Quarterly Information

Empreendimentos Pague Menos S.A.

March 31, de 2022
With Independent Auditor’s Report on Review of Quarterly Information

Empreendimentos Pague Menos S.A.

Quarterly information - ITR

March 31, 2022 and 2021

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EARNINGS RELEASE **1Q22**

PagueMenos

Fortaleza, Ceará, May 2, 2022. Empreendimentos Pague Menos SA ("Company" or "Pague Menos"), the first pharmaceutical retail chain present in every state in Brazil, bringing health care products and services to approximately 350 Brazilian municipalities, announces its results for the first quarter of 2022.

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 15 of this release the Income Statement for the quarter excluding the effects of IFRS 16.

1Q22 HIGHLIGHTS

- **Sales**: total growth of 10.5%, with 7.1% in same stores and 7.0% in mature stores
- **Digital**: 63.1% growth, reaching 9.0% of total sales (+2.9p.p. vs 1Q21)
- **Clinic Farma**: new record of 837 thousand consultations and 7.0% customer base adhesion
- **Contribution Margin**: 10.8% of gross revenue, with 11.0% in same stores (+0.1 p.p. vs 1Q21)
- **Adjusted EBITDA**: BRL 162.4 million and 7.7% margin (-0.6 p.p. vs 1Q21)
- **Adjusted Net Income:** BRL 24.4 million and 1.2% net margin (-1.1 p.p. vs 1Q21)

FINANCIAL HIGHLIGHTS (BRL million)	1Q21	1Q22	Δ
Gross Revenue	**1,910.2**	**2,111.5**	**10.5%**
Gross Profit	**569.0**	**625.2**	**9.9%**
% Gross Margin	*29.8%*	*29.6%*	*(0.2 p.p.)*
Contribution Margin	**209.0**	**227.1**	**8.6%**
Contribution Margin %	*10.9%*	*10.8%*	*(0.1 p.p.)*
Adjusted EBITDA	**159.3**	**162.4**	**1.9%**
Adjusted EBITDA Margin %	*8.3%*	*7.7%*	*(0.6 p.p.)*
Adjusted Net Income	**44.2**	**24.4**	**(44,8%)**
Adjusted Net Margin %	*2.3%*	*1.2%*	*(1.1 p.p.)*

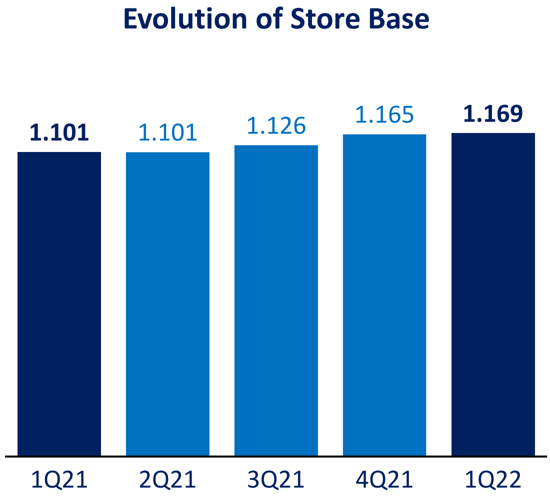
OPERATING HIGHLIGHTS	1Q21	1Q22	Δ
# of stores	1,101	1,169	6.2%
# of Stores with Clinic Farma	809	893	10.3%
Avg. Sale/store/month (BRL thousand)	577	603	4.5%
# of Consultations (thousand)	26,067	29,025	11.3%
Average Ticket (BRL)	73.28	72.75	(0.7%)
# of Employees	19,121	20,055	4.9%
# Average Employees/store	17.4	17.2	(0.2)
Avg. Sale/employee/month (BRL thousand)	33.5	35.2	5.1%
% of Sales from Digital Channels	6.1%	9.0%	2.9 p.p.

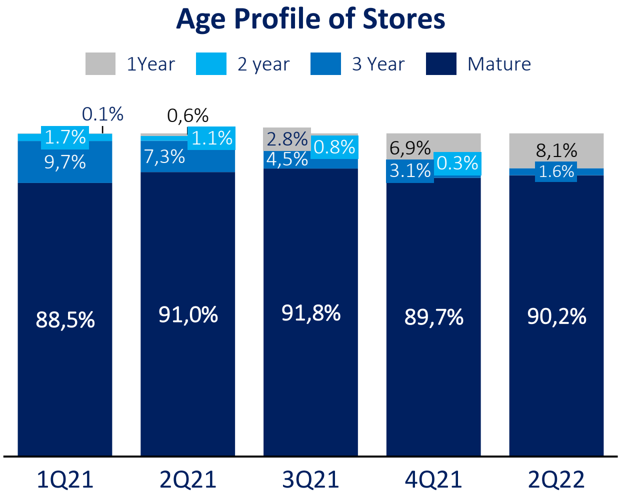
STORE PORTFOLIO

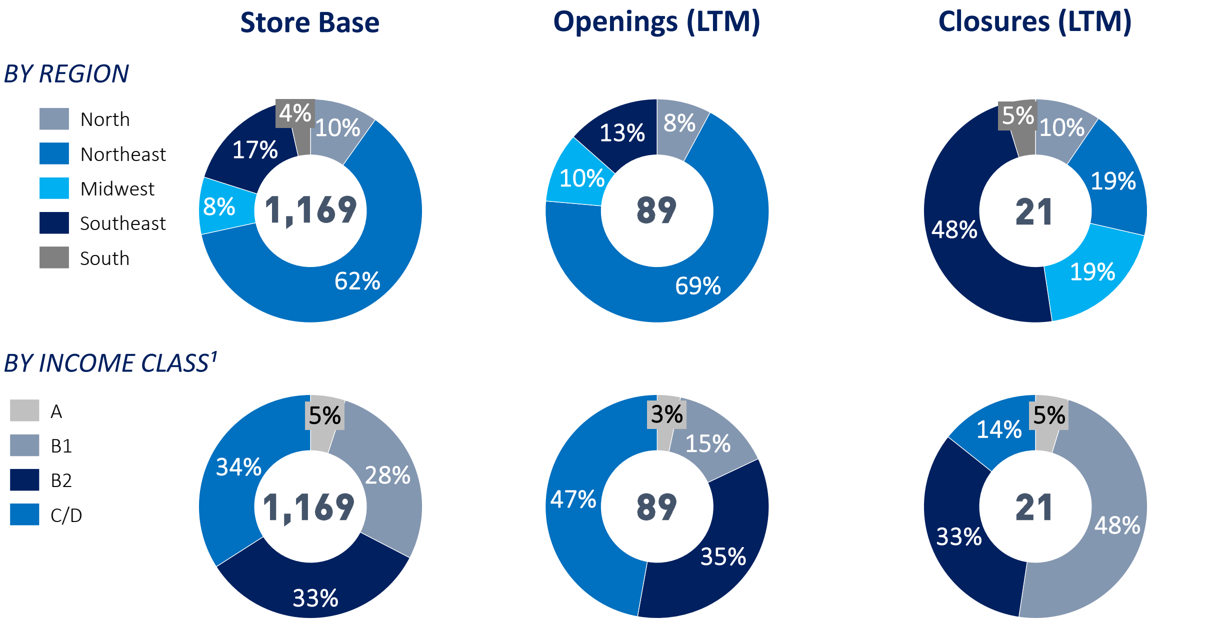
In 1Q22, we opened 10 stores and closed 6 stores, reaching a total portfolio of 1,169 points of sale.

We remain focused on the densification of the North and Northeast regions, sporadically taking advantage of opportunities for new sites in other regions, in markets adherent to our value proposition and target audience. More than 80% of the stores opened in the last 12 months are in micromarkets with a predominance of income classes[1] B2, C and D.

The new stores are increasing Pague Menos presence in the interior of the country, as we are entering new small and medium-sized municipalities. About 70% of the new stores were opened in inland cities.





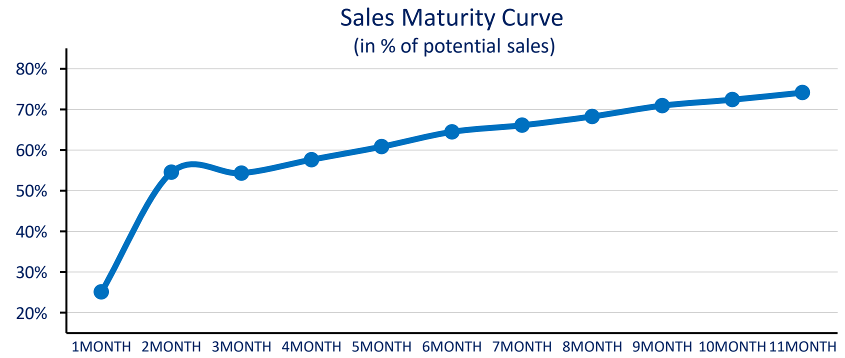


[1] Predominant social class in the vicinity of each store (isochronous for 5 minutes travelling by car). Segmentation follows the IBGE criteria, where Class A comprises households with an average monthly family income above BRL 16.6 thousand, B1 above BRL 7.9 thousand, B2 above BRL 4.2 thousand and C and D below BRL 4.2 thousand

The new cohort of stores continue to evolve positively, with good sales performance and contribution margins. The sales maturity curve, considering the performance in the quarter, was slightly below our initial projections (7p.p. in average per month). We believe that this trend occurred due to the atypical sales behavior in the quarter. Despite this reduction in the curve, by the end of 1Q22, more than 90% of the stores with more than 3 months had already reached its breakeven point.

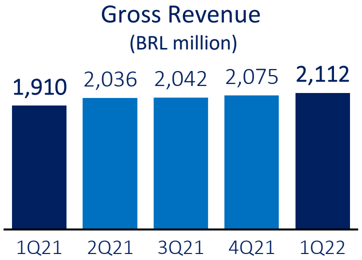
The average investment for new store openings has also been changing from what was originally planned. We have forecasted an average capex per store around R$ 1.1 million, however due to the inflation in construction material costs, the average caper per store being carried out is around 1.35 million.

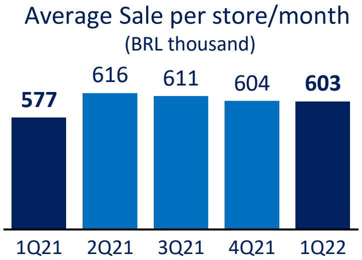
Even with these effects, the projection of the internal rate of return (IRR) for stores already opened is over 18%, well above the Company's cost of capital, with important generation of value and return on investment.

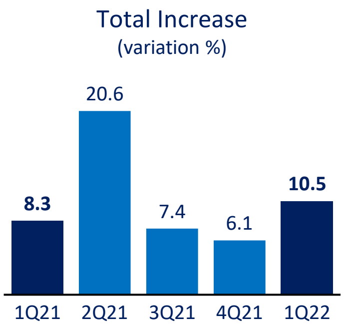


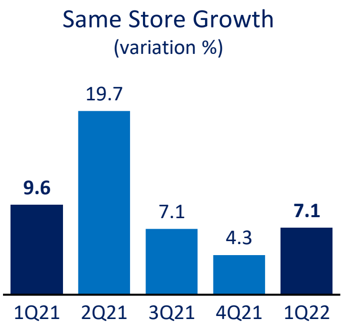
SALES

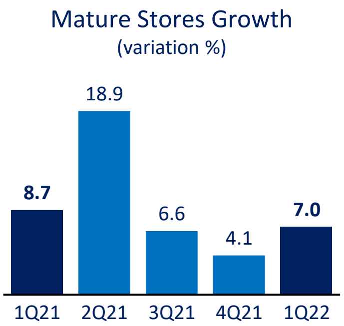
Gross revenue in 1Q22 totaled BRL 2.1 billion, an increase of 10.5% compared to 1Q21. The same store sales reached 7.1%, above the weighted inflation of the product categories we marketed, which was 6.3% in the period. The average monthly sale per store was BRL 603 thousand, an increase of 4.5% compared to 1Q21, even with the rise in the proportion of stores less than one year (0.1% in 1Q21 and 8.1% in 1Q22). If we disregard the new stores, the average monthly sale was BRL 622 thousand, increasing 7.8% compared to 1Q21.







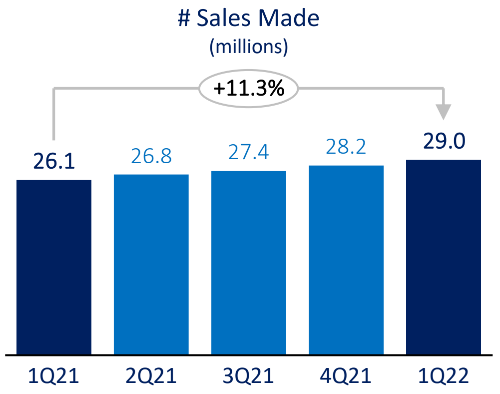


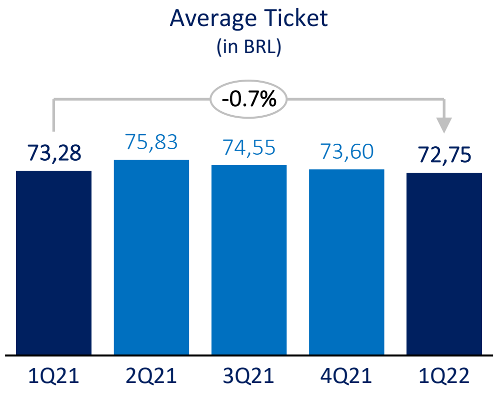


Throughout the quarter, we observed different dynamics in the sales growth pace between months. While January was a month with a strong demand for Covid-19 tests and flu or cold products, due to the Covid-19 Omicron outbreak and influenza, February was a month with low demand for acute treatment items. In March, the growth pace for sales returned to a normalized level.

The good results achieved with CRM actions stood out in the quarter, resulting in the attraction of new customers, reduction in the churn rate, and retention of high-value customers. At the end of 1Q22, we recorded 15.5 million active customers in the last 12 months, increasing 6.8% compared to 1Q21. In addition, incremental sales generated by custom campaigns and activations reached 3.2% of total sales.

Total sales growth in the quarter was driven by the increase in traffic, with number of sales made reaching 29.0 million in the quarter, an increase of 11.3% compared to 1Q21. We also observed a reduction in the average ticket of 0.7%, which despite an increase in the average price of products sold by 6.3% in the period, was negatively impacted by the number of items per basket and the mix effect.

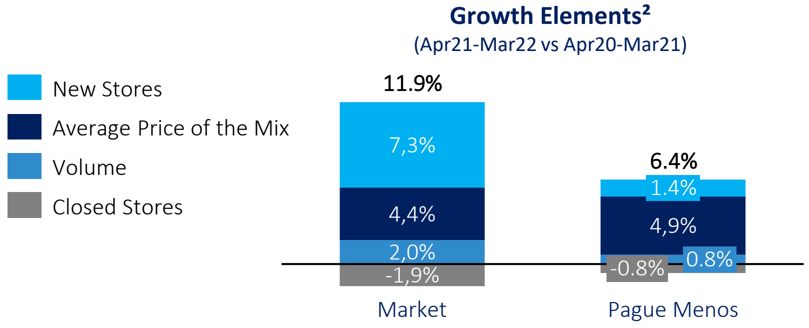




MARKET SHARE

As usually occurs in every first quarter of the year, the market shared measured by IQVIA is distorted by the data capturing methodology, which uses the sell-in volumes sold by industry and distributors to independents and associatives pharmacies and the sell-out volumes sold to the end customer by the pharmacies chains. Due to the additional volume of purchases of medicines from the industry and distributors by the retail channel, due to the readjustment of medicines in April, the market share of independent pharmacies and associations, measured by sell-in, is overestimated.

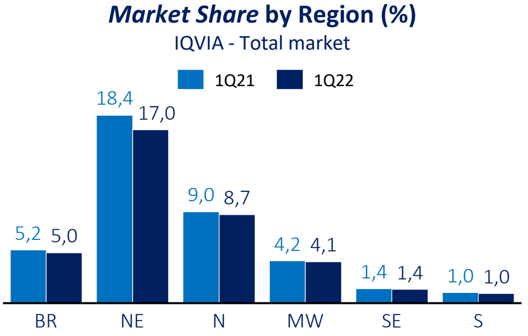
Additionally, the growth of the pharmaceutical market in Brazil has been mainly captured by stores openings. According to IQVIA data presented below, the market growth in the last 12 months was 11.9%, with more than 60% of this growth being captured by stores opened in the last two years, concentrating 7.3 p.p. of the total growth. As we are in the initial stage of resuming organic expansion, the contribution of new stores to Pague Menos's total growth is lower than the market average.

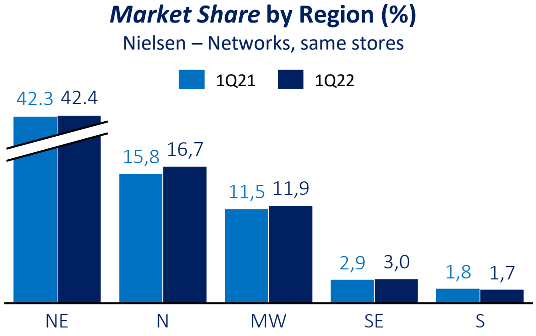


[2] Considers sales growth in R$ CPP (Consumer Purchase Price), which normalizes sales prices between players. Due to the methodology, the percentages of growth may differ from what was actually carried out.

As a result of the components mentioned above, in 1Q22 Pague Menos presented a reduction of 0.2 p.p. in national market share measured by IQVIA compared to 1Q21, and reductions of 1.4 p.p. in the Northeast region and 0.3 p.p. in the North region, regions with higher participation of independent pharmacies and associations than in other regions of the country.

It is important to highlight that the performance of the same stores of Pague Menos has been better than the stores of the big chains in practically all the regions of the country. To demonstrate this evolution, we present this quarter the market share measured by Nielsen using the like-for-like methodology.



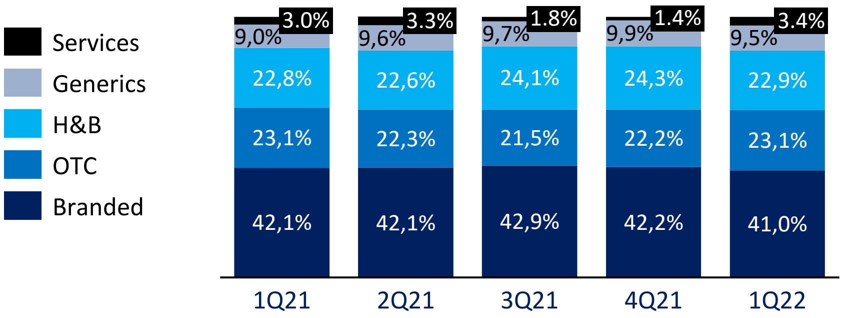


We keep optimistic about the recovery of market share gains in the future, due to the sequence of store openings, good same store sales performance and the maturation of the new cohort of stores.

SALES MIX

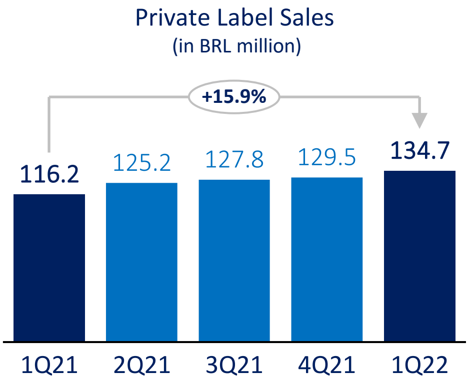
In 1Q22, the sales mix was influenced by the atypical demand related to the Omicron variant wave and Influenza outbreak, which boosted sales of Covid-19 tests and products for the flu and colds, increasing the share of the revenue from Services and OTC. In addition to these categories, we highlight the good performance of Generics, registering a growth of 17.2%.

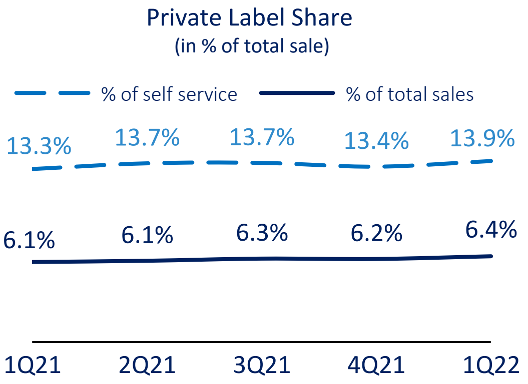
Our ongoing improvement in commercial execution continues to leverage strategic categories through the activation of new items, store layout and pricing optimization, contributing to sales growth and gross margin. In 1Q22, the mix effect positively impacted the gross margin by 0.5 p.p. compared to 1Q21.



PRIVATE LABEL

Our private label products continue to stand out, reaching a record sale of BRL 134.7 million in 1Q22, an increase of 15.9% compared to 1Q21. As a result, the share of this category of products reached 6.4% of the total sales and 13.9% of self-service sales.



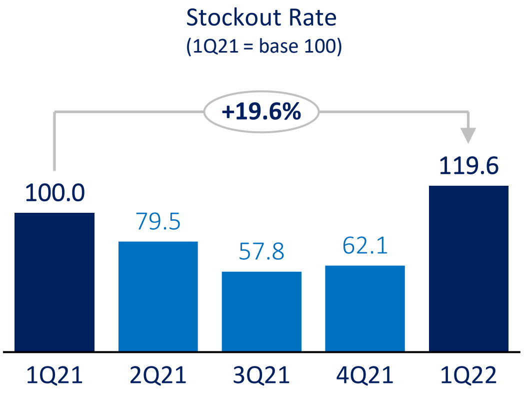


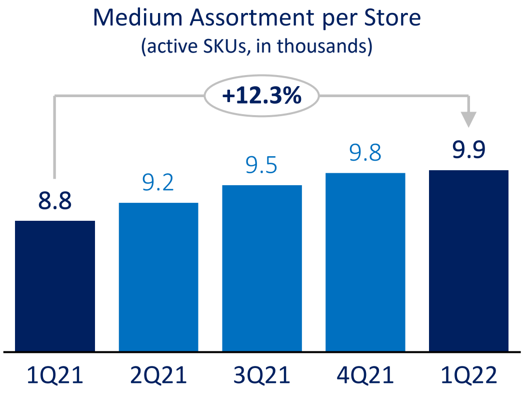
ASSORTMENT AND STOCKOUT

In 1Q22, we observed a challenging scenario in the supply chain, with a significant drop in the level of service in the industry and distributors and a consequent increase in the level of stockouts. This scenario was the result of the atypical demand in January due to Omicron and Influenza, in addition to the collective vacation period for the industry, above-average absenteeism rates, and increased demand for inventories due to the annual price readjustments, which was above the level of the previous years.

The inventory stockout rate grew 19.6% compared to 1Q21. We have noticed our supply chain gradually going back to normality throughout the month of April.

We continue to expand our products assortment, reaching an average of 9.9 thousand items per store in 1Q22, an increase of 12.3% compared to 1Q21.

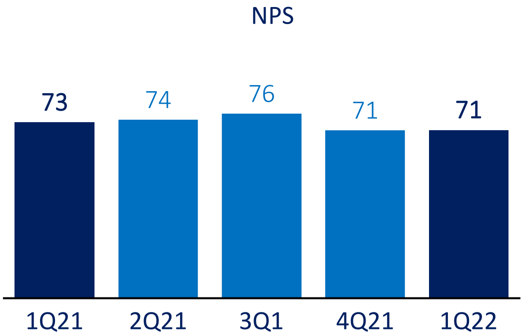


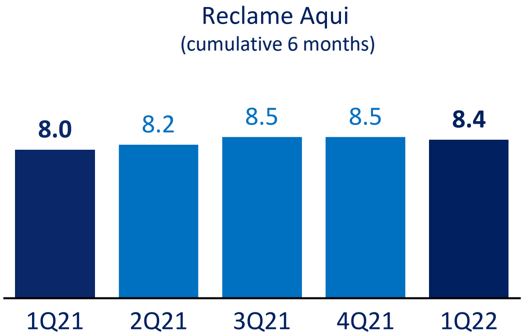


SERVICE LEVEL

In 1Q22, the NPS was 71, a 2-point reduction compared to 1Q21, remaining stable versus 4Q21. The result in the quarter was negatively impacted by the month of January when the absenteeism rate in stores was 5 times higher than normal, due to the Omicron outbreak, and there was an increase in the stockout rates, mentioned above. In January, the NPS for the quarter was 73, stable compared to 1Q21.

Our score on *ReclameAqui* was kept at a level of excellence, with 8.4 points. We continue to excel on the platform, reducing the average response time to 13 hours, one of the lowest among the retailers evaluated, with a high-resolution rate.



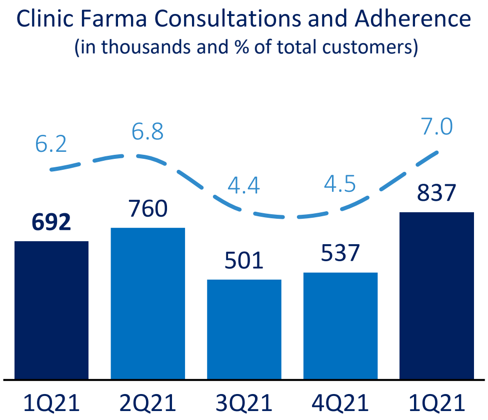


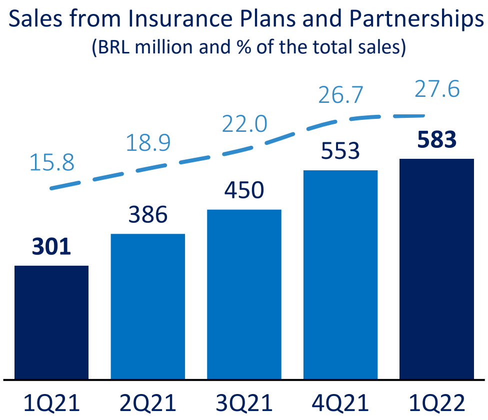
HEALTH HUB

Clinic Farma, the main asset in our Health Hub, continues to grow and gain more awareness among customers. The initiative was expanded to 893 stores and reached new records in 1Q22, with 837 thousand consultations, a growth of 20.9% compared to 1Q21, and adherence of 7.0% among the customer base.

The good performance was mainly influenced by the high demand for Covid-19 tests in January. In this peak demand period, our service capacity was put to the test, and even amidst severe restrictions on inputs and increasing employee's absenteeism, we applied more than 500 thousand tests, reaching a testing market share, among Abrafarma's networks, of more than 20%. In addition to the Covid-19 tests, the other remote lab tests (POCT) also performed very well in the period, more than doubling the number of applications compared to 1Q21.

Gradually, customers begin to perceive more and more value in the health services offered in stores. The pharma market is progressively adapting to a new reality in which the pharmacy begins to occupy an essential space in primary patient care. In this context, our Clinic Farma has taken on a leading role given its scope and operational history since 2016. We currently estimate a *market share* of 20% of pharmaceutical clinics in Brazil and more than 25% of the consultations provided among the chains that are part of Abrafarma.





For 2022, one of the strategic priorities of our Health Hub will be to scale our vaccination offer through our model or partnerships with regional *players*, using the Clinic Farma structure installed in all Brazilian states. We ended 1Q22 with more than 100 stores qualified to apply vaccines and integrated into our *e-commerce* and *app*, enabling online scheduling.

We continued to expand our network of agreements and partnerships, with sales from this channel representing 27.6% of the total sales, increasing 11.8 p.p. compared to 1Q21. In addition to contributing to good sales performance, with the activation of new customers, we consider this channel to be strategic for loyalty and leveraging customer purchase behaviors.

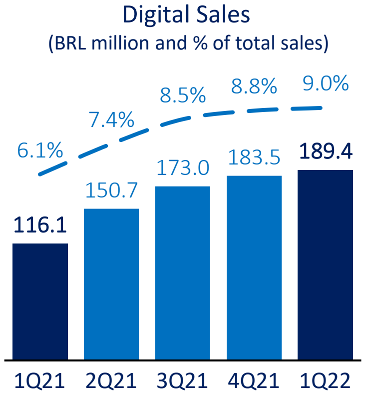
In 1Q22, our specialty drugs channel, AME, grew 116% year-over-year, and currently has a portfolio of more than 460 products. The strategies for launching new items, medical visitation, and monitoring patients have been very successful, reflecting the channel's growth.

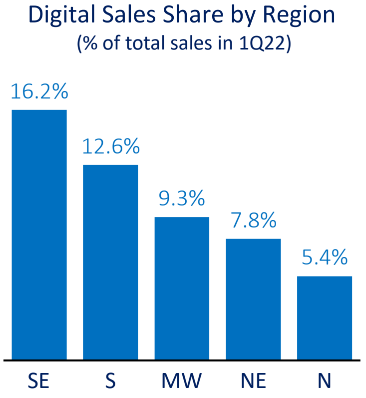
OMNICHANNEL PLATFORM

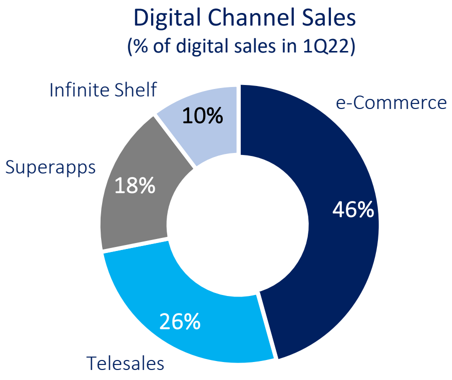
Our digital channels totaled BRL 189.4 million in sales in 1Q22, an increase of 63.1% compared to 1Q21, reaching 9.0% of the total sales. The strong growth pace is accompanied by consistent improvements in the service level and maintenance of a healthy level of profitability, reinforcing the quality and sustainability of the growth presented.

Compared to 4Q21, the regions that contributed most to growth in digital channel sales were the North and Northeast, reinforcing how the initial stage of digital maturity in our core markets is translated into a great opportunity and growth potential above other regions.

Among channels, the infinite shelf stood out in the quarter, which grew 237% compared to 1Q21 and 19% compared to 4Q21. This channel fulfilled an important role during this quarter amidst the increase in inventory loss rates, generated by the peak demand for items related to Covid-19 and Influenza, in January. Orders placed via digital channels and collected in stores represented 23% of sales in the quarter.







We continued to gain market share in digital channels, reaching a 12.0% share in 1Q22, 0.6 p.p. above 1Q21. Despite the increasingly competitive environment, with an increase in CAC (customer acquisition cost), paid traffic and price competitiveness among the main players, our balanced regional exposure and diversification of channels have provided consistent growth above market levels.

In recent quarters, we have launched important UX (user experience) improvements on our website and app, which have been reflected in an increase in our conversion rate. More than 10 UX improvement projects are underway, including customized geolocation navigation, shopping experience customization, landing page creation, and SEO optimization, which we believe will be critical to continuing to improve our traffic and conversion.

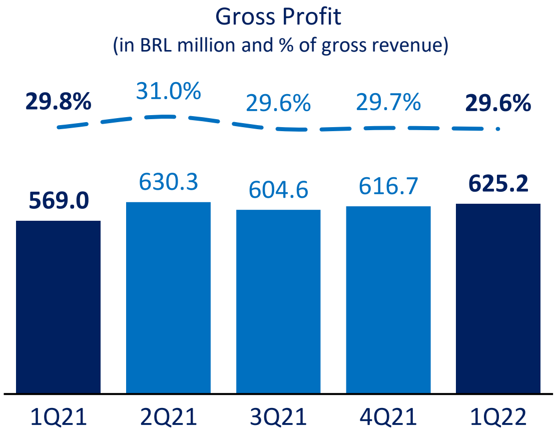
The new app, launched at the end of 2021, surpassed the 600,000 downloads milestone, maintaining good levels of user assessments in the main app stores. The new app is an important step towards intensifying our omnichannel approach, and although it already concentrates approximately 20% of the channel sales, it tends to gain more and more relevance throughout the year, as new features, which are already under development, are integrated.

In line with our ESG strategy, in 1Q22 we began the ecological delivery mode via Tuk Tuk, an electric and non-polluting vehicle. The new transport option, which enables deliveries within 1 hour as well as loading bulky items, is already available in some neighborhoods in Fortaleza, with good customer adherence. Over the coming quarters, this modality will be expanded to other capitals.

GROSS PROFIT

Gross profit in 1Q22 totaled BRL 625.2 million, an increase of 9.9% compared to 1Q21. Gross margin was 29.6% during the quarter, a 0.2 p.p. reduction compared to 1Q21 and a 0.1 p.p. reduction compared to 4Q21.

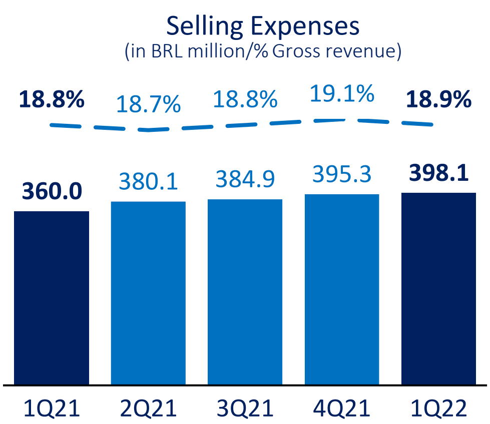
Good performance in digital channels, as well as agreements (health plans) and partnerships, which increased their share in total sales by 2.9 p.p. and 11.8 p.p., respectively, pressuring the gross margin due to their promotional nature. However, they are very important for the company's sales growth and *cash margin*. In 1Q21, the negative pressure of these channels on the gross margin was 0.7 p.p., partially offset by an improvement in the sales mix (growth in the share of generics, private labels and services) and a reduction in the loss ratio.

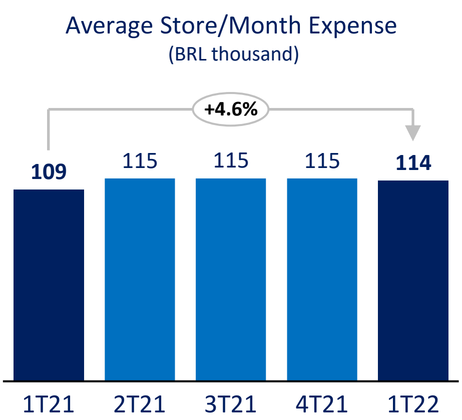


SELLING EXPENSES

Selling expenses totaled BRL 398.1 million in 1Q22, an increase of 10.6% compared to 1Q21. As a percentage of gross revenue, this group of expenses reached 18.9%, an increase of 0.1 p.p. compared to 1Q21 and a reduction of 0.2 p.p. compared to 4Q21.

The growth of store expenses above the sales growth pace is related to the recovery in the expansion plan and consequent increase in the proportion of stores in the early maturity stages. As we normalize the selling expenses by the number of stores, we noticed that the average monthly expense per store totaled BRL 114 thousand, an increase of 4.6% compared to 1Q21, well below the expense inflation in the period. The good performance is mainly due to the improvement in the productivity among employees allocated in stores.

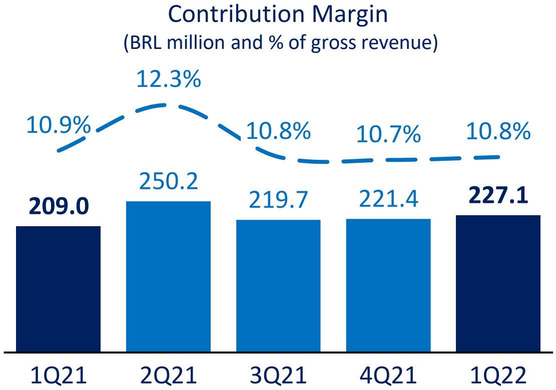




CONTRIBUTION MARGIN

The stores' contribution margin reached 10.8% in 1Q22, a reduction of 0.1 p.p. compared to 1Q21 and an increase of 0.1 p.p. compared to 4Q21; despite negative pressures related to inflation and the accelerated expansion pace, we managed to maintain the stores' contribution margin levels.

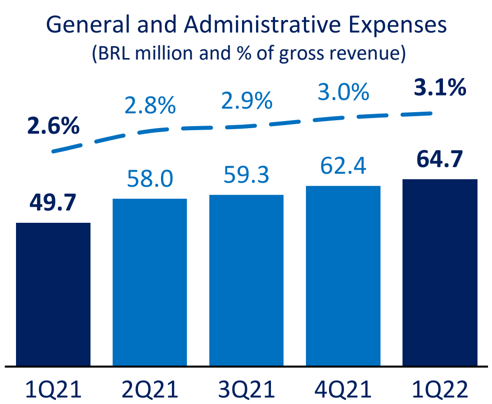
If we do not consider stores opened in 2021 and 2022, the contribution margin in the quarter was 11.0%, an increase of 0.1 p.p. compared to 1Q21.

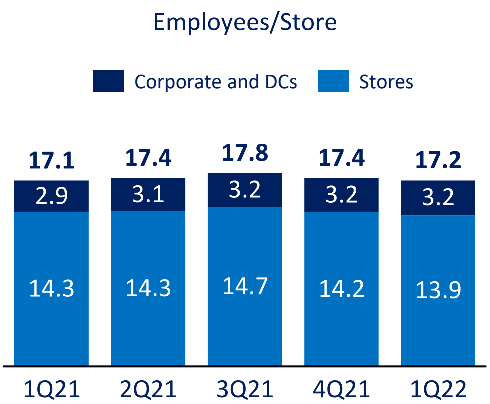


GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses (G&A) totaled BRL 64.7 million in 1Q22, an increase of 30.2% compared to 1Q21. As a percentage of revenues, this group of expenses reached 3.1% in 1Q22, an increase of 0.5 p.p. compared to 1Q21 and 0.1 p.p. compared to 4Q21.

The increase is related to strengthening the organizational structure, the growth of the technology team, strategic consultancies, and collective labor agreements in Fortaleza, where our corporate headquarters are, which took place in January. We consider this investment in G&A expenses to be fundamental to support the Company's long-term growth. However, the growth rate of this group of expenses is expected to be lower in the coming quarters and tends to be diluted as new stores advance through their maturity curve as well as with the incorporation of Extrafarma, after the analysis by CADE (the antitrust body).

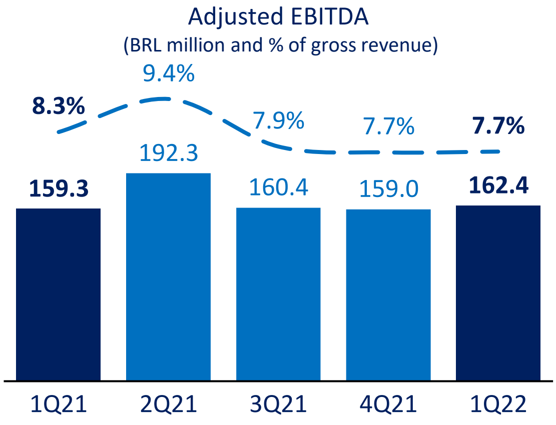




ADJUSTED EBITDA

Adjusted EBITDA in 1Q22 totaled BRL 162.4 million, an increase of 1.9% compared to 1Q21. Adjusted EBITDA margin reached 7.7% of the gross revenue, a 0.6 p.p. reduction compared to 1Q21, and remained stable compared to 4Q21.

We consider the lower EBITDA margin levels in recent quarters to be normal due to the recovery of the expansion pace, inflationary pressures, and investments made in G&A mentioned previously. We believe we are at the inflection point to resume the margin expansions observed in previous quarters, with the maturation of stores, normalization in the pace of openings, as well as the adjustments in medication pricing, offsetting the inflationary effects of SG&A.



EBITDA RECONCILIATION

In 1Q22, we registered a total of BRL 1.4 million in non-recurring expenses related to the acquisition and integration planning for Extrafarma, still under analysis by the antitrust agency (CADE).

Below is the EBITDA reconciliation table and non-recurring adjustments in the reported earnings.

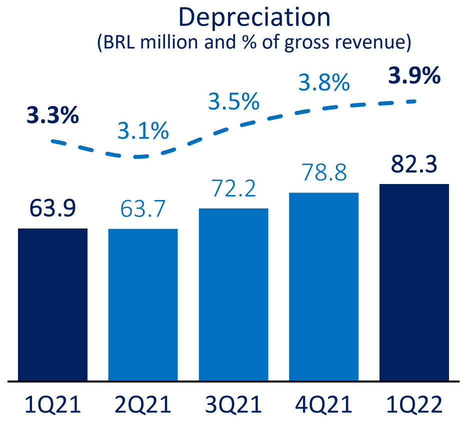
Adjusted EBITDA Reconciliation (BRL million)	1Q21	2Q21	3Q21	4Q21	1Q22
Net Accounting Income	44.2	69.4	29.9	21.1	23.4
(+) Net financial income	46.9	45.3	51.1	57.4	74.8
(+) Income Tax and Social contribution	4.4	11.6	(1.4)	(5.8)	(19.6)
(+) Depreciation and Amortization	63.9	63.7	72.2	78.8	82.3
EBITDA	159.3	190.0	151.8	151.5	161.0
(+) Expenses with the Extrafarma acquisition and integration planning	-	2.2	8.7	7.5	1.4
Total adjustments	-	2.2	8.7	7.5	1.4
Adjusted EBITDA	159.3	192.3	160.4	159.0	162.4
Total adjustments (after Income Tax)	-	1.5	5.7	4.9	0.9
Adjusted Net Income	44.2	70.8	35.6	26.0	24.4

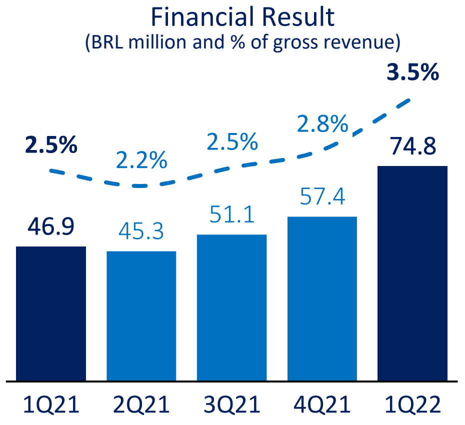
DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAX

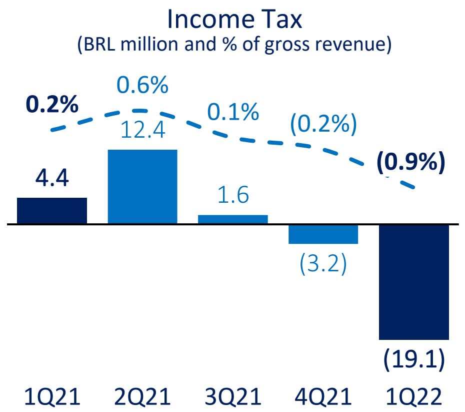
Depreciation reached a total BRL of 82.3 million in 1Q22, an increase of 28.8% compared to 1Q21, following the fixed asset growth in the period. As a result of the recovery of investments in store openings and technology, which we consider strategic priorities, the depreciation line temporarily registers growth above the sales pace, which should be normalized as new stores mature and investments in technology generate results.

The financial result recorded a net expense of BRL 74.8 million in the quarter, an increase of 59.5% compared to 1Q21. As a percentage of revenues, the financial result reached 3.5%, an increase of 1.0 p.p. compared to 1Q21. The increase in financial expenses is mainly related to the increase in the basic interest rate in the period. In addition, non-cash effects such as AVP and IFRS16, sensitive to changes in interest rates, negatively impacted financial results by 0.1 p.p. and 0.2 p.p., respectively, as a percentage of the gross revenue.

Deferred income tax reached a total BRL 19.1 million in the period, adding up to 0.9% of the gross revenue. In 1Q22, we registered credits arising from the exclusion of the monetary restatement on undue tax debts, favorably impacting income tax.

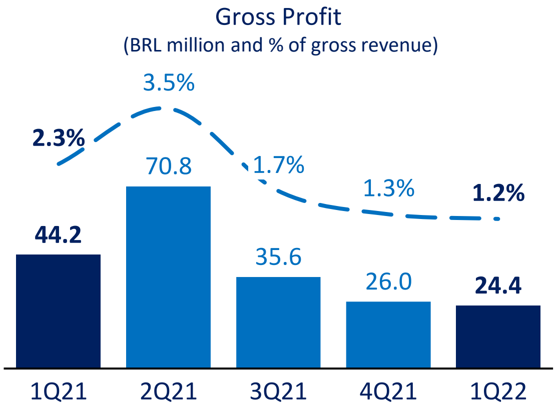






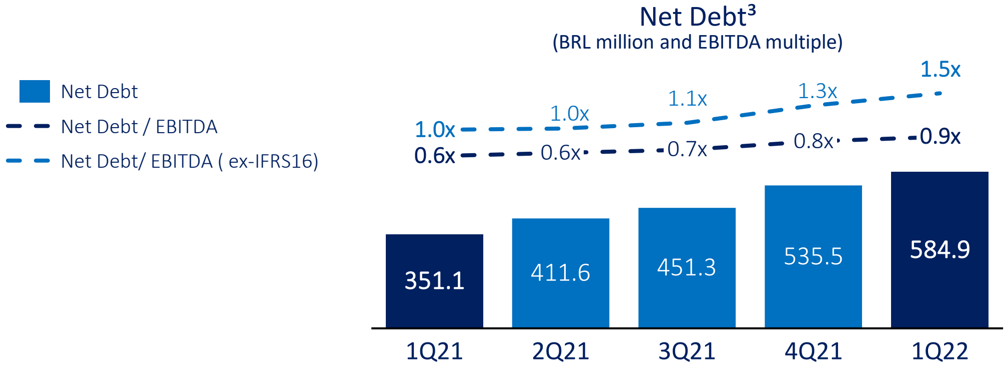
ADJUSTED NET INCOME

Adjusted net income reached a total BRL 24.4 million, a 44.8% reduction compared to 1Q21, due to the reduction in the EBITDA margin caused mainly by the new expansion cycle, and an increase in financial expenses in the period. The net margin was 1.2% in the quarter, a reduction of 0.1 p.p. compared to 4Q21.



INDEBTNESS

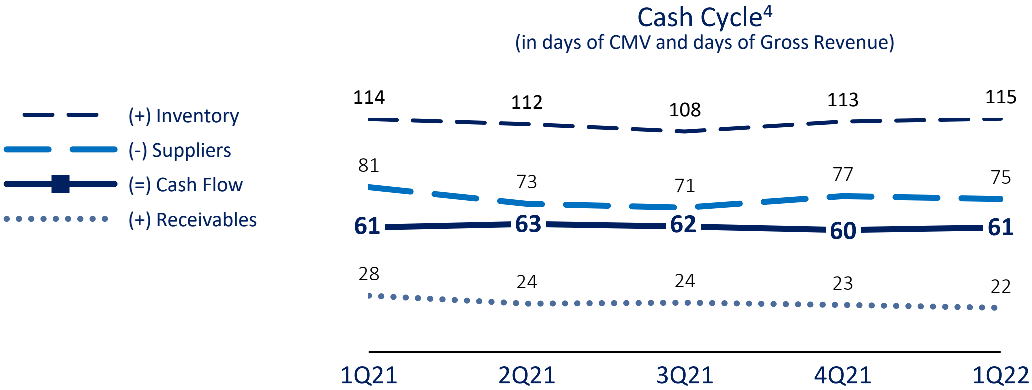
Net debt reached BRL 584.9 million, an increase of BRL 233.8 million compared to 1Q21. The net debt/EBITDA ratio (ex-IFRS16) reached 1.5 times, an increase of 0.5 times compared to 1Q21 and 0.2 times compared to 4Q21, which was caused by the investment in new stores and inventories.



OPERATING CASH CYCLE

In 1Q22, the operating cash cycle was 61 days, which is stable compared to 1Q21. When compared to 4Q21, there was an increase of one day.

We carried out a good supply chain execution, strengthening our inventories of price regulated medicined, in order to capture an incremental margin after the price adjustments on April 1. As a result, the level of stocks increased to 115 days, a level that should be normalized over the coming months.



[3] Includes financial investments

[4] The calculation of the Average Inventory Term and the Average Supplier Payment Term disregards the effects of the AVP, commercial agreements and recoverable taxes.

CASH FLOW

In 1Q22, free cash flow was negative by BRL 22.5 million, an improvement of BRL 55.9 million compared to 1Q21. The lower cash consumption is related to the increase in the cash flow from operations, generated by the maintenance of the cash cycle at a controlled level.

Management Cash Flow (BRL million)	1Q21	1Q22
EBITDA	**159.3**	**161.0**
(-) Lease payments (IFRS 16)	(60.3)	(79.0)
(Δ) Accounts receivable	(67.3)	14.5
(Δ) Inventories	(94.0)	(11.0)
(Δ) Suppliers	5.4	(52.8)
(Δ) Recoverable taxes	23.5	(15.3)
(+/-) Change in other assets and liabilities/Non-cash effects	(22.5)	15.6
(=) Cash flow from operations	**(55.8)**	**33.0**
(-) Capital investments	(22.6)	(55.6)
(=) Investment Cash Flow	**(22.6)**	**(55.6)**
Free cash flow	**(78.4)**	**(22.6)**
(+) Gross debt raising	160.0	-
(-) Payment of gross debt	(199.4)	(123.4)
(-) Debt service	(13.5)	(16.3)
(-) Share buyback	(10.4)	(5.4)
(=) Financing Cash Flow	**(63.3)**	**(145.1)**
Opening balance of cash, cash equivalents and financial investments	620.0	654.1
Closing balance of cash, cash equivalents and financial investments	478.2	486.5
Change in cash and cash equivalents	**(141.7)**	**(167.7)**

INVESTMENTS

In 1Q21, BRL 55.6 million was invested, among which 59% was concentrated in the organic expansion and renovation of the store network. Investments in technology reached BRL 18.8 million, being directed mainly to digital transformation projects and improvements in IT infrastructure, making it increasingly scalable.

Capex (BRL million)	1Q21	%	1Q22	%
Expansion	4.7	21%	22.1	40%
Store rennovations	7.6	33%	10.8	19%
Technology	1.9	9%	18.8	34%
Infrastructure of stores, DCs and offices	8.5	37%	3.9	7%
Total	**22.6**	**100%**	**55.6**	**100%**

INCOME STATEMENT FOR THE YEAR

On January 1, 2019, CPC 6-R2 (IFRS 16) entered into force, which changed the accounting recognition model of lease agreements. To preserve historical comparability, below is the reconciliation according to the previous standard (IAS 17/CPC 06).

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	1Q21	1Q22	Δ	1Q21	1Q22	Δ
Gross Revenue	**1,910.2**	**2,111.5**	**10.5%**	**1,910.2**	**2,111.5**	**10.5%**
Deductions	(133.9)	(138,7)	3.6%	(133.9)	(138.7)	3.6%
Net Revenue	**1,776.3**	**1,972.9**	**11.1%**	**1,776.3**	**1,972.9**	**11.1%**
Cost of Goods Sold	(1,207.3)	(1,347.7)	11.6%	(1,207.3)	(1,347.7)	11.6%
Gross Profit	**569.0**	**625.2**	**9.9%**	**569.0**	**625.2**	**9.9%**
Gross Margin	*29.8%*	*29.6%*	*(0.2 p.p.)*	*29.8%*	*29.6%*	*(0.2 p.p.)*
Selling Expenses	(420.2)	(477.1)	13.5%	(360.0)	(398.1)	10.6%
Contribution Margin	**(148.8)**	**148.1**	**(0.5%)**	**209.0**	**227.1**	**8.6%**
Contribution Margin (%)	*7.8%*	*7.0%*	*(0.8 p.p.)*	*10.9%*	*10.8%*	*(0.1 p.p.)*
General and Administrative Expenses	(49.7)	(64.7)	30.2%	(49.7)	(64.7)	30.2%
Adjusted EBITDA	**99.1**	**83.4**	**(15.8%)**	**159.3**	**162.4**	**1.9%**
Adjusted EBITDA Margin	*5.2%*	*3.9%*	*(1.3 p.p.)*	*8.3%*	*7.7%*	*(0.6 p.p.)*
Depreciation and amortization	(22.4)	(28.2)	26.2%	(63.9)	(82.3)	28.8%
Financial Earnings	(19.4)	(40.5)	108.8%	(46.9)	(74.8)	59.5%
Earnings before Income Tax	**57.3**	**14.6**	**(74.5%)**	**48.6**	**5.2**	**(89.2%)**
Income Tax and Social Contribution	(7.4)	15.9	-	(4,4)	19.1	-
Adjusted Net Income	**49.9**	**30.5**	**(38.8%)**	**44.2**	**24.4**	**(44,8%)**
Adjusted Net margin	*2.6%*	*1.4%*	*(1.2 p.p.)*	*2.3%*	*1.2%*	*(1.1 p.p.)*

BALANCE SHEET

Balance Sheet (R$ millions)	IFRS16		
	12/31/21	03/31/22	Δ
Total Assets	**6,573.3**	**6,475.3**	**(1.5%)**
Current Assets	**3,512.5**	**3,356.1**	**(4.5%)**
Cash and Cash Equivalents	654.1	486.5	(25.6%)
Clients Accounts Receivable	530.3	515.0	(2.9%)
Inventory	1,957.0	1,960.1	0.2%
Taxes to Recover	232.4	230.9	(0.7%)
Other Current Assets	138.7	163.6	17.9%
Non-Current Assets	**3,060.8**	**3,119.2**	**1.9%**
Long-Term Assets	648.7	686.7	5.9%
Investments	72.6	72.2	(0.5%)
Fixed Assets	665.6	691.6	3.9%
Rights of use under lease	1,615.6	1,608.1	(0.5%)
Intangible Assets	58.2	60.6	4.1%
Total Liabilities	**6,573.3**	**6,475.3**	**(1.5%)**
Current Liabilities	2,191.4	2,176.6	(0.7%)
Social and Labor Obligations	103.4	128.6	24.4%
Suppliers	1,306.5	1,255.0	(3.9%)
Tax Obligations	94.1	107.3	14.0%
Loans and Financing	435.7	425.8	(2.3%)
Other Obligations	29.6	33.1	12.1%
Leasing	222.1	226.8	2.1%
Long Term Liabilities	**2,291.6**	**2,186.7**	**(4.6%)**
Loans and Financing	753.9	654.3	(13.2%)
Other Obligations	7.2	6.7	(6.2%)
Leasing	1,508.0	1,505.2	(0.2%)
Provisions	22.6	20.4	(9.4%)
Shareholder's Equity	**2,090.2**	**2,111.9**	**1.0%**
Realized Share Capital	1,199.2	1,199.2	0.0%
Capital Reserves	369.7	368.0	(0.5%)
Profit Reserves	521.3	521.3	0.0%
Accumulated Profits/Losses	-	23.4	-

ANNEX: DISTRIBUTION OF STORES BY STATE

State / Region (# Stores)	1Q21	Openings	Closings	1Q22
Total	**1,101**	**89**	**21**	**1,169**
Northeast	**665**	**61**	**4**	**722**
Alagoas	30	2	-	32
Bahia	114	17	2	129
Ceará	180	5	1	184
Maranhão	60	10	-	70
Paraíba	51	4	1	54
Pernambuco	117	10	-	127
Piauí	35	4	-	39
Rio Grande Do Norte	43	7	-	50
Sergipe	35	2	-	37
North	**110**	**7**	**2**	**115**
Acre	12	2	-	14
Amapá	6	1	-	7
Amazonas	22	-	-	22
Pará	34	2	2	34
Rondônia	13	-	-	13
Roraima	9	2	-	11
Tocantins	14	-	-	14
Southeast	**192**	**12**	**10**	**194**
Espírito Santo	26	-	1	25
Minas Gerais	63	3	5	61
Rio De Janeiro	19	2	2	19
São Paulo	84	7	2	89
Midwest	**92**	**9**	**4**	**97**
Distrito Federal	17	-	1	16
Goiás	29	2	3	28
Mato Grosso	23	5	-	28
Mato Grosso do Sul	23	2	-	25
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 : A 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 market share 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 to 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 independently verified the competitive 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 states that its independent auditors, Ernst & Young Auditores Independentes S.S., did not provide services unrelated to the audit during the period which ended on March 31, 2022.

EARNINGS CALL

Videoconference In Portuguese

May 03, 2022
10:00 (BRT) | 09:00 am (US ET)

Access in Portuguese

Dial-in:

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

Videoconference in English (simultaneous translation)

May 03, 2022
10:00 (BRT) | 09:00 am (US ET)

Access in English

Dial-in:

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

PagueMenos 40 anos

Balance sheet
March 31
(In thousand Reais)

Assets	Note	03/31/2022	12/31/2021
Current			
Cash and cash equivalent	4	486.471	654.121
Marketable securities		0	0
Trade receivable	5	514.972	530.268
Inventories	6	1.960.144	1.956.957
Commercial agreements		108.222	100.970
Recoverable taxes	7	230.871	232.407
Derivatives		0	0
Prepaid expenses		0	0
Prepaid expenses		20.148	5.965
Other		35.222	31.812
Total current asset		**3.356.050**	**3.512.500**
Non-current			
Long term achievable			
Financial investments		8.808	8.639
Recoverable taxes	7	431.869	414.418
Deferred taxes	8	223.982	204.018
Derivatives		0	-
Legal deposits		22.016	21.617
		686.675	**648.692**
Investments	10	72.200	72.596
Property, plant, and equipment	11	691.593	665.611
Intangible	12	60.612	58.210
Right of use	15	1.608.144	1.615.645
Total non-current asset		**2.432.549**	**2.412.062**
Total asset		**6.475.274**	**6.573.254**

Balance sheet
March 31
(In thousand Reais)

Liabilties	**Note**	**03/31/2022**	**12/31/2021**
Current			
Trade payable	13	1.254.980	1.306.492
Loans, finance and debentures	14	425.834	435.702
Leases liabilities	15	226.789	222.147
Taxes and contribuition payables	16	107.255	94.095
Salaries and social charges		128.643	103.425
Other accounts payable		33.148	29.571
Total current liability		**2.176.649**	**2.191.432**
Non-current			
Loans, finance and debentures	14	654.335	753.909
Leases liabilities	15	1.505.199	1.507.974
Taxes and contribuition payables	16	6.731	7.177
Contingency provisions	17	20.434	22.565
Total non-current liability		**2.186.699**	**2.291.625**
Total liability		**4.363.348**	**4.483.057**
Shareholders' equity	18		
Capital stock		1.199.219	1.199.219
Capital reserves		367.991	369.696
Profit reserves		521.282	521.282
Stocks in treasury		-	-
		23.434	-
Total shareholders' equity		**2.111.926**	**2.090.197**
Total liability and shareholders' equity		**6.475.274**	**6.573.254**

Income statement
March 31
(In thousand Reais, except for the result per share)

Income statement	Note	03/31/2022	03/31/2021
Net revenue	22	**1.972.879**	**1.776.320**
Cost of sales	23	(1.347.688)	(1.207.307)
Gross profit		**625.191**	**569.013**
(Expenses) operating revenues		(546.542)	(473.564)
Other operating revenues		352	318
Sales expenses	23	(474.834)	(418.400)
General and administrative expenses	23	(72.827)	(55.578)
Depreciation and amortization		-	-
Equity in the results of investees		839	371
Other operating expenses		(72)	(275)
Result before net financial revenues (expenses		**78.649**	**95.449**
Financial revenues	24	20.587	21.437
Financial expenses	24	(95.388)	(68.324)
Financial, net expenses		**(74.801)**	**(46.887)**
Result before taxes		**3.848**	**48.562**
Income tax current	8	(378)	(875)
Income tax deferred	8	19.964	(3.519)
Net income		**23.434**	**44.168**
Share result			
Basic and diluted share result (in R$)		0.05	0.10

Comprehensive income statement
March 31
(In thousand Reais)

Comprehensive income statement	03/31/2022	03/31/2021
Net income	23.434	44.168
Other comprehensive income	-	-
Comprehensive income of the year	**23.434**	**44.168**

Cash flow statements
March 31
(In thousand Reais)

Cash flow statements	03/31/2022	03/31/2021
Cash flows from operating activities		
Net profit (loss) from the fiscal year	**23.434**	**44.168**
Cash Generated from Operations		
Depreciation and amortization	82.305	63.893
Assets and liabilities present value adjustment	3.971	700
Interests on loans, financing, and debentures	31.481	8.614
Derivative financial instruments fair value changes	-	1.091
Exchange variation on loans and financing	-	1.552
Interests on lease with purchase option	34.278	27.478
Establishement (reversal) of contingency provisions	1.021	1.374
Equity accounting	(839)	(371)
Current taxes	378	875
Deferred taxes	(19.964)	3.519
Appropriation of transaction costs in debts issuance	(1.267)	(1.751)
Other adjustments to profit	(744)	(112)
Provision for closure of shops	(2.118)	(975)
Residual value on write-down of fixed and intangible assets	1.096	1.782
Provision for bad and doubtful debts	555	1.895
Provision for losses in inventories	6.445	(3.046)
	160.032	**150.686**
Operating assets and liabilities variations		
Third party fundraising	5	(4.002)
Accounts receivable	14.510	(67.279)
Inventories	(11.040)	(93.970)
Recoverable taxes	(15.269)	23.511
Other credits	(11.536)	(24.789)
Prepaid expenses	(14.183)	(13.322)
Suppliers	(52.780)	5.391
Taxes and contributions recoverable	12.336	(1.265)
Salaries and vacation payable	28.924	25.766
Other accounts payable	420	4.849
	(48.613)	**(145.110)**
Others		
Payment of loans - Interests	(8.994)	(10.203)
Payment of debentures - Interests	(7.303)	(3.261)
Payment of leases - Interests	(34.278)	(27.478)
	(50.575)	**(40.942)**
Net Cash Operating Activities	**60.844**	**(35.366)**
Cash flows from investment activities		
Acquisition in other investments	(169)	30.850
Acquisition of property, plant, and equipment	(49.563)	(19.596)
Acquisition of intangible	(6.043)	(3.010)
Net cash generated in investment activities	**(55.775)**	**8.244**
Cash flows from financing activities		
Loans and Financing	-	160.000
Payment of loans and financing	(66.849)	(182.781)
Payment of lease with purchase option	(43.949)	(32.666)
Dividends and interests over own capital paid	-	-
Issuance of debentures	-	-
Payment of debentures	(56.510)	(16.667)
Derivative operations settlement	-	-
Funds from stock option granted	-	-
Dividends and interests over own capital received	-	-
Costs in stocks issuance	-	(1.196)
Stocks in treasury	(5.411)	(10.424)
Net cash (used in) from financing activities	**(172.719)**	**(83.734)**
Increase (Decrease) of Cash and Equivalents	**(167.650)**	**(110.856)**
Decrease of cash and cash equivalent statements		
At the beginning of the fiscal year	654.121	589.086
At the end of the fiscal year	486.471	478.230
Decrease of Cash and Equivalents	**(167.650)**	**(110.856)**

Shareholders' equity changes statements
March 31
(In thousand Reais)

Shareholders' equity changes statements	Paid capital stock	Capital reserve options granted and stocks in Treasury	Profit reserves	Accrued Profits and Losses	Other comprehensive income	Total shareholders' equity
Balances on January 1, 2021	1.200.666	383.432	356.824	-	-	**1.940.922**
Capital transactions with the partners	-	(10.424)	-	-	-	**(10.424)**
Stocks in treasury	-	(10.424)	-	-	-	**(10.424)**
Total Comprehensive Income	-	-	-	44.168	-	**44.168**
Net Profit in the Period	-	-	-	44.168	-	**44.168**
Internal Changes of the shareholders' equity	(1.196)	2.734	-	-	-	**1.538**
Recognized options granted	-	-	-	-	-	**-**
Tax Incentive Reserve	-	-	-	-	-	**-**
Costs in stocks issuance	(1.196)	-	-	-	-	**(1.196)**
Restricted stocks plan	-	2.734	-	-	-	**2.734**
Balances on March 31, 2021	**1.199.470**	**375.742**	**356.824**	**44.168**	**-**	**1.976.204**
Balances on January 1, 2022	1.199.219	369.696	521.282	-	-	**2.090.197**
Capital transactions with the partners	-	2.380	-	-	-	**2.380**
Stocks in treasury	-	2.380	-	-	-	**2.380**
Total Comprehensive Income	-	-	-	23.434	-	**23.434**
Net Profit in the Period	-	-	-	23.434	-	**23.434**
Internal Changes of the shareholders' equity	-	(4.085)	-	-	-	**(4.085)**
Tax Incentive Reserve	-	-	-	-	-	**-**
Costs in stocks issuance	-	-	-	-	-	**-**
Restricted stocks plan	-	(4.085)	-	-	-	**(4.085)**
Balances on March 31, 2022	**1.199.219**	**367.991**	**521.282**	**23.434**	**-**	**2.111.926**

Value added statement
March 31
(In thousand Reais)

Value added statement	03/31/2022	03/31/2021
Revenues		
Sales of merchandises, products and services	2.088.084	1.888.040
Other revenues	352	318
	2.088.436	**1.888.358**
Inputs acquired from third parties (includes ICMS and IPI)		
Costs of sold merchandises, products and services	(1.244.799)	(1.115.121)
Third parties' materials, energy, services and others	(200.308)	(177.550)
	(1.445.108)	**(1.292.671)**
Gross added value	**643.328**	**595.687**
Depreciation and amortization	(82.305)	(63.893)
Net added value generated by Company	**561.024**	**531.794**
Added value received from transfer		
Equity pick-up	839	371
Financial income	21.151	11.979
Total added value to distribute	**583.014**	**544.144**
Added value distribution		
Personnel	**263.196**	**215.759**
Direct compensation	224.849	182.382
Benefits	21.429	20.055
FGTS	16.917	13.322
Taxes, Rates and Contributions	**222.201**	**238.116**
Federal	19.392	45.594
State	198.179	187.939
Municipal	4.630	4.583
Compensation of third parties capital	**74.183**	**46.101**
Interests	68.412	35.603
Rentals	5.771	10.498
Compensation of own capital	**23.434**	**44.168**
Profit (loss) of the year	23.434	44.168
Distributed added value	**583.014**	**544.144**

1. COMPANY INFORMATION

Empreendimentos Pague Menos SA ("the Company") is a publicly-held corporation, registered at B3 SA - Brasil, Bolsa, Balcão - in the Novo Mercado segment, headquartered in the capital of the state of Ceará, having PGMN3 as its ticker symbol:

The Company's main commercial retail activity is selling medications, cosmetics, personal care and beauty products, with 1,101 stores (1,105 on December 31, 2020), located in every state in Brazil. The stores are supplied by five distribution centers located in Ceará, Pernambuco, Bahia, Goiás and Minas Gerais.

Extrafarma Transaction

On May 18, 2021, through a Material Fact, the Company disclosed to the market that it had entered into a share purchase agreement for the acquisition of up to 100% of the capital stock of Imifarma Produtos Farmacêuticos e Cosméticos SA, holder of the operations of "Extrafarma ". This operation still awaits the authorization of the Administrative Council for Economic Defense (CADE), in addition to other conditions precedent to its completion.

On February 11, 2022, The CADE General Superintendency issued an order declaring Merger No. 08700.005053/2021-74 to be complex, referring to the acquisition of Extrafarma. The declaration of complexity is a common step within the ordinary process for actions resulting in market concentration whose analysis by CADE requires deeper examination.

Therefore, there is no accounting impact to be considered in the interim information disclosed on March 31, 2022.

2. STATEMENT OF COMPLIANCE AND BASIS FOR THE PREPARATION OF QUARTERLY INFORMATION

This information about the quarter has been prepared and is presented in accordance with international accounting standards (International Financial Reporting Standards - IFRS) and based on accounting practices adopted in Brazil that follow the rules set by the Brazilian Securities and Exchange Commission (CVM) and Brazilian Accounting Standards - NBC's – of the Federal Accounting Council (CFC).

The Company's management states that all relevant and proprietary information in the interim financial statements disclosed herein, and only them, are disclosed and correspond to what is used in the management of the Company.

The quarterly information was prepared based on historical cost, except for the share-based compensation plan, which was measured at fair value. The information herein is presented in Brazilian Reais, which is the Company's operating currency.

The presentation of the Statement of Added Value (DVA), although not required by IFRS, is mandatory for publicly-held companies in Brazil. As a consequence, this statement is presented as supplemental information for IFRS purposes, notwithstanding the overall financial statements.

The issuance of this quarterly report was authorized by the Company's Board of Directors on May 2, 2022.

During the preparation of the information concerning this quarter, the possible effects of the COVID -19 pandemic were considered, as described below:

Analysis of the effects of COVID-19

On March 10, 2020, the Brazilian Securities and Exchange Commission - CVM issued a notice CVM / SNC / SEP No. 02/20, advising publicly-held companies to carefully assess the impacts of COVID-19 on their businesses and report in their financial statements and quarterly reports, any information about the main risks and uncertainties arising from this analysis, observing the applicable accounting standards. On April 16, 2021, CVM issued CVM-SNC/Sep Circular Letter No. 03/2020 with guidance on the impacts of measures to combat the COVID-19 pandemic in the calculation of expected losses for the purpose of applying CVM Resolution 763, of December 22, 2016 (NBC TG 48 / IFRS 9).

In observance of this CVM Circular, Management has paid special attention to those economic events that may impact the continuity of the business and/or the accounting estimates conducted, such as: recoverability of financial and non-financial assets, measurement of lease assets and liabilities, among others.

Accounts receivable from customers (provision for expected losses)

The credit risk of accounts receivable balances is mitigated by the fact that 22% of the Company's sales are made in cash and 78% using credit and debit cards. The operations are concentrated in large credit card operators, normally linked to solid financial institutions. Thus, Management evaluated and concluded that there was no significant increase in credit risk in relation to Accounts Receivable that would justify any adjustment in the provision for expected credit losses, as well as the need for any additional disclosure on the impact of the Covid-19 pandemic in relation to the Company's receivables.

Measurement of right-of-use assets and lease liabilities

In accordance with CVM Resolution No. 859/2020, which deals with changes in NBC TG 06 (R3) – Leases, as a result of benefits related to the Covid-19 pandemic granted to lessees in lease agreements – the Company evaluated that the benefits arising from rental discounts obtained on certain properties were temporary and did not result in a change in the terms of such agreements.

3. SIGNIFICANT ACCOUNTING PRACTICES

The interim financial statements are being presented in accordance with NBC TG 21 (R1), IAS 34 and the rules issued by CVM. The practices, policies and significant accounting judgments and sources of uncertainties about estimates adopted during the preparation of the quarterly report are consistent with those adopted and disclosed in the financial statements for the year which ended on December 31, 2021, which were disclosed on March 9, 2022, and should be read together with the information in this quarterly report.

a) Standards, amendments and interpretations of standards

In the quarter ended March 31, 2022, no new standards, amendments and interpretations of standards were issued.

(Amounts in thousands of Reais)

4. CASH AND CASH EQUIVALENTS

	03/31/2022	12/31/2021
Cash and banks	32,621	54,436
Short-term investments	453,850	599,685
Repurchase Agreements	17,100	70,514
Certificates of Bank Deposits - CDB	383,228	487,488
Financial securities – *(LF Letras Financeiras)*	51,584	30,798
Automatic investments	1,938	10,885
Total	486,471	654,121

Short-term financial investments are held in sound financial institutions and have low credit risk. They are compensated by the variation of the Interbank Deposit Certificate (CDI) and are available for immediate use without loss of income, being distributed among CDBs, with an average return rate of 104.6% (104.6% on 12/31/2021), Repo Operations , considering an average return of 95.2% (97.2% on 12/31/2021), Financial Securities *(Letras Financeiras)*, with an average return rate of 110.3% (114.0% on 12/31/2021). These operations have a maturity period that is less than three months from the contracting date and because they meet the CPC 03 (R3) requirements, were classified as cash equivalents.

5. ACCOUNTS RECEIVABLE FROM CUSTOMERS

	03/31/2022	12/31/2021
Credit and debit card companies	488,332	508,492
Agreements and partnerships *(convênios)* (a)	31,433	26,476
Commissions Receivable	779	86
Subtotal	520,544	535,054
(-) Adjusted present value	(5,317)	(4,022)
(-) Expected credit losses	(255)	(764)
Total	514,972	530,268

a) Refers to amounts receivable from the Federal Government for sales made under the *Programa Farmácia Popular* (People's Drugstore Program) and balances with partner companies (*convênios*). The main purpose of these agreements (*convênios*) is to grant discounts to employees, as well as to enable customers to pay for purchases made by means of payroll deductions. In addition, there are amounts related to partnerships with delivery apps.

The balances were adjusted to present value, considering an average payment collection period between 41 and 53 days (2021: 45 and 58 days) and discounted at the average rate of the cost of capital.

The balances of receivables by maturity are shown below, before the provision for expected credit losses and adjustments to present value:

(Amounts in thousands of Reais)

	03/31/2022	12/31/2021
Coming due between 1 and 30 days	232,107	273,115
Coming due between 31 and 60 days	137,739	121,388
Coming due between 61 and 90 days	78,788	76,693
Coming due in more than 90 days	70,249	63,033
	518,883	534,229
1 to 30 days overdue	1,408	628
31 to 90 days overdue	112	53
More than 90 days overdue	141	144
	1,661	825
Total	520,544	535,054

a) *Transactions related to expected credit losses:*

	03/31/2022	12/31/2021
Opening balance	(764)	(994)
Additions	(348)	(1,064)
Reversals	857	1,294
Closing balance	(255)	(764)

6. INVENTORIES

	03/31/2022	12/31/2021
Merchandise for Resale	1,985,211	1,974,467
Materials for use and consumption	5,086	6,198
(-) Expected inventory losses	(30,153)	(23,708)
	1,960,144	1,956,957

a) *Changes in expected inventory losses:*

	03/31/2022	12/31/2021
Opening balance	(23,708)	(28,892)
Additions	(6,445)	(10,843)
Reversals	-	16,027
Closing balance	(30,153)	(23,708)

(Amounts in thousands of Reais)

7. TAX RECOVERABLE

	03/31/2022	12/31/2021
ICMS (a)	436,598	424,743
IRPJ / CSLL (b)	2,896	2,927
PIS and COFINS (c)	203,440	207,262
INSS (d)	15,460	9,475
IRRF	3,084	1,279
Other	1,262	1,139
	662,740	646,825
Current	230,871	232,407
Non-current	431,869	414,418

(a) Balance resulting from the normal ICMS calculation regime and balances referring to non-definitive ICMS ST credits, where the presumed tax bases were higher than the effective margins. The credits were recognized as a result of the decision by the STF (Supreme Court in Brazil), with a general repercussion, which guaranteed the right of reimbursement to the taxpayer who paid ICMS ST in advance based on calculation bases that are higher than those actually made. Tax credits from periods prior to the STF decision were not recognized. The amounts are compensated administratively after compliance with the requirements defined by each State.

(b) Overpayment of IRPJ and negative CSLL balance when calculating the real profit for the previous year.

(c) In August 2019, the Company obtained a favorable and unappealable decision in a lawsuit which discussed the right to the exclusion of the ICMS highlighted in invoices (*Notas Fiscais*), from the basis for calculation of PIS and COFINS contributions. The Company is in the process of executing the decision to refund the amounts unduly paid, in the total amount of BRL 201,447, BRL 32,263 of which, refers to monetary correction. In addition, the Company recognizes credits arising from the non-cumulative effect, arising from the acquisition of goods, the acquisition of services and of inputs considered relevant and essential to the sale of products and the provision of services.

(d) The amount of BRL 15,460 refers to the remaining balance of credits arising from a final and unappealable court decision, which removed the incidence of social security contribution on certain labor related amounts.

8. DEFERRED TAXES

	03/31/2022	12/31/2021
Tax losses	128,245	113,789
Capitalization of Interest	(6,014)	(5,909)
Provision for store closings	1,484	2,204
Provision for building inventories	10,252	8,061
Provision for goodwill impairment	6,543	6,543
Profit sharing	4,431	3,508
Commercial leasing	42,107	38,922
Expected credit losses	6,900	6,001
Provisions for contingencies	6,948	7,672
Adjustment to present value	4,426	3,075
Other provisions	18,660	20,152
Total	223,982	204,018

(Amounts in thousands of Reais)

a) *Expected realization*

The Company, based on forecasts made and approved by Management, related to the estimate of future taxable profits, recognized the deferred tax credits on tax losses, negative bases of social contributions and temporary differences, up to the limit of its offsetting capacity, which do not have a limitation period with a compensation that is limited to 30% of annual taxable profits. The recovery of the amount of deferred taxes is reviewed annually. The estimates are related to the Company's ability to obtain the expected results, considering certain economic factors and the market in which it operates. The results may differ from the estimates if the conditions forecasted are not confirmed. According to the forecasts made, the balances of deferred taxes will be recovered according to the following schedule.

	03/31/2022	12/31/2021
2022	26,089	26,089
2023	16,384	16,384
2024	24,752	24,752
2025	38,949	38,949
2025 onward	117,808	97,844
	223,982	204,018

b) *Reconciliation of the effective tax rate*

	03/31/2022	03/31/2021
Net income before Income Tax and Social Contribution on Net Income	3,848	48,562
Combined tax rate [B]	34%	34%
IR / CSLL at the combined tax rate [A] * [B] = [C]	1,308	16,511
Effect of permanent additions: [D]	1,383	227
Other permanent additions	1,383	227
Effect of permanent exclusions: [E]	62,837	35,864
Investment subsidy	27,702	28,829
Creation of tax loss	34,237	-
Equity Method Results	839	371
Other permanent exclusions	59	5,468
IPO costs	-	1,196
Current tax profit (loss) [A] + [D] - [E] - [F] = [G]	(57,606)	12,925
Deferred IR / CSLL on tax loss that are not incurred [G] *	-	-
IR / CSLL on profits / losses [F] * 34% + [G] = [H]	19,586	(4,394)
Effective rate [H] / [A]	508.9%	9%

The Company assessed the impacts of IFRIC 23 (ITG 22) - Uncertainties related to how taxes on profit will be considered, concluding that its effects to date are not relevant.

(Amounts in thousands of Reais)

9. RELATED PARTIES

		03/31/2022			12/31/2021		
Related parties	Type of operation	Assets	Liabilities	Result	Assets	Liabilities	Result
Other accounts receivable							
Dupar Participações S.A.	Other credits	1	-	-	1	-	-
Suppliers							
Biomatika Ind. E Com. Prod. Naturais S.A. (a)	Purchase of products	-	66	-	-	511	-
e-Pharma PBM do Brasil S.A.	Provision of services	958	-	-	915	-	-
L'auto Cargo Transportes Rodoviário S.A. (c)	Transportation of goods	-	8,318	(25,930)	-	8,672	(105,039)
Leases							
Renda Participações S.A. (d)	Property rentals	-	743	(2,422)	-	801	9,174
Dupar Participações S.A. (d)	Property rentals	-	5,571	(17,984)	-	6,105	(70,645)
Prospar Participações S.A. (d)	Property rentals	-	129	(407)	-	134	(1,452)
Total		959	14,827	(46,743)	916	16, 223	186,310

a) Biomatika Indústria e Comércio de Produtos Naturais SA, a company under joint control, is focused on manufacturing cosmetics, perfumes and personal hygiene products. The contract between the parties establishes the production of products with the Pague Menos brand. The margins obtained on these products are higher than those obtained from other suppliers due to the lower level of advertising and bonuses, among other factors.

b) e-Pharma PBM do Brasil – S.A. - Programa de Benefícios de Medicina da Saúde, invested in by the Company, is primarily focused on the development and commercialization of pharmaceutical and health care management services, providing the know-how and technological tools for their implementation and operation. The Company has considerable influence on this invested firm but does not have control. Thus, the commercial practices used are comparable to those practiced by other market players.

c) L'auto Cargo Transportes Rodoviário SA, a company under joint control, is focused on cargo transport via truck. All freight transportation contracts go through a bidding process and are selected according to the best technical (service level) and commercial proposal. The Company´s Board of Directors approved a contract for the provision of transport services for merchandise with L'auto, with a total estimated value of BRL 200,000 for a 2 (two) year term. The prices for these services are established according to percentage rates calculated on the basis of the tax invoice value of the goods transported and vary according to the rates established, by each individual Brazilian state.

d) Renda Participações S.A., Dupar Participações S.A. and Prospar Participações S.A., companies under joint control, manage their own properties as well as properties of third parties. The Company leases 360 properties, where it operates some of its stores. Rents are calculated based on the monthly sales of the stores. For properties occupied by Management and distribution centers, rents are defined as fixed amounts.

Transactions with related parties were conducted, considering analyses made by Management for each operation, in line with normal market practices.

Management compensation

Management compensation totaled R$8,003 in the period ended March 31, 2022 (R$3,048 as of March 31, 2021). The Company does not have a post-employment benefits policy. Additionally, since 2020, the Company has established a share-based compensation program, as disclosed in Note 19.

Warranties, endorsements and guarantees with related parties

The Company also has transactions in which related parties provide warranties, endorsements or guarantees for financing and loan agreements made to the Company, as follows:

(Amounts in thousands of Reais)

Related party garantor	03/31/2022	12/31/2021
Guarantee / endorsement and joint and several debtors (Note 14)	269,510	337,383
Individuals (shareholders)	81,290	102,182
Dupar Participações S.A.	188,220	235,201
Properties	52,183	52,183
Dupar Participações S.A.	52,183	52,183

10. INVESTMENTS

	03/31/2022	12/31/2021
e-Pharma PBM do Brasil S.A.	9,605	10,001
Goodwill on investment acquisitions	81,838	81,838
(-) impairments	(19,243)	(19,243)
	72,200	72,596

Balance transactions

	03/31/2022	03/31/2021
Opening January 1st	72,596	70,797
Equity accounting results	839	371
Dividends and interest on shareholders' equity receivable	(1,235)	-
Final balance on March 31	72,200	71,168

Information - invested company

On December 28, 2015, the Company acquired 26.21% of the shares of e-Pharma PBM do Brasil SA, at a total cost of BRL 90,000, with a net equity of BRL 8,162, consequently, goodwill based on the expected future profitability was calculated to be BRL 81,838. The principal business of e-Pharma PBM do Brasil SA is managing drug benefit programs. As of March 31, 2022, the Company holds 26.18% (2021: 26.18%) of the investee's shares.

Goodwill Impairment

The Company assessed, based on December 31, 2021, the recovery of the book value of the remaining goodwill associated with the acquisition of e-Pharma PBM do Brasil SA, using the discounted cash flow method allocated to the cash generating unit that generated the related goodwill.

(Amounts in thousands of Reais)

The recoverable amount of sales made by the cash-generating unit whose acquisition was determined through a calculation based on the value in use from cash forecasts for financial budgets approved by Management over a period of five years. The forecasted cash flow has been updated to reflect changes in the demand for products and services. The discount rate applied to the cash flow forecasts was 17.5% before taxes. Discount rates represent the risk assessment in the current market, specificallly for the investee, considering the time value of money and the individual risks of related assets that were not incorporated in the assumptions included in the cash flow model. The discount rate calculation is based on specific circumstances of the investee, resulting from the weighted average costs of capital (WACC). The WACC considers debt and equity. The cost of equity results from the expected return on investment made by investors. The cost of debt is based on interest-bearing financing that the Company is required to fulfill. The specific risk of the investee is incorporated through the application of individual beta factors. Beta factors are assessed annually based on publically available market data.

Principal assumptions used in calculations are based on the value-in-use

The calculation of the value-in-use for the related cash generating units, forecast for the next 5 years, is most sensitive to the following assumptions:

Sales revenue and expenses

Adjustments in drug prices and inflation of other traded goods and selling expenses are calculated according to the forecast for overall inflation or index rates established in contracts. The assumptions adopted in the impairment tests comply with the internal forecasts for the five-year period. After the five year period, extrapolation is applied using a perpetuity growth rate of 3%, based on the nominal model.

Gross margin

The recovery test did not identify the need for additional recognition of a new provision to reduce the recoverable amount of goodwill, in addition to the amount that is already accounted for. An increase in the discount rate before taxes (WACC) of 10% would bring the rate to 19.3%, resulting in a recoverable amount of BRL 249,896, compared to the assessment of the base scenario in the Discounted Cash Flow Model which considered BRL 281,542. A 10% reduction in the Perpetual Growth Rate (g) to 2.7% would result in the recoverable amount of R$278,044. In the worst case scenario of the current model, the valuation would be R$247,265, which would result in an additional loss of R$7,862.

11. FIXED ASSETS

	Annual Rate	03/31/2022			12/31/2021		
		Cost	Depreciation	Net	Cost	Depreciation	Net
Works in progress	-	67,213	-	67,213	39,620	-	39,620
Improvements in third-party owned properties	(i)	869,941	(420,774)	449,167	854,942	(405,596)	449,346
Installations	10%	106,072	(51,019)	55,053	106,492	(48,696)	57,796
Machines and equipment	10%	109,830	(68,211)	41,619	108,414	(65,925)	42,489
Furniture and fixtures	10%	124,893	(55,698)	69,195	120,681	(52,893)	67,788
Vehicles	20%	350	(350)	-	350	(350)	-
IT equipment	20%	65,633	(52,424)	13,209	65,797	(51,220)	14,577
Advance payments to suppliers	-	133	-	133	133	-	133
Provision for store closings	-	(14,020)	10,024	(3,996)	(16,383)	10,245	(6,138)
Total		1,330,045	(638,452)	691,593	1,280,046	(614,435)	665,611

(Amounts in thousands of Reais)

(i) The depreciation of improvements is calculated according to the term of each rental agreement, which varies between 5 and 25 years, resulting in average rate of depreciation of 6% per year.

a) Situation in the 3-month period ending March 31, 2022

	12/31/2021	Additions	Write-offs	Depreciation	Transfers (i)	03/31/2022
Construction Work in progress	39,620	31,334	-	-	(3,741)	67,213
Improvements in third-party owned properties	449,346	13,066	(739)	(15,805)	3,299	449,167
Installations	57,796	15	(346)	(2.412)	0	55,053
Machines and equipment	42,489	1,359	(9)	(2,370)	150	41,619
Furniture and fixtures	67,788	3,789	(1)	(2,882)	501	69,195
IT Equipment	14,577	-	(1)	(1,248)	(119)	13,209
Advance payments to suppliers	133	-	-	-	-	133
Provision for store closings	(6,138)	2,142	-	-	-	(3,996)
Total	665,611	51,705	(1,096)	(24,717)	90	691,593

(i) The residual values of transfers refer to the reclassification of assets from intangible to fixed.

b) Movement in the 3-month period ending March 31, 2021

	12/31/2020	Additions	Write-offs	Depreciation	Transfers	03/31/2021
Construction work in progress	9,051	8,089	-	-	(2,631)	14,509
Improvements in third-party properties	383,676	8,541	(1,615)	(11,602)	1,399	380,399
Installations	52,107	544	(28)	(2,142)	375	50,856
Machines and equipment	39,873	486	-	(2,134)	26	38,251
Furniture and tools	54,253	1,932	-	(2,398)	757	54,544
IT equipment	9,345	4	-	(1,370)	41	8,020
Advance payments to suppliers	127	-	(72)	-	-	55
Provision for closing stores	(7,143)	832	-	-	-	(6,311)
Total	541,289	20,428	(1,715)	19,646	(33)	540,323

Provision for store closings

The Company has recognized a provision for closing stores, in the amount of BRL $3,996 as of March 31, 2022 (BRL 6,138 on December 31, 2021). The recoverability analysis considers the individualized result of each store and the expected recovery of investments. Stores that do not generate sufficient results to recover investments are subject to the recognition of a provision store closings.

12. INTANGIBLE

		03/31/2022			12/31/2021		
	Annual Rate	Cost	Amortization	Net	Cost	Amortization	Net
Brands	(i)	4,289	-	4,289	4,289	-	4,289
Commercial Fund	(ii)	19,658	(17,017)	2,641	19,805	(16,751)	3,054
Software	20%	96,968	(50,170)	46,798	94,720	(47,052)	47,668
Websites	10%	63	(59)	4	111	(61)	50
Intangible assets under development	-	7,249	-	7,249	3,494	-	3,494
Provision for store closings	-	(923)	554	(369)	983	638	(345)
Total		127,304	(66,692)	60,612	121,436	(63,226)	58,210

i. Balance related to the acquisition cost for the “Pague Menos” brand in the State of Paraíba. As it is considered an intangible asset with no defined useful life, the Company assesses the need to recognize impairment losses. Considering Management's concept of materiality, previous calculations indicated that the recoverable value of this asset is significantly higher than its book value and there were no events that eliminated this difference, so the Company did not estimate the recoverable value of the referred asset once again and the assumptions previously used remain valid.

(Amounts in thousands of Reais)

ii. The amortization of the commercial fund is calculated over the term of each store rental contract, which vary between 5 and 25 years, resulting in an average amortization rate of 8.6% per year.

a) Activity during the 3-month period ending March 31, 2022

	12/31/2021	Additions	Write-offs	Amortization	Transfers (iii)	03/31/2022
Brands	4,289	-	-	-	-	4,289
Goodwill	3,054	-	-	(413)	-	2,641
Software	47,668	2,307	-	3116	(61)	46,798
Websites	50	(19)	-	2	(29)	4
Intangible assets under development	3,494	3,755	-	-	-	7,249
Provision for store closings	(345)	(24)	-	-	-	(369)
Total	58,210	6,019	-	(3.527)	(90)	60,612

b) Activity in the 3-month period ending March 31, 2021

	12/31/2020	Acquisitions	Write-offs	Amortization	Transfers (iii)	03/31/2021
Brands	4,289	-	-	-	-	4,289
Goodwill	5,025	-	(28)	(603)	-	4,394
Software	20,743	65	-	(2,133)	3	18,678
Websites	23	-	(39)	(2)	30	12
Intangible assets under development	8,232	2,945	-	-	-	11,177
Provision for store closings	(447)	143	-	-	-	(304)
Total	37,865	3,153	(67)	(2,738)	33	38,246

(iii) The residual values of transfers refer to the reclassification of intangible and fixed assets.

13. SUPPLIERS

	03/31/2022	12/31/2021
Suppliers	1,200,143	1,226,435
Withdrawn risk operations (i)	77,576	104,064
Subtotal	1,277,719	1,330,499
Adjustment to present value (ii)	(22,739)	(24,007)
Total	1,254,980	1,306,492

i) The withdrawn risk operations from the Company do not materially modify the purchasing conditions (payments, prices and negotiated terms) with suppliers, which continue as the usual market practices. These operations enable suppliers to better manage their cash flow needs, in detriment to an intensification of commercial relations with the Company. In addition, in these transactions there is no obligation that generates an expense for the Company or interest earned that is shared with the financial institution. The Company's Management also considered the guidance of CVM SNC/Sep Official Letter No. 01/2021, observing the qualitative aspects on this topic and concluded that there are no relevant impacts, nor does it affect the Company's leverage ratio.

ii) The balances of suppliers are impacted by the effect of adjustment to present value of the balance considering an average payment term between 59 and 78 days and average resources raised (2021: 70 to 78 days). The exchange for the adjusted present value is based on inventory, being recognized in the income statement as part of the cost of goods sold at the time of sale. The recovery of the liability balance related to interest over time is recognized as financial expense.

(Amounts in thousands of Reais)

a) By maturity

	03/31/2022	12/31/2021
From 1 to 30 days	513,497	484,531
from 31 to 60 days	371,103	413,761
from 61 to 90 days	185,748	158,248
Over 91 days	207,371	273,959
Total	1,277,719	1,330,499

b) Balance concentration

	03/31/2022	12/31/2021
Largest supplier	10%	12%
from the 2nd to 25th	50%	50%
from the 26th to 50th	15%	15%
Other suppliers	25%	23%
Total	100%	100%

14. LOANS, FINANCING AND DEBENTURES

Bank	Type	Average interest rate	03/31/2022	12/31/2021
Loans				
Banco do Brasil	Working capital	115% of the CDI rate.	64,596	63,643
Banco do Brasil	Working capital	120% of the CDI rate.	73,732	71,544
Itaú	Working capital	CDI + 2.50% p.a.	76,675	101,893
Santander	Working capital	CDI + 2.50% p.a.	130,780	162,595
			345,783	399,675
Financing				
Banco do Brasil	FCO	4.12% p.a.	15,858	16,925
Banco do Nordeste do Brasil	FNE	4.12% p.a.	21,231	24,264
Banco do Nordeste do Brasil	FNE	TLP IPCA + 2.18%	9,989	10,562
Banco do Nordeste do Brasil	FNE	TLP IPCA + 2.98%	27,465	32,949
			74,543	84,700
Debentures				
4th Debenture issue	Unsecured	CDI + 1.95%	160,732	200,765
5th Debenture issue	Unsecured	CDI + 1.51%	34,003	51,692
6th Debenture issue	Unsecured	CDI + 1.75%	101,093	99,065
6th Debenture issue	Unsecured	CDI + 2.20%	364,015	353,714
			659,843	705,236
Total loans, financing and debentures			1,080,169	1,189,611
Current			425,834	435,702
Non-current			654,335	753,909

(Amounts in thousands of Reais)

Balance transactions	03/31/2022	12/31/2021
Opening balances	1,189,611	878,476
Funding from loans, financing and debentures	-	610,000
Accrued Interest	31,481	56,373
Amortization of principal of loans, financing and debentures	(123,359)	(300,801)
Amortization of interest on loans, financing and debentures	(16,297)	(50,763)
Exchange rate changes	-	908
Change in the value of financial liabilities measured at fair value	-	(51)
Appropriation to the result of borrowing costs	(1,267)	(4,531)
Closing balance	1,080,169	1,189,611

a) *Characteristics of Debentures*

Offered on February 11, 2019, the 4th issue of simple debentures, in the amount of R$200,000, maturing on February 11, 2024, remunerated by the variation of CDI + 1.95% p.a., on July 21, 2019, the 5th issue of simple debentures, in the amount of R$100,000, maturing on January 21, 2023 and remunerated by the variation of CDI + 1.51% p.a. and on November 5, 2021, the 6th issue of simple debentures, in the amount of R$450,000, maturing on November 5, 2026 for the debentures of the first series, remunerated by the variation of CDI +1.75% p.a., and maturing on November 5, 2028, remunerated by the variation of CDI + 2.20% p.a., for the debentures of the second series.

Both issues are not convertible into shares, unsecured, with an additional personal guarantee, in a single series, for public distribution with restricted distribution efforts, under the terms of the Brazilian securities regulator (*Comissão de Valores Mobiliários "CVM"*) Instruction Nº. 476. The debentures do not have renegotiation clauses. The funds raised were used to reinforce working capital.

b) *Disbursement schedule*

	03/31/2022	12/31/2021
01/01/2023 - 12/31/2023	90,834	189,542
01/01/2024 - 12/31/2024	130,139	130,340
01/01/2025 – 12/31/2025	44,487	44,686
After 12/31/2025	388,875	389,341
Total	654,335	753,909

c) *Composition by currency*

	03/31/2022	12/31/2021
In Brazilian reais - BRL	1,080,169	1,189,611
Total	1,080,169	1,189,611

(Amounts in thousands of Reais)

d) Guarantees

	03/31/2022	12/31/2021
Guarantee / Endorsement (Related parties - Note 9)	269,510	337,383
Fiduciary assignment of credit rights	99.109	117,707
Bank guarantees	41,346	40,831
Real Estate (Related Parties - Note 9)	52,183	52,183
	462,148	548,104

e) Restrictive contractual clauses (covenants)

Financial ratios and limits are verified on a quarterly basis based on the Company's financial information until the full repayment of the amounts due. As of March 31, 2020, the rates were within the contractually defined limits. The Company is also in compliance with the other non-financial *covenants* .

15. RIGHT-OF-USE AND LEASES

a) Composition of right of use assets

	Real Estate	IT equipment	Machines and equipment	Total
Balances on January 1, 2022	1,541,629	54,821	19,195	1,615,645
Additions	48,647	4,502	546	53,695
Remeasurement	-	3.271	-	3.271
Write downs	(9,271)	(1,015)	(120)	(10,406)
Depreciation	(45,543)	(5,866)	(2,652)	(54,061)
Balances as of March 31, 2022	1,535,462	55,713	16,969	1,608,144

b) Lease liabilities

Cost	Properties	IT equipment	Machines and equipment	Total
Balances on January 1, 2022	1,650,794	(58,866)	20,461	1,730,121
Additions	48,647	4,502	546	53,695
remeasurement	-	3.271	-	3.271
Write downs	(9,889)	(1,134)	(127)	(11,150)
Accrued Interest	32,750	1,186	342	34,278
Payments	(68,198)	(7,013)	(3,016)	(78,227)
Balances as of March 31, 2022	1,654,104	59,678	18,206	1,731,988
Current	189,443	25,858	11,488	226,789
Non-current	1,464,661	33,820	6,718	1,505,199

(Amounts in thousands of Reais)

c) *Lease liability maturity schedule*

	2022	2021
01/01/2023 - 12/31/2023	208,104	208,765
01/01/2024 - 12/31/2024	173,829	172,589
01/01/2025 – 12/31/2025	158,606	156,214
After 01/01/2026	964,660	970,406
Total	1,505,199	1,507,974

d) *Potential PIS and COFINS credit*

The Company is entitled to PIS and COFINS credits in rental contracts registered according to NBC TG 06 (R3), when these payments occur. The potential for these tax credits is shown below. A portion of the real estate lease agreements do not generate the right to PIS and COFINS credits, as they are signed with individual lessors, therefore these credits are not permitted according to tax legislation.

	03/31/2022	12/31/2021
Lease consideration	2,323,467	2,300,082
Potential PIS and COFINS (9.25%)	140,206	138,635

e) *"Misleading" caused by the full application of NBC TG 06 (R2)*

In accordance with OFFICIAL NOTICE / CVM / SNC / SEP / N°02/2019, the Company adopted the requirements of NBC TG 06 (R2) as its accounting policy for the measurement and re-measurement of its right of use, using the discounted cash flow procedure, without considering inflation.

In order to safeguard the reliable representation of the information based on the requirementes in NBC TG 06 (R2) and to comply with the guidelines from CVM's technical area, the liability balances are presented without inflation, effectively accounted for (real cash flow x nominal rate), and the estimate of the balances with inflation are provided in the comparison periods (nominal flow x nominal rate).

	Real cash flow		Cash flow with inflation	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Real Properties	1,654,104	1,650,794	1,898,414	1,944,306
IT Equipment	59,678	58,866	66,422	64,788
Machines and equipment	18,206	20,461	20,263	22,519
Total	1,731,988	1,730,121	1,985,099	2,031,613

Other assumptions, such as the maturity schedule of the liabilities and interest rates used in the calculation, are disclosed in other items of this note, as well as the inflation indexes observable in the market, so that the users of the financial statements can calculate the nominal cash flows.

(Amounts in thousands of Reais)

16. TAX PAYABLES

	03/31/2022	12/31/2021
ICMS	62,402	60,442
INSS/FGTS	25,325	11,038
ISS	13,758	12,149
PERT	8,272	8,513
IRPJ / CSLL	3,734	8,761
Other	495	369
Total	113,986	101,272
Current	107,255	94,095
Non-current	6,731	7,177

17. PROVISION FOR CONTINGENCIES

a) Account composition

	03/31/2022	12/31/2021
Administrative	681	517
Civil	3.101	3,207
Labor Claims	16,423	18,596
Tax	229	245
Total	20,434	22,565

Provisions for civil contingencies consider lawsuits with individual values that are fragmented, principally due to causes seeking punitive and / or material damages that occurred in two situations: consumer relations and robberies occurring inside of our stores.

Labor contingencies consider lawsuits whose individual values are also fragmented and refer primarily to appeals resulting from severance pay disputes, related to overtime or salary differences and which have the effect of readjustments in other amounts such as vacation pay, FGTS and prior notice.

b) Changes in lawsuits in the 3-month period ended March 31, 2022

	12/31/2021	Additions	Reversals	Payments	03/31/2022
Administrative	517	178	-	(14)	681
Civil	3,207	229	(66)	(269)	3.101
Contingencies	18,596	666	(22)	(2,817)	16,423
Tax	245	65	(29)	(52)	229
Total	22,565	1,138	(117)	(3,152)	20,434

(Amounts in thousands of Reais)

c) Changes in lawsuits in the 3-month period ended March 31, 2021

	12/31/2020	Additions	Reversals	Payments	03/31/2021
Administrative	868	131	(206)	(60)	733
Civil	2,819	243	(191)	(9)	2,862
Contingencies	23,215	1,594	(6)	(72)	24,731
Tax	339	-	(191)	-	148
Total	27,241	1,968	(594)	(141)	28,474

d) Contingent liabilities - Possible risk of loss

As of March 31, 2022, the Company was a party in lawsuits classified by its legal advisors as a possible risk of loss reaching an amount of BRL 265,540 (BRL 298,676 in 2020), for which no provisions were recorded.

The type and estimates are shown below:

	03/31/2022	12/31/2021
Administrative	980	638
Civil	2,047	2,410
Contingencies	41,637	42,564
Tax	335,335	331,682
Total	379,999	377,294

Fiscal: Refers to notifications, mostly tax related, that the Company and its legal advisors do not consider as having a factual basis, and therefore are subject to cancellation. The principal cases are listed below:

i) ICMS debt cancellation lawsuit

A lawsuit aimed at canceling the penalty representing an amount of BRL 84,040, which was charged due to ICMS amounts due to the recording of credits considering amounts higher than those highlighted in the invoices for the provision of products intended for sale, which, according to the inspectors, would have (according to the tax authorities) caused a failure to pay the ICMS tax from March 2014 to December 2018.

ii) PIS and COFINS credits

Penalty notification issued in December 2020, in the amount of BRL 116,350, demanding PIS and COFINS amounts arising from tax credits recorded in the period from December 2015 to December 2016, related to expenses with goods and services used as inputs (examples: cleaning services, payment card administration fees, freight, among others), in which the Federal Revenue Service, based on the restrictive interpretation of art. 3, item II, of Laws 10.637 / 02 and 10.833 / 03 and due to the fact that the Company is primarily engaged in retail trade, does not consider this possible.

(Amounts in thousands of Reais)

Labor: Refers to claims arising from severance pay which, in the opinion of the Company, were fully settled at the time of dismissal, thus leading to a position of confidence in their inadmissibility.

Administrative: Refer to notifications arising from the procedures adopted at the stores, in most cases due to mere errors in the interpretation of the rule.

Civil: Refers to the causes with punitive and / or material damages, in the plaintiff's opinion, incurred inside of our stores. As the Company's service policy is to respect consumers completely, this interpretation is considered to be without merit.

18. SHAREHOLDER'S EQUITY

a) Capital

As of March 31, 2022, the Company's capital stock, fully subscribed and paid adding up to BRL 1,241,689, from which the amount of BRL 42,470 is deducted (As of December 31, 2021: BRL 42,470) referring to costs with the issuance of shares arising from the IPO held in September 2020, totaling BRL 1,199,299 (As of December 31, 2021: BRL 1,199,219). As of March 31, 2022, and December 31, 2021, this amount of the Company's capital stock is represented by 443,781,062 common shares, all registered, book-entry and without par value.

The Company is authorized, by a decision by the Board of Directors, to increase its share capital, with no need of amendments to the bylaws, through the issuance of up to 150,000,000 (one hundred and ten million) new common shares.

b) Capital reserves

	03/31/2022	12/31/2021
Goodwill on the issuance of shares (i)	386,650	386,650
Share issuance costs	(11,390)	(11,390)
Restricted Stock Plan (iii)	10,061	14.146
Treasury shares	17,660	20,040
Incorporation reserve	330	330
Total	367,991	369,696

i. According to the Investment Agreement between the Company and General Atlantic Brasil Investimentos SA, a goodwill reserve for the issuance of shares in the amount of BRL 397,357, being as in the years 2017 and 2018 reversions of BRL 6,527 and BRL 4,180, respectively, were made, due to the indemnity paid to the subscribing shareholders.
ii. Amount referring to the share issue cost of BRL 11,390 in the investment operation by General Atlantic Brasil Investimentos SA in 2015.
iii. As disclosed in Note 19, in 2020, the creation of a Restricted Stock Plan was approved. See Note 19 for details about the plan and grants authorized.

c) Profit Reserves

Legal reserves

Established with 5% of the net income determined in each fiscal year, up to the limit of 20% of the share capital, after the allocation of the tax incentive reserve.

(Amounts in thousands of Reais)

Tax incentive reserve

Established with a portion of the profit resulting from investment subsidies received by the Company, as detailed in Note 21 - Government subsidies.

d) Treasury shares

On December 9, 2020, the Company's Board of Directors approved a Buyback Program of up to 1,100,000 common shares, during a 3 month period, with March 10, 2021, set as the final date. In addition, on December 1, 2021, a new Repurchase Program of up to 2,000,000 shares was approved, within 3 months, ending on March 1, 2022.

Under the Programs, the Company acquired, from its launch to the closing date, the amount of 3,040,000 common shares in the total amount of BRL 28,132, at an average cost of BRL 9.25 per share, of which 1,900,577 shares remain in treasury at an average cost of BRL 9.29 per share, totaling BRL 17,660.

19. STOCK-BASED COMPENSATION PLANS

Restricted Stock Plan

The Company's Long-Term Incentive Plan with Restricted Shares was approved at the Extraordinary General Meeting held on June 25, 2020, with the objective of enabling the granting of restricted shares to participants selected by the Board of Directors, in order to: (i) attract and retain the directors, managers and high-level employees of the Company and its subsidiaries; (ii) grant participants the opportunity to become shareholders of the Company, obtaining, as a consequence, a greater alignment of their interests with the interest of the Company; and (iii) to develop the corporate purposes of the Company and interests of shareholders. During the term of the Restricted Share Plan, shares representing up to 1.5% of the Company's share capital may be delivered to the participants. The balance of the Restricted Stock Plan as of March 31, 2022, is BRL 10,061 (BRL 14,146 as of December 31, 2021).

The Board of Directors is responsible for selecting the directors, independent members of the Board of Directors, managers and high level employees in whose favor the Company may grant one or more common, registered, book-entry shares with no par value, subject to the restrictions provided for in the Restricted Stock Plan, program and / or in the related grant agreement.

20. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to the Company's shareholders by the weighted average number of outstanding common shares during the year.

The calculation of earnings per share for the 3-month periods ended March 31, 2022, and 2021 is as follows:

	03/31/2022	03/31/2021
Earnings per share, attributable to shareholders, for the period	23,434	44,168
Weighted number of shares during the period (thousands of shares)	443,781	443,781
Basic and diluted earnings per share - BRL	0.05	0.10

As of March 31, 2021, and 2020, there were no restricted shares with a potential dilutive effect.

(Amounts in thousands of Reais)

21. GOVERNMENT SUBSIDIES

The Company has special taxation regimes, related to the ICMS, granted by the States of Ceará, Goiás, Pernambuco, and Bahia, which imply a reduction in the tax burden in these States, en exchange for various commitments the Company agreed to. The Company has systematically met these requirements.

The Company recognized in its income for the quarter which ended on March 31, 2022, as a reduction in the cost of goods sold, the amount of BRL 27,702 (BRL 28,829 on March 31, 2021).

The amounts obtained from government subsidies are treated as tax incentives and duly allocated annually to the tax incentive reserve.

22. NET OPERATING REVENUE

	03/31/2022	03/31/2021
Sale of goods	2,039,114	1,852,468
Services provided	72,419	57,745
Gross revenue	2,111,533	1,910,213
Taxes levied on sales	(115,206)	(111,720)
Returns and Rebates	(12,663)	(12,500)
Adjustment to present value	(10,785)	(9,673)
Sales deductions and rebates	(138,654)	(133,893)
Net revenue	1,972,879	1,776,320

23. COSTS AND EXPENSES

a) By account:

	03/31/2022	03/31/2021
Cost of goods sold	(1,347,688)	(1,207,307)
Selling expenses	(474,834)	(418,400)
General and administrative expenses	(72,827)	(55,578)
Total costs and expenses	(1,895,349)	(1,681,285)

(Amounts in thousands of Reais)

b) By type:

	03/31/2022	03/31/2021
Cost of Goods	(1,347,688)	(1,207,307)
Personnel expenses	(307,877)	(263,696)
Rental expenses	(5,402)	(9,586)
General expenses	(152,077)	(136,803)
Depreciation and amortization	(82,305)	(63,893)
Total costs and expenses	(1,895,349)	(1,681,285)

24. FINANCIAL RESULTS

	03/31/2022	03/31/2021
Financial revenue		
Revenue from financial investments	10,841	2,356
Fair value adjustment of derivative instruments	-	5,063
Fair value adjustment of financial liabilities	-	737
Adjustment to present value	9,490	9,231
Exchange rate variation	-	3,833
Other financial revenue	256	217
Total financial revenue	20,587	21,437
Financial expenses		
Provisioned interest	(30,813)	(9,557)
Lease interest	(34,278)	(27,479)
Fair value adjustment of derivative instruments	-	(3,461)
Adjustment to present value	(26,391)	(22,423)
Exchange rate variation	-	(4,135)
Other financial expenses	(3,906)	(1,269)
Total financial expenses	(95,388)	(68,324)
Financial results	(74,801)	(46,887)

25. FINANCIAL INSTRUMENTS

a) Composition of financial instruments

The accounting balances of the financial instruments as to their valuation included in the balance sheet as of March 31, 2022, and December 31, 2021 are identified below according to their measurement:

(Amounts in thousands of Reais)

Description	03/31/2022	12/31/2021
Measured at amortized cost		
Cash and cash equivalents	486,471	654,121
Financial investments	8,808	8,639
Accounts receivable from customers	514,972	530,268
Suppliers	(1,254,980)	(1,306,492)
Financing and loans	(420,327)	(484,375)
Debentures	(659,842)	(705,236)
Lease liabilities	(1,731,988)	(1,730,121)

b) Financial risk structure and management

Credit risk

Credit risk is the risk that the Company will incur with losses from customers or counterparties in a financial instrument, resulting from their failure to comply with contractual obligations.

The Company is exposed to credit risk for cash and cash equivalents, short-term investments, accounts receivable from credit card companies and derivative instruments.

Cash and cash equivalents, short-term investments and derivative instruments.

The Company has balances receivable from financial institutions, referring to cash and cash equivalents, financial investments and active derivative instruments adding up to BRL 495,279 on March 31, 2022 (BRL 662,760 on December 31, 2021), which represent the Company's maximum exposure to credit risks. Credit risk with financial institutions is managed by the Company's Treasury according to their established policy. Such funds are maintained in solid, first-rate financial institutions. These balances are spread out over these institutions to minimize concentration of risk and, in this way, mitigate an economic loss due to a potential default risk from the institutions.

Accounts receivable from credit cards

For Accounts Receivable balances, the credit risk is mitigated by the fact that a large part of the Company's sales are made using credit cards as a means of payment, which are guaranteed by the credit card administrators. The balance receivable from customers is spread out, with no concentrated individual amounts.

Considering the possible risk arising from transfers from credit card companies, this is controlled through a rigorous reconciliation process between daily billing and receipt processes. The Company operates with top credit card administrators and market leaders; therefore, Management believes that such risk is low.

The balances of credit card receivables, by maturity, are shown below:

	03/31/2022	12/31/2021
Coming due:		
1 to 30 days	212,643	259,468
31 to 60 days	126,652	109,297
61 to 90 days	78,788	76,693
Over 90 days	70,249	63,034
Total	488,332	508,492

(Amounts in thousands of Reais)

There are no overdue balances held with credit card companies.

Liquidity risk

Liquidity risk refers to the Company's potential difficulty in meeting obligations associated with its financial liabilities, which are settled with cash payments or other financial assets. The Company's approach to liquidity management is to ensure that there is always sufficient liquidity to meet its obligations upon maturity, under normal and stressed conditions, without causing unacceptable losses or damaging the Company's reputation.

The Company carefully monitors its cash flow through periodic stress tests, which enables it, in addition to the fulfillment of financial obligations, to make short-term operations in the financial market, in order to monetize surplus cash.

The contractual maturities of the main financial instruments owed are shown below:

As of March 31, 2022	Book value	Contract Value	1 year or less	Between 1 and 2 years	Between 2 and and 5 years	Over 5 years
Cash and cash equivalents (Note 4)	486,471	486,471	486,471	-	-	-
Accounts receivable from customers (Note 5)	514,972	514,972	514,972	-	-	-
Suppliers (Note 13)	(1,254,980)	(1,254,980)	(1,254,980)	-	-	-
Leasing (Note 15)	(1,731,988)	(1,731,988)	(226,789)	(208,104)	(332,435)	(964,660)
Financing and loans (Note 14)	(420,326)	(420,326)	(292,771)	(53,000)	(74,555)	-
Debentures (Note 14)	(659,843)	(659,843)	(133,063)	(79,345)	(98,181)	(349,254)

As of December 31, 2021	Book value	Contract value	1 year or less	Between 1 and 2 years	Between 2 and and 5 years	Over 5 years
Cash and cash equivalents (Note 4)	654,121	654,121	654,121	-	-	-
Accounts receivable from customers (Note 5)	530,268	530,268	530,268	-	-	-
Suppliers (Note 13)	(1,306,492)	(1,306,492)	(1,306,492)	-	-	-
Leasing (Note 15)	(1,730,121)	(1,730,121)	(222,147)	(208,765)	(328,803)	(970,406)
Financing and loans (Note 14)	(484,375)	(484,375)	(314,703)	(93,426)	(76,246)	-
Debentures (Note 14)	(705,236)	(705,236)	(120,999)	(96,116)	(138,707)	(349,414)

Market risk

The risk that changes in market prices, such as exchange rates, interest rates and commodity prices, may have an impact on the Company's earnings or on the value of its holdings of financial instruments.

Management understands that, in the Company´s context, all market risks, mentioned above, are mitigated and principally refer to fluctuations in interest and exchange rates.

Interest rate risk

The Company seeks to diversify fundraising in terms of pre-fixed or post-fixed rates and, in certain circumstances, operations are conducted with derivative financial instruments to protect the financial cost of operations.

(Amounts in thousands of Reais)

Changes in interest rates affect both the Company's financial assets and liabilities. Below we show the impacts of these variations on the profitability of financial investments and on the Company's debt in the Company's national currency, linked to the CDI. The sensitivity of the Company's financial assets and liabilities was demonstrated in two improbable scenarios.

We present a scenario with the nominal rates verified on March 31, 2022 (book value based on the 9.15% p.a. closing CDI) and the probable scenario considered by Management, which corresponds to the forecast of the CDI curve considering the base closing on March 31, 2022 , according to the BM&F Bovespa interest rate curve for CDI (between December 2020 and January 2026) and two additional scenarios with a 25% appreciation (Scenario I) and 50% (Scenario II) of these indexes.

Additional sensitivity analysis

The Company's financial instruments are represented by cash and cash equivalents, short-term investments, accounts receivable, suppliers, loans and financing, debentures and leases, and are recorded at cost, plus earnings or charges incurred, which on March 31, 2022, and December 31, 2020 approached market values. The risks linked to the Company's operations are related to the CDI (Interbank Deposit Certificate) rate variation.

Loans, financing and debentures refer to operations with a registered value that is close to the market value of these financial instruments. Investments with CDI indexing are recorded at market value, according to values published by the respective financial institutions and others refer mostly to bank deposit certificates, repo operations and investment funds, therefore, the registered value of these securities is in line with their market value.

In order to verify the sensitivity of the index the Company was exposed to on the base date of March 31, 2022, different scenarios were defined, using the latest interest rates accrued in the last twelve months (Scenario I), and based on this, variations of 25% (Scenario II) and 50% (Scenario III) were calculated, affecting the increase in or lowering of the indexes. For each scenario, the net position (financial income minus financial expenses) was calculated, without considering the tax effect. The base date used for the portfolio was March 31, 2022, with a one year forecast and verifying the sensitivity of the CDI index in each scenario.

March 31, 2022

Financial institutions and modalities	Risk (rate)	Book Value	Probable scenario	Scenario I 25%	Scenario II 50%
Loans	CDI Increase	345,783	6,473	7,931	9,389
Debentures	CDI Increase	659,843	11,296	13,707	16,119
Financial investments	Lowering of CDI	(457,948)	(6,632)	(8,290)	(9,949)
Net exposure (financial expense)			11,137	13,348	15,559

(Amounts in thousands of Reais)

December 31, 2021

Financial institutions and modalities	Risk (rate)	Book Value	Probable scenario	Scenario I 25%	Scenario II 50%
Financing and loans	CDI Increase	484,375	6,638	8,058	9,479
Debentures	CDI Increase	705,236	10,532	12,756	14,979
Financial investments	Lowering of CDI	599,685	(6,162)	(7,702)	(9,243)
Net exposure (financial expense)			11,008	13,112	15,215

Foreign exchange risk

The Company is not exposed to foreign exchange risk on March 31, 2022, and December 31, 2021.

Capital management

Management's policy is to maintain a solid capital base to maintain investor, creditor and market confidence and the future development of the business. The Executive Board monitors the return on capital, which was defined as the results of operating activities divided by total shareholders' equity.

The Board also monitors the level of dividends for its shareholders.

The leverage ratio is presented below:

	03/31/2022	12/31/2021
Loans, financing and debentures	1,080,169	1,189,611
(-) Cash and cash equivalents	(486,471)	(654,121)
(-)Financial investments	(8,808)	(8,639)
Net debt	584,890	526,851
Equity	2,111,926	2,090,197
Leverage ratio	0.28	0.25

Fair value hierarchy

The following table presents financial instruments recorded at fair value and their respective hierarchies.

	03/31/2022		
Description	Level 1	Level 2	Level 3
Share-based compensation plan	-	-	10,061

	12/31/2021		
Description	Level 1	Level 2	Level 3
Share-based compensation plan	-	-	14.146

The various levels were defined as follows:

(Amounts in thousands of Reais)

Level 1 - quoted prices in active markets for identical assets and liabilities;
Level 2 - Inputs, except for quoted prices, included in Level 1, that are observable for the asset or liability, directly (prices) or indirectly (derived from prices);
Level 3 - Assumptions, for assets or liabilities, that are not based on observable market data (unobservable inputs).

<u>Fair value calculation</u>

Below the valuation techniques used to measure the fair values of Level 2 and 3 are detailed, as well as the significant unobservable *inputs* used.

Financing, loans and debentures - measured at amortized cost

This category includes financing, loans and debentures linked to the TJLP and the CDI, as well as those with fixed rates. The fair value was determined based on the present value of the principal and future cash flows, discounted by the average future CDI rate, corresponding to all loans, due between 2020 and 2026, calculated on the date the financial statements were presented.

Financing and loans - financial liabilities measured at fair value through profit or loss

This category includes financing and loans designated since they were initially contracted as financial liabilities measured at fair value through profit or loss, which meet the classification criteria defined by CPC 48 - Financial Instruments: Recognition and Measurement.

The fair value of these liabilities is based on the discount of estimated future cash flows based on the conditions and maturity of each contract and using the exchange coupon plus a spread, which is obtained in the quotation with financial institutions to reflect the change in the Company's risk scenario in the discounted period. As of March 31, 2022, the Company does not have financing and loans measured at fair value through profit or loss.

26. INSURANCE COVERAGE

The Company maintains the following insurance coverage for its stores, distribution centers and headquarters:

Modality	03/31/2022	12/31/2021
Maximum Insurance Coverage Limit	405,000	405,000
Civil Liability Sub-Limit	15,000	15,000
Material Damage Sub-Limit	46,400	46,400
Civil Liability for Directors, Officers and / or Administrators	15,000	15,000

COMMENTONS ON OF BUSINESS PROJECTIONS

According to the material fact published by the company on September 1, 2021, *Empreendimentos Pague Menos S.A.* ("Company") projects a gross opening of 80 stores for the year ended December 31, 2021, and the gross opening of 120 stores for the year ended December 31, 2022.

In the first quarter of 2022 10 stores were opened, totaling 10 openings accumulated in the year. We reiterate our projection of 120 gross opening for 2022, with 110 stores openings forecast for the nexts quarters.

Year	Projection	Actual
2021	80 openings	80 openings
2022	120 openings	10 openings until 03/31

Building a better working world

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Independent Auditor's Report on Review of Quarterly Information (ITR)

To
Shareholders, Board of Directors and Officers of
Empreendimentos Pague Menos S.A.
Fortaleza - CE

Introduction

We have reviewed the accompanying interim financial information, contained in the Quarterly Information Form (ITR) of Empreendimentos Pague Menos S.A. ("Company") for the quarter ended March 31, 2022, comprising the statement of financial position as of March 31, 2022 and the related statements of profit or loss, comprehensive income, changes in equity and cash flow for the three-month period then ended, including explanatory notes.

Management is responsible for the preparation of interim financial information in accordance with Accounting Pronouncement NBC TG 21 - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with specific rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards of Review Engagements (NBC TR 2410 and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying of analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with audit standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with NBC TG 21 (R4) and IAS 34, applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statement of value added

The abovementioned quarterly information include the statement of value added (SVA), for the three-month period ended March 31, 2022, prepared under Company's management responsibility, and presented as supplementary information by IAS 34. This statement has been subject to review procedures performed together with the review of quarterly information with the objective to conclude whether it is reconciled to the interim financial information and accounting records, as applicable, and its format and content are in accordance with the criteria set forth by NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that it was not prepared, in all material respects, consistently with the overall interim financial information.

Fortaleza, May 2, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6

Henrique Piereck de Sá
Accountant CRC PE023398/O-3

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's Officers declare that they have reviewed, discussed and agreed with the release of the quarterly statements (ITR) for the quarter ended March 31, 2022.

Fortaleza, May 02, 2022

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Mario Henrique Alves de Queirós
Chief Executive Officer

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Luiz Renato Novais
Chief Financial and Investor Relations Officer

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Marcos Ricardo Colares
Vice President of Commercial and Supply and Director of Category Management and Marketing

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José Carlos Rafael de Assis Vasquez
Vice President of Operations, Digital and Expansion

____

Jorge Alexandre Jubilato Araújo
Vice President of People, Legal and Administrative

____

Joaquim Dias Garcia Neto
Vice President of Information Technology

____

Afro José Campos de Vasconcelos
Director of Infrastructure and Technology

____

Evandro Vieira da Silva
Director of Personnel and Management

Rafael Lima e Silva
Director of Expansion

Samir Mesquita Inácio
Director of Digital

Thiago da Cunha Peixoto Ladeira
Director of Operations

Jadson Antonio Santos de Almeida
Directors of Technology Applications

Gianni Dias Gill
Director of Operations

Andre Albuquerque Ferreira Pinto Bandeira
Director of Operations

Renan Vieira Barbosa

Director of Supply Chain

In accordance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/09, the Company's Officers declare that they have reviewed, discussed and agreed with the opinions expressed in the favorable Special Review Report without exceptions by the independent auditors, referring to the quarter ended March 31, 2022.

Fortaleza, May 02, 2022.

Mario Henrique Alves de Queirós
Chief Executive Officer

Luiz Renato Novais
Chief Financial and Investor Relations Officer

Marcos Ricardo Colares
Vice President of Commercial and Supply and Director of Category Management and Marketing

José Carlos Rafael de Assis Vasquez
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