

EARNINGS RELEASE 4Q20/2020



São Paulo, March 9, 2021. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 4rd quarter of 2020 (4Q20) and for the year of 2020. The Company's parent company and consolidated financial statements for the years ended December 31, 2020 and 2019 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 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 2019.

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 15 and 16.

ANNUAL CONSOLIDATED HIGHLIGHTS:

- › **DRUGSTORES:** 2,299 retail stores in operation (240 openings and 11 closures)
- › **MARKET SHARE:** 1.0 percentage point national increase, with gains in every region
- › **GROSS REVENUE:** R\$ 21.2 billion, 15.1% growth (7.4% retail same-store sales growth)
- › **STORE CONTRIBUTION MARGIN*:** 9.5%, 12.2% of growth and 0.3 p.p. of margin pressure
- › **ADJUSTED EBITDA:** R\$ 1,429.2 million, a 6.7% EBITDA margin and 6.4% of growth
- › **ADJUSTED NET INCOME:** R\$ 601.0 million, 2.8% of net margin and 2.4% of growth
- › **CASH FLOW:** R\$ 291.2 million positive free cash flow, R\$ 103.9 million total cash generation
- › **EVERY CARE COUNTS GRANT:** R\$ 25 million donated to 51 hospitals to fight COVID-19

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

RADL3
R\$ 22.28/share

NUMBER OF SHARES
1,651,930,000

MARKET CAP
R\$ 36,805 (million)

CLOSING
March 8th, 2021

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Summary	2019	2020	4Q19	1Q20	2Q20	3Q20	4Q20
<i>(R\$ thousand)</i>							
# of Stores - Retail	2,070	2,299	2,070	2,104	2,159	2,220	2,299
Organic Openings	240	240	79	39	55	64	82
Onofre Stores	42						
Store Closures	(34)	(11)	(1)	(5)	0	(3)	(3)
4Bio	3	4	3	3	3	3	4
# of Stores - Retail + 4Bio	2,073	2,303	2,073	2,107	2,162	2,223	2,303
Headcount (EoP)	41,450	44,631	41,450	42,250	42,115	43,223	44,631
Pharmacist Count (EoP)	7,840	8,788	7,840	8,125	8,414	8,658	8,788
# of Tickets (000)	255,899	246,876	68,156	67,173	52,308	60,298	67,098
Gross Revenue	18,396,046	21,180,475	5,030,160	5,206,320	4,721,872	5,384,230	5,868,052
Gross Profit	5,183,302	5,891,182	1,411,003	1,441,851	1,320,122	1,494,996	1,634,213
% of Gross Revenues	28.2%	27.8%	28.1%	27.7%	28.0%	27.8%	27.8%
Adjusted EBITDA	1,343,595	1,429,169	350,431	369,356	231,811	397,159	430,843
% of Gross Revenues	7.3%	6.7%	7.0%	7.1%	4.9%	7.4%	7.3%
Adjusted Net Income	587,148	600,984	168,692	152,753	61,688	172,871	213,672
% of Gross Revenues	3.2%	2.8%	3.4%	2.9%	1.3%	3.2%	3.6%
Net Income	542,914	579,259	143,275	145,840	60,210	174,717	198,492
% of Gross Revenues	3.0%	2.7%	2.8%	2.8%	1.3%	3.2%	3.4%
Free Cash Flow	1,471	291,227	48,400	(48,150)	(437,520)	351,785	425,112

MANAGEMENT LETTER

Fiscal 2020 was a landmark year in RD's history. In the period, we established our Aspiration to become the company that most promotes access to a healthy life in Brazil by 2030, an ambitious objective that has started to guide all we do. This Aspiration pushes us out of our comfort zone of pharma retailing to become our customers' main ally for health promotion and disease prevention, a profound transformation in our role. To fulfill it, we developed in 2020 a new Strategy, defined new Sustainability objectives intrinsically aligned with the Strategy and began transforming our organizational structure, business model and corporate culture, as well as repositioning our retail banners and other brands in the same direction. This Aspiration is also aligned with our Purpose of taking close care of people's health and well-being during all times of their lives, which has evolved from an inspiration into a business objective.

In a year intensely affected by the COVID-19 global pandemic, which continues taking so many lives and bringing so much uncertainty, the initiatives we put into place to protect and assist our employees, customers and communities were guided by our Purpose and by our new Aspiration. These initiatives include the adoption of rigorous safety protocols within our stores to protect customers and employees, the guaranteed integral coverage of employee hospitalization costs related to COVID-19 and of the 24 thousand free telemedicine consultations our employees made with the Albert Einstein Hospital, one of Latin America's premiere health institutions, the preservation of all job posts and the full remuneration of employees placed on temporary leave as well as the donation of R\$ 25 million to 51 hospitals located outside of major urban centers to support their communities in fighting the pandemic through the *Todo Cuidado Conta* (Every Care Counts) grant.

We presented to the market during our investor day our new strategy based on 3 pillars: New Pharmacy, Marketplace and Health Platform. The New Pharmacy consists in the resignification of the traditional pharmacy into a Health Hub, with in-store health services, combined with a digital and omnichannel experience. With the Marketplace, we are starting to significantly enhance our assortment, by deepening the mix in current categories as well as expanding our presence into new health verticals. Finally, with the Health Platform we will have a health services marketplace, including telemedicine, combined with journeys developed to support our customers for disease prevention as well as for the promotion of healthy habits, including adherence to treatment, healthy nutrition, physical exercise and sleep. These businesses will be complementary and will reinforce each other, starting with the customer acquisition and the downloading of our apps, which usually happen in our stores with a low marginal customer acquisition cost (CAC), and culminating in an increase of the customer buying frequency and share-of-wallet from the digital transformation of our retail operations and from the broad range of products and services offered in the marketplace and in the health platform. As customer spending and loyalty increase, this combination of assets has the potential to multiply the customer lifetime value (CLV) and the Company's value creation.

RD is embarking on a transformational journey: it amplifies our target market, challenges the way we operate and requires the development of new assets and capabilities. However, if we are successful, it will also positively transform the health of Brazilians, who today suffer from a complex and inefficient system limited to treating diseases rather than promoting health. On the one hand, we are fully aware of the complexity of the challenge we are embracing and humbly recognize that it will be a long-term process, for which we still don't have all the answers. But on the other hand, we are certain to have unique assets that yield us the credentials for this journey: we have 39 million active customers and are the link in the healthcare value chain with the greatest capillarity, proximity and frequency of interaction with the population. After all, our 2.3 thousand stores serve 90% of the Brazilian A class population within a 1.5 km radius and with a frequency of interaction which is superior to that of any other health care player or retail vertical. We also have a PBM that serves 57 million employees and beneficiaries of more than 1,000 commercial groups and 350 health operators, 4Bio, the leading provider of high-cost and high-complexity specialty medicine for the patients of the major health operators in the country, and are also investing in start-ups to accelerate our Strategy through the RD Ventures platform, which already invested in *Manipulaê* (apothecary pharmacies marketplace) and has carried out the recently announced deal of *tech.fit* (promotion of healthy habits), which is still pending regulatory approval, and may include additional future acquisitions.

This new strategy proved essential already in 2020 to support our customers, employees and communities in fighting the pandemic. As a part of our journey to become a safe harbor for health and well-being, we intensified the services we offer in our Health Hubs. We expanded our vaccination service, reaching a total of 73 stores that offer immunization against flu and other diseases, and collaborated with municipal governments in providing free flu shots at our stores within the National Immunization Program. Finally, we began offering COVID-19 testing. In 2020 alone, we administered 0.9 million tests within our stores (1.5 million from May/20 to the present date), and have 1,135 stores offering this service in 256 different cities. With our capillarity and frequency of interaction, we are one of the largest testers in the Country, with a 2020 national market share of 7.4% according to combined data from ABRAMED (Brazilian Diagnostic Medicine Association) and ABRAFARMA.

In the context of social isolation, we also accelerated the expansion of our omnichannel offerings to better serve our customers. We created in 2020 a neighborhood delivery service, with orders made directly to the stores by phone or social media and with free and fast pedestrian deliveries done by our store employees within a 500-meter radius from our stores. This service complements Click & Collect, which is also available in 100% of our stores since 2018. We also count on 492 stores serving 241 cities with motorized ship-from-store deliveries. As a result, we reached digital channel revenues of R\$ 1.2 billion in 2020, equivalent to 5.9% of our retail gross revenue (6.3% in the 4Q20), in contrast to R\$ 0.3 billion in 2019. In the 4Q20, 83% of digital orders were delivered from or collected at one of our stores.

It is important to highlight that we don't see the digital channels as a stand-alone business, but rather as a tool to increase customer convenience, engagement, loyalty and spending through their whole journey, including in-store purchases. Finally, our analysis indicates that digitalized customers increase their overall spending with us by 20% to 25%, with a significant portion still in-store.

We have also advanced with the digitalization of our store operations, including the offering of smart coupons and the launching of Stix, our loyalty points coalition in partnership with GPA, which interactions are 100% done through our mobile apps. In addition to the improved experience, these services also drive the digital onboarding of customers, incentivizing them to download our apps and to experiment with all of our channels and services. In the 4Q20, we reached 7.9 million cumulative app downloads and 24 million monthly visits in our digital channels, all with a low marginal CAC given the pivotal role of the stores in digital customer acquisition.

In spite of the intense social isolation observed during the initial phase of the pandemic, we managed to mitigate the losses in sales through the digitalization of the relationship with our customers. Our gross revenue totaled R\$ 21.2 billion, an annual increment of R\$ 2.8 billion and a consolidated growth in sales of 15.1%, with a 3.0% growth in mature stores, just 1.5 percentage below inflation. However, already in the 4Q20, total growth was of 16.7%, with a growth of 6.0% in mature stores, 1.5 percentage point above inflation, and we recorded a record market share of 14.7%, a gain of 1.0 percentage point and an increase in every region. The adjusted EBITDA of the year totaled R\$ 1,492.2 million, with a growth of 6.4%. The adjusted net income was of R\$ 601.0 million, a growth of 2.4%. Finally, even in the context of the pandemic, we recorded in 2020 a positive free cash flow of R\$ 291.2 million and an also positive total cash generation of R\$ 103.9 million, with a leverage ratio of only 0.6 times our EBITDA, a testament to the resilience of our business and the robustness of our capital structure.

Despite the limitations imposed by the pandemic, we opened 240 stores and closed only 11. We entered the state of Rondônia, opened our first distribution center (DC) in the state of Rio Grande do Sul and closed our oldest facility, located in São Paulo, optimizing our logistics network by rebalancing capacity with our other 3 DCs in the state, including Guarulhos, our largest and most modern facility, which was opened in 2019.

In 2020, we have developed a strategic Sustainability vision that counts on a regenerative approach, rather than a compensatory one, which is aligned with our Aspiration of becoming by 2030 the company that contributes the most towards a healthy society in Brazil and with the UN Global Pact, to which we have become a signatory, defined in three major dimensions: *Healthier People, Healthier Planet and Healthier Businesses*. We have also enhanced our transparency with the publication of our Annual and Sustainability Report 2019, and have already disclosed several milestones of 2020 in this earnings release.

Considering all the uncertainties we faced in 2020, we would like to thank our stockholders, including both minority investors and majority shareholders, for the support and trust bestowed on us, as well as to our clients, who have entrusted us with their health and believed in the safety of our protocols and solutions, both in-store or through our digital channels, thus rewarding us with their loyalty. Finally, we must acknowledge and thank the infinite effort and unlimited dedication of our employees, true healthcare heroes who selflessly leave their families at home every day to place the life and health of our customers above everything else.

CHALLENGES AND OPPORTUNITIES FOR 2021

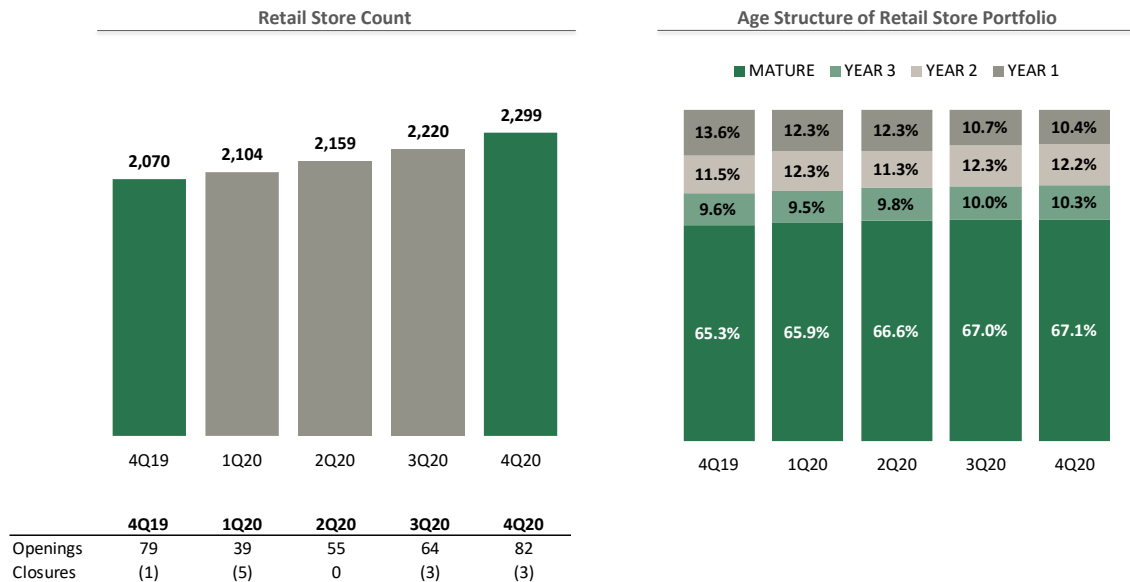
Advance in digitalization, with the experience of a truly digital company: The New Pharmacy continues to be our priority for 2021, as we will be building the foundations of the marketplace and of the health platform. Our stores are the gateway for the customer acquisition and for their digital onboarding, with a very low marginal CAC. It is in the stores that the customer discovers the app and adopts our omnichannel solutions, increasing their engagement, frequency and spending in the New Pharmacy. But since the new businesses will be primarily digital, it is the digitalization of the customer relationship through the New Pharmacy that will feed both the marketplace and the health platform. In spite of the recent advances in digital penetration and in the quality of our apps, our digital experience is still below the one provided by our stores and by digital-native companies. In 2021, our goal is improving the digital experience and increasing our digital NPS. This will depend on developing an agile and digital culture fully focused on the customer. Therefore, we will continue to expand our agile teams, eliminate technological, cultural and structural bottlenecks to make them more efficient and adopt agile management principles in several traditional processes.

Develop our team to support our Strategy and execution: Just as we are obsessed for serving our clients, so we are for developing people. Our main goal for 2021 is to attract, retain and develop individuals with digital mindset and with the capabilities required to support our new Strategy, based on digital and healthcare, and our execution, which is driven by agile principles. We will keep hiring outside specialists, incorporating people from acquired start-ups and supporting our current employees on developing new skills and in adapting to the new culture.

Advance our Sustainability 2030 agenda: We developed in 2020 a regenerative Sustainability agenda, fully aligned with our business strategy and focused on our Aspiration to become the company that most promotes healthy lives in Brazil. In 2021, we will announce the details of our sustainability commitments and our goals up to 2030. We will also improve our reporting, increasing transparency in our 2020 Annual & Sustainability Report and will establish internally the main strategies to pursue these commitments and goals.

STORE DEVELOPMENT

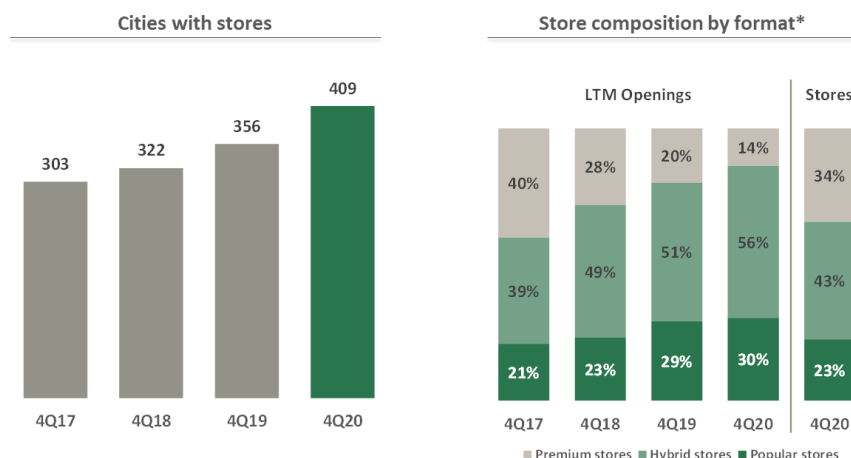
We opened 240 new stores in 2020, fully delivering our store opening guidance in spite of the pandemic, and closed 11 stores (82 openings and 3 closures in the 4Q20), ending the year with 2,299 retail stores in operation, in addition to 4 4Bio units. We reiterate our gross openings guidance of 240 stores per year for 2021 and 2022.



At the end of the period, 32.9% of our stores were still in the process of maturation and had not yet reached their full potential both in terms of revenue and profitability.

Of the 11 stores closed in 2020 (3 in the 4Q20), 2 stores were still in the maturation process (1 in the 4Q20) and represent corrections of mistakes that are to be expected in a large-scale expansion such as RD's. The remaining 9 closures were mature stores (2 in the 4Q20), driven by the optimization of our store portfolio with positive return expectations associated to them.

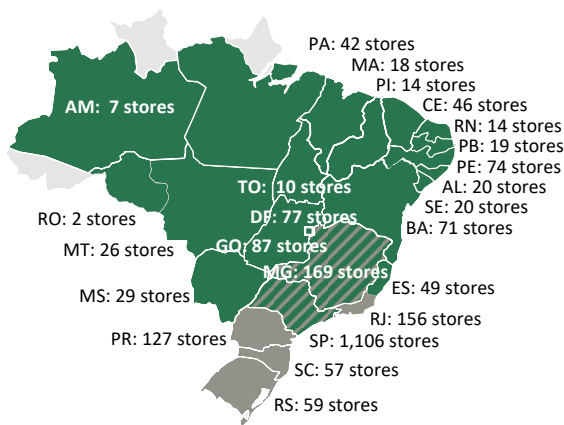
We continued to diversify our store network in 2020, both geographically and demographically, with 72% of our openings in the last twelve months outside of the state of São Paulo, our native market. We also increased our capillarity, extending our presence to 409 cities, with 53 additions in the year. Also, while 66% of our stores have popular or hybrid formats, 86% of the openings in the year belong to these clusters, increasing our reach into the extended middle class.



* Premium and super premium stores are grouped together, as well as popular and super popular stores. Openings exclude the Onofre acquisition.

Finally, we entered the state of Rondônia with 2 openings in the 4Q20, ending the year with an established presence in 24 states, which account for 99.3% of the Brazilian pharmaceutical market.

Retail Geographic Presence



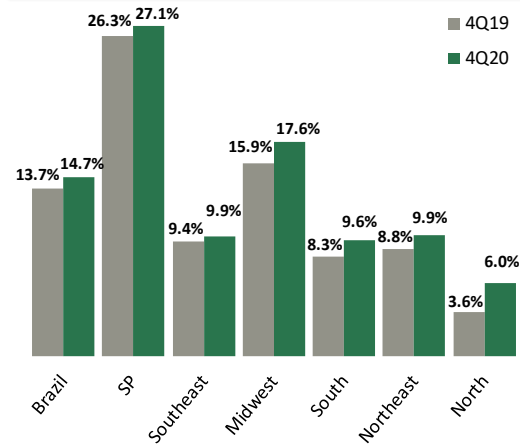
Total: 2,299 stores

- Raia: 995 stores
- Drogasil: 1,304 stores

LTM Openings	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
São Paulo	73	76	67	65	76	71	71	71	66
Other States	167	182	176	166	164	146	154	166	174
Onofre				42	42	42	42		
Total	240	258	243	273	282	259	267	237	240
<i>São Paulo %*</i>	<i>30%</i>	<i>29%</i>	<i>28%</i>	<i>28%</i>	<i>32%</i>	<i>33%</i>	<i>32%</i>	<i>30%</i>	<i>28%</i>

*Disconsiders Onofre

Retail Market Share



Source: IQVIA. Southeast excludes SP.

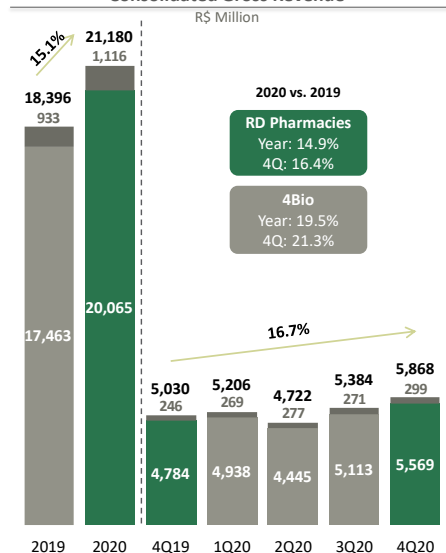
We achieved record market shares in every region of Brazil. Our national share reached 14.7%, a 1.0 percentage point increase when compared to the 4Q19, driven by our continued efforts in market consolidation through our store expansion and digital transformation.

The Northern region was our main highlight, with a market share of 6.0%, a 2.4 percentage points gain vs. the 4Q19, followed by the Midwest, where we reached a market share of 17.6%, a 1.7 percentage point gain. We registered a market share in the South of 9.6%, an increase of 1.3 percentage point. We also recorded market shares of 9.9% in the Northeast, an increase of 1.1 percentage point, of 27.1% in São Paulo, an increase of 0.8 percentage point and of 9.9% in the Southeast (excluding São Paulo), an increase of 0.5 percentage point.

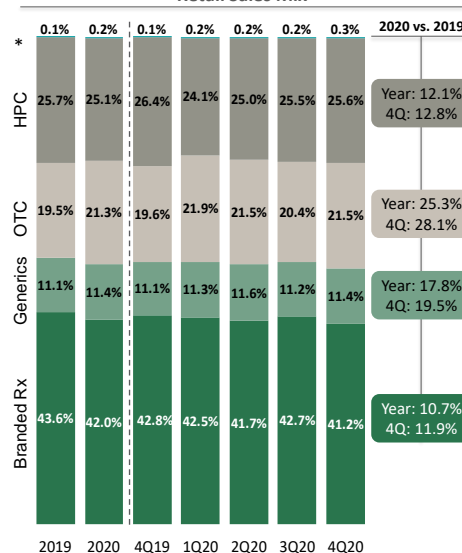
We ended 2020 with a network of 11 DCs. During the year, we closed our oldest DC in the city of São Paulo, a planned capacity redeployment that leverages the other 3 facilities we operate in the state, including the Guarulhos DC, our largest and most automated facility opened in 2019. We also opened our first DC in the southern state of Rio Grande do Sul, located in the metropolitan region of Porto Alegre, which will allow us to accelerate our expansion and improve our supply chain efficiency in the region.

GROSS REVENUES

Consolidated Gross Revenue



Retail Sales Mix

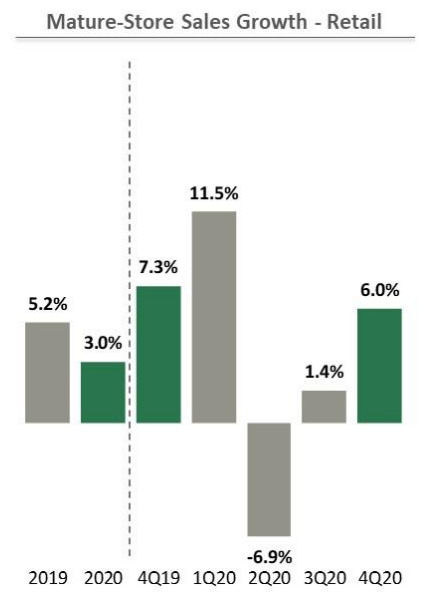
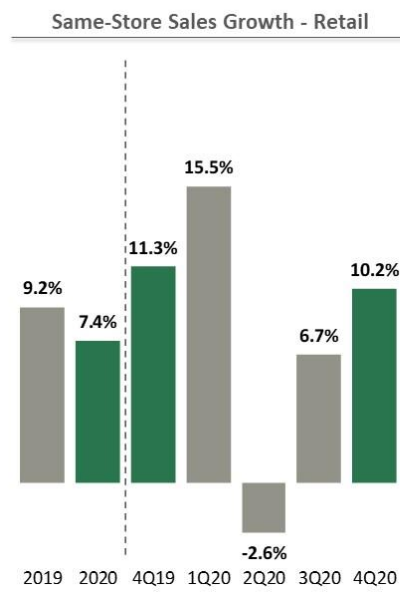
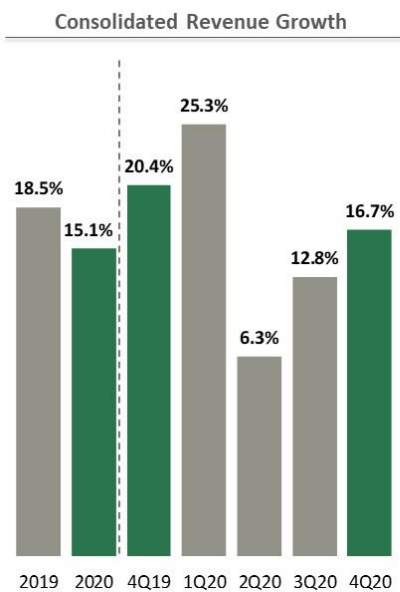


* Services

We ended 2020 with consolidated gross revenue of R\$ 21,180 million (R\$ 5,868 in the quarter), a 15.1% increase over 2019 (16.7% in the quarter) despite the challenging scenario of the COVID-19 pandemic, a testament to the resiliency of our business. Our retail revenue increased 14.9% in the year (16.4% in the quarter), while 4Bio grew 19.5% (21.3% in the quarter).

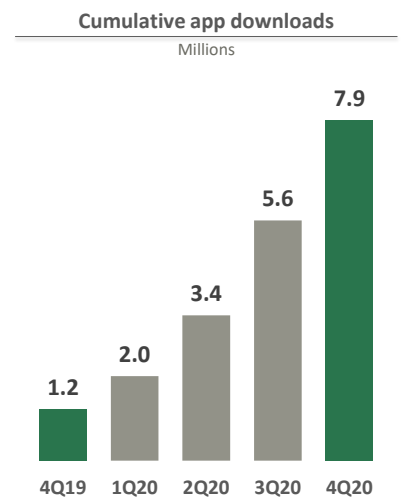
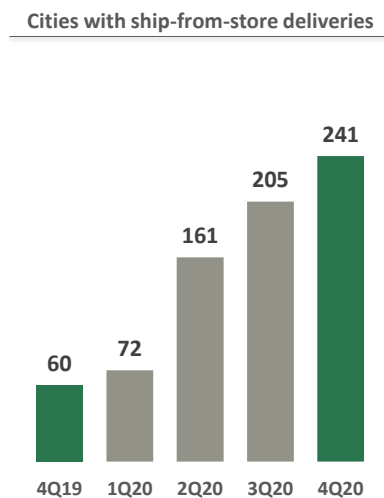
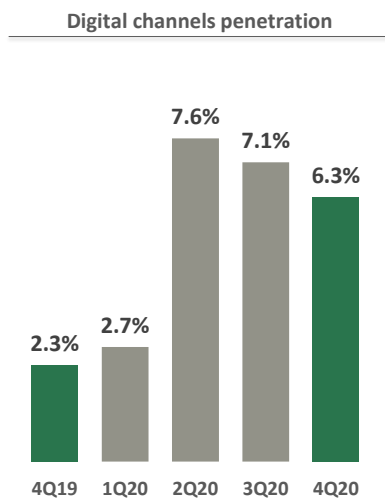
OTC was the highlight of the year, growing 25.3% (28.1% in the quarter) and gaining 1.8 percentage point of participation (1.9 in the quarter). The increase of OTC in the sales mix was driven by products related to the pandemic, such as COVID-19 tests, hand sanitizers, masks and vitamins. Generics grew 17.8% (19.5% in the quarter) and gained 0.3 percentage point in the mix (0.3 in the quarter), withholding a positive trend since our price repositioning in 2018.

Meanwhile, HPC grew 12.1% (12.8% in the quarter) and lost 0.6 percentage point of participation in sales (0.8 lost in the quarter) and Branded Rx grew 10.7% (11.9% in the quarter), losing 1.6 percentage point in the sales mix (1.6 in the quarter).



We ended the year with same-store sales growth of 7.4% (10.2% in the quarter) and with mature store sales growth of 3.0% (6.0% in the quarter, a real growth of 1.5 percentage points), including a negative calendar effect of 0.3% in the year and of 0.1% in the quarter.

DIGITAL

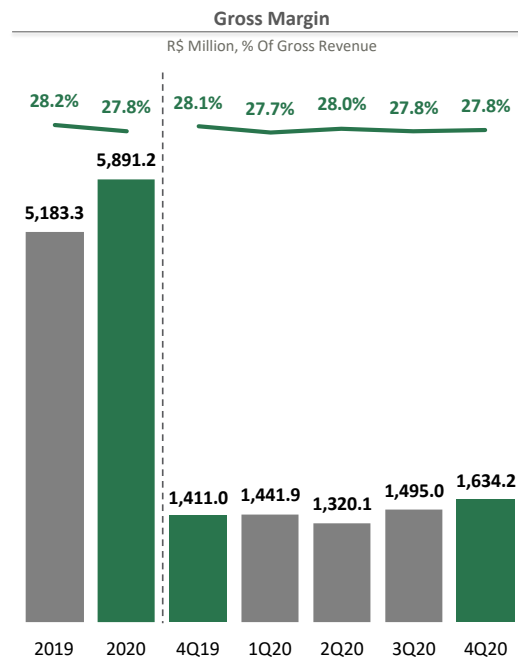


The gradual relaxation of social isolation and strengthening of traffic at our stores led to a slight decrease in digital channel penetration to 6.3%, still significantly above the 2.3% of 4Q19. Our ship-from-store network reached 492 stores in 241 cities in the 4Q20, up from 114 stores in 60 cities in the 4Q19.

We reached the total of 7.9 million cumulative app downloads since the beginning of 2019, driven by our expanded omnichannel offering and by the digitalization of the in-store experience, including smart coupons and Stix, our points coalition in partnership with GPA that is fully reliant on our apps for customer enrollment, balance control and point redemption.

Stix, which began operations in October, reached the milestones of 1 million enrolled customers within the first 7 weeks, with more than 80% of them actively earning points and 30% active in both RD and GPA. These milestones highlight the potential for the coalition, which is expected to include new retail verticals in 2021.

GROSS PROFIT



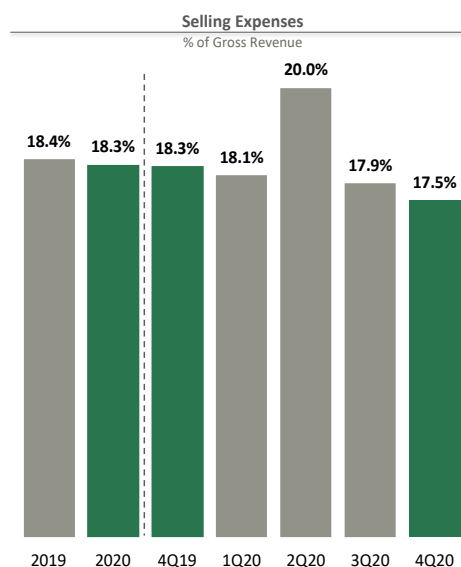
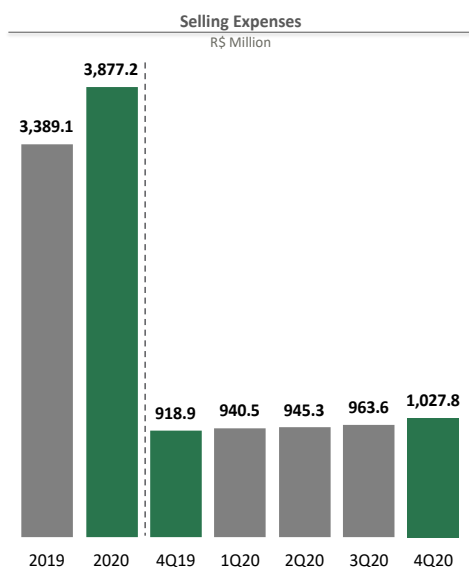
Our gross profit in 2020 was of R\$ 5,891.2 million, with a gross margin of 27.8%, a 0.4 percentage point pressure versus 2019, driven by a 0.2 percentage point pressure from a lower Net Present Value (NPV) adjustment, a non-cash effect stemming from lower interest rates, and by a 0.2 percentage point pressure from higher promotional intensity related the digitalization of our customers, net of other gains.

In the 4Q20, our gross profit was of R\$ 1,634.2 million with a gross margin of 27.8%, a 0.3 percentage point pressure over the 4Q19, of which 0.2 percentage point was also due to the non-cash NPV adjustment and 0.1 percentage point was driven by higher promotional intensity related to digital, also net of other margin gains.

SELLING EXPENSES

In 2020, selling expenses totaled R\$ 3,877.2 million, equivalent to 18.3% of gross revenue, a 0.1 percentage point dilution over 2019. This includes a dilution of 0.4 percentage point in labor expenses, 0.1 percentage point from rentals, and another 0.1 percentage point from lower shipping costs to stores. This was partly offset by a pressure of 0.2 percentage point from intensified store cleaning, 0.1 percentage point from digital marketing, 0.1 from on-line delivery costs resulting from higher digital channel penetration and another 0.1 percentage point in other pressures.

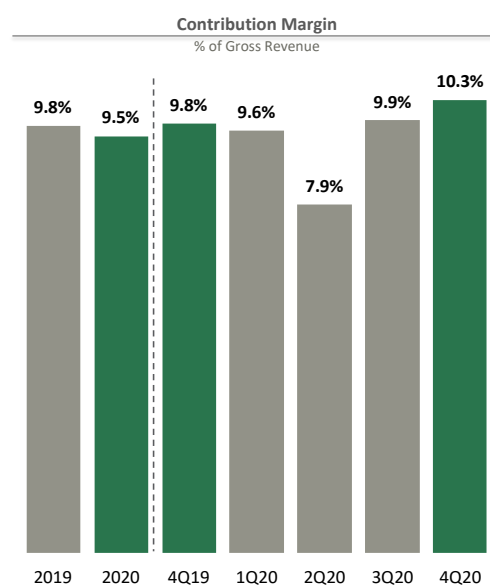
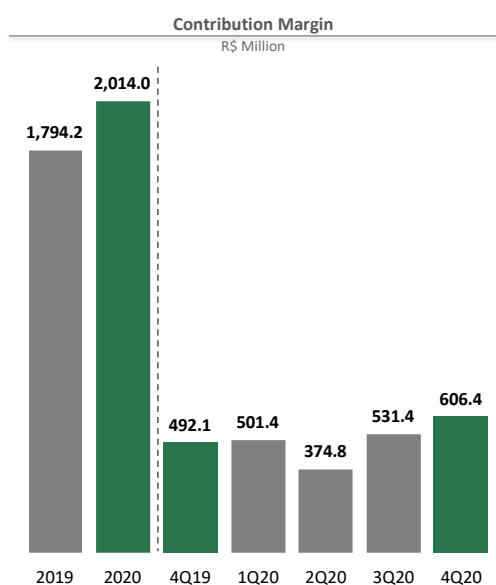
Selling expenses in the quarter totaled R\$ 1,027.8 million, equivalent to 17.5% of gross revenue and a 0.8 percentage point dilution over the 4Q19. We recorded dilutions of 0.7 percentage point in labor expenses, of 0.2 both in rentals and in freight costs and of 0.1 in other expenses. These gains were driven mainly by the operating leverage achieved in the quarter, as our mature stores grew 1.5 percentage point above inflation. On the other hand, we recorded a 0.2 percentage point pressure from intensified store cleaning expenses and a 0.1 percentage point pressure from both digital marketing and on-line delivery costs resulting from higher digital channel penetration.



CONTRIBUTION MARGIN

We recorded a store contribution margin of 9.5% in 2020, an increase of 12.2% and a margin pressure of 0.3 percentage point in the year. Our gross margin went down by 0.4 percentage point driven by higher promotional intensity to drive the digital onboarding of our customers, partially offset by a sales expense dilution of 0.1 percentage point. In spite of the pandemic, our mature stores still grew 3.0%, only 1.5% below inflation and nearly offsetting the -6.9% performance of the 2Q20, but generating a loss in operating leverage that limited our capacity to further dilute our sales expenses and to maintain our margins.

We recorded in the 4Q20 a store contribution margin of 10.3%, an increase of 23.2% and a margin gain of 0.5 percentage point. Our gross margin was pressured by 0.3 percentage point, which was more than fully offset by a sales expense dilution of 0.8 percentage point, driven by a mature store growth of 6.0%, which was 1.5% above inflation despite a lingering pressure on shopping malls sales, translating into operating leverage gains.

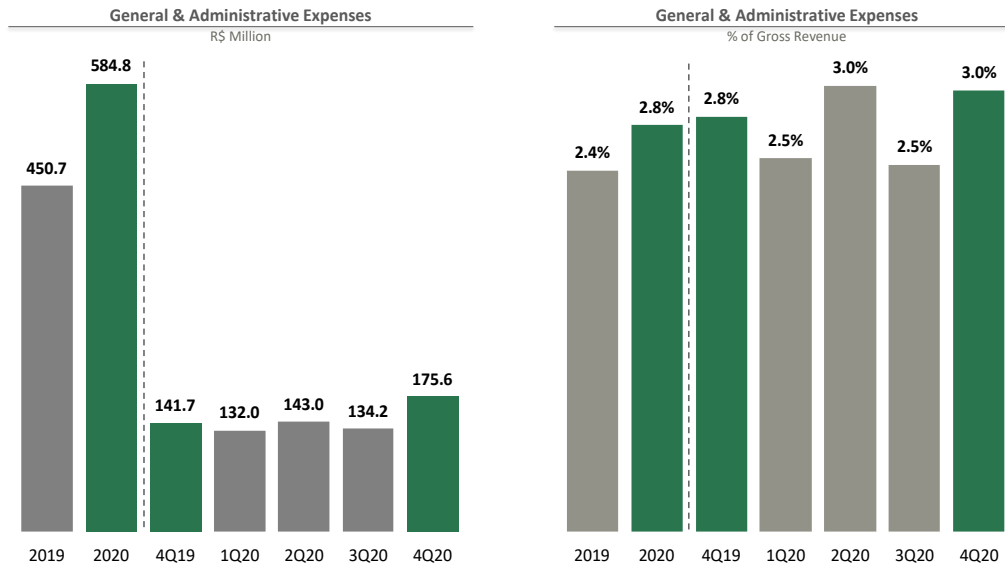


GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to R\$ 584.8 million in 2020, equivalent to 2.8% of gross revenue, a 0.4 percentage point pressure over 2019, including a 0.1 percentage point pressure in personnel, marketing and IT expenses each.

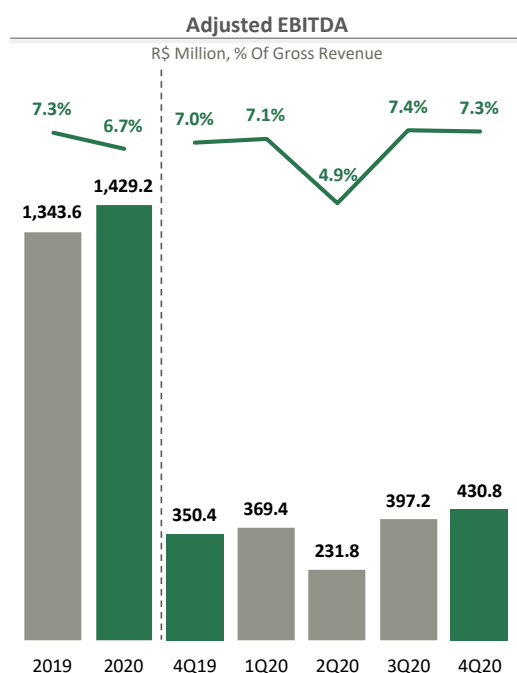
In the 4Q20, general and administrative expenses amounted to R\$ 175.6 million, equivalent to 3.0% of gross revenue, a 0.2 percentage point pressure. We recorded a 0.2 percentage point pressure in IT expenses and 0.1 in personnel, partly offset by lower labor contingencies, as we reported a higher level than normal in the 4Q19.

Our digital transformation and the construction of our marketplace and health platform pressured general and administrative expenses by R\$ 36.9 million in 2020 and R\$ 14.7 million in the 4Q20. These strategic long-term investments pressured general and administrative expenses by 0.2 percentage point in both the year and in the quarter.



EBITDA

Despite a year negatively impacted by the COVID-19 pandemic, our adjusted EBITDA grew 6.4% to R\$ 1,429.2 million in 2020, with an EBITDA margin of 6.7% and a 0.6 percentage point pressure compared to the previous year. In the 4Q20, our adjusted EBITDA grew 22.9% over the previous year to R\$ 430.8 million, an EBITDA margin of 7.3% and a 0.3 percentage point expansion.



* 2,070 Retail stores by the end of the 4Q19 less 11 closures.

2,059* stores operating since 2019: (performance in 2020)

- > R\$ 19.6 billion in Gross Revenues
- > EBITDA of R\$ 1,425.3 million
- > EBITDA margin of 7.3%

RD Pharmacies

- > EBITDA of R\$ 1,414.5 million (R\$ 425.3 million in the 4Q20)
- > EBITDA margin of 7.0% (7.6% in the 4Q20)

4Bio

- > EBITDA of R\$ 14.6 million (R\$ 5.5 million in the 4Q20)
- > EBITDA margin of 1.3% (1.9% in the 4Q20)

New stores opened in the year, as well as those in the opening process, reduced the EBITDA by R\$ 10.8 million in 2020 (a R\$ 5.2 million increase in the quarter). Considering only the 2,059 stores in operation since the end of 2019 and the full absorption of logistics, general and administrative expenses by such stores, our retail EBITDA would have totaled R\$ 1,425.3 million (R\$ 420.1 million in the quarter), equivalent to an EBITDA margin of 7.3% (7.9% in the quarter).

RD Pharmacies reached in 2020 an adjusted EBITDA of R\$ 1,414.5 (R\$ 425.3 million in the quarter) and a margin of 7.0% (7.6% in the quarter), a 0.6 percentage point pressure over 2019 (0.3 percentage point expansion in the quarter).

Finally, 4Bio reached an EBITDA of R\$ 14.6 million in 2020 (R\$ 5.5 million in the quarter) and a margin of 1.3% (1.9% in the quarter), a 0.3 percentage point margin pressure (1.4 percentage point expansion in the quarter).

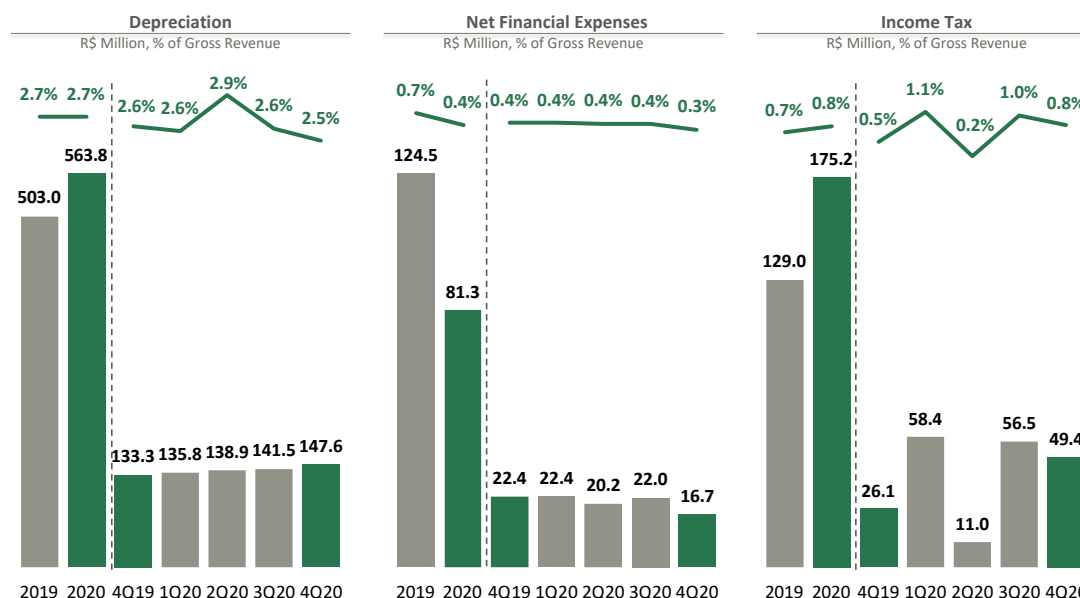
EBITDA RECONCILIATION AND NON-RECURRING EXPENSES

EBITDA Reconciliation (R\$ million)	1Q20	2Q20	3Q20	4Q20	2020
Net Income	145.8	60.2	174.7	198.5	579.3
(+) Income Tax	54.8	10.2	57.4	41.5	164.0
(+) Equity Equivalence	0.0	0.0	4.3	3.6	7.9
(+) Financial Result	22.4	20.2	22.0	16.7	81.3
EBIT	223.1	90.6	258.4	260.3	832.4
(+) Depreciation and Amortization	135.8	138.9	141.5	147.6	563.8
EBITDA	358.9	229.6	400.0	407.8	1,396.3
(+) Donations		25.9	2.0	1.3	29.3
(+) Consulting, Advisory and Restructuring Expenses	0.4	8.0	(2.3)	10.0	16.1
(+) Provisions for Inventory Losses from previous periods	11.5	(0.1)		(0.0)	11.4
(+) Asset Write-off	(0.2)	0.2	1.7	4.5	6.2
(+) Losses from previous periods				4.3	4.3
(+) Distribution Center Closure			0.7	0.0	0.7
(-) INSS, Pis and Cofins Credits from Previous Years		(32.0)	(3.9)		(35.8)
(+) Other non-recurring / non-operating net expenses	(1.3)	0.2	(0.9)	2.8	0.7
Non-recurring / non-operating Expenses	10.5	2.2	(2.8)	23.0	32.9
Adjusted EBITDA	369.4	231.8	397.2	430.8	1,429.2

In 2020, we recorded R\$ 32.9 million in non-recurring/non-operating expenses, of which R\$ 23.0 million were incurred in the 4Q20.

In the 4Q20, we recorded R\$ 10.0 million in consulting expenses to support the development of our health platform. We've also recorded R\$ 4.5 million in asset write-offs related to store closures, R\$ 4.3 million in losses from previous periods and R\$ 1.3 in donations of masks. Finally, we recorded R\$ 2.8 million in other non-recurring/non-operating expenses.

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES



Depreciation expenses amounted to R\$ 563.8 million in 2020 (R\$ 147.6 million in the quarter), equivalent to 2.7% of gross revenue (2.5% in the quarter) stable when compared to the previous year (0.1 percentage point dilution in the quarter).

Net financial expenses totaled R\$ 81.3 million in 2020 (R\$ 16.7 million in the quarter), representing 0.4% of gross revenue (0.3% in the quarter), a 0.3 percentage point decrease over the previous year (0.1 percentage point decrease in the quarter). Net Present Value adjustment penalized the financial result by R\$ 24.6 million in 2020 (R\$ 6.8 million in the quarter).

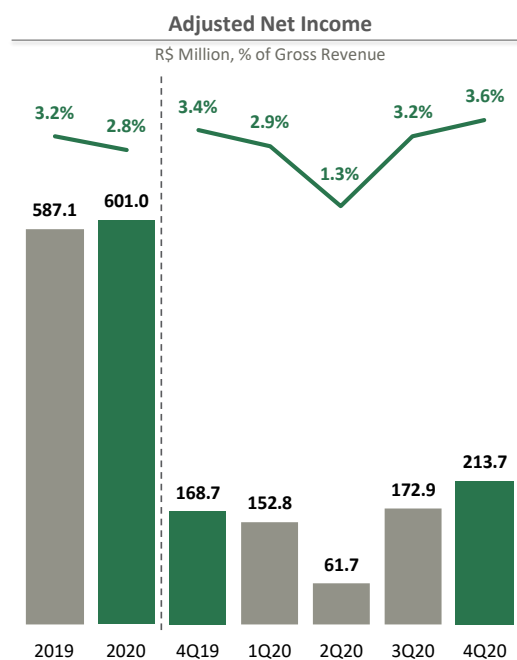
In addition, we recorded R\$ 4.3 million in net financial expenses from the option to acquire 4Bio (R\$ 0.7 million in the quarter), versus R\$ 5.7 million net financial expenses in 2019 (R\$ 4.1 million net financial income in the 4Q19).

Excluding the NPV adjustments and the financial expenses on the option to acquire 4Bio, the interest accrued on net debt amounted to R\$ 52.4 million in 2020 (R\$ 9.3 million in the quarter) or 0.2% of gross revenue (also 0.2% of gross revenue in the quarter), 0.1 percentage point lower versus 2019.

We booked R\$ 175.2 million in income taxes (R\$ 49.4 million in the 4Q20), equivalent to 0.8% of gross revenue (0.8% in the 4Q20).

NET INCOME

Adjusted Net income totaled R\$ 601.0 million in 2020, equivalent to a net margin of 2.8% (R\$ 213.7 million in the quarter, a net margin of 3.6%). This represented a 2.4% increase in net income and a 0.4 percentage point net margin pressure over the previous year (26.7% increase and a 0.2 percentage point expansion in the quarter).

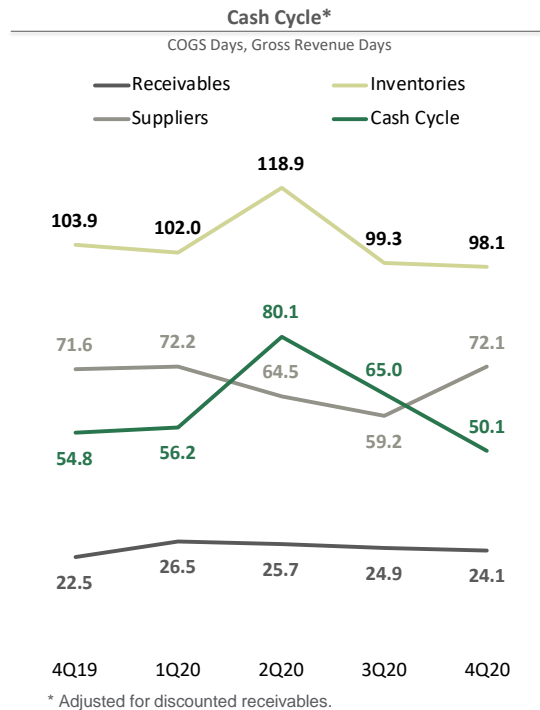


CASH CYCLE

Our cash cycle in the 4Q20 was 4.7 days lower when compared to the same period of the previous year. Our inventories decreased by 5.8 days, while receivables increased by 1.6 day. Finally, accounts payable were 0.5 day above the level of the 4Q19.

It's important to mention that we experienced significant cash cycle pressures in the 2Q20 and 3Q20 related to the pandemic, as we increased inventories as a precaution against supply chain uncertainties and faced a two-month postponement of the price cap increase from late March to late May, leading to sustained peak inventories for a longer period.

In the 4Q20, not only we were able to fully normalize the cycle, draining the precautionary inventories, but we also generated efficiency gains that led to the 4.7 days cash cycle reduction.



CASH FLOW

We recorded a positive free cash flow of R\$ 291.2 million and a total cash generation of R\$ 103.9 million in 2020. Our operating cash flow totaled R\$ 964.3 million, which fully funded the R\$ 673.1 million in investments undertaken in the period. Resources from operations totaled R\$ 1,240.0 million, equivalent to 5.9% of gross revenue, while we recorded a working capital consumption of R\$ 275.7 million.

In the 4Q20, we recorded a positive free cash flow of R\$ 425.1 million and a total cash generation of R\$ 358.0 million. Our operating cash flow totaled R\$ 623.0 million, which fully funded the R\$ 197.9 million in investments undertaken in the period. Resources from operations totaled R\$ 409.3 million, equivalent to 7.0% of gross revenue, while we recorded a working capital reduction of R\$ 213.7 million.

Cash Flow	4Q20	4Q19	2020	2019
<i>(R\$ million)</i>				
Adjusted EBIT	283.3	217.2	865.3	826.3
NPV Adjustment	(7.9)	(17.3)	(24.4)	(55.5)
Non-Recurring Expenses	(23.0)	(38.5)	(32.9)	205.9
Income Tax (34%)	(85.8)	(54.9)	(274.7)	(332.1)
Depreciation	147.6	133.3	563.8	507.3
Others	95.2	29.1	142.9	31.4
Resources from Operations	409.3	268.9	1,240.0	1,183.3
Cash Cycle*	378.5	(60.4)	(256.9)	(418.8)
Other Assets (Liabilities)**	(164.8)	(6.3)	(18.8)	(106.5)
Operating Cash Flow	623.0	202.2	964.3	657.9
Investments	(197.9)	(153.8)	(673.1)	(656.5)
Free Cash Flow	425.1	48.4	291.2	1.5
Interest on Equity	(63.4)	(93.0)	(190.5)	(186.6)
Income Tax Paid over Interest on Equity	(13.1)	(14.1)	(25.0)	(30.5)
Net Financial Expenses***	(9.9)	(6.7)	(56.7)	(67.8)
Income Tax (Tax benefit over financial expenses and interest on equity)	19.4	18.9	84.9	95.0
Total Cash Flow	358.0	(46.5)	103.9	(188.4)

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

Of the R\$ 673.1 million invested in the year, R\$ 337.9 million corresponded to new store openings, R\$ 125.3 million to the renovation or expansion of existing stores and R\$ 209.8 million to investments in infrastructure, including R\$ 46.7 million for our digital transformation and the construction of our marketplace and health platform, of which R\$ 11.9 million was related to the 4Q20.

Net financial expenses totaled R\$ 56.7 million in 2020 (R\$ 9.9 million in expenses in the quarter), excluding the NPV adjustments. These were more than fully offset by the R\$ 84.9 million in tax shields related to the net financial expenses and to the interest on equity accrued in the period, which shall be paid in the following quarters (R\$ 19.4 million in the quarter).

We accrued R\$ 193.0 million in interest on equity in 2020 (R\$ 47.0 million in the quarter) versus R\$ 211.5 million in 2019 (R\$ 49.0 million in the 4Q19), reflecting a payout of 33.3% over the Net Income, through the full usage of the legal interest on equity limit.

INDEBTEDNESS

We ended the 4Q20 with an adjusted net financial debt of R\$ 819.5 million, versus R\$ 923.4 million in the same period of 2019. This equals an adjusted net debt to EBITDA ratio of 0.6x, 0.1x lower than the same period of the previous year. We contracted R\$ 700 million in additional debt during the beginning of the COVID-19 pandemic as a cautionary measure to guarantee the stability of our operations, as our leverage temporarily peaked at 1.2x in the 2Q20. The rapid normalization of our leverage ratio from the 2Q20 peak is a testament to the resilience of our business and to our strict working capital management discipline.

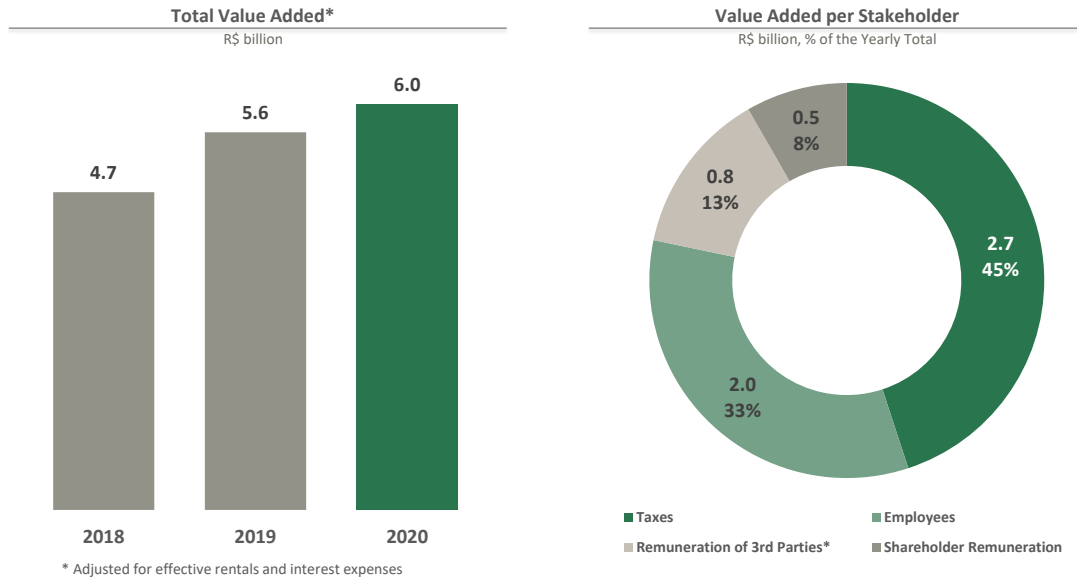
Our net debt includes R\$ 46.4 million in liabilities related to the exercise of the put option granted and/or call option obtained for the acquisition of the remaining 45% minority stake of 4Bio. This liability reflects the estimated valuation of 4Bio considering the amendment to 4Bio's purchase and sale agreement, as announced to the market in September 24, 2019, which will now occur in two different stages: the 1st call/put option on 2/3 of the remaining shares (30% of total 4Bio shares) exercisable in 2021; and the 2nd call/put option on 1/3 of the remaining shares (15% of total 4Bio shares) exercisable in 2024. Other conditions of the agreement remain unchanged. The estimated valuation of 4Bio will be revisited every year-end to reflect changes in the financial outlook of the Company.

Net Debt	4Q20	3Q20	2Q20	1Q20	4Q19
<i>(R\$ million)</i>					
Short-term Debt	531.2	536.5	537.4	533.5	228.7
Long-term Debt	1,122.2	1,195.5	1,191.1	879.7	897.8
Total Gross Debt	1,653.5	1,732.0	1,728.4	1,413.2	1,126.5
(-) Cash and Equivalents	880.4	600.2	266.4	533.7	299.2
Net Debt	773.1	1,131.8	1,462.0	879.5	827.3
Discounted Receivables	-	-	2.4	41.4	54.1
Put/Call options to acquire 4Bio (estimated)	46.4	45.8	44.5	43.3	42.1
Adjusted Net Debt	819.5	1,177.6	1,508.9	964.2	923.4
Adjusted Net Debt / EBITDA	0.6x	0.9x	1.2x	0.7x	0.7x

Our gross debt totaled R\$ 1,653.5 million, of which 52.6% corresponds to the debentures issued in 2017, 2018 and 2019, as well as a Certificate of Real Estate Receivables, 1.7% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines and the remaining 45.7% corresponds to other credit lines. Of our total debt, 67.9% is long-term, while 32.1% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 880.4 million.

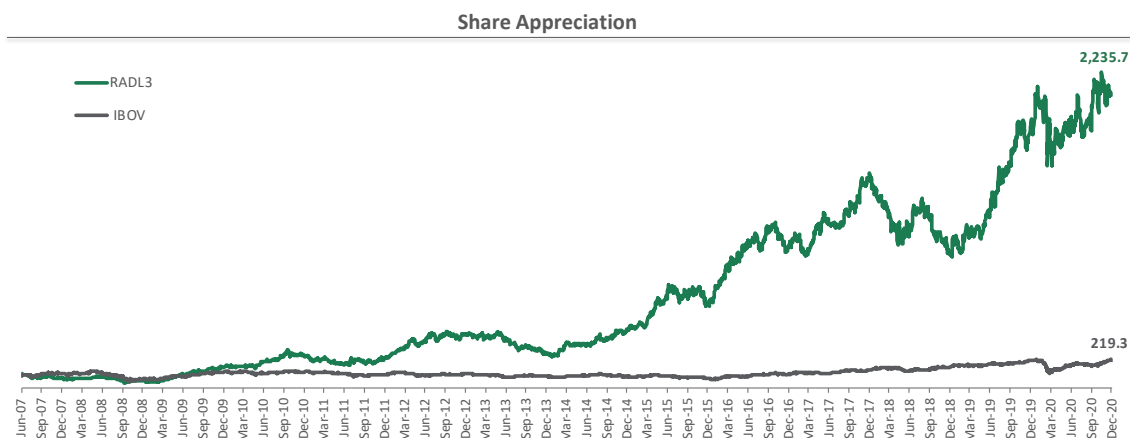
SHARED VALUE CREATION

In 2020, the Company shared R\$ 6.0 billion in added value, an increase of 7.4% over the previous year, split as follows: R\$ 2.7 billion was shared with our government, in the federal, state and municipal levels in the form of taxes and fees, R\$ 2.0 billion with our employees, R\$ 0.8 billion with landlords and financial institutions and R\$ 0.5 billion with our shareholders.



TOTAL SHAREHOLDER RETURNS

Our share price increased by 12.1% in 2020, 9.2 percentage points above the IBOVESPA, which increased by 2.9%. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 2,135.7% versus a return of only 119.3% for the IBOVESPA. Including the payment of interest on equity, we generated an average annual total return to shareholders of 26.2%.



Considering the IPO of Raia in December of 2010, the cumulative return amounted to 759.5% versus an increase of only 75.5% of the IBOVESPA. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 24.3%. Lastly, our shares recorded an average daily trading volume of R\$ 178.0 million in the year.

In September of 2020, we conducted a share split in the proportion of 1:5, increasing the total number of shares outstanding to 1,651,930,000, all ordinary.

Also, in January 2021, RD's shares were included in *ICO2 – Índice Carbono Eficiente*, B3's Efficient Carbon Index, with a weight of 2.283%. According to B3's website, the inclusion of companies in the ICO2 index demonstrates a commitment towards transparency regarding emissions and anticipates vision into their preparations for a low carbon economy.

SUSTAINABILITY

In 2020, we improved the transparency in our reporting to the market with the publication of our 2019 Annual and Sustainability Report. We also presented during our investor day our strategic vision and Sustainability Aspiration in becoming the company that contributed the most towards a healthy society in Brazil by 2030, and we will present in 2021 details of commitments and targets for 2030.

Defined in three major dimensions, our Sustainability Aspiration brings in the *Healthier People* dimension a focus on the integral health of our employees, customers and communities; in the *Healthier Planet* dimension a focus on the management of impacts from carbon emission, energy and waste from the operations of RD and our value chain; and in the *Healthier Businesses* dimension the economic empowerment of employees, suppliers and community through education and employment, diversity and inclusion.

Healthier People: We advanced in the health care of our employees in 2020 through a comprehensive program for health promotion and prevention, named *cuidar+dosnossosfuncionários (caring more of our employees)*, with the objective of creating a health culture and developing healthier habits and self-care. An example of the program is the establishment of a primary care clinic in our office for a pilot group of 2,500 people including our corporate team as well as nearby stores, which is operated by the Albert Einstein Hospital, one of Latin America's premiere health institutions. The structure is formed by a family doctor, nurse and care coordinator that preventively track employee health. Besides that, we began offering COVID-19 tests at our stores since May, having made 1.5 million tests since then.

Healthier Planet: In the 4Q20, we expanded our reverse logistics program to over 1,800 stores, offering the communities we serve a structured program for the environmentally friendly disposal of drugs and their packages. For the first time, we compensated for 50% of our greenhouse gas emissions of 2019. With 17,123 tCO₂e compensated through the *Projeto de Redução de Emissões de Metano Lages*, of the company ENGIE. This project's proposal is to generate renewable electricity from leftovers of the wood and foresting industries in the Lages (SC) region, supplying the national electric grid. Also, in partnership with *The Nature Conservancy Brasil*, we will plant, in the next 3 years, 45 thousand trees in priority areas for restoration in the city of Extrema (MG). This action will be done through our Digital Receipt project, initiated in 2019, that gives customers of our physical Droga Raia and Drogasil stores the option to receive their purchase receipts by e-mail rather than the printed version which is often simply discarded. Finally, we highlight the inclusion of our shares in B3's ICO₂ index and the improvement of our CDP Carbon score from D- to C, above the Latin America average of D.

Healthier Businesses: We completed in December the first step of an engagement program with suppliers of critical categories to evaluate them under socioenvironmental criteria and actively contribute to a positive result in their value chain. We sent a self-evaluation form to 201 companies and received 134 answers, a 66% rate in the first year. All respondents were evaluated according to a predefined score for each question. In the case of 7 private label suppliers, we also made an evaluation *in loco*. Finally, we hired 14,875 people in 2020, ending the year with 3,181 additional job posts.

IFRS 16

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

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

Income Statement (R\$ million)	IAS 17					IFRS 16					Change	
	1Q20	2Q20	3Q20	4Q20	2020	1Q20	2Q20	3Q20	4Q20	2020	Δ 4Q20	Δ 2020
Gross Revenue	5,206.3	4,721.9	5,384.2	5,868.1	21,180.5	5,206.3	4,721.9	5,384.2	5,868.1	21,180.5	0.0	0.0
Gross Profit	1,441.9	1,320.1	1,495.0	1,634.2	5,891.2	1,441.9	1,320.1	1,495.0	1,634.2	5,891.2	0.0	0.0
Gross Margin	27.7%	28.0%	27.8%	27.8%	27.8%	27.7%	28.0%	27.8%	27.8%	27.8%	0.0%	0.0%
Selling Expenses	(940.5)	(945.3)	(963.6)	(1,027.8)	(3,877.2)	(778.3)	(779.3)	(794.6)	(852.0)	(3,204.1)	175.8	673.1
G&A	(132.0)	(143.0)	(134.2)	(175.6)	(584.8)	(131.4)	(142.5)	(133.8)	(175.2)	(582.9)	0.4	1.9
Total Expenses	(1,072.5)	(1,088.3)	(1,097.8)	(1,203.4)	(4,462.0)	(909.6)	(921.8)	(928.4)	(1,027.1)	(3,787.0)	176.3	675.0
as % of Gross Revenue	20.6%	23.0%	20.4%	20.5%	21.1%	17.5%	19.5%	17.2%	17.5%	17.9%	-3.0%	-3.2%
Adjusted EBITDA	369.4	231.8	397.2	430.8	1,429.2	532.2	398.3	566.6	607.1	2,104.2	176.3	675.0
as % of Gross Revenue	7.1%	4.9%	7.4%	7.3%	6.7%	10.2%	8.4%	10.5%	10.3%	9.9%	3.0%	3.2%
Non-Recurring Expenses / Revenues	(10.5)	(2.2)	2.8	(23.0)	(32.9)	(12.5)	(1.0)	3.1	(21.1)	(31.5)	1.9	1.4
Depreciation and Amortization	(135.8)	(138.9)	(141.5)	(147.6)	(563.8)	(277.9)	(275.1)	(286.4)	(309.4)	(1,148.8)	(161.8)	(585.0)
Financial Results	(22.4)	(20.2)	(22.0)	(16.7)	(81.3)	(74.2)	(72.9)	(76.7)	(75.8)	(299.6)	(59.1)	(218.3)
Equity Equivalence	0.0	0.0	(4.3)	(3.6)	(7.9)	0.0	0.0	(4.3)	(3.6)	(7.9)	0.0	0.0
Income Tax	(54.8)	(10.2)	(57.4)	(41.5)	(164.0)	(43.6)	(3.0)	(47.2)	(27.0)	(120.8)	14.5	43.1
Net Income	145.8	60.2	174.7	198.5	579.3	124.0	46.2	155.0	170.3	495.5	(28.2)	(83.7)
as % of Gross Revenue	2.8%	1.3%	3.2%	3.4%	2.7%	2.4%	1.0%	2.9%	2.9%	2.3%	-0.5%	-0.4%

Balance Sheet (R\$ million)	4Q20		Change
	IAS 17	IFRS 16	Δ 4Q20
Assets	10,665,655.6	13,828,087.8	3,162,432.2
Current Assets	7,020,471.5	7,020,488.2	16.7
Taxes Receivable	61,490.6	61,531.2	40.6
Other Accounts Receivable	261,044.5	261,020.6	(23.9)
Non-Current Assets	3,645,184.1	6,807,599.6	3,162,415.5
Income Tax and Social Charges deferred	34,604.6	36,260.5	1,655.9
Other Credits	352,350.1	351,864.6	(485.5)
Investments	0.0	0.0	(0.0)
Property, Plant and Equipment	1,859,220.4	5,020,465.4	3,161,245.0
Liabilities and Shareholder's Equity	10,665,655.6	13,828,087.8	3,162,432.2
Current Liabilities	4,366,522.1	4,801,304.1	434,782.0
Financial Leases	0.0	503,318.5	503,318.5
Dividend and Interest on Equity	66,295.0	16,491.7	(49,803.4)
Other Accounts Payable	181,417.5	162,684.4	(18,733.1)
Non-Current Liabilities	1,757,270.3	4,601,163.9	2,843,893.6
Financial Leases	0.0	2,927,606.8	2,927,606.8
Income Tax and Social Charges Deferred	158,141.3	74,428.1	(83,713.2)
Shareholder's Equity	4,541,863.2	4,425,619.8	(116,243.3)
Income Reserves	1,780,379.4	1,664,171.5	(116,207.9)
Non Controller Interest	62,530.6	62,495.2	(35.5)

Cash Flow (R\$ million)	IAS 17					IFRS 16					Change	
	1Q20	2Q20	3Q20	4Q20	2020	1Q20	2Q20	3Q20	4Q20	2020	Δ 4Q20	Δ 2020
Adjusted EBIT	233.5	92.9	255.6	283.3	865.3	254.3	123.2	280.2	297.7	955.4	14.4	90.1
NPV Adjustment	(9.1)	(1.8)	(5.6)	(7.9)	(24.4)	(9.1)	(1.8)	(5.6)	(7.9)	(24.4)	0.0	0.0
Non-Recurring Expenses	(10.5)	(2.2)	2.8	(23.0)	(32.9)	(12.5)	(1.0)	3.1	(21.1)	(31.5)	1.9	1.4
Income Tax (34%)	(72.7)	(30.2)	(86.0)	(85.8)	(274.7)	(79.1)	(40.9)	(94.4)	(91.4)	(305.8)	(5.6)	(31.1)
Depreciation	135.8	138.9	141.5	147.6	563.8	277.9	275.1	286.4	309.4	1,148.8	161.8	585.0
Rental Expenses	0.0	0.0	0.0	0.0	0.0	(160.9)	(167.7)	(169.7)	(178.2)	(676.4)	(178.2)	(676.4)
Others	29.7	5.0	12.9	95.2	142.9	36.1	15.7	21.4	100.7	174.0	5.6	31.1
Resources from Operations	306.7	202.6	321.3	409.3	1,240.0	306.7	202.6	321.3	409.3	1,240.0	0.0	0.0
Cash Cycle*	(248.2)	(532.1)	144.9	378.5	(256.9)	(248.2)	(532.1)	144.9	378.5	(256.9)	0.0	0.0
Other Assets (Liabilities)**	32.8	43.3	70.0	(164.8)	(18.8)	32.8	43.3	70.0	(164.8)	(18.8)	0.0	0.0
Operating Cash Flow	91.3	(286.3)	536.2	623.0	964.3	91.3	(286.3)	536.2	623.0	964.3	0.0	0.0
Investments	(139.5)	(151.3)	(184.4)	(197.9)	(673.1)	(139.5)	(151.3)	(184.4)	(197.9)	(673.1)	0.0	0.0
Free Cash Flow	(48.1)	(437.5)	351.8	425.1	291.2	(48.1)	(437.5)	351.8	425.1	291.2	0.0	0.0
Interest on Equity	(0.6)	(107.0)	(19.5)	(63.4)	(190.5)	(0.6)	(107.0)	(19.5)	(63.4)	(190.5)	0.0	0.0
Income Tax Paid over Interest on Equity	0.0	(5.4)	(6.6)	(13.1)	(25.0)	0.0	(5.4)	(6.6)	(13.1)	(25.0)	0.0	0.0
Net Financial Expenses***	(12.1)	(17.5)	(17.2)	(9.9)	(56.7)	(12.1)	(17.5)	(17.2)	(9.9)	(56.7)	0.0	0.0
Income Tax (Tax benefit over financial expenses and interest on equity)	20.1	22.6	22.8	19.4	84.9	20.1	22.6	22.8	19.4	84.9	0.0	0.0
Total Cash Flow	(40.8)	(544.8)	331.3	358.0	103.9	(40.8)	(544.8)	331.3	358.0	103.9	0.0	0.0

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

4Q20/2020 Results Conference Calls – March 10th, 2021

Portuguese

at 10:00 am (Brasília)

Dial in access:
+55 (11) 2188-0155

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English

at 12:00 pm (Brasília)

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Consolidated Adjusted Income Statement <i>(R\$ thousand)</i>	4Q19	4Q20	2019	2020
Gross Revenue	5,030,160	5,868,052	18,396,046	21,180,475
Taxes, Discounts and Returns	(245,045)	(314,311)	(893,150)	(1,113,637)
Net Revenue	4,785,115	5,553,741	17,502,896	20,066,838
Cost of Goods Sold	(3,374,112)	(3,919,528)	(12,319,594)	(14,175,656)
Gross Profit	1,411,003	1,634,213	5,183,302	5,891,182
Operational (Expenses) Revenues				
Sales	(918,902)	(1,027,786)	(3,389,057)	(3,877,221)
General and Administrative	(141,670)	(175,584)	(450,650)	(584,793)
Operational Expenses	(1,060,572)	(1,203,370)	(3,839,707)	(4,462,014)
EBITDA	350,431	430,843	1,343,595	1,429,169
Depreciation and Amortization	(133,256)	(147,571)	(502,963)	(563,847)
Operational Earnings before Financial Results	217,176	283,271	840,632	865,322
Financial Expenses	(43,722)	(30,289)	(200,562)	(135,480)
Financial Revenue	21,291	13,600	76,070	54,182
Financial Expenses/Revenue	(22,431)	(16,689)	(124,491)	(81,298)
Equity Equivalence	0	(3,551)	0	(7,867)
Earnings before Income Tax and Social Charges	194,745	263,031	716,141	776,157
Income Tax and Social Charges	(26,052)	(49,359)	(128,993)	(175,172)
Net Income	168,692	213,672	587,148	600,984

Consolidated Income Statement
(R\$ thousand)

	<u>4Q19</u>	<u>4Q20</u>	<u>2019</u>	<u>2020</u>
Gross Revenue	5,030,160	5,868,052	18,396,046	21,180,475
Taxes, Discounts and Returns	(245,045)	(314,311)	(893,150)	(1,113,637)
Net Revenue	4,785,115	5,553,741	17,502,896	20,066,838
Cost of Goods Sold	(3,374,112)	(3,919,528)	(12,319,594)	(14,175,656)
Gross Profit	1,411,003	1,634,213	5,183,302	5,891,182
Operational (Expenses) Revenues				
Sales	(918,902)	(1,027,786)	(3,389,057)	(3,877,221)
General and Administrative	(141,670)	(175,584)	(450,650)	(584,793)
Other Operational Expenses, Net	(38,511)	(23,000)	(67,022)	(32,917)
Operational Expenses	(1,099,083)	(1,226,370)	(3,906,728)	(4,494,931)
EBITDA	311,920	407,842	1,276,573	1,396,251
Depreciation and Amortization	(133,256)	(147,571)	(502,963)	(563,847)
Operational Earnings before Financial Results	178,665	260,271	773,610	832,405
Financial Expenses	(43,722)	(30,289)	(200,562)	(135,480)
Financial Revenue	21,291	13,600	76,070	54,182
Financial Expenses/Revenue	(22,431)	(16,689)	(124,491)	(81,298)
Equity Equivalence	0	(3,551)	0	(7,867)
Earnings before Income Tax and Social Charges	156,234	240,031	649,119	743,240
Income Tax and Social Charges	(12,959)	(41,539)	(106,205)	(163,981)
Net Income	143,275	198,492	542,914	579,259

Assets	<u>4Q19</u>	<u>4Q20</u>
<i>(R\$ thousand)</i>		
Current Assets		
Cash and Cash Equivalents	299,226	880,357
Accounts Receivable	1,189,019	1,555,434
Inventories	3,851,389	4,225,407
Taxes Receivable	155,395	61,491
Other Accounts Receivable	244,699	261,045
Anticipated Expenses	26,369	36,738
	<u>5,766,096</u>	<u>7,020,472</u>
Non-Current Assets		
Deposit in Court	30,001	25,753
Taxes Receivable	58,304	111,548
Income Tax and Social Charges deferred	0	34,605
Other Credits	334,911	352,350
Investments	(0)	0
Property, Plant and Equipment	1,777,735	1,859,220
Intangible	1,245,441	1,261,708
	<u>3,446,391</u>	<u>3,645,184</u>
ASSETS	<u>9,212,488</u>	<u>10,665,656</u>

Liabilities and Shareholder's Equity <i>(R\$ thousand)</i>	4Q19	4Q20
Current Liabilities		
Suppliers	2,653,237	3,106,937
Loans and Financing	228,661	531,204
Salaries and Social Charges Payable	296,673	309,161
Taxes Payable	102,672	138,673
Dividend and Interest on Equity	92,946	66,295
Provision for Lawsuits	26,008	32,835
Other Accounts Payable	160,632	181,417
	<u>3,560,828</u>	<u>4,366,522</u>
Non-Current Liabilities		
Loans and Financing	897,815	1,122,250
Provision for Lawsuits	67,114	70,822
Income Tax and Social Charges deferred	166,234	158,141
Other Accounts Payable	386,449	406,058
	<u>1,517,612</u>	<u>1,757,270</u>
Shareholder's Equity		
Common Stock	2,500,000	2,500,000
Capital Reserves	129,768	148,029
Revaluation Reserve	11,848	11,677
Income Reserves	1,429,597	1,780,379
Accrued Income	0	0
Equity Adjustments	(30,230)	(30,230)
Non Controller Interest	51,421	62,531
Additional Dividend Proposed	41,643	69,478
	<u>4,134,047</u>	<u>4,541,863</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>9,212,488</u>	<u>10,665,656</u>

Cash Flow <i>(R\$ thousand)</i>	4Q19	4Q20	2019	2020
Earnings before Income Tax and Social Charges	156,234	237,468	908,588	743,240
Adjustments				
Depreciation and Amortization	133,255	147,572	507,269	563,848
Compensation plan with restricted shares, net	3,224	5,107	13,439	18,090
Interest over additional stock option	(4,097)	657	5,734	4,335
P,P&E and Intangible Assets residual value	7,881	693	24,474	3,580
Provisioned Lawsuits	14,291	83,076	3,892	92,379
Provisioned Inventory Loss	(432)	(8,242)	(585)	15,080
Provision for Doubtful Accounts	1,773	9,646	1,658	11,480
Provisioned Store Closures	(1)	4,173	(6,505)	2,260
Interest Expenses	15,673	14,004	66,746	59,515
Debt Issuance Costs Amortization	728	1,296	2,718	4,576
Equity Equivalence Result	0	6,840	0	7,867
Gains from business combination	2,407	0	(356,628)	0
	330,936	502,290	1,170,800	1,526,250
Assets and Liabilities variation				
Clients and Other Accounts Receivable	11,136	(94,660)	(252,043)	(377,894)
Inventories	(388,669)	(290,490)	(674,930)	(389,100)
Other Short Term Assets	51,795	(296)	130,307	57,395
Long Term Assets	(30,456)	(25,315)	(369,517)	(82,267)
Suppliers	371,197	763,645	465,192	456,032
Salaries and Social Charges	(49,532)	(100,110)	45,442	12,488
Taxes Payable	(35,761)	18,761	(34,692)	29,659
Other Liabilities	3,713	(65,456)	9,194	(52,206)
Rents Payable	2,336	3,404	3,917	2,943
Cash from Operations	266,695	711,773	493,670	1,183,300
Interest Paid	(26,985)	(10,044)	(41,764)	(40,084)
Income Tax and Social Charges Paid	(56)	(76,431)	(111,143)	(201,441)
Net Cash from (invested) Operational Activities	239,654	625,298	340,763	941,775
Investment Activities Cash Flow				
Cash acquired from business combination	0	0	283,685	0
P,P&E and Intangible Acquisitions	(153,582)	(201,732)	(656,697)	(676,420)
P,P&E Sale Payments	(219)	5,348	237	6,648
Investments in Associates	0	(3,289)	0	(3,289)
Loans granted to subsidiaries	0	1,768	0	(36)
Net Cash from Investment Activities	(153,801)	(197,905)	(372,775)	(673,097)
Financing Activities Cash Flow				
Funding	21,866	8,416	738,923	728,216
Payments	(122,220)	(92,225)	(462,651)	(225,245)
Interest on Equity and Dividends Paid	(92,955)	(63,433)	(186,601)	(190,518)
Net Cash from Funding Activities	(193,309)	(147,242)	89,671	312,453
Cash and Cash Equivalents net increase	(107,456)	280,151	57,658	581,131
Cash and Cash Equivalents in the beginning of the period	406,683	600,206	241,568	299,226
Cash and Cash Equivalents in the end of the period	299,226	880,357	299,226	880,357