



# **1Q24** **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.



# 1Q24 Highlights

Jonas Marques, CEO

# 1Q24 Highlights

Growth acceleration combined with margin expansion and working capital improvements



## GROSS REVENUE

**R\$ 3.1 billion (+10.0% vs 1Q23)**

*with acceleration in both brands*



## SAME STORE SALES

**+9.6% consolidated**

*(8.5% in Pague Menos and 15.1% in Extrafarma)*



## ADJUSTED EBITDA

**R\$ 96.9 million (+77.5% vs 1Q23)**

*+1.2 p.p. in margin expansion*



## EXTRAFARMA SYNERGIES

**R\$ 153 million (+18% vs 4Q23)**

*on an annualized basis*



## CASH CYCLE

**60 days (-5 days vs 1Q23)**

*inventory turnover acceleration and recomposition of accounts receivable*



## INDEBTEDNESS

**2.6x Net Debt/EBITDA**

*(-0.4x vs 1Q23)*



# 1Q24 Results

Luiz Novais, CFO

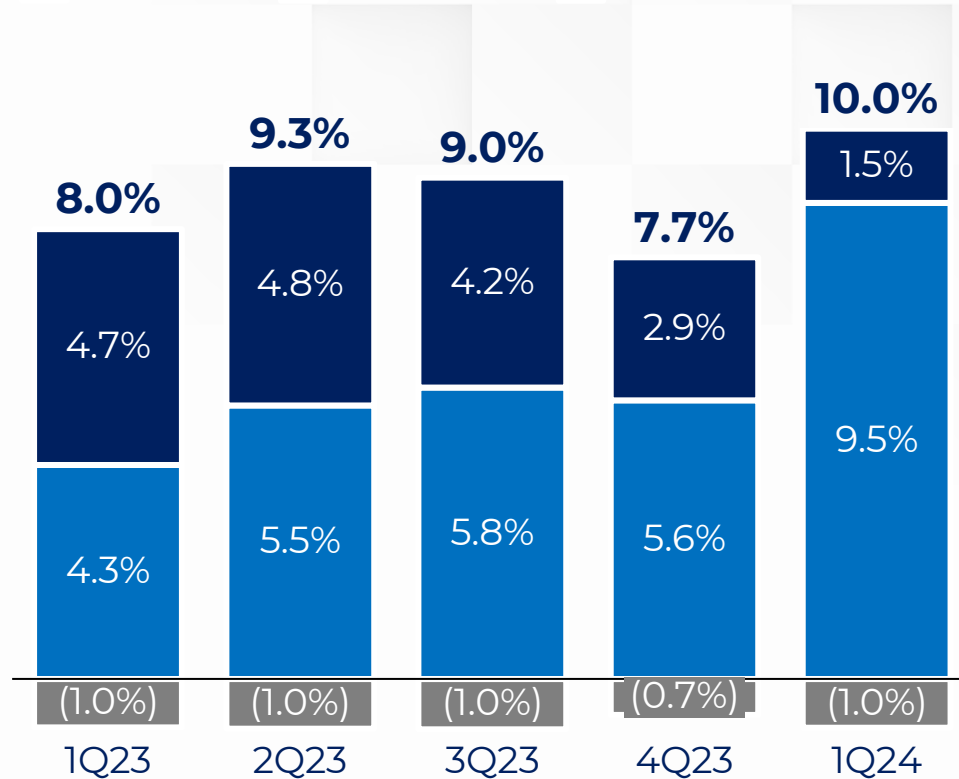
# Top Line Performance

Sales growth acceleration, enhanced by banner conversions

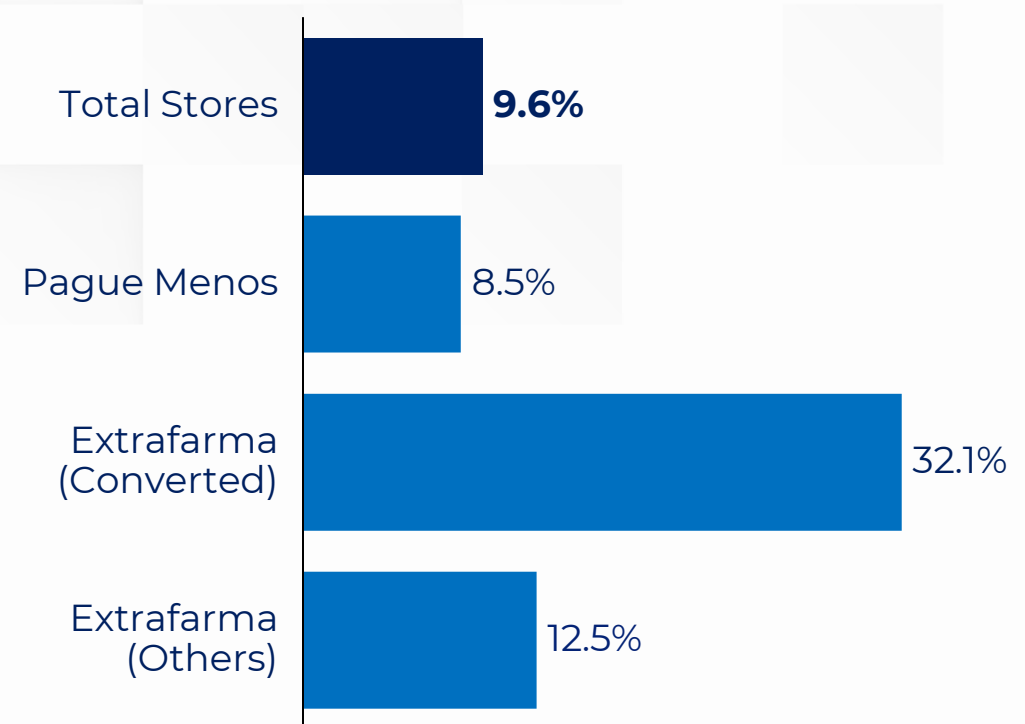


## TOTAL GROWTH<sup>1</sup> (variation %)

■ New Stores ■ Same Stores ■ Closed Stores



## SSS banner breakdown (variation %)



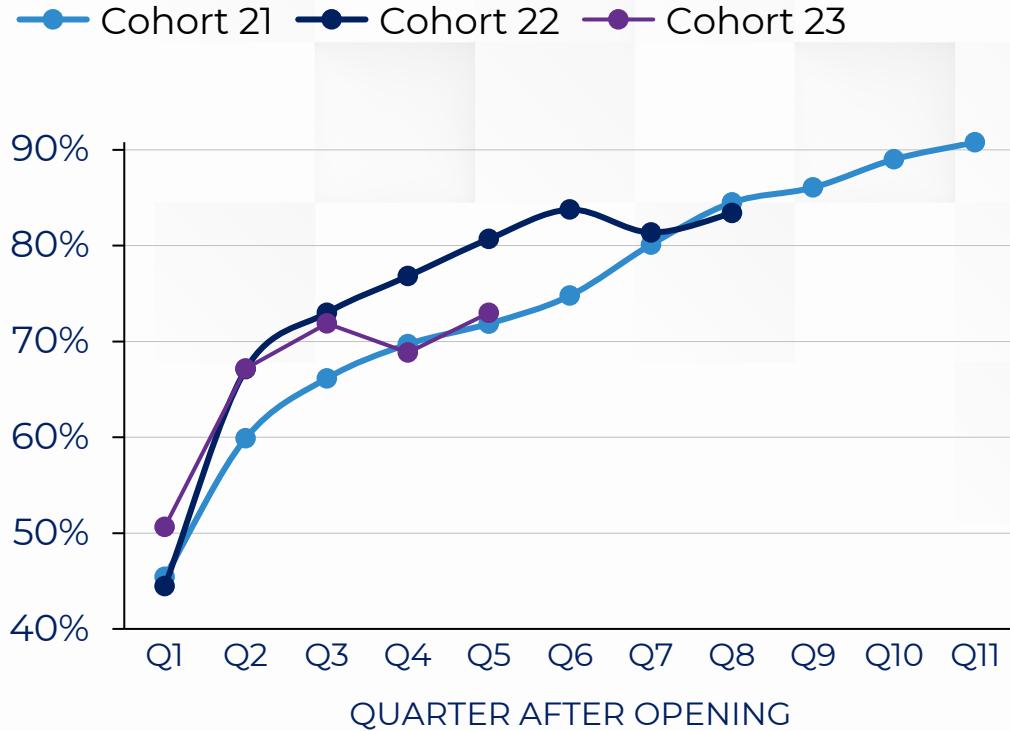
<sup>1</sup> Proforma growth data, considering the historical basis of Extrafarma and excluding the wholesale operation.

# Organic Expansion

The 158 stores opened between 2021 and 2023 performing according to plan

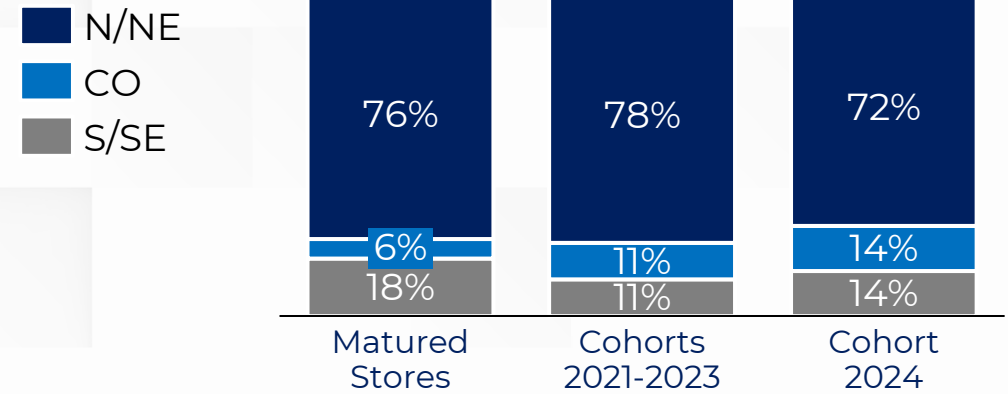
## NEW STORES MATURATION CURVE

(% of potential sale)



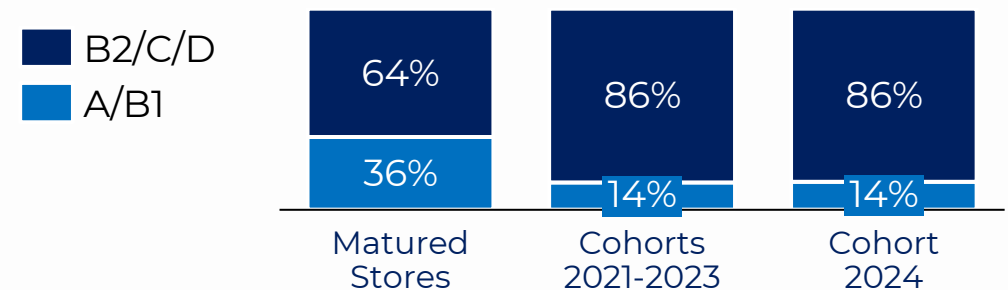
## STORES OPENINGS DISTRIBUTION BY REGION

(% of total stores)



## STORES OPENINGS DISTRIBUTION BY INCOME CLASS

(% of total stores)



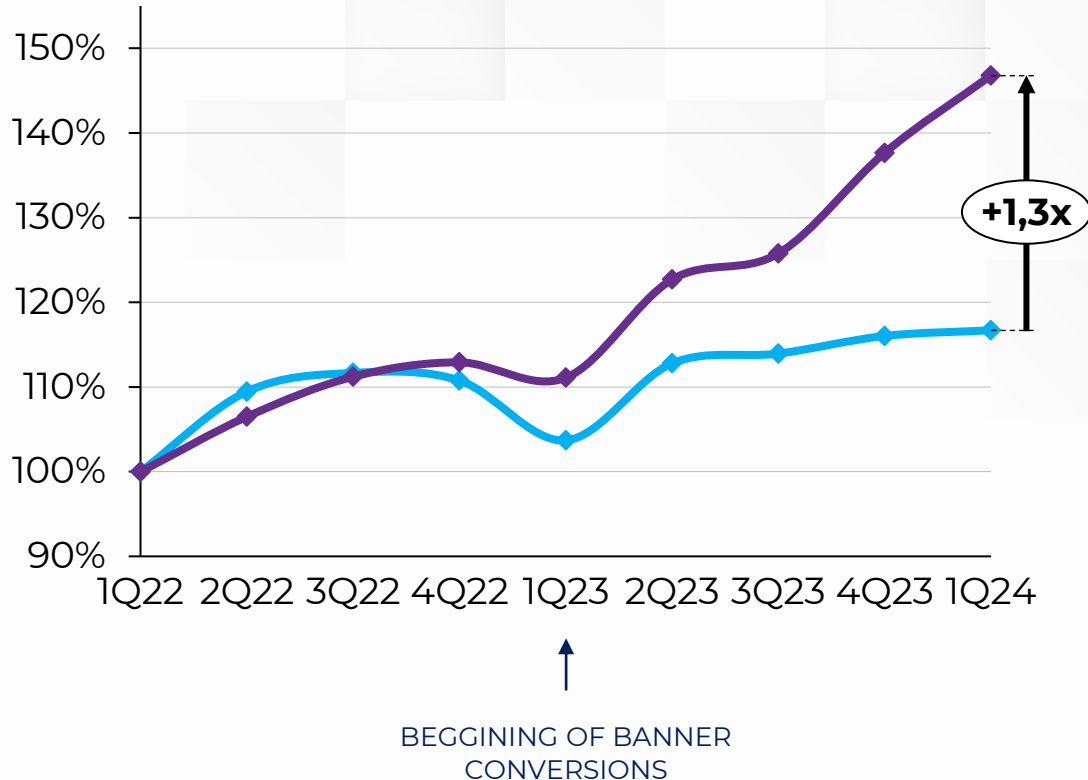
# Banner Conversions

Results in the first waves of banner conversions reinforce our confidence to expand the initiative

## PERFORMANCE BANNER CONVERSIONS

(1Q22 sales = base 100)

◆ Extrafarma Banner ◆ Banner Conversions



- Empirical evidence shows the **Pague Menos banner strength** in our core regions;
- **55 stores already converted**, and another 54 in the pipeline for conversion until Jun/24;
- **Low cannibalization** of customers in the Pague Menos portfolio.

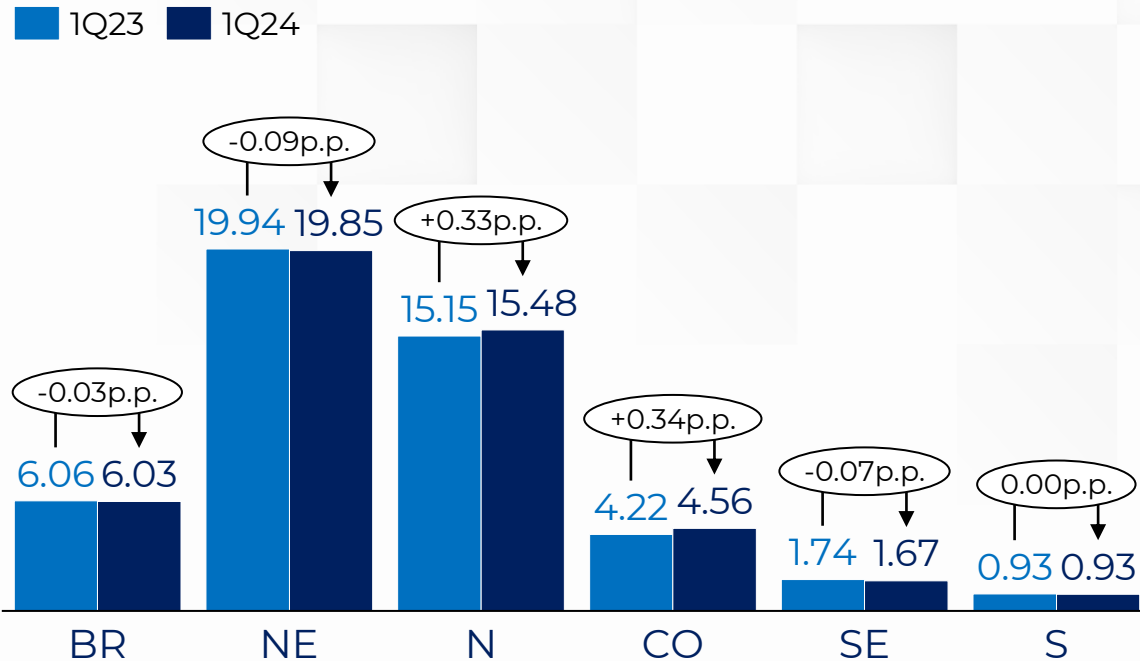


# Market Share

Share maintenance despite the deceleration in store base expansion

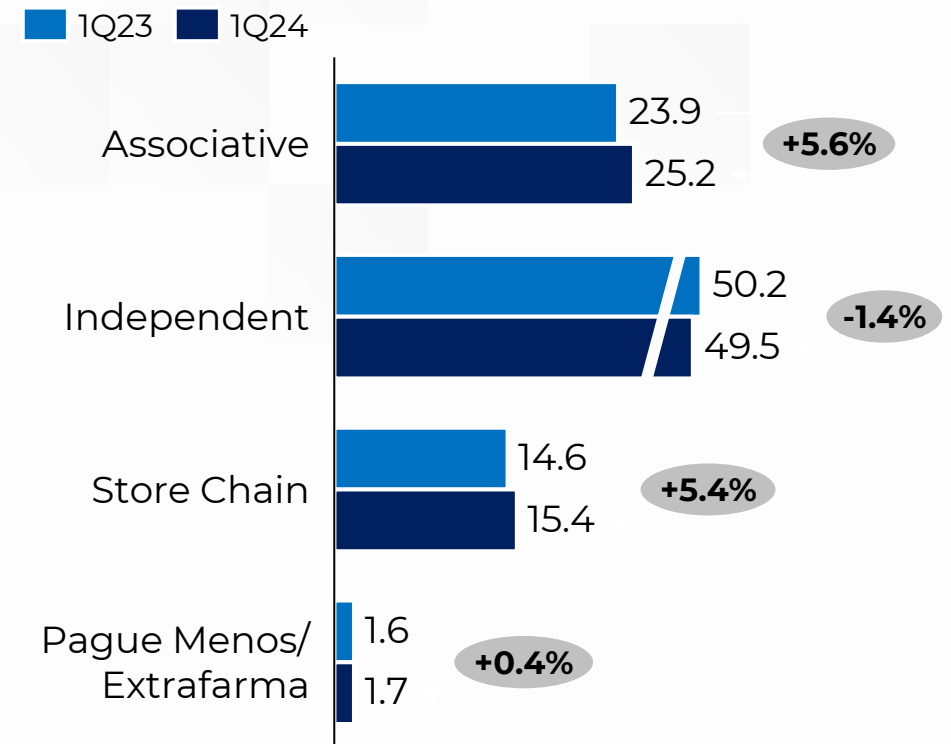
## SHARE BY REGION

(% of total market)



## EVOLUTION OF THE STORE BASE

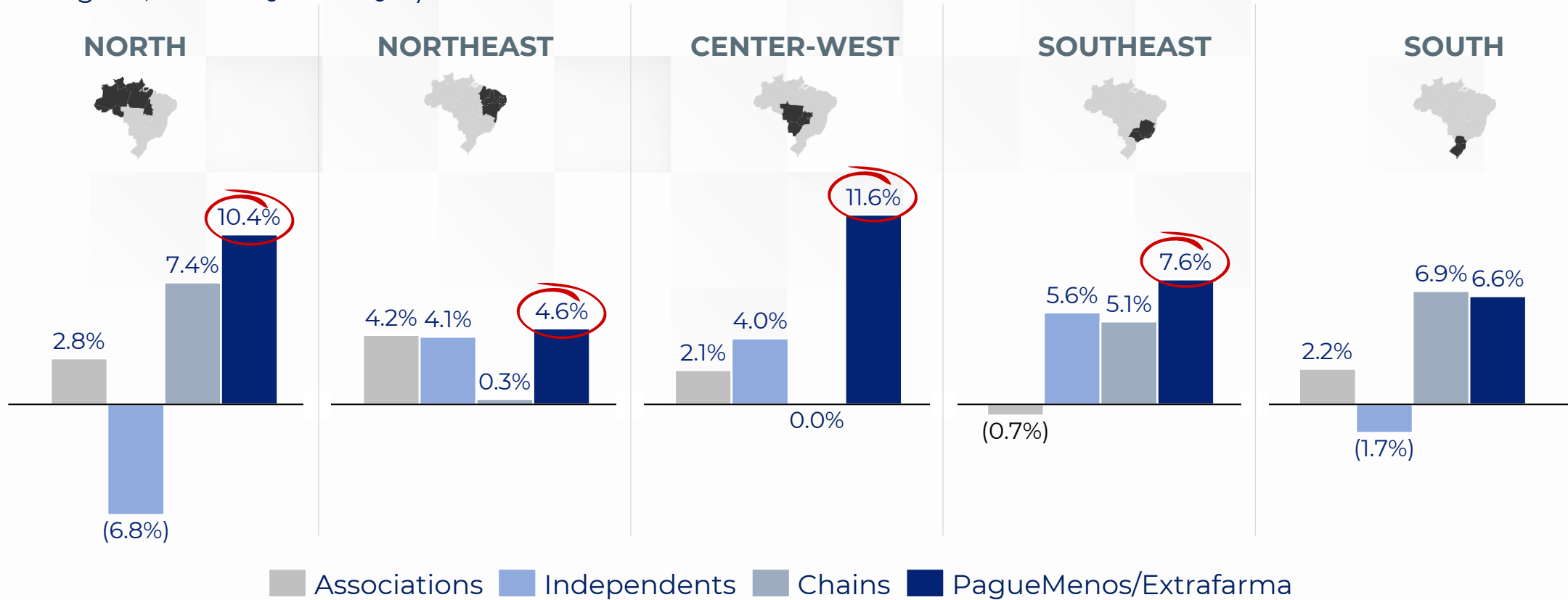
(thousands of stores)



# Market Share

Growth in average sales per store above competitors in our core regions

## AVERAGE SALES PER STORE GROWHT<sup>1</sup> (% change R\$ CPP - 1Q24 vs 1Q23)



Source: IQVIA

<sup>1</sup> IQVIA methodology normalizes the selling price between players, so that the real growth may diverge from the one presented

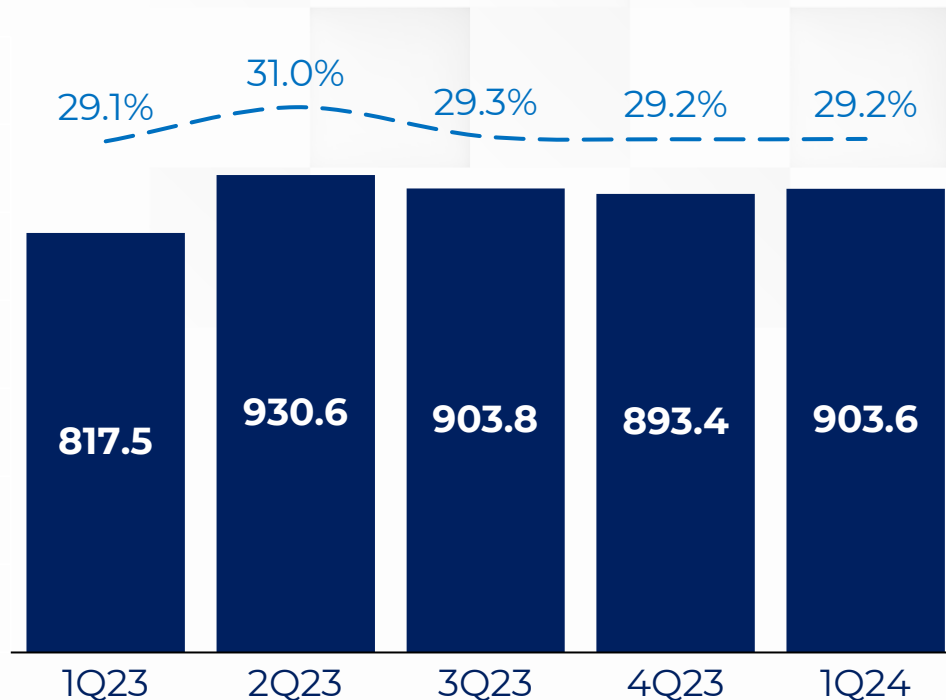
# Profit and Gross Margin

*Slight margin expansion, with commercial and sales mix offsetting inventory losses*



## CONSOLIDATED GROSS PROFIT

(R\$ million and % of G.R.)



- Category Mix
- Commercial Agreements
- Inflationary gains from inventories
- Private Label



- Inventory losses (Extrafarma legacy)
- Present Value Adjustment (AVP)

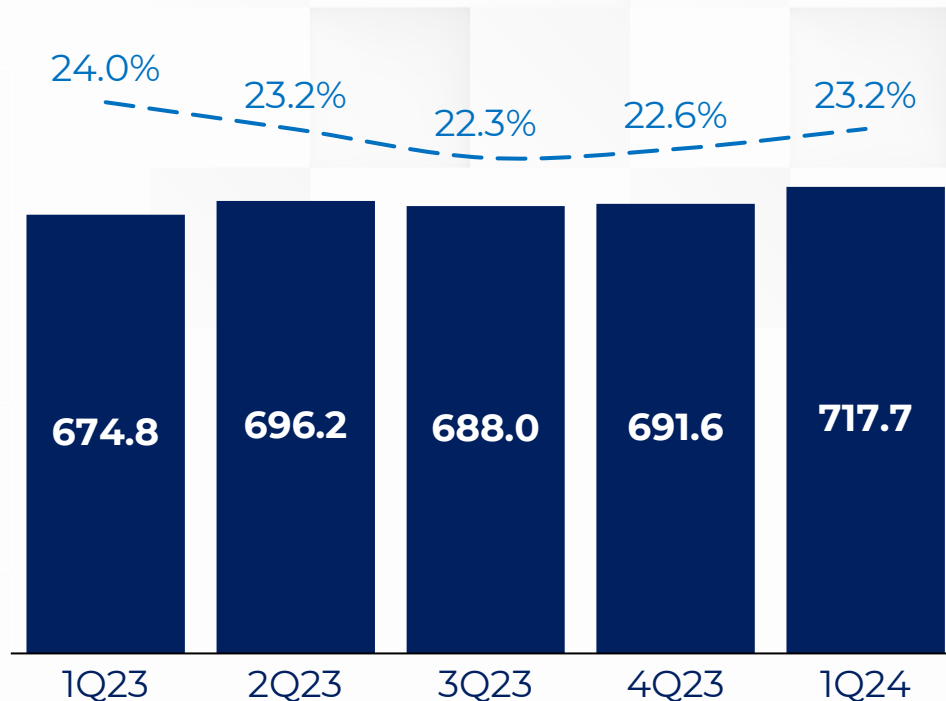
# Selling Expenses

*Significant dilution of expenses, driven by operating leverage and capture of synergies*



## CONSOLIDATED SELLING EXPENSES

(R\$ million and % of G.R.)



- Operating Leverage
- Extrafarma Synergies
- Inflationary dynamics in rent expense
- Weak comparison base



- Employees/store growth
- Freight Charges

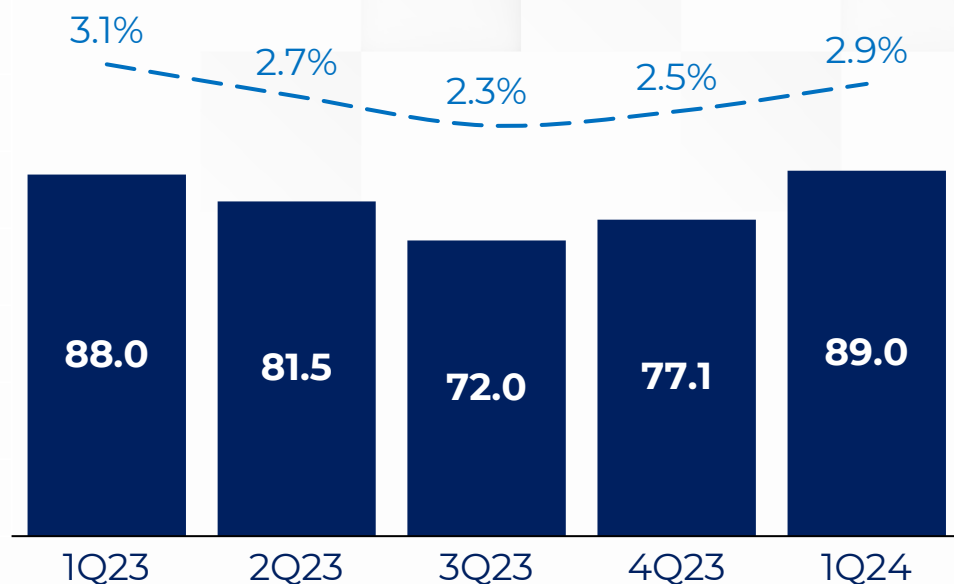
# G&A Expenses

Seasonal increase in G&A, but downward trend for the remaining quarters of the year



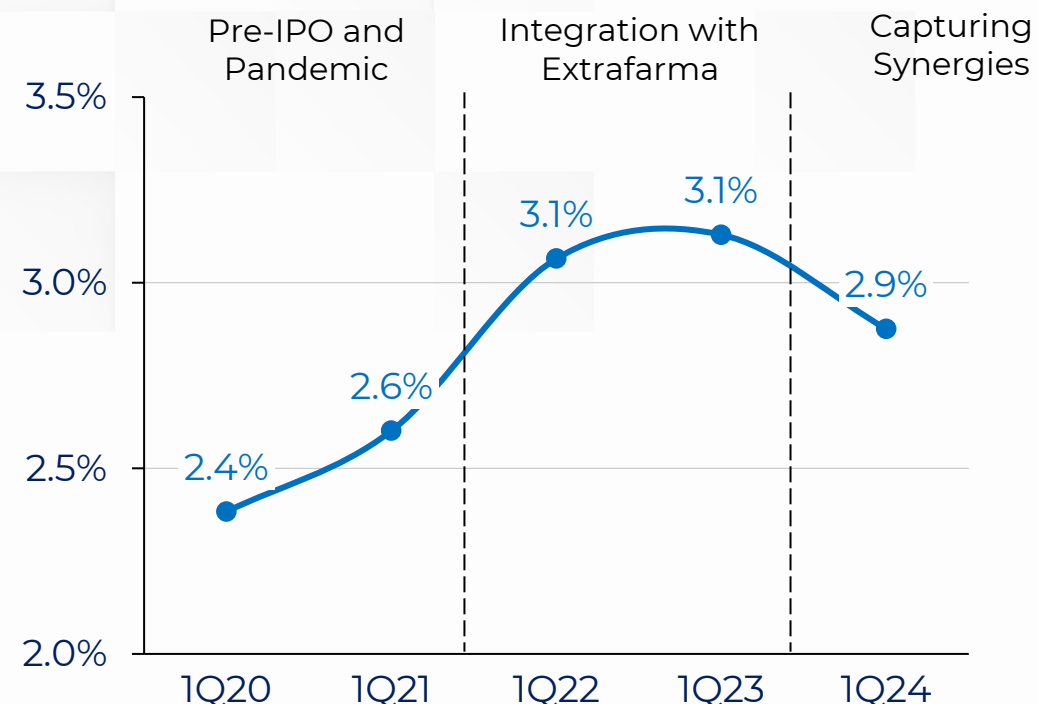
## CONSOLIDATED G&A EXPENSES

(R\$ million and % of G.P.)



## G&A EXPENSES IN 1ST QUARTER

(% of Gross Revenue)

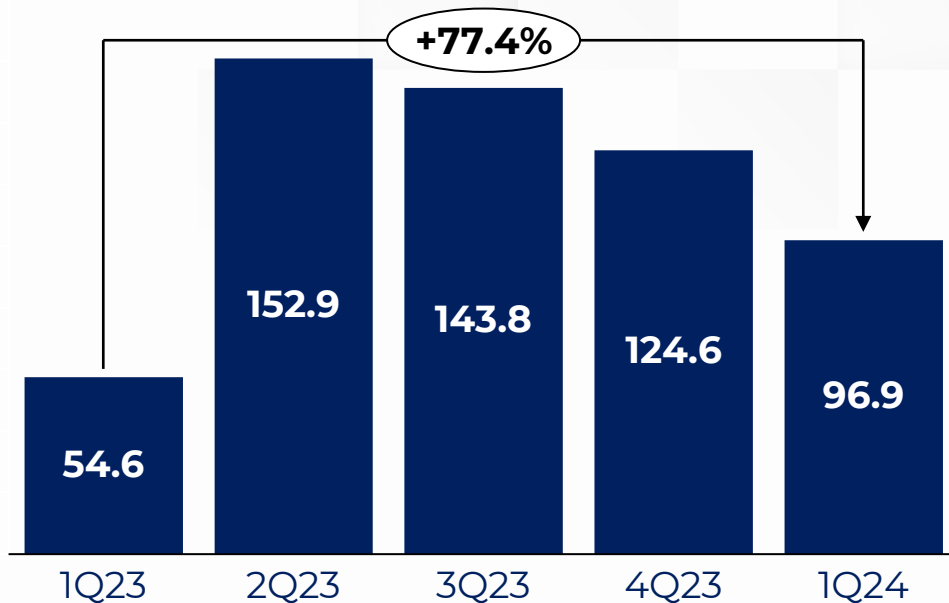


# Adjusted EBITDA

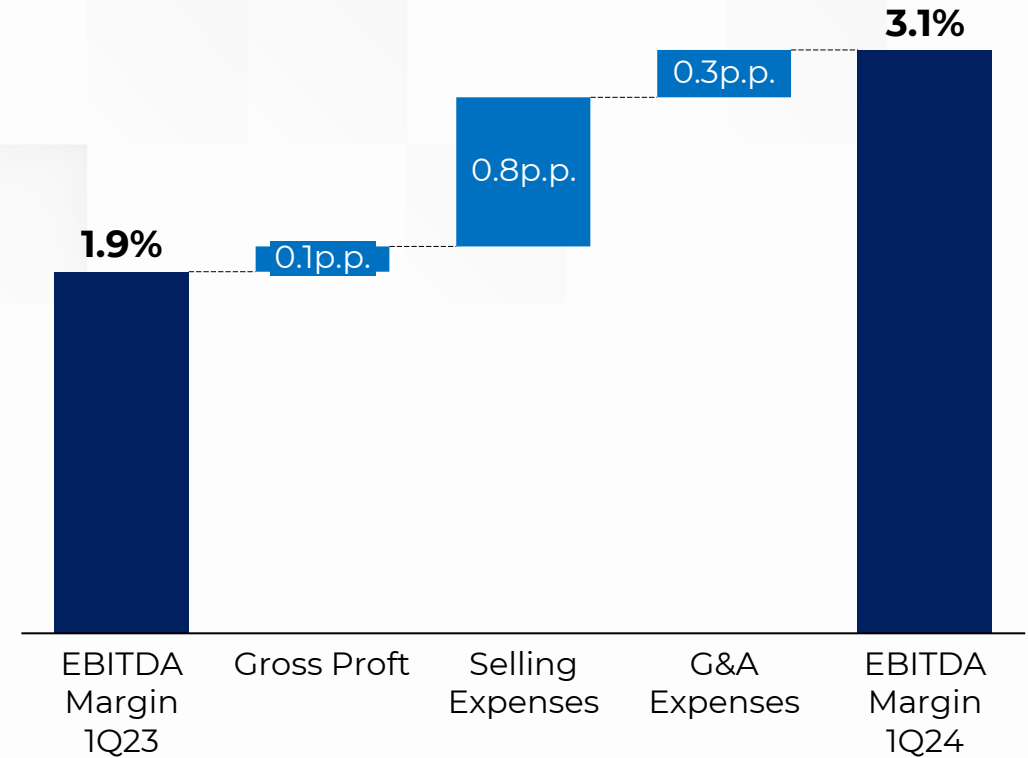
Annual growth of 77.4%, driven by sales growth and Extrafarma synergies



**CONSOLIDATED ADJUSTED EBITDA**  
(R\$ million)



**EBITDA MARGIN BRIDGE – 1Q24 vs 1Q23**  
(% of Gross Revenue)

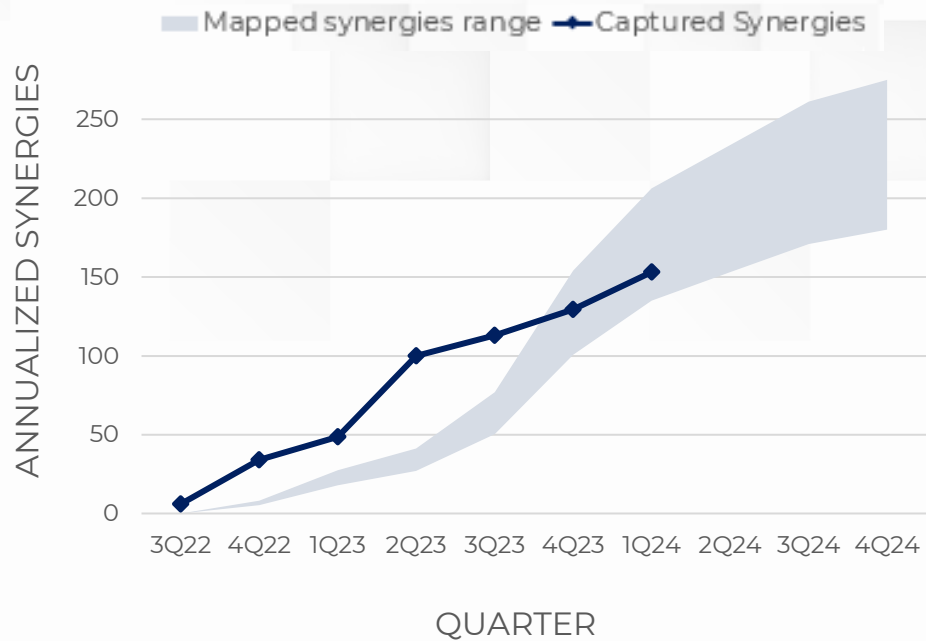


# Extrafarma Integration

Consistent improvement in profitability of the asset



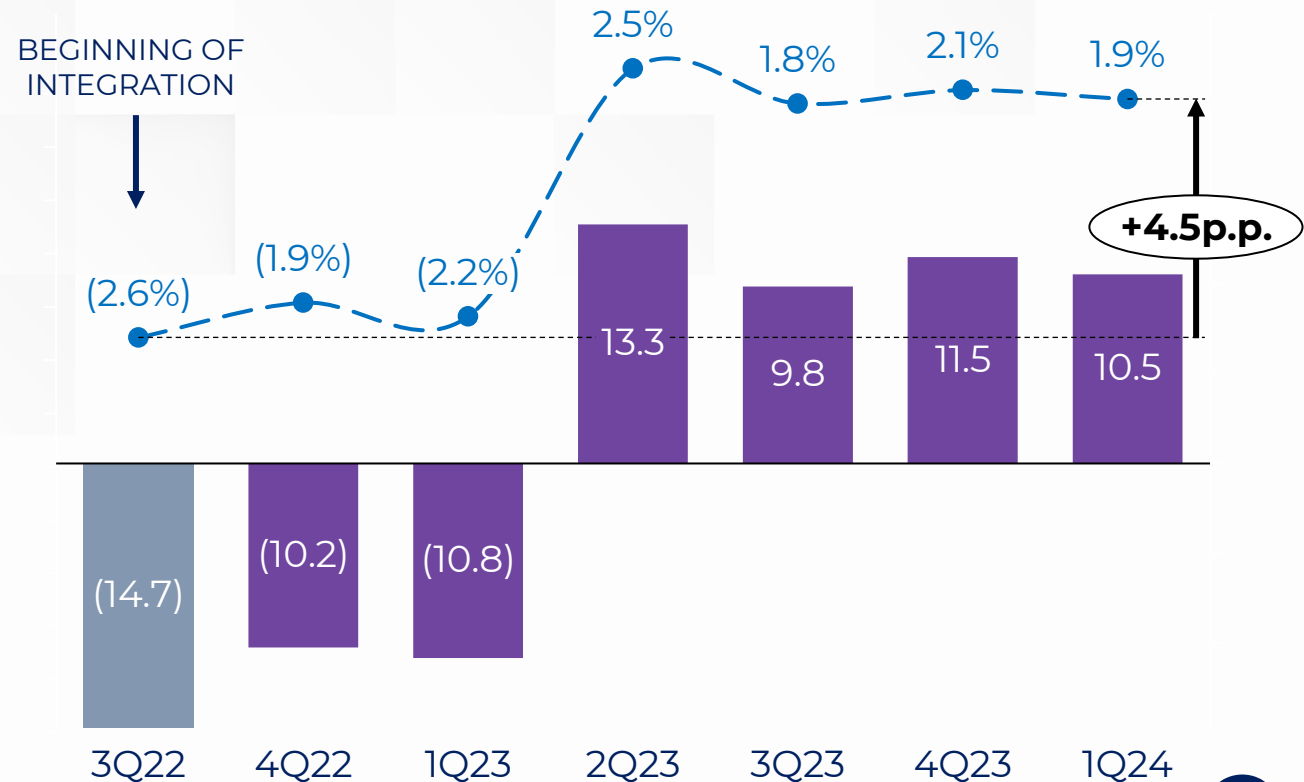
**SYNERGIES CAPTURE CURVE**  
(R\$ million)



**R\$153M in synergies** captured in 1Q24  
(on annual basis – 67% of the mapped potential)



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



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

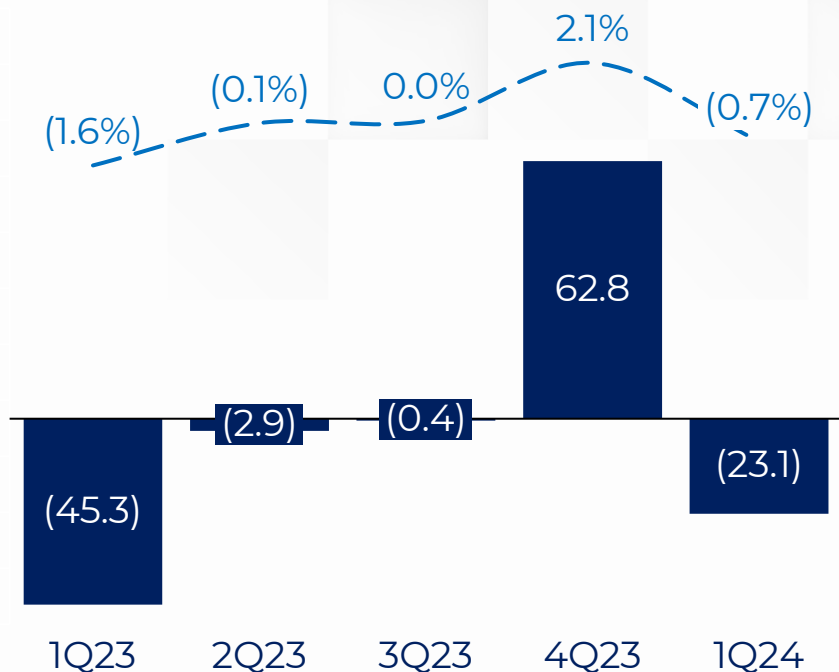
# Net Income

Positive operating effects, reduction of financial expenses and lower constitution of Deferred Income Tax



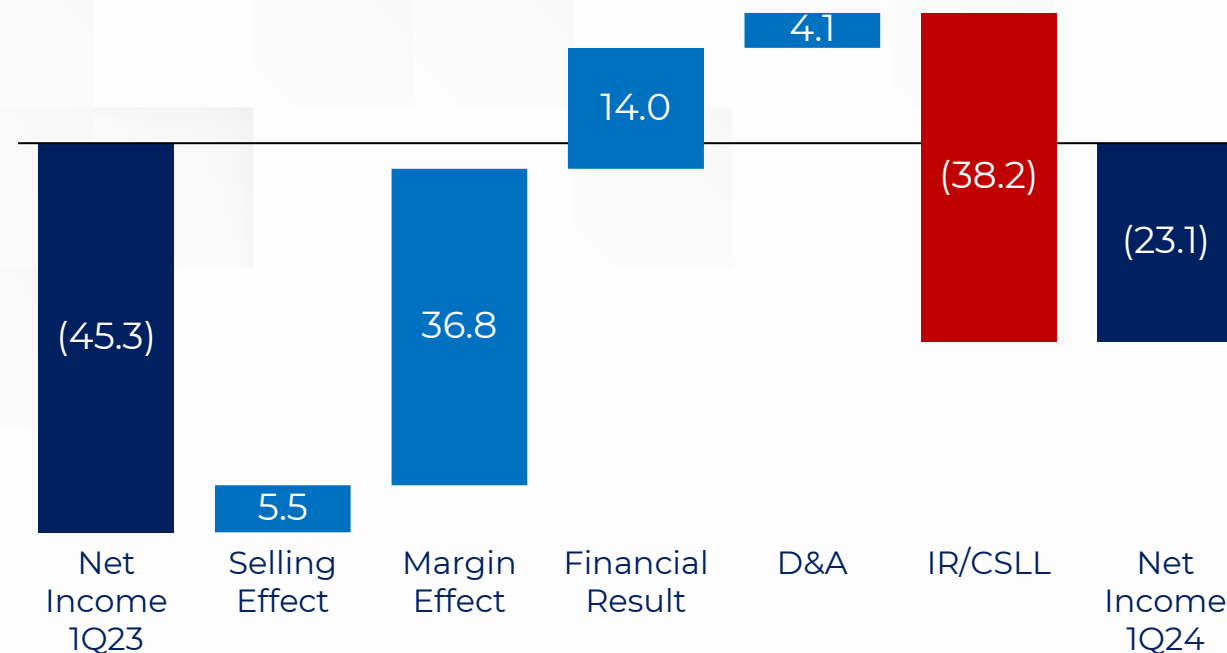
## CONSOLIDATED ADJUSTED NET INCOME

(R\$ million and % of G.P.)



## ADJUSTED NET INCOME BRIDGE

(R\$ million)



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

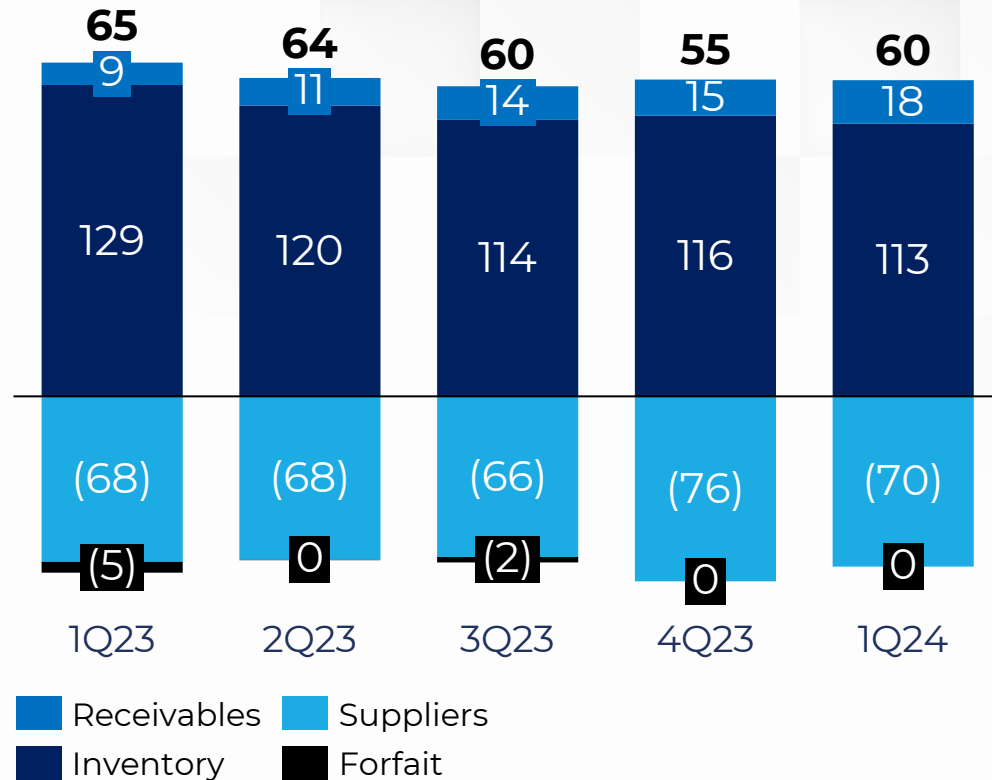


# Cash Cycle

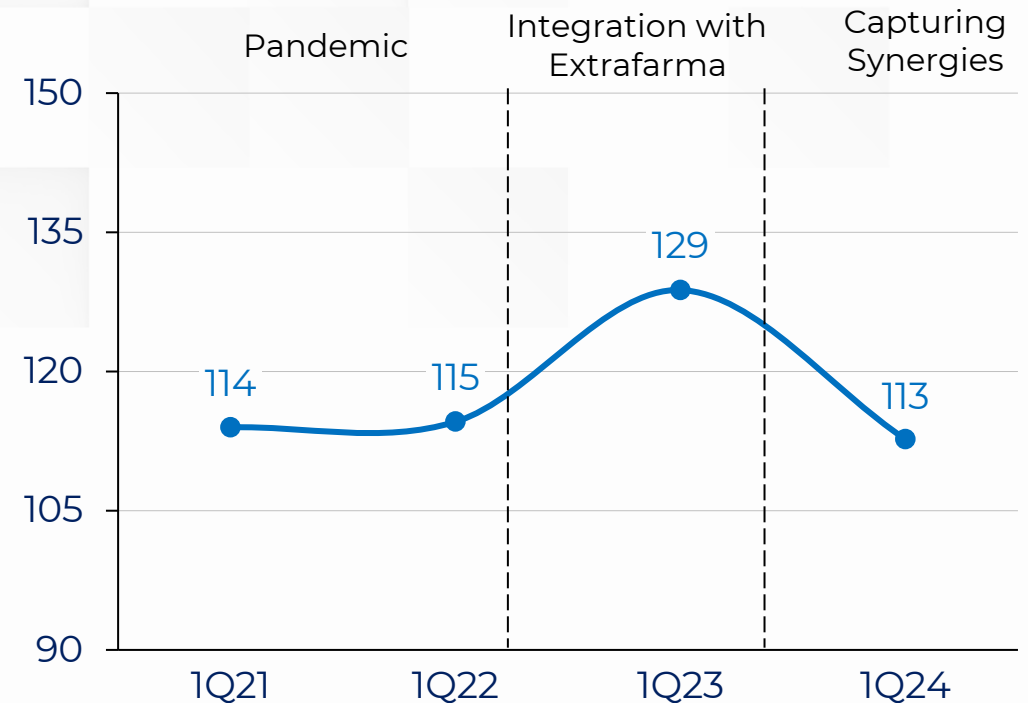
Normalization of the Average Inventories Period and gradual recomposition of Accounts Receivable



**CONSOLIDATED CASH CYCLE<sup>1</sup>**  
(in COGS days and Gross Revenue days)



**INVENTORIES EVOLUTION IN THE 1<sup>ST</sup> QUARTER**  
(in COGS days)



<sup>1</sup> The calculation of the cash cycle does not take into account the effects of the APV, commercial agreements and taxes to be recovered.

# Indebtedness

Deleveraging cycle continues with improvement in debt profile

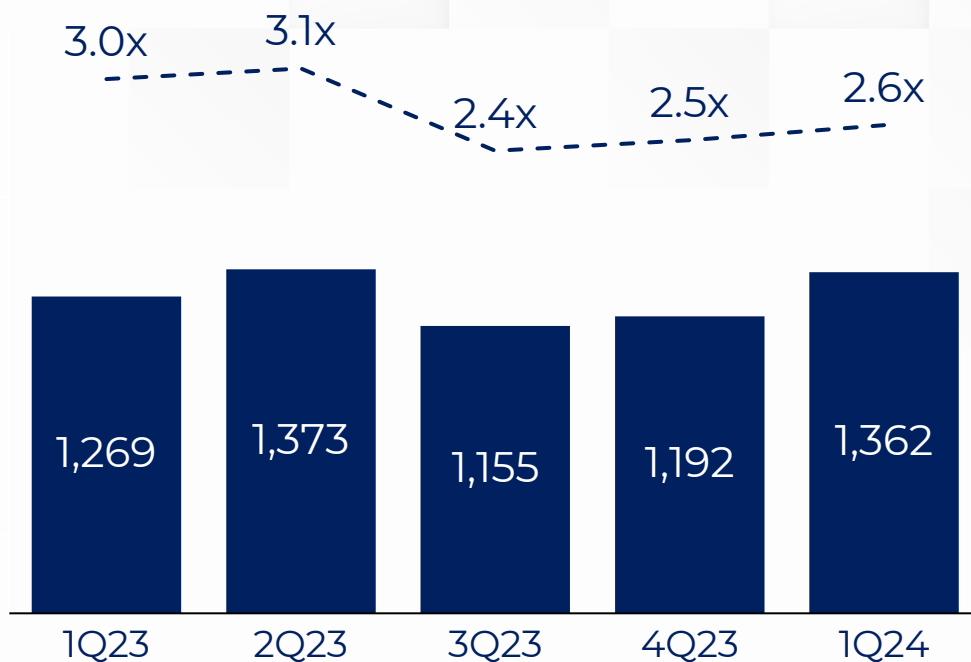


## CONSOLIDATED NET DEBT

(in R\$ millions and multiple of EBITDA)

■ Net Debt/EBITDA

- - Net Debt/EBITDA (ex-IFRS 16)



## REPROFILING OF +R\$ 400 MILLION IN 2Q24

Impact on the company's total indebtedness

|                           | BEFORE<br>(1Q24) |   | AFTER<br>(May/24) |
|---------------------------|------------------|---|-------------------|
| SPREAD <sup>1</sup>       | CDI + 1.97%      | → | CDI + 1.75%       |
| DURATION                  | 1.96 years       | → | 2.29 years        |
| % SHORT TERM <sup>2</sup> | 26%              | → | 18%               |

<sup>1</sup> Considers the total debt

<sup>2</sup> Payment in the next 12 months

# Sustainability Report 2023

Consistent evolution in our ESG journey



## 7 ESG goals

planned for 2025  
achieved in advance

**+1,200 stores**

powered by  
renewable energy

**64%**

of leadership positions  
held by women

**40%**

of stores equipped with  
waste collectors



Access the QR Code and  
check out the  
Sustainability Report



# Transition Plan: First 100 days

Jonas Marques, CEO

# Onboarding Conclusion

*Very intense first 100 days, full of learning and quick wins implemented*

## APPROXIMATION AND DIAGNOSIS WITH STAKEHOLDERS

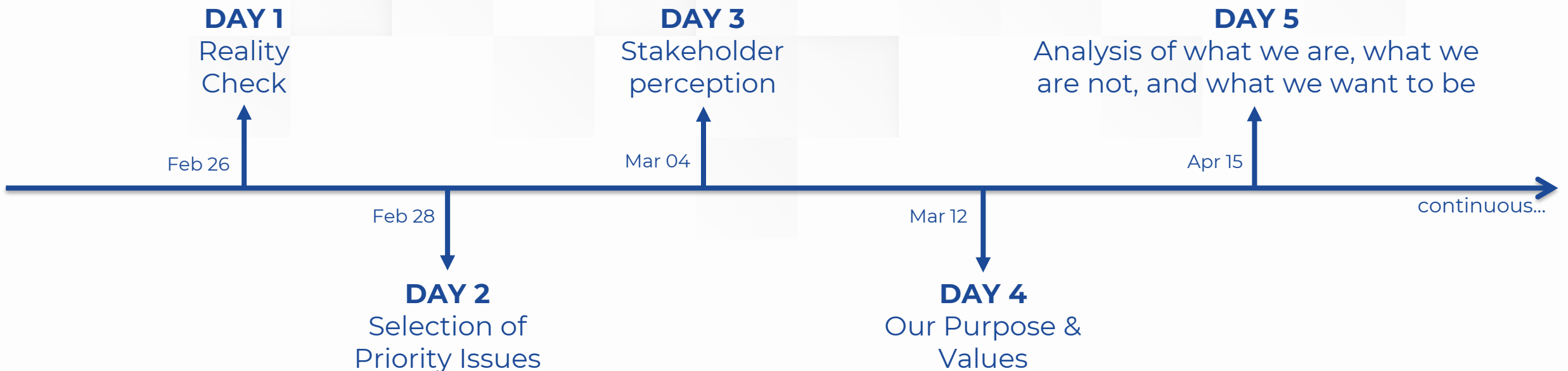


# Onboarding Conclusion

*Very intense first 100 days, full of learning and quick wins implemented*

## STRATEGIC WORKSHOPS

*(+30 immersion hours with executives, operations leaders and controlling shareholders)*



# Short-Term Focuses





## PRIORITY MATRIX

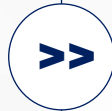
19 themes for immediate action, primarily related to incremental improvements



## OPERATIONAL "MISSIONS"

Structuring of multidisciplinary squads for rapid action on priority issues

-  **CUSTOMER CARE**
-  **PROCESS AND STANDARDS**
-  **PRICING**
-  **FOCUS ON THE STORE**
-  **STORE MAINTENANCE**
-  **IT STABILITY**



# Building a High Impact Team

*C-level reinforced with new top professionals*

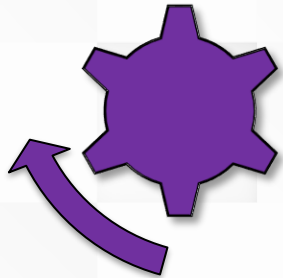


Reinforcement of the management team occurs in parallel with several actions to enhance **culture, communication and engagement**



# Laying the groundwork for a new cycle

*The focus remains on “back to basics”, preparing the company for a new phase of growth*



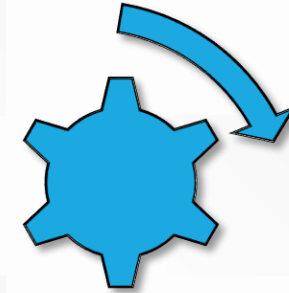
## PEOPLE & MANAGEMENT

- Revision of the organizational structure
- Review of governance rituals
- Enhancement of corporate culture



## OPERATIONAL “MISSIONS”

- Operational efficiency gain
- Focus on store operations
- Improve customer experience



## CASH GENERATION

- Deleveraging cycle
- Working Capital Optimization
- Control of investments and expenses



# Q&A

Foguellenos



#Foguellenos



 **PagueMenos**  
 **extrafarma**



Farmácia  
oficial da  
Seleção e  
da torcida  
brasileira.

## RELAÇÕES COM INVESTIDORES

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