

EARNINGS RELEASE

1Q20



São Paulo, April 28, 2020. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 1st quarter of 2020 (1Q20). The Company's parent company and consolidated quarterly financial statements for the periods ended March 31, 2020 and 2019 have been prepared and are being presented in accordance with technical pronouncement NBC TG 21 (R4) – “Interim Financial Reporting”, the requirements in Official Letter/CVM/SNC/SEP 003/2011 of April 28, 2011, and the International Financial Reporting Standards (IFRS) – IAS 34, and discloses all material information specific to the individual and consolidated quarterly information, 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.

Starting in 2019, our financial statements are prepared in accordance with IFRS 16. In order to better represent the economics of the business, the figures in this report are presented under IAS 17 / CPC 06, the previous reporting standard. Reconciliation with IFRS 16 can be found on pages 11 and 12.

QUARTERLY HIGHLIGHTS:

- › **DRUGSTORES:** 2,107 stores in operation (39 openings and 5 closures)
- › **MARKET SHARE:** 1.1 percentage point national increase, with a 1.6 gain in São Paulo
- › **GROSS REVENUE:** R\$ 5.2 billion, 25.3% growth (11.5% retail mature-store sales growth)
- › **GROSS MARGIN:** 27.7% of gross revenue, a 0.3 percentage point decrease
- › **EBITDA:** R\$ 369.4 million, a margin of 7.1% and an increase of 36.8%
- › **NET INCOME:** R\$ 152.8 million, 2.9% of net margin, an increase of 44.8%
- › **CASH FLOW:** R\$ 48.1 million negative free cash flow, R\$ 40.8 million of cash consumption

RADL3

R\$ 106.05/share

NUMBER OF SHARES

330,386,000

MARKET CAP

R\$ 35,037 (million)

CLOSING

April 27th, 2020

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Summary	1Q19	2Q19	3Q19	4Q19	1Q20
<i>(R\$ thousand)</i>					
# of Stores - Retail + 4Bio	1,873	1,917	1,995	2,073	2,107
Organic Openings	62	47	52	79	39
Onofre Stores			42		
Store Closures	(14)	(3)	(16)	(1)	(5)
# of Stores (average)	1,849	1,897	1,960	2,044	2,094
Headcount (EoP)	36,192	37,395	39,029	41,450	42,250
Pharmacist Count (EoP)	7,106	7,389	7,663	7,840	8,125
# of Tickets (000)	58,634	62,840	66,270	68,156	67,173
Gross Revenue	4,153,923	4,440,683	4,771,280	5,030,160	5,206,320
Gross Profit	1,161,663	1,289,285	1,321,350	1,411,003	1,441,851
% of Gross Revenues	28.0%	29.0%	27.7%	28.1%	27.7%
Adjusted EBITDA	270,070	363,688	359,420	350,431	369,356
% of Gross Revenues	6.5%	8.2%	7.5%	7.0%	7.1%
Adjusted Net Income	105,494	160,486	152,476	168,692	152,753
% of Gross Revenues	2.5%	3.6%	3.2%	3.4%	2.9%
Net Income	102,058	151,334	146,247	143,275	145,840
% of Gross Revenues	2.5%	3.4%	3.1%	2.8%	2.8%
Free Cash Flow	(210,518)	42,872	120,717	48,400	(48,149)

IMPACTS OF COVID-19

The COVID-19 pandemic has had a profound impact on our operations since March. Our main priority has been in safeguarding the health and the financial well-being of our employees, given the sanitary and economic threats arising from the pandemic, and to become a safe harbor for health access in the neighborhoods we serve.

First and foremost, we have taken extensive measures to prevent the contamination of our employees. We have given remunerated licenses to every staff member who is pregnant, above 60, or with vulnerable chronic conditions. We have educated our staff on the measures to prevent contamination, provided masks and hand sanitizers at all our sites, introduced smart working for the administrative staff and adapted store operations, including the limitation of the number of customers inside stores at any given time and the implementation of one-meter isolation zones between clients and staff members at the pharmacy counter and check-outs.

We have also extended our healthcare support to our employees and their families, including telemedicine access from Albert Einstein Hospital, one of Brazil's premiere health institutions, psychological teleconsultations, as well as hospitalization at private institutions for inpatient treatment whenever necessary, all of which are fully sponsored by RD.

We are also committed towards the economic welfare of our employees. We have fully preserved every job position, as well as the full remuneration of any employee who goes in leave of absence or who may transition to reduced working shifts. A relief fund has been instituted for employees under serious economic distress at their households, with initial resources donated by the Company, which is also matching any voluntary donations provided by our employees.

RD has also become a safe harbor for healthcare in the communities we serve. Our main concern has been in guaranteeing that our stores remain a safe environment for all customers. In addition to the physical adaptations, intensification of store cleaning and the store traffic limitations implemented, we are providing hand sanitizers for every incoming customer and have adopted special hours for seniors to shop in isolation from younger people.

As demand for digital has soared, we have nearly tripled our fulfilment volume. The kick-off of our digital transformation in 2019 has proven to be timely, as our agile teams boosted the functionalities, performance and experience of our apps and websites and as we started deploying our omnichannel infrastructure one year ahead of time, which was further expanded with the onset of the pandemic. Click and collect is already available in 100% of our stores, while our ship-from-store network reached 191 stores in 46 cities by the end of March, up from 115 stores in 27 cities at the end of 2019. Our plan is to increase it to 340 stores in 174 cities by the end of June, which will be instrumental in boosting fast deliveries nationwide. We have also introduced a neighborhood delivery program for customers within a 300-meter radius from our stores who order directly from each store by phone or social network, with instant and free delivery, which is available at 100% of our stores, and instituted drive-thru and curbside pick-up at our stores.

We have extended our in-store health services, including immunization shots for our customers and support for public vaccinations at our stores in partnership with state health authorities and are exploring the possibility of performing fast COVID-19 tests at our stores. Our aim is reinvigorating the role of the Brazilian drugstore, evolving from a simple drug retailer into a local healthcare hub by leveraging our proximity and high frequency of visit, making primary care more accessible and easily available.

We recently introduced a healthcare digital solution named **Saúde em Dia** (<https://www.RDSaudeEmDia.com.br>), with the initial aim of supporting customers and the general public with health and well-being during the COVID-19 pandemic. This platform includes extensive information curated by doctors and specialists as well as healthcare services, including telemedicine, psychological teleconsultation and a COVID-19 symptom checker by chatbot.

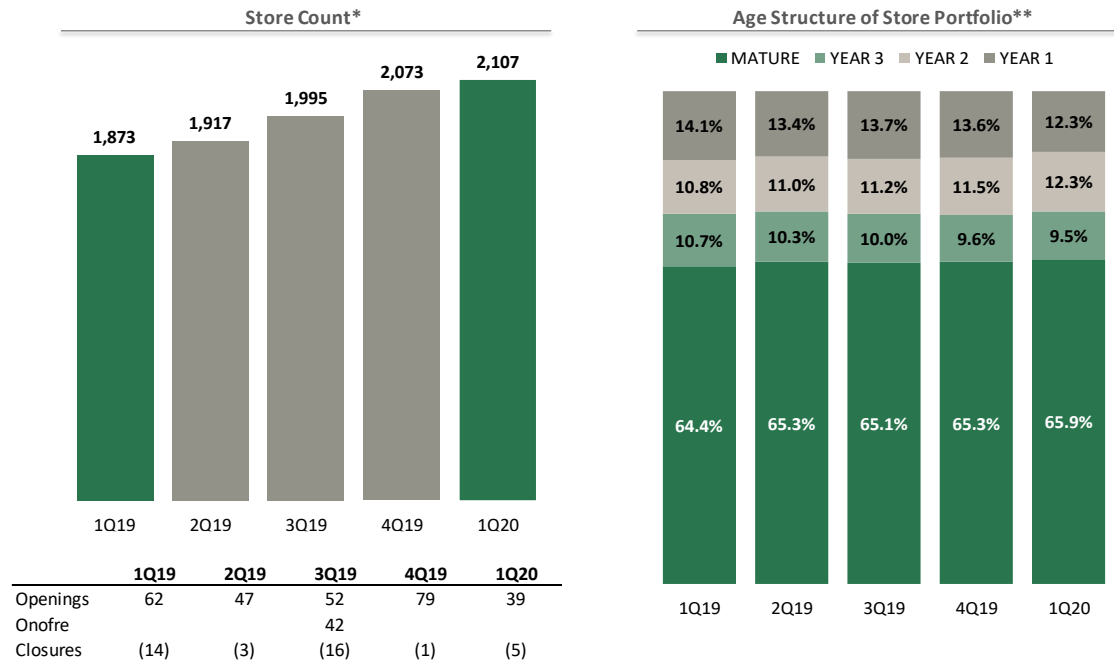
The **Saúde em Dia** website was developed in partnership with important healthcare partners, including Conexa, Dasa, Doutor Consulta, Vitalk and Vittude, and brings RD closer to its purpose of "*Taking close care of people's health and well-being during all times of their lives*". This digital solution marks the beginning of RD's journey in healthcare, going beyond pharma retailing to support our customers with their health promotion and disease prevention needs. During the pandemic, RD will not aim for economic gain through Saúde em Dia, and all services provided by partners will be charged at cost.

Finally, despite the restrictions placed on commercial activities and social gatherings, 95% of our pharmacies remain open, the exception being the stores which are located in shopping malls. Other than medical masks and alcohol-based hand sanitizers, supplies have so far seen little to no issues thanks to our network of 11 DCs, including two new facilities inaugurated in 4Q19, one of which is the largest and most sophisticated of the company in the city of Guarulhos. With full visibility of our demand, direct access to manufacturers, plenty of storage capacity and experience accumulated during the H1N1 influenza crisis in 2008, we were able to adapt purchases and prepare inventories to guarantee operational stability.

Sales in the quarter were significantly above normal levels during the two weeks prior to the commercial restrictions imposed in the country. During this peak, demand has been highly concentrated in drugs, especially OTC items, at the expense of HPC. However, sales started to decline in the end of March, resulting in a total consolidated revenue growth from April 1st to the 27th of 2.2% over the same period in 2019 (-2.8% of calendar effect), partly due to the closing of nearly 5% of stores due to COVID-19, all of which are located in shopping malls.

STORE DEVELOPMENT

We opened 39 stores and closed 5 in the 1Q20, thus ending the quarter with 2,107 stores. At the end of the period, 34.1% of our stores were still in the process of maturation and had not yet reached their full potential both in terms of revenue and of profitability.



*Includes three 4Bio units.

**Stores acquired from Onofre were added to our base as Year 1.

We closed 5 stores during the quarter, of which 1 was still in the maturation process. All store closures were due to the optimization of our store portfolio, with positive return expectations associated to them.

We reiterate our guidance of 240 gross store openings for 2020, as we continue to execute our long-term strategies unhindered by COVID-19. However, since each new store demands intense efforts from a people's and logistics' point of view, we opted to delay store openings in the period to prioritize operational stability during the peak of demand in March as well as to comply with the social isolation policies established at the state and municipal levels in April. Our expectation is to resume openings at full speed as soon as mobility restrictions get softened.

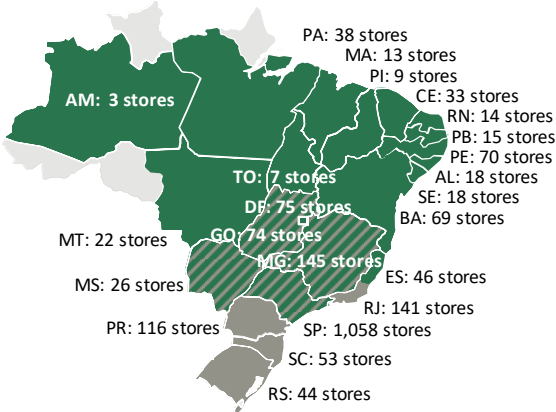
Our national retail market share reached 13.8% in the 1Q20, a 1.1 percentage point increase when compared to the same period of last year. We increased our market share in all of the six regions where we operate.

São Paulo was our main highlight, as we recorded a market share of 26.0%, a 1.6 percentage point gain. In addition, we obtained strong gains in the Northeast and in the North, reaching market shares of 9.0% and of 4.0% with gains of 1.5 percentage point in each. We also recorded 9.5% in the Southeast (not including São Paulo), a 0.5 percentage point increase, and of 8.3% in the South, a 0.9 percentage point gain. Finally, we recorded a market share of 15.5% in the Midwest, in line with last year.

As IQVIA's market information combines demand data informed by large chains (sell-out) with replenishment data of smaller chains and independents informed by wholesalers (sell-in), we believe that the market share gains for the quarter are underestimated due to atypically higher sell-in recorded in March as a consequence of the demand peak generated by COVID-19.

IQVIA recorded a sell-out increase of 15.5% from large chains in the quarter versus a sell-in growth of 19.6% from middle-sized chains and independent players, who increased their inventories in the quarter. This distortion should be eliminated over the following quarters as the replenishment normalizes.

Geographic Presence



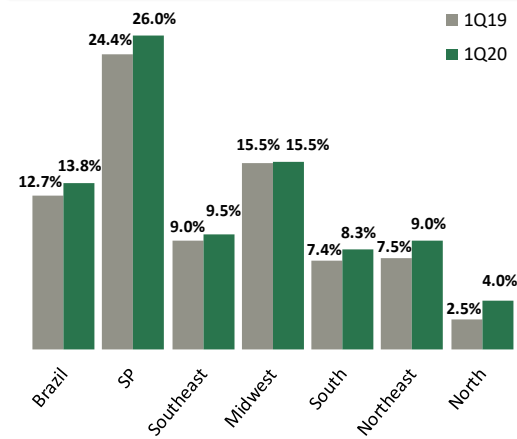
Total: 2,107 stores

- Raia: 926 stores
- Drogasil: 1,178 stores
- * 4Bio: 3 stores

LTM Openings	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
São Paulo	75	79	76	73	76	67	65	76	71
Other States	137	141	154	167	182	176	166	164	146
Onofre							42	42	42
Total	212	220	230	240	258	243	273	282	259
São Paulo %*	35.4%	35.9%	33.0%	30.4%	29.5%	27.6%	28.1%	31.7%	32.7%

Source: IQVIA.

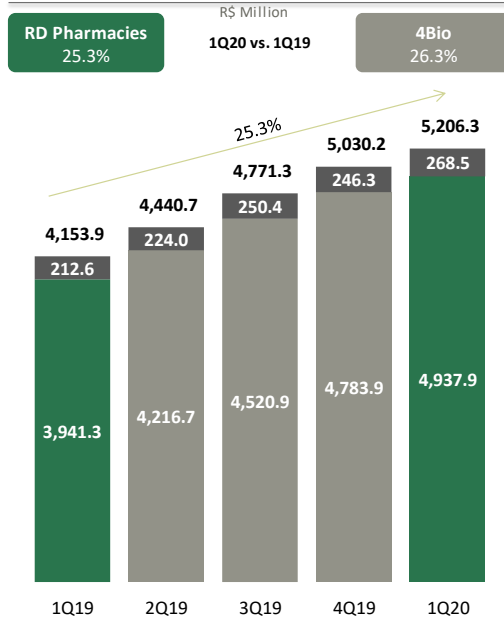
Retail Market Share



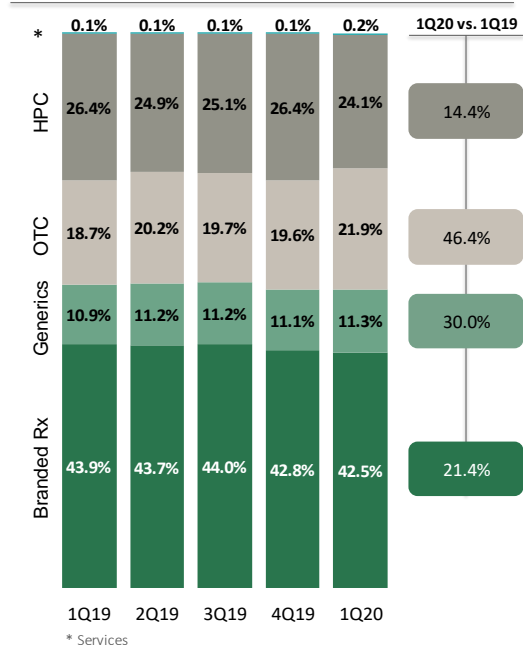
GROSS REVENUE

We ended the 1Q20 with consolidated gross revenues of R\$ 5,206.3 million, a 25.3% increase over the same period of the previous year. Our drugstore revenues increased by 25.3%, while 4Bio grew 26.3% in the period.

Consolidated Gross Revenue

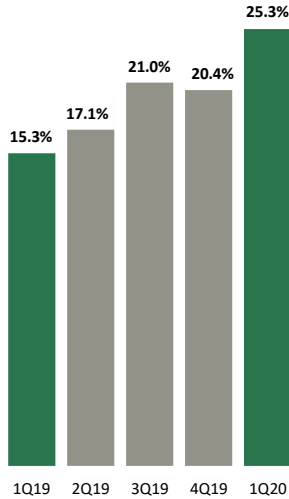


Retail Sales Mix

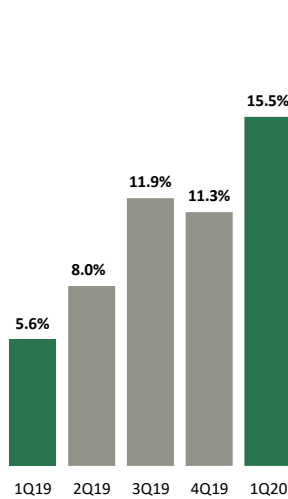


OTC was the highlight of the quarter, growing 46.4% and gaining 3.2 percentage points in the mix driven by products related to the pandemic, like hand sanitizers and seasonal items. We also posted strong results in Generics, which grew 30.0% and gained 0.4 percentage point in the mix, driven by significant volume growth as a result of our pricing investments since 2018. On the other hand, HPC grew 14.4% with a 2.3 percentage points loss in the mix and Branded Rx grew 21.4% with a loss of 1.4 percentage point.

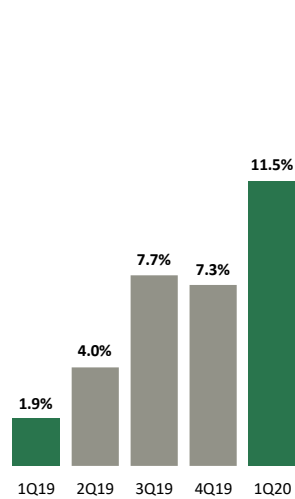
Consolidated Revenue Growth



Same-Store Sales Growth - Retail



Mature-Store Sales Growth - Retail



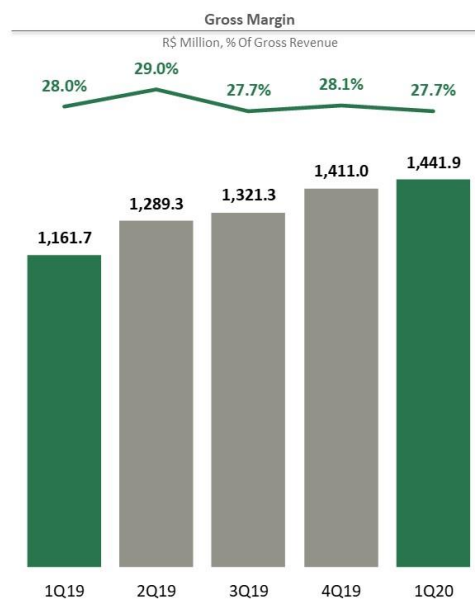
Our same store sales growth accelerated to 15.5%, while our mature-stores growth reached 11.5%, a real growth of 8.2%. Sales in the quarter benefitted from both the anticipation of purchases in preparation for the isolation measures to combat COVID-19 as well as by a positive calendar effect of +1.2% due to the extra day in February.

As the crisis intensified, digital gained relevance by growing +213% (+111% disregarding the Onofre acquisition), increasing its share in total sales to 2.7% from 2.3% in 4Q19. In March, digital peaked at 3.5% of sales, and our total app downloads reached 2.0 million (1.2 million in 4Q19), highlighting the impact of social distancing and our ability to serve customers through different channels.

With 71% of digital orders serviced by stores, our omnichannel strategy has leveraged our unique network of 2,107 stores and active customer base of 36 million people through a variety of delivery solutions, including click & collect and 1-hour deliveries.

GROSS PROFIT

Our gross margin was 27.7% in the quarter, a 0.3 percentage point pressure versus the 1Q19. We recorded a 0.1 percentage point margin pressure from the Net Present Value (NPV) adjustment, which is a non-cash effect due to lower interest rates versus the 1Q19 and a 0.2 percentage point pressure from higher inventory loss provisions. We had no noteworthy impacts due to COVID-19.



SELLING EXPENSES

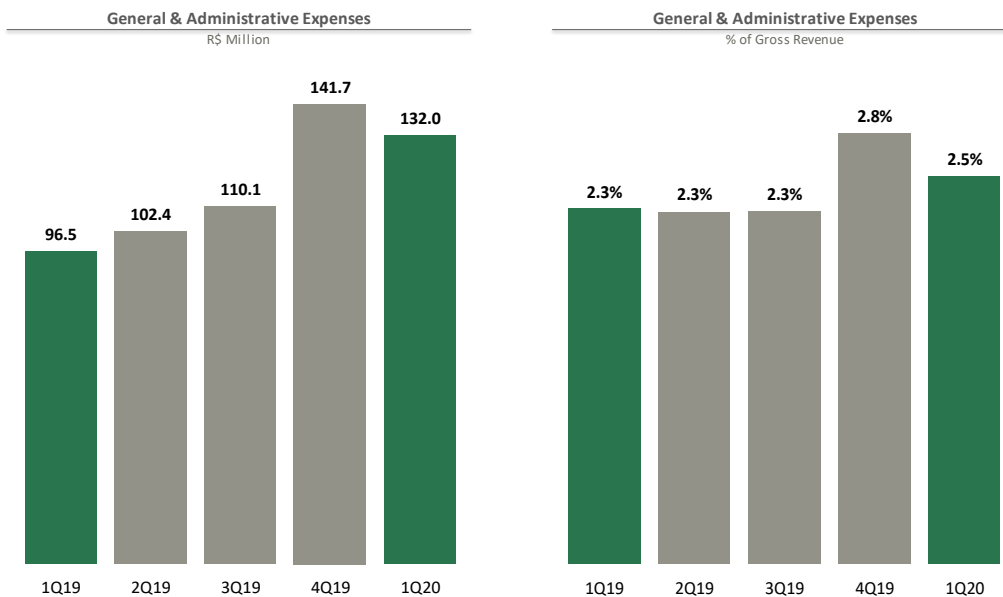
In the 1Q20, selling expenses totaled R\$ 940.5 million, equivalent to 18.1% of gross revenue, a 1.0 percentage point dilution when compared to the same quarter of the previous year. This dilution was mainly driven by the gain of operating leverage due to a mature store sales growth considerably above inflation in the period.



We recorded a dilution of 1.0 percentage point in personnel and of 0.2 in rentals. On the other hand, we recorded a 0.2 percentage point pressure from logistics, reflecting our higher installed capacity since the opening of 2 new DCs during the 4Q19.

GENERAL & ADMINISTRATIVE EXPENSES

General and Administrative expenses amounted to R\$ 132.0 million in the 1Q20, equivalent to 2.5% of gross revenue and a 0.2 percentage point pressure over the same period of 2019. We recorded incremental expenses of 0.1 percentage point related to our digital strategy and another 0.1 percentage point from labor contingencies.

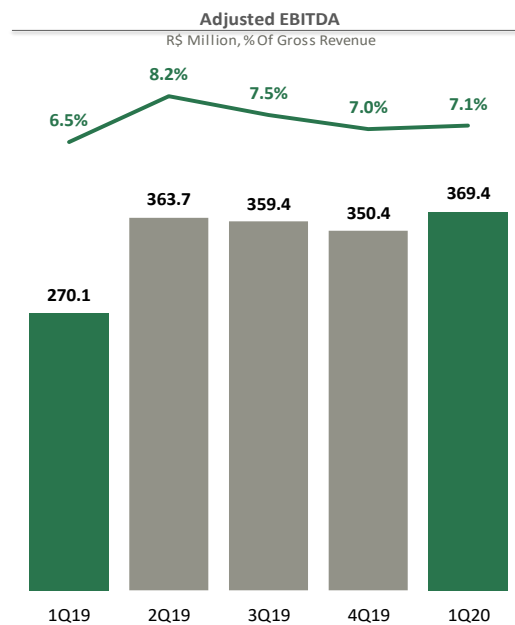


EBITDA

Our adjusted EBITDA reached R\$ 369.4 million in the quarter, an increase of 36.8% when compared to the 1Q19. Our adjusted EBITDA margin totaled 7.1%, an expansion of 0.6 percentage point, mainly driven by the gain from operating leverage in the period.

New stores opened in the quarter, as well as those in the opening process, reduced the EBITDA by R\$ 9.1 million in the 1Q20. Therefore, considering only the 2,068 stores in operation since the end of 2019 and full logistics, general and administrative expenses, our EBITDA would have totaled R\$ 378.4 million, equivalent to 7.3% of gross revenue.

RD Pharmacies reached an EBITDA of R\$ 366.5 million and a margin of 7.4% in the 1Q20, an expansion of 0.6 percentage point over the same period of the last year. Finally, 4Bio reached an EBITDA of R\$ 2.8 million, an increase of 141.4% and a margin expansion of 0.5 percentage point.



EBITDA RECONCILIATION AND NON-RECURRING EXPENSES

EBITDA Reconciliation	1Q19	1Q20
<i>(R\$ million)</i>		
Net Income	102.1	145.8
(+) Income Tax	16.6	54.8
(+) Financial Result	28.4	22.4
EBIT	147.0	223.1
(+) Depreciation and Amortization	117.8	135.8
EBITDA	264.9	358.9
(+) Provisions for Inventory Losses from previous periods		11.5
(-) Other non-recurring / non-operating net gains	5.2	(1.1)
Total non-recurring / non-operating Expenses	5.2	10.5
Adjusted EBITDA	270.1	369.4

In the 1Q20 we recorded R\$ 10.5 million in non-recurring/non-operating expenses, of which R\$ 11.5 million were due to a change in the methodology regarding the accounting of inventory losses.

Previously, we booked losses only when store and DC inventories were counted, while now we have also started to provision for the interim losses in between counts based on historical trends. This non-recurring expense relates only for previous periods.

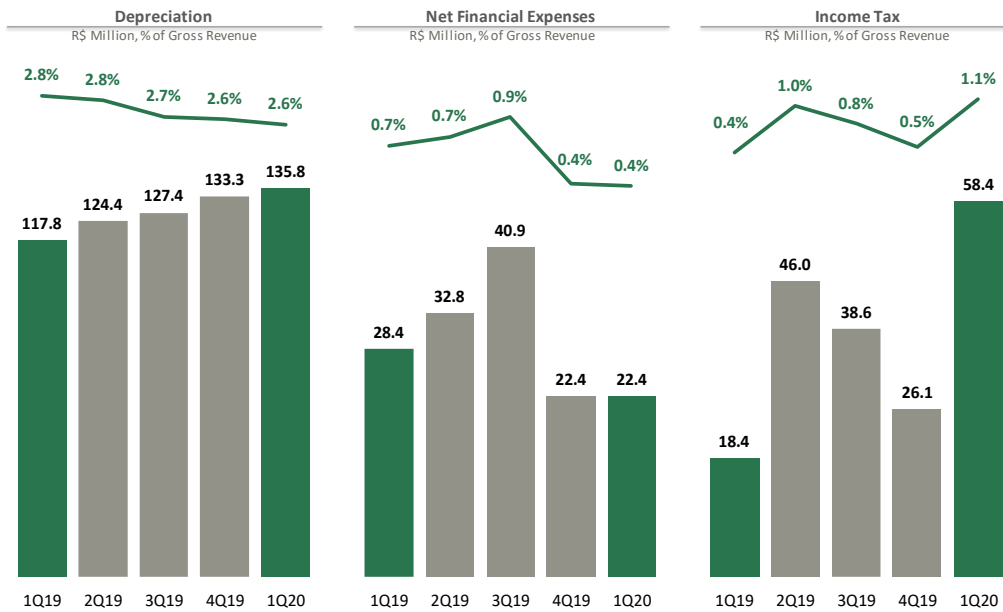
Finally, we have also recorded R\$ 1.1 million in other non-recurring/non-operating net gains.

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

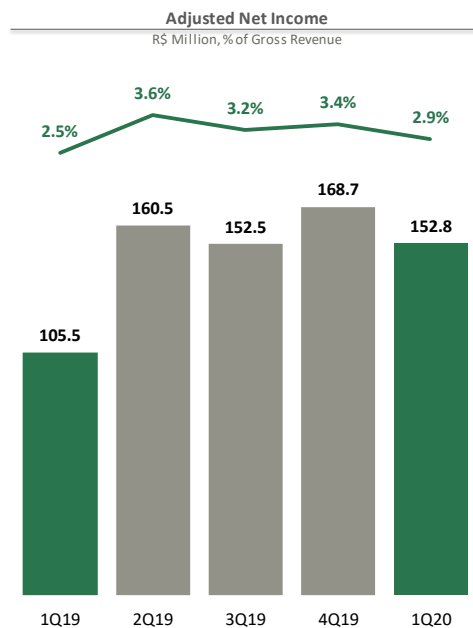
Depreciation expenses amounted to R\$ 135.8 million in the 1Q20, equivalent to 2.6% of gross revenue, a 0.2 percentage point decrease when compared to the previous year.

Net Financial expenses represented 0.4% of gross revenue, a 0.3 percentage point dilution over the 1Q19. Of the R\$ 22.4 million recorded in the quarter, R\$ 10.3 million refers to the NPV adjustment while other R\$ 1.2 million refers to interests on the options to acquire the remaining 45% of 4Bio. Excluding these, the interest accrued on net debt amounted to R\$ 10.9 million in the 1Q20, equivalent to 0.2% of gross revenue and a 0.2 percentage point dilution when compared to the 1Q19.

Lastly, we booked R\$ 58.4 million in income taxes, equivalent to 1.1% of gross revenue, a 0.7 percentage point increase. This increase is related to the increase in our EBIT margins and due to lower tax shield arising from declared interest on equity.



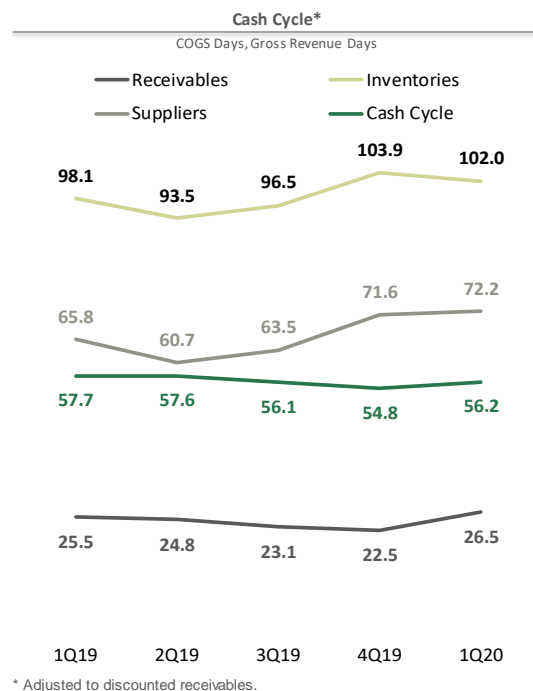
NET INCOME



Our adjusted net income totaled R\$ 152.8 million in the quarter, a 44.8% increase over the same period of the previous year. We achieved a net margin of 2.9%, a 0.4 percentage point expansion over the 1Q19.

CASH CYCLE

Our cash cycle in the 1Q20 was 1.5 day lower when compared to the same period of the previous year. Inventories increased by 3.9 days mainly due to the 2 DCs that were opened in the 4Q19. In addition, accounts payable increased 6.4 days. Lastly, receivables increased 1.0 day when compared to the same period of 2019.



* Adjusted to discounted receivables.

CASH FLOW

We recorded a negative free cash flow of R\$ 48.1 million and a total cash consumption of R\$ 40.8 million in the 1Q20. Our operating cash flow totaled R\$ 91.3 million, which was fully consumed by the R\$ 139.5 million in investments undertaken in the period.

Resources from operations totaled R\$ 306.7 million, equivalent to 5.9% of gross revenue, while we recorded a working capital consumption of R\$ 215.4 million. Both free cash flow and total cash flow improved versus the 1Q19 due to higher resources from operations and lower investments in the period. It is important to highlight that the first quarter always brings an unfavorable cash cycle seasonality, while the fourth quarter has the most favorable seasonality of the year, therefore resulting in a material cash outlay in the quarter.

Of the R\$ 139.5 million invested in the year, R\$ 78.6 million corresponded to new store openings, R\$ 21.2 million to the renovation or expansion of existing stores and R\$ 39.7 million to investments in infrastructure.

Net financial expenses totaled R\$ 12.1 million in the 1Q20, excluding the NPV adjustments. These were more than fully offset by the R\$ 20.1 million in tax shield related to the net financial expenses and to the interest on equity accrued in the period, which shall be paid in the following quarters.

We accrued R\$ 47.0 million in interest on equity in the 1Q20 versus R\$ 57.0 million in the 1Q19, reflecting a payout of 32.2% over the Net Income, through the full usage of the legal interest on equity limit.

Cash Flow	1Q20	1Q19
<i>(R\$ million)</i>		
Adjusted EBIT	233.5	152.3
NPV Adjustment	(9.1)	(10.1)
Non-Recurring Expenses	(10.5)	(5.2)
Income Tax (34%)	(72.7)	(46.5)
Depreciation	135.8	117.8
Others	29.7	2.7
Resources from Operations	306.7	210.9
Cash Cycle*	(248.2)	(186.1)
Other Assets (Liabilities)**	32.8	(32.9)
Operating Cash Flow	91.3	(8.1)
Investments	(139.5)	(202.4)
Free Cash Flow	(48.1)	(210.5)
Interest on Equity	(0.6)	(1.2)
Net Financial Expenses***	(12.1)	(16.0)
Income Tax (Tax benefit over financial expenses and interest on equity)	20.1	24.8
Total Cash Flow	(40.8)	(202.9)

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

INDEBTEDNESS

At the end of the quarter, we recorded an adjusted net financial debt position of R\$ 964.2 million, versus R\$ 937.9 million recorded in the same period of 2019. The Adjusted Net Debt to EBITDA totaled 0.7x, 0.1x lower than the same period of last year.

This net debt includes R\$ 43.3 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. In addition, we had R\$ 41.4 million in discounted receivables recorded in the quarter.

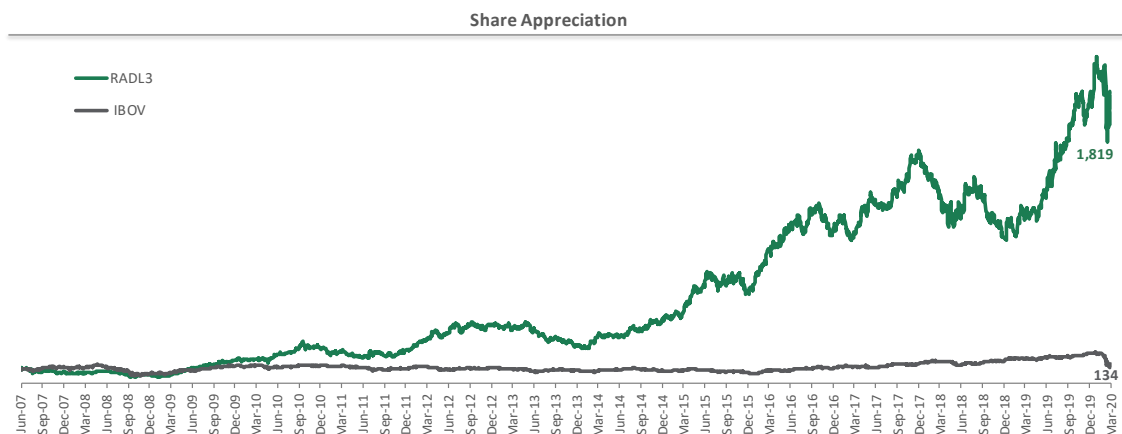
Net Debt	1Q20	4Q19	3Q19	2Q19	1Q19
<i>(R\$ million)</i>					
Short-term Debt	533.5	228.7	247.5	274.7	280.8
Long-term Debt	879.7	897.8	989.9	705.0	797.5
Total Gross Debt	1,413.2	1,126.5	1,237.4	979.7	1,078.3
(-) Cash and Equivalents	533.7	299.2	406.7	145.4	243.6
Net Debt	879.5	827.3	830.7	834.3	834.7
Discounted Receivables	41.4	54.1	-	118.3	65.9
Put/Call options to acquire 4Bio (estimated)	43.3	42.1	46.2	38.2	37.3
Adjusted Net Debt	964.2	923.4	876.9	990.8	937.9
Adjusted Net Debt / EBITDA	0.7x	0.7x	0.7x	0.8x	0.8x

Our gross debt totaled R\$ 1,413.2 million, of which 73.3% corresponds to the debentures issued in 2017, 2018 and 2019, as well as a Certificate of Real Estate Receivables, 5.5% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines and the remaining 21.2% corresponds to other credit lines. Of our total debt, 62.3% is long-term, while 37.7% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 533.7 million.

As an extreme caution at this time of uncertainty, we issued R\$ 700 million in unguaranteed debt between March and April with costs of approximately CDI + 3.5% and maturity dates from 1 to 2 years. R\$ 400 million were issued through credit lines with banks while the other R\$ 300 million were raised through our first Commercial Paper issuance. It is important to mention that we also have R\$ 1.2 billion in credit card receivables which can be converted to cash at any time.

TOTAL SHAREHOLDER RETURNS

Our share price fell by 8.8% during the quarter, 28.3 percentage points above the IBOVESPA, which fell by 37.0%. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,718.7% versus a return of only 34.2% for the IBOVESPA. Including the payment of interest on equity, we generated an average annual total return to shareholders of 27.3%.



Considering the IPO of Raia in December of 2010, the cumulative return amounted to 599.2% versus an increase of only 7.4% of the IBOVESPA. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 24.5%. Lastly, our shares recorded an average daily trading volume of R\$ 203.8 million in the quarter.

IFRS 16

Starting in 2019, our financial statements are 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 www.rd.com.br, under Interactive Spreadsheets.

Income Statement (R\$ million)	1Q20		Change
	IAS 17	IFRS 16	Δ 1Q20
Gross Revenue	5,206.3	5,206.3	0.0
Gross Profit	1,441.9	1,441.9	0.0
Gross Margin	27.7%	27.7%	0.0%
Selling Expenses	(940.5)	(778.3)	162.2
G&A	(132.0)	(131.4)	0.6
Total Expenses	(1,072.5)	(909.6)	162.8
as % of Gross Revenue	20.6%	17.5%	-3.1%
Adjusted EBITDA	369.4	532.2	162.8
as % of Gross Revenue	7.1%	10.2%	3.1%
Non-Recurring Expenses / Revenues	(10.5)	(12.5)	(2.0)
Depreciation and Amortization	(135.8)	(277.9)	(142.1)
Financial Results	(22.4)	(74.2)	(51.8)
Income Tax	(54.8)	(43.6)	11.2
Net Income	145.8	124.0	(21.8)
as % of Gross Revenue	2.8%	2.4%	-0.4%

Balance Sheet (R\$ million)	1Q20		Change
	IAS 17	IFRS 16	Δ 1Q20
Assets	9,852.2	13,026.6	3,174.4
Current Assets	6,370.3	6,370.1	(0.2)
Taxes Receivable	121.0	121.0	0.0
Other Accounts Receivable	252.3	252.1	(0.2)
Non-Current Assets	3,481.9	6,656.6	3,174.6
Income Tax and Social Charges deferred	21.2	19.2	(2.0)
Other Credits	338.4	337.9	(0.5)
Investments	3.3	3.3	0.0
Property, Plant and Equipment	1,769.8	4,946.9	3,177.1
Liabilities and Shareholder's Equity	9,852.2	13,026.6	3,174.4
Current Liabilities	4,096.1	4,493.8	397.7
Financial Leases	0.0	445.5	445.5
Dividend and Interest on Equity	133.2	108.5	(24.7)
Other Accounts Payable	162.0	138.9	(23.1)
Non-Current Liabilities	1,519.8	4,376.0	2,856.2
Financial Leases	0.0	2,911.7	2,911.7
Income Tax and Social Charges Deferred	185.1	129.6	(55.5)
Shareholder's Equity	4,236.3	4,156.9	(79.4)
Income Reserves	1,429.6	1,372.0	(57.6)
Accrued Income	98.2	76.4	(21.8)
Non Controller Interest	52.1	52.1	(0.0)

Cash Flow (R\$ million)	1Q20		Change
	IAS 17	IFRS 16	Δ 1Q20
Adjusted EBIT	233.5	254.3	20.7
NPV Adjustment	(9.1)	(9.1)	0.0
Non-Recurring Expenses	(10.5)	(10.5)	0.0
Income Tax (34%)	(72.7)	(72.7)	0.0
Depreciation	135.8	277.9	142.1
Rental Expenses	0.0	(160.9)	(160.9)
Others	29.7	27.8	(2.0)
Resources from Operations	306.7	306.7	0.0
Cash Cycle*	(248.2)	(248.2)	0.0
Other Assets (Liabilities)**	32.8	32.8	0.0
Operating Cash Flow	91.3	91.3	0.0
Investments	(139.5)	(139.5)	0.0
Free Cash Flow	(48.1)	(48.1)	0.0
Interest on Equity	(0.6)	(0.6)	0.0
Net Financial Expenses***	(12.1)	(12.1)	0.0
Income Tax (Tax benefit over financial expenses and interest on equity)	20.1	20.1	0.0
Total Cash Flow	(40.8)	(40.8)	0.0

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

1Q20 Results Conference Calls – April 29th, 2020

Portuguese

at 10:00 am (Brasília)

Dial in access:
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Conference ID: RD

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English

at 12:00 pm (Brasília)

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Consolidated Adjusted Income Statement <i>(R\$ thousand)</i>	<u>1Q19</u>	<u>1Q20</u>
Gross Revenue	4,153,923	5,206,320
Taxes, Discounts and Returns	(200,571)	(256,449)
Net Revenue	3,953,351	4,949,871
Cost of Goods Sold	(2,791,688)	(3,508,021)
Gross Profit	1,161,663	1,441,851
Operational (Expenses) Revenue		
Sales	(795,120)	(940,500)
General and Administrative	(96,474)	(131,995)
Operational Expenses	(891,594)	(1,072,495)
EBITDA	270,070	369,356
Depreciation and Amortization	(117,818)	(135,811)
Operational Earnings before Financial Results	152,252	233,545
Financial Expenses	(46,015)	(38,291)
Financial Revenue	17,654	15,859
Financial Expenses/Revenue	(28,361)	(22,432)
Earnings before Income Tax and Social Charges	123,891	211,114
Income Tax and Social Charges	(18,397)	(58,361)
Net Income	105,494	152,753

Consolidated Income Statement <i>(R\$ thousand)</i>	1Q19	1Q20
Gross Revenue	4,153,923	5,206,320
Taxes, Discounts and Returns	(200,571)	(256,449)
Net Revenue	3,953,351	4,949,871
Cost of Goods Sold	(2,791,688)	(3,508,021)
Gross Profit	1,161,663	1,441,851
Operational (Expenses) Revenue		
Sales	(795,120)	(940,500)
General and Administrative	(96,474)	(131,995)
Other Operational Expenses, Net	(5,205)	(10,474)
Operational Expenses	(896,799)	(1,082,968)
EBITDA	264,864	358,882
Depreciation and Amortization	(117,818)	(135,811)
Operational Earnings before Financial Results	147,047	223,071
Financial Expenses	(46,015)	(38,291)
Financial Revenue	17,654	15,859
Financial Expenses/Revenue	(28,361)	(22,432)
Earnings before Income Tax and Social Charges	118,686	200,640
Income Tax and Social Charges	(16,628)	(54,800)
Net Income	102,058	145,840

Assets (R\$ thousand)	<u>1Q19</u>	<u>1Q20</u>
Current Assets		
Cash and Cash Equivalents	243,596	533,708
Accounts Receivable	1,096,151	1,472,056
Inventories	3,008,239	3,932,728
Taxes Receivable	108,711	121,018
Other Accounts Receivable	178,617	252,349
Anticipated Expenses	46,442	58,422
	<u>4,681,755</u>	<u>6,370,281</u>
Non-Current Assets		
Deposit in Court	24,371	30,850
Taxes Receivable	52,842	67,255
Income Tax and Social Charges deferred	0	21,154
Other Credits	2,353	338,366
Investments	0	3,289
Property, Plant and Equipment	1,624,707	1,769,798
Intangible	1,202,545	1,251,216
	<u>2,906,819</u>	<u>3,481,928</u>
ASSETS	<u>7,588,574</u>	<u>9,852,209</u>

Liabilities and Shareholder's Equity (R\$ thousand)	1Q19	1Q20
Current Liabilities		
Suppliers	2,019,929	2,784,446
Loans and Financing	280,765	533,458
Salaries and Social Charges Payable	239,842	293,518
Taxes Payable	118,993	161,355
Dividend and Interest on Equity	72,148	133,190
Provision for Lawsuits	3,485	28,131
Other Accounts Payable	141,687	162,021
	<u>2,876,848</u>	<u>4,096,120</u>
Non-Current Liabilities		
Loans and Financing	797,522	879,716
Provision for Lawsuits	44,295	69,375
Income Tax and Social Charges deferred	243,821	185,127
Other Accounts Payable	43,072	385,540
	<u>1,128,711</u>	<u>1,519,757</u>
Shareholder's Equity		
Common Stock	1,808,639	2,500,000
Capital Reserves	119,552	133,213
Revaluation Reserve	11,979	11,805
Income Reserves	1,522,073	1,429,597
Accrued Income	43,105	98,160
Equity Adjustments	(30,230)	(30,230)
Non Controller Interest	36,908	52,144
Additional Dividend Proposed	70,990	41,643
	<u>3,583,016</u>	<u>4,236,332</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>7,588,574</u>	<u>9,852,209</u>

Cash Flow <i>(R\$ thousand)</i>	1Q19	1Q20
Earnings before Income Tax and Social Charges	118,686	200,640
Adjustments		
Depreciation and Amortization	117,819	135,812
Compensation plan with restricted shares, net	3,130	3,476
Interest over additional stock option	883	1,192
P,P&E and Intangible Assets residual value	5,932	992
Provisioned Lawsuits	(2,172)	3,084
Provisioned Inventory Loss	(1,443)	23,200
Provision for Doubtful Accounts	794	180
Provisioned Store Closures	(3,540)	(1,198)
Interest Expenses	14,790	12,477
Debt Issuance Costs Amortization	608	714
	255,487	380,569
Assets and Liabilities variation		
Clients and Other Accounts Receivable	(180,382)	(290,235)
Inventories	80,480	(104,540)
Other Short Term Assets	(48,429)	(7,476)
Long Term Assets	(7,424)	(4,087)
Suppliers	(117,235)	133,960
Salaries and Social Charges	2,300	(3,155)
Taxes Payable	27,395	39,461
Other Liabilities	(6,117)	3,587
Rents Payable	256	(3,030)
Cash from Operations	6,331	145,054
Interest Paid	(2,270)	(1,074)
Income Tax and Social Charges Paid	(20,382)	(44,006)
Net Cash from (invested) Operational Activities	(16,321)	99,974
Investment Activities Cash Flow		
P,P&E and Intangible Acquisitions	(202,425)	(136,210)
P,P&E Sale Payments	(17)	8
Investments in Associates	0	(3,289)
Net Cash from Investment Activities	(202,442)	(139,491)
Financing Activities Cash Flow		
Funding	265,244	299,821
Payments	(43,234)	(25,238)
Interest on Equity and Dividends Paid	(1,219)	(585)
Net Cash from Funding Activities	220,791	273,998
Cash and Cash Equivalents net increase	2,028	234,481
Cash and Cash Equivalents in the beginning of the period	241,568	299,226
Cash and Cash Equivalents in the end of the period	243,596	533,708