DEAR SHAREHOLDERS,

Saraiva Livreiros S.A. – em Recuperação Judicial ("Company") (B3: SLED3 and SLED4), controller of Saraiva e Siciliano S.A. – em Recuperação Judicial ("Retail"), one of the largest retailers in content focused on culture and education in Brazil, announces its financial results for the fourth quarter and year ended on December 31, 2018 (4Q18 and 2018).

The financial information contained herein refers to the second quarter ended on December 31, 2018, and the comparisons are made in relation to the same period last year unless otherwise stated.

The financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) and accounting practices adopted in Brazil.

Any non-accounting information or information derived from non-accounting figures has not been reviewed by the independent auditors.

Judicial Reorganization Process

On November 18, the Company filed a request for judicial reorganization with the 2nd Bankruptcy and Judicial Recovery Court of the Judicial District of São Paulo, in the State of São Paulo, in order to reorganize the obligations with its creditors. We opted for this move due to the need to seek protection for the rescheduling of Saraiva's liabilities with its suppliers, thus, guaranteeing the continuity of the operation.

The economic crisis that began in 2015 was one of the most challenging periods in the country's recent economic history, with significant repercussions on the Company's operations and largely contributed to the need for the request for judicial reorganization.

In recent years, the Company has adopted several initiatives to reverse the negative effects caused by the economic crisis: at the end of 2015, it completed the sale of its publishing segment and, with the persistent scenario of economic crisis in the following years, implemented a robust project of transformation, which led to the achievement, at the beginning of 2018, of growth in gross sales and market share in the categories of Books, Games, Telephony and in the Back to Class segment. Other emergency measures were taken in early nov/18, in the development of a restructuring plan designed to make the operation lean, dynamic and aimed at obtaining operational profitability and strengthening the Cash.

However, the impacts caused by the economic crisis, associated with the effects of events in time, such as the increase below expectations in the average price of books, the shrinkage of some segments of products that had significant representation in the billing, the difficulties we faced for the realization of tax credits and in contracting new lines of credit, in addition to other events relevant to the operation, compromised the achievement of the desired results, which undermined the Company's prospect of meeting its short-term obligations.

Due to the worsening of this situation, we believe that the presentation of the request for judicial reorganization was the most appropriate measure in the context of the crisis in the publishing market, which reflects the country's economic scenario. The purpose of the transaction is to protect the cash, making the Company regain its stability and, subsequently, its economic growth, as well as guarantee the preservation of the continuity of its operation.

With the approval of the request for judicial reorganization, the Company intensified negotiations with its main creditors in order to establish commercial conditions and payment models that could facilitate common interests, mainly aiming at the successful approval of the judicial reorganization plan, in addition to implementing several actions to ensure the sustainability of the business, during and after the period prior to the approval of the plan.

In this respect, we can highlight:

- **Product supply**: Over the last few months, the Company has entered into a contract addendum with 160 suppliers, guaranteeing the resumption of product supply, including on consignment. With this action, the Company has active contracts with suppliers who represented around 88% of the book sale estimated for 2018 and that should ensure supplies and assortment in the coming months. The result of the measure was positive and there was no reduction in the expected supply levels.

- **Release of receivables**: In mar/19, the Company concluded the negotiation with Banco Itaú for the release of R$31 million in credit card receivables that guaranteed the payments of financial operations, allowing the Company to have access to a large part of the billing. Negotiations with Banco do Brasil are in progress and the Company expects that alternatives will be found that will benefit Saraiva's cash.
- **Reduction of operating expenses:** The restructuring plan, which began in Nov/18, already showed important results in the first months of 2019. With sales realized in line with the Company's expectation, we observed a reduction of more than 35% in relation to the same period of 2018, demonstrating the potential success of the recovery process.
- **Feasibility Report prepared by Galeazzi and Associados** attesting to the Company's ability to honor its obligations. The report attests to the cash generation capacity and the probable continuity of the business, based on feasible assumptions and in line with the actions addressed by the Company to comply with the proposed judicial reorganization plan for creditors.
- **Consolidated image and market leadership**: Despite the impacts of successive crises, the Company maintains its strengthened image and leadership in some segments of the book market, evidenced by the success in negotiations with suppliers of the book category, who value the success of Saraiva in the judicial reorganization process

The results of the above actions, together with the restructuring of the operation, including the adjustment of its product mix, reduction of operating expenses and adjustments in the number of stores, confirm the Company's operational feasibility.

Message from Management

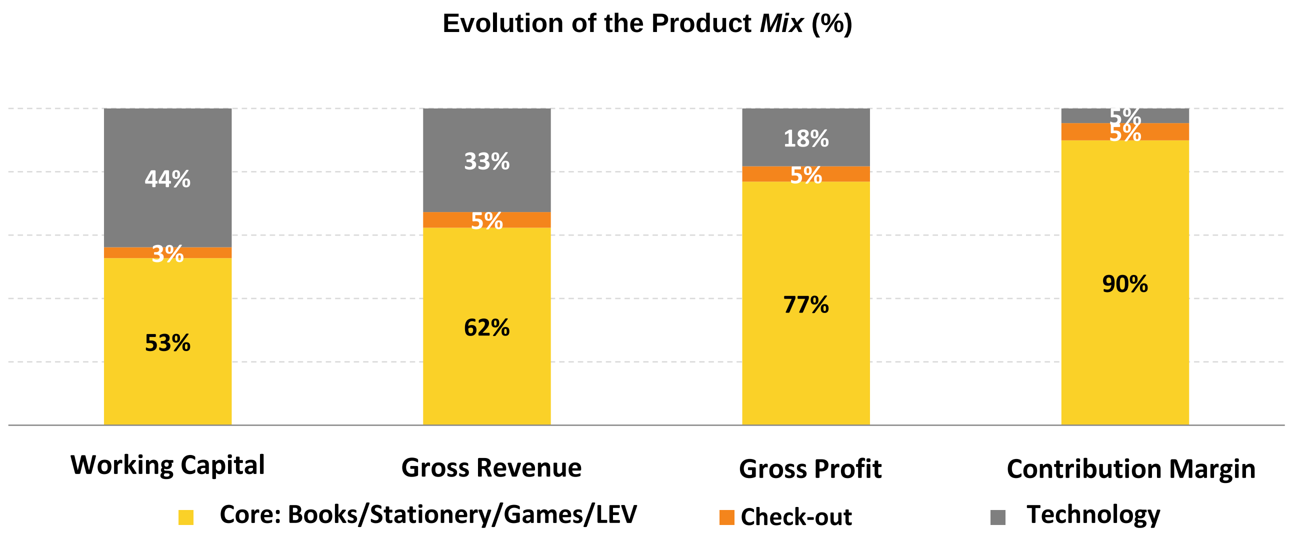
In the face of the economic crisis that has been affecting the book market for four years, coupled with an accumulation of tax credits and a closed financial system, we understand that the **efforts** and **searches for alternatives** made in recent periods **were not sufficient to reverse the scenario**. Therefore, we **made abrupt changes throughout Saraiva's structure in order to** raise the operational and financial level, so that they were consistent with the projection presented in the judicial reorganization plan report and that would assist in **the Company's continuity**. Our **fourth quarter** of 2018 was a **period of transition**, in which our **results were strongly impacted** by the **drastic changes** that make possible the Company's recovery. Among the changes, we highlight:

Re-adjustment of the product mix

We discontinued the categories that had lower profitability and increased demand for working capital, such as Technology, including Computer items (excluding minor accessories), Telephony (excluding minor accessories), Technical Assistance and Adventure and Leisure. In this movement, we will no longer generate a large part of our tax credits, one of the main reasons for the consumption of cash in recent years. We estimate that, with this readjustment, we will reduce by R$50 million the generation of tax credits in 2019. This revision of categories also enabled us to further reduce the Company's staff, in addition to the closure of 2 Distribution Centers.

As shown in the following chart, Technology categories consumed 44% of the Company's Working Capital, but contributed with only 18% of Gross Profit and 5% of Margin Contribution, damaging our profitability.

Chart 1. Reduction/Elimination of categories regarded as the most offensive to Profitability



With the change, **we direct all our efforts** to the publishing market and partnerships with suppliers, focusing our business on the **book** market. In addition to the world of reading, **we will continue to directly offer Stationery, Games, Movies** and **Music** products, as well as the **Checkout** categories such as **Toys, Magazines** and **Bomboniere**. We will offer the other Technology items through our own marketplace business model. With these content categories (Books, Lev, Games, Stationery, Movies, Music and Checkout), which historically represented more than 60.0% of Saraiva's revenues, we will have greater profitability, maximizing our result.

It should be noted that, at the **beginning of 2019**, even with the negative impact of Technology items that should be completely discontinued by the end of May/19, we saw an **increase in our margin**, indicating the assertiveness in our new strategy. Excluding the discontinued categories, we have already seen an increase in our margin when comparing the first two months of 2019 to the same period of the previous year.

Reduction of Operating Expenses

As a result of the change in the product mix and the extremely delicate financial situation of the Company, we made decisions aimed at the evolution of the operation:

- Termination of approximately 700 employees (350 of whom in physical stores) in all the Company's business units, adapting the structure of costs and expenses to the Company's new strategy with a greater focus on competitiveness and the sustainable development of the operation;
- Renegotiation and review of our main contracts with service providers;
- Reduction of scope with prioritization of alternatives with higher cost/benefit ratio;
- Revisions and optimizations in the logistics network, adapting our supply system to the new product mix.

In the **first two months of 2019**, our plan of action has already begun to show results. With sales in line with the expectation of the plan, we observed a **decrease of more than 35% in our expenses** compared to 2018, solidifying the basis for the Company's recovery.

Restructuring of the Number of Stores

Prioritizing higher-yielding units with EBITDA greater than 5.0%, we restructured our fleet of stores, closing down stores with a low value generation perspective that did not fit the Company's new product mix. In early 2019, our units have been performing as estimated, with additional profitability gains even with the reduction in revenue. Among the initiatives carried out, we can highlight:

- Closure, until Dec/18, of 14 Saraiva stores, and of all 8 iTown units, Saraiva's Apple specialty stores focused on a Technology mix;
- Reduction of 350 employees in the stores, as mentioned in the previous item.

Product Supply

Following the filing for judicial reorganization, the Company, with the support and partnership of our suppliers, began an extensive process to standardize the supply of products of all categories, with a greater focus on Books, our main line of business. Through agreements that had the adhesion of approximately 160 suppliers, we are **gradually normalizing our supply**, albeit with adjustments in the volume, in physical stores and e-commerce, enabling the necessary return of our operation. Through these agreements and renegotiations, we are moving towards a **new virtuous circle**, where the more stabilized the supply, the greater the return to the Company and its suppliers.

Support from Galeazzi Consulting

Hired at the beginning of 2018, with the objective of generating **continuous gains in operational efficiency** and ensuring that the structure can support **optimum operation** with **effective dilution of costs**. Responsible for the preparation of the Zero Base Budget, the consultancy firm has been assisting the Company not only in the process of Judicial Reorganization, but also in generating results and building solid bases of performance.

Even with the changes mentioned, **we will maintain our goal to offer the best experience to our customers**. We will continue to evolve our omnichannel platform, one of the most sophisticated in the market, always seeking the best customer ratings:

- **We will continue to offer Technology product categories, which include items such as Telephony and Computer items, through our own marketplace**, which currently operates integrated with our e-commerce. Our own marketplace, where **partner stores sell and have the opportunity to expose their products to our website visitors**, operates through an agile methodology, and is part of Saraiva's strategy to provide a complete experience to our customers with a greater variety of products and services that relate to and complement our DNA. The channel will bring even more benefits to the Company and its customers, contributing to the increase in operating revenues and to the improvement of Saraiva's working capital.
- In addition, we continue to **expand our partnerships in the marketplace** to **sell products on strategic partner sites** such as Walmart, Mercado Livre and B2W, among others. Currently, 70% of purchases of our products in this channel were made by consumers who were not our customers.
- **Online to Store actions through curation initiatives** implemented in all stores and fairs, with own curatorship in each of the units, according to stock availability, with cheap and fast replacement, and also implemented in our e-commerce where, for example, we have influencer curators (*booktubers*, authors etc.) who recommend 10 chosen titles and explain their choices in video.
- **Implementation of a new e-commerce platform**, with a lighter, more agile and stable system than the one currently used, which will contribute to a better performance and increase the conversion rate of the site, as well as a 32% reduction in the annual expenditure budget.

In spite of the substantial market challenge ahead of us, **we are fully confident in the growth and recovery of the book market in Brazil**. Considering we already see a recovery in other relevant sectors of the national retail market, in addition to recent releases that show an improvement in important economic indicators, we now face a scenario that favors the prospect of recovery for our main sectors of activity.

We have made the necessary adjustments to reverse the negative scenario and ensure the Company's sustainability. Through our main initiatives **to readjust the product mix**, **reduce expenses**, gather the **support of specialized consultancies** and the **strength of the Saraiva brand**, we are convinced that we will surpass this process.

HIGHLIGHTS

- The Company filed a request for judicial reorganization with the 2nd Bankruptcy and Judicial Reorganization Court of the Judicial District of São Paulo, in the State of São Paulo, in order to reorganize the obligations with its creditors.
- Implementation of a comprehensive Plan of Action focused on improving profitability and strengthening the operating cash:
    - Change in Product Mix with portfolio excluding Technology category (Computing, Telephony, Wearables e Technical Support) and improving profitability;
    - Zero budgeting adjusting the Company´s cost structure and expenses;
    - Closing of 22 units that had a low prospect of value generation;
    - Gradual return of supplies through the signature of agreements with Suppliers;
    - Revisions and optimizations in the logistics network, adapting our supply system to the new Category Mix.
- 9.7% decrease in Recurring Operating Expenses.
- Improvement of 5 days in Accounts Receivable.
- Progress in our strategy to position the Company as an omnichannel operation:
    - Click & Collect service, through which customers shop on our E-commerce channel and pick up their purchases at one of our stores. Currently, around 19.7% of the online orders are placed in under this model. Of those customers who opt for this service, 20.0% make an additional purchase when they pick up the product at the physical store;
    - Partnership with Mercado Livre to use the Click & Collect service, allowing our customers to pick up their online purchases in physical stores. Currently, consumers who were not customers made about 70% of the purchases of Saraiva products on display in Mercado Livre.
- In dec/18, Saraiva Pluis program had 16.8 million registered customers (+8.9% vs 4Q17) and around 72% of our revenue identified (+1.0 p.p. vs 4Q17). Currently 84.5% of active customers (with purchases in the last 12 months) are participants of the program.
- Opening, in oct/18, of a new store in Shopping Estação Cuiabá (Cuiabá/MT) with new, more modern and attractive architectural design that requires less investment than the previous model, favoring faster paybacks.

SUBSEQUENT EVENTS

- On December 18, the Company was prevented from paying the principal and the interest portion of the financing from the BNDES, which executed the guarantee of R$ 40.6 million with Banco Itaú. On March 19, the renegotiation of this amount was completed, enabling the release of R$31 million of receivables as collateral.
- In the first two months of 2019, we saw the beginning of the recovery of the Company's results after the implementation of the restructuring in 2018:
    - Revenue in line with the plan;
    - Increase in gross margin of continued categories;
    - Decrease of more than 35% in Operating Expenses.
- Closing, in mar/19, of 2 units with a low value generation perspective.

Main Indicators

Table 1. (R$'000, unless otherwise specified)

Consolidated	4Q18	4Q17	Q/Q	3Q18	Q/Q	2018	2017	H/H
Gross Revenue *(Stores + E-commerce)*[1]	220,870	529,219	-58.3%	329,281	-32.9%	1,553,904	1,883,326	-17.5%
Store Sales	156,968	319,770	-50.9%	211,949	-25.9%	966,621	1,175,172	-17.7%
E-commerce Sales	63,902	209,449	-69.5%	117,333	-45.5%	587,283	708,153	-17.1%
Net Revenue *(Stores + E-commerce)*[1]	200,098	476,842	-58.0%	310,388	-35.5%	1,445,422	1,724,886	-16.2%
Store Sales	143,004	295,012	-51.5%	201,517	-29.0%	908,132	1,093,802	-17.0%
E-commerce Sales	57,094	181,831	-68.6%	108,870	-47.6%	537,290	631,085	-14.9%
Gross Profit	43,316	161,206	-73.1%	81,215	-46.7%	411,889	574,801	-28.3%
Gross Margin (%)	2,6%	33,8%	-12.2 p.p.	26,2%	-4.5 p.p.	28,5%	33,3%	-4.8 p.p.
Operating Expenses	(156,976)	(138,866)	13.0%	(130,695)	20.1%	(579,904)	(560,629)	3.4%
Recurring Operating Expenses[1]	(123,500)	(136,766)	-9.7%	(130,695)	-5.5%	(542,863)	(532,016)	2.0%
EBITDA	(113,660)	22,340	-	(49,480)	129.7%	(168,015)	14,172	-
EBITDA Margin (%)	-56,8%	4,7%	-61.5 p.p.	-15,9%	-40.9 p.p.	-11,6%	0,8%	-12.4 p.p.
Adjusted EBITDA	(80,184)	24,440	-	(49,480)	62.1%	(130,974)	42,785	-
Adjusted *EBITDA Margin (%)*[2]	-40,1%	5,1%	-45.2 p.p.	-15,9%	-24.1 p.p.	-9,1%	2,5%	-11.5 p.p.
Adjusted Net Income (Loss) before Disc. Operations[2]	(176,276)	200	-	(65,384)	169.6%	(274,622)	(30,470)	>500%
Adjusted *Net Margin (%)* before Disc. Operations[2]	-88,1%	0,0%	-88.1 p.p.	-21,1%	-67.0 p.p.	-19,0%	-1,8%	-17.2 p.p.
Net results from Discontinued Operations	(421)	(1,029)	-59.1%	(1,218)	-65.4%	(2,661)	(2,655)	0.2%
Adjusted Net Income (Loss)[2]	(176,697)	(829)	>500%	(66,602)	165.3%	(277,283)	(33,125)	>500%
Adjusted Net Margin (%)[2]	-88,3%	-0,2%	-88.1 p.p.	-21,5%	-66.8 p.p.	-19,2%	-1,9%	-17.3 p.p.
Net Income (Loss)	(198,791)	(2,215)	>500%	(66,602)	198.5%	(301,730)	(52,009)	480.2%
Net Margin (%)	-99,3%	-0,5%	-98.9 p.p.	-21,5%	-77.9 p.p.	-20,9%	-3,0%	-17.9 p.p.
SSS - Same Store Sales Growth (%)	-45,1%	-12,5%	-32.6 p.p.	-15,5%	-29.6 p.p.	-14,0%	-7,8%	-6.2 p.p.
E-Commerce Sales Growth	-69,5%	25,2%	-94.7 p.p.	-26,1%	-43.4 p.p.	-17,1%	15,3%	-32.4 p.p.
Number of Stores – End of Period	82	103	-20.4%	103	-20.4%	82	103	-20.4%
Sales Area – End of Period (m²)	53,198	59,594	-10.7%	60,127	-11.5%	53,198	59,594	-10.7%

Note 1: Includes the "Saraiva Entrega" revenue in the Physical Stores results.
Note 2: Excludes the impact of non-recurring and extraordinary restructuring expenses to increase productivity and write-off of tax credits: R$33.5 million in 2018, R$37.0 million in 2018, R$2.1 million in 4Q17 and R$28.6 million in 2017.

RESULTS

REVENUE – Gross revenue totaled R$ 220.9 million in 4Q18, down 58.3% when compared to the R$ 529.2 million registered in 4Q17. Net revenue followed the same trend, decreasing 58.0% in the quarter. In the year of 2018, the decreases were 17.5% and 16.2%, respectively. It is worth noting that a portion of the reduction in sales is the result of the beginning of the discontinuation of the Technology category, reduced supply over the period, a decrease in the number of physical stores, and a significant reduction in revenues due to difficulties in the implementation of a new internal management system in oct-nov/18.

PHYSICAL STORES REVENUE – In 4Q18 and 2018, gross revenue from physical stores reached R$ 157.0 million and R$ 966.6 million, which represents a 50.9% and 17.7% decrease, respectively, over the same periods of the previous year. In terms of comparable stores, we had a decrease of 45.1% and 14.0% when compared to 4Q17 and 2017. Along similar lines, net revenue reduced 51.5% and 17.0%, respectively.

E-*COMMERCE* REVENUE – In 4Q18 and 2018, gross sales of our website Saraiva.com decreased 69.5% and 17.1% when compared to the same periods last year. Net sales totaled R$ 57.1 million and R$ 537.3 million in the same periods. Sales in our e-commerce channel, one of the most significant in the country, covering the entire national territory, were also negatively impacted by instabilities in our e-commerce, which are being solved and will be eliminated with the new e-commerce platform, which has a lighter, more agile and stable system than the one currently used.

GROSS PROFIT – Gross profit presented a reduction of 73.1% in 4Q18, reaching R$ 43.3 million with a decrease of 12.2 p.p. in gross margin, which went from 33.8% in 4Q17 to 21.6% in 4Q18. In the year of 2018, the decreases were 28.3% and 4.8 p.p., respectively

During the quarter, in addition to the due to difficulties in the implementation of a new internal management system in oct-nov/18, we adopted the strategy of discontinuing products that had lower margins, depreciating the gross result of the period. To mitigate these effects not only in the current quarter but also in the future, we continue to invest in new tools, particularly a new dynamic pricing system for e-commerce, aimed at contributing to increased sales and better management of gross margin. Moreover, we will focus on our book business, which has margins higher than the other categories being discontinued.

OPERATING EXPENSES – The recurring operating expenses totaled R$ 123.5 million in 4Q18 and R$ 542.9 million in 2018, representing a strong decrease of 9.7% in the quarter as a response to the Company's recent initiatives. It is important to mention that we remain focused on rationalizing our expenses in order to improve results, and we are already reaping the gains of the measures recently taken. In the first two months of 2019, our action plan has already begun to show results, with a decrease of more than 35% in our expenses compared to 2018, solidifying the basis for the Company's recovery.

EBITDA – EBITDA, strongly impacted by the discontinuation of the Technology category and the brief reduction in supply, totaled a negative R$80.2 million in 4Q18 and R$ 131.0 million in 2018.

Table 2. EBITDA (R$'000, unless otherwise indicated)

Consolidated	4Q18	4Q17	Y/Y	3Q18	Q/Q	2018	2017	Y/Y
Net Income (Loss)	**(198,791)**	**(2,215)**	**>500%**	**(66,602)**	**198.5%**	**(301,730)**	**(52,009)**	**480.2%**
(+) Financial Result	8,018	14,086	-43.1%	14,360	-44.2%	50,342	48,372	4.1%
(+) Income Tax / Social	65,750	2,009	>500%	(6,954)	-	43,078	(18,090)	-
(+) Depreciation Amortization	10,958	7,431	47.5%	8,503	28.9%	37,658	33,247	13.3%
(+) Net Income from Discontinued Operations/Other	405	1,029	-60.6%	1,213	-66.6%	2,637	2,652	-0.6%
EBITDA	**(113,660)**	**22,340**	**-**	**(49,480)**	**129.7%**	**(168,015)**	**14,172**	**-**
EBITDA Margin (%)	-56.8%	4.7%	-	-15.9%	-	-11.6%	0.8%	-
(+) Non-Recurring Expenses¹	33,5	2,1	>500%	-	-	37,0	28,6	29.5%
Adjusted EBITDA	**(80,184)**	**24,440**	**-**	**(49,480)**	**62.1%**	**(130,974)**	**42,785**	**-**
Adjusted EBITDA Margin (%)	-40.1%	5.1%	-	-15.9%	-	-9.1%	2.5%	-

Note: 1. Non-recurring and extraordinary restructuring expenses to increase productivity (R$4.6 MM), write-off of tax credits (R$15.2 MM) and write-off of goodwill (R$13.7 MM) in 4Q18.

WORKING CAPITAL* – The working capital/net revenue ratio improved reaching 6.2%.

The average term of accounts receivable went from 60 days in 4Q17 to 55 days in 4Q18. The average inventory coverage period increased by 6 days, from 101 days in 4Q17 to 107 days in 4Q18. The supplier payment term, which increased by 106 days, reaching 190 days in 4Q18, when compared to 84 days in 4Q17.

* to calculate the operating cycle days, we used the average of the last 12 months

NET FINANCIAL REVENUE (EXPENSES) – Net financial result was an expense of R$ 8.0 million in 4Q18 and R$ 50.3 million in 2018.

NET INCOME (LOSS) FOR THE PERIOD – Net Loss before the results of discontinued operations reached R$ 176.3 million in 4Q18 R$ 274.6 million in 2018.

INVESTMENTS (CAPEX) – The investments made totaled R$0.5 million in 4Q18 versus R$18.6 million in 4Q17, confirming the reduction indicated by the Company. In year terms, the volume of investments reached R$85.0 million in 2018 versus R$53.3 million in 2017. The volume of investments was mainly directed to initiatives and new tools for e-commerce, projects covering the area of Information Technology, the opening of stores, and to the implementation of an Enterprise Resource Planning (ERP), which is in the stabilization phase and caused negative impacts on the operation during 4Q18.

LIQUIDITY – According to the guidelines of the ongoing Judicial Reorganization process, the payment flows of the Company's financing lines were paralyzed after the filing of the application.

On December 18, the Company was prevented from paying the principal and the interest portion of the financing from the BNDES, which executed the guarantee of R$40.6 million with Banco Itaú. On March 19, the Company concluded the renegotiation of this amount, enabling the release of R$31 million of receivables in guarantee from Banco Itaú. The remaining balance of the Company's obligations with financial institutions is in negotiation with Banco do Brasil.

The table below presents the Saraiva's consolidated net debt, which totaled R$ 79.4 million on December 31, 2018, versus R$ 164.8 million on September 30, 2018, and R$ 247.2 million on December 31, 2017.

If we consider credit card receivables, net debt came to R$ 32.3 million on December 31, 2018, versus R$ 122.2 million on September 30, 2018, and R$ 48.1 million on December 31, 2017.

Table 4. Evolution of the main CONSOLIDATED debt indicators monitored by the Company (R$'000)

Consolidated [1]	4Q18	4Q17	Y/Y	3Q18	Q/Q
Transaction Type					
Loans and Financing[2]	**172,870**	**313,627**	**-44.9%**	**178,016**	**-2.9%**
(+) Acquisition Obligations	2,637	2,477	6.5%	2,597	1.5%
(-) Cash and Cash Equivalents / Financial Investments	96,138	68,953	39.4%	15,813	>500%
Consolidated Net Debt Before Receivables	**79,369**	**247,151**	**-67.9%**	**164,800**	**-51.8%**
(-) Credit Card Receivables	47,086	199,069	-76.3%	42,580	10.6%
Consolidated Net Debt After Receivables	**32,283**	**48,082**	**-32.9%**	**122,220**	**-73.6%**

Note 1: "Receivables Prepayment" (R$25.4 million in 4Q18, R$115.2 million in 4Q17, and 69.5 million in 3Q18)

OUR STORES – Saraiva closed 4Q18 with 82 stores in 17 Brazilian states and in the Federal District. In 2018, in line with our strategy of prioritizing assets that have stronger value creation potential and the recent initiatives, we closed 25 stores until December 31, 2018:

Regarding the prioritization of investments, we inaugurated four new units in 2018, in line with the new ideal store concepts defined by Management, with investment/m² 25% lower, on average, and favoring faster paybacks:

- Store in Recreio Shopping (Rio de Janeiro/RJ), with sales area of 266 m², in apr/17;
- Store in Patteo Olinda Shopping (Olinda/PE), with sales area of 579 m², in apr/17;
- Store in Ilha Plaza Shopping (Rio de Janeiro/RJ), with sales area of 213 m², in jun/18;
- Store in Shopping Estação Cuiabá (Cuiabá/MT), with sales area of 483 m², in oct/18.

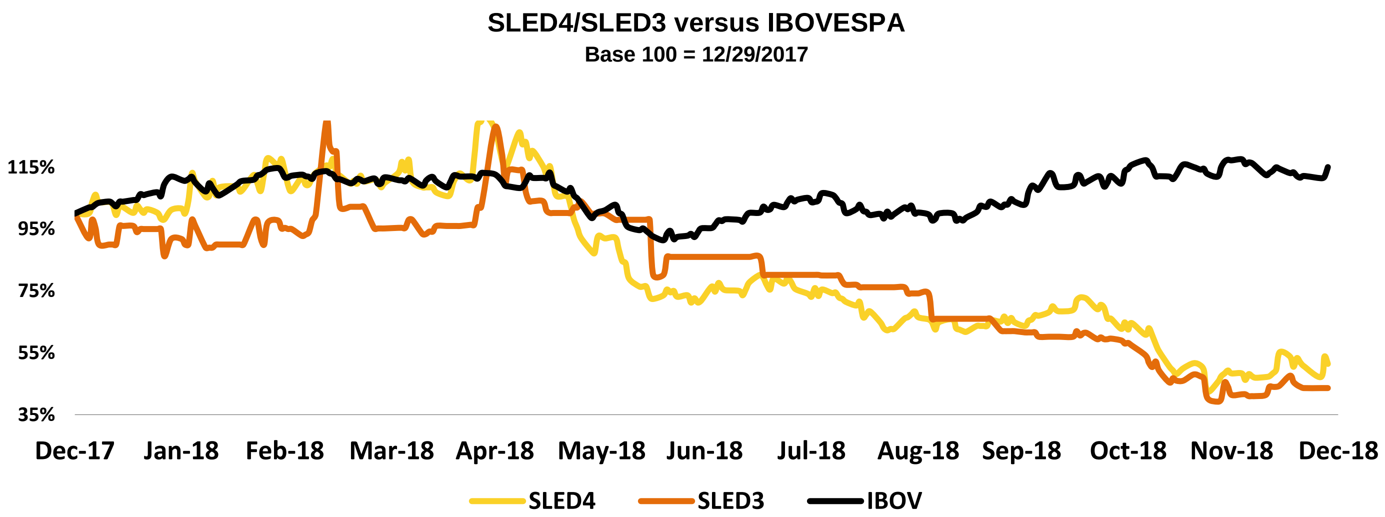
Capital Markets

Below is a table of indicators summarizing the movement of Saraiva's shares in 2018 compared with 2017.

Indicadores(*)	2018	2017	Var.
Participation in trading sections - %[1]	100.0	100.0	-
Qtt. trades – thousand[1]	161.4	293.0	-44,9%
Volume traded – R$ thousand[1]	582.4	1,437.0	-59,5%
Share Price (PN) – R$	2.18	4.24	-48,6%
Share Price (ON) – R$	2.18	5.00	-56,4%
Total shares outstanding – thousand	26,686	26,686	-
Market Value – R$ mllion	58.2	120.4	-51,7%

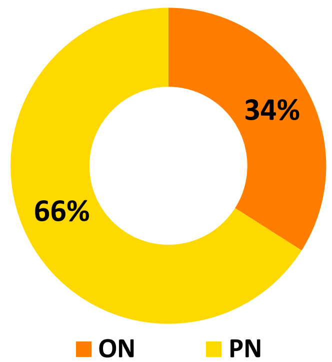
Source: B3
1 12/28/2018
(*) Unaudited

Saraiva's preferred shares reported a decrease of 48.6% over the previous year. During the same period, the Ibovespa stock index recorded a positive variation of 15.0%. As of December 31, 2018 Saraiva's market capitalization was R$ 58.2 million.



Shareholding Structure

Saraiva's subscribed and paid in capital stock was R$ 283.0 million on December 31, 2018, made up of a total of 26,701,745 shares, all nominative, book entry and with no par value. Of these shares, 9,622,313 are common (ON) and 17,079,432, preferred (PN). The Company holds 15,700 common shares as treasury stock.



DIVIDENDS

Due to the filing and granting of the request for judicial reorganization with the 2nd Bankruptcy and Judicial Reorganization Court of the Judicial District of São Paulo, State of São Paulo, under number 1119642-14.2018.8.26.0100, in compliance with Article 6 of Law 11,101/2015, the partial distribution of the mandatory dividend withheld from the fiscal year 2015 was suspended. The payment would total R$5,817,033.30 and was scheduled to occur on December 18, 2018, as approved by the Company´s Annual Shareholders´ Meeting held on April 26, 2018 ("Dividends"). The Company will provide new information regarding the payment of Dividends during the fiscal year 2019.

EMPLOYEES

We closed 2018 with 2,785 employees (3,186 in 2017). The Human Resources strategic initiatives focused on development, engagement, diversity and efficiency/productivity.

INDEPENDENT AUDITORS

The financial information (individual and consolidated) have been examined by Grant Thornton Auditores Independentes ("Grant Thornton").

The engagement of independent auditors is based on the principles which safeguard the independence of the auditor, consisting in (a) the auditor not auditing its own work; (b) not exercising managerial functions; and (c) not advocating on behalf of the Company or rendering any services which might be deemed as subject to restriction under prevailing regulations.

The total value booked relative to outside audit fees for fiscal year 2018 was R$ 607 thousand.

ADHERENCE TO THE MARKET ARBITRATION PANEL

As a result of adherence to Corporate Governance Level 2, the Company, its shareholders and management undertake through arbitration to resolve all conflicts established in the Commitment Clause in the Bylaws pursuant to B3's Market Arbitration Panel Regulations.

DECLARATION OF THE EXECUTIVE BOARD ON THE FINANCIAL STATEMENTS

Pursuant to the provision in Article 25 of CVM Instruction 480/09, the Executive Board declares that it has reviewed, discussed and agrees with the financial statements, individual and consolidated, authorizing its conclusion on this date.

DECLARATION OF THE EXECUTIVE BOARD ON THE OPINION OF THE INDEPENDENT AUDITORS

Pursuant to the provision in Article 25 of CVM Instruction 480/09, the Executive Board declares that it has reviewed, discussed and agrees with the opinions expressed in the opinion of the independent auditors on these statements, issued as of this date.

ACKNOWLEDGEMENTS

We wish to thank all shareholders, clients, suppliers, financial institutions, employees and communities for the support provided in 2018.

São Paulo, March 26, 2019.

The Management

ANNEX – RETAIL

R$ thousand	4Q18	4Q17	Y/Y	3Q18	Q/Q
CURRENT ASSETS					
Cash and Cash Equivalents / Financial Investments	95,378	68,942	38.3%	15,589	>500%
Accounts Receivable	57,685	206,910	-72.1%	62,164	-7.2%
Inventories	174,852	460,541	-62.0%	245,222	-28.7%
Recoverable Taxes	97,798	178,315	-45.2%	110,978	-11.9%
Financial Derivative Instruments	-	1,010	-100.0%	-	-
NON-CURRENT ASSETS					
Other Long Term Assets	222,390	187,377	18.7%	300,265	-25.9%
Financial Derivative Instruments	-	3,030	-100.0%	-	-
Investments	-	-	-	-	-
Property, Plant & Equipment	51,224	67,140	-23.7%	62,818	-18.5%
Intangible assets	228,327	186,111	22.7%	247,350	-7.7%
CURRENT LIABILITIES					
Loans and Financing	154,468	119,635	29.1%	115,847	33.3%
Suppliers	547,605	545,884	0.3%	445,284	23.0%
Financial Derivative Instruments	-	-	-	-	-
NON-CURRENT LIABILITIES					
Related Parties	-	-	-	-	-
Loans and Financings	18,402	198,032	-90.7%	62,169	-70.4%
Financial Derivative Instruments	-	-	-	-	-
SHAREHOLDERS' EQUITY	**146,337**	**439,486**	**-66.7%**	**343,361**	**-57.4%**

CONFERENCE CALL DETAILS

Saraiva's 4Q18 Earnings Conference Call, to be held in Portuguese and simultaneously translated to English, will be held on **March 29, 2019**, at **10.30** AM (local time) / **9.30** AM (US EST).

The call will be webcast live through streaming audio.

For more details, visit: www.saraivari.com.br

CONFERENCE CALL IN PORTUGUESE WITH SIMULTANEOUS TRANSLATION INTO ENGLISH

Time:
Brazil BRT (Brasília): 10.30 am
US Eastern Standard Time US EST (New York):7.30 am

Telephone Numbers:
Dial-in for connecting from the United States: +1 646 828-8246
Dial-in for connecting from Brazil: +55 11 3193-1001
Dial-in for connecting from Brazil: +55 11 2820-4001

Password: **SARAIVA**

***Replay**: +55 11 3193-1012 or 2820-4012 (available for 7 days)*
Access codes: 5867963# (Portuguese) and 7142493# (English)

To listen in on the conference call over the Internet, connect to the **webcast platform**:

Portuguese: Click Here
English: Click Here

ABOUT SARAIVA

Saraiva, a Company focused on education, culture, and entertainment is present in all phases of its clients' lives. The Company operates through an omnichannel concept, offering a wide range of products and services. The Company conducts its e-commerce business through the site Saraiva.com.br, whose operations are fully integrated with those of the physical stores, and Saraiva has a presence throughout the entire country.