



4Q23 & 2023 EARNINGS CONFERENCE CALL

 ***PagueMenos***

 ***extrafarma***

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

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Market and certain competitive position information, including market projections mentioned herein were obtained from in-house surveys, market research, public information and business publications. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, we do not independently verify market position, growth rate, competitive position or any other data provided by third parties or other industry publications. The Company is not responsible for the accuracy of such information.

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

Since 2019 our financial Statements have been prepared in accordance with IFRS 16, which changed the criteria for the recognition of rental contracts. To better represent the economic reality of the business, the numbers in this presentation are presented under the previous standard, IAS 17 / CPC 06. Reconciliation to IFRS 16 can be found in a dedicated section of our Earnings Release.



4Q23 & 2023 Highlights

Mario Queirós

4Q23 Highlights

Good sales performance, with advances in Extrafarma integration and operating cash generation



MARKET SHARE

Above-market growth in North, Northeast and Midwest regions



EXTRAFARMA GROWTH

Same Store Sales of 6.8% in 4Q23 and 19.4% accumulated in 2 years



DIGITAL CHANNELS

12.5% share of total sales (+2.6 p.p. vs 4Q22)



EXTRAFARMA SYNERGIES

R\$ 130 million on an annualized basis (~57% of mapped potential)



CASH CYCLE

Reduction of 6 days vs. 4Q22 with partial recomposition of accounts receivable



ADJUSTED NET INCOME

R\$ 62.8 million in 4Q23, with a progressive improvement in financial results

2023 Highlights

Strategic Advances, Reduction of Financial Leverage and Extrafarma Integration in Progress



SALES GROWTH

*+21.8% vs 2022
+15.2% 4 years CAGR*



EBITDA GROWTH

*+7.0% vs 2022
+16.4% 4 years CAGR*



DIGITAL CHANNELS

BRL 1.4 billion in sales (+49.3% vs 2022)



CUSTOMER BASE

20.7 million active customers in the year (+6.3% vs 2022)



INDEBTEDNESS

*0.7x reduction in Net Debt / EBITDA
vs peak leverage in 2Q23*



EXTRAFARMA INTEGRATION

*Successful conclusion of logistics
and technology integrations*

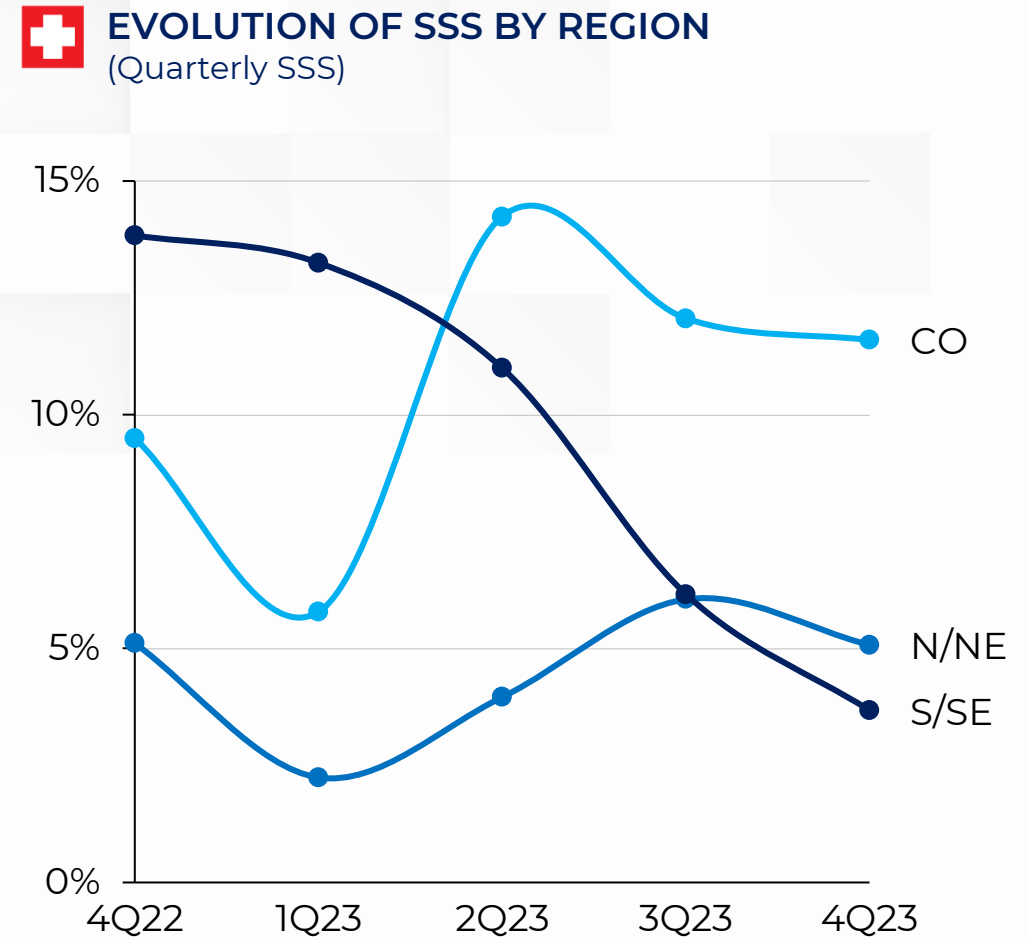
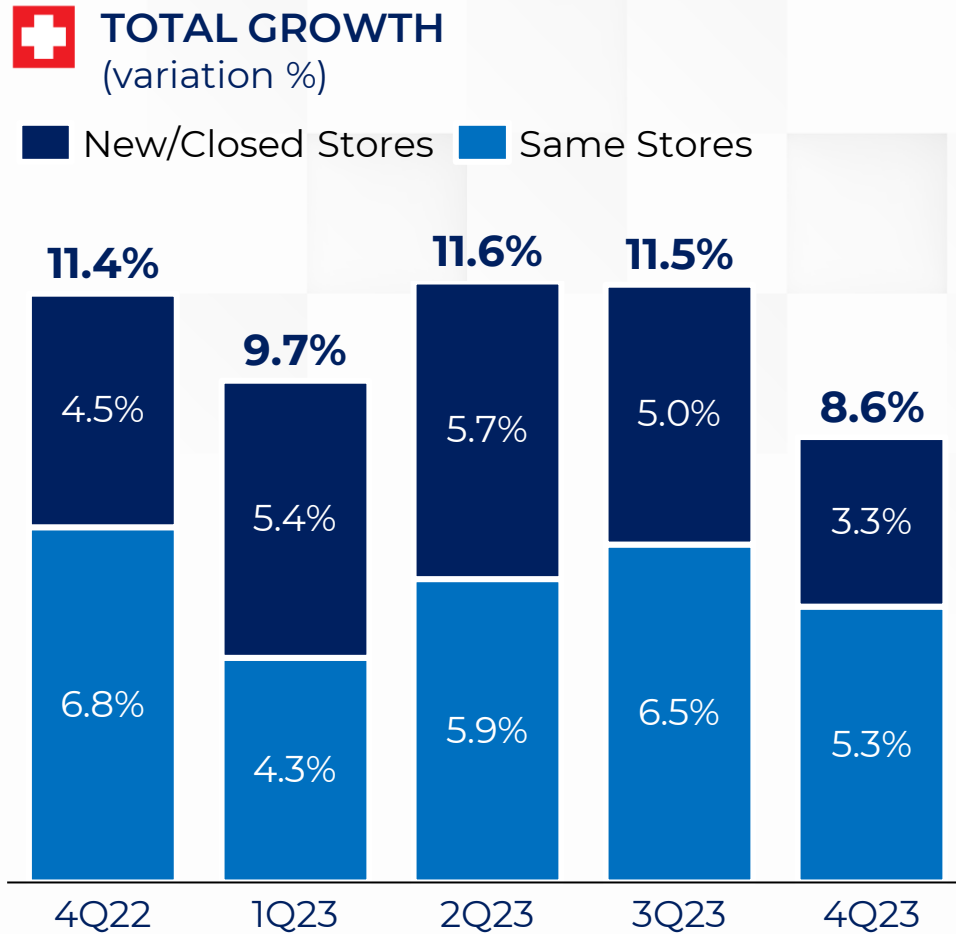


4Q23 & 2023 Results

Luiz Novais, CFO

Pague Menos Sales

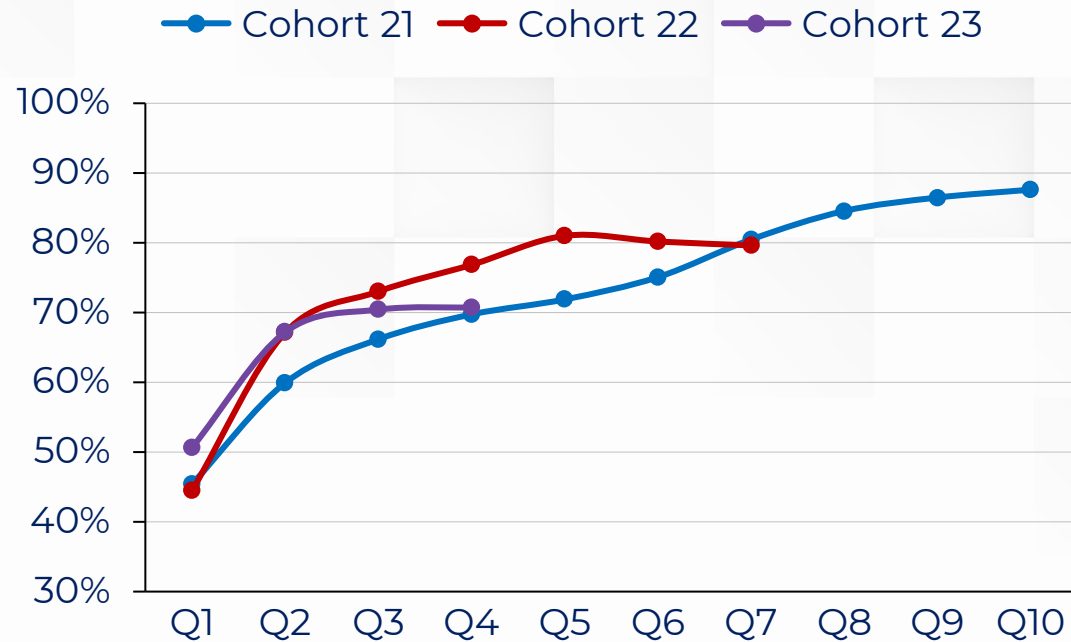
Maintenance of strong growth throughout the year, with different behaviors by region



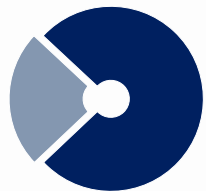
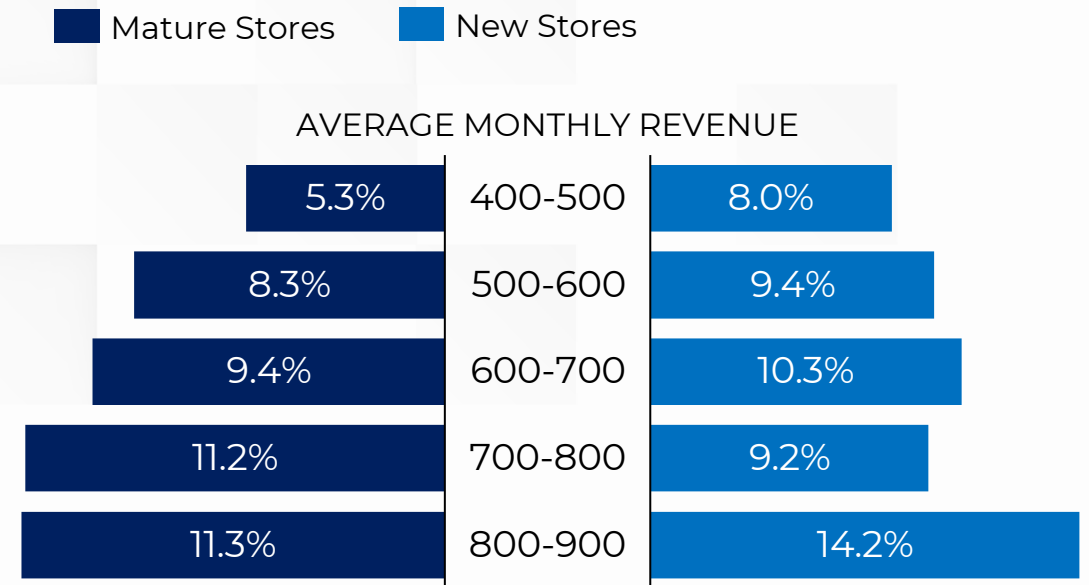
New Stores Performance

The 218 stores opened between 2021 and 2023 with a positive trend in profitability

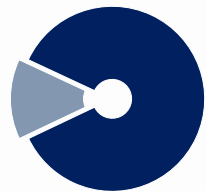
MATURATION CURVE (% of potential sale)



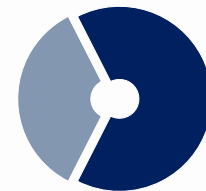
4-WALL¹ MARGIN BY REVENUE BAND (R\$ thousand and % of gross revenue)



76%
located in the
N/NE regions



86%
positioned in the
Classes B2/C/D



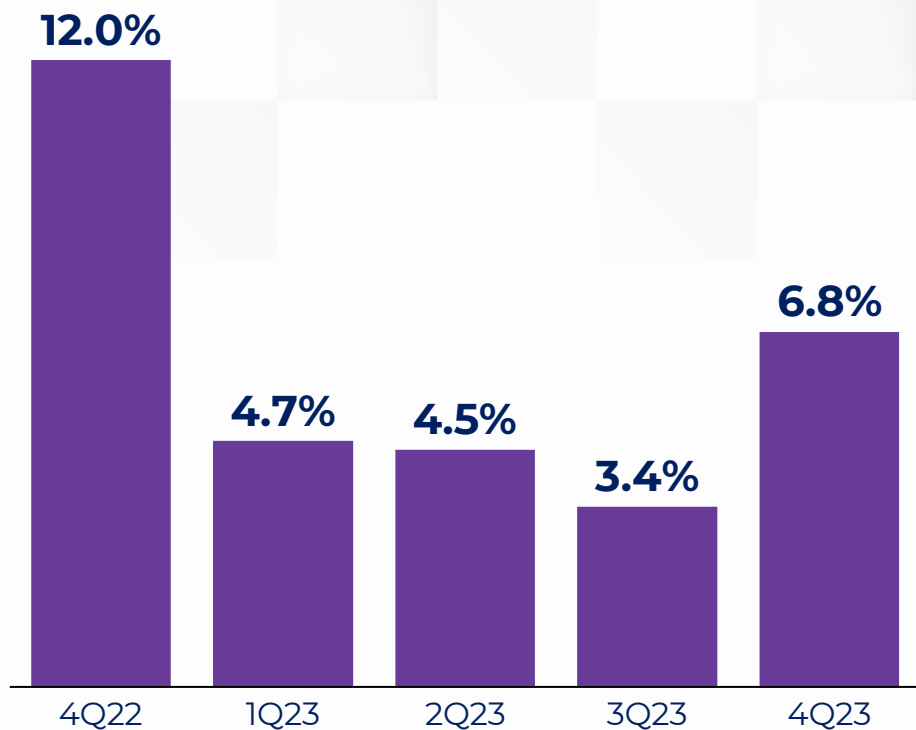
67%
in cities
from the interior

¹ Considers only direct store expenses. Data refer to the month of December/2023.

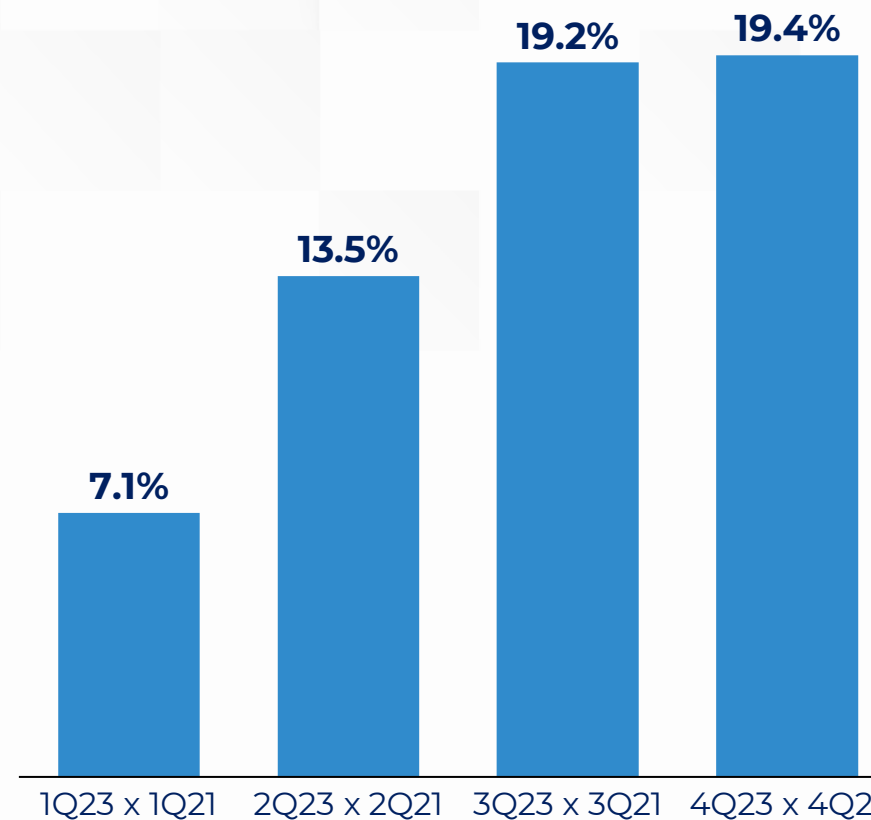
Extrafarma Sales

Acceleration in the pace of growth, with maturation of sales synergies

 **SAME-STORE GROWTH(SSS)**
(% variation)



 **SSS YTD 2 YEARS¹**
(% variation)



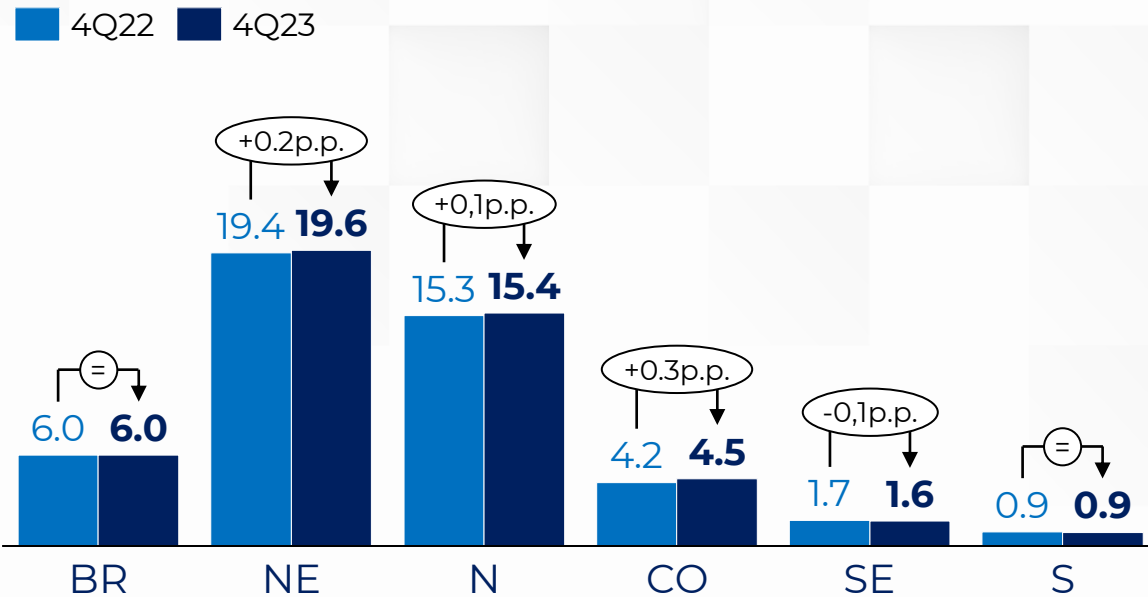
¹ Considers the 355 stores opened at the end of 4Q23

Market Share

Share increase in the main regions, with growth balanced between new and mature stores

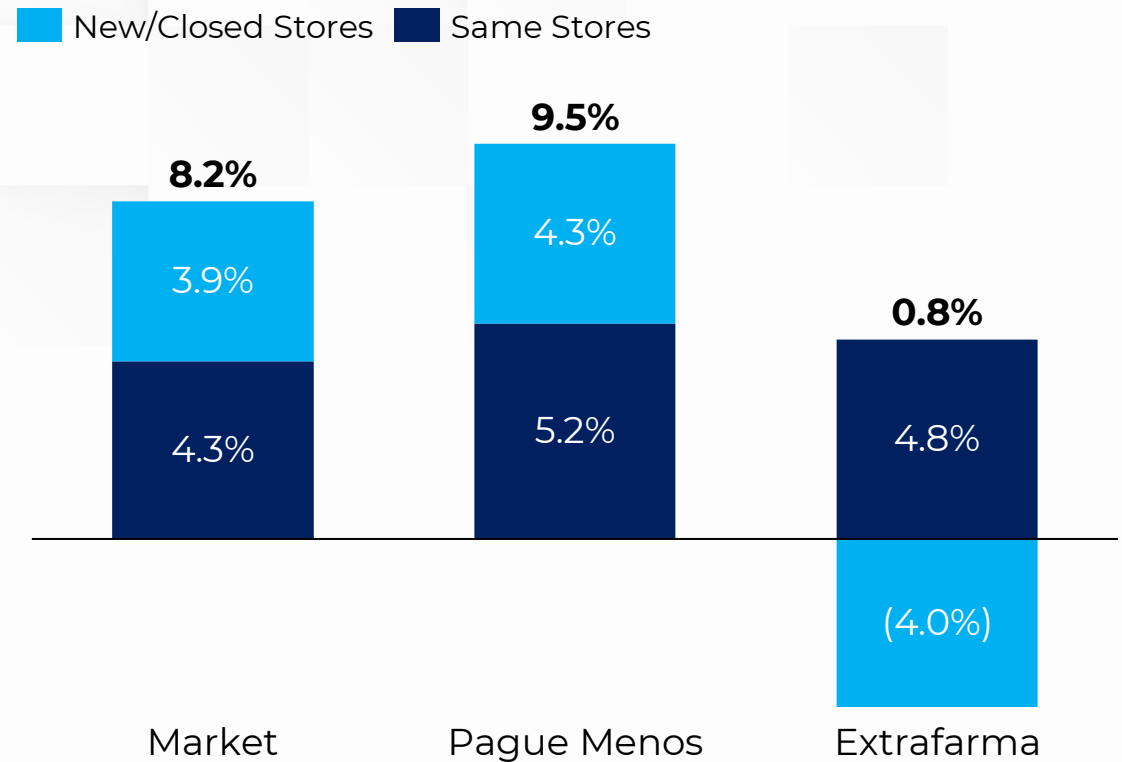
Share by Region

(% of total market)



Composition of Growth

(var. % 2023 vs 2022 - R\$ CPP)



Source: IQVIA

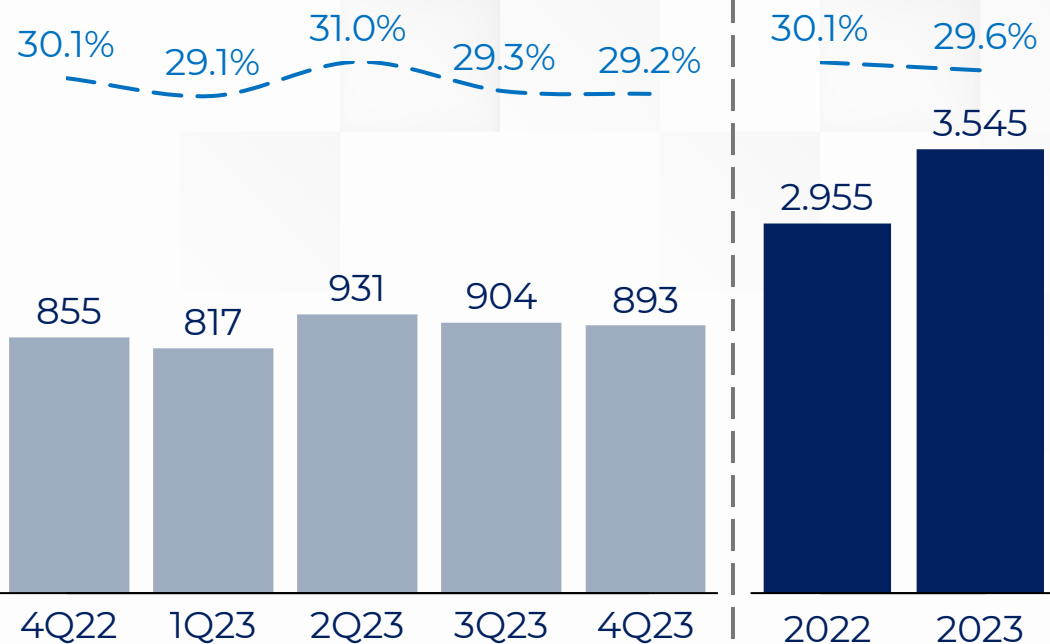
Note: IQVIA methodology normalizes sales prices among players, causing the growth in R\$ CPP to diverge from what is actually realized.

Gross Profit and Gross Margin

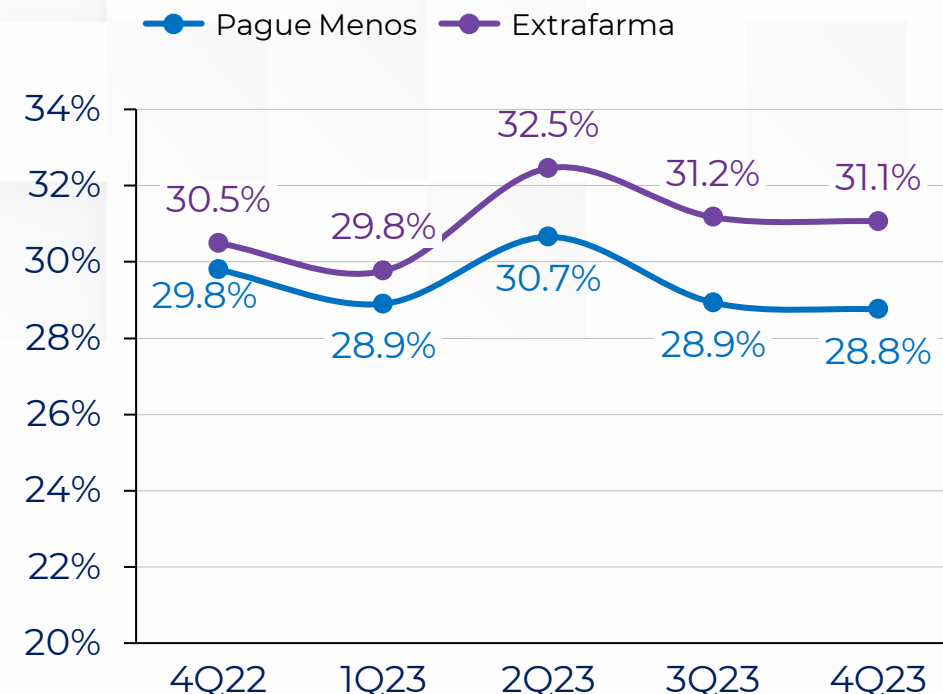
Challenging scenario in the year due to lower inflationary gains, digital channels growth, retraction of covid tests and inventories losses



CONSOLIDATED GROSS PROFIT
(R\$ million and % of Gross Revenue)



GROSS MARGIN PER BANNER
(% of Gross Revenue)



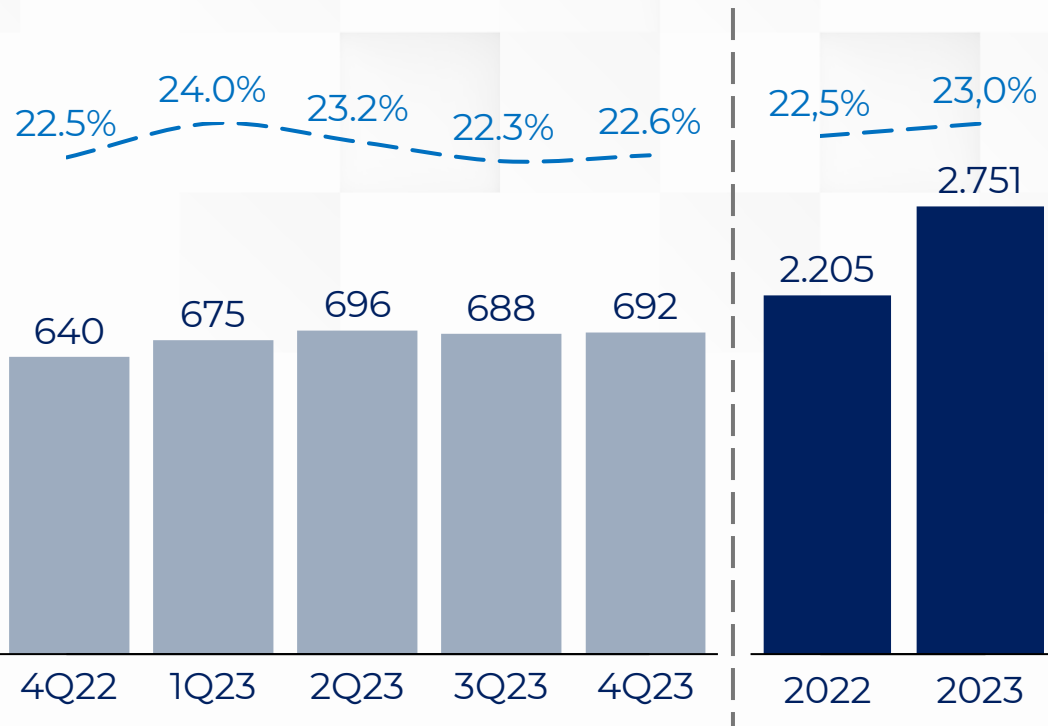
Note: Consolidated data consider Extrafarma's results as of August 2022.

Selling Expenses

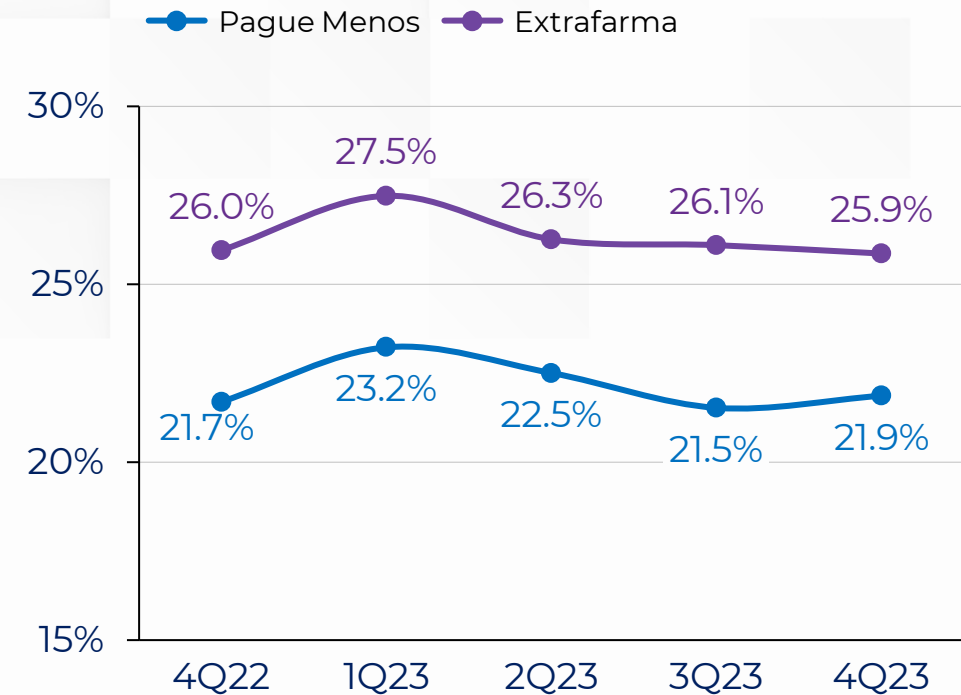
Slight operational deleveraging, caused by higher investments in personnel



EXPENSES WITH CONSOLIDATED SALES
(R\$ million and % of Gross Revenue)



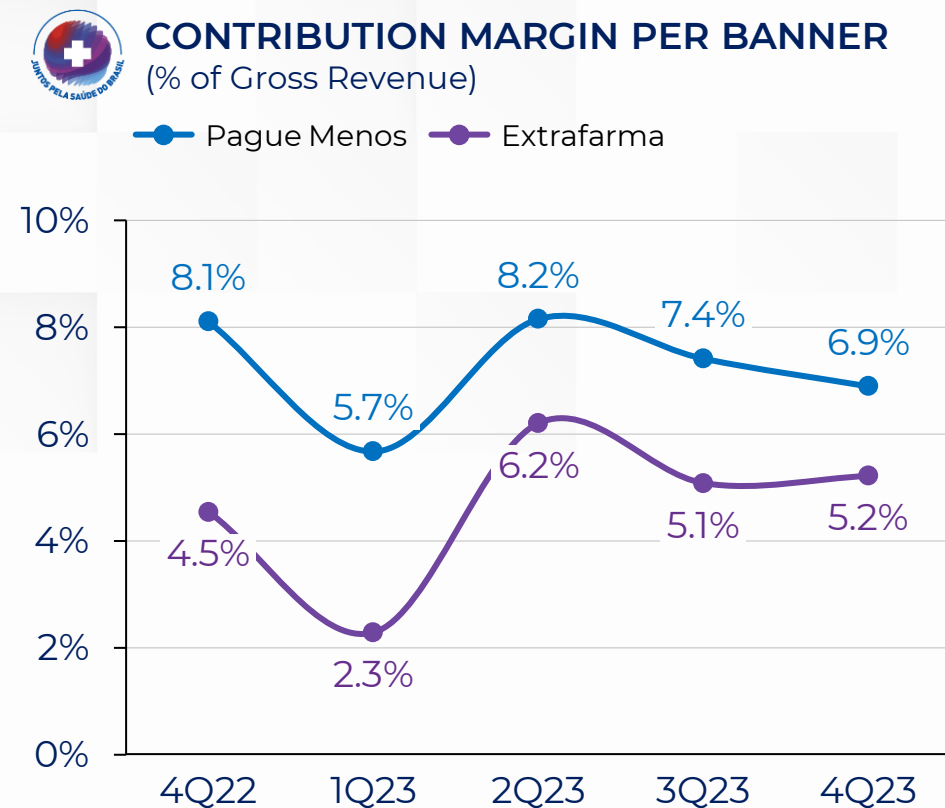
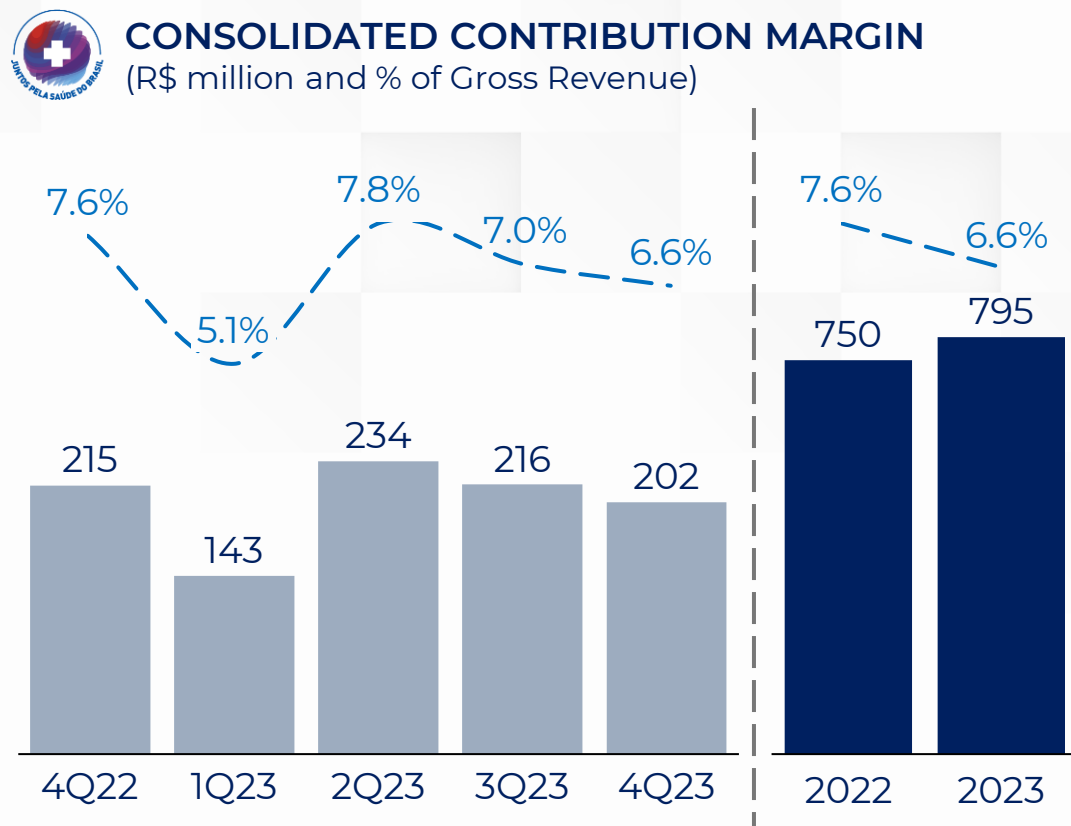
EXPENSES WITH SALES BY BANNER
(% of Gross Revenue)



Note: IAS 17 data adjusted for non-recurring effects. Consolidated includes Extrafarma's results as of August 2022.

Contribution Margin

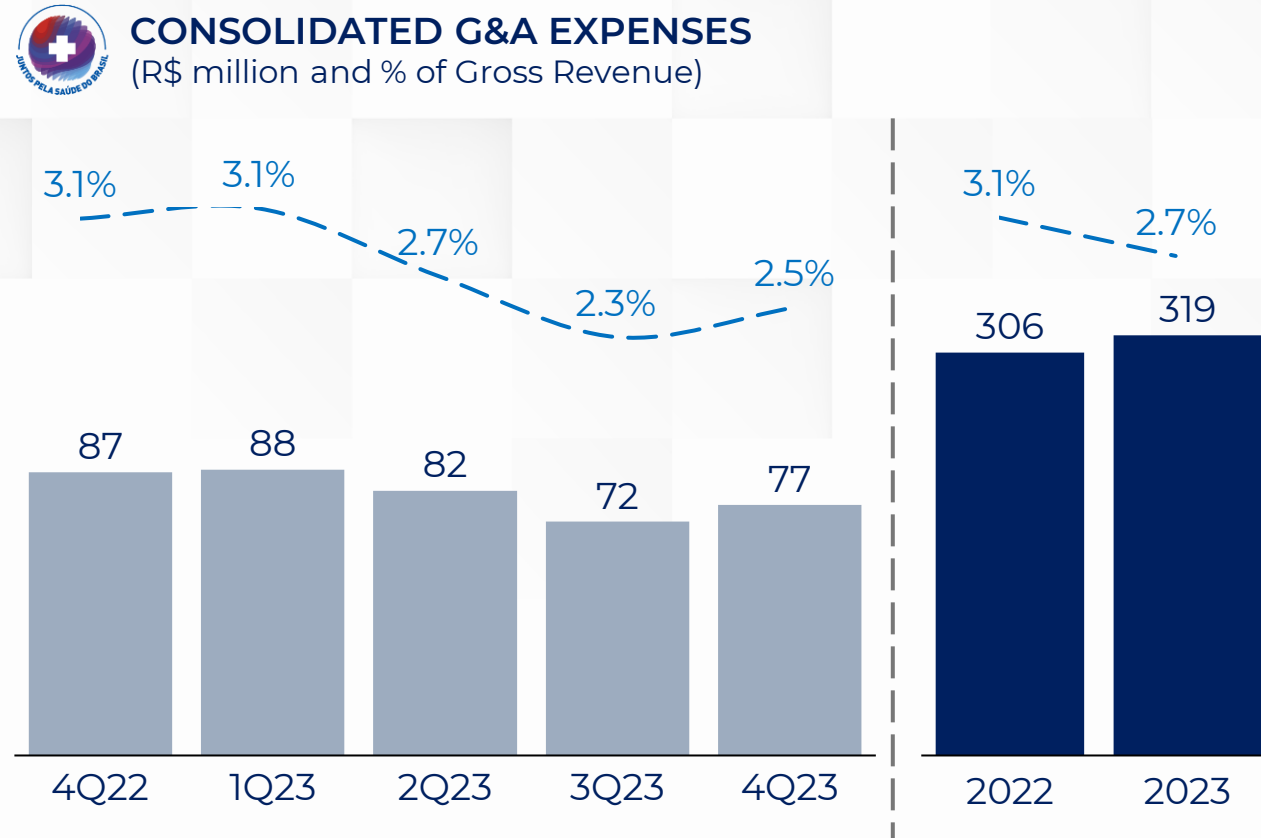
Reduction mainly caused by retraction in gross margin



Note: IAS 17 data adjusted for non-recurring effects. Consolidated includes Extrafarma's results as of August 2022.

G&A Expenses

Relevant capture of synergies and efficiency gains



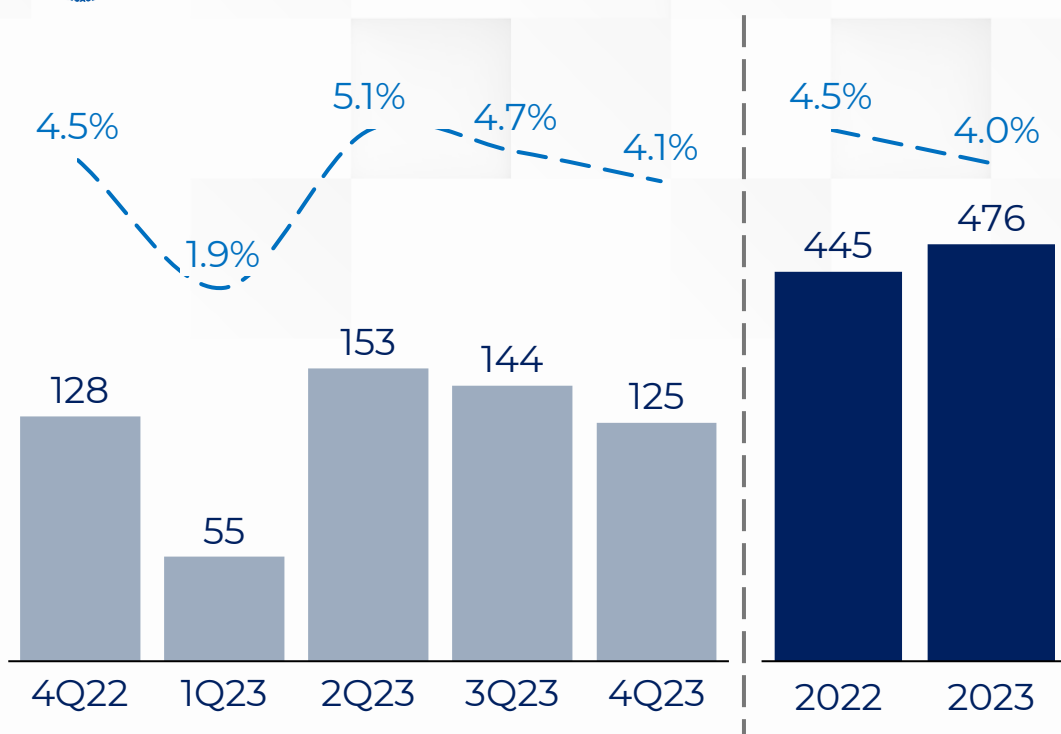
Note: IAS 17 data adjusted for non-recurring effects. Consolidated includes Extrafarma's results as of August 2022.

Adjusted EBITDA

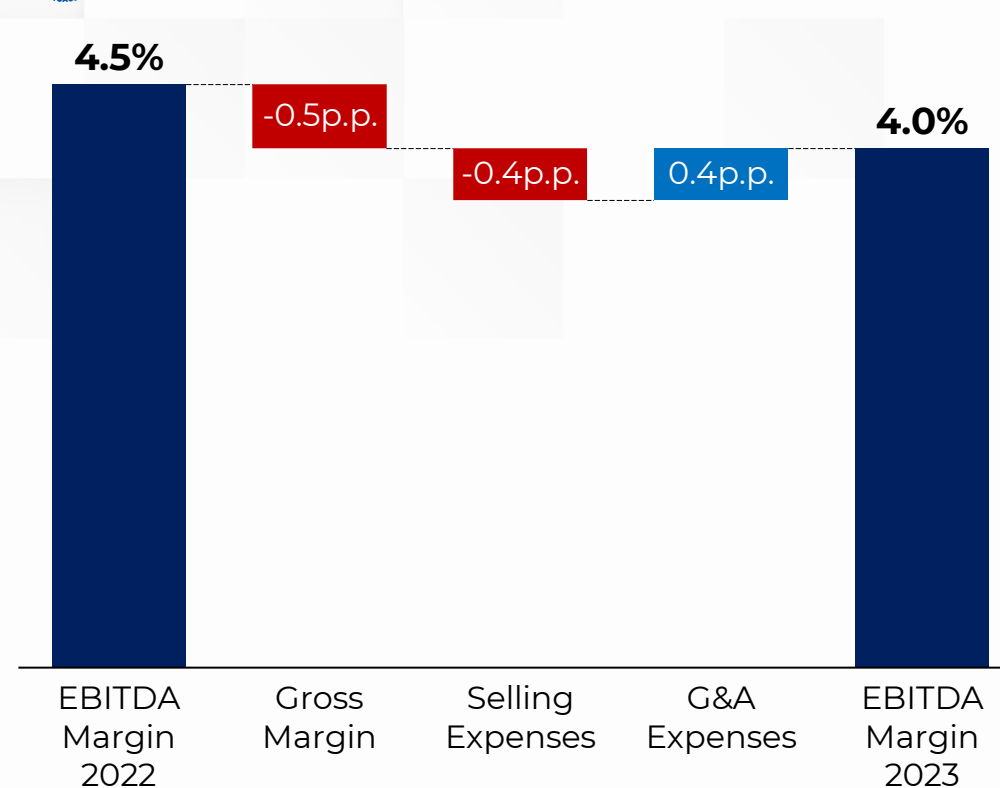
7.0% annual consolidated growth and reduction in EBITDA margin reflecting gross margin pressures



CONSOLIDATED ADJUSTED EBITDA
(R\$ million and % of Gross Revenue)



EBITDA MARGIN BRIDGE – 2023 vs 2022
(% of Gross Revenue)



Note: IAS 17 data adjusted for non-recurring effects. Consolidated includes Extrafarma's results as of August 2022.

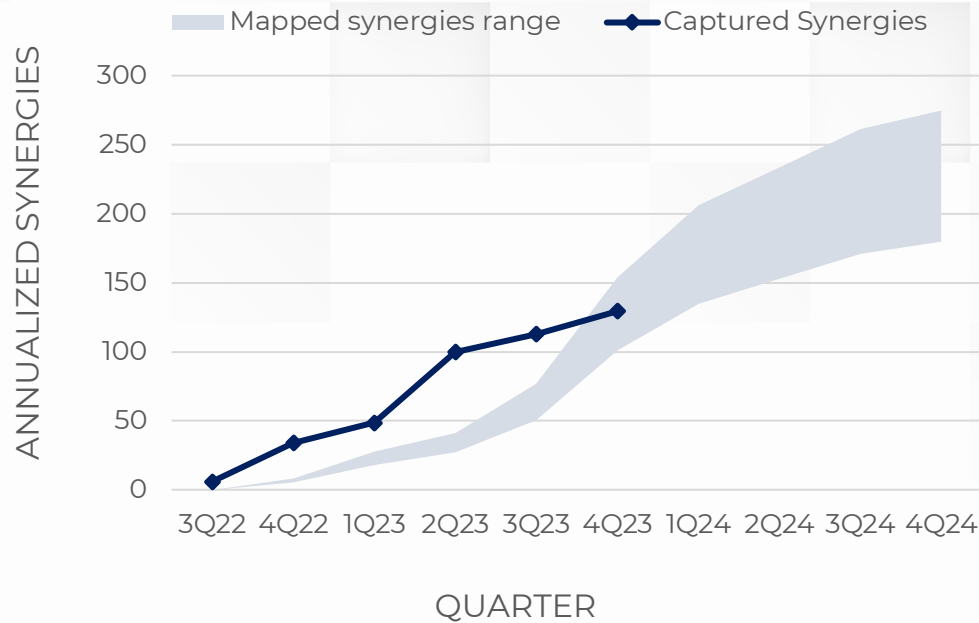
Extrafarma Integration

Synergies capture in line with the plan



SYNERGY CAPTURE CURVE

(R\$ million)

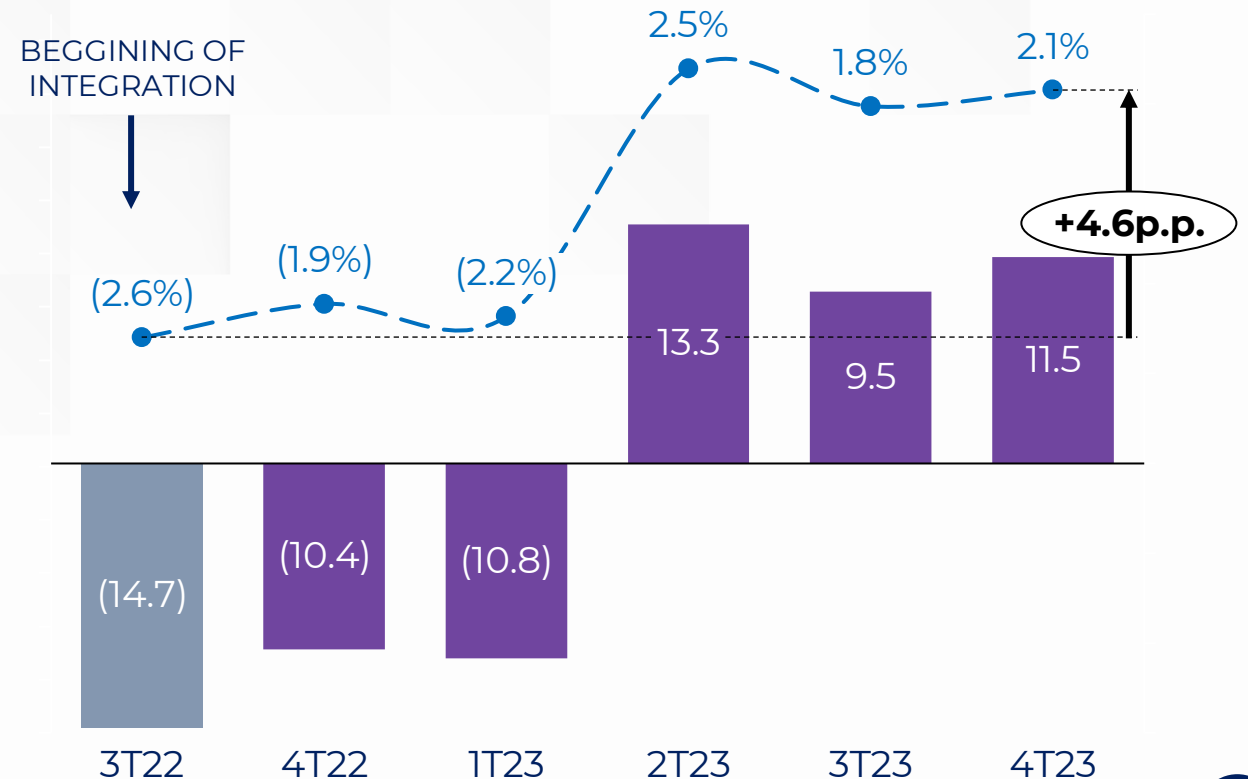


R\$130M in synergies captured in 4Q23
(on an annual basis – 57% of mapped potential)



EXTRAFARMA ADJUSTED EBITDA

(R\$ million and % of Gross Revenue)

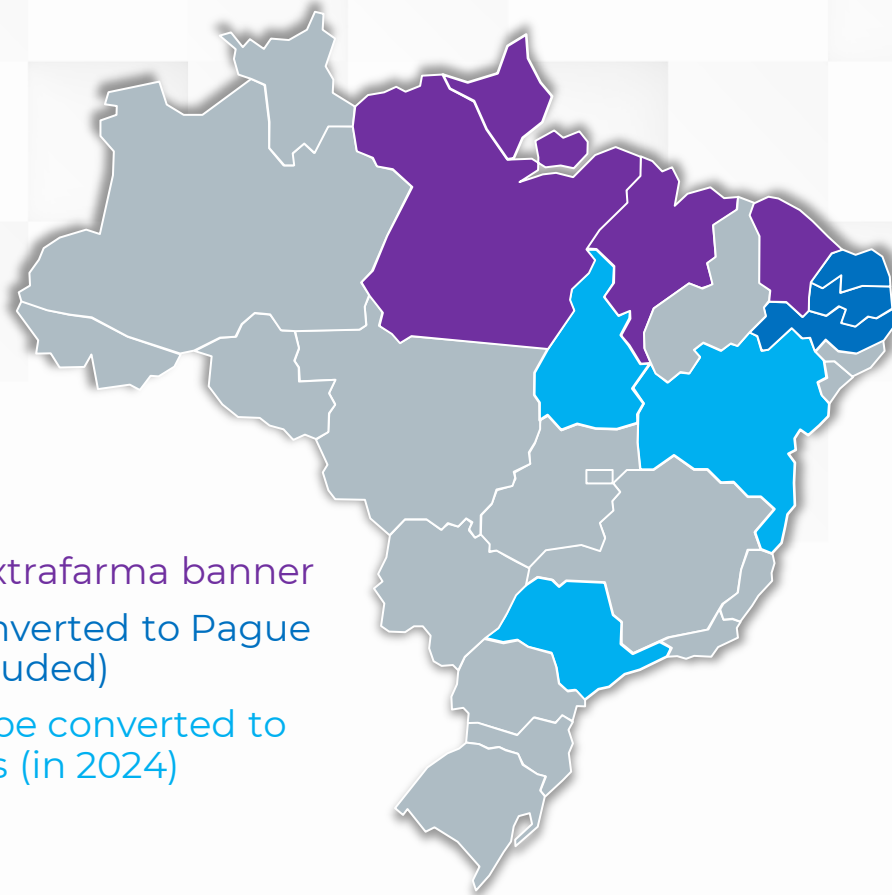





Note: IAS 17 data adjusted for non-recurring effects.

Banner Conversions

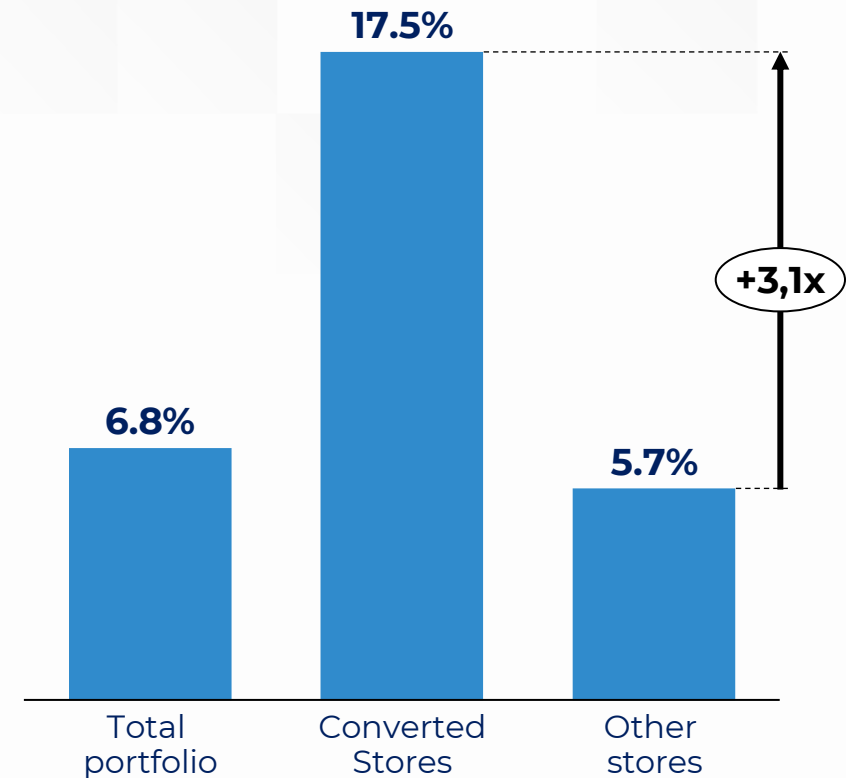
Encouraging results with ongoing banner conversions

EXTRAFARMA PORTFOLIO OVERVIEW



-  **254 stores** Extrafarma banner
-  **54 stores** converted to Pague Menos (concluded)
-  **47 stores** to be converted to Pague Menos (in 2024)

SSS 4Q23 BY STORE GROUP (% change)

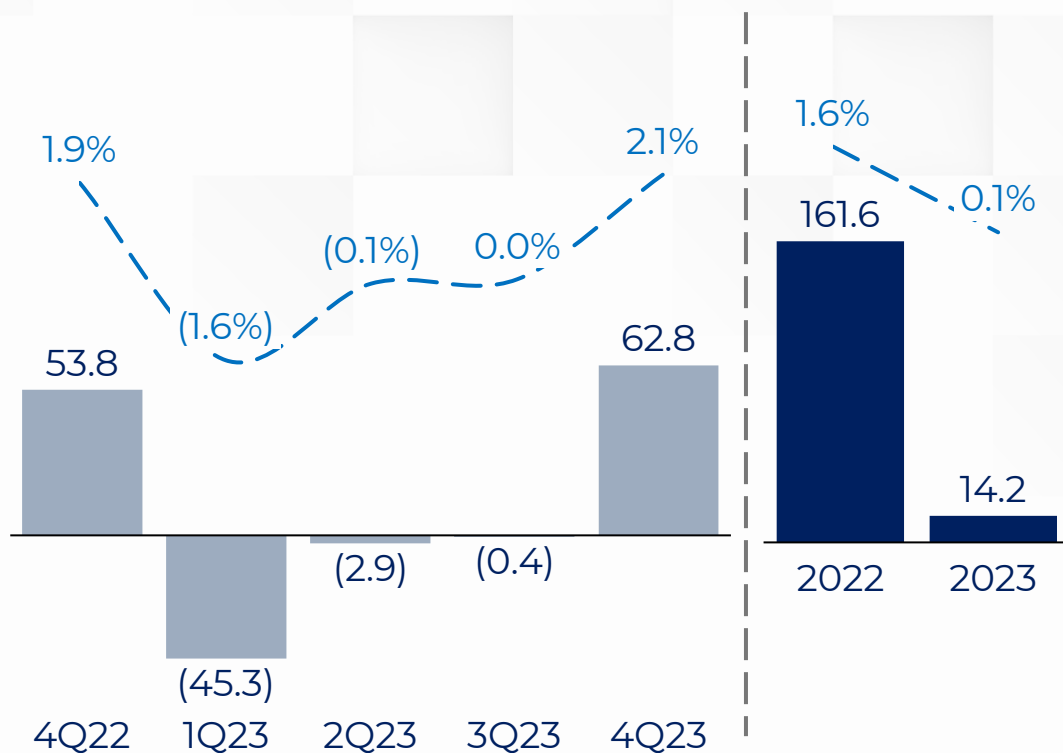


Net Income

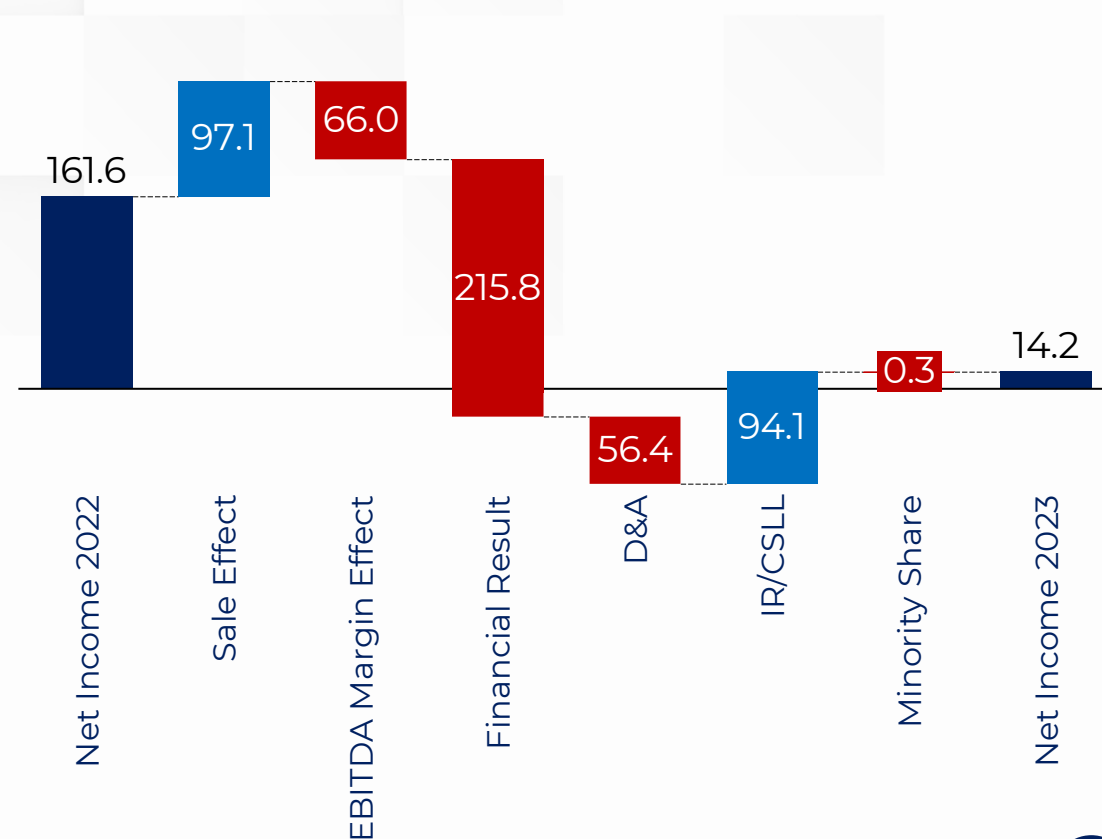
Profitability growth in 4Q23, with a positive trend in the financial result



CONSOLIDATED NET INCOME
(R\$ million and % of Gross Revenue)



NET INCOME BRIDGE – 2023 vs 2022
(R\$ million)



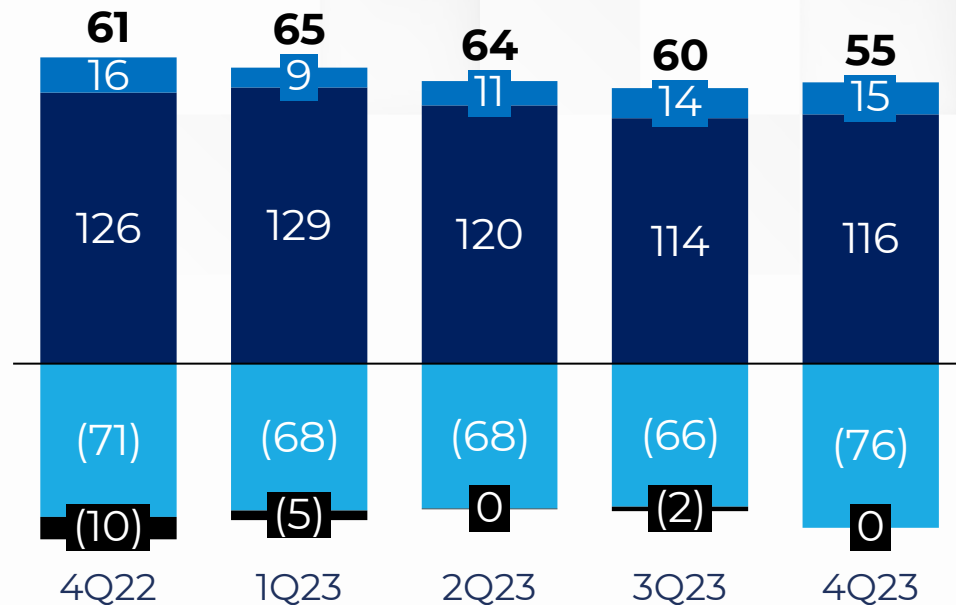
Note: IAS 17 data adjusted for non-recurring effects. Consolidated includes Extrafarma's results as of August 2022.

Operational Cash Flow

Working capital improvements contributing to robust cashflow generation



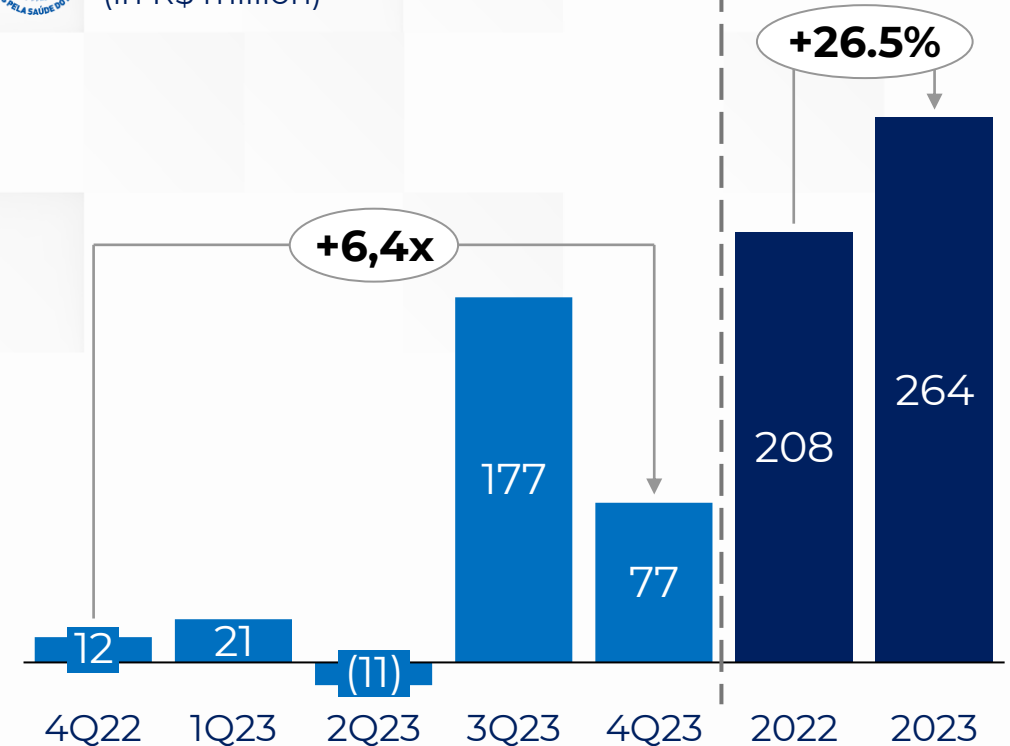
CONSOLIDATED CASH CYCLE
(in COGS days and Gross Revenue days)



■ Receivables ■ Suppliers
■ Inventories ■ Forfait operations

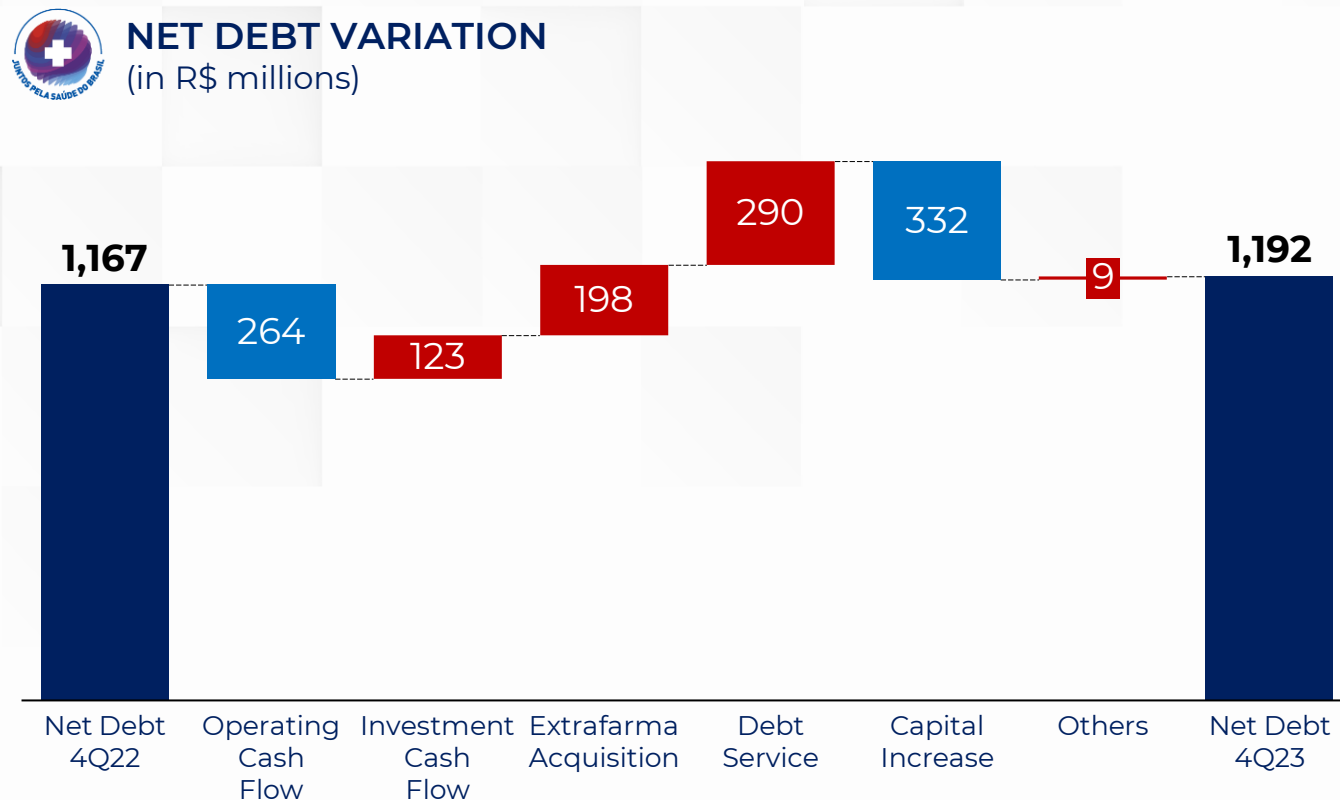
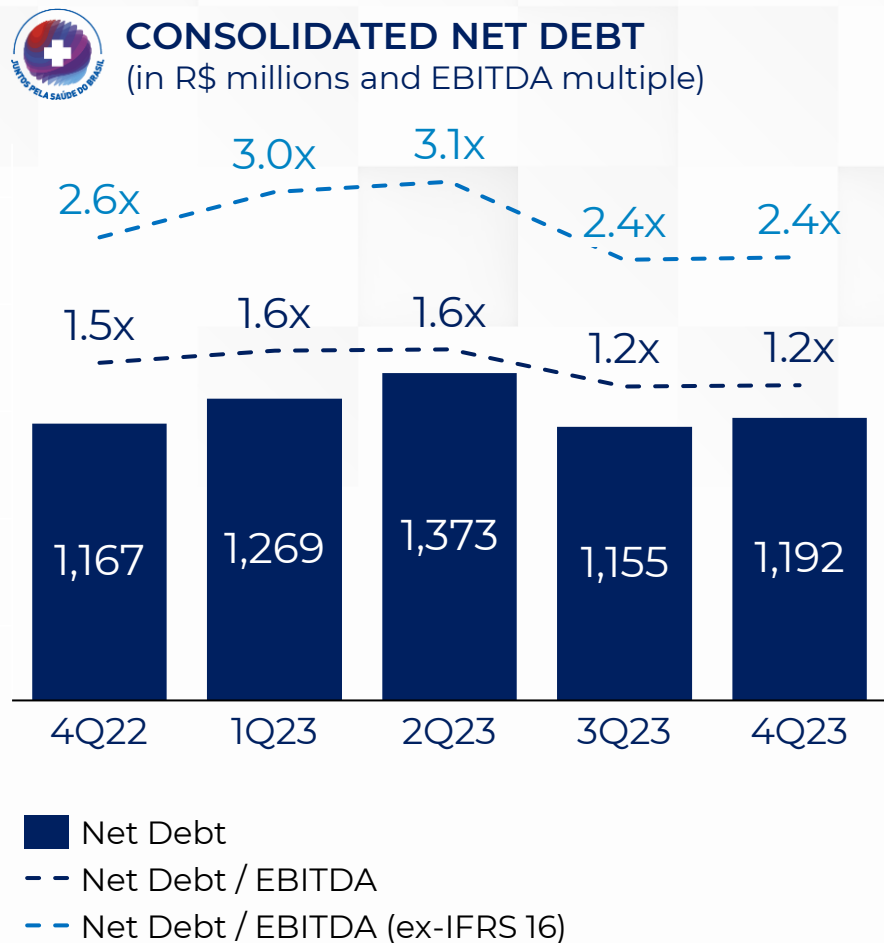


OPERATING CASH FLOW
(in R\$ million)



Indebtedness

Consistent improvements reflecting the focus on financial deleveraging



Note: IAS 17 data adjusted for non-recurring effects. Consolidated includes Extrafarma's results as of August 2022.



CEO Transition and 2024 Outlook

Jonas Marques, CEO

CEO Transition

Beginning of a new cycle in our growth trajectory



Jonas Marques

- +25 years of experience in leadership positions in multinationals in the pharmaceutical industry;
- Global experience in the relationship with pharmaceutical retail;
- Consistent track record, with a focus on execution and leadership.

BACKGROUND:



DEUSMAR QUEIRÓS (1981-2015)

- Visionary entrepreneurship;
- Nationwide expansion and exponential growth, resulting in market leadership;
- Building the Pague Menos culture.

MÁRIO QUEIRÓS (2016-2023)

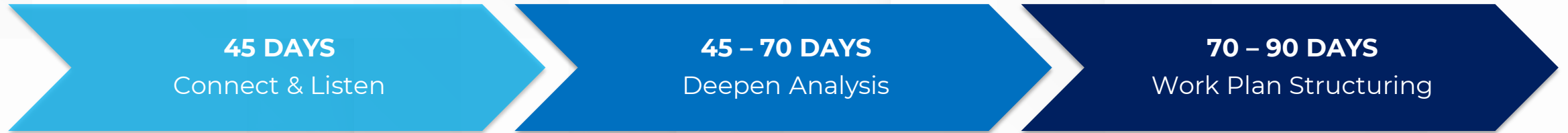
- Professionalization of management and advances in corporate governance;
- Maturing a data-driven culture;
- General Atlantic Investment and IPO;
- Extrafarma Acquisition.

JONAS MARQUES (2024...)

- Focus on execution, service and operational excellence;
- Investments in process and technology improvement;
- Strategic planning review.

Onboarding Process

Transition plan in 90 days, building a diagnosis to define priorities



- Understand organizational culture
- Meet and connect with key stakeholders
- Assess capabilities and deliverables
- Awakening and energizing the Company

- Data Analysis, patterns
- Speeding up diagnosis
- Identify key strengths and opportunities
- Capture quick wins
- Raise awareness and engage the Company

- Deepen and detail the diagnosis
- Define priorities and levers
- Involve the Company
- Communicate, communicate and communicate...



Understand, listen, feel

In the last 60 days, getting closer to the main stakeholders



+10,000

Travelled KMs

- 9 States
- 150+ Stores
- 3 DCs
- 3 Events

STRUCTURED CONVERSATIONS WITH:



CLIENTS (+50)



COLLABORATORS (+200)



SUPPLIERS (+10)



INVESTORS (3)



BOARD MEMBERS (9)

2024 Outlook

Priorities for the year: Efficiency, Integration and Deleveraging



Operational Efficiency

- Increased focus on customer service and execution
- Same-store growth above inflation
- Opportunities in cost rationalization and inventory management



Integration Extrafarma

- Integration conclusion and full potential synergies capture
- Operational convergence with Pague Menos
- Roll-out and maturation of banner conversions
- Customer recovery and brand strength



Financial Deleveraging

- Investment optimization
- Improvements on cash cycle
- Reduction in financial expenses
- Monetization of tax credits



Q&A

Foguettinos



#Foguettinos



 **PagueMenos**
 **extrafarma**



Farmácia
oficial da
Seleção e
da torcida
brasileira.

INVESTOR RELATIONS

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