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

(A free translation of the original in Portuguese)

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Individual and Consolidated Financial Statements At December 31, 2023

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Comments on Company performance

São Paulo, March 05, 2024. **RD – People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 4th quarter of 2023 (4Q23). The Company's parent company and consolidated financial statements for the periods ended December 31, 2023 and 2022 have been prepared in accordance with the accounting practices adopted in Brazil, including the rules issued by the Brazilian Securities Commission (CVM), the Brazilian Accounting Standards – General Technical (NBC TG) and the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and provide all the significant information related solely to the financial statements, which is consistent with the information used by management. The financial statements were prepared in Reais and all growth rates, unless otherwise stated, relate to the same period of the previous year.

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. A reconciliation with IFRS 16 can be found in a dedicated chapter within this document.

ANNUAL CONSOLIDATED HIGHLIGHTS:

- **PHARMACIES:** 2,953 units in operation (270 openings and 14 closures);
- **GROSS REVENUE:** R$ 36.3 billion, + R$ 5.4 billion, a 17.4% increase with 8.0% of mature-store growth;
- **MARKET SHARE:** 16.1%, a 0.9 pp increase, with gains in every region;
- **DIGITAL:** R$ 5.1 billion, an increase of 57.5% and a 4Q23 retail penetration of 16.7%;
- **CONTRIBUTION MARGIN*:** 10.7% of gross revenues, an increase of 16.1%;
- **ADJUSTED EBITDA:** R$ 2,603.2 million, an increase of 15.1% and a margin of 7.2%;
- **ADJUSTED NET INCOME:** R$ 1,104.8 million, a net margin of 3.0%, an increase of 11.4%;
- **CASH FLOW:** R$ 41.1 million negative free cash flow, R$ 721.3 million total cash consumption.

* *Margin before administrative expenses (gross profit – selling expenses)*

RADL3
R$ 25.84/share

NUMBER OF SHARES
1,718,007,200

MARKET CAP
R$ 44.4 billion

CLOSING
March 04th, 2024

IR TEAM:
Eugênio De Zagottis
Flávio Correia
André Stolfi
Victor Torres
Felipe Correa

SITE: ri.rd.com.br
E-MAIL: ri@rd.com.br

Summary	2022	2023	4Q22	1Q23	2Q23	3Q23	4Q23
(R$ thousands)							
# of pharmacies	2,697	2,953	2,697	2,746	2,807	2,868	2,953
Organic openings	260	270	86	55	64	64	87
Closures	(53)	(14)	(9)	(6)	(3)	(3)	(2)
Headcount (EoP)	53,466	57,691	53,466	53,495	55,239	57,295	57,691
Pharmacist count (EoP)	10,952	12,047	10,952	11,322	11,515	11,726	12,047
# of tickets (thousands)	328,871	361,721	85,915	84,906	91,152	91,261	94,401
# of active customers (MM)	47.5	47.6	47.5	48.1	47.5	46.4	47.6
Gross revenue	30,950,564	36,349,446	8,351,126	8,479,007	9,024,723	9,288,331	9,557,385
Gross profit	8,809,468	10,207,350	2,338,166	2,321,744	2,610,067	2,590,145	2,685,394
% of gross revenue	28.5%	28.1%	28.0%	27.4%	28.9%	27.9%	28.1%
Adjusted EBITDA	2,262,123	2,603,246	599,438	562,981	767,625	658,097	614,544
% of gross revenue	7.3%	7.2%	7.2%	6.6%	8.5%	7.1%	6.4%
Adjusted net income	991,824	1,104,787	301,101	203,804	349,225	268,443	283,315
% of gross revenue	3.2%	3.0%	3.6%	2.4%	3.9%	2.9%	3.0%
Net income	1,029,198	1,150,801	278,009	206,426	363,154	296,570	284,651
% of gross revenues	3.3%	3.2%	3.3%	2.4%	4.0%	3.2%	3.0%
Free cash flow	(7,784)	(41,122)	206,008	(42,119)	(486,157)	336,224	150,930

LETTER OF THE ADMINISTRATION

RD is undergoing a profound transformation at an accelerated pace, and 2023 was a year to celebrate the maturation of our strategies. Over the course of the year, we increased our customer base, boosted the penetration of digitalized customers within the business and strengthened customer engagement, improving their loyalty and satisfaction. We improved customer experience both in our physical and digital channels, gaining operating leverage at mature stores and advancing in the construction of a healthcare ecosystem. Operating in a resilient industry supported by the secular aging of the population, RD in 2023 has once again demonstrated its capacity to create value.

We reached a gross revenue of R$ 36.3 billion, with 17.4% of growth and an absolute increase of R$ 5.4 billion, expanding our scale advantage. This strong growth was driven by a solid mature store performance (8.0% in 2023, a real growth of 3.4 percentage points), which has surpassed the CPI for the fourth consecutive year driven by the digitalization of the relationship with our customers, as well as by the record opening of 270 new pharmacies, 10 above our initial guidance. For 2024 and 2025, the guidance is even higher, between 280 and 300 new stores per year. As a consequence of this solid growth and of the operating leverage gained through digital, our consolidated EBITDA reached R$ 2.6 billion, with an increase of 15.1% and a margin of 7.2%, while our net income reached R$ 1.1 billion, an 11.4% increase with a net margin of 3.0%.

Our national market share reached 16.1%, a 0.9 percentage point increase, with significant gains in every region of the country. Today, RD is truly a national company, with nearly 3 thousand pharmacies in 574 cities, including 307 of the 319 Brazilian municipalities at or above 100 thousand inhabitants, and we further extend this reach through our digital channels. Our pharmacies cover 93% of the Brazilian A-class population within a 1.5 km radius and 59% of the overall population within a distance of 5 km. This is an unmatched capillarity in Brazil, either in retail or in healthcare, which uniquely positions RD to offer increasingly complete solutions that meet the health and wellness needs of our customers at a national scale.

We reached in the 4Q23 average monthly sales of R$ 1.1 million per mature store with an NPS of 92, a unique combination of strong service levels with high economic efficiency and operating leverage. Our pharmacies operate consistently with high average sales and profitability across all Brazilian states. We continue to open new pharmacies nationwide with real internal rates of return, net of revenue cannibalization, of around 25%, a testament to the unique assertiveness and profitability of our large-scale expansion plan. And to support this expansion, we opened 3 new distribution centers (DCs) in the cities of Cuiabá (MT), Benevides (PA) and Manaus (AM), increasing our logistical network to 14 DCs that replenish 92% of our pharmacies on a daily basis, improving service levels and optimizing working capital. We also created 4.2 thousand new job posts and invested an average of 108 hours of training per employee in 2023 to support our growth, safeguarding the operational and service excellence that sustain our high NPS.

Since 2019, the penetration of our digital channels increased from 1.5% of revenues to 16.7% in the 4Q23, reaching R$ 5.1 billion in the year, an annual growth of 57.5% in 2023. The participation of our digitalized customers within our total sales, including both physical and digital channels, already approaches the mark of 20%. Our marketplace has reached R$ 160 million in annualized GMV in the year, with clear improvements in delivery times and customer experience. In spite of our intense growth, we recorded a digital NPS of 68, a 26-point improvement since 2019. Our apps have established themselves as the benchmark of our sector, representing 65% of our digital sales. We also increased our delivery speed, with 25% of orders delivered by us in under 60 minutes, which drove a material improvement in our delivery NPS to 81 (a 31-point increase vs. 2019), in addition to a 60% Click & Collect penetration, while third-party superapps accounted for only 7% of participation. Lastly, our digital channels recorded a digital market share of 40% within the overall pharma retail industry.

This transformation process has demanded significant investments. Since 2019, our upgrades in IT and in management structure have increased administrative expenses by 1.2 percentage points, now stabilizing at 3.6%. But the operating leverage gains brought by digital have allowed us to offset that pressure. Therefore, even with significantly increased G&A expenses and also with the negative mix effects caused by the very strong growth obtained both in digital and at 4Bio – which have healthy margins, albeit structurally lower than our pharmacies – we have doubled our consolidated EBITDA from R$ 1.3 billion in 2019 to R$ 2.6 billion in 2023 while maintaining nearly constant margins, and increased our ROIC from 15.0% to 17.5% in the period, demonstrating the success of our strategy and of its implementation. If, on the one hand, digitalization is expected to keep generating economic benefits on our contribution margin, we believe that administrative expenses, on the other hand, will start being diluted in the coming years, opening up the prospect of future margin expansion.

Our retail EBITDA margin reached 7.5%, an annual expansion of 0.1 pp, despite a lower CMED price adjustment (5.6% in 2023 vs. 10.9% in 2022). Meanwhile, in 4Bio, 2023 has crowned the enormously successful cycle experienced since its acquisition. Under the leadership of its founder, André Kina, and with the support of RD, 4Bio ramped from gross revenues of R$ 120 million in 2014 to R$ 2.8 billion in 2023, a 22.5 times increase in only 9 years and with 54.9% of growth only in 2023, ending the year with an EBITDA of R$ 96.9 million and a ROIC that is close to that of the consolidated group. André concluded in 2023 his brilliant cycle as an executive and as a shareholder, but will keep supporting 4Bio on its Board.

RD's Business Strategy is based on two major pillars: the New Pharmacy and the Health Platform. The first repurposes the traditional pharmacy into a local Health Hub, combined with an omnichannel digital experience and complemented by a Marketplace that extends the reach and depth of our offering within the health and wellness verticals. With the Health Platform, we will expand our scope in health, developing solutions to improve customer journey, including adherence to treatments, promotion of healthy habits such as eating, physical activity and sleeping, as well as providing access to a marketplace of health services that includes diagnostics and teleconsultations.

These different businesses and channels, whether physical or digital, complement and reinforce one another, starting with the customers' acquisition and digitalization, which generally occurs in-store and with low marginal acquisition cost (CAC), and culminating with an increase in frequency and spending which are driven by the loyalty generated through the digitalization of the customer relationship, the strengthening of our engagement bonds and the expansion of our 1P and 3P offering in-store and through our digital platforms. By jointly increasing customer spending and loyalty, this combination of assets can multiply Customer Lifetime Value (LTV) and the value creation by the Company.

We ended the year with 47.6 million active customers, of which 6.4 million are frequent customers, with an average frequency of 24 purchases per year. Among these, 1.8 million, or 28% of this group, already utilize digital channels, and their frequency has reached 30 purchases per year. But digitalization constitutes only one among dozens of different engagement bonds that we identify, measure and foster. The larger the number of bonds through which we engage each customer, the greater their loyalty, frequency and LTV.

Another important tool for increasing customer engagement and loyalty has been Stix, the main loyalty coalition in Brazilian retail. Created by RD in partnership with GPA, it also brings together other commercial partners like C&A and Sodimac. Stix has ended 2023 with 4.8 million active customers, of which 2.7 million used their points within the year, with R$ 200 million in point redemptions. In 2023, less than 3% of Stix points expired and 55% of the points granted were redeemed at RD. finally, Stix implemented in the 4Q23 a transformational partnership with Livelo, the largest rewards program in Brazil, with 40 million subscribers, who can use Livelo points directly as cash while paying at our checkouts and at those of our partners through *PagStix*. Since implementation, the redemptions at RD have more than doubled, while significantly increasing the spending and loyalty of those customers in the months following its initial use.

The year has also marked the segregation of RD Ads as an independent company. It offers a wide array of physical and digital communication channels across all stages of the sales funnel. With RD Ads, we can better engage our suppliers and customers to positively impact people's health, well-being and purchasing power, thus increasing the customer lifetime value.

Still within the New Pharmacy, we expanded the offering of pharmaceutical services to 1.9 thousand locations, 304 which are already licensed to administer vaccines, allowing us to provide more than 3.5 million health services and 160 thousand immunizations in the year, consolidating our pharmacies as local health hubs within the communities they serve. For example, we have become, one of the largest private health providers both for Herpes Zoster and for Dengue immunizations in Brazil. We have also significantly contributed to disseminate the testing of dengue as the disease becomes a national concern at the beginning of 2024, highlighting our leading role in promoting health for Brazilians.

Our ability to provide healthcare services also relies on digital. In 2023, we implemented the Amplifarma system, developed by our investee Amplimed, which allows us to better support our customers' health services journeys. At Vitat, we are offering tools and solutions focused on attracting and engaging customers, on building digital Healthy Lifestyle journeys involving Nutrition, Exercising, Mental Health and Healthy Sleeping, including a teleconsultation platform that provides access to nutritionists, psychologists and physical educators, and offering "Vitat Cuida", a complete well-being solution that provides a coordinated journey with personalized support. Vitat ended the year with 58.6 million users impacted by its content and 266 thousand new unique users in the app's programs. Our mission of positively impacting people´s health also extends to our employees, as we have offered several comprehensive health programs, including physical, mental and social support for our teams, who have already benefited from more than 150 thousand online consultations.

The digitalization of customer relationships and its insertion within the center of our strategy have demanded profound transformations in our governance, management model, corporate culture and IT infrastructure. This is a long-term effort in which we have already reached significant milestones.

Our corporate governance has been evolving since 2021. During this period, to complement the long-term vision and stewardship provided by the 3 controlling families, we expanded our Board of Directors, strengthened the role of the Committees and brought in new members with recognized experiences in digital transformation, platform creation and health management. We also count with the contributions of three women within the Board (27% of its members).

Our management model has also evolved to support our strategy. At the end of 2023, we had 8 C-Level executives with average experience of 18 years at RD, and also 42 corporate and executive directors, including 20 positions which have been created since 2018. Among these directors, 25 (50%) have joined the company within this period, oxygenating our corporate structure and bringing new skills and competencies. We highlight that this group includes 11 women (22% of the company's senior leaders). When including pharmacies and DC´s leaders, the representation of female leadership increases to 63%.

Our corporate culture has continued to advance to support an increasingly digital company, synthesized into three pillars: *Caring for People*, *Executing with Focus* and *Building the Future*, anchored by a new Purpose: "*Together for a Healthier Society*". This simple message clearly portrays our objectives and makes them easy to disseminate among our 57.7 thousand employees and 47.6 million customers.

Our IT infrastructure has also been completely overhauled. We migrated our main business systems to microservices and moved them to the cloud. We invested in data science, developing a single and integrated data lake, evolved with the use of advanced algorithms, including artificial intelligence, to support business decisions, and implemented a new CRM platform that supports personalization at scale while providing telemetry at our digital channels. Finally, our digital products team has incorporated new features 4 times faster than in 2021, and increased the number of releases deployed in the year by 5.5 times. Our agile teams work in intense partnership with our business leaders, follow an established governance framework and report integrated performance indicators.

The year also marked the presence of Drogasil in the Interbrand ranking as the 14th most valuable brand in Brazil, highlighting the relationship of trust and the superior experience that we provide to our customers, both in Drogasil and in Raia, which are, respectively, the first and second largest pharmacy banners in Brazil in terms of revenues. This recognition also extends to our private label brands. In 2023, RD Brands was ranked among the 20 top consumer health players in Brazil, with Needs positioned as the 4th largest brand in the industry in Brazil according to IQVIA, with sell-out above R$ 1 billion and only behind of Pampers, Rexona and Dorflex, brands that enjoy many decades of history, significant media spending and very broad distribution across the whole pharma retailing. In addition to contributing with a gross margin above 47%, our private label brands constitute another relevant engagement bond, with an important role in differentiating our offering and in driving customer loyalty.

In 2023, we also advanced in our Ambition to become the company that contributes the most towards a healthier society in Brazil, positioning ourselves as allies of our customers to promote health and prevent diseases. In sustainability, we operate under clear guidelines to promote Healthier People, Healthier Businesses and a Healthier Planet. For example, we advanced in the use of renewable energy, reaching 73% of our pharmacies connected to distributed generation plants and 7 DCs using renewable energy sources by contracting from the open market. In waste management, we are pioneers in Brazil in the correct disposal of medicine and active promoters of the reduced use of plastic bags.

Our progress in ESG has also been widely recognized during the year. Our CDP rating (Carbon Disclosure Project, the main international tool for measuring performance on climate change) improved from B to A-. Our MSCI ESG Ratings improved from BBB to A. We also maintained our position for the third consecutive year as part of the ISE – B3’s corporate sustainability index, improving our score from 76 to 80. For the first time in 2023, we were recognized among the Top 3 in IDIVERSA, B3´s index of listed companies that stand out in terms of diversity, validating our affirmative action programs for race, gender, PWDs, LGBTI+, ages 50+ and refugees. We were also recognized as a Great Place to Work (GPTW) company. Through our social programs, we invested R$ 31.6 million to support our communities, including donations collected from customers, tax incentives, our own resources and the revenues from the Sorria social magazine, in addition to the direct donation of R$ 8.2 million in products.

Finally, we would like to thank our shareholders for the support and trust bestowed upon us, our customers, who entrusted us with their health and rewarded us with their loyalty, and our employees, who selflessly dedicate themselves every day to take care of our customers.

The Administration

CHALLENGES AND OPPORTUNITIES FOR 2024

Accelerate the digitalization of the customer´s relationship: In 2024, we aim at further increasing the participation of digital customers in our total sales, something crucial given the fact that digitalization increases customer engagement, loyalty and spending. We also want to keep evolving in personalizing the consumer experience. We expect to pursue another reduction in delivery lead times, which saw a notable improvement in 2023, and to further increase our NPS, both for the apps and for the delivery service. We will seek more productivity gains at our squads, multiplying the current number of weekly releases to build upon the progress made in 2023. We also improve our customer loyalty and retention models, including subscription programs and other mechanisms to promote adherence to treatment, the strengthening of our loyalty programs and the expansion of Stix, which should gain another reference commercial partner in 2024. We also intend to move forward with RD Ads, aiming at becoming the reference platform in Consumer Health Media in Brazil, engaging customers and suppliers to positively impact people’s health, well-being and purchasing power. Finally, we will continue to advance with our marketplace, increasing GMV, improving seller engagement and the customer´s experience.

Advance in health: In 2023, we took relevant steps towards the construction of our health hubs, one of the pillars of the New Pharmacy. We will continue to advance in 2024 in the provision of pharmaceutical services and also in immunization, where we have already become a relevant player in vaccination against Herpes Zoster and Dengue. These services are already among the most promising engagement bonds with our customers, supporting them on their healthcare journey and contributing significantly to boost their LTV. We also want to advance in the digitalization of the customer’s healthcare experience, both in pharmaceutical services and in immunizations, from the scheduling of these services to the visualization of their digital health records through our apps. Finally, we invested in recent years in a wide array of startups through RD Ventures, including health promotion (Vitat and Healthbit), access and adherence to treatment (Manipulaê, Cuco and Safepill) as well as consultations and diagnostics (Amplimed and Labi). In 2024, we will advance in the integration of our healthcare assets, including our health hubs and Univers, our PBM, to create an integrated health ecosystem, focused on not only customers, but also on servicing companies and health operators to provide integrated solutions that promote healthcare and reduce medical costs.

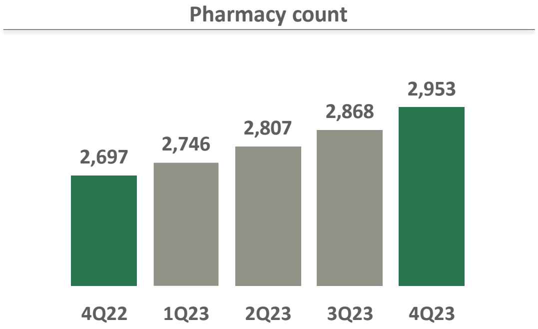
Sustain accelerated growth, increasing market share and gaining further operating leverage: We operate at unique thresholds both of scale – with R$ 36.3 billion in revenue from almost 3 thousand pharmacies across the country, with an annual addition of R$ 5.4 billion in revenues – and of efficiency and operating leverage – with average monthly sales in mature stores of R$ 1.1 million in the 4Q23, achieving real growth for 4 consecutive years, and with a store contribution margin of 14.0% (average of R$ 150 thousand per month per store). While our scale advantage drives purchasing power and the capacity to reinvest in the business, our efficiency ensures us the lowest cost structure in the market, translating into greater price competitiveness and, at the same time, higher margins in relation to our peers. We also have a robust capital structure, with low financial leverage and wide access to capital. In an environment of high interest rates and taxation changes that favor us from a competitive standpoint, this unique combination of scale, efficiency and investment capacity will increasingly make a difference, allowing us to sustain in 2024 our accelerated growth pace with market share gains through an annual expansion of 280 to 300 new pharmacies – a base increase of around 10%, with an expected real IRR of around 25%, net of cannibalization – the maturation of the current portfolio of pharmacies and also the sustained growth in mature stores at levels above inflation.

Dilute administrative expenses: our digital transformation has required intense investments in IT and in management structure. Our administrative expenses increased from 2.4% in 2019 to 3.6% in 2023. This was a deliberate decision, focused on creating long-term value. Even with G&A pressures along the way, as well as with adverse mix effects from 4Bio and digital channels – which grew well above pharmacies with healthy margins, albeit structurally lower – we returned to the margin level we had in 2019, all while doubling our EBITDA of R$ 1.3 billion to R$ 2.6 billion in 2023, and with an increase in ROIC from 15.0% to 17.5% over the period. This rebalancing of margins was only possible because our contribution margin expanded by 0.9 pp in the period, driven by the gains in operating leverage brought by digitalization. At the same time that we believe that we will keep increasing the contribution margin in the coming years due to the increasing digitalization of customer relationships and greater competitiveness in general, we intend to begin the progressive dilution of the administrative expenses, which have already stabilized at 2023, aware that, at the current stage, the Company's focus must be on maximizing the productivity of investments already made rather than continuing to expand the structure. This will open up the opportunity for RD to expand operating margins in the coming years

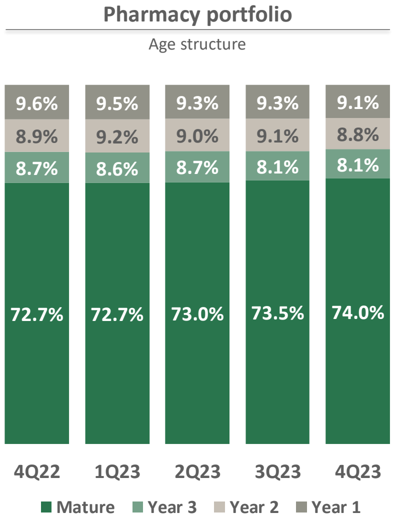
STORE DEVELOPMENT

We opened 270 new pharmacies in 2023, 10 above the initial guidance of the year and strictly in line with the enhanced guidance provided in November. We closed 14 units during the period, finishing with 2,953 pharmacies in operation. In the 4Q23, we opened 87 new pharmacies and closed 2. At the end of the quarter, 26.0% of our pharmacies were still maturing and had not yet reached their full potential both in terms of revenue and profitability.

We reiterate our guidance of 280 to 300 new pharmacies per year, both for 2024 and for 2025.



	4Q22	1Q23	2Q23	3Q23	4Q23	LTM
Gross openings	**+86**	**+55**	**+64**	**+64**	**+87**	**+270**
Closures	-9	-6	-3	-3	-2	-14
Maturing	*-*	*-1*	*-*	*-*	*-*	*-1*
Mature	*-9*	*-5*	*-3*	*-3*	*-2*	*-13*
Net openings	**+77**	**+49**	**+61**	**+61**	**+85**	**+256**

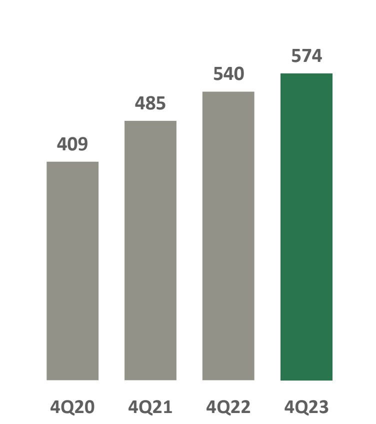


Of the 14 closures of 2023, only 1 was a pharmacy still in the maturation process, an error ratio of less than 0.4% of the 270 openings in the period. The remaining closures consisted of mature units with an average age of 12 years of operation as part of the ongoing optimization of our store portfolio, and represented 0.6% of our mature stores. In the 4Q23, all closures were of mature units.

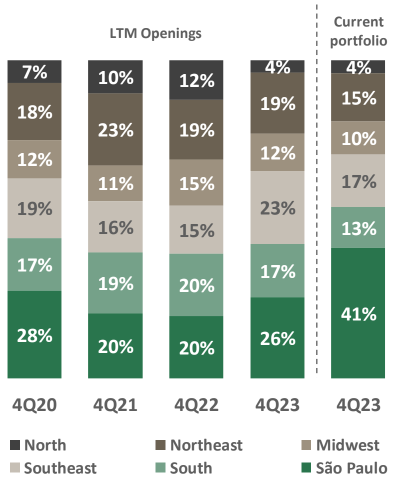
It is important to note that the closure of redundant stores allows us to transfer revenues to our remaining locations in the neighborhood while eliminating a full fixed-cost base and releasing assets to be more efficiently redeployed, thus increasing both the Company's EBITDA and ROIC. This combined plan of pharmacy openings and closures ensures an optimal portfolio of stores across the best corners of the country, expanding our physical presence, balancing the ideal density in each market, and, at the same time, maximizing the return on the assets employed.

We continue diversifying our pharmacy network, both geographically and demographically. Of the 270 gross openings in the year, 74% occurred outside the state of São Paulo, our native market. We have also extended our presence to 574 cities, 34 more than in the 4Q22, a unique capillarity in Brazilian retail. Additionally, out of the 319 Brazilian cities with 100 thousand inhabitants or above, we already have pharmacies, or are in the process of opening, in 307 of them. Lastly, 80% of our openings in the last twelve months have been of popular or hybrid formats, with these already comprising 60% of the current portfolio.

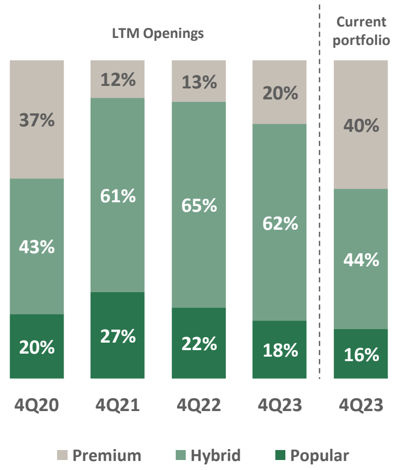
Number of cities with pharmacies



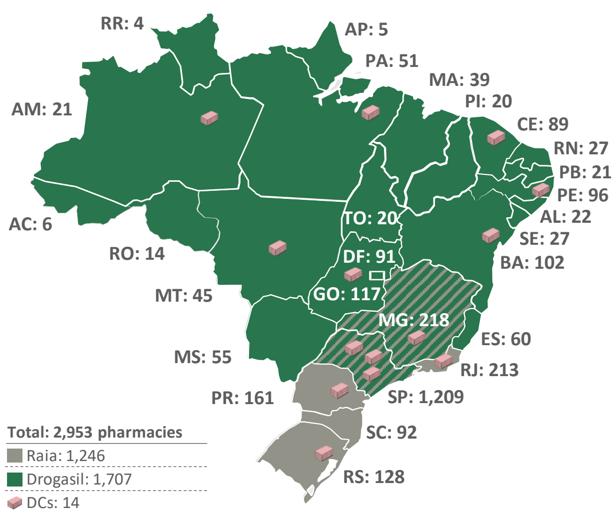
Pharmacies by region



Pharmacies by format

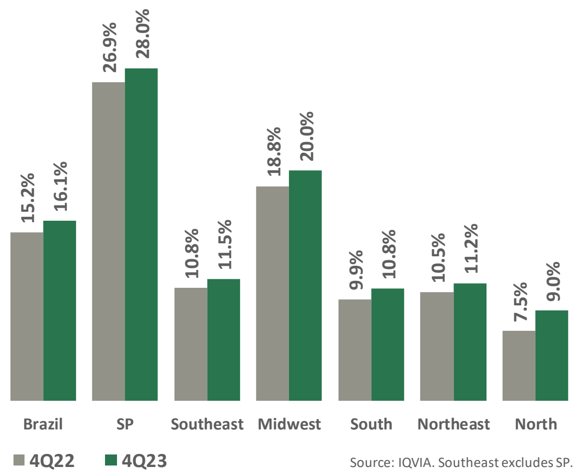


Geographic presence



Market share

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



Source: IQVIA. Southeast excludes SP.

We are currently present in all 27 Brazilian states and operate 14 distribution centers (DCs) that support our almost 3 thousand pharmacies. Besides our new DC in the city of Cuiabá (MT), inaugurated in the 1Q23, we initiated operations of two additional DCs in the 4Q23, located in the cities of Benevides (PA) and Manaus (AM), aiming at better supporting our recent but successful expansion into the Northern region. Our logistics network allows us to replenish over 92% of our stores on a daily basis, improving service levels, optimizing working capital and reinforcing our operational efficiency, thus constituting an important competitive advantage.

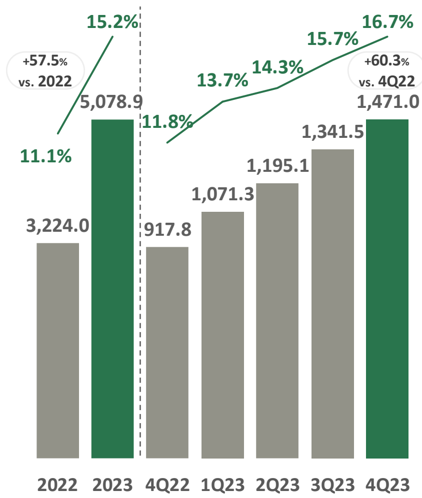
In a quarter in which market growth decelerated (6.7% in the 4Q23 vs. 9.6% in the first 9 months of the year), we achieved a record market share, which underscores the strength of our execution. Our national share was of 16.1%, an annual increase of 0.9 pp, achieving significant gains in every market where we operate. We reached a share of 28.0% in São Paulo, an increase of 1.1 pp, of 11.5% in the Southeast (excluding São Paulo), an additional 0.7 pp, and of 20.0% in the Midwest, a 1.2 pp gain. We also recorded shares of 10.8% in the South, a 0.9 pp increase, of 11.2% in the Northeast, a 0.7 pp gain, and of 9.0% in the North, a 1.5 pp growth.

DIGITAL HEALTH TRANSFORMATION

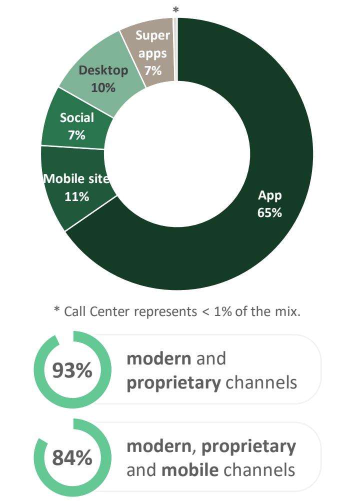
We continue to advance in our digital strategy at a fast pace. We reached R$ 5.1 billion in digital revenues in the year (R$ 1.5 billion in the 4Q23), an absolute increase of R$ 1.9 billion, with 57.5% of annual growth (60.3% in the 4Q23). Our digital channels reached an annual retail penetration of 15.2% (16.7% in the 4Q23), a 4.1 pp increase in the year (4.9 pp in the 4Q23).

We recorded 128.8 million visits in our apps and websites in the 4Q23. Customers who use our digital channels increase their loyalty, engagement and purchasing frequency, spending more than they did before. Our customers who are both frequent and digitalized spend 27% more than other frequent customers, a key driver for value creation.

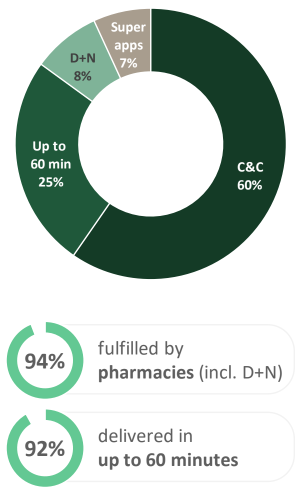
Digital sales and penetration
R$ millions, % of retail gross revenue



Digital channel mix
% of digital sales



Delivery mix
% of digital sales



We highlight the importance of the capillarity of our national chain of pharmacies for digital sales. With 93% of the Brazilian A-class population living within a 1.5 km radius from our stores, the proximity to our customers allowed 94% of digital orders in the quarter to be fulfilled by our pharmacies, with high economic efficiency and convenience, including 92% of digital orders delivered or collected in up to 60 minutes.

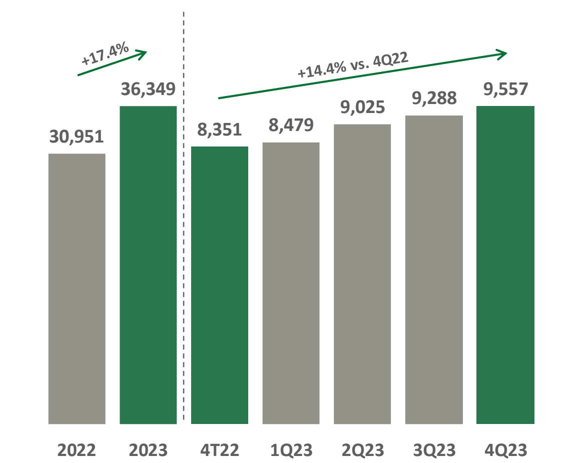
The role of our pharmacies in the promotion of integral health is also advancing. We count over 1.9 thousand pharmacies offering an expanded services portfolio at our health hubs, in addition to 304 units licensed for vaccines. Through these services, we are repositioning our pharmacies as local health hubs and strengthening the bonds with our customers while having our pharmacy experience evaluated with an NPS score of 92.

Lastly, we continue to structure our Marketplace to offer an improved experience for our customers, ending the year with an annualized GMV of R$ 160 million while offering 156 thousand SKUs from 633 sellers. We expect to continue to increase our GMV and improving the service level in order to converge it over time to that of our 1P digital operation.

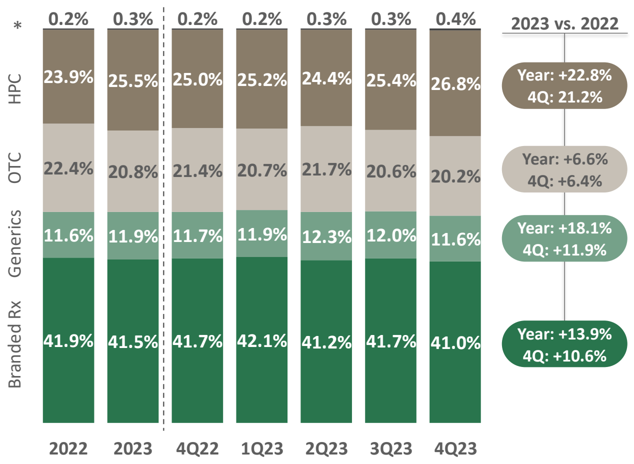
GROSS REVENUES

We ended 2023 with a consolidated gross revenue of R$ 36,349 million (R$ 9,557 million in the 4Q23), an absolute increase of R$ 5.4 billion and a growth of 17.4% in the year (14.4% in the 4Q23). Notably, our retail sales grew by 15.2% in the year (13.0% in the 4Q23), while 4Bio contributed to consolidated growth with 2.2 pp in the year (1.4 pp in the 4Q23). Lastly, we recorded a negative effect from the sale of COVID-19 tests of 1.1 pp in the year (0.8 pp in the 4Q23), and a negative calendar effect of 0.2 pp in 2023 (0.8 pp in the 4Q23).

Consolidated gross revenues
R$ millions

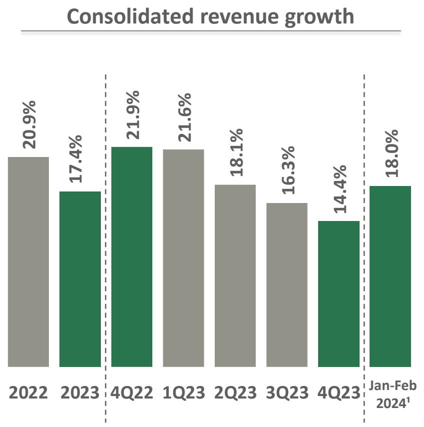


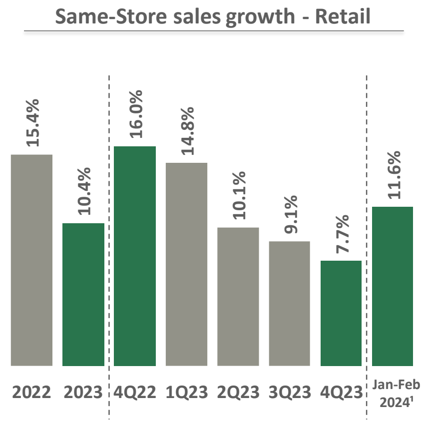
Retail sales mix

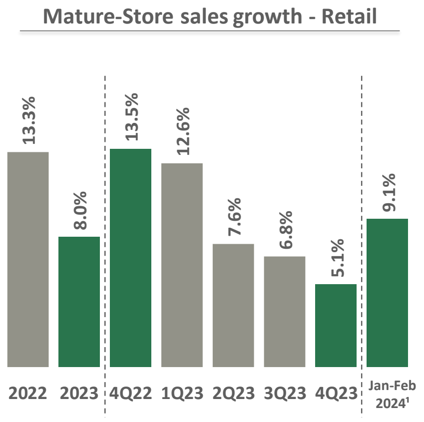


* Services.

During the course of 2023, branded Rx recorded a growth of 13.9% (10.6% in the 4Q23), generics 18.1% (11.9% in the 4Q23), OTC 6.6% (6.4% in the 4Q23) and HPC 22.8% (21.2% in the 4Q23). With the distancing of the peak of contamination of the pandemic, we observed a decrease of the sales mix of products related to the crisis, predominantly OTC items, and the strengthening of demand for HPC up to historic levels.

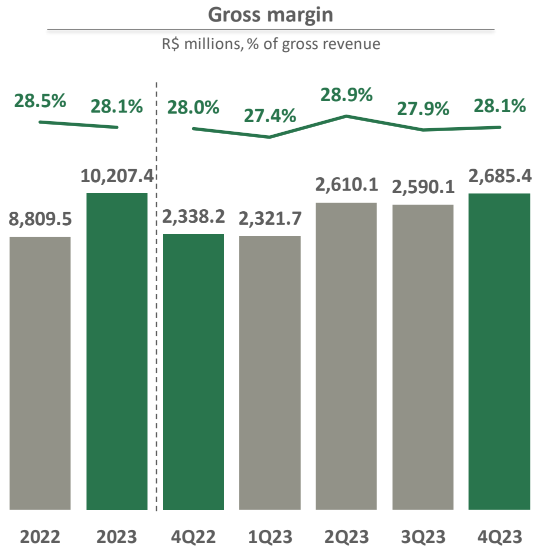






We recorded in 2023 an average same-store sales growth of 10.4%, with 8.0% at mature stores, 3.4 pp above the period's CPI. In the 4Q23, we recorded an average same-store sales growth of 7.7%, with 5.1% in mature stores. It is important to highlight that we observed a normalization of growth in the months of January and February, with a consolidated revenue growth of 18.0%, with 17.3% in retail, and an average mature-store growth of 9.1%, 4.6 pp above the 12-month CPI ending in January (positive calendar effect of 1.9 pp due to the leap year)[1].

GROSS PROFIT



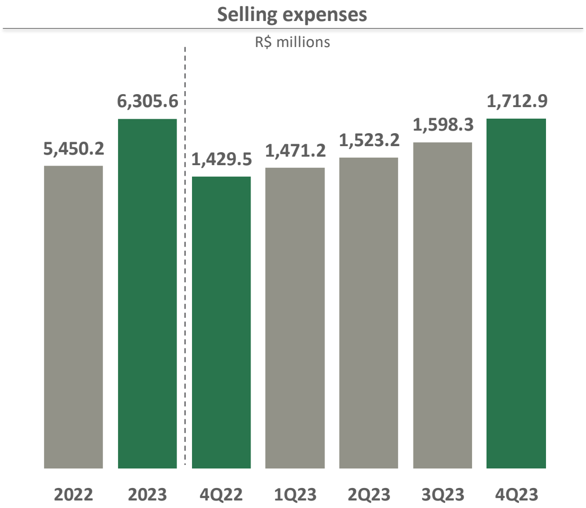
Our gross profit totaled R$ 10,207.4 million in 2023, with a gross margin of 28.1%, a 0.4 pp contraction in comparison to 2022. This contraction was driven by the adverse mix effect of 0.3 pp caused by the strong sales growth of 4Bio, which operates with a structurally lower gross margin, and an additional 0.3 pp pressure stemming from the DIFAL, also in 4Bio, which inflated the comparison basis in 2022[2]. We recorded an additional estimated pressure of 0.2 pp from the lower inflationary gains on inventories due to the lower CMED price adjustment of 5.6% in 2023 vs. 10.9% in 2022. These effects were mitigated by a structural annual retail gross margin gain of 0.4 pp.

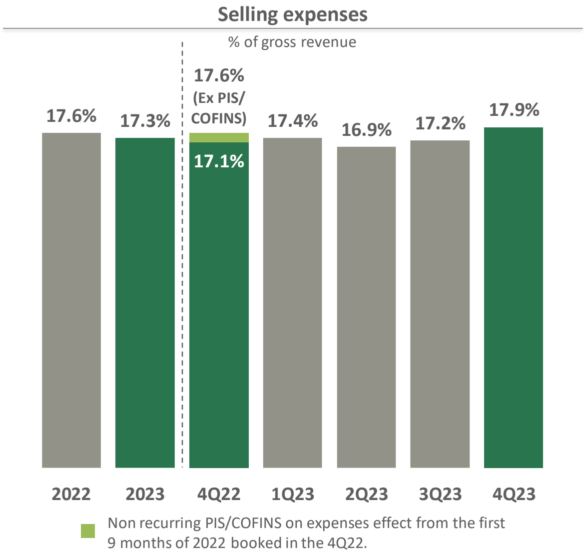
In the 4Q23, our gross profit totaled R$ 2,685.4 million with a gross margin of 28.1%, a 0.1 pp increase. In the quarter, we recorded a negative mix effect of 0.2 pp caused by the strong sales growth of 4Bio and an additional 0.1 pp pressure stemming from the DIFAL, also in

[1] *Preliminary data, non-audited.*
[2] *On November 30th 2023, the Brazilian Supreme Court (STF) validated the charging of DIFAL for 2022. As we didn't republish the fiscal 2022 financial statements, past numbers still reflect the benefits of not booking it. The values referring to 2022, to be paid retroactively, were booked in the 4Q23 as non-recurring expenses, as they are from a previous fiscal year.*

4Bio, which inflated the comparison basis in the 4Q22[2]. These effects were more than offset by a retail gross margin expansion of 0.4 pp in the quarter.

SELLING EXPENSES



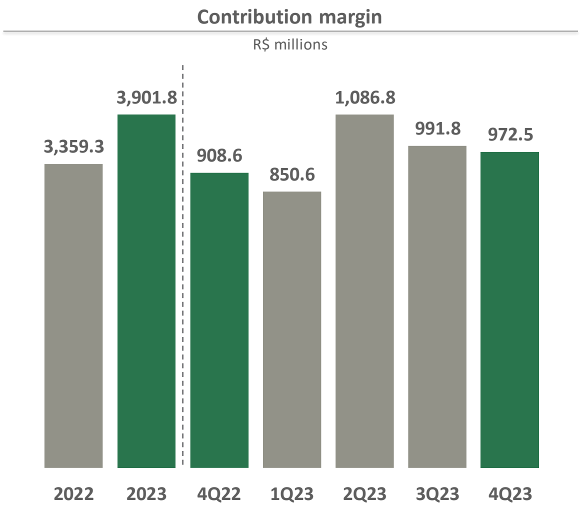


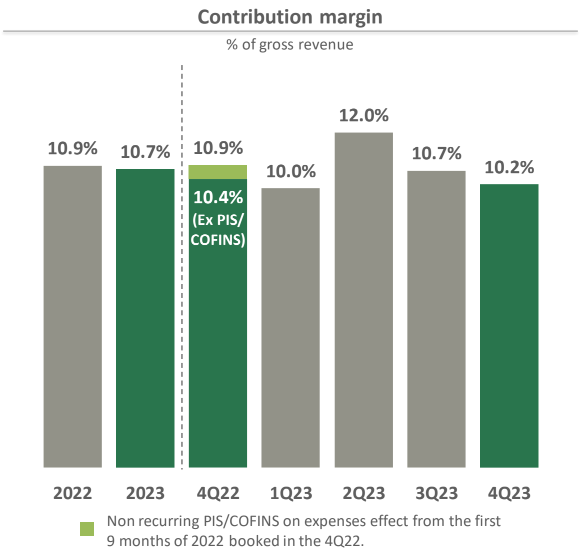
Selling expenses totaled R$ 6,305.6 million in 2023, equivalent to 17.3% of gross revenue, a 0.3 pp dilution vs. 2022, driven by operating leverage gains from the real growth recorded at mature stores. During the year, we recorded reductions of 0.2 pp in rentals, 0.1 pp in personnel expenses, 0.1 pp in supply chain costs, and of 0.2 pp in other expenses, partially offset by pressures of 0.2 pp in last-mile expenses and 0.1 pp in payment methods.

In the quarter, selling expenses totaled R$ 1,712.9 million, equivalent to 17.9% of gross revenue, a 0.8 pp pressure when compared to the same period of the previous year. It is important to emphasize that we recorded in the 4Q22 gains related to PIS/COFINS on expenses relating to previous quarters which were fully booked in the quarter. This portion related to the first 9 months of the year generated a one-off gain of 0.5 pp in the 4Q22, leading to sales expenses of 17.1% instead of 17.6%, which would otherwise be the normalized level for the quarter, thus resulting in a normalized pressure of 0.3 pp in the 4Q23.

This pressure was driven by a lower level of sales growth in the 4Q23 in comparison to recent levels (mature-store growth of 5.1% vs. 6.8% in the previous quarter due to lower market growth), which resulted in a momentary loss of operating leverage. With the normalization of our sales growth, as observed in January and February[1], we expect a return to the level of expenses posted recently.

CONTRIBUTION MARGIN



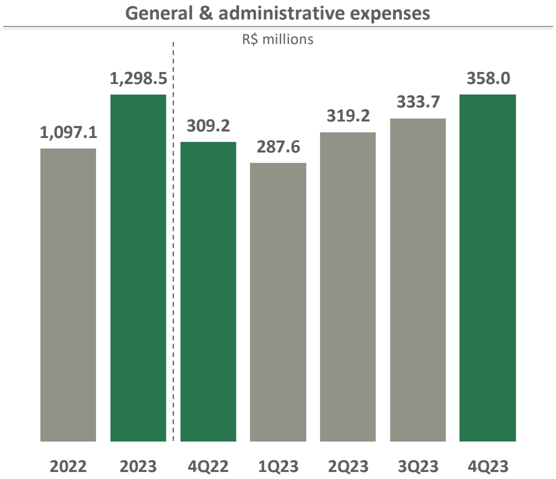


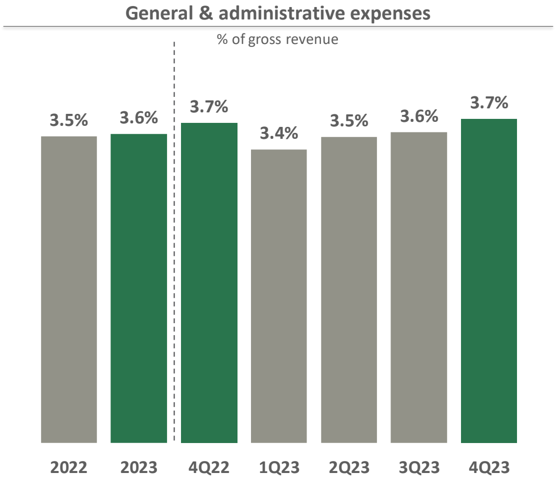
We recorded a contribution margin of R$ 3,901.8 million in 2023, an increase of 16.1% vs. 2022 and a margin contraction of 0.2 pp to 10.7% of gross revenue. This reflects a contraction of 0.4 pp in our gross margin, stemming from a 0.2 pp pressure from the lower CMED price adjustment, and from a 0.6 pp combined mix and DIFAL effects from 4Bio, partly offset by a 0.3 pp dilution of selling expenses. The retail business posted a margin increase of 0.2 pp, despite the lower CMED price adjustment.

In the 4Q23, the contribution margin totaled R$ 972.5 million, an increase of 7.0% vs. the 4Q22, with a 0.7 pp contraction to 10.2% of gross revenue. This contraction stems from the one-off gains of 0.5 pp from PIS/COFINS on expenses in the 4Q22, which referred to previous quarters of 2022, from the combined mix and DIFAL adverse effects of 0.3 pp at 4Bio and from the the additional 0.3 pp pressure in selling expenses due to the momentary loss of operating leverage in the quarter.

Excluding the one-off gains of 0.5 pp from PIS/COFINS in the 4Q22, we recorded in the quarter a 0.1 pp pressure in the retail contribution margin.

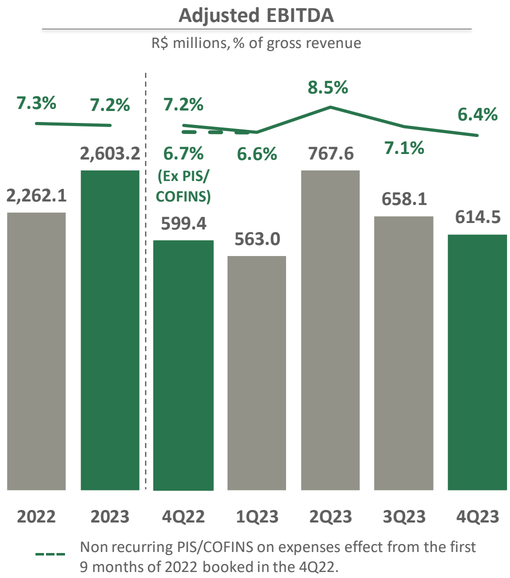
GENERAL & ADMINISTRATIVE EXPENSES





General and administrative expenses totaled R$ 1,298.5 million in 2023, equivalent to 3.6% of gross revenue, a 0.1 pp increase in comparison to 2022. In the 4Q23, the total was of R$ 358.0 million, equivalent to 3.7% of gross revenue, stable when compared to the 4Q22. The sequential increase vs. the 3Q23 was driven by the loss of operating leverage and is expected to revert with the normalization of the sales growth witnessed in the first months of 2024[1].

EBITDA



We achieved an adjusted EBITDA of R$ 2,603.2 million in 2023, a 15.1% increase when compared to 2022. We recorded an EBITDA margin of 7.2%, only slightly below 2022 in spite of the 0.2 pp impact from the lower CMED price adjustment in the year, of the combined mix and DIFAL effects from 4Bio of 0.6 pp and of the lower sales growth in the 4Q23. Still, our retail EBITDA margin recorded an increase of 0.1 pp to 7.5% in 2023, despite the lower CMED price adjustment and the lower sales growth in the quarter.

In the 4Q23, the adjusted EBITDA amounted to R$ 614.5 million, corresponding to an EBITDA margin of 6.4%, a 0.8 pp contraction. This contraction was mostly driven by the non-recurring gains of 0.5 pp in the 4Q22, stemming from the booking of PIS/COFINS gains referring to previous quarters of 2022, and by the combined adverse effects of 0.3 pp from the mix and DIFAL, both in 4Bio. In the retail business, despite the lower sales growth witnessed in the quarter, which already normalized in the first months of 2024[1], we recorded an EBITDA margin of 6.6%, a normalized contraction of only 0.2 pp excluding the non-recurring 2022 PIS/COFINS gains.

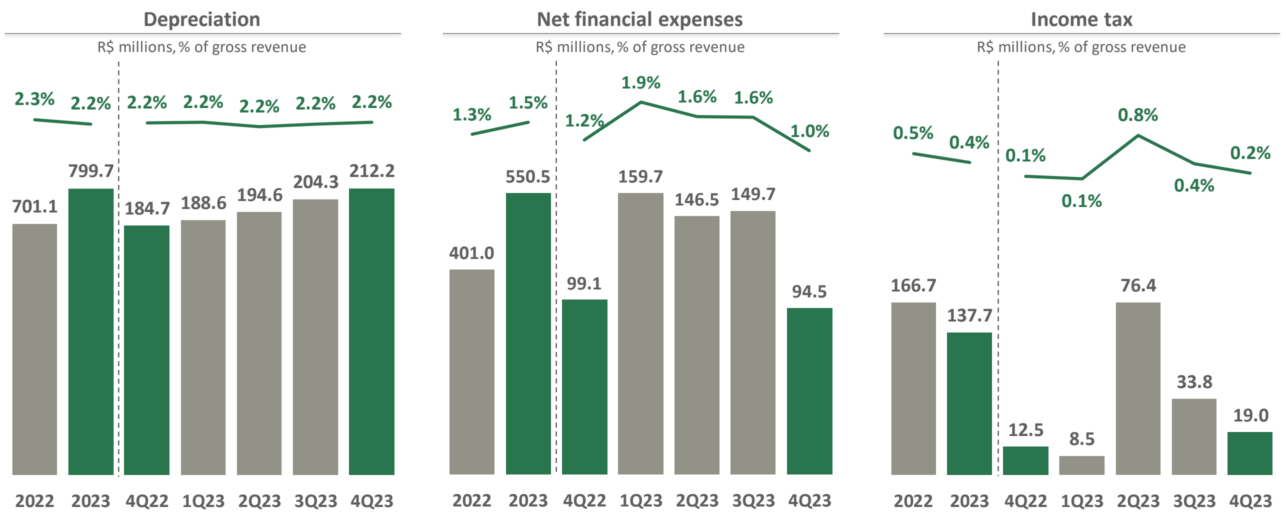
EBITDA RECONCILIATION AND NON-RECURRING RESULTS

EBITDA reconciliation - R$ millions	1Q23	2Q23	3Q23	4Q23	2023
Net income	**206.4**	**363.2**	**296.6**	**284.7**	**1,150.8**
Income tax	9.8	83.6	48.3	19.7	161.4
Equity equivalence	2.4	0.8	1.9	5.5	10.6
Financial result	159.7	146.5	149.7	94.5	550.5
EBIT	**378.4**	**594.1**	**496.4**	**404.4**	**1,873.3**
Depreciation and amortization	188.6	194.6	204.3	212.2	799.7
EBITDA	**567.0**	**788.7**	**700.7**	**616.6**	**2,673.0**
Tax effects and other non-recurring from previous years	(6.2)	(21.3)	(49.5)	(46.2)	(123.3)
Asset write-offs	0.9	(2.6)	1.1	38.6	38.0
Social investments and donations	1.3	2.8	2.1	3.5	9.8
Other non-recurring/non-operating effects	-	-	3.7	2.2	5.8
Non-recurring/non-operating expenses	**(4.0)**	**(21.1)**	**(42.6)**	**(2.0)**	**(69.7)**
Adjusted EBITDA	**563.0**	**767.6**	**658.1**	**614.5**	**2,603.2**

We recorded in 2023 R$ 69.7 million in net non-recurring revenues (R$ 2.0 million in net expenses in the 4Q23). This includes R$ 9.8 million in social investments and donations (R$ 3.5 million in the 4Q23), R$ 38.0 million in asset write-offs (R$ 38.6 million in the 4Q23), in addition to R$ 5.8 million in other non-recurring effects (R$ 2.2 million in the 4Q23).

On November 30th 2023, the Brazilian Supreme Court (STF) reinstated the payment of the DIFAL for 2022, which resulted in a non-recurring tax expense of R$ 61,0 million in the 4Q23 for 4Bio. This expense was more than offset by other gains, resulting in net tax effects from previous years of R$ 123.3 million in the year (R$ 46.2 million in the 4Q23). We highlight that this retroactive DIFAL effect in 4Bio will not generate a cash disbursement nor it will have any impacts on our net debt, as the values were maintained in judicial deposits which were not considered as part of our cash position when calculating our financial leverage.

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

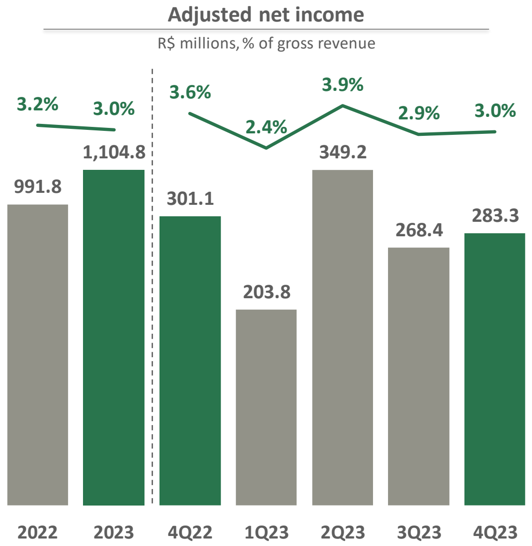


Depreciation expenses amounted to R$ 799.7 million in 2023 (R$ 212.2 million in the 4Q23), equivalent to 2.2% of gross revenue (2.2% in the 4Q23), a 0.1 pp dilution when compared to 2022 (stable vs. 4Q22).

Net financial expenses represented 1.5% of gross revenue in 2023 (1.0% in the 4Q23), a 0.2 pp increase when compared to 2022 (0.2 pp reduction in comparison with the 4Q22). Of the R$ 550.5 million recorded in 2023 (R$ 94.5 million in the 4Q23), R$ 316.7 million refer to the actual financial interest accrued on financial liabilities (R$ 44.7 million in the 4Q23), equivalent to 0.9% of gross revenue (0.5% in the 4Q23), a 0.1 pp increase when compared to 2022 (0.3 pp decrease in the 4Q23), mainly due to the higher SELIC interest rate. We have also recorded R$ 192.5 million in net financial expenses which refer to the NPV adjustment (R$ 44.8 million in the 4Q23) and R$ 41.2 million which refers to the reevaluation and the interest on the option to acquire the remaining shares of invested companies (R$ 4.9 million in the 4Q23).

Lastly, we booked R$ 137.7 million in income taxes in the year (R$ 19.0 million in the 4Q23), equivalent to 0.4% of gross revenue (0.2% in the quarter), a 0.1 pp dilution (a 0.1 pp increase in the 4Q22).

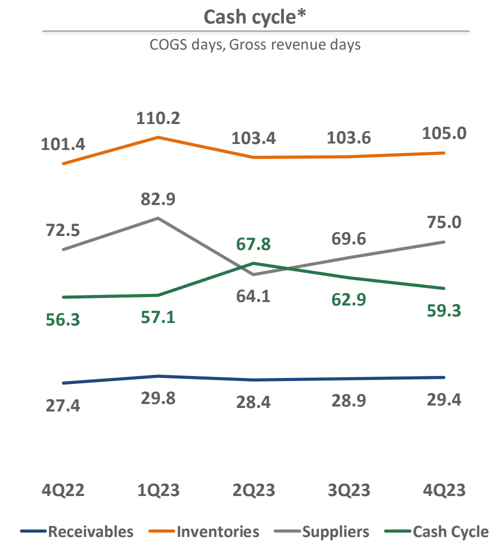
NET INCOME



Our adjusted net income totaled R$ 1,104.8 million in 2023 (R$ 283.3 million in the 4Q23), a 11.4% growth in comparison with 2022 (5.9% reduction in the 4Q23).

In the 4Q23 we recorded a net margin pressure of 0.6 pp, mainly due to the lower EBITDA margin from the effects explained above.

CASH CYCLE



* Adjusted for discounted receivables and advanced payments to suppliers.

We ended the 4Q23 with a cash cycle of 59.3 days, an increase of 3.0 days when compared to the same period of the previous year, and a sequential decrease of 3.6 days when compared to the 3Q23.

CASH FLOW

In 2023, we recorded a negative free cash flow of R$ 41.1 million and a total cash consumption of R$ 721.3 million. Resources from operations totaled R$ 2,292.7 million, equivalent to 6.3% of gross revenue. We recorded a working capital consumption of R$ 1,099.4 million, resulting in an operating cash flow of R$ 1,193.3 million that nearly financed the entire CAPEX of R$ 1,234.4 million.

In the 4Q23, we recorded a positive free cash flow of R$ 150.9 million, with a total cash consumption of R$ 122.7 million. Resources from operations totaled R$ 865.0 million, equivalent to 9.1% of gross revenue. We recorded a working capital consumption of R$ 347.0 million, resulting in an operating cash flow of R$ 518.0 million, more than financing the CAPEX of R$ 367.0 million.

Of the R$ 1,234.4 million invested in 2023 (R$ 367.0 million in the 4Q23), R$ 461.3 million were used for the opening of new pharmacies (R$ 136.5 million in the 4Q23), R$ 182.2 million for the renovation or expansion of existing units (R$ 50.6 million in the 4Q23), R$ 372.3 million for IT (R$ 114.1 million in the 4Q23), R$ 167.0 million in logistics (R$ 43.2 million in the 4Q23) and R$ 51.6 million in other projects (R$ 22.6 million in the 4Q23). Additionally, we allocated R$ 72.7 million into investments in subsidiaries (R$ 31.4 million in the 4Q23).

Net financial expenses resulted in payments of R$ 358.0 million in 2023 (R$ 49.6 million in the 4Q23). These payments were partially offset by R$ 244.2 million in tax benefits related to net financial expenses and interest on equity (R$ 46.5 million in the 4Q23).

Lastly, we provisioned R$ 527.5 million in proceeds in 2023 (R$ 254.4 million in the 4Q23), of which R$ 360.2 million were in interest on equity (R$ 87.1 million in the 4Q23) and R$ 167.3 million in dividends (R$ 167.3 million in the 4Q23), representing a payout of 50,0% of the year's adjusted net income (controller, IFRS 16). It is worth noting that R$ 84.3 million in dividends are subject to approval by shareholders in the upcoming Ordinary Shareholders' Meeting.

Cash flow	**2023**	**2022**	**4Q23**	**4Q22**
(R$ million)				
Adjusted EBIT	**1,803.6**	**1,561.1**	**402.3**	**414.8**
NPV adjustment	(185.9)	(132.6)	(49.1)	(46.7)
Non-recurring expenses	69.7	56.6	2.0	(35.0)
Income tax (34%)	(573.7)	(504.9)	(120.8)	(113.3)
Depreciation	797.7	700.2	209.5	183.8
Others	381.4	124.8	421.0	4.3
Resources from operations	**2,292.7**	**1,805.1**	**865.0**	**407.9**
Cash cycle*	(1,019.5)	(898.1)	(54.8)	93.3
Other assets (liabilities)**	(79.9)	105.7	(292.2)	25.9
Operating cash flow	**1,193.3**	**1,012.8**	**518.0**	**527.1**
Investments	**(1,234.4)**	**(1,020.6)**	**(367.0)**	**(321.1)**
Free cash flow	**(41.1)**	**(7.8)**	**150.9**	**206.0**
M&A and other investments	(72.7)	(209.0)	(31.4)	(90.6)
Interest on equity and dividends	(465.9)	(324.1)	(239.1)	(227.8)
Income tax paid over interest on equity	(27.9)	(30.7)	-	(11.0)
Net financial expenses***	(358.0)	(283.6)	(49.6)	(68.9)
Tax benefit (fin. exp., IoE, dividends)	244.2	202.5	46.5	54.0
Total Cash Flow	**(721.3)**	**(652.7)**	**(122.7)**	**(138.3)**

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

INDEBTEDNESS

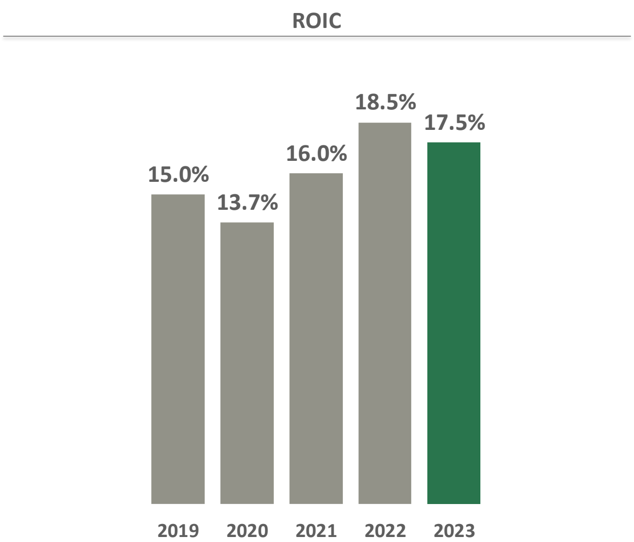
We ended 2023 with an adjusted net debt of R$ 2,766.9 million, corresponding to a leverage ratio of 1.1x the adjusted EBITDA of the last twelve months. The adjusted net debt considers R$ 49.6 million in advanced payments to suppliers and R$ 98.2 million in liabilities related to the put option granted and/or call option obtained for the acquisition of shares of invested companies.

Net Debt (R$ millions)	4Q22	1Q23	2Q23	3Q23	4Q23
Short-term Debt	186.4	443.8	569.8	581.0	604.6
Long-term Debt	2,131.5	1,832.6	1,833.8	2,523.5	2,526.1
Total Gross Debt	**2,317.9**	**2,276.4**	**2,403.6**	**3,104.5**	**3,130.7**
(-) Cash and Equivalents	433.5	371.3	345.3	593.6	412.3
Net Debt	**1,884.4**	**1,905.1**	**2,058.3**	**2,510.9**	**2,718.4**
Discounted Receivables	216.1	148.2	752.4	47.8	-
Advances to suppliers	(119.5)	(3.7)	-	(12.6)	(49.6)
Put/Call options of investments (estimated)	64.7	94.7	96.8	98.2	98.2
Adjusted Net Debt	**2,045.6**	**2,144.3**	**2,907.4**	**2,644.3**	**2,766.9**
Adjusted Net Debt / EBITDA	**0.9x**	**0.9x**	**1.2x**	**1.0x**	**1.1x**

At the end of the quarter, our gross debt totaled R$ 3,130.7 million, of which 82.8% corresponds to the issuance of Debentures and Certificates of Real Estate Receivables. The remaining 17.2% corresponds to other credit lines. Of the total indebtedness, 81% is long-term, and 19% is short-term. We ended the quarter with a total cash position (cash and financial investments) of R$ 412.3 million.

RETURN ON INVESTED CAPITAL

In 2022, our ROIC totaled 17.5%, staying at a healthy level as we invest in our strategy of providing an omnichannel experience and improving customer experience through digitalization. It is important to highlight that the calculated ROIC excludes the goodwill from the merger between Raia and Drogasil, since it was a share exchange at market value without any effective payments by either party.

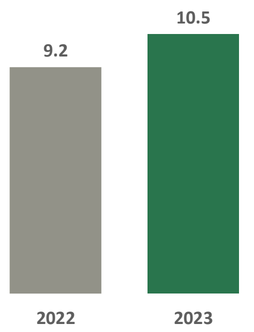


SHARED VALUE CREATION

In 2023 we shared R$ 10.5 billion in added value with our stakeholders, a 14.5% increase when compared to the previous year. This value was divided as follows: R$ 4.4 billion was shared with the government at the federal, state and municipal levels in the form of taxes and fees, R$ 3.4 billion was shared with our employees, R$ 1.6 billion with the landlords of the properties we rent as well as with financial institutions, and R$ 1,1 billion with our shareholders.

Total Value Added*

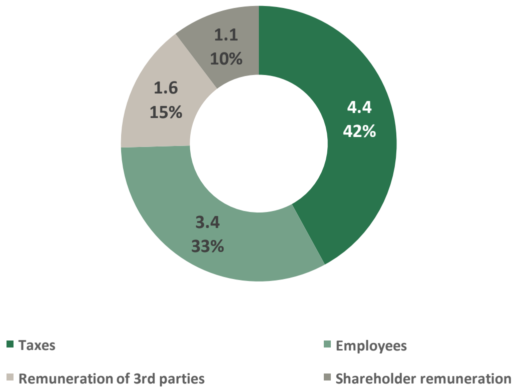
R$ billions



* Adjusted for effective rentals and excludes NPV impacts.

Value Added per Stakeholder

R$ billions, % of the yearly total

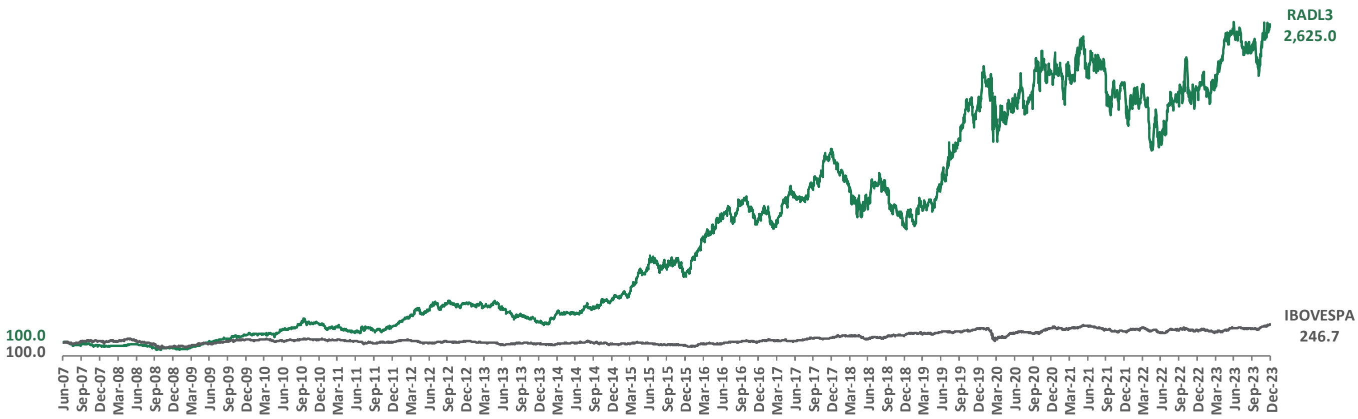


TOTAL SHAREHOLDER RETURNS

Our share price increased by 23.9% in 2023, 1.6 pp above the IBOVESPA. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 2,525% versus a return of only 147% for the IBOVESPA. Including the payment of interest on equity and dividends, we generated an average annual total return to shareholders of 22.6%.

Considering the IPO of Raia in December of 2010, the cumulative return amounted to 950% versus an increase of only 97% of the IBOVESPA. Considering the payment of interest on equity and dividends, this resulted in an average annual total return to shareholders of 20.2%. Lastly, our shares recorded an average daily trading volume of R$ 152 million in the year.

Stock price appreciation



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, 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$ millions)*	4Q23			2023		
	IAS 17	IFRS 16	Change	IAS 17	IFRS 16	Change
Gross Revenue	**9,557.4**	**9,557.4**	**0.0**	**36,349.4**	**36,349.4**	**0.0**
Gross Profit	**2,685.4**	**2,685.4**	**0.0**	**10,207.4**	**10,207.4**	**0.0**
Gross Margin	28.1%	28.1%	0.0%	28.1%	28.1%	0.0 pp
Selling Expenses	(1,712.9)	(1,437.1)	275.8	(6,305.6)	(5,237.1)	1,068.5
G&A	(358.0)	(356.8)	1.1	(1,298.5)	(1,294.4)	4.2
Total Expenses	**(2,070.8)**	**(1,793.9)**	**276.9**	**(7,604.1)**	**(6,531.5)**	**1,072.6**
as % of Gross Revenue	21.7%	18.8%	(2.9%)	20.9%	18.0%	(2.9 pp)
Adjusted EBITDA	**614.5**	**891.5**	**276.9**	**2,603.2**	**3,675.9**	**1,072.7**
as % of Gross Revenue	6.4%	9.3%	2.9%	7.2%	10.1%	2.9 pp
Non-Recurring Expenses / Revenues	2.0	5.9	3.9	69.7	78.4	8.7
Depreciation and Amortization	(212.2)	(415.6)	(203.4)	(799.7)	(1,661.3)	(861.7)
Financial Results	(94.5)	(179.5)	(85.0)	(550.5)	(863.8)	(313.3)
Equity Equivalence	(5.5)	(7.3)	(1.8)	(10.6)	(12.5)	(1.9)
Income Tax	(19.7)	(17.1)	2.6	(161.4)	(129.5)	31.8
Net Income	**284.7**	**277.9**	**(6.7)**	**1,150.8**	**1,087.1**	**(63.7)**
as % of Gross Revenue	3.0%	2.9%	(0.1%)	3.2%	3.0%	(0.2 pp)

Balance Sheet *(R$ millions)*	4Q23		Change
	IAS 17	IFRS 16	Δ 4Q23
Assets	**16,507.6**	**20,094.4**	**3,586.8**
Current Assets	**11,561.7**	**11,561.7**	**0.0**
Non-Current Assets	**4,945.9**	**8,532.7**	**3,586.8**
Income Tax and Social Charges deferred	74.7	177.7	103.0
Other Credits	11.1	10.7	(0.4)
Property, Plant and Equipment	2,453.4	2,453.7	0.3
Right of use	0.0	3,484.0	3,484.0
Liabilities and Shareholder's Equity	**16,507.6**	**20,094.4**	**3,586.8**
Current Liabilities	**7,228.9**	**8,079.5**	**850.6**
Suppliers	5,095.2	5,099.7	4.5
Financial Leases	0.0	858.5	858.5
Other Accounts Payable	353.2	340.9	(12.3)
Non-Current Liabilities	**2,956.5**	**5,986.6**	**3,030.1**
Financial Leases	0.0	3,078.3	3,078.3
Income Tax and Social Charges Deferred	48.2	0.0	(48.2)
Shareholder's Equity	**6,322.2**	**6,028.3**	**(293.9)**
Income Reserves	1,871.2	1,577.4	(293.8)
Non Controller Interest	72.4	72.3	(0.1)

Cash Flow *(R$ millions)*	4Q23 IAS 17	4Q23 IFRS 16	4Q23 Change	2023 IAS 17	2023 IFRS 16	2023 Change
Adjusted EBIT	**402.3**	**475.9**	**73.6**	**1,803.6**	**2,014.6**	**211.0**
Non-Recurring Expenses	2.0	5.9	3.9	69.7	78.4	8.7
Income Tax (34%)	(120.8)	(147.1)	(26.3)	(573.7)	(648.4)	(74.7)
Depreciation	209.5	415.6	206.1	797.7	1,661.3	863.7
Rental Expenses	0.0	(280.8)	(280.8)	0.0	(1,081.4)	(1,081.4)
Others	421.0	444.6	23.6	381.6	454.2	72.7
Resources from Operations	**865.0**	**865.0**	**0.0**	**2,292.9**	**2,292.9**	**0.0**
Operating Cash Flow	**518.0**	**518.0**	**0.0**	**1,193.1**	**1,193.1**	**0.0**
Investments	**(367.0)**	**(367.0)**	**0.0**	**(1,234.4)**	**(1,234.4)**	**0.0**
Free Cash Flow	**150.9**	**150.9**	**0.0**	**(41.3)**	**(41.3)**	**0.0**
Total Cash Flow	**(122.7)**	**(122.7)**	**0.0**	**(721.3)**	**(721.3)**	**0.0**

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

4Q23 Results Conference Calls
March 06th, 2024

Portuguese
at 10:00 am (BRT)

English
at 12:00 pm (BRT)

Link:
https://www.resultadosrd.com.br/home/

For more information, please contact our Investor Relations department.

E-mail: ri@rd.com.br

Consolidated Adjusted Income Statement *(R$ thousands)*	**4Q22**	**4Q23**	**2022**	**2023**
Gross Revenue	**8,351,126**	**9,557,385**	**30,950,564**	**36,349,446**
Taxes, Discounts and Returns	(514,878)	(633,065)	(1,883,183)	(2,375,656)
Net Revenue	**7,836,249**	**8,924,320**	**29,067,380**	**33,973,790**
Cost of Goods Sold	(5,498,082)	(6,238,926)	(20,257,912)	(23,766,440)
Gross Profit	**2,338,166**	**2,685,394**	**8,809,468**	**10,207,350**
Operational (Expenses) Revenues				
Sales	(1,429,542)	(1,712,867)	(5,450,205)	(6,305,586)
General and Administrative	(309,186)	(357,983)	(1,097,141)	(1,298,518)
Operational Expenses	**(1,738,729)**	**(2,070,850)**	**(6,547,345)**	**(7,604,104)**
EBITDA	**599,438**	**614,544**	**2,262,123**	**2,603,246**
Depreciation and Amortization	(184,668)	(212,194)	(701,051)	(799,689)
Operational Earnings before Financial Results	**414,770**	**402,350**	**1,561,072**	**1,803,557**
Financial Expenses	(191,085)	(236,586)	(694,617)	(979,196)
Financial Revenue	91,971	142,106	293,586	428,735
Financial Expenses/Revenue	**(99,114)**	**(94,480)**	**(401,031)**	**(550,461)**
Equity Equivalence	(2,032)	(5,547)	(1,532)	(10,621)
Earnings before Income Tax and Social Charges	**313,624**	**302,323**	**1,158,509**	**1,242,476**
Income Tax and Social Charges	(12,523)	(19,008)	(166,685)	(137,689)
Net Income	**301,101**	**283,315**	**991,824**	**1,104,787**

Consolidated Income Statement *(R$ thousands)*	**4Q22**	**4Q23**	**2022**	**2023**
Gross Revenue	**8,351,126**	**9,557,385**	**30,950,564**	**36,349,446**
Taxes, Discounts and Returns	(514,878)	(633,065)	(1,883,183)	(2,375,656)
Net Revenue	**7,836,249**	**8,924,320**	**29,067,380**	**33,973,790**
Cost of Goods Sold	(5,498,082)	(6,238,926)	(20,257,912)	(23,766,440)
Gross Profit	**2,338,166**	**2,685,394**	**8,809,468**	**10,207,350**
Operational (Expenses) Revenues				
Sales	(1,429,542)	(1,712,867)	(5,450,205)	(6,305,586)
General and Administrative	(309,186)	(357,983)	(1,097,141)	(1,298,518)
Other Operational Expenses, Net	(34,987)	2,024	56,628	69,717
Operational Expenses	**(1,773,716)**	**(2,068,825)**	**(6,490,717)**	**(7,534,387)**
EBITDA	**564,450**	**616,568**	**2,318,751**	**2,672,964**
Depreciation and Amortization	(184,668)	(212,194)	(701,051)	(799,689)
Operational Earnings before Financial Results	**379,783**	**404,374**	**1,617,700**	**1,873,275**
Financial Expenses	(191,085)	(236,586)	(694,617)	(979,196)
Financial Revenue	91,971	142,106	293,586	428,735
Financial Expenses/Revenue	**(99,114)**	**(94,480)**	**(401,031)**	**(550,461)**
Equity Equivalence	(2,032)	(5,547)	(1,532)	(10,621)
Earnings before Income Tax and Social Charges	**278,637**	**304,348**	**1,215,137**	**1,312,193**
Income Tax and Social Charges	(628)	(19,696)	(185,939)	(161,393)
Net Income	**278,009**	**284,651**	**1,029,198**	**1,150,801**

Assets *(R$ thousands)*	**4Q22**	**4Q23**
Current Assets		
Cash and Cash Equivalents	433,541	412,322
Accounts Receivable	2,295,640	3,084,940
Inventories	6,126,056	7,197,426
Taxes Receivable	393,299	353,374
Other Accounts Receivable	266,905	414,755
Anticipated Expenses	61,614	98,855
	9,577,056	11,561,672
Non-Current Assets		
Deposit in Court	137,623	228,447
Taxes Receivable	121,434	246,008
Income Tax and Social Charges deferred	10,357	74,702
Other Credits	21,837	11,092
Investments	4,479	14,976
Property, Plant and Equipment	2,196,405	2,453,423
Intangible	1,738,113	1,917,279
	4,230,249	4,945,926
ASSETS	**13,807,305**	**16,507,598**

Liabilities and Shareholder's Equity *(R$ thousands)*	**4Q22**	**4Q23**
Current Liabilities		
Suppliers	4,258,917	5,095,166
Loans and Financing	186,356	604,601
Salaries and Social Charges Payable	561,623	636,393
Taxes Payable	213,298	360,572
Dividend and Interest on Equity	62,417	23,508
Provision for Lawsuits	53,584	57,224
Accounts Payable from Investees	-	98,197
Other Accounts Payable	282,298	353,208
	5,618,493	7,228,869
Non-Current Liabilities		
Loans and Financing	2,131,548	2,526,102
Provision for Lawsuits	55,012	256,234
Income Tax and Social Charges deferred	137,016	48,188
Other Accounts Payable	230,257	125,984
	2,553,833	2,956,508
Shareholder's Equity		
Common Stock	2,500,000	4,000,000
Capital Reserves	112,762	146,560
Revaluation Reserve	11,353	11,211
Income Reserves	2,781,229	1,871,200
Equity Adjustments	(22)	3,261
Non Controller Interest	62,132	72,391
Additional Dividend Proposed	167,526	217,598
	5,634,979	6,322,221
LIABILITIES AND SHAREHOLDERS' EQUITY	**13,807,305**	**16,507,598**

Cash Flow	4Q22	4Q23	2022	2023
(R$ thousands)				
Earnings before Income Tax and Social Charges	**242,976**	**435,004**	**1,193,209**	**1,312,193**
Adjustments				
Depreciation and Amortization	183,811	209,473	700,166	797,690
Compensation plan with restricted shares, net	7,298	9,943	22,604	33,215
Interest over additional stock option	595	-	26,769	33,486
P,P&E and Intangible Assets residual value	4,341	56,337	29,233	68,430
Provisioned Lawsuits	22,871	213,848	64,669	268,582
Provisioned Inventory Loss	(380)	(2,298)	27,084	(1,322)
Provision for Doubtful Accounts	3,793	5,476	7,245	12,781
Provisioned Store Closures	6,068	5,410	(1,072)	(2,208)
Interest Expenses	79,830	97,275	274,962	347,217
Debt Issuance Costs Amortization	1,320	1,594	4,639	5,302
Equity Equivalence Result	(2,033)	7,190	(1,532)	12,509
	550,490	**1,039,252**	**2,347,976**	**2,887,875**
Assets and Liabilities variation				
Clients and Other Accounts Receivable	30,843	(184,469)	(583,601)	(788,191)
Inventories	(293,492)	(269,151)	(1,035,341)	(1,069,935)
Other Short Term Assets	24,572	(62,946)	12,120	(188,916)
Long Term Assets	(30,702)	(60,008)	(68,294)	16,898
Suppliers	503,173	313,985	611,538	692,418
Salaries and Social Charges	(55,622)	(98,617)	141,266	74,771
Taxes Payable	(22,963)	(102,129)	(103,595)	(251,080)
Other Liabilities	45,629	(37,941)	56,868	42,074
Rents Payable	3,517	5,550	6,431	6,597
Cash from Operations	**755,445**	**543,526**	**1,385,368**	**1,422,511**
Interest Paid	(60,425)	(64,130)	(258,674)	(328,894)
Income Tax and Social Charges Paid	(12,032)	(534)	(233,175)	(68,659)
Paid lawsuits	(13,210)	(14,157)	(54,185)	(62,419)
Net Cash from (invested) Operational Activities	**669,778**	**464,705**	**839,334**	**962,539**
Investment Activities Cash Flow				
Cash acquired from business combination	-	256	-	256
P,P&E and Intangible Acquisitions	(413,734)	(398,577)	(1,188,782)	(1,304,581)
P,P&E Sale Payments	-	154	-	154
Acquisitions and capital contributions in investments, net	2,000	-	(40,000)	-
Loans granted to subsidiaries	-	-	(800)	-
Cash from incorporated company	-	(235)	-	(2,859)
Net Cash from Investment Activities	**(411,734)**	**(398,402)**	**(1,229,582)**	**(1,307,030)**
Financing Activities Cash Flow				
Funding	32,201	31,146	1,460,247	1,058,864
Payments	(40)	(39,648)	(668,493)	(269,691)
Interest on Equity and Dividends Paid	(227,835)	(239,066)	(324,082)	(465,901)
Net Cash from Funding Activities	**(195,674)**	**(247,568)**	**467,672**	**323,272**
Cash and Cash Equivalents net increase	**62,370**	**(181,265)**	**77,424**	**(21,219)**
Cash and Cash Equivalents in the beggining of the period	**371,170**	**593,586**	**356,116**	**433,540**
Cash and Cash Equivalents in the end of the period	**433,540**	**412,321**	**433,540**	**412,321**

PROFIT ALLOCATION

Following legal and statutory provisions, we propose the following allocation for the retained earnings which amount to R$ 1,055,628 thousand:

Legal Reserve	R$ 52,749 thousand
Statutory Reserve	R$ 180,929 thousand
Interest on Capital (R$ 0.211971383 per share)	R$ 360,200 thousand
Tax Incentive Reserve	R$ 294,450 thousand
Additional dividend proposed	R$ 167,300 thousand

We also propose that the interest on capital be attributed to the mandatory dividend.

INDEPENDENT AUDITOR

In compliance with the CVM Instruction 381/2003 and Circular Letter 01/2007, the Company informs herein that, during 2022, Ernst & Young Auditores Independentes S.S. provided independent audit services related to the financial statements for 2022.

The Company's policy towards its independent auditors, with regard to the provision of services not related to the independent audit, is based on the principles that preserve the auditor's independence. These principles are based on the fact that the auditor should not audit his own work, nor perform managerial functions or advocate for his client. In the year ended **December 31, 2022**, Ernst & Young Auditores Independentes S.S. provided independent audit services to the Company. The amount of fees incurred with the independent auditors in fiscal year **2022** was R$ 1,514 thousand referring to independent audit services related to the financial statements.

Ernst & Young Auditores Independentes is not aware of any relationship between the parties that could be considered as conflicting as regards its independence.

Balance sheets
December 31, 2023
All amounts in thousands of reais

Assets	Note	Parent Company Dec/23	Parent Company Dec/22	Consolidated Dec/23	Consolidated Dec/22
Current assets					
Cash and cash equivalents	5	318,002	364,374	412,321	433,541
Financial investments	6	26,506	-	-	-
Trade receivables	7	2,515,546	1,923,938	3,084,940	2,295,640
Inventories	8	6,882,254	6,000,509	7,197,427	6,126,056
Recoverable taxes	9	348,650	387,496	353,401	393,336
Other current assets	-	337,227	255,607	369,277	262,559
Prepaid expenses	-	96,356	60,808	98,855	61,614
Related parties	26	45,453	4,322	45,453	4,322
		10,569,994	**8,997,054**	**11,561,674**	**9,577,068**
Non-current assets					
Long-term receivables					
Judicial deposits	17	19,183	20,792	228,446	137,624
Recoverable taxes	9	213,917	98,250	246,008	121,434
Deferred income tax and social contribution	18b	104,134	-	177,730	10,357
Prepaid expenses	-	4,301	3,147	4,301	3,149
Related parties	-	213	8,179	-	13,801
Other non-current assets	-	5,103	469	6,360	4,426
		346,851	**130,837**	**662,845**	**290,791**
Investments	10	659,633	581,174	14,953	4,479
Fixed assets	11	2,419,685	2,181,832	2,453,687	2,196,405
Intangible assets	12	1,608,164	1,405,794	1,917,253	1,738,111
Right-of-use lease	16	3,479,929	3,374,779	3,484,000	3,378,452
		8,167,411	**7,543,579**	**7,869,893**	**7,317,447**
		8,514,262	**7,674,416**	**8,532,738**	**7,608,238**
Total assets		**19,084,256**	**16,671,470**	**20,094,412**	**17,185,306**

Liabilities and equity	Note	Parent Company Dec/23	Parent Company Dec/22	Consolidated Dec/23	Consolidated Dec/22
Current liabilities					
Suppliers	14	4,493,044	3,988,309	4,939,203	4,247,259
Suppliers - Forfait	14.1	9,009	6,556	9,009	6,556
Suppliers - FIDC	14.1	156,991	-	143,242	-
Borrowings	15	377,207	108,279	604,601	186,356
Leases payable	16	856,427	757,265	858,467	759,301
Salaries and social charges	-	601,699	542,583	636,393	561,624
Taxes and contributions	-	224,320	193,069	240,832	211,508
Dividends and interest on capital	-	23,508	62,417	23,508	62,417
Income tax and social contribution	18	116,549	-	119,739	1,790
Provision for legal claims	17	57,224	53,584	57,224	53,584
Provisions for losses on investments	-	98,197	-	98,197	-
Related parties	26	16,567	11,452	16,567	11,452
Other current liabilities	-	312,210	257,693	332,515	265,321
		7,342,952	**5,981,207**	**8,079,497**	**6,367,168**
Non-current liabilities					
Borrowings	15	2,526,102	2,131,327	2,526,102	2,131,548
Leases payable	16	3,076,154	2,978,958	3,078,294	2,980,707
Provision for legal claims	17	100,535	54,855	256,234	55,012
Deferred income tax and social contribution	18.3	-	16,360	-	17,660
Payables for acquisition of subsidiaries	-	-	64,710	-	64,710
Provisions for losses on investments	10	-	-	1,848	1,756
Other non-current liabilities		82,512	103,191	124,136	163,804
		5,785,303	**5,349,401**	**5,986,614**	**5,415,197**
Total liabilities		**13,128,255**	**11,330,608**	**14,066,111**	**11,782,365**
Equity	20				
Attributable to owners of the Company					
Share capital	-	4,000,000	2,500,000	4,000,000	2,500,000
Capital reserves	-	146,560	112,762	146,560	112,762
Revenue reserves	-	1,577,370	2,549,243	1,577,370	2,549,243
Proposed additional dividend	-	217,599	167,526	217,599	167,526
Carrying value adjustments	-	14,472	11,331	14,472	11,331
		5,956,001	**5,340,862**	**5,956,001**	**5,340,862**
Noncontrolling interests	-	-	-	72,300	62,079
Total equity		**5,956,001**	**5,340,862**	**6,028,301**	**5,402,941**
Total liabilities and equity		**19,084,256**	**16,671,470**	**20,094,412**	**17,185,306**

All amounts in thousands of reais, except earnings per capital share

Statements of income

	Note	Parent Company Dec/23	Parent Company Dec/22	Consolidated Dec/23	Consolidated Dec/22
Net sales revenue	21	31,345,990	27,321,332	33,973,790	29,067,380
Cost of sales and services	22	(21,416,143)	(18,762,377)	(23,766,426)	(20,257,912)
Gross profit		**9,929,847**	**8,558,955**	**10,207,364**	**8,809,468**
Operating (expenses) income					
Selling	22	(6,567,441)	(5,716,927)	(6,689,275)	(5,805,992)
General and administrative	22	(1,397,405)	(1,176,075)	(1,503,526)	(1,249,847)
Other operating income/(expenses)	23	129,637	18,620	78,435	86,516
Equity in the results of subsidiaries	10	4,148	91,568	(12,509)	(821)
		(7,831,061)	**(6,782,814)**	**(8,126,875)**	**(6,970,144)**
Operating profit before finance results		**2,098,786**	**1,776,141**	**2,080,489**	**1,839,324**
Finance income (costs)					
Finance income	24	330,365	255,821	428,735	293,586
Finance costs	24	(1,203,131)	(902,540)	(1,292,531)	(939,701)
		(872,766)	**(646,719)**	**(863,796)**	**(646,115)**
Profit before income tax and social contribution		**1,226,020**	**1,129,422**	**1,216,693**	**1,193,209**
Income tax and social contribution					
Current	-	(291,481)	(204,386)	(314,521)	(210,820)
Deferred	-	120,434	71,076	184,971	32,579
	18	**(171,047)**	**(133,310)**	**(129,550)**	**(178,241)**
Profit for the year		**1,054,973**	**996,112**	**1,087,143**	**1,014,968**
Attributable to:					
Owners of the Company	-	1,054,973	996,112	1,054,973	996,112
Noncontrolling interests	-	-	-	32,170	18,856
		1,054,973	**996,112**	**1,087,143**	**1,014,968**
Basic earnings per share	19	0.62233	0.60456	0.62233	0.60456
Diluted earnings per share	19	0.63564	0.60236	0.63564	0.60236

Statements of comprehensive income

	Note	Parent Company Dec/23	Parent Company Dec/22	Consolidated Dec/23	Consolidated Dec/22
Profit for the year		**1,054,973**	**996,112**	**1,087,143**	**1,014,968**
Components of comprehensive income					
Other comprehensive income that will affect the result in a subsequent period	-	-	(3,283)	-	(3,283)
Total comprehensive income for the year		**1,054,973**	**992,829**	**1,087,143**	**1,011,685**
Attributable to:					
Owners of the Company	-	1,054,973	992,829	1,054,973	992,829
Noncontrolling interests	-	-	-	32,170	18,856
Total		**1,054,973**	**992,829**	**1,087,143**	**1,011,685**

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity
Years ended December 31, 2023 and 2022
All amounts in thousands of reais

		Attributable to owners of the Company														
		Capital reserves				Revenue reserves						Carrying value adjustments				
	Share capital	Special monetary adjustment	Goodwill on issue / sale of shares	Treasury shares	Restricted shares and other	Legal	Statutory	Tax incentives	Retained earnings	Proposed additional dividend	Revaluation reserve	Transactions with noncontrolling interests	Other comprehensive income	Total	Noncontrolling interests	Total equity
At December 31, 2021	**2,500,000**	**10,191**	**135,565**	**(91,994)**	**36,152**	**215,950**	**1,536,438**	**298,466**	**-**	**22,129**	**11,515**	**3,262**	**-**	**4,677,674**	**41,129**	**4,718,803**
Interest on capital for 2021 approved at the AGM of April 14, 2022	-	-	-	-	-	-	-	-	-	(22,129)	-	-	-	(22,129)	-	(22,129)
Interest on capital expired	-	-	-	-	-	-	-	-	614	-	-	-	-	614	-	614
Realization of revaluation reserve, net of income tax and social contribution	-	-	-	-	-	-	-	-	161	-	(161)	-	-	-	-	-
Restricted share plan - Vesting period	-	-	-	-	22,688	-	-	-	-	-	-			22,688	-	22,688
Restricted share plan - Delivery	-	-	(1,438)	11,267	(9,710)	-	-	-	-	-	-	-	-	119	-	119
Restricted shares - delivery of 4Bio shares	-	-	-	121	(81)	-	-	-	-	-	-	-	-	40	-	40
Profit for the year	-	-	-	-	-	-	-	-	996,113	-	-	-	-	996,113	20,950	1,017,063
Allocation of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	49,806	-	-	(49,806)	-	-	-	-	-	-	-
Tax incentive reserve	-	-	-	-	-	-	-	223,681	(223,681)	-	-	-	-	-	-	-
Statutory reserve	-	-	-	-	-	-	224,901	-	(224,901)	-	-	-	-	-	-	-
IOC and proposed dividends - R$ 0.302513 per share (Note 20)	-	-	-	-	-	-	-	-	(498,500)	498,500	-	-	-	-	-	-
Early dividends approved at the BDM of September 30, 2022 (Note 20)	-	-	-	-	-	-	-	-	-	(107,500)	-	-	-	(107,500)	-	(107,500)
Withholding tax on IOC (Note 20)	-	-	-	-	-	-	-	-	-	(42,777)	-	-	-	(42,777)	-	(42,777)
Reclassification of minimum mandatory dividends to current liabilities	-	-	-	-	-	-	-	-	-	(180,697)	-	-	-	(180,697)	-	(180,697)
Other comprehensive income - adjustments to financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	(3,283)	(3,283)	-	(3,283)
At December 31, 2022	**2,500,000**	**10,191**	**134,127**	**(80,606)**	**49,049**	**265,756**	**1,761,339**	**522,147**	**-**	**167,526**	**11,354**	**3,262**	**(3,283)**	**5,340,862**	**62,079**	**5,402,941**
Capital increase	1,500,000	-	-	-	-	-	(1,500,000)	-	-	-	-	-	-	-	-	-
Interest on capital expired	-	-	-	-	-	-	-	-	513	-	-	-	-	513	-	513
Interest on capital for 2023 approved at the AGM of April 17, 2024	-	-	-	-	-	-	-	-	-	(167,526)	-	-	-	(167,526)	-	(167,526)
Realization of revaluation reserve, net of income tax and social contribution	-	-	-	-	-	-	-	-	142	-	(142)	-	-	-	-	-
Restricted share plan - Vesting period	-	-	-	-	33,528	-	-	-	-	-	-			33,528	-	33,528
Restricted share plan - Delivery	-	-	(121)	13,099	(12,978)	-	-	-	-	-	-	-	-	-	-	-
Restricted shares - delivery of 4Bio shares	-	-	-	292	(22)	-	-	-	-	-	-	-	-	270	-	270
Profit for the year	-	-	-	-	-	-	-	-	1,054,973	-	-	-	-	1,054,973	32,170	1,087,143
Allocation of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	52,749	-	-	(52,749)	-	-	-	-	-	-	-
Tax incentive reserve	-	-	-	-	-	-	-	294,450	(294,450)	-	-	-	-	-	-	-
IOC - R$ 0.211973 per share (Note 20)	-	-	-	-	-	-	-	-	(360,200)	360,200	-	-	-	-	-	-
Proposed dividends - R$ 0.097586 per share (Note 20))	-	-	-	-	-	-	-	-	(167,300)	167,300	-	-	-	-	-	-
Statutory reserve	-	-	-	-	-	-	180,929	-	(180,929)	-	-	-	-	-	-	-
Early dividends approved at the BDM of December 15, 2023 (Note 20)	-	-	-	-	-	-	-	-	-	(83,000)	-	-	-	(83,000)	-	(83,000)
Withholding tax on IOC (Note 20)	-	-	-	-	-	-	-	-	-	(49,923)	-	-	-	(49,923)	-	(49,923)
Reclassification of minimum mandatory dividends to current liabilities	-	-	-	-	-	-	-	-	-	(176,979)	-	-	-	(176,979)	-	(176,979)
Other comprehensive income - adjustments to financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	3,283	3,283	-	3,283
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,949)	(21,949)
At December 31, 2023	**4,000,000**	**10,191**	**134,006**	**(67,215)**	**69,577**	**318,505**	**442,268**	**816,597**	**-**	**217,598**	**11,212**	**3,262**	**-**	**5,956,001**	**72,300**	**6,028,301**

The accompanying notes are an integral part of these financial statements.

All amounts in thousands of reais

	Note	Parent Company Dec/23	Parent Company Dec/22	Consolidated Dec/23	Consolidated Dec/22
Cash flows from operating activities					
Profit before income tax and social contribution	-	**1,226,020**	**1,129,422**	**1,216,693**	**1,193,209**
Adjustments					
Depreciation and amortization	22	1,695,078	1,504,742	1,707,296	1,515,538
Compensation plan with restricted shares, net	-	33,799	22,846	33,215	22,604
Interest on additional stock option	-	33,486	27,328	33,486	26,769
Profit on sale/write-off of fixed assets and intangible assets	-	39,566	26,803	68,430	29,233
Provision for legal claims	17	113,040	64,707	268,582	64,670
Provision for inventory losses	8	(1,322)	27,084	(1,322)	27,084
(Reversal of) provision for impairment of trade receivables	7	7,039	3,363	12,781	7,245
(Reversal of) provision for pharmacies closure	11	(2,208)	822	(2,208)	(1,072)
Expenses net of interest on borrowings	-	322,895	266,529	347,217	274,962
Interest expenses – leases	16	330,574	258,410	330,782	258,640
Amortization of transaction costs of debentures	15	5,302	4,639	5,302	4,639
Equity in the results of subsidiaries	10	(4,148)	(91,568)	12,509	(820)
Discounts on property rental	22	(73)	(1,105)	(73)	(1,105)
		3,799,048	**3,244,022**	**4,032,690**	**3,421,596**
Changes in assets and liabilities					
Trade and other receivables	-	(599,645)	(404,756)	(788,191)	(583,602)
Inventories	-	(880,423)	(1,037,572)	(1,069,936)	(1,035,341)
Other current assets	-	(129,567)	16,798	(188,823)	12,121
Long-term receivables	-	(51,853)	7,058	(104,223)	(69,140)
Suppliers	-	507,251	640,680	694,460	728,351
Suppliers - Forfait	-	2,453	(116,815)	2,453	(116,815)
Suppliers - FIDC		156,991	-	143,242	-
Salaries and social charges	-	59,116	136,801	74,769	141,268
Taxes and contributions	-	54,619	(204,575)	(122,396)	(160,200)
Other obligations	-	(212,098)	167,452	(107,425)	137,575
Rentals payable	-	9,418	10,971	9,461	10,985
Other					
Interest paid	15	(306,581)	(249,252)	(328,894)	(258,674)
Income tax and social contribution paid	-	(68,659)	(233,175)	(68,659)	(233,175)
Interest paid – leases	16	(330,574)	(258,410)	(330,782)	(258,640)
Legal claims - paid	17	(62,419)	(54,185)	(62,419)	(54,185)
Net cash provided by operating activities		**1,947,077**	**1,665,042**	**1,785,327**	**1,682,124**
Cash flows from investing activities					
Acquisition and capital contribution in investees, net of cash acquired	10.2	(112,559)	(166,692)	-	(40,000)
Cash acquired in business combination	-	-	-	256	-
Net assets acquired in business combination	-	-	-	(2,952)	-
Purchases of fixed assets and intangible assets	-	(1,234,533)	(1,032,625)	(1,304,581)	(1,188,782)
Proceeds from sale of fixed assets	-	154	131	154	131
Loans granted to subsidiary	-	-	(8,677)	-	(800)
Net cash used in investing activities		**(1,346,938)**	**(1,207,863)**	**(1,307,123)**	**(1,229,451)**
Cash flows from financing activities					
Borrowings taken	15	686,567	1,277,858	1,058,865	1,460,248
Repayment of borrowings	15	(44,480)	(522,330)	(269,691)	(668,493)
Leases paid	16	(822,697)	(840,905)	(822,697)	(842,923)
Interest on capital and dividends paid	-	(465,901)	(324,082)	(465,901)	(324,082)
Net cash used in financing activities		**(646,511)**	**(409,459)**	**(499,424)**	**(375,250)**
Increase (decrease) in cash and cash equivalents		(46,372)	47,720	(21,220)	77,423
Cash and cash equivalents at January 1	5	364,374	316,654	433,541	356,118
Cash and cash equivalents at December 31	5	**318,002**	**364,374**	**412,321**	**433,541**

The accompanying notes are an integral part of these financial statements.

Statements of value added
Years ended December 31, 2023 and 2022
All amounts in thousands of reais

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

	Parent Company		Consolidated	
	Dec/23	Dec/22	Dec/23	Dec/22
Revenue	**32,884,334**	**28,627,603**	**35,652,998**	**30,400,776**
Gross sales and services	32,885,743	28,629,199	35,657,675	30,403,039
Other income	8,744	9,854	8,744	9,854
Provision for (reversal of) impairment of trade receivables	(10,153)	(11,450)	(13,421)	(12,117)
Inputs acquired from third parties	**(21,479,921)**	**(18,814,943)**	**(23,950,324)**	**(20,299,710)**
Cost of sales and services	(19,345,443)	(16,983,843)	(21,690,700)	(18,478,098)
Materials, energy, outsourced services and other	(2,134,478)	(1,831,100)	(2,259,624)	(1,821,612)
Gross value added	**11,404,413**	**9,812,660**	**11,702,674**	**10,101,066**
Depreciation and amortization	(1,647,067)	(1,461,523)	(1,661,347)	(1,473,119)
Net value added generated by the entity	**9,757,346**	**8,351,137**	**10,041,327**	**8,627,947**
Value added received through transfer	**353,551**	**396,472**	**411,581**	**338,533**
Equity in the results of subsidiaries	4,148	91,569	(12,509)	(820)
Finance income	332,882	287,833	407,569	322,283
Other	16,521	17,070	16,521	17,070
Total value added to distribute	**10,110,897**	**8,747,609**	**10,452,908**	**8,966,480**
Distribution of value added				
Personnel	**3,317,718**	**2,896,779**	**3,422,448**	**2,959,144**
Direct remuneration	2,602,348	2,272,312	2,669,567	2,312,176
Benefits	491,881	437,207	524,055	456,505
Unemployment compensation fund	223,489	187,260	228,826	190,463
Taxes and contributions	**4,292,697**	**3,732,449**	**4,425,984**	**3,833,171**
Federal	798,757	827,035	781,921	887,680
State	3,462,454	2,865,736	3,519,114	2,902,339
Municipal	31,486	39,678	124,949	43,152
Providers of capital	**1,445,509**	**1,122,269**	**1,517,333**	**1,159,199**
Interest	1,202,752	902,253	1,269,722	936,518
Rentals	242,757	220,016	247,611	222,681
Interest on capital and dividends	**1,054,973**	**996,112**	**1,087,143**	**1,014,966**
Interest on capital	360,200	312,000	360,200	312,000
Additional dividends and interest on capital proposed	167,300	186,500	167,300	186,500
Retained earnings for the year	527,473	497,612	527,473	497,469
Noncontrolling interests in retained earnings	-	-	32,170	18,997
Value added distributed and retained	**10,110,897**	**8,747,609**	**10,452,908**	**8,966,480**

The accompanying notes are an integral part of these financial statements.

(All amounts in thousands of reais unless otherwise stated)

1. Operations

Raia Drogasil S.A. ("Company", "Raia Drogasil", "RD" or "Parent Company") is a publicly-held company with its headquarters at Av. Corifeu de Azevedo Marques, 3.097, São Paulo – SP, listed on the Novo Mercado ("New Market") listing segment of B3 S.A. - Brasil, Bolsa, Balcão, under ticker RADL3. Raia Drogasil was created in November 2011 from the merger between Droga Raia and Drogasil chains that, together, combine more than 200 years of history. Droga Raia was founded in 1905 and Drogasil in 1935 and today form the leading chain, both in number of pharmacies and in revenues.

Raia Drogasil S.A. and its subsidiaries (together "Group" or "Consolidated") are mainly engaged in the retail sale of medicines, perfumery, personal care and beauty products, cosmetics and dermocosmetics and specialty medicines. The Group conducts its sales through 2,953 pharmacies (2,697 pharmacies - Dec/22), present in all 26 Brazilian states and the Federal District (26 states and the Federal District - Dec/22), as presented below:

	Consolidated	
State	**Dec/23**	**Dec/22**
Southeast region	**1,699**	**1,580**
São Paulo	1,208	1,146
Minas Gerais	218	197
Rio de Janeiro	213	182
Espírito Santo	60	55
Northeast region	**443**	**392**
Bahia	102	90
Pernambuco	96	92
Ceará	89	73
Maranhão	39	36
Sergipe	27	24
Rio Grande do Norte	27	20
Alagoas	22	20
Paraíba	21	20
Piauí	20	17
South region	**382**	**336**
Paraná	162	145
Rio Grande do Sul	128	109
Santa Catarina	92	82
Midwest region	**308**	**278**
Goiás	117	106
Federal District	91	83
Mato Grosso do Sul	55	47
Mato Grosso	45	42
North region	**121**	**111**
Pará	51	48
Amazonas	21	20
Tocantins	20	16
Rondônia	14	13
Acre	6	5
Amapá	5	5
Roraima	4	4
Total	**2,953**	**2,697**

During 2023, 270 pharmacies were opened and 16 pharmacies were closed (260 pharmacies were opened and 53 pharmacies were closed in 2022). All pharmacies closures were carried out to optimize our pharmacies portfolio, with positive expectations of return. Raia Drogasil's pharmacies, as well as the Group's e-commerce demands, are supplied by eleven distribution centers located in nine states: São Paulo, Rio de Janeiro, Minas Gerais, Paraná, Goiás, Pernambuco, Bahia, Ceará and Rio Grande do Sul.

4Bio Medicamentos S.A. ("4Bio") markets special medicines through telesales and the delivery is made directly to the customer's location or through its six call centers in the states of São Paulo, Tocantins, Pernambuco, Paraná, Rio de Janeiro and Salvador.

Vitat Serviços em Saúde Ltda. ("Vitat") has as objective to integrate the Group's Health Platform, both with the development of digital platforms for the promotion and engagement in healthy habits that promote health food and physical activities through nutritional programs, training plans and access to professionals such as Nutritionists, Psychologists and Physical Educators, such as through the development of activities to support health management, nursing activities, diagnostic and therapeutic complementation services, other professional, scientific and technical activities, clinical laboratories, activities of health area professionals and activities of care for human health.

RD Ventures Fundo de Investimento em Participações – Multiestratégia ("FIP RD Ventures") is an exclusive fund created as a platform that seeks to invest in businesses that contribute to the Company's growth strategy and accelerate the journey of digitalization in health.

Dr. Cuco Desenvolvimento de Software Ltda. ("Dr. Cuco") is a digital care platform focused on adherence to treatment.

RD Ads Ltda. ("RD Ads") is RD's Retail Media solution, a platform that offers a high reach potential through personalized audiences with retail data and high accuracy of results. This allows advertisers to analyze the performance of online and offline campaigns and to be present at all times of the consumer journey.

SafePill Comercio Varejista de Medicamentos Manipulados Ltda. ("SafePill") is focused on adherence to treatments and offers services for Management of Self-Care Home Treatments.

ZTO Tecnologia e Serviços de Informação na Internet Ltda. ("Manipulaê") is the first startup of the Brazilian compounding pharmacies market, operating as a marketplace platform that provides customers with immediate online access to compounding pharmacies.

RD Log Ltda. ("RD Log") is a transportation and logistics company established to expand the offer of logistics services to marketplace sellers.

Kymberg Farmacêutica do Brasil Ltda. ("Kymberg"). Is a pharmaceutical company specialized in the production of medicines.

RD holds all the subordinated quotas of RD Fundo de Investimento em Direitos Creditórios Crédito Corporativo ("RD FIDC"). The Company consolidates RD FIDC's accounting information because it believes that a significant portion of the risks and rewards related to profitability is linked to the subordinated quotas held by RD.

Hereinafter, the entities mentioned above will be collectively referred to as "Subsidiaries".

2. Presentation of financial statements

In conformity with Rule 505/2006 issued by the CVM, authorization to issue these financial statements was granted by the Company's Board of Directors on March 05, 2024.

The financial statements are presented in thousands of Brazilian reais (R$), which is the Group's functional and presentation currency.

(All amounts in thousands of reais unless otherwise stated)

The individual and consolidated financial statements for the year ended December 31, 2023 have been prepared in accordance with the accounting practices adopted in Brazil, including the rules issued by the Brazilian Securities Commission (CVM), the Brazilian General Technical Accounting Standards (NBC TG) and the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and provide all the significant information related solely to the financial statements, which is consistent with the information used by management. The Group adopted all standards, revised standards and interpretations issued by the IFRS and CPC that were effective as at December 31, 2023.

The individual financial statements are disclosed together with the consolidated financial statements, which include the financial statements of the Company and its subsidiaries 4Bio, Vitat, Dr. Cuco, Manipulaê, SafePill, RD Ads, Kymberg, FIP RD Ventures and RD FIDC, and have been prepared in accordance with consolidation practices and applicable legal provisions.

The accounting practices adopted by the Subsidiaries were applied uniformly and consistently with those adopted by the Company. Where applicable, all transactions, balances, income and expenses between the Subsidiary and the Company are fully eliminated in the consolidated financial statements.

The financial statements include accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies regarding provision for inventory losses, provision for expected credit losses, appreciation of financial instruments, realization periods of recoverable taxes, the amortization and depreciation periods for fixed and intangible assets, estimate of impairment of intangible assets with indefinite useful life, provision for legal claims, fair value measurement of financial liabilities, determination of provision for taxes, recognition of revenues from commercial agreements, among others. The significant estimates and judgments are disclosed in Note 4(v).

The presentation of the individual and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, while it is not required by IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of the financial statements.

3. New accounting procedures, amendments to and interpretations of standards

New and revised standards applied for first time in 2023

As a result of the annual amendments related to the 2018-2020 improvement cycle, the standards listed below have been amended and became effective for the first time for annual periods beginning on or after January 1, 2023. These amendments had no significant impact on the Company's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2/NBC TG 26 (R1): Disclosure of Accounting Policies	The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
Amendments to IAS 8 / NBC TG 23: Definition of Accounting Estimates	The changes proposed by this amendment to IAS 8 (corresponding to NBC TG 23) clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	These amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences in the period of initial recognition.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 / NBC TG 26 (R1): Classification of Liabilities as Current or Non-current	It aims to promote consistency in the application of the standard's requirements, by helping entities determine if borrowings, as well as other liabilities with an uncertain settlement date, should be classified as current or non-current in the balance sheet. In addition, disclosure is required when a liability arising from a borrowing contract is classified as non-current and the entity's right to defer settlement depends on the compliance with future covenants within twelve months.
IAS 7 / NBC TG 03 (R3) and IFRS 7 / NBC TG 40 (R2) - Supplier Finance Arrangements	The amendments clarify the characteristics of supplier finance arrangements and require additional disclosures of these arrangements. The objective is to help users of the financial statements to understand the effects of the entity's supplier finance arrangements, cash flows and exposure to liquidity risk.
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	These amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences in the period of initial recognition.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

4. Significant accounting practices

The significant accounting practices adopted in the preparation of these financial statements are presented and summarized below and, when related to significant balances, detailed in the notes to the financial statements. The accounting practices were consistently applied in the years.

(a) Consolidation

Subsidiaries are all entities that the Company controls. They are fully consolidated from the date on which control is transferred to the Company and deconsolidated from the date that control ceases.

Identifiable assets acquired and liabilities assumed for the acquisition of subsidiaries in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any noncontrolling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the noncontrolling interest's proportionate share of the fair value of the acquiree's identifiable net assets . Acquisition-related costs are expensed as incurred.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with noncontrolling interests

The Group treats transactions with noncontrolling interests as transactions with equity owners of the Group. For purchases from noncontrolling interests, the difference between any consideration paid and the proportion acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recorded directly in equity, in "carrying value adjustments".

(c) Payables to subsidiary's shareholder

The financial liability (non-current liability) represented by the share purchase obligation arising from the option granted is recognized at present value (in line item Payables for acquisition of subsidiary) and separately from the consideration transferred, through the adoption of the present access method, in which the noncontrolling interest is already recognized, since the noncontrolling shareholder is exposed to risks and has access to the returns associated with its interest, against "carrying value adjustments" in equity.

Over time, the re-establishment of the value of the call option for additional shares arising from the present value adjustment is recognized in the statement of income, in line item finance costs.

On the occurrence of a significant change in assumption during the year, assumptions that comprise the fair value of the option are revised/updated in order to reflect the fair value of the financial liability at year end. Any adjustments are recorded in the line item of Payables for acquisition of subsidiary (Note 10) against finance costs.

(d) Trade discounts and commercial negotiations on the purchase of goods

The Group's variable consideration refers mainly to trade agreements where products can be sold together with other products or with discounts that are substantially negotiations promoted by suppliers at the Group's points of sale in different ways. These negotiations are individual and distinct between suppliers and may present characteristics of complex nature. The main categories of trade agreements are:

(i) trade discounts granted by laboratories upon the sale to consumer and associates to the benefits program – this refers to benefits granted by the Group's supplier to the Group's final consumer aimed at establishing a process of loyalty of the consumer to the product or medicine. In most cases, from the moment a final consumer is registered in the supplier system, the final consumer benefits from a discount granted by the Group's supplier, paying for the product a price different from the usual price for this same product if it was not associated to a benefits program. Such discount offered by the supplier to the Group's customer is calculated in real time and recognized at the moment of sale of the product to the consumer, at an amount receivable from the supplier equivalent to the amount of the discount granted.

The Group recognizes the discounts offered as a reduction in the cost of sales against an amount receivable or a reduction of liabilities from contracts with suppliers.

(ii) marketing and advertising funds arising from the display of products in stores and promotion of offers at catalogues – these refer to Group's sales programs planned jointly with its suppliers. The supplier has interest in promoting its products at the Group's stores chain and sales points. For this, it negotiates forms of payment different from the Group in order that the final price of the product to the consumer be advantageous without any loss to the gross sales margins for the same products under other conditions than promotional ones. These negotiations normally occur with the Group's purchasing area together with the sales area for alignment with the Group's sales strategies.

From the moment the performance obligation is satisfied (sale of the product associated to the promotion), the Group recognizes the result of these commercial agreements as a credit to cost of sales, against an amount receivable from agreements or reduction of liabilities from contracts with suppliers.

(iii) rebates for volume targets, measured both upon purchases and sales – refer to bonus programs granted to the Group associated to targets of purchase and sale of products from a certain supplier. The Group considers the benefit obtained as a reduction of the amounts payable to suppliers, with a balancing entry in the inventory account, from the moment in which it concludes that it is highly probable that the benefit obtained will not be subject to reversal.

In the cases (ii) and (iii) above, these refer to different forms of negotiation that have as main purpose the purchase of products at the lowest cost offered by the supplier regardless of the manner in which the product purchase transaction was proposed.

(e) Segment reporting

The Group conducts its business activities considering a single operating segment, which is used as the basis for managing the entity and decision-making.

(f) Significant accounting judgments, estimates and assumptions

When applying Group accounting practices, management must make judgments and prepare estimates related to the carrying amounts of assets and liabilities not easily obtained from other sources. The estimates and respective assumptions are based on historical experience and other factors considered significant. Estimates and assumptions are continuously revised and the related effects are recognized in the period in which these are reviewed and in any future periods affected.
Key estimates and assumptions concerning sources of uncertainty in future estimates and other important sources of estimation uncertainty at the balance sheet date are discussed below.

(i) Taxes recoverable

Tax credit recovery estimates are based on operations and taxable profit forecasts, taking into consideration various financial and business assumptions and considering the possibility that special conditions could be granted, such as special regimes, enabling the realization of such credits. These estimates may not materialize in the future, given the uncertainties inherent in these forecasts.

(ii) Fair value of the financial instruments

When the fair value of financial assets and liabilities stated in the balance sheet cannot be obtained from active markets, it is determined using valuation techniques, including the discounted cash flow method. The data for this method are based on market practice, whenever possible. However, when this is not possible, a certain level of judgment is required to establish the fair value. Judgment includes the consideration of the data used, concerning areas such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iii) Impairment

There are specific rules to assess the recoverability of assets, particularly property, plant and equipment, goodwill and other intangible assets. At year-end, the Group performs an analysis to determine whether there is evidence that the long-lived asset amounts may not be recoverable in accordance with the CGUs. To determine whether goodwill is impaired, it is necessary to estimate the value in use of the CGUs to which goodwill has been allocated. The calculation of value in use requires that management estimate expected future cash flows from the CGUs and an adequate discount rate to calculate present value. Significant assumptions used for determining the recoverable value of the different CGUs are detailed in Note 12.

(iv) Provision for tax, civil and labor risks

The Group is party to various legal and administrative proceedings, as mentioned in Note 17. Provision is recorded for all litigation contingencies the likelihood of loss of which is estimated as probable, in an amount that can be reliably estimated. The assessments of the likelihood of loss include the evaluation of available evidence, the hierarchy of laws, available case law, recent court decisions and their importance in the legal system, as well as the opinion of outside legal advisors and the Group's compensation history.

(v) Lessee's incremental borrowing rate

The Group is unable to determine the implicit discount rate to be applied to its lease agreements. Therefore, the lessee's incremental borrowing rate, that is, of the Company itself, is used to calculate the present value of the lease liabilities on the initial recognition of the agreement.

The lessee's incremental borrowing rate is the interest rate that a lessee would have to pay when borrowing for the acquisition of an asset similar to that which is the subject of the lease agreement, for a similar term and when pledging a similar guarantee.

This rate shall be obtained through a high degree of judgment and shall be an element of the lessee's credit risk, the operating lease agreement term, the nature and quality of the guarantee offered, and the economic environment in which the transaction takes place. The rate calculation process shall preferentially use information that is readily observable from which to make the necessary adjustments to determine the incremental borrowing rate.

The adoption of NBC - TG 06 (R3) / IFRS 16 allowed the incremental rate to be determined for a group of agreements, since this choice is associated with the validation that the grouped contracts have similar characteristics.

The Group adopted the aforementioned practical expedient of determining groupings for its lease agreements under this scope, as it understands that the effects of its application do not differ materially from its application to individual leases. The size and composition of the portfolios were defined according to the following assumptions: (a) similar assets and (b) remaining terms with respect to the similar initial application date.

(vi) Determination of the lease term

When determining a lease term, Management considers all the facts and circumstances that create an economic incentive for the exercise of an extension option or a termination option. Extension options (or periods after termination options) are included in the lease term only when there is reasonable certainty that the lease will be extended (or that it will not be terminated).

For leases of distribution centers and pharmacies, the following factors are usually the most relevant:

- If the termination (or non-extension) incurs significant fines, it is reasonably certain that the Group will use the extension (or will not terminate the agreement)
- If leasehold improvements are made to third-party properties with a significant residual balance, it is reasonably certain that the Group will extend (or not terminate) the lease; and
- In addition, the Group considers other factors, including past practices regarding the periods of use of the specific types of assets (leased or Company-owned), the duration of leases, and the costs and business disruption required to replace a leased asset.

Most options for extending office, residential properties and vehicle leases were not included in the lease liabilities because the Group can replace these assets without significant cost or business interruption.

This assessment is reviewed if there is a significant event or change in circumstances that affects the initial assessment and that is under the control of the lessee, such as for example, if an option is in fact exercised (or not exercised) or if the Group is required to exercise it (or not to exercise it).

(All amounts in thousands of reais unless otherwise stated)

5. Cash and cash equivalents

5.1. Accounting policy

These include cash on hand, bank deposits and highly liquid short-term investments, readily convertible into a known cash amount and posing low risk of any change in value. The financial investments included in cash equivalents are classified in the category of financial instruments at amortized cost.

5.2. Balance breakdown

	Parent Company		Consolidated	
Cash and cash equivalents items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Cash and banks	155,219	110,435	177,575	118,469
Repurchase agreements (i)	46,964	96,363	72,791	123,628
Automatic investments(ii)	115,819	157,576	122,013	164,836
Bank Deposit Certificates - CDB(iii)	-	-	37,773	26,085
Investment fund(iv)	-	-	2,169	523
Total	**318,002**	**364,374**	**412,321**	**433,541**

(i) Fixed-income investment with income linked to the variation of the Interbank Deposit Certificate - CDI, with immediate liquidity and without loss of income.

(ii) Short-term fixed income fund with short-term investments and automatic redemptions.

(iii) Investments in bank deposit certificate have daily liquidity and grace period of 30 days.

(iv) The balance held by FIP RD Ventures in a short-term investment fund refers to investments made in 100% of government securities. The investment has no grace period for redemption and convertibility of the quotas, the amount may be readily invested or redeemed and the financial settlement occurs on the same day.

The Group's exposure to interest rate risks and the sensitivity analysis of financial assets and liabilities are disclosed in Note 25.3 (a) and (d).

6. Held-to-maturity financial investments - FIDC

The balance of R$ 26,506 on December 31, 2023, in the subsidiary refers to the investment on RD Fundo de Investimento em Direitos Creditórios Corporativos ("RD FIDC").

RD FIDC began its activities on February 16, 2023, established as a special fund, as provided for by CMN Resolution 2,907, of November 29, 2001, and by CVM Instruction 356, of December 17, 2001. On March 28, 2023, the Company made the first contribution to RD FIDC.

RD FIDC's capital structure at December 31, 2023 comprised 134,170 senior quotas held by third parties in the amount of R$ 143,423, representing 84.39% of the fund's equity, and 26,306 subordinated quotas held by RD in the amount of R$ 26,506, representing 15.61% of the fund's equity.

The purpose of RD FIDC is to provide to its quotaholders the valuation of their quotas through the investment of their funds exclusively in credit rights arising from payment transactions carried out by the Company, with the use of payment instruments for the acquisition of goods and services. The earnings of the senior quotas are paid monthly and are subject to a minimum remuneration of CDI plus 1.88% p.a.

Subordinated quotas were attributed to the Company and were recorded in current assets as interest in the securitization fund, with a balance of R$ 26,506. The subordinated quotas are exposed to the risk of absorbing any losses on receivables transferred and any losses attributed to the fund. The holders of senior quotas do not have right of recourse in relation to the other assets of the Company in the event of default of the amounts due by the suppliers. The interest held in subordinated quotas represented the maximum exposure to losses in discount transactions carried out using these structures.

(All amounts in thousands of reais unless otherwise stated)

7. Trade receivables

7.1. Accounting policy

Trade receivables are recorded at the original sales amount, less credit card operators charges, when applicable, and provision for expected credit losses. Provision for expected credit losses is set up when there is strong evidence that the Group will not be able to collect all the amounts due. The expected loss corresponds to the difference between carrying amount and recoverable amount.

Installment sales were adjusted to present value at the transaction date at the rate of the weighted average cost based on 100% of the CDI. The adjustment to present value has as a balancing entry the trade receivables account and its realization is recognized as revenue from sales according to their maturity.

7.2. Balance breakdown

	Parent Company		Consolidated	
Trade receivables items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Trade receivables	2,537,295	1,944,320	3,120,350	2,325,300
(-) Expected credit losses	(2,462)	(1,431)	(10,367)	(6,068)
(-) Adjustment to present value	(19,287)	(18,951)	(25,043)	(23,592)
Total	**2,515,546**	**1,923,938**	**3,084,940**	**2,295,640**

The detailed aging of trade receivables is presented below:

	Parent Company		Consolidated	
Maturities	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Not yet due	2,531,601	1,944,110	3,048,325	2,303,201
Overdue:				
Between 1 and 30 days	3,130	112	31,684	13,324
Between 31 and 60 days	974	69	16,700	3,292
Between 61 and 90 days	575	11	11,003	1,707
Between 91 and 180 days	501	18	6,764	1,536
Between 181 and 360 days	514	-	5,874	2,240
(-) Expected credit losses	(2,462)	(1,431)	(10,367)	(6,068)
(-) Adjustment to present value	(19,287)	(18,951)	(25,043)	(23,592)
Total	**2,515,546**	**1,923,938**	**3,084,940**	**2,295,640**

Days sales outstanding, represented by credit and debit cards and partnerships with companies and the Government, are approximately 42 days (42 days in 2022), term that is considered part of the normal conditions inherent in the Group's operations. A substantial portion of the amounts overdue for more than 31 days is represented by collection through special plans and Medicine Benefit Programs – PBMs.

The changes in expected credit losses are presented below:

Changes in expected losses	**Parent Company**	**Consolidated**
At January 1, 2022	**(1,117)**	**(5,045)**
Additions	(8,981)	(21,688)
Reversals	5,618	14,443
Losses	3,049	6,222
At December 31, 2022	**(1,431)**	**(6,068)**
Additions	(10,571)	(26,156)
Reversals	3,532	13,375
Losses	6,008	8,482
At December 31, 2023	**(2,462)**	**(10,367)**

(All amounts in thousands of reais unless otherwise stated)

Trade receivables are classified as financial assets at amortized cost and are therefore measured as described in Note 25.1 – Impairment to the financial statements for the year ended December 31, 2023.

8. Inventories

8.1. Accounting policy

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined using the weighted moving average method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. Inventory balances are presented net of expected losses.

8.2. Balance breakdown

	Parent Company		Consolidated	
Inventory items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Goods for resale	6,930,474	6,045,905	7,245,647	6,171,452
Consumables	10,156	14,302	10,156	14,302
(-) Provision for inventory losses	(58,376)	(59,698)	(58,376)	(59,698)
Total inventory	**6,882,254**	**6,000,509**	**7,197,427**	**6,126,056**

Changes in the provision for expected losses on goods are as follows:

Changes in expected losses on goods	Parent Company	Consolidated
At January 1, 2022	**(32,614)**	**(32,614)**
Additions	(28,719)	(28,719)
Write-offs	1,635	1,635
At December 31, 2022	**(59,698)**	**(59,698)**
Additions	(41,081)	(41,081)
Write-offs	42,403	42,403
At December 31, 2023	**(58,376)**	**(58,376)**

For the year ended December 31, 2023, as described in Note 22, the cost of goods sold recognized in the statement of income was R$ 21,412,578 (R$ 18,749,839 – 2022) for the Parent Company and R$ 23,714,554 (R$ 20,223,406 - 2022) for the Consolidated accounts, including the amount of write-offs of inventories recognized as losses for the year, amounting to R$ 281,950 (R$ 240,591 - 2022) for the Parent Company and R$ 282,798 (R$ 241,553 - 2022) for the Consolidated accounts.

The effect of the recognition, reversal or write-off of the provision for inventory losses is included in cost of sales in the statement of income.

(All amounts in thousands of reais unless otherwise stated)

9. Recoverable taxes

Recoverable taxes items	Parent Company Dec/23	Parent Company Dec/22	Consolidated Dec/23	Consolidated Dec/22
Taxes on profit recoverable				
Withholding Income Tax (IRRF)	3,743	8,754	4,676	9,372
Corporate Income Tax (IRPJ)	21,191	91,565	34,346	104,192
Social Contribution on Net Profit (CSLL)	14,366	36,762	16,747	43,152
Subtotal	**39,300**	**137,081**	**55,769**	**156,716**
Other recoverable taxes				
Value Added Tax on Sales and Services (ICMS) – credit balance (i)	150,854	125,169	162,570	132,002
ICMS – Refund of ICMS withheld in advance (i)	67,501	58,671	67,501	58,671
ICMS on acquisitions of fixed assets	108,171	96,157	108,171	96,157
Social Integration Program (PIS)	34,927	12,132	36,257	12,768
Social Contribution on Revenue (COFINS)	161,253	55,975	168,541	57,870
Social Investment Fund (FINSOCIAL) - 1982 - securities issued to cover court-ordered debts	561	561	561	561
National Institute of Social Security (INSS)	-	-	39	25
Subtotal	**523,267**	**348,665**	**543,640**	**358,054**
Total	**562,567**	**485,746**	**599,409**	**514,770**
Current assets	348,650	387,496	353,401	393,336
Non-current assets	213,917	98,250	246,008	121,434

(i) The ICMS credits amounting to R$ 150,854 and R$ 67,501 (R$ 125,169 and R$ 58,671 - 2022) for the Parent Company and R$ 162,570 and R$ 67,501 (R$ 132,002 and R$ 58,671 - 2022) for the Consolidated accounts are the result of applying different ICMS rates and of refunds of ICMS-ST (the Substitute Taxpayer Regime). The respective tax credits have been progressively consumed.

Expected realization of credits

The expected realization of amounts classified in current and non-current assets is as follows:

Expected realization	Parent Company Dec/23	Parent Company Dec/22	Consolidated Dec/23	Consolidated Dec/22
In the next 12 months	348,650	387,496	353,401	393,336
Between 13 and 24 months	96,613	21,337	114,327	25,509
Between 25 and 36 months	19,000	24,084	22,692	28,018
Between 37 and 48 months	35,263	24,084	39,015	26,700
Between 49 and 60 months	63,041	28,745	69,974	41,207
Total	**562,567**	**485,746**	**599,409**	**514,770**

10. Investments

10.1. Accounting policy

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the acquirer must measure the noncontrolling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or a liability is measured at fair value with the changes in fair value recognized in accordance with NBC TG 48, in the statement of income.

Goodwill is initially measured as the excess of the consideration transferred over the fair value of the net identifiable assets acquired less liabilities assumed. If the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized as a gain in the statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of RD's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Investment in associates

An associate is an entity over which RD has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

RD's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in RD's share of net assets of the associates since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of income reflects RD's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of RD's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, RD recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between RD and the associate are eliminated to the extent of the interest in the associate.

(All amounts in thousands of reais unless otherwise stated)

The financial statements of the associates are prepared for the same reporting periods as those of RD. When necessary, adjustments are made to bring the accounting policies in line with those of RD. After application of the equity method, RD determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, RD determines whether there is objective evidence that the investment in associates is impaired. If there is such evidence, RD calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount, and then recognizes the loss in the statement of income.

10.2. Company formation, business combinations, discontinuance and goodwill

(a) New combinations and company formations in the year ended December 31, 2023

SafePill Comércio Varejista de Medicamentos Manipulados Ltda.

On November 23, 2022, the Company acquired 100.00% of the equity interest in SafePill Comércio Varejista de Medicamentos Manipulados Ltda. ("SafePill") for R$ 29,000.

The acquisition of SafePill will allow RD to provide drug treatment management and pharmaceutical support to patients by delivering customized products to customers at home.

In December 2023, RD completed the fair value measurement of the net assets acquired. The Company adopted the balance sheet as at November 30, 2022 as the opening balance sheet for purposes of allocating the effects of the acquisition. As a result, the Company computed goodwill of R$ 33,982 arising from the acquisition, which represents the future economic benefits expected from the business combination.

Assets	**11/30/2022**	**Liabilities**	**11/30/2022**
Cash and cash equivalents	1,961	Borrowings	5,542
Trade receivables	244	Suppliers	167
Inventories	128	Tax, social security and labor obligations	53
Recoverable taxes	24	Advance for future capital increase	2,000
Other credits	4	**Liabilities**	**7,762**
Fixed assets, net	419	Equity	(4,982)
Total assets	**2,780**	**Total liabilities and equity**	**2,780**

Allocation of the price of the consideration transferred:

	Parent Company
Purchase price	**29,000**
Equity	(4,982)
Adjusted equity	**(4,982)**
Goodwill based on expected future profitability	33,982
	29,000

On November 25, 2022, the Company made a capital increase in SafePill in the amount of R$ 2,000 and from April to December 2023, the Company made capital contributions totaling R$ 10,400.

Infectoria Serviços Médicos Ltda. (Via HealthBit)

On February 27, 2023, the subsidiary HealthBit entered into a quota purchase and sale agreement and, on April 3, 2023, completed the acquisition of 100.00% of the ownership interest in Infectoria Serviços Médicos Ltda. ("Infectoria") for R$ 140.

Infectoria is a company that provides several types of specialized medical services in hospital infection control, and management and assistance in corporate health care. The services rendered mainly comprise teleconsultations, training programs, lectures, courses, digital solutions for resolution of general health and consultancy problems.

On June 6, 2023, the Company increased the capital of Infectoria by R$ 250.

Pharmaperez – Farmácia e Manipulação Ltda. - Biocell (Via Manipulaê)

On February 28, 2023, the subsidiary Manipulaê entered into a quota purchase and sale agreement and, on June 12, 2023, completed the acquisition of 100.00% of the ownership interest in Pharmaperez - Farmácia e Manipulação Ltda. ("Biocell") for R$ 364.

Biocell is engaged in the provision of compound medication services and the sale of pharmaceutical products.

RD Log Ltda.

On June 13, 2023, the Company established a new entity in the Group, with the name RD Log Ltda. ("RD Log") with the main purpose of expanding the offer of logistics services to marketplace sellers.

On June 13, 2023, the Company contributed capital in RD Log in the amount of R$ 1.

Kymberg Farmacêutica do Brasil Ltda. (Kymberg)

On October 2, 2023, the Company acquired 100.00% of the equity interest in Kymberg Farmacêutica do Brasil Ltda. ("Kymberg") for R$ 14,850.

Kymberg Is a pharmaceutical company specialized in the production of medicines.

In compliance with NBC-TG 15(R4) – Business Combinations, Kymberg is currently measuring the fair value of the net assets acquired and liabilities assumed.

On October 27, 2023 and December 26, 2023, the Company made capital contributions in Kymberg totaling R$ 1,800.

(b) Disposal of equity interests in the year ended December 31, 2023

Full Nine Digital Consultoria S/A (Via RD Ventures)

On November 16, 2023, the Company exercised the option and sold all its shares of Full Nine Digital Consultoria (Conecta-lá) for R$ 1.00 (one real).

(All amounts in thousands of reais unless otherwise stated)

10.3. Composition and changes in investments

At December 31, 2023 and 2022, the Company's investment balance is presented below:

		Dec/23			Dec/22		
Investee	**Main activity**	**Interest (%)**	**Parent Company**	**Consolidated**	**Interest (%)**	**Parent Company**	**Consolidated**
Direct interest							
4Bio	Retail of special medicines	85.00%	346,998	-	85.00%	279,118	-
Stix Fidelidade	Platform of products and services for the accumulation and redemption of points	33.33%	5,108	5,108	33.33%	2,396	2,396
RD Ventures FIP	Private equity investment fund	100.00%	143,760	-	100.00%	139,134	-
Vitat	Supporting health management and promoting healthy habits	100.00%	18,492	-	100.00%	45,960	-
Dr. Cuco	Digital care platform focused on adherence to treatment	100.00%	15,769	-	100.00%	14,804	-
RD Ads	Advisory and consultancy in advertising and marketing	100.00%	51,349	-	100.00%	37,644	-
SafePill	Management of Self-Care Home Treatments	100.00%	39,158	-	100.00%	52,174	-
Manipulaê	Marketplace of Compounding Pharmacies	100.00%	22,722	-	100.00%	9,944	-
RD Log	Transportation and logistics company	100.00%	-	-	-	-	-
Kymberg	Pharmaceutical company specialized in the production of medicines	100.00%	16,277	-	-	-	-
Indirect interest							
Healthbit	Big data technology to reduce claims	100.00%	-	-	100.00%	-	-
Conecta Lá (i)	Seller center platform that offers a unique solution to sellers	-	-	-	12.50%	-	(1,756)
Amplimed	Online platform that offers a complete solution for managing clinics and offices	100.00%	-	-	100.00%	-	-
Labi (i)	Healthtech focused on laboratory tests, tests, check-ups and vaccines.	23.61%	-	(1,848)	21.72%	-	917
Eloopz	Media solutions for retailers with the implementation and maintenance of screens installed in physical and software stores for smart management of these assets.	100.00%	-	8,725	100.00%	-	1,166
Biocell	Operates in the market of mineral supplements, offering products for weight control, nutrition and personal care.	100.00%	-	1,068	-	-	-
Infectoria	Consulting services in health for hospitals and companies, operating mainly in the implementation of Hospital Infection Control Commission.	100.00%	-	53	-	-	-
Total			**659,633**	**13,105**		**581,174**	**2,723**
Reclassification to "Other liabilities", as provision for losses on investments			**-**	**1.848**		**-**	**1,756**
Classified as investments			**659.633**	**14.954**		**581,174**	**4,479**

(i) The provision for losses on investments at December 31, 2023 and 2022 is recorded in "Other provisions".

(All amounts in thousands of reais unless otherwise stated)

Changes in investment balances presented in the individual financial statements are shown below:

Changes in investments	4BIO	stix	RD VENTURES	vitat	CUCO HEALTH	RD ADS	SafePill	Manipulaê	Kymberg	**Total**
	Subsidiary	Associate	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	
At January 1, 2022	**164,890**	**830**	**94,435**	**47,274**	**15,411**	**-**	**-**	**-**	**-**	**322,840**
Capital contribution	-	-	52,700	40,000	-	13,431	2,000	4,100	**-**	**112,231**
Business combinations	-	-	-	-	-	-	50,174	5,844	**-**	**56,018**
Write-off of investment goodwill	-	-	-	(1,555)	-	-	-	-	**-**	**(1,555)**
Equity in the results of subsidiaries	114,156	1,566	(8,001)	(39,759)	(607)	24,213	-	-	**-**	**91,568**
Restricted share compensation plan – 4Bio	72	-	-	-	-	-	-	-	**-**	**72**
At December 31, 2022	**279,118**	**2,396**	**139,134**	**45,960**	**14,804**	**37,644**	**52,174**	**9,944**	**-**	**581,174**
Capital contribution	-	-	24,827	42,000	2,425	-	15,986	14,456	1,800	**101,494**
Business combinations	-	-	-	-	-	-	(21,174)	9,308	14,850	**2,984**
Write-off of goodwill	-	-	-	(30,111)	-	-	-	-	-	**(30,111)**
Write-off of surplus value and goodwill	67,936	2,712	(20,201)	(39,357)	(1,460)	13,705	(7,828)	(10,986)	(373)	**4,148**
Restricted share compensation plan – 4Bio	(56)	-	-	-	-	-	**-**	**-**	**-**	**(56)**
At December 31, 2023	**346,998**	**5,108**	**143,760**	**18,492**	**15,769**	**51,349**	**39,158**	**22,722**	**16,277**	**659,633**

(All amounts in thousands of reais unless otherwise stated)

For the purpose of calculating the equity in subsidiaries and associates, the Company adjusts the assets, liabilities and the respective changes in the result. At 4Bio they are adjusted based on the purchase price allocation determined at the acquisition date. The table below shows the effects on profit (loss) for the year/period of subsidiaries and associate for the purposes of determining the equity in results of subsidiaries for the years ended December 31, 2023 and 2022:

	Parent Company									
Changes in investments	4BIO	Stix	RD Ventures	Vitat	Cuco Health	RD ADS	SafePill	Manipulaê	Kymberg	Total
Profit (loss) for the year	114,361	1,565	(8,000)	(35,180)	22	24,218	-	-	-	**96,986**
Amortization of surplus value arising from business combination	(206)	-	-	(4,581)	(631)	-	-	-	-	**(5,418)**
Equity in the results of subsidiaries at 12/31/2022	**114,155**	**1,565**	**(8,000)**	**(39,761)**	**(609)**	**24,218**	**-**	**-**	**-**	**91,568**
Profit (loss) for the year	68,142	2,712	(20,201)	(35,257)	(272)	13,705	(7,828)	(9,730)	(373)	**10,898**
Amortization of surplus value arising from business combination	(206)	-	-	(4,100)	(1,188)	-	-	(1,256)	-	**(6,750)**
Equity in the results of subsidiaries at 12/31/2023	**67,936**	**2,712**	**(20,201)**	**(39,357)**	**(1,460)**	**13,705**	**(7,828)**	**(10,986)**	**(373)**	**4,148**

	Parent Company									
Adjusted equity	4BIO	Stix	RD Ventures	Vitat	Cuco Health	RD ADS	SafePill	Manipulaê	Kymberg	Dec/23
Investment at book value	332,778	5,108	143,760	18,492	1,709	37,918	5,176	2,936	3,579	**551,456**
Purchase price allocation (surplus value of assets)	2,209	-	-	-	3,564	-	-	7,390	-	**13,163**
Deferred income tax liability on allocation adjustments	(821)	-	-	-	-	-	-	-	-	**(821)**
Restricted share compensation plan	(75)	-	-	-	-	-	-	-	-	**(75)**
Total adjusted equity	**334,091**	**5,108**	**143,760**	**18,492**	**5,273**	**37,918**	**5,176**	**10,326**	**3,579**	**563,723**
Goodwill based on expected future profitability	**12,907**	**-**	**-**	**-**	**10,496**	**13,431**	**33,982**	**12,396**	**12,698**	**95,910**
Investment balance	**346,998**	**5,108**	**143,760**	**18,492**	**15,769**	**51,349**	**39,158**	**22,722**	**16,277**	**659,633**

(All amounts in thousands of reais unless otherwise stated)

	Parent Company								
Adjusted equity	4BIO	stix	RD VENTURES	vitat	CUCO HEALTH	RD ADS	SafePill	Manipulaê	Dec/22
Investment at book value	264,844	2,396	139,134	11,749	744	24,213	(2,833)	(363)	**439,884**
Purchase price allocation (surplus value of assets)	2,209	-	-	13,325	3,564	-	55,007	10,307	**84,412**
Deferred income tax liability on allocation adjustments	(821)	-	-	-	-	-	-	-	**(821)**
Restricted share compensation plan	(21)	-	-	-	-	-	-	-	**(21)**
Total adjusted equity	**266,211**	**2,396**	**139,134**	**25,074**	**4,308**	**24,213**	**52,174**	**9,944**	**523,454**
Goodwill based on expected future profitability	**12,907**	**-**	**-**	**20,886**	**10,496**	**13,431**	-	-	**57,720**
Investment balance	**279,118**	**2,396**	**139,134**	**45,960**	**14,804**	**37,644**	**52,174**	**9,944**	**581,174**

11. Fixed assets

11.1. Accounting policy

Fixed assets are stated at acquisition, formation or installation cost of pharmacies, net of accumulated depreciation/amortization and/or impairment losses, if any. Depreciation and amortization are calculated using the straight-line method, over the useful life of the assets, according to the rates shown in Note 11.2. RD's procedure is to review the residual values, useful lives of the assets, the amortization period, depreciation and amortization methods at least at the end of each reporting period and adjust them on a prospective basis, when applicable.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the disposal proceeds with the asset's carrying amount, and are recognized in the statement of income for the year in which the asset is derecognized. When revalued assets are intended for sale, the amounts included in the revaluation reserve are recorded in retained earnings upon disposal. Repair and maintenance service costs are recorded in the statement of income when incurred.

Land and buildings: include the head office and certain owned stores, are stated at historical acquisition cost plus revaluation conducted in October 1987, based on valuation reports prepared by independent experts, and incorporated into the deemed cost upon the adoption of IFRS. In this adoption, the balance of the revaluation of land and existing buildings in equity was transferred to the carrying value adjustments line item, also in equity, net of deferred income tax and social contribution.

Fixed assets are reviewed annually to identify evidence of impairment, and also whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If that is the case, the recoverable amount is calculated to identify any indication of impairment. When there is such indication of impairment, it is recognized in the amount at which the net carrying amount of the asset exceeds its recoverable amount, which is the higher of the net sales price or value in use of the asset. The impairment of present and future transactions is recognized in the statement of income as expenses, reflecting the purpose of the asset item affected. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). The Company's CGUs are the pharmacies.

(All amounts in thousands of reais unless otherwise stated)

11.2. Fixed assets - breakdown and changes

Fixed assets are broken down as follows:

		Parent Company					
		Dec/23			Dec/22		
	Average annual depreciation rates (%)	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	-	32,124	-	**32,124**	32,124	-	**32,124**
Buildings	2.5 - 2.7	69,837	(32,312)	**37,525**	69,837	(30,531)	**39,306**
Furniture, fittings and facilities	7.4 - 10	1,665,730	(784,841)	**880,889**	1,434,220	(647,044)	**787,176**
Machinery and equipment	7.1 - 15.8	1,029,834	(623,733)	**406,101**	931,454	(526,858)	**404,596**
Vehicles	20 - 23.7	145,958	(74,286)	**71,672**	114,212	(58,513)	**55,699**
Property improvements	13 - 20	2,453,427	(1,462,053)	**991,374**	1,981,381	(1,118,450)	**862,931**
Total		**5,396,910**	**(2,977,225)**	**2,419,685**	**4,563,228**	**(2,381,396)**	**2,181,832**

		Consolidated					
		Dec/23			Dec/22		
	Average annual depreciation rates (%)	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	-	32,124	-	**32,124**	32,124	-	**32,124**
Buildings	2.5 - 2.7	69,837	(32,312)	**37,525**	69,837	(30,531)	**39,306**
Furniture, fittings and facilities	7.4 - 10	1,673,676	(786,485)	**887,191**	1,437,156	(648,362)	**788,794**
Machinery and equipment	7.1 - 15.8	1,063,019	(632,265)	**430,754**	946,424	(531,347)	**415,077**
Vehicles	20 - 23.7	145,959	(74,287)	**71,672**	114,213	(58,514)	**55,699**
Property improvements	13 - 20	2,460,018	(1,465,597)	**994,421**	1,986,701	(1,121,296)	**865,405**
Total		**5,444,633**	**(2,990,946)**	**2,453,687**	**4,586,455**	**(2,390,050)**	**2,196,405**

(All amounts in thousands of reais unless otherwise stated)

Changes in the Parent Company's fixed assets are as follows:

Changes in cost	Jan 1, 2022	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/22	Additions	Disposals and write-offs	(Provision for / Reversal of pharmacies closure	Dec/23
Land	32,124	-	-	-	32,124	-	-	-	32,124
Buildings	69,837	-	-	-	69,837	-	-	-	69,837
Furniture, fittings and facilities	1,258,303	207,459	(26,440)	(5,102)	1,434,220	236,556	(7,433)	2,387	1,665,730
Machinery and equipment	821,296	130,119	(19,961)	-	931,454	115,788	(16,400)	(1,008)	1,029,834
Vehicles	87,988	26,622	(398)	-	114,212	32,001	(255)	-	145,958
Property improvements	1,588,521	413,005	(20,537)	392	1,981,381	473,244	(3,849)	2,651	2,453,427
Total	**3,858,069**	**777,205**	**(67,336)**	**(4,710)**	**4,563,228**	**857,589**	**(27,937)**	**4,030**	**5,396,910**

Changes in accumulated depreciation	Jan 1, 2022	Additions	Disposals and write-offs	Provision for/(Reversal of) pharmacies closure	Dec/22	Additions	Disposals and write-offs	Provision for/(Reversal of) pharmacies closure	Dec/23
Land	-	-	-	-	-	-	-	-	-
Buildings	(28,710)	(1,821)	-	-	(30,531)	(1,781)	-	-	(32,312)
Furniture, fittings and facilities	(539,910)	(124,139)	13,607	3,398	(647,044)	(141,083)	4,306	(1,020)	(784,841)
Machinery and equipment	(441,779)	(102,161)	17,082	-	(526,858)	(111,171)	14,203	93	(623,733)
Vehicles	(46,612)	(12,231)	330	-	(58,513)	(15,978)	205	-	(74,286)
Property improvements	(808,330)	(321,182)	11,337	(275)	(1,118,450)	(344,600)	2,152	(1,155)	(1,462,053)
Total	**(1,865,341)**	**(561,534)**	**42,356**	**3,123**	**(2,381,396)**	**(614,613)**	**20,866**	**(2,082)**	**(2,977,225)**

(All amounts in thousands of reais unless otherwise stated)

Changes in the Consolidated fixed assets are as follows:

Changes in cost	**Jan 1, 2022**	**Additions**	**Disposals and write-offs**	**(Provision for) / Reversal of pharmacies closure**	**Dec/22**	**Addition by business combination**	**Additions**	**Disposals and write-offs**	**(Provision for) / Reversal of pharmacies closure**	**Dec/23**
Land	32,124	-	-	-	32,124	-	-	-	-	32,124
Buildings	69,837	-	-	-	69,837	-	-	-	-	69,837
Furniture, fittings and facilities	1,260,585	208,113	(26,440)	(5,102)	1,437,156	2,197	239,388	(7,452)	2,387	1,673,676
Machinery and equipment	828,057	138,328	(19,961)	-	946,424	108	133,979	(16,484)	(1,008)	1,063,019
Vehicles	87,989	26,622	(398)	-	114,213	-	32,001	(255)	-	145,959
Property improvements	1,592,140	414,706	(20,537)	392	1,986,701	-	474,515	(3,849)	2,651	2,460,018
Total	**3,870,732**	**787,769**	**(67,336)**	**(4,710)**	**4,586,455**	**2,305**	**879,883**	**(28,040)**	**4,030**	**5,444,633**

Changes in accumulated depreciation	**Jan 1, 2022**	**Additions**	**Disposals and write-offs**	**Provision for/(Reversal of) pharmacies closure**	**Dec/22**	**Addition by business combination**	**Additions**	**Disposals and write-offs**	**Provision for/(Reversal of) pharmacies closure**	**Dec/23**
Land	-	-	-	-	-	-	-	-	-	-
Buildings	(28,710)	(1,821)	-	-	(30,531)	-	(1,781)	-	-	(32,312)
Furniture, fittings and facilities	(541,060)	(124,307)	13,607	3,398	(648,362)	(4)	(141,410)	4,311	(1,020)	(786,485)
Machinery and equipment	(444,701)	(103,728)	17,082	-	(531,347)	(7)	(115,261)	14,257	93	(632,265)
Vehicles	(46,612)	(12,232)	330	-	(58,514)	-	(15,978)	205	-	(74,287)
Property improvements	(810,629)	(321,729)	11,337	(275)	(1,121,296)	-	(345,298)	2,152	(1,155)	(1,465,597)
Total	**(1,871,712)**	**(563,817)**	**42,356**	**3,123**	**(2,390,050)**	**(11)**	**(619,728)**	**20,925**	**(2,082)**	**(2,990,946)**

11.3. Changes in the provision for pharmacies closure

The changes in the Parent Company's provision for pharmacies closure are shown below:

	Provision	**Depreciation**	**Total properties**
At January 1, 2022	**(16,836)**	**8,306**	**(8,530)**
Additions	(45,165)	24,532	(20,633)
Reversals	40,455	(21,409)	19,046
At December 31, 2022	**(21,546)**	**11,429**	**(10,117)**
Additions	(26,374)	14,148	(12,226)
Reversals	30,404	(16,230)	14,174
Changes, net	**4,030**	**(2,082)**	**1,948**
At 12/31/2023	**(17,516)**	**9,347**	**(8,169)**

12. Intangible assets

12.1. Accounting policy

Intangible assets are stated at historical cost of acquisition or formation, net of accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the straight-line method, over the useful life of the assets, according to the rates shown in Note 12.2. RD's procedure is to review the residual values, useful lives of the assets, the amortization period, amortization methods at least at the end of each reporting period and adjusted on a prospective basis, when applicable.

An item of intangible assets is derecognized when no future economic benefits are expected from its use or disposal. Repair and maintenance service costs are recorded in the statement of income when incurred.

Goodwill on acquisition of companies: Goodwill arises on the acquisition of subsidiaries and represents the excess of (i) the consideration transferred; (ii) the amount of any noncontrolling interest in the acquiree; and (iii) the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, noncontrolling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the statement of income. Goodwill on the acquisition of investment prior to 2009 (Drogaria Vison) was calculated as the difference between the acquisition amount and the carrying amount of the acquiree's net assets. Up to December 2008, goodwill was amortized based on the term, extent and proportion of projected results, not exceeding ten years. As from January 2009, goodwill is no longer amortized and is now tested for impairment on an annual basis, at the cash-generating unit (CGU) level.

Points of sales: These include points of sale acquired from pharmacy lease agreements, stated at acquisition cost and amortized using the straight-line method, which take into consideration the lease agreement terms, not exceeding twenty years.

Software use licenses or IT system development: are stated at acquisition cost and amortized using the straight-line method over their estimated useful lives. The ongoing costs of software maintenance are expensed as incurred. Costs directly attributable to identifiable and exclusive software programs, controlled by the Group and likely to generate economic benefits greater than the related costs for more than one year, are stated as intangible assets and amortized on a straight-line basis over their useful lives. Direct costs include the salaries of the software development team members and a fair share of related general expenses.

Intangible assets are reviewed annually to identify evidence of impairment, and also whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives, such as goodwill and surplus value related to trademarks, are tested for impairment at least on an annual basis, or whenever there is indication of impairment. If that is the case, the recoverable amount is calculated to identify any indication of impairment. When there is such indication of impairment, it is recognized in the amount at which the net carrying amount of the asset exceeds its recoverable amount, which is the higher of the net sales price or value in use of the asset. The impairment of present and future transactions is recognized in the statement of income as expenses, reflecting the purpose of the asset item affected. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs).

(All amounts in thousands of reais unless otherwise stated)

12.3. Intangible assets - Breakdown and changes

Intangible assets are broken down as follows:

		Parent Company					
	Average annual amortization rates (%)	Dec/23			Dec/22		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Points of sale	17 - 23.4	280,953	(233,317)	47,636	268,037	(205,977)	62,060
Software license and systems implementation	20	992,300	(392,332)	599,968	632,372	(249,752)	382,620
Goodwill on business acquisition – Vison	(i)	22,275	(2,387)	19,888	22,275	(2,387)	19,888
Goodwill on business acquisition – Raia	(i)	780,084	-	780,084	780,084	-	780,084
Trademarks with finite useful life	20	20,743	(12,458)	8,285	19,052	(10,673)	8,379
Trademarks with indefinite useful life	(i)	151,000	-	151,000	151,000	-	151,000
Customers portfolio	6.7 - 25	41,700	(40,397)	1,303	41,700	(39,937)	1,763
Total		**2,289,055**	**(680,891)**	**1,608,164**	**1,914,520**	**(508,726)**	**1,405,794**

		Consolidated					
	Average annual amortization rates (%)	Dec/23			Dec/22		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Points of sale	17 - 23.4	282,850	(233,315)	49,535	269,934	(205,975)	63,959
Software license and systems implementation	20	1,031,064	(398,459)	632,605	649,878	(253,882)	395,996
Goodwill on acquisitions of investees	(i)	1,059,015	(2,387)	1,056,628	1,087,673	(2,387)	1,085,286
Platform	20	8,886	(1,249)	7,637	25,386	(5,775)	19,611
Non-compete agreement	20	833	-	833	4,833	(1,966)	2,867
Trademarks with finite useful life	20	31,624	(19,681)	11,943	25,962	(17,238)	8,724
Trademarks with indefinite useful life	(i)	151,000	-	151,000	153,930	-	153,930
Customers portfolio (Raia S.A.)	6.7 - 25	41,700	(40,397)	1,303	41,700	(39,937)	1,763
Customer relationship	20	9,395	(3,626)	5,769	9,395	(3,420)	5,975
Total		**2,616,367**	**(699,114)**	**1,917,253**	**2,268,691**	**(530,580)**	**1,738,111**

(i) Assets with indefinite useful lives

Changes in the Company's intangible assets are as follows:

(All amounts in thousands of reais unless otherwise stated)

Changes in cost	Jan 1, 2022	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/22	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/23
Points of sale	249,990	21,530	(4,187)	704	268,037	13,572	(921)	265	280,953
Software license	407,987	224,542	(157)	-	632,372	362,270	(2,342)	-	992,300
Goodwill on business acquisition – Vison	22,275	-	-	-	22,275	-	-	-	22,275
Goodwill on business acquisition – Raia	780,084	-	-	-	780,084	-	-	-	780,084
Trademarks with finite useful life	19,046	122	(116)	-	19,052	1,691	-	-	20,743
Trademarks with indefinite useful life	151,000	-	-	-	151,000	-	-	-	151,000
Customers portfolio	41,700	-	-	-	41,700	-	-	-	41,700
Total	**1,672,082**	**246,194**	**(4,460)**	**704**	**1,914,520**	**377,533**	**(3,263)**	**265**	**2,289,055**

Changes in accumulated amortization	Jan 1, 2022	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/22	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/23
Points of sale	(174,779)	(33,869)	2,611	60	(205,977)	(28,116)	781	(5)	(233,317)
Software license	(156,542)	(93,229)	19	-	(249,752)	(142,678)	98	-	(392,332)
Goodwill on business acquisition – Vison	(2,387)	-	-	-	(2,387)	-	-	-	(2,387)
Trademarks with finite useful life	(8,483)	(2,197)	7	-	(10,673)	(1,785)	-	-	(12,458)
Customers portfolio	(39,477)	(460)	-	-	(39,937)	(460)	-	-	(40,397)
Total	**(381,668)**	**(129,755)**	**2,637**	**60**	**(508,726)**	**(173,039)**	**879**	**(5)**	**(680,891)**

(All amounts in thousands of reais unless otherwise stated)

Changes in the consolidated intangible assets are as follows:

Changes in cost	Jan 1, 2022	Additions	Transfers	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/22	Addition by business combination	Additions	Transfers	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/23
Points of sale	249,992	21,530	-	(4,187)	2,599	269,934	-	13,572	-	(921)	265	282,850
Software license	415,862	235,402	28	(1,414)	-	649,878	3	385,787	(2,004)	(2,600)	-	1,031,064
Goodwill on acquisitions of investees	962,155	128,362	(2,844)	-	-	1,087,673	-	16,067	2,004	(46,729)	-	1,059,015
Platform	18,853	6,203	330	-	-	25,386	-	-	-	(16,500)	-	8,886
Non-compete agreement	4,833	-	-	-	-	4,833	-	-	-	(4,000)	-	833
Trademarks with finite useful life	27,500	134	-	(1,672)	-	25,962	-	2,732	2,930	-	-	31,624
Trademarks with indefinite useful life	153,930	-	-	-	-	153,930	-	-	(2,930)	-	-	151,000
Customers portfolio - Raia	41,700	-	-	-	-	41,700	-	-	-	-	-	41,700
Customer relationship	8,737	160	498	-	-	9,395	-	-	-	-	-	9,395
Total	**1,883,562**	**391,791**	**(1,988)**	**(7,273)**	**2,599**	**2,268,691**	**3**	**418,158**	**-**	**(70,750)**	**265**	**2,616,367**

Changes in accumulated amortization	Jan 1, 2022	Additions	Transfers	Disposals and write-offs	Provision for / (Reversal of) pharmacies closure	Dec/22	Addition by business combination	Additions	Transfers	Disposals and write-offs	Provision for / (Reversal of) pharmacies closure	Dec/23
Points of sale	(174,778)	(33,869)	-	2,612	60	(205,975)	-	(28,116)	-	781	(5)	(233,315)
Software license	(159,605)	(94,678)	-	401	-	(253,882)	(3)	(144,923)	-	349	-	(398,459)
Goodwill on acquisitions of investees	(2,387)	(5,145)	5,145	-	-	(2,387)	-	-	-	-	-	(2,387)
Platform	(2,475)	-	(3,300)	-	-	(5,775)	-	(564)	(1,249)	6,339	-	(1,249)
Non-compete agreement	(600)	-	(1,366)	-	-	(1,966)	-	-	-	1,966	-	-
Trademarks with finite useful life	(14,569)	(2,197)	(479)	7	-	(17,238)	-	(3,692)	1,249	-	-	(19,681)
Customers portfolio - Raia	(39,477)	(460)	-	-	-	(39,937)	-	(460)	-	-	-	(40,397)
Customer relationship	(3,420)	-)	-	-	-	(3,420)	-	(206)	-	-	-	(3,626)
Total	**(397,311)**	**(136,349)**	**-**	**3,020**	**60**	**(530,580)**	**(3)**	**(177,961)**	**-**	**9,435**	**(5)**	**(699,114)**

(All amounts in thousands of reais unless otherwise stated)

Goodwill on the acquisition of companies

Goodwill on the acquisition of companies is subject to annual impairment testing.

Company	Goodwill amount	Acquisition
Drogaria Vison Ltda.	19,888	02/13/2008
Raia S.A.	780,084	11/10/2011
4Bio Medicamentos S.A.	25,563	10/01/2015
Dr. Cuco Desenvolvimento de Software Ltda.	10,496	11/19/2021
Healthbit Performasys Tecnologia Inteligência S.A.	17,505	03/09/2021
Amplisoftware Tecnologia Ltda.	82,895	12/22/2021
Labi Exames S.A.	52,328	08/05/2022
Eloopz Serviços de Promoção de Vendas EIRELI	8,421	08/23/2022
Comércio Varejista de Medicamentos Manipulados Ltda.	33,982	11/23/2022
ZTO Tecnologia e Serviços de Informação na Internet Ltda.	12,396	11/28/2022
Infectoria Serviços Médicos	98	02/27/2023
Pharmaperez – Farmácia e Manipulação Ltda.	275	02/28/2023
Kymberg Farmacêutica do Brasil Ltda.	12,698	10/02/2023

Drogaria Vison Ltda. - Goodwill in the amount of R$ 19,888 refers to the acquisition of Drogaria Vison Ltda., on February 13, 2008, which was included in the Company's operations as from June 30, 2008. Goodwill is based on expected future profitability, pursuant to an appraisal prepared by an independent expert, and was amortized from April to December 2008. As provided for in CPC Guidance (OCPC) 02 - Clarifications on the 2008 Financial Statements, since 2009, goodwill has no longer been amortized, but has been subject to annual impairment testing ever since. The recoverable amount of the cash generating unit of 'Vison' is R$ 128,149 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of five years. The pre-tax discount rate applied to cash flow projections is 13,8% (18.8% p.a.. in 2022). The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3% (3. 3% in 2022).

Raia S.A. - The Company computed goodwill of R$ 780,084 in the business combination with Raia S.A., occurred on November 10, 2011, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. In addition to the amount classified as goodwill, we also have the amount of R$ 151,700 allocated as Trademarks, totaling R$ 931,784 in intangible assets with indefinite useful lives linked to the cash-generating unit 'Raia'. The recoverable amount of the cash generating unit of 'Raia' is R$ 8,075,348 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of five years. The pre-tax discount rate applied to cash flow projections is 13,8% (16.0% p.a. in 2022). The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3% (3. 3% in 2022).

4Bio Medicamentos S.A. – The Company computed goodwill of R$ 25,563 in the business combination with 4Bio Medicamentos S.A., occurred on October 1, 2015, of which the balance was supplemented by the final adjustment of the price at March 31, 2016 of R$ 2,040, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. The recoverable amount of the cash generating unit of '4Bio' is R$ 306,926 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of five years. The pre-tax discount rate applied to cash flow projections is 13.2% (18.9% p.a. in 2022). The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3% (3.3% in 2022).

Vitat Serviços em Saúde Ltda. – The Company computed goodwill of R$ 20,886 in the business combination with Vitat Negócios em Saúde Ltda. (formerly B2U Editora S.A.), occurred on April 1, 2021, which was based on expected future profitability arising from the difference between the balances of assets assigned and those received. At December 31, 2023, RD's Management decided to record the write-off of the goodwill.

Dr. Cuco Desenvolvimento de Software Ltda. - The Company computed goodwill of R$ 14,689 in the business combination with Dr. Cuco Desenvolvimento de Software Ltda., occurred on November 19, 2021, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. The recoverable amount of the cash generating unit of 'Dr. Cuco' is R$ 70,789 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of ten years. The pre-tax discount rate, applied to cash flow projections, is 15.6%, and the growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3%.

Healthbit Performasys Tecnologia Inteligência S.A. - The Company computed goodwill of R$ 5,616 in the business combination with Healthbit Performasys Tecnologia Inteligência S.A., occurred on March 9, 2021, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. The recoverable amount of the cash generating unit of 'Healthbit' is R$ 85,384 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of ten years. The pre-tax discount rate, applied to cash flow projections, is 15.6%, and the growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3%.

Amplisoftware Tecnologia Ltda. - The Company computed goodwill of R$ 82,895 in the business combination with Amplisoftware Tecnologia Ltda., occurred on December 22, 2021, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. The recoverable amount of the cash generating unit of 'Amplimed' is R$ 128,054 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of ten years. The pre-tax discount rate, applied to cash flow projections, is 15.6%, and the growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3%.

Labi Exames S.A. - The Company computed goodwill of R$ 52,328 in the acquisition of interest in Labi Exames S.A., occurred on August 5, 2022, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. The recoverable amount of the cash generating unit of 'Labi' is R$ 220,446 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of ten years. The pre-tax discount rate, applied to cash flow projections, is 15.6%, and the growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3%.

Eloopz Serviços de Promoção de Vendas EIRELI - The Company computed goodwill of R$ 8,407 in the acquisition of interest in *Eloopz Serviços de Promoção de Vendas EIRELI*, occurred on August 23, 2022, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. The recoverable amount of the cash generating unit of 'Eloopz' is R$ 675,134 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of five years. The pre-tax discount rate, applied to cash flow projections, is 15.6%, and the growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3%.

SafePill - The Company computed goodwill of R$ 52,174 in the acquisition of interest in SafePill, occurred on November 25, 2022, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. The recoverable amount of the cash generating unit of 'SafePill' is R$ 734,688 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of ten years. The pre-tax discount rate, applied to cash flow projections, is 15.6%, and the growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3%.

Manipulaê - The Company computed goodwill of R$ 9,944 in the acquisition of interest in Manipulaê, occurred on December 1, 2022, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received. The recoverable amount of the cash generating unit of 'Manipulaê' is R$ 193,839 at December 31, 2023 and was determined based on the calculation of the value in use considering the cash flow projections based on financial estimates approved by Management for a period of ten years. The pre-tax discount rate, applied to cash flow projections, is 15.6%, and the growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3%.

(All amounts in thousands of reais unless otherwise stated)

Infectoria Serviços Médicos - The Company computed goodwill of R$ 98 in the acquisition of interest in Infectoria, occurred on February 27, 2023, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

Pharmaperez – Farmácia e Manipulação Ltda. - Biocell - The Company computed goodwill of R$ 275 in the acquisition of interest in Pharmaperez, occurred on February 28, 2023, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

Kymberg Farmacêutica do Brasil Ltda. - The Company computed goodwill of R$ 12,698 in the acquisition of interest in Kymberg, occurred on October 2, 2023, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

12.3. Changes in the provision for pharmacies closure

The changes in the Parent Company's provision for pharmacies closure are shown below:

		Intangible assets	
	Provision	**Amortization**	**Total provisions**
At January 1, 2022	**(4,025)**	**2,258**	**(1,767)**
Additions	(4,910)	3,476	(1,434)
Reversals	5,614	(3,416)	2,198
At December 31, 2022	**(3,321)**	**2,318**	**(1,003)**
Additions	(4,520)	3,547	(973)
Reversals	4,785	(3,552)	1,233
Changes, net	**265**	**(5)**	**260**
At 12/31/2023	**(3,056)**	**2,313**	**(743)**

13.Employee benefits

(a) Profit sharing program

The Group has a profit sharing and bonus program intended mainly to measure the performance of employees during the year. Both programs have a formal plan and the amounts payable may be reasonably estimated before the information preparation period, and settled in the short term. On a monthly basis, a liability and an expense for profit sharing are recognized in the statement of income based on estimates of achievement of operating targets and specific objectives established and approved by Management. The recognition as liabilities is made in the account of salaries and social charges and in the statement of income the recognition is made in the account of selling expenses and general and administrative expenses (Note 22).

(b) Other benefits

Other short-term benefits are also granted to employees, such as life insurance, health and dental care, housing allowance, maternity leave and scholarship, which are recognized on an accrual basis and whose right is extinguished at the end of the employment relationship with the Group.

The Group does not grant post-employment benefits such as "Plano Gerador de Benefício Livre" (PGBL), "Vida Gerador de Benefício Livre" (VGBL), defined benefit pension plan and/or any retirement or post-employment assistance plan, severance pay benefits or other long-term benefits.

(All amounts in thousands of reais unless otherwise stated)

Part of the benefits granted to the officers include a restricted share plan, classified as an equity instrument. The fair value of share-based payments is recognized in profit or loss in accordance with the granting period, against equity (see Note 20 d).

14.Suppliers and Suppliers – Forfait and FIDC - Credit Rights Investment Fund

14.1. Accounting policy

Installment sale transactions are adjusted to their present value at the transaction date. The discount rate used to adjust the suppliers balances to their present value was 100% of the CDI. The adjustment of purchases to present value is recorded under suppliers against finance income (costs), over their term in the case of suppliers. The balance of suppliers is measured at amortized cost, using the effective interest rate method.

14.2. Balance breakdown

	Parent Company		Consolidated	
Supplier items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Goods suppliers	4,416,143	3,857,221	4,845,237	4,112,176
Service providers	239,485	166,650	245,450	172,543
Materials suppliers	52,115	26,916	52,704	27,238
Assets suppliers	10,854	10,265	11,819	10,638
Adjustment to present value	(59,553)	(66,187)	(63,756)	(68,780)
Total	**4,659,044**	**3,994,865**	**5,091,454**	**4,253,815**
Suppliers	4,493,044	3,988,309	4,939,203	4,247,259
Suppliers – FIDC – Credit Rights Investment Fund	156,991	-	143,242	-
Suppliers - Forfait	9,009	6,556	9,009	6,556

14.3. Suppliers – Forfait and FIDC - Credit Rights Investment Fund

In 2023, certain suppliers assigned their rights to receive Company notes to financial institutions and to the Credit Rights Investment Fund (FIDC), allowing suppliers to receive in advance their amounts receivable. The financial institutions and FIDC become creditors of the operation and RD settles the notes on the same date originally agreed with its supplier. RD receives a commission from the financial institutions for this intermediation and confirmation of notes payable. This advance on credit notes generated a financial gain to the Company in the amount of R$ 10,843 in 2023 (R$ 14,722 in 2022). In this operation, the financial institution takes into consideration the credit risk of the buyer (in this case, the Company). There is no change in the pre-established terms and other conditions after the assignment of the receivables. In addition, there is no obligation that results in expenses for the Company.

At December 31, 2023, the balance payable negotiated by suppliers and accepted by RD amounted to R$ 166,000 in the Parent company and Consolidated (R$ 6,556 in 2022).

The Company's Management also considered the guidance in CVM Circular Letter SNC/SEP 01/2021, observing the qualitative aspects on the issue, and concluded that there are no impacts since the economic substance of the transaction is maintained and there are no changes in the conditions originally agreed with suppliers.

(All amounts in thousands of reais unless otherwise stated)

15. Borrowings, debentures and promissory notes

(a) Breakdown

		Parent Company		Consolidated	
Borrowings items	**Average annual long-term interest rate**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Debentures					
2nd issue of debentures	104.50% of CDI				
3rd issue of debentures - CRIs	98.50% of CDI	-	45,943	-	45,943
4th issue of debentures	106.99% of CDI	256,155	256,264	256,155	256,264
5th issue of debentures	100.00% of CDI + 1.49% p.a.	300,921	301,211	300,921	301,211
6th issue of debentures - CRIs	100.00% of CDI + 0.70% p.a.	528,154	530,393	528,154	530,393
7th issue of debentures - CRIs	100.00% of CDI + 0.75% p.a.	256,088	256,123	256,088	256,123
8th issue of debentures - CRIs – 1st series	100.00% of CDI + 0.30% p.a.	539,372	537,698	539,372	537,698
8th issue of debentures - CRIs – 2nd series	100.00% of CDI + 0.65% p.a.	360,057	-	360,057	-
8th issue of debentures - CRIs – 3rd series	100.00% of CDI + 1.10% p.a.	152,812	-	152,812	-
Total Debentures		198,820	-	198,820	-
Borrowings		**2,592,379**	**1,927,632**	**2,592,379**	**1,927,632**
Direct loans - Law 4,131	100.00% of CDI + 1.30% p.a.				
Direct loans - Law 4,131	100.00% of CDI + 1.37% p.a.	-	-	100,490	-
Direct loans - Law 4,131	100.00% of CDI + 1.37% p.a.	-	-	32,451	-
Direct loans - Law 4,131	100.00% of CDI + 1.42% p.a.	-	-	-	45,414
Direct loans - Law 4,131	100.00% of CDI + 1.45% p.a.	-	-	41,055	-
Direct loans - Law 4,131	100.00% of CDI + 1.54% p.a.	-	-	53,398	-
Direct loans - Law 4,131	100.00% of CDI + 2.61% p.a.	-	-	-	32,552
Other	100.00% of CDI + 2.95% p.a.	310,930	311,974	310,930	311,974
Total Borrowings		-	-	-	332
Total		**310,930**	**311,974**	**538,324**	**390,272**
Current liabilities		**2,903,309**	**2,239,606**	**3,130,703**	**2,317,904**
Non-current liabilities		377,207	108,279	604,601	186,356

(All amounts in thousands of reais unless otherwise stated)

The amounts above have the following payment flow forecast:

	Parent Company		Consolidated	
Payment forecast	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
2023	-	108,279	-	186,356
2024	377,207	295,476	604,600	295,697
2025	467,805	120,526	467,805	120,526
2026 and thereafter	2,058,297	1,715,325	2,058,297	1,715,325
Total	**2,903,309**	**2,239,606**	**3,130,702**	**2,317,904**

(b) Characteristics of the debentures

Debentures

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
2nd issue – 9 Series (*)	R$ 400,000	40,000	04/02/2019	Mar/2023	104.50%	R$ 10
3rd issue – Single Series	R$ 250,000	250,000	03/15/2019	Mar/2026	98.50%	R$ 1
4th issue – Single Series	R$ 300,000	300,000	06/17/2019	Jun/2027	106.99%	R$ 1
5th issue – Single Series	R$ 500,000	500,000	01/25/2022	Jan/2029	100% of CDI + 1.49% p.a.	R$ 1
6th issue – Single Series	R$ 250,000	250,000	03/07/2022	Mar/2027	100% of CDI + 0.70% p.a.	R$ 1
7th issue – Single Series	R$ 550,000	550,000	06/26/2022	Jun/2029	100% of CDI + 0.75% p.a.	R$ 1
8thissue - 1st series	R$ 350,000	350,000	09/15/2023	Sept/2025	100% of CDI + 0.30% p.a.	R$ 1
8th issue - 2nd series	R$ 150,000	150,000	09/15/2023	Sept/2027	100% of CDI + 0.65% p.a.	R$ 1
8thissue - 3rd series	R$ 200,000	200,000	09/15/2023	Sept/2030	100% of CDI + 1.10% p.a.	R$ 1

(*) Weighted average rate of series.

On April 2, 2018, the Company carried out the 2nd issue of simple debentures with payment term of 60 months. The amortization of the principal related to the 2nd issue of debentures will occur in nine semiannual consecutive installments, the first being from the 12th month after the issue. The payment of the remuneration will occur on a semiannual basis, and the first payment is due in April 2019, and others always in April and October of each year, until the due date.

The contract of the 2nd issue of simple debentures was fully settled on the due date, in March 2023.

On February 1, 2019, the Company approved, through the Extraordinary Meeting of the Board of Directors, the 3rd issue of non-convertible, simple unsecured debentures in a single series, in the total amount of R$ 250,000, with remuneration of 98.5% of CDI and payment term of seven years. Interest payments will be semi-annual, and principal will be amortized in two equal annual and consecutive installments, the last installment to be paid on March 13, 2026. The funds raised were used for the construction, expansion, development and renovation of certain properties indicated by the Company. This operation is linked to the real estate receivables certificates issued by Vert Companhia Securitizadora, which were issued with guarantee in the "CRI" debentures, object of a public offering for distribution under CVM Instruction 400.

On June 17, 2019, the Company carried out the 4th issue of non-convertible, simple unsecured debentures in a single series for public distribution with restricted efforts (CVM 476), with settlement on July 12, 2019, in the amount of R$ 300,000, with remuneration of 106.99% of CDI and payment term of eight years. Interest payments will be semi-annual, and principal will be amortized in two equal annual and consecutive installments, the last installment to be paid on June 17, 2027. The funds were used to improve the working capital.

On January 25, 2022, the Company carried out the 5th issue of non-convertible, simple unsecured debentures in a single series for public distribution with restricted efforts (CVM 476), with settlement on February 16, 2022, in the amount of R$ 500,000, with remuneration of 100% of CDI, plus a surcharge of 1.49% per year, and payment term of 7 years. Interest payments will be semi-annual and principal will be amortized in two equal annual and consecutive installments, the last installment to be paid on January 25, 2029. The funds were used to improve the working capital.

On March 7, 2022, the Company carried out the 6th issue of non-convertible, simple unsecured debentures in a single series for public distribution with restricted efforts (CVM 476), with settlement on March 17, 2022, in the amount of R$ 250,000, with remuneration of 100% of CDI, plus a surcharge of 0.70% per year, and payment term of five years. Interest payments will be semi-annual, and principal will be amortized in two equal annual and consecutive installments, the last installment to be paid on March 8, 2027. The funds raised were used for the construction, expansion, development and renovation of certain properties indicated by the Company. This operation is linked to the real estate receivables certificates, which were issued with guarantee in the "CRI" debentures, object of a public offering for distribution under CVM Instruction 476.

On June 26, 2022, the Company carried out the 7th issue of non-convertible, simple unsecured debentures in a single series for public distribution with restricted efforts (CVM 476), with settlement on June 29, 2022, in the amount of R$ 550,000, with remuneration of 100% of the cumulative variation of the average daily rates of the DI, plus a surcharge of 0.75% per year and payment term of five years. Interest payments will be semi-annual, and principal will be amortized in two equal annual and consecutive installments, the last installment to be paid on June 25, 2029. The funds raised were used for the construction, expansion, development and renovation of certain properties indicated by the Company. This operation is linked to the real estate receivables certificates, which were issued with guarantee in the "CRI" Debentures, object of a public offering for distribution under CVM 476.

On September 15, 2023, the Company carried out the 8th issue of non-convertible, simple unsecured debentures, in three series, for public distribution with firm placement guarantee, pursuant to CVM Resolutions 160 and 60, as well as other applicable legal and regulatory provisions, with settlement on September 15, 2023, in the amount of R$ 700,000, with remuneration of 100% of the cumulative variation of the average daily rates of the DI, plus a surcharge of 0.30% p.a. for the 1st series, 0.65% p.a. for the 2nd series, and 1.10% p.a. for the 3rd series, with payment term of two, four and seven years, respectively. Interest payments will be semi-annual and principal will be amortized for the 1st series on September 11, 2025, for the 2nd series on September 13, 2027, and for the 3rd series in two equal annual and consecutive installments, the last installment to be paid on September 12, 2030. The funds raised were used for real estate costs and expenses referring to the payment of rentals of certain properties indicated by the Company. This operation is linked to the real estate receivables certificates, which were issued with guarantee in the "CRI" debentures, object of a public offering for distribution under CVM Resolutions 160 and 60.

The costs incurred on the issues of the Company's debentures (2019 - 3rd and 4th issues, 2022 - 5th, 6th and 7th issues, and 2023 - 8th issue), including fees, commissions and other costs, are classified in the line item of the respective debentures, and will be recognized over the total period of the debt. At December 31, 2023, the amount to be recognized was R$ 31,709 (R$ 23,279 - Dec/2022), and is presented net in debentures balance.

The Company's debentures are conditioned to the compliance with the following covenants:
(i) Net Debt / EBTIDA: cannot exceed 3 times.
The calculation of net debt, the basis for determining the covenants calculation of Company's debentures considers the balances of borrowings. As described in Note 25.3 (e), the lease obligations are being presented in a separate line item in the financial statements, and therefore, are not included in the net debt calculation.

Covenants are measured quarterly and, at December 31, 2023, the Company was in compliance with such requirements.

The non-compliance with the covenants for two consecutive quarters can be considered as a default event and consequently result in early maturity.

The Group monitors clauses subject to compliance with non-financial covenants, in order to ensure that they are being complied with. At December 31, 2023, the Company was in compliance with these covenants.

(c) Characteristics of borrowings

On March 26, 2021, the Company carried out loan operation – 4131, in the amount of R$ 300,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 2.61% per year and payment term of three years. Interest payments will be semi-annual and amortization of principal will be carried out on the maturity date in March 2024. The funds were used to improve the working capital.

The transaction costs incurred in borrowings – 4131 are 0.30% referring to the amount of R$ 300,000, with a term of three years, including fees, commissions and other costs, and are classified in the line item of the respective borrowings, and will be recognized over the total period of the debt. At December 31, 2023, the amount to be recognized was R$ 50 (R$ 350 - Dec/22), and is presented net in the borrowings balance.

The borrowings – 4131 are not conditioned to compliance with financial and non-financial covenants.

(d) Characteristics of borrowings - Subsidiaries

On June 8, 2022, the subsidiary 4Bio carried out loan operation – 4131, in the amount of R$ 45,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 1.37% per year and payment term of one year. Interest payments were quarterly and amortization of principal was carried out on the maturity date, June 9, 2023.

On November 18, 2022, the subsidiary 4Bio carried out loan operation – 4131, in the amount of R$ 32,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 1.54% per year and payment term of one year. Interest payments were quarterly and amortization of principal was carried out on the maturity date, November 20, 2023.

On June 7, 2023, 4Bio carried out loan operation Swap – 4131, in the amount of R$ 53,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 1.45% per year and payment term of one year. Interest payments will be quarterly and amortization of principal will be carried out on the maturity date. The funds were used to improve the working capital.

On July 14, 2023, 4Bio carried out loan operation Swap – 4131, in the amount of R$ 40,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 1.42% per year and payment term of one year. Interest payments will be quarterly and amortization of principal will be carried out on the maturity date. The funds were used to improve the working capital.

On September 14, 2023, the subsidiary 4Bio carried out loan operation – 4131, in the amount of R$ 100,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 1.30% per year and payment term of one year. Interest payments will be quarterly and amortization of principal will be carried out on the maturity date. The funds were used to improve the working capital.

On November 20, 2023, the subsidiary 4Bio carried out loan operation – 4131, in the amount of R$ 32,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 1.37% per year and payment term of one year. Interest payments will be quarterly and amortization of principal will be carried out on the maturity date. The funds were used to improve the working capital.

(All amounts in thousands of reais unless otherwise stated)

(e) Reconciliation of net debt

The analysis of and the changes in net debt are presented below:

	Parent Company		Consolidated	
Composition and changes in net debt	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Short-term borrowings	377,207	108,279	604,602	186,356
Long-term borrowings	2,526,102	2,131,327	2,526,102	2,131,548
Total debt	**2,903,309**	**2,239,606**	**3,130,704**	**2,317,904**
(-) Cash and cash equivalents (Note 5)	(318,002)	(364,374)	(412,321)	(433,541)
Net debt	**2,585,307**	**1,875,232**	**2,718,383**	**1,884,363**

	Parent Company		
Changes in net debt	**Borrowings**	**Cash and cash equivalents**	**Net debt**
Net debt at January 1, 2022	1,462,162	(316,654)	1,145,508
Funding	1,277,858	-	1,277,858
Accrued interest	266,529	-	266,529
Payment of interest	(249,252)	-	(249,252)
Amortization of principal	(522,330)	-	(522,330)
Amortization of transaction costs	4,639	-	4,639
Increase in cash and cash equivalents	-	(47,720)	(47,720)
Net debt at December 31, 2022	**2,239,606**	**(364,374)**	**1,875,232**
Funding	686,567	-	686,567
Accrued interest	322,895	-	322,895
Payment of interest	(306,581)	-	(306,581)
Amortization of principal	(44,480)	-	(44,480)
Amortization of transaction costs	5,302	-	5,302
Decrease in cash and cash equivalents	-	46,372	46,372
Net debt at December 31, 2023	**2,903,309**	**(318,002)**	**2,585,307**

	Consolidated		
Changes in net debt	**Borrowings**	**Cash and cash equivalents**	**Net debt**
Net debt at January 1, 2022	1,505,222	(356,118)	1,149,104
Funding	1,460,248	-	1,460,248
Accrued interest	274,962	-	274,962
Payment of interest	(258,673)	-	(258,673)
Amortization of principal	(668,493)	-	(668,493)
Amortization of transaction costs	4,639	-	4,639
Increase in cash and cash equivalents	-	(77,423)	(77,423)
Net debt at December 31, 2022	**2,317,905**	**(433,541)**	**1,884,364**
Funding	1,058,865	-	1,058,865
Accrued interest	347,217	-	347,217
Payment of interest	(328,894)	-	(328,894)
Amortization of principal	(269,691)	-	(269,691)
Amortization of transaction costs	5,302	-	5,302
Decrease in cash and cash equivalents	-	21,220	21,220
Net debt at December 31, 2023	**3,130,704**	**(412,321)**	**2,718,383**

16. Leases

16.1. Accounting policy

On adoption of NBC TG 06 (R3) / IFRS 16 - Leases: the, the Group recognized lease liabilities involving leases that had already been classified as "operating leases" according to the principles of IAS 17 - Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019.

For leases previously classified as finance leases, the Group recognized the carrying amount of the lease asset and liability immediately before the transition to the carrying amount of the right-of-use asset and lease liability on the date of initial application. The measurement principles of NBC TG 06 (R3) / IFRS 16 apply only after this date. The remeasurements of the lease liabilities were recognized as adjustments to the respective right-of-use assets immediately after the date of initial application.

The Group is qualified as a lessee after evaluating whether a contract is, or contains, a lease, according to the following assumptions:

(i) The lessor cannot have a substantive right to replace the asset with an alternative asset during the lease term;
(ii) The Group has substantially all the economic benefits of a contract's assets if it benefits from most of the benefits from the main product, by-product and other benefits that the asset may generate; and
(iii) The Group has the right to direct the use of the asset, managing how and for what purposes it will be used during the period of use or when these decisions are predetermined in the contract and the Group will operate the asset during the entire period of the contract, without the lessor having the right to amend these operating instructions.

The Group leases physical stores, distribution centers and real estate properties for its office space, vehicles and equipment. Operating real estate and distribution/administrative center leases have term of 5 to 20 years, residential real estate leases have term of 2.5 years, and lease agreements for vehicles have term of 3 years.

Since January 1, 2019, the Company has recognized lease agreements in its balance sheet as required by NBC TG 06 (R3) / IFRS 16 as right-of-use assets and lease liabilities. In compliance with CVM guidelines contained in CVM Circular Letter 2/2019, the Company adopts, since the year ended December 31, 2019, the use of the Nominal Discount Rate for lease agreements, disregarding the Real Rate applied at the beginning of effectiveness of that standard.

Information on the Group's leases are presented below.

(All amounts in thousands of reais unless otherwise stated)

As a lessee

Right-of-use asset

Breakdown of Parent Company and Consolidated right-of-use:

	Parent Company		Consolidated	
Right-of-use asset	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Operating real estate	3,094,861	2,963,118	3,094,950	2,963,409
Residential real estate	18,889	18,024	19,514	18,688
Distribution/administrative centers	355,947	391,396	359,303	394,113
Vehicles	10,232	2,241	10,233	2,242
Total	**3,479,929**	**3,374,779**	**3,484,000**	**3,378,452**

The changes in the Parent Company and Consolidated right-of-use are presented below:

	Parent Company				
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Total
At January 1, 2022	**3,041,467**	**11,537**	**274,018**	**602**	**3,327,624**
New agreements	399,272	13,416	36,647	1,505	450,840
Remeasurements (i)	311,108	(2,668)	147,716	307	456,463
Termination of agreements	(45,228)	(1,441)	-	(26)	(46,695)
Depreciation	(743,501)	(2,820)	(66,985)	(147)	(813,453)
At December 31, 2022	**2,963,118**	**18,024**	**391,396**	**2,241**	**3,374,779**
New agreements	415,217	11,598	2,480	9,157	438,452
Remeasurements (i)	516,772	(5,111)	67,312	(564)	578,409
Termination of agreements	(3,509)	(776)	-	-	(4,285)
Depreciation	(796,737)	(4,846)	(105,241)	(602)	(907,426)
At December 31, 2023	**3,094,861**	**18,889**	**355,947**	**10,232**	**3,479,929**

	Consolidated				
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Total
At January 1, 2022	**3,041,467**	**12,207**	**276,290**	**603**	**3,330,567**
New agreements	399,640	13,476	36,889	1,505	451,510
Remeasurements (i)	311,108	(2,637)	149,745	307	458,523
Termination of agreements	(45,228)	(1,441)	(81)	(26)	(46,776)
Depreciation	(743,578)	(2,917)	(68,730)	(147)	(815,372)
At December 31, 2022	**2,963,409**	**18,688**	**394,113**	**2,242**	**3,378,452**
New agreements	415,217	11,598	2,481	9,156	438,452
Remeasurements (i)	516,761	(5,060)	69,850	(564)	580,987
Termination of agreements	(3,509)	(776)	-	-	(4,285)
Depreciation	(796,928)	(4,936)	(107,140)	(602)	(909,606)
At December 31, 2023	**3,094,950**	**19,514**	**359,304**	**10,232**	**3,484,000**

(i) The Company remeasures the right-of-use asset in order to reflect changes in future payments; changes in terms initially determined for the implementation of NBC TG 06 (R3) / IFRS 16 - Leases and contracts recognized as operating leases (NBC TG 06 (R3) / IAS 17 - Leases), initially determined as short-term contracts.

(All amounts in thousands of reais unless otherwise stated)

Lease liabilities

The changes in the Parent Company and Consolidated lease liabilities are as follows:

	Parent Company		Consolidated	
Leases	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Operating real estate	3,486,567	3,258,705	3,486,663	3,258,975
Residential real estate	17,004	(8,442)	17,580	(7,827)
Distribution/administrative centers	418,723	487,898	422,231	490,798
Vehicles	10,287	(1,938)	10,287	(1,938)
Total	**3,932,581**	**3,736,223**	**3,936,761**	**3,740,008**

The changes in the Parent Company and Consolidated lease liabilities are as follows:

	Parent Company				
	Operating real estate	**Residential real estate**	**Distribution/ administrative centers**	**Vehicles**	**Total**
At January 1, 2022	**3,333,959**	**(3,287)**	**342,048**	**(2,895)**	**3,669,825**
New agreements	399,272	13,416	36,647	1,505	450,840
Remeasurements (i)	311,108	(2,668)	147,716	307	456,463
Interest	229,329	1,419	27,231	431	258,410
Payments	(1,014,962)	(17,322)	(65,745)	(1,286)	(1,099,315)
At December 31, 2022	**3,258,706**	**(8,442)**	**487,897**	**(1,938)**	**3,736,223**
New agreements	415,217	11,598	2,480	9,157	438,452
Remeasurements (i)	516,772	(5,111)	67,312	(564)	578,409
Transfers	61,039	29,643	(95,671)	4,989	-
Interest	296,950	2,347	30,242	1,035	330,574
Payments	(1,062,117)	(13,031)	(73,537)	(2,392)	(1,151,077)
At December 31, 2023	**3,486,567**	**17,004**	**418,723**	**10,287**	**3,932,581**

	Consolidated				
	Operating real estate	**Residential real estate**	**Distribution/ administrative centers**	**Vehicles**	**Total**
At January 1, 2022	**3,333,959**	**(2,668)**	**344,502**	**(2,895)**	**3,672,898**
New agreements	399,640	13,476	36,889	1,505	451,510
Remeasurements (i)	311,108	(2,637)	149,745	307	458,523
Interest	229,330	1,429	27,450	431	258,640
Payments	(1,015,061)	(17,427)	(67,789)	(1,286)	(1,101,563)
At December 31, 2022	**3,258,976**	**(7,827)**	**490,797**	**(1,938)**	**3,740,008**
New agreements	415,217	11,598	2,480	9,157	438,452
Remeasurements (i)	516,772	(5,060)	69,850	(564)	580,998
Transfers	61,039	29,643	(95,671)	4,989	-
Interest	296,950	2,358	30,439	1,035	330,782
Payments	(1,062,291)	(13,132)	(75,664)	(2,392)	(1,153,479)
At December 31, 2023	**3,486,663**	**17,580**	**422,231**	**10,287**	**3,936,761**

(i) The Company remeasures the lease liabilities in order to reflect changes in future payments; changes in terms initially determined for the implementation of NBC TG 06 (R3) / IFRS 16 - Leases and contracts recognized as operating leases (NBC TG 06 (R3) / IAS 17 - Leases).

(All amounts in thousands of reais unless otherwise stated)

The maturities of lease liabilities are classified according to the following schedule:

	Parent Company		Consolidated	
Analysis of maturities - Lease liabilities	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Less than 1 year	856,427	757,265	858,467	759,301
Current	**856,427**	**757,265**	**858,467**	**759,301**
1 to 5 years	2,453,166	2,417,623	2,455,306	2,419,372
Over 5 years	622,988	561,335	622,988	561,335
Non-current	**3,076,154**	**2,978,958**	**3,078,294**	**2,980,707**
Total	**3,932,581**	**3,736,223**	**3,936,761**	**3,740,008**

Future payments to be made to the lessor may give the Group the right to be credited with PIS and COFINS. Therefore, the recorded amount of the right-of-use asset against the lease liability already includes potential future credit.

The potential right to PIS and COFINS recoverable embedded in future lease payments is presented below:

Future considerations	Parent Company / Consolidated	Potential PIS / COFINS (9.25%)
Less than 1 year	665,721	61,579
1 to 2 years	647,209	59,867
2 to 3 years	530,079	49,032
3 to 4 years	414,384	38,330
4 to 5 years	289,067	26,739
Over 5 years	696,750	64,449
Total	**3,243,210**	**299,996**

The right to use PIS and COFINS credits comprises only contracts whose lessor is a legal entity. The Company has lease contracts for both lessors, corporate and individual.

In compliance with CVM Circular Letter 02/2019 and NBC TG 06 (R3) / IFRS 16, justified by the fact that the Group has not applied the methodology of nominal flows due to the prohibition imposed by NBC TG 06 (R3) of future inflation projection and in order to provide additional information to the users of the Group's financial statements, the analysis of contract maturities and installments not yet discounted at December 31, 2023 is presented below:

	Parent Company			Consolidated		
Year	**Amounts of installments not yet discounted**	**Estimated interest (future) (i)**	**Net present value**	**Amounts of installments not yet discounted**	**Estimated interest (future) (i)**	**Net present value**
2024	1,144,642	(274,824)	869,818	1,146,682	(274,824)	871,858
2025	981,069	(216,223)	764,846	981,069	(216,223)	764,846
2026	795,938	(164,773)	631,165	795,938	(164,773)	631,165
2027	608,578	(122,109)	486,469	608,578	(122,109)	486,469
2028	418,373	(90,080)	328,293	420,513	(90,080)	330,433
2029 and thereafter	1,035,278	(183,288)	851,990	1,035,278	(183,288)	851,990
Total	**4,983,878**	**(1,051,297)**	**3,932,581**	**4,988,058**	**(1,051,297)**	**3,936,761**

(i) The present value of the leases payable was calculated considering the projection of future fixed payments, discounted at the rate of 13.73% p.a. (12.90% p.a. In 2022), which was built from the basic interest rate released by the Central Bank of Brazil (BACEN).

(All amounts in thousands of reais unless otherwise stated)

Amount recognized in the statement of income

	Parent Company		Consolidated	
Amount recognized in the statement of income	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Amortization of right-of-use asset	907,426	813,453	905,246	811,534
Interest on lease liabilities	330,574	258,410	330,782	258,640
Adjustment for lease write-off (contracts terminated)	(1,023)	(29,888)	(1,023)	(29,888)
Variable payments not included in the measurement of lease liabilities	36,334	45,856	36,893	46,926
Revenue on subleases of right-of-use assets	(2,815)	(2,959)	(2,815)	(2,959)
Expenses related to short-term and/or low-value leases	14,986	18,911	14,986	18,911
Discounts on property rental	(73)	(1,105)	(73)	(1,105)

(i) Payment of variable leases based on sales

Some operating real estate leases contain variable lease payments based on a percentage of 2% to 12% of the sales made during the period in the leased operating real estate. These payment conditions are common for stores in the country where the Group operates. Variable lease payments for the year ended December 31, 2023 amounted to R$ 3,292 (R$ 5,370 in 2022) for Parent Company and Consolidated accounts.

(ii) Leases fitting into exceptions and practical expedients

The lease agreements identified and that fall within the scope of exemption mainly refer to lease of printers, forklifts, power generators, electron aligners and photovoltaic plates.

The Group also leases equipment with contracts of up to one year. These leases are short-term and/or low-value leases. The Group opted not to recognize the right-of-use assets and the lease liabilities of such items.

As a lessor

The Group subleases some of the properties to third parties. The Group has classified these leases as operating leases because they do not transfer substantially all the risks and rewards of ownership of assets.

The table below presents an analysis of maturities of lease payments, showing undiscounted lease payments to be received after the reporting date:

	Parent Company and Consolidated	
Undiscounted lease payments	**Dec/23**	**Dec/22**
Less than 1 year	2,100	1,984
1 to 2 years	1,463	1,676
2 to 3 years	889	1,084
3 to 4 years	775	562
4 to 5 years	441	515
Over 5 years	987	2,121
Total	**6,655**	**7,942**

(All amounts in thousands of reais unless otherwise stated)

17. Provision for contingencies and judicial deposits

17.1. Accounting policy

Provision

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provision for legal proceedings is recorded reflecting the best estimates of the risk involved, in amounts deemed sufficient to cover probable losses. The proceedings rated as involving possible losses are disclosed in explanatory notes and those rated as remote losses are not provisioned or disclosed.

The Company and its subsidiaries are subject to legal claims (tax, civil and labor) arising in the normal course of business. Management, supported by the opinion of its legal advisors and, where applicable, by specific opinions issued by experts, assesses the probable final outcomes of ongoing litigation and determines whether or not setting up of provision for contingencies is necessary. In the case of labor contingencies, the evolution of the lawsuits and the history of losses are determining factors to reflect the best estimate.

Judicial deposits

The Company makes judicial deposits to guarantee the enforcement of judicial decisions, as required by the courts and/or made due to Management's strategic decision to protect its cash. In the cases in which the provision has a corresponding judicial deposit and the Company has the intention to settle the liability and realize the asset simultaneously, the amounts are offset. Judicial deposits are monetarily adjusted on the total amount, the gains or losses are recognized in the Company's statement of income when the lawsuit is settled.

17.2. Breakdown of balances and changes in provisions

At December 31, 2023 and 2022, the Group had the following provision and corresponding judicial deposits relating to legal proceedings:

	Parent Company		Consolidated	
Judicial deposit items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Labor and social security	105,146	94,267	105,146	94,267
Tax (i)	49,606	14,185	205,285	14,342
Civil	11,994	7,673	12,014	7,673
Subtotal	**166,746**	**116,125**	**322,445**	**116,282**
(-) Corresponding judicial deposits	(8,987)	(7,686)	(8,987)	(7,686)
Total	**157,759**	**108,439**	**313,458**	**108,596**
Current liabilities	57,224	53,584	57,224	53,584
Non-current liabilities	100,535	54,855	256,234	55,012

(i) One of the Company's subsidiaries is a party to lawsuits challenging the payment of the differences in ICMS rates in certain States, recording judicial deposits for the amounts in dispute. In this context, up to the first quarter of 2022, the subsidiary adopted the practice of recording a provision for the judicial deposits. Considering the lawsuits with final and unappealable decisions favorable to the subsidiary, occurred during the first quarter of 2022, and the withdrawal of the deposits, it was decided, after the assessment of the external advisors, that the provision for the deposited amounts would be reversed in March 2022. After the decision of the Federal Supreme Court (STF) on November 29, 2023, the subsidiary started to record a provision referring to the lawsuits challenging the payment of the ICMS- DIFAL in certain states, considering the judicial deposits made between April 2022 and December 2023.

(All amounts in thousands of reais unless otherwise stated)

Changes in the provision are as follows:

Changes in the contingencies	Parent Company	Consolidated
At January 1, 2022	**105,604**	**105,797**
Additions of new lawsuits and review of estimate	57,829	57,844
Reversals by concluded lawsuits	(8,282)	(8,282)
Write-offs for payments	(54,185)	(54,185)
Constitution/(Reversals) due to changes in lawsuits	(2,925)	(2,925)
Revaluation of amounts	10,951	10,951
Monetary adjustment	7,133	7,082
At December 31, 2022	**116,125**	**116,282**
Additions of new lawsuits and review of estimate	91,709	247,094
Reversals by concluded lawsuits	(9,875)	(9,875)
Write-offs for payments	(62,419)	(62,419)
Constitution/(Reversals) due to changes in lawsuits	4,172	4,172
Revaluation of amounts	19,994	19,994
Monetary adjustment	7,040	7,197
At December 31, 2023	**166,746**	**322,445**

The provision for legal claims took into consideration the best estimate of the amounts involved, for the cases in which the likelihood of loss is estimated as probable, remaining a portion of these proceedings is guaranteed by pledged assets.

Possible losses

At December 31, 2023 and 2022, the Group has tax lawsuits related to fines applied by the relevant administrative authorities, tax rate difference in interstate transfers and tax enforcements, as well as civil lawsuits due to indemnity claims for losses and pain and suffering arising from consumer relations, and sundry labor claims, involving possible loss as assessed by Management and its legal advisors in the amount of R$ 160,164 for the Parent Company and R$ 375,681 for the Consolidated (R$ 193,753 and R$ 193,753, respectively in Dec/2022), of which R$ 137,133 for the Parent Company and R$ 375,681 for the Consolidated refer to tax lawsuits (R$ 184,619 for the Parent Company and R$ 184,619 for the Consolidated in Dec/2022), the total of R$ 10,653 refers to labor claims for the Parent Company and Consolidated (R$ 4,868 - Dec/2022) and the amount of R$ 12,398 for both the Parent Company and Consolidated corresponds to civil lawsuits (R$ 4,266 - Dec/2022).

Judicial deposits

At December 31, 2023 and 2022, the Group had the following judicial deposit amounts for which no corresponding provision had been set up:

	Parent Company		Consolidated	
Analysis of judicial deposits	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Labor and social security	2,846	3,202	2,846	3,202
Tax	12,312	13,809	221,575	130,641
Civil	4,025	3,781	4,025	3,781
Total	**19,183**	**20,792**	**228,446**	**137,624**

Labor contingencies

Most labor claims relate to individual lawsuits filed by former employees questioning the payment of unpaid overtime and health hazard premium, but a few are collective claims. The Group is also involved in proceedings remaining from Drogaria Onofre Ltda. and of outsourced service providers filed by former employees claiming to have employment relationships directly with the Group, or in which the Group received a joint enforcement order for the payment of the labor rights claimed.

Tax contingencies

These represent administrative fines, tax rate differences on interstate transfers and tax collection proceedings.

Civil contingencies

The Group is a defendant in lawsuits regarding usual and unique matters arising in the course of its business, most of which seek indemnification for property damage and pain and suffering from consumption relations.

Guarantees for lawsuits

The items of fixed assets were given as guarantees for tax, social security and labor proceedings:

	Parent Company / Consolidated	
Guarantees for lawsuits	**Dec/23**	**Dec/22**
Furniture and facilities	2	6
Machinery and equipment	85	85
Total guarantees for lawsuits	**87**	**91**

18.Income tax and social contribution

18.1. Accounting policy

Current and deferred income tax and social contribution are calculated according to the criteria set forth by tax legislation currently in effect, at the statutory rates of 25% and 9%, respectively.

The provision for income tax and social contribution is based on the taxable profit for the year, which differs from profit as reported in the statement of income because it is subject to adjustments that permanently affect the calculation base, such as the exclusion of non-taxable revenues and addition of non-deductible expenses.

Deferred income tax and social contribution are recognized on the projections of future results prepared and based on internal assumptions and future economic scenarios, which will be taxed in periods subsequent to the recognition in the Company's statement of income and, therefore, may be subject to changes. This assumption includes balances of income tax and social contribution losses, when applicable.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted in case the study indicates the expectation of its realization has changed.

Deferred taxes are recognized based on the transaction that triggered it, in the statement of income or directly in equity.

(All amounts in thousands of reais unless otherwise stated)

18.2. Breakdown of current income tax and social contribution and effective rate

	Parent Company		Consolidated	
Income tax and social contribution paid items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Profit before income tax and social contribution	1,226,020	1,129,422	1,216,693	1,193,209
Interest on capital and additional interest on capital proposed	(360,200)	(312,000)	(360,200)	(312,000)
Taxable profit	**865,820**	**817,422**	**856,493**	**881,209**
Combined tax rate (25% for income tax and 9% for social contribution)	34.00%	34.00%	34.00%	34.00%
Theoretical tax expense	**(294,379)**	**(277,923)**	**(291,208)**	**(299,611)**
Permanent additions	(16,467)	(5,550)	(32,159)	(5,895)
Equity in the results of subsidiaries	3,705	33,504	(2,031)	(56)
Reduction of taxes due to incentives (P.A.T)	5,409	4,090	5,683	4,090
Investment grant (i)	100,113	76,052	141,394	76,111
Income tax and social contribution losses	-	-	21,241	(13,752)
Provisions with no deferred charges	-	-	-	192
Other (revaluation reserve + additional income tax exemption ceiling)	1,918	16,359	(1,124)	40,522
Tax incentives – donations	28,654	20,159	28,654	20,559
Result of current income tax and social contribution	**(291,481)**	**(204,386)**	**(314,521)**	**(210,820)**
Result of deferred income tax and social contribution	**120,434**	**71,076**	**184,971**	**32,579**
Income tax and social contribution expense	**(171,047)**	**(133,310)**	**(129,550)**	**(178,241)**
Effective tax rate	**13.95%**	**11.80%**	**10.65%**	**14.94%**

(i) Beginning in the third quarter of 2018, the Group considers as deductible, for income tax purposes, the gains arising from the ICMS tax benefits in the states of Bahia, Goiás and Pernambuco, established by Supplementary Law 160/17, agreement ICMS CONFAZ 190/17, and the amendment to Law 12,973/2014. The amount recognized in the year ended December 31, 2023 was R$ 294,450 (R$ 223,681 in 2022).

18.3. Deferred income tax and social contribution are comprised as follows:

Deferred income tax and social contribution assets amounting to R$ 401,942 (R$ 331,032 in 2022) for the Parent Company and R$ 476,645 (R$ 341,389 in 2022) for the Consolidated accounts arose from temporarily non-deductible expenses that may be carried forward indefinitely, with estimated realization as disclosed in item (c) below.

Deferred income tax and social contribution liabilities amounting to R$ 297,808 (R$ 347,392 in 2022) for the Parent Company and R$ 298,915 (R$ 348,692 in 2022) for the Consolidated accounts relate to tax charges on the remaining balances of: (i) the revaluation reserve; (ii) surplus value PPA (Purchase Price Allocation) Raia; and (iii) gain on bargain purchase.

(All amounts in thousands of reais unless otherwise stated)

In the years ended December 31, 2023 and 2022, deferred income and social contribution were as follows:

	Balance sheet				Statement of income			
	Parent Company		Consolidated		Parent Company		Consolidated	
Temporary differences	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Revaluation at fair value of land and buildings	(6,558)	(6,631)	(7,665)	(6,631)	-	-	-	-
Amortization of the goodwill on future profitability	(238,263)	(243,033)	(238,263)	(243,033)	17,930	(1,484)	17,930	(1,484)
Non-deductible intangible assets	(37,909)	(59,270)	(37,909)	(60,572)	(21,359)	5,467	(21,359)	5,467
Gain on bargain purchase – acquisition of Onofre	(15,078)	(37,694)	(15,078)	(37,694)	(22,617)	(22,617)	(22,617)	(22,617)
Tax losses to be offset against future taxable profits	-	-	14,665	-	-	-	(14,665)	22,697
Adjustment to present value	(13,690)	(16,060)	(13,162)	(15,163)	(2,370)	13,958	(2,201)	13,390
Adjustment to fair value	27,149	15,764	27,149	15,764	(11,385)	(9,291)	(11,385)	(9,291)
Provision for inventory losses	26,095	20,297	26,095	20,297	(2,483)	(9,209)	(2,483)	(9,209)
Provision for sundry obligations	85,560	85,655	85,597	85,876	(17,447)	(11,924)	(17,266)	(12,001)
Provision for employee profit sharing	38,325	35,357	41,368	37,728	(2,968)	(11,188)	(3,639)	(12,027)
Provision for contingencies	52,135	36,048	106,067	41,322	(16,086)	(3,544)	(64,543)	14,163
Expected credit losses	1,701	1,309	4,374	2,872	(391)	37	(1,695)	(383)
Lease (depreciation x consideration)	153,608	119,770	153,433	119,803	(33,837)	(4,752)	(33,628)	(4,755)
Other adjustments	31,059	32,128	31,059	32,128	(7,421)	(16,529)	(7,420)	(16,528)
Deferred income tax and social contribution expense	-	-	-	-	**(120,434)**	**(71,076)**	**(184,971)**	**(32,579)**
Deferred tax assets, net - Parent company	**104,134**	**-**	**177,730**	**-**				
Deferred tax liabilities, net	**-**	**(16,360)**	**-**	**(7,303)**				
Reflected in the balance sheet as follows:								
Deferred tax assets	401,942	331,032	476,645	341,389				
Deferred tax liabilities	(297,808)	(347,392)	(298,915)	(348,692)				
Deferred tax assets, net - Parent company	**104,134**	**-**	**104,134**	**-**				
Deferred tax liabilities, net	**-**	**(16,360)**	**-**	**(17,660)**				
Deferred tax assets – Subsidiary – 4Bio	**-**	**-**	**73,596**	**10,357**				
Reconciliation of deferred tax assets (liabilities), net								
At the beginning of the year	(16,360)	(87,518)	(7,303)	(39,964)				
Expense recognized in the statement of income	120,434	71,076	184,971	32,579				
Realization of deferred tax recognized in equity	60	82	62	82				
Balance at the end of the year	**104,134**	**(16,360)**	**177,730**	**(7,303)**				

(All amounts in thousands of reais unless otherwise stated)

18.4. Estimated recovery of income tax and social contribution credits

The projections of future taxable profits are based on estimates relating to the Group's performance, the behavior of the market in which the Group operates and certain economic aspects, among other factors. Actual amounts may differ from these estimates. According to projections, the tax credit will be recovered according to the following schedule:

	Parent Company		Consolidated	
Recovery forecast	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
2023	-	202,008	-	212,365
2024	251,375	46,526	296,392	46,526
2025	44,621	34,580	74,112	34,580
2026	47,567	35,258	47,567	35,258
2027	43,305	12,645	43,305	12,645
2028 and thereafter	15,074	15	15,269	15
Total	**401,942**	**331,032**	**476,645**	**341,389**
Deferred tax assets on temporary differences, recorded net in liabilities	401,942	331,032	461,980	331,032
Deferred tax assets on tax losses in subsidiaries	-	-	14,665	10,357

18.5. Uncertainties over the IRPJ and CSLL tax treatment

The Company has four discussions in the administrative stage with the Brazilian Federal Revenue referring to the disallowance for tax amortization of goodwill arising from acquisitions of companies in the amount of R$ 33,050, which, according to internal and external assessment of legal advisors, will probably be accepted in decisions of higher courts (probability of acceptance higher than 50%); for this reason, the Company did not record any IRPJ/CSLL liabilities in connection with these proceedings.

19. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential common diluted shares.

The following table presents profit and stock information used for calculating basic and diluted earnings per share:

	Parent Company / Consolidated	
Earnings per share items	**Dec/23**	**Dec/22**
Basic		
Profit for the year	1,054,973	996,112
Weighted average number of common shares	1,695,194	1,647,653
Basic earnings per share - R$	**0.62233**	**0.60456**
Diluted		
Profit for the year	1,054,973	996,112
Weighted average number of common shares adjusted for dilution effect	1,659,712	1,653,674
Diluted earnings per share - R$	**0.63564**	**0.60236**

(All amounts in thousands of reais unless otherwise stated)

20. Equity

(a) Capital

At December 31, 2023, the fully paid-up capital amounted to R$ 4,000,000 (R$ 2,500,000 in 2022), represented by 1,718,007,200 book-entry registered common shares, with no par value, of which 1,278,007,707 were outstanding common shares (1,209,031,054 common shares in 2022).

Pursuant to the Company's bylaws, it is authorized to increase its capital up to the limit of 2,000,000,000 common shares, subject to the approval of the Board of Directors.

The Company approved at the Extraordinary General Meeting held on April 19, 2023 an increase in its capital of R$ 1,500,000,000.00 through the capitalization of a portion of the revenue reserve, with the issue and distribution to shareholders. Accordingly, the number of shares increased from 1,651,930,000 to 1,718,007,200, (increase of 66,077,200), all common shares, with no par value, therefore, attributing to shareholders, as a bonus, 1 (one) new share for every 25 (twenty-five) shares issued by the Company that are outstanding.

At December 31, 2023, the Company's ownership structure was as follows:

	Number of shares		Interest (%)	
Ownership interest	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Controlling shareholders	436,381,651	438,719,134	25.40	26.56
Shares outstanding	1,278,000,707	1,209,031,054	74.39	73.19
Treasury shares	3,624,842	4,179,812	0.21	0.25
Total	**1,718,007,200**	**1,651,930,000**	**100.00**	**100.00**

The ownership interest of the controlling shareholders is represented by the families Pipponzi, Pires Oliveira Dias and Galvão and by the Holding Pragma.

The change in the number of outstanding shares of the Company is as follows:

Changes	**Shares outstanding**
At January 1, 2022	1,184,571,787
(Purchase)/sale of restricted shares, net	24,459,267
At December 31,2022	**1,209,031,054**
(Purchase)/sale of restricted shares, net	68,969,653
At December 31, 2023	**1,278,000,707**

At December 31, 2023, the Company's common shares were quoted at R$ 29.40 (closing quote) (R$ 23.72 in 2022).

(b) Revenue reserves

The legal reserve is set up at 5% of profit for the year, pursuant to Law 6,404/76, until it reaches 20% of the capital. In the year in which the legal reserve balance, plus the capital reserve amount, exceeds 30% of the capital, the allocation of part of the profit for the year to the legal reserve is not required.

The statutory reserve is established in the Company's bylaws, limited to 65% of the profit for the year, to set up the "Statutory Revenue Reserve", which has the purpose and objective of improving the Company's working capital, observing that its balance, except the Contingency Reserve and the Unrealized Revenue Reserve, cannot exceed 100% of the capital. Once this ceiling is reached, the General Meeting shall resolve, in accordance with article 199 of the Brazilian Corporation Law, on the excess, and shall invest it in the payment or increase of capital or in the distribution of dividends.

(All amounts in thousands of reais unless otherwise stated)

The tax incentive reserve refers to ICMS tax benefits obtained in the states of Bahia, Goiás and Pernambuco, as regulated by complementary Law 160/17, ICMS CONFAZ 190/17 agreement and amendment to Law 12,973/2014. Set up in accordance with the provisions of article 195-A of the Brazilian Corporate Law (as amended by Law 11,638/07). This reserve receives the portion of government subsidy recognized in profit or loss, as a deduction from sales taxes and allocated to it from the retained earnings account, accordingly, they are not included in the calculation basis of the minimum mandatory dividend.

(c) Treasury shares

The changes in treasury shares in the year ended December 31, 2023 are shown below:

	Parent Company	
Changes in treasury shares	**Number of shares**	**Amount of shares**
At January 1, 2021	**4,770,375**	**91,993**
Shares delivered to executives related to the 3rd tranche of the 2018 grant, 2nd tranche of the 2019 grant and 1st tranche of the 2020 grant	(581,512)	(11,214)
Shares delivered to executives related to the 1st tranche of 2020, 2nd tranche of 2019 and 3rd tranche of 2018 of 4Bio	(6,296)	(121)
Shares delivered to executives related to the tranche of the 2020 grant	(2,755)	(53)
At December 31, 2022	**4,179,812**	**80,605**
Shares delivered to executives related to the 3rd tranche of the 2019 grant, 2nd tranche of the 2020 grant and 1st tranche of the 2021 grant	(678,189)	(13,078)
Shares delivered to executives related to the 1st tranche of 2021, 2nd tranche of 2020 and 3rd tranche of 2019 of 4Bio	(15,154)	(292)
Shares delivered to executives related to the 1st tranche of 2021, 2nd tranche of 2020 and 3rd tranche of 2019 of VITAT	(1,044)	(20)
Bonus shares	139,417	-
At December 31, 2023	**3,624,842**	**67,215**

At December 31, 2023, the market value of the treasury shares, having as reference the quotation of R$ 29.40 per share (R$ 23.72 in 2022), corresponds to R$ 106,570 (R$ 99,145 in 2022).

(d) Shareholders' remuneration

According to the Company's bylaws, shareholders are entitled to minimum dividend corresponding to 25% of the adjusted annual profit, calculated under the terms of the Brazilian Corporate Law.

The distributions of dividends and interest on capital to the Company's shareholders are recognized as a liability in the financial statements at year end. The tax benefit of interest on capital is recognized in the statement of income.

(All amounts in thousands of reais unless otherwise stated)

The dividend proposed, including interest on capital, is calculated as follows:

	Parent Company	
Changes in shareholders' remuneration	**Dec/23**	**Dec/22**
Profit for the year	1,054,973	996,112
Legal reserve	(52,749)	(49,806)
Realization of the revaluation reserve in the year	142	161
Investment grant reserve (Note 18b)	(294,450)	(223,681)
Dividend calculation basis (a)	**707,916**	**722,786**
Minimum mandatory dividends, according to statutory provision (25%)	176,979	180,697
Proposed dividends	167,300	186,500
Interest on capital and additional interest on capital proposed	360,200	312,000
Income tax withheld on interest on capital	(49,923)	(42,777)
Remuneration net of withheld income tax (b)	477,577	455,723
% distributed on the dividend calculation basis (b ÷ a)	67.46%	63.05%
Amount in excess of the mandatory minimum dividend	**300,598**	**275,026**
Early payment of dividends approved at the BDM of 09/30/2022		(107,500)
Early payment of dividends approved at the BDM of 12/15/2023	(83,000)	-
Balance in excess of dividends payable	**217,598**	**167,526**

The Company's management allocated R$ 294,450 from its profit for 2023 to tax incentive reserves, described in the accounting policy.

The Company recognized interest on capital of R$ 360,200 (R$ 312,000 - 2022), observing both the limit of the Long-Term Interest Rate (TJLP) variation in 2023 and 2022 and the expense deductibility limits for income tax and social contribution calculation, pursuant to Law 9,249/95.

At December 31, 2023, the amount of R$ 300,598 (R$ 275,026 - 2022) in excess of the minimum mandatory dividend established in the Company's bylaws was recorded in equity as proposed additional dividend.

Changes in the dividend and interest on capital obligations were as follows:

	Parent Company	
Changes in dividend and interest on capital obligations	**Dec/23**	**Dec/22**
At January 1, 2022	**62,417**	**76,787**
Additions	497,105	310,326
Payment	(535,501)	(324,082)
Unclaimed	(513)	(614)
At December 31, 2023	**23,508**	**62,417**

(e) Restricted share plan

Long-Term Incentive Program

Since March 2014, the Company offers its officers the Long-Term Incentive Program with Restricted Shares (the "Restricted Share Plan"), which aims to offer an opportunity to receive variable compensation provided that the officer remains for a predetermined period in the Company.

The maximum number of shares that may be delivered as a result of the exercise of the Plan is limited to 3% of the Company's Capital during the entire term of the Plan. The reference price per restricted share, for the purpose of determining the target amount that will be granted to each Beneficiary, will be equivalent to the average share price on B3 (weighted by the volume of trades) in the last thirty trading sessions preceding the grant.

As stated in the Restricted Share Plan, a portion of their annual variable compensation (profit-sharing) will be paid to the officer in cash and the remaining balance shall be paid only in Company shares ("incentive stock").

If the officer decides to use a portion or the total amount of the variable compensation paid in cash to buy Company shares ("own shares") on the stock exchange, the Company will offer the officer an equal number of shares purchased on the stock exchange.

At its discretion, the Company may grant to this officer more Company shares, using as reference the number of own shares acquired by the officer on the stock exchange.

The shares offered to the officer through the Restricted Share Plan may not be sold, assigned or transferred to third parties for a period of four years from the date of the grant. Every year, from the second, third and fourth anniversary of the grant date, the officers will acquire the right to receive a third of their restricted stock. The portion not exercised within the established terms and conditions will be automatically considered extinguished 7 years after the respective grant date.

Performance shares

At a meeting of the Board of Directors on October 22, 2020, the granting of restricted shares was approved under the terms of the Restricted Share Granting Plan - Performance Shares ("Plan"), approved at the Extraordinary General Meeting of the Company held on September 15, 2020.

The purpose of the Plan is: (a) to foster the expansion, success and fulfillment of the corporate purposes of the Company and the companies under its control; (b) to align the interests of Beneficiaries with the interests of shareholders; and (c) to encourage Beneficiaries to stay in the Company or companies under its control. The Plan will be managed by the Board of Directors, and may have an advisory committee created or appointed by the Board of Directors to advise it in this respect. Beneficiaries will be chosen and elected by the Board of Directors at each new grant.

The maximum number of shares that may be delivered as a result of exercising the Plan is limited to 2% of the Company's Capital on the date of approval of the Plan. The reference price per restricted share, for the purpose of determining the target amount that will be granted to each Beneficiary will be equivalent to the average share price on B3 (weighted by the volume of trades) in the ninety trading sessions prior to January 1 of the year in which the grant occurs.

The definitive transfer of the Restricted Shares will be subject to the fulfillment of a four-year grace period from the grant date and, at the end of the grace period, the participant must be linked to the Company so that the grants are not canceled. Restricted Shares that have not yet completed the grace period will become due and will be transferred to the holders, their estate or heirs in the event of death, permanent disability or retirement. The Plan provides that the liquidation must occur through the transfer of shares, however, in the event that the Company does not have treasury shares at the time of liquidation and / or upon inability to acquire shares on the market, the Board of Directors may choose to settle the delivery of the Restricted Shares in cash.

(All amounts in thousands of reais unless otherwise stated)

Changes in restricted shares

The changes in restricted shares are summarized below:

	Dec/23		Dec/22	
Changes in restricted shares	**Shares**	**Amount**	**Shares**	**Amount**
Opening balance at January 1	4,108,984	49,048	2,079,742	36,152
Granted shares for the year	2,741,084	33,528	2,617,050	22,688
Value of the shares at the delivery date	(554,970)	(12,999)	(587,808)	(9,792)
Closing balance at December 31	**6,295,098**	**69,577**	**4,108,984**	**49,048**

Position of the restricted share plan

Below is a breakdown of the assumptions that govern each grant plan:

Grants	Grant date	Number of shares granted(i)	Date on which they will become exercisable	Period of restriction to share transfer	Fair value of shares on grant date(i)
Long-Term Incentive Program					
2020 - 3rd tranche	03/01/2020	354,892	02/28/2024	02/28/2024	R$ 24.89
2021 - 2nd tranche	03/01/2021	272,926	02/28/2024	02/28/2024	R$ 22.72
2021 - 3rd tranche	03/01/2021	272,926	02/28/2025	02/28/2025	R$ 22.72
2022 - 1st tranche	03/01/2022	418,821	02/28/2024	02/28/2024	R$ 23.90
2022 - 2nd tranche	03/01/2022	418,821	02/28/2025	02/28/2025	R$ 23.90
2022 - 3rd tranche	03/01/2022	418,819	02/28/2026	02/28/2026	R$ 23.90
2023 - 1st tranche	03/01/2023	620,746	02/28/2025	02/28/2025	R$ 23.90
2023 - 2nd tranche	03/01/2023	620,746	02/28/2026	02/28/2026	R$ 23.90
2023 - 3rd tranche	03/01/2023	620,744	02/28/2027	02/28/2027	R$ 23.90
Performance shares					
2020 - 1st tranche	01/01/2020	364,435	01/01/2024	01/01/2025	R$ 13.19
2021 - 1st tranche	01/01/2021	315,107	02/01/2025	01/01/2026	R$ 33.99
2022 - 1st tranche	01/01/2022	396,813	02/01/2026	01/01/2027	R$ 31.18
2023 - 1st tranche	01/01/2023	452,857	02/01/2027	01/01/2028	R$ 31.18

(i) After the application of the stock split effect, approved at the EGM held on September 15, 2020 and, on April 10, 2023 as a bonus, 1 (one) new share for every 25 (twenty-five) shares issued by the Company that were outstanding.

21. Net sales revenue

21.1. Accounting policy

TG 47 / IFRS 15 - Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, when and for how much revenue is recognized from the identification of performance obligations, the transfer of control of the product or service to the customer and the determination of the selling price. This standard establishes a model that aims to identify whether the criteria for revenue recognition have been satisfied and comprise the following aspects:

(i) Identification of a contract with a customer;
(ii) Determination of the performance obligations;
(iii) Determination of the transaction price;
(iv) Allocation of the transaction price; and
(v) Recognition of revenue at a point in time or over time, in accordance with the satisfaction of the performance obligations.

Considering these aspects, revenues are recognized at the amount that reflects the Group's expectation of receiving in return for products and services offered to customers. Gross revenue is presented deducting rebates and discounts, in addition to the elimination of revenue between related parties and the adjustment to present value, as mentioned in Note 6.1

Sales of goods (medicines, perfumery and OTC products)

The Group's revenues derive mainly from the sale of medicines, perfumery products and a series of self-service products (OTC - Over the Counter - drugs, food products, etc.) to final consumers, carried out both through physical pharmacies and e-commerce. Being a Group that operates in the retail industry of medicines, where the consumer self-service of the goods at our stores where prices and discounts are informed by consulting the Company's employees or obtained in places where the products are exposed and considering that the transfer of control processes take place when delivering directly to the final consumer at the points of sales, it was concluded that there is a single performance obligation and, therefore, there is no complexity involved in defining performance obligations and transferring control of products and services to consumers.

Additionally, the other transactions of the Company subject to the assessment under NBC TG 47 / IFRS 15 are represented by variable consideration related to commercial agreements through which products can be sold together with other products or with discounts, which are substantially negotiations promoted by suppliers at the Group's points of sale. The sales revenue recognized in the financial statements comprises the fair value of the transactions carried out that, according to the nature of the negotiations, consider amounts of sales and receipts from consumers supplemented by receipts from suppliers.

Revenue is presented in the financial statements net of trade discounts and returns.

Taxes on sales

Primarily comprise ICMS at rates predominantly between 17% and 18%, for goods not subject to the tax substitute (ST) regime, service tax at 5%, and PIS (1.65%) and COFINS (7.60%) for goods not subject to the one-time taxation regime (Law 10,147/00).

Returns and cancellations

For contracts that permit a customer to return an item, in accordance with NBC TG 47 / IFRS 15, revenue is recognized to the extent that it is probable that a significant reversal will not occur. The amount of revenue recognized is accounted for based on the total amount of the transaction and presented net of indirect taxes, returns and cancellations.

(All amounts in thousands of reais unless otherwise stated)

21.2. Balance breakdown

	Parent Company		Consolidated	
Breakdown of net revenue	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Sales revenue	33,369,892	29,042,180	36,133,251	30,832,700
Service revenue	106,383	62,445	216,195	117,864
Gross sales revenue	**33,476,275**	**29,104,625**	**36,349,446**	**30,950,564**
Taxes on sales	(1,551,175)	(1,331,040)	(1,706,374)	(1,373,403)
Returns, rebates and other	(579,110)	(452,253)	(669,282)	(509,781)
Net sales revenue	**31,345,990**	**27,321,332**	**33,973,790**	**29,067,380**

22. Information on the nature of expenses recognized in the statement of income

The Group presented its statement of income using a classification based on the function of expenses. Information on the nature of these expenses is recorded in the statement of income as follows:

	Parent Company		Consolidated	
Nature of expenses	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Costs of inventories sold (Note 8)	(21,412,578)	(18,749,839)	(23,714,554)	(20,223,406)
Personnel expenses	(3,980,660)	(3,457,413)	(4,166,367)	(3,565,669)
Occupancy expenses (i)	(398,332)	(346,090)	(402,107)	(348,735)
Depreciation and amortization (ii)	(1,647,067)	(1,461,525)	(1,661,346)	(1,473,350)
Discounts on property rental (iii)	73	1,105	73	1,105
Service provider expenses(iv)	(495,650)	(396,506)	(509,143)	(414,916)
Expenses on card operator fees	(490,415)	(409,858)	(496,109)	(412,483)
Other	(956,360)	(835,253)	(1,009,674)	(876,297)
Total	**(29,380,989)**	**(25,655,379)**	**(31,959,227)**	**(27,313,751)**

Classified in the statement of income as:

Function of expenses	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Costs of sales and services	(21,416,143)	(18,762,377)	(23,766,426)	(20,257,912)
Selling	(6,567,441)	(5,716,927)	(6,689,275)	(5,805,992)
General and administrative	(1,397,405)	(1,176,075)	(1,503,526)	(1,249,847)
Total	**(29,380,989)**	**(25,655,379)**	**(31,959,227)**	**(27,313,751)**

(i) These refer to expenses on property rental, condominium fees, electricity, water, communication and municipal real estate tax (IPTU).

(ii) Depreciation and amortization in 2023 totaled R$ 1,647,067 (R$ 1,461,525 in 2022) for the Parent Company, of which R$ 1,450,004 (R$ 1,316,151 in 2022) refer to the sales area and R$ 197,063 (R$ 145,374 in 2022) to the administrative area, and totaled R$ 1,661,346 (R$ 1,472,176 in 2022) for the Consolidated accounts, of which R$ 1,452,183 (R$ 1,317,946 in 2022) refer to the sales area and R$ 209,162 (R$ 154,230 in 2022) to the administrative area. These amounts are presented net of PIS and COFINS credits on the lease right-of-use, which resulted in an expense reduction in the amount of R$ 47,981 (R$ 43,218 - 2022).

(iii) Due to the Covid-19 pandemic, the Company obtained discounts on payments related to the expenses from the lease of some properties. There were no changes in the term of the agreements, so there was no requirement to remeasure those lease agreements.

(iv) These refer mostly to expenses on transportation, materials, other administrative expenses, maintenance of assets, advertising and publicity.

(All amounts in thousands of reais unless otherwise stated)

23. Other operating (income)/expenses, net

In 2023, other operating income / (expenses) totaled R$ 129,637 (R$ 18,620 - 2022) for the Parent company and R$ 78,435 (R$ 86,516 - 2022) for the Consolidated accounts. These amounts comprise non-recurring expenses and revenues, as presented below:

	Parent Company		Consolidated	
Nature of income / (expenses)	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Write-off of (reversal of provision for) fixed assets and intangible assets due to the pharmacies closure	861	(28,345)	861	(28,345)
Write-off of the surplus value and goodwill based on expected future profitability	(30,111)	-	(30,111)	-
Donations	(468)	(884)	(495)	(884)
Social investment	(9,275)	(7,762)	(9,275)	(7,762)
Refund of ICMS-ST on prior-period sales[i]	41,461	10,210	41,461	10,210
Exclusion of ICMS from PIS/COFINS calculation basis	-	11,689	-	15,943
Recognition of INSS credits from 2018 to 2022	5,156	-	5,156	-
Credits from prior years - PIS and COFINS from 2018 to 2022	125,068	-	131,562	-
Recognition of credits from prior periods, PVA - Inventories	-	24,115	-	24,115
Provision for ICMS-DIFAL (Note 17)	-	-	(60,955)	-
Other tax income[ii]	-	-	-	64,129
Other	(3,055)	9,597	231	9,110
Total	**129,637**	**18,620**	**78,435**	**86,516**

(I) ICMS in the substitute taxpayer regime (ICMS-ST), which implies the prepayment of ICMS of the whole commercial chain at the time the goods leave the industrial establishment or the importer, or at the time it enters the state. Its refund is a right of the taxpayer that made sales in which the taxable event of the prepayment of ICMS-ST was not confirmed, generating the right to the refund of this amount by the State Tax Authorities. The process of refund requires the proof, using tax documents and digital files, of the operations made that generated for the Company the right to refund. Only after its approval by the State Tax Authorities and/or compliance with the specific record-keeping and reporting obligations that aim that proof, credits can be used by the Company, which occurs in periods subsequent to their generation.

(ii) The Group is involved in lawsuits challenging the collection of indirect taxes, considering the lawsuits with final and unappealable decisions favorable to the Company, the discussions held with legal advisors and the judicial deposits received, the Company decided to reverse the provision for the deposited amounts.

(All amounts in thousands of reais unless otherwise stated)

24. Finance income (costs)

	Parent Company		Consolidated	
Finance income	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Present value adjustment	282,671	220,550	328,552	248,087
Short-term investment yields	16,557	22,892	52,780	27,799
Monetary gains	28,539	3,295	30,329	3,986
Discounts obtained	2,565	8,160	2,604	8,162
Interest on intercompany loans	33	924	43	487
Other income	-	-	14,427	5,065
Total finance income	**330,365**	**255,821**	**428,735**	**293,586**
Finance costs	**Dez/23**	**Dez/22**	**Dez/23**	**Dez/22**
Present value adjustment	(479,618)	(340,226)	(521,053)	(365,469)
Interest on leases(i)	(313,125)	(244,852)	(312,917)	(244,623)
Charges on debentures and promissory notes	(276,729)	(219,274)	(276,729)	(219,274)
Interest, charges and bank fees	(46,712)	(17,139)	(60,763)	(19,699)
Charges on borrowings	(46,166)	(47,255)	(46,166)	(47,259)
Interest on payables to subsidiary's shareholder	(33,486)	(28,314)	(41,212)	(28,368)
Monetary losses	(380)	(286)	(26,538)	(9,721)
Amortization of transaction costs	(6,915)	(5,194)	(6,915)	(5,194)
Discounts granted	-	-	(238)	(94)
Total finance costs	**(1,203,131)**	**(902,540)**	**(1,292,531)**	**(939,701)**
Finance income (costs)	**(872,766)**	**(646,719)**	**(863,796)**	**(646,115)**

(i) Interest on leases is shown net of PIS and COFINS.

25. Financial instruments and risk management policy

25.1. Accounting policy

The Group classifies its financial assets into the following measurement categories:

- Measured at fair value (either through other comprehensive income or through profit or loss)
- Measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies the following assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at either amortized cost or at fair value through comprehensive income (FVOCI)
- Equity investments for which the entity did not elect to recognize gains and losses through other comprehensive income

For financial assets measured at fair value, gains and losses will be recognized in profit or loss or in other comprehensive income. For debt investments, this will depend on the business model in which the investment is held. For equity investments that are not held for trading, this will depend on whether the Group has or not an irrevocable option, on initial recognition, of accounting for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments and only when the business model for managing such assets is changed.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade- date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has substantially transferred all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment loss

Expected credit losses from customers are measured using weighted estimates of probable credit losses based on historical losses and projections of related assumptions. Credit losses are measured at present value based on all cash shortfalls. Expected credit losses are discounted at the effective interest rate of the financial asset.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Under NBC TG 48 / IFRS 9 - Financial instruments, expected credit losses are measured in one of the following bases:

- 12-month expected credit loss: these are credit losses that result from possible default events within twelve months after the end of the reporting period
- Lifetime expected credit losses: these are credit losses that result from all possible default events over the expected life of a financial instrument.

(All amounts in thousands of reais unless otherwise stated)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where currently there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right should not be contingent on future events and should be applicable in the normal course of business and in the case of default, insolvency or bankruptcy of the company or the counterpart.

Fair value hierarchy

The Group classifies and discloses the fair value of financial instruments based on measurement techniques:

- Level 1: prices (unadjusted) quoted in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use data that have a significant effect on the recorded fair value that are not based on observable market data.

25.2. Financial instruments by category

	Parent Company		Consolidated	
Financial instruments items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Assets				
At amortized cost				
Cash and cash equivalents (Note 5)	318,002	364,374	412,321	433,541
Held-to-maturity investments (Note 6)	26,506	-	-	-
Trade receivables (Note 7)	2,515,546	1,923,938	3,084,940	2,295,640
Other receivables	392,296	271,255	425,390	287,744
Judicial deposits (Note 17)	19,183	20,792	228,446	137,624
Total assets	**3,271,533**	**2,580,359**	**4,151,097**	**3,154,549**
Liabilities				
Liabilities at fair value through profit or loss				
Payables to subsidiary's shareholder	-	64,710	-	64,710
Subtotal	**98,197**	**64,710**	**98,197**	**64,710**
Other liabilities				
Suppliers (Note 14)	4,659,044	3,994,865	5,091,454	4,253,815
Borrowings (Note 15)	2,903,309	2,239,606	3,130,703	2,317,904
Other payables	492,919	360,884	554,846	429,125
Leases payable (Note 16)	3,932,581	3,736,223	3,936,761	3,740,008
Subtotal	**11,987,853**	**10,331,578**	**12,713,764**	**10,740,852**
Total liabilities	**11,987,853**	**10,396,288**	**12,713,764**	**10,805,562**

(All amounts in thousands of reais unless otherwise stated)

25.3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of financial and operational markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Board of Directors provides principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of non-derivative financial instruments and investment of surplus cash.

(a) Market risk

Foreign exchange risk

All of the asset and liability operations of the Group are denominated in Brazilian reais (R$); therefore, the Company is not exposed to foreign exchange risk.

Derivative financial instruments

The Group does not operate with derivative instruments, except in specific situations. At December 31, 2023, the Group did not have any derivative transactions.

Interest rate risk

The Company's borrowings are pegged to the CDI plus bank spread.Financial investments are entered into based on the CDI variations, which does not result in higher interest rate risk since these variations are not significant. Management understands that there is a low risk of significant changes in profit or loss or in cash flows.

(b) Credit risk

Credit risk arises from financial assets, i.e. cash and cash equivalents, short-term investments and trade receivables.

Cash and cash equivalents and short-term investments are maintained with sound financial institutions.

The risk ratings of the cash equivalents are in accordance with the main risk rating agencies, according to the table below:

	Parent Company		Consolidated	
Risk rating	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Rating - National scale				
brAAA	48,473	96,369	133,104	155,751
brAA+	2,186	18,729	2,186	20,735
brA	286	170	289	180
(*) n/a - Cash and automatic investments	267,057	249,106	274,573	256,352
(*) n/a - Investment funds	-	-	2,169	523
Total - National scale	**318,002**	**364,374**	**412,321**	**433,541**

(*) Not applicable, since there is no risk rating for cash, automatic investments and investment funds.

The granting of credit on sales of goods follows a policy that aims at minimizing defaults. For the year ended December 31, 2023, credit sales represented 65% (61% in 2022) for the Parent Company and 67% (63% in 2022) for the Consolidated accounts, of which 84% (89% in 2022) for the Parent Company and 76% (82% in 2022) for the Consolidated accounts related to credit card sales which, based on the history of losses, posed an extremely low risk. The remaining 16% (11% in 2022) for the Parent Company and 24% (18% in 2022) for the Consolidated accounts refer to credits from Medicine Benefit Programs (PBMs) and special plans that pose a low risk, due to customer selectivity.

(All amounts in thousands of reais unless otherwise stated)

(c) Liquidity risk

The Group's management continuously monitors forecasts of the Company's liquidity requirements, in order to ensure that it has sufficient cash to meet operational needs. The Group invests its surplus cash in financial assets with appropriate maturities to provide the liquidity necessary to honor its obligations.

(d) Sensitivity analysis

The Company prepares a sensitivity analysis of financial instruments indexed to interest rates to which the Company is exposed.

All of the Company's borrowings are currently indexed to the Interbank Deposit Certificate (CDI). Due to the scenario of stability of the basic interest rate (Selic), it is not necessary to analyze scenarios with an increase in the interest curve, given that all market analysis consider a decrease in the basic interest rate as from the second half of 2023.

(e) Capital management

The Group's objective relating to capital management is to maintain the Group's investment capacity, thus allowing it to grow its business and provide proper returns for shareholders.

The Group has adopted a policy of not leveraging its capital structure with borrowings, except for long-term credit facilities of debentures at interest rates that are commensurate with the Group's profit levels.

Accordingly, this ratio corresponds to the net debt expressed as a percentage of total capital. The net debt, in turn, corresponds to total borrowings less cash and cash equivalents. The total capital is calculated through the sum of the equity, as shown in the individual and consolidated balance sheet, and the net debt, as presented below:

	Parent Company		**Consolidated**	
Capital management items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Short- and long-term borrowings	2,903,309	2,239,606	3,130,703	2,317,904
(-) Cash and cash equivalents	(318,002)	(364,374)	(412,321)	(433,541)
Net debt	**2,585,307**	**1,875,232**	**2,718,382**	**1,884,363**
Equity attributable to the shareholders of the parent	5,956,001	5,340,862	5,956,001	5,340,862
Noncontrolling interests	-	-	72,300	62,079
Total equity	5,956,001	5,340,862	6,028,301	5,402,941
Total capital	**8,541,308**	**7,216,094**	**8,746,683**	**7,287,304**
Gearing ratio (%)	**30.27**	**25.99**	**31.08**	**25.86**

As described in Note 16, as from January 1, 2019, the Group recognized in its balance sheet the obligations associated with the lease agreements where it has control. At December 31, 2023, the balance of lease liabilities in the Parent Company and Consolidated accounts corresponded to R$ 3,932,581 and R$ 3,936,761 respectively. Considering the lease liability in the capital management calculation, the gearing ratio of the Company and the Group would be 52,25% in the Parent Company and 52,47% in the Consolidated. Considering the balance of lease liabilities at the balance sheet dates in the capital management calculation, the gearing ratio of the Company and the Group would be as follows:

(All amounts in thousands of reais unless otherwise stated)

	Parent Company		Consolidated	
Adjusted net debt with lease liabilities	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Net debt	2,585,307	1,875,232	2,718,382	1,884,363
Lease liabilities	3,932,581	3,736,223	3,936,761	3,740,008
Adjusted net debt	**6,517,888**	**5,611,455**	**6,655,143**	**5,624,371**
Total equity	5,956,001	5,340,862	6,028,301	5,402,941
Total adjusted capital	**12,473,889**	**10,952,317**	**12,683,444**	**11,027,312**
Adjusted gearing ratio (%)	**52.25**	**51.24**	**52.47**	**51.00**

(f) Fair value estimation

The carrying values of financial investments in the balance sheet approximate their fair values since the remuneration rates are based on the CDI variation. The carrying values of trade receivables and payables are measured at amortized cost and are recorded at their original amount, less the provision for impairment and present value adjustment, when applicable. The carrying values are assumed to approximate their fair values, taking into consideration the realization of these balances and settlement terms not exceeding 60 days.

Borrowings are classified as financial liabilities not measured at fair value and are carried at amortized cost and according to contractual conditions. The fair values of the borrowings approximate their carrying values since they refer to financial instruments with rates that approximate market rates. The estimated fair values are:

	Parent Company				Consolidated			
	Carrying amount		Fair value		Carrying amount		Fair value	
Fair value estimation	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Debentures	2,592,379	1,927,632	2,592,379	1,927,632	2,592,379	1,927,632	2,592,379	1,927,632
Other	310,930	311,974	310,930	311,974	538,324	390,272	538,324	390,272
Total	**2,903,309**	**2,239,606**	**2,903,309**	**2,239,606**	**3,130,703**	**2,317,904**	**3,130,703**	**2,317,904**

For disclosure purposes, the fair value of financial liabilities is estimated by discounting future contractual cash flows at the market interest rate that is available to the Group for similar financial instruments. The effective interest rates at the balance sheet dates are usual market rates and their fair value does not significantly differ from the balances in the accounting records.

At December 31, 2023, the Group had no material assets and liabilities measured at fair value at Level 1 and Level 2 in the fair value hierarchy. The following table presents the changes in Level 3 instruments for the year ended December 31, 2023:

	Parent Company/Consolidated	
	Payables to subsidiary's shareholder	
Changes in payables to subsidiary's shareholder	**Dec/23**	**Dec/22**
Balance at January 1	64,710	37,383
Expenses recognized in the statement of income	(64,710)	27,327
Balance at December 31	-	64,710
Total expenses for the year recognized in the statement of income	**(64,710)**	**27,327**
Changes in unrealized expenses for the year included in the statement of income	**(64,710)**	**27,327**

(All amounts in thousands of reais unless otherwise stated)

26. Transactions with related parties

Transactions with related parties consist of transactions with the Company's shareholders and persons connected to them:

		Assets				Transacted amount			
		Parent Company		Consolidated		Parent Company		Consolidated	
Related parties	**Relationship**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Current assets									
Receivables									
Special plans [i] [i]		-	-	-	-	-	-	-	-
Regimar Comercial S.A.	Shareholder/Family	16	15	16	15	33	32	33	32
Heliomar Ltda.	Shareholder/Board of Directors	2	1	2	1	4	5	4	5
Natura Cosméticos S.A. [ii]	Shareholder/Related party	-	-	-	-	-	430	-	430
4Bio Medicamentos S.A. [v]	Subsidiary	87	69	-	-	133	137	-	-
Vitat	Subsidiary	5	2	-	-	7	9	-	-
RD ADs	Subsidiary	6	-	-	-	10	-	-	-
Healthbit Performasys Tecnologia	Subsidiary	1	-	-	-	-	-	-	-
Labi Exames S.A.	Associate	2	-	2	-	-	-	-	-
Amplisoftware Tecnologia Ltda.	Subsidiary	1	-	-	-	-	-	-	-
Advances to suppliers		-	-	-	-	-	-	-	-
Cfly Consultoria e Gestão Empresarial Ltda. [iii]	Family	-	232	-	232	-	-	-	-
Zurcher,Ribeiro Filho, Pires Oliveira Dias e Freire Advogados [iv]	Shareholder/Family	120	70	120	70	-	-	-	-
Other receivables		-	-	-	-	-	-	-	-
4Bio Medicamentos S.A. [v]	Subsidiary	791	436	-	-	411	606	-	-
Subtotal [a]		**1,031**	**825**	**140**	**318**	**598**	**1,219**	**37**	**467**
Other receivables									
Stix Fidelidade e Inteligência S.A. [x]	Associate	45,453	4,322	45,453	4,322	42,439	5,165	42,439	5,165
Subtotal		**45,453**	**4,322**	**45,453**	**4,322**	**42,439**	**5,165**	**42,439**	**5,165**
Total current assets		**46,484**	**5,147**	**45,593**	**4,640**	**43,037**	**6,384**	**42,476**	**5,632**
Non-current assets									
Loans		-	-	-	-	-	-	-	-
Full Nine Digital Consultoria (Conecta Lá) [xii]	Associate (up to November 2023)	-	1,320	-	6,942	62	185	62	185
Healthbit Performasys Tecnologia [viii]	Subsidiary	-	-	-	-	-	275	-	-
ZTO Tecn. e Ser. de Infor. (Manipulaê) [xi]	Subsidiary	213	1,341	-	1,341	60	35	-	-
SafePill Com. Varejista de Med. Manip. Ltda. [xiv]	Subsidiary	-	5,518	-	5,518	67	22	-	-
Total non-current assets		**213**	**8,179**	**-**	**13,801**	**189**	**517**	**62**	**185**
Total receivables from related parties		**46,697**	**13,326**	**45,593**	**18,441**	**43,226**	**6,901**	**42,538**	**5,817**

(All amounts in thousands of reais unless otherwise stated)

		Liabilities				Transacted amount			
		Parent Company		Consolidated		Parent Company		Consolidated	
Related parties	**Relationship**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Current liabilities									
Service providers									
Stix Fidelidade e Inteligência S.A.	Associate	16,657	11,452	16,657	11,452	77,844	53,165	77,844	53,165
Subtotal		**16,657**	**11,452**	**16,657**	**11,452**	**77,844**	**53,165**	**77,844**	**53,165**
Payables									
Rentals									
Heliomar Ltda.	Shareholder/Board of Directors	35	30	35	30	366	342	366	342
Antonio Carlos Pipponzi	Shareholder/Board of Directors	10	10	10	10	139	133	139	133
Rosalia Pipponzi Raia	Shareholder/Board of Directors	10	10	10	10	139	133	139	133
Cristiana Almeida Pipponzi	Shareholder/Board of Directors	4	4	4	4	46	44	46	44
André Almeida Pipponzi	Shareholder/Board of Directors	4	4	4	4	46	44	46	44
Marta Almeida Pipponzi	Shareholder/Board of Directors	4	4	4	4	46	44	46	44
Subtotal (a)		**67**	**62**	**67**	**62**	**782**	**740**	**782**	**740**
Service providers									
Ribeiro Filho, Pires Oliveira Dias e Freire Advogados (iv)	Shareholder/Family	284	141	284	141	4,644	5,176	4,644	5,176
Rodrigo Wright Pipponzi (Editora Mol Ltda.) (vii)	Shareholder/Family	-	203	-	203	22,770	16,742	22,770	16,742
Cfly Consultoria e Gestão Empresarial Ltda. (iii)	Family	-	73	-	73	32	3,139	32	3,139
Cristina Ribeiro Sobral Sarian (Anthea Consultoria Empresarial) (viii)	Shareholder/Alternate Board Member until April 2021	-	-	-	-	-	542	-	542
Cesar Nivaldo Gon (CI&T IOT Comercio de *HardWare* e *Software* Ltda. e CI&T *Softwares* S.A)(ix)	Shareholder/Board Member between May/21 and April/23	-	3,234	-	3,234	6,268	27,349	6,268	27,349
Amplisoftware Tecnologia Ltda. (xv)	Subsidiary	175	8	-	-	4,256	75	-	-
Eloopz Serviços de Promoção(xvi)	Subsidiary	-	213	-	-	-	2,451	-	-
Healthbit Performasys Tecnologia (viii)	Subsidiary	320	156	-	-	2,927	1,632	-	-
Sensedia S.A. (Cesar Nivaldo Gon) (xvii)	Shareholder/Board Member between May/21 and April/23	-	1,300	-	1,300	1,300	-	1,300	-
4Bio Medicamentos Ltda. (v)	Subsidiary	6	-	-	-	26	-	-	-
RD Ads	Subsidiary	760	-	-	-	4,076	-	-	-
Infectoria	Subsidiary	152	-	-	-	1,280	-	-	-
Labi Exames S.A. (xiii)	Associate	-	-	-	-	5	-	5	-
Subtotal (a)		**1,697**	**5,328**	**284**	**4,951**	**47,584**	**57,106**	**35,019**	**52,948**
Total current liabilities		**18,331**	**16,842**	**16,918**	**16,465**	**126,210**	**111,011**	**113,645**	**106,853**
Total payables to related parties		**18,331**	**16,842**	**16,918**	**16,465**	**126,210**	**111,011**	**113,645**	**106,853**

(a) The balances of receivables and payables with related parties, arising from commercial transactions between the Company and its related parties, are allocated by function, with transactions with the same characteristics carried out with third parties.

Transactions with related parties, basically purchases and sales of products, were carried out at prices, terms and conditions usual in the market.

(i) Sales made by agreements whose transactions are carried out under commercial conditions equivalent to those practiced with other companies.

(ii) Purchase and sale of Natura Cosméticos S.A.'s products, which will be sold across the national territory and Raia Drogasil will receive a percentage on the products sold. Some members of the controlling block of Natura Cosméticos S.A. indirectly own shares of Raia Drogasil.

(iii) Services of aircraft operation owned by Raia Drogasil S.A., which will pay the operator a monthly remuneration for the services of operational advisory, compliance, finance, maintenance coordination and maintenance technical control.

(iv) Transaction related to legal advisory.

(v) Other receivables comprise commissions on Raia Drogasil S.A. referrals R$ 791), recognized in "other receivables".

(vi) Transactions related to rental of commercial properties for the implementation of pharmacies.

(vii) The balances and transactions relate to service agreements for the development, creation and production of marketing materials for the institutional sales area, and the design of the Company's internal magazine.

(viii) The balances and transactions refer to the contract for provision of consulting services in the areas of health and sustainability and to a loan agreement of R$ 1,350, which is updated by CDI + 3.26% p.a.

(ix) Transactions related to information technology consulting services, being a contract entered into in March 2020 with CI&T Comércio de Hardware e Software Ltda. and another in November 2020 with CI&T Softwares S.A., with the object of consultancy for digital transformation and squads.

(x) Transactions related to trade receivables and suppliers referring to the STIX points program.

(xi) Loan transactions between the subsidiary ZTO Tecnologia e Servicos de Informação na Internet Ltda. - Manipulaê in the amount of R$ 213 in Dec/2023.

(xii) Loan transaction carried out between Raia Drogasil S.A. (lender) and Full Nine Digital Consultoria - Conecta Lá (borrower) in the amounts of R$ 700 and R$ 400, with monetary adjustment based on CDI + 3.50% p.a.

(xiii) Provision of services related to exams.

(xiv) Loan transactions between Raia Drogasil S.A. and SafePill Comercio Varejista de Med. Manip. Ltda. in the amount of R$ 400 in August 2022, with remuneration linked to CDI + 3.26% p.a. and maturity in August 2024.

(xv) The balances and transactions refer to the provision of services related to implementation of electronic medical records for physicians and systems in pharmacies so that customers are able to schedule exams and consultations in pharmacies.

(xvi) The balances and transactions refer to service agreements related to the implementation of screens in stores, increasing the impact of end customers and leveraging sales with advertisers.

(xvii) The balances and transactions refer to agreements for provision of services related to digital transformation implementation.

(All amounts in thousands of reais unless otherwise stated)

Moreover, we inform that there are no additional transactions other than the amounts presented above and that the category of the related parties corresponds to the entity's key management personnel.

26.1 Key management compensation

Key management includes the Officers, Directors and members of the Supervisory Board. The compensation paid or payable for services rendered is as follows:

	Parent Company		Consolidated	
Compensation items	**Dec/23**	**Dec/22**	**Dec/23**	**Dec/22**
Share-based payment	30,217	22,388	31,098	26,537
Bonuses and social charges	16,049	13,739	19,732	13,739
Subtotal bonuses and social charges	**46,266**	**36,127**	**50,830**	**40,276**
Fees and social charges	28,919	25,984	31,697	28,630
Fringe benefits	423	358	423	358
Total	**75,608**	**62,469**	**82,950**	**69,264**

The Company applied the requirements of NBC TG 05 (R3) - Related-Party Disclosures and also considered the guidance in CVM Circular Letter SNC/SEP 01/2021, observing qualitative aspects of related-party transaction, and concluded that there are no material impacts that require disclosure of additional information in the financial statements.

27. Insurance coverage

The Group has adopted a policy of taking out insurance coverage at amounts deemed sufficient to cover any losses on assets or civil liability attributed to it taking into consideration the nature of its activities and the guidance of its insurance consultants.

The Group had the following insurance:

	Parent Company/Consolidated
Insurance items	**Dec/23**
Civil liability risks	40,000
D&O*	100,000
Inventory loss risks	872,705

* The parent company's coverage extends to the subsidiaries

28. Non-cash transactions

At December 31, 2023, the Group's main non-transactions were:

(i) the monetary adjustment of the financial liability arising from payables to subsidiary's shareholder (Note 10);
(ii) part of the compensation of key management personnel associated with the restricted share plan (Note 25);
(iii) the installment purchase of fixed assets items in the amount of R$ 10,853 (R$ 10,265 in Dec/2022);
(iv) recognition of lease liability with a balancing item in right-of-use asset, with additions of new agreements in the amount of R$ 438,452 (R$ 450,840 - Dec/2022), remeasurements of R$ 578,409 (R$ 456,463 - Dec/2022) and termination of agreements in the amount of (R$ 4,285) ((R$ 46,695) - Dec/2022).

29. Events after the reporting period

On February 15, 2024, subsidiary 4Bio Medicamentos S.A. carried out loan operation - 4131 in the amount of R$ 50,000, with remuneration at EUR, maturing in February 2025. On the same date, a swap was contracted for this loan, in the same total amount of R$ 50,000 and maturity in February 2025, changing remuneration to CDI plus 1.35% per year.

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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS)

Independent auditor's report on individual and consolidated financial statements

To the
Board of Directors and Shareholders
Raia Drogasil S.A.
São Paulo - SP

Opinion

We have audited the accompanying individual and consolidated financial statements of Raia Drogasil S.A. ("Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023 and the statements of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the year then ended, as well as the corresponding explanatory notes, including material accounting policies and other instructive information.
In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Raia Drogasil S.A. as at December 31, 2023, and its individual and consolidated financial performance and individual and consolidated cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the individual and consolidated financial statements' section of our report. We are independent of the Company and its subsidiaries and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy ("CFC") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the overall individual and consolidated financial statements, and in forming our opinion on the individual and consolidated financial statements. Therefore, we did not express a separate opinion on these matters. For each of the matters below, a description of how our audit has addressed them, including any comments on the results of our procedures is presented in the context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of individual and consolidated financial statements" section, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Technology environment

Due to the volume of transactions and the fact that the operations of the Company and its subsidiaries are highly dependent on the proper operation of the technology structure and its systems, added to the nature of their business and their geographic dispersion, we consider the technology environment to be a key audit matter.

How our audit conducted this matter

Our audit procedures included, among others, the assessment of the design and operational effectiveness of general IT controls ("ITGCs") implemented by the Company for the systems we considered relevant for the generation of information that directly impact their financial statements. The assessment of ITGCs included audit procedures to assess controls over logical access, change management, information technology operation management, report processing and other aspects of technology.

With regard to the audit of logical accesses, we analyze the process of authorization and granting of new users, the timely revocation of access to employees transferred or separated and the periodic review of users. In addition, we evaluated password policies, security settings and access to technology resources.

With respect to the change management process, we assessed whether the changes in the systems have been duly authorized and approved by the Company's management. We also analyzed the operations management process, focusing on policies for safeguarding information and the timely handling of incidents.

Lastly, we evaluated the process of generating and extracting reports that support the accounting balances and performed adherence tests on the information generated by the Company's systems.

We involved our IT professionals to assist us in performing these procedures.

We identified deficiencies in change management controls related to segregation of duties, decentralized management of applications, access management related to revocation, grant, transfer, administrative users and review of access profiles, as well as opportunities for improvements in the third-party management process.

Deficiencies in the design and operation of ITGCs have altered our assessment of the nature, timing and extent of our planned substantive procedures to obtain sufficient and appropriate audit evidence for December 31, 2023 financial statements. Taking this into consideration, the result of the audit procedures performed provided us with adequate and sufficient audit evidence to be acceptable in the context of the financial statements taken as a whole.

Commercial agreements on the purchase of goods for resale

As disclosed in Note 4 (d), the Company negotiates commercial agreements with its suppliers of goods for resale, which may be of a particular or complex nature within the retail sector. In this context, there are different categories of agreements that are substantially linked to the resale of goods to obtain benefits by the Company. Therefore, it is necessary to carry out procedures on the part of management, in particular, analyze and conclude on the amounts and correct period in which the effects should be recognized in the cost of goods sold.

Due to this fact, we consider the recognition of the effects of the commercial agreements, especially regarding the completeness and its registration in the correct accounting period, to be a key audit matter.

How our audit conducted this matter

Our audit procedures included, among others, the following:

• Update of the understanding of the business process established by management for identification, measurement and timely accounting of commercial agreements;

• External confirmation of certain suppliers, considering the aspects of relevance of the amounts and representative sample;

• Understanding of the main contractual terms, individually relevant or with particular characteristics and the corresponding performance indicators that, when reached, generate the Company's right to the agreed benefit, recalculation, as well to verification of its subsequent financial settlement based on sample tests; and

• Test of recognition of the effects in the correct competence period.

Based on the results of audit procedures performed on commercial agreements, which is consistent with management's assessment, we understand that the criteria and

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assumptions adopted by management, as well as the respective disclosures in Note 4(d) are acceptable in regard to the financial statements taken as a whole.

Measurement of lease liabilities and right-of-use assets

As described in note 16, the Company has registered right-of-use assets and lease liabilities for the contracts covered by NBC TG 06 (R3) (IFRS 16). As of December 31, 2023, the Company had a balance of right-of-use assets of R$3,479,929 thousand in the Parent Company and R$3,484,000 in

the Consolidated Shareholder, in addition to lease liabilities of R$3,932,581 thousand in the Parent Company and R$3,936,761 thousand in the Consolidated Shareholder.

This matter was considered significant for our audit due to the relevance of the amounts involved, both in relation to the balance sheet and results of the year, the high volume of the contracts and amendments in stores and distribution centers, as well as the uncertainties inherent to this type of calculation and the degree of judgement that must be exercised by the company in determining the relevant assumptions, which include, among others, the discount rate used.

How our audit conducted this matter

Our audit procedures included, among others, the following:

• Analysis of the inventory of the Company's lease agreements, in addition to verifying the adherence of these contracts to the scope of the standards provided for in IFRS16 and NBC TG 06 (R3).

• Test of reasonableness of the criteria adopted by the Company for a sample of contracts selected at random, considering the information from the contracts and their amendments, in addition to recalculating the amounts measured by the Company for these transactions.

• Testing of the recognition of effects in the correct period of accrual.

• Analysis of the criteria adopted by management to determine the discount rate (incremental financing rate) used to measure lease liabilities.

• Examining the adequacy of the disclosures made by the Company on the subject in the explanatory notes, including the requirements of NBC TG 06 (R3) (IFRS 16) and the guidelines of the Brazilian Securities and Exchange Commission (CVM).

As a result of these procedures, we identified an audit adjustment in relation to the measurement of the right of use and lease liabilities, due to store contracts and amendments recognized outside the correct accrual period, which was not recorded by the Company in view of its immateriality on the financial statements taken as a whole. Based on the results of the audit procedures carried out, which are consistent with the board's assessment, we consider acceptable the accounting records prepared by the board to measure the impacts of NBC 06 (R3) (IFRS 16) on lease agreements, as well as the respective disclosures in note 16, in the context of the individual and consolidated financial statements. taken together.

Other matters

Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2023, prepared under the responsibility of Company's management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on our work, we conclude that there are material misstatements in the Management Report, we are required to communicate this matter. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS)

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issued by the International Accounting Standards Board (IASB), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other things, the planned scope, timing of the audit, and significant audit findings, including any significant deficiencies in internal controls that we have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 5, 2024.

ERNST & YOUNG
Auditores Independentes S.S. Ltda.
CRC-SP-034519/O

Patricia Nakano Ferreira
Accountant CRC-SP234620/O

In this section, pursuant to CVM Resolution 80/2022, we compare the store opening projections for the Company with the data on pharmacies openings actually conducted every year. The projections for 2016 and 2017 were disclosed to the market on July 28, 2016, the projections for 2018 and 2019 were disclosed on November 9, 2017, the projections for 2020 were disclosed on October 3, 2019 and the projections for 2021 and 2022 were disclosed on September 29, 2020.

On July 28, 2016, we revised the prior projection of 165 openings in 2016 and 195 openings in 2017 to 200 store openings for both years. On October 27, 2021, we revised the prior projection of 240 openings per year in 2021 and 2022 to 240 openings in 2021 and 260 openings in 2022. On October 31, 2022, we revised the previous projection for the periods from 2023 to 2025 from 240 openings per year to 260 openings per year.

On November 8, 2023, we revised the prior projection of 260 gross opening per year in 2023, 2024 and 2025 to 270 in 2023 and between 280 and 300 gross opening per year for 2024 and 2025.

YEAR	PRIOR PROJECTION	CURRENT PROJECTION	ACTUAL ACCUMULATED
2016	165 openings	200 openings	212 openings
2017	195 openings	200 openings	210 openings
2018	-	240 openings	240 openings
2019	-	240 openings	240 openings
2020	-	240 openings	240 openings
2021	-	240 openings	240 openings
2022	240 openings	260 openings	260 openings
2023	260 openings	270 openings	270 openings
2024	260 openings	Between 280 and 300 openings	-
2025	260 openings	Between 280 and 300 openings	-

Annual Report of the Audit Committee

In February 2022, the Board of Directors of Raia Drogasil S.A. ("RD" or "Company") approved the establishment of the Audit Committee ("Committee"), of permanent and non-statutory nature.

The Committee's mission is to assist, within the scope of its competence, the Board of Directors in performing its functions, with full knowledge of the Company's principles and values and the purposes and beliefs of shareholders and other stakeholders, ensuring that they are effectively practiced through the adoption and improvement of the best corporate governance practices.

Composed of three independent members, including an external and independent leader (who acts as coordinator), a specialist in corporate accounting and an independent advisor, the Committee exercises the duties and responsibilities established by the Board of Directors through the Audit Committee's Internal Regulations, which considers (i) expressing an opinion on the hiring and termination of independent audit services and monitoring their work; (ii) analyzing the financial statements; (iii) monitoring the Annual Internal Audit Plan and supervising the area's activities; (iv) monitoring the activities of the internal controls area; (v) assessing and monitoring exposures and risk management; (vi) assessing, monitoring and submitting related-party transactions to the Board of Directors; (vii) assessing, monitoring and recommending to Management the correction or improvement of the Company's internal policies; (viii) monitoring the Compliance and *Canal Conversa Ética* (anonymous ethics hotline) processes; and (ix) reporting to the Board, annually, the Committee's summary report.

In its second year of full operation and throughout 2023, the Committee met in 9 ordinary meetings in accordance with the work plan previously approved by the Board of Directors. In addition, 8 extraordinary meetings were held to delve deeper into specific topics and 3 joint meetings were held with the Company's Supervisory Board and independent auditors. In these meetings, sessions were held with the Internal Audit, Risk Management, Internal Controls, Controllership, Compliance, Cybersecurity and Data Management teams.

The report on the activities performed was reported to the Board of Directors on a quarterly basis, at which time the Committee's recommendations on topics within its competence were also submitted and discussed, such as related-party transactions carried out during the period.

Regarding the topics discussed, we highlight:

- Analysis of the financial statements, which were also discussed with representatives from the controllership area and independent auditors prior to their publication to the market;
- Execution of the Internal Audit Plan, with monitoring of audits carried out during the period and discussion of points raised in prior years, in addition to monitoring of action plans;
- Analysis and discussion of the Charter of Independent Auditors and actions of the Internal Controls area;
- Monitoring of the Business Continuity Plan;
- Monitoring of cybersecurity actions and data security management;
- Execution of risk management process, including discussion and monitoring of the RD risk map; and
- Monitoring of Ethics and Compliance processes, focusing on *Canal Conversa Ética*, complaints recorded and processed during the period and actions to disseminate ethical culture.

In carrying out its functions, the Committee reported to the Board of Directors the following topics during 2023, setting out its recommendations:

- Work plan and budget of the Audit Committee, comprising the Annual Internal Audit Plan;
- Related-party Transactions – approval of new contracts, annual review of current operations and reporting of those approved by the Board;
- Ethics and Compliance – review of certain processes of *Canal Conversa Ética* and annual report on activities of the Compliance area, including training and communication actions;
- Risk Management - monitoring and controls;
- Cybersecurity and data management.

Audit Committee Opinion

The Audit Committee of RD, in compliance with legal provisions, has reviewed the Management Report and the Financial Statements for the year ended December 31, 2023 and, based on the information contained therein, the work carried out during the year, and the information and clarifications provided by the Company's Management and by Ernest & Young Auditores Independentes, recommended its approval to the Board of Directors.

São Paulo, March 5, 2024.

Maria Fernanda dos Santos Teixeira

Audit Committee Leader

Sylvia de Souza Leão Wanderley

Pedro Guilherme Zan

To the Board of Directors and Shareholders

Raia Drogasil S.A.

The Company's Supervisory Board, in exercising its duties and legal responsibilities, has examined the financial statements for the year ended December 31, 2023 and, based on the examinations performed and on clarifications provided by management, and also considering the favorable Auditor's Report without exceptions, issued by the independent auditor Ernst & Young Auditores Independentes, the Supervisory Board members concluded that the documents above are fairly presented, in all material respects.

São Paulo, March 5, 2024.

Paulo Sérgio Buzaid Tohmé
Supervisory Board Member

Gilberto Lério
Supervisory Board Member

Antônio Edson Maciel dos Santos
Supervisory Board Member

Adeildo Paulino
Supervisory Board Member

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the financial statements for the year ended December 31, 2023.

São Paulo, March 5, 2024.

Marcilio D'Amico Pousada
Chief Executive Officer

Eugênio De Zagottis
Officer

Antonio Carlos Coelho
Officer

Marcello De Zagottis
Officer

Fernando Kozel Varela
Officer

Renato Cepollina Raduan
Officer

Maria Susana de Souza
Officer

Bruno Wright Pipponzi
Officer

Celso Pissi Filho
Accountant and Technical Officer
CRC 1SP236090/O-5

Raia Drogasil S.A.

Officers' representation on independent auditor's report December 31, 2023

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the conclusions expressed in the favorable Auditor's Report without exceptions issued by the independent auditors for the year ended December 31, 2023.

São Paulo, March 5, 2024.

Marcilio D'Amico Pousada
Chief Executive Officer

Eugênio De Zagottis
Officer

Antonio Carlos Coelho
Officer

Marcello De Zagottis
Officer

Fernando Kozel Varela
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