Financial Statements

Dimed S.A. Distribuidora de Medicamentos

December 31, 2023
with Independent Auditor's Report

Contents

Company Information / Capital Breakdown

Number of shares (unit)	Last fiscal year 12/31/2023
Paid-in Capital	
Common shares	150,377,481
Preferred shares	0
Total	150,377,481
Treasury shares	
Common shares	1,525,357
Preferred shares	0
Total	1,525,357

Individual Financial Statements / Statement of Financial Position - Assets

(In thousands of reais)

Account Code	Account Description	Last year 12/31/2023	Year before last 12/31/2022	Second year before last 12/31/2021
1	Total Assets	3,072,057	2,729,336	2,372,275
1.01	Current Assets	1,765,291	1,493,849	1,331,908
1.01.01	Cash and Cash Equivalents	27,921	23,517	51,590
1.01.02	Short-Term Investments	167,775	87,967	116,712
1.01.02.01	Financial Assets Measured at Fair Value Through Profit or Loss	167,775	87,967	116,712
1.01.02.01.03	Short-Term Investments	167,775	87,967	116,712
1.01.03	Trade Accounts Receivable	553,459	462,864	395,486
1.01.03.01	Trade Accounts Receivable	446,017	397,434	321,230
1.01.03.02	Other Accounts Receivable	107,442	65,430	74,256
1.01.04	Inventories	982,972	882,439	726,350
1.01.06	Taxes Recoverable	33,164	37,062	41,770
1.01.06.01	Current Taxes Recoverable	33,164	37,062	41,770
1.01.06.01.01	Income and Social Contribution Taxes Payable	8,813	26,064	11,418
1.01.06.01.02	Other Taxes Recoverable	24,351	10,998	30,352
1.02	Noncurrent Assets	1,306,766	1,235,487	1,040,367
1.02.01	Long-Term Assets	69,752	59,595	52,019
1.02.01.07	Deferred Taxes	49,356	45,263	35,736
1.02.01.07.01	Deferred Income and Social Contribution Taxes	49,356	45,263	35,736
1.02.01.08	Prepaid Expenses	4,387	0	0
1.02.01.09	Related-Party Receivables	1,330	1,530	4,700
1.02.01.09.02	Receivables from Subsidiaries	1,330	1,530	4,700
1.02.01.10	Other Noncurrent Assets	14,679	12,802	11,583
1.02.01.10.03	Other Taxes Recoverable	12,366	9,625	7,895
1.02.01.10.04	Judicial Deposits	2,048	2,654	3,411
1.02.01.10.05	Other Assets	265	523	277
1.02.02	Investments	83,620	75,478	64,639
1.02.02.01	Equity Interests	83,620	75,478	64,639
1.02.02.01.02	Interests Held in Subsidiaries	83,620	75,478	64,639

Individual Financial Statements / Statement of Financial Position - Assets

(In thousands of reais)

Account Code	Account Description	Last year 12/31/2023	Year before last 12/31/2022	Second year before last 12/31/2021
1.02.03	Property, Plant and Equipment	1,070,879	1,024,274	864,167
1.02.03.01	Property, Plant and Equipment in Operation	494,686	436,995	342,936
1.02.03.02	Right-of-Use - Lease	576,193	587,279	521,231
1.02.04	Intangible Assets	82,515	76,140	59,542
1.02.04.01	Intangible Assets	82,515	76,140	59,542
1.02.04.01.02	Intangible Assets	82,515	76,140	59,542

Individual Financial Statements / Statement of Financial Position - Liabilities and Equity

(In thousands of reais)

Account Code	Account Description	Last year 12/31/2023	Year before last 12/31/2022	Second year before last 12/31/2021
2	Total Liabilities	3,072,057	2,729,336	2,372,275
2.01	Current Liabilities	1,130,098	1,006,080	808,056
2.01.01	Social and Labor Obligations	66,517	59,222	50,483
2.01.01.01	Social Charges	16,008	13,753	12,544
2.01.01.02	Labor Obligations	50,509	45,469	37,939
2.01.02	Trade Accounts Payable	684,780	562,322	470,117
2.01.02.01	Trade Accounts Payable - local	684,780	562,322	470,117
2.01.03	Tax Obligations	29,394	27,215	27,505
2.01.03.01	Federal Tax Obligations	7,771	5,238	6,255
2.01.03.01.02	Other Federal Tax Obligations	7,771	5,238	6,255
2.01.03.02	State Tax Obligations	19,923	20,371	20,247
2.01.03.03	Municipal Tax Obligations	1,700	1,606	1,003
2.01.04	Loans and Financing	266,896	270,488	189,137
2.01.04.02	Debentures	102,535	118,395	54,532
2.01.04.03	Financing Through Lease	164,361	152,093	134,605
2.01.05	Other Obligations	79,004	84,411	69,794
2.01.05.02	Other	79,004	84,411	69,794
2.01.05.02.01	Dividends and Interest on Equity Payable	6,406	5,518	5,701
2.01.05.02.04	Profit Sharing Payable	10,877	16,399	12,158
2.01.05.02.05	Other Liabilities	61,721	62,494	51,935
2.01.06	Provisions	3,507	2,422	1,020
2.01.06.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	3,507	2,422	1,020
2.01.06.01.05	Other Provisions	3,507	2,422	1,020
2.02	Noncurrent Liabilities	768,543	615,094	518,024
2.02.01	Loans and Financing	755,791	601,052	501,790
2.02.01.02	Debentures	280,000	116,429	79,286
2.02.01.03	Financing Through Lease	475,791	484,623	422,504
2.02.02	Other Obligations	7,220	6,665	0

Individual Financial Statements / Statement of Financial Position - Liabilities and Equity

(In thousands of reais)

Account Code	Account Description	Last year 12/31/2023	Year before last 12/31/2022	Second year before last 12/31/2021
2.02.02.02	Other	7,220	6,665	0
2.02.02.02.04	Other Obligations	7,220	6,665	0
2.02.04	Provisions	5,532	7,377	16,234
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	5,532	7,377	16,234
2.02.04.01.01	Provisions for Tax Contingencies	0	202	908
2.02.04.01.02	Provisions for Social Security and Labor Contingencies	5,532	7,175	9,326
2.02.04.01.04	Provisions for Civil Contingencies	0	0	6,000
2.03	Equity	1,173,416	1,108,162	1,046,195
2.03.01	Paid-in Capital	955,668	928,552	903,552
2.03.01.01	Capital	970,116	943,000	918,000
2.03.01.02	Share Issue Costs	-14,448	-14,448	-14,448
2.03.02	Capital Reserves	-23,157	-29,368	-33,409
2.03.02.05	Treasury Shares	-28,582	-35,139	-36,690
2.03.02.07	Goodwill Reserve	-2,064	-268	0
2.03.02.08	Long-Term Incentive Reserve	7,489	6,039	3,281
2.03.04	Income Reserves	240,905	208,978	176,052
2.03.04.01	Legal Reserve	12,548	9,201	6,764
2.03.04.07	Tax Incentive Reserve	180,684	154,690	131,624
2.03.04.08	Proposed Additional Dividend	21,568	17,971	13,390
2.03.04.10	Reserve for Capital Increase	26,105	27,116	24,274

Individual Financial Statements / Statement of Profit or Loss

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
3.01	Revenue from Sales of Goods and/or Services	4,447,960	3,979,242	3,218,762
3.01.01	Gross Sales of Products and Services	4,786,392	4,265,129	3,453,057
3.01.02	Sales Taxes	-284,855	-235,785	-193,144
3.01.03	Returns and Unconditional Discounts	-53,577	-50,102	-41,151
3.02	Cost of Sales and/or Services	-3,085,135	-2,749,790	-2,237,664
3.03	Gross Income	1,362,825	1,229,452	981,098
3.04	Operating Income/Expenses	-1,194,053	-1,087,809	-878,308
3.04.01	Selling expenses	-1,097,575	-1,004,884	-819,831
3.04.01.01	Selling expenses	-1,097,575	-1,004,884	-819,831
3.04.02	General and administrative expenses	-129,575	-107,367	-92,390
3.04.04	Other Operating Income	24,955	13,603	34,180
3.04.04.01	Other Operating Income	24,955	13,603	34,180
3.04.06	Equity pickup	8,142	10,839	-267
3.05	Income Before Finance Income (Costs) and Taxes	168,772	141,643	102,790
3.06	Finance Income (Costs)	-81,224	-64,297	-19,915
3.06.01	Finance Income	30,762	14,846	23,556
3.06.02	Finance Costs	-111,986	-79,143	-43,471
3.07	Income Before Income Taxes	87,548	77,346	82,875
3.08	Income and Social Contribution Taxes	5,357	8,999	-3,449
3.08.01	Current	1,263	-984	-6,442
3.08.02	Deferred	4,094	9,983	2,993
3.09	Net Income from Continuing Operations	92,905	86,345	79,426
3.11	Income/Loss for the Period	92,905	86,345	79,426
3.99	Earnings per Share (Reais / Share)			
3.99.01	Basic Earnings per Share			
3.99.01.01	Registered Common Shares	0.62	0.58	0.53
3.99.02	Diluted Earnings per Share			
3.99.02.01	Registered Common Shares	0.62	0.58	0.53

Individual Financial Statements / Statement of Comprehensive Income

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
4.01	Net Income for the Period	92,905	86,345	79,426
4.03	Comprehensive Income for the Period	92,905	86,345	79,426

Individual Financial Statements / Statement of Cash Flows (Indirect Method)

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
6.01	Net Cash from Operating Activities	297,109	204,538	125,988
6.01.01	Cash from Operations	369,674	306,779	241,232
6.01.01.01	Net Income for the Year	92,905	86,345	79,426
6.01.01.02	Depreciation and Amortization	198,926	183,496	156,724
6.01.01.03	Provision for Contingent Liabilities	-1,845	-3,057	2,160
6.01.01.04	Equity Pickup	-8,142	-10,839	267
6.01.01.05	Cost of Permanent Assets Written Off/Sold	5,281	8,336	3,293
6.01.01.06	Deferred Income and Social Contribution Taxes	-4,094	-9,983	-2,993
6.01.01.07	Provision for Inventory Losses	160	237	189
6.01.01.08	Allowance for Expected Credit Losses	111	1,111	379
6.01.01.09	Interest Expense	101,554	69,631	36,748
6.01.01.11	Stock Option Plan or Share Subscription	5,614	4,503	2,670
6.01.01.13	Tax Credits from Legal Proceeding	0	-5,591	-38,662
6.01.01.16	Net Reimbursement of Property, Plant and Equipment Written off	0	-6,231	0
6.01.01.17	Discounts on Leases Payable	0	-3,976	-7,384
6.01.01.18	Current Income and Social Contribution Taxes	1,263	984	6,442
6.01.01.20	Other	-22,059	-8,187	1,973
6.01.02	Changes in Assets and Liabilities	-72,565	-102,241	-115,244
6.01.02.01	Receivables from Customers	-48,694	-77,781	-40,986
6.01.02.02	Inventories	-100,693	-156,326	-166,601
6.01.02.03	Judicial Deposits	606	757	2,548
6.01.02.05	Taxes Recoverable	-106	9,025	-186
6.01.02.06	Trade Accounts Payable	122,458	90,505	97,049
6.01.02.07	Income and Social Contribution Taxes Payable	9,588	7,465	9,993
6.01.02.10	Other Asset Groups	-45,941	11,750	-6,660
6.01.02.11	Other Liability Groups	-9,669	15,045	-6,778
6.01.02.13	Income and Social Contribution Taxes (IRPJ and CSLL) Paid	-114	-2,681	-3,623
6.02	Net Cash from Investing Activities	-194,880	-129,496	55,277

Individual Financial Statements / Statement of Cash Flows (Indirect Method)

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
6.02.01	Acquisition of Property, Plant and Equipment	-112,500	-148,062	-108,211
6.02.02	Acquisition of Intangible Assets	-24,631	-32,010	-25,501
6.02.03	Claim Reimbursement	0	11,479	0
6.02.04	Short-Term Investments	-57,749	39,097	188,989
6.03	Net Cash from Financing Activities	-97,825	-103,115	-221,755
6.03.01	Payment of Dividends and Interest on Equity	-28,721	-24,752	-20,442
6.03.03	Acquisitions of Own Shares	-715	-1,605	-20,406
6.03.04	Loans and Financing Taken Out	425,000	150,000	0
6.03.05	Sale of Treasury Shares by Exercising the Stock Option Plan	0	0	683
6.03.06	Payment of Leases	-166,102	-150,309	-122,464
6.03.07	Repayment of Financing Principal and Interest	-287,836	-52,857	-52,837
6.03.08	Repayment of Interest - Financing	-41,526	-25,037	-6,289
6.03.10	Shares Granted - Matching Shares Plan	2,075	1,445	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	4,404	-28,073	-40,490
6.05.01	Cash and Cash Equivalents at Beginning of Year	23,517	51,590	92,080
6.05.02	Cash and Cash Equivalents at End of Year	27,921	23,517	51,590

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2023 to 12/31/2023

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	928,552	-29,368	208,978	0	0	1,108,162
5.02	Prior Years’ Adjustments	0	0	0	0	0	0
5.03	Adjusted Opening Balances	928,552	-29,368	208,978	0	0	1,108,162
5.04	Capital Transactions with Shareholders	27,116	6,211	-23,518	-37,460	0	-27,651
5.04.01	Capital Increases	27,116	0	-27,116	0	0	0
5.04.03	Recognized Options Granted	0	2,075	0	0	0	2,075
5.04.04	Treasury Shares Acquired	0	-715	0	0	0	-715
5.04.07	Interest on Equity	0	0	0	-15,891	0	-15,891
5.04.08	Approvals of Proposed Additional Dividends	0	0	-17,971	0	0	-17,971
5.04.11	Fair value - Matching Shares	0	5,615	0	0	0	5,615
5.04.12	Disposal/Transfer of Shares	0	-764	0	0	0	-764
5.04.13	Surplus	0	0	21,569	-21,569	0	0
5.05	Total Comprehensive Income	0	0	0	92,905	0	92,905
5.05.01	Net Income for the Period	0	0	0	92,905	0	92,905
5.06	Internal Changes in Equity	0	0	55,445	-55,445	0	0
5.06.01	Establishment of Reserves	0	0	55,445	-55,445	0	0
5.07	Closing Balances	955,668	-23,157	240,905	0	0	1,173,416

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2022 to 12/31/2022

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	903,552	-33,409	176,052	0	0	1,046,195
5.02	Prior Years' Adjustments	0	0	0	0	0	0
5.03	Adjusted Opening Balances	903,552	-33,409	176,052	0	0	1,046,195
5.04	Capital Transactions with Shareholders	25,000	4,041	-20,419	-33,000	0	-24,378
5.04.01	Capital Increases	25,000	0	-25,000	0	0	0
5.04.03	Recognized Options Granted	0	1,447	0	0	0	1,387
5.04.04	Treasury Shares Acquired	0	-1,701	0	0	0	-1,605
5.04.06	Dividends	0	0	-13,390	0	0	-13,390
5.04.07	Interest on Equity	0	0	0	-15,029	0	-15,029
5.04.08	Disposal/Transfer of Shares	0	-208	0	0	0	-244
5.04.09	Fair value - Matching Shares	0	4,503	0	0	0	4,503
5.04.10	Surplus	0	0	17,971	-17,971	0	0
5.05	Total Comprehensive Income	0	0	0	86,345	0	86,345
5.05.01	Net Income for the Period	0	0	0	86,345	0	86,345
5.06	Internal Changes in Equity	0	0	53,345	-53,345	0	0
5.06.01	Establishment of Reserves	0	0	53,345	-53,345	0	0
5.07	Closing Balances	928,552	-29,368	208,978	0	0	1,108,162

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2021 to 12/31/2021

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity
5.01	Opening Balances	897,552	-16,356	129,444	0	0	1,010,640
5.02	Prior Years' Adjustments	0	0	0	0	0	0
5.03	Adjusted Opening Balances	897,552	-16,356	129,444	0	0	1,010,640
5.04	Capital Transactions with Shareholders	6,000	-17,053	-6,873	-25,945	0	-43,871
5.04.01	Capital Increases	6,000	0	-6,000	0	0	0
5.04.03	Recognized Options Granted	0	683	0	0	0	683
5.04.04	Treasury Shares Acquired	0	-20,406	0	0	0	-20,406
5.04.06	Dividends	0	0	-14,263	0	0	-14,263
5.04.07	Interest on Equity	0	0	0	-12,555	0	-12,555
5.04.08	Surplus	0	0	13,390	-13,390	0	0
5.04.09	Fair Value of Matching Share Plan	0	2,670	0	0	0	2,670
5.05	Total Comprehensive Income	0	0	0	79,426	0	79,426
5.05.01	Net Income for the Period	0	0	0	79,426	0	79,426
5.06	Internal Changes in Equity	0	0	53,481	-53,481	0	0
5.06.01	Establishment of Reserves	0	0	53,481	-53,481	0	0
5.07	Closing Balances	903,552	-33,409	176,052	0	0	1,046,195

Individual Financial Statements / Statement of Value Added

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
7.01	Revenues	5,111,625	4,493,186	3,664,947
7.01.01	Sales of Goods, Products and Services	4,732,815	4,215,027	3,411,906
7.01.02	Other Revenues	378,921	279,270	253,421
7.01.04	Reversal of/Allowance for Expected Credit Losses	-111	-1,111	-380
7.02	Bought-in Inputs	-3,705,586	-3,245,637	-2,663,716
7.02.01	Cost of Products and Services Sold	-3,368,034	-2,938,965	-2,418,743
7.02.02	Materials, Electric Power, Third-Party Services and Other Expenses	-353,595	-316,047	-278,703
7.02.03	Loss/Recovery of Assets	16,043	9,375	33,730
7.03	Gross Value Added	1,406,039	1,247,549	1,001,231
7.04	Retentions	-198,926	-183,496	-156,889
7.04.01	Depreciation, Amortization and Depletion	-198,926	-183,496	-156,889
7.05	Net Value Added Produced	1,207,113	1,064,053	844,342
7.06	Value Added Received in Transfer	40,219	26,910	24,436
7.06.01	Equity pickup	8,142	10,839	-267
7.06.02	Finance Income	32,077	16,071	24,703
7.07	Total Value Added to be Distributed	1,247,332	1,090,963	868,778
7.08	Distribution of Value Added	1,247,332	1,090,963	868,778
7.08.01	Personnel	546,291	497,236	389,897
7.08.01.01	Direct Compensation	458,267	420,764	326,918
7.08.01.02	Benefits	50,798	43,267	36,091
7.08.01.03	Unemployment Compensation Fund (FGTS)	37,226	33,205	26,888
7.08.02	Taxes, Charges and Contributions	462,669	400,112	334,818
7.08.02.01	Federal Taxes	138,446	109,889	96,274
7.08.02.02	State Taxes	313,895	281,620	231,679
7.08.02.03	Local Taxes	10,328	8,603	6,865
7.08.03	Debt Remuneration	145,467	107,270	64,637
7.08.03.01	Interest	113,324	80,623	44,898
7.08.03.02	Rent	32,143	26,647	19,739

Individual Financial Statements / Statement of Value Added

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
7.08.04	Equity Remuneration	92,905	86,345	79,426
7.08.04.01	Interest on Equity (IOE)	37,459	33,000	25,944
7.08.04.03	Retained Profits/Loss for the Period	55,446	53,345	53,482

Consolidated Financial Statements / Statement of Financial Position - Assets

(In thousands of reais)

Account Code	Account Description	Last year 12/31/2023	Year before last 12/31/2022	Second year before last 12/31/2021
1	Total Assets	3,077,470	2,733,126	2,381,060
1.01	Current Assets	1,840,064	1,558,547	1,395,084
1.01.01	Cash and Cash Equivalents	27,953	25,715	54,435
1.01.02	Short-Term Investments	217,436	131,640	155,216
1.01.02.01	Financial Assets Measured at Fair Value Through Profit or Loss	217,436	131,640	155,216
1.01.02.01.03	Short-Term Investments	217,436	131,640	155,216
1.01.03	Trade Accounts Receivable	560,353	464,731	399,456
1.01.03.01	Trade Accounts Receivable	452,013	399,173	324,615
1.01.03.02	Other Accounts Receivable	108,340	65,558	74,841
1.01.04	Inventories	999,405	896,535	739,036
1.01.06	Taxes Recoverable	33,793	39,926	46,941
1.01.06.01	Current Taxes Recoverable	33,793	39,926	46,941
1.01.06.01.01	Income and Social Contribution Taxes Payable	9,293	26,587	11,693
1.01.06.01.02	Other Taxes Recoverable	24,500	13,339	35,248
1.01.08	Other Current Assets	1,124	0	0
1.01.08.01	Noncurrent Assets for Sale	1,124	0	0
1.01.08.01.01	Properties Available for Sale	1,124	0	0
1.02	Noncurrent Assets	1,237,406	1,174,579	985,976
1.02.01	Long-Term Assets	73,295	63,402	51,921
1.02.01.07	Deferred Taxes	52,885	48,598	36,846
1.02.01.07.01	Deferred Income and Social Contribution Taxes	52,885	48,598	36,846
1.02.01.08	Prepaid Expenses	4,387	0	0
1.02.01.09	Related-Party Receivables	1,330	1,530	3,030
1.02.01.09.03	Receivables from Subsidiaries	1,330	1,530	3,030
1.02.01.10	Other Noncurrent Assets	14,693	13,274	12,045
1.02.01.10.03	Other Taxes Recoverable	12,366	9,625	7,895
1.02.01.10.04	Judicial Deposits	2,064	3,124	3,875
1.02.01.10.05	Other Assets	263	525	275

Consolidated Financial Statements / Statement of Financial Position - Assets

(In thousands of reais)

Account Code	Account Description	Last year 12/31/2023	Year before last 12/31/2022	Second year before last 12/31/2021
1.02.02	Investments	0	4	5
1.02.02.01	Equity Interests	0	4	5
1.02.02.01.05	Other Investments	0	4	5
1.02.03	Property, Plant and Equipment	1,080,794	1,034,437	874,106
1.02.03.01	Property, Plant and Equipment in Operation	504,601	447,158	352,875
1.02.03.02	Right-of-Use - Lease	576,193	587,279	521,231
1.02.04	Intangible Assets	83,317	76,736	59,944
1.02.04.01	Intangible Assets	83,317	76,736	59,944
1.02.04.01.02	Intangible Assets	83,317	76,736	59,944

Consolidated Financial Statements / Statement of Financial Position - Liabilities and Equity

(In thousands of reais)

Account Code	Account Description	Last year 12/31/2023	Year before last 12/31/2022	Second year before last 12/31/2021
2	Total Liabilities	3,077,470	2,733,126	2,381,060
2.01	Current Liabilities	1,134,412	1,008,234	814,974
2.01.01	Social and Labor Obligations	67,443	60,105	51,167
2.01.01.01	Social Obligations	16,202	13,973	12,749
2.01.01.02	Labor Obligations	51,241	46,132	38,418
2.01.02	Trade Accounts Payable	679,763	555,452	464,714
2.01.02.01	Trade Accounts Payable - Local	679,763	555,452	464,714
2.01.03	Tax Obligations	32,299	30,583	30,801
2.01.03.01	Federal Tax Obligations	8,895	6,626	7,776
2.01.03.01.01	Income and Social Contribution Taxes Payable	2,153	1,757	671
2.01.03.01.02	Other Federal Tax Obligations	6,742	4,869	7,105
2.01.03.02	State Tax Obligations	21,696	22,345	22,018
2.01.03.03	Municipal Tax Obligations	1,708	1,612	1,007
2.01.04	Loans and Financing	266,896	270,488	189,137
2.01.04.02	Debentures	102,535	118,395	54,532
2.01.04.03	Financing Through Lease	164,361	152,093	134,605
2.01.05	Other Obligations	84,206	88,862	77,431
2.01.05.02	Other	84,206	88,862	77,431
2.01.05.02.01	Dividends and Interest on Equity Payable	6,406	5,518	5,701
2.01.05.02.04	Profit Sharing Payable	11,247	16,879	12,211
2.01.05.02.05	Other Liabilities	66,553	66,465	59,519
2.01.06	Provisions	3,805	2,744	1,724
2.01.06.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	3,805	2,744	1,724
2.01.06.01.05	Other Provisions	3,805	2,744	1,724
2.02	Noncurrent Liabilities	769,642	616,730	519,891
2.02.01	Loans and Financing	755,791	601,052	501,790
2.02.01.02	Debentures	280,000	116,429	79,286
2.02.01.03	Financing Through Lease	475,791	484,623	422,504

Consolidated Financial Statements / Statement of Financial Position - Liabilities and Equity

(In thousands of reais)

Account Code	Account Description	Last year 12/31/2023	Year before last 12/31/2022	Second year before last 12/31/2021
2.02.02	Other Obligations	7,220	6,665	0
2.02.02.02	Other	7,220	6,665	0
2.02.02.02.04	Other Obligations	7,220	6,665	0
2.02.04	Provisions	6,631	9,013	18,101
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	6,631	9,013	18,101
2.02.04.01.01	Provisions for Tax Contingencies	1,009	1,604	2,310
2.02.04.01.02	Provisions for Social Security and Labor Contingencies	5,622	7,409	9,791
2.02.04.01.04	Provisions for Civil Contingencies	0	0	6,000
2.03	Consolidated Equity	1,173,416	1,108,162	1,046,195
2.03.01	Paid-in Capital	955,668	928,552	903,552
2.03.01.01	Capital	970,116	943,000	918,000
2.03.01.02	Share Issue Costs	-14,448	-14,448	-14,448
2.03.02	Capital Reserves	-23,157	-29,368	-33,409
2.03.02.05	Treasury Shares	-28,582	-35,139	-36,690
2.03.02.07	Goodwill Reserve	-2,064	-268	0
2.03.02.08	Long-Term Incentive Reserve	7,489	6,039	3,281
2.03.04	Income Reserves	240,905	208,978	176,052
2.03.04.01	Legal Reserve	12,548	9,201	6,764
2.03.04.07	Tax Incentive Reserve	180,684	154,690	131,624
2.03.04.08	Proposed Additional Dividend	21,568	17,971	13,390
2.03.04.10	Reserve for Capital Increase	26,105	27,116	24,274

Consolidated Financial Statements / Statement of Profit or Loss

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
3.01	Revenue from Sales of Goods and/or Services	4,461,017	3,990,475	3,225,408
3.01.01	Gross Sales of Products and Services	4,803,912	4,279,781	3,466,681
3.01.02	Sales Taxes	-288,921	-238,446	-198,588
3.01.03	Returns and Unconditional Discounts	-53,974	-50,860	-42,685
3.02	Cost of Sales and/or Services	-3,083,809	-2,747,937	-2,236,809
3.03	Gross Income	1,377,208	1,242,538	988,599
3.04	Operating Income/Expenses	-1,210,635	-1,105,253	-887,070
3.04.01	Selling expenses	-1,102,691	-1,009,353	-826,441
3.04.01.01	Selling expenses	-1,102,691	-1,009,353	-826,441
3.04.02	General and administrative expenses	-132,908	-109,750	-95,179
3.04.04	Other Operating Income	24,964	13,850	34,550
3.04.04.01	Other Operating Income	24,964	13,850	34,550
3.05	Income Before Finance Income (Costs) and Taxes	166,573	137,285	101,529
3.06	Finance Income (Costs)	-74,989	-58,855	-18,290
3.06.01	Finance Income	37,621	20,429	25,618
3.06.02	Finance Costs	-112,610	-79,284	-43,908
3.07	Income Before Income Taxes	91,584	78,430	83,239
3.08	Income and Social Contribution Taxes	1,321	7,915	-3,813
3.08.01	Current	-2,966	-4,292	-8,831
3.08.02	Deferred	4,287	12,207	5,018
3.09	Net Income from Continuing Operations	92,905	86,345	79,426
3.11	Consolidated Income (Loss) for the Period	92,905	86,345	79,426
3.11.01	Attributable to Controlling Shareholders	92,905	86,345	79,426
3.99	Earnings per Share (Reais / Share)			
3.99.01	Basic Earnings per Share			
3.99.01.01	Registered Common Shares	0.62	0.58	0.53
3.99.02	Diluted Earnings per Share			
3.99.02.01	Registered Common Shares	0.62	0.58	0.53

Consolidated Financial Statements/ Statement of Comprehensive Income

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
4.01	Consolidated Net Income for the Period	92,905	86,345	79,426
4.03	Consolidated Comprehensive Income for the Period	92,905	86,345	79,426
4.03.01	Attributable to Controlling Shareholders	92,905	86,345	79,426

Consolidated Financial Statements / Statement of Cash Flows (Indirect Method)

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
6.01	Net Cash from Operating Activities	296,621	205,480	131,178
6.01.01	Cash from Operations	368,570	314,381	244,304
6.01.01.01	Net Income for the Year	92,905	86,345	79,426
6.01.01.02	Depreciation and Amortization	200,154	184,568	157,774
6.01.01.03	Provision for Contingent Liabilities	-2,382	-3,288	3,682
6.01.01.04	Net Reimbursement of Property, Plant and Equipment Written off	0	-6,231	0
6.01.01.05	Cost of Permanent Assets Written off or Sold	6,407	8,411	3,472
6.01.01.06	Deferred Income and Social Contribution Taxes	-4,287	-12,207	-5,018
6.01.01.07	Provision for Inventory Losses	140	144	241
6.01.01.08	Allowance for Expected Credit Losses	111	1,111	379
6.01.01.09	Interest Expenses	101,554	69,631	36,748
6.01.01.10	Tax Credits from Legal Proceeding	0	-5,591	-38,662
6.01.01.11	Stock Option Plan or Share Subscription	5,614	4,503	2,670
6.01.01.13	Discounts on Leases Payable	0	-3,976	-7,384
6.01.01.14	Current Income and Social Contribution Taxes	-2,966	4,292	8,831
6.01.01.15	Other	-28,680	-13,331	2,145
6.01.02	Changes in Assets and Liabilities	-71,949	-108,901	-113,126
6.01.02.01	Receivables from Customers	-52,951	-76,135	-38,887
6.01.02.02	Inventories	-103,010	-157,643	-164,456
6.01.02.03	Judicial Deposits	1,060	751	2,549
6.01.02.04	Taxes Recoverable	6,360	11,331	1,293
6.01.02.05	Trade Accounts Payable	124,311	89,038	90,452
6.01.02.06	Taxes, Contributions and Social Obligations payable	12,613	4,428	8,457
6.01.02.07	Income and Social Contribution Taxes (IRPJ and CSLL) Paid	-3,559	-4,664	-4,701
6.01.02.08	Other Asset Groups	-47,827	10,534	-5,435
6.01.02.09	Other Liability Groups	-8,946	13,459	-2,398
6.02	Net Cash from Investing Activities	-196,558	-131,085	14,905
6.02.01	Acquisition of Property, Plant and Equipment	-114,419	-149,298	-110,045

Consolidated Financial Statements / Statement of Cash Flows (Indirect Method)

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
6.02.02	Acquisition of Intangible Assets	-25,023	-32,339	-25,535
6.02.03	Short-Term Investments	-57,116	39,073	150,485
6.02.04	Claim Reimbursement	0	11,479	0
6.03	Net Cash from Financing Activities	-97,825	-103,115	-221,755
6.03.01	Payment of Dividends and Interest on Equity	-28,721	-24,752	-20,442
6.03.02	Shares Granted - Matching Shares Plan	2,075	1,445	0
6.03.03	Acquisitions of Own Shares	-715	-1,605	-20,406
6.03.04	Loans and Financing Taken Out	425,000	150,000	0
6.03.05	Payment of Leases	-166,102	-150,309	-122,464
6.03.06	Repayment of Principal - Financing	-287,836	-52,857	-52,837
6.03.07	Repayment of Interest - Financing	-41,526	-25,037	-6,289
6.03.09	Sale of Treasury Shares by Exercising the Stock Option Plan	0	0	683
6.05	Increase (Decrease) in Cash and Cash Equivalents	2,238	-28,720	-75,672
6.05.01	Cash and Cash Equivalents at Beginning of Year	25,715	54,435	130,107
6.05.02	Cash and Cash Equivalents at End of Year	27,953	25,715	54,435

Consolidated Financial Statements / Statement of Changes in Equity - SCE - 01/01/2023 to 12/31/2023

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling Interests	Consolidated Equity
5.01	Opening Balances	928,552	-29,368	208,978	0	0	1,108,162	0	1,108,162
5.02	Prior Years' Adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted Opening Balances	928,552	-29,368	208,978	0	0	1,108,162	0	1,108,162
5.04	Capital Transactions with Shareholders	27,116	6,211	-23,518	-37,460	0	-27,651	0	-27,651
5.04.01	Capital Increases	27,116	0	-27,116	0	0	0	0	0
5.04.03	Recognized Options Granted	0	2,075	0	0	0	2,075	0	2,075
5.04.04	Treasury Shares Acquired	0	-715	0	0	0	-715	0	-715
5.04.07	Interest on Equity	0	0	0	-15,891	0	-15,891	0	-15,891
5.04.08	Approvals of Proposed Additional Dividends	0	0	-17,971	0	0	-17,971	0	-17,971
5.04.11	Fair Value - Matching Shares	0	5,615	0	0	0	5,615	0	5,615
5.04.12	Disposal/Transfer of Shares	0	-764	0	0	0	-764	0	-764
5.04.13	Surplus	0	0	21,569	-21,569	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	92,905	0	92,905	0	92,905
5.05.01	Net Income for the Period	0	0	0	92,905	0	92,905	0	92,905
5.06	Internal Changes in Equity	0	0	55,445	-55,445	0	0	0	0
5.06.01	Establishment of Reserves	0	0	55,445	-55,445	0	0	0	0
5.07	Closing Balances	955,668	-23,157	240,905	0	0	1,173,416	0	1,173,416

Consolidated Financial Statements / Statement of Changes in Equity - SCE - 01/01/2022 to 12/31/2022

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling Interests	Consolidated Equity
5.01	Opening Balances	903,552	-33,409	176,052	0	0	1,046,195	0	1,046,195
5.02	Prior Years' Adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted Opening Balances	903,552	-33,409	176,052	0	0	1,046,195	0	1,046,195
5.04	Capital Transactions with Shareholders	25,000	4,041	-20,419	-33,000	0	-24,378	0	-24,378
5.04.01	Capital Increases	25,000	0	-25,000	0	0	0	0	0
5.04.03	Recognized Options Granted	0	1,447	0	0	0	1,387	0	1,387
5.04.04	Treasury Shares Acquired	0	-1,701	0	0	0	-1,606	0	-1,606
5.04.06	Dividends	0	0	-13,390	0	0	-13,390	0	-13,390
5.04.07	Interest on Equity	0	0	0	-15,029	0	-15,029	0	-15,029
5.04.08	Disposal/Transfer of Shares	0	-208	0	0	0	-243	0	-243
5.04.09	Fair Value - Matching Shares	0	4,503	0	0	0	4,503	0	4,503
5.04.10	Surplus	0	0	17,971	-17,971	0	0	0	0
5.05	Total Comprehensive Income	0	0	0	86,345	0	86,345	0	86,345
5.05.01	Net Income for the Period	0	0	0	86,345	0	86,345	0	86,345
5.06	Internal Changes in Equity	0	0	53,345	-53,345	0	0	0	0
5.06.01	Establishment of Reserves	0	0	53,345	-53,345	0	0	0	0
5.07	Closing Balances	928,552	-29,368	208,978	0	0	1,108,162	0	1,108,162

Consolidated Financial Statements / Statement of Changes in Equity - SCE - 01/01/2021 to 12/31/2021

(In thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Income Reserves	Retained Earnings (Accumulated Losses)	Other Comprehensive Income	Equity	Noncontrolling interests	Consolidated Equity
5.01	Opening Balances	897,552	-16,356	129,444	0	0	1,010,640	0	1,010,640
5.02	Prior Years’ Adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted Opening Balances	897,552	-16,356	129,444	0	0	1,010,640	0	1,010,640
5.04	Capital Transactions with Shareholders	6,000	-17,053	-6,873	-25,945	0	-43,871	0	-43,871
5.04.01	Capital Increases	6,000	0	-6,000	0	0	0	0	0
5.04.03	Recognized Options Granted	0	683	0	0	0	683	0	683
5.04.04	Treasury Shares Acquired	0	-20,406	0	0	0	-20,406	0	-20,406
5.04.06	Dividends	0	0	-14,263	0	0	-14,263	0	-14,263
5.04.07	Interest on Equity	0	0	0	-12,555	0	-12,555	0	-12,555
5.04.08	Surplus	0	0	13,390	-13,390	0	0	0	0
5.04.09	Fair Value of Matching Share Plan	0	2,670	0	0	0	2,670	0	2,670
5.05	Total Comprehensive Income	0	0	0	79,426	0	79,426	0	79,426
5.05.01	Net Income for the Period	0	0	0	79,426	0	79,426	0	79,426
5.06	Internal Changes in Equity	0	0	53,481	-53,481	0	0	0	0
5.06.01	Establishment of Reserves	0	0	53,481	-53,481	0	0	0	0
5.07	Closing Balances	903,552	-33,409	176,052	0	0	1,046,195	0	1,046,195

Consolidated Financial Statements / Statement of Value Added

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
7.01	Revenues	5,261,819	4,631,176	3,677,408
7.01.01	Sales of Goods, Products and Services	4,883,032	4,353,400	3,423,996
7.01.02	Other Revenues	378,898	278,887	253,792
7.01.04	Reversal of/Allowance for Expected Credit Losses	-111	-1,111	-380
7.02	Bought-in Inputs	-3,842,463	-3,368,711	-2,669,320
7.02.01	Cost of Products and Services Sold	-3,500,058	-3,058,242	-2,417,102
7.02.02	Materials, Electric Power, Third-Party Services and Other Expenses	-358,519	-319,838	-285,948
7.02.03	Loss/Recovery of Assets	16,114	9,369	33,730
7.03	Gross Value Added	1,419,356	1,262,465	1,008,088
7.04	Retentions	-200,154	-184,568	-157,940
7.04.01	Depreciation, Amortization and Depletion	-200,154	-184,568	-157,940
7.05	Net Value Added Produced	1,219,202	1,077,897	850,148
7.06	Value Added Received in Transfer	38,990	21,709	26,783
7.06.02	Finance Income	38,990	21,709	26,783
7.07	Total Value Added to be Distributed	1,258,192	1,099,606	876,931
7.08	Distribution of Value Added	1,258,192	1,099,606	876,931
7.08.01	Personnel	549,476	500,345	392,207
7.08.01.01	Direct Compensation	461,090	423,506	328,754
7.08.01.02	Benefits	50,990	43,456	36,313
7.08.01.03	Unemployment Compensation Fund (FGTS)	37,396	33,383	27,140
7.08.02	Taxes, Charges and Contributions	470,718	406,659	341,791
7.08.02.01	Federal Taxes	144,716	115,352	101,459
7.08.02.02	State Taxes	315,248	282,368	232,777
7.08.02.03	Local Taxes	10,754	8,939	7,555
7.08.03	Debt Remuneration	145,093	106,257	63,507
7.08.03.01	Interest	113,965	80,778	45,348
7.08.03.02	Rent	31,128	25,479	18,159
7.08.04	Equity Remuneration	92,905	86,345	79,426

Consolidated Financial Statements / Statement of Value Added

(In thousands of reais)

Account Code	Account Description	Last year 01/01/2023 to 12/31/2023	Year before last 01/01/2022 to 12/31/2022	Second year before last 01/01/2021 to 12/31/2021
7.08.04.01	Interest on Equity (IOE)	37,459	33,000	25,944
7.08.04.03	Retained Profits/Loss for the Period	55,446	53,345	53,482

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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent auditor's report on the individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Dimed S.A. Distribuidora de Medicamentos
Eldorado do Sul - RS

Opinion

We have audited the individual and consolidated financial statements of Dimed S.A. Distribuidora de Medicamentos (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023, and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other financial information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2023, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement of lease liabilities and right-of-use assets

As mentioned in Notes 12 and 20, the Company recorded right-of-use assets and lease liabilities for agreements within the scope of NBC TG 06 (R3) (IFRS 16). As at December 31, 2023, the Company recorded R$576,193 thousand for right-of-use assets in the individual and consolidated financial statements, in addition to lease liabilities of R$640,152 thousand in the individual and consolidated financial statements.

This matter was considered significant for our audit due to the materiality of the amounts involved, both in relation to the asset/liability balances and P&L for the year, as well as the uncertainties inherent in this type of calculation and the degree of judgment required that must be exercised by the executive board in determining the significant assumptions, which include, among other, the discount rate used.

How our audit addressed this matter

Our audit procedures included, among others, the assessment of significant assumptions used related to the lease term, discount rate and consideration amounts, in addition to the calculation methodology used by the Company to measure accounting impacts; inventory analysis of the Company's lease agreements, in addition to checking the compliance of these agreements with the scope of the standard. We also tested the reasonableness of the criteria adopted by the Company for a sample of agreements randomly selected, considering the information on the agreements and their amendments, in addition to recalculate the amounts measured by the Company for these transactions. As a result of these procedures, we identified no audit adjustment related to the measurement of lease liabilities and right-of-use assets.

Based on the results of the audit procedures performed, which are consistent with the executive board's assessment, we consider that the accounting records prepared by the executive board for measurement of the impacts from NBC TG 06 (R3) (IFRS 16) on lease agreements, as well as the related disclosures in Notes 12 and 20, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2023, prepared under the responsibility of the Company's executive board, and presented as supplementary information for IFRS purposes, have been subject to audit procedures performed in conjunction with the audit of the Company's individual and consolidated financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 - Statements of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the referred to Accounting Pronouncement, and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The executive board is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as the executive board determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the executive board is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and its subsidiaries’ financial reporting process.

Auditor’s responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries’ internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.

- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Porto Alegre, March 14, 2024.

ERNST & YOUNG
Auditores Independentes S.S. Ltda.
CRC SP-015199/F

Arthur Ramos Arruda
Accountant CRC-RS RS-096102/O-0

Financial Statements

Dimed S.A. Distribuidora de Medicamentos
December 31, 2023
with Independent Auditor's Report

Dimed S.A. Distribuidora de Medicamentos

Statements of financial position

December 31, 2023 and 2022

(In thousands of reais)

	Note	Individual 2023	Individual 2022	Consolidated 2023	Consolidated 2022
Assets					
Current assets					
Cash and cash equivalents	6,1	**27,921**	23,517	**27,953**	25,715
Short-term investments	6,2	**167,775**	87,967	**217,436**	131,640
Trade accounts receivable	7	**446,017**	397,434	**452,013**	399,173
Other accounts receivable		**107,442**	65,430	**108,340**	65,558
Inventories	8	**982,972**	882,439	**999,405**	896,535
Income and social contribution taxes recoverable	9	**8,813**	26,064	**9,293**	26,587
Taxes recoverable	10	**24,351**	10,998	**24,500**	13,339
Properties available for sale		**-**	-	**1,124**	-
Total current assets		**1,765,291**	1,493,849	**1,840,064**	1,558,547
Noncurrent assets					
Deferred income and social contribution taxes	14	**49,356**	45,263	**52,885**	48,598
Prepaid expenses		**4,387**	-	**4,387**	-
Receivables from shareholders	31	**1,330**	1,530	**1,330**	1,530
Taxes recoverable	10	**12,366**	9,625	**12,366**	9,625
Judicial deposits	21	**2,048**	2,654	**2,064**	3,124
Other assets		**265**	523	**263**	525
Investments in subsidiaries	11	**83,620**	75,478	**-**	4
Property, plant and equipment	12	**1,070,879**	1,024,274	**1,080,794**	1,034,437
Intangible assets	13	**82,515**	76,140	**83,317**	76,736
Total noncurrent assets		**1,306,766**	1,235,487	**1,237,406**	1,174,579
Total assets		**3,072,057**	2,729,336	**3,077,470**	2,733,126

	Note	Individual 2023	Individual 2022	Consolidated 2023	Consolidated 2022
Liabilities and equity					
Current liabilities					
Payroll and related charges		**66,517**	59,222	**67,443**	60,105
Trade accounts payable	16	**684,780**	562,322	**679,763**	555,452
Tax obligations	18	**29,394**	27,215	**32,299**	30,583
Loans and financing	17	**102,535**	118,395	**102,535**	118,395
Leases payable	20	**164,361**	152,093	**164,361**	152,093
Interest on equity	23	**6,406**	5,518	**6,406**	5,518
Profit sharing payable	19	**10,877**	16,399	**11,247**	16,879
Sundry creditors		**65,228**	64,916	**70,358**	69,209
Total current liabilities		**1,130,098**	1,006,080	**1,134,412**	1,008,234
Noncurrent liabilities					
Loans and financing	17	**280,000**	116,429	**280,000**	116,429
Leases payable	20	**475,791**	484,623	**475,791**	484,623
Other obligations		**7,220**	6,665	**7,220**	6,665
Provisions	21	**5,532**	7,377	**6,631**	9,013
Total noncurrent liabilities		**768,543**	615,094	**769,642**	616,730
Equity					
Capital	23	**955,668**	928,552	**955,668**	928,552
Treasury shares	23	**(28,582)**	(35,139)	**(28,582)**	(35,139)
Goodwill reserve	23	**(2,064)**	(268)	**(2,064)**	(268)
Long-Term incentive reserve	23	**7,489**	6,039	**7,489**	6,039
Income reserve	23	**240,905**	208,978	**240,905**	208,978
Total equity		**1,173,416**	1,108,162	**1,173,416**	1,108,162
Total liabilities and equity		**3,072,057**	2,729,336	**3,077,470**	2,733,126

See accompanying notes.

Statements of profit or loss
December 31, 2023 and 2022
(In thousands of reais, except earnings per share)

	Note	Individual 2023	Individual 2022	Consolidated 2023	Consolidated 2022
Gross sales of products and services	26	**4,786,392**	4,265,129	**4,803,912**	4,279,781
Sales taxes	26	**(284,855)**	(235,785)	**(288,921)**	(238,446)
Returns and unconditional discounts	26	**(53,577)**	(50,102)	**(53,974)**	(50,860)
Net revenue from sales and services	26	**4,447,960**	3,979,242	**4,461,017**	3,990,475
Cost of goods sold and services rendered	27	**(3,085,135)**	(2,749,790)	**(3,083,809)**	(2,747,937)
Gross profit		**1,362,825**	1,229,452	**1,377,208**	1,242,538
Selling expenses	28	**(1,097,575)**	(1,004,884)	**(1,102,691)**	(1,009,353)
General and administrative expenses	28	**(129,575)**	(107,367)	**(132,908)**	(109,750)
Other operating income (expenses), net	29	**24,955**	13,603	**24,964**	13,850
Equity pickup	11	**8,142**	10,839	**-**	-
		(1,194,053)	(1,087,809)	**(1,210,635)**	(1,105,253)
Operating income before finance income (costs)		**168,772**	141,643	**166,573**	137,285
Finance income (costs)					
Finance income	30	**30,762**	14,846	**37,621**	20,429
Finance costs	30	**(111,986)**	(79,143)	**(112,610)**	(79,284)
		(81,224)	(64,297)	**(74,989)**	(58,855)
Income before income and social contribution taxes		**87,548**	77,346	**91,584**	78,430
Income and social contribution taxes					
Current	15	**1,263**	(984)	**(2,966)**	(4,292)
Deferred	15	**4,094**	9,983	**4,287**	12,207
		5,357	8,999	**1,321**	7,915
Net income for the year		**92,905**	86,345	**92,905**	86,345
Basic earnings per common share		**0.62**	0.58	**0.62**	0.58
Diluted earnings per common share		**0.62**	0.58	**0.62**	0.58

See accompanying notes.

Statements of comprehensive income
December 31, 2023 and 2022
(In thousands of reais)

	Individual		Consolidated	
	2023	2022	2023	2022
Net income for the year	**92,905**	86,345	**92,905**	86,345
Total comprehensive income for the year	**92,905**	86,345	**92,905**	86,345

See accompanying notes.

Statements of changes in equity
December 31, 2023 and 2022
(In thousands of reais)

	Capital	Treasury shares	Capital reserve - stock option plan	Income reserve: Tax incentives	Income reserve: Legal reserve	Income reserve: For capital increase	Income reserve: Proposed additional dividends and interest on equity	Retained earnings (accumulated losses)	Total
Balances at December 31, 2021	903,552	(36,690)	3,281	131,624	6,764	24,274	13,390	-	1,046,195
Capital increase	25,000	-	-	-	(726)	(24,274)	-	-	-
Recognized options granted	-	2,308	(853)	-	-	-	-	-	1,455
Share issue costs	-	-	-	-	-	-	-	-	-
Acquisitions of own shares	-	(1,701)	-	-	-	-	-	-	(1,701)
Dividends	-	-	-	-	-	-	(13,390)	-	(13,390)
Proposed interest on equity (IOE)	-	-	-	-	-	-	-	(15,029)	(15,029)
Excess interest on equity	-	-	-	-	-	-	17,971	(17,971)	-
Disposal/transfer of shares	-	944	(1,160)	-	-	-	-	-	(216)
Fair value of matching share plan	-	-	4,503	-	-	-	-	-	4,503
Net income for the year	-	-	-	-	-	-	-	86,345	86,345
Legal reserve	-	-	-	-	3,163	-	-	(3,163)	-
Tax incentive reserve	-	-	-	23,066	-	-	-	(23,066)	-
Reserve for capital increase	-	-	-	-	-	27,116	-	(27,116)	-
Balances at December 31, 2022	928,552	(35,139)	5,771	154,690	9,201	27,116	17,971	-	1,108,162
Capital increase	**27,116**	**-**	**-**	**-**	**-**	**(27,116)**	**-**	**-**	**-**
Recognized options granted	**-**	**4,053**	**(1,978)**	**-**	**-**	**-**	**-**	**-**	**2,075**
Share issue costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisitions of own shares	**-**	**(715)**	**-**	**-**	**-**	**-**	**-**	**-**	**(715)**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(17,971)**	**-**	**(17,971)**
Proposed interest on equity (IOE)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(15,891)**	**(15,891)**
Excess interest on equity	**-**	**-**	**-**	**-**	**-**	**-**	**21,568**	**(21,568)**	**-**
Disposal/transfer of shares	**-**	**3,219**	**(3,983)**	**-**	**-**	**-**	**-**	**-**	**(764)**
Fair value of matching share plan	**-**	**-**	**5,615**	**-**	**-**	**-**	**-**	**-**	**5,615**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92,905**	**92,905**
Legal reserve	**-**	**-**	**-**	**-**	**3,347**	**-**	**-**	**(3,347)**	**-**
Tax incentive reserve	**-**	**-**	**-**	**25,994**	**-**	**-**	**-**	**(25,994)**	**-**
Reserve for capital increase	**-**	**-**	**-**	**-**	**-**	**26,105**	**-**	**(26,105)**	**-**
Balances at December 31, 2023	**955,668**	**(28,582)**	**5,425**	**180,684**	**12,548**	**26,105**	**21,568**	**-**	**1,173,416**

See accompanying notes.

Statements of cash flows
December 31, 2023 and 2022
(In thousands of reais)

	Note	Individual 2023	Individual 2022	Consolidated 2023	Consolidated 2022
Cash flow from operating activities					
Net income for the year		**92,905**	86,345	**92,905**	86,345
Adjustments:					
Depreciation/amortization of property, plant and equipment and intangible assets	12 and 13	**198,926**	183,496	**200,154**	184,568
Provision for contingent liabilities		**(1,845)**	(3,057)	**(2,382)**	(3,288)
Equity pickup	11	**(8,142)**	(10,839)	**-**	-
Cost of property, plant and equipment and intangible assets written off		**5,281**	8,336	**6,407**	8,411
Allowance for expected credit losses	7	**111**	1,111	**111**	1,111
Provision for inventory losses	8	**160**	237	**140**	144
Tax credits from legal proceeding		**-**	(5,591)	**-**	(5,591)
Stock option plan or share subscription		**5,614**	4,503	**5,614**	4,503
Deferred income and social contribution taxes	15	**(4,094)**	(9,983)	**(4,287)**	(12,207)
Net reimbursement of property, plant and equipment written off		**-**	(6,231)	**-**	(6,231)
Interest expenses	17	**101,554**	69,631	**101,554**	69,631
Current income and social contribution taxes	15	**1,263**	984	**(2,966)**	4,292
Other		**(22,059)**	(8,187)	**(28,680)**	(13,331)
Discounts on Leases Payable	17	**-**	(3,976)	**-**	(3,976)
Changes in assets and liabilities					
Trade accounts receivable	7	**(48,694)**	(77,781)	**(52,951)**	(76,135)
Inventories	8	**(100,693)**	(156,326)	**(103,010)**	(157,643)
Trade accounts payable		**122,458**	90,505	**124,311**	89,038
Income and social contribution taxes payable		**9,588**	7,465	**12,613**	4,428
Judicial deposits	21	**606**	757	**1,060**	751
Taxes recoverable		**(106)**	9,025	**6,360**	11,331
Other asset groups		**(45,941)**	11,750	**(47,827)**	10,534
Other liability groups		**(9,669)**	15,045	**(8,946)**	13,459
Income and social contribution taxes paid		**(114)**	(2,681)	**(3,559)**	(4,664)
Net cash from (used in) operating activities		**297,109**	204,538	**296,621**	205,480
Cash flow from investing activities					
Acquisition of property, plant and equipment	12	**(112,500)**	(148,062)	**(114,419)**	(149,298)
Acquisition of intangible assets	13	**(24,631)**	(32,010)	**(25,023)**	(32,339)
Claim Reimbursement		**-**	11,479	**-**	11,479
Short-term investments		**(57,749)**	39,097	**(57,116)**	39,073
Net cash used in investing activities		**(194,880)**	(129,496)	**(196,558)**	(131,085)
Cash flows from financing activities					
Payment of dividends and interest on equity	17	**(28,721)**	(24,752)	**(28,721)**	(24,752)
Acquisitions of own shares		**(715)**	(1,605)	**(715)**	(1,605)
Loans/financing (principal) taken out	17	**425,000**	150,000	**425,000**	150,000
Payment of leases	17	**(166,102)**	(150,309)	**(166,102)**	(150,309)
Repayment of principal - financing	17	**(287,836)**	(52,857)	**(287,836)**	(52,857)
Repayment of interest - financing	17	**(41,526)**	(25,037)	**(41,526)**	(25,037)
Shares granted - matching shares plan		**2,075**	1,445	**2,075**	1,445
Net cash from (used in) financing activities		**(97,825)**	(103,115)	**(97,825)**	(103,115)
Net increase (decrease) in cash and cash equivalents		**4,404**	(28,073)	**2,238**	(28,720)
Cash and cash equivalents at beginning of year		**23,517**	51,590	**25,715**	54,435
Cash and cash equivalents at end of year		**27,921**	23,517	**27,953**	25,715
Net increase (decrease) in cash and cash equivalents		**4,404**	(28,073)	**2,238**	(28,720)

See accompanying notes.

Dimed S.A. Distribuidora de Medicamentos

Statements of value added
December 31, 2023 and 2022
(In thousands of reais)

grupo panvel

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenues	**5,111,625**	4,493,186	**5,261,819**	4,631,176
Sales of goods, products and services	**4,732,815**	4,215,027	**4,883,032**	4,353,400
Other revenues	**378,921**	279,270	**378,898**	278,887
(Reversal of) allowance for expected credit losses	**(111)**	(1,111)	**(111)**	(1,111)
Bought-in inputs	**(3,705,586)**	(3,245,637)	**(3,842,463)**	(3,368,711)
Cost of goods and products sold and services rendered	**(3,368,034)**	(2,938,965)	**(3,500,058)**	(3,058,242)
Materials, energy, third-party services and other	**(353,595)**	(316,047	**(358,519)**	(319,838)
Loss/recovery of assets	**16,043**	9,375	**16,114**	9,369
Gross value added	**1,406,039**	1,247,549	**1,419,356**	1,262,465
Depreciation and amortization	**(198,926)**	(183,496)	**(200,154)**	(184,568)
Net value added produced by the entity	**1,207,113**	1,064,053	**1,219,202**	1,077,897
Value added received in transfer	**40,219**	26,910	**38,990**	21,709
Equity pickup	**8,142**	10,839	**-**	-
Finance income	**32,077**	16,071	**38,990**	21,709
Total value added to be distributed	**1,247,332**	1,090,963	**1,258,192**	1,099,606
Distribution of value added	**1,247,332**	1,090,963	**1,258,192**	1,099,606
Personnel	**546,291**	497,236	**549,476**	500,345
Direct compensation	**458,267**	420,764	**461,090**	423,506
Benefits	**50,798**	43,267	**50,990**	43,456
Unemployment Compensation Fund (FGTS)	**37,226**	33,205	**37,396**	33,383
Taxes, charges and contributions	**462,669**	400,112	**470,718**	406,659
Federal taxes	**138,446**	109,889	**144,716**	115,352
State taxes	**313,895**	281,620	**315,248**	282,368
Local taxes	**10,328**	8,603	**10,754**	8,939
Debt remuneration	**145,467**	107,270	**145,093**	106,257
Interest	**113,324**	80,623	**113,965**	80,778
Rent	**32,143**	26,647	**31,128**	25,479
Equity remuneration	**92,905**	86,345	**92,905**	86,345
Interest on equity	**37,459**	33,000	**37,459**	33,000
Retained profits	**55,446**	53,345	**55,446**	53,345

See accompanying notes.

1. Operations

1.1 Operations

Dimed S.A. Distribuidora de Medicamentos or "Dimed" and its subsidiaries (jointly referred to as the "Company"), with head office in the city of Eldorado do Sul, state of Rio Grande do Sul, is primarily engaged in the sale of medicines, perfumery, personal care and beauty products, cosmetics and dermo-cosmetics. To support its sales, the Company has distribution centers in the states of Rio Grande do Sul, Paraná and Espírito Santo, in addition to 600 stores distributed among the states of Rio Grande do Sul (403 stores), Santa Catarina (186 stores), Paraná (95 stores) and São Paulo (10 stores). In the 12-month period, the Company opened the total of 51 stores, 18 of which in the four quarter of 2023. Over this quarter, it also closed down 3 stores and 2 stores were transferred, since they had a low capacity to improve performance.

The parent company is a corporation listed on B3 S.A. - BRASIL, BOLSA, BALCÃO (ticker symbol PNVL3).

Subsidiary Laboratório Industrial Farmacêutico Lifar Ltda. operates in the industrial segment, producing a wide range of products in the cosmetics, food, medicine and outsourced production segments. Such subsidiary is responsible for most of the production of the own brand product line of the Company's pharmacy chain and parent company of Empresa Lifar Distribuidora de Produtos Farmacêuticos Ltda., which is engaged in the distribution of the products produced.

Subsidiary Dimesul Gestão Imobiliária Ltda. is engaged in the purchase, sale, intermediation, subdivision, lease, rent, management and administration of own or third-party properties, with a view to centralizing and optimizing the management of the Company's properties.

1.2 Authorization for issue of the annual financial statements

The issue of these individual and consolidated financial statements was authorized by the Company's Board of Directors on March 14, 2024.

2. Accounting policies

Significant accounting policies used in preparing these individual and consolidated financial statements are described below. These policies have been consistently applied for all years presented.

2.1 Basis of preparation and presentation of the individual and consolidated financial statements

The Company's individual and consolidated financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM) and the pronouncements issued by Brazil's Financial Accounting Standards Board (CPC), which comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

(In thousands of reais)

Company management understands that all significant information related to the financial statements is disclosed and corresponds to the information used to manage the Company's operations.

The preparation of financial statements is based on historical cost, except for financial instruments measured at fair value, as per Note 5, which require the use of certain accounting estimates that affect the balances of asset, liability and profit or loss accounts, as well as the exercise of judgment by management members in the process of applying the Company's accounting policies. The most significant effects on the book accounts that involve the use of estimates or that require more complex judgments are disclosed in Note 3.

The Company adopted all the standards, revised standards and interpretations issued by Brazil's FASB (CPC) and regulators that were effective at December 31, 2023.

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by the Brazilian Corporation Law and by the accounting practices adopted in Brazil applicable to publicly-held companies. The Statement of Value Added is not required under IFRS. As such, for IFRS purposes, this statement is presented as supplementary information without prejudice to the financial statements as a whole.

2.1.1 Consolidated financial statements

The consolidated financial statements include the operations of the Company and of the following subsidiaries:

		Direct equity interest	
Company	Activity	2023	2022
Dimesul Gestão Imobiliária Ltda.	Management and administration of own and/or third-party properties and operation of marketplace activities.	**99.99%**	99.99%
Laboratório Industrial Farmacêutico Lifar Ltda.	Production of cosmetics, food, medicines and outsourced production.	**99.99%**	99.99%

		Indirect equity interest	
Company	Activity	2023	2022
Lifar Distribuidora de Produtos Farmacêuticos Ltda.	Pharmaceutical products distributor.	**99.97%**	99.97%

These consolidated financial statements are prepared in accordance with the consolidation practices and applicable legal provisions. The accounting practices adopted by the Subsidiaries were consistently applied and are consistent with the ones adopted by the Company. Where applicable, all transactions, balances, revenues and expenses between the Subsidiaries and the Company are fully eliminated from the consolidated financial statements.

The financial statement period of the subsidiaries included in the consolidation coincides with that of the Parent Company and the accounting policies have been consistently applied in the consolidated companies and are consistent with those used in prior year.

Income for the year is fully attributed to the controlling interests given that equity interest held by noncontrolling interests corresponds to 0.01% of the consolidated.

2.2 Presentation of segment reporting

Operational segment reporting is stated consistently with the internal report provided by key operational decision makers. The main operational decision maker, responsible for the allocation of funds and for the assessment of performance of operational segments is the Board of Directors, which is responsible for the Dimed's main strategic decisions.

2.3 Functional and presentation currency

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's and its subsidiaries' functional currency and presentation currency.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly-liquid short-term investments, originally maturing within three months, and with insignificant risk of change in value. The balance is presented net of secured accounts in the statement of cash flows.

2.5 Financial instruments

2.5.1 Classification

The Company initially measures its financial assets or financial liabilities at fair value plus, for an item not measured at fair value, transactions costs that are directly attributable to their acquisition or issue. The classification of financial assets in accordance with CPC 48/IFRS 9 is usually based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. Trade accounts receivable without a significant financing component are initially measured at the transaction price.

2.5.2 Classification and subsequent measurement

Upon initial recognition, a financial asset is classified as measured: at amortized cost or at fair value through profit or loss, and is not reclassified subsequently to the initial recognition, except in the case of changes in the business model for the management of financial assets.

Trade accounts receivable and debt notes issued are initially recognized at their inception date. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured at amortized cost if it is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows and its contractual terms generate, on specific dates, cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding.

Financial liabilities were classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, is a derivative or is designated as such upon initial recognition. Other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in P&L. Any gain or loss upon derecognition is also recognized in P&L.

Financial assets are written off when the rights to receive cash flows from the investments have expired or have been transferred. In the latter case, provided that Dimed has substantially transferred all the risks and rewards of ownership of the financial asset and has neither retained control over the financial asset. The Company derecognizes a financial liability when its contractual obligations are withdrawn, canceled or expires. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains or losses arising from changes in fair value of financial assets measured at fair value through profit or loss are presented in the statement of profit or loss, under “Finance income (costs)”. At the statement of financial position date, the Company evaluates whether there is objective evidence that a financial asset or group of financial assets is impaired. The analysis to show whether accounts receivable are impaired is described in Note 2.5.4.

2.5.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is recognized in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them on a net basis, or realize the asset and settle the liability simultaneously. The Company reported in the statement of financial position the net amount of offsetting of contribution amounts from suppliers originally recorded in liabilities, where the Company records the receipts of funds through deposit, discounts or bonuses, and the checking account of funds recorded in assets, where the Company records notes issued against trade accounts payable, the net amount was recorded in assets under “Other accounts receivable”.

2.5.4 Impairment

Nonderivative financial assets

Financial instruments and contract assets

The Company recognizes allowances for expected credit losses on financial assets measured at amortized cost.

The Company measures the allowance for loss in an amount equal to the lifetime expected credit loss, except for debt notes with low credit risk at the statement of financial position date, which are measured as 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is significant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience in credit assessment and considering forward-looking information.

The Company assumes that the credit risk of a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- It is unlikely that the debtor will fully pay its credit obligations to the Company, without resorting to actions such as the realization of the guarantee (if any);
- The financial asset has been past due for more than 90 days;
- Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument;
- 12-month expected credit losses are credit losses that result from possible default events within 12 months after the statement of financial position date (or in a shorter period, if the expected life of the instrument is less than 12 months).

The maximum period considered in the expected credit loss estimate is the maximum contractual period during which the Company is exposed to credit risk.

Financial assets with recovery problems

At each statement of financial position date, the Company assesses whether financial assets accounted for at amortized cost have recovery problems. A financial asset has "recovery problems" when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset.

Objective evidence that financial assets have had recovery problems includes the following observable data:

- Significant financial hardship faced by the issuer or borrower;
- Breach of contractual clauses, such as default or delay of more than 90 days;
- Rescheduling of an amount due to the Company in conditions that would not be accepted under regular conditions;
- High probability that the debtor will enter bankruptcy or other type of financial reorganization; or
- The extinction of an active market for such note due to financial hardship.

Presentation of the allowance for expected credit losses in the statement of financial position

The allowance for losses on financial assets measured at amortized cost is deducted from the gross book value of the assets.

Derivative financial instruments

The Company does not hold derivative financial instruments to hedge its exposure to currency and interest rate risks as of the financial statement date.

2.6 Trade accounts receivable

Trade accounts receivable correspond to receivables from customers for sale of goods or rendering of services in the ordinary course of Dimed's activities. All trade accounts receivable have a short term of receipt, without financing character and are consistent with market practices, classified in current assets.

Trade accounts receivable are initially recognized at fair value, less the allowance for expected credit losses (impairment), by the provision for financial discounts.

2.7 Inventories

Inventories are measured at the lower of average cost of acquisition, net of bonuses and net realizable value, including provisions for losses, if any.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Contractual payments

The Company has various transactions related to commercial negotiations in the purchase of goods represented by commercial agreements whereby products can be sold together with other goods or with discounts which are, substantially, negotiations promoted by suppliers at the Company's points of sale in various forms. These negotiations are individual and different among suppliers and may have complex characteristics and nature.

Such transactions refer to financial discounts granted by laboratories, rebates for volume targets, marketing and publicity funds, disclosure of offers in own catalog, having a range of conditions and individual characteristics, such as bonuses in goods, financial contributions, reduction of purchase amounts, trade discounts, among others. The Company recognizes the amounts received based on sales effectively performed, and bonuses in goods are recorded under cost. This accounting treatment is applied after acquisition of the products, which receive a discount in their invoice according to the terms of the negotiation with the supplier and are recorded in inventories for the same amount.

2.9 Property, plant and equipment

Property, plant and equipment items are measured at cost of acquisition, buildup or construction, less accumulated depreciation.

Costs subsequently incurred are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those items or pieces that are replaced is derecognized. All other repair and maintenance costs are posted against profit or loss for the year, as incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their costs or revalued amounts to residual values over the estimated useful life, as shown in Note 12. Residual values and useful lives of assets are reviewed and adjusted, as appropriate, at each year end. Gains and losses on disposals are determined by comparing P&L with the book value and are recognized in “Other operating income, net” in the statement of profit or loss.

2.10 Intangible assets

Intangible assets are represented by the lease of a commercial point, trademarks and patents and the right to use software. The amounts recorded as commercial point are the initial disbursements made by the Company to obtain the assignment of use of a certain establishment where the branch will be located. Upon initial recognition, they are measured at acquisition cost and subsequently deducted of accumulated amortization, calculated by the straight-line method based on the economic and useful life as described in Note 13.

2.11 Impairment of nonfinancial assets

Nonfinancial assets, except deferred taxes and inventories that have specific rules for disclosure, are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized at the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For purposes of impairment test, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units (CGU)).

2.12 Loans and Financing

Loans and financing are recognized at amortized cost. Any difference between the funds raised (net of transaction costs) and the settlement amount is recognized in the statement of profit or loss over the period in which loans are effective, using the effective interest rate method.

The rates paid upon taking out loans and financing are recognized as loan transaction costs, to the extent that it is probable that the loan is drawn down in full or in part. In this case, the rate is deferred until effective withdrawal. When there is no evidence of probability of full or partial withdrawal of the loan, the rate is capitalized as an advance payment of liquidity services and amortized over the loan period related thereto.

Loans and financing are classified as current liabilities unless the Company has an unconditional right to defer settlement of such liability for at least 12 months after the statement of financial position date.

2.13 Provisions

Provisions are recognized when there is a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate has been made of the amount of the obligation.

Provisions for tax, civil and labor contingencies are recognized based on the case laws in force, available evidence as well as estimates of the risk involved and their nature, updated on the statement of financial position dates. The amounts provisioned by the nature of contingencies are described in Note 21.

Where there are a number of similar obligations, the likelihood that an outflow will be required in order to settle these obligations is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of settlement related to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenses that will be required to settle the obligation, using a time rate of money and of specific risks in the obligation.

2.14 Current and deferred income and social contribution taxes

Deferred income and social contribution taxes are calculated on temporary differences arising from differences between asset and liability tax bases and their carrying amounts in the financial statements.

Deferred income and social contribution tax assets are only recognized to the extent that it is probable that future taxable profit will be available, and against which the temporary differences can be used.

Deferred tax liabilities are recognized in relation to all taxable temporary differences, so that they are recognized on the differences that will result in amounts to be added in the calculation of taxable income of future years, when the carrying amount of the asset or liability is recovered or settled.

Current and deferred income and social contribution taxes are recognized in the statement of profit or loss, except to the extent that they are related to items directly recognized in equity or in comprehensive income. In this case, tax is also recognized in equity or comprehensive income.

Current and deferred income and social contribution taxes are determined based on the tax legislation in force, or substantially in force, at the statement of financial position date of the Company and that generate taxable profit. From time to time, management assesses the positions assumed in the Company’s income tax returns as for circumstances where the applicable tax legislation provides margin for interpretations and sets provisions, where applicable, based on the estimated amount payable to tax authorities.

2.15 Employee benefits

Short-term benefit obligations to employees are recognized as personnel expenses as the relevant service is provided. The liability is recognized by the amount of expected payment should the Company has a present legal or constructive obligation of paying said amount due to past services provided by the employee and the obligation may be reliably estimated.

2.16 Payment of dividends and interest on equity

Payment of dividends and interest on equity to the Parent's shareholders is recognized as a liability in its financial statements at year end, according to the Company's Articles of Incorporation, which provide that at least 25% of net income for the year shall be paid out as dividends. The amounts exceeding this limit are recorded under "Excess dividends and interest on equity" in equity, as shown in Note 23.

2.17 Leases

Upon adoption of CPC 06 (R2)/IFRS 16, the Company recognized lease liabilities involving leases that had already been classified as "operating leases" under IAS 17.

The Company recognizes the lease liability and the right-of-use asset on the date the lease agreement is entered into. The Company's main agreements refer to store lease operations. As the Group is not in a position to determine the exact discount rate to be applied to contracts, the Company uses the interest rate that it would have to pay, in case of borrowing from third parties, in a similar economic environment.

These liabilities were measured at the present value of the remaining lease payments discounted at the incremental interest rate, as described in Note 20. Company management considers as a lease component only the minimum fixed amount for purposes of measuring the lease liability. The remeasurements of lease liabilities were recognized as adjustments to the related rights-of-use assets, immediately after the initial application date. Significant assumptions used by the Company to assess whether a contract is or contains a lease are as follows:

- The lessor cannot have a substantive right to replace the asset with an alternative asset during the lease term;
- The Company holds substantially all the economic benefits of a contract asset if it benefits from most of the benefits arising from the main product, by-product and other benefits that the asset may generate;
- The Company has the right to direct the use of the asset, managing how and for what purposes it will be used during the utilization period or when these decisions are predetermined in the contract and the Company operates the asset throughout the contract period, without the lessor having the right to change these operational instructions.

2.18 Standards and interpretations not in force

2.18.1 Amendment to IAS 1, correlated with CPC 26 - Classification of liabilities into current and noncurrent

The amendments to paragraphs 69 to 76 of IAS 1, correlated with CPC 26, which addresses the requirements for classifying liabilities with uncertain liquidation, in the statement of financial position, as current or noncurrent became effective on January 1, 2024. The Company identified no impacts arising from this amendment.

2.18.2 Amendments to IAS 7, correlated with CPC 03 (R2) and IFRS 7 - Supplier Financing Arrangements

This amendment came into effect on January 1, 2024 to clarify the characteristics of supplier financing arrangements. Additional requirements will help users of financial statements understand the impacts of these arrangements. The Company identified no impacts arising from this amendment.

2.18.3 Standards IFRS S1 and S2 – General requirements for disclosure of sustainability-related and climate-related financial information

With mandatory adoption for 2026 and voluntary adoption as of 2024, these standards require that the entities disclose information about their risks and opportunities relating to sustainability and the weather to assist the users of the financial statements. The Company is assessing the impacts of referred to standards.

3. Significant accounting estimates and judgments

In preparing these financial statements, it is necessary to use estimates to account for certain assets, liabilities and other transactions. Therefore, the financial statements include various estimates referring to the allowance for doubtful accounts, provision for inventory losses, assessment of the useful lives of property, plant and equipment, provisions required for contingent liabilities and determination of provisions for income tax. Since management's judgment involves determining estimates related to the likelihood of future events, actual results may differ from these estimates. The estimates considered to be more critical by management, which may have significant effects on the accounting balances, are described below:

3.1 Provision for inventory losses

The provision for inventory losses is estimated based on the inventories of stores and distribution centers, whose maturity dates are close to the expiration date, and deemed sufficient by management to cover the risk of loss on these inventories. These amounts are stated in Note 8. The Company monthly evaluates and writes off items that are already past due and damaged.

3.2 Allowance for expected credit losses

The allowance for expected credit losses is based on certain assumptions and involves management's judgment, consistent with the accounting policies disclosed in Note 2.5.4 to the financial statements as at December 31, 2023. The amounts can be verified in Note 7.

3.3 Provisions for tax, civil and labor contingencies

The estimates to set up the provisions for contingencies are analyzed by management, based on the opinion of the Company's lawyers, where factors such as the hierarchy of laws, available case law, most recent court decisions and their relevance in the legal system are considered. The realization of these estimates may result in amounts different from those recorded in the accounts depending on the outcome of each legal or administrative proceeding.

3.4 Contractual payments

The estimates for the accounting recognition of negotiations for payments are based on the transactions with suppliers, consistently with the accounting practices disclosed in Note 2.8 to the financial statements as at December 31, 2023. These amounts may be verified in Note 27, under "Reimbursement of capital contribution costs".

3.5 Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the broad scope of tax legislation and the long-term nature and complexity of existing contractual arrangements, differences between actual results and assumptions adopted, or future changes to such assumptions could require future adjustments to the previously recorded tax income and expense.

When determining current and deferred income tax, the Company takes into consideration the impact of uncertain tax positions. The Company understands that the provision for income tax is adequate based on the assessment of various factors, including interpretations of tax laws and the opinion of its legal advisors.

The Company sets up provisions, based on reliable estimates, for possible consequences from audits by tax authorities of the respective jurisdictions in which it operates. The amount of these provisions is based on various factors, such as past tax audit experience and different interpretations of tax regulations by the taxable entity and by the competent tax authority. These different interpretations may arise in a wide range of issues, depending on the prevailing conditions in the respective domicile of the Company. Management's significant judgment is required to determine the amount of deferred tax assets recognizable based on probable term and future taxable profit levels, together with future tax planning strategies.

The Company has ICMS tax benefits and incentives in certain states where it operates. These incentives were considered an investment grant under the terms of Supplementary Law No. 160/2017. These incentives, when calculated, are allocated to the Tax Incentive Reserve (Note 22). Incentive-related resources are not distributed as dividends. In compliance with ICPC 22 (IFRIC 23), management carried out, assisted by its legal advisors, an analysis of the acceptability of the tax treatment described, concluding that it is likely that the tax authority will accept it.

3.6 Discount rate of IFRS 16/CPC 06 (R2)

Estimates for determining the discount rate are based on assumptions, as described in Note 20.

4. Financial risk management

4.1 Financial risk factors

The Company's activities expose it to various financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and currency risk. The Company's global risk management program is concentrated in the unpredictability of the financial markets and aims to minimize potential adverse effects on the Company's financial performance.

Risk management is conducted by the Company's Controllership. The Controllership, through the Treasury Department, identifies, evaluates and hedges the Company against any financial risks in cooperation with the Company's operational units. The Board of Directors establishes global risk management principles, including for specific areas, such as interest rate risk, credit risk, use of nonderivative financial instruments and investment of cash surplus.

(In thousands of reais)

4.1.1. Market risk

Interest rate risk

The Company's interest rate risk arises from long-term borrowings and cash surplus invested in floating rate notes, such as Bank Deposit Certificates (CDB). Borrowings and investments at variable rates expose the Company to the cash flow interest rate risk. Borrowings and investments issued at fixed rates expose the Company to the fair value interest rate risk. At December 31, 2023 and 2022, the Company's borrowings and investments at variable and fixed rates were kept in Brazilian reais.

The Company analyzes its exposure to interest rate in a dynamic manner. Scenarios are simulated, taking into consideration the refinancing, renewal of existing positions and alternative financing, as well as new investment possibilities for cash surplus. Based on these scenarios, the Company defines a reasonable interest rate change and calculates its impact on profit or loss. The scenarios are prepared only for liabilities and assets representing key interest-bearing positions.

Sensitivity analysis

The sensitivity analysis of interest rates on financial instruments of the Company and its subsidiaries is presented below, which describes the risks that may generate significant variations, with the most probable scenario (scenario I) according to management's assessment, considering a 12-month period. There are two other scenarios, in which interest rates increase (scenario II) and decrease (scenario III), both with a possible 25% and 50% variation in interest rates.

	Scenario I	Increase in interest Scenario II		Decrease in interest Scenario III	
Rate/Operation	**Probable**	**Possible +25%**	**Remote +50%**	**Possible - 25%**	**Remote - 50%**
Average CDI	10.05%	12.59%	15.13%	7.51%	4.97%
Short-term investments	24,763	31,017	37,270	18,510	12,257
Debentures	(36,599)	(44,517)	(52,334)	(28,578)	(20,450)

4.1.2 Credit risk

Credit risk is managed on a corporate-level basis and arises from cash and cash equivalents, as well as credit exposures with customers, both legal entities and individuals, including outstanding receivables. For banks and financial institutions, only notes of entities that have compensating transactions with the Company are accepted. The Credit Analysis area assesses the customer creditworthiness, taking into consideration its financial position, past experience and other factors. Individual risk limits are established based on internal or external ratings, according to the limits determined by the Board of Directs and the executive board. The use of credit limits is regularly monitored by management. Sales to customers of retail branches are settled in local currency, check, agreements or by means of the main credit cards existing in the market.

(In thousands of reais)

The carrying amount of financial assets represents the maximum credit risk exposure.

Cash flow projection is carried out on a corporate-level basis in the treasury department, based on information provided by the operating units and the procurement department. The Treasury Department monitors the forecasts of the Company's liquidity requirements to ensure that it has cash sufficient to meet its operating needs. This departments also keeps sufficient margin of credit facilities, under repurchase agreements, available for the Company at any time, so that it does not exceed limits or breach loan agreement clauses (where applicable) in any of its credit facilities. Such projection takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal ratio targets of the statement of financial position and, if applicable, external regulatory or legal requirements - for instance, currency restrictions.

4.1.3 Liquidity risk

Any cash surplus held by the operational entities, in addition to the amount required for working capital management purposes, is managed by the treasury department, which invests the cash surplus in short-term investments, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margins as determined by the above-mentioned forecasts. At December 31, 2023, the Company recorded short-term investments amounting to R$167,775 and R$217,436 in the individual and consolidated financial statements, respectively, which generated cash inflows to manage liquidity risk.

The table below analyzes the Company's nonderivative financial liabilities, by maturity date, corresponding to the remaining period in the statement of financial position up to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Consolidated				
At December 31, 2023	**Contractual cash flow**	**Within 1 year**	**From 1 to 2 years**	**From 3 to 5 years**	**Above 5 years**
Trade accounts payable	**679,763**	**679,763**	**-**	**-**	**-**
Leases	**640,152**	**164,361**	**140,504**	**209,110**	**126,177**
Debentures - Banco Bradesco	**481,913**	**127,258**	**130,842**	**223,813**	**-**
Total	**1,801,828**	**971,382**	**271,346**	**432,923**	**126,177**

	Consolidated				
At December 31, 2022	**Contractual cash flow**	**Within 1 year**	**From 1 to 2 years**	**From 3 to 5 years**	**Above 5 years**
Trade accounts payable	555,452	555,452	-	-	-
Leases	636,716	152,093	143,112	212,991	128,520
Debentures - Banco Bradesco	270,856	141,947	128,909	-	-
Total	1,463,024	849,492	272,021	212,991	128,520

(In thousands of reais)

4.2 Capital management

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders as well as to maintain an optimal target capital structure to reduce the cost of capital.

To maintain or adjust its capital structure, the Company may revise the policy for payment of dividends, return capital to shareholders, issue new shares, or sell assets to reduce its indebtedness, for instance. In line with other companies in the sector, the Company monitors capital based on the financial leverage ratio. This ratio corresponds to the net debt divided by total capital. Net debt corresponds to total loans (including short and long-term loans, as stated in the consolidated statement of financial position), deducted from cash and cash equivalents. Total capital is calculated through the sum of equity, as stated in the consolidated statement of financial position, plus net debt.

The Company's business strategy is to maintain its net financial indebtedness, compared to the sum of net financial debt and equity, at low levels. Financial leverage ratios at December 31, 2023 and 2022 are summarized as follows:

	Individual		**Consolidated**	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Total loans (Note 17)	**382,535**	234,824	**382,535**	234,824
Less:				
Cash and cash equivalents (Note 6)	**(27,921)**	(23,517)	**(27,953)**	(25,715)
Short-term investments	**(167,775)**	(87,967)	**(217,436)**	(131,640)
Net debt - A	**186,839**	123,340	**137,146**	77,469
Total equity	**1,173,416**	1,108,162	**1,173,416**	1,108,162
Total capital - B	**1,360,255**	1,231,502	**1,310,562**	1,185,631
Ratio - % - A/B	**13.74**	10.02	**10.46**	6.53

(In thousands of reais)

5. Financial instruments by category

5.1 Classification of financial assets

At December 31, 2023 and 2022, financial assets are classified as follows:

	12/31/2023			
	Individual		Consolidated	
	Amortized cost	Fair value through profit or loss	Amortized cost	Fair value through profit or loss
Cash and cash equivalents	**-**	**27,921**	**-**	**27,953**
Short-term investments	**-**	**167,775**	**-**	**217,436**
Trade and other accounts receivable	**553,459**	**-**	**560,353**	**-**
Total	**553,459**	**195,696**	**560,353**	**245,389**

	12/31/2022			
	Individual		Consolidated	
	Amortized cost	Fair value through profit or loss	Amortized cost	Fair value through profit or loss
Cash and cash equivalents	-	23,517	-	25,715
Short-term investments	-	87,967	-	131,640
Trade and other accounts receivable	462,864	-	464,731	-
Total	462,864	111,484	464,731	157,355

5.2 Classification of financial liabilities

	Individual		Consolidated	
	Amortized cost		Amortized cost	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Trade accounts payable	**684,780**	562,322	**679,763**	555,452
Loans and financing	**382,535**	234,824	**382,535**	234,824
Lease obligations	**640,152**	636,716	**640,152**	636,716
Total	**1,707,467**	1,433,862	**1,702,450**	1,426,992

Fair values are determined based on market price quotations, when available, or in their absence, the present value of expected cash flows. The fair values of cash and cash equivalents, trade and other accounts receivable, and trade accounts payable are equivalent to their carrying amounts.

(In thousands of reais)

The estimated fair value of loans and financing in the individual and consolidated financial statements as at December 31, 2023 was R$388,514, calculated at current market rates, considering their nature, term and risks, and can be compared with their carrying amount of R$382,535.

5.3 Fair value hierarchy

The Company applies CPC 40 (R1) for financial instruments, which requires the disclosure of fair value measurements based on the following hierarchy levels:
Level 1: prices quoted (unadjusted) in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs that have a material effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques using inputs that have a material effect on the fair value recorded that are not based on observable market data.
The Company's financial instruments are measured using the Level 2 valuation technique. There were no transfers between levels 1, 2 and 3 until December 31, 2023.

6. Cash and cash equivalents and marketable securities

6.1 Cash and cash equivalents

		Individual		Consolidated	
	Average rate (p.a.)	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash on hand (retail branches)	-	**7,912**	4,821	**7,912**	4,836
Short-term bank deposits	-	**12,863**	5,299	**12,896**	7,473
Short-term investments – fixed income (*)	88.5% of CDI	**7,146**	13,397	**7,146**	13,406
Total		**27,921**	23,517	**27,953**	25,715

(*) Short-term investments mostly refer to Bank Deposit Certificates (CBD) and repurchase agreements, remunerated at a CDI percentage. Information on investment liquidity is detailed in Note 4.

6.2. Marketable securities

		Individual		Consolidated	
	Average rate (p.a.)	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Boutique investment fund	112.1% of CDI	**167,775**	87,967	**215,882**	131,113
Bradesco referenced fund	106.6% of CDI	**-**	-	**1,554**	527
Total		**167,775**	87,967	**217,436**	131,640

(In thousands of reais)

Short-term investments by type are broken down as follows:

	Consolidated	
Type	**12/31/2023**	**12/31/2022**
Investment funds	**192,757**	106,862
Bank Deposit Certificates (CDB)	**-**	711
Debentures	**11,426**	12,732
Financial Bills (LF)	**4,078**	3,995
Financial Treasury Bills (LFT)	**8,349**	6,198
Credit Note (NC)	**826**	827
Supplementary Subordinated Financial Bills (LFSC)	**-**	315
Total	**217,436**	131,640

GD FIM Crédito Privado is a private credit fixed income fund under the management, administration and custody of BRAM - Bradesco Asset Management S.A. DTVM. The investment fund does not have significant financial obligations. These are limited to asset management fees, custody fees, audit fees and expenses. The fund is exclusively for the benefit of the Company and, therefore, the financial investment in the investment fund in which the Company holds an exclusive interest has been consolidated.

7. Trade accounts receivable

7.1 Breakdown of trade accounts receivable

Trade accounts receivable comprise receivables for the sales of goods.

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Trade accounts receivable	**97,270**	88,645	**103,266**	90,384
Accounts receivable - credit cards	**356,876**	316,278	**356,876**	316,278
Provision for financial charges	**(1,546)**	(1,017)	**(1,546)**	(1,017)
Allowance for expected credit losses	**(6,583)**	(6,472)	**(6,583)**	(6,472)
Total	**446,017**	397,434	**452,013**	399,173

(In thousands of reais)

7.2 Aging list of trade accounts receivable

	12/31/2023	12/31/2022
Falling due		
Within 30 days	**250,820**	219,274
31 to 60 days	**89,839**	93,416
61 to 90 days	**56,263**	38,545
91 to 120 days	**27,464**	19,573
121 to 150 days	**9,382**	12,214
151 to 180 days	**3,033**	4,603
Above 180 days	**3,027**	2,769
	439,828	390,394
Past due		
Within 30 days	**6,358**	4,290
31 to 90 days	**1,377**	1,686
Above 90 days	**6,583**	8,553
	14,318	14,529
Provision for financial charges	**(1,546)**	(1,017)
Allowance for doubtful accounts	**(6,583)**	(6,472)
Total - Individual	**446,017**	397,434
Trade accounts receivable (Lifar) – Falling due	**5,738**	1,391
Trade accounts receivable (Lifar) – Overdue	**258**	348
Total - Consolidated	**452,013**	399,173

7.3. Estimated credit losses

The allowance for losses on receivables is set up based on CPC48/IFRS 9 methodology. The expected loss is estimated based on the analysis of the portfolio's performance, taking into consideration the likelihood of default and loss that each delay range presents.

Changes in provision for impairment of accounts receivable are as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Balance at beginning of period	**(6,472)**	(5,361)	**(6,472)**	(5,361)
Supplemental provision	**(3,722)**	(3,133)	**(3,722)**	(3,133)
Provision amounts written off	**3,611**	2,022	**3,611**	2,022
Total	**(6,583)**	(6,472)	**(6,583)**	(6,472)

(In thousands of reais)

Recognition and derecognition of the allowance for expected credit losses were recorded in the statement of profit or loss for the year as “Net losses on receivables”. The amounts charged to the allowance account are usually written off when there is no expectation of recovery of funds. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of the abovementioned receivables.

8. Inventories

8.1 Breakdown of inventories

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Goods for resale	**976,056**	876,602	**976,243**	878,120
Goods held by third parties	**-**	-	**107**	-
Finished products	**-**	-	**3,430**	3,756
Raw materials	**-**	-	**6,007**	3,763
Consumables/storeroom supplies	**7,789**	6,550	**14,551**	11,689
(-) Provision for inventory losses	**(873)**	(713)	**(933)**	(793)
Total	**982,972**	882,439	**999,405**	896,535

8.2 Estimated inventory losses

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	**(713)**	(476)	**(793)**	(649)
Supplemental provision	**(3,411)**	(3,019)	**(3,496)**	(3,298)
Provision amounts written off	**3,251**	2,782	**3,356**	3,154
Balance at end of year	**(873)**	(713)	**(933)**	(793)

9. Income and social contribution taxes recoverable

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Corporate Income Tax - IRPJ	**8,516**	20,516	**8,923**	20,938
Social Contribution Tax on Net Profit - CSLL	**297**	5,548	**370**	5,649
Total	**8,813**	26,064	**9,293**	26,587

(In thousands of reais)

In the first quarter of 2022, the Company carried out a survey and determined tax credits relating to the res judicata decision on the lawsuit in which it claimed the non-levy of IRPJ and CSLL on the reimbursed amounts referring to insurance indemnity, thus recognizing the right to the credit. Accordingly, the Company calculated and recorded credits in the total amount of R$16,862, of which R$12,811 refer to principal and R$4,051 refer to monetary restatement, arising from the res judicata decision on the lawsuit. The Company filed a request to validate the credits with the Brazilian IRS (SRF), which was approved on March 31, 2022. The amounts were fully offset in the period and are zeroed at December 31, 2023.

On June 22, 2023, a final and unappealable decision on the writ of mandamus filed was handed down. This petition discussed the unenforceability of IRPJ and CSLL levy on amounts related to Selic (interest and monetary restatement) levied on taxes refunded or offset with the right to offset the unduly paid amounts, from 2016 to 2023. Until December 31, 2023, the Company calculated and recorded credits amounting to R$7,850, of which R$6,141 referring to current IRPJ and CSLL (R$4,920 - principal and R$1,221 - monetary restatement) were offset in the period and R$1,709 referring to deferred IRPJ and CSLL to be offset in the next 12 months.

10. Taxes recoverable

10.1 Breakdown of taxes recoverable

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Current				
State Value-Added Tax – ICMS	**21,661**	6,668	**21,807**	7,358
Contribution Tax on Gross Revenue for Social Integration Program – PIS	**159**	296	**160**	296
Contribution Tax on Gross Revenue for Social Security Financing – COFINS	**733**	1,350	**733**	1,350
Credit relating to the exclusion of the ICMS from the PIS and COFINS tax base	**1,450**	2,408	**1,450**	4,018
Other	**349**	276	**349**	317
Total	**24,351**	10,998	**24,500**	13,339
Noncurrent				
State Value-Added Tax – ICMS	**12,366**	9,625	**12,366**	9,625
Total	**12,366**	9,625	**12,366**	9,625

10.2 ICMS on PIS and COFINS tax base

In January 2021, the Company was awarded a final unappealable decision on the proceeding that discussed the exclusion of ICMS from the PIS and COFINS base. This decision determined that the ICMS must not be included in the PIS and COFINS tax bases, therefore recognizing the right to credits. At December 31, 2022, the remaining credit referring to this proceeding, after offsets made over the year was R$2,408 (R$1,482 referring to principal and R$926 referring to monetary restatement). In the first quarter of 2023, the Company fully offset these amounts.

In the third quarter of 2023, the Company computed supplemental credits amounting to R$4,115, of which R$3,106 referring to principal and R$1,009 to interest. In the fourth quarter of 2023, amounts were offset and a balance of R$1,450 remains to be offset in the next year.

At December 31, 2022, subsidiary LIFAR that was also awarded a final and unappealable decision on the lawsuit to exclude the ICMS from the PIS and COFINS base, based on the ICMS recorded in sales invoices, had the total amount of R$1,610 to be offset (R$4,484 at December 31, 2021). In the second quarter of 2023, the remaining balance was fully offset.

10.3 ICMS-ST in the state of Santa Catarina

On May 31, 2023, a final and unappealable decision was awarded by the state of Santa Catarina Court of Justice, which allows the recovery of ICMS-ST (tax substitution regime) amounts, which were collected in an amount higher than the amounts actually adopted in sales, due to the ICMS-ST methodology calculation in the state of Santa Catarina, whose tax base - according to the Company's gross revenue - (Maximum Sale Price to the Consumer - "PMC"), is many times higher than the price of the goods adopted in retail to the final consumer, which evidences the overpayment of the tax and justified the right to recover the differences overpaid, for the period from 10/21/2011 to 12/31/2020.

The recovery of amounts is conditioned to the preparation and filing of the accessory obligation named DRCST (Statement for Monthly Calculation of Reimbursement of Refund and Supplementing of ICMS-ST) as provided for in Article 25-C of the state of Santa Catarina ICMS regulations (RICMS/SC) In view of the complexity of this process, the Company partially recorded credits (from 2011 to 2017) amounting to R$12,585, of which R$9,697 refer to principal and R$2,888 to adjustments. The calculation for the remainder of the period (2018 to 2020), whose credits the Company is entitled to, is still under way. These amounts will be recorded after they are validated by management and specialized consultants.

(In thousands of reais)

11. Investments in subsidiaries

11.1 Changes in investments

The Company's investments are accounted for in the Parent Company by the equity method, and are shown below:

	12/31/2023							
	Capital	Units of interest held (unit)	(%) Equity interest	Equity	Net income/(loss) for the year	Opening balance at January 1	Equity pickup	Total investments
Dimesul Gestão Imobiliária Ltda.	**8,978**	**19,999**	**99.99%**	**51,324**	**5,254**	**46,070**	**5,254**	**51,324**
Laboratório Industrial Farmacêutico Lifar Ltda.	**500**	**499,999**	**99.99%**	**34,097**	**2,913**	**29,408**	**2,888**	**32,296**
Total						**75,478**	**8,142**	**83,620**

	12/31/2022							
	Capital	Units of interest held (unit)	(%) Equity interest	Equity	Net income/(loss) for the year	Opening balance at January 1	Equity pickup	Total investments
Dimesul Gestão Imobiliária Ltda.	8,978	19,999	99.99%	46,071	8,181	37,889	8,181	46,070
Laboratório Industrial Farmacêutico Lifar Ltda.	500	499,999	99.99%	31,184	3,279	26,750	2,658	29,408
Total						64,639	10,839	75,478

(In thousands of reais)

11.2 Breakdown of investments

Information related to the subsidiaries is shown below:

	12/31/2023			
Subsidiaries - 2023	**Control**	**Total assets**	**Total liabilities**	**Equity**
Dimesul Gestão Imobiliária Ltda.	Direct equity interest	**51,580**	**255**	**51,324**
Laboratório Industrial Farmacêutico Lifar Ltda.	Direct equity interest	**50,265**	**16,168**	**34,097**
Lifar Distribuidora de Produtos Farmacêuticos Ltda.	Indirect equity interest	**18,795**	**4,182**	**14,613**

	12/31/2022			
Subsidiaries - 2022	**Control**	**Total assets**	**Total liabilities**	**Equity**
Dimesul Gestão Imobiliária Ltda.	Direct equity interest	46,430	360	46,070
Laboratório Industrial Farmacêutico Lifar Ltda.	Direct equity interest	41,746	10,562	31,184
Lifar Distribuidora de Produtos Farmacêuticos Ltda.	Indirect equity interest	15,848	4,957	10,891

(In thousands of reais)

12. Property, Plant and Equipment

The property, plant and equipment balance comprises own and leased assets. Leased properties are included in "Rights of use".

12.1 Summary of changes in property, plant and equipment (Individual)

	Individual								
	Properties	**Machinery and equipment**	**Furniture and fixtures**	**Facilities**	**Computers and peripherals**	**Vehicles and aircraft**	**Improvements**	**Rights of use**	**Total**
Balance at December 31, 2022									
Cost	97,795	67,782	47,204	136,445	73,822	21,550	200,411	976,635	1,621,644
Accumulated depreciation	(9,526)	(20,501)	(21,778)	(55,058)	(50,747)	(932)	(49,472)	(389,356)	(597,370)
Net book balance	88,269	47,281	25,426	81,387	23,075	20,618	150,939	587,279	1,024,274
At December 31, 2023									
Opening balance	**88,269**	**47,281**	**25,426**	**81,387**	**23,075**	**20,618**	**150,939**	**587,279**	**1,024,274**
Acquisitions	**1,602**	**11,341**	**13,218**	**35,796**	**11,743**	**-**	**38,799**	**121,630**	**234,129**
Write-offs	**(634)**	**(227)**	**(202)**	**(920)**	**(108)**	**-**	**(3,173)**	**(1,573)**	**(6,837)**
Depreciation	**(1,458)**	**(4,764)**	**(4,369)**	**(13,376)**	**(9,318)**	**(743)**	**(15,516)**	**(131,143)**	**(180,687)**
Net book balance	**87,779**	**53,631**	**34,073**	**102,887**	**25,392**	**19,875**	**171,049**	**576,193**	**1,070,879**
At December 31, 2023									
Cost	**98,763**	**78,393**	**59,432**	**169,755**	**83,951**	**21,550**	**234,476**	**1,096,692**	**1,843,012**
Accumulated depreciation	**(10,984)**	**(24,762)**	**(25,359)**	**(66,868)**	**(58,559)**	**(1,675)**	**(63,427)**	**(520,499)**	**(772,133)**
Net book balance	**87,779**	**53,631**	**34,073**	**102,887**	**25,392**	**19,875**	**171,049**	**576,193**	**1,070,879**

(In thousands of reais)

12.2 Summary of changes in property, plant and equipment (Consolidated)

	Consolidated								
	Properties	Machinery and equipment	Furniture and fixtures	Facilities	Computers and peripherals	Vehicles and aircraft	Improvements	Rights of use	Total
Balance at December 31, 2022									
Cost	102,846	74,572	47,859	140,254	74,454	21,677	205,914	976,635	1,644,211
Accumulated depreciation	(12,002)	(23,967)	(22,280)	(57,705)	(51,280)	(1,013)	(52,171)	(389,356)	(609,774)
Net book balance	90,844	50,605	25,579	82,549	23,174	20,664	153,743	587,279	1,034,437
At December 31, 2023									
Opening balance	**90,844**	**50,605**	**25,579**	**82,549**	**23,174**	**20,664**	**153,743**	**587,279**	**1,034,437**
Acquisitions	**1,600**	**12,343**	**13,259**	**36,421**	**11,807**	**-**	**38,989**	**121,630**	**236,049**
Write-offs (*)	**(1,757)**	**(229)**	**(203)**	**(919)**	**(108)**	**-**	**(3,174)**	**(1,573)**	**(7,963)**
Depreciation	**(1,481)**	**(5,104)**	**(4,399)**	**(13,717)**	**(9,374)**	**(753)**	**(15,758)**	**(131,143)**	**(181,729)**
Net book balance	**89,206**	**57,615**	**34,236**	**104,334**	**25,499**	**19,911**	**173,800**	**576,193**	**1,080,794**
At December 31, 2023									
Cost	**101,566**	**86,183**	**60,127**	**174,190**	**84,648**	**21,677**	**240,168**	**1,096,692**	**1,865,251**
Accumulated depreciation	**(12,360)**	**(28,568)**	**(25,891)**	**(69,856)**	**(59,149)**	**(1,766)**	**(66,368)**	**(520,499)**	**(784,457)**
Net book balance	**89,206**	**57,615**	**34,236**	**104,334**	**25,499**	**19,911**	**173,800**	**576,193**	**1,080,794**

(*) In 4Q 2023, two real properties, in which former distribution centers operated, were reclassified to properties available for sale for their residual value. One property, located in Santa Catarina, was appraised for R$35 million and one property, located in Rio Grande do Sul, was appraised for R$14 million, based on an expert technical report.

(In thousands of reais)

12.3 Other information

The Company detected no indication that assets could be recorded at an amount above their recoverable amount.

The weighted average depreciation rates of property, plant and equipment, considering the useful lives of the assets, are as follows:

	Average depreciation rate (% p.a.)	
	2023	**2022**
Properties	**2**	2
Machinery and equipment	**7**	7
Furniture and fixtures	**9**	9
Facilities	**9**	9
Computers and peripherals	**24**	24
Vehicles	**20**	20
Aircraft	**4**	4
Improvements	**7**	7

12.4 Rights of Use

CPC 06 (R2)/IFRS 16 requires that all lease agreements (except those that fit the exceptions) should be recognized in liabilities, matched against the right of use in assets. The breakdown of rights of use of property and vehicle contracts as well as the finite useful life are described in the table below:

	Individual and Consolidated	
	Useful life (years)	**12/31/2023**
Properties	2 to 17	**574,531**
Vehicles	2 to 3	**1,661**
Total		**576,193**

(In thousands of reais)

13. Intangible Assets

13.1 Summary of changes in intangible assets (Individual)

	Individual			
	Goodwill	Software	Trademarks and formulas	Total
Balance at December 31, 2022				
Cost	25,487	120,110	361	145,958
Accumulated amortization	(18,646)	(51,159)	(13)	(69,818)
Net book balance	6,841	68,951	348	76,140
At December 31, 2023				
Opening balance	**6,841**	**68,951**	**348**	**76,140**
Acquisitions	**1,326**	**23,305**	**-**	**24,631**
Write-offs	**-**	**(17)**	**-**	**(17)**
Amortization	**(1,428)**	**(16,811)**	**-**	**(18,239)**
Net book balance	**6,739**	**75,428**	**348**	**82,515**
At December 31, 2023				
Cost	**26,683**	**143,438**	**361**	**170,482**
Accumulated amortization	**(19,944)**	**(68,010)**	**(13)**	**(87,967)**
Net book balance	**6,739**	**75,428**	**348**	**82,515**

13.2 Summary of changes in intangible assets (Consolidated)

	Consolidated			
	Goodwill	Software	Trademarks and formulas	Total
Balance at December 31, 2022				
Cost	25,487	121,168	632	147,287
Accumulated amortization	(18,646)	(51,740)	(165)	(70,551)
Net book balance	6,841	69,428	467	76,736
At December 31, 2023				
Opening balance	**6,841**	**69,428**	**467**	**76,736**
Acquisitions	**1,326**	**23,540**	**157**	**25,023**
Write-offs	**-**	**(17)**	**-**	**(17)**
Amortization	**(1,428)**	**(16,978)**	**(19)**	**(18,425)**
Net book balance	**6,739**	**75,973**	**605**	**83,317**
At December 31, 2023				
Cost	**26,683**	**144,731**	**790**	**172,204**
Accumulated amortization	**(19,944)**	**(68,758)**	**(185)**	**(88,887)**
Net book balance	**6,739**	**75,973**	**605**	**83,317**

(In thousands of reais)

13.2 Other information

The Company detected no indication that assets could be recorded at an amount above their recoverable amount.

The weighted average amortization rates of intangible assets are as follows:

	Average amortization rate (% p.a.)	
	2023	**2022**
Goodwill	**13**	13
Software	**18**	18
Trademarks and formulas	**10**	10

14. Deferred income and social contribution taxes, net

14.1 Breakdown

Deferred income and social contribution taxes are calculated on the corresponding temporary differences between the tax bases of assets and liabilities and their carrying amounts recorded in the financial statements. The applicable tax rates, currently defined for calculation of deferred taxes, are 25% for income tax and 9% for social contribution tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset temporary differences, based on deferred income projections prepared and grounded on internal assumptions and future economic scenarios that may, therefore, suffer changes.

(In thousands of reais)

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Temporary additions				
Provision for inventory losses	**873**	713	**933**	793
Provision for labor indemnities	**5,532**	7,175	**5,622**	7,409
Provision for profit sharing	**10,877**	13,899	**10,879**	14,376
Provision for tax contingencies	**-**	202	**1,009**	1604
Allowance for expected credit losses	**6,583**	6,472	**6,583**	6,472
Provision for financial discounts	**1,546**	1017	**1,546**	1017
Provision for credit card fees	**-**	4,453	**-**	4,453
Provision for premiums - employees	**204**	731	**204**	731
Net effect of depreciation and interest (IFRS 16) with lease payments	**63,959**	49,437	**63,959**	49,437
Fair Value - Matching Shares	**12,789**	7,174	**12,789**	7,174
Provision for collective bargaining	**283**	1,050	**283**	1,128
Provision for commissions	**582**	394	**582**	394
Provision for professional fees	**3,507**	2,422	**3,805**	2,750
Total tax base	**106,735**	95,139	**108,194**	97,738
Income tax at the rate of 25%	**26,684**	23,785	**27,049**	24,435
Income tax on tax loss	**9,536**	9,483	**11,765**	11,558
Social contribution tax at the rate of 9%	**9,606**	8,563	**9,737**	8,796
Social contribution tax on tax loss	**4,325**	4,229	**5,128**	4,976
Total deferred tax assets	**50,151**	46,060	**53,679**	49,765
Temporary exclusions				
Exclusion of ICMS from the PIS and COFINS tax base	**-**	-	**-**	1,088
Adjustments due to leases	**2,338**	2,342	**2,338**	2,342
Total tax base	**2,338**	2,342	**2,338**	3,430
Income tax at the rate of 25%	**585**	586	**585**	858
Social contribution tax at the rate of 9%	**210**	211	**210**	309
Total deferred tax liabilities	**795**	797	**795**	1,167
Total deferred taxes, net	**49,356**	45,263	**52,885**	48,598

The Company and its subsidiary LIFAR will subject to the IRPJ and CSLL taxation the PIS and COFINS credits arising from the lawsuits to exclude the ICMS from the PIS and COFINS tax bases, on which a final and unappealable decision has been awarded, to the extent that they are the subject matter of requests for offsetting.

The deferred liability on the amounts was realized as the offsets occurred, in the case of the Parent Company, in its entirety until December 31, 2022, and in the Consolidated, until December 31, 2023.

14.2 Deferred tax realization

Based on the Company's deferred income projections and considering the history of realization of the assets that generated the income and social contribution tax balance, the estimated realization schedule is as follows:

(In thousands of reais)

	Individual	Consolidated
	12/31/2023	12/31/2023
2023	**25,075**	**26,839**
2024	**6,269**	**6,710**
2025	**6,269**	**6,710**
2026	**6,269**	**6,710**
2027	**6,269**	**6,710**
Total	**50,151**	**53,679**

15. Reconciliation of income and social contribution taxes

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Income before income and social contribution taxes	**87,548**	77,346	**91,584**	78,430
Combined tax rate	**34%**	34%	**34%**	34%
Tax expense at nominal rate	**(29,766)**	(26,298)	**(31,139)**	(26,666)
Other nondeductible expenses	**(277)**	(7,101)	**(289)**	(6,148)
Managing officers' profit sharing	**(478)**	(762)	**(478)**	(762)
Interest on Equity - Benefit	**12,736**	11,220	**12,736**	11,220
Equity pickup	**2,768**	3,685	**-**	-
IRPJ/CSLL - Tax credits (*)	**6,888**	16,499	**6,639**	16,499
Tax incentives – Worker's Meal Program (PAT)	**66**	120	**66**	121
Tax incentives - investment grant - matching credit	**4,902**	4,758	**4,902**	4,758
Tax incentives - investment grant - Other credits	**3,936**	3,085	**3,936**	3,085
Reversal of the effect of taxable profit based on accounting records regime on the subsidiary using taxable profit based on a percentage of gross revenue regime	**-**	-	**2,584**	3,441
Taxation under taxable profit based on a percentage of gross revenue regime using gross revenue for the tax base	**-**	-	**(2,372)**	(1,939)
Tax incentives – Technological innovation – Benefit	**3,784**	3,793	**3,889**	4,306
Effect of the portion exempt from the 10% surtax of income tax – benefit	**798**	-	**847**	-
	5,357	8,999	**1,321**	7,915
Income and social contribution taxes in profit or loss				
Current income and social contribution taxes	**1,263**	(984)	**(2,966)**	(4,292)
Deferred income and social contribution taxes	**4,094**	9,983	**4,287**	12,207
Total income and social contribution taxes	**5,357**	8,999	**1,321**	7,915
Effective rate	**-6.1%**	-11.6%	**-1.4%**	-10.1%

(In thousands of reais)

16. Trade Accounts Payable

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Trade accounts payable - local	**676,593**	554,788	**679,763**	555,452
Trade accounts payable – related parties	**8,187**	7,534	**-**	-
Total	**684,780**	562,322	**679,763**	555,452

17. Loans and Financing

17.1 Breakdown of loans and financing

		Individual		Consolidated	
	Rates (p.a.)	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Domestic currency					
Debentures - 3rd issue	109% of CDI	**26,924**	80,881	**26,924**	80,881
Debentures - 4th issue	CDI + 1.40%	**92,054**	153,943	**92,054**	153,943
Debentures – Mortgage-backed securities (CRI)	CDI + 1.30%	**263,557**	-	**263,557**	-
Total		**382,535**	234,824	**382,535**	234,824
Current		**102,535**	118,395	**102,535**	118,395
Noncurrent		**280,000**	116,429	**280,000**	116,429

Management monitors the forecasts for the Company's liquidity requirements to ensure it has sufficient cash to meet its operating needs. The global limits of credit facilities granted to the Company are in amounts sufficient to not generate the risk of exceeding such limits or of breaching loan agreement clauses. This forecast takes into consideration the Company's debt financing plans. For the increase in indebtedness, the Company considered its growth strategy and the current economic scenario of the segment. This indebtedness is monitored through the analysis of available funds and the calculation of the net debt.

17.2 Payment flow of loans and financing

	Individual		Consolidated	
Year of payment	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
2024	**102,535**	86,429	**102,535**	86,429
2025	**30,000**	30,000	**30,000**	30,000
2026	**50,000**	-	**50,000**	-
2027	**100,000**	-	**100,000**	-
2028	**100,000**	-	**100,000**	-
Total	**382,535**	116,429	**382,535**	116,429

17.3 Debt Service Coverage Ratio ("DSCR") higher than or equal to 1.2 (one and two tenths)

Where: "DSCR" means the division of Adjusted EBITDA (as defined below) by the Debt Service; and "Debt Service" means finance costs for the last twelve (12) months calculated under the accrual basis of accounting, on a consolidated basis, by the Issuer, i.e. (a) interest on bank debts (net of income from short-term investments), (b) portion that has an impact on cash from monetary and foreign exchange difference on interest of debt arrangements, (c) interest paid to Debentures and other marketable securities issued in the financial and capital markets, both international and domestic (net of income from investments in marketable securities or in government securities and corporate bonds of any nature), (d) finance costs with cash impact on intercompany loans recorded in liabilities (net of finance income with cash impact received from intercompany loans recorded in assets), as well as (e) the amount effectively disbursed relating to liabilities from derivative transactions hedging debts (net of amounts effectively received in connection with assets from derivative transactions hedging debts).

17.4 Adjusted Net Financial Debt/Adjusted EBITDA ratio, according to the calculation method described below, not exceeding 2.5 (two and five tenths)

Where: for the calculation of Adjusted EBITDA, the accumulated performance for the last 12 months from the statements closing date, to be measured based on the consolidated statements of financial position for March, June, September and December of each year, shall be considered. For the purposes of this item, the following shall apply: "Adjusted Net Financial Debt" is the sum of amounts corresponding to (i) short-term bank loans; (ii) short-term debentures; (iii) long-term bank loans; (iv) long-term debentures; (v) long-term loans; (vi) short-term bank leases; (vii) long-term bank leases; (viii) accounts payable or receivable in connection with derivative transactions, in the event of less cash equivalents, cash/short-term investments and marketable securities; and also (ix) all intercompany loans recorded in assets and liabilities, between group companies, either associates or not; "Adjusted EBITDA", as provided for in CVM Ruling No.527 of October 4, 2012, as amended; and "Net Financial Debt/Adjusted EBITDA" is Adjusted Net Financial Debt divided by Adjusted EBITDA.

The Company is compliant with all such clauses at December 31, 2023.

The loan agreements in force also have non-financial early maturity clauses, the most relevant of which are described below:

- Default on debts and/or other contracts with the financial institutions that granted credit facilities;
- Enforcement of a court order or out-of-court order that may affect the Company's ability to pay;
- Transfer of debt to third parties, without the approval of the financial institution that granted the credit facility;
- Changes in the Company's business purpose or changes in corporate control without the financial institution's formal acceptance and agreement to maintain contracts.

(In thousands of reais)

17.5 Cash flows from financing activities

The table below shows additional information on cash flow from financing activities:

	Individual and Consolidated			
	Finance leases	**Loans, financing and debentures**	**Interest on equity payable**	**Total**
Balance at December 31, 2022	636,716	234,824	5,518	877,058
Changes in cash	**(166,102)**	**95,638**	**(28,721)**	**(99,185)**
Payment of financing activities	**-**	**(287,836)**	**-**	**(287,836)**
Loans raised	**-**	**425,000**	**-**	**425,000**
Payment of IOE	**-**	**-**	**(28,721)**	**(28,721)**
Leases paid	**(166,102)**	**-**	**-**	**(166,102)**
Interest paid in the period	**-**	**(41,526)**	**-**	**(41,526)**
Noncash changes	**169,538**	**52,073**	**29,609**	**251,220**
Remeasurement of contracts and new contracts - IFRS 16	**120,057**	**-**	**-**	**120,057**
IOE recognized in the period	**-**	**-**	**29,609**	**29,609**
Discount on leased properties	**-**	**-**	**-**	**-**
Interest recognized in the period	**49,481**	**52,073**	**-**	**101,554**
Balance at December 31, 2023	**640,152**	**382,535**	**6,406**	**1,029,093**

The balances of loans and financing at December 31, 2023 and 2022 are presented at amortized cost. The aging list of loans and financing is presented in Note 4.1 (c) Liquidity risk, and Note 17.2 Payment flow of loans and financing.

18. Tax obligations

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Corporate Income Tax (IRPJ)	**758**	537	**1,080**	1,038
Social Contribution Tax on Net Profit (CSLL)	**793**	427	**1,073**	719
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	**344**	-	**383**	39
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	**1,628**	-	**1,812**	183
Withholding Income Tax (IRRF)	**3,715**	3,820	**3,786**	3,896
State Value-Added Tax (ICMS)	**19,923**	20,371	**21,696**	22,345
Other Obligations	**2,233**	2,060	**2,469**	2,363
Total	**29,394**	27,215	**32,299**	30,583

(In thousands of reais)

19. Profit sharing payable

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Bonuses - Executive Board	-	2,500	-	3,500
Employees' profit sharing	**10,877**	13,899	**11,247**	13,379
Total	**10,877**	16,399	**11,247**	16,879

20. Lease obligations

The Company has obligations arising from real estate and vehicle lease agreements, accounted for under the criteria of IFRS 16. Changes in the Company's lease liability balance by December 31, 2023 were as follows:

	Individual and Consolidated		
	Properties	Vehicles	Total
Balance at December 31, 2022	636,092	624	636,716
Remeasurement of contracts, new contracts and write-offs	**119,223**	**2,407**	**121,630**
Write-offs	**(1,573)**	**-**	**(1,573)**
Interest	**49,239**	**242**	**49,481**
Payment of leases	**(164,561)**	**(1,541)**	**(166,102)**
Balance at December 31, 2023	**638,420**	**1,732**	**640,152**
Current	**163,383**	**978**	**164,361**
Noncurrent	**475,037**	**754**	**475,791**

The Company applied the simplified retrospective approach and, at the time of transition, lease liabilities are measured at the present value of the remaining payments, discounted at the incremental borrowing rate. Initially, the Company measured the right to use the assets at an amount equivalent to the lease liability, and used the practical expedient that allows lessees to exclude initial direct costs from the measurement of the right-of-use asset on the date of initial application.

In compliance with CVM Memorandum Circular No. 02/2019 and CPC 06 (R2)/IFRS 16, explained by the fact that the Company did not apply the nominal flow methodology due to the IFRS 16 prohibition of future inflation projection, companies shall present minimum inputs for users of financial statements to reach this information. Accordingly, the Company decided to disclose the minimum inputs below for users to reach that information. inputs are:

- Nominal average discount rate applied - between 5% and 15.26% p.a.; and
- Inflation component to be used in projecting the flows (Extended Consumer Price Index - IPCA, based on National Treasury Notes - NTN-B) - 3.6% p.a.

(In thousands of reais)

21. Provisions

The Company is a party to civil, labor and tax claims, in administrative and legal proceedings. Where applicable, claims are supported by judicial deposits. Provisions for any losses arising from these proceedings are estimated and restated by management, supported by the opinion of its external and internal legal advisors.

21.1 Breakdown of provisions for contingencies

The proceedings assessed as possible or probable losses, in the opinion of the Company's legal advisors, at December 31, 2023 and 2022, are presented below. Provisions are recognized for proceedings assessed as probable losses, as follows:

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Labor and tax	**5,532**	7,377	**6,631**	9,013
Noncurrent	**5,532**	7,377	**6,631**	9,013
Judicial Deposits	**2,048**	2,654	**2,064**	3,124

21.2 Changes in provisions for contingencies

Changes in provisions for civil, labor and tax claims are shown in the table below:

	Individual		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Civil, labor and tax				
Balance at December 31, 2022	**7,377**	16,234	**9,013**	18,101
New provisions	**5,614**	3,197	**5,614**	3,262
Write-offs due to payment	**(7,459)**	(6,054)	**(7,460)**	(6,054)
Reversals	**-**	(6,000)	**(536)**	(6,296)
Balance at December 31, 2023	**5,532**	7,377	**6,631**	9,013

21.3 Lawsuits assessed as possible loss

21.3.1 Civil

At December 31, 2023, the Company was a party to 18 tax lawsuits considered as possible losses, estimated at R$1,283 -individual and consolidated (R$1,398 - individual and consolidated at December 31, 2022).

21.3.2 Labor

The most recurring labor claims involve overtime and salary differences. At December 31, 2023, the Company had 480 possible-loss labor lawsuits in the consolidated financial statements, estimated at R$20,766, of which 467 lawsuits in the amount of R$20,338 correspond to parent company's lawsuits (R$34,253 in Individual and R$34,747 in Consolidated at December 31, 2022).

21.3.3 Tax

At December 31, 2023, the Company was a party to 1 tax lawsuit assessed as possible loss, at estimated value of approximately R$9 (R$146 at December 31, 2022) in the individual and consolidated financial statements.

22. Investment grants and matching credits

The government grants received by the Company are characterized as investment grants
and correspond to:

(i) donation of a public area in the city of Eldorado do Sul/RS in 2011, where the Distribution Center was built, with an area of 50,000 square meters, and in 2014, a complement to the donation of another 10,000 square meters. The grant was recognized as a consideration to a liability account temporarily, considering that the economic benefits are postponed to the moment of their use, and in connection with the fulfillment of the obligations expressed in Municipal Law No. 3067 of December 13, 2011. The grant supplement was recorded under the same accounting criteria adopted in the initial recognition of the first grant.

(ii) in 2017, Supplementary Law No. 160/17 was approved intended to promote important changes regarding tax benefits granted unilaterally by the Brazilian states. New rules were established for the classification of these tax benefits as "investment grants", thus exempting them from IRPJ and CSLL. In 2023, ICMS matching credits totaling R$14,419 (R$13,993 until December 31, 2022) as well as grant of other credits totaling R$6,908 (R$9,073 at December 31, 2022) were recognized in P&L.

23. Equity

23.1 Capital

At the Special General Meeting held on May 24, 2022, capital increase from R$918,000 to R$943,000 was approved (R$928,555 net of share issue costs), through capitalization of part of the Legal Reserve, in the amount of R$726, and part of Reserve for capital increase, in the amount of R$24,274, without issue of new shares. The Company's capital comprises 150,377,481 registered common shares with no par value.

At the Special General Meeting held on May 15, 2023, capital increase from R$943,000 to R$970,116 was approved, through capitalization of the Legal Reserve and Reserve for Capital Increase, without issue of new shares. The Company's capital comprises 150,377,481 registered common shares with no par value.

23.2 Treasury shares

At the Board of Directors' Meeting held on August 16, 2021, the Company approved the renewal of its Share Buyback Plan. The program was valid from August 17, 2021 to August 16, 2022, with a maximum repurchase limit of 2,000,000 (two million) common shares. The information was disclosed to the Market on August 17, 2021, through a Material News Release.

At the Board of Directors' Meeting held on September 5, 2022, the renewal of the Share Buyback Program issued by the Company was approved, without reducing capital. The program is valid from September 5, 2022 to September 4, 2023, with a maximum repurchase limit of 2,000,000 (two million) common shares. The information was disclosed to the Market on September 5, 2022, through a Material News Release.

The purposes of the Share Buyback Program are to maximize the generation of value for shareholders, based on an adequate capital structure combined with the growth of results and earnings from shares, as well as enabling the implementation of long-term incentive plans, through which executive officers will receive shares issued by the Company (see Note 24 - Incentive plan in connection with shares).

At December 31, the Company had 1,525,357 treasury shares (1,843,422 at December 31, 2022), whose average cost value was R$28,582 (R$35,139 at December 31, 2022). The share market price at December 28, 2023 was R$13.36 (R$10.14 at December 31, 2022).

Shares already exercised, that is, transferred to the beneficiaries, are also withdrawn from treasury shares as of the vesting expiration of the matching shares programs. In the second quarter of 2023, the treasury shares account was also impacted by the grant of shares in the 4th matching shares program by R$4,053 (R$2,310 in the second quarter of 2022, referring to the 3rd program).

(In thousands of reais)

Changes in treasury shares are as follows:

	Individual	
	Common shares	R$
Balance at December 31, 2022	(1,843,422)	(35,139)
Acquisition of shares	**(70,000)**	**(715)**
Options granted	**216,177**	**4,053**
Recognized options granted	**171,888**	**3,219**
Balance at December 31, 2023	**(1,525,357)**	**(28,582)**

	Share price		
	Minimum	Maximum	Average cost
From 01/01/2022 to 12/31/2022	9.09	14.44	11.63
From 01/01/2023 to 12/31/2023	**8.96**	**13.80**	**11.41**

23.3 Income Reserves

23.3.1 Reserve for future capital increase

The purpose of this reserve is to increase the Company's investments in working capital for expansion projects, as provided for in article 24, clause "c", of Dimed's Articles of Incorporation. The use of this reserve balance was approved by the shareholders at the Annual General Meeting held on July 17, 2020. In December 2022, the amount of R$27,116 was accounted for as a reserve for future capital increase, and this balance was paid in as Capital at the Special General Meeting held on May 15, 2023.

23.3.2 Legal reserve

The legal reserve is set up at 5% of net income for each year, under the terms of Law No. 6404/76, article 193, capped at 20% of capital.

23.3.3. Dividends and interest on equity additional to those proposed

This reserve is recognized in relation to dividends exceeding the mandatory minimum dividends of 25%, as provided for by law and approved by the shareholders.

23.3.4 Compensation paid to shareholders

In accordance with the provisions of Dimed's Articles of Incorporation and considering the adjustments provided for in the corporation law, the dividend proposed, including interest on equity, is calculated as follows:

(In thousands of reais)

	Individual	
	2023	**2022**
Net Income for the Year	**92,905**	86,345
Recognition of legal reserve	**(3,346)**	(3,164)
Investment reserve	**(25,994)**	(23,066)
Calculation base of mandatory minimum dividends	**63,565**	60,115
Mandatory minimum dividend - 25%	**15,891**	15,029
Proposed dividend in excess of mandatory minimum dividend	**21,568**	17,971
Total dividends proposed by management	**37,459**	33,000
Withholding Income Tax (IRRF) on IOE	**(4,440)**	(3,850)
Compensation net of IRRF	**33,019**	29,150

The resolved amount of interest on equity as well as the value per share are described below:

Date of resolution	**12/15/2023**	**09/29/2023**	**06/30/2023**	**12/15/2022**	**08/12/2022**
Amount	**17,559**	**11,900**	**8,000**	25,000	8,000
Installments	**3**	**1**	**1**	3	1
Net unit value per share	**0.1002620**	**0.06795027**	**0.04568086**	0.14306426	0.05381962
Date of payment					
1st installment	**04/30/2024**	**03/29/2024**	**08/31/2023**	03/31/2023	08/31/2022
2nd installment	**05/31/2024**	**-**	**-**	04/28/2023	-
3rd installment	**08/30/2024**	**-**	**-**	05/31/2023	-

23.4 Capital reserves

This reserve is set up and matched against the expenses with the stock option plan granted by the Company to its managing officers and employees (Note 24). The difference between the strike price of *Matching Shares* plans and the cost of acquisition by the beneficiaries is recognized in the Goodwill Reserve.

(In thousands of reais)

24. Incentive plan in connection with shares - Individual

24.1 Conditions of the *Matching* shares plan

At the Special General Meeting held on September 8, 2020, the shareholders approved the creation of the Incentive Plan in connection with the Company's shares ("Dimed's Matching Shares Plan" or "Plan"). The purpose of the Company's Share-Based Incentive Plan is to rule the possibility of granting incentives in connection with the Company's common shares to managing officers and employees with whom it has employment or statutory relationship, aimed at: (i) increasing the capacity to attract talent; (ii) reinforcing the culture of sustainable performance and the search for the development of managing officers and employees, aligning their personal and professional interests with those of the shareholders; and (iii) enabling the Company to retain its professionals, offering them, as an additional advantage and incentive, the opportunity to become shareholders. The shares granted as an incentive under the Dimed's Matching Shares Plan may not exceed the maximum limit of 3% of the shares of the Company's subscribed and paid-in capital.

Beneficiaries will be granted the right to receive, free of charge, the maximum proportion of up to four (4) and minimum of one (1) Matching Share for each common share of the Company, acquired under the Plan ("Own Shares"), up to the limit established in their respective Private Share Granting Instruments and Adhesion to Dimed's Matching Shares Plan, provided that certain conditions are met.

Matching Shares will be subject to a progressive Vesting Period of four years, during which the beneficiary must maintain his/her relationship with the Company. The Vesting Period will start on the grant date and within this period the Matching Shares will become Mature Matching Shares and will be liquidated to the beneficiaries on the dates specified below:

Anniversary	Mature Matching Shares
1st anniversary of the Grant Date	-
2nd anniversary of the Grant Date	1/3 (one third) of the total Matching Shares
3rd anniversary of the Grant Date	1/3 (one third) of the total Matching Shares
4th anniversary of the Grant Date	1/3 (one third) of the total Matching Shares

Upon execution of the grant agreement, the beneficiary must expressly authorize the blocking of the negotiation and encumbrance of the "Own Shares" acquired, during the Vesting period, in the records of the depositary institution of the Company's book-entry shares.

24.2 Changes in the Matching shares plan

For the Company's first program, in September 2020, 71,026 "Own Shares" and 201,641 "Matching Shares" were granted to the Plan's participants, and until March 31, 2021, 66,382 "Own Shares" had been subscribed.

(In thousands of reais)

At the Board of Directors' meeting held on April 20, 2021, the creation of Dimed's second Matching Shares program was approved, under the same conditions as the first program. On July 9, 2021, transfer orders of 53,968 shares were formalized, with the adhesion of 27,545 "Own Shares"; 22,000 Book-entry Shares; 4,423 shares not yet transferred and R$168,993 "Matching Shares".

At the Board of Directors' meeting held on April 29, 2022, the creation of the Company's third Matching Shares program was approved, with different conditions in relation to the two previous programs: i) reduction of the Vesting period from 4 to 3 years; and ii) release of the Vesting of mature Matchings shares. The share transfer orders were formalized throughout April 2022, with the adhesion of 117,652 "Own Shares" and 348,466 "Matching Shares".

In the second quarter of 2022, 48,083 matching shares were transferred to the beneficiaries as a result of the anticipation of the first vesting of the program approved in 2020.

At the Board of Directors' meeting held on April 17, 2023, the creation of the Company's fourth Matching *Shares* program was approved, under the same conditions defined in the previous program. The share transfer orders were formalized throughout April 2023, with the adhesion of 216,177 "Own Shares" and 696,804 "Matching Shares".

	Own Shares	Matching Shares
Balance at December 2021	124,994	367,921
Options granted	117,652	348,466
Options exercised (*)	-	(66,305)
Dissenting holders	-	(210)
Balance at December 2022	242,646	649,872
Options granted	**216,177**	**696,804**
Options exercised (*)	**-**	**(237,042)**
Dissenting holders	**-**	**(71,413)**
Balance at December 2023	**458,823**	**1,038,221**

In the second quarter of 2023, 171,888 matching shares were transferred to the beneficiaries, referring to the second vesting of the 2020 program and to the first vesting of 2021 and 2022 programs.

(*) The gross number of maturing matching shares was converted into 171,888 net shares (48,083 shares in 2022).

24.3 Amounts recognized in the year

In 2023, the Company recognized as fair value of Matching Shares programs the total of R$5,615 (R$4,503 in 2022).

25. Earnings per share

25.1 Basic

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued during the year, excluding common shares purchased by the Company and held as treasury shares.

(In thousands of reais)

25.2 Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares, to assume the conversion of all dilutive potential common shares.

As required by IAS 33/CPC 41, the number of shares used to calculate earnings (loss) per share for the current period and the comparative period were affected by the referred to share split.

	12/31/2023 Registered common shares	12/31/2022 Registered common shares
Denominator		
Total weighted average number of shares	**150,377,481**	150,377,481
Weighted number of treasury shares	**(1,669,738)**	(1,802,872)
Weighted average number of outstanding shares	**148,707,743**	148,574,609
% of shares in relation to the total number	**100%**	100%
Numerator		
Net income attributable to each class of shares (R$)	**92,904,516**	86,344,911
Weighted average number of outstanding shares	**148,707,743**	148,574,609
Basic and diluted earnings per share (R$)	**0.62**	0.58
Numerator		
Net income attributable to each class of shares (R$)	**92,904,516**	86,344,911
Weighted average number of outstanding shares	**148,707,743**	148,574,609
Weighted average number of matching shares	**1,009,314**	570,384
Diluted earnings per share (R$)	**0.62**	0.58

26. Revenues

The Company’s revenue derives mainly from the resale of drugs and personal care and beauty products. Reconciliation between gross revenues for tax purposes and the revenues stated in the statement of profit or loss for the year is as follows:

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Gross sales of products and services	**4,786,392**	4,265,129	**4,803,912**	4,279,781
Sales Taxes	**(284,855)**	(235,785)	**(288,921)**	(238,446)
Returns and unconditional discounts	**(53,577)**	(50,102)	**(53,974)**	(50,860)
Net revenue	**4,447,960**	3,979,242	**4,461,017**	3,990,475

(In thousands of reais)

27. Cost of goods sold and services rendered

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cost of goods sold	**(3,377,513)**	(2,969,571)	**(3,346,653)**	(2,944,436)
Cost of products sold	**-**	-	**(29,534)**	(23,282)
Reimbursement of capital contribution costs	**321,260**	240,880	**321,260**	240,880
Revenue – campaign funds	**920**	1,303	**920**	1,303
Taxes on funds	**(29,802)**	(22,402)	**(29,802)**	(22,402)
	(3,085,135)	(2,749,790)	**(3,083,809)**	(2,747,937)

The amounts reimbursed by suppliers relating to lease of properties, promotional funds and advertising and publicity expenses are deducted from cost of sales, and the average period for reimbursement is 30 to 60 days. Such reimbursement is recognized when the contractual conditions are likely to be met.

28. Expenses by nature

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Selling expenses				
Personnel and third-party service expenses	**(614,805)**	(564,922)	**(617,974)**	(568,055)
Lease expenses	**(40,267)**	(34,609)	**(39,540)**	(33,746)
Discount on leased properties	**-**	3,976	**-**	3,976
Freight expenses	**(59,527)**	(52,466)	**(60,769)**	(53,058)
Credit card fees	**(56,205)**	(43,173)	**(56,307)**	(43,178)
Advertising	**(29,244)**	(25,675)	**(29,344)**	(26,212)
Utilities and services	**(25,952)**	(29,330)	**(25,994)**	(29,392)
Depreciation and amortization expenses	**(190,024)**	(174,519)	**(190,089)**	(174,584)
Employees' profit sharing	**(13,669)**	(5,888)	**(13,968)**	(5,927)
Managing officers' profit sharing	**(6,254)**	(6,309)	**(6,254)**	(6,309)
Maintenance expenses	**(13,803)**	(10,669)	**(13,824)**	(10,672)
Consumables	**(16,843)**	(14,165)	**(17,022)**	(14,262)
Travel and sales representation expenses	**(2,936)**	(2,534)	**(3,068)**	(2,549)
Packaging materials	**(9,788)**	(8,941)	**(9,788)**	(8,941)
Inventory losses	**(19,471)**	(23,376)	**(20,420)**	(24,137)
Other sales expenses	**1,213**	(12,284)	**1,670**	(12,307)
Total	**(1,097,575)**	(1,004,884)	**(1,102,691)**	(1,009,353)

(In thousands of reais)

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
General and administrative expenses				
Personnel and third-party service expenses	**(84,281)**	(66,790)	**(86,782)**	(68,633)
Lease expenses	**(628)**	(607)	**(634)**	(533)
Utilities and services	**(1,502)**	(1,385)	**(1,571)**	(1,460)
Depreciation and amortization expenses	**(8,702)**	(8,991)	**(8,996)**	(9,182)
Employees' profit sharing	**(4,455)**	(4,357)	**(4,469)**	(4,357)
Managing officers' profit sharing	**(738)**	(674)	**(738)**	(677)
Bank expenses	**(1,338)**	(1,480)	**(1,355)**	(1,494)
Managing officers' compensation	**(7,294)**	(6,244)	**(7,295)**	(6,244)
Maintenance expenses	**(11,470)**	(9,076)	**(11,626)**	(9,226)
Consumables	**(398)**	(485)	**(460)**	(518)
Other administrative expenses	**(8,769)**	(7,278)	**(8,982)**	(7,426)
Total	**(129,575)**	(107,367)	**(132,908)**	(109,750)

29. Other operating income (expenses)

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Additional revenue	**6,924**	1,474	**6,945**	1,512
Revenue from property lease	**339**	276	**379**	330
Credit recovery	**19,708**	7,038	**19,822**	7,050
Reimbursement of cash difference	**384**	274	**384**	274
Cost of disposal of PPE	**(2,255)**	(2,110)	**(2,258)**	(2,068)
Other operating income (expenses)	**(145)**	6,651	**(308)**	6,752
Total	**24,955**	13,603	**24,964**	13,850

(In thousands of reais)

30. Finance income and costs

30.1 Breakdown of finance income and costs

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Finance income				
Interest on assets	**5,652**	2,624	**5,713**	2,682
Monetary variations	**-**	-	**7**	-
Short-term investment yield	**22,059**	10,352	**28,680**	15,497
Financial discounts obtained	**3,373**	1,649	**3,556**	1,806
Taxes on finance income	**(1,315)**	(1,225)	**(1,369)**	(1,280)
Monetary restatement of tax credits (*)	**993**	1,446	**1,034**	1,724
	30,762	14,846	**37,621**	20,429

(*) This refers to the monetary restatement of credits related to the proceeding that excludes the ICMS from the PIS/COFINS tax base recognized in the quarter. Additional information is disclosed in Note 10.

	Individual		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Finance costs				
Interest on financing	**(52,062)**	(29,068)	**(52,062)**	(29,068)
Interest expenses	**(961)**	(216)	**(1,030)**	(226)
Financing charges	**-**	(124)	**-**	(124)
Discounts granted/bonuses	**(7,735)**	(7,621)	**(8,186)**	(7,819)
Monetary variation	**(616)**	-	**(651)**	-
Interest on leases	**(49,481)**	(40,731)	**(49,481)**	(40,731)
Other finance costs	**(1,131)**	(1,383)	**(1,200)**	(1,316)
Total	**(111,986)**	(79,143)	**(112,610)**	(79,284)

31. Transactions with related parties

31.1 Balances and transactions

The total amounts of transactions carried out by Dimed, through December 31, 2023, with related parties are described below:

	Dimesul Gestão Imobiliária Ltda.		Laboratório Industrial e Farmacêutico Lifar Ltda.	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Trade accounts payable	**-**	-	**8,187**	7,534

(In thousands of reais)

	Dimesul Gestão Imobiliária Ltda.		Laboratório Industrial e Farmacêutico Lifar Ltda.	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**
Purchase of goods and services	**-**	-	**53,113**	47,604
Revenue from services rendered	**1,592**	1,696	**-**	81
Finance costs	**-**	264	**-**	-

	Accounts receivable from shareholders	
	12/31/2023	**12/31/2022**
Share issue costs (secondary offering)	**1,330**	1,530

Sales transactions between related parties are conducted at amounts agreed by and between the companies, with days sales/payable outstanding of 30 days. The balance of the intercompany loan agreement is restated monthly at the benchmark rate of the Central Bank of Brazil (SELIC).

31.2 Key management personnel compensation

The table below contains information on key management personnel compensation (individual):

	Individual	
	12/31/2023	**12/31/2022**
Fixed compensation	**7,294**	6,244
Social charges	**2,044**	1,748
Equity interest	**6,992**	6,983
Total	**16,330**	14,975

These amounts are stated under “General and administrative expenses” in the statement of profit or loss and are detailed in Note 28. Management is also part of the Incentive Plan in connection with the Company’s shares, created to regulate the possibility of granting incentives through common shares issued by the Company.

Managing officers were granted the right to receive, free of charge, the proportion of three (3) and four (4) Matching Share for each common share of the Company, acquired under the Plan (“Own Shares”), for which a fair value of R$2,308 was recorded in 2021, up to the limit established in their respective Private Share Granting Instruments and Adhesion to Dimed's Matching Shares Plan, provided that certain conditions are met. In 2023, the Company recognized an amount of R$3,934 as fair value, which corresponds to the Matching shares of managing officers. Additional information can be found in Note 24.

(In thousands of reais)

32. Insurance coverage

The Company has insurance policies that consider the nature and degree of risks involved. At December 31, 2023, the Company and its subsidiaries had insurance coverage for vehicles, fire, civil liability, cargo transportation and aircraft, among others. The insurance coverage sufficiency is under the responsibility of Company management that considers it adequate to cover losses, if any. The Maximum Indemnification Limits for the main insurance policies are as follows:

Policies	Amounts in R$ thousands
Vehicle	FIPE Table + Property Damage + Bodily Injury
Fire	R$ 630,618
Civil liability	R$ 31,200
Transportation	R$ 2,000 per transportation
Aircraft (*)	R$ 21,233
Civil liability - Aircraft (*)	R$ 121,018

(*) Policy issued in US Dollar, amount translated at the average rate (US Dollar) of 12/29/2023 (R$4.8407).

33. Segment reporting

Segment reporting is presented based on the management reports used by the Board of Directors, the board responsible for the Company's strategic decision-making, to manage the business. The Company's segments are divided into Retail, Wholesale and Corporate, which include all administrative expenses, as well as finance income (costs).

The Retail segment has 600 stores that sell more than 15 thousand items among drugs and personal care and beauty products. The Wholesale segment is one of the main distributors of drugs in Brazil and also the pioneer in the country in its segment. Lastly, the Corporate segment includes Wholesale and Retail, as well as subsidiary Lifar (Laboratório Farmacêutico Lifar Ltda.). In addition to adding divisions of cosmetics, drugs and food, Lifar is responsible for the production of major brands in Brazil, as well as products of its own brand Panvel. Subsidiary Dimesul is engaged in the purchase, sale, intermediation, subdivision, lease, rent, management and administration of own or third-party properties, with a view to centralizing and optimizing the management of the Company's properties.

(In thousands of reais)

	Retail		Wholesale		Corporate		Consolidated	
	12/31/2023	**12/31/2022**	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**	**12/31/2023**	**12/31/2022**
Continuing operations								
Net revenue from sales and services	**4,094,176**	3,678,252	**366,841**	312,223	**-**	-	**4,461,017**	3,990,475
Cost of goods sold and services rendered	**(2,783,008)**	(2,488,488)	**(300,801)**	(259,449)	**-**	-	**(3,083,809)**	(2,747,937)
Gross profit	**1,311,168**	1,189,764	**66,040**	52,774	**-**	-	**1,377,208**	1,242,538
Selling expenses	**-**	-	**-**	-	**(1,102,691)**	(1,009,353)	**(1,102,691)**	(1,009,353)
Other operating income (expenses), net	**-**	-	**-**	-	**24,964**	13,850	**24,964**	13,850
Administrative expenses	**-**	-	**-**	-	**(132,908)**	(109,750)	**(132,908)**	(109,750)
Operating income before finance income (costs)	**1,311,168**	1,189,764	**66,040**	52,774	**(1,210,635)**	(1,105,253)	**166,573**	137,285
Finance income (costs)	**-**	-	**-**	-	**(74,989)**	(58,855)	**(74,989)**	(58,855)
Finance income	**-**	-	**-**	-	**37,621**	20,429	**37,621**	20,429
Finance costs	**-**	-	**-**	-	**(112,610)**	(79,284)	**(112,610)**	(79,284)
Operating income before income and social contribution taxes	**1,311,168**	1,189,764	**66,040**	52,774	**(1,285,624)**	(1,164,108)	**91,584**	78,430
Current	**-**	-	**-**	-	**(2,966)**	(4,292)	**(2,966)**	(4,292)
Deferred	**-**	-	**-**	-	**4,287**	12,207	**4,287**	12,207
Net income for the year	**1,311,168**	1,189,764	**66,040**	52,774	**(1,284,303)**	(1,156,193)	**92,905**	86,345

34. Events after the reporting period

34.1 Sale of assets

In the first quarter of 2024, the Company sold a plot of land located in São José - state of Santa Catarina amounting to R$39 million. As at December 31, 2023, this asset was reclassified to assets available for sale, for its carrying amount (Note 12).

Comments on the Behavior of Business Projections

DIMED S.A. DISTRIBUIDORA DE MEDICAMENTOS
CNPJ 92.665.611/0001-77
NIRE 43300003221
Publicly-held company

Comments on the Behavior of Business Projections

In line with the Material News Release published on April 3, 2023, in which the Company communicated to its shareholders the Gross Revenue Guidance for the year, management presented an estimated revenue amount of R$5 billion. The actual amount was below expectations due to the impacts of the macroeconomic scenario on the retail segment and adverse factors relating thereto. As such, we did not achieve the proposed amount, as shown below.

Guidance	Projetado até 31/12/2023	Realizado acumulado 31/12/2023	% realizado do *Guidance*
(R$ milhões)			
Receita Bruta	5.000	4.804	96,08%

Reports and Representations / Independent Auditor's Report - Unmodified Opinion

Independent auditor's report on the individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Dimed S.A. Distribuidora de Medicamentos
Eldorado do Sul - RS

Opinion

We have audited the individual and consolidated financial statements of Dimed S.A. Distribuidora de Medicamentos (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023, and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other financial information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2023, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement of lease liabilities and right-of-use assets

As mentioned in Notes 12 and 20, the Company recorded right-of-use assets and lease liabilities for agreements within the scope of NBC TG 06 (R3) (IFRS 16). As at December 31, 2023, the Company recorded R$576,193 thousand for right-of-use assets in the individual and consolidated financial statements, in addition to lease liabilities of R$640,152 thousand in the individual and consolidated financial statements.

Reports and Representations / Independent Auditor’s Report - Unmodified Opinion

This matter was considered significant for our audit due to the materiality of the amounts involved, both in relation to the asset/liability balances and P&L for the year, as well as the uncertainties inherent in this type of calculation and the degree of judgment required that must be exercised by the executive board in determining the significant assumptions, which include, among other, the discount rate used.

How our audit addressed this matter

Our audit procedures included, among others, the assessment of significant assumptions used related to the lease term, discount rate and consideration amounts, in addition to the calculation methodology used by the Company to measure accounting impacts; inventory analysis of the Company's lease agreements, in addition to checking the compliance of these agreements with the scope of the standard. We also tested the reasonableness of the criteria adopted by the Company for a sample of agreements randomly selected, considering the information on the agreements and their amendments, in addition to recalculate the amounts measured by the Company for these transactions. As a result of these procedures, we identified no audit adjustment related to the measurement of lease liabilities and right-of-use assets.

Based on the results of the audit procedures performed, which are consistent with the executive board’s assessment, we consider that the accounting records prepared by the executive board for measurement of the impacts from NBC TG 06 (R3) (IFRS 16) on lease agreements, as well as the related disclosures in Notes 12 and 20, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2023, prepared under the responsibility of the Company’s executive board, and presented as supplementary information for IFRS purposes, have been subject to audit procedures performed in conjunction with the audit of the Company’s individual and consolidated financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 - Statements of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the referred to Accounting Pronouncement, and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor’s report

The executive board is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Reports and Representations / Independent Auditor’s Report - Unmodified Opinion

Responsibilities of the executive board and those charged with governance for the individual and consolidated financial statements

The executive board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as the executive board determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the executive board is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and its subsidiaries’ financial reporting process.

Auditor’s responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries’ internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Reports and Representations / Independent Auditor’s Report - Unmodified Opinion

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
Porto Alegre, March 14, 2024.

ERNST & YOUNG
Auditores Independentes S.S. Ltda.
CRC SP-015199/F

Arthur Ramos Arruda
Accountant CRC-RS RS-096102/O-0

Reports and Representations / Summary Report of the Audit Committee (statutory, provided for in specific CVM regulations)

Pursuant to the Articles of Incorporation and legal provisions, the Audit Committee of Dimed S.A. Distribuidora de Medicamentos examined the Management Report, the Financial Statements and Proposal for distribution of profits for the year ended December 31, 2023. Based on the examinations carried out, considering, furthermore, the unqualified independent auditor’s report issued by Ernst & Young Auditores Independentes, dated March 14, 2024, as well as the information and clarifications received in the year, the Audit Committee unanimously understand that the aforementioned documents are in conditions to be considered at the Annual General Meeting of Shareholders.

Eldorado do Sul, March 14, 2024.

João Verner Juenemann
Claudio Roberto Ely
Nelson Bertoletti

Reports and Representations / Officers' Representation on Financial Statements

In accordance with items V and VI of paragraph 1, article 25 of CVM Ruling No. 480/09, the Executive Board members of Dimed S.A. Distribuidora de Medicamentos, undersigned, represent that they have reviewed, discussed and agreed with the information contained in the Company's Quarterly Information for the quarter ended December 31, 2023.

Eldorado do Sul, Rio Grande do Sul state, March 14, 2024.

Julio Ricardo Mottin Neto - CEO
Roberto Coimbra Santos - Executive Officer
Antônio Carlos Tocchetto Napp - Chief Investor Relations and Financial Officer

Reports and Representations / Officers' Representation on the Independent Auditor's Report

In compliance with the provisions contained in article 25 of CVM Ruling No. 480, the Officers of Dimed S.A. Distribuidora de Medicamentos represent that they have reviewed, discussed and agreed with the opinion expressed in the audit report issued by Ernst & Young Auditores Independentes S.S. Ltda. on the individual and consolidated financial statements for the year ended December 31, 2023.

Eldorado do Sul, Rio Grande do Sul state, March 14, 2024.

Julio Ricardo Mottin Neto - CEO
Roberto Coimbra Santos - Executive Officer
Antônio Carlos Tocchetto Napp - Chief Investor Relations and Financial Officer