

4Q22 / 2022 EARNINGS

CONFERENCE CALL



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.



4Q22 / 2022 Results

Luiz Novais, CFO

4Q22 Highlights

A quarter of strong margin expansion and beginning of Extrafarma synergies capture

SAME STORE SALES



6.8% *Pague Menos*
12.0% *Extrafarma*

EBITDA MARGIN (*Pague Menos*)



9.2% of gross revenue
(+1.5 p.p. vs. 4Q21)

EBITDA Margin (*CONSOLIDATED*)



8.2% of gross revenue
(+0.5 p.p. vs. 4Q21)

OMNICHANNEL SALES



11.4% *Pague Menos*
3.4% *Extrafarma*

EXTRAFARMA INTEGRATION



100% of DCs¹
migrated to the new structure

CAPTURE OF SYNERGIES



BRL 34.0M
on an annual basis

¹ Distribution Centers

Highlights 2022

Third consecutive year of sustainable growth in sales and profitability

GROSS REVENUE¹



+10.5% vs 2021

+9.5% CAGR 3 years

Adjusted EBITDA¹



+16.4% vs 2021

+15.9% CAGR 3 years

ADJUSTED NET PROFIT¹



+8.7% vs 2021

+41.4% CAGR 2 years²

NETWORK EXPANSION



+500 new stores

(organic ex. + Extrafarma)

DIGITAL ACCELERATION



~BRL 1 billion in

sales (+52% vs 2021)

CUSTOMER BASE (ACTIVE³)



~19 MILLION

(+26% vs 2021)

¹ only considers Pague Menos, due to the initial stage of integration and Extrafarma turnaround

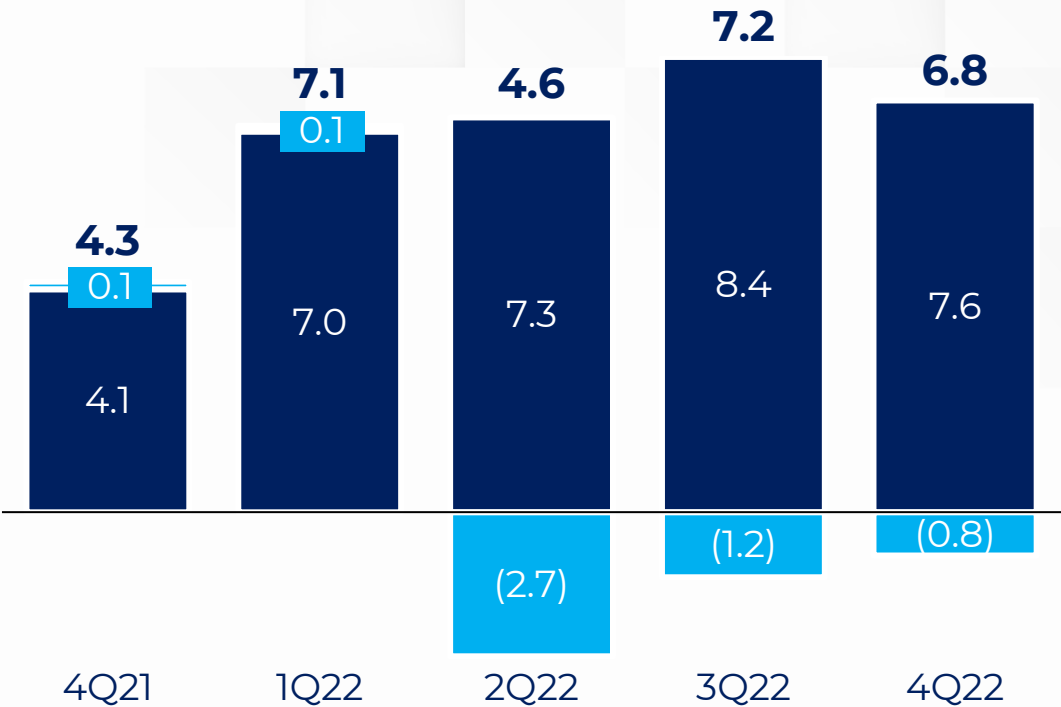
² 3-year CAGR unavailable, since in 2019 Pague Menos presented a negative net result

³ Customers who made purchases in the last 12 months

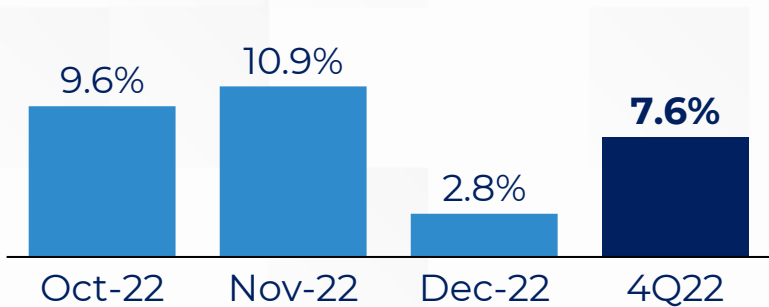
Pague Menos Sales

Same Store Sales for the year of 7.6% excluding atypical Covid testing sales
In 4Q22, December grew less than October and November

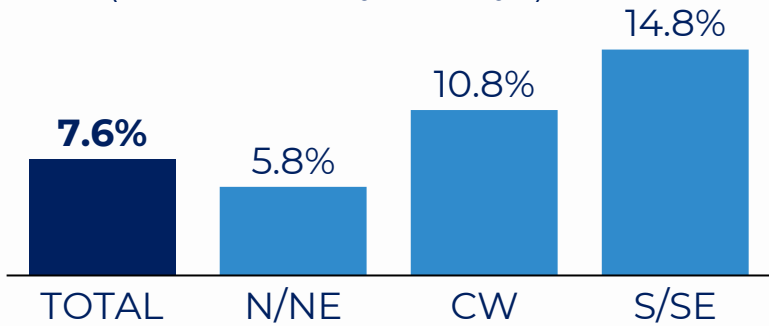
 **SAME STORE GROWTH (SSS)**
(Variation %)
 Covid Tests  ex Covid Tests



 **SSS EX-COVID TESTS PER MONTH**
(Variation %)

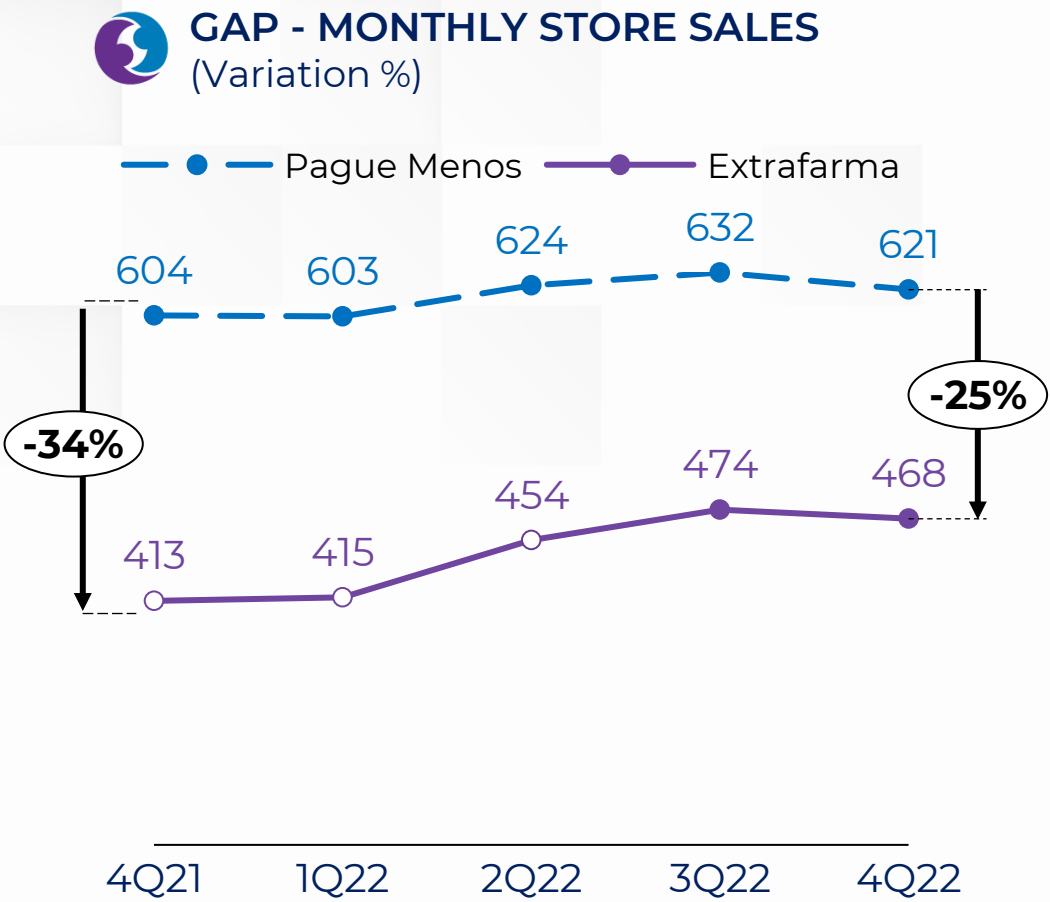
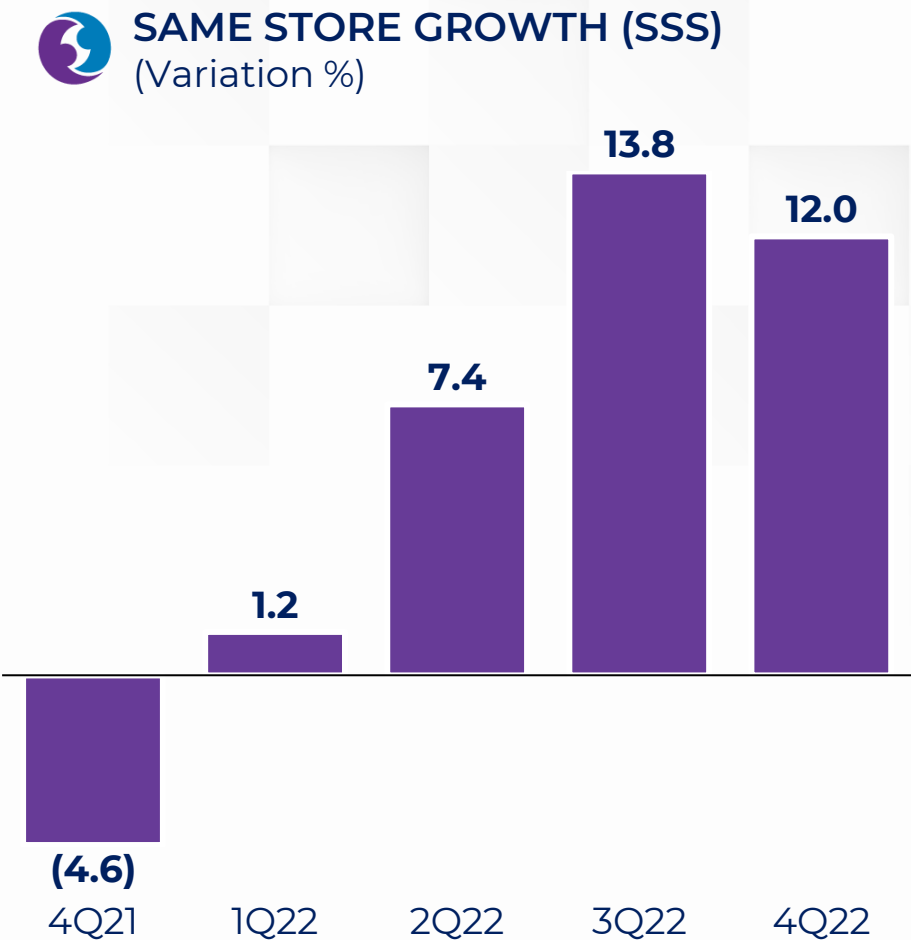


 **SSS EX-COVID TESTS BY REGION**
(variation % - 4Q22 vs 4Q21)



Extrafarma Sales

Accelerated pace of growth in same stores, reducing the gap to Pague Menos



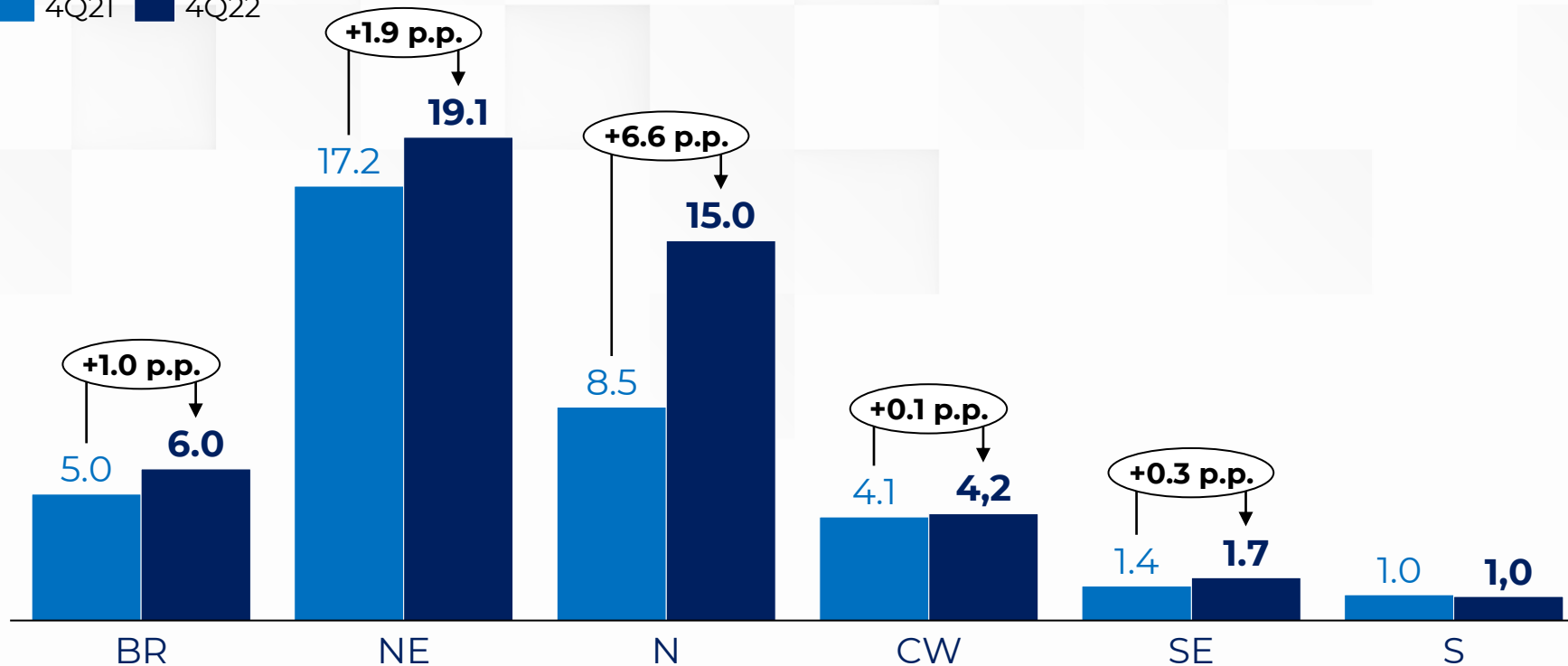
Market Share

Increased market share in all regions, combining organic and inorganic expansion

SHARE BY REGION

(% of total market)

■ 4Q21 ■ 4Q22



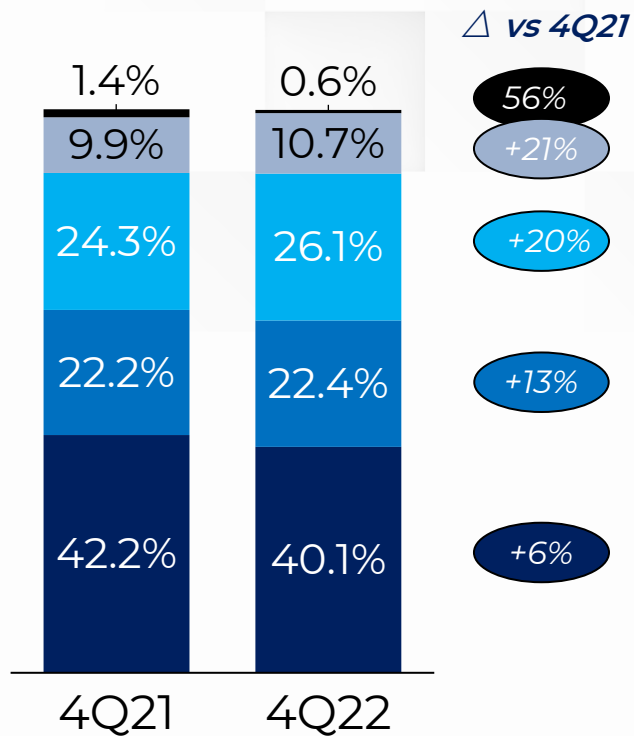
Source: IQVIA

Note: Includes Extrafarma only in 4Q22. Transaction closed in August, 2022.

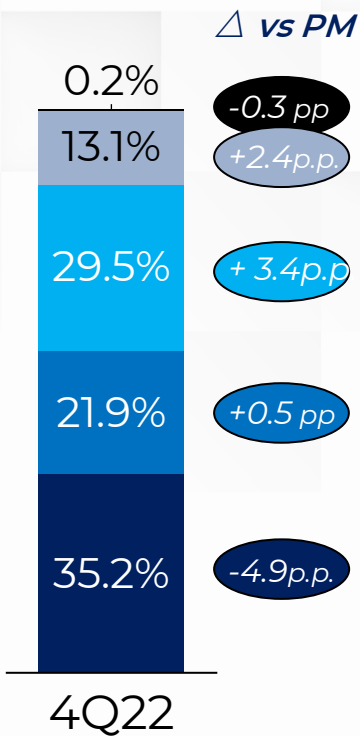
Sales Mix

Evolution in the favorable Mix of categories generating Gross Margin increase

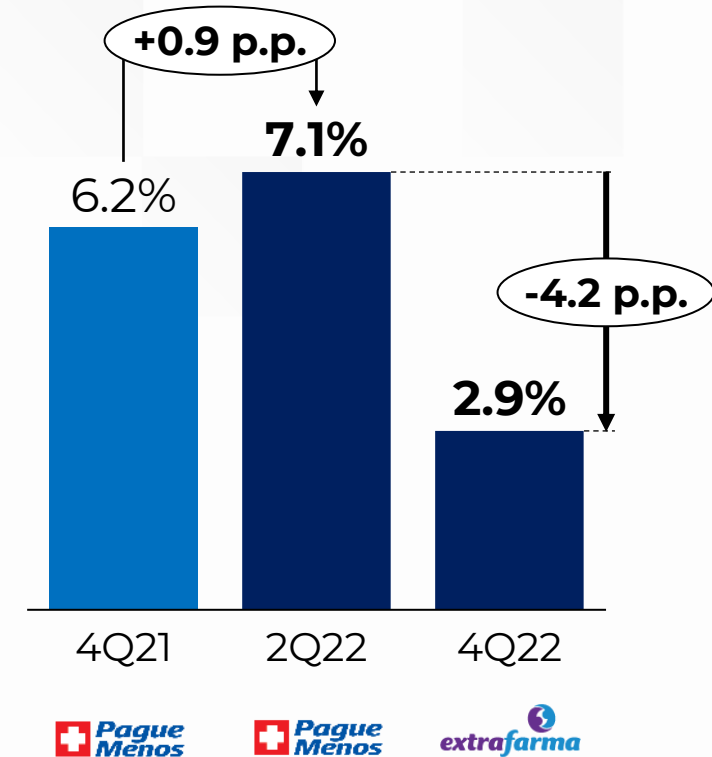
PAGUE MENOS (% of total sales)



EXTRAFARMA (% of total sales)



PRIVATE LABEL (% of total sales)



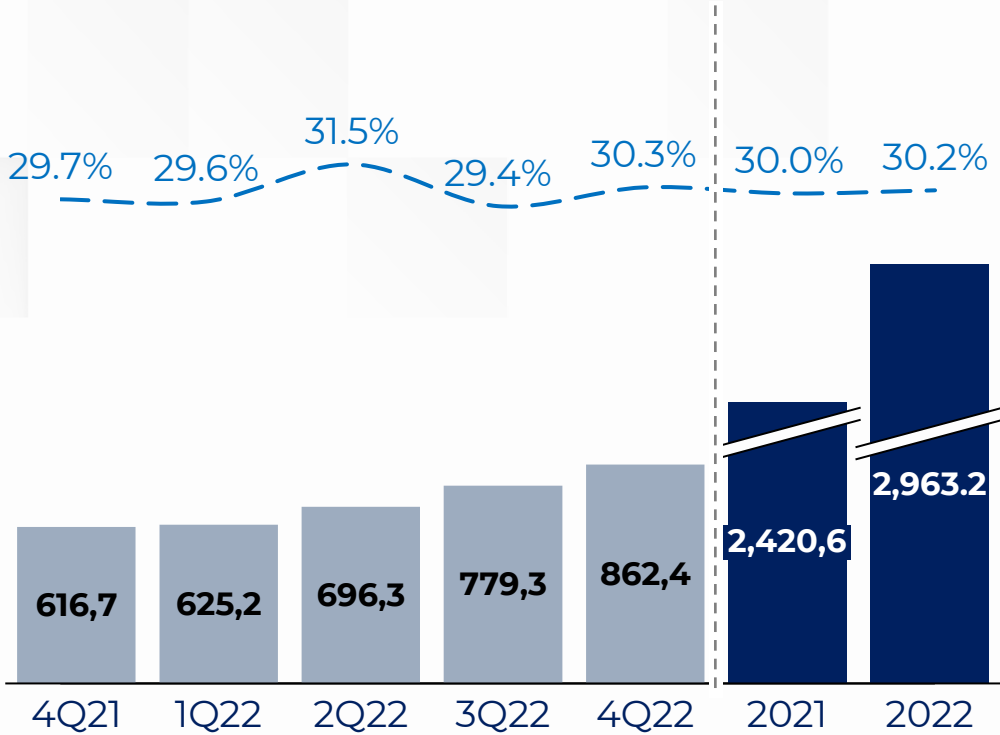
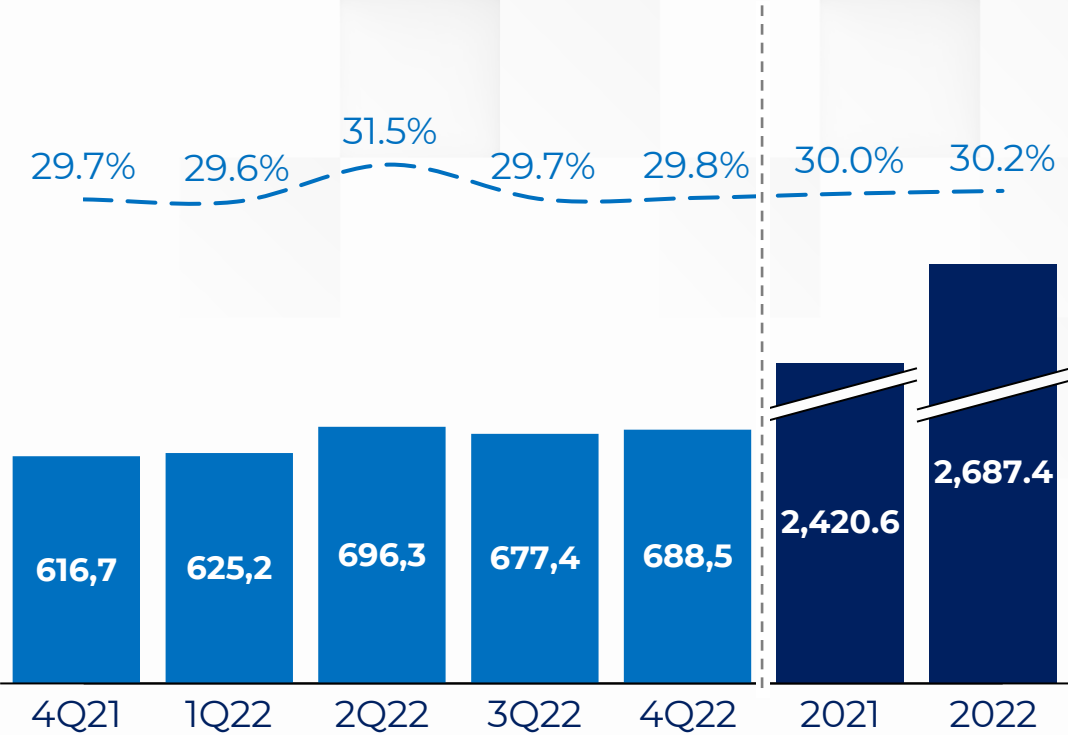
 Services
  Generics
  H&B
  OTC
  Branded

Profit and Gross Margin

Positive margin evolution at Pague Menos combined with advances in digital channels, agreements and partnerships; in the consolidated, start of capturing of synergies with Extrafarma

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

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

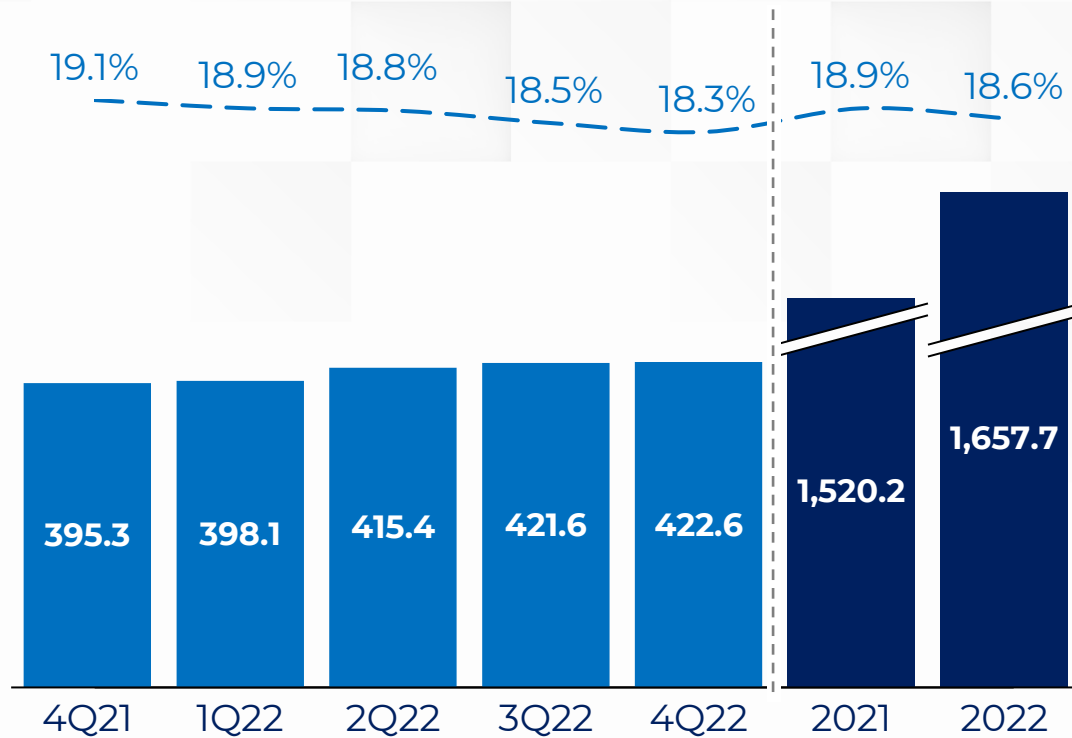


Note: IFRS16 numbers adjusted for non-recurring effects.
Consolidated data consider Extrafarma results starting from August 2022.

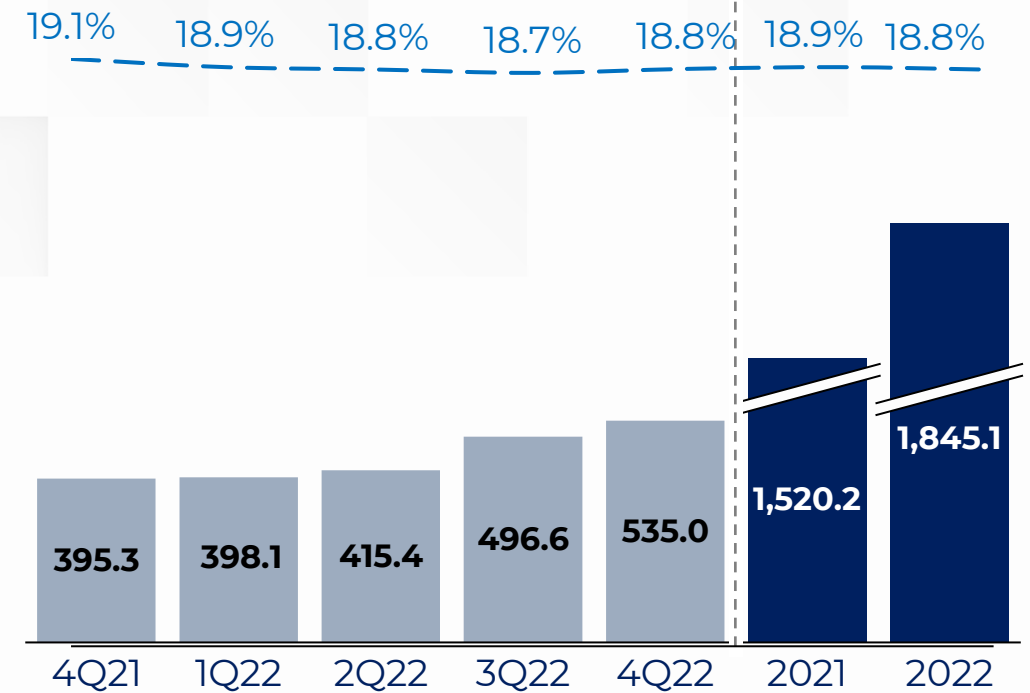
Selling Expenses

Consistent dilution of expenses in Pague Menos combined with the increase in the base of maturing stores

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



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

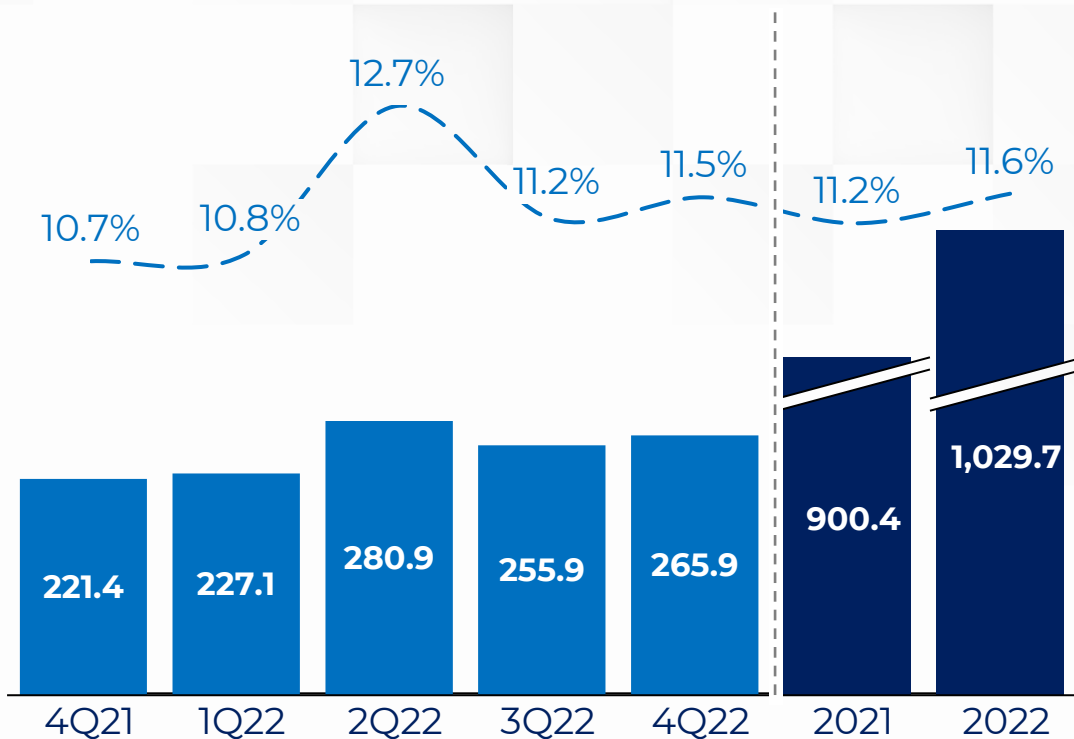


Note: IFRS16 numbers adjusted for non-recurring effects.
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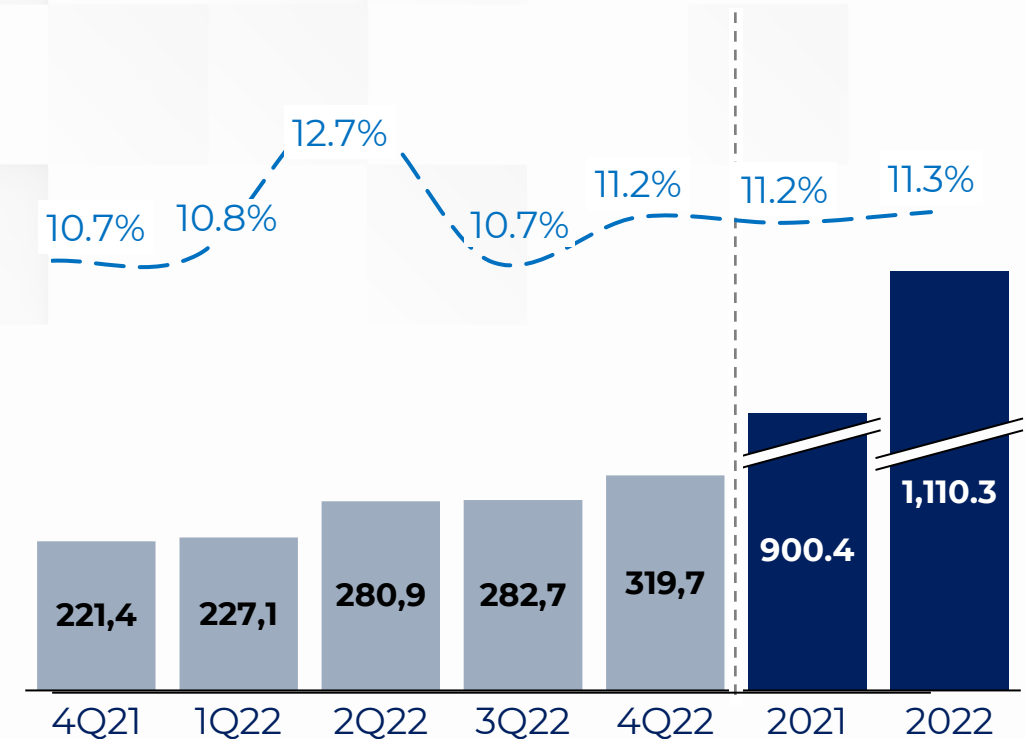
Contribution Margin

Relevant growth in store profitability, despite pressures from store openings acceleration

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



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

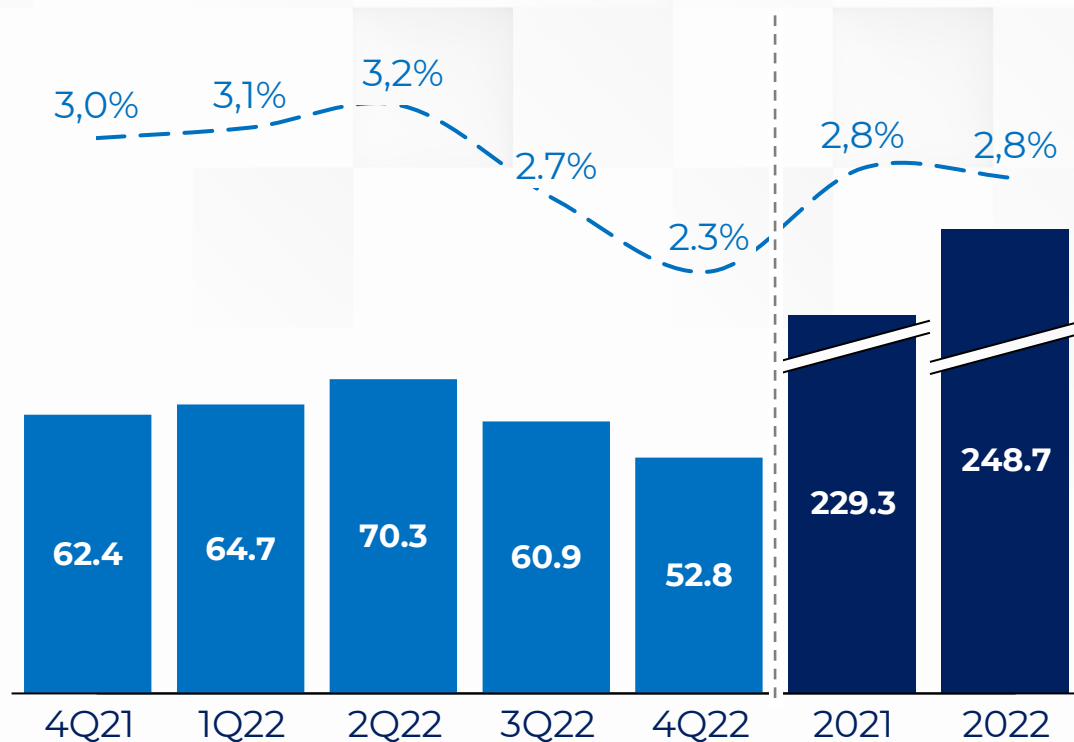


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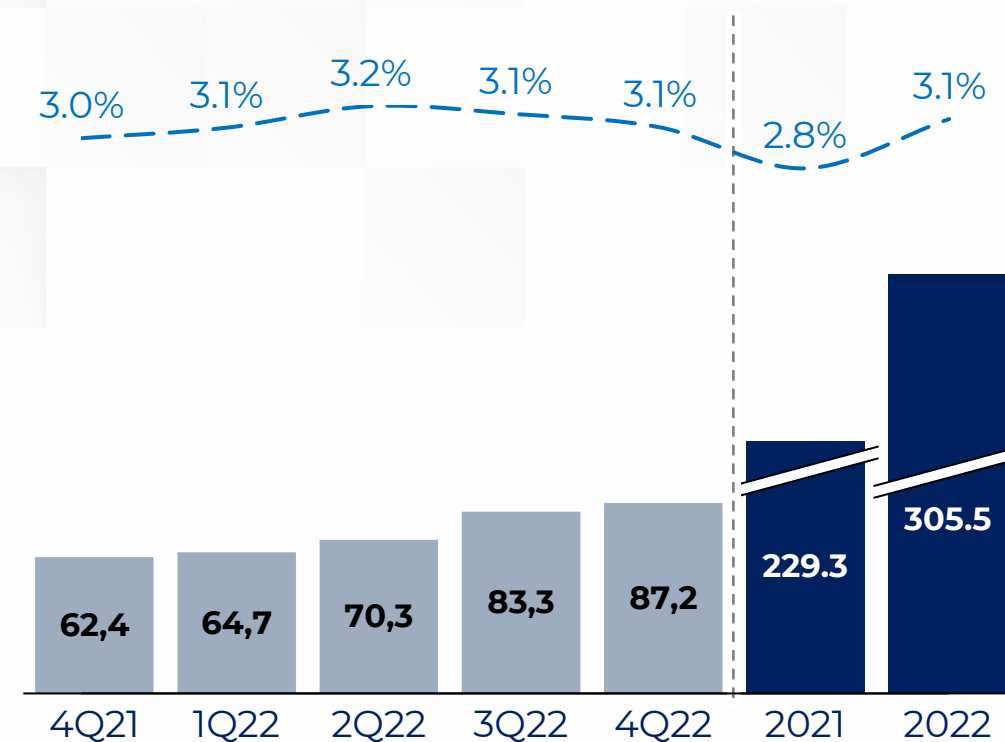
G&A Expenses

Expenses control in 4Q22 and start of capture of Extrafarma synergies

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



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

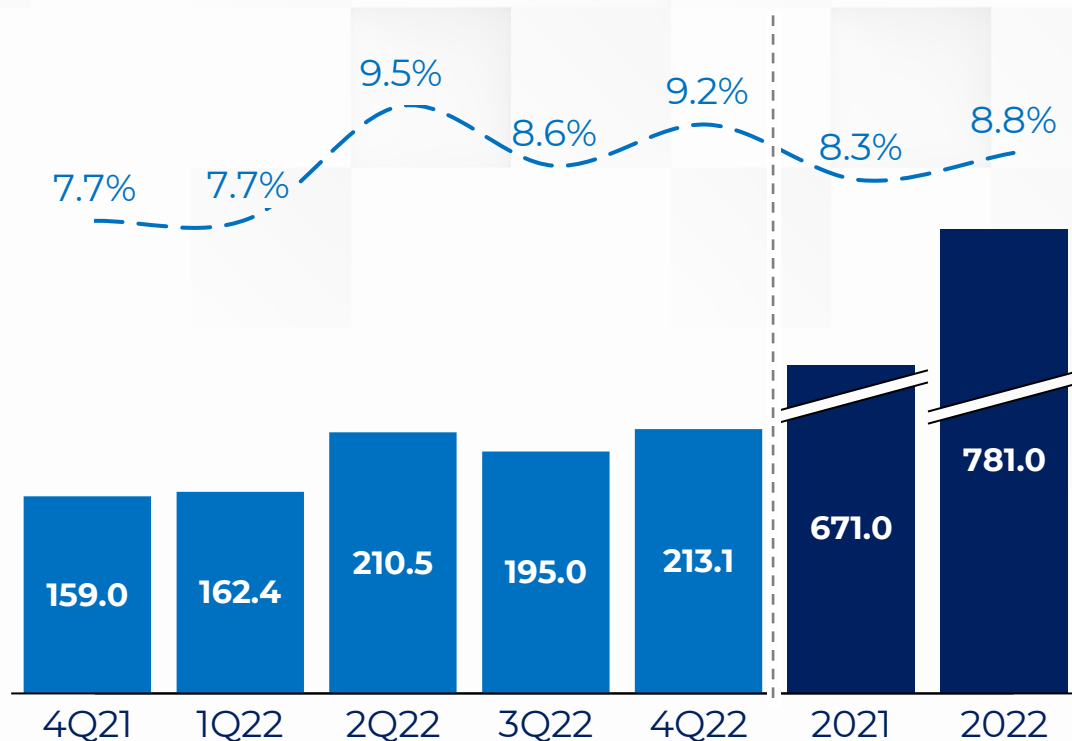


Note: IFRS16 numbers adjusted for non-recurring effects.
Consolidated data consider Extrafarma results starting from August 2022.

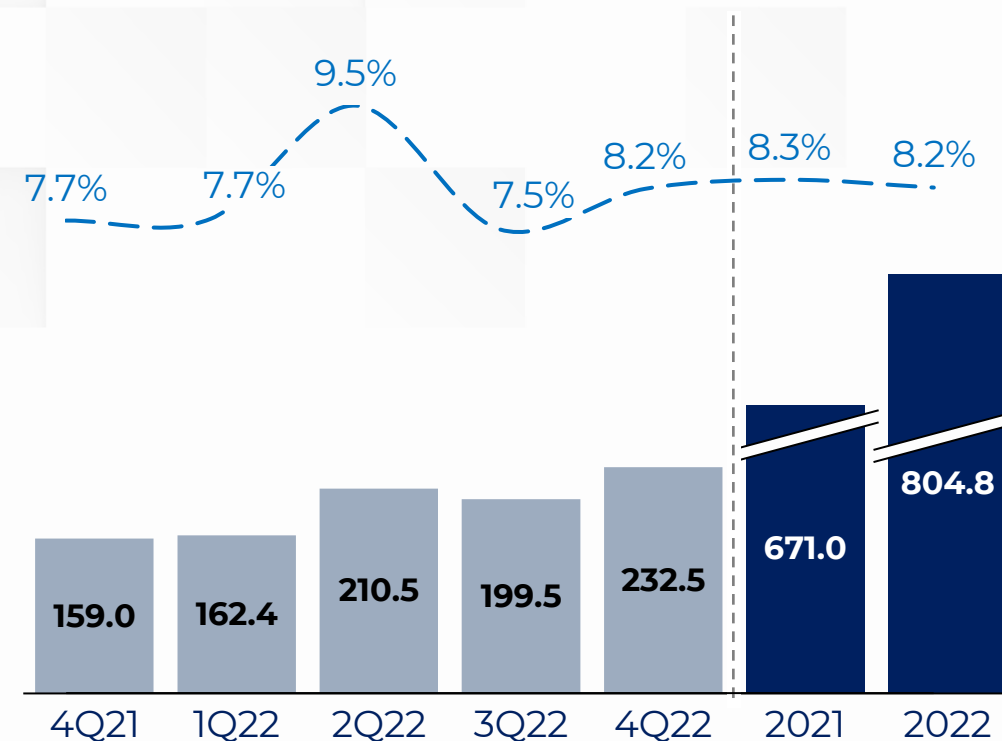
Adjusted EBITDA

Relevant growth in 4Q22 of 34% standalone and 46% consolidated

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



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

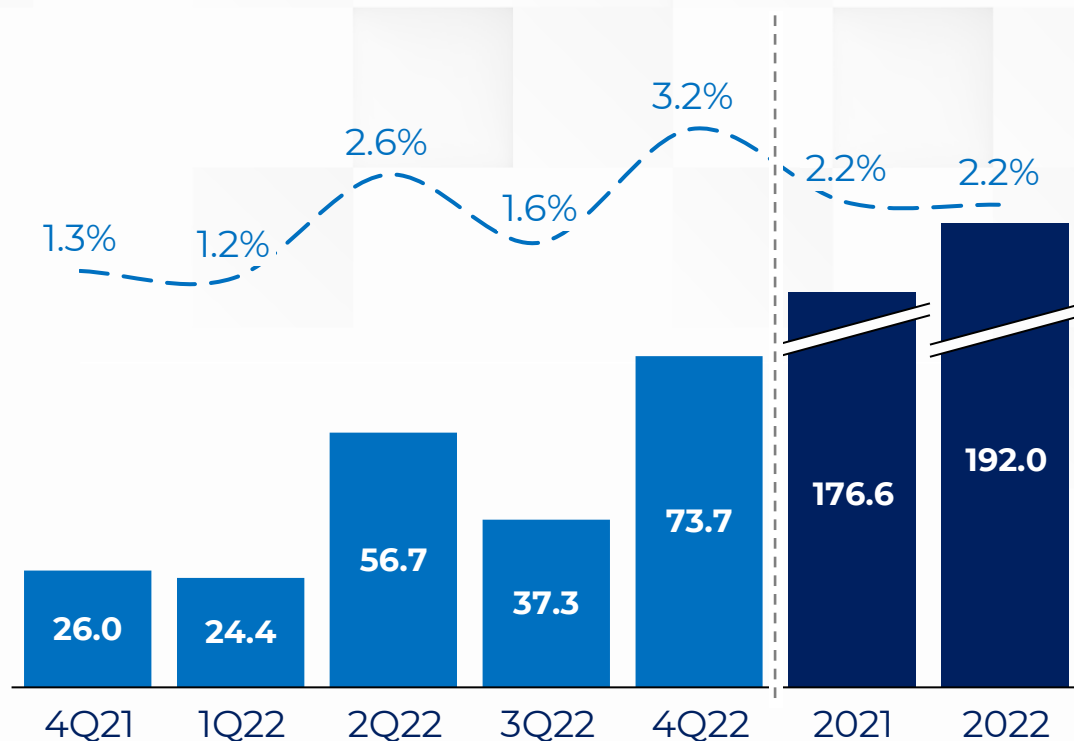


Note: IFRS16 numbers adjusted for non-recurring effects.
Consolidated data consider Extrafarma results starting from August 2022.

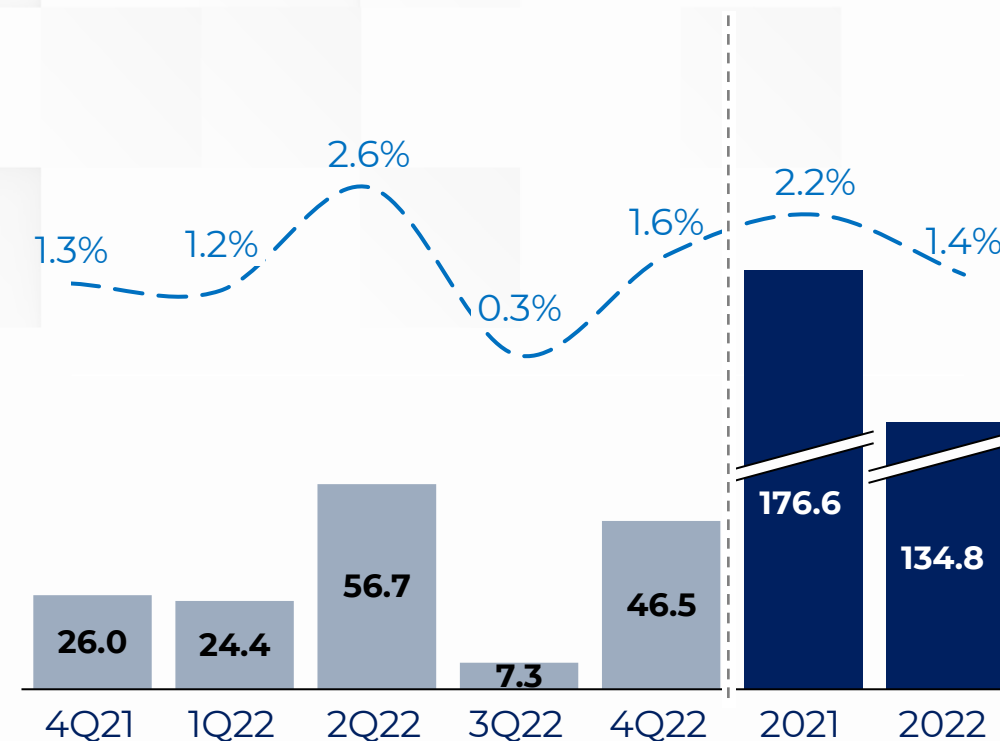
Adjusted Net Income

*In Pague Menos, relevant growth in Net Income of 183% in 4Q22 and 8.7% for the year;
In the consolidated numbers, impact of Extrafarma results*

STANDALONE ADJUSTED NET PROFIT (BRL million and % of Gross Revenue)



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



Note: IFRS16 numbers adjusted for non-recurring effects.
Consolidated data consider Extrafarma results starting from August 2022.

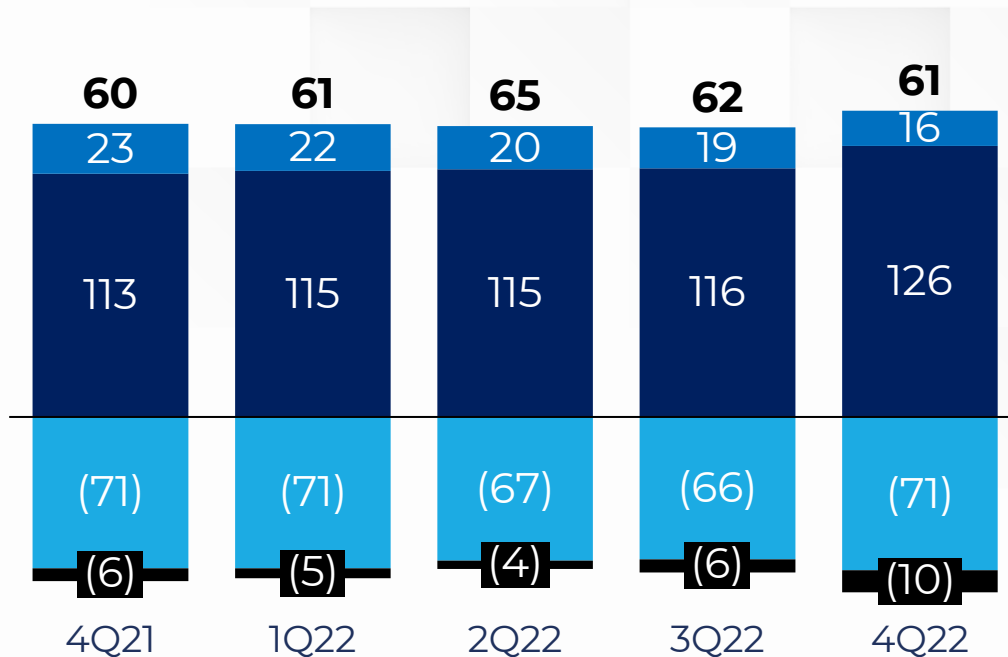
Cash Cycle and Debt

Investments in inventories financed with receivables and lengthened terms from suppliers



CONSOLIDATED CASH CYCLE

(in days of COGS and days of Gross Revenue)

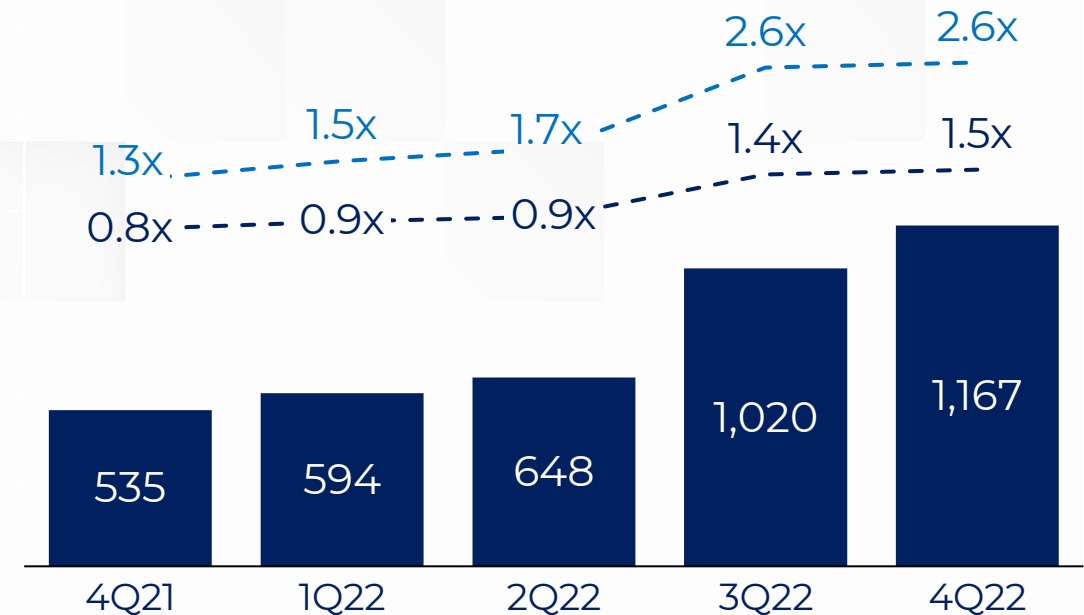


■ Accounts Receivable ■ Suppliers
■ Inventory ■ Forfait



CONSOLIDATED NET DEBT

(In BRL million and EBITDA multiple)



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

Note: Net Debt excludes forfait operations







Extrafarma Integration

Jose Rafael Vasquez, COO

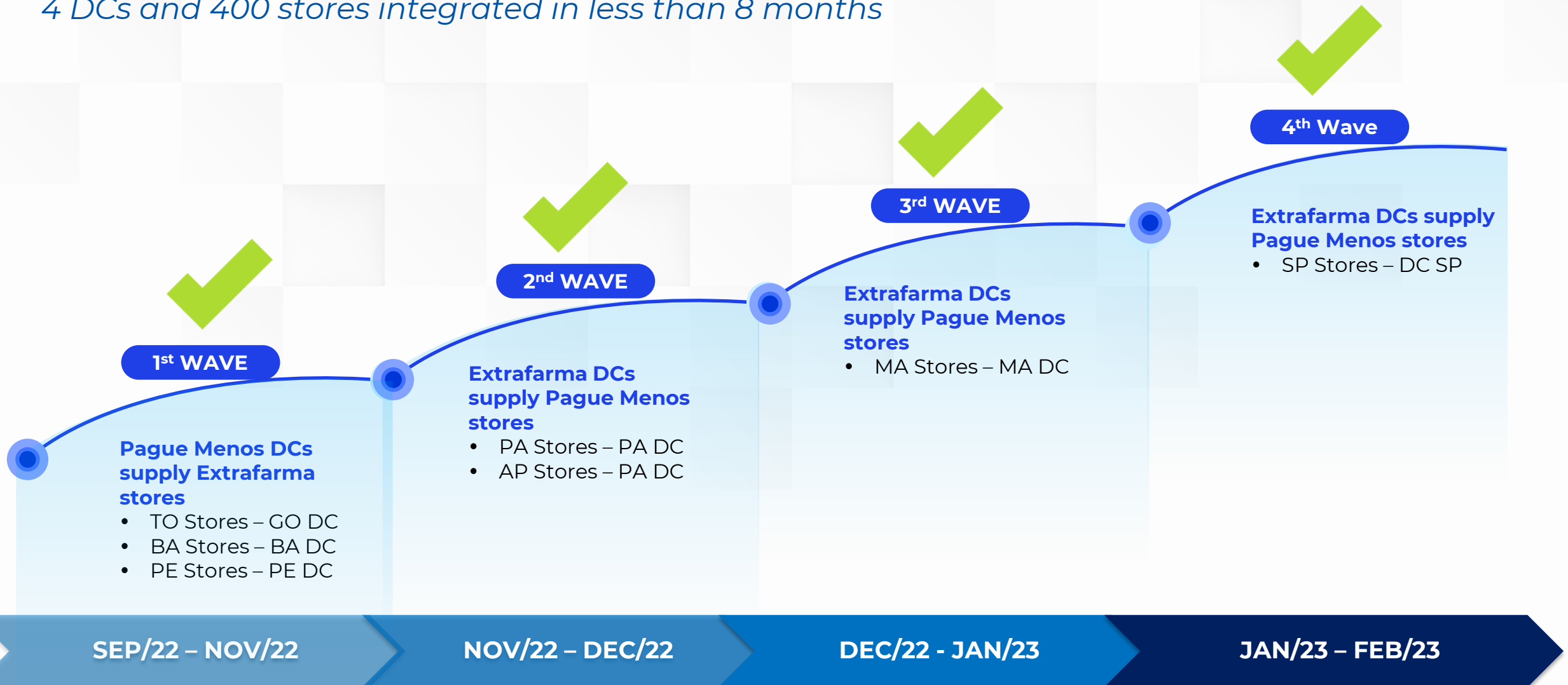
Integration Status

Important milestones achieved so far

 LOGISTICAL EFFICIENCY	 TECHNOLOGICAL INTEGRATION	 ORGANIZATIONAL UNIFICATION	 OPERATIONAL CONVERGENCE
<ul style="list-style-type: none">▪ All DCs integrated in January 2023, 1 month ahead of schedule▪ Reduction in the level of stock outs despite challenging scenario and industry timetable	<ul style="list-style-type: none">▪ All systems migrated to the Pague Menos infrastructure in February 2023, 3 months ahead of schedule▪ Installation of the new POS system in both Pague Menos and Extrafarma	<ul style="list-style-type: none">▪ Redesign of organizational corporate structure▪ Centralization of contracts with single suppliers▪ Engagement to align corporate culture	<ul style="list-style-type: none">▪ Levelling of payment terms with suppliers completed▪ Levelling of purchases prices in progress (70% complete)▪ Start of optimization Store footprint (22 stores converted or closed)

Logistics Integration

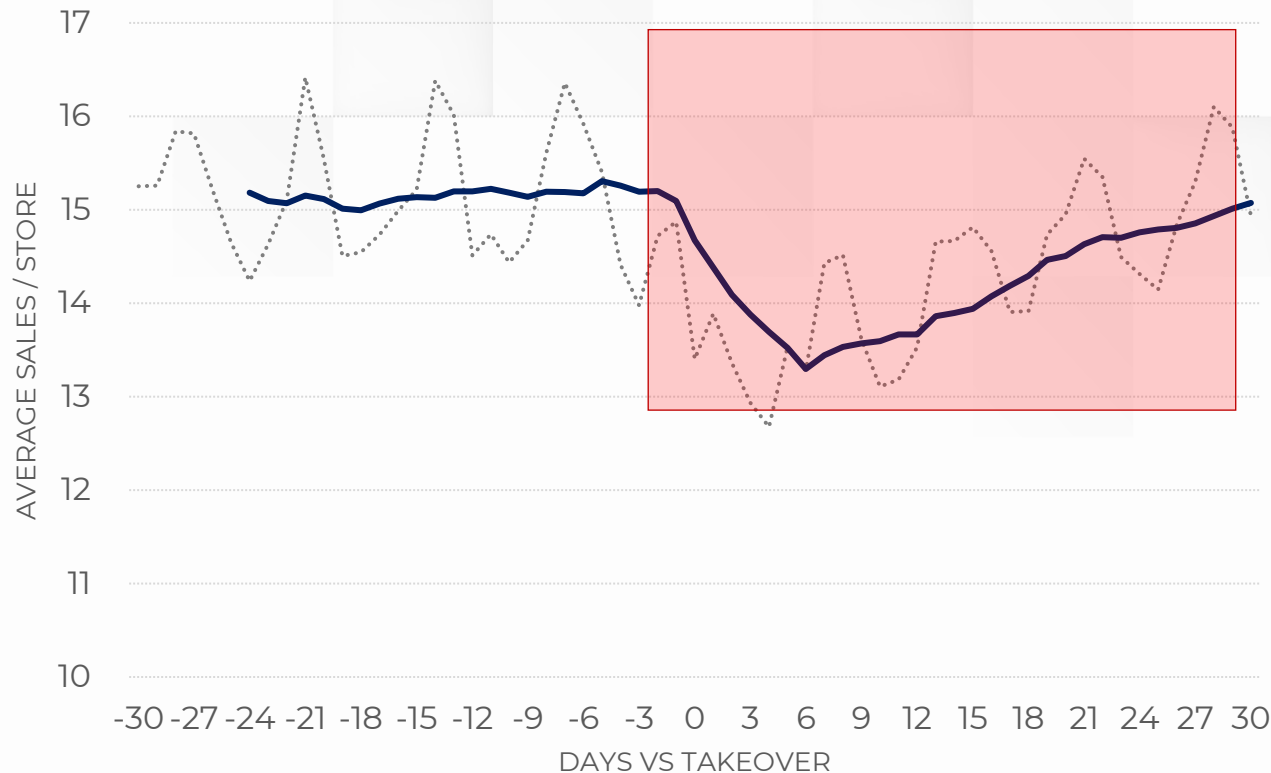
4 DCs and 400 stores integrated in less than 8 months



Takeovers Effect on Sales

Migrations of systems and processes in DCs and stores have a learning curve, temporarily impacting sales

 **AVERAGE SALE/STORE VS TAKEOVER¹**
(BRL thousand)



- **Adaptation of store teams** and DCs to new systems and processes;
- **Supply interruption** (leadtime of inventory in transit and WMS turnovers);
- Additional complexity factor due to the **scenario of stock outs in the market** and industry vacation period;

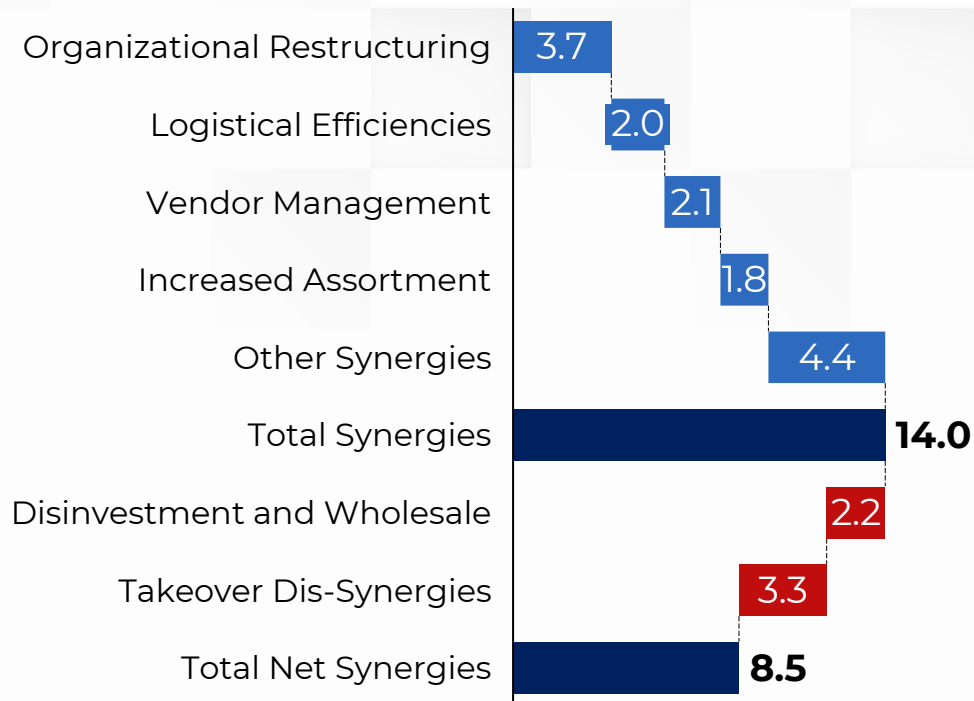
We estimate a negative impact on EBITDA of ~**BRL 3.3 million in 4Q22**, increasing to **BRL 7-8 million in 1Q23**

¹ Considers 179 stores with conclude takeover by the end of January 2023

Synergies Capture

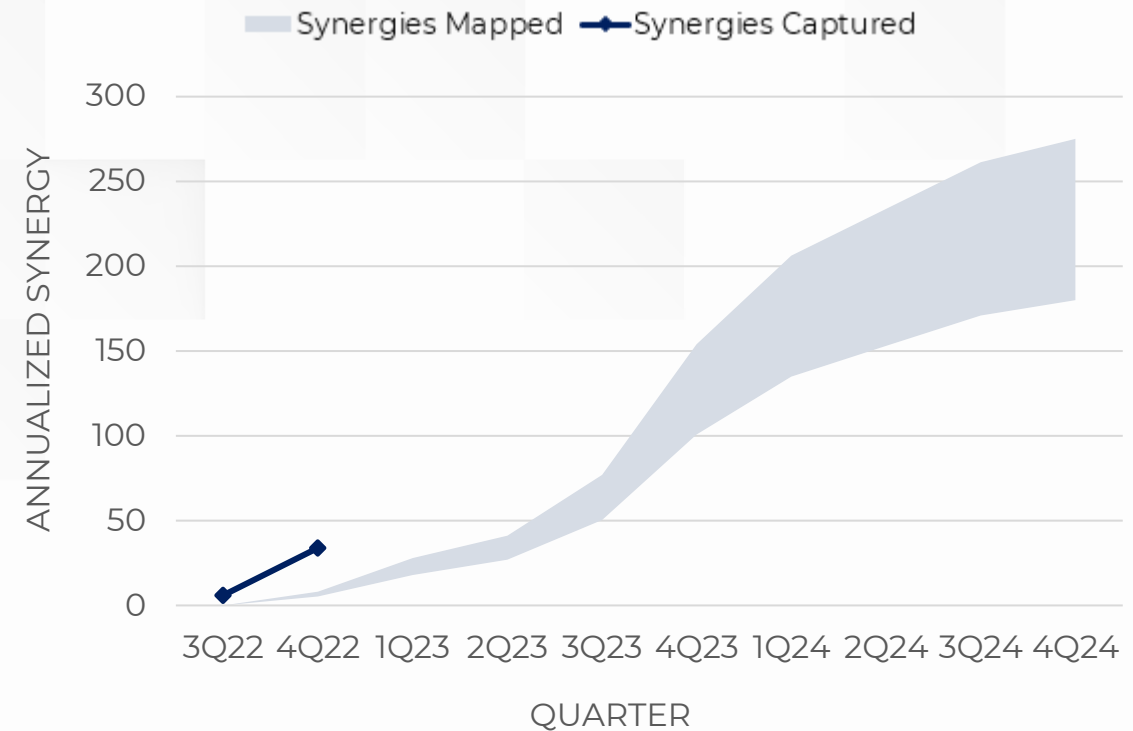
Start of capturing synergy at levels higher than projected for the period

SYNERGIES CAPTURED 4Q22 (BRL million)



BRL 34.0M
ON ANNUALIZED BASIS
(~15% OF POTENTIAL)

SYNERGY CAPTURE CURVE (BRL million)





Strategic Priorities

Mário Queirós, CEO

Our Strategic Priorities

Recap of the pillars of our strategic guidelines

Our Vision:

To be the best pharmaceutical retailer in Brazil, recognized for offering complete health solutions, reducing health care access inequalities, so that more people can live life to the fullest



STORE EXPANSION



OMNICHANNEL



CUSTOMER LOYALTY



HEALTH HUB



COMPLEMENTARY BUSINESSES

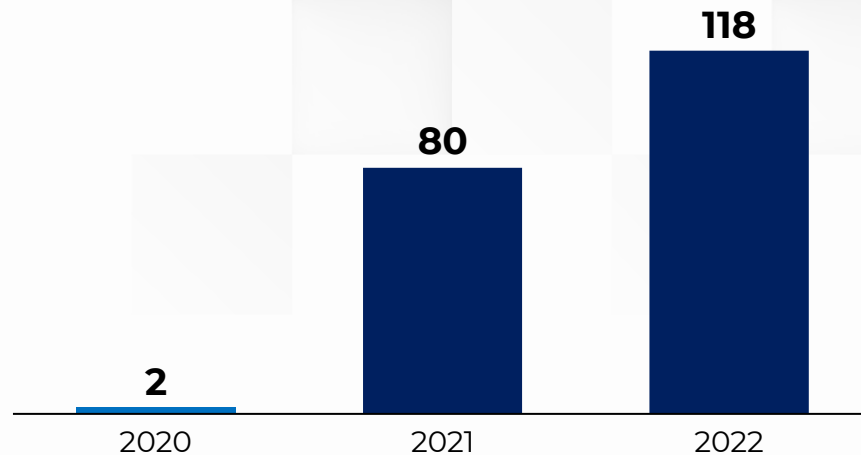


STORE EXPANSION



ORGANIC EXPANSION

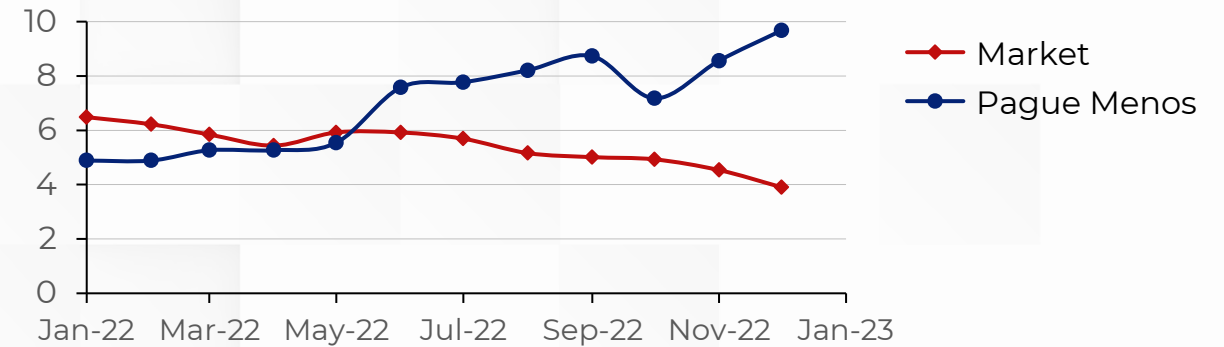
(# new stores – Pague Menos)



Stores opened in the last couple of years will contribute increasingly more with our growth in 2023, in a context where the overall market is decelerating the expansion pace

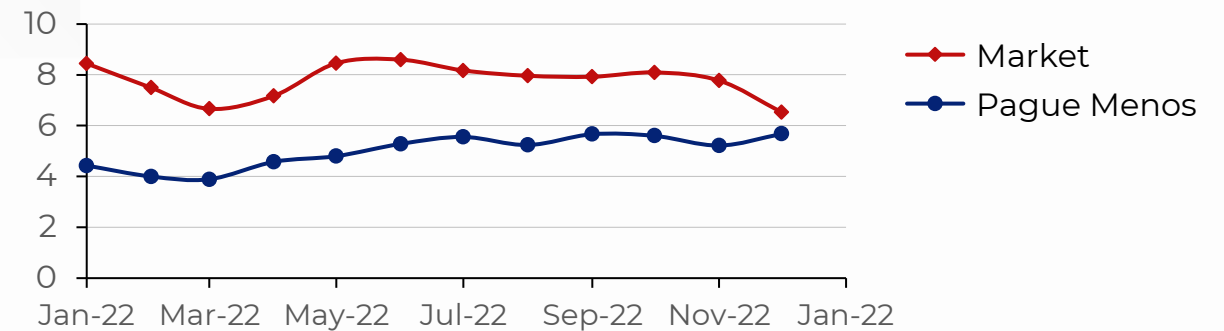
STORE BASE¹

(% Annual variation)



CONTRIBUTION OF NEW STORES TO GROWTH²

(effect of new stores on the composition of total growth)



¹ Source: IQVIA

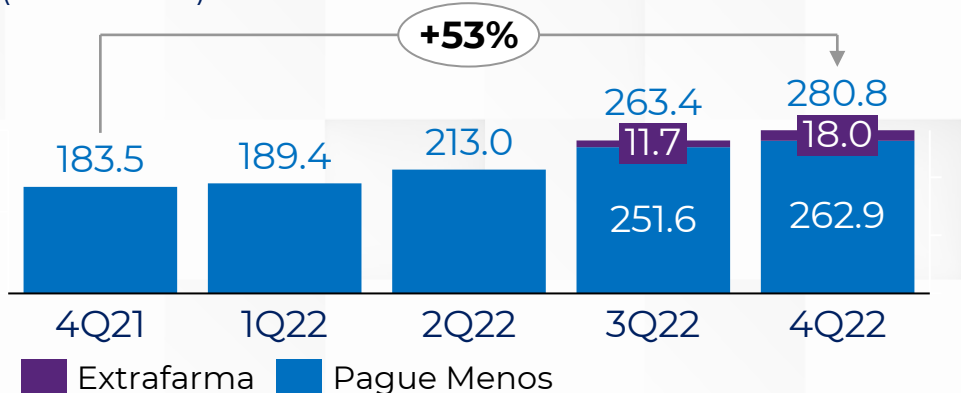
² Contribution to growth calculated by the sales value in BRL CPP, an IQVIA metric which normalizes the prices among players. New stores considers stores with less than 24 months since opening.

OMNICHANNEL



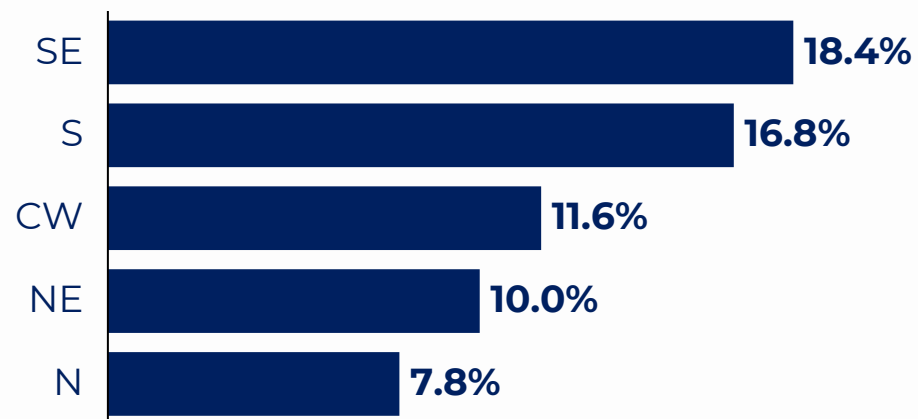
SALES VIA DIGITAL CHANNELS

(BRL million)



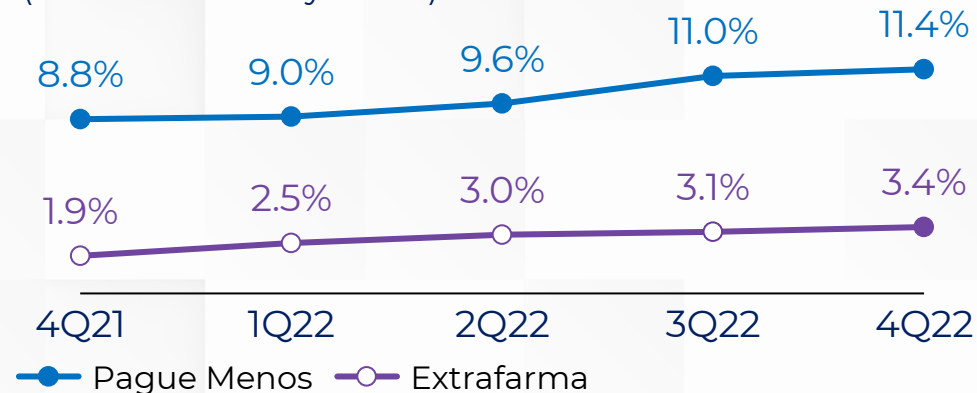
DIGITAL PARTICIPATION BY REGION

(% total Pague Menos sales 4Q22)



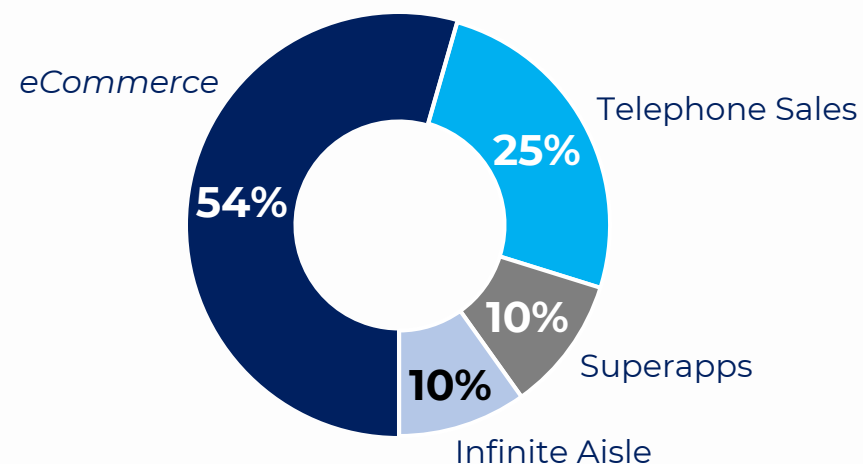
DIGITAL PARTICIPATION

(% of retail sales by brand)



SALES VIA DIGITAL CHANNELS

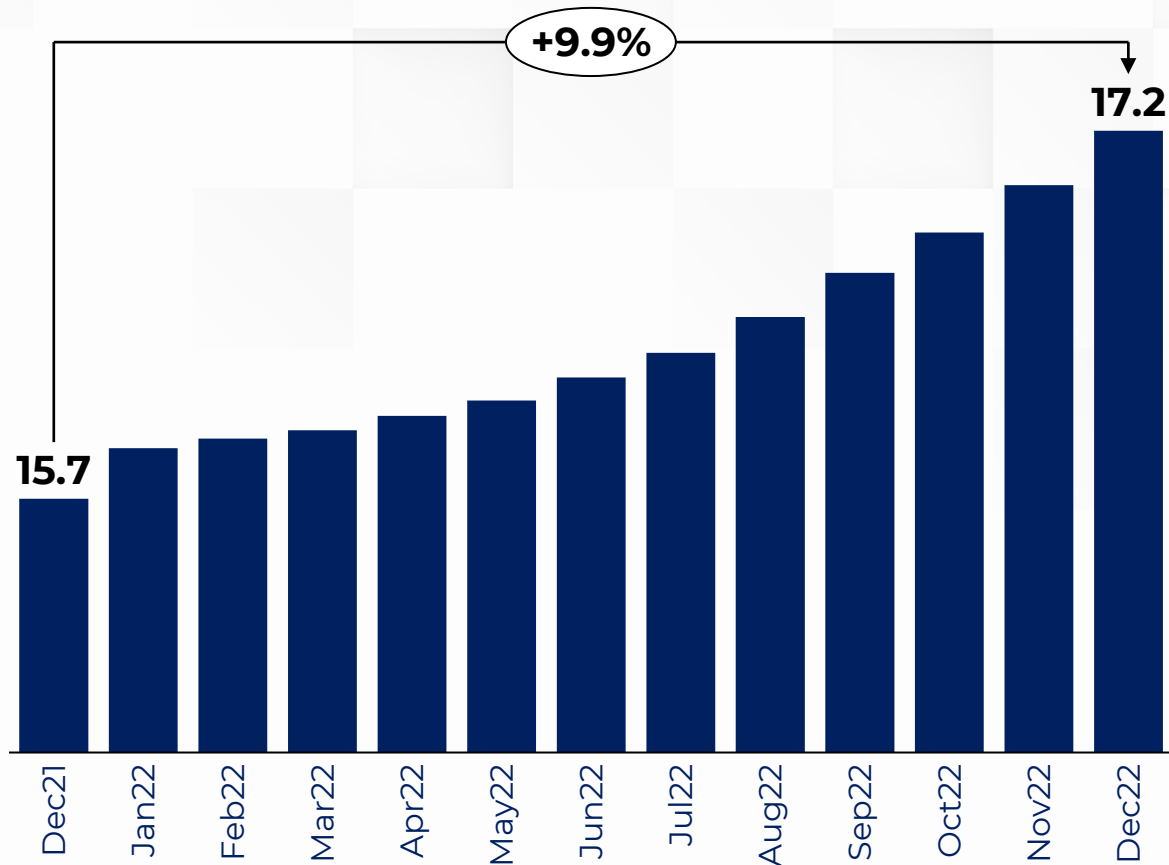
(% of 4Q22 sales)



CUSTOMER LOYATY

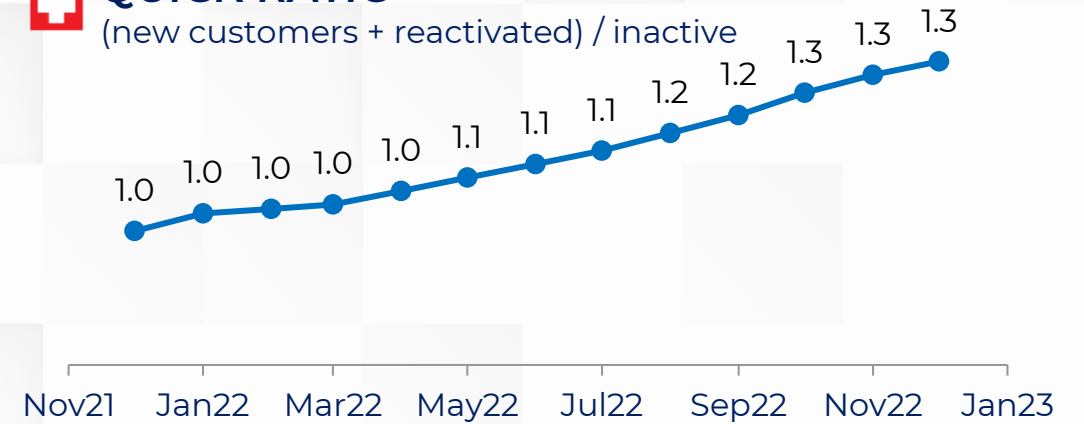


ACTIVE CUSTOMERS - PAGUE MENOS (in millions)



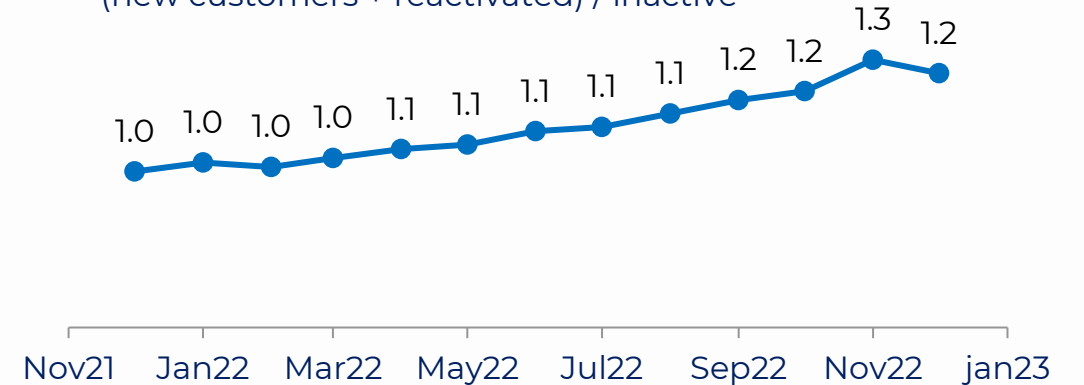
QUICK RATIO

(new customers + reactivated) / inactive



QUICK RATIO (SSS)

(new customers + reactivated) / inactive



CUSTOMER LOYALTY



Unification and relaunch of the Pague Menos and Extrafarma loyalty programs



Combination of benefits with **Sempre Bem Saude** (Always Well Health) program in a unique initiative



Launch of the **paid category**, adding even more customer benefits

Tenha ainda mais benefícios sendo um cliente

Cliente
Sempre
Bem
Ouro

Basta acumular R\$ 1.200,00 em compras* durante o semestre e automaticamente **you become a Sempre Bem Ouro** client and enjoy all the advantages below until the next semester.

- 1 medição de pressão semanal
- 1 medição de glicemia semanal
- 1 aplicação de injetável mensal
- 1 bioimpedância mensal
- 3% OFF em med. de uso contínuo
- 10% OFF em med. de uso contínuo genérico
- 20% OFF em Manipulação
- 10% OFF em Marca Própria
- 1 entrega semanal no televendas, site ou APP**

*Exceto serviços e telefonia.

** Benefício para compras acima de R\$50, exceto Sedex e Market Place.

PREFERIDO DOS CLIENTES

Não tem distância que separe
nosso cuidado por você.

Cliente
Sempre
Bem
Ouro +

Independente do seu gasto, é possível garantir **todos os benefícios do cliente Sempre Bem Ouro + Teleconsultas!**
Basta se tornar um cliente Sempre Bem Ouro+

• **TODOS OS BENEFÍCIOS DO CLIENTE OURO, ALÉM DE:**

- Atendimento Clínico Geral ilimitado
- 2 atendimentos psicólogo mensal
- 1 atendimento Nutricionista mensal

TUDO ISSO
POR APENAS: **R\$ 19,90**
por mês

QUERO SER UM CLIENTE OURO + →





* Benefício para compras acima de R\$50, exceto Sedex e Market Place.

ESG Journey



Important deliverables in the first year of our ESG Agenda commitments



2022 GOALS DELIVERED:

-  **VOLUNTEERING** - **30%** of employees dedicating one day per year to volunteer work
-  **RENEWABLE ENERGY** - **100%** of Pague Menos units supplied with renewable energy, within 2 years of opening or acquisition.
-  **INVENTORY OF EMISSIONS** (Scope 1 and 2) completed, and reduction targets set.
-  **TRAINING** - +11 hours of effective training per employee per year.

2025 GOALS AHEAD OF SCHEDULE:

-  **Full SCHOLARSHIPS**, undergraduate and postgraduate, made available to **10%** of the leadership.
-  **INCENTIVE SCHOLARSHIPS**, with up to **60%** discount, made available to **100%** of employees and dependents.



Q&A



Farmácia
oficial da
Seleção e
da torcida
brasileira.

INVESTOR RELATIONS

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