



# 2023 EARNINGS CONFERENCE CALL

 ***PagueMenos***

 ***extrafarma***

# 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 that has a forecast, indication or estimates and projections of future results, performance or objectives, as well as words such as "we believe", "we anticipate", "we expect", "we estimate", "we project", among other words with similar meaning. 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 a number of 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. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, we do not independently verify market position, growth rate, competitive position or any other data provided 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 quarterly information was prepared in accordance with International Financial Reporting Standards (IFRS16), in accordance with accounting practices adopted in Brazil (BR GAAP) and presented here on an adjusted basis for the non-recurring effects described in the release.



# 2Q23 Results

Luiz Novais, CFO

# 2Q23 Highlights

*Solid results, confirming the good operational moment of the Company*



## SALES GROWTH ACCELERATION

*+35,9% consolidated growth;  
+11,6% in Pague Menos standalone*



## STRATEGIC INITIATIVES EVOLUTION

*+60.9% growth in omnichannel sales and record number of customers served by Clinic Farma*



## EBITDA EXPANSION

*+28,9% consolidated growth;  
+10,8% in Pague Menos standalone*



## MARKET SHARE GAINS

*Share increase in every region of the country, reaching 6.0% national market share*



## EXTRAFARMA SYNERGIES

*1<sup>st</sup> quarter of positive ex-IFRS 16 EBITDA, with R\$ 100MM captured synergies on annual basis*

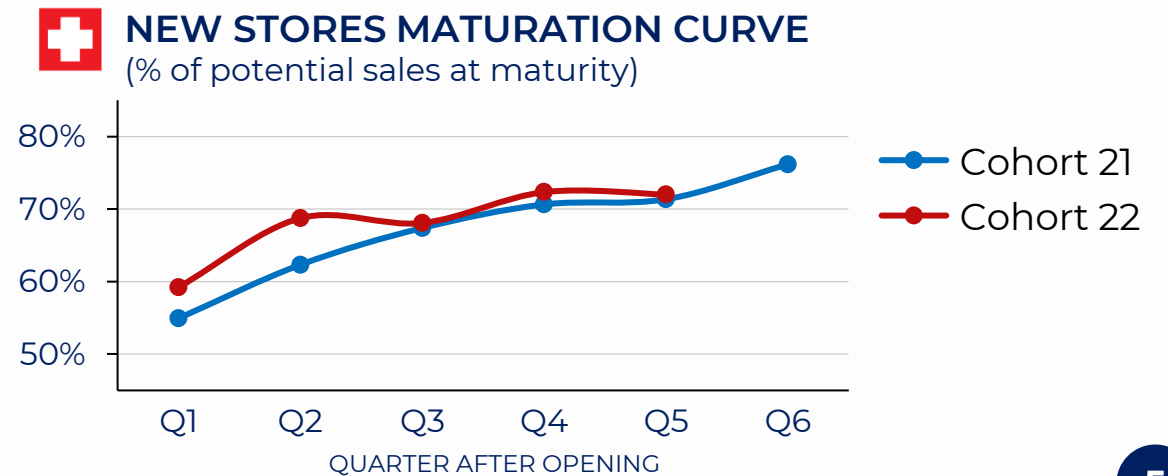
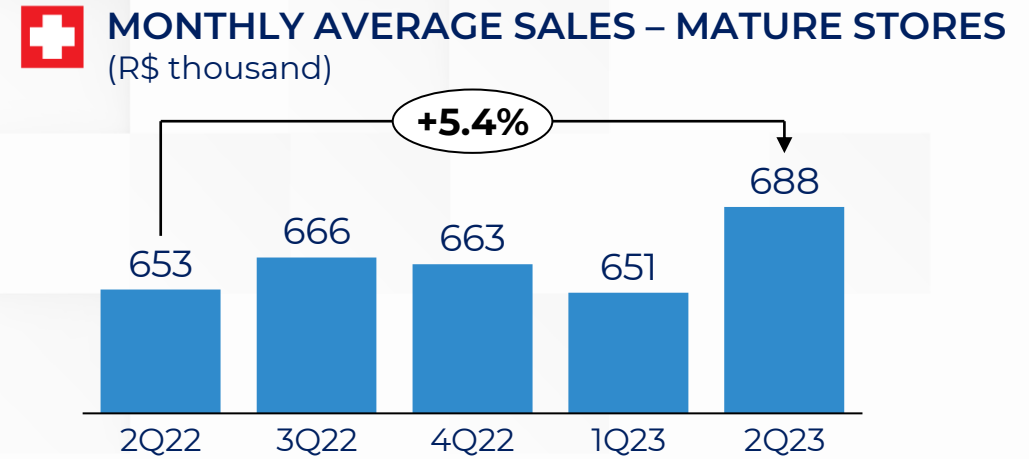
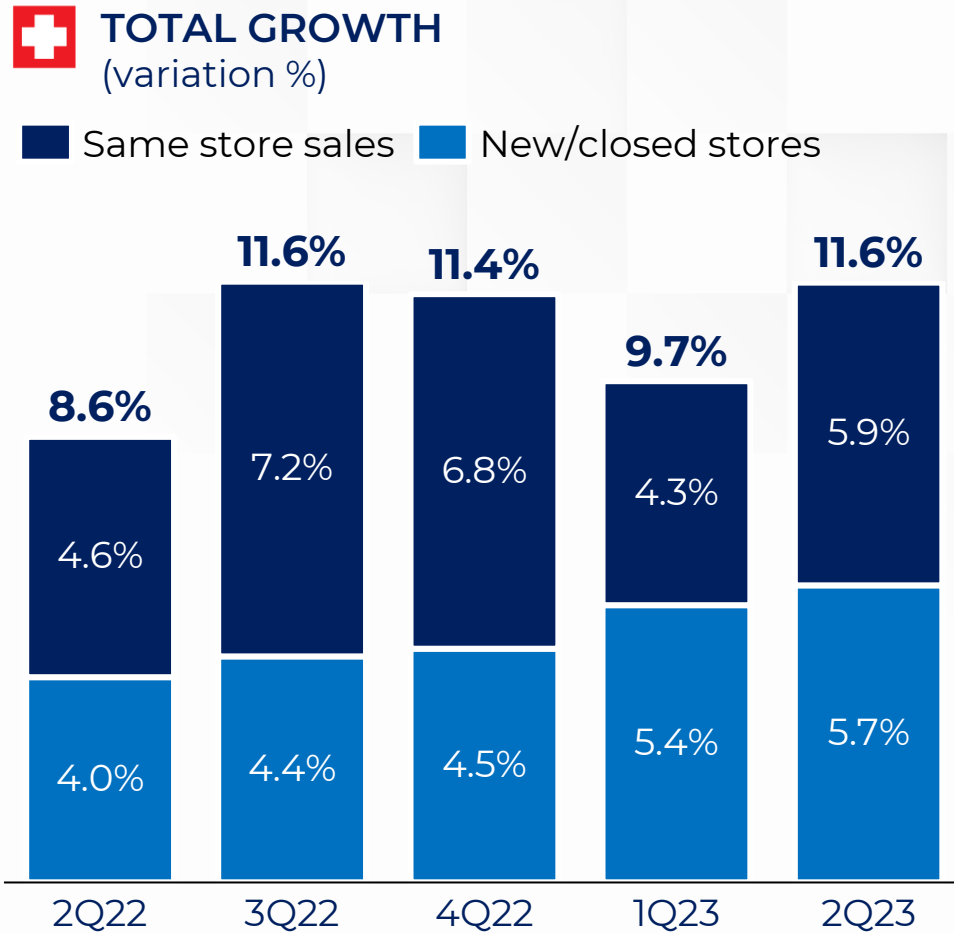


## BEGINNING OF DELEVERAGING CYCLE

*Inventories turnover acceleration and private capital increase announced*

# Pague Menos Top Line

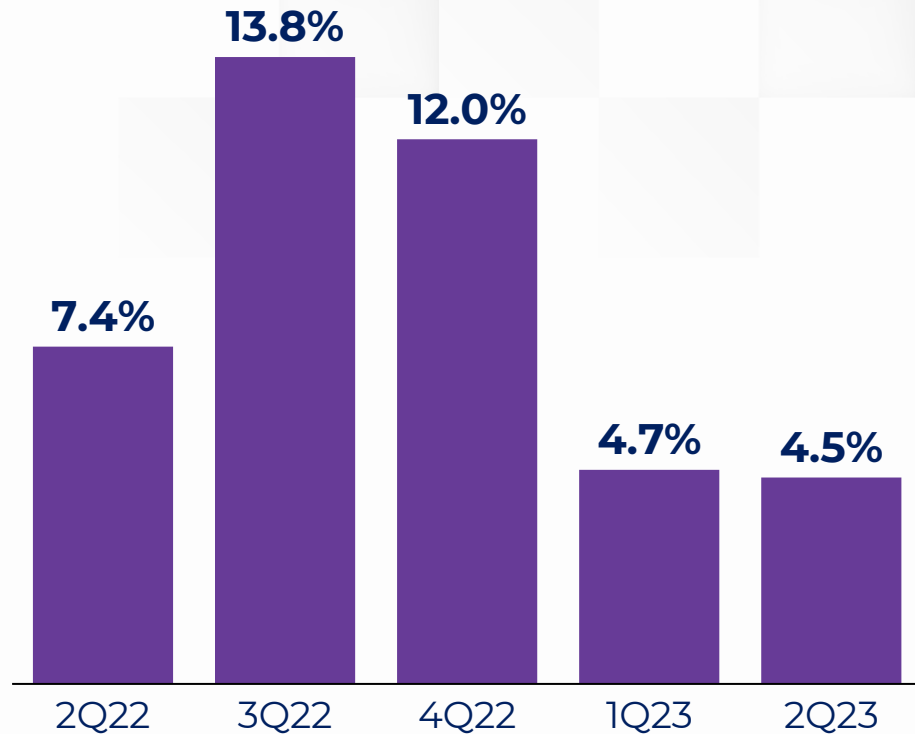
Healthy combination of mature stores growth and organic expansion



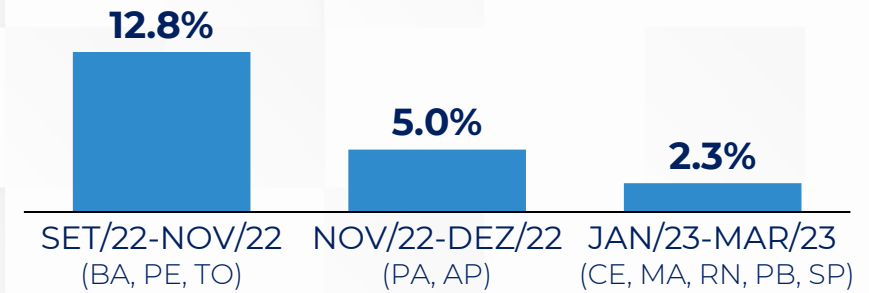
# Extrafarma Top Line

Relevant growth to be captured after sales synergies

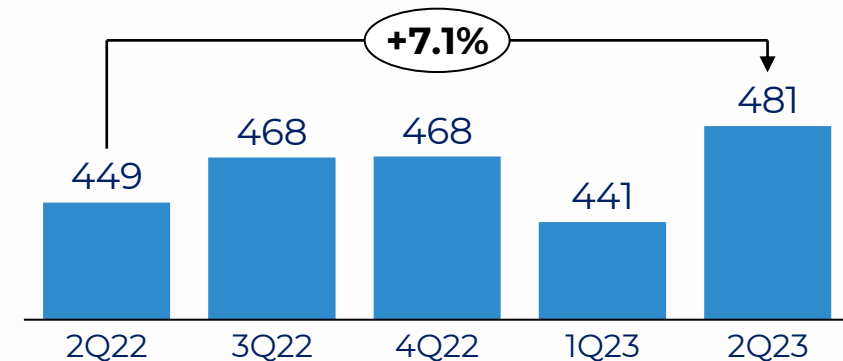
## SAME STORE SALES (SSS) (variation %)



## SSS PER TAKEOVER<sup>1</sup> GROUP (variation % - 2Q23 vs 2Q22)



## MONTHLY AVERAGE SALES PER STORE (R\$ thousand)



<sup>1</sup> Takeovers refers to systems and logistics migration

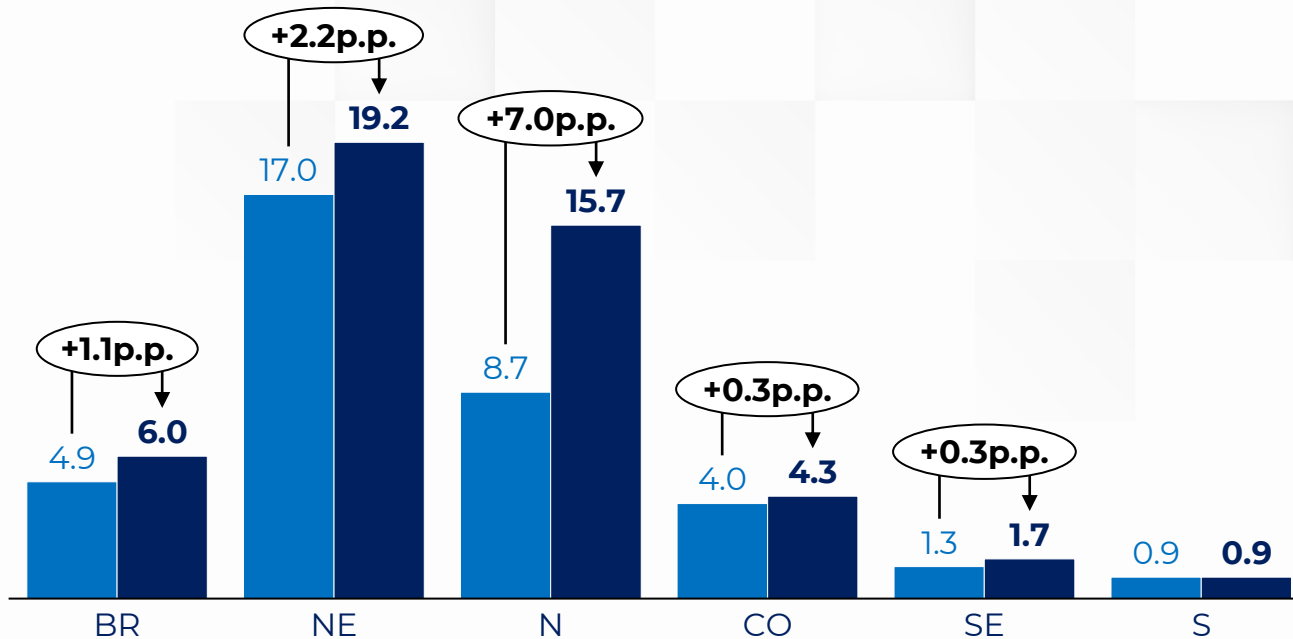
# Market Share

Share increase in every region

## SHARE BY REGION<sup>1</sup>

(% of total market)

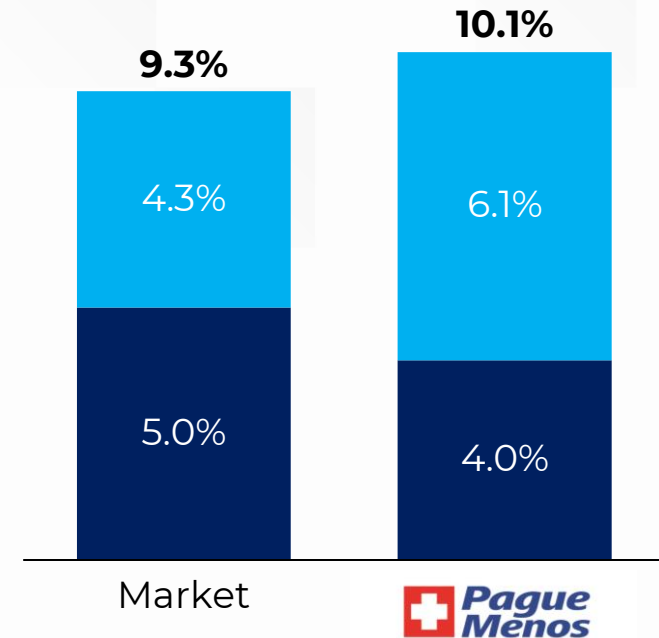
■ 2Q22 ■ 2Q23



## COMPONENTS OF GROWTH<sup>2</sup>

(var. % 1S23 vs 1S22 - R\$ CPP)

■ New/closed stores ■ Same Stores



Source: IQVIA

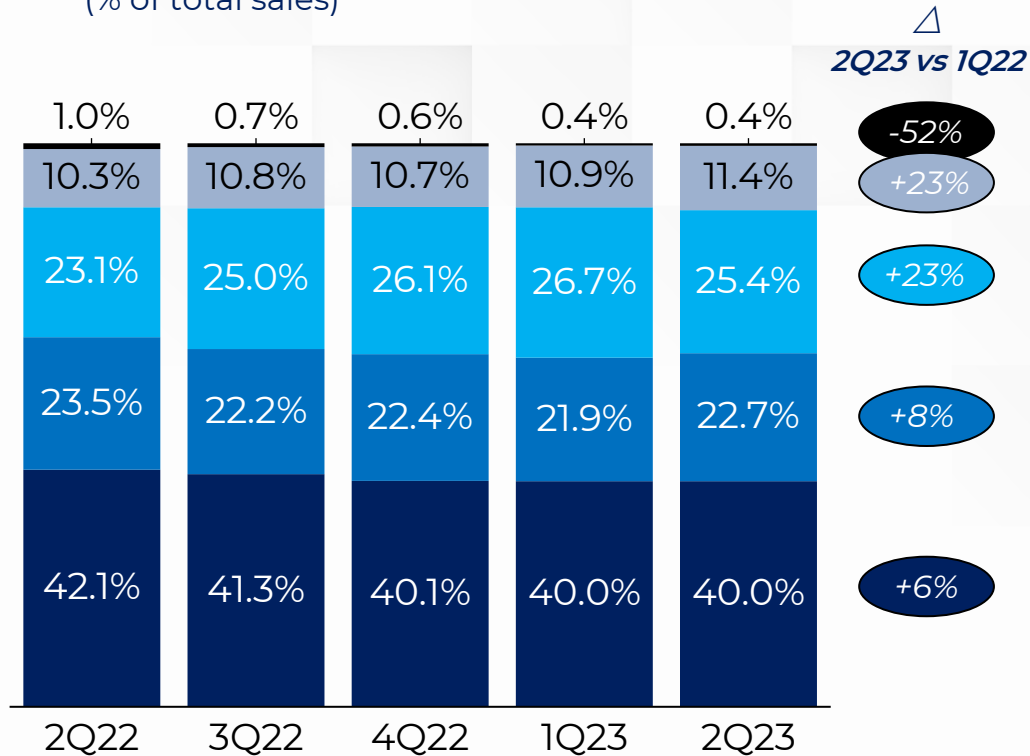
<sup>1</sup> Extrafarma included only on 2Q23. Acquisition concluded on August 2022.

<sup>2</sup> IQVIA methodology normalizes sales prices among players, making the growth in R\$ CPP (Consumer Purchase Price) may differ from the one actually realized. Growth Pague Menos does not include Extrafarma stores.

# Sales Mix

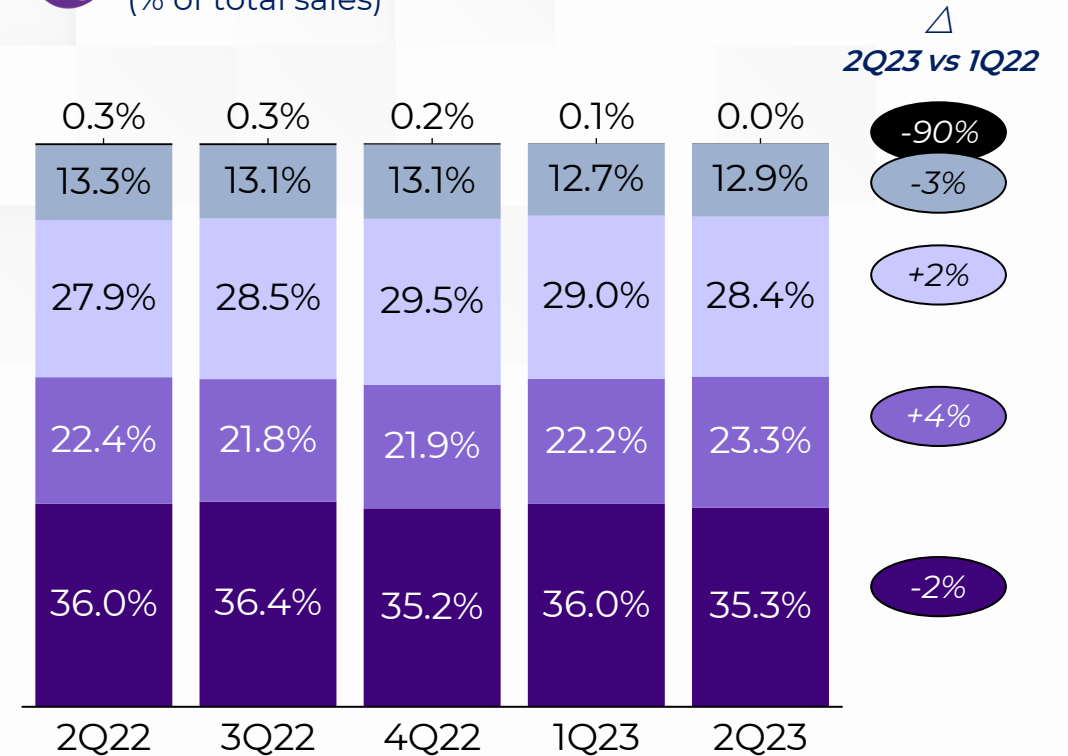
Strong growth on generics, health & personal care in Pague Menos

## PAGUE MENOS (% of total sales)



Services Generics HPC OTC Branded Rx

## EXTRAFARMA (% of total sales)



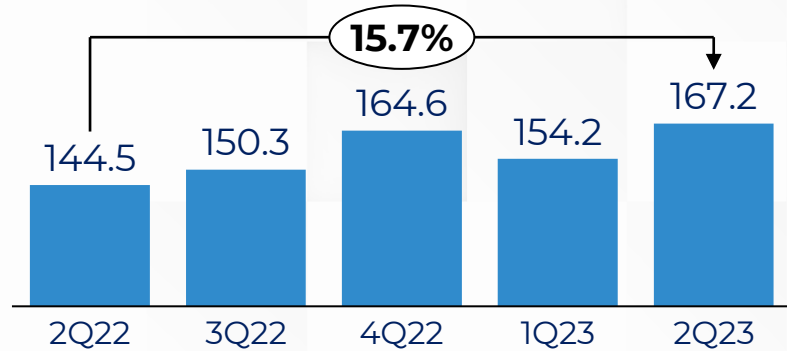
Services Generics HPC OTC Branded Rx



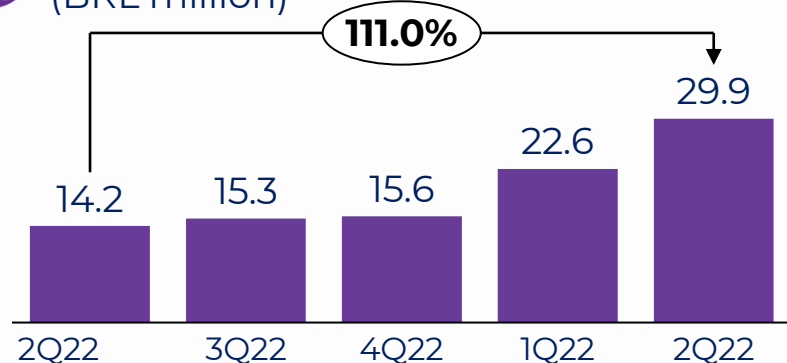
# Private Label

Replicating a successful execution strategy in Extrafarma

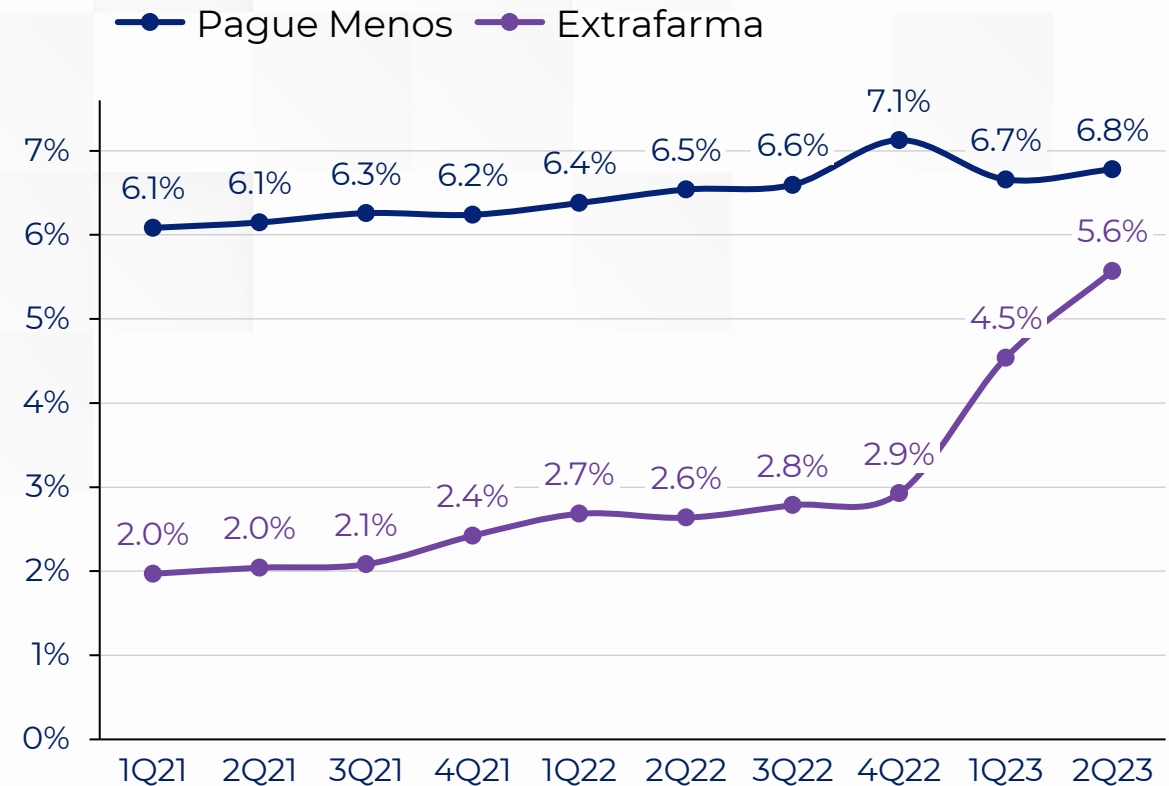
## PRIVATE LABEL SALES (BRL million)



## PRIVATE LABEL SALES (BRL million)



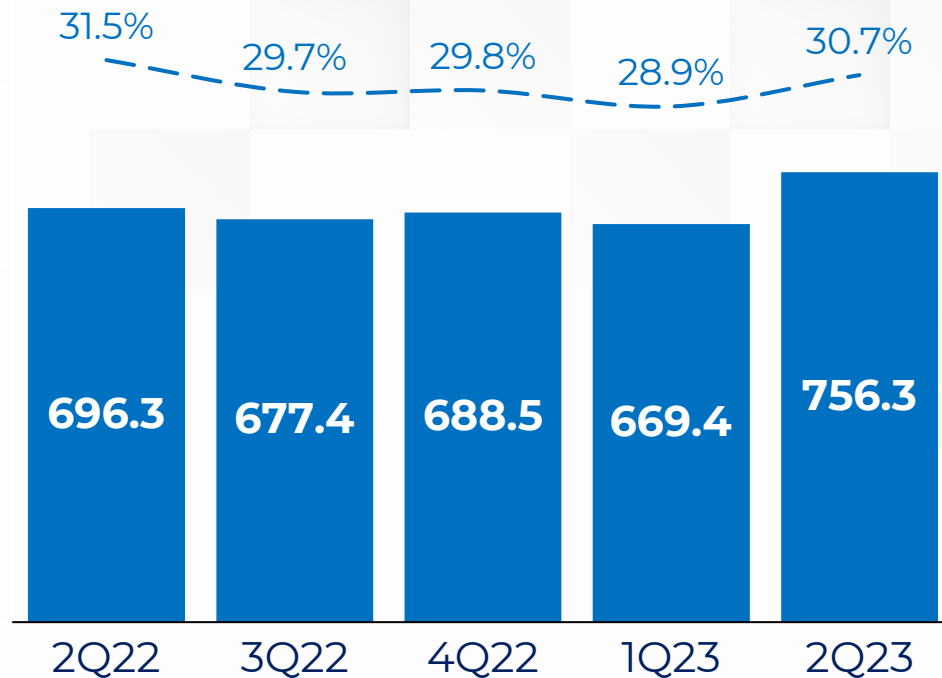
## PRIVATE LABEL PENETRATION (% of total sales)



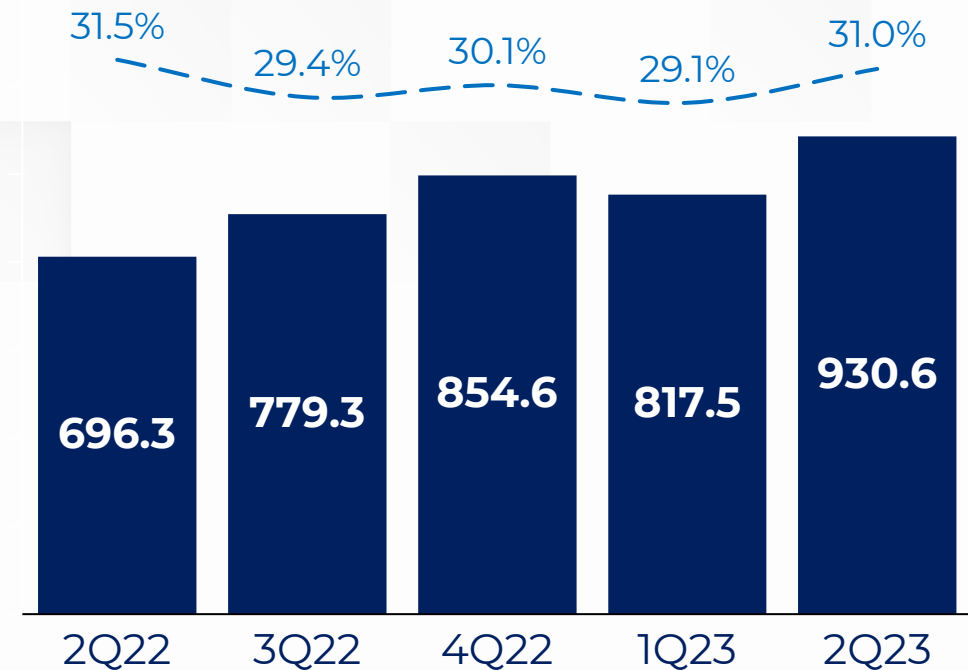
# Gross Profit

*Strong comparison base due to the high price increase in 2Q22*

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



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

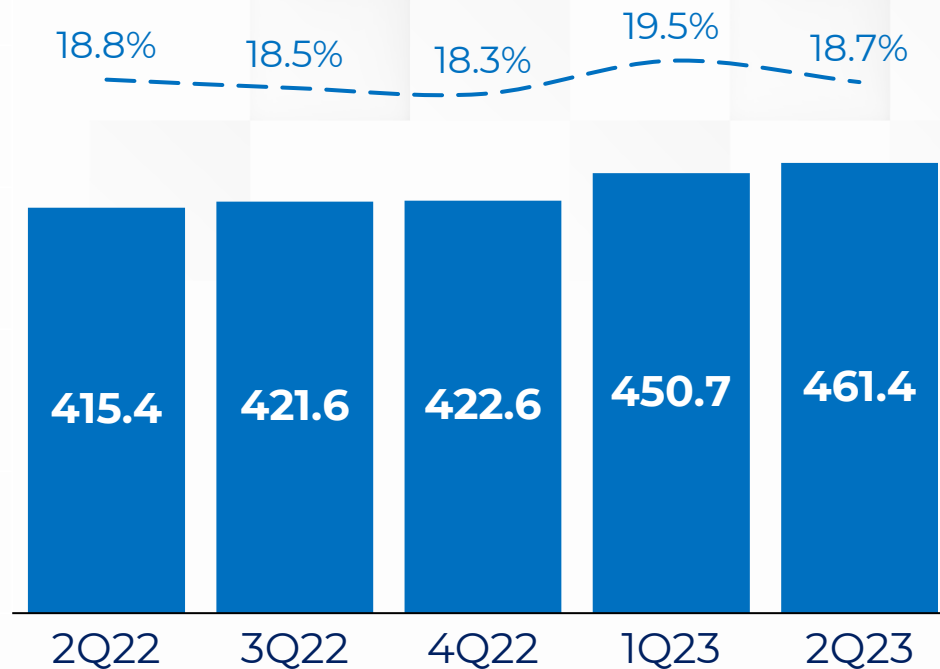


Note: IFRS16 numbers adjusted for non-recurring effects.  
Consolidated data considers Extrafarma results as of August 2022.

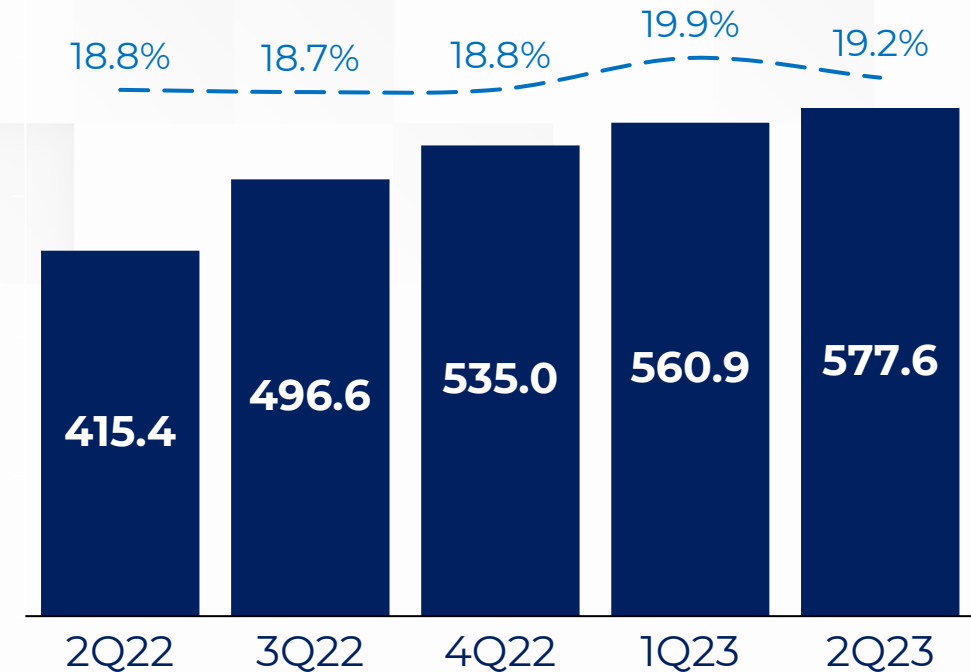
# Selling Expenses

Positive trend, with increased productivity and inflationary slowdown

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



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



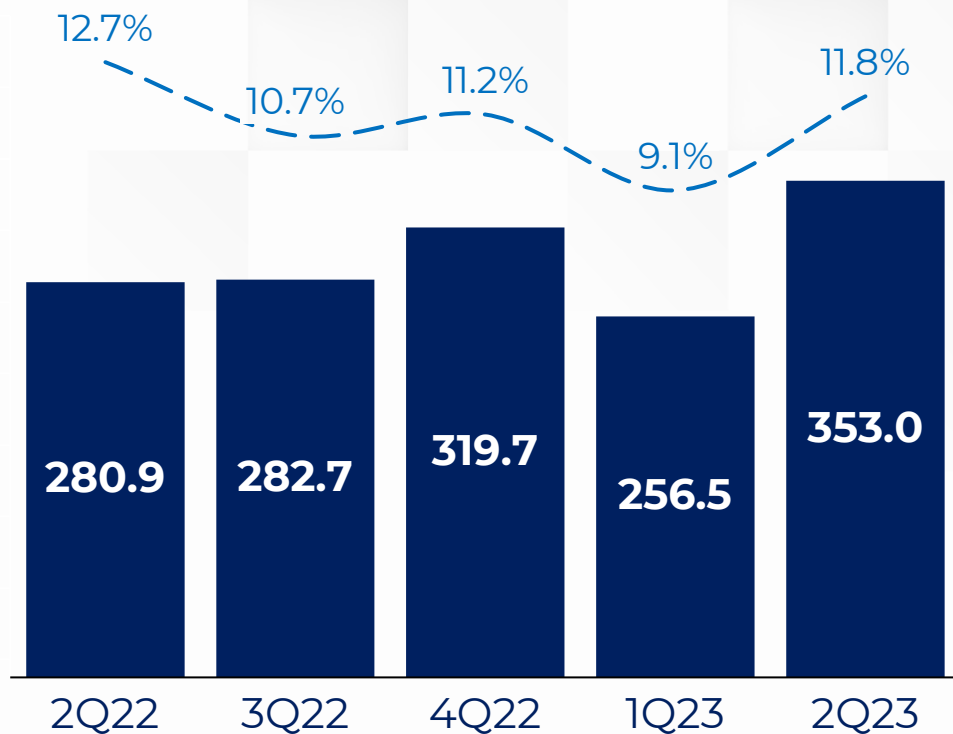
Note: IFRS16 numbers adjusted for non-recurring effects.  
Consolidated data considers Extrafarma results as of August 2022.

# Contribution Margin

Profitability gap gradually closing between Pague Menos and Extrafarma

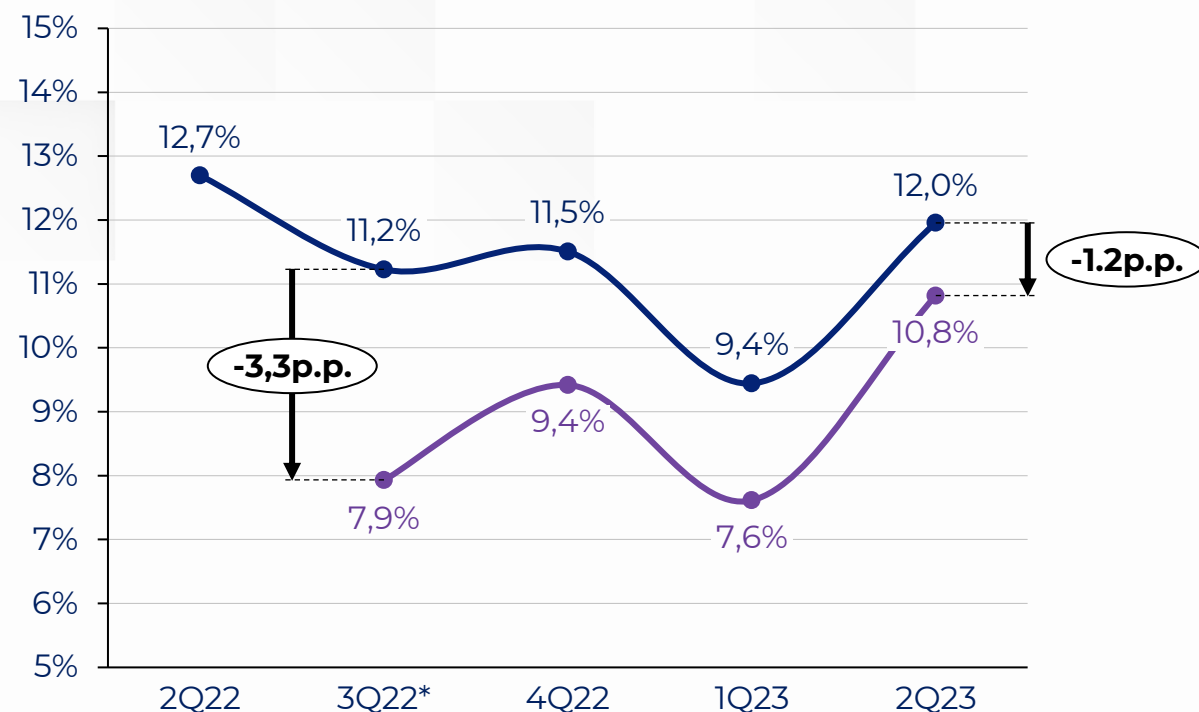


## CONSOLIDATED CONTRIBUTION MARGIN (BRL million and % of Gross Revenue)



## CONTRIBUTION MARGIN BY BANNER (% of Gross Revenue)

● Pague Menos ● Extrafarma

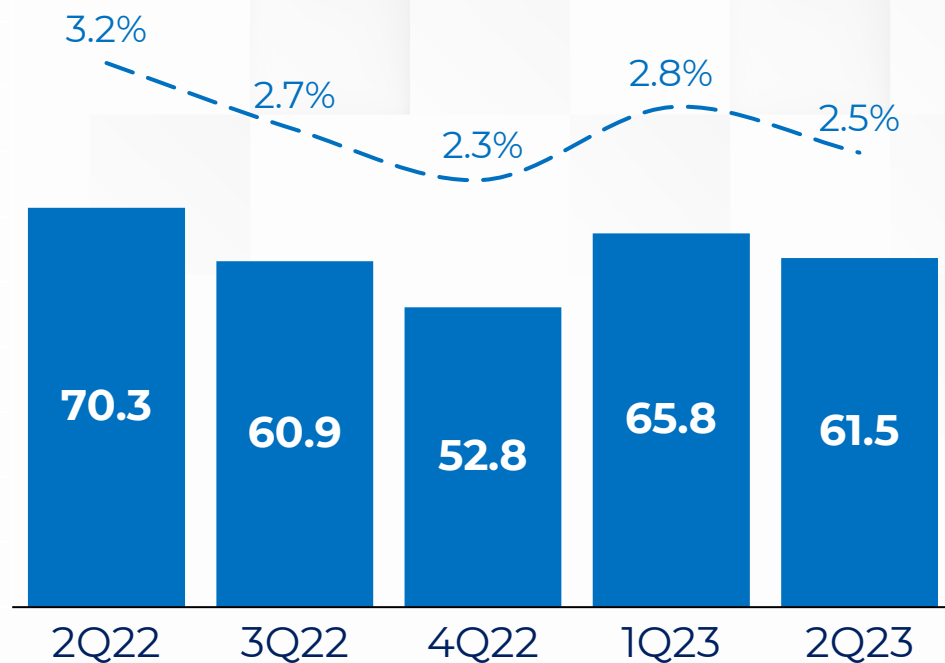


Note: IFRS16 numbers adjusted for non-recurring effects.  
Consolidated data considers Extrafarma results as of August 2022.

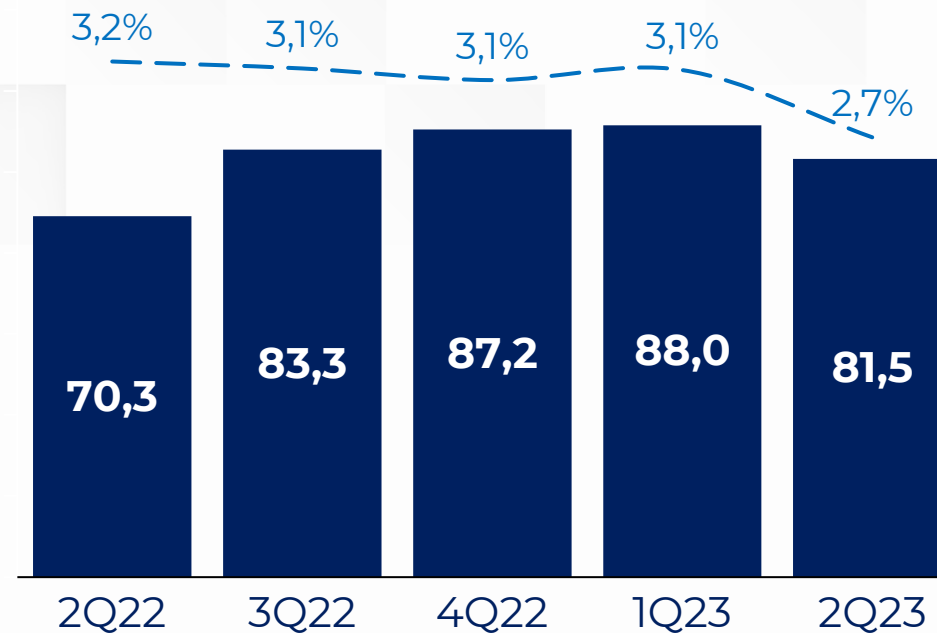
# G&A Expenses

*Strong dilution of indirect expenses, a result of corporate synergies*

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



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



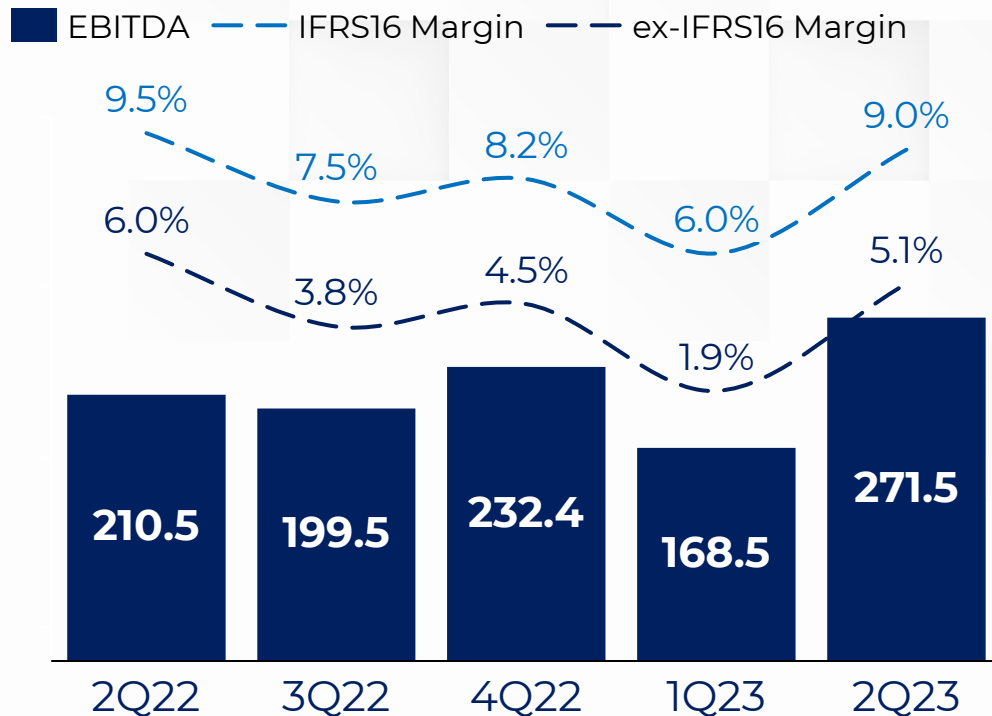
Note: IFRS16 numbers adjusted for non-recurring effects.  
Consolidated data considers Extrafarma results as of August 2022.

# Adjusted EBITDA

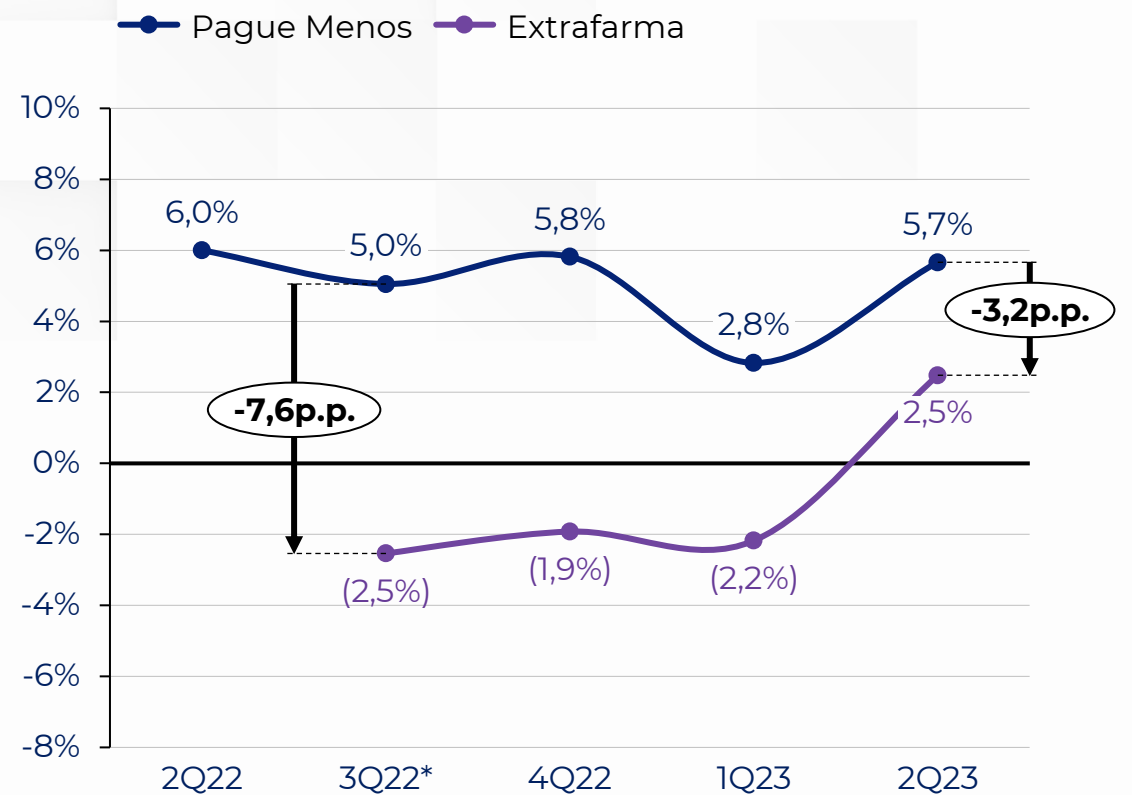
28.9% expansion in consolidated EBITDA, with rapid catch-up of Extrafarma



## AJUSTED CONSOLIDATED EBITDA (BRL million and % of Gross Revenue)



## EX-IFRS16 EBITDA MARGIN BY BANNER (% of Gross Revenue)



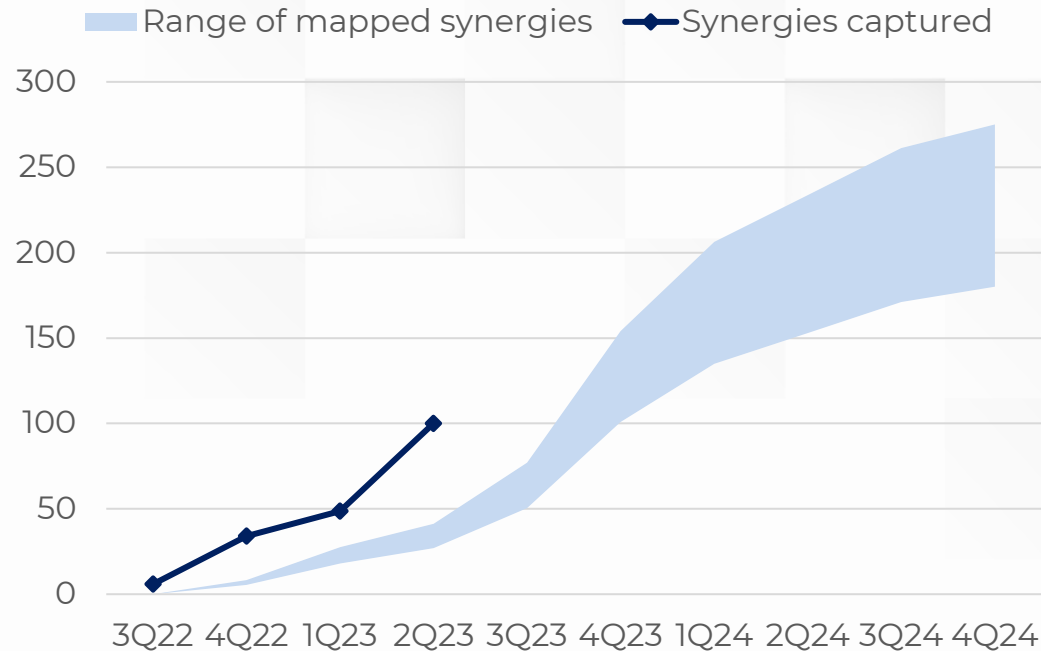
Note: IFRS16 numbers adjusted for non-recurring effects.  
Consolidated data considers Extrafarma results as of August 2022.

# Extrafarma Synergies

Capture of synergies two quarters ahead of the integration plan



## SYNERGIES CAPTURE CURVE (BRL million)



**R\$25M in synergies** captured in 2Q23  
(~R\$ 100M annualized – 44% of potential)



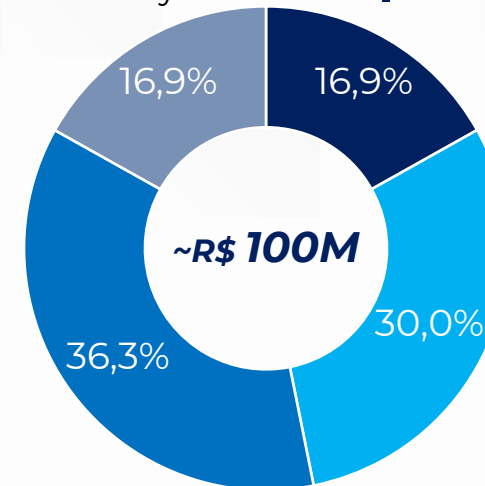
## SYNERGY LEVRS (% of total)

### Logistics

- Freight reduction
- Tax optimization
- Operational efficiency

### Sales

- Inventory stockout
- Digital channels
- Assortment increase



### SG&A

- Organizational restructuring
- Supplier convergence
- Productivity

### Gross Margin

- Trading conditions
- Private label
- Pricing optimization

# Adjusted Net Income

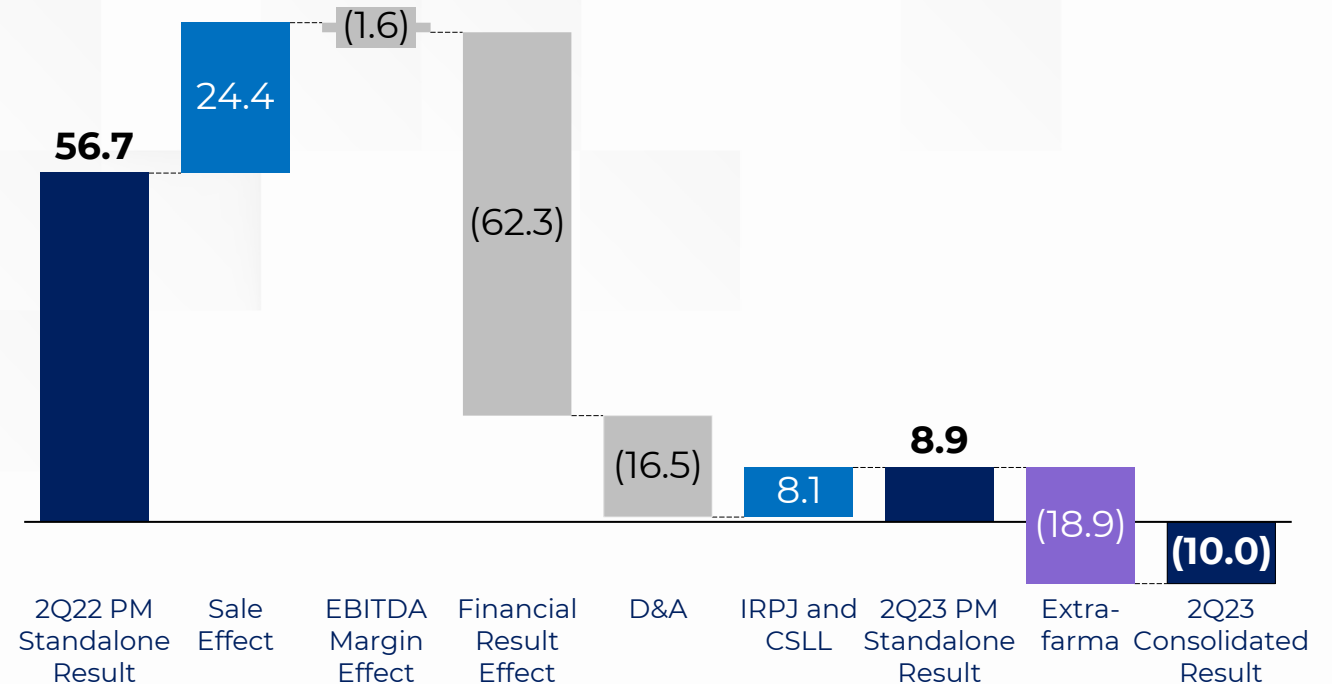
Financial Result is the main detractor of net income, but should decrease from 3Q23



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



**NET INCOME BRIGDE**  
(BRL million)



Note: IFRS16 numbers adjusted for non-recurring effects.  
Consolidated data considers Extrafarma results as of August 2022.

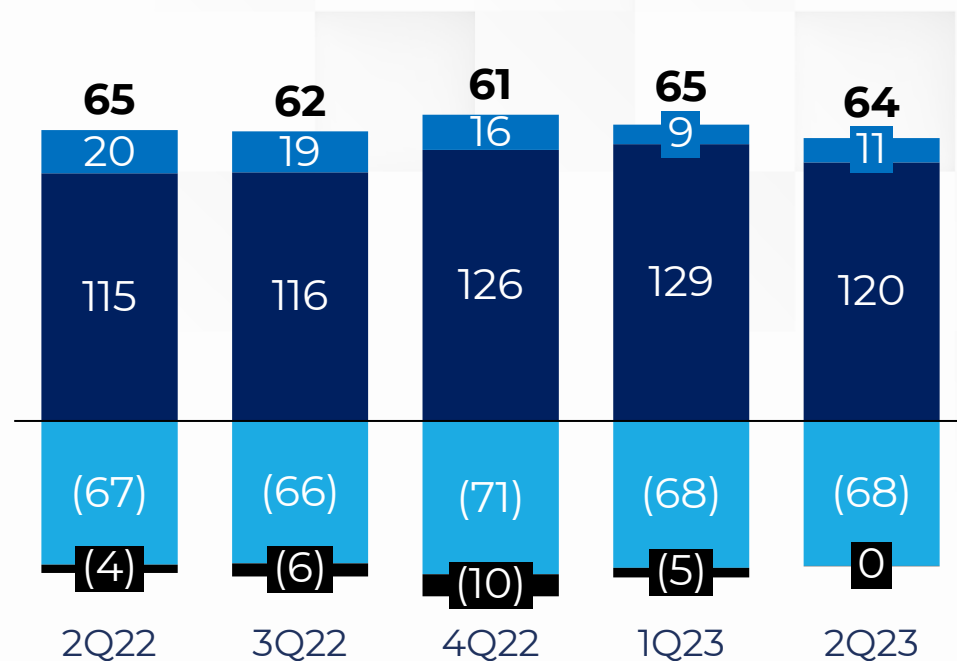


# Cash Cycle and Indebtedness

Acceleration of inventory turnover contributing to the stabilization of cash cycle and leverage levels, which will begin the downward trajectory from 3Q23, especially with capitalization.



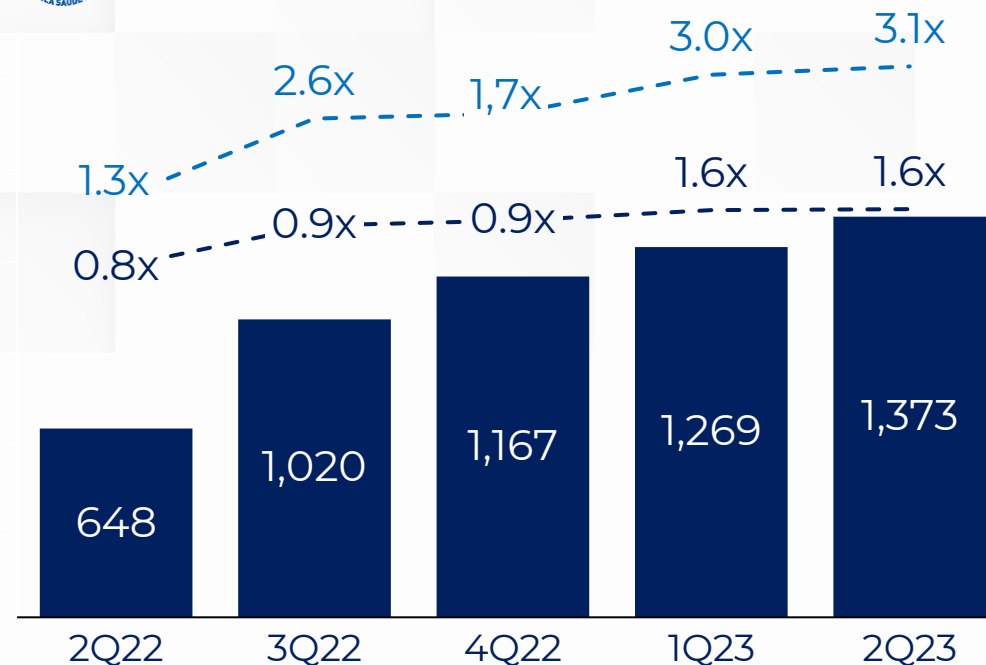
**CONSOLIDATED CASH CYCLE**  
(in days of COGS and days of Gross Revenue)



■ Receivables    ■ Suppliers  
■ Inventory    ■ Forfait



**CONSOLIDATED NET DEBT & LEVERAGE RATIO**  
(in R\$ million and multiple of EBITDA)



■ Net Debt  
--- Net Debt / EBITDA  
- - - Net Debt / EBITDA (ex-IFRS16)

Note: Net debt does not considers forfait operations

# Private Capital Increase

Rebalanced capital structure will increase profitability and enable the resumption of investments



## RATIONALE OF THE OFFER

**Strengthening in the capital structure**, with reduction of financial expenses and increase of profitability levels, **enabling the Company to continue investing** in new stores, with potential market share gains.



## INITIAL COMMITMENT

Commitment to participate in the offer by **82% of the shareholders** (founders and General Atlantic).



## TRANSACTION STRUCTURE

<b>PRICE PER SHARE</b>	R\$ 4,26 (Volume-weighted average price of the last trading days) <sup>1</sup>
<b>WARRANTS</b>	1 to 3 subscribed shares
<b>VOLUME</b>	Between R\$ 328 million and R\$ 533 million (R\$ 400 million in 3Q23 and R\$ 133 million until 3Q25 via subscription bonus)
<b>SUBSCRIPTION PERIOD</b>	09/11/2023
<b>TREATMENT OF LEFTOVERS</b>	1 round of leftovers subscription
<b>WARRANTS EXERCISE PERIOD</b>	24 months

<sup>1</sup> Average volume-weighted closing price from 07/31/2023 to 08/04/2023

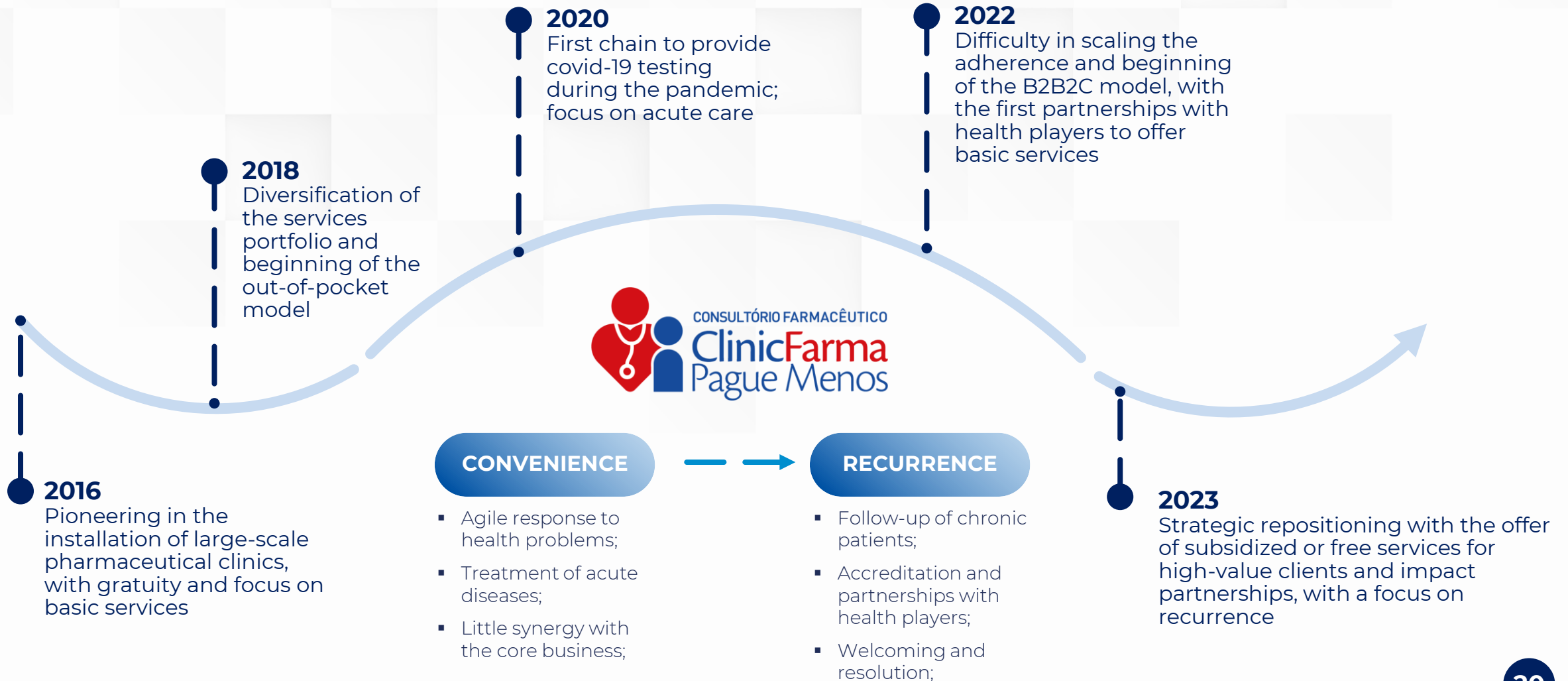


# Health Hub & Digital Channels

Renato Camargo, CMO

# Clinic Farma Roadmap

Transitioning from an "out of pocket" model to a recurring use platform

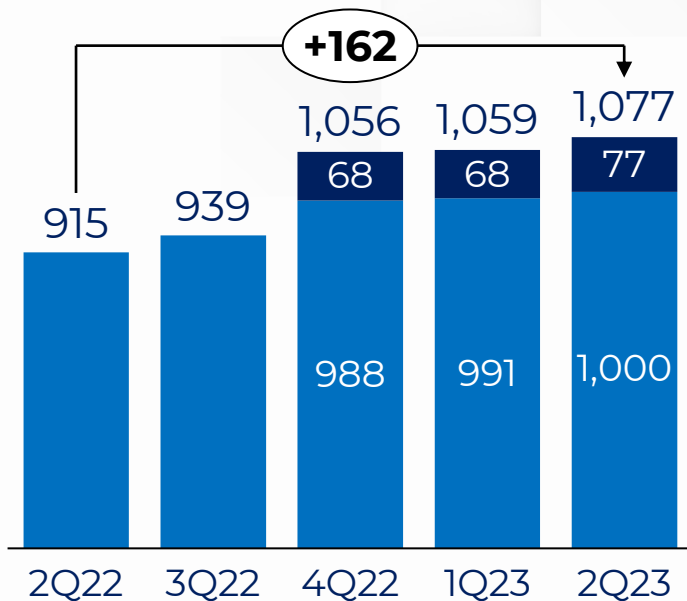


# Clinic Farma KPIs

Record figures in 2Q23

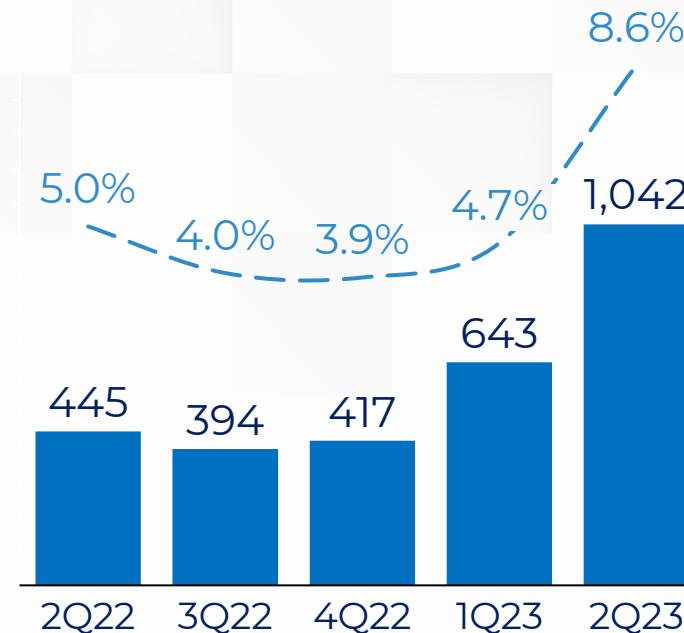
## PHARMACEUTICAL CLINICS (units)

■ Extrafarma ■ Pague Menos



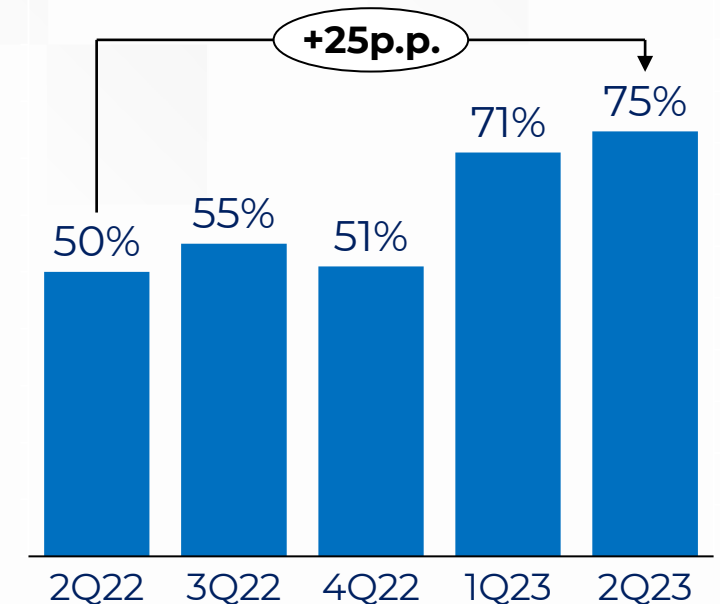
## CUSTOMER ADHERENCE

(in thousands of consultations and % of total customers)



## CONVERSION

(% of customers purchasing products on the same day and store of consultation)

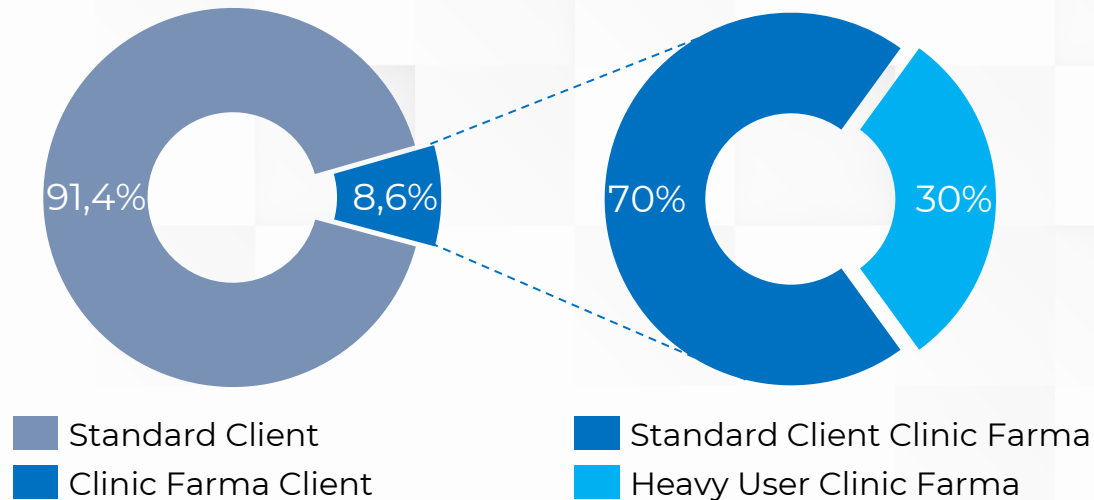


# Clinic Farma Clients

Customer segmentation highlights the synergies between Clinic Farma and our core business

## TOTAL CUSTOMERS

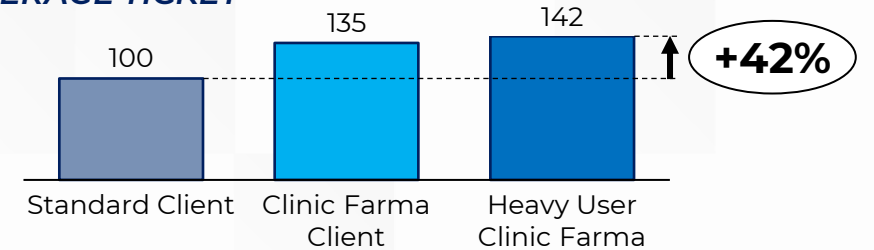
## CLINIC FARMA CLIENTS



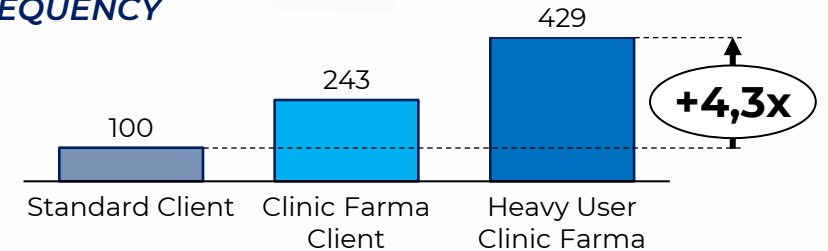
## ECONOMICS BY CUSTOMER GROUP

(values in base 100)

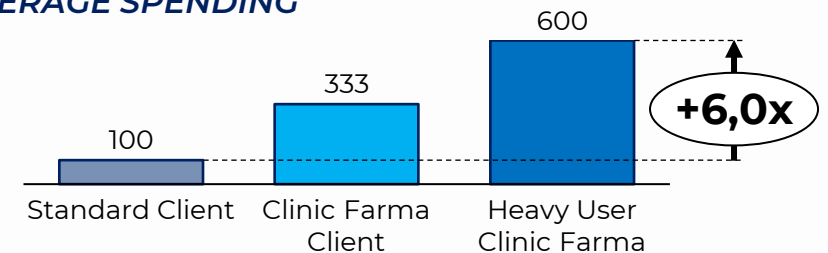
### AVERAGE TICKET



### FREQUENCY



### AVERAGE SPENDING



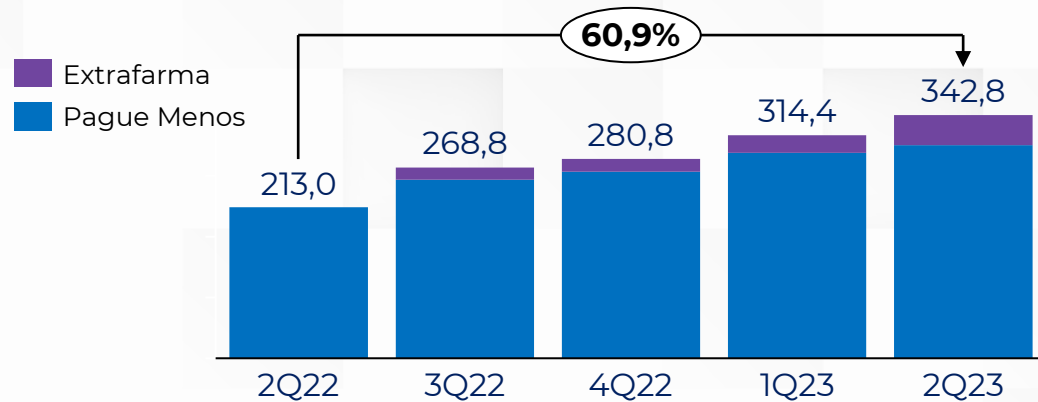
Relevant portion of Clinic Farma customers is already considered as heavy user in the channel, having an **average spend up to 6 times higher** to the Company's "standard" client

# Omnichannel Results

Another quarter of solid growth and market share gains

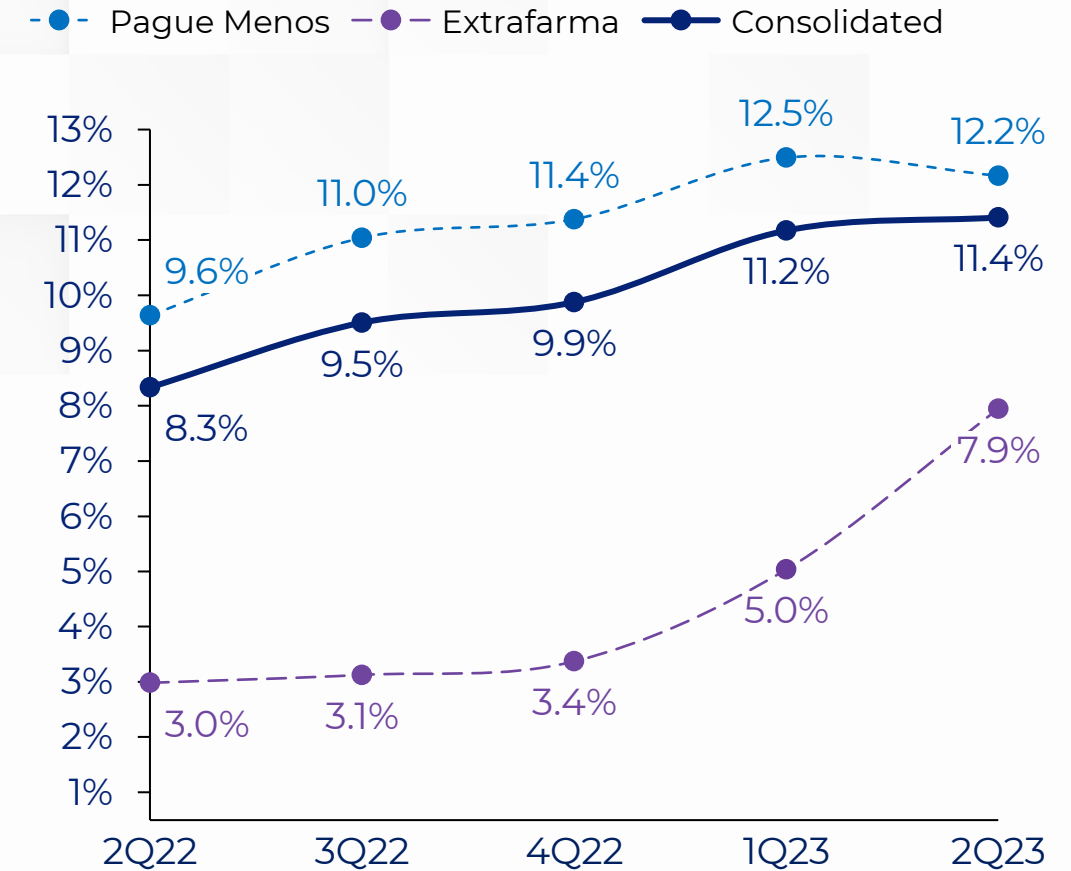
## DIGITAL CHANNELS REVENUE

(BRL million)



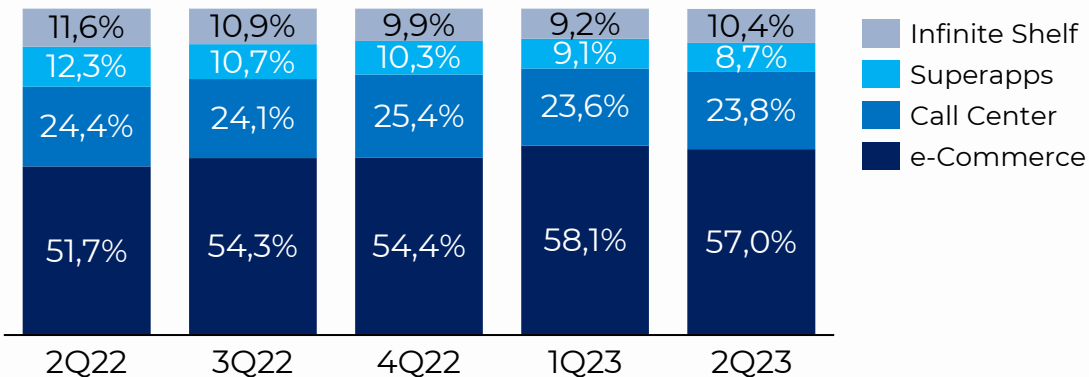
## DIGITAL CHANNELS PARTICIPATION

(% Gross Revenue)



## DIGITAL CHANNELS MIX

(% of channels revenue)





# Q&A

Foguettinos



#Foguettinos





 **PagueMenos**  
 **extrafarma**



Farmácia  
oficial da  
Seleção e  
da torcida  
brasileira.

**INVESTOR RELATIONS**

<http://ri.paguemenos.com.br>

ri@pmenos.com.br

+55 (85) 3255-5544