

EARNINGS  
**RELEASE**  
**3Q22**



**Fortaleza, Ceará, November 7, 2022.**

Empreendimentos Pague Menos S.A. ("Company" or "Pague Menos"), the main Health Hub of the Brazilian expanded middle class, present in every state in Brazil and more than 380 municipalities, announces its earnings for the 3rd quarter of 2022.

## 3Q22 KEY HIGHLIGHTS

### ORGANIC EXPANSION

**19 Stores** opened, totaling 57 stores for the year to date.

### EXTRAFARMA INTEGRATION

Deal conclusion and beginning of **integration and capture of synergies**

### OMNICHANNEL SALES

**11.0%** of Pague Menos sales (+2.5p.p. vs 3Q21)

### HEALTH HUB

**+36k active lives** in the *Sempre Bem Saúde* (Always Well) program.

### SAME STORE SALES

7.2% in Pague Menos (8.4% ex-Covid tests) and **13.8% in Extrafarma**

### STORE PRODUCTIVITY

Monthly store sales at **R\$ 632k in Pague Menos** and R\$ 474k in Extrafarma

### GROSS MARGIN

29.4% in consolidated and **29.7% in Pague Menos** (+0.1p.p. vs 3Q21)

### EBITDA MARGIN

7.5% in consolidated and **8.6% in Pague Menos** (+0.7p.p. vs 3Q21)

# EARNINGS RELEASE 3Q22

## REPORTING CRITERIA

On August 1, 2022, we concluded the acquisition of Imifarma Produtos Farmacêuticos e Cosméticos S.A. (Extrafarma) from Ultrapar Participações S.A. (Ultrapar). With the completion of the precedent conditions and the incorporation of the equity balances, Extrafarma was consolidated and became part of the consolidated interim financial statements of Empreendimentos Pague Menos S.A. (Company) that same month. Therefore, the Company's consolidated interim financial statements as of September 30, 2022 include two months of Extrafarma's operations.

In order to facilitate the analysis of results, in this release we will present segregated operational data for Pague Menos and Extrafarma, while the financial data is presented as Pague Menos "Standalone" (ex-Extrafarma) and Consolidated (Pague Menos and Extrafarma combined).

Since 2019, our financial statements have been prepared in accordance with IFRS 16, which changed the criteria for recognizing rental contracts. To demonstrate the effects of implementing this standard and facilitate comparison between periods, we present on pages 18 and 19 of this release the Income Statement reconciliation with the previous reporting standard IAS 17.

## PAGUE MENOS STANDALONE FINANCIAL HIGHLIGHTS

In BRL million and % of Gross Revenue	3Q21	3Q22	Δ	9M21	9M22	Δ
<b>Gross Revenue</b>	<b>2,042.1</b>	<b>2,279.0</b>	<b>11.6%</b>	<b>5,988.1</b>	<b>6,600.9</b>	<b>10.2%</b>
<b>Gross Profit</b>	<b>604.6</b>	<b>677.4</b>	<b>12.0%</b>	<b>1,803.9</b>	<b>1,998.9</b>	<b>10.8%</b>
% Gross Margin	29.6%	29.7%	0.1 p.p.	30.1%	30.3 %	0.2 pp
<b>Contribution Margin</b>	<b>219.7</b>	<b>255.9</b>	<b>16.4%</b>	<b>679.0</b>	<b>763.8</b>	<b>12.5%</b>
% Contribution Margin	10.8%	11.2%	0.4p.p.	11.3%	11.6%	(0.3 p.p.)
<b>Adjusted EBITDA</b>	<b>160.4</b>	<b>195.0</b>	<b>21.5%</b>	<b>512.1</b>	<b>567.9</b>	<b>10.9%</b>
% Adjusted EBITDA Margin	7.9%	8.6%	0.7 p.p.	8.6%	8.6%	-
<b>Adjusted Net Income</b>	<b>35.6</b>	<b>37.3</b>	<b>4.9%</b>	<b>150.6</b>	<b>118.3</b>	<b>(21.4%)</b>
% Adjusted Net Margin	1.7%	1.6%	(0.1 p.p.)	2.5%	1.8%	0.7 p.p.



## CONSOLIDATED FINANCIAL HIGHLIGHTS

In BRL million and % of Gross Revenue	3Q21	3Q22	Δ	9M21	9M22	Δ
<b>Gross Revenue</b>	<b>2,042.1</b>	<b>2,653.4</b>	<b>29.9%</b>	<b>5,988.1</b>	<b>6,974.9</b>	<b>16.5%</b>
<b>Gross Profit</b>	<b>604.6</b>	<b>779.3</b>	<b>28.9%</b>	<b>1,803.9</b>	<b>2,100.9</b>	<b>16.5%</b>
% Gross Margin	29.6%	29.4%	(0.2 p.p.)	30.1%	30.1%	-
<b>Contribution Margin</b>	<b>219.7</b>	<b>282.7</b>	<b>28.7%</b>	<b>679.0</b>	<b>790.7</b>	<b>16.4%</b>
% Contribution Margin	10.8%	10.7%	(0.1 p.p.)	11.3%	11.3%	-
<b>Adjusted EBITDA</b>	<b>160.4</b>	<b>199.5</b>	<b>24.3%</b>	<b>512.1</b>	<b>572.4</b>	<b>11.8%</b>
% Adjusted EBITDA Margin	7.9%	7.5%	0.4 p.p.	8.6%	8.2%	0.4 p.p.
<b>Adjusted Net Income</b>	<b>35.6</b>	<b>7.0</b>	<b>(80.3%)</b>	<b>150.6</b>	<b>88.0</b>	<b>(41.5%)</b>
% Adjusted Net Margin	1.7%	0.3%	(1.4 p.p.)	2.5%	1.3%	1.2 p.p.

## OPERATIONAL HIGHLIGHTS

 **PagueMenos**

 **extrafarma**

Indicator / Operation	3Q21	3Q22	Δ	3Q22	Δ vs PM
# of stores	1,126	1,210	7.5%	382	(68.4%)
Average Sales/store/month (BRL thousand)	611	632	3.5%	474	(25.0%)
Average Ticket (BRL)	74.55	77.49	3.9%	68.51	(11.6%)
# of Employees	19,561	19,885	1.7%	5,566	(72.0%)
# of Employees/store	17.4	16.4	(5.4%)	14.2	(13.4%)
Average Sales/employee/month (BRL thousand)	34.7	38.4	10.6%	34.7	(9.7%)
Omnichannel Share (% Retail Revenue)	8.5%	11.0%	2.5 p.p.	3.0%	(8.0 p.p.)
% Private Labels (% Retail Revenue)	6.3%	6.6%	0.3 p.p.	2.8%	(3.8 p.p.)
# Pharmaceutical Clinics	845	939	0.1 p.p.	66	(93.0%)

# EARNINGS RELEASE 3Q22

## » OPERATIONAL DATA

### STORE PORTFOLIO

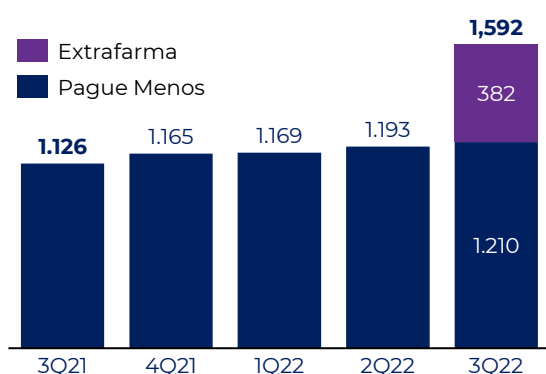
We finished 3Q22 with 1,592 stores in operation, of which 1,210 are Pague Menos branded and 382 are Extrafarma branded, and a presence in 382 Brazilian municipalities.

With the acquisition of Extrafarma, 399 stores were incorporated into the portfolio, of which 8 were divested as a result of the remedies defined by the CADE (Brazilian anti-trust authority) on the transaction and 9 more were closed in the quarter. Alternatives for optimizing the store portfolio continue to be evaluated, as such, in the coming quarters there may be additional Closings and brand conversions.

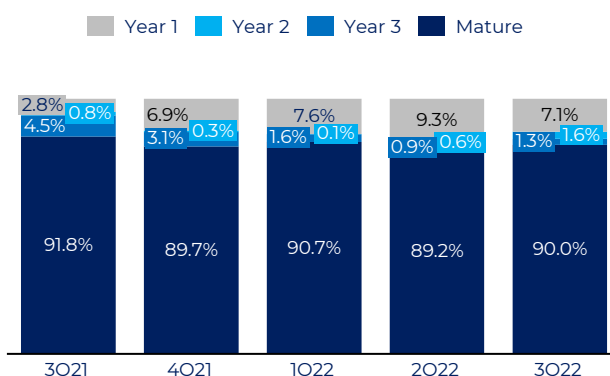
The organic expansion of Pague Menos continues at a healthy pace, with 19 store openings in the quarter, 57 for the year to date and 63 openings planned for the 4Q22. The new stores follow the prioritization of the North and Northeast regions (75% of the total) and B2/C/D income classes (86% of the total).

The new store cohorts have exceeded expectations in terms of profitability. 79% of stores with more than 3 months in operation already operate with a positive 4-wall EBITDA<sup>1</sup>.

#### STORE BASE EVOLUTION



#### STORE AGE PROFILE



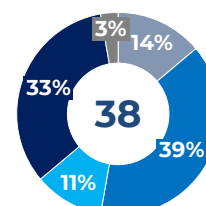
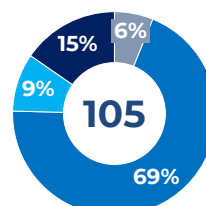
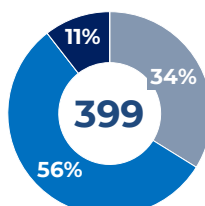
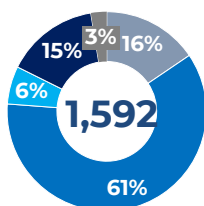
#### STORE BASE 3Q22

#### INORGANIC EXPANSION (EXTRAFARMA)

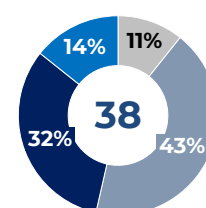
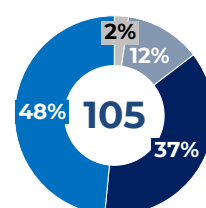
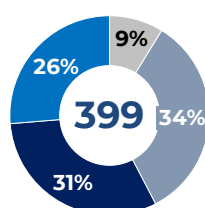
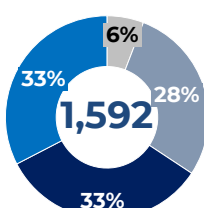
#### ORGANIC EXPANSION LTM

#### CLOSINGS LTM

##### BY REGION



##### BY INCOME CLASS<sup>2</sup>



<sup>1</sup> Considers direct store expenses ex-IFRS16, that is, considering rental expenses.

<sup>2</sup> Predominant social class in the vicinity of each store (isochronous for 5 minutes travelling by car). Segmentation follows the IBGE criteria, where Class A comprises households with an average monthly family income above BRL 16.6 thousand, B1 above BRL 7.9 thousand, B2 above BRL 4.2 thousand and C and D below BRL 4.2 thousand

# EARNINGS RELEASE 3Q22

## » OPERATIONAL DATA

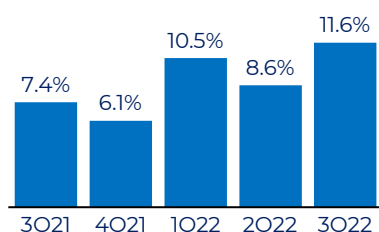
### SALES PERFORMANCE

In 3Q22, we observed an acceleration in the growth pace for both brands, with the highlights on the mature stores performance for Extrafarma (+13.5% growth) and the increasingly evident contribution of the new store cohorts in Pague Menos growth.

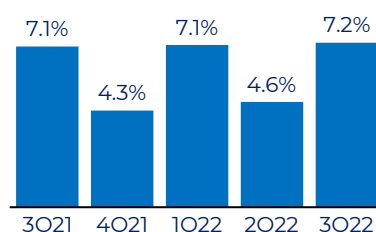
The Pague Menos brand recorded total growth in the quarter of 11.6%, composed of 6.8% growth in mature stores and 4.8p.p. of stores in maturation. In 3Q22, sales of Covid-19 tests continued to have a negative impact on the pace of growth. Excluding this product, same store sales was 8.4%, close to weighted product inflation in the period (9.1%).

The Extrafarma brand showed quarterly growth of 13.9%, with same stores sales of 13.8% and mature stores growth of 13.5%. Considering only the months of August and September, after the closing of the transaction, the same stores sales was 14.9%.

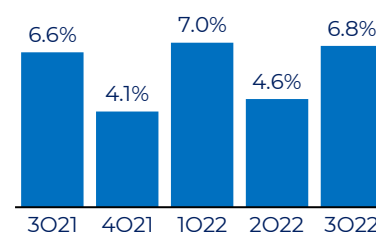
#### TOTAL GROWTH



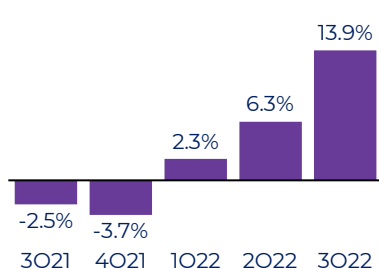
#### SAME STORES (SSS)



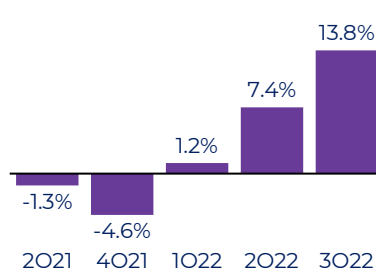
#### MATURE STORES (MSSS)



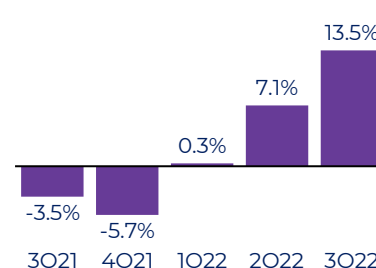
#### TOTAL GROWTH



#### SAME STORES (SSS)

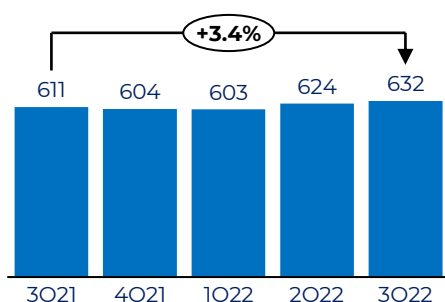


#### MATURE STORES (MSSS)

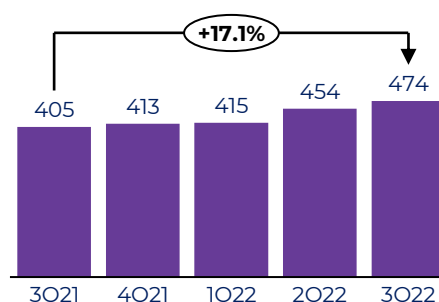


Average monthly sales per Pague Menos store grew 3.4%, impacted by the opening of more than 100 stores in the period. Excluding the new stores, average sales per Pague Menos store grew 6.6%, reaching R\$666 thousand per month. In Extrafarma, growth was 17.1%, a very promising result, given that most of the sales increase levers provided for in the integration plan have not yet been implemented.

#### AVERAGE STORE SALES/MONTH (BRL thousands)



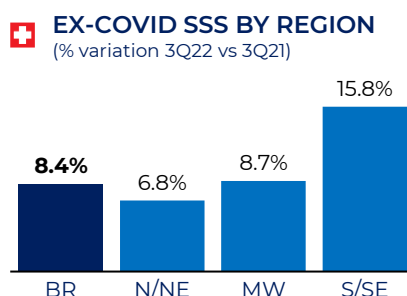
#### AVERAGE STORE SALES/MONTH (BRL thousands)



# EARNINGS RELEASE 3Q22

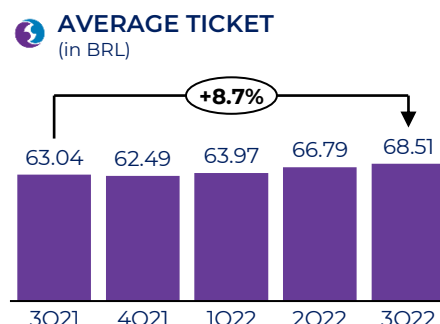
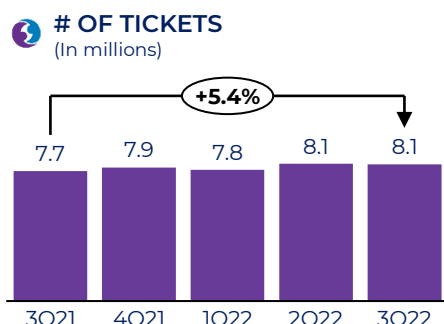
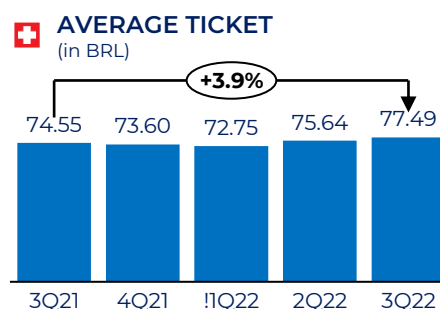
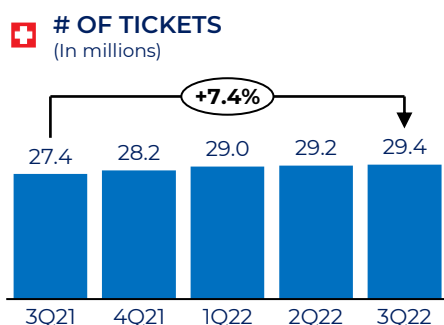
## » OPERATIONAL DATA

As observed in the previous quarter, sales performance in 3Q22 varied considerably between regions, due to the outbreak of winter-related respiratory syndromes in the colder regions of the country (South and Southeast). Considering the mature Pague Menos stores, we observed an ex-Covid tests growth of 6.8% in 3Q22 for stores located in the North and Northeast regions, while stores located in the South and Southeast regions grew by 15.8%.



In both brands, the growth recorded in the quarter was the result of a healthy combination of growth in both traffic and average ticket. The volume of customer services grew by 7.4% in Pague Menos and 5.4% in Extrafarma stores. The stronger growth in Pague Menos reflects the increase in the store base, which contributes to the acquisition of new customers. In addition, increasingly assertive CRM actions have contributed to the growth of same-store customers, improved LTV (lifetime value) of the current base and reduced CAC (customer acquisition cost). By the end of 3Q22, the Company had 18.5 million active customers, an increase of 24.2% over 3Q21, already considering the effects of Extrafarma acquisition.

The average ticket increased by 3.9% in Pague Menos and 8.7% in Extrafarma stores. The weighted average inflation of products sold in both store brands was similar, with an average of 9.1%. The factor that contributed to a lower growth in the average ticket in Pague Menos stores was the reduction in the size of the customer basket, which contracted by 5.1% compared to 3Q21, while in Extrafarma the retraction was only 1.0%.

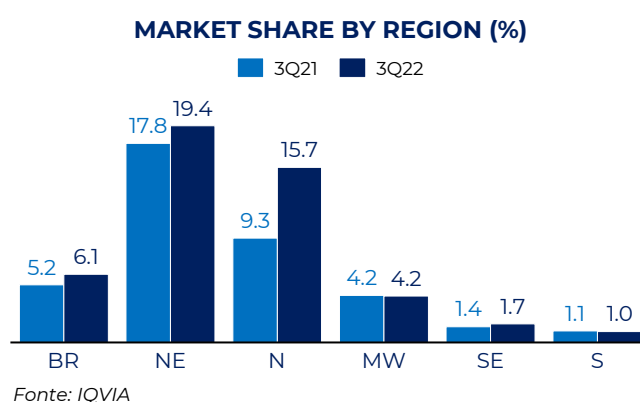




### MARKET SHARE

With the conclusion of the acquisition of Extrafarma, we have strengthened our competitive position in the North and Northeast regions. According to IQVIA, considering the last twelve months, our combined market share in these regions grew by 28%, from 14.7% to 18.9% share. In addition, the number of bricks<sup>3</sup> where we have a market share above 10% increased by 22%, reaching 227 bricks (approximately half of the total number of locations where we are present). Therefore, we considerably expanded our leadership in the North and Northeast markets.

In order to facilitate the understanding of the market share dynamics in the quarter, in this chapter we present our consolidated market share, considering Extrafarma in the full quarter of 3Q22, despite the transaction having been concluded only in August/22.



With the acquisition of Extrafarma, in 3Q22 we increased our national market share to 6.1%, in the Northeast to 19.4%, in the North to 15.7% and in the Southeast to 1.7%. In the Midwest region, the share remained stable while in the South region it reduced to 1.0%.

Disregarding the acquisition of Extrafarma, in the quarter we recorded growth below the market average, due to the lower contribution of new stores. While on the market average, net openings in the last 2 years contributed with 6.2p.p. growth, at Pague Menos this contribution was only 3.6p.p. It is important to highlight that the pace of expansion of stores under the Pague Menos banner (7.5% in the last twelve months) has already surpassed the average growth rate of stores in the market as a whole. However, as the expansion cycle is still at an early stage (acceleration from 3Q21, after a hiatus of almost 2.5 years), the contribution of these stores to the overall growth rate is still relatively small.

### CATEGORIES MANAGEMENT AND SUPPLY CHAIN

In 3Q22, the Pague Menos category mix continued to evolve favorably, evidencing the success of our commercial execution. The highlight in the quarter continued to be the generic drugs category, reaching 10.8% of total sales, an increase of 1.2 p.p. compared to 3Q21. This category, which we consider strategic given the Company's growing position among clients with lower purchasing power, recorded growth of 25.2% in the quarter, above the average growth of Abrafarma chains.

<sup>3</sup> Brick is the most granular geographic segmentation adopted by IQVIA, defined by zip codes intervals

# EARNINGS RELEASE 3Q22

## » OPERATIONAL DATA



The private label category reached BRL 150.3 million in sales in the quarter, in Pague Menos stores, up 17.6% over 3Q21. The share in self-service sales reached the historic record of 14.1%. This good performance is the result of a successful strategy of launches, store displays, e-commerce and promotional actions.

Comparing the brands, the potential for synergies in the private label strategy is evident. While in Pague Menos stores the share of this category is 14.0% in self-service, the share in Extrafarma stores is 5.6%. As the operational integration plan progresses, especially with the consolidation of the supply chain, Pague Menos' private label brands will be made available to the Extrafarma stores and the Be Better brand (from Extrafarma) will be made available in the Pague Menos stores, in a position complementing the portfolio of other brands.

KPI / Operation	PagueMenos					extrafarma	
	3Q21	2Q22	3Q22	YoY	△ QoQ	3Q22	△ vs PM
<b>SALES MIX</b>							
Branded	43.0%	42.1%	<b>41.3%</b>	-1.7p.p.	-0.8p.p.	<b>36.6%</b>	-4.7 p.p.
Generics	9.7%	10.3%	<b>10.8%</b>	1.2p.p.	0.5p.p.	<b>13.0%</b>	2.2 p.p.
Hygiene and Beauty	24.1%	23.1%	<b>25.0%</b>	0.9p.p.	2.0p.p.	<b>29,3%</b>	4.3 p.p.
Over the Counter (OTC)	21.5%	23.5%	<b>22.2%</b>	0.7p.p.	-1.4p.p.	<b>21.0%</b>	-1.2p.p.
Services	1.8%	1,0%	<b>0.7%</b>	-1.1p.p.	-0.3p.p.	<b>0,0%</b>	-0.7p.p.
<b>PRIVATE LABEL</b>							
Sales (R\$ million)	127.8	144.5	<b>150.3</b>	17.6%	4.0%	<b>10.2</b>	93%
Total participation (% of total sales)	6.3%	6.5%	<b>6.6%</b>	0.3 p.p.	0.1 p.p.	<b>2.8%</b>	-3.8 p.p.
Self-Service Share (% self-service sales)	13.5%	13.9%	<b>14.0%</b>	0.5 p.p.	0.1 p.p.	<b>5.6%</b>	-8.3 p.p.
<b>SUPPLY CHAIN</b>							
Average SKUs / store (# thousands)	9.5	10.3	<b>10.4</b>	9.1%	1.5%	<b>10,7</b>	3%
Inventory Breakdown (3Q21 = base 100)	100	233	<b>250</b>	149.9%	7.2%	<b>389</b>	56%

The stock out rate in Pague Menos stores showed a downward trend over the quarter, with the month of September registering a value 23% below the peak reported in June. Despite the improvement, the indicator remains high when compared to 3Q21. We continue to observe a complex scenario in the supply chain, which is still in the process of normalization following the industry's production disruptions and the peak demand caused by the pandemic.

In comparing the brands, we observe a 56% higher rate of stock out in the Extrafarma stores, signaling an important operational gap. We believe that the main lever for sales growth for Extrafarma in the short term is the convergence of its level of stock outs with the Pague Menos level. Therefore, in the coming quarters, investments are being made to reinforce Extrafarma's inventories so that these sales synergies can gradually be captured.

## OMNICHANNEL PLATFORM

Our omnichannel platform continues to gain relevance within the strategy of providing customers with an increasingly fluid and engaging purchasing journey. In 3Q22, with the incorporation of Extrafarma's assets (customers, stores and DCs), our omnichannel platform became even more robust, with a level of capillarity difficult for our competitors to match .



# EARNINGS RELEASE 3Q22

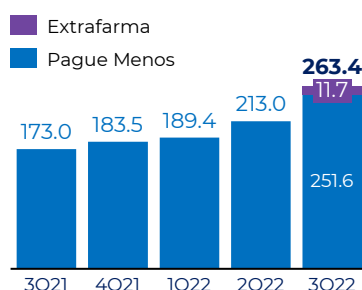
## » OPERATIONAL DATA



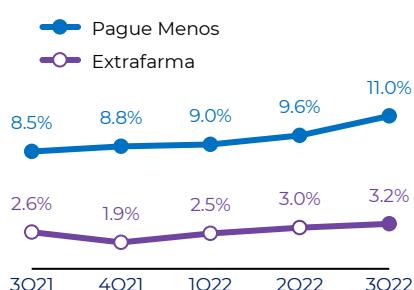
In 3Q22, we reached R\$251.6 million in omnichannel sales under the Pague Menos banner, a growth of 45.4% compared to 3Q21, representing 11.0% of total sales. Considering Extrafarma's sales after the closing of the transaction, omnichannel sales reached R\$263.4 million in the quarter.

Among the digital channels, the highlight in growth was e-commerce, expanding 66% compared to 3Q21 and 27% over 2Q22. This good performance was leveraged by the growth of online traffic, the result of a successful strategy of rationalization in marketing investment with reduction in CAC (Customer Aquisition Cost). In addition, the social commerce initiative, *Minha Pague Menos*, has gained Traction. Only six months after its launch, it already has more than 14 thousand participants and represents 15% of total e-commerce sales.

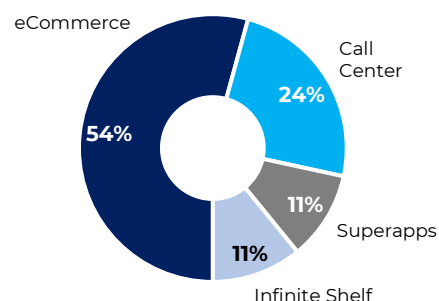
**OMNICHANNEL SALES**  
(in BRL million)



**OMNICHANNEL SALES**  
(% of retail revenue)



**SALES BY CHANNEL**  
(% of digital sales in 3Q22)



According to IQVIA, our market share within digital channels reached 11.8% in the quarter, a historic record, 0.4p.p. above the same period of the previous year. Our digital channels continue to grow at a rate above the average of the overall market and that of our main competitors.

Consistency in growth is accompanied by an improvement in the level of service and customer satisfaction. On *Reclame Aqui* (online complaint platform), Pague Menos and Extrafarma are among the best evaluated among players in pharmaceutical retailing, with scores of 8.5 and 8.1, respectively. The Pague Menos app, which has accumulated more than 1.5 million downloads since its launch in 4Q21, continues to sustain good evaluations in the Google Play and Apple Store app stores.

In addition to the structural trends of growth in the relevance of digital channels that impact the entire market, specific attributes of our operation give us an even greater potential for growth in omnichannel sales. Our greater geographical exposure to regions in the early stages of maturation of digital channels suggests a greater space for growth. While in the North and Northeast regions the share<sup>4</sup> of omnichannel sales is 9.4%, in the South and Southeast they have already reached 18.2%. In addition, there is a clear opportunity for convergence of omnichannel sales participation between the Pague Menos and Extrafarma operations.

It is important to highlight that we consider the advance of omnichannel usage in our business to be strategic. We see obvious advantages in the economics of omnichannel customers, with higher average spending and a greater degree of loyalty, translating into an increase in LTV (lifetime value).

<sup>4</sup> Considering only Pague Menos brand.

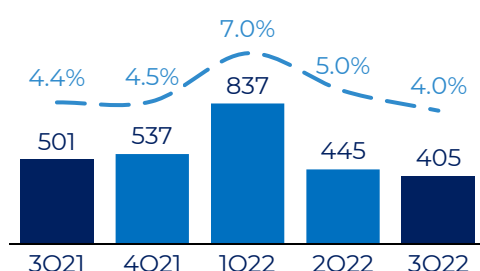
### HEALTH HUB

In line with the strategic goal of growing our relevance in the health chain, by focusing on primary care, in 3Q22 we continued to strengthen our Health Hub with new partnerships and complementary business initiatives, providing our customers with an increasingly integrated and fluid health care journey.

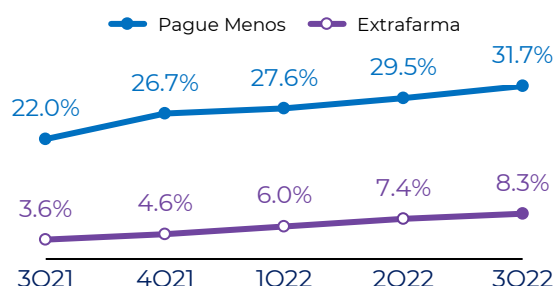
Our footprint of pharmaceutical clinics grew to 1,005 units, with the incorporation of 66 clinics in Extrafarma stores, which were added to the 938 Pague Menos *Clinic Farmas*. With this capillarity, present in every state in the country, we have strengthened our position as one of the main players in the Brazilian health ecosystem, with a structure focused on low complexity services, such as assisted telemedicine (*teleinterconsulta*), remote laboratory tests, application of vaccines, and monitoring of chronic pathologies.

In 3Q22, we totaled more than 400 thousand services rendered, reaching an adhesion of 4.0% of Pague Menos clients with health services. In comparison with 3Q21, the volume of services decreased by 20%, due to the drop in demand for Covid-19 tests, with the end of the pandemic. If we remove Covid-19 testing from the calculation, the volume of services increased 38% in the annual comparison, with emphasis on Point of Care Testing (POCT) and the application of injectable medications.

**HEALTH SERVICES ADHESION**  
(in thousands of services executed and % of total customers)



**PARTICIPATION AGREEMENTS (CONVÊNIOS) AND PARTNERSHIPS**  
(% of total sales)



We continue to expand our network of partnerships with health plans and companies. In 3Q22, the share of sales via agreements (*convênios*) and partnerships reached 31.7% in Pague Menos. With an evident opportunity, this participation reached 8.3% in Extrafarma. In addition to optimizing customer economics by increasing their lifetime value through differentiated discounts, our network of partnerships has contributed to increasing the scope and reach of our Health Hub as a whole. In 3Q22, we closed promising partnerships in the areas of home care (*Isa Lab*) and nutritional supplementation (*SetYou*), adding even more value to the health services available on our platform.

*Sempre Bem Saúde*, an assistance package focused on telemedicine, launched in May/22, reached more than 30 thousand active lives. The product, still at an early stage of maturation, presents promising results, with a fast sales ramp-up and great economics for customers using the service. The average ticket of subscribers to *Sempre Bem Saúde* averages 40% higher than that of the Company overall.

Our special medicines front (AME) registered growth of 77.3% in the quarter, with a good success rate in activating launches and growth in attending judicially required prescriptions. The compounding operation grew by 17.6%, sustaining a healthy level of profitability and customer retention.

# EARNINGS RELEASE 3Q22

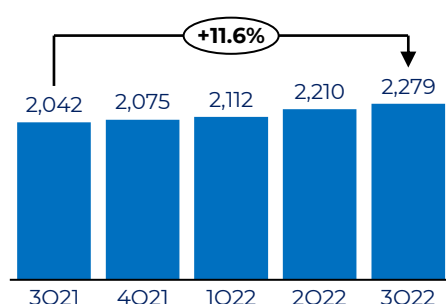
## » FINANCIAL DATA

### GROSS REVENUE

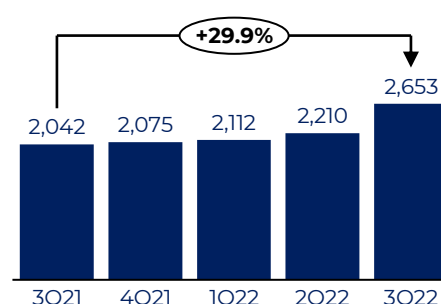
Consolidated gross revenue, considering the Extrafarma operations for the month of August and September, totaled BRL 2,653 million in 3Q22, an increase of 29.9% compared to 3Q21. Consolidated data consider the wholesale operation of Extrafarma, which was discontinued in October 2022. Considering only the ongoing operations, consolidated gross revenue totaled BRL 2,640 million in 3Q22.

Pague Menos standalone gross revenue reached BRL 2,279 million in the period, an increase of 11.6% compared to 3Q21. The gross revenue presented already considers the elimination of intercompany sales.

 **STANDALONE GROSS REVENUE**  
(BRL million)



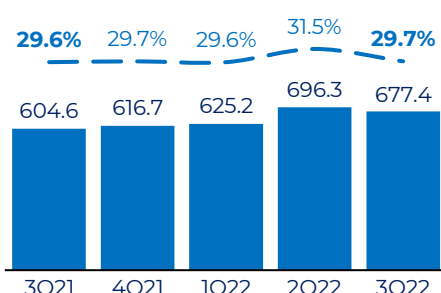
 **CONSOLIDATED GROSS REVENUE**  
(BRL million)



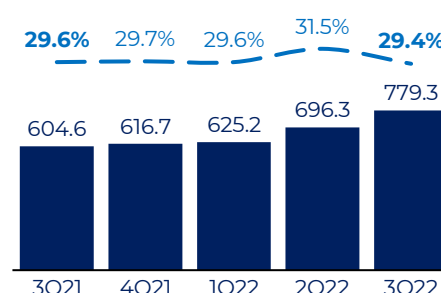
### GROSS PROFIT

Pague Menos standalone gross profit reached BRL 677.4 million in 3Q22, with a gross margin of 29.7%, an increase of 0.1 p.p. compared to 3Q21. The improvement in profitability is mainly related to a more favorable sales mix, with the growth of categories such as generics and private labels, in addition to the residual effect of inflationary gains on inventories in July/22. On the other hand, the increase in the share of digital channel sales and agreements (*convênios*) and partnerships sales contributed negatively by 0.5 p.p. in the gross margin of the quarter, when compared to the same period of the previous year.

 **STANDALONE GROSS PROFIT**  
(BRL million and % of Gross Revenue.)



 **CONSOLIDATED GROSS PROFIT**  
(BRL million and % of Gross Revenue)



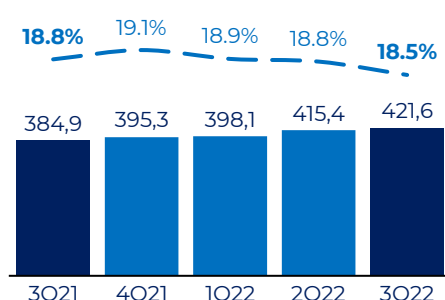
Consolidated gross profit reached R\$779.3 million, with a gross margin of 29.4%, down 0.2p.p. compared to 3Q21. Extrafarma's gross margin in the period was 27.2%, atypically negatively impacted by losses with inventories from previous periods, changes in the criteria for accounting suppliers' commercial agreements and discontinuation of the wholesale operation.

The margin gap between brands should reduce gradually over the next quarters, as the integration plan advances. The main levers for increasing gross margin in Extrafarma involve equalizing commercial conditions with suppliers, pricing optimization, inventory losses reduction and improvements in tributary conditions.

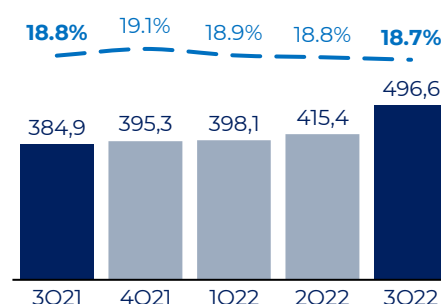
### SELLING EXPENSES

In 3Q22, Pague Menos standalone selling expenses totaled BRL 421.6 million, an increase of 9.5% Year-Over-Year. As a percentage of revenue, this group of expenses reached 18.5%, down 0.3 p.p. compared to 3Q21. The gain in efficiency in expenses is mainly related to higher productivity in stores, evidenced by the increase of 19.2% in sales per employee in the period, and reductions in services and supplies of stores. It is important to highlight that the trend of reduction in the percentage of selling expenses has been occurring since 4Q21, even with the continued expansion in the store base and despite the unfavorable inflation scenario.

#### **STANDALONE SELLING EXPENSES** (BRL million and % of Gross Revenue)



#### **CONSOLIDATED SELLING EXPENSES** (BRL million and % of Gross Revenue.)



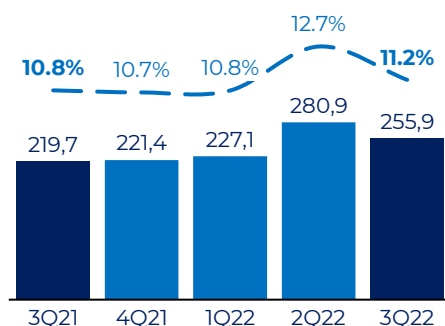
In consolidated figures, 3Q22 selling expenses reached BRL 496.6 million, representing 18.7% of gross revenue. The Extrafarma operation presented selling expenses of 20.1% of gross revenue in the quarter, 1.6 p.p. above the Pague Menos level. Although there are opportunities to optimize store and logistics expenses, most of the gap is related to the lower average Extrafarma sales per store. Therefore, the main synergies to monetize Extrafarma's operation throughout the integration process are related to sales levers, which will contribute to a greater dilution of fixed store expenses.

### CONTRIBUTION MARGIN

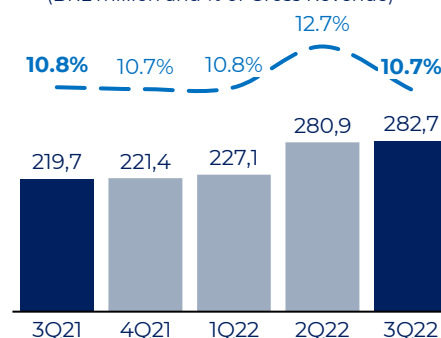
The Pague Menos Standalone contribution margin in 3Q22 reached 11.2% of gross revenue, 0.4 p.p. above that of 3Q21. Removing new stores from the calculation, the contribution margin reached 11.5%, the highest level for a third quarter since 2015.

The consolidated contribution margin reached 10.7% in 3Q22, while for Extrafarma this indicator was 7.1% (4p.p. below the Pague Menos level).

#### **STANDALONE CONTRIBUTION MARGIN** (BRL million and % of Gross Revenue)



#### **CONSOLIDATED CONTRIBUTION MARGIN** (BRL million and % of Gross Revenue)

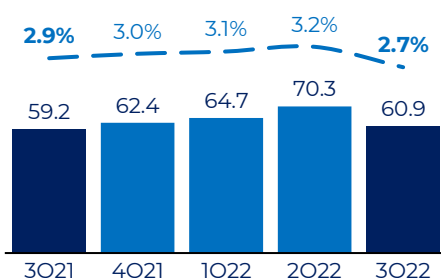


### GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

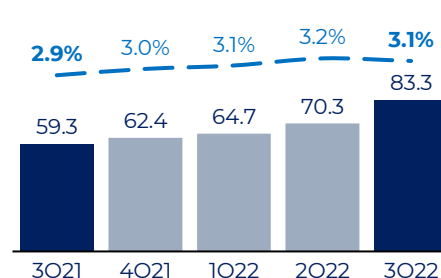
Pague Menos Standalone general and administrative expenses (G&A) in 3Q22 reached BRL 60.9 million representing 2.7% of gross revenue, a decrease of 0.2 p.p. compared to 3Q21.

As anticipated in recent quarters, the increase in G&A observed over the past 2 years is being gradually stabilized and diluted as new store cohorts mature and our revenue growth accelerates. The good result in expenses reduction in 3Q22 is also related to the expense reduction project that has been running since the second half of 2021, with procurement actions in expenses with supplies and services. Expenses with consultancy, legal expenses and third-party services had reductions of more than 20% in the annual comparison.

#### **STANDALONE G&A EXPENSES** (BRL million and % of Gross Revenue)



#### **CONSOLIDATED G&A EXPENSES** (BRL million and % of Gross Revenue)

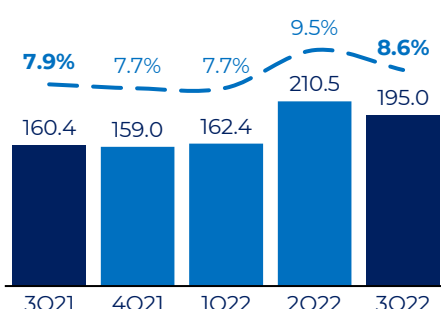


Consolidated G&A expenses reached BRL 83.3 million in 3Q22, representing 3.1% of gross revenue. The consolidation of Extrafarma's corporate expenses pressured G&A in the initial post-acquisition moment but will be gradually normalized as the synergies provided through the integration plan are captured. In October, the unification of the organizational structure of the two operations was completed, which will generate significant savings in personnel expenses beginning in 4Q22. In addition, synergies related to gains of scale in indirect expenses and consolidation of shared corporate services (SSC) are already mapped out.

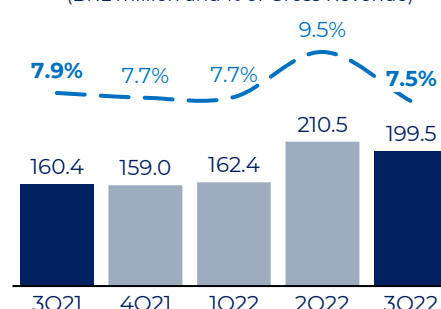
### ADJUSTED EBITDA

Pague Menos Standalone Adjusted EBITDA reached BRL 195.0 million in 3Q22, an increase of 21.5% over 3Q21. The adjusted EBITDA margin closed the quarter at 8.6%, up 0.7 p.p. year-over-year. After a period of margin compression, in a context of ending a period of inertia in store openings and uncompensated inflation, 3Q22 marks a turning point in the trajectory of profitability of our business, which again combines a tendency toward healthy topline growth with increased margins.

#### **STANDALONE ADJ. EBITDA** (BRL million and % of Gross Revenue)



#### **CONSOLIDATED ADJ. EBITDA** (BRL million and % of Gross Revenue)



# EARNINGS RELEASE 3Q22

## » FINANCIAL DATA

In consolidated figures, adjusted EBITDA in 3Q22 was BRL 199.5 million, with an adjusted EBITDA margin of 7.5%. As disclosed in item 11 of the Reference Form, the Company forecasts an increase in EBITDA generated by synergies in the context of integration with Extrafarma of between BRL 180 million and BRL 275 million annually. Synergies will be captured gradually during the integration project, which is to be completed by the end of 2024.

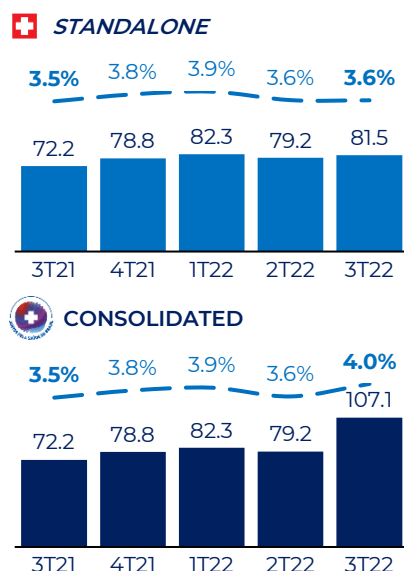
## DEPRECIATION, FINANCIAL RESULTS AND INCOME TAXES

Depreciation in 3Q22 totaled BRL 107.1 million on a consolidated basis (BRL 81.5 million for Pague Menos Standalone), up 48.2% over 3Q21 (12.8% for Pague Menos Standalone). The increase is related to the expansion of the store base in the period and the increased level of Company investments.

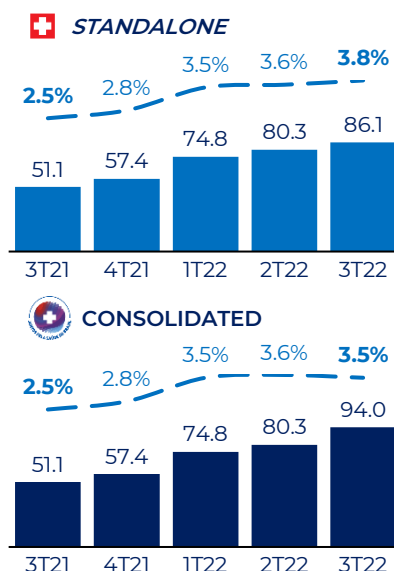
The net financial results in 3Q22 totaled BRL 93.5 million on a consolidated basis (BRL 86.1 million for Pague Menos Standalone), an increase of 83.0% over 3Q21 (68.6% for Pague Menos Standalone). The increase is related to the rise in the basic interest rate in the period, an increase in the Company's financial leverage, mainly due to the acquisition of Extrafarma, and the increase in lease interest costs due to the expansion of the store base.

Deferred income tax totaled BRL 8.1 million in the quarter, contributing positively to BRL 9.7 million in earnings, compared to 3Q21. The variation is related to the reduction in taxable income in the period and tax incentives related to *Lei do Bem*.

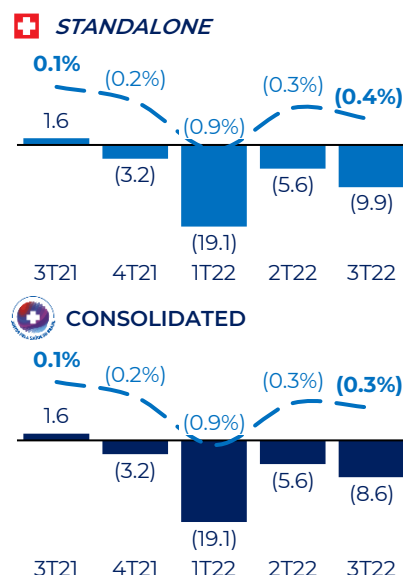
### DEPRECIATION & AMORTIZATION (BRL million and % of Gross Revenue)



### FINANCIAL RESULTS (BRL million and % of Gross Revenue)



### INCOME TAXES (BRL million and % of Gross Revenue)



## ADJUSTED NET INCOME

Pague Menos Standalone adjusted net income was BRL 37.3 million, an increase of 4.9% compared to 3Q21, reaching 1.6% of net margin. Due to the high level in the basic interest rate and the increase in the Company's financial leverage, much of the EBITDA growth was consumed by higher financial expenses.



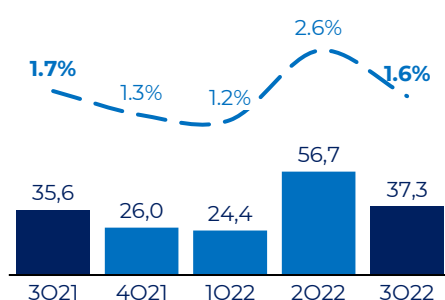
# EARNINGS RELEASE 3Q22

## » FINANCIAL DATA

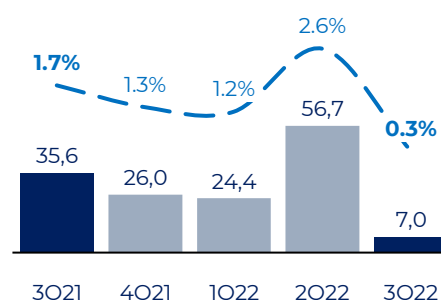
On a consolidated basis, net income totaled BRL 7.0 million, with a net margin of 0.3%. Extrafarma's result contributed negatively with R\$ 30.3 million in 3Q22, an atypical loss due to the first months of consolidation, which resulted in one-off incremental expenses with the dismissal of employees, adjustments in inventories, closure of inefficient operations (stores and wholesale ) and changes in provisioning estimates.

Furthermore, the synergies mapped and confirmed between the operations (from BRL 180 million to BRL 275 million in incremental EBITDA per year) are not yet seen in the result. As the integration plan is executed, the level of consolidated profitability tends to be significantly expanded.

### **STANDALONE NET INCOME** (BRL million and % of Gross Revenue)



### **CONSOLIDATED NET INCOME** (BRL million and % of Gross Revenue)



## RECONCILIATION OF ADJUSTED NET INCOME

For a better understanding and comparison with previous periods, the 3Q22 result was adjusted to include non-recurring events related to the closing of the acquisition transaction of Extrafarma.

We present below the details of the adjustments made, as well as their respective impacts on the result. The complete reconciliation of the accounting and adjusted results is presented in Appendix 1 of this release.

Adjustment Description	Net effect on standalone income statement				Net effect on standalone income statement			
	3Q21	3Q22	9M21	9M22	3Q21	3Q22	9M21	9M22
<b>Net Income</b>	<b>29.9</b>	<b>84.8</b>	<b>143.4</b>	<b>161.7</b>	<b>29.9</b>	<b>84.5</b>	<b>143.4</b>	<b>161.4</b>
Non-recurring expenses related to the closing of the transaction	8.7	4.0	10.9	10.1	8.7	5.4	10.9	11.6
Gain from advantageous purchase	-	(137.8)	-	(137.8)	-	(137.8)	-	(137.8)
Provision for interest on installments payable for the transaction	-	12.8	-	12.8	-	12.8	-	12.8
Divestments and closures of Extrafarma stores	-	-	-	-	-	2.2	-	2.2
Exclusion of the equity equivalence of Extrafarma in standalone earnings	-	32.5	-	32.5	-	-	-	-
Adjustments effects on Income Taxes	(2.9)	41.2	(3.7)	39.1	(2.9)	39.9	(3.7)	37.8
<b>Total Effect on Net Income</b>	<b>5.7</b>	<b>(47.4)</b>	<b>7.2</b>	<b>(43.4)</b>	<b>5.7</b>	<b>(77.5)</b>	<b>7.2</b>	<b>(73.5)</b>
<b>Adjusted Net Income</b>	<b>35.6</b>	<b>37.3</b>	<b>150.6</b>	<b>118.3</b>	<b>35.6</b>	<b>7,0</b>	<b>150.6</b>	<b>88,0</b>

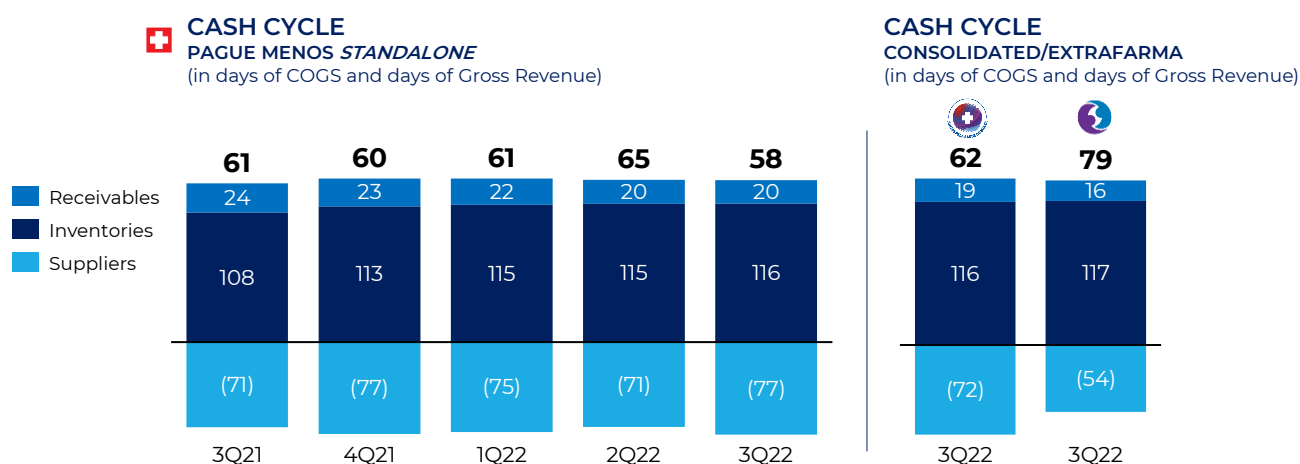
# EARNINGS RELEASE 3Q22

## » FINANCIAL DATA

### OPERATIONAL CASH CYCLE

In 3Q22, the Pague Menos cash cycle was 58 days, an improvement of 7 days compared to 2Q22 and 3 days compared to the same period of the previous year. The improvement in working capital was mainly achieved by the increase in the average payment period with suppliers, while we continued to carry a conservatively high level of inventories, due to the scenario of difficulties in the drug supply chain.

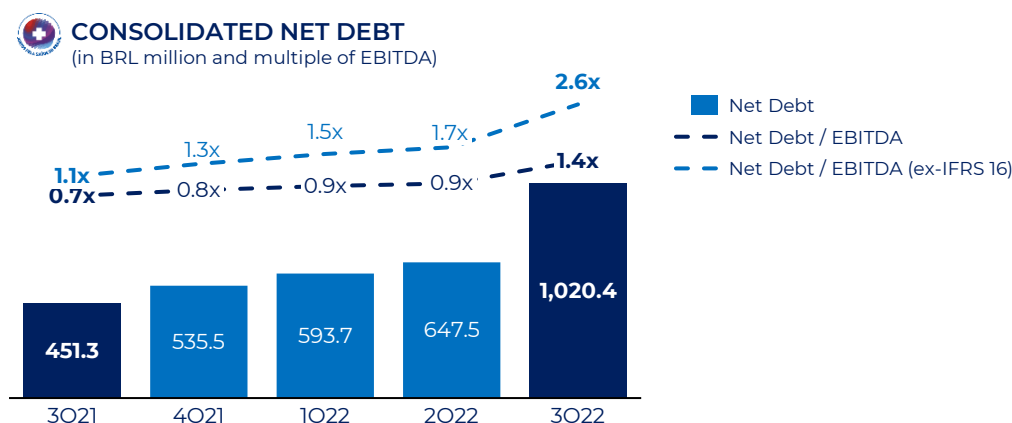
The consolidated cash cycle in 3Q22 was 62 days. In the coming quarters, investments will be made in inventories for Extrafarma, increasing the level of capital employed in the operation, but after stabilization and capture of synergies, it should be gradually reduced, which will be an important cash generation lever throughout the integration.



### INDEBTEDNESS

Consolidated net debt totaled BRL 1,020.4 million in 3Q22, representing 1.4x the adjusted EBITDA for the last twelve months and 2.6x when considering the ex-IFRS 16 accounting standard. The increase is related to the reduction in the Company's cash due to the payment of the first installment of the acquisition of Extrafarma and initial investments related to the integration plan.

As disclosed in item 11 of our Reference Form, we project a Reduction of the Company's indebtedness ratio gradually throughout the integration plan with Extrafarma, returning to the level of debt prior to closing of the transaction, by the end of 2024.



# EARNINGS RELEASE 3Q22

## » FINANCIAL DATA

### INVESTMENTS

The volume of consolidated and accumulated investments for the year reached R\$ 216.3 million, with 66% of the investment directed towards organic expansion. Investments in technology initiatives totaled R\$42.0 million, of which R\$12.5 million are related to integration projects with Extrafarma.

Capex (R\$ milhões)	9M21	%	9M22	%
Expansion	62.0	44%	142.6	66%
Store renovations	39.6	28%	22.1	10%
Technology	18.8	13%	42.0	19%
Infrastructure of stores, DCs and offices	20.1	14%	9.6	4%
<b>Total</b>	<b>140.6</b>	<b>100%</b>	<b>216.3</b>	<b>100%</b>

### CASH FLOW

In 3Q22, we recorded consolidated operating cash flow of R\$1109.1 million, with negative free cash flow of R\$430.2 million as a result of the payment of the first installment referring to the acquisition of Extrafarma. Excluding the acquisition, free cash flow totaled R\$24.2 million in the quarter, R\$49.7 million higher than the same period in the previous year.

Management Cash Flow (BRL million)	3Q21	3Q22	9M21	9M22
<b>Consolidated EBITDA</b>	<b>151.8</b>	<b>329.6</b>	<b>501.2</b>	<b>696.4</b>
(-) Lease payments (IFRS 16)	(70.5)	(97.7)	(191.5)	(255.2)
(-) Gain from advantageous purchase		(137.8)	-	(137.8)
(Δ) Accounts receivable	(15.2)	39.5	(33.8)	72.8
(Δ) Inventories	(10.8)	(228.2)	(152.2)	(329.7)
(Δ) Suppliers	15.7	201.7	(56.4)	120.2
(Δ) Recoverable taxes	(33.9)	(9.8)	(26.6)	(26.1)
(+/-) Change in other assets and liabilities/Non-cash effects	10.0	11.9	(50.0)	57.2
<b>(=) Cash flow from operations</b>	<b>47.1</b>	<b>109.1</b>	<b>(9.3)</b>	<b>197.7</b>
(-) Capital investments	(72.6)	(84.9)	(140.6)	(216.3)
(-) Extrafarma acquisition		(365.4)	-	(365.4)
(+) Cash from the business combination		20.1	-	20.1
<b>(=) Investment Cash Flow</b>	<b>(72.6)</b>	<b>(430.2)</b>	<b>(140.6)</b>	<b>(561.6)</b>
<b>Free Cash Flow</b>	<b>(25.5)</b>	<b>(321.1)</b>	<b>(149.9)</b>	<b>(364.0)</b>
(+) Gross debt raising	-	500.0	160.0	500.0
(-) Payment of gross debt	(32.5)	(248.2)	(261.8)	(448.2)
(-) Debt service	(11.2)	(14.9)	(35.1)	(75.6)
(-) Share buyback	-	(8.1)	(10.4)	(13.6)
<b>(=) Financing Cash Flow</b>	<b>(43.7)</b>	<b>228.8</b>	<b>(147.3)</b>	<b>(37.4)</b>
Opening balance of cash and cash equivalents	392.0	345.1	620.0	654.1
Closing balance of cash and cash equivalents	322.8	252.8	322.8	252.8
<b>Change in cash and cash equivalents</b>	<b>(69.2)</b>	<b>(92.3)</b>	<b>(297.2)</b>	<b>(401.3)</b>

### INCOME STATEMENT

On January 1, 2019, CPC 6-R2 (IFRS 16) entered into force, which changed the accounting recognition model of lease agreements. To preserve historical comparability, below is the reconciliation according to the previous standard (IAS 17/CPC 06).

Income Statement (BRL million)	IAS 17			IFRS16		
	3Q21	3Q22	Δ	3Q21	3Q22	Δ
<b>Gross Revenue</b>	<b>2,042.1</b>	<b>2,279.0</b>	<b>11.6%</b>	<b>2,042.1</b>	<b>2,279.0</b>	<b>11.6%</b>
Deductions	(130.1)	(148.9)	14.4%	(130.1)	(148.9)	14.4%
<b>Net Revenue</b>	<b>1,912.0</b>	<b>2,130.2</b>	<b>11.4%</b>	<b>1,912.0</b>	<b>2,130.2</b>	<b>11.4%</b>
Cost of Goods Sold	(1,307.4)	(1,452.7)	11.1%	(1,307.4)	(1,452.7)	11.1%
<b>Gross Margin</b>	<b>604.6</b>	<b>677.4</b>	<b>12.0%</b>	<b>604.6</b>	<b>677.4</b>	<b>12.0%</b>
Gross Margin	29.6%	29.7%	0.1p.p.	29.6%	29.7%	0.1p.p.
Selling Expenses	(455.3)	(501.5)	10.1%	(384.9)	(421.6)	9.5%
<b>Contribution Margin</b>	<b>149.3</b>	<b>176.0</b>	<b>17.9%</b>	<b>219.7</b>	<b>255.9</b>	<b>16.4%</b>
Contribution Margin (%)	7.3%	7.7%	0.4p.p.	10.8%	11.2%	0.4p.p.
General and Administrative Expenses	(59.3)	(60.9)	2.7%	(59.3)	(60.9)	2.7%
<b>Adjusted EBITDA</b>	<b>90.0</b>	<b>115.1</b>	<b>27.9%</b>	<b>160.4</b>	<b>195.0</b>	<b>21.5%</b>
Adjusted EBITDA Margin	4.4%	5.0%	0.6p.p.	7.9%	8.6%	0.7p.p.
Depreciation and amortization	(23.3)	(27.3)	17.3%	(72.2)	(81.5)	12.8%
Financial Earnings	(20.3)	(50.7)	149.5%	(51.1)	(86.1)	68.6%
<b>Earnings before Income Tax</b>	<b>46.4</b>	<b>37.1</b>	<b>(20.0%)</b>	<b>37.2</b>	<b>27.4</b>	<b>(26.2%)</b>
Income Tax and Social Contribution	(4.7)	6.6	-	(1.6)	9.9	-
<b>Adjusted Net Income</b>	<b>41.7</b>	<b>43.7</b>	<b>4.9%</b>	<b>35.6</b>	<b>37.3</b>	<b>4.9%</b>
Adjusted Net margin	2.0%	1.9%	(0.1p.p.)	1.7%	1.6%	(0.1p.p.)

Income Statement (BRL million)	IAS 17			IFRS16		
	9M21	9M22	Δ	9M21	9M22	Δ
<b>Gross Revenue</b>	<b>5,988.1</b>	<b>6,600.9</b>	<b>10.2%</b>	<b>5,988.1</b>	<b>6,600.9</b>	<b>10.2%</b>
Deductions	(403.0)	(427.5)	6.1%	(403.0)	(427.5)	6.1%
<b>Net Revenue</b>	<b>5,585.1</b>	<b>6,173.4</b>	<b>10.5%</b>	<b>5,585.1</b>	<b>6,173.4</b>	<b>10.5%</b>
Cost of Goods Sold	(3,781.2)	(4,174.5)	10.4%	(3,781.2)	(4,174.5)	10.4%
<b>Gross Margin</b>	<b>1,803.9</b>	<b>1,998.9</b>	<b>10.8%</b>	<b>1,803.9</b>	<b>1,998.9</b>	<b>10.8%</b>
Gross Margin	30.1%	30.3%	0.2p.p.	30.1%	30.3%	0.2p.p.
Selling Expenses	(1,316.4)	(1,472.5)	11.9%	(1,124.9)	(1,235.1)	9.8%
<b>Contribution Margin</b>	<b>487.5</b>	<b>526.5</b>	<b>8.0%</b>	<b>679.0</b>	<b>763.8</b>	<b>12.5%</b>
Contribution Margin (%)	8.1%	8.0%	(0.1p.p.)	11.3%	11.6%	0.3p.p.
General and Administrative Expenses	(166.9)	(195.9)	17.4%	(166.9)	(195.9)	17.4%
<b>Adjusted EBITDA</b>	<b>320.6</b>	<b>330.5</b>	<b>3.1%</b>	<b>512.1</b>	<b>567.9</b>	<b>10.9%</b>
Adjusted EBITDA Margin	5.4%	5.0%	(0.4p.p.)	8.6%	8.6%	-
Depreciation and amortization	(68.0)	(81.2)	19.5%	(199.8)	(242.9)	21.6%
Financial Earnings	(58.0)	(137.0)	136.2%	(143.3)	(241.2)	68.3%
<b>Earnings before Income Tax</b>	<b>194.6</b>	<b>112.3</b>	<b>(42.3%)</b>	<b>169.0</b>	<b>83.8</b>	<b>(50.4%)</b>
Income Tax and Social Contribution	(27.1)	24.9	-	(18.4)	34.6	-
<b>Adjusted Net Income</b>	<b>167.5</b>	<b>137.2</b>	<b>(18.1%)</b>	<b>150.6</b>	<b>118.3</b>	<b>(21.4%)</b>
Adjusted Net margin	2.8%	2.1%	(0.7p.p.)	2.5%	1.8%	(0.7p.p.)

# EARNINGS 3Q22

## » FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENT

Income Statement (BRL million)	IAS 17			IFRS16		
	3Q21	3Q22	Δ	3Q21	3Q22	Δ
<b>Gross Revenue</b>	<b>2,042.1</b>	<b>2,653.4</b>	<b>29.9%</b>	<b>2,042.1</b>	<b>2,653.4</b>	<b>29.9%</b>
Deductions	(130.1)	(169.0)	29.9%	(130.1)	(169.0)	29.9%
<b>Net Revenue</b>	<b>1,912.0</b>	<b>2,484.4</b>	<b>29.9%</b>	<b>1,912.0</b>	<b>2,484.4</b>	<b>29.9%</b>
Cost of Goods Sold	(1,307.4)	(1,705.0)	30.4%	(1,307.4)	(1,705.0)	30.4%
<b>Gross Margin</b>	<b>604.6</b>	<b>779.3</b>	<b>28.9%</b>	<b>604.6</b>	<b>779.3</b>	<b>28.9%</b>
Gross Margin	29.6%	29.4%	(0.2p.p.)	29.6%	29.4%	(0.2p.p.)
Selling Expenses	(455.3)	(594.3)	30.5%	(384.9)	(496.6)	29.0%
<b>Contribution Margin</b>	<b>149.3</b>	<b>185.0</b>	<b>23.9%</b>	<b>219.7</b>	<b>282.7</b>	<b>28.7%</b>
Contribution Margin (%)	7.3%	7.0%	(0.3p.p.)	10.8%	10.7%	(0.1p.p.)
General and Administrative Expenses	(59.3)	(83.3)	40.5%	(59.3)	(83.3)	40.5%
<b>Adjusted EBITDA</b>	<b>90.0</b>	<b>101.7</b>	<b>13.1%</b>	<b>160.4</b>	<b>199.5</b>	<b>24.3%</b>
Adjusted EBITDA Margin	4.4%	3.8%	(0.6p.p.)	7.9%	7.5%	(0.4p.p.)
Depreciation and amortization	(23.3)	(39.7)	70.7%	(72.2)	(107.1)	48.2%
Financial Earnings	(20.3)	(53.2)	162.1%	(51.1)	(94.0)	84.0%
<b>Earnings before Income Tax</b>	<b>46.4</b>	<b>8.8</b>	<b>(81.1%)</b>	<b>37.2</b>	<b>(1.6)</b>	<b>-</b>
Income Tax and Social Contribution	(4.7)	5.3	-	(1.6)	8.6	-
<b>Adjusted Net Income</b>	<b>41.7</b>	<b>14.1</b>	<b>(66.2%)</b>	<b>35.6</b>	<b>7.0</b>	<b>(80.3%)</b>
Adjusted Net margin	2.0%	0.5%	(1.5p.p.)	1.7%	0.3%	(1.4p.p.)

Income Statement (BRL million)	IAS 17			IFRS16		
	9M21	9M22	Δ	9M21	9M22	Δ
<b>Gross Revenue</b>	<b>5,988.1</b>	<b>6,975.3</b>	<b>16.5%</b>	<b>5,988.1</b>	<b>6,975.3</b>	<b>16.5%</b>
Deductions	(403.0)	(447.7)	11.1%	(403.0)	(447.7)	11.1%
<b>Net Revenue</b>	<b>5,585.1</b>	<b>6,527.6</b>	<b>16.9%</b>	<b>5,585.1</b>	<b>6,527.6</b>	<b>16.9%</b>
Cost of Goods Sold	(3,781.2)	(4,426.8)	17.1%	(3,781.2)	(4,426.8)	17.1%
<b>Gross Margin</b>	<b>1,803.9</b>	<b>2,100.9</b>	<b>16.5%</b>	<b>1,803.9</b>	<b>2,100.9</b>	<b>16.5%</b>
Gross Margin	30.1%	30.1%	-	30.1%	30.1%	-
Selling Expenses	(1,316.4)	(1,565.4)	18.9%	(1,124.9)	(1,310.2)	16.5%
<b>Contribution Margin</b>	<b>487.5</b>	<b>535.5</b>	<b>9.8%</b>	<b>679.0</b>	<b>790.7</b>	<b>16.4%</b>
Contribution Margin (%)	8.1%	7.7%	(0.4p.p.)	11.3%	11.3%	-
General and Administrative Expenses	(166.9)	(218.3)	30.8%	(166.9)	(218.3)	30.8%
<b>Adjusted EBITDA</b>	<b>320.6</b>	<b>317.2</b>	<b>(1.1%)</b>	<b>512.1</b>	<b>572.4</b>	<b>11.8%</b>
Adjusted EBITDA Margin	5.4%	4.5%	(0.9p.p.)	8.6%	8.2%	(0.4p.p.)
Depreciation and amortization	(68.0)	(93.6)	37.8%	(199.8)	(268.5)	34.4%
Financial Earnings	(58.0)	(139.6)	140.6%	(143.3)	(249.1)	73.8%
<b>Earnings before Income Tax</b>	<b>194.6</b>	<b>83.9</b>	<b>(56.9%)</b>	<b>169.0</b>	<b>54.8</b>	<b>(67.6%)</b>
Income Tax and Social Contribution	(27.1)	23.6	-	(18.4)	33.3	-
<b>Adjusted Net Income</b>	<b>167.5</b>	<b>107.5</b>	<b>(35.8%)</b>	<b>150.6</b>	<b>88.0</b>	<b>(41.5%)</b>
Adjusted Net margin	2.8%	1.5%	(1.3p.p.)	2.5%	1.3%	(1.2p.p.)

# EARNINGS 3Q22

## » FINANCIAL INFORMATION



### BALANCE SHEET



#### PAGUE MENOS CONSOLIDATED

Balance Sheet (R\$ millions)	IFRS16		
	12/31/21	09/30/22	Δ
<b>Total Assets</b>	<b>6,573.3</b>	<b>8,051.3</b>	<b>22.5%</b>
<b>Current Assets</b>	<b>3,512.5</b>	<b>4,058.3</b>	<b>15.5%</b>
Cash and Cash Equivalents	654.1	252.8	(61.4%)
Clients Accounts Receivable	530.3	578.5	9.1%
Inventory	1,957.0	2,789.2	42.5%
Taxes to Recover	232.4	258.0	11.0%
Other Current Assets	138.7	179.8	29.6%
<b>Non-Current Assets</b>	<b>3,060.8</b>	<b>3,993.0</b>	<b>30.5%</b>
Long-Term Realizable Assets	648.7	919.5	41.7%
Investments	72.6	74.8	3.0%
Fixed Assets	665.6	959.9	44.2%
Rights of use under lease	1,615.6	1,919.4	18.8%
Intangible Assets	58.2	119.4	105.1%
<b>Total Liabilities</b>	<b>6,573.3</b>	<b>8,051.3</b>	<b>22.5%</b>
<b>Current Liabilities</b>	<b>2,191.4</b>	<b>2,753.5</b>	<b>25.6%</b>
Social and Labor Obligations	103.4	227.1	119.6%
Suppliers	1,306.5	1,650.0	26.3%
Tax Obligations	94.1	103.3	9.7%
Loans and Financing	435.7	231.3	(46.9%)
Other Obligations	29.6	233.6	689.9%
Leasing	222.1	308.3	38.8%
<b>Long Term Liabilities</b>	<b>2,291.6</b>	<b>3,037.2</b>	<b>32.5%</b>
Loans and Financing	753.9	1,041.9	38.2%
Other Obligations	7.2	6.4	(11.1%)
Leasing	1,508.0	1,785.7	18.4%
Provisions	22.6	29.1	29.1%
Other Accounts Payable	-	174.0	-
<b>Shareholder's Equity</b>	<b>2,090.2</b>	<b>2,260.7</b>	<b>8.2%</b>
Realized Share Capital	1,199.2	1,199.2	0.0%
Capital Reserves	369.7	385.4	4.2%
Profit Reserves	521.3	521.3	0.0%
Treasury Stock	-	(14.6)	-
Accumulated Profits/Losses	-	161.7	-
Non-controlling interest	-	7.6	-



## APPENDIX 1: ADJUSTED NET INCOME RECONCILIATION

Adjusted Net Income Reconciliation (BRL million)	STANDALONE			CONSOLIDATED		
	3Q22 Reported	Adjustments	3Q22 Adjusted	3Q22 Reported	Adjustments	3Q22 Adjusted
<b>Gross Revenue</b>	<b>2,279.4</b>	<b>(0.4)</b>	<b>2,279.0</b>	<b>2,659.3</b>	<b>(5.9)</b>	<b>2,653.4</b>
Deductions	(148.9)	-	(148.9)	(169.1)	0.1	(169.0)
<b>Net Revenue</b>	<b>2,130.6</b>	<b>(0.4)</b>	<b>2,130.2</b>	<b>2,490.2</b>	<b>(5.8)</b>	<b>2,484.4</b>
Cost of Good Sold	(1,453.1)	0.4	(1,452.7)	(1,710.9)	5.9	(1,705.0)
<b>Gross Profit</b>	<b>677.4</b>	<b>0.0</b>	<b>677.4</b>	<b>779.2</b>	<b>0.1</b>	<b>779.3</b>
Selling Expenses	(283.7)	(137.8)	(421.6)	(360.9)	(135.7)	(496.6)
General and Administrative Expenses	(97.3)	36.4	(60.9)	(88.7)	5.4	(83.3)
Depreciation and amortization	(81.5)	-	(81.5)	(107.1)	-	(107.1)
<b>Resultado Operacional</b>	<b>214.9</b>	<b>(101.4)</b>	<b>113.5</b>	<b>222.5</b>	<b>(130.1)</b>	<b>92.4</b>
Financial Result	(98.9)	12.8	(86.1)	(106.8)	12.8	(94.0)
<b>Earnings before Income Tax</b>	<b>116.0</b>	<b>(88.6)</b>	<b>27.4</b>	<b>115.7</b>	<b>(117.3)</b>	<b>(1.6)</b>
Income Tax and Social Contribution	(31.3)	41.2	9.9	(31.3)	39.9	8.6
<b>Net Income</b>	<b>84.8</b>	<b>(47.4)</b>	<b>37.3</b>	<b>84.5</b>	<b>(77.4)</b>	<b>7.0</b>

## APPENDIX 2: EBITDA RECONCILIATION

Adjusted EBITDA Reconciliation (BRL million)	STANDALONE			CONSOLIDATED		
	3Q22 Reported	Adjustments	3Q22 Adjusted	3Q22 Reported	Adjustments	3Q22 Adjusted
<b>Net Income</b>	<b>84.8</b>	<b>(47.4)</b>	<b>37.3</b>	<b>84.5</b>	<b>(77.4)</b>	<b>7.0</b>
(+) Financial Result	98.9	(12.8)	86.1	106.8	(12.8)	94.0
(+) Income Tax and Social Contribution	31.3	(41.2)	(9.9)	31.3	(39.9)	(8.6)
(+) Depreciation and Amortization	81.5	0.0	81.5	107.1	0.0	107.1
<b>EBITDA</b>	<b>296.4</b>	<b>(101.4)</b>	<b>195.0</b>	<b>329.6</b>	<b>(130.1)</b>	<b>199.5</b>

## APPENDIX 3: DISTRIBUTION OF STORE BY STATE

STARE / Region (# Stores)	3Q21	Organic Expansion	Inorganic Expansion	Closings	3Q22
<b>Total</b>	<b>1,126</b>	<b>105</b>	<b>399</b>	<b>38</b>	<b>1,592</b>
<b>Northeast Region</b>	<b>692</b>	<b>67</b>	<b>222</b>	<b>15</b>	<b>966</b>
Alagoas	30	5	-	-	35
Bahia	122	13	20	1	154
Ceará	182	8	91	9	272
Maranhão	64	12	57	2	131
Paraíba	53	3	4	1	59
Pernambuco	122	14	34	1	169
Piauí	38	3	-	-	41
Rio Grande Do Norte	45	8	16	1	68
Sergipe	36	1	-	-	37
<b>North Region</b>	<b>112</b>	<b>6</b>	<b>135</b>	<b>6</b>	<b>247</b>
Acre	13	1	-	-	14
Amapá	6	1	11	-	18
Amazonas	22	-	-	-	22
Pará	35	2	121	6	152
Rondônia	13	-	-	-	13
Roraima	9	2	-	-	11
Tocantins	14	-	3	-	17
<b>Southeast Region</b>	<b>190</b>	<b>20</b>	<b>42</b>	<b>12</b>	<b>240</b>
Espírito Santo	26	-	-	1	25
Minas Gerais	60	9	-	3	66
Rio De Janeiro	19	2	-	2	19
São Paulo	85	9	42	6	130
<b>Midwest Region</b>	<b>90</b>	<b>12</b>	<b>-</b>	<b>4</b>	<b>98</b>
Distrito Federal	17	-	-	2	15
Goiás	27	2	-	1	28
Mato Grosso	23	4	-	-	27
Mato Grosso Do Sul	23	6	-	1	28
<b>South Region</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>41</b>
Paraná	15	-	-	-	15
Rio Grande Do Sul	7	-	-	-	7
Santa Catarina	20	-	-	1	19



## 3Q22 EARNINGS CALL

**Portuguese and English (Simultaneous translation)**

Tuesday, November 8, 2022

10:00 a.m. (BRT)

08:00 a.m. ( NY - ET)

### CONNECTION NUMBER

**BR** +55 (11) 3181.8565 • +55 (11) 4090.1621

**NYC** +1 844 204.8942 • +1 412 717.9627

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