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, 2019 (4Q19 and 2019).

The financial information contained herein refers to the fourth quarter and year ended on December 31, 2019, 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.

Message from Management

During the last 15 years, the Company underwent several transformation processes. Since the acquisition of Siciliano, in 2008, Saraiva has invested in strengthening its brand, growing its operation, and increasing the number of stores, its presence in e-commerce, and the range of products offered, always focusing on the client, who has always been faithful to the brand.

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. 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, and in the Back to Class segment. Other emergency measures were taken in early November/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, and the important reduction in the billing due to difficulties in the implementation of a new internal management system, 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, in November/18, 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 was to protect the cash by making the Company regain its stability and, subsequently, its economic growth, as well as guarantee and protect 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. We achieved important improvements in 2019 in comparison with previous years, through initiatives such as:

Re-adjustment of the product mix: we discontinued the categories that had lower profitability and increased demand for working capital. This revision of categories also enabled us to further reduce the Company's staff, as well as close 2 Distribution Centers.

Reduction of Operating Expenses: renegotiation and review of our main contracts with service providers, reduction of scope with prioritization of alternatives with higher cost/benefit ratio, and revisions and optimizations in the logistics network, adapting our supply system to the new product mix. In our headquarters, we lowered costs by reducing the number of occupied floors.

Restructuring of the Number of Stores: prioritization of higher-yielding units with EBITDA greater than 5.0%, closing down stores with a low value generation perspective that did not fit the Company's new product mix. In the quarter, we evolved in terms of negotiations with shopping malls where, through partnerships, we optimized the areas of our units and increased their profitability without needing to invest heavily.

Migration to a New E-Commerce Platform: In order to mitigate the inconsistencies of our e-commerce channel, we began, in April 2019, the implementation of a new e-commerce platform, which has a lighter, more agile and stable system than the one currently used and contributes with improvements in performance and increases in the website visits.

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.

However, even though the Company paid the suppliers and banks indicated in the Court-Supervised Reorganization Plan, all measures adopted by the Company were still not enough to achieve the growth outlook and cash generation, making both the results of 2019 and that projected for the coming years, stay below the expectations presented in the projection of the approved Reorganization Plan.

In this scenario, the Company hired a new CEO who has extensive experience in the retail segment, having worked in multinational and Brazilian companies. The decision to hire the new CEO was made by the new composition of the Company's Board of Directors, which has now two new members who have experience in management and advice to Boards of Directors of companies, such as Grupo Pão de Açúcar, Banco Itaú, BRF, General Shopping, Hewlett-Packard, PwC and IBM Global – USA and Brazil.

With the reorganization of the leaderships (CEO and Board of Directors), Saraiva began a new moment of its history, strengthening and improving its Corporate Governance. The recently elected members of the Company's Board of Directors and the new hired CEO of Saraiva implemented a new Action Plan for the reorganization of the operations and recovery of the economic results necessary for Saraiva to continue as going concern.

The Action Plan aims for a structural change of processes in all activity levels of the Company, through the introduction of a reorganization culture.

The Action Plan was approved by the new Board of Directors at a meeting held on February 19, 2020 and is based on three projects that will be implemented in the next few months.

New Supply Management: In a few months the Company will close its distribution center and will start distributing its products in a decentralized manner. As aligned with our suppliers, products will be delivered directly to our stores, thus reducing our expenses with the Distribution Center and freight.

Full E-Commerce: With the new profitability strategy of reducing sales volumes and increasing margins, we will outsource the distribution operation, inventory management and collection of our on-line sales channel. We will continue to be responsible for all the management of our channel and focused on our clients' experience, but we will lower fixed and variable costs through this change.

Back-Office Outsourcing: Due to the size of the operation, and aiming at reducing our fixed costs, we will outsource our back-office operation, making the Company lighter, more agile and with lower expenses. Outsourcing will not only reduce direct expenses but also enable system and occupancy reductions in the head office.

The above-mentioned changes, presented and approved by the new Board of Directors, will help shrink the Company without negatively impacting our operation. Among the main impacts of the new action plan, we can name:

Profitability: Increased gross margin, especially in e-commerce, to the detriment of gross revenue, increasing absolute gains in gross profit and contributing to an increase in the Company's profitability. In February 2020, when we consolidated the implementation of the strategy, we obtained significant results, where gross and contribution margins, as well as revenues reached the projected levels.

Renegotiation of agreements with production suppliers: We are narrowing even more our relationship with suppliers, especially bookstores and stationery suppliers, which are the core of our production activity. Through new negotiations and partnerships, especially regarding the payment term, we have the possibility to reduce the impact of working capital in our cash.

Personnel Expenses: With a reduced operation in terms of revenue, we have the possibility to reduce the Company's personnel expenses. At our head office and Distribution Center, we expect to reduce the number of employees by 60% and 50%, respectively.

Occupancy Expenses: Regarding physical stores, we continue to constantly work on renegotiating with shopping mall managers, in order to increase the profitability of our units by reducing, changing or transferring the current locations, as well as analyzing activities to generate additional revenues. At our head office, we expect to reduce the occupancy expenses by 75% as of May 2020, by vacating three floors, and, at the Distribution Center, we already lowered costs by reducing approximately 60% of the occupied space in January 2020.

Agreements with Non-Production Suppliers: We exhaustively assessed all our existing contracts with non-production suppliers, keeping and renegotiating only the contracts that are essential to the Company's business activities.

Sale of Fixed Assets: The Company is in the process of ending the sale of one of its fixed assets, contributing to the generation of more than R$20.0 million in cash in the next few months.

We continue to make every effort to carry out the necessary adjustments to ensure operational continuity. The measures already taken, along with the approval of the Judicial Reorganization Plan, which establishes efficiency measures for the balancing and settlement of our corporate liabilities, such as the restructuring of liabilities and preservation of investments that are essential for the continuity of our operations, and changes in our Corporate Governance structure prove the Company's capacity of generating cash and feasibility for the future.

The Company's Management is aware of its significant challenges and engaged in making the necessary adjustments to ensure the success of the Company's financial recovery and operational continuity, pursuant to the financial plan that enabled the approval of the Judicial Reorganization Plan, and is also optimistic regarding its judgment capacity to make the right decisions for the recovery and maintenance of the Company's operating activities.

Significant market challenges exist, but we fully believe in the recovery of the book market in Brazil, and the new Saraiva is being built. We know that this will be an intense process, which will be realistic and determined in terms of searching for a promising future for the company and its stakeholders, and we have the full support and engagement of all our employees and the Board of Directors.

Impacts of the Coronavirus - COVID-19

The Management is closely monitoring the possible impacts of the Coronavirus (COVID-19) on the Company's operation. Given the increase in the number of cases and fatalities, both at national and international levels, the Company is now constantly communicating through a specific internal Committee and reporting to the Board of Directors on a daily basis to discuss necessary measures and assess possible impacts on the operation.

In this scenario, the contingency plan is focused on four main pillars: (i) taking preventive measures, (ii) encouraging and boosting e-commerce sales, which were not paralyzed and honor all our commitments to the clients, (iii) structuring action and contingency plans, and (iv) monitoring the daily evolution of cases of Coronavirus infection and the recommendations of government agencies and retail associations. We can highlight the following measures:

Physical Stores: We started closing our units for an indefinite time, in conformity with the government guidelines published by municipal and state governments. On March 18, 2020, we were instructed to close 19% of our units. Due to the rapid escalation of cases and the fact that most of our stores are located at shopping malls and/or in the states of São Paulo and Rio de Janeiro, all our units were closed on March 23, 2020.

E-Commerce: It continues to operate normally, honoring our commitments to our clients. In addition, we are working on promotional actions to increase traffic on the channel.

Employees: We started a preventive action to raise the awareness of all our employees. As stores have been closed, all employees have been sent home. At our Distribution Center and Head Office, as a safety measure, the Company's operational activities are running with as few employees as possible. At the Distribution Center, we are working with reduced and opposite shifts, whereas, at the Head Office, we have adopted remote work. We have also suspended trips and face-to-face meetings and provided extensive information to our employees on good practices against the virus and support related to the labor legislation in force.

Revenue Generation: As physical stores have been closed, we are strongly supporting, through promotional and marketing actions, the transition of sales from physical stores to the online channel, which is currently fully equipped to meet our clients' demands.

Cash: In face of the current scenario, in which our revenue sources have been strongly impacted, the Company has adopted initiatives to retain cash by reviewing expenses and renegotiating payments in order to ensure the continuity of the operation.

We believe that the scenario in the country is changing fast and we are trying to adapt quickly, seeking the ideal scenario despite the crisis. We reiterate that we continue to monitor the situation of the Company and our stakeholders, including all the risks resulting from the pandemic, which could result in losses or changes in its estimates about the businesses. However, it is not yet possible to accurately measure all the impacts resulting from this pandemic.

Non-Recurring Impacts

During 4Q19, several adjustments were made to the operation in order to improve profitability by generating financial impacts, with no cash effect. Among the main impacts in the results, we can highlight:

▪ Provision for civil, labor and tax contingencies: negative R$90.4 million in expenses.

▪ Taxes (write-offs and provision for tax credits): negative R$52.7 million in expenses.

▪ Other impacts: negative R$1.3 million in expenses.

Thus, in order to perform a more reliable analysis of the Company's operation, all the results in this Management Report consider 3Q19 and 4Q19 recurring amounts, excluding the impacts listed above. The table below illustrates the reconciliation of results:

Reconciliation - 4Q19 (R$ MM)	4Q19	CPC 06 (R2) IFRS 16	Non-Recurring Impacts	4Q19 Adjusted
Gross Revenue	**163.534**	-	-	**163.534**
Taxes	(7.128)	-	-	(7.128)
Net Revenue	**156.406**	-	-	**156.406**
Cost of Goods Sold	(105.922)	-	-	(105.922)
Gross Profit	**50.484**	-	-	**50.484**
Gross Margin (%)	*32,3%*	*0,0%*	*0,0%*	*32,3%*
Operating Expenses	**(218.743)**	**(17.874)**	**144.359**	**(92.258)**
EBITDA	**(168.259)**	**(17.874)**	**144.359**	**(41.774)**
EBITDA Margin (%)	*-107,6%*	*0,0%*	*0,0%*	*-26,7%*
Other Operating Expenses/Revenues	**(29.937)**	**17.874**	-	**(12.063)**
Net Financial Result	(14.058)	6.583	-	(7.475)
Depreciation and Amortization	(15.879)	11.290	-	(4.589)
Net Income (Loss) before Before Tax	**(198.196)**	-	**144.359**	**(53.837)**
Income tax and social contribution	35.882	-	(49.082)	(13.200)
Net Income (Loss) before Before Minority interest	**(162.314)**	-	**95.277**	**(67.037)**
Minority interest	12	-	-	12
Adjusted Net Income (Loss) before Disc. Operations	**(162.302)**	-	**95.277**	**(67.025)**
Net results from Discontinued Operations	(31.769)	-	-	(31.769)
Net Income (Loss)	**(194.071)**	-	**95.277**	**(98.794)**
Net Margin (%)	*-124,1%*	*0,0%*	*0,0%*	*-63,2%*

HIGHLIGHTS

- 10.6 p.p. increase in 4Q19 adjusted Gross Margin.
- 25.3% decrease in 4Q19 Recurring Operating Expenses.
- R$ 38.4 million improvement in 4Q19 adjusted EBITDA.
- 28 days improvement in Accounts Receivable when compared to 4Q18.
- Pursuant to the Notice to Shareholders released on October 28, 2018, the Company paid a portion of the Dividends declared by the Extraordinary and General Shareholders' Meeting held on April 26, 2018, in the amount of R$5.8 million. Under the terms of the approved Judicial Reorganization Plan, the Dividends were paid up to the limit of R$10,000 per shareholder. Shareholders entitled to Dividends above R$10,000 will receive the balance of the remaining Dividends as provided for in Clause 9.2 of the Judicial Reorganization Plan.
- The increase in the Company's authorized capital, in up to the limit of 66 million shares, was approved at the Extraordinary Shareholders' Meeting held on October 31, 2019, along with the inclusion of a statutory rule conferring powers to the Company's Board of Directors to issue subscription warrants within the authorized capital limit.
- Pursuant to the Notice to Shareholders released on November 4, 2019, the Board of Directors approved, at a meeting held on November 3, 2019 and assisted by the Fiscal Council, the increase of the Company's share capital as well as the issuance of Subscription Warrants, both within authorized capital limit and in accordance with the Judicial Reorganization Plan and the Company's Bylaws.
- Election, at the Extraordinary Shareholders' Meeting held on December 11, 2019, of the new composition of the Company's Board of Directors, which now has two new members, Augusto Marques da Cruz Filho and Antonio Salvador. In addition to the mentioned names, Jorge Saraiva Neto, Maria Cecilia Saraiva Mendes Gonçalves and Olavo Fortes Campos Rodrigues Jr. are also members of the Company's Board of Directors, having served at the Board in the previous year.
- 7,930 Subscription Warrants, corresponding to R$75,355.00, were subscribed by the Company's current shareholders between November 11, 2019, and December 10, 2019. The 2,061,036 Subscription Warrants not subscribed by the Company's current shareholders, corresponding to the remaining Subscription Warrants, were subscribed and paid-in by the creditors of the Company or its subsidiaries and affiliates, pursuant to clause 11.6 of the Reorganization Plan.

SUBSEQUENT EVENTS

- At the Company's Board of Directors' meeting of January 9, 2020, Mr. Luis Mario Bilenky was appointed to the non-statutory position of Chief Executive Officer of the Company.
- At the Company's Board of Directors' meeting of February 19, 2020, and re-ratified at the Board of Directors' Meeting held on February 27, 2020, the Board members resolved to partially approve the capital increase, as resolved by the Board of Directors on November 3, 2019, with the issue of 12,244,309 new shares, totaling R$17,754,248.05, of which 8,998,528 common shares, totaling R$13,047,865.60, and 3,245,781 preferred shares, totaling R$4,706,382.45, increasing the Company's capital from R$282,998,580.98, represented by 26,701,745 shares, of which 9,622,313 common shares and 17,079,432 preferred shares, to R$300,752,829.03, represented by 38,946,054 common shares, of which 18,620,841 common shares and 20,325,213 preferred shares.

Main Indicators

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

Consolidated - Adjusted	4Q19	4Q18	Y/Y	3Q19	Q/Q	2019	2018	Y/Y
Gross Revenue *(Stores + E-commerce)*[1]	163.534	220.870	-26,0%	159.638	2,4%	697.162	1.553.904	-55,1%
Store Sales	121.720	156.968	-22,5%	109.954	10,7%	467.944	966.621	-51,6%
E-commerce Sales	41.814	63.902	-34,6%	49.684	-15,8%	229.218	587.283	-61,0%
Net Revenue *(Stores + E-commerce)*[1]	156.406	200.098	-21,8%	152.663	2,5%	669.658	1.445.422	-53,7%
Store Sales	117.209	143.004	-18,0%	105.534	11,1%	451.114	908.132	-50,3%
E-commerce Sales	39.197	57.094	-31,3%	47.129	-16,8%	218.544	537.290	-59,3%
Adjusted Gross Profit[1]	50.484	43.316	16,5%	60.566	-16,6%	205.194	411.889	-50,2%
Adjusted Gross Margin (%)	32,3%	21,6%	10,6 p.p.	39,7%	-7,4 p.p.	30,6%	28,5%	2,1 p.p.
Recurring Operating Expenses[1 3]	(92.258)	(123.500)	-25,3%	(93.152)	-1,0%	(383.072)	(542.863)	-29,4%
Adjusted EBITDA[3]	(41.774)	(80.184)	-47,9%	(32.587)	28,2%	(177.878)	(130.974)	35,8%
Adjusted EBITDA Margin (%)[1]	-26,7%	-40,1%	13,4 p.p.	-21,3%	-5,4 p.p.	-26,6%	-9,1%	-17,5 p.p.
Adjusted Net Income (Loss) before Disc. Operations[1]	(67.025)	(176.276)	-62,0%	(58.991)	13,6%	(259.766)	(274.622)	-5,4%
Adjusted *Net Margin (%)* before Disc. Operations [1]	-42,9%	-88,1%	45,2 p.p.	-38,6%	-4,2 p.p.	-38,8%	-19,0%	-19,8 p.p.
Net results from Discontinued Operations	(31.769)	(421)	>500%	160	-	(33.381)	(2.661)	>500%
Adjusted Net Income (Loss)[1]	(98.794)	(176.697)	-44,1%	(58.831)	67,9%	(293.147)	(277.283)	5,7%
Adjusted Net Margin (%)[1]	-63,2%	-88,3%	25,1 p.p.	-38,5%	-24,6 p.p.	-43,8%	-19,2%	-24,6 p.p.
SSS - Same Store Sales Growth (%)	-13,5%	-45,1%	31,6 p.p.	-36,3%	22,8 p.p.	-41,8%	-14,0%	-27,9 p.p.
E-Commerce Sales Growth	-34,6%	-69,5%	34,9 p.p.	-57,7%	23,1 p.p.	-61,0%	-17,1%	-43,9 p.p.
Number of Stores – End of Period	73	82	-11,0%	73	0,0%	73	82	-11,0%
Sales Area – End of Period (m²)	49.259	53.198	-7,4%	49.259	0,0%	49.259	53.198	-7,4%

Note 1: Includes the "Saraiva Entrega" revenue in the Physical Stores results.
Note 2: Includes the Depreciation and Interest accounts (CPC 06 (R2) - IFRS 16).

RESULTS

REVENUE – Gross revenue totaled R$ 163.5 million in 4Q19, down 26.0% when compared to 4Q18. Net revenue followed the same trend, decreasing 21.8% in the quarter. It should be noted that a portion of the reduction in sales is explained by the initiation of the Company's restructuring process, which includes the discontinuation of the Technology category, the supply that is still being normalized, a decrease in the number of physical stores, and a significant reduction in revenues due to stability problems of our online channel. In the year of 2019, the decreases were 55.1% and 53.7%, respectively.

PHYSICAL STORES REVENUE – In 4Q19, gross revenue from physical stores reached R$ 117.2 million, which represents a 22.5% decrease over the same periods of the previous year. In terms of comparable stores, we had a decrease of 13.5%. Along similar lines, net revenue reduced 18.0%. In the year of 2019, gross revenue decreased 51.6% and 41.8% in terms of comparable stores.

E-*COMMERCE* REVENUE – In 4Q19, gross sales and net sales of our website Saraiva.com decreased 34.6% and 31.3%, respectively, when compared to the same period last year. Sales in our e-commerce channel, one of the most significant in the country, covering the entire national territory, were strongly and 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. In addition, during 4Q19, the Company began to work with a strategy that prioritizes the profitability of its online channel. With this strategy, even with the channel's lower revenues, its gross margins are higher and variable expenses are lower, thus generating an additional gain in contribution margin. In the year of 2019, the decreases were 61.0% and 59.3%, respectively.

GROSS PROFIT –Gross margin presented an increase of 10.6%, which went from 21.6% in 4Q18 to 32.3% in 4Q19. In the year of 2019, the margin increased 2.1 p.p. 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$ 92.3 million in 4Q19, representing a strong decrease of 25.3%. In the year of 2019, recurring operating expenses decreased 29.4%, as a response to the Company's 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. We continue to make ongoing adjustments to our structure, always aiming for improvements in performance and productivity that solidify the basis for the Company's recovery.

EBITDA – EBITDA, strongly affected by the discontinuation of the Technology category, the supply that is still being normalized, and the significant reduction in revenues due to stability problems of our online channel, totaled a negative R$41.8 million in 4Q19, presenting an improvement of R$ 38.4 million when compared to 4Q18. In the year of 2019, adjusted EBITDA totaled R$ 177.9 million.

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

Consolidated - Adjusted	4Q19	4Q18	Y/Y	3Q19	Q/Q	2019	2018	Y/Y
Net Income (Loss)	**(98.794)**	**(198.791)**	**-50,3%**	**(58.831)**	**67,9%**	**(293.147)**	**(277.283)**	**5,7%**
(+) Financial Result	7.475	8.018	-6,8%	4.935	51,5%	21.871	50.342	-56,6%
(+) Income Tax / Social	13.200	65.750	-79,9%	11.114	18,8%	24.314	55.672	-56,3%
(+) Depreciation Amortization	4.589	10.958	-58,1%	10.356	-55,7%	35.726	37.658	-5,1%
(+) Net Income from Discontinued Oper./Other	31.757	405	>500%	(161)	-	33.357	2.637	>500%
Adjusted EBITDA	**(41.774)**	**(113.660)**	**-63,2%**	**(32.587)**	**28,2%**	**(177.878)**	**(130.974)**	**35,8%**
Adjusted EBITDA Margin (%)	-26,7%	-56,8%	30,1 p.p.	-21,3%	-5,4 p.p.	-26,6%	-9,1%	-17,5 p.p.

WORKING CAPITAL* – The average term of accounts receivable went from 55 days in 4Q18 to 27 days in 4Q19. The average inventory coverage period decreased by 7 days, from 107 days in 4Q18 to 100 days in 4Q19.
* to calculate the operating cycle days, we used the average of the last 12 months

NET FINANCIAL REVENUE (EXPENSES) – Adjusted Net financial result, excluding the impact of the accounting change due to the CPC 06 (R2) - IFRS 16, was an expense of R$ 7.9 million in 4Q19 and R$ 22.3 million in 2019, representing a reduction of 1.4% and 55.7%, respectively, when compared to same period of the previous year.

NET INCOME (LOSS) FOR THE PERIOD – Net Loss before the results of discontinued operations reached R$ 67.0 million in 4Q19 and R$ 259.8 million in 2019.

INVESTMENTS (CAPEX) – The investments made totaled R$ 3.4 million in 4Q19 versus R$ 0.5 million in 4Q18, confirming the reduction indicated by the Company. In 2019, investments made totaled R$ 9.7 million in 2019 versus R$ 85.0 million in 2018. It's worth to mention that the major part of the investments was directed to the implementation of a new e-commerce platform, which has a lighter, more agile and stable system.

LIQUIDITY – On December 31, 2019, the total balance of available cash, blocked cash and credit card receivables totaled R$ 35.8 million, against R$ 39.2 million on September 30, 2019, mainly explained by lower sales and the discontinuation of the Technology category.

The table below presents the Saraiva's consolidated net debt, which totaled R$ 136.4 million on December 31, 2019, versus R$ 139.7 million on September 30, 2019, and R$ 79.4 million on December 31, 2018. If we consider credit card receivables, net debt came to R$ 121.0 million on December 31, 2019, versus R$ 119.6 million on September 30, 2018, and R$ 32.3 million on December 31, 2018.

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

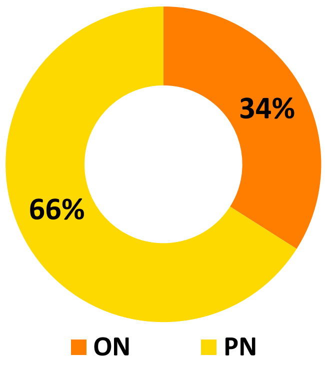
Consolidated[1]	4Q19	4Q18	Y/Y	3Q19	Q/Q
Transaction Type					
Loans and Financing	**156.871**	**172.870**	**-9,3%**	**156.680**	**0,1%**
(+) Acquisition Obligations	0	2.637	-100,0%	0	0,0%
(-) Cash and Cash Equivalents / Financial Investments	20.465	96.138	-78,7%	16.970	20,6%
Consolidated Net Debt Before Receivables	**136.406**	**79.369**	**71,9%**	**139.710**	**-2,4%**
(-) Credit Card Receivables	15.366	47.086	-67,4%	20.144	-23,7%
Consolidated Net Debt After Receivables	**121.040**	**32.283**	**274,9%**	**119.566**	**1,2%**
Judicial Reorganization Process Debt	252.486	550.931	54,2%	258.533	-2,3%

Note 1: Excludes the impact of CPC 06 (R2) - IFRS 16).

OUR STORES – Saraiva closed 4Q19 with 73 stores in 17 Brazilian states and in the Federal District.

Shareholding Structure

Saraiva's subscribed and paid in capital stock was R$ 283.0 million on December 31, 2019, 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.



Employees

We closed 2019 with 1,832 employees (2,785 in 2018). 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 2019 was R$ 381 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 2019.

São Paulo, March 25, 2020.

The Management