EARNINGS RELEASE **4Q21 & 2021**

Fortaleza, Ceará, March 9, 2022. Empreendimentos Pague Menos SA ("Company" or "Pague Menos"), the first pharmaceutical retail chain present in every state of the country, bringing health care products and services to approximately 350 Brazilian municipalities, announces its results for the 4th quarter of 2021 and the full year ended December 31, 2021.

Since 2019, our financial statements have been prepared in accordance with IFRS 16, which changed the criteria for recognizing rental contracts. To demonstrate the effects of implementing this standard and facilitate comparison between periods, we present on page 20 of this release the Income Statement for the Year excluding the effects of IFRS 16.

4Q21 and 2021 HIGHLIGHTS

- **Expansion:** opening of 80 stores in 2021 and 48 in 4Q21
- **Sales** : total growth of 10.3% in 2021, with 9.9% in same stores sales and 9.3% in mature stores
- **Digital** : 85.3% growth in sales in 2021, reaching 8.8% of total sales in 4Q21
- ***Clinic Farma***: 2.5 million consultations in 2021 (+196% vs. 2020)
- **Adjusted EBITDA** : R$ 671.0 million in 2021, increase of 17.2%, with 8.3% margin (expansion of 0.5p.p).
- **Adjusted Net Income:** R$176.6 million in 2021, increase of 83.9%, with 2.2% net margin (expansion of 0.9p.p).
- **ESG:** announcement of the commitments and 32 goals composing our ESG agenda

FINANCIAL HIGHLIGHTS (R$ million)	4Q20	4Q21	Δ	2020	2021	Δ
Gross Revenue	**1,955.3**	**2,074.8**	**6.1%**	**7,308.4**	**8,062.9**	**10.3%**
Gross Profit	**574.8**	**616.7**	**7.3%**	**2,120.7**	**2,420.6**	**14.1%**
% Gross Margin	*29.4%*	*29.7%*	*0.3 p.p.*	*29.0%*	*30.0%*	*1.0 pp*
Contribution Margin	**214.9**	**221.4**	**3.0%**	**768.6**	**900.4**	**17.1%**
% Contribution Margin	*11.0%*	*10.7%*	*(0.3 p.p.)*	*10.5%*	*11.2%*	*0.7 pp*
Adjusted EBITDA	**157.8**	**159.0**	**0.7%**	**572.4**	**671**	**17.2%**
% Adjusted EBITDA Margin	*8.1%*	*7.7%*	*(0.4 p.p.)*	*7.8%*	*8.3%*	*0.5 pp*
Adjusted Net Profit	**37.5**	**26.0**	**(30.8%)**	**96.0**	**176.6**	**83.9%**
% Adjusted net margin	*1.9%*	*1.3%*	*(0.6 p.p.)*	*1.3%*	*2.2%*	*0.9 p.p.*

OPERATIONAL HIGHLIGHTS	4Q20	4Q21	Δ	2020	2021	Δ
# of stores	1,105	1,165	5.4%	1,105	1,165	5.4%
# of Stores with *Clinic Farma*	809	879	8.7%	809	879	8.7%
Average store sales/month (thousand BRL)	590	604	2.4%	547	592	8.2%
# of Consultations (thousand)	28,058	28,191	0.5%	108,937	108,495	(0.4%)
Average Ticket (BRL)	69.69	73.60	5.6%	67.09	74.32	10.8%
#of employees	18,947	19,988	5.5%	18,947	19,988	5.5%
# Average Employees/store	17.1	17.2	0.1	17.1	17.2	0.1
Avg. Sales employee/month (thousand BRL)	34.2	35.0	2.4%	31.2	34.5	10.8%
% of Sales from Digital Channels	5.2%	8.8%	3.6 pp	4.7%	7.7%	3.0 pp

MESSAGE FROM THE MANAGEMENT

The year 2021 was marked by the consistency of our results, operational improvements and important strategic investments which are shaping our future.

The solid results delivered in 2021, with same-store growth above inflation, margins expansion and 84% year over year growth in net income, exceeded the expectations we had at the time of our IPO, and were achieved despite a considerably more challenging macroeconomic scenario than originally expected, with the worsening of the pandemic, inflationary pressure on important operating expenses and erosion of the purchasing power of families. This is our 8th consecutive quarter with consistent results.

Performance indicators related to our top strategic priorities showed significant evolution in 2021. The digital channels grew 85% in the year, reaching 8.8% of total sales in 4Q21. This pace of growth exceeds that overall market, resulting in an increase in our e-commerce market share in every region of the country. The number of consultations performed at *Clinic Farma* increased almost threefold during the year, driven by demand for Covid-19 tests, and also by the change in perception of the population, which has quickly come to recognize our pharmaceutical clinics as a practical and convenient solution for primary care for both acute and chronic health problems, contributing directly to their health and well-being, and gradually becoming an important business line.

In 2021, we made considerable progress on different customer relationship fronts, increasing the loyalty, engagement and lifetime value of current customers. We made great advances in strategic partnerships with health plan operators and large companies, with sales from this channel rising from 12% of the total in 2020 to 21% in 2021 and 26% in 4Q21. Our promotional CRM actions and campaigns, increasingly leveraged by the powerful data lake built over the last few years, were responsible for 2.8% of the company's total sales, more than double the rate of the previous year. We continue to focus on each of these fronts as important levers for increasing sales, sustaining our same-store growth in the coming quarters.

In addition, important strategic investments made over the past few quarters are showing promising results on the company's performance. Our management strategy for product categories, for instance, and the resulting improvement of in-store product availability, is an equation that involves the variety of products (assortment), stockout, loss rate and working capital. Our commercial team was able to raise the average number of products in stores from 7.4 thousand at the beginning of 2019 to 9.8 thousand at the end of 2021, at the same time reducing the level of stock out and loss rate, while maintaining the cash cycle at an acceptable level. In 4Q21, product activations carried out in the last 2 years accounted for 15% of total sales, demonstrating the success of this strategy. Another important strategic investment was in attracting and retaining executives. Over the last few years, we have formed a cutting-edge team, with excellent professionals in each strategic area. Additionally, strategic investments have been made in the new Store System (POS), digital transformation, people management and customer service. In 2021, we hired more than 100 new technology professionals, reaching a headcount of over 300 people, advancing in our transformation.

2021 was also marked by the resumption of our expansion strategy. Pague Menos has always been a robust growth company. In 40 years of existence, we managed to achieve, without major mergers and acquisitions, leadership positions in the ranking of Brazilian pharmaceutical retailers. The last cycle of store openings, carried out between 2016 and 2019, brought valuable lessons. During that expansion cycle, we opened approximately 500 stores, with some mistakes which resulted in the closing of 80 of these new branches. The other 420 stores, however, are now delivering solid results, with average monthly sales of over R$600 thousand and contribution margins above 10%. As of 2020, we have embarked on an intense process of strategic review, portfolio optimization, implementation of new tools, capabilities and team members, which resulted in the detailed planning of the new cycle which started in 2021.

We opened 80 stores in 2021, which, despite being in operation for only a few months, show promising initial results, with a maturation curve in line with forecasts.

We also announced in 2021 the acquisition of Extrafarma (under analysis by the antitrust agency) in the largest pharmaceutical retail transaction in recent years, with excellent potential for synergies and the strengthening of our strategic position.

Organic and inorganic expansion, combined with a pace of same-store growth above the market average, position Pague Menos as one of the best vehicles to capture the structural growth in the country's healthcare sector, leveraged by the rapid aging of the population.

Finished 2021, 2022 has started with a very high demand for Covid-19 tests and cold and flu medications, caused by the highest level of infection since the beginning of the pandemic. It has been a trial by fire to maintain the service capacity of our Clinic Farma with a level of absenteeism five times higher than normal. Even so, our operation was able to apply more than 500 thousand Covid-19 tests in the month of January, surpassing by 2x the previous peak in May 2021, and reaching a market share of up to 20% of the testing market among ABRAFARMA member chains.

From a macroeconomic standpoint, we expect a neutral inflationary dynamics, unlike what happened in 2021, when the regulatory price readjustment for medicines was lower than expenses inflation. With the continued growth of mature stores sales, normalization of the pace of organic expansion as of 2Q22, start of Extrafarma integration and capture of synergies, we expect improvements in operating leverage.

In the second half of the year, we expect to reach "cruising speed" in organic expansion, positive inflationary dynamics and the beginning of the integration and capture of synergies from Extrafarma, after the conclusion of the CADE analysis process.

The year 2022 will also be decisive for our ESG agenda. We announced in January our 32 short, medium and long-term commitments and objectives to make a positive contribution with material issues such as global warming, diversity and inclusion, health and well-being and the reduction of inequalities. These commitments have specific goals, shared transparently at: https://esg.paguemenos.com.br/en. This agenda is the result of a 40-year history of respect for the environment, commitment to business sustainability and a focus on caring for people. Today, we are more prepared than ever to take a leading role in the ESG journey that is changing the way companies around the world are positioning themselves in society.

We remain upbeat about all the opportunities that lie ahead! We feel that we are just getting started and ready to continue working on delivering solid results and building a healthcare ecosystem capable of improving the lives of our customers and stakeholders. Thank you to everyone who contributed to the results presented and we wish you all an excellent 2022.

Mário Queirós, CEO

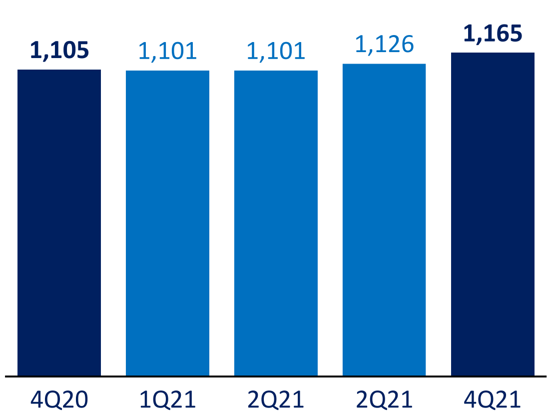
STORE PORTFOLIO

In 4Q21, 48 stores were opened, completing a total of 80 openings in the year. The portfolio reached 1,165 points of sale distributed in 348 municipalities, with ~90% being mature stores.

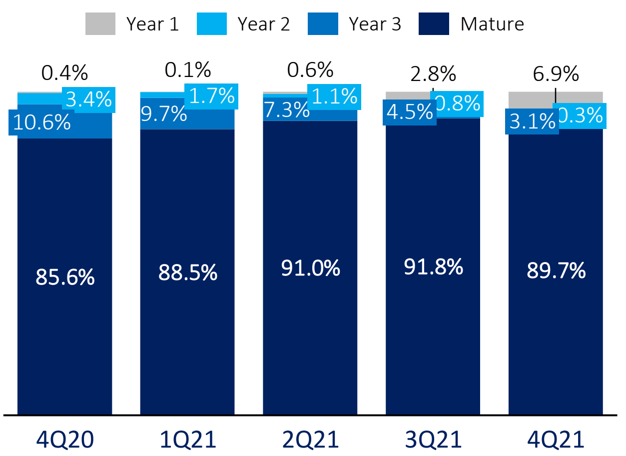
Our expansion plan continues to prioritize the North and Northeast regions, with ~80% of openings in the year in these regions, with focus on the expanded middle class (income classes B2/C/D).

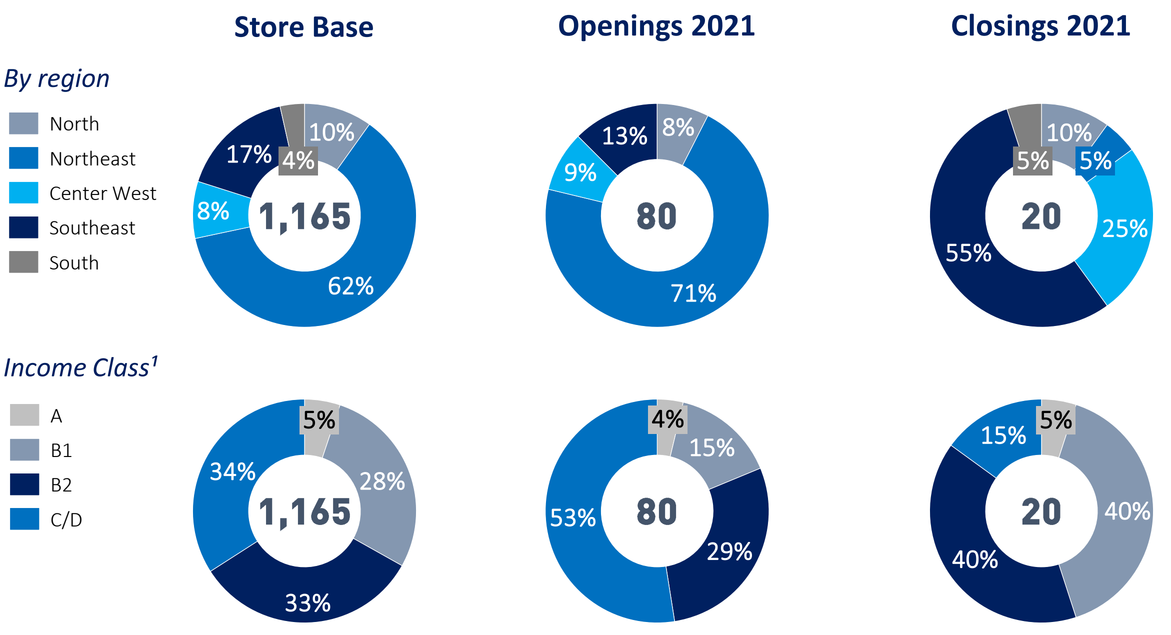
In addition to expanding the portfolio, strategic investments were also made in renovations, with 99 stores renovated during the period.

Evolution of Store Base



Profile of Stores by Age

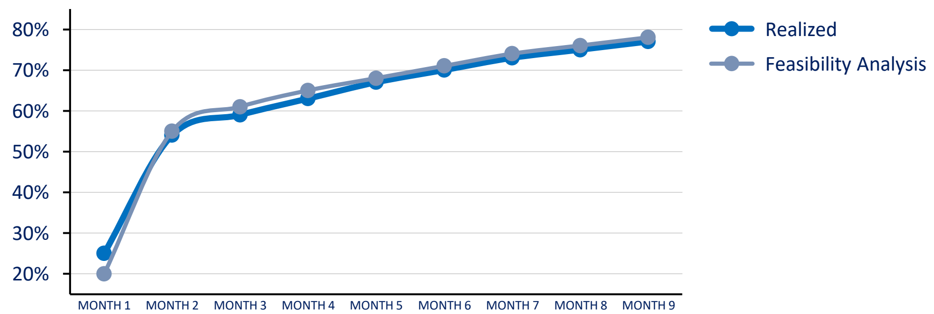




¹ Predominant social class in neighborhood of each store (5-minute isochrones by car). Segmentation follows IBGE criteria, I which Class A comprises households with an average monthly family income of BRL 22,700, Class B1 of BRL 10,700, Class B2 of BRL 5,700, and C/D of BRL 3,000 or less.

The new cohort of stores shows promising results in its first months of operation, with maturation in line with economic feasibility studies. Below, we present the maturation curve as a percentage of potential store sales at the point of maturation (3rd year of operation), considering stores with at least one full month of sales.

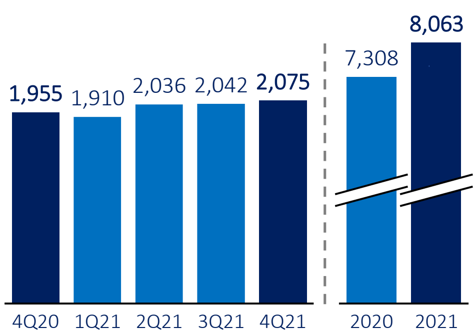
Sales Maturity Curve
(in % of potential sales)



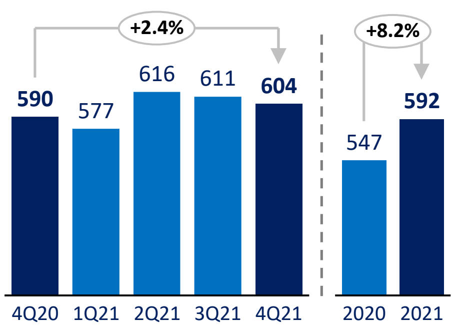
SALES

In 2021, we reached BRL 8,063 million in sales, growing 10.3% compared to 2020, with 9.9% growth in the same store sales, and 9.3% in mature store sales. For the second consecutive year, mature stores grew above the average of inflation during the period, reflecting the productivity gains generated by the digital strategy, CRM activations, improvements in supply chain and level of excellence in customer service.

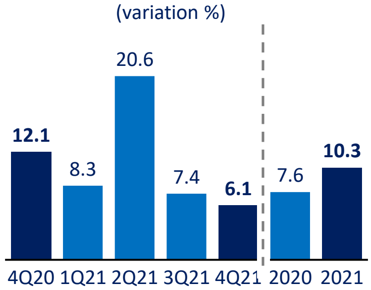
Gross Revenue
(in million BRL)



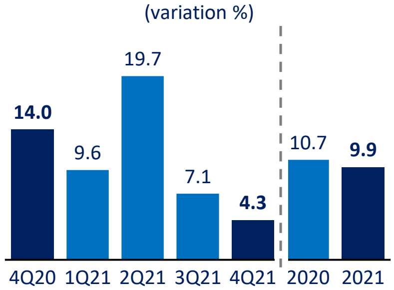
Average Sales Store/Month
(in thousand BRL)



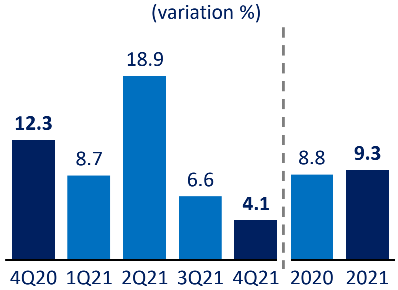
Total Growth
(variation %)



Same Store Growth [2]
(variation %)



Mature Stores Growth
(variation %)

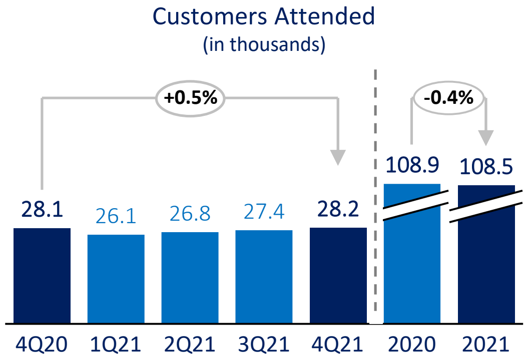


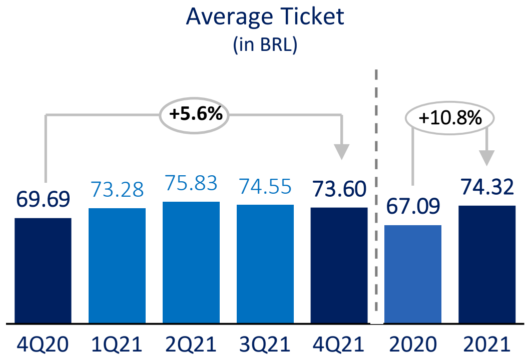
[2] The same stores concept does not consider stores temporarily closed for more than seven consecutive days. Including in the base closed temporarily, same-store growth in 4Q20, 1Q21, 2Q21, 3Q21 and 4Q21 was 13.5%, 9.3%, 20.6%, 7.1% and 4.1%, respectively.

In 4Q21, we reached R$ 2,075 million in sales, a growth of 6.1% compared to 4Q20 and growth in same-store sales of 4.1%. We observed a slowdown in the growth of the North and Northeast regions, due to the strong comparison base in 4Q20. The SSS of these regions was 3.3% in the quarter, while other regions registered SSS of 8.3%. In the two-year view, the variation was much smaller, 17.9% in the North and Northeast versus 18.6% in the other regions. It is important to highlight that we observed a reversal in the sales trend with acceleration in demand in these regions from the second half of December, boosting the pace of growth to levels above inflation.

Average monthly sales per store in the quarter were BRL 604 thousand, slightly below the level observed in the previous quarter due to the addition of 48 new stores to the portfolio, in their initial stage of maturation. Excluding new stores, average monthly sales were BRL 611 thousand, in line with the previous quarter.

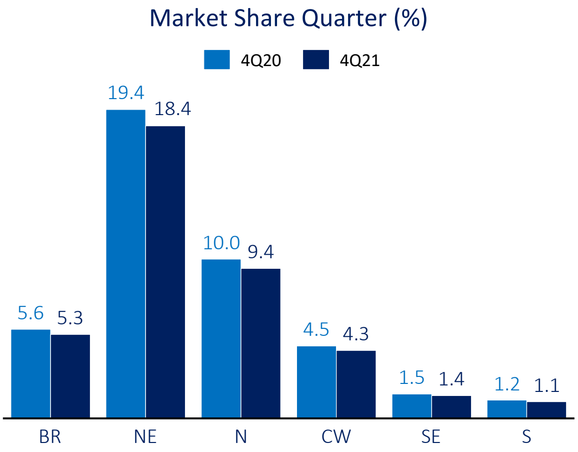
The total growth was composed of a 0.5% increase in the volume of customers attended, together with a 5.6% increase in the average ticket. Among the components of the average ticket, we observed an increase in the average price of 6.3%, partially offset by the reduction in the number of products per basket and product mix.

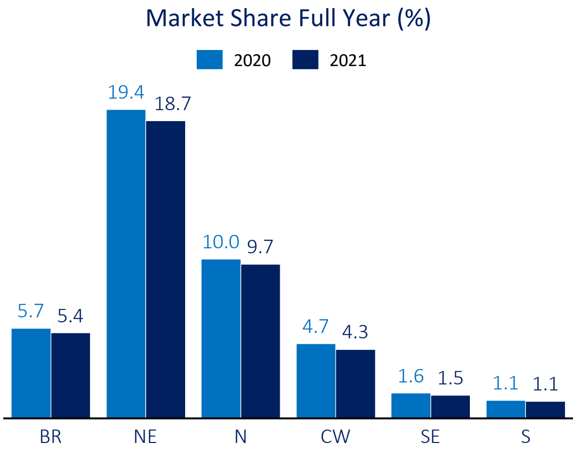




MARKET SHARE

In 4Q21, there was a reduction in market share of 0.3p.p. nationally. Notably, there were reductions of 1.0p.p. in the Northeast and 0.7p.p. in the North, mainly affected by independent and associative pharmacies, which grew 0.9p.p. in the Northeast and 1.7p.p. In the north. It is important to note that Pague Menos store openings were very concentrated in the 4Q21, so their impact is not yet perceptible in market share dynamics.





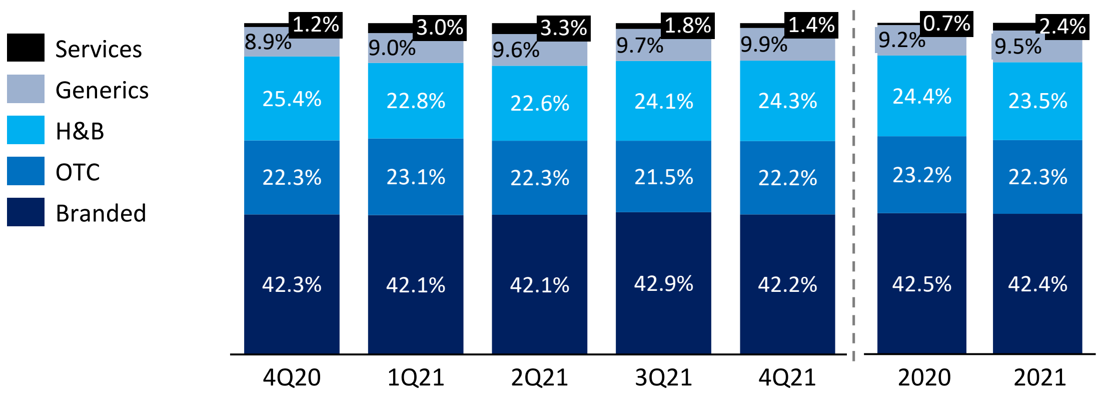
Source: IQVIA

We understand that the advance of independents and associatives pharmacies in the period is related to the following factors: i) increase in social isolation, due to the advance of the third wave of Covid, compromising traffic in shopping centers and benefiting neighbourhood pharmacies; ii) mismatch between metrics sell-in and sell-out captured by IQVIA, with acceleration in wholesale purchases driven by the expectation of increased demand due to the influenza outbreak and the advancement of the omicron variant; and iii) acceleration in the pace of store openings. In 2021, independent and associative pharmacies registered more than 4 thousand net openings, an increase of 25% in relation to the total number of store openings in 2020.

We are optimistic that the 80 stores opened in 2021 and those to be opened in 2022, in addition to the good performance of the same stores, will cause market share dynamics in coming quarters to be positive.

SALES MIX

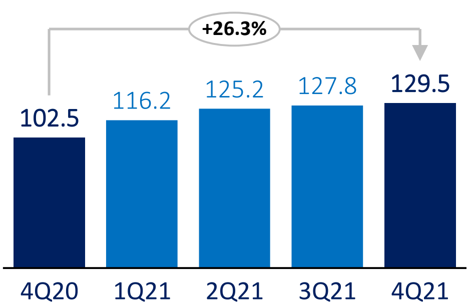
The sales mix continue showing favourable evolution in terms of the gross margin, with emphasis on the increase in the share of generics. In 4Q21, this category grew by 18.0%, reaching 9.9% of total sales. The growth recorded, above the market average, reflects efforts to expand assortment, pricing and promotional actions aimed at this category. We are still "undershare" in generics, with relevant growth potential.



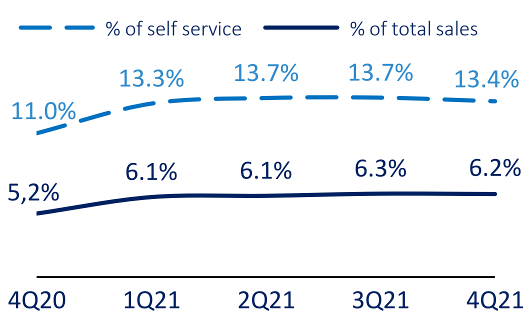
PRIVATE LABEL

In 4Q21, private label products totaled BRL 129.5 million in sales, up 26.3% over 4Q20, accelerating the pace of growth observed in previous quarters. The share of total sales reached 6.2%, an increase of 1.0p.p. compared to 4Q20 and the share of total participation in self-service was 13.4%, an increase of 2.4p.p. compared to 4Q20.

Sales Private Labels
(in BRL million)



Private Label Participation
(in % of total sales)



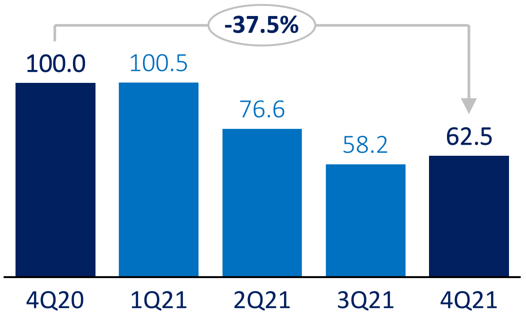
In 2021, products from our own brands totaled BRL 498.7 million in sales, representing 6.2% of total sales. This good performance is mainly a result of the launch of new products and categories, diversifying our exposure to a constantly growing proportion of the product portfolio.

ASSORTMENT AND STOCKOUT

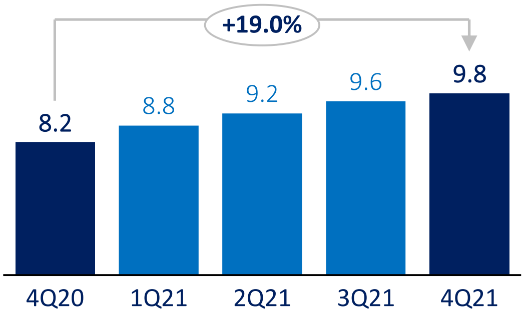
One of the main drivers of increase in average sales per store in 2021, the expansion of product availability, via the activation of new items and reduction of stockouts, showed strong improvement. In 4Q21, we recorded a stockout rate 37.5% lower than in 4Q20. In comparison with 3Q21, there was a slight increase related to the seasonality of the period and the outbreak of influenza, negatively impacting the indicator.

The average number of active products in store reached 9.8 thousand at the end of 2021, growing 19.0% compared to the end of 2020. The assortment expansion strategy continues to prove successful, with items activated in the last two years representing 15% of sales in 4Q21.

Stockout
(4Q20 = base 100)



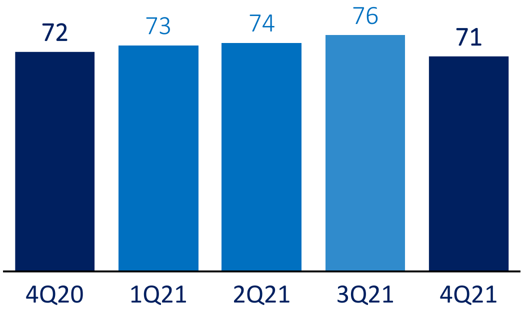
Average Assortment per Store
(Active SKUs, in thousands)



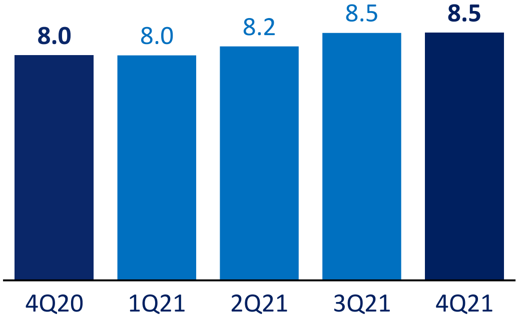
SERVICE LEVEL

In 4Q21, we observed a decline in NPS, after a period of five consecutive quarters of improvement in the indicator. We believe the movement reflects the considerable increase in employee absenteeism in stores, due to the outbreak of influenza and the advancement of the omicron variant. Despite this, we maintained the NPS above the level of excellence, reaching a score of 71. Our score in *ReclameAqui* ("Complain Here" the online complaint solutions website) ended the year at 8.5 points, stable in relation to the immediately previous quarter, with the maintenance of the RA1000 seal of excellence.

NPS



Reclame Aqui
(cumulative 6 months)



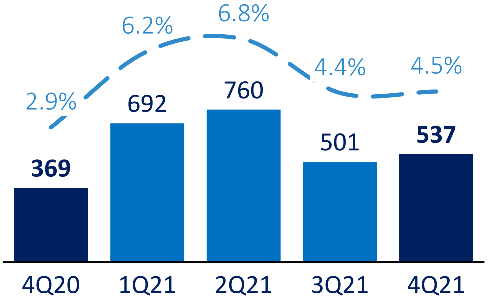
HEALTH HUB

During 2021, we consolidated our strategy of building a comprehensive Health Hub in Brazil, showing, consistent evolution of *Clinic Farma* users, expansion of the partnerships network and significant advances in the offer of specialty drugs.

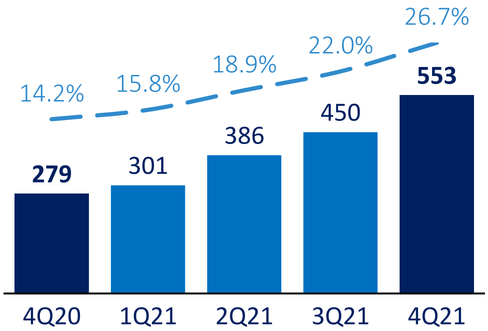
We ended the year with approximately 2.5 million consultations performed at *Clinic Farma*, growth of 196% compared to 2020, leveraged mainly by the application of Covid-19 tests. We also expanded the number of units with *Clinic Farma* from 809, in 2020, to 879 at the end of 2021 - and the portfolio of services from 31 to 57.

We made progress in the digitalization of our Health Hub with the launch of the Services Hub in our e-commerce, with relevant improvements in the customer journey. The portal allows customers to monitor the broad portfolio of services offered at *Clinic Farma* in each region, schedule vaccine applications, rapid tests, pharmaceutical services, request price quotes for specialty drugs and individual formulas, in addition to a marketplace for teleconsultations. All of this is increasingly integrated with the *Sempre Bem* (Always Well) content platform, which provides customers with health and well-being information generated by specialists from a wide selection of medical areas.

Consultations and adherence *Clinic Farma*
(in thousands and % of total customers)



Sales Agreements *(Convênios)* and Partnerships (in BRL million and % of total sales)



In January 2022, we entered into a partnership with Dasa, one of the largest integrated health networks in the country, to offer vaccinations, telemedicine and laboratory test check-ups in our *Clinic Farma*. The partnership is yet another move to position our pharmaceutical clinics as part of the accredited network of important healthcare operators, leveraging traffic and generating more scale for our business. Currently available in stores in the cities of Fortaleza, São Paulo and Recife, the partnership will soon be expanded to four other states.

Sales from sales agreements (*Convênios*) and partnerships signed with healthcare operators and companies reached a new record in 4Q21, reaching 26.7% of total sales. In 2021 alone, more than 200 new contracts were signed, adding 20.5 million lives to our ecosystem. The economics of customers activated through agreements and partnerships are encouraging, with average spending and a degree of loyalty above those of regular customers, justifying the investment in margin with a more promotional strategy.

AME, our specialty drugs channel, continues to develop at a rapid pace. In 2021, this channel grew by 171%, leveraged by a strategy of expanding the portfolio, medical visits and the development of a patient support program (PSP), which has currently served more than 5 thousand clients.

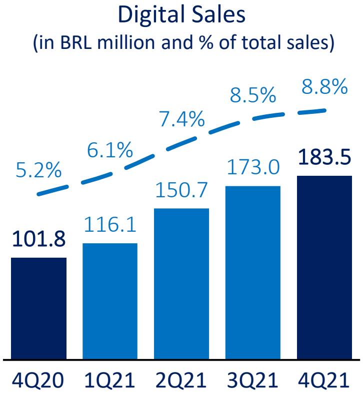
OMNICHANNEL PLATAFORM

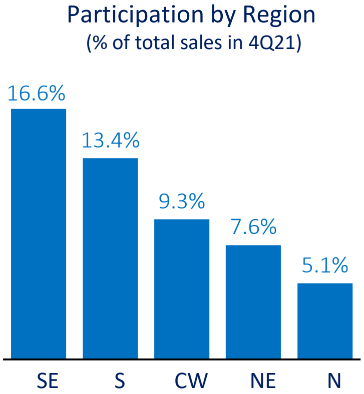
The year 2021 was especially important for our digital strategy, and of our omnichannel platform, which is become increasingly customer-centric and enabling a more integrated, fluid and convenient shopping journey.

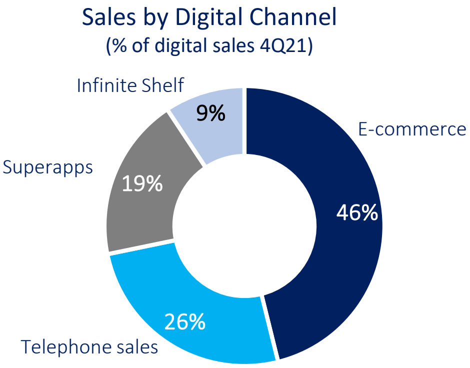
Sales originated through our digital channels totaled BRL 623.4 million in 2021, registering a growth of 85.3% compared to the previous year, well above the growth of the overall digital pharmaceutical retail market, estimated at 51.3% as measured by IQVIA. The good sales performance was accompanied by an improvement in profitability, quality (conversion rate and organic traffic) and level of customer satisfaction.

In 4Q21, digital channels reached 8.8% of total sales, 3.5p.p. above the same period of the previous year. The highlight in the quarter was the Black Friday campaign promoted on the e-commerce platform, with record sales volume and attraction of new customers, leveraging digital participation to 13.5% of sales on the main day of the event.

On a regional basis, in 4Q21 we observed stronger growth in the share of digital channels in the Southeast, which reached 16.6%, an increase of 4.7p.p. compared to 4Q20. In the breakdown by channel, we observed a balanced division, with growth in all channels, especially the Infinite Shelf, more than quadrupling in relation to 4Q20. Click & Collect sales represented 23% of total sales in the quarter.







Our market share within pharmaceutical retail in digital channels, measured by IQVIA, reached 11.9% in 2021, an increase of 1.4p.p. compared to 2020. The pace of growth above the overall market is related to our greater exposure to regions at a less mature stage of digital development, such as the Northeast and North, and the launch of several new features on our omnichannel platform developed over the last few years, which are gradually gaining traction.

The new *Pague Menos* app with a soft launch in 3Q21, was made available to 100% of the user base throughout 4Q21 and has already shown promise in traffic origination, purchase profile and user evaluation. Since the launch, the app has accumulated more than 500 thousand downloads, and has achieved a good average rating in the app stores, with 4.4 in the Google Play Store and 4.0 in the Apple Store. Still in its infancy, generating only 9% of digital sales, we consider the maturation of the new app to be an important lever in our digital strategy for 2022, as it continues to add more resources.

We continue to strengthen our logistics capacity with important partnerships with last mile operators all over the country. In 4Q21, we expanded the operation with smart lockers to more than 150 points in SP and RJ, in partnership with *CliqueRetire,* leader in the operation of this mode of delivery in Brazil. We also started a non-polluting delivery pilot with a *Tuk Tuk* (rickshaw) vehicle at a store in Fortaleza. In 4Q21, we reached the mark of 92% of deliveries made in less than 24 hours.

TECHNOLOGY AND TRANSFORMATION

We continue to advance in our digital transformation, based on the pillars “Startup Mentality”, “Technology as a Business Accelerator” and “Innovation Acceleration”.

In the "Startup Mentality" pillar, we launched the BackOffice 4.0 Project with a focus on hyperautomation of corporate processes (RPA/BPMS). On the data driven journey, we delivered management cockpits and sales flash with artificial intelligence to assist in decisions to help achieve sales goals. We have expanded the customer's digital journey with numerous advances in channel differentiation, such as the digital services hub, marketplace, new app, subscription (recurrence) and social selling, which allows the creation of personalized stores and the increase in the number of brand ambassadors.

In "Technology as a Business Accelerator", we delivered the first phase of our Channel Integration Platform - significantly expanding the number of APIs available, which translates into savings in development hours and improved time-to-market for delivering solutions.

Under the theme of “Innovation Acceleration”, we launched the *#GaragemDeIdeias* (Idea Garage) program, stimulating intra-entrepreneurship, through the activation of innovation by our more than 20 thousand employees. We launched the *Pague Menos* Alexa *s*kill, our new customer relationship channel, expanding the possibility of scheduling services using voice channels, via digital assistants. On the 5th *FastDating*, our program of approximation with startups, all of the presentations generated interest from our business areas, which will provide more opportunities for partnerships in innovation, efficiency and increased sales.

In 4Q21, we also inaugurated the new headquarters of pmenoslab, our technology and innovation laboratory. With more than 1200 square meters, the space has a capacity of more than 200 workstations, following the concepts of co-working, open space and a relaxed atmosphere.

MARKETING AND CRM

In 2021, we reached record numbers in media impacts, customer engagement, CRM activations and high-value customer retention, demonstrating the success of our marketing and relationship approach, increasingly based on robust data analytics tools.

We ended the year with 15.1 million active customers, a growth of 2.9% compared to the end of 2020, principally due to a lower churn rate , with the volume of “abandoners” falling 47% over the year. The high value customer retention rate, customers representing the top 10% of sales, increased by 12.9% vs. 2020, with an assertive strategy of engagement via communications and personalized offers.

Incremental sales, generated by CRM campaigns and measured by measuring behavior vs. a control group, grew 150% in the year, reaching 2.8% of total sales in 2021. In 4Q21, sales from these actions reached 3.5%, mainly leveraged by Black Friday.

Sempre Bem (Always Well), our content platform, celebrated its 13th anniversary in 2021 with superlative numbers and is increasingly integrated into our Health Hub. The platform, which produces proprietary content on health, beauty and well-being, has reached the milestone of more than a thousand editions of its TV show, broadcast weekly on an open national network since 2008. We have more than 30 thousand hours of informative content from the most diverse areas of health in our collection, promoting quality of life for our audience. In 2021, we also started the production of e-books offering guidance, linked to health or specific pathologies, in a strategy that seeks to increase our relevance in keywords on Google, leveraging our organic traffic and improving conversion in our e-commerce.

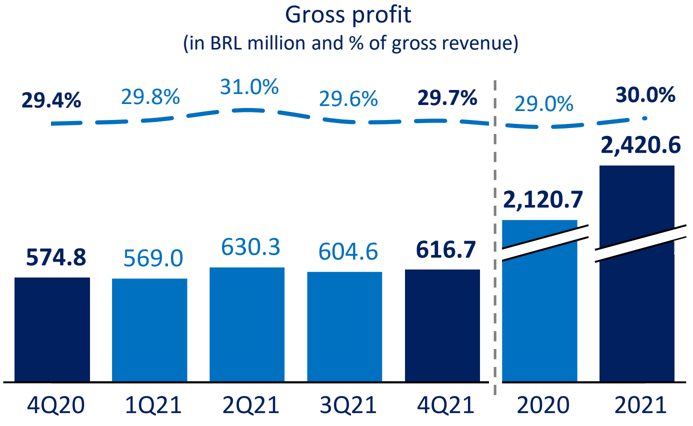
In 2021, we have consolidated our position as the main pharmaceutical retail player on social networks. At the end of the year, we reached more than 500 thousand followers on Instagram and accumulated more than 35 million hits on our YouTube channel.

GROSS PROFIT

In a year characterized by the resumption of organic expansion and inflationary acceleration, resulting in pressure on expenses, levers to increase the gross margin were the main factors responsible for the increase in the Company's profitability.

Annual gross profit totaled BRL 2,420.6 million, growing 14.1% compared to 2020. Gross margin reached 30.0%, expanding 1.0p.p. above the previous year. The main factors responsible for the margin increase were: i) vendor management and pricing; ii) reduction in the loss rate; iii) execution of the pre-increase purchasing; and iv) optimization of the sales mix, with emphasis on generics, private labels and services.

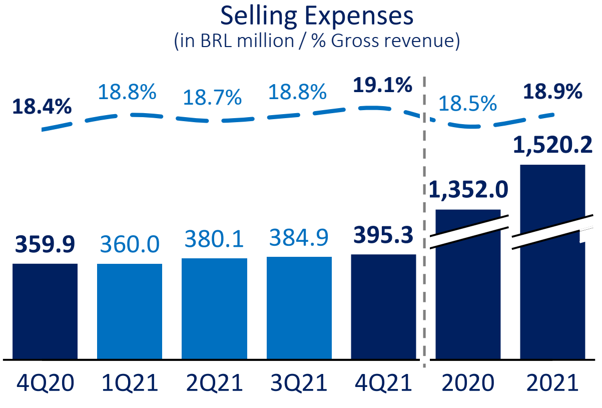
In 4Q21, gross profit reached BRL 616.7 million, with a gross margin of 29.7%, 0.3p.p. above the same period of the previous year. In the quarter, we continued to capture benefits from the projects mentioned above, more than offsetting the more aggressive promotional activity carried out with the growth of agreements (*Convênios*) and partnerships and the increased participation of digital channels.

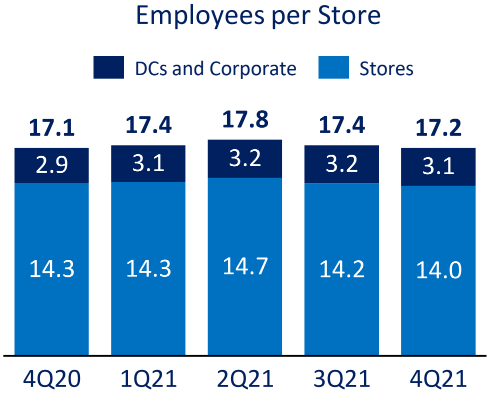


SELLING EXPENSES

In 2021, selling expenses totaled BRL 1,520.2 million, up 12.4% compared to the previous year. The main factors causing growth in expenses above the growth of sales were: i) acceleration in the pace of organic expansion starting in 3Q21; ii) inflationary pressure on rents, maintenance and supplies expenses; and iii) greater investments in marketing, related to promotional campaigns and growth of digital channels.

In 4Q21, selling expenses totaled BRL 395.3 million, up 9.8% over 4Q20. As a percentage of sales, this item grew by 0.3p.p. compared to 3Q21, impacted by the opening of 48 new stores in the period.

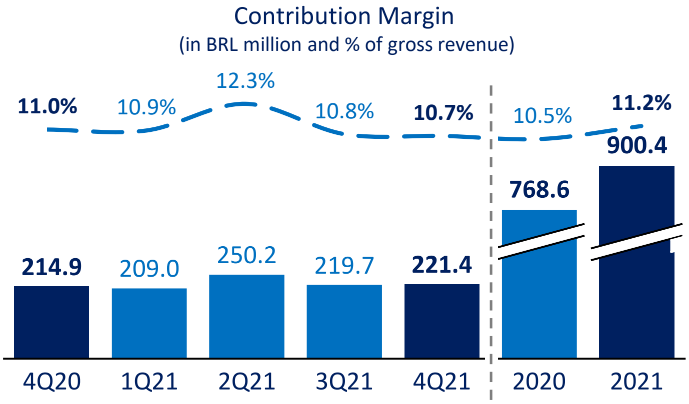




The metric of employees per store, considering only the headcount allocated to store operations, decreased to 14.0 in 4Q21 (vs. 14.2 in 3Q21 and 14.3 in 4Q20). The reduction is related to frame optimizations due to the roll out from the WFM (workforce management) project, implementing customized work schedules according to store demand. This project, still in its initial phase, can continue to contribute to the optimization of the workforce in 2022.

CONTRIBUTION MARGIN

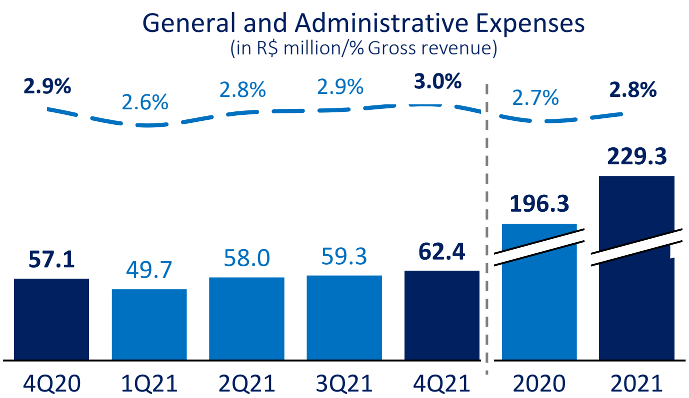
The contribution margin, result of the difference between gross profit and selling expenses, reached 11.2% of gross revenue in 2021, an expansion of 0.7p.p. compared to 2020. In 4Q21, this metric reached 10.7%, decreasing 0.3p.p. when compared to 4Q20, due to the acceleration of organic expansion, with 48 new stores, comparing to zero openings in the comparable quarter. Excluding the negative effect of new stores, which have pre-operating expenses and lower margins in the initial stage of maturation, the contribution margin in 4Q21 was 11.0%, stable compared to 4Q20.



GENERAL AND ADMINISTRATIVE EXPENSES

In 2021, general and administrative expenses (G&A) totaled BRL 229.3 million, a growth of 16.8% over 2020, and represented 2.8% of gross revenue. The increase in this group of expenses reflects the investment in the long-term sustainability of the business, related to strategic initiatives, such as the Call Center (sales), UP Farma (training), the New POS and New App (technology), in addition to strengthening strategic areas such as Expansion and recognition of our team of employees, with increased expenses related to the restricted stock plan, implemented at the IPO.

In 4Q21, G&A expenses totaled BRL 62.4 million, reaching 3.0% of gross revenue, 0.1p.p. above 4Q20.

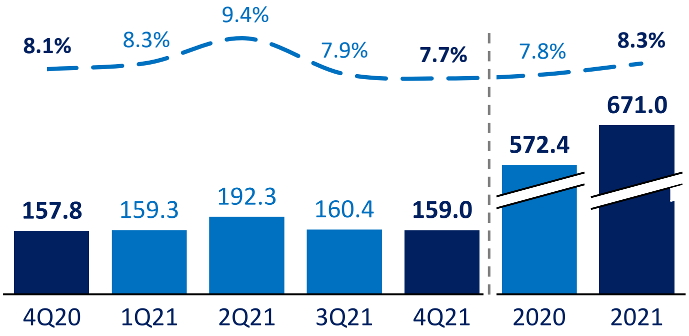


ADJUSTED EBITDA

In 2021, adjusted EBITDA totaled BRL 671.0 million, robust growth of 17.2% when compared to 2020. The adjusted EBITDA margin reached 8.3% of gross revenue, expanding 0.5p.p. above the previous year. Margin expansion reflects our commitment to increasing profitability, balancing the new expansion cycle with the multiple levers for value creation currently being implemented.

In 4Q21, adjusted EBITDA reached BRL 159.0 million, with a margin of 7.7% of gross revenue, a reduction of 0.4p.p. compared to 4Q20. As previously mentioned, the margin reduction in the quarter is mainly related to the 48 new store openings in the quarter, in addition to inflationary pressures.

For 2022, we expect i) more favorable inflationary dynamics, with the annual readjustment of drug prices compensating for inflationary pressures observed in 2021, ii) normalization in the pace of store openings, making the periods effectively comparable and iii) gradual operational leverage, especially in general and administrative expenses, with the maturation of the new cohort of stores and the incorporation of the Extrafarma store portfolio (still pending antitrust approval). We emphasize that due to these factors, 2021's margin offenders can become levers for profitability in 2022.



EBITDA RECONCILIATION AND NON-RECURRING ADJUSTMENTS

In 4Q21, we recorded a total of BRL 7.5 million in non-recurring expenses related to acquisition and planning expenses for the integration of *Imifarma Produtos Farmacêuticos e Cosméticos SA (Extrafarma).*

We present below the EBITDA reconciliation table and non-recurring adjustments in the reported result.

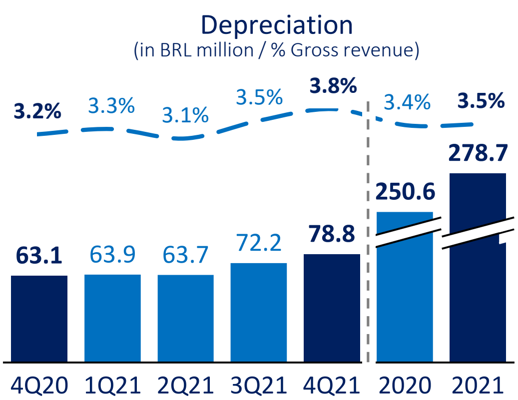
Reconciliation of Adjusted EBITDA (BRL million)	4Q20	1Q21	2Q21	3Q21	4Q21	2020	2021
Accounting Net Income	**37.5**	**44.2**	**69.4**	**29.9**	**21.1**	**96.0**	**164.5**
(+) Net financial result	56.7	46.9	45.3	51.1	57.4	253.2	200.7
(+) Income tax and social contribution	0.5	4.4	11.6	(1.4)	(5.8)	(27.4)	8.9
(+) Depreciation and Amortization	63.1	63.9	63.7	72.2	78.8	250.6	278.7
EBITDA	**157.8**	**159.3**	**190.0**	**151.8**	**151.5**	**572.4**	**652.6**
(+) Expenses with acquisition and planning for the integration of Extrafarma	-	-	2.2	8.7	7.5	-	18.4
Total adjustments	**-**	**-**	**2.2**	**8.7**	**7.5**	**-**	**18.4**
Adjusted EBITDA	**157.8**	**159.3**	**192.3**	**160.4**	**159.0**	**572.4**	**671.0**
Total adjustments (after tax)	-	-	1.5	5.7	4.9	-	12.1
Adjusted Net Income	**-**	**-**	**70.8**	**35.6**	**26.0**	**96.0**	**176.6**

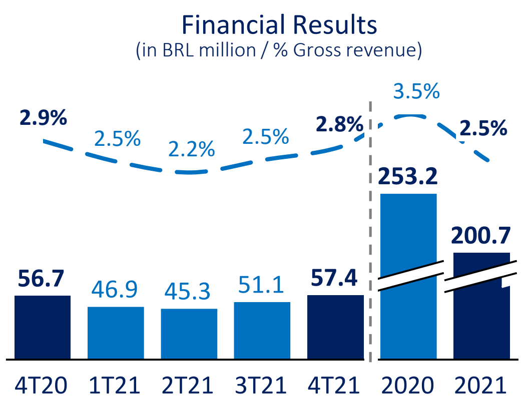
DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAX

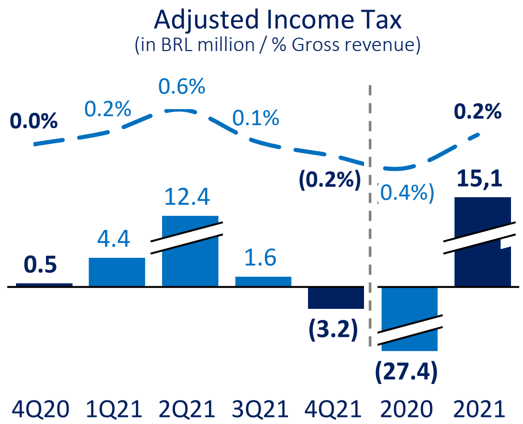
Depreciation totaled BRL 278.7 million in 2021, up 11.2% from the previous year, as a result of organic expansion and updating of lease contracts liabilities. In 4Q21, depreciation totaled BRL 78.8 million, an increase of 24.9% when compared to 4Q20.

In 2021, financial results recorded a net expense of BRL 200.7 million, a reduction of 20.7% in relation to that recorded in 2020. The savings are mainly related to the optimization of the Company's capital structure, reducing financial leverage as well as the average cost of debt service. In 4Q21, net financial expenses totaled BRL 57.4 million, up 1.2% vs. 4Q20, already reflecting the impact of the increase in interest rates, in addition to the funding of BRL 450 million in debentures realized in October/21.

Income tax adjusted for non-recurring effects in 2021 totaled BRL 15.1 million, following the growth of the taxable income basis in the period. In 4Q21, deferred income tax was BRL 3.2 million.



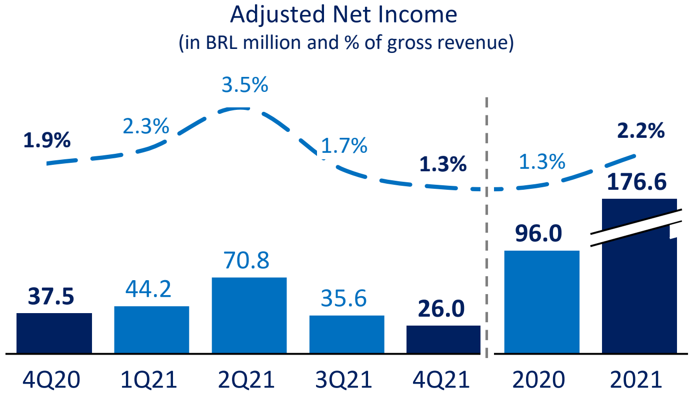




ADJUSTED NET PROFIT

We ended 2021 with adjusted net income of BRL 176.6 million, very robust growth of 83.9% over the previous year. Annual profit growth is the result of a well-balanced equation of sales growth, a new expansion cycle and financial deleveraging.

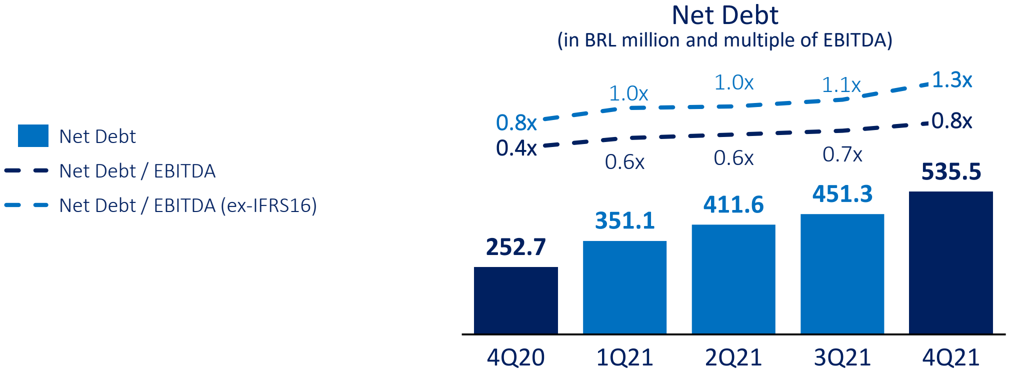
In 4Q21, adjusted net income was R$ 26.0 million, a reduction of 30.8% compared to 4Q20, as a result of the opening of 48 stores in the period, which put pressure on SG&A in the quarter, but which will boost margins in the coming periods as these stores mature.



INDEBTEDNESS

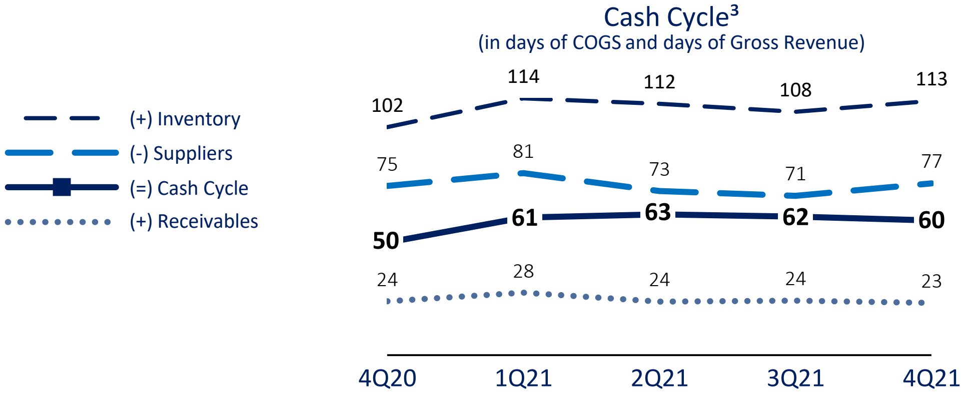
Net debt at the end of 2021 totaled BRL 549.4 million, an increase of BRL 296.6 million compared to the end of 2020. As a multiple of EBITDA ex-IFRS16, net debt ended the year at 1.4x.

The increase in the level of indebtedness observed throughout the year is mainly as a result of the resumption of investments in organic expansion and strategic investments in inventories (assortment and reduction in the levels of stockouts), which are contributing significantly to the company's sales growth.



OPERATING CASH CYCLE

In 4Q21, the cash cycle was 60 days, an increase of 10 days when compared to 4Q20, principally due to higher investment in inventories, resulting from the expansion of the product assortment and reinforcement of coverage for new stores. Compared to 3Q21, the cash cycle was shortened by 2 days.



[3] the calculation of the Average Inventory Period and the Average Supplier Payment Terms does not consider the effects of AVP, commercial agreements and recoverable taxes.

CASH FLOW

In 4Q21, we recorded operating cash flow of BRL 49.2 million, investments in new stores and other investments of BRL 100.9 million and negative free cash flow of BRL 51.7 million.

For the full year of 2021, operating cash flow was BRL 39.9 million, principally impacted by investment in inventories (an increase of 11 days, equivalent to approximately BRL 200 million) and investments in new stores and other investments, which totaled BRL 241.5 million.

In 2022, with the normalization of investments in inventories, the perspective is that the generation of operating cash flow will be sufficient to support investments in new stores and other projects.

Managerial Cash Flow (BRL million)	4Q20	4Q21	2020	2021
EBITDA	**157.8**	**151.5**	**572.4**	**652.6**
(-) Lease payments (IFRS 16)	(60.7)	(78.9)	(245.8)	(270.4)
(Δ) Accounts receivable	(44.9)	26.4	(235.7)	(7.3)
(Δ) Inventories	(118.0)	(98.6)	(237.1)	(250.8)
(Δ) Suppliers	136.4	123.7	136.7	67.3
(Δ) Recoverable taxes	(16.6)	(56.6)	(98.6)	(83.2)
(+/-) Change in other assets and Liabilities /Non-cash effects	(84.1)	(18.2)	(63.6)	(68.2)
(=) Cash flow from operations	**(30.1)**	**49.2**	**(171.7)**	**39.9**
Capital investments	(27.7)	(100.9)	(45.9)	(241.5)
Investment Cash Flow	**(27.7)**	**(100.9)**	**(45.9)**	**(241.5)**
	-	-		
Free cash flow	**(57.7)**	**(51.7)**	**(217.6)**	**(201.6)**
(+) Gross debt funding	100.0	450.0	324.0	610.0
(-) Payment of gross debt	(175.6)	(39.0)	(454.4)	(300.8)
Debt service	(9.6)	(15.7)	(38.0)	(50.8)
Derivative operations	4.0	-	63.6	-
Stock buyback	-	(12.3)	-	(22.7)
(+) Net proceeds from the IPO	103.1	-	817.9	-
Financing Cash Flow	**21.8**	**383.0**	**713.0**	**235.7**
Opening balance of cash, equivalents and financial investments	655.9	322.8	124.5	620.0
Closing balance of cash, equivalents and financial investments	620.0	654.1	620.0	654.1
Change in Cash and Equivalents	**(35.9)**	**331.3**	**495.4**	**34.2**

INVESTMENTS

In 2021, BRL 241.5 million were invested, mainly directed towards organic expansion and renovation of the existing store base. Below is a breakdown of Capex for the period.

Capex (R$ million)	2020	%	2021	%
Expansion	1.7	4%	116.3	48%
Store renovation	19.3	42%	69.1	29%
Technology	15.0	33%	25.4	11%
Infrastructure of stores, DCs and offices	10.0	22%	30.7	13%
Total	**45.9**	**100%**	**241.5**	**100%**

CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (ESG)

In 2021, the company completed the structuring of the ESG agenda, fully integrating short, medium and long-term commitments into our strategy. We elaborated 32 goals to be reached until 2030, anchored in three pillars: Health for people, Health for the environment and Health for the business. The agenda is a priority topic for the Board of Directors, tying executive bonuses to the achievement of these goals and brings challenges to the company generate more value for all stakeholders.

In 4Q21, we continued to advance in important indicators in our ESG journey. We joined the IGPTW portfolio, as the only pharmaceutical retail chain in the index. The index was created by B3 in partnership with global consultants Great Place to Work (GPTW), focusing on companies that utilize best practices in the employment market.

We strive to value diversity and promote inclusion in the areas of racial equity, gender equity, inclusion of people with disabilities and integration of different generations. Aligned with our strategic agenda, we began a program working to raise the awareness of our employees regarding the themes of diversity and inclusion within the Company through the launch of manifestos, booklets, specific training on inclusive and nonviolent communication, awareness campaigns, structuring of an inclusive selection process, in addition to signing commitments with society and with with several seals, movements and networks such as *ONU Mulheres* (UN Women) and *Engaja Senior* (Senior Engagement). In addition, we have structured 5 Pague Menos Inclusion Programs for 2022. Among them, we highlight our Representativeness Program that has a Diversity and Inclusion Commission and our first Affinity Groups.

We ended the year with 19,988 employees on staff, with 59% female representation, with women reaching 36% of senior management positions, 23.4% of the staff represent the other three fronts of diversity: black people, disabled people and people aged 50 or over. Currently, 7.5% of leadership positions are held by black people.

We also continue to advance in the use of clean energy. In 4Q21, we expanded the use of solar energy to stores in the states of Bahia and Amazonas. At the end of 4Q21, stores in 18 different states, representing more than 75% of all stores. Another 20 solar farms have been contracted and are under construction creating the capacity to expand this energy generation to 100% of stores during the course of 2022, including new stores.

PEOPLE, PRODUCTIVITY AND CULTURE

In 4Q21, we completed the diagnosis of the *Pague Menos* organizational culture, with the objective of preparing us for the challenges of organic and inorganic growth. In doing so, we structured the people management projects for 2022, with priorities focused on i) cultural modeling; ii) leadership development; iii) generation of career opportunities; iv) attracting people; v) internal communication; and vi) recognition and appreciation.

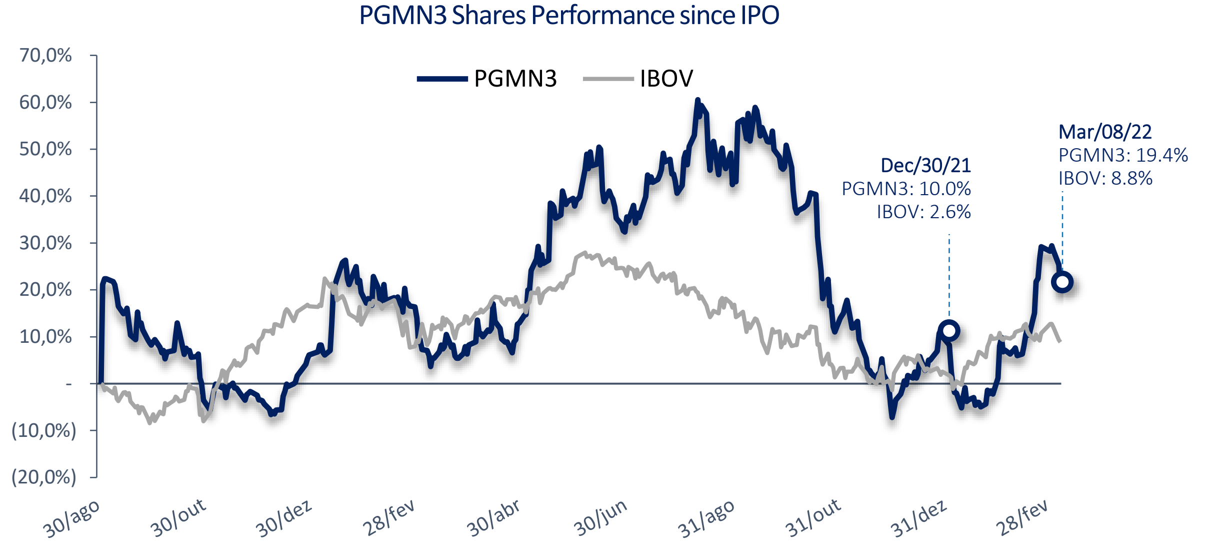
We also ended 2021 with robust performance, career and succession plans for our leaders. 100% of our leaders were evaluated by committees, each with a *PDI* (Individual Development Plan), we have also mapped our key positions and evolutionary profiles. We also implemented the *Pague Menos* ambassador program, focusing on facilitating the process of training, integration, cultural dissemination and improvements in organizational "climate", in an initiative that has identified more than 1,000 employees in the operational structure, who will act as agents of this program.

In the development pillar, we celebrated the first year of our Corporate University, *UP Farma*, with significant results, among them: 301,000 hours of training for our sales team with more than 100,000 certificates issued; completion of the implementation of our 67 School Stores; training of young people in situations of vulnerability to work in the technology area within *Pague Menos* through our DEVs Training Program; important partnerships with recognized educational institutions, offering more opportunity for access to undergraduate and graduate courses; and, finally, the structuring of the Retail Operator Continuing Training Course which will start in 2022, with the potential for a positive impact on society as a whole.

CAPITAL MARKETS

Pague Menos (PGMN3) common shares appreciated by 3.7% in 2021, 15.6p.p. above the Ibovespa index, which fell 11.9% in the same period. Among peers In the Health and Retail sectors, PGMN3 stood out in a particularly challenging year, ranking in the top decile in a group of more than 60 companies[4] listed on the B3.

During 2021, we observed an increase in institutional investors in the shareholder base, from 81.0% of the free float[5] at the end of 2020 to 88.4% at the end of 2021. In addition, we observed a greater diversification of the shareholder base, with the 10 largest institutional investors concentrating 82% of the free float at the end of 2021, compared to 90% at the end of 2020.



4 Considers companies, according to the sector classifications of the B3, of the health sector and subsectors of cyclical and non-cyclical consumption representing pharmaceutical retail, food, clothing, accessories, footwear, electrical appliances, personal use products, computers and equipment, e-commerce and miscellaneous products.

5 Does not consider positions of the Controller, General Atlantic and treasury shares.

INCOME STATEMENT FOR THE YEAR

On January 1st, In 2019, rule CPC 6-R2 (IFRS 16) went into effect, which changed the accounting recognition model for lease agreements. To preserve historical comparability, we present below the reconciliation with the previous standard (IAS 17/CPC 06).

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	4Q20	4Q21	Δ	4Q20	4Q21	Δ
Gross Revenue	**1,955.3**	**2,074.8**	**6.1%**	**1,955.3**	**2,074.8**	**6.1%**
Deductions	(125.9)	(131.1)	4.2%	(125.9)	(131.1)	4.2%
Net Revenue	**1,829.4**	**1,943.6**	**6.2%**	**1,829.4**	**1,943.6**	**6.2%**
Cost of Goods Sold	(1,254.5)	(1,327.0)	5.8%	(1,254.5)	(1,327.0)	5.8%
Gross Profit	**574.8**	**616.7**	**7.3%**	**574.8**	**616.7**	**7.3%**
Gross Margin	*29.4%*	*29.7%*	*0.3p.p.*	*29.4%*	*29.7%*	*0.3p.p.*
Sales Expenses	(420.6)	(474.2)	12.8%	(359.9)	(395.3)	9.8%
Contribution Margin	**154.2**	**142.4**	**(7.7%)**	**214.9**	**221.4**	**3.0%**
Contribution Margin	*7.9%*	*6.9%*	*(1.0p.p.)*	*11.0%*	*10.7%*	*(0.3p.p.)*
General and Administrative Expenses	(57.1)	(62.4)	9.4%	(57.1)	(62.4)	9.4%
Adjusted EBITDA	**97.2**	**80.0**	**(17.6%)**	**157.8**	**159.0**	**0.7%**
Adjusted EBITDA Margin	*5.0%*	*3.9%*	*(1.1p.p.)*	*8.1%*	*7.7%*	*(0.4p.p.)*
Depreciation and amortization	(21.8)	(24.9)	13.9%	(63.1)	(78.8)	24.9%
Financial Result	(28.7)	(22.4)	(21.9%)	(56.7)	(57.4)	1.2%
Income before Taxes on Profit	**46.6**	**32.8**	**(29.8%)**	**38.1**	**22.8**	**(40.2%)**
Income Tax and Social Contribution	(3.5)	(0.2)	(95.2%)	(0.5)	3.2	-
Adjusted Net Profit	**43.2**	**32.6**	**(24.6%)**	**37.5**	**26.0**	**(30.8%)**
Adjusted net margin	*2.2%*	*1.6%*	*(0.6p.p.)*	*1.9%*	*1.3%*	*(0.6p.p.)*

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	2020	2021	Δ	2020	2021	Δ
Gross Revenue	**7,308.4**	**8,062.9**	**10.3%**	**7,308.4**	**8,062.9**	**10.3%**
Deductions	(450.0)	(534.2)	18.7%	(450.0)	(534.2)	18.7%
Net Revenue	**6,858.5**	**7,528.7**	**9.8%**	**6,858.5**	**7,528.7**	**9.8%**
Cost of Goods Sold	(4,737.8)	(5,108.1)	7.8%	(4,737.8)	(5,108.1)	7.8%
Gross Profit	**2,120.7**	**2,420.6**	**14.1%**	**2,120.7**	**2,420.6**	**14.1%**
Gross Margin	*29.0%*	*30.0%*	*1.0p.p.*	*29.0%*	*30.0%*	*1.0p.p.*
Sales Expenses	(1,597.8)	(1,790.6)	12.1%	(1,352.0)	(1,520.2)	12.4%
Contribution Margin	**522.8**	**629.9**	**20.5%**	**768.6**	**900.4**	**17.1%**
Contribution Margin (%)	*7.2%*	*7.8%*	*0.6p.p.*	*10.5%*	*11.2%*	*0.7p.p.*
General and Administrative Expenses	(196.3)	(229.3)	16.8%	(196.3)	(229.3)	16.8%
Adjusted EBITDA	**326.5**	**400.6**	**22.7%**	**572.4**	**671.0**	**17.2%**
Adjusted EBITDA Margin	*4.5%*	*5.0%*	*0.5 p.p.*	*7.8%*	*8.3%*	*0.5 p.p.*
Depreciation and amortization	(87.5)	(92.8)	6.1%	(250.6)	(278.7)	11.2%
Financial Result	(138.0)	(80.4)	(41.7%)	(253.2)	(200.7)	(20.7%)
Income Before Taxes on Profit	**101.0**	**227.4**	**125.0%**	**68.6**	**191.7**	**179.5%**
Income Tax and Social Contribution	16.4	(27.2)	-	27.4	(15.1)	-
Adjusted Net Profit	**117.4**	**200.1**	**70.4%**	**96.0**	**176.6**	**83.9%**
Adjusted net margin	*1.6%*	*2.5%*	*0.9p.p.*	*1.3%*	*2.2%*	*0.9p.p.*

FINANCIAL STATEMENT

Balance Sheet (R$ millions)	IFRS16		
	31/12/20	31/12/21	Δ
Total Assets	**5,753.8**	**6,573.3**	**14.2%**
Current Assets	**3,147.4**	**3,512.5**	**11.6%**
Cash and Cash Equivalents	589.1	654.1	11.0%
Financial Investments	30.9	-	-
Clients Accounts Receivable	522.9	530.3	1.4%
Inventory	1,702.1	1,957.0	15.0%
Taxes to Recover	198.3	232.4	17.2%
Other Current Assets	104.1	138.7	33.3%
Non-Current Assets	**2,606.4**	**3,060.8**	**17.4%**
Long-Term Realizable Assets	611.5	648.7	6.1%
Investiments	70.8	72.6	2.5%
Fixed Assets	541.3	665.6	23.0%
Rights of use under lease	1,344.9	1,615.6	20.1%
Intangible Assets	37.9	58.2	53.7%
Total Liabilities	**5,753.8**	**6,573.3**	**14.2%**
Current Liabilities	1,889.1	2,191.4	16.0%
Social and Labor Obligations	89.2	103.4	15.9%
Suppliers	1,244.5	1,306.5	5.0%
Tax Obligations	106.4	94.1	(11.6%)
Loans and Financing	241.6	435.7	80.3%
Other Obligations	35.1	29.6	(15.7%)
Leasing	172.3	222.1	28.9%
Long Term Liabilities	**1,923.8**	**2,291.6**	**19.1%**
Loans and Financing	636.8	753.9	18.4%
Other Obligations	8.2	7.2	(12.6%)
Leasing	1,251.5	1,508.0	20.5%
Provisions	27.2	22.6	(17.2%)
Shareholder's Equity	**1,940.9**	**2,090.2**	**7.7%**
Realized Share Capital	1,200.7	1,199.2	(0.1%)
Capital Reserves	383.4	369.7	(3.6%)
Profit Reserves	356.8	521.3	46.1%

ANNEX: DISTRIBUTION OF STORES BY STATE

State / Region (# of Stores)	4Q20	Openings	Closings	4Q21
Total	**1,105**	**80**	**20**	**1,165**
Northeast	**664**	**57**	**1**	**720**
Alagoas	30	1	-	31
Bahia	113	18	1	130
Ceará	180	4	-	184
Maranhão	60	9	-	69
Paraíba	51	4	-	55
Pernambuco	117	9	-	126
Piauí	35	3	-	38
Rio Grande do Norte	43	7	-	50
Sergipe	35	2	-	37
North	**111**	**6**	**2**	**115**
Acre	12	1	-	13
Amapá	6	1	-	7
Amazonas	22	-	-	22
Pará	35	2	2	35
Rondônia	13	-	-	13
Roraima	9	2	-	11
Tocantins	14	-	-	14
Southeast	**194**	**10**	**11**	**193**
Espírito Santo	26	-	1	25
Minas Gerais	64	1	6	59
Rio De Janeiro	19	2	1	20
São Paulo	85	7	3	89
Center West	**94**	**7**	**5**	**96**
Federal District	18	-	2	16
Goiás	30	1	3	28
Mato Grosso	23	5	-	28
Mato Grosso do Sul	23	1	-	24
South	**42**	**-**	**1**	**41**
Paraná	15	-	-	15
Rio Grande Do Sul	7	-	-	7
Santa Catarina	20	-	1	19

GLOSSARY

- Abrafarma : association of the 26 largest pharmacy chains in the country.
- AME (Special Medicines Service): line of special medicines sold by Pague Menos. They are produced with high technology and used in complex and expensive treatments, usually in the fertility, oncology and hormones verticals.
- B2B2C : Business model where a service or product is offered to another company, and later to an end customer.
- Expanded Middle Class: public from social classes B2/C/D, with an average monthly family income of less than BRL 5.7 thousand.
- EBITDA : operating income before interest, taxes, depreciation and amortization.
- HNB (Hygiene, Nutrition and Beauty) : classification of non-drug products belonging to the categories of personal hygiene, nutrition and beauty.
- Mature stores : stores open for more than three years. These are stores that have already gone through the maturation period and therefore tend to have a less accentuated sales growth curve than those in maturation.
- Market Share : Estimated participation in the Brazilian pharmaceutical retail market, based on data from IQVIA, a global data intelligence company applied to the healthcare industry.
- NPS (*Net Promoter Score*) : metric of customer satisfaction and loyalty with the Company.
- *Omnichannel* : the concept illustrates the approach of integrating different retail channels, such as physical stores, e-commerce, telephone sales and social media, allowing the customer to have multiple purchase journeys.
- OTC (*Over-The-Counter*) : classification of products sold via self-service, which includes over-the-counter medicines and convenience, health and wellness items.
- PBM : drug benefit program. These are discount programs created and administered by the pharmaceutical industries (laboratories) in order to facilitate, encourage and promote adherence to treatments for patients and physicians.
- PME : Average storage period. It refers to the average period that a good remains in stock before being sold, being calculated by the quotient between the balance of inventories and the COGS for the quarter, multiplied by 90 days.
- PMP : Average payment period. Refers to the average supplier payment term, calculated by the ratio between the balance of suppliers and the COGS for the quarter, multiplied by 90 days.
- PMR : Average term of receivables. Refers to the average customer payment term, calculated as the ratio between the balance of accounts receivable and gross revenue for the quarter, multiplied by 90 days.
- Pre-increase : period prior to the annual medication readjustment, which occurs in the month of April according to current legislation.
- Stock Out : metric used to measure the lack of products in store.
- SKU : acronym for *Stock Keeping Unit* (Stock Keeping Unit), which refers to the identifier code assigned to items in stock.
- SSS (*Same Store Sales*) : sales growth in the “same stores” concept. Refers to the ratio of sales of goods and services carried out by stores open for more than twelve months in the current period compared to same-store sales in the same period of the previous year.

DISCLAIMER

This document may contain certain forward-looking statements and information related to the Company reflecting current views and/or expectations of the Company and its Management concerning its performance, businesses and future events. Forward-looking statements include, without limitation, any statement containing forecast, indication or estimates and projections regarding future results, performance or objectives, as well as words like we "believe", "anticipate", "expect", "estimate", "project", and other similar expressions. Although the Company and its management believe that such forward-looking estimates and statements are based on reasonable assumptions, they are subject to risks, uncertainties and future events and are issued in the light of information that is currently available. Any forward-looking statements refer only to the date on which they were issued, and the Company is not responsible for updating or revising them publicly after the distribution of this document due to new information, future events or other factors. Investors should be aware that several important factors cause actual results to differ materially from such plans, objectives, expectations, projections and intentions as expressed in this document.

In view of the aforementioned risks and uncertainties, the prospective circumstances and events discussed in this document may not occur, and the Company's future results may differ significantly from those expressed or suggested in these forward-looking statements. Forward-looking statements involve risks and uncertainties and are not guarantees of future events. Therefore, investors should not make any investment decision based on the forward-looking statements that may be contained herein.

Market and certain competitive position information, including market projections mentioned herein were obtained from in-house surveys, market research, public information and business publications. Though we have no reason to believe that any of these reports or of this Information is imprecise in any relevant aspect, we have not independantly verified the competetive position, market position, growth rate or any other data supplied by third parties or other industry publications. The Company is not responsible for the accuracy of such information.

Certain percentages and other amounts included in this document have been rounded up to facilitate their presentation. The scales of the graphs of the results can appear in different proportions, to optimize the demonstration. Accordingly, the numbers and graphs presented may not represent the arithmetic sum and the appropriate scale of the numbers that precede them and may differ from those presented in the financial statements.

The financial information was prepared in accordance with International Financial Reporting Standards (IFRS), in accordance with accounting practices adopted in Brazil (BR GAAP) and were reviewed by independent auditors in accordance with Brazilian and international auditing standards.

INDEPENDENT AUDITORS

The Company informs that its independent auditors, Ernst & Young Auditores Independentes SS, did not provide services unrelated to the audit in the period ending December 31, 2021.

EARNINGS VIDEO CONFERENCE

Video conference In Portuguese

10.Mar.
15:00 (BRT) | 01:00 pm (US ET)

Access in Portuguese

NUMBER FOR CONNECTION
+55 (11) 3181-8565
+55 (11) 4090-1621
Code: Pague Menos

Video conference in English

(simultaneous translation)

10.Mar. 15:00 (BRT) | 01:00pm (US ET)

Access in English

NUMBER FOR CONNECTION
+1 844 204-8942
+1 412 717-9627
Code: Pague Menos

PagueMenos 40 anos