aim is to replace IAS 39. The main changes include: (i) all financial assets should be initially recognized at fair value; (ii) the standard divides all financial assets into two classifications: those measured at amortized cost and those measured at fair value; (iii) the concept of embedded derivatives is eliminated; and (iv) smoothing of the requirements for adoption of hedge accounting. The Company's transactions subject to assessment in accordance with IFRS 9 / CPC 48 are basically investments in debentures held under repurchase agreements which are restated based on the variations of the Interbank Deposit Certificate - CDI rates (Note 13), trade receivables, comprising mostly receivables from credit and debit management charges (Note 7), and borrowing obtained from BNDES (Brazilian Economic and Social Development Bank) and the Company's issue of debentures (Note 13). Management completed its analyses and, for the amendments introduced in CPC 48, considering its current transactions, did not identify changes that could have significant impact on the measurement, classification and presentation of the Company's quarterly information.
- (b) IFRS 15 - Revenue from Contracts with Customers / CPC 47 - Revenue from Contracts with Customers: the main objective is to provide clear principles for revenue recognition and the preparation of financial statements. Management assessed this new standard and, in its opinion, it will not have material effects on its quarterly information, considering the nature of its retail sale transactions and considering that the transfer of risks and rewards of goods and services occurs on their delivery directly to the end consumer at points of sale and, therefore, there is no complexity in the definition of performance obligations and transfer of control. Even so, other Company's transactions subject to assessment in accordance with IFRS 15 / CPC 47 are basically represented by commercial agreements. The Company's management also completed its analyses and concluded that for the changes introduced in CPC 47, there were no changes that would require modification in the method of recognition of this component of revenue.
- (c) Amendments to IFRS 2 - Share-Based Payments: The amendment clarifies the basis of measurement for cash-settled share-based payments and the accounting for modifications that change a cash-settled share based payment to an equity-settled share based payment. It also introduces an exception to the principles in IFRS 2, which will require a grant to be treated as fully equity settled, where the employer is required to retain an amount for the employee's tax obligation associated to a share-based payment and pay that

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## **Notes to the Quarterly Information**

All amounts in thousands of reais unless otherwise stated

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amount to the tax authorities. Management completed its analyses and concluded that, for the current transactions, the Company already meets the requirements introduced by the amendments to FRS 2.

### **4. New standards, amendments to and interpretations of existing standards**

New or revised standards issued but not yet effective, i.e., that will become effective for annual periods beginning on or after January 1st, 2019:

- (i) IFRS 16 - Leases / CPC 6 (R2) - Leases: the new standard requires lessees to recognize the liability of future payments and the right of use of the leased assets for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts may be out of the scope of this new standard. The Company's management hired an independent specialized company to assist in the identification of contracts (inventory of contracts), assessing whether it has or not lease agreements in accordance with IFRS 16 / CPC 06 (R1). The analysis is in process of evaluation of impacts, mainly in respect of lease of properties from third parties (context of payment with variable component), and future minimum payments of store leases (cancelable leases), whose amounts generated to this date are shown in Note 22. This refers to an aspect of the standard that contains a significant component of judgment and requires a careful evaluation and appropriate controls to measure the liabilities qualifying as lease agreements. Given the complexity of the application of the standard, and until it is applied, the conclusions may be changed.
- (ii) IFRIC 23 - Uncertainties related to the treatment of income tax: 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 is assessing the impacts of 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.

### **5. 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, 2017.

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## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

### 6. Cash and cash equivalents

|   | <u>Parent Company</u> |                 | <u>Consolidated</u> |                 |
|---|-----------------------|-----------------|---------------------|-----------------|
|   | <u>Mar-2018</u>       | <u>Dec-2017</u> | <u>Mar-2018</u>     | <u>Dec-2017</u> |
| Cash and banks                              | 66,764                | 81,738          | 67,131              | 82,118          |
| Investment fund                             |                       | 90,769          |                     | 90,769          |
| Debentures held under repurchase agreements | 32,311                | 83,404          | 35,544              | 91,986          |
|   | <u>99,075</u>         | <u>255,911</u>  | <u>102,675</u>      | <u>264,873</u>  |

Investments in investment funds and debentures held under repurchase agreements have high liquidity and are restated based on the variations of the CDI rate, and reflect the realizable value, without risk of change in value or loss of income.

For investment funds and repurchase debentures, the financial institutions which negotiated these securities guarantee credit risk and immediate liquidity without loss of income. The financial investments are concentrated at the banks Bradesco, Santander, Itaú and Banco do Brasil.

The Company's exposure to interest rate risks on financial investments is disclosed in Note 23b.

### 7. Trade receivables

|   | <u>Parent Company</u> |                 | <u>Consolidated</u> |                 |
|---|-----------------------|-----------------|---------------------|-----------------|
|   | <u>Mar-2018</u>       | <u>Dec-2017</u> | <u>Mar-2018</u>     | <u>Dec-2017</u> |
| Trade receivables                                 | 870,556               | 841,471         | 961,365             | 934,735         |
| (-) Provision for impairment of trade receivables | (822)                 | (3,889)         | (2,183)             | (4,664)         |
|   | <u>869,734</u>        | <u>837,582</u>  | <u>959,182</u>      | <u>930,071</u>  |



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## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

The ageing of trade receivables is as follows:

|   | <u>Parent Company</u> |                 | <u>Consolidated</u> |                 |
|---|-----------------------|-----------------|---------------------|-----------------|
|   | <u>Mar-2018</u>       | <u>Dec-2017</u> | <u>Mar-2018</u>     | <u>Dec-2017</u> |
| Not yet due                                   | 846,443               | 831,006         | 930,183             | 919,711         |
| Overdue                                       |                       |                 |                     |                 |
| Between 1 and 30 days                         | 20,053                | 4,497           | 23,546              | 5,895           |
| Between 31 and 60 days                        | 2,470                 | 1,949           | 3,191               | 2,364           |
| Between 61 and 90 days                        | 804                   | 505             | 929                 | 988             |
| Between 91 and 180 days                       | 786                   | 3,514           | 2,072               | 4,306           |
| Between 181 and 360 days                      |                       |                 | 1,444               | 1,471           |
| Provision for impairment of trade receivables | <u>(822)</u>          | <u>(3,889)</u>  | <u>(2,183)</u>      | <u>(4,664)</u>  |
|   | <u>869,734</u>        | <u>837,582</u>  | <u>959,182</u>      | <u>930,071</u>  |

Days sales outstanding are approximately 37 days, which is considered part of the normal conditions inherent in the Company's operations.

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

|                 | <u>Parent Company</u> |                 | <u>Consolidated</u> |                 |
|-----------------|-----------------------|-----------------|---------------------|-----------------|
|                 | <u>Mar-2018</u>       | <u>Dec-2017</u> | <u>Mar-2018</u>     | <u>Dec-2017</u> |
| Opening balance | (3,889)               | (2,612)         | (4,664)             | (2,756)         |
| Additions       | (1,203)               | (9,967)         | (2,259)             | (13,629)        |
| Reversals       | <u>4,270</u>          | <u>8,690</u>    | <u>4,740</u>        | <u>11,721</u>   |
| Closing balance | <u>(822)</u>          | <u>(3,889)</u>  | <u>(2,183)</u>      | <u>(4,664)</u>  |

Trade receivables are classified as receivables and are therefore measured as described in Note 4d-i-3 to the financial statements for the year ended December 31, 2017.

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Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

### 8. Inventories

|                                | <u>Parent Company</u> |                  | <u>Consolidated</u> |                  |
|--------------------------------|-----------------------|------------------|---------------------|------------------|
|                                | <u>Mar-2018</u>       | <u>Dec-2017</u>  | <u>Mar-2018</u>     | <u>Dec-2017</u>  |
| Goods for resale               | 2,566,106             | 2,490,941        | 2,629,348           | 2,529,596        |
| Goods held by third parties    | 9,354                 |                  | 9,354               |                  |
| Materials                      | 1,686                 | 1,819            | 1,686               | 1,819            |
| Provision for inventory losses | <u>(13,314)</u>       | <u>(13,821)</u>  | <u>(13,314)</u>     | <u>(13,821)</u>  |
| Total inventory                | <u>2,563,832</u>      | <u>2,478,939</u> | <u>2,627,074</u>    | <u>2,517,594</u> |

Changes in the provision for goods losses are as follows:

|                 | <u>Parent Company</u> |                 | <u>Consolidated</u> |                 |
|-----------------|-----------------------|-----------------|---------------------|-----------------|
|                 | <u>Mar-2018</u>       | <u>Dec-2017</u> | <u>Mar-2018</u>     | <u>Dec-2017</u> |
| Opening balance | (13,821)              | (10,165)        | (13,821)            | (10,165)        |
| Additions       | (637)                 | (8,954)         | (637)               | (8,954)         |
| Write-offs      | <u>1,144</u>          | <u>5,298</u>    | <u>1,144</u>        | <u>5,298</u>    |
| Closing balance | <u>(13,314)</u>       | <u>(13,821)</u> | <u>(13,314)</u>     | <u>(13,821)</u> |

For the three-month period ended March 31, 2018, cost of sales recognized in the statement of income was R\$ 2,276,387 (R\$ 2,039,509 - 1st quarter/2017) for the parent company and R\$ 2,406,819 (R\$ 2,135,486 - 1st quarter/2017) for the consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the year amounting to R\$ 22,941 (R\$ 18,069 - 1st quarter/2017) for the parent company and R\$ 22,993 (R\$ 18,162 - 1st quarter/2017) 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.

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### 9. Taxes recoverable

|  | Parent Company |                | Consolidated   |                |
|--|----------------|----------------|----------------|----------------|
|  | Mar-2018       | Dec-2017       | Mar-2018       | Dec-2017       |
| <b>Taxes on profit</b>   |                |                |                |                |
| Withholding Income Tax (IRRF)  | 394            | 440            | 394            | 440            |
| Corporate Income Tax (IRPJ)  | 3,465          | 214            | 3,465          | 214            |
| Social Contribution on Net Profit (CSLL)                                       | 1,215          |                | 1,215          |                |
|  | <u>5,074</u>   | <u>654</u>     | <u>5,074</u>   | <u>654</u>     |
| <b>Other taxes</b>   |                |                |                |                |
| Value Added Tax on Sales and Services (ICMS) - credit balance                  | 43,296         | 57,661         | 44,539         | 58,350         |
| ICMS - Refund of ICMS withheld in advance (CAT Ruling 17/99)                   | 118            | 320            | 118            | 320            |
| ICMS on acquisitions of fixed assets   | 44,320         | 43,250         | 44,320         | 43,250         |
| Social Integration Program (PIS)   | 1,384          | 892            | 1,384          | 892            |
| Social Contribution on Revenue (COFINS)  | 6,375          | 4,108          | 6,375          | 4,109          |
| Social Investment Fund - 1982 - securities issued to cover court-ordered debts | 561            | 561            | 561            | 561            |
| National Institute of Social Security (INSS)                                   |                | 3,617          |                | 3,617          |
|  | <u>96,054</u>  | <u>110,409</u> | <u>97,297</u>  | <u>111,099</u> |
|  | <u>101,128</u> | <u>111,063</u> | <u>102,371</u> | <u>111,753</u> |
| Current assets   | <u>67,355</u>  | <u>78,088</u>  | <u>68,598</u>  | <u>78,778</u>  |
| Non-current assets   | <u>33,773</u>  | <u>32,975</u>  | <u>33,773</u>  | <u>32,975</u>  |

The ICMS credits amounting to R\$ 43,296 and R\$ 118 (R\$ 57,661 and R\$ 320 Dec-2017) for the parent company and R\$ 44,539 and R\$ 118 (R\$ 58,350 and R\$ 320 - Dec-2017) 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 São Paulo, Paraná and Pernambuco, in order to supply its branches located in other Brazilian states. The respective 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 used 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.

### 10. 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 held by the founding stockholders after January 2021, and the exercise price will be calculated based on the average of the adjusted EBITDA of 4Bio for the years ending December 31, 2018, 2019 and 2020 the fair value of which at March 31, 2018 corresponds to R\$ 48,863 (R\$ 47,515 - Dec-2017).

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The fair value of the additional stock option recorded in Parent Company and Consolidated, of R\$ 48,863 (R\$ 47,515 - Dec-2017) is classified as Level 3 in the fair value hierarchy. The main fair value measurements have as reference: (i) a discount rate of 11.84% in Dec-2017 (22.04% - Dec-2016), (ii) an average growth rate of EBITDA of 50.46% in Dec-2017 (27.4% in Dec-2016), considering the average of the EBITDAs projected for 2018 to 2020 and the multiple provided for in contract.

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

### (b) Changes in investments

At March 31, 2018 and 2017, the Company's investment balance is as follows:

| <u>Company name</u>    | <u>Main activity</u>        | <u>Interest (%)</u> | <u>3/31/2018</u> | <u>3/31/2017</u> |
|------------------------|-----------------------------|---------------------|------------------|------------------|
| 4Bio Medicamentos S.A. | Retail of special medicines | 55%                 | 31,897           | 29,602           |

Changes in the investment balance in the subsidiary, presented in the parent company quarterly information, are as follows:

|                                     | <u>Parent Company</u> |                 |
|-------------------------------------|-----------------------|-----------------|
|                                     | <u>Mar-2018</u>       | <u>Mar-2017</u> |
| At January 1                        | 31,489                | 29,424          |
| Equity in the results of subsidiary | 408                   | 178             |
| At March 31                         | <u>31,897</u>         | <u>29,602</u>   |

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For the purposes of calculating the equity of 4Bio Medicamentos S.A., 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 period of 4Bio for the purposes of determining the equity at March 31, 2018:

|   | <b>Parent Company</b> |                 |
|---|-----------------------|-----------------|
|   | <b>Mar-2018</b>       | <b>Mar-2017</b> |
| Result of 4Bio (three-month period)                           | 551                   | 321             |
| Amortization of surplus arising from the business combination | (143)                 | (143)           |
| Adjusted profit of 4Bio                                       | <u>408</u>            | <u>178</u>      |
| <b>Adjusted equity</b>  | <b>Mar-2018</b>       | <b>Mar-2017</b> |
| Investment at book value (55%)                                | 15,934                | 13,309          |
| Allocation of the purchase price (surplus of assets)          | 4,976                 | 5,846           |
| Deferred income tax liability on allocation adjustments       | (1,692)               | (1,987)         |
| Share of dividends proposed                                   | (228)                 | (473)           |
|   | <u>18,990</u>         | <u>16,695</u>   |
| Goodwill based on expected future profitability               | 12,907                | 12,907          |
|   | <u>31,897</u>         | <u>29,602</u>   |

#### (c) Subsidiary's dividend

In conformity with Art. 202 of Law 6,404/76 and the Company's bylaws, a mandatory minimum dividend of 10% of the adjusted profit for the year was calculated and recorded.

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### 11. Property and equipment and intangible assets

#### I. Property and equipment

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

|   |               |                 |                                    |                         |                 |                        | 2018                               | 2017             |                  |
|---|---------------|-----------------|------------------------------------|-------------------------|-----------------|------------------------|------------------------------------|------------------|------------------|
|   | Land          | Buildings       | Furniture, fittings and facilities | Machinery and equipment | Vehicles        | Leasehold improvements | Store renovation and modernization | Total:           | Total:           |
| <b>Cost</b>                             |               |                 |                                    |                         |                 |                        |                                    |                  |                  |
| At January 1                            | 27,440        | 41,917          | 642,058                            | 367,753                 | 59,183          | 977,427                | 3,863                              | 2,119,641        | 1,664,892        |
| Additions                               |               |                 | 29,665                             | 16,339                  | 243             | 61,622                 |                                    | 107,869          | 105,244          |
| Disposals and write-offs                |               |                 | (2,324)                            | (883)                   | (72)            | (20,788)               |                                    | (24,067)         | (18,947)         |
| Provision (reversal) for store closures |               |                 | 161                                |                         |                 | 1,395                  |                                    | 1,556            | 1,046            |
| At March 31                             | <u>27,440</u> | <u>41,917</u>   | <u>669,560</u>                     | <u>383,209</u>          | <u>59,354</u>   | <u>1,019,656</u>       | <u>3,863</u>                       | <u>2,204,999</u> | <u>1,752,235</u> |
| <b>Accumulated depreciation</b>         |               |                 |                                    |                         |                 |                        |                                    |                  |                  |
| Average annual depreciation rates (%)   |               | 2.5 - 2.7       | 7.4 - 10                           | 7.1 - 15.8              | 20.0 - 23.7     | 17.0 - 21.6            | 20.0                               |                  |                  |
| At January 1                            |               | (20,985)        | (221,374)                          | (170,137)               | (16,711)        | (412,800)              | (3,721)                            | (845,728)        | (660,001)        |
| Additions                               |               | (272)           | (15,126)                           | (11,872)                | (1,692)         | (47,849)               | (53)                               | (76,864)         | (61,559)         |
| Disposals and write-offs                |               |                 | 2,057                              | 834                     | 47              | 20,199                 |                                    | 23,137           | 18,010           |
| Provision (reversal) for store closures |               |                 | (69)                               |                         |                 | (893)                  |                                    | (962)            | (750)            |
| At March 31                             |               | <u>(21,257)</u> | <u>(234,512)</u>                   | <u>(181,175)</u>        | <u>(18,356)</u> | <u>(441,343)</u>       | <u>(3,774)</u>                     | <u>(900,417)</u> | <u>(704,300)</u> |
| <b>Net balance</b>                      |               |                 |                                    |                         |                 |                        |                                    |                  |                  |
| At January 1                            | 27,440        | 20,932          | 420,684                            | 197,616                 | 42,472          | 564,627                | 142                                | 1,273,913        | 1,004,891        |
| At March 31                             | <u>27,440</u> | <u>20,660</u>   | <u>435,048</u>                     | <u>202,034</u>          | <u>40,998</u>   | <u>578,313</u>         | <u>89</u>                          | <u>1,304,582</u> | <u>1,047,935</u> |

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Changes in the consolidated property and equipment are as follows:

|   |               |                  |   |                                    |                 |                                   |   | <u>2018</u>      | <u>2017</u>      |
|---|---------------|------------------|---|------------------------------------|-----------------|-----------------------------------|---|------------------|------------------|
|   | <u>Land</u>   | <u>Buildings</u> | <u>Furniture,<br/>fittings and<br/>facilities</u> | <u>Machinery and<br/>equipment</u> | <u>Vehicles</u> | <u>Leasehold<br/>improvements</u> | <u>Store<br/>renovation and<br/>modernization</u> | <u>Total:</u>    | <u>Total</u>     |
| <b>Cost</b>                             |               |                  |   |                                    |                 |                                   |   |                  |                  |
| At January 1                            | 27,440        | 41,917           | 643,187   | 368,944                            | 59,436          | 978,649                           | 3,863   | 2,123,436        | 1,667,614        |
| Additions                               |               |                  | 29,679  | 16,438                             | 243             | 61,631                            |   | 107,991          | 105,663          |
| Disposals and write-offs                |               |                  | (2,324)   | (883)                              | (72)            | (20,788)                          |   | (24,067)         | (18,947)         |
| Provision (reversal) for store closures |               |                  | 161   |                                    |                 | 1,395                             |   | 1,556            | 1,046            |
| At March 31                             | <u>27,440</u> | <u>41,917</u>    | <u>670,703</u>                                    | <u>384,499</u>                     | <u>59,607</u>   | <u>1,020,887</u>                  | <u>3,863</u>                                      | <u>2,208,916</u> | <u>1,755,376</u> |
| <b>Accumulated depreciation</b>         |               |                  |   |                                    |                 |                                   |   |                  |                  |
| Average annual depreciation rates (%)   |               | 2.5 - 2.7        | 7.4 - 10  | 7.1 - 15.8                         | 20 - 23.7       | 17 - 21.6                         | 20  |                  |                  |
| At January 1                            |               | (20,985)         | (221,731)   | (170,611)                          | (16,913)        | (413,199)                         | (3,721)   | (847,160)        | (661,008)        |
| Additions                               |               | (272)            | (15,152)  | (11,916)                           | (1,696)         | (47,905)                          | (53)  | (76,994)         | (61,661)         |
| Disposals and write-offs                |               |                  | 2,057   | 834                                | 47              | 20,199                            |   | 23,137           | 18,010           |
| Provision (reversal) for store closures |               |                  | (69)  |                                    |                 | (893)                             |   | (962)            | (750)            |
| At March 31                             |               | <u>(21,257)</u>  | <u>(234,895)</u>                                  | <u>(181,693)</u>                   | <u>(18,562)</u> | <u>(441,798)</u>                  | <u>(3,774)</u>                                    | <u>(901,979)</u> | <u>(705,409)</u> |
| <b>Net balance</b>                      |               |                  |   |                                    |                 |                                   |   |                  |                  |
| At January 1                            | 27,440        | 20,932           | 421,456   | 198,333                            | 42,523          | 565,450                           | 142   | 1,276,276        | 1,006,606        |
| At March 31                             | <u>27,440</u> | <u>20,660</u>    | <u>435,808</u>                                    | <u>202,806</u>                     | <u>41,045</u>   | <u>579,089</u>                    | <u>89</u>   | <u>1,306,937</u> | <u>1,049,967</u> |

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### II. Intangible assets

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

|  |                   |   |  |   |                           |                        |                               | 2018             | 2017             |
|--|-------------------|---|--|---|---------------------------|------------------------|-------------------------------|------------------|------------------|
|  | Points of<br>sale | Software license<br>and systems<br>implementation | Goodwill<br>on<br>business<br>acquisition<br>Vison Ltda) | Goodwill on<br>business<br>acquisition<br>(Raia S.A.) | Trademarks.               | Customers<br>portfolio | Other<br>intangible<br>assets | Total:           | Total            |
| <b>Cost</b>                                |                   |   |  |   |                           |                        |                               |                  |                  |
| At January 1                               | 266,379           | 109,542   | 22,275   | 780,084   | 151,700                   | 41,700                 | 6,654                         | 1,378,334        | 1,328,006        |
| Additions                                  | 7,982             | 9,470   |  |   |                           |                        | 105                           | 17,557           | 21,051           |
| Disposals and write-offs                   | (16,340)          | (883)   |  |   |                           |                        |                               | (17,223)         | (14,358)         |
| Provision (reversal) for store<br>closures |                   |   |  |   |                           |                        |                               |                  | (426)            |
| At March 31                                | <u>258,021</u>    | <u>118,129</u>                                    | <u>22,275</u>  | <u>780,084</u>  | <u>151,700</u>            | <u>41,700</u>          | <u>6,759</u>                  | <u>1,378,668</u> | <u>1,334,273</u> |
| <b>Accumulated amortization</b>            |                   |   |  |   |                           |                        |                               |                  |                  |
| Average annual amortization rates (%)      | 17.0 - 23.4       | 20  | Indefinite<br>useful life                                | Indefinite useful<br>life                             | Indefinite<br>useful life | 6.7 - 25               | 20                            |                  |                  |
| At January 1                               | (138,359)         | (44,493)  | (2,387)  |   |                           | (37,637)               |                               | (222,876)        | (190,727)        |
| Additions                                  | (11,917)          | (5,591)   |  |   |                           | (115)                  |                               | (17,623)         | (15,447)         |
| Disposals and write-offs                   | 16,068            | 883   |  |   |                           |                        |                               | 16,951           | 14,359           |
| Provision (reversal) for store<br>closures |                   |   |  |   |                           |                        |                               |                  | 221              |
| At March 31                                | <u>(134,208)</u>  | <u>(49,201)</u>                                   | <u>(2,387)</u>   |   |                           | <u>(37,752)</u>        |                               | <u>(223,548)</u> | <u>(191,594)</u> |
| <b>Net balance</b>                         |                   |   |  |   |                           |                        |                               |                  |                  |
| At January 1                               | <u>128,020</u>    | <u>65,049</u>                                     | <u>19,888</u>  | <u>780,084</u>  | <u>151,700</u>            | <u>4,063</u>           | <u>6,654</u>                  | <u>1,155,458</u> | <u>1,137,279</u> |
| At March 31                                | <u>123,813</u>    | <u>68,928</u>                                     | <u>19,888</u>  | <u>780,084</u>  | <u>151,700</u>            | <u>3,948</u>           | <u>6,759</u>                  | <u>1,155,120</u> | <u>1,142,679</u> |



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Changes in the consolidated intangible assets are as follows:

|  |                  |   |   |  |   |                           |                 |                               |                             |                           | 2018                    | 2017             |                  |
|--|------------------|---|---|--|---|---------------------------|-----------------|-------------------------------|-----------------------------|---------------------------|-------------------------|------------------|------------------|
|  | 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) | Trademarks Raia S.A.      | Trademarks 4BIO | Customers portfolio Raia S.A. | Customers relationship 4BIO | Distribution channel 4BIO | Other intangible assets | Total            | Total            |
| <b>Cost</b>  |                  |   |   |  |   |                           |                 |                               |                             |                           |                         |                  |                  |
| At January 1   | 266,379          | 110,426                                     | 22,275  | 780,084                                      | 25,563                                  | 151,700                   | 5,069           | 41,700                        | 7,928                       | 535                       | 6,722                   | 1,418,381        | 1,367,584        |
| Additions  | 7,982            | 9,555                                       |   |  |   |                           |                 |                               |                             |                           | 105                     | 17,642           | 21,066           |
| Disposals and write-offs<br>Provision (reversal) for store<br>closures | (16,341)         | (883)                                       |   |  |   |                           |                 |                               |                             |                           |                         | (17,224)         | (14,359)         |
| At March 31  | <u>258,020</u>   | <u>119,098</u>                              | <u>22,275</u>                                 | <u>780,084</u>                               | <u>25,563</u>                           | <u>151,700</u>            | <u>5,069</u>    | <u>41,700</u>                 | <u>7,928</u>                | <u>535</u>                | <u>6,827</u>            | <u>1,418,799</u> | <u>1,373,865</u> |
| <b>Accumulated amortization</b>  |                  |   |   |  |   |                           |                 |                               |                             |                           |                         |                  |                  |
| Average annual amortization<br>rates (%)                               | 17 - 23.4        | 20  | Indefinite<br>useful life                     | Indefinite<br>useful life                    | Indefinite<br>useful life               | Indefinite<br>useful life | 20              | 6.7 - 25                      | 7                           | 0.3                       | 20                      |                  |                  |
| At January 1   | (138,359)        | (44,824)                                    | (2,387)                                       |  |   |                           | (2,281)         | (37,637)                      | (1,274)                     | (535)                     | (68)                    | (227,365)        | (193,528)        |
| Additions  | (11,917)         | (5,632)                                     |   |  |   |                           | (253)           | (115)                         | (142)                       |                           |                         | (18,059)         | (15,860)         |
| Disposals and write-offs<br>Provision (reversal) for store<br>closures | 16,068           | 883   |   |  |   |                           |                 |                               |                             |                           |                         | 16,951           | 14,359           |
| At March 31  | <u>(134,208)</u> | <u>(49,573)</u>                             | <u>(2,387)</u>                                |  |   |                           | <u>(2,534)</u>  | <u>(37,752)</u>               | <u>(1,416)</u>              | <u>(535)</u>              | <u>(68)</u>             | <u>(228,473)</u> | <u>(194,808)</u> |
| <b>Net balance</b>   |                  |   |   |  |   |                           |                 |                               |                             |                           |                         |                  |                  |
| At January 1   | <u>128,020</u>   | <u>65,602</u>                               | <u>19,888</u>                                 | <u>780,084</u>                               | <u>25,563</u>                           | <u>151,700</u>            | <u>2,788</u>    | <u>4,063</u>                  | <u>6,654</u>                |                           | <u>6,654</u>            | <u>1,191,016</u> | <u>1,174,056</u> |
| At March 31  | <u>123,812</u>   | <u>69,525</u>                               | <u>19,888</u>                                 | <u>780,084</u>                               | <u>25,563</u>                           | <u>151,700</u>            | <u>2,535</u>    | <u>3,948</u>                  | <u>6,512</u>                |                           | <u>6,759</u>            | <u>1,190,326</u> | <u>1,179,057</u> |

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### **(i) Goodwill on acquisition of companies**

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

#### **Goodwill on acquisition of Drogeria Vison Ltda.**

Goodwill of R\$ 19,888 relates to the acquisition of Drogeria 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.

## **12. Employee 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 the results 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 19).

### **(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.

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### 13. Borrowing

|                                   | <u>Average annual long-term interest rate</u> | <u>Parent Company</u> |                 | <u>Consolidated</u> |                 |
|-----------------------------------|---|-----------------------|-----------------|---------------------|-----------------|
|                                   |   | <u>Mar-2018</u>       | <u>Dec-2017</u> | <u>Mar-2018</u>     | <u>Dec-2017</u> |
| <b>BNDES - Sub-loan</b>           |   |                       |                 |                     |                 |
| Businesses                        | TJLP + 2.13% (+2.23% - Dec/2017) p.a.         | 91,993                | 109,387         | 91,993              | 109,387         |
| Businesses                        | SELIC + 2.34% (+ 2.34% - Dec/2017) p.a.       | 104,843               | 115,633         | 104,843             | 115,633         |
| Machinery, equipment and vehicles | Fixed rate (3.52% - Dec/2017) p.a.            |                       | 914             |                     | 914             |
| Machinery, equipment and vehicles | TJLP + 2.02% (+2.02% - Dec/2017) p.a.         | 15,294                | 16,690          | 15,294              | 16,690          |
| Machinery, equipment and vehicles | PSI + 9.54% (9.54% - Dec/2017) p.a.           | 3,827                 | 4,301           | 3,827               | 4,301           |
| Machinery, equipment and vehicles | SELIC + 2.42% (+ 2.42% - Dec/2017) p.a.       | 66                    | 71              | 66                  | 71              |
| Working capital                   | SELIC + 2.39% (+ 2.37% - Dec/2017) p.a.       | 46,656                | 58,359          | 46,656              | 58,359          |
| Others                            |   | 2,577                 | 2,448           | 2,577               | 2,448           |
| <b>Debentures</b>                 |   |                       |                 |                     |                 |
| 1st issue of debentures           | 104.75% of CDI                                | 308,249               | 303,156         | 308,249             | 303,156         |
|                                   |   | 573,505               | 610,959         | 573,505             | 610,959         |
| Current liabilities               |   | 186,160               | 196,248         | 186,160             | 196,248         |
| Non-current liabilities           |   | 387,345               | 414,711         | 387,345             | 414,711         |

Borrowing from the BNDES is used for the expansion of stores, acquisition of machinery/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 line of other. Part of the Company's borrowing from BNDES has been taken out in the form of sub-loans, totaling R\$ 265,256 (R\$ 307,803 - Dec/2017), 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 March 31, 2018 and December 31, 2017, 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.

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Non-current amounts mature as follows:

|                     | <b>Parent<br/>Company</b> | <b>Consolidated</b> |
|---------------------|---------------------------|---------------------|
|                     | <b>Mar-2018</b>           | <b>Mar-2018</b>     |
| 2019                | 51,864                    | 51,864              |
| 2020                | 110,926                   | 110,926             |
| 2021                | 117,544                   | 117,544             |
| 2022 and thereafter | 107,011                   | 107,011             |
|                     | <b>387,345</b>            | <b>387,345</b>      |

### Characteristics of the Debentures

The characteristics of the debentures remained unaltered in relation to the information presented in note 11 to the financial statements for the year ended December 31, 2017.

### 14. 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 provision for contingencies is necessary.

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At March 31, 2018 and December 31, 2017, the Group had the following provision and corresponding judicial deposits relating to legal proceedings:

|                                    | <b>Parent Company</b> |                 | <b>Consolidated</b> |                 |
|------------------------------------|-----------------------|-----------------|---------------------|-----------------|
|                                    | <b>Mar-2018</b>       | <b>Dec-2017</b> | <b>Mar-2018</b>     | <b>Dec-2017</b> |
| Labor and social security          | 24,779                | 24,105          | 24,779              | 24,105          |
| Tax                                | 592                   | 586             | 592                 | 586             |
| Civil                              | 547                   | 627             | 547                 | 627             |
|                                    | <u>25,918</u>         | <u>25,318</u>   | <u>25,918</u>       | <u>25,318</u>   |
| (-)Corresponding judicial deposits | <u>(15,749)</u>       | <u>(14,425)</u> | <u>(15,749)</u>     | <u>(14,425)</u> |
| Total                              | <u>10,169</u>         | <u>10,893</u>   | <u>10,169</u>       | <u>10,893</u>   |
| Current liabilities                | 4,196                 | 2,724           | 4,196               | 2,724           |
| Non-current liabilities            | 5,973                 | 8,169           | 5,973               | 8,169           |

Changes in the provision were as follows:

|                                       | <b>Parent Company</b> |                 | <b>Consolidated</b> |                 |
|---------------------------------------|-----------------------|-----------------|---------------------|-----------------|
|                                       | <b>Mar-2018</b>       | <b>Dec-2017</b> | <b>Mar-2018</b>     | <b>Dec-2017</b> |
| Opening balance                       | <u>25,318</u>         | <u>17,530</u>   | <u>25,318</u>       | <u>17,530</u>   |
| Additions of new lawsuits             | 4,264                 | 14,814          | 4,264               | 14,814          |
| Write-offs                            | (5,200)               | (21,542)        | (5,200)             | (21,542)        |
| Reversals due to changes in lawsuits  | (90)                  | (594)           | (90)                | (594)           |
| Revaluation of amounts <sup>(i)</sup> | 456                   | 12,132          | 456                 | 12,132          |
| Monetary restatement                  | <u>1,170</u>          | <u>2,978</u>    | <u>1,170</u>        | <u>2,978</u>    |
| Closing balance                       | <u>25,918</u>         | <u>25,318</u>   | <u>25,918</u>       | <u>25,318</u>   |

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 by external and internal legal advisors, and a portion of these proceedings is guaranteed by pledged assets (Note 21).

<sup>(i)</sup> In the first quarter of 2017, there was a revaluation of the amounts related to labor claims with likelihood of loss classified as probable.

### Possible losses

At March 31, 2018 and December 31, 2017, the Group was party to legal proceedings of a tax, civil and labor nature, the likelihood of loss in which is estimated as possible by management and its legal advisors, amounting to R\$ 257,133 (R\$ 218,811 Dec-2017) for the parent company and for the consolidated accounts.

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### Judicial deposits

At March 31, 2018 and December 31, 2017, the Group had the following judicial deposit amounts, for which no corresponding provision had been set up:

|                           | <u>Parent Company</u> |                 | <u>Consolidated</u> |                 |
|---------------------------|-----------------------|-----------------|---------------------|-----------------|
|                           | <u>Mar-2018</u>       | <u>Dec-2017</u> | <u>Mar-2018</u>     | <u>Dec-2017</u> |
| Labor and social security | 12,272                | 12,053          | 12,272              | 12,053          |
| Tax                       | 12,555                | 12,121          | 12,555              | 12,121          |
| Civil                     | 5,145                 | 5,041           | 5,145               | 5,041           |
| Total                     | <u>29,972</u>         | <u>29,215</u>   | <u>29,972</u>       | <u>29,215</u>   |

### Labor contingencies

Labor claims in general relate to lawsuits filed by former employees questioning the payment of unpaid overtime and severance pay. 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.

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### 15. 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            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 1st<br>Quarter-<br>2018 | 1st<br>Quarter-<br>2017 | 1st<br>Quarter-<br>2018 | 1st<br>Quarter-<br>2017 |
| Profit before income tax and social contribution                      | 159,328                 | 134,337                 | 160,009                 | 134,846                 |
| Interest on capital   | (51,000)                | (51,000)                | (51,000)                | (51,000)                |
| Taxable profit  | 108,328                 | 83,337                  | 109,009                 | 83,846                  |
| Combined tax rate (25% for income tax and 9% for social contribution) | 34                      | 34                      | 34                      | 34                      |
| Theoretical tax expense   | (36,832)                | (28,335)                | (37,063)                | (28,508)                |
| Permanent additions   | (2,127)                 | (2,673)                 | (2,153)                 | (2,808)                 |
| Equity in the results of investees                                    | 139                     | 61                      |                         |                         |
| Reduction of taxes due to incentives                                  | 417                     | 435                     | 428                     | 435                     |
| Adjustment arising from offsetting of tax losses                      | 29                      | 31                      | 67                      | 37                      |
| Effective income tax and social contribution expense                  | (38,374)                | (30,481)                | (38,721)                | (30,844)                |
| Effective tax rate  | 24.1%                   | 22.7%                   | 24.2%                   | 22.9%                   |

#### (b) Deferred income tax and social contribution

Deferred income tax and social contribution assets amounting to R\$ 59,563 at March 31, 2018 (R\$ 64,732 - Dec-2017) for the parent company and R\$60,423 at March 31, 2018 (R\$ 65,445 - Dec/2017) in the consolidated accounts arose substantially 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\$ 300,934 at March 31, 2018 (R\$ 290,949 - Dec-2017) for the parent company and R\$ 304,010 at March 31, 2018 (R\$ 294,160 - Dec-2017) in the consolidated accounts relate to tax charges on the remaining balances of: (i) the revaluation reserve; and (ii) goodwill from future profitability.

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Deferred income tax and social contribution for the quarters refer to:

|  | Balance sheet    |                  |                  |                  | Statement of income |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|
|  | Parent Company   |                  | Consolidated     |                  | Parent Company      |                  | Consolidated     |                  |
|  | Mar-2018         | Dec-2017         | Mar-2018         | Dec-2017         | 1st Quarter-2018    | 1st Quarter-2017 | 1st Quarter-2018 | 1st Quarter-2017 |
| Revaluation at fair value of land and buildings                      | (7,043)          | (7,066)          | (7,043)          | (7,066)          |                     |                  |                  |                  |
| Amortization of the goodwill on future profitability                 | (237,041)        | (226,401)        | (237,041)        | (226,401)        | (10,640)            | (10,693)         | (10,640)         | (10,693)         |
| Non-deductible intangible assets - merger of Raia S.A.               | (56,850)         | (57,482)         | (56,850)         | (57,482)         | 632                 | 631              | 632              | 631              |
| Non-deductible intangible assets - acquisition of 4Bio               |                  |                  | (3,076)          | (3,211)          |                     |                  | 135              | 134              |
| Adjustment to present value  | 6,335            | 5,877            | 6,335            | 5,877            | 458                 | 5,884            | 458              | 5,884            |
| Provision for inventory obsolescence                                 | 26,639           | 29,495           | 26,639           | 29,495           | (2,856)             | 1,527            | (2,856)          | 1,527            |
| Provision for sundry obligations                                     | 9,716            | 6,963            | 9,883            | 7,106            | 3,661               | (626)            | 3,685            | (427)            |
| Provision for employee profit sharing                                | 6,862            | 11,472           | 7,092            | 11,778           | (5,733)             | (6,951)          | (5,810)          | (6,942)          |
| Provision for contingencies  | 8,626            | 8,609            | 8,626            | 8,609            | 231                 | 3,582            | 231              | 3,582            |
| Provision for impairment of trade receivables                        | 1,385            | 2,316            | 1,848            | 2,580            | (930)               | 372              | (730)            | 399              |
| <b>Deferred income tax and social contribution expense (benefit)</b> |                  |                  |                  |                  | <b>(15,177)</b>     | <b>(6,274)</b>   | <b>(14,895)</b>  | <b>(5,905)</b>   |
| <b>Deferred tax assets (liabilities), net</b>                        | <b>(241,371)</b> | <b>(226,217)</b> | <b>(243,587)</b> | <b>(228,715)</b> |                     |                  |                  |                  |
| Reflected in the balance sheet as follows:                           |                  |                  |                  |                  |                     |                  |                  |                  |
| Deferred tax assets  | 59,563           | 64,732           | 60,423           | 65,445           |                     |                  |                  |                  |
| Deferred tax liabilities   | (300,934)        | (290,949)        | (304,010)        | (294,160)        |                     |                  |                  |                  |
| <b>Deferred tax assets (liabilities), net</b>                        | <b>(241,371)</b> | <b>(226,217)</b> | <b>(243,587)</b> | <b>(228,715)</b> |                     |                  |                  |                  |
| <b>Reconciliation of deferred tax assets (liabilities), net</b>      | <b>Mar-2018</b>  | <b>Dec-2017</b>  | <b>Mar-2018</b>  | <b>Dec-2017</b>  |                     |                  |                  |                  |
| <b>At the beginning of the period</b>                                | (226,217)        | (189,818)        | (228,715)        | (193,187)        |                     |                  |                  |                  |
| Taxable revenue recognized in the income statement                   | (15,177)         | (36,496)         | (14,895)         | (35,625)         |                     |                  |                  |                  |
| Realization of deferred tax recognized in equity                     | 23               | 97               | 23               | 97               |                     |                  |                  |                  |
| <b>Balance at the end of the period</b>                              | <b>(241,371)</b> | <b>(226,217)</b> | <b>(243,587)</b> | <b>(228,715)</b> |                     |                  |                  |                  |

### (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 amounting to R\$ 59,563 in the parent company and R\$ 60,423 in the consolidated accounts will be substantially realized by the end of December 2018.



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### 16. Earnings (loss) 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 period. 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 and consolidated |                  |
|---|---------------------------------|------------------|
|   | 1st Quarter-2018                | 1st Quarter-2017 |
| <b>Basic</b>  |                                 |                  |
| Profit for the period   | 120,954                         | 103,856          |
| Weighted average number of common shares                              | 329,615                         | 330,089          |
| <b>Basic earnings per share - R\$</b>                                 | 0.36696                         | 0.31463          |
| <b>Diluted</b>  |                                 |                  |
| Profit for the period   | 120,954                         | 103,856          |
| Weighted average number of common shares                              | 328,962                         | 330,089          |
| Weighted average number of common shares adjusted for dilution effect | 328,962                         | 330,089          |
| <b>Diluted earnings per share - R\$</b>                               | 0.36768                         | 0.31463          |

### 17. Equity

#### (a) Share capital

At March 31, 2018, the fully paid-up capital amounted to R\$ 1,808,639 (R\$ 1,808,639 - Dec-2017), represented by 330,386,000 common registered book-entry shares with no par value, of which 211,217,269 shares were outstanding (211,804,492 common shares - Dec-2017).

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 March 31, 2018, the Company's ownership interest was as follows:

|                          | Number of shares   |                    | Interest (%)  |               |
|--------------------------|--------------------|--------------------|---------------|---------------|
|                          | Mar-2018           | Dec-2017           | Mar-2018      | Dec-2017      |
| Controlling stockholders | 118,122,159        | 117,907,354        | 35.75         | 35.69         |
| Shares outstanding       | 211,217,269        | 211,804,492        | 63.93         | 64.11         |
| Treasury shares          | 1,046,572          | 674,154            | 0.32          | 0.20          |
|                          | <u>330,386,000</u> | <u>330,386,000</u> | <u>100.00</u> | <u>100.00</u> |

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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 shares outstanding was as follows:

|   | <b>Shares<br/>outstanding</b> |
|---|-------------------------------|
| At December 31, 2017                      | 211,804,492                   |
| (Purchase)/sale of restricted shares, net | <u>(587,223)</u>              |
| At March 31, 2018                         | <u>211,217,269</u>            |

At March 31, 2018, the Company's common shares were quoted at R\$ 74.80 (closing quote) (R\$ 91.80 at December 31, 2017).

### (b) 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 March 31, 2018 are summarized below:

|  | <b>Parent Company</b>       |                         |
|--|-----------------------------|-------------------------|
|  | <b>Number of<br/>shares</b> | <b>Shares<br/>value</b> |
| At December 31, 2017   | 674,154                     | 12,808                  |
| Shares delivered to executives related to the 3rd tranche of the 2014 grant<br>2 <sup>nd</sup> tranche of the 2015 grant and 1 <sup>st</sup> tranche of the 2016 grant | (224,582)                   | (4,267)                 |
| Repurchase of shares   | <u>597,000</u>              | <u>46,925</u>           |
| At March 31, 2018  | <u>1,046,572</u>            | <u>55,466</u>           |

At March 31, 2018, the market value of the treasury shares, having as reference the quotation of R\$ 74.80 per share at that date, corresponds to R\$ 78,284.

### (c) 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").

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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.

The changes of the restricted shares are summarized below:

|                                  | <u>Mar-2018</u> |               | <u>Dec-2017</u> |               |
|----------------------------------|-----------------|---------------|-----------------|---------------|
|                                  | <u>Shares</u>   | <u>Amount</u> | <u>Shares</u>   | <u>Amount</u> |
| Opening balance                  | 485,242         | 18,863        | 375,212         | 11,123        |
| Granted shares for the period    | 58,498          | 3,259         | 293,260         | 12,603        |
| Repurchase of shares             | 597,000         | 46,925        |                 |               |
| Delivery of shares in the period | (224,582)       | (4,267)       | (183,230)       | (4,863)       |
| Closing balance                  | <u>916,158</u>  | <u>64,780</u> | <u>485,242</u>  | <u>18,863</u> |

## 18. Net sales revenue

|                            | <u>Parent Company</u>        |                              | <u>Consolidated</u>          |                              |
|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                            | <u>1st Quarter-<br/>2018</u> | <u>1st Quarter-<br/>2017</u> | <u>1st Quarter-<br/>2018</u> | <u>1st Quarter-<br/>2017</u> |
| Gross sales revenue        |                              |                              |                              |                              |
| Sales revenue              | 3,441,815                    | 3,091,021                    | 3,600,530                    | 3,209,072                    |
| Service revenue            | 3,420                        | 3,300                        | 3,439                        | 3,334                        |
|                            | <u>3,445,235</u>             | <u>3,094,321</u>             | <u>3,603,969</u>             | <u>3,212,406</u>             |
| Taxes on sales             | (129,961)                    | (110,569)                    | (140,547)                    | (116,634)                    |
| Returns, rebates and other | (26,638)                     | (35,454)                     | (29,844)                     | (38,662)                     |
| Net sales revenue          | <u>3,288,636</u>             | <u>2,948,298</u>             | <u>3,433,578</u>             | <u>3,057,110</u>             |

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).

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### 19. 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         |                      |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | 1st Quarter-<br>2018 | 1st Quarter-<br>2017 | 1st Quarter-<br>2018 | 1st Quarter-<br>2017 |
| Cost of sales                     | (2,276,387)          | (2,039,509)          | (2,406,818)          | (2,135,487)          |
| Personnel expenses                | (421,367)            | (375,551)            | (427,278)            | (380,864)            |
| Service provider expenses         | (39,350)             | (38,272)             | (39,604)             | (38,460)             |
| Depreciation and amortization (i) | (95,471)             | (77,006)             | (96,037)             | (77,521)             |
| Other (ii)                        | (281,633)            | (253,343)            | (287,694)            | (258,282)            |
|                                   | <u>(3,114,208)</u>   | <u>(2,783,681)</u>   | <u>(3,257,431)</u>   | <u>(2,890,614)</u>   |

**Classified in the statement of income as:**

|                                     | 1st Quarter-<br>2018 | 1st Quarter-<br>2017 | 1st Quarter-<br>2018 | 1st Quarter-<br>2017 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Cost of sales                       | (2,276,387)          | (2,039,509)          | (2,406,819)          | (2,135,487)          |
| Selling expenses                    | (748,978)            | (659,180)            | (759,043)            | (667,230)            |
| General and administrative expenses | (88,843)             | (84,992)             | (91,569)             | (87,897)             |
|                                     | <u>(3,114,208)</u>   | <u>(2,783,681)</u>   | <u>(3,257,431)</u>   | <u>(2,890,614)</u>   |

(ii) Depreciation and amortization totaled R\$ 95,471 in the first quarter of 2018 (R\$ 77,006 - 1st Quarter-2017) for the Parent Company, of which R\$ 84,128 (R\$ 68,049 - 1st Quarter-2017) correspond to the sales area and R\$11,343 (R\$ 8,958 - 1st Quarter-2017) to the administrative area, and R\$ 96,037 (R\$ 77,521 - 1st Quarter-2017) in the consolidated, of which R\$ 84,377 (R\$ 68,214 - 1st Quarter-2017) refers to the sales area and R\$ 11,660 (R\$ 9,307 - 1st Quarter-2017) to the administrative area.

(i) These refer mostly to property rental expenses, credit and debit card management charges, transportation expenses, the maintenance of assets, utilities bills, consumables and condominium fees.

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### 20. Finance income and costs

#### (a) Finance income

|   | <b>Parent Company</b>        |                              | <b>Consolidated</b>          |                              |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
|   | <b>1st Quarter-<br/>2018</b> | <b>1st Quarter-<br/>2017</b> | <b>1st Quarter-<br/>2018</b> | <b>1st Quarter-<br/>2017</b> |
| Discounts obtained                              | 354                          | 155                          | 361                          | 193                          |
| Short term investment yields                    | 2,074                        | 5,672                        | 2,074                        | 5,672                        |
| Interest on intercompany loans                  | 669                          | 633                          |                              |                              |
| Monetary gains                                  | 580                          | 665                          | 666                          | 671                          |
| Other finance income                            |                              | 1                            | 76                           | 20                           |
| Taxes thereon (PIS/COFINS)                      | (171)                        | (327)                        | (171)                        | (327)                        |
| Present value adjustment (PVA) - finance income | 12,297                       | 20,382                       | 13,461                       | 21,990                       |
| <b>Total finance income</b>                     | <b>15,803</b>                | <b>27,181</b>                | <b>16,467</b>                | <b>28,219</b>                |

#### (b) Finance costs

|   | <b>Parent Company</b>        |                              | <b>Consolidated</b>          |                              |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
|   | <b>1st Quarter-<br/>2018</b> | <b>1st Quarter-<br/>2017</b> | <b>1st Quarter-<br/>2018</b> | <b>1st Quarter-<br/>2017</b> |
| Discounts granted to customers          |                              |                              | (17)                         | (10)                         |
| Interest, charges and bank fees         | (134)                        | (121)                        | (277)                        | (399)                        |
| Charges on debentures                   | (5,070)                      |                              | (5,070)                      |                              |
| Amortization of transaction costs       | (97)                         |                              | (97)                         |                              |
| Charges on borrowings                   | (6,059)                      | (12,716)                     | (6,059)                      | (13,049)                     |
| Monetary losses                         | 4,621                        | (1,229)                      | 4,506                        | (1,408)                      |
| Interest on payables - equity interests | (1,348)                      | (2,309)                      | (1,348)                      | (2,309)                      |
| PVA - finance costs                     | (23,224)                     | (39,104)                     | (24,243)                     | (40,534)                     |
| <b>Total finance costs</b>              | <b>(31,311)</b>              | <b>(55,479)</b>              | <b>(32,605)</b>              | <b>(57,709)</b>              |
| <b>Finance results</b>                  | <b>(15,508)</b>              | <b>(28,298)</b>              | <b>(16,138)</b>              | <b>(29,490)</b>              |

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### 21. Guarantees for lawsuits

The following items of property and equipment were given as security for tax, social security and labor proceedings:

|                          | <b>Parent Company</b> |                 | <b>Consolidated</b> |                 |
|--------------------------|-----------------------|-----------------|---------------------|-----------------|
|                          | <b>Mar-2018</b>       | <b>Dec-2017</b> | <b>Mar-2018</b>     | <b>Dec-2017</b> |
| Furniture and facilities | 26                    | 27              | 26                  | 27              |
| Machinery and equipment  | 85                    | 85              | 85                  | 85              |
|                          | <u>111</u>            | <u>112</u>      | <u>111</u>          | <u>112</u>      |

### 22. Lease agreement commitments

The Company and its subsidiary have lease agreements with terms ranging from one to 20 years. Annual lease expenses vary depending on the number of agreements entered into or terminated. Total monthly expenses on these lease agreements (including rental, condominium fees and real estate tax amounted to R\$ 44,934 (R\$ 43,609 - Dec-2017) for the parent company and R\$ 45,086 (R\$ 43,715 - Dec-2017) for the consolidated accounts.

At March 31, 2018 and December 31, 2017, the future minimum payments referring to leases of stores (under cancelable lease agreements) were as follows:

|                       | <b>Parent Company</b> |                  | <b>Consolidated</b> |                  |
|-----------------------|-----------------------|------------------|---------------------|------------------|
|                       | <b>Mar-2018</b>       | <b>Dec-2017</b>  | <b>Mar-2018</b>     | <b>Dec-2017</b>  |
| From one to 12 months | 465,328               | 447,595          | 466,437             | 448,404          |
| From 13 to 60 months  | 1,225,289             | 1,185,782        | 1,227,548           | 1,186,841        |
| Over 60 months        | 360,017               | 352,801          | 360,161             | 352,801          |
|                       | <u>2,050,634</u>      | <u>1,986,178</u> | <u>2,054,146</u>    | <u>1,988,046</u> |

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### 23. Financial instruments and risk management policy

#### Financial instruments by category

|   | Parent Company   |                  | Consolidated     |                  |
|---|------------------|------------------|------------------|------------------|
|   | Mar-2018         | Dec-2017         | Mar-2018         | Dec-2017         |
| <b>Assets</b>   |                  |                  |                  |                  |
| <u>Loans and receivables</u>                            |                  |                  |                  |                  |
| Cash and cash equivalents (Note 6)                      | 99,075           | 255,911          | 102,675          | 264,873          |
| Trade receivables (Note 7)                              | 869,734          | 837,582          | 959,182          | 930,071          |
| Other receivables                                       | 181,240          | 158,295          | 142,725          | 120,321          |
| Judicial deposits (Note 14)                             | 29,972           | 29,215           | 29,972           | 29,215           |
|   | <u>1,180,021</u> | <u>1,281,003</u> | <u>1,234,554</u> | <u>1,344,480</u> |
| <b>Total assets</b>                                     | <u>1,180,021</u> | <u>1,281,003</u> | <u>1,234,554</u> | <u>1,344,480</u> |
| <br>  |                  |                  |                  |                  |
| <b>Liabilities as per balance sheet</b>                 |                  |                  |                  |                  |
| <u>Liabilities at fair value through profit or loss</u> |                  |                  |                  |                  |
| Payables - equity interests<br>(Note 10).               | 48,863           | 47,515           | 48,863           | 47,515           |
|   | <u>48,863</u>    | <u>47,515</u>    | <u>48,863</u>    | <u>47,515</u>    |
| <u>Other financial liabilities</u>                      |                  |                  |                  |                  |
| Trade payables  | 1,748,118        | 1,745,041        | 1,832,996        | 1,815,687        |
| Borrowing (Note 13)                                     | 573,505          | 610,959          | 573,505          | 610,959          |
| Other payables  | 123,959          | 128,259          | 125,113          | 129,403          |
|   | <u>2,445,582</u> | <u>2,484,259</u> | <u>2,531,614</u> | <u>2,556,049</u> |
| <b>Total liabilities</b>                                | <u>2,494,445</u> | <u>2,531,774</u> | <u>2,580,477</u> | <u>2,603,564</u> |

#### 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 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 liquidity.

##### (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.

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Most of the BNDES transactions are entered into based on the TJLP + interest and on the SELIC rate. Short-term 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, except cash and banks, are in accordance with the main risk rating agencies, according to the table below:

|                                | Parent Company |                | Consolidated  |                |
|--------------------------------|----------------|----------------|---------------|----------------|
|                                | Mar-2018       | Dec-2017       | Mar-2018      | Dec-2017       |
| <b>Rating - National Scale</b> |                |                |               |                |
| brAAA                          | 32,188         | 17,745         | 35,421        | 26,327         |
| brAA+                          | 123            | 65,659         | 123           | 65,659         |
| (*) n/a - Investment Funds     |                | 90,769         |               | 90,769         |
| <b>Total - National Scale</b>  | <b>32,311</b>  | <b>174,173</b> | <b>35,544</b> | <b>182,755</b> |

(\*) Not applicable, since there is no risk rating for the funds Itaú Corp DI Dicfi, Bradesco FI RF Ref. DI Premium and Santander Bancos Rf Cp Fi with the major risk rating agencies. The assets comprising this portfolio are divided into, on average, 29% of public assets and 71% private assets.

The granting of credit on sales of goods follows a policy that aims at minimizing defaults. For the quarter ended March 31, 2018, credit sales represented 52% (51% - Dec-2017) for the Parent Company and 53% (53% - Dec-2017) for the consolidated accounts of which 92% (92% - Dec-2017) for the Parent Company and 86% (86% - Dec-2017) for the consolidated accounts related to credit card sales which, in the opinion of the Group and based on the history of losses, posed an extremely low risk. The remaining 8% (8% - Dec-2017) for the Parent Company and 14% (14% - Dec-2017) 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.



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### (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          | Amount | Scenario I<br>(probable) | Scenario II | Scenario III |
| Short term investments - CDI | 0.5% increase | 32,311 | 162                      | 202         | 242          |
| Revenue                      |               |        | 162                      | 202         | 242          |
| REFIS (SELIC)                | 0.5% increase | 1,156  | 6                        | 7           | 9            |
| Expense                      |               |        | 6                        | 7           | 9            |

| Consolidated                 |               |        |                          |             |              |
|------------------------------|---------------|--------|--------------------------|-------------|--------------|
| Operation                    | Risk          | Amount | Scenario I<br>(probable) | Scenario II | Scenario III |
| Short term investments - CDI | 0.5% increase | 35,544 | 178                      | 222         | 266          |
| Revenue                      |               |        | 178                      | 222         | 266          |
| REFIS (SELIC)                | 0.5% increase | 1,156  | 6                        | 7           | 9            |
| Expense                      |               |        | 6                        | 7           | 9            |

The risk of variations in the TJLP 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.

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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:

|   | <b>Parent Company</b> |                  | <b>Consolidated</b> |                  |
|---|-----------------------|------------------|---------------------|------------------|
|   | <b>Mar-2018</b>       | <b>Dec-2017</b>  | <b>Mar-2018</b>     | <b>Dec-2017</b>  |
| Short - and long-term borrowings                              | 573,505               | 610,959          | 573,505             | 610,959          |
| (-) Cash and cash equivalents                                 | (99,075)              | (255,911)        | (102,675)           | (264,873)        |
| Net debt  | <u>474,430</u>        | <u>355,048</u>   | <u>470,830</u>      | <u>346,086</u>   |
| Equity attributable to the stockholders of the parent company | 3,196,199             | 3,222,513        | 3,196,199           | 3,222,513        |
| Non-controlling interest                                      |                       |                  | 28,193              | 27,859           |
| Total equity  | <u>3,196,199</u>      | <u>3,222,513</u> | <u>3,224,392</u>    | <u>3,250,372</u> |
| Total equity  | <u>3,670,629</u>      | <u>3,577,561</u> | <u>3,695,222</u>    | <u>3,596,458</u> |
| Gearing ratio - %   | <u>12.93</u>          | <u>9.92</u>      | <u>12.74</u>        | <u>9.62</u>      |

The increase in the gearing ratio at March 31, 2018 was mainly due to the use of the resources obtained in the Company's operation.

### (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 as follows:

|            | <b>Parent Company</b>  |                 |                   |                 | <b>Consolidated</b>    |                 |                   |                 |
|------------|------------------------|-----------------|-------------------|-----------------|------------------------|-----------------|-------------------|-----------------|
|            | <b>Carrying amount</b> |                 | <b>Fair value</b> |                 | <b>Carrying amount</b> |                 | <b>Fair value</b> |                 |
|            | <b>Mar-2018</b>        | <b>Dec-2017</b> | <b>Mar-2018</b>   | <b>Dec-2017</b> | <b>Mar-2018</b>        | <b>Dec-2017</b> | <b>Mar-2018</b>   | <b>Dec-2017</b> |
| BNDES      | 265,256                | 307,803         | 265,268           | 307,811         | 265,256                | 307,803         | 265,268           | 307,811         |
| Debentures | 308,249                | 303,156         | 308,226           | 303,145         | 308,249                | 303,156         | 308,226           | 303,145         |
|            | <u>573,505</u>         | <u>610,959</u>  | <u>573,494</u>    | <u>610,956</u>  | <u>573,505</u>         | <u>610,959</u>  | <u>573,494</u>    | <u>610,956</u>  |

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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 March 31, 2018, 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 March 31, 2018:

|   | <b>Parent company and consolidated</b> |                 |
|---|--|-----------------|
|   | <b>Payables - equity interests</b>     |                 |
|   | <b>Mar-2018</b>                        | <b>Mar-2017</b> |
| At January 1  | 47,515                                 | 45,228          |
| Expenses recognized in the statement of income:                                   | 1,348                                  | 2,310           |
| At March 31   | 48,863                                 | 47,538          |
| Total expenses for the period recognized in the statement of income               | 1,348                                  | 2,310           |
| Changes in unrealized expenses for the period included in the statement of income | 1,348                                  | 2,310           |

## 24. Derivative financial instruments

The Group does not operate with derivative instruments, except in specific situations. At March 31, 2018 and December 31, 2017, the Group did not have any derivative transactions.

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### 25. Transactions with related parties

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

|   | Relationship                | Parent Company |          | Consolidated |          | Parent Company   |                  | Consolidated     |                  |
|---|-----------------------------|----------------|----------|--------------|----------|------------------|------------------|------------------|------------------|
|   |                             | Current assets |          |              |          | Revenues         |                  |                  |                  |
|   |                             | Mar-2018       | Dec-2017 | Mar-2018     | Dec-2017 | 1st Quarter-2018 | 1st Quarter-2017 | 1st Quarter-2018 | 1st Quarter-2017 |
| Receivables   |                             |                |          |              |          |                  |                  |                  |                  |
| Special plans (i)   |                             |                |          |              |          |                  |                  |                  |                  |
| Regimar Comercial S.A.  | Stockholder/Family          |                |          |              |          | 22               | 26               | 22               | 26               |
| Heliomar Ltda.  | Stockholder/Board Member    |                |          |              |          | 2                | 5                | 2                | 5                |
| Rodrigo Wright Pipponzi (Editora Mol Ltda.)                           | Stockholder/Family          |                |          |              |          |                  | 1                |                  | 1                |
|   |                             |                |          |              |          | 24               | 32               | 24               | 32               |
| Other receivables   |                             |                |          |              |          |                  |                  |                  |                  |
| Commercial agreements   |                             |                |          |              |          |                  |                  |                  |                  |
| Natura Cosméticos S.A. (iv)   | Stockholder / Related party | 109            | 123      | 109          | 123      | 121              | 83               | 121              | 83               |
| Advances to suppliers   |                             |                |          |              |          |                  |                  |                  |                  |
| Cfly Consultoria e Gestão Empresarial Ltda. (vi)                      | Family                      |                | 440      |              | 440      |                  |                  |                  |                  |
| Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire - Advogados (ii) | Stockholder/Family          |                | 50       |              | 50       |                  |                  |                  |                  |
| Loan and other receivables  |                             |                |          |              |          |                  |                  |                  |                  |
| 4Bio Medicamentos S.A. (v)  | Subsidiary                  | 39,558         | 38,831   |              |          | 703              | 633              |                  |                  |
|   |                             | 39,668         | 39,444   | 109          | 613      | 824              | 716              | 121              | 83               |
|   |                             | 39,668         | 39,444   | 109          | 613      | 848              | 748              | 145              | 115              |

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|   | Relationship                | Parent Company      |              |              |              | Consolidated     |                  |                  |                  |
|---|-----------------------------|---------------------|--------------|--------------|--------------|------------------|------------------|------------------|------------------|
|   |                             | Current liabilities |              |              |              | Expense          |                  |                  |                  |
|   |                             | Mar-2018            | Dec-2017     | Mar-2018     | Dec-2017     | 1st Quarter-2018 | 1st Quarter-2017 | 1st Quarter-2018 | 1st Quarter-2017 |
| Payables                                      |                             |                     |              |              |              |                  |                  |                  |                  |
| Rentals (ii)                                  |                             |                     |              |              |              |                  |                  |                  |                  |
| Heliomar Ltda.                                | Stockholder/Board Member    | 18                  | 19           | 18           | 19           | 51               | 54               | 51               | 54               |
| Antonio Carlos Pipponzi                       | Stockholder/Board Member    | 7                   | 7            | 7            | 7            | 22               | 22               | 22               | 22               |
| Rosalia Pipponzi Raia                         | Stockholder/Board Member    | 7                   | 7            | 7            | 7            | 22               | 22               | 22               | 22               |
| Estate of Franco Maria David Pietro           | Stockholder/Board Member    |                     |              |              |              |                  |                  |                  |                  |
| Pipponzi                                      |                             | 7                   | 7            | 7            | 7            | 22               | 22               | 22               | 22               |
|   |                             | <u>39</u>           | <u>40</u>    | <u>39</u>    | <u>40</u>    | <u>117</u>       | <u>120</u>       | <u>117</u>       | <u>120</u>       |
| Service providers                             |                             |                     |              |              |              |                  |                  |                  |                  |
| Zurcher, Ribeiro Filho, Pires Oliveira Dias e | Stockholder/Family          |                     |              |              |              |                  |                  |                  |                  |
| Freire Advogados (ii)                         |                             | 22                  | 49           | 22           | 49           | 1,432            | 1,784            | 1,432            | 1,784            |
| Rodrigo Wright Pipponzi (Editora Mol Ltda.)   | Stockholder/Family          |                     |              |              |              |                  |                  |                  |                  |
| (iii)   |                             | 646                 | 869          | 646          | 869          | 2,172            | 2,136            | 2,172            | 2,136            |
| Cfly Consultoria e Gestão Empresarial Ltda.   | Family                      |                     |              |              |              |                  |                  |                  |                  |
| (vi)  |                             |                     |              |              |              | 612              |                  | 612              |                  |
|   |                             | <u>668</u>          | <u>918</u>   | <u>668</u>   | <u>918</u>   | <u>4,216</u>     | <u>3,920</u>     | <u>4,216</u>     | <u>3,920</u>     |
| Suppliers                                     |                             |                     |              |              |              |                  |                  |                  |                  |
| Natura Cosméticos S.A. (iv)                   | Stockholder / Related party | 785                 | 1,098        | 785          | 1,098        | 1,033            | 1,098            | 1,033            | 1,098            |
|   |                             | <u>785</u>          | <u>1,098</u> | <u>785</u>   | <u>1,098</u> | <u>1,033</u>     | <u>1,098</u>     | <u>1,033</u>     | <u>1,098</u>     |
|   |                             | <u>1,492</u>        | <u>2,056</u> | <u>1,492</u> | <u>2,056</u> | <u>5,366</u>     | <u>5,138</u>     | <u>5,366</u>     | <u>5,138</u>     |

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- (i) Sales carried out through special plans. These transactions have been entered into under commercial conditions equivalent to those adopted with other companies.
- (ii) Store rental and rendering of legal advisory services. These transactions are carried out under normal market conditions.
- (iii) 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 monthly magazine. The agreements are valid for an indefinite period of time and may be terminated by either party at any time without cost or penalties.
- (iv) On September 1st, 2015, Raia Drogasil S.A. and Natura Cosméticos S.A. entered into a purchase and sale agreement and other covenants to permit the sale of products of line "SOU" in 29 stores of the Raia and Drogasil in Campinas and region. Some members of the control block of Natura Cosméticos S.A. indirectly hold equity interests in Raia Drogasil S.A.

The parties decided to expand the project scope for sale in the entire State of São Paulo as from February 20, 2016 and for the entire national territory as from July 1st, 2016, by signing an Amendment to the agreement.

Raia Drogasil will receive five percent (5%) of the products sold, considering the amount indicated on the sale invoice of Natura Cosméticos S.A. to Raia Drogasil, and it is not possible to define a total value for the contract.

- (v) During 2016 and 2017, loan transactions were entered into between Raia Drogasil S.A. (Lender) and 4Bio Medicamentos S.A. (Borrower) 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 May 2018.

Other receivables comprise 55% on the minimum mandatory dividend of 4Bio related to 2017 (R\$ 227) and commissions on Raia Drogasil referrals (R\$ 44).

- (vi) On August 9, 2017, Raia Drogasil S.A. and Cfly Consultoria e Gestão Empresarial Ltda. entered into a service agreement for operation of the Aircraft for the Owner Raia Drogasil, which will pay to the Operator a monthly remuneration for Operational, Compliance, Financial, Maintenance Coordination and CT Advisory services.

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     |                  |
|----------------------------|------------------|------------------|------------------|------------------|
|                            | 1st Quarter-2018 | 1st Quarter-2017 | 1st Quarter-2018 | 1st Quarter-2017 |
| Fees and social charges    | 3,705            | 3,583            | 4,148            | 4,014            |
| Bonuses and social charges | 6,048            | 8,532            | 6,021            | 8,710            |
| Fringe benefits            | 385              | 91               | 385              | 91               |
|                            | <u>10,138</u>    | <u>12,206</u>    | <u>10,554</u>    | <u>12,815</u>    |

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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### 26. Insurance coverage

The Group 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 March 31, 2018:

|                       | <u>Parent Company</u> |                 | <u>Consolidated</u> |                 |
|-----------------------|-----------------------|-----------------|---------------------|-----------------|
|                       | <u>Mar-2018</u>       | <u>Dec-2017</u> | <u>Mar-2018</u>     | <u>Dec-2017</u> |
| Inventory loss risks  | 189,891               | 150,197         | 225,279             | 170,825         |
| Permanent assets      | 282,037               | 232,862         | 289,177             | 238,682         |
| Loss of profits       | 242,556               | 237,873         | 293,670             | 262,052         |
| Civil liability risks | 38,424                | 33,602          | 40,000              | 34,500          |

### 27. Non-cash transactions

At March 31, 2018, the main transactions that did not involve the Group's cash were:

- (i) the restatement of the financial liability arising from the payables to Subsidiary 4Bio (Note 10);
- (ii) part of the compensation of key management personnel associated with the restricted share plan (Note 25); and
- (iii) the installment purchase of property and equipment items in the amount of R\$ 14,769 (R\$ 11,793 - Dec-2017).

### 28. Events after the reporting period

On April 2, 2018, the Company carried out the 2nd issue of simple, non-convertible unsecured debentures, in nine series, with no real guarantee, for public distribution with restricted efforts (CVM476), amounting to R\$ 400,000, with payment term of five years, thus maturing on April 2, 2023. The remuneration will be 102.25% of the CDI for the 1st and 2<sup>nd</sup> series, .102.75% of the CDI for the 3rd series, 103.00% of the CDI for the 4th series, 103.75% of the CDI for the 5th series, 104.00% of the CDI for the 6th series, 105.25% of the CDI for the 7th series. 106.00% of the CDI for the 8th series; and 106.25% for the 9th series. The funds will be used to improve the working capital.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

### **Comment on the Behavior of Business Projections**

In this section, in accordance with CVM Instruction 480/09, we compare the projections of store openings with the data on the store openings every year, through 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.

| <b>YEAR</b> | <b>PRIOR PROJECTION</b> | <b>CURRENT PROJECTION</b> | <b>ACTUAL ACCUMULATED<sup>1</sup></b> |
|-------------|-------------------------|---------------------------|---------------------------------------|
| 2016        | 165 openings            | 200 openings              | 212 openings                          |
| 2017        | 195 openings            | 200 openings              | 210 openings                          |
| 2018        |                         | 240 openings              | 44 openings                           |
| 2019        |                         | 240 openings              |                                       |

<sup>1</sup> For 2018, accumulated until 03/31/2018.

On July 28, 2016, we revised our prior projection of 165 store openings in 2016 and 195 store openings in 2017 to 200 store openings for both years. The Company ended 2017 with 210 store openings and reiterate the projection of 240 openings for 2018 and 2019.



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## **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 March 31, 2018, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter 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.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

## **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 quarter ended March 31, 2018. 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, May 2nd, 2018

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Renato Barbosa Postal  
Contador CRC 1SP187382/O-0

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

### **Opinions and Representations / Opinion of Supervisory Board or Equivalent Body**

To the Board of Directors and Stockholders of 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 March 31, 2018 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, May 2, 2018.

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Gilberto Lério  
Supervisory Board member

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Fernando Carvalho Braga  
Supervisory Board member

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Mário Antonio Luiz Corrêa  
Supervisory Board member

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIA DROGASIL S.A.

**Opinions and Representations / Officers' Representation on Financial Statements**

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1st, 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 March 31, 2018.

São Paulo, May 2, 2018.

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Marcilio D'Amico Pousada  
Chief Executive Officer

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Fernando Kozel Varela  
Officer

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Antonio Carlos Coelho  
Officer

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Renato Cepollina Raduan  
Officer

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Eugênio De Zagottis  
Officer

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Maria Susana de Souza  
Officer

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Marcello De Zagottis  
Officer

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

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2018 - RAIÁ DROGASIL S.A.

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

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1st, 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 March 31, 2018.

São Paulo, May 2, 2018.

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Marcelio D'Amico Pousada  
Chief Executive Officer

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Fernando Kozel Varela  
Officer

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Antonio Carlos Coelho  
Officer

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Renato Cepollina Raduan  
Officer

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Eugênio De Zagottis  
Officer

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Maria Susana de Souza  
Officer

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Marcello De Zagottis  
Officer

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