



EARNINGS PRESENTATION

4Q22

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Consolidated highlights ¹

- › **PHARMACIES²**: 2,697 units in operation (260 openings and 53 closures);
- › **GROSS REVENUES**: R\$ 31.0 billion, + R\$ 5.3 billion, a 20.9% increase with 13.3% mature store growth;
- › **MARKET SHARE**: 15.1%, a 1.0 pp increase, with gains in every region;
- › **DIGITAL**: R\$ 3.2 billion, an increase of 52.7% and a 4Q22 retail penetration of 11.8%;
- › **CONTRIBUTION MARGIN³**: 10.9%, an expansion of 0.7 pp and a 29,2% increase;
- › **ADJUSTED EBITDA**: R\$ 2,262.1 million, a margin of 7.3% and a 25.2% increase;
- › **ADJUSTED NET INCOME**: R\$ 991.8 million, a 3.2% net margin and a 25.8% increase;
- › **CASH FLOW**: R\$ -7.8 million free cash flow, R\$ 652.7 million total cash consumption.

¹ Considers the IAS 17 / CPC 06 reporting standard.

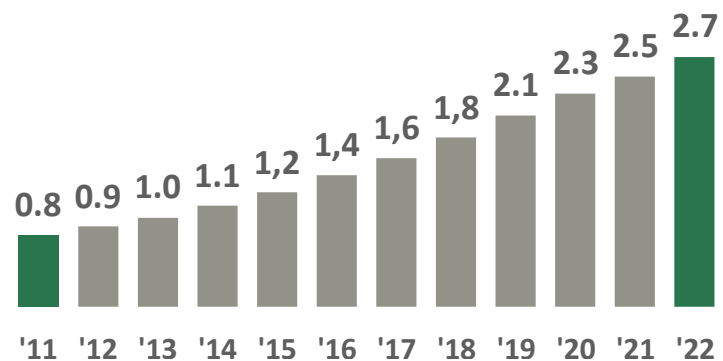
² Does not include 5 4Bio units.

³ Margin before the corporate overhead (gross profit – selling expenses).

In 2022, we continued our path of sustained growth with value creation.

Pharmacies

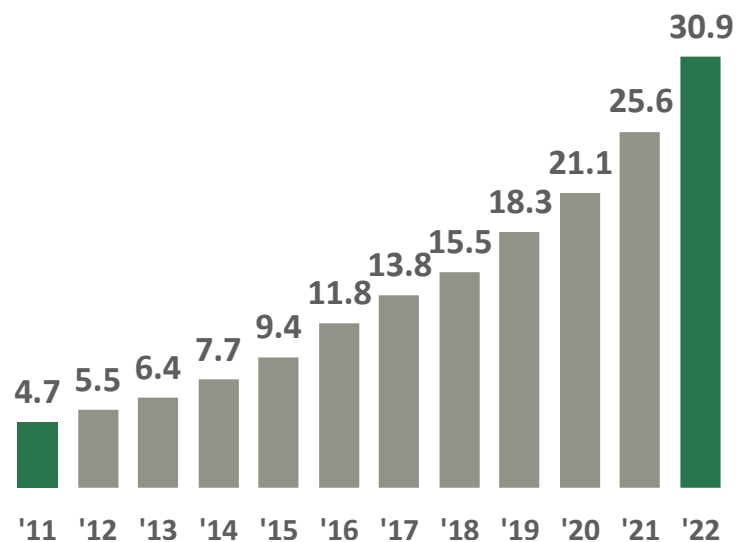
Store count



3x

Gross Revenue

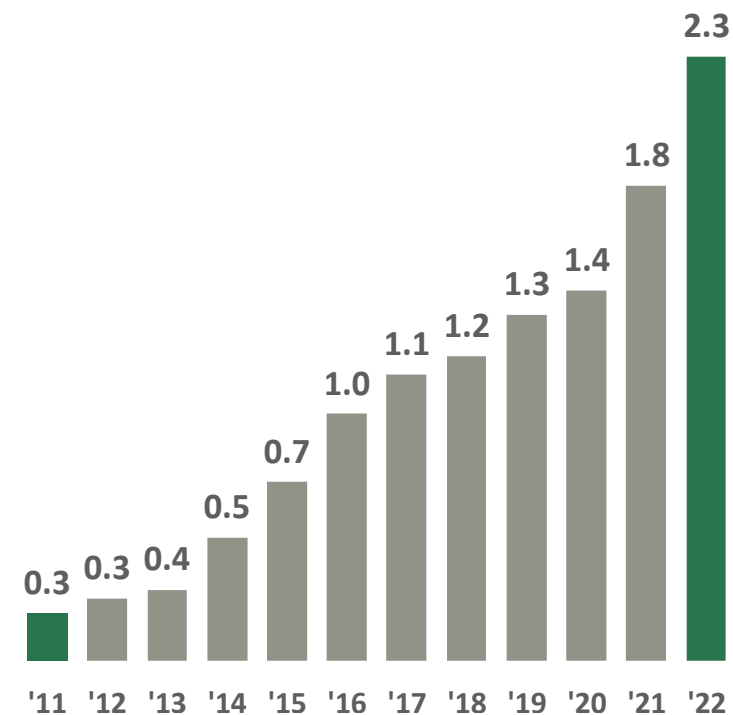
R\$ billions



7x

Adjusted EBITDA

R\$ billions

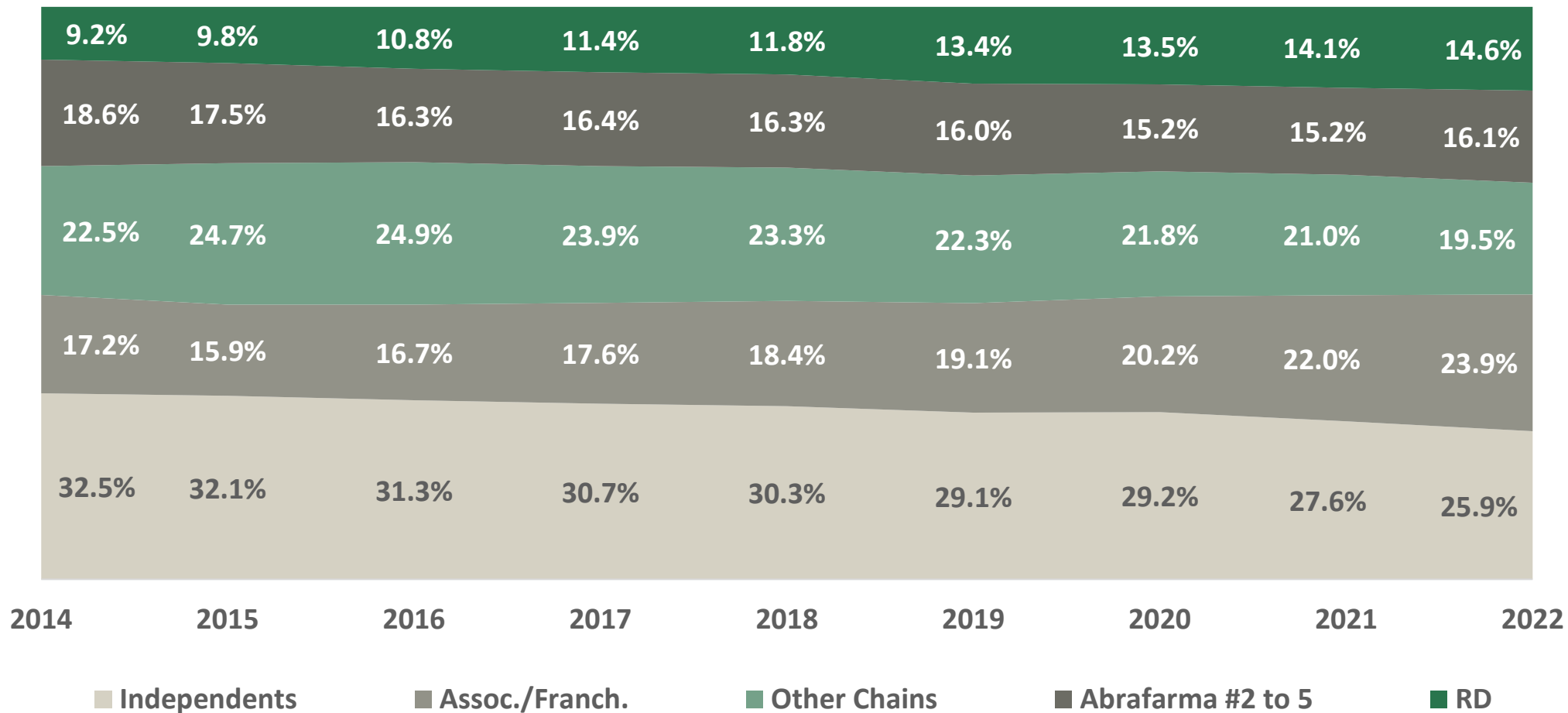


8x

We continue gaining share from other chains, while associations and independents maintain their historic combined share.

Fragmented market: opportunity for consolidation

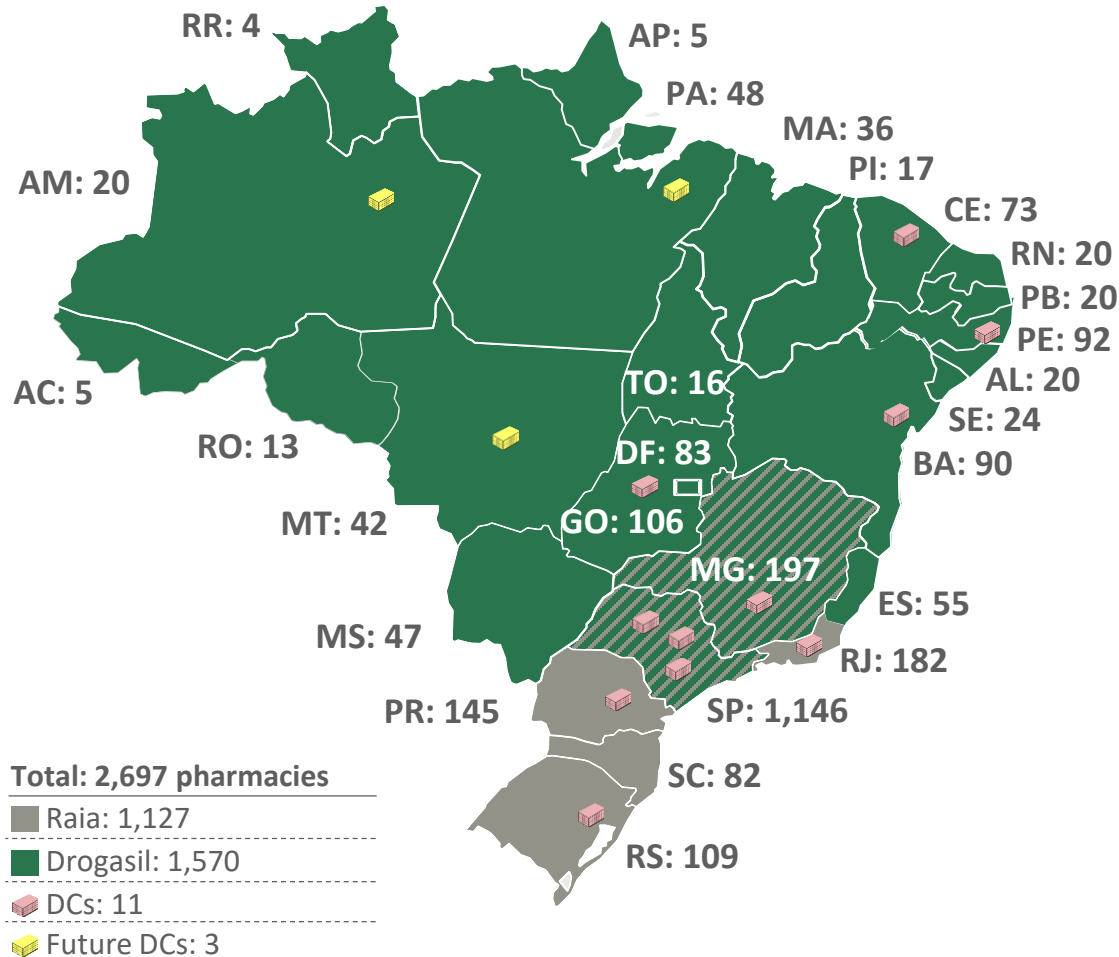
Annual market share, source: IQVIA



* Considers in 2022 the acquisition of Extrafarma by Pague Menos in a *pro-forma* basis for the entire year, reclassifying the company from Other Chains to ABRAFARMA #2 to #5.

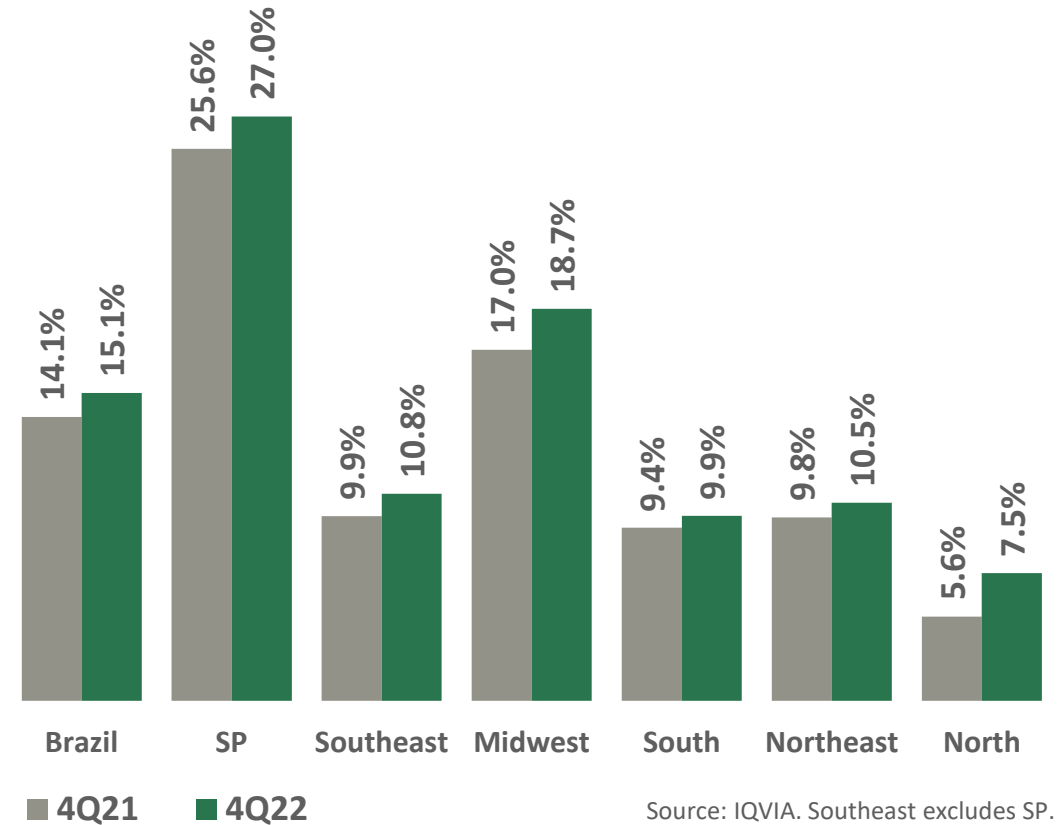
We have strengthened our national presence and increased our market share, which reached 15.1%, a 1.0 pp increase with gains across every region.

Pharmacy geographic presence



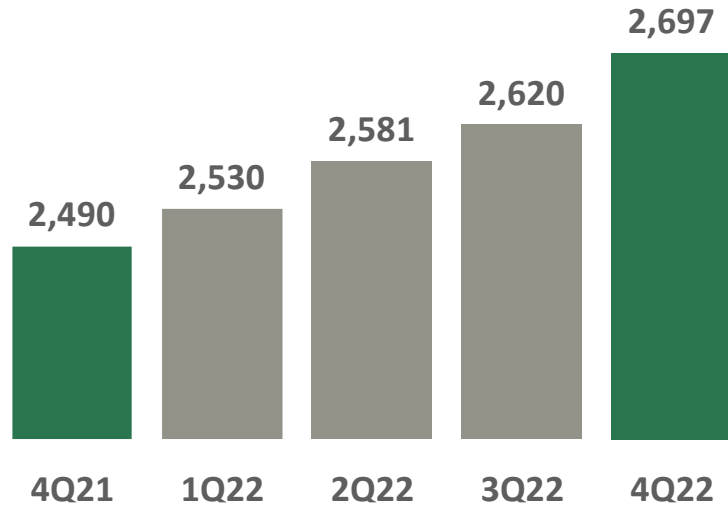
Retail market share

Quarterly share at Factory Prices (sell-out + sell-in)



We opened 260 new pharmacies and closed 53 in the last twelve months. We reiterate our guidance of 780 new pharmacies for the 2023-2025 period.

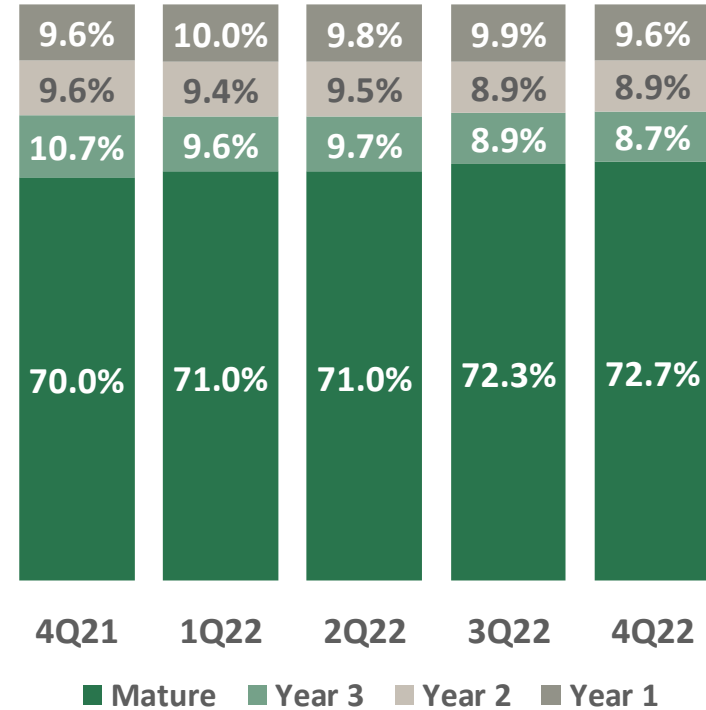
Pharmacy count



	1Q22	2Q22	3Q22	4Q22	LTM
Gross openings	+52	+64	+58	+86	+260
Closures	-12	-13	-19	-9	-53
<i>Maturing</i>	-3	-3	-2	-	-8
<i>Mature</i>	-7	-10	-17	-9	-43
<i>Onofre</i>	-2	-	-	-	-2
Net openings	+40	+51	+39	+77	+207

Pharmacy portfolio

Age structure



Guidance

260 per year in 2023, 2024 and 2025

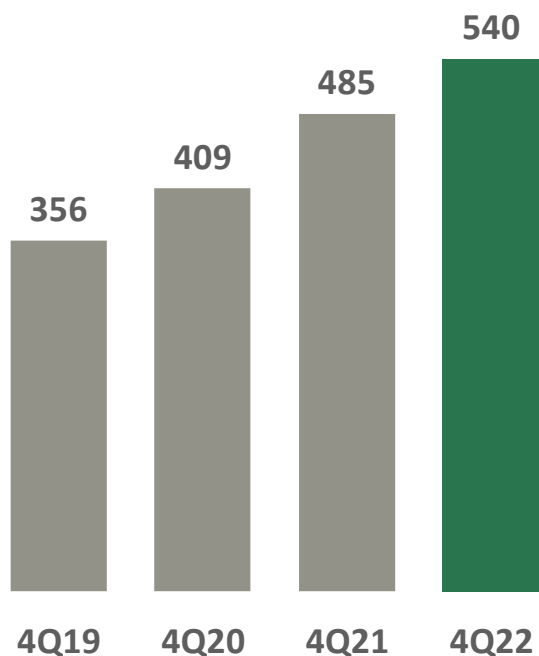
Total of 780 new pharmacies

Preserving the current geographical and demographic segmentation

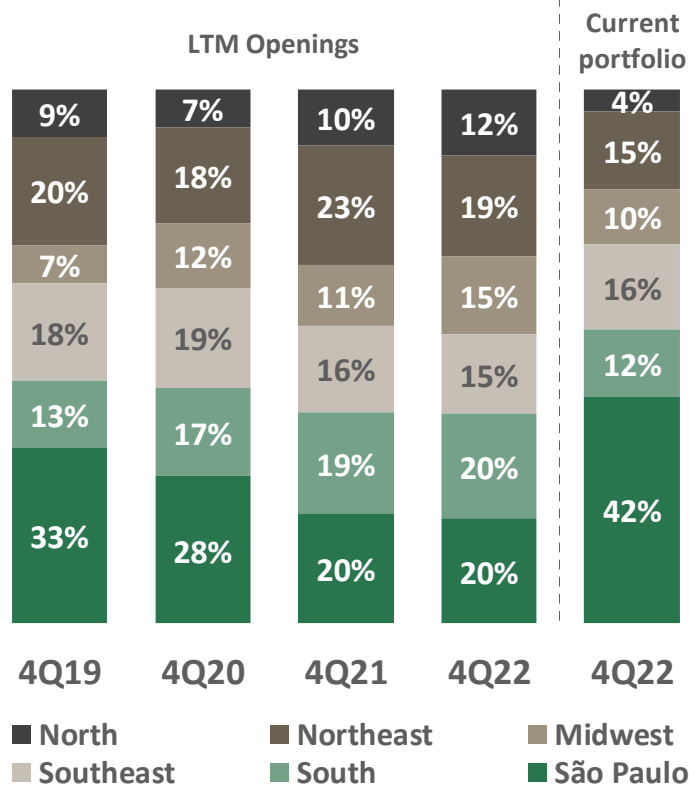
97% expansion assertiveness

We increased the diversification of our geographic presence, reaching a presence in 540 cities, with 87% of LTM openings under the Popular or Hybrid formats.

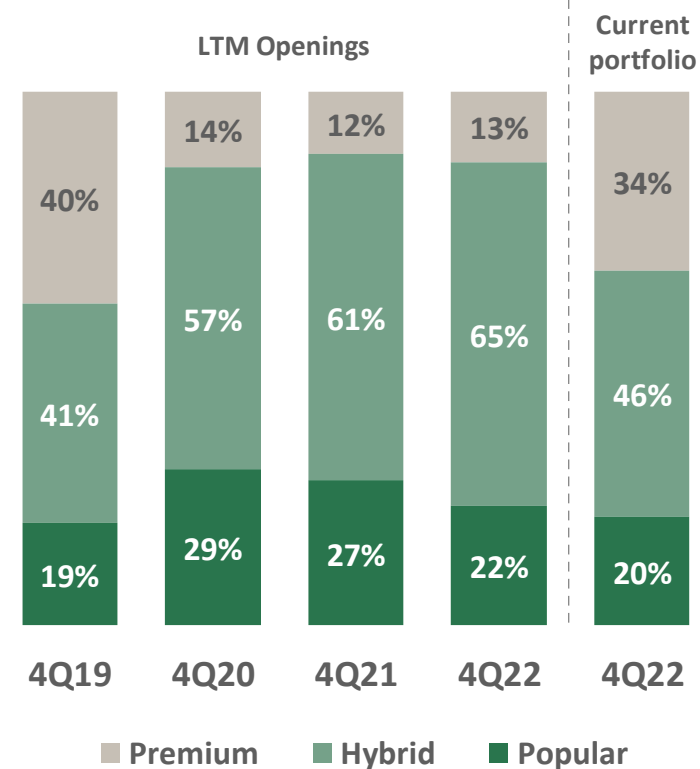
Cities with pharmacies



Network composition by region*



Network composition by format*

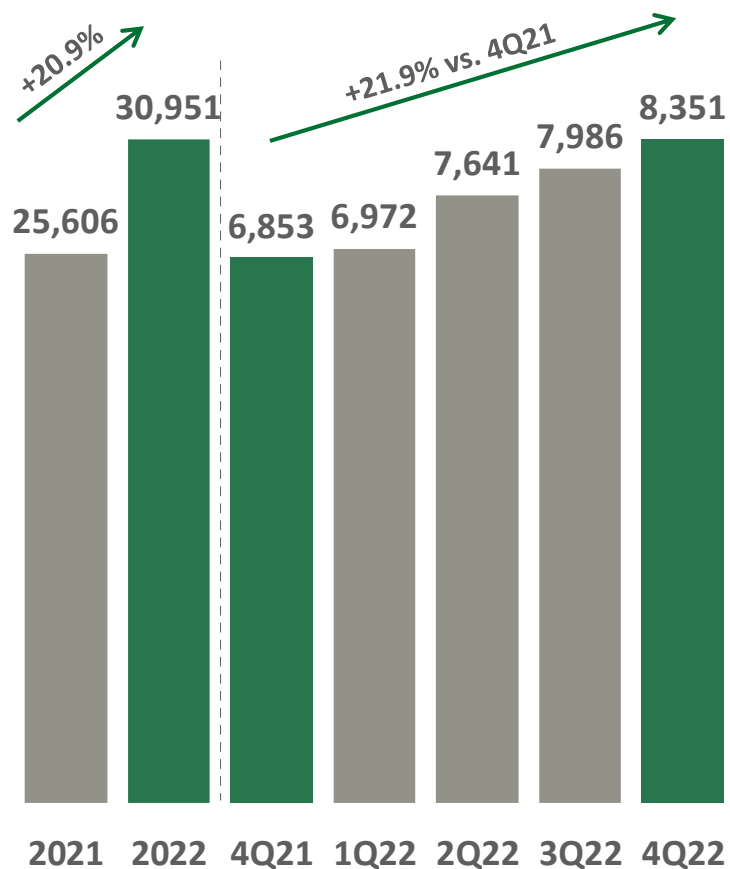


* Openings exclude the Onofre acquisition.

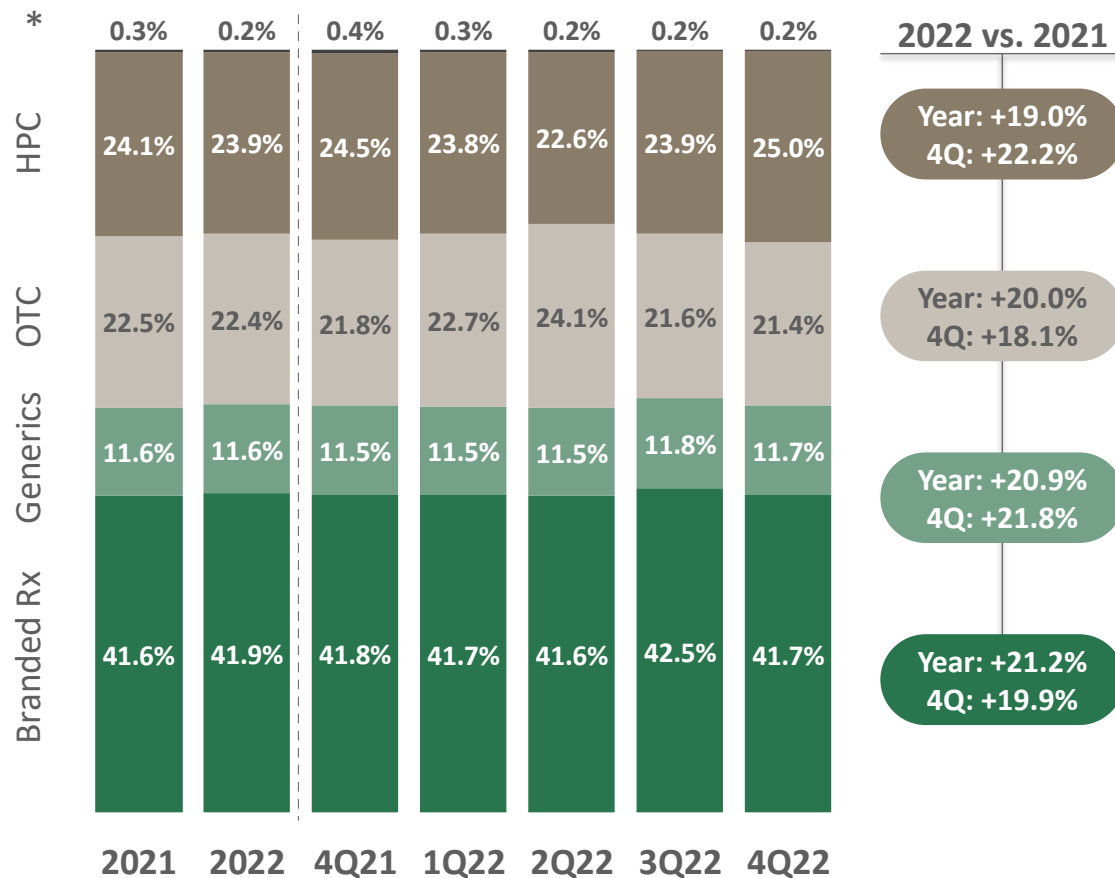
Gross revenue grew 20.9% (21.9% in the 4Q22), driven by retail digitalization and by 4Bio (+0.5 pp in 2022 and +1.2 pp in the 4Q22), and a robust growth across all product categories.

Consolidated gross revenue

R\$ millions



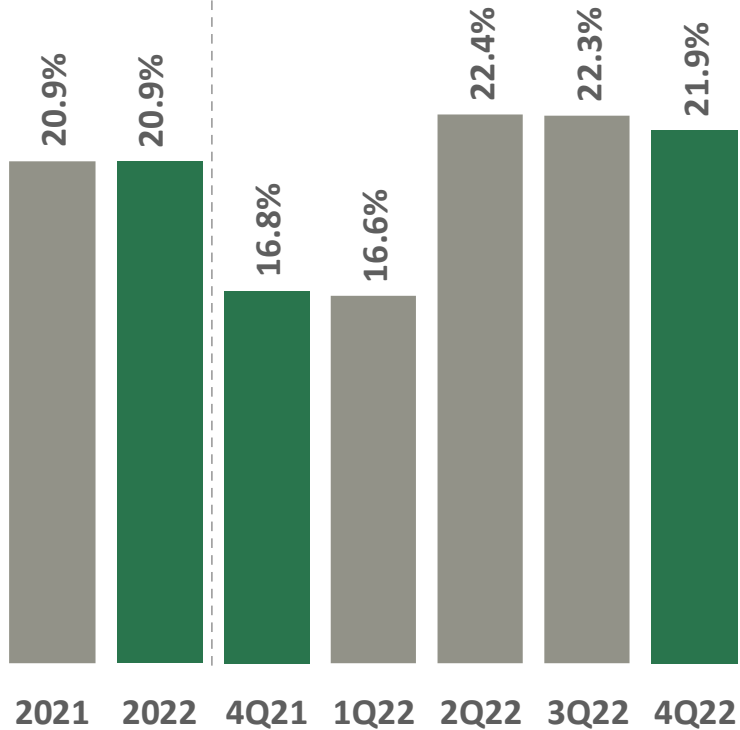
Retail sales mix



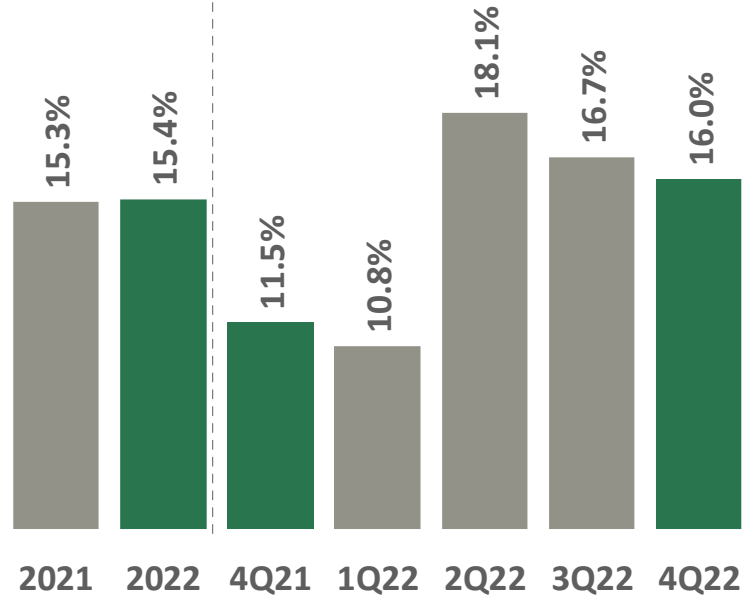
* Services.

Mature stores grew 13.3% (13.5% in the 4Q22), 7.5 pp above the CPI of 5.8% and 2.4 pp above the authorized CMED price cap readjustment of 10.9%.

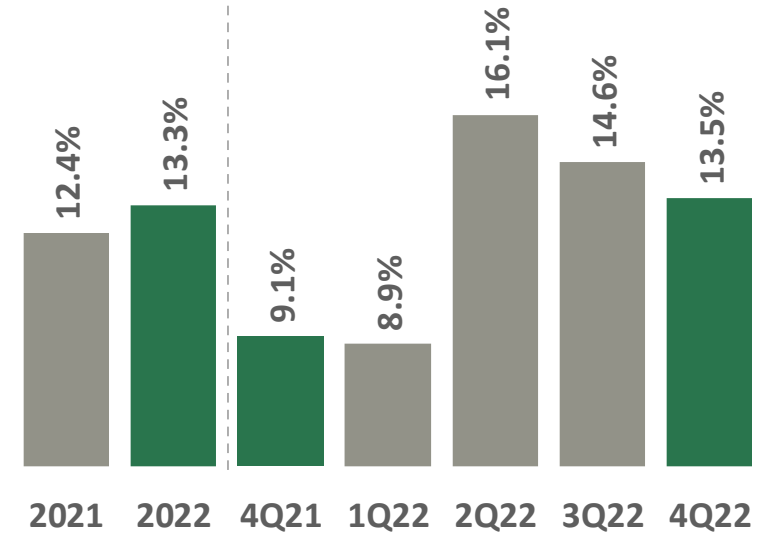
Consolidated revenue growth



Same-Store sales growth - Retail



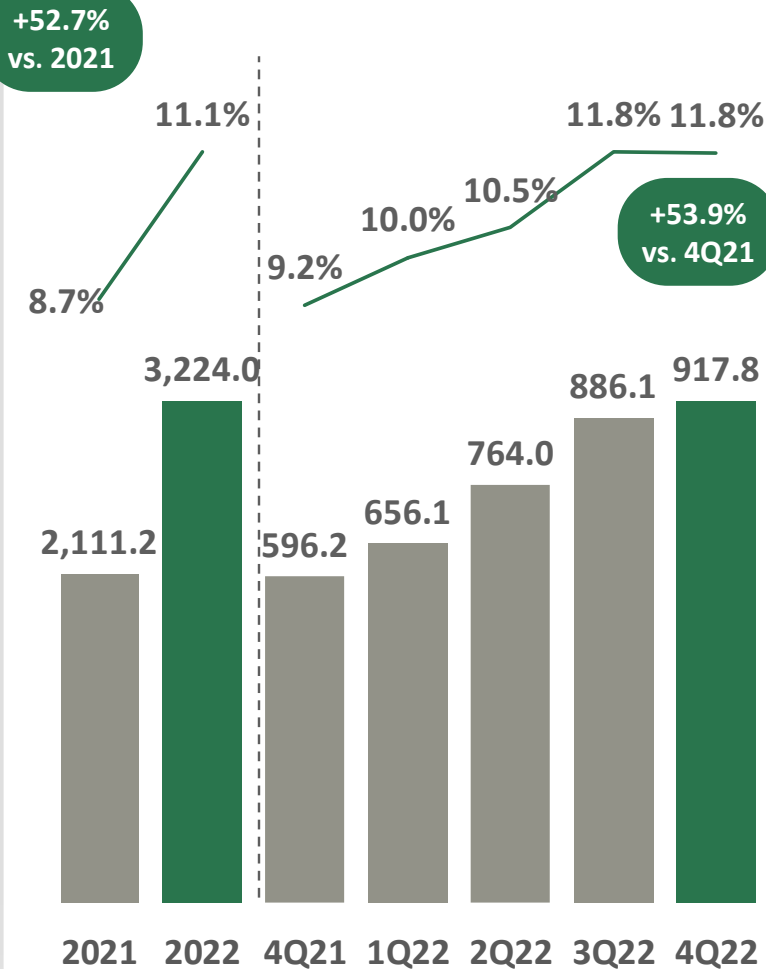
Mature-Store sales growth - Retail



Digital sales of R\$ 3.2 billion, with 52.7% of growth (53.9% in the 4Q22) and 11.8% of retail penetration in the 4Q22. High convenience service based on modern and proprietary channels.

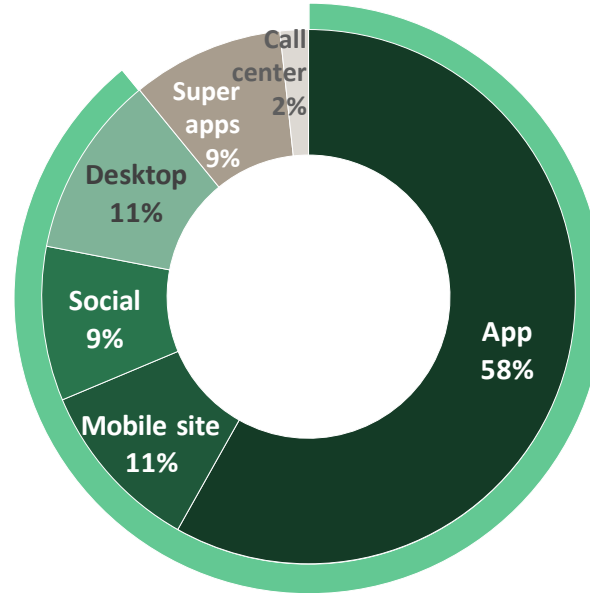
Digital sales and penetration

R\$ millions, % of retail gross revenue



Digital channel mix

% of digital sales

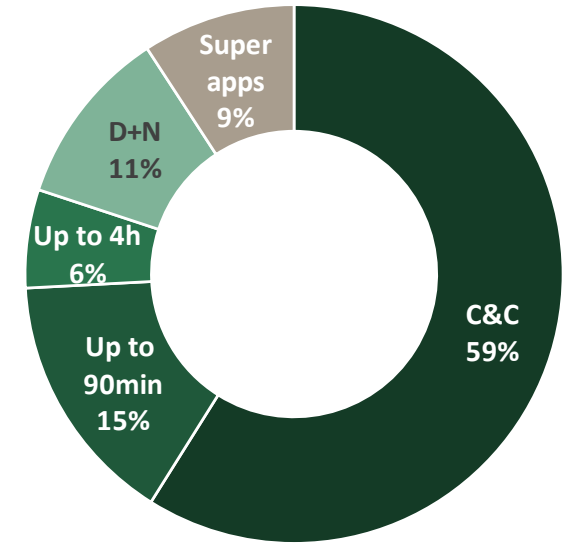


89% modern and proprietary channels

78% modern, proprietary and mobile channels

Delivery mix

% of digital sales

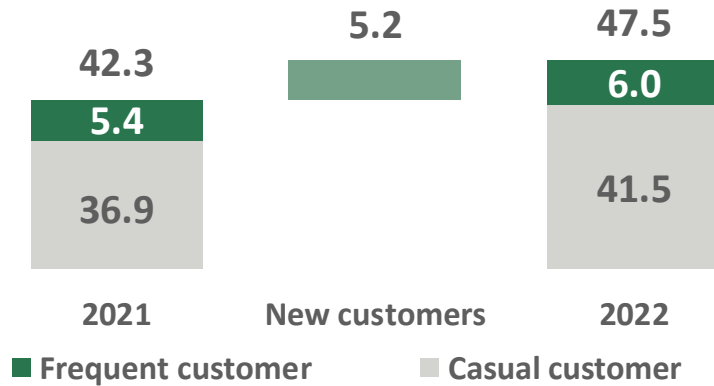


94% fulfilled by stores

89% delivered in up to 4h

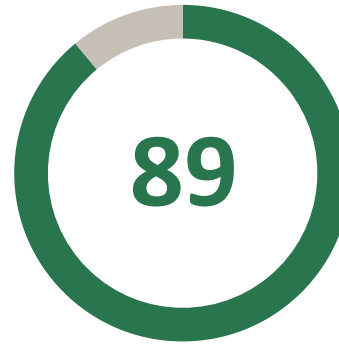
Our customers are our greatest asset. In-store experience increases engagement. Digitalization enhances customer relationship and frequency, improving LTV.

Customers (MM)

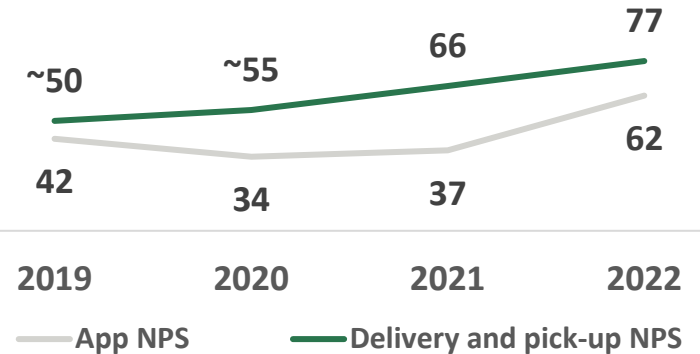


Customer experience

Pharmacy NPS



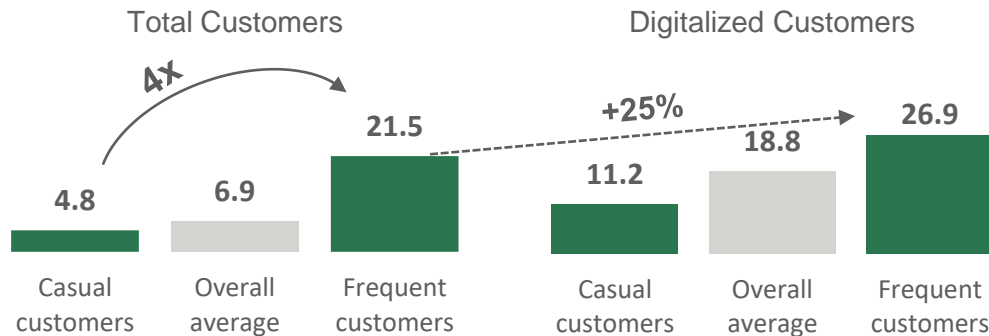
App and Delivery/C&C NPS*



* 2019 and 2020 NPS estimated for current methodology

Customer behavior

1.2 MM
frequent &
digitalized
customers

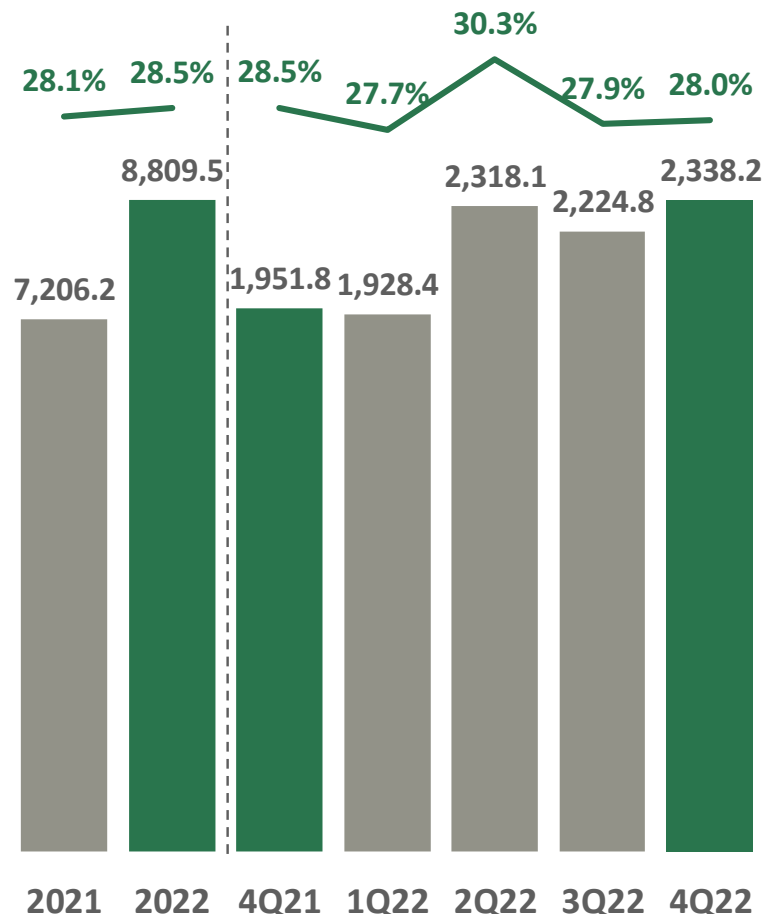


- ✓ 5.2 MM new customers, 6.0 MM frequent customers, 1.2 MM frequent and digitalized customers;
- ✓ Digitalization increases frequency and spending;
- ✓ Digitalized customers accounted for 39% of incremental sales in 2022;
- ✓ Strengthening of loyalty programs and development of Stix through new partners.

Gross margin increase of 0.4 pp in 2022 (-0.5 pp in the 4Q22 due to mix of 4Bio, which grew over 50%). Cash cycle increased 1.5 days.

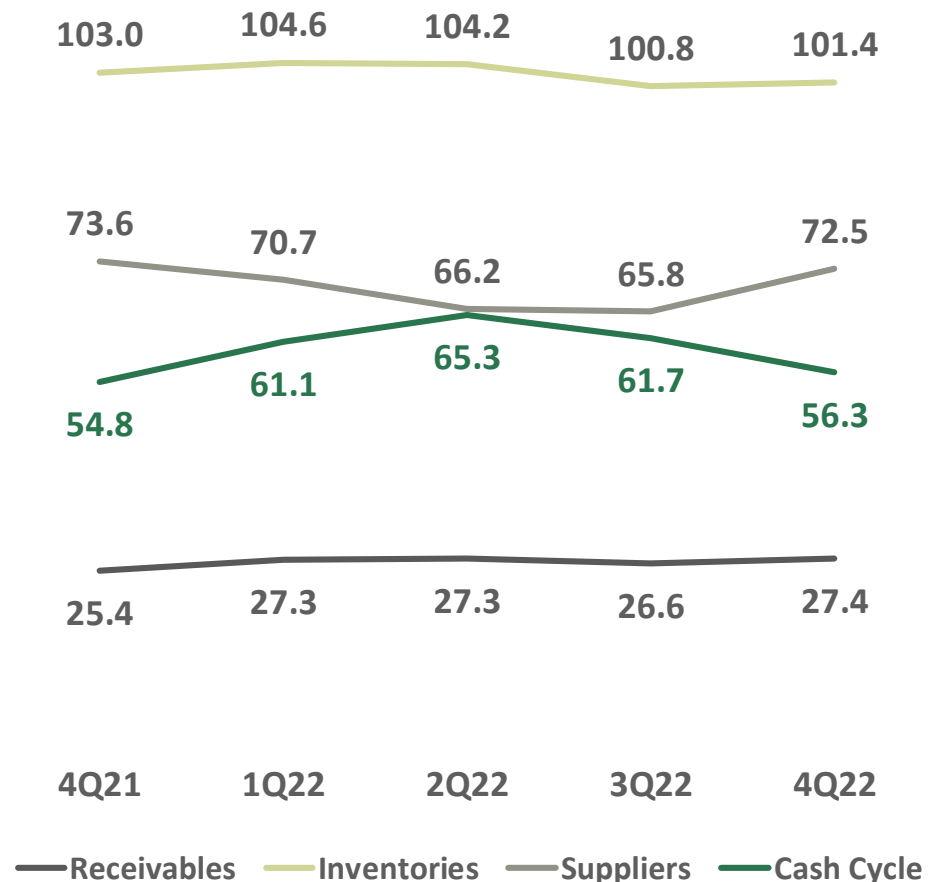
Gross margin

R\$ millions, % of gross revenue



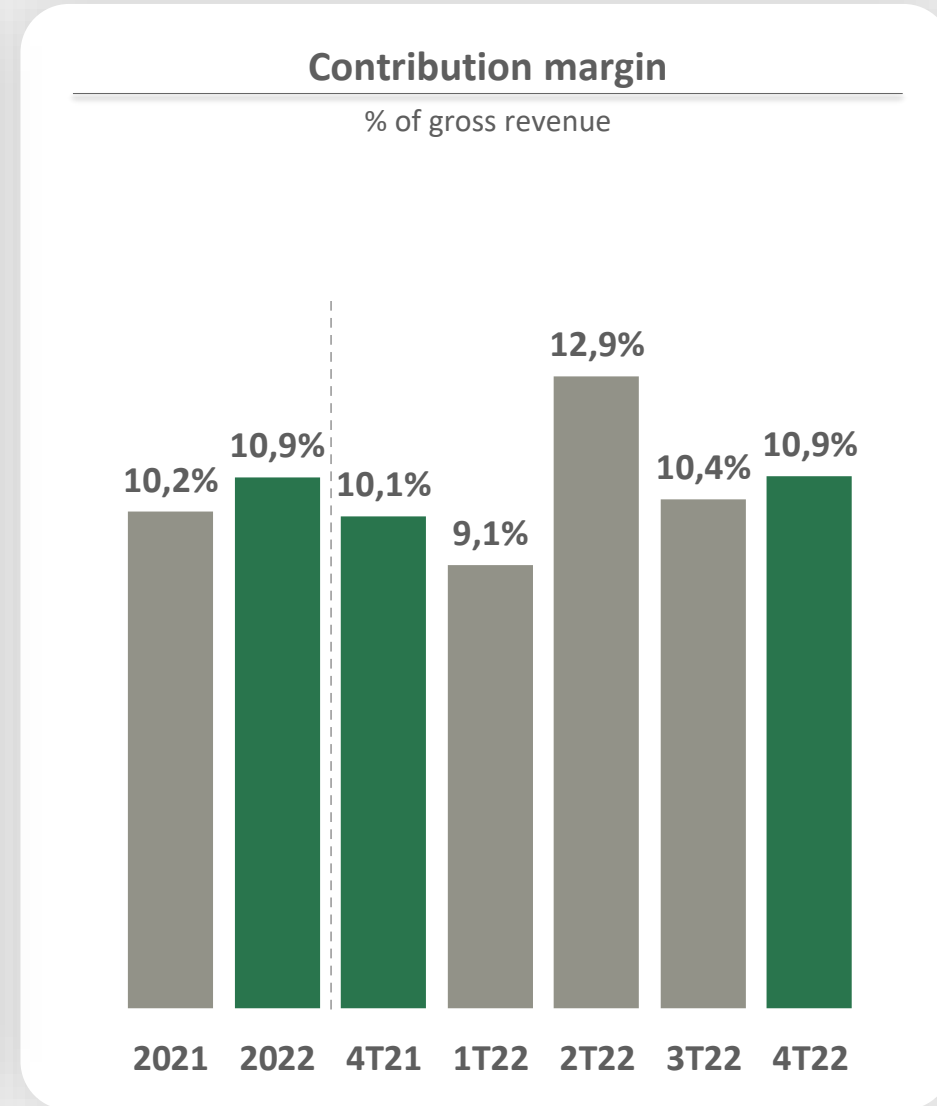
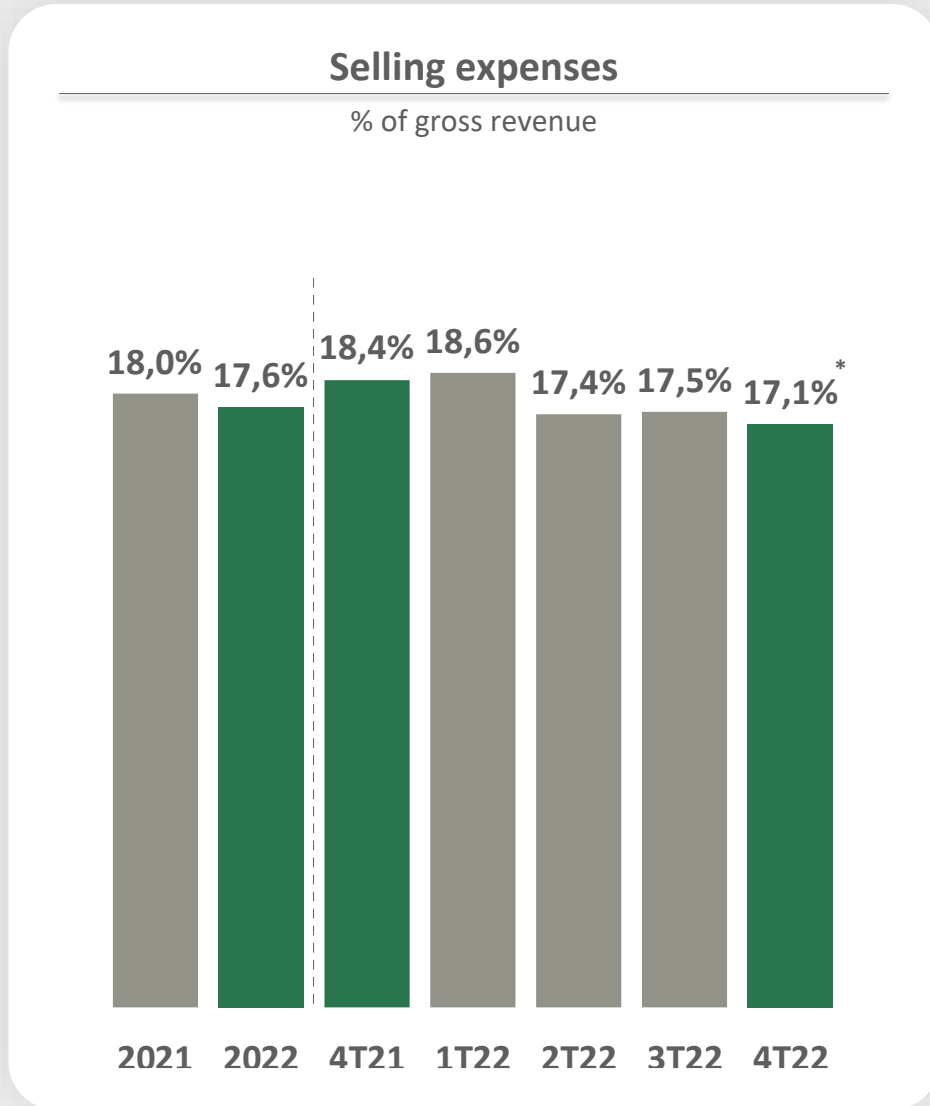
Cash cycle*

COGS days, Gross revenue days



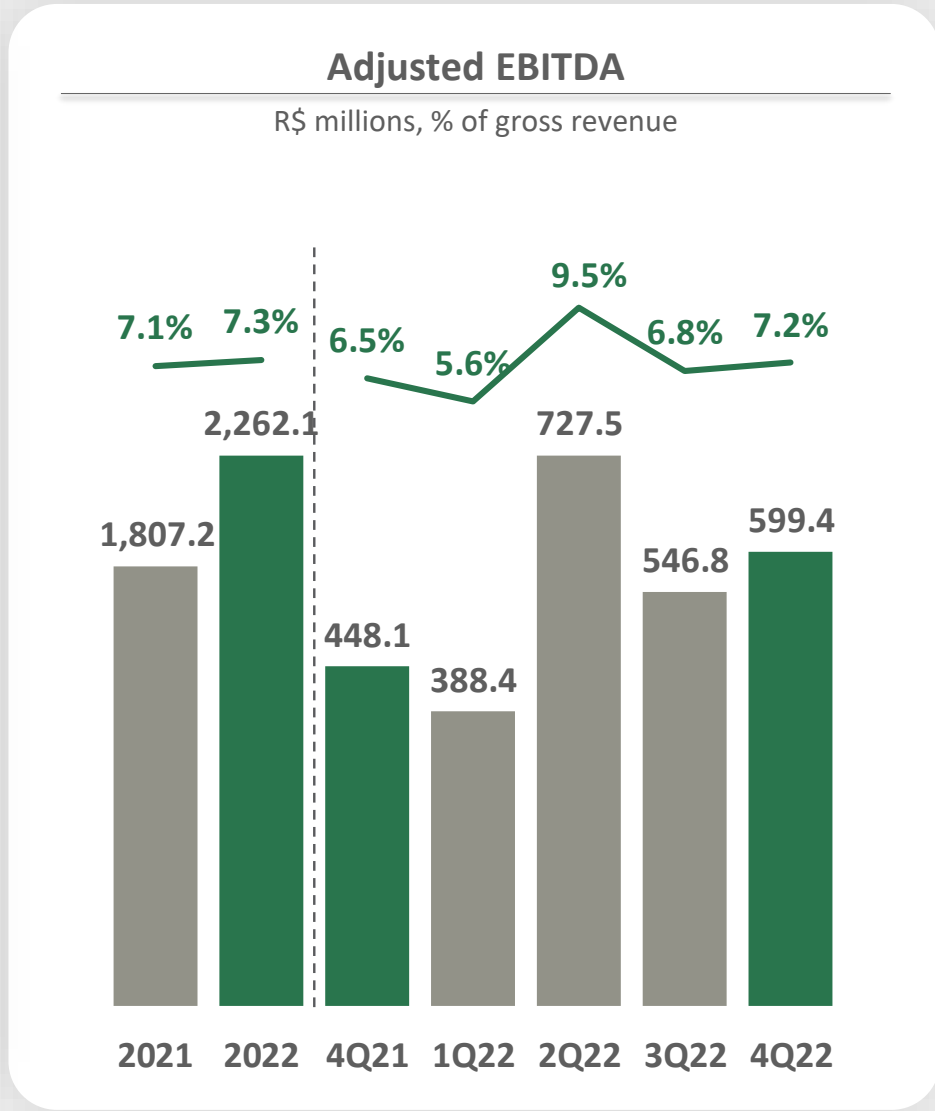
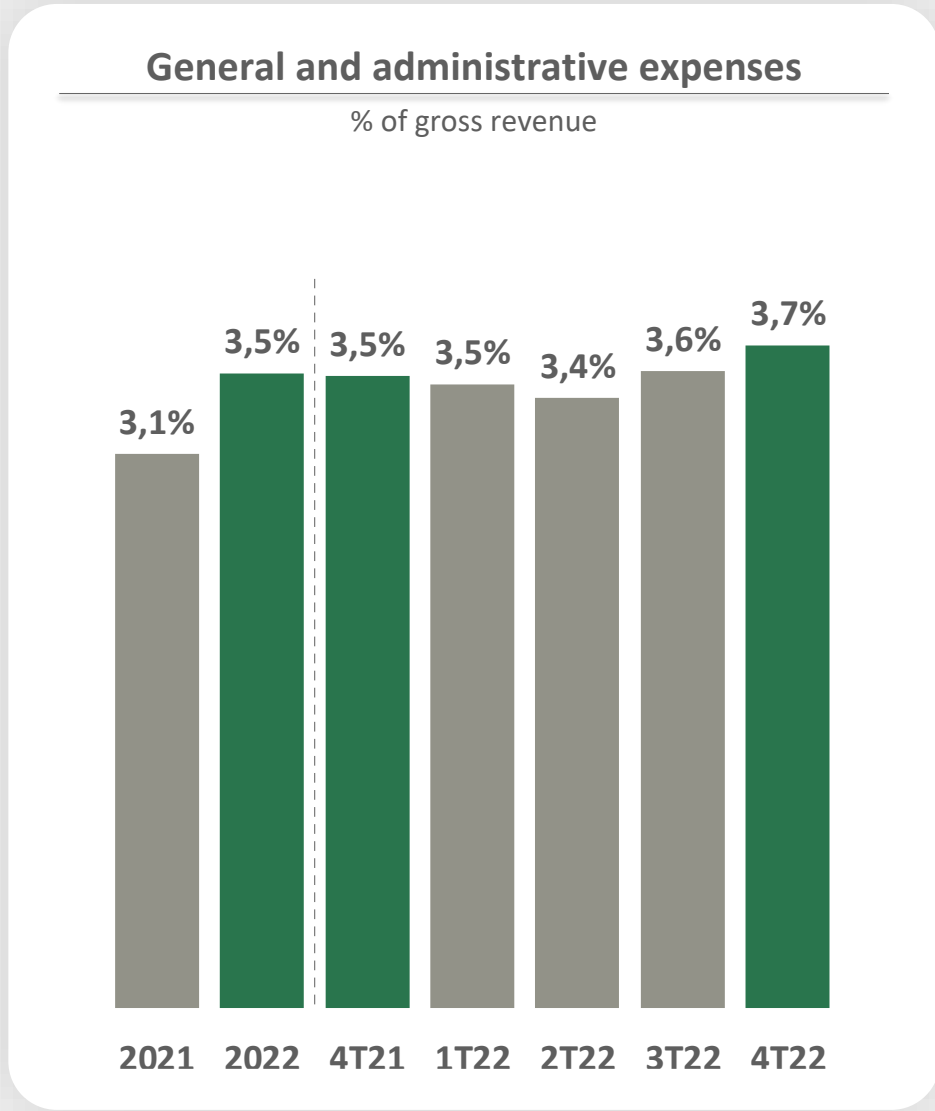
* Adjusted for discounted receivables and advanced payments to suppliers.

Strong dilution of selling expenses and contribution margin expansion of 0.7 pp (0.8 pp in the 4Q22) driven by real growth in mature stores.



* Considers PIS/COFINS gains of the entire year of 2022 in the 4Q22 with an impact of 0.5 pp.

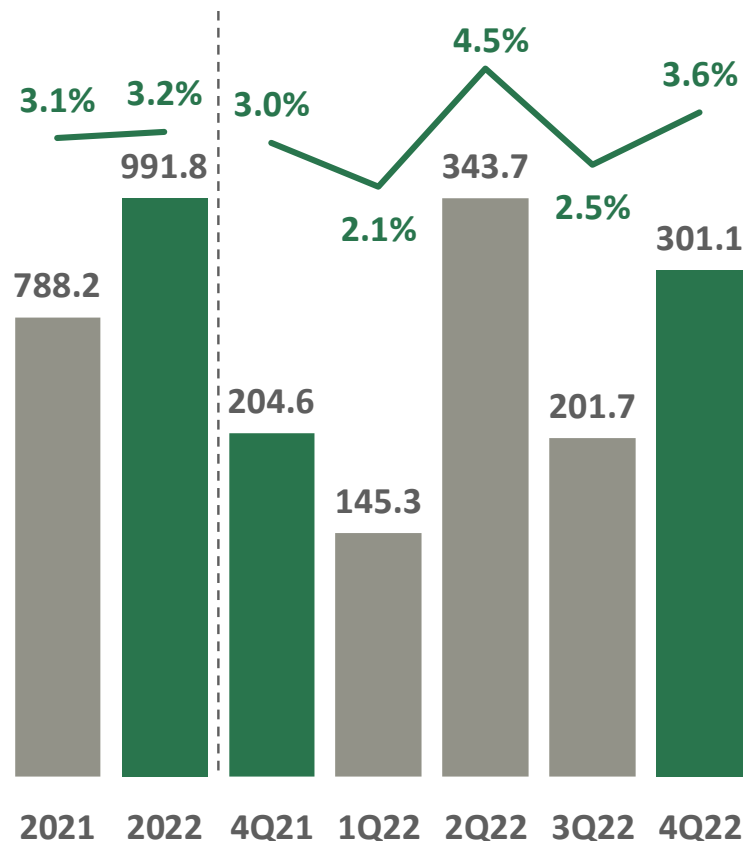
G&A increase of 0.4 pp (0.2 pp in the 4Q22). Adjusted EBITDA of R\$ 2.3 billion, a 25.2% growth (33.8% in the 4Q22) and a 7.3% margin (7.2% in the 4Q22).



Net income of R\$ 991.8 MM in 2022, an increase of 25.8% (47.1% in the 4Q22) and a net margin gain of 0.1 pp (0.6 pp in the 4Q22). R\$ 56.6 MM in non-recurring gains (R\$ -35.0 in the 4Q22).

Adjusted net income

R\$ millions, % of gross revenue



EBITDA reconciliation - R\$ millions	1Q22	2Q22	3Q22	4Q22	2022
Net income	153.6	372.2	225.4	278.0	1,029.2
Income tax	1.5	128.7	55.1	0.6	185.9
Equity equivalence	(0.0)	(0.3)	(0.2)	2.0	1.5
Financial result	78.2	98.2	125.5	99.1	401.0
EBIT	233.3	598.9	405.8	379.8	1,617.7
Depreciation and amortization	167.7	171.8	176.9	184.7	701.1
EBITDA	401.0	770.7	582.6	564.5	2,318.8
Social investment and donations	1.5	0.9	3.8	2.5	8.8
Asset write-offs	1.1	13.5	1.9	11.4	28.0
Tax effects and other non-recurring from previous years	(15.2)	(57.6)	(41.6)	21.0	(93.5)
Non-recurring/non-operating expenses	(12.6)	(43.2)	(35.8)	35.0	(56.6)
Adjusted EBITDA	388.4	727.5	546.8	599.4	2,262.1

Free cash flow of R\$ -7.8 MM, with R\$ 652.7 MM of total cash consumption. Leverage of 0.9x, highlighting the strength of our capital structure in a period of high interest rates.

Cash flow <i>(R\$ million)</i>	2022	2021	4Q22	4Q21
Adjusted EBIT	1,561.1	1,180.2	414.8	276.9
NPV adjustment	(132.6)	(72.1)	(46.7)	(44.9)
Non-recurring expenses	56.6	40.9	(35.0)	(26.5)
Income tax (34%)	(504.9)	(390.7)	(113.3)	(69.9)
Depreciation	700.2	626.8	183.8	171.1
Others	124.8	65.3	4.3	48.1
Resources from operations	1,805.1	1,450.5	407.9	354.8
Cash cycle*	(898.1)	(770.9)	93.3	279.1
Other assets (liabilities)**	105.7	142.0	25.9	(77.4)
Operating cash flow	1,012.8	821.6	527.1	556.5
Investments	(1,020.6)	(847.8)	(321.1)	(287.2)
Free cash flow	(7.8)	(26.3)	206.0	269.2
M&A and other investments	(209.0)	(137.3)	(90.6)	(84.6)
Interest on equity and dividends	(324.1)	(314.8)	(227.8)	(231.1)
Income tax paid over interest on equity	(30.7)	(33.6)	(11.0)	(8.0)
Net financial expenses***	(283.6)	(87.7)	(68.9)	(32.5)
Share buyback	-	(73.2)	-	-
Tax benefit (fin. exp., IoE, dividends)	202.5	99.5	54.0	48.8
Total Cash Flow	(652.7)	(573.4)	(138.3)	(38.2)

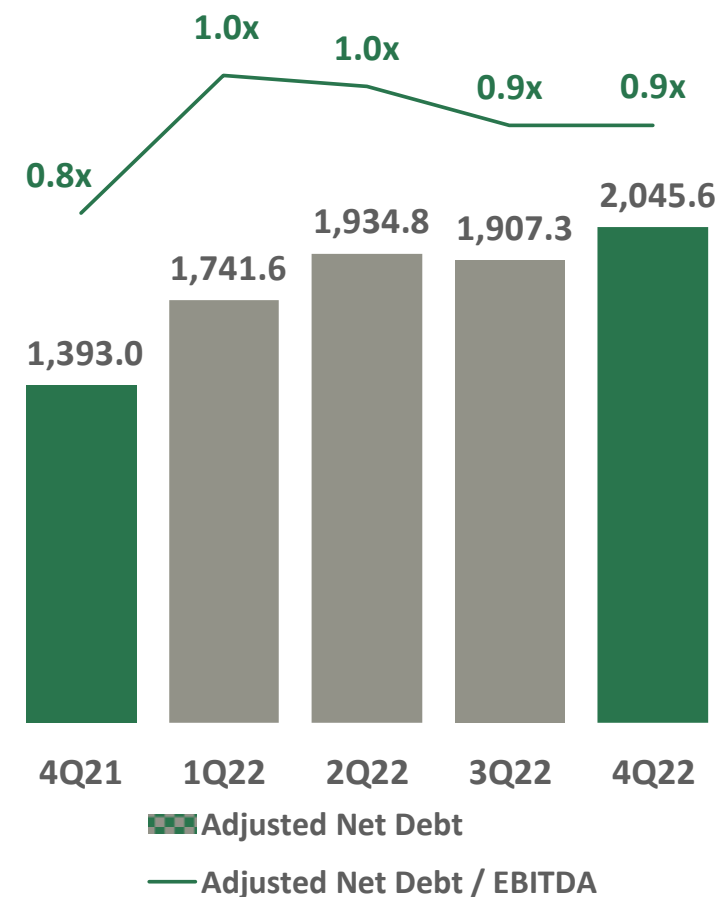
* Includes adjustments to discounted receivables.

** Includes NPV adjustments.

*** Excludes NPV adjustments.

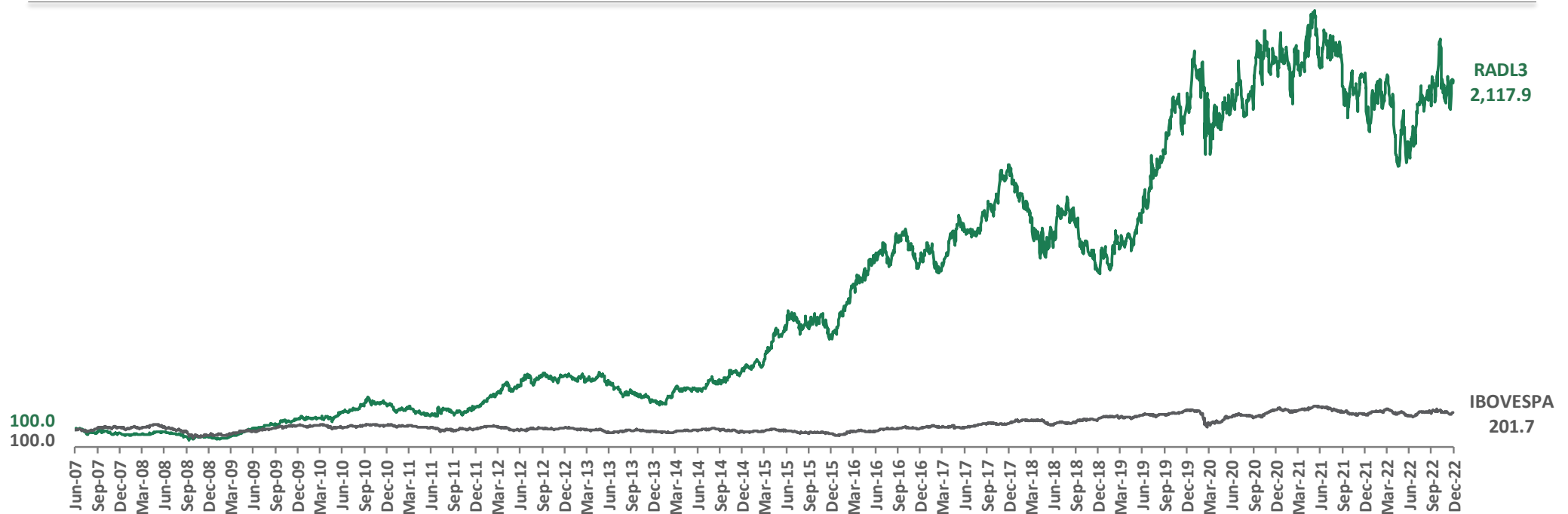
Net debt and financial leverage

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



Our share price decreased by 2.4% in the year, but sustains strong long-term appreciation.

Stock price appreciation



2022 Performance

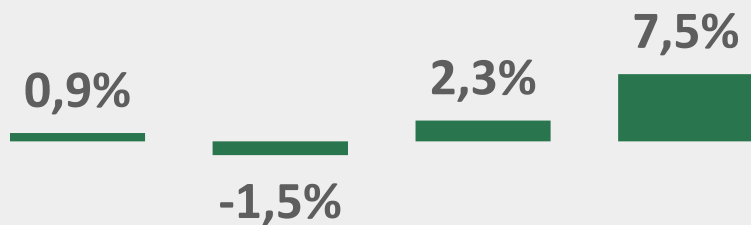
- › RADL3: -2.4%
- › Ibovespa: 4.7%
- › Alpha: -7.1%
- › Average RADL3 Daily Liquidity: R\$ 154 MM

Average TSR

- › 22.2% since the Drogasil IPO
- › 19.6% since the Raia IPO
- › 20.0% since the merger (31/Dec/11)

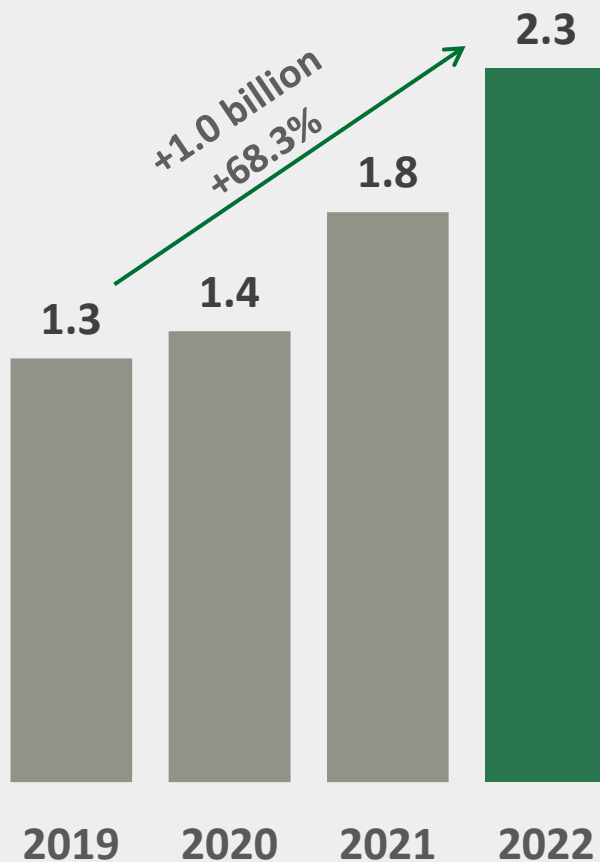
Fiscal 2022 was a testament to the new strategy's success, returning to pre-digitalization margins, EBITDA and ROIC gains, with an opportunity for future margin expansion.

Real mature-store growth

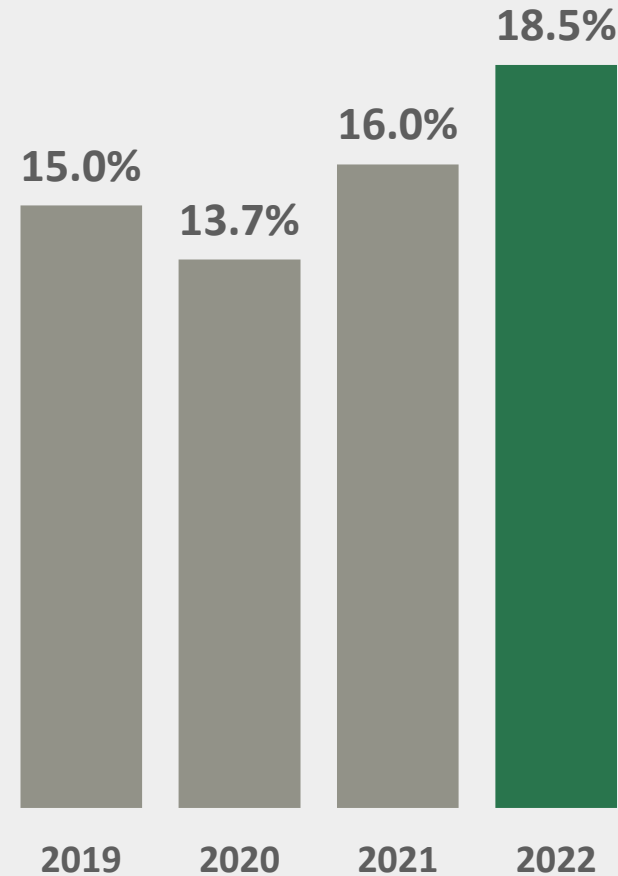


Adj. EBITDA

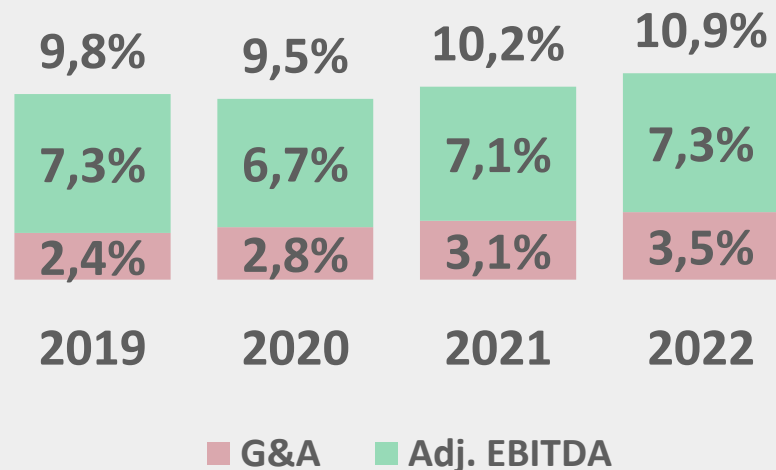
R\$ billions



ROIC



Contribution Margin (% gross revenue)





MARKET OVERVIEW & OUTLOOK

#NewRD: Overview 2022

Performance

- R\$ 31.0 B sales (+20.9% yoy) and 15.1% share
- +R\$ 5.3 bi; 39% from digitalized customers
- Mature stores +13.3%
- G&A +1.1 pp = +1.1 pp Contribution Margin
- 7.3% EBITDA, +R\$1.0 billion vs. 2019,
- 18.5% ROIC in 2022, vs. 15.0% in 2019

Customers

- 47.5 million LTM (+5.2 mi) & 329 million tkts
- 6.0 million frequent, frequency of 21.5x
- ~20% digitalized. w/ frequency of 26.9x

Footprint

- 2.7 k pharmacies, 540 cities, +260 x 3 years
- 301 of 315 cities >100k inhabitants (95%)
- 97% A-class = 1.5 km, 50% population = 5 km
- 1.2 k health hubs & 278 vaccination rooms

Digital

- R\$ 3.2 billion in digital revenue (+53% yoy) and 11.8% penetration in the 4Q22
- App penetration of 58% in digital channels and NPS of 62
- 90 min deliveries account for 81% of shipping from store in all state capitals and NPS of 77
- Stores as the Digitalization Engine: Customer Engagement, Download, Fulfillment & Delivery

Marketplace

- 174 k SKUS
- 441 Sellers
- Seller UX as the main focus

Health Platform

- Integrated health records through Amplimed
- Services portfolio and adherence with Cuco, Labi, Manipulaê and Safepill
- Healthier Life journey through Vitat

Governance

- Expanded Board with new competences
- Redefined Committees
- 8 C-Levels with 17 years at RD
- 42 Directors (+13 new positions +26 new hires since 2018)

Culture

- More agile management model, more flexible, less hierarchical
- 34 Squads; 10 perf. desks; 11 startups

Technology

- Main systems on micro-services and cloud
- Integrated & broad data lake + data science
- Martech & CDP (Customer Data Platform) launching
- Squad productivity

RD Ambition



Become, by 2030, the group that contributes the most towards a healthier society in Brazil

1 **Healthier People**, improve the health of 50 million people

2 **Healthier Businesses**, economically empower 350 thousand people

3 **Healthier Planet**, a net zero and zero landfill company

CHALLENGES AND OPPORTUNITIES FOR 2023

Accelerate the Customer Relationship Digitalization

- ❑ Improve digital experience and delivery times
- ❑ Increase squad productivity and frequency of code releases
- ❑ Scale data-science, AI, analytics, martech and customer data platform
- ❑ Retain and engage customers with adherence and subscription programs
- ❑ Foster the marketplace, contributing to customer engagement and optimizing the Seller's UX

Improve the Health Platform

- ❑ Focus on the development and launching of complete and integrated solutions to promote health as well as reduce systemic healthcare costs, addressing customers, companies and operators
- ❑ Integrate and scale the throughput of invested companies
- ❑ Foster the Univers PBM

Develop our Retail Ads Platform

- ❑ Maximize the potential of 1st party data; 47 mi customers; 329 mi tkts; 97% identification ON & OFF
- ❑ Initiate the nationwide implementation of TV screens within our pharmacies
- ❑ Offer to advertisers a broad selection of complementary physical and digital media channels, with limitless audience segmentation, covering the whole sales funnel with diverse messages and personalized content
- ❑ Monetize advertiser investments, improving customer benefits and their experience

Grow Fast, Gaining Share and Diluting Expenses

- ❑ Combine Scale (omni presence and absolute size), Efficiency (cost structure, competitiveness and profitability) Investment Capacity (expansion, digitization and optimization)
- ❑ Leverage our robust Capital Structure, low Debt and broad Access to Capital
- ❑ Keep Expansion IRR at ~20% (incl cannibalization) and mature stores growing above inflation
- ❑ Progressively dilute administrative expenses, maximizing the productivity of investments

We launched in 2022 the Walking Together program, focused on three pillars, with 35 long-term goals, of which 8 were addressed in the year.

We set the Ambition to become, by 2030, the group that contributes the most towards a healthier society in Brazil.

Commitments are structured in **8 thematic fields**, grouped in **3 pillars**. For more information, access:



Healthier People

- ✓ Customers under the Healthy Life profile
- ✓ % reduction of risk factors in employees
- ✓ % of chronic employees in health programs
- ✓ % of employees engaged in volunteering

Healthier Businesses

- ✓ Women in leadership positions (Operational, Mid and Executive levels)
- ✓ Employees graduated with RD incentives
- ✓ Opportunities for increased income

Healthier Planet

- ✓ Cities under the Conscious Disposal Program

ISE B3

- ✓ **ISE B3:** part of the index since Dec' 21
- ✓ **MSCI:** BBB rating, evolving 1 level in 2022
- ✓ **CDP:** (climate change mgnt quality): B rating, evolving 2 levels in 2022

RADL
B3 LISTED NM