

(A free translation of the original in Portuguese)

Raia Drogasil S.A.

Individual and Consolidated
Interim Financial Information
At September 30, 2023



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Comments on Company performance

São Paulo, October 31, 2023. RD – **People, Health and Well-being** (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 3rd quarter of 2023 (3Q23). The Company's parent company and consolidated financial statements for the periods ended September 30 of 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.

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 in a dedicated chapter within this document.

CONSOLIDATED HIGHLIGHTS:

- › **PHARMACIES: 2,868 units in operation (64 openings and 3 closures);**
- › **GROSS REVENUES: R\$ 9.3 bilion, a 16.3% increase with 6.8% mature store growth;**
- › **MARKET SHARE: 15.6%, a 0.7 pp increase, with gains in every region;**
- › **DIGITAL: R\$ 1.3 bilion, an increase of 51.4% and a retail penetration of 15.7%;**
- › **CONTRIBUTION MARGIN*: 10.7% of gross revenues and an increase of 19.4%;**
- › **ADJUSTED EBITDA: R\$ 658.1 million, a margin of 7.1% and an increase of 20.4%;**
- › **ADJUSTED NET INCOME: R\$ 268.4 million, a net margin of 2.9% and an increase of 33.1%;**
- › **CASH FLOW: R\$ 336.2 million positive free cash flow, R\$ 263.1 million total cash generation.**

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

RADL3

R\$ 25.34/share

NUMBER OF SHARES

1.718.007.200

MARKET CAP

R\$ 43.5 bilion

CLOSING

October 30th, 2023

IR TEAM:

Eugênio De Zagottis

Flávio Correia

André Stolfi

Victor Torres

Felipe Correa

SITE: ir.rd.com.br

E-MAIL: ri@rd.com.br

Summary	3Q22	4Q22	1Q23	2Q23	3Q23
<i>(R\$ thousands)</i>					
# of pharmacies	2,620	2,697	2,746	2,807	2,868
Organic openings	58	86	55	64	64
Closures	(19)	(9)	(6)	(3)	(3)
Headcount (EoP)	51,505	53,466	53,495	55,239	57,295
Pharmacist count (EoP)	10,690	10,952	11,322	11,515	11,726
# of tickets (thousands)	83,249	85,915	84,906	91,152	91,261
# of active customers (MM)	46.5	47.5	48.1	47.5	46.4
Gross revenue	7,985,786	8,351,126	8,479,007	9,024,723	9,288,331
Gross profit	2,224,774	2,338,166	2,321,744	2,610,067	2,590,145
% of gross revenue	27.9%	28.0%	27.4%	28.9%	27.9%
Adjusted EBITDA	546,800	599,438	562,957	767,625	658,097
% of gross revenue	6.8%	7.2%	6.6%	8.5%	7.1%
Adjusted net income	201,706	301,101	203,964	349,225	268,392
% of gross revenue	2.5%	3.6%	2.4%	3.9%	2.9%
Net income	225,367	278,009	206,586	363,154	296,519
% of gross revenues	2.8%	3.3%	2.4%	4.0%	3.2%
Free cash flow	159,825	206,008	(42,246)	(486,157)	336,222

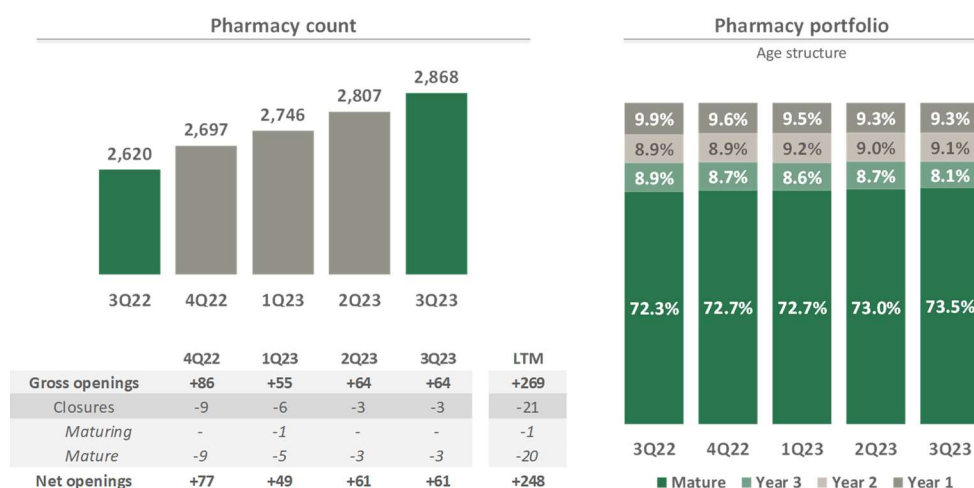
STORE DEVELOPMENT

We opened 64 new pharmacies in the 3Q23 and closed 3, ending the quarter with 2,868 units in operation. At the end of the period, 26.5% 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 260 gross openings per year from 2023 to 2025, totaling 780 new pharmacies to be opened.

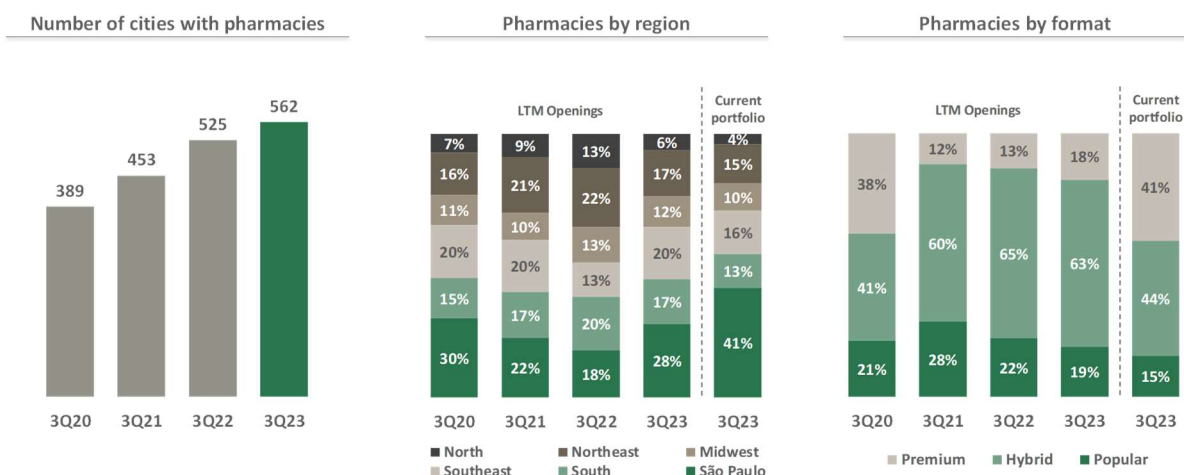
All of the 3 stores closed in the quarter were mature locations, as part of the ongoing optimization of our pharmacy portfolio. It is important to note that the closure of redundant stores result in a transfer of sales to the remaining locations, in the elimination of a full fixed cost base, as well as in the liberation of assets to be more efficiently redeployed, thus increasing both the Company's EBITDA and ROIC.

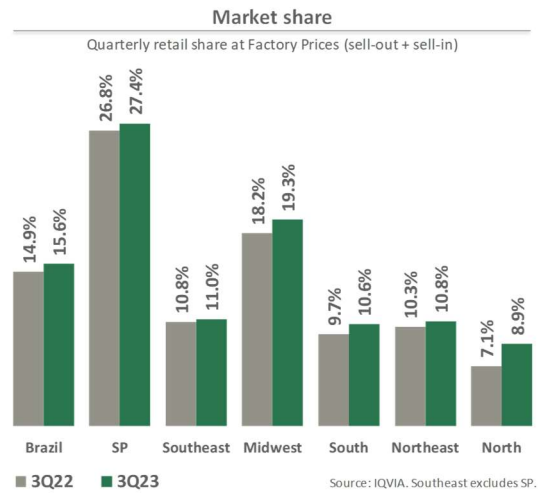
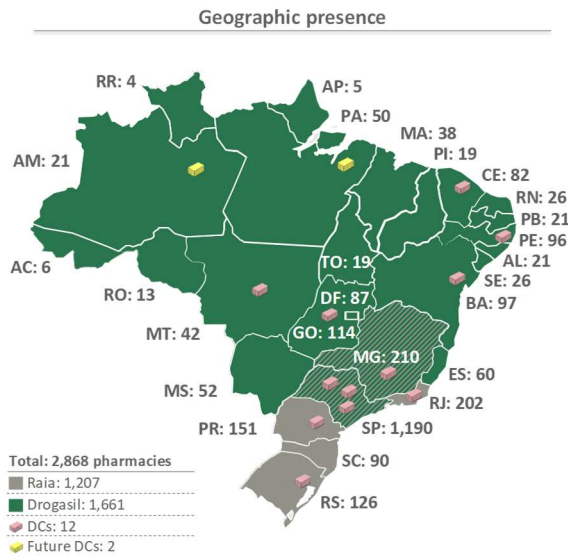
This combined plan of pharmacy openings and closures allows us to maintain an optimal portfolio of stores across the country, expanding our physical presence, balancing the ideal density in each market, and, at the same time, maximizing the return on the assets employed.

Lastly, we highlight that, of the 21 pharmacies closed over the last 12 months, only 1 was still in the maturation process, thus representing a correction of an expansion mistake, equivalent to 0.4% of the 269 openings in the period. This demonstrates the high assertiveness and the high capital efficiency of our expansion process.



RD's expansion is constantly increasing the diversification of our pharmacy network both geographically and demographically. Of the 269 gross openings undertaken over the last twelve months, 72% were located outside the state of São Paulo, our native market. We expanded our presence to 562 cities, 37 more than in the 3Q22, a unique capillarity in Brazilian retail. Out of the 319 Brazilian cities with more than 100 thousand inhabitants, we already have pharmacies, or are in the process of opening, in 305 of them. Lastly, 82% of our openings in the last twelve months have been of popular or hybrid formats, which already comprise 59% of the current portfolio.





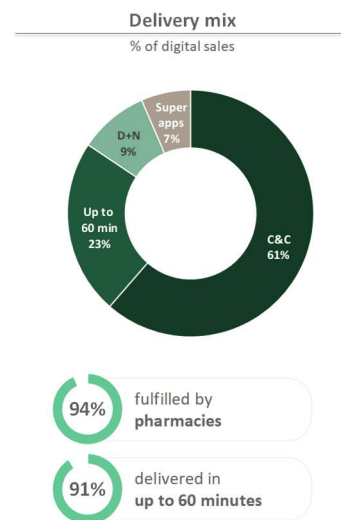
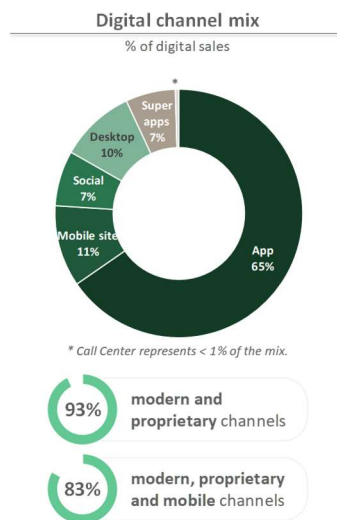
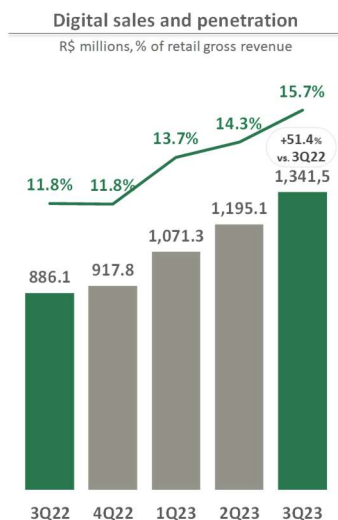
We are currently present in all 27 Brazilian states and operate 12 Distribution Centers that support our pharmacies nationwide, with 90% of our stores being replenished on a daily basis. In addition to the DC in Cuiabá (MT), inaugurated in the 1Q23, we are in the process of opening two additional DCs, located in the states of Amazonas and Pará, strengthening our logistics in the North region of the country, the most recent frontier of our expansion.

We gained market share in all regions during the quarter. Our national participation totaled 15.6%, an annual increase of 0.7 pp. Our market share reached 27.4% in São Paulo, a 0.6 pp increase, 11.0% in the Southeast (excluding São Paulo), a 0.2 pp increase, and 19.3% in the Midwest, a 1.1 pp gain. We also recorded market shares of 10.6% in the South, a 0.9 pp increment, 10.8% in the Northeast, a 0.5 pp gain, and 8.9% in the North, a 1.8 pp increase.

DIGITAL HEALTH TRANSFORMATION

We are advancing in our digital strategy at a fast pace. We recorded R\$ 1,341.5 million in digital channel gross revenue in the 3Q23, representing a retail penetration of 15.7% and a growth of 51.4% over the same period of the previous year.

We recorded 127.7 million visits in our apps and websites in the 3Q23. Customers who use our digital channels increase their loyalty, engagement and purchasing frequency, spending more than they did before. Our frequent customers who have adopted the digital channels spend 28% more than non-digitalized frequent customers, underscoring digitalization as a key driver for value creation.



We highlight the importance of our unique nationwide capillarity for our digital sales. The fact that our pharmacies are located 1.5 km or less from 93% of the Brazilian A-class population allowed them to directly fulfill 94% of the digital sales, with a high level of economic efficiency and convenience to our customers, including 91% of orders delivered or picked-up in-store in under 60 minutes during quarter.

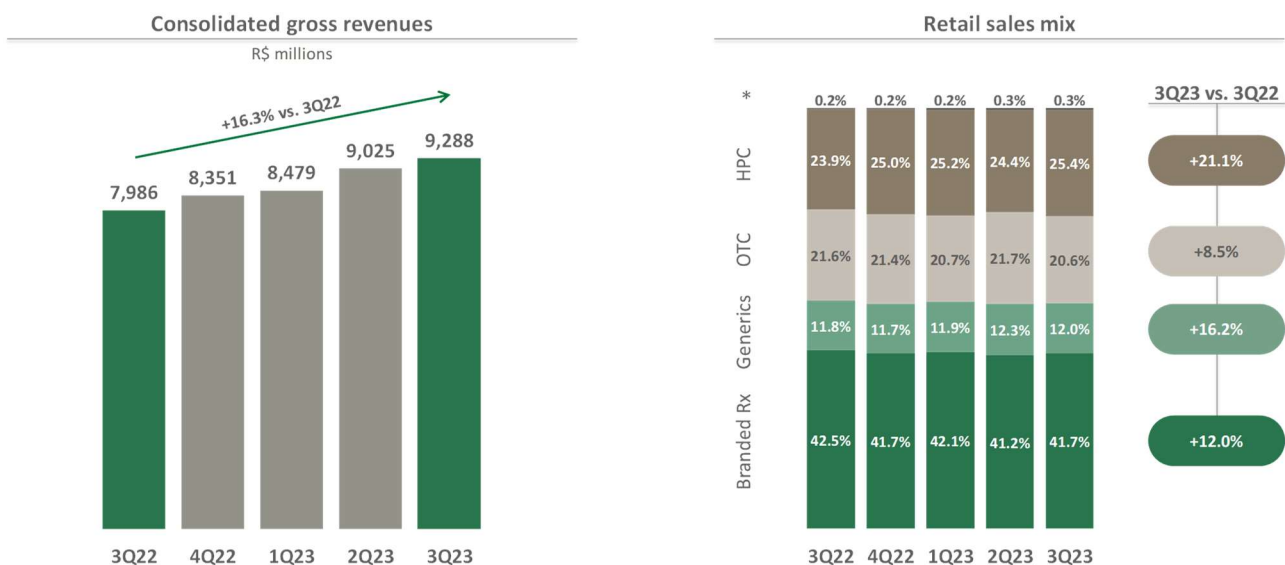
The role of our pharmacies in the promotion of integral health is also advancing. We ended the quarter with over 1.7 thousand units offering enhanced services at our health hubs. Additionally, we ended the period with 294 pharmacies licensed for immunizations and rapid diagnostic tests (RDTs). These pharmaceutical services are allowing us to reposition our pharmacies as local health hubs while increasing the loyalty of our customers, who have evaluated our overall pharmacy experience with an NPS of 91.

We continue structuring our marketplace to offer our customers a better experience, ending the period with an assortment of 128 thousand SKUs from 494 different sellers. We continue focused on improving the service level to our customers, including a reduction in delivery times and the improvement in their overall experience, which resulted in an NPS increase to 57. We expect to continue improving our marketplace so that its NPS can progressively catch-up with that of our 1P digital platform.

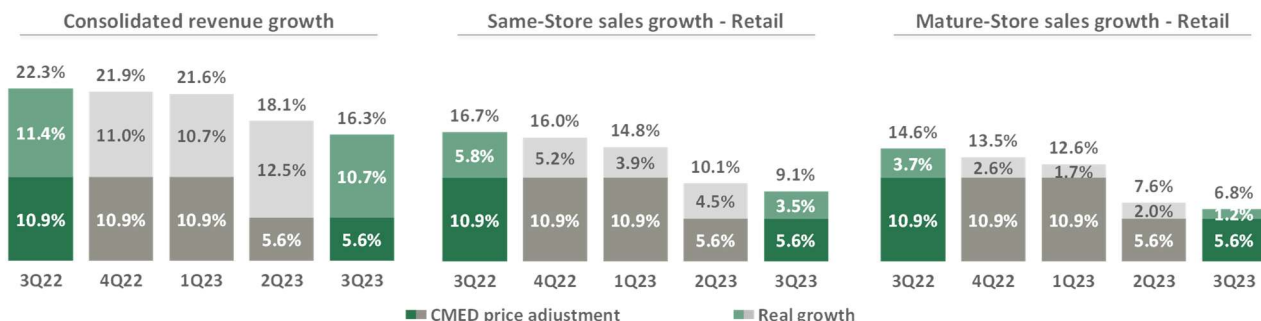
Lastly, we have continued to develop our healthcare platform. We initiated an internal pilot of a chronic journey within Vitat and we included programs of new partners within the services marketplace. Additionally, we recorded 15.6 million unique users impacted by Vitat content in the quarter, and initiated the use of artificial intelligence to recommend our e-commerce products within this content, achieving a conversion rate 2x greater YTD when compared to the previous methodology.

GROSS REVENUES

We ended the 3Q23 with a consolidated gross revenue of R\$ 9,288 million, an increase of 16.3%. We highlight that 4Bio's sales have increased by 51.6%, posting a contribution of 2.1 pp to our consolidated growth, while retail grew by 14.2%. Lastly, we recorded a negative effect from the sale of COVID-19 tests of 0.7 pp as well as a negative calendar effect of 0.1 pp.

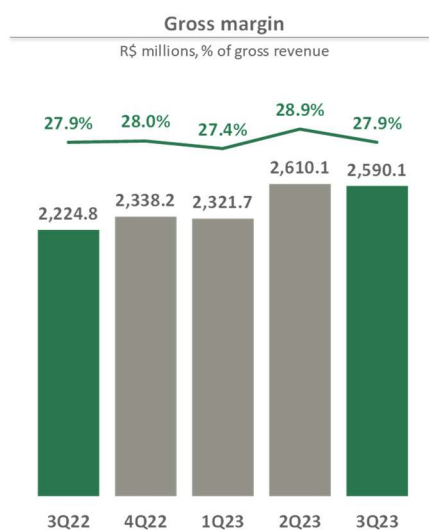


We recorded 12.0% of growth for branded Rx, 16.2% for generics, 8.5% for OTC and 21.1% for HPC. Our strong performances in HPC and generics have more than offset the decelerations in Branded Rx and especially in OTC, in which growth was penalized by the strong comp base in the 3Q22, when the demand for COVID-19 tests, antibiotics and other seasonal items was still very high.



Finally, we recorded a same-store sales growth of 9.1%, with 6.8% for mature stores. It is important to highlight that our revenue growth since the 2Q23 reflects the deceleration of the Brazilian CPI, which resulted in a CMED price adjustment of 5.6% in April 2023, versus the 10.9% recorded in 2022. This deceleration does not bring any repercussions in terms of real growth or efficiency loss, as our costs and expenses are also decelerating at a similar pace.

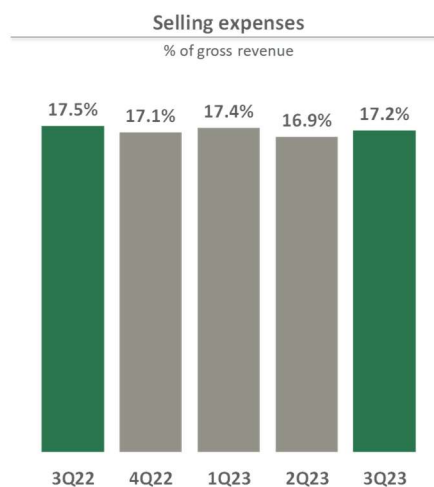
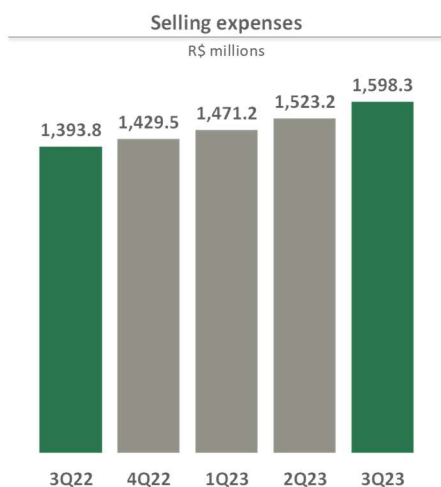
GROSS PROFIT



Our gross profit totaled R\$ 2,590.1 million in the 3Q23, with a gross margin of 27.9%, stable when compared to the same period of the previous year despite the adverse mix effect generated by the strong growth of 4Bio.

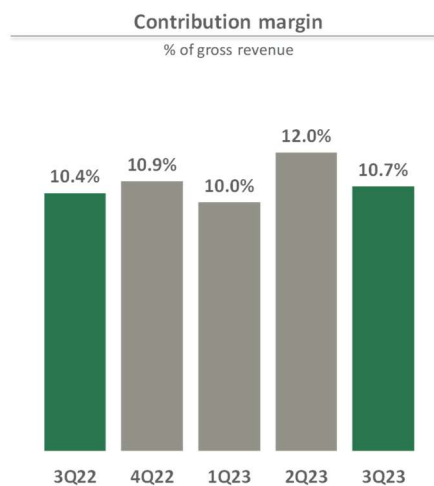
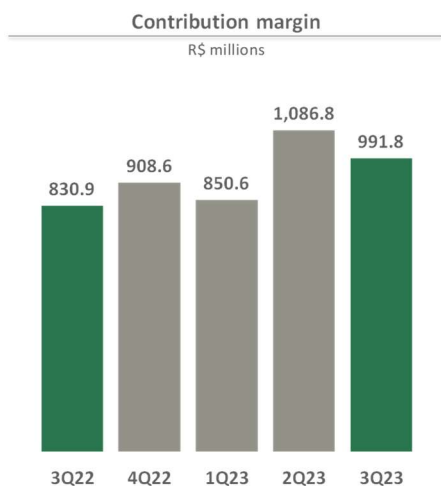
SELLING EXPENSES

Selling expenses totaled R\$ 1,598.3 million in the 3Q23, equivalent to 17.2% of gross revenue, a 0.3 pp dilution in comparison to the same period of the previous year. We gained operating leverage in the quarter due to the real revenue growth recorded at our mature stores.

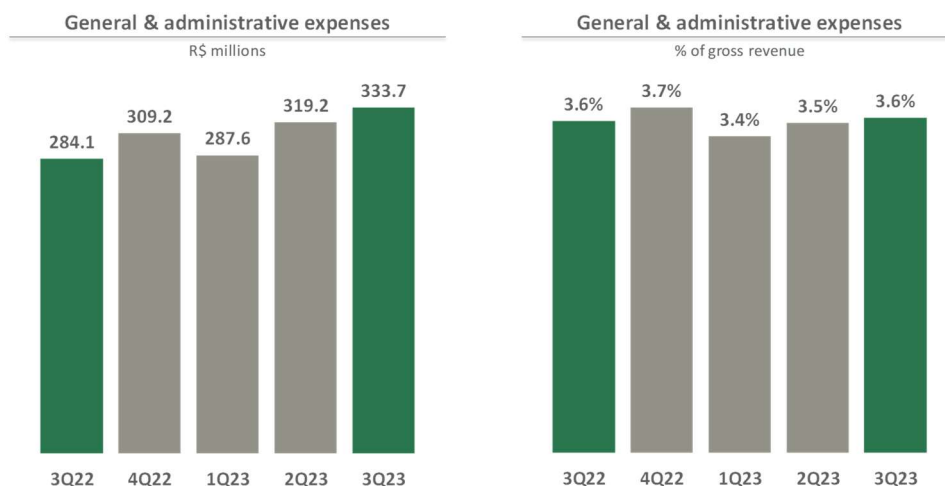


CONTRIBUTION MARGIN

Our contribution margin totaled R\$ 991.8 million in the 3Q23, equivalent to 10.7% of gross revenue, an increase of 19.4% when compared to the same period of the previous year. This is equivalent to a contribution margin expansion of 0.3 pp due to the operating leverage gains at our mature stores, which have been growing sustainably above the CMED price adjustment.

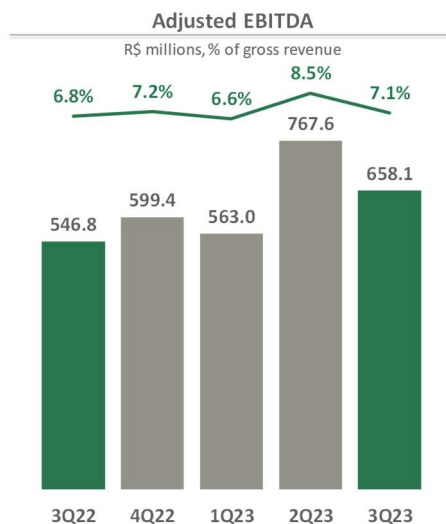


GENERAL & ADMINISTRATIVE EXPENSES



General and administrative expenses totaled R\$ 333.7 million in the 3Q23, equivalent to 3.6% of gross revenue, stable when compared to the same period of 2022. We have stabilized G&A expenses in recent periods and expect to begin diluting it in the near future.

EBITDA



Our adjusted EBITDA totaled R\$ 658.1 million in the 3Q23, a 20.4% increase when compared to the same period of the previous year. This corresponds to a margin of 7.1% of gross revenues, a 0.3 pp increase mostly driven by the operating leverage gains obtained by mature stores, growing above the CMED price adjustment.

Finally, considering only our retail business, without the adverse mix effect generated by the strong growth of 4Bio, our EBITDA in the 3Q23 increased 22.3% versus the same period of 2022 with a margin of 7.4% over our retail revenues, a 0.5 pp margin expansion in the period.

EBITDA RECONCILIATION AND NON-RECURRING RESULTS

We recorded in the 3Q23 R\$ 42.6 million in net non-recurring revenues. This includes R\$ 49.5 million in tax revenues and other effects from previous years, more than offsetting R\$ 1.1 million in asset write-offs related to the closure of pharmacies, R\$ 2.1 million in social investments and donations, in addition to other non-recurring expenses of R\$ 3.7 million.

EBITDA Reconciliation - R\$ millions	3Q23	3Q22
Net income	296.5	225.4
Income tax	48.3	55.1
Equity Equivalence	1.9	(0.2)
Financial Result	149.7	125.5
EBIT	496.4	405.8
Depreciation and amortization	204.3	176.9
EBITDA	700.7	582.6
Tax effects and other non-recurring from previous years	(49.5)	(41.6)
Asset write-offs	1.1	1.9
Social investments and donations	2.1	3.8
Social investments and donations	3.7	-
Non-recurring/non-operating expenses	(42.6)	(35.8)
Adjusted EBITDA	658.1	546.8

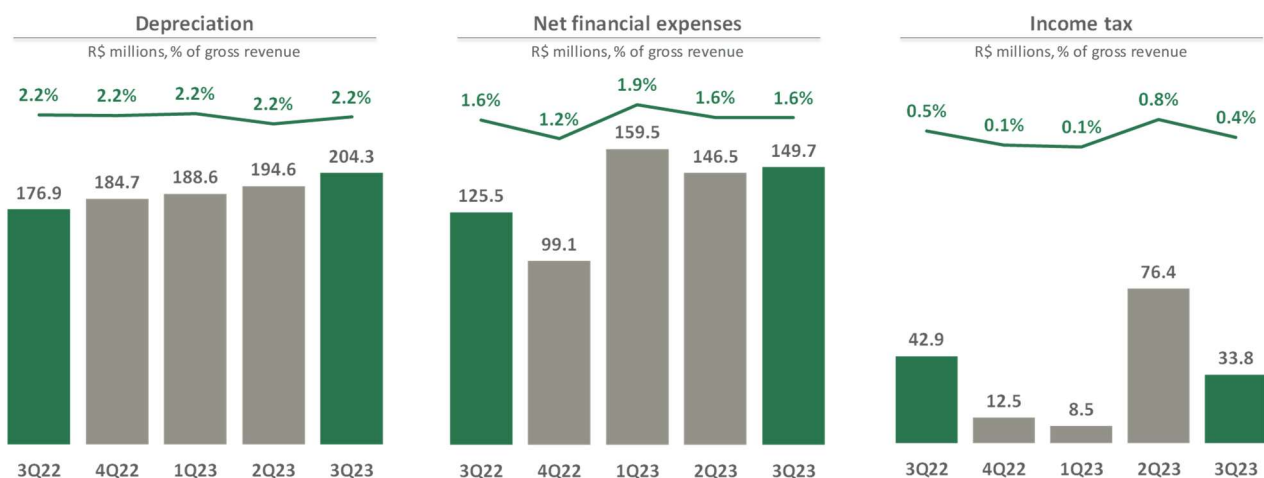
DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

Depreciation expenses amounted to R\$ 204.3 million in the 3Q23, equivalent to 2.2% of gross revenue, stable when compared to the same period of the previous year.

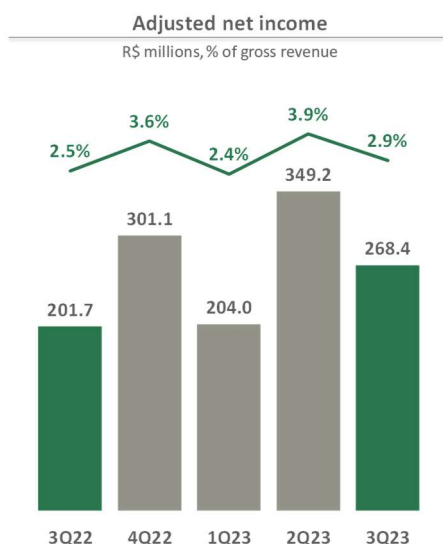
Net financial expenses represented 1.6% of gross revenues in the 3Q23, also stable when compared to same period of the previous year. Of the R\$ 149.7 million recorded in the 3Q23, R\$ 97.2 million refer to the actual interests accrued on financial liabilities, equivalent to 1.0% of gross revenue, a 0.1 pp increase when compared to the 3Q22.

We have also recorded R\$ 51.1 million in NPV adjustments, a non-cash item equivalent to 0.5% of gross revenues. We recorded R\$ 1.4 million, or 0.0% of gross revenues, related to the reevaluation and the interest on the option to acquire the remaining shares of invested companies.

Finally, we booked R\$ 33.8 million in income taxes in the 3Q23, equivalent to 0.4% of the quarter's gross revenue.

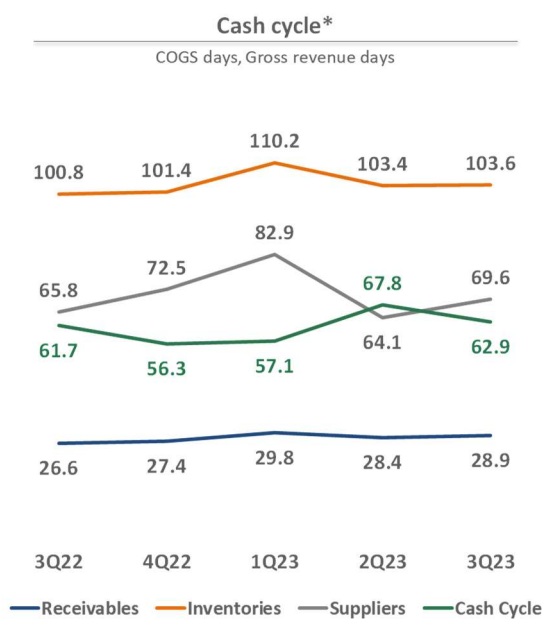


NET INCOME



Our adjusted net income totaled R\$ 268.4 million in the 3Q23, a 33.1% growth in comparison to the same period of the previous year. The adjusted net margin was of 2.9% in the quarter, a 0.3 pp expansion vs. the 3Q22, mostly driven by the operating leverage gains obtained by mature stores, which has been growing steadily above inflation.

CASH CYCLE



* Adjusted for discounted receivables and advanced payments to suppliers.

The cash cycle in the 3Q23 was of 62.9 days, an increase of 1.2 days compared to the same period of the previous year and a sequential reduction of 4.9 pp days in comparison to the peak recorded in the 2Q23.

CASH FLOW

We recorded a positive free cash flow of R\$ 336.2 million, with a total cash generation of R\$ 263.1 million. Resources from operations totaled R\$ 501.7 million, equivalent to 5.4% of gross revenue. We recorded a working capital of R\$ 174.0 million, resulting in an operating cash flow of R\$ 675.7 million, more than financing the CAPEX of R\$ 339.5 million.

Cash flow	3Q23	3Q22
<i>(R\$ million)</i>		
Adjusted EBIT	453.8	369.9
NPV adjustment	(48.8)	(38.1)
Non-recurring expenses	42.6	35.8
Income tax (34%)	(152.2)	(125.0)
Depreciation	204.5	177.6
Others	1.8	61.0
Resources from operations	501.7	481.3
Cash cycle*	105.2	(47.7)
Other assets (liabilities)**	68.9	3.1
Operating cash flow	675.7	436.7
Investments	(339.5)	(276.8)
Free cash flow	336.2	159.8
M&A and other investments	(10.8)	(83.7)
Interest on equity and dividends	(0.3)	(0.0)
Income tax paid over interest on equity	(27.9)	(10.8)
Net financial expenses***	(98.7)	(99.7)
Tax benefit (fin. exp., IoE, dividends)	64.5	61.8
Total Cash Flow	263.1	27.5

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

Of the R\$ 339.5 million invested in the 3Q23, R\$ 117.1 million was used for the opening of new pharmacies, R\$ 55.6 million for the renovation or expansion of existing units, R\$ 113.1 million for IT, R\$ 36.6 million for logistics and R\$ 17.0 million for other projects.

Net financial expenses resulted in payments of R\$ 98.7 million in the 3Q23. These payments were partially offset by R\$ 64.5 million in tax benefits related to net financial expenses and interest on equity. Lastly, we provisioned R\$ 91.1 million in interest on capital in the 3Q23, in comparison to the R\$ 82.0 million provisioned in the 3Q22.

INDEBTEDNESS

We ended the 3Q23 with an adjusted net debt of R\$ 2,644.3 million, corresponding to a leverage of 1.0x the adjusted EBITDA of the last twelve months.

Our adjusted net debt considers R\$ 47.8 million in discounted receivables, R\$ 12.6 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 the remaining equity of invested companies.

Net Debt (R\$ millions)	3Q22	4Q22	1Q23	2Q23	3Q23
Short-term Debt	134.8	186.4	443.8	569.8	581.0
Long-term Debt	2,130.2	2,131.5	1,832.6	1,833.8	2,523.5
Total Gross Debt	2,265.0	2,317.9	2,276.4	2,403.6	3,104.5
(-) Cash and Equivalents	371.2	433.5	371.3	345.3	593.6
Net Debt	1,893.8	1,884.4	1,905.1	2,058.3	2,510.9
Discounted Receivables	-	216.1	148.2	752.4	47.8
Advances to suppliers	(50.7)	(119.5)	(3.7)	-	(12.6)
Put/Call options of investments (estimated)	64.1	64.7	94.7	96.8	98.2
Adjusted Net Debt	1,907.3	2,045.6	2,144.3	2,907.4	2,644.3
Adjusted Net Debt / EBITDA	0.9x	0.9x	0.9x	1.2x	1.0x

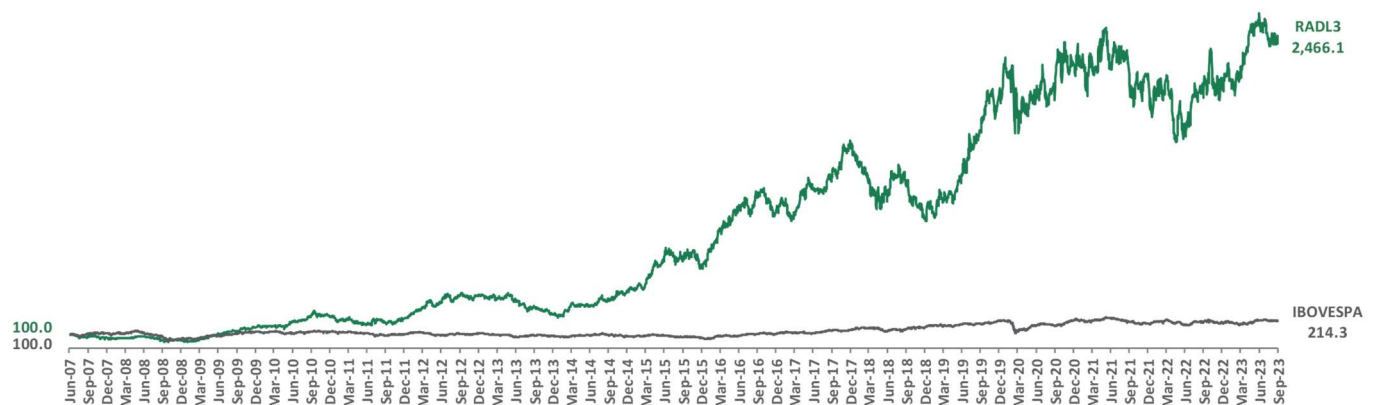
At the end of the quarter, our gross debt totaled R\$ 3,104.5 million, of which 82.7% corresponds to debentures and Certificates of Real Estate Receivables (CRIs). The remaining 17.3% corresponds to other credit lines. Of the total indebtedness, 81% is long-term, and 19% is short-term.

Lastly, we completed in the 3Q23 our 8th debenture issuance, raising R\$ 700.0 million in 3 series and ending the quarter with a total cash and equivalents position of R\$ 593.6 million.

TOTAL SHAREHOLDER RETURNS

Our share price increased by 16.4% in 2023, 10.2 pp greater than the IBOVESPA. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 2,465% versus a return of only 114% for the IBOVESPA. Including the payment of interest on equity and dividends, we generated an average annual total return to shareholders of 22.5%.

Stock price appreciation



Considering the IPO of Raia in December of 2010, the cumulative return amounted to 886% versus an increase of only 71% of the IBOVESPA. Considering the payment of interest on equity and dividends, this resulted in an average annual total return to shareholders of 20.1%. Lastly, our shares recorded an average daily trading volume of R\$ 151 million in the year.

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)	3Q23		Change
	IAS 17	IFRS 16	Δ 3Q23
Gross Revenue	9,288.3	9,288.3	0.0
Gross Profit	2,590.1	2,590.1	0.0
Gross Margin	27.9%	27.9%	0.0%
Selling Expenses	(1,598.3)	(1,329.6)	268.7
G&A	(333.7)	(332.7)	1.0
Total Expenses	(1,932.0)	(1,662.4)	269.7
as % of Gross Revenue	20.8%	17.9%	(2.9%)
Adjusted EBITDA	658.1	927.8	269.7
as % of Gross Revenue	7.1%	10.0%	2.9%
Non-Recurring Expenses / Revenues	42.6	43.1	0.5
Depreciation and Amortization	(204.3)	(438.8)	(234.5)
Financial Results	(149.7)	(228.3)	(78.6)
Equity Equivalence	(1.9)	(1.9)	(0.0)
Income Tax	(48.3)	(33.7)	14.6
Net Income	296.5	268.1	(28.4)
as % of Gross Revenue	3.2%	2.9%	(0.3%)

Balance Sheet (R\$ millions)	3Q23		Change
	IAS 17	IFRS 16	Δ 3Q23
Assets	15,868.5	19,386.5	3,518.0
Current Assets	11,320.8	11,320.8	0.0
Non-Current Assets	4,547.7	8,065.7	3,518.0
Income Tax and Social Charges deferred	34.9	68.7	33.8
Other Credits	16.0	15.6	(0.4)
Property, Plant and Equipment	2,364.1	2,364.3	0.2
Right of use	0.0	3,484.5	3,484.5
Intangible	1,876.4	1,876.5	0.1
Liabilities and Shareholder's Equity	15,868.5	19,386.5	3,518.0
Current Liabilities	6,857.6	7,699.9	842.4
Suppliers	4,642.8	4,645.2	2.4
Financial Leases	0.0	852.6	852.6
Other Accounts Payable	316.7	304.1	(12.6)
Non-Current Liabilities	2,927.1	5,891.6	2,964.5
Financial Leases	0.0	3,079.4	3,079.4
Income Tax and Social Charges Deferred	114.9	0.0	(114.9)
Shareholder's Equity	6,083.8	5,795.0	(288.8)
Income Reserves	1,281.2	1,049.2	(232.0)
Accrued Income	578.2	521.5	(56.8)
Non Controller Interest	73.2	73.2	(0.1)

Cash Flow (R\$ millions)	3Q23		Change
	IAS 17	IFRS 16	Δ 3Q23
Adjusted EBIT	453.8	489.0	35.2
Non-Recurring Expenses	42.6	43.1	0.5
Income Tax (34%)	(152.2)	(164.3)	(12.1)
Depreciation	204.5	438.8	234.3
Rental Expenses	0.0	(270.1)	(270.1)
Others	1.8	14.1	12.3
Resources from Operations	501.7	501.7	0.0
Operating Cash Flow	675.7	675.7	0.0
Investments	(339.5)	(339.5)	0.0
Free Cash Flow	336.2	336.2	0.0
Total Cash Flow	263.1	263.1	0.0

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

3Q23 Results Conference Calls: November 01st, 2023

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>	<u>3Q22</u>	<u>3Q23</u>
Gross Revenue	7,985,786	9,288,331
Taxes, Discounts and Returns	(495,920)	(612,522)
Net Revenue	7,489,866	8,675,810
Cost of Goods Sold	(5,265,092)	(6,085,664)
Gross Profit	2,224,774	2,590,145
Operational (Expenses) Revenues		
Sales	(1,393,832)	(1,598,312)
General and Administrative	(284,142)	(333,736)
Operational Expenses	(1,677,975)	(1,932,048)
EBITDA	546,800	658,097
Depreciation and Amortization	(176,884)	(204,298)
Operational Earnings before Financial Results	369,916	453,799
Financial Expenses	(213,801)	(244,874)
Financial Revenue	88,287	95,160
Financial Expenses/Revenue	(125,514)	(149,715)
Equity Equivalence	189	(1,905)
Earnings before Income Tax and Social Charges	244,591	302,179
Income Tax and Social Charges	(42,884)	(33,786)
Net Income	201,706	268,392

Consolidated Income Statement <i>(R\$ thousands)</i>	<u>3Q22</u>	<u>3Q23</u>
Gross Revenue	7,985,786	9,288,331
Taxes, Discounts and Returns	(495,920)	(612,522)
Net Revenue	7,489,866	8,675,810
Cost of Goods Sold	(5,265,092)	(6,085,664)
Gross Profit	2,224,774	2,590,145
Operational (Expenses) Revenues		
Sales	(1,393,832)	(1,598,312)
General and Administrative	(284,142)	(333,736)
Other Operational Expenses, Net	35,850	42,616
Operational Expenses	(1,642,125)	(1,889,432)
EBITDA	582,649	700,713
Depreciation and Amortization	(176,884)	(204,298)
Operational Earnings before Financial Results	405,766	496,415
Financial Expenses	(213,801)	(244,874)
Financial Revenue	88,287	95,160
Financial Expenses/Revenue	(125,514)	(149,715)
Equity Equivalence	189	(1,905)
Earnings before Income Tax and Social Charges	280,440	344,795
Income Tax and Social Charges	(55,073)	(48,276)
Net Income	225,367	296,519

Assets (R\$ thousands)	3Q22	3Q23
Current Assets		
Cash and Cash Equivalents	371,171	593,587
Financial Investments	-	25,938
Accounts Receivable	2,336,858	2,904,270
Inventories	5,832,184	6,925,863
Taxes Receivable	298,623	417,496
Other Accounts Receivable	282,757	362,581
Anticipated Expenses	70,638	91,062
	<u>9,192,231</u>	<u>11,320,796</u>
Non-Current Assets		
Deposit in Court	101,818	131,429
Taxes Receivable	110,103	118,949
Income Tax and Social Charges deferred	23,272	34,905
Other Credits	18,659	15,994
Investments	5,773	5,927
Property, Plant and Equipment	2,110,714	2,364,103
Intangible	1,604,322	1,876,388
	<u>3,974,661</u>	<u>4,547,697</u>
ASSETS	<u>13,166,892</u>	<u>15,868,493</u>

Liabilities and Shareholder's Equity (R\$ thousands)	3Q22	3Q23
Current Liabilities		
Suppliers	3,753,793	4,642,771
Loans and Financing	134,790	581,004
Salaries and Social Charges Payable	617,245	735,010
Taxes Payable	186,321	289,771
Dividend and Interest on Equity	302,155	238,729
Provision for Lawsuits	49,030	53,569
Other Accounts Payable	269,428	316,708
	<u>5,312,761</u>	<u>6,857,562</u>
Non-Current Liabilities		
Loans and Financing	2,130,228	2,523,461
Provision for Lawsuits	50,207	60,653
Income Tax and Social Charges deferred	154,468	114,853
Other Accounts Payable	170,670	228,136
	<u>2,505,573</u>	<u>2,927,103</u>
Shareholder's Equity		
Common Stock	2,500,000	4,000,000
Capital Reserves	105,464	136,617
Revaluation Reserve	11,385	11,242
Income Reserves	2,267,879	1,281,229
Accrued Income	405,666	578,246
Equity Adjustments	3,261	3,261
Non Controller Interest	54,903	73,233
	<u>5,348,558</u>	<u>6,083,828</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>13,166,892</u>	<u>15,868,493</u>

Cash Flow <i>(R\$ thousands)</i>	3Q22	3Q23
Earnings before Income Tax and Social Charges	294,173	307,450
Adjustments		
Depreciation and Amortization	177,582	204,475
Compensation plan with restricted shares, net	9,813	10,871
Interest over additional stock option	24,642	1,428
P,P&E and Intangible Assets residual value	10,186	3,359
Provisioned Lawsuits	14,849	20,333
Provisioned Inventory Loss	20,181	255
Provision for Doubtful Accounts	167	4,901
Provisioned Store Closures	(8,922)	(783)
Interest Expenses	84,245	88,264
Debt Issuance Costs Amortization	1,313	1,360
Equity Equivalence Result	814	2,100
	629,043	644,013
Assets and Liabilities variation		
Clients and Other Accounts Receivable	(373,102)	(842,250)
Inventories	(285,530)	(299,031)
Other Short Term Assets	(15,324)	(38,272)
Long Term Assets	9,363	(16,145)
Suppliers	215,683	529,283
Salaries and Social Charges	87,706	108,625
Taxes Payable	(79,369)	(61,799)
Other Liabilities	40,585	44,132
Rents Payable	4,355	2,517
Cash from Operations	233,410	71,073
Interest Paid	(91,138)	(103,049)
Income Tax and Social Charges Paid	(112,834)	(68,125)
Paid lawsuits	(17,573)	(15,164)
Net Cash from (invested) Operational Activities	11,865	(115,265)
Investment Activities Cash Flow		
P,P&E and Intangible Acquisitions	(332,055)	(349,065)
Acquisitions and capital contributions in investments, net	(42,000)	-
Loans granted to subsidiaries	13,545	-
Cash from incorporated company	-	(1,179)
Net Cash from Investment Activities	(360,510)	(350,244)
Financing Activities Cash Flow		
Funding	(14,541)	833,796
Payments	(84,440)	(119,706)
Interest on Equity and Dividends Paid	(8)	(303)
Net Cash from Funding Activities	(98,989)	713,787
Cash and Cash Equivalents net increase	(447,634)	248,278
Cash and Cash Equivalents in the beginning of the period	818,804	345,308
Cash and Cash Equivalents in the end of the period	371,170	593,586

Balance sheets
September 30, 2023
All amounts in thousands of reais

Assets	Note	Parent Company		Consolidated		Liabilities and equity	Note	Parent Company		Consolidated	
		Sept/23	Dec/2022	Sept/23	Dec/2022			Sept/23	Dec/2022	Sept/23	Dec/2022
Current assets											
Cash and cash equivalents	5	531,158	364,374	593,586	433,541	Suppliers	14	4,158,530	3,993,411	4,534,594	4,252,361
Financial investments	6	25,938	-	25,938	-	Suppliers - Forfait	14.1	1,030	6,556	1,030	6,556
Trade receivables	7	2,376,259	1,923,938	2,904,270	2,295,640	Suppliers - FIDC	14.1	109,553	-	109,553	-
Inventories	8	6,621,917	6,000,509	6,925,863	6,126,056	Borrowings	15	345,659	108,279	581,004	186,356
Recoverable taxes	9	413,563	387,496	417,529	393,336	Leases payable	16	850,944	757,265	852,551	759,301
Other current assets	-	330,073	259,929	362,558	266,881	Salaries and social charges	-	700,884	542,583	735,011	561,624
Prepaid expenses	-	89,606	60,808	91,061	61,614	Taxes and contributions	-	195,619	193,069	209,304	211,508
						Dividends and interest on capital	-	238,729	62,417	238,729	62,417
						Income tax and social contribution	18	78,288	-	80,466	1,790
						Provision for legal claims	17	53,569	53,584	53,569	53,584
						Other current liabilities	-	285,412	264,043	304,112	271,671
		10,388,514	8,997,054	11,320,805	9,577,068			7,018,217	5,981,207	7,699,923	6,367,168
Non-current assets											
Long-term receivables						Non-current liabilities					
Judicial deposits	17	18,559	20,792	131,429	137,624	Borrowings	15	2,523,431	2,131,327	2,523,461	2,131,548
Recoverable taxes	9	90,196	98,250	118,948	121,434	Leases payable	16	3,078,332	2,978,958	3,079,375	2,980,707
Deferred income tax and social contribution	18b	34,910	-	68,660	10,357	Deferred income tax and social contribution	18b	-	16,360	-	17,660
Prepaid expenses	-	1,996	3,147	1,996	3,149	Provision for legal claims	17	60,496	54,855	60,653	55,012
Related parties	-	206	8,179	1,589	13,801	Payables for acquisition of subsidiaries	-	98,197	64,710	98,197	64,710
Other non-current assets	-	10,877	469	11,972	4,426	Provisions for losses on investments	10	-	-	2,260	1,756
		156,744	130,837	334,594	290,791	Other non-current liabilities	-	82,559	103,191	127,678	163,804
Investments	10	675,411	581,174	5,896	4,479			5,843,015	5,349,401	5,891,624	5,415,197
Fixed assets	11	2,337,022	2,181,832	2,364,322	2,196,405	Total liabilities		12,861,232	11,330,608	13,591,547	11,782,365
Intangible assets	12	1,543,429	1,405,794	1,876,459	1,738,111	Equity					
Right-of-use lease	16	3,481,937	3,374,779	3,484,457	3,378,452	Attributable to owners of the Company	20				
		8,037,799	7,543,579	7,731,134	7,317,447	Share capital	-	4,000,000	2,500,000	4,000,000	2,500,000
		8,194,543	7,674,416	8,065,728	7,608,238	Capital reserves	-	136,617	112,762	136,617	112,762
						Revenue reserves	-	1,049,243	2,549,243	1,049,243	2,549,243
						Proposed additional dividend	-	-	167,526	-	167,526
						Carrying value adjustments	-	14,503	11,331	14,503	11,331
						Retained earnings	-	521,462	-	521,462	-
								5,721,825	5,340,862	5,721,825	5,340,862
						Noncontrolling interests	-	-	-	73,161	62,079
						Total equity		5,721,825	5,340,862	5,794,986	5,402,941
Total assets		18,583,057	16,671,470	19,386,533	17,185,306	Total liabilities and equity		18,583,057	16,671,470	19,386,533	17,185,306

Statements of income

Three and nine-month periods ended September 30, 2023

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

Statements of income

	Note	Parent Company				Consolidated			
		3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Net sales revenue	21	8,008,786	23,128,004	7,035,404	20,019,806	8,675,809	25,049,470	7,489,866	21,231,131
Cost of sales and services	22	(5,494,022)	(15,807,952)	(4,873,851)	(13,725,482)	(6,085,664)	(17,527,514)	(5,265,093)	(14,759,830)
Gross profit		2,514,764	7,320,052	2,161,553	6,294,324	2,590,145	7,521,956	2,224,773	6,471,301
Operating (expenses) income									
Selling	22	(1,679,326)	(4,808,761)	(1,457,740)	(4,223,396)	(1,713,047)	(4,896,662)	(1,478,619)	(4,286,499)
General and administrative	22	(357,638)	(1,010,011)	(303,867)	(844,938)	(388,125)	(1,086,670)	(323,104)	(897,068)
Other operating income/(expenses)	23	44,604	69,981	15,337	22,413	43,075	72,518	35,850	92,250
Equity in the results of subsidiaries	10	6,455	25,163	23,772	70,431	(1,909)	(5,319)	188	501
		(1,985,905)	(5,723,628)	(1,722,498)	(4,975,490)	(2,060,006)	(5,916,133)	(1,765,685)	(5,090,816)
Profit before finance results		528,859	1,596,424	439,055	1,318,834	530,139	1,605,823	459,088	1,380,485
Finance income (costs)									
Finance income	24	75,972	231,105	77,212	176,648	95,160	286,629	88,287	201,615
Finance costs	24	(301,308)	(911,679)	(262,660)	(655,175)	(323,488)	(970,923)	(275,105)	(681,687)
		(225,336)	(680,574)	(185,448)	(478,527)	(228,328)	(684,294)	(186,818)	(480,072)
Profit before income tax and social contribution		303,523	915,850	253,607	840,307	301,811	921,529	272,270	900,413
Income tax and social contribution									
Current	-	(79,717)	(172,944)	(56,072)	(187,687)	(84,431)	(188,373)	(62,450)	(205,673)
Deferred	-	39,879	51,226	17,874	58,264	50,765	75,919	10,156	32,633
	18	(39,838)	(121,718)	(38,198)	(129,423)	(33,666)	(112,454)	(52,294)	(173,040)
Profit for the period		263,685	794,132	215,409	710,884	268,145	809,075	219,976	727,373
Attributable to:									
Owners of the Company	-	263,685	794,132	215,409	710,884	263,685	794,132	215,409	710,884
Noncontrolling interests	-	-	-	-	-	4,460	14,943	4,567	16,489
		263,685	794,132	215,409	710,884	268,145	809,075	219,976	727,373
Basic earnings per share	19	0.15617	0.47033	0.13074	0.43146	0.15617	0.47033	0.13074	0.43146
Diluted earnings per share	19	0.15863	0.47775	0.13016	0.42956	0.15863	0.47775	0.13016	0.42956

Statements of comprehensive income
Three and nine-month periods ended September 30, 2023
All amounts in thousands of reais, except earnings per capital share

Statements of comprehensive income

	Note	Parent Company				Consolidated			
		3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Profit for the period		263,685	794,132	215,409	710,884	268,145	809,075	219,976	727,373
Components of comprehensive income	-								
Other comprehensive income that will affect the result in a subsequent period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		263,685	794,132	215,409	710,884	268,145	809,075	219,976	727,373
Attributable to:									
Owners of the Company	-	263,685	794,132	215,409	710,884	263,685	794,132	215,409	710,884
Noncontrolling interests	-	-	-	-	-	4,460	14,943	4,567	16,489
Total		263,685	794,132	215,409	710,884	268,145	809,075	219,976	727,373

Statements of changes in equity
Nine-month period ended September 30, 2023
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 dividend	Revaluation reserve	Transactions with noncontrolling interests	Other comprehensive income	Total		
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
Interest on capital expired	-	-	-	-	-	-	-	-	297	-	-	-	-	297	-	297
Realization of revaluation reserve, net of income tax and social contribution	-	-	-	-	-	-	-	-	31	-	(31)	-	-	-	-	-
Restricted share plan - Vesting period	-	-	-	-	7,245	-	-	-	-	-	-	-	-	7,245	-	7,245
Restricted share plan - Delivery	-	-	-	53	1	-	-	-	-	-	-	-	-	54	-	54
Restricted shares - delivery of 4Bio shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	285,229	-	-	-	-	285,229	6,666	291,895
Allocation of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	49,806	-	-	(49,806)	-	-	-	-	-	-	-
Tax incentive reserve	-	-	-	-	-	-	-	223,681	(223,681)	-	-	-	-	-	-	-
Minimum dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IOC and additional dividends - "R\$ 0.3025136699 per share"	-	-	-	-	-	-	-	-	(169,000)	317,803	-	-	-	148,803	-	148,803
Early dividends approved at the BDM of September 30, 2022	-	-	-	-	-	-	-	-	-	(107,500)	-	-	-	(107,500)	-	(107,500)
Withholding tax on IOC	-	-	-	-	-	-	-	-	-	(42,777)	-	-	-	(42,777)	-	(42,777)
Statutory reserve	-	-	-	-	-	-	224,901	-	(224,901)	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(717)	(717)
Other comprehensive income - adjustments to financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	(3,283)	(3,283)	-	(3,283)
At December 31, 2022	2,500,000	10,191	134,127	(80,606)	49,049	265,756	1,761,339	522,147	-	167,526	11,354	3,262	(3,283)	5,340,862	62,079	5,402,941
Realization of revaluation reserve, net of income tax and social contribution	-	-	-	-	-	-	-	-	118	-	(115)	-	-	3	-	3
Capital increase	1,500,000	-	-	-	-	-	(1,500,000)	-	-	-	-	-	-	-	-	-
Restricted share plan - Vesting period	-	-	-	-	23,585	-	-	-	-	-	-	-	-	23,585	-	23,585
Restricted share plan - Delivery	-	-	(121)	13,099	(12,978)	-	-	-	-	-	-	-	-	-	-	-
Restricted shares - delivery of 4Bio shares	-	-	-	292	(22)	-	-	-	-	-	-	-	-	270	-	270
Interest on capital expired	-	-	-	-	-	-	-	-	315	-	-	-	-	315	-	315
Interest on capital for 2022 approved at the AGM of April 19, 2023	-	-	-	-	-	-	-	-	-	(167,526)	-	-	-	(167,526)	-	(167,526)
Profit for the period	-	-	-	-	-	-	-	-	794,133	-	-	-	-	794,133	14,943	809,076
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,861)	(3,861)
Allocation of profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on capital proposed	-	-	-	-	-	-	-	-	(273,100)	-	-	-	-	(273,100)	-	(273,100)
Other comprehensive income - adjustments to financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	3,283	3,283	-	3,283
At September 30, 2023	4,000,000	10,191	134,006	(67,215)	59,634	265,756	261,339	522,147	521,466	-	11,239	3,262	-	5,721,825	73,161	5,794,986

Statements of cash flows
Nine-month period ended September 30, 2023
All amounts in thousands of reais

	Note	Parent Company		Consolidated	
		Sept/23	Sept/22	Sept/23	Sept/22
Cash flows from operating activities					
Profit before income tax and social contribution	-	915,850	840,307	921,529	900,413
Adjustments					
Depreciation and amortization	22	1,271,883	1,109,383	1,282,615	1,117,120
Compensation plan with restricted shares, net	-	23,856	15,548	23,272	15,306
Interest on additional stock option	-	33,486	26,174	33,486	26,174
Loss (profit) on sale/write-off of fixed assets and intangible assets	-	8,455	24,016	12,093	24,892
Provision for legal claims	17	54,734	41,850	54,734	41,799
Provision for inventory losses	8	976	27,464	976	27,464
(Reversal of) provision for impairment of trade receivables	7	4,724	2,227	7,305	3,452
(Reversal of) pharmacies closure	11	(7,620)	(7,139)	(7,618)	(7,140)
Interest expenses – borrowings	-	233,613	188,848	249,942	195,131
Interest expenses – leases	16	240,719	188,107	240,885	188,280
Amortization of transaction costs of debentures	15	3,708	3,319	3,708	3,319
Equity in the results of subsidiaries	10	(25,163)	(70,431)	5,319	501
Discounts on property rental	22	(32)	(1,095)	(32)	(1,095)
		2,759,189	2,388,578	2,828,214	2,535,616
Changes in assets and liabilities					
Trade and other receivables	-	(449,415)	(525,193)	(603,723)	(614,445)
Inventories	-	(622,384)	(706,825)	(800,783)	(741,849)
Other current assets	-	(99,391)	(7,350)	(125,970)	(12,451)
Long-term receivables	-	(67,873)	8,475	(44,253)	(38,854)
Suppliers	-	159,698	137,594	276,812	211,197
Suppliers - Forfait	-	(5,526)	(102,833)	(5,526)	(102,833)
Suppliers - FIDC	-	109,553	-	109,553	-
Salaries and social charges	-	158,301	191,184	173,387	196,890
Taxes and contributions	-	46,465	(123,068)	(21,209)	(92,903)
Other obligations	-	(73,919)	100,033	(57,237)	61,791
Rentals payable	-	3,345	5,556	3,360	5,571
Other					
Interest paid	15	(249,925)	(190,417)	(264,764)	(198,249)
Income tax and social contribution paid	-	(68,125)	(221,143)	(68,125)	(221,143)
Interest paid – leases	16	(240,719)	(188,107)	(240,885)	(188,280)
Legal claims - paid	17	(48,262)	(40,975)	(48,262)	(40,975)
Net cash provided by operating activities		1,311,012	725,509	1,110,589	759,083
Cash flows from investing activities					
Acquisition and capital contribution in investees, net of cash acquired	10.2	(80,994)	(79,429)	-	(42,000)
Purchases of fixed assets and intangible assets	-	(867,355)	(711,525)	(906,004)	(775,048)
Net assets acquired in business combination	-	-	-	(2,624)	-
Loans granted to subsidiary	-	-	(2,645)	-	(800)
Net cash used in investing activities		(948,353)	(793,599)	(908,628)	(817,848)
Cash flows from financing activities					
Borrowings taken	15	686,568	1,277,894	1,027,718	1,428,046
Repayment of borrowings	15	(44,480)	(522,330)	(230,043)	(668,452)
Leases paid	16	(611,132)	(588,055)	(612,756)	(589,528)
Interest on capital and dividends paid	-	(226,835)	(96,247)	(226,835)	(96,247)
Net cash provided by (used in) financing activities		(195,879)	71,262	(41,916)	73,819
Increase (decrease) in cash and cash equivalents		166,784	3,172	160,045	15,054
Cash and cash equivalents at January 1	5	364,374	316,654	433,541	356,118
Cash and cash equivalents at September 30	5	531,158	319,826	593,586	371,172

Statements of value added
Three and nine-month periods ended September 30, 2023
All amounts in thousands of reais

	Parent Company				Consolidated			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Revenue	8,394,871	24,251,682	7,373,451	20,997,181	9,091,861	26,265,199	7,836,050	22,229,737
Gross sales and services	8,403,354	24,255,842	7,372,997	20,993,699	9,101,430	26,269,720	7,833,322	22,224,828
Other income	1,224	7,326	1,950	9,040	1,224	7,326	1,950	9,040
Provision for (reversal of) impairment of trade receivables	(9,707)	(11,486)	(1,496)	(5,558)	(10,793)	(11,847)	778	(4,131)
Inputs acquired from third parties	(5,471,447)	(15,909,621)	(4,877,981)	(13,815,873)	(6,083,381)	(17,673,143)	(5,262,368)	(14,821,708)
Cost of sales and services	(4,932,160)	(14,357,390)	(4,410,096)	(12,448,798)	(5,522,953)	(16,075,726)	(4,800,923)	(13,481,775)
Materials, energy, outsourced services and other	(539,287)	(1,552,231)	(467,885)	(1,367,075)	(560,428)	(1,597,417)	(461,445)	(1,339,933)
Gross value added	2,923,424	8,342,061	2,495,470	7,181,308	3,008,480	8,592,056	2,573,682	7,408,029
Depreciation and amortization	(434,947)	(1,235,658)	(367,153)	(1,076,918)	(438,780)	(1,245,792)	(369,839)	(1,084,642)
Net value added generated by the entity	2,488,477	7,106,403	2,128,317	6,104,390	2,569,700	7,346,264	2,203,843	6,323,387
Value added received through transfer	86,807	269,811	129,981	291,350	97,163	289,959	116,665	243,564
Equity in the results of subsidiaries	6,455	25,163	23,772	70,431	(1,910)	(5,320)	188	501
Finance income	76,291	231,960	102,020	208,087	95,012	282,591	112,288	230,231
Other	4,061	12,688	4,189	12,832	4,061	12,688	4,189	12,832
Total value added to distribute	2,575,284	7,376,214	2,258,298	6,395,740	2,666,863	7,636,223	2,320,508	6,566,951
Distribution of value added								
Personnel	856,499	2,418,768	731,316	2,099,189	884,926	2,494,443	747,367	2,144,493
Direct remuneration	668,688	1,898,970	581,338	1,645,695	686,927	1,948,164	591,423	1,674,715
Benefits	132,127	357,359	102,270	316,148	140,962	380,131	107,401	330,086
Unemployment compensation fund	55,684	162,439	47,708	137,346	57,037	166,148	48,543	139,692
Taxes and contributions	1,096,583	3,074,092	988,187	2,768,894	1,134,439	3,188,956	1,018,903	2,852,402
Federal	185,204	613,818	238,287	675,183	185,622	621,694	256,704	729,944
State	903,784	2,436,952	738,695	2,062,562	917,744	2,475,621	749,481	2,088,819
Municipal	7,595	23,322	11,205	31,149	31,073	91,641	12,718	33,639
Providers of capital	358,516	1,089,222	323,386	816,773	379,522	1,143,749	334,262	842,684
Interest	301,221	911,385	262,620	654,966	320,889	962,479	272,781	678,965
Rentals	57,295	177,837	60,766	161,807	58,633	181,270	61,481	163,719
Interest on capital and dividends	263,685	794,132	215,409	710,884	267,976	809,075	219,976	727,372
Interest on capital	91,098	273,098	82,000	222,000	91,098	273,098	82,000	222,000
Interim dividends	-	-	107,500	107,500	-	-	107,500	107,500
Retained earnings for the period	172,587	521,034	25,909	381,384	172,587	521,034	25,909	381,384
Noncontrolling interests in retained earnings	-	-	-	-	4,291	14,943	4,567	16,488
Value added distributed and retained	2,575,283	7,376,214	2,258,298	6,395,740	2,666,863	7,636,223	2,320,508	6,566,951

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

**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2023**
(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 2,868 pharmacies (2,697 pharmacies - Dec/22), present in all 26 Brazilian states and the Federal District (26 states and the Federal District - Dec/22), as presented below:

State	Consolidated	
	Sept/23	Dec/22
Southeast region	1,662	1,580
São Paulo	1,190	1,146
Minas Gerais	210	197
Rio de Janeiro	202	182
Espírito Santo	60	55
Northeast region	426	392
Bahia	97	90
Pernambuco	96	92
Ceará	82	73
Maranhão	38	36
Sergipe	26	24
Rio Grande do Norte	26	20
Alagoas	21	20
Paraíba	21	20
Piauí	19	17
South region	367	336
Paraná	151	145
Rio Grande do Sul	126	109
Santa Catarina	90	82
Midwest region	295	278
Goiás	114	106
Distrito Federal	87	83
Mato Grosso do Sul	52	47
Mato Grosso	42	42
North region	118	111
Pará	50	48
Amazonas	21	20
Tocantins	19	16
Rondônia	13	13
Acre	6	5
Amapá	5	5
Roraima	4	4
Total	2,868	2,697

During the current period, 184 drugstores were opened and 13 drugstores were closed until September 30, 2023 (until the third quarter of 2022, 174 drugstores were opened and 44 were closed). All pharmacies closures were carried out to optimize our pharmacies portfolio, with positive expectations of return. Raia Drogasil's pharmacies, as well as the Group's e-commerce demands, are supplied by twelve distribution centers located in ten states: São Paulo, Rio de Janeiro, Minas Gerais, Paraná, Goiás, Pernambuco, Bahia, Ceará, Rio Grande do Sul and Mato Grosso.

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**Notes to the
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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 vehicle of investment in companies whose businesses contribute to the Company's growth strategy and accelerate the journey of digitalization in health.

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

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

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

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

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

Hereinafter, the 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, 2023.

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, 2023 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, 2023.

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, Manipulaê, SafePill, RD

**Notes to the
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September 30, 2023
(All amounts in thousands of reais unless otherwise stated)**

Ads, RD Log 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 Subsidiary and the Company are fully eliminated in the consolidated interim financial information.

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 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, 2022.

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.

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

New accounting procedures

The following new standards, amendments and interpretations of standards came into effect as of January 1, 2023:

Amendments to IAS 1 and IFRS Practice Statement 2/NBC TG 26 (R1): Disclosure of Accounting Policies	The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
Amendments to IAS 1 / NBC TG 26 (R1): Classification of Liabilities as Current or Non-current	It aims to promote consistency in the application of the standard's requirements, by helping entities determine if borrowings, as well as other liabilities with an uncertain settlement date, should be classified as current or non-current in the balance sheet.
Amendments to IAS 8 / NBC TG 23: Definition of Accounting Estimates	The changes proposed by this amendment to IAS 8 (corresponding to NBC TG 23) clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	These amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences in the period of initial recognition.

For the nine-month period ended September 30, 2023, the Company did not identify a significant impact on the interim financial information.

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, 2022, disclosed on March 7, 2023.

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**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2023**
(All amounts in thousands of reais unless otherwise stated)

5. Cash and cash equivalents

Cash and cash equivalents items	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Cash and banks	151,262	110,435	163,204	118,469
Repurchase agreements ⁽ⁱ⁾	359,170	96,363	377,785	123,628
Automatic investments ⁽ⁱⁱ⁾	20,726	157,576	21,396	164,836
Bank Deposit Certificates - CDB ⁽ⁱⁱⁱ⁾	-	-	25,394	26,085
Investment fund ^(iv)	-	-	5,807	523
Total	531,158	364,374	593,586	433,541

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

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

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

(iv) The balance held by FIP RD Ventures in a short-term investment fund refers to investments made in 100% of government securities. The investment has no 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 Group's exposure to interest rate risks and the sensitivity analysis of financial assets and liabilities are disclosed in Note 25 (a) and (d).

6. Held-to-maturity investments

On March 28, 2023, the Company made an investment in the Credit Rights Investment Fund ("FIDC"), established as a special fund, as provided for by CMN Resolution 2,907, of November 29, 2001, and by CVM Instruction 356, of December 17, 2001.

FIDC financial investments are fixed-income investments with income linked to the variation of the Interbank Deposit Certificate (CDI) rate, less administration, bookkeeping and management fees.

Financial investments items held to maturity	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Financial Investments - FIDC	25,938	-	25,938	-
Total	25,938	-	25,938	-

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

7. Trade receivables

Trade receivables items	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Trade receivables	2,400,318	1,944,320	2,938,831	2,325,300
(-) Expected credit losses	(3,187)	(1,431)	(8,185)	(6,068)
(-) Adjustment to present value	(20,872)	(18,951)	(26,376)	(23,592)
Total	2,376,259	1,923,938	2,904,270	2,295,640

The aging of trade receivables is presented below:

Maturities	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Not yet due	2,395,948	1,944,110	2,883,636	2,303,201
Overdue:				
Between 1 and 30 days	2,879	112	24,722	13,324
Between 31 and 60 days	921	69	10,844	3,292
Between 61 and 90 days	85	11	8,824	1,707
Between 91 and 180 days	485	18	6,029	1,536
Between 181 and 360 days	-	-	4,776	2,240
(-) Expected credit losses	(3,187)	(1,431)	(8,185)	(6,068)
(-) Adjustment to present value	(20,872)	(18,951)	(26,376)	(23,592)
Total	2,376,259	1,923,938	2,904,270	2,295,640

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

The changes in expected credit losses are presented below:

Changes in expected losses	Parent Company	Consolidated
At January 1, 2022	(1,117)	(5,045)
Additions	(7,263)	(16,417)
Reversals	5,036	12,965
Losses	2,282	4,892
At September 30, 2022	(1,062)	(3,605)
Additions	(1,718)	(5,271)
Reversals	582	1,478
Losses	767	1,330
At December 31, 2022	(1,431)	(6,068)
Additions	(7,089)	(17,553)
Reversals	2,365	10,248
Losses	2,968	5,188
At September 30, 2023	(3,187)	(8,185)

Trade receivables are classified as financial assets at amortized cost and are therefore measured as described in Note 25.1 – Impairment to the financial statements for the year ended December 31, 2022, disclosed on March 7, 2023.

**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2023**
(All amounts in thousands of reais unless otherwise stated)

8. Inventories

Inventory items	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Goods for resale	6,671,764	6,045,905	6,975,710	6,171,452
Consumables	10,827	14,302	10,827	14,302
(-) Provision for inventory losses	(60,674)	(59,698)	(60,674)	(59,698)
Total inventory	6,621,917	6,000,509	6,925,863	6,126,056

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

Changes in expected losses on goods	Parent Company	Consolidated
At January 1, 2022	(32,614)	(32,614)
Additions	(28,799)	(28,799)
Write-offs	1,335	1,335
At September 30, 2022	(60,078)	(60,078)
Additions	(9,928)	(9,928)
Write-offs	10,308	10,308
At December 31, 2022	(59,698)	(59,698)
Additions	(36,794)	(36,794)
Write-offs	35,818	35,818
At September 30, 2023	(60,674)	(60,674)

For the nine-month period ended September 30, 2023, cost of goods sold recognized in the statement of income was R\$ 15,798,480, Note 22, (R\$ 13,716,259 – Sept/2022) for the Parent Company and R\$ 17,493,184 (R\$ 14,734,369 – Sept/2022) for the Consolidated accounts, including the amount of the write-offs of goods inventories recognized as losses for the period amounting to R\$ 213,592 (R\$ 169,763 – Sept/2022) for the Parent Company and R\$ 214,254 (R\$ 170,322 – Sept/2022) for the Consolidated accounts.

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

9. Recoverable taxes

Recoverable taxes items	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Taxes on profit recoverable				
Withholding Income Tax (IRRF)	1,885	8,754	2,493	9,372
Corporate Income Tax (IRPJ)	83,960	91,565	121,220	104,192
Social Contribution on Net Profit (CSLL)	35,182	36,762	15,278	43,152
Subtotal	121,027	137,081	138,991	156,716
Other recoverable taxes				
Value Added Tax on Sales and Services (ICMS) – credit balance (i)	105,941	125,169	116,698	132,002
ICMS – Refund of ICMS withheld in advance (i)	65,480	58,671	65,480	58,671
ICMS on acquisitions of fixed assets	103,314	96,157	103,314	96,157
Social Integration Program (PIS)	19,043	12,132	19,718	12,768
Social Contribution on Revenue (COFINS)	88,393	55,975	91,676	57,870
Social Investment Fund (FINSOCIAL) - 1982 - securities issued to cover court-ordered debts	561		561	
National Institute of Social Security (INSS)	-	561		561
		-	39	25
Subtotal	382,732	348,665	397,486	358,054
Total	503,759	485,746	536,477	514,770
Current assets	413,563	387,496	417,529	393,336
Non-current assets	90,196	98,250	118,948	121,434

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(i) The ICMS credits amounting to R\$ 105,941 and R\$ 65,480 (R\$ 125,169 and R\$ 58,671 - 2022) for the Parent Company and R\$ 116,698 and R\$ 65,480 (R\$ 132,002 and R\$ 58,671 - 2022) for the Consolidated accounts are the result of applying different ICMS rates and of refunds of ICMS-ST (the Substitute Taxpayer Regime). The respective tax credits have been progressively consumed.

Expected realization of credits

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

Expected realization	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
In the next 12 months	413,563	387,496	417,529	393,336
Between 13 and 24 months	22,612	21,337	27,956	25,509
Between 25 and 36 months	18,090	24,084	22,024	28,018
Between 37 and 48 months	22,549	24,084	25,165	26,700
Between 49 and 60 months	26,945	28,745	43,803	41,207
Total	503,759	485,746	536,477	514,770

10. Investments

10.1. Company formation, business combinations and goodwill

(a) New combinations and company formations in the nine-month period ended September 30, 2023

Infectoria Serviços Médicos Ltda (Via HealthBit)

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

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

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

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

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

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

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

RD Log Ltda

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

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

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(b) Business combination – SafePill Comércio Varejista de Medicamentos Manipulados Ltda.

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

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

In compliance with NBC-TG 15 (R4) – Business Combinations, RD is currently measuring the fair value of the net assets acquired and liabilities assumed. As the fair value appraisal report is being prepared, RD has provisionally presented goodwill in the interim accounting information.

Assets	11/30/2022	Liabilities	11/30/2022
Cash and cash equivalents	1,961	Suppliers	167
Trade receivables	244	Social security and labor obligations	43
Inventories	128	Tax obligations	10
Recoverable taxes	24	Borrowings	5,542
Other credits	4	Advance for future capital increase	2,000
Fixed assets, net	419	Liabilities	7,762
Total assets	2,780	Equity	(4,982)
		Total liabilities and equity	2,780

Allocation of the price of the consideration transferred:

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

The goodwill arising from the acquisition of R\$ 33,982 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 25, 2022, the Company made a capital increase in SafePill in the amount of R\$ 2,000, on April 13, 2023, it made a contribution for capital increase in the amount of R\$ 1,000, on May 29, 2023, it made a contribution for capital increase in the amount of R\$ 1,000, on July 18, 2023, it made a contribution for capital increase of R\$ 1,000 and, on September 4, 2023, it made a contribution for capital increase in the amount of R\$ 1,000.

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10.2. Composition and changes in investments

At September 30, 2023, the Company's investment balances are presented below:

Investee	Main activity	Sept/23			Dec/22		
		Interest	Parent Company	Consolidated	Interest	Parent Company	Consolidated
Direct interest							
4Bio	Retail of special medicines	85.00%	347,275	-	85.00%	279,118	-
Sfix Fidelidade	Platform of products and services for the accumulation and redemption of points	33.33%	2,852	2,852	33.33%	2,396	2,396
RD Ventures FIP	Private equity investment fund	100.00%	146,952	-	100.00%	139,134	-
Vitat	Supporting health management and promoting healthy habits	100.00%	51,466	-	100.00%	45,960	-
Dr. Cuco	Digital care platform focused on adherence to treatment	100.00%	15,513	-	100.00%	14,804	-
RD Ads	Advisory and consultancy in advertising and marketing	100.00%	51,800	-	100.00%	37,644	-
SafePill	Management of Self-Care Home Treatments	100.00%	35,701	-	100.00%	52,174	-
Manipulãe	Marketplace of Compounding Pharmacies	100.00%	23,852	1,456	100.00%	9,944	-
Indirect interest							
Healthbit	Big data technology to reduce claims	100.00%	-	-	100.00%	-	-
Conecta Lá (i)	Seller center platform that offers a unique solution to sellers	12.35%	-	(2,156)	12.50%	-	(1,756)
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.	23.61%	-	(104)	21.72%	-	917
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%	-	-	100.00%	-	1,166
Biocell	Company that operates in the market of mineral supplements, offering products for weight control, nutrition and personal care.	100.00%	-	1,588	-	-	-
Total			675,411	3,636		581,174	2,723
Reclassification to "Other liabilities", as provision for losses on investments			-	2,260		-	1,756
Classified as investments			675,411	5,896		581,174	4,479

(i) The provision for losses on investments at September 30, 2023 and December 31, 2022 is recorded in "Other provisions".

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Changes in investment balances presented in the interim financial information are shown below:

Changes in investments	4BIO <small>Aidun/Investing</small>	stix	RD VENTURES	vitat	CUCO <small>HEALTH</small>	RD ADS	SafePill	Manpula	Total
	Subsidiary	Associate	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	
At January 1, 2022	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
Capital contribution	-	-	16,700	10,000	-	-	2,000	4,100	32,800
Business combinations	-	-	-	-	-	-	50,174	5,844	56,018
Write-off of investment goodwill	-	-	-	(1,555)	-	-	-	-	(1,555)
Equity in the results of subsidiaries	23,733	45	(2,137)	(11,483)	(623)	11,604	-	-	21,139
At December 31, 2022	279,118	2,396	139,134	45,960	14,804	37,644	52,174	9,944	581,174
Capital contribution	-	-	20,827	35,000	2,425	-	9,586	13,156	80,994
Business combinations	-	-	-	-	-	-	(21,174)	9,308	(11,866)
Equity in the results of subsidiaries	68,211	456	(13,009)	(29,494)	(1,716)	14,156	(4,885)	(8,556)	25,163
Restricted share compensation plan	(54)	-	-	-	-	-	-	-	(54)
At September 30, 2023	347,275	2,852	146,952	51,466	15,513	51,800	35,701	23,852	675,411

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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 and Vitat, 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:

	Parent Company								
	4BIO	stix	RD VENTURES	vitat	CUCO HEALTH	RD ADS	SafePill	Manpula	Total
Changes in investments									
Profit (loss) for the period	114,361	1,565	(8,000)	(35,180)	22	24,218	-	-	96,986
Amortization of surplus value arising from business combination	(206)	-	-	(4,581)	(631)	-	-	-	(5,418)
Equity in the results of subsidiaries at 12/31/2022	114,155	1,565	(8,000)	(39,761)	(609)	24,218	-	-	91,568
Profit (loss) for the period	68,366	456	(13,009)	(26,419)	(737)	14,156	(4,885)	(7,590)	30,338
Amortization of surplus value arising from business combination	(155)	-	-	(3,075)	(979)	-	-	(966)	(5,175)
Equity in the results of subsidiaries at 09/30/2023	68,211	456	(13,009)	(29,494)	(1,716)	14,156	(4,885)	(8,556)	25,163

	Parent Company								
	4BIO	stix	RD VENTURES	vitat	CUCO HEALTH	RD ADS	SafePill	Manpula	Sept/23
Adjusted equity									
Investment at book value	333,055	2,852	146,952	17,255	1,453	38,369	3,868	4,066	547,870
Purchase price allocation (surplus value of assets)	2,209	-	-	13,325	3,564	-	-	7,390	26,488
Deferred income tax liability on allocation adjustments	(821)	-	-	-	-	-	-	-	(821)
Restricted share compensation plan	(75)	-	-	-	-	-	-	-	(75)
Total adjusted equity	334,368	2,852	146,952	30,580	5,017	38,369	3,868	11,456	573,462
Goodwill based on expected future profitability	12,907	-	-	20,886	10,496	13,431	31,833	12,396	101,949
Investment balance	347,275	2,852	146,952	51,466	15,513	51,800	35,701	23,852	675,411

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

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11. Fixed assets

11.1. Breakdown and changes

Fixed assets are broken down as follows:

	Average annual depreciation rates (%)	Parent Company					
		Sept/23			Dec/22		
		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	(31,876)	37,961	69,837	(30,532)	39,305
Furniture, fittings and facilities	7.4 - 10	1,605,627	(752,053)	853,574	1,434,220	(647,044)	787,176
Machinery and equipment	7.1 - 15.8	1,005,461	(599,712)	405,749	931,454	(526,857)	404,597
Vehicles	20 - 23.7	124,143	(69,604)	54,539	114,212	(58,514)	55,698
Leasehold improvements	13 - 20	2,329,042	(1,375,967)	953,075	1,981,381	(1,118,449)	862,932
Total		5,166,234	(2,829,212)	2,337,022	4,563,228	(2,381,396)	2,181,832

	Average annual depreciation rates (%)	Consolidated					
		Sept/23			Dec/22		
		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	(31,876)	37,961	69,837	(30,531)	39,306
Furniture, fittings and facilities	7.4 - 10	1,610,590	(753,596)	856,994	1,437,156	(648,362)	788,794
Machinery and equipment	7.1 - 15.8	1,033,397	(606,850)	426,547	946,424	(531,347)	415,077
Vehicles	20 - 23.7	124,144	(69,605)	54,539	114,213	(58,514)	55,699
Leasehold improvements	13 - 20	2,335,492	(1,379,335)	956,157	1,986,701	(1,121,296)	865,405
Total		5,205,584	(2,841,262)	2,364,322	4,586,455	(2,390,050)	2,196,405

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

	Jan 1, 2022	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Sept/22	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/22	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Sept/23
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	1,258,303	136,558	(22,860)	2,109	1,374,110	70,901	(3,580)	(7,211)	1,434,220	169,540	(6,548)	8,414	1,605,626
Machinery and equipment	821,296	88,423	(16,134)	(18)	893,567	41,696	(3,827)	18	931,454	85,498	(11,463)	(27)	1,005,462
Vehicles	87,988	15,379	(67)	-	103,300	11,243	(331)	-	114,212	10,186	(255)	-	124,143
Leasehold improvements	1,588,521	301,547	(19,135)	8,889	1,879,822	111,458	(1,402)	(8,497)	1,981,381	344,432	(3,215)	6,444	2,329,042
Total	3,858,069	541,907	(58,196)	10,980	4,352,760	235,298	(9,140)	(15,690)	4,563,228	609,656	(21,481)	14,831	5,166,234
Changes in accumulated depreciation													
Buildings	(28,710)	(1,367)	-	-	(30,077)	(454)	-	-	(30,531)	(1,345)	-	-	(31,876)
Furniture, fittings and facilities	(539,910)	(91,634)	11,642	(376)	(620,278)	(32,505)	1,965	3,774	(647,044)	(103,987)	3,712	(4,734)	(752,053)
Machinery and equipment	(441,779)	(75,607)	14,000	11	(503,375)	(26,555)	3,083	(11)	(526,858)	(82,549)	9,686	9	(599,712)
Vehicles	(46,612)	(8,840)	58	-	(55,394)	(3,390)	271	-	(58,513)	(11,296)	205	-	(69,604)
Leasehold improvements	(808,330)	(238,459)	10,301	(4,615)	(1,041,103)	(82,724)	1,036	4,341	(1,118,450)	(255,942)	1,684	(3,259)	(1,375,967)
Total	(1,865,341)	(415,907)	36,001	(4,980)	(2,250,227)	(145,628)	6,355	8,104	(2,381,396)	(455,119)	15,287	(7,984)	(2,829,212)

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Changes in the Consolidated fixed assets are as follows:

	Jan 1, 2022	Additions	Disposals and write- offs	(Provision for) / Reversal of pharmacies closures	Sept/22	Additions	Disposals and write- offs	(Provision for) / Reversal of pharmacies closures	Dec/22	Addition by business combination	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closures	Sept/23
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	1,260,585	136,996	(22,860)	2,109	1,376,830	71,117	(3,580)	(7,211)	1,437,156	77	171,496	(6,553)	8,414	1,610,590
Machinery and equipment	828,057	90,558	(16,134)	(18)	902,463	47,770	(3,827)	18	946,424	1,136	97,397	(11,531)	(29)	1,033,397
Vehicles	87,989	15,378	(67)	-	103,300	11,244	(331)	-	114,213	-	10,186	(255)	-	124,144
Leasehold improvements	1,592,140	302,321	(19,135)	8,889	1,884,215	112,385	(1,402)	(8,497)	1,986,701	452	345,110	(3,215)	6,444	2,335,492
Total	3,870,732	545,253	(58,196)	10,980	4,368,769	242,516	(9,140)	(15,690)	4,586,455	1,665	624,189	(21,554)	14,829	5,205,584
Changes in accumulated depreciation														
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	(28,710)	(1,372)	-	-	(30,082)	(449)	-	-	(30,531)	-	(1,345)	-	-	(31,876)
Furniture, fittings and facilities	(541,060)	(91,753)	11,643	(376)	(621,546)	(32,554)	1,964	3,774	(648,362)	(19)	(104,196)	3,715	(4,734)	(753,596)
Machinery and equipment	(444,701)	(76,415)	14,000	11	(507,105)	(27,313)	3,082	(11)	(531,347)	(207)	(85,042)	9,737	9	(606,850)
Vehicles	(46,612)	(8,840)	58	-	(55,394)	(3,392)	272	-	(58,514)	-	(11,296)	205	-	(69,605)
Leasehold improvements	(810,629)	(238,985)	10,301	(4,615)	(1,043,928)	(82,744)	1,036	4,340	(1,121,296)	-	(256,464)	1,684	(3,259)	(1,379,335)
Total	(1,871,712)	(417,365)	36,002	(4,980)	(2,258,055)	(146,452)	6,354	8,103	(2,390,050)	(226)	(458,343)	15,341	(7,984)	(2,841,262)

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11.2. Changes in the provision for pharmacies closure

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

	Provision	Depreciation	Total properties
At January 1, 2022	(16,836)	8,306	(8,530)
Additions	(23,619)	13,103	(10,516)
Reversals	34,599	(18,083)	16,516
At September 30, 2022	(5,856)	3,326	(2,530)
Additions	(21,545)	11,429	(10,116)
Reversals	5,856	(3,326)	2,530
At December 31, 2022	(21,545)	11,429	(10,116)
Additions	(8,857)	4,801	(4,056)
Reversals	23,686	(12,785)	10,901
Changes, net	14,829	(7,984)	6,845
At September 30, 2023	(6,716)	3,445	(3,271)

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12. Intangible assets

12.1. Breakdown and changes

	Average annual amortization rates (%)	Parent Company					
		Sept/23			Dec/22		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Points of sale	17 - 23.4	280,380	(228,684)	51,696	268,037	(205,977)	62,060
Software license and systems implementation	20	881,449	(350,062)	531,387	632,372	(249,752)	382,620
Goodwill on business acquisition – Vison	(i)	22,275	(2,387)	19,888	22,275	(2,387)	19,888
Goodwill on business acquisition – Raia	(i)	780,084	-	780,084	780,084	-	780,084
Trademarks with finite useful life	20	20,019	(12,063)	7,956	19,052	(10,673)	8,379
Trademarks with indefinite useful life	(i)	151,000	-	151,000	151,000	-	151,000
Customers portfolio	6.7 - 25	41,700	(40,282)	1,418	41,700	(39,937)	1,763
Total		2,176,907	(633,478)	1,543,429	1,914,520	(508,726)	1,405,794

	Average annual amortization rates (%)	Consolidated					
		Sept/23			Dec/22		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Points of sale	17 - 23.4	282,277	(228,682)	53,595	269,934	(205,975)	63,959
Software license and systems implementation	20	917,599	(355,593)	562,006	649,850	(253,882)	395,968
Goodwill on acquisitions of investees	(i)	1,074,393	(2,387)	1,072,006	1,087,701	(2,387)	1,085,314
Platform	20	25,386	(8,714)	16,672	25,386	(5,775)	19,611
Non-compete agreement	20	4,833	(2,566)	2,267	4,833	(1,966)	2,867
Trademarks with finite useful life	20	30,837	(19,163)	11,674	25,962	(17,238)	8,724
Trademarks with indefinite useful life	(i)	151,000	-	151,000	153,930	-	153,930
Customers portfolio (Raia S.A.)	6.7 - 25	41,700	(40,282)	1,418	41,700	(39,937)	1,763
Customer relationship	20	9,395	(3,574)	5,821	9,395	(3,420)	5,975
Total		2,537,420	(660,961)	1,876,459	2,268,691	(530,580)	1,738,111

(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, 2022	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Sept/22	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Dec/22	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Sept/23
Points of sale	249,990	16,258	(4,186)	2,597	264,659	5,272	(1)	(1,893)	268,037	10,725	(248)	1,866	280,380
Software license	407,987	142,061	(157)	-	549,891	82,481	-	-	632,372	251,428	(2,342)	(9)	881,449
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	19,046	122	(116)	-	19,052	-	-	-	19,052	967	-	-	20,019
Trademarks with indefinite useful life	151,000	-	-	-	151,000	-	-	-	151,000	-	-	-	151,000
Customers portfolio	41,700	-	-	-	41,700	-	-	-	41,700	-	-	-	41,700
Total	1,672,082	158,441	(4,459)	2,597	1,828,661	87,753	(1)	(1,893)	1,914,520	263,120	(2,590)	1,857	2,176,907
Changes in accumulated amortization	Jan 1, 2022	Additions	Disposals and write-offs	(Provision for) / Reversal of pharmacies closure	Sept/22	Additions	Disposals and write-offs	Provision for / (Reversal of) pharmacies closure	Dec/22	Additions	Disposals and write-offs	Provision for / (Reversal of) pharmacies closure	Sept/23
Points of sale	(174,779)	(25,948)	2,612	(1,458)	(199,573)	(7,922)	-	1,518	(205,977)	(21,850)	231	(1,088)	(228,684)
Software license	(156,542)	(66,123)	19	-	(222,646)	(27,106)	-	-	(249,752)	(100,412)	98	4	(350,062)
Goodwill on business acquisition – Vison	(2,387)	-	-	-	(2,387)	-	-	-	(2,387)	-	-	-	(2,387)
Goodwill on business acquisition – Raia	-	-	-	-	-	-	-	-	-	-	-	-	-
Trademarks with finite useful life	(8,483)	(1,693)	7	-	(10,169)	(504)	-	-	(10,673)	(1,390)	-	-	(12,063)
Customers portfolio	(39,477)	(345)	-	-	(39,822)	(115)	-	-	(39,937)	(345)	-	-	(40,282)
Total	(381,668)	(94,109)	2,638	(1,458)	(474,597)	(35,647)	-	1,518	(508,726)	(123,997)	329	(1,084)	(633,478)

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Changes in the consolidated intangible assets are as follows:

Changes in cost	Jan 1, 2022	Additions	Transfers	Disposals and write-offs	Provision for / (Reversal of) pharmacies closure	Sept/22	Additions	Transfers	Disposals and write-offs	Dec/22	Addition by business combination	Additions	Transfers	Disposals and write-offs	Provision for / (Reversal of) pharmacies closure	Sept/23
Points of sale	249,992	16,256	-	(4,187)	2,599	264,660	5,274	-	-	269,934	-	10,725	-	(248)	1,866	282,277
Software license	415,862	149,900	28	(1,414)	-	564,376	85,502	-	-	649,878	913	271,449	(2,004)	(2,600)	(9)	917,627
Goodwill on acquisitions of investees	962,155	45,969	(28)	-	-	1,008,096	82,393	(2,816)	-	1,087,673	275	3,136	2,004	(18,723)	-	1,074,365
Surplus value - Platform	18,853	6,203	-	-	-	25,056	-	330	-	25,386	-	-	-	-	-	25,386
Non-compete agreement	4,833	-	-	-	-	4,833	-	-	-	4,833	-	-	-	-	-	4,833
Trademarks with finite useful life	27,500	130	-	(116)	-	27,514	4	-	(1,556)	25,962	-	1,945	2,930	-	-	30,837
Trademarks with indefinite useful life	153,930	-	-	-	-	153,930	-	-	-	153,930	-	-	(2,930)	-	-	151,000
Customers portfolio - Raia	41,700	-	-	-	-	41,700	-	-	-	41,700	-	-	-	-	-	41,700
Customer relationship	8,737	160	-	-	-	8,897	-	498	-	9,395	-	-	-	-	-	9,395
Total	1,883,562	218,618	-	(5,717)	2,599	2,099,062	173,173	(1,988)	(1,556)	2,268,691	1,188	287,255	-	(21,571)	1,857	2,537,420

Changes in accumulated amortization	Jan 1, 2022	Additions	Disposals and write-offs	(Provision for) / (Reversal of) pharmacies closure	Sept/22	Additions	Transfers	Disposals and write-offs	Provision for / (Reversal of) pharmacies closure	Dec/22	Addition by business combination	Additions	Disposals and write-offs	Provision for / (Reversal of) pharmacies closure	Sept/23
Points of sale	(174,778)	(25,949)	2,612	(1,458)	(199,573)	(7,920)	-	-	1,518	(205,975)	-	(21,850)	231	(1,088)	(228,682)
Software license	(159,605)	(71,004)	400	-	(230,209)	(23,674)	-	1	-	(253,882)	(3)	(102,061)	349	4	(355,593)
Goodwill on acquisitions of investees	(2,387)	-	-	-	(2,387)	(5,145)	5,145	-	-	(2,387)	-	-	-	-	(2,387)
Platform	(2,475)	-	-	-	(2,475)	-	(3,300)	-	-	(5,775)	-	(2,939)	-	-	(8,714)
Non-compete agreement	(600)	-	-	-	(600)	-	(1,366)	-	-	(1,966)	-	(600)	-	-	(2,566)
Trademarks with finite useful life	(14,569)	(1,692)	7	-	(16,254)	(505)	(479)	-	-	(17,238)	-	(1,925)	-	-	(19,163)
Customers portfolio - Raia	(39,477)	(345)	-	-	(39,822)	(115)	-	-	-	(39,937)	-	(345)	-	-	(40,282)
Customer relationship	(3,420)	-	-	-	(3,420)	-	-	-	-	(3,420)	-	(154)	-	-	(3,574)
Total	(397,311)	(98,990)	3,019	(1,458)	(494,740)	(37,359)	-	1	1,518	(530,580)	(3)	(129,874)	580	(1,084)	(660,961)

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12.2. 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	17,505	03/09/2021
Amplissoftware Tecnologia	82,895	12/22/2021
Full Nine Digital Consultoria	7,120	12/10/2021
Labi Exames	52,328	08/05/2022
Eloopz Serviços de Promoção de Vendas	8,421	08/23/2022
SafePill Comércio Varejista de Medicamentos Manipulados	33,982	11/23/2022
Manipulaê	12,396	11/28/2022
Infectoria Serviços Médicos	140	02/27/2023
Pharmaperez – Farmácia e Manipulação Ltda - Biocell	275	02/28/2023

As disclosed in Note 11.1. Fixed assets and Intangible assets - Accounting Policy of the financial statements for the year ended December 31, 2022, disclosed on March 7, 2023, 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).

Drogaria Vison Ltda. - Goodwill in the amount of R\$ 19,888 refers to the acquisition of Drogaria Vison Ltda., on February 13, 2008, which was included in the Company's operations as from June 30, 2008. Goodwill is based on expected future profitability, pursuant to an appraisal prepared by an independent expert, and was amortized from April to December 2008. As provided for in CPC Guidance (OCPC) 02 - Clarifications on the 2008 Financial Statements, since 2009, goodwill has no longer been amortized, but has been subject to annual impairment testing ever since. The recoverable amount of the cash generating unit of 'Vison' is R\$ 113,455 at December 31, 2022 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 18.8% p.a. (17.1% p.a. in 2021). The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3% (3.2% in 2021).

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\$ 5,851,956 at December 31, 2022 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 16.0% p.a. (14.3% p.a. in 2021). The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3% (3.2% in 2021).

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\$ 169,416 at December 31, 2022 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 18.9% p.a. (12.6% p.a. in 2021). The growth rate used to extrapolate the unit's cash flow for a period over five years is 3.3% (3.3% in 2021).

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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.

Dr. Cuco Desenvolvimento de Software Ltda. - The Company computed goodwill of R\$ 10,946 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\$ 17,505 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\$ 82,895 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.

Labi Exames S.A. - The Company computed goodwill of R\$ 52,328 in the acquisition of interest in Labi Exames S.A., occurred on August 5, 2022, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

Eloopz Serviços de Promoção de Vendas EIRELI - The Company computed goodwill of R\$ 8,421 in the acquisition of interest in Eloopz Serviços de Promoção de Vendas EIRELI, occurred on August 23, 2022, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

SafePill Comércio Varejista de Medicamentos Manipulados Ltda - The Company computed goodwill of R\$ 33,982 in the acquisition of interest in SafePill, occurred on November 23, 2022, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

Manipulaê – ZTO Tecnologia e Serviços de Informação na Internet Ltda - The Company computed goodwill of R\$ 12,396 in the acquisition of interest in Manipulaê, occurred on November 28, 2022, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

Infectoria Serviços Médicos - The Company computed goodwill of R\$ 140 on the acquisition of interest in Infectoria, occurred on February 27, 2023, which is based on expected future profitability arising from the difference between the balances of assets assigned and those received.

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

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12.3. Changes in the provision for pharmacies closure

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

	Provision	Amortization	Total intangible assets
At January 1, 2022	(4,025)	2,257	(1,768)
Additions	(1,589)	1,158	(431)
Reversals	4,187	(2,616)	1,571
At September 30, 2022	(1,427)	799	(628)
Additions	(3,321)	2,318	(1,003)
Reversals	1,428	(800)	628
At December 31, 2022	(3,320)	2,317	(1,003)
Additions	(1,464)	1,233	(231)
Reversals	3,321	(2,317)	1,004
Changes, net	1,857	(1,084)	773
At September 30, 2023	(1,463)	1,233	(230)

13. Employee benefits

(a) Profit sharing program

The Group has a profit sharing and bonus program intended mainly to measure the performance of employees during the 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 and achievement of operating targets and specific objectives established and approved by Management. The recognition as liabilities is made in the account of salaries and social charges and in the statement of income the recognition is made in the account of selling expenses and general and administrative expenses (Note 22).

(b) Other benefits

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

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

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

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

Supplier items	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Goods suppliers	4,120,561	3,857,221	4,494,931	4,112,176
Service providers	167,273	171,752	172,006	177,645
Materials suppliers	22,553	26,916	22,888	27,238
Assets suppliers	15,686	10,265	16,083	10,638
Adjustment to present value	(56,960)	(66,187)	(60,731)	(68,780)
Total	4,269,113	3,999,967	4,645,177	4,258,917
Suppliers	4,158,530	3,993,411	4,534,594	4,252,361
Suppliers – FIDC – Credit Rights Investment Fund	109,553	-	109,553	-
Suppliers – Forfait	1,030	6,556	1,030	6,556

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

In the nine-month period ended September 30, 2023, certain suppliers assigned their rights to receive Company notes to financial institutions and to the Credit Rights Investment Fund (FIDC), allowing suppliers to receive in advance their amounts receivable. The financial institutions and FIDC become creditors of the operation and RD settles the notes on the same date originally agreed with its supplier. RD receives a commission from the financial institutions for this intermediation and confirmation of notes payable. This advance on credit notes generated a financial gain to the Company in the amount of R\$ 6,390 in the period (R\$ 8,172 in the nine-month period ended September 30, 2022). In this operation, the financial institution takes into consideration the credit risk of the buyer (in this case, the Company). There is no change in the pre-established terms and other conditions after the assignment of the receivables. In addition, there is no obligation that results in expenses for the Company.

At September 30, 2023, the balance payable negotiated by suppliers and accepted by RD amounted to R\$ 110,583 in the Parent company and Consolidated (R\$ 6,556 in 2022).

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

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15. Borrowings and debentures

(a) Breakdown

Borrowings items	Average annual long-term interest rate	Parent Company		Consolidated	
		Sept/23	Dec/22	Sept/23	Dec/22
Debentures					
2 nd issue of debentures	104.50% of CDI	-	45,943	-	45,943
3 rd issue of debentures - CRIs	98.50% of CDI	248,848	256,264	248,848	256,264
4 th issue of debentures	106.99% of CDI	311,645	301,211	311,645	301,211
5 th issue of debentures	100.00% of CDI + 1.49% p.a.	511,628	530,393	511,628	530,393
6 th issue of debentures - CRIs	100.00% of CDI + 0.70% p.a.	248,173	256,123	248,173	256,123
7 th issue of debentures - CRIs	100.00% of CDI + 0.75% p.a.	558,106	537,698	558,106	537,698
8 th issue of debentures - CRIs – 1 st series	100.00% of CDI + 0.30% p.a.	349,584	-	349,584	-
8 th issue of debentures - CRIs – 2 nd series	100.00% of CDI + 0.65% p.a.	148,197	-	148,197	-
8 th issue of debentures - CRIs – 3 rd series	100.00% of CDI + 1.10% p.a.	192,516	-	192,516	-
Total Debentures		2,568,697	1,927,632	2,568,697	1,927,632
Borrowings					
Direct loans - Law 4,131	100.00% of CDI + 1.30% p.a.	-	-	100,585	-
Direct loans - Law 4,131	100.00% of CDI + 1.37% p.a.	-	-	-	45,414
Direct loans - Law 4,131	100.00% of CDI + 1.42% p.a.	-	-	41,199	-
Direct loans - Law 4,131	100.00% of CDI + 1.45% p.a.	-	-	53,429	-
Direct loans - Law 4,131	100.00% of CDI + 1.54% p.a.	-	-	32,514	32,552
Direct loans - Law 4,131	100.00% of CDI + 2.61% p.a.	300,393	311,974	300,393	311,974
Other	100.00% of CDI + 2.95% p.a.	-	-	7,648	332
Total Borrowings		300,393	311,974	535,768	390,272
Total		2,869,090	2,239,606	3,104,465	2,317,904
Current liabilities		345,659	108,279	581,004	186,356
Non-current liabilities		2,523,431	2,131,327	2,523,461	2,131,548

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The amounts above have the following payment flow forecast:

Payment forecast	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
2023	30,130	108,279	70,261	186,356
2024	313,935	295,476	509,179	295,697
2025 and thereafter	2,525,025	1,835,851	2,525,025	1,835,851
Total	2,869,090	2,239,606	3,104,465	2,317,904

(b) Characteristics of the debentures

Debentures

Type of issue	Issue amount	Quantity outstanding	Issue	Maturity	Annual charges	Unit price
2 nd issue - 9 Series	R\$ 400,000	40,000	04/02/2018	Mar-2023	104.50% (*)	R\$ 10
3 rd issue - Single Series	R\$ 250,000	250,000	03/15/2019	Mar-2026	98.50%	R\$ 1
4 th issue - Single Series	R\$ 300,000	300,000	06/17/2019	Jun-2027	106.99%	R\$ 1
5 th issue - Single Series	R\$ 500,000	500,000	01/25/2022	Jan-2029	100% of CDI + 1.49% p.a.	R\$ 1
6 th issue - Single Series	R\$ 250,000	250,000	03/07/2022	Mar-2027	100% of CDI + 0.70% p.a.	R\$ 1
7 th issue - Single Series	R\$ 550,000	550,000	06/26/2022	Jun-2029	100% of CDI + 0.75% p.a.	R\$ 1
8 th issue - 1 st series	R\$ 350,000	350,000	09/15/2023	Sept- 2025	100% of CDI + 0.30% p.a.	R\$ 1
8 th issue - 2 nd series	R\$ 150,000	150,000	09/15/2023	Sept- 2027	100% of CDI + 0.65% p.a.	R\$ 1
8 th issue - 3 rd series	R\$ 200,000	200,000	09/15/2023	Sept- 2030	100% of CDI + 1.10% p.a.	R\$ 1

(*) Weighted average rate of series.

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

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

On February 1, 2019, the Company approved, through the Extraordinary Meeting of the Board of Directors, the 3rd issue of non-convertible, simple unsecured debentures in a single series, in the total amount of R\$ 250,000, with remuneration of 98.5% of CDI and payment term of 7 years. Interest payments will be semi-annual, and principal will be amortized in two equal annual and consecutive installments, the last installment to be paid on March 13, 2026. The funds raised were used for the construction, expansion, development and renovation of certain properties indicated by the Company. This operation is linked to the real estate receivables certificates issued by Vert Companhia Securitizadora, which were issued with guarantee in the "CRI" debentures, object of a public offering for distribution under CVM Instruction 400.

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

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

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

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

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

The costs incurred on the issues of the Company's debentures (2018 - 2nd issue, 2019 - 3rd and 4th issues, 2022 - 5th, 6th and 7th issues, and 2023 - 8th issue), including fees, commissions and other costs, are classified in the line item of the respective debentures, and will be recognized over the total period of the debt. At September 30, 2023, the amount to be recognized was R\$ 33,227 (R\$ 23,279 - Dec/2022), and is presented net in debentures balance.

The Company's debentures are conditioned to the compliance with the following covenants:

(i) Net Debt / EBTIDA: cannot exceed 3 times.

The calculation of net debt, the basis for determining the covenants calculation of Company's debentures considers the balances of borrowings. As described in Note 25 (e), the lease obligations are being presented in a separate line item in the financial statements, and therefore, are not included in the net debt calculation.

Covenants are measured quarterly and, at September 30, 2023, the Company was in compliance with such requirements.

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

The Group monitors clauses subject to compliance with non-financial covenants, in order to ensure that they are being complied with. At September 30, 2023, the Company was in compliance with these covenants.

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(c) Characteristics of borrowings

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

The transaction costs incurred in borrowings - 4131 are 0.30% referring to the amount of R\$ 300,000, with a term of three years, including fees, commissions and other costs, and are classified in the line item of the respective borrowings, and will be recognized over the total period of the debt. At September 30, 2023, the amount to be recognized was R\$ 125 (R\$ 350 - Dec/22), and is presented net in the borrowings balance.

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

(d) Characteristics of borrowings - Subsidiaries

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

On April 14, 2023, the subsidiary 4Bio carried out loan operation – 4131, in the amount of R\$ 100,000, with remuneration of 100% of the cumulative variation of the average daily rates of the CDI, plus a surcharge of 1.90% per year and payment term of five months. Interest payment and amortization of principal was carried out on September 14, 2023. The funds were used to improve the working capital.

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

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

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

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(e) 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	
	Sept/23	Dec/22	Sept/23	Dec/22
Short-term borrowings	345,659	108,279	581,004	186,356
Long-term borrowings	2,523,431	2,131,327	2,523,461	2,131,548
Total debt	2,869,090	2,239,606	3,104,465	2,317,904
(-) Cash and cash equivalents (Note 5)	(531,158)	(364,374)	(593,586)	(433,541)
Net debt	2,337,932	1,875,232	2,510,879	1,884,363

Changes in net debt	Parent Company		
	Borrowings	Cash and cash equivalents	Net debt
Net debt at January 1, 2022	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
Decrease in cash and cash equivalents	-	(3,172)	(3,172)
Net debt at September 30, 2022	2,219,476	(319,826)	1,899,650
Funding	(36)	-	-36
Accrued interest	77,681	-	77,681
Payment of interest	(58,835)	-	(58,835)
Amortization of principal	-	-	-
Amortization of transaction costs	1,320	-	1,320
Increase in cash and cash equivalents	-	(44,548)	(44,548)
Net debt at December 31, 2022	2,239,606	(364,374)	1,875,232
Funding	686,568	-	686,568
Accrued interest	233,613	-	233,613
Payment of interest	(249,925)	-	(249,925)
Amortization of principal	(44,480)	-	(44,480)
Amortization of transaction costs	3,708	-	3,708
Increase in cash and cash equivalents	-	(166,784)	(166,784)
Net debt at September 30, 2023	2,869,090	(531,158)	2,337,932

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Changes in net debt	Consolidated		
	Borrowings	Cash and cash equivalents	Net debt
Net debt at January 1, 2022	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
Decrease in cash and cash equivalents	-	(15,054)	(15,054)
Net debt at September 30, 2022	2,265,017	(371,172)	1,893,845
Funding	32,202	-	32,202
Accrued interest	79,831	-	79,831
Payment of interest	(60,425)	-	(60,425)
Amortization of principal	(41)	-	(41)
Amortization of transaction costs	1,320	-	1,320
Increase in cash and cash equivalents	-	(62,369)	(62,369)
Net debt at December 31, 2022	2,317,904	(433,541)	1,884,363
Funding	1,027,718	-	1,027,718
Accrued interest	249,942	-	249,942
Payment of interest	(264,764)	-	(264,764)
Amortization of principal	(230,043)	-	(230,043)
Amortization of transaction costs	3,708	-	3,708
Increase in cash and cash equivalents	-	(160,045)	(160,045)
Net debt at September 30, 2023	3,104,465	(593,586)	2,510,879

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16. Leases

As a lessee

Right-of-use asset

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

Right-of-use asset	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Operating real estate	3,086,653	2,963,118	3,086,787	2,963,409
Residential real estate	18,870	18,024	19,517	18,688
Distribution/administrative centers	365,024	391,396	366,762	394,113
Vehicles	11,390	2,241	11,391	2,242
Total	3,481,937	3,374,779	3,484,457	3,378,452

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

	Parent Company				
	Operating real estate	Residential real estate	Distribution/administrative centers	Vehicles	Total
At 01/01/2022	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
New agreements	98,056	2,374	(925)	1,505	101,010
Remeasurements ⁽ⁱ⁾	149,859	(370)	6,783	292	156,564
Termination of agreements	(20,962)	(346)	-	356	(20,952)
Depreciation	(195,674)	(742)	(17,629)	(39)	(214,084)
At 12/31/2022	2,963,118	18,024	391,396	2,241	3,374,779
New agreements	345,833	9,059	2,521	10,189	367,602
Remeasurements ⁽ⁱ⁾	389,439	(3,728)	51,452	(580)	436,583
Termination of agreements	(3,475)	(785)	-	-	(4,260)
Depreciation	(608,262)	(3,700)	(80,345)	(460)	(692,767)
At 09/30/2023	3,086,653	18,870	365,024	11,390	3,481,937

	Consolidated				
	Operating real estate	Residential real estate	Distribution/administrative centers	Vehicles	Total
At 01/01/2022	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
New agreements	98,056	2,374	(925)	1,505	101,010
Remeasurements ⁽ⁱ⁾	149,859	(370)	7,453	292	157,234
Termination of agreements	(20,962)	(346)	-	356	(20,952)
Depreciation	(195,720)	(765)	(18,083)	(39)	(214,607)
At 12/31/2022	2,963,409	18,688	394,113	2,242	3,378,452
New agreements	345,833	9,059	2,521	10,189	367,602
Remeasurements ⁽ⁱ⁾	389,428	(3,677)	51,890	(580)	437,061
Termination of agreements	(3,475)	(785)	-	-	(4,260)
Depreciation	(608,408)	(3,768)	(81,762)	(460)	(694,398)
At 09/30/2023	3,086,787	19,517	366,762	11,391	3,484,457

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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	
	Sept/23	Dec/22	Sept/23	Dec/22
Operating real estate	3,482,366	3,258,705	3,482,510	3,258,975
Residential real estate	19,895	(8,442)	20,493	(7,827)
Distribution/administrative centers	414,756	487,898	416,664	490,798
Vehicles	12,259	(1,938)	12,259	(1,938)
Total	3,929,276	3,736,223	3,931,926	3,740,008

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

	Parent Company				
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Total
At 01/01/2022	3,333,959	(3,287)	342,048	(2,895)	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	(3,240)	3,730,404
New agreements	98,056	2,374	(925)	1,505	101,010
Remeasurements ⁽ⁱ⁾	149,859	(370)	6,783	292	156,564
Interest	60,619	486	8,770	428	70,303
Payments / compensations	(295,035)	(6,085)	(20,015)	(923)	(322,058)
At 12/31/2022	3,258,706	(8,442)	487,897	(1,938)	3,736,223
New agreements	345,833	9,059	2,521	10,189	367,602
Remeasurements ⁽ⁱ⁾	389,439	(3,728)	51,452	(580)	436,583
Transfers	61,039	29,643	(95,671)	4,989	-
Interest	215,449	1,738	22,898	634	240,719
Payments / compensations	(788,100)	(8,375)	(54,341)	(1,035)	(851,851)
At 09/30/2023	3,482,366	19,895	414,756	12,259	3,929,276

	Consolidated				
	Operating real estate	Residential real estate	Distribution/ administrative centers	Vehicles	Total
At 01/01/2022	3,333,959	(2,668)	344,502	(2,895)	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	(3,240)	3,734,064
New agreements	98,056	2,374	(925)	1,505	101,010
Remeasurements ⁽ⁱ⁾	149,859	(370)	7,453	292	157,234
Interest	60,620	490	8,822	428	70,360
Payments / compensations	(295,101)	(6,111)	(20,525)	(923)	(322,660)
At 12/31/2022	3,258,976	(7,827)	490,797	(1,938)	3,740,008
New agreements	345,833	9,059	2,521	10,189	367,602
Remeasurements ⁽ⁱ⁾	389,439	(3,677)	51,890	(580)	437,072
Transfers	61,039	29,643	(95,671)	4,989	-
Interest	215,449	1,747	23,055	634	240,885
Payments / compensations	(788,226)	(8,452)	(55,928)	(1,035)	(853,641)
At 09/30/2023	3,482,510	20,493	416,664	12,259	3,931,926

(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).

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

Analysis of maturities - Lease liabilities	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Less than 1 year	850,944	757,265	852,550	759,301
Current	850,944	757,265	852,550	759,301
1 to 5 years	2,452,717	2,417,623	2,453,761	2,419,372
Over 5 years	625,615	561,335	625,615	561,335
Non-current	3,078,332	2,978,958	3,079,376	2,980,707
Total	3,929,276	3,736,223	3,931,926	3,740,008

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

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

Future considerations	Parent Company / Consolidated	Potential PIS / COFINS (9.25%)
Less than 1 year	645,981	59,753
1 to 2 years	629,093	58,191
2 to 3 years	520,302	48,128
3 to 4 years	412,450	38,152
4 to 5 years	283,267	26,202
Over 5 years	679,471	62,851
Total	3,170,564	293,277

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

In compliance with CVM Circular Letter 02/2019 and NBC TG 06 (R3) / IFRS 16, justified by the fact that the Group has not applied the methodology of nominal flows due to the prohibition imposed by NBC TG 06 (R3) of future inflation projection and in order to provide additional information to the users of the Group's financial statements, the analysis of contract maturities and installments not yet discounted at September 30, 2023 is presented below:

Year	Parent Company			Consolidated		
	Amounts of installments not yet discounted	Estimated interest (future) ⁽ⁱ⁾	Net present value	Amounts of installments not yet discounted	Estimated interest (future) ⁽ⁱ⁾	Net present value
2023	286,765	(72,313)	214,452	288,371	(72,313)	216,058
2024	1,082,740	(252,374)	830,366	1,082,740	(252,374)	830,366
2025	929,258	(196,403)	732,855	929,258	(196,403)	732,855
2026	748,860	(148,025)	600,835	748,860	(148,025)	600,835
2027	561,516	(108,463)	453,053	562,560	(108,463)	454,097
2028 and thereafter	1,336,692	(238,977)	1,097,715	1,336,692	(238,977)	1,097,715
Total	4,945,831	(1,016,555)	3,929,276	4,948,481	(1,016,555)	3,931,926

(i) The present value of the leases payable was calculated considering the projection of future fixed payments, discounted at the rate of 14.89% p.a. (12.90% p.a. - Dec/22), which was built from the basic interest rate released by the Central Bank of Brazil (BACEN).

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Amount recognized in the statement of income

Amount recognized in the statement of income	Parent Company		Consolidated	
	Sept/23	Sept/22	Sept/23	Sept/22
Amortization of right-of-use asset	692,767	599,369	691,136	600,734
Interest on lease liabilities	240,719	188,107	240,885	188,280
Adjustment for lease write-off (contracts terminated)	(1,023)	(636)	(1,023)	(636)
Variable payments not included in the measurement of lease liabilities	85,337	45,856	85,896	46,645
Revenue on subleases of right-of-use assets	2,292	(2,959)	2,292	(2,959)
Expenses related to short-term and/or low-value leases	15,533	17,453	15,533	17,453
Discounts on property rental	(32)	(1,095)	(32)	(1,095)

(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, 2023 amounted to R\$ 3,292 (R\$ 5,370 in Dec/22) 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, 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.

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	
	Sept/23	Dec/22
Less than 1 year	2,045	1,984
1 to 2 years	1,485	1,676
2 to 3 years	734	1,084
3 to 4 years	698	562
4 to 5 years	508	515
Over 5 years	1,077	2,121
Total	6,547	7,942

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17. Provision for contingencies and judicial deposits

Breakdown of balances and changes in provisions

At September 30, 2023, the Group had the following provisions and corresponding judicial deposits relating to legal proceedings:

Judicial deposit items	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Labor and social security	94,340	94,267	94,340	94,267
Tax	18,685	14,185	18,842	14,342
Civil	9,572	7,673	9,572	7,673
Subtotal	122,597	116,125	122,754	116,282
(-) Corresponding judicial deposits	(8,532)	(7,686)	(8,532)	(7,686)
Total	114,065	108,439	114,222	108,596
Current liabilities	53,569	53,584	53,569	53,584
Non-current liabilities	60,496	54,855	60,653	55,012

Changes in the provision are as follows:

Changes in the contingencies	Parent Company	Consolidated
At January 1, 2022	105,604	105,797
Additions of new lawsuits and review of estimate	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
Additions of new lawsuits and review of estimate	14,754	14,769
Reversals by concluded lawsuits	(67)	(67)
Write-offs for payments	(13,210)	(13,210)
Constitution/(Reversals) due to changes in lawsuits	626	626
Revaluation of amounts	5,163	5,163
Monetary adjustment	2,381	2,381
At December 31, 2022	116,125	116,282
Additions of new lawsuits and review of estimate	42,031	42,031
Reversals by concluded lawsuits	(9,244)	(9,244)
Write-offs for payments	(48,262)	(48,262)
Constitution/(Reversals) due to changes in lawsuits	4,670	4,670
Revaluation of amounts	11,172	11,172
Monetary adjustment	6,105	6,105
At September 30, 2023	122,597	122,754

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, 2023, the Group has tax lawsuits related to fines applied by the relevant administrative authorities, tax rate difference in interstate transfers and tax enforcements, as well as civil lawsuits due to indemnity claims for losses and pain and suffering arising from consumer relations, and sundry labor claims, involving possible loss as assessed by Management and its legal advisors in the amount of R\$ 135,096 for the Parent Company and R\$ 271,181 for the Consolidated (R\$ 71,662 and R\$ 193,753, respectively in Dec/2022), of which R\$ 125,468 for the Parent Company and

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R\$ 261,552 for the Consolidated refer to tax lawsuits (R\$ 62,528 for the Parent Company and R\$ 184,619 for the Consolidated in Dec/2022), the total of R\$ 9,621 refers to labor claims for the Parent Company and Consolidated (R\$ 4,868 - Dec/2022) and the amount of R\$ 9,718 for both the Parent Company and Consolidated corresponds to civil lawsuits (R\$ 4,266 - Dec/2022).

Judicial deposits

At September 30, 2023, the Group had the following judicial deposit amounts, for which no corresponding provision had been set up:

Analysis of judicial deposits	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Labor	2,998	3,202	2,998	3,202
Tax	11,917	13,809	124,787	130,641
Civil	3,644	3,781	3,644	3,781
Total	18,559	20,792	131,429	137,624

Labor contingencies

Labor claims mainly 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	
	Sept/23	Dec/22
Furniture and facilities	3	6
Machinery and equipment	85	85
Total guarantees for lawsuits	88	91

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18. Income tax and social contribution

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

	Parent Company		Consolidated	
	Sept/23	Sept/22	Sept/23	Sept/22
Income tax and social contribution paid items				
Profit before income tax and social contribution	915,850	840,307	921,529	900,413
Interest on capital	(273,100)	(222,000)	(273,100)	(222,000)
Taxable profit	642,750	618,307	648,429	678,413
Combined tax rate (25% for income tax and 9% for social contribution)	34.00%	34.00%	34.00%	34.00%
Theoretical tax expense	(218,535)	(210,224)	(220,466)	(230,660)
Permanent additions	(10,988)	(4,553)	(23,728)	(1,590)
Equity in the results of subsidiaries	10,314	23,947	(51)	170
Reduction of taxes due to incentives (P.A.T)	3,236	3,734	3,429	3,734
Investment grant ⁽ⁱ⁾	79,149	30,798	109,139	36,654
Tax loss and negative CSLL basis	-	-	4,628	(8,243)
Other (revaluation reserve + additional income tax exemption ceiling)	(4,824)	26,875	(5,336)	26,895
Tax incentives – Donations / Empresa Cidadã	19,930	-	19,930	-
Result of current income tax and social contribution	(172,944)	(187,687)	(188,373)	(205,673)
Result of deferred income tax and social contribution	51,226	58,264	75,919	32,633
Income tax and social contribution expense	(121,718)	(129,423)	(112,454)	(173,040)
Effective tax rate	13.29%	15.40%	12.20%	19.22%

(i) Beginning in the third quarter of 2018, the Group considers as non-deductible, for income tax purposes, the waiver of tax credits arising from the ICMS tax benefits established by Supplementary Law 160/17, agreement ICMS CONFAZ 190/17, and the amendment to Law 12,973/2014. For purposes of reduction of the IRPJ and CSLL calculation basis, in the period ended September 30, 2023, these tax benefits amount to R\$ 232,791 (R\$ 90,581 in Sept/2022).

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

Deferred income tax and social contribution assets amounting to R\$ 353,442 at September 30, 2023 (R\$ 331,032 – Dec/2022) for the Parent Company and R\$ 388,347 at September 30, 2023 (R\$ 341,389 – Dec/2022) for the Consolidated accounts arose from temporarily non-deductible expenses that may be carried forward indefinitely, with estimated realization as disclosed in item 18.3. below.

Deferred income tax and social contribution liabilities amounting to R\$ 318,532 at September 30, 2023 (R\$ 347,392 – Dec/2022) for the Parent Company and R\$ 319,687 at September 30, 2023 (R\$ 348,692 – Dec/2022) for the Consolidated accounts relate to tax charges on the remaining balances of: (i) the revaluation reserve; (ii) surplus value PPA (Purchase Price Allocation) Raia; and (iii) gain on bargain purchase.

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For the nine-month periods ended September 30, 2023 and 2022, deferred income and social contribution were as follows:

	Balance sheet				Statement of income			
	Parent Company		Consolidated		Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22	Sept/23	Sept/22	Sept/23	Sept/22
Temporary differences								
Revaluation at fair value of land and buildings	(6,574)	(6,631)	(7,729)	(6,631)	-	-	-	-
Amortization of the goodwill on future profitability	(233,780)	(243,033)	(233,780)	(243,033)	13,447	(1,389)	13,447	(1,389)
Non-deductible intangible assets	(57,446)	(59,270)	(57,446)	(60,572)	(1,824)	(117)	(1,824)	(261)
Gain on bargain purchase – acquisition of Onofre	(20,732)	(37,694)	(20,732)	(37,694)	(16,963)	(16,963)	(16,963)	(16,963)
Tax losses to be offset against future taxable profits	-	-	-	-	-	-	-	7,122
Adjustment to present value	(12,270)	(16,060)	(11,681)	(15,163)	(3,790)	8,138	(3,683)	7,780
Adjustment to fair value	27,149	15,764	27,149	15,764	(11,385)	(8,899)	(11,385)	(8,899)
Provision for inventory losses	26,386	20,297	26,386	20,297	(2,774)	(9,338)	(2,774)	(9,338)
Provision for sundry obligations	68,248	85,655	68,472	85,876	(136)	(4,385)	(139)	(4,498)
Provision for employee profit sharing	26,903	35,357	29,037	37,728	8,454	723	8,691	460
Provision for contingencies	37,603	36,048	67,755	41,322	(1,555)	(1,375)	(26,233)	18,195
Expected credit losses	2,409	1,309	4,094	2,872	(1,100)	(184)	(1,368)	301
Lease (depreciation x consideration)	150,287	119,770	150,408	119,803	(30,516)	(10,356)	(30,604)	(10,360)
Other adjustments	26,727	32,128	26,727	32,128	(3,084)	(14,119)	(3,084)	(14,783)
Effective income tax and social contribution expense	-	-	-	-	(51,226)	(58,264)	(75,919)	(32,633)
Deferred tax liabilities, net	34,910	(16,360)	68,660	(7,303)				
Reflected in the balance sheet as follows:								
Deferred tax assets	353,442	331,032	388,347	341,389				
Deferred tax liabilities	(318,532)	(347,392)	(319,687)	(348,692)				
Deferred tax liabilities, net	-	(16,360)	-	(17,660)				
Deferred tax assets, net	34,910	-	34,910	-				
Deferred tax assets – Subsidiaries	-	-	33,750	10,357				
Reconciliation of deferred tax assets (liabilities), net								
At the beginning of the period	(16,360)	(87,518)	(7,303)	(39,964)				
Expense recognized in the statement of income	51,226	71,076	75,919	32,579				
Realization of deferred tax recognized in equity	44	82	44	82				
Balance at the end of the period	34,910	(16,360)	68,660	(7,303)				

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18.3. 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	
	Sept/23	Dec/22	Sept/23	Dec/22
2023	203,504	202,008	222,804	212,365
2024	45,688	46,526	61,147	46,526
2025	42,289	34,580	42,289	34,580
2026	44,412	47,918	44,412	47,918
2027 and thereafter	17,549	-	17,695	-
Total	353,442	331,032	388,347	341,389
Deferred tax assets on temporary differences, recorded net in liabilities	353,442	331,032	388,347	331,032
Deferred tax assets on tax losses in subsidiaries	-	-	-	10,357

18.4. 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\$ 32,476, which, according to internal and external assessment of legal advisors, will probably be accepted in decisions of higher courts (probability of acceptance higher than 50%); for this reason, the Company did not record any IRPJ/CSLL liabilities in connection with these proceedings.

19. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the 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	
	Sept/23	Sept/22
Basic		
Profit for the period	794,132	710,884
Weighted average number of common shares	1,688,469	1,647,620
Basic earnings per share - R\$	0.47033	0.43146
Diluted		
Profit for the period	794,132	710,884
Weighted average number of common shares adjusted for dilution effect	1,662,218	1,654,897
Diluted earnings per share - R\$	0.47775	0.42956

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20. Equity

(a) Capital

At September 30, 2023, the fully paid-up capital amounted to R\$ 4,000,000 (R\$ 2,500,000 - Dec/22), represented by 1,718,007,200 common registered book-entry shares with no par value (1,651,930,000 in Dec/22), of which 1,271,591,376 were outstanding common shares (1,209,031,054 common shares - Dec/22).

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

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

Ownership interest	Number of shares		Interest (%)	
	Sept/23	Dec/22	Sept/23	Dec/22
Controlling shareholders	442,790,982	438,719,134	25.77	26.56
Shares outstanding	1,271,591,376	1,209,031,054	74.02	73.19
Treasury shares	3,624,842	4,179,812	0.21	0.25
Total	1,718,007,200	1,651,930,000	100.00	100.00

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

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

Changes	Shares outstanding
At January 1, 2022	1,184,571,787
(Purchase)/sale of restricted shares, net	24,459,267
At December 31, 2022	1,209,031,054
(Purchase)/sale of restricted shares, net	62,560,322
At September 30, 2023	1,271,591,376

At September 30, 2023, the Company's common shares were quoted at R\$ 27.62 (closing quote) (R\$ 23.72 at December 31, 2022).

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(b) Treasury shares

The changes in treasury shares in the nine-month period ended September 30, 2023 are summarized below:

Changes in treasury shares	Parent Company	
	Number of shares	Share value
At January 1, 2022	4,770,375	91,993
Shares delivered to executives related to the 3rd tranche of the 2018 grant, 2nd tranche of the 2019 grant and 1st tranche of the 2020 grant	(581,512)	(11,214)
Shares delivered to executives related to the 1st tranche of 2020, 2nd tranche of 2019 and 3rd tranche of 2018 of 4Bio	(6,296)	(121)
Shares delivered to executives related to the tranche of the 2020 grant	(2,755)	(53)
At December 31, 2022	4,179,812	80,605
Shares delivered to executives related to the 3rd tranche of the 2019 grant, 2nd tranche of the 2020 grant and 1st tranche of the 2021 grant	(678,189)	(13,078)
Shares delivered to executives related to the 1st tranche of 2021, 2nd tranche of 2020 and 3rd tranche of 2019 of 4Bio	(15,154)	(292)
Shares delivered to executives related to the 1st tranche of 2021, 2nd tranche of 2020 and 3rd tranche of 2019 of Vitat	(1,044)	(20)
Bonus shares	139,417	-
At September 30, 2023	3,624,842	67,215

At September 30, 2023, the market value of the treasury shares, having as reference the quotation of R\$ 27.62 per share (R\$ 23.72 - Dec/22), corresponds to R\$ 100,118 (R\$ 99,145 - Dec/22).

(d) 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 7 years after the respective grant date.

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Performance shares

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

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

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

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

Changes in restricted shares

The changes in restricted shares are summarized below:

Changes in restricted shares	Sept/23		Dec/22	
	Shares	Amount	Shares	Amount
Opening balance at January 1	4,108,984	49,048	2,079,742	36,152
Granted shares for the period	2,036,794	23,585	2,617,050	22,688
Value of the shares at the delivery date	(554,970)	(12,999)	(587,808)	(9,792)
Closing balance	5,590,808	59,634	4,108,984	49,048

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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					
2020 - 3 rd tranche	03/01/2020	354,892	02/28/2024	02/28/2024	R\$ 24.89
2021 - 2 nd tranche	03/01/2021	272,926	02/28/2024	02/28/2024	R\$ 22.72
2021 - 3 rd tranche	03/01/2021	272,926	02/28/2025	02/28/2025	R\$ 22.72
2022 - 1 st tranche	03/01/2022	418,821	02/28/2024	02/28/2024	R\$ 23.90
2022 - 2 nd tranche	03/01/2022	418,821	02/28/2025	02/28/2025	R\$ 23.90
2022 - 3 rd tranche	03/01/2022	418,819	02/28/2026	02/28/2026	R\$ 23.90
2023 - 1 st tranche	03/01/2023	620,746	02/28/2025	02/28/2025	R\$ 23.90
2023 - 2 nd tranche	03/01/2023	620,746	02/28/2026	02/28/2026	R\$ 23.90
2023 - 3 rd tranche	03/01/2023	620,744	02/28/2027	02/28/2027	R\$ 23.90
Performance shares					
2020 - 1 st tranche	01/01/2020	364,435	01/01/2024	01/01/2025	R\$ 13.19
2021 - 1 st tranche	01/01/2021	315,107	02/01/2025	01/01/2026	R\$ 33.99
2022 - 1 st tranche	01/01/2022	396,813	02/01/2026	01/01/2027	R\$ 31.18
2023 - 1 st tranche	01/01/2023	452,857	02/01/2027	01/01/2028	R\$ 31.18

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

21. Net sales revenue

Breakdown of net revenue	Parent Company			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Sales revenue	8,532,154	24,621,718	7,489,113	21,271,745
Service revenue	27,506	71,999	13,310	47,731
Gross sales revenue	8,559,660	24,693,717	7,502,423	21,319,476
Taxes on sales	(396,847)	(1,137,034)	(339,877)	(978,012)
Returns, rebates and other	(154,027)	(428,679)	(127,142)	(321,658)
Net sales revenue	8,008,786	23,128,004	7,035,404	20,019,806
Breakdown of net revenue	Consolidated			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Sales revenue	9,229,532	26,648,196	7,952,844	22,521,089
Service revenue	58,799	143,866	32,942	78,349
Gross sales revenue	9,288,331	26,792,062	7,985,786	22,599,438
Taxes on sales	(435,825)	(1,247,231)	(353,055)	(1,007,815)
Returns, rebates and other	(176,697)	(495,361)	(142,865)	(360,492)
Net sales revenue	8,675,809	25,049,470	7,489,866	21,231,131

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

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

Parent Company

Nature of expenses	3rd		3rd	
	Quarter/23	Sept/23	Quarter/22	Sept/22
Costs of inventories sold (Note 8)	(5,490,496)	(15,798,480)	(4,869,960)	(13,716,259)
Personnel expenses	(1,024,653)	(2,905,645)	(876,436)	(2,508,123)
Occupancy expenses ⁽ⁱ⁾	(94,335)	(294,599)	(79,885)	(266,876)
Depreciation and amortization ⁽ⁱⁱ⁾	(434,947)	(1,235,658)	(367,152)	(1,076,918)
Discounts on property rental	-	32	227	1,095
Service provider expenses ⁽ⁱⁱⁱ⁾	(121,529)	(345,970)	(102,165)	(298,440)
Expenses on card operator fees	(123,684)	(355,739)	(106,521)	(298,166)
Other	(241,342)	(690,665)	(233,566)	(630,129)
Total	(7,530,986)	(21,626,724)	(6,635,458)	(18,793,816)

Classified in the statement of income as:

Function of expenses	3rd		3rd	
	Quarter/23	Sept/23	Quarter/22	Sept/22
Costs of sales and services	(5,494,022)	(15,807,952)	(4,873,851)	(13,725,482)
Selling	(1,679,326)	(4,808,761)	(1,457,740)	(4,223,396)
General and administrative	(357,638)	(1,010,011)	(303,867)	(844,938)
Total	(7,530,986)	(21,626,724)	(6,635,458)	(18,793,816)

Consolidated

Nature of expenses	3rd		3rd	
	Quarter/23	Sept/23	Quarter/22	Sept/22
Costs of inventories sold (Note 8)	(6,076,830)	(17,493,184)	(5,257,555)	(14,734,369)
Personnel expenses	(1,067,551)	(3,031,586)	(903,510)	(2,586,785)
Occupancy expenses ⁽ⁱ⁾	(95,223)	(297,179)	(80,527)	(268,765)
Depreciation and amortization ⁽ⁱⁱ⁾	(438,793)	(1,245,792)	(369,873)	(1,084,679)
Discounts on property rental	-	32	227	1,095
Service provider expenses ⁽ⁱⁱⁱ⁾	(127,020)	(355,483)	(108,070)	(311,934)
Expenses on card operator fees	(125,721)	(359,380)	(107,211)	(300,094)
Other	(255,698)	(728,274)	(240,297)	(657,866)
Total	(8,186,836)	(23,510,846)	(7,066,816)	(19,943,397)

Classified in the statement of income as:

Function of expenses	3rd		3rd	
	Quarter/23	Sept/23	Quarter/22	Sept/22
Costs of sales and services	(6,085,664)	(17,527,514)	(5,265,093)	(14,759,830)
Selling	(1,713,047)	(4,896,662)	(1,478,619)	(4,286,499)
General and administrative	(388,125)	(1,086,670)	(323,104)	(897,068)
Total	(8,186,836)	(23,510,846)	(7,066,816)	(19,943,397)

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

(ii) Depreciation and amortization totaled R\$ 1,235,658 in the nine-month period of 2023 (R\$ 1,076,918 - Sept/2022) for the Parent Company, of which R\$ 1,095,036 (R\$ 972,438 - Sept/2022) refer to the sales area, R\$ 140,622 (R\$ 104,480 - Sept/2022) to the administrative area, and R\$ 1,245,792 (R\$ 1,084,679 - Sept/2022) for the Consolidated accounts, of which R\$ 1,096,654 (R\$ 973,731 - Sept/2022) refer to the sales area and R\$ 149,138 (R\$ 110,948 - Sept/2022) to the administrative area. These amounts are presented net of PIS and COFINS credits on the lease right-of-use, which resulted in an expense reduction in the amount of R\$ 36,225 (R\$ 32,466 - Sept/2022).

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(iii) These refer mostly to expenses on transportation, materials, other administrative expenses, maintenance of assets, advertising and publicity. Additionally, the Company opened new stores and incurred expenses on advertisement and publicity campaigns.

23. Other operating income or expenses, net

At September 30, 2023, other operating income or expenses totaled R\$ 69,981 (R\$ 22,413 - Sept/2022) for the Parent company and R\$ 72,518 (R\$ 92,250 - Sept/2022) for the Consolidated accounts. These amounts comprise non-recurring expenses and revenues, as presented below:

Nature of income / (expenses)	Parent Company			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Write-off of fixed assets and intangible assets due to reversal of the provision for pharmacies closure	(619)	5,417	(1,946)	(15,947)
Donations	(88)	(227)	(1,359)	(2,901)
Social investment	(2,058)	(6,053)	(2,462)	(3,362)
Credits from prior years, INSS 2018 to 2022	-	2,672	-	-
Credits from prior years - PIS and COFINS from 2018 to 2022	38,987	58,086	-	-
Refund of ICMS-ST on prior-period sales	9,422	11,173	(1,789)	10,210
Exclusion of ICMS from PIS/COFINS calculation basis (Note 8)	-	-	-	11,689
Recognition of credits from prior periods, mainly related to PVA – Inventories	-	-	24,115	24,115
Other	(1,040)	(1,087)	(1,222)	(1,391)
Total	44,604	69,981	15,337	22,413
Nature of income / (expenses)	Consolidated			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Write-off of fixed assets and intangible assets due to reversal of the provision for pharmacies closure	(619)	5,417	(1,946)	(15,947)
Donations	(88)	(227)	(1,359)	(2,901)
Social investment	(2,058)	(6,053)	(2,462)	(3,362)
Credits from prior years, INSS 2018 to 2022	-	2,672	-	-
Other tax income	-	-	20,908	66,059
Credits from prior years - PIS and COFINS from 2018 to 2022	40,081	60,846	-	-
Refund of ICMS-ST on prior-period sales	9,422	11,173	(1,789)	10,210
Exclusion of ICMS from PIS/COFINS calculation basis (Note 8)	-	-	-	15,942
Recognition of credits from prior periods, mainly related to PVA – Inventories	-	-	24,115	24,115
Other	(3,663)	(1,310)	(1,617)	(1,866)
Total	43,075	72,518	35,850	92,250

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24. Finance income (costs)

	Parent Company			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Finance income				
Present value adjustment	69,422	214,073	62,978	153,005
Monetary losses	2,905	8,616	1,218	3,228
Short-term investment yields	3,523	8,246	11,140	17,838
Discounts obtained	115	144	1,712	1,782
Interest on intercompany loans	7	26	164	795
Total finance income	75,972	231,105	77,212	176,648
	Parent Company			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Finance costs				
Present value adjustment	(122,172)	(365,697)	(89,311)	(241,257)
Interest on leases ⁽ⁱ⁾	(78,564)	(228,145)	(61,248)	(177,983)
Charges on debentures	(67,944)	(197,910)	(69,105)	(153,185)
Interest, charges and bank fees	(17,369)	(45,896)	(3,460)	(15,997)
Charges on borrowings	(12,124)	(35,703)	(12,389)	(35,665)
Interest on payables for the acquisition of Investees	(1,428)	(33,486)	(25,628)	(27,160)
Amortization of transaction costs	(1,619)	(4,548)	(1,478)	(3,719)
Monetary losses	(88)	(294)	(41)	(209)
Total finance costs	(301,308)	(911,679)	(262,660)	(655,175)
Finance income (costs)	(225,336)	(680,574)	(185,448)	(478,527)
	Consolidated			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Finance income				
Present value adjustment	83,341	251,390	70,748	171,388
Short-term investment yields	4,596	15,374	12,365	21,578
Monetary losses	3,335	9,820	1,437	3,713
Discounts obtained	131	182	1,713	1,784
Interest on intercompany loans	7	36	164	358
Other finance income	3,750	9,827	1,860	2,794
Total finance income	95,160	286,629	88,287	201,615
	Consolidated			
	3rd Quarter/23	Sept/23	3rd Quarter/22	Sept/22
Finance costs				
Present value adjustment	(134,395)	(399,045)	(96,611)	(258,586)
Interest on leases ⁽ⁱ⁾	(78,614)	(227,979)	(61,191)	(177,810)
Charges on debentures	(67,944)	(197,910)	(69,105)	(153,185)
Interest, charges and bank fees	(19,758)	(50,644)	(5,738)	(18,423)
Interest on payables for the acquisition of Investees	(1,428)	(36,282)	(25,628)	(27,197)
Charges on borrowings	(12,124)	(35,703)	(12,389)	(35,674)
Monetary losses	(7,541)	(18,647)	(2,960)	(3,719)
Amortization of transaction costs	(1,619)	(4,548)	(1,478)	(7,017)
Discounts granted to customers	(65)	(165)	(5)	(76)
Total finance costs	(323,488)	(970,923)	(275,105)	(681,687)
Finance income (costs)	(228,328)	(684,294)	(186,818)	(480,072)

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

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25. Financial instruments and risk management policy

25.1. Financial instruments by category

Financial instruments items	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Assets				
<u>At amortized cost</u>				
Cash and cash equivalents (Note 5)	531,158	364,374	593,586	433,541
Held-to-maturity investments (Note 6)	25,938	-	25,938	-
Trade receivables (Note 7)	2,376,259	1,923,938	2,904,270	2,295,640
Other receivables	343,152	271,255	378,115	287,744
Judicial deposits (Note 17)	18,559	20,792	131,429	137,624
Total assets	3,295,066	2,580,359	4,033,338	3,154,549
Liabilities				
<u>Liabilities at fair value through profit or loss</u>				
Payables to subsidiary's shareholder	98,197	64,710	98,197	64,710
Subtotal	98,197	64,710	98,197	64,710
Other liabilities				
Suppliers and Suppliers - Forfait (Note 14)	4,269,113	3,999,967	4,645,177	4,258,917
Borrowings (Note 15)	2,869,090	2,239,606	3,104,465	2,317,904
Other payables	367,971	367,234	431,790	436,712
Leases payable (Note 16)	3,929,276	3,736,223	3,931,926	3,740,008
Subtotal	11,435,450	10,343,030	12,113,358	10,753,541
Total liabilities	11,533,647	10,407,740	12,211,555	10,818,251

25.2. 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, 2023, the Group did not have any derivative transactions.

Interest rate risk

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

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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	
	Sept/23	Dec/22	Sept/23	Dec/22
Rating - Notional scale				
brAAA	359,827	96,369	415,771	155,751
brAA+	3,127	18,729	3,127	20,735
brA	226	170	227	180
(*) n/a - Cash and automatic investments	167,978	249,106	168,653	256,352
(*) n/a - Investment funds	-	-	5,808	523
Total - Notional scale	531,158	364,374	593,586	433,541

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

The granting of credit on sales of goods follows a policy that aims at minimizing defaults. For the period ended September 30, 2023, credit sales represented 65% (61% in 2022) for the Parent Company and 67% (63% in 2022) for the Consolidated accounts, of which 85% (89% in 2022) for the Parent Company and 76% (82% in 2022) for the Consolidated accounts related to credit card sales which, based on the history of losses, posed an extremely low risk. The remaining 15% (11% in 2022) for the Parent Company and 24% (18% in 2022) for the Consolidated accounts refer to credits from Medicine Benefit Programs (PBM) 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.

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

(e) Capital management

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

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

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

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Capital management items	Parent Company		Consolidated	
	Sept/23	Dec/22	Sept/23	Dec/22
Short- and long-term borrowings	2,869,090	2,239,606	3,104,465	2,317,904
(-) Cash and cash equivalents	(531,158)	(364,374)	(593,586)	(433,541)
Net debt	2,337,932	1,875,232	2,510,879	1,884,363
Equity attributable to the shareholders of the parent	5,721,825	5,340,862	5,721,825	5,340,862
Noncontrolling interests	-	-	73,161	62,079
Total equity	5,721,825	5,340,862	5,794,986	5,402,941
Total capital	8,059,757	7,216,094	8,305,865	7,287,304
Gearing ratio (%)	29.01	25.99	30.23	25.86

As described in Note 16, as from January 1, 2019, the Group recognized in its balance sheet the obligations associated with the lease agreements where it has control. At September 30, 2023, the balance of lease liabilities in the Parent Company and Consolidated accounts corresponded to R\$ 3,929,276 and R\$ 3,931,926 respectively. Considering the lease liability in the capital management calculation, the gearing ratio of the Company and the Group would be 52.27% in the Parent Company and 52.65% 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	
	Sept/23	Dec/22	Sept/23	Dec/22
Net debt	2,337,932	1,875,232	2,510,879	1,884,363
Lease liabilities	3,929,276	3,736,223	3,931,926	3,740,008
Adjusted net debt	6,267,208	5,611,455	6,442,805	5,624,371
Total equity	5,721,825	5,340,862	5,794,986	5,402,941
Total adjusted capital	11,989,033	10,952,317	12,237,791	11,027,312
Adjusted gearing ratio (%)	52.27	51.24	52.65	51.00

(f) Fair value estimation

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

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

Fair value estimation	Parent Company				Consolidated			
	Carrying amount		Fair value		Carrying amount		Fair value	
	Sept/23	Dec/22	Sept/23	Dec/22	Sept/23	Dec/22	Sept/23	Dec/22
Debentures	2,568,697	1,927,632	2,568,697	1,927,632	2,568,697	1,927,632	2,568,697	1,927,632
Other	300,393	311,974	300,393	311,974	535,768	390,272	535,768	390,272
Total	2,869,090	2,239,606	2,869,090	2,239,606	3,104,465	2,317,904	3,104,465	2,317,904

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

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At September 30, 2023, the Group had no material assets and liabilities measured at fair value at Level 1 and Level 2 in the fair value hierarchy. The following table presents the changes in Level 3 instruments for the period ended September 30, 2023:

	Parent Company/Consolidated	
	Payables to subsidiary's shareholder	
	2023	2022
Changes in payables to subsidiary's shareholder		
Balance at January 1	64,711	37,383
Interest recognized in the statement of income	33,486	26,174
Closing balance	98,197	63,557
Total expenses for the period recognized in the statement of income	33,486	26,174
Changes in unrealized expenses for the period included in the statement of income	33,486	26,174

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26. 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		Transacted amount		Transacted amount	
		Sept/23	Dec/22	Sept/23	Dec/22	Sept/23	Sept/22	Sept/23	Sept/22
Receivables									
Special plans ⁽ⁱ⁾									
Regimar Comercial S.A.	Shareholder/Family	15	15	15	15	24	28	24	29
Heliomar Ltda.	Shareholder/Board Member	-	1	-	1	4	3	4	3
Natura Cosméticos S.A. ⁽ⁱⁱ⁾	Shareholder/Related party	-	-	-	-	-	551	-	551
4Bio Medicamentos S.A. ^(v)	Subsidiary	81	69	-	-	129	98	-	-
Vitat	Subsidiary	4	2	-	-	7	5	-	-
RD Ads	Subsidiary	4	-	-	-	7	-	-	-
Labi	Associate	6	-	6	-	6	-	6	-
Subtotal		110	87	21	16	177	685	34	583
Other receivables from related parties									
Advances to suppliers									
Cfly Consultoria e Gestão Empresarial Ltda. ⁽ⁱⁱⁱ⁾	Family	-	232	-	232	-	-	-	-
Ribeiro Filho, Pires Oliveira Dias e Freire Advogados ^(iv)	Shareholder/Family	148	20	148	20	-	-	-	-
Loan and other receivables									
4Bio Medicamentos S.A. ^(v)	Subsidiary	779	436	-	-	388	630	-	-
Full Nine Digital Consultoria (Conecta Lá) ^(xii)	Associate	-	1,320	-	1,320	62	133	62	133
Healthbit Performasys Tecnologia ^(viii)	Subsidiary	-	-	-	-	-	220	-	-
ZTO Tecn. e Ser. de Infor. na Int. Ltda. (Manipulaê) ^(xi)	Subsidiary	206	5,622	-	5,622	50	20	-	20
Labi Exames S.A. ^(xiii)	Associate	-	-	-	-	-	-	-	-
Stix Fidelidade e Inteligência S.A. ^(x)	Associate	9,579	4,322	9,579	4,322	13,649	3,824	13,649	3,824
SafePill Com. Varejista de Med. Manip. Ltda ^(xiv)	Subsidiary	-	5,518	-	5,518	67	5	-	-
Subtotal		10,712	17,470	9,727	17,034	14,216	4,832	13,711	3,977
Total receivables from related parties		10,822	17,557	9,748	17,050	14,393	5,517	13,745	4,560

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Related parties	Relationship	Parent Company		Consolidated		Parent Company		Consolidated	
		Liabilities				Transacted amount			
		Sept/23	Dec/22	Sept/23	Dec/22	Sept/23	Sept/22	Sept/23	Sept/22
Payables									
Rentals ^(vi)									
Heliomar Ltda.	Shareholder/Board Member	30	30	30	30	269	254	269	254
Antonio Carlos Pipponzi	Shareholder/Board Member	10	10	10	10	105	59	105	59
Rosalia Pipponzi Raia	Shareholder/Board Member	10	10	10	10	105	59	105	59
Cristiana Almeida Pipponzi	Shareholder/Board Member	4	4	4	4	35	20	35	20
André Almeida Pipponzi	Shareholder/Board Member	4	4	4	4	35	20	35	20
Marta Almeida Pipponzi	Shareholder/Board Member	4	4	4	4	35	20	35	20
Subtotal		62	62	62	62	584	432	584	432
Service providers									
Ribeiro Filho, Pires Oliveira Dias e Freire Advogados ^(iv)	Shareholder/Family	291	141	291	141	3,510	3,843	3,510	3,843
Editora Mol Ltda. ^(vii)	Shareholder/Family	-	203	-	203	19,067	12,938	19,067	12,938
Cfly Consultoria e Gestão Empresarial Ltda. ⁽ⁱⁱⁱ⁾	Family	-	73	-	73	32	1,898	32	1,898
Cristina Ribeiro Sobral Sarian (Anthea Consultoria Empresarial) ^(viii)	Shareholder/Alternate Board Member until April 2021	-	-	-	-	-	345	-	345
CI&T IOT Comercio de HardWare e Software Ltda e CI&T Softwares S.A. ^(ix)	Shareholder/Board Member between April/21 and April/23	-	3,234	-	3,234	6,268	20,456	6,268	20,456
Amplisoftware Tecnologia Ltda. ^(xv)	Subsidiary	175	8	-	-	1,557	51	-	-
Eloopz Serviços de Promoção ^(xvi)	Subsidiary	-	213	-	-	-	-	-	-
Sfix Fidelidade e Inteligência S.A. ^(x)	Associate	16,664	11,452	16,664	11,452	51,543	37,223	51,543	37,223
Healthbit Performasys Tecnologia ^(viii)	Subsidiary	274	156	-	-	2,178	3,149	-	-
Sensedia S.A. ^(xvii)	Shareholder/Board Member between April/21 and April/23	-	1,300	-	1,300	1,300	78	1,300	78
Subtotal		17,404	16,780	16,955	16,403	85,455	79,981	81,720	76,781
Total payables to related parties		17,466	16,842	17,017	16,465	86,039	80,413	82,304	77,213

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

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

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

(iii) Provision of services of operation of the Company's aircraft, services of operational advisory, compliance, finance, maintenance coordination and maintenance technical control.

(iv) Transaction related to legal advisory.

(v) Other receivables comprise commissions on Raia Drogasil S.A. referrals

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

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

(viii) The balances and transactions refer to the contract for provision of consulting services in the areas of health and sustainability and to a loan agreement of R\$ 1,350, which is updated by 100% of the CDI +plus 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 loyalty program.

(xi) Loan transactions between subsidiary RD Ventures and ZTO Tecnologia e Servicos de Informacao na Internet Ltda. - Manipulaê in the monthly amounts of R\$ 300 for July/2020, 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 and Labi Exames S.A. in the amount 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. The option to convert Labi shares was exercised in August 2022, reversing the loan balance to equity interest.

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

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

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

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

(A free translation of the original in Portuguese)

**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2023**
(All amounts in thousands of reais unless otherwise stated)



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

(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	
	Sept/23	Sept/22	Sept/23	Sept/22
Share-based payment	6,795	20,375	6,795	23,670
Bonuses and social charges	4,503	6,844	5,365	7,045
Subtotal bonuses and social charges	11,298	27,219	12,160	30,715
Fees and social charges	6,801	18,424	7,605	20,050
Fringe benefits	125	198	125	198
Total	18,224	45,841	19,890	50,963

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.

27. Insurance coverage

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

The Group had the following insurance:

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

* The parent company's coverage extends to the subsidiaries

(A free translation of the original in Portuguese)

**Notes to the
Individual and Consolidated Interim Financial Information
September 30, 2023**
(All amounts in thousands of reais unless otherwise stated)



28. Non-cash transactions

At September 30, 2023, the Group's main non-transactions were:

- (i) the monetary adjustment of the financial liability arising from payables to subsidiary's shareholder (Note 10);
- (ii) part of the compensation of key management personnel associated with the restricted share plan (Note 26 (b));
- (iii) the installment purchase of fixed assets items in the amount of R\$ 15,686 (R\$ 10,265 - Dec/ 22);
- (iv) recognition of lease liability with a balancing item in right-of-use asset, with additions of new agreements in the amount of R\$ 367,602 (R\$ 450,840 - Dec/22), remeasurements of R\$ 435,670 (R\$ 456,463 - Dec/22) and termination of agreements in the amount of (R\$ 3,347) ((R\$ 46,695) - Dec/22).
- (v) capital contribution with statutory reserve in Equity of R\$ 1,500,000.

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, 2023, comprising the statement of financial position as of September 30, 2023 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).



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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, 2023, 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, 2023.

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

Patricia Nakano Ferreira
Accountant CRC-SP234620/O

Raia Drogasil S.A.

Comments on business projections performance Individual and Consolidated September 30, 2023



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

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

YEAR	PRIOR PROJECTION	CURRENT PROJECTION	ACTUAL ACCUMULATED
2016	165 openings	200 openings	212 openings
2017	195 openings	200 openings	210 openings
2018	-	240 openings	240 openings
2019	-	240 openings	240 openings
2020	-	240 openings	240 openings
2021	-	240 openings	240 openings
2022	240 openings	260 openings	260 openings
2023	240 openings (*)	260 openings	184 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

(A free translation of the original in Portuguese)

Raia Drogasil S.A.

Supervisory Board's Opinion

September 30, 2023



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, 2023 and, based on the examinations performed and on clarifications provided by management, and also considering the favorable Auditor's Report without exceptions, issued by the independent auditor Ernst & Young Auditores Independentes, the Supervisory Board members concluded that the documents above are fairly presented, in all material respects.

São Paulo, October 31, 2023.

Paulo Sérgio Buzaid Tohmé
Supervisory Board Member

Gilberto Lério
Supervisory Board Member

Adeildo Paulino
Supervisory Board Member

Antônio Edson Maciel dos Santos
Supervisory Board Member

(A free translation of the original in Portuguese)

Raia Drogasil S.A.

Officers' Representation on Interim Financial Information September 30, 2023

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the Interim Financial Information for the nine-month period ended September 30, 2023.

São Paulo, October 31, 2023.

Marcilio D'Amico Pousada
Chief Executive Officer

Eugênio De Zagottis
Officer

Antonio Carlos Coelho
Officer

Marcello De Zagottis
Officer

Fernando Kozel Varela
Officer

Renato Cepollina Raduan
Officer

Maria Susana de Souza
Officer

Bruno Wright Pipponzi
Officer

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

(A free translation of the original in Portuguese)

Raia Drogasil S.A.

Officers' Representation on Independent Auditor's Report September 30, 2023



In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's officers represent that they have reviewed, discussed and agree with the conclusions expressed in the favorable Auditor's Report without exceptions issued by the independent auditors for the nine-month period ended September 30, 2023.

São Paulo, October 31, 2023.

Marcilio D'Amico Pousada
Chief Executive Officer

Eugênio De Zagottis
Officer

Antonio Carlos Coelho
Officer

Marcello De Zagottis
Officer

Fernando Kozel Varela
Officer

Renato Cepollina Raduan
Officer

Maria Susana de Souza
Officer

Bruno Wright Pipponzi
Officer

Celso Pissi Filho
Accountant and Technical Officer
CRC 1SP23090/O-5