DEAR SHAREHOLDERS,

Saraiva S.A. Livreiros Editores (B3: SLED3 and SLED4), one of the largest retailers in content focused on culture and education in Brazil, announces its financial results for the second quarter ended on June 30, 2018 (2Q18).

The financial information contained herein refers to the second quarter ended on June 30, 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.

HIGHLIGHTS

- New achievement in market share[1] through gains in our core business segment, Books (+0.1 p.p.).
- New growth in the E-commerce channel, reaching 2.5% increase and 38.4% of total retail operations (versus 36.6 % in 2Q17)
- Improvement of 6 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 14.9% of the online orders are placed in under this model. Of those customers who opt for this service, 20% make an additional purchase when they pick up the product at the physical store;
    - Development of Saraiva Entrega Project, through which customers can purchase any product that is not physically available at one of our stores and receive it wherever is most convenient, improving the shopping experience. The Saraiva Entrega Project sales increased more than 300% in 2Q18 when compared to 2Q17.
- Saraiva Plus loyalty program increased by 11% its customer reactivation rate when compared to 2Q17. In jun/18, the program had 16.4 million registered customers (+1.85 million in the last 12 months) and around 83% of our revenue identified (+3.0 p.p. vs 1Q18).
- Launched on jun/18, the operation of our own marketplace, where the partner stores sell their products on Saraiva's website. Operating through agile methodology, the new service is part of Saraiva's strategy to provide a full experience to its customers with a greater selection of products. The new channel, which has curated products and content, will bring even greater benefits to the Company and its customers, contributing to an increase in operating revenues and to the improvement of Saraiva's working capital.
- Expansion of marketplace partnerships for the sale of products on strategic partners' websites. Currently, 65% of purchases through this channel were made by consumers that were not our customers.
- We received important awards in 2Q18:
    - For the 4th consecutive year, Saraiva was the most cited company in the Bookstore category in a survey conducted by Datafolha in the city of São Paulo;
    - For the third consecutive year, Saraiva won the "BR Week 2018 Award", which evaluated the best retail chains in the "Bookstores and Stationery" segment.
- Approval, by the Annual and Extraordinary Shareholders' Meeting held on April 26, 2018, of the dividends distribution totaling R$ 5.8 million to be paid on December 18, 2018, equivalent to 33% of the balance of the special reserve for non-distributed mandatory dividends. In accordance with the Material Fact filled on August 2, 2017, the Company's Management and its controllers, in an administrative proceeding underway at CVM, committed to distributing the remaining balance of the special reserve for non-distributed mandatory dividends between 2018 and 2020.

[1] YoY: 2Q18 vs 2Q17 consolidated data of expanded Market (Consultoria GFK)

Subsequent Events

- As a result of the Capital Structure optimization process, in jul/18, the Company completed an initial stage of debt reprofiling, enabling the release of receivables in guarantee in the amount of approximately R$40 million to the banks.
- Beginning of the operation, in aug/18, of the new distribution center in Extrema (MG). This new structure, along with two other distribution centers in Cajamar (SP) and Salvador (BA), will bring greater efficiency to the logistics network, agility in deliveries and speed of supply, as well as concentrating the operation of electronics for the South, Southeast, and Central West regions.

Main Indicators

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

Consolidated	2Q18	2Q17	Q/Q	1Q18	Q/Q	1H18	1H17	H/H
Gross Revenue *(Stores + E-commerce)*[1]	395,339	404,189	-2.2%	608,414	-35.0%	1,003,753	945,506	6.2%
Store Sales	243,567	256,170	-4.9%	354,138	-31.2%	597,705	605,517	-1.3%
E-commerce Sales	151,772	148,020	2.5%	254,276	-40.3%	406,048	339,989	19.4%
Net Revenue *(Stores + E-commerce)*[1]	364,565	370,329	-1.6%	570,371	-36.1%	934,936	873,765	7.0%
Store Sales	227,973	237,622	-4.1%	335,637	-32.1%	563,611	565,525	-0.3%
E-commerce Sales	136,592	132,706	2.9%	234,734	-41.8%	371,326	308,240	20.5%
Gross Profit	107,681	129,880	-17.1%	179,677	-40.1%	287,358	291,544	-1.4%
Gross Margin (%)	29.5%	35.1%	-5.5 p.p.	31.5%	-2.0 p.p.	30.7%	33.4%	-2.6 p.p.
Operating Expenses	(137,146)	(132,118)	3.8%	(155,087)	-11.6%	(292,233)	(273,758)	6.7%
Recurring Operating Expenses[1]	(137,146)	(130,350)	5.2%	(151,522)	-9.5%	(288,668)	(266,971)	8.1%
EBITDA	(29,465)	(2,238)	>500%	24,590	-	(4,875)	17,786	-
EBITDA Margin (%)	-8.1%	-0.6%	-7.5 p.p.	4.3%	-12.4 p.p.	-0.5%	2.0%	-2.6 p.p.
Adjusted EBITDA	(29,465)	(470)	>500%	28,156	-	(1,309)	24,573	-
Adjusted *EBITDA Margin (%)*[2]	-8.1%	-0.1%	-8.0 p.p.	4.9%	-13.0 p.p.	-0.1%	2.8%	-3.0 p.p.
Adjusted Net Income (Loss) before Disc. Operations[2]	(36,725)	(14,199)	158.6%	3,763	-	(32,962)	(11,086)	197.3%
Adjusted *Net Margin (%)* before Disc. Operations[2]	-10.1%	-3.8%	-6.2 p.p.	0.7%	-10.7 p.p.	-3.5%	-1.3%	-2.3 p.p.
Net results from Discontinued Operations	(932)	(1,271)	-26.7%	(90)	>500%	(1,022)	(790)	29.4%
Adjusted Net Income (Loss)[2]	(37,657)	(15,470)	143.4%	3,673	-	(33,984)	(11,876)	186.1%
Adjusted Net Margin (%)[2]	-10.3%	-4.2%	-6.2 p.p.	0.6%	-11.0 p.p.	-3.6%	-1.4%	-2.3 p.p.
Net Income (Loss)	(37,657)	(16,637)	126.3%	1,320	-	(36,337)	(16,356)	122.2%
Net Margin (%)	-10.3%	-4.5%	-5.8 p.p.	0.2%	-10.6 p.p.	-3.9%	-1.9%	-2.0 p.p.
SSS - Same Store Sales Growth (%)	-4.6%	-4.6%	0.0 p.p.	4.3%	-8.9 p.p.	0.4%	-5.2%	5.6 p.p.
E-Commerce Sales Growth	2.5%	8.6%	-6.1 p.p.	32.5%	-29.9 p.p.	19.4%	9.2%	10.3 p.p.
Number of Stores – End of Period	104	111	-6.3%	102	2.0%	104	111	-6.3%
Sales Area – End of Period (m²)	60,420	62,026	-2.6%	59,376	1.8%	60,420	62,026	-2.6%

Note 1: Includes the "Saraiva Entrega" revenue in the Physical Stores results.
Note 2: Excludes the effects of extraordinary expenses in 2Q17 (R$ 1.8 million), 1H17 (R$ 6.8 million), and 1Q18 (R$ 3.6 million).

Strategic Vision

In accordance with the evolution of the Company's mindset to review the brand positioning and the organizational culture, in 2018 we remain investing in restructuring our operation to increase productivity, and in making decision-process more assertive.

In this context, we remain focused on four transforming fronts: Omnichannel, Customer Centricity, Digital Transformation and Operational Efficiency, targeting solid gains in Market Share and profitability.

Omnichannel

In order to transform consumption into an integrated experience, with a seamless interaction between the digital and the offline world, we have developed important initiatives designed to improve the consumer experience, regardless of the shopping channel.

Our actions are supported by a differentiation pillar comprising the improvement of services and a more convenient and practical shopping process, in addition to challenging the last mile of delivery to customers. We continue improving in several service modalities, including:

- **Click & Collect**: Customers shop on our E-commerce channel and pick up their purchases at one of our stores free of charge. In 2018, around 15.6% of the online orders are placed in under this model. Of those customers who opt for this service, 20% make an additional purchase when they pick up the product at the physical store.

- ***Saraiva Entrega***: In case customers want a product that is not physically available at one of our stores, they can make the purchase and receive it at home or, if they prefer, pick it up at the store. We make Saraiva's full catalog available at all our points of sale, regardless of the format, size, profile or location of the store. In 2Q18, sales increased more than 300% when compared to 2Q17.

- **Turbo delivery**: Customers who place orders in our E-commerce channel by 3 pm receive their purchases the next day. The service is available in São Paulo (SP), Belo Horizonte (MG), Rio de Janeiro (RJ), Curitiba (PR), Porto Alegre (RS), Florianópolis (SC), Vitória (ES), Salvador (BA) and Recife (PE).

In 2Q18, we **inaugurated three stores**, in the shoppings Recreio (Rio de Janeiro/RJ), Patteo Olinda (Olinda/PE) and Ilha Plaza (Rio de Janeiro/RJ), with new, more modern and attractive architectural design that requires less investment than the previous model, favoring faster paybacks. This new store concept was the result of more in-depth studies on consumer profile and shopping behavior, the competitive environment in the region, the presence of educational institutions and the influence of one channel on the other (Store/E-commerce).

In three recently opened stores, North Shopping Fortaleza (Fortaleza/CE), Franca Shopping (Franca/SP) and Shopping Nova Iguaçu (Nova Iguaçu/RJ), we found that the neighborhood around the stores and the city where the unit is located presented variations in the e-commerce revenues when compared to the same period of the previous year, i.e. higher than those in the state of the store and in the country in general, reinforcing the assertiveness of our omnichannel strategy. In addition to the city of Franca, mentioned before, we can highlight the neighborhoods around North Shopping (Fortaleza/CE), where there is a significant increase in e-commerce revenues (+ 59% after 12 months) after the opening of the new unit.

Customer Centricity

Our main value is the focus on the customer. In this sense, we seek to understand the needs of our public, providing more personalized and relevant shopping experiences that best suit our customers' needs.

Here we would like to point out that:

- We continue investing in **Saraiva Plus, one of the largest retail loyalty programs in the country.** Our model favors the customer-centered strategy based on the solid knowledge of consumer behavior and preferences. We noticed a significant 11% increase in the customer reactivation rate when compared to the same period of the previous year, reinforcing the success of the new model. In jun/18, we had 16.4 million registered customers (+2.9% vs 1Q18) and around 83% of our revenue identified.

- With the purpose of inviting the public to experience Saraiva not only as a shopping place but also as an entertainment and leisure option for the whole family, we continue to expand the **café operation** in our stores through strategic partnerships with Starbucks, Havanna, Grão Espresso, Nespresso and Feito a Grão, Sterna, among others. During the second quarter of 2018, we inaugurated the Café Havanna at Shopping Tijuca (Rio de Janeiro/RJ), and we already have two more openings scheduled with Sterna Café, in São Caetano (São Caetano/SP) and Eldorado (São Paulo/SP) shopping for the coming months.

- We have expanded the **immersive experience focused on the games category.** Fourteen of our stores have areas dedicated exclusively to allowing customers to experience games, with cockpit and gaming laptops.

- We have the ***Troca Inteligente*** service, which allows the exchange of used smartphones or tablets for discounts when buying a new device in 84 stores in the network, and we also offer **extended warranty** services, and ***Proteção Saraiva*** (insurance against theft, qualified theft and accidental breakage).

- We also offer Apple authorized **technical support** in 15 of our stores, with specialized teams to better serve our customers, we offer a wide range of services focused on specialized solutions.

- During the second quarter of 2018, we hosted **events** and entered into **partnerships** which contribute to further improve our customers´ experience. In the period, we held approximately 1.8 thousand events in the following topics: autographs afternoon, product launches, children's time, meeting of fans, Workshop in iTown stores, in addition to opening stores.

Digital Transformation

We are making progress in the implementation of a digital culture, increasing interaction between Saraiva and its customers. This allows customers to have a unified experience in all points of contact with the brand, regardless of the chosen platform and form.

We have thus invested in:

- Launched on jun/18, the expansion of our **own marketplace**, where partner stores sell and have the opportunity to expose their products on Saraiva's website. Operating through agile methodology, the new channel is part of Saraiva's strategy to provide a complete experience to its customers with a greater variety and diversity of products and services that converge and complement our DNA. For the implementation, we conduct identification studies choosing the partners according to the profile of their clients, with products that complete our mix, and that have synergy with the preferences and desires of the clients, as well as consistency with our own brand. The new channel, which has curated products and content, will bring even greater benefits to the Company and its customers, contributing to the increase in operating revenues and to the improvement of Saraiva's working capital.

- Expansion of **marketplace** partnerships for the sale of products on websites of strategic partners, such as Walmart, Mercado Livre, and B2W, among others. Currently, 65% of purchases of our products through this channel, for example, were made by consumers that were not our customers. We continue making progress on this front through negotiation with other partners.

- Implantation of **artificial intelligence technology** to improve the experience and service of our clients. The use of chatbot provides 24-hour service with reduced average response time, further streamlining customer demands.

Operational Efficiency

We achieved important advances that will help the Company prepare for a new phase of revenue growth and dilution of costs. We constantly work on the rigorous and continuous control of expenses, strict investment selection process and balanced management of working capital in order to enable value creation. With this focus, we point out:

- **Transformation of the physical store channel:**
    - Inauguration of three units based on the **new ideal store concepts**, with investments in capex/m² 25% lower, on average, and favoring faster paybacks;
    - **Closing** of one store with low perspective to add value;
    - **Assortment Project**, refining the supply algorithms and improving the assertiveness of inventory in each store, as part of the process of continuous evolution in the Company's inventory management;
    - ***Bomboniere*** category, which is present in 84 of our stores, and redesign of the **accessory and adventure and leisure categories**, adjusting product display, experimentation and assortment.

- **Logistics management and supply system:**
    - Adjustments to the distribution model by installing **Transit Points** in strategic regions (Rio de Janeiro, Rio Grande do Sul, Bahia, and Pernambuco), reducing transportation costs and improving the lead time of deliveries, both to supply physical stores and to deliver products sold online;
    - Review of the logistics and supply chain planning, with the implementation of a **new distribution center** in Extrema (MG), optimizing the store supply process and improving our E-commerce competitiveness by reducing the lead time of deliveries and contributing to reduce the accumulation of tax credits and increase operational efficiency.

- **Galeazzi Consulting:**
    - Contracted in early 2018, with the objective of generating continuous gains in operational efficiency, reviewing and optimizing processes and ensuring that the structure can support higher sales with an effective dilution of costs. With the expectation of generating results in 2018, we started the implementation of several work fronts:
        - Assortment;
        - Supply;
        - Pricing;
        - Maximization of Operating Results;
        - Inventory/Internal Logistics;
        - Transportation and Freight;
        - Performance Indicators; and
        - Support the financial team.

Performance Review

As an important action to support the Company's strategic plans, the Company began to adopt a series of **cash strengthening** measures focused on three main pillars:

- **Operating Results Generation:**
    - Sales growth, driven by the review of marketing strategy and assortment;
    - Greater efficiency in the products distribution through the restructuring of the supply area;
    - SG&A reduction; and, by consequence;
    - EBITDA and Net Income improvements.

- **Optimization of the Company's Capital Structure** adjusting our payment schedule to the transaction seasonality by reprofiling of liabilities with financial institutions;

- **Optimization of Tax Credits Management** with the assistance of consultancies companies:
    - Implementation of initiatives to monetize accrued credits;
    - Mitigate the accruing of new credits through revisions and optimizations in the logistics network.

We are aware that the results of the second quarter of 2018, heavily impacted by the truckers' strike and the World Cup period, fell short of expectations, but we continue to implement an important plan focused on improving profitability so that we can quickly reverse this scenario. We have a lighter and leaner structure, with a better-adjusted operating cycle, and we have implemented several initiatives under the omnichannel, customer centricity, digital transformation and operational efficiency fronts that are beginning to mature and will contribute significantly to improving profitability.

The successive market share gains and the robust and growing customer base also contribute to our confidence in the improvement of results. As we see the beginning of the economic recovery, we are confident that we are well structured and prepared to capture significant gains in scale that will contribute to increased profitability and cash generation.

RESULTS

REVENUE – Gross revenue totaled R$ 395.3 million in 2Q18, down 2.2% when compared to the R$ 402.2 million registered in 2Q17. Net revenue followed the same trend, decreasing 1.6% in the quarter. The effect of the trucker drivers' strike, which lasted for approximately 10 days, and the slightest flow on World Cup games days, impacted the performance of the period.

It is worth noting that the data disclosed by the IBGE's Monthly Trade Survey[2] (jun/18) show that sales volume in the books, newspapers, magazines and stationary segment reduced by 9.6% in 2Q18. Considering that, the same survey shows a recovery in other significant retail segments and the economic data that have been published are showing improvements in important indicators, we can say the current scenario favors a recovery perspective in the main sectors where we operate. It is worth to mention that, despite the scenario, our market share increased by 0.1 p.p. in the Books Category, our core business.

As one of our value creation proposition is based on the omnichannel strategy, designed to provide a unique experience regardless of the channel, it makes more sense to analyze the sales result as a whole, consolidating the physical stores and E-commerce. During the purchase process, there are several initiatives in which customers begin contact on one channel, but complete the purchase on another, such as *Saraiva Entrega* and Click and Collect.

PHYSICAL STORES REVENUE – In 2Q18, gross revenue from physical stores reached R$ 243.6 million, which represents a 4.9% increase over the same period of the previous year. In terms of comparable stores, we had a decrease of 4.6% when compared to 2Q17. Along similar lines, net revenue reduced 4.1% in the same period.

E-*COMMERCE* REVENUE – In 2Q18, gross sales of our website Saraiva.com, even impacted strongly by the truck drivers' strike, grew 2.5% in relation to the same period last year, reaching R$151.8 million. Net sales totaled R$136.6 million, an increase of 2.9% compared to the second quarter of 2017.

This result underlines the developed measures to enhance our users' shopping experience, and have been improved with initiatives such as the expansion of Click & Collect and the recent strategic partnerships to reinforce the presence in Marketplace. In line with this performance, total gross revenue of E-commerce operations reached 38.4% of total retail operations in 2Q18 (versus 36.6 % in 2Q17).

Chart 2. Gross Revenue in Retail by segment (R$ million)

[2] The IBGE's Monthly Trade Survey published data are based on the Fixed Base Index disclosed.

Gross Profit – Gross profit presented a reduction of 17.1% in 2Q18, reaching R$ 107.7 million with a decrease of 5.5 p.p. in gross margin, which went from 35.1% in 2Q17 to 29.5% in 2Q18.

We continued to be impacted by the fiercer competition in the online retail market, which continues to increase its weighted share of our total revenues. At the same time, we invested in new tools, especially a new dynamic pricing system for the E-commerce channel, aiming to increase sales and improve gross margin management.

Operating Expenses – The operating expenses line totaled R$ 137.1 million in 2Q18, an increase of 3.8% over the same period of the previous year. Excluding the impact of non-recurring restructuring expenses in 2Q17, we would have a 5.2% increase.

It is worth noting that we remain focused on rationalizing expenses to improve results, and during the second quarter of 2018 we were impacted mainly by the variable lines incurred in Logistics, where we are already renegotiating with our suppliers in the supply chain, distribution and we are reviewing our freight policy; Personnel, mainly due to extraordinary terminations in the period; and Marketplace, which had a larger participation of our total sales in the period by increasing commission payments to partners.

EBITDA – EBITDA, strongly impacted by the factors mentioned above, totaled a negative R$29.5 million in 2Q18, with a margin of 7.5 pp less than 2Q17. Excluding the non-recurring amounts incurred in the second quarter of 2017, the reduction in EBITDA margin would be 8.0 p.p.

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

Consolidated	2Q18	2Q17	Q/Q	1Q18	Q/Q	1H18	1H17	H/H
Net Income (Loss)	**(37,657)**	**(16,637)**	**126.3%**	**1,320**	**-**	**(36,337)**	**(16,356)**	**122.2%**
(+) Financial Result	15,525	10,848	43.1%	12,439	24.8%	27,964	20,506	36.4%
(+) Income Tax / Social	(17,338)	(6,446)	169.0%	1,620	-	(15,718)	(4,304)	265.2%
(+) Depreciation Amortization	9,076	8,727	4.0%	9,121	-0.5%	18,197	17,151	6.1%
(+) Net Income from Discontinued Operations	932	1,271	-26.7%	90	>500%	1,022	790	29.4%
EBITDA	**(29,465)**	**(2,238)**	**>500%**	**24,590**	**-**	**(4,875)**	**17,786**	**-**
EBITDA Margin (%)	-8.1%	-0.6%	-7.5 p.p.	4.3%	-12.4 p.p.	-0.5%	2.0%	-2.6 p.p.
(+) Non-Recurring Expenses¹	0	1,768	-100.0%	3,565	-100.0%	3,565	6,787	-47.5%
Adjusted EBITDA	**(29,465)**	**(470)**	**>500%**	**28,156**	**-**	**(1,309)**	**24,573**	**-**
Adjusted EBITDA Margin (%)	-8.1%	-0.1%	-8.0 p.p.	4.9%	-13.0 p.p.	-0.1%	2.8%	-3.0 p.p.

Note: 1. Excludes the effects of extraordinary expenses.

Working Capital* – The working capital/net revenue ratio improved reaching 13.5% in 2Q18. The Retail operating cycle was 59 days in 2Q18 against 73 days in 2Q17.

The average term of accounts receivable went from 63 days in 2Q17 to 57 days in 2Q18. The average inventory coverage period increased by 17 days, from 92 days in 2Q17 to 109 days in 2Q18 but was offset by the improvement in the supplier payment term, which increased by 25 days, reaching 107 days in 2Q18, when compared to 82 days in 2Q17.

* 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$ 15.5 million in 2Q18, against R$ 10.8 million registered in 2Q17.

NET INCOME (LOSS) FOR THE PERIOD – Net Loss before the results of discontinued operations reached R$ 36.7 million in 2Q18 against an Adjusted Net Loss of R$ 14.2 million in 2Q17.

INVESTMENTS (CAPEX) – The investments made totaled R$15.7 million in 2Q18 versus R$8.9 million in 2Q17. The volume of investments, which tend to have a reduction over the year, was mainly directed to initiatives and new tools for e-commerce, projects covering the area of Information Technology, and the opening of stores, which will contribute for greater efficiency in the company's future results.

LIQUIDITY – The following table presents information on maturities by financing line on June 30, 2018:

Table 3. Sources of financing for working capital and investments and their respective maturities (R$'000)

Consolidated	Average Cost (p.a)	Total	Until 2018	Until 2019	Until 2020	After 2020
Transaction Type						
BNDES[1]	8.7%	46,976	5,289	10,577	10,577	20,533
Working Capital/other	7.9%	249,211	91,188	116,439	41,584	-
Total Gross Debt[2]	**8.0%**	**296,187**	**96,477**	**127,017**	**52,161**	**20,533**

Note 1: Cost at the close of 2Q18 from the balance of the 2014 BNDES agreement, without considering the cost of bank guarantee, considering TJLP of 6.8% p.a. and SELIC of 6.5% p.a.
Note 2: Loans net of financial derivative instruments.

On jul/18, the Company, through its capital structure optimization strategy, completed an initial stage of debt reprofiling, enabling the release of receivables in guarantee in the amount of R$20 million with Banco Itaú through the settlement of the debt, and R$20 million with Banco do Brasil through the change of the type of guarantee with the institution.

The table below presents the Saraiva's consolidated net debt, which totaled R$ 249.5 million on June 30, 2018, versus R$ 284.4 million on March 31, 2018, and R$ 233.0 million on June 30, 2017.

If we consider credit card receivables, net debt came to R$ 59.0 million on June 30, 2018, versus R$ 61.3 million on March 31, 2018, and R$ 38.6 million on June 30, 2017.

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

Consolidated [1]	2Q18	2Q17	Y/Y	1Q18	Q/Q
Transaction Type					
Loans and Financing[2]	**296,187**	**297,207**	**-0.3%**	**312,421**	**-5.2%**
(+) Acquisition Obligations	2,557	2,380	7.4%	2,517	1.6%
(-) Cash and Cash Equivalents / Financial Investments	49,215	66,587	-26.1%	30,541	61.1%
Consolidated Net Debt Before Receivables	**249,529**	**233,000**	**7.1%**	**284,397**	**-12.3%**
(-) Credit Card Receivables	190,480	194,445	-2.0%	223,120	-14.6%
Consolidated Net Debt After Receivables	**59,049**	**38,555**	**53.2%**	**61,277**	**-3.6%**

Note 1: "Receivables Prepayment" (R$71.8 million in 2Q18, R$97.8 million in 2Q17, and R$141.4 million in 1Q18)
Note 2: Loans net of financial derivative instruments.

OUR STORES – Saraiva closed 2Q18 with 104 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, we closed two stores:

- Store in Afonso Pena Airport (Curitiba/PR), in mar/18;
- Store in Aeroporto de Airport (Manaus/AM), in apr/18.

Regarding the prioritization of investments, we inaugurated three new units are scheduled to open another one 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 inauguration scheduled for oct/18.

In addition, we inaugurated, in jun/18 the Café Havanna at Tijuca Shopping (Rio de Janeiro/RJ), and we already have two more openings scheduled with Sterna Café, in the São Caetano (São Caetano/SP) and Eldorado (São Paulo/SP) shopping, for the coming months.

ANNEX – RETAIL

R$ thousand	2Q18	2Q17	Y/Y	2Q17	Q/Q
CURRENT ASSETS					
Cash and Cash Equivalents / Financial Investments	39,247	62,086	-36.8%	30,539	28.5%
Accounts Receivable	204,968	199,680	2.6%	236,262	-13.2%
Inventories	325,910	298,504	9.2%	402,953	-19.1%
Recoverable Taxes	174,567	190,150	-8.2%	176,893	-1.3%
Financial Derivative Instruments	20,024	-	-	1,789	>500%
NON-CURRENT ASSETS					
Other Long Term Assets	235,123	136,232	72.6%	206,926	13.6%
Financial Derivative Instruments	-	3,311	-100.0%	2,981	-100.0%
Investments	-	135	-100.0%	-	-
Property, Plant & Equipment	67,019	65,439	2.4%	70,097	-4.4%
Intangible assets	203,491	175,112	16.2%	194,333	4.7%
CURRENT LIABILITIES					
Loans and Financing	234,880	36,829	>500%	151,879	54.6%
Suppliers	484,083	312,673	54.8%	506,270	-4.4%
Financial Derivative Instruments	-	-	-	-	-
NON-CURRENT LIABILITIES					
Related Parties	-	-	-	-	-
Loans and Financings	81,330	263,689	-69.2%	165,312	-50.8%
Financial Derivative Instruments	-	-	-	-	-
SHAREHOLDERS' EQUITY	**406,803**	**470,330**	**-13.5%**	**442,327**	**-8.0%**

CONFERENCE CALL DETAILS

Saraiva's 2Q18 Earnings Conference Call, to be held in Portuguese and simultaneously translated to English, will be held on **August 15, 2018**, 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): 9.30 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.

DISCLAIMER
This report contains forward-looking statements that are subject to risk and uncertainty. These statements are based on beliefs and assumptions of management and on information currently available. Our future results and shareholder value may differ materially from those expressed or implied in these forward-looking statements.