3Q22 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 others 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 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 researches, 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 your presentation. The scales of the graphs of the results can appear in different proportions, to optimize the demonstration. Accordingly, the numbers and graphs presented may not represent the arithmetic sum and the appropriate scale of the numbers that precede them, and may differ from those presented in the financial statements.

The quarterly information was prepared in accordance with International Financial Reporting Standards (IFRS16), in accordance with accounting practices adopted in Brazil (BR GAAP) and presented here adjusted for the non-recurring effects described in the release.



3Q22 Highlights



Inflection in the profitability trajectory and acceleration of growth in both banners







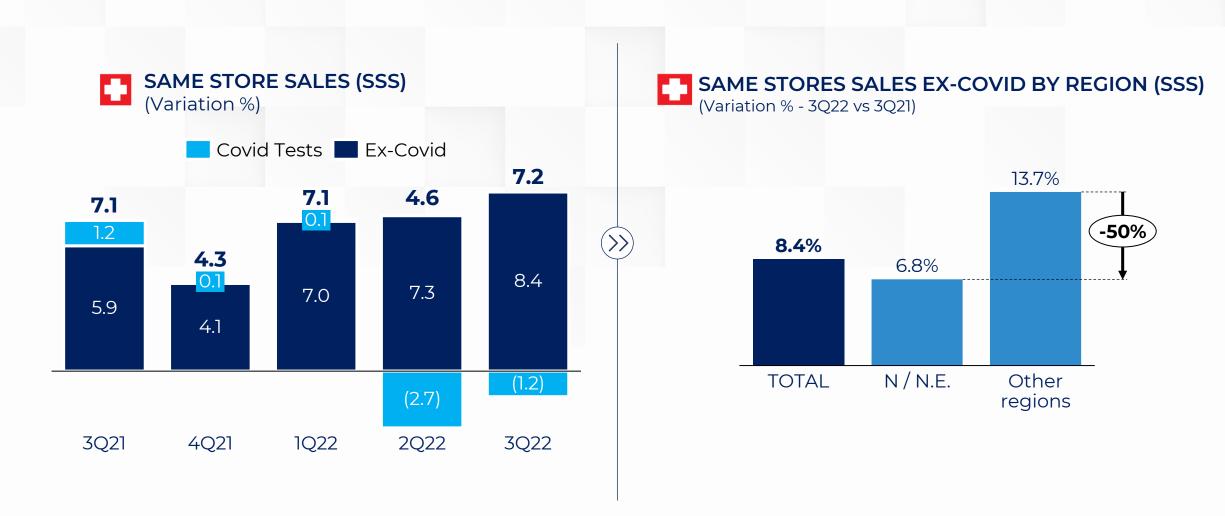






Pague Menos Sales

Acceleration in the pace of same store sales, despite less favorable regional exposure



Extrafarma Sales



Strong acceleration, confirming the growth potential of average sales per store

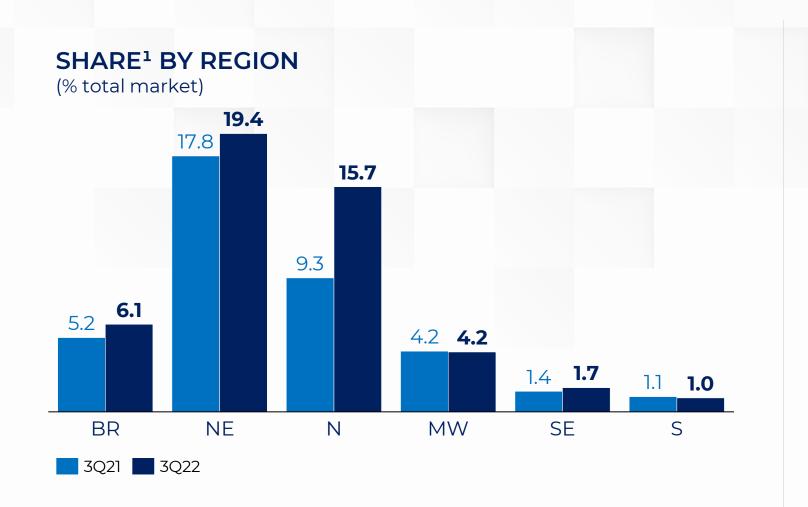


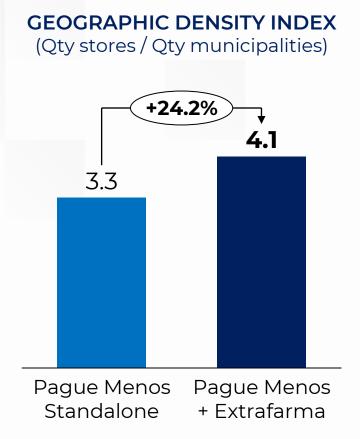


Market Share



Extrafarma acquisition place us in an even more relevant position in the North and Northeast regions





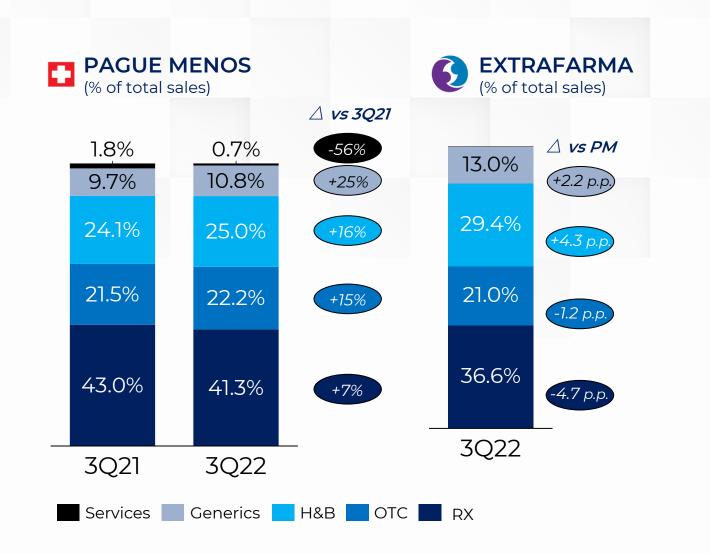
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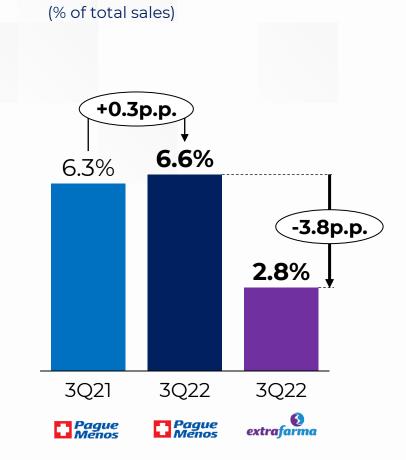
¹ Considers Extrafarma market share for the full quarter on 3Q22

Sales Mix



Another quarter with favorable sales mix evolution in Pague Menos and great opportunity in Extrafarma for RX and private labels



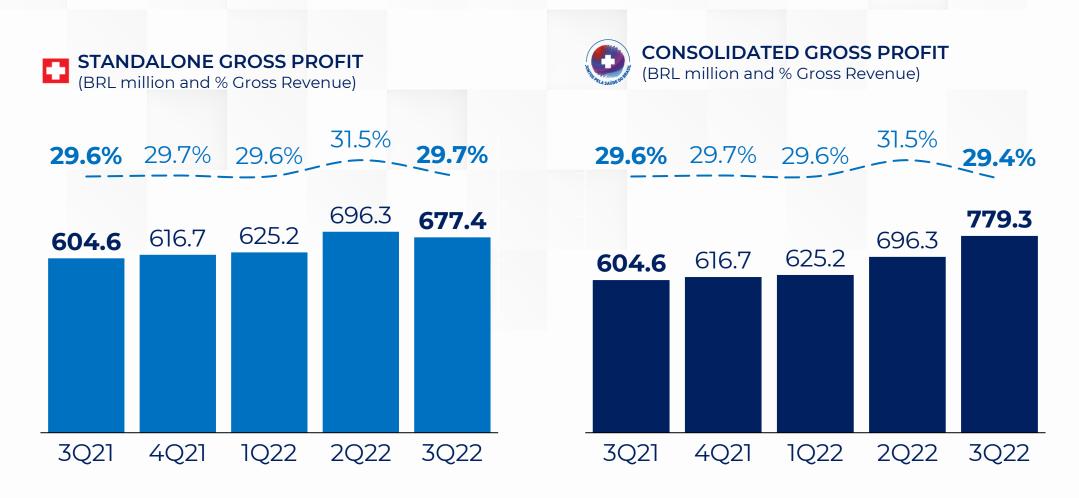


PRIVATE LABELS



Gross Profit and Margin

Positive evolution in margin at Pague Menos combined with advancement of digital channels, agreements and partnerships; great opportunity at Extrafarma / Consolidated



🗗 PagueMenos (extrafarma

Selling Expenses

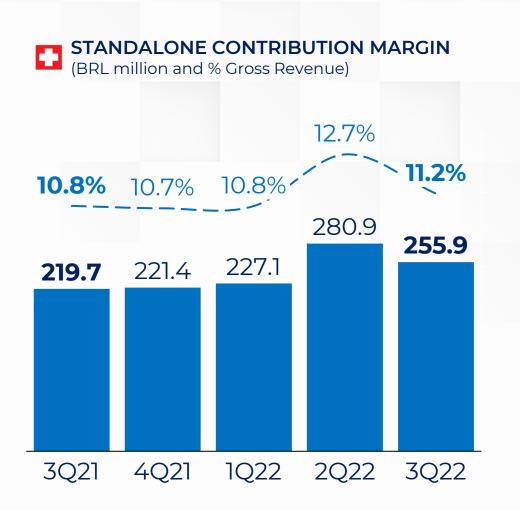
Significant dilution of expenses at Pague Menos combined with the increase in the base of maturing stores





Contribution Margin

Healthy level of profitability in Pague Menos stores, with relevant opportunity in Extrafarma

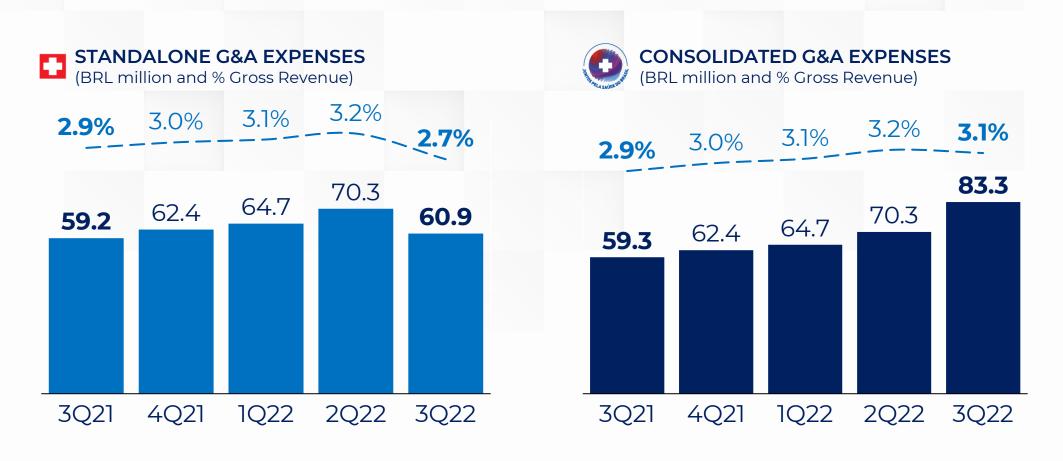






G&A Expenses

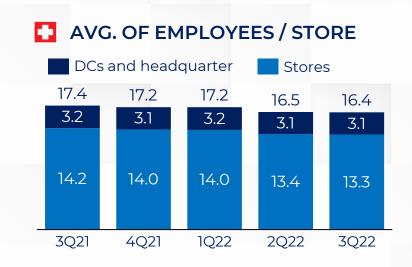
Reduction in proportional expenses at Pague Menos and beginning to capture synergies with great dilution potential in the consolidated

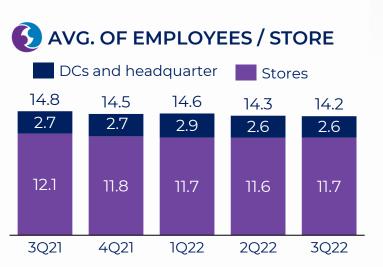


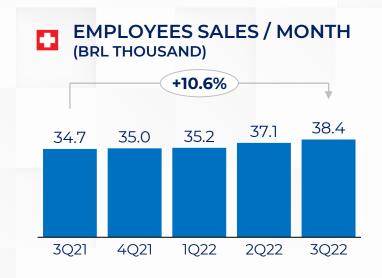
PagueMenos () extrafarma

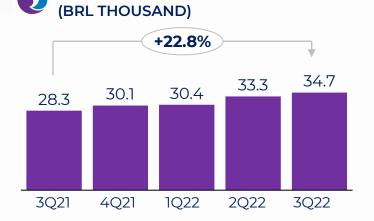
Productivity

One of the main levers for increasing profitability





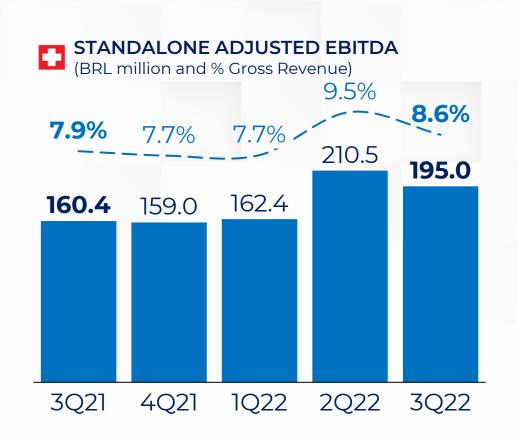


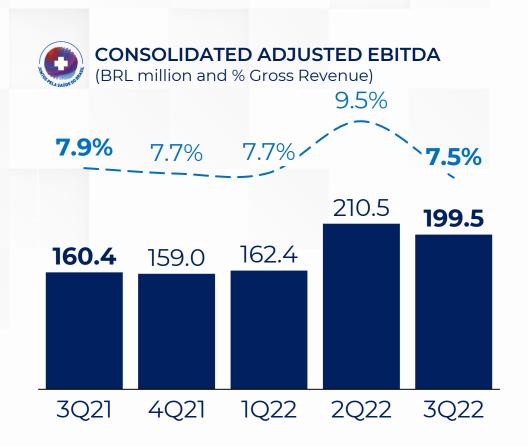


EMPLOYEES SALES / MONTH



Quarter of inflection in the path of profitability at Pague Menos

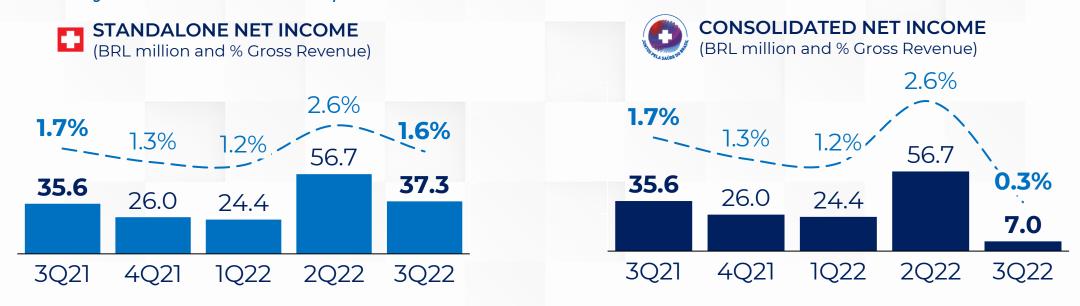




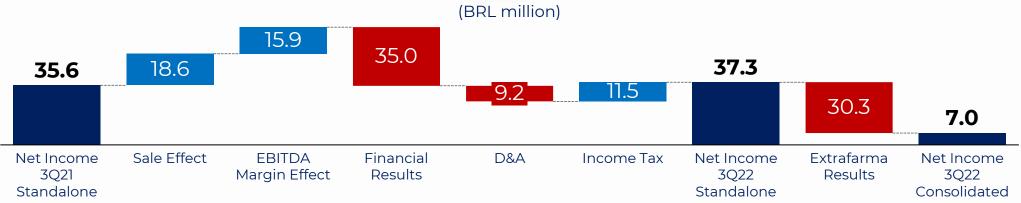
Net Income



Profit growth despite the significant negative effect of financial expenses; at Extrafarma, result impacted by the consolidation process



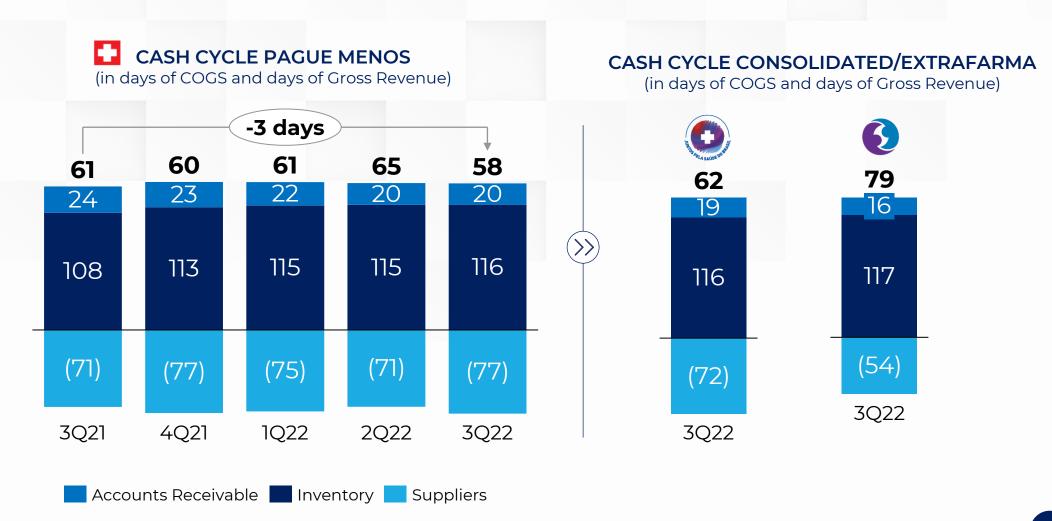
COMPONENTS OF PROFIT VARIATION



Cash Cycle

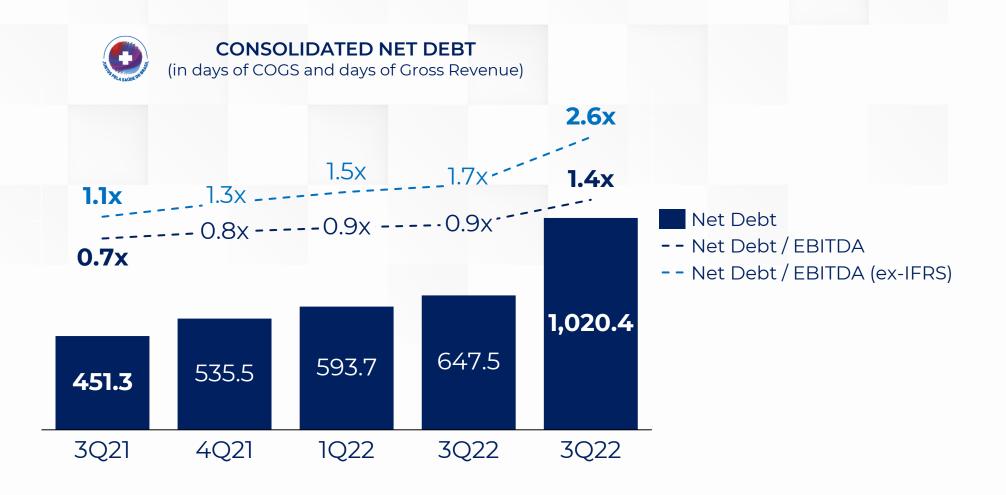


Important reduction in the cash cycle at Pague Menos (3 days vs. 3Q21) and great opportunity in Supplier Term at Extrafarma, already addressed



Indebtedness

Leverage impacted by the payment of the 1st installment of the Extrafarma acquisition



Extrafarma Integration

□ PagueMenos () extrafarma

Significant advances in just a few months of integration

ACTIONS IMPLEMENTED











START OF FOOTPRINT OPTIMIZATION 9 stores closed and 10 in the process of banner conversion

ACTIONS IN PROGRESS







SG&A DILLUTION

Leveling commercial conditions for supplies and services and gaining scale

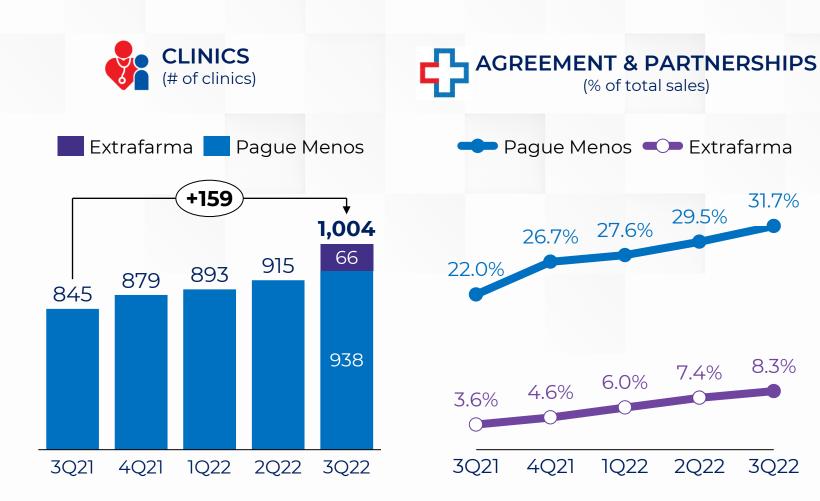


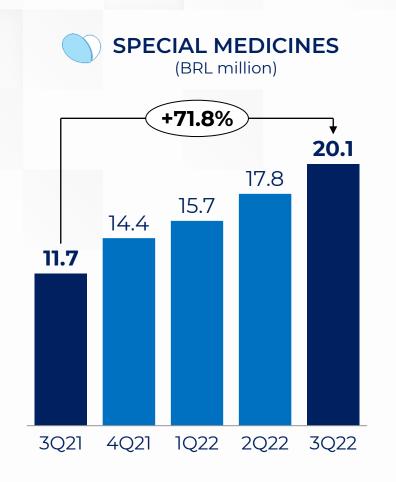


Health Hub

🗗 PagueMenos (extrafarma

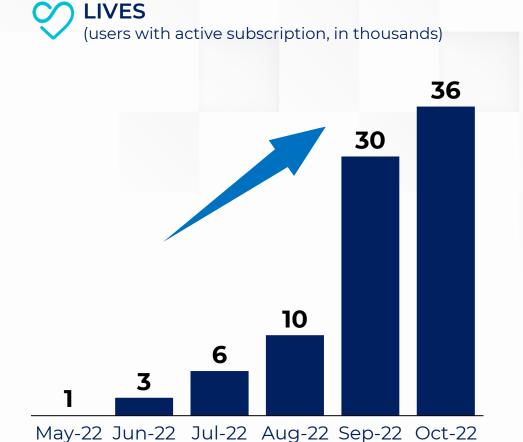
Consistent advances in the multiple fronts of our Health Hub





Sempre Bem Saúde

The newest component of our Health Hub gains significant traction in 3Q22



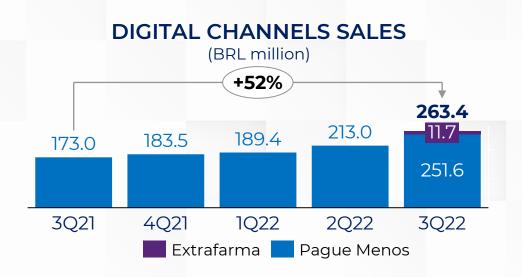


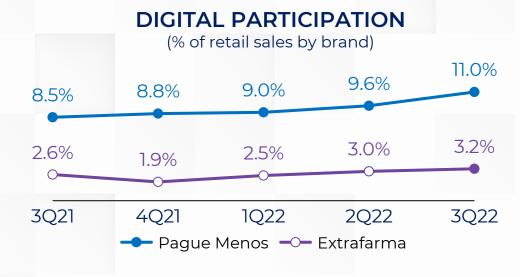


Digital Channels



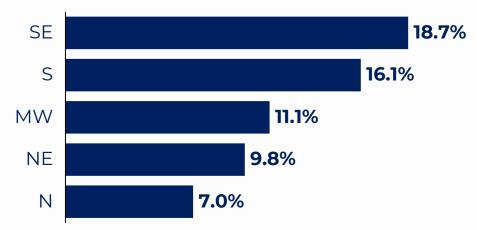
Above-market, balanced growth across multiple plataforms





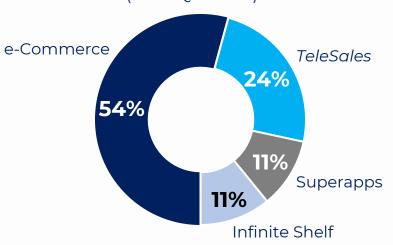
DIGITAL PARTICIPATION BY REGION

(% total sales 3Q22)



SALES BY DIGITAL CHANNEL

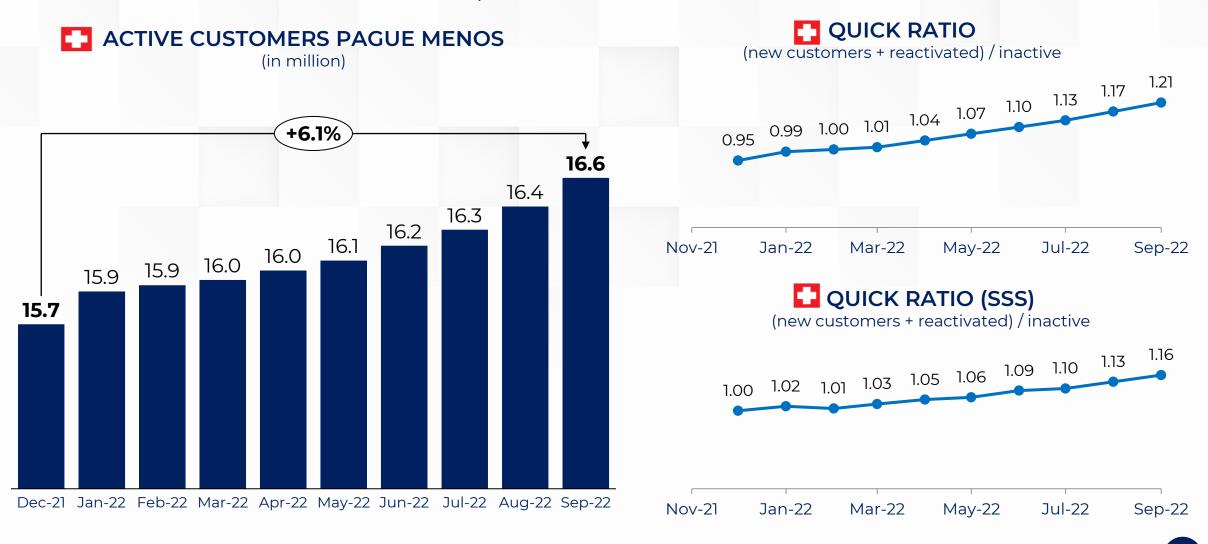
(% of 3Q22 sales)



Evolution of Active Customers



Consistent results in new customer acquisition



LTV¹ of Customers

In addition to expanding the base, we observed a significant improvement in purchase behavior

CUSTOMER MIGRATION MATRIX BETWEEN PURCHASE PROFILES

		2022				
		HIGH A	HIGH B	MEDIUM	LOW	LOST CUSTOMERS
2021	HIGH A					
	HIGH B				8.6	M
	MEDIUM					
	LOW		10.3	M		
	NEW CUSTOMERS					

In the last 12 months, the number of customers with an upgrade in their purchase profile (10.3M) exceeded those with a downgrade (8.6M) by 20%.

Up

Upgrading Customers

Downgrading Customers



