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# **Raia Drogasil S.A.**

**Quarterly Information (ITR) at  
September 30, 2021**

**and report on review of quarterly  
information**



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ DROGASIL S.A.

## Contents

<b>Company information</b>	
Capital composition	1
<b>Parent company financial information</b>	
Balance sheet - assets	2
Balance sheet - liabilities and equity	3
Statement of income	5
Statement of comprehensive income	6
Statement of cash flow	7
<b>Statement of changes in equity</b>	
01/01/2021 to 09/30/2021	8
01/01/2020 to 09/30/2020	9
Statement of value added	10
<b>Consolidated financial information</b>	
Balance sheet - assets	11
Balance sheet - liabilities and equity	12
Statement of income	14
Statement of comprehensive income	16
Statement of cash flow	17
<b>Statement of changes in equity</b>	
01/01/2021 to 09/30/2021	19
01/01/2020 to 09/30/2020	20
Statement of value added	21
Comments on company performance	22
Notes to the quarterly information	41
<b>Opinions and representations</b>	
Report on special review - without exceptions	107
Comments on business projections performance	109
Opinion of supervisory board or equivalent body	110
Officers' representation on financial statements	111
Officers' representation on independent auditor's report	112



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

## Company information / capital composition

<b>Number of shares (units)</b>	<b>Current quarter 9/30/2021</b>
<b>Paid-up share capital</b>	
Common shares	1,651,930,000
Preferred shares	0
<b>Total</b>	<b>1,651,930,000</b>
<b>Treasury shares</b>	
Common shares	4,770,355
Preferred shares	0
<b>Total</b>	<b>4,770,355</b>

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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

**Parent company financial information / balance sheet - assets (R\$ thousand)**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 9/30/2021</b>	<b>Prior year 12/31/2020</b>
1	Total assets	14,127,268	13,543,969
1.01	Current assets	6,856,106	6,695,857
1.01.01	Cash and cash equivalents	227,469	855,257
1.01.03	Trade receivables	1,901,233	1,631,988
1.01.03.01	Customers	1,639,252	1,373,801
1.01.03.01.01	Checks receivable	686	1,449
1.01.03.01.02	Credit and debit cards	1,568,586	1,324,847
1.01.03.01.03	PBM - Medicine benefit program	50,244	29,483
1.01.03.01.04	Agreements with companies	20,023	18,530
1.01.03.01.05	Bank slip/ Online transfer	646	138
1.01.03.01.06	(-) Provision for impairment of trade receivables	-933	-646
1.01.03.02	Other receivables	261,981	258,187
1.01.03.02.01	Advances to employees	16,712	10,755
1.01.03.02.02	Returns to suppliers	12,293	11,984
1.01.03.02.03	Commercial agreements	186,266	208,109
1.01.03.02.04	Receivables from subsidiaries	340	185
1.01.03.02.05	Other	46,370	27,154
1.01.04	Inventory	4,583,685	4,112,842
1.01.04.01	Goods for resale	4,601,837	4,134,721
1.01.04.02	Materials	15,584	6,317
1.01.04.03	(-) Allowance for losses on goods	-33,736	-28,196
1.01.06	Recoverable taxes	93,933	59,288
1.01.06.01	Current recoverable taxes	93,933	59,288
1.01.06.01.01	Taxes on profit	8,818	1,492
1.01.06.01.02	Other recoverable taxes	85,115	57,796
1.01.07	Prepaid expenses	49,786	36,482
1.02	Non-current assets	7,271,162	6,848,112
1.02.01	Long-term receivables	545,154	528,458
1.02.01.04	Trade receivables	45,288	58,310
1.02.01.04.02	Other receivables	512	504
1.02.01.04.03	Receivables from subsidiaries	44,776	57,806
1.02.01.08	Prepaid expenses	5,881	6,454
1.02.01.10	Other non-current assets	493,985	463,694
1.02.01.10.03	Judicial deposits	23,483	25,753
1.02.01.10.04	Recoverable taxes	119,686	96,035
1.02.01.10.05	Receivables from associates	350,816	341,906
1.02.02	Investments	196,378	78,266
1.02.02.01	Equity interest	196,378	78,266
1.02.02.01.02	Interests in subsidiaries	196,378	78,266
1.02.03	Property and equipment	5,260,298	5,012,605
1.02.03.01	Property and equipment in use	1,916,312	1,854,211
1.02.03.02	Right-of-use lease	3,343,986	3,158,394
1.02.04	Intangible assets	1,269,332	1,228,783
1.02.04.01	Intangible assets	1,269,332	1,228,783
1.02.04.01.02	Intangible assets	1,269,332	1,228,783

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Quarterly information (ITR) - 9/30/2021 - RAIÁ DROGASIL S.A.

**Parent company financial information/balance sheet - liabilities and equity**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 9/30/2021</b>	<b>Prior year 12/31/2020</b>
2	Total liabilities and equity	14,127,268	13,543,969
2.01	Current liabilities	4,917,745	4,583,196
2.01.01	Social security and labor obligations	471,650	302,833
2.01.01.01	Social security obligations	102,434	64,706
2.01.01.02	Labor obligations	369,216	238,127
2.01.02	Trade payables	2,681,426	2,943,379
2.01.02.01	Domestic suppliers	2,681,426	2,943,379
2.01.03	Tax obligations	150,651	130,457
2.01.03.01	Federal tax obligations	52,128	42,668
2.01.03.01.01	Income tax and social contribution payable	20,485	6,873
2.01.03.01.02	Other federal tax obligations	31,643	35,795
2.01.03.02	State tax obligations	92,060	83,081
2.01.03.03	Municipal tax obligations	6,463	4,708
2.01.04	Borrowing	589,074	497,751
2.01.04.01	Borrowing	100,538	342,701
2.01.04.01.01	In local currency	100,538	342,701
2.01.04.02	Debentures	488,536	155,050
2.01.04.02.01	Debentures	488,536	155,050
2.01.05	Other obligations	905,027	640,219
2.01.05.02	Other	905,027	640,219
2.01.05.02.01	Dividends and interest on capital	83,443	16,492
2.01.05.02.04	Rentals	83,393	69,322
2.01.05.02.06	Other payables	58,847	52,481
2.01.05.02.07	Lease liabilities	679,344	501,924
2.01.06	Provision	119,917	68,557
2.01.06.01	Provision for tax, social security, labor and civil contingencies	40,849	32,646
2.01.06.01.05	Provision for legal claims	40,849	32,646
2.01.06.02	Other provisions	79,068	35,911
2.01.06.02.06	Provisions for sundry obligations	79,068	35,911
2.02	Non-current liabilities	4,457,411	4,597,647
2.02.01	Borrowing	934,693	1,122,250
2.02.01.01	Borrowing	300,000	100,150
2.02.01.01.01	In local currency	300,000	100,150
2.02.01.02	Debentures	634,693	1,022,100
2.02.01.02.01	Debentures	634,693	1,022,100
2.02.02	Other obligations	3,444,261	3,327,225
2.02.02.02	Other	3,444,261	3,327,225
2.02.02.02.03	Tax recovery program (REFIS)	64,904	12,908
2.02.02.02.04	Payables to Subsidiary's shareholder	36,649	46,448
2.02.02.02.05	Lease liabilities	2,992,519	2,926,026
2.02.02.02.06	Payables to subsidiaries	350,189	341,843
2.02.03	Deferred taxes	23,157	72,772
2.02.03.01	Deferred income tax and social contribution	23,157	72,772
2.02.04	Provision	55,300	75,400
2.02.04.01	Provision for tax, social security, labor and civil contingencies	54,436	70,822
2.02.04.01.05	Provision for legal claims	54,436	70,822

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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

## Parent company financial information / balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 9/30/2021	Prior year 12/31/2020
2.02.04.02	Other provisions	864	4,578
2.02.04.02.04	Provisions for losses on Investments	864	4,578
2.03	Equity	4,752,112	4,363,126
2.03.01	Paid-up share capital	2,500,000	2,500,000
2.03.02	Capital reserves	84,567	148,029
2.03.02.07	Capital reserves	84,567	148,029
2.03.04	Revenue reserves	1,664,172	1,733,650
2.03.04.01	Legal reserve	178,353	178,353
2.03.04.02	Statutory reserve	1,278,952	1,278,952
2.03.04.08	Proposed additional dividends	0	69,478
2.03.04.10	Tax incentive reserve	206,867	206,867
2.03.05	Retained earnings (accumulated deficit)	487,997	0
2.03.06	Carrying value adjustments	15,376	-18,553



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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

## Parent company financial information/statement of income

(R\$ thousand)

Code	Description	Current quarter 7/1/2021 to 9/30/2021	Accumulated of current year 1/1/2021 to 9/30/2021	Same quarter of prior year 7/1/2020 to 9/30/2020	Accumulated of prior year 1/1/2020 to 9/30/2020
3.01	Net sales revenue	5,827,127	16,721,390	4,851,451	13,782,509
3.01.01	Gross sales revenue	6,176,806	17,731,571	5,113,039	14,495,518
3.01.02	Taxes on sales	-289,321	-852,496	-226,604	-609,333
3.01.03	Rebates	-60,358	-157,685	-34,984	-103,676
3.02	Cost of sales and/or services	-4,066,748	-11,576,998	-3,376,586	-9,586,059
3.03	Gross profit	1,760,379	5,144,392	1,474,865	4,196,450
3.04	Operating income/expenses	-1,446,253	-4,088,774	-1,196,749	-3,557,037
3.04.01	Selling expenses	-1,236,840	-3,565,350	-1,042,474	-3,082,025
3.04.02	General and administrative expenses	-222,033	-605,155	-153,441	-463,488
3.04.04	Other operating income	88	78,013	4,016	37,522
3.04.05	Other operating expenses	-2,719	-11,517	-886	-47,841
3.04.05.01	Extraordinary expenses	-2,719	-11,517	-886	-47,841
3.04.06	Equity in the results of investees	15,251	15,235	-3,964	-1,205
3.05	Profit before finance results and taxes	314,126	1,055,618	278,116	639,413
3.06	Finance results	-94,985	-246,743	-76,163	-222,019
3.06.01	Finance income	21,865	45,367	9,184	38,073
3.06.02	Finance costs	-116,850	-292,110	-85,347	-260,092
3.07	Profit before income tax and social contribution	219,141	808,875	201,953	417,394
3.08	Income tax and social contribution	-64,609	-227,292	-47,228	-94,672
3.08.01	Current	-90,654	-276,845	-59,077	-147,044
3.08.02	Deferred	26,045	49,553	11,849	52,372
3.09	Profit from continuing operations	154,532	581,583	154,725	322,722
3.11	Profit for the period	154,532	581,583	154,725	322,722
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.08806	0.34704	0.4694	0.97906
3.99.02	Diluted earnings per share - R\$				
3.99.02.01	Common shares	0.08777	0.34616	0.46732	0.97472

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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

**Parent company financial information/statement of comprehensive income**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current quarter 7/1/2021 to 9/30/2021</b>	<b>Accumulated - current year 1/1/2021 to 9/30/2021</b>	<b>Same quarter - Prior year 7/1/2020 to 9/30/2020</b>	<b>Accumulated - prior year 1/1/2020 to 9/30/2020</b>
4.01	Profit for the period	154,532	581,583	154,725	322,722
4.03	Comprehensive income for the period	154,532	581,583	154,725	322,722

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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

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

(R\$ thousand)

Code	Description	Accumulated -	Accumulated -
		current year 1/1/2021 to 9/30/2021	prior year 1/1/2020 to 9/30/2020
6.01	Net cash provided by operating activities	753,763	687,212
6.01.01	Cash from operations	2,046,863	1,521,056
6.01.01.01	Profit before income tax and social contribution	808,875	417,394
6.01.01.02	Depreciation and amortization	962,624	835,783
6.01.01.03	Share-based compensation plan, net	9,682	13,031
6.01.01.04	Interest on additional stock option	2,085	3,678
6.01.01.05	Result on disposal of property and equipment and intangible assets	11,440	
6.01.01.06	Provision for (reversal of) legal claims	42,447	9,303
6.01.01.07	Provision for (reversal of) inventory losses	5,540	23,322
6.01.01.08	Provision for (reversal of) impairment of trade receivables	3,138	2,017
6.01.01.09	Provision for (reversal of) store closures	-8,177	-1,913
6.01.01.10	Interest expenses	52,250	45,174
6.01.01.11	Amortization of transaction costs of debentures	3,353	3,280
6.01.01.12	Equity in the results of subsidiaries	-15,234	1,205
6.01.01.13	Interest expenses – leases	174,463	165,895
6.01.01.16	Discounts on property rental	-5,623	0
6.01.02	Changes in assets and liabilities	-767,346	-543,237
6.01.02.01	Trade receivables and other receivables	-251,609	-248,690
6.01.02.02	Inventory	-476,383	-60,588
6.01.02.03	Other current assets	-50,034	53,726
6.01.02.04	Long term receivables	-29,725	-36,504
6.01.02.05	Trade payables	-263,231	-338,996
6.01.02.06	Salaries and social charges	168,817	110,224
6.01.02.07	Taxes and contributions	22,575	-38,311
6.01.02.08	Other liabilities	98,173	12,015
6.01.02.09	Rentals payable	14,071	3,887
6.01.03	Other	-525,754	-290,607
6.01.03.01	Interest paid	-46,914	-30,040
6.01.03.02	Income tax and social contribution paid	-252,193	-94,672
6.01.03.03	Interest paid – leases	-174,463	-165,895
6.01.03.04	Legal claims - paid	-52,184	0
6.02	Net cash used in investing activities	-629,667	-477,653
6.02.01	Purchases of property and equipment and intangible assets	-556,662	-472,351
6.02.02	Proceeds from sale of property and equipment	675	1,300
6.02.03	Loans granted to subsidiaries	-1,100	-3,313
6.02.04	Investment in associates	-72,580	-3,289
6.03	Net cash used in financing activities	-751,884	94,918
6.03.01	Borrowing	298,937	695,353
6.03.02	Repayments of borrowing	-406,865	-133,020
6.03.03	Interest on capital and dividends paid	-83,722	-127,086
6.03.04	Leases paid	-487,006	-340,329
6.03.05	Repurchase of shares	-73,228	0
6.05	Increase (decrease) in cash and cash equivalents	-627,788	304,477
6.05.01	Cash and cash equivalents at the beginning of the period	855,257	294,863
6.05.02	Cash and cash equivalents at the end of the period	227,469	599,340

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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

**Parent company financial information / statement of changes in equity – 1/1/2021 to 9/30/2021**

**(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	148,029	1,733,650	0	-18,554	4,363,125
5.03	Adjusted opening balance	2,500,000	148,029	1,733,650	0	-18,554	4,363,125
5.04	Equity transactions with owners	0	-63,461	-69,478	-93,708	0	-226,647
5.04.07	Interest on capital	0	0	0	-94,000	0	-94,000
5.04.08	Restricted share plan - Vesting period	0	9,740	0	0	0	9,740
5.04.09	Restricted share plan - Delivery	0	-6,095	0	0	0	-6,095
5.04.10	Goodwill on sale of shares	0	-1,348	0	0	0	-1,348
5.04.11	Repurchase of shares	0	-73,228	0	0	0	-73,228
5.04.12	Restricted shares	0	-47	0	0	0	-47
5.04.13	Treasury shares - Delivery - RD	0	7,444	0	0	0	7,444
5.04.14	Treasury shares - Delivery - 4Bio	0	73	0	0	0	73
5.04.15	Interest on capital of 2020 approved at the AGM of March 9, 2017	0	0	-69,478	0	0	-69,478
5.04.16	Interest on capital expired	0	0	0	292	0	292
5.05	Total comprehensive income	0	0	0	0	34,052	34,052
5.05.03	Reclassifications to profit or loss	0	0	0	0	34,052	34,052
5.05.03.01	Adjustments of financial instruments	0	0	0	0	34,052	34,052
5.06	Internal changes in equity	0	0	0	581,704	-122	581,582
5.06.02	Realization of revaluation reserve	0	0	0	185	-185	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-63	63	0
5.06.04	Profit for the period	0	0	0	581,582	0	581,582
5.07	Closing balance	2,500,000	84,568	1,664,172	487,996	15,376	4,752,112

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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

**Parent company financial information / statement of changes in equity - 1/1/2020 to 9/30/2020**

**(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	13,112	-41,643	-145,716	0	-174,247
5.04.07	Interest on capital	0	0	0	-146,000	0	-146,000
5.04.08	Interest on capital of 2019 approved at the AGM of March 23, 2020	0	0	-41,643	0	0	-41,643
5.04.09	Interest on capital expired	0	0	0	284	0	284
5.04.10	Restricted share plan - Vesting period	0	13,058	0	0	0	13,058
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	0	11,141	0	0	0	11,141
5.04.14	Restricted shares - 4Bio	0	8	0	0	0	8
5.04.15	Treasury shares - Delivery - 4Bio	0	46	0	0	0	46
5.05	Total comprehensive income	0	0	0	322,722	0	322,722
5.05.01	Profit for the period	0	0	0	322,722	0	322,722
5.06	Internal changes in equity	0	0	0	129	-129	0
5.06.02	Realization of revaluation reserve	0	0	0	195	-195	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-66	66	0
5.07	Closing balance	2,500,000	142,880	1,371,984	177,135	-18,511	4,173,488

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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

## Parent company financial information / statement of value added

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2021 to 9/30/2021	Accumulated - prior year 1/1/2020 to 9/30/2020
7.01	Revenue	17,585,367	14,392,848
7.01.01	Sales of products and services	17,573,885	14,391,841
7.01.02	Other income	11,528	3,024
7.01.04	Provision for/reversal of impairment of trade receivables	-46	-2,017
7.02	Inputs acquired from third parties	-11,987,965	-9,625,815
7.02.01	Cost of sales and services	-10,895,208	-8,669,998
7.02.02	Materials, energy, outsourced services and other	-1,092,757	-952,564
7.02.03	Impairment/recovery of assets	0	-3,253
7.03	Gross value added	5,597,402	4,767,033
7.04	Retentions	-936,868	-835,783
7.04.01	Depreciation, amortization and depletion	-936,868	-835,783
7.05	Net value added generated by the entity	4,660,534	3,931,250
7.06	Value added received through transfer	85,212	40,969
7.06.01	Equity in the results of subsidiaries	15,234	-1,205
7.06.02	Finance income	62,910	43,128
7.06.03	Other	7,068	-954
7.07	Total value added to distribute	4,745,746	3,972,219
7.08	Distribution of value added	4,745,746	3,972,219
7.08.01	Personnel	1,709,642	1,455,616
7.08.01.01	Direct remuneration	1,339,429	1,134,233
7.08.01.02	Benefits	255,591	224,586
7.08.01.03	Unemployment compensation fund	114,622	96,797
7.08.02	Taxes and contributions	2,052,337	1,871,952
7.08.02.01	Federal	708,811	455,512
7.08.02.02	State	1,312,835	1,391,523
7.08.02.03	Municipal	30,691	24,917
7.08.03	Providers of capital	402,184	321,929
7.08.03.01	Interest	291,637	259,301
7.08.03.02	Rentals	110,547	62,628
7.08.04	Stockholders and the Company	581,583	322,722
7.08.04.01	Interest on capital	94,000	146,000
7.08.04.03	Profits reinvested/loss for the period	487,583	176,722

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Quarterly information (ITR) - 9/30/2021 - RAIÁ DROGASIL S.A.

## Consolidated financial information / balance sheet - assets

(R\$ thousand)

Code	Description	Current quarter 9/30/2021	Prior year 12/31/2020
1	Total assets	14,406,185	13,828,088
1.01	Current assets	7,230,070	7,020,490
1.01.01	Cash and cash equivalents	247,158	880,357
1.01.03	Trade receivables	2,112,952	1,816,456
1.01.03.01	Customers	1,848,349	1,555,434
1.01.03.01.01	Checks receivable	192,598	168,677
1.01.03.01.02	Credit and debit cards	1,587,010	1,340,675
1.01.03.01.03	PBM - Medicine benefit program	50,602	29,483
1.01.03.01.04	Agreements with companies	20,023	18,530
1.01.03.01.05	Bank slip/ Online transfer	689	138
1.01.03.01.06	(-) Provision for impairment of trade receivables	-2,573	-2,069
1.01.03.02	Other receivables	264,603	261,022
1.01.03.02.01	Advances to employees	16,747	11,023
1.01.03.02.02	Returns to suppliers	12,293	11,984
1.01.03.02.03	Commercial agreements	189,121	210,795
1.01.03.02.04	Other	46,442	27,220
1.01.04	Inventory	4,717,258	4,225,408
1.01.04.01	Goods for resale	4,735,410	4,247,287
1.01.04.02	Materials	15,584	6,317
1.01.04.03	(-) Allowance for losses on goods	-33,736	-28,196
1.01.06	Recoverable taxes	102,262	61,531
1.01.06.01	Current recoverable taxes	102,262	61,531
1.01.06.01.01	Taxes on profit	10,664	3,278
1.01.06.01.02	Other recoverable taxes	91,598	58,253
1.01.07	Prepaid expenses	50,440	36,738
1.02	Non-current assets	7,176,115	6,807,598
1.02.01	Long-term receivables	553,575	525,424
1.02.01.04	Trade receivables	4,616	3,502
1.02.01.04.02	Other receivables	512	3,502
1.02.01.04.03	Receivables from subsidiaries	4,104	0
1.02.01.07	Deferred taxes	38,083	36,261
1.02.01.07.01	Deferred income tax and social contribution	38,083	36,261
1.02.01.08	Prepaid expenses	5,881	6,454
1.02.01.10	Other non-current assets	504,995	479,207
1.02.01.10.03	Judicial deposits	27,392	25,753
1.02.01.10.04	Recoverable taxes	126,787	111,548
1.02.01.10.05	Receivables from subsidiaries	350,816	341,906
1.02.02	Investments	8,097	0
1.02.02.01	Equity interests	8,097	0
1.02.02.01.01	Interests in subsidiaries	8,097	0
1.02.03	Property and equipment	5,268,502	5,020,465
1.02.03.01	Property and equipment in use	1,921,683	1,859,220
1.02.03.02	Right-of-use lease	3,346,819	3,161,245
1.02.04	Intangible assets	1,345,941	1,261,709
1.02.04.01	Intangible assets	1,345,941	1,261,709
1.02.04.01.02	Intangible assets	1,345,941	1,261,709

(A free translatio of the original in Portuguese)

'Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

## Consolidated financial information / balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 9/30/2021	Prior year 12/31/2020
2	Total liabilities and equity	14,406,185	13,828,088
2.01	Current liabilities	5,155,725	4,801,303
2.01.01	Social security and labor obligations	484,720	309,160
2.01.01.01	Social security obligations	103,984	65,593
2.01.01.02	Labor obligations	380,736	243,567
2.01.02	Trade payables	2,850,605	3,106,938
2.01.02.01	Domestic suppliers	2,850,605	3,106,938
2.01.03	Tax obligations	153,703	138,671
2.01.03.01	Federal tax obligations	53,631	43,221
2.01.03.01.01	Income tax and social contribution payable	21,498	6,873
2.01.03.01.02	Other federal tax obligations	32,133	36,348
2.01.03.02	State tax obligations	93,581	90,742
2.01.03.03	Municipal tax obligations	6,491	4,708
2.01.04	Borrowing	630,096	531,204
2.01.04.01	Borrowing	141,560	376,154
2.01.04.01.01	In local currency	141,560	376,154
2.01.04.02	Debentures	488,536	155,050
2.01.04.02.01	Debentures	488,536	155,050
2.01.05	Other obligations	913,203	645,907
2.01.05.02	Other	913,203	645,907
2.01.05.02.01	Dividends and interest on capital	83,443	16,492
2.01.05.02.04	Rentals	83,393	69,322
2.01.05.02.05	Other payables	65,650	56,775
2.01.05.02.06	Lease liabilities	680,717	503,318
2.01.06	Provision	123,398	69,423
2.01.06.01	Provision for tax, social security, labor and civil contingencies	40,849	32,835
2.01.06.01.05	Provision for legal claims	40,849	32,835
2.01.06.02	Other provisions	82,549	36,588
2.01.06.02.06	Provisions for sundry obligations	82,549	36,588
2.02	Non-current liabilities	4,462,973	4,601,164
2.02.01	Borrowing	934,693	1,122,250
2.02.01.01	Borrowing	300,000	100,150
2.02.01.01.01	In local currency	300,000	100,150
2.02.01.02	Debentures	634,693	1,022,100
2.02.01.02.01	Debentures	634,693	1,022,100
2.02.02	Other obligations	3,448,283	3,329,086
2.02.02.02	Other	3,448,283	3,329,086
2.02.02.02.03	Tax recovery program (REFIS)	67,336	13,188
2.02.02.02.04	Payables to Subsidiary's shareholder	36,649	46,448
2.02.02.02.05	Lease liabilities	2,994,109	2,927,607
2.02.02.02.06	Payables to subsidiaries	350,189	341,843
2.02.03	Deferred taxes	24,697	74,428
2.02.03.01	Deferred income tax and social contribution	24,697	74,428
2.02.04	Provision	55,300	75,400
2.02.04.01	Provision for tax, social security, labor and civil contingencies	54,436	70,822
2.02.04.01.05	Provision for legal claims	54,436	70,822



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Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

## Consolidated financial information / balance sheet - liabilities and equity

(R\$ thousand)

Code	Description	Current quarter 9/30/2021	Prior year 12/31/2020
2.02.04.02	Other provisions	864	4,578
2.02.04.02.04	Provisions for losses on Investments	864	4,578
2.03	Consolidated equity	4,787,487	4,425,621
2.03.01	Paid-up share capital	2,500,000	2,500,000
2.03.02	Capital reserves	84,567	148,029
2.03.02.07	Capital reserves	84,567	148,029
2.03.04	Revenue reserves	1,664,172	1,733,650
2.03.04.01	Legal reserve	178,353	178,353
2.03.04.02	Statutory reserve	1,278,952	1,278,952
2.03.04.08	Proposed additional dividends	0	69,478
2.03.04.10	Tax incentive reserve	206,867	206,867
2.03.05	Retained earnings (accumulated deficit)	487,997	0
2.03.06	Carrying value adjustments	15,376	-18,553
2.03.09	Noncontrolling interests	35,375	62,495

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

## Consolidated financial information / statement of income

(R\$ thousand)

Code	Description	Current quarter	Accumulated -	Same quarter -	Accumulated -
		7/1/2021 to 9/30/2021	current year 1/1/2021 to 9/30/2021	prior year 7/1/2020 to 9/30/2020	prior year 1/1/2020 to 9/30/2020
3.01	Net sales revenue	6,164,862	17,653,177	5,093,453	14,513,099
3.01.01	Gross sales revenue	6,527,875	18,752,544	5,384,231	15,312,424
3.01.02	Taxes on sales	-293,341	-918,205	-249,184	-677,140
3.01.03	Rebates	-69,672	-181,162	-41,594	-122,185
3.02	Cost of sales and/or services	-4,349,401	-12,398,813	-3,598,455	-10,256,128
3.03	Gross profit	1,815,461	5,254,364	1,494,998	4,256,971
3.04	Operating income/expenses	-1,493,186	-4,180,575	-1,216,027	-3,614,048
3.04.01	Selling expenses	-1,256,015	-3,613,599	-1,056,709	-3,122,484
3.04.02	General and administrative expenses	-234,713	-630,966	-158,053	-476,792
3.04.04	Other operating income	88	78,013	4,016	37,522
3.04.05	Other operating expenses	-2,726	-11,202	-965	-47,978
3.04.05.01	Extraordinary expenses	-2,726	-11,202	-965	-47,978
3.04.06	Equity in the results of subsidiaries	180	-2,821	-4,316	-4,316
3.05	Profit before finance income (costs) and taxes	322,275	1,073,789	278,971	642,923
3.06	Finance results	-96,759	-251,452	-76,705	-223,816
3.06.01	Finance income	23,015	47,218	9,786	40,581
3.06.02	Finance costs	-119,774	-298,670	-86,491	-264,397
3.07	Profit before income tax and social contribution	225,516	822,337	202,266	419,107
3.08	Income tax and social contribution	-67,037	-233,847	-47,249	-93,839
3.08.01	Current	-93,313	-285,338	-59,077	-147,044
3.08.02	Deferred	26,276	51,491	11,828	53,205
3.09	Profit from continuing operations	158,479	588,490	155,017	325,268
3.11	Consolidated profit for the period	158,479	588,490	155,017	325,268
3.11.01	Attributable to owners of the Company	158,479	588,489	154,725	322,722
3.11.02	Attributable to noncontrolling interests	3,946	6,906	292	2,546
3.99	Earnings per share - (Reais/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.08806	0.34704	0.4694	0.97906
3.99.02	Diluted earnings per share - R\$				

<b>Code</b>	<b>Description</b>	<b>Current quarter 7/1/2021 to 9/30/2021</b>	<b>Accumulated - current year 1/1/2021 to 9/30/2021</b>	<b>Same quarter - prior year 7/1/2020 to 9/30/2020</b>	<b>Accumulated - prior year 1/1/2020 to 9/30/2020</b>
3.99.02.01	Common shares	0.08777	0.34616	0.46732	0.97472

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

### Consolidated financial information / statement of comprehensive income

(R\$ thousand)

Code	Description	Current quarter 7/1/2021 to 9/30/2021	Accumulated - current year 1/1/2021 to 9/30/2021	Same quarter - prior year 7/01/2020 to 9/30/2020	Accumulated - prior year 1/01/2020 to 9/30/2020
4.01	Consolidated profit for the period	158,479	588,489	155,017	325,268
4.03	Consolidated comprehensive income for the period	158,479	588,489	155,017	325,268
4.03.01	Attributable to owners of the Company	154,532	581,583	154,725	322,722
4.03.02	Attributable to noncontrolling interests	3,947	6,906	292	2,546

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAI DROGASIL S.A.

## Consolidated financial information / statement of cash flow - indirect method

(R\$ thousand)

Code	Description	Accumulated - current year 1/1/2021 to 9/30/2021	Accumulated - prior year 1/1/2020 to 9/30/2020
6.01	Net cash provided by operating activities	726,228	657,898
6.01.01	Cash from operations	2,088,917	1,526,556
6.01.01.01	Profit before income tax and social contribution	822,337	419,107
6.01.01.02	Depreciation and amortization	968,241	839,418
6.01.01.03	Share-based compensation plan	9,643	12,983
6.01.01.04	Interest on additional stock option	2,085	3,678
6.01.01.05	Result on disposal of property and equipment and intangible assets	11,438	2,887
6.01.01.06	Provision for (reversal of ) legal claims	42,258	9,303
6.01.01.07	Provision for (reversal of) inventory losses	5,540	23,322
6.01.01.08	Provision for (reversal of) impairment of trade receivables	3,861	1,835
6.01.01.09	Provision for (reversal of) store closures	-8,177	-1,915
6.01.01.10	Interest expenses	56,521	45,511
6.01.01.11	Amortization of transaction costs of debentures	3,353	3,280
6.01.01.12	Interest expenses – leases	174,618	166,120
6.01.01.15	Equity in the results of subsidiaries	2,822	1,027
6.01.01.16	Discounts on property rental	-5,623	0
6.01.02	Changes in assets and liabilities	-836,008	-578,659
6.01.02.01	Trade receivables and other receivables	-294,141	-283,234
6.01.02.02	Inventory	-497,390	-98,610
6.01.02.03	Other current assets	-56,154	55,030
6.01.02.04	Long-term receivables	498	-54,564
6.01.02.05	Trade payables	-258,000	-307,612
6.01.02.06	Salaries and social charges	174,961	112,596
6.01.02.07	Taxes and contributions	17,331	-17,690
6.01.02.08	Other liabilities	62,816	11,538
6.01.02.09	Rentals payable	14,071	3,887
6.01.03	Other	-526,681	-289,999
6.01.03.01	Interest paid	-47,686	-30,040
6.01.03.02	Income tax and social contribution paid	-252,193	-93,839
6.01.03.03	Interest paid – leases	-174,618	-166,120
6.01.03.04	Legal claims - paid	-52,184	0
6.02	Net cash used in investing activities	-613,337	-475,191
6.02.01	Purchases of property and equipment and intangible assets	-603,769	-474,688
6.02.02	Proceeds from sale of property and equipment	675	1,300
6.02.03	Investment in associates	-8,126	0
6.02.04	Loans granted to subsidiaries	-1,100	-1,803
6.02.05	Cash acquired in business combination	13,275	0
6.02.06	Net assets from merged company	-14,292	0
6.03	Net cash used in financing activities	-746,090	118,273
6.03.01	Borrowing	338,937	719,799
6.03.02	Repayments of borrowing	-439,794	-133,020
6.03.03	Interest on capital and dividends paid	-83,722	-127,086
6.03.04	Leases paid	-488,283	-341,420
6.03.05	Repurchase of shares	-73,228	0

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

**Consolidated financial information / statement of cash flow - indirect method**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Accumulated - current year 1/1/2021 to 9/30/2021</b>	<b>Accumulated - prior year 1/1/2020 to 9/30/2020</b>
6.05	Increase (decrease) in cash and cash equivalents	-633,199	300,980
6.05.01	Cash and cash equivalents at the beginning of the period	880,357	299,226
6.05.02	Cash and cash equivalents at the end of the period	247,158	600,206

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

**Consolidated financial information / statement of changes in equity - 1/01/2021 to 9/30/2021**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings/accumulated deficit</b>	<b>Other comprehensive income</b>	<b>Equity</b>	<b>Noncontrolling interests</b>	<b>Consolidated equity</b>
5.01	Opening balance	2,500,000	148,029	1,733,650	0	-18,554	4,363,125	62,495	4,425,620
5.03	Adjusted opening balance	2,500,000	148,029	1,733,650	0	-18,554	4,363,125	62,495	4,425,620
5.04	Equity transactions with owners	0	-63,461	-69,478	-93,708	34,052	-192,595	-34,081	-226,676
5.04.07	Interest on capital	0	0	0	-94,000	0	-94,000	0	-94,000
5.04.08	Interest on capital of 2020 approved at the AGM of March 29, 2017	0	0	-69,478	0	0	-69,478	0	-69,478
5.04.09	Interest on capital expired	0	0	0	292	0	292	0	292
5.04.10	Restricted share plan - Vesting period	0	9,740	0	0	0	9,740	0	9,740
5.04.11	Restricted share plan - Delivery	0	-6,095	0	0	0	-6,095	0	-6,095
5.04.12	Goodwill on sale of shares	0	-1,348	0	0	0	-1,348	0	-1,348
5.04.13	Treasury shares - Delivery	0	7,444	0	0	0	7,444	0	7,444
5.04.14	Repurchase of shares	0	-73,228	0	0	0	-73,228	0	-73,228
5.04.15	Restricted shares - 4Bio	0	-47	0	0	0	-47	0	-47
5.04.16	Treasury shares - Delivery - 4Bio	0	73	0	0	0	73	0	73
5.04.17	Investment adequacy adjustment	0	0	0	0	34,052	34,052	-34,081	-29
5.05	Total comprehensive income	0	0	0	581,582	0	581,582	6,961	588,543
5.05.01	Profit for the period	0	0	0	581,582	0	581,582	6,961	588,543
5.06	Internal changes in equity	0	0	0	122	-122	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	185	-185	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-63	63	0	0	0
5.07	Closing balance	2,500,000	84,568	1,664,172	487,996	15,376	4,752,112	35,375	4,787,487

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

**Consolidated financial information / statement of changes in equity - 1/1/2020 to 9/30/2020 (R\$ thousand)**

**(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, options granted and treasury shares</b>	<b>Revenue reserve</b>	<b>Retained earnings/ accumulated deficit</b>	<b>Other comprehensive income</b>	<b>Equity</b>	<b>Noncontrolling interests</b>	<b>Consolidated equity</b>
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	13,112	-41,643	-145,716	0	-174,247	0	-174,247
5.04.07	Interest on capital	0	0	0	-146,000	0	-146,000	0	-146,000
5.04.08	Interest on capital of 2019 approved at the AGM of March 23, 2020	0	0	-41,643	0	0	-41,643	0	-41,643
5.04.09	Interest on capital expired	0	0	0	284	0	284	0	284
5.04.10	Restricted share plan - Vesting period	0	13,058	0	0	0	13,058	0	13,058
5.04.11	Restricted share plan - Delivery	0	-11,958	0	0	0	-11,958	0	-11,958
5.04.12	Goodwill on sales of shares	0	817	0	0	0	817	0	817
5.04.13	Treasury shares - Delivery	0	11,141	0	0	0	11,141	0	11,141
5.04.14	Restricted shares - 4Bio	0	8	0	0	0	8	0	8
5.04.15	Treasury shares - Delivery - 4Bio	0	46	0	0	0	46	0	46
5.05	Total comprehensive income	0	0	0	322,722	0	322,722	2,546	325,268
5.05.01	Profit for the period	0	0	0	322,722	0	322,722	2,546	325,268
5.06	Internal changes in equity	0	0	0	129	-129	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	195	-195	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	-66	66	0	0	0
5.07	Closing balance	2,500,000	142,880	1,371,984	177,135	-18,511	4,173,488	53,951	4,227,439



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA DROGASIL S.A.

## Consolidated financial information/statement of value added

(R\$ thousand)

Code	Description	Accumulated -	Accumulated -
		current year 1/1/2021 to 9/30/2021	prior year 1/1/2020 to 9/30/2020
7.01	Revenue	18,585,870	15,191,426
7.01.01	Sales of products and services	18,574,583	15,190,237
7.01.02	Other income	11,550	3,024
7.01.04	Provision for/reversal of impairment of trade receivables	-263	-1,835
7.02	Inputs acquired from third parties	-12,840,211	-10,316,007
7.02.01	Cost of sales and services	-11,716,062	-9,339,288
7.02.02	Materials, energy, outsourced services and other	-1,124,149	-973,466
7.02.03	Impairment/recovery of assets	0	-3,253
7.03	Gross value added	5,745,659	4,875,419
7.04	Retentions	-942,545	-839,418
7.04.01	Depreciation, amortization and depletion	-942,545	-839,418
7.05	Net value added generated by the entity	4,803,114	4,036,001
7.06	Value added received through transfer	69,267	40,382
7.06.01	Equity in the results of subsidiaries	-2,822	-4,316
7.06.02	Finance income	65,021	45,652
7.06.03	Other	7,068	-954
7.07	Total value added to distribute	4,872,381	4,076,383
7.08	Distribution of value added	4,872,381	4,076,383
7.08.01	Personnel	1,741,671	1,479,250
7.08.01.01	Direct remuneration	1,357,946	1,148,212
7.08.01.02	Benefits	267,629	233,029
7.08.01.03	Unemployment compensation fund	116,096	98,009
7.08.02	Taxes and contributions	2,132,379	1,944,790
7.08.02.01	Federal	722,942	460,160
7.08.02.02	State	1,378,244	1,459,390
7.08.02.03	Municipal	31,193	25,240
7.08.03	Providers of capital	409,842	327,076
7.08.03.01	Interest	297,999	263,311
7.08.03.02	Rentals	111,843	63,765
7.08.04	Stockholders and the Company	588,489	325,267
7.08.04.01	Interest on capital	94,000	146,000
7.08.04.03	Profits reinvested/loss for the period	487,583	176,722
7.08.04.04	Noncontrolling interests in retained earnings	6,906	2,545

São Paulo, November 09, 2021. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 3rd quarter of 2021 (3Q21). The Company's parent company and consolidated interim financial statements for the periods ended September 30, 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 Reais 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 11 and 12.

#### QUARTERLY HIGHLIGHTS:

- › **PHARMACIES: 2,414 units in operation (52 openings and 12 closures)**
- › **MARKET SHARE: 1.1 p.p. increase to 14.3%, with gains in every region**
- › **GROSS REVENUE: R\$ 6.5 billion, a 21.2% increase with a 2.0% real mature-store growth**
- › **CONTRIBUTION MARGIN\*: 10.0%, a 0.1 p.p. margin expansion and 22% growth**
- › **ADJUSTED EBITDA: R\$ 446.2 million, a 6.8% EBITDA margin and 12% growth**
- › **ADJUSTED NET INCOME: R\$ 173.6 million, with a 2.7% net margin**
- › **CASH FLOW: R\$ 73.2 million positive free cash flow, R\$ 21.9 million total cash consumption**

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

#### RADL3

**R\$ 24.20/share**

#### NUMBER OF SHARES

**1,651,930,000**

#### MARKET CAP

**R\$ 40.0 billion**

#### CLOSING

**November 8<sup>th</sup>, 2021**

#### IR CONTACTS:

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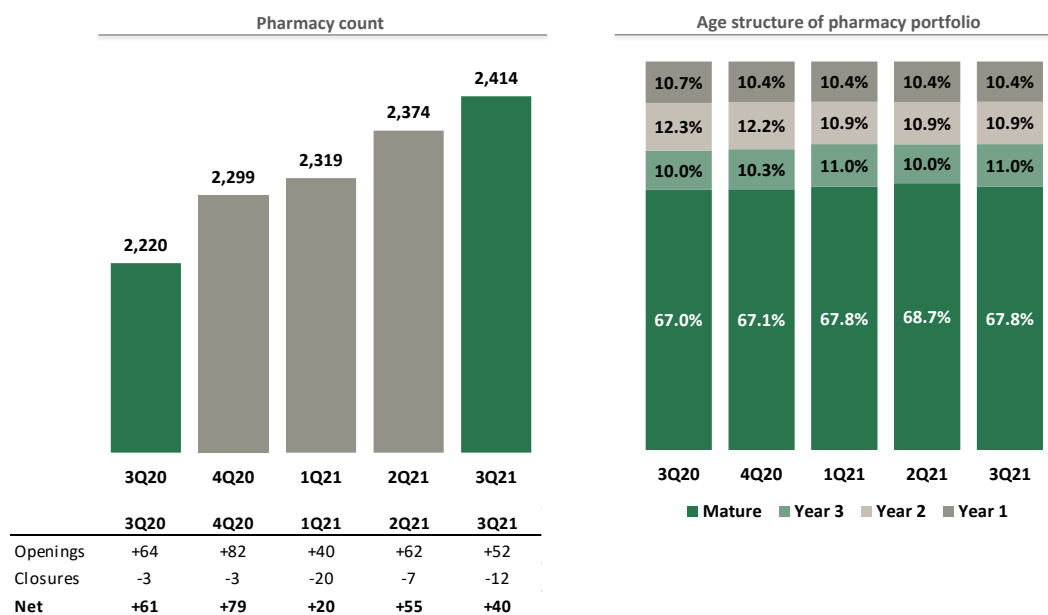
Summary	3Q20	4Q20	1Q21	2Q21	3Q21
<i>(R\$ thousand)</i>					
# of Pharmacies	2,220	2,299	2,319	2,374	2,414
Organic Openings	64	82	40	62	52
Closures	(3)	(3)	(20)	(7)	(12)
4Bio	3	4	4	4	4
# of Stores - Pharmacies + 4Bio	2,223	2,303	2,323	2,378	2,418
Headcount (EoP)	43,223	44,631	45,532	47,208	48,481
Pharmacist Count (EoP)	8,658	8,788	9,088	9,346	9,676
# of Tickets (000)	60,298	67,098	65,660	66,911	71,115
Gross Revenue	5,384,230	5,868,052	5,979,508	6,245,163	6,527,875
Gross Profit	1,494,996	1,634,213	1,641,852	1,797,052	1,815,460
% of Gross Revenues	27.8%	27.8%	27.5%	28.8%	27.8%
Adjusted EBITDA	397,159	430,843	415,855	497,115	446,165
% of Gross Revenues	7.4%	7.3%	7.0%	8.0%	6.8%
Adjusted Net Income	172,871	213,672	177,947	232,022	173,567
% of Gross Revenues	3.2%	3.6%	3.0%	3.7%	2.7%
Net Income	174,717	198,492	188,789	266,443	172,765
% of Gross Revenues	3.2%	3.4%	3.2%	4.3%	2.6%
Free Cash Flow	351,792	418,767	(119,282)	(302,106)	73,159

## Comments on company performance

### PHARMACY DEVELOPMENT

We opened 52 new pharmacies in the 3Q21 and closed 12, ending the quarter with 2,414 units in operation, in addition to 4 4Bio locations. We reiterate our gross openings guidance of 240 new pharmacies for 2021 and announced in October the increase of our guidance for 2022 from 240 to 260 new pharmacies.

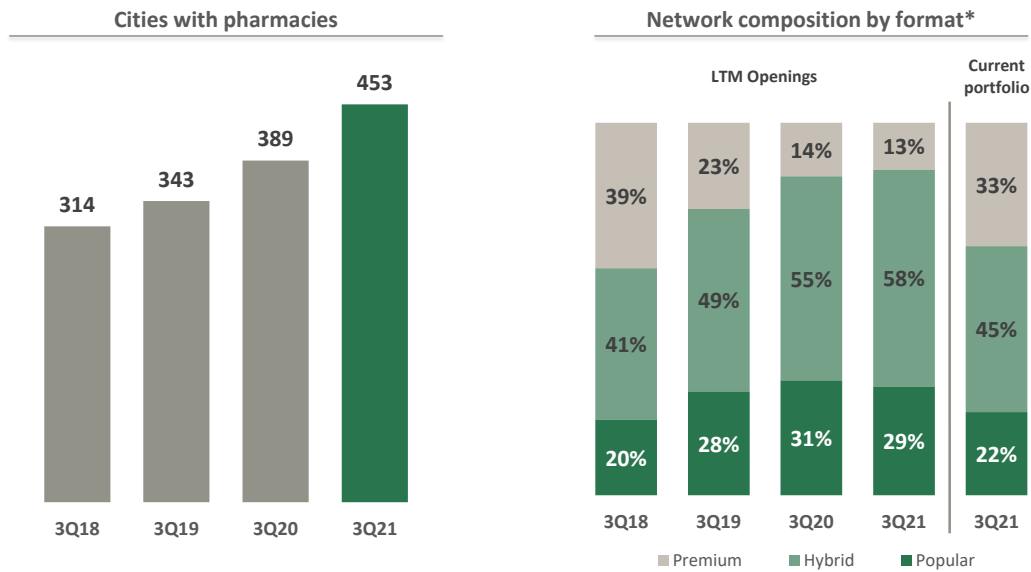
At the end of the period, 32.2% of our pharmacies were still in the process of maturation and had not yet reached their full potential both in terms of revenue and profitability.



Of the 12 pharmacies closed in the 3Q21, 2 were still in the maturation process and represent corrections of mistakes that are to be expected in a large-scale expansion such as RD's. The remaining 10 closures were mature units driven by the optimization of our pharmacy portfolio with positive return expectations associated to them.

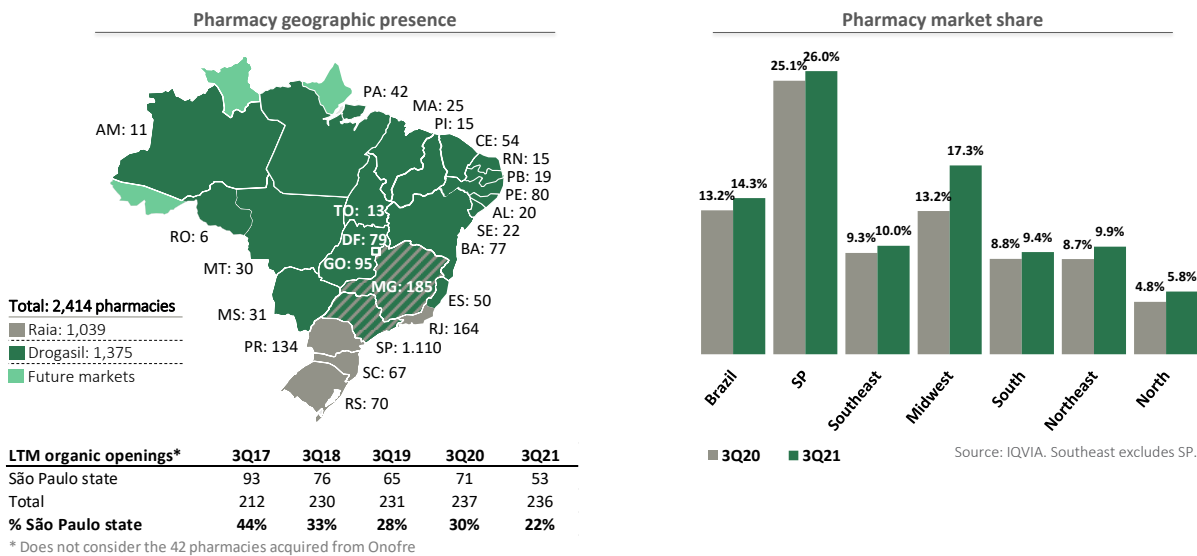
We continued diversifying our pharmacy network in the quarter, both geographically and demographically, with 78% of our openings in the last twelve months outside of the state of São Paulo, our native market. We also increased our capillarity, extending our presence to 453 cities, 64 more than in the 3Q20. And while 67% of our units have popular or hybrid formats, 87% of the openings in the last twelve months belong to these clusters, increasing our reach into the expanded middle class.

## Comments on company performance



\* Openings exclude the Onofre acquisition.

Lastly, we signed contracts to enter the states of Acre, Roraima and Amapá, expanding our presence to all states in Brazil by the end of 2021.



LTM organic openings*	3Q17	3Q18	3Q19	3Q20	3Q21
São Paulo state	93	76	65	71	53
Total	212	230	231	237	236
% São Paulo state	44%	33%	28%	30%	22%

\* Does not consider the 42 pharmacies acquired from Onofre

Our national market share totaled 14.3% in the quarter, a 1.1 percentage point increase when compared to the 3Q20, leveraged by our organic expansion and also by our digital transformation.

In the quarter, we increased our market share in all six regions, with the Midwest region being our main highlight, with a market share of 17.3% and a 4.1 percentage point gain vs. the 3Q20. We highlight that our market share in the Midwest was negatively impacted in the 3Q20, when IQVIA recorded atypically high sell-in data. When analyzing only sell-out data, which considers exclusively information reported directly to IQVIA by major pharmacy chains, our market share gain in the region was of 1.9 percentage point.

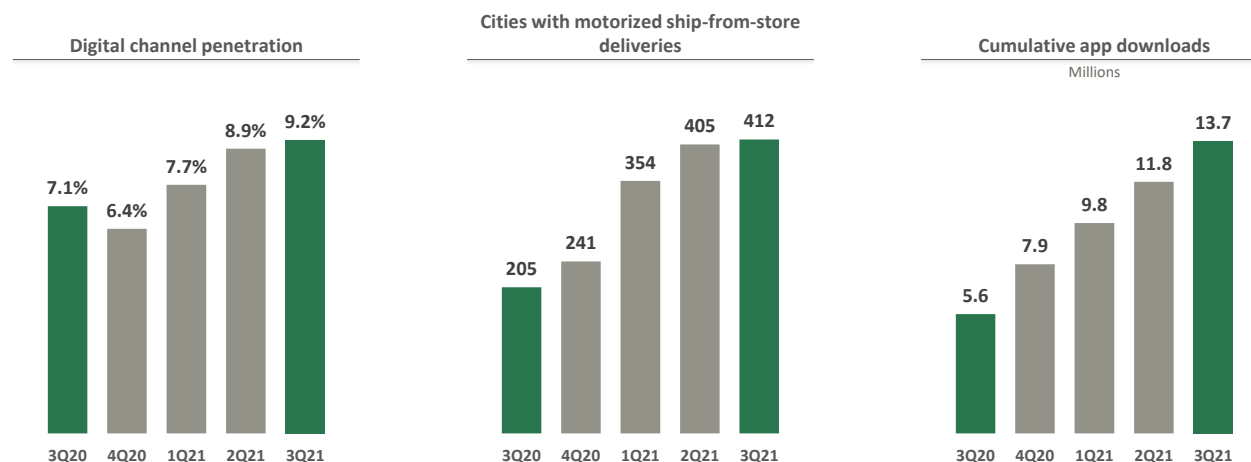
We also recorded strong gains in the Northeast region, where we reached a market share of 9.9%, a 1.2 percentage point gain, and in the North, where we registered a market share of 5.8%, an increase of 1.0 percentage point.

Finally, we recorded a market share of 26.0% in São Paulo, an increase of 0.9 percentage point, a market share of 10.0% in the Southeast (excluding São Paulo), an increase of 0.7 percentage point and a market share of 9.4% in the South, an increase of 0.6 percentage point vs. the 3Q20.

## Comments on company performance

### DIGITAL HEALTH TRANSFORMATION

Our digital health transformation is based on three 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 40 million active customers in taking care of their health and well-being and, at the same time, leverage their frequency of interaction, engagement and overall spending.



In the 3Q21, the digital channel penetration in the New Pharmacy reached 9.2% of sales, driven by commercial and operational efforts to enhance our omnichannel experience. It is important to highlight that 88% of our digital transactions were fulfilled by our pharmacies, which have delivered in under 4 hours with high convenience and economic efficiency.

We have done ship-from-store deliveries in 412 cities, which represent 91% of the municipalities where RD operates pharmacies, complementing our *Neighborhood Delivery* and *Click & Collect* options that were already available at 100% of our locations.

We recorded 13.7 million cumulative app downloads since the 1Q19. The digitalization of the relationship with our customers is key to our long-term strategy. Customers who use our digital channels increase their loyalty, engagement and frequency, spending on average 20% to 25% more than non-digitalized customers, making this process a fundamental driver of long-term value creation.

Our pharmacies continued to expand their role in healthcare. We performed 2.5 million COVID-19 tests in 2021 (3.4 million since 2020). Additionally, our pharmacies applied a total of 181 thousand immunization doses against COVID-19 free of charge in partnership with 14 Brazilian municipalities and within the National Immunization Program.

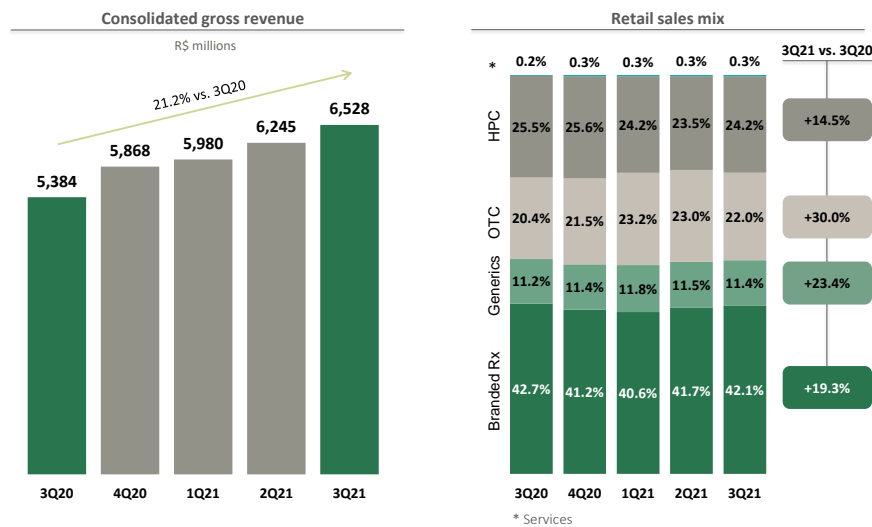
We also advanced in the development of our marketplace. We already offer over 63 thousand SKUs from approximately 250 sellers in the Droga Raia marketplace. Additionally, we started piloting the marketplace within Drogasil's app and website.

Lastly, we launched **Vitat** in July, our Integral Health Platform. **Vitat** was born omnichannel, combining a web portal with health and well-being content, the **Vitat** health Super App, focused on the promotion of integral health, and 9 **Vitat Spaces** in pharmacies that physically connects the Platform to the Drogasil and Droga Raia stores. In addition to the **Vitat** Super App, the Platform also includes *Tecnonutri*, *Workout* and *Dieta e Saúde*, which are vertical apps that originally belonged to Tech.fit, acquired in February of this year.

The platform's 4 apps currently offer over 150 different programs focused on healthy eating, exercises, sleep, mental health and health promotion, all of which are currently free. Meanwhile, the **Vitat** Super App will also offer medical, nutritional and psychological teleconsultations. In addition, it will also allow the monitoring of the customer's history through a unified health wallet and the scheduling of services at our more than 1,500 Health Hubs.

## Comments on company performance

### GROSS REVENUES



Our consolidated revenue totaled R\$ 6,528 million, a 21.2% growth vs. the 3Q20.

OTC was the highlight of the quarter growing 30.0% and gaining 1.6 percentage point in the mix vs. the 3Q20. The increase of OTC in the sales mix continues to be driven mainly by products related to the pandemic, such as masks, vitamins and COVID-19 tests. In addition, Generics grew 23.4% and gained 0.2 percentage points in the mix. Lastly, Branded Rx grew 19.3%, with its participation in the sales mix decreasing by 0.6 percentage point and HPC grew 19.3% and lost 1.3 percentage point.

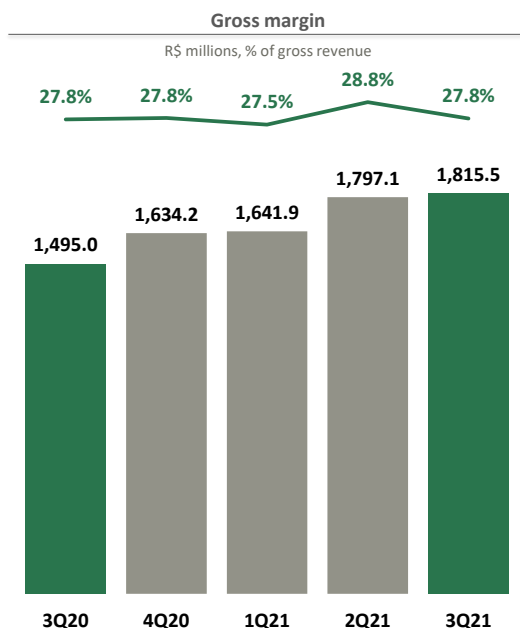


We recorded a same-store sales growth of 14.9% at our pharmacies, with 12.3% for mature stores, in a period without a calendar effect. This represents a real mature store growth 2.0 percentage points above the inflation of 10.3% in the period as measured by the IPCA index.

### GROSS PROFIT

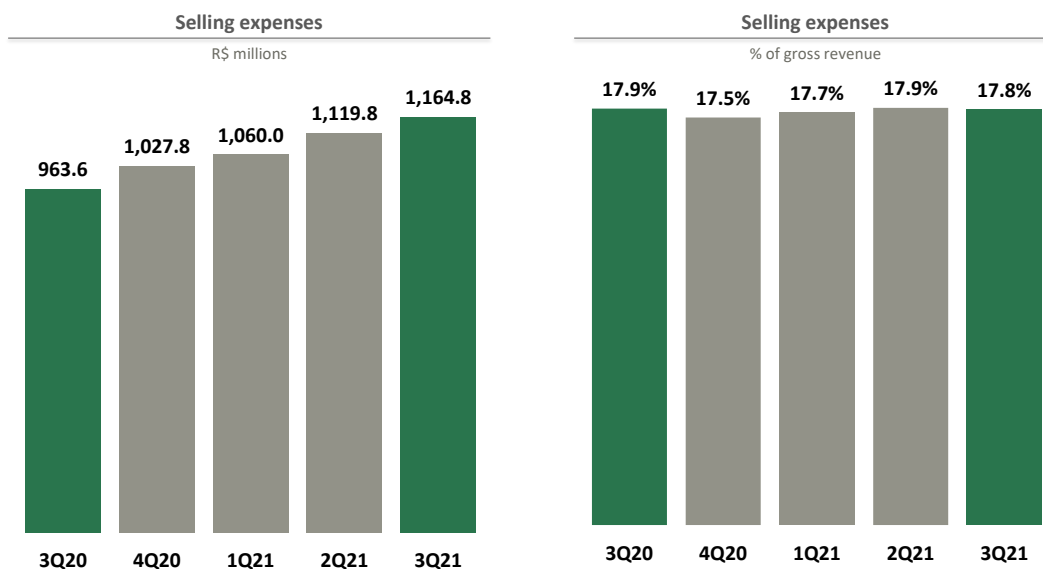
Our gross profit totaled R\$ 1,815.5 million with a gross margin of 27.8%, in-line with the 3Q20. This includes a 0.2 percentage point expansion due to the Net Present Value (NPV) adjustment, a non-cash effect stemming from higher interest rates when compared to the same period last year, partially offset by a 0.1 percentage point pressure from higher discounts.

## Comments on company performance



### SELLING EXPENSES

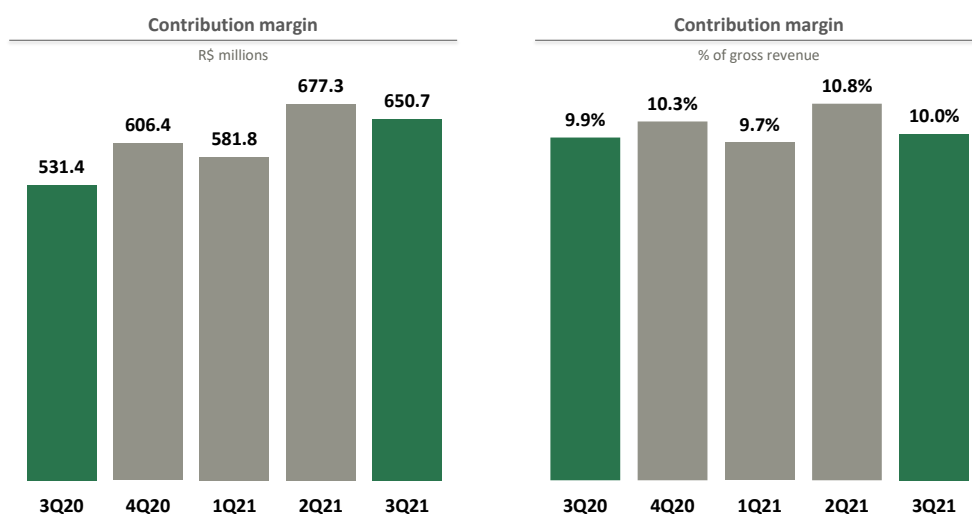
Selling expenses in the quarter totaled R\$ 1,164.8 million, equivalent to 17.8% of gross revenue, a 0.1 percentage point dilution over the same period of the previous year. We've recorded a dilution of 0.4 percentage point in personnel expenses and 0.1 percentage point in freight expenses, partially offset by a 0.1 percentage point pressure with consumable items, rentals, and professional services each.



### CONTRIBUTION MARGIN

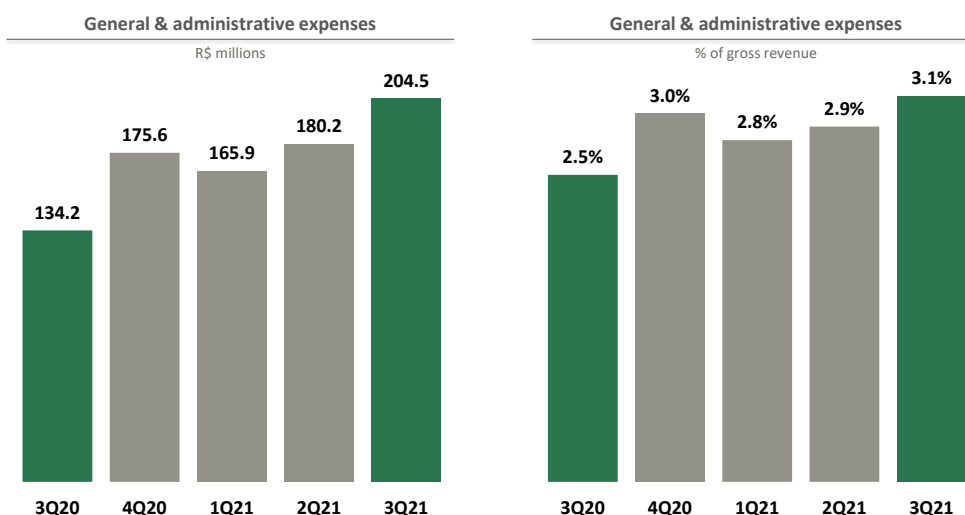
Our contribution margin totaled R\$ 650.7 million, an increase of 22% versus the 3Q20. This represented 10.0% of gross revenue, a margin increase of 0.1 percentage points over the 3Q20 stemming from the 0.1 percentage point dilution in selling expenses.

## Comments on company performance



### GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R\$ 204.5 million in the 3Q21, equivalent to 3.1% of gross revenue, a 0.6 percentage point increase when compared to the same period of last year. We recorded pressures of 0.5 percentage points in personnel expenses, 0.1 percentage point with software licenses and 0.1 with consulting services, which were partly offset by a dilution of 0.1 percentage points in labor contingencies.



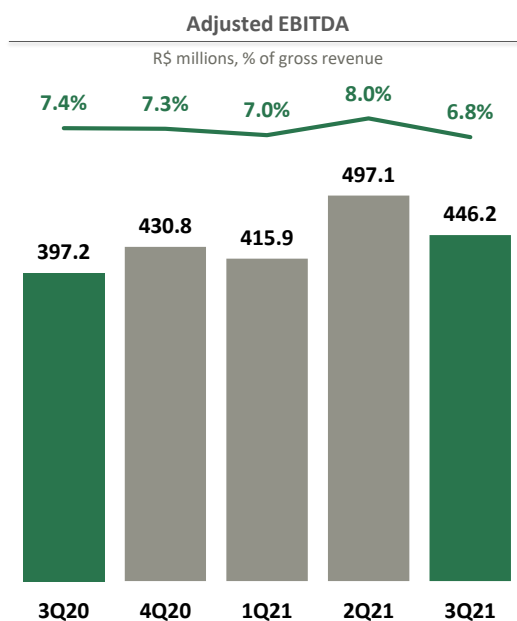
It is important to highlight that general and administrative expenses include an increment of 0.3 percentage points vs. the 3Q20 related to our investments into technology and the digitalization of health, including squads, software licenses, support teams, infrastructure and third-party services, establishing the required foundations that enable the Company to execute its new Strategy.



## Comments on company performance

### EBITDA

Our adjusted EBITDA totaled R\$ 446.2 million in the quarter, an increase of 12% when compared to the 3Q20. We recorded an adjusted EBITDA margin of 6.8%, corresponding to a 0.6 percentage point contraction. While the New Pharmacy expanded its contribution margin by 0.1 percentage point, we recorded a G&A pressure of 0.6 percentage point driven by the increase in our corporate structure to execute our new Strategy.



The pharmacies opened in the year, as well as those in the opening process, reduced the EBITDA by R\$ 3.4 million in the 3Q21. Therefore, considering only the 2,260 units in operation since the end of 2020 and full logistics, general and administrative expenses, the consolidated adjusted EBITDA would have totaled R\$ 449.5 million, equivalent to 7.1% of gross revenue.

### EBITDA RECONCILIATION AND NON-RECURRING EXPENSES

We recorded R\$ 1.2 million in non-recurring expenses in the 3Q21, of which R\$ 3.9 million refer to donations, partly offset by R\$ 2.3 million from the reduction of asset write-off provisions, mainly for store closures, besides R\$ 0.4 million of other non-recurring gains.

EBITDA Reconciliation - R\$ millions	3Q21	3Q20
<b>Net income</b>	<b>172.8</b>	<b>174.7</b>
Income tax	74.4	57.4
Equity Equivalence	(0.2)	4.3
Financial Result	39.9	22.0
<b>EBIT</b>	<b>286.9</b>	<b>258.4</b>
Depreciation and amortization	158.0	141.5
<b>EBITDA</b>	<b>444.9</b>	<b>400.0</b>
Donations	3.9	2.0
Distribution center closure	-	0.7
Restructuring expenses	-	(2.4)
INSS, PIS and COFINS credits from previous years	-	(3.9)
Asset write-offs	(2.3)	1.7
Other non-recurring/non-operating effects	(0.4)	(0.8)
<b>Non-recurring/non-operating expenses</b>	<b>1.2</b>	<b>(2.8)</b>
<b>Adjusted EBITDA</b>	<b>446.2</b>	<b>397.2</b>

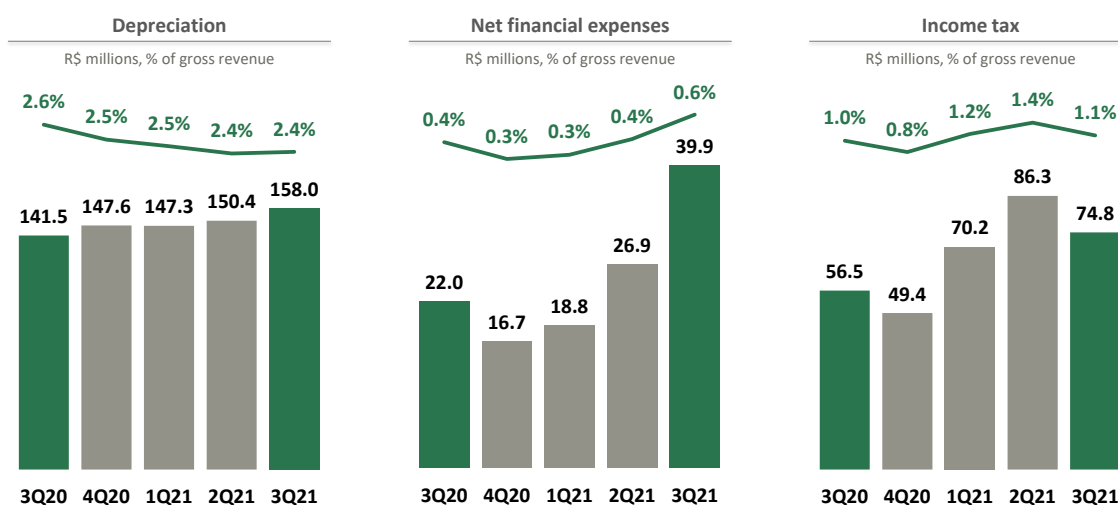
## Comments on company performance

### DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

Depreciation expenses amounted to R\$ 158.0 million in the 3Q21, equivalent to 2.4% of gross revenues, a 0.2 percentage point dilution when compared to the same period of last year.

Net financial expenses represented 0.6% of gross revenue, a 0.2 percentage point increase when compared with the 3Q20. Of the R\$ 39.9 million recorded in the quarter, R\$ 22.3 million refer to the actual financial interest accrued on financial liabilities, equivalent to 0.3% of gross revenue and stable when compared to the 3Q20. We've also recorded R\$ 16.9 million in financial expenses which refer to the NPV adjustment and R\$ 0.7 million which refers to the interest on the option to acquire the remaining 15% of 4Bio.

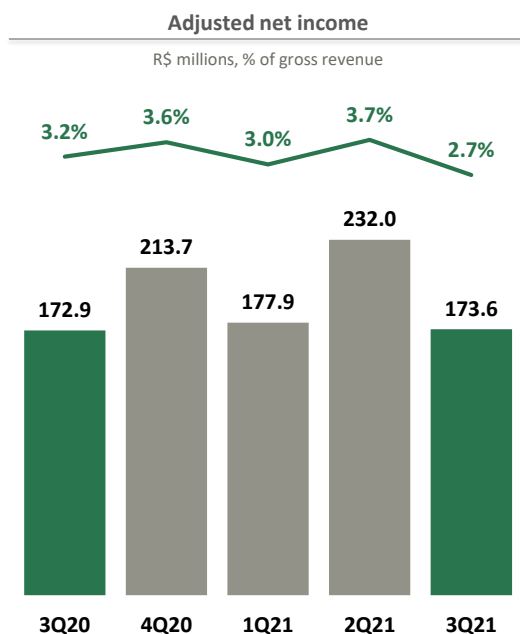
Lastly, we booked R\$ 74.8 million in income taxes, equivalent to 1.1% of gross revenue, a 0.1 percentage point increase.



### NET INCOME

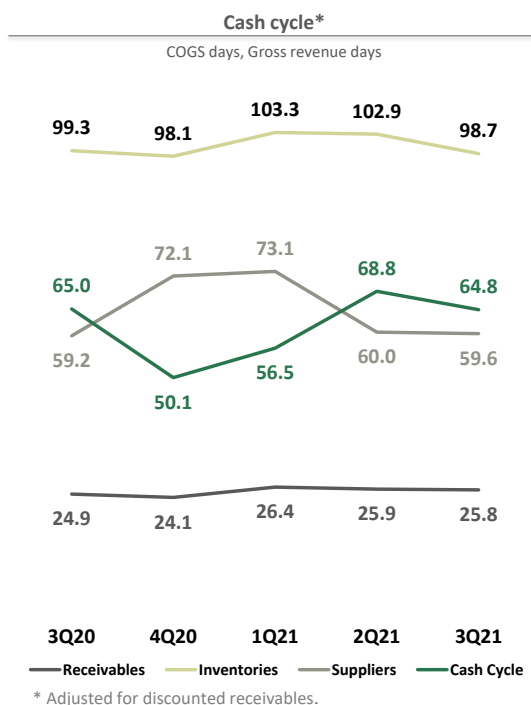
Our adjusted net income totaled R\$ 173.6 million in the quarter with a net margin of 2.7%, a contraction of 0.5 percentage points versus the 3Q20, mostly a result of our investments in G&A expenses to support our Strategy.

## Comments on company performance



## CASH CYCLE

Our cash cycle in the 3Q21 was 64.8 days, a reduction of 0.2 days when compared to the same period of the previous year. Our inventories decreased by 0.6 days, while accounts payable increased by 0.5 days. Finally, receivables were 0.9 days above the level of the 3Q20.



## CASH FLOW

We recorded a positive free cash flow of R\$ 73.2 million and a total cash consumption of R\$ 21.9 million in the 3Q21. Our operating cash flow generated R\$ 307.0 million.

## Comments on company performance

<b>Cash Flow</b>	<b>3Q21</b>	<b>3Q20</b>
<i>(R\$ million)</i>		
<b>Adjusted EBIT</b>	<b>288,1</b>	<b>255,6</b>
NPV Adjustment	(17,2)	(5,6)
Non-Recurring Expenses	(1,2)	2,8
Income Tax (34%)	(91,7)	(86,0)
Depreciation	158,0	141,5
Others	(83,9)	12,9
<b>Resources from Operations</b>	<b>252,1</b>	<b>321,4</b>
Cash Cycle*	(17,1)	144,9
Other Assets (Liabilities)**	72,1	88,7
<b>Operating Cash Flow</b>	<b>307,0</b>	<b>555,0</b>
<b>Investments</b>	<b>(233,9)</b>	<b>(184,4)</b>
<b>Free Cash Flow</b>	<b>73,2</b>	<b>370,5</b>
Interest on Equity	(0,1)	(19,5)
Income Tax Paid over Interest on Equity	(6,6)	(6,6)
Net Financial Expenses***	(23,0)	(17,2)
Share Buyback	(73,2)	-
Income Tax (Tax benefit over financial expenses and interest on equity)	7,8	22,8
<b>Total Cash Flow</b>	<b>(21,9)</b>	<b>350,1</b>

\*Includes adjustments to discounted receivables.

\*\*Includes NPV adjustments.

\*\*\*Excludes NPV adjustments.

Resources from operations totaled R\$ 252.1 million, equivalent to 3.9% of gross revenue, while we recorded a working capital reduction of R\$ 55.0 million.

Of the R\$ 233.9 million invested in the quarter, R\$ 91.3 million corresponded to new pharmacy openings, R\$ 47.6 million to the renovation or expansion of existing units and R\$ 95.0 million to investments in infrastructure.

Net financial expenses totaled R\$ 23.0 million in the 3Q21, excluding the NPV adjustments. These were partly offset by the R\$ 7.8 million in tax shield related to the net financial expenses.

## INDEBTEDNESS

We ended the 3Q21 with an adjusted net financial debt of R\$ 1,354.8 million, versus R\$ 1,177.6 million in the same period of 2020. This equals an adjusted net debt to EBITDA ratio of 0.8x, 0.1x lower than the same period of the previous year.

Our adjusted net debt includes R\$ 36.6 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.

<b>Net Debt (R\$ millions)</b>	<b>3Q21</b>	<b>2Q21</b>	<b>1Q21</b>	<b>4Q20</b>	<b>3Q20</b>
Short-term Debt	630.1	622.7	206.7	531.2	536.5
Long-term Debt	934.7	934.3	1,426.2	1,122.2	1,195.5
<b>Total Gross Debt</b>	<b>1,564.8</b>	<b>1,557.0</b>	<b>1,632.8</b>	<b>1,653.5</b>	<b>1,732.0</b>
(-) Cash and Equivalents	247.2	266.7	734.4	880.4	600.2
<b>Net Debt</b>	<b>1,317.6</b>	<b>1,290.4</b>	<b>898.4</b>	<b>773.1</b>	<b>1,131.8</b>
Discounted Receivables	0.5	6.6	-	-	-
Put/Call options to acquire 4Bio (estimated)	36.6	35.9	47.1	46.4	45.8
<b>Adjusted Net Debt</b>	<b>1,354.8</b>	<b>1,332.8</b>	<b>945.5</b>	<b>819.5</b>	<b>1,177.6</b>
<b>Adjusted Net Debt / EBITDA</b>	<b>0.8x</b>	<b>0.8x</b>	<b>0.6x</b>	<b>0.6x</b>	<b>0.9x</b>

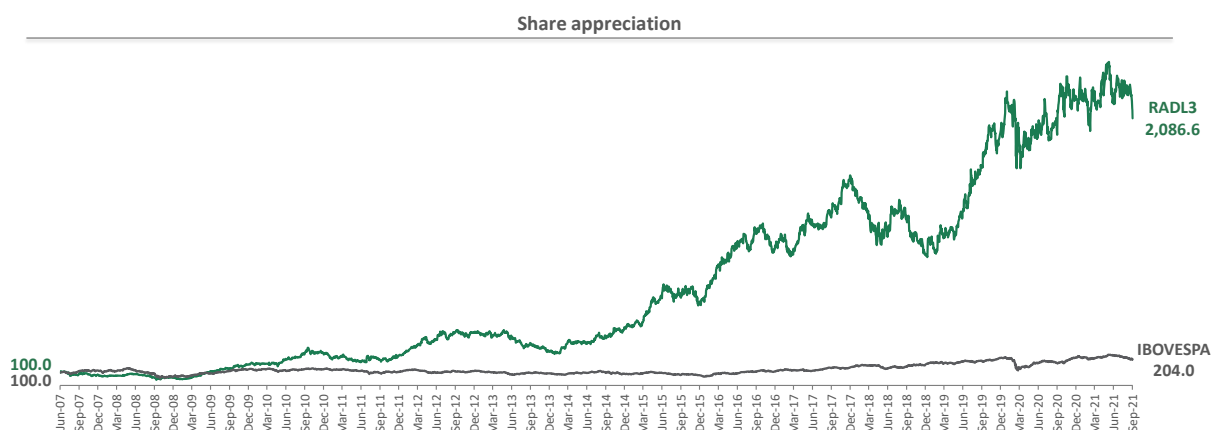
Our gross debt totaled R\$ 1,564.8 million, of which 71.8% corresponds to the debentures issued in 2017, 2018 and 2019, to the Certificate of Real Estate Receivables issued in 2019 and to the commercial papers issued in 2020 and 28.2% corresponds to other credit lines. Of our total debt, 60% is long-term, while 40% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 247.2 million.

## Comments on company performance

### TOTAL SHAREHOLDER RETURNS

Our share price decreased by 5.4% in the quarter, 7.1 percentage points better than the IBOVESPA which decreased by 12.5%. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,987% versus a return of only 104% for the IBOVESPA. Including the payment of interest on equity, we generated an average annual total return to shareholders of 24.1%.

Considering the IPO of Raia in December of 2010, the cumulative return amounted to 702% versus an increase of only 63% of the IBOVESPA. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 21.7%. Lastly, our shares recorded an average daily trading volume of R\$ 131 million in the quarter.



### 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](http://ir.rd.com.br), under Interactive Spreadsheets.

Income Statement (R\$ millions)	3Q21		Change
	IAS 17	IFRS 16	Δ 3Q21
<b>Gross Revenue</b>	<b>6,527.9</b>	<b>6,527.9</b>	<b>0.0</b>
<b>Gross Profit</b>	<b>1,815.5</b>	<b>1,815.5</b>	<b>0.0</b>
Gross Margin	27.8%	27.8%	0.0%
Selling Expenses	(1,164.8)	(957.3)	207.4
G&A	(204.5)	(204.1)	0.4
<b>Total Expenses</b>	<b>(1,369.3)</b>	<b>(1,161.4)</b>	<b>207.9</b>
as % of Gross Revenue	21.0%	17.8%	(3.2%)
<b>Adjusted EBITDA</b>	<b>446.2</b>	<b>654.0</b>	<b>207.9</b>
as % of Gross Revenue	6.8%	10.0%	3.2%
Non-Recurring Expenses / Revenues	(1.2)	(2.6)	(1.4)
Depreciation and Amortization	(158.0)	(329.3)	(171.3)
Financial Results	(39.9)	(96.8)	(56.8)
Equity Equivalence	0.2	0.2	0.0
Income Tax	(74.4)	(67.0)	7.4
<b>Net Income</b>	<b>172.8</b>	<b>158.5</b>	<b>(14.3)</b>
as % of Gross Revenue	2.6%	2.4%	(0.2%)

## Comments on company performance

Balance Sheet (R\$ millions)	3Q21		Change
	IAS 17	IFRS 16	Δ 3Q21
<b>Assets</b>	<b>11,059.8</b>	<b>14,406.2</b>	<b>3,346.4</b>
<b>Current Assets</b>	<b>7,230.0</b>	<b>7,230.1</b>	<b>0.0</b>
Taxes Receivable	102.2	102.3	0.0
Other Accounts Receivable	264.6	264.6	(0.0)
<b>Non-Current Assets</b>	<b>3,829.7</b>	<b>7,176.1</b>	<b>3,346.4</b>
Other Credits	361.8	361.3	(0.5)
Investments	8.1	8.1	(0.0)
Property, Plant and Equipment	1,921.6	5,268.5	3,346.9
Intangible	1,345.9	1,345.9	0.0
<b>Liabilities and Shareholder's Equity</b>	<b>11,059.8</b>	<b>14,406.2</b>	<b>3,346.4</b>
<b>Current Liabilities</b>	<b>4,541.9</b>	<b>5,155.7</b>	<b>613.8</b>
Financial Leases	0.0	680.7	680.7
Dividend and Interest on Equity	133.2	83.4	(49.8)
Other Accounts Payable	248.7	231.6	(17.1)
<b>Non-Current Liabilities</b>	<b>1,574.6</b>	<b>4,463.0</b>	<b>2,888.4</b>
Financial Leases	0.0	2,994.1	2,994.1
Income Tax and Social Charges Deferred	130.4	24.7	(105.7)
<b>Shareholder's Equity</b>	<b>4,943.2</b>	<b>4,787.5</b>	<b>(155.8)</b>
Income Reserves	1,780.4	1,664.2	(116.2)
Accrued Income	527.5	488.0	(39.5)
Equity Adjustments	3.8	3.8	0.0
Non Controller Interest	35.4	35.4	(0.0)

Cash Flow (R\$ millions)	3Q21		Change
	IAS 17	IFRS 16	Δ 3Q21
<b>Adjusted EBIT</b>	<b>288.1</b>	<b>324.7</b>	<b>36.6</b>
NPV Adjustment	(17.2)	(17.2)	0.0
Non-Recurring Expenses	(1.2)	(2.6)	(1.4)
Income Tax (34%)	(91.7)	(103.7)	(12.0)
Depreciation	158.0	329.3	171.3
Rental Expenses	0.0	(206.4)	(206.4)
Others	(83.9)	(72.0)	11.9
<b>Resources from Operations</b>	<b>252.1</b>	<b>252.1</b>	<b>0.0</b>
Cash Cycle*	(17.1)	(17.1)	0.0
Other Assets (Liabilities)**	72.1	72.1	0.0
<b>Operating Cash Flow</b>	<b>307.0</b>	<b>307.0</b>	<b>0.0</b>
<b>Investments</b>	<b>(233.9)</b>	<b>(233.9)</b>	<b>0.0</b>
<b>Free Cash Flow</b>	<b>73.2</b>	<b>73.2</b>	<b>0.0</b>
Interest on Equity	(0.1)	(0.1)	0.0
Income Tax Paid over Interest on Equity	(6.6)	(6.6)	0.0
Net Financial Expenses***	(23.0)	(23.0)	0.0
Share Buyback	(73.2)	(73.2)	0.0
Income Tax (Tax benefit over financial expenses and interest on equity)	7.8	7.8	0.0
<b>Total Cash Flow</b>	<b>(21.9)</b>	<b>(21.9)</b>	<b>0.0</b>

\*Includes adjustments to discounted receivables.

\*\*Includes NPV adjustments

\*\*\*Excludes NPV adjustments

## **Comments on company performance**

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### **3Q21 Results Conference Calls – November 10<sup>th</sup>, 2021**

#### **Portuguese**

at 10:00 am (BRT)

Link:

<https://live.atmodigital.com/register/a/rdresultados>

#### **English**

at 12:00 pm (BRT)

Link:

<https://live.atmodigital.com/register/a/rdresultados>

For more information, please contact our Investor Relations department.

E-mail: [ri@rd.com.br](mailto:ri@rd.com.br)

**Comments on company performance**

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<b>Consolidated Adjusted Income Statement</b> <i>(R\$ thousands)</i>	<u>3Q20</u>	<u>3Q21</u>
<b>Gross Revenue</b>	<b>5,384,230</b>	<b>6,527,875</b>
Taxes, Discounts and Returns	(290,779)	(363,012)
<b>Net Revenue</b>	<b>5,093,452</b>	<b>6,164,863</b>
Cost of Goods Sold	(3,598,455)	(4,349,402)
<b>Gross Profit</b>	<b>1,494,996</b>	<b>1,815,460</b>
Operational (Expenses) Revenues		
Sales	(963,626)	(1,164,752)
General and Administrative	(134,211)	(204,544)
<b>Operational Expenses</b>	<b>(1,097,837)</b>	<b>(1,369,296)</b>
<b>EBITDA</b>	<b>397,159</b>	<b>446,165</b>
Depreciation and Amortization	(141,531)	(158,034)
<b>Operational Earnings before Financial Results</b>	<b>255,628</b>	<b>288,131</b>
Financial Expenses	(31,777)	(62,946)
Financial Revenue	9,787	23,014
<b>Financial Expenses/Revenue</b>	<b>(21,990)</b>	<b>(39,932)</b>
Equity Equivalence	(4,316)	179
<b>Earnings before Income Tax and Social Charges</b>	<b>229,322</b>	<b>248,378</b>
Income Tax and Social Charges	(56,451)	(74,810)
<b>Net Income</b>	<b>172,871</b>	<b>173,567</b>



**Comments on company performance**

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<b>Consolidated Income Statement</b> <i>(R\$ thousands)</i>	<u>3Q20</u>	<u>3Q21</u>
<b>Gross Revenue</b>	<b>5,384,230</b>	<b>6,527,875</b>
Taxes, Discounts and Returns	(290,779)	(363,012)
<b>Net Revenue</b>	<b>5,093,452</b>	<b>6,164,863</b>
Cost of Goods Sold	(3,598,455)	(4,349,402)
<b>Gross Profit</b>	<b>1,494,996</b>	<b>1,815,460</b>
Operational (Expenses) Revenues		
Sales	(963,626)	(1,164,752)
General and Administrative	(134,211)	(204,544)
Other Operational Expenses, Net	2,797	(1,215)
<b>Operational Expenses</b>	<b>(1,095,040)</b>	<b>(1,370,511)</b>
<b>EBITDA</b>	<b>399,956</b>	<b>444,950</b>
Depreciation and Amortization	(141,531)	(158,034)
<b>Operational Earnings before Financial Results</b>	<b>258,425</b>	<b>286,915</b>
Financial Expenses	(31,777)	(62,946)
Financial Revenue	9,787	23,014
<b>Financial Expenses/Revenue</b>	<b>(21,990)</b>	<b>(39,932)</b>
Equity Equivalence	(4,316)	179
<b>Earnings before Income Tax and Social Charges</b>	<b>232,119</b>	<b>247,163</b>
Income Tax and Social Charges	(57,402)	(74,397)
<b>Net Income</b>	<b>174,717</b>	<b>172,765</b>

**Comments on company performance**

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<b>Assets</b>	<u><b>3Q20</b></u>	<u><b>3Q21</b></u>
<i>(R\$ thousands)</i>		
<b>Current Assets</b>		
Cash and Cash Equivalents	600,206	247,158
Accounts Receivable	1,470,419	1,848,349
Inventories	3,926,676	4,717,258
Taxes Receivable	91,269	102,214
Other Accounts Receivable	222,376	264,627
Anticipated Expenses	47,733	50,440
	<u>6,358,679</u>	<u>7,230,046</u>
<b>Non-Current Assets</b>		
Deposit in Court	29,331	27,392
Taxes Receivable	102,189	126,787
Income Tax and Social Charges deferred	19,657	38,083
Other Credits	345,424	361,786
Investments	0	8,097
Property, Plant and Equipment	1,817,792	1,921,622
Intangible	1,255,218	1,345,941
	<u>3,569,611</u>	<u>3,829,707</u>
<b>ASSETS</b>	<u><b>9,928,290</b></u>	<u><b>11,059,753</b></u>

**Comments on company performance**

<b>Liabilities and Shareholder's Equity</b> <i>(R\$ thousands)</i>	<u><b>3Q20</b></u>	<u><b>3Q21</b></u>
<b>Current Liabilities</b>		
Suppliers	2,339,320	2,850,604
Loans and Financing	536,490	630,096
Salaries and Social Charges Payable	409,271	484,721
Taxes Payable	123,286	153,702
Dividend and Interest on Equity	153,220	133,246
Provision for Lawsuits	32,327	40,849
Other Accounts Payable	173,421	248,714
	<u>3,767,336</u>	<u>4,541,932</u>
<b>Non-Current Liabilities</b>		
Loans and Financing	1,195,516	934,693
Provision for Lawsuits	70,098	54,436
Income Tax and Social Charges deferred	161,201	130,416
Other Accounts Payable	393,573	455,038
	<u>1,820,387</u>	<u>1,574,582</u>
<b>Shareholder's Equity</b>		
Common Stock	2,500,000	2,500,000
Capital Reserves	142,880	84,567
Revaluation Reserve	11,719	11,555
Income Reserves	1,429,597	1,780,379
Accrued Income	232,616	527,500
Equity Adjustments	(30,230)	3,821
Non Controller Interest	53,984	35,416
	<u>4,340,567</u>	<u>4,943,238</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><b>9,928,290</b></u>	<u><b>11,059,753</b></u>

## Comments on company performance

<b>Cash Flow</b>	<b>3Q20</b>	<b>3Q21</b>
<i>(R\$ thousands)</i>		
<b>Earnings before Income Tax and Social Charges</b>	<b>234.682</b>	<b>251.110</b>
<b>Adjustments</b>		
Depreciation and Amortization	141.531	157.976
Compensation plan with restricted shares, net	4.974	5.224
Interest over additional stock option	1.260	715
P,P&E and Intangible Assets residual value	1.662	2.531
Provisioned Lawsuits	3.243	(93.487)
Provisioned Inventory Loss	2.732	286
Provision for Doubtful Accounts	1.739	1.206
Provisioned Store Closures	(715)	(4.392)
Interest Expenses	15.205	25.003
Debt Issuance Costs Amortization	1.575	965
Equity Equivalence Result	1.027	(179)
Provision for Estimated Losses on other Assets	29	0
Discount on rentals	0	796
	<b>408.944</b>	<b>347.754</b>
<b>Assets and Liabilities variation</b>		
Clients and Other Accounts Receivable	(154.168)	(78.885)
Inventories	185.228	(114.411)
Other Short Term Assets	80.699	10.026
Long Term Assets	(45.889)	(8.074)
Suppliers	111.442	170.163
Salaries and Social Charges	(6.153)	71.262
Taxes Payable	7.933	(19.282)
Other Liabilities	16.844	82.010
Rents Payable	2.687	(49.537)
<b>Cash from Operations</b>	<b>607.567</b>	<b>411.026</b>
Interest Paid	(11.157)	(18.070)
Income Tax and Social Charges Paid	(37.940)	(94.371)
Paid lawsuits	(18.711)	(10.788)
<b>Net Cash from (invested) Operational Activities</b>	<b>539.759</b>	<b>287.797</b>
<b>Investment Activities Cash Flow</b>		
P,P&E and Intangible Acquisitions	(187.226)	(239.261)
P,P&E Sale Payments	1.292	0
Investments in Associates	3.289	6.480
Loans granted to subsidiaries	(1.804)	(1.100)
<b>Net Cash from Investment Activities</b>	<b>(184.449)</b>	<b>(233.881)</b>
<b>Financing Activities Cash Flow</b>		
Funding	8.380	(73)
Payments	(10.420)	(78)
Share Buyback	0	(73.228)
Interest on Equity and Dividends Paid	(19.480)	(64)
<b>Net Cash from Funding Activities</b>	<b>(21.520)</b>	<b>(73.443)</b>
<b>Cash and Cash Equivalents net increase</b>	<b>333.790</b>	<b>(19.527)</b>
<b>Cash and Cash Equivalents in the beginning of the period</b>	<b>266.416</b>	<b>266.685</b>
<b>Cash and Cash Equivalents in the end of the period</b>	<b>600.206</b>	<b>247.158</b>



## Raia Drogasil S.A.

Parent Company and Consolidated  
Interim Financial Information  
At September 30, 2021

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

## **Individual and Consolidated Interim Financial Information At September 30, 2021**

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### Contents

#### Individual and Consolidated Interim Financial Information

Balance sheet - assets .....	2
Balance sheet - liabilities and equity .....	3
Statement of income .....	5
Statement of comprehensive income .....	7
Statement of cash flow .....	8
Notes to the individual and consolidated interim financial information	
1. Operations .....	50
2. Presentation of quarterly information .....	51
3. New accounting procedures, amendments to and interpretations of standards .....	53
4. Significant accounting practices .....	54
5. Cash and cash equivalents .....	54
6. Trade receivables .....	54
7. Inventories .....	55
8. Recoverable taxes .....	56
9. Investments .....	58
10. Property and equipment and intangible assets .....	63
11. Employee benefits .....	72
12. Trade payables .....	72
13. Borrowings, debentures and promissory notes .....	73
14. Leases .....	78

**Individual and Consolidated  
Interim Financial Information  
At September 30, 2021**

15.	Provision for contingencies and judicial deposits .....	83
16.	Arbitration asset/liability .....	85
17.	Income tax and social contribution .....	86
18.	Earnings per share .....	89
19.	Equity .....	90
20.	Net sales revenue .....	93
21.	Information on the nature of expenses recognized in the statement of income .....	94
22.	Other operating (income)/expenses, net .....	95
23.	Finance income (costs).....	97
24.	Financial instruments and risk management policy .....	98
25.	Transactions with related parties.....	103
26.	Insurance coverage .....	<b>Erro! Indicador não definido.</b>
27.	Non-cash transactions .....	<b>Erro! Indicador não definido.</b>

Opinions and representations

Report on special review - without exceptions .....	88
Comments on business projection performance .....	90
Opinion of Supervisory Board.....	91
Officers' Representation on Quarterly Information .....	92
Officers' Representation on Independent Auditor's Report .....	93

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Balance sheet**  
**September 30, 2021**  
**All amounts in thousands of reais**

Assets	Note	Parent Company		Consolidated		Liabilities and equity	Note	Parent Company		Consolidated	
		Sep/2021	Dec/2020	Sep/2021	Dec/2020			Sep/2021	Dec/2020	Sep/2021	Dec/2020
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	5	227,469	855,257	247,158	880,357	Trade payables	12	2,681,426	2,943,379	2,850,605	3,106,938
Trade receivables	6	1,639,252	1,373,801	1,848,349	1,555,434	Borrowings	13	589,074	497,751	630,096	531,204
Inventories	7	4,583,685	4,112,842	4,717,258	4,225,408	Leases payable	14	679,344	501,924	680,717	503,318
Recoverable taxes	8	93,933	59,288	102,262	61,531	Salaries and social charges	-	471,650	302,833	484,720	309,160
Other current assets	-	261,981	258,187	264,603	261,022	Taxes and contributions	-	130,166	123,584	132,205	131,798
Prepaid expenses	-	49,786	36,482	50,440	36,738	Dividends and interest on equity	-	83,443	16,492	83,443	16,492
						Income tax and social contribution	-	20,485	6,873	21,498	6,873
						Provision for legal claims	15	40,849	32,646	40,849	32,835
						Other current liabilities	-	221,308	157,714	231,592	162,685
		<b>6,856,106</b>	<b>6,695,857</b>		<b>7,020,490</b>			<b>4,917,745</b>	<b>4,583,196</b>	<b>5,155,725</b>	<b>4,801,303</b>
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Judicial deposits	15	23,483	25,753	27,392	25,753	Borrowings	13	934,693	1,122,250	934,693	1,122,250
Arbitration restricted asset	16	350,816	341,906	350,816	341,906	Leases payable	14	2,992,519	2,926,026	2,994,109	2,927,607
Recoverable taxes	8	119,686	96,035	126,787	111,548	Provision for legal claims	15	54,436	70,822	54,436	70,822
Deferred income tax and social contribution	17b	-	-	38,083	36,261	Deferred income tax and social contribution	17b	23,157	72,772	24,697	74,428
Related parties	-	44,776	57,806	4,104	-	Payables to subsidiary's shareholder	9a	36,649	46,448	36,649	46,448
Other non-current assets	-	6,393	6,958	6,393	9,956	Arbitration liability	16	350,189	341,843	350,189	341,843
Investments	9	196,378	78,266	8,097	-	Provisions for losses on investments	9	864	4,578	864	4,578
Property and equipment	10a	1,916,312	1,854,211	1,921,683	1,859,220	Other non-current liabilities	-	64,904	12,908	67,336	13,188
Right-of-use lease	14	3,343,986	3,158,394	3,346,819	3,161,245			<b>4,457,411</b>	<b>4,597,647</b>	<b>4,462,973</b>	<b>4,601,164</b>
Intangible assets	10b	1,269,332	1,228,783	1,345,941	1,261,709	<b>Total liabilities</b>		<b>9,375,156</b>	<b>9,180,843</b>	<b>9,618,698</b>	<b>9,402,467</b>
		<b>7,271,162</b>	<b>6,848,112</b>		<b>6,807,598</b>						
<b>Total assets</b>						<b>Equity</b>					
		<b>14,127,268</b>	<b>13,543,969</b>	<b>14,406,185</b>	<b>13,828,088</b>	Attributable to owners of the Company	19				
						Share capital	-	2,500,000	2,500,000	2,500,000	2,500,000
						Capital reserves	-	84,567	148,029	84,567	148,029
						Revenue reserves	-	1,664,172	1,664,172	1,664,172	1,664,172
						Retained earnings	-	487,997	-	487,997	-
						Proposed additional dividend	-	-	69,478	-	69,478
						Carrying value adjustments	-	15,376	(18,553)	15,376	(18,553)
								<b>4,752,112</b>	<b>4,363,126</b>	<b>4,752,112</b>	<b>4,363,126</b>
						Noncontrolling interests	-	-	-	35,375	62,495
						<b>Total equity</b>		<b>4,752,112</b>	<b>4,363,126</b>	<b>4,787,487</b>	<b>4,425,621</b>
						<b>Total liabilities and equity</b>		<b>14,127,268</b>	<b>13,543,969</b>	<b>14,406,185</b>	<b>13,828,088</b>



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Statement of income**  
**Three- and nine-month periods ended September 30, 2021**  
**All amounts in thousands of reais, except earnings per capital share**

	Note	Parent Company				Consolidated			
		3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
Net sales revenue	20	5,827,127	16,721,390	4,851,451	13,782,509	6,164,862	17,653,178	5,093,453	14,513,099
Cost of sales	21	(4,066,747)	(11,576,997)	(3,376,586)	(9,586,059)	(4,349,401)	(12,398,814)	(3,598,455)	(10,256,128)
<b>Gross profit</b>		<b>1,760,380</b>	<b>5,144,393</b>	<b>1,474,865</b>	<b>4,196,450</b>	<b>1,815,461</b>	<b>5,254,364</b>	<b>1,494,998</b>	<b>4,256,971</b>
<b>Operating (expenses) income</b>									
Selling expenses	21	(1,236,841)	(3,565,351)	(1,042,474)	(3,082,025)	(1,256,015)	(3,613,599)	(1,056,709)	(3,122,484)
General and administrative expenses	21	(222,033)	(605,155)	(153,441)	(463,488)	(234,713)	(630,966)	(158,053)	(476,792)
Other operating (income)/expenses	22	(2,631)	66,496	3,130	(10,319)	(2,638)	66,811	3,051	(10,456)
Equity in the results of subsidiaries	9	15,251	15,235	(3,964)	(1,205)	180	(2,822)	(4,316)	(4,316)
		<b>(1,446,254)</b>	<b>(4,088,775)</b>	<b>(1,196,749)</b>	<b>(3,557,037)</b>	<b>(1,493,186)</b>	<b>(4,180,576)</b>	<b>(1,216,027)</b>	<b>(3,614,048)</b>
<b>Profit before finance results</b>		<b>314,126</b>	<b>1,055,618</b>	<b>278,116</b>	<b>639,413</b>	<b>322,275</b>	<b>1,073,788</b>	<b>278,971</b>	<b>642,923</b>
<b>Finance income (costs)</b>									
Finance income	23	21,865	45,367	9184	38073	23,015	47,218	9786	40581
Finance costs	23	(116,850)	(292,110)	(85,347)	(260,092)	(119,774)	(298,670)	(86,491)	(264,397)
		<b>(94,985)</b>	<b>(246,743)</b>	<b>(76,163)</b>	<b>(222,019)</b>	<b>(96,759)</b>	<b>(251,452)</b>	<b>(76,705)</b>	<b>(223,816)</b>
<b>Profit before income tax and social contribution</b>		<b>219,141</b>	<b>808,875</b>	<b>201,953</b>	<b>417,394</b>	<b>225,516</b>	<b>822,336</b>	<b>202,266</b>	<b>419,107</b>
Income tax and social contribution									
Current	-	(90,654)	(276,845)	(59,077)	(147,044)	(93,313)	(285,338)	(59,077)	(147,044)
Deferred	-	26,045	49,553	11,849	52,372	26,276	51,491	11,828	53,205
	17	<b>(64,609)</b>	<b>(227,292)</b>	<b>(47,228)</b>	<b>(94,672)</b>	<b>(67,037)</b>	<b>(233,847)</b>	<b>(47,249)</b>	<b>(93,839)</b>
<b>Profit for the period</b>		<b>154,532</b>	<b>581,583</b>	<b>154,725</b>	<b>322,722</b>	<b>158,479</b>	<b>588,489</b>	<b>155,017</b>	<b>325,268</b>
<b>Attributable to:</b>									
Owners of the Company	-	154,532	581,583	154,725	322,722	154,532	581,583	154,725	322,722
Noncontrolling interests	-	-	-	-	-	3,947	6,906	292	2,546
		<b>154,532</b>	<b>581,583</b>	<b>154,725</b>	<b>322,722</b>	<b>158,479</b>	<b>588,489</b>	<b>155,017</b>	<b>325,268</b>
Basic earnings per share	18	0,09366	0,35264	0,09382	0,19569	0,09366	0,35264	0,09382	0,19569
Diluted earnings per share	18	0,09335	0,35174	0,09353	0,19507	0,09335	0,35174	0,09353	0,19507

The accompanying notes are an integral part of this interim financial information.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Statement of comprehensive income**  
**Three- and nine-month periods ended September 30, 2021**  
**All amounts in thousands of reais, except earnings per capital share**

	Note	Parent Company				Consolidated			
		3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
<b>Profit for the period</b>		<b>154,532</b>	<b>581,583</b>	154,725	<b>322,722</b>	<b>158,479</b>	<b>588,489</b>	155,017	<b>325,268</b>
<b>Components of comprehensive income</b>									
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>154,532</b>	<b>581,583</b>	<b>154,725</b>	<b>322,722</b>	<b>158,479</b>	<b>588,489</b>	<b>155,017</b>	<b>325,268</b>
<b>Attributable to:</b>									
Owners of the Company	-	154,532	581,583	154,725	322,722	154,532	581,583	154,725	322,722
Noncontrolling interests	-	-	-	-	-	3,947	6,906	292	2,546
<b>Total</b>		<b>154,532</b>	<b>581,583</b>	<b>154,725</b>	<b>322,722</b>	<b>158,479</b>	<b>588,489</b>	<b>155,017</b>	<b>325,268</b>

The accompanying notes are an integral part of this interim financial information.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIADrogasil S.A.

## Statement of changes in equity

### Nine-month periods ended September 30, 2021 and 2020

All amounts in thousands of reais

	Attributable to owners of the Company												Noncontrolling interests	Total equity	
	Capital reserves					Revenue reserves			Carrying value adjustments						
	Share capital	Special monetary adjustment	Goodwill on issue / sale of shares	Treasury shares	Restricted shares and other	Legal	Statutory	Tax incentives	Retained earnings	Proposed additional dividends	Revaluation reserve	Transactions with noncontrolling interests			Total
<b>At December 31, 2019</b>	<b>2,500,000</b>	<b>10,191</b>	<b>135,739</b>	<b>(38,141)</b>	<b>21,980</b>	<b>154,131</b>	<b>1,080,636</b>	<b>137,216</b>	-	<b>41,643</b>	<b>11,848</b>	<b>(30,230)</b>	<b>4,025,013</b>	<b>51,406</b>	<b>4,076,419</b>
Dividend for 2019 approved at the Annual General Meeting (AGM) of March 23, 2020	-	-	-	-	-	-	-	-	-	(41,643)	-	-	(41,643)	-	(41,643)
Realization of revaluation reserve, net of income tax and social contribution	-	-	-	-	-	-	-	129	-	-	(129)	-	-	-	-
Interest on capital expired	-	-	-	-	-	-	-	284	-	-	-	-	284	-	284
Restricted share plan - Vesting period	-	-	-	-	13,058	-	-	-	-	-	-	-	13,058	-	13,058
Restricted share plan - Delivery	-	-	817	11,141	(11,958)	-	-	-	-	-	-	-	-	-	-
Restricted shares - delivery of 4Bio shares	-	-	-	54	-	-	-	-	-	-	-	-	54	-	54
Profit for the period	-	-	-	-	-	-	-	322,722	-	-	-	-	322,722	2,546	325,268
Allocation of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on capital proposed	-	-	-	-	-	-	-	(146,000)	-	-	-	-	(146,000)	-	(146,000)
<b>At September 30, 2020</b>	<b>2,500,000</b>	<b>10,191</b>	<b>136,556</b>	<b>(26,946)</b>	<b>23,080</b>	<b>154,131</b>	<b>1,080,636</b>	<b>137,216</b>	<b>177,135</b>	<b>-</b>	<b>11,719</b>	<b>(30,230)</b>	<b>4,173,488</b>	<b>53,952</b>	<b>4,227,440</b>
Realization of revaluation reserve, net of income tax and social contribution	-	-	-	-	-	-	-	42	-	-	(42)	-	-	-	-
Interest on capital expired	-	-	-	-	-	-	-	289	-	-	-	-	289	-	289
Restricted share plan - Vesting period	-	-	-	-	5,159	-	-	-	-	-	-	-	5,159	-	5,159
Restricted share plan - Delivery	-	-	357	663	(1,030)	-	-	-	-	-	-	-	(10)	-	(10)
Profit for the period	-	-	-	-	-	-	-	161,722	-	-	-	-	161,722	8,543	170,265
Allocation of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	24,222	-	-	(24,222)	-	-	-	-	-	-
Statutory reserve	-	-	-	-	-	-	198,316	-	(198,316)	-	-	-	-	-	-
Tax incentive reserve	-	-	-	-	-	-	-	69,650	(69,650)	-	-	-	-	-	-
Interest on capital proposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- R\$ 0.011701207 per share	-	-	-	-	-	-	-	-	22,478	-	-	-	22,478	-	22,478
Interest on capital proposed	-	-	-	-	-	-	-	(69,478)	69,478	-	-	-	-	-	-
<b>At December 31, 2020</b>	<b>2,500,000</b>	<b>10,191</b>	<b>136,913</b>	<b>(26,283)</b>	<b>27,209</b>	<b>178,353</b>	<b>1,278,952</b>	<b>206,866</b>	<b>-</b>	<b>69,478</b>	<b>11,677</b>	<b>(30,230)</b>	<b>4,363,126</b>	<b>62,495</b>	<b>4,425,621</b>
Interest on capital for 2020 approved at the AGM of March 9, 2021	-	-	-	-	-	-	-	-	-	(69,478)	-	-	(69,478)	-	(69,478)
Interest on capital expired	-	-	-	-	-	-	-	292	-	-	-	-	292	-	292
Realization of revaluation reserve, net of income tax and social contribution	-	-	-	-	-	-	-	122	-	-	(122)	-	-	-	-
Restricted share plan - Vesting period	-	-	-	-	9,740	-	-	-	-	-	-	-	9,740	-	9,740
Restricted share plan - Delivery	-	-	(1,348)	7,444	(6,096)	-	-	-	-	-	-	-	-	-	-
Repurchase of shares	-	-	-	(73,228)	-	-	-	-	-	-	-	-	(73,228)	-	(73,228)
Restricted shares - delivery of 4Bio shares	-	-	-	73	(47)	-	-	-	-	-	-	-	26	-	26
Adjustment in percentage of interest - 4Bio	-	-	-	-	-	-	-	-	-	-	34,052	-	34,052	(34,081)	(29)
Profit for the period	-	-	-	-	-	-	-	581,582	-	-	-	-	581,582	6,961	588,543
Allocation of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on capital proposed	-	-	-	-	-	-	-	(94,000)	-	-	-	-	(94,000)	-	(94,000)
<b>At September 30, 2021</b>	<b>2,500,000</b>	<b>10,191</b>	<b>135,565</b>	<b>(91,994)</b>	<b>30,806</b>	<b>178,353</b>	<b>1,278,952</b>	<b>206,866</b>	<b>487,996</b>	<b>-</b>	<b>11,555</b>	<b>3,822</b>	<b>4,752,112</b>	<b>35,375</b>	<b>4,787,487</b>

The accompanying notes are an integral part of this interim financial information.

## Statements of cash flows

### Nine-month periods ended September 30, 2021 and 2020

All amounts in thousands of reais

	Note	Parent Company		Consolidated	
		Sep/21	Sep/20	Sep/21	Sep/20
<b>Cash flows from operating activities</b>					
Profit before income tax and social contribution	-	<b>808,875</b>	<b>417,394</b>	<b>822,336</b>	<b>419,107</b>
<b>Adjustments</b>					
Depreciation and amortization	21	962,624	835,783	968,241	839,418
Compensation plan with restricted shares, net	-	9,682	13,031	9,643	12,983
Interest on additional stock option	-	2,085	3,678	2,086	3,678
Loss (profit) on sale/write-off of property and equipment and intangible assets	-	11,440	2,887	11,438	2,887
Provision for legal claims	15	27,813	9,303	27,624	9,303
Provision for inventory losses	7	5,540	23,322	5,540	23,322
(Reversal of) provision for impairment of trade receivables	6	3,138	2,017	3,861	1,835
(Reversal of) provision for drugstore closures	10	(8,177)	(1,913)	(8,177)	(1,915)
Interest expenses – borrowings	-	52,250	45,174	56,521	45,511
Interest expenses – leases	14	174,463	165,895	174,618	166,120
Amortization of transaction costs of debentures and promissory notes	13	3,353	3,280	3,353	3,280
Equity in the results of subsidiaries	9	(15,234)	1,205	2,822	1,027
Discounts on property rental	21	(5,623)	(12,615)	(5,623)	(12,615)
		<b>2,032,229</b>	<b>1,508,441</b>	<b>2,074,283</b>	<b>1,513,941</b>
<b>Changes in assets and liabilities</b>					
Trade and other receivables	-	(251,609)	(248,690)	(294,141)	(283,234)
Inventories	-	(476,383)	(60,588)	(497,390)	(98,610)
Other current assets	-	(50,034)	53,726	(56,154)	55,030
Long-term receivables	-	(29,725)	(36,504)	498	(54,564)
Trade payables	-	(263,231)	(338,996)	(258,000)	(307,612)
Salaries and social charges	-	168,817	110,224	174,961	112,596
Taxes and contributions	-	22,575	(38,311)	17,331	(17,690)
Other obligations	-	98,173	61,530	62,816	61,530
Rentals payable	-	14,071	16,502	14,071	16,502
		<b>1,264,883</b>	<b>1,027,334</b>	<b>1,238,275</b>	<b>997,412</b>
<b>Cash provided by operations</b>					
Interest paid	13	(46,914)	(30,040)	(47,686)	(30,040)
Income tax and social contribution paid	-	(252,193)	(94,672)	(252,193)	(93,839)
Interest paid – leases	14	(174,463)	(165,895)	(174,618)	(166,120)
Legal claims - paid	15	(52,184)	(81,844)	(52,184)	(81,844)
		<b>(525,754)</b>	<b>(372,451)</b>	<b>(526,681)</b>	<b>(371,843)</b>
<b>Net cash used in operating activities</b>					
<b>Cash flows from investing activities</b>					
Investments in associated and subsidiary companies	9.3	(72,580)	(3,289)	(8,126)	-
Cash acquired in business combination	-	-	-	13,275	-
Net assets acquired in business combination	-	-	-	(14,292)	-
Purchases of property and equipment and intangible assets	-	(556,662)	(472,351)	(603,769)	(474,688)
Proceeds from sale or property and equipment	-	675	1,300	675	1,300
Loans granted to subsidiary	-	(1,100)	(3,313)	(1,100)	(1,803)
		<b>(629,667)</b>	<b>(477,653)</b>	<b>(613,337)</b>	<b>(475,191)</b>
<b>Net cash used in investing activities</b>					
<b>Cash flows from financing activities</b>					
Borrowings taken	13	298,937	695,353	338,937	719,799
Repayment of borrowings	13	(406,865)	(133,020)	(439,794)	(133,020)
Leases paid	-	(487,006)	(340,329)	(488,283)	(341,420)
Interest on capital and dividends paid	-	(83,722)	(127,086)	(83,722)	(127,086)
Repurchase of shares	-	(73,228)	-	(73,228)	-
		<b>(751,884)</b>	<b>94,918</b>	<b>(746,090)</b>	<b>118,273</b>
<b>Net cash provided by / (used in) financing activities</b>					
Increase (decrease) cash and cash equivalents		<b>(627,788)</b>	<b>304,477</b>	<b>(633,199)</b>	<b>300,980</b>
Cash and cash equivalents at January 1	5	855,257	294,863	880,357	299,226
<b>Cash and cash equivalents at September 30</b>	5	<b>227,469</b>	<b>599,340</b>	<b>247,158</b>	<b>600,206</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Statement of value added**  
**Three- and nine-month periods ended September 30, 2021**  
**All amounts in thousands of reais**

	Parent Company				Consolidated			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
<b>Revenue</b>	<b>6,120,202</b>	<b>17,585,367</b>	<b>5,076,796</b>	<b>14,392,848</b>	<b>6,465,515</b>	<b>18,585,870</b>	<b>5,341,598</b>	<b>15,191,426</b>
Gross sales and services	6,116,446	17,573,885	5,078,055	14,391,841	6,461,343	18,574,583	5,342,637	15,190,237
Other income	4,207	11,528	730	3,024	4,221	11,550	730	3,024
Provision for (reversal of) impairment of trade receivables	(451)	(46)	(1,989)	(2,017)	(49)	(263)	(1,769)	(1,835)
<b>Inputs acquired from third parties</b>	<b>(4,411,308)</b>	<b>(11,987,965)</b>	<b>(3,373,213)</b>	<b>(9,625,815)</b>	<b>(4,709,567)</b>	<b>(12,840,211)</b>	<b>(3,602,338)</b>	<b>(10,316,007)</b>
Cost of sales and services	(4,032,191)	(10,895,208)	(3,061,741)	(8,669,998)	(4,314,800)	(11,716,062)	(3,283,294)	(9,339,288)
Materials, energy, outsourced services and other	(379,117)	(1,092,757)	(308,219)	(952,564)	(394,767)	(1,124,149)	(315,791)	(973,466)
Impairment/recovery of assets	-	-	(3,253)	(3,253)	-	-	(3,253)	(3,253)
<b>Gross value added</b>	<b>1,708,894</b>	<b>5,597,402</b>	<b>1,703,583</b>	<b>4,767,033</b>	<b>1,755,948</b>	<b>5,745,659</b>	<b>1,739,260</b>	<b>4,875,419</b>
Depreciation and amortization	(325,766)	(936,868)	(285,108)	(835,783)	(329,488)	(942,545)	(286,356)	(839,418)
<b>Net value added generated by the entity</b>	<b>1,383,128</b>	<b>4,660,534</b>	<b>1,418,475</b>	<b>3,931,250</b>	<b>1,426,460</b>	<b>4,803,114</b>	<b>1,452,904</b>	<b>4,036,001</b>
<b>Value added received through transfer</b>	<b>40,185</b>	<b>85,212</b>	<b>6,392</b>	<b>40,969</b>	<b>23,972</b>	<b>69,267</b>	<b>6,648</b>	<b>40,382</b>
Equity in the results of subsidiaries	15,251	15,234	(3,963)	(1,205)	(1,594)	(2,822)	(4,315)	(4,316)
Finance income	22,098	62,910	10,343	43,128	22,730	65,021	10,951	45,652
Other	2,836	7,068	12	(954)	2,836	7,068	12	(954)
<b>Total value added to distribute</b>	<b>1,423,313</b>	<b>4,745,746</b>	<b>1,424,867</b>	<b>3,972,219</b>	<b>1,450,432</b>	<b>4,872,381</b>	<b>1,459,552</b>	<b>4,076,383</b>
<b>Distribution of value added</b>								
<b>Personnel</b>	<b>602,555</b>	<b>1,709,642</b>	<b>484,706</b>	<b>1,455,616</b>	<b>615,471</b>	<b>1,741,671</b>	<b>492,795</b>	<b>1,479,250</b>
Direct remuneration	470,589	1,339,429	380,647	1,134,233	477,603	1,357,946	385,513	1,148,212
Benefits	90,815	255,591	70,364	224,586	96,154	267,629	73,163	233,029
Unemployment compensation fund	41,151	114,622	33,695	96,797	41,714	116,096	34,119	98,009
<b>Taxes and contributions</b>	<b>510,303</b>	<b>2,052,337</b>	<b>677,474</b>	<b>1,871,952</b>	<b>519,805</b>	<b>2,132,379</b>	<b>702,298</b>	<b>1,944,790</b>
Federal	296,128	708,811	176,620	455,512	301,473	722,942	178,787	460,160
State	203,517	1,312,835	493,803	1,391,523	207,415	1,378,244	516,373	1,459,390
Municipal	10,658	30,691	7,051	24,917	10,917	31,193	7,138	25,240
<b>Providers of capital</b>	<b>155,923</b>	<b>402,184</b>	<b>107,961</b>	<b>321,929</b>	<b>158,544</b>	<b>409,842</b>	<b>109,445</b>	<b>327,076</b>
Interest	116,831	291,637	85,005	259,301	118,971	297,999	86,090	263,311
Rentals	39,092	110,547	22,956	62,628	39,573	111,843	23,355	63,765
<b>Interest on capital and dividends</b>	<b>154,532</b>	<b>581,583</b>	<b>154,726</b>	<b>322,722</b>	<b>156,612</b>	<b>588,489</b>	<b>155,014</b>	<b>325,267</b>
Interest on capital	-	94,000	50,000	146,000	-	94,000	50,000	146,000
Retained earnings for the period	154,532	487,583	104,726	176,722	155,544	487,583	104,726	176,722
Noncontrolling interests in retained earnings	-	-	-	-	1,068	6,906	288	2,545
<b>Value added distributed and retained</b>	<b>1,423,313</b>	<b>4,745,746</b>	<b>1,424,867</b>	<b>3,972,219</b>	<b>1,450,432</b>	<b>4,872,381</b>	<b>1,459,552</b>	<b>4,076,383</b>

The accompanying notes are an integral part of this interim financial information.

## Notes to the parent company and consolidated interim financial information

### Individual and Consolidated

September 30, 2021

All amounts in thousands of reais unless otherwise stated



## 1. Operations

Raia Drogasil S.A. Raia Drogasil S.A. ("Company" or "Raia Drogasil" or "Parent Company") is a publicly-held company with its headquarters at Av. Corifeu de Azevedo Marques, 3.097, São Paulo – SP, listed on the Novo Mercado ("New Market") listing segment of B3 S.A. - Brasil, Bolsa, Balcão, under ticker RADL3.

Raia Drogasil S.A. and its subsidiaries (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 2,418 drugstores (2,303 drugstores - 2020), distributed in 24 Brazilian states (24 states - 2020), as presented below:

State	Consolidated	
	Sep/21	Dec/20
<b>Southeast region</b>	<b>1,511</b>	<b>1,482</b>
São Paulo	1,112	1,108
Minas Gerais	185	169
Rio de Janeiro	164	156
Espírito Santo	50	49
<b>Northeast region</b>	<b>328</b>	<b>297</b>
Pernambuco	81	75
Bahia	77	71
Ceará	54	46
Maranhão	25	18
Sergipe	22	20
Alagoas	20	20
Paraíba	19	19
Rio Grande do Norte	15	14
Piauí	15	14
<b>South region</b>	<b>271</b>	<b>243</b>
Paraná	134	127
Rio Grande do Sul	70	59
Santa Catarina	67	57
<b>Midwest region</b>	<b>235</b>	<b>219</b>
Goiás	95	87
Distrito Federal	79	77
Mato Grosso do Sul	31	29
Mato Grosso	30	26
<b>North region</b>	<b>73</b>	<b>62</b>
Pará	42	42
Tocantins	14	11
Amazonas	11	7
Rondônia	6	2
<b>Total</b>	<b>2,418</b>	<b>2,303</b>

Raia Drogasil's drugstores, as well as the Group's e-commerce demands, are supplied by eleven distribution centers located in nine states: São Paulo, Rio de Janeiro, Minas Gerais, Paraná, Goiás, Pernambuco, Bahia, Ceará and Rio Grande do Sul.

4Bio Medicamentos S.A. ("4Bio" or "Subsidiaries" when referred to jointly) markets its products through telesales and the delivery is made directly to the customer's location or through its four call centers in the states of São Paulo, Tocantins and Pernambuco. Vitat Serviços em Saúde Ltda ("Vitat" or "Subsidiaries" when referred to jointly) has as objective to integrate

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Quarterly information (ITR) - 9/30/2021 - RAI A Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**



**All amounts in thousands of reais unless otherwise stated**

our Health Platform, both with the development of digital platforms for the promotion of healthy habits that promote health food and physical activities through nutritional programs, training plans and access to professionals such as Nutritionists, Psychologists and Physical Educators, such as through the development of activities to support health management, nursing activities, diagnostic and therapeutic complementation services, other professional, scientific and technical activities, clinical laboratories, activities of health area professionals and activities of care for human health. RD Ventures Equity Investment Fund – Multistrategia (“FIP RD Ventures” or “Subsidiaries” when mentioned together), is an exclusive Fund created as a platform that seeks to invest in businesses that contribute to the growth strategy and accelerate the journey digitization of the Company’s health.

## 2. Presentation of quarterly information

In conformity with Rule 505/2006 issued by the CVM, authorization to issue this interim financial information (ITR) was granted by the Company’s Board of Directors on November 9, 2021.

The interim financial information is presented in thousands of Brazilian reais (R\$), which is the Group’s functional and presentation currency.

The individual and consolidated interim financial information for the period ended September 30, 2021 has been prepared in accordance with the accounting practices adopted in Brazil, including the rules issued by the Brazilian Securities Commission (CVM), the 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), and provide all the significant information related solely to the interim financial information, which is consistent with the information used by management.

The individual interim financial information is disclosed together with the consolidated interim financial information, which includes the interim financial information of the Company and its subsidiaries 4Bio, Vitat and RD Ventures FIP and has been prepared in accordance with consolidation practices and applicable legal provisions.

The accounting practices adopted by the subsidiaries 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 interim financial 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 expected credit losses, appreciation of financial instruments, recoverable taxes, 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, 2020.

The presentation of the individual 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 the interim financial information.

The Group adopted all standards, revised standards and interpretations issued by the IFRS and CPC that were effective as at September 30, 2021.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

## Notes to the parent company and consolidated interim financial information

### Individual and Consolidated

September 30, 2021

All amounts in thousands of reais unless otherwise stated



#### Impacts of Covid-19 pandemic

In compliance with CVM Circular Letter SNC/SEP 03/2020, in view of the current scenario in Brazil due to the Covid-19 pandemic, the Company assessed the provision for expected credit losses, taking into consideration all facts and circumstances, in order to verify whether in fact there was a significant increase in credit risk or any temporary liquidity restriction.

The Company adopted the assessment of trade receivables at September 30, 2021 as the calculation basis. On this date, the Company's receivables with respect to total accumulated sales were represented by: (i) Cards (84.9%), (ii) Cash (11.9%) and others (3.2%).

Trade receivables at September 30, 2021 are presented below:

<b>Trade receivables</b>	<b>Sep/21</b>	<b>%</b>
Credit / debit cards	1,569,061	95.7
Popular Pharmacy	36,137	2.2
Agreements with companies – Univers	19,942	1.2
Medicine Benefit Program – PBM	13,712	0.8
Trade receivables – Checks (cash/post-dated)	685	0.1
Trade receivables – Apps/Marketplace	646	0.1
Trade receivables – Manipulaê	2	-
Expected credit losses	(933)	(0.1)
<b>Total</b>	<b>1,639,252</b>	<b>100.0</b>

Regarding trade receivables items with greater representation, it is worth emphasizing that: (i) Credit / debit cards (95.8%) are concentrated on card administrators (Getnet, Cielo and Rede), where, of this amount, the Company should receive 67% in October 2021, and the remaining amount is substantially scheduled to be received in November and December 2021 and January, February and March 2022; and (ii) for the Popular Pharmacy Program (2.2%), there are no indicators that would justify any adjustment to the provision in Management's understanding, since no impact has been noted, such as the increase in default or in the average term of receipts.

Accordingly, Management assessed and concluded that there was no significant increase in credit risk regarding Trade Receivables that could justify any adjustment to the provision for expected credit losses, 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.

Despite the social distancing measures imposed by the Government in virtually all Brazilian states, in Management's assessment, there was no significant impact on sales indicating 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 profit.

During the current year, 154 drugstores were opened and 39 drugstores were closed (240 drugstores were opened and 11 drugstores were closed in 2020). All drugstore closures were carried out to optimize our drugstore portfolio, with positive expectations of return. The Covid-19 pandemic had no significant impact on the Company's expansion plan.

In accordance with CVM Ruling 859/2020, which addresses amendments to NBC TG 06 (R3) – Leases, Covid-19-related rent concessions – the Company has assessed that the benefits arising from lease discounts obtained on some properties are specific events and have not resulted in changes in the terms of lease agreements (Note 21).



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

**All amounts in thousands of reais unless otherwise stated**

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

#### New accounting procedures

There are no accounting standards, guidance or pronouncements that became effective for the first time as from the quarter ended September 30, 2021.

#### Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim financial information are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

##### (a) NBC TG 26 (R5) / IAS 1: Presentation of Financial Statements

Classification of Liabilities as current or non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, corresponding to NBC TG 26 (R5) to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that a right to defer settlement means:

- (i) That a right to defer must exist at the end of the reporting period;
- (ii) That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- (iii) That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments would have on current practice and whether existing loan agreements could require renegotiation, however, up to this moment, Management concludes that these amendments did not have significant impacts on the interim financial information.

##### (b) Amendment to IFRS 3 - Reference to the Conceptual Framework

This Amendment to IFRS 3 - Business Combination is effective for periods beginning January 1, 2022, aiming to clarify some alterations regarding the conceptual framework, without significant changes. Management is assessing possible impacts to the Company.

##### (c) Amendment to IAS 16 – Property, Plant and Equipment: Proceeds before intended use

This Amendment to IFRS 16, which will become effective as from January 1, 2022, prohibits entities deducting the cost of an item of property, plant and equipment from any proceeds from selling items produced while bringing that asset to the location and conditions necessary for it to be able of operating in the manner intended by Management. Instead, the Company should recognize in profit or loss for the year the proceeds from selling such items and the costs of producing those items, when incurred. Management believes that there are no impacts to the Company.

##### (d) Amendment to IAS 37/ NBC TG 25 – Onerous Contracts: Costs of Fulfilling a Contract

This Amendment to IAS 37 / NBC TG 25 will become effective as from January 1, 2022, whose main changes aim at specifying that the 'cost of fulfilling' a contract comprises 'costs that relate directly to the contract'. The costs that relate directly to a contract may be incremental costs and an allocation of other costs directly related to the performance of a contract. Management periodically assesses its contracts and sets up possible provisions when identified.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

#### 4. Significant accounting practices

The accounting practices adopted for preparing this interim financial information are consistent with those disclosed in Note 4 to the financial statements for the year ended December 31, 2020, disclosed on March 9, 2021.

#### 5. Cash and cash equivalents

Cash and cash equivalents items	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Cash and banks	106,992	116,076	108,425	117,167
Investment fund	-	-	937	2,174
Automatic investments (i)	12,886	11,871	15,700	13,145
Bank Deposit Certificates - CDB (ii)	38,299	53,716	46,334	53,716
Debentures held under repurchase agreements (iii)	69,292	673,594	75,762	694,155
<b>Total</b>	<b>227,469</b>	<b>855,257</b>	<b>247,158</b>	<b>880,357</b>

(i) Refers to a short-term fixed income fund with short-term investments and automatic redemptions.

(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 in which financial institutions that negotiated these securities guarantee credit risk, of low risk to the Group, immediate liquidity and without loss of income.

The financial investments are distributed at the banks Banco do Brasil, Banrisul, Bradesco, Caixa Econômica, Daycoval, Itaú, Safra, and Santander.

The Group's exposure to interest rate risks on financial investments is disclosed in Note 24 a.

#### 6. Trade receivables

Trade receivables items	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Trade receivables	1,647,013	1,376,516	1,858,746	1,559,908
(-) Expected credit losses	(933)	(646)	(2,573)	(2,069)
(-) Adjustment to present value	(6,828)	(2,069)	(7,824)	(2,405)
<b>Total</b>	<b>1,639,252</b>	<b>1,373,801</b>	<b>1,848,349</b>	<b>1,555,434</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated  
September 30, 2021**

All amounts in thousands of reais unless otherwise stated

The aging of trade receivables is presented below:

Maturities	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Not yet due	1,644,260	1,372,587	1,842,807	1,545,854
Overdue:				
Between 1 and 30 days	1,321	2,954	5,158	6,565
Between 31 and 60 days	315	537	2,394	2,214
Between 61 and 90 days	496	60	2,857	969
Between 91 and 180 days	621	378	3,968	3,038
Between 181 and 360 days	-	-	1,562	1,268
(-) Expected credit losses	(933)	(646)	(2,573)	(2,069)
(-) Adjustment to present value	(6,828)	(2,069)	(7,824)	(2,405)
<b>Total</b>	<b>1,639,252</b>	<b>1,373,801</b>	<b>1,848,349</b>	<b>1,555,434</b>

Days sales outstanding, represented by credit and debit cards and partnerships with companies and the Government, are approximately 42 days (40 days in Dec/2020), term that is considered part of the normal conditions inherent in Group's operations. A substantial portion of the amounts overdue for more than 31 days are represented by collection through special plans and Medicine Benefit Programs – PBMs.

The changes in expected credit losses are presented below:

Changes in expected losses	Parent Company	Consolidated
At January 1st, 2020	(1,250)	(3,430)
Additions	(7,070)	(10,645)
Reversals	1,974	4,842
Losses	3,079	3,968
At September 30, 2020	<b>(3,267)</b>	<b>(5,265)</b>
Additions	(6,881)	(7,782)
Reversals	1,181	2,105
Losses	8,321	8,873
At December 31, 2020	<b>(646)</b>	<b>(2,069)</b>
Additions	(4,351)	(8,192)
Reversals	1,213	4,331
Losses	2,851	3,357
<b>At September 30, 2021</b>	<b>(933)</b>	<b>(2,573)</b>

Trade receivables are classified as financial assets at amortized cost and are therefore measured as described in Note 4(d) – Impairment to the interim financial information for the period ended September 30, 2021.

## 7. Inventories

Inventory items	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Goods for resale	4,613,106	4,139,133	4,746,991	4,251,814
Consumables	15,584	6,317	15,584	6,317
(-) Provision for inventory losses	(33,736)	(28,196)	(33,736)	(28,196)
(-) Adjustment to present value	(11,269)	(4,412)	(11,581)	(4,527)
<b>Total inventory</b>	<b>4,583,685</b>	<b>4,112,842</b>	<b>4,717,258</b>	<b>4,225,408</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

## Notes to the parent company and consolidated interim financial information

### Individual and Consolidated

September 30, 2021

All amounts in thousands of reais unless otherwise stated



Changes in the provision for expected losses on goods are as follows:

Changes in expected losses on goods	Parent Company	Consolidated
At January 1st, 2020	(13,116)	(13,116)
Additions	(30,393)	(30,393)
Write-offs	7071	7071
At September 30, 2020	<b>(36,438)</b>	<b>(36,438)</b>
Additions	(8,983)	(8,983)
Write-offs	17,225	17,225
At December 31, 2020	<b>(28,196)</b>	<b>(28,196)</b>
Additions	(9,521)	(9,521)
Write-offs	3,981	3,981
<b>At September 30, 2021</b>	<b>(33,736)</b>	<b>(33,736)</b>

For the nine-month period ended September 30, 2021, cost of goods sold recognized in the statement of income was R\$ 11,568,417, Note 21, (R\$ 9,586,059 – Sep/2020) for the Parent Company and R\$ 12,388,615 (R\$ 10,256,127 – Sep/2020) for the Consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the period amounting to R\$ 135,632 (R\$ 107,454 – Sep/2020) for the Parent Company and R\$ 136,545 (R\$ 108,309 – Sep/2020) 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. Recoverable taxes

Recoverable taxes items	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
<b>Taxes on profit recoverable</b>				
Withholding Income Tax (IRRF)	1,491	1,255	1,694	1,255
Corporate Income Tax (IRPJ)	10,528	214	17,121	7,162
Social Contribution on Net Profit (CSLL)	232	23	2,594	2,535
<b>Subtotal</b>	<b>12,251</b>	<b>1,492</b>	<b>21,409</b>	<b>10,952</b>
<b>Other recoverable taxes</b>				
Value Added Tax on Sales and Services (ICMS) – credit balance (i)	47,562	43,710	50,681	48,396
ICMS – Refund of ICMS withheld in advance (ii)	10,830	10,543	10,830	10,543
ICMS on acquisitions of fixed assets	87,842	92,583	87,842	92,583
Social Integration Program (PIS)	9,602	427	10,270	1,120
Social Contribution on Revenue (COFINS)	44,971	2,706	47,456	5,623
Social Investment Fund (FINSOCIAL) - 1982 - securities issued to cover court-ordered debts	561	561	561	561
National Institute of Social Security (INSS)	-	3301	-	3301
<b>Subtotal</b>	<b>201,368</b>	<b>153,831</b>	<b>207,640</b>	<b>162,127</b>
<b>Total</b>	<b>213,619</b>	<b>155,323</b>	<b>229,049</b>	<b>173,079</b>
Current assets	93,933	59,288	102,262	61,531
Non-current assets	119,686	96,035	126,787	111,548

(i) The ICMS credits amounting to R\$ 47,562 and R\$ 10,830 (R\$ 43,710 and R\$ 10,543 - Dec/2020) for the Parent Company and R\$ 50,681 and R\$ 10,830 (R\$ 48,396 and R\$ 10,543 - Dec/2020) 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 Grande do Sul, 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.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

**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.

On May 13, 2021, the Federal Supreme Court (STF) partially accepted the appeals for clarification filed by the Federal Government, determining that the ICMS amount to be excluded from the PIS and COFINS calculation basis is the one separately stated on the invoice, but the matter should only be effective beginning March 15, 2017, date of the judgment on the merits of RE 574,706/PR, except for the lawsuits and administrative proceedings filed until said date (session held by videoconference - Resolution 672/2020/STF). Once the ICMS amount separately stated on the invoice was considered as the calculation criteria, the Company recorded the additional amount of R\$ 58,044 in the non-recurring result in May 2021 (Note 22), of which R\$ 42,025 refers to the principal amount and R\$ 16,019 to the monetary adjustment.

**Undue payment of social security contributions on payroll discounts**

A review of the payments related to social security contribution on the payroll made in the last five years was performed and it was identified an undue payment of the contributions on amounts discounted from the payroll that would qualify as not subject to tax levy or as exemption based on favorable court decisions that defend that the discounts on the payroll for purposes of co-participation of employees in benefits exempt from social security contribution (employer portion) should also not be subject to any social security taxation. Accordingly, based on the analyses and opinions prepared by our lawyers and advisors, we determined an amount of tax credit of R\$ 32,728, which was fully offset up to March 2021.

**Incidence of IRPJ and CSLL on amounts related to the SELIC rate**

On September 24, 2021, the Superior Federal Court - STF unanimously ruled the non-levy of the IRPJ and CSLL on the amounts related to the SELIC rate, received by the taxpayer due to the repetition of tax overdue. On September 22, 2021, the Company filed a Writ of Mandamus seeking recognition of the right to the non-levy of IRPJ and CSLL on amounts arising from monetary restatement and default interest, including SELIC, calculated on tax credits due to repetition of tax overdue payments, concentrated in the processes mentioned in the item above, whose estimated and unrecorded amount is R\$6,278 in the Parent Company and R\$7,001 in the Consolidated. The Company is awaiting the final and unappealable decision of its process for effective tax offsetting of the amounts due.

**Expected realization of credits**

The expected realization of amounts classified in current and non-current assets is as follows:

Expected realization	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
In the next 12 months	93,933	59,288	102,262	61,531
Between 13 and 24 months	28,986	23,870	29,006	23,870
Between 25 and 36 months	44,168	23,868	51,249	36,497
Between 37 and 48 months	22,986	23,868	22,986	26,752
Between 49 and 60 months	23,546	24,429	23,546	24,429
<b>Total</b>	<b>213,619</b>	<b>155,323</b>	<b>229,049</b>	<b>173,079</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

## 9. Investments

### 9.1 Business combinations and goodwill

#### (a) Business combination – 4Bio Medicamentos S.A

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 of call and put options for all the remaining shares, corresponding to 45% of the total, which continued to be held by the founding stockholder. On September 24, 2019, the Company and the Equity Investment Fund Kona ("Kona"), holder of the shares of the founding stockholder, 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: (i) 1st call and put options of 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, 2019 and 2020; (ii) 2nd call and put options of shares, equivalent to 15% of the capital, will be exercisable after January 1st, 2024 and June 30, 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.

On April 22, 2021, Kona submitted to the Company the Notice of Exercise of the First Put Option of shares equivalent to 30% of the capital of subsidiary 4Bio. The shares were transferred on May 13, 2021, upon the payment of R\$ 11,884. After the exercise of the first put option, the Company became the holder of 85% of the capital of 4Bio Medicamentos S.A.

The fair value of the financial liability referring to the additional shares recorded in Parent Company and Consolidated, of R\$ 36,649 (R\$ 46,448 - Dec/20), is classified as Level 3 in the fair value hierarchy. The main fair value measurements have as reference: (i) a discount rate of 12.60% in September 2021 (12.60% - Dec/20), (ii) an average growth rate of EBITDA of 18.02% in September 2021 (18.02% - Dec/20), considering the average of the EBITDAs projected for 2018 to 2021 and the multiple provided for in contract.

The goodwill arising on acquisition of R\$ 12,907 (R\$ 12,907 – Dec/20) for the Parent Company and R\$ 25,563 (R\$ 25,563 – Dec/20) for the Consolidated accounts represents the future economic benefits expected from the business combination.

#### (b) Business combinations – Vitat Serviços em Saúde Ltda. (former "Tech.fit")

On February 18, 2021, the Company announced to its shareholders and to the market in general that it entered into an Agreement for the acquisition of 100% of the equity interest in B2U Editora S.A. ("Tech.fit").

Tech.fit is a Brazilian start-up with years of experience in developing digital platforms for the promotion of healthy habits. Its platform includes apps such as Tecnonutri, Dieta e Saúde, Workout and Cuidaí, which promote healthy eating habits and physical activities through nutritional programs, training plans and access to professionals such as nutritionists, psychologists and physical educators.

On March 5, 2021, the Company received the final approval by the Administrative Council for Economic Defense (CADE) and, upon compliance with the remaining precedent conditions established in the Agreement, on April 1, 2021, the Company entered into the Closing Term and made the payments set forth in the Agreement, taking over control of Tech.fit.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

**All amounts in thousands of reais unless otherwise stated**

On May 4, 2021, the Company changed the name of the subsidiary to Vitat Serviços em Saúde Ltda. ("Vitat"), converted the subsidiary into a privately-held limited company, also adopting the trade name "Vitat", and included in its corporate purpose: health management support activities, nursing activities, diagnostic and therapeutic complementary services, other professional, scientific, and technical activities, clinical laboratories, activities of health care professionals and human health care activities, with the purpose of accelerating the development of our Health Platform, offering customers health promotion, prevention, customized journeys and contents.

The Company adopted the balance sheet as at March 31, 2021 as the opening balance sheet for purposes of allocating the effects of the acquisition. The following table summarizes the consideration paid and the fair values of assets acquired and liabilities assumed recognized at the acquisition date.

	<u>Parent Company</u>
<b>At April 1st, 2021</b>	
Purchase price	58,072
<b>Total consideration transferred</b>	<b>58,072</b>
<b>Amounts recognized of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	13,275
Trade notes receivable	2,635
Trademarks (included in intangible assets) (Note 10b) <sup>(i)</sup>	2,394
Platform (included in intangible assets) (Note 10b) <sup>(i)</sup>	16,500
Non-compete agreement (included in intangible assets) (Note 10b) <sup>(i)</sup>	4,000
Property and equipment, net (Note 10a)	228
Intangible assets, net (Note 10b)	1,106
Recoverable taxes	32
Other credits	274
Trade notes payable to suppliers	(389)
Social security and labor obligations	(599)
Tax obligations	(140)
Other obligations	(2,130)
<b>Total identifiable net assets</b>	<b>37,186</b>
Goodwill	20,886
	<b>58,072</b>

(i) The fair value of intangible assets (platform, brand and non-compete agreement), in addition to the fair value of any contingency, has been assessed provisionally and is subject to the completion of an independent appraisal.

The goodwill arising from the acquisition of R\$ 20,886 represents the future economic benefits expected from the business combination. If new information obtained within one year from the acquisition date, on the facts and circumstances that existed on the date of the acquisition, indicate adjustments to the amounts mentioned above, or any additional provision that existed on that date, the acquisition recorded may be reviewed.

**(c) Business combination – Dr. Cuco Desenvolvimento de Software Ltda**

On August 6, 2021, the Company entered into an agreement for the acquisition of a 100% interest in the company Dr. Cuco Desenvolvimento de Software Ltda ("Dr. Cuco" or "Cuco Health") for R\$ 15,000.

Cuco Health, founded in 2016, is pioneer in the development of a digital care platform focused on adherence to treatment. The low adherence to treatment is considered one of the main health problems all over the world, especially regarding asymptomatic chronic diseases. RD believes that the technology and expertise developed by Cuco Health will be fundamental to support its customers so that they can fully adhere to the treatment prescribed by their doctors.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

On September 17, 2021, the transaction was definitely approved by the Administrative Council for Economic Defense - CADE. The Company will submit the Acquisition to the approval of the General Meeting of Shareholders to be held on November 18, 2021, in accordance with Article 256 of Law 6,404/76 and will keep its shareholders and the market in general properly informed, pursuant to the relevant legislation.

## 9.2 Incorporation of companies

### (a) Incorporation of company – Stix Fidelidade e Inteligência S.A.

The Company together with Grupo Pão de Açúcar (“GPA”) announced 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 in more than 3 thousand establishments across the country through the Drogasil, Droga Raia, Extra and Pão de Açúcar brands.

The Stix Fidelidade program focuses on offering valuable and affordable benefits to participants in a wide range of segments, building customer loyalty and generating value for the companies that will integrate its platform. The program was launched in October 2020, for customers who make their purchases at Droga Raia, Drogasil, Extra and Pão de Açúcar stores, accumulating Stix points.

Stix Fidelidade has its shareholding structure represented by 66.77% of GPA and 33.33% of the Company and it is an autonomous company, with a Board of Directors formed by members appointed by the shareholders.

On February 29, 2020, the Company made a capital contribution in the amount of R\$ 3,289 and on February 28, 2021, it made a capital contribution in the amount of R\$ 6,508, maintaining its proportional ownership interest.

### (b) Incorporation of company - RD Ventures Fundo de Investimento em Participações - Multiestratégia

On October 22, 2020, the Company incorporated the private equity investment fund as a closed-end fund, pursuant to CVM Instruction 578 of August 30, 2016, as amended (“CVM Instruction 578”), to CVM Instruction 579 of August 30, 2016 and to Code ABVCAP/ANBIMA of Regulations and Best Practices, as well as other applicable legal and regulatory provisions, with the name RD Ventures Fundo de Investimento em Participações – Multiestratégia (“FIP RD Ventures”).

FIP RD Ventures is managed by Paraty Capital Ltda., a company headquartered at Rua dos Pinheiros, 870, conjunto 133, Pinheiros, in the city of São Paulo, state of São Paulo, registered at the National Registry of Legal Entities (CNPJ/ME) under No. 18.313.996/0001-50, duly authorized by the Brazilian Securities Commission (“CVM”) to manage securities portfolio.

On December 30, 2020, the Company made a capital contribution in the amount of R\$ 4,500 and on March 10, 2021 it made a capital contribution in the amount of R\$ 8,000.



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

**9.3 Composition and changes in investments**

At September 30, 2021 and December 31, 2020, the Company's investment balance is presented below:

Investee	Main activity	Sep/21		Dec/20	
		Direct interest (%)	Parent Company	Direct interest (%)	Parent Company
4Bio	Retail of special medicines Platform of products and services	85%	135,219	55%	73,768
Stix Fidelidade (i)	for the accumulation and redemption of points	33%	(864)	33%	(4,578)
RD Ventures FIP	Private equity investment fund	100%	11,166	100%	4,498
Vitat	Supporting health management and promoting healthy habits	100%	49,993	-	-
<b>Total</b>			<b>195,514</b>		<b>73,688</b>

(i) The provision for losses on investments is recorded in "Other provisions".

Changes in investment balances presented in the individual interim financial information are shown below:

Changes in investments	Parent Company				Total
	4BIO Subsidiary	stix Associate	RD VENTURES Subsidiary	vitat Subsidiary	
At January 1st, 2020	60,263	-	-	-	60,263
Capital contribution	-	3,289	-	-	3,289
Equity in the results of subsidiaries	3,111	(4,316)	-	-	(1,205)
Restricted share compensation plan – 4Bio	(48)	-	-	-	(48)
<b>At September 30, 2020</b>	<b>63,326</b>	<b>(1,027)</b>	<b>-</b>	<b>-</b>	<b>62,299</b>
Capital contribution	-	-	4,500	-	4,500
Equity in the results of subsidiaries	10,442	(3,551)	(2)	-	6,889
<b>At December 31, 2020</b>	<b>73,768</b>	<b>(4,578)</b>	<b>4,498</b>	<b>-</b>	<b>73,688</b>
<b>Reclassification to "Other Liabilities, as provision for losses on investments.</b>	<b>-</b>	<b>(4,578)</b>	<b>-</b>	<b>-</b>	<b>(4,578)</b>
<b>Classified as investments</b>	<b>73,768</b>	<b>-</b>	<b>4,498</b>	<b>-</b>	<b>78,266</b>
At January 1st, 2021	73,768	(4,578)	4,498	-	73,688
Capital contribution	-	6,508	8,000	-	14,508
Business combinations	-	-	-	58,072	58,072
Equity in the results of subsidiaries	27,467	(2,822)	(1,332)	(8,079)	15,234
Restricted share compensation plan – 4Bio	(39)	-	-	-	(39)
Adjustment in percentage of interest	34,023	28	-	-	34,051
<b>At September 30, 2021</b>	<b>135,219</b>	<b>(864)</b>	<b>11,166</b>	<b>49,993</b>	<b>195,514</b>
<b>Reclassification to "Other liabilities", as provision for losses on investments</b>	<b>-</b>	<b>(864)</b>	<b>-</b>	<b>-</b>	<b>(864)</b>
<b>Classified as investments</b>	<b>135,219</b>	<b>-</b>	<b>11,166</b>	<b>49,993</b>	<b>196,378</b>

**Notes to the parent company and consolidated interim financial information****Individual and Consolidated****September 30, 2021****All amounts in thousands of reais unless otherwise stated**

For the purpose of calculating the equity in subsidiaries and associate, the Company adjusts the assets, liabilities and the respective changes in the result. At 4Bio they are adjusted based on the purchase price allocation determined on the acquisition date. The table below shows the effects on profit (loss) for the year/period of subsidiaries and associate for the purposes of determining the equity in results of subsidiaries for the nine-month period ended September 30, 2021 and the year ended December 31, 2020:

	Parent Company				Total
	4BIO <small>Aldia em português</small>	stix	RD VENTURES	vitat	
<b>Changes in investments</b>					
Profit (loss) for the period	3,541	(4,316)	-	-	(775)
Amortization of surplus arising from the business combination	(430)	-	-	-	(430)
<b>Equity in the results of subsidiaries at 9/30/2020</b>	<b>3,111</b>	<b>(4,316)</b>	<b>-</b>	<b>-</b>	<b>(1,205)</b>
Profit (loss) for the period	10,525	(3,551)	(2)	-	6,972
Amortization of surplus arising from the business combination	(83)	-	-	-	(83)
<b>Equity in the results of subsidiaries at 12/31/2020</b>	<b>13,553</b>	<b>(7,867)</b>	<b>(2)</b>	<b>-</b>	<b>5,684</b>
Profit (loss) for the period	27,590	(2,822)	(1,332)	(5,790)	17,646
Amortization of surplus arising from the business combination	(123)	-	-	(2,289)	(2,412)
<b>Equity in the results of subsidiaries at 9/30/2021</b>	<b>27,467</b>	<b>(2,822)</b>	<b>(1,332)</b>	<b>(8,079)</b>	<b>15,234</b>

	Parent Company				Sep/21
	4BIO <small>Aldia em português</small>	stix	RD VENTURES	vitat	
<b>Adjusted equity</b>					
Investment at book value	120,761	(864)	11,166	8,501	139,564
Allocation of the purchase price (surplus of assets)	2,518	-	-	20,606	23,124
Deferred income tax liability on allocation adjustments	(874)	-	-	-	(874)
Restricted share compensation plan	(93)	-	-	-	(93)
<b>Total adjusted equity</b>	<b>122,312</b>	<b>(864)</b>	<b>11,166</b>	<b>29,107</b>	<b>161,721</b>
Goodwill based on expected future profitability	12,907	-	-	20,886	33,793
<b>Investment balance</b>	<b>135,219</b>	<b>(864)</b>	<b>11,166</b>	<b>49,993</b>	<b>195,514</b>

	Parent Company			Dec/20
	4BIO <small>Aldia em português</small>	stix	RD VENTURES	
<b>Adjusted equity</b>				
Investment at book value	59,147	(4,578)	4,498	59,067
Allocation of the purchase price (surplus of assets)	2,679	-	-	2,679
Deferred income tax liability on allocation adjustments	(911)	-	-	(911)
Restricted share compensation plan	(54)	-	-	(54)
<b>Total adjusted equity</b>	<b>60,861</b>	<b>(4,578)</b>	<b>4,498</b>	<b>60,781</b>
Goodwill based on expected future profitability	12,907	-	-	12,907
<b>Investment balance</b>	<b>73,768</b>	<b>(4,578)</b>	<b>4,498</b>	<b>73,688</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

**10. Property and equipment and intangible assets**

a) Property and equipment

Property and equipment is broken down as follows:

	Average annual depreciation rates (%)	Parent Company					
		Sep/21			Dec/20		
		Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	-	32,124	-	<b>32,124</b>	32,124	-	<b>32,124</b>
Buildings	2.5 - 2.7	69,837	(28,254)	<b>41,583</b>	69,837	(26,886)	<b>42,951</b>
Furniture, fittings and facilities	7.4 - 10	1,196,297	(514,630)	<b>681,667</b>	1,096,992	(443,290)	<b>653,702</b>
Machinery and equipment	7.1 - 15.8	789,637	(420,305)	<b>369,332</b>	705,530	(361,320)	<b>344,210</b>
Vehicles	20 - 23.7	77,693	(44,180)	<b>33,513</b>	73,711	(38,306)	<b>35,405</b>
Leasehold improvements	13 - 20	1,515,321	(757,228)	<b>758,093</b>	1,435,389	(689,570)	<b>745,819</b>
<b>Total</b>		<b>3,680,909</b>	<b>(1,764,597)</b>	<b>1,916,312</b>	<b>3,413,583</b>	<b>(1,559,372)</b>	<b>1,854,211</b>

	Average annual depreciation rates (%)	Consolidated					
		Sep/21			Dec/20		
		Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	-	32,124	-	<b>32,124</b>	32,124	-	<b>32,124</b>
Buildings	2.5 - 2.7	69,837	(28,254)	<b>41,583</b>	69,837	(26,886)	<b>42,951</b>
Furniture, fittings and facilities	7.4 - 10	1,199,169	(515,785)	<b>683,385</b>	1,098,912	(444,070)	<b>654,842</b>
Machinery and equipment	7.1 - 15.8	794,636	(422,985)	<b>371,650</b>	709,103	(362,736)	<b>346,367</b>
Vehicles	20 - 23.7	78,040	(44,404)	<b>33,636</b>	74,058	(38,499)	<b>35,559</b>
Leasehold improvements	13 - 20	1,518,687	(759,383)	<b>759,305</b>	1,438,562	(691,185)	<b>747,377</b>
<b>Total</b>		<b>3,692,493</b>	<b>(1,770,811)</b>	<b>1,921,683</b>	<b>3,422,596</b>	<b>(1,563,376)</b>	<b>1,859,220</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**  
**All amounts in thousands of reais unless otherwise stated**



Changes in the Parent Company's property and equipment are as follows:

	Jan 1st, 2020	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/20	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Dec/20	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/21
<b>Changes in cost</b>													
Land	35,646	-	-	-	35,646	-	(3,522)	-	32,124	-	-	-	32,124
Buildings	71,422	-	-	-	71,422	-	(1,585)	-	69,837	-	-	-	69,837
Furniture, fittings and facilities	967,400	97,747	(7,899)	1,681	1,058,929	48,833	(6,395)	(4,376)	1,096,992	108,577	(14,089)	4,816	1,196,295
Machinery and equipment	597,668	81,430	(6,952)	-	672,146	35,104	(1,720)	-	705,530	93,216	(9,109)	-	789,637
Vehicles	68,061	4,873	(2,218)	-	70,716	3,186	(191)	-	73,711	4,705	(723)	-	77,693
Leasehold improvements	1,330,927	202,382	(121,660)	2,316	1,413,965	87,426	(60,012)	(5,989)	1,435,389	234,571	(164,239)	9,601	1,515,323
<b>Total</b>	<b>3,071,124</b>	<b>386,432</b>	<b>(138,729)</b>	<b>3,997</b>	<b>3,322,824</b>	<b>174,549</b>	<b>(73,425)</b>	<b>(10,365)</b>	<b>3,413,583</b>	<b>441,069</b>	<b>(188,160)</b>	<b>14,417</b>	<b>3,680,909</b>
<b>Changes in accumulated depreciation</b>													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	(25,216)	(1,427)	-	-	(26,643)	(465)	222	-	(26,886)	(1,368)	-	-	(28,254)
Furniture, fittings and facilities	(361,231)	(71,162)	7,048	(639)	(425,984)	(25,271)	5995	1970	(443,290)	(80,076)	10,482	(1,746)	(514,630)
Machinery and equipment	(288,631)	(59,909)	6,583	-	(341,957)	(21,027)	1,664	-	(361,320)	(67,209)	8,224	-	(420,305)
Vehicles	(31,308)	(5,787)	708	-	(36,387)	(1,995)	76	-	(38,306)	(6,594)	720	-	(44,180)
Leasehold improvements	(591,403)	(206,195)	120,430	(1,597)	(678,765)	(74,501)	59,778	3,918	(689,570)	(220,687)	157,916	(4,887)	(757,228)
<b>Total</b>	<b>(1,297,789)</b>	<b>(344,480)</b>	<b>134,769</b>	<b>(2,236)</b>	<b>(1,509,736)</b>	<b>(123,259)</b>	<b>67,735</b>	<b>5,888</b>	<b>(1,559,372)</b>	<b>(375,934)</b>	<b>177,342</b>	<b>(6,633)</b>	<b>(1,764,597)</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

**All amounts in thousands of reais unless otherwise stated**

Changes in the Consolidated property and equipment are as follows:

	Jan 1st, 2020	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/20	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Dec/20	Business combination	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/21
<b>Changes in cost</b>														
Land	35,646	-	-	-	35,646	-	(3,522)	-	32,124	-	-	-	-	32,124
Buildings	71,422	-	-	-	71,422	-	(1,585)	-	69,837	-	-	-	-	69,837
Furniture, fittings and facilities	969,119	97,893	(7,899)	1,681	1,060,794	48,889	(6,396)	(4,376)	1,098,91	275	109,256	(14,089)	4,816	1,199,170
Machinery and equipment	600,255	81,866	(6,952)	-	675,169	35,654	(1,720)	-	709,103	889	93,753	(9,109)	-	794,636
Vehicles	68,408	4,873	(2,218)	-	71,063	3,186	(191)	-	74,058	-	4,705	(723)	-	78,040
Leasehold improvements	1,333,498	202,959	(121,660)	2,316	1,417,113	87,451	(60,013)	(5,989)	1,438,562	174	234,589	(164,239)	9,601	1,518,687
<b>Total</b>	<b>3,078,348</b>	<b>387,591</b>	<b>(138,729)</b>	<b>3,997</b>	<b>3,331,207</b>	<b>175,180</b>	<b>(73,427)</b>	<b>(10,365)</b>	<b>3,422,596</b>	<b>1,338</b>	<b>442,303</b>	<b>(188,160)</b>	<b>14,417</b>	<b>3,692,494</b>
<b>Changes in accumulated depreciation</b>														
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	(25,216)	(1,427)	-	-	(26,643)	(465)	222	-	(26,886)	-	(1,368)	-	-	(28,254)
Furniture, fittings and facilities	(361,850)	(71,282)	7,048	(639)	(426,723)	(25,313)	5,996	1,970	(444,070)	(237)	(80,214)	10,482	(1,746)	(515,785)
Machinery and equipment	(289,592)	(60,231)	6,583	-	(343,240)	(21,159)	1,664	-	(362,735)	(778)	(67,696)	8,224	-	(422,986)
Vehicles	(31,460)	(5,818)	708	-	(36,570)	(2,005)	76	-	(38,499)	-	(6,625)	720	-	(44,404)
Leasehold improvements	(592,495)	(206,578)	120,430	(1,597)	(680,240)	(74,642)	59,778	3,918	(691,186)	(95)	(221,131)	157,916	(4,887)	(759,382)
<b>Total</b>	<b>(1,300,613)</b>	<b>(345,336)</b>	<b>134,769</b>	<b>(2,236)</b>	<b>(1,513,416)</b>	<b>(123,584)</b>	<b>67,736</b>	<b>5,888</b>	<b>(1,563,376)</b>	<b>(1,110)</b>	<b>(377,034)</b>	<b>177,342</b>	<b>(6,633)</b>	<b>(1,770,811)</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information  
Individual and Consolidated**

**September 30, 2021**

**All amounts in thousands of reais unless otherwise stated**



b) Intangible assets

Intangible assets are broken down as follows:

	Average annual amortization rates (%)	Parent Company					
		Sep/21			Dec/20		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Points of sale	17 - 23.4	254,001	(173,556)	<b>80,445</b>	271,276	(171,884)	<b>99,392</b>
Software license	20	346,973	(138,983)	<b>207,990</b>	255,240	(105,344)	<b>149,896</b>
Goodwill on business acquisition - Vison Ltda	(i)	22,275	(2,387)	<b>19,888</b>	22,275	(2,387)	<b>19,888</b>
Goodwill on business acquisition - Raia S.A.	(i)	780,084	-	<b>780,084</b>	780,084	-	<b>780,084</b>
Trademarks	(i)	180,109	(1,522)	<b>178,587</b>	177,835	(995)	<b>176,840</b>
Customers portfolio	6.7 - 25	41,700	(39,362)	<b>2,338</b>	41,700	(39,017)	<b>2,683</b>
<b>Total</b>		<b>1,625,142</b>	<b>(355,810)</b>	<b>1,269,332</b>	<b>1,548,410</b>	<b>(319,627)</b>	<b>1,228,783</b>

	Average annual amortization rates (%)	Consolidated					
		Sep/21			Dec/20		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Points of sale	17 - 23.4	254,003	(173,555)	<b>80,448</b>	271,278	(171,883)	<b>99,395</b>
Software license and systems implementation	20	353,245	(141,372)	<b>211,873</b>	259,418	(107,033)	<b>152,385</b>
Goodwill on business acquisition - Vison Ltda	(i)	22,275	(2,387)	<b>19,888</b>	22,275	(2,387)	<b>19,888</b>
Goodwill on business acquisition - Raia S.A.	(i)	780,084	-	<b>780,084</b>	780,084	-	<b>780,084</b>
Goodwill on business acquisition - 4Bio S.A.	(i)	25,563	-	<b>25,563</b>	25,563	-	<b>25,563</b>
Goodwill on business acquisition - Vitat	(i)	20,886	-	<b>20,886</b>	-	-	-
Platform (Note 9.1b)	20	16,500	(1,650)	<b>14,850</b>	-	-	-
Non-compete agreement (Note 9.1b)	20	4,000	(400)	<b>3,600</b>	-	-	-
Trademarks	(i)	189,250	(7,487)	<b>181,763</b>	182,904	(6,149)	<b>176,755</b>
Customers portfolio (Raia S.A.)	6.7 - 25	41,700	(39,362)	<b>2,338</b>	41,700	(39,017)	<b>2,683</b>
Customer relationship (4Bio S.A.)	20	7,928	(3,280)	<b>4,648</b>	7,928	(2,972)	<b>4,956</b>
<b>Total</b>		<b>1,715,434</b>	<b>(369,493)</b>	<b>1,345,941</b>	<b>1,591,150</b>	<b>(329,441)</b>	<b>1,261,709</b>

(i) Indefinite useful life

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated  
September 30, 2021**

All amounts in thousands of reais unless otherwise stated

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

	Jan 1st, 2020	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/20	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Dec/20	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/21
<b>Changes in cost</b>													
Points of sale	288,139	21,587	(29,822)	1,000	280,904	5,662	(14,524)	(766)	271,276	12,394	(30,948)	1,279	254,001
Software license	205,506	57,156	(20,793)	6	241,875	24,110	(10,748)	3	255,240	102,203	(10,477)	7	346,973
Goodwill on business acquisition – Vison	22,275	-	-	-	22,275	-	-	-	22,275	-	-	-	22,275
Goodwill on business acquisition – Raia	780,084	-	-	-	780,084	-	-	-	780,084	-	-	-	780,084
Trademarks	176,553	872	(75)	-	177,350	485	-	-	177,835	2,274	-	-	180,109
Customers portfolio	41,700	-	-	-	41,700	-	-	-	41,700	-	-	-	41,700
<b>Total</b>	<b>1,514,257</b>	<b>79,615</b>	<b>(50,690)</b>	<b>1,006</b>	<b>1,544,188</b>	<b>30,257</b>	<b>(25,272)</b>	<b>(763)</b>	<b>1,548,410</b>	<b>116,871</b>	<b>(41,425)</b>	<b>1,286</b>	<b>1,625,142</b>
<b>Changes in accumulated depreciation</b>													
Points of sale	(171,093)	(23,113)	19,788	(850)	(175,268)	(21,995)	24,314	1,065	(171,884)	(30,814)	30,029	(887)	(173,556)
Software license	(90,012)	(22,201)	14,856	(3)	(97,360)	(24,411)	16,427	-	(105,344)	(43,732)	10,099	(6)	(138,983)
Goodwill on business acquisition – Vison	(2,387)	-	-	-	(2,387)	-	-	-	(2,387)	-	-	-	(2,387)
Goodwill on business acquisition – Raia	-	-	-	-	-	-	-	-	-	-	-	-	-
Trademarks	(293)	(351)	-	-	(644)	(351)	-	-	(995)	(527)	-	-	(1,522)
Customers portfolio	(38,557)	(230)	-	-	(38,787)	(230)	-	-	(39,017)	(345)	-	-	(39,362)
<b>Total</b>	<b>(302,342)</b>	<b>(45,895)</b>	<b>34,644</b>	<b>(853)</b>	<b>(314,446)</b>	<b>(46,987)</b>	<b>40,741</b>	<b>1,065</b>	<b>(319,627)</b>	<b>(75,418)</b>	<b>40,128</b>	<b>(893)</b>	<b>(355,810)</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**  
**All amounts in thousands of reais unless otherwise stated**



Changes in the consolidated intangible assets are as follows:

	Jan 1st, 2020	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/20	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Dec/20	Business combinations	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/21
<b>Changes in cost</b>														
Points of sale	288,139	21,587	(29,821)	1,000	280,905	5,662	(14,523)	(766)	271,278	-	12,394	(30,948)	1,279	254,003
Software license	208,238	58,334	(20,793)	6	245,785	24,378	(10,748)	3	259,418	-	104,297	(10,477)	7	353,245
Goodwill on business acquisition – Vison	22,275	-	-	-	22,275	-	-	-	22,275	-	-	-	-	22,275
Goodwill on business acquisition – Raia	780,084	-	-	-	780,084	-	-	-	780,084	-	-	-	-	780,084
Goodwill on business acquisition – 4Bio	25,563	-	-	-	25,563	-	-	-	25,563	-	-	-	-	25,563
Goodwill on business acquisition – Vitat	-	-	-	-	-	-	-	-	-	-	20,886	-	-	20,886
Platform	-	-	-	-	-	-	-	-	-	-	16,500	-	-	16,500
Non-compete agreement	-	-	-	-	-	-	-	-	-	-	4,000	-	-	4,000
Trademarks	181,622	872	(75)	-	182,419	485	-	-	182,904	1,678	4,668	-	-	189,250
Customers portfolio - Raia	41,700	-	-	-	41,700	-	-	-	41,700	-	-	-	-	41,700
Customer relationship - 4Bio	7,928	-	-	-	7,928	-	-	-	7,928	-	-	-	-	7,928
<b>Total</b>	<b>1,555,549</b>	<b>80,793</b>	<b>(50,689)</b>	<b>1,006</b>	<b>1,586,659</b>	<b>30,525</b>	<b>(25,271)</b>	<b>(763)</b>	<b>1,591,150</b>	<b>1,678</b>	<b>162,745</b>	<b>(41,425)</b>	<b>1,286</b>	<b>1,715,434</b>



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

Changes in accumulated depreciation	Jan 1st, 2020	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/20	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Dec/20	Business combinations	Additions	Disposals and write-offs	(Provision for)/ Reversal of drugstore closures	Sep/21
Points of sale	(171,092)	(34,326)	29,672	(850)	(176,596)	(10,781)	14,429	1,065	(171,883)	-	(30,815)	30,030	(887)	(173,555)
Software license	(91,064)	(34,558)	20,790	(4)	(104,836)	(12,690)	10,492	1	(107,033)	-	(44,433)	10,100	(6)	(141,372)
Goodwill on business acquisition – Vison	(2,387)	-	-	-	(2,387)	-	-	-	(2,387)	-	-	-	-	(2,387)
Goodwill on business acquisition – Raia	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill on business acquisition – 4Bio	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill on business acquisition – Vitat	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Platform	-	-	-	-	-	-	-	-	-	-	(1,650)	-	-	(1,650)
Non-compete agreement	-	-	-	-	-	-	-	-	-	-	(400)	-	-	(400)
Trademarks	(4,602)	(1,287)	-	-	(5,889)	(260)	-	-	(6,149)	(572)	(766)	-	-	(7,487)
Customers portfolio - Raia	(38,557)	(345)	-	-	(38,902)	(115)	-	-	(39,017)	-	(345)	-	-	(39,362)
Customer relationship - 4Bio	(2,406)	(425)	-	-	(2,831)	(141)	-	-	(2,972)	-	(308)	-	-	(3,280)
<b>Total</b>	<b>(310,108)</b>	<b>(70,941)</b>	<b>50,462</b>	<b>(854)</b>	<b>(331,441)</b>	<b>(23,987)</b>	<b>24,921</b>	<b>1,066</b>	<b>(329,441)</b>	<b>(572)</b>	<b>(78,717)</b>	<b>40,130</b>	<b>(893)</b>	<b>(369,493)</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

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#### Goodwill on acquisition of companies

Goodwill on the acquisition of companies is subject to annual impairment testing.

#### Goodwill on the acquisition of Drogaria Vison Ltda.

Goodwill in the amount of R\$ 19,888 refers to the acquisition of Drogaria Vison Ltda. on February 13, 2008, which was included in the Company's operations as from June 30, 2008.

Goodwill is based on expected future profitability, pursuant to an appraisal prepared by an independent expert, and was amortized from April to December 2008. As provided for in CPC Guidance (OCPC) 02, since 2009, goodwill has no longer been amortized, but has been subject to impairment testing ever since.

#### Goodwill on the acquisition of Raia S.A.

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

#### Goodwill on the acquisition of 4Bio Medicamentos S.A.

The Company computed goodwill of R\$ 25,563 in the business combination with 4Bio Medicamentos S.A., occurred on October 1, 2015, of which the balance 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 balances of assets assigned and those received.

#### Goodwill on the acquisition of Vitat Serviços em Saúde Ltda.

The Company computed goodwill of R\$ 20,886 in the business combination with Vitat Negócios em Saúde Ltda (former B2U Editora S.A.), occurred on April 1st, 2021, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

c) Provision movement

The change in the provision for closure of pharmacies is shown by the Parent Company:

	Provision for drugstore closures	Depreciation	Property	Provision for drugstore closures	Amortization	Intangible	Total
<b>At January 1, 2020</b>	(11.526)	4.684	(6.842)	(2.530)	1.232	(1.298)	(8.140)
Additions	-	-	-	-	-	-	-
Reversals	3.997	(2.236)	1.761	1.006	(854)	152	1.913
<b>At September 30, 2020</b>	<b>(7.529)</b>	<b>2.448</b>	<b>(5.081)</b>	<b>(1.524)</b>	<b>378</b>	<b>(1.146)</b>	<b>(6.227)</b>
Adições	(17.894)	8.336	(9.558)	(2.287)	1.443	(844)	(10.402)
Reversões	7.530	(2.448)	5.082	1.524	(378)	1.146	6.228
<b>At December 31, 2020</b>	<b>(17.893)</b>	<b>8.336</b>	<b>(9.557)</b>	<b>(2.287)</b>	<b>1.443</b>	<b>(844)</b>	<b>(10.401)</b>
Adições	(17.764)	9.154	(8.610)	(3.523)	1.949	(1.574)	(10.184)
Reversões	32.181	(15.787)	16.394	4.809	(2.842)	1.967	18.361
<b>Changes for the period</b>	<b>14.417</b>	<b>(6.633)</b>	<b>7.784</b>	<b>1.286</b>	<b>(893)</b>	<b>393</b>	<b>8.177</b>
<b>At September 30, 2021</b>	<b>(3.476)</b>	<b>1.703</b>	<b>(1.773)</b>	<b>(1.001)</b>	<b>550</b>	<b>(451)</b>	<b>(2.224)</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

## 11. Employee benefits

### (a) Profit sharing program

The Group has a profit sharing program intended mainly to measure the performance of employees during the period. On a monthly basis, a liability and an expense for profit sharing are recognized in the statement of income 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.

## 12. Trade payables

Trade payables items	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Goods suppliers	2,542,855	2,810,531	2,710,594	2,971,215
Service providers	115,402	105,359	117,098	107,973
Materials suppliers	26,352	20,841	26,517	20,935
Assets suppliers	12,980	14,258	13,302	14,679
Adjustment to present value	(16,163)	(7,610)	(16,906)	(7,864)
<b>Total</b>	<b>2,681,426</b>	<b>2,943,379</b>	<b>2,850,605</b>	<b>3,106,938</b>

In 2021, certain suppliers have assigned Company notes, without right of subrogation, allowing its suppliers to advance their receivables. This advance on credit notes generated a financial gain to the Company in the amount of R\$ 8,986 (R\$ 8,330 - Dec/2020). In this operation, the financial institution takes into consideration the credit risk of the buyer (in this case, the Company), there is no change in the pre-established terms and other conditions after the assignment of the credit, and there is no obligation that results in expenses for the Company. The Company's Management also considered the guidance in CVM Circular Letter SNC/SEP 01/2021, observing the qualitative aspects on the issue, and concluded that there are no impacts because there is no change in the conditions originally agreed regarding prices and terms and because of its low gearing ratio.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

**13. Borrowings, debentures and promissory notes**

(a) Breakdown

Borrowings items	Average annual long-term interest rate	Parent Company		Consolidated	
		Sep/21	Dec/20	Sep/21	Dec/20
<b>BNDES – Subloan</b>					
Ventures	TLP + 2.02% (2.02% - Dec/2020) p.a.	-	11,480	-	11,480
Ventures	SELIC + 2.42% (2.42% - Dec/2020) p.a.	-	14,483	-	14,483
Machinery, equipment and vehicles	TLP + 2.02% (2.02% - Dec/2020) p.a.	-	2,373	-	2,373
Machinery, equipment and vehicles	SELIC + 2.42% (2.42% - Dec/2020) p.a.	-	12	-	12
Other		233	547	233	547
<b>Total BNDES – Subloan</b>		<b>233</b>	<b>28,895</b>	<b>233</b>	<b>28,895</b>
<b>Debentures</b>					
1st issue of debentures	104.75% of CDI	67,848	100,072	67,848	100,072
2nd issue of debentures	104.50% of CDI	181,390	223,087	181,390	223,087
3rd issue of debentures – Certificate of Real Estate Receivables	98.50% of CDI	246,125	246,104	246,125	246,104
4th issue of debentures	106.99% of CDI	304,069	299,850	304,069	299,850
<b>Total Debentures</b>		<b>799,432</b>	<b>869,113</b>	<b>799,432</b>	<b>869,113</b>
<b>Borrowings</b>					
Direct loans Law 4,131	100.00% of CDI + 2.61%	299,581	312,628	299,581	312,628
Direct loans Law 4,131	100.00% of CDI + 3.30%	99,891	100,924	99,891	100,924
Other	100.00% of CDI + 2.95%	-	-	41,022	33,453
<b>Total Borrowings</b>		<b>399,472</b>	<b>413,552</b>	<b>440,494</b>	<b>447,005</b>
<b>Promissory Notes</b>					
1st issue of promissory notes	100.00% of CDI + 3.00%	324,630	308,441	324,630	308,441
<b>Total Promissory Notes</b>		<b>324,630</b>	<b>308,441</b>	<b>324,630</b>	<b>308,441</b>
<b>Total</b>		<b>1,523,767</b>	<b>1,620,001</b>	<b>1,564,789</b>	<b>1,653,454</b>
Current liabilities		589,074	497,751	630,096	531,204
Non-current liabilities		934,693	1,122,250	934,693	1,122,250

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

The amounts above have the following payment flow forecast:

Payment forecast	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
2021 <sup>(i)</sup>	589,074	497,751	630,096	531,204
2022	43,043	531,286	43,043	531,286
2023	43,302	43,405	43,302	43,405
2024 and thereafter	848,348	547,559	848,348	547,559
<b>Total</b>	<b>1,523,767</b>	<b>1,620,001</b>	<b>1,564,789</b>	<b>1,653,454</b>

(i) For comparison purposes, the installments falling due, corresponding to twelve months, were considered as 2021, including three installments falling due in 2021 and nine installments falling due in 2022.

**(b) Characteristics of BNDES borrowing**

Borrowing from the BNDES is used for the expansion of drugstores, 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\$ 233 (R\$ 28,895 - Dec/20), subject to the following restrictive covenants:

- (i) 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, 2020, 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 and 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 (CVM 476), in the amount of 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 were used to improve the working capital.

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
1st issue – single series	R\$ 300,000	60	04/24/2020	2020-2022	CDI + 3.00%	R\$ 5,000

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 (CVM 476), with settlement on July 12, 2019, in the amount of R\$ 300,000, with remuneration of 106.99% of CDI and payment term of 8 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 June 17, 2027. The funds were used to improve the working capital.

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
4th issue – single series	R\$ 300,000	300,000	06/17/2019	2019-2027	106.99%	R\$ 1

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAI A Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

**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 are being 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 for distribution under CVM Instruction 400.

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
3rd issue – Single Series	R\$ 250,000	250,000	03/15/2019	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).

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
2nd issue - 9 series	R\$ 400,000	40,000	04/02/2018	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 12th 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 others 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:

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
1st issue – single series	R\$ 300,000	30,000	04/19/2017	2017-2022	104.75%	R\$ 10

The costs incurred on the issues of the Company's debentures (2017 - 1<sup>st</sup> issue, 2018 - 2<sup>nd</sup> issue, 2019 - 3<sup>rd</sup> and 4<sup>th</sup> issues) and 1<sup>st</sup> issue of promissory notes in 2020, including fees, commissions and other costs, totaled R\$ 14,747 (R\$ 14,293 - 2020) and are classified in line item of the respective debentures and promissory notes, and are being recognized over the total period of the debt. At September 30, 2021, the amount to be recognized was R\$ 6,192 (R\$ 8,505 - 2020), and is presented net in debentures and promissory notes balance.

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

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

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

Covenants are measured quarterly and, at September 30, 2021, the Company was in compliance with such requirements

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

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

The Group monitors clauses subject to compliance with non-financial covenants, in order to ensure that they are being complied with. The Company was in compliance with these covenants.

**(d) Characteristics of borrowings**

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 CDIs, plus a surcharge of 3.30% per year and payment term of 2 years. Interest payments will be quarterly and amortization of principal will be carried out on the maturity date. The funds were used to improve the working capital.

On March 26, 2021, the Company carried out loan operation – 4131, in the amount of R\$ 300,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 2.61% per year and payment term of 3 years. Interest payments will be semi-annual and amortization of principal will be carried out on the maturity date. The funds were used to improve the working capital.

The transaction costs incurred in borrowings - 4131 are of 0.25% referring to the amount of R\$ 100,000, with a term of 2 years, and 0.30% referring to the amount of R\$ 300,000, with a term of 3 years, including fees, commissions and other costs, which amounted to R\$ 2,005 and are classified in line item of the respective borrowings, and are being recognized over the total period of the debt. At September 30, 2021, the amount to be recognized was R\$ 834 (R\$ 404 - Dec/2020), and is presented net in the borrowings balance.

The borrowings - 4131 are not conditioned to compliance with financial and non-financial covenants.

**(e) Reconciliation of net debt**

The analysis of and the changes in net debt are presented below:

<b>Composition and changes in net debt</b>	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>Sep/21</b>	<b>Dec/20</b>	<b>Sep/21</b>	<b>Dec/20</b>
Short-term borrowings	589,074	497,751	630,096	531,204
Long-term borrowings	934,693	1,122,250	934,693	1,122,250
<b>Total debt</b>	<b>1,523,767</b>	<b>1,620,001</b>	<b>1,564,789</b>	<b>1,653,454</b>
(-) Cash and cash equivalents (Note 5)	(227,469)	(855,257)	(247,158)	(880,357)
<b>Net debt</b>	<b>1,296,298</b>	<b>764,744</b>	<b>1,317,631</b>	<b>773,097</b>



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

Changes in net debt	Parent Company		
	Borrowing	Cash and cash equivalents	Net debt
Net debt at January 1, 2020	1,126,476	(294,863)	831,613
Funding	695,353	-	695,353
Accrued interest	45,174	-	45,174
Payment of interest	(30,040)	-	(30,040)
Amortization of principal	(133,020)	-	(133,020)
Amortization of transaction costs	3,280	-	3,280
Increase in cash and cash equivalents	-	(304,477)	(304,477)
<b>Net debt at September 30, 2020</b>	<b>1,707,223</b>	<b>(599,340)</b>	<b>1,107,883</b>
Funding	(66)	-	(66)
Accrued interest	13,817	-	13,817
Payment of interest	(10,044)	-	(10,044)
Amortization of principal	(92,255)	-	(92,255)
Amortization of transaction costs	1,296	-	1,296
Decrease in and cash equivalents	-	(255,917)	(255,917)
<b>Net debt at December 31, 2020</b>	<b>1,620,001</b>	<b>(855,257)</b>	<b>764,744</b>
Funding	298,937	-	298,937
Accrued interest	55,255	-	55,255
Payment of interest	(46,914)	-	(46,914)
Amortization of principal	(406,865)	-	(406,865)
Amortization of transaction costs	3,353	-	3,353
Increase (decrease) in cash and cash equivalents	-	627,788	627,788
<b>Net debt at September 30, 2021</b>	<b>1,523,767</b>	<b>(227,469)</b>	<b>1,296,298</b>

Changes in net debt	Consolidated		
	Borrowing	Cash and cash equivalents	Net debt
Net debt at January 1, 2020	1,126,476	(299,226)	827,250
Funding	719,799	-	719,799
Accrued interest	45,511	-	45,511
Payment of interest	(30,040)	-	(30,040)
Amortization of principal	(133,020)	-	(133,020)
Amortization of transaction costs	3,280	-	3,280
Increase in cash and cash equivalents	-	(300,980)	(300,980)
<b>Net debt at September 30, 2020</b>	<b>1,732,006</b>	<b>(600,206)</b>	<b>1,131,800</b>
Funding	8,417	-	8,417
Accrued interest	14,004	-	14,004
Payment of interest	(10,044)	-	(10,044)
Amortization of principal	(92,225)	-	(92,225)
Amortization of transaction costs	1,296	-	1,296
Decrease in and cash equivalents	-	(280,151)	(280,151)
<b>Net debt at December 31, 2020</b>	<b>1,653,454</b>	<b>(880,357)</b>	<b>773,097</b>
Funding	338,937	-	338,937
Accrued interest	56,525	-	56,525
Payment of interest	(47,686)	-	(47,686)
Amortization of principal	(439,794)	-	(439,794)
Amortization of transaction costs	3,353	-	3,353
Increase in cash and cash equivalents	-	633,199	633,199
<b>Net debt at September 30, 2021</b>	<b>1,564,789</b>	<b>(247,158)</b>	<b>1,317,631</b>

## Notes to the parent company and consolidated interim financial information

### Individual and Consolidated

### September 30, 2021



All amounts in thousands of reais unless otherwise stated

#### 14. Leases

The Group leases physical stores, distribution centers, land and real estate properties for its office space, vehicles and equipment. Operating real estate and distribution/administrative centers leases have term of 5 to 20 years, residential real estate leases have term of 2 years, and lease agreements for vehicles and equipment have term of 3 years.

Since January 1, 2019, the Company has recognized lease agreements in its balance sheet as required by NBC TG 06 (R3) / IFRS 16 as right-of-use assets and lease liabilities. In compliance with CVM guidelines contained in CVM Circular Letter 2/2019, the Company adopts, since the year ended December 31, 2019, the use of the Nominal Discount Rate for lease agreements, disregarding the Real Rate applied at the beginning of effectiveness of that standard.

Information on the Group's leases are presented below.

#### As a lessee

##### Right-of-use asset

Breakdown of Parent Company and Consolidated right-of-use:

Right-of-use asset	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Operating real estate	3,045,794	2,894,417	3,045,794	2,894,417
Residential real estate	10,817	9,380	11,092	9,459
Distribution/administrative centers	286,186	254,410	288,743	257,181
Vehicles	1,1733	152	1,174	153
Equipment	16	35	16	35
<b>Total</b>	<b>3,343,986</b>	<b>3,158,394</b>	<b>3,346,819</b>	<b>3,161,245</b>

The changes in the Parent Company and Consolidated right-of-use are presented below:

	Parent Company					
	Operating real estate	Residential real estate	Distribution/administrative centers	Vehicles	Equipment	Total
<b>At 01/01/2020</b>	<b>2,749,100</b>	<b>8,980</b>	<b>271,770</b>	<b>2,662</b>	<b>92</b>	<b>3,032,604</b>
New agreements	266,299	5,761	12,266	31	-	284,357
Remeasurements <sup>(i)</sup>	256,523	(1,038)	16,912	(1,521)	(25)	270,851
Termination of agreements	(29,592)	(1,284)	-	(190)	-	(31,066)
Depreciation	(401,406)	(1,311)	(39,682)	(389)	(13)	(442,801)
<b>At 09/30/2020</b>	<b>2,840,924</b>	<b>11,108</b>	<b>261,266</b>	<b>593</b>	<b>54</b>	<b>3,113,945</b>
New agreements	109,651	(749)	(299)	(14)	-	108,589
Remeasurements <sup>(i)</sup>	105,930	744	11,184	(278)	(13)	117,567
Termination of agreements	(8,795)	(1,222)	(2,587)	(1)	-	(12,605)
Depreciation	(153,293)	(501)	(15,154)	(148)	(6)	(169,102)
<b>At 12/31/2020</b>	<b>2,894,417</b>	<b>9,380</b>	<b>254,410</b>	<b>152</b>	<b>35</b>	<b>3,158,394</b>
New agreements	225,461	7,094	-	393	-	232,948
Remeasurements <sup>(i)</sup>	431,763	(1,768)	72,959	652	(12)	503,594
Termination of agreements	(37,649)	(2,029)	-	-	-	(39,678)
Depreciation	(468,198)	(1,860)	(41,183)	(24)	(7)	(511,272)
<b>At 09/30/2021</b>	<b>3,045,794</b>	<b>10,817</b>	<b>286,186</b>	<b>1,173</b>	<b>16</b>	<b>3,343,986</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

	Consolidated					
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Equipment	Total
<b>At 01/01/2020</b>	<b>2,749,100</b>	<b>9,101</b>	<b>275,570</b>	<b>2,662</b>	<b>92</b>	<b>3,036,525</b>
New agreements	266,299	5,763	12963	31	-	285,056
Remeasurements <sup>(i)</sup>	256,523	(1,069)	16,672	(1,521)	(25)	270,580
Termination of agreements	(29,592)	(1,284)	-	(190)	-	(31,066)
Depreciation	(401,406)	(1,346)	(40,797)	(389)	(13)	(443,951)
<b>At 09/30/2020</b>	<b>2,840,924</b>	<b>11,165</b>	<b>264,408</b>	<b>593</b>	<b>54</b>	<b>3,117,144</b>
New agreements	109,651	(716)	(299)	(14)	-	108,622
Remeasurements <sup>(i)</sup>	105,930	744	11,184	(278)	(13)	117,567
Termination of agreements	(8,795)	(1,222)	(2,587)	(1)	-	(12,605)
Depreciation	(153,293)	(512)	(15,525)	(147)	(6)	(169,483)
<b>At 12/31/2020</b>	<b>2,894,417</b>	<b>9,459</b>	<b>257,181</b>	<b>153</b>	<b>35</b>	<b>3,161,245</b>
New agreements	225,461	7173	414	393	-	233,441
Remeasurements <sup>(i)</sup>	431,763	(1,594)	73,556	652	(12)	504,365
Termination of agreements	(37,649)	(2,029)	(63)	-	-	(39,741)
Depreciation	(468,198)	(1,917)	(42,345)	(24)	(7)	(512,491)
<b>At 09/30/2021</b>	<b>3,045,794</b>	<b>11,092</b>	<b>288,743</b>	<b>1,174</b>	<b>16</b>	<b>3,346,819</b>

(i) The Company remeasures the right-of-use asset in order to reflect changes in future payments; changes in terms initially determined for the implementation of NBC TG 06 (R3) / IFRS 16 - Leases and contracts recognized as operating leases (NBC TG 06 (R3) / IAS 17 - Leases), initially determined as short-term contracts.

Lease liabilities

The changes in the Parent Company and Consolidated lease liabilities are as follows:

Leases	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Operating real estate	3,326,145	3,127,787	3,326,145	3,127,787
Residential real estate	(1,657)	2,071	(1,434)	2,098
Distribution/administrative centers	349,124	299,297	351,864	302,245
Vehicles	(1,669)	(1,188)	(1,669)	(1,188)
Equipment	(80)	(17)	(80)	(17)
<b>Total</b>	<b>3,671,863</b>	<b>3,427,950</b>	<b>3,674,826</b>	<b>3,430,925</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

The changes in the Parent Company and Consolidated lease liabilities are as follows:

	Parent Company					
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Equipment	Total
<b>At 01/01/2020</b>	<b>2,882,824</b>	<b>8,401</b>	<b>286,616</b>	<b>2,711</b>	<b>103</b>	<b>3,180,655</b>
New agreements	266,299	5,761	12,266	31	-	284,357
Remeasurements <sup>(i)</sup>	256,523	(1,038)	16,912	(1,521)	(25)	270,851
Interest	153,412	611	11,811	59	2	165,895
Payments / Compensations	(515,769)	(8,252)	(32,418)	(1,592)	(68)	(558,099)
<b>At 09/30/2020</b>	<b>3,043,289</b>	<b>5,483</b>	<b>295,187</b>	<b>(312)</b>	<b>12</b>	<b>3,343,659</b>
New agreements	109,651	(749)	(299)	(14)	-	108,589
Remeasurements <sup>(i)</sup>	105,930	744	11,184	(278)	(13)	117,567
Interest	57,559	(343)	4,658	9	3	61,886
Payments / Compensations	(188,642)	(3,064)	(11,433)	(593)	(19)	(203,751)
<b>At 12/31/2020</b>	<b>3,127,787</b>	<b>2,071</b>	<b>299,297</b>	<b>(1,188)</b>	<b>(17)</b>	<b>3,427,950</b>
New agreements	225,461	7,094	-	393	-	232,948
Remeasurements <sup>(i)</sup>	431,763	(1,768)	72,959	652	(12)	503,594
Interest	159,157	750	14,467	87	2	174,463
Payments / Compensations	(618,023)	(9,804)	(37,599)	(1,613)	(53)	(667,092)
<b>At 09/30/2021</b>	<b>3,326,145</b>	<b>(1,657)</b>	<b>349,124</b>	<b>(1,669)</b>	<b>(80)</b>	<b>3,671,863</b>

	Consolidated					
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Equipment	Total
<b>At 01/01/2020</b>	<b>2,882,824</b>	<b>8,537</b>	<b>290,458</b>	<b>2,711</b>	<b>103</b>	<b>3,184,633</b>
New agreements	266,299	5,759	12,963	31	-	285,052
Remeasurements <sup>(i)</sup>	256,523	(1,069)	16,672	(1,521)	(25)	270,580
Interest	153,412	655	11,993	59	2	166,121
Payments / Compensations	(515,769)	(8,292)	(33,690)	(1,592)	(68)	(559,411)
<b>At 06/30/2020</b>	<b>3,043,289</b>	<b>5,590</b>	<b>298,396</b>	<b>(312)</b>	<b>12</b>	<b>3,346,975</b>
New agreements	109,651	(781)	(299)	(14)	-	108,557
Remeasurements <sup>(i)</sup>	105,930	743	11,184	(278)	(13)	117,566
Interest	57,559	(382)	4,709	9	3	61,898
Payments / Compensations	(188,642)	(3,072)	(11,745)	(593)	(19)	(204,071)
<b>At 12/31/2020</b>	<b>3,127,787</b>	<b>2,098</b>	<b>302,245</b>	<b>(1,188)</b>	<b>(17)</b>	<b>3,430,925</b>
New agreements	225,461	7,173	414	393	-	233,441
Remeasurements <sup>(i)</sup>	431,763	(1,594)	73,556	652	(12)	504,365
Interest	159,157	755	14,617	87	2	174,618
Payments / Compensations	(618,023)	(9,866)	(38,968)	(1,613)	(53)	(668,523)
<b>At 09/30/2021</b>	<b>3,326,145</b>	<b>(1,434)</b>	<b>351,864</b>	<b>(1,669)</b>	<b>(80)</b>	<b>3,674,826</b>

(i) The Company remeasures the lease liabilities in order to reflect changes in future payments; changes in terms initially determined for the implementation of NBC TG 06 (R3) / IFRS 16 - Leases and contracts recognized as operating leases (NBC TG 06 (R3) / IAS 17 - Leases).

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

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

Analysis of maturities - Lease liabilities	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Less than 1 year	679,344	501,924	680,717	503,318
<b>Current</b>	<b>679,344</b>	<b>501,924</b>	<b>680,717</b>	<b>503,318</b>
1 to 5 years	2,535,636	2,431,810	2,537,226	2,433,391
Over 5 years	456,883	494,216	456,883	494,216
<b>Non-current</b>	<b>2,992,519</b>	<b>2,926,026</b>	<b>2,994,109</b>	<b>2,927,607</b>
<b>Total</b>	<b>3,671,863</b>	<b>3,427,950</b>	<b>3,674,826</b>	<b>3,430,925</b>

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	551,291	50,994
1 to 2 years	516,917	47,815
2 to 3 years	468,751	43,359
3 to 4 years	399,164	36,923
4 to 5 years	308,344	28,522
Over 5 years	602,469	55,728
<b>Total</b>	<b>2,846,936</b>	<b>263,341</b>

The right to use PIS/COFINS credits comprises only contracts whose lessor is a legal entity. The Company has lease contracts for both lessors, corporate and individual.

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 NBC TG 06 (R3) of future inflation projection and in order to provide additional information to users, the analysis of contract maturities and installments not yet discounted at September 30, 2021 is presented below:

Year	Parent Company			Consolidated		
	Net present value	Estimated interest (future) <sup>(i)</sup>	Amounts of installments not yet discounted	Net present value	Estimated interest (future) <sup>(i)</sup>	Amounts of installments not yet discounted
2021	167,951	57,730	225,681	169,324	58,053	227,377
2022	673,239	203,490	876,729	673,239	203,490	876,729
2023	644,571	160,779	805,350	644,571	160,779	805,350
2024	591,789	120,553	712,342	591,789	120,553	712,342
2025	502,989	85,081	588,070	502,989	85,081	588,070
2026	383,275	56,598	439,873	384,865	56,956	441,821
2027 and thereafter	708,049	78,910	786,959	708,049	78,910	786,959
<b>Total</b>	<b>3,671,863</b>	<b>763,141</b>	<b>4,435,004</b>	<b>3,674,826</b>	<b>763,822</b>	<b>4,438,648</b>

(i) The present value of the leases payable was calculated considering the projection of future fixed payments, discounted at the rate of 6.69% p.a., which was built from the basic interest rate released by the Central Bank of Brazil (Bacen).

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

Amount recognized in the statement of income

Amount recognized in the statement of income	Parent Company		Consolidated	
	Sep/21	Sep/20	Sep/21	Sep/20
Amortization of right-of-use asset	511,272	442,801	512,072	443,951
Interest on lease liabilities	174,463	165,895	174,568	166,119
Adjustment for lease write-of (contracts terminated)	554	539	554	539
Variable payments not included in the measurement of lease liabilities	33,235	18,625	33,939	19,344
Revenue on subleases of right-of-use assets	(2,118)	(2,239)	(2,118)	(2,239)
Expenses related to short-term and/or low-value leases	11,938	8,740	11,938	8,740
Discounts on property rental	(5,623)	(12,615)	(5,623)	(12,615)

(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 nine-month period ended September 30, 2021 amounted to R\$ 2,504 (R\$ 3,364 - Sep/2020) 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 assets.

The table below presents an analysis of maturities of lease payments, showing undiscounted lease payments to be received after the reporting date:

Undiscounted lease payments	Parent Company and Consolidated	
	Sep/21	Dec/20
Less than 1 year	583	1,846
1 to 2 years	1,813	1,675
2 to 3 years	1,389	1,280
3 to 4 years	1,109	1,025
4 to 5 years	630	591
Over 5 years	-	818
<b>Total</b>	<b>5,524</b>	<b>7,235</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

**15. Provision for contingencies and judicial deposits**

The Company and its subsidiaries 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 September 30, 2021 and December 31, 2020, the Group had the following provision and corresponding judicial deposits relating to legal proceedings:

Judicial deposits items	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Labor and social security	86,021	95,942	86,021	95,942
Tax	16,679	16,996	16,679	17,185
Civil	2,214	1,713	2,214	1,713
Subtotal	<b>104,914</b>	<b>114,651</b>	<b>104,914</b>	<b>114,840</b>
(-) Corresponding judicial deposits	(9,629)	(11,183)	(9,629)	(11,183)
<b>Total</b>	<b>95,285</b>	<b>103,468</b>	<b>95,285</b>	<b>103,657</b>
Current liabilities	40,849	32,646	40,849	32,835
Non-current liabilities	54,436	70,822	54,436	70,822

Changes in the provision are as follows:

Changes in the provision	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
<b>Opening balance</b>	<b>114,651</b>	<b>111,299</b>	<b>114,840</b>	<b>111,299</b>
Additions of new lawsuits	36,906	55,739	36,717	55,928
Reversal by completed processes	(14,634)	(13,427)	(14,634)	(13,427)
Write-offs for payments	(37,550)	(68,417)	(37,550)	(68,417)
Constitution/(Reversals) due to changes in lawsuits	1,496	(7,225)	1,496	(7,225)
Revaluation of amounts	(1,606)	22,392	(1,606)	22,392
Monetary adjustment	5,651	14,290	5,651	14,290
<b>Closing balance</b>	<b>104,914</b>	<b>114,651</b>	<b>104,914</b>	<b>114,840</b>

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.

**Possible losses**

At September 30, 2021 and December 31, 2020, the Group has tax and civil lawsuits related to fines applied by the relevant administrative authorities, tax rate difference in interstate transfers and tax enforcements as well as of civil nature due to indemnity claims for losses and pain and suffering arising from consumer relations, involving possible loss as assessed by Management and its legal advisors in the amount of R\$ 51,666 (R\$ 52,281 - Dec/20) for Parent Company and Consolidated, of which R\$ 2,493 (R\$ 1,090 - Dec/20) corresponds to the labor/social security contingencies, R\$ 4,865 (R\$ 4,111 - Dec/20) to the civil contingencies and R\$ 44,308 (R\$ 47,081 - Dec/20) to tax contingencies.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

### Judicial deposits

At September 30, 2021 and December 31, 2020, the Group had the following judicial deposit amounts, for which no corresponding provision had been set up:

Analysis of judicial deposits	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
Labor and social security	14,860	15,285	14,860	15,285
Tax	10,489	10,464	14,399	10,464
Civil	2,562	3,338	2,562	3,338
(-) Corresponding judicial deposits	(4,428)	(3,334)	(4,429)	(3,334)
<b>Total</b>	<b>23,483</b>	<b>25,753</b>	<b>27,392</b>	<b>25,753</b>

### 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.

### Guarantees for lawsuits

The items of property and equipment were given as security for tax, social security and labor proceedings:

Guarantees for lawsuits	Parent Company/Consolidated	
	2021	2020
Furniture and facilities	12	14
Machinery and equipment	85	85
<b>Total guarantees for lawsuits</b>	<b>97</b>	<b>99</b>



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated  
September 30, 2021**

All amounts in thousands of reais unless otherwise stated

**16. Arbitration 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:

<b>Arbitration asset/liability items</b>	<b>Parent Company and Consolidated</b>	
	<b>Sep/21</b>	<b>Dec/20</b>
<b>Arbitration restricted asset</b>		
Financial investment	213,267	207,721
Letter of guarantee/indemnification asset	137,549	134,185
	<b>350,816</b>	<b>341,906</b>
<b>Arbitration restricted liability</b>		
Obligations with former shareholders	(351,077)	(342,727)
Exclusion of operation effects	888	884
	<b>(350,189)</b>	<b>(341,843)</b>
	<b>627</b>	<b>63</b>

The net position of the arbitration asset/liability of R\$ 627 (R\$ 63 - Dec/20) represents the amount in excess for the guarantee of settlement in order to comply with the existing obligation.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

## Notes to the parent company and consolidated interim financial information

### Individual and Consolidated

September 30, 2021

All amounts in thousands of reais unless otherwise stated



## 17. Income tax and social contribution

### (a) Income tax and social contribution paid

At September 30, 2021 and 2020, effective income tax and social contribution are as follows:

	Parent Company		Consolidated	
	Sep/21	Sep/20	Sep/21	Sep/20
<b>Income tax and social contribution paid items</b>				
Profit before income tax and social contribution	808,875	417,394	822,336	419,107
Interest on capital and additional interest on capital proposed	(94,000)	(146,000)	(94,000)	(146,000)
<b>Taxable profit</b>	<b>714,875</b>	<b>271,394</b>	<b>728,336</b>	<b>273,107</b>
Combined tax rate (25% for income tax and 9% for social contribution)				
	34,00%	34,00%	34,00%	34,00%
<b>Theoretical tax expense</b>	<b>(243,058)</b>	<b>(92,274)</b>	<b>(247,635)</b>	<b>(92,856)</b>
Permanent additions	(17,248)	(21,943)	(28,903)	(22,090)
Equity in the results of subsidiaries	5,180	(61)	(959)	(1,119)
Reduction of taxes due to incentives (P.A.T)	4,978	2,642	4,978	2,642
Investment grant <sup>(i)</sup>	22,589	16,880	41,036	30,560
Tax loss and negative CSLL basis	-	-	(1,888)	(11,060)
Provisions with no deferred charges	-	-	5	-
Other (revaluation reserve + additional income tax exemption ceiling)	267	84	(481)	84
<b>Result of current income tax and social contribution</b>	<b>(276,845)</b>	<b>(147,044)</b>	<b>(285,338)</b>	<b>(147,044)</b>
<b>Result of deferred income tax and social contribution</b>	<b>49,553</b>	<b>52,372</b>	<b>51,491</b>	<b>53,205</b>
<b>Income tax and social contribution expense</b>	<b>(227,292)</b>	<b>(94,672)</b>	<b>(233,847)</b>	<b>(93,839)</b>
Effective tax rate <sup>(ii)</sup>	28.10%	22.68%	28.44%	22.39%

(i) Beginning on 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 nine-month period ended September 30, 2021 was R\$ 66,438 (R\$ 49,647 - Sep/2020).

(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\$ 341,837 (R\$ 315,938 - Dec/20) for the Parent Company and R\$ 379,920 (R\$ 352,198 - Dec/20) 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\$ 371,663 (R\$ 388,710 - Dec/20) for the Parent Company and R\$ 373,203 (R\$ 390,366 - Dec/20) for the Consolidated accounts relate to tax charges on the remaining balances of: (i) the revaluation reserve; (ii) surplus value PPA (Purchase Price Allocation) Raia; and (iii) gain on bargain purchase.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated**  
**September 30, 2021**

All amounts in thousands of reais unless otherwise stated

For the nine-month periods ended September 30, 2021 and 2020, deferred income and social contribution were as follows:

	Balance sheet				Statement of income			
	Parent Company		Consolidated		Parent Company		Consolidated	
Temporary differences	Sep/21	Dec/20	Sep/21	Dec/20	Sep/21	Sep/20	Sep/21	Sep/20
Revaluation at fair value of land and buildings	(6,735)	(6,798)	(6,735)	(6,798)	-	-	-	-
Amortization of the goodwill on future profitability	(245,121)	(245,025)	(245,121)	(245,025)	95	342	95	342
Non-deductible intangible assets - merger of Raia	(53,842)	(53,959)	(53,842)	(53,959)	(117)	(117)	(117)	(177)
Non-deductible intangible assets - acquisition of 4Bio	-	-	(1,540)	(1,657)	-	-	(116)	(403)
Gain on bargain purchase – acquisition of Onofre	(65,965)	(82,928)	(65,965)	(82,928)	(16,963)	(16,963)	(16,963)	(16,963)
Tax losses to be offset against future taxable profits	-	-	23,587	34,615	-	-	11,028	-
Adjustment to present value	657	(384)	849	(317)	(1,041)	(490)	(1,166)	(439)
Adjustment to fair value	6,223	5,514	6,223	5,514	(709)	(1,251)	(709)	(1,251)
Provision for inventory losses	11,470	9,587	11,470	9,587	(1,883)	(7,930)	(1,883)	(7,930)
Provision for sundry obligations	85,946	76,995	86,190	77,012	(8,951)	10,970	(9,179)	10,977
Provision for employee profit sharing	63,285	62,481	64,434	62,871	(805)	5,639	(1,564)	5,777
Provision for contingencies	53,467	56,684	53,467	56,684	3,218	(1,265)	3,218	(1,265)
Expected credit losses	1,083	1,079	13,964	2,227	(4)	(908)	(11,736)	(1,534)
Lease (depreciation x consideration)	108,442	87,124	108,472	87,148	(21,317)	(34,489)	(21,323)	(34,489)
Other adjustments	17,933	16,858	17,933	16,858	(1,076)	(5,910)	(1,076)	(5,910)
<b>Effective income tax and social contribution expense</b>	-	-	-	-	<b>(49,553)</b>	<b>(52,372)</b>	<b>(51,491)</b>	<b>(53,205)</b>
<b>Deferred tax liabilities, net</b>	<b>(23,157)</b>	<b>(72,772)</b>	<b>13386</b>	<b>(38,168)</b>				
Reflected in the balance sheet as follows:								
Deferred tax assets	348,506	315,938	348,506	315,938				
Deferred tax liabilities	(371,663)	(388,710)	(373,203)	(390,366)				
<b>Deferred tax liabilities, net</b>	<b>(23,157)</b>	<b>(72,772)</b>	<b>(24,697)</b>	<b>(74,428)</b>				
<b>Deferred tax assets – Subsidiary – 4Bio</b>	-	-	<b>38,083</b>	<b>36,261</b>				
<b>Reconciliation of deferred tax assets (liabilities), net</b>								
<b>At the beginning of the period</b>	(72,772)	(142,810)	(38,168)	(123,987)				
Expense recognized in the statement of income	49,553	69,949	51,491	85,730				
Realization of deferred tax recognized in equity	63	89	63	89				
<b>Balance at the end of the period</b>	<b>(23,156)</b>	<b>(72,772)</b>	<b>13,386</b>	<b>(38,168)</b>				

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

(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:

Recovery forecast	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
2021 <sup>(i)</sup>	131,767	111,563	144,110	113,207
2022	50,907	56,630	67,212	56,630
2023	41,520	33,761	49,176	44,146
2024	44,409	17,081	46,182	27,466
2025 and thereafter	79,903	96,903	79,909	110,749
<b>Total</b>	<b>348,506</b>	<b>315,938</b>	<b>386,589</b>	<b>352,198</b>
Deferred tax assets on temporary differences, recorded net in liabilities	348,506	315,938	348,506	315,938
Deferred tax assets on tax losses in subsidiaries	-	-	38,083	36,261

(i) For comparison purposes, the installments falling due, corresponding to twelve months, were considered as 2021, including three installments falling due in 2021 and nine installments falling due in 2022

(d) Uncertainty over IRPJ and CSLL treatment

The Company has four discussions in the administrative stage with the Brazilian Federal Revenue referring to the disallowance for tax amortization of goodwill arising from acquisitions of companies in the amount of R\$ 37,635, which, according to internal and external assessment of legal advisors, will probably be accepted in decisions of higher courts (probability of acceptance higher than 50%); for this reason, the Company did not record any IRPJ/CSLL liabilities in connection with these proceedings.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial  
information Individual and Consolidated  
September 30, 2021**

All amounts in thousands of reais unless otherwise stated

### 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 year. 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	
	Sep/21	Sep/20
<b>Basic</b>		
Profit for the period	581,583	322,722
Weighted average number of common shares	1,649,216	1,649,158
<b>Basic earnings per share - R\$</b>	<b>0.35264</b>	<b>0.19569</b>
<b>Diluted</b>		
Profit for the period	581,583	322,722
Weighted average number of common shares adjusted for dilution effect	1,653,427	1,654,369
<b>Diluted earnings per share - R\$</b>	<b>0.35174</b>	<b>0.19507</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

## 19. Equity

### (a) Capital

At September 30, 2021, the fully paid-up capital amounted to R\$ 2,500,000 (R\$ 2,500,000 - Dec/20), represented by 1,651,930,000 common registered book-entry shares with no par value, of which 1,083,710,697 were outstanding common shares (1,072,442,905 common shares - Dec/20).

Pursuant to the Company's bylaws, it is authorized to increase its capital up to the limit of 2,000,000,000 common shares, subject to the approval of the Board of Directors.

At September 30, 2021, the Company's ownership interest was as follows:

Ownership interest	Number of shares		Interest (%)	
	Sep/21	Dec/20	Sep/21	Dec/20
Controlling stockholders	563,448,948	577,007,615	34.11	34.93
Shares outstanding	1,083,710,697	1,072,442,905	65.60	64.92
Treasury shares	4,770,355	2,479,480	0.29	0.15
<b>Total</b>	<b>1,651,930,000</b>	<b>1,651,930,000</b>	<b>100.00</b>	<b>100.00</b>

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 is as follows:

Changes	Shares outstanding
At December 31, 2019	214,036,654
Stock split	856,146,616
(Purchase)/sale of restricted shares, net	2,259,635
<b>At December 31, 2020</b>	<b>1,072,442,905</b>
(Purchase)/sale of restricted shares, net	11,267,792
<b>At September 30, 2021</b>	<b>1,083,710,697</b>

At September 30, 2021, the Company's common shares were quoted at R\$ 23.37 (closing quote) (R\$ 25.04 at December 31, 2020).

### (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 to Law 12,973/2014. Set up in accordance with the provisions of article 195-A of the Brazilian Corporate 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.

### (c) Treasury shares

On August 10, 2021, the Board of Directors authorized, for a period of up to eighteen months, the purchase of up to 3,000,000 registered common shares with no par value issued by the Company to be held in treasury for subsequent sale or cancelation, without capital reduction ("Repurchase Program"). The Company exercised the acquisition of all of the

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAI A Drogasil S.A.

**Notes to the parent company and consolidated interim financial  
information Individual and Consolidated  
September 30, 2021**



**All amounts in thousands of reais unless otherwise stated**

shares provided in the Repurchase Program at September 30, 2021. The changes in treasury shares in the nine-month period ended September 30, 2021 are summarized below:

	Parent Company	
	Number of shares	Amount of shares
<b>Changes in treasury shares</b>		
<b>At December 31, 2019</b>	<b>729,434</b>	<b>38,141</b>
Shares delivered to executives related to the 3rd tranche of the 2016 grant, 2nd tranche of the 2017 grant and 1st tranche of the 2018 grant.	(219,992)	(11,141)
Shares delivered to executives related to the 1st tranche of 2018, 2nd tranche of 2017 and 3rd tranche of 2016 of 4Bio.	(853)	(45)
Shares delivered to executives related to the grants of 2017, 2018, 2019 and 2020.	(63,465)	(673)
Stock split	2,034,356	-
<b>At December 31, 2020</b>	<b>2,479,480</b>	<b>26,282</b>
Shares delivered to executives related to the 3rd tranche of the 2017 grant, 2nd tranche of the 2018 grant and 1st tranche of the 2019 grant	(702,260)	(7,444)
Shares delivered to executives related to the 1st tranche of 2019, 2nd tranche of 2018 and 3rd tranche of 2017 of 4Bio.	(6,865)	(73)
Acquisition of shares issued by the Company	3,000,000	73,228
<b>At September 30, 2021</b>	<b>4,770,355</b>	<b>91,993</b>

At September 30, 2021, the market value of the treasury shares, having as reference the quotation of R\$ 23.37 per share (R\$ 25.04 at December 31, 2020), corresponds to R\$ 111,483 (R\$ 62,086 - Dec/20).

**(d) Restricted share plan**

**Long-Term Incentive Program**

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.

The maximum number of shares that may be delivered as a result of the exercise of the Plan is limited to 3% of the Company's Capital Stock during the entire term of the Plan. The reference price per restricted share, for the purpose of determining the target amount that will be granted to each Beneficiary will be equivalent to the average share price on B3 (weighted by the volume of trades) in the last thirty trading sessions preceding the grant.

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. 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 portion not exercised within the established terms and conditions will be automatically considered extinguished seven years after the respective grant date.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

*Performance shares*

At a meeting of the Board of Directors on October 22, 2020, the granting of restricted shares was approved under the terms of the Restricted Share Granting Plan - Performance Shares ("Plan"), approved at the Extraordinary General Meeting of the Company held on September 15, 2020.

The purpose of the Plan is: (a) to foster the expansion, success and fulfillment of the corporate purposes of the Company and the companies under its control; (b) to align the interests of Beneficiaries with the interests of shareholders; and (c) to encourage Beneficiaries to stay in the Company or companies under its control. The Plan will be managed by the Board of Directors, and may have an advisory committee created or appointed by the Board of Directors to advise it in this respect. Beneficiaries will be chosen and elected by the Board of Directors at each new grant.

The maximum number of shares that may be delivered as a result of exercising the Plan is limited to 2% of the Company's Capital on the date of approval of the Plan. The reference price per restricted share, for the purpose of determining the target amount that will be granted to each Beneficiary will equivalent to the average share price on B3 (weighted by the volume of trades) in the ninety trading sessions prior to January 1 of the year in which the grant occurs.

The definitive transfer of the Restricted Shares will be subject to the fulfillment of a four-year grace period from the grant date and, at the end of the grace period, the participant must be linked to the Company so that the grants are not canceled. Restricted Shares that have not yet completed the grace period will become due and will be transferred to the holders, their estate or heirs in the event of death, permanent disability or retirement. The Plan provides that the liquidation must occur through the transfer of shares, however, in the event that the Company does not have treasury shares at the time of liquidation and / or upon inability to acquire shares on the market, the Board of Directors may choose to settle the delivery of the Restricted Shares in cash.

*Changes in restricted shares*

The changes of the restricted shares are summarized below:

<b>Changes in restricted shares</b>	<b>Sep/21</b>		<b>Dec/20</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
Opening balance	1,261,394	27,206	397,329	21,977
Granted shares for the period	1,115,192	9,740	1,148,375	18,217
Value of the shares at the delivery date	(709,125)	(6,142)	(284,310)	(12,988)
<b>Closing balance</b>	<b>1,667,461</b>	<b>30,804</b>	<b>1,261,394</b>	<b>27,206</b>



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

Position of the restricted share plan

Below is a breakdown of the assumptions that govern each grant plan:

Grants	Grant date	Number of shares granted <sup>(i)</sup>	Date on which they will become exercisable	Period of restriction to share transfer	Fair value of shares on grant date <sup>(i)</sup>
<b>Long-Term Incentive Program</b>					
2018 - 3rd tranche	03/01/2018	154,620	02/28/2022	02/28/2022	R\$ 15.84
2019 - 2nd tranche	03/01/2019	334,855	02/28/2022	02/28/2022	R\$ 12.77
2019 - 3rd tranche	03/01/2019	334,695	02/28/2023	02/28/2023	R\$ 12.77
2020 - 1st tranche	03/01/2020	352,982	02/28/2022	02/28/2022	R\$ 24.89
2020 - 2nd tranche	03/01/2020	352,982	02/28/2023	02/28/2023	R\$ 24.89
2020 - 3rd tranche	03/01/2020	352,977	02/28/2024	02/28/2024	R\$ 24.89
2021 - 1st tranche	03/01/2021	274,596	02/28/2023	02/28/2023	R\$ 22.72
2021 - 2nd tranche	03/01/2021	274,596	02/28/2024	02/28/2024	R\$ 22.72
2021 - 3rd tranche	03/01/2021	274,596	02/28/2025	02/28/2025	R\$ 22.72
<b>Performance share</b>					
2020 - 1st tranche	01/01/2020	350,421	01/01/2024	01/01/2025	R\$ 13.19
2021 - 1st tranche	01/01/2021	302,990	02/01/2025	01/01/2026	R\$ 13.19

(i) After the application of the stock split effect, approved at the EGM held on September 15, 2020.

**20. Net sales revenue**

Breakdown of net revenue	Parent Company			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
Sales revenue	6,159,712	17,681,309	5,104,721	14,469,049
Service revenue	17,094	50,262	8,319	26,469
<b>Gross sales revenue</b>	<b>6,176,806</b>	<b>17,731,571</b>	<b>5,113,040</b>	<b>14,495,518</b>
Taxes on sales	(289,321)	(852,496)	(226,604)	(609,333)
Returns, rebates and other	(60,358)	(157,685)	(34,984)	(103,676)
<b>Net sales revenue</b>	<b>5,827,127</b>	<b>16,721,390</b>	<b>4,851,452</b>	<b>13,782,509</b>

Breakdown of net revenue	Consolidated			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
Sales revenue	6,507,878	18,696,849	5,375,784	15,285,747
Service revenue	19,997	55,695	8,448	26,675
<b>Gross sales revenue</b>	<b>6,527,875</b>	<b>18,752,544</b>	<b>5,384,232</b>	<b>15,312,422</b>
Taxes on sales	(293,341)	(918,204)	(249,184)	(677,140)
Returns, rebates and other	(69,672)	(181,162)	(41,595)	(122,185)
<b>Net sales revenue</b>	<b>6,164,862</b>	<b>17,653,178</b>	<b>5,093,453</b>	<b>14,513,097</b>

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).

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

**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			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
Costs of inventories sold (Note 7)	(4,060,825)	(11,568,417)	(3,376,637)	(9,586,059)
Personnel expenses	(718,390)	(2,045,278)	(578,622)	(1,727,216)
Occupancy expenses <sup>(i)</sup>	(76,564)	(231,592)	(62,054)	(203,341)
Depreciation and amortization <sup>(iii)</sup>	(325,765)	(936,867)	(285,106)	(835,783)
Discounts on property rental <sup>(iii)</sup>	1,077	5,623	3,244	12,615
Service provider expenses <sup>(iv)</sup>	(94,125)	(256,754)	(73,356)	(213,481)
Expenses on card operator fees	(78,210)	(222,557)	(64,675)	(180,173)
Other <sup>(v)</sup>	(172,819)	(491,661)	(135,295)	(398,134)
<b>Total</b>	<b>(5,525,621)</b>	<b>(15,747,503)</b>	<b>(4,572,501)</b>	<b>(13,131,572)</b>

**Classified in the statement of income as:**

Function of expenses	3rd		3rd	
	Quarter/21	Sep/21	Quarter/20	Sep/20
Costs of sales and services	(4,066,748)	(11,576,998)	(3,376,586)	(9,586,059)
Selling	(1,236,840)	(3,565,350)	(1,042,474)	(3,082,025)
General and administrative	(222,033)	(605,155)	(153,441)	(463,488)
<b>Total</b>	<b>(5,525,621)</b>	<b>(15,747,503)</b>	<b>(4,572,501)</b>	<b>(13,131,572)</b>

Nature of expenses	Consolidated			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
Costs of inventories sold (Note 7)	(4,342,328)	(12,388,615)	(3,598,506)	(10,256,178)
Personnel expenses	(734,092)	(2,084,040)	(588,443)	(1,755,184)
Occupancy expenses <sup>(i)</sup>	(77,091)	(233,000)	(62,481)	(204,607)
Depreciation and amortization <sup>(iii)</sup>	(329,286)	(942,482)	(286,354)	(839,417)
Discounts on property rental <sup>(iii)</sup>	1,077	5,623	3,244	12,615
Service provider expenses <sup>(iv)</sup>	(98,299)	(264,248)	(73,996)	(215,533)
Expenses on card operator fees	(78,756)	(224,095)	(65,211)	(181,632)
Other <sup>(v)</sup>	(181,353)	(512,522)	(141,470)	(415,518)
<b>Total</b>	<b>(5,840,128)</b>	<b>(16,643,379)</b>	<b>(4,813,217)</b>	<b>(13,855,454)</b>

**Classified in the statement of income as:**

Function of expenses	3rd		3rd Quarter	
	Quarter/21	Set/21	/20	Sep/20
Costs of sales and services	(4,349,402)	(12,398,814)	(3,598,506)	(10,256,178)
Selling	(1,256,013)	(3,613,599)	(1,056,658)	(3,122,484)
General and administrative	(234,713)	(630,966)	(158,053)	(476,792)
<b>Total</b>	<b>(5,840,128)</b>	<b>(16,643,379)</b>	<b>(4,813,217)</b>	<b>(13,855,454)</b>

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

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**



**All amounts in thousands of reais unless otherwise stated**

(ii) Depreciation and amortization totaled R\$ 936,897 in the nine-month period of 2021 (R\$ 835,783 - Sep/2019) for the Parent Company, of which R\$ 859,789 (R\$ 769,459 - Sep/2020) refers to the sales area and R\$ 77,078 (R\$ 66,324 - Sep/2020) to the administrative area, and R\$ 942, 4824 (R\$ 839,417 - Sep/2020) for the consolidated accounts, of which R\$ 860,890 (R\$ 770,332 - Sep/2020) refers to the sales area and R\$ 81,593 (R\$ 69,085 - Sep/2020) to the administrative area. These amounts are presented net of PIS and COFINS credits on the lease right-of-use, which resulted in an expense reduction in the amount of R\$ 25,755 (R\$ 20,809 - Sep/2020).

(iii) Due to the Covid-19 pandemic, the Company obtained discounts on payments related to the expenses from the lease of some properties. There were no changes in the term of the agreements, so there was no requirement to remeasure those lease agreements.

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

(v) Due to the Covid-19 pandemic, the Company increased the hiring of service providers to intensify cleaning services in drugstores and meet the greater demand of delivery services and increased the hiring of temporary staff to work in drugstores and distribution centers.

**22. Other operating (income)/expenses, net**

In 2021, other operating income / (expenses) totaled R\$66,496 (R\$10,319 - Sep/2020) for the Parent company and R\$ 66,810 (R\$ 10,455 - Sep/2020) for the Consolidated accounts. These amounts comprise non-recurring expenses and revenues, as presented below:

Nature of revenues / (expenses)	Parent Company			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
Write-off of property and equipment and intangible assets due to the drugstores closure.	892	(3,519)	(98)	(715)
Donations	(3,920)	(7,522)	(2,048)	(27,937)
Consulting and advisory expenses	-	-	-	(8,314)
Losses on Popular Pharmacy Program	-	-	(31)	(11,979)
Revaluations - judicial deposits	-	548	-	-
Recognition of INSS credits from 2016 to 2019	-	1,141	-	-
Adjustment of provision for labor risks - Selic rate	-	3,410	-	-
Refund of ICMS-ST on 2020 sales(i)	-	13,706	-	31,059
Exclusion of ICMS from PIS/COFINS calculation basis (Note 8)	-	58,044	-	-
Credits from prior periods, mainly from PIS and COFINS	-	-	3,892	5,000
Main bonus	-	-	1,846	1,846
Reversal of provisions for termination of agreements of Onofre	-	-	1,053	1,053
Disposal of assets	-	-	-	(1,510)
Additional revenues and expenses due to the closure of the Butantã distribution center	-	(21)	(2,047)	(694)
Other	396	708	565	1,872
<b>Total</b>	<b>(2,632)</b>	<b>66,495</b>	<b>3,132</b>	<b>(10,319)</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

## Notes to the parent company and consolidated interim financial information

### Individual and Consolidated

September 30, 2021

All amounts in thousands of reais unless otherwise stated



Nature of revenues / (expenses)	Consolidated			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
Write-off of property and equipment and intangible assets due to the drugstores closure.	885	(3,520)	(98)	(715)
Donations	(3,920)	(7,522)	(2,048)	(27,937)
Consulting and advisory expenses	-	-	-	(8,314)
Losses on Popular Pharmacy Program	-	-	(31)	(11,979)
Revaluations - judicial deposits	-	548	-	-
Recognition of INSS credits from 2016 to 2019	-	1,141	-	-
Adjustment of provision for labor risks - Selic rate	-	3,410	-	-
Refund of ICMS-ST on 2020 sales(i)	-	13,706	-	31,059
Exclusion of ICMS from PIS/COFINS calculation basis (Note 8)	-	58,044	-	-
Credits from prior periods, mainly from PIS and COFINS	-	-	3,892	5,000
Main bonus	-	-	1,846	1,846
Reversal of provisions and termination of agreements of Onofre	-	-	1,053	1,053
Disposal of assets	-	-	-	(1,510)
Additional revenues and expenses due to the closure of the Butantã distribution center	-	(21)	(2,047)	(694)
Other	396	1,024	484	1,736
<b>Total</b>	<b>(2,639)</b>	<b>66,810</b>	<b>3,051</b>	<b>(10,455)</b>

(i) ICMS in the substitute taxpayer regime (ICMS-ST), which implies the prepayment of ICMS of the whole commercial chain at the time the goods leave the industrial establishment or the importer, or at the time it enters the state. Its refund is a right of the taxpayer that made sales in which the taxable event of the prepayment of ICMS-ST was not confirmed, generating the right to the refund of this amount by the State Tax Authorities. The process of refund requires the proof, using tax documents and digital files, of the operations made that generated for the Company the right to refund. Only after its approval by the State Tax Authorities and/or compliance with the specific record-keeping and reporting obligations that aim that proof, credits can be used by the Company, which occurs in periods subsequent to their generation.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated  
September 30, 2021**

All amounts in thousands of reais unless otherwise stated

**23. Finance income (costs)**

	Parent Company			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
<b>Finance income</b>				
Discounts obtained	94	454	1,067	4,173
Short-term investment yields	2,257	6,408	901	3,135
Interest on intercompany loans	1,119	2,849	322	1,406
Monetary gains	1,303	1,918	187	930
Present value adjustment	17,092	33,738	6,707	28,429
<b>Total finance income</b>	<b>21,865</b>	<b>45,367</b>	<b>9,184</b>	<b>38,073</b>
<b>Finance costs</b>				
Monetary gains	(19)	(474)	(342)	(1,146)
Interest on leases <sup>(i)</sup>	(56,779)	(165,628)	(54,657)	(159,020)
Debentures	(16,507)	(35,923)	(8,456)	(30,440)
Charges on debentures and promissory notes	(3)	(397)	(725)	(8,930)
Interest on payables to subsidiary's shareholder	(714)	(2,085)	(1,261)	(3,679)
Amortization of transaction costs	(8,908)	(22,171)	(7,212)	(8,572)
Interest, charges and bank fees	(36)	(1,096)	(1,002)	(1,386)
Present value adjustment	(33,884)	(64,336)	(11,692)	(46,920)
<b>Total finance costs</b>	<b>(116,850)</b>	<b>(292,110)</b>	<b>(85,347)</b>	<b>(260,092)</b>
<b>Finance income (costs)</b>	<b>(94,985)</b>	<b>(246,743)</b>	<b>(76,163)</b>	<b>(222,019)</b>
	Consolidated			
	3rd Quarter/21	Sep/21	3rd Quarter/20	Sep/20
<b>Finance income</b>				
Discounts obtained	95	470	1,078	4,215
Short-term investment yields	2,374	6,644	901	3,135
Interest on intercompany loans	4	4	-	-
Monetary gains	1,353	2,060	241	1,116
Other income	124	217	15	184
Present value adjustment	19,065	37,823	7,551	31,931
<b>Total finance income</b>	<b>23,015</b>	<b>47,218</b>	<b>9,786</b>	<b>40,581</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

## Notes to the parent company and consolidated interim financial information

### Individual and Consolidated

September 30, 2021

All amounts in thousands of reais unless otherwise stated



	3rd		3rd	
	Quarter/21	Sep/21	Quarter/20	Sep/20
<b>Finance costs</b>				
Monetary gains	(703)	(2,251)	(646)	(1,985)
Interest on leases <sup>(i)</sup>	(56,828)	(165,814)	(54,716)	(159,206)
Debentures	(16,507)	(35,923)	(8,456)	(30,439)
Charges on debentures and promissory notes	(3)	(397)	(725)	(8,930)
Interest on payables to subsidiary's shareholder	(714)	(2,085)	(1,261)	(3,679)
Amortization of transaction costs	(8,908)	(22,171)	(7,212)	(8,572)
Interest, charges and bank fees	(85)	(1,273)	(1,029)	(1,573)
Discounts granted to customers	(70)	(394)	(99)	(263)
Present value adjustment	(35,956)	(68,362)	(12,347)	(49,750)
<b>Total finance costs</b>	<b>(119,774)</b>	<b>(298,670)</b>	<b>(86,491)</b>	<b>(264,397)</b>
<b>Finance income (costs)</b>	<b>(96,759)</b>	<b>(251,452)</b>	<b>(76,705)</b>	<b>(223,816)</b>

(i) Interest on leases is shown net of PIS and COFINS.

## 24. Financial instruments and risk management policy

### Financial instruments by category

Financial instruments items	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
<b>Assets</b>				
At amortized cost				
Cash and cash equivalents (Note 5)	227,469	855,257	247,158	880,357
Trade receivables (Note 6)	1,639,252	1,373,801	1,848,350	1,555,434
Other receivables	312,638	322,448	274,589	270,475
Judicial deposits (Note 15)	23,483	25,753	27,392	25,753
Arbitration restricted asset (Note 16)	350,816	341,906	350,816	341,906
<b>Total assets</b>	<b>2,553,658</b>	<b>2,919,165</b>	<b>2,748,305</b>	<b>3,073,925</b>
<b>Liabilities</b>				
Liabilities at fair value through profit or loss				
Payables to subsidiary's shareholder	36,649	46,448	36,649	46,448
<b>Subtotal</b>	<b>36,649</b>	<b>46,448</b>	<b>36,649</b>	<b>46,448</b>
<b>Other liabilities</b>				
Trade payables	2,681,426	2,943,379	2,850,605	3,106,938
Borrowing (Note 13)	1,523,767	1,620,001	1,564,789	1,653,454
Other payables	286,213	170,622	298,929	175,873
Leases payable	3,671,863	3,427,950	3,674,826	3,430,925
Arbitration liability (Note 16)	350,189	341,843	350,189	341,843
<b>Subtotal</b>	<b>8,513,458</b>	<b>8,503,795</b>	<b>8,739,338</b>	<b>8,709,033</b>
<b>Total liabilities</b>	<b>8,550,107</b>	<b>8,550,243</b>	<b>8,775,987</b>	<b>8,755,481</b>

### Financial risk management

The Company applied the requirements of NBC TG 40 (R3) and also considered the guidance in CVM Circular Letter SNC/SEP 01/2021, observing qualitative and quantitative aspects of risk management, concluded that there are no material impacts that require disclosure of additional information in the interim financial information.

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.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated  
September 30, 2021**

**All amounts in thousands of reais unless otherwise stated**

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.

**Derivative financial instruments**

The Group does not operate with derivative instruments, except in specific situations. At September 30, 2021, the Group did not have any derivative financial transactions.

**Interest rate risk**

Most of the BNDES transactions are entered into based on the TLP + interest and on the SELIC rate. Other borrowings of the Company are linked to the CDI + bank spread. 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.

(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	
	Sep/21	Dec/20	Sep/21	Dec/20
<b>Rating - National scale</b>				
brAAA	57,732	468,469	73,345	490,077
brAA+	44,606	249,124	44,754	249,163
brA	6,609	15,497	6,611	15,497
(*) n/a - Cash and automatic investments	118,522	122,167	121,511	123,446
(*) n/a - Investment funds	-	-	937	2,174
<b>Total - National scale</b>	<b>227,469</b>	<b>855,257</b>	<b>247,158</b>	<b>880,357</b>

(\*) Not applicable, since there is no risk rating for cash, automatic investments and investment funds.

The granting of credit on sales of goods follows a policy that aims at minimizing defaults. At September 30, 2021, credit sales represented 56% (54% - Dec/2020) for the Parent Company and 58% (56% - Dec/2020) for the Consolidated accounts of which 94% (94% - Dec/2020) for the Parent Company and 87% (86% - Dec/2020) for the Consolidated accounts related to credit card sales which, based on the history of losses, posed an extremely low risk. The remaining 6% (6% - Dec/2020) for the Parent Company and 13% (14% - Dec/2020) for the Consolidated accounts are credits from PBMs and special plans that pose a low risk, due to customer selectivity.

## Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021



All amounts in thousands of reais unless otherwise stated

### (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, according to the assessment made by Management, is based on an increase of 0.5% in the interest rate. Two further scenarios are presented in order to show a 25% and 50% deterioration in the risk variables considered (scenarios II and III).

Operation	Parent Company			
	Notional amount	Effect on profit or loss and equity		
		Scenario I (probable)	Scenario II - 25%	Scenario III - 50%
Short term investments - CDI	120,477	602	753	904
<b>Revenue</b>		<b>602</b>	<b>753</b>	<b>904</b>
Borrowings - CDI	1,523,767	(7,619)	(9,524)	(11,428)
REFIS (SELIC)	1,156	(6)	(7)	(9)
<b>Expense</b>		<b>(7,625)</b>	<b>(9,531)</b>	<b>(11,437)</b>
<b>Effect on profit or loss</b>		<b>(7,023)</b>	<b>(8,778)</b>	<b>(10,533)</b>

Operation	Consolidated			
	Notional amount	Effect on profit or loss and equity		
		Scenario I (probable)	Scenario II - 25%	Scenario III - 50%
Short term investments - CDI	138,733	693	867	1,041
<b>Revenue</b>		<b>693</b>	<b>867</b>	<b>1,041</b>
Borrowings - CDI	1,564,789	(7,824)	(9,780)	(11,736)
REFIS (SELIC)	1,156	(6)	(7)	(9)
<b>Expense</b>		<b>(7,830)</b>	<b>(9,787)</b>	<b>(11,745)</b>
<b>Effect on profit or loss</b>		<b>(7,137)</b>	<b>(8,920)</b>	<b>(10,704)</b>

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 borrowings, except for long-term credit facilities from BNDES (FINEM), debentures and promissory notes 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 borrowings 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:



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated  
September 30, 2021**



All amounts in thousands of reais unless otherwise stated

	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
<b>Capital management items</b>				
Short- and long-term borrowings	1,523,767	1,620,001	1,564,789	1,653,454
(-) Cash and cash equivalents	(227,469)	(855,257)	(247,158)	(880,357)
<b>Net debt</b>	<b>1,296,298</b>	<b>764,744</b>	<b>1,317,631</b>	<b>773,097</b>
Equity attributable to the stockholders of the parent company	4,756,745	4,363,126	4,756,745	4,363,126
Noncontrolling interests	-	-	35,375	62,495
Total equity	4,756,745	4,363,126	4,792,120	4,425,621
<b>Total capital</b>	<b>6,053,043</b>	<b>5,127,870</b>	<b>6,109,751</b>	<b>5,198,718</b>
<b>Gearing ratio</b>	<b>21.42</b>	<b>14.91</b>	<b>21.57</b>	<b>14.87</b>

As described in Note 14, as from January 1, 2019, the Group recognized in its balance sheet the obligations associated with the lease agreements where it has control. Considering the balance of lease liabilities at the balance sheet dates in the capital management calculation, the gearing ratio of the Company and the Group would be as follows:

	Parent Company		Consolidated	
	Sep/21	Dec/20	Sep/21	Dec/20
<b>Adjusted net debt with lease liabilities</b>				
Net debt	1,296,298	764,744	1,317,631	773,097
Lease liabilities	3,671,863	3,427,950	3,674,826	3,430,925
<b>Adjusted net debt</b>	<b>4,968,161</b>	<b>4,192,694</b>	<b>4,992,457</b>	<b>4,204,022</b>
Total equity	4,756,745	4,363,126	4,792,120	4,425,621
<b>Total adjusted capital</b>	<b>9,724,906</b>	<b>8,555,820</b>	<b>9,784,577</b>	<b>8,629,643</b>
<b>Adjusted gearing ratio (%)</b>	<b>51.09</b>	<b>49.00</b>	<b>51.02</b>	<b>48.72</b>

(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:

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

Fair value estimation	Parent Company				Consolidated			
	Carrying amount		Fair value		Carrying amount		Fair value	
	Sep/21	Dec/20	Sep/21	Dec/20	Sep/21	Dec/20	Sep/21	Dec/20
BNDES	233	28,895	233	28,889	233	28,894	233	28,889
Debentures and promissory notes	1,124,062	1,177,554	1,124,062	1,177,554	1,124,062	1,177,554	1,124,062	1,177,554
Other	399,472	413,552	399,472	413,553	440,494	447,006	440,494	447,006
<b>Total</b>	<b>1,523,767</b>	<b>1,620,001</b>	<b>1,523,767</b>	<b>1,619,996</b>	<b>1,564,789</b>	<b>1,653,454</b>	<b>1,564,789</b>	<b>1,653,449</b>

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.

At September 30, 2021, 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 period ended September 30, 2021:

	Parent Company/Consolidated	
	Sep/21	Sep/20
<b>Changes in payables to subsidiary's shareholder</b>		
Balance at January 1st	46,448	42,113
( - ) Payment for the exercise of the 1st Call Option of shares	(11,884)	-
Expenses recognized in the statement of income:	2,085	3,678
At September 30	36,649	45,791
<b>Total expenses for the period recognized in the statement of income</b>	<b>2,085</b>	<b>3,678</b>
<b>Changes in unrealized expenses for the period included in the statement of income</b>	<b>2,085</b>	<b>3,678</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIÁ Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

All amounts in thousands of reais unless otherwise stated

**25. 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			
		Sep/21	Dec/20	Sep/21	Dec/20	Sep/21	Sep/20	Sep/21	Sep/20
<b>Receivables</b>									
Special plans <sup>(i)</sup>									
Regimar Comercial S.A.	Stockholder/Family	24	12	24	12	66	62	66	62
Heliomar Ltda.	Stockholder/Board Member		-	-	-	10	15	10	15
Natura Cosméticos S.A. <sup>(ii)</sup>	Stockholder/Related party	95	103	95	103	1077	1005	1077	1005
4Bio Medicamentos S.A. <sup>(v)</sup>	Subsidiary	43	40	43	40	234	212	234	212
<b>Subtotal</b>		<b>162</b>	<b>155</b>	<b>162</b>	<b>155</b>	<b>1,387</b>	<b>1,294</b>	<b>1,387</b>	<b>1,294</b>
<b>Other receivables from related parties</b>									
Commercial agreements									
Natura Cosméticos S.A. <sup>(ii)</sup>	Stockholder/Related party	-	35	-	35	144	40	144	240
Advances to suppliers		-	-	-	-	-	-	-	-
Cfly Consultoria e Gestão Empresarial Ltda. <sup>(iii)</sup>	Family	230	406	230	406	-	-	-	-
Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire – Advogados <sup>(iv)</sup>	Stockholder/Family	45	65	45	65	-	-	-	-
Loan and other receivables									
4Bio Medicamentos S.A. <sup>(v)</sup>	Subsidiary	44,012	57,699	-	-	3,380	1,782	-	-
ZTO Tecn. e Ser. de Infor. na Int. Ltda. (Manipulaê) <sup>(xi)</sup>	Associate	-	-	3,000	-	12	-	3,000	-
<b>Subtotal</b>		<b>44,287</b>	<b>58,205</b>	<b>3,275</b>	<b>506</b>	<b>3,536</b>	<b>2,022</b>	<b>3,144</b>	<b>240</b>
<b>Total receivables from related parties</b>		<b>44,449</b>	<b>58,360</b>	<b>3,437</b>	<b>661</b>	<b>4,923</b>	<b>3,316</b>	<b>4,531</b>	<b>1,534</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

Related parties	Relationship	Parent Company		Consolidated		Parent Company		Consolidated	
		Sep/21	Dec/20	Sep/21	Dec/20	Sep/21	Sep/20	Sep/21	Sep/20
<b>Payables</b>									
Rentals <sup>(vi)</sup>									
Heliomar Ltda.	Stockholder/Board Member	21	21	21	21	70	186	70	186
Antonio Carlos Pipponzi	Stockholder/Board Member	9	8	9	8	29	73	29	73
Rosalina Pipponzi Raia	Stockholder/Board Member	9	8	9	8	29	73	29	73
Cristiana Almeida Pipponzi	Stockholder/Board Member	4	3	4	3	10	24	10	24
André Almeida Pipponzi	Stockholder/Board Member	4	3	4	3	10	24	10	24
Marta Almeida Pipponzi	Stockholder/Board Member	4	2	4	2	10	24	10	24
<b>Subtotal</b>		<b>51</b>	<b>45</b>	<b>51</b>	<b>45</b>	<b>158</b>	<b>404</b>	<b>158</b>	<b>404</b>
Service providers									
Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire Advogados <sup>(iv)</sup>	Stockholder/Family	17	-	17	-	2,998	3,559	2,998	3,559
Rodrigo Wright Pipponzi (Editora Mol Ltda.) <sup>(vii)</sup>	Stockholder/Family	878	810	878	810	214	7,572	214	7,572
Cfly Consultoria e Gestão Empresarial Ltda. <sup>(iii)</sup>	Family	193	204	193	204	2,616	1,492	2,616	1,492
Cristina Ribeiro Sobral Sarian (Anthea Consultoria Empresarial) <sup>(ix)</sup>	Stockholder/Alternate Board Member until April 2021	49	49	49	49	450	400	450	400
Cesar Nivaldo Gon (CI&T IOT Comercio de HardWare e Software Ltda e CI&T Softwares S.A) <sup>(xi)</sup>	Stockholder/Board Member until May 2021	11	-	11	-	159	-	159	-
Stix Fidelidade e Inteligência S.A. <sup>(ix)</sup>	Associate	2,784	-	2,784	-	-	-	-	-
Healthbit Performasys Tecnologia <sup>(viii)</sup>	Subsidiary	71	0	71	-	694	-	694	-
<b>Subtotal</b>		<b>4,003</b>	<b>1,063</b>	<b>4,003</b>	<b>1,063</b>	<b>7,131</b>	<b>13,023</b>	<b>7,131</b>	<b>13,023</b>
<b>Total payables to related parties</b>		<b>4,054</b>	<b>1,108</b>	<b>4,054</b>	<b>1,108</b>	<b>7,289</b>	<b>13,427</b>	<b>7,289</b>	<b>13,427</b>

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information Individual and Consolidated September 30, 2021**

**All amounts in thousands of reais unless otherwise stated**

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Transactions with related parties, basically purchases and sales of products, were carried out at prices, terms and conditions usual in the market.

(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 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.

(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 adjusted by 110% of the CDI, and mature in December 2021.

Other receivables comprises commissions on Raia Drogasil S.A. referrals (R\$ 340), recognized in "other receivables".

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

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

(ix) Transactions related to information technology consulting services, being a contract entered into in March 2020 with Cl&T Comércio de Hardware e Software Ltda. and another in November 2020 with Cl&T Softwares S.A., with the object of consultancy for digital transformation and squads.

(x) Transactions related to trade receivables and trade payables referring to the STIX points program.

(xi) Transactions with loan between subsidiary FIP RD Ventures (lender) and ZTO Tecnologia e Servicos de Informacao na Internet Ltda. (borrower) in monthly amounts of R\$ 300 for July/2020 and R\$ 675 for August, September, and December 2020 and January 2021, respectively.

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.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Notes to the parent company and consolidated interim financial information**  
**Individual and Consolidated**  
**September 30, 2021**



All amounts in thousands of reais unless otherwise stated

(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	
	Sep/21	Sep/20	Sep/21	Sep/20
Share-based payment	11,404	9,745	12,450	10,025
Bonuses and social charges	6,840	5,694	6,840	5,694
<b>Subtotal bonuses and social charges</b>	<b>18,244</b>	<b>15,439</b>	<b>19,290</b>	<b>15,719</b>
Fees and social charges	16,708	15,376	18,854	17,460
Fringe benefits	252	290	252	290
<b>Total</b>	<b>35,204</b>	<b>31,105</b>	<b>38,396</b>	<b>33,469</b>

The Company applied the requirements of NBC TG 05 (R3) - Related-Party Disclosures and also considered the guidance in CVM Circular Letter SNC/SEP 01/2021, observing qualitative aspects of related-party transaction, and concluded that there are no material impacts that require disclosure of additional information in the interim financial information.

## 26. 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	
	Sep/21	Dec/20	Sep/21	Dec/20
Inventory loss risks	306,001	382,074	333,749	454,152
Permanent assets	322,395	444,453	330,655	455,058
Loss of profits	64,837	63,020	218,827	166,333
Civil liability risks	38,424	38,424	40,000	40,000

## 27. Non-cash transactions

At September 30, 2021, the main transactions that did not involve the Group's cash were:

- (i) the monetary adjustment of the financial liability arising from payables to subsidiary's shareholder (Note 09);
- (ii) part of the compensation of key management personnel associated with the restricted share plan (Note 25);
- (iii) the installment purchase of property and equipment items in the amount of R\$ 12,980 (R\$ 14,258 - Dec/ 2020);
- (iv) recognition of lease liability with a balancing item in right-of-use asset, which additions of new agreements in the amount of R\$ 233,441 (R\$ 393,646 - Dec/2020), remeasurements of R\$ 504,365 (R\$ 388,146 - Dec/2020) and termination of agreements in the amount of (R\$ 39,741) (R\$ 43,671 - Dec/2020).

## Independent auditor's report on review of interim financial statements

The Shareholders and Officers

**Raia Drogasil S.A.**

São Paulo – SP

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Raia Drogasil S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2021, comprising the statement of financial position as of September 30, 2021 and the related statements of profit or loss and of comprehensive income for the three and nine-month periods the ended, and of changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the Federal Accounting Counsel ("CFC") and International Accounting Standards Board (IASB), respectively, 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 the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this individual and consolidated 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, respectively). 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 accompanying individual and consolidated interim financial information included in the Quarterly Information Form 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 Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

## **Other matters**

### *Statements of value added*

The abovementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2021, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, November 9, 2021.

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

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



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

## Raia Drogasil S.A.

### Comments on business projection performance September 30, 2021

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In this section, pursuant to CVM Instruction 480/09, we compare the store opening projections for the Company with the data on drugstore 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, the projections for 2020 were disclosed on October 3, 2019 and the projections for 2021 and 2022 were disclosed on September 29, 2020.

YEAR	PRIOR PROJECTION	CURRENT PROJECTION	ACTUAL ACCUMULATED
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	240 openings
2021		240 openings	154 openings <sup>1</sup>
2022	240	260 openings	

<sup>1</sup> For 2021, accumulated up to 9/30/2021.

On July 28, 2016, we revised the prior projection of 165 openings in 2016 and 195 openings in 2017 to 200 store openings for each year. On October 27, 2021, we revised the prior projection of 240 openings per year in 2021 and 2022 to 240 openings in 2021 and 260 openings in 2022.

The Company ended 2020 with 240 store openings and reiterate projections of 240 openings for 2021 and 260 openings for 2022.

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

## Opinion of Supervisory Board

**September 30, 2021**

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 September 30, 2021 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 Ernst & Young Auditores Independentes, the Supervisory Board members concluded that the documents above are fairly presented, in all material respects.

São Paulo, November 9, 2021.

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Gilberto Lério  
Supervisory Board Member

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Mário Antonio Luiz Corrêa  
Supervisory Board Member

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Paulo Sérgio Buzaid Tohmé  
Supervisory Board Member

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Antônio Edson Maciel dos Santos  
Supervisory Board Member

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAIA Drogasil S.A.

**Officers' Representation on  
Quarterly Information  
September 30, 2021**

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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 September 30, 2021.

São Paulo, November 9, 2021.

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Marcilio D'Amico Pousada  
Chief Executive Officer

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Eugênio De Zagottis  
Officer

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Antonio Carlos Coelho  
Officer

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Marcello De Zagottis  
Officer

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Fernando Kozel Varela  
Officer

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Renato Cepollina Raduan  
Officer

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Maria Susana de Souza  
Officer

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Bruno Wright Pipponzi  
Officer

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Ligia Maria Mendes  
Controller and Accountant in Charge  
CRC 1SP253358/O-8

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 9/30/2021 - RAI A Drogasil S.A.

## **Officers' Representation on Independent Auditor's Report September 30, 2021**

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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 Special Review Report without exceptions issued by the independent auditors for the quarter ended September 30, 2021.

São Paulo, November 9, 2021.

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Marcilio D'Amico Pousada  
Chief Executive Officer

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Eugênio De Zagottis  
Officer

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Antonio Carlos Coelho  
Officer

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Marcello De Zagottis  
Officer

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Fernando Kozel Varela  
Officer

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Renato Cepollina Raduan  
Officer

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Maria Susana de Souza  
Officer

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Bruno Wright Pipponzi  
FOfficer

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Ligia Maria Mendes  
Controller and Accountant in Charge  
CRC 1SP253358/O-8