

EARNINGS RELEASE 2Q23



São Paulo, August 08, 2023. RD – People, Health and Well-being (Raia Drogasil S.A. – B3: RADL3) announces today its results for the 2nd quarter of 2023 (2Q23). The Company's parent company and consolidated financial statements for the periods ended June 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:** 2,807 units in operation (64 openings and 3 closures);
- › **GROSS REVENUES:** R\$ 9.0 billion, a 18.1% increase with 7.6% mature store growth;
- › **MARKET SHARE:** 15.1%, a 0.7 pp increase, with gains in every region;
- › **DIGITAL:** R\$ 1.2 billion, an increase of 56.4% and a retail penetration of 14.3%;
- › **CONTRIBUTION MARGIN*:** 12.0% of gross revenues and an increase of 10.0%;
- › **ADJUSTED EBITDA:** R\$ 767.6 million, a margin of 8.5% and an increase of 5.5%;
- › **ADJUSTED NET INCOME:** R\$ 349.2 million, a net margin of 3.9% and an increase of 1.6%;
- › **CASH FLOW:** R\$ 487.8 million negative free cash flow, R\$ 763.3 million total cash consumption.

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

RADL3
R\$ 27.92/share

NUMBER OF SHARES
1.718.007.200

MARKET CAP
R\$ 48.0 billion

CLOSING
August 07th, 2023

IR TEAM:
Eugênio De Zagottis
Flávio Correia
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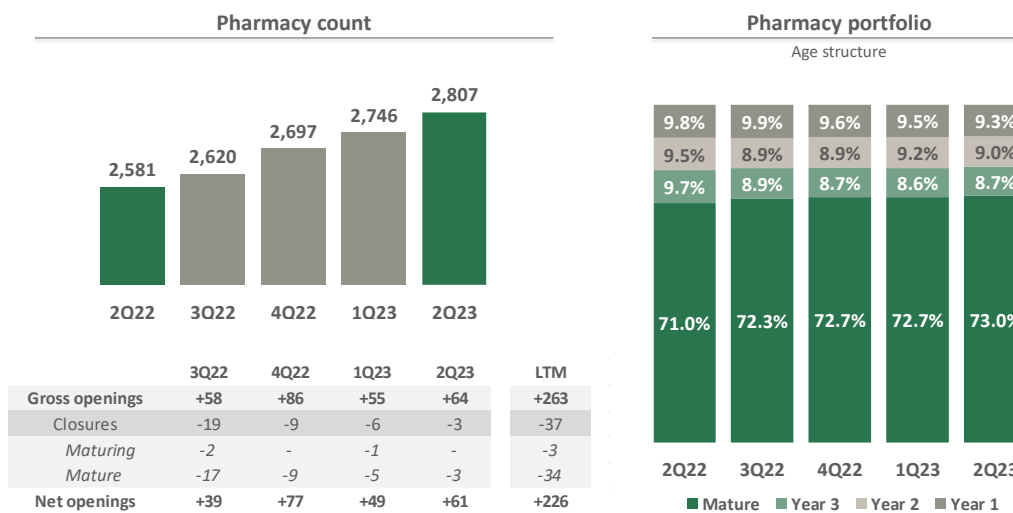
Summary	2Q22	3Q22	4Q22	1Q23	2Q23
<i>(R\$ thousands)</i>					
# of pharmacies	2,581	2,620	2,697	2,746	2,807
Organic openings	64	58	86	55	64
Closures	(13)	(19)	(9)	(6)	(3)
Headcount (EoP)	50,320	51,482	53,443	53,464	55,219
Pharmacist count (EoP)	10,466	10,690	10,952	11,322	11,515
# of tickets (thousands)	82,912	83,249	85,915	84,906	91,152
# of active customers (MM)	45.1	46.5	47.5	48.1	47.5
Gross revenue	7,641,161	7,985,786	8,351,126	8,479,007	9,024,723
Gross profit	2,318,097	2,224,774	2,338,166	2,321,744	2,610,067
% of gross revenue	30.3%	27.9%	28.0%	27.4%	28.9%
Adjusted EBITDA	727,509	546,800	599,438	562,957	767,625
% of gross revenue	9.5%	6.8%	7.2%	6.6%	8.5%
Adjusted net income	343,746	201,706	301,101	203,964	349,225
% of gross revenue	4.5%	2.5%	3.6%	2.4%	3.9%
Net income	372,231	225,367	278,009	206,586	363,154
% of gross revenues	4.9%	2.8%	3.3%	2.4%	4.0%
Free cash flow	(52,966)	159,825	206,008	(42,246)	(487,796)

STORE DEVELOPMENT

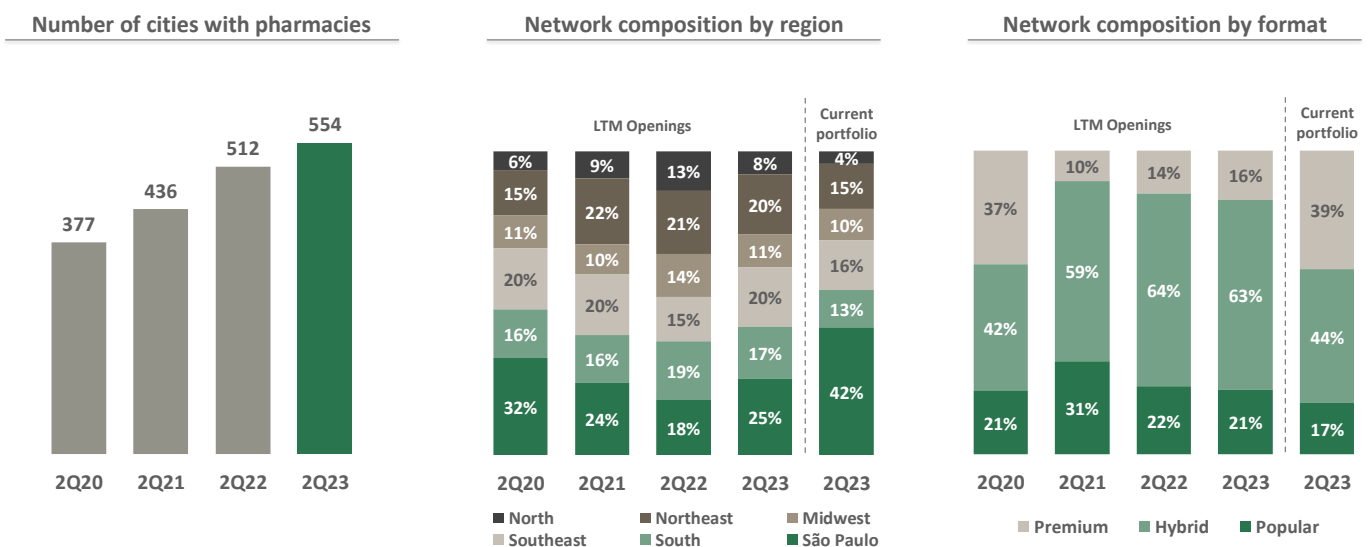
We opened 64 new pharmacies in the 2Q23 and closed 3, ending the quarter with 2,807 units in operation. At the end of the period, 27.0% of our pharmacies were still maturing and had not yet reached their full potential both in terms of revenue and profitability. We reiterate our guidance of 260 gross 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 these closures of redundant stores result in a transfer of sales to the remaining locations in the neighborhood, as well 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.

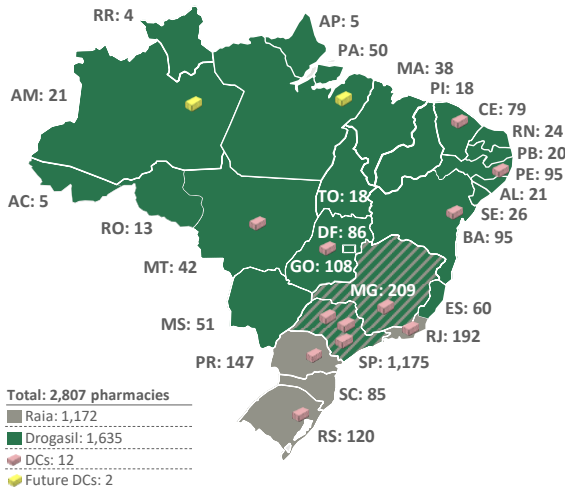
This combined plan of pharmacy openings and closures allows us to maintain an optimal portfolio of stores across the country, expanding our physical presence, balancing the ideal density in each market, and, at the same time, maximizing the return on the assets employed.



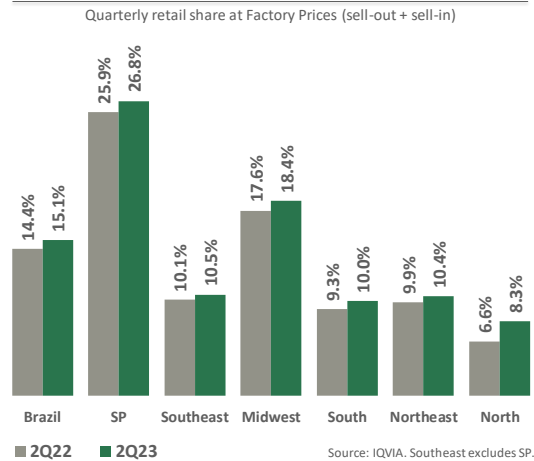
Our expansion has diversified our pharmacy network both geographically and demographically. Of the openings undertaken over the last twelve months, 75% are located outside the state of São Paulo, our native market. We expanded our presence to 554 cities, 42 more than in the 2Q22, a unique capillarity in Brazilian retail. Out of the 319 Brazilian cities with more than 100 thousand inhabitants, according to the latest IBGE census, we already have or are in the process of opening pharmacies in 306 of them. Lastly, 84% of our openings in the last twelve months have been of popular or hybrid formats, which today comprise 61% of the current portfolio.



Geographic presence



Market share



We are currently present in all 27 Brazilian states and operate 12 Distribution Centers that support our pharmacies nationwide, with 90% of our stores receiving its replenishment 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 15.1%, an annual increase of 0.7 pp. Our market share reached 26.8% in São Paulo, a 0.9 pp increase, 10.5% in the Southeast (excluding São Paulo), a 0.4 pp increase, and 18.4% in the Midwest, a 0.8 pp gain. We also recorded market shares of 10.0% in the South, a 0.7 pp increment, 10.4% in the Northeast, a 0.5 pp gain, and 8.3% in the North, a 1.7 pp increase.

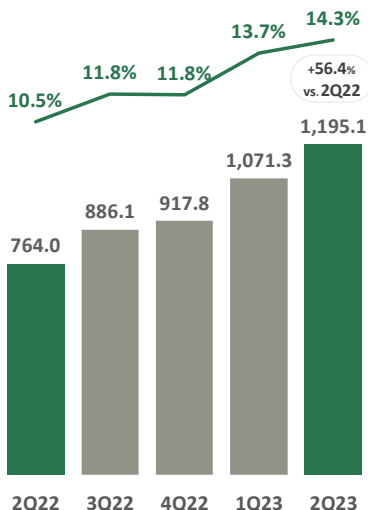
DIGITAL HEALTH TRANSFORMATION

We are advancing in our digital strategy at a fast pace. We recorded R\$ 1,195.1 million in digital channel gross revenue in the 2Q23, representing a retail penetration of 14.3% and a growth of 56.4% over the same period of the previous year.

We recorded 118.7 million visits in our apps and websites in the 2Q23. 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, making digitalization a key driver for value creation.

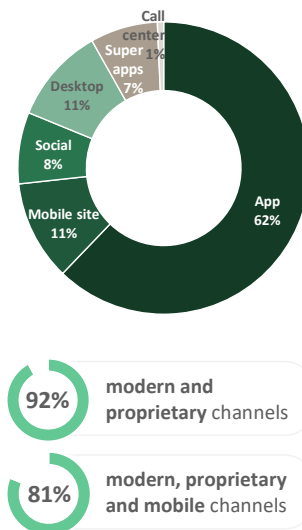
Digital sales and penetration

R\$ millions, % of retail gross revenue



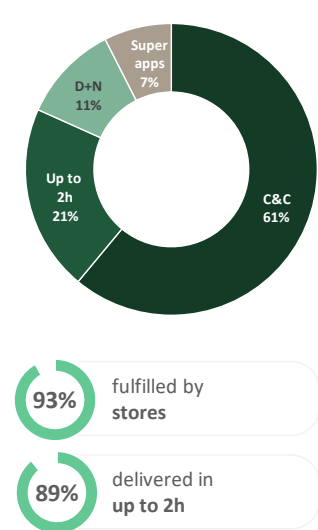
Digital channel mix

% of digital sales



Delivery mix

% of digital sales



We highlight the importance of our unique nationwide capillarity for 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 93% of the digital orders, with a high degree of economic efficiency and convenience to our customers, including 89% of deliveries or store pick-ups completed in up to 2h in the quarter.

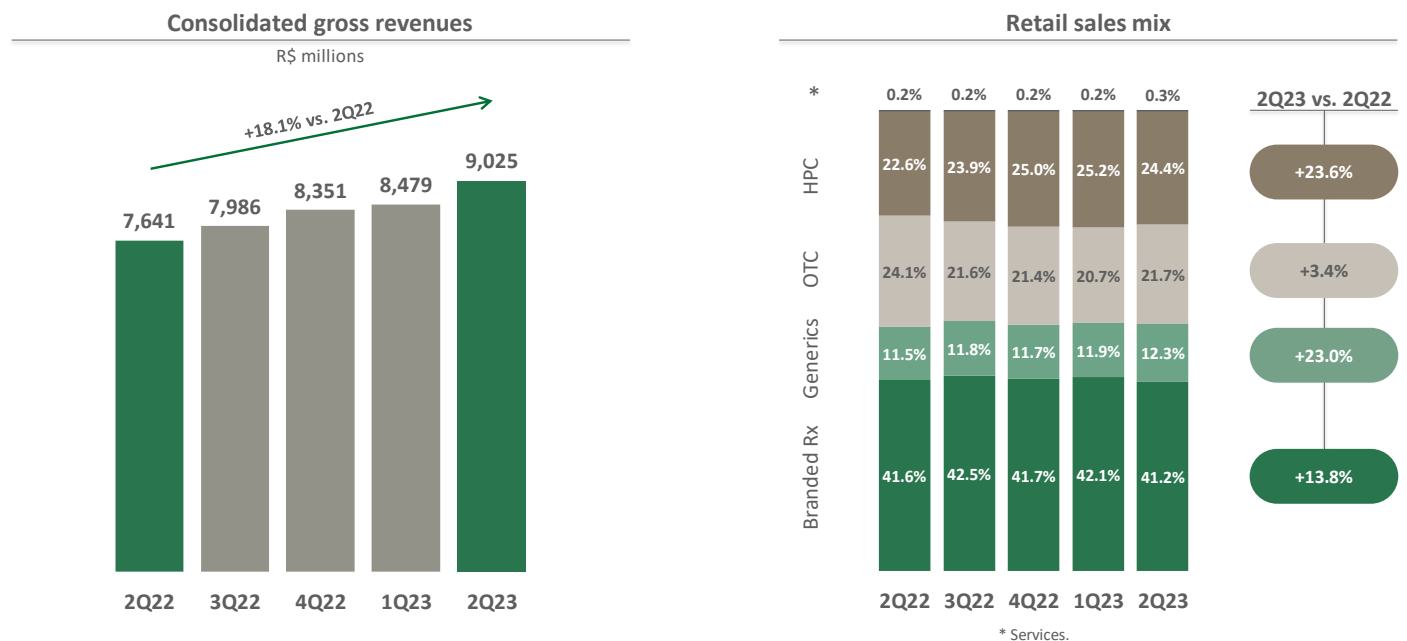
The role of our pharmacies in the promotion of integral health is also advancing. We ended the quarter with over 1.4 thousand units offering enhanced services at our health hubs. Additionally, we ended the period with 291 pharmacies licensed for immunizations and rapid diagnostic tests (RDTs). These 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 90.

We continue structuring our marketplace to offer our customers a better experience, ending the period with an assortment of 119 thousand SKUs from 400 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 annual NPS increase of 27 pp. We expect to continue improving our marketplace so that its NPS can progressively catch-up with that of our 1P digital platform.

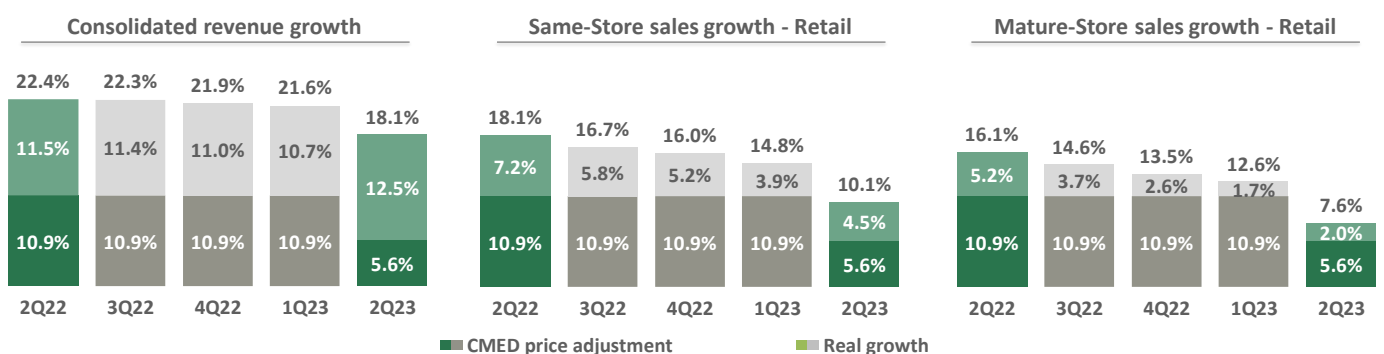
Lastly, we have continued to develop our healthcare platform and to advance in its customer acquisition, recording more than 10 million unique users accessing our content during the 2Q23.

GROSS REVENUES

We ended the 2Q23 with a consolidated gross revenue of R\$ 9,025 million, an increase of 18.1%. We highlight that 4Bio's sales have increased by 81.0%, posting a contribution of 3.2 pp to our consolidated growth, while retail grew by 14.9%. Lastly, we recorded a negative effect from the sale of COVID-19 tests of 2.2 pp as well as a negative calendar effect of 0.4 pp.



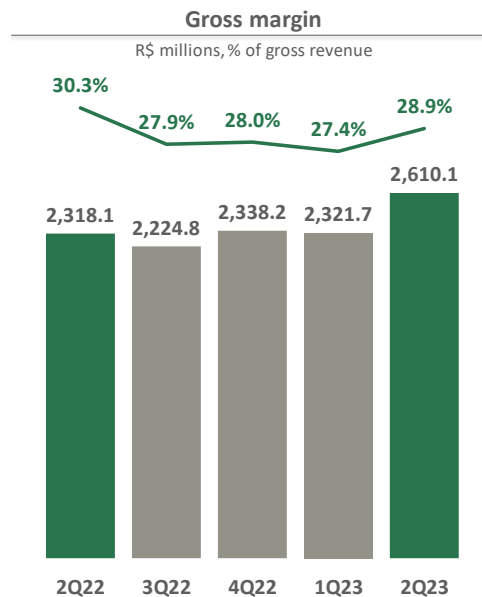
We recorded a growth of 13.8% for branded Rx, 23.0% for generics, 3.4% for OTC and 23.6% for HPC. Our strong performances in HPC and generics have more than offset the decelerations in Branded Rx and in OTC caused by a very strong comp base in the 2Q22, due to a pandemic peak which boosted the sales of Covid tests, antibiotics and other seasonal items.



Finally, we recorded a same-store sales growth of 10.1%, and of 7.6% for mature stores. It is important to highlight that our revenue growth in the 2Q23 and onwards starts to reflect 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.

We also highlight that, even with a highly unfavorable comp base caused by the peak observed in the 2Q22 (2.2 pp negative impact from COVID-19 tests and 0.4 pp negative calendar effect), our mature stores grew 2.0 pp above the CMED price adjustment in the quarter, not far from the real growth observed in the 1Q23.

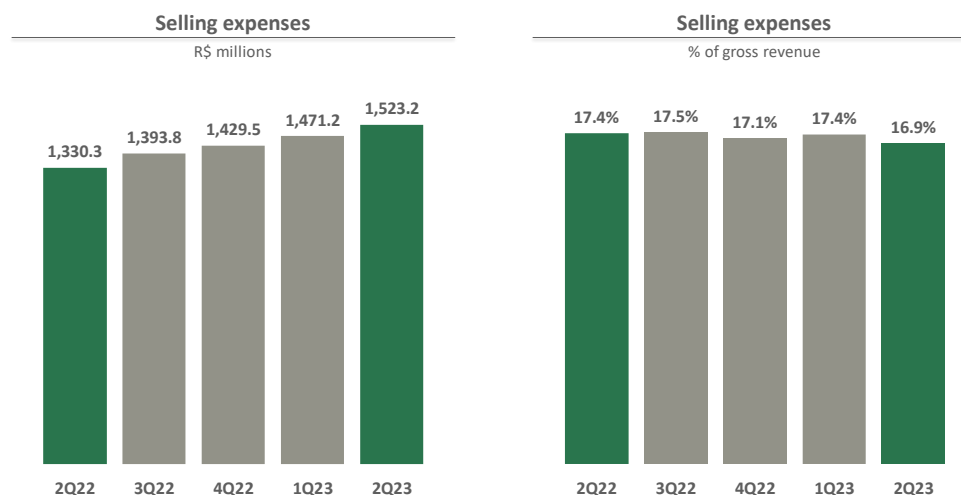
GROSS PROFIT



Our gross profit totaled R\$ 2,610.1 million in the 2Q23, with a gross margin of 28.9%, a 1.4 pp contraction in comparison to the same period of the previous year. This contraction was primarily driven by the lower inflationary gains on inventories as a consequence of the lower CMED price adjustment of only 5.6% when compared to the 10.9% recorded in 2022, and to a lesser extent also by the negative mix effect caused by the 81.0% growth in 4Bio, which operates at a structurally lower gross margin than the retail business.

SELLING EXPENSES

Selling expenses totaled R\$ 1,523.2 million in the 2Q23, equivalent to 16.9% of gross revenue, a 0.5 pp dilution in comparison to the same period of the previous year.

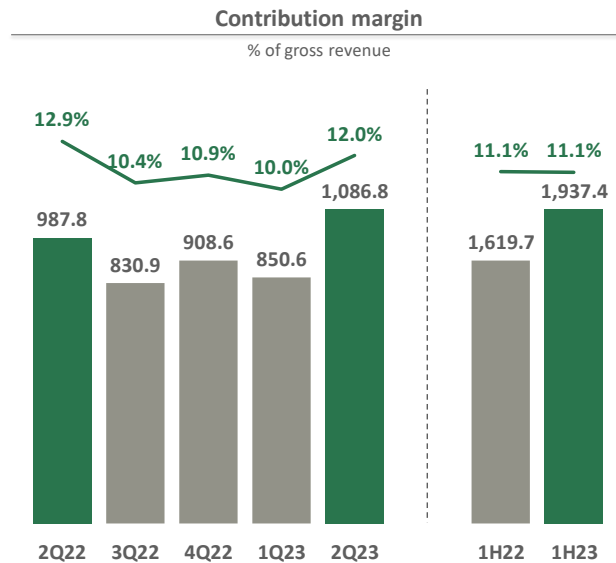


We gained significant operating leverage in the quarter due to the real revenue growth recorded at our mature stores, resulting in dilutions of 0.2 pp in rentals, 0.1 pp in electricity costs, 0.1 pp in logistics and another 0.2 pp in other expenses, more than offsetting the pressure of 0.1 pp in last-mile delivery expenses caused by the 56.4% of growth in our digital sales.

CONTRIBUTION MARGIN

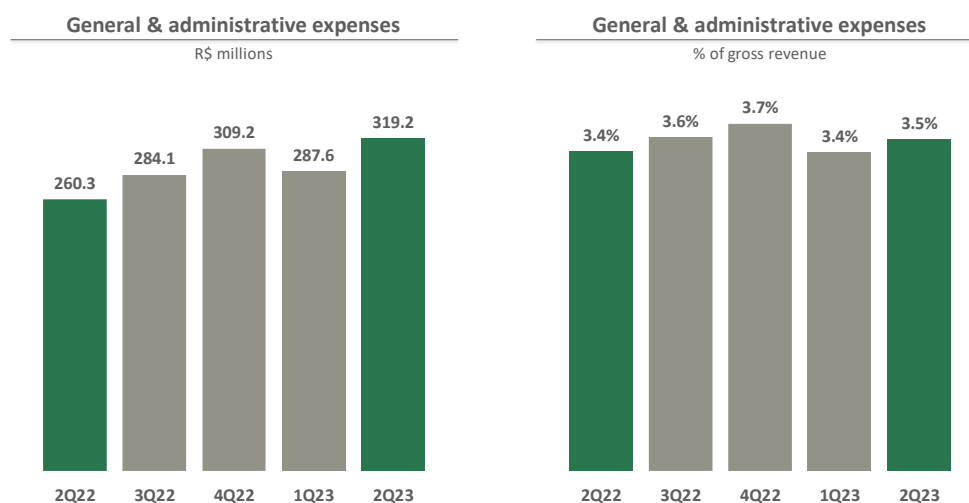
Our contribution margin totaled R\$ 1,086.8 million in the 2Q23, an increase of 10.0% when compared to the same period of the previous year.

We recorded a seasonal gross margin contraction of 1.4 pp due to the lower CMED price adjustment as well as to the negative mix effect from the 81.0% growth at 4Bio. These non-structural pressures were mitigated by the strong structural dilution of 0.5 pp in selling expenses, driven by the operating leverage gains at our mature stores.



In the first half of 2023, we recorded 19.6% of cumulative growth versus the same period of 2022, retaining the same margin of 11.1% of gross revenues.

GENERAL & ADMINISTRATIVE EXPENSES

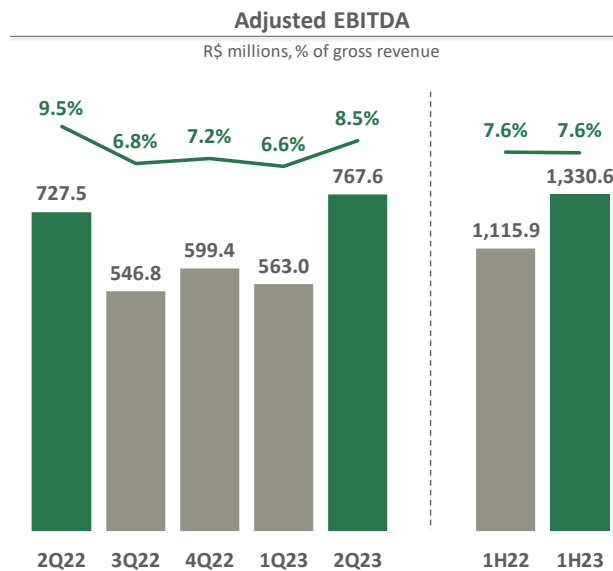


General and administrative expenses totaled R\$ 319.2 million in the 2Q23, equivalent to 3.5% of gross revenue, a 0.1 pp increase in comparison the same period of 2022 due a peak in marketing expenses.

Finally, we highlight that the G&A increase recorded in recent years has been part of the Company's transformation strategy, especially regarding our digitalization initiatives, allowing us to improve the contribution margin by boosting our customer engagement. We have stabilized the G&A in recent periods and expect to dilute it over the coming quarters.

EBITDA

Our adjusted EBITDA totaled R\$ 767.6 million in the 2Q23, a 5.5% increase when compared to the same period of the previous year. This corresponds to a margin of 8.5% of gross revenues, a 1.0 pp decrease mostly driven by the effects of the lower CMED price adjustment on the gross margin.



In the first half of 2023, we recorded a cumulative EBITDA of R\$ 1,330.6 million, a 19.2% increase in comparison to the same period of 2022, with a margin of 7.6%, in line with the previous year. We achieved structural operating leverage gains driven by persistent real growth in mature stores, which have more than offset the non-structural pressure generated by the lower CMED price adjustment in the 1H23 and by the pandemic peak of the 1H22 (1.4 pp pressure from COVID-19 tests).

Finally, for our retail business, which excludes 4Bio, our cumulative EBITDA in the 1H23 increased 21.3% versus the same period of 2022. This corresponded to a margin of 7.9% over our retail revenues, a 0.2 pp margin expansion despite the seasonal pressure from the lower CMED price adjustment in the 1H23 and the strong revenue comp base of the 1H22 due to the pandemic peak.

EBITDA RECONCILIATION AND NON-RECURRING RESULTS

We recorded in the 2Q23 R\$ 21.1 million in net non-recurring revenues. This includes R\$ 21.3 million in tax revenues and other effects from previous years and a reversal of R\$ 2.6 million of asset write-offs, net of R\$ 2.8 million in social investments and donations.

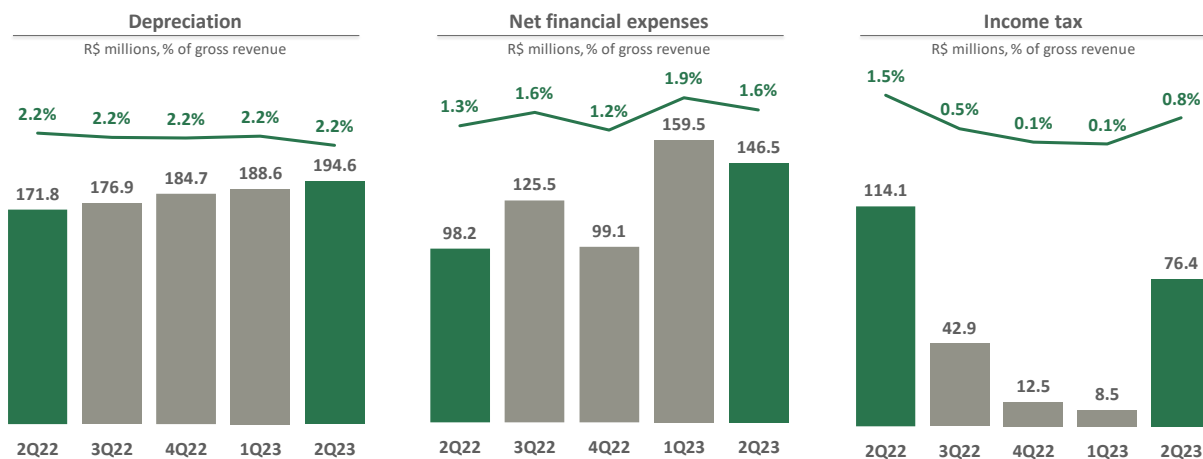
EBITDA Reconciliation - R\$ millions	2Q23	2Q22
Net income	363.2	372.2
Income tax	83.6	128.7
Equity Equivalence	0.8	(0.3)
Financial Result	146.5	98.2
EBIT	594.1	598.9
Depreciation and amortization	194.6	171.8
EBITDA	788.7	770.7
Tax effects and other non-recurring from previous years	(21.3)	(57.6)
Asset write-offs	(2.6)	13.5
Social investments and donations	2.8	0.9
Non-recurring/non-operating expenses	(21.1)	(43.2)
Adjusted EBITDA	767.6	727.5

DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAXES

Depreciation expenses amounted to R\$ 194.6 million in the 2Q23, equivalent to 2.2% of gross revenue, stable when compared to the same period of the previous year.

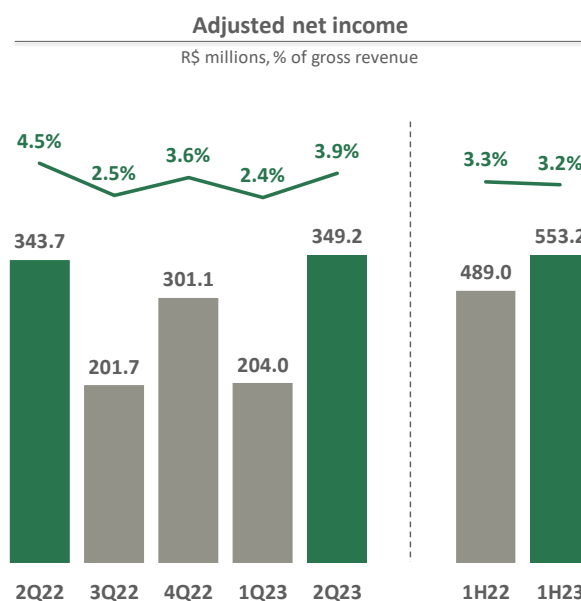
Net financial expenses represented 1.6% of gross revenues in the 2Q23, a 0.3 pp increase when compared to same period of the previous year. Of the R\$ 146.5 million recorded in the 2Q23, R\$ 97.4 million refer to the actual interests accrued on financial liabilities, equivalent to 1.1% of gross revenue, a 0.2 pp increase when compared to the 2Q22, mainly due to the higher SELIC interest rate. We have also recorded R\$ 44.3 million in NPV adjustments, a non-cash item equivalent to 0.5% of gross revenues. Lastly, we recorded R\$ 4.9 million, or 0.1% of gross revenues, related to the reevaluation and the interest on the option to acquire the remaining shares of invested companies.

Lastly, we booked R\$ 76.4 million in income taxes in the 2Q23, equivalent to 0.8% of the quarter's gross revenue.



NET INCOME

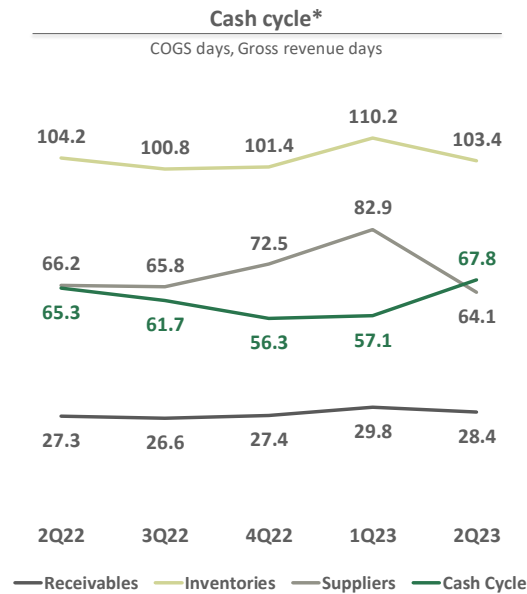
Our adjusted net income totaled R\$ 349.2 million in the 2Q23, a 1.6% growth in comparison to the same period of the previous year. The adjusted net margin was of 3.9% in the quarter, a 0.6 pp contraction vs. the 2Q22, mostly driven by the gross margin pressure from the lower CMED price adjustment in 2023.



In the first half of 2023, our cumulative net income totaled R\$ 553,2 million, a 13.1% increase in comparison to the same period of 2022. This corresponds to a margin of 3.2%, a contraction of 0.1 pp vs. the 1H22.

CASH CYCLE

The cash cycle in the 2Q23 was of 67.8 days, an increase of 2.5 days compared to the same period of the previous year. We highlight that this is an expected seasonal peak in working capital due to a strong forward buying when compared to the previous year.



* Adjusted for discounted receivables and advanced payments to suppliers.

CASH FLOW

In the 2Q23, we recorded a negative free cash flow of R\$ 487.8 million, with a total cash consumption of R\$ 763.3 million. Resources from operations totaled R\$ 499.0 million, equivalent to 5.5% of gross revenue. We recorded an increase in working capital of R\$ 685.3 million, resulting in a negative operating cash flow of R\$ 186.3 million, and a CAPEX of R\$ 301.5 million.

Cash flow	2Q23	2Q22
<i>(R\$ million)</i>		
Adjusted EBIT	573.0	555.7
NPV adjustment	(39.5)	(30.2)
Non-recurring expenses	21.1	43.2
Income tax (34%)	(188.6)	(193.4)
Depreciation	195.2	171.1
Others	(62.3)	41.4
Resources from operations	499.0	587.8
Cash cycle*	(896.7)	(509.9)
Other assets (liabilities)**	211.4	118.9
Operating cash flow	(186.3)	196.8
Investments	(301.5)	(249.8)
Free cash flow	(487.8)	(53.0)
M&A and other investments	(16.2)	(15.3)
Interest on equity and dividends	(226.5)	(96.1)
Income tax paid over interest on equity	-	(8.9)
Net financial expenses***	(102.3)	(68.2)
Tax benefit (fin. exp., IoE, dividends)	69.4	48.4
Total Cash Flow	(763.3)	(193.2)

*Includes adjustments to discounted receivables.

**Includes NPV adjustments.

***Excludes NPV adjustments.

Of the R\$ 301.5 million invested in the 2Q23, R\$ 107.0 million was used for the opening of new pharmacies, R\$ 50.5 million for the renovation or expansion of existing units, R\$ 99.5 million for IT, R\$ 37.0 million for logistics and R\$ 7.5 million for other projects.

Net financial expenses resulted in payments of R\$ 102.3 million in the 2Q23. These payments were partially offset by R\$ 69.4 million in tax benefits related to net financial expenses and interest on equity.

Lastly, we provisioned R\$ 102.0 million in interest on capital in the 2Q23, in comparison to the R\$ 74.0 million provisioned in the 2Q22.

INDEBTEDNESS

We ended the 2Q23 with an adjusted net debt of R\$ 2,907.4 million, corresponding to a leverage of 1.2x the adjusted EBITDA of the last twelve months. It is important to highlight that the second quarter of every year represents a seasonal peak in cash consumption and leverage due to the working capital investment required to support the forward buying in anticipation to the annual CMED price readjustment.

Adjusted net debt considers R\$ 752.4 million in discounted receivables and R\$ 96.8 million in liabilities related to the put option granted and/or call option obtained for the acquisition of equity of invested companies.

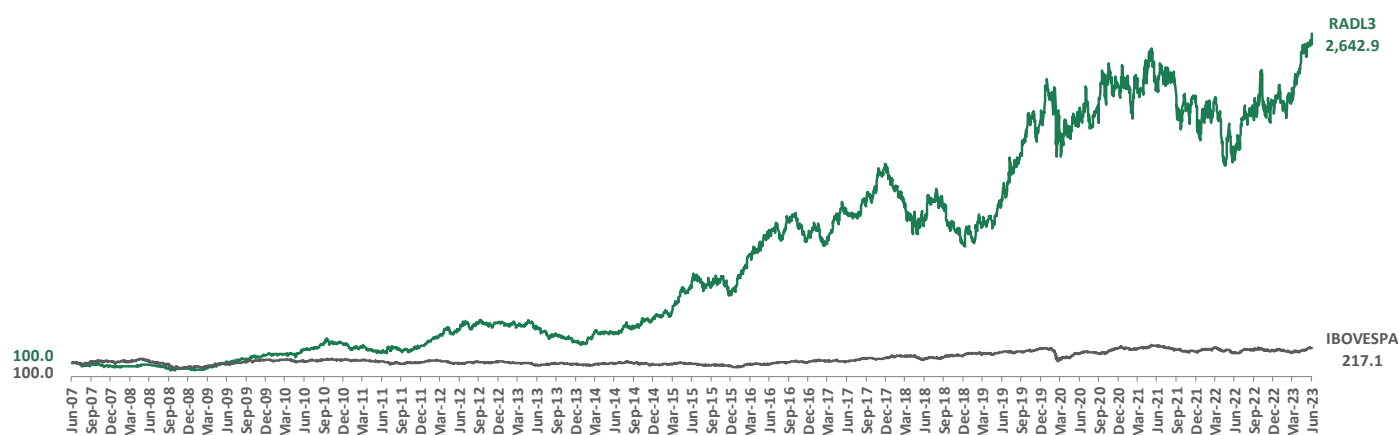
Net Debt (R\$ millions)	2Q22	3Q22	4Q22	1Q23	2Q23
Short-term Debt	228.2	134.8	186.4	443.8	569.8
Long-term Debt	2,141.4	2,130.2	2,131.5	1,832.6	1,833.8
Total Gross Debt	2,369.6	2,265.0	2,317.9	2,276.4	2,403.6
(-) Cash and Equivalents	818.8	371.2	433.5	371.3	345.3
Net Debt	1,550.8	1,893.8	1,884.4	1,905.1	2,058.3
Discounted Receivables	344.6	-	216.1	148.2	752.4
Advances to suppliers	-	(50.7)	(119.5)	(3.7)	-
Put/Call options of investments (estimated)	39.5	64.1	64.7	94.7	96.8
Adjusted Net Debt	1,934.8	1,907.3	2,045.6	2,144.3	2,907.4
Adjusted Net Debt / EBITDA	1.0x	0.9x	0.9x	0.9x	1.2x

At the end of the quarter, our gross debt totaled R\$ 2,403.6 million, of which 80.1% corresponds to debentures and Certificates of Real Estate Receivables (CRIs). The remaining 19.9% corresponds to other credit lines.

Of the total indebtedness, 76% is long-term, and 24% is short-term. We ended the quarter with a total cash and equivalents position of R\$ 345.3 million.

TOTAL SHAREHOLDER RETURNS

Stock price appreciation



Our share price increased by 24.8% in 2023, 17.2 pp greater than the IBOVESPA. Since the IPO of Drogasil, we achieved a cumulative share appreciation of 2,649% versus a return of only 117% for the IBOVESPA. Including the payment of interest on equity and dividends, we generated an average annual total return to shareholders of 23.4%.

Considering the IPO of Raia in December of 2010, the cumulative return amounted to 957% versus an increase of only 74% of the IBOVESPA. Considering the payment of interest on equity and dividends, this resulted in an average annual total return to shareholders of 21.1%. Lastly, our shares recorded an average daily trading volume of R\$ 160 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)	2Q23		Change
	IAS 17	IFRS 16	Δ 2Q23
Gross Revenue	9,024.7	9,024.7	0.0
Gross Profit	2,610.1	2,610.1	0.0
Gross Margin	28.9%	28.9%	0.0%
Selling Expenses	(1,523.2)	(1,259.7)	263.6
G&A	(319.2)	(318.2)	1.0
Total Expenses	(1,842.4)	(1,577.9)	264.6
as % of Gross Revenue	20.4%	17.5%	(2.9%)
Adjusted EBITDA	767.6	1,032.2	264.6
as % of Gross Revenue	8.5%	11.4%	2.9%
Non-Recurring Expenses / Revenues	21.1	23.4	2.3
Depreciation and Amortization	(194.6)	(411.8)	(217.2)
Financial Results	(146.5)	(226.6)	(80.1)
Equity Equivalence	(0.8)	(0.8)	0.0
Income Tax	(83.6)	(73.3)	10.3
Net Income	363.2	343.1	(20.1)
as % of Gross Revenue	4.0%	3.8%	(0.2%)

Balance Sheet (R\$ millions)	2Q23		Change
	IAS 17	IFRS 16	Δ 2Q23
Assets	14,268.1	17,745.4	3,477.3
Current Assets	9,895.7	9,895.7	0.0
Non-Current Assets	4,372.4	7,849.7	3,477.3
Other Credits	6.5	6.1	(0.4)
Investments	(5.6)	2.8	8.4
Property, Plant and Equipment	2,276.3	2,276.5	0.2
Right of use	0.0	3,477.7	3,477.7
Intangible	1,822.8	1,814.2	(8.5)
Liabilities and Shareholder's Equity	14,268.3	17,745.4	3,477.1
Current Liabilities	6,144.9	6,956.9	812.0
Financial Leases	0.0	822.3	822.3
Other Accounts Payable	320.2	309.9	(10.2)
Non-Current Liabilities	2,261.2	5,186.8	2,925.6
Loans and Financing	1,834.0	1,833.8	(0.2)
Financial Leases	0.0	3,059.7	3,059.7
Income Tax and Social Charges Deferred	140.2	6.2	(134.0)
Shareholder's Equity	5,862.2	5,601.7	(260.5)
Income Reserves	1,281.2	1,049.2	(232.0)
Accrued Income	377.3	348.9	(28.4)
Non Controller Interest	69.8	69.7	(0.1)

Cash Flow (R\$ millions)	2Q23		Change
	IAS 17	IFRS 16	Δ 2Q23
Adjusted EBIT	573.0	620.4	47.4
Non-Recurring Expenses	21.1	23.4	2.3
Income Tax (34%)	(188.6)	(205.5)	(16.9)
Depreciation	195.2	411.8	216.6
Rental Expenses	0.0	(266.8)	(266.8)
Others	(62.1)	(44.6)	17.5
Resources from Operations	499.1	499.1	0.0
Operating Cash Flow	(186.4)	(186.4)	0.0
Investments	(300.0)	(300.0)	0.0
Free Cash Flow	(486.4)	(486.4)	0.0
Total Cash Flow	(763.3)	(763.3)	0.0

*Includes adjustments to discounted receivables.

**Includes NPV adjustments

***Excludes NPV adjustments

2Q23 Results Conference Calls: August 09th, 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.

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Consolidated Adjusted Income Statement <i>(R\$ thousands)</i>	2Q22	2Q23
Gross Revenue	7,641,161	9,024,723
Taxes, Discounts and Returns	(462,400)	(582,408)
Net Revenue	7,178,761	8,442,314
Cost of Goods Sold	(4,860,664)	(5,832,248)
Gross Profit	2,318,097	2,610,067
Operational (Expenses) Revenues		
Sales	(1,330,304)	(1,523,229)
General and Administrative	(260,284)	(319,214)
Operational Expenses	(1,590,588)	(1,842,442)
EBITDA	727,509	767,625
Depreciation and Amortization	(171,808)	(194,595)
Operational Earnings before Financial Results	555,701	573,030
Financial Expenses	(164,735)	(246,784)
Financial Revenue	66,566	100,245
Financial Expenses/Revenue	(98,169)	(146,539)
Equity Equivalence	267	(837)
Earnings before Income Tax and Social Charges	457,799	425,654
Income Tax and Social Charges	(114,052)	(76,430)
Net Income	343,746	349,225

Consolidated Income Statement <i>(R\$ thousands)</i>	2Q22	2Q23
Gross Revenue	7,641,161	9,024,723
Taxes, Discounts and Returns	(462,400)	(582,408)
Net Revenue	7,178,761	8,442,314
Cost of Goods Sold	(4,860,664)	(5,832,248)
Gross Profit	2,318,097	2,610,067
Operational (Expenses) Revenues		
Sales	(1,330,304)	(1,523,229)
General and Administrative	(260,284)	(319,214)
Other Operational Expenses, Net	43,159	21,105
Operational Expenses	(1,547,429)	(1,821,338)
EBITDA	770,668	788,729
Depreciation and Amortization	(171,808)	(194,595)
Operational Earnings before Financial Results	598,860	594,134
Financial Expenses	(164,735)	(246,784)
Financial Revenue	66,566	100,245
Financial Expenses/Revenue	(98,169)	(146,539)
Equity Equivalence	267	(837)
Earnings before Income Tax and Social Charges	500,958	446,759
Income Tax and Social Charges	(128,727)	(83,605)
Net Income	372,231	363,154

Assets (R\$ thousands)	2Q22	2Q23
Current Assets		
Cash and Cash Equivalents	818,805	345,309
Financial Investments		25,126
Accounts Receivable	1,948,433	2,066,982
Inventories	5,566,835	6,627,088
Taxes Receivable	272,370	415,125
Other Accounts Receivable	263,313	313,960
Anticipated Expenses	73,641	102,146
	<u>8,943,398</u>	<u>9,895,736</u>
Non-Current Assets		
Deposit in Court	71,016	132,501
Taxes Receivable	121,890	115,840
Income Tax and Social Charges deferred	31,038	24,067
Other Credits	49,190	6,523
Investments	1,923	2,829
Property, Plant and Equipment	2,051,537	2,276,261
Intangible	1,510,848	1,814,232
	<u>3,837,442</u>	<u>4,372,253</u>
ASSETS	<u>12,780,840</u>	<u>14,267,989</u>
Liabilities and Shareholder's Equity (R\$ thousands)	2Q22	2Q23
Current Liabilities		
Suppliers	3,538,544	4,105,650
Loans and Financing	228,201	569,822
Salaries and Social Charges Payable	529,539	626,385
Taxes Payable	239,697	310,176
Dividend and Interest on Equity	123,619	160,560
Provision for Lawsuits	47,909	52,139
Other Accounts Payable	259,471	319,987
	<u>4,966,979</u>	<u>6,144,719</u>
Non-Current Liabilities		
Loans and Financing	2,141,379	1,833,783
Provision for Lawsuits	52,937	57,650
Income Tax and Social Charges deferred	169,632	140,180
Other Accounts Payable	148,964	229,386
	<u>2,512,912</u>	<u>2,260,999</u>
Shareholder's Equity		
Common Stock	2,500,000	4,000,000
Capital Reserves	95,407	125,746
Revaluation Reserve	11,434	11,273
Income Reserves	2,267,879	1,281,229
Accrued Income	374,317	377,272
Equity Adjustments	613	(3,148)
Non Controller Interest	51,299	69,899
	<u>5,300,949</u>	<u>5,862,271</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	<u>12,780,840</u>	<u>14,267,989</u>

Cash Flow	2Q22	2Q23
<i>(R\$ thousands)</i>		
Earnings before Income Tax and Social Charges	500,958	353,338
Adjustments		
Depreciation and Amortization	171,080	195,201
Compensation plan with restricted shares, net	6,426	9,803
Interest over additional stock option	777	2,089
P,P&E and Intangible Assets residual value	8,085	(7,138)
Provisioned Lawsuits	18,597	18,162
Provisioned Inventory Loss	963	13,579
Provision for Doubtful Accounts	427	1,070
Provisioned Store Closures	6,335	(4,361)
Interest Expenses	59,646	80,314
Debt Issuance Costs Amortization	926	1,027
Equity Equivalence Result	(283)	837
Discount on rentals	577	-
	774,514	663,921
Assets and Liabilities variation		
Clients and Other Accounts Receivable	140,625	560,478
Inventories	(243,461)	150,415
Other Short Term Assets	488	13,128
Long Term Assets	(39,429)	(18,765)
Suppliers	(62,476)	(999,708)
Salaries and Social Charges	98,428	100,078
Taxes Payable	53,300	21,877
Other Liabilities	(68,804)	(851)
Rents Payable	1,830	220
Cash from Operations	655,015	490,793
Interest Paid	(77,220)	(61,502)
Income Tax and Social Charges Paid	(68,027)	-
Paid lawsuits	(12,400)	(18,635)
Net Cash from (invested) Operational Activities	497,368	410,656
Investment Activities Cash Flow		
P,P&E and Intangible Acquisitions	(254,757)	(316,220)
Loans granted to subsidiaries	(10,345)	-
Cash from incorporated company	-	(1,445)
Net Cash from Investment Activities	(265,102)	(317,665)
Financing Activities Cash Flow		
Funding	699,336	173,345
Payments	(482,811)	(65,785)
Interest on Equity and Dividends Paid	(96,140)	(226,509)
Net Cash from Funding Activities	120,385	(118,949)
Cash and Cash Equivalents net increase	352,651	(25,958)
Cash and Cash Equivalents in the beginning of the period	466,153	371,266
Cash and Cash Equivalents in the end of the period	818,804	345,308