

(A free translation of the original in Portuguese)

Raia Drogasil S.A.

**Quarterly Information (ITR) at
March 31, 2020**

**and report on review of quarterly
information**

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

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Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Company information/capital composition

Number of shares (units)	Current quarter 3/31/2020
Paid-up share capital	
Common shares	330,386,000
Preferred shares	0
Total	330,386,000
Treasury shares	
Common shares	508,589
Preferred shares	0
Total	508,589

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Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Company information/dividends

Event	Date approved	Description	Initial date of payment	Type of share	Class of share	Amount per share (Reais/share)
Board of Directors' Meeting	3/23/2020	Interest on capital	5/31/2020	Common		0.14248

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Quarterly information (ITR) - 3/31/2020 - RAIÁ DROGASIL S.A.

Parent company financial information/balance sheet - assets

(R\$ thousand)

Code	Description	Current quarter 3/31/2020	Prior year 12/31/2019
1	Total assets	12,770,254	12,075,866
1.01	Current assets	6,065,296	5,518,934
1.01.01	Cash and cash equivalents	519,128	294,863
1.01.03	Trade receivables	1,558,347	1,291,174
1.01.03.01	Customers	1,310,421	1,049,906
1.01.03.01.01	Checks receivable	1,886	2,383
1.01.03.01.02	Credit and debit cards	1,235,253	996,163
1.01.03.01.03	PBM - Medicine benefit program	53,467	31,003
1.01.03.01.04	Agreements with companies	20,742	21,607
1.01.03.01.05	(-) Provision for impairment of trade receivables	-927	-1,250
1.01.03.02	Other receivables	247,926	241,268
1.01.03.02.01	Advances to employees	8,990	10,158
1.01.03.02.02	Returns to suppliers	5,020	5,206
1.01.03.02.03	Commercial agreements	179,811	177,835
1.01.03.02.04	Receivables from subsidiaries	89	86
1.01.03.02.05	Other	54,016	47,983
1.01.04	Inventory	3,818,449	3,771,335
1.01.04.01	Goods for resale	3,853,728	3,783,236
1.01.04.02	Materials	1,037	1,215
1.01.04.03	(-) Allowance for losses on goods	-36,316	-13,116
1.01.06	Taxes recoverable	111,385	135,771
1.01.06.01	Current taxes recoverable	111,385	135,771
1.01.06.01.01	Taxes on profit	3,956	33,501
1.01.06.01.02	Other taxes recoverable	107,429	102,270
1.01.07	Prepaid expenses	57,987	25,791
1.02	Non-current assets	6,704,958	6,556,932
1.02.01	Long term receivables	483,831	478,815
1.02.01.04	Trade receivables	57,470	56,996
1.02.01.04.02	Other receivables	742	893
1.02.01.04.03	Receivables from subsidiaries	56,728	56,103
1.02.01.08	Prepaid expenses	1,008	587
1.02.01.10	Other non-current assets	425,353	421,232
1.02.01.10.03	Judicial deposits	30,850	30,001
1.02.01.10.04	Taxes recoverable	58,386	58,304
1.02.01.10.05	Credits of subsidiaries	336,117	332,927
1.02.02	Investments	64,427	60,263
1.02.02.01	Equity interests	64,427	60,263
1.02.02.01.02	Interests in subsidiaries	64,427	60,263
1.02.03	Property and equipment	4,938,771	4,805,939
1.02.04	Intangible assets	1,217,929	1,211,915

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Quarterly information (ITR) - 3/31/2020 - RAIÁ DROGASIL S.A.

Parent company financial information/balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 3/31/2020	Prior year 12/31/2019
2	Total liabilities and equity	12,770,254	12,075,866
2.01	Current liabilities	4,292,212	3,941,458
2.01.01	Social security and labor obligations	287,336	291,073
2.01.01.01	Social security obligations	58,829	58,918
2.01.01.02	Labor obligations	228,507	232,155
2.01.02	Trade payables	2,600,747	2,532,293
2.01.02.01	Domestic suppliers	2,600,747	2,532,293
2.01.03	Tax obligations	153,172	96,435
2.01.03.01	Federal tax obligations	65,672	31,952
2.01.03.01.01	Income tax and social contribution payable	21,347	8,309
2.01.03.01.02	Other federal tax obligations	44,325	23,643
2.01.03.02	State tax obligations	74,907	61,361
2.01.03.03	Municipal tax obligations	12,593	3,122
2.01.04	Borrowing	533,458	228,661
2.01.04.01	Borrowing	364,593	69,083
2.01.04.01.01	In local currency	364,593	69,083
2.01.04.02	Debentures	168,865	159,578
2.01.04.02.01	Debentures	168,865	159,578
2.01.05	Other obligations	652,275	735,681
2.01.05.02	Other	652,275	735,681
2.01.05.02.01	Dividends and interest on capital	108,499	68,255
2.01.05.02.04	Rentals	59,452	60,814
2.01.05.02.05	Other payables	40,221	41,408
2.01.05.02.06	Lease liabilities	444,103	565,204
2.01.06	Provision	65,224	57,315
2.01.06.01	Provision for tax, social security, labor and civil contingencies	28,131	26,008
2.01.06.01.05	Provision for legal claims	28,131	26,008
2.01.06.02	Other provisions	37,093	31,307
2.01.06.02.04	Provisions for sundry obligations	37,093	31,307
2.02	Non-current liabilities	4,373,264	4,109,395
2.02.01	Borrowing	879,716	897,815
2.02.01.01	Borrowing	13,259	27,564
2.02.01.01.01	In local currency	13,259	27,564
2.02.01.02	Debentures	866,457	870,251
2.02.01.02.01	Debentures	866,457	870,251
2.02.02	Other obligations	3,294,524	3,001,656
2.02.02.02	Other	3,294,524	3,001,656
2.02.02.02.03	Tax recovery program (REFIS)	5,869	11,192
2.02.02.02.04	Payables to Subsidiary's shareholder	43,305	42,113
2.02.02.02.05	Lease liabilities	2,909,256	2,615,451
2.02.02.02.06	Payables of subsidiaries	336,094	332,900
2.02.03	Deferred taxes	129,649	142,810
2.02.03.01	Deferred income tax and social contribution	129,649	142,810
2.02.04	Provision	69,375	67,114
2.02.04.01	Provision for tax, social security, labor and civil contingencies	69,375	67,114
2.02.04.01.05	Provision for legal claims	69,375	67,114
2.03	Equity	4,104,778	4,025,013
2.03.01	Paid-up share capital	2,500,000	2,500,000
2.03.02	Capital reserves	133,213	129,768
2.03.04	Revenue reserves	1,413,627	1,413,627
2.03.04.01	Legal reserve	154,131	154,131
2.03.04.02	Statutory reserve	1,080,637	1,080,637
2.03.04.08	Proposed additional dividends	41,643	41,643
2.03.04.10	Tax incentive reserve	137,216	137,216
2.03.05	Retained earnings (accumulated deficit)	76,363	0
2.03.06	Carrying value adjustments	-18,425	-18,382

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Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Parent company financial information/statement of income

(R\$ thousand)

Code	Description	SCE*- 1/1/2020 to 3/31/2020	SCE*- 1/1/2019 to 3/31/2019
3.01	Net sales revenue	4,709,890	3,763,817
3.01.01	Gross sales revenue	4,937,853	3,941,342
3.01.02	Taxes on sales	-193,549	-147,178
3.01.03	Rebates	-34,414	-30,347
3.02	Cost of sales and/or services	-3,288,641	-2,617,663
3.03	Gross profit	1,421,249	1,146,154
3.04	Operating income/expenses	-1,180,552	-990,797
3.04.01	Selling expenses	-1,020,302	-876,248
3.04.02	General and administrative expenses	-148,743	-108,798
3.04.02.01	Administrative	-148,743	-108,798
3.04.05	Other operating expenses	-12,382	-8,167
3.04.05.01	Extraordinary expenses	-12,382	-8,167
3.04.06	Equity in the results of investees	875	2,416
3.05	Profit before finance results and taxes	240,697	155,357
3.06	Finance results	-73,486	-54,495
3.06.01	Finance income	14,889	16,406
3.06.02	Finance costs	-88,375	-70,901
3.07	Profit before income tax and social contribution	167,211	100,862
3.08	Income tax and social contribution	-43,891	-12,359
3.08.01	Current	-57,030	-10,519
3.08.02	Deferred	13,139	-1,840
3.09	Profit from continuing operations	123,320	88,503
3.11	Profit for the period	123,320	88,503
3.99	Earnings per share - (Reais/share)		
3.99.01	Basic earnings per share - R\$		
3.99.01.01	Common shares	0.37420	0.26865
3.99.02	Diluted earnings per share - R\$		
3.99.02.01	Common shares	0.37108	0.26875

*SCE – Statement of Changes in Equity

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Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Parent company financial information/statement of comprehensive income

(R\$ thousand)

Code	Description	SCE - 1/1/2020 to 3/31/2020	SCE - 1/1/2019 to 3/31/2019
4.01	Profit for the period	123,320	88,503
4.03	Comprehensive income for the period	123,320	88,503

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Quarterly information (ITR) - 3/31/2020 - RAIÁ DROGASIL S.A.

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

(R\$ thousand)

Code	Description	SCE - 1/1/2020 to 3/31/2020	SCE - 1/1/2019 to 3/31/2019
6.01	Net cash provided by operating activities	284,316	81,152
6.01.01	Cash from operations	547,646	396,585
6.01.01.01	Profit before income tax and social contribution	167,211	100,862
6.01.01.02	Depreciation and amortization	284,052	252,971
6.01.01.03	Share-based compensation plan, net	3,445	3,150
6.01.01.04	Interest on additional stock option	1,192	883
6.01.01.05	Result on disposal of property and equipment and intangible assets	992	5,949
6.01.01.06	Provision (reversal) for legal claims	3,084	-2,172
6.01.01.07	Provision (reversal) for inventory losses	23,200	-1,443
6.01.01.08	Provision (reversal) for impairment of trade receivables	-72	402
6.01.01.09	Provision (reversal) for store closures	-1,198	-3,540
6.01.01.10	Interest expenses	12,405	14,483
6.01.01.11	Amortization of transaction costs of debentures	714	608
6.01.01.12	Equity in results of investees	-875	-2,416
6.01.01.13	Interest expenses – leases	53,496	26,848
6.01.02	Changes in assets and liabilities	-159,016	-266,065
6.01.02.01	Trade receivables and other receivables	-183,273	-180,918
6.01.02.02	Inventory	-70,314	119,509
6.01.02.03	Other current assets	-7,812	-43,371
6.01.02.04	Long term receivables	-5,015	-6,983
6.01.02.05	Trade payables	71,204	-149,348
6.01.02.06	Salaries and social charges	-3,736	2,803
6.01.02.07	Taxes and contributions	37,521	25,625
6.01.02.08	Other liabilities	3,770	-5,703
6.01.02.09	Rentals payable	-1,361	-27,679
6.01.03	Other	-104,314	-49,368
6.01.03.01	Interest paid	-6,812	-2,138
6.01.03.02	Income tax and social contribution paid	-44,006	-20,382
6.01.03.03	Interest paid – leases	-53,496	-26,848
6.02	Net cash used in investing activities	-180,391	-174,719
6.02.01	Purchases of property and equipment and intangible assets	-176,486	-174,030
6.02.02	Proceeds from sale of property and equipment	8	0
6.02.03	Loans granted to subsidiaries	-624	-689
6.02.04	Investments in associates	-3,289	0
6.03	Net cash used in financing activities	120,340	95,693
6.03.01	Borrowing	299,891	244,141
6.03.02	Repayments of borrowing	-19,500	-27,993
6.03.03	Interest on capital and dividends paid	-585	-1,219
6.03.04	Leases paid	-159,466	-119,236
6.05	Increase (decrease) in cash and cash equivalents	224,265	2,126
6.05.01	Cash and cash equivalents at the beginning of the period	294,863	238,153
6.05.02	Cash and cash equivalents at the end of the period	519,128	240,279

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Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Parent company financial information/statement of changes in equity - 1/1/2020 to 3/31/2020

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balance	2,500,000	129,768	1,413,627	0	-18,382	4,025,013
5.03	Adjusted opening balance	2,500,000	129,768	1,413,627	0	-18,382	4,025,013
5.04	Equity transactions with owners	0	3,445	0	-47,000	0	-43,555
5.04.07	Interest on capital	0	0	0	-47,000	0	-47,000
5.04.10	Restricted share plan - Vesting period	0	3,445	0	0	0	3,445
5.04.11	Restricted share plan - Delivery	0	-11,958	0	0	0	-11,958
5.04.12	Goodwill on sale of shares	0	817	0	0	0	817
5.04.13	Treasury shares – Delivery - RD	0	11,141	0	0	0	11,141
5.05	Total comprehensive income	0	0	0	123,320	0	123,320
5.05.01	Profit for the period	0	0	0	123,320	0	123,320
5.06	Internal changes in equity	0	0	0	43	-43	0
5.06.02	Realization of revaluation reserve	0	0	0	65	-65	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-22	22	0
5.07	Closing balance	2,500,000	133,213	1,413,627	76,363	-18,425	4,104,778

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Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Parent company financial information/statement of changes in equity - 1/1/2019 to 3/31/2019

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balance	1,808,639	116,363	1,593,063	0	-18,208	3,499,857
5.03	Adjusted opening balance	1,808,639	116,363	1,593,063	0	-18,208	3,499,857
5.04	Equity transactions with owners	0	3,189	0	-57,000	0	-53,811
5.04.06	Dividends	0	0	70,990	-70,990	0	0
5.04.07	Interest on capital	0	0	0	13,990	0	13,990
5.04.08	Interest on capital of 2017 approved at the AGM of March 28, 2018	0	0	-70,990	0	0	-70,990
5.04.09	Restricted share plan - Vesting period	0	3,150	0	0	0	3,150
5.04.10	Restricted share plan - Delivery	0	-12,794	0	0	0	-12,794
5.04.11	Goodwill on sale of shares	0	-2,283	0	0	0	-2,283
5.04.12	Treasury shares – Delivery - RD	0	15,081	0	0	0	15,081
5.04.13	Treasury shares – Delivery - 4Bio	0	35	0	0	0	35
5.05	Total comprehensive income	0	0	0	88,503	0	88,503
5.05.01	Profit for the period	0	0	0	88,503	0	88,503
5.06	Internal changes in equity	0	0	0	43	-43	0
5.06.02	Realization of revaluation reserve	0	0	0	65	-65	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-22	22	0
5.07	Closing balance	1,808,639	119,552	1,593,063	31,546	-18,251	3,534,549

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Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Parent company financial information/statement of value added

(R\$ thousand)

Code	Description	SCE -	
		1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
7.01	Revenue	4,891,193	3,910,845
7.01.01	Sales of products and services	4,903,438	3,910,996
7.01.02	Other income	1,766	251
7.01.04	Provision for/reversal of impairment of trade receivables	-14,011	-402
7.02	Inputs acquired from third parties	-3,257,161	-2,600,552
7.02.01	Cost of sales and services	-2,959,650	-2,363,551
7.02.02	Materials, energy, outsourced services and other	-297,511	-237,030
7.02.03	Impairment/recovery of assets	0	29
7.03	Gross value added	1,634,032	1,310,293
7.04	Retentions	-276,732	-252,971
7.04.01	Depreciation, amortization and depletion	-276,732	-252,971
7.05	Net value added generated by the entity	1,357,300	1,057,322
7.06	Value added received through transfer	17,292	19,781
7.06.01	Equity in the results of investees	875	2,416
7.06.02	Finance income	17,099	16,523
7.06.03	Other	-682	842
7.07	Total value added to distribute	1,374,592	1,077,103
7.08	Distribution of value added	1,374,592	1,077,103
7.08.01	Personnel	479,229	412,409
7.08.01.01	Direct remuneration	372,987	315,348
7.08.01.02	Benefits	73,168	66,125
7.08.01.03	Unemployment compensation fund	33,074	30,936
7.08.02	Taxes and contributions	656,339	484,724
7.08.02.01	Federal	173,444	112,674
7.08.02.02	State	473,955	365,009
7.08.02.03	Municipal	8,940	7,041
7.08.03	Providers of capital	115,704	91,467
7.08.03.01	Interest	88,063	70,394
7.08.03.02	Rentals	27,641	21,073
7.08.04	Stockholders and the Company	123,320	88,503
7.08.04.01	Interest on capital	47,000	57,000
7.08.04.03	Profits reinvested/loss for the period	76,320	31,503

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Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Consolidated financial information/balance sheet - assets

(R\$ thousand)

Code	Description	Current quarter 3/31/2020	Prior year 12/31/2019
1	Total assets	13,026,646	12,248,255
1.01	Current assets	6,370,086	5,756,046
1.01.01	Cash and cash equivalents	533,708	299,226
1.01.03	Trade receivables	1,724,184	1,433,446
1.01.03.01	Customers	1,472,056	1,189,019
1.01.03.01.01	Checks receivable	151,290	134,644
1.01.03.01.02	Credit and debit cards	1,249,916	1,005,195
1.01.03.01.03	PBM - Medicine benefit program	53,467	31,003
1.01.03.01.04	Agreements with companies	20,742	21,607
1.01.03.01.05	(-) Provision for impairment of receivables	-3,359	-3,430
1.01.03.02	Other receivables	252,128	244,427
1.01.03.02.01	Advances to employees	9,037	10,302
1.01.03.02.02	Returns to suppliers	5,020	5,206
1.01.03.02.03	Commercial agreements	183,243	180,319
1.01.03.02.04	Other	54,828	48,600
1.01.04	Inventory	3,932,728	3,851,388
1.01.04.01	Goods for resale	3,968,007	3,863,289
1.01.04.02	Materials	1,037	1,215
1.01.04.03	(-) Allowance for losses on goods	-36,316	-13,116
1.01.06	Taxes recoverable	121,044	145,617
1.01.06.01	Current taxes recoverable	121,044	145,617
1.01.06.01.01	Taxes on profit	3,956	33,501
1.01.06.01.02	Other taxes recoverable	117,088	112,116
1.01.07	Prepaid expenses	58,422	26,369
1.02	Non-current assets	6,656,560	6,492,209
1.02.01	Long term receivables	455,125	432,508
1.02.01.04	Trade receivables	742	894
1.02.01.04.02	Other receivables	742	894
1.02.01.07	Deferred taxes	19,152	0
1.02.01.07.01	Deferred income tax and social contribution	19,152	0
1.02.01.08	Prepaid expenses	1,008	587
1.02.01.10	Other non-current assets	434,223	431,027
1.02.01.10.03	Judicial deposits	30,850	30,001
1.02.01.10.04	Taxes recoverable	67,256	68,099
1.02.01.10.05	Credits of subsidiaries	336,117	332,927
1.02.02	Investments	3,289	0
1.02.02.01	Equity interest	3,289	0
1.02.02.01.04	Interest in joint ventures	3,289	0
1.02.03	Property and equipment	4,946,930	4,814,260
1.02.04	Intangible assets	1,251,216	1,245,441

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIÁ DROGASIL S.A.

Consolidated financial information/balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 3/31/2020	Prior year 12/31/2019
2	Total liabilities and equity	13,026,646	12,248,255
2.01	Current liabilities	4,493,777	4,078,485
2.01.01	Social security and labor obligations	293,518	296,674
2.01.01.01	Social security obligations	59,507	59,686
2.01.01.02	Labor obligations	234,011	236,988
2.01.02	Trade payables	2,784,446	2,653,236
2.01.02.01	Domestic suppliers	2,784,446	2,653,236
2.01.03	Tax obligations	161,355	102,671
2.01.03.01	Federal tax obligations	65,997	32,419
2.01.03.01.01	Income tax and social contribution payable	21,347	8,309
2.01.03.01.02	Other federal tax obligations	44,650	24,110
2.01.03.02	State tax obligations	82,765	67,122
2.01.03.03	Municipal tax obligations	12,593	3,130
2.01.04	Borrowing	533,458	228,661
2.01.04.01	Borrowing	364,593	69,083
2.01.04.01.01	In local currency	364,593	69,083
2.01.04.02	Debentures	168,865	159,578
2.01.04.02.01	Debentures	168,865	159,578
2.01.05	Other obligations	655,776	739,928
2.01.05.02	Other	655,776	739,928
2.01.05.02.01	Dividends and interest on capital	108,499	68,255
2.01.05.02.04	Rentals	59,452	60,814
2.01.05.02.05	Other payables	42,331	44,213
2.01.05.02.06	Lease liabilities	445,494	566,646
2.01.06	Provision	65,224	57,315
2.01.06.01	Provision for tax, social security, labor and civil contingencies	28,131	26,008
2.01.06.01.05	Provision for legal claims	28,131	26,008
2.01.06.02	Other provisions	37,093	31,307
2.01.06.02.04	Provisions for sundry obligations	37,093	31,307
2.02	Non-current liabilities	4,375,970	4,093,351
2.02.01	Borrowing	879,716	897,815
2.02.01.01	Borrowing	13,259	27,564
2.02.01.01.01	In local currency	13,259	27,564
2.02.01.02	Debentures	866,457	870,251
2.02.01.02.01	Debentures	866,457	870,251
2.02.02	Other obligations	3,297,230	3,004,436
2.02.02.02	Other	3,297,230	3,004,436
2.02.02.01.03	Tax recovery program (REFIS)	6,140	11,436
2.02.02.01.04	Payables to Subsidiary's shareholder	43,305	42,113
2.02.02.01.05	Lease liabilities	2,911,691	2,617,987
2.02.02.01.06	Payables of subsidiaries	336,094	332,900
2.02.03	Deferred taxes	129,649	123,986
2.02.03.01	Deferred income tax and social contribution	129,649	123,986
2.02.04	Provision	69,375	67,114
2.02.04.01	Provision for tax, social security, labor and civil contingencies	69,375	67,114
2.02.04.01.05	Provision for legal claims	69,375	67,114
2.03	Consolidated equity	4,156,899	4,076,419
2.03.01	Paid-up share capital	2,500,000	2,500,000
2.03.02	Capital reserves	133,213	129,768
2.03.04	Revenue reserves	1,413,627	1,413,627
2.03.04.01	Legal reserve	154,131	154,131
2.03.04.02	Statutory reserve	1,080,637	1,080,637
2.03.04.08	Proposed additional dividends	41,643	41,643
2.03.04.10	Tax incentive reserve	137,216	137,216
2.03.05	Retained earnings (accumulated deficit)	76,363	0
2.03.06	Carrying value adjustments	-18,425	-18,382
2.03.09	Noncontrolling interests	52,121	51,406

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIÁ DROGASIL S.A.

Consolidated financial information/statement of income

(R\$ thousand)

Code	Description	SCE - 1/1/2020 to 3/31/2020	SCE - 1/1/2019 to 3/31/2019
3.01	Net sales revenue	4,949,871	3,953,351
3.01.01	Gross sales revenue	5,206,320	4,153,922
3.01.02	Taxes on sales	-215,899	-165,788
3.01.03	Rebates	-40,550	-34,783
3.02	Cost of sales and/or services	-3,508,021	-2,791,688
3.03	Gross profit	1,441,850	1,161,663
3.04	Operating income/expenses	-1,200,024	-1,005,292
3.04.01	Selling expenses	-1,034,343	-887,751
3.04.02	General and administrative expenses	-153,223	-112,336
3.04.02.01	Administrative	-153,223	-112,336
3.04.05	Other operating expenses	-12,458	-5,205
3.04.05.01	Extraordinary expenses	-12,458	-5,205
3.05	Profit before finance results and taxes	241,826	156,371
3.06	Finance results	-74,227	-55,241
3.06.01	Finance income	15,859	17,654
3.06.02	Finance costs	-90,086	-72,895
3.07	Profit before income tax and social contribution	167,599	101,130
3.08	Income tax and social contribution	-43,563	-10,651
3.08.01	Current	-57,030	-10,519
3.08.02	Deferred	13,467	-132
3.09	Profit from continuing operations	124,036	90,479
3.11	Consolidated profit for the period	124,036	90,479
3.11.01	Attributable to owners of the Company	123,320	88,503
3.11.02	Attributable to noncontrolling interests	716	1,976
3.99	Earnings per share - (Reais/share)		
3.99.01	Basic earnings per share - R\$		
3.99.01.01	Common shares	0.37420	0.26865
3.99.02	Diluted earnings per share - R\$		
3.99.02.01	Common shares	0.37108	0.26875

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Consolidated financial information/statement of comprehensive income

(R\$ thousand)

Code	Description	SCE - 1/1/2020 to 3/31/2020	SCE - 1/1/2019 to 3/31/2019
4.01	Consolidated profit for the period	124,036	90,479
4.03	Consolidated comprehensive income for the period	124,036	90,479
4.03.01	Attributable to owners of the Company	123,320	88,503
4.03.02	Attributable to noncontrolling interests	716	1,976

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Consolidated financial information/statement of cash flow - indirect method

(R\$ thousand)

Code	Description	SCE -	
		1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
6.01	Net cash provided by operating activities	294,914	75,125
6.01.01	Cash from operations	550,514	400,971
6.01.01.01	Profit before income tax and social contribution	167,599	101,130
6.01.01.02	Depreciation and amortization	285,238	253,979
6.01.01.03	Share-based compensation plan	3,477	3,130
6.01.01.04	Interest on payables to subsidiary	1,192	883
6.01.01.05	Result on disposal of property and equipment and intangible assets	992	5,932
6.01.01.06	Provision (reversal) for legal claims	3,084	-2,172
6.01.01.07	Provision (reversal) for inventory losses	23,200	-1,443
6.01.01.08	Provision (reversal) for impairment of trade receivables	180	794
6.01.01.09	Provision (reversal) for store closures	-1,198	-3,540
6.01.01.10	Interest expenses	12,475	14,790
6.01.01.11	Amortization of transaction costs of dividends	714	608
6.01.01.12	Interest expenses - leases	53,561	26,880
6.01.02	Changes in assets and liabilities	-151,220	-276,314
6.01.02.01	Trade receivables and other receivables	-207,091	-180,140
6.01.02.02	Inventory	-104,540	80,480
6.01.02.03	Other current assets	-7,482	-48,431
6.01.02.04	Long term receivables	-4,090	-6,852
6.01.02.05	Trade payables	133,961	-117,235
6.01.02.06	Salaries and social charges	-3,155	2,300
6.01.02.07	Taxes and contributions	39,469	27,395
6.01.02.08	Other liabilities	3,069	-6,117
6.01.02.09	Rentals payable	-1,361	-27,714
6.01.03	Other	-104,380	-49,532
6.01.03.01	Interest paid	-6,812	-2,270
6.01.03.02	Income tax and social contribution paid	-44,006	-20,382
6.01.03.03	Interest paid - leases	-53,562	-26,880
6.02	Net cash used in investing activities	-180,343	-174,420
6.02.01	Purchases of property and equipment and intangible assets	-177,062	-174,403
6.02.02	Proceeds from sale of property and equipment	8	-17
6.02.03	Investments in associates	-3,289	0
6.03	Net cash used in financing activities	119,911	101,323
6.03.01	Borrowing	299,821	265,244
6.03.02	Repayments of borrowing	-19,500	-43,234
6.03.03	Interest on capital and dividends paid	-585	-1,219
6.03.04	Leases paid	-159,825	-119,468
6.05	Increase (decrease) in cash and cash equivalents	234,482	2,028
6.05.01	Cash and cash equivalents at the beginning of the period	299,226	241,568
6.05.02	Cash and cash equivalents at the end of the period	533,708	243,596

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Consolidated financial information/statement of changes in equity - 1/1/2020 to 3/31/2020

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balance	2,500,000	129,768	1,413,627	0	-18,382	4,025,013	51,405	4,076,418
5.03	Adjusted opening balance	2,500,000	129,768	1,413,627	0	-18,382	4,025,013	51,405	4,076,418
5.04	Equity transactions with owners	0	3,445	0	-47,000	0	-43,555	0	-43,555
5.04.07	Interest on capital	0	0	0	-47,000	0	-47,000	0	-47,000
5.04.10	Restricted share plan - Vesting period	0	3,445	0	0	0	3,445	0	3,445
5.04.11	Restricted share plan - Delivery	0	-11,958	0	0	0	-11,958	0	-11,958
5.04.12	Goodwill on sale of shares	0	817	0	0	0	817	0	817
5.04.13	Treasury shares - Delivery - RD	0	11,141	0	0	0	11,141	0	11,141
5.05	Total comprehensive income	0	0	0	123,320	0	123,320	716	124,036
5.05.01	Profit for the period	0	0	0	123,320	0	123,320	716	124,036
5.06	Internal changes in equity	0	0	0	43	-43	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	65	-65	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-22	22	0	0	0
5.07	Closing balance	2,500,000	133,213	1,413,627	76,363	-18,425	4,104,778	52,121	4,156,899

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Consolidated financial information/statement of changes in equity - 1/1/2019 to 3/31/2019

(R\$ thousand)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balance	1,808,639	116,363	1,593,063	0	-18,208	3,499,857	34,910	3,534,767
5.03	Adjusted opening balance	1,808,639	116,363	1,593,063	0	-18,208	3,499,857	34,910	3,534,767
5.04	Equity transactions with owners	0	3,189	0	-57,000	0	-53,811	0	-53,811
5.04.06	Dividends	0	0	70,990	-70,990	0	0	0	0
5.04.07	Interest on capital	0	0	0	13,990	0	13,990	0	13,990
5.04.08	Interest on capital of 2017 approved at the AGM of March 28, 2018	0	0	-70,990	0	0	-70,990	0	-70,990
5.04.09	Restricted share plan - Vesting period	0	3,150	0	0	0	3,150	0	3,150
5.04.10	Restricted shares - Delivery	0	-12,794	0	0	0	-12,794	0	-12,794
5.04.11	Goodwill on sale of shares	0	-2,283	0	0	0	-2,283	0	-2,283
5.04.12	Treasury shares - Delivery - RD	0	15,081	0	0	0	15,081	0	15,081
5.04.13	Treasury shares - Delivery - 4Bio	0	35	0	0	0	35	0	35
5.05	Total comprehensive income	0	0	0	88,503	0	88,503	1,978	90,481
5.05.01	Profit for the period	0	0	0	88,503	0	88,503	1,978	90,481
5.06	Internal changes in equity	0	0	0	43	-43	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	65	-65	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-22	22	0	0	0
5.07	Closing balance	1,808,639	119,552	1,593,063	31,546	-18,251	3,534,549	36,888	3,571,437

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Consolidated financial information/statement of value added

(R\$ thousand)

Code	Description	SCE -	
		1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
7.01	Revenue	5,153,272	4,118,600
7.01.01	Sales of products and services	5,165,769	4,119,143
7.01.02	Other income	1,766	251
7.01.04	Provision for/reversal of impairment of trade receivables	-14,263	-794
7.02	Inputs acquired from third parties	-3,483,914	-2,777,391
7.02.01	Cost of sales and services	-3,178,759	-2,537,406
7.02.02	Materials, energy, outsourced services and other	-305,155	-240,014
7.02.03	Impairment/recovery of assets	0	29
7.03	Gross value added	1,669,358	1,341,209
7.04	Retentions	-277,918	-253,979
7.04.01	Depreciation, amortization and depletion	-277,918	-253,979
7.05	Net value added generated by the entity	1,391,440	1,087,230
7.06	Value added received through transfer	17,392	18,613
7.06.02	Finance income	18,074	17,771
7.06.03	Other	-682	842
7.07	Total value added to distribute	1,408,832	1,105,843
7.08	Distribution of value added	1,408,832	1,105,843
7.08.01	Personnel	486,983	418,674
7.08.01.01	Direct remuneration	377,446	318,746
7.08.01.02	Benefits	76,098	68,697
7.08.01.03	Unemployment compensation fund	33,439	31,231
7.08.02	Taxes and contributions	680,192	503,095
7.08.02.01	Federal	174,766	112,338
7.08.02.02	State	496,341	383,644
7.08.02.03	Municipal	9,085	7,113
7.08.03	Providers of capital	117,621	93,595
7.08.03.01	Interest	89,634	72,274
7.08.03.02	Rentals	27,987	21,321
7.08.04	Stockholders and the Company	124,036	90,479
7.08.04.01	Interest on capital	47,000	57,000
7.08.04.03	Profits reinvested/loss for the period	76,320	31,503
7.08.04.04	Noncontrolling interests in retained earnings	716	1,976

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance

São Paulo, April 28, 2020. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 1st quarter of 2020 (1Q20). The Company's parent company and consolidated quarterly financial statements for the periods ended March 31, 2020 and 2019 have been prepared and are being presented in accordance with technical pronouncement NBC TG 21 (R4) – “Interim Financial Reporting”, the requirements in Official Letter/CVM/SNC/SEP 003/2011 of April 28, 2011, and the International Financial Reporting Standards (IFRS) – IAS 34, and discloses all material information specific to the individual and consolidated quarterly information, which is consistent with the information used by management. The financial statements were prepared in Reais and all growth rates, unless otherwise stated, relate to the same period of 2019.

Starting in 2019, our financial statements are prepared in accordance with IFRS 16. In order to better represent the economics of the business, the figures in this report are presented under IAS 17 / CPC 06, the previous reporting standard. Reconciliation with IFRS 16 can be found on pages 11 and 12.

QUARTERLY HIGHLIGHTS:

- › **DRUGSTORES:** 2,107 stores in operation (39 openings and 5 closures)
- › **MARKET SHARE:** 1.1 percentage point national increase, with a 1.6 gain in São Paulo
- › **GROSS REVENUE:** R\$ 5.2 billion, 25.3% growth (11.5% retail mature-store sales growth)
- › **GROSS MARGIN:** 27.7% of gross revenue, a 0.3 percentage point decrease
- › **EBITDA:** R\$ 369.4 million, a margin of 7.1% and an increase of 36.8%
- › **NET INCOME:** R\$ 152.8 million, 2.9% of net margin, an increase of 44.8%
- › **CASH FLOW:** R\$ 48.1 million negative free cash flow, R\$ 40.8 million of cash consumption

RADL3

R\$ 106.05/share

NUMBER OF SHARES

330,386,000

MARKET CAP

R\$ 35,037 (million)

CLOSING

April 27th, 2020

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Summary	1Q19	2Q19	3Q19	4Q19	1Q20
<i>(R\$ thousand)</i>					
# of Stores - Retail + 4Bio	1,873	1,917	1,995	2,073	2,107
Organic Openings	62	47	52	79	39
Onofre Stores			42		
Store Closures	(14)	(3)	(16)	(1)	(5)
# of Stores (average)	1,849	1,897	1,960	2,044	2,094
Headcount (EoP)	36,192	37,395	39,029	41,450	42,250
Pharmacist Count (EoP)	7,106	7,389	7,663	7,840	8,125
# of Tickets (000)	58,634	62,840	66,270	68,156	67,173
Gross Revenue	4,153,923	4,440,683	4,771,280	5,030,160	5,206,320
Gross Profit	1,161,663	1,289,285	1,321,350	1,411,003	1,441,851
% of Gross Revenues	28.0%	29.0%	27.7%	28.1%	27.7%
Adjusted EBITDA	270,070	363,688	359,420	350,431	369,356
% of Gross Revenues	6.5%	8.2%	7.5%	7.0%	7.1%
Adjusted Net Income	105,494	160,486	152,476	168,692	152,753
% of Gross Revenues	2.5%	3.6%	3.2%	3.4%	2.9%
Net Income	102,058	151,334	146,247	143,275	145,840
% of Gross Revenues	2.5%	3.4%	3.1%	2.8%	2.8%
Free Cash Flow	(210,518)	42,872	120,717	48,400	(48,149)

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance

IMPACTS OF COVID-19

The COVID-19 pandemic has had a profound impact on our operations since March. Our main priority has been in safeguarding the health and the financial well-being of our employees, given the sanitary and economic threats arising from the pandemic, and to become a safe harbor for health access in the neighborhoods we serve.

First and foremost, we have taken extensive measures to prevent the contamination of our employees. We have given remunerated licenses to every staff member who is pregnant, above 60, or with vulnerable chronic conditions. We have educated our staff on the measures to prevent contamination, provided masks and hand sanitizers at all our sites, introduced smart working for the administrative staff and adapted store operations, including the limitation of the number of customers inside stores at any given time and the implementation of one-meter isolation zones between clients and staff members at the pharmacy counter and check-outs.

We have also extended our healthcare support to our employees and their families, including telemedicine access from Albert Einstein Hospital, one of Brazil's premiere health institutions, psychological teleconsultations, as well as hospitalization at private institutions for inpatient treatment whenever necessary, all of which are fully sponsored by RD.

We are also committed towards the economic welfare of our employees. We have fully preserved every job position, as well as the full remuneration of any employee who goes in leave of absence or who may transition to reduced working shifts. A relief fund has been instituted for employees under serious economic distress at their households, with initial resources donated by the Company, which is also matching any voluntary donations provided by our employees.

RD has also become a safe harbor for healthcare in the communities we serve. Our main concern has been in guaranteeing that our stores remain a safe environment for all customers. In addition to the physical adaptations, intensification of store cleaning and the store traffic limitations implemented, we are providing hand sanitizers for every incoming customer and have adopted special hours for seniors to shop in isolation from younger people.

As demand for digital has soared, we have nearly tripled our fulfillment volume. The kick-off of our digital transformation in 2019 has proven to be timely, as our agile teams boosted the functionalities, performance and experience of our apps and websites and as we started deploying our omnichannel infrastructure one year ahead of time, which was further expanded with the onset of the pandemic. Click and collect is already available in 100% of our stores, while our ship-from-store network reached 191 stores in 46 cities by the end of March, up from 115 stores in 27 cities at the end of 2019. Our plan is to increase it to 340 stores in 174 cities by the end of June, which will be instrumental in boosting fast deliveries nationwide. We have also introduced a neighborhood delivery program for customers within a 300-meter radius from our stores who order directly from each store by phone or social network, with instant and free delivery, which is available at 100% of our stores, and instituted drive-thru and curbside pick-up at our stores.

We have extended our in-store health services, including immunization shots for our customers and support for public vaccinations at our stores in partnership with state health authorities and are exploring the possibility of performing fast COVID-19 tests at our stores. Our aim is reinvigorating the role of the Brazilian drugstore, evolving from a simple drug retailer into a local healthcare hub by leveraging our proximity and high frequency of visit, making primary care more accessible and easily available.

We recently introduced a healthcare digital solution named **Saúde em Dia** (<https://www.RDSaudeEmDia.com.br>), with the initial aim of supporting customers and the general public with health and well-being during the COVID-19 pandemic. This platform includes extensive information curated by doctors and specialists as well as healthcare services, including telemedicine, psychological teleconsultation and a COVID-19 symptom checker by chatbot.

The **Saúde em Dia** website was developed in partnership with important healthcare partners, including Conexa, Dasa, Doutor Consulta, Vitalk and Vittude, and brings RD closer to its purpose of "*Taking close care of people's health and well-being during all times of their lives*". This digital solution marks the beginning of RD's journey in healthcare, going beyond pharma retailing to support our customers with their health promotion and disease prevention needs. During the pandemic, RD will not aim for economic gain through Saúde em Dia, and all services provided by partners will be charged at cost.

Finally, despite the restrictions placed on commercial activities and social gatherings, 95% of our pharmacies remain open, the exception being the stores which are located in shopping malls. Other than medical masks and alcohol-based hand sanitizers, supplies have so far seen little to no issues thanks to our network of 11 DCs, including two new facilities inaugurated in 4Q19, one of which is the largest and most sophisticated of the company in the city of Guarulhos. With full visibility of our demand, direct access to manufacturers, plenty of storage capacity and experience accumulated during the H1N1 influenza crisis in 2008, we were able to adapt purchases and prepare inventories to guarantee operational stability.

Sales in the quarter were significantly above normal levels during the two weeks prior to the commercial restrictions imposed in the country. During this peak, demand has been highly concentrated in drugs, especially OTC items, at the expense of HPC. However, sales started to decline in the end of March, resulting in a total consolidated revenue growth from April 1st to the 27th of 2.2% over the same period in 2019 (-2.8% of calendar effect), partly due to the closing of nearly 5% of stores due to COVID-19, all of which are located in shopping malls.

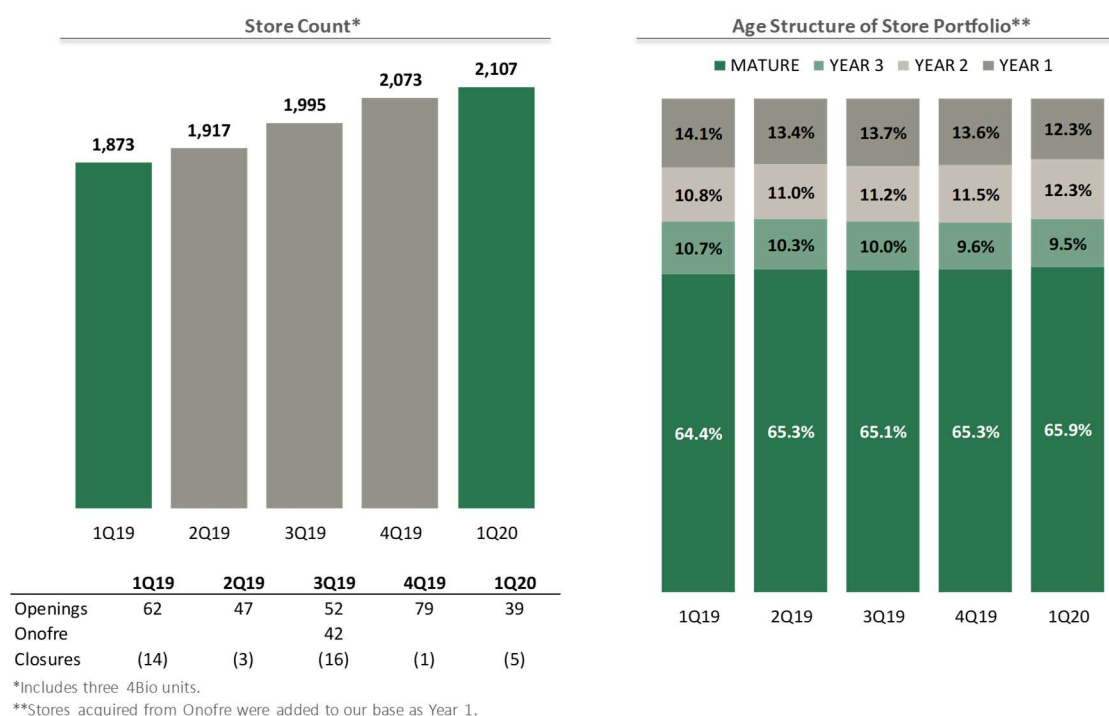
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Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance

STORE DEVELOPMENT

We opened 39 stores and closed 5 in the 1Q20, thus ending the quarter with 2,107 stores. At the end of the period, 34.1% of our stores were still in the process of maturation and had not yet reached their full potential both in terms of revenue and of profitability.



We closed 5 stores during the quarter, of which 1 was still in the maturation process. All store closures were due to the optimization of our store portfolio, with positive return expectations associated to them.

We reiterate our guidance of 240 gross store openings for 2020, as we continue to execute our long-term strategies unhindered by COVID-19. However, since each new store demands intense efforts from a people's and logistics' point of view, we opted to delay store openings in the period to prioritize operational stability during the peak of demand in March as well as to comply with the social isolation policies established at the state and municipal levels in April. Our expectation is to resume openings at full speed as soon as mobility restrictions get softened.

Our national retail market share reached 13.8% in the 1Q20, a 1.1 percentage point increase when compared to the same period of last year. We increased our market share in all of the six regions where we operate.

São Paulo was our main highlight, as we recorded a market share of 26.0%, a 1.6 percentage point gain. In addition, we obtained strong gains in the Northeast and in the North, reaching market shares of 9.0% and of 4.0% with gains of 1.5 percentage point in each. We also recorded 9.5% in the Southeast (not including São Paulo), a 0.5 percentage point increase, and of 8.3% in the South, a 0.9 percentage point gain. Finally, we recorded a market share of 15.5% in the Midwest, in line with last year.

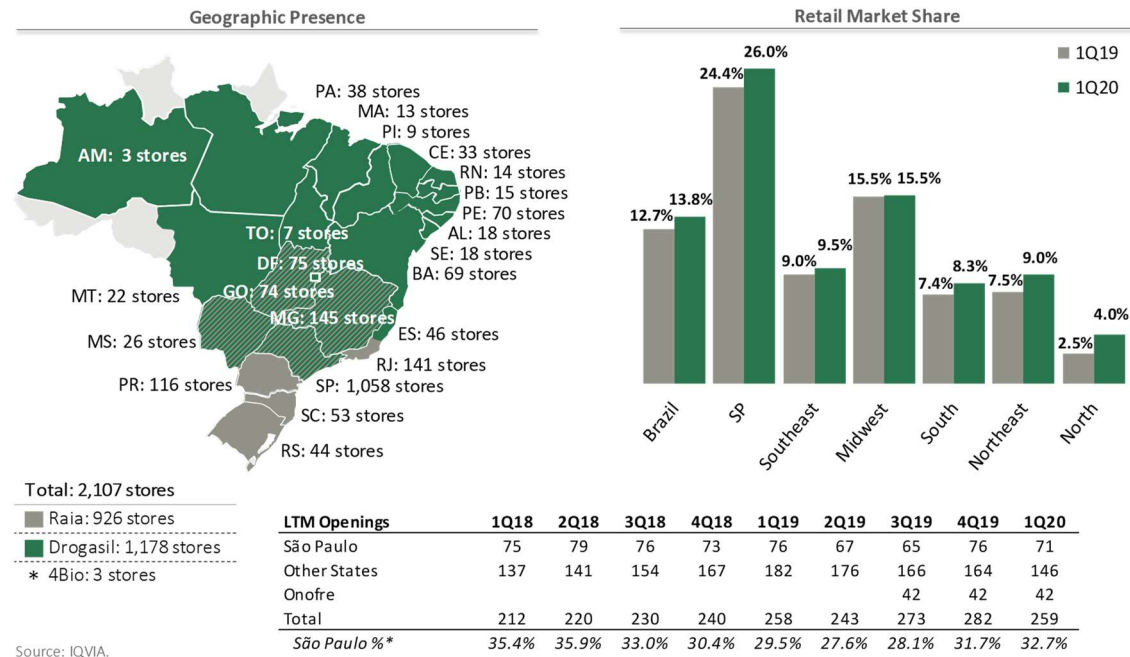
As IQVIA's market information combines demand data informed by large chains (sell-out) with replenishment data of smaller chains and independents informed by wholesalers (sell-in), we believe that the market share gains for the quarter are underestimated due to atypically higher sell-in recorded in March as a consequence of the demand peak generated by COVID-19.

IQVIA recorded a sell-out increase of 15.5% from large chains in the quarter versus a sell-in growth of 19.6% from middle-sized chains and independent players, who increased their inventories in the quarter. This distortion should be eliminated over the following quarters as the replenishment normalizes.

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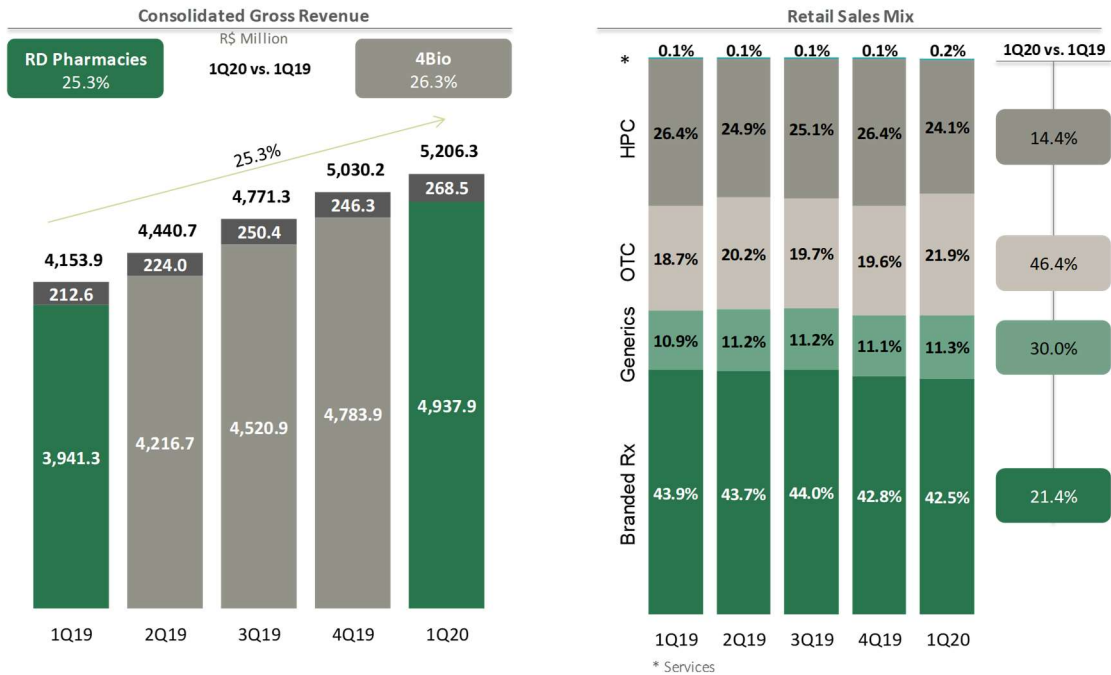
Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance



GROSS REVENUE

We ended the 1Q20 with consolidated gross revenues of R\$ 5,206.3 million, a 25.3% increase over the same period of the previous year. Our drugstore revenues increased by 25.3%, while 4Bio grew 26.3% in the period.

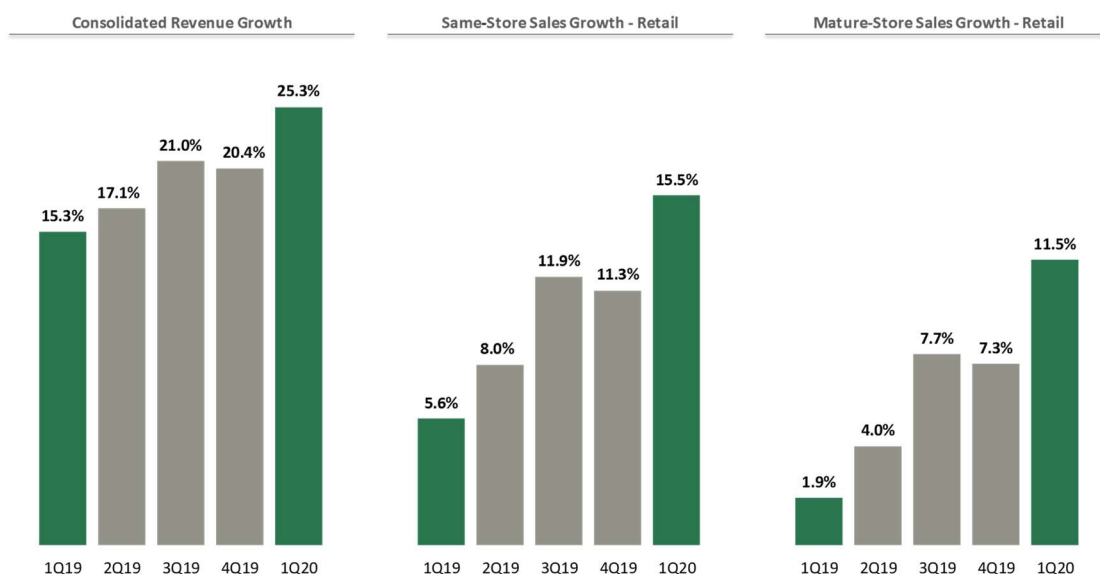


OTC was the highlight of the quarter, growing 46.4% and gaining 3.2 percentage points in the mix driven by products related to the pandemic, like hand sanitizers and seasonal items. We also posted strong results in Generics, which grew 30.0% and gained 0.4 percentage point in the mix, driven by significant volume growth as a result of our pricing investments since 2018. On the other hand, HPC grew 14.4% with a 2.3 percentage points loss in the mix and Branded Rx grew 21.4% with a loss of 1.4 percentage point.

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Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance



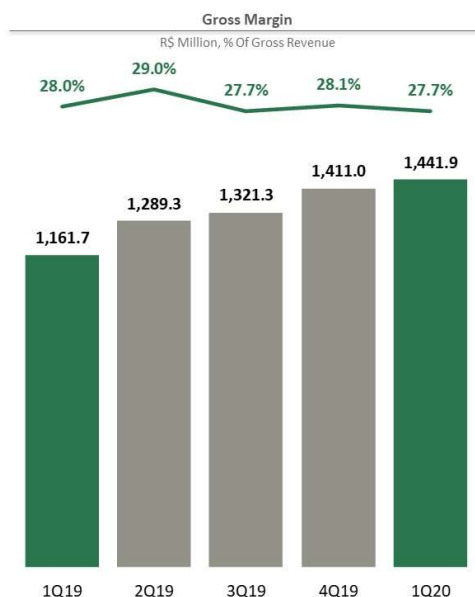
Our same store sales growth accelerated to 15.5%, while our mature-stores growth reached 11.5%, a real growth of 8.2%. Sales in the quarter benefitted from both the anticipation of purchases in preparation for the isolation measures to combat COVID-19 as well as by a positive calendar effect of +1.2% due to the extra day in February.

As the crisis intensified, digital gained relevance by growing +213% (+111% disregarding the Onofre acquisition), increasing its share in total sales to 2.7% from 2.3% in 4Q19. In March, digital peaked at 3.5% of sales, and our total app downloads reached 2.0 million (1.2 million in 4Q19), highlighting the impact of social distancing and our ability to serve customers through different channels.

With 71% of digital orders serviced by stores, our omnichannel strategy has leveraged our unique network of 2,107 stores and active customer base of 36 million people through a variety of delivery solutions, including click & collect and 1-hour deliveries.

GROSS PROFIT

Our gross margin was 27.7% in the quarter, a 0.3 percentage point pressure versus the 1Q19. We recorded a 0.1 percentage point margin pressure from the Net Present Value (NPV) adjustment, which is a non-cash effect due to lower interest rates versus the 1Q19 and a 0.2 percentage point pressure from higher inventory loss provisions. We had no noteworthy impacts due to COVID-19.



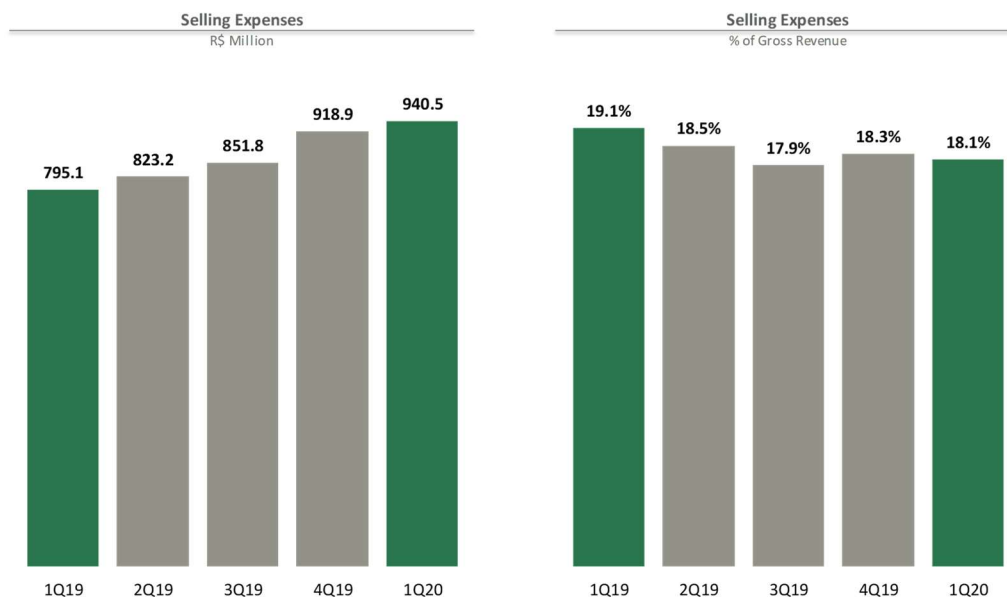
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Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance

SELLING EXPENSES

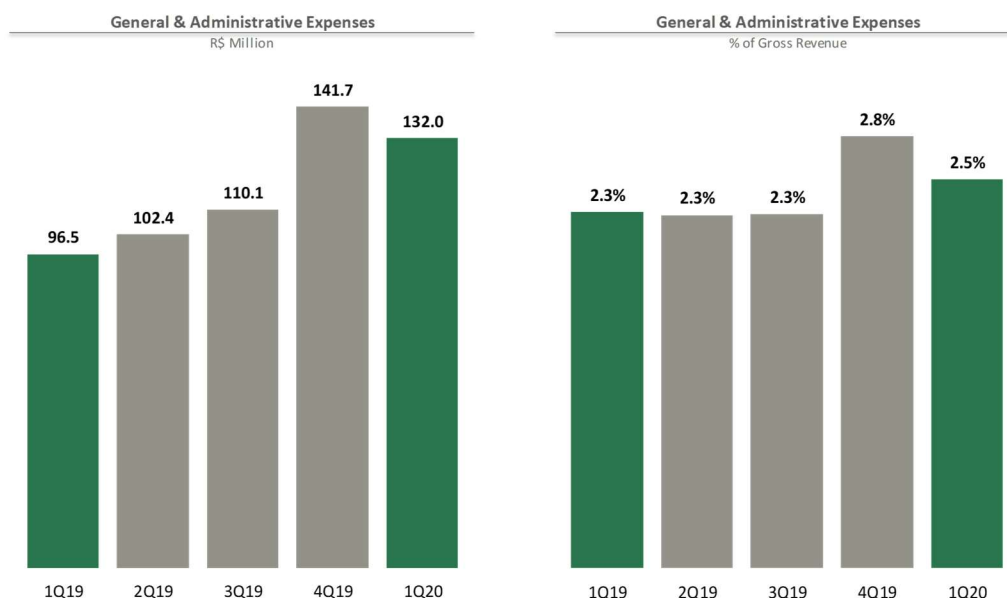
In the 1Q20, selling expenses totaled R\$ 940.5 million, equivalent to 18.1% of gross revenue, a 1.0 percentage point dilution when compared to the same quarter of the previous year. This dilution was mainly driven by the gain of operating leverage due to a mature store sales growth considerably above inflation in the period.



We recorded a dilution of 1.0 percentage point in personnel and of 0.2 in rentals. On the other hand, we recorded a 0.2 percentage point pressure from logistics, reflecting our higher installed capacity since the opening of 2 new DCs during the 4Q19.

GENERAL & ADMINISTRATIVE EXPENSES

General and Administrative expenses amounted to R\$ 132.0 million in the 1Q20, equivalent to 2.5% of gross revenue and a 0.2 percentage point pressure over the same period of 2019. We recorded incremental expenses of 0.1 percentage point related to our digital strategy and another 0.1 percentage point from labor contingencies.



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Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

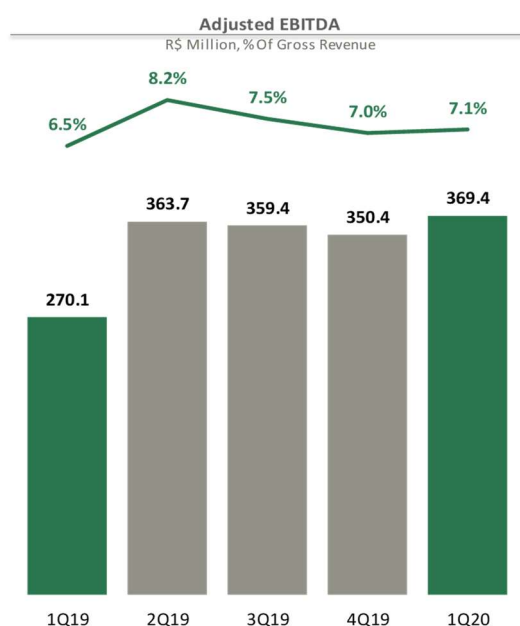
Comments on company performance

EBITDA

Our adjusted EBITDA reached R\$ 369.4 million in the quarter, an increase of 36.8% when compared to the 1Q19. Our adjusted EBITDA margin totaled 7.1%, an expansion of 0.6 percentage point, mainly driven by the gain from operating leverage in the period.

New stores opened in the quarter, as well as those in the opening process, reduced the EBITDA by R\$ 9.1 million in the 1Q20. Therefore, considering only the 2,068 stores in operation since the end of 2019 and full logistics, general and administrative expenses, our EBITDA would have totaled R\$ 378.4 million, equivalent to 7.3% of gross revenue.

RD Pharmacies reached an EBITDA of R\$ 366.5 million and a margin of 7.4% in the 1Q20, an expansion of 0.6 percentage point over the same period of the last year. Finally, 4Bio reached an EBITDA of R\$ 2.8 million, an increase of 141.4% and a margin expansion of 0.5 percentage point.



EBITDA RECONCILIATION AND NON-RECURRING EXPENSES

EBITDA Reconciliation	1Q19	1Q20
<i>(R\$ million)</i>		
Net Income	102.1	145.8
(+) Income Tax	16.6	54.8
(+) Financial Result	28.4	22.4
EBIT	147.0	223.1
(+) Depreciation and Amortization	117.8	135.8
EBITDA	264.9	358.9
(+) Provisions for Inventory Losses from previous periods		11.5
(-) Other non-recurring / non-operating net gains	5.2	(1.1)
Total non-recurring / non-operating Expenses	5.2	10.5
Adjusted EBITDA	270.1	369.4

In the 1Q20 we recorded R\$ 10.5 million in non-recurring/non-operating expenses, of which R\$ 11.5 million were due to a change in the methodology regarding the accounting of inventory losses.

Previously, we booked losses only when store and DC inventories were counted, while now we have also started to provision for the interim losses in between counts based on historical trends. This non-recurring expense relates only for previous periods.

Finally, we have also recorded R\$ 1.1 million in other non-recurring/non-operating net gains.

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Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

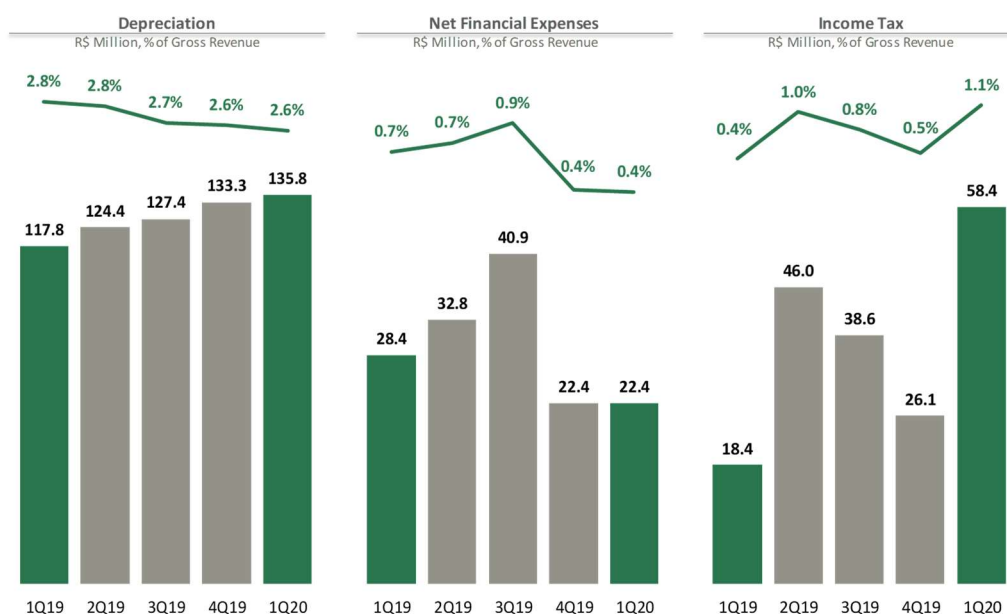
Comments on company performance

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

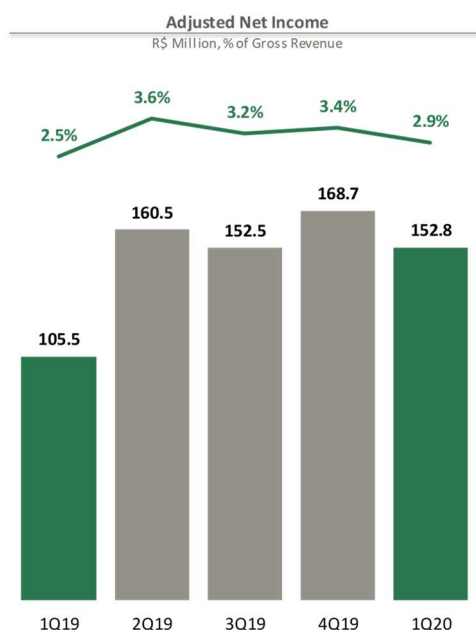
Depreciation expenses amounted to R\$ 135.8 million in the 1Q20, equivalent to 2.6% of gross revenue, a 0.2 percentage point decrease when compared to the previous year.

Net Financial expenses represented 0.4% of gross revenue, a 0.3 percentage point dilution over the 1Q19. Of the R\$ 22.4 million recorded in the quarter, R\$ 10.3 million refers to the NPV adjustment while other R\$ 1.2 million refers to interests on the options to acquire the remaining 45% of 4Bio. Excluding these, the interest accrued on net debt amounted to R\$ 10.9 million in the 1Q20, equivalent to 0.2% of gross revenue and a 0.2 percentage point dilution when compared to the 1Q19.

Lastly, we booked R\$ 58.4 million in income taxes, equivalent to 1.1% of gross revenue, a 0.7 percentage point increase. This increase is related to the increase in our EBIT margins and due to lower tax shield arising from declared interest on equity.



NET INCOME



Our adjusted net income totaled R\$ 152.8 million in the quarter, a 44.8% increase over the same period of the previous year. We

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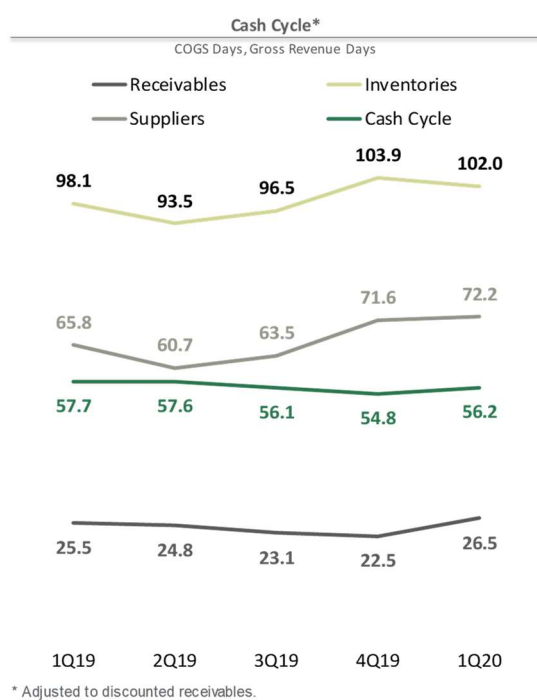
Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance

achieved a net margin of 2.9%, a 0.4 percentage point expansion over the 1Q19.

CASH CYCLE

Our cash cycle in the 1Q20 was 1.5 day lower when compared to the same period of the previous year. Inventories increased by 3.9 days mainly due to the 2 DCs that were opened in the 4Q19. In addition, accounts payable increased 6.4 days. Lastly, receivables increased 1.0 day when compared to the same period of 2019.



CASH FLOW

We recorded a negative free cash flow of R\$ 48.1 million and a total cash consumption of R\$ 40.8 million in the 1Q20. Our operating cash flow totaled R\$ 91.3 million, which was fully consumed by the R\$ 139.5 million in investments undertaken in the period.

Resources from operations totaled R\$ 306.7 million, equivalent to 5.9% of gross revenue, while we recorded a working capital consumption of R\$ 215.4 million. Both free cash flow and total cash flow improved versus the 1Q19 due to higher resources from operations and lower investments in the period. It is important to highlight that the first quarter always brings an unfavorable cash cycle seasonality, while the fourth quarter has the most favorable seasonality of the year, therefore resulting in a material cash outlay in the quarter.

Of the R\$ 139.5 million invested in the year, R\$ 78.6 million corresponded to new store openings, R\$ 21.2 million to the renovation or expansion of existing stores and R\$ 39.7 million to investments in infrastructure.

Net financial expenses totaled R\$ 12.1 million in the 1Q20, excluding the NPV adjustments. These were more than fully offset by the R\$ 20.1 million in tax shield related to the net financial expenses and to the interest on equity accrued in the period, which shall be paid in the following quarters.

We accrued R\$ 47.0 million in interest on equity in the 1Q20 versus R\$ 57.0 million in the 1Q19, reflecting a payout of 32.2% over the Net Income, through the full usage of the legal interest on equity limit.

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Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance

Cash Flow	1Q20	1Q19
<i>(R\$ million)</i>		
Adjusted EBIT	233.5	152.3
NPV Adjustment	(9.1)	(10.1)
Non-Recurring Expenses	(10.5)	(5.2)
Income Tax (34%)	(72.7)	(46.5)
Depreciation	135.8	117.8
Others	29.7	2.7
Resources from Operations	306.7	210.9
Cash Cycle*	(248.2)	(186.1)
Other Assets (Liabilities)**	32.8	(32.9)
Operating Cash Flow	91.3	(8.1)
Investments	(139.5)	(202.4)
Free Cash Flow	(48.1)	(210.5)
Interest on Equity	(0.6)	(1.2)
Net Financial Expenses***	(12.1)	(16.0)
Income Tax (Tax benefit over financial expenses and interest on equity)	20.1	24.8
Total Cash Flow	(40.8)	(202.9)

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

INDEBTEDNESS

At the end of the quarter, we recorded an adjusted net financial debt position of R\$ 964.2 million, versus R\$ 937.9 million recorded in the same period of 2019. The Adjusted Net Debt to EBITDA totaled 0.7x, 0.1x lower than the same period of last year.

This net debt includes R\$ 43.3 million in liabilities related to the exercise of the put option granted and/or call option obtained for the acquisition of the remaining 45% minority stake of 4Bio. This liability reflects the estimated valuation of 4Bio considering the amendment to 4Bio's purchase and sale agreement, as announced to the market in September 24, 2019, which will now occur in two different stages: the 1st call/put option on 2/3 of the remaining shares (30% of total 4Bio shares) exercisable in 2021; and the 2nd call/put option on 1/3 of the remaining shares (15% of total 4Bio shares) exercisable in 2024. Other conditions of the agreement remain unchanged. The estimated valuation of 4Bio will be revisited every year-end to reflect changes in the financial outlook of the Company. In addition, we had R\$ 41.4 million in discounted receivables recorded in the quarter.

Net Debt	1Q20	4Q19	3Q19	2Q19	1Q19
<i>(R\$ million)</i>					
Short-term Debt	533.5	228.7	247.5	274.7	280.8
Long-term Debt	879.7	897.8	989.9	705.0	797.5
Total Gross Debt	1,413.2	1,126.5	1,237.4	979.7	1,078.3
(-) Cash and Equivalents	533.7	299.2	406.7	145.4	243.6
Net Debt	879.5	827.3	830.7	834.3	834.7
Discounted Receivables	41.4	54.1	-	118.3	65.9
Put/Call options to acquire 4Bio (estimated)	43.3	42.1	46.2	38.2	37.3
Adjusted Net Debt	964.2	923.4	876.9	990.8	937.9
Adjusted Net Debt / EBITDA	0.7x	0.7x	0.7x	0.8x	0.8x

Our gross debt totaled R\$ 1,413.2 million, of which 73.3% corresponds to the debentures issued in 2017, 2018 and 2019, as well as a Certificate of Real Estate Receivables, 5.5% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines and the remaining 21.2% corresponds to other credit lines. Of our total debt, 62.3% is long-term, while 37.7% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 533.7 million.

As an extreme caution at this time of uncertainty, we issued R\$ 700 million in unguaranteed debt between March and April with costs of approximately CDI + 3.5% and maturity dates from 1 to 2 years. R\$ 400 million were issued through credit lines with banks while the other R\$ 300 million were raised through our first Commercial Paper issuance. It is important to mention that we also have R\$ 1.2 billion in credit card receivables which can be converted to cash at any time.

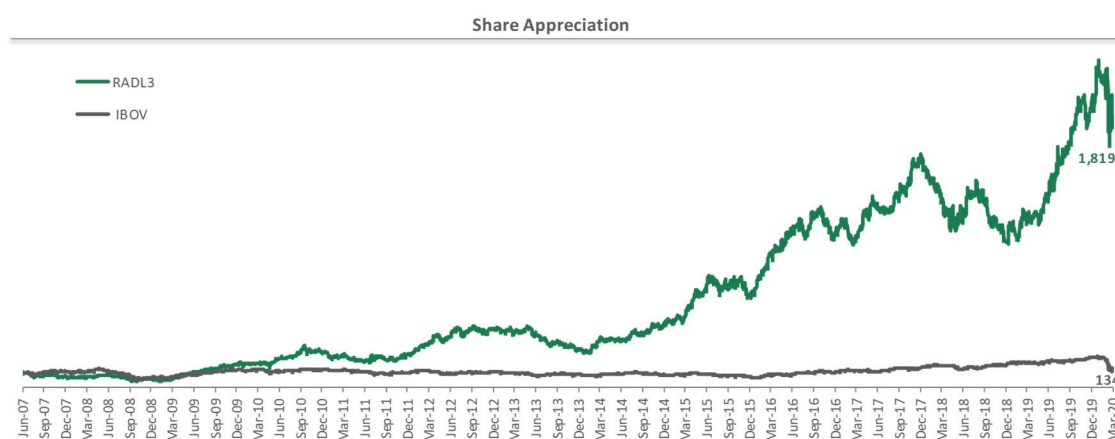
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Comments on company performance

TOTAL SHAREHOLDER RETURNS

Our share price fell by 8.8% during the quarter, 28.3 percentage points above the IBOVESPA, which fell by 37.0%. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,718.7% versus a return of only 34.2% for the IBOVESPA. Including the payment of interest on equity, we generated an average annual total return to shareholders of 27.3%.



Considering the IPO of Raia in December of 2010, the cumulative return amounted to 599.2% versus an increase of only 7.4% of the IBOVESPA. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 24.5%. Lastly, our shares recorded an average daily trading volume of R\$ 203.8 million in the quarter.

IFRS 16

Starting in 2019, our financial statements are prepared in accordance with IFRS 16. In order to preserve historic comparability, the figures in this report are presented under IAS 17 / CPC 06, the previous reporting standard, which we believe best represents the economic performance of our operations.

Financial statements in both IAS 17 and IFRS 16 are also available at our website www.rd.com.br, under Interactive Spreadsheets.

Income Statement (R\$ million)	1Q20		Change
	IAS 17	IFRS 16	Δ 1Q20
Gross Revenue	5,206.3	5,206.3	0.0
Gross Profit	1,441.9	1,441.9	0.0
Gross Margin	27.7%	27.7%	0.0%
Selling Expenses	(940.5)	(778.3)	162.2
G&A	(132.0)	(131.4)	0.6
Total Expenses	(1,072.5)	(909.6)	162.8
as % of Gross Revenue	20.6%	17.5%	-3.1%
Adjusted EBITDA	369.4	532.2	162.8
as % of Gross Revenue	7.1%	10.2%	3.1%
Non-Recurring Expenses / Revenues	(10.5)	(12.5)	(2.0)
Depreciation and Amortization	(135.8)	(277.9)	(142.1)
Financial Results	(22.4)	(74.2)	(51.8)
Income Tax	(54.8)	(43.6)	11.2
Net Income	145.8	124.0	(21.8)
as % of Gross Revenue	2.8%	2.4%	-0.4%

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Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

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Balance Sheet (R\$ million)	1Q20		Change
	IAS 17	IFRS 16	Δ 1Q20
Assets	9,852.2	13,026.6	3,174.4
Current Assets	6,370.3	6,370.1	(0.2)
Taxes Receivable	121.0	121.0	0.0
Other Accounts Receivable	252.3	252.1	(0.2)
Non-Current Assets	3,481.9	6,656.6	3,174.6
Income Tax and Social Charges deferred	21.2	19.2	(2.0)
Other Credits	338.4	337.9	(0.5)
Investments	3.3	3.3	0.0
Property, Plant and Equipment	1,769.8	4,946.9	3,177.1
Liabilities and Shareholder's Equity	9,852.2	13,026.6	3,174.4
Current Liabilities	4,096.1	4,493.8	397.7
Financial Leases	0.0	445.5	445.5
Dividend and Interest on Equity	133.2	108.5	(24.7)
Other Accounts Payable	162.0	138.9	(23.1)
Non-Current Liabilities	1,519.8	4,376.0	2,856.2
Financial Leases	0.0	2,911.7	2,911.7
Income Tax and Social Charges Deferred	185.1	129.6	(55.5)
Shareholder's Equity	4,236.3	4,156.9	(79.4)
Income Reserves	1,429.6	1,372.0	(57.6)
Accrued Income	98.2	76.4	(21.8)
Non Controller Interest	52.1	52.1	(0.0)

Cash Flow (R\$ million)	1Q20		Change
	IAS 17	IFRS 16	Δ 1Q20
Adjusted EBIT	233.5	254.3	20.7
NPV Adjustment	(9.1)	(9.1)	0.0
Non-Recurring Expenses	(10.5)	(10.5)	0.0
Income Tax (34%)	(72.7)	(72.7)	0.0
Depreciation	135.8	277.9	142.1
Rental Expenses	0.0	(160.9)	(160.9)
Others	29.7	27.8	(2.0)
Resources from Operations	306.7	306.7	0.0
Cash Cycle*	(248.2)	(248.2)	0.0
Other Assets (Liabilities)**	32.8	32.8	0.0
Operating Cash Flow	91.3	91.3	0.0
Investments	(139.5)	(139.5)	0.0
Free Cash Flow	(48.1)	(48.1)	0.0
Interest on Equity	(0.6)	(0.6)	0.0
Net Financial Expenses***	(12.1)	(12.1)	0.0
Income Tax (Tax benefit over financial expenses and interest on equity)	20.1	20.1	0.0
Total Cash Flow	(40.8)	(40.8)	0.0

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

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Comments on company performance

Consolidated Adjusted Income Statement <i>(R\$ thousand)</i>	1Q19	1Q20
Gross Revenue	4,153,923	5,206,320
Taxes, Discounts and Returns	(200,571)	(256,449)
Net Revenue	3,953,351	4,949,871
Cost of Goods Sold	(2,791,688)	(3,508,021)
Gross Profit	1,161,663	1,441,851
Operational (Expenses) Revenue		
Sales	(795,120)	(940,500)
General and Administrative	(96,474)	(131,995)
Operational Expenses	(891,594)	(1,072,495)
EBITDA	270,070	369,356
Depreciation and Amortization	(117,818)	(135,811)
Operational Earnings before Financial Results	152,252	233,545
Financial Expenses	(46,015)	(38,291)
Financial Revenue	17,654	15,859
Financial Expenses/Revenue	(28,361)	(22,432)
Earnings before Income Tax and Social Charges	123,891	211,114
Income Tax and Social Charges	(18,397)	(58,361)
Net Income	105,494	152,753

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Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

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Consolidated Income Statement <i>(R\$ thousand)</i>	1Q19	1Q20
Gross Revenue	4,153,923	5,206,320
Taxes, Discounts and Returns	(200,571)	(256,449)
Net Revenue	3,953,351	4,949,871
Cost of Goods Sold	(2,791,688)	(3,508,021)
Gross Profit	1,161,663	1,441,851
Operational (Expenses) Revenue		
Sales	(795,120)	(940,500)
General and Administrative	(96,474)	(131,995)
Other Operational Expenses, Net	(5,205)	(10,474)
Operational Expenses	(896,799)	(1,082,968)
EBITDA	264,864	358,882
Depreciation and Amortization	(117,818)	(135,811)
Operational Earnings before Financial Results	147,047	223,071
Financial Expenses	(46,015)	(38,291)
Financial Revenue	17,654	15,859
Financial Expenses/Revenue	(28,361)	(22,432)
Earnings before Income Tax and Social Charges	118,686	200,640
Income Tax and Social Charges	(16,628)	(54,800)
Net Income	102,058	145,840

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Assets	1Q19	1Q20
<i>(R\$ thousand)</i>		
Current Assets		
Cash and Cash Equivalents	243,596	533,708
Accounts Receivable	1,096,151	1,472,056
Inventories	3,008,239	3,932,728
Taxes Receivable	108,711	121,018
Other Accounts Receivable	178,617	252,349
Anticipated Expenses	46,442	58,422
	<u>4,681,755</u>	<u>6,370,281</u>
Non-Current Assets		
Deposit in Court	24,371	30,850
Taxes Receivable	52,842	67,255
Income Tax and Social Charges deferred	0	21,154
Other Credits	2,353	338,366
Investments	0	3,289
Property, Plant and Equipment	1,624,707	1,769,798
Intangible	1,202,545	1,251,216
	<u>2,906,819</u>	<u>3,481,928</u>
ASSETS	<u>7,588,574</u>	<u>9,852,209</u>

(A free translation of the original in Portuguese)

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Liabilities and Shareholder's Equity <i>(R\$ thousand)</i>	1Q19	1Q20
Current Liabilities		
Suppliers	2,019,929	2,784,446
Loans and Financing	280,765	533,458
Salaries and Social Charges Payable	239,842	293,518
Taxes Payable	118,993	161,355
Dividend and Interest on Equity	72,148	133,190
Provision for Lawsuits	3,485	28,131
Other Accounts Payable	<u>141,687</u>	<u>162,021</u>
	<u>2,876,848</u>	<u>4,096,120</u>
Non-Current Liabilities		
Loans and Financing	797,522	879,716
Provision for Lawsuits	44,295	69,375
Income Tax and Social Charges deferred	243,821	185,127
Other Accounts Payable	<u>43,072</u>	<u>385,540</u>
	<u>1,128,711</u>	<u>1,519,757</u>
Shareholder's Equity		
Common Stock	1,808,639	2,500,000
Capital Reserves	119,552	133,213
Revaluation Reserve	11,979	11,805
Income Reserves	1,522,073	1,429,597
Accrued Income	43,105	98,160
Equity Adjustments	(30,230)	(30,230)
Non Controller Interest	36,908	52,144
Additional Dividend Proposed	<u>70,990</u>	<u>41,643</u>
	<u>3,583,016</u>	<u>4,236,332</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>7,588,574</u>	<u>9,852,209</u>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on company performance

Cash Flow	<u>1Q19</u>	<u>1Q20</u>
<i>(R\$ thousand)</i>		
Earnings before Income Tax and Social Charges	118,686	200,640
Adjustments		
Depreciation and Amortization	117,819	135,812
Compensation plan with restricted shares, net	3,130	3,476
Interest over additional stock option	883	1,192
P,P&E and Intangible Assets residual value	5,932	992
Provisioned Lawsuits	(2,172)	3,084
Provisioned Inventory Loss	(1,443)	23,200
Provision for Doubtful Accounts	794	180
Provisioned Store Closures	(3,540)	(1,198)
Interest Expenses	14,790	12,477
Debt Issuance Costs Amortization	608	714
	255,487	380,569
Assets and Liabilities variation		
Clients and Other Accounts Receivable	(180,382)	(290,235)
Inventories	80,480	(104,540)
Other Short Term Assets	(48,429)	(7,476)
Long Term Assets	(7,424)	(4,087)
Suppliers	(117,235)	133,960
Salaries and Social Charges	2,300	(3,155)
Taxes Payable	27,395	39,461
Other Liabilities	(6,117)	3,587
Rents Payable	256	(3,030)
Cash from Operations	6,331	145,054
Interest Paid	(2,270)	(1,074)
Income Tax and Social Charges Paid	(20,382)	(44,006)
Net Cash from (invested) Operational Activities	(16,321)	99,974
Investment Activities Cash Flow		
P,P&E and Intangible Acquisitions	(202,425)	(136,210)
P,P&E Sale Payments	(17)	8
Investments in Associates	0	(3,289)
Net Cash from Investment Activities	(202,442)	(139,491)
Financing Activities Cash Flow		
Funding	265,244	299,821
Payments	(43,234)	(25,238)
Interest on Equity and Dividends Paid	(1,219)	(585)
Net Cash from Funding Activities	220,791	273,998
Cash and Cash Equivalents net increase	2,028	234,481
Cash and Cash Equivalents in the beginning of the period	241,568	299,226
Cash and Cash Equivalents in the end of the period	243,596	533,708

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

1. Operations

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

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

The Group conducts its sales through 2,107 stores (2,073 stores - 2019), distributed in 23 Brazilian states (23 states - 2019), as follows:

State	Consolidated	
	2020	2019
São Paulo	1,058	1,049
Minas Gerais	145	143
Rio de Janeiro	141	142
Paraná	116	112
Distrito Federal	75	72
Goiás	74	73
Pernambuco	70	67
Bahia	69	68
Santa Catarina	53	49
Espírito Santo	46	46
Rio Grande do Sul	44	42
Pará	38	35
Ceará	33	31
Mato Grosso do Sul	26	25
Mato Grosso	22	22
Alagoas	18	18
Sergipe	18	18
Paraíba	15	15
Rio Grande do Norte	14	14
Maranhão	13	13
Piauí	9	9
Tocantins	7	7
Amazonas	3	3
Total	2,107	2,073

Raia Drogasil's stores are supplied by eleven distribution centers located in eight States: São Paulo, Rio de Janeiro, Minas Gerais, Paraná, Goiás, Pernambuco, Bahia and Ceará. The Company's e-commerce demand is met by the Distribution Centers of Butantã (SP), Garulhos, Paraná, Bahia, Minas Gerais and Rio de Janeiro.

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

2. Presentation of quarterly information

The quarterly information was approved by the Executive Board on April 28, 2020.

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

The Company's parent company and consolidated quarterly financial information for the periods ended March 31, 2020 and 2019 has been prepared in accordance NBC TG 21 (R4) - "Interim Financial Reporting", the requirements in Official Letter/CVM/SNC/SEP 003/2011 of April 28, 2011, and the International Financial Reporting Standards (IFRS) - IAS 34 and discloses all material information specific to the parent company and consolidated quarterly information, and only such information, which is consistent with the information used by Management in managing the activities.

The Company's parent company and consolidated financial statements for the year ended December 31, 2019 have been prepared in accordance with the accounting practices adopted in Brazil, including the rules issued by the Brazilian Securities Commission (CVM) and Brazilian General Technical Accounting Standards (NBC TG) and the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The individual and consolidated quarterly information should be read in conjunction with the Company's financial statements for the year ended December 31, 2019.

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

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

The quarterly information includes accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies regarding provision for inventory losses, provision for the impairment of trade receivables, appreciation of financial instruments, taxes recoverable, the amortization and depreciation periods for property and equipment and intangible assets, estimate of impairment of intangible assets with indefinite useful life, provision for legal claims, fair value measurement of financial liabilities, determination of provision for taxes, recognition of revenues from commercial agreements, among others. The significant estimates and judgments are disclosed in Note 4(w) to the financial statements for the year ended December 31, 2019.

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

The Group adopted all standards, revised standards and interpretations issued by the IFRS and the Brazilian accounting standards that were effective as at March 31, 2020.

Impacts of COVID-19

In compliance with CVM Circular Letter-SNC/SEP No. 03/2020, in view of the current scenario in Brazil due to the COVID-19 pandemic, the Company assessed the provision for impairment of trade receivables, taking into consideration all facts and circumstances, in order to verify whether there in fact was a significant increase in credit risk or any temporary liquidity restriction.

The Company adopted the assessment of trade receivables at March 31, 2020 as the calculation basis. On this date, the Company's receivables with respect to total accumulated sales, were represented by the following types: (i) Cards (80.4%), (ii) Cash (15.8%) and others (3.7%).

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Trade receivables at March 31, 2020 are presented below:

Trade receivables	Mar-2020	%
Credit / debit cards	1,235,253	94.3%
Farmácia Popular	38,662	3.0%
Agreements with companies – Univers	20,742	1.6%
Medicine Benefit Program - PBM	14,805	1.1%
Trade receivables - Checks (cash/post-dated)	1,886	0.1%
Provision for impairment of trade receivables	(927)	(0.1%)
Total	1,310,421	100.0%

It is worth emphasizing that, regarding trade receivables items with greater representation: (I) Credit / debit cards (94.3%) are concentrated on card administrators (Getnet, Cielo and Rede), and the Company will receive approximately 50% of the total balance in April 2020, and the remaining amount is substantially scheduled for receipt in May and June 2020. (ii) As to the Popular Pharmacy Program (3.0%), the Company understands that there are no indicators that would justify any impact on the provision.

Accordingly, Management assessed and concluded that there was no significant increase in credit risk regarding Trade Receivables that could justify any impact on the provision for impairment of trade receivables, as well as the need for any additional disclosure, at this time, regarding the impact of the COVID-19 pandemic on the Company's receivables.

Additionally, it is important to highlight that the Company operates in a resilient market, thus sales in the quarter were significantly above the usual levels during the two weeks preceding the restrictions imposed in the country. As a result of the social distancing measures imposed by the governments of virtually all Brazilian states, sales in the month of April posted a small decrease; however, in Management's assessment, this does not indicate any structural problems that could impact the accounting estimates with respect to: recoverability of financial assets (cash and cash equivalents, financial investments), realization of inventories, realization of deferred taxes, provisions for employee benefits, recoverability of indirect taxes, covenants, renegotiation of lease agreements, revaluation of assets, e-commerce revenue and taxes on profits.

A total of 39 stores were opened and 5 stores were closed in the quarter. All store closures were due to the optimization of our store portfolio, with positive return expectations associated to them. Therefore, the Company maintains its target of 240 gross openings for 2020, as it continues to implement the long-term strategies, despite the COVID-19 pandemic.

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

4. Significant accounting practices

The accounting practices adopted for preparing this ITR are consistent with those disclosed in Note 4 to the financial statements for the year ended December 31, 2019.

5. Cash and cash equivalents

Cash and cash equivalents items	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Cash and banks	85,793	121,382	87,816	123,597
Automatic investments ⁽ⁱ⁾	4,762	45,766	5,549	47,156
Bank Deposit Certificates - CDB ⁽ⁱⁱ⁾	202,867	2,892	202,867	2,892
Debentures held under repurchase agreements ⁽ⁱⁱⁱ⁾	225,706	124,823	237,476	125,581
Total	519,128	294,863	533,708	299,226

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

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

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

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

The Group's exposure to interest rate risks on financial investments is disclosed in Note 25(a).

6. Trade receivables

Trade receivables items	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Trade receivables	1,315,615	1,055,053	1,480,302	1,196,895
(-) Provision for impairment of trade receivables	(927)	(1,250)	(3,359)	(3,430)
Adjustment to present value	(4,267)	(3,897)	(4,887)	(4,446)
Total	1,310,421	1,049,906	1,472,056	1,189,019

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

The ageing of trade receivables is as follows:

Maturities	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Not yet due	1,297,860	1,0050,277	1,450,175	1,178,374
Overdue				
Between 1 and 30 days	16,505	1,745	20,288	8,612
Between 31 and 60 days	660	2,077	2,726	4,469
Between 61 and 90 days	255	178	1,748	1,041
Between 91 and 180 days	335	776	3,086	2,774
Between 181 and 360 days	-	-	2,279	1,625
(-) Provision for impairment of trade receivables	(927)	(1,250)	(3,359)	(3,430)
(-) Adjustment to present value	(4,267)	(3,897)	(4,887)	(4,446)
Total	1,310,421	1,049,906	1,472,056	1,189,019

Days sales outstanding, represented by credit and debit cards and partnerships with companies and the government, are approximately 38 days, term that is considered part of the normal conditions inherent in Company's operations. A substantial portion of the amounts overdue for more than 31 days are represented by collection through special plans and PBMs.

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

Changes in the provision for impairment of trade receivables	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Opening balance	(1,250)	(892)	(3,430)	(1,355)
Additions	(1,634)	(8,196)	(3,348)	(12,607)
Reversals	575	3,097	1,953	5,261
Losses	1,382	4,741	1,467	5,271
Closing balance	(927)	(1,250)	(3,359)	(3,430)

Trade receivables are classified as financial assets at amortized cost and are therefore measured as described in Note 4(d) – Impairment to the financial statements for the year ended December 31, 2019.

7. Inventory

Inventory items	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Goods for resale	3,861,344	3,792,148	3,975,902	3,872,374
Consumables	1,037	1,215	1,037	1,215
(-) Provision for inventory losses ⁽ⁱ⁾	(36,316)	(13,116)	(36,316)	(13,116)
(-) Adjustment to present value	(7,616)	(8,912)	(7,895)	(9,085)
Total inventory	3,818,449	3,771,335	3,932,728	3,851,388

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

The changes in amounts of provision for inventory losses are due to changes in estimates, as from January 1, 2020, for the provision for inventory losses of stores and DCs, which effect in the period was of R\$ 14,000.

Changes in the provision for inventory losses are as follows:

Changes in the provision for inventory losses	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Opening balance	(13,116)	(11,140)	(13,116)	(11,140)
Additions	(23,200)	(8,737)	(23,200)	(8,737)
Write-offs		6,761		6,761
Closing balance	(36,316)	(13,116)	(36,316)	(13,116)

For the quarter ended March 31, 2020, cost of sales recognized in the statement of income was R\$ 3,288,641 (R\$ 2,617,663 – 1st Quarter -2019) for the Parent Company and R\$ 3,508,020 (R\$ 2,791,688 - 1st Quarter -2019) for the consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the quarter amounting to R\$ 34,965 (R\$ 18,911 - 1st Quarter -2019) for the parent company and R\$ 35,158 (R\$ 18,958 - 1st Quarter -2019) for the consolidated accounts.

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

8. Taxes recoverable

Taxes recoverable items	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Taxes on profit recoverable				
Withholding Income Tax (IRRF)	2,360	2,022	2,544	2,022
Corporate Income Tax (IRPJ)	1,577	1,557	8,381	8,763
Social Contribution on Net Profit (CSLL)	19		2,707	2,974
Subtotal	3,956	3,579	13,632	13,759
Other taxes recoverable				
Value Added Tax on Sales and Services (ICMS) – credit balance	55,219	78,044	59,939	83,812
ICMS – Refund of ICMS withheld in advance	25,007	25,519	25,007	25,519
ICMS on acquisitions of fixed assets	77,130	77,023	77,130	77,023
Social Integration Program (PIS)	1,277	1,535	2,050	2,219
Social Contribution on Revenue (COFINS)	6,621	7,814	9,981	10,823
Social Investment Fund - 1982 - securities issued to cover court-ordered debts	561	561	561	561
Subtotal	165,815	190,496	174,668	199,957
Total	169,771	194,075	188,300	213,716
Current assets	111,385	135,771	121,044	145,617
Non-current assets	58,386	58,304	67,256	68,099

The ICMS credits amounting to R\$ 55,219 and R\$ 25,007 (R\$ 78,044 and R\$ 25,519 - Dec/2019) for the Parent Company and R\$ 59,939 and R\$ 25,007 (R\$ 83,812 and R\$ 25,519 - Dec/2019) for the consolidated accounts are the result of applying different ICMS rates and of refunds of ICMS-ST (the substitute taxpayer regime) on goods receiving and shipping operations carried out by the Company's distribution centers in the states of Pernambuco and Rio de Janeiro, in order to supply their branches located in other Brazilian states. The respective tax credits have been progressively consumed in the last months, mainly due to goods that are not under the substitute taxpayer regime.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Final and unappealable – Exclusion of ICMS from the PIS and COFINS tax bases – Ordinary proceeding distributed by Drogasil S.A. in April 1986

On March 15, 2017, the Federal Supreme Court (STF) concluded the judgment on the merits of Appeal to Supreme Court No. 574,706, with general repercussion effects, thereby entitling taxpayers to the right of excluding ICMS from the PIS and COFINS tax bases.

The Company filed a legal proceeding in 1986 claiming the right to exclude ICMS from the PIS and FINSOCIAL tax bases, on which a final unappealable ruling has already been rendered. As such, this proceeding was returned to the court of origin in May 2019. It should be highlighted that the effects of this ruling also apply to COFINS since the proceeding acknowledges FINSOCIAL succession by COFINS.

It is worth remembering that the criteria for calculating the credits and the modulation of the effects of the decision of the aforementioned Appeal are still awaiting the judgment of the Appeal for Clarification filed by the General Prosecution Unit of the National Treasury in RE 574,706.

Therefore, in order to assure greater legal certainty for the purpose of recovering credits from past periods, the Company opted to momentarily adopt the criterion determined by the Brazilian Federal Revenue under the terms of COSIT Private Letter Ruling 13/18 and Normative Instruction (IN) 1,911/19, having determined credits in the amount of R\$ 4,809.

If the amount of the ICMS is considered as shown in the invoice, the Company should record the approximate amount of R\$ 46,000 corresponding to the period from 2013 to 2017.

The Company awaits judgment of the Appeal for Clarification filed by the General Prosecution Unit of the National Treasury in RE 574.706, in order to evaluate the best strategy to be adopted, within the possibilities of settlement of decision and/or offset of calculated credits.

9. Investments

(a) Business combination – 4Bio

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

The Agreement establishes the granting to the Company of call and put options for all the remaining shares, corresponding to 45% of the total currently held by the founding stockholder, to be exercised after January 2021 and the fair value of which will be calculated based on the average of the adjusted EBITDA of 4Bio for the years ended December 31, 2018 and 2019 and year ending December 31, 2020.

On September 24, 2019, the Company and the Equity Investment Fund Kona ("Kona"), holder of the shares of the founding shareholder, as agreed, signed an amendment to the original purchase and sale agreement changing the period of exercise of the call options held by the Company and of the put options held by Kona, related to the remaining 45% of 4Bio, adopting the following criterion:

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

From:

- Call and put options of the shares, equivalent to 45% of the capital, will be exercisable after January 1, 2021, having as reference the average of adjusted EBITDA of 4Bio for the years ended December 31, 2018 and 2019 and year ending December 31, 2020;

To:

- 1st Call and put options of the shares, equivalent to 30% of the capital, will be exercisable between January 1, 2021 and June 30, 2021, having as reference the average of adjusted EBITDA of 4Bio for the years ended December 31, 2018 and 2019 and year ending December 31, 2020;

2nd call and put options of the shares, equivalent to 15% of the capital, will be exercisable after January 1st, 2024, having as reference the average of adjusted EBITDAs of 4Bio for the years ending December 31, 2021, 2022 and 2023.

It was also established that Mr. André Kina will continue as CEO of 4Bio at least until the end of 2023.

Considering the new facts and circumstances, the fair value of the financial liability at March 31, 2020 was remeasured to R\$ 43,305 (R\$ 42,113 - Dec/2019).

The fair value of the additional stock options recorded in Parent Company and consolidated accounts, of R\$ 43,305 (R\$ 42,113 - Dec/2019), is classified as Level 3 in the fair value hierarchy. The main fair value measurements have as reference: (i) a discount rate of 11.81% in December 2019 (10.07% - Dec/2018), (ii) an average growth rate of EBITDA of 39.01% in December 2019 (38.38% in Dec/2018), considering the average of the EBITDAs projected for 2018 to 2020 and the multiple provided for in contract.

The goodwill arising on acquisition of R\$ 12,907 (R\$ 12,907 – Dec/2019) for the Parent Company and R\$ 25,563 (R\$ 25,563 – Dec/2019) for the consolidated accounts represents the future economic benefits expected from the business combination.

(b) Incorporation of company – Stix Fidelidade S.A.

Raia Drogasil S.A. Raia Drogasil S.A. ("RD") together with Grupo Pão de Açúcar ("GPA") announce the first Brazilian coalition of retailers with national companies through the creation of the company Stix Fidelidade, ("Stix") Stix was born with a platform of products and services for the accumulation and redemption of points, in order to offer discounts and advantages to the loyal customers of the two Companies, in addition to having the support of more than 3 thousand establishments across the country through the Drogasil, Droga Raia, Extra and Pão de Açúcar brands.

The Stix Fidelidade program will focus on offering valuable and affordable benefits to participants in a wide range of segments, building customer loyalty and generating value for companies that will integrate its platform.

The program will be launched from the 2nd half of 2020, for customers who make their purchases at Droga Raia, Drogasil, Extra and Pão de Açúcar stores, accumulating Stix points.

Stix Fidelidade shareholding structure will be represented by 66.7% of Grupo Pão de Açúcar ("GPA") and 33.3% of Raia Drogasil ("RD"), it will be an autonomous Company, with a Board of Directors formed by members appointed by the shareholders.

In February 2020, Raia Drogasil made a capital contribution in the amount of R\$ 3,289.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

(c) Changes in investments – 4Bio and Stix

At March 31, 2020 and 2019, the Company's investment balance is as follows:

<u>Company name</u>	<u>Main activity</u>	<u>Interest (%)</u>	<u>Mar-2020</u>	<u>Mar-2019</u>
4Bio Medicamentos S.A.	Retail of special medicines Platform of products and services for the accumulation and redemption of points	55%	61,138	42,519
Stix Fidelidade S.A.		33%	3,289	-
Total			64,427	42,519

Changes in the investment balance in the subsidiary 4Bio and associated company Stix, presented in the parent company financial statements, are as follows:

<u>Changes in investments</u>	<u>Parent Company</u>	
	<u>Mar-2020</u>	<u>Mar-2019</u>
Opening balance	60,263	40,108
Capital contribution Stix (33%)	3,289	-
Equity in the results of subsidiary – 4Bio	875	2,416
Restricted share compensation plan –4Bio	-	(5)
Closing balance	64,427	42,519

For the purposes of calculating the equity of 4Bio, the Company has adjusted the assets, liabilities and related changes in the statement of income of 4Bio based on the allocation of purchase price at the acquisition date. The table below shows the effects on the profit for the period of 4Bio for the purposes of determining the equity in the results of subsidiaries for March 31, 2020 and 2019:

<u>Equity in the results of subsidiary – 4Bio</u>	<u>Parent Company</u>	
	<u>Mar-2020</u>	<u>Mar-2019</u>
Profit for the period	1,018	2,559
Amortization of surplus arising from the business combination	(143)	(143)
Adjusted profit of 4Bio	875	2,416
Adjusted equity	Mar-2020	Mar-2019
Investment at book value (55%)	46,100	26,907
Allocation of the purchase price (surplus of assets)	3,237	4,106
Deferred income tax liability on allocation adjustments	(1,101)	(1,396)
Restricted share compensation plan	(5)	(5)
Total adjusted equity	48,231	29,612
Goodwill based on expected future profitability	12,907	12,907
Investment balance	61,138	42,519

For the first quarter of 2020, there was no equity in the results of subsidiaries for Stix Fidelidade S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

10. Property and equipment and intangible assets

a) Property and equipment

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

								2020	2019
Changes	Land	Buildings	Furniture, fittings and facilities	Machinery and equipment	Vehicles	Leasehold improvements	Right of use - Leases	Total	Total
Cost									
At January 1	35,646	71,422	967,400	597,668	68,061	1,330,927	3,557,186	6,628,310	2,594,349
Additions	-	-	25,640	18,303	103	60,103	373,026	477,175	3,919,333
Disposals and write-offs	-	-	(2,055)	(2,615)	-	(25,327)	(40,857)	(70,854)	(40,352)
Expected losses on store closures	-	-	957	-	-	1,722	-	2,679	6,014
Closing balance at March 31	35,646	71,422	991,942	613,356	68,164	1,367,425	3,889,355	7,037,310	6,479,344
Accumulated depreciation									
Average annual depreciation rates (%)		2.5 - 2.7	7.4 - 10	7.1 - 15.8	20 - 23.7		13 - 20	13 - 20	
At January 1	-	(25,216)	(361,231)	(288,631)	(31,308)	(591,403)	(524,582)	(1,822,371)	(1,050,664)
Additions	-	(476)	(23,089)	(19,376)	(1,884)	(67,465)	(196,825)	(309,115)	(244,623)
Disposals and write-offs	-	-	1,823	2,477	-	24,841	5,439	34,580	35,599
Expected losses on store closures	-	-	(368)	-	-	(1,265)	-	(1,633)	(2,822)
Closing balance at March 31	-	(25,692)	(382,865)	(305,530)	(33,192)	(635,292)	(715,968)	(2,098,539)	(1,262,510)
Net balance									
At January 1	35,646	46,206	606,169	309,037	36,753	739,524	3,032,604	4,805,939	1,543,685
At March 31	35,646	45,730	609,077	307,826	34,972	732,133	3,173,387	4,938,771	5,216,834

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Changes in the consolidated property and equipment are as follows:

								2020	2019
Changes	Land	Buildings	Furniture, fittings and facilities	Machinery and equipment	Vehicles	Leasehold improvements /	Rights of use - Leases	Total	Total
Cost									
At January 1	35,646	71,422	969,119	600,255	68,408	1,338,785	3,557,186	6,640,821	2,599,651
Additions	-	-	25,717	18,470	103	60,354	373,026	477,670	3,924,335
Disposals and write-offs	-	-	(2,054)	(2,614)	-	(25,327)	(40,857)	(70,852)	(40,352)
Expected losses on store closures	-	-	957	-	-	1,722	-	2,679	6,014
Closing balance at March 31	35,646	71,422	993,739	616,111	68,511	1,375,534	3,889,355	7,050,318	6,489,648
Accumulated depreciation									
Average annual depreciation rates (%)		2.5 - 2.7	7.4 - 10	7.1 - 15.8	20 - 23.7	13 - 20	13 - 20		
At January 1	-	(25,216)	(361,850)	(289,592)	(31,460)	(593,861)	(524,582)	(1,826,561)	(1,052,691)
Additions	-	(476)	(23,128)	(19,478)	(1,894)	(67,972)	(196,825)	(309,773)	(245,117)
Disposals and write-offs	-	-	1,823	2,476	-	24,841	5,439	34,579	35,599
Expected losses on store closures	-	-	(368)	-	-	(1,265)	-	(1,633)	(2,822)
Closing balance at March 31		(25,692)	(383,523)	(306,594)	(33,354)	(638,257)	(715,968)	(2,103,388)	(1,265,031)
Net balance									
At January 1	35,646	46,206	607,269	310,663	36,948	744,924	3,032,604	4,814,260	1,546,960
At March 31	35,646	45,730	610,216	309,517	35,157	737,277	3,173,387	4,946,930	5,224,617

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All amounts in thousands of reais unless otherwise stated

b) Intangible assets

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

							2020	2019
Changes	Points of sale	Software license and systems implementation	Goodwill on business acquisition (Vison Ltda)	Goodwill on business acquisition (Raia S.A.)	Trademarks	Customers portfolio	Total	Total
Cost								
At January 1 st	288,139	205,506	22,275	780,084	176,553	41,700	1,514,257	1,422,829
Additions	7,038	21,532	-	-	162	-	28,732	21,748
Disposals and write-offs	(7,158)	(6,638)	-	-	-	-	(13,796)	(15,100)
Expected losses on store closures	1,000	4	-	-	-	-	1,004	931
At March 31	289,019	220,404	22,275	780,084	176,715	41,700	1,530,197	1,430,408
Accumulated amortization								
Average annual amortization rates (%)	17.0 - 23.4	20.0	Indefinite useful life	Indefinite useful life	Indefinite useful life	6.7 - 25		
At January 1 st	(171,093)	(90,012)	(2,387)	-	(293)	(38,557)	(302,342)	(254,887)
Additions	(11,632)	(10,795)	-	-	(176)	(115)	(22,718)	(20,224)
Disposals and write-offs	7,008	6,637	-	-	-	-	13,645	13,688
Expected losses on store closures	(850)	(3)	-	-	-	-	(853)	(581)
At March 31	(176,567)	(94,173)	(2,387)	-	(469)	(38,672)	(312,268)	(262,004)
Net balance								
At January 1	117,046	115,494	19,888	780,084	176,260	3,143	1,211,915	1,167,942
At March 31	112,452	126,231	19,888	780,084	176,246	3,028	1,217,929	1,168,404

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All amounts in thousands of reais unless otherwise stated

Changes in the consolidated intangible assets are as follows:

	2020								2019	
Changes	Points of sale	Software license and systems implementation	Goodwill on business acquisition (Vison Ltda)	Goodwill on business acquisition (Raia S.A.)	Goodwill on business acquisition (4BIO)	Trademarks	Raia S.A. customers portfolio	4BIO customer relationship	Total	Total
Cost										
At January 1	288,139	208,238	22,275	780,084	25,563	181,622	41,700	7,928	1,555,549	1,463,056
Additions	7,038	21,820	-	-	-	162	-	-	29,020	21,923
Disposals and write-offs	(7,158)	(6,637)	-	-	-	-	-	-	(13,795)	(15,101)
Expected losses on store closures	1,000	4	-	-	-	-	-	-	1,004	931
At March 31	289,019	223,425	22,275	780,084	25,563	181,784	41,700	7,928	1,571,778	1,470,809
Accumulated amortization										
Average annual amortization rates (%)	17 - 23.4	20	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life	20	6.7 - 25		
At January 1	(171,092)	(91,064)	(2,387)	-	-	(4,602)	(38,557)	(2,406)	(310,108)	(260,668)
Additions	(11,632)	(10,927)	-	-	-	(429)	(115)	(142)	(23,245)	(20,702)
Disposals and write-offs	7,008	6,636	-	-	-	-	-	-	13,644	13,688
Expected losses on store closures	(850)	(3)	-	-	-	-	-	-	(853)	(581)
At March 31	(176,566)	(95,358)	(2,387)	-	-	(5,031)	(38,672)	(2,548)	(320,562)	(268,263)
Net balance										
At January 1	117,047	117,174	19,888	780,084	25,563	177,020	3,143	5,522	1,245,441	1,202,388
At March 31	112,453	128,067	19,888	780,084	25,563	176,753	3,028	5,380	1,251,216	1,202,546

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With the adoption of NBC TG 06 (R3) / IFRS 16, the Company began to record, as from January 1st, 2019, the right-of-use assets related to lease agreements. Accordingly, the additions for the period include the amount of R\$ 3,659,594 for Parent Company and R\$ 3,663,759 for consolidated accounts related to the leased right-of-use assets. See details in Note 14.

(i) Goodwill on acquisition of companies

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

Goodwill on acquisition of Drogaria Vison Ltda.

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

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

Goodwill on acquisition of Raia S.A.

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

Goodwill on acquisition of 4Bio Medicamentos S.A.

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

11. Employees benefits

(a) Profit sharing program

The Group has a profit sharing program intended mainly to measure the performance of employees during the year. On a monthly basis, a liability and an expense for profit sharing are recognized in income statement based on estimates of achievement of operating targets and specific objectives established and approved by Management. The recognition as liabilities is made in the account of salaries and social charges and in the statement of income the recognition is made in the account of selling expenses and general and administrative expenses (Note 21).

(b) Other benefits

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

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

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12. Trade payables

Trade payables items	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Goods suppliers	2,536,113	2,460,616	2,717,453	2,579,860
Materials suppliers	7,316	10,196	7,485	10,400
Assets suppliers	9,176	11,926	9,598	12,359
Service providers	60,311	63,817	62,652	65,267
Adjustment to present value	(12,169)	(14,262)	(12,742)	(14,650)
Total	2,600,747	2,532,293	2,784,446	2,653,236

Certain suppliers have the option to assign Company notes, totaling R\$ 935,876 (R\$ 963,125 - Dec/2019), without right of subrogation, to financial institutions. In this operation, the supplier can have a reduction of its finance costs since the financial institution takes into consideration the credit risk of the buyer. In these operations, there is no change in the average payment period when compared to the amounts payable to other suppliers. In addition, there is no obligation that results in expenses for the Company.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

13. Borrowing

(a) Breakdown

Borrowing items	Average annual long-term interest rate	Parent Company		Consolidated	
		Mar-2020	Dec-2019	Mar-2020	Dec-2019
BNDES - Sub-loan		77,851	96,646	77,851	96,646
Businesses	TJLP + 2.07% (+ 2.09% - Dec/2019) p.a.	31,232	38,915	31,232	38,915
Businesses	SELIC + 2.39% (+ 2.37% - Dec/2019) p.a.	39,103	48,406	39,103	48,406
Machinery, equipment and vehicles	TJLP + 2.02% (+2.02% - Dec/2019) p.a.	5,921	7,107	5,921	7,107
Machinery, equipment and vehicles	PSI + 9.54% (+9.54% - Dec/2019) p.a.	546	956	546	956
Machinery, equipment and vehicles	SELIC + 2.42% (+2.42% - Dec/2019) p.a.	29	33	29	33
Other		1,020	1,229	1,020	1,229
Debentures		1,035,323	1,029,830	1,035,323	1,029,830
1 st issue of debentures	104.75% of CDI	169,540	167,696	169,540	167,696
2 nd issue of debentures	104.50% of CDI	318,019	314,709	318,019	314,709
3 rd issue of debentures – Certificate of Real Estate Receivables	98.50% of CDI	244,411	247,356	244,411	247,356
4 th issue of debentures	106.99% of CDI	303,353	300,069	303,353	300,069
Borrowing		300,000	-	300,000	-
Direct Loans Law 4,131	100% of CDI + 3.50%	300,000	-	300,000	-
Total		1,413,174	1,126,476	1,413,174	1,126,476
Current liabilities		533,458	228,661	533,458	228,661
Non-current liabilities		879,716	897,815	879,716	897,815

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All amounts in thousands of reais unless otherwise stated

Non-current amounts mature as follows:

	Parent Company/ Consolidated
Payment forecast	Mar-2020
2021	154,515
2022	121,403
2023	57,290
2024 and thereafter	546,508
Total	879,716

(b) Characteristics of BNDES borrowing

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

The subloans for the Social Project, Development of Own Brand and Acquisition of National Software are grouped in the Other line. Part of the Company's borrowing from BNDES has been taken out in the form of subloans, totaling R\$ 77,851 (R\$ 96,646 - Dec/ 2019), subject to the following restrictive covenants:

- (i) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) margin (EBITDA/Net operating revenue): equal to or higher than 3.6% and
- (ii) Total net debt/Total assets: equal to or lower than 20%.

Covenants are measured annually and, at December 31, 2019, the Company was in compliance with these covenants.

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

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

(c) Characteristics of the Debentures

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

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
4 th issue — single series	R\$ 300,000	300,000	6/17/2019	2019-2027	106.99%	R\$ 1

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All amounts in thousands of reais unless otherwise stated

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

<u>Type of issue</u>	<u>Issue amount</u>	<u>Quantity outstanding</u>	<u>Issue</u>	<u>Maturity</u>	<u>Annual charges</u>	<u>Unit price</u>
3 rd issue — single series	R\$ 250,000	250,000	3/15/2019	2019-2026	98.5%	R\$ 1

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

<u>Type of issue</u>	<u>Issue amount</u>	<u>Quantity outstanding</u>	<u>Issue</u>	<u>Maturity</u>	<u>Annual charges</u>	<u>Unit price</u>
2nd issue - 9 series	R\$ 400,000	40,000	4/2/2018	2018-2023	104.5%(*)	R\$ 10

(*) Weighted average rate of series.

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

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

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

The costs incurred on the issues of the Company's debentures (2017 - 1st issue, 2018 - 2nd issue and 2019 - 3rd and 4th issues), including fees, commissions and other costs, totaled R\$ 10,336 and are classified in line item of the respective debentures and are being recognized over the total period of the debt. At March 31, 2020, the amount to be recognized was R\$ 7,314 (R\$ 7,626 - Dec/2019), and is presented net in the debentures balance.

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

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

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

Covenants are measured quarterly and, at March 31, 2020, the Company is in compliance with both the financial and non-financial covenants in force in the agreements.

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

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(d) Characteristics of borrowings

At March 31, 2020, the Company carried out loan operation – 4131, in the amount of R\$ 300,000, with remuneration of 100% (one hundred percent) of the cumulative variation of the average daily rates of the DI, plus a surcharge of 3.50% per year and payment term of 1 year. Interest payment and amortization of principal will be carried out on the maturity date. The funds will be used to improve the working capital.

(e) Reconciliation of net debt

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

<u>Analysis of and changes in net debt</u>	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Mar-2020</u>	<u>Dec-2019</u>	<u>Mar-2020</u>	<u>Dec-2019</u>
Short-term borrowings	533,458	228,661	533,458	228,661
Long-term borrowings	879,716	897,815	879,716	897,815
Total debt	1,413,174	1,126,476	1,413,174	1,126,476
(-) Cash and cash equivalents	(519,128)	(294,863)	(533,708)	(299,226)
Net debt	894,046	831,613	879,466	827,250

<u>Changes in net debt</u>	<u>Parent Company</u>		
	<u>Borrowing</u>	<u>Cash and equivalents</u>	<u>Net debt</u>
Net debt at January 1, 2020	1,126,476	(294,863)	831,613
Capital contribution	299,891	-	299,891
Accrued interest	12,405	-	12,405
Payment of interest	(6,812)	-	(6,812)
Amortization of principal	(19,500)	-	(19,500)
Transaction cost	714	-	714
(Increase) decrease in cash and cash equivalents	-	(224,265)	(224,265)
Net debt at March 31, 2020	1,413,174	(519,128)	894,046

<u>Changes in net debt</u>	<u>Consolidated</u>		
	<u>Borrowing</u>	<u>Cash and equivalents</u>	<u>Net debt</u>
Net debt at January 1, 2020	1,126,476	(299,226)	827,250
Capital contribution	299,821	-	299,821
Accrued interest	12,475	-	12,475
Payment of interest	(6,812)	-	(6,812)
Amortization of principal	(19,500)	-	(19,500)
Transaction cost	714	-	714
(Increase) decrease in cash and cash equivalents	-	(234,482)	(234,482)
Net debt at March 31, 2020	1,413,174	(533,708)	879,466

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14. Leases

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

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

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

- Beginning of the lease term: the Group defined that the lease term begins on the date it becomes entitled to use the leased property. Thus, the Group determined the date of signature of the lease contracts, when it starts controlling the operating aspects of the leased property, such as its refurbishing, remodeling and preparation for the leasehold improvement;
- Lease term: period for which the Group contracted the lease. The Group adopted the term of each contract and assumptions detailed below or, when applicable, added by Law 8,245/91 ("Landlord-Tenant Law"), which grants to lessee (the Company and its subsidiary) the right to enforceable lease renewals (enforceable right) when certain conditions are satisfied.

(i) Commercial leases: given that type of contract involves variable terms, the following assumptions were considered:

- o Contracts with original term of less than 10 years and that are already in a period after the main term of the contract: in this case the contract term shall be the residual period;
- o Contracts with original term of less than 10 years and that still have the renewal period to go: in this case the contract term will be the residual period;
- o Contracts with original term of less than 10 years and close to the expiry date (one year) of the main contract: in this case a renewal period will be included;
- o Contracts with original term of less than 10 years and that have the right to first renewal: in this case a renewal period will be included;
- o Contracts with original term of more than 10 years and close to the expiry date (one year): an additional renewal term will be considered in the contract term;
- o Contracts with original term of more than 10 years and already within the renewal period: only the residual period of the contract will be considered;
- o Contracts with an indefinite term: as all property rentals are under the scope of leases and considering that both the lessor and the lessee have the right to terminate the contract at any time, for these contracts, the Group's understanding is that, for purposes of calculation and recognition of the right-of-use asset and its respective balancing item in lease liability, the term to be considered is one year, which can be renewed for an additional year, for the period during which the Company holds possession of the properties.

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(ii) Warehouses and Distribution Centers: contract term;

(iii) Residential real estate: contract term;

(iv) Vehicles: contract term.

(v) Equipment: contract term.

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

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

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

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

- Lessee's incremental borrowing rate: due to the differences between the information available to the lessors and lessees, it was not possible to determine the implicit discount rate to be applied to the Group's lease contracts. Accordingly, pursuant to NBC TG 06 (R3)/IFRS 16, a lessee's incremental borrowing rate was applied to calculate the present value of the lease liabilities on the initial recognition of the contract.

Initially, the Group applied the incremental borrowing rate (including for third party contracts), the real discount rate was estimated at 2.94% p.a., equivalent to the rate negotiated for debentures raised on April 2, 2018, as described in Note 13 (reference in a percentage of CDI accumulated in December 31, 2018), net of the inflation for 2018. The Group opted for using the practical expedient to use a single discount rate in accordance with the respective terms for contracts with similar characteristics.

With the issuance of CVM Circular Letter No. 02/2019, the Group started to adopt the nominal rate, applying to the real rate the inflation for the last twelve months on the date of implementation of the new standard (January 1, 2019), equivalent to 3.75% (IPCA Accumulated in 12 months), resulting in a nominal rate of 6.69% p.a., which corresponds to a rate adjusted to the lessee's credit risk and takes into account the term of the lease and the nature and quality of the guarantees offered.

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

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

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- Impairment of right-of-use asset: the Group will continue applying Technical Pronouncement NBC - TG 01 (R4) – Impairment of Assets, and will periodically carry out an assessment of impairment indicators, based on managerial profitability measurement parameters of the stores and distribution centers.

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

As a lessee

Right-of-use asset

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

						2020	2019
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Equipment	Total	Total
At January 1 st	2,770,289	7,116	274,239	2,459	91	3,054,193	3,650,426
New agreements	181,864	2,599	16	-	-	184,479	120,705
Remeasurements	140,461	5,090	10,000	(502)	18	155,067	-
Termination of agreements	(6,270)	(1,106)	-	-	-	(7,376)	(11,877)
Depreciation	(132,967)	(10,702)	(6,389)	1,031	(19)	(149,046)	(135,827)
At March 31	2,953,377	2,997	277,866	2,988	90	3,237,317	3,623,427

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

						2020	2019
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Equipment	Total	Total
At January 1 st	2,770,289	7,237	278,039	2,459	91	3,058,114	3,654,591
New agreements	181,864	2,599	466	-	-	184,929	121,345
Remeasurements	140,461	5,086	9,760	(502)	18	154,822	-
Termination of agreements	(6,270)	(1,106)	-	-	-	(7,376)	(11,877)
Depreciation	(132,967)	(10,715)	(6,759)	1,031	(19)	(149,430)	(136,159)
At March 31	2,953,377	3,101	281,506	2,988	90	3,241,059	3,627,900

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All amounts in thousands of reais unless otherwise stated

Lease liabilities

The changes in the Parent Company's lease liabilities were as follows:

	2020					2019	
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Equipment	Total	Total
At January 1 st	(2,882,824)	(8,401)	(286,616)	(2,711)	(103)	(3,180,655)	(3,650,426)
New agreements	(181,864)	(2,599)	(16)	-	-	(184,479)	(120,705)
Remeasurements	(140,461)	(5,090)	(10,000)	502	(18)	(155,067)	-
Interest	(50,349)	(196)	(2,934)	(16)	(1)	(53,496)	(26,848)
Payments	203,303	2,667	13,855	485	19	220,338	157,929
At March 31	3,052,185)	(13,647)	(285,711)	(1,740)	(103)	(3,353,359)	(3,640,050)

The changes in the consolidated lease liabilities were as follows:

	2020					2019	
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Equipment	Total	Total
At January 1 st	(2,898,919)	(8,019)	(274,866)	(2,726)	(102)	(3,184,633)	(3,654,591)
New agreements	(181,864)	(2,599)	(466)	-	-	(184,929)	(121,345)
Remeasurements	(140,461)	(5,086)	(9,760)	502	(17)	(154,822)	-
Interest	(50,349)	(198)	(2,998)	(16)	-	(53,561)	(26,880)
Payments	187,218	3,390	29,665	466	18	220,760	157,952
At March 31	(3,084,375)	(12,512)	(258,425)	(1,774)	(101)	(3,357,185)	(3,644,864)

The maturities of lease liabilities are classified according to the following schedule:

Analysis of maturities - Lease liabilities	Parent Company		Consolidated	
	Mar-2020	Dec-2020	Mar-2020	Dec-2020
Less than 1 year	(444,103)	(565,204)	(445,494)	(566,645)
1 – 5 years	(2,493,389)	(2,255,718)	(2,495,824)	(2,258,255)
Over 5 years	(415,867)	(359,733)	(415,867)	(359,733)
Total	(3,353,359)	(3,180,655)	(3,357,185)	(3,184,633)
Lease liabilities in the balance sheet				
At December 31				
Current	(444,103)	(565,204)	(445,494)	(566,645)
Non-current	(2,909,256)	(2,615,451)	(2,911,691)	(2,617,988)

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Future payments to be made to the lessor may give the Group the right to be credited with PIS and COFINS. Therefore, the recorded amount of the right-of-use asset against the lease liability already includes potential future credit.

The potential right to PIS / COFINS recoverable embedded in future lease payments is presented below:

Future considerations	Parent Company/ Consolidated	Potential PIS / COFINS (9.25%)
Less than 1 year	417,730	38,640
1 – 2 years	412,369	38,144
2 – 3 years	389,029	35,985
3 – 4 years	350,598	32,430
4 – 5 years	299,823	27,734
Over 5 years	692,108	64,020
Total	2,561,657	236,953

In compliance with CVM Circular Letter 02/2019 and NBC TG 06 (R3)/IFRS 16, justified by the fact that the Group has not applied the methodology of nominal flows due to the prohibition imposed by IFRS 16 of future inflation projection and in order to provide additional information to users, the analysis of contract maturities and installments not yet discounted at March 31, 2020 is presented below:

Year	Net present value	Embedded interest (future)	Amounts of installments not yet discounted
April/2020	464,618	228,111	692,729
2021	486,294	200,298	686,592
2022	478,799	174,884	653,683
2023	465,714	120,144	585,859
2024	416,264	90,975	507,239
2025	357,552	54,454	412,006
2026 and thereafter	687,944	77,353	765,297
Total	3,357,185	946,219	4,303,405

Amount recognized in the statement of income

Amount recognized in the statement of income	Parent Company		Consolidated	
	1 st Quart- 2020	1 st Quart- 2019	1 st Quart- 2020	1 st Quart- 2019
Amortization of right-of-use asset	149,046	135,827	149,430	136,159
Interest on lease liabilities	53,496	26,848	53,561	26,880
Adjustment for lease write-off	1,984	-	1,984	-
Variable payments not included in the measurement of lease liabilities	24,054	4,449	24,300	4,607
Revenue on subleases of right-of-use assets	(905)	(558)	(905)	(558)
Expenses related to short-term and/or low-value leases	5,057	4,944	5,057	4,944

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Amount recognized in the statement of cash flow

Statement of Cash Flows	Parent Company		Consolidated	
	1st Quart- 2020	1st Quart- 2019	1st Quart- 2020	1st Quart- 2019
Non-cash items				
Initial recognition of lease agreements	-	3,650,426	-	3,654,591
New agreements	184,479	120,705	184,929	121,345
Remeasurement	155,067	-	154,822	-
Termination of agreements	(7,376)	(11,877)	(7,376)	(11,877)
In operating activities:				
Lease monetary adjustment	53,496	26,848	53,561	26,880
Interest paid on lease	(53,496)	(26,848)	(53,561)	(26,880)
In lease activities				
Payment of lease liabilities	(159,466)	(119,236)	159,825	(119,468)

(i) Payment of variable leases based on sales

Some operating real estate leases contain variable lease payments based on a percentage of 2% to 12% of the sales made during the period in the leased operating real estate. These payment conditions are common for stores in the country where the Group operates. Variable lease payments for the period ended March 31, 2020 amounted to R\$ 1,667 (R\$ 675 – 1st Quart-2019) for Parent Company and consolidated accounts.

(ii) Leases fitting into exceptions and practical expedients

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

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

As a lessor

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

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

Undiscounted lease payments	Parent Company/ Consolidated
	Mar-2020
Less than 1 year	2,521
1 - 2 years	2,358
2 - 3 years	2,693
3 - 4 years	2,279
4 - 5 years	1,641
Over 5 years	4,995
Total	16,487

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15. Provision for contingencies and judicial deposits

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

At March 31, 2020 and December 31, 2019, the Group had the following provision and corresponding judicial deposits relating to legal proceedings:

Judicial deposits items	Parent Company/ Consolidated	
	Mar-2020	Dec-2019
Labor and social security	96,933	94,101
Tax	16,077	15,380
Civil	1,764	1,818
Subtotal	114,774	111,299
(-) Corresponding judicial deposits	(17,268)	(18,177)
Total	97,506	93,122
Current liabilities	28,131	26,008
Non-current liabilities	69,375	67,114

Labor contingencies

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

Tax contingencies

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

Civil contingencies

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

Notes to the Quarterly Information

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Changes in the provision are as follows:

Changes in the provision	Parent Company/ Consolidated	
	Mar-2020	Dec-2019
At January 1 st	111,299	74,488
Additions of new lawsuits and review of estimate ⁽ⁱ⁾	10,635	83,880
Write-offs for payments	(17,658)	(58,267)
Constitutions/(Reversals) due to changes in lawsuits	162	(14,262)
Revaluation of amounts	7,782	18,527
Monetary restatement	2,554	6,933
Closing balance	114,774	111,299

The provision for legal claims took into consideration the best estimate of the amounts involved, for the cases in which the likelihood of loss is estimated as probable, and a portion of these proceedings is guaranteed by pledged assets (Note 24).

(i) For labor contingencies, management adopts a provisioning methodology based on the history of indemnities by groups of positions and the index of origin for lawsuits in initial stage.

In 2019, the balance refers to contingencies from the merger of Onofre in the following amounts: R\$ 26,274 Labor; R\$ 16,090 Tax; and R\$ 1,381 Civil. Additionally, there was an adjustment of R\$ 2,410 in labor contingencies due to differences in the accounting practices.

Possible losses

At March 31, 2020, the Group was party to legal proceedings of tax nature, related to administrative fines, tax rate differences on interstate transfers and tax collection, and proceedings of civil nature, which seek indemnification for property damage and pain and suffering from consumption relations, the likelihood of loss in which is estimated as possible by Management and its legal advisors, amounting to R\$ 40,150 (R\$ 33,138 - Dec/2019) for the Parent Company and consolidated accounts, of which R\$ 303 (R\$ 551 - Dec/2019) refers to civil proceedings, and R\$ 39,847 (R\$ 32,587 - Dec/2019) to tax proceedings.

Judicial deposits

At March 31, 2020 and December 31, 2019, the Group had the following judicial deposit amounts, for which no corresponding provision had been set up:

Analysis of judicial deposits	Parent Company/ Consolidated	
	Mar-2020	Dec-2019
Labor and social security	14,736	14,353
Tax	13,010	12,572
Civil	3,104	3,076
Total	30,850	30,001

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16. Arbitration restricted asset/liability

The Company recognizes in non-current liabilities the obligations arising from the agreement for acquisition of Drogaria Onofre Ltda.. These are obligations of the Seller with former shareholders of Onofre and settlement depends on an arbitral decision. In the agreement for acquisition of July 1, 2019, it was agreed that the financial investments and the letter of guarantee (indemnification asset) in the amounts of R\$ 197,061 and R\$ 127,037, respectively, shall remain linked to the arbitration liability as a guarantee of settlement. Accordingly, Raia Drogasil shall not be harmed by, or benefit from, this transaction as from the acquisition date until the date of its complete settlement. These guarantee amounts are recognized in the arbitration restricted asset under non-current assets.

The arbitration asset/liability is presented below:

Arbitration asset/liability items	Parent Company/ Consolidated	
	Mar- 2020	Dec- 2019
Arbitration restricted asset	336,117	332,927
Financial investment	204,221	202,357
Letter of guarantee/indemnification asset	131,896	130,571
Arbitration restricted liability	(336,094)	(332,900)
Obligations with former shareholders	(336,660)	(333,294)
Exclusion of operation effects	566	394
Total	23	27

The net position of the arbitration asset/liability of R\$ 23 (R\$ 27 - Dec/2019) represents the amount in excess for the guarantee of settlement in order to comply with the existing obligation.

Assets and liabilities are restated based on the CDI rate.

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17. Income tax and social contribution

(a) Income tax and social contribution paid

At March 31, 2020 and 2019, effective income tax and social contribution are as follows:

	Parent Company		Consolidated	
	1 st Quart- 2020	1 st Quart- 2019	1 st Quart- 2020	1 st Quart- 2019
Income tax and social contribution paid items				
Profit before income tax and social contribution	167,211	100,862	167,599	101,130
Interest on capital	(47,000)	(57,000)	(47,000)	(57,000)
Taxable profit	120,211	43,862	120,599	44,130
Combined tax rate (25% for income tax and 9% for social contribution)	34	34	34	34
Theoretical tax expense	(40,872)	(14,913)	(41,004)	(15,004)
Permanent additions	(9,442)	(2,471)	(9,519)	(2,485)
Equity in the results of subsidiary	298	821		
Reduction of taxes due to incentives (P.A.T)	1,025	189	1,025	189
Investment grant ⁽ⁱ⁾	5,073	3,986	9,599	6,620
Tax loss and negative CSLL basis	-	-	(3,692)	-
Other (revaluation reserve + additional income tax exemption ceiling)	28	29	28	29
Result of current income tax and social contribution	(57,030)	(10,519)	(57,030)	(10,519)
Result of deferred income tax and social contribution	13,139	(1,840)	13,467	(132)
Income tax and social contribution expense	(43,891)	(12,359)	(43,563)	(10,651)
Effective tax rate	26.25%	12.3%	25.99%	10.5%

(i) Beginning the third quarter of 2018, the Group considers as deductible for income tax purposes the gains arising from the ICMS tax benefits in the States of Bahia, Goiás and Pernambuco, established by supplementary law 160/17, agreement ICMS CONFAZ 190/17, and the amendment to Law 12,973/2014. The amount recognized in the quarter ended March 31, 2020 was R\$ 14,920 (R\$ 11,724 1st Quart-2019).

(ii) Based on the best estimate made up to this moment, the average annual effective rate will be 26.25% and, therefore, we do not expect significant variations in relation to the real rate calculated for the quarter. In case of any event that may cause changes to the estimated annual percentage, the amounts recognized related to expense on tax on profit and social contribution for the interim period will be adjusted in subsequent periods.

(b) Deferred income tax and social contribution assets

Deferred income tax and social contribution assets amounting to R\$ 273,473 at March 31, 2020 (R\$ 265,670 – Dec/2019) for the Parent Company and R\$ 294,627 at March 31, 2020 (R\$ 286,630 – Dec/2019) for the consolidated accounts arose from temporarily non-deductible expenses that may be carried forward indefinitely, with estimated realization as disclosed in item (c) below.

Deferred income tax and social contribution liabilities amounting to R\$ 403,122 at March 31, 2020 (R\$ 408,480 - Dec/2019) for the Parent Company and R\$ 405,124 at March 31, 2020 (R\$ 410,616 - Dec/2019) for the consolidated accounts relate to tax charges on the remaining balances of: (i) the revaluation reserve; (ii) surplus value PPA Raia; and (iii) gain on bargain purchase.

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

	Balance sheet				Statement of income			
	Parent Company		Consolidated		Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019	1 st Quarter - 2020	1 st Quarter - 2019	1 st Quarter - 2020	1 st Quarter - 2019
Temporary differences								
Revaluation at fair value of land and buildings	(6,865)	(6,886)	(6,865)	(6,886)	-	-	-	-
Amortization of the goodwill on future profitability	(242,291)	(241,934)	(242,291)	(241,934)	357	(61)	357	(61)
Non-deductible intangible assets - merger of Raia	(54,076)	(54,115)	(54,076)	(54,115)	(39)	(631)	(39)	(631)
Non-deductible intangible assets - acquisition of 4Bio	-	-	(2,001)	(2,136)	-	-	(134)	(134)
Gain on bargain purchase – acquisition of Onofre	(99,890)	(105,545)	(99,890)	(105,545)	(5,654)	-	(5,654)	-
Tax losses to be offset against future taxable profits	-	-	19,607	19,607	-	-	-	(1,550)
Adjustment to present value	(97)	(494)	14	(380)	(397)	-	(394)	-
Adjustment to fair value	4,445	4,040	4,445	4,040	(405)	(300)	(405)	(300)
Provision for inventory losses	12,347	4,459	12,347	4,459	(7,888)	3,512	(7,888)	3,512
Provision for sundry obligations	107,764	14,200	107,785	14,217	4,731	(2,148)	4,727	(2,120)
Provision for employee profit sharing	52,572	18,324	53,152	18,785	8,337	6,484	8,218	6,587
Provision for contingencies	36,149	34,747	36,149	34,747	(851)	762	(851)	762
Provision for impairment of trade receivables	989	1,014	1,816	1,755	25	(137)	(61)	(269)
Lease (depreciation x consideration)	47,287	38,536	47,295	38,556	(8,750)	(5,641)	(8,738)	(5,664)
Recording of deferred taxes – LALUR part B Onofre	-	141,213	-	141,213	-	-	-	-
Other adjustments	12,017	9,631	12,016	9,631	(2,605)	-	(2,605)	-
Deferred income tax and social contribution expense (benefit)					(13,139)	(1,840)	(13,467)	(132)
Deferred tax liabilities, net	(129,649)	(142,810)	(110,497)	(123,986)				
Reflected in the balance sheet as follows:								
Deferred tax assets	273,473	265,670	273,473	286,630				
Deferred tax liabilities	(403,122)	(408,480)	(403,122)	(410,616)				
Deferred tax liabilities, net	(129,649)	(142,810)	(110,497)	(123,986)				
Deferred tax assets – 4Bio	-	-	19,152	-				
Deferred tax assets, net	-	-	19,152	-				
Reconciliation of deferred tax assets (liabilities), net								
At the beginning of the period	(142,810)	(239,102)	(123,986)	(237,756)				
Expense recognized in the statement of income	13,139	96,202	13,467	113,680				
Realization of deferred tax recognized in equity	22	90	22	90				
Balance at the end of the period	(129,649)	(142,810)	(110,497)	(123,986)				

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

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

Payment forecast	Parent Company	Consolidated
	Mar-2020	Mar-2020
2020	91,108	92,538
2021	40,108	40,224
2022	30,920	30,920
2023	25,361	31,243
2024 and thereafter	85,976	99,700
Total	273,473	292,625

18. Earnings per share

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

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

Earnings per share items	Parent Company/ Consolidated	
	1 st Quart- 2020	1 st Quart- 2019
Basic		
Profit for the period	123,320	88,503
Weighted average number of common shares	329,552	329,437
Basic earnings per share - R\$	0.37420	0.26865
Diluted		
Profit for the period	123,320	88,503
Weighted average number of common shares adjusted for dilution effect	329,329	329,315
Diluted earnings per share - R\$	0.37108	0.26875

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19. Equity

(a) Capital

At March 31, 2020, the fully paid-up capital amounted to R\$ 2,500,000 (R\$ 2,500,000 - Dec/2019), represented by 330,386,000 common registered book-entry shares with no par value, of which 214,294,132 shares were outstanding (214,036,654 common shares - Dec/2019).

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

At March 31, 2020, the Company's ownership interest was as follows:

Ownership interest	Number of shares		Interest (%)	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Controlling stockholders	115,583,279	115,619,912	34.98	35.00
Shares outstanding	214,294,132	214,036,654	64.86	64.78
Treasury shares	508,589	729,434	0.15	0.22
Total	330,386,000	330,386,000	100.00	100.00

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

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

Changes	Shares outstanding
At December 31, 2019	214,036,654
(Purchase)/sale of restricted shares, net	257,478
At March 31, 2020	214,294,132

At March 31, 2020, the Company's common shares were quoted at R\$ 101.85 (closing quote) (R\$ 111.64 at December 31, 2019).

(b) Tax incentive reserve

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

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(c) Treasury shares

On August 6, 2019, the Board of Directors authorized the Company to repurchase, over a period of 365 days, its own registered common shares with no par value to be held in treasury and subsequently sold. The changes in treasury shares in the quarter ended March 31, 2020 are summarized below:

Changes in treasury shares	Parent Company	
	Number of shares	Amount of shares
At December 31, 2019	729,434	38,141
Shares delivered to executives related to the 3 rd tranche of the 2016 grant, 2 nd tranche of the 2017 grant and 1 st tranche of the 2018 grant	(220,845)	(11,141)
At March 31, 2020	508,589	27,000

At March 31, 2020, the market value of the treasury shares, having as reference the quotation of R\$ 101.85 per share at that date, corresponds to R\$ 51,800.

(d) Restricted share plan

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

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

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

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

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

The changes of the restricted shares are summarized below:

Change in restricted shares	Mar-2020		Dec-2019	
	Shares	Amount	Shares	Amount
Opening balance	397,329	21,977	500,778	23,940
Granted shares for the period	42,575	3,445	213,689	13,367
Value of the shares at the delivery date	(220,845)	(11,958)	(317,138)	(15,330)
Closing balance	219,059	13,464	397,329	21,977

20. Net sales revenue

Net revenue items	Parent Company		Consolidated	
	1st Quart-2020	1st Quart-2019	1st Quart-2020	1st Quart-2019
Gross sales revenue				
Sales revenue	4,929,879	3,938,295	5,198,228	4,150,880
Service revenue	7,974	3,047	8,092	3,042
Total gross sales revenue	4,937,853	3,941,342	5,206,320	4,153,922
Taxes on sales	(193,549)	(147,178)	(215,899)	(165,788)
Returns, rebates and other	(34,414)	(30,347)	(40,550)	(34,783)
Net sales revenue	4,709,890	3,763,817	4,949,871	3,953,351

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

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

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

Nature of expenses	Parent Company		Consolidated	
	1st Quart- 2020	1st Quart- 2019	1st Quart- 2020	1st Quart- 2019
Personnel expenses	(570,460)	(491,781)	(579,429)	(499,131)
Occupancy expenses ⁽ⁱ⁾	(76,640)	(59,152)	(77,060)	(59,484)
Service provider expenses	(61,253)	(46,222)	(61,959)	(46,546)
Depreciation and amortization ⁽ⁱⁱ⁾	(276,732)	(252,971)	(277,919)	(253,979)
Other ⁽ⁱⁱⁱ⁾	(183,960)	(134,920)	(191,199)	(140,947)
Total	(1,169,045)	(985,046)	(1,187,566)	(1,000,087)

Classified in the statement of income as:

Function of expenses	1st Quart- 2020	1st Quart- 2019	1st Quart- 2020	1st Quart- 2019
Selling expenses	(1,020,302)	(876,248)	(1,034,343)	(887,751)
General and administrative expenses	(148,743)	(108,798)	(153,223)	(112,336)
Total	(1,169,045)	(985,046)	(1,187,566)	(1,000,087)

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

(ii) Depreciation and amortization totaled R\$ 276,732 in the first quarter of 2020 (R\$ 252,971 - 1st Quarter-2019) for the parent company, of which R\$ 255,810 (R\$ 237,468 - 1st Quarter -2019) refers to the sales area and R\$ 20,922 (R\$ 15,503 - 1st Quarter -2019) to the administrative area, and R\$ 277,918 (R\$ 253,979 - 1st Quarter -2019) for the consolidated accounts, of which R\$ 256,079 (R\$ 237,641 - 1st Quarter) refers to the sales area and R\$ 21,839 (R\$ 16,338 - 1st Quarter - 2019) to the administrative area. These amounts are net of PIS and COFINS credits on right-of-use leases, which generated a reduction in expenses in the amount of R\$ 7,319 in 2020.

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

22. Other operating (income)/expenses - consolidated

Other operating income/(expenses) totaled R\$ (12,458) in the first quarter of 2020 (R\$ 5,205 in 2019) for the consolidated accounts. These amounts comprise non-recurring expenses/ revenues, as follows:

Nature of expenses / revenues	Consolidated	
	1st Quart- 2020	1st Quart- 2019
Consulting and advisory expenses	(910)	(5,152)
Credits from prior years, mainly PIS and COFINS	397	3,958
Additional expenses due to the closure of the Barra Mansa distribution center	-	(1,605)
Write-off of property and equipment and intangible assets due to the stores closure	(184)	(2,406)
Provision for Inventory losses from previous periods	(11,526)	-
Losses on Popular Pharmacy Program	(274)	-
Cancellation of transportation insurance for Onofre vehicles	39	-
Total	(12,458)	(5,205)

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

23. Finance income and costs

(a) Finance income

	Parent Company		Consolidated	
	1st Quart- 2020	1st Quart- 2019	1st Quart- 2020	1st Quart- 2019
Finance income items				
Discounts obtained	2,120	498	2,126	544
Short term investment yields	634	1,013	634	1,013
Interest on intercompany loans	625	689	-	-
Monetary gains	235	2,313	330	2,387
Other finance income	-	-	106	46
Taxes thereon (PIS/COFINS)	(168)	(117)	(168)	(117)
Present Value Adjustment (PVA) - finance income	11,443	12,010	12,831	13,781
Total finance income	14,889	16,406	15,859	17,654

(b) Finance costs

	Parent Company		Consolidated	
	1st Quart- 2020	1st Quart- 2019	1st Quart- 2020	1st Quart- 2019
Finance cost items				
Discounts granted to customers	-	(7)	(95)	(46)
Interest, charges and bank fees	(193)	(254)	(292)	(619)
Charges on debentures	(10,920)	(10,742)	(10,920)	(10,742)
Amortization of transaction costs	(500)	(248)	(500)	(248)
Charges on borrowings	(1,485)	(3,741)	(1,485)	(3,741)
Interest on leases	(53,496)	(26,848)	(53,561)	(26,967)
Monetary gains	1,319	(3,425)	1,097	(3,503)
Interest on payables to subsidiary's shareholder	(1,192)	(883)	(1,192)	(883)
PVA - finance costs	(21,908)	(24,753)	(23,138)	(26,146)
Total finance costs	(88,375)	(70,901)	(90,086)	(72,895)
Finance income (costs), net	(73,486)	(54,495)	(74,227)	(55,241)

(I) Changes in Interest on leases, due to the application of the nominal rate as from December 2019 and accounting for the retrospective impacts caused by the adoption of CVM Circular Letter in that month. In the first quarter of 2019, the present value of the agreements was calculated based on the real rate.

24. Guarantees for lawsuits

The items of property and equipment were given as security for tax, social security and labor proceedings in the amount of R\$ 102 (R\$ 103 – Dec/2019) for the Parent Company and consolidated accounts.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

25. Financial instruments and risk management policy

Financial instruments by category

Finance instruments items	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Assets				
<u>At amortized cost</u>				
Cash and cash equivalents (Note 5)	519,128	294,863	533,708	299,226
Trade receivables (Note 6)	1,310,421	1,049,906	1,472,056	1,189,019
Other receivables	305,925	298,372	253,400	245,428
Judicial deposits (Note 15)	30,850	30,001	30,850	30,001
Arbitration restricted asset	336,117	332,927	336,117	332,927
Subtotal	2,502,440	2,006,069	2,626,130	2,096,601
Total assets	2,502,440	2,006,069	2,626,130	2,096,601
Liabilities				
<u>Liabilities at fair value through profit or loss</u>				
Payables to subsidiary's shareholder (Note 9)	43,305	42,113	43,305	42,113
Subtotal	43,305	42,113	43,305	42,113
Other liabilities				
Trade payables	2,600,747	2,532,293	2,784,446	2,653,236
Borrowing (Note 13)	1,413,174	1,126,476	1,413,174	1,126,476
Other payables	142,635	144,721	145,016	147,771
Leases payable	3,353,359	3,180,655	3,357,184	3,184,633
Arbitration liability	336,094	332,900	336,094	332,900
Subtotal	7,846,009	7,317,045	8,035,914	7,445,016
Total liabilities	7,889,314	7,359,158	8,079,219	7,487,129

Financial risk management

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

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

(a) Market risk

Foreign exchange risk

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

Interest rate risk

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

(b) Credit risk

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

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

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

Risk rating	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Rating - National Scale				
brAAA	428,931	127,810	442,707	130,655
brAA+	197	16,454	211	16,578
brA	1,139	401	1,139	401
(*) n/a - Automatic investments	4,762	45,766	5,549	47,156
Total - National Scale	435,029	190,431	449,606	194,790

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

The granting of credit on sales of goods follows a policy that aims at minimizing defaults. For the quarter ended March 31, 2020, credit sales represented 55% (53% - Dec/2019) for the Parent Company and 57% (55% - Dec/2019) for the consolidated accounts of which 93% (93% - Dec/2019) for the Parent Company and 86% (86% - Dec/2019) for the consolidated accounts related to credit card sales which, based on the history of losses, posed an extremely low risk. The remaining 7% (7% - Dec/ 2019) for the Parent Company and 14% (14% - Dec/ 2019) for the consolidated accounts are credits from PBMs, special plans with companies and post-dated checks and bills for payment that pose a low risk, due to customer selectivity and the adoption of individual limits.

(c) Liquidity risk

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

(d) Sensitivity analysis

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

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Parent Company					
Operation	Risk	Notional amount	Scenario I (probable)	Scenario II	Scenario III
Short term investments - CDI	0.5% increase	433,335	2,167	2,708	3,250
Revenue			2,167	2,708	3,250
REFIS (SELIC)	0.5% increase	1,156	6	7	9
Expense			6	7	9

Consolidated					
Operation	Risk	Notional amount	Scenario I (probable)	Scenario II	Scenario III
Short term investments - CDI	0.5% increase	445,892	2,230	2,786	3,344
Revenue			2,230	2,786	3,344
REFIS (SELIC)	0.5% increase	1,156	6	7	9
Expense			6	7	9

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

(e) Capital management

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

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

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

Capital management items	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Short - and long-term borrowing	1,413,174	1,126,476	1,413,174	1,126,476
(-) Cash and cash equivalents	(519,128)	(294,863)	(533,708)	(299,226)
Net debt	894,046	831,613	879,466	827,250
Equity attributable to the stockholders of the parent company	4,105,020	4,025,013	4,105,020	4,025,013
Non-controlling interest	-	-	52,122	51,406
Total equity	4,105,020	4,025,013	4,157,142	4,076,419
Total capital	4,999,066	4,856,626	5,036,608	4,903,669
Gearing ratio	17.88	17.12	17.46	16.87

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Adjusted net debt with lease liabilities				
Net debt	894,046	831,613	879,466	827,250
Lease liabilities	3,353,359	3,180,655	3,357,183	3,184,633
Adjusted net debt	4,247,405	4,012,268	4,236,649	4,011,883
Total equity	4,105,020	4,025,013	4,157,142	4,076,419
Total adjusted capital	8,352,425	8,037,281	8,393,791	8,088,302
Adjusted gearing ratio (%)	50.85	49.92	50.47	49.60

As described in Note 14, as from January 1, 2019, the Group recognized in its balance sheet the obligations associated with lease agreements where it has control. At March 31, 2020, the balance of lease liabilities for the Parent Company and consolidated accounts, corresponded to R\$ 3,353,359 and R\$ 3,357,183, respectively. Considering the lease liability in the capital management calculation, the gearing ratio of the Company and the Group would be 50.85% for the Parent Company and 50.47% for consolidated accounts.

(f) Fair value estimation

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

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

Fair value estimation	Parent Company				Consolidated			
	Carrying amount		Fair value		Carrying amount		Fair value	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019	Mar-2020	Dec-2019	Mar-2020	Dec-2019
BNDES	77,852	96,647	77,819	96,342	77,852	96,647	77,819	96,342
Debentures	1,035,322	1,029,829	1,035,322	1,029,829	1,035,322	1,029,829	1,035,322	1,029,829
Other	300,000	-	300,000	-	300,000	-	300,000	-
Total	1,413,174	1,126,476	1,413,141	1,126,171	1,413,174	1,126,476	1,413,141	1,126,171

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

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

At March 31, 2020, the Group had no material assets and liabilities measured at fair value at Level 1 and Level 2 in the fair value hierarchy. The following table presents the changes in Level 3 instruments for the quarter ended March 31, 2020:

	Parent Company/ Consolidated	
	Payables to subsidiary's shareholder	
	Mar-2020	Mar-2019
Changes in payables to subsidiary's shareholder		
Opening balance	42,113	36,380
Expenses /(revenues) recognized in the statement of income:	1,192	883
Closing balance	43,305	37,263
Total expenses /(revenues) for the period recognized in the statement of income	1,192	883
Changes in unrealized expenses/(revenues) for the period included in the statement of income	1,192	883

26. Derivative financial instruments

The Group does not operate with derivative instruments, except in specific situations. At March 31, 2020 and December 31, 2019, the Group did not have any derivative transactions.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

27. Transactions with related parties

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

Related parties	Relationship	Parent Company		Consolidated		Parent Company		Consolidated	
		Assets				Transacted amount			
		Mar-2020	Dec-2019	Mar-2020	Dec-2019	1st Quart-2020	1st Quart-2019	1st Quart-2020	1st Quart-2019
Receivables									
Special plans ⁽ⁱ⁾									
Regimar Comercial S.A.	Stockholder/Family	12	22	12	22	21	22	21	22
Heliomar Ltda.	Stockholder/Board Member	4	1	4	1	8	3	8	3
Rodrigo Wright Pipponzi (Editora Mol Ltda.)	Stockholder/Family	-	-	-	-	-	2	-	2
Natura Cosméticos S.A. ⁽ⁱⁱ⁾	Stockholder / Related party	153	138	153	138	389	347	389	347
4Bio Medicamentos S.A. ^(v)	Subsidiary	42	39	42	39	81	78	81	78
Subtotal		211	200	211	200	499	452	499	452
Other receivables									
Commercial agreements									
Natura Cosméticos S.A. ⁽ⁱⁱ⁾	Stockholder / Related party	132	148	132	148	132	173	132	173
Advances to suppliers									
Cfly Consultoria e Gestão Empresarial Ltda. ⁽ⁱⁱⁱ⁾	Family	443	261	443	261	-	-	-	-
Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire – Advogados ^(iv)	Stockholder/Family	90	90	90	90	-	-	-	-
Loan and other receivables									
4Bio Medicamentos S.A. ^(v)	Subsidiary	56,809	56,189	-	-	752	798	-	-
Subtotal		57,474	56,688	665	499	884	971	132	173
Total receivables from related parties		57,685	56,888	876	699	1,383	1,423	631	625

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

Related parties	Relationship	Parent Company		Consolidated		Parent Company		Consolidated	
		Liabilities				Transacted amount			
		Mar-2020	Dec-2019	Mar-2020	Dec-2019	1 st Quart-2020	1 st Quart-2019	1 st Quart-2020	1 st Quart-2019
Payables									
Rentals (ii)									
Heliomar Ltda.	Stockholder/Board Member	24	21	24	21	60	60	60	60
Antonio Carlos Pipponzi	Stockholder/Board Member	8	8	8	8	24	23	24	23
Rosalia Pipponzi Raia	Stockholder/Board Member	8	8	8	8	24	23	24	23
Cristiana Almeida Pipponzi	Stockholder/Board Member	3	3	3	3	8	8	8	8
André Ameida Pipponzi	Stockholder/Board Member	3	2	3	2	7	8	7	8
Marta Almeida Pipponzi	Stockholder/Board Member	2	2	2	2	7	8	7	8
Subtotal		48	44	48	44	130	130	130	130
Service providers									
Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire Advogados (iv)	Stockholder/Family	-	1	-	1	1,555	2,781	1,555	2,781
Rodrigo Wright Pipponzi (Editora Mol Ltda.) (vii)	Stockholder/Family	919	1,972	919	1,972	2,855	2,344	2,855	2,344
Cfly Consultoria e Gestão Empresarial Ltda. (iii)	Family	214	154	214	154	659	435	659	435
FMA Assessoria e Consultoria (viii)	Stockholder/Deputy Board Member	-	-	-	-	-	30	-	30
Cristina Ribeiro Sobral Sarian (Anthea Consultoria Empresarial) (ix)	Stockholder/Deputy Board Member	-	-	-	-	100	-	100	-
Subtotal		1,133	2,127	1,133	2,127	5,169	5,590	5,169	5,590
Goods suppliers									
Natura Cosméticos S.A. (ii)	Stockholder / Related party	-	-	-	-	-	2,557	-	2,557
Subtotal		-	-	-	-	-	2,557	-	2,557
Total payables to related parties		1,181	2,171	1,181	2,171	5,299	8,277	5,299	8,277

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

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

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

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

(iv) Transaction related to Legal Advisory.

(v) During 2016, 2017 and 2019 loan transactions between Raia Drogasil S.A. (Lender) and 4Bio Medicamentos S.A. (Borrower) were carried out in the amounts of R\$ 14,000, R\$ 20,100 and R\$ 12,000, respectively. All loan agreements are monetarily restated by 110% of the CDI, and mature in December 2020.

Other receivables comprises commissions on Raia Drogasil S.A. referrals (R\$ 81).

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

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

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

(ix) The balances and transactions refer to the agreement for provision of consulting services in the healthcare and sustainability sectors.

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

(b) Key management compensation

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

Compensation items	Parent Company		Consolidated	
	1st Quart- 2020	1st Quart- 2019	1st Quart- 2020	1st Quart- 2019
Fees and social charges	4,822	4,388	5,512	4,840
Bonuses and social charges	5,834	5,896	5,973	5,915
Fringe benefits	101	105	101	105
Total	10,757	10,389	11,586	10,860

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020- RAIÁ DROGASIL S.A.

Notes to the Quarterly Information

All amounts in thousands of reais unless otherwise stated

28. Insurance coverage

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

The Group had the following insurance:

Insurance items	Parent Company		Consolidated	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Inventory loss risks	384,784	361,907	456,862	420,223
Permanent assets	441,745	417,859	452,350	427,766
Loss of profits	63,020	242,556	166,333	335,743
Civil liability risks	38,424	38,424	40,000	40,000

29. Non-cash transactions

At March 31, 2020, the main transactions that did not involve the Group's cash were:

- (i) the restatement of the financial liability arising from payables to subsidiary's shareholder (Note 9);
- (ii) part of the compensation of key management personnel associated with the restricted share plan (Note 27);
- (iii) the installment purchase of property and equipment items in the amount of R\$ 9,176 (R\$ 11,926 - Dec/ 2019); and
- (iv) recognition of lease liability with a balancing item in right-of-use asset, which additions of new agreements in the amount of R\$ 184,929 (R\$ 357,247 – Dec/2019), remeasurements of R\$ 155,067 (R\$ 60,290 – Dec/2019) and termination of agreements in the amount of (R\$ 7,376) (R\$ 5,553 – 2019).

30. Events after the reporting period

1st Issue of Promissory Notes

On April 24, 2020, the Company carried out the 1st issue of Promissory Notes, in a single series, for public distribution with restricted efforts (CVM476), amounting to R\$ 300,000, with remuneration of 100% of the cumulative variation of the average daily rates of the DI, plus a surcharge of 3.00% per year and payment term of 2 years. Interest payment and amortization of principal will be carried out on the maturity date. The funds will be used to improve the working capital.

Loan Operation 4131

On April 8, 2020, the Company carried out loan operation – 4131, in the amount of R\$ 100,000, with remuneration of 100% of the cumulative variation of the average daily rates of the DI, plus a surcharge of 3.50% per year and payment term of 2 years. Interest will be paid quarterly and principal will be amortized on the maturity date. The funds will be used to improve the working capital.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020- RAIA DROGASIL S.A.

Comments on the Business Projection Performance

In this section, pursuant to CVM Instruction 480/09, we compare the store opening projections for the Company with the data on store openings actually conducted every year, until the end of the current year. The projections for 2016 and 2017 were disclosed to the market on July 28, 2016, the projections for 2018 and 2019 were disclosed on November 9, 2017 and the projection for 2020 was disclosed on October 3, 2019.

YEAR	PRIOR PROJECTION	CURRENT PROJECTION	ACTUAL ACCUMULATED ¹
2016	165 openings	200 openings	212 openings
2017	195 openings	200 openings	210 openings
2018		240 openings	240 openings
2019		240 openings	240 openings
2020		240 openings	39 openings

¹ For 2020, accumulated until 3/31/2020.

On July 28, 2016, we revised the prior projection of 165 openings in 2016 and 195 openings in 2017 to 200 store openings for both years. The Company has ended 2019 with 240 store openings and reiterates the projection of 240 openings for 2020.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Reports and Statements / Report on Special Review - Without Exceptions

Report on review of quarterly information

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

Introduction

We have reviewed the individual and consolidated interim financial information of Raia Drogasil S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2020, which comprise the statement of financial position as of March 31, 2020 and the related statements of profit or loss, comprehensive income or loss, changes in equity and cash flows for the three-month period then ended, including explanatory information.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A

Reports and Statements / Report on Special Review - Without Exceptions

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2020, prepared under the responsibility of the Company's management and presented as supplementary information for purposes of IAS 34. These statements have been subject to review procedures performed in conjunction with the review of quarterly information to conclude whether it is reconciled to interim financial information and accounting records, as applicable, and whether its form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Added Value. Based on our review, we are not aware of any fact that leads us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set out in this Standard and consistently with respect to the individual and consolidated interim financial information taken as a whole.

Figures corresponding to the individual and consolidated statement of financial position as of December 31, 2019 and to the individual and consolidated interim financial information as of March 31, 2019

The audit of the individual and consolidated statement of financial position as of December 31, 2019 and the review of the individual and consolidated interim financial information for the three-month period ended March 31, 2019, presented for comparison purposes, were conducted under the responsibility of other independent auditors, who issued unmodified audit and review reports thereon dated February 19, 2020 and April 29, 2019, respectively.

São Paulo, April 28, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Patricia Nakano Ferreira
Contadora CRC-1SP234620/O-4

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Opinions and Representations / Opinion of Supervisory Board or Equivalent Body

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

The Company's Supervisory Board, in exercising its duties and legal responsibilities, has examined the Quarterly Information (ITR) for the quarter ended March 31, 2020 and, based on the examinations performed and on clarifications provided by management, and also considering the favorable Report on Special Review without exceptions, issued by the independent auditor PricewaterhouseCoopers Auditores Independentes, the Supervisory Board members concluded that the documents above are fairly presented, in all material respects.

São Paulo, April 28, 2020.

Gilberto Lério
Supervisory Board member

Fernando Carvalho Braga
Supervisory Board member

Mário Antonio Luiz Corrêa
Supervisory Board member

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

Opinions and Representations / Officers' Representation on Financial Statements

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the quarterly information (ITR) for the quarter ended March 31, 2020.

São Paulo, April 28, 2020.

Marcilio D'Amico Pousada
Chief Executive Officer

Fernando Kozel Varela
Officer

Antonio Carlos Coelho
Officer

Renato Cepollina Raduan
Officer

Eugênio De Zagottis
Officer

Maria Susana de Souza
Officer

Marcello De Zagottis
Officer

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

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2020 - RAIA DROGASIL S.A.

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

RAIA DROGASIL S.A.

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the conclusions expressed in the favorable Independent Auditor's Report on Special Review without exceptions for the quarter ended March 31, 2020.

São Paulo, April 28, 2020.

Marcilio D'Amico Pousada
Chief Executive Officer

Fernando Kozel Varela
Officer

Antonio Carlos Coelho
Officer

Renato Cepollina Raduan
Officer

Eugênio De Zagottis
Officer

Maria Susana de Souza
Officer

Marcello De Zagottis
Officer

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