Quarterly Information

Empreendimentos Pague Menos S.A.

March 31, 2024
With Independent Auditor's Report on Review of Quarterly Information

Empreendimentos Pague Menos S.A.

Quarterly information - ITR

March 31, 2024 and 2023

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EARNINGS

RELEASE

1Q24

PagueMenos

extrafarma

Fortaleza, Ceará, May 6, 2024.

Empreendimentos Pague Menos S.A. ("Company"), the main Health Hub for the Brazilian expanded middle class, present in every state in Brazil and more than 400 municipalities, announces its results for the 1st quarter of 2024.

1Q24 HIGHLIGHTS

SAME STORE SALES
9.6% consolidated (8.5% in Pague Menos and 15.1% in Extrafarma)

GROSS REVENUE
R$ 3.1 billion (+10.0% vs 1Q23) with acceleration in both brands

EXTRAFARMA SYNERGIES
R$ 153 million on an annualized basis (+18% vs 4Q23)

ADJUSTED EBITDA
R$ 96.9 million (+77.4% vs 1Q23) with 1.2 p.p. in margin expansion

INDEBTEDNESS
2.6x Net debt / EBITDA (0.4x reduction vs 1Q23)

CASH CYCLE
60 days (-5 days vs 1Q23), with partial receivables recomposition

OMNICHANNEL PLATFORM
13.4% of total sales via digital channels (+2.2 p.p. vs 1Q23)

HEALTH HUB
1.9 million consultations provided in Clinic Farma

Note: The figures in this earnings release are presented under the IAS 17 accounting standard. The reconciliation to the IFRS 16 accounting standard can be found in Appendix 1.

DISCLOSING CRITERIA

On August 01, 2022, the acquisition process of Imifarma Produtos Farmacêuticos e Cosméticos S.A. (Extrafarma) with Ultrapar Participações S.A. (Ultrapar) was completed. With the completion of the precedent conditions and merger of equity balances, Extrafarma was consolidated and became part of the consolidated financial statements of Empreendimentos Pague Menos S.A. (Company) that same month.

In order to facilitate the analysis of the results, we will present the financial data in this release with an emphasis on consolidated numbers. Nevertheless, Annex 1 of this document presents the individual statements of income for the year (ex-Extrafarma), aiming to allow the comparison with periods prior to the acquisition.

Since 2019, our financial statements have been prepared in accordance with IFRS 16, which changed the criteria for recognition of rental contracts. To better demonstrate the economic reality of the business, the numbers in this report are presented under the old standard, IAS 17. The reconciliation with IFRS 16 can be found in a dedicated chapter in this document.

CONSOLIDATED FINANCIAL HIGHLIGHTS

in R$ million and % of Gross Revenue	1Q23	1Q24	Δ
Gross Revenue	**2,813.2**	**3,095.1**	**10.0%**
Gross Profit	**817.5**	**903.6**	**10.5%**
% Gross Margin	*29.1%*	*29.2%*	*0.1 p.p*
Contribution Margin	**142.6**	**185.9**	**30.3%**
% Contribution Margin	*5.1%*	*6.0%*	*0.9 p.p*
Adjusted EBITDA	**54.6**	**96.9**	**77.4%**
% Adjusted EBITDA Margin	*1.9%*	*3.1%*	*1.2 p.p*
Adjusted Net Profit	**(55.3)**	**(29.6)**	**(46.5%)**
% Adjusted Net Margin	*(2.0%)*	*(1.0%)*	*1.0 p.p*

OPERATING HIGHLIGHTS

KPI	1Q23	1Q24	Δ
# of Stores	1,647	1,654	0.4%
Average Sale/store/month (R$ thousand)	570	628	10.3%
Average ticket (R$)	76.66	81.96	6.9%
Same store sales (%)	4.4%	9.6%	5.2 p.p.
Digital channels (% of Gross Revenue)	11.2%	13.4%	2.2 p.p.
Private label (% of Gross Revenue)	6.3%	6.7%	0.4 p.p
# of Clinics	1,059	1,077	1.7%
Active customers (million)	19.9	20.9	4.9%
Total employees	25,373	25,819	1.8%
Store Employees	20,503	21,139	3.1%
Employees/store	12.4	12.8	2.7%
Operating cash cycle (days)	65	60	(5)
Net Debt / Adjusted EBITDA	3.0x	2.6x	(0.4x)

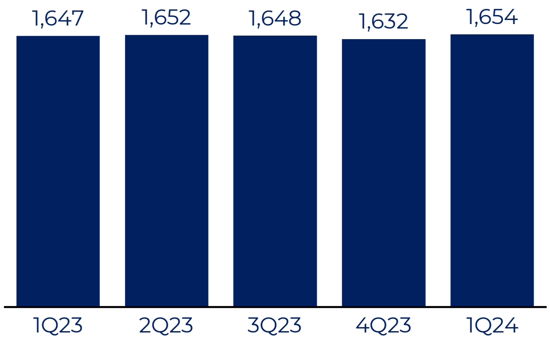
STORE PORTFOLIO

We ended 1Q24 with 1,654 stores, 29 of which were opened and 7 closed in the quarter (5 of which related to Extrafarma's footprint optimization process). With the opening of 29 stores in 1Q24, we practically completed the projection of openings for 2024.

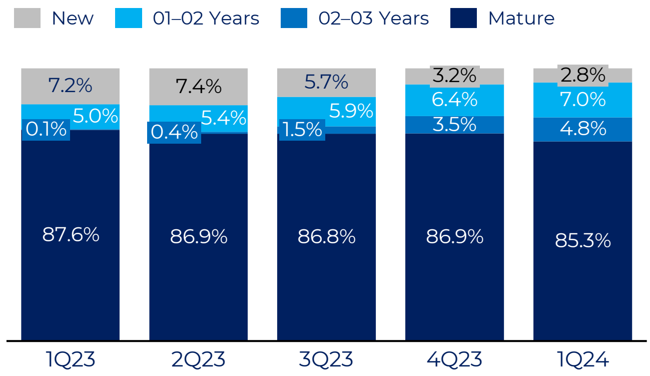
The profile of new stores continues to be geographically concentrated in the Northeast region (76% of openings in the last 12 months), but with a gradual relevance gain in the Center-West region, which is already the second region in terms of number of new stores.

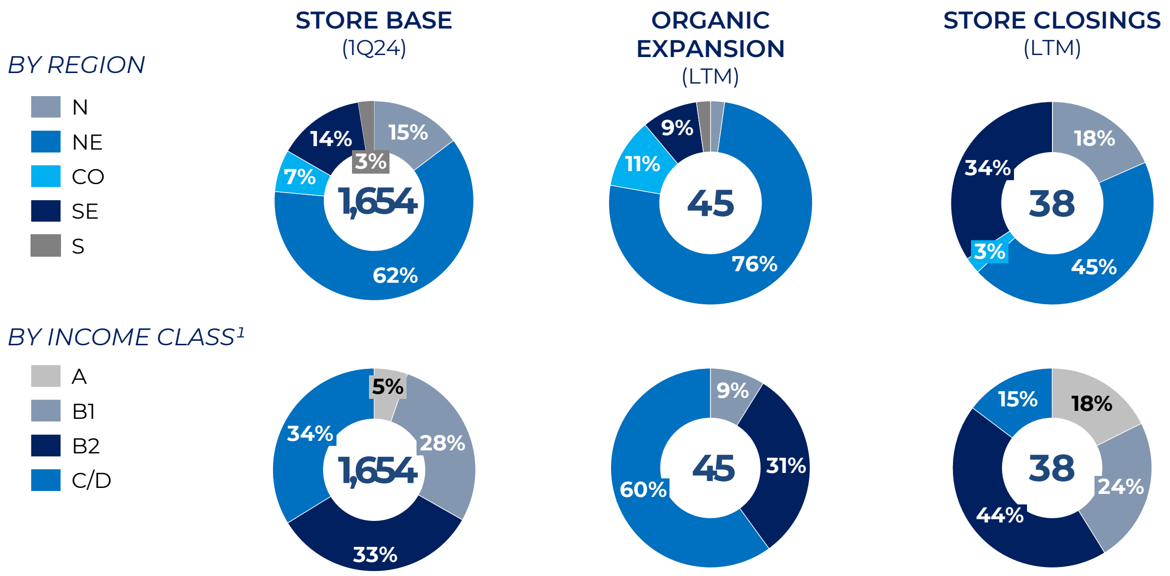
Regarding Extrafarma's operational integration, we made a relevant adjustment to the acquired store portfolio. Since August 2022, 41 stores have been closed. Moreover, we converted 55 stores to the Pague Menos brand and another 54 stores are currently in the pipeline for conversion, with expected conclusion in June 2024.

EVOLUTION OF STORE BASE



AGE PROFILE OF STORES





¹ Predominant social class in the vicinity of each store (isochronous for 5 minutes travelling by car). Segmentation follows the IBGE criteria.

SALES PERFORMANCE

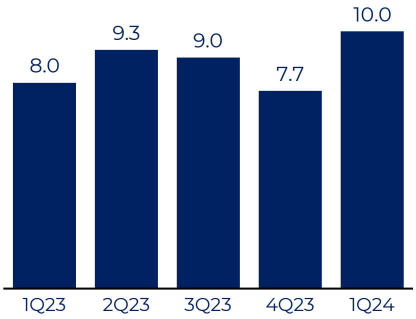
We observed an acceleration in sales growth in 1Q24, with a good mix between brands and store age profiles. Total growth reached 10.0% in the period, comprised of 8.3p.p. growth in mature stores and contributions of 1.2 p.p. of maturing stores, 1.5 p.p. in new stores and a negative effect of 1.0 p.p. caused by closed stores.

Consolidated same-store growth was 9.6% in the quarter, 8.5% in the Pague Menos store portfolio, and a significant 15.1% in Extrafarma. The good Pague Menos performance reflects the positive maturation of stores opened in 2021 and 2022, in addition to a favorable market environment marked by the reacceleration of growth, after a weaker fourth quarter. In Extrafarma, the strong growth level, substantially above the market average, reflects the operational improvement obtained over the last year, a weak basis for comparison (harmed by the more acute period of logistics and technological integrations in 1Q23), as well as brand conversions carried out in 2023.

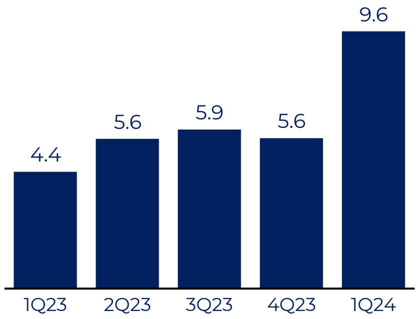
The results obtained through brand conversions continue exceeding expectations, with a fast ramp-up in sales. In 1Q24, converted stores recorded growth of 32.1% compared to the same period of the previous year, while the remaining Extrafarma stores grew 12.5%. This performance highlights the strength of Pague Menos' brand in our core regions, thus supporting the strategy of continuing conversion projects in the coming quarters, which will contribute to maximizing the capture of synergies.

It is important highlighting that Extrafarma stores converted to the Pague Menos brand continue to be considered part of the Extrafarma portfolio, both for management (calculation of KPIs) and accounting (individual financial statements) purposes, as the stores retain their original EIN (CNPJ).

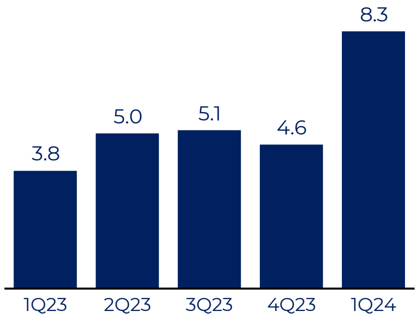
TOTAL GROWTH[2]
(change %)



SAME STORES
(change %)



MATURE STORES
(change %)

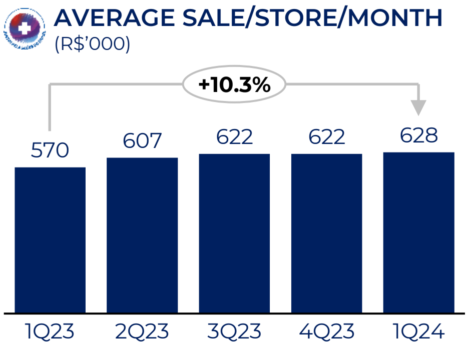


We estimate a neutral calendar effect on sales performance for the quarter. Despite the leap year contributing to one more day of sales than the previous year, the holiday calendar and greater number of weekends fully offset this effect. On the other hand, we estimate a positive calendar effect for the second quarter of the year.

The Center-West region continues standing out in the regional analysis, with same-store growth (SSS) of 15.5% in the quarter, well above the North and Northeast (SSS of 9.5%) and South and Southeast (SSS of 8.2%) regions. Considering also the new stores, the region recorded growth of 18.3% in the quarter, well above the market average.

[2] Pro forma growth data, considering Extrafarma's historical base and disregarding the wholesale operation, discontinued in October 2022.

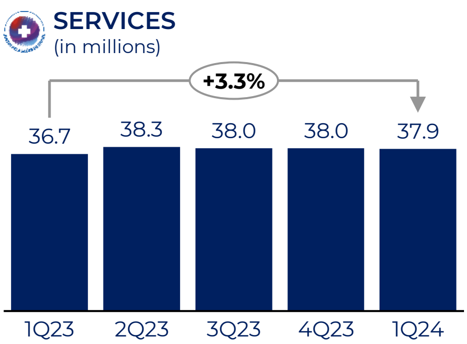
Average monthly sales per store reached R$ 628 thousand (R$ 657 thousand in the Pague Menos portfolio and R$ 522 thousand in Extrafarma). In a short time, the integration plan quickly resulted in strong operational convergence, with metrics such as stockouts, assortment and share of digital channels across both brands. The effect of this operational convergence on sales is gradual and has been reflected in a progressive decrease in the sales gap between the two operations, which dropped from 30% before the acquisition to 20% in 1Q24.

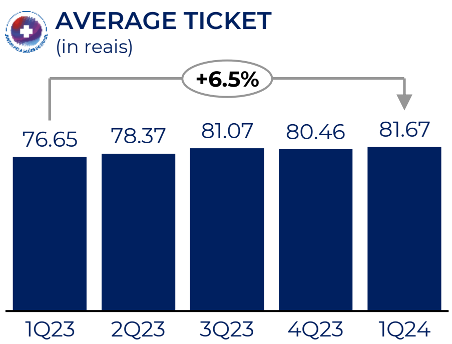


The consolidated growth for the quarter can be broken down into a growth of 3.3% in the volume of services and 6.5% in the average ticket.

Volume growth was similar in both brands, although presenting a different behavior in the evolution of the store base in the last 12 months (net growth of 33 stores in Pague Menos and reduction of 26 stores in Extrafarma). In the same store concept, which excludes the effect of openings and closings, volume growth was 2.8%, with 1.9% in Pague Menos and a significant 7.0% in Extrafarma.

The 6.5% growth in the average ticket recorded in the quarter mainly reflects the inflation accumulated in the period. It is worth highlighting that the average ticket gap between the brands continues to reduce, reflecting the equalization of the commercial strategy and product assortment, thus contributing to the reduction in the average sales gap per store. The average ticket gap between brands is currently 10.9%, vs. 12.5% recorded before the integration started.





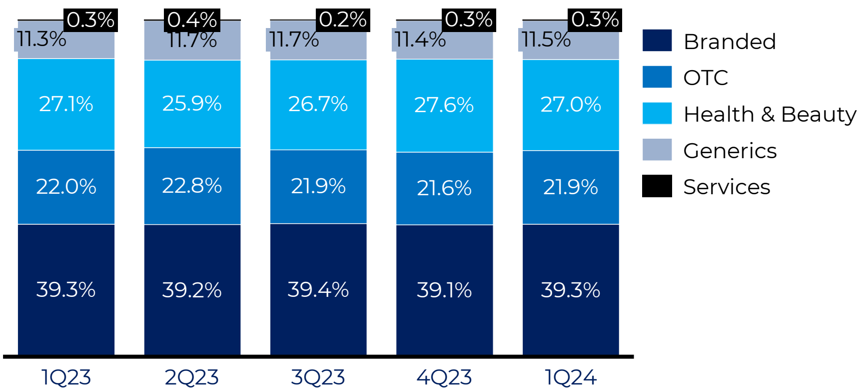
Our active customer base totaled 20.9 million customers, accounting for a 4.9% growth compared to the same period of the previous year, even with a reduction in the volume of marketing investments for the quarter. Our CRM strategy continues to be increasingly focused on improving loyalty and average spending among the customer base through actions to customize the purchasing journey, improvements in the customer experience and prioritization of the *Cliente Ouro* (our top loyalty program tier).

CATEGORY AND SUPPLY MANAGEMENT

With a well-balanced growth in the main categories, the sales mix remained relatively stable in 1Q24 when compared to the same period of the previous year. The major highlight continues to be generic drugs, reaching 11.5% of sales in the quarter. We continue observing a great growth potential in this category, which should contribute to structural margin gains in our business.

Among the levers for increasing sales in the Extrafarma brand, we continue to see a great opportunity in the sales mix convergence. Despite the efforts to expand the assortment, reduce stock out rates and reposition prices, the share of prescription medicines is significantly lower under this brand, which contributes negatively to the average ticket and customer loyalty. In this context, it is important to observe the effectiveness of brand conversions, which have already boosted this category of medicines in a short time.

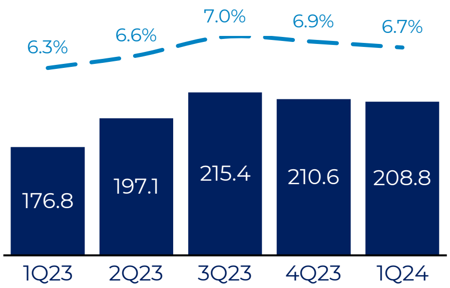
SALES MIX
(% of gross revenue)



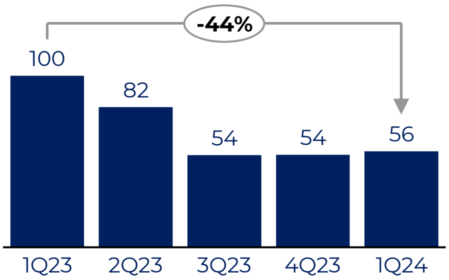
Our private labels totaled R$ 208.8 million in 1Q24, accounting for a growth of 18.1% compared to the same period of the previous year. The sales share jumped from 6.3% to 6.7% when considering total sales, and from 12.8% to 13.8% when considering only self-service sales. The good performance is driven by the progressive increase in the category's share at Extrafarma, which already operates at a higher level than Pague Menos.

Our supply chain continues operating efficiently, with a stable stock out rate compared to previous quarters. Compared to 1Q23, when the logistics integration with Extrafarma was not fully completed, this KPI recorded a significant reduction of 44%.

PRIVATE LABELS
(in R$ million and % of total sale)



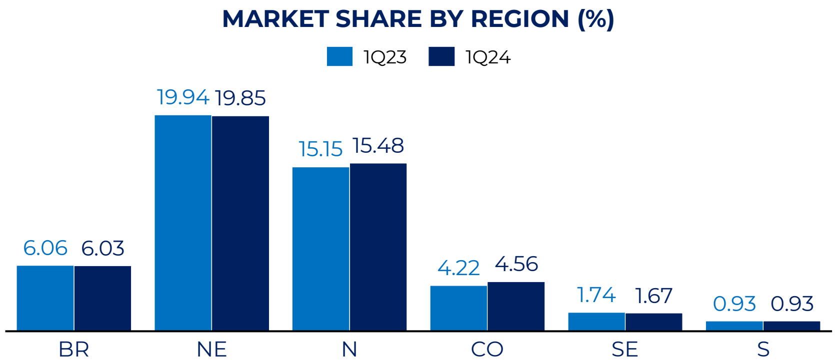
STOCK OUT
(1Q23 = base 100)



MARKET **SHARE**

We observed stable market share dynamics in 1Q23, with share gains in the North and Center-West regions and stability in the remaining regions. Domestically, we recorded a slight decline of 0.03 p.p. in our market share, due to the growth breakdown between regions.

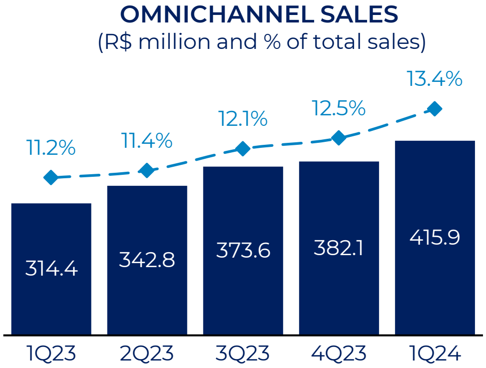
It is worth highlighting that traditionally the market share data calculated by IQVIA suffers distortion in the first quarter of the year due to its methodology. While the share of chains is calculated by sell-out, that is, sales made to the end consumer, the share of independent participants and associations is calculated by sell-in, informed by distributors. In the months before the annual readjustment of medicine prices, when there is a reinforcement of retail stocks, the sell-in volume tends to grow more than the sell-out, thus overestimating the market share of independent participants and associations.

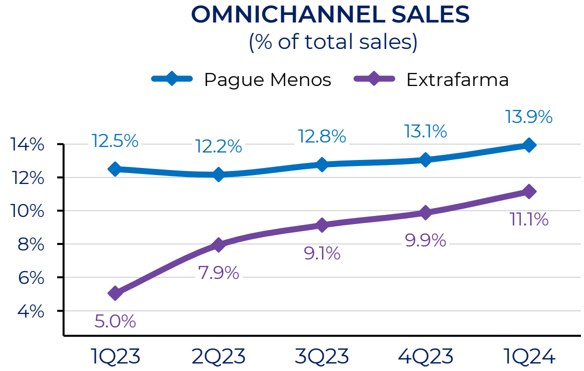


The good market share performance occurs despite the slowdown in our organic expansion. While our store base increased only 0.4% in the last 12 months, the market recorded growth of 1.6%, driven by a growth of approximately 5% in chain stores. Even with this mismatch, we managed to consistently record growth in line with the market over the last few quarters.

OMNICHANNEL PLATFORM

We continue to consistently advance in our omnichannel strategy. Our multiple digital channels totaled R$ 416 million in sales in 1Q24, accounting for a growth of 32.3% compared to the same period of the previous year. The total sales share reached 13.4%, representing a 2.2 p.p. increase over 1Q23, progressively closing the gap between brands.



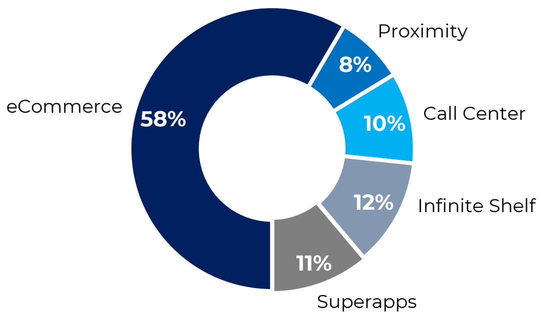


Growth on our omnichannel platform remains well balanced across multiple channels, with emphasis on e-commerce and infinite shelf, which continue to gain market share in sales. The WhatsApp sales initiative, launched at the end of 2023, gained traction in 1Q24 with the incorporation of new features and improvements to the shopping experience. We are currently the only pharmaceutical retail chain to operate this sales channel in a fully automated and scalable manner, using conversational artificial intelligence.

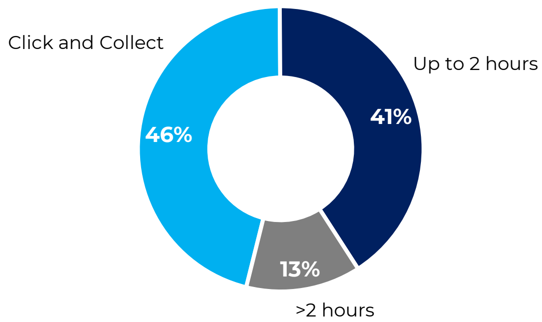
We continue working to increase the profitability of our digital channels through improvements implemented in pricing intelligence, product mix and efficiency gains in indirect expenses. Therefore, in 1Q24 we recorded a channel contribution margin of over 1 p.p. higher than that recorded in 1Q23.

Balancing growth, profitability and service level, we continue presenting a good delivery performance. Our capillarity of brick-and-mortar stores and integration between sales channels allowed 87% of orders placed on digital channels to become available to clients in less than 2 hours.

DIGITAL CHANNELS MIX
(% of omnichannel sales 1Q24)



DELIVERY MIX
(% of omnichannel orders 1Q24)



HEALTH HUB

In 1Q24, we carried out 1.9 million consultations at our Clinic Farma, surpassing the 5 million mark in the last 12 months. The services vertical is increasingly gaining scale and relevance in customers' purchasing journeys, thus resulting in increased recurrence and greater value perception.

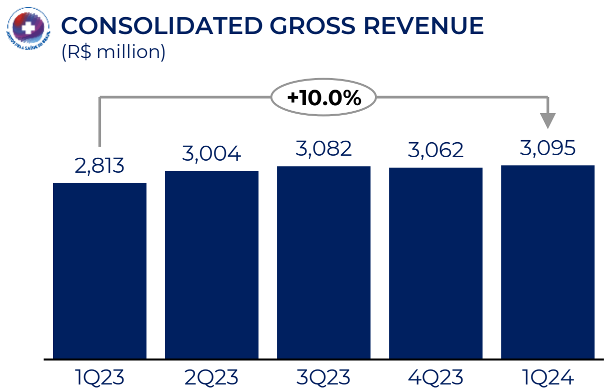
Throughout the quarter, our network of pharmaceutical clinics was an important point of support for the population in the face of the dengue outbreak, even considering that the highest incidence of cases occurred in states outside our core regions. The demand for rapid tests and dengue vaccines grew more than 800% compared to the same period of the previous year.

We recently changed our vaccination strategy, moving away from a model of partnerships with specialized companies to focus on our own model, where we are responsible for stocking and administering vaccines, thus gaining flexibility for promoting campaigns and greater profitability on this service. With this change, the volume of vaccinations has grown exponentially in recent quarters, reaching a level more than 5 times higher than in the same period of the previous year. We currently have 36 vaccination rooms and expect to expand to approximately 100 stores by the end of the year.

Our specialty medicines front recorded a 54.5% growth in sales, already accounting for over 1% of consolidated sales. The higher relevance within this market occurs gradually, with an increase in market share in multiple highly complex items.

GROSS **REVENUE**

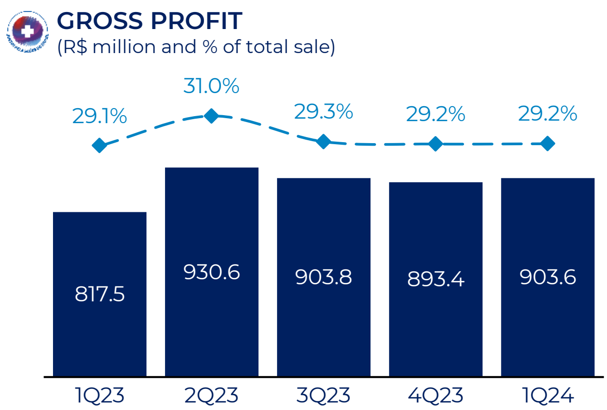
Consolidated gross revenue reached a new record level in 1Q24, totaling R$ 3.095 billion. Of this total, 82% was generated in Pague Menos and 18% in Extrafarma. For more information on sales growth in the quarter, check the "Sales Performance" section of this release.



GROSS **PROFIT**

Consolidated gross profit totaled R$ 903.6 billion in the quarter, accounting for a growth of 10.5% compared to 1Q23. Gross margin totaled 29.2%, recording a slight expansion of 0.1 p.p. compared to the same period of the previous year.

We recorded specific pressure on the inventory loss rate in the quarter, related to Extrafarma's old inventory. Moreover, we recorded a lower APV effect on the margin than in the same period of the previous year. Said combined effects pressured the gross margin by 0.6 p.p. Despite this situation, commercial actions, advances in capturing synergies at Extrafarma, inflationary gains from inventories (generated by increases in ICMS tax rates in some markets) and a positive mix effect (generated mainly by the growth in generic medicines and private labels), were enough to maintain gross margin at a similar level to previous quarters.



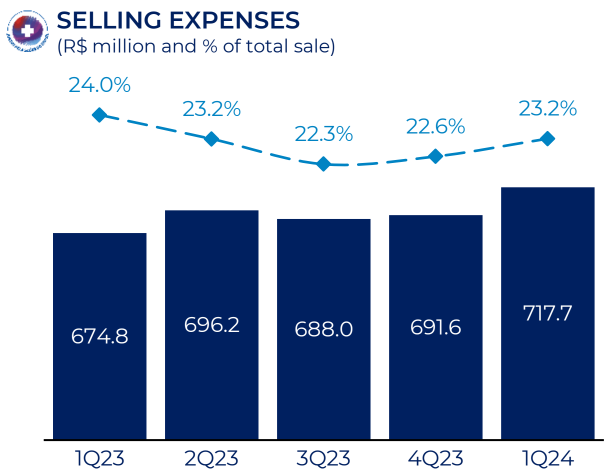
In the breakdown by company, the gross margin was 28.9% in Pague Menos (stable in relation to 1Q23) and 30.4% in Extrafarma (up 0.6 p.p. in relation to 1Q23). The higher gross margin in Extrafarma is related to the brand geographic exposure, more concentrated in regions where we operate with better margins, and the sales mix, which has a lower share of branded medicines.

SELLING EXPENSES

Consolidated selling expenses totaled R$ 717.7 million, equivalent to 23.2% of gross revenue, down 0.8 p.p. compared to the same period of the previous year.

The greater dilution of expenses is partly related to the 1Q23 comparison base, when the volume of expenses was occasionally pressured by a greater concentration of marketing expenses, based on the year's sponsorship calendar, and the most pressing moment of the Extrafarma integration, which increased technology and logistics expenses, in addition to negative impacts on sales. Together, these effects pressured sales expenses as a percentage of revenue by 0.4 p.p. in 1Q23.

However, the operational leverage generated by the growth of mature stores above inflation, as well as the progress in capturing synergies at Extrafarma also contributed directly to performance in the quarter, especially in rental expenses, where we achieved positive renegotiations with property owners and positive inflationary impact, following the behavior of the IGPM (index used in most rental contracts), which remained at a low level.



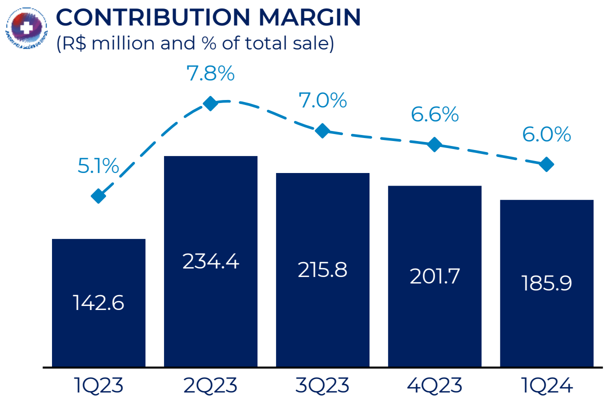
Compared to 4Q23, selling expenses grew 3.9%, related to the increase in the store base, employee collective bargaining agreements in important locations, such as Fortaleza and the phasing of marketing expenses.

We continue highlighting the relevant opportunity to reduce the gap in operating expenses between brands. In 1Q24, selling expenses accounted for 22.6% of gross revenue at Pague Menos, while this percentage was 25.9% at Extrafarma, a significant gap of 3.3 p.p. As Extrafarma's sales increase levers advance over the next quarters, we expect this gap to be gradually reduced, thus significantly contributing to the increase in profitability of our consolidated operation.

CONTRIBUTION MARGIN

The contribution margin, equivalent to the operating profit of our store base, reached 6.0% in 1Q24, accounting for a significant growth of 0.9 p.p. compared to the same period of the previous year.

It is worth highlighting that, seasonally, the contribution margin in the first quarter is the lowest for the year, due to fewer working days of sales, lower gross margin and the accrual of expense inflation, which is only recovered in April with the annual price adjustment of medicines.

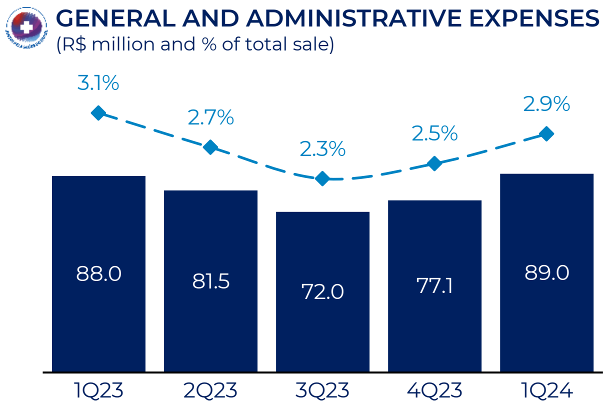


From a brand perspective, the contribution margin was 6.3% in Pague Menos and 4.4% in Extrafarma, resulting in a profitability gap of 1.9p.p. between operations. This gap is slightly higher than the 1.7 p.p. gap recorded in 4Q23, justified by a reduction in the gross margin gap between the brands, owing to the increased share of branded medicines in the Extrafarma mix.

GENERAL AND ADMINISTRATIVE (G&A) EXPENSES

G&A expenses totaled R$ 89.0 million in 1Q24, equivalent to 2.9% of gross revenue. Compared to the same period of the previous year, there was a dilution of 0.2 p.p. in this group of expenses, mainly related to the organizational synergies captured within the scope of the Extrafarma integration.

It is important to highlight that, seasonally, G&A expenses as a percentage of revenue reach their peak in the first quarter, due to the employee collective bargaining in Fortaleza, where our headquarters are located.

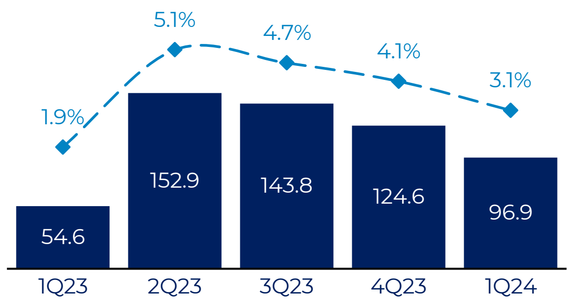


ADJUSTED **EBITDA**

Consolidated adjusted EBITDA totaled R$ 96.9 million in 1Q24, accounting for a significant growth of 77.5% compared to the same period of the previous year. The adjusted EBITDA margin was 3.1% in the quarter, up 1.2 p.p. compared to 1Q23.

In the quarter, we managed to combine the acceleration in the growth pace with the expansion of gross margin and dilution of expenses, where the main drivers of operational improvement are related to the synergies captured in the Extrafarma integration. The operational result achieved stresses our conviction that 2024 has good prospects to be more positive than 2023.

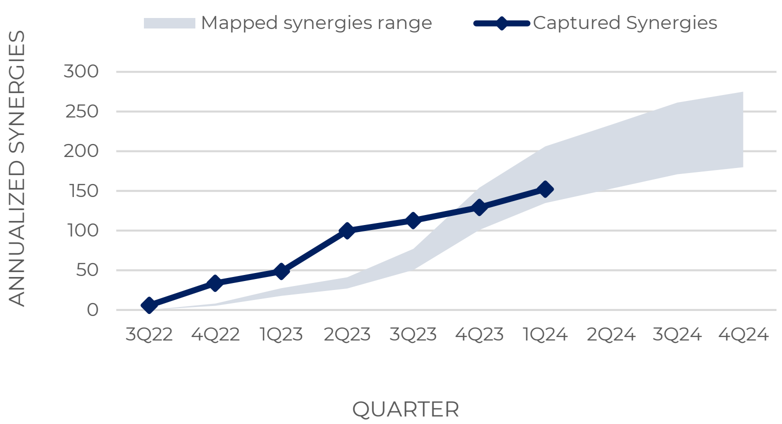
ADJUSTED EBITDA
(R$ million and % of total sale)



INTEGRATION OF EXTRAFARMA AND CAPTURE OF SYNERGIES

In 1Q24, we reached a volume of R$ 153.3 million in annualized synergies, with 85% impacting on Extrafarma's operating income and 15% on Pague Menos. The result recorded in the quarter accounts for an increase of 18% compared to 4Q23, where the main developments were generated by footprint optimization initiatives (closings and conversions) and increased sales (CRM, digital channels and assortment expansion). The synergies recorded in the quarter are already discounted from the non-synergies related to the integration, such as an increase in the level of inventory losses, closure of the wholesale operation and CADE's remedies.

SYNERGY CAPTURE CURVE
(R$ million)



Sales levers already account for 30% of the total captured synergies. The good performance in this area reflects the acceleration of average sales per Extrafarma store, which jumped 27% compared to 1Q22, the first comparable quarter before the acquisition.

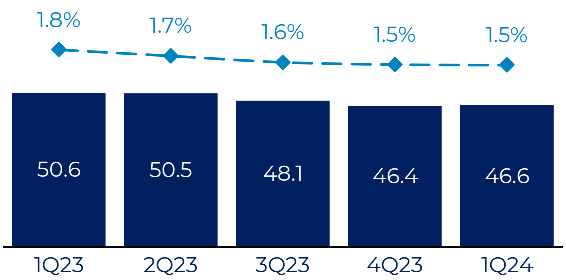
Extrafarma's EBITDA margin was 1.9% in 1Q24, growth of 4.1 p.p. in relation to the same period of the previous year, reflecting all the operational progress implemented over the last 12 months. Compared to 4Q23, the EBITDA margin recorded a decrease of 0.2 p.p., as a result of the seasonality of the first quarter.

DEPRECIATION, FINANCIAL RESULTS AND INCOME TAX

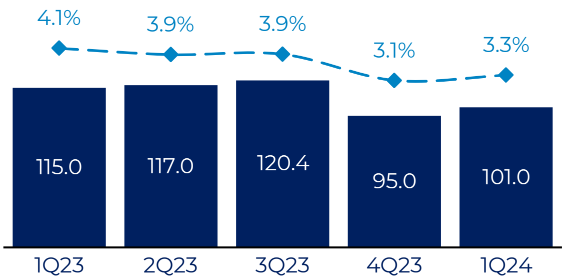
Depreciation and amortization totaled R$ 46.6 million in 1Q24, an 8.0% decrease compared to 1Q23. The downward trend observed in recent quarters follows the decrease in the volume of investments from 2023 onwards, when we started our financial deleveraging cycle.

The net financial expense of R$ 101.0 million in 1Q24, represented a 12.2% decrease compared to the same period of 2023. The main component of the change was the decrease in expenses with advances on receivables, which reduced from R$ 29.2 million in 1Q23 to R$ 11.1 million in 1Q24. The gain was partially offset by higher provision for interests, following the increase in gross debt, and the Adjustment to Present Value (APV). Compared to 4Q23, the financial result grew 6.4%, reflecting the seasonality for the period, when there is normally greater cash consumption, thus putting pressure on financial expenses.

DEPRECIATION
(R$ million and % of total sale)

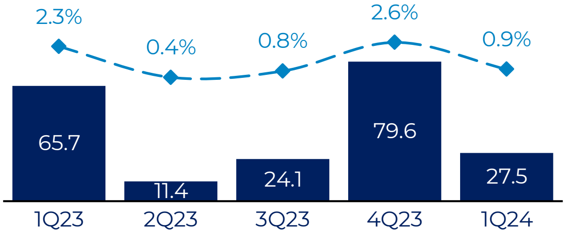


FINANCIAL RESULT
(R$ million and % of total sale)



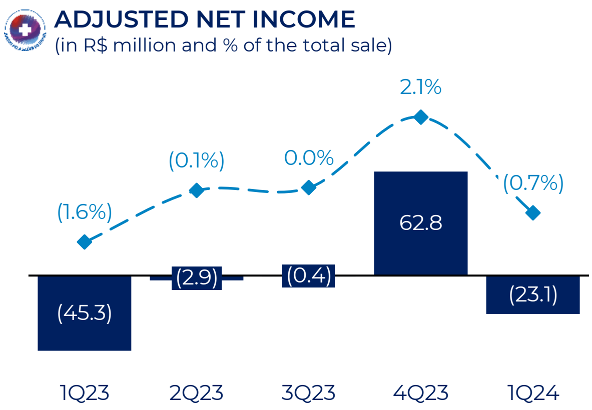
Deferred income tax in 1Q24 was R$ 27.5 million, down 58.2% compared to 1Q23. The decline is related to the tax losses recognition in the previous period, especially in the Extrafarma operation. We also recorded a drop in the volume of investment grants as a result of the changes implemented in the logistics network in the context of the Extrafarma integration. In 1Q23, grants were equivalent to 1.2% of gross revenue, while this percentage was reduced to 1.0% in 1Q24.

INCOME TAX
(R$ million and % of total sale)



ADJUSTED NET **INCOME**

In 1Q24, we recorded a negative adjusted net result of R$ 23.1 million. Despite the strong expansion of operating results in the quarter, the current level of financial results, still pressured by the indebtedness level and high interest rates, continue to affect the company's net result.



It is worth highlighting that the seasonality of the first quarter negatively impacts the net result in three ways: i) lower gross margin related to the sales mix and promotional calendar; ii) lower operational leverage, due to inflationary gap and fewer business days of sales; and iii) higher financial expenses, due to cash consumption in prior to the medicines price increase. Therefore, we can expect that results in the coming quarters will tend to be more positive.

ADJUSTED INCOME **RECONCILIATION**

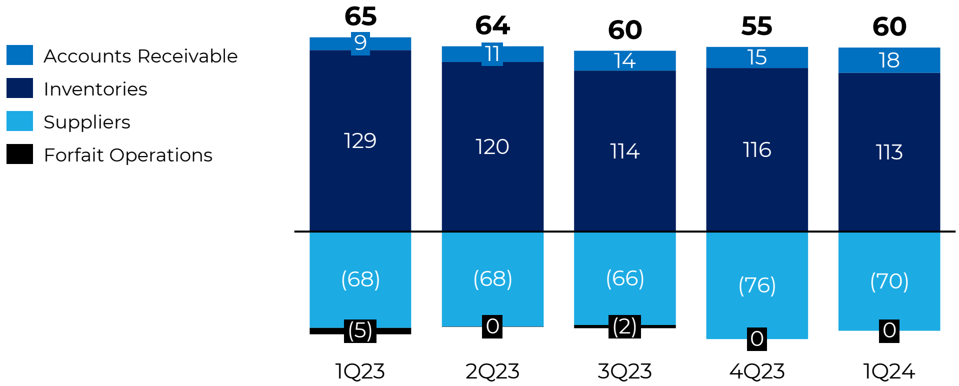
For a better understanding and comparability with previous periods, the results for the year were adjusted in order to exclude non-recurring events. We present below the details of the adjustments made, as well as their respective impacts on earnings. The complete reconciliation of the accounting and adjusted result is presented in Annex 3 of this release

Description of Adjustment	Net effect on consolidated result	
	1Q23	1Q24
Accounting net income - IFRS 16	**(62.8)**	**(36.9)**
IFRS 16 effects	10.0	6.4
Total - Management adjustments	7.5	7.3
(+/-) Write-off of property, plant and equipment	(5.6)	1.5
(+) Extrafarma acquisition extraordinary expenses	3.0	-
(+) Organizational restructuring	1.6	-
(+/-) Business combination	-	3.8
(+) Interest on installments payable in Extrafarma transaction	12.4	5.7
(+/-) Effect on IRPJ and CSLL taxes of adjustments	(3.9)	(3.7)
(+/-) Effect on minority interest of adjustments	-	0.0
Adjusted Net Income	**(45.3)**	**(23.1)**

CASH CYCLE

In 1Q24, the operating cash cycle reached 60 days, a reduction of 5 days compared to the same period of the previous year. In practice, the operational efficiency gain was even greater, as over the last 12 months we reduced the volume of receivables anticipations, causing the receivables term to rise from 9 to 18 days. The main driver for the reduction in capital employed is related to the significant decrease in inventory from 129 days in 1Q23 to 113 days in 1Q24. It is worth highlighting that we were at the most critical moment of logistics integration in 1Q23, which temporarily generated an excess inventory in the DCs involved in changes in the supply network, in addition to negative impacts on Extrafarma's sales.

CONSOLIDATED CASH CYCLE[3]
(in days of COGS and days of Gross Revenue)



Compared to 4Q23, there was an increase of 5 days in the cash cycle, with a lower suppliers term partially offset by a reduction in inventories. It is important highlight that, even with the traditional pre price increase inventory reinforcement, which was fully implemented according to our planning, productivity gains allowed a significant reduction in the inventory level for the quarter.

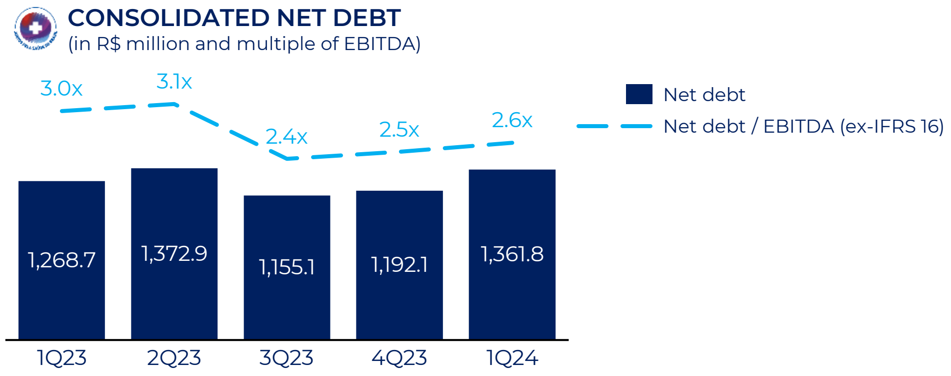
The inventory reduction effort is concentrated on 3 fronts: i) reduction in the volume of excess products (Extrafarma legacy inventory); ii) improvements to the product replacement algorithm; and iii) improvement in inventory turnover at Extrafarma stores, with growth in average sales per store.

The productivity gain at Extrafarma becomes clear when we analyze the gap in inventories turnover between brands. In 1Q23, Extrafarma stores operated with inventories term 30 days above the level of Pague Menos stores. In 1Q24, this gap was reduced to 9 days, even with initiatives to increase assortment and reduce stock out carried out throughout the integration.

INDEBTEDNESS

The debt level in 1Q24, measured by the net debt to adjusted EBITDA ratio, was 2.6x, accounting for a slight increase of 0.1x compared to 4Q23. The increase is related to the seasonality of the first quarter of the year, where there is traditionally operating cash consumption due to the greater need for working capital as a result of the pre-increase.

[3] The calculation of the Average Inventory Period and the Average Payment Period disregards the effects of the APV, commercial agreements and recoverable taxes.



The debt profile continues to evolve favorably, with lengthening of terms and reduction in financing costs. Considering the total gross debt recorded at the end of the quarter, 74% matures in the long term, with 40% after 2026. The weighted average spread, which at the end of 4Q23 was CDI + 2.19%, reduced to CDI + 1.97% in 1Q24. This change, coupled with the cycle of falling interest rates currently underway, should contribute to significant savings on debt service throughout the year.

With the expansion plan for the year practically completed in 1Q24, our cash generation from 2Q24 onwards will be directed towards reducing the indebtedness level, thus accelerating the ongoing financial deleveraging process.

INVESTMENTS

In 1Q24, the amount of R$ 12.1 million was disbursed in investments, 68% lower than the same period of the previous year. The decrease reflects the greater prioritization of cash preservation and the Company's financial deleveraging cycle.

It is important to highlight that, although we opened 29 new stores in the quarter, most of the Capex related to the openings was invested in the previous year, following the store construction schedule.

Capex (R$ million)	1Q23	%	1Q24	%
Expansion	20.0	53%	6.2	51%
Refurbishment of stores	6.6	17%	2.8	23%
Technology	5.4	14%	2.8	23%
Infrastructure of stores, DCs and offices	6.0	16%	0.4	3%
Total	**38.0**	**100%**	**12.1**	**100%**

CASH FLOW

The free cash flow recorded in 1Q24 was negative R$ 88.4 million, following the usual seasonality of cash consumption for the period.

Compared to the same period of the previous year, the reduction in free cash flow is explained by the change in the balance of accounts receivable, since we increased the volume of advance of receivables in 1Q23, generating cash, while in 1Q24 we recovered part of the balance, consuming cash. Excluding said effect, free cash flow was R$ 262.6 million better than the comparable period, combining an improvement in operating results, reduction in inventories and a slowdown in the volume of investments.

Management Cash Flow (R$ million)	1Q23	1Q24
Consolidated EBITDA (ex-IFRS 16)	**55.4**	**94.1**
(-) Gain from bargain purchase	-	1.3
(Δ) Accounts receivable	220.6	(113.1)
(Δ) Inventories	(15.0)	123.5
(Δ) Suppliers	0.8	(174.2)
(Δ) Drawee risk operations	(130.9)	-
(Δ) Recoverable taxes	(44.0)	(30.5)
(+/-) Change in other assets and liabilities/Non-cash effects	(66.2)	22.6
(=) Cash flow from operations	**20.8**	**(76.4)**
(-) Capital investments	(38.0)	(12.1)
(=) Cash flow from investments	**(38.0)**	**(12.1)**
Free cash flows	**(17.2)**	**(88.4)**
(+) Gross debt raised	123.1	-
(-) Gross debt payment	(58.2)	(47.6)
(-) Debt service	(75.1)	(54.2)
(-) Share repurchases / Payment of capital	68.6	115.4
(+) Dividends and interest on capital received (paid)	(79.1)	(136.0)
(=) Cash flow from financing	**(20.7)**	**(122.4)**
Opening balance of cash, equivalents and interest earning bank deposits	168.1	443.3
Closing balance of cash, equivalents and interest earning bank deposits	130.2	232.5
Changes in cash and cash equivalents	**(37.9)**	**(210.8)**

APPENDIX 1: **STATEMENT OF INCOME FOR THE YEAR**

IFRS 16 came into force on January 01, 2019, amending the accounting recognition model for lease contracts. To preserve historical comparability, we present below the reconciliation with the previous standard (IAS 17).

PAGUE MENOS CONSOLIDATED INCOME STATEMENT

Statement of income for the year (R$ million)	IAS 17			IFRS16		
	1Q23	1Q24	Δ	1Q23	1Q24	Δ
Gross Revenue	**2,813.2**	**3,095.1**	**10.0%**	**2,813.2**	**3,095.1**	**10.0%**
Deductions	(177.2)	(212.6)	20.0%	(177.2)	(212.6)	20.0%
Net revenue	**2,636.1**	**2,882.5**	**9.3%**	**2,636.1**	**2,882.5**	**9.3%**
Cost of goods sold	(1,818.6)	(1,978.9)	8.8%	(1,818.6)	(1,978.9)	8.8%
Gross Profit	**817.5**	**903.6**	**10.5%**	**817.5**	**903.6**	**10.5%**
Gross margin	*29.1%*	*29.2%*	*0,1p.p.*	*29.1%*	*29.2%*	*0,1p.p.*
Sales expenses	(674.8)	(717.7)	6.4%	(560.9)	(597.0)	6.4%
Contribution Margin	**142.6**	**185.9**	**30.3%**	**256.5**	**306.5**	**19.5%**
Contribution margin (%)	*5.1%*	*6.0%*	*0,9p.p.*	*9.1%*	*9.9%*	*0,8p.p.*
General and administrative expenses	(88.0)	(89.0)	1.1%	(88.0)	(89.0)	1.1%
Adjusted EBITDA	**54.6**	**96.9**	**77.4%**	**168.5**	**217.6**	**29.1%**
Adjusted EBITDA margin	*1.9%*	*3.1%*	*1,2p.p.*	*6.0%*	*7.0%*	*1,0p.p.*
Depreciation and amortization	(50.6)	(46.6)	(8.0%)	(132.3)	(127.5)	(3.6%)
Financial income (loss)	(115.0)	(101.0)	(12.2%)	(162.5)	(150.5)	(7.4%)
Income (loss) before income tax	**(111.1)**	**(50.7)**	**(54.4%)**	**(126.3)**	**(60.5)**	**(52.1%)**
Income tax and social contribution	65.7	27.5	(58.2%)	70.9	30.8	(56.6%)
Minority interest	0.1	0.1	9.7%	0.1	0.1	9.7%
Adjusted Net Profit	**(45.3)**	**(23.1)**	**(48.9%)**	**(55.3)**	**(29.6)**	**(46.5%)**
Adjusted net margin	*(1.6%)*	*(0.7%)*	*0,9p.p.*	*(2.0%)*	*(1.0%)*	*1,0p.p.*

APPENDIX 2: **BALANCE SHEET**

PAGUE MENOS CONSOLIDATED BALANCE SHEET

Statement of financial position (R$ million)	IFRS16		
	12/31/2023	03/31/2024	Δ
Total assets	**8,988.6**	**8,767.7**	**(2.5%)**
Current assets	**4,493.6**	**4,272.5**	**(4.9%)**
Cash and cash equivalents	443.3	232.5	(47.5%)
Trade accounts receivable	513.6	624.3	21.6%
Inventories	3,029.7	2,886.9	(4.7%)
Recoverable taxes	239.6	270.5	12.9%
Other current assets	267.4	258.2	(3.4%)
Non-current assets	**4,495.0**	**4,495.3**	**0.0%**
Non-current receivables	1,358.9	1,388.6	2.2%
Investments	80.0	79.0	(1.3%)
Property, plant and equipment	949.6	920.8	(3.0%)
Right-of-use in leases	1,912.0	1,920.2	0.4%
Intangible assets	194.5	186.7	(4.0%)
Total liabilities	**8,988.6**	**8,767.7**	**(2.5%)**
Current liabilities	**3,242.5**	**3,088.5**	**(4.8%)**
Social and labor charges	163.6	194.6	19.0%
Suppliers	1,936.2	1,749.3	(9.6%)
Forfait operations	0.0	0.0	-
Tax obligations	111.2	118.2	6.3%
Loans, financing and debentures	430.3	415.9	(3.3%)
Other liabilities	265.4	266.6	0.5%
Lease	335.9	343.9	2.4%
Non-current liabilities	**3,085.6**	**3,069.9**	**(0.5%)**
Loans, financing and debentures	1,205.1	1,178.4	(2.2%)
Deferred taxes	3.6	3.3	(6.6%)
Lease	1,786.0	1,798.6	0.7%
Provisions	79.1	77.8	(1.7%)
Other accounts payable	11.8	11.8	0.0%
Shareholders' equity	**2,660.5**	**2,609.4**	**(1.9%)**
Realized capital	1,604.8	1,721.9	7.3%
Capital reserves	383.6	381.6	(0.5%)
Profit reserves	681.5	537.3	(21.2%)
Treasury shares	(17.0)	(2.0)	(88.1%)
Retained earnings/losses	0.0	(36.9)	-
Non-controlling interest	7.5	7.4	(1.3%)

APPENDIX 3: **RECONCILIATION OF ADJUSTED INCOME (LOSS)**

Adjusted Financial Statement Reconciliation (R$ million)	1Q24 Book value (Pague Menos)	1Q24 Book value (Extrafarma)	Eliminations	1Q24 Book value (Consolidated)	Effects IFRS 16	Management adjustments	1Q24 Adjusted (Consolidated)
Gross Revenue	**2,661.0**	**983.5**	**(549.4)**	**3,095.1**	-	-	**3,095.1**
Deductions	(176.9)	(47.4)	11.7	(212.6)	-	-	(212.6)
Net revenue	**2,484.2**	**936.1**	**(537.8)**	**2,882.5**	-	-	**2,882.5**
Cost of goods sold	(1,748.4)	(768.3)	537.8	(1,978.9)	-	-	(1,978.9)
Gross Profit	**735.8**	**167.8**	**-**	**903.6**	-	-	**903.6**
Sales expenses	(483.4)	(115.1)	(1.3)	(599.8)	(120.7)	2.7	(717.7)
G&A expenses (ex-EP)	(76.7)	(14.0)	-	(90.8)	-	-	(90.8)
Equity in net income of subsidiaries	(12.4)	-	14.2	1.8	-	-	1.8
Depreciation and amortization	(96.7)	(30.8)	(1.5)	(129.0)	80.9	1.5	(46.6)
Operating income (loss)	**66.5**	**7.9**	**11.4**	**85.8**	**(39.8)**	**4.3**	**50.3**
Financial income (loss)	(132.7)	(23.6)	(1.0)	(157.3)	49.6	6.7	(101.0)
Income (loss) before income tax	**(66.2)**	**(15.7)**	**10.4**	**(71.5)**	**9.8**	**11.0**	**(50.7)**
Income tax and social contribution	29.3	5.2	-	34.5	(3.3)	(3.7)	27.5
Minority interest	-	-	0.1	0.1	-	0.0	0.1
Net income	**(36.9)**	**(10.5)**	**10.5**	**(36.9)**	**6.4**	**7.3**	**(23.1)**

APPENDIX 4: **EBITDA RECONCILIATION**

Reconciliation of EBITDA (R$ million)	*CONSOLIDATED* 1Q23	*CONSOLIDATED* 1Q24
Net income	**(62.8)**	**(36.9)**
(+) Net financial income (loss)	174.7	157.3
(+) Income tax and social contribution	(74.8)	(34.5)
(+) Depreciation and Amortization	132.3	129.0
(+) Minority interest	(0.1)	(0.1)
EBITDA (IFRS 16)	**169.3**	**214.8**
(+/-) IFRS 16 effects	(113.9)	(120.7)
(+/-) Management adjustments	(0.8)	2.7
Adjusted EBITDA (IAS 17)	**54.6**	**96.9**

APPENDIX 5: **STORE DISTRIBUTION BY STATE**

State / Region (# sotors)	1Q23	Organic Expansion	Closures	1Q24
Total	**1,647**	**45**	**38**	**1,654**
Northeast	**1,005**	**34**	**17**	**1,022**
Alagoas	37	2	-	39
Bahia	160	2	6	156
Ceará	283	8	7	284
Maranhão	133	5	-	138
Paraíba	63	5	-	68
Pernambuco	176	8	4	180
Piauí	43	-	-	43
Rio Grande do Norte	68	2	-	70
Sergipe	42	2	-	44
North	**249**	**1**	**7**	**243**
Acre	15	-	-	15
Amapá	18	-	-	18
Amazonas	21	-	-	21
Pará	151	-	6	145
Rondônia	13	-	-	13
Roraima	12	1	-	13
Tocantins	19	-	1	18
Southeast	**243**	**4**	**13**	**234**
Espírito Santo	24	-	-	24
Minas Gerais	68	3	-	71
Rio de Janeiro	18	-	3	15
São Paulo	133	1	10	124
Mid-West	**109**	**5**	**1**	**113**
Federal District	15	-	-	15
Goiás	29	-	-	29
Mato Grosso	35	4	-	39
Mato Grosso do Sul	30	1	1	30
South	**41**	**1**	**-**	**42**
Paraná	15	1	-	16
Rio Grande do Sul	7	-	-	7
Santa Catarina	19	-	-	19

EARNINGS VIDEOCONFERENCE
May 07, 2024
10:00 (BRT) | 09:00 (US-EST)
In Portuguese with simultaneous translation into English
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Empreendimentos Pague Menos S.A.

Balance sheet

Statements of financial position at March 31, 2024 and March 31, 2023

(Amounts stated in thousand of Reais)

		Parent Company		Consolidated	
Assets	Note	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Current					
Cash and cash equivalent	3	197,203	384,890	232,516	438,500
Marketable securities		0	4,808	0	4,808
Trade receivable	4	850,690	706,540	624,309	513,574
Inventories	5	2,153,022	2,250,727	2,886,881	3,029,712
Commercial agreements		147,267	165,809	182,879	213,505
Recoverable taxes	6	185,856	193,013	270,514	239,559
Prepaid expenses		22,754	7,260	29,328	9,630
Other		34,232	33,548	46,027	44,269
Total current asset		3,591,024	3,746,595	4,272,454	4,493,557
Non-current					
Long term achievable					
Financial investments		793	777	793	777
Recoverable taxes	6	600,177	553,427	746,299	748,573
Deferred taxes	7	402,216	372,928	556,847	522,318
Contingent assets		55,695	57,217	55,695	57,217
Legal deposits		24,809	25,223	28,937	30,038
Investments	9	981,364	996,609	78,952	79,995
Property, plant, and equipment	10	774,958	795,541	920,848	949,597
Intangible	11	90,106	94,835	186,712	194,488
Right of use	12	1,643,938	1,620,417	1,920,193	1,912,038
Total non-current asset		4,574,056	4,516,974	4,495,276	4,495,041
Total asset		8,165,080	8,263,569	8,767,730	8,988,598

Empreendimentos Pague Menos S.A.

Balance sheet

Statements of financial position at March 31, 2024 and March 31, 2023

(Amounts stated in thousand of Reais)

		Parent Company		Consolidated	
Liabilties	Note	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Current					
Trade payable	13	1,457,013	1,631,854	1,749,331	1,936,165
Loans, finance and debentures	14	415,936	430,286	415,936	430,286
Forfait Operations		0	0	0	0
Loans and financing		329,838	346,371	329,838	346,371
Debentures		86,098	83,915	86,098	83,915
Derivatives operations	14	6,148	5,209	6,148	5,209
Leases liabilities	15	263,805	265,512	343,901	335,946
Taxes and contribuition payables	16	81,826	71,129	118,181	111,180
Salaries and social charges		148,291	121,206	194,592	163,581
Other accounts payable		346,179	249,461	260,418	260,161
Total current liability		**2,719,198**	**2,774,657**	**3,088,507**	**3,242,528**
Non-current					
Loans, finance and debentures	14	1,178,371	1,205,139	1,178,371	1,205,139
Loans and financing		15,269	42,245	15,269	42,245
Debentures		1,163,102	1,162,894	1,163,102	1,162,894
Leases liabilities	15	1,581,629	1,545,330	1,798,605	1,785,975
Taxes and contribuition payables	16	3,338	3,573	3,338	3,573
Contingency provisions	17	13,112	12,876	22,057	21,872
Liability for indemnification	17	55,695	57,217	55,695	57,217
Other accounts payable		11,788	11,788	11,788	11,788
Total non-current liability		2,843,933	2,835,923	3,069,854	3,085,564
Total liability		**5,563,131**	**5,610,580**	**6,158,361**	**6,328,092**
Shareholders' equity	18				
Capital stock		1,721,858	1,604,848	1,721,858	1,604,848
Capital reserves		381,634	383,580	381,634	383,580
Profit reserves		537,347	681,529	537,347	681,529
Stocks in treasury		- 2,014	- 16,968	- 2,014	- 16,968
Accumulated earnings (losses)		- 36,876	-	- 36,876	-
Total shareholders' equity		**2,601,949**	**2,652,989**	**2,601,949**	**2,652,989**
Non-controlling interest		-	-	7,420	7,517
Total liability and shareholders' equity		**8,165,080**	**8,263,569**	**8,767,730**	**8,988,598**

Empreendimentos Pague Menos S.A.

Income statement

Period ended March 31, 2024

(In thousand Reais, except for the earnings per share)

Income statement	Note	Parent Company		Consolidated	
		03/31/2024	12/31/2023	03/31/2024	12/31/2023
Gross sales		2,661,038	2,376,666	3,095,062	2,813,224
Deductions		(176,856)	(155,635)	(212,562)	(192,853)
Net revenue	22	2,484,182	2,221,031	2,882,500	2,620,371
Cost of sales	23	(1,748,399)	(1,551,660)	-1,978,947	(1,802,952)
Gross profit		735,783	669,371	903,553	817,419
(Expenses) operating revenues		(669,245)	(624,634)	(817,769)	(780,375)
Other operating revenues		1,272	995	579	11,036
Sales expenses	23	(580,829)	(547,172)	(728,541)	(698,102)
General and administrative expenses	23	(76,523)	(69,582)	(90,555)	(94,490)
Equity in the results of investees		(12,424)	(8,330)	1,778	1,795
Other operating expenses		(741)	(545)	(1,030)	(614)
Result before net financial revenues (expenses) and taxes		66,538	44,737	85,784	37,044
Financial revenues	24	11,141	14,215	13,429	14,735
Financial expenses	24	(143,843)	(169,055)	(170,715)	(189,468)
Financial, net expenses		(132,702)	(154,840)	(157,286)	(174,733)
Result before taxes		(66,164)	(110,103)	-71,502	(137,689)
Income tax deferred	7	29,288	47,261	34,529	74,752
Net income		(36,876)	(62,842)	(36,973)	(62,937)
Attributable to Non-controlling interest		-	-	(97)	(95)
Attributable to Controlling shareholders		(36,876)	(62,842)	(36,876)	(62,842)
Earnings per share					
Basic and diluted share result (in R$)	20	- 0.0679	- 0.1416	- 0.0680	- 0.1418

Empreendimentos Pague Menos S.A.

Cash flow statements

Period ended March 31, 2024

(In thousand Reais, except for the earnings per share)

(Amounts stated in thousand of Reais)

	Parent Company		Consolidated	
Cash flow statements	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cash flows from operating activities				
Net profit (loss) from the fiscal year	-36,876	-62,842	-36,973	-62,937
Cash Generated from Operations				
Depreciation and amortization	96,717	95,859	129,023	132,256
Assets and liabilities present value adjustment	9,668	6,014	2,257	15,289
Interests on loans, financing, and debentures	47,881	45,688	47,881	45,688
Derivative financial instruments fair value changes	1,798	3,071	1,798	3,071
Exchange variation on loans and financing	841	- 1,301	841	- 1,301
Interests on lease with purchase option	42,990	38,882	50,584	47,482
Establishement (reversal) of contingency provisions	1,075	1,678	2,783	887
Equity accounting	12,424	8,330	-1,778	- 1,795
Deferred taxes	-29,288	- 47,261	-34,529	- 74,752
Appropriation of transaction costs in debts issuance	-2,271	-	-2,271	-
Provision for closure of shops	901	-	-554	
Residual value on write-down of fixed and intangible assets	2,367	355	3,183	3,890
Provision for bad and doubtful debts	4,411	-	3,856	82
Provision for losses in inventories	3,564	3,593	7,116	- 404
	156,202	92,066	173,217	107,456
Operating assets and liabilities variations				
Accounts receivable	-145,571	173,611	-113,119	220,638
Inventories	95,169	156,402	122,791	-14,959
Recoverable taxes	-41,437	-22,488	-30,548	-44,044
Other credits	18,859	-30,441	-62,982	-54,252
Prepaid expenses	-15,494	-12,261	-19,698	-14,872
Suppliers	-184,600	-182,309	-174,151	827
Taxes and contributions recoverable	10,462	-17,674	6,766	-8,259
Salaries and vacation payable	33,417	24,687	37,343	26,049
Other accounts payable	95,879	21,913	91,659	17,766
	-133,316	111,440	-141,939	128,894
Payment of loans - Interests	-8,614	-6,833	-8,614	-6,833
Payment of debentures - Interests	-34,519	-38,975	-34,519	-38,975
Payment of leases - Interests	-42,990	-38,882	-49,557	-47,482
	-86,123	-84,690	-92,690	-93,290
Net Cash Operating Activities	-63,237	118,816	-61,412	143,060
Cash flows from investment activities				
Acquisition in other investments	4,792	-255	4,792	-255
Dividends and Interest on Equity received	151	-	151	-
Acquisition of property, plant, and equipment	-9,062	-24,422	-10,252	-31,601
Acquisition of intangible	-1,822	-5,825	-1,822	-6,395
Net cash generated in investment activities	-5,941	-30,502	-7,131	-38,251
Cash flows from financing activities				
Loans and Financing	0	123,078	-	123,078
Payment of loans and financing	-47,566	-42,006	-47,566	-42,005
Payment of lease with purchase option	-50,447	-48,516	-69,379	-66,437
Dividends and interests over own capital paid	-21,341	-81901	-21,341	-81901
Dividends and Interest on Equity received	-	2,948	-	2,948
Issuance of debentures	-		-	
Payment of debentures	-	-16,239	-	-16,239
Derivative operations settlement	-	-130915	-	-130915
Capital increase	2,415	73780	2,415	73780
Funds from stock option granted	-		-	
Stocks in treasury	-1,570	-5,161	-1,570	-5,161
Net cash (used in) from financing activities	-118,509	-124,932	-137,441	-142,852
Increase (Decrease) of Cash and Equivalents	-187,687	-36,618	-205,984	-38,043
Decrease of cash and cash equivalent statements				
At the beginning of the fiscal year	384,890	153,139	438,500	163,742
At the end of the fiscal year	197,203	116,521	232,516	125,699
Decrease of Cash and Equivalents	-187,687	-36,618	-205,984	-38,043

Empreendimentos Pague Menos S.A.

Statements of changes in shareholders' equity

Period ended March 31, 2024 and 2023

(Amounts stated in thousand of Reais)

	Prepaid capital stock	Capital Reserve	Treasury Stocks	Retained Earnings	Accumulated profit and losses	Total	Non-controlling participation	Total shareholders' Equity
Balances on January 1, 2023	1,199,219	391,878	(20,993)	764,447	-	**2,334,551**	-	**2,334,551**
Capital transactions with the partners	-	73,780	3,716	-	-	**77,496**	-	**77,496**
					-	**-**		**-**
Stocks in treasury		-	3,716			**3,716**	-	**3,716**
Capital increase	-	73,780	-	-	-	**73,780**	**-**	**73,780**
Addition of non-controlling interests by business combination							**-**	**-**
Total Comprehensive Income	-	-	-	-	(62,842)	**(62,842)**	**(95)**	**(62,937)**
Net Income in the Period	-	-	-	-	(62,842)	**(62,842)**	**(95)**	**(62,937)**
Internal Changes of the shareholders' equity	-	(9,622)	-	(61,500)	-	**(71,122)**	-	(71,122)
Stocks granted	-	2,915	-	-	-	**2,915**	**-**	**2,915**
Restricted stocks plan	-	(12,537)	-	-	-	**(12,537)**	**-**	**(12,537)**
Interest on Shareholder's Equity – Additional	-			(61,500)	-	**(61,500)**	**-**	**(61,500)**
Balances on March 31, 2023	**1,199,219**	**456,036**	**(17,277)**	**702,947**	**(62,842)**	**2,278,083**	**(95)**	**2,277,988**
Balances on January 1, 2024	1,604,848	383,580	(16,968)	681,529	-	**2,652,989**	7,517	**2,660,506**
Capital transactions with the partners	**117,010**	**(1,946)**	**14,954**	**(144,182)**	-	**(14,164)**	**-**	**(14,164)**
Interest on Shareholder's Equity	-	-	-	(135,936)	-	**(135,936)**	-	**(135,936)**
Capital increase	117,010	-	-	-	-	**117,010**	-	**117,010**
Shares Granted	-	-	(1,570)	-	-	**(1,570)**	-	**(1,570)**
Restricted Stock Plan	-	(1,946)	8,278	-	-	**6,332**	-	**6,332**
Stocks in treasury	-	-	8,246	(8,246)	-	**-**	-	**-**
Adjustment value added of the business combination								**-**
Total Comprehensive Income	-	-	-	-	(36,876)	**(36,876)**	(97)	**(36,973)**
Net Income in the Period	-	-	-	-	(36,876)	**(36,876)**	**(97)**	**(36,973)**
Balances on March 31, 2024	**1,721,858**	**381,634**	**(2,014)**	**537,347**	**(36,876)**	**2,601,949**	**7,420**	**2,609,369**

Empreendimentos Pague Menos S.A.

Value added statement
Period ended March 31, 2024
(In thousand Reais)

	Parent Company		Consolidated	
Value added statement	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Revenues				
Sales of merchandises, products and services	2,634,269	2,351,445	3,068,206	2,776,086
Other revenues	1,272	973	295	7,481
	2,635,541	2,352,418	3,068,501	2,783,567
Inputs acquired from third parties (includes ICMS and IPI)				
Costs of sold merchandises, products and services	(1,490,847)	(1,423,746)	(1,671,668)	(1,657,560)
Third parties' materials, energy, services and others	(302,022)	(254,386)	(361,628)	(316,493)
	(1,792,869)	(1,678,132)	(2,033,296)	(1,974,053)
Gross added value	842,672	674,286	1,035,205	809,514
Depreciation and amortization	(96,717)	(95,859)	(129,024)	(132,256)
Net added value generated by Company	745,955	578,427	906,181	677,258
Added value received from transfer				
Equity pick-up	(12,424)	(8,330)	1,778	1,795
Financial income	13,413	12,298	15,701	12,818
Total added value to distribute	746,944	582,395	923,660	691,871
Added value distribution				
Personnel	296,081	265,264	371,510	338,918
Direct compensation	249,693	227,172	313,431	289,396
Benefits	28,147	21,651	34,652	28,434
FGTS	18,241	16,441	23,427	21,088
Taxes, Rates and Contributions	372,698	245,200	462,084	270,742
Federal	115,340	4,935	140,824	(18,441)
State	255,002	237,588	317,999	285,612
Municipal	2,356	2,677	3,261	3,571
Compensation of third parties capital	115,041	134,773	127,039	145,148
Interests	109,125	125,853	118,736	134,635
Rentals	5,916	8,920	8,303	10,513
Compensation of own capital	(36,876)	(62,842)	(36,973)	(62,937)
Profit (loss) of the year	(36,876)	(62,842)	(36,973)	(62,937)
Distributed added value	746,944	582,395	923,660	691,871

1. OPERATIONS

Empreendimentos Pague Menos S.A. ("Pague Menos" or "Company") is a publicly-traded corporation headquartered in the capital of Ceará, registered on the B3 S.A. - Brasil, Bolsa, Balcão exchange, in the Novo Mercado segment, trading under the ticker symbol PGMN3.

The Company and its subsidiary Imifarma Produtos Farmacêuticos e Cosméticos S.A., owner of the "Extrafarma" brand, (referred to jointly as "Consolidated" or "Group") are mainly engaged in the retail trade of medicines, perfumes, personal hygiene and beauty products, selling through 1,304 Pague Menos stores in 2024 (1,278 as of December 31, 2023) and 350 Extrafarma stores (355 as of December 31, 2023), distributed over every state in Brazil. The stores are supplied by ten distribution centers located in Ceará, Goiás, Pernambuco, Bahia, Minas Gerais, Rio Grande do Norte, São Paulo, Pará and Maranhão.

2. STATEMENT OF CONFORMITY AND BASIS OF PREPARATION OF QUARTERLY INFORMATION

2.1 Statement of conformity

The individual and consolidated quarterly information presented for the period ended March 31, 2024 was prepared in accordance with CPC 21 (R1) – Interim Financial Reporting, issued by the Accounting Pronouncement Committee (CPC), and in accordance with IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"), presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information and were authorized by the Company's Board of Directors on May 2, 2024.

The quarterly information was prepared to update users on material information presented in the period and should be analyzed in conjunction with the complete financial statements for the year ended December 31, 2023. In preparing this quarterly information, we adopted all the standards, reviews of standards, and interpretations issued by the CPC, the IASB, and regulatory bodies that were in force until March 31, 2024.

2.2 Materiality statement

We applied Technical Guideline OCPC 7 (R1) - Evidence in the Disclosure of Accounting and Financial Reports for General
Purposes and CVM Resolution 727/2014, meeting the minimum requirements and, at the same time, disclosing only relevant information that helps readers make decisions. Therefore, all relevant information used in the management of the business is evidenced in this quarterly information.

2.3 Basis of measurement

The basis of value for the measurements in this document is historical cost, except for the measurement of derivative financial instruments (swaps), which are measured at their fair values.

2.4 Functional and presentation currency

We present the interim quarterly information in reais, the Company's functional currency, with balances rounded to the nearest thousand, unless otherwise indicated.

2.5 Critical accounting judgment, estimates and assumptions

As the preparation of quarterly information requires Management to make assumptions and estimates related to the probability of future events, which affect the balances of assets and liabilities and other transactions, the actual results may differ from estimates.

Critical accounting estimates, which are essential to produce the best possible information on the results and financial position, even with the subjectivity, complexity and lack of precision, they have a significant impact on:

(Amounts expressed in thousands of reais)

- Estimated credit losses (Note 4)
- Estimated inventory losses (Note 5)
- Discount rate applied to present value adjustments (Note 4, Note 13)
- Realization of income tax and social contribution (Note 7)
- Impairment assessment of intangible assets with an indefinite useful life (Note 11)
- Provision for tax, civil and labor risks (Note 17)

2.6 Material accounting policies

The significant accounting policies adopted in the preparation of the individual and consolidated interim quarterly information are consistent with those adopted and disclosed under the Notes to the financial statements for the year ended December 31, 2023, which were disclosed as at March 04, 2024 and should be read together with this statement. No new standards, amendments, or interpretations were issued until March 31, 2024.

2.7 Consolidation basis

The consolidated interim financial information comprises the financial information of the Company and its subsidiary as of March 31, 2024. Investments are accounted for under the equity method.

		Ownership interest (%)	
	Country	**2024**	**2023**
Direct subsidiary:			
Imifarma Produtos Farmacêuticos e Cosméticos S.A. ("Extrafarma")	Brazil	**99.07%**	**99.07%**

The accounting practices adopted by the subsidiary were applied in a uniform and consistent manner with those adopted by the Company. When applicable, all transactions, balances, revenues and expenses between the subsidiary and the Company are fully eliminated in consolidated quarterly information.

3. CASH AND CASH EQUIVALENTS

			Parent Company		Consolidated	
	Index	**Weighted average rate p.a.**	**03/31/2024**	**12/31/2023**	**03/31/2024**	**12/31/2023**
Cash and banks			33,434	43,581	49,099	52,752
Cash equivalents			163,769	341,309	183,417	385,748
Repurchase agreements	CDI	95%	45,671	230,431	64,051	271,642
CDB	CDI	100%	113,294	108,554	113,294	108,554
Automatic investments			4,804	2,324	6,072	5,552
Total			**197,203**	**384,890**	**232,516**	**438,500**

Cash equivalents are invested in financial institutions with financial institutions with long-term rating in national scale classified as low credit risk and renowned solidity.

4. ACCOUNTS RECEIVABLE

4.1 Accounting policy

(Amounts expressed in thousands of reais)

Accounts receivable are recognized at the original sale price less share management fees, when applicable. When the Company identifies probable evidence that the amounts will not be received, an expected loss is recognized. Expected losses are recognized based on the difference between the book value and the recoverable value of the accounts receivable.

Forward sales were adjusted to present value, based on the weighted average cost of capital of 10.38% p.a. (10.18% in 2023). The adjustment to present value is offset against net sales revenue and its realization is recorded in the financial result when the term expires.

4.2 Breakdown

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Credit card companies	480,325	407,542	565,102	476,321
Agreements and partnerships (i)	49,845	30,802	62,254	39,403
Accounts receivable from subsidiary (Note 8.2)	323,773	270,668	-	-
Other receivable accounts	2,506	1,866	3,663	2,945
Subtotal	**856,449**	**710,878**	**631,019**	**518,669**
(-) Adjustment to present value	(4,180)	(3,242)	(4,832)	(3,700)
(-) Expected credit losses	(1,579)	(1,096)	(1,878)	(1,395)
	850,690	**706,540**	**624,309**	**513,574**

(i) They include the amounts receivable from the Ministry of Health for sales made under the Popular Pharmacy Program, as well as partnerships with delivery apps and balances with partner companies. The main objective of these agreements is to grant discounts, in addition to enable clients to pay for purchases through payroll deduction.

The balances of receivables by maturity are presented below, before the provision for expected credit losses and adjustment to present value:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Falling due	852,413	708,069	625,529	514,864
Overdue (days):				
01-30	1,023	250	2,325	1,398
31-90	618	923	654	939
91-180	410	462	440	481
>180	1,985	1,174	2,071	987
Total	**856,449**	**710,878**	**631,019**	**518,669**

The average term of accounts receivable is approximately 29 to 30 days (23 to 29 days on December 31, 2023), which is considered to be part of the normal and inherent conditions of the Company's operations.

Changes in expected credit losses:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Opening balance	(1,096)	(249)	(1,395)	(393)
Additions	(483)	(1,158)	(483)	(1,314)
Reversals	-	311	-	312
Closing balance	**(1,579)**	**(1,096)**	**(1,878)**	**(1,395)**

5. INVENTORIES

5.1 Accounting policy

(Amounts expressed in thousands of reais)

Inventories are presented at the lower value between the cost and net realizable value. Inventories are valued using the weighted average cost method. The net realizable value is the sales price estimated for the normal course of business, less the expenses required for sale. Inventory balances are shown net of expected losses.

5.2 Breakdown

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Goods for resale	2,137,182	2,234,511	2,864,196	3,007,339
Materials for use and consumption	15,840	16,216	22,685	22,373
	2,153,022	**2,250,727**	**2,886,881**	**3,029,712**

The changes in expected inventory losses are shown below:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Opening balance	(34,349)	(28,428)	(48,523)	(38,365)
Additions	(5,798)	(5,921)	(9,568)	(10,158)
Reversals	1,547	-	2,452	-
Closing balance	**(38,600)**	**(34,349)**	**(55,639)**	**(48,523)**

6. RECOVERABLE TAXES

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
ICMS (i)	580,774	578,071	754,488	760,113
PIS and COFINS (ii)	196,842	160,856	252,747	219,397
WITHHOLDING INCOME TAX (IRRF)	4,368	3,624	4,457	3,661
Other	4,049	3,889	5,121	4,961
	786,033	**746,440**	**1,016,813**	**988,132**
Current	185,856	193,013	270,514	239,559
Non-current	600,177	553,427	746,299	748,573

(i) Credit arising from the normal ICMS calculation regime and balances relating to reimbursement of non-final ICMS ST, where the presumed tax bases were higher than the actual ones. The amounts are administratively offset after meeting the requirements defined by each State.

(ii) The balance refers mainly to the amounts relating to the exclusion of ICMS from the PIS and COFINS calculation basis. The credits were authorized by the Brazilian Federal Revenue Service and are in the process of administrative offsetting. Furthermore, the Company recognizes credits arising from the non-cumulative-e regime arising from the acquisition of goods, acquisition of services and inputs considered relevant and essential to the trade of products and provision of services.

7. DEFERRED TAXES

7.1 Accounting policy

(Amounts expressed in thousands of reais)

Deferred income tax and social contribution were calculated based on the rates in force, which are 25% and 9%, respectively. The amounts are recognized based on the expectation of future taxable profits, supported by internal projections based on assumptions and future economic scenarios. Results may differ from estimates if projected conditions are not confirmed. The book value of deferred taxes is reviewed at each balance sheet date and adjusted if the expectation of their realization changes. Deferred taxes are recognized in the statement of income according to the origin of the transaction.

7.2 Breakdown of deferred taxes

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Deferred tax assets on tax loss	351,551	344,686	464,767	454,027
Lease - right-of-use	(558,938)	(550,941)	(651,301)	(648,566)
Lease – lease liabilities	627,447	615,686	732,018	725,964
Provision for realization of inventories	13,124	11,679	18,917	16,498
Expected credit losses	6,899	6,190	13,163	12,608
Impairment of goodwill in associated company	6,543	6,543	6,543	6,543
Provision for legal risks	4,458	4,378	7,350	7,287
Adjustment to present value	5,025	1,737	4348	(693)
Profit sharing	3,742	3,539	3,993	3,868
Provision for closing of stores	959	959	1,948	2,443
Interest capitalization	(9,877)	(10,096)	(9,877)	(10,096)
Gain from bargain purchase	(82,485)	(83,791)	(82,485)	(83,791)
Derivative financial instruments	2,090	1,771	2,090	1,771
Other provisions	31,678	20,588	45,373	34,455
Total	**402,216**	**372,928**	**556,847**	**522,318**

7.3 The expected realization of deferred taxes

According to the projections made, deferred tax balances will be recovered in the following schedule.

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
2024	478	-	1,987	3,111
2025	13,232	9,960	18,061	16,351
2026	26,735	20,682	33,982	29,036
2027	41,504	27,995	50,845	37,472
>2028	320,267	314,291	451,972	436,348
	402,216	**372,928**	**556,847**	**522,318**

7.4 Effective rate reconciliation

Parent Company		Consolidated	
03/31/2024	03/31/2023	03/31/2024	03/31/2023

(Amounts expressed in thousands of reais)

Income (loss) before income tax and social contribution	**(66,164)**	**(110,103)**	**(71,501)**	**(137,689)**
Combined statutory rate	34%	34%	34%	34%
IR/CSLL at combined statutory rate	**22,496**	**37,435**	**24,310**	**46,814**
Permanent (additions) exclusions:				
Other permanent additions	(401)	(259)	(499)	245
Investment grant	10,113	9,304	10,113	9,304
Equity in net income of subsidiaries	(4,224)	(2,832)	605	611
Interest on own capital	1,304	-	-	-
Tax loss from prior periods	-	3,613	-	18,268
IR/CSLL on income (loss)	**29,288**	**47,261**	**34,529**	**74,752**
Effective rate	**44.3%**	**42.9%**	**48.3%**	**54.3%**

The Company assessed the impacts of IFRIC 23 (ITG 22) - Uncertainty over Income Tax treatments, concluding that its effects are not material to date.

8. RELATED PARTIES

The main financial, commercial, and operational transactions between the Parent Company, its Subsidiary, and other related parties are as follows:

8.1 Context

- **Purchase and sale of goods:** the Parent Company carries out commercial operations with the subsidiary Imifarma Produtos Farmacêuticos e Cosméticos S.A., which owns the Extrafarma brand, to supply stores throughout the country.
- **Lease of properties:** The rents of the properties owned by the related parties Renda Participações S.A., Dupar Participações S.A., Madajur Investimentos, and Prospar Participações S.A. and where the stores operate are calculated on the monthly turnover of the stores. Properties occupied by the administration and distribution centers are defined as fixed amounts.
- **Purchase of private label goods:** The main purpose of Biomatika Indústria e Comércio de Produtos Naturais S.A., a company belonging to the same controlling shareholders as the Company, is the manufacture of cosmetics, perfumery, and personal care products, and it is responsible for the production of part of its private label products.
- **Cargo transportation:** L'auto Cargo Transportes Rodoviário S.A., a company belonging to the same controlling shareholders of the Company, carries out road transportation of goods. All freight transport contracts go through a quotation process and the best technical (service level) and commercial proposal is selected.
- **Management of health benefits** – E-Pharma PBM do Brasil S.A., an investee of the Company, provides management services for agreements and partnerships and intermediation of payment methods.
- **Guarantees:** transactions in which related parties provide guarantees and sureties in real estate lease agreements and/or guarantees in financing and loan agreements, as follows:

Guarantor's related party	**03/31/2024**	**12/31/2023**
Guarantee/surety and joint debtor (Note 14)	11,247	13,132
Individuals (shareholders)	3,657	4,507

(Amounts expressed in thousands of reais)

Guarantor's related party	03/31/2024	12/31/2023
Dupar Participações S.A.	7,590	8,625
Real estate	52,183	52,183
Dupar Participações S.A.	52,183	52,183

8.2 Balances with related companies

		Parent Company			
		03/31/2024		12/31/2023	
Related parties	Nature of the operation	Equity balance	Transacted amount	Equity balance	Transacted amount
Accounts receivable					
Extrafarma (Note 4.2)	Sale of goods	323,773	120,041	277,800	318,949
e-Pharma	Sale of goods	910	2,110	411	6,866
Suppliers					
Biomatika	Purchase of products	(1,039)	(2,680)	(1,622)	(10,269)
L'auto	Freight of goods	(6,754)	(27,820)	(7,022)	(113,386)
Extrafarma (Note 13.1)	Purchases of goods	(331,944)	(428,515)	(320,435)	(1,269,883)
Leases					
Renda Participações S.A.	Property Rental	(886)	(2,563)	(850)	(10,042)
Dupar Participações	Property Rental	(5,051)	(14,848)	(11,041)	(69,828)
Madajur Investimentos	Property Rental	(1,526)	(4,431)	(494)	(7,599)
Prospar Participações	Property Rental	(156)	(441)	(153)	(1,800)
Total		**(22,673)**	**(359,147)**	**(63,406)**	**(1,156,992)**

		Consolidated			
		03/31/2024		12/31/2023	
Related parties	Nature of the operation	Equity balance	Transacted amount	Equity balance	Transacted amount
Accounts receivable					
e-Pharma	Sale of goods	1,843	2,303	356	8,320
Other accounts receivable					
L'auto	Sale of property, plant and equipment	5,836	-	6,884	9,741
Suppliers					
Biomatika	Purchase of products	(2,040)	(4,079)	(558)	(14,808)
L'auto	Freight of goods	(8,844)	(33,666)	(8,129)	(132,692)
Leases					
Renda Participações S.A.	Property Rental	(886)	(2,563)	(850)	(10,042)
Dupar Participações S.A.	Property Rental	(5,051)	(14,848)	(11,041)	(69,828)
Madajur Investimentos	Property Rental	(1,526)	(4,431)	(494)	(7,599)
Prospar Participações S.A.	Property Rental	(156)	(441)	(153)	(1,800)
Total		**(10,824)**	**(57,725)**	**(13,985)**	**(218,708)**

8.3 Management remuneration

(Amounts expressed in thousands of reais)

The management remuneration totaled R$ 6,118 in the quarter ended March 31, 2024 (R$ 7,824 as of 03/31/2023). Remuneration paid or payable for rendered service is as follows:

	03/31/2024	03/31/2023
Fixed remuneration	2,593	3,434
Bonuses and restricted shares	3,525	4,390
	6,118	**7,824**

The Company does not have a post-employment benefit policy. Moreover, since 2020, the Company implemented a share-based compensation program, as disclosed in Note 19.

9. INVESTMENTS

9.1 Breakdown of the balance

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Investment in subsidiary:				
Extrafarma:				
% Interest in investee's shareholders' equity	99.07%	99.07%		
Interest in investee's shareholders' equity	790,414	800,781	-	-
Surplus of acquired assets (net)	111,998	115,833	-	-
	902,412	916,614	-	-
Investment in associated company:				
E-Pharma PBM do Brasil S.A.				
% Interest in investee's shareholders' equity	26.12%	26.12%		
Interest in investee's shareholders' equity	16,357	17,400	16,357	17,400
Goodwill on acquisition of investment (e-Pharma)	81,838	81,838	81,838	81,838
(-) Impairment losses of goodwill	(19,243)	(19,243)	(19,243)	(19,243)
	78,952	79,995	78,952	79,995
	981,364	**996,609**	**78,952**	**79,995**

9.2 Changes in the balance

	12/31/2023	Equity in net income of subsidiaries	Dividends and interest on own capital received	03/31/2024
Extrafarma	916,614	(14,202)	-	902,412
e-Pharma	79,995	1,778	(2,821)	78,952
Total	**996,609**	**(12,424)**	**(2,821)**	**981,364**

	12/31/2022	Equity in net income of subsidiaries	Dividends and interest on own capital received	12/31/2023
Extrafarma	899,223	(10,125)	-	916,614
e-Pharma	76,284	1,795	(2,948)	79,995
Total	**975,507**	**(8,330)**	**(2,948)**	**996,609**

9.3 Investment in subsidiary – Extrafarma's summary financial information

(Amounts expressed in thousands of reais)

	03/31/2024	12/31/2023
Investee's shareholders' equity	797,834	808,298
Adjustment to fair value of acquired assets/liabilities:		
Brand	80,594	80,594
Surplus of property, plant and equipment	17,224	18,404
Lease	15,232	17,922
Adjusted shareholders' equity at fair value	910,884	925,218
Interest – %	99.07%	99.07%
Investment amount	902,412	916,614

	03/31/2024	12/31/2023
Income (loss) for the period	(10,463)	23,976
% of interest	99.07%	99.07%
Investee's profit sharing	(10,366)	23,753
(-) Depreciation/amortization of surplus of assets and liabilities	(2,564)	(25,222)
(-) Adjustment to the value of bargain purchase	-	22,781
(-) Income (loss) from sale of assets	(1,272)	(3,921)
Equity in net income of subsidiaries	(14,202)	17,391

10. PROPERTY, PLANT AND EQUIPMENT

10.1 Book value of property, plant and equipment

		Parent Company					
		03/31/2024			12/31/2023		
	Rate p.a.	Cost	Accumulated depreciation	Net balance	Cost	Accumulated depreciation	Net balance
Works in progress	-	11,174	-	11,174	43,419	-	43,419
Leasehold improvements	(i)	1,135,936	(553,575)	582,361	1,102,439	(535,602)	566,837
Facilities	10%	111,638	(70,228)	41,410	111,281	(67,796)	43,485
Machinery and equipment	10%	132,256	(86,792)	45,464	130,080	(84,290)	45,790
Furniture and fixtures	10%	168,401	(83,777)	84,624	165,885	(80,015)	85,870
IT equipment	20%	74,005	(61,260)	12,745	73,016	(60,055)	12,961
Provision for closing of stores		(2,820)	-	(2,820)	(2,821)	-	(2,821)
		1,630,590	**(855,632)**	**774,958**	**1,623,299**	**(827,758)**	**795,541**

(i) The depreciation of improvements is calculated according to the term of each lease, which varies between 5 and 30 years, reaching an average depreciation rate of 8.9% p.a. (8.9% on December 31, 2023).

Consolidated

(Amounts expressed in thousands of reais)

		03/31/2024			12/31/2023		
	Rate p.a.	Cost	Accumulated depreciation	Net balance	Cost	Accumulated depreciation	Net balance
Works in progress	-	11,174	-	11,174	43,419	-	43,419
Leasehold improvements	(i)	1,406,745	(751,779)	654,966	1,375,210	(730,186)	645,024
Facilities	10%	111,676	(70,229)	41,447	111,288	(67,797)	43,491
Machinery and equipment	10%	175,274	(110,698)	64,576	172,204	(107,447)	64,757
Furniture and fixtures	10%	300,726	(163,395)	137,331	298,615	(156,866)	141,749
Vehicles	20%	1,952	(1,570)	382	4,119	(3,172)	947
IT equipment	20%	129,802	(113,102)	16,700	128,833	(111,439)	17,394
Provision for closing of stores		(5,728)	-	(5,728)	(7,184)	-	(7,184)
		2,131,621	**(1,210,773)**	**920,848**	**2,126,504**	**(1,176,907)**	**949,597**

10.2 Changes in property, plant and equipment in the quarter ended March 31, 2024

	Parent Company					
	12/31/2023	Additions	Write-offs	Depreciation	Transfers	03/31/2024
Leasehold improvements	566,837	5,615	(2,616)	(18,451)	30,976	582,361
Facilities	43,485	76	(18)	(2,440)	307	41,410
Machinery and equipment	45,790	1,354	(1)	(2,503)	824	45,464
Furniture and fixtures	85,870	2,181	-	(3,765)	338	84,624
IT equipment	12,961	1,005	-	(1,221)	-	12,745
Works in progress	43,419	200	-	-	(32,445)	11,174
Provision for closing of stores	(2,821)	902	(901)	-	-	(2,820)
Total	**795,541**	**11,333**	**(3,536)**	**(28,380)**	**-**	**774,958**

	Consolidated					
	12/31/2023	Additions	Write-offs	Depreciation	Transfers	03/31/2024
Leasehold improvements	645,024	5,879	(3,031)	(23,882)	30,976	654,966
Facilities	43,491	108	(18)	(2,441)	307	41,447
Machinery and equipment	64,757	2,248	(1)	(3,252)	824	64,576
Furniture and fixtures	141,749	2,181	(137)	(6,800)	338	137,331
IT equipment	17,394	1,005	(1)	(1,698)	-	16,700
Works in progress	43,419	200	-	-	(32,445)	11,174
Provision for closing of stores	(7,184)	2,357	(901)	-	-	(5,728)
Vehicles	947	0	(550)	(15)	-	382
Total	**949,597**	**13,978**	**(4,639)**	**(38,088)**	**-**	**920,848**

10.3 Changes in property, plant and equipment in the year ended December 31, 2023

	Parent Company					
	12/31/2022	Additions	Write-offs	Depreciation	Transfers (i)	12/31/2023
Leasehold improvements	584,807	38,034	(10,586)	(73,484)	28,066	566,837
Facilities	49,966	548	(899)	(9,711)	3,581	43,485
Machinery and equipment	47,048	8,010	(44)	(9,670)	446	45,790
Furniture and fixtures	90,011	8,617	(88)	(14,975)	2,305	85,870
IT equipment	16,433	812	(37)	(5,150)	903	12,961
Works in progress	45,995	38,345	-	-	(40,921)	43,419
Provision for closing of stores	(4,889)	-	2,068	-	-	(2,821)
Total	**829,371**	**94,366**	**(9,586)**	**(112,990)**	**(5,620)**	**795,541**

Consolidated

(Amounts expressed in thousands of reais)

	12/31/2022	Additions	Write-offs	Depreciation	Adjustment at fair value (ii)	Transfers (i)	12/31/2023
Leasehold improvements	686,640	50,870	(16,137)	(96,882)	(8,048)	28,581	645,024
Facilities	49,966	555	(899)	(9,712)	-	3,581	43,491
Machinery and equipment	66,502	10,747	(121)	(12,920)	103	446	64,757
Furniture and fixtures	161,836	10,518	(2,919)	(30,107)	116	2,305	141,749
IT equipment	24,499	1,177	(362)	(8,824)	1	903	17,394
Works in progress	46,510	38,345	-	-	-	(41,436)	43,419
Provision for closing of stores	(4,889)	(7,864)	5,569	-	-	-	(7,184)
Vehicles	13,774	-	(7,482)	(5,636)	291	-	947
Total	**1,044,838**	**104,348**	**(22,351)**	**(164,081)**	**(7,537)**	**(5,620)**	**949,597**

(i) The residual values of transfers refer to reclassifications between intangible assets and property, plant and equipment.

(ii) Refers to the adjustment of added value identified in assets acquired in a business combination, proportional to the percentage of equity interest of the parent company, corresponding to 99.07%.

10.4 Provision for closing of store

The Company recognized a provision for closing stores of R$ 2,820 (R$ 2,821 as of December 31, 2023) in the parent company, and of R$ 5,728 (R$ 7,184 as of December 31, 2023) in the consolidated, whose analysis considers the individual results of the stores and expected recovery of investments. Stores that do not have sufficient results to recover the investment are subject to the recognition of a provision for closing their operations.

11. INTANGIBLE ASSETS

11.1 Book value of intangible assets

		Parent Company					
		03/31/2024			12/31/2023		
	Rate p.a.	Cost	Accumulated amortization	Net balance	Cost	Accumulated amortization	Net balance
Brands	(i)	4,289	-	4,289	4,289	-	4,289
Goodwill	(ii)	19,118	(18,331)	787	19,118	(18,228)	890
Software	20%	175,961	(91,954)	84,007	173,210	(85,554)	87,656
Websites	10%	262	(77)	185	262	(77)	185
Intangible asset in progress	-	838	-	838	1,815	-	1,815
		200,468	**(110,362)**	**90,106**	**198,694**	**(103,859)**	**94,835**

		Consolidated					
		03/31/2024			12/31/2023		
	Rate p.a.	Cost	Accumulated amortization	Net balance	Cost	Accumulated amortization	Net balance
Brands	(i)	84,133	-	84,133	84,133	-	84,133
Goodwill	(ii)	19,118	(18,331)	787	19,118	(18,228)	890
Software	20%	323,850	(223,081)	100,769	321,099	(213,634)	107,465
Websites	10%	262	(77)	185	262	(77)	185
Intangible asset in progress	-	838	-	838	1,815	-	1,815
		428,201	**(241,489)**	**186,712**	**426,427**	**(231,939)**	**194,488**

(i) Balance related to the cost of acquisition of trademarks. As it is an intangible asset with an indefinite useful life, the Company assesses the asset's recoverability annually. Estimates indicate that the recoverable value of the asset is greater than its book value and no loss is expected. In the consolidated, it contains the brand identified in the business combination with Extrafarma acquired for R$ 80,594.

(Amounts expressed in thousands of reais)

(ii) The amortization of goodwill is calculated over the term of each store rental agreement, which varies between 5 and 30 years, arriving at an average rate of amortization of 8.9% p.a.

11.2 Changes in intangible assets in the quarter ended March 31, 2024

	Parent Company					
	12/31/2023	Additions	Write-offs	Amortization	Transfers	03/31/2024
Brands	4,289	-	-	-	-	4,289
Goodwill	890	-	-	(103)	-	787
Software	87,656	984	(43)	(6,405)	1,815	84,007
Websites	185	-	-	-	-	185
Intangible asset in progress	1,815	838	-	-	(1,815)	838
Total	**94,835**	**1,822**	**(43)**	**(6,508)**	**-**	**90,106**

	Consolidated					
	12/31/2023	Additions	Write-offs	Amortization	Transfers	03/31/2024
Brands	84,133	-	-	-	-	84,133
Goodwill	890	-	-	(103)	-	787
Software	107,465	984	(43)	(9,452)	1,815	100,769
Websites	185	-	-	-	-	185
Intangible asset in progress	1,815	838	-	-	(1,815)	838
Total	**194,488**	**1,822**	**(43)**	**(9,555)**	**-**	**186,712**

11.3 Changes in intangible assets in the year ended December 31, 2023

	Parent Company					
	12/31/2022	Additions	Write-offs	Amortization	Transfers (i)	12/31/2023
Brands	4,289	-	-	-	-	4,289
Goodwill	1,567	-	(11)	(666)	-	890
Software	89,590	11,530	(352)	(24,669)	11,557	87,656
Websites	50	-	(10)	-	145	185
Intangible asset in progress	6,084	1,813	-	-	(6,082)	1,815
Total	**101,580**	**13,343**	**(373)**	**(25,335)**	**5,620**	**94,835**

Consolidated

(Amounts expressed in thousands of reais)

	12/31/2022	Additions	Write-offs	Amortization	Transfers (i)	12/31/2023
Brands	84,883	-	(750)	-	-	84,133
Goodwill	1,567	-	(11)	(666)	-	890
Software	127,620	12,159	(352)	(43,519)	11,557	107,465
Websites	50	-	(10)	-	145	185
Intangible asset in progress	6,084	1,813	-	-	(6,082)	1,815
Total	**220,204**	**13,972**	**(1,123)**	**(44,185)**	**5,620**	**194,488**

(i) The residual values of transfers refer to reclassifications between intangible assets and property, plant and equipment.

12. RIGHT-OF-USE

The CPC 06 (R2)/IFRS 16 standard requires that for all lease agreements within the scope of the standard - except those falling within the exemptions - lessees recognize the liabilities assumed against the respective right-of-use assets.

12.1 Accounting policy

We opted to use the practical expedient for transition and not consider the initial costs in the measurement of the right-of-use asset, which corresponds to the initial value of the lease liability plus the initial direct costs incurred, maintaining the value of the initial lease liability. Depreciation is calculated under the straight-line method according to the remaining term of contracts.

12.2 Breakdown of right-of-use

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Real estate	1,540,441	1,558,524	1,816,696	1,850,145
IT equipment	74,998	31,923	74,998	31,923
Machinery and equipment	28,499	29,970	28,499	29,970
	1,643,938	**1,620,417**	**1,920,193**	**1,912,038**

12.3 Changes in the right of use in the quarter ended March 31, 2024

	Parent Company			
	Real estate	IT equipment	Machinery and equipment	Total
Balances at January 01, 2024	1,558,524	31,923	29,970	1,620,417
Additions and remeasurements	37,933	51,418	1,925	91,276
Write-offs	(3,410)	(2,213)	(303)	(5,926)
Depreciation	(52,606)	(6,130)	(3,093)	(61,829)
Balances at March 31, 2024	**1,540,441**	**74,998**	**28,499**	**1,643,938**

Consolidated

(Amounts expressed in thousands of reais)

	Real estate	IT equipment	Machinery and equipment	Total
Balances at January 01, 2024	1,850,145	31,923	29,970	1,912,038
Additions and remeasurements	48,382	51,418	1,925	101,725
Write-offs	(10,156)	(2,213)	(303)	(12,672)
Depreciation	(71,675)	(6,130)	(3,093)	(80,898)
Balances at March 31, 2024	**1,816,696**	**74,998**	**28,499**	**1,920,193**

12.4 Changes in the right-of-use in the year ended December 31, 2023

	Parent Company			
	Real estate	IT equipment	Machinery and equipment	Total
Balances at January 1, 2023	1,662,610	62,955	12,434	1,737,999
Additions and remeasurements	120,751	2	28,969	149,722
Write-offs	(15,642)	(3,565)	(125)	(19,332)
Depreciation	(209,195)	(27,469)	(11,308)	(247,972)
Balances at December 31, 2023	**1,558,524**	**31,923**	**29,970**	**1,620,417**

	Consolidated			
	Real estate	IT equipment	Machinery and equipment	Total
Balances at January 1, 2023	1,979,065	62,955	12,434	2,054,454
Additions and remeasurements	221,947	2	28,969	250,918
Write-offs	(66,660)	(3,565)	(125)	(70,350)
Depreciation	(284,207)	(27,469)	(11,308)	(322,984)
Balances at December 31, 2023	**1,850,145**	**31,923**	**29,970**	**1,912,038**

13. SUPPLIERS

13.1 Breakdown

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Suppliers	1,152,661	1,348,769	1,794,484	1,995,072
Suppliers – Parent Company (Note 8.2)	331,944	320,435	-	-
Adjustment to present value (i)	(27,592)	(37,350)	(45,153)	(58,907)
Total	**1,457,013**	**1,631,854**	**1,749,331**	**1,936,165**

i) Suppliers' balances are adjusted to present value considering an average payment period of between 85 and 90 days (81 and 92 days on December 31, 2023) and an average funding rate of 10.38% p.a. (10.18% p.a. on December 31, 2023). The balancing entry of the adjustment to present value is the inventories account, and is recognized in the statement of income in the cost of goods sold account upon sale. The recomposition of the balance of liabilities related to interest over time is recognized as financial expenses.

(Amounts expressed in thousands of reais)

14. LOANS, FINANCING, DEBENTURES AND DERIVATIVES

14.1 Accounting policy

We recognize at fair value upon receipt and then measure at amortized cost as provided for in the agreement (plus charges, interest calculated at the effective rate, inflation adjustments, exchange-rate changes and amortization incurred up to the balance sheet dates).

The working capital loan balance, Bacen Law 4131, is measured at fair value, reflecting current market expectations of future values, using the discounted cash flow valuation technique (conversion of future cash flows into a single value).

14.2 Breakdown of loans, financing, debentures and derivatives

			Parent Company and Consolidated	
Bank	**Type**	**Average interest rate**	**03/31/2024**	**12/31/2023**
Loans – in domestic currency				
Banco do Brasil	Working capital	115% CDI	33,443	33,192
Banco do Brasil	Working capital	120% CDI	37,152	35,929
Santander	Working capital	CDI + 1.69% p.a.	60,794	81,141
Santander	Working capital	CDI + 2.65% p.a.	80,166	100,224
Loans - in foreign currency				
Banco Itaú (i)	4131 – EUR	EUR + 6.31% p.a.	99,038	96,985
			310,593	**347,471**
Financing				
Banco do Brasil	FCO	4.12% p.a.	7,594	8,628
Banco do Nordeste do Brasil	FNE	TLP_IPCA + 2.18%	3,607	4,429
Bradesco	FINAME	TLP IPCA + 8.77%	23,312	29,895
			34,513	**42,952**
Debentures and commercial notes				
6th Issue of Debentures	Unsecured	CDI + 1.75%	104,578	101,417
6th Issue of Debentures	Unsecured	CDI + 2.20%	366,236	354,819
7th Issue of Debentures	Unsecured	CDI + 1.70%	510,159	529,093
BTG	1st issue of commercial note	CDI + 2.23% p.a.	156,921	151,940
BRADESCO	1st issue of commercial note	CDI + 2.30% p.a.	111,307	107,733
			1,249,201	**1,245,002**
Total loans, financing and debentures			**1,594,307**	**1,635,425**
Current			415,936	430,286
Non-current			1,178,371	1,205,139
Financial instruments Swap Itaú x EUR (i)			6,148	5,209
Total loans, financing, debentures and derivatives			**1,600,455**	**1,640,634**

(Amounts expressed in thousands of reais)

(i) The Company raised these funds in foreign currency in the modality "4131", exempt from the IOF tax. In order to protect the foreign exchange exposure of these operations, the Company contracted swaps with the same term, rate and value, with a cost of CDI + 2.38% p.a.

14.3 Changes in balance of loans, financing, debentures and derivatives

	Parent Company and Consolidated	
	03/31/2024	12/31/2023
Opening balances	1,640,634	1,574,270
Borrowings and financing	-	583,678
Forfait operations	-	(241,331)
Interest incurred	47,881	210,562
Amortization of principal	(47,566)	(278,144)
Amortization of interest	(43,133)	(206,444)
Exchange-rate changes	841	(7,094)
Adjustment to present value – Forfait risk	-	3,410
Changes in the amount of financial liabilities measured at fair value	939	4,346
Appropriation to income (loss) from transaction costs	859	(2,619)
Closing balances	**1,600,455**	**1,640,634**

14.4 Debentures' characteristics

The 6th issue of simple debentures was realized on November 5, 2021 in the amount of R$ 450,000, with the first series being remunerated by the variation of CDI +1.75% p.a. maturing on November 5, 2026, and the second series being remunerated by the variation of CDI + 2.20% p.a. maturing on November 5, 2028. The 7th issue was realized on July 15, 2022 in the amount of R$ 500,000, maturing on July 15, 2026 being remunerated by the variation of CDI +1.70% p.a.

Issues are "non-convertible" into shares, unsecured, with additional personal guarantee for public distribution with restricted placement efforts, under the terms of the Instruction 476 of the Brazilian Securities and Exchange Commission ("CVM"). The debentures do not have renegotiation clauses. The funds raised were used to reinforce working capital.

14.5 Schedule of disbursement for loans, financing, and debentures

	03/31/2024	12/31/2023
01/01/2025–12/31/2025	540,992	567,760
01/01/2026–12/31/2026	288,237	288,237
01/01/2027–12/31/2028	349,142	349,143
Total	**1,178,371**	**1,205,139**

(Amounts expressed in thousands of reais)

14.6 Guarantees

	03/31/2024	12/31/2023
Surety/guarantee (Related parties - Note 8)	11,247	13,132
Lien of credit rights	18,185	17,901
Bank guarantees	12,000	12,000
Real estate (Related parties – Note 8)	52,183	52,183
	93,615	**95,216**

14.7 Covenants

The financial ratios and limits are verified quarterly based on the Company's quarterly information until full payment of the amounts owed. As of March 31, 2024, these ratios were within the contractually defined limits.

15. LEASE LIABILITIES

15.1 Accounting policy

Of the contracts covered by CPC 06 (R2)/IFRS 16, only the fixed minimum rent is considered a lease component to assess liability. The measurement of the lease liability corresponds to the total future payments of fixed rents (gross of taxes), discounted at an incremental interest rate. The nominal discount rate corresponds to the average borrowing rates.

15.2 Breakdown of leases payable

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Real estate	1,737,361	1,745,797	2,034,433	2,056,876
IT equipment	78,522	34,418	78,522	34,418
Machinery and equipment	29,551	30,627	29,551	30,627
	1,845,434	**1,810,842**	**2,142,506**	**2,121,921**

15.3 Changes in lease payable in the quarter ended March 31, 2024

	Parent Company			
	Real estate	IT equipment	Machinery and equipment	Total
Balances at January 01, 2024	1,745,797	34,418	30,627	1,810,842
Additions and remeasurements	37,933	51,418	1,925	91,276
Write-offs	(3,755)	(2,171)	(311)	(6,237)
Interest incurred	39,075	2,757	1,158	42,990
Payments	(81,689)	(7,900)	(3,848)	(93,437)
Balances at March 31, 2024	**1,737,361**	**78,522**	**29,551**	**1,845,434**
Current	226,831	25,040	11,934	263,805
Non-current	1,510,530	53,482	17,617	1,581,629

	Consolidated			
	Real estate	IT equipment	Machinery and	Total

			equipment	
Balances at January 01, 2024	2,056,876	34,418	30,627	2,121,921
Additions and remeasurements	48,382	51,418	1,925	101,725
Write-offs	(10,306)	(2,171)	(311)	(12,788)
Interest incurred	46,668	2,757	1,158	50,583
Payments	(107,187)	(7,900)	(3,848)	(118,935)
Balances at March 31, 2024	**2,034,433**	**78,522**	**29,551**	**2,142,506**
Current	306,927	25,040	11,934	343,901
Non-current	1,727,506	53,482	17,617	1,798,605

15.4 Changes in lease payable for the year ended December 31, 2023

	Parent Company			
	Real estate	IT equipment	Machinery and equipment	Total
Balances at January 1, 2023	1,809,370	67,027	13,400	1,889,797
Additions and remeasurements	120,751	2	28,969	149,722
Write-offs	(17,345)	(3,565)	(137)	(21,047)
Interest incurred	152,784	4,944	2,285	160,013
Payments	(319,763)	(33,990)	(13,890)	(367,643)
Balances at December 31, 2023	**1,745,797**	**34,418**	**30,627**	**1,810,842**
Current	222,825	31,001	11,686	265,512
Non-current	1,522,972	3,417	18,941	1,545,330

	Consolidated			
	Real estate	IT equipment	Machinery and equipment	Total
Balances at January 1, 2023	2,159,066	67,027	13,400	2,239,493
Additions and remeasurements	221,947	2	28,969	250,918
Write-offs	(105,041)	(3,565)	(137)	(108,743)
Interest incurred	201,372	4,944	2,285	208,601
Payments	(420,468)	(33,990)	(13,890)	(468,348)
Balances at December 31, 2023	2,056,876	34,418	30,627	2,121,921
Current	293,259	31,001	11,686	335,946
Non-current	1,763,617	3,417	18,941	1,785,975

15.5 Maturity schedule of lease liabilities

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
01–02 years	246,331	274,038	318,390	359,240
02–05 years	530,200	706,296	646,759	835,025
>05 years	805,098	564,996	833,456	591,710
Total	**1,581,629**	**1,545,330**	**1,798,605**	**1,785,975**

15.6 Potential PIS and COFINS credit

The Company has the right to PIS and COFINS credits in rental contracts recorded in accordance with

(Amounts expressed in thousands of reais)

NBC TG 06 (R3)/ CPC 06 upon their payment. The potential of these tax credits is presented below. Some real estate rental lease agreements do not generate the right to PIS and COFINS credits, as they are signed with individual lessors. Therefore, this credit is now allowed by tax legislation.

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Lease consideration	1,889,357	2,027,663	2,151,897	2,303,842
Potential PIS/COFINS (9.25%)	174,766	187,559	199,050	213,105

15.7 Flows considering inflation and nominal rates

In accordance with CVM/SNC/SEP Circular Letter No. 02/2019, the Company adopted the requirements of NBC TG 06 (R2)/CPC 06 in the measurement and remeasurement of its right-of-use, and started using the discounted cash flow technique, not considering the inflation. Aiming to safeguard the reliable representation of the information in face of the requirements of NBC TG 06 (R2)/CPC 06 and to meet the guidelines of the Brazilian Securities and Exchange Commission (CVM) technical areas, the balances of liabilities are provided without inflation (actual flow x nominal rate), and the estimate of inflated balances are provided in comparison periods (nominal flow x nominal rate).

	Parent Company			
	Actual flow		Inflation updated flow	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Real estate	1,737,361	1,745,797	1,663,349	1,690,281
IT equipment	78,522	34,418	81,608	36,008
Machinery and equipment	29,551	30,627	30,712	32,042
Total	**1,845,434**	**1,810,842**	**1,775,669**	**1,758,331**

	Consolidated			
	Actual flow		Inflation updated flow	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Real estate	2,034,433	2,070,143	1,947,766	2,004,313
IT equipment	78,522	34,418	81,608	36,008
Machinery and equipment	29,551	30,627	30,712	32,042
Total	**2,142,506**	**2,135,188**	**2,060,086**	**2,072,363**

16. TAXES PAYABLE

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
ICMS	53,970	40,952	73,273	61,990
INSS/FGTS	19,242	22,382	32,397	36,026
ISS	4,426	4,250	4,676	4,478
PERT	4,557	5,554	4,557	5,554

(Amounts expressed in thousands of reais)

Withholding taxes	1,909	629	5,495	5,636
Other	1,060	935	1,121	1,069
Total	**85,164**	**74,702**	**121,519**	**114,753**
Current	81,826	71,129	118,181	111,180
Non-current	3,338	3,573	3,338	3,573

17. PROVISION FOR LEGAL DISPUTES AND JUDICIAL DEPOSITS

17.1 Balance of provision for lawsuits

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Administrative	1,069	887	1,069	887
Civil	3,292	3,229	4,091	3,983
Labor	8,272	8,342	11,575	11,741
Tax	479	418	5,322	5,261
Provision for contingencies	13,112	12,876	22,057	21,872
Contingent liabilities in business combination	55,695	57,217	55,695	57,217

Provision for civil lawsuits is formed by lawsuits with individual amounts that are pulverized and arise mainly from moral and/or material damages that occurred in two situations: consumer relations and the occurrence of robberies inside our stores.

Provision for labor claims is formed by lawsuits whose individual amounts are also pulverized and basically refer to severance payments, related to overtime or salary differences and which may impact adjustments in other amounts, such as vacation pay, FGTS and prior notice.

The provision for tax claims is principally related to accounting discussions and the respective calculation of ICMS tax substitution related to operations carried out in the state of Ceará.

Contingent liabilities in business combinations correspond to the fair value adjustment of Extrafarma's contingent liabilities on the date of the business combination. As these are contingent liabilities prior to the acquisition of the Subsidiary, the contract provides that any disbursements will be indemnified by the seller, so that the Company has an indemnifiable asset recorded in the same amount as the balance of the provision for contingent liabilities in a business combination.

17.2 Changes in lawsuits in the quarter ended March 31, 2024

	Parent Company				
	12/31/2023	Addition s	Reversal	Payments	03/31/2024
Administrative	887	296	(7)	(107)	1,069
Civil	3,229	214	(12)	(139)	3,292

(Amounts expressed in thousands of reais)

Labor	8,342	2,029	(7)	(2,092)	8,272
Tax	418	85	-	(24)	5,322
Contingent liabilities in business combination (i)	57,217	-	(1,522)	-	55,695
Total	**70,093**	**2,623**	**(1,548)**	**(2,361)**	**68,807**

	Consolidated				
	12/31/2023	Additions	Reversal	Payments	03/31/2024
Administrative	887	296	(7)	(107)	1,069
Civil	3,983	467	(21)	(338)	4,091
Labor	11,741	3,608	(123)	(3,651)	11,575
Tax	5,261	85	-	(24)	5,322
Contingent liabilities in business combination (i)	57,217	-	(1,522)	-	55,695
Total	**79,089**	**4,456**	**(1,673)**	**(4,120)**	**77,752**

(i) According to the agreement, the selling shareholders agreed to indemnify the Company, limited to 75% of the acquisition price, for losses resulting from existing contingencies, whose the triggering events occurred up to the closing date. To this end, the Company formed a provision for contingent liabilities in the business combination as a contra entry to an indemnity asset, equivalent to the fair value of the indemnified liability, as above.

17.3 Changes in lawsuits in the year ended December 31, 2023

	Parent Company				
	12/31/2022	Additions	Reversal	Payments	12/31/2023
Administrative	766	555	(55)	(379)	887
Civil	3,349	1,014	(199)	(935)	3,229
Labor	11,674	5,575	(61)	(8,846)	8,342
Tax	302	344	(15)	(213)	418
Contingent liabilities in business combination (i)	63,706	-	(6,489)	-	57,217
Total	**79,797**	**7,488**	**(6,819)**	**(10,373)**	**70,093**

	Consolidated				
	12/31/2022	Additions	Reversal	Payments	12/31/2023
Administrative	766	555	(55)	(379)	887
Civil	3,802	2,221	(348)	(1,692)	3,983
Labor	17,460	7,242	(227)	(12,734)	11,741
Tax	5,178	367	(55)	(229)	5,261
Contingent liabilities in business combination (i)	63,706	-	(6,489)	-	57,217
Total	**90,912**	**10,385**	**(7,174)**	**(15,034)**	**79,089**

(Amounts expressed in thousands of reais)

(i) According to the agreement, the selling shareholders agreed to indemnify the Company, limited to 75% of the acquisition price, for losses resulting from existing contingencies, whose the triggering events occurred up to the closing date. To this end, the Company formed a provision for contingent liabilities in the business combination as a contra entry to an indemnity asset, equivalent to the fair value of the indemnified liability, as above.

17.4 Contingent liabilities – Risk of possible loss

On March 31, 2024, the Company was party to lawsuits classified by management, supported by the opinion of its legal advisors, with a possible risk totaling R$ 452,988 (R$ 440,622 on December 31, 2023) in the Parent Company and R$ 561,470 (R$ 550,534 on 12/31/2023) in the Consolidated, of which R$ 57,217 are contingent liabilities assumed in a business combination.

The nature and estimate are shown below:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Administrative	12,314	9,255	12,314	9,255
Civil	7,464	7,967	21,059	21,548
Labor	77,752	75,407	92,749	91,866
Tax	355,458	347,993	435,348	427,865
Total	**452,988**	**440,622**	**561,470**	**550,534**

Tax: These refer to notifications, mostly tax related, of debit entries which in the opinion of the Company and its legal advisors, are devoid of factual basis, therefore having strong possibilities of annulment, among which we describe the principal cases:

i) Annulment suit of ICMS debits (parent company)

Action for annulment seeking the cancellation of the tax assessment notice totaling R$ 101,398 on March 31, 2024 (R$ 99,512 on December 31, 2023), which was drawn up to demand amounts of ICMS resulting from the accounting of credits in amounts higher than those highlighted in the invoices of products purchased, intended for sale, which, according to the auditors, would have (in the opinion of the tax authorities) caused an omission of payment of ICMS in the period from March 2014 to December 2018.

ii) PIS and COFINS credits on inputs (parent company)

Notice of infraction served in December 2020 totaling R$ 146,782 on March 31, 2024 (R$ 144,138 on December 31, 2023), requiring amounts due for PIS and COFINS arising from tax credits recorded in the period from December 2015 to December 2016, related to expenses with goods and services used as inputs for consumption (examples: cleaning services, card administration fees, freight, among others), in which the Federal Revenue Service, based on the restrictive interpretation of art. 3, item II, of Laws 10.637/02 and 10.833/03 and due to the fact that the Company's activity is retail trade, does not understand this to be possible.

Labor: These refer to claims arising from severance pay that, in the Company's opinion, were fully settled at the time of termination, thus generating confidence in their inadmissibility.

Administrative: These refer to notifications originating in procedures adopted at the branches, which are, in the majority of cases, mere misunderstandings in the interpretation of the rule.

(Amounts expressed in thousands of reais)

Civil: These refer to moral and/or material damages, in the opinion of the plaintiff, suffered inside our stores. As the Company's policy is of service to and total respect for the consuming public, it is understood that the interpretation is unfounded.

17.5 Judicial deposits

As of March 31, 2024 and December 31, 2023, the Company had the following amounts of judicial deposits for which there were no corresponding provision:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Administrative	101	100	101	100
Civil	10,284	11,539	11,212	12,549
Labor	11,965	12,099	15,083	15,379
Tax	2,459	1,485	2,541	2,009
Total	24,809	**25,223**	28,937	**30,038**

18. SHAREHOLDERS' EQUITY

18.1 Capital

	03/31/2024	12/31/2023
Paid-up capital	1,764,549	1,647,539
(-) Costs with issue of shares	(42,691)	(42,691)
Total	**1,721,858**	**1,604,848**

The evolution of capital and paid-up shares is shown below:

	Number of shares	Amount
Balance at January 01, 2023	**443,781,062**	**1,241,689**
Capital increase approved on 04/04/2023	20,049,023	73,780
Capital increase approved on 09/29/2023	77,950,375	332,070
Balance at December 31, 2023	**541,780,460**	**1,647,539**
Capital increase approved on 03/27/2024	39,935,179	117,010
Balance at March 31, 2024	**581,715,639**	**1,764,549**

18.2 Capital reserve

	03/31/2024	12/31/2023
Goodwill in the issue of shares (i)	386,650	386,650
Cost for the issue of shares (ii)	(11,390)	(11,390)
Restricted stock option plan (iii)	6,044	7,989
Treasury shares (Note 18.4)	(2,014)	(16,967)
Merger reserve	330	330
Total	**379,620**	**366,612**

i. In accordance with the Investment Agreement between the Company and General Atlantic Brasil Investimentos S.A., a goodwill reserve was established upon the issuance of shares in the amount of R$ 397,357, and in 2017 and 2018 a reversal of R$ 6,527 and R$ 4,180 was made, respectively, due to indemnities paid to the subscribing shareholders.
ii. Amount referring to the cost of R$ 11,390 for the issuance of new shares in the investment operation by General Atlantic Brasil Investimentos S.A. in 2015.
iii. In 2020, the creation of a Restricted Stock Plan was approved, the details of that plan and the grants assigned are disclosed in Note 19.

18.3 Profit reserves

The Legal reserve is formed at the rate of 5% of net income calculated each fiscal year up to the limit of 20% of the capital, after the allocation of tax incentive reserve.

The tax incentive reserve is recorded from the portion of profit arising from investment grants received by the Company, as detailed in Note 21 – Government grants.

18.4 Treasury shares

On December 9, 2020, the Company's Board of Directors approved the opening of a Repurchase Program for up to 1,100,000 common shares. Additionally, on December 1, 2021, a new Repurchase Program for up to 2,000,000 shares was approved, ending on March 1, 2022 and on August 1, 2022, a new Repurchase Program for up to 5,000,000 shares, lasting 6 months, ending on February 1, 2023, was approved. Finally, a Repurchase Program of up to 5,000,000 shares was approved, starting on October 3, 2023 and ending on April 03, 2024.

Under these Programs, the Company acquired from the launch date up to the closing date, the amount of 8,849,400 common shares with a total value of R$ 53,713, at an average cost of R$ 6.07, of which 472,775 shares remain in treasury at an average cost of R$ 4.26, totaling the amount of R$ 2,013.

19. LONG-TERM INCENTIVE WITH RESTRICTED SHARES

The Long-Term Incentive Plan with Restricted Shares ("Restricted Shares Plan") of the Company was approved at an Extraordinary General Meeting held on April 25, 2023 with the objective of the granting of restricted shares to participants selected by the Board of Directors, with a view to: (i) attract and retain Company's high-level directors, managers and employees; (ii) grant the participants the opportunity to become shareholders of the Company, obtaining, as a result, a greater alignment of their interests with the interests of the Company; and (iii) develop the Company's corporate purposes and the shareholders' interests. During the term of the Restricted Share Plan, shares representing up to 1.5% of the Company's capital may be delivered to the participants. The balance of Restricted Stock Plan on March 31, 2024 is R$ 6,044 (R$ 7,989, on December 31, 2023).

On June 02, 2023, the Board of Directors approved, within the scope of the Restricted Shares Plan, the following Share Grant Programs:

i. Restricted stock option plans ("Regular Program"): the Participant will be entitled to receive, in accordance with the terms and conditions provided for in the Grant Agreement, a total target amount corresponding to his/her gross monthly salary multiplied by the multiple of salaries applicable to his/her respective position, which will be settled in cash and/or Restricted Shares, conditioned on the Participant's continued presence as an administrator or employee of the Company throughout the Program effectiveness;
ii. Performance Shares Program: the Participant will be entitled to receive, in accordance with the terms and conditions provided for in the Grant Agreement, a total target amount corresponding to his/her gross monthly salary multiplied by the multiple of salaries applicable to his/her

(Amounts expressed in thousands of reais)

respective position, which will be settled in cash and/or Restricted Shares, conditioned on the Company achieving the performance targets established according to the metrics provided for in the Program;

iii. Matching Shares Program: the Participant will be entitled to receive a matching value corresponding to the portion of his/her net annual bonus used in the acquisition of common shares issued by the Company, which will be settled in Restricted Shares, subject to the terms and conditions provided for in the Program.

The Board of Directors is responsible for selecting the Directors, independent Board of Directors members, managers and high-level employees of the Company, in whose behalf the Company grants one or more common, registered, book-entry shares without par value, issued by the Company and subject to the restrictions provided for in the Restricted Share Plan, program and/or in the respective grant agreement.

20. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the quarters ended March 31, 2024, and 2023, is shown below:

	03/31/2024	03/31/2023
Net income attributable to controlling shareholders	(36,876)	(62,842)
Weighted number of shares, net of treasury shares (thousand)	543,975	443,781
Potential increase in shares due to the subscription bonus (thousand)	25,983	-
Earnings per share – R$	(0.0679)	(0.1416)
Diluted earnings per share - R$	(0.0647)	(0.1416)

21. GOVERNMENT GRANTS

The Company has special tax regimes, related to the ICMS tax, granted by the States of Ceará, Goiás, Pernambuco, and Bahia, which result in a reduction of tax burden in those States, in return for several commitments assumed by the Company. The Company has consistently met these requirements.

The Company recognized in its results for the quarter ended March 31, 2024, as a reduction in the cost of goods sold totaling R$ 29,745 (R$ 27,366 in 2023).

The amounts calculated as government grants are treated as tax incentives and properly allocated to the tax incentive reserve annually.

22. NET OPERATING REVENUE

22.1 Accounting policy

Revenues are recorded at the amount of consideration the Company expects to receive in exchange for the goods and services provided to the clients. In the consolidated, revenues between related parties are eliminated.

(Amounts expressed in thousands of reais)

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Sale of goods	2,651,481	2,367,189	3,084,453	2,803,535
Services rendered	9,557	9,477	10,609	9,689
Gross revenue	2,661,038	2,376,666	3,095,062	2,813,224
Sales taxes	(150,735)	(136,700)	(180,959)	(170,992)
Refunds and rebates	(16,530)	(14,052)	(19,734)	(16,572)
Adjustment to present value	(9,591)	(4,883)	(11,869)	(5,289)
Sales deductions	(176,856)	(155,635)	(212,562)	(192,853)
Net revenue	**2,484,182**	**2,221,031**	**2,882,500**	**2,620,371**

23. COSTS AND EXPENSES

Classified by account:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cost of goods sold	(1,748,399)	(1,551,660)	(1,978,947)	(1,802,952)
Sales expenses	(580,829)	(547,172)	(728,541)	(698,102)
General and administrative expenses	(76,523)	(69,582)	(90,555)	(94,490)
Total costs and expenses	**(2,405,751)**	**(2,168,414)**	**(2,798,043)**	**(2,595,544)**

Classified by nature:

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Acquisition cost of goods	(1,748,399)	(1,551,660)	(1,978,947)	(1,802,952)
Personnel expenses	(357,687)	(365,108)	(451,121)	(453,829)
Expenses with occupation	(14,376)	(17,714)	(17,219)	(22,346)
General expenses	(188,572)	(138,073)	(221,733)	(184,161)
Depreciation and amortization	(96,717)	(95,859)	(129,023)	(132,256)
Total costs and expenses	**(2,405,751)**	**(2,168,414)**	**(2,798,043)**	**(2,595,544)**

(Amounts expressed in thousands of reais)

24. FINANCIAL INCOME (LOSS)

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Financial revenues				
Revenues from interest earning bank deposits	2,337	2,167	2,540	2,194
Adjustment to fair value of derivative instruments	-	779	-	779
Adjustment to present value	8,653	8,701	10,738	9,182
Exchange-rate change	147	2,330	147	2,330
Other financial revenues	4	238	4	250
Total financial revenue	**11,141**	**14,215**	**13,429**	**14,735**
Financial expenses				
Accrued interest	(52,881)	(56,816)	(53,005)	(56,816)
Lease interest	(42,990)	(38,881)	(49,555)	(47,481)
Interest from advance of receivables	(9,203)	(24,673)	(11,099)	(29,297)
Adjustment to fair value derivative instruments	(939)	(3,849)	(939)	(3,849)
Adjustment to present value	(35,186)	(39,619)	(53,456)	(46,569)
Exchange-rate change	(840)	(1,029)	(840)	(1,029)
Other financial expenses	(1,804)	(4,188)	(1,821)	(4,428)
Total financial expense	**(143,843)**	**(169,055)**	**(170,715)**	**(189,468)**
Financial income (loss)	**(132,702)**	**(154,840)**	**(157,286)**	**(174,733)**

25. FINANCIAL INSTRUMENTS

25.1 Financial instruments by category

	Parent Company		
	Amortized cost	Fair value	Total
Financial assets			
Cash and cash equivalents	197,203	-	197,203
Interest earning bank deposits	793	-	793
Trade accounts receivable	850,690	-	850,690
Financial liabilities			
Suppliers	(1,457,013)	-	(1,457,013)
Loans and financing	(345,107)	-	(345,107)
Debentures and commercial notes	(1,249,200)	-	(1,249,200)
Lease liabilities	(1,845,434)	-	(1,845,434)
Derivative financial instruments (Swaps)	-	(6,148)	(6,148)
Balance at March 31, 2024	**(3,848,068)**	**(6,148)**	**(3,854,216)**

(Amounts expressed in thousands of reais)

	Consolidated		
	Amortized cost	Fair value	Total
Financial assets			
Cash and cash equivalents	232,516	-	232,516
Interest earning bank deposits	793	-	793
Trade accounts receivable	624,309	-	624,309
Financial liabilities			
Suppliers	(1,749,331)	-	(1,749,331)
Loans and financing	(345,107)	-	(345,107)
Debentures and commercial notes	(1,249,200)	-	(1,249,200)
Lease liabilities	(2,142,506)	-	(2,142,506)
Derivative financial instruments (Swaps)		(6,148)	(6,148)
Balance at March 31, 2024	**(4,628,526)**	**(6,148)**	**(4,634,674)**

	Parent Company		
	Amortized cost	Fair value	Total
Financial assets			
Cash and cash equivalents	384,890	-	384,890
Interest earning bank deposits	5,585	-	5,585
Trade accounts receivable	711,872	-	711,872
Financial liabilities			
Suppliers	(1,631,854)	-	(1,631,854)
Loans and financing	(390,423)	-	(390,423)
Debentures	(1,245,002)	-	(1,245,002)
Lease liabilities	(1,810,842)	-	(1,810,842)
Derivative financial instruments (Swaps)	-	(5,209)	(5,209)
Balance at December 31, 2023	**(3,975,774)**	**(5,209)**	**(3,980,983)**

	Consolidated		
	Amortized cost	Fair value	Total
Financial assets			
Cash and cash equivalents	438,500	-	438,500
Interest earning bank deposits	5,585	-	5,585
Trade accounts receivable	513,573	-	513,573
Financial liabilities			
Suppliers	(1,936,165)	-	(1,936,165)
Loans and financing	(390,423)	-	(390,423)
Debentures	(1,245,002)	-	(1,245,002)
Lease liabilities	(2,135,188)	-	(2,135,188)
Derivative financial instruments (Swaps)	-	(5,209)	(5,209)
Balance at December 31, 2023	**(4,749,120)**	**(5,209)**	**(4,754,329)**

25.2 Fair value hierarchy

The following table presents the financial instruments whose values were recorded at fair value and their respective hierarchies.

(Amounts expressed in thousands of reais)

	03/31/2024		
Description	**Level 1**	**Level 2**	**Level 3**
Derivative financial instruments (liability balance of foreign currency swaps)	-	6,148	-

	12/31/2023		
Description	**Level 1**	**Level 2**	**Level 3**
Derivative financial instruments (liability balance of foreign currency swaps)	-	5,209	-

Different levels were defined as follows:

Level 1 - Prices quoted in active markets for identical assets and liabilities;
Level 2- Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices);
Level 3 - Assumptions, for assets or liabilities, which are not based on observable market data (non-observable inputs).

25.3 Measurement of fair value

Valuation techniques used in the measurement of Level 2 and 3 fair values, as well as significant non-observable inputs used are detailed below:

Derivative financial instruments measured at fair value through profit or loss

To hedge its obligations indexed to the US dollar against exchange rate fluctuations, swap operations were carried out to convert debts indexed to the USD into CDI.

The fair value of these liabilities is based on the discount of estimated future cash flows based on the conditions and maturity of each contract and using the exchange rate plus a spread, which is obtained by means of quotes with financial institutions, reflecting any change in the Company's risk scenario during the discounted period.

The gains and losses of these contracts are directly related to exchange rate fluctuations (euro in 2023 and dollar in 2022) and the CDI, being recorded in the results for the period, in the “revenues and expenses with derivative financial instruments”.

25.4 FINANCIAL RISK FRAMEWORK AND MANAGEMENT

25.5 Credit risk

Credit risk is the risk of the Company incurring losses on clients or counterparties in a financial instrument, resulting from failure in complying with contract obligations.

The Company is exposed to credit risk for cash and cash equivalents, accounts receivable with credit card administrators and derivative instruments.

Cash and cash equivalents, interest earning bank deposits, and derivative instruments.

The Company has balances receivable from financial institutions related to cash and cash equivalents and interest earning bank deposits totaling R$ 197,996 and R$ 233,309, parent company and consolidated, respectively (R$ 390,475 and R$ 444,085 on December 31, 2023). Credit risk with financial institutions is administered by the Company’s Treasury department in accordance with the policy established. These funds are scattered in certain financial institutions to minimize risk concentration and, therefore, mitigate financial losses in case of possible default of a counterparty.

(Amounts expressed in thousands of reais)

Accounts receivable from credit card companies

For accounts receivable balances, credit risk is mitigated by the fact that a large portion of the Company's sales is made using the credit card as the payment method, which is substantially guaranteed by the credit card companies. He balance receivable from clients is diversified, with no individual material amounts.

Considering possible risk arising from transfer from credit card companies, this is controlled through a rigorous daily process of reconciliation between billings and receipts.

The balances of debit and credit cards companies' receivable by maturity age are shown as follows:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Falling due (days)				
01–30	153,520	106,986	188,371	120,251
31–60	158,499	154,840	179,157	184,600
61–90	94,584	80,011	111,115	94,369
>90	73,722	65,705	86,459	77,100
Total	**480,325**	**407,542**	**565,102**	**476,320**

There are no overdue balances held with credit card companies.

25.6 Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach in liquidity management is to guarantee that it always has sufficient liquidity to perform its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or jeopardizing the Company's reputation.

The Company monitors its cash flow through periodic stress tests, which allows, in addition to the fulfillment of financial obligations, the realization of short-term operations in the financial market to monetize any cash surpluses.

Contractual maturities of the main financial instruments - assets and liabilities are shown below:

Parent Company						
March 31, 2024	Book value	Contractual amount	≤01 year	01–02 years	02–05 years	>05 years
Suppliers (note 13)	(1,457,013)	(1,457,013)	(1,457,013)	-	-	-
Lease (Note 15)	(1,845,434)	(1,845,434)	(263,805)	(246,331)	(530,200)	(805,098)
Loans and financing (Note 14)	(345,107)	(345,107)	(329,833)	(15,274)	-	-
Debentures (Note 14)	(1,249,200)	(1,249,200)	(86,097)	(531,435)	(631,668)	-
Derivative financial instruments (foreign currency swaps)	(6,148)	(6,148)	(6,148)	-	-	-

(Amounts expressed in thousands of reais)

Consolidated

March 31, 2024	Book value	Contractual amount	≤01 year	01-02 years	02-05 years	>05 years
Suppliers (note 13)	(1,749,331)	(1,749,331)	(1,749,331)	-	-	-
Lease (Note 15)	(2,142,506)	(2,142,506)	(343,901)	(318,390)	(646,759)	(833,456)
Loans and financing (Note 14)	(345,107)	(345,107)	(329,833)	(15,274)	-	-
Debentures (Note 14)	(1,249,200)	(1,249,200)	(86,097)	(531,435)	(631,668)	-
Derivative financial instruments (foreign currency swaps)	(6,148)	(6,148)	(6,148)	-	-	-

Parent Company

December 31, 2023	Book value	Contractual amount	≤01 year	01-02 years	02-05 years	>05 years
Suppliers (note 13)	(1,631,854)	(1,631,854)	(1,631,854)	-	-	-
Lease (Note 15)	(1,810,842)	(1,810,842)	(265,512)	(274,038)	(507,651)	(763,641)
Loans and financing (Note 14)	(390,423)	(390,423)	(347,608)	(36,682)	(6,133)	-
Debentures (Note 14)	(1,245,002)	(1,245,002)	(82,678)	(531,078)	(631,246)	-
Derivative financial instruments (foreign currency swaps)	(5,209)	(5,209)	(5,209)	-	-	-

Consolidated

December 31, 2023	Book value	Contractual amount	≤01 year	01-02 years	02-05 years	>05 years
Suppliers (note 13)	(1,936,165)	(1,936,165)	(1,936,165)	-	-	-
Lease (Note 15)	(2,121,921)	(2,121,921)	(335,946)	(359,240)	(621,435)	(805,300)
Loans and financing (Note 14)	(390,423)	(390,423)	(347,608)	(36,682)	(6,133)	-
Debentures (Note 14)	(1,245,002)	(1,245,002)	(82,678)	(531,078)	(631,246)	-
Derivative financial instruments (foreign currency swaps)	(5,209)	(5,209)	(5,209)	-	-	-

25.7 Market risk

It is the risk that alterations in market prices, such as exchange rates and interest rates and prices of goods, have an impact in the Company's earnings, or in the value of its holdings of financial instruments.

Management understands that, in the context of the Company, all market risks mentioned above are mitigated and refer mainly to fluctuations in interest and exchange rates.

25.8 Interest rate risk

The Company seeks to diversify borrowings in terms of fixed or floating-rates, and under certain circumstances contract derivative financial instrument operations to hedge the financial cost of the operations.

The changes in the interest rates affect both financial assets and liabilities of the Company. We show below the impacts of such changes on the profitability of financial investments and on the indebtedness in Company's domestic currency, indexed to the CDI. The sensitivity of the Company's financial assets and liabilities was shown in two scenarios besides the probable one.

(Amounts expressed in thousands of reais)

We present a scenario with the nominal rates verified on March 31, 2024 (book balance based on the 10.65% p.a. closing CDI rate) and the probable scenario considered by Management, which corresponds to the forecast of the CDI curve considering as a base the closing on December 31, 2024, according to the BM&F Bovespa interest curve for CDI (between March 2024 and November 2028) and two other scenarios with a 25% increase (Scenario I) and a 50% increase (Scenario II) in these indexes.

Additional sensitivity analysis

The Company's financial instruments consist of cash and cash equivalents, interest earning bank deposits, accounts receivable, suppliers, loans and financing, debentures and leases and are recorded at the cost, plus any earnings or charges incurred, which as of March 31, 2024 and December 31, 2023 are close to market value. Risks related to the Company's operations are linked to CDI (Interbank Deposit Certificate) change.

With respect to loans and financing and debentures, they refer to operations whose registered value is close to the market value of these financial instruments. The investments with CDI are recorded at market value, according to quotations announced by the respective financial institutions and the others mainly refer to bank deposit certificates, repurchase and resale agreements and investment funds. Therefore, the recorded value of these securities does not differ from the market value.

In order to check the sensitivity of the index to which the Company was exposed to at March 31, 2024, we defined the following three scenarios. The likely scenario considers the current interest rate curve projected by the Central Bank. From this, changes of 25% (Scenario II) and 50% (Scenario III) were calculated, sensitizing the rise and fall of the indexes. For each scenario, the net position (financial revenues minus financial expenses) was calculated, not considering any tax effect. The base date used in the portfolio was March 31, 2024, with a one-year projection and checking the sensitivity of the CDI index in each scenario.

Parent Company

March 31, 2024	Risk (rate)	Book balance	Probable scenario	Scenario I 25%	Scenario II 50%
Loan	CDI increase	(345,107)	(4,528)	(6,395)	(7,547)
Debentures	CDI increase	(1,249,200)	(16,859)	(22,623)	(26,604)
Cash equivalents and interest earning bank deposits	CDI increase	163,769	1,439	1,799	2,159
Net exposure (Financial expense)			**(19,948)**	**(27,218)**	**(31,992)**

Consolidated

March 31, 2024	Risk (rate)	Book balance	Probable scenario	Scenario I 25%	Scenario II 50%
Loan	CDI increase	(345,107)	(4,528)	(6,395)	(7,547)
Debentures	CDI increase	(1,249,200)	(16,859)	(22,623)	(26,604)
Cash equivalents and interest earning bank deposits	CDI increase	184,983	3,806	4,757	5,709
Net exposure (Financial expense)			**(17,581)**	**(24,260)**	**(28,442)**

25.9 Currency risk

The Company has a policy of contracting derivative financial instruments to protect financial transactions carried out in foreign currency in the amount of EUR 17,959. Such transactions are carried out with the same counterparts that granted the original credit operations and at the same notional value in order to avoid any mismatch in positions. As of March 31, 2024, the amount of derivative financial instruments was R$ 6,148.

To measure the estimated impact on results due to risks from currency fluctuations, a sensitivity analysis of the Company's exposure to the foreign currency loan exchange rate risk was prepared considering the three scenarios below. The probable scenario considers the closing euro rate and scenarios I and II consider an increase of 25% and 50%, respectively, in the closing exchange rate.

(Amounts expressed in thousands of reais)

Parent Company and Consolidated					
March 31, 2024	Risk (rate)	Exposure	Probable scenario	Scenario I 25%	Scenario II 50%
Loans in foreign currency	EUR increase	(99,038)	-	(24,760)	(49,519)

25.10 Capital management

The Executive Board monitors the capital structure by monitoring the leverage ratio.
The leverage ratio is as shown below:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Loans, financing and debentures	1,594,307	1,635,425	1,594,307	1,635,425
Derivatives - Foreign currency swap	6,148	5,209	6,148	5,209
(-) Cash and cash equivalents	(197,203)	(384,890)	(232,516)	(438,500)
(-) Interest earning bank deposits	(793)	(5,585)	(793)	(5,585)
Net debt	**1,403,214**	**1,250,159**	**1,367,146**	**1,196,549**
Shareholders' equity	2,601,949	2,652,989	2,601,949	2,652,989
Leverage ratio	**0.54**	**0.47**	**0.53**	**0.45**

As set forth in Item 3 of our Reference Form, the Company discloses projections for the following business variables:

i) Total number of stores to be opened throughout the calendar year, considering only gross openings, not taking into account any store closures. Therefore, the net increase in stores may differ from the sum of the initial stores and the gross openings in the period;

ii) Capture of operational synergies resulting from the acquisition of Imifarma Produtos Farmacêuticos e Cosméticos S.A. ("Extrafarma"), measured by the increase in the Company's Consolidated EBITDA generated by these synergies, on an annual recurring basis;

iii) The Company's net debt ratio, measured by the ratio between consolidated net debt and consolidated EBITDA, adjusted for non-recurring effects, accumulated in twelve (12) months, excluding the effects of the IFRS16 accounting standard (ex-IFRS16).

Below we provide comments on the behavior of the projections for the period ended March 31, 2024.

I) OPENING OF STORES

We ended 1Q24 with 1,654 points of sale, accumulating 29 openings and 7 closings in the quarter, of which 5 were related to Extrafarma's footprint optimization process, which is still ongoing. With the opening of the 29 stores in 1Q24, we practically completed the expansion plan for 2024.

Year	Previous Projection	Current Projection	Actual Openings
2021	-	80 Openings	80 Openings
2022	-	120 Openings	118 Openings
2023	60 Openings	20 Openings	20 aberturas
2024	120 Openings	30 Openings	29 openings until 03/31/2024

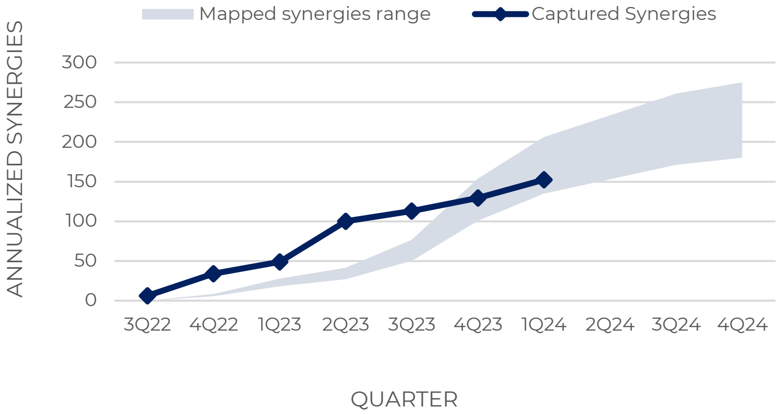
II) EXTRAFARMA SYNERGIES

We continued to make progress in capturing synergies with Extrafarma, totaling R$38.3 million in incremental EBITDA in the quarter (R$153 million on an annual basis). As a result, the adjusted EBITDA margin of the Extrafarma portfolio reached 1.9% in the quarter, a strong evolution vs. the -2.2% recorded in 1Q23.

The levers to increase sales already concentrate 30% of the total synergies captured. The good performance on this front is reflected in the evolution of Extrafarma's average sales per store, which jumped 27% compared to 1Q22, the first comparable quarter before the acquisition.

We consider that the most critical phase of the integration has already been completed, with the capture of synergies in organizational structure and logistical efficiency close to the mapped potential. For the coming quarters, we believe that the improvement in sales performance will continue to be the main lever.

SYNERGY CAPTURE CURVE
(R$ million)

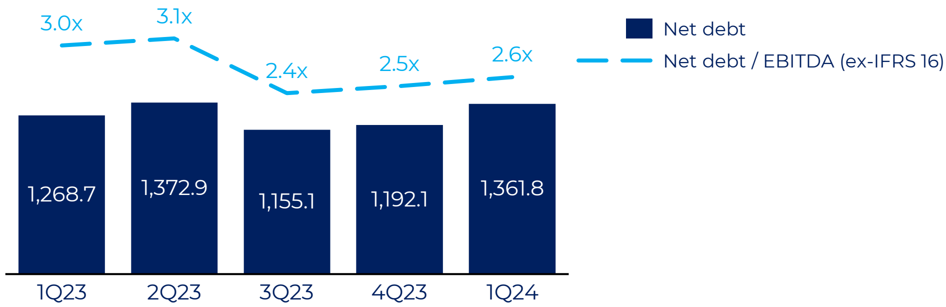


III) NET DEBT RATIO

We ended 1Q24 with net debt of 1,361.8 million, equivalent to 2.6x the adjusted EBITDA of the last 12 months (excluding the effects of IFRS 16). As a result, our financial leverage decreased significantly compared to the peak reached in 2Q23, mainly due to operating cash generation, EBITDA growth and capital increase, concluded in September 2023, with a contribution of R$332 million. In the quarter, there was a seasonal increase in indebtedness related to higher pre-discharge stockpiling. In August 2024, the payment of the last installment of the acquisition will be made.

With the year's expansion plan practically completed in 1Q24, our cash generation from 2Q24 onwards will be directed towards reducing the level of indebtedness, thus accelerating the ongoing financial deleveraging process.

CONSOLIDATED NET DEBT
(in R$ million and multiple of EBITDA)



Empreendimentos Pague Menos S.A.

Report on Review of Quarterly Financial Information – ITR on March 31, 2024

(A free translation of the original report in Portuguese, prepared in accordance with Brazilian and international standards on reviews of interim information)

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Report on Review of Quarterly Financial Information - ITR

The Board of Directors and Shareholders of
Empreendimentos Pague Menos S.A.
Fortaleza- Ceará

Introduction
We have reviewed the interim, individual and consolidated quarterly financial information of Empreendimentos Pague Menos S.A. (“Company”), contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2024, which comprises the balance sheet on March 31, 2024 and the related statements of income, the comprehensive statements of income for the three months period then ended and the statement of changes in shareholders’ equity and statements of cash flows for the three months period then ended, in addition to the notes to the financial statements.

Company´s Management is responsible for the preparation of the interim financial statements in accordance with CPC 21 (R1) and with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this quarterly financial information based on our review.

Scope of review
We conducted our review in accordance with Brazilian and international standards on review of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the 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 International Standards on Auditing, and consequently does not able us to obtain assurance that we would become aware of all significant matters that might be identified by an audit. Accordingly, we do not express an audit opinion.

Conclusion about the individual and consolidated interim information
Based on our review we are not aware of any facts that lead us to believe the individual and consolidated interim financial information included in the aforesaid quarterly information has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, presented in a manner consistent with the requirements set forth by the Brazilian Securities Commission - CVM.

Other matters - Statements of value added
The interim individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2024, prepared under the responsibility of the Company´s Management, and presented herein as supplementary information for purposes of the IAS 34, have been subject to review procedures jointly performed with the review of Company´s interim financial statements. In order to form our conclusion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and content are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement and are consistent with the overall individual and consolidated financial statements.

Fortaleza, May 6, 2024

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 S-CE

Original report in Portuguese signed by
Marcelo Pereira Gonçalves
Accountant CRC 1SP220026/O-3

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's Officers declare that they have reviewed, discussed and agreed with the release of the financial statements for the period ended March 31, 2024.

Fortaleza, May 6, 2024

Jonas Marques Neto
Chief Executive Officer and Vice President of Sales and Supply Director

Luiz Renato Novais
Chief Financial and Investor Relations Officer

Renato Camargo Nascimento Junior
Vice President Director of Marketing and Customer Relations

Robledo de Andrade Castro
Vice President Director of Information Technology and Director of Technology Infrastructure

Rosilane Oliveira Purceti Balabram
Vice President Director of People, Culture, and Sustainability

Carlos do Prado Fernandes
Vice President Director of Operations and Director of Operations

Renan Vieira
Commercial Director

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's Officers declare that they have reviewed, discussed and agreed with the opinions expressed in the favorable Special Review Report without exceptions by the independent auditors, referring the period ended March 31, 2024.

Fortaleza, May 6, 2024

Jonas Marques Neto
Chief Executive Officer and Vice President of Sales and Supply Director

Luiz Renato Novais
Chief Financial and Investor Relations Officer

Renato Camargo Nascimento Junior
Vice President Director of Marketing and Customer Relations

Robledo de Andrade Castro
Vice President Director of Information Technology and Director of Technology Infrastructure

Rosilane Oliveira Purceti Balabram
Vice President Director of People, Culture, and Sustainability

Carlos do Prado Fernandes
Vice President Director of Operations and Director of Operations

Renan Vieira
Commercial Director