



EARNINGS PRESENTATION
4Q21

RD Gente,
Saúde e
Bem-estar.
RaiaDrogasil S.A.

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Saúde e
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Consolidated Highlights*

- › **PHARMACIES**:** 2,490 units in operation (240 openings and 49 closures)
- › **MARKET SHARE:** 0.3 p.p. increase to 14.2% national market share
- › **GROSS REVENUE:** R\$ 25.6 billion, a 20.9% increase and 12.4% growth in mature stores
- › **DIGITAL:** R\$ 2.1 billion, with 78.7% of growth and a penetration of 9.2% by year-end
- › **CONTRIBUTION MARGIN***:** 10.2%, a 0.7 p.p. margin expansion and 29% growth
- › **ADJUSTED EBITDA:** R\$ 1,807.2 million, a 7.1% EBITDA margin and 26% growth
- › **ADJUSTED NET INCOME:** R\$ 788.2 million, with a 3.1% net margin and 31% growth
- › **CASH FLOW:** R\$ 26.3 million negative free cash flow, R\$ 573.4 million total cash consumption
- › **MARKETPLACE:** Launched at both Raia and Drogasil apps, with 80K SKUs from over 300 sellers
- › **HEALTH PLATFORM:** Launched Vitat, with more than 150 free programs focused on wellness

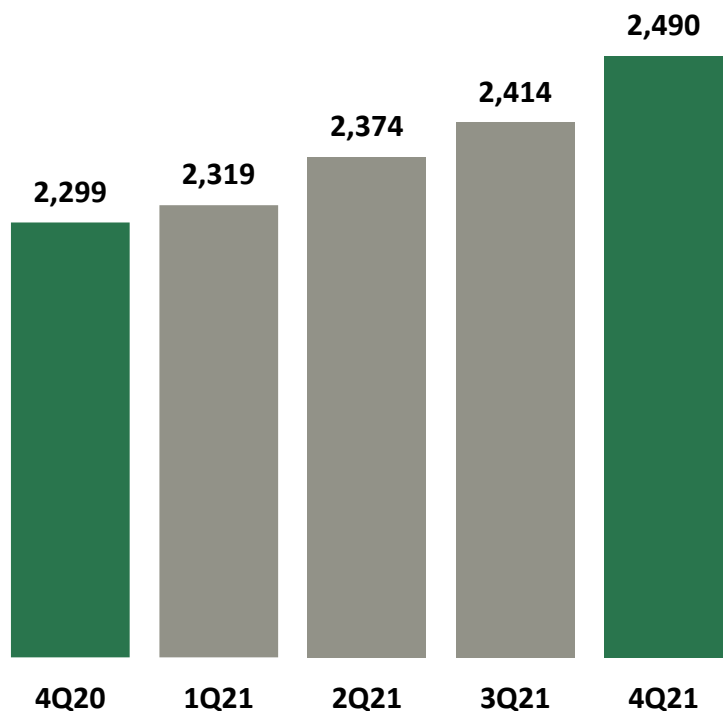
* Considers the IAS 17 / CPC 06 reporting standard

** Does not include 4 4Bio units

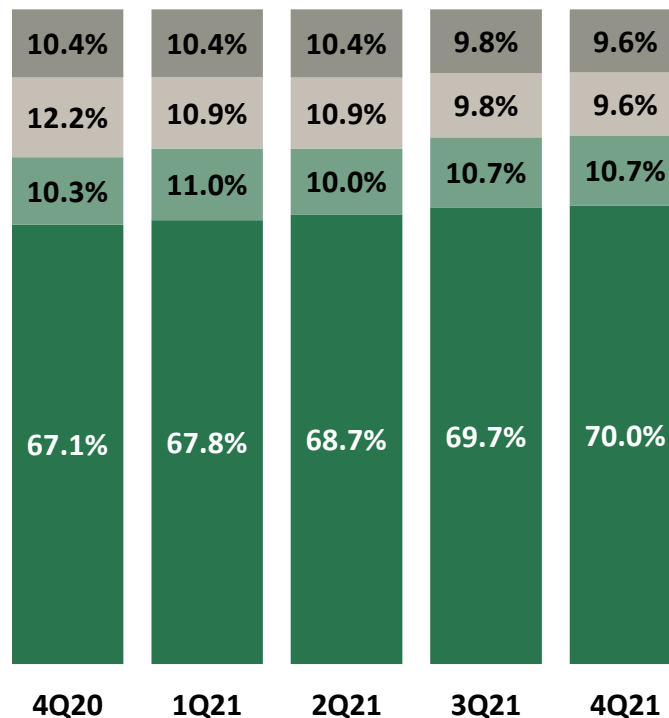
*** Margin before the corporate overhead (gross profit – selling expenses)

We opened 240 pharmacies and closed 49 in 2021 (average of 30 per year over last 2 years). We reiterate our guidance of 260 openings for 2022.

Pharmacy count



Age structure of pharmacy portfolio



	4Q20	1Q21	2Q21	3Q21	4Q21
Openings	+82	+40	+62	+52	+86
Closures	-3	-20	-7	-12	-10
Net	+79	+20	+55	+40	+76

■ Mature ■ Year 3 ■ Year 2 ■ Year 1

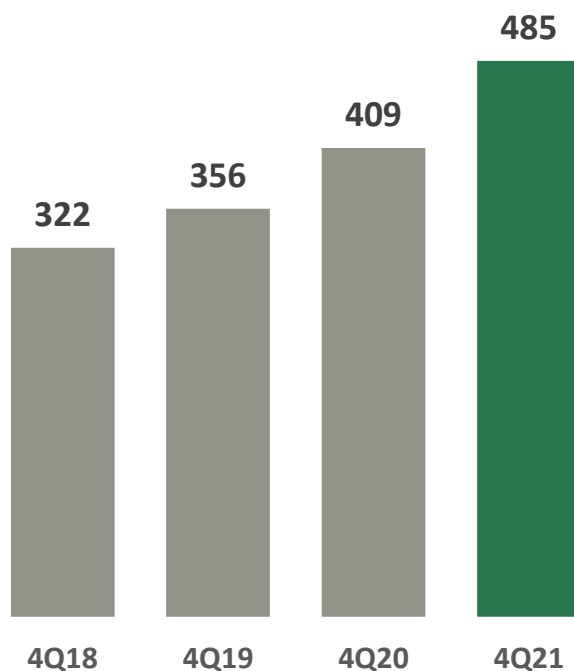
**2022 Guidance:
260 new pharmacies**

while maintaining the current geographical and demographic diversification

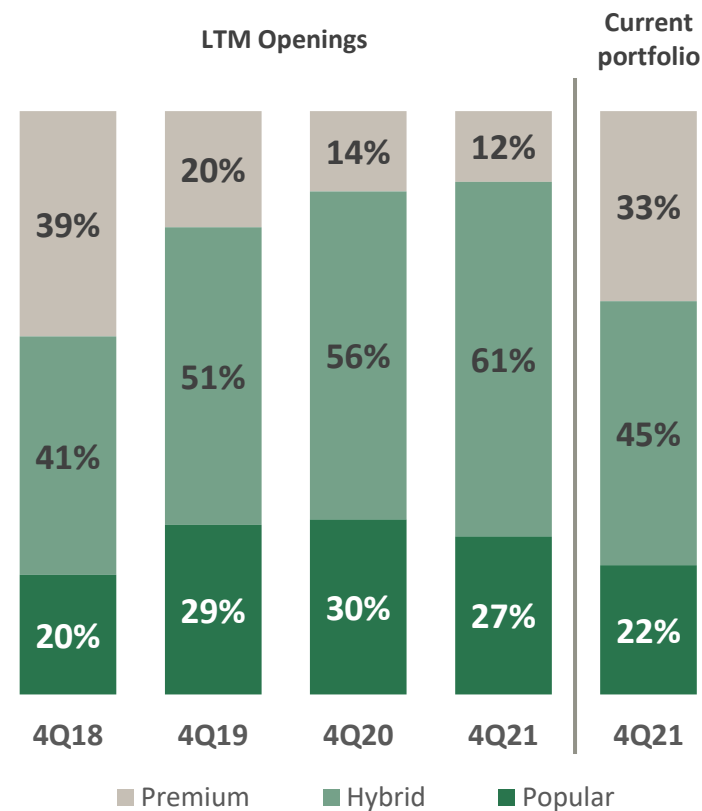


We expanded our presence to 485 cities in the 4Q21, with 88% of openings consisting of Popular or Hybrid formats to serve the expanded middle class.

Cities with pharmacies



Network composition by format*

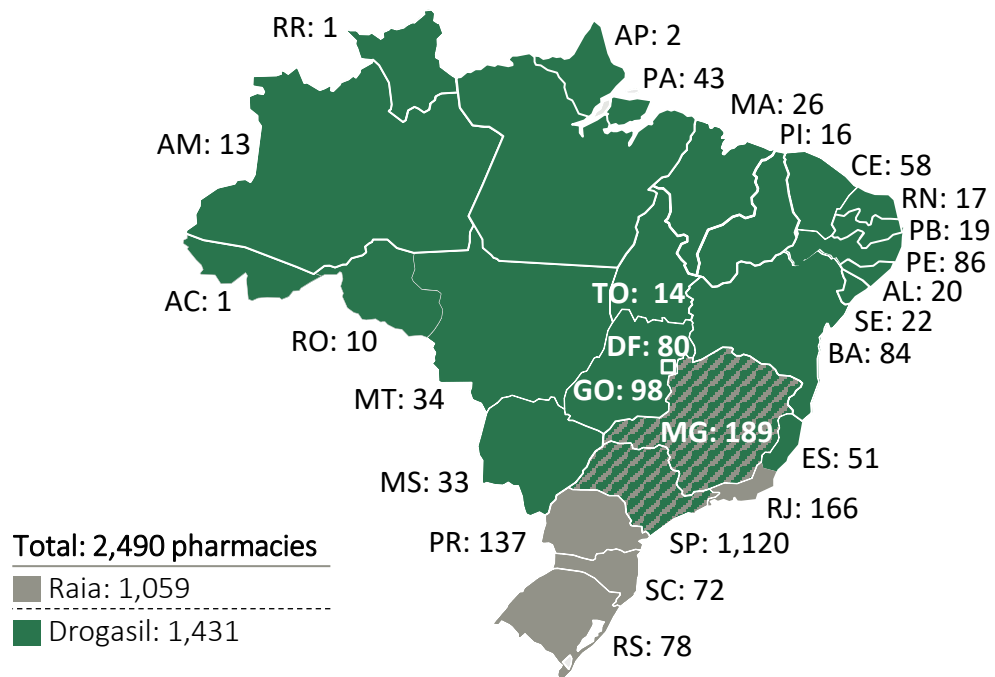


* Openings exclude the Onofre acquisition.

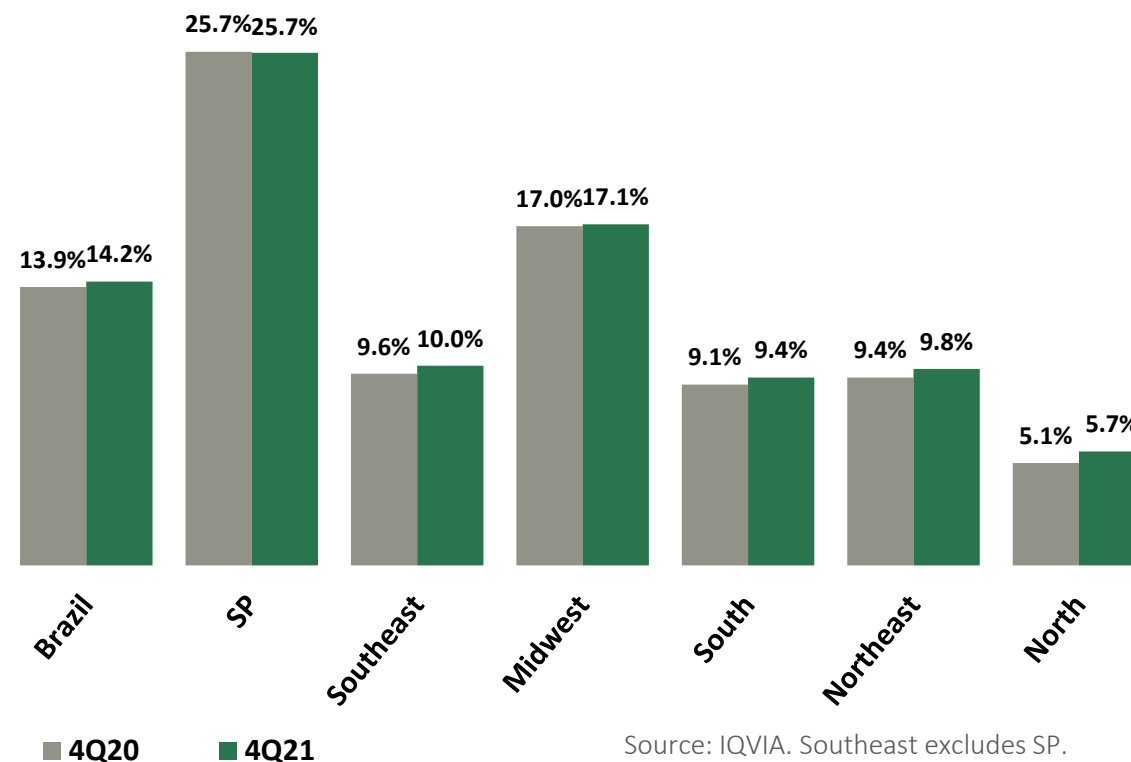


We entered the states of AC, AP and RR, expanding our presence to the entire country. We recorded a 14.2% market share, with a 0.3 p.p. gain.

Pharmacy geographic presence



Pharmacy market share



Source: IQVIA. Southeast excludes SP.

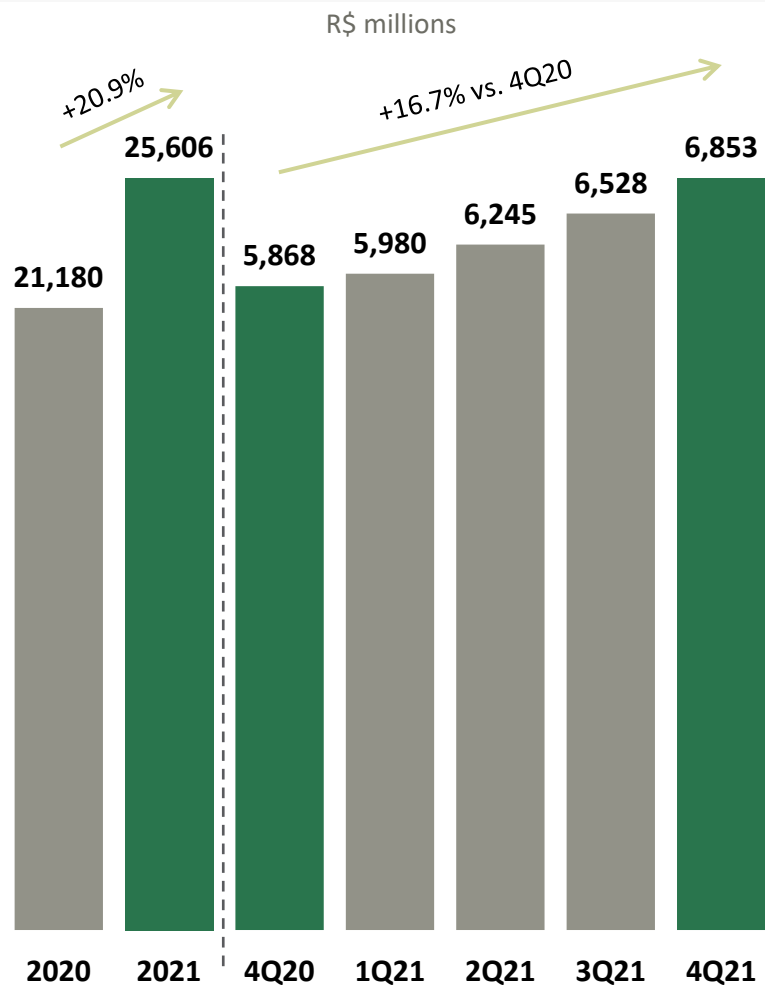
LTM organic openings*	4Q17	4Q18	4Q19	4Q20	4Q21
São Paulo state	82	73	76	66	49
Total	210	240	240	240	240
% São Paulo state	39%	30%	32%	28%	20%

* Does not consider the 42 pharmacies acquired from Onofre

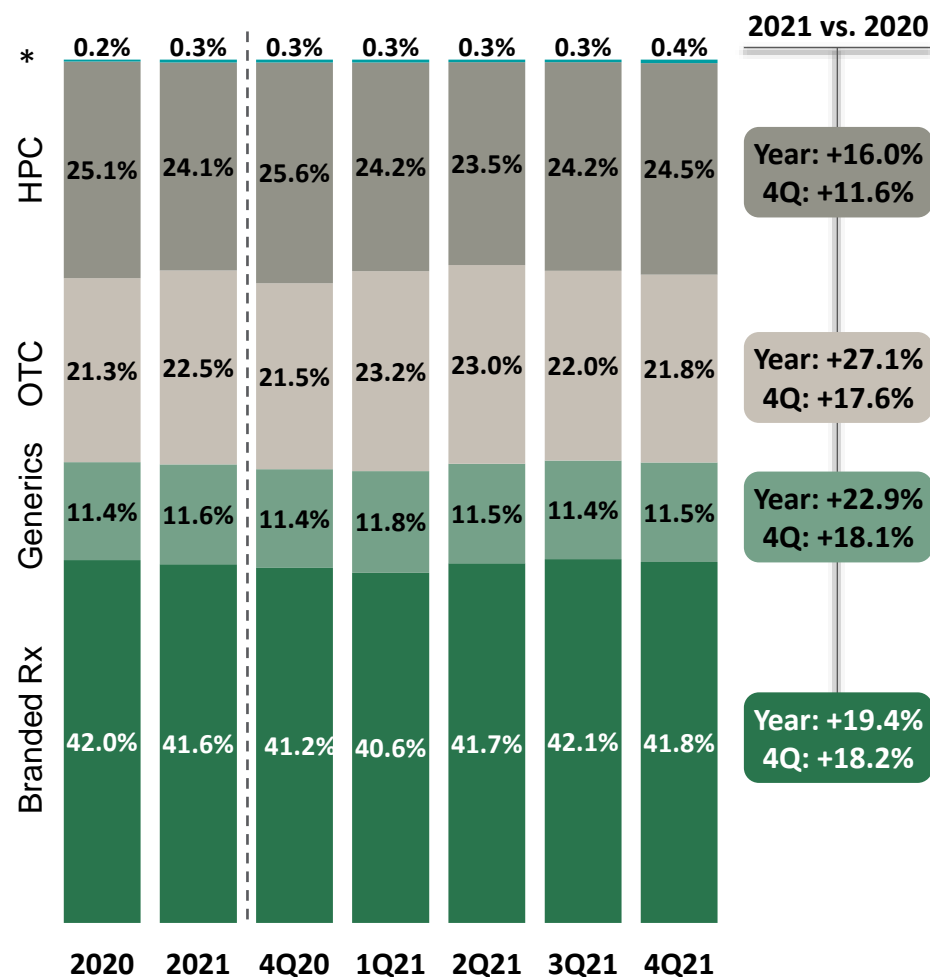


Consolidated revenues grew 20.9% vs. 2020, driven by OTC and Generics.

Consolidated gross revenue



Retail sales mix

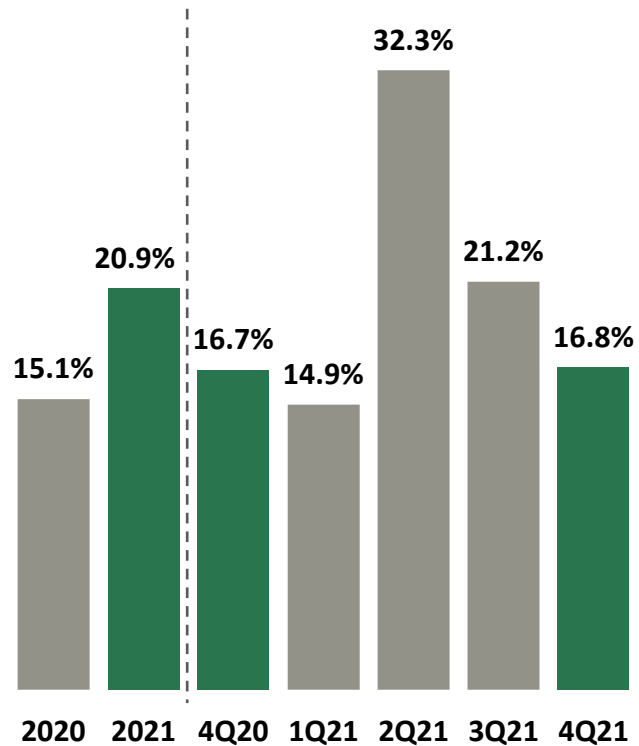


* Services

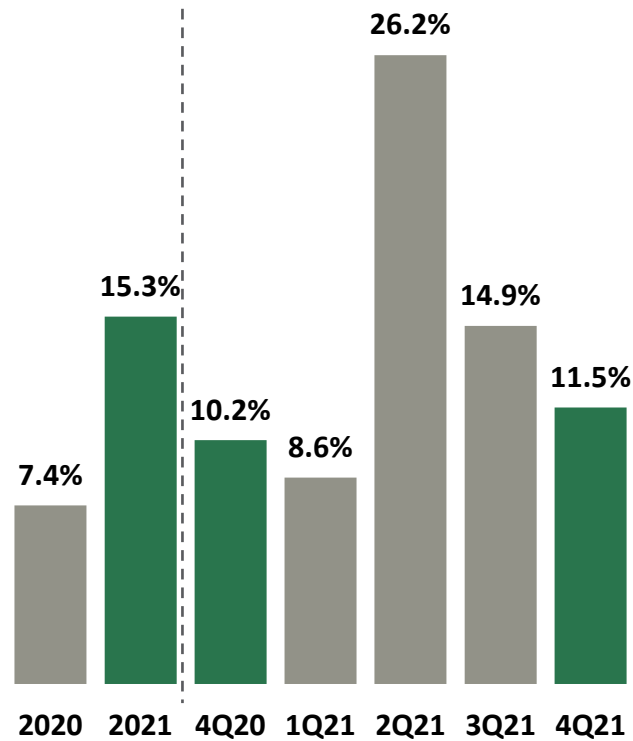
Mature stores grew on average 12.4% in the year, 2.3 percentage points above the year's CPI of 10.1%.



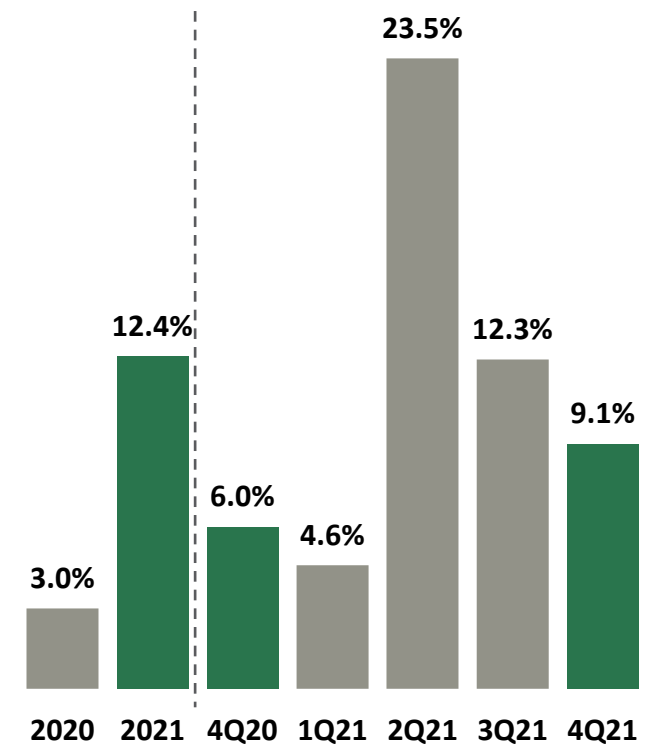
Consolidated revenue growth



Same-Store sales growth - Retail



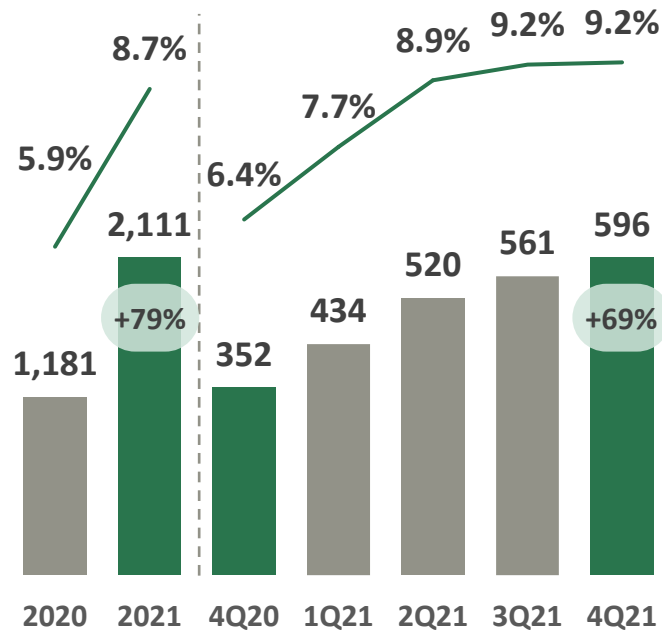
Mature-Store sales growth - Retail



Digital sales reached R\$ 2.1 billion, with a 9.2% penetration in the 4Q21. We recorded 15.9 cumulative app downloads with leading app MAU.

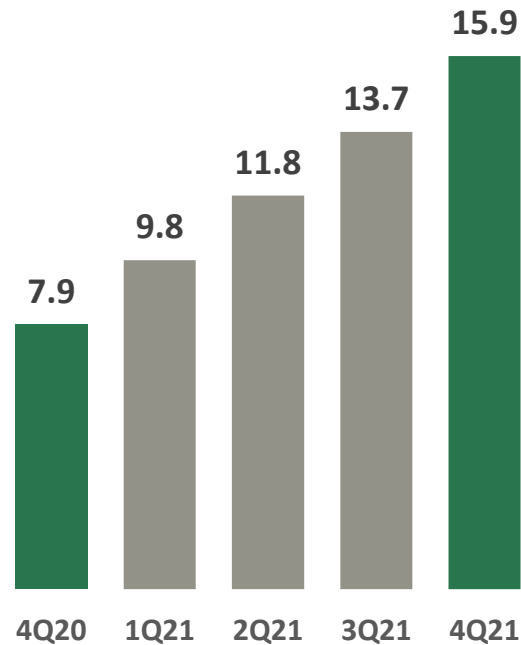
Digital sales and penetration

R\$ millions, % of retail sales



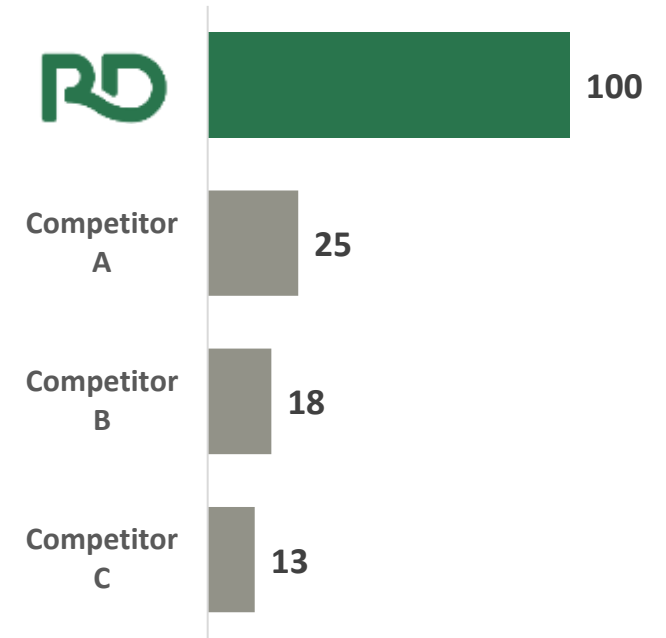
Cumulative app downloads

Millions



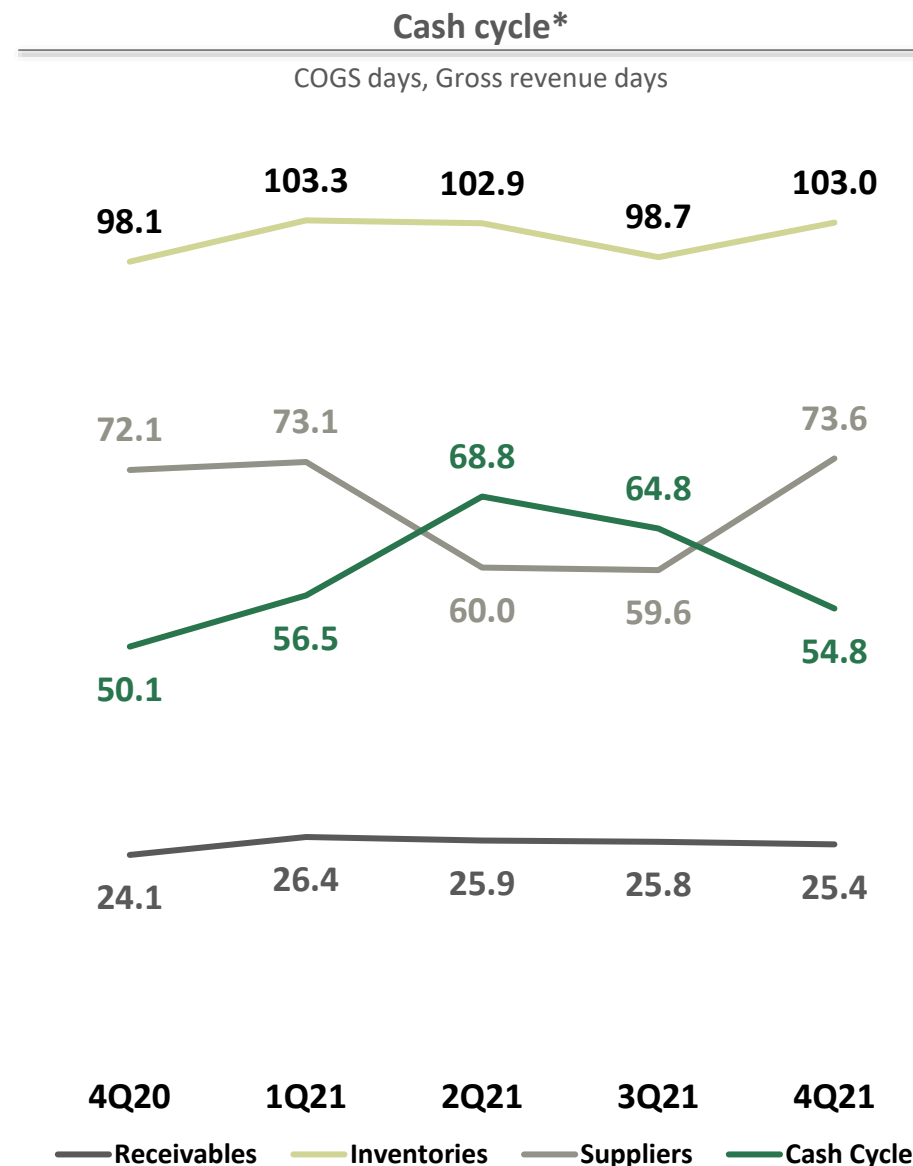
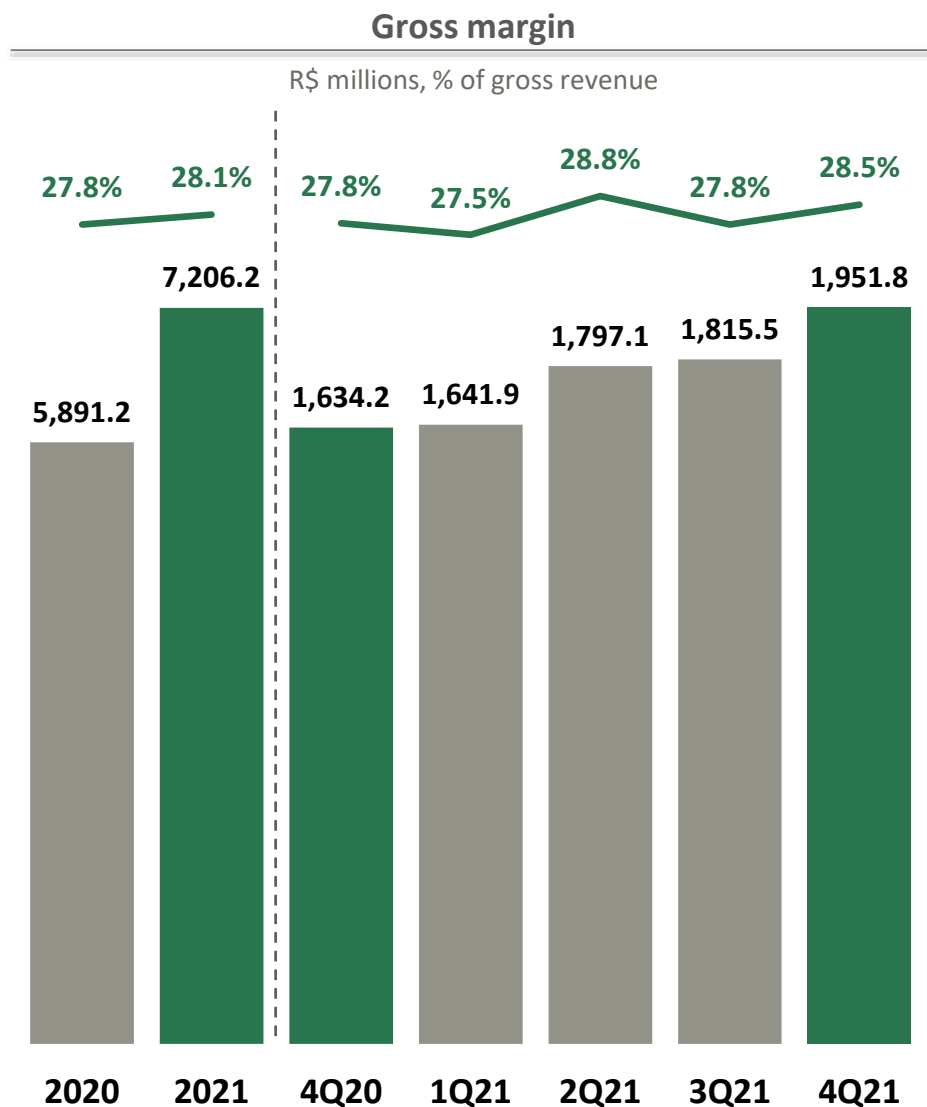
MAU – App monthly active users

RD = base 100, month of Dec/21



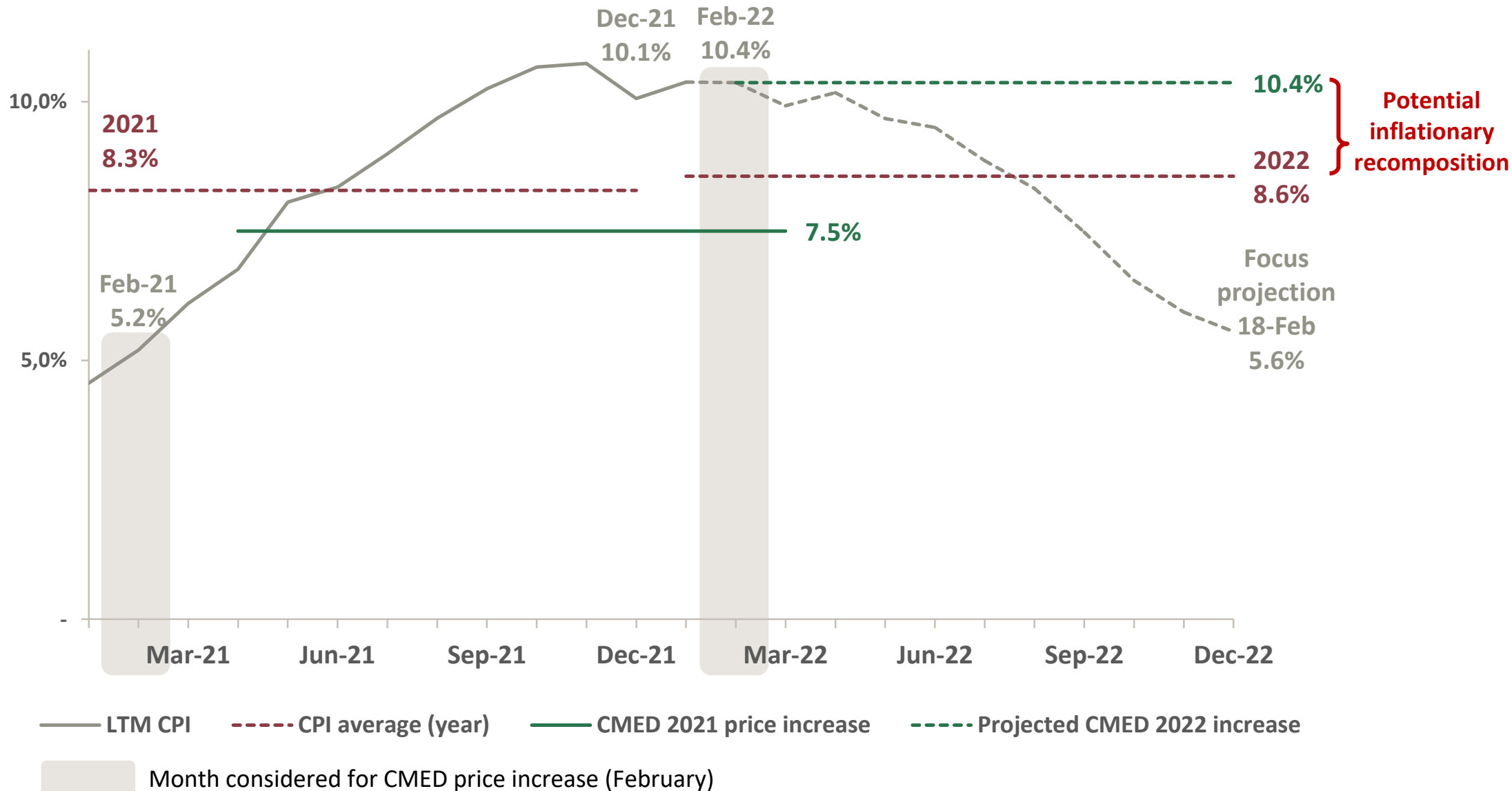
Source: Similar Web

Gross margin totaled 28.1%, an increase of 0.3 p.p. vs. the previous year. We recorded a sequential cash cycle improvement of 10 days.



* Adjusted for discounted receivables.

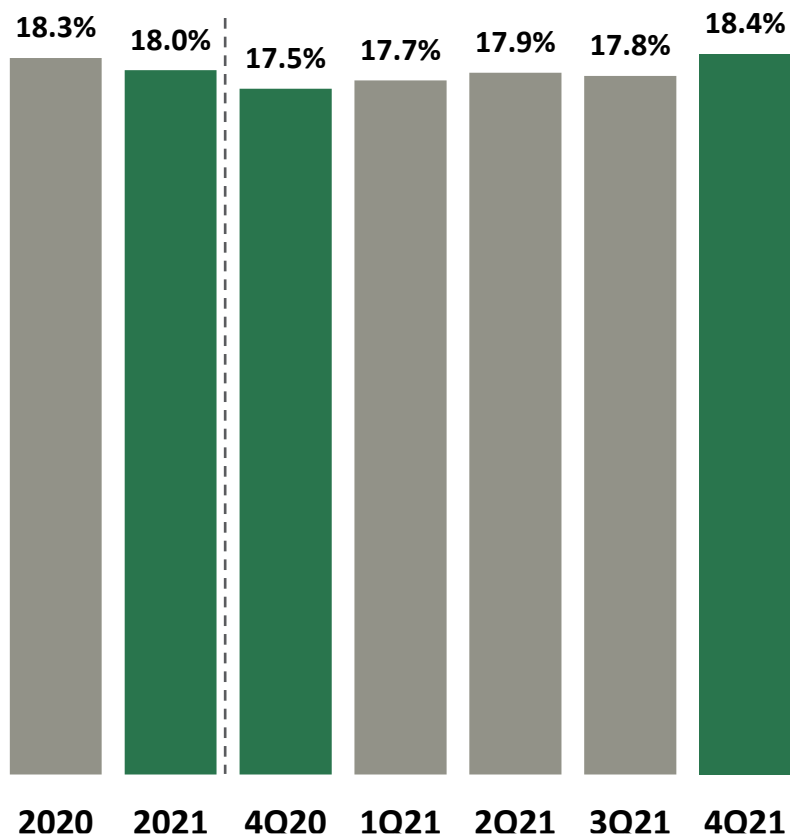
Small inflationary pressure in 2021, but very significant in the 4Q21. We expect a recomposition in the 2Q22, with a price increase above the forecasted average CPI.



Contribution margin increased by 0.7 p.p. to 10.2%. Annual dilution of 0.3 p.p. in selling expenses despite inflationary pressures in the 4Q21.

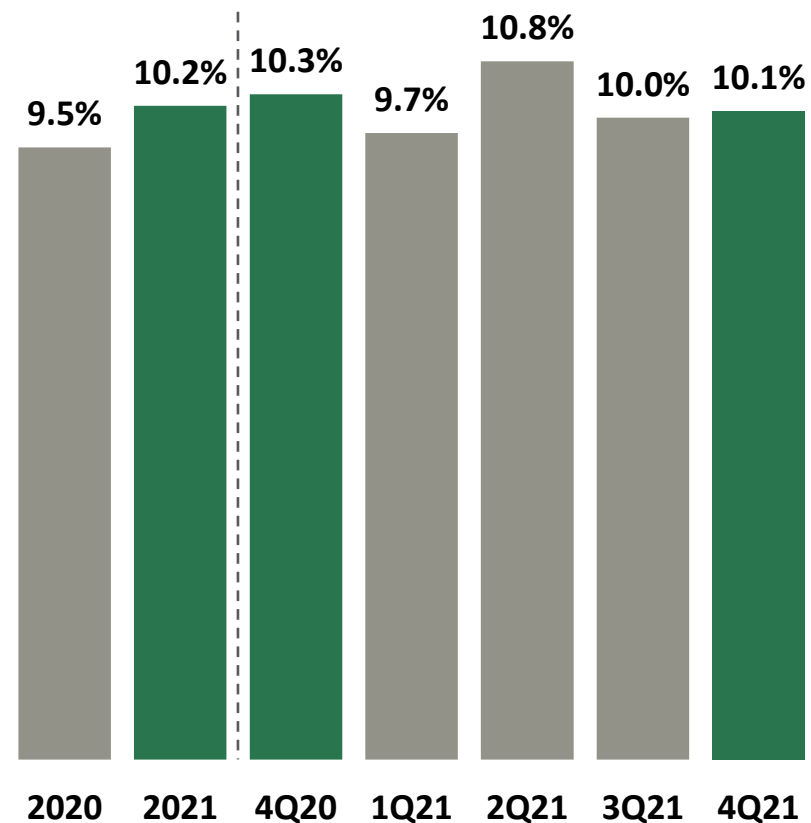
Selling expenses

% of gross revenue



Contribution margin

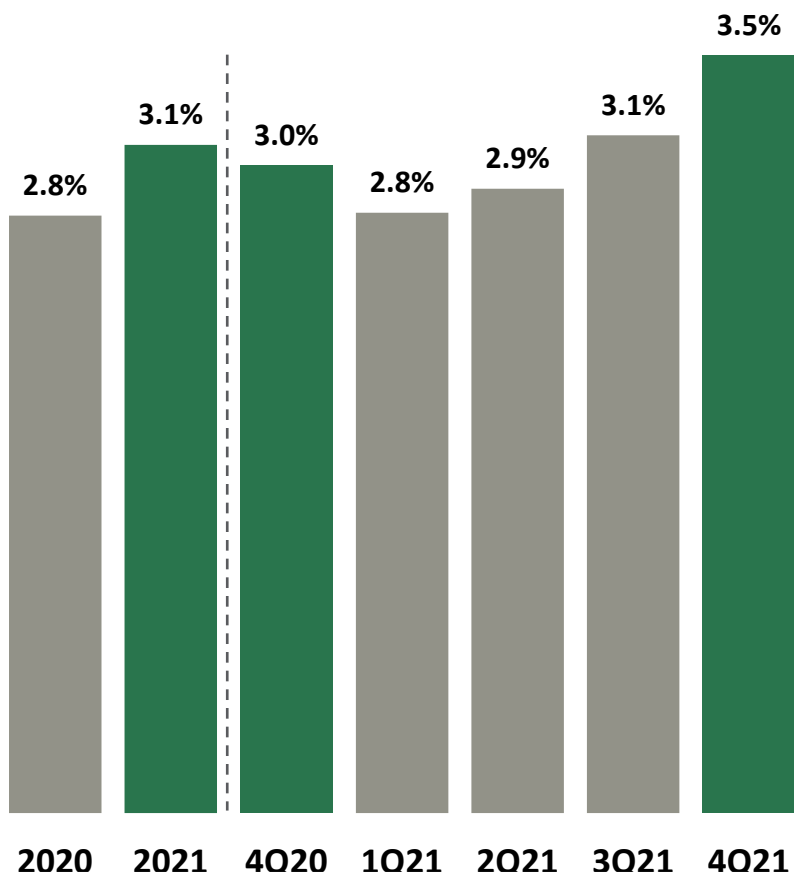
% of gross revenue



EBITDA growth of 26.5%, with a 0.4 p.p. annual margin expansion despite a G&A increase of 0.3 p.p. driven by inflation and the digital health transformation.

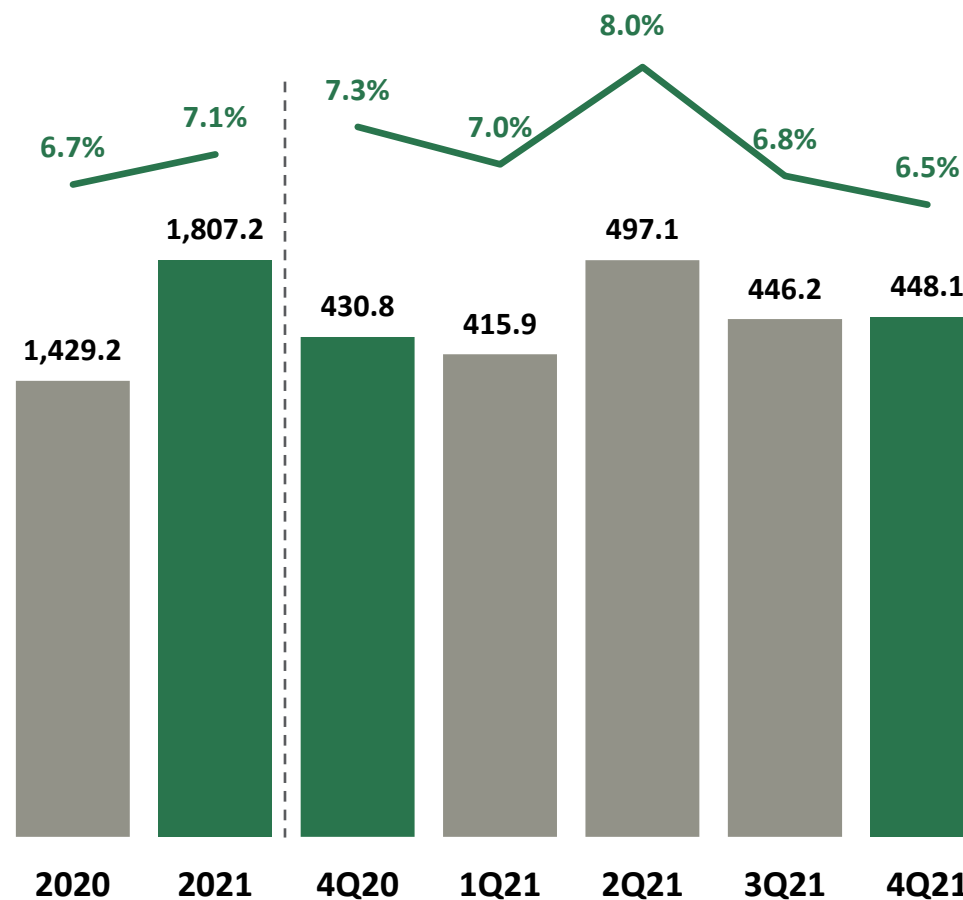
General and administrative expenses

% of gross revenue



Adjusted EBITDA

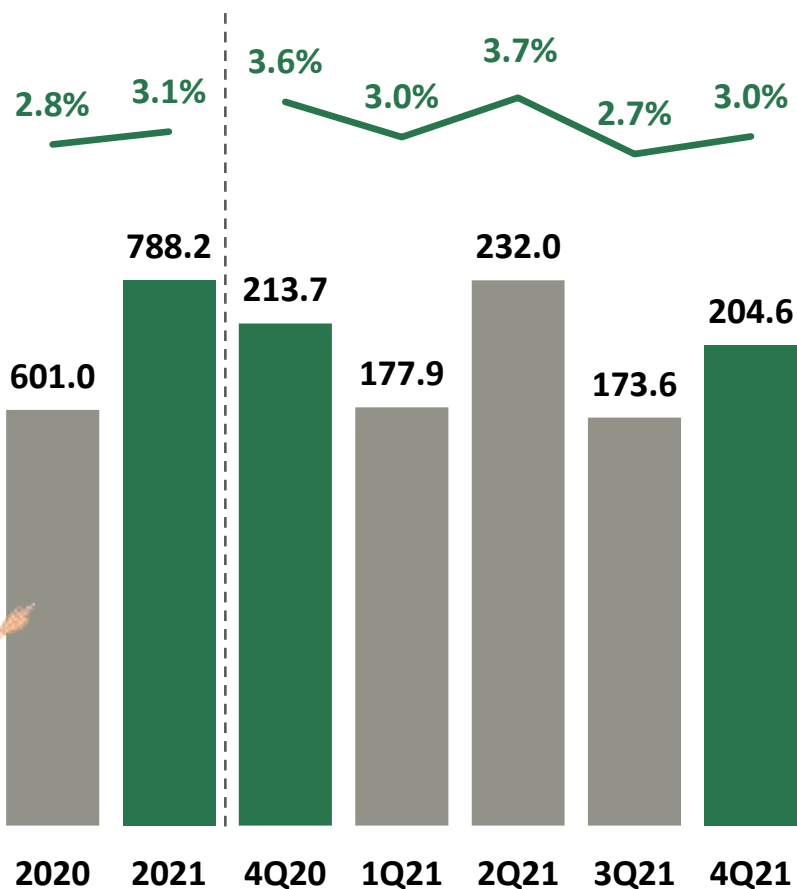
R\$ millions, % of gross revenue



Adjusted net income totaled R\$ 788.2 million in 2021, a 31.1% growth and a 0.3 p.p. margin increase. Recorded R\$ 40.9 million in non recurring gains.

Adjusted net income

R\$ millions, % of gross revenue



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

Negative free cash flow of R\$ 26.3 million, with R\$ 573.4 million in total cash consumption driven by IOC. Leverage was of 0.8x, a 0.2x increase.

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

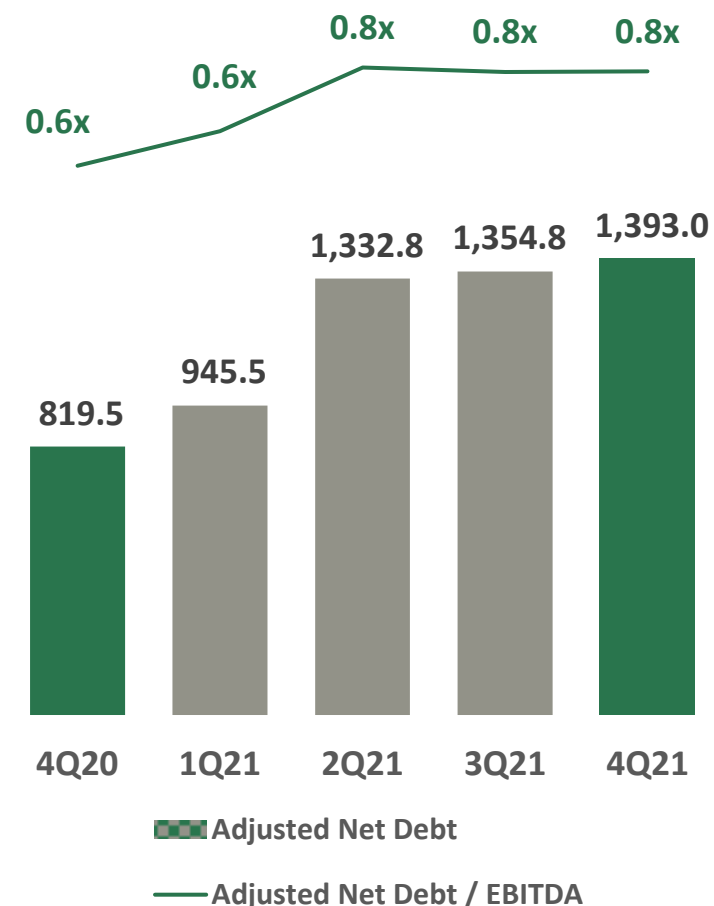
*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

Net debt and financial leverage

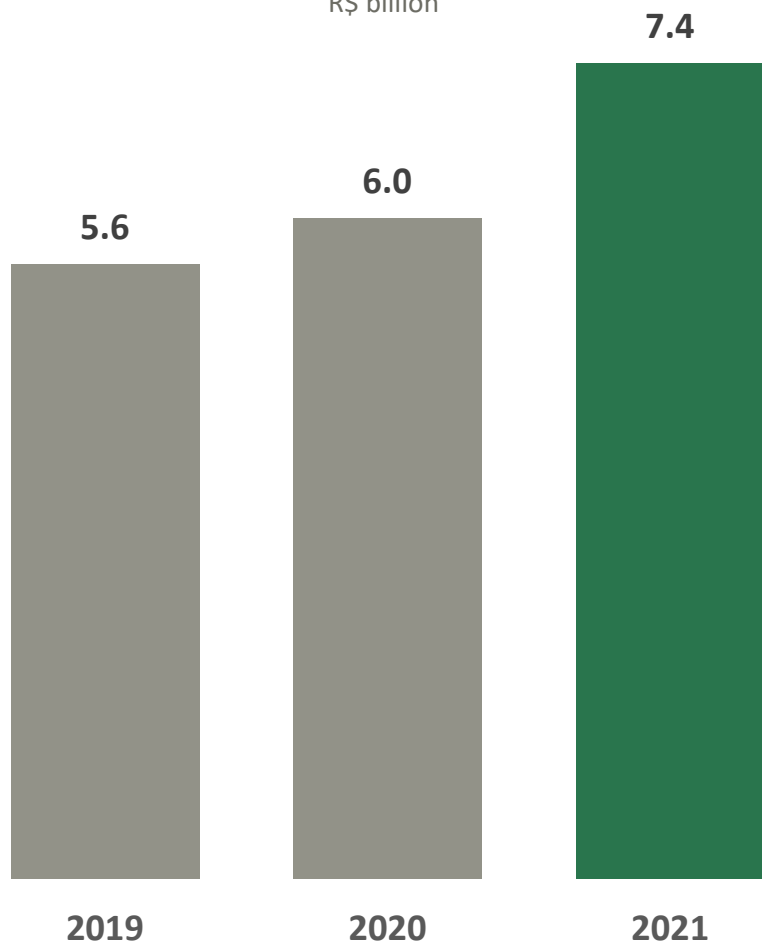
R\$ millions, as a ratio of LTM adjusted EBITDA



The total value creation for our stakeholders increased by 23% and amounted to R\$ 7.4 billion in the year.

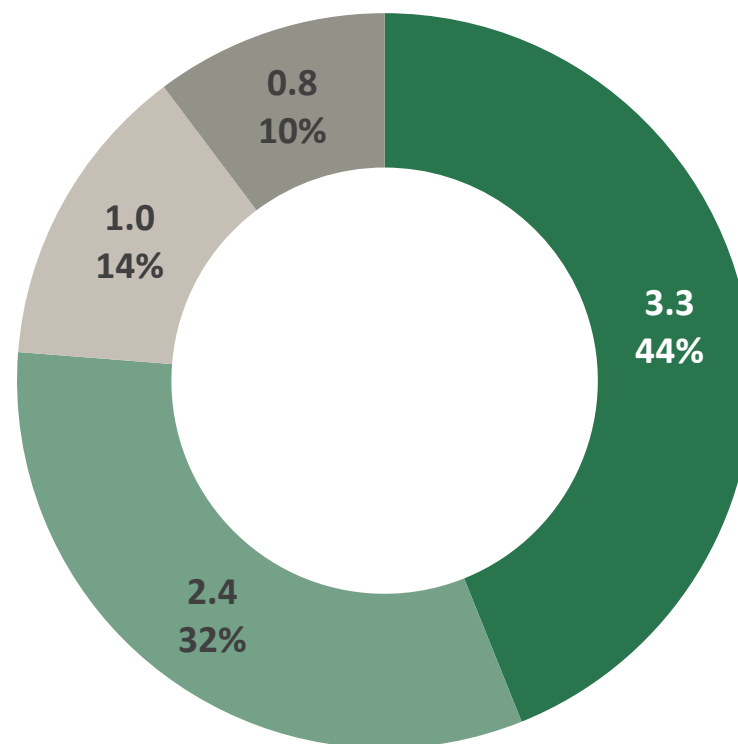
Total Value Added*

R\$ billion



Value Added per Stakeholder

R\$ billion, % of the Yearly Total

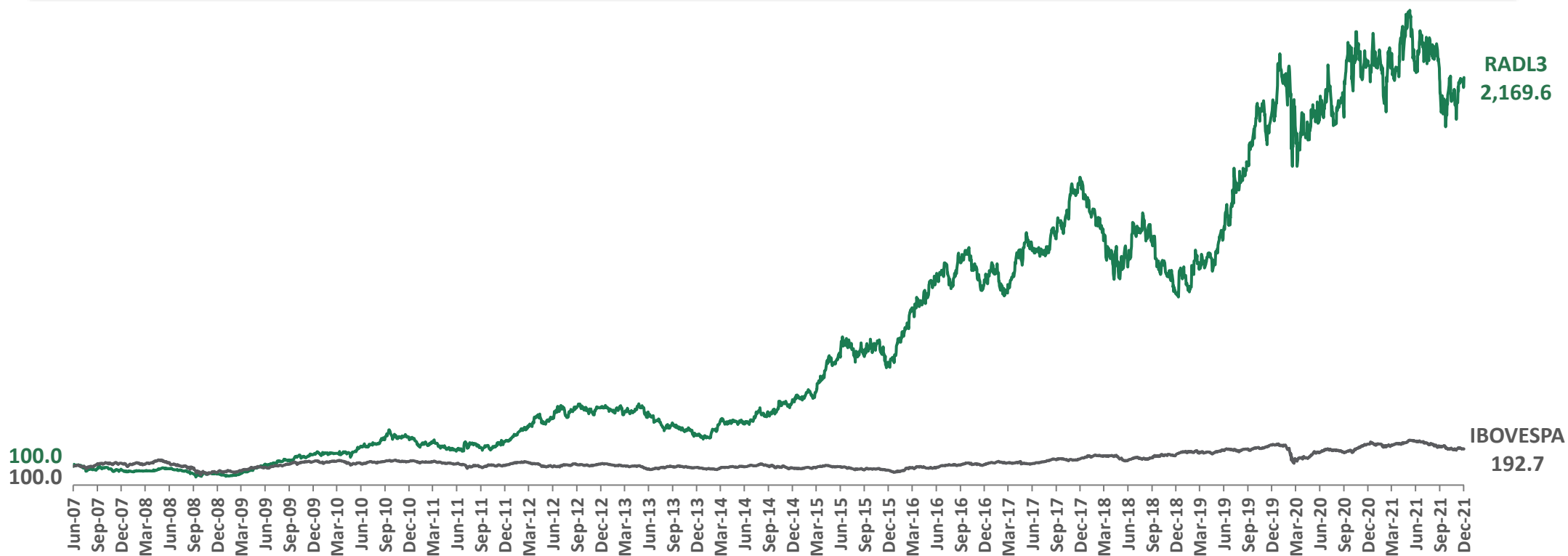


- Taxes
- Employees
- Remuneration of 3rd Parties*
- Shareholder Remuneration

* Adjusted for effective rentals and excludes NPV impacts.

RADL3 share price increased 4.0% in the 4Q21, performing 43.8 p.p. better than the IBOVESPA.

Share appreciation



Performance in 2021

RADL3: -3.0%

IBOVESPA: -12.1%

Alpha: +9.1%

RADL3 daily average trading volume: R\$ 146 MM

- › Average annual return of 24.0% since the Drogasil IPO.
- › Average annual return of 21.6% since the Raia IPO.
- › Average annual return of 22.3% since the merger (31/Dec/11)

RD completed 10 years, with consistent growth and strong value creation.

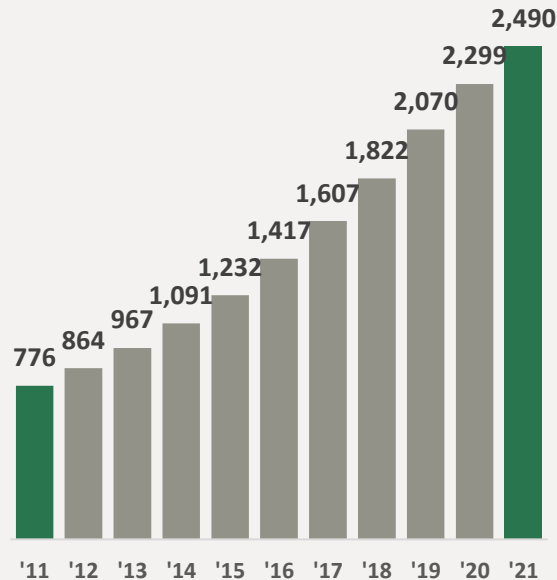
Merger in 2011



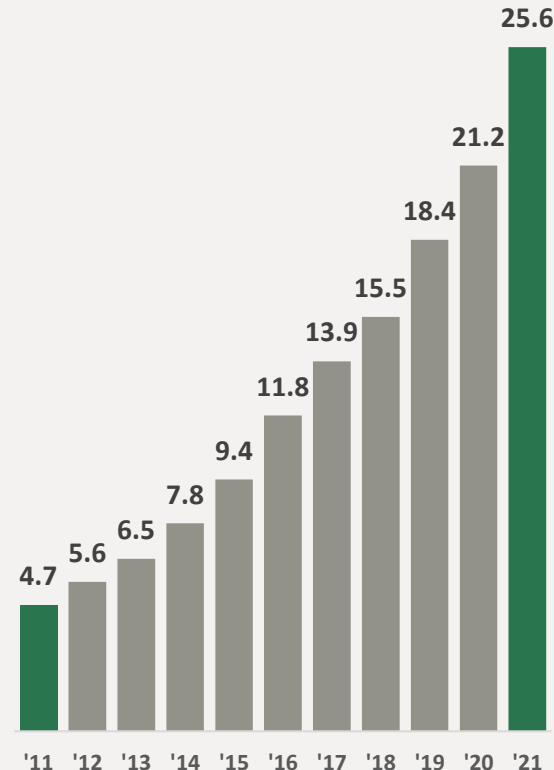
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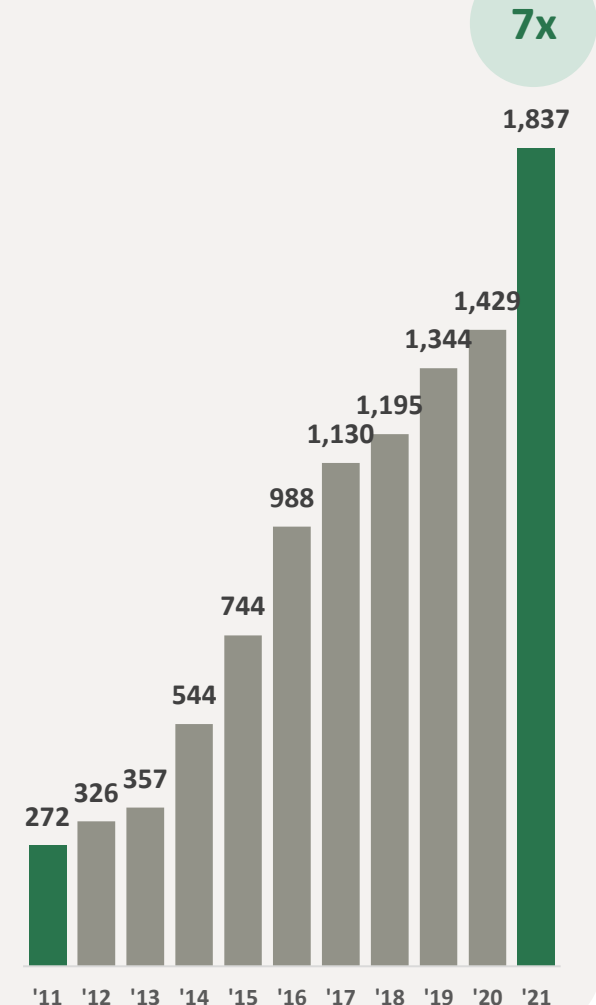
Pharmacies



Gross revenue
(R\$ billions)



Adj. EBITDA
(R\$ millions)



RD: Strategy 2030

Take close care of people's health and well-being during all times of their lives

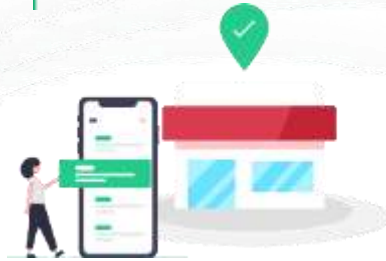
Healthier People (Employees, Customers, Community)

Healthier Businesses (Diversity, Education, Shared Value)

Healthier Planet (Emissions, Energy, Waste)



Pharmaceutical
Retail



I New Pharmacy
(Omnichannel +
Health Hub)



II Health Products
Marketplace



III Healthcare
Platform



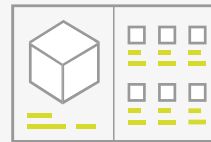
Integral Health



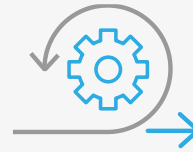
Focus on
People



Customer
Centricity



1P and 3P
Logistics



Technology, Data and
Agile Organization



Digital and
Innovative Culture



RD Ventures

2030 Ambition: Become the group that contributes the most towards a **healthier society** in Brazil.

We delivered solid growth with margin expansion and neutral Free Cash Flow while significantly investing in our future.

Solid growth with margin expansion and neutral Free Cash Flow

- › 240 new pharmacies opened, with a guidance for 260 new pharmacies in 2022
- › Presence in all 27 states, contributing towards a healthier society in every corner of Brazil
- › We reached the milestone of 50 thousand employees
- › Consolidated gross revenue totaled R\$ 25.6 billion in revenue, a 20.9% increase with mature stores growing 12.4%
- › EBITDA growth of 26.5% (0.4 p.p. margin expansion) and Net Income growth of 31.1% (0.3 p.p. margin expansion)
- › Negative Free Cash Flow of only 26 million despite 27% CAPEX increase (+ R\$ 178 million) to support RD's new strategy

I. New Pharmacy

- › Digital channels reached R\$ 2.1 billion in sales, with a 9.2% penetration in the 4Q21
- › 15.9 MM app downloads, and the #1 and #2 online pharmacies (Raia and Drogasil), far ahead of competition (source: Similar Web)
- › 1.5 thousand health hubs with an active role combatting the COVID-19 pandemic: 4 MM rapid tests and 198 thousand immunizations
- › Increased number of pharmacies providing general immunization services from 66 to 208

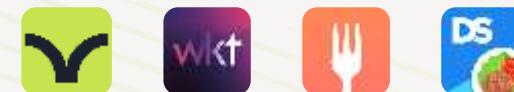
II. Marketplace

- › First year of operation, reaching 80 thousand SKUs from over 300 sellers
- › Integration of the marketplace in Raia and Drogasil apps
- › Investment in *Conecta Lá*, with rights to its code, to accelerate the construction of the Seller Center and reduce transactional costs



III. Health Platform

- › Launched the Vitat brand and platform, with 150+ free programs and 21 *Vitat Spaces* inside Drogasil and Raia pharmacies
- › Initial focus on well-being (nutrition and exercise), leveraging Tech.fit assets
- › 25 million unique visits to its portal, 2 million unique users in its apps



We advanced in the construction of an integral health ecosystem with the investment in 7 start-ups via RD Ventures (R\$ 200 million).

Retail

Healthcare



Challenges and Opportunities for 2022



Accelerate the digitalization of our relationship with the customer

- › Improve the customer's experience with constant NPS monitoring;
- › Reduce delivery times in major urban centers;
- › Evolve models for customer retention, loyalty and recurrence.



Strengthen and scale-up the Marketplace

- › Continue scaling-up the number of sellers and SKUs;
- › Construct the Seller Center based on the platform of *Conecta Lá*;
- › Conclude our logistics master plan to allow deliveries and Click & Collect from our DCs and pharmacies.



Advance with Vitat

- › Focus on chronic patients, who endure more complex journeys and boast a higher Customer Lifetime Value;
- › Seek solutions that integrate adherence to treatment, drug purchasing benefits, app-assisted journeys and health hub services;
- › Integrate all 1.5 thousand health hubs with Vitat;
- › Strengthen Vitat's integration with Raia and Drogasil (leverage low marginal CAC).



Transform our technology infrastructure

- › Continue the conversion of systems to microservices and to the cloud;
- › Eliminate software development bottlenecks to allow for quicker releases;
- › Continue advancing in data science.



Evolve to a Digital Culture

- › Greater focus on the consumer;
- › Enhanced use of data;
- › Dissemination of the agile management model and improving squad governance;
- › Reduced hierarchy, more flexible, collaborative and innovative, fostering entrepreneurship and risk taking.

We unveiled in 2021 our Sustainability Strategy, initiated our path towards the goals set for 2030 and had our shares included into ISE.

Announcement in May/21 of our Sustainability Strategy



Access to find out more

Walking Together movement
8 Objectives
35 Goals

2030 Ambition: Become the group that contributes the most towards a **healthier society** in Brazil.

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

ISE B3

RADL3 was included into **ISE**, B3's index that selected the 46 best Brazilian companies according to corporate sustainability criteria.

RADL
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