

EARNINGS RELEASE

3Q20



São Paulo, October 27, 2020. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 3rd quarter of 2020 (3Q20). The parent company and consolidated quarterly financial statements for the periods ended September 30, 2020 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.

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 11 and 12.

QUARTERLY HIGHLIGHTS:

- › **DRUGSTORES:** 2,223 stores in operation (64 openings and 3 closures)
- › **MARKET SHARE:** 13.2% national market share, with 25.1% in São Paulo
- › **GROSS REVENUE:** R\$ 5.4 billion, 12.8% growth (1.4% retail mature-store sales growth)
- › **GROSS MARGIN:** 27.8% of gross revenues, a 0.1 percentage point increase
- › **EBITDA:** R\$ 397.2 million, a 7.4% EBITDA margin and an increase of 10.5%
- › **NET INCOME:** R\$ 172.9 million, 3.2% of net margin and an increase of 13.4%
- › **CASH FLOW:** R\$ 351.8 million positive free cash flow, R\$ 331.3 million of cash generation

RADL3

R\$ 25.57/share

NUMBER OF SHARES

1,651,930,000

MARKET CAP

R\$ 42,240 (million)

CLOSING

October 26th, 2020

IR CONTACTS:

Eugênio De Zagottis

Fernando Spinelli

André Stolfi

Igor Spricigo

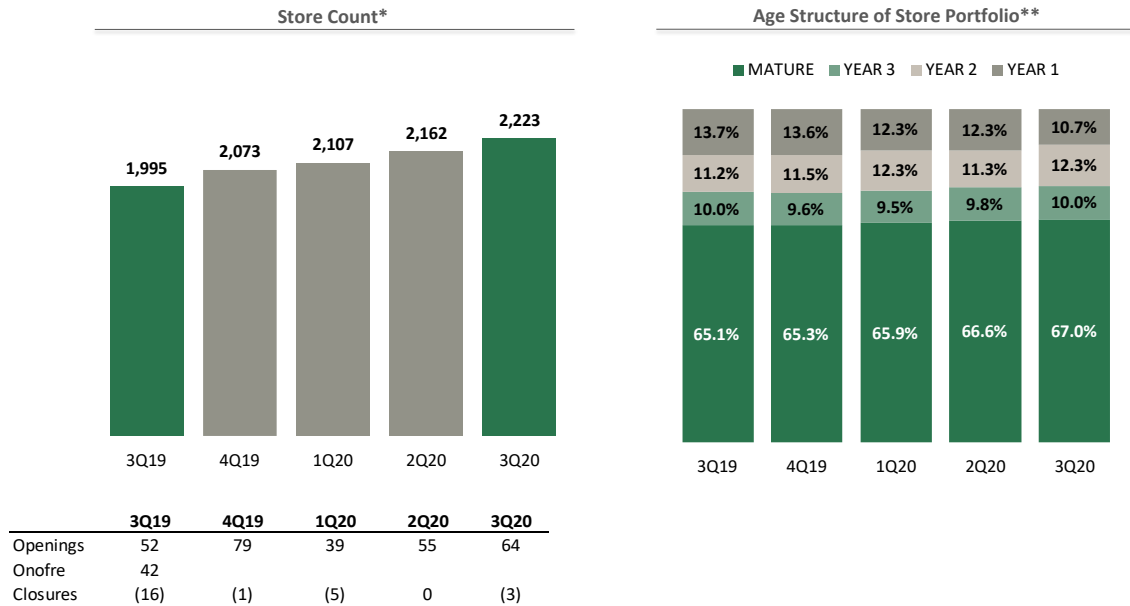
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Summary	3Q19	4Q19	1Q20	2Q20	3Q20
<i>(R\$ thousand)</i>					
# of Stores - Retail + 4Bio	1,995	2,073	2,107	2,162	2,223
Organic Openings	52	79	39	55	64
Onofre Stores	42				
Store Closures	(16)	(1)	(5)	0	(3)
# of Stores (average)	1,960	2,044	2,094	2,132	2,195
Headcount (EoP)	39,029	41,450	42,250	42,115	43,223
Pharmacist Count (EoP)	7,663	7,840	8,125	8,414	8,658
# of Tickets (000)	66,270	68,156	67,173	52,308	60,298
Gross Revenue	4,771,280	5,030,160	5,206,320	4,721,872	5,384,230
Gross Profit	1,321,350	1,411,003	1,441,851	1,320,122	1,494,996
% of Gross Revenues	27.7%	28.1%	27.7%	28.0%	27.8%
Adjusted EBITDA	359,420	350,431	369,356	231,811	397,159
% of Gross Revenues	7.5%	7.0%	7.1%	4.9%	7.4%
Adjusted Net Income	152,476	168,692	152,753	61,688	172,871
% of Gross Revenues	3.2%	3.4%	2.9%	1.3%	3.2%
Net Income	146,247	143,275	145,840	60,210	174,717
% of Gross Revenues	3.1%	2.8%	2.8%	1.3%	3.2%
Free Cash Flow	120,717	48,400	(48,150)	(437,520)	351,785

STORE DEVELOPMENT

We opened 64 stores in the 3Q20, 12 more than in the same period of 2019, with 3 store closures, ending the quarter with a total of 2,223 locations. This brings our total gross openings in 2020 to 158 stores, and we reiterate our guidance of 240 for the year. Also, on September 29th, we announced the new guidance of 240 gross store openings per year for both 2021 and 2022.



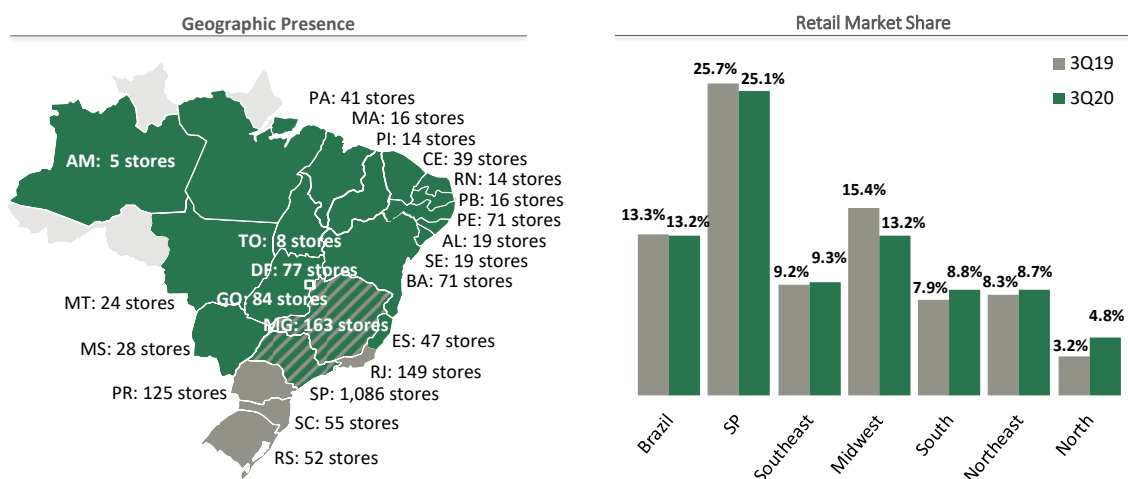
*Includes three 4Bio units.

**Stores acquired from Onofre were added as Year 1.

At the end of the period, 33.0% 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.

We continue to diversify our store network, both geographically and demographically, with 70% of our openings in the last twelve months outside of the state of São Paulo, our native market. Also, while 65% of our stores have popular or hybrid formats, 86% of the openings in the period were of these clusters, increasing our reach into the extended middle class.

We opened our 11th distribution center (DC) in Gravataí, in the metropolitan region of Porto Alegre (RS), which will allow us to accelerate our expansion in the South.



Source: IQVIA. Southeast excludes SP.

Total: 2,223 stores

■ Raia: 966 stores
 ■ Drogasil: 1,254 stores
 * 4Bio: 3 stores

LTM Openings	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
São Paulo	76	73	76	67	65	76	71	71	71
Other States	154	167	182	176	166	164	146	154	166
Onofre	42	42	42	42	42	42	42	42	42
Total	230	240	258	243	273	282	259	267	237
São Paulo %*	33.0%	30.4%	29.5%	27.6%	28.1%	31.7%	32.7%	31.6%	30.0%

*Disconsiders Onofre

Our national retail market share totaled 13.2%, a 0.1 percentage point contraction when compared to the 3Q19. Our market share in the state of São Paulo was of 25.1%, a 0.6 percentage point contraction. We recorded strong gains in the North, reaching a market share of 4.8%, with a 1.6 percentage point gain. We recorded a market share of 8.8% in the South, a 0.9 percentage point gain, 8.7% in the Northeast, a 0.4 percentage point gain and 9.3% in the Southeast, a 0.1 percentage point gain. Finally, we recorded 13.2% in the Midwest, a 2.2 percentage point loss.

This abnormally high market share loss in the Midwest region (2.2 percentage points), was concentrated in the state of Goiás, where IQVIA reported a market share decrease of 6.4 percentage points in the quarter. This reported share loss is a distortion caused by a sell-in increase by wholesalers who sell to small players outside of Goiás due to the tax benefits granted by the state. If we consider only the demand directly reported to IQVIA by the drugstore chains (sell-out), which better reflects the actual demand within Goiás, our 3Q20 market share in the state was in line with the 3Q19.

Social distancing measures continued to have uneven impacts on demand across different income segments and regions. According to IQVIA, high income regions, where RD concentrates a disproportionate share of its store base, saw a significant decrease in market representativeness when compared to low income regions, due to a higher level of compliance. Considering a constant demand by income segment, our market share would have been an estimated 13.9%, with 25.9% in São Paulo, highlighting a continued high level of competitiveness in markets where RD operates.

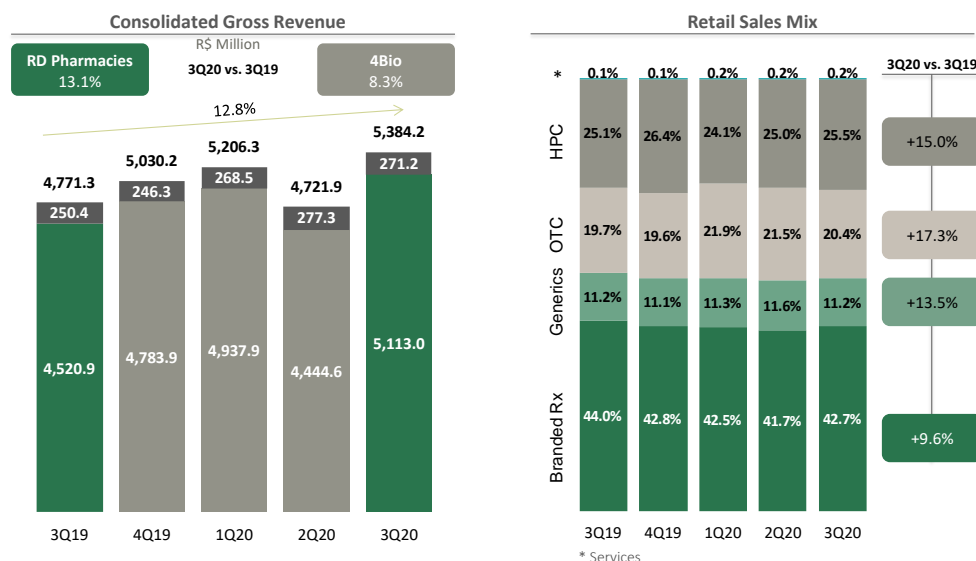
The table below illustrates the performance gap between premium stores in relation to hybrid and popular ones in the quarter, which continued to negatively distort our overall market share due a higher proportion of premium stores in comparison to the average of the Brazilian market. It's important to mention that the bulk of our shopping mall stores, which were temporarily affected by shorter working hours and diminished customer traffic, are located in premium regions and amplified these effects:

Retail Sales 3Q20	All Stores	Premium Stores	Hybrid Stores	Popular Stores
Total	+13.1%	+3.9%	+18.0%	+26.0%
Same Stores	+6.8%	+1.4%	+8.7%	+16.5%
Mature Stores	+1.4%	-2.8%	+3.3%	+9.1%

As customer traffic returns to normal levels, we expect this distortion to end and our market share to increase accordingly as we can already see within the 3Q20 itself. Our total retail market share in the month of September was 13.4%, 0.2 percentage points above the quarter's value, and in the state of São Paulo it was 25.2%, 0.1 percentage point above.

GROSS REVENUES

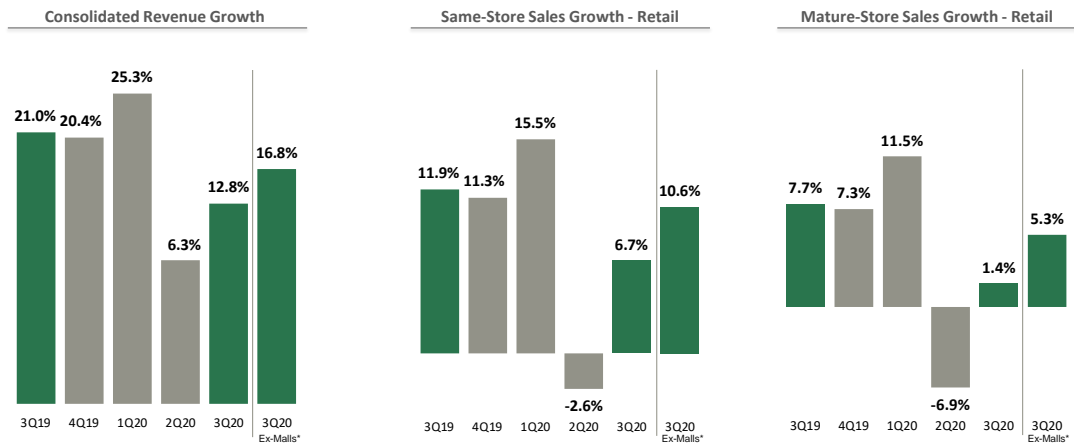
We ended the 3Q20 with consolidated gross revenues of R\$ 5.4 billion, a 12.8% increase over the same period of the previous year. Our drugstore revenues increased by 13.1%, while 4Bio grew 8.3% in the period.



OTC was the highlight of the quarter growing 17.3% and gaining 0.7 percentage point in the mix. HPC grew 15.0% and gained 0.4 percentage point in the mix, whereas Generics grew 13.5% with its participation in the sales mix in line with the previous year. On the other hand, Branded Rx grew 9.6% with a loss of 1.3 percentage points in the mix. The underperformance of Branded Rx in the mix is the result of a reduction in prescriptions and overall medical activity of non-urgent acute treatment due to social distancing.

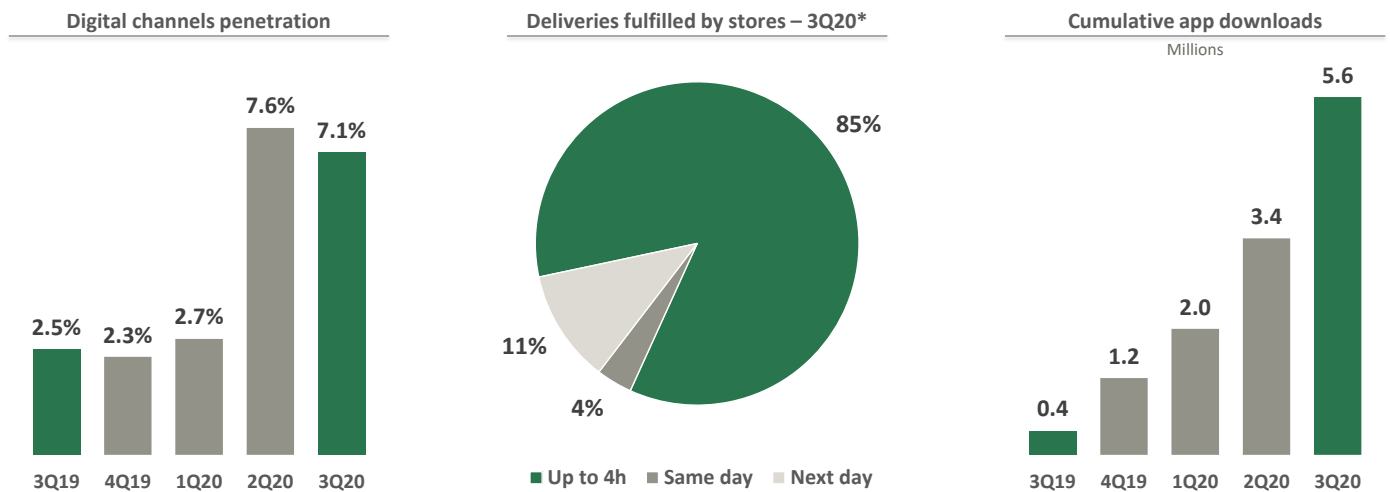
As social isolation restrictions implemented to fight the COVID-19 pandemic were softened during the quarter, we achieved a significant improvement versus the 2Q20 as our top line growth reached 12.8%, up from the 6.3% recorded in the 2Q20. Our same store sales growth reached 6.7%, while our mature store sales grew 1.4%, with a negative calendar effect of 0.1% (negative effect of 0.4% in the 2Q20).

Although shopping mall stores were fully reopened during the quarter, they operated with limited shopping hours and diminished customer traffic, continuing to negatively impact our sales. Excluding shopping malls, our consolidated growth was of 16.8%, with a mature store growth of 5.3%, 2.2 percentage points above the inflation of 3.1% in the last twelve months, underscoring the robustness of our structural momentum.



* Excludes 125 shopping mall stores which had to cope with shorter working hours and severely diminished customer traffic in the quarter.

DIGITAL

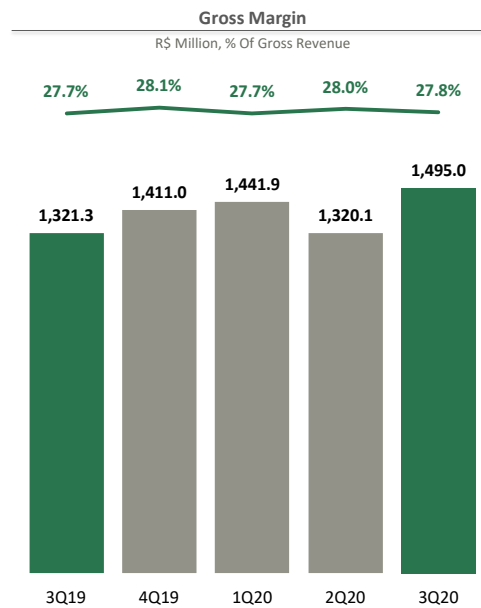


* Considers click and collect, neighborhood deliveries and super apps as 4h deliveries.

Digital channels represented 7.1% of retail sales, in line with the 2Q20 despite the progressive normalization of customer traffic in our stores. The relevance of digital has increased not only due to the new customer habits emerging from the COVID-19 pandemic, but also because of our enhanced execution, including a significant improvement in our apps and digital platforms, the deployment of several agile teams dedicated to improving customer experience and the upgrade in our IT and logistics infrastructures.

Our digital strategy has leveraged the unique capillarity of our nationwide 2,223-store network, which services 89% of the Brazilian A-class population within a 1.5 km radius. In the 3Q20, 74% of our digital revenues were serviced by the stores. This includes both Click and Collect and pedestrian neighborhood deliveries, which are available for free at 100% of our locations, as well motorized deliveries from our stores. Our ship-from-store network reached 431 stores in 204 different cities at the end of the quarter, which concentrate 91% of RD's retail revenues. We now offer 1-hour to 4-hour deliveries in 138 different cities, 66 more than in the previous quarter, and 85% of deliveries fulfilled by stores were completed in up to 4 hours thanks to our proximity to the customer. Finally, we reached 5.6 million cumulative app downloads since the beginning of 2019.

GROSS PROFIT

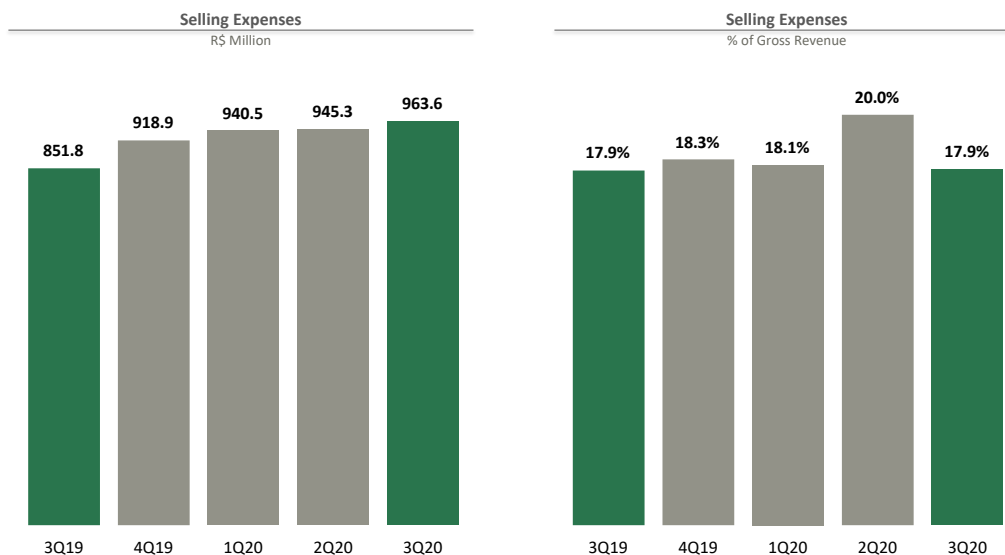


Our gross profit totaled R\$ 1.5 billion, an increase of 13.1%. Our gross margin was 27.8% in the period, a 0.1 percentage point increase versus the 3Q19.

We booked an inflationary gain of 0.6 percentage point on inventories in the quarter due to the postponement of the price cap increase from March to May. This gain was partially offset by a 0.3 percentage point pressure from the Net Present Value (NPV) adjustment, which is a non-cash effect and stems from an exceptionally higher cash cycle and lower interest rates, by a greater investment in promotions, especially in digital exclusive offers to accelerate customer digitalization, and by a transitory increase in inventory losses, mostly driven by liquid alcohol that carries a short expiration date and was purchased at the peak of the pandemic.

SELLING EXPENSES

Selling expenses totaled R\$ 963.6 million in the 3Q20, equivalent to 17.9% of gross revenues, in line with the same period of last year.

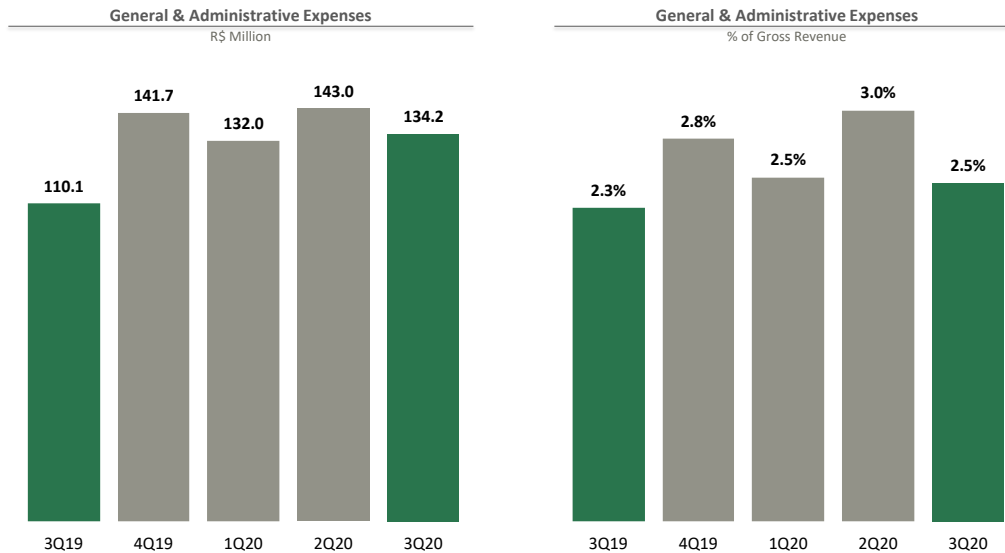


In spite of the pandemic, mature store sales increased by 1.4% versus an inflation of 3.1%, resulting in a loss of operating leverage from a real decline in sales of 1.7%. However, we recorded savings in rentals of 0.2 percentage points, mostly from shopping mall stores, and reduced payroll expenses of 0.1 percentage point due to temporary leaves granted to employees diagnosed with COVID-19 or in risk groups and whose salaries are being partly paid by the government. These savings more than offset incremental expenses generated by the pandemic, including personal protection equipment, additional store cleaning expenses, increased delivery costs and others, thus allowing us to maintain overall selling expenses in-line with the 3Q19.

GENERAL & ADMINISTRATIVE EXPENSES

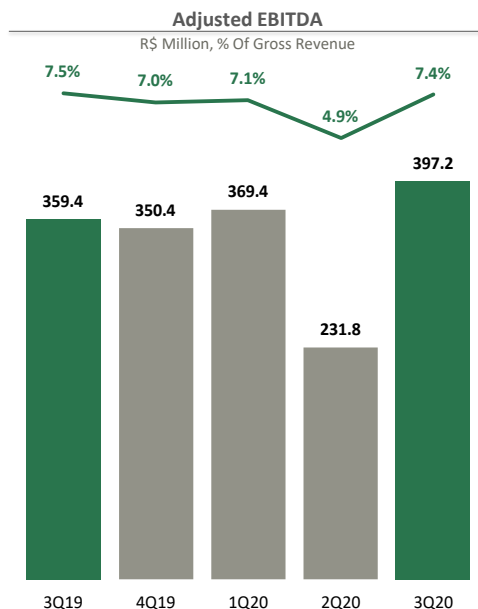
General and Administrative expenses amounted to R\$ 134.2 million in the 3Q20, equivalent to 2.5% of gross revenues and a 0.2 percentage point pressure over the same period of 2019.

We recorded a pressure of 0.2 percentage point from investments into our digital strategy, including agile teams and IT efforts, 0.1 percentage point in labor contingencies and another 0.1 percentage point from home-office adaptations. These pressures were partly offset by 0.2 percentage point in lower provisions for variable compensation.



EBITDA

Our adjusted EBITDA totaled R\$ 397.2 million in the quarter, an increase of 10.5% when compared to the 3Q19. Our adjusted EBITDA margin totaled 7.4%, a 0.1 percentage point contraction.



2,062* stores operating since 2019:
(performance in the 3Q20)

- > R\$ 4,959.6 million in Gross Revenues
- > EBITDA of R\$ 395.7 million
- > EBITDA margin of 8.0%

RD Pharmacies

- > EBITDA of R\$ 395.1 million
- > EBITDA margin of 7.7%

4Bio

- > EBITDA of R\$ 2.1 million
- > EBITDA margin of 0.8%

* 2,070 Retail stores by the end of the 4Q19 less 8 closures.

RD Pharmacies reached an EBITDA of R\$ 395.1 million and a margin of 7.7% in the 3Q20, a contraction of 0.1 percentage point over the same period of the last year. New stores opened in the year, as well as those in the opening process, reduced the EBITDA by R\$ 0.7 million in the 3Q20. Therefore, considering only the 2,062 stores in operation since the end of 2019 and full logistics, general and administrative expenses, RD Pharmacies EBITDA would have totaled R\$ 395.7 million, equivalent to 8.0% of gross revenue.

Finally, 4Bio reached an EBITDA of R\$ 2.1 million and a margin of 0.8%, a 1.9 percentage point contraction driven by demand normalization as it had recorded a revenue peak in the previous months by shipping medication to its patients ahead of time in order to prevent logistic disruptions at the peak of the pandemic.

EBITDA RECONCILIATION AND NON-RECURRING EXPENSES

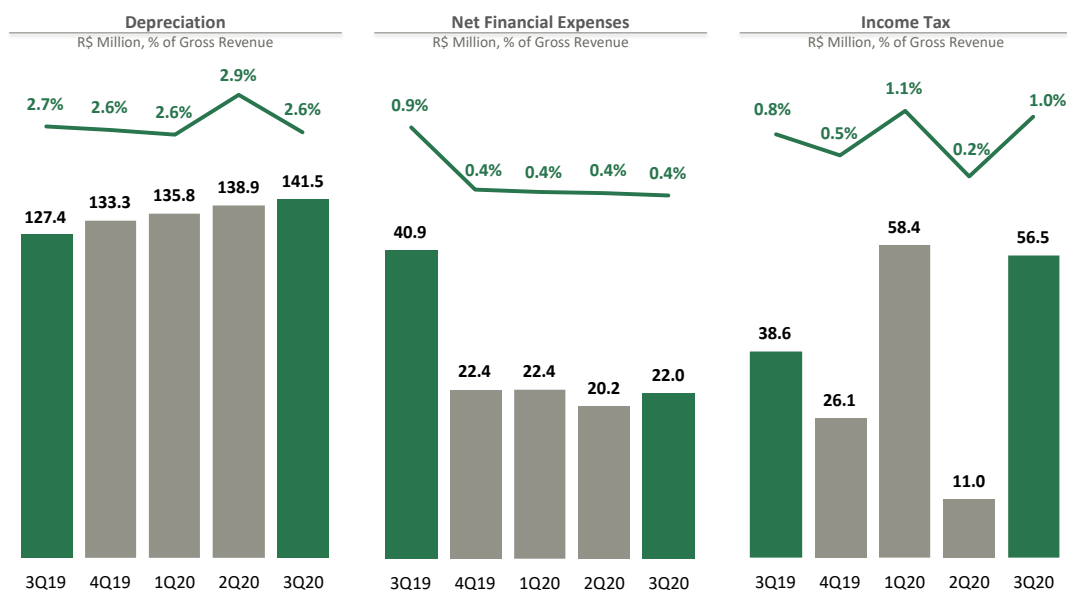
EBITDA Reconciliation (R\$ million)	3Q20	3Q19
Net Income	174,7	465,2
(+) Income Tax	57,4	(17,0)
(+) Equity equivalence	4,3	-
(+) Financial Result	22,0	32,9
EBIT	258,4	481,1
(+) Depreciation and Amortization	141,5	131,8
EBITDA	400,0	612,9
(+) Donations	2,0	-
(+) Asset Write-off	1,7	6,3
(+) Distribution Center Closure	0,7	3,3
(-) Restructuring Expenses	(2,4)	4,5
(-) INSS, PIS and Cofins Credits from Previous Years	(3,9)	(4,6)
(-) Other non-recurring / non-operating net gains	(0,8)	-
Non-recurring / non-operating Expenses - RD	(2,8)	9,4
Non-recurring / non-operating Expenses - Onofre Acquisition	-	(262,9)
Total non-recurring / non-operating Gains	(2,8)	(253,4)
Adjusted EBITDA	397,2	359,4

In the 3Q20 we registered R\$ 2.8 million in net non-recurring/non-operating gains.

We recorded R\$ 2.0 million in expenses related to donations, mostly hand sanitizers near expiration given to hospitals and local institutions, R\$ 1.7 million in asset write-offs related to store closures and R\$ 0.7 million in residual expenses from the DC we deactivated in the 2Q20 in the city of São Paulo as part of a planned capacity rebalancing.

Finally, we recorded gains of R\$ 3.9 million in INSS, PIS and Cofins credits from previous years, R\$ 2.4 million in provision reversals due to lower than expected restructuring expenses and R\$ 0.8 million in other non-recurring/non-operating net gains.

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES



Depreciation expenses amounted to R\$ 141.5 million in the 3Q20, equivalent to 2.6% of gross revenues, a 0.1 percentage point dilution when compared to the previous year.

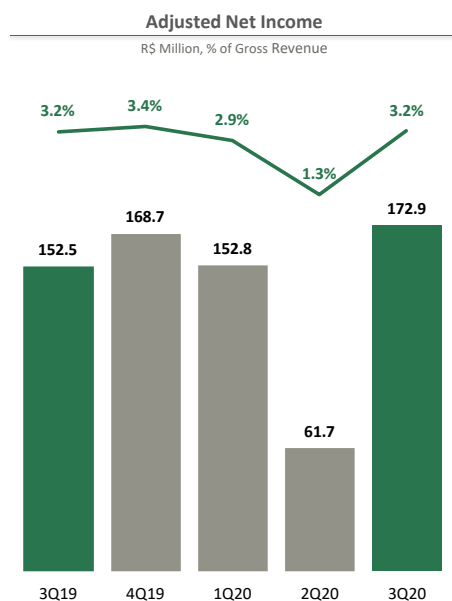
Net financial expenses represented 0.4% of gross revenue, a 0.5 percentage point dilution over the 3Q19. Of the R\$ 22.0 million recorded in the quarter, R\$ 4.8 million refers to the NPV adjustment while R\$ 1.3 million refers to interests on the options to acquire the remaining 45% of 4Bio.

Excluding these, the interest accrued on net debt amounted to R\$ 15.9 million in the 3Q20, equivalent to 0.3% of gross revenue and a 0.1 percentage point dilution when compared to the 3Q19.

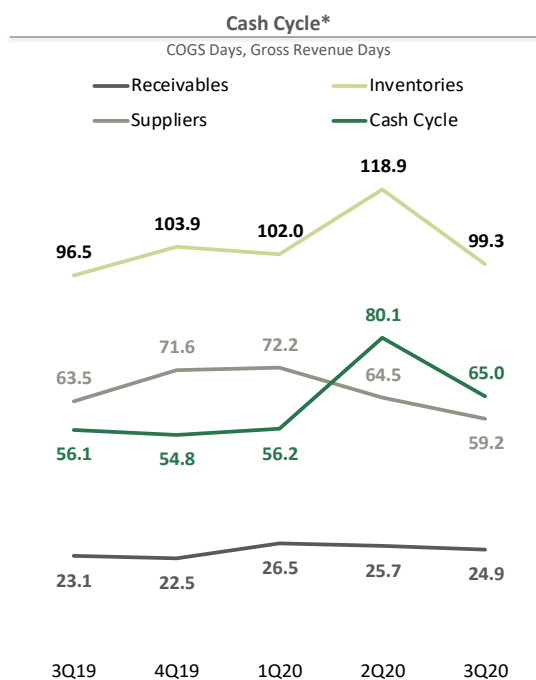
Lastly, we booked R\$ 56.5 million in income taxes, equivalent to 1.0% of gross revenue, a 0.2 percentage point increase.

NET INCOME

Our adjusted net income totaled R\$ 172.9 million in the quarter, an increase of 13.4%. We recorded a net margin of 3.2%, in line with the same period of last year.



CASH CYCLE



* Adjusted for discounted receivables.

Our cash cycle in the 3Q20 was 8.9 days higher when compared to the same period of the previous year. Our inventories were higher by 2.8 days, while receivables by 1.8 day. Finally, accounts payable were 4.3 days below the level of the 3Q19.

Our cash cycle in the 3Q20 is gradually returning to normal levels, which should be concluded between the 4Q20 and the 1Q21. Since the 2Q20, our cash cycle was highly pressured by transitory effects, including a loss in operating leverage stemming from temporarily lower mature store sales as well as higher inventory levels, both as a protective measure against possible supply chain shortages and in order to take advantage of the inflationary gains on inventories, since the annual price cap increase was extraordinarily postponed to the end of May.

CASH FLOW

We recorded a positive free cash flow of R\$ 351.8 million and a total cash generation of R\$ 331.3 million in the 3Q20.

Resources from operations totaled R\$ 321.3 million, equivalent to 6.0% of gross revenue, while we recorded a working capital reduction of R\$ 214.9 million.

Of the R\$ 184.4 million invested in the quarter, R\$ 87.3 million corresponded to new store openings, R\$ 37.6 million to the renovation or expansion of existing stores and R\$ 59.5 million to investments in infrastructure.

Net financial expenses totaled R\$ 17.2 million in the 3Q20, excluding the NPV adjustments. These were more than fully offset by the R\$ 22.8 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. In the 3Q20 we accrued R\$ 50.0 million in interest on equity versus R\$ 52.0 million in the 3Q19, reflecting a payout of 28.6% over the Net Income, through the full usage of the legal interest on equity limit.

Cash Flow (R\$ million)	3Q20	3Q19	YTD '20	YTD '19
Adjusted EBIT	255.6	217.6	582.1	609.1
NPV Adjustment	(5.6)	(17.4)	(16.5)	(38.3)
Non-Recurring Expenses	2.8	263.5	(9.9)	244.4
Income Tax (34%)	(86.0)	(157.7)	(188.9)	(277.2)
Depreciation	141.5	131.8	416.3	374.0
Others	12.9	1.9	47.7	2.3
Resources from Operations	321.3	439.7	830.7	914.4
Cash Cycle*	144.9	(38.9)	(635.4)	(358.4)
Other Assets (Liabilities)**	70.0	(138.5)	146.1	(100.2)
Operating Cash Flow	536.2	262.2	341.3	455.7
Investments	(184.4)	(141.5)	(475.2)	(502.7)
Free Cash Flow	351.8	120.7	(133.9)	(46.9)
Interest on Equity	(19.5)	(0.0)	(127.1)	(93.6)
Income Tax Paid over Interest on Equity	(6.6)	(7.9)	(12.0)	(16.3)
Net Financial Expenses***	(17.2)	(25.2)	(46.8)	(61.1)
Income Tax (Tax benefit over financial expenses and interest on equity)	22.8	26.3	65.5	76.0
Total Cash Flow	331.3	113.8	(254.2)	(142.0)

*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\$ 1,177.6 million, versus R\$ 876.9 million recorded in the same period of 2019. The Adjusted Net Debt to EBITDA ratio equaled 0.9x, 0.2x higher than the same period of last year. This represents a 0.3x decrease in comparison with the 2Q20, when our cash cycle was at a peak due to the pandemic. We expect our leverage to fully normalize over the next two quarters.

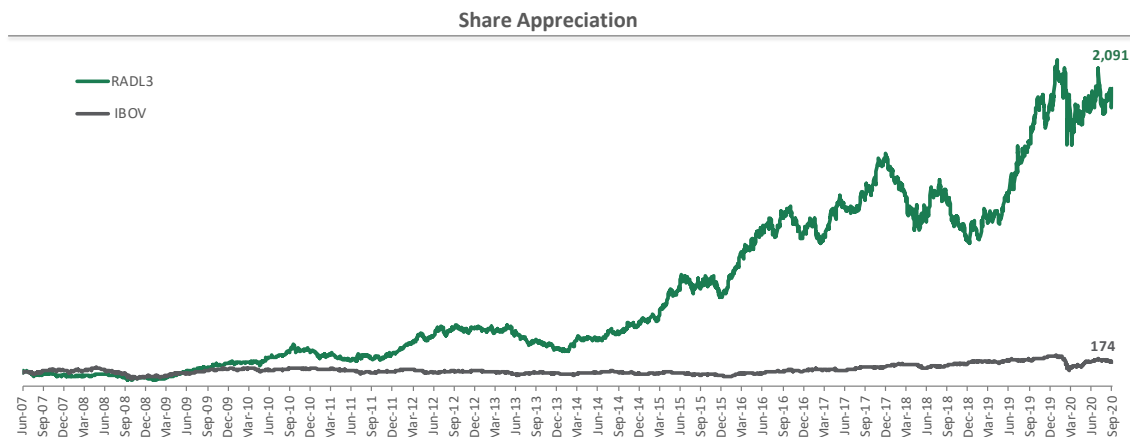
This net debt includes R\$ 45.8 million in liabilities related to the exercise of the put option granted and/or call option obtained for the acquisition of the remaining 45% minority stake of 4Bio. This liability reflects the estimated valuation of 4Bio considering the amendment to 4Bio's purchase and 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	3Q20	2Q20	1Q20	4Q19	3Q19
<i>(R\$ million)</i>					
Short-term Debt	536.5	537.4	533.5	228.7	247.5
Long-term Debt	1,195.5	1,191.1	879.7	897.8	989.9
Total Gross Debt	1,732.0	1,728.4	1,413.2	1,126.5	1,237.4
(-) Cash and Equivalents	600.2	266.4	533.7	299.2	406.7
Net Debt	1,131.8	1,462.0	879.5	827.3	830.7
Discounted Receivables	-	2.4	41.4	54.1	-
Put/Call options to acquire 4Bio (estimated)	45.8	44.5	43.3	42.1	46.2
Adjusted Net Debt	1,177.6	1,508.9	964.2	923.4	876.9
Adjusted Net Debt / EBITDA	0.9x	1.2x	0.7x	0.7x	0.7x

Our gross debt totaled R\$ 1,732.0 million, of which 54.9% corresponds to the debentures issued in 2017, 2018 and 2019, as well as a Certificate of Real Estate Receivables, 2.5% corresponds to BNDES (Brazilian Economic and Social Development Bank) lines and the remaining 42.6% corresponds to other credit lines. Of our total debt, 69.0% is long-term, while 31.0% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 600.2 million.

TOTAL SHAREHOLDER RETURNS

Our share price increased by 5.9% during the quarter, 6.3 percentage points above the IBOVESPA, which decreased by 0.5%. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,991.1% versus a return of only 73.9% for the IBOVESPA. Including the payment of interest on equity, we generated an average annual total return to shareholders of 26.1%.



Considering the IPO of Raia in December of 2010, the cumulative return amounted to 703.9% versus an increase of only 39.2% of the IBOVESPA. Considering the payment of interest on equity, this resulted in an average annual total return to shareholders of 24.2%. Lastly, our shares recorded an average daily trading volume of R\$ 160.6 million in the quarter.

SUSTAINABILITY

In September, we presented our strategic vision and Sustainability Aspiration, in which RD seeks to become the leading company to provide access to a life with healthy habits in Brazil. Defined in three dimensions, the Sustainability Aspiration brings in the Healthier People dimension a focus on the integral health of our employees, customers and community; in the Healthier Planet a focus on the management of impacts from carbon emissions, energy and waste by RD and its value chain; and the Healthier Business dimension a focus on economic empowerment of employees, suppliers and community through education & employment, diversity and inclusion. Details on commitments and goals for 2030 will be defined throughout 2021.

In addition, RD's reverse logistics program began in 2010 and is present in over 1.2 thousand stores distributed in 150 cities. The project's expansion continues and is expected to reach over 1.7 thousand stores by the end of 2020, offering the communities we serve a structured program for the environmentally-friendly disposal of drugs and their packages.

Finally, through the **Fundo RD #TodoCuidadoConta** grant, we concluded in October the donation of R\$ 25 million to 51 philanthropic hospitals in 50 cities of 23 states and the Federal District. The grant was created to assist in the struggle against the pandemic's advance in small and medium cities that combine socioeconomic vulnerabilities and a high probability of sustained transmission of the COVID-19 virus.

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)	3Q20		Change
	IAS 17	IFRS 16	Δ 3Q20
Gross Revenue	5,384.2	5,384.2	0.0
Gross Profit	1,495.0	1,495.0	0.0
Gross Margin	27.8%	27.8%	0.0%
Selling Expenses	(963.6)	(794.6)	169.0
G&A	(134.2)	(133.8)	0.4
Total Expenses	(1,097.8)	(928.4)	169.4
as % of Gross Revenue	20.4%	17.2%	-3.1%
Adjusted EBITDA	397.2	566.6	169.4
as % of Gross Revenue	7.4%	10.5%	3.1%
Non-Recurring Expenses / Revenues	2.8	3.1	0.3
Depreciation and Amortization	(141.5)	(286.4)	(144.8)
Financial Results	(22.0)	(76.7)	(54.7)
Equity Equivalence	(4.3)	(4.3)	0.0
Income Tax	(57.4)	(47.2)	10.2
Net Income	174.7	155.0	(19.7)
as % of Gross Revenue	3.2%	2.9%	-0.4%

Balance Sheet (R\$ million)	3Q20		Change
	IAS 17	IFRS 16	Δ 3Q20
Assets	9,928.3	13,045.0	3,116.7
Current Assets	6,358.7	6,358.7	0.0
Taxes Receivable	91.3	91.3	0.0
Other Accounts Receivable	222.4	222.3	(0.0)
Non-Current Assets	3,569.6	6,686.3	3,116.7
Other Credits	345.4	344.9	(0.5)
Investments	0.0	0.0	(0.0)
Property, Plant and Equipment	1,817.8	4,934.9	3,117.1
Liabilities and Shareholder's Equity	9,928.3	13,045.0	3,116.7
Current Liabilities	3,767.3	4,190.2	422.9
Financial Leases	0.0	469.2	469.2
Dividend and Interest on Equity	153.2	128.5	(24.7)
Other Accounts Payable	173.4	151.8	(21.7)
Non-Current Liabilities	1,820.4	4,627.3	2,806.9
Financial Leases	0.0	2,877.8	2,877.8
Income Tax and Social Charges Deferred	161.2	90.4	(70.8)
Shareholder's Equity	4,340.6	4,227.4	(113.1)
Income Reserves	1,429.6	1,372.0	(57.6)
Accrued Income	232.6	177.1	(55.5)
Non Controller Interest	54.0	54.0	(0.0)

Cash Flow (R\$ million)	3Q20		Change
	IAS 17	IFRS 16	Δ 3Q20
Adjusted EBIT	255.6	280.2	24.6
NPV Adjustment	(5.6)	(5.6)	0.0
Non-Recurring Expenses	2.8	3.1	0.3
Income Tax (34%)	(86.0)	(94.4)	(8.5)
Depreciation	141.5	286.4	144.8
Rental Expenses	0.0	(169.7)	(169.7)
Others	12.9	21.4	8.5
Resources from Operations	321.3	321.3	0.0
Cash Cycle*	144.9	144.9	0.0
Other Assets (Liabilities)**	70.0	70.0	0.0
Operating Cash Flow	536.2	536.2	0.0
Investments	(184.4)	(184.4)	0.0
Free Cash Flow	351.8	351.8	0.0
Interest on Equity	(19.5)	(19.5)	0.0
Income Tax Paid over Interest on Equity	(6.6)	(6.6)	0.0
Net Financial Expenses***	(17.2)	(17.2)	0.0
Income Tax (Tax benefit over financial expenses and interest on equity)	22.8	22.8	0.0
Total Cash Flow	331.3	331.3	0.0

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

3Q20 Results Conference Calls – October 28th, 2020

Portuguese

at 10:00 am (Brasília)

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

Conference ID: RD

Replay (available for 7 days):
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English

at 12:00 pm (Brasília)

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E-mail: ri@rd.com.br

Consolidated Adjusted Income Statement <i>(R\$ thousand)</i>	<u>3Q19</u>	<u>3Q20</u>
Gross Revenue	4,771,280	5,384,230
Taxes, Discounts and Returns	(232,344)	(290,779)
Net Revenue	4,538,936	5,093,452
Cost of Goods Sold	(3,217,586)	(3,598,455)
Gross Profit	1,321,350	1,494,996
Operational (Expenses) Revenues		
Sales	(851,825)	(963,626)
General and Administrative	(110,118)	(134,211)
Operational Expenses	(961,943)	(1,097,837)
EBITDA	359,407	397,159
Depreciation and Amortization	(127,447)	(141,531)
Operational Earnings before Financial Results	231,959	255,628
Financial Expenses	(62,146)	(31,777)
Financial Revenue	21,222	9,787
Financial Expenses/Revenue	(40,924)	(21,990)
Equity Equivalence	0	(4,316)
Earnings before Income Tax and Social Charges	191,035	229,322
Income Tax and Social Charges	(38,559)	(56,451)
Net Income	152,476	172,871

Consolidated Income Statement <i>(R\$ thousand)</i>	<u>3Q19</u>	<u>3Q20</u>
Gross Revenue	4,771,280	5,384,230
Taxes, Discounts and Returns	(232,344)	(290,779)
Net Revenue	4,538,936	5,093,452
Cost of Goods Sold	(3,217,586)	(3,598,455)
Gross Profit	1,321,350	1,494,996
Operational (Expenses) Revenues		
Sales	(851,825)	(963,626)
General and Administrative	(110,118)	(134,211)
Other Operational Expenses, Net	(9,439)	2,797
Operational Expenses	(971,382)	(1,095,040)
EBITDA	349,968	399,956
Depreciation and Amortization	(127,447)	(141,531)
Operational Earnings before Financial Results	222,521	258,425
Financial Expenses	(62,146)	(31,777)
Financial Revenue	21,222	9,787
Financial Expenses/Revenue	(40,924)	(21,990)
Equity Equivalence	0	(4,316)
Earnings before Income Tax and Social Charges	181,597	232,119
Income Tax and Social Charges	(35,350)	(57,402)
Net Income	146,247	174,717

Assets	3Q19	3Q20
<i>(R\$ thousand)</i>		
Current Assets		
Cash and Cash Equivalents	406,681	600,206
Accounts Receivable	1,231,392	1,470,419
Inventories	3,462,288	3,926,676
Taxes Receivable	188,519	91,269
Other Accounts Receivable	202,427	222,376
Anticipated Expenses	37,133	47,733
	<u>5,528,440</u>	<u>6,358,679</u>
Non-Current Assets		
Deposit in Court	28,318	29,331
Taxes Receivable	55,532	102,189
Income Tax and Social Charges deferred	0	19,657
Other Credits	329,432	345,424
Investments	0	0
Property, Plant and Equipment	1,761,702	1,817,792
Intangible	1,246,910	1,255,218
	<u>3,421,893</u>	<u>3,569,611</u>
ASSETS	<u>8,950,332</u>	<u>9,928,290</u>

Liabilities and Shareholder's Equity <i>(R\$ thousand)</i>	3Q19	3Q20
Current Liabilities		
Suppliers	2,279,946	2,339,320
Loans and Financing	247,469	536,490
Salaries and Social Charges Payable	346,202	409,271
Taxes Payable	146,494	123,286
Dividend and Interest on Equity	140,601	153,220
Provision for Lawsuits	22,522	32,327
Other Accounts Payable	160,043	173,421
	<u>3,343,278</u>	<u>3,767,336</u>
Non-Current Liabilities		
Loans and Financing	989,945	1,195,516
Provision for Lawsuits	60,843	70,098
Income Tax and Social Charges deferred	183,696	161,201
Other Accounts Payable	333,050	393,573
	<u>1,567,534</u>	<u>1,820,387</u>
Shareholder's Equity		
Common Stock	2,500,000	2,500,000
Capital Reserves	126,572	142,880
Revaluation Reserve	11,892	11,719
Income Reserves	830,713	1,429,597
Accrued Income	558,128	232,616
Equity Adjustments	(30,230)	(30,230)
Non Controller Interest	42,446	53,984
	<u>4,039,521</u>	<u>4,340,567</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>8,950,332</u>	<u>9,928,290</u>

Cash Flow	3Q19	3Q20
<i>(R\$ thousand)</i>		
Earnings before Income Tax and Social Charges	441,066	234,682
Adjustments		
Depreciation and Amortization	131,753	141,531
Compensation plan with restricted shares, net	3,766	4,974
Interest over additional stock option	8,043	1,260
P,P&E and Intangible Assets residual value	13,680	1,662
Provisioned Lawsuits	(4,201)	3,243
Provisioned Inventory Loss	68	2,732
Provision for Doubtful Accounts	(1,079)	1,739
Provisioned Store Closures	(2,964)	(715)
Interest Expenses	20,019	15,205
Debt Issuance Costs Amortization	646	1,575
Equity Equivalence Result	0	1,027
Gains from business combination	(359,035)	0
Provision for Estimated Losses on other Assets	0	29
	251,762	408,944
Assets and Liabilities variation		
Clients and Other Accounts Receivable	(72,680)	(154,168)
Inventories	(357,370)	185,228
Other Short Term Assets	117,511	80,699
Long Term Assets	(328,619)	(45,889)
Suppliers	272,866	111,442
Salaries and Social Charges	33,535	(6,153)
Taxes Payable	(13,147)	7,933
Other Liabilities	21,637	(1,867)
Rents Payable	716	2,687
Cash from Operations	(73,789)	588,856
Interest Paid	(9,776)	(11,157)
Income Tax and Social Charges Paid	(64,708)	(37,940)
Net Cash from (invested) Operational Activities	(148,273)	539,759
Investment Activities Cash Flow		
Cash acquired from business combination	283,685	0
P,P&E and Intangible Acquisitions	(141,953)	(187,226)
P,P&E Sale Payments	423	1,292
Investments in Associates	0	3,289
Loans granted to subsidiaries	0	(1,804)
Net Cash from Investment Activities	142,155	(184,449)
Financing Activities Cash Flow		
Funding	362,644	8,380
Payments	(95,182)	(10,420)
Interest on Equity and Dividends Paid	(49)	(19,480)
Net Cash from Funding Activities	267,413	(21,520)
Cash and Cash Equivalents net increase	261,295	333,790
Cash and Cash Equivalents in the beginning of the period	145,387	266,416
Cash and Cash Equivalents in the end of the period	406,683	600,206