



EARNINGS
RELEASE
4Q23 & 2023



Fortaleza, Ceará, March 4, 2024.

Empreendimentos Pague Menos S.A. ("Company" or "Pague Menos"), the main Health Hub for the expanded middle class in Brazil, present in every state in the country, and more 390 municipalities, announces its results for the 4th quarter of 2023 and for the year ended December 31, 2023.

HIGHLIGHTS 4Q23 & 2023

- + GROSS REVENUE**
21.8% consolidated growth for the year (7.7% in 4Q23)
- + MARKET SHARE**
Market share gains in the N, NE and CW regions (full year and 4Q23)
- + SAME STORE SALES**
6.8% growth in Extrafarma and 5.3% in Pague Menos in 4Q23
- + HEALTH HUB**
+3.5 million visits to Clinic Farma in the year (+66% vs 2022)
- + OMNICHANNEL SALES**
12.5% share of total consolidated sales in 4Q23 (+2.6 p.p. vs 4Q22)
- + ADJUSTED EBITDA**
7.0% consolidated growth for the year (-2.5% in 4Q23)
- + EXTRAFARMA SYNERGIES**
Capture of BRL 130 million in 4Q23 on an annualized basis
- + INDEBTEDNESS**
2.4x Net Debt/EBITDA (Adj.) in 4Q23 (0.2x reduction vs. 4Q22)

Note: Starting with the 3rd quarter of 2023, we present the numbers in this earnings release using the IAS 17 / CPC 06 accounting standard. Reconciliation to IFRS 16 can be found in Annex 1 of this report.

EARNINGS RELEASE 4Q23 & 2023

DISCLOSURE CRITERIA

On August 1, 2022, the acquisition process of Imifarma Produtos Farmacêuticos e Cosméticos S.A. (Extrafarma) was completed with Ultrapar Participações S.A. (Ultrapar). With the completion of the conditions precedent and incorporation of the equity balances, Extrafarma was consolidated and became part of the consolidated financial statements of Empreendimentos Pague Menos S.A. (Company) in that same month.

In order to facilitate the analysis of the results, we will present in this *release* segregated operational data of Pague Menos and Extrafarma, while the financial information is presented as Pague Menos "standalone" (ex-Extrafarma) and Consolidated (Pague Menos including Extrafarma).

Since 2019 our financial Statements have been prepared in accordance with IFRS 16, which changed the criteria for the recognition of rental contracts. To better represent the economic reality of the business, the numbers in this report are presented under the old standard, IAS 17 / CPC 06. Reconciliation to IFRS 16 can be found in a dedicated section of this document.



PAGUE MENOS STANDALONE FINANCIAL HIGHLIGHTS

in BRL million and % of Gross Revenue	4Q22	4Q23	Δ	2022	2023	Δ
Gross Revenue	2,310.4	2,508.8	8.6%	8,911.3	9,832.8	10.3%
Gross Profit	688.5	721.4	4.8%	2,687.4	2,882.5	7.3%
% Gross Margin	29.8%	28.8%	(1.0 p.p.)	30.2%	29.3%	(0.9 p.p.)
Contribution Margin	187.2	172.9	(7.7%)	713.7	693.6	(2.8%)
Contribution Margin %	8.1%	6.9%	(1.2 p.p.)	8.0%	7.1%	(0.9 p.p.)
Adjusted EBITDA	134.4	113.1	(15.8%)	465.0	452.2	(2.7%)
Adjusted EBITDA Margin %	5.8%	4.5%	(1.3 p.p.)	5.2%	4.6%	(0.6 p.p.)
Adjusted Net Income	79.5	55.9	(29.7%)	216.6	43.6	(79.9%)
Adjusted Net Margin %	3.4%	2.2%	(1.2 p.p.)	2.4%	0.4%	(2.0 p.p.)

CONSOLIDATED FINANCIAL HIGHLIGHTS

in BRL million and % of Gross Revenue	4Q22	4Q23	Δ	2022	2023	Δ
Gross Revenue	2,843.4	3,062.1	7.7%	9,818.7	11,960.9	21.8%
Gross Profit	854.6	893.4	4.5%	2,955.5	3,545.2	20.0%
% Gross Margin	30.1%	29.2%	(0.9 p.p.)	30.1%	29.6%	(0.5 p.p.)
Contribution Margin	215.0	201.7	(6.2%)	750.5	794.6	5.9%
Contribution Margin %	7.6%	6.6%	(1.0 p.p.)	7.6%	6.6%	(1.0 p.p.)
Adjusted EBITDA	127.8	124.6	(2.5%)	444.9	476.0	7.0%
Adjusted EBITDA Margin %	4.5%	4.1%	(0.4 p.p.)	4.5%	4.0%	(0.5 p.p.)
Adjusted Net Income	53.8	62.8	16.9%	161.6	14.2	(91.2%)
Adjusted Net Margin %	1.9%	2.1%	0.2 p.p.	1.6%	0.1%	(1.5 p.p.)

OPERATING HIGHLIGHTS

KPI						
	4Q22	4Q23	Δ	4Q22	4Q23	Δ
# of stores	1,270	1,277	0.6%	376	355	(5.6%)
Average Sale/store/month (BRL thousand)	621	653	5.2%	468	513	9.4%
Average Ticket (BRL)	77.20	82.31	6.6%	67.88	73.03	7.6%
# of Store Employees per store	12.8	13.1	1.9%	12.1	11.6	(4.3%)
% Digital channels	11.4%	13.1%	1.7 p.p.	3.4%	9.9%	6.5 p.p.
Private Labels	7.1%	6.8%	(0.3 p.p.)	2.9%	7.1%	4.1 p.p.
# Pharmaceutical Clinics	988	1,000	1.2%	68	77	13.2%

MESSAGE FROM THE MANAGEMENT

The year 2023 was particularly important in the Company's history, as it was marked by a critical phase of the Extrafarma integration, one of our most relevant strategic moves in recent years. In this context, we directed most of the the company's resources and focus towards three priorities: Extrafarma Integration, Debt Reduction, and Operational Efficiency.

In the operational front, we maintained a good level of sales growth, despite the market slowdown. As a result, we were able to increase our market share in the main regions in which we operate, even with a reduced number of store openings (20 stores).

The main headwind for the 2023 results was the gross margin. We recorded a decrease of 0.5 p.p. in the consolidated margin compared to the previous year, with a reduction of 0.9 p.p. in Pague Menos and 1.1 p.p. increase in Extrafarma, reflecting the significant synergies captured.

Much of the margin decline is more related to comparison base effects than to the challenges of 2023 itself. In 2022, we had a particularly high level of drug price increase, which generated inflationary gains with inventories well above those recorded in 2023, in addition to a period still affected by the pandemic. We observed, from 2023 to 2022, a drop in the volume of covid-19 tests even greater than that observed from 2021 to 2022, contributing negatively to the gross margin, given that testing margins are higher than the Company's average. These two effects combined pressured the gross margin by 0.7 p.p. when compared to 2022.

Additionally, the digital channels, which expanded approximately 50% compared to the previous year, negatively impacted margins in the short term, but are contributing to increase our market share and improving customer lifetime value (LTV). We consider the development of our omnichannel platform strategic, and we will continue in this long-term direction, despite the short-term impact on results.

Given the challenging gross margin scenario, we focused our efforts on expense management and operational efficiency, which partially offset the pressures on profitability. During the year, we reduced operating expenses, as a percentage of revenue, by 0.2 p.p. in the Pague Menos operation and a significant 2.2 p.p. in the Extrafarma operation.

Regarding the Extrafarma integration, the results have exceeded our expectations. Considering the complexity involved in any business combination of this magnitude and the challenge of the turnaround of the asset, which operated with negative margins before the acquisition, the milestones achieved in just one year and five months are significant.

In 4Q23, we reached an annualized synergy capture volume of BRL 130 million. The most acute part of the integration, evolving system migration, changes in the logistics network and organizational restructuring, was successfully completed, meaning that during 2024 the full focus will be on operational improvements, with an increase in average sales and greater operational leverage.

The results achieved in 2023 reinforce our conviction that the acquisition of Extrafarma was a correct strategic move, which, despite generating pressures on short-term earnings, will contribute to enhancing the Company's value generation. With this acquisition, we strengthened our leadership in the North and Northeast regions, which puts us in a favorable competitive position to continue as one of the most relevant candidates for market consolidation.

In the financial area, earnings were pressured by the leverage accumulated through the Extrafarma acquisition and due to the scenario of high interest rates and funding costs. Although the photograph of the year is negative, putting significant pressure on earnings, the film is more encouraging. With good operating cash generation accumulated throughout the year, normalization of working capital, reduction in the volume of investments and a successful private capital increase, we reduced our debt level from 3.1x net debt/EBITDA (ex-IFRS16) at the beginning of the year to 2.4x at the end of the year. In addition, the volume of prepayment of receivables, used to finance working capital needs, was reduced by half. As a result, we already present a less pressured financial result in 4Q23, a trend that should continue throughout 2024.

Our strategic pillars continued to advance consistently in 2023. In addition to the relevant growth in digital channels, our Health Hub has gained even more relevance in our business model, with verticals such as Clinic Farma, AME (Specialty Drugs) and the *Sempre Bem* content platform registering significant growth compared to the previous year. We highlight the volume of consultations at Clinic Farma, which exceeded the mark of 3.5 million consultations for the year (an increase of 66% compared to the previous year).

The loyalty front also gained traction in 2023. Our active customer base reached the mark of 20.7 million, representing growth of 6.3% compared to the previous year. Significant results, considering that we ended the year with a smaller store base than the previous year. The year was marked by a very assertive marketing activity, with high reach campaigns, traffic generation on digital channels and good execution of events, such as Black Friday. During the year we were able to attract a record volume of 3.7 million new customers to our brands.

We also highlight the advances in our **ESG Journey**. Our sustainability agenda, based on the goals of health for people, health for the environment and health for the business, has public commitments and short, medium and long-term goals that are directly integrated into our strategic plan.

In 2023, we achieved seven of the goals originally planned for 2025. We launched the Clinic Farma itinerant program, offering basic health services to disadvantaged communities, at no cost, realizing a total of more than 2 thousand consultations in 11 different cities. We also carried out, for the first time, the Waste Inventory, which contributed to the establishment of goals for the reduction of waste generation and increased recycling in the Company. We also carried out the Emissions Inventory, covering both brands, which allowed us to report, for the first time, the CDP (*Carbon Disclosure Project*), reinforcing our commitment to transparency regarding our environmental impact. We also highlight the fact that our efforts to promote diversity were awarded with inclusion in the B3 Diversity Index, IDIVERSA.

2023 was the first year, since our IPO, in which we registered a contraction in EBITDA margin. Nonetheless, due to the improvements made during the year, we started 2024 with the strong conviction that this will be a more positive year than the previous one. We are currently undergoing an important management transition, the most relevant one since 2016, with the change of the Company's CEO. The carefully planned transition marks the beginning of a new cycle in our trajectory. This year we will continue to focus on financial deleveraging, operational improvement and the completion of the Extrafarma integration.

Finally, we would like to thank all of our employees, suppliers and other partners who contributed to our 2023 results.

EARNINGS RELEASE 4Q23 & 2023

» OPERATIONAL DATA

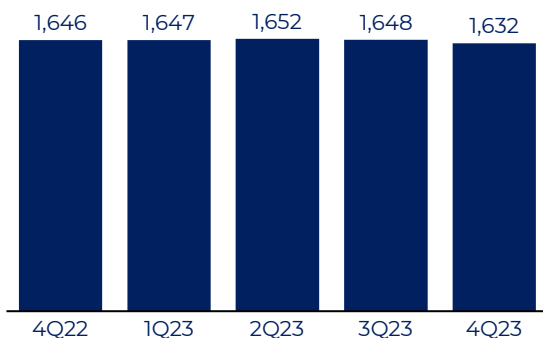
STORE PORTFOLIO

We ended the year with 1,632 stores. 20 openings and 34 closings were completed during the year, of which 21 are related to the footprint optimization foreseen in the scope of the Extrafarma integration. Since the beginning of the integration, 36 stores have been closed (about 9% of the original portfolio). When compared with 2021, prior to the acquisition, we have expanded our store base by 40.1%.

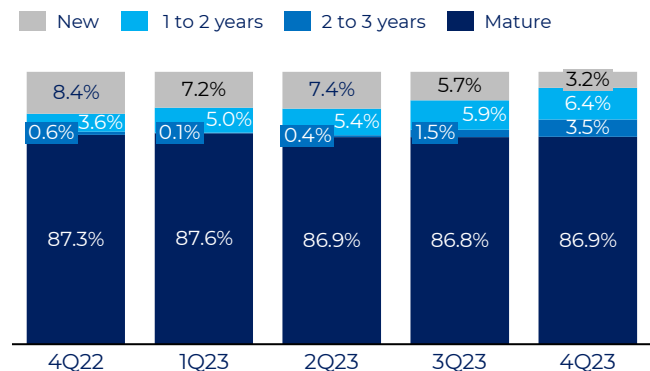
Still in the context of footprint optimization, we advanced with banner conversions in some markets. Throughout the year, 54 Extrafarma stores in the states of Pernambuco, Bahia, Rio Grande do Norte, Paraíba and São Paulo were converted to the Pague Menos banner. Due to good results in increased sales and limited cannibalization, another 47 stores are in the pipeline to be converted throughout 2024.

As published via a Material Fact on December 19, 2023, the projection of openings for 2024 is 30 new stores, which will mostly open in the first quarter of the year. We continue to see great potential for organic expansion with attractive returns, reinforced by the performance of the most recent store cohorts. Despite this, we remain focused on capital allocation by prioritizing, in the short term, the reduction of financial leverage and completion of the integration with Extrafarma.

EVOLUTION OF STORE BASE



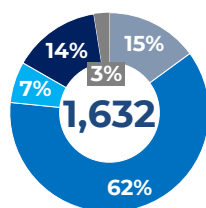
AGE PROFILE OF STORES



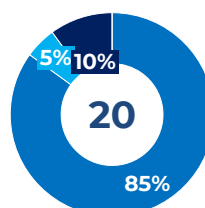
BY REGION

- N
- NE
- CW
- SE
- S

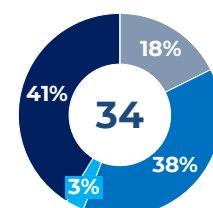
STORE BASE 4Q23



ORGANIC EXPANSION LTM

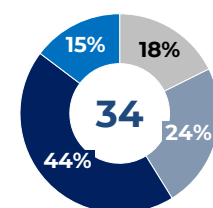
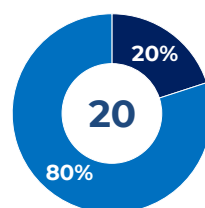
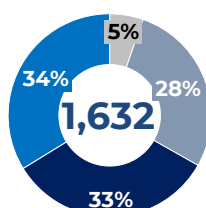


CLOSINGS LTM



BY INCOME CLASS¹

- A
- B1
- B2
- C/D



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

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» OPERATIONAL DATA

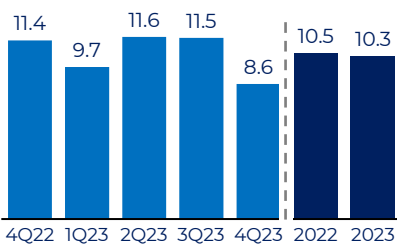
SALES PERFORMANCE

In 4Q23, the growth pace in Pague Menos remained resilient, despite the absence of store openings and a decelerating trend observed in the pharmaceutical market in the last months of the year. The total growth recorded in the period was 8.6%, with same stores sales growing by 5.3% and mature stores by 4.1%. Growth for the year was 10.3%, in line with that recorded in the previous year, despite the lower level of inflation and organic expansion.

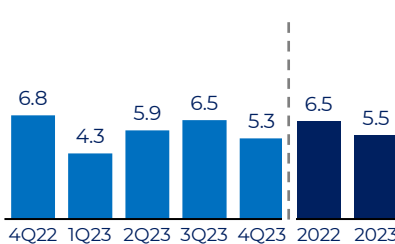
For Extrafarma, we observed a significant acceleration in 4Q23. The same store sales observed in the period was 6.8%, doubling the level achieved in the previous quarter, even with a strong basis of comparison (same-store sales of 12.0% in 4Q22). Full year same store sales was 4.9%, negatively impacted by sales performance in the first half of the year, when the critical migration of the supply and systems occurred.

The good performance of Extrafarma in 4Q23 reflects the operational synergies implemented throughout the year, such as assortment expansion, reduction of stockout, improvement in NPS and increase in digital channels, which has gradually contributed to the recovery of the brand's customers. In addition, the 43 banner conversions carried out in the quarter further impacted these good sales numbers. Even with little time after their reopening, this group of stores grew an average of 17.5% in 4Q23, compared to 4Q22, with limited cannibalization of stores in the Pague Menos portfolio.

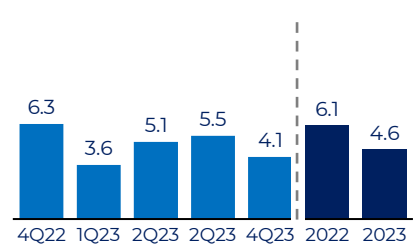
+ TOTAL GROWTH (%)



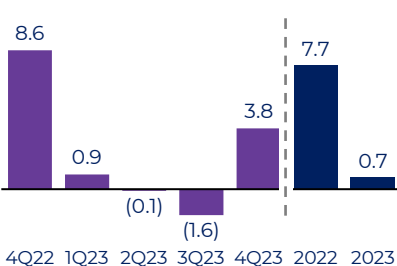
+ SAME STORE SALES (%)



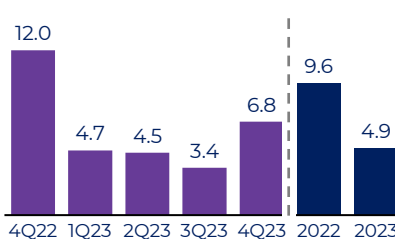
+ MATURE STORES (%)



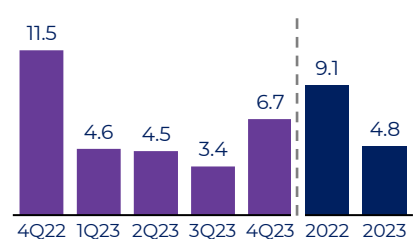
+ TOTAL GROWTH² (%)



+ SAME STORE SALES (%)



+ MATURE STORES (%)



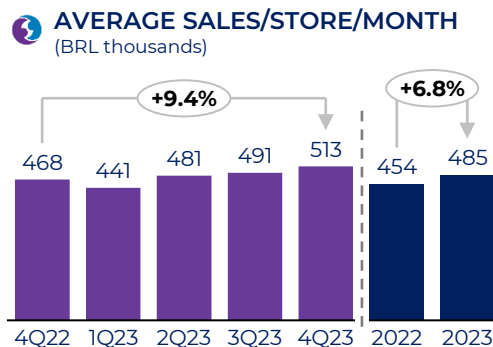
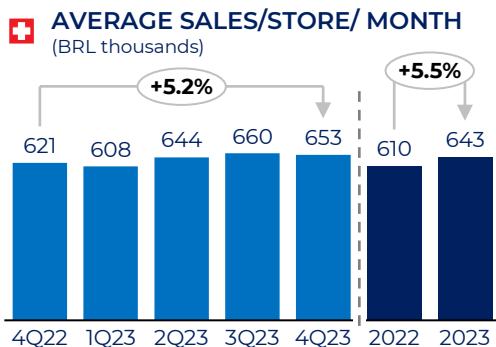
In the regional breakdown, we observed outstanding performance in the Center-West region, with same-store sales (SSS) of 11.6% in the quarter. We also observed a deceleration in the South and Southeast regions (SSS of 3.3%) and an acceleration in the North and Northeast regions (SSS of 5.6%). We attribute the weaker performance in the South and Southeast regions due to the warmer winter and the strong comparison base in 4Q22, when these regions grew 14.8%.

² Considers only retail operations, given that Extrafarma's wholesale operation was discontinued in October 2022.

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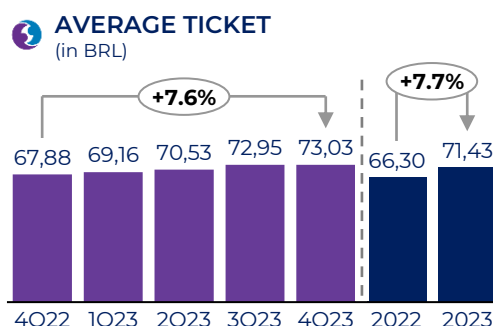
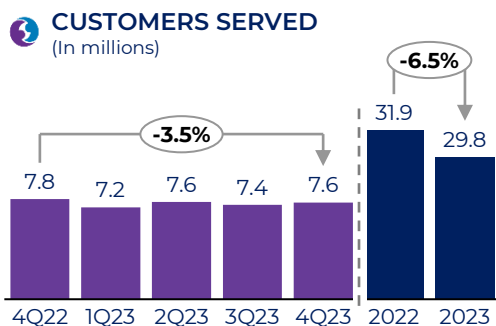
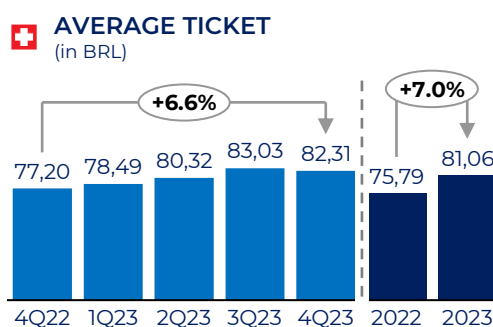
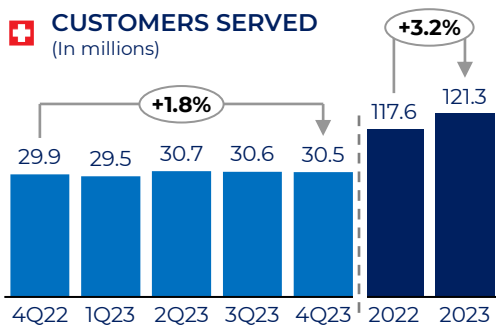
» OPERATIONAL DATA

We continue to reduce the gap in average sales per store between brands, with progressive improvement in the Extrafarma portfolio through acceleration in growth and cleanup of the store base. In 4Q23, average monthly sales reached BRL 513 thousand for Extrafarma stores, an increase of 9.4% compared to 4Q22. In relation to the pre-acquisition level, in 2Q22, the accumulated growth was 14.1%, approximately three times the inflation rate in that period. For Pague Menos stores, average monthly sales totaled BRL 653 thousand in 4Q23 (BRL 693 thousand when considering only mature stores).



The Pague Menos growth in the quarter was composed of a healthy combination of the evolution in the number of customers served and average ticket. The number of customers served grew 1.8%, leveraged by the maturation of new stores. The average ticket grew 6.6%, reflecting the inflation accumulated in the period. In the year, the composition of growth was similar to that observed in the quarter.

In Extrafarma there was a reduction in the volume of services, caused by the store closings carried out in the period and the still initial results of recovery of customers, which was lower in the same stores concept. Average ticket grew by 7.6% in the quarter, above inflation in the period, a result of the effect of a better mix and an increase in the basket, generated by the category management and logistics efficiency efforts carried out during the integration.



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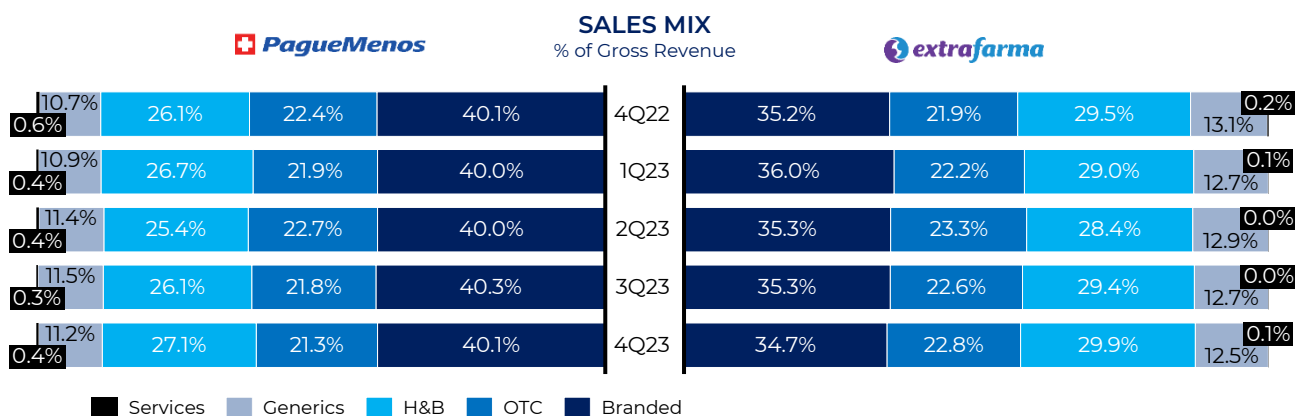
» OPERATIONAL DATA

We continue to expand our customer base, reaching the mark of 20.7 million active customers in 2023, an increase of 6.3% compared to the previous year. Through wide-ranging marketing campaigns, digital channels growth and good execution of events, such as Black Friday, we were able to attract a record volume of 3.7 million new customers in the year. The priority for 2024 is to keep these new customers in the base and progressively improve their buying behavior through CRM actions.

CATEGORY MANAGEMENT AND SUPPLY CHAIN

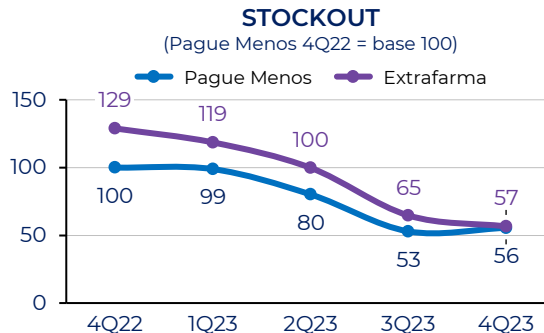
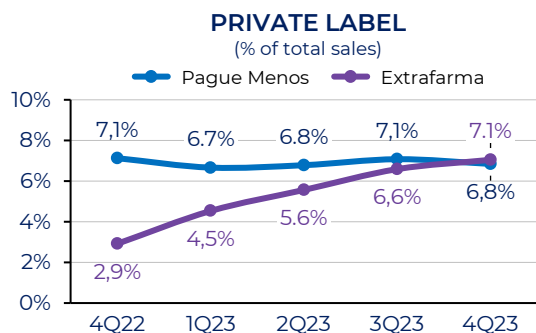
Following a market trend, the category with the highest level of growth was hygiene and beauty, which gained share in the mix of both brands. For Extrafarma, we see a relevant opportunity to increase the participation of branded drugs, which contribute positively to the average ticket and purchase recurrence.

For Pague Menos, we recorded above-market growth in virtually all areas of the pharmacy, with the exception of the convenience segment, which represents less than 2% of the market.



Private label products reached BRL 800 million in sales in 2023, growing by 22.6% in comparison to 2022. This strong performance is mainly the result of the good integration with Extrafarma, replicating the success story developed in Pague Menos. The private label share in Extrafarma, which was 2.6% of sales before integration, jumped to 7.1% in 4Q23.

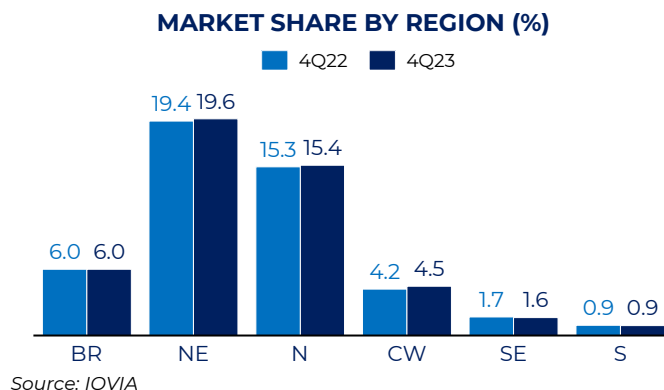
Another important case in the context of the Extrafarma integration has been the consistent improvement of supply chain efficiency, guaranteeing customers greater availability of products. In 4Q23, the stockout rate was similar for both brands, while in 2Q22, before integration, Extrafarma operated with stockouts about twice that of Pague Menos.



MARKET SHARE

In 2023, we grew above the market average, resulting in an increase in market share in the main regions in which we operate. According to IQVIA, the growth³ of pharmaceutical retail in the year was 8.2%, while our organic growth, excluding Extrafarma, was 9.8%.

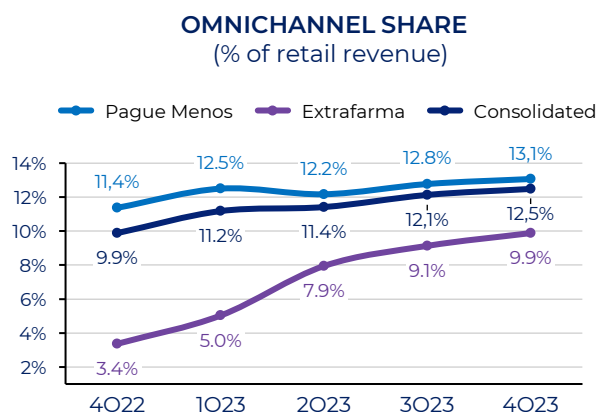
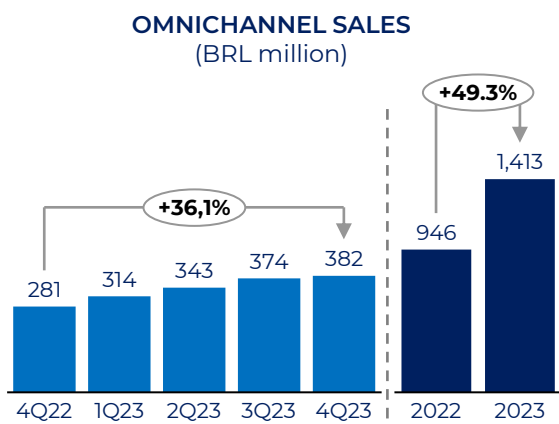
In 4Q23, we observed a more pronounced slowdown in the pace of growth of competitors than that which we saw in our store portfolio. As a result, we expanded our market share, especially in the North, Northeast and Midwest regions.



We have observed a favorable competitive environment in recent quarters, with a reduction in the store base of competitors, especially independent pharmacies and regional players. This scenario has allowed us to increase our market share, even without store base expansion.

OMNICHANNEL PLATFORM

2023 was another record year for our digital channels, with significant advances in customer attraction and retention, increased profitability and rapid catch-up for Extrafarma. As a result, omnichannel sales reached the relevant mark of BRL 1.4 billion in sales, an increase of 49% compared to the previous year.



We also highlight the successful integration of Extrafarma's digital channels, which continue to gain traction, reducing the gap to the Pague Menos brand. Over the last year, we have practically tripled the share of omnichannel sales, from 3.4% in 4Q22 to 9.9% in 4Q23.

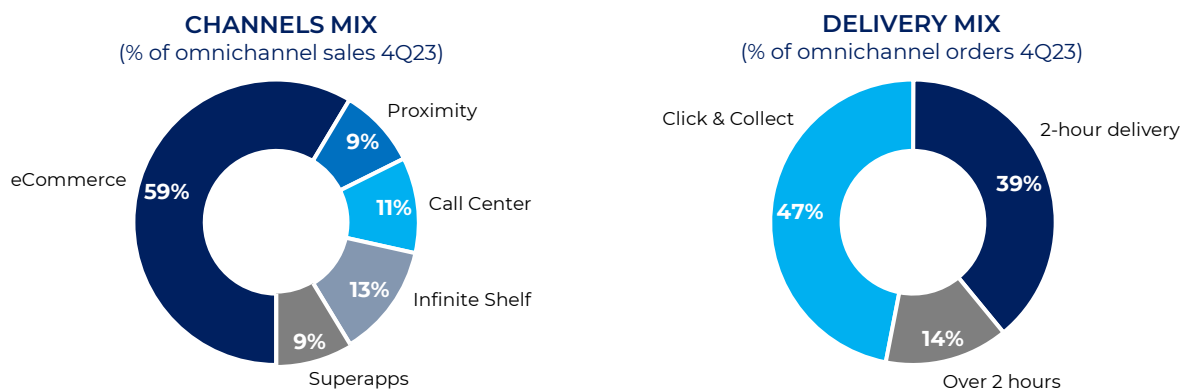
³ IQVIA data normalizes sales prices between players, possibly causing growth to diverge from what was actually achieved.

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» OPERATIONAL DATA

In 4Q23, we executed the best Black Friday in the history of Pague Menos and Extrafarma, which contributed to raising the share of digital channels to 12.5% of sales in the quarter (2.6 p.p. increase vs. 4Q22). On November 24th, the share exceeded 20% of total sales. Among the large chains, Pague Menos registered the highest growth in online traffic in the week of the event. Through good coordinated actions with the industry, we ensured great promotional depth with greater margin recomposition, ensuring a record volume of new customers without compromising the channel's profitability.

With Black Friday, the channel that gained the most share in the quarter was e-commerce, concentrating 59% of omnichannel sales in 4Q23. We highlight the strong evolution of our app, which has consistently increased its share in the mix, with session growth and order conversion. In the quarter, we launched WhatsApp sales, integrating the channel with our e-commerce and automating the basic shopping journey through a chatbot with artificial intelligence. We believe that throughout 2024 this innovation has great potential to further leverage our digital channels.



The good performance in sales was accompanied by an improvement in the profitability of digital channels, whose contribution margin in 4Q23 was 1.1 p.p. higher than in 4Q22. In addition, we maintain a good level of service, with 86% of orders made available to customers in less than 2 hours. Pague Menos and Extrafarma remain among the best ranked pharmacy scores on the ReclameAqui platform, both with the RA1000 seal of excellence in customer service.

HEALTH HUB

Throughout 2023, we made consistent progress in our proposal to offer customers more accessible, convenient and effective health solutions, through a Health Hub that is increasingly relevant to our business model.

One proof of this is the strong growth in the volume of customer traffic in our Clinic Farma, which totaled more than 3.5 million visits in 2023, significant growth of 66% compared to 2022. We ended the year with approximately 10% penetration in the customer base of health services offered in stores.

In addition to gaining scale in execution, in 2023 we made progress in structuring increasingly integrated customer service journeys, combining the offer of products and services related to each treatment. Clinic Farma customers today are already grouped into relationship rules, with specific journeys such as pregnancy and diabetes treatment, facilitating communication and customization of care. One of the priorities of our Health Hub for 2024 is to combine efforts with the pharmaceutical industry and health plans by including these journeys within treatment and preventive health care programs.

EARNINGS RELEASE 4Q23 & 2023

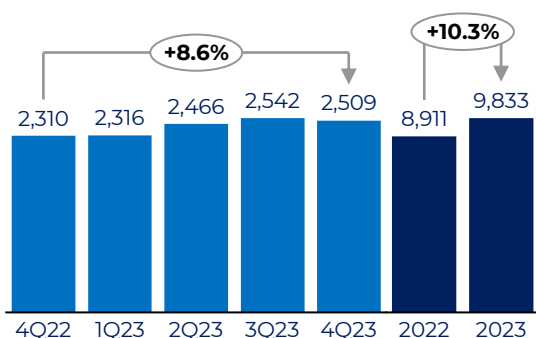
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GROSS REVENUE

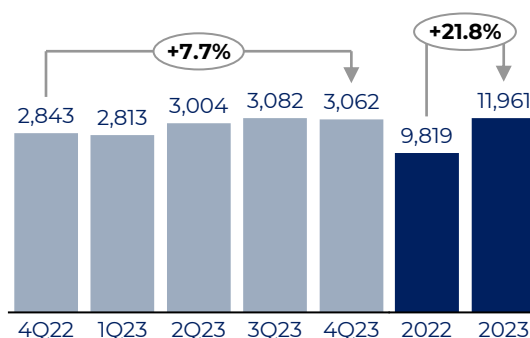
We totaled BRL 11.961 billion in consolidated gross revenue in 2023, an increase of 21.8% compared to 2022, with organic growth of 10.3%, leveraged by the acquisition of Extrafarma, completed in August 2022.

In 4Q23, consolidated gross revenue expanded by 7.7%, combining good sales performance in both brands, partially offset by the negative effect of stores closed throughout the year, mainly related to the integration process with Extrafarma.

STANDALONE GROSS REVENUE
(BRL million)



CONSOLIDATED GROSS REVENUE
(BRL million)

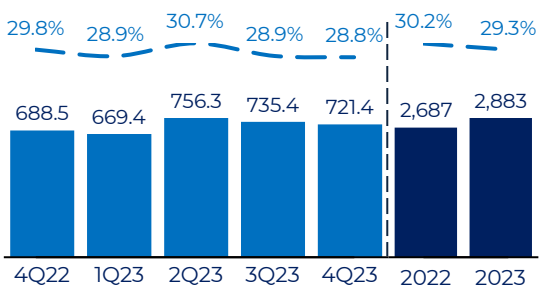


GROSS PROFIT

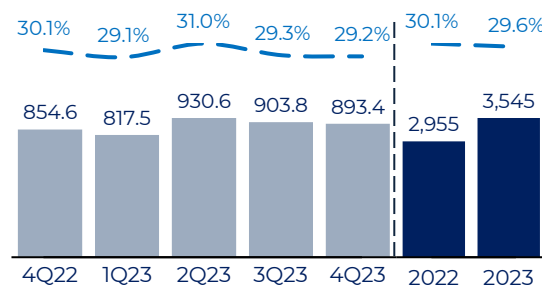
Consolidated gross profit totaled BRL 3.542 billion in 2023, growing 20.0% year-on-year. The gross margin was 29.6%, down 0.5 p.p. compared to 2022.

Throughout the year, we observed a challenging scenario for Pague Menos, where the gross margin retracted 0.9 p.p., mainly due to lower inflationary gains with inventories (pre price increase) and growth in digital channel sales, in addition to a drop in services revenue and a higher rate of inventory losses. This dynamic was partially offset by the positive margin performance by Extrafarma, which jumped from 30.1% in 2022 (considering only the post-closing period of the acquisition) to 31.1% in 2023. This margin growth is directly related to the synergies captured in the context of the integration, with greater tax efficiency, leveling of commercial conditions and increased private label share.

STANDALONE GROSS PROFIT
(BRL million and % of Gross Revenue)



CONSOLIDATED GROSS PROFIT
(BRL million and % of Gross Revenue)



EARNINGS RELEASE 4Q23 & 2023

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In 4Q23, the consolidated gross margin was 29.2%, down 0.9 p.p. compared to the same period of the previous year. The increase in inventories losses, related to Extrafarma's legacy inventory, contributed negatively to the result. E-commerce, which continues to gain share in total sales, continues to put pressure on margins, but at a lower rate than that observed throughout the year, reflecting efforts to increase the channel's profitability.

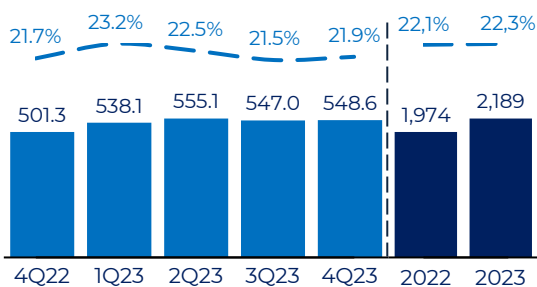
Extrafarma reached a margin of 31.1% in 4Q23, while Pague Menos reached 28.8%. Part of the margin gap is related to the lower share of branded medicines in Extrafarma, which should be expanded as there is a convergence in the sales mix. However, we work with the base scenario that Extrafarma's margin will stabilize at a higher level than Pague Menos, due to its greater geographical exposure in regions where we operate with higher margins. This allows it to potentially close the operational profitability gap between the brands without necessarily completely converging the average sales per store.

SELLING EXPENSES

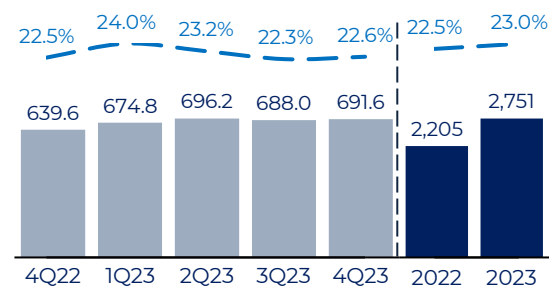
Consolidated selling expenses totaled BRL 2.751 billion in 2023, representing 23.0% of gross revenue, an increase of 0.5 p.p. compared to 2022. Excluding the Extrafarma operation, sales expenses accounted for 22.3% of gross revenue in 2023, a slight increase of 0.2 p.p. compared to 2022.

Even with the relevant operational improvement of Extrafarma throughout the year, its store expense structure still has many opportunities for optimization. In 4Q23, the gap in selling expenses as a percentage of revenue was 4.0 p.p. between the two brands (25.9% vs. 21.9%). The main factor that explains this difference is Extrafarma's lower average sales per store, which should evolve as sales synergies are captured. In addition, we have mapped the opportunity to reduce rental expenses, services and transportation, which should contribute to a gradual improvement in the contribution margin of the stores.

STANDALONE SELLING EXPENSES
(BRL million and % of Gross Revenue)



CONSOLIDATED SELLING EXPENSES
(BRL million and % of Gross Revenue)

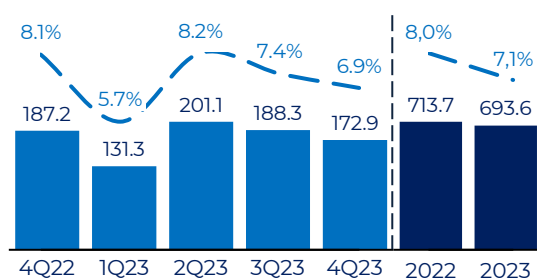


In 4Q23, we observed an increase in selling expenses in the Pague Menos operation, where personnel expenses grew above sales. In the quarter, we made a slight adjustment in the number of store employees (2.1% growth vs. 3Q23), contributing to improve the level of service to customers. In addition, the slowdown in the pace of growth, following a market trend, caused gross revenue for the quarter to be lower, reducing operating leverage.

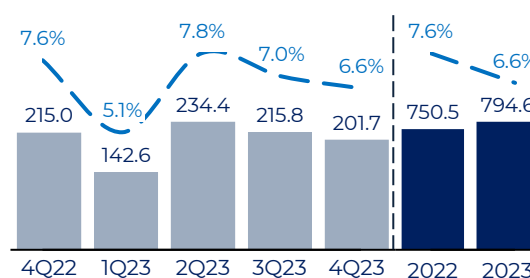
CONTRIBUTION MARGIN

As a consequence of the negative dynamic of the gross margin and dilution of selling expenses, the consolidated contribution margin was 6.6% in 2023, a decrease of 1.0 p.p. compared to the previous year. In 4Q23, the consolidated margin was also 6.6%, down from 4Q22 with gross margin pressures and Pague Menos selling expenses being partially offset by the good performance in Extrafarma.

STANDALONE MARGIN CONTRIBUTION
(BRL million and % of Gross Revenue)



CONSOLIDATED MARGIN CONTRIBUTION
(BRL million and % of Gross Revenue)



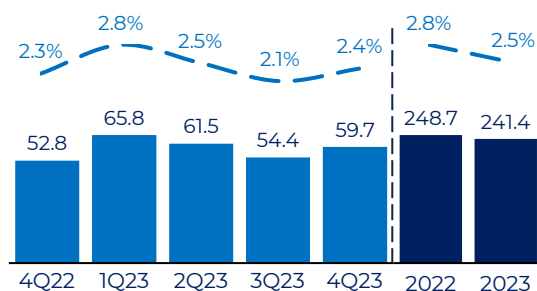
Segmenting the contribution margin by brand, the convergence of profitability between the Pague Menos and Extrafarma operations becomes evident. In 4Q23, the gap between contribution margins was 1.7 p.p. (6.9% in Pague Menos and 5.2% in Extrafarma). In 3Q22, the first quarter post-acquisition, this gap was 5.4 p.p.

The maturation curve of new stores, opened between 2021 and 2023, has evolved positively and indicates good prospects for return. The operating margins of these new groups of stores have been higher than the average of the portfolio of mature stores, when comparing stores at the same level of revenue. The profile of these stores, more positioned to serve lower income classes, allows for a more efficient operation, with attractive gross margins and a lower level of fixed expenses.

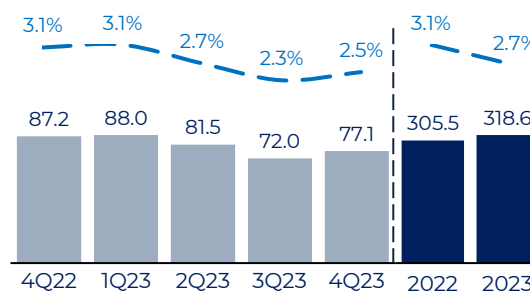
GENERAL AND ADMINISTRATIVE (G&A) EXPENSES

Throughout 2023, the synergies generated in the context of Extrafarma's integration allowed us to accelerate the dilution of administrative overhead (G&A). This group of expenses totaled BRL 318.6 million in 2023, equivalent to 2.7% of gross revenue, a reduction of 0.4 p.p. compared to the previous year. At the beginning of the year, these expenses represented 3.1% of revenues, reducing to 2.5% in 4Q23.

STANDALONE G&A EXPENSES
(BRL million and % of Gross Revenue)



CONSOLIDATED G&A EXPENSES
(BRL million and % of Gross Revenue)



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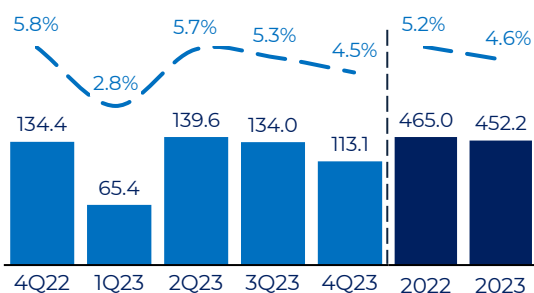
Consolidated G&A decreased by BRL 10.1 million in 4Q23 compared to 4Q22, reflecting the good results of the unification of the corporate structure and other synergies generated by the integration. Compared to 3Q23, there was an increase of BRL 5.1 million, with incremental spending on IT infrastructure and personnel expenses.

ADJUSTED EBITDA

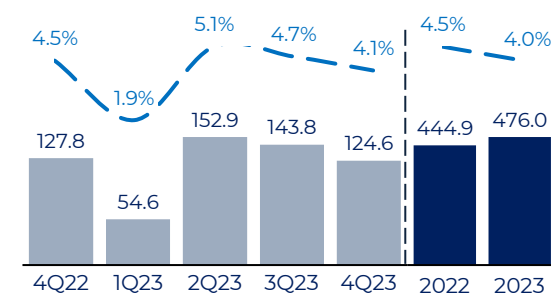
Our adjusted EBITDA totaled BRL 476.0 million in 2023, increasing 7.0% year-over-year. The adjusted EBITDA margin was 4.0% in the year, down 0.5 p.p. compared to the previous year.

The performance of the year was affected by an atypical first semester, when the most acute phase of integration of Extrafarma occurred (1Q23), and the lower impact of the annual drug price increase (2Q23). After this period, when consolidated EBITDA decreased 3.7% year-over-year, we recorded 17.0% growth in the second half of the year, when we minimized gross margin pressures and accelerated synergy captures.

STANDALONE ADJUSTED EBITDA
(BRL million and % of Gross Revenue)



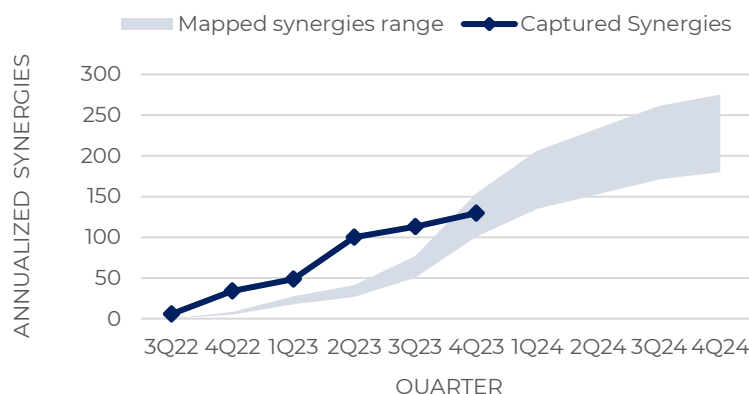
CONSOLIDATED ADJUSTED EBITDA
(BRL million and % of Gross Revenue)



EXTRAFARMA INTEGRATION AND SYNERGY CAPTURE

The integration with Extrafarma continues to generate important synergies, contributing directly to operating results. We recorded BRL 32.4 million in synergies in 4Q23 (BRL 130 million on an annualized basis), an improvement over the previous quarter, when we had recorded BRL 28.2 million.

SYNERGY CAPTURE CURVE
(BRL million)



EARNINGS RELEASE 4Q23 & 2023

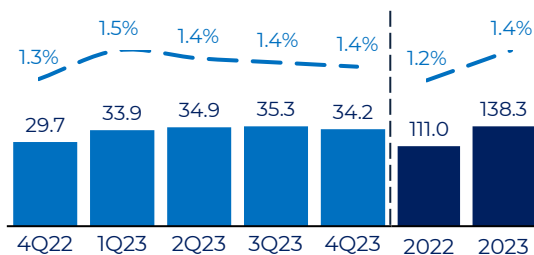
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While up until 3Q23 most of the synergy gains were concentrated in the levers of gross margin increase and SG&A reduction, from 4Q23 onwards we started to perceive progressive synergies on sales. Initiatives such as banner conversions, assortment expansion, reduction of stockouts and the growth of digital channels have progressively contributed to the improvement of Extrafarma results.

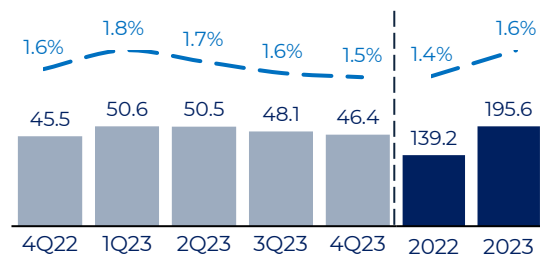
DEPRECIATION, FINANCIAL RESULT AND INCOME TAX

Depreciation and amortization totaled BRL 195.6 million in the 2023 consolidated results, an increase of 40.6% compared to the previous year, mainly due to the increase in the store base generated by the acquisition of Extrafarma. Excluding the acquisition, depreciation totaled BRL 138.3 million for the year, an increase of 24.7% compared to 2022. It is important to note that, with the store closings and reduction in the pace of organic expansion and for Extrafarma, depreciation started to assume a decreasing trajectory throughout the year, totaling BRL 46.4 million in 4Q23, a level 8.4% lower than that of the beginning of the year.

STANDALONE DEPRECIATION
(BRL million and % of Gross Revenue)



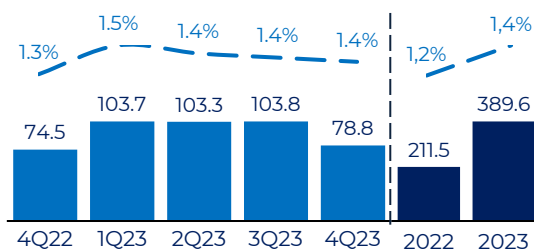
CONSOLIDATED DEPRECIATION
(BRL million and % of Gross Revenue)



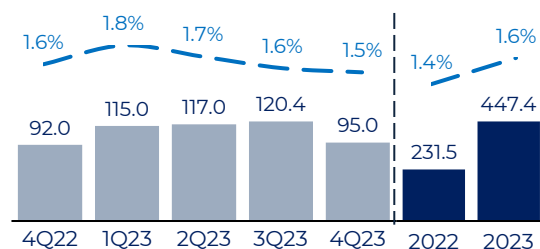
The consolidated financial result was BRL 447.4 million in the year, showing an increase of 93.2% compared to 2022. In the composition of net income variation for the year, this was certainly the most relevant component.

Given the scenario of high interest rates, increased funding costs and greater financial leverage (generated by the investments necessary in the context of the acquisition of Extrafarma), debt service expenses grew 67% compared to the previous year. In addition, the mismatch in the cash cycle (generated by the relevant increase to Extrafarma's inventories) generated the need for greater advances of receivables, adding the costs of this operation to the financial expenses.

STANDALONE FINANCIAL RESULTS
(BRL million and % of Gross Revenue)



CONSOLIDATED FINANCIAL RESULTS
(BRL million and % of Gross Revenue)



Throughout the year, we progressively reduced our leverage, which was reflected in the financial result in 4Q23, when this expense totaled BRL 95.0 million, a reduction of BRL 25.5 million compared to the previous quarter. For 2024, we remain focused on reducing indebtedness, which, combined with the scenario of falling interest rates, should continue to contribute to the normalization of the financial result.

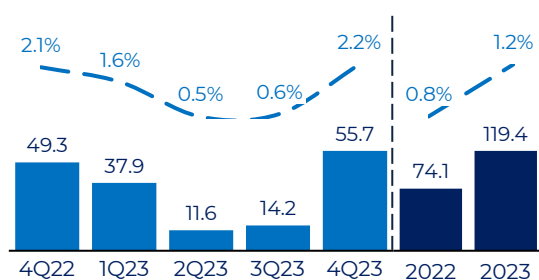
EARNINGS RELEASE 4Q23 & 2023

» FINANCIAL INFORMATION

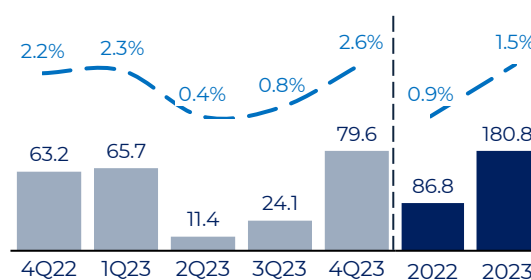
In 2023, we recorded deferred income tax of BRL 180.8 million. The growth in relation to the previous year is related to the reduction in taxable income in the period, in addition to the strong impact of the distribution of BRL 160 million in interest on shareholders' equity, an amount 95% higher than in 2022.

It is important to highlight that the relevance of tax benefits on investment subsidies has decreased in recent years, due to the changes in the logistics network promoted by the incorporation of Extrafarma's DCs. In 2021, this tax benefit corresponded to 1.5% of gross revenue, reducing to 1.3% in 2022 and 0.9% in 2023.

STANDALONE INCOME TAX
(BRL million and % of Gross Revenue)



CONSOLIDATED INCOME TAX
(BRL million and % of Gross Revenue)

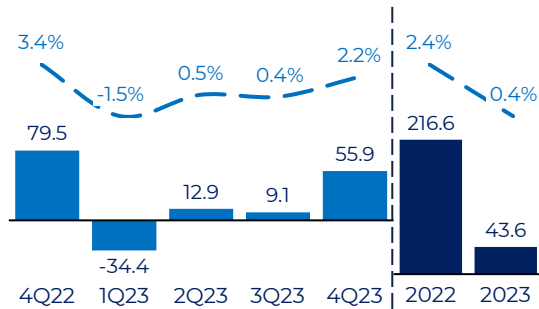


ADJUSTED NET INCOME

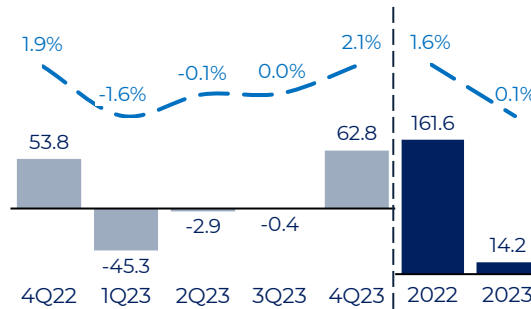
Consolidated adjusted net income was BRL 14.2 million in 2023, a 91% reduction compared to 2022. The decreasing profit trend observed throughout the year was reversed in 4Q23, when we recorded adjusted net income of BRL 62.8 million, an increase of 16.9% compared to the same period last year. This positive performance reflected EBITDA growth, sequential improvements in financial results and the ramp-up of Extrafarma's results, which reached breakeven for the first time since the beginning of the integration, with a total of BRL 7.9 million of net income in the quarter.

The Company's main objective for the year 2024, together with the completion of the integration with Extrafarma, is to reduce financial leverage. As we move forward with this plan, combined with the ongoing interest rate reduction scenario, the financial result will be progressively reduced, allowing good operating performance to be converted into profit growth.

STANDALONE NET INCOME
(BRL million and % of Gross Revenue)



CONSOLIDATED NET INCOME
(BRL million and % of Gross Revenue)



ADJUSTED INCOME RECONCILIATION

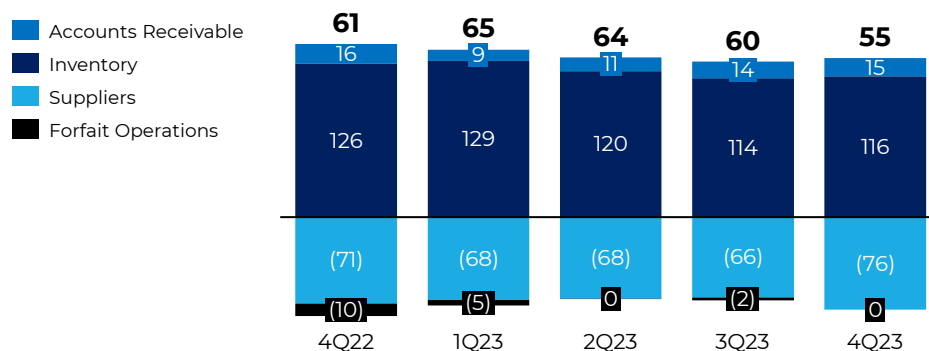
For a better understanding and comparability with previous periods, the result for the year was adjusted for non-recurring events. We present below the details of the adjustments made, as well as their respective impacts on the result. The complete reconciliation of the accounting and adjusted result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

Description of Adjustment	Net effect on the standalone result				Net effect on consolidated result			
	4Q22	4Q23	2022	2023	4Q22	4Q23	2022	2023
Net Accounting Income IFRS 16	101,9	126,1	263,7	2,5	101,9	126,1	263,7	2,5
IFRS Effects 16	5,8	6,3	24,6	25,5	7,3	5,4	26,8	28,1
Write off fixed assets	-	7,8	-	11,5	3,5	11,8	5,7	18,2
Elimination of intercompany sales	4,6	-	4,6	-	4,6	-	4,6	-
Extrafarma acquisition expenses	6,0	-	16,1	2,3	7,1	-	18,6	3,4
Organizational restructuring	-	-	-	-	4,5	-	4,5	4,8
Business Combination	(115,0)	(16,8)	(252,8)	6,4	(115,0)	(16,8)	(252,8)	6,4
Interest payable on acquisition installments	11,4	6,0	24,2	39,4	11,4	6,0	24,2	39,4
Exclusion of the equity equivalence of Extrafarma in the standalone result	33,2	(69,3)	65,6	(23,8)	-	-	-	-
Effect on IRPJ and CSLL of adjustments	31,6	(4,3)	70,7	(20,3)	28,6	(5,7)	66,4	(24,5)
Losses constitution of prior periods (effect on income tax)	-	-	-	-	-	(64,7)	-	(64,7)
Effect on Minority Interest adjustments	-	-	-	-	-	0,6	-	0,6
Total - Adjustments	(28,2)	(76,6)	(71,6)	15,6	(55,4)	(68,7)	(128,8)	(16,5)
Adjusted Net Income	79,5	55,9	216,6	43,6	53,8	62,8	161,6	14,2

CASH CYCLE

Throughout 2023, our cash cycle was greatly impacted by the acquisition of Extrafarma. As part of the integration plan, we made significant investments in inventories, which in turn had their turnover compromised in the first quarter of the year, when the main changes in the supply chain occurred. Starting in 2Q23, we began a gradual normalization of working capital accounts, with a reduction in the level of inventories, an increase in the balance of suppliers and the recomposition of accounts receivable.

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



² The calculation of the Inventory days and the Suppliers days disregards the effects of the APV, commercial agreements and recoverable taxes.

EARNINGS RELEASE 4Q23 & 2023

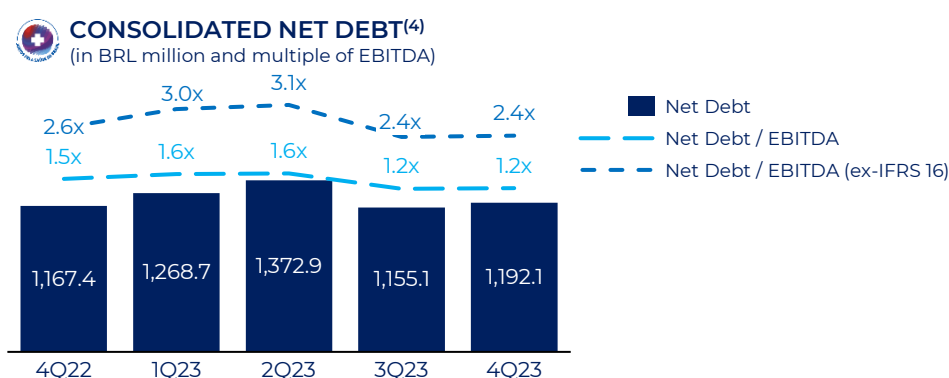
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We ended 4Q23 with an operating cash cycle of 55 days, a reduction of 6 days compared to the same period of the previous year, reaching a level similar to that observed before the integration. Despite the improvement, we continue to seek to reduce the level of inventories through greater operational efficiency, especially in Extrafarma, and thus restore the balance of receivables, which still has a balance of advances above what we consider to be normal for the operation.

DEBT

Throughout the year, we made several efforts to control the financial leverage level, resulting in a decreasing trajectory in the level of indebtedness. We closed 4Q23 with net debt of 2.4x in relation to adjusted EBITDA, a reduction of 0.2x compared to the previous year and 0.7x compared to 2Q23, a peak in inventory investment.

We remain committed to the deleveraging cycle in 2024. Through different initiatives such as investment reduction, monetization of tax credits and normalization of the cash cycle, combined with the expected growth in EBITDA and synergy capture, we expect to reach the end of the year with a net debt level similar to that observed before the acquisition of Extrafarma.



INVESTMENTS

The full year capex totaled BRL 123.2, a 62% reduction compared to 2022, reflecting the reduction in the pace of investments and the Company's financial deleveraging cycle. It is important to highlight that, of the BRL 77.2 million capitalized for expansion in 2023, about BRL 15 million refer to stores opened in 2022 (which were concentrated at the end of the year) and BRL 30 million refer to stores opened in 2024 (which were concentrated at the beginning of the year).

Capex (BRL million)	2022	%	2023	%
Expansion	213.4	66%	77.2	63%
Store renovations	28.2	9%	12.8	10%
Technology	55.7	17%	19.1	16%
Infrastructure of stores, DCs and offices	28.4	9%	14.1	11%
Total	325.6	100%	123.2	100%

⁴ For the purposes of this release forfait operations are being considered as suppliers and disregarded from the indebtedness calculations.

EARNINGS RELEASE 4Q23 & 2023

» FINANCIAL INFORMATION

CASH FLOW

In 2023, we recorded a significant improvement in operating cash generation. Free cash flow, excluding the installment paid for the acquisition of Extrafarma, was BRL 141.4 million, compared to consumption of BRL 97.0 million in the previous year. In 4Q23, free cash flow was BRL 33.1 million, an improvement of approximately BRL 120 million compared to the same period of the previous year.

This good performance reflects our focus on financial deleveraging, with consistent improvements in the operating cash cycle, monetization of tax credits and reduction in the level of investments.

Management Cash Flow (BRL million)	4Q22	4Q23	2022	2023
Consolidated EBITDA ex-IFRS 16	223.1	108.8	664.3	438.0
(-) Gain from advantageous purchase	(115.0)	(26.3)	(252.8)	(18.9)
(Δ) Accounts receivable	76.3	(23.3)	149.0	33.9
(Δ) Inventories	(255.4)	(130.1)	(585.2)	(32.1)
(Δ) Suppliers	85.9	292.8	168.1	328.4
(Δ) Forfait operations	101.0	(56.1)	138.9	(241.3)
(Δ) Recoverable taxes	(23.4)	24.5	(49.5)	(7.1)
(+/-) Change in other assets and liabilities/Non-cash effects	(80.3)	(113.2)	(24.5)	(237.1)
(=) Cash flow from operations	12.1	77.2	208.5	263.8
(-) Capital investments	(109.3)	(44.9)	(325.6)	(123.2)
(-) Company Acquisitions	-	-	(365.4)	(197.8)
(+) Cash from the business combination	-	-	20.1	-
(=) Investment Cash Flow	(109.3)	(44.9)	(670.9)	(321.0)
Free cash flow	(97.1)	32.3	(462.4)	(57.2)
(+) Gross funding from debt	149.8	-	649.8	583.7
(-) Payment of gross debt	(83.3)	(40.9)	(531.4)	(278.1)
(-) Debt service	(47.8)	(74.0)	(123.4)	(290.4)
(-) Repurchase of shares / Payment of capital	(6.4)	(4.3)	(20.0)	396.4
Dividends and interest on equity (paid)	0.2	-	1.5	(79.1)
(=) Cash Flow from financing	12.4	(119.2)	(23.6)	332.4
Opening balance of cash, cash equivalents and financial investments	252.8	530.2	654.1	168.1
Closing balance of cash, cash equivalents and financial investments	168.1	443.3	168.1	443.3
Change in cash and cash equivalents	(84.7)	(86.9)	(486.0)	275.2

EARNINGS RELEASE 4Q23 & 2023

» APPENDIX

APPENDIX 1: INCOME STATEMENT FOR THE YEAR

On January 1, 2019, CPC 6-R2 (IFRS 16) entered into force, which changed the accounting recognition model of lease agreements. To preserve historical comparability, below is the reconciliation according to the previous standard (IAS 17/CPC 06).

STANDALONE PAGUE MENOS INCOME STATEMENT

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	4Q22	4Q23	Δ	4Q22	4Q23	Δ
Gross Revenue	2,310.4	2,508.8	8.6%	2,310.4	2,508.8	8.6%
Deductions	(149.9)	(161.3)	7.6%	(149.9)	(161.3)	7.6%
Net Revenue	2,160.6	2,347.5	8.7%	2,160.6	2,347.5	8.7%
Cost of Goods Sold	(1,472.1)	(1,626.1)	10.5%	(1,472.1)	(1,626.1)	10.5%
Gross Profit	688.5	721.4	4.8%	688.5	721.4	4.8%
<i>Gross Margin</i>	29.8%	28.8%	(1.0 p.p.)	29.8%	28.8%	(1.0 p.p.)
Selling Expenses	(501.3)	(548.6)	9.4%	(422.6)	(456.9)	8.1%
Contribution Margin	187.2	172.9	(7.7%)	265.9	264.6	(0.5%)
<i>Contribution Margin (%)</i>	8.1%	6.9%	(1.2 p.p.)	11.5%	10.5%	(1.0 p.p.)
General and administrative expenses	(52.8)	(59.7)	13.2%	(52.8)	(59.7)	13.2%
Adjusted EBITDA	134.4	113.1	(15.8%)	213.1	204.8	(3.9%)
<i>Adjusted EBITDA Margin</i>	5.8%	4.5%	(1.3 p.p.)	9.2%	8.2%	(1.0 p.p.)
Depreciation and Amortization	(29.7)	(34.2)	15.0%	(82.5)	(95.8)	16.1%
Financial Earnings	(74.5)	(78.8)	5.7%	(109.3)	(118.5)	8.5%
Earnings before Income Tax	30.2	0.2	(99.4%)	21.4	(9.4)	-
Income Tax and Social Contribution	49.3	55.7	13.0%	52.3	59.0	12.7%
Adjusted Net Profit	79.5	55.9	(29.7%)	73.7	49.5	(32.8%)
<i>Adjusted Net margin</i>	3.4%	2.2%	(1.2 p.p.)	3.2%	2.0%	(1.2 p.p.)

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	2022	2023	Δ	2022	2023	Δ
Gross Revenue	8,911.3	9,832.8	10.3%	8,911.3	9,832.8	10.3%
Deductions	(577.4)	(631.1)	9.3%	(577.4)	(631.1)	9.3%
Net Revenue	8,333.9	9,201.7	10.4%	8,333.9	9,201.7	10.4%
Cost of Goods Sold	(5,646.5)	(6,319.2)	11.9%	(5,646.5)	(6,319.2)	11.9%
Gross Profit	2,687.4	2,882.5	7.3%	2,687.4	2,882.5	7.3%
<i>Gross Margin</i>	30.2%	29.3%	(0.9 p.p.)	30.2%	29.3%	(0.9 p.p.)
Sales Expenses	(1,973.8)	(2,188.9)	10.9%	(1,657.7)	(1,817.3)	9.6%
Contribution Margin	713.7	693.6	(2.8%)	1,029.7	1,065.2	3.4%
<i>Contribution Margin (%)</i>	8.0%	7.1%	(0.9 p.p.)	11.6%	10.8%	(0.8 p.p.)
General and administrative expenses	(248.7)	(241.4)	(2.9)	(248.7)	(241.4)	(2.9%)
Adjusted EBITDA	465.0	452.2	(2.7%)	781.0	823.8	5.5%
<i>Adjusted EBITDA Margin</i>	5.2%	4.6%	(0.6 p.p.)	8.8%	8.4%	(0.4 p.p.)
Depreciation and Amortization	(111.0)	(138.3)	24.7%	(325.4)	(388.5)	19.4%
Financial Earnings	(211.5)	(389.6)	84.2%	(350.4)	(549.6)	56.9%
Earnings before Income Tax	142.5	(75.8)	-	105.2	(114.4)	-
Income Tax and Social Contribution	74.1	119.4	61.0%	86.9	132.5	52.5%
Adjusted Net Profit	216.6	43.6	(79.9%)	192.0	18.1	(90.6%)
<i>Adjusted Net margin</i>	2.4%	0.4%	(2.0 p.p.)	2.2%	0.2%	(2.0 p.p.)

EARNINGS RELEASE 4Q23 & 2023

» APPENDIX

PAGUE MENOS CONSOLIDATED FINANCIAL STATEMENT

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	4Q22	4Q23	Δ	4Q22	4Q23	Δ
Gross Revenue	2,843.4	3,062.1	7.7%	2,843.4	3,062.1	7.7%
Deductions	(183,2)	(196,5)	7.3%	(183,2)	(196,5)	7.3%
Net Revenue	2,660.3	2,865.6	7.7%	2,660.3	2,865.6	7.7%
Cost of Goods Sold	(1,805.6)	(1,972.2)	9.2%	(1,805.6)	(1,972.2)	9.2%
Gross Profit	854.6	893.4	4.5%	854.6	893.4	4.5%
<i>Gross Margin</i>	30.1%	29.2%	(0.9 p.p.)	30.1%	29.2%	(0.9 p.p.)
Selling Expenses	(639.6)	(691.6)	8.1%	(535.0)	(574.6)	7.4%
Contribution Margin	215.0	201.7	(6.2%)	319.7	318.8	(0.3%)
<i>Contribution Margin (%)</i>	7.6%	6.6%	(1.0 p.p.)	11.2%	10.4%	(0.8 p.p.)
General and administrative expenses	(87.2)	(77.1)	(11.6%)	(87.2)	(77.1)	(11.6%)
Adjusted EBITDA	127.8	124.6	(2.5%)	232.4	241.7	4.0%
<i>Adjusted EBITDA Margin</i>	4.5%	4.1%	(0.4 p.p.)	8.2%	7.9%	(0.3 p.p.)
Depreciation and Amortization	(45.5)	(46.4)	1.9%	(118.8)	(126.4)	6.4%
Financial Earnings	(92.0)	(95.0)	3.3%	(134.4)	(140.2)	4.4%
Earnings before Income Tax	(9.7)	(16.7)	72.3%	(20.7)	(24.9)	20.4%
Income Tax and Social Contribution	63.2	79.6	26.0%	66.9	82.4	23.2%
Minority Interest	0.3	(0.0)	-	0.3	(0.0)	-
Adjusted Net Profit	53.8	62.8	16.9%	46.5	57.4	23.5%
<i>Adjusted Net margin</i>	1.9%	2.1%	0.2 p.p.	1.6%	1.9%	0.3 p.p.

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	2022	2023	Δ	2022	2023	Δ
Gross Revenue	9,818.7	11,960.9	21.8%	9,818.7	11,960.9	21.8%
Deductions	(630.8)	(743.1)	17.8%	(630.8)	(743.1)	17.8%
Net Revenue	9,187.9	11,217.8	22.1%	9,187.9	11,217.8	22.1%
Cost of Goods Sold	(6,232.4)	(7,672.6)	23.1%	(6,232.4)	(7,672.6)	23.1%
Gross Profit	2,955.5	3,545.2	20.0%	2,955.5	3,545.2	20.0%
<i>Gross Margin</i>	30.1%	29.6%	(0.5 p.p.)	30.1%	29.6%	(0.5 p.p.)
Selling Expenses	(2,205.0)	(2,750.7)	24.7%	(1,845.1)	(2,278.2)	23.5%
Contribution Margin	750.5	794.6	5.9%	1,110.3	1,267.0	14.1%
<i>Contribution Margin (%)</i>	7.6%	6.6%	(1.0 p.p.)	11.3%	10.6%	(0.7 p.p.)
General and administrative expenses	(305.5)	(318.6)	4.3%	(305.5)	(318.6)	4.3%
Adjusted EBITDA	444.9	476.0	7.0%	804.8	948.4	17.8%
<i>Adjusted EBITDA Margin</i>	4.5%	4.0%	(0.5 p.p.)	8.2%	7.9%	(0.3 p.p.)
Depreciation and Amortization	(139.2)	(195.6)	40.6%	(387.3)	(520.8)	34.5%
Financial Earnings	(231.5)	(447.4)	93.2%	(383.4)	(637.2)	66.2%
Earnings before Income Tax	74.2	(167.0)	-	34.0	(209.6)	-
Income Tax and Social Contribution	86.8	180.8	108.4%	100.2	195.3	94.9%
Minority Interest	0,6	0,4	(37.9%)	0.6	0.4	(37.9%)
Adjusted Net Profit	161.6	14.2	(91.2%)	134.8	(13.9)	-
<i>Adjusted Net margin</i>	1.6%	0.1%	(1.5 p.p.)	1.4%	(0.1 %)	(1.5 p.p.)

APPENDIX 2: BALANCE SHEET

CONSOLIDATED PAGUE MENOS BALANCE SHEET

Balance Sheet (BRL million)	IFRS16		
	12/31/2022	12/31/2023	Δ
Total Assets	8,597.4	8,988.6	4.5%
Current Assets	4,127.9	4,493.6	8.9%
Cash and Cash Equivalents	168.1	443.3	163.7%
Accounts receivable from Clients	505.5	513.6	1.6%
Inventories	3,029.2	3,029.7	0.0%
Recoverable Taxes	244.0	239.6	(1.8%)
Other Current Assets	181.1	267.4	47.7%
Non-Current Assets	4,469.5	4,495.0	0.6%
Long-term receivables	1,073.7	1,358.9	26.6%
Investments	76.3	80.0	4.9%
Fixed Assets	1,044.8	949.6	(9.1%)
Right of use under lease	2,054.5	1,912.0	(6.9%)
Intangible assets	220.2	194.5	(11.7%)
Total Liability	8,597.4	8,988.6	4.5%
Current Liabilities	2,935.8	3,242.5	10.4%
Social and labor obligations	158.5	163.6	3.2%
Suppliers	1,590.4	1,936.2	21.7%
Forfait Operations	237.9	0.0	(100.0%)
Tax Requirements	167.2	111.2	(33.5%)
Loans, financing and debentures	234.9	430.3	83.2%
Other Obligations	233.6	265.4	13.6%
Leasing	313.3	335.9	7.2%
Non-Current Liabilities	3,318.6	3,085.6	(7.0%)
Loans, financing and debentures	1,100.6	1,205.1	9.5%
Deferred taxes	6.0	3.6	(40.3%)
Commercial leasing	1,926.2	1,786.0	(7.3%)
Provisions	90.9	79.1	(13.0%)
Other accounts payable	194.9	11.8	(94.0%)
Equity	2,343.0	2,660.5	13.6%
Paid-up Share Capital	1,199.2	1,604.8	33.8%
Capital Reserves	391.9	383.6	(2.1%)
Profit Reserves	764.4	681.5	(10.8%)
Treasury Shares	(21.0)	(17.0)	(19.2%)
Non-controlling interests	8.4	7.5	(10.9%)

EARNINGS RELEASE 4Q23 & 2023

» APPENDIX

APPENDIX 3: RECONCILIATION OF ADJUSTED INCOME

Adjusted Income Statement Reconciliation (BRL million)	STANDALONE					CONSOLIDATED			
	4Q23 Accounting	IFRS 16 Effects	Inter-company	Adjustments	4Q23 Adjusted	4Q23 Accounting	IFRS16 Effects	Adjustments	4Q23 Adjusted
Gross Revenue	2,611.2	-	(102.4)	-	2,508.8	3,062.1	-	-	3,062.1
Deductions	(163.0)	-	1.7	-	(161.3)	(196.5)	-	-	(196.5)
Net Revenue	2,448.2	-	(100.6)	-	2,347.5	2,865.6	-	-	2,865.6
Cost of Goods Sold	(1,726.7)	-	100.6	-	(1,626.1)	(1,972.2)	-	-	(1,972.2)
Gross Profit	721.4	-	-	-	721.4	893.4	-	-	893.4
Selling Expenses	(464.7)	(91.7)	-	7.8	(548.6)	(556.1)	(117.1)	(18.5)	(691.6)
General and Administrative Expenses	26.3	-	-	(86.1)	(59.7)	(81.1)	-	4.0	(77.1)
Depreciation and Amortization	(95.8)	61.5	-	-	(34.2)	(117.2)	80.0	(9.2)	(46.4)
Operating Result	187.4	(30.2)	-	(78.3)	78.9	139.0	(37.1)	(23.8)	78.2
Financial Earnings	(124.5)	39.8	-	6.0	(78.8)	(165.0)	45.3	24.8	(95.0)
Pre Tax Income	62.8	9.6	-	(72.3)	0.2	(25.9)	8.2	1.0	(16.7)
Income Tax and Social Contribution	63.3	(3.3)	-	(4.3)	55.7	152.7	(2.8)	(70.3)	79.6
Minority Interest	-	-	-	-	-	(0.6)	-	0.6	(0.1)
Net Income	126.1	6.3	-	(76.6)	55.9	126.1	5.4	(68.7)	62.8

Adjusted Income Statement Reconciliation (BRL million)	STANDALONE					CONSOLIDATED			
	4Q23 Accounting	IFRS 16 Effects	Inter-company	Adjustments	4Q23 Adjusted	4Q23 Accounting	IFRS16 Effects	Adjustments	4Q23 Adjusted
Gross Revenue	10,150.0	-	(317.1)	-	9,832.8	11,960.9	-	-	11,960.9
Deductions	(642.6)	-	11.5	-	(631.1)	(758.7)	-	-	(758.7)
Net Revenue	9,507.3	-	(305.7)	-	9,201.7	11,202.1	-	-	11,202.1
Cost of Goods Sold	(6,624.8)	-	305.7	-	(6,319.2)	(7,656.9)	-	-	(7,656.9)
Gross Profit	2,882.5	-	-	-	2,882.5	3,545.2	-	-	3,545.2
Selling Expenses	(1,829.0)	(371.6)	-	11.7	(2,188.9)	(2,266.0)	(502.8)	18.1	(2,750.7)
General and Administrative Expenses	(226.3)	-	-	(15.1)	(241.4)	(338.5)	-	19.9	(318.6)
Depreciation and Amortization	(388.5)	250.2	-	0.0	(138.3)	(527.3)	319.0	12.7	(195.6)
Operating Result	438.6	(121.4)	-	(3.4)	313.8	413.5	(183.8)	50.7	280.4
Financial Earnings	(588.9)	160.0	-	39.2	(389.6)	(695.2)	208.6	39.2	(447.3)
Pre Tax Income	(150.2)	38.6	-	35.8	(75.8)	(281.7)	24.8	89.9	(167.0)
Income Tax and Social Contribution	152.7	(13.1)	-	(20.3)	119.4	284.5	(8.4)	(95.2)	180.8
Minority Interest	-	-	-	-	-	(0.2)	-	0.6	0.4
Net Income	2.5	25.5	-	15.6	43.6	2.5	16.4	(4.7)	14.2

APPENDIX 4: EBITDA RECONCILIATION

EBITDA Reconciliation (R\$ million)	STANDALONE 4Q23	STANDALONE 2023	CONSOLIDATED 4Q23	CONSOLIDATED 2023
Net Income	126.1	2.5	126.1	2.5
(+) Financial Results	124.5	588.9	165.0	695.2
(+) Income tax and Social Contribution	(63.3)	(152.7)	(152.7)	(284.5)
(+) Depreciation and Amortization	95.8	388.5	117.2	527.3
(+) Minority Interest	0.0	0.0	0.6	0.2
EBITDA Ex-IFRS 16	283.1	827.2	256.2	940.7
(+/-) IFRS Effects 16	(91.7)	(371.6)	(147.4)	(502.8)
(+/-) Management Adjustments	(78.3)	(3.4)	11.8	38.0
Adjusted EBITDA	113.1	452.2	120.6	476.0

APPENDIX 5: STORE DISTRIBUTION BY STATE

State / Region (# Stores)	4Q22	Organic Expansion	Closings	4Q23
Total	1.646	20	34	1.632
Northeast	1.002	17	13	1.006
Alagoas	37	-	-	37
Bahia	158	2	4	156
Ceará	282	3	5	280
Maranhão	133	3	-	136
Paraíba	63	5	-	68
Pernambuco	176	3	4	175
Piauí	43	-	-	43
Rio Grande Do Norte	68	1	-	69
Sergipe	42	-	-	42
North	250	-	6	244
Acre	15	-	-	15
Amapá	18	-	-	18
Amazonas	22	-	1	21
Pará	151	-	4	147
Rondônia	13	-	-	13
Roraima	12	-	-	12
Tocantins	19	-	1	18
Southeast	244	2	14	232
Espírito Santo	25	-	1	24
Minas Gerais	68	1	-	69
Rio De Janeiro	19	-	4	15
São Paulo	132	1	9	124
Center-West	109	1	1	109
Federal District	15	-	-	15
Goiás	29	-	-	29
Mato Grosso	35	1	-	36
Mato Grosso do Sul	30	-	1	29
South	41	-	-	41
Paraná	15	-	-	15
Rio Grande Do Sul	7	-	-	7
Santa Catarina	19	-	-	19



 **PagueMenos**

 **extrafarma**



EARNINGS VIDEOCONFERENCE

March 5, 2024

10:00 (BRT) | 08:00 (US-EST)

In Portuguese, with simultaneous translation into English

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