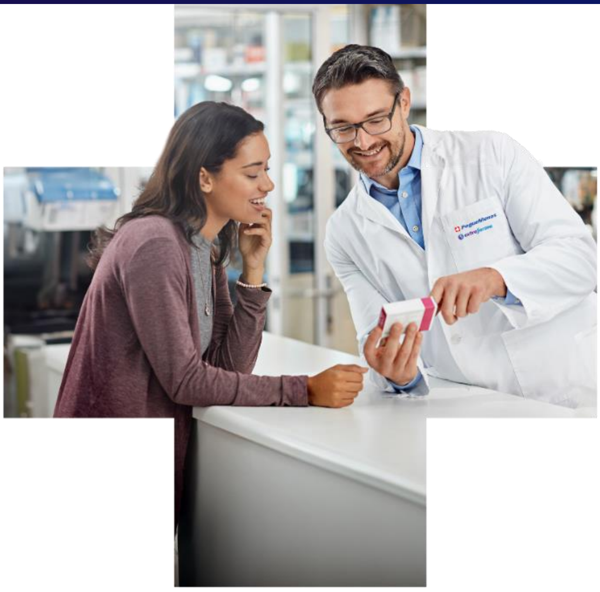
EARNINGS RELEASE 3Q24

PagueMenos

extrafarma



OPERATIONAL EVOLUTION AND EXTRAFARMA SYNERGIES DRIVE STRONG PROFITABILITY AND FREE CASH FLOW

3Q24 HIGHLIGHTS

- **GROSS REVENUE**
  R$ 3.5 billion (+13.9% vs 3Q23) with 13.6% same store sales
- **MARKET SHARE**
  6.3% national market share (+ 0.2p.p. vs 3Q23), with gains in all regions
- **EXTRAFARMA SYNERGIES**
  R$ 234 million on annual basis (90% of the top of the range)
- **ADJUSTED EBITDA**
  R$ 190.7 million (+32.6% vs 3Q23), with EBITDA margin of 5.4% (+0.7 p.p. vs 3Q23)
- **ADJUSTED NET INCOME**
  R$ 53.9 million, with a net margin of 1.5% (+ 1.5 p.p. vs 3Q23)
- **FREE CASH FLOW**
  R$ 130.0 million (R$ 352 million excluding payment for Extrafarma)
- **INDEBTEDNESS**
  2.2x Net Debt / EBITDA (decrease of 0.2x vs 3Q23)
- **CASH CYCLE**
  51 days, reduction of 9 days vs 2Q23

DISCLAIMER

Since 2019, our financial statements have been prepared in accordance with IFRS 16, which changed the criteria for recognition of rental contracts. The numbers in this report are presented under the old standard, IAS 17. Reconciliation to IFRS 16 can be found in Appendix 1 of this document.

FINANCIAL HIGHLIGHTS

in R$ million and % of gross revenue	3Q23	3Q24	Δ	9M23	9M24	Δ
Gross Revenue	**3,081.9**	**3,511.2**	**13.9%**	**8,898.8**	**9,975.2**	**12.1%**
Gross Profit	**903.8**	**1,032.2**	**14.2%**	**2,651.9**	**2,958.9**	**11.6%**
% Gross Margin	*29.3%*	*29.4%*	*0.1 p.p.*	*29.8%*	*29.7%*	*(0.1 p.p.)*
Contribution Margin	**215.8**	**275.5**	**27.7%**	**592.8**	**728.8**	**22.9%**
% Contribution Margin	*7.0%*	*7.8%*	*0.8 p.p.*	*6.7%*	*7.3%*	*0.6 p.p.*
Adjusted EBITDA	**143.8**	**190.7**	**32.6%**	**351.3**	**464.5**	**32.2%**
% Adj. EBITDA Margin	*4.7%*	*5.4%*	*0.7 p.p.*	*3.9%*	*4.7%*	*0.8 p.p.*
Adjusted Net Income	**(0.4)**	**53.9**	**-**	**(48.6)**	**74.9**	**-**
% Adj. Net Margin	*(0.0%)*	*1.5%*	*1.5 p.p.*	*(0.5%)*	*0.8%*	*1.3 p.p.*

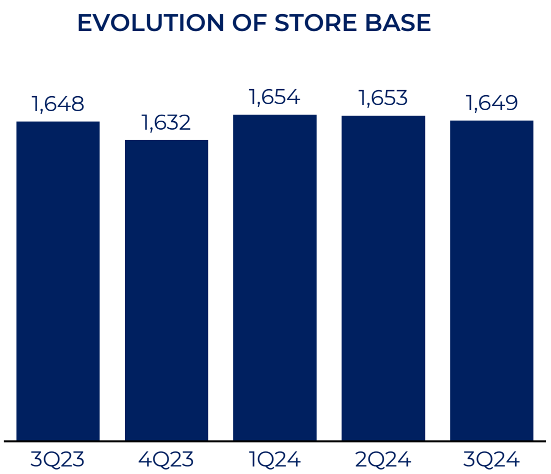
OPERATING HIGHLIGHTS

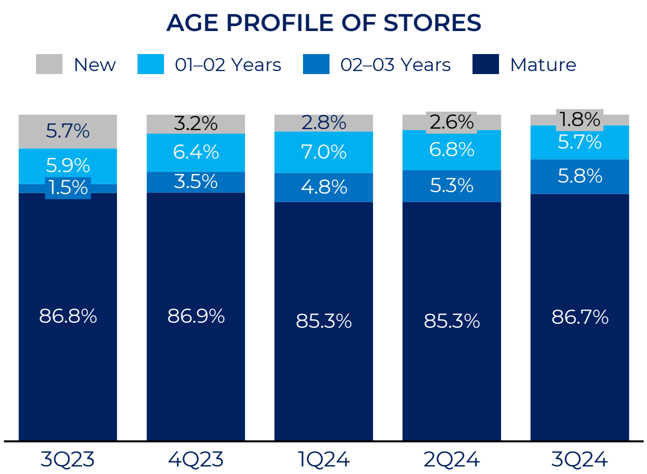
KPI	3Q23	4Q23	1Q24	2Q24	3Q24	Δ (Y/Y)
# of Stores	1,648	1,632	1,654	1,653	1,649	0.1%
Average sale/store/month (R$ thousand)	622	622	628	679	709	13.9%
Average ticket (R$)	81.07	80.46	81.96	83.78	85.89	6.0%
Same store sales (%)	5.9%	5.6%	9.6%	11.4%	13.6%	*7.7 p.p*
Digital channels (% of Gross Revenue)	12.1%	12.5%	13.4%	14.1%	15.2%	*3.1 p.p*
Private labels (% of Gross Revenue)	7.0%	6.9%	6.7%	6.7%	6.5%	*(0.5) p.p*
# of Pharmaceutical Clinics	1,077	1,077	1,100	1,092	1,088	1.0%
Active Customers (Million)	20.7	20.7	20.9	20.9	21.1	2.1%
Total Employees	25,268	25,445	25,799	25,874	25,606	1.3%
Store Employees	20,599	20,775	21,140	21,381	21,075	2.3%
Employees/store (quantity)	12.5	12.7	12.8	12.9	12.8	2.2%
Operating cash cycle (days)	60	55	60	56	51	(9)
Net Debt / Adjusted EBITDA	2.4x	2.5x	2.6x	2.5x	2.2x	(0.2x)

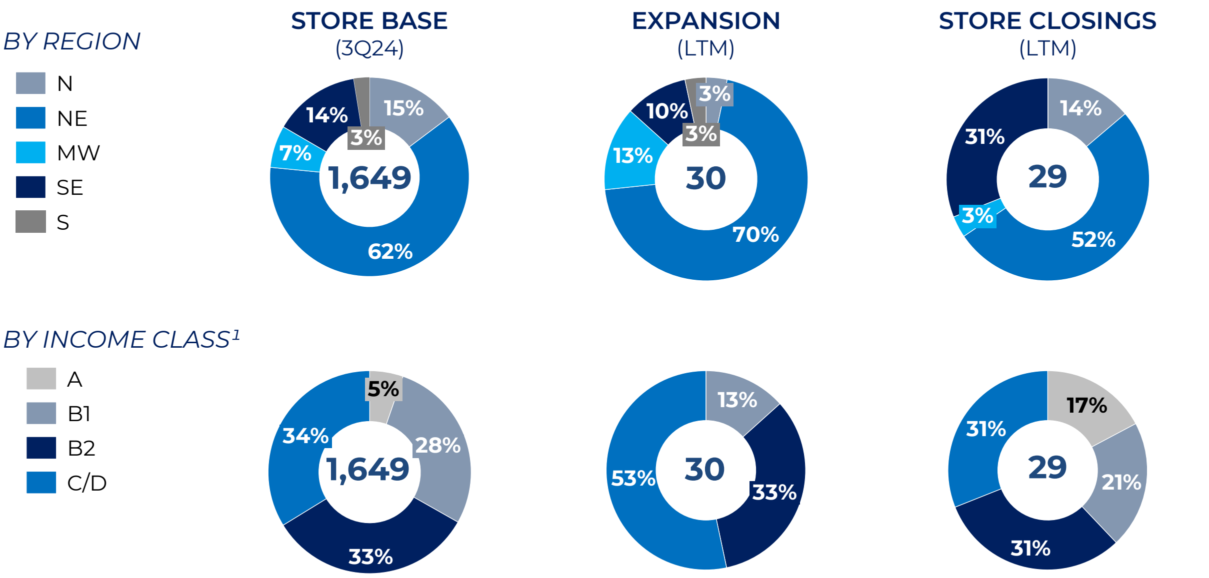
STORE PORTFOLIO

Our store base reached 1,649 units at the end of 3Q24. During the quarter, there were four store closures, two in the Pague Menos portfolio and two in the Extrafarma portfolio, related to the ongoing footprint optimization process. No new stores are planned until the end of the year. In 2025, organic expansion should resume gradually, as the Company remains focused on financial deleveraging.

As part of the Extrafarma integration, we continue to carry out banner conversions, which have proven to be a relevant lever for increasing sales. By the end of 3Q24, 111 Extrafarma stores had been converted to Pague Menos. The Extrafarma brand is currently only present in the states of AP, PA, MA and CE, where we are carrying out tests to potentially increase conversions.







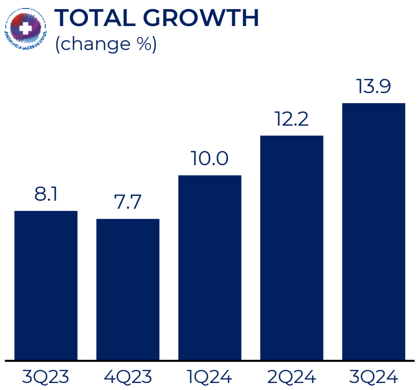
¹ Predominant income class in the vicinity of each store (isochronous for 5 minutes travelling by car). Segmentation follows the IBGE criteria.

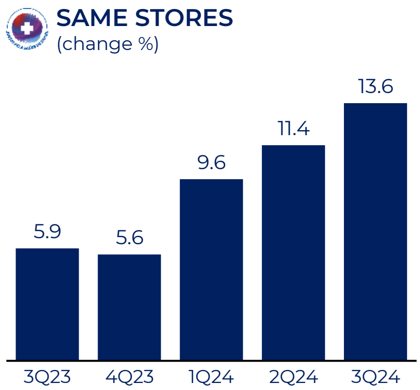
SALES PERFORMANCE

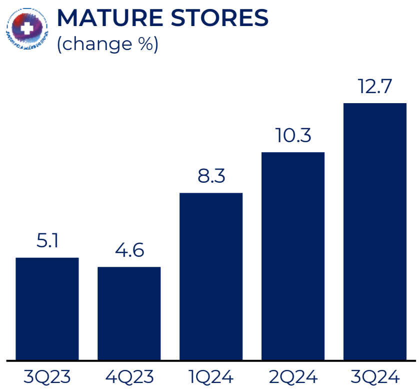
We continued to record an acceleration in sales growth in 3Q24, maintaining the positive trend observed since the beginning of the year. We achieved 13.9% growth in total sales, which represents the highest growth rate in 7 years (excluding 2Q21, affected[2] by the COVID-19 pandemic). This historical performance is even more robust when we consider the slowdown in inflation and the lower pace of organic expansion in the last quarters.

We attribute a significant part of the acceleration to the initiatives implemented since the beginning of 2024 to optimize store operations, our "operational missions". Improvements in areas such as customer service, processes, maintenance, pricing and IT stability have gradually led to an increase in customer traffic in stores. Additionally, we continue seeing the positive results of the successful integration of Extrafarma, whose operational synergies are increasingly translating into higher sales.

The 13.9% growth in the quarter is broken down into 13.6% same store sales, +1.3% of contribution from new stores and -0.9% from stores closed in the last 12 months. Mature stores recorded growth of 12.7%, approximately 3 times the inflation for the period, thus contributing to significant operational leverage in the results for the quarter.







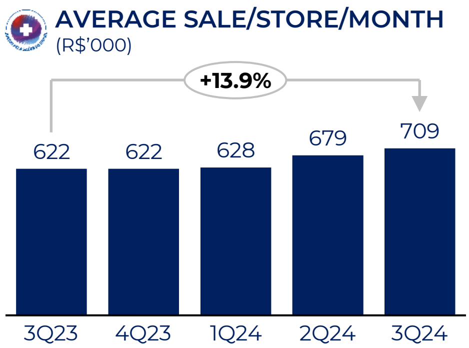
Broken down by company, same store sales reached 12.6% at Pague Menos and 18.5% at Extrafarma. In this context, it is increasingly evident how banner conversions continue to be an important driver for increasing sales, optimizing our footprint and enhancing the strength of the Pague Menos brand in strategic locations. Converted stores recorded significant growth of 30.4% compared to the same period of the previous year, while other Extrafarma stores grew 13.7%.

In the regional breakdown, we observed a significant growth acceleration across the country, although at different levels. The South and Southeast regions stood out, with 19.3% same store sales, while the Mid-West reached 17.8% and the North and Northeast regions grew 12.2%.

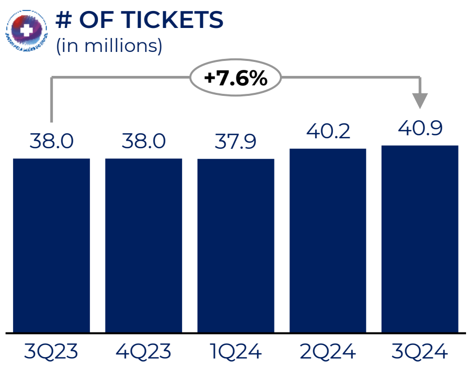
It is worth highlighting that there has been a catch-up over the last few years in regions where we have greater opportunities to improve efficiency. In 3Q21, the 5 states with the lowest productivity had average sales per store 27% below the overall portfolio average. Three years later, the gap between these same states was reduced to less than 5%. The progressive operational convergence between regions makes the national footprint strategy much more effective, thus contributing to an increasingly diversified operation.

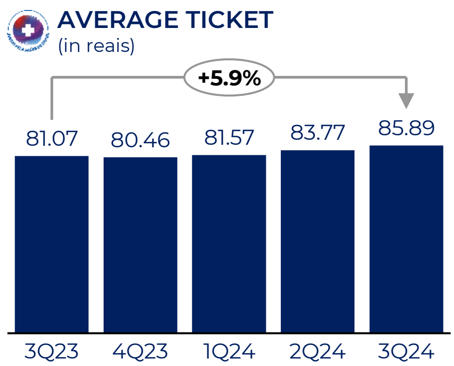
[2]The 20.6% growth recorded in 2Q21 was strongly impacted by non-recurring effects related to the COVID-19 pandemic: i) freezing of the annual adjustment of medicines in 2020 from April to June (harming the 2Q20 base); ii) temporary closure of stores due to social isolation health measures; (harming the 2Q20 base) and iii) demand for Covid tests (benefiting sales in 2Q21).

Average monthly sales per store reached R$ 709 thousand in 3Q24, growing 13.9% compared to the same period of the previous year. Considering only Pague Menos, this metric reached R$ 739 thousand, while Extrafarma totaled R$ 595 thousand. It is worth highlighting that Extrafarma stores converted to Pague Menos have accelerated the closing of the sales gap. Before the conversions started, these stores operated 32% below the Pague Menos portfolio, compared to 16% in the quarter.



The good sales performance for the quarter is even more evident when broken down into volume and average ticket. We have recorded significant growth of 7.6% in the number issued tickets (even in the context of stability in the store base), coupled with a 5.9% increase in the average ticket, which continues to grow above inflation.





In the same-store concept, the growth in issued tickets was 7.2%, with 6.7% in the Pague Menos portfolio and 9.2% in the Extrafarma portfolio, accounting for a significant acceleration in both brands. Operational initiatives have increasingly resulted in higher customer traffic. These actions include changes in the service model, store renovations, process redesigns, among others, which have contributed to increased customer retention and purchase frequency.

Furthermore, a significant portion of the increase in volume is related to attracting new customers, supported by increasingly assertive marketing and CRM execution, especially in digital channels. The active customer base, with purchases in the last 12 months, reached 21.1 million, a new record. The share of omnichannel customers, who use more than one shopping channel, reached 9.4% of the total, 1.4 p.p. above the same period of the previous year.

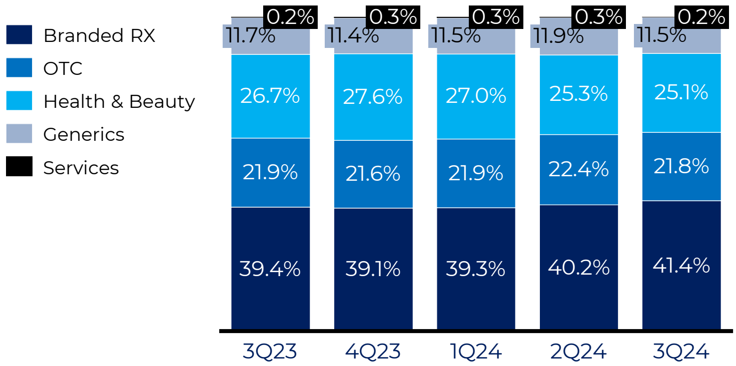
The growth in the average ticket is explained by price increases, with weighted inflation of products at 3.8%, in addition to an increase in the customer purchase basket and a positive mix effect.

CATEGORY MANAGEMENT

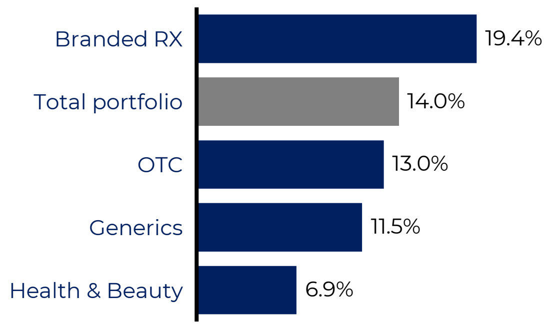
In 3Q24, we recorded significant growth in the share of branded prescription drugs in the mix, reaching 41.4% of total sales (+2 p.p. above the same period of the previous year). The category as a whole grew 19.4% in the quarter, driven by the diabetes therapeutic class, which grew by over 30%. The good performance follows a trend observed in the market as a whole, with successful product launches. Even though, it is worth highlighting that we have consistently recorded market share growth in this and most therapeutic classes, indicating our good execution, with increasingly assertiveness in pricing, availability and customer loyalty through Clinic Farma.

We also highlight the good performance in the OTC category, which grew 13.0% in the period. Within the category, vitamin and mineral items, health equipment and convenience items stood out, all growing over 20% compared to the previous year.

SALES MIX
(% of gross revenue)

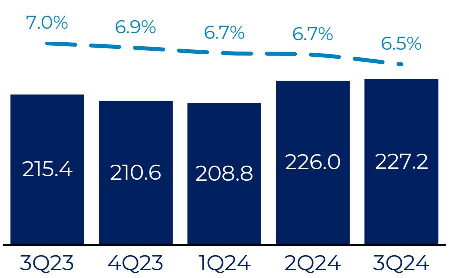


GROWTH BY CATEGORY
(% variation 3Q24 vs 3Q23)



Private labels reached a record of R$ 227.2 million in sales in 3Q24. Despite this, the share of total sales dropped to 6.5%, 0.5 p.p. below the same period of the previous year. The decrease in share is mainly due to the slowdown in the hygiene and beauty category as a whole, which concentrates a large part of the assortment of private label items. Despite this fact, we remain optimistic about the private label strategy, which has an increasingly diversified portfolio, high and growing margins and a promising pipeline of launches.

PRIVATE LABEL
(in R$ million and % of total sales)

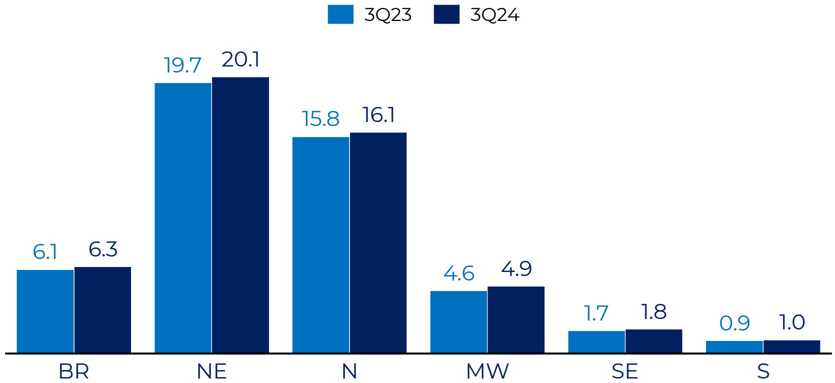


MARKET **SHARE**

Our share in the Brazilian pharmaceutical retail market reached 6.3% in the quarter, accounting for an increase of 0.2p.p. compared to 3Q23. The good performance is even more evident when we consider the slowdown in our organic expansion, in the context of financial deleveraging, and the growth in average sales per store above that of our competitors.

We expanded our market share in all regions of the country. In the Northeast region, we surpassed the 20% market share threshold (the highest since 2020). We also highlight the good performance in the Mid-West region, where we achieved a 4.9% share, and the Southeast region, where the growth per store was approximately twice the average of our competitors.

MARKET SHARE BY REGION (%)

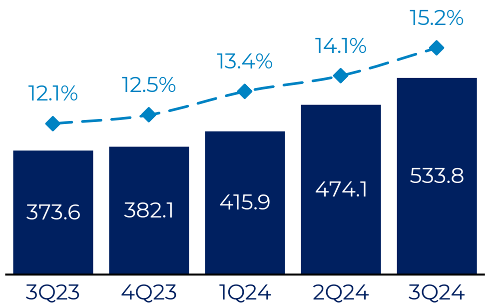


Source: IQVIA

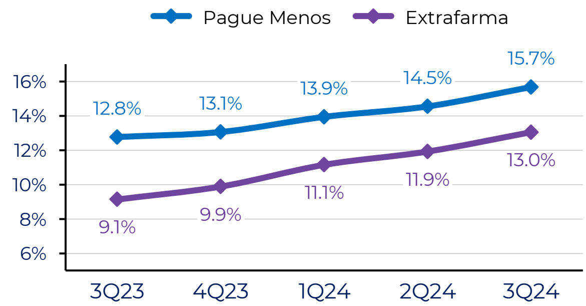
OMNICHANNEL PLATFORM

An important piece of the sales growth engine is the good performance of our omnichannel platform, which continues to develop and gain relevance in our value proposition. In 3Q24, we totaled R$ 534 million in sales via digital channels, accounting for a growth of 42.9% compared to the same period of the previous year. The share of total sales reached 15.2%, more than 3 p.p. above 3Q23 and more than 1 p.p. above 2Q24.

OMNICHANNEL SALES
(in R$ million and % of total sales)

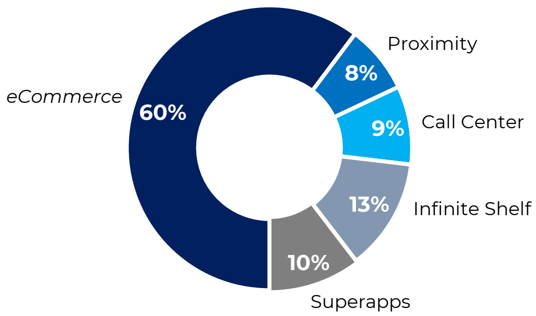


OMNICHANNEL SALES
(% of retail revenue)

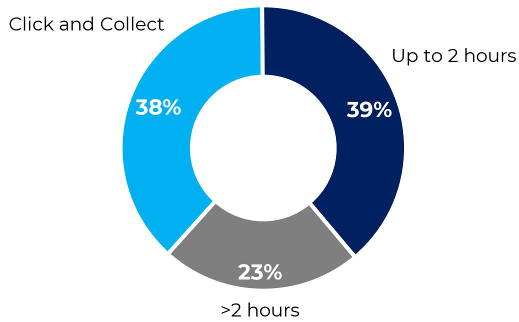


The main reason for the growth acceleration was the performance of the Pague Menos App, which continues to improve the user experience and gain share in e-commerce. We reached the milestone of 6.8 million downloads, being the third most downloaded pharmacy app in the country, in addition to achieving our best level of user reviews in the app stores. Furthermore, we continue evolving the digital shopping experience, with improvements in check-out , SEO and greater assertiveness in marketing spending. With this, our e-commerce increased its share to 60% of omnichannel sales, consolidating itself as the main channel for digital customers.

DIGITAL CHANNELS MIX
(% of omnichannel sales 3Q24)



TYPE OF DELIVERY MIX
(% of omnichannel orders 3Q24)



The mix of categories in digital channels is contributing to better profitability in omnichannel sales. Key categories such as private label and generics have been increasing their share, while lower margin categories such as diapers have been slowing. Accordingly, the channel's contribution margin improved 1.5 p.p. compared to the same period of the previous year.

HEALTH HUB

In 3Q24, we had 1.9 million consultations at Clinic Farma, reaching the mark of 7 million consultations carried out in the last 12 months. Our primary healthcare unit is progressively gaining scale and becoming increasingly relevant in customer relationships.

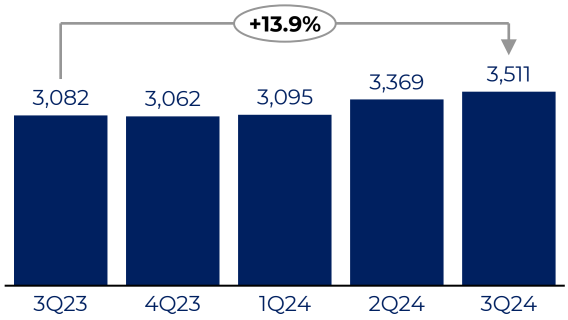
We have observed a gradual transformation in the Brazilian healthcare ecosystem, with pharmacies gaining increasing relevance in the patient care journey, through the provision of primary care services, clinical analysis exams and vaccinations in stores. In this context, our leading role becomes clear when we consider a recent survey by Clinicarx, the largest healthcare service platform for pharmaceutical retail, where Pague Menos has the largest volume of services in the market, with a productivity of services performed per store 4.5 times higher than the second-place in the ranking, among chains with over 100 stores.

Recognizing the central importance of the pharmaceutical professional in our Health Hub engine, we started a robust training program in the quarter in partnership with Hospital Sírio-Libanês for the Company's over 5,000 pharmacists. Throughout July, said professionals were trained, on relevant topics such as patient care, new technologies in the healthcare industry and the transition to the concept of Pharmacy 4.0, with a more automated and data-based management model.

GROSS **REVENUE**

In 3Q24, consolidated gross revenue reached R$ 3.511 billion, growing 13.9% compared to the same period of the previous year. For further information on quarterly growth, see the “Sales Performance” section of this release.

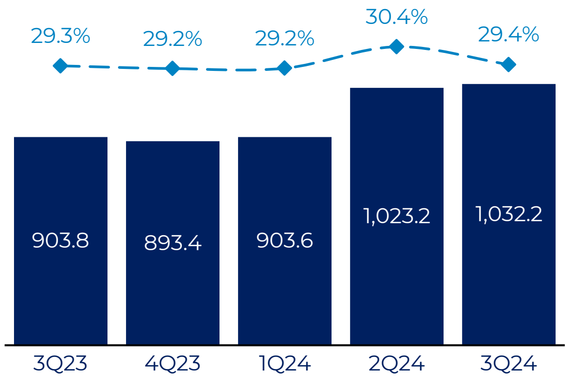
CONSOLIDATED GROSS REVENUE
(R$ million)



GROSS **PROFIT**

The consolidated gross profit reached R$ 1.032 billion in 2Q24, accounting for a 14.2% growth compared to the same period of the previous year. As a result, the gross margin reached 29.4%, up 0.1 p.p. over 3Q23.

GROSS PROFIT
(R$ million and % of gross revenue)

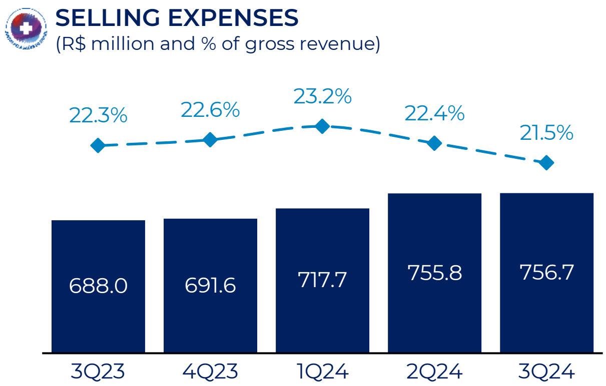


The following drivers had a positive impact on gross margin in the quarter: i) the inventories loss ratio, with a higher compensation level from the industry and normalization of Extrafarma's legacy inventory; ii) improvement of commercial conditions; and iii) margin improvement in digital channels. These positive effects were partially offset by: i) negative mix effect, with an increase in the share of branded drugs and a reduction in generics and private label; and ii) adjustment to present value (APV).

Segregating the gross margin by company, we recorded 29.0% in Pague Menos and 30.9% in Extrafarma. The margin gap between companies, of approximately 2 p.p., remained stable since 2Q23, when most of the margin synergies had already been implemented, and reflects the geographic mix (with Extrafarma's presence in states where we operate with higher margins) and the product mix (with Extrafarma operating with a lower share of branded drugs).

SELLING EXPENSES

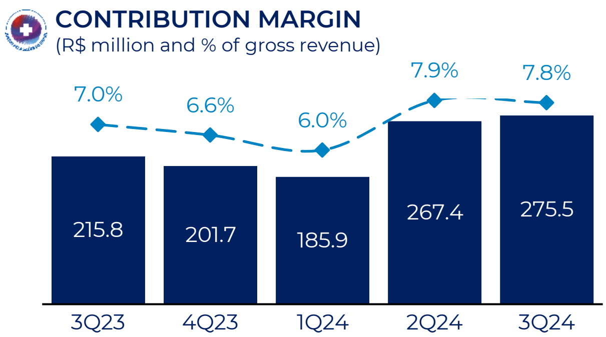
Selling expenses totaled R$ 756.7 million, growing 10.0% compared to the same period of the previous year. The good sales performance generated strong operational leverage for the quarter, causing this group of expenses to reach 21.5% of revenue, 0.8 p.p. below the same period of the previous year.



The nominal growth in expenses, compared to the previous year, is mainly related to inflation and the sales effect on variable expenses (freight, means of payment, variable rents etc.). Moreover, there was a mismatch in marketing expenses, which in 2023 were more concentrated in the first months of the year, and specific expenses related to "operational missions", increasing maintenance and training expenses. As a positive effect, we highlight the control of occupancy expenses and the stability in rental inflation.

CONTRIBUTION MARGIN

Reflecting the good gross margin performance and dilution of selling expenses, the contribution margin in the quarter reached 7.8%, accounting for a strong growth of 0.8 p.p. compared to the same period of the previous year.

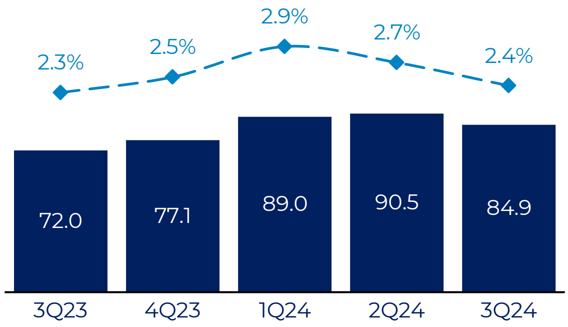


In the breakdown by company, the contribution margin reached 8.0% in Pague Menos and 7.2% in Extrafarma. The current gap, of only 0.8 p.p., compares with 4.0 p.p. recorded at the beginning of the integration, indicating a clear operational convergence and a successful integration plan. It is worth highlighting that, even operating with average sales per store well below the Pague Menos portfolio, Extrafarma has managed to deliver similar profitability due to its higher gross margin.

GENERAL AND ADMINISTRATIVE (G&A) EXPENSES

G&A expenses totaled R$ 84.9 million in 3Q24, down 6.3% compared to 2Q24. Coupled with strong sales performance, our financial discipline generated significant dilution in this expense group, which dropped from 2.7% of gross revenue in 2Q24 to 2.4% in 3Q24.

GENERAL AND ADMINISTRATIVE EXPENSES
(R$ million and % of gross revenue)



The G&A reduction, compared to 2Q24, is mainly related to savings in personnel expenses. In the previous quarter, this group of expenses had been subject to specific pressure due to changes in administrative teams, restructuring of the executive board and the closure of the corporate office in São Paulo.

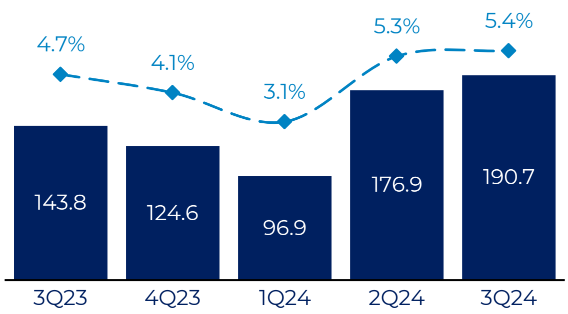
In comparison with 3Q23, the 17.9% growth is related to the reinforcement of the executive team and greater focus on IT expenses, in addition to the accumulated inflation for the period.

ADJUSTED **EBITDA**

Adjusted EBITDA for 3Q24 totaled R$190.7 million, growing 32.6% compared to the same period of the previous year. Thus, we achieved an EBITDA margin of 5.4%, a historic record of profitability for a third quarter of the year.

The strong result highlights the Company's good momentum, the result of the successful integration with Extrafarma and the operational excellence initiatives prioritized since the beginning of the year.

ADJUSTED EBITDA
(R$ million and % of gross revenue)

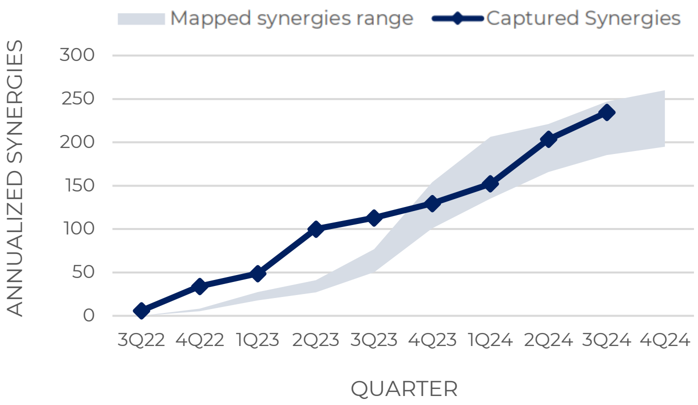


EXTRAFARMA INTEGRATION AND CAPTURE OF SYNERGIES

The annualized volume of synergies captured in the integration with Extrafarma reached R$ 234 million in 3Q24, equivalent to 90% of the top of the projected range (R$ 260 million). The improvement compared to 2Q24, reflects the acceleration in sales growth and the continued footprint optimization.

Of the R$ 234 million, R$ 201 million positively impacted Extrafarma's results, reflecting the significant improvement in its average sales per store (from R$ 468 thousand in 3Q22 to R$ 595 thousand in 3Q24) and contribution margin (from 3.2% in 3Q22 to 7.2% in 3Q24), in addition to savings in general and administrative expenses. Moreover, we recognized further R$ 33 million in synergies at Pague Menos, generated mainly by logistics and tax efficiencies.

SYNERGY CAPTURE CURVE
(R$ million)

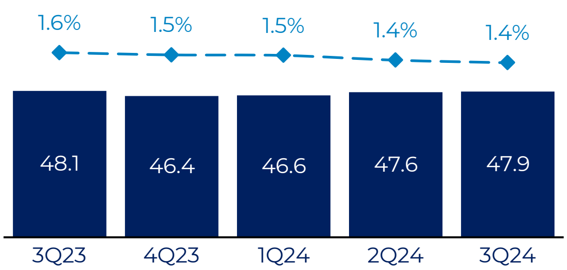


DEPRECIATION, FINANCIAL RESULTS AND INCOME TAX / SOCIAL CONTRIBUTION

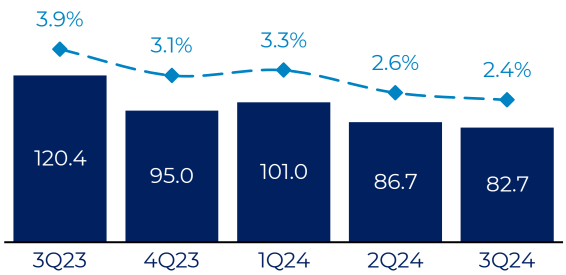
Depreciation in 3Q24 totaled R$ 47.9 million, remaining at a similar level to previous periods. This behavior reflects the stability in the store base and the slowdown in the volume of investments in the context of the Company's financial deleveraging cycle.

The financial result continues trending down, reflecting efforts towards financial deleveraging and improvement in the debt profile. Net financial expenses totaled R$ 82.7 million, accounting for a sharp reduction of 31.4% compared to the same period of the previous year, mainly reflecting the reduction in interest rates, lower spreads and lower expenses with prepayment of receivables. Compared to 2Q24, there was a decrease of 4.7%, mainly explained by a lower adjustment to present value (APV).

DEPRECIATION
(R$ million and % of gross revenue)

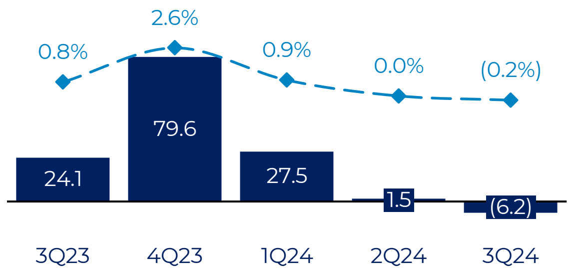


NET FINANCIAL EXPENSES
(R$ million and % of gross revenue)



Income tax totaled R$ 6.2 million in 3Q24, in line with the growth in realized taxable income. State tax subventions accounted for 1.0% of gross revenue in the quarter, positively impacting the result for the quarter by R$11.8 million.

INCOME TAX
(R$ million and % of gross revenue)

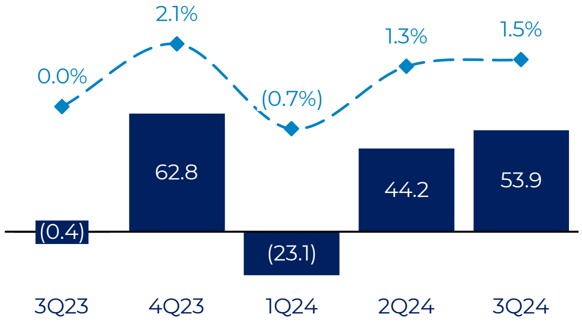


ADJUSTED NET **INCOME**

Adjusted net income reached R$ 53.9 million in 3Q24, reversing the loss of R$ 0.4 million recorded in the same period of the previous year. The net margin reached 1.5% of gross revenue, which represents an strong increase of 1.5 p.p. compared to 3Q23.

We highlight that the break down of growth in net income was well balanced between sales growth, increased margins and reduced financial expenses, highlighting the good performance in the quarter. We remain very optimistic about the evolution of our bottom line, as we continue the path of financial deleveraging together with consistent operational improvements.

ADJUSTED NET INCOME
(in R$ million and % of the total sale)



ADJUSTED INCOME **RECONCILIATION**

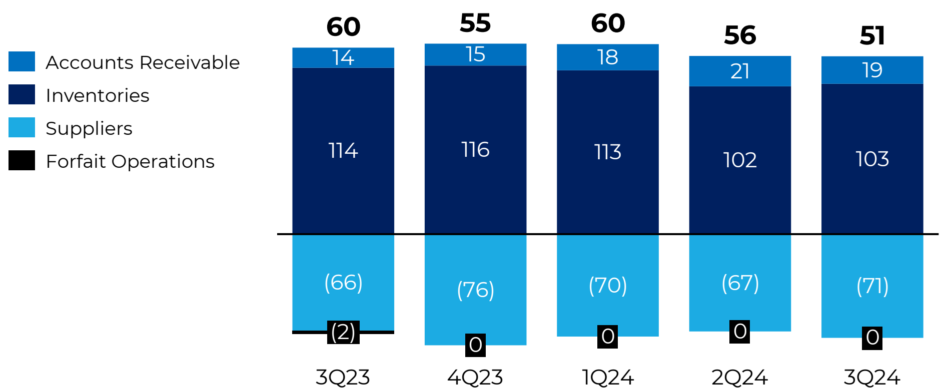
For a better understanding and comparability with previous periods, the results for the year were adjusted in order to exclude non-recurring events. We present below the details of the adjustments made, as well as their respective impacts on earnings. The complete reconciliation of the accounting and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

Description of Adjustment	Net effect on income (loss)	
	3Q23	3Q24
Accounting net income - IFRS 16	**(23.7)**	**40.9**
Exclusion of IFRS 16 effects	5.6	5.7
Total - Management adjustments	17.6	7.3
(+/-) Write-off of property, plant and equipment	12.0	1.4
(+) Expenses related to the acquisition of Extrafarma	0.0	4.7
(+) Organizational restructuring	0.8	0.0
(+/-) Business combination	3.4	2.7
(+) Interest on installments payable in acquisitions	8.8	2.2
(+/-) Effect of adjustments on IRPJ and CSLL taxes	(7.4)	(3.7)
Adjusted Net Income	**(0.4)**	**53.9**

CASH CYCLE

Our working capital management continues to evolve on a positive path, directly contributing to financial deleveraging. In 3Q24, the operating cash cycle reached 51 days, a reduction of 9 days compared to the same period of the previous year.

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



The positive evolution continues to be mainly driven by the reduction in the average inventory term, which reached 103 days in 3Q24. Compared with 2Q24, the 1-day increase reflects seasonality for the period, with the turnover of inventories acquired prior to the annual drugs price increase. On the other hand, the average payment term increased by 5 days in the annual comparison, reflecting better commercial negotiations and a greater mix of branded medicine sales. It is worth highlighting that the difference between inventories and suppliers' terms reached 32 days, the best level since 2020, highlighting our operational evolution and the synergies captured in the integration with Extrafarma.

The average receivables term was reduced by 2 days compared to 2Q24, due to a specific increase in the discounted receivables, increasing our liquidity to cover the payment of the last installment of the acquisition of Extrafarma in August. Since then, accounts receivable have been restored and are expected to maintain this trajectory in 4Q24.

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

INDEBTEDNESS

Net debt totaled R$ 1.286 billion in 3Q24, reducing R$ 74.9 million compared to the previous quarter. The net debt/EBITDA ratio reached 2.2x, accumulating a decrease of 0.2x in the last 12 months, and 0.9x since the peak in 2Q23. We continue with the projection of ending the year with the ratio below 2.0x EBITDA.

Indebtedness (in R$ million)	3Q23	4Q23	1Q24	2Q24	3Q24
(+) Short-term Debt	372.0	430.3	415.9	138.7	381.4
(+) Long-term Debt	1,313.4	1,205.1	1,178.4	1,330.7	1,074.5
(=) Gross Debt	**1,685.4**	**1,635.4**	**1,594.3**	**1,469.4**	**1,455.9**
(-) Cash and cash equivalents	(530.2)	(443.3)	(232.5)	(108.2)	(169.6)
(=) Net Debt	**1,155.1**	**1,192.1**	**1,361.8**	**1,361.2**	**1,286.3**
Net Debt / Adjusted EBITDA	***2.4x***	***2.5x***	***2.6x***	***2.5x***	***2.2x***
(+) Balance of discounted receivables	460.9	433.8	421.4	290.7	358.9
(+) Extrafarma Acquisition payables	203.8	209.8	214.2	220.5	0.0
(=) Net Debt + Anticipations + Extrafarma	**1,819.9**	**1,835.8**	**1,997.4**	**1,872.5**	**1,645.2**
Net Debt + Anticipations + Extrafarma / Adj. EBITDA	***3.8x***	***3.9x***	***3.9x***	***3.5x***	***2.8x***

The financial deleveraging path becomes even more evident when we consider the recovery of accounts receivable and installments paid for the acquisition of Extrafarma, which consumed a significant portion of cash generation in recent quarters. Considering the discounted receivables and installments payable on the acquisition, our financial leverage reduced from 3.8x in 3Q23 to 2.8x in 3Q24.

INVESTMENTS

We totaled R$ 63.6 million in investments in the year to date, accounting for a decrease of 19% compared to the same period of the previous year.

It is worth highlighting that more than half of the Capex for the year was directed towards store renovations, which include brand conversions into Extrafarma stores. Thus, we promoted a significant revitalization of the store network, which has contributed to the good performance of same-store sales.

Capex (R$ million)	9M23	%	9M24	%
Expansion	48.8	62%	13.1	21%
Refurbishment of stores	9.3	12%	35.9	57%
Technology	11.8	15%	11.5	18%
Infrastructure of stores, DCs and offices	8.3	11%	3.0	5%
Total	**78.2**	**100%**	**63.6**	**100%**

CASH FLOW

Free cash flow in 3Q24 totaled R$ 130.0 million, accounting for an increase of R$ 162.1 million compared to the same period of the previous year. The good performance is even more evident when we consider the disbursement of the last installment of the acquisition of Extrafarma for the quarter, which consumed R$ 221.5 million of cash. Excluding this effect, our operating cash generation was over R$ 350 million in 3Q24.

The good cash generation for the quarter is related to EBITDA growth, greater conversion of EBITDA into cash, greater monetization of tax credits and an increase in the supplier balance.

Management Cash Flow (R$ million)	3Q23	3Q24	9M23	9M24
Consolidated EBITDA (ex-IFRS 16)	**131.0**	**184.4**	**329.1**	**454.0**
(-) Gain from bargain purchase	-	0.2	7.5	1.5
(Δ) Accounts receivable	(44.5)	59.2	57.2	(238.5)
(Δ) Inventories	2.5	(167.8)	98.0	41.4
(Δ) Suppliers	(10.0)	233.2	35.5	96.4
(Δ) Forfait operations	49.3	-	(185.2)	-
(Δ) Recoverable taxes	(20.7)	64.0	(31.6)	74.0
(+/-) Change in other assets and liabilities/Non-cash effects	69.1	0.2	(123.9)	(28.0)
(=) Cash flow from operations	**176.8**	**373.3**	**186.5**	**400.7**
(-) Capital investments	(11.0)	(21.8)	(78.2)	(63.6)
(-) Acquisition of companies	(197.8)	(221.5)	(197.8)	(221.5)
(=) Cash flow from investments	**(208.8)**	**(243.3)**	**(276.0)**	**(285.0)**
Free cash flows	**(32.1)**	**130.0**	**(89.5)**	**115.6**
(+) Gross debt raised	-	16.5	583.7	404.9
(-) Gross debt payment	(14.8)	(17.6)	(237.2)	(576.3)
(-) Debt service	(71.0)	(49.9)	(216.5)	(179.1)
(-) Share repurchases / Payment of capital	332.1	(17.6)	400.7	97.1
(+) Dividends and interest on capital received (paid)	-	-	(79.1)	(135.9)
(=) Cash flow from financing	**246.3**	**(68.6)**	**451.6**	**(389.3)**
Opening balance of cash and cash equivalents	316.0	108.2	168.1	443.3
Closing balance of cash and cash equivalents	530.2	169.6	530.2	169.6
Changes in cash and cash equivalents	**214.2**	**61.4**	**362.1**	**(273.7)**

APPENDIX 1: **INCOME STATEMENT**

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

CONSOLIDATED INCOME STATEMENT

Income Statement (R$ million)	IAS 17			IFRS16		
	3Q23	3Q24	Δ	3Q23	3Q24	Δ
Gross Revenue	**3,081.9**	**3,511.2**	**13.9%**	**3,081.9**	**3,511.2**	**13.9%**
Deductions	(202.5)	(239.9)	18.5%	(202.5)	(239.9)	18.5%
Net Revenue	**2,879.5**	**3,271.3**	**13.6%**	**2,879.5**	**3,271.3**	**13.6%**
Cost of Goods Sold	(1,975.7)	(2,239.1)	13.3%	(1,975.7)	(2,239.1)	13.3%
Gross Profit	**903.8**	**1,032.2**	**14.2%**	**903.8**	**1,032.2**	**14.2%**
Gross Margin	*29.3%*	*29.4%*	*0,1p.p.*	*29.3%*	*29.4%*	*0,1p.p.*
Sales Expenses	(688.0)	(756.7)	10.0%	(565.1)	(639.0)	13.1%
Contribution Margin	**215.8**	**275.5**	**27.7%**	**338.7**	**393.2**	**16.1%**
Contribution Margin (%)	*7.0%*	*7.8%*	*0,8p.p.*	*11.0%*	*11.2%*	*0,2p.p.*
General and Administrative Expenses	(72.0)	(84.9)	17.9%	(72.0)	(84.9)	17.9%
Adjusted EBITDA	**143.8**	**190.7**	**32.6%**	**266.7**	**308.3**	**15.6%**
Adjusted EBITDA Margin	*4.7%*	*5.4%*	*0,7p.p.*	*8.7%*	*8.8%*	*0,1p.p.*
Depreciation and Amortization	(48.1)	(47.9)	(0.4%)	(132.0)	(127.1)	(3.7%)
Financial Income (Loss)	(120.4)	(82.7)	(31.4%)	(167.8)	(129.9)	(22.6%)
Income (loss) before Income Tax	**(24.6)**	**60.2**	**-**	**(33.1)**	**51.3**	**-**
Income Tax and Social Contribution	24.1	(6.2)	-	27.0	(3.1)	-
Minority Interest	0.1	(0.1)	-	0.1	(0.1)	-
Adjusted Net Income	**(0.4)**	**53.9**	**-**	**(6.0)**	**48.2**	**-**
Adjusted Net Margin	*(0.0%)*	*1.5%*	*1,5p.p.*	*(0.2%)*	*1.4%*	*1,6p.p.*

Income Statement (R$ million)	IAS 17			IFRS16		
	9M23	9M24	Δ	9M23	9M24	Δ
Gross Revenue	**8,898.8**	**9,975.2**	**12.1%**	**8,898.8**	**9,975.2**	**12.1%**
Deductions	(546.5)	(682.6)	24.9%	(546.5)	(682.6)	24.9%
Net Revenue	**8,352.2**	**9,292.6**	**11.3%**	**8,352.2**	**9,292.6**	**11.3%**
Cost of Goods Sold	(5,700.4)	(6,333.7)	11.1%	(5,700.4)	(6,333.7)	11.1%
Gross Profit	**2,651.9**	**2,958.9**	**11.6%**	**2,651.9**	**2,958.9**	**11.6%**
Gross Margin	*29.8%*	*29.7%*	*(0,1p.p.)*	*29.8%*	*29.7%*	*(0,1p.p.)*
Sales Expenses	(2,059.0)	(2,230.1)	8.3%	(1,703.6)	(1,872.3)	9.9%
Contribution Margin	**592.8**	**728.8**	**22.9%**	**948.2**	**1,086.7**	**14.6%**
Contribution Margin (%)	*6.7%*	*7.3%*	*0,6p.p.*	*10.7%*	*10.9%*	*0,2p.p.*
General and Administrative Expenses	(241.5)	(264.4)	9.5%	(241.5)	(264.4)	9.5%
Adjusted EBITDA	**351.3**	**464.5**	**32.2%**	**706.7**	**822.3**	**16.4%**
Adjusted EBITDA Margin	*3.9%*	*4.7%*	*0,8p.p.*	*7.9%*	*8.2%*	*0,3p.p.*
Depreciation and Amortization	(149.2)	(142.1)	(4.8%)	(394.4)	(381.7)	(3.2%)
Financial Income (Loss)	(352.4)	(270.3)	(23.3%)	(496.9)	(415.2)	(16.5%)
Income (loss) before Income Tax	**(150.3)**	**52.0**	**-**	**(184.7)**	**25.4**	**-**
Income Tax and Social Contribution	101.2	22.8	(77.5%)	112.9	32.0	(71.7%)
Minority Interest	0.4	0.1	(72.1%)	0.4	0.1	(72.1%)
Adjusted Net Income	**(48.6)**	**74.9**	**-**	**(71.3)**	**57.5**	**-**
Adjusted Net Margin	*(0.5%)*	*0.8%*	*1,3p.p.*	*(0.8%)*	*0.6%*	*1,4p.p.*

APPENDIX 2: BALANCE **SHEET**

CONSOLIDATED BALANCE SHEET

Statement of financial position (R$ million)	IFRS16 12/31/2023	IFRS16 09/30/2024	IFRS16 Δ
Total assets	**8,988.6**	**8,642.4**	**(3.9%)**
Current assets	**4,493.6**	**4,301.8**	**(4.3%)**
Cash and cash equivalents	443.3	169.6	(61.7%)
Trade accounts receivable	513.6	745.1	45.1%
Inventories	3,029.7	2,973.1	(1.9%)
Recoverable taxes	239.6	154.9	(35.3%)
Other current assets	267.4	259.2	(3.1%)
Non-current assets	**4,495.0**	**4,340.5**	**(3.4%)**
Non-current receivables	1,358.9	1,386.4	2.0%
Investments	80.0	78.2	(2.2%)
Property, plant and equipment	949.6	886.5	(6.6%)
Right-of-use in leases	1,912.0	1,815.4	(5.1%)
Intangible assets	194.5	174.0	(10.5%)
Total liabilities	**8,988.6**	**8,642.4**	**(3.9%)**
Current liabilities	**3,242.5**	**3,125.3**	**(3.6%)**
Social and labor charges	163.6	249.1	52.3%
Suppliers	1,936.2	2,038.0	5.3%
Tax obligations	111.2	55.6	(50.0%)
Loans, financing and debentures	430.3	383.3	(10.9%)
Other liabilities	265.4	53.0	(80.0%)
Lease	335.9	346.4	3.1%
Non-current liabilities	**3,085.6**	**2,846.4**	**(7.8%)**
Loans, financing and debentures	1,205.1	1,081.6	(10.2%)
Deferred taxes	3.6	3.3	(6.5%)
Lease	1,786.0	1,711.4	(4.2%)
Provision	79.1	62.3	(21.3%)
Other accounts payable	11.8	(12.3)	(204.0%)
Shareholders' equity	**2,660.5**	**2,670.7**	**0.4%**
Realized capital	1,604.8	1,721.9	7.3%
Capital reserves	383.6	388.3	1.2%
Profit reserves	681.5	536.8	(21.2%)
Treasury shares	(17.0)	(20.3)	19.9%
Retained earnings/losses	0.0	36.6	-
Non-controlling interest	7.5	7.4	(1.4%)

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

Adjusted Net Income Reconciliation (R$ million)	3Q24 Book value (Pague Menos)	3Q24 Book value (Extrafarma)	Eliminations	3Q24 Book value (Consolidated)	IFRS 16 effects	Mgmt. Adjust-ments	3Q24 Adjusted (Consolidated)
Gross Revenue	**3,026.8**	**1,123.0**	**(638.6)**	**3,511.2**	**-**	**-**	**3,511.2**
Deductions	(203.1)	(77.0)	40.2	(239.9)	-	-	(239.9)
Net Revenue	**2,823.7**	**1,046.0**	**(598.4)**	**3,271.3**	**-**	**-**	**3,271.3**
Cost of Goods Sold	(1,985.2)	(853.1)	599.2	(2,239.1)	-	-	(2,239.1)
Gross Profit	**838.5**	**193.0**	**0.8**	**1,032.2**	-	-	**1,032.2**
Operating Expenses	(603.5)	(127.1)	(1.0)	(731.5)	(117.6)	6.3	(842.8)
Equity in Net Income of Subsidiaries	6.2	-	(4.9)	1.3	-	-	1.3
Depreciation and Amortization	(96.5)	(30.6)	(1.6)	(128.7)	79.2	1.6	(47.9)
Operating Income (Loss)	**144.8**	**35.2**	**(6.8)**	**173.2**	**(38.4)**	**8.0**	**142.8**
Financial Income (Loss)	(108.6)	(23.5)	(0.9)	(132.9)	47.2	3.0	(82.7)
Income (Loss) before Income Tax	**36.2**	**11.7**	**(7.6)**	**40.3**	**8.9**	**11.0**	**60.2**
Income Tax and Social Contribution	4.7	(4.1)	0.0	0.7	(3.2)	(3.7)	(6.2)
Minority Interest	-	-	(0.1)	(0.1)	-	-	(0.1)
Net income	**40.9**	**7.7**	**(7.7)**	**40.9**	**5.7**	**7.3**	**53.9**

APPENDIX 4: **RECONCILIATION OF EBITDA**

EBITDA Reconciliation (R$ million)	3Q23	3Q24
Net income	**(23.7)**	**40.9**
(+) Net Financial Income (Loss)	176.7	132.9
(+) Income Tax and Social Contribution	(34.3)	(0.7)
(+) Depreciation and Amortization	135.4	128.7
(+) Minority Interest	(0.1)	0.1
EBITDA (IFRS 16)	**253.9**	**302.0**
(+/-) IFRS 16 Effects	(122.9)	(117.6)
(+/-) Management Adjustments	12.8	6.3
Adjusted EBITDA (IAS 17)	**143.8**	**190.7**

APPENDIX 5: **STORE DISTRIBUTION BY STATE**

Region / State (# stores)	3Q23	Openings	Closures	3Q24
Total	**1,648**	**30**	**29**	**1,649**
Northeast	**1,013**	**21**	**15**	**1,019**
Alagoas	37	2	-	39
Bahia	159	2	6	155
Ceará	281	7	6	282
Maranhão	136	2	-	138
Paraíba	68	-	-	68
Pernambuco	178	5	3	180
Piauí	43	-	-	43
Rio Grande do Norte	69	1	-	70
Sergipe	42	2	-	44
North	**246**	**1**	**4**	**243**
Acre	15	-	-	15
Amapá	18	-	-	18
Amazonas	21	-	-	21
Pará	149	-	4	145
Rondônia	13	-	-	13
Roraima	12	1	-	13
Tocantins	18	-	-	18
Southeast	**238**	**3**	**9**	**232**
Espírito Santo	24	-	-	24
Minas Gerais	69	2	1	70
Rio de Janeiro	16	-	2	14
São Paulo	129	1	6	124
Mid-West	**110**	**4**	**1**	**113**
Federal District	15	-	-	15
Goiás	29	-	-	29
Mato Grosso	36	3	-	39
Mato Grosso do Sul	30	1	1	30
South	**41**	**1**	**-**	**42**
Paraná	15	1	-	16
Rio Grande do Sul	7	-	-	7
Santa Catarina	19	-	-	19

EARNINGS CONFERENCE CALL
November 05, 2024
10:00 (BRT) | 08:00 (US-EST)
In Portuguese with simultaneous translation into English
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