

EARNINGS RELEASE

4Q21



São Paulo, February 22, 2021. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 4th quarter of 2021 (4Q21). The Company's parent company and consolidated interim financial statements for the periods ended December 31, 2021 and 2020 have been prepared in accordance with the accounting practices adopted in Brazil, including the rules issued by the Brazilian Securities Commission (CVM), the Brazilian Accounting Standards - General Technical (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), and provide all the significant information related solely to the interim financial statements, which is consistent with the information used by management. The financial statements were prepared in Reals and all growth rates, unless otherwise stated, relate to the same period of 2020.

Since 2019, our financial statements have been 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 18 and 19.

ANNUAL CONSOLIDATED HIGHLIGHTS:

- › **PHARMACIES: 2,490 units in operation (240 openings and 49 closures)**
- › **MARKET SHARE: 0.3 p.p. increase to 14.2% national market share**
- › **GROSS REVENUE: R\$ 25.6 billion, a 20.9% increase and 12.4% growth in mature stores**
- › **CONTRIBUTION MARGIN*: 10.2%, a 0.7 p.p. margin expansion and 29% growth**
- › **ADJUSTED EBITDA: R\$ 1.807.2 million, a 7.1% EBITDA margin and 26% growth**
- › **ADJUSTED NET INCOME: R\$ 788.2 million, with a 3.1% net margin and 31% growth**
- › **CASH FLOW: R\$ 26.3 million negative free cash flow, R\$ 573.4 million total cash consumption**

* Margin before corporate overhead (gross profit – selling expenses)

RADL3

R\$ 23.31/share

NUMBER OF SHARES
1,651,930,000

MARKET CAP
R\$ 38.5 billion

CLOSING
February 21st, 2021

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Summary	2020	2021	4Q20	1Q21	2Q21	3Q21	4Q21
<i>(R\$ thousand)</i>							
# of Pharmacies	2,299	2,490	2,299	2,319	2,374	2,414	2,490
Organic Openings	240	240	82	40	62	52	86
Closures	(11)	(49)	(3)	(20)	(7)	(12)	(10)
4Bio	4	4	4	4	4	4	4
# of Pharmacies + 4Bio	2,303	2,494	2,303	2,323	2,378	2,418	2,494
Headcount (EoP)	44,631	50,573	44,631	45,532	47,208	48,481	50,573
Pharmacist Count (EoP)	8,788	10,052	8,788	9,088	9,346	9,676	10,052
# of Tickets (000)	246,876	280,193	67,098	65,660	66,911	71,115	76,508
Gross Revenue	21,180,475	25,605,685	5,868,052	5,979,508	6,245,163	6,527,875	6,853,140
Gross Profit	5,891,182	7,206,170	1,634,213	1,641,852	1,797,052	1,815,460	1,951,805
% of Gross Revenues	27.8%	28.1%	27.8%	27.5%	28.8%	27.8%	28.5%
Adjusted EBITDA	1,429,169	1,807,245	430,843	415,855	497,115	446,165	448,110
% of Gross Revenues	6.7%	7.1%	7.3%	7.0%	8.0%	6.8%	6.5%
Adjusted Net Income	600,984	788,175	213,672	177,947	232,022	173,567	204,639
% of Gross Revenues	2.8%	3.1%	3.6%	3.0%	3.7%	2.7%	3.0%
Net Income	579,259	815,152	198,492	188,789	266,443	172,765	187,155
% of Gross Revenues	2.7%	3.2%	3.4%	3.2%	4.3%	2.6%	2.7%
Free Cash Flow	288,214	(26,260)	420,288	(105,008)	(259,357)	68,879	269,226

MANAGEMENT LETTER

Fiscal 2022 marked the tenth anniversary of the creation of Raia Drogasil. Founded in 2011 through the merger between Drogasil and Droga Raia, RD begins its second decade in the middle of one of the most ambitious and challenging transformations that the Company has ever seen over the course of its more than 200 years of combined history.

In its first decade, RD became the absolute market leader in both revenues and pharmacies. We have multiplied by 3 times the number of locations, evolving from a regional company with 776 units in 9 states to a national chain of over 2.5 thousand pharmacies across all 27 Brazilian states. Our gross revenues increased by 5 times, going from R\$ 4.7 billion to R\$ 25.6 billion, while our market share expanded from 9.0% to 14.2%. Lastly, this growth was obtained with an increase in profitability: over the decade, our adjusted EBITDA was multiplied by 7 times, escalating from R\$ 272 million to R\$ 1.8 billion.

Upon starting the second decade of our history, RD has set the Ambition to become, by 2030, the company that contributes the most towards a healthier society in Brazil. In an event promoted in May 2021, we unveiled our **Walking Together** plan, an executive program with 35 goals to be achieved by 2030, aligned with UN's Sustainable Development Goals (SDGs) and organized in three dimensions: *Healthier People*, by aiming to improve the health of 50 million people, *Healthier Businesses*, by seeking to economically empower 350 thousand people, and *Healthier Planet*, focusing on becoming a *net zero* and *zero landfill* company.

This Ambition positions us as an ally of our customers for health promotion and disease prevention, a profound transformation in our business. It is also aligned with our Purpose of taking close care of people's health and well-being during all times of their lives, which evolves from an inspiration to become a business objective. To pursue it, we have set a new business strategy and have started to transform our organizational structure, our management model and our corporate culture.

In order to prepare the Company for this new cycle, we've also undertaken important changes in our corporate governance. Our Board of Directors was increased from 9 to 11 members, and the representation of independent directors was expanded from 3 to 5 seats. We've also oxygenated the board's composition through the election of four new directors in 2021 aiming at reinforcing our digital and healthcare expertise, which will be paramount for this new cycle. Of the 11 directors, 3 are women, enhancing the board's diversity. Lastly, a new Shareholder's Agreement was signed for another 10 years, reaffirming the long-term commitment of the controlling shareholders with the Company.

RD's business strategy is based on 3 pillars: the New Pharmacy, the Marketplace and the Health Platform. The New Pharmacy consists in the repurposing of the traditional pharmacy into a Health Hub, offering in-store health services, tied to a digital and omnichannel experience. With the Marketplace, we are significantly broadening the assortment for our customers, deepening the mix in current categories and enhancing our offering with new health and well-being verticals. Lastly, with the Health Platform, we are developing digital solutions to support our customers in their health journeys, including adherence to the treatment and the promotion of healthy habits, such as nutrition, exercising and sleeping, as well as providing access to a health services marketplace that includes diagnostics and teleconsultations.

These pillars are highly complementary and reinforce one another, starting with the customer acquisition and digital onboarding, which happen mostly in-store with a low marginal customer acquisition cost (CAC), and culminating in the increase in customer frequency and overall spending driven both by the enhanced loyalty due to the digitalization of the customer relationship and by the broader array of products and services offered through the marketplace and the health platform. By increasing customer spending and loyalty, the combination of these assets has the potential of multiplying the Customer Lifetime Value (CLV) and boost the Company's value creation.

This is a transformational journey: it widens our served market, challenges our business model and demands the development of new assets and capabilities, allowing us to help improving the health of the Brazilian population, which today is harmed by a complex and inefficient system that is limited to treating diseases rather than promoting health.

If on the one hand we have clarity regarding the scale of the challenge we are embracing and the humility of recognizing that this is a long-term process for which we do not yet have yet all the answers, on the other hand we are convinced that the unique assets that we possess provide us with the necessary credentials to be successful. With 2.5 thousand pharmacies located in the best corners of Brazil, we are the player in the healthcare value chain with the greatest capillarity and proximity to the population. As an example, we serve 91% of the Brazilian A class within a 1.5 km radius of our pharmacies. We also have 42 million active customers, of which 5.5 million are classified as loyal, representing 58% of the Company's total revenue but 85% of our digital sales. The loyal customers who also use our digital channels engage with us, in average, 38 times per year, a frequency that is unmatched either in healthcare or in retailing. These customers also spend 20% to 25% more than what they spent before adopting the digital channels, a testament to the importance of digitalizing the relationship with our customers.

We are proud to note that the New Pharmacy already became a reality in 2021: digital revenues totaled R\$ 2.1 billion (R\$ 596 million in the 4Q21), reaching in the fourth quarter a penetration of 9.2% of our sales. The pharmacies are the cornerstone of the digital strategy: they are responsible for the customer acquisition (increase in the number of loyal customers from 4.7 million to 5.5 million in 2021), for their digital onboarding (15.9 million cumulative app downloads since 2019, mainly in-store) as well as for the digital fulfillment (89% of digital orders were served through our pharmacies in a fast and economically efficient way, with Click & Collect orders amounting to 49% of the total). Lastly, we advanced in the digitalization of the in-store experience, with digital coupons already representing 29% of Exclusive Offer sales, and with Stix, our loyalty coalition in partnership with GPA and Itaú, reaching 2.5 million active customers, of which 48% have already redeemed points in 2021.

In addition to providing an increasingly omnichannel experience, our pharmacies are also expanding their role in supporting Brazilians in taking better care of their health. Since the beginning of the pandemic, we performed 4 million COVID-19 rapid tests in more than one thousand different locations, while offering the unmatched convenience and proximity of our pharmacies, online scheduling and a rigorous attention to sanitary protocols. We also performed 198 thousand COVID-19 immunizations, which were provided free of charge at our pharmacies in partnership with several municipalities. Finally, we expanded the number of pharmacies that provide general immunization services from 66 in 2020 to 208 in 2021.

The development of the Marketplace also advanced significantly. The operation, which began exclusively on Raia's website in October 2020, was extended to the Raia and Drogasil apps in 2021. Also, the number of 3P SKUs on offer increased to 80 thousand, which are offered by more than 300 sellers. Lastly, in December 2021, we announced the investment in **Conecta Lá** and the acquisition of the rights to use its code, which will allow RD to accelerate the development of its Seller Center, thus improving the quality of the services we provide to our sellers while at the same time reducing our transactional costs.

As for the Health Platform, we launched in August both the brand and the app for **Vitat**, our physical and digital network which connects people, services and products to promote healthy habits and transform people's health day by day. Built upon the acquisition of **Tech.fit**, announced in February 2021, **Vitat** achieved significant digital milestones in its first year, with circa 25 million unique visits to its portal, over 2 million unique users in the apps, who have taken advantage of the more than 150 free programs on offer, and with over 120 thousand visualizations of its weekly podcast. Meanwhile, on the physical front, 21 *Vitat Spaces*, which are connected to the app, were opened in the states of SP, RJ, MG and CE, performing nearly 30 thousand pharmaceutical services in the year.

Vitat will also be the orchestrator of our full healthcare ecosystem, which includes **Drogasil** and **Raia**, which are respectively Brazil's first and second largest Brazilian pharmacy brands, **Univers**, our PBM that serves 86 million employees and beneficiaries of over 1.4 thousand companies and 296 health operators, **4Bio**, Brazil's leading specialty pharmacy, serving the patients of major health operators, and also 5 startups recently invested by **RD Ventures**, RD's Corporate Venture Capital platform: **Amplimed**, a leading electronic health record and practice management platform, connecting over 20 thousand healthcare professionals, which will become the data repository of the whole Health Platform as well as the base for the medical consultations marketplace, **Labi Exames**, a healthtech focused on diagnostics, tests, check-ups and immunization, with 26 units in 10 cities which also provides residential services, complementing our Health Hubs and positioning RD in a new health vertical, **Cuco Health**, a digital platform focused on adherence to treatment, **Healthbit**, a data science and health promotion company, focused on medical claims reduction and outcomes improvement, and **Manipulaê**, a digital apothecary pharmacy platform. **RD Ventures** has already invested around R\$ 200 million (R\$ 140.6 million already paid) in startups, aiming to accelerate RD's digital healthcare transformation.

The effects of the digitalization of the business have already materialized in 2021. We ended the year with R\$ 25.6 billion in consolidated gross revenues, a 20.9% annual growth. We recorded a 15.3% same-store sales growth, with 12.4% for mature-stores, 2.3 percentage points above the 10.1% CPI recorded in the period, a strong growth driven by digital. Our adjusted EBITDA reached R\$ 1.8 billion, a 26% increase. We recorded an adjusted EBITDA margin of 7.1%, a 0.4 percentage point increase. While the contribution margin expanded by 0.7 percentage point, we recorded a G&A pressure of 0.3 percentage point stemming from the investments in our corporate structure to support the new strategy. Lastly, our adjusted net income totaled R\$ 788.2 million, a 31% increase with an adjusted net margin of 3.1%, a 0.3 percentage point expansion. We opened a total of 240 new pharmacies, ending the year with 2,490 units in operation.

Finally, we are proud to share that in January 2022, RD's shares were included into the **ISE**, B3's sustainability index, which includes Brazil's top 46 companies evaluated for corporate sustainability based on economic efficiency, environmental equilibrium, social justice and governance criteria. The inclusion of RD into ISE was an important achievement for the Company, and is the result of 3 years of collaborative work that included a broad consultation with stakeholders, the mobilization of the entire organization and the definition of a long-term agenda, with objective goals and numerous action plans, with aligned business and sustainability strategies.

Within the context of all the uncertainties we faced in 2021, we would like to thank our shareholders for the support and trust bestowed upon us, our customers, who entrusted us their health and rewarded us with their loyalty, and our employees, true healthcare heroes who dedicate themselves every day to take care of our customers.

CHALLENGES AND OPPORTUNITIES FOR 2022

Accelerate the digitalization of our relationship with the customer: We consolidated the New Pharmacy in 2021, achieving double-digit digital channels penetration. In 2022, we will continue to expand its penetration, which is central to our strategy due to the fact that the digitalization of the customer relationship increases their engagement, loyalty and spending. To that end, the improvement of the customer's experience will be paramount, requiring a constant monitoring of our digital NPS, understanding and addressing the customer pain points similarly to what we have done for years with the NPS of our pharmacies. We will also advance in reducing delivery times to one hour in denser regions of major urban centers, either through regular ship-from-store or through dark stores. Lastly, we will evolve our customer loyalty and retention models, including the strengthening of our loyalty programs as well as enhanced subscription programs and treatment adherence mechanisms.

Strengthen and scale-up the Marketplace: The marketplace started operating in 2021. Launched initially through Raia's website, it was later expanded to be incorporated in both Raia's and Drogasil's apps. We have already added a significant number of sellers as well as of listed items in the marketplace, and sales have started to gain traction. In 2022 we will focus on scaling-up the marketplace while improving seller engagement and SKUs turnover through the integration with the *Conecta Lá* Seller Center, a start-up invested in the end of 2021 in a transaction which also included the acquisition of the rights to its code. Finally, we will conclude our logistics master plan, which will allow us to fulfill 3P orders through our own DCs and pharmacies in the near future, including the in-store collection of 3P items by customers, which will leverage our unmatched capillarity also for the marketplace.

Advance with Vitat: Both Vitat's brand and app were launched in 2021. Vitat was born from the acquisition of Tech.fit, a startup that already operated apps related to healthy nutrition and exercising. At launch, Vitat's app offered a set of programs focused on a healthy living, leveraging the pre-existing solutions and providing integration with the Vitat Spaces, which are 21 health hubs created within RD's pharmacies. In 2022, the focus will be on the development of programs focused on chronic patients, who endure more complex healthcare journeys and boast a higher Customer Lifetime Value. We plan on creating solutions for these customers which will include adherence to treatment, drug purchasing benefits, health journey support through the app, including exercise, nutrition and sleep, as well as the offering of the pharmaceutical services available at RD's 1.5 thousand health hubs, which are expected to be fully connected to the app by the end of the year.

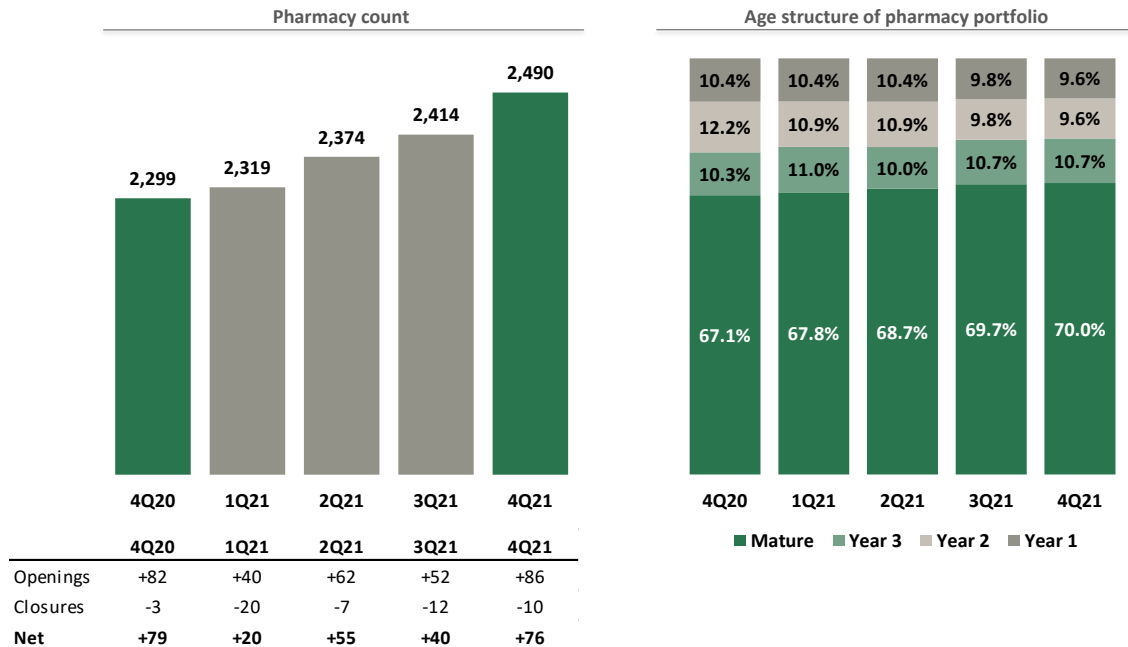
Transform our technology infrastructure: We will advance in the transformation of the Company's IT infrastructure. One of the major priorities is the conversion of our systems to microservices. This conversion began in 2020, will continue in 2022 and is expected to be completed by the end of 2023. In parallel, we are also migrating our IT infrastructure to the cloud. We will also focus on eliminating bottlenecks in code testing and homologation in order to allow for more frequent releases. This transformation is necessary to increase squad productivity and to improve the experience provided by our apps. Finally, we will continue to advance in data science, increasing the use of AI in our operations.

Evolve to a Digital Culture: The evolution of RD's business model, with an increased focus on the digitalization of healthcare, demands a profound cultural and organizational transformation. This transformation, which began in 2019 with the adoption of agile methods, needs to be intensified. This involves increasing the focus on the customer, enhancing the use of data, a broader dissemination of agile within the organization, improving the governance of the squads, as well as a less hierarchical and more flexible, collaborative and innovative culture, fostering entrepreneurship, risk taking and continuous learning by our executives.

PHARMACY DEVELOPMENT

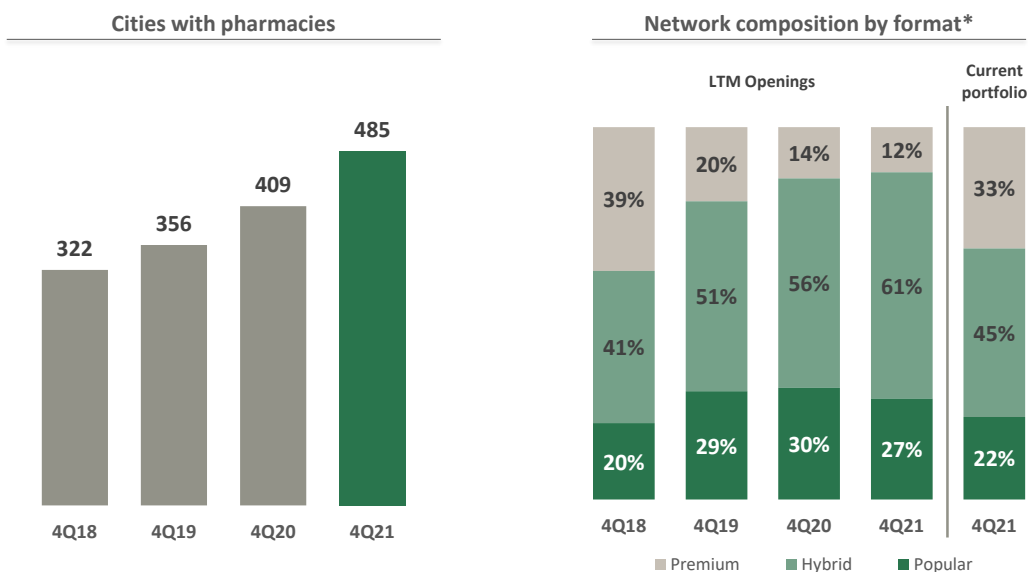
We opened 240 new pharmacies in 2021 and closed 49 (86 openings and 10 closures in the 4Q21), ending the year with 2,490 units in operation, in addition to 4 4Bio locations. We reiterate our gross openings guidance of 260 new pharmacies for 2022.

At the end of the period, 30.0% of our pharmacies were still in the process of maturation and had not yet reached their full potential both in terms of revenue and profitability.



Of the 49 pharmacies closed in 2021 (10 in the 4Q21), 15 were still in the maturation process (1 in the 4Q21) and represent corrections of mistakes that are to be expected in a large-scale expansion such as RD's. The remaining 34 closures (9 in the 4Q21) were mature units driven by the optimization of our pharmacy portfolio with positive return expectations associated to them.

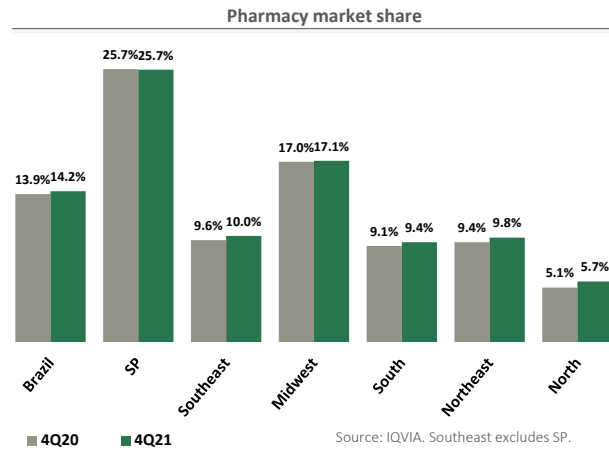
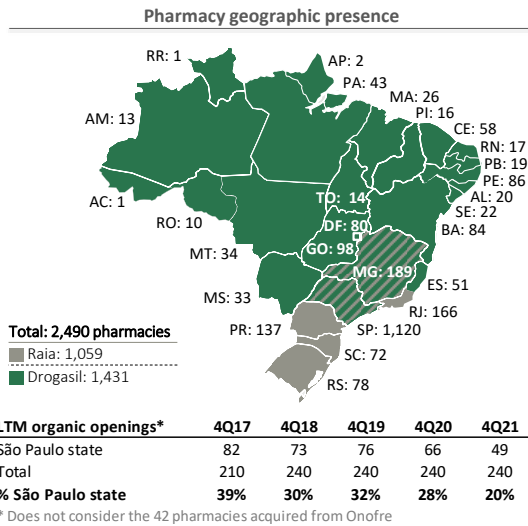
We highlight that the quantity of pharmacy closures was unusually high, since we had severely limited such closures in 2020 due to the uncertainties created by the pandemic. Over these 2 years, we closed a total of 60 pharmacies, corresponding to an average of 30 closures per year, in line with the Company's historical level.



* Openings exclude the Onfre acquisition.

We continued diversifying our pharmacy network in the quarter, both geographically and demographically, with 80% of our openings in the last twelve months outside of the state of São Paulo, our native market (and 95% out of the city of São Paulo). We also increased our capillarity, extending our presence to 485 cities, 76 more than in the 4Q20. And while 67% of our units have popular or hybrid formats, 88% of the openings in the last twelve months belong to these clusters, increasing our reach into the expanded middle class.

Lastly, we entered the states of Acre, Roraima and Amapá, expanding RD's presence to all 27 Brazilian states.



Our national market share totaled 14.2% in the quarter, a 0.3 percentage point increase when compared to the 4Q20.

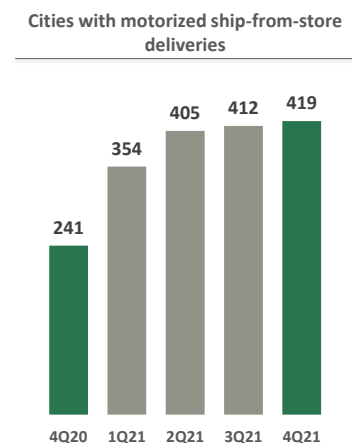
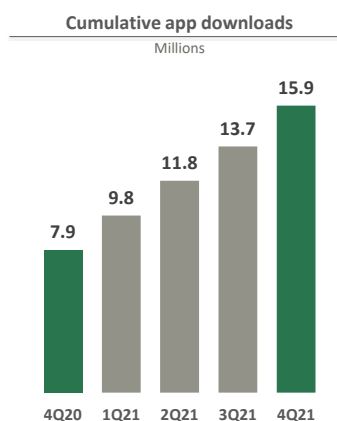
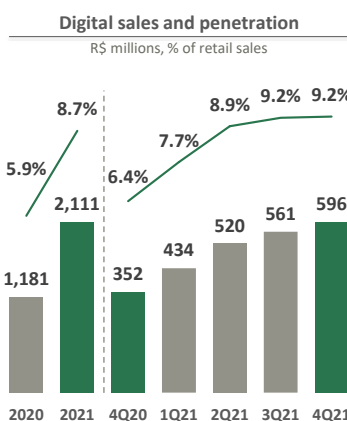
We recorded a 5.7% market share in the North, a 0.6 percentage point increase when compared to the 4Q20, a market share of 10.0% in the Southeast (excluding São Paulo), a 0.4 percentage point increment, and a market share of 9.8% in the Northeast, an increase of 0.4 percentage point.

In the South, we recorded a 9.4% market share, a 0.3 percentage point increase versus the same period of the previous year, a market share of 17.1% in the Midwest with a 0.1 percentage point gain, and a 25.7% market share in São Paulo, stable in comparison to the 4Q20.

In order to assure the comparability with the previous year, we considered the market data for 2020 updated by IQVIA to incorporate the historic information of the new informants added to the panel.

DIGITAL HEALTH TRANSFORMATION

Our digital health transformation is based on 3 complementary pillars: the New Pharmacy, which combines a health hub with a digital and omnichannel experience, the Marketplace, and the Integral Health Platform. Together, these three businesses will allow us to support our more than 42 million active customers in taking care of their health and well-being and, at the same time, increase their customer lifetime value through a greater frequency of interaction and overall spending.



The digitalization of the pharmacy significantly accelerated in 2021. We recorded R\$ 2.1 billion in revenues through digital channels (R\$ 596 million in the 4Q21), representing an average retail penetration of 8.7% (9.2% in the quarter) and growth of 79% over the previous year (69% in the 4Q21).

We highlight the importance of the pharmacies for the digital sales, as 89% of such transactions in the 4Q21 were fulfilled by the physical stores, with both quick delivery times and high economic efficiency. Click & Collect represented 49% of digital orders, while neighborhood deliveries amounted to another 11%, demonstrating the power of the capillarity and convenience of our pharmacies, which cover 91% of Brazil's A class population within a 1.5 km radius. Lastly, motorized ship-from-store deliveries were available in 419 cities by the end of the quarter, 86% of the municipalities in which RD operates pharmacies and complementing *Click & Collect* and the *Neighborhood Deliveries* and, which are available in 100% of our stores.

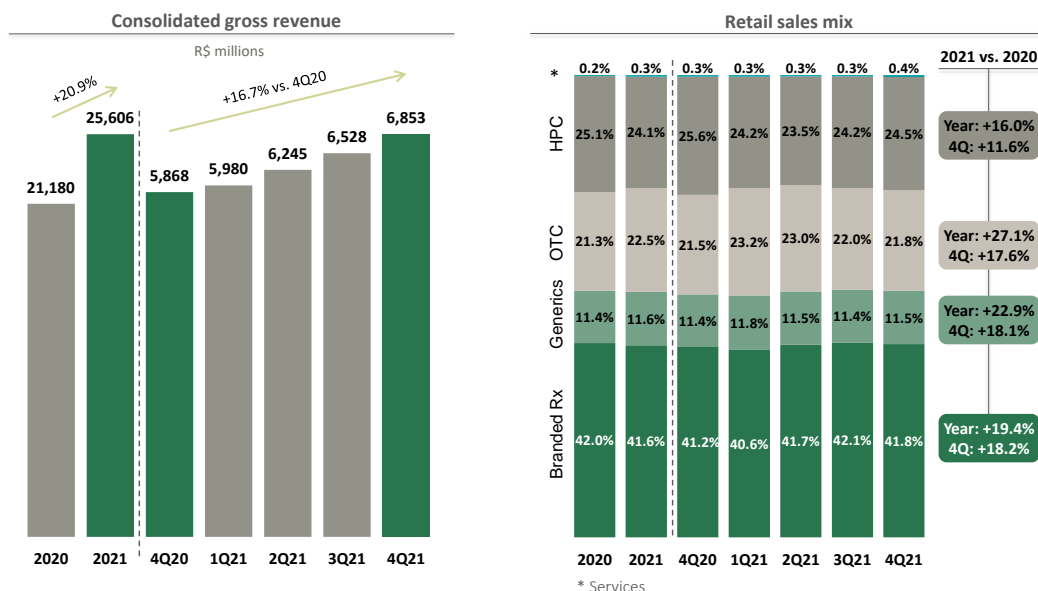
We recorded a total of 15.9 million cumulative app downloads since the 1Q19, a significant amount when compared to the universe of 42 million active customers which is paramount for the digitalization of our relationship with the customers. Such digitalization is essential to our long-term strategy, since customers who use our digital channels increase their loyalty, engagement and purchasing frequency, spending, on average, 20% to 25% more than before digital adoption, thus becoming a fundamental driver for value creation. Also, it will allow us to connect our customers to all the three pillars of our strategy: the New Pharmacy, the Marketplace and the Health Platform.

With the marketplace, we reached 80 thousand SKUs offered by more than 300 sellers. Additionally, in December, we invested in *Conecta Lá*, a Seller Center platform focused on vertical marketplaces which will improve the integration with our sellers, including product cataloging, order workflow, payment splitting, logistical solutions and business intelligence.

The investment in *Conecta Lá* and the acquisition of the rights to use its code will allow us to accelerate the development of RD's marketplace, improving the service to our sellers while reducing our transactional costs, thus contributing towards our aspiration of offering the most complete and robust health and well-being products assortment with a high level of satisfaction of both customers and sellers.

Lastly, Vitat reached 25 million unique visits in its digital channels, with over 2 million unique users in its apps and more than 120 thousand visualizations of its weekly podcast. We ended the year with 21 *Vitat Spaces* in RD's pharmacies, which offer a wide variety of services in connection with the app.

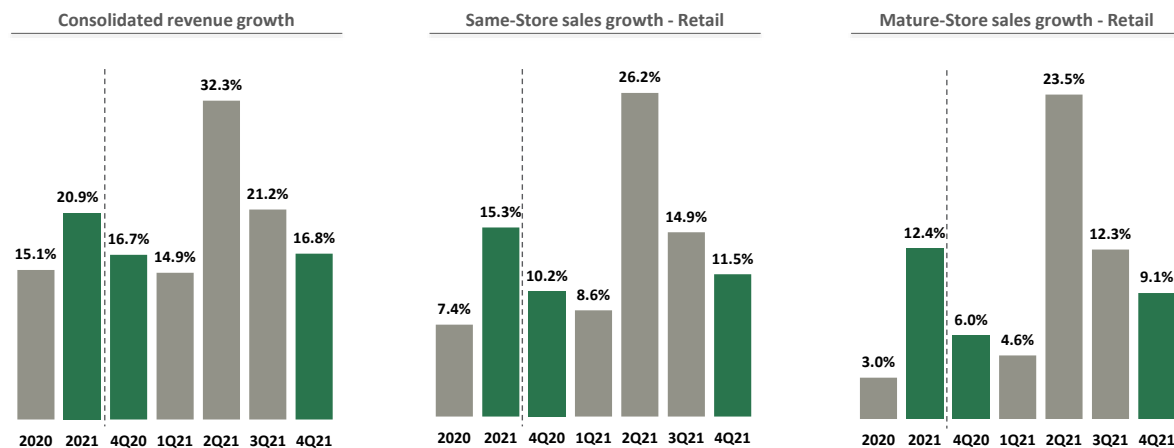
GROSS REVENUES



We ended 2021 with a consolidated revenue of R\$ 25,606 million (R\$ 6,853 million in the 4Q21), a 20.9% growth over 2020 (16.8% over the 4Q20).

OTC was the highlight of the year by growing 27.1% (17.6% in the 4Q21) and gaining 1.2 percentage point in the mix (0.3 p.p. in the quarter). The increase of OTC in the sales mix continues to be driven mainly by products related to the pandemic, such as masks, vitamins, anti-flu drugs and COVID-19 tests. In addition, Generics grew 22.9% (18.1% in the 4Q21) and gained 0.2 p.p. in the mix (0.1 p.p. in the quarter). Lastly, Branded Rx

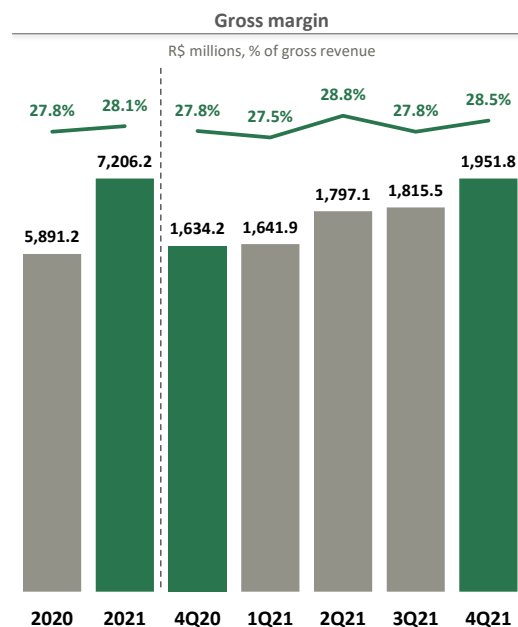
grew 19.4% in the year (18.2% in the 4Q21), with its participation in the sales mix decreasing by 0.4 p.p. (0.6 p.p. increase in the quarter), and HPC grew 16.0% in the year (11.6% in the 4Q21) and lost 1.0 p.p. in the mix (1.1 p.p. in the quarter).



We recorded a same-store sales growth of 15.3% at our pharmacies in 2021 (11.5% in the 4Q21), with 12.4% for mature stores (9.1% in the 4Q21). This represents a real mature store growth 2.3 percentage points above the inflation of 10.1% in the year as measured by the IPCA index.

GROSS PROFIT

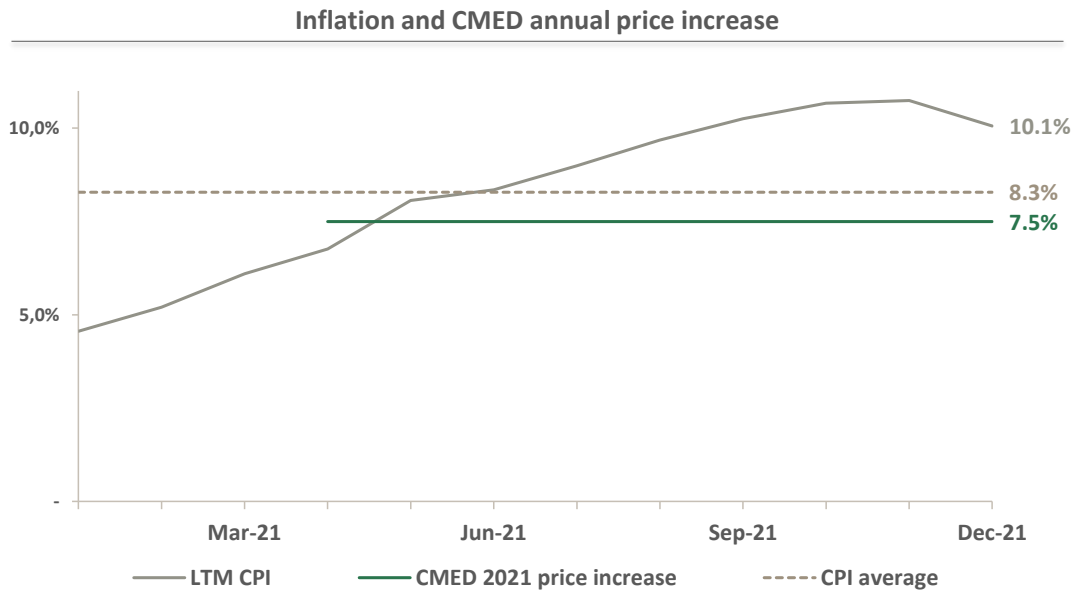
Our gross profit totaled R\$ 7,206.2 million in 2021 (R\$ 1,951.8 million in the 4Q21), with a gross margin of 28.1% (28.5% in the 4Q21), a 0.3 percentage point expansion in comparison to 2020. The year's gross margin benefitted from the inflationary gains on inventories due to the year's price increase, which was above the historical average, from the Net Present Value (NPV) adjustment increase, due to the higher interest rates, and from other commercial gains.



SELLING EXPENSES

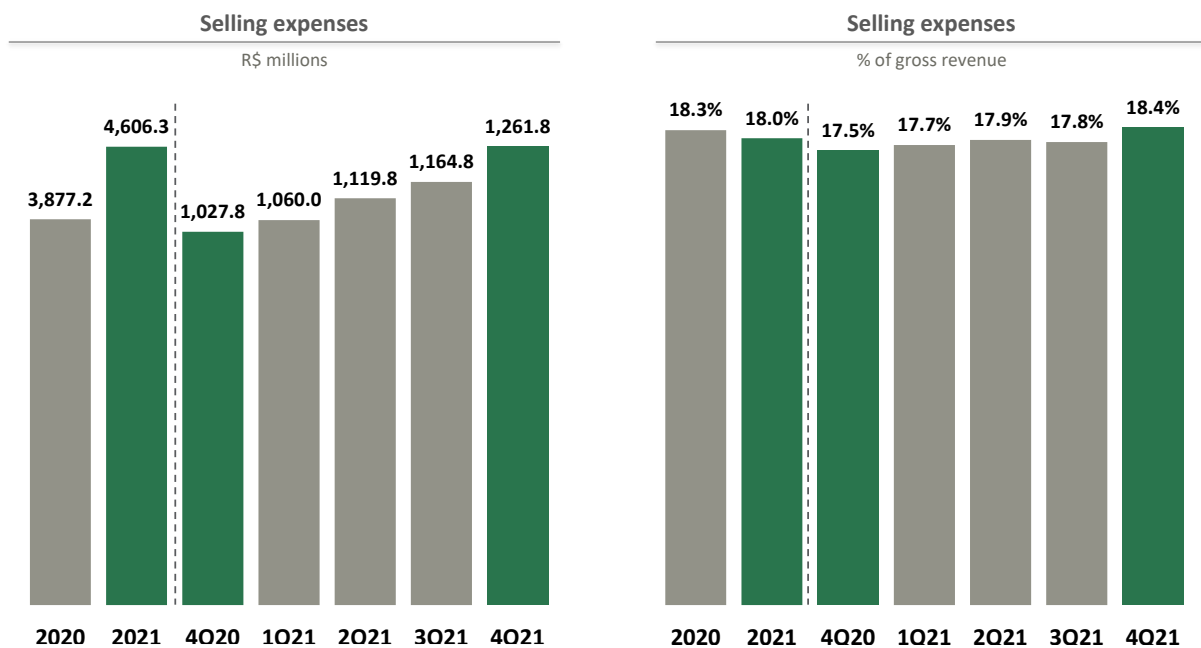
Selling expenses totaled R\$ 4,603.3 million in 2021, equivalent to 18.0% of gross revenue, a 0.3 percentage point dilution in comparison to 2020. This dilution comes mainly from the recovery of operating leverage, which decreased during the initial phase of the COVID-19 pandemic, including a dilution of 0.4 percentage point in personnel expenses, 0.1 p.p. in electricity and 0.1 p.p. in freight costs to pharmacies, partly offset by a 0.1 p.p. pressure in delivery costs, 0.1 p.p. in digital marketing and 0.1 p.p. in other selling expenses.

The CMED average drug price increase in 2021 totaled 7.5%, not far of the monthly average CPI inflation of 8.3%. However, we saw a significant inflationary acceleration through the year. In the 1H21, the CMED price increase exceeded the average inflation by 1.0 percentage point, thus favoring operating leverage gains. However, in the 2H21 the CMED price adjustment trailed the average CPI by 2.6 percentage points, which significantly pressured our expenses in the second half of the year and generated a loss in operating leverage, as illustrated in the chart below.



In the 4Q21, selling expenses totaled R\$ 1,261.8 million, equivalent to 18.4% of gross revenue, a 0.9 percentage point increase in comparison to the 4Q20 due to inflationary pressures in the period, which generated a loss of operating leverage. We recorded pressures of 0.3 percentage point in personnel, 0.2 p.p. in rentals, 0.1 p.p. in electricity, 0.1 p.p. in delivery expenses and 0.2 p.p. in other selling expenses.

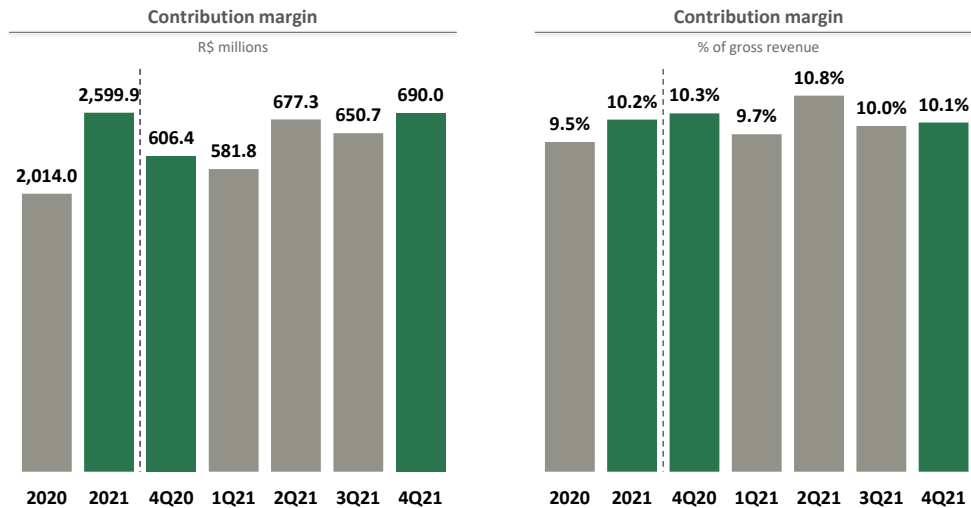
This inflationary pressure is expected to endure until the 1Q22, as in the end of March we will have the 2022 drug price increase, allowing for an inflationary recomposition starting in the 2Q22.



CONTRIBUTION MARGIN

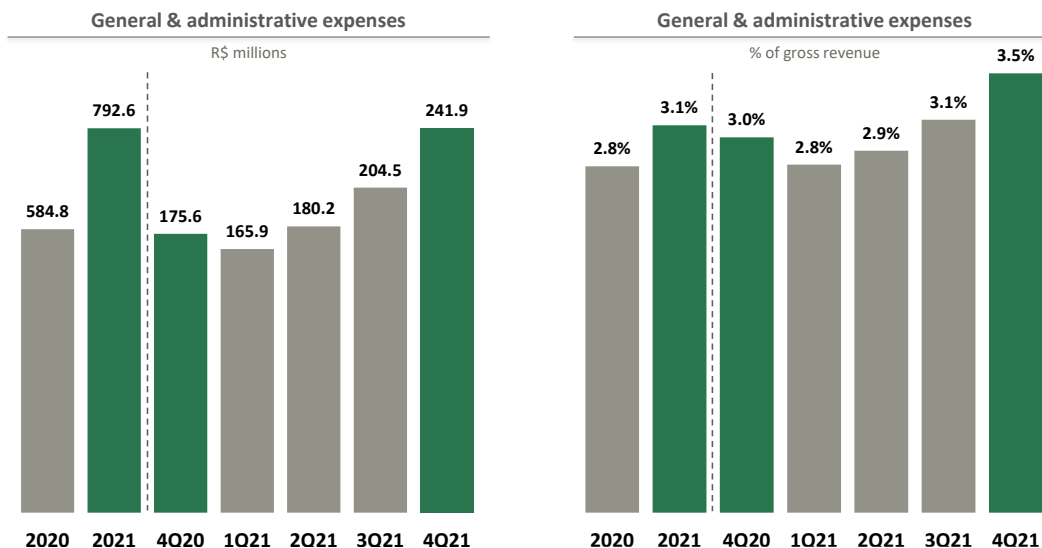
We recorded a contribution margin of R\$ 2,599.9 million in 2021, a 29% growth over 2020. This represented 10.2% of gross revenue, a 0.7 percentage point margin increase.

Our contribution margin in the 4Q21 totaled R\$ 690.0 million, an increase of 14% versus the 4Q20. This represented 10.1% of gross revenue, a margin pressure of 0.2 percentage point over the 4Q20 stemming from inflationary pressures.



GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses totaled R\$ 792.6 million in 2021, equivalent to 3.1% of gross revenue, a 0.3 percentage point increase in comparison to 2020.



We recorded pressures of 0.3 percentage point in personnel expenses, 0.1 with consulting services and 0.1 with software licenses, all of them related to our digital transformation and partly offset by a reduction of 0.2 percentage point in labor contingencies.

In the 4Q21, general and administrative expenses amounted to R\$ 241.9 million, equivalent to 3.5% of gross revenue, a 0.5 percentage point increase when compared to the same period of last year.

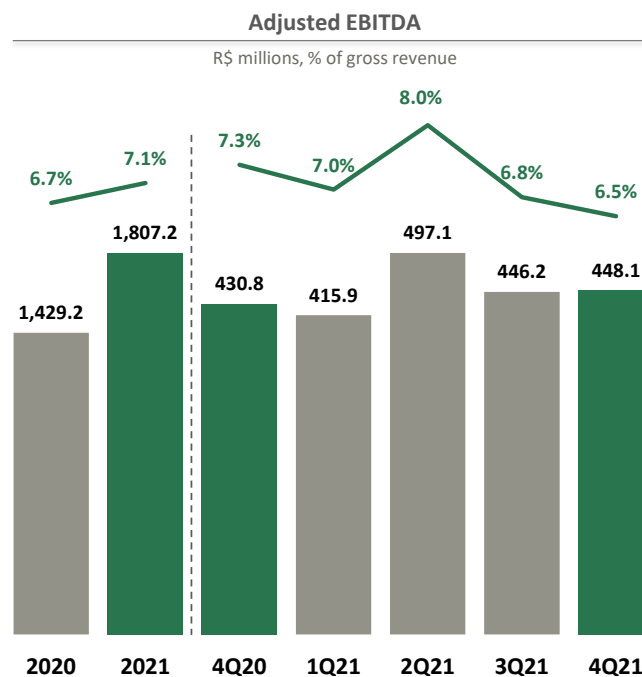
The investments into RD's digital transformation, which include squads, software licenses, support teams, infrastructure and third-party services, generated a 0.4 percentage point pressure in comparison to the 4Q20.

The steep increase in the quarter's expenses was intensified by the strong inflationary pressure, as the average CPI in the 4Q21 was 3.0 percentage points above the drug price increase authorized by CMED in 2021, reducing the Company's operating leverage. This pressure is expected to last until the 1Q22, reducing from 2Q22 onwards due to the expected inflationary recomposition stemming from CMED's 2022 price increase at the end of March, and contributing to a better absorption of these expenses.

EBITDA

Our adjusted EBITDA totaled R\$ 1.807.2 million in 2021, a 26% increase when compared to 2020. We recorded an adjusted EBITDA margin of 7.1%, a 0.4 percentage point expansion. While the New Pharmacy expanded its contribution margin in 0.7 percentage point, we recorded a 0.3 percentage point pressure in G&A from the investments into our corporate structure to support our new strategy.

In the 4Q21, the adjusted EBITDA amounted to R\$ 448.1 million. The adjusted EBITDA margin was of 6.5% in the quarter, a 0.8 percentage point contraction when compared to the same period of the previous year. The New Pharmacy's contribution margin decreased by 0.2 percentage point, while G&A expenses pressured results by 0.5 percentage point. These pressures stemmed mostly from the intense inflationary pressure recorded in the quarter. This trend is expected to revert starting in the 2Q22 due to the inflationary recomposition expected at the end of March due to CMED's 2022 drug price increase.



EBITDA RECONCILIATION AND NON-RECURRING EXPENSES

We recorded in 2021 R\$ 40.9 million in non-recurring expenses. This includes R\$ 23.0 million in non-recurring expenses from asset write-offs, mostly from store closures, and R\$ 15.9 million in donations, more than offset by R\$ 73.9 million in non-recurring gains from fiscal credits related to previous years, of R\$ 3.4 million from the change in the monetary restatement rate of labor contingencies and of R\$ 2.4 million in other non-recurring gains.

In the 4Q21, we recorded R\$ 26.5 million in net non-recurring expenses. This includes expenses of R\$ 20.3 million from asset write-offs, mostly from store closures, and of R\$ 8.4 million in donations, partly offset by R\$ 2.2 million in fiscal credits from previous years, besides another R\$ 0.1 million in other non-recurring expenses.

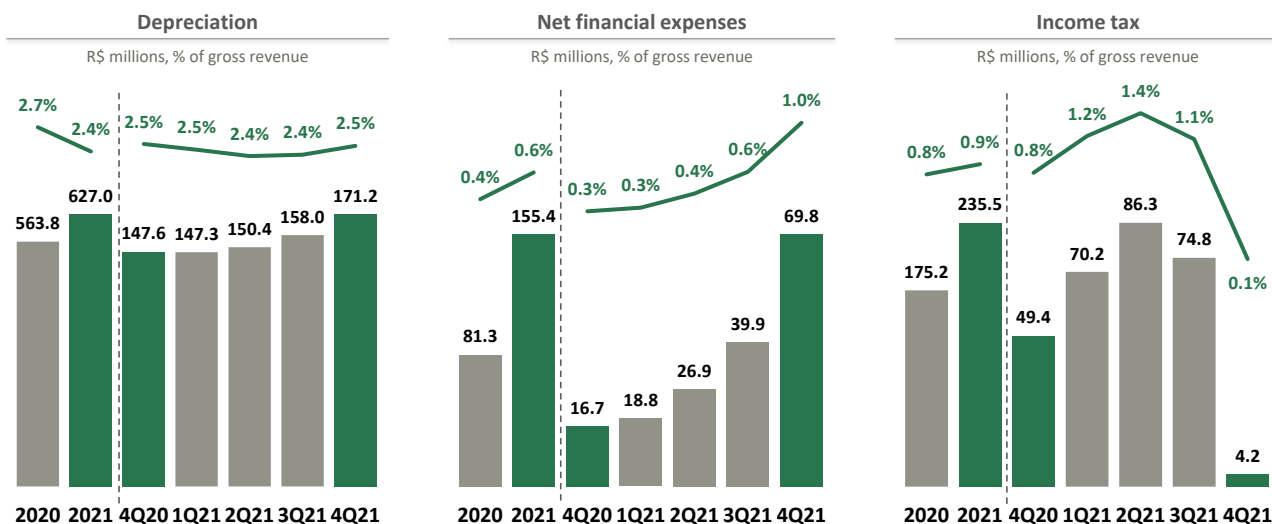
EBITDA reconciliation - R\$ millions	1Q21	2Q21	3Q21	4Q21	2021
Net income	188.8	266.4	172.8	187.2	815.2
Income tax	75.8	104.0	74.4	(4.8)	249.4
Equity equivalence	1.5	1.5	(0.2)	(1.7)	1.1
Financial result	18.8	26.9	39.9	69.8	155.4
EBIT	284.9	398.8	286.9	250.4	1,221.1
Depreciation and amortization	147.3	150.4	158.0	171.2	627.0
EBITDA	432.3	549.3	444.9	421.6	1,848.1
Asset write-offs	(1.1)	6.1	(2.3)	20.3	23.0
Donations	3.3	0.3	3.9	8.4	15.9
Labor contingencies	(3.4)	-	-	-	(3.4)
INSS, PIS and COFINS credits from previous years	(13.6)	(58.0)	-	(2.2)	(73.9)
Other non-recurring/non-operating effects	(1.6)	(0.5)	(0.4)	0.1	(2.4)
Non-recurring/non-operating expenses	(16.4)	(52.2)	1.2	26.5	(40.9)
Adjusted EBITDA	415.9	497.1	446.2	448.1	1,807.2

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

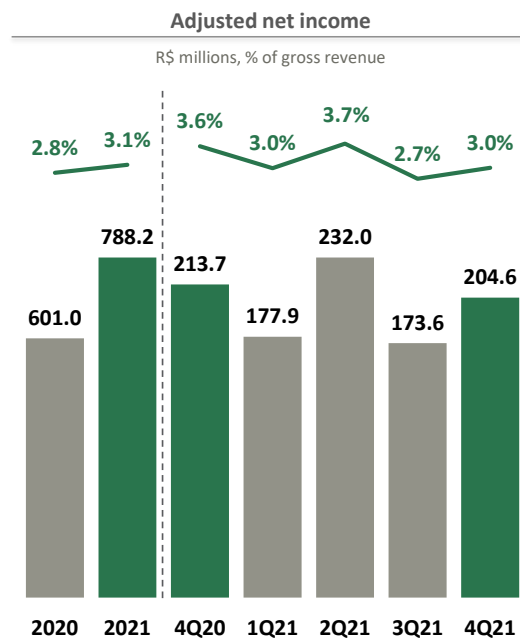
Depreciation expenses amounted to R\$ 627.0 million in 2021 (R\$ 171.2 million in the 4Q21), equivalent to 2.4% of gross revenues (2.5% in the quarter), a 0.3 percentage point dilution when compared to 2020 (stable in the 4Q21).

Net financial expenses represented 0.6% of gross revenue in 2021 (1.0% in the 4Q21), a 0.2 percentage point increase when compared to 2020 (0.7 percentage point in comparison with the 4Q20). Of the R\$ 155.4 million recorded in 2021 (R\$ 69.8 million in the 4Q21), R\$ 84.8 million refer to the actual financial interest accrued on financial liabilities (R\$ 31.8 million in the 4Q21), equivalent to 0.3% of gross revenue (0.5% in the 4Q21), a 0.1 percentage point increase when compared to 2020 (0.3 percentage point in the quarter). We've also recorded R\$ 67.8 million in financial expenses which refer to the NPV adjustment (R\$ 37.2 million in the 4Q21) and R\$ 2.8 million which refers to the interest on the option to acquire the remaining 15% of 4Bio (R\$ 0.7 million in the 4Q21).

Lastly, we booked R\$ 235.5 million in income taxes in the year (R\$ 4.2 million in the 4Q21), equivalent to 0.9% of gross revenue (0.1% in the quarter), a 0.1 percentage point increase (0.7 percentage point reduction in the 4Q21). The 4Q21 included a favorable effect of R\$ 21.8 million from the greater appropriation of interest on equity when compared to the 4Q20, a R\$ 9.2 million gain from technology incentives and a R\$ 5.4 million credit from the recovery of payments on monetary restatements of undue payments and withdrawal of judicial deposits. Without these effects, the income taxes would be 1.1% of gross revenue in 2021 (0.6% in the 4Q21).

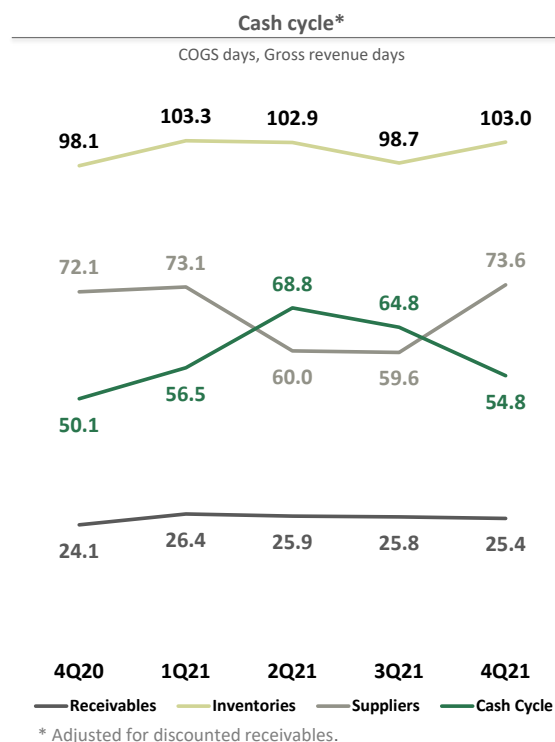


NET INCOME



Our adjusted net income totaled R\$ 788.2 million in 2021 (R\$ 204.6 million in the 4Q21), a 31% growth in comparison with 2020 (reduction of 4% in the 4Q21). The adjusted net margin was of 3.1% in the year (3.0% in the 4Q21), a 0.3 percentage point increase versus 2020 (0.6 p.p. contraction in the quarter).

CASH CYCLE



Our cash cycle in the 4Q21 was of 54.8 days, a sequential reduction of 10 days and 4.7 days increase when compared to the same period of the previous year, when we had a record-low cash cycle. When compared to the 4Q20, our inventories increased by 4.9 days, accounts payable increased by 1.5 day and receivables increased by 1.3 day.

CASH FLOW

Cash flow	2021	2020	4Q21	4Q20
<i>(R\$ million)</i>				
Adjusted EBIT	1,180.3	865.3	276.9	283.3
NPV adjustment	(72.1)	(24.4)	(44.9)	(7.9)
Non-recurring expenses	40.9	(32.9)	(26.5)	(23.0)
Income tax (34%)	(390.7)	(274.7)	(69.9)	(85.8)
Depreciation	626.8	563.8	171.1	147.6
Others	65.3	142.9	48.1	95.2
Resources from operations	1,450.5	1,240.0	354.8	409.3
Cash cycle*	(770.9)	(256.9)	279.1	378.5
Other assets (liabilities)**	142.0	(25.1)	(77.4)	(171.2)
Operating cash flow	821.6	958.0	556.5	616.7
Investments	(847.8)	(669.8)	(287.2)	(196.4)
Free cash flow	(26.3)	288.2	269.2	420.3
M&A and other investments	(137.3)	(3.3)	(84.6)	(1.5)
Interest on equity and dividends	(314.8)	(190.5)	(231.1)	(63.4)
Income tax paid over interest on equity	(33.6)	(18.7)	(8.0)	(6.7)
Net financial expenses***	(87.7)	(56.7)	(32.5)	(9.9)
Share buyback	(73.2)	-	-	-
Tax benefit (fin. exp., IoE, dividends)	99.5	84.9	48.8	19.4
Total Cash Flow	(573.4)	103.9	(38.2)	358.0

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

In 2020, we recorded a negative free cash flow of R\$ 26.3 million and a total cash consumption of R\$ 573.4 million. Despite the cash cycle pressure due to the record-low comparison base of the 4Q20 and the CAPEX increase in the year, the strong operational performance led to an almost neutral free cash flow.

Resources from operations totaled R\$ 1,450.5 million, equivalent to 5.7% of gross revenue. We recorded a working capital increase of R\$ 628.9 million, resulting in an operating cash flow of R\$ 821.6 million that partially financed the CAPEX of R\$ 847.8 million.

In the 4Q21, we recorded a positive free cash flow of R\$ 269.2 million, with a total cash consumption of R\$ 38.2 million.

Of the R\$ 847.8 million invested in 2021 (R\$ 287.2 million in the 4Q21), R\$ 377.5 million were used for the opening of new pharmacies (R\$ 126.4 million in the 4Q21), R\$ 155.3 million for the renovation or expansion of existing locations, R\$ 218.6 million for IT (R\$ 71.3 million in the 4Q21), R\$ 77.1 million in logistics (R\$ 39.2 million in the 4Q21) and R\$ 19.3 million in other initiatives (R\$ 6.6 million in the 4Q21).

2021 also included important investments by RD Ventures into the construction of our health ecosystem. With a total of 6 investments in startups announced throughout the year, including Tech.fit, Healthbit, Cuco Health, Conecta Lá, Amplimed and Labi Exames, we recorded a total disbursement of R\$ 137.4 million in acquisitions, investments and capital increases in 2021 (R\$ 84.6 million in the 4Q21).

Payments related to net financial expenses totaled R\$ 87.7 million in 2021 (R\$ 32.5 million in the 4Q21). These payments were offset by R\$ 99.5 million in tax benefits related to interest on equity (R\$ 48.8 million in the 4Q21).

Lastly, we provisioned R\$ 366.0 million in proceeds in 2021, of which R\$ 205.0 million were in interest on equity and R\$ 161.0 million in dividends, representing a payout of 45% of the year's adjusted net income.

INDEBTEDNESS

We ended 2021 with an adjusted net debt of R\$ 1,393.0 million, versus R\$ 819.5 million in 2020. This equals an adjusted net debt to EBITDA ratio of 0.8x, 0.2x higher the previous year.

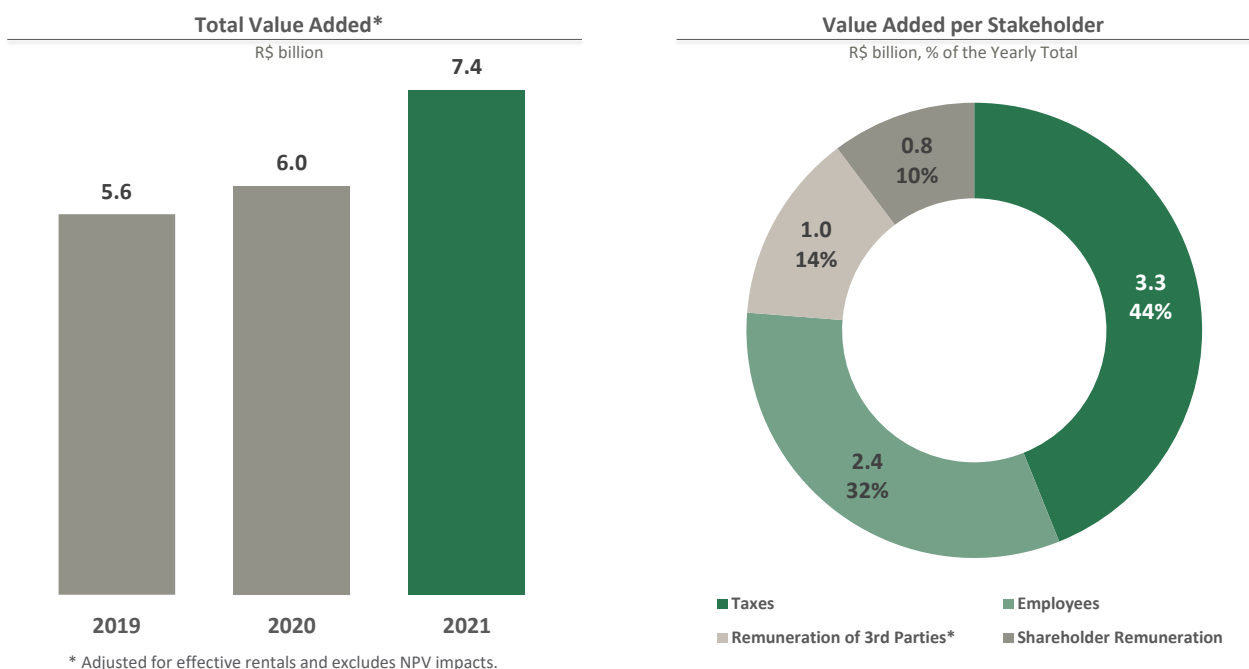
Our adjusted net debt includes R\$ 37.9 million in liabilities related to the exercise of the put option granted and/or call option obtained for the acquisition of the remaining 15% minority stake of 4Bio.

Net Debt (R\$ millions)	4Q21	3Q21	2Q21	1Q21	4Q20
Short-term Debt	613.8	630.1	622.7	206.7	531.2
Long-term Debt	891.4	934.7	934.3	1,426.2	1,122.2
Total Gross Debt	1,505.2	1,564.8	1,557.0	1,632.8	1,653.5
(-) Cash and Equivalents	356.1	247.2	266.7	734.4	880.4
Net Debt	1,149.1	1,317.6	1,290.4	898.4	773.1
Discounted Receivables	205.9	0.5	6.6	-	-
Put/Call options to acquire 4Bio (estimated)	37.9	36.6	35.9	47.1	46.4
Adjusted Net Debt	1,393.0	1,354.8	1,332.8	945.5	819.5
Adjusted Net Debt / EBITDA	0.8x	0.8x	0.8x	0.6x	0.6x

Our gross debt totaled R\$ 1,505.2 million, of which 70.1% corresponds to the debentures issued in 2017, 2018 and 2019, to the Certificate of Real Estate Receivables issued in 2019 and to the commercial papers issued in 2020 and 29.9% corresponds to other credit lines. Of our total debt, 59% is long-term, while 41% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 356.1 million.

SHARED VALUE CREATION

In 2021, we shared R\$ 7.4 billion in added value, an increase of 23% over the previous year, split as follows: R\$ 3.3 billion was shared with our government, in the federal, state and municipal levels in the form of taxes and fees, R\$ 2.4 billion with our employees, R\$ 1.0 billion with the landlords of properties we rent and with financial institutions and R\$ 0.8 billion with our shareholders.

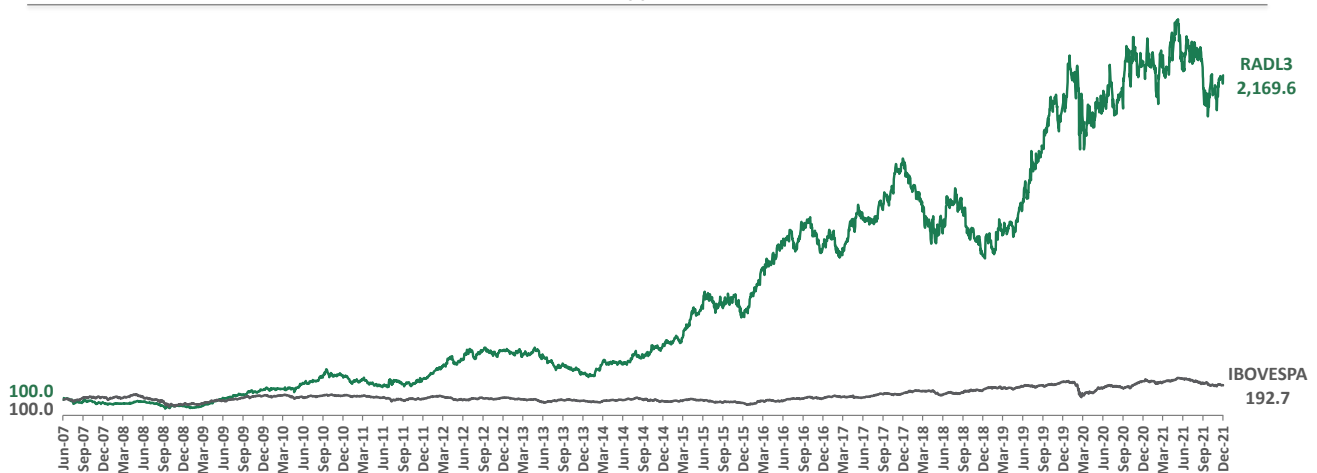


TOTAL SHAREHOLDER RETURNS

Our share price decreased by 3.0% in 2021, 9.2 percentage points better than the IBOVESPA, which decreased by 12.1%. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 2,070% versus a return of only 93% for the IBOVESPA. Including the payment of interest on equity and dividends, we generated an average annual total return to shareholders of 24.0%.

Considering the IPO of Raia in December of 2010, the cumulative return amounted to 734% versus an increase of only 54% of the IBOVESPA. Considering the payment of interest on equity and dividends, this resulted in an average annual total return to shareholders of 21.6%. Lastly, our shares recorded an average daily trading volume of R\$ 146 million in the year.

Share appreciation



SUSTAINABILITY

In May 2021, we unveiled our sustainability strategy, **Walking Together**, a pragmatic plan to bring into fruition our Ambition to become, by 2030, the group that contributes the most towards a healthier society in Brazil. Within this plan, we disclosed 35 commitments in eight thematic fields, grouped in three dimensions that guide our ESG efforts for years: *Healthier People*, *Healthier Businesses* and *Healthier Planet*. To reach the objectives laid out in Walking Together, we developed initiatives and projects of impact within each pillar.

In 2021, we focused on monitoring 5 commitments and 7 indicators, with goals for the current year that would set the Company into the direction of the goals set for 2030. The progress with these indicators is detailed in the table below.

Pillar	Goal	2030 target	2021 target	2021 result
People	% Risk factor reduction	50%	10%	23.5%
	% Chronic employees in health programs	100%	20%	31.3%
Businesses	Gender equality			
	% Women in executive leadership	50%	19.6%	26.3%
	% Women in functional leadership	50%	47.8%	42.5%
	% Women in operational leadership	50%	66%	68.5%
	Supply chain			
	% Evaluated suppliers in critical categories	100%	50%	100%
Planet	% Conscious discarding coverage (cities)	100%	100%	94.4%

Within this context, the Company highlights the results achieved in each of the three pillars of the Sustainability Strategy:

Healthier People: The commitment of transforming ourselves into a platform for integral health urges us to become a reference player in *taking care of our employees*. In 2021, we consolidated several initiatives for the engagement of our own people to incentivize habit change, named *The Better Version of Myself*. In six months, 31.3% of employees with chronic diseases were enrolled into health programs, surpassing our goal of 20% for the year. Of all the employees who completed their health profile, 23.5% had their risk factors reduced, another result that went beyond the goal set for the end of 2021. Also, in a context of the pandemic, we made telemedicine consultations by Albert Einstein Hospital available to our employees, with over 49 thousand consultations made in the year.

In *taking care of our customers*, our pharmacies have taken on an increasing role in prevention and health promotion. With the expansion of our pharmaceutical services at our locations, including 1,5 thousand health hubs, we performed 3 million COVID-19 quick tests in 2021, and provided 198 thousand immunizations against COVID-19 in our pharmacies, in partnership with several municipalities.

In *taking care of our communities*, we increased our social investments. With the challenges brought by nearly two years of the COVID-19 pandemic, RD sustained its efforts to support the society in programs in fighting the virus. In 2021, we participated in the *United by the Vaccine* movement, with the donation of approximately R\$ 5 million in equipment and supplies to healthcare institutions in 98 municipalities. Additionally, we invested R\$ 5 million in integral health initiatives across Brazil. The involvement of our customers was another highlight, with 48% of growth in donations to healthcare institutions backed by the sales of the social magazines *Sorria* and *Todos* in our pharmacies.

Healthier Businesses: The establishment of a diverse and inclusive working environment is one of the most important goals for RD. In 2021, we advanced in our *diversity and inclusion* strategy, organizing several initiatives that seek to educate and inform our executive leadership. And, to that end, we count on the expertise of renown external consultants, specialized in their fields. We structured governance for the topic, defining responsibilities and inviting our executives to become sponsors in the agendas of genders, LGBTI+, race, generations and people with deficiencies. We obtained the recognition from *Women on Board (WOB)*, which highlights and values corporate environments with the presence of two or more women in the board of directors. Lastly, we advanced in the composition of our female leadership. In 2021, we reached the milestone of 26.3% of women in executive leadership positions (directors and C-level), above the target of 19.6% for 2021.

We reinforce our historical commitment towards the *career development of our employees*, starting at the pharmacy entry level and potentially progressing towards store manager in up to five years. Today, 100% of our pharmacy managers have been promoted from within the Company under our career program.

We have also invested in the development of our leaders by educating them with the new skills required to advance in their careers. In 2021, we developed and promoted 493 people to different management positions, who took on the responsibility of leading our pharmacies throughout the country. We signed partnerships with education institutions and doubled the number of scholarships for undergrad and graduate courses, ending the year with 752 benefitted employees.

Within our *supply chain*, we strengthened our commitment with developing positive relationships with our commercial partners through the improvement of our program *ESG in our Supply Chain*, which includes sustainability evaluations starting when suppliers are still potential partners. In 2021, 100% of the suppliers marked as critical under a socioenvironmental lens underwent an ESG evaluation led by our Supplier Governance team.

Healthier Planet: Under the topic of *waste management*, RD has pioneered the adoption of a program dedicated to the correct disposal of expired or damaged medicines and became a reference in the issue over the last 10 years. Year after year, we have increased the program's coverage, assuring the correct disposal of these materials and preventing them from damaging the environment or causing health problems to other people. The combination of a greater number of collecting stations in our pharmacies with the increasing engagement of our customers with the program resulted in the collection of 137 tons of material in 2021, a volume increase of 117% when compared to the previous year.

With *climate change*, we promoted an initiative in the city of Uberlândia (MG) in partnership with a startup which is piloting deliveries through bicycles. The pilot totaled 4.2 thousand deliveries, with 81% made using electric bicycles. In 2021, we compensated 70% of our greenhouse gas emissions of 2020 and tripled the number of pharmacies supplied by renewable sources of electricity, such as biomass, photovoltaic and small hydropower plants, reaching 735 units. Finally, 100% of our pharmacies use LED lighting and we continue advancing in the replacement of our air conditioning equipment to use models with inverter technology, which reduces electricity consumption by circa 15% in comparison to conventional models.

Finally, we are proud to share that in January 2022, RD's shares were included into the **ISE**, B3's sustainability index, which includes Brazil's top 46 companies evaluated for corporate sustainability based on economic efficiency, environmental equilibrium, social justice and governance criteria. The inclusion of RD into ISE was an important achievement for the Company, and is the result of 3 years of collaborative work that included a broad consultation with stakeholders, the mobilization of the entire organization and the definition of a long-term agenda, with objective goals and numerous action plans, with aligned business and sustainability strategies.

IFRS 16

Since 2019, our financial statements have been 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 ir.rd.com.br, under Interactive Spreadsheets.

Income Statement (R\$ millions)	4Q21			2021		
	IAS 17	IFRS 16	Change	IAS 17	IFRS 16	Change
Gross Revenue	6,853.1	6,853.1	0.0	25,605.7	25,605.7	0.0
Gross Profit	1,951.8	1,951.8	0.0	7,206.2	7,206.2	0.0
Gross Margin	28.5%	28.5%	0.0%	28.1%	28.1%	0.0%
Selling Expenses	(1,261.8)	(1,043.4)	218.4	(4,606.3)	(3,796.1)	810.2
G&A	(241.9)	(241.5)	0.5	(792.6)	(790.8)	1.8
Total Expenses	(1,503.7)	(1,284.8)	218.8	(5,398.9)	(4,586.9)	812.0
as % of Gross Revenue	21.9%	18.7%	(3.2%)	21.1%	17.9%	(3.2%)
Adjusted EBITDA	448.1	667.0	218.8	1,807.2	2,619.2	812.0
as % of Gross Revenue	6.5%	9.7%	3.2%	7.1%	10.2%	3.2%
Non-Recurring Expenses / Revenues	(26.5)	(26.2)	0.3	40.9	40.7	(0.2)
Depreciation and Amortization	(171.2)	(349.8)	(178.6)	(627.0)	(1,292.3)	(665.3)
Financial Results	(69.8)	(127.7)	(58.0)	(155.4)	(379.2)	(223.8)
Equity Equivalence	1.7	1.7	0.0	(1.1)	(1.1)	0.0
Income Tax	4.8	10.7	5.9	(249.4)	(223.1)	26.3
Net Income	187.2	175.6	(11.5)	815.2	764.1	(51.0)
as % of Gross Revenue	2.7%	2.6%	(0.2%)	3.2%	3.0%	(0.2%)

Balance Sheet (R\$ millions)	4Q21		Change
	IAS 17	IFRS 16	Δ 4Q21
Assets	11,445.4	14,775.5	3,330.1
Current Assets	7,718.9	7,718.9	0.0
Taxes Receivable	195.7	195.8	0.0
Non-Current Assets	3,726.5	7,056.6	3,330.1
Other Credits	28.5	28.0	(0.5)
Property, Plant and Equipment	1,999.0	5,329.6	3,330.6
Liabilities and Shareholder's Equity	11,445.4	14,775.5	3,330.1
Current Liabilities	5,211.1	5,896.2	685.1
Financial Leases	0.0	699.2	699.2
Other Accounts Payable	245.2	231.1	(14.1)
Non-Current Liabilities	1,298.4	4,160.5	2,862.1
Financial Leases	0.0	2,973.7	2,973.7
Provision for Lawsuits	52.9	53.1	0.2
Income Tax and Social Charges Deferred	200.7	89.0	(111.6)
Other Accounts Payable	153.5	153.3	(0.2)
Shareholder's Equity	4,935.9	4,718.8	(217.1)
Income Reserves	2,267.9	2,050.9	(217.0)
Non Controller Interest	41.2	41.1	(0.0)

Cash Flow (R\$ millions)	4Q21			2021		
	IAS 17	IFRS 16	Change	IAS 17	IFRS 16	Change
Adjusted EBIT	276.9	317.1	40.2	1,180.3	1,326.9	146.7
NPV Adjustment	(44.9)	(44.9)	0.0	(72.1)	(72.1)	0.0
Non-Recurring Expenses	(26.5)	(26.2)	0.3	40.9	40.7	(0.2)
Income Tax (34%)	(69.9)	(83.6)	(13.8)	(390.7)	(440.5)	(49.8)
Depreciation	171.1	349.8	178.8	626.8	1,292.3	665.5
Rental Expenses	0.0	(219.2)	(219.2)	0.0	(811.8)	(811.8)
Others	48.1	61.8	13.7	65.3	114.9	49.6
Resources from Operations	354.8	354.8	0.0	1,450.5	1,450.5	0.0
Cash Cycle*	279.1	279.1	0.0	(770.9)	(770.9)	0.0
Other Assets (Liabilities)**	(77.4)	(77.4)	0.0	142.0	142.0	0.0
Operating Cash Flow	556.5	556.5	0.0	821.6	821.6	0.0
Investments	(287.2)	(287.2)	0.0	(847.8)	(847.8)	0.0
Free Cash Flow	269.2	269.2	0.0	(26.3)	(26.3)	0.0
M&A and other investments	(84.6)	(84.6)	0.0	(137.3)	(137.3)	0.0
Interest on equity and dividends	(231.1)	(231.1)	0.0	(314.8)	(314.8)	0.0
Income tax paid over interest on equity	(8.0)	(8.0)	0.0	(33.6)	(33.6)	0.0
Net financial expenses***	(32.5)	(32.5)	0.0	(87.7)	(87.7)	0.0
Share buyback	0.0	0.0	0.0	(73.2)	(73.2)	0.0
Tax benefit (fin. exp., IoE, dividends)	48.8	48.8	0.0	99.5	99.5	0.0
Total Cash Flow	(38.2)	(38.2)	0.0	(573.4)	(573.4)	0.0

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

4Q21 Results Conference Calls – February 23rd, 2022

Portuguese

at 10:00 am (BRT)

Link:

<https://www.resultadosrd.com.br/>

English

at 12:00 pm (BRT)

Link:

<https://www.resultadosrd.com.br/>

For more information, please contact our Investor Relations department.

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Consolidated Adjusted Income Statement <i>(R\$ thousands)</i>	4Q20	4Q21	2020	2021
Gross Revenue	5,868,052	6,853,140	21,180,475	25,605,685
Taxes, Discounts and Returns	(314,311)	(379,315)	(1,113,637)	(1,478,680)
Net Revenue	5,553,741	6,473,825	20,066,838	24,127,005
Cost of Goods Sold	(3,919,528)	(4,522,021)	(14,175,656)	(16,920,835)
Gross Profit	1,634,213	1,951,805	5,891,182	7,206,170
Operational (Expenses) Revenues				
Sales	(1,027,786)	(1,261,758)	(3,877,221)	(4,606,314)
General and Administrative	(175,584)	(241,936)	(584,793)	(792,611)
Operational Expenses	(1,203,370)	(1,503,695)	(4,462,014)	(5,398,925)
EBITDA	430,843	448,110	1,429,169	1,807,245
Depreciation and Amortization	(147,571)	(171,187)	(563,847)	(626,995)
Operational Earnings before Financial Results	283,271	276,923	865,322	1,180,251
Financial Expenses	(30,289)	(102,557)	(135,480)	(235,445)
Financial Revenue	13,600	32,799	54,182	80,017
Financial Expenses/Revenue	(16,689)	(69,758)	(81,298)	(155,427)
Equity Equivalence	(3,551)	1,694	(7,867)	(1,128)
Earnings before Income Tax and Social Charges	263,031	208,859	776,157	1,023,695
Income Tax and Social Charges	(49,359)	(4,220)	(175,172)	(235,520)
Net Income	213,672	204,639	600,984	788,175

Consolidated Income Statement <i>(R\$ thousands)</i>	4Q20	4Q21	2020	2021
Gross Revenue	5,868,052	6,853,140	21.180.475	25,605,685
Taxes, Discounts and Returns	(314,311)	(379,315)	(1.113.637)	(1,478,680)
Net Revenue	5,553,741	6,473,825	20.066.838	24,127,005
Cost of Goods Sold	(3,919,528)	(4,522,021)	(14.175.656)	(16,920,835)
Gross Profit	1,634,213	1,951,805	5.891.182	7,206,170
Operational (Expenses) Revenues				
Sales	(1,027,786)	(1,261,758)	(3.877.221)	(4,606,314)
General and Administrative	(175,584)	(241,936)	(584.793)	(792,611)
Other Operational Expenses, Net	(23,000)	(26,491)	(32.917)	40,874
Operational Expenses	(1,226,370)	(1,530,186)	(4.494.931)	(5,358,051)
EBITDA	407,842	421,619	1.396.251	1,848,119
Depreciation and Amortization	(147,571)	(171,187)	(563.847)	(626,995)
Operational Earnings before Financial Results	260,271	250,431	832.405	1,221,124
Financial Expenses	(30,289)	(102,557)	(135.480)	(235,445)
Financial Revenue	13,600	32,799	54.182	80,017
Financial Expenses/Revenue	(16,689)	(69,758)	(81.298)	(155,427)
Equity Equivalence	(3,551)	1,694	(7.867)	(1,128)
Earnings before Income Tax and Social Charges	240,031	182,367	743.240	1,064,569
Income Tax and Social Charges	(41,539)	4,788	(163.981)	(249,417)
Net Income	198,492	187,155	579.259	815,152

Assets	4Q20	4Q21
<i>(R\$ thousands)</i>		
Current Assets		
Cash and Cash Equivalents	880,357	356,117
Accounts Receivable	1,555,434	1,710,057
Inventories	4,225,407	5,117,799
Taxes Receivable	61,491	195,730
Other Accounts Receivable	261,045	290,837
Anticipated Expenses	36,738	48,359
	<u>7,020,472</u>	<u>7,718,899</u>
Non-Current Assets		
Deposit in Court	25,753	29,952
Taxes Receivable	111,548	132,929
Income Tax and Social Charges deferred	34,605	49,047
Other Credits	352,350	28,454
Investments	0	830
Property, Plant and Equipment	1,859,220	1,999,020
Intangible	1,261,708	1,486,252
	<u>3,645,184</u>	<u>3,726,484</u>
ASSETS	<u>10,665,656</u>	<u>11,445,383</u>

Liabilities and Shareholder's Equity <i>(R\$ thousands)</i>	<u>4Q20</u>	<u>4Q21</u>
Current Liabilities		
Suppliers	3,106,937	3,656,605
Loans and Financing	531,204	613,831
Salaries and Social Charges Payable	309,161	420,356
Taxes Payable	138,673	154,772
Dividend and Interest on Equity	66,295	76,787
Provision for Lawsuits	32,835	43,560
Other Accounts Payable	181,417	245,170
	<u>4,366,522</u>	<u>5,211,081</u>
Non-Current Liabilities		
Loans and Financing	1,122,250	891,393
Provision for Lawsuits	70,822	52,915
Income Tax and Social Charges deferred	158,141	200,660
Other Accounts Payable	406,058	153,466
	<u>1,757,270</u>	<u>1,298,434</u>
Shareholder's Equity		
Common Stock	2,500,000	2,500,000
Capital Reserves	148,029	89,914
Revaluation Reserve	11,677	11,514
Income Reserves	1,780,379	2,267,879
Accrued Income	-	-
Equity Adjustments	(30,230)	3,261
Non Controller Interest	62,531	41,170
Additional Dividend Proposed	69,478	22,129
	<u>4,541,863</u>	<u>4,935,868</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>10,665,656</u>	<u>11,445,383</u>

Cash Flow	4Q20	4Q21	2020	2021
<i>(R\$ thousands)</i>				
Earnings before Income Tax and Social Charges	237,468	188,109	743,240	1,043,196
Adjustments				
Depreciation and Amortization	147,572	171,064	563,848	626,812
Compensation plan with restricted shares, net	5,107	5,470	18,090	15,113
Interest over additional stock option	657	734	4,335	2,819
P,P&E and Intangible Assets residual value	693	12,427	3,580	23,865
Provisioned Lawsuits	83,076	14,406	92,379	42,030
Provisioned Inventory Loss	(8,242)	(1,122)	15,080	4,418
Provision for Doubtful Accounts	9,646	3,871	11,480	7,732
Provisioned Store Closures	4,173	8,072	2,260	(105)
Interest Expenses	14,004	29,658	59,515	86,179
Debt Issuance Costs Amortization	1,296	968	4,576	4,321
Equity Equivalence Result	6,840	(1,694)	7,867	1,128
Gains from business combination	-	-	-	-
Provision for Estimated Losses on other Assets	-	-	-	-
Discount on rentals	-	(767)	-	(6,390)
	502,290	431,196	1,526,250	1,851,118
Assets and Liabilities variation				
Clients and Other Accounts Receivable	(94,660)	136,050	(377,894)	(158,093)
Inventories	(290,490)	(399,419)	(389,100)	(896,809)
Other Short Term Assets	(296)	17,378	57,395	(38,768)
Long Term Assets	(25,315)	(27,507)	(82,267)	(28,649)
Suppliers	763,645	747,893	456,032	489,893
Salaries and Social Charges	(100,110)	(65,688)	12,488	109,273
Taxes Payable	18,761	(13,247)	29,659	26,088
Other Liabilities	(46,555)	116,690	16,211	154,147
Rents Payable	3,404	(455)	2,943	10,065
Cash from Operations	730,674	942,891	1,251,717	1,518,265
Interest Paid	(10,044)	(17,175)	(40,084)	(64,861)
Income Tax and Social Charges Paid	(76,431)	(121,783)	(201,441)	(373,976)
Paid lawsuits	(18,901)	(13,522)	(68,417)	(51,072)
Net Cash from (invested) Operational Activities	625,298	790,411	941,775	1,028,356
Investment Activities Cash Flow				
Acquisition	-	-	-	-
Cash acquired from business combination	-	1,380	-	14,655
P,P&E and Intangible Acquisitions	(201,732)	(350,967)	(676,420)	(954,736)
P,P&E Sale Payments	5,348	134	6,648	809
Restricted Investments	-	-	-	-
Acquisitions and capital contributions in investments, net	(3,289)	(4,510)	(3,289)	(12,636)
Loans granted to subsidiaries	1,768	(17,350)	(36)	(18,450)
Cash from incorporated company	-	(479)	-	(14,771)
Net Cash from Investment Activities	(197,905)	(371,792)	(673,097)	(985,129)
Financing Activities Cash Flow				
Funding	8,416	(702)	728,216	338,235
Payments	(92,225)	(77,852)	(225,245)	(517,646)
Share Buyback	-	-	-	(73,228)
Interest on Equity and Dividends Paid	(63,433)	(231,106)	(190,518)	(314,828)
Rentals paid	-	-	-	-
Net Cash from Funding Activities	(147,242)	(309,660)	312,453	(567,467)
Cash and Cash Equivalents net increase	280,151	108,959	581,131	(524,240)
Cash and Cash Equivalents in the beginning of the period	600,206	247,158	299,226	880,357
Cash and Cash Equivalents in the end of the period	880,357	356,117	880,357	356,117