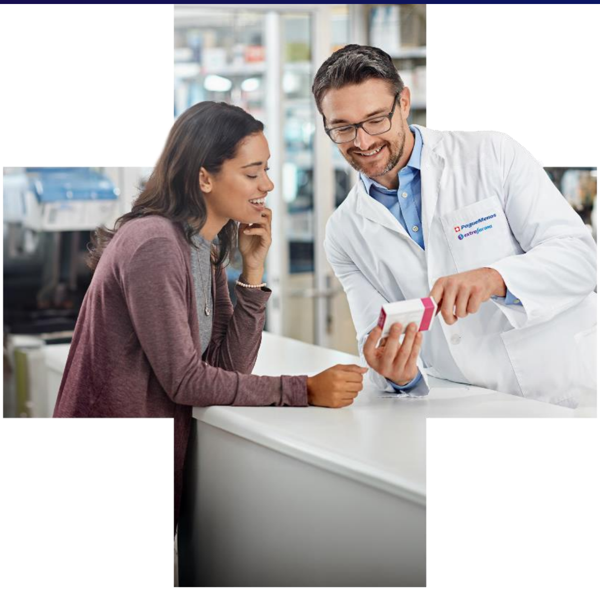
EARNINGS

RELEASE
2Q24

PagueMenos

extrafarma

PagueMenos extrafarma



PAGUE MENOS ACCELERATES GROWTH, REVERSES LOSSES AND PRESENTS THE BEST CASH CYCLE SINCE 2020

2Q24 HIGHLIGHTS

- **GROSS REVENUE**
  R$ 3.4 billion (+12.2% vs 2Q23) with 11.4% same store sales
- **MARKET SHARE**
  Share gains in all regions of the country
- **ADJ. EBITDA**
  R$ 176.9 million (+15.7% vs 2Q23) with 0.2 p.p. margin expansion
- **ADJ. NET INCOME**
  R$ 44.2 million with a 1.4 p.p. margin expansion vs 2Q23
- **EXTRAFARMA SYNERGIES**
  R$ 203 million on an annual basis (6 months ahead of schedule)
- **INDEBTEDNESS**
  2.5x Net debt / EBITDA (reduction of 0.6x vs 2Q23)
- **CASH CYCLE**
  56 days, reduction of 8 days vs 2Q23
- **FREE CASH FLOW**
  R$ 74.1 million with growth of R$ 114.3 million vs 2Q23

DISCLAIMER

Since 2019, our financial statements have been prepared in accordance with IFRS 16, which changed the criteria for recognition of rental contracts. To better demonstrate the economic reality of the business, the numbers in this report are presented under the old standard, IAS 17. The reconciliation with IFRS 16 can be found in the Appendix 1 of this document.

CONSOLIDATED FINANCIAL HIGHLIGHTS

in R$ million and % of gross revenue	2Q23	2Q24	Δ	1S23	1S24	Δ
Gross Revenue	**3,003.6**	**3,369.0**	**12.2%**	**5,816.9**	**6,464.1**	**11.1%**
Gross Profit	**930.6**	**1,023.2**	**9.9%**	**1,748.1**	**1,926.7**	**10.2%**
% Gross Margin	*31.0%*	*30.4%*	*(0.6 p.p.)*	*30.1%*	*29.8%*	*(0.3 p.p.)*
Contribution Margin	**234.4**	**267.4**	**14.1%**	**377.1**	**453.3**	**20.2%**
% Contribution Margin	*7.8%*	*7.9%*	*0.1 p.p.*	*6.5%*	*7.0%*	*0.5 p.p.*
Adjusted EBITDA	**152.9**	**176.9**	**15.7%**	**207.5**	**273.8**	**31.9%**
% Adjusted EBITDA Margin	*5.1%*	*5.3%*	*0.2 p.p.*	*3.6%*	*4.2%*	*0.6 p.p.*
Adjusted Net Income	**(2.9)**	**44.2**	**-**	**(48.2)**	**21.1**	**-**
% Adjusted Net Margin	*(0.1%)*	*1.3%*	*1.4 p.p.*	*(0.8%)*	*0.3%*	*1.1 p.p.*

OPERATING HIGHLIGHTS

Indicator	2Q23	3Q23	4Q23	1Q24	2Q24	Δ (2Q24 × 2Q23)
# of Stores	1,652	1,648	1,632	1,654	1,653	*0.1%*
Average sale/store/month (R$ thousand)	607	622	622	628	679	*11.9%*
Average ticket (R$)	78.37	81.07	80.46	81.96	83.78	*6.9%*
Same store sales (%)	5.6%	5.9%	5.6%	9.6%	11.4%	*5.8 p.p*
Digital channels (% of Gross Revenue)	11.7%	12.1%	12.5%	13.4%	14.1%	*2.4 p.p*
Private labels (% of Gross Revenue)	6.6%	7.0%	6.9%	6.7%	6.7%	*0.1 p.p*
# of Clinics	1,077	1,077	1,077	1,077	1,077	*0.0%*
Active customers (million)	20.5	20.7	20.7	20.9	20.9	*2.3%*
Total employees	25,375	25,268	25,445	25,822	25,874	*2.0%*
Store employees	20,679	20,599	20,775	21,161	21,381	*3.4%*
Employees/store (quantity)	12.5	12.5	12.7	12.8	12.9	*3.3%*
Operating cash cycle (days)	64	60	55	60	56	*(8)*
Net Debt / Adjusted EBITDA	3.1x	2.4x	2.5x	2.6x	2.5x	*(0.6x)*

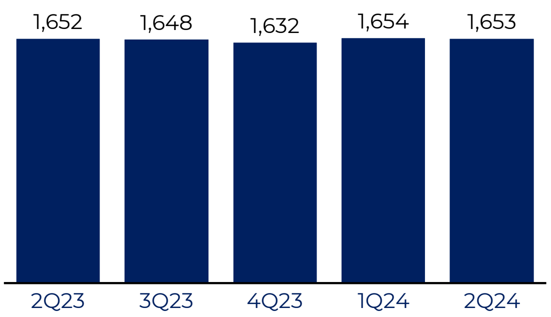
STORE PORTFOLIO

We ended 2Q24 with 1,653 stores, decreasing one unit compared to the previous quarter, with one store opening and two closings. Thus, we completed in the quarter the forecast of opening 30 stores in 2024.

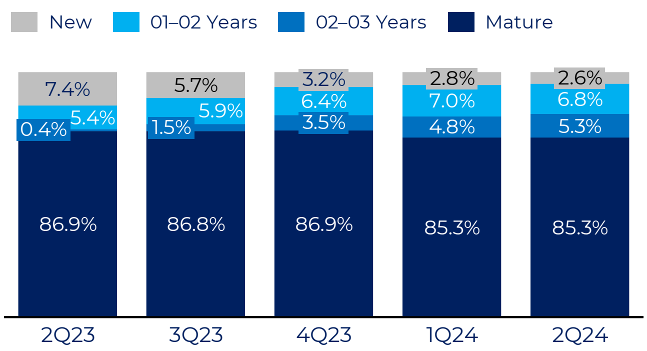
Brand conversions continue to occur within the operational integration plan with Extrafarma, totaling 96 stores converted by the end of 2Q24. Conversions continue delivering relevant sales ramp-up, highlighting the strength of Pague Menos' brand nationwide. Currently, all the stores in the states of SP, BA, PE, PB, RN and TO have already been converted to Pague Menos, so that only the states of PA, AP, MA and CE remain with the Extrafarma brand. In these states, we are running tests to inform our potential decision of new conversions in the future.

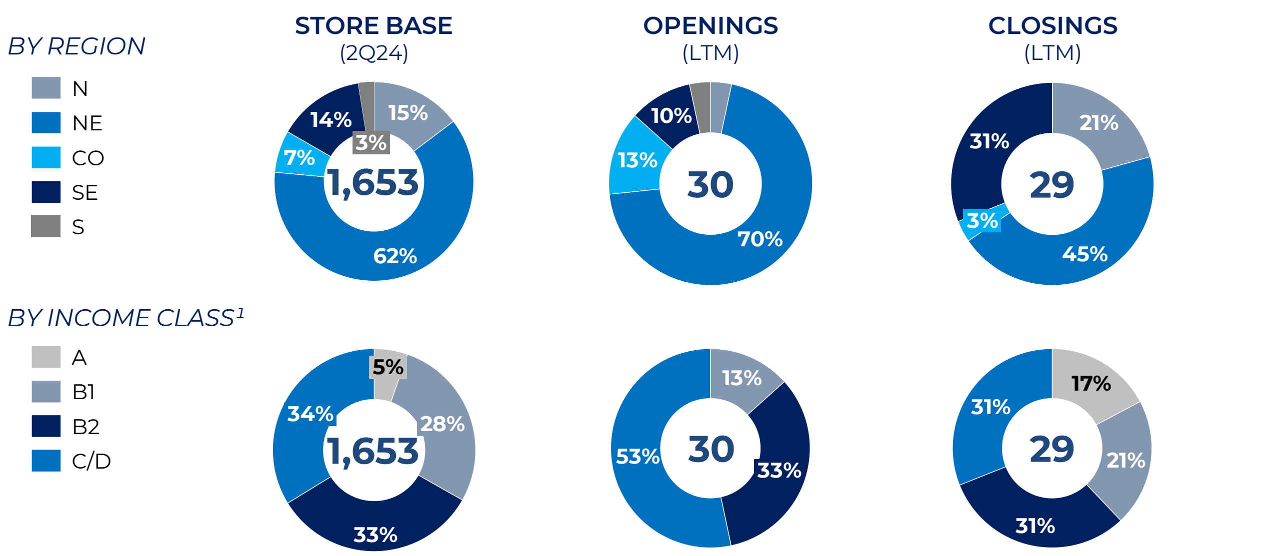
Three years after opening the first stores in the post-IPO expansion cycle, we observe consistent results in the sales maturity curve and, especially, in the economics of the new stores, which indicate a level of profitability above the average of stores from previous cohorts. When segmenting stores by monthly average sales range, we observe that openings since 2021 deliver 4-wall margins approximately 1.5 p.p. above the average of mature stores (considering only the Pague Menos portfolio).

EVOLUTION OF STORE BASE



AGE PROFILE OF STORES





¹ Predominant social class in the vicinity of each store (isochronous for 5 minutes travelling by car). Segmentation follows the IBGE criteria.

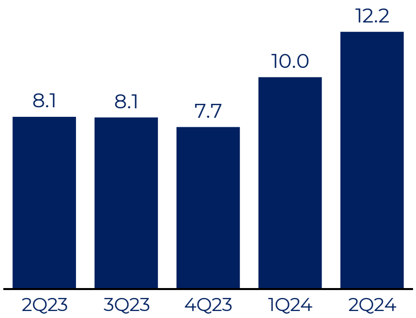
SALES PERFORMANCE

We achieved a significant acceleration in sales growth in 2Q24, even with the lower inflationary component of the readjustment of medicine prices in the quarter. The good performance is a result of the operational efficiency initiatives, with actions in areas such as customer service, store rennovations, and improvement of internal processes, which are already starting to have a positive impact on the perception and behavior of customers. Moreover, we highlight the strong recovery in sales at Extrafarma, as a result of the synergies captured and banner conversions carried out in recent quarters.

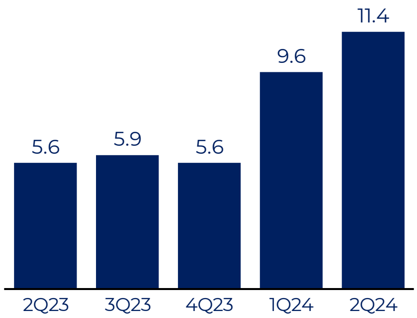
Total sales growth reached 12.2%, driven mainly by mature stores growth of 10.3%, more than double the inflation for the period. Maturing stores contributed positively with 2.8 p.p. to growth, while stores closed in the last 12 months contributed negatively with 0.9 p.p.

The same-store sales (SSS) growth was 11.4% in the quarter, accelerating 1.8 p.p. compared to the previous quarter. We observed a good growth trend in both companies, with Pague Menos recording SSS of 10.5% and Extrafarma recording 15.8%. At Extrafarma, we highlight the strong contribution of converted stores, which presented significant growth of 23.7%, while the others grew 12.7%.

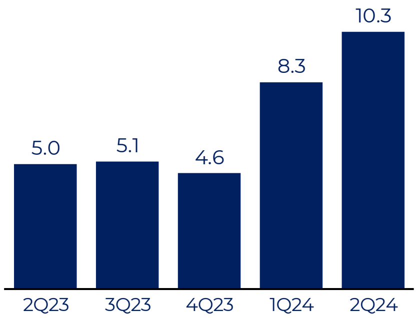
TOTAL GROWTH[2]
(change %)



SAME STORE SALES
(change %)

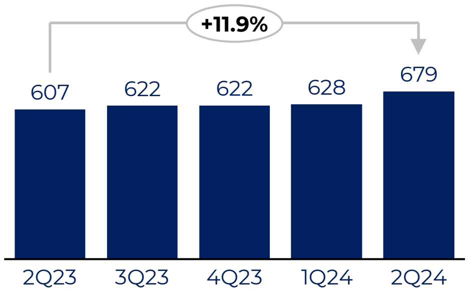


MATURE STORES
(change %)



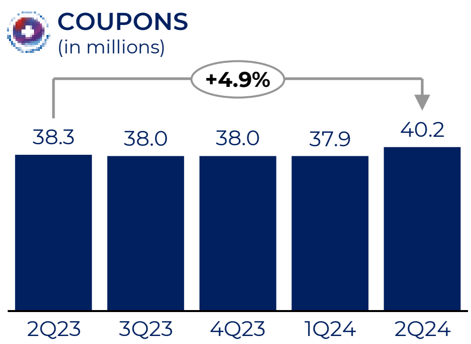
Our store portfolio reached R$ 679 thousand in monthly average sales in 2Q24, representing a 11.9% growth compared to the same period of the previous year. We highlight the consistent improvement in the Extrafarma portfolio, which reached a monthly average sale of R$ 574 thousand in the quarter, accumulating a significant growth of 28% in the last 2 years, almost 3 times the accumulated inflation for the period.

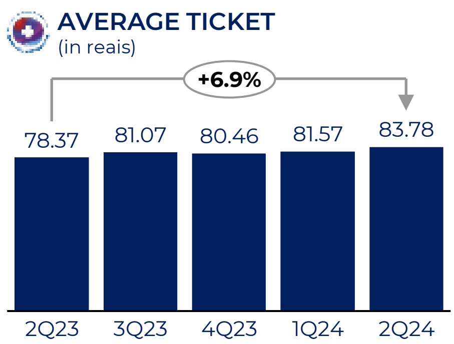
AVERAGE SALE/STORE/MONTH
(R$'000)



[2] Pro forma growth data, considering Extrafarma's historical base and disregarding the wholesale operation, discontinued in October 2022.

The consolidated growth for the quarter can be broken down into a healthy mix of volume (4.9%) and average ticket (6.9%).





The growth in customers served was driven by the Pague Menos brand, which recorded a 5.5% increase in coupons issued compared to 2Q23. We attribute this good performance to: i) store renovation initiatives (more than 250 interventions improving the look-and-feel of points of sale); ii) improvements in service; iii) segmented CRM actions and iv) maturation of the new harvests of stores. At Extrafarma, the volume of services increased 2.5%, negatively impacted by the store closures carried out in the last 12 months. In the "same stores" concept, the volume of services at Extrafarma grew a significant 5.7%.

The majority of the traffic growth in the store was due to the retention and activation of new customers, thus contributing our active customer base. We totaled 20.9 million customers with purchases in the last twelve months, accounting for a growth of 2.3% compared to 2Q23 and 0.2% compared to 1Q24. Positive results, especially considering that there was no expansion in the store base during the period.

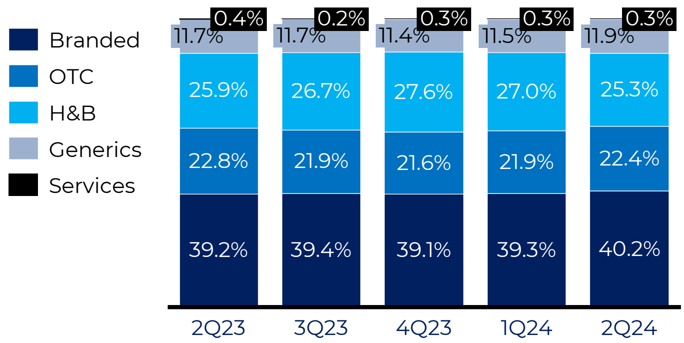
Even with the inflation slowdown, we are observing an acceleration in the average ticket growth, mainly leveraged by the increase in the customers' shopping basket. It is worth highlighting that there was an inflection in this metric in the quarter, which had a persistent downward trend until then. Furthermore, we observed a positive mix effect, due to the increase in the share of branded medicines in total sales.

CATEGORY AND SUPPLY MANAGEMENT

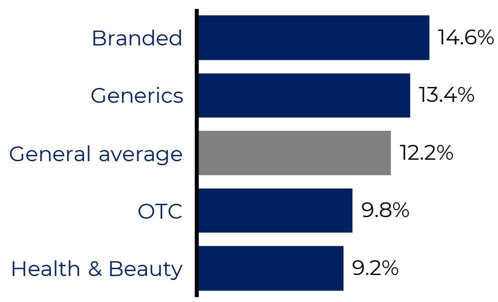
The good sales performance in the quarter was driven by growth in categories of prescription medicines. Private labels recorded growth of 14.6% compared to the same period of the previous year, reaching 40.2% of total sales, the highest share since 3Q22. Among the therapeutic classes, diabetes was the one that recorded the greatest growth. In generic drugs, we recorded a growth of 13.4%, maintaining the structural trend of gaining market share, which reached a record level of 11.9% in the quarter.

On the other hand, the non-medicine group recorded a slowdown in the quarter, growing slightly below the general average. In the OTC category, we observed growth of 9.8% in the quarter, hampered by the drop in the flu and cold category. Hygiene & Beauty items recorded growth of 9.2%, slowing down compared to previous quarters, especially in the dermocosmetics and diaper categories.

SALES MIX
(% of gross revenue)



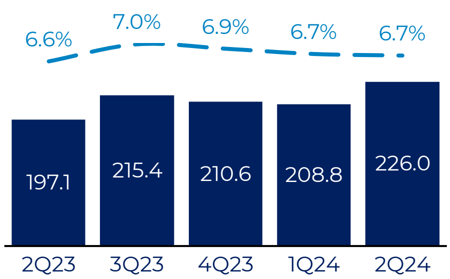
GROWTH BY CATEGORY
(% change 2Q24 vs 2Q23)



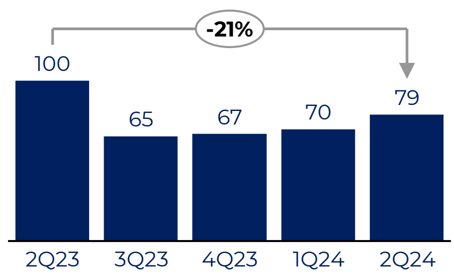
Our private labels continue to be a highlight in our commercial execution, and they continued to gain share in the sales mix in 2Q24. Sales totaled R$ 226.0 million, growing 14.7% compared to the same period of the previous year. The total sales share was 6.7%, accounting for an increase of 0.1 p.p. compared to 2Q23. Considering only self-service sales, where we focus on offering private labels, the market share reached 14.1%, accounting for an increase of 0.7 p.p. compared to 2Q23.

The stockout rate remains under control, decreasing 21% compared to 2Q23 and staying at a similar level to previous quarters.

PRIVATE LABELS
(in R$ million and % of total sale)



STOCKOUT
(2Q23 = base 100)



MARKET **SHARE**

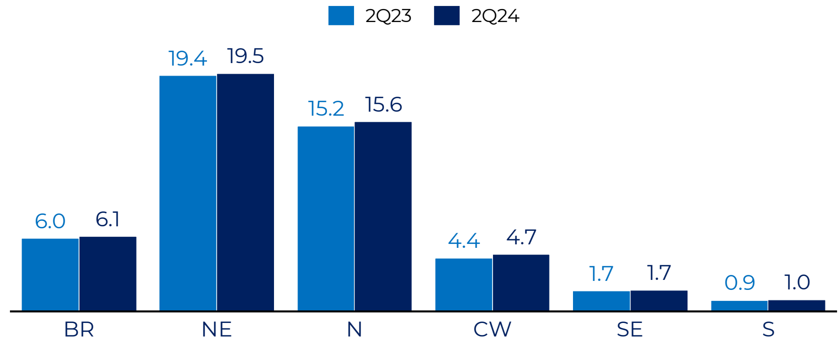
Good sales performance allowed us to increase our market share, despite the context of slowdown in the pace of store openings.

In 2Q23, we achieved above-market growth in all regions. The Center-West continues to be the geography where we record the highest sales growth, as well as the highest market share gain. In the quarter, we reached a record 4.7% market share in the region.

We also highlight the good performance in the Southeast region, where we recorded the best same-store growth rate, driven by the brand conversions carried out in São Paulo. With such initiative, we observed a strong improvement not only in the converted stores, but also in the other stores, due to the increase in density and strengthening of the Pague Menos brand in specific micro-markets in the city of São Paulo.

It is important to highlight that the market share gain in the quarter was achieved organically, without opening new stores. Our average sales growth rate per store continues to be well above our main competitors, maintaining a trend observed in previous quarters.

MARKET SHARE BY REGION (%)

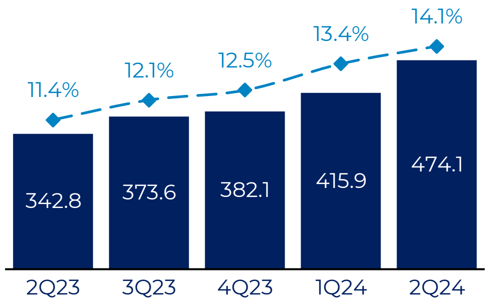


Source: IQVIA

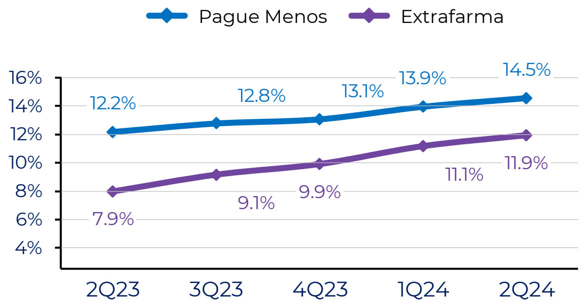
OMNICHANNEL PLATFORM

In 2Q24, we continued to improve the shopping experience on our digital channels, which continue to gain relevance in our business. Sales reached R$ 474 million, growing 38.3% compared to 2Q23 and accounting for 14.1% of total sales. By brand, Pague Menos achieved a penetration of 14.5%, while Extrafarma reached 11.9%. Thus, we continue reducing the gap between brands, ending 2Q24 with a difference of 2.6 p.p., in contrast to the 4.2 p.p. recorded in the previous year.

OMNICHANNEL SALES
(in R$ million and % of total sales)



OMNICHANNEL SALES
(% of retail revenue)

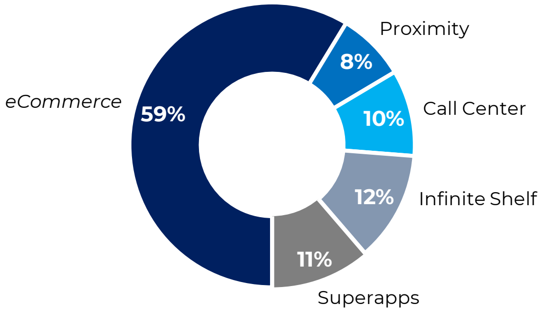


The growth of our omnichannel platform has been sustained by a continuous improvement in the customer's journey across all channels, from reducing website loading time to the checkout process in the app. Accordingly, we continue to grow in a balanced manner, with e-Commerce, Proximity, Superapps and Infinite Shelf growing around 15% in 2Q24 compared to 1Q24, with emphasis on eCommerce, which is approaching a 60% share.

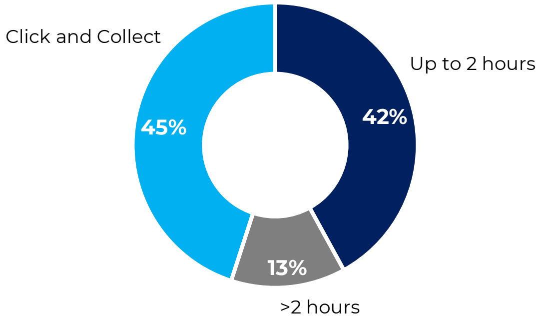
Furthermore, we integrated all channels via WhatsApp this quarter, making it possible to redirect the access flow to other platforms. This initiative allows for greater efficiency in the communication strategy, as we concentrate resources to promote just one access point.

Our omnichannel strategy allows us to continue growing in a healthy and sustained pace, gradually improving the profitability and service level of the channels. In 2Q24, the digital channels contribution margin increased almost 2 p.p. compared to 2Q23. Moreover, we maintained a good level of delivery efficiency, with 87% of orders made available to customers in less than 2 hours.

DIGITAL CHANNELS MIX
(% of omnichannel sales 2Q24)



TYPE OF DELIVERY MIX
(% of omnichannel orders 2Q24)



HEALTH HUB

Our Health Hub continues to evolve, gaining increasing relevance in our strategic planning. The second quarter of 2024 was marked by a positioning review in some important business verticals, as we will discuss below.

Clinic Farma continues to record significant customer traffic. In the quarter, 1.9 million consultations were made in our pharmaceutical clinics, accounting a 49% growth compared to the same period of the previous year. We are gradually converting the volume of data generated by Clinic Farma into the construction of segmented “health journeys”. With the support of important partners in the pharmaceutical industry, we already have structured relationship guidelines to encourage treatment adherence in areas such as diabetes and hypertension, thus benefiting thousands of customers with discounts, educational content, and clinical analysis exams.

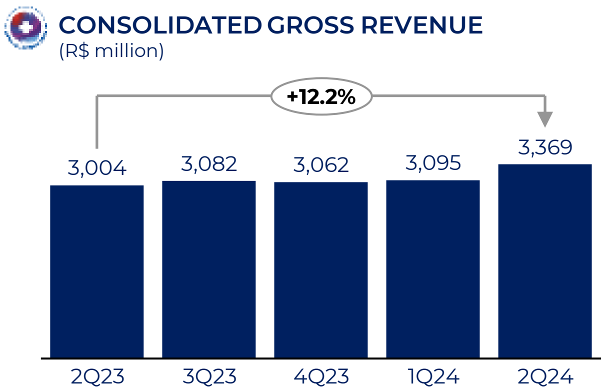
Pague Menos is the drugstore chain with the largest portfolio of rapid tests on the market, with over 25 exams offered at Clinic Farma. In the quarter, we further expanded our offering by including blood counts, with exclusivity in the retail channel. The exam, made available in partnership with the healthtech Hilab, allows for the quick evaluation of several blood components, such as red blood cells, white blood cells, and platelets, effectively assisting in the patient's health monitoring.

In the vaccine sector, the change in application strategy via partnerships to the in-house model is already beginning to generate promising results. With training initiatives, customer awareness, assortment expansion, and inventory reinforcement, our vaccine market share grew 5x since the beginning of the year, even without expanding the number of stores enabled for the service. By the end of the year, we plan to conquer our market share in the category even more, by increasing from 36 to around 100 stores equipped with vaccination rooms.

Within the context of constant evolution of our strategy, we have made the decision to discontinue our operation of compounding pharmacies. Among the multiple components of our Health Hub, this was the most mature initiative, with the lowest level of growth and the highest level of capital employed. Thus, we started a partnership with Miligrama, the largest online compounding pharmacy in the country, to direct all the demand for compounded prescriptions captured in-store, ensuring that our customers continue to be served with this service.

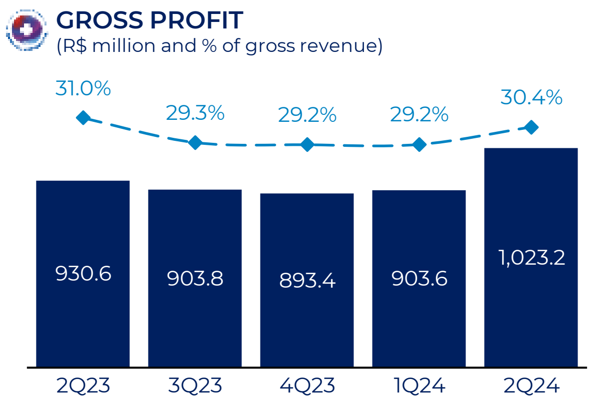
GROSS **REVENUE**

As a result of the good same-store growth, as detailed in the "Sales Performance" section of this release, consolidated gross revenue reached R$ 3.369 billion in 2Q24.



GROSS **PROFIT**

Consolidated gross profit reached R$ 1.023 billion in 2Q24, accounting for a growth of 9.9% compared to the same period of the previous year. On the other hand, the gross margin decreased 0.6 p.p. on an annual basis, closing the quarter at 30.4%.

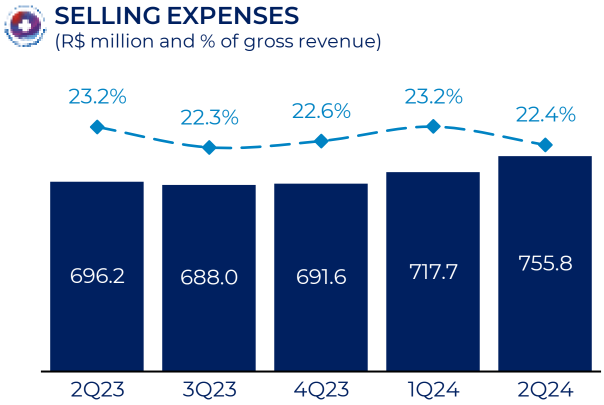


The pressure on gross margin in the quarter is mainly due to lower inflationary gains with inventory, a seasonal characteristic of the second quarter of the year, when the annual readjustment of medicine prices occurs. In addition to the lower readjustment compared to the previous year (4.5% in 2024 vs 5.6% in 2023), we carried this period with a lower inventory level (113 days in 1Q24 vs 129 days in 1Q23), thus capturing lower inflationary gains. The reduction in inventories is justified by different operational contexts: while the operational focus in 1Q23 was on the logistics integration with Extrafarma, requiring working capital contributions, in 1Q24 our efforts were targeted to financial deleveraging, where cash cycle optimization has been one of the key pillars.

On a smaller scale, also contributing negatively to the gross margin, was the inventory loss rate and the Adjustment to Present Value (APV). The gross margin was positively impacted by better commercial conditions, pricing, and mix effect. We consider that the negative components of gross margin change are mainly non-recurring, while the gains are structural.

SELLING EXPENSES

Consolidated selling expenses totaled R$ 755.8 million, equivalent to 22.4% of gross revenue, down 0.8 p.p. compared to the same period of the previous year.

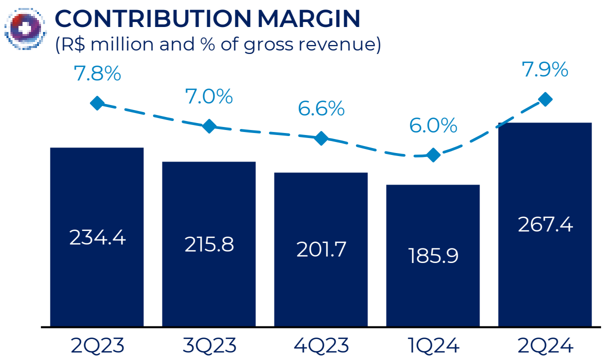


The acceleration in same-store sales growth in a context where expense inflation has slowed down, has generated positive operational leverage, with greater dilution of fixed expenses such as rent and personnel. Moreover, efficiency gains, especially at Extrafarma, have contributed to controlling the growth of operating expenses.

It is worth highlighting that the good performance in diluting sales expenses occurs despite incremental expenses generated in the context of the Company's management transition. The so-called "operational missions", which have prioritized short-term actions in the customer service, processes, maintenance, technology, and store support areas, require resources in the first place, with structural gains that occur gradually. Expense lines such as maintenance and personnel training, for example, increased 30% and 60%, respectively, compared to the previous year. Furthermore, we carried out an organizational restructuring, with changes in operational hierarchies, closure of the compounding pharmacies operation, and reinforcement of the store team, which also impacted personnel expenses with indemnity payments.

CONTRIBUTION MARGIN

The good expense reduction performance more than offset the pressure on gross margin in the quarter, resulting in a contribution margin of 7.9%, 0.1 p.p. above 2Q23.

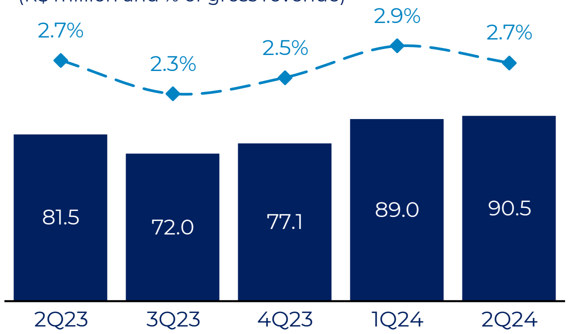


We continue reducing the profitability gap between Pague Menos and Extrafarma, as expected in the integration plan. In 2Q24, we recorded a contribution margin of 8.2% in the Pague Menos store portfolio and 6.8% in Extrafarma, thus indicating a gap of 1.4 p.p. between the two operations. In 3Q22, the first quarter after the acquisition, this same gap was 4.6 p.p.

GENERAL AND ADMINISTRATIVE (G&A) EXPENSES

G&A expenses totaled R$ 90.5 million in 2Q24, remaining at a similar level to 1Q24. As a percentage of gross revenue, said group of expenses accounted for 2.7%, a decrease of 0.2 p.p. compared to 1Q24, reflecting the greater dilution of expenses generated by the acceleration in sales growth, and remaining stable compared to 2Q23.

GENERAL AND ADMINISTRATIVE EXPENSES
(R$ million and % of gross revenue)

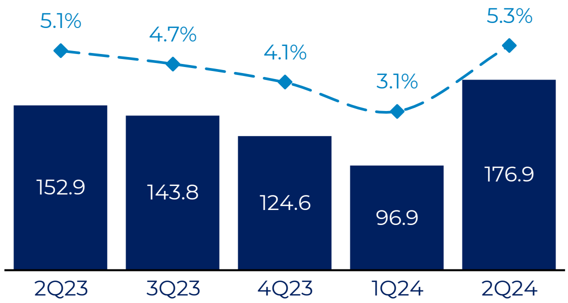


The dilution of G&A expenses was partially offset due to investments made in the management team, which continues to be strengthened in the context of management transition. In 2Q24, we finalized the composition of the C-Level, in addition to making specific changes to the board structure. and significantly reduce our corporate office in São Paulo. Such changes, which can be considered non-recurring, put pressure on G&A for the quarter by 0.1 p.p.

ADJUSTED EBITDA

As a result of the effects described above, adjusted EBITDA totaled R$ 176.9 million in 2Q24, growing 15.7% compared to the same period of the previous year. Year-to-date, we have already accumulated an expressive growth of 31.9%, reflecting the good operational momentum.

ADJUSTED EBITDA
(R$ million and % of gross revenue)



INTEGRATION OF EXTRAFARMA AND CAPTURE OF SYNERGIES

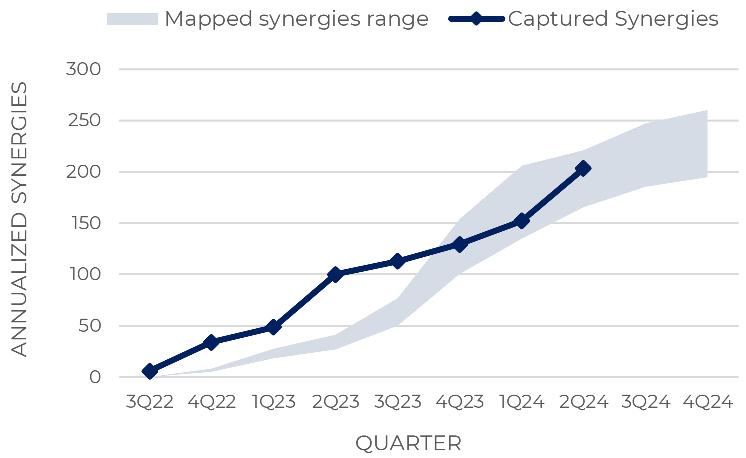
The benefits generated by the integration with Extrafarma are increasingly evident in our results. In 2Q24, we recorded[3] a volume of synergies of R$ 50.9 million, equivalent to R$ 203 million on an annualized basis. Thus, we have already surpassed the floor of the projected synergy range six months ahead of schedule, which demonstrates the success in executing the integration plan.

In addition to the synergies captured up to the previous quarter, the strong performance of converted stores contributed to the result, a lever that already accounts for 10% of the total synergies captured. Moreover, sales synergies continue gaining traction, such as the evolution of active assortment, digital channel penetration, and CRM activations.

The total synergies can be broken down into: footprint optimization levers (16% of the total), sales synergies (23%), gross margin (27%), SG&A (37%), and optimization of the logistics network (11%), which were partially offset by non-synergies (-14%) generated by divestitures and an increase in the loss rate.

During the quarter, we updated the range of our synergy projections by increasing the lower limit to incorporate the accumulated inflation since the original projection, and by reducing the upper limit to account for dis-synergies due to unforeseen inventory losses. With this, the updated projection is that the annual synergy capture will be between R$ 195 million and R$ 260 million by the end of 2024.

SYNERGY CAPTURE CURVE
(R$ million)



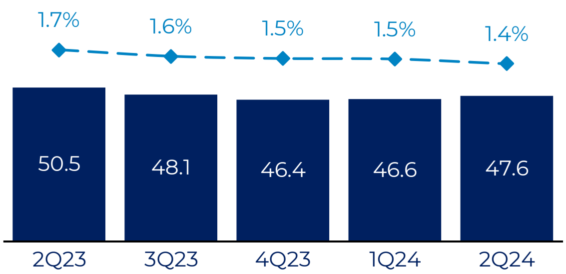
DEPRECIATION, FINANCIAL RESULTS AND INCOME TAX

We recorded depreciation of R$ 47.6 million in 2Q24, accounting for a decrease of 5.7% compared to the same period of the previous year, reflecting the slowdown in the pace of investments and store closures carried out during the period. With the completion of the organic expansion plan and the low Capex volume expected for the second semester of the year, we should continue observing a decreasing trend in this item.

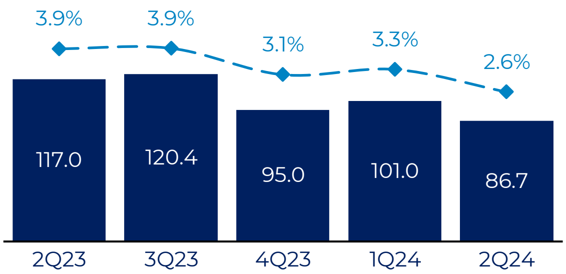
The progressive financial deleveraging carried out over the last quarters continues to generate savings in financial expenses. The financial result totaled R$ 86.7 million in 2Q24, accounting for a decrease of 25.9% compared to the previous year, with a significant reduction in expenses related to prepayment of receivables and provisioned interest. Compared to 1Q24, the financial result decreased 14%, mainly due to the lower debt service and reduction in Adjustment to Present Value (APV).

[3] The calculation of synergies is conducted through management estimates, which may result in values differing from those reported in accounting.

DEPRECIATION
(R$ million and % of gross revenue)

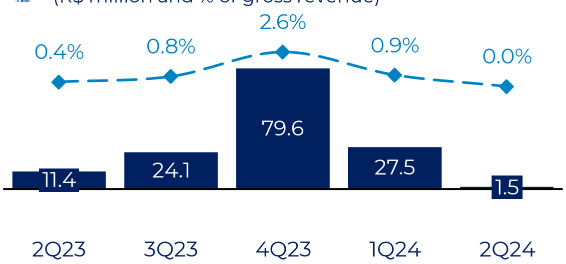


NET FINANCIAL INCOME (LOSS)
(R$ million and % of gross revenue)



Deferred income tax in 2Q24 totaled R$ 1.5 million, decreasing compared to previous quarters due to the improvement in taxable income. Tax shield on investment subventions had a positive impact of R$ 10.9 million on net income in the quarter.

INCOME TAX
(R$ million and % of gross revenue)

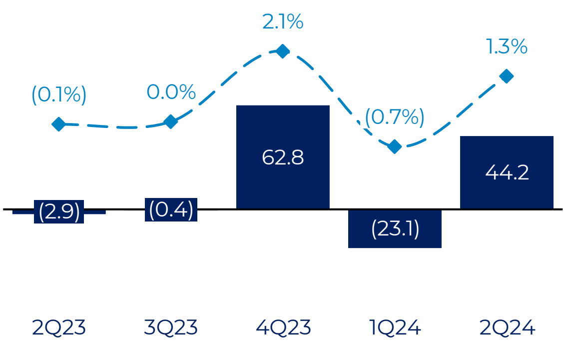


ADJUSTED NET **INCOME**

We achieved a net income of R$ 44.2 million in 2Q24, reversing the loss of R$ 2.9 million recorded in the same period of the previous year. The net margin reached 1.3%, which accounts for a significant increase of 1.4 p.p. in the annual comparison.

The positive result of the quarter highlights the successful execution of the plan outlined after the acquisition of Extrafarma, with progressive operational improvement (sales growth, synergy capture, and margin increase) coupled with gradual financial deleveraging (reduction in indebtedness and optimization of the cash cycle).

ADJUSTED NET INCOME
(in R$ million and % of gross revenue)



ADJUSTED INCOME **RECONCILIATION**

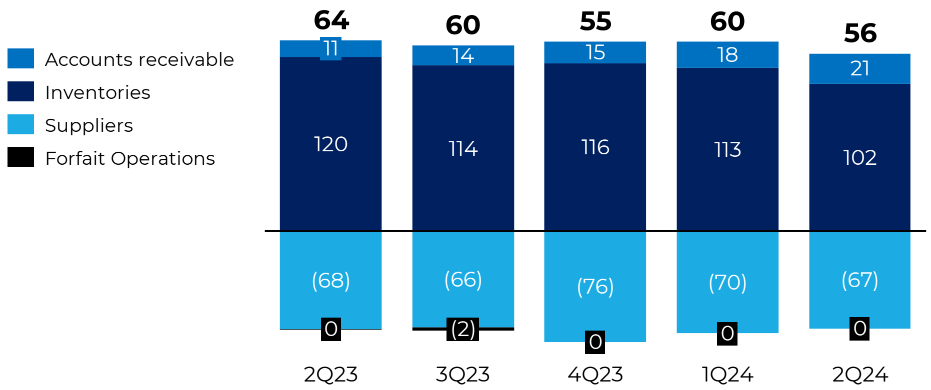
For a better understanding and comparability with previous periods, the results for the year were adjusted in order to exclude non-recurring events. We present below the details of the adjustments made, as well as their respective impacts on earnings. The complete reconciliation of the accounting and adjusted result is presented in Appendix 3 of this release

Description of Adjustment	Net effect on consolidated result	
	2Q23	2Q24
Accounting net income - IFRS 16	**(37.1)**	**32.6**
Exclusion of IFRS 16 effects	7.1	5.3
Total - Management adjustments	27.1	6.3
(+/-) Write-off of property, plant and equipment	0.0	1.4
(+) Extrafarma acquisition extraordinary expenses	0.4	-
(+) Organizational restructuring	2.4	-
(+/-) Business combination	19.8	2.4
(+) Interest on installments payable in acquisitions	12.2	5.7
(+/-) Effect on IRPJ and CSLL taxes of adjustments	(7.6)	(3.2)
Adjusted Net Income	**(2.9)**	**44.2**

CASH CYCLE

The operating cash cycle reached 56 days in 2Q24, decreasing 8 days compared to the same period of the previous year, mainly driven by the increasing efficiency in inventory management.

CONSOLIDATED CASH CYCLE[4]
(in days of COGS and days of Gross Revenue)



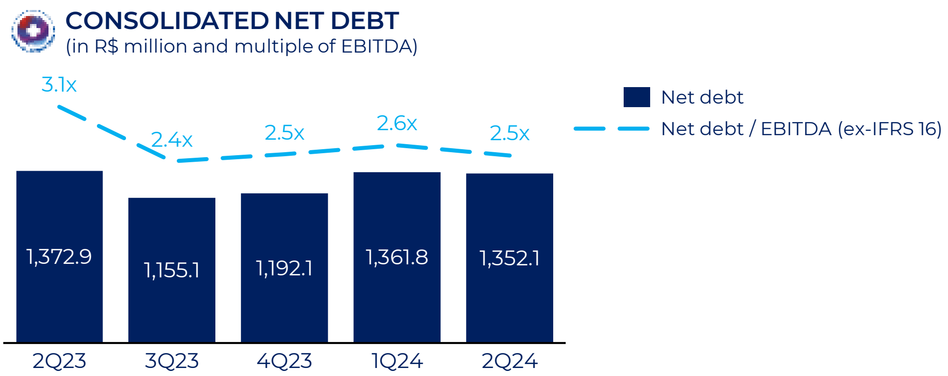
The average inventory term was 102 days in 2Q24, reaching the lowest level since 2020. Gradually, the optimization of the logistics network obtained with the integration of Extrafarma begins to be reflected in an increasingly efficient cash cycle. In addition to the gain generated by logistics synergies, we continue optimizing the volume of inventory used with initiatives focused on reducing excess, greater involvement with suppliers, review of entry policies, and reduction in active assortment per store.

[4] The calculation of the Average Inventory Period and the Average Payment Period disregards the effects of the APV, commercial agreements and recoverable taxes.

With the progressive reduction in inventory levels, we continue rebuilding the balance of accounts receivables, reducing the volume of anticipations and thus contributing to a lower financial burden. The average term of receivables reached 21 days in 2Q24, increasing 3 days compared to 1Q24 and expressive 10 days compared to 2Q23. In the last 12 months, we allocated approximately R$ 300 million from operating cash generation to recompose our receivables balance.

INDEBTEDNESS

The Net Debt / EBITDA ratio reached 2.5x in 2Q24, accumulating a decrease of 0.6x in the last 12 months. The net debt totaled R$ 1.352 billion, remaining relatively stable compared to 1Q24.



We remain committed to the financial deleveraging cycle, which has been ongoing since 2Q23. We plan to finish the year with a Net Debt/EBITDA level below 2.0x. To do this, we will continue allocating the operating cash generation almost entirely to strengthening our balance sheet.

We carried out a significant debt restructuring in 2Q24, improving our indebtedness. Compared to 1Q24, there was an 8% decrease in gross debt, with an increase in duration (from 1.7 to 2.0 years) and a decrease in the average spread of debt cost (from CDI + 1.97% to CDI + 1.70%).

INVESTMENTS

In 2024, Capex totaled R$ 41.7 million, decreasing 38% compared to the previous year and reflecting the Company's current financial deleveraging.

In 2Q24, we carried out an important rennovation of our store portfolio, with over 100 retrofits carried out in the period, in addition to 41 brand conversions of Extrafarma. We believe that such investments directly contributed to the good sales performance in the quarter.

Capex (R$ million)	1S23	%	1S24	%
Expansion	44.8	67%	12.4	30%
Refurbishment of stores	6.8	10%	20.3	49%
Technology	7.9	12%	7.8	19%
Infrastructure of stores, DCs and offices	7.7	11%	1.2	3%
Total	**67.2**	**100%**	**41.7**	**100%**

CASH FLOW

We recorded a free cash flow of R$ 74.1 million in 2Q24, accounting for an increase of over R$ 100 million compared to the same period of last year. The result was not even better due to the accounts receivable recomposition. Excluding the accounts receivable variation, free cash flow would have been over R$ 250 million in the quarter.

In addition to the growth of EBITDA, the main component of operating cash generation was the improvement in the cash cycle, reflecting the good result of the inventory reduction plan. We also highlight the acceleration of the monetization of tax credits, directly related to the logistics optimization generated by the integration with Extrafarma.

Management Cash Flow (R$ million)	2Q23	2Q24	1S23	1S24
Consolidated EBITDA (ex-IFRS 16)	**142.7**	**175.5**	**198.1**	**269.6**
(-) Gain from bargain purchase	7.5	0.0	7.5	1.3
(Δ) Accounts receivable	(118.9)	(184.6)	101.7	(297.8)
(Δ) Inventories	110.4	86.4	95.4	209.2
(Δ) Suppliers	44.7	37.4	45.5	(136.8)
(Δ) Drawee risk operations	(103.7)	-	(234.6)	-
(Δ) Recoverable taxes	33.2	40.5	(10.9)	9.9
(+/-) Change in other assets and liabilities/Non-cash effects	(126.8)	(51.4)	(193.0)	(28.2)
(=) Cash flow from operations	**(11.0)**	**103.7**	**9.8**	**27.3**
(-) Capital investments	(29.2)	(29.6)	(67.2)	(41.7)
(=) Cash flow from investments	**(29.2)**	**(29.6)**	**(67.2)**	**(41.7)**
Free cash flows	**(40.2)**	**74.1**	**(57.4)**	**(14.4)**
(+) Gross debt raised	460.6	388.4	583.7	388.4
(-) Gross debt payment	(164.2)	(511.2)	(222.4)	(558.8)
(-) Debt service	(70.4)	(75.0)	(145.5)	(129.2)
(-) Share repurchases / Payment of capital	0.0	(0.7)	68.6	114.7
(+) Dividends and interest on capital received (paid)	(0.1)	-	(79.1)	(135.9)
(=) Cash flow from financing	**226.0**	**(198.4)**	**205.3**	**(320.7)**
Opening balance of cash, equivalents and interest earning bank deposits	130.2	232.5	168.1	443.3
Closing balance of cash, equivalents and interest earning bank deposits	316.0	108.2	316.0	108.2
Changes in cash and cash equivalents	**185.8**	**(124.3)**	**147.9**	**(335.1)**

APPENDIX 1: **INCOME STATEMENT**

IFRS 16 came into force on January 01, 2019, amending the accounting recognition model for lease contracts. To preserve historical comparability, we present below the reconciliation with the previous standard (IAS 17).

CONSOLIDATED INCOME STATEMENT

Statement of income for the year (R$ million)	IAS 17			IFRS16		
	2Q23	2Q24	Δ	2Q23	2Q24	Δ
Gross Revenue	**3,003.6**	**3,369.0**	**12.2%**	**3,003.6**	**3,369.0**	**12.2%**
Deductions	(166.9)	(230.2)	37.9%	(166.9)	(230.2)	37.9%
Net revenue	**2,836.7**	**3,138.8**	**10.7%**	**2,836.7**	**3,138.8**	**10.7%**
Cost of goods sold	(1,906.1)	(2,115.6)	11.0%	(1,906.1)	(2,115.6)	11.0%
Gross Profit	**930.6**	**1,023.2**	**9.9%**	**930.6**	**1,023.2**	**9.9%**
Gross margin	*31.0%*	*30.4%*	*(0,6p.p.)*	*31.0%*	*30.4%*	*(0,6p.p.)*
Sales expenses	(696.2)	(755.8)	8.6%	(577.6)	(636.2)	10.1%
Contribution Margin	**234.4**	**267.4**	**14.1%**	**353.0**	**387.0**	**9.6%**
Contribution margin (%)	*7.8%*	*7.9%*	*0,1p.p.*	*11.8%*	*11.5%*	*(0,3p.p.)*
General and administrative expenses	(81.5)	(90.5)	11.1%	(81.5)	(90.5)	11.1%
Adjusted EBITDA	**152.9**	**176.9**	**15.7%**	**271.5**	**296.4**	**9.2%**
Adjusted EBITDA margin	*5.1%*	*5.3%*	*0,2p.p.*	*9.0%*	*8.8%*	*(0,2p.p.)*
Depreciation and amortization	(50.5)	(47.6)	(5.7%)	(130.1)	(127.2)	(2.3%)
Financial income (loss)	(117.0)	(86.7)	(25.9%)	(166.6)	(134.7)	(19.1%)
Income (loss) before income tax	**(14.5)**	**42.6**	**-**	**(25.3)**	**34.5**	**-**
Income tax and social contribution	11.4	1.5	(86.6%)	15.1	4.3	(71.6%)
Minority interest	0.2	0.1	(54.7%)	0.2	0.1	(54.7%)
Adjusted Net Income	**(2.9)**	**44.2**	**-**	**(10.0)**	**38.9**	**-**
Adjusted net margin	*(0.1%)*	*1.3%*	*1,4p.p.*	*(0.3%)*	*1.2%*	*1,5p.p.*

Statement of income for the year (R$ million)	IAS 17			IFRS16		
	1S23	1S24	Δ	1S23	1S24	Δ
Gross Revenue	**5,816.9**	**6,464.1**	**11.1%**	**5,816.9**	**6,464.1**	**11.1%**
Deductions	(344.1)	(442.8)	28.7%	(344.1)	(442.8)	28.7%
Net revenue	**5,472.8**	**6,021.3**	**10.0%**	**5,472.8**	**6,021.3**	**10.0%**
Cost of goods sold	(3,724.7)	(4,094.6)	9.9%	(3,724.7)	(4,094.6)	9.9%
Gross Profit	**1,748.1**	**1,926.7**	**10.2%**	**1,748.1**	**1,926.7**	**10.2%**
Gross margin	*30.1%*	*29.8%*	*(0,3p.p.)*	*30.1%*	*29.8%*	*(0,3p.p.)*
Sales expenses	(1,371.0)	(1,473.5)	7.5%	(1,138.6)	(1,233.3)	8.3%
Contribution Margin	**377.1**	**453.3**	**20.2%**	**609.5**	**693.5**	**13.8%**
Contribution margin (%)	*6.5%*	*7.0%*	*0,5p.p.*	*10.5%*	*10.7%*	*0,2p.p.*
General and administrative expenses	(169.5)	(179.5)	5.9%	(169.5)	(179.5)	5.9%
Adjusted EBITDA	**207.5**	**273.8**	**31.9%**	**440.0**	**514.0**	**16.8%**
Adjusted EBITDA margin	*3.6%*	*4.2%*	*0,6p.p.*	*7.6%*	*8.0%*	*0,4p.p.*
Depreciation and amortization	(101.1)	(94.2)	(6.9%)	(262.4)	(254.6)	(3.0%)
Financial income (loss)	(232.0)	(187.7)	(19.1%)	(329.1)	(285.3)	(13.3%)
Income (loss) before income tax	**(125.6)**	**(8.1)**	**(93.5%)**	**(151.5)**	**(25.9)**	**(82.9%)**
Income tax and social contribution	77.1	29.0	(62.4%)	86.0	35.1	(59.2%)
Minority interest	0.3	0.2	(33.4%)	0.3	0.2	(33.4%)
Adjusted Net Income	**(48.2)**	**21.1**	**-**	**(65.3)**	**9.3**	**-**
Adjusted net margin	*(0.8%)*	*0.3%*	*1,1p.p.*	*(1.1%)*	*0.1%*	*1,2p.p.*

APPENDIX 2: **BALANCE SHEET**

CONSOLIDATED BALANCE SHEET

Statement of financial position	IFRS16		
(R$ million)	12/31/2023	06/30/2024	Δ
Total assets	**8,988.6**	**8,583.6**	**(4.5%)**
Current assets	**4,493.6**	**4,191.5**	**(6.7%)**
Cash and cash equivalents	443.3	108.2	(75.6%)
Trade accounts receivable	513.6	792.6	54.3%
Inventories	3,029.7	2,798.3	(7.6%)
Recoverable taxes	239.6	232.3	(3.0%)
Other current assets	267.4	260.1	(2.7%)
Non-current assets	**4,495.0**	**4,392.1**	**(2.3%)**
Non-current receivables	1,358.9	1,373.1	1.0%
Investments	80.0	80.4	0.6%
Property, plant and equipment	949.6	910.2	(4.1%)
Right-of-use in leases	1,912.0	1,849.5	(3.3%)
Intangible assets	194.5	178.9	(8.0%)
Total liabilities	**8,988.6**	**8,583.6**	**(4.5%)**
Current liabilities	**3,242.5**	**2,792.7**	**(13.9%)**
Social and labor charges	163.6	224.3	37.1%
Suppliers	1,936.2	1,775.3	(8.3%)
Tax obligations	0.0	0.0	-
Loans, financing and debentures	111.2	52.8	(52.5%)
Other liabilities	430.3	138.7	(67.8%)
Lease	265.4	258.2	(2.7%)
Non-current liabilities	335.9	343.4	2.2%
Loans, financing and debentures	**3,085.6**	**3,146.1**	**2.0%**
Deferred taxes	1,205.1	1,330.7	10.4%
Lease	3.6	3.3	(6.5%)
Provision	1,786.0	1,737.9	(2.7%)
Other accounts payable	79.1	65.7	(16.9%)
Shareholders' equity	11.8	8.5	(28.3%)
Realized capital	**2,660.5**	**2,644.9**	**(0.6%)**
Capital reserves	1,604.8	1,721.9	7.3%
Profit reserves	383.6	384.4	0.2%
Treasury shares	681.5	536.8	(21.2%)
Retained earnings/losses	(17.0)	(1.2)	(92.7%)
Non-controlling interest	0.0	(4.3)	-

APPENDIX 3: **RECONCILIATION OF ADJUSTED INCOME (LOSS)**

Reconciliation of Adjusted Statement of Income (R$ million)	2Q24 Book value (Pague Menos)	2Q24 Book value (Extrafarma)	Eliminations	2Q24 Book value (Consolidated)	IFRS 16 Effects	Mgmt adjust.	2Q24 Adjusted (Consolidated)
Gross Revenue	**2,895.9**	**1,062.4**	**(589.4)**	**3,369.0**	-	-	**3,369.0**
Deductions	(194.2)	(58.2)	22.2	(230.2)	-	-	(230.2)
Net revenue	**2,701.7**	**1,004.3**	**(567.2)**	**3,138.8**	-	-	**3,138.8**
Cost of goods sold	(1,871.2)	(811.6)	567.2	(2,115.6)	-	-	(2,115.6)
Gross Profit	**830.5**	**192.7**	**-**	**1,023.2**	-	-	**1,023.2**
Operating expenses	(579.0)	(150.7)	-	(729.7)	(119.5)	1.4	(847.8)
Equity in net income of subsidiaries	(9.7)	-	11.2	1.5	-	-	1.5
Depreciation and amortization	(96.5)	(30.7)	(1.5)	(128.6)	79.5	1.5	(47.6)
Operating income (loss)	**145.4**	**11.3**	**9.7**	**166.4**	**(40.0)**	**2.9**	**129.3**
Financial income (loss)	(115.9)	(24.5)	(0.9)	(141.4)	48.0	6.6	(86.7)
Income (loss) before income tax	**29.5**	**(13.2)**	**8.8**	**25.0**	**8.1**	**9.5**	**42.6**
Income tax and social contribution	3.2	4.4	-	7.5	(2.7)	(3.2)	1.5
Minority interest	-	-	0.1	0.1	-	0.0	0.1
Net income	**32.6**	**(8.9)**	**8.9**	**32.6**	**5.3**	**6.3**	**44.2**

APPENDIX 4: **RECONCILIATION OF EBITDA**

Reconciliation of EBITDA (R$ million)	*CONSOLIDATED* 2Q23	*CONSOLIDATED* 2Q24
Net income	**(37.1)**	**32.6**
(+) Net financial income	178.8	141.4
(+) Income tax and social contribution	(22.7)	(7.5)
(+) Depreciation and Amortization	142.4	128.6
(+) Minority interest	(0.2)	(0.1)
EBITDA (IFRS 16)	**261.3**	**295.0**
(+/-) IFRS 16 effects	(118.5)	(119.5)
(+/-) Management adjustments	10.2	1.4
Adjusted EBITDA (IAS 17)	**152.9**	**176.9**

APPENDIX 5: **STORE DISTRIBUTION BY STATE**

State / Region (# stores)	2Q23	Openings	Closures	2Q24
Total	**1,652**	**30**	**29**	**1,653**
Northeast	**1,014**	**21**	**13**	**1,022**
Alagoas	37	2	-	39
Bahia	159	2	5	156
Ceará	282	7	5	284
Maranhão	136	2	-	138
Paraíba	68	-	-	68
Pernambuco	178	5	3	180
Piauí	43	-	-	43
Rio Grande do Norte	69	1	-	70
Sergipe	42	2	-	44
North	**248**	**1**	**6**	**243**
Acre	15	-	-	15
Amapá	18	-	-	18
Amazonas	21	-	-	21
Pará	151	-	6	145
Rondônia	13	-	-	13
Roraima	12	1	-	13
Tocantins	18	-	-	18
Southeast	**239**	**3**	**9**	**233**
Espírito Santo	24	-	-	24
Minas Gerais	69	2	1	70
Rio de Janeiro	16	-	2	14
São Paulo	130	1	6	125
Mid-West	**110**	**4**	**1**	**113**
Federal District	15	-	-	15
Goiás	29	-	-	29
Mato Grosso	36	3	-	39
Mato Grosso do Sul	30	1	1	30
South	**41**	**1**	**-**	**42**
Paraná	15	1	-	16
Rio Grande do Sul	7	-	-	7
Santa Catarina	19	-	-	19

JUNTOS PELA SAÚDE DO BRASIL

PagueMenos

extrafarma

EARNINGS VIDEOCONFERENCE
August 06, 2024
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