People, Health and Well-being.

RaiaDrogasil S.A.

Our mission: to become the group that contributes the most towards a healthier society

EARNINGS RELEASE 4Q23

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

Our financial statements are prepared in accordance with IFRS 16. In order to better represent the economics of the business, the figures in this report are presented under IAS 17, the previous reporting standard. A reconciliation with IFRS 16 can be found in a dedicated chapter within this document.

ANNUAL CONSOLIDATED HIGHLIGHTS:

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

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

RADL3

R$ 25.84/share

NUMBER OF SHARES

1,718,007,200

MARKET CAP

R$ 44.4 billion

CLOSING

March 04th, 2024

IR TEAM:

Eugênio De Zagottis
Flávio Correia
André Stolfi
Victor Torres
Felipe Correa

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

LETTER OF THE ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Administration

CHALLENGES AND OPPORTUNITIES FOR 2024

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

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

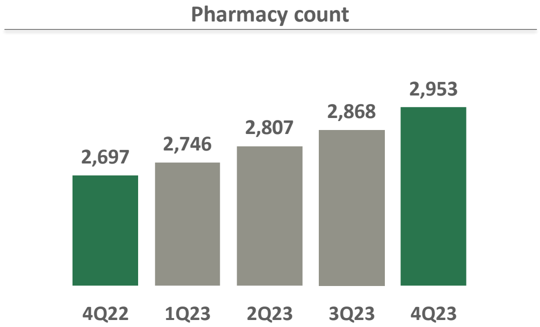
Sustain accelerated growth, increasing market share and gaining further operating leverage: We operate at unique thresholds both of scale – with R$ 36.3 billion in revenue from almost 3 thousand pharmacies across the country, with an annual addition of R$ 5.4 billion in revenues – and of efficiency and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

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

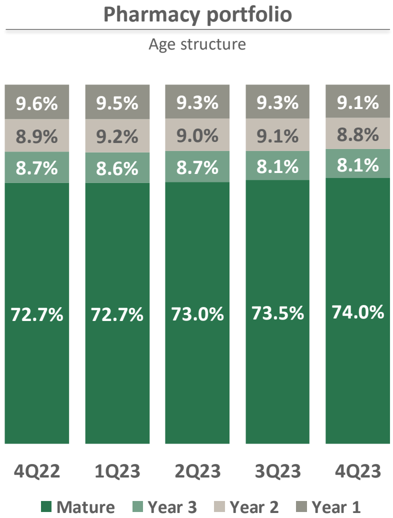
STORE DEVELOPMENT

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

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



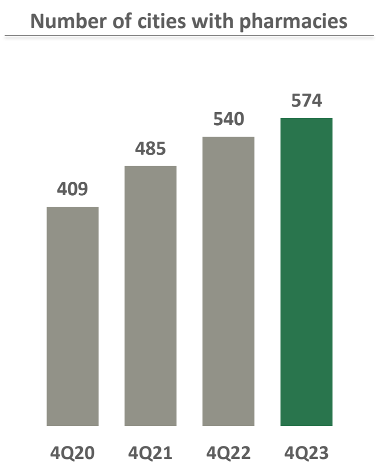
	4Q22	1Q23	2Q23	3Q23	4Q23	LTM
Gross openings	+86	+55	+64	+64	+87	+270
Closures	-9	-6	-3	-3	-2	-14
Maturing	-	*-1*	-	-	-	*-1*
Mature	*-9*	*-5*	*-3*	*-3*	*-2*	*-13*
Net openings	+77	+49	+61	+61	+85	+256

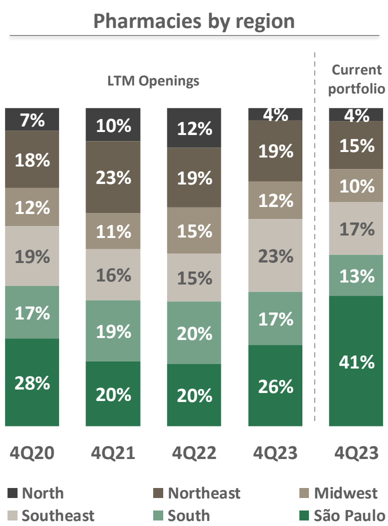


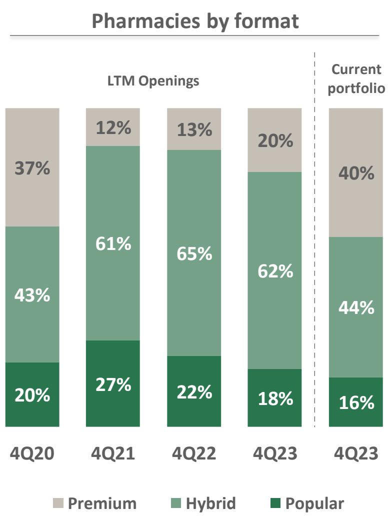
Of the 14 closures of 2023, only 1 was a pharmacy still in the maturation process, an error ratio of less than 0.4% of the 270 openings in the period. The remaining closures consisted of mature units with an average age of 12 years of operation as part of the ongoing optimization of our store portfolio,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

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

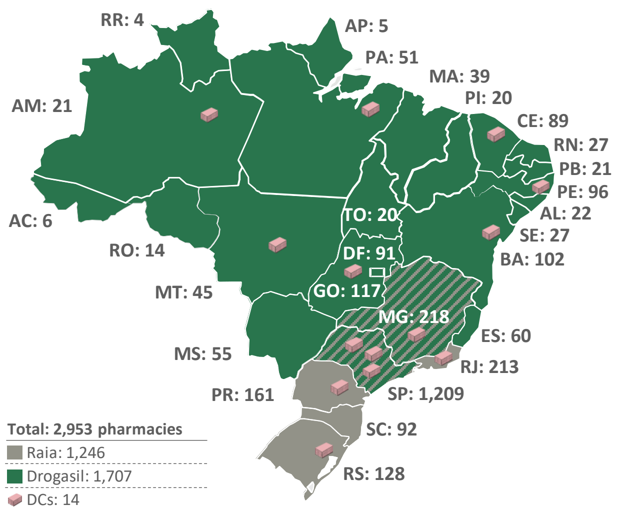
We continue diversifying our pharmacy network, both geographically and demographically. Of the 270 gross openings in the year, 74% occurred outside the state of São Paulo, our native market. We have also extended our presence to 574 cities, 34 more than in the 4Q22, a unique capillarity in Brazilian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





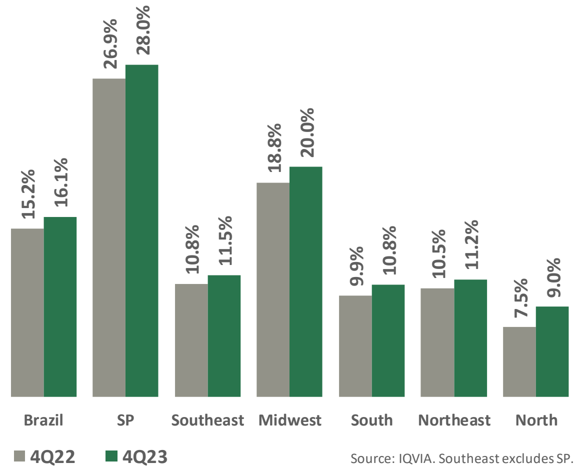


Geographic presence



Market share

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



Source: IQVIA. Southeast excludes SP.

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

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

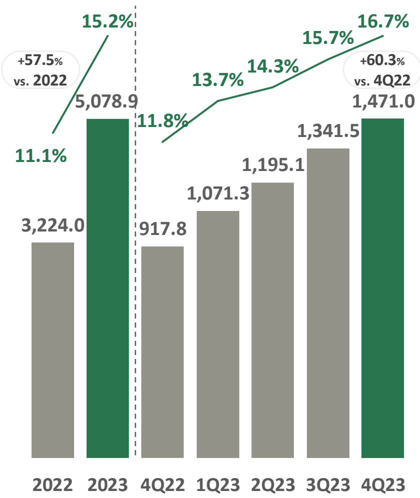
DIGITAL HEALTH TRANSFORMATION

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

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

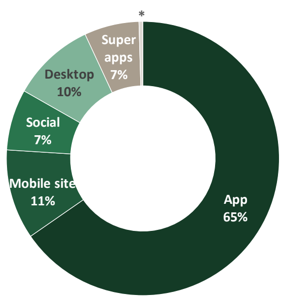
Digital sales and penetration

R$ millions, % of retail gross revenue



Digital channel mix

% of digital sales



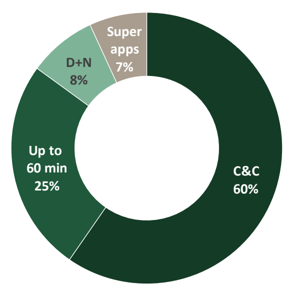
* Call Center represents < 1% of the mix.

93% **modern** and **proprietary** channels

84% **modern**, **proprietary** and **mobile** channels

Delivery mix

% of digital sales



94% fulfilled by **pharmacies** (incl. D+N)

92% delivered in **up to 60 minutes**

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

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

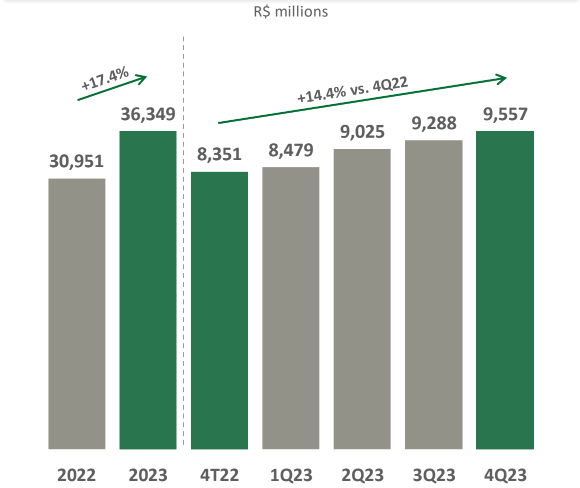
Lastly, we continue to structure our Marketplace to offer an improved experience for our customers, ending the year with an annualized GMV of R$ 160 million while offering 156 thousand SKUs from 633 sellers. We expect to continue to increase our GMV and improving the service level in order to converge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

GROSS REVENUES

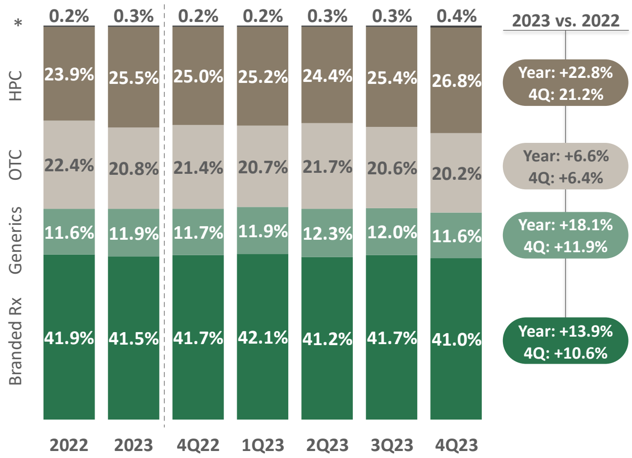
We ended 2023 with a consolidated gross revenue of R$ 36,349 million (R$ 9,557 million in the 4Q23), an absolute increase of R$ 5.4 billion and a growth of 17.4% in the year (14.4% in the 4Q23). Notably, our retail sales grew by 15.2% in the year (13.0% in the 4Q23), while 4Bio contributed to consolidated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

Consolidated gross revenues

R$ millions



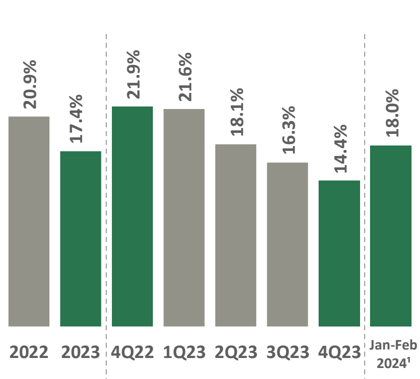
Retail sales mix



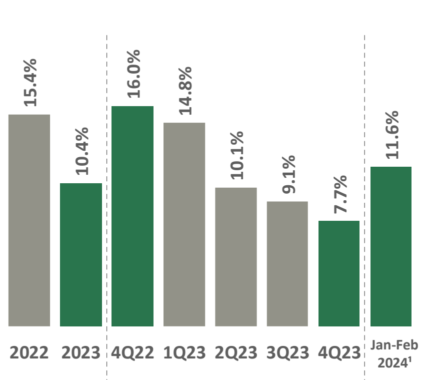
* Services.

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

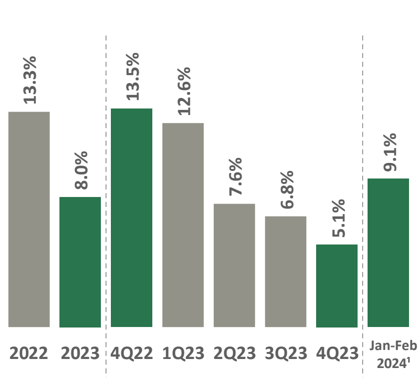
Consolidated revenue growth



Same-Store sales growth - Retail



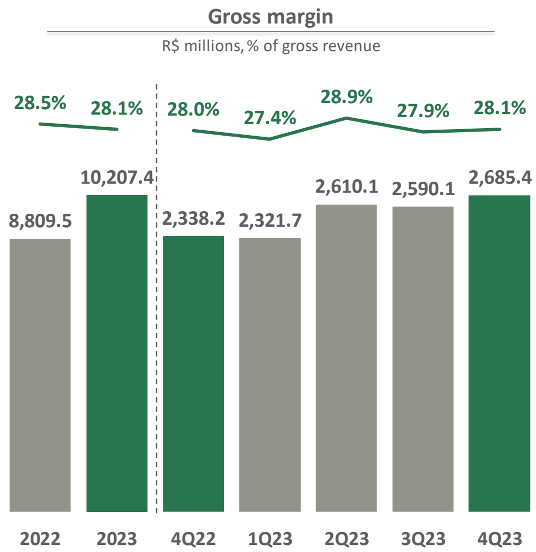
Mature-Store sales growth - Retail



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

[1] *Preliminary data, non-audited.*

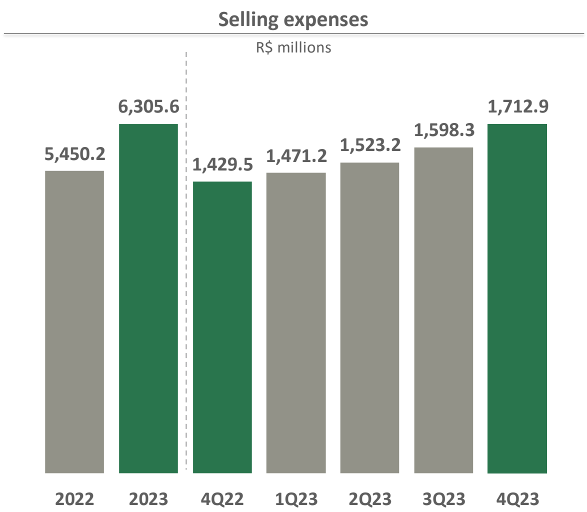
GROSS PROFIT

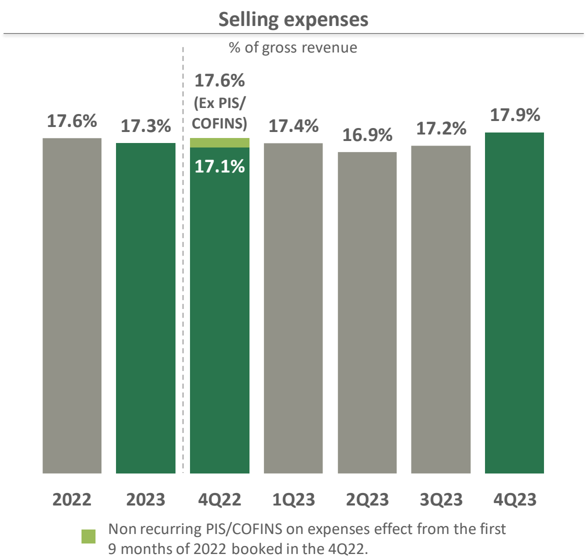


Our gross profit totaled R$ 10,207.4 million in 2023, with a gross margin of 28.1%, a 0.4 pp contraction in comparison to 2022. This contraction was driven by the adverse mix effect of 0.3 pp caused by the strong sales growth of 4Bio, which operates with a structurally lower gross margin, and an additional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

In the 4Q23, our gross profit totaled R$ 2,685.4 million with a gross margin of 28.1%, a 0.1 pp increase. In the quarter, we recorded a negative mix effect of 0.2 pp caused by the strong sales growth of 4Bio and an additional 0.1 pp pressure stemming from the DIFAL, also in 4Bio, which inflated the comparison basis in the 4Q22[2]. These effects were more than offset by a retail gross margin expansion of 0.4 pp in the quarter.

SELLING EXPENSES





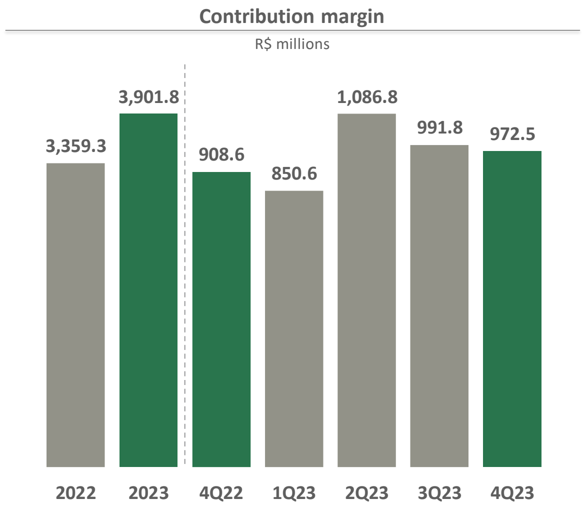
Selling expenses totaled R$ 6,305.6 million in 2023, equivalent to 17.3% of gross revenue, a 0.3 pp dilution vs. 2022, driven by operating leverage gains from the real growth recorded at mature stores. During the year, we recorded reductions of 0.2 pp in rentals, 0.1 pp in personnel expenses, 0.1 pp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

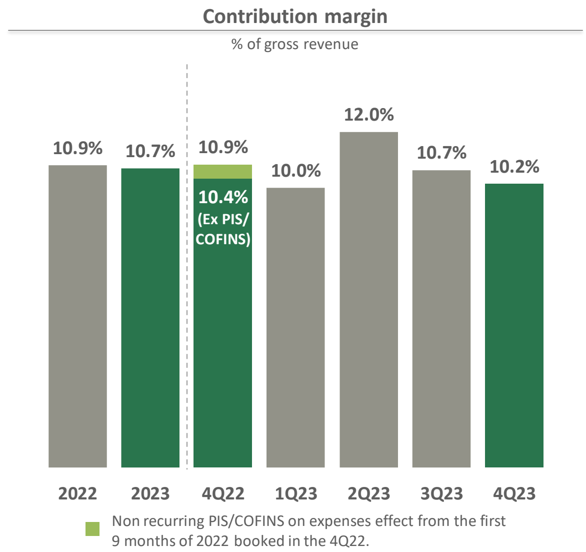
[2] On November 30th 2023, the Brazilian Supreme Court (STF) validated the charging of DIFAL for 2022. As we didn't republish the fiscal 2022 financial statements, past numbers still reflect the benefits of not booking it. The values referring to 2022, to be paid retroactively, were booked in the 4Q23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

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

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

CONTRIBUTION MARGIN



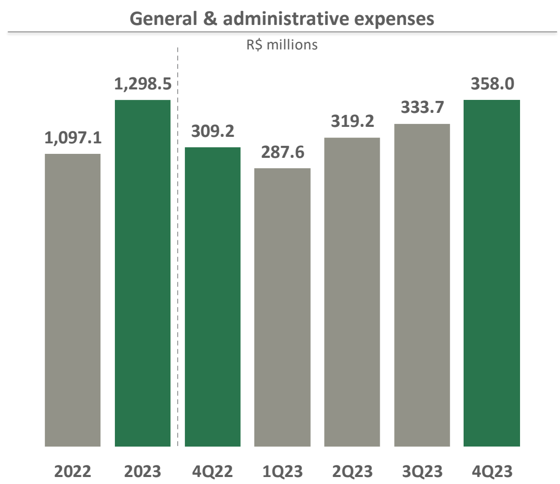


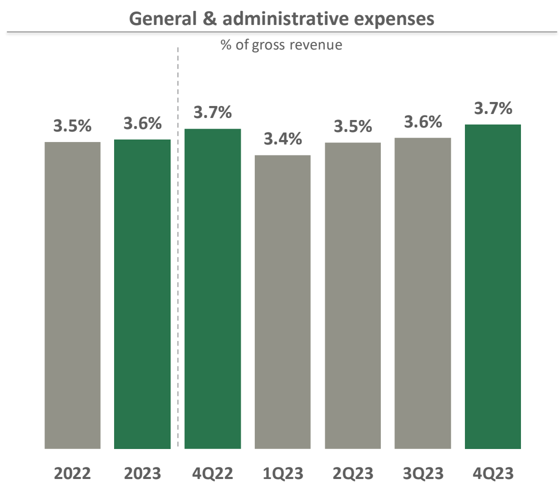
We recorded a contribution margin of R$ 3,901.8 million in 2023, an increase of 16.1% vs. 2022 and a margin contraction of 0.2 pp to 10.7% of gross revenue. This reflects a contraction of 0.4 pp in our gross margin, stemming from a 0.2 pp pressure from the lower CMED price adjustment, and from a 0.6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

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

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

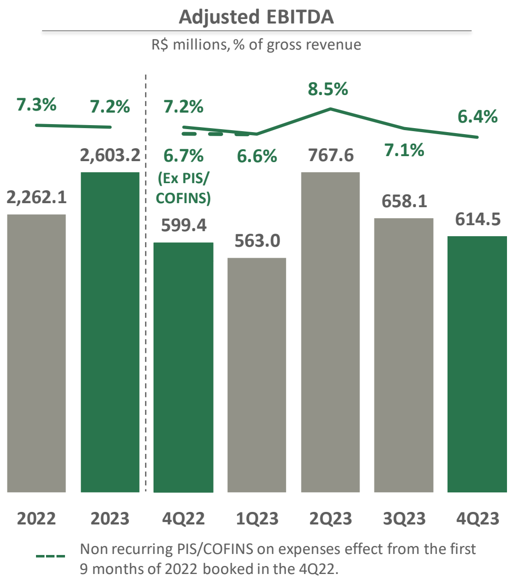
GENERAL & ADMINISTRATIVE EXPENSES





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

EBITDA



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

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

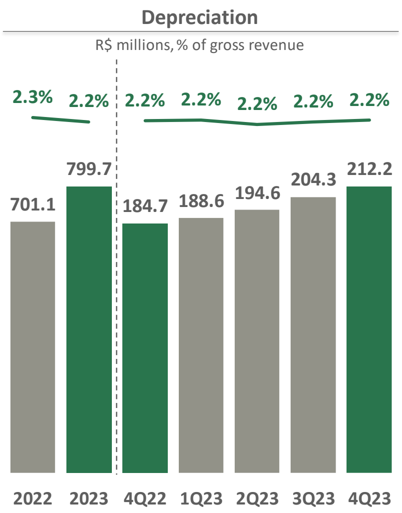
EBITDA RECONCILIATION AND NON-RECURRING RESULTS

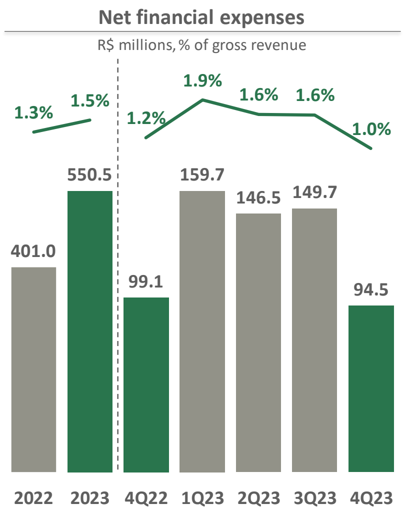
EBITDA reconciliation - R$ millions	1Q23	2Q23	3Q23	4Q23	2023
Net income	**206.4**	**363.2**	**296.6**	**284.7**	**1,150.8**
Income tax	9.8	83.6	48.3	19.7	161.4
Equity equivalence	2.4	0.8	1.9	5.5	10.6
Financial result	159.7	146.5	149.7	94.5	550.5
EBIT	**378.4**	**594.1**	**496.4**	**404.4**	**1,873.3**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

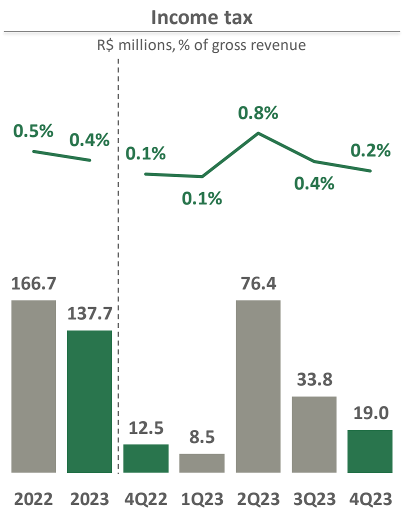
We recorded in 2023 R$ 69.7 million in net non-recurring revenues (R$ 2.0 million in net expenses in the 4Q23). This includes R$ 9.8 million in social investments and donations (R$ 3.5 million in the 4Q23), R$ 38.0 million in asset write-offs (R$ 38.6 million in the 4Q23), in addition to R$ 5.8 million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

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

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES





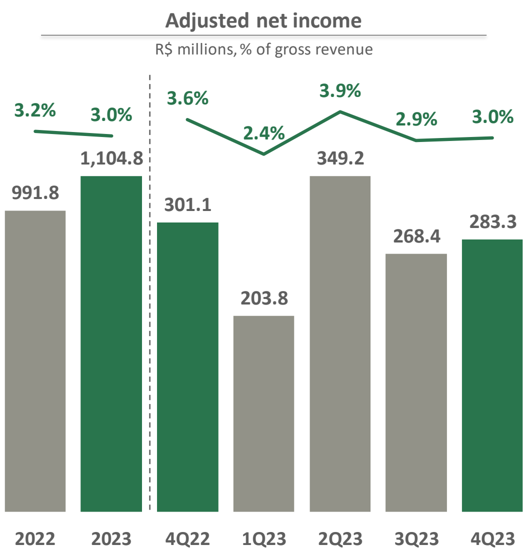


Depreciation expenses amounted to R$ 799.7 million in 2023 (R$ 212.2 million in the 4Q23), equivalent to 2.2% of gross revenue (2.2% in the 4Q23), a 0.1 pp dilution when compared to 2022 (stable vs. 4Q22).

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

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

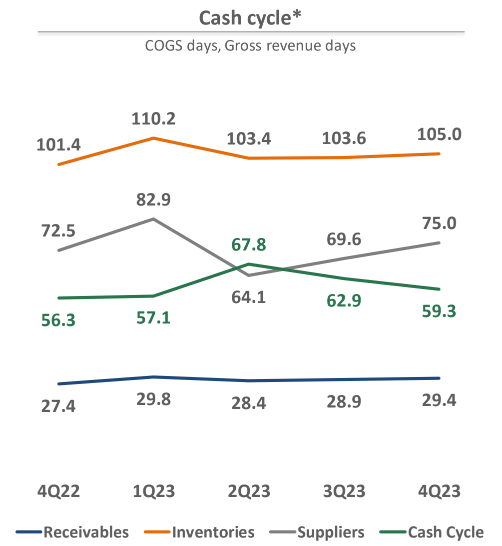
NET INCOME



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

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

CASH CYCLE



* Adjusted for discounted receivables and advanced payments to suppliers.

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

CASH FLOW

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

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

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

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

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

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

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

INDEBTEDNESS

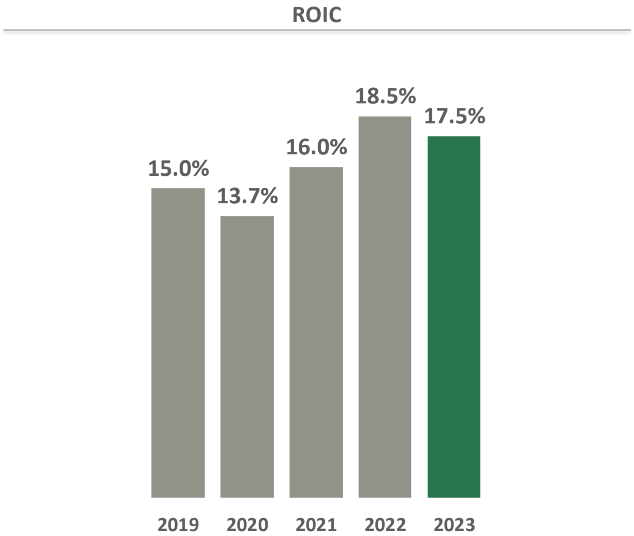
We ended 2023 with an adjusted net debt of R$ 2,766.9 million, corresponding to a leverage ratio of 1.1x the adjusted EBITDA of the last twelve months. The adjusted net debt considers R$ 49.6 million in advanced payments to suppliers and R$ 98.2 million in liabilities related to the put option granted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

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

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

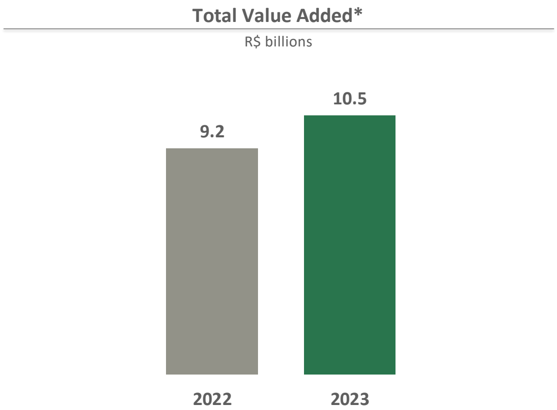
RETURN ON INVESTED CAPITAL

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

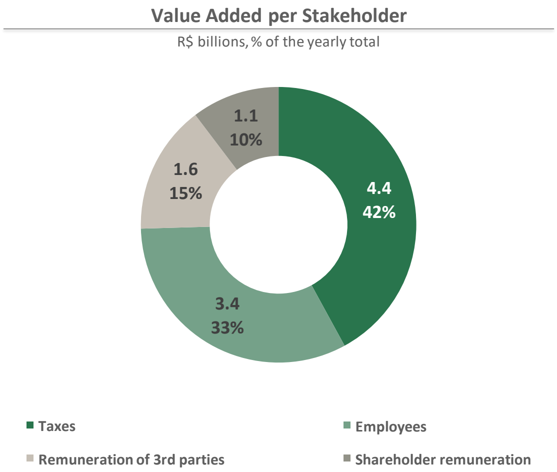


SHARED VALUE CREATION

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



* Adjusted for effective rentals and excludes NPV impacts.

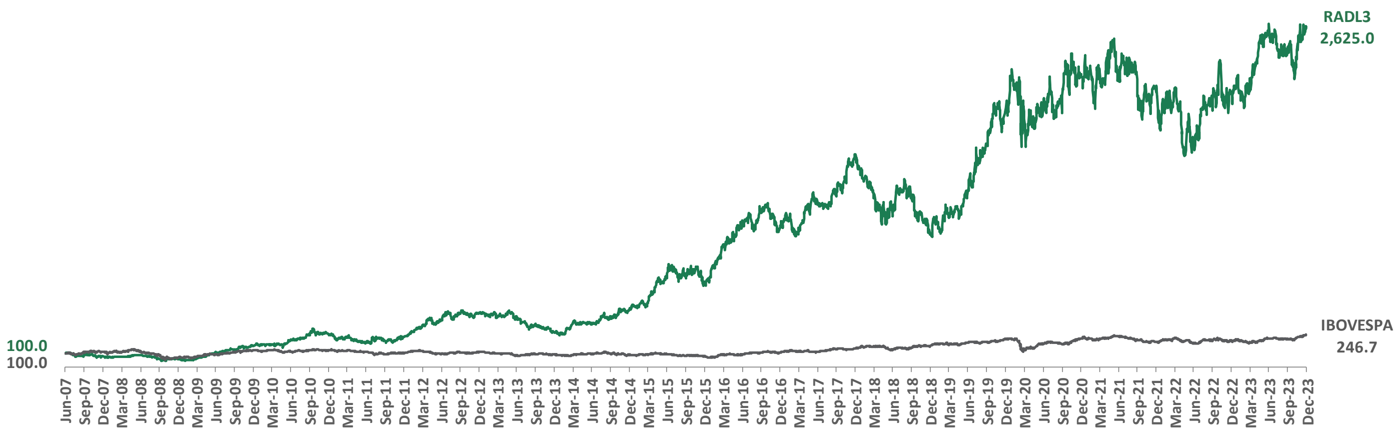


TOTAL SHAREHOLDER RETURNS

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

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

Stock price appreciation



IFRS 16

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

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

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

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

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

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

4Q23 Results Conference Calls

March 06th, 2024

Portuguese
at 10:00 am (BRT)

English
at 12:00 pm (BRT)

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

For more information, please contact our Investor Relations department.

E-mail: ri@rd.com.br

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

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

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

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

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