

 ***PagueMenos***

VIDEO CONFERENCE

**Earnings 2Q21**



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The market and competitive position information, including any market projections cited throughout this document, were obtained through internal surveys, market research, public domain information and business publications. Although we have no reason to believe that any of these reports or information is inaccurate in any material respect, we do not independently verify regardless of competitive position, market position, growth rate or any other data provided by third parties or other industry publications. The Company is not responsible for the veracity of such information.

Certain percentages and other values included in this document have been rounded to facilitate its presentation. The scales of the quarterly results and annual results charts may appear in different proportions to optimize the income statement. Thus, the numbers and graphs presented may not represent the arithmetic sum and the appropriate scale of the numbers that precede them and may differ from those presented in the financial statements.

The quarterly information was prepared in accordance with the International Financial Reporting Standards (IFRS16), in accordance with accounting practices adopted in Brazil (BR GAAP).



# Results 2021

Luiz Novais, CFO

# Highlights 2021

*Improvement in operational KPIs and increased profitability*



## Operational

NPS  
**74**

(+8 pts vs 2Q20)

Stockout  
**-40%**  
vs 2Q20

Avg. Assortment  
per Store

**9.2k**

+14% vs 2Q20

Incremental  
Sales (CRM)

**2.7%**

of total sales



## Financial

Same Store  
Sales  
**19.7%**

(+18.9% mature stores)

Gross  
Margin  
**31.0%**

(+1.7p.p. vs 2Q20)

Adjusted Net  
Income

R\$ **71.6** million

(+683% vs 2Q20)

ROIC

**21.8%**

(+3.7p.p. vs 2Q20)



# Expansion

*Beginning of the new cycle of organic expansion, with a positive outlook*

## 7 store openings



Catole do Rocha, PB



Salvador, BA



Salvador, BA



Limoeiro do Norte, CE



Teresina, PI



Guarulhos, SP



Salvador, BA

### Store Profile

**86%** in the Northeast region

**86%** in social class<sup>1</sup> C micromarkets

Initial sales **above** the plan

### Expansion Pipeline

**+130** approved locations in committee

**+70** signed contracts

<sup>1</sup> Predominant social class near each store (within 5 minutes). Class C comprises households with an average family income of R\$ 2.5 thousand

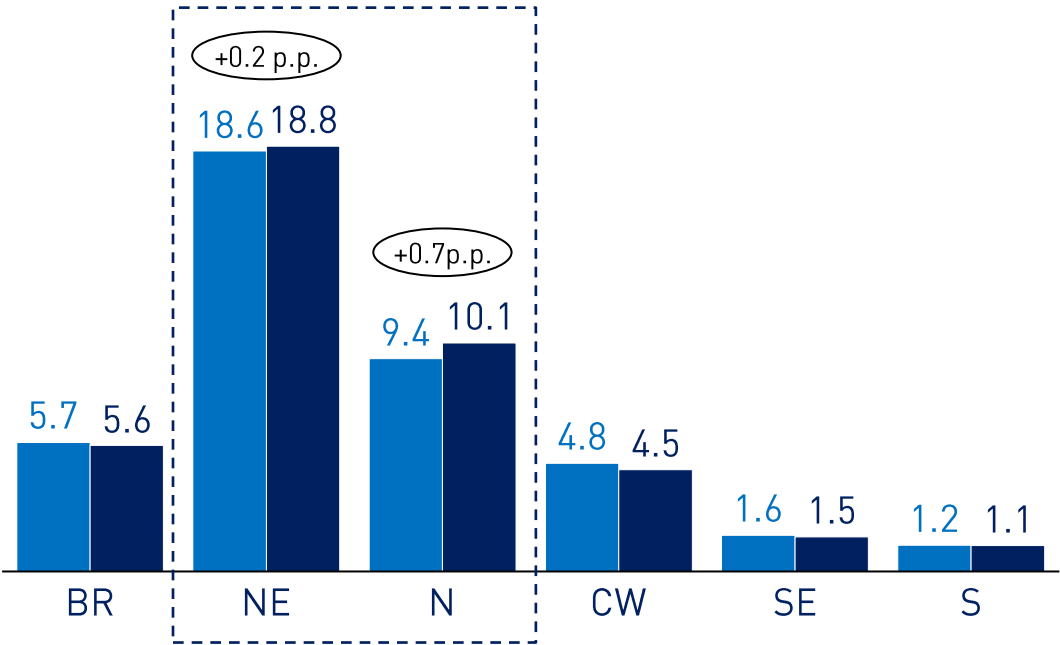
# Market Share

*Increased market share in core regions*

## Market Share - Quarter

(as a %)

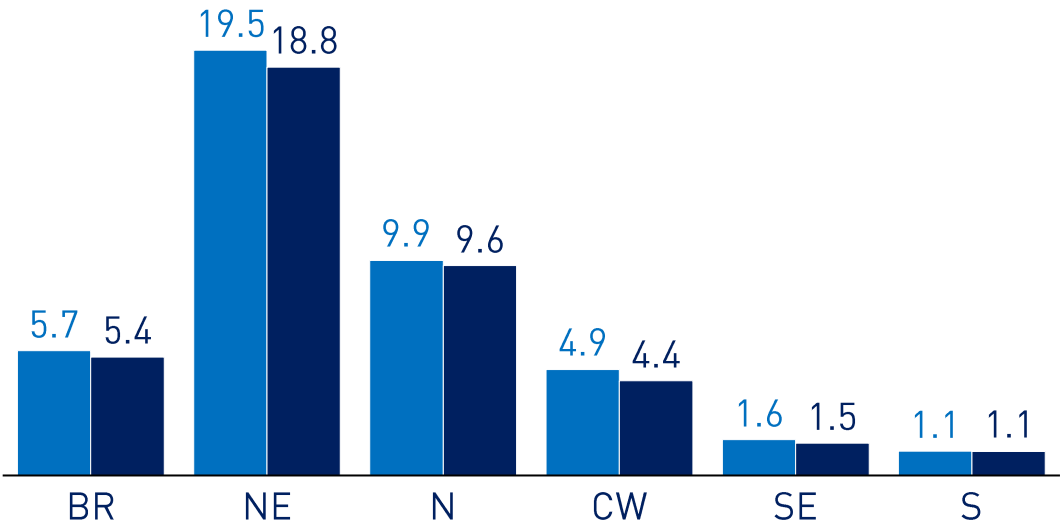
■ 2Q20 ■ 2Q21



## Market Share – Year to Date

(as a %)

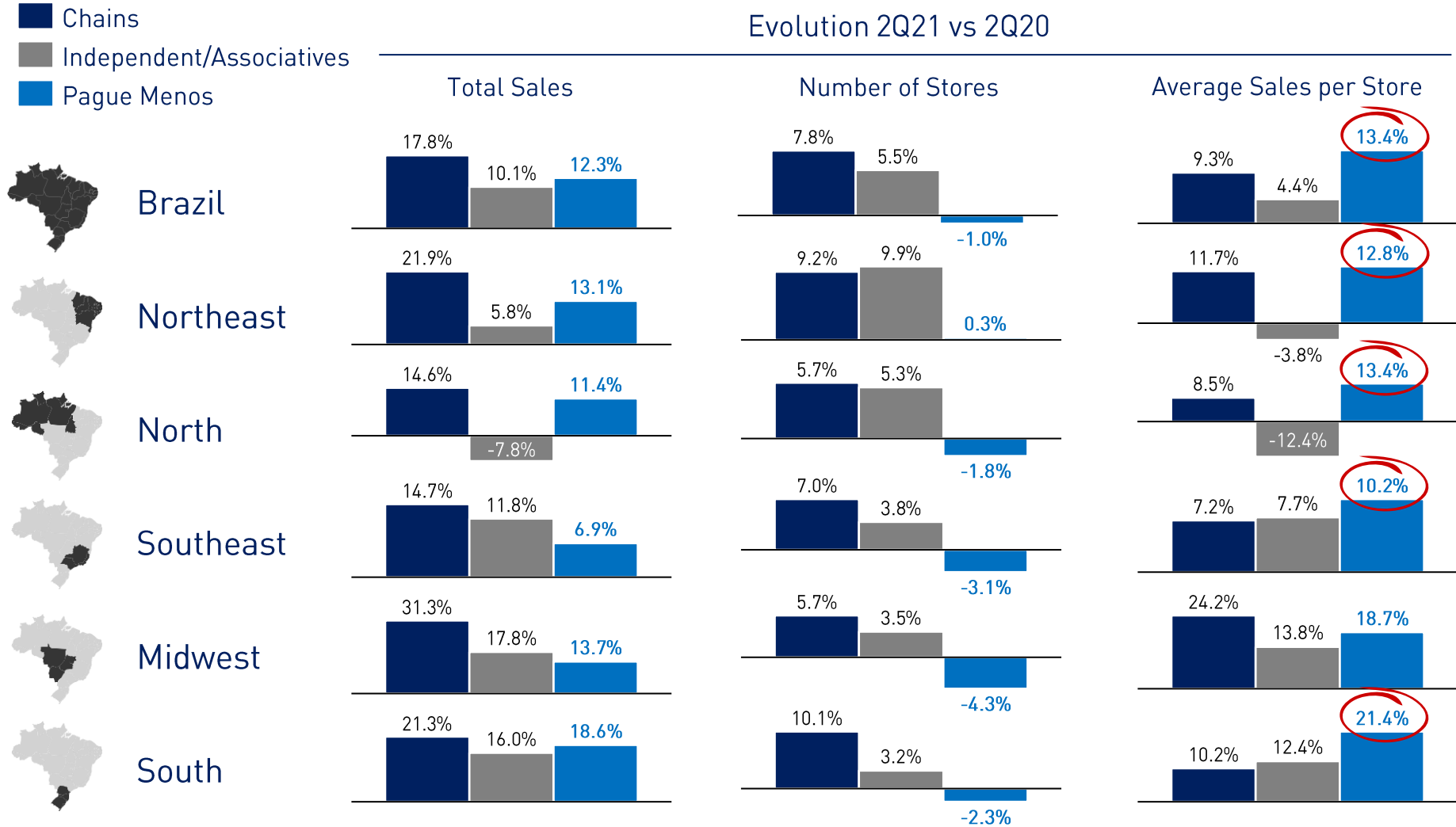
■ 6M20 ■ 6M21



Source: IQVIA

# Market Share

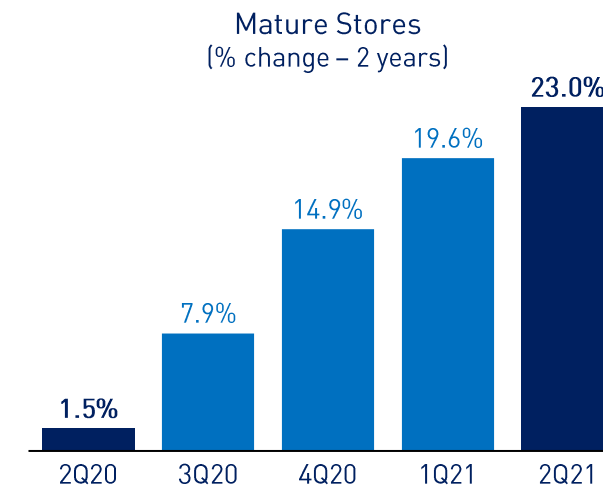
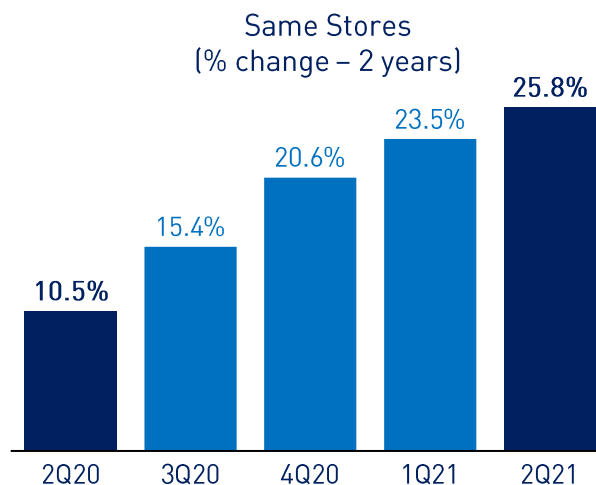
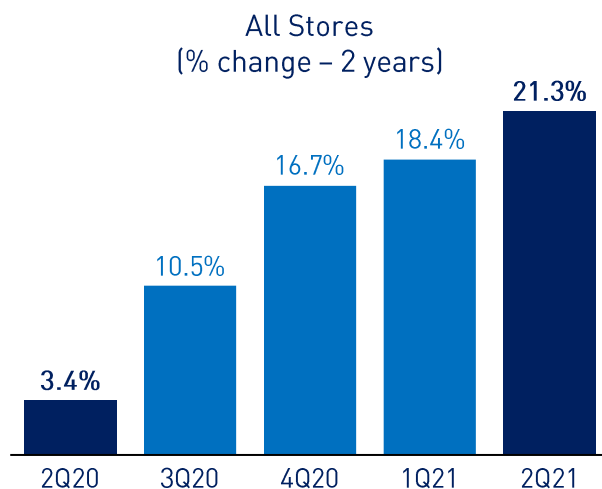
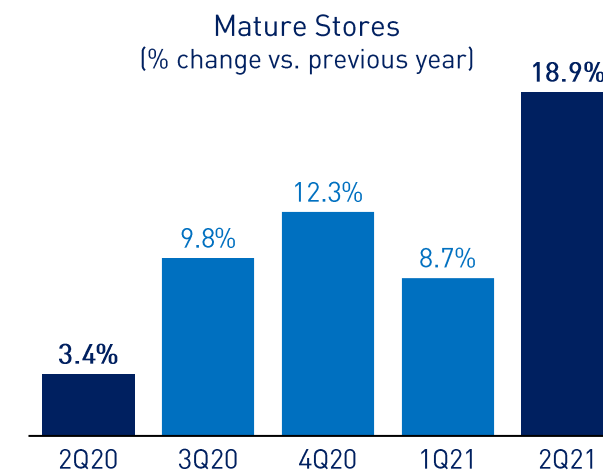
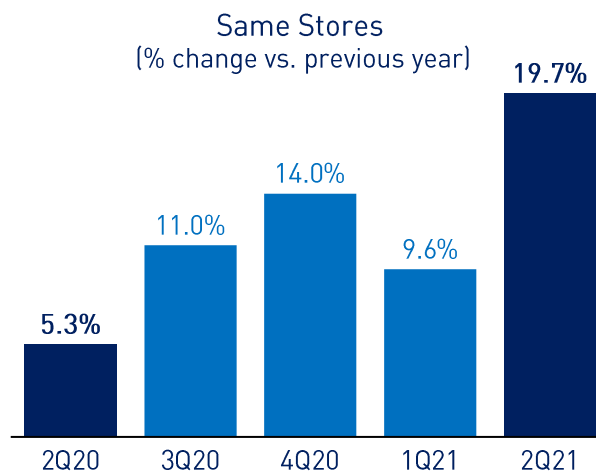
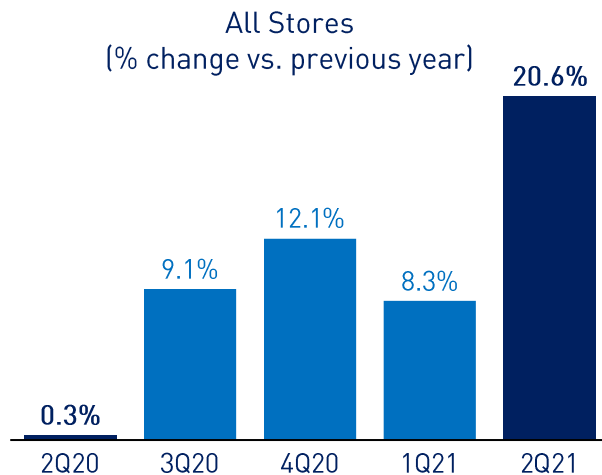
Sales growth per store above market average



Source: IQVIA; Data reflecting variation between 2Q21 vs 2Q20  
Note: IQVIA methodology estimates sales growth using reference prices (PMC), causing a difference with real growth, depending on the discounts used by different chains

# Topline Growth

*Consistent acceleration in growth pace, even more noticeable in a 2-year stack basis*

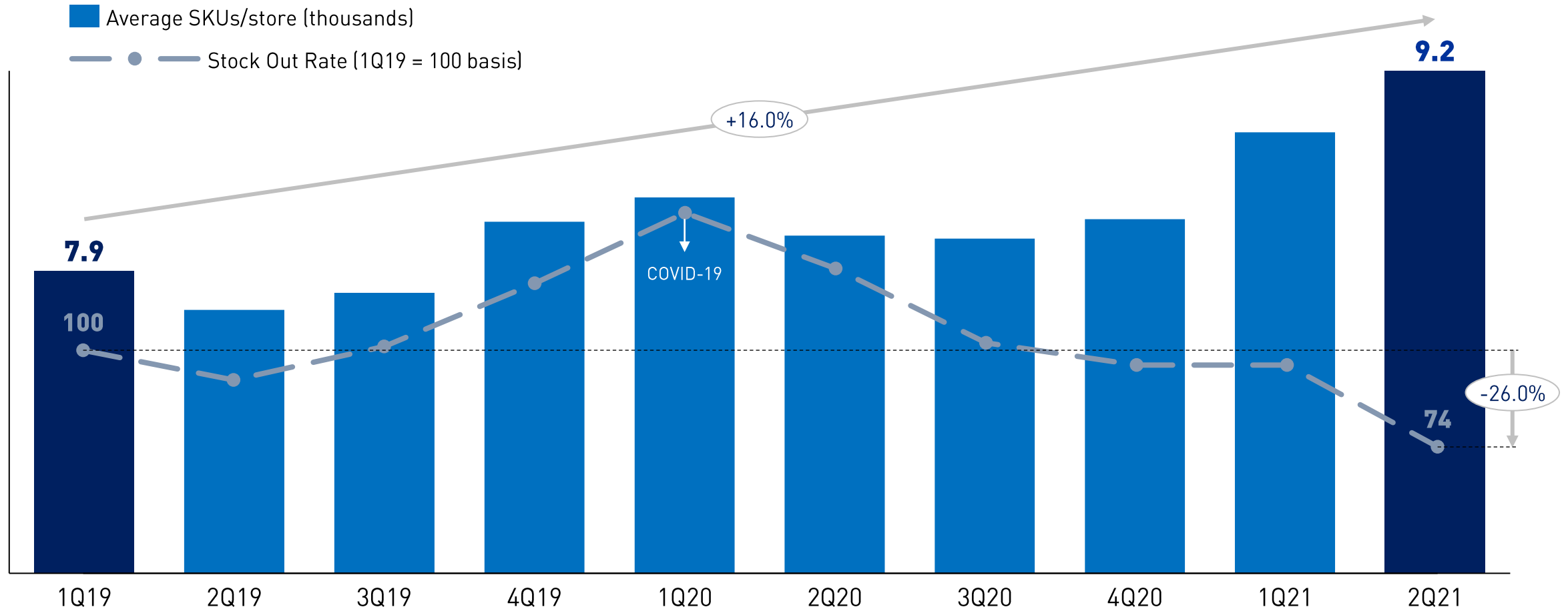


Note: The same store concept does not consider stores closed temporarily, lasting more than seven calendar days. Including these temporarily closed stores in this calculation, the same store growth for 1Q20, 2Q20, 3Q20, 4Q20 and 1Q21 were 9.9%, 1.7%, 10.9%, 13.5% and 9.3%, respectively.



# Assortment and Stockout

*Successful implementation of strategy to increase product availability over the past years*



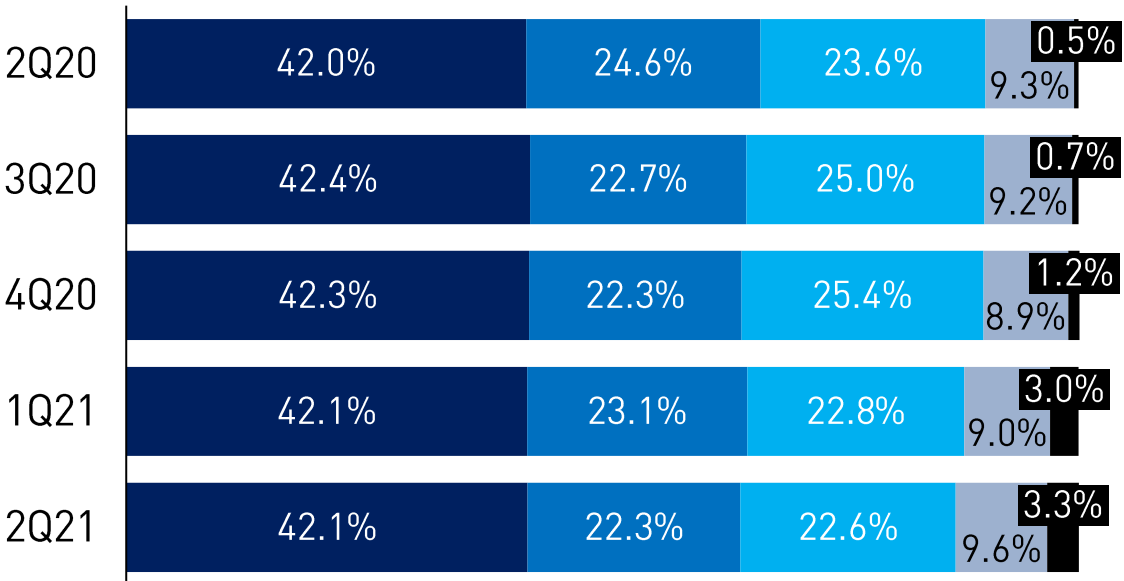
# Product Mix and Private Labels

*Positive performance in generics, services and private label items, leveraging gross margin*

## Product Mix

(as a % of total sales)

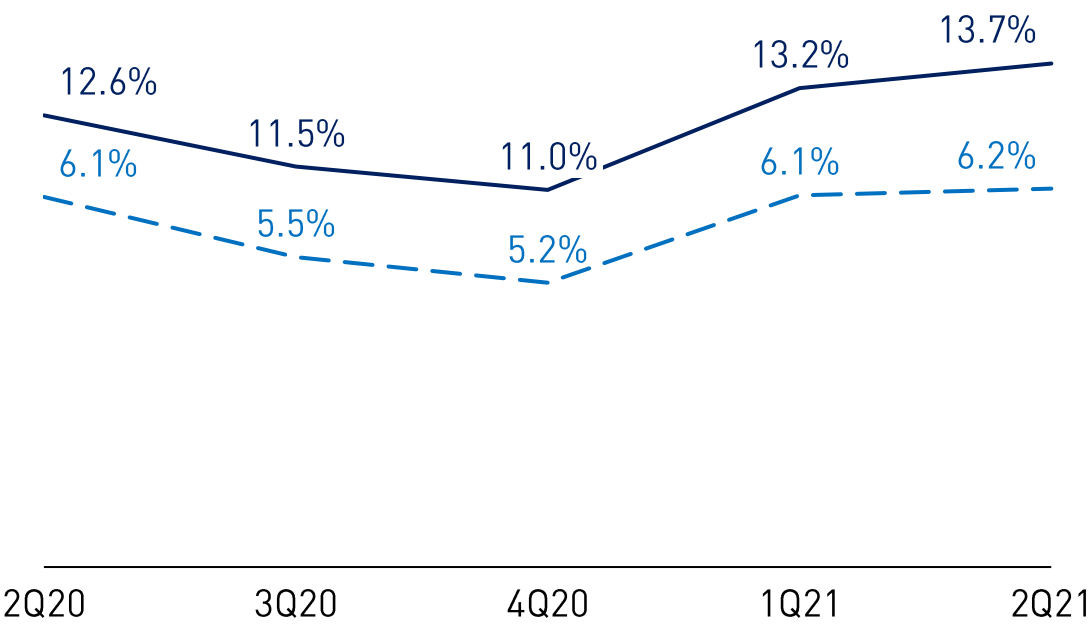
Brands OTC H&B Generics Services



## Participation of Private Labels

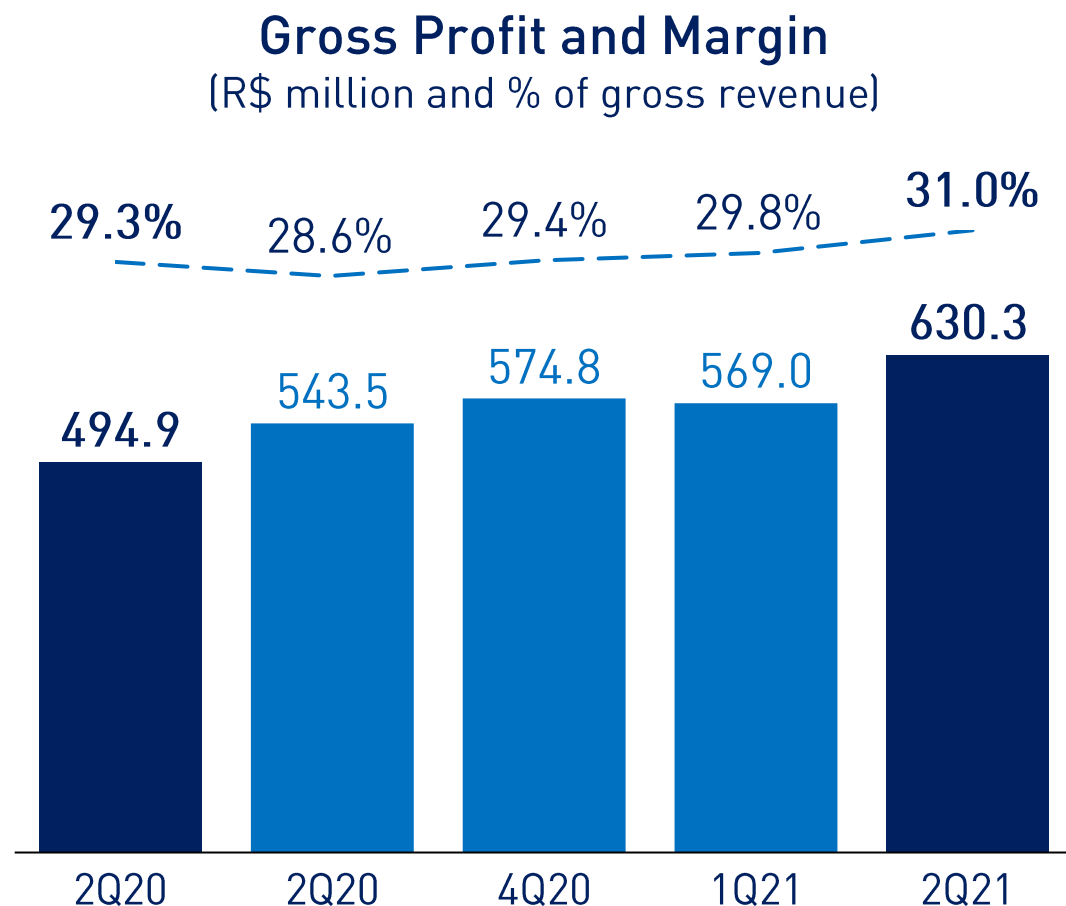
(as a % of sales)

% total sales % self service



# Gross Profit and Margin

*Gross margin improvement supported by strategic projects and leveraged by pre-price increase planning*



**+1.7p.p.** (2Q21 vs 2Q20)



Pre-price increase planning



Vendor Management Project



Growth in Private Labels  
and Generics



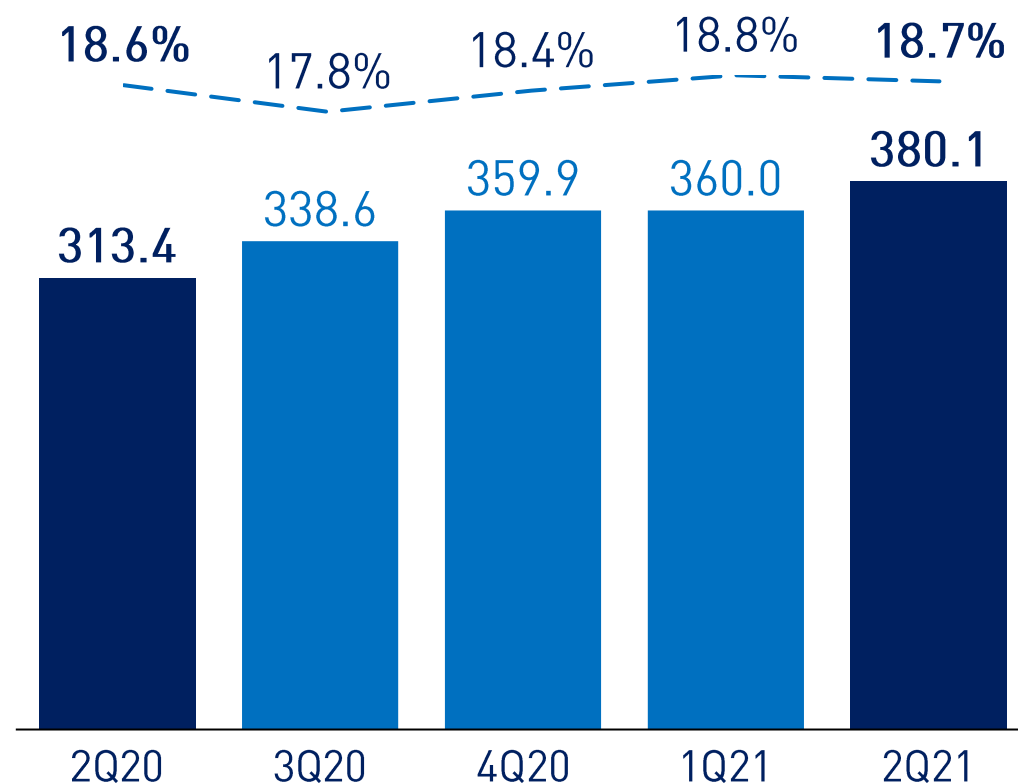
Reduction in Inventory  
Loss Rate

# Expenses

*Operational leverage with controlled expenses, despite inflationary pressures*

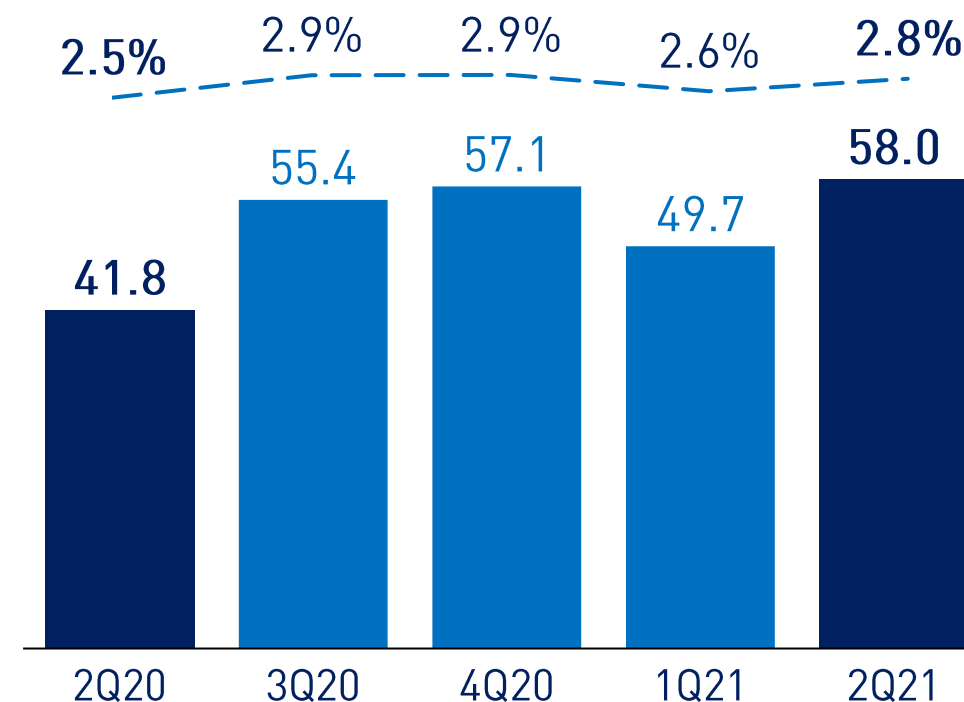
## Selling Expenses

(in R\$ million and as % of gross revenue)



## General and Administrative Expenses

(in R\$ million and as % of gross revenue)

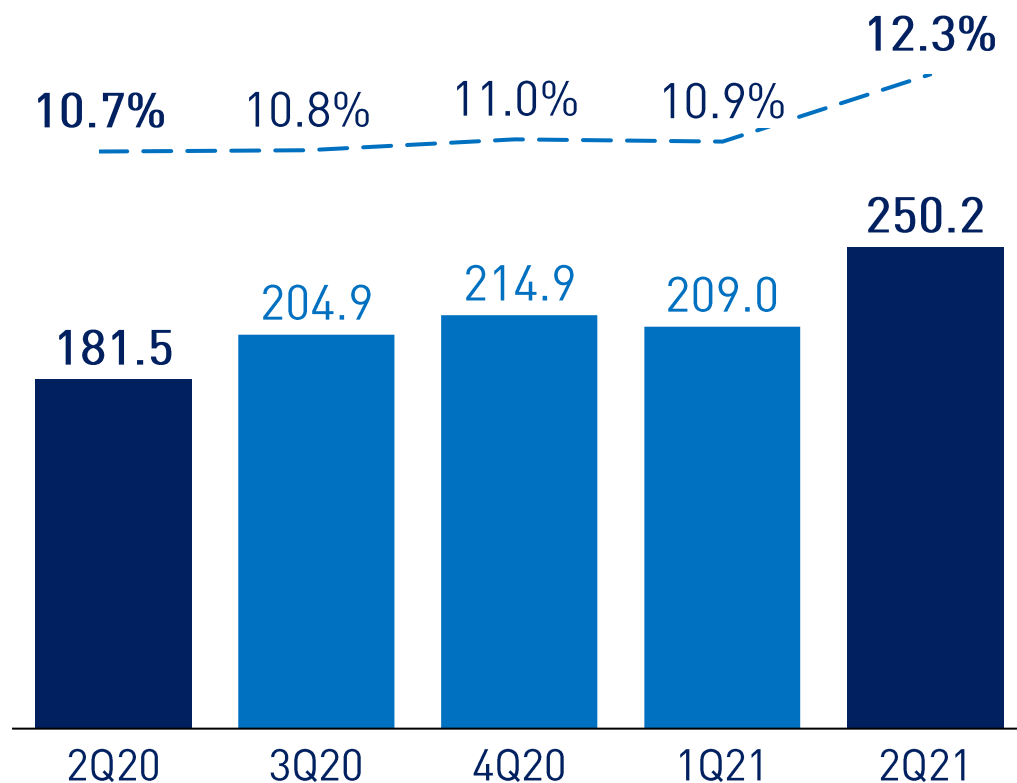


# Contribution Margin and EBITDA

*Healthy growth dynamics sustained by increased store productivity*

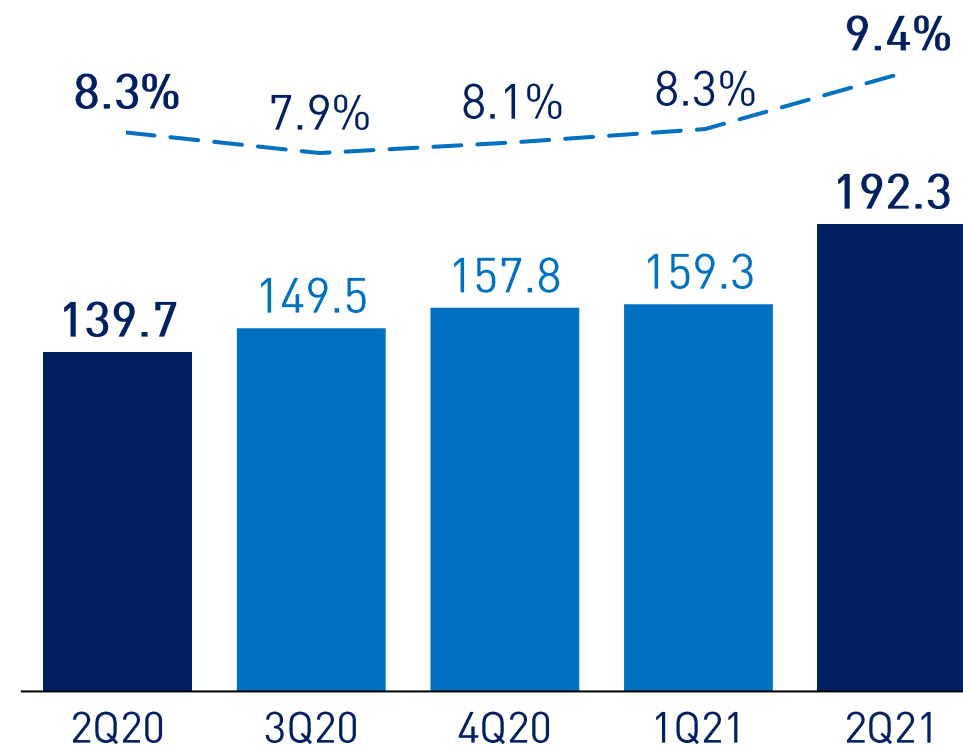
## Contribution Margin

(R\$ million and as % of gross revenue)



## Adjusted EBITDA

(R\$ million and as % of gross revenue)

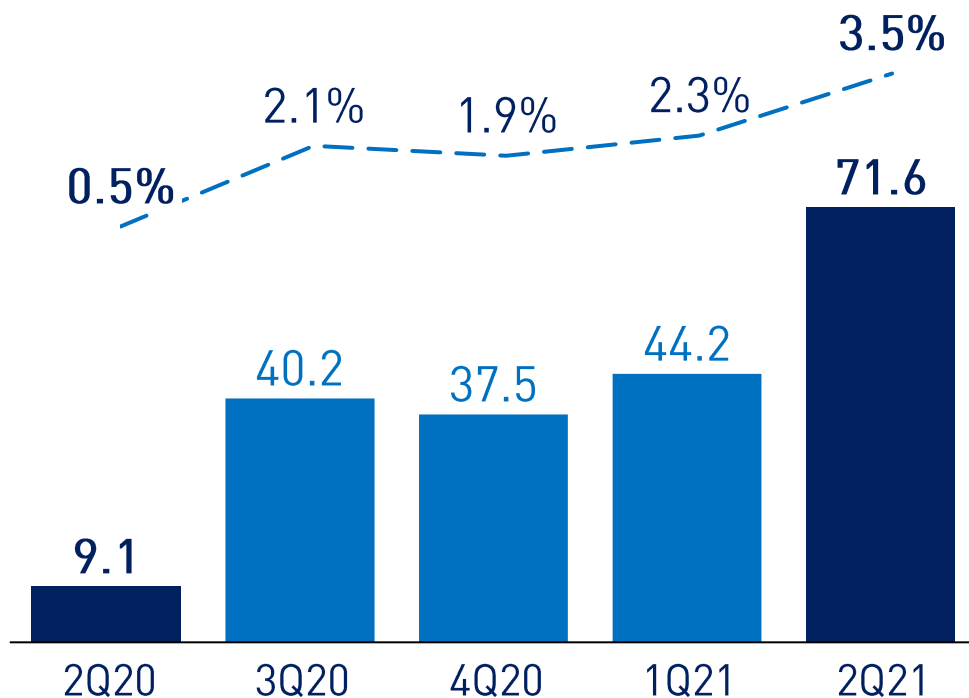




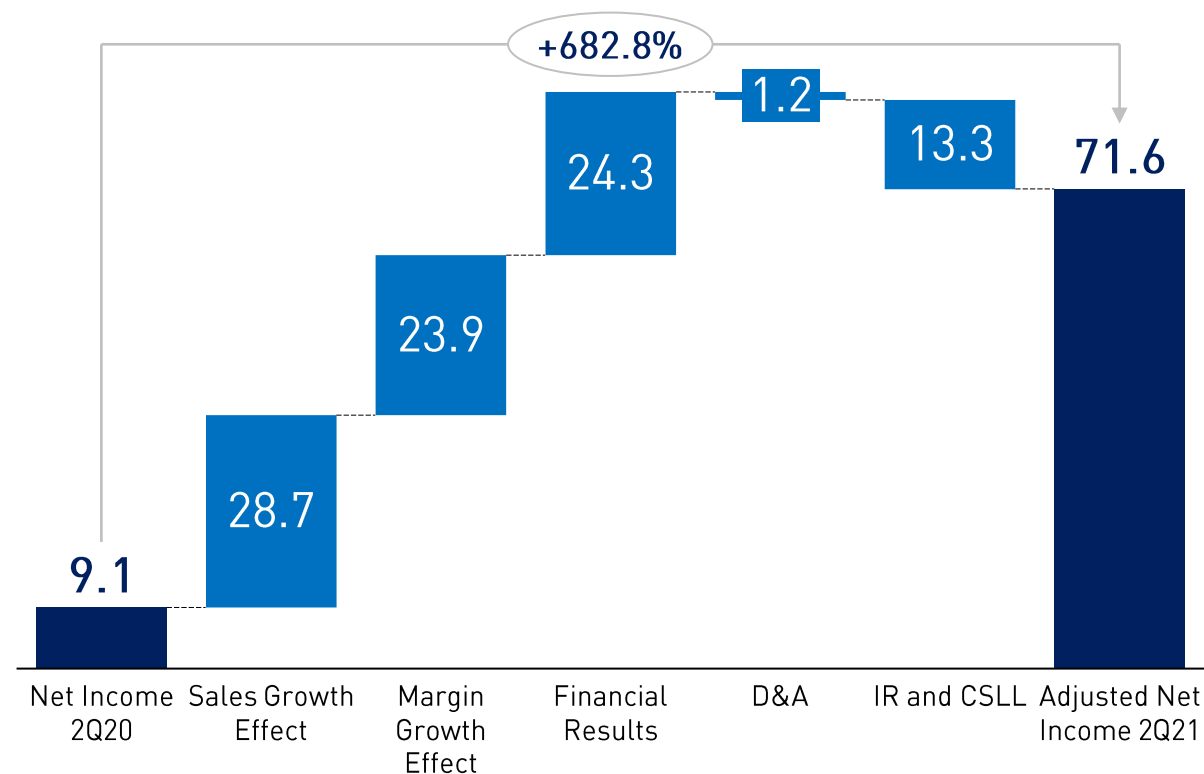
# Adjusted Net Income

*New profitability record, from a combination of operating results and the company's solid financial position*

**Adjusted Net Income**  
(R\$ million and as % of gross revenue)



**Components of Profit Growth**  
(R\$ million)

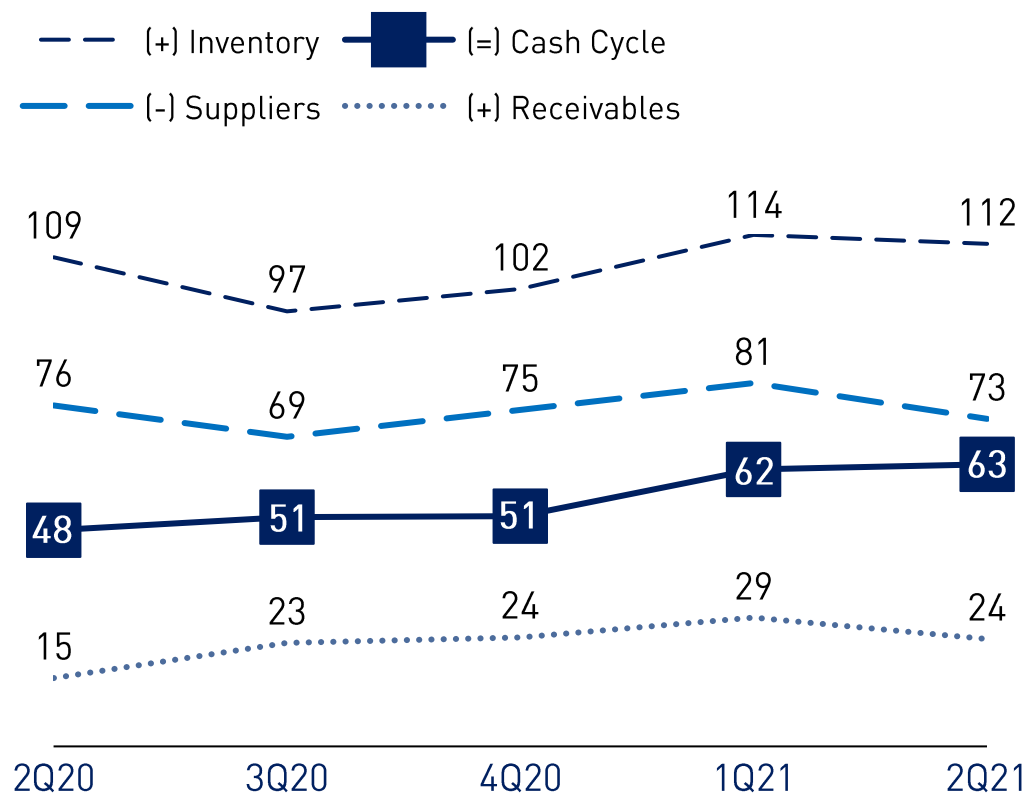


# Cash Cycle and Net Debt

*Investment in inventories, residual effects of the pre-price increase strategy, increase in assortment, and preparations for store openings in 3Q21*

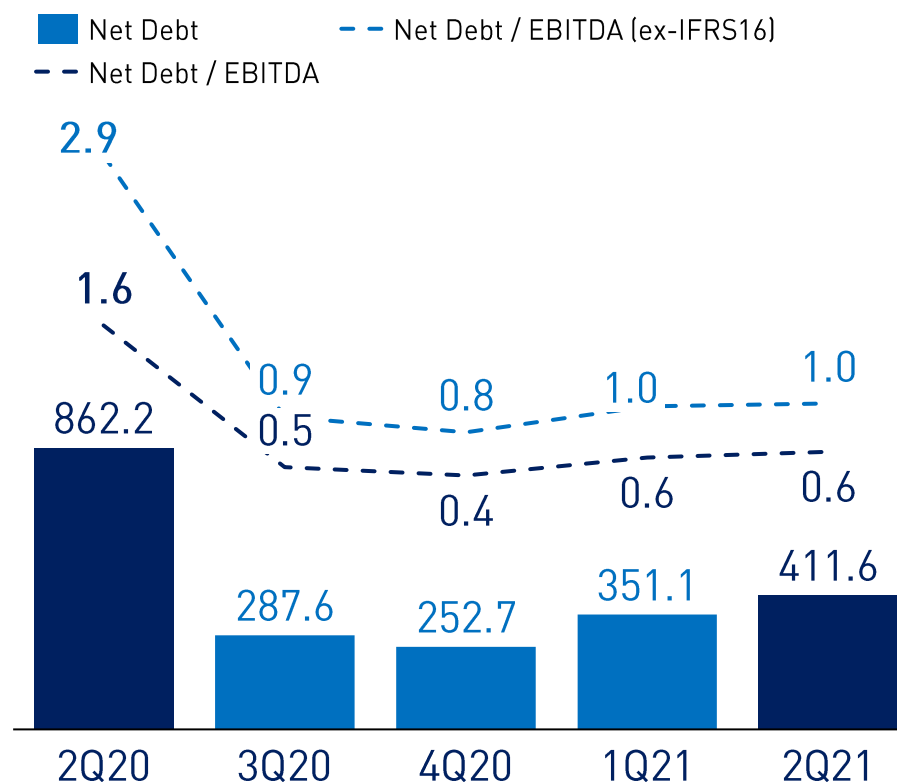
## Operating Cash Cycle

(in COGS days and days of Gross Revenue)



## Net Debt

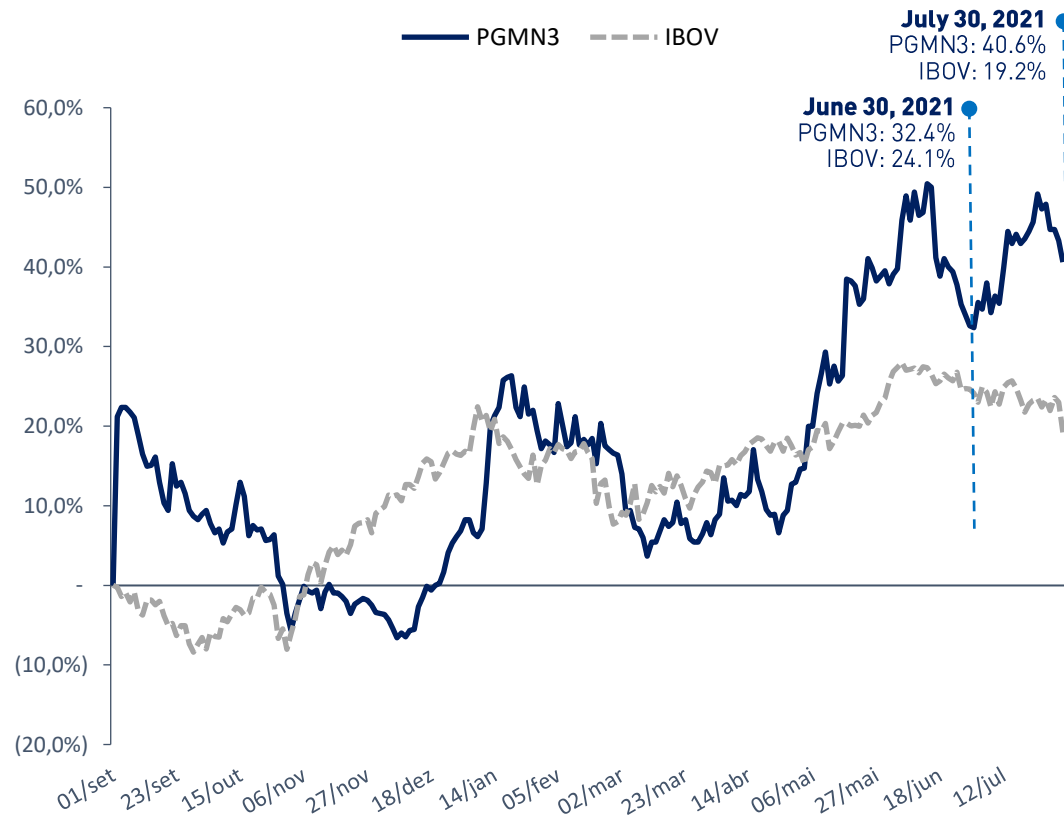
(R\$ million and multiple of EBITDA)



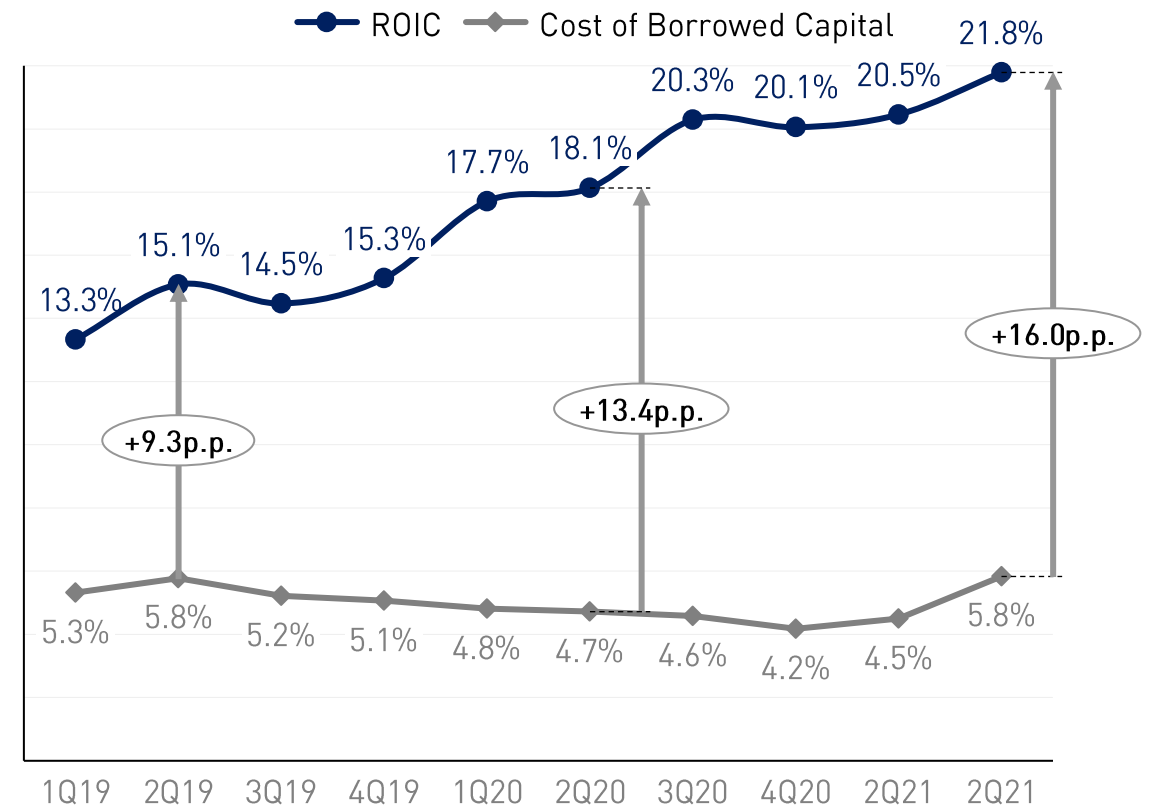
# Value Generation

*Growing spread between ROIC and borrowing cost and positive share price performance*

## Accumulated Share Appreciation (since IPO - as a %)



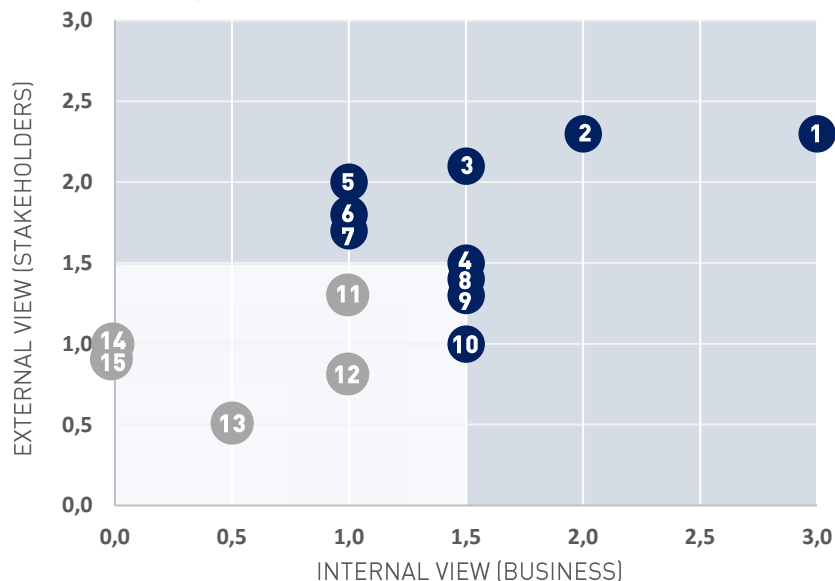
## ROIC<sup>1</sup> and Cost of Debt<sup>2</sup> (as a %)



<sup>1</sup> ROIC calculated using Contribution Margin After Taxes [ex-IFRS16], accumulated last 12 months, divided by the moving average of the last 4 quarters of invested capital, which in turn is calculated by the sum of Working Capital (Inventory + Accounts Receivable - Suppliers) and Fixed Capital (Fixed + Intangibles)

*Conclusion of the Materiality Matrix to prioritize ESG initiatives and efforts*

## Materiality Matrix



- ❶ Health for low-income population
- ❷ Waste generation
- ❸ Employee development
- ❹ Consumption of renewable energy
- ❺ Occupational health and safety of employees
- ❻ Consumer health
- ❼ Ethics and transparency in relationships
- ❽ Social investments
- ❾ Inclusion of minorities and respect for diversity
- ❿ Traceability

### Advances 2021

- ❶ Expansion of the portfolio of services **Clinic Farma**
- ❹ Expansion of the renewable energy matrix to **55% of the store base**
- ❼ Use of **UP Farma** for training and anti-corruption mechanisms



# Health Hub

Mário Queirós, CEO



# 2Q21 Innovations

*Another quarter of new launches, reinforcing our leadership role in the Brazilian market*



## **POCT portfolio expansion**

Covid-19 RT-PCR, anemia test, among others



## **Home Care & AME PSP<sup>1</sup> extension**

Home services for testing and injectable drugs and follow-up of specialty drug patients



## **Commercialization<sup>2</sup> of botulinum toxin**

First drugstore chain entering this market



## **More Modalities of Telemedicine**

Telenutrition, telecounseling and telepharmacist



## **TytoCare Technology incorporation**

For store-assisted telemedicine (partnership with Saúde iD)

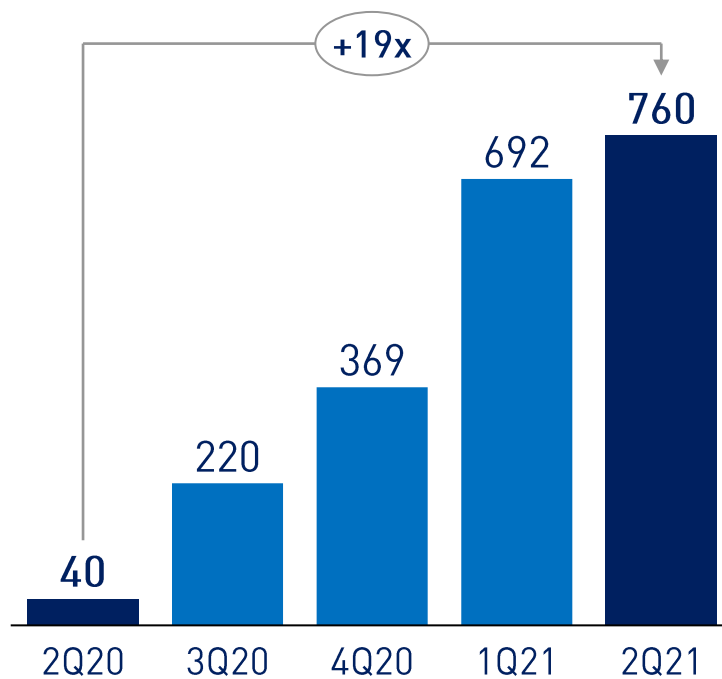
<sup>1</sup> Patient Support Program for clients of the specialty drugs channel

<sup>2</sup> Exclusive sale for professionals of health



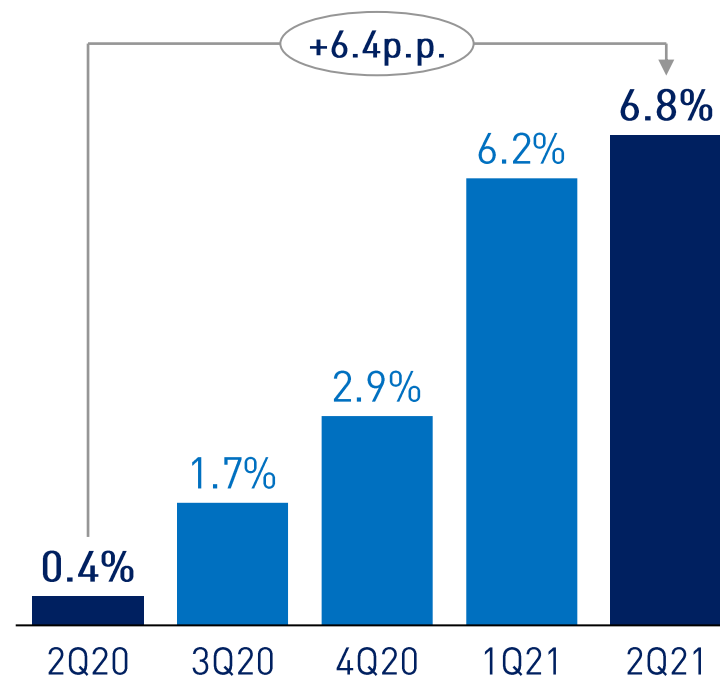
## Consultations

(# thousands)



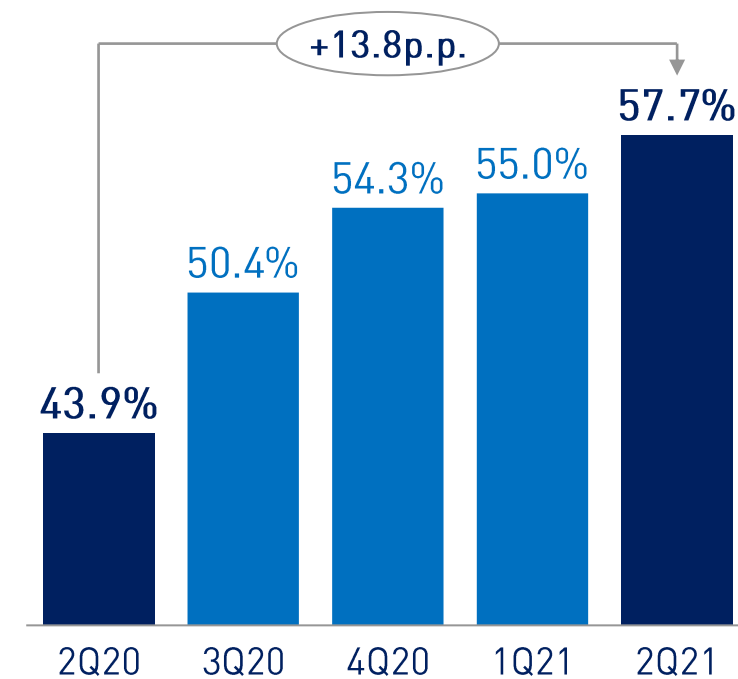
## Adhesion

(% Clinic customers / total customers)



## Conversion

(% of customers making purchases on same-day of consultation)



# Point of Care Testing (POCT)

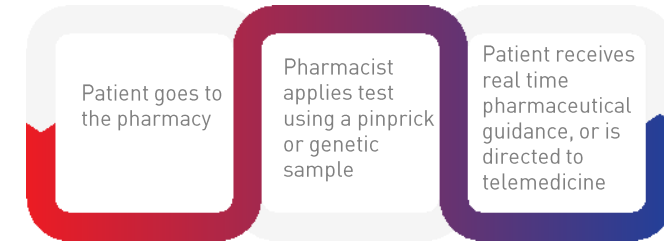
*Expansion of the portfolio of remote exams, increasingly promoting the access to health*

## Patient Journey

### Traditional Lab



### Point of Care Testing (POCT)



### Extensive Test Portfolio:

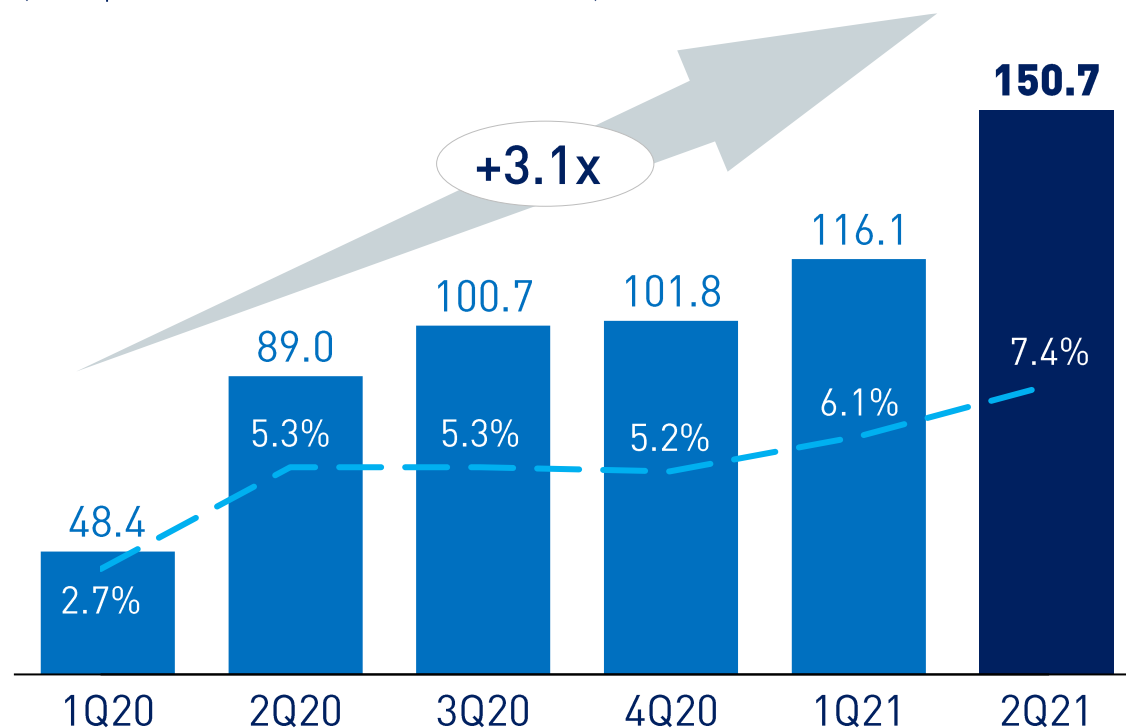
- ✓ Laboratory Check-Up
- ✓ Beta hCG exam (Pregnancy)
- ✓ Bioimpedance Examination
- ✓ Covid-19 test
- ✓ Dengue Test
- ✓ Blood Glucose Test
- ✓ Glycated Hemoglobin Test
- ✓ Lipid Profile Exam
- ✓ PSA test
- ✓ TSH test (Hypothyroidism)
- ✓ Vitamin D Test
- ✓ Zika Virus Test
- ✓ Syphilis Test
- ✓ Malaria Test
- ✓ LH Ovulation Exam
- ✓ Uric Acid Test
- ✓ Chikungunya test
- ✓ Toxicological Examination
- ✓ Internal eye exam
- ✓ Hematological Screening
- ✓ Covid-19 Antibody Test
- ✓ D-dimer Rapid Test **(new)**
- ✓ Troponin Rapid Test **(new)**
- ✓ H. Pylori Rapid Test **(new)**
- ✓ Anemia Rapid Test **(new)**

# Omnichannel Platform

*Development of robust digital ecosystem, 100% integrated with stores*

## Digital Channels Sales

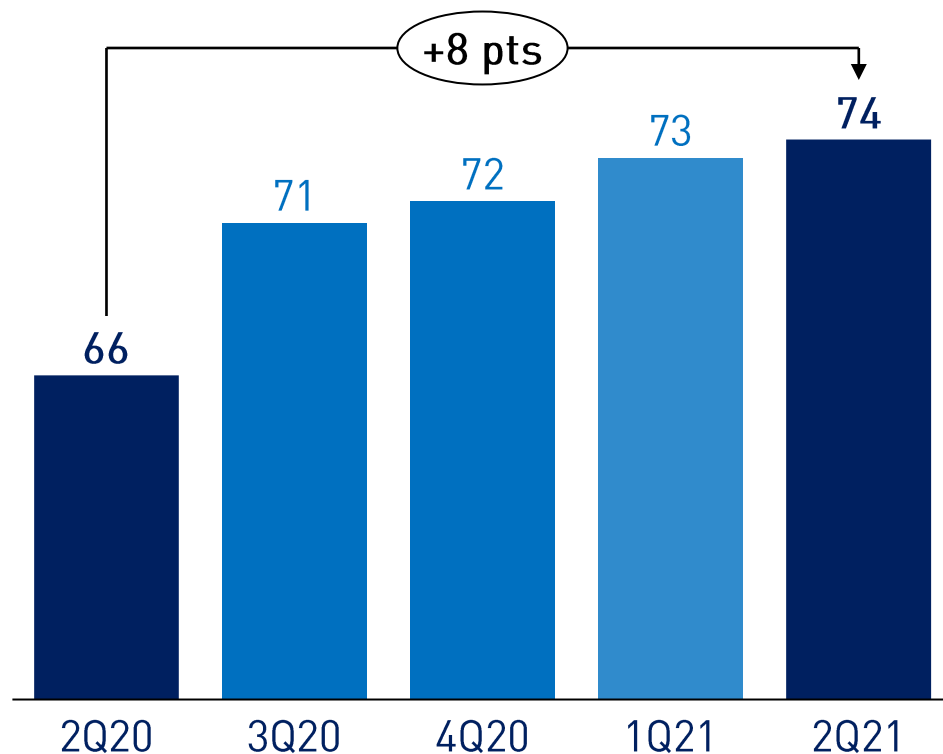
(in R\$ millions and % of total sales)



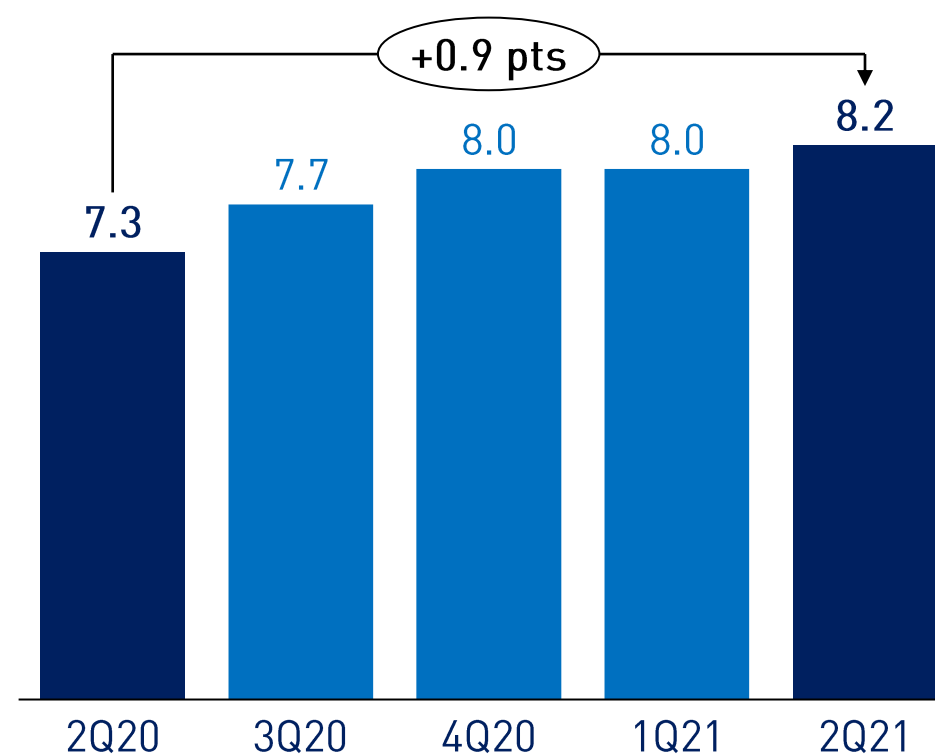
# Customer Focus

*Consistency in the evolution of service levels and customer satisfaction*

**NPS**  
(internal survey)



**Reclame Aqui Score**  
(6 months to date)





# Extrafarma Acquisition

*Strategic move to accelerate growth*



## Timeline of the Operation

- ✓ Transaction announcement (may/21)
- ✓ Approval in EGM by Ultrapar shareholders (jun/21)
- ✓ Integration planning kick-off and IMO<sup>1</sup> structuring (jun/21)
- Protocol and justification of merger (aug/21)
- Approval in EGM by Pague Menos shareholders (sep/21)
- Antitrust Council (CADE) approval and closing (expectation: 1Q22)

<sup>1</sup> Integration Management Office, composed of executives dedicated to planning the future integration, respecting the conditions imposed by the Brazilian antitrust legislation.



# Q&A





# *Pague* *Menos* **DAY**

SAVE THE DATE 02/09/21





## INVESTOR RELATIONS

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