

EARNINGS PRESENTATION 2Q21

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



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Disclaimer

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Consolidated highlights*

- › **PHARMACIES**:** 2,374 units in operation (62 openings and 7 closures)
- › **MARKET SHARE:** 1.1 percentage point national increase with gains in every region
- › **GROSS REVENUE:** R\$ 6.2 billion, 32.3% growth vs. the 2Q20 and 40.6% vs. the 2Q19
- › **CONTRIBUTION MARGIN***:** 10.8%, 80.7% of growth and 2.9 p.p. of margin expansion
- › **ADJUSTED EBITDA:** R\$ 497.1 million, an 8.0% EBITDA margin and 114% of growth
- › **ADJUSTED NET INCOME:** R\$ 232.0 million, 3.7% of net margin and 276% of growth
- › **CASH FLOW:** R\$ 302.1 million negative free cash flow, R\$ 387.3 million total cash consumption
- › **HEALTH PLATFORM:** Announcement of Vitat, new platform for the promotion of integral health
- › **SUSTAINABILITY:** Disclosure of our Objectives and Targets for 2030

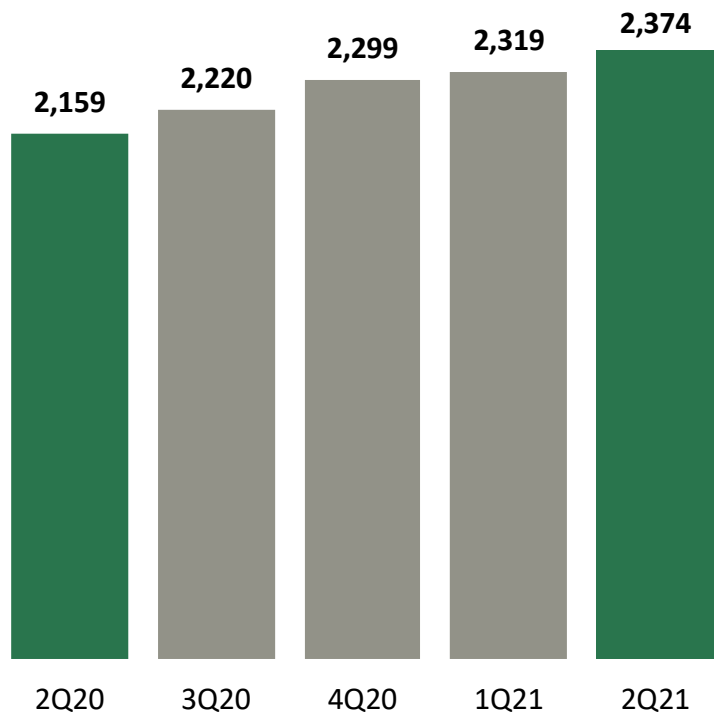
* Considers the IAS 17 / CPC 06 reporting standard

** Excludes 4 4Bio units

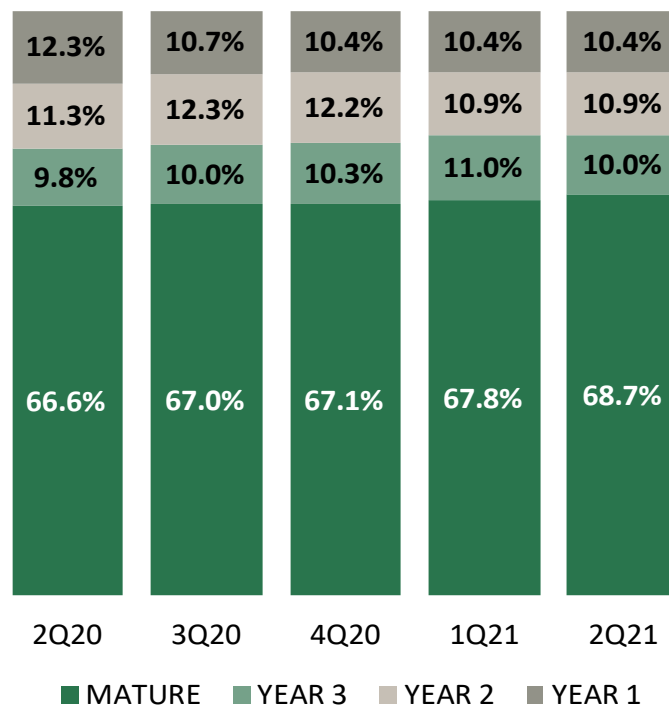
*** Margin before the corporate overhead (gross profit – selling expenses)

We opened 62 pharmacies and closed 7. We reiterate our guidance of 240 units per year for both 2021 and 2022.

Pharmacy count



Age structure of pharmacy portfolio



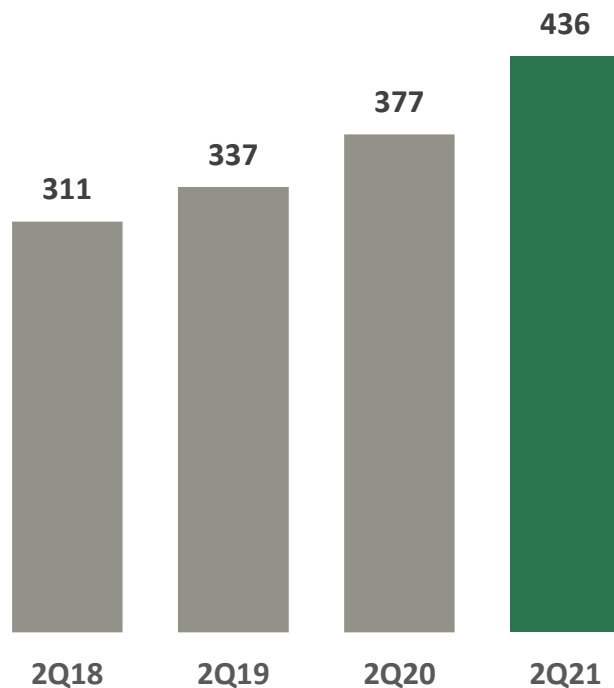
	2Q20	3Q20	4Q20	1Q21	2Q21
Openings	55	64	82	40	62
Closures	0	(3)	(3)	(20)	(7)

Guidance 2021-22:
240 New Pharmacies
per year, while maintaining the current geographical and customer segment diversification

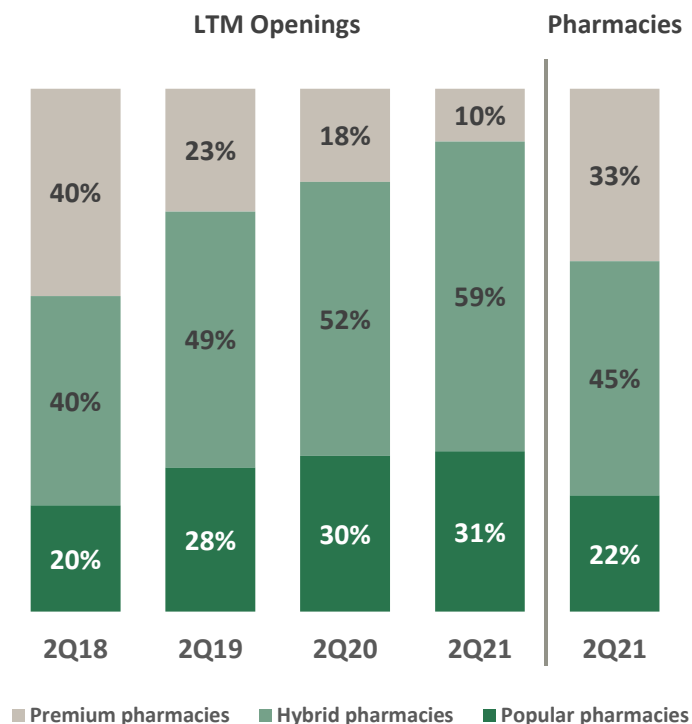


We expanded our presence to 436 cities in the 2Q21, with 90% of openings consisting of Popular or Hybrid formats to serve the expanded middle class.

Cities with pharmacies



Network composition by format*

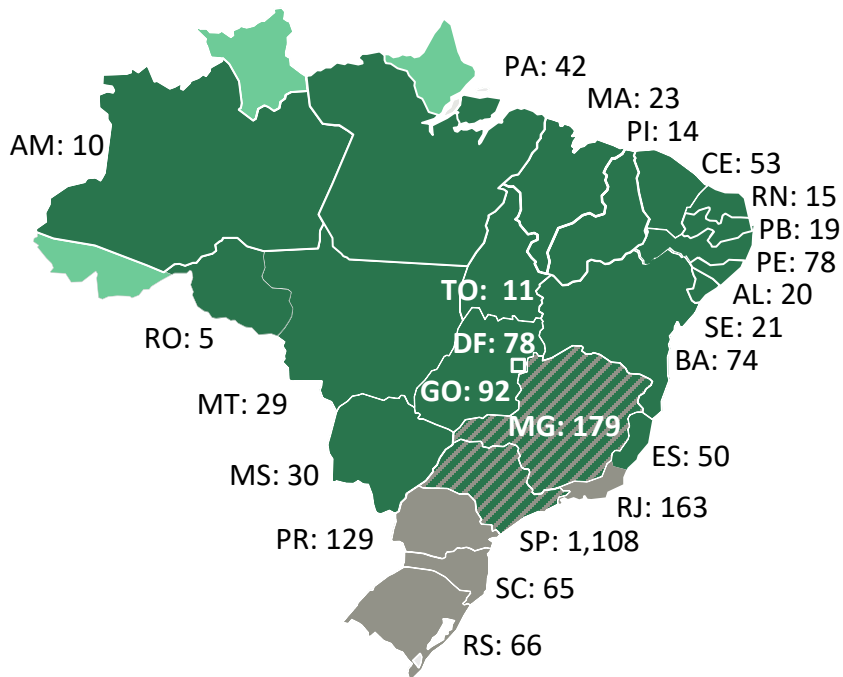


* Premium and super premium pharmacies are grouped together, as well as popular and super popular units. Openings exclude the Onofre acquisition.



Our market share reached 14.1% with a 1.1 p.p. gain. We signed contracts to enter the remaining states of AC, AP and RR, expanding our presence to the entire country.

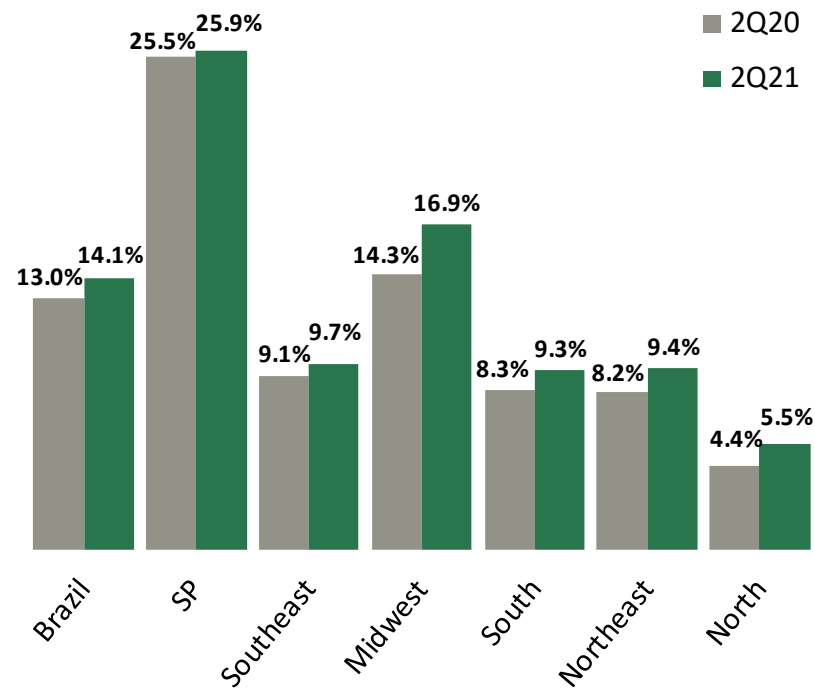
Pharmacy geographic presence



Total: 2,374 pharmacies

- Raia: 1,019
- Drogasil: 1,355
- Future markets

Pharmacy market share



Source: IQVIA. Southeast excludes SP.

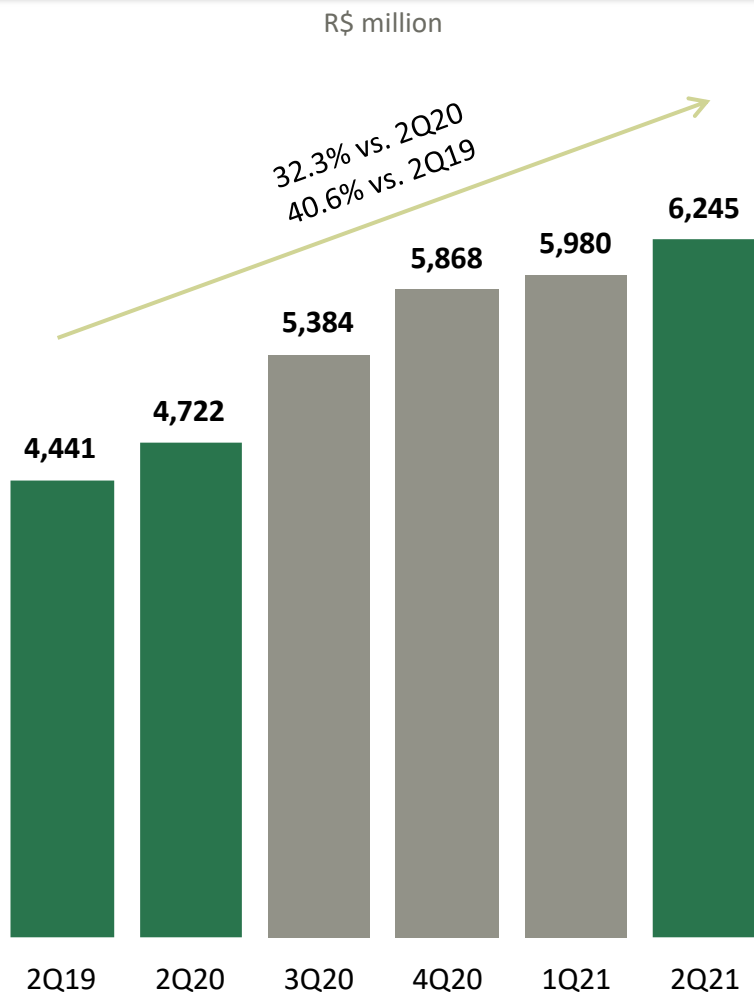
LTM Openings	2Q17	2Q18	2Q19	2Q20	2Q21
São Paulo	89	79	67	71	59
Other States	122	141	176	154	189
Onofre				42	
Total	211	220	243	267	248
<i>São Paulo %*</i>	<i>42%</i>	<i>36%</i>	<i>28%</i>	<i>32%</i>	<i>24%</i>

*Excludes Onofre.

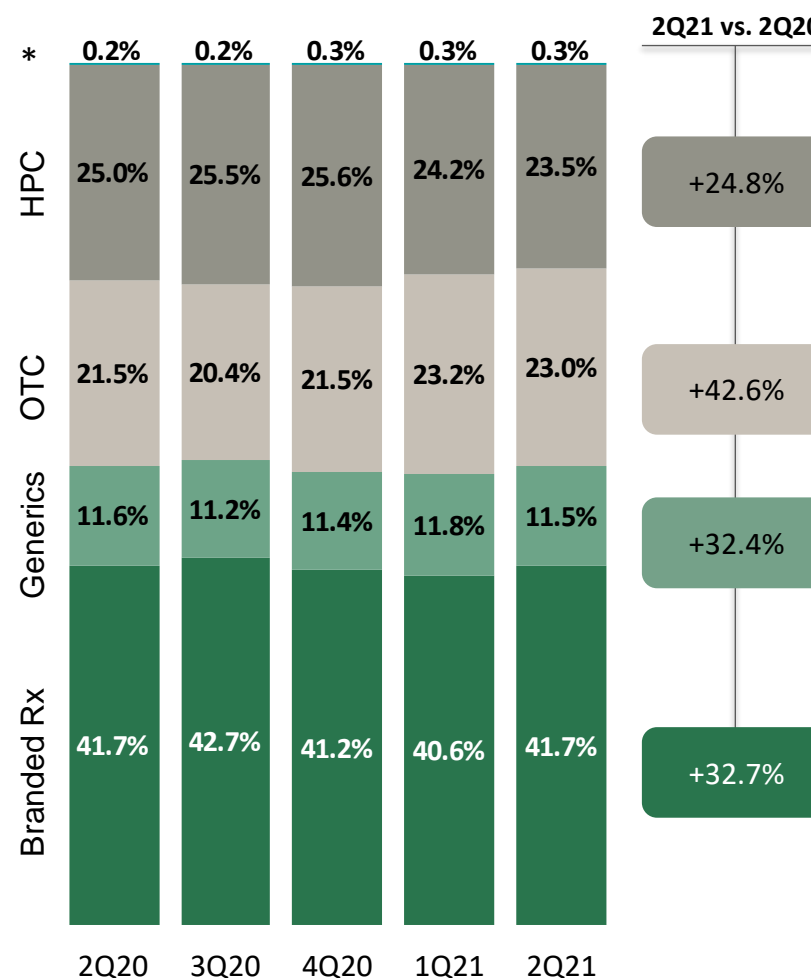


2Q21 consolidated sales grew 32.3% vs. the 2Q20 and 40.6% vs. the 2Q19. OTC sales were leveraged by COVID-19 related items.

Consolidated gross revenue



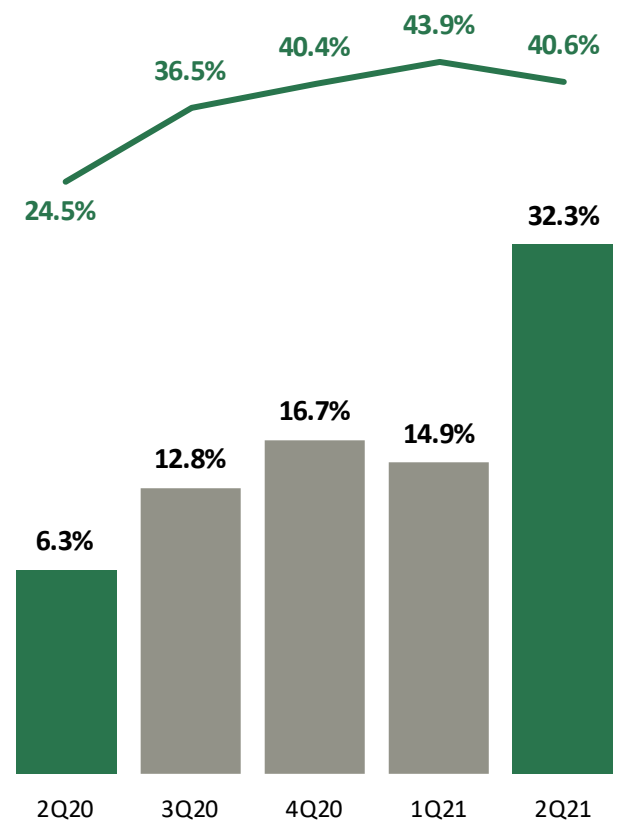
Retail sales mix



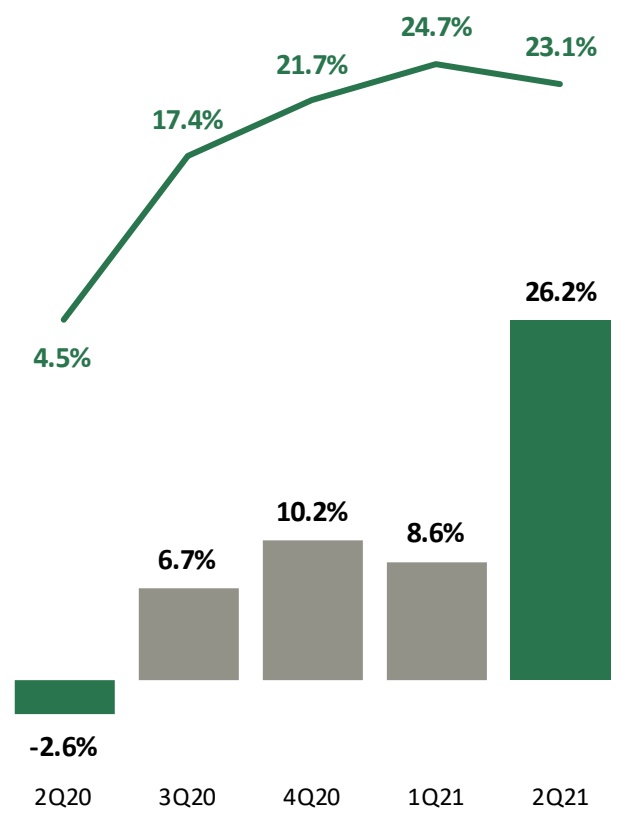
* Services

Mature stores grew 23.5% due to easy comp of the 2Q20. Calendar-adjusted two-year stack was 4.7 percentage points above inflation.

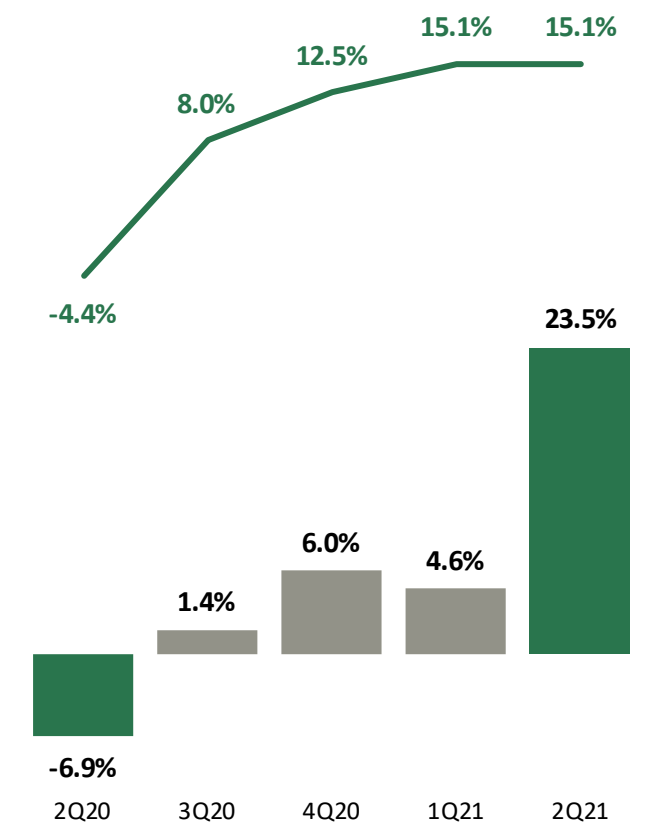
Consolidated revenue growth



Same-Store sales growth - Retail



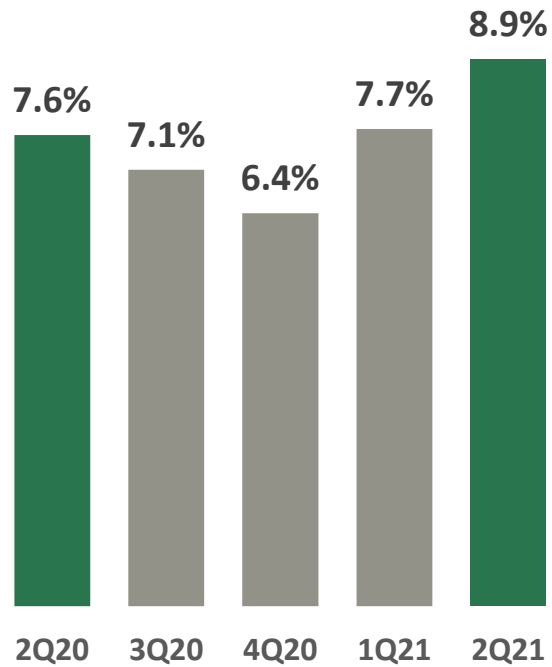
Mature-Store sales growth - Retail



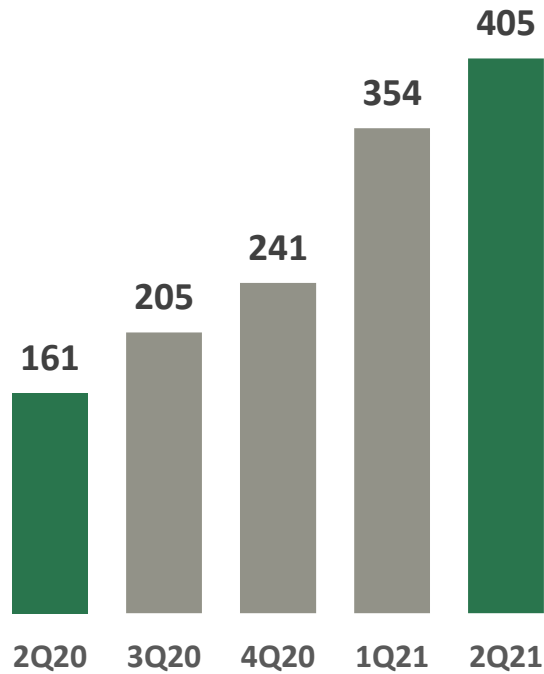
■ Annual growth — 2-year stack

Digital channels reached 8.9% of retail sales as we improve the omnichannel experience and digitalize our customers.

Digital channel penetration

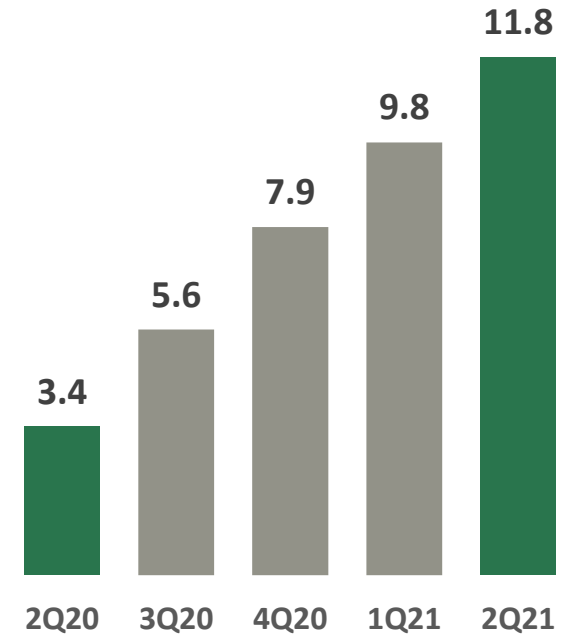


Cities with motorized ship-from-store deliveries

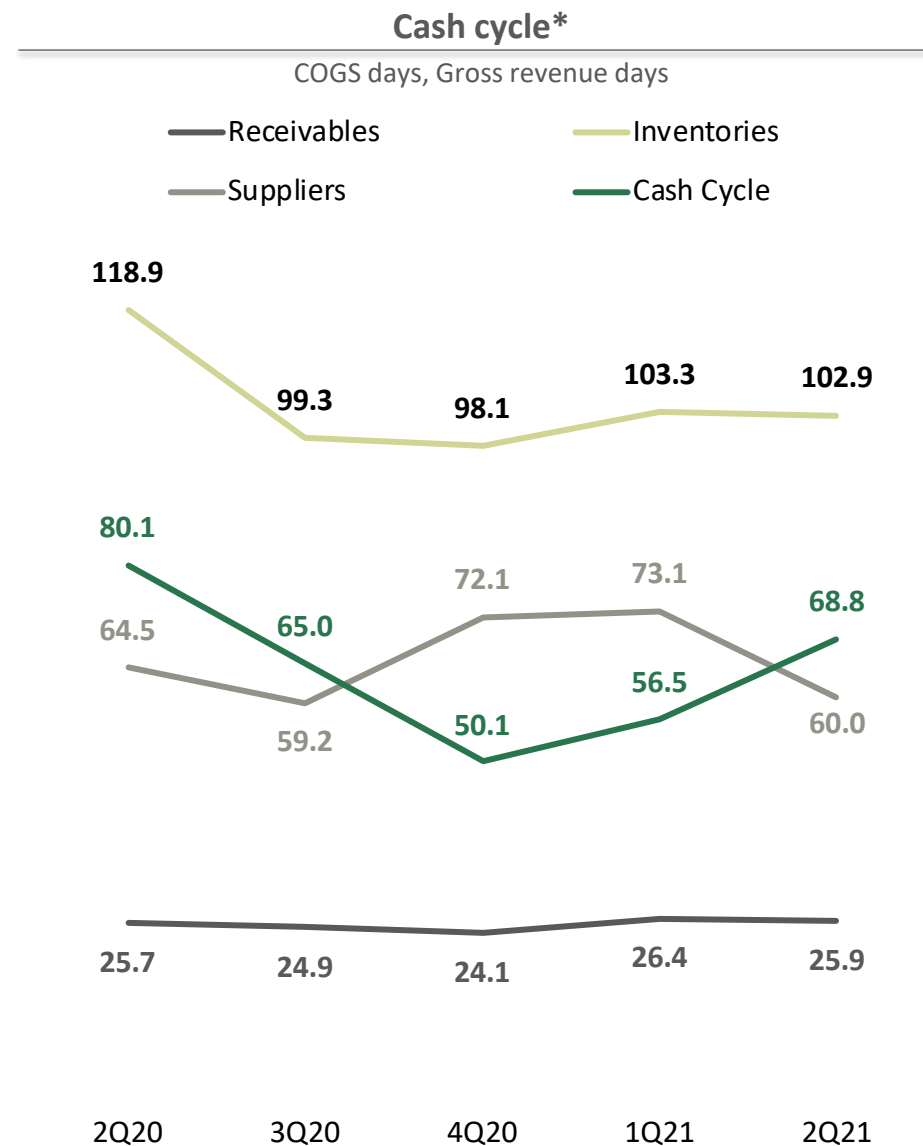
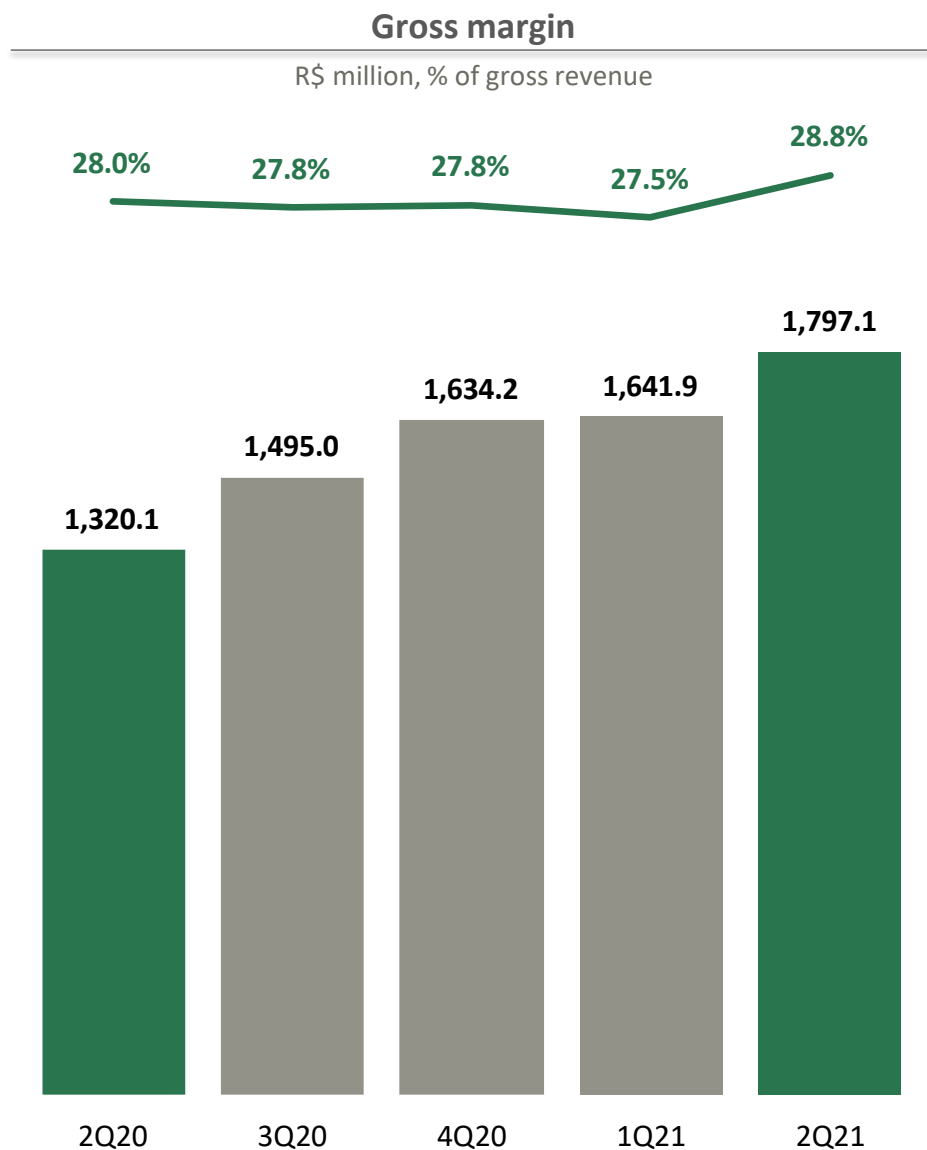


Cumulative app downloads

Millions



Gross margin gain of 0.8 p.p. mainly from inflationary gains on inventories. Cash cycle improved by 11.3 days.

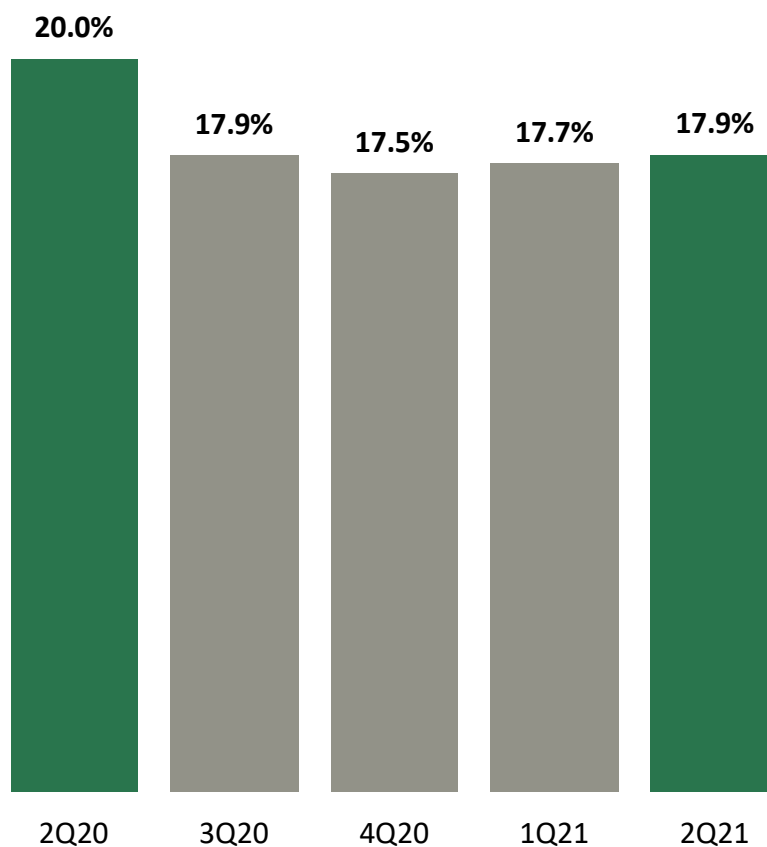


* Adjusted for discounted receivables.

Dilution of 2.1 p.p. in selling expenses which, combined with the gross margin gain, lead to a 2.9 p.p. expansion in the 2Q21 contribution margin.

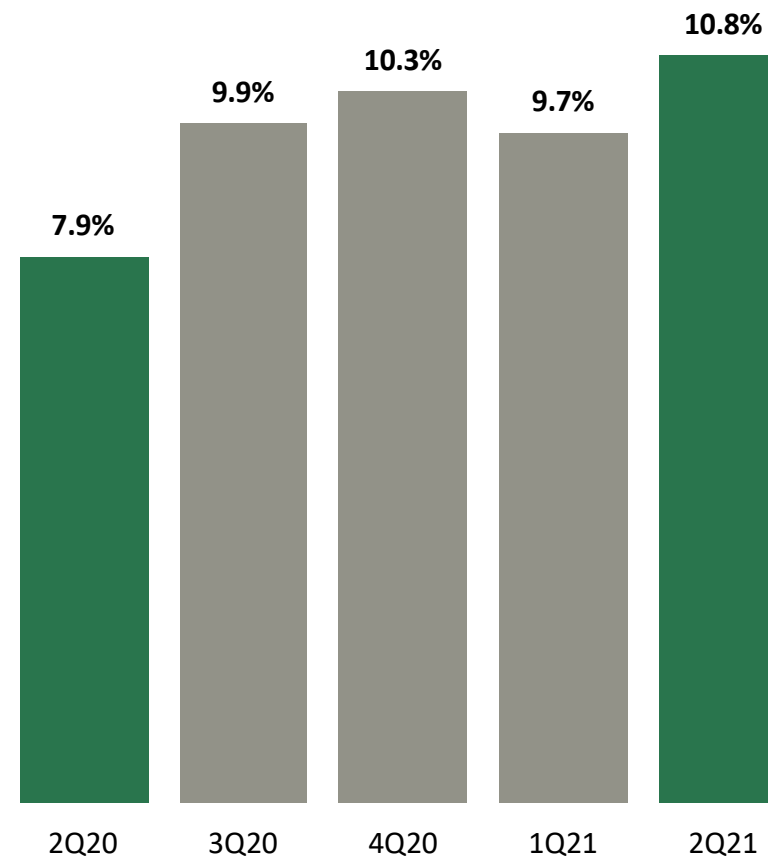
Selling expenses

% of gross revenue



Contribution margin

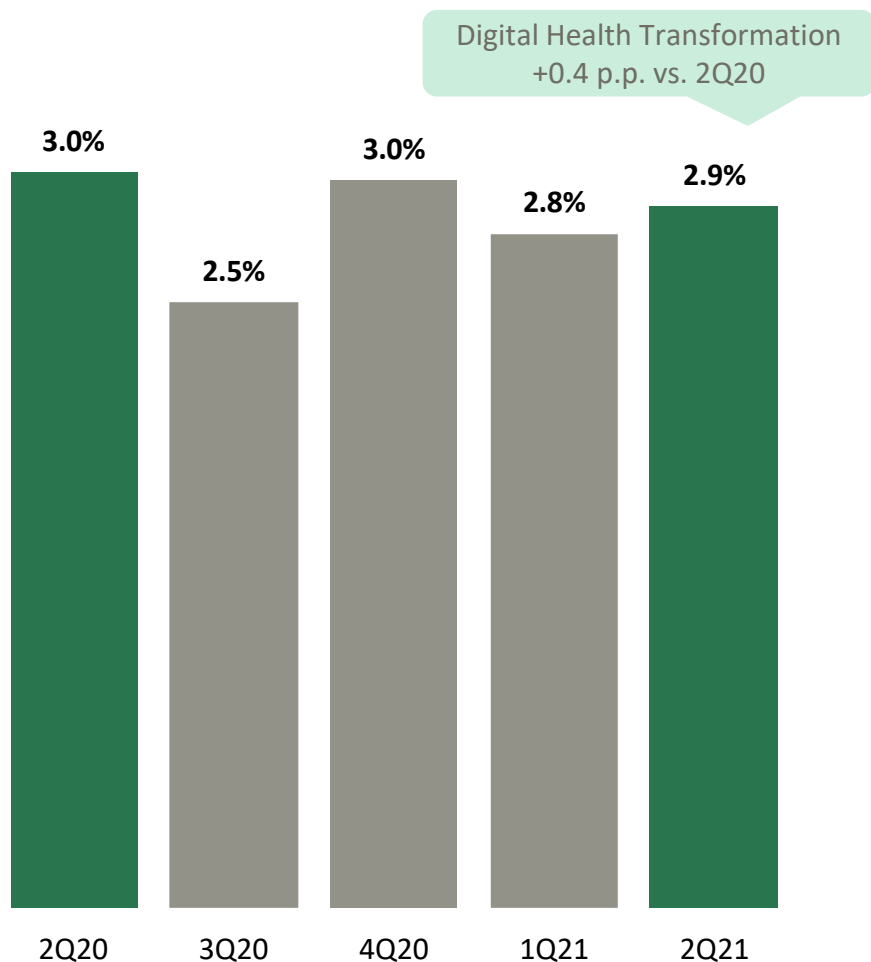
% of gross revenue



EBITDA totaled R\$ 497.1 million in the 2Q21, an increase of 114% and a 3.1 p.p. margin expansion vs. the 2Q20, with a 0.1 p.p. dilution of G&A expenses.

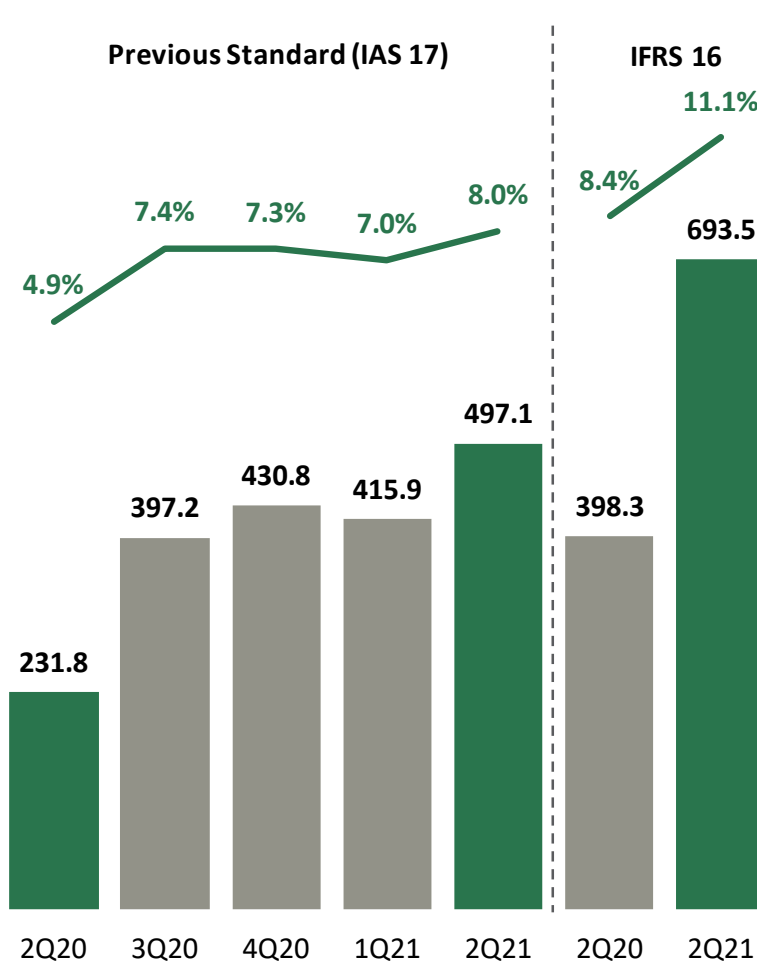
General and administrative expenses

% of gross revenue



Adjusted EBITDA

R\$ million, % of gross revenue



2,272* pharmacies operating since 2020:
(Consolidated performance in the 2Q21)

- > R\$ 6,169.4 million in gross revenue
- > EBITDA of R\$ 506.1 million
- > EBITDA margin of 8.2%

* 2,299 pharmacies by the end of the 4Q20 less 27 closures.

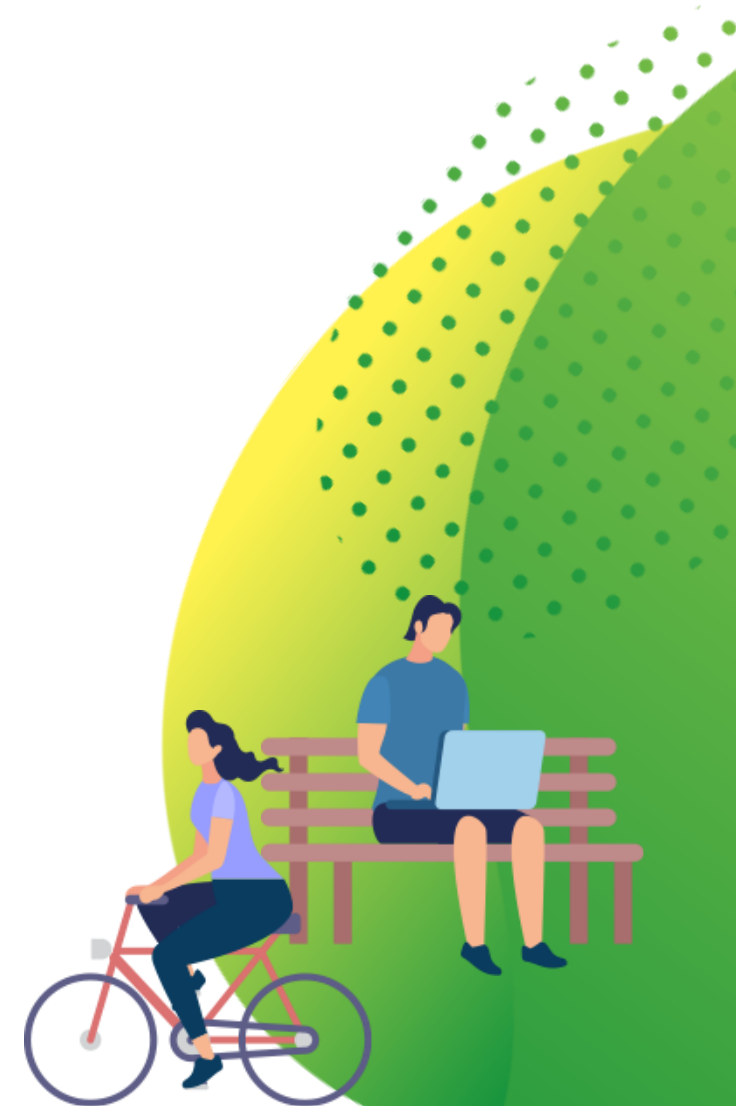
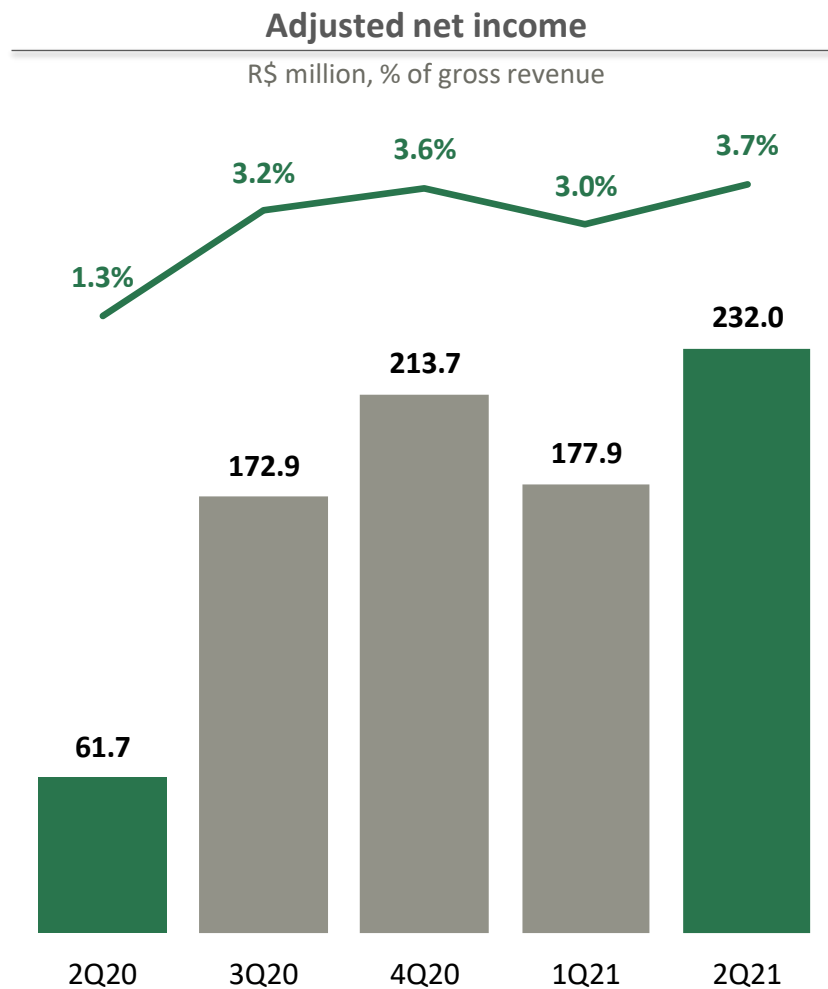
We recorded R\$ 52.2 MM in net non-recurring/non-operating gains in the 2Q21, mostly from PIS and COFINS credits from previous periods.

EBITDA reconciliation

EBITDA Reconciliation	2Q21	2Q20
<i>(R\$ million)</i>		
Net Income	266.4	60.2
(+) Income Tax	104.0	10.2
(+) Equity Equivalence	1.5	0.0
(+) Financial Result	26.9	20.2
EBIT	398.8	90.6
(+) Depreciation and Amortization	150.4	138.9
EBITDA	549.3	229.6
(-) INSS, PIS and COFINS Credits from Previous Years	(58.0)	(32.0)
(+) Asset Write-offs	6.1	0.2
(+) Donations	0.3	25.9
(+) Consulting, Advisory and Restructuring Expenses		8.0
(+) Provisions for Inventory Losses from previous periods		(0.1)
(+) Other non-recurring / non-operating net expenses	(0.5)	0.2
Non-recurring / non-operating Expenses	(52.2)	2.2
Adjusted EBITDA	497.1	231.8



Adjusted net income totaled R\$ 232.0 million in the 2Q21, an increase of 276% and a margin expansion of 2.4 p.p. versus the 2Q20.



Negative free cash flow of R\$ 302.1 million, with R\$ 387.3 million in total cash consumption. Leverage was of 0.8x, a 0.4x reduction.

Cash Flow	2Q21	2Q20
<i>(R\$ million)</i>		
Adjusted EBIT	346.7	92.9
NPV Adjustment	(6.9)	(1.8)
Non-Recurring Expenses	52.2	(2.2)
Income Tax (34%)	(133.3)	(30.2)
Depreciation	150.4	138.9
Others	20.6	5.0
Resources from Operations	429.7	202.6
Cash Cycle*	(647.4)	(532.1)
Other Assets (Liabilities)**	147.4	43.3
Operating Cash Flow	(70.3)	(286.3)
Investments	(231.8)	(151.3)
Free Cash Flow	(302.1)	(437.5)
Interest on Equity	(83.6)	(107.0)
Income Tax Paid over Interest on Equity	(6.3)	(5.4)
Net Financial Expenses***	(18.6)	(17.5)
Income Tax (Tax benefit over financial expenses and interest on equity)	23.3	22.6
Total Cash Flow	(387.3)	(544.8)

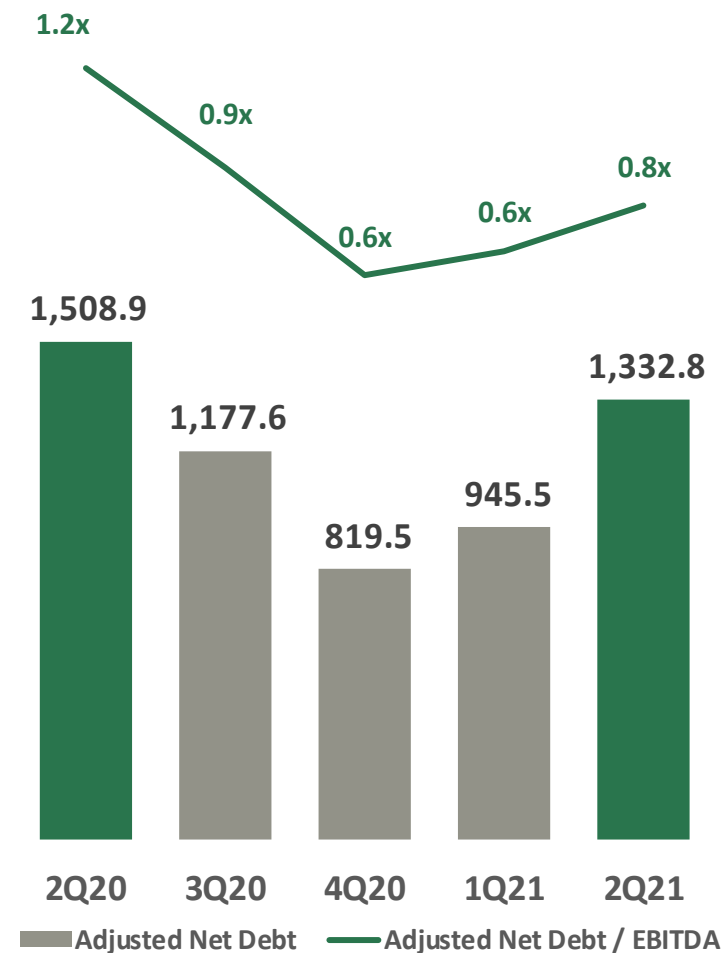
*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

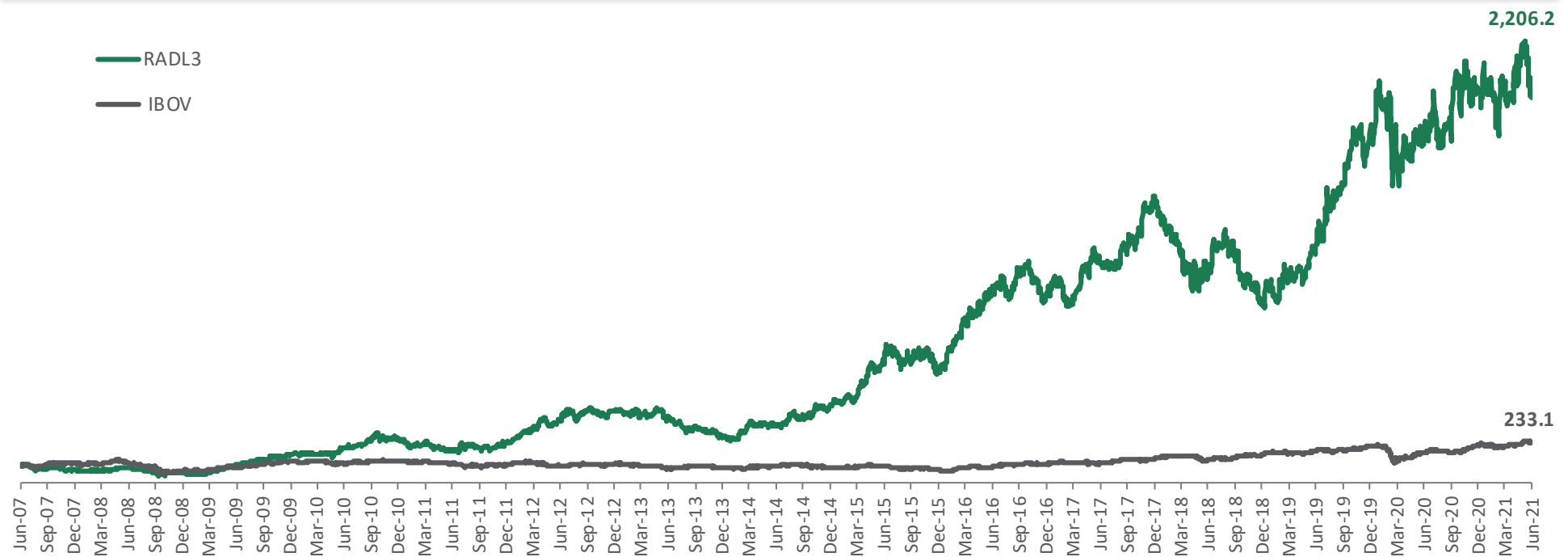
Net debt and financial leverage

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



RADL3 share price decreased by 1.4% in the 2Q21, performing 10.1 p.p. below the IBOVESPA.

Share appreciation



Performance in 2021

RADL3: -1.3%
BOVESPA: 6.3%
Alpha: -7.6%
Average Trading Volume RADL3: R\$ 149.0 MM

- › Average annual return of 25.1% since the Drogasil IPO.
- › Average annual return of 22.9% since the Raia IPO.

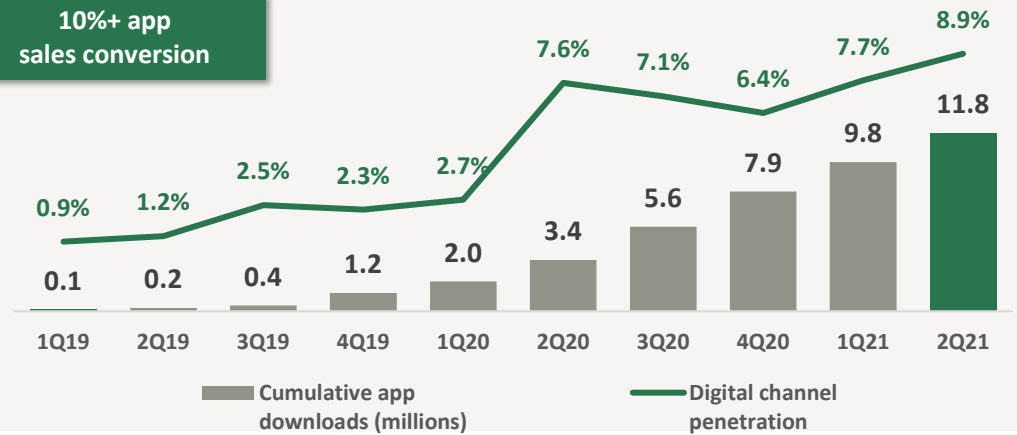
We advanced in the New Pharmacy by increasing our digital penetration and enhancing the omnichannel experience and our health care services.

I. NEW PHARMACY

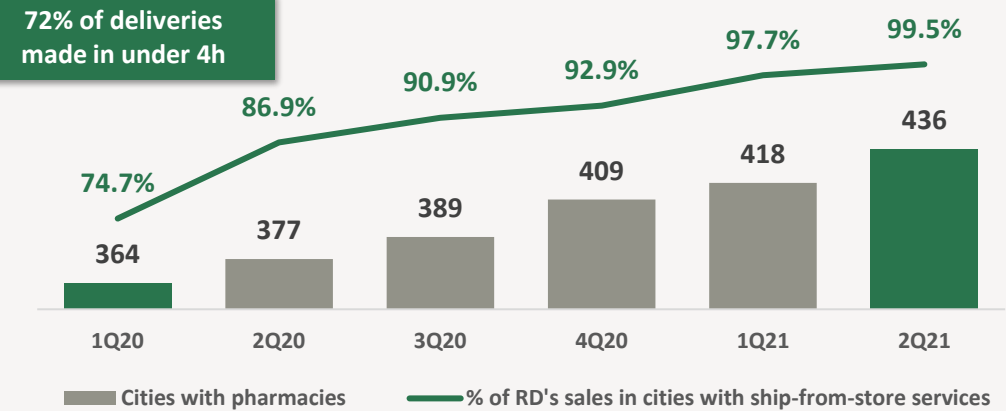
II. MARKETPLACE

III. HEALTH PLATFORM

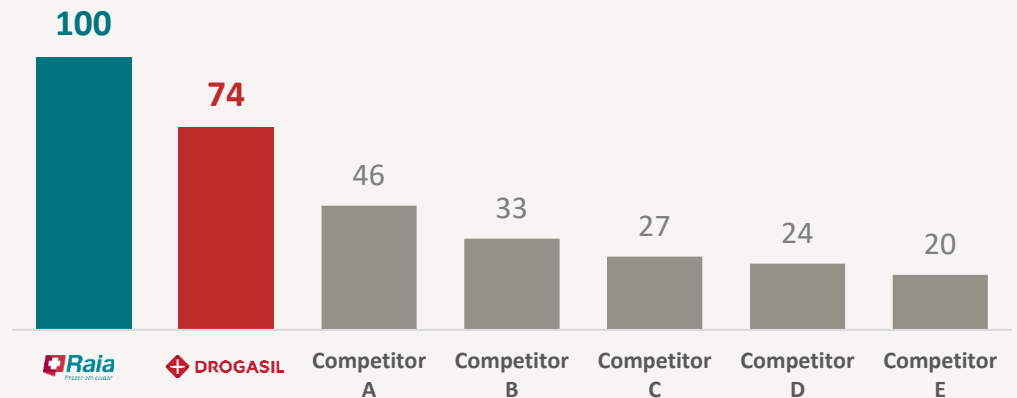
We reached 11.8 MM app downloads and 8.9% digital channel penetration



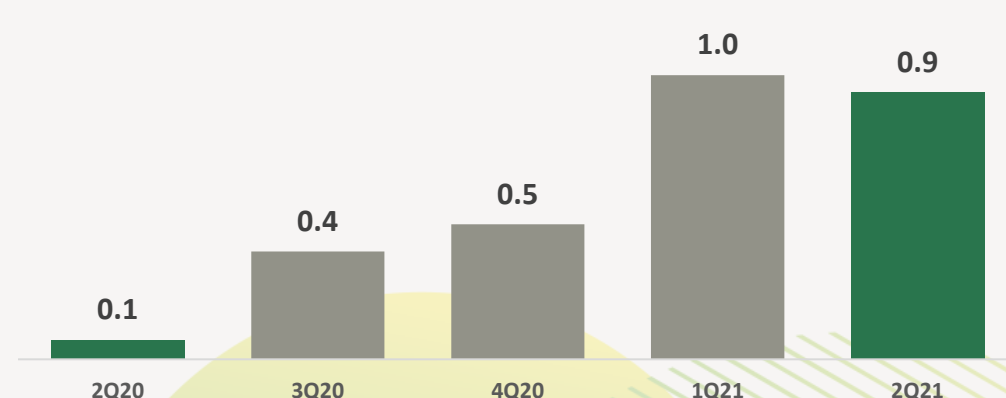
We are increasing the geographic footprint of our omnichannel network



Both Raia and Drogasil are individually the chains with the most online visits
Base 100 = Raia



We applied 3.0 MM COVID-19 tests in our pharmacies since May/20
COVID-19 tests applied, in millions



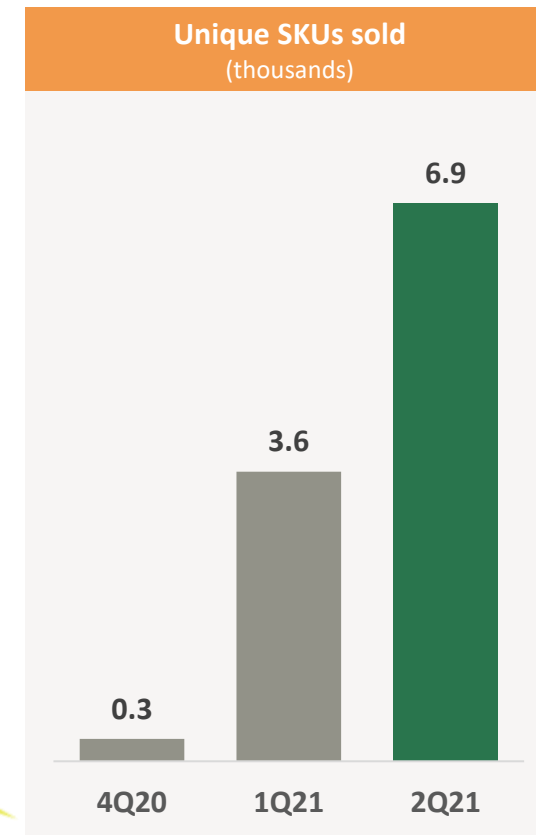
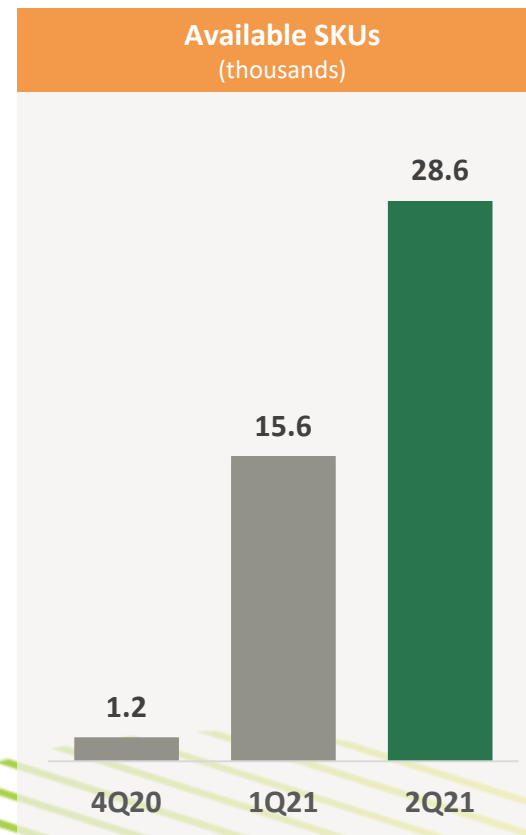
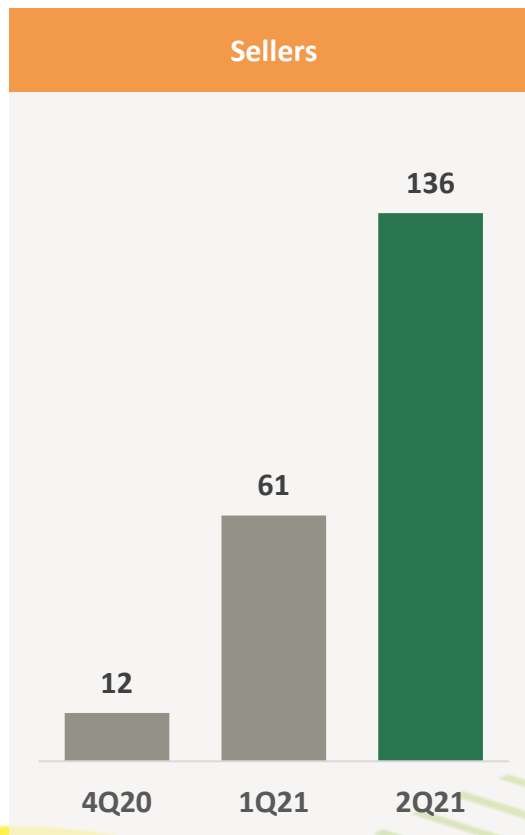
Our Marketplace already offers thousands of 3P products, complementing our health and wellness assortment.

I. NEW PHARMACY

II. MARKETPLACE

III. HEALTH PLATFORM

RD marketplace |  



We launched *Vitat*, our Integral Health Platform, with 25 free programs.

I. NEW PHARMACY

II. MARKETPLACE

III. HEALTH PLATFORM

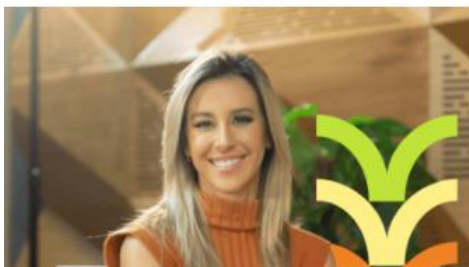
vitat



Vitat Apresenta

De bem com você

Todo semana, *Críis Dias* tem conversas descontraídas sobre bem-estar com especialistas e convidados. São dicas práticas e informações relevantes em meia horinha para transformar sua saúde em rotina.



Released in July 2021

25 free programs at launch

Pilot with 4 health hubs (20 by Dec/21)

Growth Channels

Mobile App

- Programs
- Mktplaces
- HH Services
- Health Wallet

Health Hub

Backoffice Systems

Operating Terminal

Health Terminal

RD Ventures acquired Cuco Health, focused on adherence to treatment, strengthening our retail and healthcare ecosystem



In May, we announced our Sustainability strategy to become, by 2030, the group that contributes the most towards a *healthier society* in Brazil.



Healthier People

making 50 million people healthier

- > Reduce by 50% the health risk factors of the employees monitored by RD's healthy habits promotion program.
- > Reach the mark of 100% of customers covered by pharmaceutical and/or health hub services.
- > Reach 3 million people in a situation of social vulnerability through our integral health initiatives.
- > + 10 goals

Healthier Businesses

economically empower 350 thousand people

- > Achieve gender equality in all functional categories at RD's headquarters, pharmacies and distribution centers.
- > Have at least 50% of representation of black people in leadership positions.
- > Boost the professional certification of 7,000 professionals with incentives from RD
- > + 9 goals

Healthier Planet

net zero and zero landfill

- > Net Zero: Reduce absolute GHG emissions (scopes 1 and 2) within the levels below 1.5°C, compared to 2020.
- > Net Zero: Offset 115% of GHG emissions (scopes 1,2 and 3) in 2030, compared to 2020.
- > Zero Landfill: Eliminate the use of landfills in operations (headquarter, stores and DCs).
- > + 8 goals