



(A free translation of the original in Portuguese)

Raia Drogasil S.A.

Individual and Consolidated
Interim Financial Information
September 30, 2022

**Individual and Consolidated
Individual and Consolidated
At September 30, 2022**

(A free translation of the original in Portuguese)

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Comments on company performance

São Paulo, October 31, 2022. RD – People, Health and Well-being (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 3rd quarter of 2022 (3Q22). The Company's parent company and consolidated interim financial statements for the periods ended September 30, 2022 and 2021 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 interim 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 2021.

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

CONSOLIDATED HIGHLIGHTS:

- › **PHARMACIES: 2,620 units in operation (58 openings and 19 closures);**
- › **GROSS REVENUE: R\$ 8.0 billion, a 22.3% increase with 14.6% for mature stores;**
- › **MARKET SHARE: 15.0%, a 0.7 p.p. increase, with gains in every region;**
- › **DIGITAL: R\$ 886.1 million, an increase of 57.9% and 11.8% of retail penetration;**
- › **CONTRIBUTION MARGIN*: R\$ 830.9 million, a margin of 10.4% and an expansion of 0.4 p.p.;**
- › **ADJUSTED EBITDA: R\$ 546.8 million, a 22.6% increase and a margin of 6.8%;**
- › **ADJUSTED NET INCOME: R\$ 201.7 million, a 16.2% increase and a 2.5% net margin;**
- › **CASH FLOW: R\$ 104.6 million positive free cash flow, R\$ 27.5 million total cash generation.**

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

RADL3
R\$ 24.84/share

NUMBER OF SHARES
1,651,930,000

MARKET CAP
R\$ 41.0 billion

CLOSING
October 28th, 2022

IR TEAM:
Eugênio De Zagottis
Flavio Correia
André Stolfi
Victor Torres
Rodrigo Baraldi

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

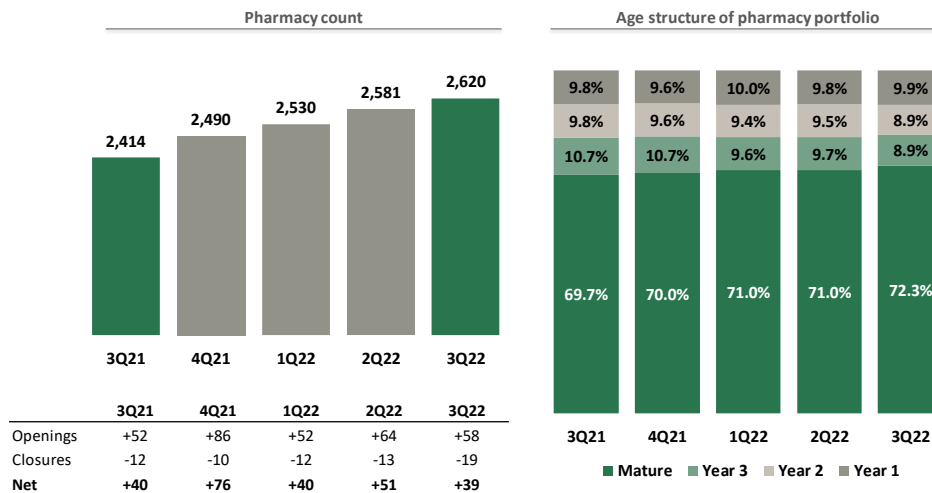
| Summary | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| <i>(R\$ thousands)</i> | | | | | |
| # of Pharmacies | 2,414 | 2,490 | 2,530 | 2,581 | 2,620 |
| Organic Openings | 52 | 86 | 52 | 64 | 58 |
| Closures | (12) | (10) | (12) | (13) | (19) |
| 4Bio | 4 | 4 | 4 | 5 | 5 |
| # of Pharmacies + 4Bio | 2,418 | 2,494 | 2,534 | 2,586 | 2,625 |
| Headcount (EoP) | 48,481 | 50,573 | 50,141 | 50,320 | 51,482 |
| Pharmacist Count (EoP) | 9,676 | 10,052 | 10,336 | 10,466 | 10,690 |
| # of Tickets (000) | 71,115 | 76,508 | 76,795 | 82,912 | 83,249 |
| Gross Revenue | 6,527,875 | 6,853,140 | 6,972,496 | 7,641,161 | 7,985,786 |
| Gross Profit | 1,815,460 | 1,951,805 | 1,928,436 | 2,318,097 | 2,224,774 |
| % of Gross Revenues | 27.8% | 28.5% | 27.7% | 30.3% | 27.9% |
| Adjusted EBITDA | 446,165 | 448,110 | 388,382 | 727,509 | 546,800 |
| % of Gross Revenues | 6.8% | 6.5% | 5.6% | 9.5% | 6.8% |
| Adjusted Net Income | 173,567 | 204,639 | 145,270 | 343,746 | 201,706 |
| % of Gross Revenues | 2.7% | 3.0% | 2.1% | 4.5% | 2.5% |
| Net Income | 172,765 | 187,155 | 153,590 | 372,231 | 225,367 |
| % of Gross Revenues | 2.6% | 2.7% | 2.2% | 4.9% | 2.8% |
| Free Cash Flow | 68,879 | 269,226 | (320,646) | (57,925) | 104,619 |

PHARMACY PORTFOLIO

We opened 58 new units in the 3Q22 and closed 19, ending the quarter with 2,620 pharmacies in operation. At the end of the period, 27.7% of our pharmacies were still in the process of maturation and had not yet reached their full potential both in terms of revenue and profitability.

In addition to reiterating the guidance of 260 gross openings for 2022, we are also increasing the guidance from 2023 to 2025 to the same level of 260 gross openings per year, totaling 1,040 new pharmacies to be opened in a period of 4 years.

Finally, we have opened 260 new pharmacies over the last 12 months, a pace equivalent to the year's guidance.

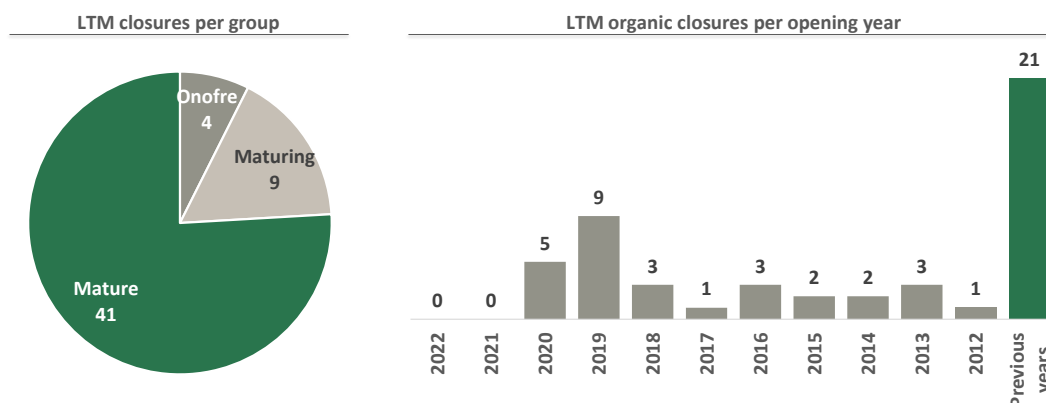


Of the 19 pharmacies closed in the quarter, only 2 were still in the maturation process and represent corrections of mistakes that are expected in a large-scale expansion as RD's. The remaining 17 closures were of mature pharmacies with an average age of 14 years, as part of the ongoing optimization of our store portfolio, with positive return expectations associated to them.

Considering the last 12 months, we closed a total of 54 pharmacies. This includes 9 pharmacies that were still in maturation, resulting in a ratio of expansion mistakes of only 3% of the 260 pharmacies opened over that period, 4 locations acquired from Onofre, which closure was already expected at the time of the transaction, as well as 41 mature and redundant units with an average of 14 years in operation, part of the ongoing optimization of our portfolio.

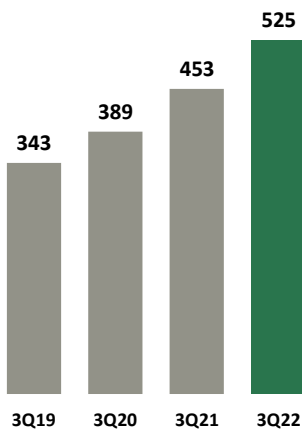
It is important to note that these redundant store closures allow us to transfer sales to the remaining locations in the neighborhood while eliminating a fixed costs and releasing assets to be more efficiently redeployed, thus increasing both the Company's EBITDA and ROIC.

Therefore, the combined plan of pharmacy openings and closures ensures an optimal portfolio of stores on the best corners across the country, expanding our physical presence, balancing the ideal density for each market, and, at the same time, maximizing the return on assets employed.

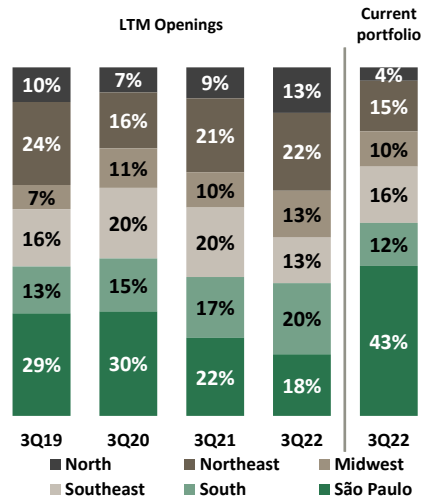


We intensified the diversification of our pharmacy network in the quarter, both geographically and demographically, with 82% of our openings in the last twelve months outside of the state of São Paulo, our native market. We also increased our capillarity, extending our presence to 525 cities, 72 more than in the 3Q21. And while 66% of our units belong to the popular or hybrid formats, 87% of the openings in the last twelve months belong to these clusters, increasing our reach into the expanded middle class.

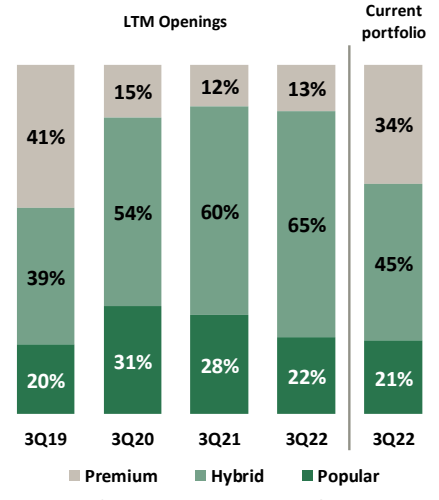
Cities with pharmacies



Network composition by region*



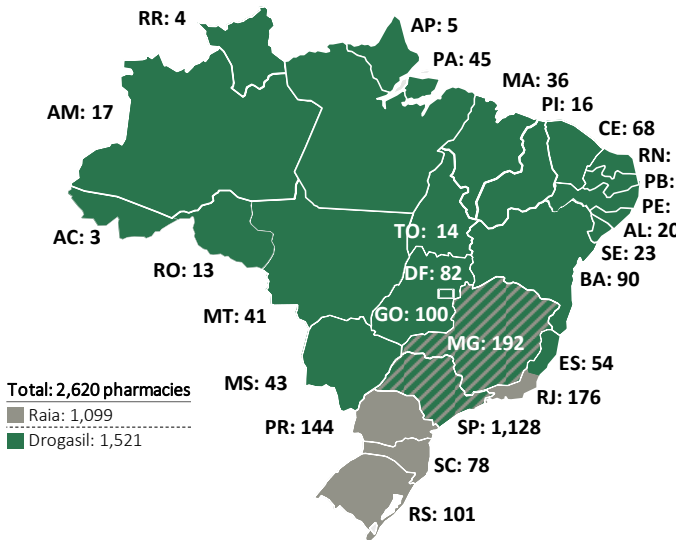
Network composition by format*



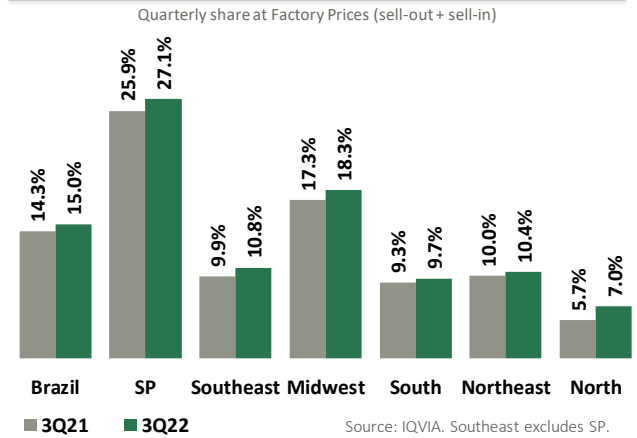
* Openings exclude the Onofre acquisition.

We gained market share in all regions during the quarter. Our national market share totaled 15.0%, a 0.7 percentage point increase when compared to the 3Q21. We recorded a share of 7.0% in the North, a 1.3 p.p. increase when compared to the 3Q21, a share of 27.1% in São Paulo, a 1.2 p.p. increment, and a share of 18.3% in the Midwest, a 1.0 p.p. gain. We also recorded a share of 10.8% in the Southeast (excluding São Paulo), a 0.9 p.p. increase, a share of 9.7% in the South, a 0.4 p.p. increment, and a share of 10.4% in the Northeast, another 0.4 p.p. gain.

Pharmacy geographic presence



Retail market share



| LTM organic openings* | 3Q18 | 3Q19 | 3Q20 | 3Q21 | 3Q22 |
|-----------------------|------|------|------|------|------|
| São Paulo state | 76 | 65 | 71 | 53 | 46 |
| Total | 230 | 231 | 237 | 236 | 260 |
| % São Paulo state | 33% | 28% | 30% | 22% | 18% |

* Does not consider the 42 pharmacies acquired from Onofre

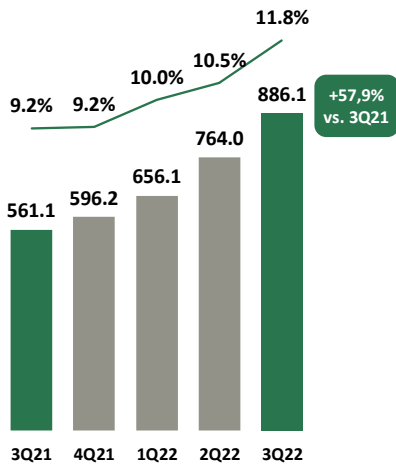
DIGITAL HEALTH TRANSFORMATION

We continue advancing in our digital strategy at a fast pace. We reached the mark of R\$ 886.1 million in revenues through digital channels in the quarter, representing a retail penetration of 11.8% and a growth of 57.9% over the same period of the previous year. When annualized, digital sales surpassed the milestone of R\$ 3.5 billion, positioning RD Digital among Brazil's top pharmaceutical retailers if considered on its own.

We continue to advance the growth of our digital presence with more than 105 million visits via apps and websites in the 3Q22, a relevant number given the universe of 46 million active customers. Those who use our digital channels increase their loyalty, engagement and purchasing frequency, spending on average 20% to 25% more than they did before the digital adoption, thus becoming a fundamental driver for value creation. Also, it will allow us to connect our customers to all the three pillars of our strategy: the New Pharmacy, the Marketplace and the Health Platform.

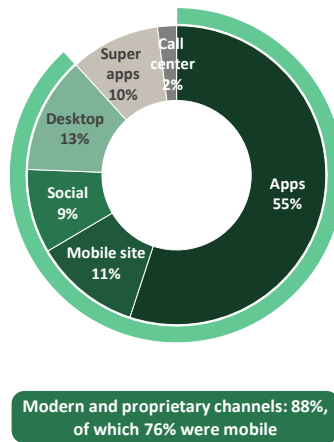
Digital sales and penetration

R\$ millions, % of retail gross revenue



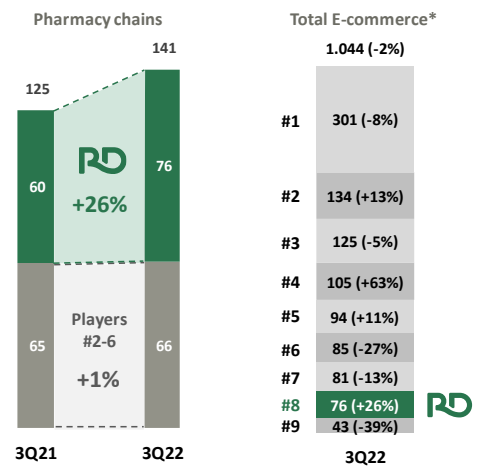
Digital channel mix

% of digital sales



Web site visits

Million hits (Source: SimilarWeb)



We also highlight the value of the capillarity of our national chain of pharmacies for the digital sales. With 92% of the Brazilian A-class population living within a 1.5 km radius of our stores, 92% of our digital transactions in the 3Q22 have been fulfilled by our pharmacies, with high economic efficiency and with 85% of the orders delivered to or picked-up by customers in up to 4h. Finally, Click & Collect, which is available in 100% of our pharmacies, represented 58% of online orders, while neighborhood deliveries represented another 8% of the total.

The role of our pharmacies in the promotion of integral health has also advanced in the quarter. At the end of the period, we reached 1.2 thousand units offering enhanced services at our Service Rooms. Our pharmacies performed or supplied 1.0 million COVID-19 tests in the 3Q22, including those applied in-store as well as self-tests, totaling 7.8 million since the beginning of the pandemic. Additionally, we ended the period with 260 pharmacies licensed for vaccines, which served over 140 thousand different immunizations in the quarter. Through these pharmaceutical services, we are repositioning our pharmacies as local health hubs while strengthening the bonds with our customers, who evaluated our pharmacy experience with an NPS score of 90.

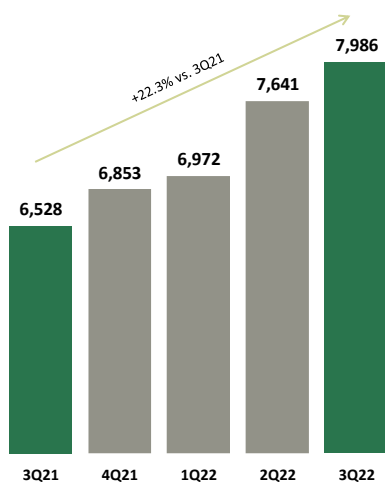
We continue to structure our Marketplace with the inclusion of new sellers and SKUs. We ended the 3Q22 offering 183 thousand SKUs from 484 different sellers, representing a 25% sequential increase in the available assortment in comparison to the 2Q22.

Lastly, Vitat has continued to build its platform by developing our first paid solution, which is focused on weight loss. In addition, it has advanced in customer acquisition, reaching 4 million unique monthly users.

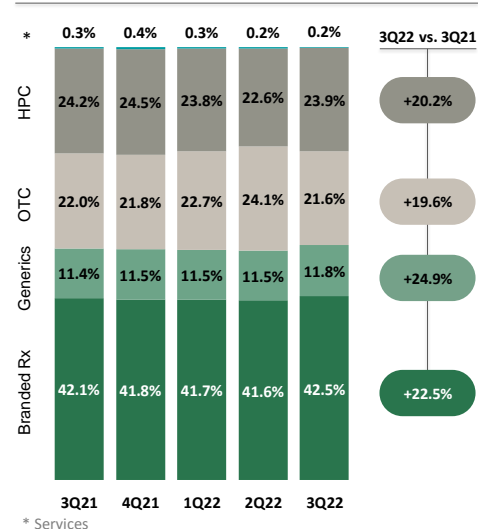
GROSS REVENUES

Consolidated gross revenue

R\$ millions



Retail sales mix

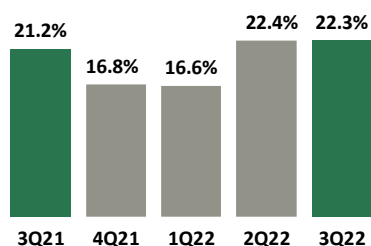


We ended the 3Q22 with a consolidated gross revenue of R\$ 7,986 million, a 22.3% growth over the 3Q21.

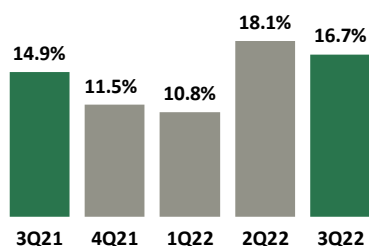
The deceleration of COVID-19 testing, including both the tests performed in-store as well as the sale of self-tests, reduced total revenue growth by 0.3 p.p., in contrast to the increase of 0.5 p.p. in the 2Q22. Lastly, we recorded a positive calendar effect of 0.1% in the quarter.

Prescription drugs were the highlight of the period, with a growth of 24.9% in Generics and of 22.5% in Branded Rx, each gaining 0.4 p.p. in the mix. Additionally, we also recorded solid performances in HPC, with a growth of 20.2%, and in OTC, which grew 19.6% in the period.

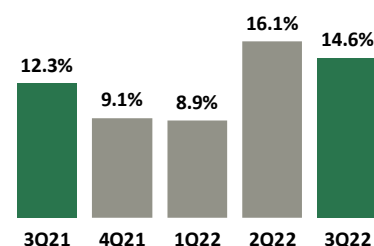
Consolidated revenue growth



Same-Store sales growth - Retail



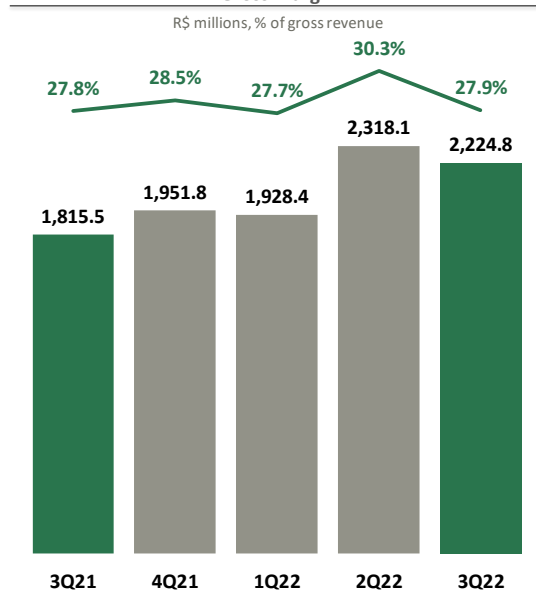
Mature-Store sales growth - Retail



We recorded a 14.6% growth in mature stores in the 3Q22, an increase 7.4 p.p above the period's CPI of 7.2% and 3.7 p.p above the 10.9% price adjustment authorized by CMED at the end of March. Meanwhile, average same-store sales growth in the period was of 16.7%.

GROSS PROFIT

Gross margin

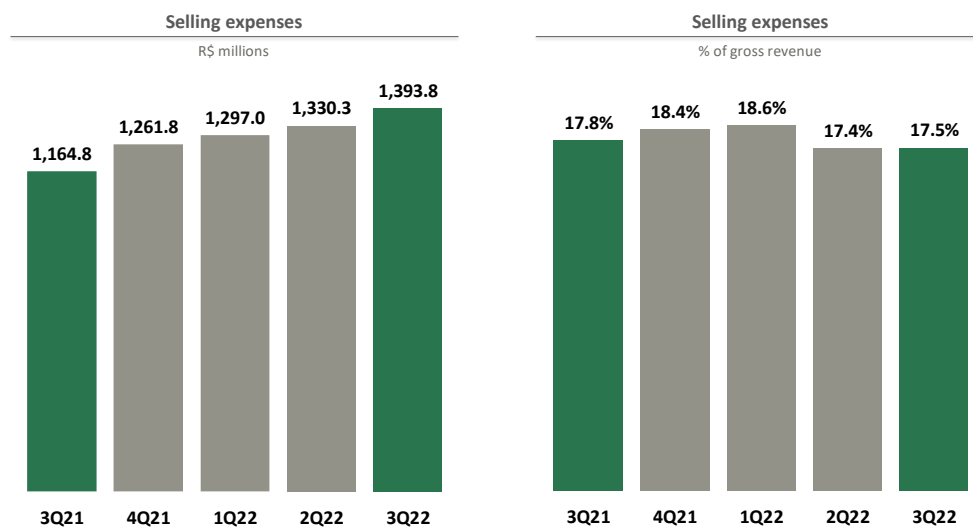


Our gross profit totaled R\$ 2,224.8 million in the 3Q22, with a gross margin of 27.9%, a 0.1 p.p. expansion in comparison to the 3Q21. We recorded a gross margin expansion of 0.2 percentage point from the Net Present Value (NPV) adjustment, stemming from higher interest rates when compared to the same period of the previous year.

SELLING EXPENSES

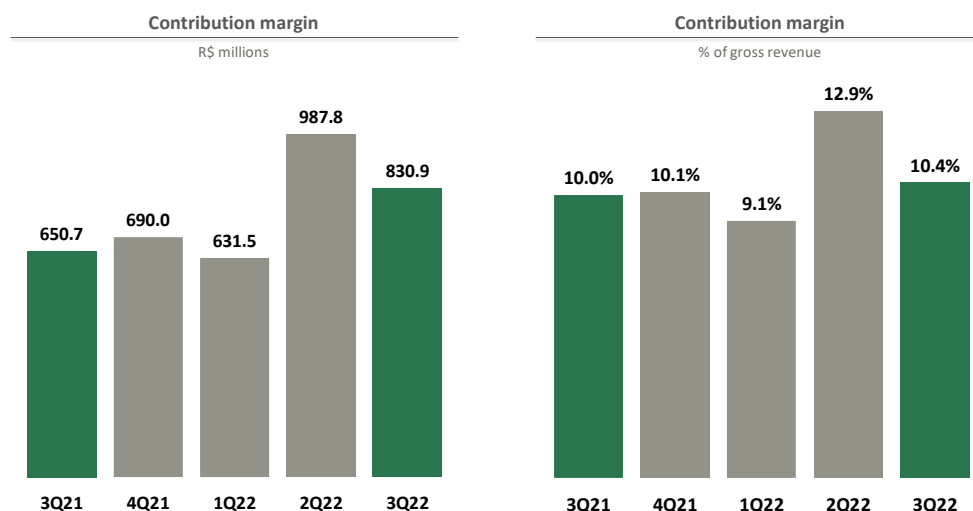
Selling expenses totaled R\$ 1,393.8 million in the 3Q22, equivalent to 17.5% of gross revenue, a 0.3 p.p. dilution in comparison to the 3Q21. This dilution was mostly driven by the operating leverage achieved through the real growth at our mature stores.

In comparison to the same period of the previous year, we recorded in the quarter dilutions of 0.2 p.p. in personnel expenses, 0.1 p.p. in electricity, 0.1 p.p. in telecom expenses, 0.1 p.p. in rentals and 0.1 p.p. in marketing expenses, more than offsetting pressures of 0.2 p.p. in acquiring expenses and 0.1 p.p. in delivery expenses to customers.



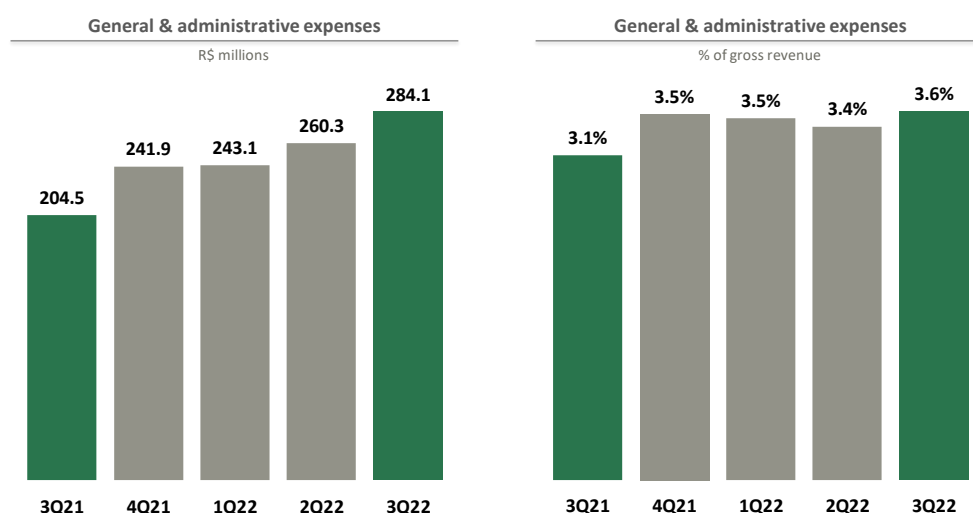
CONTRIBUTION MARGIN

We recorded a contribution margin of R\$ 830.9 million, equivalent to a margin of 10.4% of gross revenue, a 0.4 p.p. margin expansion due to the 0.1 p.p. increase in our gross margin and the 0.3 p.p. dilution of selling expenses.



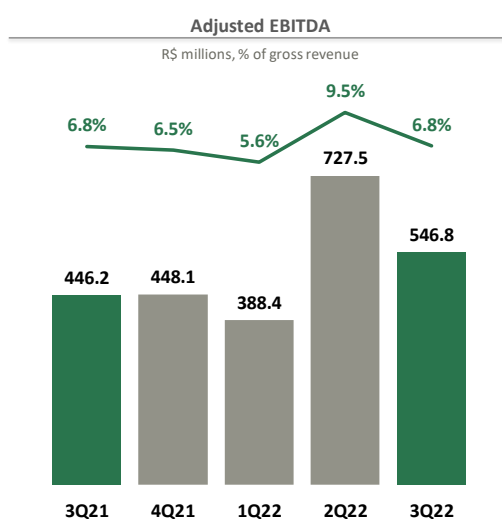
GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses totaled R\$ 284.1 million in the 3Q22, equivalent to 3.6% of gross revenue, a 0.5 percentage point increase in comparison to the 3Q21, as we advance in the Company's digital transformation strategy.



EBITDA

Our adjusted EBITDA totaled R\$ 546.8 million, a 22.6% growth. The adjusted EBITDA margin was of 6.8% of gross revenue, equivalent to the same period of the previous year.



EBITDA RECONCILIATION AND NON-RECURRING EXPENSES

| EBITDA Reconciliation - R\$ millions | 3Q22 | 3Q21 |
|---|---------------|--------------|
| Net income | 225.4 | 172.8 |
| Income tax | 55.1 | 74.4 |
| Equity Equivalence | (0.2) | (0.2) |
| Financial Result | 125.5 | 39.9 |
| EBIT | 405.8 | 286.9 |
| Depreciation and amortization | 176.9 | 158.0 |
| EBITDA | 582.6 | 444.9 |
| Social investments and donations | 3.8 | 3.9 |
| Asset write-offs | 1.9 | (2.3) |
| Tax credits and other non-recurring from previous years | (41.6) | (0.4) |
| Non-recurring/non-operating expenses | (35.8) | 1.2 |
| Adjusted EBITDA | 546.8 | 446.2 |

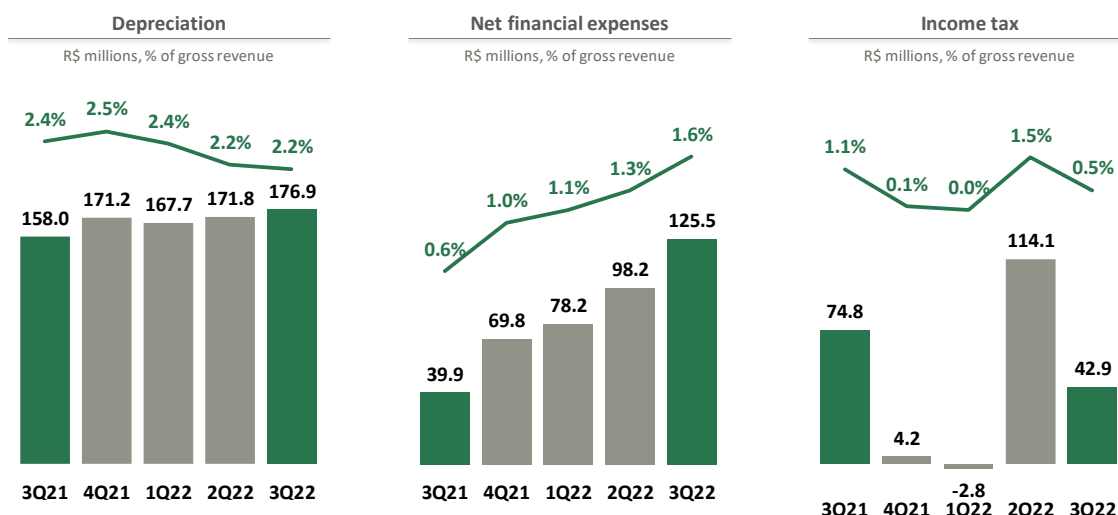
We recorded in the 3Q22 a total of R\$ 35.8 million in net non-recurring income. This includes R\$ 3.8 million in social investments and donations and R\$ 1.9 million in non-recurring expenses from asset write-offs, mostly from store closures. These were more than offset by R\$ 41.6 million from tax credits and other effects related to previous years.

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

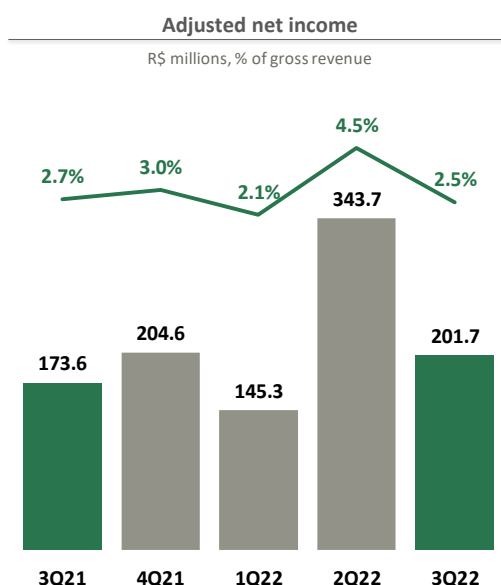
Depreciation expenses amounted to R\$ 176.9 million, equivalent to 2.2% of gross revenues, a 0.2 p.p. dilution.

Net financial expenses represented 1.6% of gross revenue in the 3Q22, a 1.0 p.p. increase when compared to the 3Q21. Of the R\$ 125.5 million recorded in the quarter, R\$ 74.0 million refers to the actual financial interest accrued on financial liabilities, equivalent to 0.9% of gross revenue, a 0.6 p.p. increase when compared to the 3Q21 mostly due to the hiking of the Brazilian interest rate which increased from 6.25% at the end of the 3Q21 to 13.75% by the end of the 3Q22. We've also recorded R\$ 25.9 million in financial expenses which refer to the NPV adjustment in the 3Q22, and another R\$ 25.6 million which refers to the reevaluation and to the interest on the option to acquire the remaining shares of invested companies.

Lastly, we booked R\$ 42.9 million in income taxes, equivalent to 0.5% of gross revenue, a dilution of 0.6 p.p..

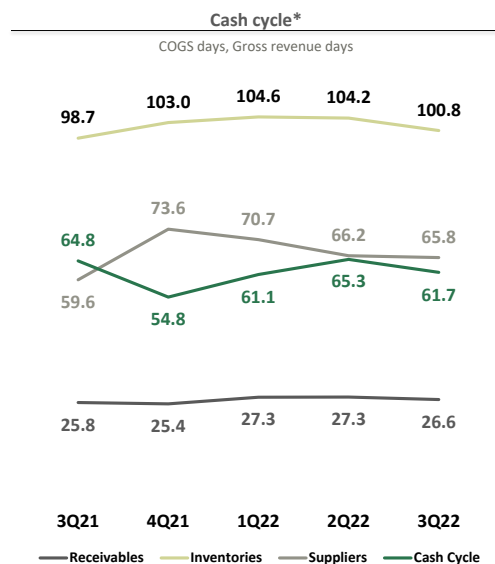


NET INCOME



Our adjusted net income totaled R\$ 201.7 million, a 16.2% growth vs. the 3Q21. Our net margin was of 2.5% of gross revenue, a contraction of 0.2 p.p. when compared to the same period of the previous year due to the increase in the Brazilian interest rate mentioned above.

CASH CYCLE



* Adjusted for discounted receivables and advanced payments to suppliers.

We recorded a cash cycle of 61.7 days, a 3.1 days decrease when compared to the same period of the previous year. Inventories increased by 2.1 days, accounts payable by 6.2 days and receivables by 0.8 day.

CASH FLOW

| Cash flow | 3Q22 | 3Q21 |
|---|----------------|----------------|
| <i>(R\$ million)</i> | | |
| Adjusted EBIT | 369.9 | 288.1 |
| NPV adjustment | (38.1) | (17.2) |
| Non-recurring expenses | 35.8 | (1.2) |
| Income tax (34%) | (125.0) | (91.7) |
| Depreciation | 177.6 | 158.0 |
| Others | 61.0 | (83.9) |
| Resources from operations | 481.3 | 252.1 |
| Cash cycle* | (47.7) | (17.1) |
| Other assets (liabilities)** | 3.1 | 72.1 |
| Operating cash flow | 436.7 | 307.0 |
| Investments | (332.1) | (238.2) |
| Free cash flow | 104.6 | 68.9 |
| M&A and other investments | (28.5) | 4.3 |
| Interest on equity and dividends | (0.0) | (0.1) |
| Income tax paid over interest on equity | (10.8) | (6.6) |
| Net financial expenses*** | (99.7) | (23.0) |
| Tax benefit (fin. exp., IoE, dividends) | 61.8 | 7.8 |
| Total Cash Flow | 27.5 | (21.9) |

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

We recorded a positive free cash flow of R\$ 104.6 million and a total cash generation of R\$ 27.5 million in the quarter. Resources from operations totaled R\$ 481.3 million, equivalent to 6.0% of gross revenue. We recorded a working capital consumption of R\$ 44.6 million, resulting in a positive operating cash flow of R\$ 436.7 million, in addition to a CAPEX of R\$ 332.1 million.

Of the R\$ 332.1 million invested in the 3Q22, R\$ 112.4 million were used for the opening of new pharmacies, R\$ 42.7 million for the renovation or expansion of existing locations, R\$ 72.3 million for IT, R\$ 43.8 million in logistics and R\$ 60.9 million in other projects.

Additionally, R\$ 28.5 million in investments were made towards the construction of our integral health ecosystem through RD Ventures, totaling R\$ 198.9 million paid in investments since 2020.

Payments related to net financial expenses totaled R\$ 99.7 million in the 3Q22. These payments were offset by R\$ 61.8 million in tax benefits related to net financial expenses and interest on equity.

Lastly, we provisioned R\$ 82.0 million in interest on capital and R\$ 107.5 million in dividends in the quarter, representing a payout of 84.1% of the period's net income.

INDEBTEDNESS

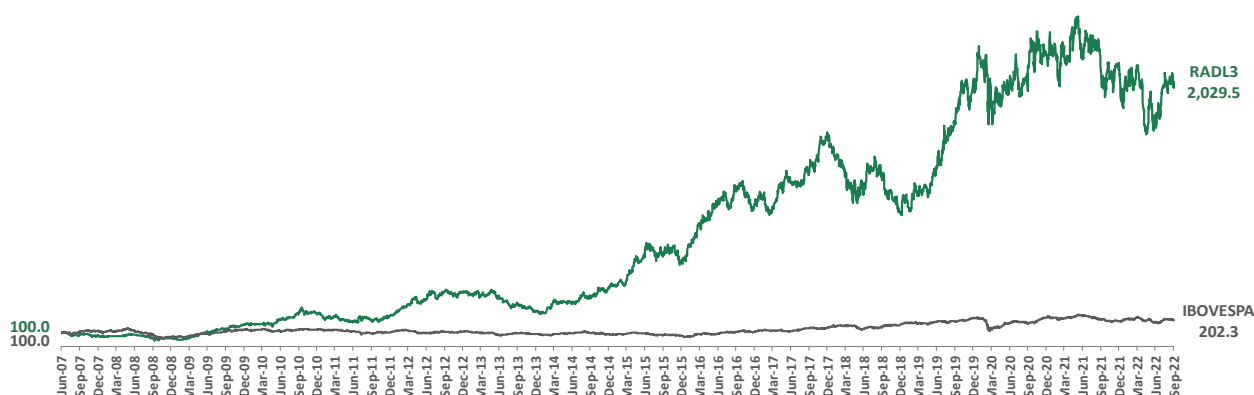
| Net Debt (R\$ millions) | 3Q22 | 2Q22 | 1Q22 | 4Q21 | 3Q21 |
|---|----------------|----------------|----------------|----------------|----------------|
| Short-term Debt | 134.8 | 228.2 | 533.5 | 613.8 | 630.1 |
| Long-term Debt | 2,130.2 | 2,141.4 | 1,635.6 | 891.4 | 934.7 |
| Total Gross Debt | 2,265.0 | 2,369.6 | 2,169.1 | 1,505.2 | 1,564.8 |
| (-) Cash and Equivalents | 371.2 | 818.8 | 466.2 | 356.1 | 247.2 |
| Net Debt | 1,893.8 | 1,550.8 | 1,702.9 | 1,149.1 | 1,317.6 |
| Discounted Receivables | - | 344.6 | - | 205.9 | 0.5 |
| Advances to suppliers | (50.7) | - | - | - | - |
| Put/Call options of investments (estimated) | 64.1 | 39.5 | 38.7 | 37.9 | 36.6 |
| Adjusted Net Debt | 1,907.3 | 1,934.8 | 1,741.6 | 1,393.0 | 1,354.8 |
| Adjusted Net Debt / EBITDA | 0.9x | 1.0x | 1.0x | 0.8x | 0.8x |

We ended the 3Q22 with an adjusted net debt of R\$ 1,907.3 million, equivalent to 0.9x the EBITDA of the past 12 months. Our adjusted net debt includes R\$ 64.1 million in liabilities related to the put option granted and/or call option obtained for the acquisition of shares of invested companies and considers R\$ 50.7 million in advanced payments to suppliers in order to optimize the use of available cash.

In the 3Q22, gross debt totaled R\$ 2,265.0 million, of which 84.7% corresponds to the debentures issued in 2018, 2019 and 2022 and to the Certificate of Real Estate Receivables issued in 2019 and 2022, while 15.3% corresponds to other credit lines. Of our total debt, 94% is long-term, while 6% relates to its short-term parcels. We ended the quarter with a total cash position (cash and marketable securities) of R\$ 371.2 million.

TOTAL SHAREHOLDER RETURNS

Stock price appreciation



Our share price decreased by 18.4% in the 3Q22, 6.7 p.p. more than the IBOVESPA, which increased by 11.7%.

Since the IPO of Drogasil, we achieved a cumulative share appreciation of 1,929% versus a return of only 102% for the IBOVESPA. Including the payment of interest on equity and dividends, we generated an average annual total return to shareholders of 22.3%.

Considering the IPO of Raia in December of 2010, the cumulative return amounted to 680% versus an increase of only 62% of the IBOVESPA. Considering the payment of interest on equity and dividends, this resulted in an average annual total return to shareholders of 19.6%.

Lastly, our shares recorded an average daily trading volume of R\$ 130 million in the quarter.

IFRS 16

Since 2019, our financial statements have been prepared in accordance with IFRS 16. In order to preserve historic comparability, the figures in this report are presented under IAS 17 / CPC 06, the previous reporting standard, which we believe best represents the economic performance of our operations.

Financial statements in both IAS 17 and IFRS 16 are also available at our website ir.rd.com.br, under Interactive Spreadsheets.

| Income Statement (R\$ millions) | 3Q22 | | Change |
|-----------------------------------|------------------|------------------|--------------|
| | IAS 17 | IFRS 16 | Δ 3Q22 |
| Gross Revenue | 7,985.8 | 7,985.8 | 0.0 |
| Gross Profit | 2,224.8 | 2,224.8 | 0.0 |
| Gross Margin | 27.9% | 27.9% | 0.0% |
| Selling Expenses | (1,393.8) | (1,148.4) | 245.5 |
| G&A | (284.1) | (283.5) | 0.7 |
| Total Expenses | (1,678.0) | (1,431.8) | 246.1 |
| as % of Gross Revenue | 21.0% | 17.9% | (3.1%) |
| Adjusted EBITDA | 546.8 | 792.9 | 246.1 |
| as % of Gross Revenue | 6.8% | 9.9% | 3.1% |
| Non-Recurring Expenses / Revenues | 35.8 | 35.8 | 0.0 |
| Depreciation and Amortization | (176.9) | (369.9) | (193.0) |
| Financial Results | (123.4) | (186.8) | (63.4) |
| Equity Equivalence | 0.2 | 0.2 | (0.0) |
| Income Tax | (55.1) | (52.3) | 2.8 |
| Net Income | 227.5 | 220.0 | (7.5) |
| as % of Gross Revenue | 2.8% | 2.8% | (0.1%) |

| Balance Sheet (R\$ millions) | 3Q22 | | Change |
|---|-----------------|-----------------|----------------|
| | IAS 17 | IFRS 16 | Δ 3Q22 |
| Assets | 13,166.9 | 16,523.5 | 3,356.6 |
| Current Assets | 9,192.2 | 9,192.2 | 0.0 |
| Non-Current Assets | 3,974.7 | 7,331.2 | 3,356.6 |
| Other Credits | 18.7 | 18.2 | (0.5) |
| Investments | 5.8 | 7.0 | 1.2 |
| Right of use | 0.0 | 3,355.8 | 3,355.8 |
| Liabilities and Shareholder's Equity | 13,166.9 | 16,523.5 | 3,356.6 |
| Current Liabilities | 5,312.8 | 6,040.5 | 727.8 |
| Financial Leases | 0.0 | 741.7 | 741.7 |
| Other Accounts Payable | 269.4 | 255.5 | (13.9) |
| Non-Current Liabilities | 2,505.6 | 5,374.0 | 2,868.4 |
| Financial Leases | 0.0 | 2,992.3 | 2,992.3 |
| Income Tax and Social Charges Deferred | 154.5 | 30.5 | (123.9) |
| Shareholder's Equity | 5,348.6 | 5,108.9 | (239.6) |
| Income Reserves | 2,267.9 | 2,050.9 | (217.0) |
| Accrued Income | 405.7 | 381.8 | (23.8) |
| Non Controller Interest | 54.9 | 56.1 | 1.2 |

| Cash Flow (R\$ millions) | 3Q22 | | Change |
|---|----------------|----------------|-------------|
| | IAS 17 | IFRS 16 | Δ 3Q22 |
| Adjusted EBIT | 369.9 | 421.0 | 51.0 |
| NPV Adjustment | (38.1) | (38.1) | 0.0 |
| Non-Recurring Expenses | 35.8 | 35.8 | 0.0 |
| Income Tax (34%) | (125.0) | (142.4) | (17.4) |
| Depreciation | 177.6 | 369.9 | 192.3 |
| Rental Expenses | 0.0 | (244.0) | (244.0) |
| Others | 61.0 | 79.1 | 18.1 |
| Resources from Operations | 481.3 | 481.3 | 0.0 |
| Cash Cycle* | (47.7) | (47.7) | 0.0 |
| Other Assets (Liabilities)** | 3.1 | 3.1 | 0.0 |
| Operating Cash Flow | 436.7 | 436.7 | 0.0 |
| Investments | (332.1) | (332.1) | 0.0 |
| Free Cash Flow | 104.6 | 104.6 | 0.0 |
| M&A and other investments | (28.5) | (28.5) | 0.0 |
| Interest on equity and dividends | (0.0) | (0.0) | 0.0 |
| Income tax paid over interest on equity | (10.8) | (10.8) | 0.0 |
| Net financial expenses*** | (99.7) | (99.7) | 0.0 |
| Tax benefit (fin. exp., IoE, dividends) | 61.8 | 61.8 | 0.0 |
| Total Cash Flow | 27.5 | 27.5 | 0.0 |

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

3Q22 Results Conference Calls: November 01st, 2022

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 <i>(R\$ thousands)</i> | 3Q21 | 3Q22 |
|---|--------------------|--------------------|
| Gross Revenue | 6,527,875 | 7,985,786 |
| Taxes, Discounts and Returns | (363,012) | (495,920) |
| Net Revenue | 6,164,863 | 7,489,866 |
| Cost of Goods Sold | (4,349,402) | (5,265,092) |
| Gross Profit | 1,815,460 | 2,224,774 |
| Operational (Expenses) Revenues | | |
| Sales | (1,164,752) | (1,393,832) |
| General and Administrative | (204,544) | (284,142) |
| Operational Expenses | (1,369,296) | (1,677,975) |
| EBITDA | 446,165 | 546,800 |
| Depreciation and Amortization | (158,034) | (176,884) |
| Operational Earnings before Financial Results | 288,131 | 369,916 |
| Financial Expenses | (62,946) | (213,801) |
| Financial Revenue | 23,014 | 88,287 |
| Financial Expenses/Revenue | (39,932) | (125,514) |
| Equity Equivalence | 179 | 189 |
| Earnings before Income Tax and Social Charges | 248,378 | 244,591 |
| Income Tax and Social Charges | (74,810) | (42,884) |
| Net Income | 173,567 | 201,706 |

| Consolidated Income Statement <i>(R\$ thousands)</i> | 3Q21 | 3Q22 |
|--|--------------------|--------------------|
| Gross Revenue | 6,527,875 | 7,985,786 |
| Taxes, Discounts and Returns | (363,012) | (495,920) |
| Net Revenue | 6,164,863 | 7,489,866 |
| Cost of Goods Sold | (4,349,402) | (5,265,092) |
| Gross Profit | 1,815,460 | 2,224,774 |
| Operational (Expenses) Revenues | | |
| Sales | (1,164,752) | (1,393,832) |
| General and Administrative | (204,544) | (284,142) |
| Other Operational Expenses, Net | (1,215) | 35,850 |
| Operational Expenses | (1,370,511) | (1,642,125) |
| EBITDA | 444,950 | 582,649 |
| Depreciation and Amortization | (158,034) | (176,884) |
| Operational Earnings before Financial Results | 286,915 | 405,766 |
| Financial Expenses | (62,946) | (213,801) |
| Financial Revenue | 23,014 | 88,287 |
| Financial Expenses/Revenue | (39,932) | (125,514) |
| Equity Equivalence | 179 | 189 |
| Earnings before Income Tax and Social Charges | 247,163 | 280,440 |
| Income Tax and Social Charges | (74,397) | (55,073) |
| Net Income | 172,765 | 225,367 |

| Assets <i>(R\$ thousands)</i> | <u>3Q21</u> | <u>3Q22</u> |
|---|--------------------------|--------------------------|
| Current Assets | | |
| Cash and Cash Equivalents | 247,158 | 371,171 |
| Accounts Receivable | 1,848,349 | 2,336,858 |
| Inventories | 4,717,258 | 5,832,184 |
| Taxes Receivable | 102,214 | 298,623 |
| Other Accounts Receivable | 264,627 | 282,757 |
| Anticipated Expenses | 50,440 | 70,638 |
| | <u>7,230,046</u> | <u>9,192,231</u> |
| Non-Current Assets | | |
| Deposit in Court | 27,392 | 101,818 |
| Taxes Receivable | 126,787 | 110,103 |
| Income Tax and Social Charges deferred | 38,083 | 23,272 |
| Other Credits | 361,786 | 18,659 |
| Investments | 8,097 | 5,773 |
| Property, Plant and Equipment | 1,921,622 | 2,110,714 |
| Intangible | 1,345,941 | 1,604,322 |
| | <u>3,829,707</u> | <u>3,974,661</u> |
| ASSETS | <u>11,059,753</u> | <u>13,166,892</u> |

| Liabilities and Shareholder's Equity <i>(R\$ thousands)</i> | 3Q21 | 3Q22 |
|---|--------------------------|--------------------------|
| Current Liabilities | | |
| Suppliers | 2,850,604 | 3,753,793 |
| Loans and Financing | 630,096 | 134,790 |
| Salaries and Social Charges Payable | 484,721 | 617,245 |
| Taxes Payable | 153,702 | 186,321 |
| Dividend and Interest on Equity | 133,246 | 302,155 |
| Provision for Lawsuits | 40,849 | 49,030 |
| Other Accounts Payable | 248,714 | 269,428 |
| | <u>4,541,932</u> | <u>5,312,761</u> |
| Non-Current Liabilities | | |
| Loans and Financing | 934,693 | 2,130,228 |
| Provision for Lawsuits | 54,436 | 50,207 |
| Income Tax and Social Charges deferred | 130,416 | 154,468 |
| Other Accounts Payable | 455,038 | 170,670 |
| | <u>1,574,582</u> | <u>2,505,573</u> |
| Shareholder's Equity | | |
| Common Stock | 2,500,000 | 2,500,000 |
| Capital Reserves | 84,567 | 105,464 |
| Revaluation Reserve | 11,555 | 11,385 |
| Income Reserves | 1,780,379 | 2,267,879 |
| Accrued Income | 527,500 | 405,666 |
| Equity Adjustments | 3,821 | 3,261 |
| Non Controller Interest | 35,416 | 54,903 |
| | <u>4,943,238</u> | <u>5,348,558</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | <u>11,059,753</u> | <u>13,166,892</u> |

| Cash Flow | 3Q21 | 3Q22 |
|---|------------------|------------------|
| <i>(R\$ thousands)</i> | | |
| Earnings before Income Tax and Social Charges | 251,110 | 294,173 |
| Adjustments | | |
| Depreciation and Amortization | 157,976 | 177,582 |
| Compensation plan with restricted shares, net | 5,224 | 9,813 |
| Interest over additional stock option | 715 | 24,642 |
| P,P&E and Intangible Assets residual value | 2,531 | 10,186 |
| Provisioned Lawsuits | (93,487) | 14,849 |
| Provisioned Inventory Loss | 286 | 20,181 |
| Provision for Doubtful Accounts | 1,206 | 167 |
| Provisioned Store Closures | (4,392) | (8,922) |
| Interest Expenses | 25,003 | 84,245 |
| Debt Issuance Costs Amortization | 965 | 1,313 |
| Equity Equivalence Result | (179) | 814 |
| Discount on rentals | 796 | - |
| | 347,754 | 629,043 |
| Assets and Liabilities variation | | |
| Clients and Other Accounts Receivable | (78,885) | (373,102) |
| Inventories | (114,411) | (285,530) |
| Other Short Term Assets | 10,026 | (15,324) |
| Long Term Assets | (8,074) | 9,363 |
| Suppliers | 170,163 | 215,683 |
| Salaries and Social Charges | 71,262 | 87,706 |
| Taxes Payable | (19,282) | (79,369) |
| Other Liabilities | 82,010 | 40,585 |
| Rents Payable | (49,537) | 4,355 |
| Cash from Operations | 411,026 | 233,410 |
| Interest Paid | (18,070) | (91,138) |
| Income Tax and Social Charges Paid | (94,371) | (112,834) |
| Paid lawsuits | (10,788) | (17,573) |
| Net Cash from (invested) Operational Activities | 287,797 | 11,865 |
| Investment Activities Cash Flow | | |
| P,P&E and Intangible Acquisitions | (239,261) | (332,055) |
| Acquisitions and capital contributions in investments, net | 6,480 | (42,000) |
| Loans granted to subsidiaries | (1,100) | 13,545 |
| Net Cash from Investment Activities | (233,881) | (360,510) |
| Financing Activities Cash Flow | | |
| Funding | (73) | (14,541) |
| Payments | (78) | (84,440) |
| Share Buyback | (73,228) | - |
| Interest on Equity and Dividends Paid | (64) | (8) |
| Net Cash from Funding Activities | (73,443) | (98,989) |
| Cash and Cash Equivalents net increase | (19,527) | (447,634) |
| Cash and Cash Equivalents in the beginning of the period | 266,685 | 818,805 |
| Cash and Cash Equivalents in the end of the period | 247,158 | 371,171 |

Balance sheets
September 30, 2022
All amounts in thousands of reais

| Assets | Note | Parent Company | | Consolidated | | Liabilities and equity | Note | Parent Company | | Consolidated | |
|---|------|-------------------|-------------------|-------------------|-------------------|---|------|-------------------|-------------------|-------------------|-------------------|
| | | Sep/22 | Dec/21 | Sep/22 | Dec/21 | | | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Current assets | | | | | | | | | | | |
| Cash and cash equivalents | 5 | 319,826 | 316,654 | 371,172 | 356,118 | Suppliers | 13 | 3,508,912 | 3,485,328 | 3,753,794 | 3,656,607 |
| Trade receivables | 6 | 2,042,660 | 1,487,204 | 2,336,858 | 1,710,057 | Borrowings | 14 | 89,343 | 571,549 | 134,789 | 613,831 |
| Inventories | 7 | 5,669,382 | 4,990,021 | 5,832,184 | 5,117,799 | Leases payable | 15 | 739,812 | 697,738 | 741,723 | 699,170 |
| Recoverable taxes | 8 | 293,362 | 190,377 | 298,662 | 195,777 | Salaries and social charges | - | 596,966 | 405,782 | 617,246 | 420,356 |
| Other current assets | - | 275,906 | 288,078 | 282,732 | 290,814 | Taxes and contributions | - | 167,808 | 151,785 | 182,720 | 154,411 |
| Prepaid expenses | - | 69,311 | 47,996 | 70,637 | 48,359 | Dividends and interest on capital | - | 302,155 | 76,787 | 302,155 | 76,787 |
| | | | | | | Income tax and social contribution | - | - | - | 3,601 | 362 |
| | | | | | | Provision for legal claims | 16 | 49,030 | 43,560 | 49,030 | 43,560 |
| | | | | | | Other current liabilities | - | 247,996 | 219,670 | 255,486 | 231,109 |
| | | 8,670,447 | 7,320,330 | 9,192,245 | 7,718,924 | | | 5,702,022 | 5,652,199 | 6,040,544 | 5,896,193 |
| Noncurrent assets | | | | | | | | | | | |
| Long-term receivables | | | | | | Noncurrent liabilities | | | | | |
| Judicial deposits | 16 | 18,355 | 25,872 | 101,818 | 29,951 | Borrowings | 14 | 2,130,133 | 890,613 | 2,130,228 | 891,391 |
| Recoverable taxes | 8 | 98,449 | 120,669 | 110,103 | 132,929 | Leases payable | 15 | 2,990,592 | 2,972,087 | 2,992,341 | 2,973,728 |
| Prepaid expenses | - | 4,299 | 5,189 | 4,299 | 5,189 | Provision for legal claims | 16 | 50,065 | 52,915 | 50,207 | 53,108 |
| Deferred income tax and social contribution | 17b | - | - | 23,272 | 49,047 | Deferred income tax and social contribution | 17b | 29,193 | 87,519 | 30,541 | 89,011 |
| Related parties | - | 4,971 | 34,936 | 7,219 | 22,227 | Payables to subsidiary's shareholder | 9a | 63,557 | 37,383 | 64,117 | 37,943 |
| Other non-current assets | - | 469 | 533 | 6,688 | 571 | Provisions for losses on investments | 9 | - | - | 1,452 | 432 |
| | | 126,543 | 187,199 | 253,399 | 239,914 | Other non-current liabilities | - | 60,244 | 70,746 | 105,115 | 114,898 |
| Investments | 9 | 472,772 | 322,840 | 7,022 | 830 | | | 5,323,784 | 4,111,263 | 5,374,001 | 4,160,511 |
| Fixed assets | 10 | 2,102,533 | 1,992,728 | 2,110,714 | 1,999,020 | Total liabilities | | 11,025,806 | 9,763,462 | 11,414,545 | 10,056,704 |
| Right-of-use lease | 15 | 3,352,241 | 3,327,624 | 3,355,767 | 3,330,567 | Equity | | | | | |
| Intangible assets | 11 | 1,354,064 | 1,290,414 | 1,604,322 | 1,486,251 | Attributable to owners of the Company | 19 | | | | |
| | | 7,281,610 | 6,933,606 | 7,077,825 | 6,816,668 | Share capital | - | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| | | 7,408,153 | 7,120,805 | 7,331,224 | 7,056,582 | Capital reserves | - | 105,464 | 89,914 | 105,464 | 89,914 |
| | | | | | | Revenue reserves | - | 2,050,853 | 2,050,855 | 2,050,853 | 2,050,855 |
| | | | | | | Proposed additional dividends | - | - | 22,129 | - | 22,129 |
| | | | | | | Carrying value adjustments | - | 14,646 | 14,775 | 14,646 | 14,775 |
| | | | | | | Retained earnings | - | 381,831 | - | 381,831 | - |
| | | | | | | | | 5,052,794 | 4,677,673 | 5,052,794 | 4,677,673 |
| | | | | | | Noncontrolling interests | - | - | - | 56,130 | 41,129 |
| | | | | | | Total equity | | 5,052,794 | 4,677,673 | 5,108,924 | 4,718,802 |
| Total assets | | 16,078,600 | 14,441,135 | 16,523,469 | 14,775,506 | Total liabilities and equity | | 16,078,600 | 14,441,135 | 16,523,469 | 14,775,506 |

Statements of income
Nine-month period ended September 30, 2022
All amounts in thousands of reais, except earnings per capital share

Statements of income

| | Note | Parent Company | | | | Consolidated | | | |
|---|------|-------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|--------------------|
| | | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Net sales revenue | 20 | 7,035,404 | 20,019,806 | 5,827,127 | 16,721,390 | 7,489,866 | 21,231,131 | 6,164,862 | 17,653,178 |
| Cost of sales | 21 | (4,873,851) | (13,725,482) | (4,066,747) | (11,576,997) | (5,265,093) | (14,759,830) | (4,349,401) | (12,398,814) |
| Gross profit | | 2,161,553 | 6,294,324 | 1,760,380 | 5,144,393 | 2,224,773 | 6,471,301 | 1,815,461 | 5,254,364 |
| Operating (expenses) income | | | | | | | | | |
| Selling expenses | 21 | (1,457,740) | (4,223,396) | (1,236,841) | (3,565,351) | (1,478,619) | (4,286,499) | (1,256,015) | (3,613,599) |
| General and administrative expenses | 21 | (303,867) | (844,938) | (222,033) | (605,155) | (323,104) | (897,068) | (234,713) | (630,966) |
| Other operating income (expenses) | 22 | 15,337 | 22,413 | (2,631) | 66,496 | 35,850 | 92,250 | (2,638) | 66,811 |
| Equity in the results of subsidiaries | 9 | 23,772 | 70,431 | 15,251 | 15,235 | 188 | 501 | 180 | (2,822) |
| | | (1,722,498) | (4,975,490) | (1,446,254) | (4,088,775) | (1,765,685) | (5,090,816) | (1,493,186) | (4,180,576) |
| Profit before finance results | | 439,055 | 1,318,834 | 314,126 | 1,055,618 | 459,088 | 1,380,485 | 322,275 | 1,073,788 |
| Finance income (costs) | | | | | | | | | |
| Finance income | 23 | 77,212 | 176,648 | 21,865 | 45,367 | 88,287 | 201,615 | 23,015 | 47,218 |
| Finance costs | 23 | (262,660) | (655,175) | (116,850) | (292,110) | (275,105) | (681,687) | (119,774) | (298,670) |
| | | (185,448) | (478,527) | (94,985) | (246,743) | (186,818) | (480,072) | (96,759) | (251,452) |
| Profit before income tax and social contribution | | 253,607 | 840,307 | 219,141 | 808,875 | 272,270 | 900,413 | 225,516 | 822,336 |
| Income tax and social contribution | | | | | | | | | |
| Current | - | (56,072) | (187,687) | (90,654) | (276,845) | (62,450) | (205,673) | (93,313) | (285,338) |
| Deferred | - | 17,874 | 58,264 | 26,045 | 49,553 | 10,156 | 32,633 | 26,276 | 51,491 |
| | 17 | (38,198) | (129,423) | (64,609) | (227,292) | (52,294) | (173,040) | (67,037) | (233,847) |
| Profit for the period | | 215,409 | 710,884 | 154,532 | 581,583 | 219,976 | 727,373 | 158,479 | 588,489 |
| Attributable to: | | | | | | | | | |
| Owners of the Company | - | 215,409 | 710,884 | 154,532 | 581,583 | 215,409 | 710,884 | 154,532 | 581,583 |
| Noncontrolling interests | - | - | - | - | - | 4,567 | 16,489 | 3,947 | 6,906 |
| | | 215,409 | 710,884 | 154,532 | 581,583 | 219,976 | 727,373 | 158,479 | 588,489 |
| Basic earnings per share | 18 | 0.13074 | 0.43146 | 0.09366 | 0.35264 | 0.13074 | 0.43146 | 0.09366 | 0.35264 |
| Diluted earnings per share | 18 | 0.13016 | 0.42956 | 0.09335 | 0.35174 | 0.13016 | 0.42956 | 0.09335 | 0.35174 |

Statements of comprehensive income
Nine-month period ended September 30, 2022
All amounts in thousands of reais, except earnings per capital share

Statements of comprehensive income

| | Note | Parent Company | | | | Consolidated | | | |
|--|------|-------------------------------|----------------|-------------------------------|----------------|-------------------------------|----------------|-------------------------------|----------------|
| | | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Profit for the period | | 215,409 | 710,884 | 154,532 | 581,583 | 219,976 | 727,373 | 158,479 | 588,489 |
| Components of comprehensive income | - | | | | | | | | |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | | 215,409 | 710,884 | 154,532 | 581,583 | 219,976 | 727,373 | 158,479 | 588,489 |
| Attributable to: | | | | | | | | | |
| Owners of the Company | - | 215,409 | 710,884 | 154,532 | 581,583 | 215,409 | 710,884 | 154,532 | 581,583 |
| Noncontrolling interests | - | - | - | - | - | 4,567 | 16,489 | 3,947 | 6,906 |
| Total | | 215,409 | 710,884 | 154,532 | 581,583 | 219,976 | 727,373 | 158,479 | 588,489 |

Statements of changes in equity
Nine-month period ended September 30, 2022
All amounts in thousands of reais

| | Attributable to owners of the Company | | | | | | | | | | | | | Noncontrolling interests | Total equity |
|---|---------------------------------------|-----------------------------|------------------------------------|-----------------|-----------------------------|------------------|------------------|----------------|----------------------------|-------------------------------|---------------------|----------------------------|------------------|--------------------------|------------------|
| | 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 dividends | Revaluation reserve | Other comprehensive income | Total | | |
| At December 31, 2020 | 2,500,000 | 10,191 | 136,913 | (26,283) | 27,209 | 178,353 | 1,278,952 | 206,866 | - | 69,478 | 11,677 | (30,230) | 4,363,126 | 62,495 | 4,425,621 |
| Interest on capital for 2020 approved at the AGM of March 9, 2021 | - | - | - | - | - | - | - | - | - | (69,478) | - | - | (69,478) | - | (69,478) |
| Interest on capital expired | - | - | - | - | - | - | - | - | 292 | - | - | - | 292 | - | 292 |
| Realization of revaluation reserve, net of income tax and social contribution | - | - | - | - | - | - | - | - | 122 | - | (122) | - | - | - | - |
| Restricted share plan - Vesting period | - | - | - | - | 9,740 | - | - | - | - | - | - | - | 9,740 | - | 9,740 |
| Restricted share plan - Delivery | - | - | (1,348) | 7,444 | (6,096) | - | - | - | - | - | - | - | - | - | - |
| Repurchase of shares | - | - | - | (73,228) | - | - | - | - | - | - | - | - | (73,228) | - | (73,228) |
| Restricted shares - delivery of 4Bio shares | - | - | - | 73 | (47) | - | - | - | - | - | - | - | 26 | - | 26 |
| Adjustment in percentage of interest - 4Bio | - | - | - | - | - | - | - | - | - | - | 34,052 | - | 34,052 | (34,081) | (29) |
| Profit for the period | - | - | - | - | - | - | - | - | 581,582 | - | - | - | 581,582 | 6,961 | 588,543 |
| Allocation of profit | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest on capital proposed | - | - | - | - | - | - | - | - | (94,000) | - | - | - | (94,000) | - | (94,000) |
| At September 30, 2021 | 2,500,000 | 10,191 | 135,565 | (91,994) | 30,806 | 178,353 | 1,278,952 | 206,866 | 487,996 | - | 11,555 | 3,822 | 4,752,112 | 35,375 | 4,787,487 |
| Realization of revaluation reserve, net of income tax and social contribution | - | - | - | - | - | - | - | - | 40 | - | (40) | - | - | - | - |
| Interest on capital expired | - | - | - | - | - | - | - | - | 294 | - | - | - | 294 | - | 294 |
| Restricted share plan - Vesting period | - | - | - | - | 5,346 | - | - | - | - | - | - | - | 5,346 | - | 5,346 |
| Transactions with noncontrolling interests - Healthbit | - | - | - | - | - | - | - | - | - | - | (560) | (560) | (560) | - | (560) |
| Profit for the year | - | - | - | - | - | - | - | - | 170,352 | - | - | - | 170,352 | 5,238 | 175,590 |
| Legal reserve | - | - | - | - | - | 37,597 | - | - | (37,597) | - | - | - | - | - | - |
| Statutory reserve | - | - | - | - | - | - | 257,486 | - | (257,486) | - | - | - | - | - | - |
| Tax incentive reserve | - | - | - | - | - | - | - | 91,600 | (91,600) | - | - | - | - | - | - |
| Adjustment in percentage of interest - 4Bio | - | - | - | - | - | - | - | - | - | - | - | - | - | 55 | 55 |
| Interest on capital proposed | - | - | - | - | - | - | - | - | (88,870) | - | - | - | (88,870) | - | (88,870) |
| - R\$ 0,124353822 per share | - | - | - | - | - | - | - | - | (183,129) | 183,129 | - | - | - | - | - |
| Interest on capital proposed | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Early dividends approved at the BDM of November 9, 2021 | - | - | - | - | - | - | - | - | - | (120,000) | - | - | (120,000) | - | (120,000) |
| Early dividends approved at the BDM of December 3, 2021 | - | - | - | - | - | - | - | - | - | (41,000) | - | - | (41,000) | - | (41,000) |
| Noncontrolling interests in the acquired investment | - | - | - | - | - | - | - | - | - | - | - | - | - | 461 | 461 |
| 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 |
| Realization of revaluation reserve, net of income tax and social contribution | - | - | - | - | - | - | - | - | 130 | - | (130) | - | - | - | - |
| Restricted share plan - Vesting period | - | - | - | - | 15,443 | - | - | - | - | - | - | - | 15,443 | - | 15,443 |
| Restricted share plan - Delivery | - | - | (1,438) | 11,214 | (9,711) | - | - | - | - | - | - | - | 65 | - | 65 |
| Restricted shares - delivery of 4Bio shares | - | - | - | 121 | (81) | - | - | - | - | - | - | - | 40 | - | 40 |
| Interest on capital expired | - | - | - | - | - | - | - | - | 317 | - | - | - | 317 | - | 317 |
| Interest on capital for 2021 approved at the AGM of April 14, 2022 | - | - | - | - | - | - | - | - | - | (22,129) | - | - | (22,129) | - | (22,129) |
| Interest on capital proposed | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit for the period | - | - | - | - | - | - | - | - | 710,884 | - | - | - | 710,884 | 14,284 | 725,168 |
| Allocation of profit | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest on capital proposed | - | - | - | - | - | - | - | - | (222,000) | - | - | - | (222,000) | - | (222,000) |
| Interim dividends approved at the BDM of September 30, 2022 | - | - | - | - | - | - | - | - | (107,500) | - | - | - | (107,500) | - | (107,500) |
| Other changes | - | - | - | - | - | - | - | - | - | - | - | - | - | 717 | 717 |
| At September 30, 2022 | 2,500,000 | 10,191 | 134,127 | (80,659) | 41,803 | 215,950 | 1,536,438 | 298,466 | 381,831 | - | 11,385 | 3,262 | 5,052,794 | 56,130 | 5,108,924 |

Statements of cash flows
Nine-month period ended September 30, 2022
All amounts in thousands of reais

| | Note | Parent Company | | Consolidated | |
|---|---------|------------------|------------------|------------------|------------------|
| | | Sep/22 | Sep/21 | Sep/22 | Sep/21 |
| Cash flows from operating activities | | | | | |
| Profit before income tax and social contribution | - | 840,307 | 808,875 | 900,413 | 822,336 |
| Adjustments | | | | | |
| Depreciation and amortization | 21 | 1,109,383 | 962,624 | 1,117,120 | 968,241 |
| Compensation plan with restricted shares, net | - | 15,548 | 9,682 | 15,306 | 9,643 |
| Interest on additional stock option | - | 26,174 | 2,085 | 26,174 | 2,086 |
| Loss (profit) on sale/write-off of fixed assets and intangible assets | - | 24,016 | 11,440 | 24,892 | 11,438 |
| Provision for legal claims | 16 | 41,850 | 27,813 | 41,799 | 27,624 |
| Provision for inventory losses | 7 | 27,464 | 5,540 | 27,464 | 5,540 |
| (Reversal of) provision for impairment of trade receivables | 6 | 2,227 | 3,138 | 3,452 | 3,861 |
| (Reversal of) provision for pharmacies closures | 10 e 11 | (7,139) | (8,177) | (7,140) | (8,177) |
| Interest expenses – borrowings | - | 188,848 | 52,250 | 195,131 | 56,521 |
| Interest expenses – leases | 15 | 188,107 | 174,463 | 188,280 | 174,618 |
| Amortization of transaction costs of debentures and promissory notes | 14 | 3,319 | 3,353 | 3,319 | 3,353 |
| Equity in the results of subsidiaries | 9 | (70,431) | (15,234) | 501 | 2,822 |
| Discounts on property rental | 21 | (1,095) | (5,623) | (1,095) | (5,623) |
| | | 2,388,578 | 2,032,229 | 2,535,616 | 2,074,283 |
| Changes in assets and liabilities | | | | | |
| Trade and other receivables | - | (525,193) | (251,609) | (614,445) | (294,141) |
| Inventories | - | (706,825) | (476,383) | (741,849) | (497,390) |
| Other current assets | - | (7,350) | (50,034) | (12,451) | (56,154) |
| Long-term receivables | - | 8,475 | (29,725) | (38,854) | 498 |
| Suppliers | - | 34,761 | (263,231) | 108,364 | (258,000) |
| Salaries and social charges | - | 191,184 | 168,817 | 196,890 | 174,961 |
| Taxes and contributions | - | (123,068) | 22,575 | (92,903) | 17,331 |
| Other obligations | - | 100,033 | 98,173 | 61,791 | 62,816 |
| Rentals payable | - | 5,556 | 14,071 | 5,571 | 14,071 |
| Other | | | | | |
| Interest paid | 14 | (190,417) | (46,914) | (198,249) | (47,686) |
| Income tax and social contribution paid | - | (221,143) | (252,193) | (221,143) | (252,193) |
| Interest paid – leases | 15 | (188,107) | (174,463) | (188,280) | (174,618) |
| Legal claims - paid | 16 | (40,975) | (37,550) | (40,975) | (37,550) |
| Net cash provided by operating activities | | 725,509 | 753,763 | 759,083 | 726,228 |
| Cash flows from investing activities | | | | | |
| Acquisition and capital contribution in investees, net of cash acquired | 9.3 | (79,429) | (72,580) | (42,000) | (8,126) |
| Purchases of fixed assets and intangible assets | - | (711,525) | (556,662) | (775,048) | (603,769) |
| Net assets acquired in business combination | - | - | - | - | (1,017) |
| Proceeds from sale of fixed assets | - | - | 675 | - | 675 |
| Loans granted to subsidiary | - | (2,645) | (1,100) | (800) | (1,100) |
| Net cash used in investing activities | | (793,599) | (629,667) | (817,848) | (613,337) |
| Cash flows from financing activities | | | | | |
| Borrowings taken | 14 | 1,277,894 | 298,937 | 1,428,046 | 338,937 |
| Repayment of borrowings | 14 | (522,330) | (406,865) | (668,452) | (439,794) |
| Leases paid | - | (588,055) | (487,006) | (589,528) | (488,283) |
| Interest on capital and dividends paid | - | (96,247) | (83,722) | (96,247) | (83,722) |
| Repurchase of shares | - | - | (73,228) | - | (73,228) |
| Net cash used in financing activities | | 71,262 | (751,884) | 73,819 | (746,090) |
| Increase (decrease) in cash and cash equivalents | | 3,172 | (627,788) | 15,054 | (633,199) |
| Cash and cash equivalents at January 1 | 5 | 316,654 | 855,257 | 356,118 | 880,357 |
| Cash and cash equivalents at September 30 | 5 | 319,826 | 227,469 | 371,172 | 247,158 |

Statements of value added
Nine-month period ended September 30, 2022
All amounts in thousands of reais

| | Parent Company | | | | Consolidated | | | |
|---|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|
| | 3 rd | | 3 rd | | 3 rd | | 3 rd | |
| | Quarter/22 | Sep/22 | Quarter/21 | Sep/21 | Quarter/22 | Sep/22 | Quarter/21 | Sep/21 |
| Revenue | 7,373,451 | 20,997,181 | 6,120,202 | 17,585,367 | 7,836,050 | 22,229,737 | 6,465,515 | 18,585,870 |
| Gross sales and services | 7,372,997 | 20,993,699 | 6,116,446 | 17,573,885 | 7,833,322 | 22,224,828 | 6,461,343 | 18,574,583 |
| Other income | 1,950 | 9,040 | 4,207 | 11,528 | 1,950 | 9,040 | 4,221 | 11,550 |
| Provision for (reversal of) impairment of trade receivables | (1,496) | (5,558) | (451) | (46) | 778 | (4,131) | (49) | (263) |
| Inputs acquired from third parties | (4,877,981) | (13,815,873) | (4,411,308) | (11,987,965) | (5,262,368) | (14,821,708) | (4,709,567) | (12,840,211) |
| Cost of sales and services | (4,410,096) | (12,448,798) | (4,032,191) | (10,895,208) | (4,800,923) | (13,481,775) | (4,314,800) | (11,716,062) |
| Materials, energy, outsourced services and other | (467,885) | (1,367,075) | (379,117) | (1,092,757) | (461,445) | (1,339,933) | (394,767) | (1,124,149) |
| Gross value added | 2,495,470 | 7,181,308 | 1,708,894 | 5,597,402 | 2,573,682 | 7,408,029 | 1,755,948 | 5,745,659 |
| Depreciation and amortization | (367,153) | (1,076,918) | (325,766) | (936,868) | (369,839) | (1,084,642) | (329,488) | (942,545) |
| Net value added generated by the entity | 2,128,317 | 6,104,390 | 1,383,128 | 4,660,534 | 2,203,843 | 6,323,387 | 1,426,460 | 4,803,114 |
| Value added received through transfer | 129,981 | 291,350 | 40,185 | 85,212 | 116,665 | 243,564 | 23,972 | 69,267 |
| Equity in the results of subsidiaries | 23,772 | 70,431 | 15,251 | 15,234 | 188 | 501 | (1,594) | (2,822) |
| Finance income | 102,020 | 208,087 | 22,098 | 62,910 | 112,288 | 230,231 | 22,730 | 65,021 |
| Other | 4,189 | 12,832 | 2,836 | 7,068 | 4,189 | 12,832 | 2,836 | 7,068 |
| Total value added to distribute | 2,258,298 | 6,395,740 | 1,423,313 | 4,745,746 | 2,320,508 | 6,566,951 | 1,450,432 | 4,872,381 |
| Distribution of value added | | | | | | | | |
| Personnel | 731,316 | 2,099,189 | 602,555 | 1,709,642 | 747,367 | 2,144,493 | 615,471 | 1,741,671 |
| Direct remuneration | 581,338 | 1,645,695 | 470,589 | 1,339,429 | 591,423 | 1,674,715 | 477,603 | 1,357,946 |
| Benefits | 102,270 | 316,148 | 90,815 | 255,591 | 107,401 | 330,086 | 96,154 | 267,629 |
| Unemployment compensation fund | 47,708 | 137,346 | 41,151 | 114,622 | 48,543 | 139,692 | 41,714 | 116,096 |
| Taxes and contributions | 988,187 | 2,768,894 | 510,303 | 2,052,337 | 1,018,903 | 2,852,402 | 519,805 | 2,132,379 |
| Federal | 238,287 | 675,183 | 296,128 | 708,811 | 256,704 | 729,944 | 301,473 | 722,942 |
| State | 738,695 | 2,062,562 | 203,517 | 1,312,835 | 749,481 | 2,088,819 | 207,415 | 1,378,244 |
| Municipal | 11,205 | 31,149 | 10,658 | 30,691 | 12,718 | 33,639 | 10,917 | 31,193 |
| Providers of capital | 323,386 | 816,773 | 155,923 | 402,184 | 334,262 | 842,684 | 158,544 | 409,842 |
| Interest | 262,620 | 654,966 | 116,831 | 291,637 | 272,781 | 678,965 | 118,971 | 297,999 |
| Rentals | 60,766 | 161,807 | 39,092 | 110,547 | 61,481 | 163,719 | 39,573 | 111,843 |
| Interest on capital and dividends | 215,409 | 710,884 | 154,532 | 581,583 | 219,976 | 727,372 | 156,612 | 588,489 |
| Interest on capital | 82,000 | 222,000 | - | 94,000 | 82,000 | 222,000 | - | 94,000 |
| Interim dividends | 107,500 | 107,500 | - | - | 107,500 | 107,500 | - | - |
| Retained earnings for the period | 25,909 | 381,384 | 154,532 | 487,583 | 25,909 | 381,384 | 155,544 | 487,583 |
| Noncontrolling interests in retained earnings | - | - | - | - | 4,567 | 16,488 | 1,068 | 6,906 |
| Value added distributed and retained | 2,258,298 | 6,395,740 | 1,423,313 | 4,745,746 | 2,320,508 | 6,566,951 | 1,450,432 | 4,872,381 |

The accompanying notes are an integral part of this interim financial information.

**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2022**
(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 2,620 pharmacies (2,490 pharmacies - Dec/21), present in all 26 Brazilian states and the Federal District (26 states and the Federal District - Dec/21), as presented below:

| State | Consolidated | |
|-------------------------|--------------|--------------|
| | Sep/22 | Dec/21 |
| Southeast region | 1,550 | 1,526 |
| São Paulo | 1,128 | 1,120 |
| Minas Gerais | 192 | 189 |
| Rio de Janeiro | 176 | 166 |
| Espírito Santo | 54 | 51 |
| Northeast region | 380 | 348 |
| Bahia | 90 | 84 |
| Pernambuco | 89 | 86 |
| Ceará | 68 | 58 |
| Maranhão | 36 | 26 |
| Sergipe | 23 | 22 |
| Alagoas | 20 | 20 |
| Rio Grande do Norte | 19 | 17 |
| Paraíba | 19 | 19 |
| Piauí | 16 | 16 |
| South region | 323 | 287 |
| Paraná | 144 | 137 |
| Rio Grande do Sul | 101 | 78 |
| Santa Catarina | 78 | 72 |
| Midwest region | 266 | 245 |
| Goiás | 100 | 98 |
| Distrito Federal | 82 | 80 |
| Mato Grosso do Sul | 43 | 33 |
| Mato Grosso | 41 | 34 |
| North region | 101 | 84 |
| Pará | 45 | 43 |
| Amazonas | 17 | 13 |
| Tocantins | 14 | 14 |
| Rondônia | 13 | 10 |
| Amapá | 5 | 2 |
| Roraima | 4 | 1 |
| Acre | 3 | 1 |
| Total | 2,620 | 2,490 |

(A free translation of the original in Portuguese)

**Notes to the
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(All amounts in thousands of reais unless otherwise stated)**

During the current period, 174 pharmacies were opened and 44 pharmacies were closed until September 30, 2022 (until the third quarter of 2021, 154 pharmacies were opened and 11 were closed). All pharmacy closures were carried out to optimize our pharmacy 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 five call centers in the states of São Paulo, Tocantins, Pernambuco Paraná and Rio de Janeiro.

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.

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

2. Presentation of quarterly information

In conformity with Rule 593/2009 issued by the CVM, authorization to issue this interim financial information (ITR) was granted by the Company's Board of Directors on October 31, 2022.

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

The individual and consolidated interim financial information for the period ended September 30, 2022 has 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 interim financial information, 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 September 30, 2022.

The individual interim financial information is disclosed together with the consolidated interim financial information, which includes the interim financial information of the Company and its subsidiaries 4Bio, Vitat, Dr. Cuco, RD Ads and FIP RD Ventures and has 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 subsidiaries and the Company are fully eliminated in the consolidated interim financial information.

(A free translation of the original in Portuguese)

**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2022
(All amounts in thousands of reais unless otherwise stated)**

The interim financial information includes 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 assets 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) to the financial statements for the year ended December 31, 2021.

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 interim financial information.

Impacts of Covid-19 pandemic

In compliance with CVM Circular Letter SNC/SEP 03/2020, in view of the current scenario in Brazil due to the COVID -19 pandemic, the Company has carried out an ongoing monitoring of possible impacts in its operations, mainly related to the provision for expected credit losses, taking into consideration all facts and circumstances, in order to verify whether in fact there was a significant increase in credit risk or any temporary liquidity restriction and until the date of approval of this interim financial information, Management assessed and concluded that there was no significant change in credit risk regarding Trade Receivables that could justify any adjustment to the provision for expected credit losses, as well as the need for any additional disclosure on the Company's receivables.

In the 3rd quarter of 2022, there were no restrictions on the operation of our pharmacies due to Covid-19. In Management's assessment, there was no significant impact on sales indicating structural problems that could impact the accounting estimates with respect to: recoverability of financial assets (cash and cash equivalents, financial investments), realization of inventories, realization of deferred taxes, provisions for employee benefits, recoverability of indirect taxes, covenants, renegotiation of lease agreements, revaluation of assets, e-commerce revenue and taxes on profit.

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

New accounting procedures

There are no accounting standards, guidance or pronouncements that became effective for the first time as from the year beginning on January 1, 2022 with significant impact on the interim financial information. 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 accounting practices adopted in the preparation of this interim financial information were consistently applied in the current period and are consistent with those disclosed in Note 4 and, when related to significant accounting balances, are detailed in the notes to the financial statements for the year ended December 31, 2021, disclosed on February 22, 2022.

5. Cash and cash equivalents

| Cash and cash equivalents items | Parent Company | | Consolidated | |
|--|----------------|----------------|----------------|----------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Cash and banks | 115,637 | 138,189 | 117,311 | 141,132 |
| Debentures held under repurchase agreements ⁽ⁱ⁾ | 49 | 118,905 | 21,403 | 137,069 |
| Automatic investments ⁽ⁱⁱ⁾ | 24,055 | 56,347 | 45,276 | 63,857 |
| Bank Deposit Certificates - CDB ⁽ⁱⁱⁱ⁾ | 180,085 | 3,213 | 186,467 | 7,924 |
| Investment fund ^(iv) | - | - | 715 | 6,136 |
| Total | 319,826 | 316,654 | 371,172 | 356,118 |

**Notes to the
Individual and Consolidated Interim Financial Information
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(i) Refers to a fixed income investment with income linked to the variation of the Interbank Deposit Certificate - CDI, backed by publicly offered debentures, with commitment of repurchase by the Bank and resale by the Group, according to the conditions previously established in which financial institutions that negotiated these securities guarantee credit risk, of low risk to the Group, immediate liquidity and without loss of income.

(ii) Refers to a 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 waiting 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 financial investments are distributed at the banks Banco do Brasil, Banrisul, Bradesco, Caixa Econômica, Daycoval, Itaú, Safra, and Santander.

The Group's exposure to interest rate risks on financial investments is disclosed in Note 24 a.

6. Trade receivables

| Trade receivables items | Parent Company | | Consolidated | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Trade receivables | 2,064,148 | 1,498,665 | 2,364,639 | 1,727,115 |
| (-) Expected credit losses | (1,062) | (1,117) | (3,605) | (5,045) |
| (-) Adjustment to present value | (20,426) | (10,344) | (24,176) | (12,013) |
| Total | 2,042,660 | 1,487,204 | 2,336,858 | 1,710,057 |

The aging of trade receivables is presented below:

| Maturities | Parent Company | | Consolidated | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Not yet due | 2,062,420 | 1,494,586 | 2,351,224 | 1,702,961 |
| Overdue: | | | | |
| Between 1 and 30 days | 1,108 | 2,234 | 6,115 | 9,628 |
| Between 31 and 60 days | 294 | 793 | 2,341 | 3,576 |
| Between 61 and 90 days | 76 | 110 | 1,044 | 2,515 |
| Between 91 and 180 days | 14 | 942 | 2,126 | 5,435 |
| Between 181 and 360 days | 236 | - | 1,789 | 3,000 |
| (-) Expected credit losses | (1,062) | (1,117) | (3,605) | (5,045) |
| (-) Adjustment to present value | (20,426) | (10,344) | (24,176) | (12,013) |
| Total | 2,042,660 | 1,487,204 | 2,336,858 | 1,710,057 |

Days sales outstanding, represented by credit and debit cards and partnerships with companies and the Government, are approximately 43 days (35 days in Dec/2021), 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.

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The changes in expected credit losses are presented below:

| Changes in expected losses | Parent Company | Consolidated |
|-----------------------------------|-----------------------|---------------------|
| At January 1, 2021 | (646) | (2,069) |
| Additions | (4,351) | (8,192) |
| Reversals | 1,213 | 4,331 |
| Losses | 2,851 | 3,357 |
| At September 30, 2021 | (933) | (2,573) |
| Additions | (2,234) | (5,741) |
| Reversals | 882 | 1,870 |
| Losses | 1,168 | 1,399 |
| At December 31, 2021 | (1,117) | (5,045) |
| Additions | (7,263) | (16,417) |
| Reversals | 5,036 | 12,965 |
| Losses | 2,282 | 4,892 |
| At September 30, 2022 | (1,062) | (3,605) |

Trade receivables are classified as financial assets at amortized cost and are therefore measured as described in Note 24.1 – Impairment to the financial statements for the year ended December 31, 2021, disclosed on February 22, 2022.

7. Inventories

| Inventory items | Parent Company | | Consolidated | |
|------------------------------------|-----------------------|------------------|---------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Goods for resale | 5,713,809 | 5,031,442 | 5,877,551 | 5,159,810 |
| Consumables | 15,651 | 15,308 | 15,651 | 15,308 |
| (-) Provision for inventory losses | (60,078) | (32,614) | (60,078) | (32,614) |
| (-) Adjustment to present value | - | (24,115) | (940) | (24,705) |
| Total inventory | 5,669,382 | 4,990,021 | 5,832,184 | 5,117,799 |

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

| Changes in expected losses on goods | Parent Company | Consolidated |
|--|-----------------------|---------------------|
| At January 1, 2021 | (28,196) | (28,196) |
| Additions | (9,521) | (9,521) |
| Write-offs | 3,981 | 3,981 |
| At September 30, 2021 | (33,735) | (33,735) |
| Additions | 142 | 142 |
| Write-offs | 979 | 979 |
| At December 31, 2021 | (32,614) | (32,614) |
| Additions | (28,799) | (28,799) |
| Write-offs | 1,335 | 1,335 |
| At September 30, 2022 | (60,078) | (60,078) |

For the nine-month period ended September 30, 2022, cost of goods sold recognized in the statement of income was R\$ 13,716,259, Note 21, (R\$ 11,568,417 – Sep/2021) for the Parent Company and R\$ 14,734,369 (R\$ 12,388,615 – Sep/2021) for the Consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the period amounting to R\$ 169,763 (R\$ 135,632 – Sep/2021) for the Parent Company and R\$ 170,322 (R\$ 136,545 – Sep/2021) 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.

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8. Recoverable taxes

| Recoverable taxes items | Parent Company | | Consolidated | |
|--|----------------|----------------|----------------|----------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Taxes on profit recoverable | | | | |
| Withholding Income Tax (IRRF) | 7,406 | 3,633 | 7,927 | 4,012 |
| Corporate Income Tax (IRPJ) (i) | 83,211 | 64,605 | 87,667 | 73,046 |
| Social Contribution on Net Profit (CSLL) (i) | 39,455 | 21,537 | 42,780 | 24,479 |
| Subtotal | 130,072 | 89,775 | 138,374 | 101,537 |
| Other recoverable taxes | | | | |
| Value Added Tax on Sales and Services (ICMS) – credit balance (i) | 109,964 | 54,479 | 116,310 | 57,455 |
| ICMS – Refund of ICMS withheld in advance (ii) | 20,915 | 21,014 | 20,915 | 21,014 |
| ICMS on acquisitions of fixed assets | 95,292 | 96,306 | 95,292 | 96,306 |
| Social Integration Program (PIS) | 6,110 | 8,592 | 6,726 | 9,240 |
| Social Contribution on Revenue (COFINS) | 28,897 | 40,319 | 30,562 | 42,568 |
| Social Investment Fund (FINSOCIAL) - 1982 - securities issued to cover court-ordered debts | 561 | 561 | 561 | 561 |
| National Institute of Social Security (INSS) | - | - | 25 | 25 |
| Subtotal | 261,739 | 221,271 | 270,391 | 227,169 |
| Total | 391,811 | 311,046 | 408,765 | 328,706 |
| Current assets | 293,362 | 190,377 | 298,662 | 195,777 |
| Noncurrent assets | 98,449 | 120,669 | 110,103 | 132,929 |

(i) In the first quarter of 2022, the Company reviewed IRPJ/CSLL calculations from the past five years, specifically addressing the treatment of profit sharing (PLR) payments to its statutory directors, it was identified an addition to the calculation basis of these taxes greater than the amount due. The greater than due amount added to the calculation basis was identified after a reconciliation of profit and loss accounts that highlight the amount effectively expended.

(ii) The ICMS credits amounting to R\$ 109,964 and R\$ 20,915 (R\$ 54,479 and R\$ 21,014 - Dec/2021) for the Parent Company and R\$ 116,310 and R\$ 20,915 (R\$ 57,455 and R\$ 21,014 - Dec/2021) for the Consolidated accounts are the result of applying different ICMS rates and of refunds of ICMS-ST (the Substitute Taxpayer Regime) on goods receiving and shipping operations carried out by the Company's distribution centers in the states of Pernambuco, São Paulo, Paraná and Rio Grande do Sul in order to supply their branches located in other Brazilian states. In addition, the refund of ICMS ST was requested for the branches in the State of Mato do Grosso do Sul due to the presumed calculation basis higher than the price charged to the final consumer. The respective tax credits have been progressively consumed in the last months, mainly due to goods that are not under the substitute taxpayer regime.

Final and unappealable – Exclusion of ICMS from the PIS and COFINS calculation basis – Ordinary proceeding distributed by Drogasil S.A. in April 1986

On March 15, 2017, the Federal Supreme Court (STF) concluded the judgment on the merits of Appeal to Supreme Court No. 574,706, with general repercussion effects, thereby entitling taxpayers to the right of excluding ICMS from the PIS and COFINS tax basis.

On May 13, 2021, the Federal Supreme Court (STF) partially accepted the appeals for clarification filed by the Federal Government, determining that the ICMS amount to be excluded from the PIS and COFINS calculation basis is the one separately stated on the invoice, but the matter should only be effective beginning March 15, 2017, date of the judgment on the merits of RE 574,706/PR, except for the lawsuits and administrative proceedings filed until said date (session held by videoconference - Resolution No. 672/2020/STF). Once the ICMS amount separately stated on the invoice was considered as the calculation criteria, the Company recorded the additional amount of R\$ 58,044 in the non-recurring result in May 2021, of which R\$ 42,025 refers to the principal amount and R\$ 16,019 to the monetary adjustment. In March 2022, the Company recognized the amount in the non-recurring result of R\$ 11,928, related to the succeeded company Drogaria Onofre Ltda., the principal amount of which is R\$ 8,557 and the monetary adjustment is R\$ 3,371.

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Levy of IRPJ and CSLL on amounts related to the SELIC rate

On September 24, 2021, the Federal Superior Court (STF) unanimously ruled the non-levy of IRPJ and CSLL on the amounts related to the SELIC rate, received by the taxpayer due to the repetition of tax overdue. On September 22, 2021, the Company filed a writ of mandamus seeking recognition of the right to non-levy of IRPJ and CSLL on amounts arising from monetary adjustment and default interest, including SELIC, calculated on tax credits due to repetition of tax overdue payments, concentrated in the processes mentioned in the item above, whose amount recorded in November 2021 was R\$4,444 in the Parent Company and R\$5,236 in the Consolidated. The Company is awaiting the final and unappealable decision of its process for effective tax offsetting of the amounts due.

Expected realization of credits

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

| Expected realization | Parent Company | | Consolidated | |
|--------------------------|----------------|----------------|----------------|----------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| In the next 12 months | 293,362 | 190,377 | 298,662 | 195,777 |
| Between 13 and 24 months | 21,656 | 46,137 | 25,829 | 49,470 |
| Between 25 and 36 months | 24,084 | 24,657 | 28,018 | 27,960 |
| Between 37 and 48 months | 24,084 | 24,657 | 26,700 | 27,960 |
| Between 49 and 60 months | 28,625 | 25,218 | 29,556 | 27,539 |
| Total | 391,811 | 311,046 | 408,765 | 328,706 |

9. Investments

9.1. Business combinations and goodwill

(a) Business combination – 4Bio Medicamentos S.A.

In 2015, the Company acquired a 55% equity interest in 4Bio Medicamentos S.A. ("4Bio") and obtained its control on October 1, 2015.

The agreement establishes the granting of call and put options for all the remaining shares, corresponding to 45% of the total, which continued to be held by the founding stockholder. On September 24, 2019, the Company and the Equity Investment Fund Kona ("Kona"), holder of the shares of the founding stockholder, as agreed, signed an amendment to the original purchase and sale agreement changing the period of exercise of the call options held by the Company and of the put options held by Kona, related to the remaining 45% of 4Bio, adopting the following criterion: (i) 1st call and put options of shares, equivalent to 30% of the capital, will be exercisable between January 1, 2021 and June 30, 2021, having as reference the average of adjusted EBITDAs of 4Bio for the years ended December 31, 2018, 2019 and 2020; (ii) 2nd call and put options of shares, equivalent to 15% of the capital, will be exercisable between January 1, 2024 and June 30, 2024, having as reference the average of adjusted EBITDAs of 4Bio for the year ended December 31, 2021 and years ending December 31, 2022 and 2023. It was also established that Mr. André Kina will continue as CEO of 4Bio at least until the end of 2023.

On April 22, 2021, Kona submitted to the Company the Notice of Exercise of the First Put Option of shares equivalent to 30% of the capital of subsidiary 4Bio. The shares were transferred on May 13, 2021, upon the payment of R\$ 11,884. After the exercise of the first put option, the Company became the holder of 85% of the capital of 4Bio Medicamentos S.A.

The fair value of the financial liability referring to the additional stock options recorded in the Parent Company and Consolidated, of R\$ 63,557 (R\$ 37,383 - Dec/21), in the account of Payables to subsidiary's shareholder, is classified as Level 3 in the fair value hierarchy. The main fair value measurements have as reference: (i) a discount rate of 12.57% in March 2022 (12.57% - Dec/21), (ii) an average growth rate of EBITDA of 18.08% in March 2022 (18.08% - Dec/21), considering the average of the EBITDAs projected for 2022 to 2024 and the multiple provided for in contract.

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The goodwill arising on acquisition of R\$ 12,907 (R\$ 12,907 – Dec/21) for the Parent Company and R\$ 25,563 (R\$ 25,563 – Dec/21) for the Consolidated accounts represents the future economic benefits expected from the business combination.

(b) Business combination – Vitat Serviços em Saúde Ltda. (former "Tech.fit")

On February 18, 2021, the Company announced to its shareholders and to the market in general that it entered into an Agreement for the acquisition of 100% of the equity interest in B2U Editora S.A. ("Tech.fit"). ("Tech.fit").

Tech.fit is a Brazilian start-up with years of experience in developing digital platforms for the promotion of healthy habits. Its platform includes apps such as Tecnonutri, Dieta e Saúde, Workout and Cuidaí, which promote healthy eating habits and physical activities through nutritional programs, training plans and access to professionals such as nutritionists, psychologists and physical educators.

On March 5, 2021, the Company received the final approval by the Administrative Council for Economic Defense (CADE) and, upon compliance with the remaining conditions precedent established in the Agreement, on April 1, 2021, the Company entered into the Closing Term and made the payments set forth in the Agreement, taking over control of Tech.fit.

On May 4, 2021, the Company changed the name of the subsidiary to Vitat Serviços em Saúde Ltda. ("Vitat"), converted the subsidiary into a privately-held limited company, also adopting the trade name "Vitat", and included in its corporate purpose: health management support activities, nursing activities, diagnostic and therapeutic complementary services, other professional, scientific, and technical activities, clinical laboratories, activities of health care professionals and human health care activities, with the purpose of accelerating the development of our Health Platform, offering customers health promotion, prevention, customized journeys and contents.

The Company adopted the balance sheet as at March 31, 2021 as the opening balance sheet for purposes of allocating the effects of the acquisition. In compliance with NBC-TG 15 - Business Combinations, RD completed the fair value measurement of the net assets. The following table summarizes the consideration paid and the fair values of assets acquired and liabilities assumed recognized at the acquisition date.

| Assets | 03/31/2021 | Liabilities | 03/31/2021 |
|---------------------------|-------------------|---------------------------------------|-------------------|
| Cash and cash equivalents | 13,275 | Trade notes payable | 389 |
| Trade notes receivable | 2,635 | Social security and labor obligations | 599 |
| Recoverable taxes | 32 | Tax obligations | 140 |
| Other credits | 274 | Other obligations | 2,130 |
| Fixed assets, net | 228 | Liabilities | 3,258 |
| Intangible assets, net | 1,106 | Equity | 14,292 |
| Total assets | 17,550 | Total liabilities and equity | 17,550 |

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Allocation of the price of the consideration transferred:

| | <u>Parent Company</u> |
|--|-----------------------|
| Purchase price | 58,072 |
| Equity | 14,292 |
| Trademarks (included in intangible assets) | 2,394 |
| Platform (included in intangible assets) | 16,500 |
| Non-compete agreement (included in intangible assets) | 4,000 |
| Adjusted equity | 37,186 |
| Goodwill based on expected future profitability | 20,886 |
| | 58,072 |

The goodwill arising from the acquisition of R\$ 20,886 represents the future economic benefits expected from the business combination. If new information obtained within one year from the acquisition date, on the facts and circumstances that existed on the date of the acquisition, indicate adjustments to the amounts mentioned above, or any additional provision that existed on that date, the acquisition recorded may be reviewed.

On November 8, 2021, the Company made a capital increase in Vitat in the total amount of R\$ 25,000, which was paid in two installments, the first of which in the amount of R\$ 10,000 subscribed and paid up on November 12, 2021 and the second one in the amount of R\$ 15,000, fully subscribed and paid up on February 3, 2022. On May 30, 2022, the Company made a capital increase in Vital in the amount of R\$15,000.

(c) Business combination – Dr. Cuco Desenvolvimento de Software Ltda.

On August 6, 2021, the Company entered into an agreement for the acquisition of a 100% interest in the company Dr. Cuco Desenvolvimento de Software Ltda. ("Dr. Cuco" or "Cuco Health") for R\$ 15,000.

Cuco Health, founded in 2016, is pioneer in the development of a digital care platform focused on adherence to treatment. The low adherence to treatment is considered one of the main health problems all over the world, especially regarding asymptomatic chronic diseases. RD believes that the technology and expertise developed by Cuco Health will be fundamental to support its customers so that they can fully adhere to the treatment prescribed by their doctors.

On September 17, 2021, the transaction was definitely approved by the Administrative Council for Economic Defense - CADE and, on November 18, 2021, the acquisition was approved at the General Meeting, in accordance with Article 256 of Law 6,404/76.

The Company adopted the balance sheet as at November 19, 2021 as the opening balance sheet for purposes of allocating the effects of the acquisition. A study was prepared by an independent expert, using as a basis the financial statements of Dr. Cuco at the acquisition date to determine the purchase price allocation for purposes of goodwill allocation. The following table summarizes the consideration paid and the fair values of assets acquired and liabilities assumed recognized at the acquisition date.

| Assets | 11/19/2021 | Liabilities | 11/19/2021 |
|---------------------------|-------------------|--|-------------------|
| Cash and cash equivalents | 305 | Trade notes payable | 101 |
| Trade notes receivable | 480 | Tax, social security and labor obligations | 18 |
| Recoverable taxes | 30 | Borrowings | 589 |
| Other credits | 105 | Other obligations | 5 |
| Fixed assets, net | 33 | Liabilities | 713 |
| Intangible assets, net | 71 | Equity | 311 |
| Total assets | 1,024 | Total liabilities and equity | 1,024 |

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Allocation of the price of the consideration transferred:

| | <u>Parent Company</u> |
|--|-----------------------|
| Purchase price | 15,000 |
| Equity | 311 |
| Trademarks (included in intangible assets) | 2,203 |
| Platform (included in intangible assets) | 1,990 |
| Adjusted equity | 4,504 |
| Goodwill based on expected future profitability | 10,496 |
| | 15,000 |

The goodwill arising from the acquisition of R\$ 10,496 represents the future economic benefits expected from the business combination.

On December 7, 2021, the Company made a capital increase in Dr. Cuco in the amount of R\$ 400.

(d) Business combination – Healthbit Performasys Tecnologia Inteligência S.A. (Via RD Ventures)

On March 9, 2021, the subsidiary RD Ventures acquired a 50.75% equity interest in Healthbit Performasys Tecnologia Inteligência S.A. ("Healthbit") for R\$7,765, with a call option for all of the remaining shares as of 2026.

Healthbit is a technology startup focused on big data as a solution to reduce health claims in large companies and to promote health and disease prevention for its employees through the development of new technologies. Founded five years ago, Healthbit reached more than one million lives assisted in 2020 among its nearly one hundred and forty corporate customers.

The Company adopted the balance sheet as at February 28, 2021 as the opening balance sheet for purposes of allocating the effects of the acquisition. The following table summarizes the consideration paid and the fair values of assets acquired and liabilities assumed recognized at the acquisition date:

| Assets | 02/28/2021 | Liabilities | 02/28/2021 |
|---------------------------|-------------------|--|-------------------|
| Cash and cash equivalents | 731 | Suppliers | 26 |
| Trade receivables | 869 | Tax, social security and labor obligations | 763 |
| Recoverable taxes | 64 | Borrowings | 142 |
| Other credits | 211 | Other obligations | 124 |
| Fixed assets, net | 117 | Liabilities | 1,055 |
| | - | Equity | 937 |
| Total assets | 1,992 | Total liabilities and equity | 1,992 |

Allocation of the price of the consideration transferred:

| | <u>FIP RD Ventures</u> |
|--|------------------------|
| Purchase price | 7,765 |
| Adjustment to purchase price | 332 |
| Total purchase price | 8,097 |
| Equity | 937 |
| Portion acquired (50.75%) | 476 |
| Customer relationships (included in intangible assets) | 809 |
| Platform (included in intangible assets) | 833 |
| Non-compete agreement (included in intangible assets) | 363 |
| Adjusted equity | 2,481 |
| Goodwill | 5,616 |
| | 8,097 |

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(e) Business combination – Amplissoftware Tecnologia Ltda (Via RD Ventures)

On December 22, 2021, the Company concluded the acquisition of 100% of the equity interest in Amplissoftware Tecnologia Ltda. (“Amplimed”), through the subsidiary RD Ventures, for R\$ 90,000 (equivalent to R\$ 50,000 of “Base Price”, plus R\$ 40,000 equivalent to 1,648,233 shares of RD “Phantom shares”), of which R\$ 50,000 paid in cash and R\$ 40,000 retained for purposes of obligations and purchase price adjustment.

Amplimed is a healthtech leader in medical record software, which offers a complete solution for managing clinics and offices, including electronic medical records, telemedicine platform, electronic prescription, exam request, appointment scheduling, financial management and billing. The Amplimed platform performs around 700,000 monthly appointments and connects offices with more than nine million patients. It also connects and integrates healthcare providers, clinical analysis laboratories, imaging clinics and hospitals to allow healthcare professionals to have an integrated view of patient data, contributing to the integration and digitization of the healthcare ecosystem in Brazil. The Amplimed platform will allow the structuring of health data from the entire RD ecosystem, connecting the offices and clinics to the Vitat health services marketplace and allowing our more than forty million customers to schedule appointments in person or via teleservice through the platform, thus directing new patients and generating additional consultations for physicians using the Amplimed platform.

In compliance with NBC-TG 15 - Business Combinations, RD completed the fair value measurement of the net assets. The Company adopted the balance sheet as at December 22, 2021 as the opening balance sheet for purposes of allocating the effects of the acquisition. The following table summarizes the consideration paid and the fair values of assets acquired and liabilities assumed recognized at the acquisition date.

| Assets | 12/22/2021 | Liabilities | 12/22/2021 |
|---------------------------|-------------------|--|-------------------|
| Cash and cash equivalents | 260 | Suppliers | 147 |
| Trade receivables | 2,223 | Tax, social security and labor obligations | 521 |
| Other credits | 25 | Borrowings | 1,037 |
| Other non-current credits | 4,662 | Other obligations | 6,640 |
| Fixed assets, net | 248 | Liabilities | 8,345 |
| Intangible assets, net | 14 | Equity | (913) |
| Total assets | 7,432 | Total liabilities and equity | 7,432 |

Allocation of the price of the consideration transferred:

| | FIP RD Ventures |
|--|------------------------|
| Purchase price | 50,000 |
| Earn out | 40,000 |
| Debt settlement | (827) |
| Total purchase price | 89,173 |
| Equity | (913) |
| Customer relationships (included in intangible assets) | 160 |
| Platform (included in intangible assets) | 6,199 |
| Adjusted equity | 5,446 |
| Goodwill | 83,727 |
| | 89,173 |

The goodwill generated on the acquisition in the amount of R\$ 83,727 comprises the ratio between the consideration transferred by the Company, in the amount of R\$ 90,000, and the fair value of the acquired company.

On December 22, 2021, the Company made a capital increase in Amplimed in the amount of R\$ 5,800.

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(d) Business combinations – Eloopz Serviços de Promoção de Vendas EIRELI (Via RD Ads)

On September 13, 2022, the subsidiary RD ads acquired 100.00% of the equity interest in Eloopz Serviços de Promoção de Vendas EIRELI ("eLoopz") for R\$ 2,000.

The acquisition of eLoopz will allow RD to develop new advertising and publicity solutions to impact our 45 million active customers, intensifying the performance in out-of-home digital media in our pharmacies, in order to strengthen the advertising strategy of advertisers in physical and digital channels via RD Ads.

In compliance with NBC-TG 15(R3) – Business Combinations, RD is currently measuring the fair value of the assets acquired and net liabilities assumed.

9.2. Acquisition of associates and incorporation of companies

(a) Incorporation of company – Stix Fidelidade e Inteligência S.A.

The Company together with Grupo Pão de Açúcar ("GPA") announced the first Brazilian coalition of retailers with national companies through the creation of the company Stix Fidelidade ("Stix"). Stix was born with a platform of products and services for the accumulation and redemption of points, in order to offer discounts and advantages to the loyal customers of the two Companies, in addition to having the support in more than 3 thousand establishments across the country through the Drogasil, Droga Raia, Extra and Pão de Açúcar brands.

The Stix Fidelidade program focuses on offering valuable and affordable benefits to participants in a wide range of segments, building customer loyalty and generating value for the companies that will integrate its platform. The program was launched in October 2020, for customers who make their purchases at Droga Raia, Drogasil, Extra and Pão de Açúcar stores, accumulating Stix points.

Stix Fidelidade has its shareholding structure represented by 66.77% of GPA and 33.33% of the Company and it is an autonomous company, with a Board of Directors formed by members appointed by the shareholders.

On February 29, 2020, the Company made a capital contribution in the amount of R\$ 3,289 and on February 28, 2021, it made a capital contribution in the amount of R\$ 6,508, maintaining its proportional ownership interest.

(b) Incorporation of company - RD Ventures Fundo de Investimento em Participações - Multiestratégia

On October 22, 2020, the Company incorporated the private equity investment fund as a closed-end fund, pursuant to CVM Instruction 578 of August 30, 2016, as amended ("CVM Instruction 578"), to CVM Instruction 579 of August 30, 2016 and to Code ABVCAP/ANBIMA of Regulations and Best Practices, as well as other applicable legal and regulatory provisions, with the name RD Ventures Fundo de Investimento em Participações – Multiestratégia ("FIP RD Ventures").

FIP RD Ventures is managed by Paraty Capital Ltda., a company headquartered at Rua dos Pinheiros, 870, conjunto 133, Pinheiros, in the city of São Paulo, state of São Paulo, registered at the National Registry of Legal Entities (CNPJ/ME) 18.313.996/0001-50, duly authorized by the Brazilian Securities Commission ("CVM") to manage securities portfolio.

On December 30, 2020, the Company made a capital contribution in the amount of R\$ 4,500, on March 10, 2021 it made a capital increase in the total amount of R\$ 8,000, on November 12, 2021 it made a new capital increase of R\$ 24,000, on December 20, 2021 a new capital contribution of R\$ 60,000, and finally on April 20, 2022 a capital contribution of R\$ 9,000.

(c) Incorporation of a company - RD Ads Ltda.

On November 8, 2021, the Company created a new company in the Group, with the name RD Ads Ltda. ("RD Ads"), whose main objective is to monetize the data with the Industries and Advertising Agencies, connecting the brands to the most relevant customers.

On November 8, 2021, the Company contributed capital to RD Ads in the amount of R\$ 1, on March 8, 2022 it made a capital increase in the amount of R\$ 430, and on September 6, 2022 it made a new capital contribution of R\$ 13,000.

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(d) Acquisition of interest – Full Nine Digital Consultoria Ltda. (Via RD Ventures)

On December 10, 2021, through the subsidiary RD Ventures, the Company concluded the acquisition of a 12.50% equity interest in Full Nine Digital Consultoria Ltda. ("Conecta Lá") for R\$6,688, with a call option for the number of shares necessary to achieve 20.00%.

Conecta Lá was born as a consolidator and integrator of small sellers to connect them to large marketplaces and, from that, it also developed a Seller Center platform, which offers marketplaces that use the platform as a one-stop-shop solution to better serve its sellers, including product cataloging, order workflow, payments split, logistics solutions and information generation. The investment in Conecta Lá and the acquisition of the rights of use of its code will allow RD to accelerate the development of the product marketplace and improve the service provided to our sellers, in addition to reducing the transactional cost of the marketplace, contributing to the aspiration to offer the most complete assortment of health and wellness products and with a high level of customer and seller satisfaction.

In accordance with NBC-TG 18 (R2) - Investments in Associates and Joint Ventures, RD is conducting the fair value measurement of the net assets acquired on December 10, 2021. The best estimate of the fair value of identifiable assets and liabilities at the date of acquisition of Conecta Lá is presented below:

| Assets | 10/31/2021 | Liabilities | 10/31/2021 |
|---------------------------|-------------------|--|-------------------|
| Cash and cash equivalents | 1 | Trade notes payable | 112 |
| Trade notes receivable | 1,287 | Tax, social security and labor obligations | 479 |
| Recoverable taxes | 3 | Borrowings | 7,225 |
| Advances to suppliers | 10,081 | Advances from customers | 7,489 |
| Other credits | 477 | Liabilities | 15,305 |
| | - | Equity | (3,456) |
| Total assets | 11,849 | Total liabilities and equity | 11,849 |

Estimated allocation of the price of the consideration transferred:

| | FIP RD Ventures |
|------------------------|------------------------|
| Purchase price | 6,688 |
| Equity (12.50%) | (432) |
| Adjusted equity | (432) |
| Goodwill | 7,120 |
| | 6,688 |

(e) Acquisition of interest – Labi Exames S.A. (Via RD Ventures)

On December 22, 2022, the Company announced to the market the formalization of an Agreement for Investment, Options and Other Covenants for the execution of an investment through a loan convertible into shares, seeking to acquire an interest in the capital of Labi Exames S.A. ("Labi"). In December 2021, a loan of R\$ 15,000 was contracted. In February 2022, the First New Loan of R\$ 4,000 was carried out and In April 2022 the Second New Loan of R\$ 9,000 was granted. On August 5, 2022, the subsidiary RD Ventures formalized the Closing Instrument of the Conversion of the Convertible Loan and the Additional Investment, completing the acquisition of 20.25% of interest in Labi for R\$ 55,000, through the conversion of the Loans totaling R\$ 28,000 and a payment of R\$ 27,000.

Labi is a healthtech focused on laboratory tests, tests, check-ups and vaccines, which seeks to expand the access to health and to make it more convenient and digital. The purpose of the investment is to integrate the laboratory tests into the health journey and complement the services performed in the Company's Health Hubs, which will also start to offer services at customers' homes through Labi.

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In accordance with NBC-TG 18 (R2) - Investments in Associates and Joint Ventures, RD is conducting the fair value measurement of the net assets acquired on August 05, 2022. The best estimate of the fair value of identifiable assets and liabilities at the date of acquisition of Labi is presented below:

| Assets | 07/31/2022 | Liabilities | 07/31/2022 |
|---------------------------|-------------------|--|-------------------|
| Cash and cash equivalents | 3,254 | Borrowings | 4,021 |
| Trade notes receivable | 5,733 | Trade notes payable | 4,201 |
| Inventories | 2,194 | Tax, social security and labor obligations | 4,440 |
| Recoverable taxes | 322 | Advances from customers | 5 |
| Advances to suppliers | 2,420 | Liabilities | 12.667 |
| Other credits | 775 | | |
| Fixed assets | 11,163 | Equity | 13,194 |
| Total assets | 25,861 | Total liabilities and equity | 25,861 |

Estimated allocation of the price of the consideration transferred:

| | FIP RD Ventures |
|------------------------|------------------------|
| Purchase price | 55,000 |
| Equity (20.25%) | 2,672 |
| Adjusted equity | 2,672 |
| Goodwill | 52,328 |
| | 55,000 |

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9.3. Composition and changes in investments

At September 30, 2022, the Company's investment balances are presented below:

| Investee | Main activity | Interest (%) | Sep/22 | | Interest (%) | Dec/21 | |
|--|--|--------------|----------------|--------------|--------------|----------------|--------------|
| | | | Parent Company | Consolidated | | Parent Company | Consolidated |
| Direct interest | | | | | | | |
| 4Bio | Retail of special medicines | 85.00% | 255,385 | - | 85.00% | 164,890 | - |
| Stix Fidelidade | Platform of products and services for the accumulation and redemption of points | 33.33% | 2,351 | 2,350 | 33.33% | 830 | 830 |
| RD Ventures FIP | Private equity investment fund | 100.00% | 124,571 | - | 100.00% | 94,435 | - |
| Vitat | Supporting health management and promoting healthy habits | 100.00% | 48,998 | - | 100.00% | 47,274 | - |
| Dr. Cuco | Digital care platform focused on adherence to treatment | 100.00% | 15,427 | - | 100.00% | 15,411 | - |
| RD Ads | Advisory and consultancy in advertising and marketing | 100.00% | 26,040 | - | 100.00% | - | - |
| Indirect interest | | | | | | | |
| Healthbit | Big data technology to reduce claims | 50.75% | - | - | 50.75% | - | - |
| Conecta Lá (i) | Seller center platform that offers a unique solution to sellers | 12.50% | - | (1,452) | 12.50% | - | (432) |
| Amplimed | Online platform that offers a complete solution for managing clinics and offices | 100.00% | - | - | 100.00% | - | - |
| Labi | Healthtech focused on laboratory tests, tests, check-ups and vaccines. | 20.25% | - | 2,672 | - | - | - |
| Eloopz | Startup that develops 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% | - | 2,000 | - | - | - |
| Total | | | 472,772 | 5,570 | | 322,840 | 398 |
| Reclassification to "Other liabilities", as provision for losses on investments | | | - | 1,452 | | - | (432) |
| Classified as investments | | | 472,772 | 7,022 | | 322,840 | 830 |

(i) The provision for losses on investments at September 30, 2022 and December 31, 2021 is recorded in "Other provisions".

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

| Changes in investments | Parent Company | | | | | | Total |
|---------------------------------------|---------------------------|--------------------------|----------------------------------|----------------------------|-------------------------------------|-----------------------------|----------------|
| | 4BIO Subsidiary | stix Associate | RD VENTURES Subsidiary | vitat Subsidiary | CUCO HEALTH Subsidiary | RD ads Subsidiary | |
| At January 1, 2021 | 73,768 | (4,578) | 4,498 | - | - | - | 73,688 |
| Capital contribution | - | 6,508 | 8,000 | - | - | - | 14,508 |
| Business combinations | - | - | - | 58,072 | - | - | 58,072 |
| Equity in the results of subsidiaries | 27,467 | (2,822) | (1,332) | (8,079) | - | - | 15,234 |
| Restricted share compensation plan | (39) | - | - | - | - | - | (39) |
| Adjustment in percentage of interest | 34,023 | 28 | - | - | - | - | 34,051 |
| At September 30, 2021 | 135,219 | (864) | 11,166 | 49,993 | - | - | 195,514 |
| Capital contribution | - | - | 84,000 | 10,001 | 400 | 1 | 94,402 |
| Business combinations | - | - | - | - | 15,000 | - | 15,000 |
| Equity in the results of subsidiaries | 29,670 | 1,694 | (171) | (12,719) | 11 | (1) | 18,484 |
| Stock options | - | - | (559) | - | - | - | (559) |
| At December 31, 2021 | 164,890 | 830 | 94,435 | 47,274 | 15,411 | - | 322,840 |
| Capital contribution | - | - | 36,000 | 30,000 | - | 13,429 | 79,429 |
| Equity in the results of subsidiaries | 90,423 | 1,521 | (5,864) | (28,276) | 16 | 12,611 | 70,431 |
| Restricted share compensation plan | 72 | - | - | - | - | - | 72 |
| At September 30, 2022 | 255,385 | 2,351 | 124,571 | 48,998 | 15,427 | 26,040 | 472,772 |

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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 period of subsidiaries and associate for the purposes of determining the equity in results of subsidiaries:

| Changes in investments | Parent Company | | | | | | Total |
|---|----------------|----------------|----------------|-----------------|-------------|---------------|----------------|
| | 4BIO | stix | RDVENTURES | vitat | CUCO HEALTH | RD ads | |
| Profit (loss) for the year | 57,313 | (1,128) | (1,504) | (17,365) | 11 | (1) | 37,326 |
| Amortization of surplus value arising from business combination | (175) | - | - | (3,434) | - | - | (3,609) |
| Equity in the results of subsidiaries at 12/31/2021 | 57,138 | (1,128) | (1,504) | (20,799) | 11 | (1) | 33,717 |
| Profit (loss) for the period | 90,577 | 1,521 | (5,864) | (24,842) | 16 | 12,611 | 74,019 |
| Amortization of surplus value arising from business combination | (154) | - | - | (3,434) | - | - | (3,588) |
| Equity in the results of subsidiaries at 9/30/2022 | 90,423 | 1,521 | (5,864) | (28,276) | 16 | 12,611 | 70,431 |

| Adjusted equity | Parent Company | | | | | | Sep/22 |
|---|----------------|--------------|----------------|---------------|---------------|---------------|----------------|
| | 4BIO | stix | RDVENTURES | vitat | CUCO HEALTH | RD ads | |
| Investment at book value | 241,059 | 2,351 | 124,571 | 12,086 | 683 | 26,040 | 406,790 |
| Purchase price allocation (surplus value of assets) | 2,181 | - | - | 16,026 | 4,248 | - | 22,455 |
| Deferred income tax liability on allocation adjustments | (741) | - | - | - | - | - | (741) |
| Restricted share compensation plan | (21) | - | - | - | - | - | (21) |
| Total adjusted equity | 242,478 | 2,351 | 124,571 | 28,112 | 4,931 | 26,040 | 428,483 |
| Goodwill based on expected future profitability | 12,907 | - | - | 20,886 | 10,496 | - | 44,289 |
| Investment balance | 255,385 | 2,351 | 124,571 | 48,998 | 15,427 | 26,040 | 472,772 |

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| | Parent Company | | | | | Dec/21 |
|---|----------------|-------------|--------------------|---------------|--------------------|----------------|
| | 4BIO | stix | RD VENTURES | vitat | CUCO HEALTH | |
| Adjusted equity | | | | | | |
| Investment at book value | 150,482 | 830 | 94,435 | 6,928 | 667 | 253,342 |
| Purchase price allocation (surplus value of assets) | 2,415 | - | - | 19,460 | 4,248 | 26,123 |
| Deferred income tax liability on allocation adjustments | (821) | - | - | - | - | (821) |
| Restricted share compensation plan | (93) | - | - | - | - | (93) |
| Total adjusted equity | 151,983 | 830 | 94,435 | 26,388 | 4,915 | 278,551 |
| Goodwill based on expected future profitability | 12,907 | - | - | 20,886 | 10,496 | 44,289 |
| Investment balance | 164,890 | 830 | 94,435 | 47,274 | 15,411 | 322,840 |

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10.Fixed assets

10.1. Breakdown and changes

Fixed assets is broken down as follows:

| | Average annual depreciation rates (%) | Parent Company | | | | | |
|------------------------------------|--|------------------|-----------------------------|-------------------|------------------|-----------------------------|-------------------|
| | | Sep/22 | | | Dec/21 | | |
| | | Cost | Accumulated depreciation | Net book value | Cost | Accumulated depreciation | Net book value |
| Land | - | 32,124 | - | 32,124 | 32,125 | - | 32,125 |
| Buildings | 2.5 – 2.7 | 69,837 | (30,077) | 39,760 | 69,837 | (28,710) | 41,127 |
| Furniture, fittings and facilities | 7.4 – 10 | 1,374,110 | (620,278) | 753,832 | 1,258,303 | (539,910) | 718,393 |
| Machinery and equipment | 7.1 – 15.8 | 893,567 | (503,375) | 390,192 | 821,295 | (441,779) | 379,516 |
| Vehicles | 20 – 23.7 | 103,300 | (55,394) | 47,906 | 87,988 | (46,612) | 41,376 |
| Leasehold improvements | 13 – 20 | 1,879,822 | (1,041,103) | 838,719 | 1,588,521 | (808,330) | 780,191 |
| Total | | 4,352,760 | (2,250,227) | 2,102,533 | 3,858,069 | (1,865,341) | 1,992,728 |

| | Average annual depreciation rates (%) | Consolidated | | | | | |
|------------------------------------|--|------------------|-----------------------------|-------------------|------------------|-----------------------------|-------------------|
| | | Sep/22 | | | Dec/21 | | |
| | | 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 | (30,082) | 39,755 | 69,837 | (28,710) | 41,127 |
| Furniture, fittings and facilities | 7.4 – 10 | 1,376,830 | (621,546) | 755,284 | 1,260,584 | (541,060) | 719,524 |
| Machinery and equipment | 7.1 – 15.8 | 902,463 | (507,105) | 395,358 | 828,057 | (444,701) | 383,356 |
| Vehicles | 20 – 23.7 | 103,300 | (55,394) | 47,906 | 87,989 | (46,612) | 41,377 |
| Leasehold improvements | 13 – 20 | 1,884,215 | (1,043,928) | 840,287 | 1,592,141 | (810,629) | 781,512 |
| Total | | 4,368,769 | (2,258,055) | 2,110,714 | 3,870,732 | (1,871,712) | 1,999,020 |

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

| | Jan 1, 2021 | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Sep/21 | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Dec/21 | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Sep/22 |
|--|--------------------|------------------|--------------------------|---|--------------------|------------------|--------------------------|---|--------------------|------------------|--------------------------|---|--------------------|
| Changes in cost | | | | | | | | | | | | | |
| Land | 32,124 | - | - | - | 32,124 | - | - | - | 32,124 | - | - | - | 32,124 |
| Buildings | 69,837 | - | - | - | 69,837 | - | - | - | 69,837 | - | - | - | 69,837 |
| Furniture, fittings and facilities | 1,096,992 | 108,577 | (14,089) | 4,816 | 1,196,295 | 68,630 | (2,977) | (3,645) | 1,258,303 | 136,558 | (22,860) | 2,109 | 1,374,110 |
| Machinery and equipment | 705,530 | 93,216 | (9,109) | - | 789,637 | 34,713 | (3,054) | - | 821,296 | 88,423 | (16,134) | (18) | 893,567 |
| Vehicles | 73,711 | 4,705 | (723) | - | 77,693 | 10,474 | (179) | - | 87,988 | 15,379 | (67) | - | 103,300 |
| Leasehold improvements | 1,435,389 | 234,571 | (164,239) | 9,601 | 1,515,323 | 104,685 | (21,773) | (9,714) | 1,588,521 | 301,547 | (19,135) | 8,889 | 1,879,822 |
| Total | 3,413,583 | 441,069 | (188,160) | 14,417 | 3,680,909 | 218,502 | (27,983) | (13,359) | 3,858,069 | 541,907 | (58,196) | 10,980 | 4,352,760 |
| Changes in accumulated depreciation | | | | | | | | | | | | | |
| Land | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buildings | (26,886) | (1,368) | - | - | (28,254) | (456) | - | - | (28,710) | (1,367) | - | - | (30,077) |
| Furniture, fittings and facilities | (443,290) | (80,076) | 10,482 | (1,746) | (514,630) | (28,704) | 2,037 | 1,387 | (539,910) | (91,634) | 11,642 | (376) | (620,278) |
| Machinery and equipment | (361,320) | (67,209) | 8,224 | - | (420,305) | (24,204) | 2,730 | - | (441,779) | (75,607) | 14,000 | 11 | (503,375) |
| Vehicles | (38,306) | (6,594) | 720 | - | (44,180) | (2,547) | 115 | - | (46,612) | (8,840) | 58 | - | (55,394) |
| Leasehold improvements | (689,570) | (220,687) | 157,916 | (4,887) | (757,228) | (76,991) | 20,673 | 5,216 | (808,330) | (238,459) | 10,301 | (4,615) | (1,041,103) |
| Total | (1,559,372) | (375,934) | 177,342 | (6,633) | (1,764,597) | (132,902) | 25,555 | 6,603 | (1,865,341) | (415,907) | 36,001 | (4,980) | (2,250,227) |

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Changes in the Consolidated fixed assets are as follows:

| | Jan 1, 2021 | Addition by business combination | Additions | Disposals and write- offs | (Provision for) / Reversal of pharmacy closures | Sep/21 | Addition by business combination | Additions | Disposals and write- offs | (Provision for) / Reversal of pharmacy e closures | Dec/21 | Additions | Disposals and write- offs | (Provision for) / Reversal of pharmac ye closures | Sep/22 |
|--|--------------------|--|------------------|---------------------------------|---|--------------------|--|------------------|---------------------------------|---|--------------------|------------------|---------------------------------|---|--------------------|
| Changes in cost | | | | | | | | | | | | | | | |
| Land | 32,124 | - | - | - | - | 32,124 | - | - | - | - | 32,124 | - | - | - | 32,124 |
| Buildings | 69,837 | - | - | - | - | 69,837 | - | - | - | - | 69,837 | - | - | - | 69,837 |
| Furniture, fittings and facilities | 1,098,912 | 275 | 109,256 | (14,089) | 4,816 | 1,199,170 | 96 | 68,008 | (3,045) | (3,644) | 1,260,585 | 136,996 | (22,860) | 2,109 | 1,376,830 |
| Machinery and equipment | 709,103 | 889 | 93,753 | (9,109) | - | 794,636 | 492 | 35,983 | (3,054) | - | 828,057 | 90,558 | (16,134) | (18) | 902,463 |
| Vehicles | 74,058 | - | 4,705 | (723) | - | 78,040 | - | 10,474 | (525) | - | 87,989 | 15,378 | (67) | - | 103,300 |
| Leasehold improvements | 1,438,562 | 174 | 234,589 | (164,239) | 9,601 | 1,518,687 | 7 | 104,934 | (21,773) | (9,715) | 1,592,140 | 302,321 | (19,135) | 8,889 | 1,884,215 |
| Total | 3,422,596 | 1,338 | 442,303 | (188,160) | 14,417 | 3,692,494 | 595 | 219,399 | (28,397) | (13,359) | 3,870,732 | 545,253 | (58,196) | 10,980 | 4,368,769 |
| | | | | | | | | | | | | | | | |
| | Jan 1, 2021 | Addition by business combination | Additions | Disposals and write- offs | (Provision for) / Reversal of pharmacy e closures | Sep/21 | Addition by business combination | Additions | Disposals and write- offs | (Provision for) / Reversal of pharmacy e closures | Dec/21 | Additions | Disposals and write- offs | (Provision for) / Reversal of pharmac ye closures | Sep/22 |
| Changes in accumulated depreciation | | | | | | | | | | | | | | | |
| Land | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buildings | (26,886) | - | (1,368) | - | - | (28,254) | - | (456) | - | - | (28,710) | (1,372) | - | - | (30,082) |
| Furniture, fittings and facilities | (444,070) | (237) | (80,214) | 10,482 | (1,746) | (515,785) | (1) | (28,737) | 2,076 | 1,387 | (541,060) | (91,753) | 11,643 | (376) | (621,546) |
| Machinery and equipment | (362,736) | (778) | (67,696) | 8,224 | - | (422,986) | (119) | (24,328) | 2,732 | - | (444,701) | (76,415) | 14,000 | 11 | (507,105) |
| Vehicles | (38,499) | - | (6,625) | 720 | - | (44,404) | - | (2,516) | 308 | - | (46,612) | (8,840) | 58 | - | (55,394) |
| Leasehold improvements | (691,185) | (95) | (221,131) | 157,916 | (4,887) | (759,382) | - | (77,137) | 20,674 | 5,216 | (810,629) | (238,985) | 10,301 | (4,615) | (1,043,928) |
| Total | (1,563,376) | (1,110) | (377,034) | 177,342 | (6,633) | (1,770,811) | (120) | (133,174) | 25,790 | 6,603 | (1,871,712) | (417,365) | 36,002 | (4,980) | (2,258,055) |

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10.2. Changes in provision for pharmacy closures

The changes in the provision for closure of pharmacies is shown by the Parent Company:

| | Provision | Depreciation | Total properties |
|------------------------------|-----------------|----------------|------------------|
| At January 1, 2021 | (17,893) | 8,336 | (9,557) |
| Additions | (17,764) | 9,154 | (8,610) |
| Reversals | 32,181 | (15,787) | 16,394 |
| At September 30, 2021 | (3,476) | 1,703 | (1,773) |
| Additions | (16,338) | 13,104 | (3,234) |
| Reversals | 2,979 | (18,083) | (15,104) |
| At December 31, 2021 | (16,835) | (3,276) | (20,111) |
| Additions | (23,619) | 13,103 | (10,516) |
| Reversals | 34,598 | (18,083) | 16,515 |
| Changes, net | 10,979 | (4,980) | 5,999 |
| At September 30, 2022 | (5,856) | (8,256) | (14,112) |

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11. Intangible assets

11.1. Breakdown and changes

| | Average annual amortization rates (%) | Parent Company | | | | | |
|--|---|------------------|-----------------------------|------------------|------------------|-----------------------------|------------------|
| | | Sep/22 | | | Dec/21 | | |
| | | Cost | Accumulated amortization | Net book value | Cost | Accumulated amortization | Net book value |
| Points of sale | 17 – 23.4 | 264,659 | (199,573) | 65,086 | 249,992 | (174,779) | 75,213 |
| Software license | 20 | 549,891 | (222,646) | 327,245 | 407,985 | (156,542) | 251,443 |
| 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 | 19,052 | (10,169) | 8,883 | 19,046 | (8,483) | 10,563 |
| Trademarks with indefinite useful life | (i) | 151,000 | - | 151,000 | 151,000 | - | 151,000 |
| Customers portfolio | 6.7 – 25 | 41,700 | (39,822) | 1,878 | 41,700 | (39,477) | 2,223 |
| Total | | 1,828,661 | (474,597) | 1,354,064 | 1,672,082 | (381,668) | 1,290,414 |

| | Average annual amortization rates (%) | Consolidated | | | | | |
|---|---|------------------|-----------------------------|------------------|------------------|-----------------------------|------------------|
| | | Sep/22 | | | Dec/21 | | |
| | | Cost | Accumulated amortization | Net book value | Cost | Accumulated amortization | Net book value |
| Points of sale | 17 – 23.4 | 264,660 | (199,573) | 65,087 | 249,992 | (174,778) | 75,214 |
| Software license and systems implementation | 20 | 564,348 | (230,209) | 334,139 | 415,862 | (159,605) | 256,257 |
| 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 |
| Goodwill on business acquisition – 4Bio | (i) | 25,563 | - | 25,563 | 25,563 | - | 25,563 |
| Goodwill on business acquisition – Vitat | (i) | 20,886 | - | 20,886 | 20,886 | - | 20,886 |
| Goodwill on business acquisition – Cuco | (i) | 10,496 | - | 10,496 | 10,496 | - | 10,496 |
| Goodwill on business acquisition – Healthbit | (i) | 5,617 | - | 5,617 | 5,617 | - | 5,617 |
| Goodwill on business acquisition – Conecta Lá | (i) | 7,120 | - | 7,120 | 7,120 | - | 7,120 |
| Goodwill on business acquisition – Amplimed | (i) | 83,727 | - | 83,727 | 90,086 | - | 90,086 |
| Goodwill on business acquisition – Labi | (i) | 52,328 | - | 52,328 | - | - | - |
| Platform | 20 | 25,052 | (2,475) | 23,047 | 19,323 | (2,475) | 16,848 |
| Non-compete agreement | 20 | 4,833 | (600) | 3,763 | 4,363 | (600) | 3,763 |
| Trademarks with finite useful life | 20 | 27,518 | (16,254) | 11,292 | 27,528 | (14,569) | 12,959 |
| Trademarks with indefinite useful life | (i) | 153,930 | - | 153,930 | 153,930 | - | 153,930 |
| Customers portfolio (Raia S.A.) | 6.7 – 25 | 41,700 | (39,822) | 1,878 | 41,700 | (39,477) | 2,223 |
| Customer relationship | 20 | 8,897 | (3,420) | 5,477 | 8,737 | (3,420) | 5,317 |
| Total | | 2,099,062 | (494,740) | 1,604,322 | 1,883,562 | (397,311) | 1,486,251 |

(i) Assets with indefinite useful lives

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

| Changes in cost | Jan 1, 2021 | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Sep/21 | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Dec/21 | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Sep/22 |
|--|------------------|-----------------|--------------------------|---|------------------|-----------------|--------------------------|---|------------------|-----------------|--------------------------|---|------------------|
| Points of sale | 271,278 | 12,394 | (30,948) | 1,279 | 254,001 | 6,240 | (7,225) | (3,024) | 249,992 | 16,256 | (4,186) | 2,597 | 264,659 |
| Software license | 255,240 | 102,203 | (10,477) | 7 | 346,973 | 62,071 | (1,059) | - | 407,985 | 142,063 | (157) | - | 549,891 |
| Goodwill on business acquisition – Vison | 22,275 | - | - | - | 22,275 | - | - | - | 22,275 | - | - | - | 22,275 |
| Goodwill on business acquisition – Raia | 780,084 | - | - | - | 780,084 | - | - | - | 780,084 | - | - | - | 780,084 |
| Trademarks with finite useful life | 26,835 | 2,274 | - | - | 29,109 | 337 | (10,400) | - | 19,046 | 122 | (116) | - | 19,052 |
| Trademarks with indefinite useful life | 151,000 | - | - | - | 151,000 | - | - | - | 151,000 | - | - | - | 151,000 |
| Customers portfolio | 41,700 | - | - | - | 41,700 | - | - | - | 41,700 | - | - | - | 41,700 |
| Total | 1,548,410 | 116,871 | (41,425) | 1,286 | 1,625,142 | 68,648 | (18,684) | (3,024) | 1,672,082 | 158,441 | (4,459) | 2,597 | 1,828,661 |
| Changes in accumulated amortization | Jan 1, 2021 | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Sep/21 | Additions | Disposals and write-offs | Provision for / (Reversal of) pharmacy closures | Dec/21 | Additions | Disposals and write-offs | Provision for / (Reversal of) pharmacy closures | Sep/22 |
| Points of sale | (171,884) | (30,814) | 30,029 | (887) | (173,556) | (9,500) | 6,569 | 1,708 | (174,779) | (25,948) | 2,612 | (1,458) | (199,573) |
| Software license | (105,344) | (43,732) | 10,099 | (6) | (138,983) | (18,616) | 1,057 | - | (156,542) | (66,123) | 19 | - | (222,646) |
| Goodwill on business acquisition – Vison | (2,387) | - | - | - | (2,387) | - | - | - | (2,387) | - | - | - | (2,387) |
| Goodwill on business acquisition – Raia | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trademarks with finite useful life | (995) | (527) | - | - | (1,522) | (8,068) | 1,107 | - | (8,483) | (1,693) | 7 | - | (10,169) |
| Customers portfolio | (39,017) | (345) | - | - | (39,362) | (115) | - | - | (39,477) | (345) | - | - | (39,822) |
| Total | (319,627) | (75,418) | 40,128 | (893) | (355,810) | (36,299) | 8,733 | 1,708 | (381,668) | (94,109) | 2,638 | (1,458) | (474,597) |

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Changes in the consolidated intangible assets are as follows:

| Changes in cost | Jan 1, 2021 | Addition by business combination | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Sep/21 | Addition by business combination | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Dec/21 | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Sep/22 |
|--|------------------|----------------------------------|----------------|--------------------------|---|------------------|----------------------------------|----------------|--------------------------|---|------------------|----------------|--------------------------|---|------------------|
| Points of sale | 271,278 | - | 12,394 | (30,948) | 1,279 | 254,003 | - | 6,238 | (7,225) | (3,024) | 249,992 | 16,256 | (4,187) | 2,599 | 264,660 |
| Software license | 259,418 | - | 104,297 | (10,477) | 7 | 353,245 | 439 | 63,237 | (1,059) | - | 415,862 | 149,900 | (1,414) | - | 564,348 |
| Goodwill on acquisition – Vison | 22,275 | - | - | - | - | 22,275 | - | - | - | - | 22,275 | - | - | - | 22,275 |
| Goodwill on acquisition – Raia | 780,084 | - | - | - | - | 780,084 | - | - | - | - | 780,084 | - | - | - | 780,084 |
| Goodwill on acquisition – 4Bio | 25,563 | - | - | - | - | 25,563 | - | - | - | - | 25,563 | - | - | - | 25,563 |
| Goodwill on acquisition – Vitat | - | - | 20,886 | - | - | 20,886 | - | - | - | - | 20,886 | - | - | - | 20,886 |
| Goodwill on acquisition – Cuco | - | - | - | - | - | - | - | 10,496 | - | - | 10,496 | - | - | - | 10,496 |
| Goodwill on acquisition – Healthbit | - | - | - | - | - | - | - | 5,617 | - | - | 5,617 | - | - | - | 5,617 |
| Goodwill on acquisition – Conecta Lá | - | - | - | - | - | - | - | 7,120 | - | - | 7,120 | - | - | - | 7,120 |
| Goodwill on acquisition – Amplimed | - | - | - | - | - | - | - | 90,086 | - | - | 90,086 | (6,359) | - | - | 83,727 |
| Goodwill on acquisition – Labi | - | - | - | - | - | - | - | - | - | - | - | 52,328 | - | - | 52,328 |
| Surplus Value - Platform | - | - | 16,500 | - | - | 16,500 | - | 2,823 | - | - | 19,323 | 6,199 | - | - | 25,522 |
| Non-compete agreement | - | - | 4,000 | - | - | 4,000 | - | 363 | - | - | 4,363 | - | - | - | 4,363 |
| Trademarks with finite useful life | 28,974 | 1,678 | 4,668 | - | - | 35,320 | 13 | 2,595 | (10,400) | - | 27,528 | 134 | (116) | - | 27,546 |
| Trademarks with indefinite useful life | 153,930 | - | - | - | - | 153,930 | - | - | - | - | 153,930 | - | - | - | 153,930 |
| Customers portfolio - Raia | 41,700 | - | - | - | - | 41,700 | - | - | - | - | 41,700 | - | - | - | 41,700 |
| Customer relationship | 7,928 | - | - | - | - | 7,928 | - | 809 | - | - | 8,737 | 160 | - | - | 8,897 |
| Total | 1,591,150 | 1,678 | 162,745 | (41,425) | 1,286 | 1,715,434 | 452 | 189,384 | (18,684) | (3,034) | 1,883,562 | 218,618 | (5,717) | 2,599 | 2,099,062 |

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| Changes in accumulated amortization | Jan 1, 2021 | Addition by business combination | Additions | Disposals and write-offs | (Provision for) / Reversal of pharmacy closures | Sep/21 | Addition by business combination | Additions | Disposals and write-offs | Provision for / (Reversal of) pharmacy closures | Dec/21 | Additions | Disposals and write-offs | Provision for / (Reversal of) pharmacy closures | Sep/22 |
|--|------------------|----------------------------------|-----------------|--------------------------|---|------------------|----------------------------------|-----------------|--------------------------|---|------------------|-----------------|--------------------------|---|------------------|
| Points of sale | (171,883) | - | (30,815) | 30,030 | (887) | (173,555) | - | (9,499) | 6,568 | 1,708 | (174,778) | (25,949) | 2,612 | (1,458) | (199,573) |
| Software license | (107,033) | - | (44,433) | 10,100 | (6) | (141,372) | (367) | (18,922) | 1,056 | - | (159,605) | (71,004) | 400 | - | (230,209) |
| Goodwill on acquisition – Vison Platform | (2,387) | - | - | - | - | (2,387) | - | - | - | - | (2,387) | - | - | - | (2,387) |
| Non-compete agreement | - | - | (1,650) | - | - | (1,650) | - | (825) | - | - | (2,475) | - | - | - | (2,475) |
| Trademarks with finite useful life | - | - | (400) | - | - | (400) | - | (200) | - | - | (600) | - | - | - | (600) |
| Customers portfolio - Raia | (6,149) | (572) | (766) | - | - | (7,487) | - | (8,188) | 1,106 | - | (14,569) | (1,692) | 7 | - | (16,254) |
| Customer relationship | (39,017) | - | (345) | - | - | (39,362) | - | (115) | - | - | (39,477) | (345) | - | - | (39,822) |
| | (2,972) | - | (308) | - | - | (3,280) | - | (140) | - | - | (3,420) | - | - | - | (3,420) |
| Total | (329,441) | (572) | (78,717) | 40,130 | (893) | (369,493) | (367) | (37,889) | 8,730 | 1,708 | (397,311) | (98,990) | 3,019 | (1,458) | (494,740) |

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11.2. Goodwill on the acquisition of companies

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

| Company | Goodwill amount | Acquisition |
|---|-----------------|-------------|
| Drogaria Vison | 19,888 | 02/13/2008 |
| Raia | 780,084 | 11/10/2011 |
| 4Bio Medicamentos | 25,563 | 10/01/2015 |
| Vitat Serviços em Saúde | 20,886 | 04/01/2021 |
| Dr. Cuco Desenvolvimento de Software | 10,496 | 11/19/2021 |
| Healthbit Performasys Tecnologia Inteligência | 5,616 | 03/09/2021 |
| Amplissoftware Tecnologia | 83,727 | 12/22/2021 |
| Full Nine Digital Consultoria | 7,120 | 12/10/2021 |
| Labi Exames S.A. | 52,328 | 08/05/2022 |

As disclosed in Note 10.1. Fixed assets and Intangible assets - Accounting Policy of the financial statements for the year ended December 31, 2021, disclosed on February 22, 2022, intangible assets with indefinite useful lives, such as goodwill surplus value related to trademarks, are tested for impairment at least on an annual basis, or whenever there is indication of impairment. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGU's). The Company's CGUs are the stores.

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 impairment testing ever since. The recoverable amount of the cash generating unit of 'Vison' is R\$145,079 at December 31, 2021 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 17.1%. The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.2%.

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\$ 5,661,365 at December 31, 2021 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 14.3%. The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.2%.

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\$ 191,551 at December 31, 2021 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 12.6%. The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3%.

Vitat Serviços em Saúde Ltda. - The Company computed goodwill of R\$ 20,886 in the business combination with Vitat Negócios em Saúde Ltda. (former B2U Editora S.A.), occurred on April 1, 2021, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

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Dr. Cuco Desenvolvimento de Software Ltda. - The Company computed goodwill of R\$ 10,496 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.

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.

Aplissoftware Tecnologia Ltda. - The Company computed goodwill of R\$ 83,727 in the business combination with Aplissoftware 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.

Full Nine Digital Consultoria Ltda. - The Company computed goodwill of R\$ 7,120 in the acquisition of interest in Full Nine Digital Consultoria Ltda. occurred on December 10, 2021, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

11.3. Changes in the provision for pharmacy closures

The changes in the provision for closure of pharmacies is shown by the Parent Company:

| | Provision | Amortization | Total intangible assets |
|------------------------------|----------------|----------------|-------------------------|
| At January 1, 2021 | (2,287) | 1,443 | (844) |
| Additions | (3,523) | 1,949 | (1,574) |
| Reversals | 4,809 | (2,842) | 1,967 |
| At September 30, 2021 | (1,001) | 550 | (451) |
| Additions | (1,588) | 1,159 | (429) |
| Reversals | 4,187 | (2,616) | 1,571 |
| At December 31, 2021 | 1,598 | (907) | 691 |
| Additions | (1,589) | 1,158 | (431) |
| Reversals | 4,187 | (2,616) | 1,571 |
| Changes, net | 2,598 | (1,458) | 1,140 |
| At September 30, 2022 | 4,196 | (2,365) | 1,831 |

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12. 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 period. 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 21).

(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.

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 19 d).

13. Suppliers

| Suppliers items | Parent Company | | Consolidated | |
|-----------------------------|------------------|------------------|------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Goods suppliers | 3,392,295 | 3,327,184 | 3,634,868 | 3,496,652 |
| Service providers | 134,599 | 141,496 | 139,085 | 144,064 |
| Materials suppliers | 24,248 | 37,800 | 24,439 | 38,024 |
| Assets suppliers | 8,314 | 19,492 | 8,615 | 19,802 |
| Adjustment to present value | (50,544) | (40,644) | (53,213) | (41,935) |
| Total | 3,508,912 | 3,485,328 | 3,753,794 | 3,656,607 |

In the third quarter of 2022, certain suppliers have assigned Company notes, without right of subrogation, allowing its suppliers to advance their receivables. This advance on credit notes generated a financial gain to the Company in the amount of R\$ 8,172 (R\$ 8,986 on Sep/21). 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 credit. In addition, there is no obligation that results in any expense for the Company. 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 because there is no change in the conditions originally agreed with suppliers and because of its low gearing ratio.

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14. Borrowings, debentures and promissory notes

(a) Breakdown

| Borrowings items | Average annual long-term interest rate | Parent Company | | Consolidated | |
|--------------------------------|--|------------------|------------------|------------------|------------------|
| | | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Promissory Notes | | | | | |
| 1st issue of promissory notes | 100.00% of CDI + 3.00% p.a. | - | 333,460 | - | 333,460 |
| Total Promissory Notes | | - | 333,460 | - | 333,460 |
| Debentures | | | | | |
| 1st issue of debentures | | - | 33,808 | - | 33,808 |
| 2nd issue of debentures | 104.50% of CDI | 44,430 | 135,773 | 44,430 | 135,773 |
| 3rd issue of debentures - CRIs | 98.50% of CDI | 248,061 | 250,947 | 248,061 | 250,947 |
| 4th issue of debentures | 106.99% of CDI | 311,829 | 300,804 | 311,829 | 300,804 |
| 5th issue of debentures | 100.00% of CDI + 1.49% p.a. | 511,992 | - | 511,992 | - |
| 6th issue of debentures - CRIs | 100.00% of CDI + 0.70% p.a. | 247,300 | - | 247,300 | - |
| 7th issue of debentures - CRIs | 100.00% of CDI + 0.75% p.a. | 555,556 | - | 555,556 | - |
| Total Debentures | | 1,919,168 | 721,332 | 1,919,168 | 721,332 |
| Borrowings | | | | | |
| Direct loans - Law 4,131 | 100.00% of CDI + 2.61% p.a. | 300,308 | 307,163 | 300,308 | 307,163 |
| Direct loans - Law 4,131 | 100.00% of CDI + 3.30% p.a. | - | 100,052 | - | 100,052 |
| Direct loans - Law 4,131 | 100.00% of CDI + 1.37% | - | - | 45,407 | - |
| Other | 100.00% of CDI + 2.95% p.a. | - | - | 134 | 43,060 |
| Other BNDES – Subloan | - | - | 155 | - | 155 |
| Total Borrowings | | 300,308 | 407,370 | 345,849 | 450,430 |
| Total | | 2,219,476 | 1,462,162 | 2,265,017 | 1,505,222 |
| Current liabilities | | 89,343 | 571,549 | 134,789 | 613,831 |
| Noncurrent liabilities | | 2,130,133 | 890,613 | 2,130,228 | 891,391 |

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The amounts above have the following payment flow forecast:

| Payment forecast | Parent Company | | Consolidated | |
|---------------------|------------------|------------------|------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| 2022 | 30,371 | 571,549 | 30,816 | 613,831 |
| 2023 | 57,778 | 43,105 | 102,874 | 43,883 |
| 2024 and thereafter | 2,131,327 | 847,508 | 2,131,327 | 847,508 |
| Total | 2,219,476 | 1,462,162 | 2,265,017 | 1,505,222 |

(b) Characteristics of the debentures and promissory notes

Promissory Notes

| Type of issue | Issue amount | Quantity outstanding | Issue | Maturity | Annual charges | Unit price |
|---------------------------|--------------|----------------------|------------|-----------|----------------|------------|
| 1st Issue – Single Series | R\$ 300,000 | 60 | 04/24/2020 | 2020-2022 | CDI + 3.00% | R\$ 5,000 |

On April 24, 2020, the Company carried out the 1st issue of promissory notes in a single series for public distribution with restricted efforts (CVM 476), in the amount of R\$ 300,000, with remuneration of 100% of the cumulative variation of the average daily rates of the DI, plus a surcharge of 3.00% p.a. and payment term of two years. Interest payment and amortization of principal will be carried out on the maturity date. The funds were used to improve the working capital.

The contract was fully settled on April 25, 2022, on the due date.

Debentures

| Type of issue | Issue amount | Quantity outstanding | Issue | Maturity | Annual charges | Unit price |
|---------------------------|--------------|----------------------|------------|-----------|--------------------------|------------|
| 1st Issue – Single Series | R\$ 300,000 | 30,000 | 04/19/2017 | 2017-2022 | 104.75% of CDI | R\$ 10 |
| 2nd Issue - 9 Series | R\$ 400,000 | 40,000 | 04/02/2018 | 2018-2023 | 104.50% of CDI(*) | R\$ 10 |
| 3rd Issue – Single Series | R\$ 250,000 | 250,000 | 03/15/2019 | 2019-2026 | 98.50% of CDI | R\$ 1 |
| 4th Issue – Single Series | R\$ 300,000 | 300,000 | 06/17/2019 | 2019-2027 | 106.99% of CDI | R\$ 1 |
| 5th Issue – Single Series | R\$ 500,000 | 500,000 | 01/25/2022 | 2022-2029 | 100% of CDI + 1.49% p.a. | R\$ 1 |
| 6th Issue – Single Series | R\$ 250,000 | 250,000 | 03/07/2022 | 2022-2027 | 100% of CDI + 1.49% p.a. | R\$ 1 |
| 7th Issue – Single Series | R\$ 550,000 | 550,000 | 06/26/2022 | 2028-2029 | 100% of CDI + 0.75% p.a. | R\$ 1 |

(*) Weighted average rate of series.

On April 19, 2017, the Company carried out the 1st issue of non-convertible, simple, unsecured debentures in a single series in the total amount of R\$ 300,000, with remuneration of 104.75% of CDI and payment term of 60 months. The principal will be amortized in nine semiannual and consecutive installments, the first from the twelfth month after issuance and the interest payments will be semi-annual, with the first payment due in October 2017 and the remaining payments in April and October of each year until the due date. Debentures were used by the Company as an instrument to strengthen its working capital.

The contract of the 1st issue of simple debentures was fully settled on the due date, on April 19, 2022.

On April 2, 2018, the Company carried out the 2nd issue of simple debentures with payment term of 60 months (April/2023). The amortization of the principal related to the 2nd issue of debentures will occur in 9 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.

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 are

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being 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 will be 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 in the total amount of R\$ 300,000 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 in the total amount of R\$ 500,000 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 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 January 25, 2029. The funds will be 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 in the total amount of R\$ 250,000 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 will be 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 True Securitizadora, which will be issued with guarantee in the "CRI" debentures, object of a public offering for distribution under CVM Instruction 400.

On June 26, 2022, the Company carried out the 7th issue of non-convertible, simple unsecured debentures in a single series in the total amount of R\$ 550,000 for public distribution with restricted efforts (CVM476), 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 will be 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 will be issued with guarantee in the "CRI" Debentures, object of a public offering for distribution under CVM 400.

The costs incurred on the issues of the Company's debentures (2017 - 1st issue, 2018 - 2nd issue, 2019 - 3rd and 4th issues, 2022 - 5th, 6th and 7th issues), including fees, commissions and other costs, totaled R\$ 37,429 and are classified in the line item of the respective debentures and are being recognized over the total period of the debt. At September 30, 2022, the amount to be recognized was R\$ 24,487 (R\$ 5,430 - Dec/2021), and is presented net in the 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 and promissory notes considers the balances of borrowings. As described in Note 14 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 September 30, 2022, 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.

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The Group monitors clauses subject to compliance with non-financial covenants, in order to ensure that they are being complied with. At September 30, 2022, the Company was in compliance with these covenants.

(c) Characteristics of borrowings

On April 8, 2020, the Company 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 CDIs, plus a surcharge of 3.30% per year and payment term of two years. 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.

The contract was settled on March 29, 2022, in the amount of R\$ 100,000.

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. The funds were used to improve the working capital.

The transaction costs incurred in borrowings - 4131 are of 0.25% referring to the amount of R\$ 100,000, with a term of two years, and 0.30% referring to the amount of R\$ 300,000, with a term of three years, including fees, commissions and other costs, which amounted to R\$ 2,005 and are classified in line item of the respective borrowings, and are being recognized over the total period of the debt. At September 30, 2022, the amount to be recognized was R\$ 425 (R\$ 693 - Dec/21), and is presented net in the borrowings balance.

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

(d) Reconciliation of net debt

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

| Composition and changes in net debt | Parent Company | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Short-term borrowings | 89,343 | 571,549 | 134,789 | 613,831 |
| Long-term borrowings | 2,130,133 | 890,613 | 2,130,228 | 891,391 |
| Total debt | 2,219,476 | 1,462,162 | 2,265,017 | 1,505,222 |
| (-) Cash and cash equivalents (Note 5) | (319,826) | (316,654) | (371,172) | (356,118) |
| Net debt | 1,899,650 | 1,145,508 | 1,893,845 | 1,149,104 |

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| Changes in net debt | Parent Company | | |
|---------------------------------------|-----------------------|----------------------------------|------------------|
| | Borrowings | Cash and cash equivalents | Net debt |
| Net debt at January 1, 2020 | 1,620,001 | (855,257) | 764,744 |
| Funding | 298,937 | - | 298,937 |
| Accrued interest | 55,255 | - | 55,255 |
| Payment of interest | (46,914) | - | (46,914) |
| Amortization of principal | (406,865) | - | (406,865) |
| Amortization of transaction costs | 3,353 | - | 3,353 |
| Decrease in cash and cash equivalents | - | 627,788 | 627,788 |
| Net debt at September 30, 2021 | 1,523,767 | (227,469) | 1,296,298 |
| Funding | (63) | - | (63) |
| Accrued interest | 32,517 | - | 32,517 |
| Payment of interest | (17,175) | - | (17,175) |
| Amortization of principal | (77,852) | - | (77,852) |
| Amortization of transaction costs | 968 | - | 968 |
| Increase in cash and cash equivalents | - | (89,185) | (89,185) |
| Net debt at December 31, 2021 | 1,462,162 | (316,654) | 1,145,508 |
| Funding | 1,277,894 | - | 1,277,894 |
| Accrued interest | 188,848 | - | 188,848 |
| Payment of interest | (190,417) | - | (190,417) |
| Amortization of principal | (522,330) | - | (522,330) |
| Amortization of transaction costs | 3,319 | - | 3,319 |
| Increase in cash and cash equivalents | - | (3,172) | (3,172) |
| Net debt at September 30, 2022 | 2,219,476 | (319,826) | 1,899,650 |

| Changes in net debt | Consolidated | | |
|---------------------------------------|---------------------|----------------------------------|------------------|
| | Borrowings | Cash and cash equivalents | Net debt |
| Net debt at January 1, 2020 | 1,653,454 | (880,357) | 773,097 |
| Funding | 337,174 | - | 337,174 |
| Borrowings in business combinations | 1,763 | - | 1,763 |
| Accrued interest | 56,525 | - | 56,525 |
| Payment of interest | (47,686) | - | (47,686) |
| Amortization of principal | (439,794) | - | (439,794) |
| Amortization of transaction costs | 3,353 | - | 3,353 |
| Decrease in cash and cash equivalents | - | 633,199 | 633,199 |
| Net debt at September 30, 2021 | 1,564,789 | (247,158) | 1,317,631 |
| Funding | 1,060 | - | 1,060 |
| Accrued interest | 33,432 | - | 33,432 |
| Payment of interest | (17,175) | - | (17,175) |
| Amortization of principal | (77,852) | - | (77,852) |
| Amortization of transaction costs | 968 | - | 968 |
| Increase in cash and cash equivalents | - | (108,960) | (108,960) |
| Net debt at December 31, 2021 | 1,505,222 | (356,118) | 1,149,104 |
| Funding | 1,428,046 | - | 1,428,046 |
| Accrued interest | 195,131 | - | 195,131 |
| Payment of interest | (198,249) | - | (198,249) |
| Amortization of principal | (668,452) | - | (668,452) |
| Amortization of transaction costs | 3,319 | - | 3,319 |
| Increase in cash and cash equivalents | - | (15,054) | (15,054) |
| Net debt at September 30, 2022 | 2,265,017 | (371,172) | 1,893,845 |

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15. Leases**As a lessee**

Right-of-use asset

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

| Right-of-use asset | Parent Company | | Consolidated | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Operating real estate | 2,931,839 | 3,041,467 | 2,932,176 | 3,041,468 |
| Residential real estate | 17,108 | 11,537 | 17,795 | 12,207 |
| Distribution/administrative centers | 403,167 | 274,018 | 405,668 | 276,290 |
| Vehicles | 127 | 602 | 128 | 602 |
| Total | 3,352,241 | 3,327,624 | 3,355,767 | 3,330,567 |

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 | Equipment | Total |
| At 01/01/2021 | 2,894,417 | 9,380 | 254,410 | 152 | 35 | 3,158,394 |
| New agreements | 225,461 | 7,094 | - | 393 | - | 232,948 |
| Remeasurements ⁽ⁱ⁾ | 431,763 | (1,768) | 72,959 | 652 | (12) | 503,594 |
| Termination of agreements | (37,649) | (2,029) | - | - | - | (39,678) |
| Depreciation | (468,198) | (1,860) | (41,183) | (24) | (7) | (511,272) |
| At 09/30/2021 | 3,045,794 | 10,817 | 286,186 | 1,173 | 16 | 3,343,986 |
| New agreements | 83,224 | 2,889 | 70 | (81) | - | 86,102 |
| Remeasurements ⁽ⁱ⁾ | 92,063 | 612 | 2,869 | (481) | 20 | 95,083 |
| Termination of agreements | (8,026) | (2,099) | (14) | - | (35) | (10,174) |
| Depreciation | (171,588) | (682) | (15,093) | (9) | (1) | (187,373) |
| At 12/31/2021 | 3,041,467 | 11,537 | 274,018 | 602 | - | 3,327,624 |
| New agreements | 301,216 | 11,042 | 37,572 | - | - | 349,830 |
| Remeasurements ⁽ⁱ⁾ | 161,249 | (2,298) | 140,933 | 15 | - | 299,899 |
| Termination of agreements | (24,266) | (1,095) | - | (382) | - | (25,743) |
| Depreciation | (547,827) | (2,078) | (49,356) | (108) | - | (599,369) |
| At 09/30/2022 | 2,931,839 | 17,108 | 403,167 | 127 | - | 3,352,241 |

| | Consolidated | | | | | |
|-------------------------------|-----------------------|-------------------------|-------------------------------------|--------------|-----------|------------------|
| | Operating real estate | Residential real estate | Distribution/administrative centers | Vehicles | Equipment | Total |
| At 01/01/2021 | 2,894,417 | 9,459 | 257,181 | 153 | 35 | 3,161,245 |
| New agreements | 225,461 | 7,173 | 414 | 393 | - | 233,441 |
| Remeasurements ⁽ⁱ⁾ | 431,763 | (1,594) | 73,556 | 652 | (12) | 504,365 |
| Termination of agreements | (37,649) | (2,029) | (63) | - | - | (39,741) |
| Depreciation | (468,198) | (1,917) | (42,345) | (24) | (7) | (512,491) |
| At 09/30/2021 | 3,045,794 | 11,092 | 288,743 | 1,174 | 16 | 3,346,819 |
| New agreements | 83,224 | 2,889 | 74 | (81) | - | 86,106 |
| Remeasurements ⁽ⁱ⁾ | 92,063 | 1,034 | 2,985 | (481) | 20 | 95,621 |
| Termination of agreements | (8,026) | (2,099) | (14) | - | (35) | (10,174) |
| Depreciation | (171,588) | (709) | (15,498) | (9) | (1) | (187,805) |
| At 12/31/2021 | 3,041,467 | 12,207 | 276,290 | 603 | - | 3,330,567 |
| New agreements | 301,584 | 11,102 | 37,814 | - | - | 350,500 |
| Remeasurements ⁽ⁱ⁾ | 161,249 | (2,267) | 142,292 | 15 | - | 301,289 |
| Termination of agreements | (24,266) | (1,095) | (81) | (382) | - | (25,824) |
| Depreciation | (547,858) | (2,152) | (50,647) | (108) | - | (600,765) |
| At 09/30/2022 | 2,932,176 | 17,795 | 405,668 | 128 | - | 3,355,767 |

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(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.

Lease liabilities

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

| Leases | Parent Company | | Consolidated | |
|-------------------------------------|-----------------------|------------------|---------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Operating real estate | 3,245,207 | 3,333,958 | 3,245,542 | 3,333,958 |
| Residential real estate | (4,847) | (3,287) | (4,210) | (2,668) |
| Distribution/administrative centers | 493,284 | 342,049 | 495,972 | 344,503 |
| Vehicles | (3,162) | (2,817) | (3,162) | (2,817) |
| Equipment | (78) | (78) | (78) | (78) |
| Total | 3,730,404 | 3,669,825 | 3,734,064 | 3,672,898 |

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 | Equipment | Total |
| At 01/01/2021 | 3,127,787 | 2,071 | 299,297 | (1,188) | (17) | 3,427,950 |
| New agreements | 225,461 | 7,094 | - | 393 | - | 232,948 |
| Remeasurements ⁽ⁱ⁾ | 431,763 | (1,768) | 72,959 | 652 | (12) | 503,594 |
| Interest | 159,157 | 750 | 14,467 | 87 | 2 | 174,463 |
| Payments / compensations | (618,023) | (9,804) | (37,599) | (1,613) | (53) | (667,092) |
| At 09/30/2021 | 3,326,145 | (1,657) | 349,124 | (1,669) | (80) | 3,671,863 |
| New agreements | 85,334 | 779 | 70 | (80) | - | 86,103 |
| Remeasurements ⁽ⁱ⁾ | 92,063 | 612 | 2,869 | (481) | 20 | 95,083 |
| Interest | 55,902 | 221 | 4,865 | 11 | - | 60,999 |
| Payments / compensations | (225,485) | (3,242) | (14,880) | (598) | (18) | (244,223) |
| At 12/31/2021 | 3,333,959 | (3,287) | 342,048 | (2,817) | (78) | 3,669,825 |
| New agreements | 301,216 | 11,042 | 37,572 | - | - | 349,830 |
| Remeasurements ⁽ⁱ⁾ | 161,249 | (2,298) | 140,933 | 15 | - | 299,899 |
| Interest | 168,710 | 933 | 18,461 | 3 | - | 188,107 |
| Payments / compensations | (719,927) | (11,237) | (45,730) | (363) | - | (777,257) |
| At 09/30/2022 | 3,245,207 | (4,847) | 493,284 | (3,162) | (78) | 3,730,404 |

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| | Consolidated | | | | | |
|-------------------------------|-----------------------|-------------------------|--------------------------------------|----------------|-------------|------------------|
| | Operating real estate | Residential real estate | Distribution/ administrative centers | Vehicles | Equipment | Total |
| At 01/01/2021 | 3,127,787 | 2,098 | 302,245 | (1,188) | (17) | 3,430,925 |
| New agreements | 225,461 | 7,173 | 414 | 393 | - | 233,441 |
| Remeasurements ⁽ⁱ⁾ | 431,763 | (1,594) | 73,556 | 652 | (12) | 504,365 |
| Interest | 159,157 | 755 | 14,617 | 87 | 2 | 174,618 |
| Payments / compensations | (618,023) | (9,866) | (38,968) | (1,613) | (53) | (668,523) |
| At 09/30/2021 | 3,326,145 | (1,434) | 351,864 | (1,669) | (80) | 3,674,826 |
| New agreements | 85,334 | 779 | 74 | (80) | - | 86,107 |
| Remeasurements ⁽ⁱ⁾ | 92,063 | 1,034 | 2,985 | (481) | 20 | 95,621 |
| Interest | 55,902 | 224 | 4,912 | 11 | - | 61,049 |
| Payments / compensations | (225,485) | (3,271) | (15,333) | (598) | (18) | (244,705) |
| At 12/31/2021 | 3,333,959 | (2,668) | 344,502 | (2,817) | (78) | 3,672,898 |
| New agreements | 301,584 | 11,102 | 37,814 | - | - | 350,500 |
| Remeasurements ⁽ⁱ⁾ | 161,249 | (2,267) | 142,292 | 15 | - | 301,289 |
| Interest | 168,710 | 939 | 18,628 | 3 | - | 188,280 |
| Payments / compensations | (719,960) | (11,316) | (47,264) | (363) | - | (778,903) |
| At 09/30/2022 | 3,245,542 | (4,210) | 495,972 | (3,162) | (78) | 3,734,064 |

(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).

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

| Analysis of maturities - Lease liabilities | Parent Company | | Consolidated | |
|--|------------------|------------------|------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Less than 1 year | 739,812 | 697,738 | 741,723 | 699,170 |
| Current | 739,812 | 697,738 | 741,723 | 699,170 |
| 1 to 5 years | 2,439,572 | 2,517,686 | 2,441,321 | 2,519,327 |
| Over 5 years | 551,020 | 454,401 | 551,020 | 454,401 |
| Noncurrent | 2,990,592 | 2,972,087 | 2,992,341 | 2,973,728 |
| Total | 3,730,404 | 3,669,825 | 3,734,064 | 3,672,898 |

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 / COFINS recoverable embedded in future lease payments is presented below:

| Future considerations | Parent Company / Consolidated | Potential PIS / COFINS (9.25%) |
|-----------------------|-------------------------------|--------------------------------|
| Less than 1 year | 665,304 | 61,541 |
| 1 to 2 years | 557,169 | 51,538 |
| 2 to 3 years | 483,718 | 44,744 |
| 3 to 4 years | 386,100 | 35,714 |
| 4 to 5 years | 287,562 | 26,599 |
| Over 5 years | 621,049 | 57,447 |
| Total | 3,000,902 | 277,583 |

The right to use PIS/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

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and in order to provide additional information to users, the analysis of contract maturities and installments not yet discounted at September 30, 2022 is presented below:

| Year | Parent Company | | | Consolidated | | |
|---------------------|-------------------|--|--|-------------------|--|--|
| | Net present value | Estimated interest (future) ⁽ⁱ⁾ | Amounts of installments not yet discounted | Net present value | Estimated interest (future) ⁽ⁱ⁾ | Amounts of installments not yet discounted |
| 2022 | 184,263 | (60,281) | 244,544 | 186,174 | (59,958) | 246,132 |
| 2023 | 736,246 | (210,540) | 946,786 | 736,246 | (210,540) | 946,786 |
| 2024 | 683,939 | (163,508) | 847,447 | 683,939 | (163,508) | 847,447 |
| 2025 | 593,167 | (121,210) | 714,377 | 593,167 | (121,210) | 714,377 |
| 2026 | 471,236 | (85,971) | 557,207 | 471,236 | (85,971) | 557,207 |
| 2027 | 340,505 | (58,907) | 399,412 | 342,254 | (58,549) | 400,803 |
| 2028 and thereafter | 721,048 | (116,118) | 837,166 | 721,048 | (116,118) | 837,166 |
| Total | 3,730,404 | (816,535) | 4,546,939 | 3,734,064 | (815,854) | 4,549,918 |

(i) The present value of the leases payable was calculated considering the projection of future fixed payments, discounted at the rate of 12.90% p.a. (6.69% p.a. - Dec/21), which was built from the basic interest rate released by the Central Bank of Brazil (BACEN).

Amount recognized in the statement of income

| Amount recognized in the statement of income | Parent Company | | Consolidated | |
|--|----------------|---------|--------------|---------|
| | Sep/22 | Sep/21 | Sep/22 | Sep/21 |
| Amortization of right-of-use asset | 599,369 | 511,272 | 600,734 | 512,072 |
| Interest on lease liabilities | 188,107 | 174,463 | 188,280 | 174,568 |
| Adjustment for lease write-off (contracts terminated) | (636) | 554 | (636) | 554 |
| Variable payments not included in the measurement of lease liabilities | 45,856 | 33,235 | 46,645 | 33,939 |
| Revenue on subleases of right-of-use assets | (2,959) | (2,118) | (2,959) | (2,118) |
| Expenses related to short-term and/or low-value leases | 17,453 | 11,938 | 17,453 | 11,938 |
| Discounts on property rental | (1,095) | (5,623) | (1,095) | (5,623) |

(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 nine-month period ended September 30, 2022 amounted to R\$ 3,621 (R\$ 2,504 in Sep/2021) 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, cardiotech scales, 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.

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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:

| Undiscounted lease payments | Parent Company and Consolidated | |
|------------------------------------|--|---------------|
| | Sep/22 | Dec/21 |
| Less than 1 year | 2,093 | 1,816 |
| 1 to 2 years | 1,749 | 1,391 |
| 2 to 3 years | 1,321 | 1,124 |
| 3 to 4 years | 562 | 656 |
| 4 to 5 years | 562 | 186 |
| Over 5 years | 2,215 | 883 |
| Total | 8,502 | 6,056 |

16. Provision for contingencies and judicial deposits

Breakdown of balances and changes in provisions

At September 30, 2022, the Group had the following provision and corresponding judicial deposits relating to legal proceedings:

| Judicial deposits items | Parent Company | | Consolidated | |
|-------------------------------------|-----------------------|----------------|---------------------|----------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Labor and social security | 90,360 | 86,900 | 90,360 | 86,900 |
| Tax | 11,912 | 16,217 | 12,054 | 16,410 |
| Civil | 4,207 | 2,487 | 4,207 | 2,487 |
| Subtotal | 106,479 | 105,604 | 106,621 | 105,797 |
| (-) Corresponding judicial deposits | (7,384) | (9,129) | (7,384) | (9,129) |
| Total | 99,095 | 96,475 | 99,237 | 96,668 |
| Current liabilities | 49,030 | 43,560 | 49,030 | 43,560 |
| Noncurrent liabilities | 50,065 | 52,915 | 50,207 | 53,108 |

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Changes in the provision are as follows:

| Changes in the contingencies | Parent Company | Consolidated |
|---|-----------------------|---------------------|
| At January 1, 2021 | 114,651 | 114,840 |
| Additions of new lawsuits and review of estimate | 36,906 | 36,717 |
| Reversals by concluded lawsuits | (14,634) | (14,634) |
| Write-offs for payments | (37,550) | (37,550) |
| Constitution/(Reversals) due to changes in lawsuits | 1,496 | 1,496 |
| Revaluation of amounts | (1,606) | (1,606) |
| Monetary adjustment | 5,651 | 5,651 |
| At September 30, 2021 | 104,914 | 104,914 |
| Additions of new lawsuits and review of estimate | 11,471 | 11,660 |
| Reversals by concluded lawsuits | (1,953) | (1,953) |
| Write-offs for payments | (13,522) | (13,522) |
| Constitution/(Reversals) due to changes in lawsuits | 1,773 | 1,773 |
| Revaluation of amounts | 1,374 | 1,374 |
| Monetary adjustment | 1,547 | 1,551 |
| At December 31, 2021 | 105,604 | 105,797 |
| Additions of new lawsuits and review of estimate | 43,075 | 43,075 |
| Reversals by concluded lawsuits | (8,215) | (8,215) |
| Write-offs for payments | (40,975) | (40,975) |
| Constitution/(Reversals) due to changes in lawsuits | (3,551) | (3,551) |
| Revaluation of amounts | 5,788 | 5,788 |
| Monetary adjustment | 4,752 | 4,701 |
| At September 30, 2022 | 106,478 | 106,620 |

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, and a portion of these proceedings is guaranteed by pledged assets.

Possible losses

At September 30, 2022, the Group has tax and civil lawsuits related to fines applied by the relevant administrative authorities, tax rate difference in interstate transfers and tax enforcements as well as of civil nature due to indemnity claims for losses and pain and suffering arising from consumer relations, involving possible loss as assessed by Management and its legal advisors in the amount of R\$ 61,902 (R\$ 47,779 - Dec/21) for Parent Company and Consolidated, of which R\$ 4,756 (R\$ 2,583 - Dec/21) refers to labor/social security contingencies, R\$ 4,202 (R\$ 4,591 - Dec/21) to civil contingencies and R\$ 52,944 (R\$ 40,605 - Dec/21) to tax contingencies.

Judicial deposits

At September 30, 2022, the Group had the following judicial deposit amounts, for which no corresponding provision had been set up:

| Analysis of judicial deposits | Parent Company | | Consolidated | |
|--------------------------------------|-----------------------|---------------|---------------------|---------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Labor and social security | 3,031 | 10,575 | 3,031 | 10,575 |
| Tax | 14,145 | 13,844 | 97,609 | 17,923 |
| Civil | 3,597 | 3,470 | 3,597 | 3,470 |
| (-)Judicial deposits raised | (2,418) | (2,017) | (2,419) | (2,017) |
| Total | 18,355 | 25,872 | 101,818 | 29,951 |

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Labor contingencies

Labor claims in general relate to lawsuits filed by former employees questioning the payment of unpaid overtime and health hazard premium. The Group is also involved in proceedings arising from Raia S.A., as well as from Drogaria Onofre Ltda., which were filed by former employees of service providers 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. There are also proceedings filed by professional unions for the payment of union dues, under the dispute regarding the legitimacy of the territorial base.

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 security for tax, social security and labor proceedings:

| Guarantees for lawsuits | Parent Company / Consolidated | |
|--------------------------------------|--------------------------------------|---------------|
| | Sep/22 | Dec/21 |
| Furniture and facilities | 10 | 10 |
| Machinery and equipment | 85 | 85 |
| Total guarantees for lawsuits | 95 | 95 |

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17. Income tax and social contribution

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

| | Parent Company | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | Sep/22 | Sep/21 | Sep/22 | Sep/21 |
| Income tax and social contribution paid items | | | | |
| Profit before income tax and social contribution | 840,307 | 808,875 | 900,413 | 822,336 |
| Interest on capital and additional interest on capital proposed | (222,000) | (94,000) | (222,000) | (94,000) |
| Taxable profit | 618,307 | 714,875 | 678,413 | 728,336 |
| Combined tax rate (25% for income tax and 9% for social contribution) | | | | |
| . | 34.00% | 34.00% | 34.00% | 34.00% |
| Theoretical tax expense | (210,224) | (243,058) | (230,660) | (247,635) |
| Permanent additions | (4,553) | (17,248) | (1,590) | (28,903) |
| Equity in the results of subsidiaries | 23,947 | 5,180 | 170 | (959) |
| Reduction of taxes due to incentives (P.A.T) | 3,734 | 4,978 | 3,734 | 4,978 |
| Investment grant ⁽ⁱ⁾ | 30,798 | 22,589 | 36,654 | 41,036 |
| Tax loss and negative CSLL basis | - | - | (8,243) | (1,888) |
| Provisions with no deferred charges | - | - | - | 5 |
| Other (revaluation reserve + additional income tax exemption ceiling) | 26,875 | 267 | 26,895 | (481) |
| Result of current income tax and social contribution | (187,687) | (276,845) | (205,673) | (285,338) |
| Result of deferred income tax and social contribution | 58,264 | 49,553 | 32,633 | 51,491 |
| Income tax and social contribution expense | (129,423) | (227,292) | (173,040) | (233,847) |
| Effective tax rate ⁽ⁱⁱ⁾ | 15.40% | 28.10% | 19.22% | 28.44% |

(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 total amount of these tax benefits in the nine-month period ended September 30, 2022 was R\$ 90,581 (R\$ 66,438 - Sep/2021).

(ii) Based on the best estimate made up to this moment, the average annual effective rate will be 15.40% and, therefore, we do not expect significant variations in relation to the real rate calculated for the nine-month period.

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

Deferred income tax and social contribution assets amounting to R\$ 318,257 at September 30, 2022 (R\$ 278,462 - Dec/2021) for the Parent Company and R\$ 341,529 at September 30, 2022 (R\$ 327,509 - Dec/2021) 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\$ 347,450 at September 30, 2022 (R\$ 365,981 - Dec/2021) for the Parent Company and R\$ 348,798 at September 30, 2022 (R\$ 367,473 - Dec/2021) 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; (iii) gain on bargain purchase.

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For the nine-month periods ended September 30, 2022 and 2021, deferred income and social contribution were as follows:

| | Balance sheet | | | | Statement of income | | | |
|---|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|
| | Parent Company | | Consolidated | | Parent Company | | Consolidated | |
| | Sep/22/22 | Dec/21 | Sep/22 | Dec/21 | Sep/22 | Sep/21 | Sep/22 | Sep/21 |
| Temporary differences | | | | | | | | |
| Revaluation at fair value of land and buildings | (6,652) | (6,715) | (6,652) | (6,715) | - | - | - | - |
| Amortization of the goodwill on future profitability | (243,764) | (245,152) | (243,764) | (245,152) | (1,389) | 95 | (1,389) | 95 |
| Non-deductible intangible assets - merger of Raia | (53,685) | (53,803) | (53,685) | (53,803) | (117) | (117) | (117) | (117) |
| Non-deductible intangible assets - acquisition of 4Bio | - | - | (1,349) | (1,492) | - | - | (144) | (116) |
| Gain on bargain purchase – acquisition of Onofre | (43,349) | (60,311) | (43,349) | (60,311) | (16,963) | (16,963) | (16,963) | (16,963) |
| Tax losses to be offset against future taxable profits | - | - | 15,575 | 22,697 | - | - | 7,122 | 11,028 |
| Adjustment to present value | (10,240) | (2,103) | (9,553) | (1,774) | 8,138 | (1,041) | 7,780 | (1,166) |
| Adjustment to fair value | 15,372 | 6,473 | 15,372 | 6,473 | (8,899) | (709) | (8,899) | (709) |
| Provision for inventory losses | 20,426 | 11,089 | 20,426 | 11,089 | (9,338) | (1,883) | (9,338) | (1,883) |
| Provision for sundry obligations | 77,701 | 73,317 | 77,958 | 73,461 | (4,385) | (8,951) | (4,498) | (9,179) |
| Provision for employee profit sharing | 23,446 | 24,169 | 25,241 | 25,701 | 723 | (805) | 460 | (1,564) |
| Provision for contingencies | 34,294 | 32,919 | 37,705 | 32,919 | (1,375) | 3,218 | 18,195 | 3,218 |
| Expected credit losses | 1,530 | 1,346 | 3,044 | 25,662 | (184) | (4) | 301 | (11,736) |
| Lease (depreciation x consideration) | 125,375 | 115,018 | 125,409 | 115,047 | (10,356) | (21,317) | (10,360) | (21,323) |
| Other adjustments | 30,353 | 16,234 | 30,353 | 16,234 | (14,119) | (1,076) | (14,783) | (1,076) |
| Effective income tax and social contribution expense | - | - | - | - | (58,264) | (49,553) | (32,633) | (51,491) |
| Deferred tax liabilities, net | (29,193) | (87,519) | (7,269) | (39,964) | | | | |
| Reflected in the balance sheet as follows: | | | | | | | | |
| Deferred tax assets | 318,257 | 278,462 | 318,257 | 278,462 | | | | |
| Deferred tax liabilities | (347,450) | (365,981) | (348,798) | (367,473) | | | | |
| Deferred tax liabilities, net | (29,193) | (87,519) | (30,541) | (89,011) | | | | |
| Deferred tax assets – Subsidiary – 4Bio | - | - | 23,272 | 49,047 | | | | |
| Reconciliation of deferred tax assets (liabilities), net | | | | | | | | |
| At the beginning of the period | (87,519) | (72,772) | (39,964) | (38,168) | | | | |
| Expense recognized in the statement of income | 58,264 | (14,830) | 32,633 | (1,880) | | | | |
| Realization of deferred tax recognized in equity | 62 | 84 | 62 | 84 | | | | |
| Balance at the end of the period | (29,193) | (87,519) | (7,269) | (39,964) | | | | |

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17.3. 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:

| Recovery forecast | Parent Company | | Consolidated | |
|---|----------------|----------------|----------------|----------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| 2022 | 152,639 | 132,204 | 162,500 | 160,740 |
| 2023 | 54,868 | 51,000 | 62,026 | 62,412 |
| 2024 | 47,408 | 37,740 | 52,089 | 44,556 |
| 2025 | 23,041 | 20,579 | 24,608 | 22,856 |
| 2026 and thereafter | 40,301 | 36,939 | 40,306 | 36,945 |
| Total | 318,257 | 278,462 | 341,529 | 327,509 |
| Deferred tax assets on temporary differences, recorded net in liabilities | 318,257 | 278,462 | 318,257 | 278,462 |
| Deferred tax assets on tax losses in subsidiaries | - | - | 23,272 | 49,047 |

17.4. 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\$ 29,303, 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.

18. 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 period. 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:

| Earnings per share items | Parent Company / Consolidated | |
|---|-------------------------------|----------------|
| | Sep/22 | Sep/21 |
| Basic | | |
| Profit for the period | 710,884 | 581,583 |
| Weighted average number of common shares | 1,647,620 | 1,649,216 |
| Basic earnings per share - R\$ | 0.43146 | 0.35264 |
| Diluted | | |
| Profit for the period | 710,884 | 581,583 |
| Weighted average number of common shares adjusted for dilution effect | 1,654,897 | 1,653,427 |
| Diluted earnings per share - R\$ | 0.42956 | 0.35174 |

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19. Equity

(a) Capital

At September 30, 2022, the fully paid-up capital amounted to R\$ 2,500,000 (R\$ 2,500,000 - Dec/21), represented by 1,651,930,000 common registered book-entry shares with no par value, of which 1,201,876,088 were outstanding common shares (1,184,571,787 common shares - Dec/21).

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.

At September 30, 2022, the Company's ownership structure was as follows:

| Ownership interest | Number of shares | | Interest (%) | |
|--------------------------|----------------------|----------------------|---------------|---------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Controlling shareholders | 445,871,345 | 462,587,838 | 26.99 | 28.00 |
| Shares outstanding | 1,201,876,088 | 1,184,571,787 | 72.76 | 71.71 |
| Treasury shares | 4,182,567 | 4,770,375 | 0.25 | 0.29 |
| Total | 1,651,930,000 | 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.

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

| Changes | Shares outstanding |
|---|----------------------|
| At January 1, 2021 | 1,072,442,905 |
| (Purchase)/sale of restricted shares, net | 112,128,882 |
| At December 31, 2021 | 1,184,571,787 |
| (Purchase)/sale of restricted shares, net | 17,304,301 |
| At September 30, 2022 | 1,201,876,088 |

At September 30, 2022, the Company's common shares were quoted at R\$ 22.73 (closing quote) (R\$ 24.30 at December 31, 2021).

(b) Treasury shares

On August 10, 2021, the Board of Directors authorized, for a period of up to eighteen months, the purchase of up to 3,000,000 registered common shares with no par value issued by the Company to be held in treasury for subsequent sale or cancellation, without capital reduction ("Repurchase Program"). The Company exercised the acquisition of all of the shares provided in the Repurchase Program at September 30, 2021. The changes in treasury shares in the period ended September 30, 2022 are summarized below:

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| | Parent Company | |
|--|------------------|------------------|
| | Number of shares | Amount of shares |
| Changes in treasury shares | | |
| At December 31, 2020 | 2,479,480 | 26,282 |
| Shares delivered to executives related to the 3rd tranche of the 2017 grant, 2nd tranche of the 2018 grant and 1st tranche of the 2019 grant | (702,260) | (7,444) |
| Shares delivered to executives related to the 1st tranche of 2019, 2nd tranche of 2018 and 3rd tranche of 2017 of 4Bio. | (6,865) | (73) |
| Acquisition of shares issued by the Company | 3,000,000 | 73,228 |
| Shares acquired through the right of withdrawal of dissenting shareholders (total in the year of 20 common shares at a cost of R\$ 2.64 per share) | 20 | - |
| At December 31, 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) | (15,468) |
| Shares delivered to executives related to the 1st tranche of 2020, 2nd tranche of 2019 and 3rd tranche of 2018 of 4Bio. | (6,296) | (61) |
| At September 30, 2022 | 4,182,567 | 76,464 |

At September 30, 2022, the market value of the treasury shares, having as reference the quotation of R\$ 22.73 per share (R\$ 24.30 - Dec/21), corresponds to R\$ 95,070 (R\$ 115,920 - Dec/21).

(c) 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 remuneration 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 Stock 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 remuneration (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 of the total amount of the variable remuneration 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 seven 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.

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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.

Changes in restricted shares

The changes in restricted shares are summarized below:

| Changes in restricted shares | Sep/22 | | Dec/21 | |
|--|------------------|---------------|------------------|---------------|
| | Shares | Amount | Shares | Amount |
| Opening balance at January 1 | 2,079,742 | 36,152 | 1,261,394 | 27,206 |
| Granted shares for the period | 1,246,032 | 15,443 | 1,527,473 | 15,086 |
| Value of the shares at the delivery date | (587,808) | (9,792) | (709,125) | (6,140) |
| Closing balance | 2,737,966 | 41,803 | 2,079,742 | 36,152 |

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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 | | | | | |
| 2019 - 3rd tranche | 03/01/2019 | 334,695 | 02/28/2023 | 02/28/2023 | R\$ 12.77 |
| 2020 - 2nd tranche | 03/01/2020 | 352,982 | 02/28/2023 | 02/28/2023 | R\$ 24.89 |
| 2020 - 3rd tranche | 03/01/2020 | 352,977 | 02/28/2024 | 02/28/2024 | R\$ 24.89 |
| 2021 - 1st tranche | 03/01/2021 | 274,596 | 02/28/2023 | 02/28/2023 | R\$ 22.72 |
| 2021 - 2nd tranche | 03/01/2021 | 274,596 | 02/28/2024 | 02/28/2024 | R\$ 22.72 |
| 2021 - 3rd tranche | 03/01/2021 | 274,596 | 02/28/2025 | 02/28/2025 | R\$ 22.72 |
| 2022 - 1st tranche | 03/01/2022 | 419,742 | 02/28/2024 | 02/28/2024 | R\$ 23.90 |
| 2022 - 2nd tranche | 03/01/2022 | 419,742 | 02/28/2025 | 02/28/2025 | R\$ 23.90 |
| 2022 - 3rd tranche | 03/01/2022 | 419,742 | 02/28/2026 | 02/28/2026 | R\$ 23.90 |
| Performance share | | | | | |
| 2020 - 1st tranche | 01/01/2020 | 350,421 | 01/01/2024 | 01/01/2025 | R\$ 13.19 |
| 2021 - 1st tranche | 01/01/2021 | 302,990 | 02/01/2025 | 01/01/2026 | R\$ 33.99 |
| 2022 - 1st tranche | 01/01/2022 | 305,348 | 02/01/2026 | 01/01/2027 | R\$ 31.18 |

(i) After the application of the stock split effect, approved at the EGM held on September 15, 2020.

20. Net sales revenue

| Breakdown of net revenue | Parent Company | | | |
|----------------------------|----------------------------|-------------------|----------------------------|-------------------|
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Sales revenue | 7,489,113 | 21,271,745 | 6,159,712 | 17,681,309 |
| Service revenue | 13,310 | 47,731 | 17,094 | 50,262 |
| Gross sales revenue | 7,502,423 | 21,319,476 | 6,176,806 | 17,731,571 |
| Taxes on sales | (339,877) | (978,012) | (289,321) | (852,496) |
| Returns, rebates and other | (127,142) | (321,658) | (60,358) | (157,685) |
| Net sales revenue | 7,035,404 | 20,019,806 | 5,827,127 | 16,721,390 |
| Breakdown of net revenue | Consolidated | | | |
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Sales revenue | 7,952,844 | 22,521,089 | 6,507,878 | 18,696,849 |
| Service revenue | 32,942 | 78,349 | 19,997 | 55,695 |
| Gross sales revenue | 7,985,786 | 22,599,438 | 6,527,875 | 18,752,544 |
| Taxes on sales | (353,055) | (1,007,815) | (293,341) | (918,204) |
| Returns, rebates and other | (142,865) | (360,492) | (69,672) | (181,162) |
| Net sales revenue | 7,489,866 | 21,231,131 | 6,164,862 | 17,653,178 |

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21. 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:

| Nature of expenses | Parent Company | | | |
|---|----------------------------|---------------------|----------------------------|---------------------|
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Costs of inventories sold (Note 7) | (4,869,960) | (13,716,259) | (4,060,825) | (11,568,417) |
| Personnel expenses | (876,436) | (2,508,123) | (718,390) | (2,045,278) |
| Occupancy expenses ⁽ⁱ⁾ | (79,885) | (266,876) | (76,564) | (231,592) |
| Depreciation and amortization ⁽ⁱⁱ⁾ | (367,152) | (1,076,918) | (325,765) | (936,867) |
| Discounts on property rental | 227 | 1,095 | 1,077 | 5,623 |
| Service provider expenses ⁽ⁱⁱⁱ⁾ | (102,165) | (298,440) | (94,125) | (256,754) |
| Expenses on card operator fees | (106,521) | (298,166) | (78,210) | (222,557) |
| Other | (233,566) | (630,129) | (172,819) | (491,661) |
| Total | (6,635,458) | (18,793,816) | (5,525,621) | (15,747,503) |

Classified in the statement of income as:

| Function of expenses | Parent Company | | | |
|-----------------------------|----------------------------|---------------------|----------------------------|---------------------|
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Costs of sales and services | (4,873,851) | (13,725,482) | (4,066,748) | (11,576,998) |
| Selling | (1,457,740) | (4,223,396) | (1,236,840) | (3,565,350) |
| General and administrative | (303,867) | (844,938) | (222,033) | (605,155) |
| Total | (6,635,458) | (18,793,816) | (5,525,621) | (15,747,503) |

| Nature of expenses | Consolidated | | | |
|---|----------------------------|---------------------|----------------------------|---------------------|
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Costs of inventories sold (Note 7) | (5,257,555) | (14,734,369) | (4,342,328) | (12,388,615) |
| Personnel expenses | (903,510) | (2,586,785) | (734,092) | (2,084,040) |
| Occupancy expenses ⁽ⁱ⁾ | (80,527) | (268,765) | (77,091) | (233,000) |
| Depreciation and amortization ⁽ⁱⁱ⁾ | (369,873) | (1,084,679) | (329,286) | (942,482) |
| Discounts on property rental | 227 | 1,095 | 1,077 | 5,623 |
| Service provider expenses ⁽ⁱⁱⁱ⁾ | (108,070) | (311,934) | (98,299) | (264,248) |
| Expenses on card operator fees | (107,211) | (300,094) | (78,756) | (224,095) |
| Other | (240,297) | (657,866) | (181,353) | (512,522) |
| Total | (7,066,816) | (19,943,397) | (5,840,128) | (16,643,379) |

Classified in the statement of income as:

| Function of expenses | Consolidated | | | |
|-----------------------------|----------------------------|---------------------|----------------------------|---------------------|
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Costs of sales and services | (5,265,093) | (14,759,830) | (4,349,402) | (12,398,814) |
| Selling | (1,478,619) | (4,286,499) | (1,256,013) | (3,613,599) |
| General and administrative | (323,104) | (897,068) | (234,713) | (630,966) |
| Total | (7,066,816) | (19,943,397) | (5,840,128) | (16,643,379) |

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

(ii) Depreciation and amortization in the nine-month period of 2022 totaled R\$ 1,076,918 (R\$ 936,867 - Sep/2021) for the Parent Company, of which R\$ 972,438 (R\$ 859,789 - Sep/2021) refers to the sales area and R\$ 104,480 (R\$ 77,078 - Sep/2021) to the administrative area, and total R\$ 1,084,679 (R\$ 942,482 - Sep/2021) for the Consolidated accounts, of which R\$ 973,731 (R\$ 860,890 - Sep/2021) refers to the sales area and R\$ 110,948 (R\$ 81,593 - Sep/2021) 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\$ 32,466 (R\$ 25,755 - Sep/2021).

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

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22. Other operating (income)/expenses, net

In the third quarter of 2022, other operating income / (expenses) totaled R\$ 22,414 (R\$ 66,495 - Sep/21) for the Parent company and R\$ 92,250 (R\$ 66,810 - Sep/21) for the Consolidated accounts. These amounts comprise non-recurring expenses and revenues, as presented below:

| Nature of income / (expenses) | Parent Company | | | |
|--|-------------------------------|---------------|-------------------------------|---------------|
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Write-off of fixed assets and intangible assets due to the pharmacies closure | (1,946) | (15,947) | 892 | (3,519) |
| Donations | (1,359) | (2,901) | (3,920) | (7,522) |
| Social investment | (2,462) | (3,362) | - | - |
| Revaluations - judicial deposits | - | - | - | 548 |
| Recognition of INSS credits from 2016 to 2019 | - | - | - | 1,141 |
| Adjustment of provision for labor risks - Selic rate | - | - | - | 3,410 |
| Refund of ICMS-ST on prior periods sales ^(I) | (1,789) | 10,210 | - | 13,706 |
| Exclusion of ICMS from PIS/COFINS calculation basis (Note 8) | - | 11,689 | - | 58,044 |
| Additional operating income and expenses due to the DC closure | - | - | - | (21) |
| Recognition of credits from prior periods, mainly related to PVA - Inventories | 24,115 | 24,115 | - | - |
| Other | (1,222) | (1,391) | 396 | 708 |
| Total | 15,337 | 22,413 | (2,632) | 66,495 |
| Nature of income / (expenses) | Consolidated | | | |
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Write-off of fixed assets and intangible assets due to the pharmacies closure | (1,946) | (15,947) | 885 | (3,520) |
| Donations | (1,359) | (2,901) | (3,920) | (7,522) |
| Social investment | (2,462) | (3,362) | - | - |
| Revaluations - judicial deposits | - | - | - | 548 |
| Recognition of INSS credits from 2016 to 2019 | - | - | - | 1,141 |
| Adjustment of provision for labor risks - Selic rate | - | - | - | 3,410 |
| Other tax income | 20,908 | 66,059 | - | - |
| Refund of ICMS-ST on prior periods sales ^(I) | (1,789) | 10,210 | - | 13,706 |
| Exclusion of ICMS from PIS/COFINS calculation basis (Note 8) | - | 15,942 | - | 58,044 |
| Additional income and expenses due to the DC closure | - | - | - | (21) |
| Recognition of credits from prior periods, mainly related to PVA - Inventories | 24,115 | 24,115 | - | - |
| Other | (1,617) | (1,866) | 396 | 1,024 |
| Total | 35,850 | 92,250 | (2,639) | 66,810 |

(I) ICMS in the substitute taxpayer regime (ICMV-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.

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23. Finance income (costs)

| | Parent Company | | | |
|--|-------------------------------|------------------|-------------------------------|------------------|
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Finance income | | | | |
| Interest on intercompany loans | 164 | 795 | 1,119 | 2,849 |
| Monetary gains | 1,218 | 3,228 | 1,303 | 1,918 |
| Discounts obtained | 1,712 | 1,782 | 94 | 454 |
| Short-term investment yields | 11,140 | 17,838 | 2,257 | 6,408 |
| Present value adjustment | 62,978 | 153,005 | 17,092 | 33,738 |
| Total finance income | 77,212 | 176,648 | 21,865 | 45,367 |
| | | | | |
| | Parent Company | | | |
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Finance costs | | | | |
| Present value adjustment | (89,311) | (241,257) | (33,884) | (64,336) |
| Charges on debentures and promissory notes | (69,105) | (153,185) | (16,507) | (35,923) |
| Interest on leases ⁽ⁱ⁾ | (61,248) | (177,983) | (56,779) | (165,628) |
| Interest on payables to subsidiary's shareholder | (25,628) | (27,160) | (714) | (2,085) |
| Charges on borrowings | (12,389) | (35,665) | (7,845) | (19,331) |
| Interest, charges and bank fees | (3,460) | (15,997) | (36) | (1,096) |
| Amortization of transaction costs | (1,478) | (3,719) | (1,066) | (3,237) |
| Monetary losses | (41) | (209) | (19) | (474) |
| Total finance costs | (262,660) | (655,175) | (116,850) | (292,110) |
| | | | | |
| Finance income (costs) | (185,448) | (478,527) | (94,985) | (246,743) |
| | | | | |
| | Consolidated | | | |
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Finance income | | | | |
| Interest on intercompany loans | 164 | 358 | 4 | 4 |
| Monetary gains | 1,437 | 3,713 | 1,353 | 2,060 |
| Discounts obtained | 1,713 | 1,784 | 95 | 470 |
| Short-term investment yields | 12,365 | 21,578 | 2,374 | 6,644 |
| Present value adjustment | 70,748 | 171,388 | 19,065 | 37,823 |
| Other finance income | 1,860 | 2,794 | 124 | 217 |
| Total finance income | 88,287 | 201,615 | 23,015 | 47,218 |
| | | | | |
| | Consolidated | | | |
| | 3 rd Quarter/22 | Sep/22 | 3 rd Quarter/21 | Sep/21 |
| Finance costs | | | | |
| Present value adjustment | (96,611) | (258,586) | (35,956) | (68,362) |
| Charges on debentures and promissory notes | (69,105) | (153,185) | (16,507) | (35,923) |
| Interest on leases ⁽ⁱ⁾ | (61,191) | (177,810) | (56,828) | (165,814) |
| Interest on payables to subsidiary's shareholder | (25,628) | (27,197) | (714) | (2,085) |
| Charges on borrowings | (12,389) | (35,674) | (7,845) | (19,331) |
| Interest, charges and bank fees | (5,738) | (18,423) | (85) | (1,273) |
| Amortization of transaction costs | (1,478) | (7,017) | (1,066) | (3,237) |
| Monetary losses | (2,960) | (3,719) | (703) | (2,251) |
| Discounts granted to customers | (5) | (76) | (70) | (394) |
| Total finance costs | (275,105) | (681,687) | (119,774) | (298,670) |
| | | | | |
| Finance income (costs) | (186,818) | (480,072) | (96,759) | (251,452) |

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

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24. Financial instruments and risk management policy

24.1. Financial instruments by category

| Financial instruments items | Parent Company | | Consolidated | |
|---|------------------|------------------|-------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Assets | | | | |
| <u>At amortized cost</u> | | | | |
| Cash and cash equivalents (Note 5) | 319,826 | 316,654 | 371,172 | 356,118 |
| Trade receivables (Note 6) | 2,042,660 | 1,487,204 | 2,336,858 | 1,710,057 |
| Other receivables | 285,176 | 328,190 | 300,428 | 318,230 |
| Judicial deposits (Note 16) | 18,355 | 25,872 | 101,818 | 29,951 |
| Total assets | 2,666,017 | 2,157,920 | 3,110,276 | 2,414,356 |
| Liabilities | | | | |
| <u>Liabilities at fair value through profit or loss</u> | | | | |
| Payables to subsidiary's shareholder | 63,557 | 37,383 | 64,117 | 37,943 |
| Subtotal | 63,557 | 37,383 | 64,117 | 37,943 |
| Other liabilities | | | | |
| Suppliers (Note 13) | 3,508,912 | 3,485,328 | 3,753,794 | 3,656,607 |
| Borrowing (Note 14) | 2,219,476 | 1,462,162 | 2,265,017 | 1,505,222 |
| Other payables | 308,240 | 290,416 | 360,602 | 346,201 |
| Leases payable (Note 15) | 3,730,404 | 3,669,825 | 3,734,064 | 3,672,898 |
| Subtotal | 9,767,032 | 8,907,731 | 10,113,477 | 9,180,928 |
| Total liabilities | 9,830,589 | 8,945,114 | 10,177,594 | 9,218,871 |

24.2. 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 September 30, 2022, the Group did not have any derivative transactions.

Interest rate risk

The operation with BNDES is carried out based on the TJLP rate, other Company borrowings are linked to the CDI + 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.

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(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:

| Risk rating | Parent Company | | Consolidated | |
|--|----------------|----------------|----------------|----------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Rating - Notional scale | | | | |
| brAAA | 166,566 | 95,827 | 194,725 | 115,371 |
| brAA+ | 346 | 26,767 | 500 | 33,020 |
| brA | 5,096 | 1,691 | 5,096 | 1,692 |
| (*) n/a - Cash and automatic investments | 147,818 | 192,369 | 170,135 | 199,900 |
| (*) n/a - Investment funds | - | - | 715 | 6,136 |
| Total - Notional scale | 319,826 | 316,654 | 371,171 | 356,119 |

(*) 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. At September 30, 2022, credit sales represented 61% (57% - Dec/21) for the Parent Company and 62% (59% - Dec/21) for the Consolidated accounts, of which 90% (94% - Dec/21) for the Parent Company and 83% (87% - Dec/21) for the Consolidated accounts related to credit card sales which, based on the history of losses, posed an extremely low risk. The remaining 10% (6% - Dec/21) for the Parent Company and 17% (13% - Dec/21) for the Consolidated accounts are credits from PBMs and special plans that pose a low risk, due to customer selectivity.

(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.

Currently, all of the Company's borrowings are 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, since all market analyses 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 from BNDES (FINEM), debentures and promissory notes 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:

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| Capital management items | Parent Company | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Short- and long-term borrowings | 2,219,476 | 1,462,162 | 2,265,017 | 1,505,222 |
| (-) Cash and cash equivalents | (319,826) | (316,654) | (371,172) | (356,118) |
| Net debt | 1,899,650 | 1,145,508 | 1,893,845 | 1,149,104 |
| Equity attributable to the shareholders of the parent | 5,052,794 | 4,677,673 | 5,052,793 | 4,677,114 |
| Noncontrolling interests | - | - | 56,130 | 41,129 |
| Total equity | 5,052,794 | 4,677,673 | 5,108,923 | 4,718,243 |
| Total capital | 6,952,444 | 5,823,181 | 7,002,768 | 5,867,347 |
| Gearing ratio | 27.32% | 19.67% | 27.04% | 19.58% |

As described in Note 14, as from January 1, 2019, the Group recognized in its financial statements the obligations associated with the lease agreements where it has control. At September 30, 2022, the balance of lease liabilities in the Parent Company and Consolidated accounts corresponded to R\$ 3,730,404 and R\$ 3,734,064 respectively. Considering the lease liability in the capital management calculation, the gearing ratio of the Company and the Group would be 52.70% in the Parent Company and 52.42% 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:

| Adjusted net debt with lease liabilities | Parent Company | | Consolidated | |
|--|-------------------|------------------|-------------------|------------------|
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Net debt | 1,899,650 | 1,145,508 | 1,893,845 | 1,149,104 |
| Lease liabilities | 3,730,404 | 3,669,825 | 3,734,064 | 3,672,898 |
| Adjusted net debt | 5,630,054 | 4,815,333 | 5,627,909 | 4,822,002 |
| Total equity | 5,052,794 | 4,677,673 | 5,108,923 | 4,718,243 |
| Total adjusted capital | 10,682,848 | 9,493,006 | 10,736,832 | 9,540,245 |
| Adjusted gearing ratio (%) | 52.70% | 50.73% | 52.42% | 50.54% |

(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 rate that approximate market rates. The estimated fair values are:

| Fair value estimation | Parent Company | | | | Consolidated | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Carrying amount | | Fair value | | Carrying amount | | Fair value | |
| | Sep/22 | Dec/21 | Sep/22 | Dec/21 | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| BNDES | - | 155 | - | 155 | - | 155 | - | 155 |
| Debentures and promissory notes | 1,919,168 | 1,054,793 | 1,919,168 | 1,054,793 | 1,919,168 | 1,054,793 | 1,919,168 | 1,054,793 |
| Other | 300,308 | 407,214 | 300,308 | 407,214 | 345,849 | 450,274 | 345,849 | 450,274 |
| Total | 2,219,476 | 1,462,162 | 2,219,476 | 1,462,162 | 2,265,017 | 1,505,222 | 2,265,017 | 1,505,222 |

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The effective interest rates at the balance sheet dates are usual market rates and their fair value does not differ from the balances in the accounting records.

At September 30, 2022, 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 period ended September 30, 2022:

| | Parent Company/Consolidated | |
|--|--------------------------------------|--------------|
| | Payables to subsidiary's shareholder | |
| | Sep/22 | Sep/21 |
| Changes in payables to subsidiary's shareholder | | |
| Balance at January 1 | 37,383 | 46,448 |
| Payment of call option 4Bio | - | (11,884) |
| Interest recognized in the statement of income: | 26,174 | 2,085 |
| Closing balance | 63,557 | 36,649 |
| Total expenses for the period recognized in the statement of income | 26,174 | 2,085 |
| Changes in unrealized expenses for the period included in the statement of income | 26,174 | 2,085 |

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25. Transactions with related parties

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

| Related parties | Relationship | Parent Company | | Consolidated | | Parent Company | | Consolidated | |
|---|---------------------------|----------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|
| | | Assets | | | | Transacted amount | | | |
| | | Sep/22 | Dec/21 | Sep/22 | Dec/21 | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| Receivables | | | | | | | | | |
| Special plans ⁽ⁱ⁾ | | | | | | | | | |
| Regimar Comercial S.A. | Shareholder/Family | 14 | 15 | 14 | 15 | 28 | 32 | 29 | 32 |
| Heliomar Ltda. | Shareholder/Board Member | 2 | - | 2 | - | 3 | 5 | 3 | 5 |
| Natura Cosméticos S.A. ⁽ⁱⁱ⁾ | Shareholder/Related party | 145 | 197 | 145 | 197 | 551 | 387 | 551 | 387 |
| 4Bio Medicamentos S.A. ^(v) | Subsidiary | 60 | 51 | - | 51 | 98 | 88 | - | 88 |
| Vitat Serviços em Saúde LTDA | Subsidiary | 3 | - | - | - | 5 | - | - | - |
| Healthbit Performasys Tecnologia | Subsidiary | - | - | - | - | - | - | - | - |
| Subtotal | | 224 | 263 | 161 | 263 | 685 | 512 | 583 | 512 |
| Other receivables from related parties | | | | | | | | | |
| Commercial agreements | | | | | | | | | |
| Natura Cosméticos S.A. ⁽ⁱⁱ⁾ | Shareholder/Related party | - | - | - | - | - | 146 | - | 146 |
| Advances to suppliers | | | | | | | | | |
| Cfly Consultoria e Gestão Empresarial Ltda. ⁽ⁱⁱⁱ⁾ | Family | 577 | 171 | 577 | 171 | - | - | - | - |
| Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire – Advogados ^(iv) | Shareholder/Family | 95 | 45 | 95 | 45 | - | - | - | - |
| Loan and other receivables | | | | | | | | | |
| 4Bio Medicamentos S.A. ^(v) | Subsidiary | 462 | 32,765 | - | - | 742 | 3,455 | - | - |
| Full Nine Digital Consultoria (Conecta Lá) (xii) | Associate | 1,268 | 1,134 | 1,268 | 1,134 | 133 | 1,134 | 133 | 1,134 |
| Healthbit Performasys Tecnologia ^(viii) | Subsidiary | 3,298 | 1,380 | - | 1,380 | 220 | 1,380 | 220 | 1,380 |
| ZTO Tecn. e Ser. de Infor. na Int. Ltda. (Manipulaê) ^(xi) | Associate | 5,546 | - | 5,546 | 4,616 | 930 | 12 | 822 | 1,616 |
| Labi Exames S.A. ^(xiii) | Associate | - | - | - | 15,098 | - | - | - | 15,098 |
| Stix Fidelidade e Inteligência S.A. ^(x) | Associate | 12,765 | 17,752 | 12,765 | 17,752 | 14,208 | 17,752 | 14,208 | 17,752 |
| SafePill Comercio Varejista de Med. Manip. Ltda. ^(ix) | Associate | 405 | - | 405 | - | 405 | - | 405 | - |
| Subtotal | | 24,416 | 53,247 | 20,656 | 40,196 | 16,638 | 23,879 | 15,788 | 37,126 |
| Total receivables from related parties | | 24,640 | 53,510 | 20,817 | 40,459 | 17,323 | 24,391 | 16,371 | 37,638 |

(A free translation of the original in Portuguese)

**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2022**

(All amounts in thousands of reais unless otherwise stated)

| Related parties | Relationship | Parent Company | | Consolidated | | Parent Company | | Consolidated | |
|--|---|--------------------|---------------|---------------|---------------|--------------------------|---------------|---------------|---------------|
| | | Sep/22 | Dec/21 | Sep/22 | Dec/21 | Sep/22 | Dec/21 | Sep/22 | Dec/21 |
| | | Liabilities | | | | Transacted amount | | | |
| Payables | | | | | | | | | |
| Rentals ^(vi) | | | | | | | | | |
| Heliomar Ltda. | Shareholder/Board Member | 32 | 52 | 32 | 52 | 306 | 299 | 306 | 299 |
| Antonio Carlos Pipponzi | Shareholder/Board Member | 10 | 9 | 10 | 9 | 98 | 60 | 98 | 60 |
| Rosalia Pipponzi Raia | Shareholder/Board Member | 10 | 9 | 10 | 9 | 98 | 60 | 98 | 60 |
| Cristiana Almeida Pipponzi | Shareholder/Board Member | 4 | 4 | 4 | 4 | 33 | 20 | 33 | 20 |
| André Almeida Pipponzi | Shareholder/Board Member | 4 | 4 | 4 | 4 | 33 | 20 | 33 | 20 |
| Marta Almeida Pipponzi | Shareholder/Board Member | 4 | 4 | 4 | 4 | 33 | 20 | 33 | 20 |
| Subtotal | | 64 | 82 | 64 | 82 | 601 | 479 | 601 | 479 |
| Service providers | | | | | | | | | |
| Zurcher, Ribeiro Filho, Pires Oliveira Dias e Freire Advogados ^(iv) | Shareholder/Family | 231 | - | 231 | - | 3,843 | 2,998 | 3,843 | 2,998 |
| Rodrigo Wright Pipponzi (Editora Mol Ltda.) ^(vii) | Shareholder/Family | 936 | 1,999 | 936 | 1,999 | 3,403 | 214 | 3,403 | 214 |
| Cfly Consultoria e Gestão Empresarial Ltda. ⁽ⁱⁱⁱ⁾ | Family | - | 36 | - | 36 | 1,898 | 3,270 | 1,898 | 3,270 |
| Cristina Ribeiro Sobral Sarian (Anthea Consultoria Empresarial) ^(viii) | Shareholder/Alternate Board Member until April 2021 | 49 | - | 49 | - | 345 | 450 | 345 | 450 |
| Cesar Nivaldo Gon (CI&T IOT Comercio de HardWare e Software Ltda. and CI&T Softwares S.A.) ^(ix) | Shareholder/Board Member as from May 2021 | - | 11 | - | 11 | 35 | 159 | 35 | 159 |
| Stix Fidelidade e Inteligência S.A. ^(x) | Associate | 8,702 | 8,187 | 8,702 | 8,187 | 36,755 | 8,187 | 36,755 | 8,187 |
| Healthbit Performasys Tecnologia ^(viii) | Subsidiary | 119 | - | 119 | - | 3,149 | 694 | - | 694 |
| Subtotal | | 10,037 | 10,233 | 10,037 | 10,233 | 49,428 | 15,972 | 46,279 | 15,972 |
| Total payables to related parties | | 10,101 | 10,315 | 10,101 | 10,315 | 50,029 | 16,451 | 46,880 | 16,451 |

(A free translation of the original in Portuguese)

**Notes to the
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(All amounts in thousands of reais unless otherwise stated)**

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

(i) Refer to 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) Provision of services of aircraft operation to the owner 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) During 2016, 2017 and 2019 loan transactions between Raia Drogasil S.A. (lender) and 4Bio Medicamentos S.A. (borrower) were carried out in the amounts of R\$ 14,000, R\$ 20,100 and R\$ 12,000, respectively. All loan agreements are monetarily adjusted at 100% of the CDI plus 3.50% p.a. for contracts signed in 2016 and 2017 and 3.26% p.a. for the contract signed in 2019, and mature in December 2022. In March 2022, the operation was completely settled.

Other receivables comprises commissions on Raia Drogasil S.A. referrals (R\$ 462), 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 the provision of consulting services in the areas of health and sustainability and 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) Transactions with loan between subsidiary RD Ventures (lender) and ZTO Tecnologia e Servicos de Informacao na Internet Ltda. (borrower) in monthly amounts of R\$ 300 for July/2020 and R\$ 675 for August, September and December 2020 and January 2021, and R\$ 1,000 for November 2021, respectively;

(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) Loan transaction carried out between RD Ventures (lender) and Labi Exames S.A. (borrower) in the amounts of R\$ 15,000 in 2021 and R\$ 13,000 in 2022, with monetary adjustment based on CDI + 3.00% p.a., maturing in May 2023 and August 2023, respectively. As disclosed in Note 9.2.(e), the option to convert Labi shares was exercised in August 2022, reversing the loan balance to equity interest.

(xiv) Loans between RD (lender) and SafePill Comercio Varejista de Med. Manip. Ltda (debtor) totaling R\$ 400 in August 2022, with remuneration linked to the CDI + 3.26% p.a. and maturity in August 2024.

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.

**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2022**
(All amounts in thousands of reais unless otherwise stated)

(b) 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:

| Compensation items | Parent Company | | Consolidated | |
|--|----------------|---------------|---------------|---------------|
| | Sep/22 | Sep/21 | Sep/22 | Sep/21 |
| Share-based payment | 20,375 | 11,404 | 23,670 | 12,450 |
| Bonuses and social charges | 6,844 | 6,840 | 7,045 | 6,840 |
| Subtotal bonuses and social charges | 27,219 | 18,244 | 30,715 | 19,290 |
| Fees and social charges | 18,424 | 16,708 | 20,050 | 18,854 |
| Fringe benefits | 198 | 252 | 198 | 252 |
| Total | 45,841 | 35,204 | 50,963 | 38,396 |

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 interim financial information.

26. Insurance coverage

The Company 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:

| Insurance items | Parent Company/Consolidated |
|------------------------|-----------------------------|
| | Sep/22 |
| Inventory loss risks* | 828,589 |
| D&O* | 100,000 |
| Civil liability risks* | 40,000 |

* The parent company's coverage extends to the subsidiaries

27. Non-cash transactions

At September 30, 2022, the Group's main non-transactions were:

- (i) the monetary adjustment of the financial liability arising from payables to subsidiary's shareholder (Note 9);
- (ii) part of the compensation of key management personnel associated with the restricted share plan (Note 25 (b));
- (iii) the installment purchase of fixed assets items in the amount of R\$ 8,314 (R\$ 19,491 - Dec/ 21);
- (iv) recognition of lease liability with a balancing item in right-of-use asset, which additions of new agreements in the amount of R\$ 349,830 (R\$ 319,051- Dec/21), remeasurements of R\$ 299,899 (R\$ 598,677- Dec/21) and termination of agreements in the amount of R\$ 25,743 (R\$ 49,851 - Dec/21).

A free translation from Portuguese into English of Independent Auditor’s Review Report on Individual and Consolidated Interim Financial Information prepared in Brazilian currency in accordance with the rules issued by Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information Form (ITR)

Independent auditor’s report on review of interim financial statements

The Shareholders and Officers
Raia Drogasil S.A.
São Paulo – SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Raia Drogasil S.A. (“Company”), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2022, comprising the statement of financial position as of September 30, 2022 and the related statements of profit or loss and of comprehensive income for the three and nine-month periods the ended, and of changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the Federal Accounting Counsel (“CFC”) and International Accounting Standards Board (IASB), respectively, as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this individual and consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information Form referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, October 31, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Patricia Nakano Ferreira
Accountant CRC-1SP234620/O-4

**Comments on business projections performance
Individual and Consolidated
September 30, 2022**

In this section, pursuant to CVM Instruction 480/09, we compare the store opening projections for the Company with the data on pharmacy openings actually conducted every year, until the end of the current 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.

| 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 | 174 openings |
| 2023 | 240 openings (*) | 260 openings | - |
| 2024 | 240 openings (*) | 260 openings | - |
| 2025 | 240 openings (*) | 260 openings | - |

(*) The projections for 2023 to 2025 result from compliance with Warning Letter No. 18/222/CVM/SEP/GEA-2

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 2023 to 2025 from 240 openings per year to 260 openings per year.

The Company ended 2021 with 240 store openings and reiterates projections of 260 openings for 2022.

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 Interim Financial Information for the nine-month period ended September 30, 2022 and, based on the examinations performed and on clarifications provided by management, and also considering the favorable Report on Special Review 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, October 31, 2022.

Gilberto Lério
Supervisory Board Member

Adeildo Paulino
Supervisory Board Member

Paulo Sérgio Buzaid Tohmé
Supervisory Board Member

Antônio Edson Maciel dos Santos
Supervisory Board Member

(A free translation of the original in Portuguese)

**Officers' Representation on
Interim Financial Information
September 30, 2022**

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 Interim Financial Information for the nine-month period ended September 30, 2022.

São Paulo, October 31, 2022.

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

Ligia Maria Mendes
Controllership Director and Accountant in charge
CRC 1SP253358/O-8

**Officers' Representation on
Independent Auditor's Report
September 30, 2022**

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 nine-month period ended September 30, 2022.

São Paulo, October 31, 2022.

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

Ligia Maria Mendes
Controllership Director and Accountant in charge
CRC 1SP253358/O-8