EARNINGS RELEASE 2Q21

PagueMenos

Fortaleza, Ceará, August 2, 2021. Empreendimentos Pague Menos S.A. (“Company" or "Pague Menos"), since 2009, the only Brazilian pharmaceutical retail chain present in every states in Brazil, bringing health to more than 300 Brazilian municipalities, announces its results for the second quarter of 2021.

Since 2019, our financial statements are prepared in accordance with IFRS 16, which has changed the criteria for the recognition of rental contracts. To demonstrate the effects of the implementation of this standard and facilitate comparability between periods, we present on page 18 of this release the Statement of Income for the Year excluding the effects of IFRS 16.

HIGHLIGHTS 2Q21

- **Same Stores Sales**: Growth of 19.7% and 18.9% in mature stores
- **Average Monthly Store Sales**: R$ 616 thousand with growth of 21.8%
- **Digital**: Growth of 71.1%, representing 7.4% of total sales (+2.2p.p. vs 2Q20)
- **Clinic Farma**: Record 760 thousand consultations and adoption by 6.8% of customer base
- **EBITDA**: R$ 192.3 million (+37.7% vs 2Q20) and EBITDA Margin of 9.4% (+1.1p.p. vs 2Q20)
- **Net Income:** 71.6 million (+683.2% vs 2Q20) and Net margin of 3.5% (+3.0p.p. vs 2Q20)
- **Capital Markets**: Cumulative share price appreciation since the IPO of 40.6% (as of July 30, 2021)

FINANCIAL HIGHLIGHTS (R$ million)	2Q20	2Q21	Δ	1H20	1H21	Δ
Gross Revenue	1,688.3	2,035.8	20.6%	3,451.5	3,946.0	14.3%
Gross Profit	494.9	630.3	27.4%	1,002.4	1,199.3	19.6%
% Gross Profit Margin	*29.3%*	*31.0%*	*1.7 p.p.*	*29.0%*	*30.4%*	*1.4 p.p.*
Contribution Margin	181.5	250.2	37.9%	348.9	459.3	31.6%
% Contribution Margin	*10.7%*	*12.3%*	*1.6 p.p.*	*10.1%*	*11.6%*	*1.5 p.p.*
Adjusted EBITDA	139.7	192.3	37.7%	265.1	351.6	32.7%
% Adjusted EBITDA Margin	*8.3%*	*9.4%*	*1.1 p.p.*	*7.7%*	*8.9%*	*1.2 p.p.*
Adjusted Net Income	9.1	71.6	683.2%	18.3	115.8	531.0%
% Adjusted Net Margin	*0.5%*	*3.5%*	*3.0 p.p.*	*0.5%*	*2.9%*	*2.4 p.p.*

OPERATIONAL HIGHLIGHTS	2Q20	2Q21	Δ	1H20	1H21	Δ
# of Stores	1,112	1,101	(1.0%)	1,112	1,101	(1.0%)
# of Stores with Clinic Farma	798	830	4.0%	798	830	4.0%
Avg. Sales/store/month (R$ thousand)	506	616	21.8%	517	597	15.5%
# of consultations (thousand)	24,286	26,846	10.5%	53,822	52,913	(1.7%)
Average Ticket (R$)	69.52	75.83	9.1%	64.13	74.57	16.3%
# of Employees	19,489	19,642	0.8%	19,489	19,642	0.8%
# Employees/Store	17.5	17.8	1.8%	17.5	17.8	1.8%
Avg. Sales/employee (R$ thousand)	28.9	34.5	19.6%	29.5	33.5	13.4%
% Sales via Digital Channels	5.2%	7.4%	2.2p.p.	3.9%	6.8%	2.9p.p.

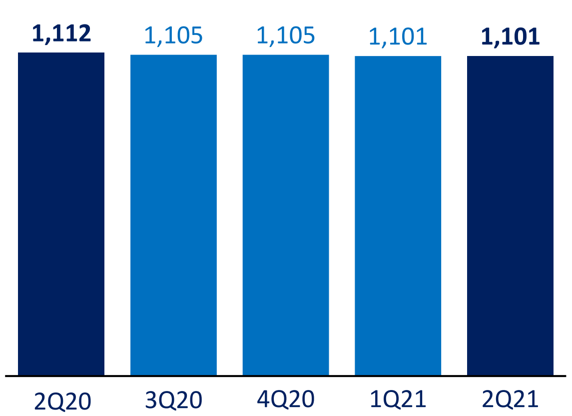
STORE PORTFOLIO

We closed 2Q21 with 1,101 stores distributed in 325 municipalities, 91% of which were mature stores.

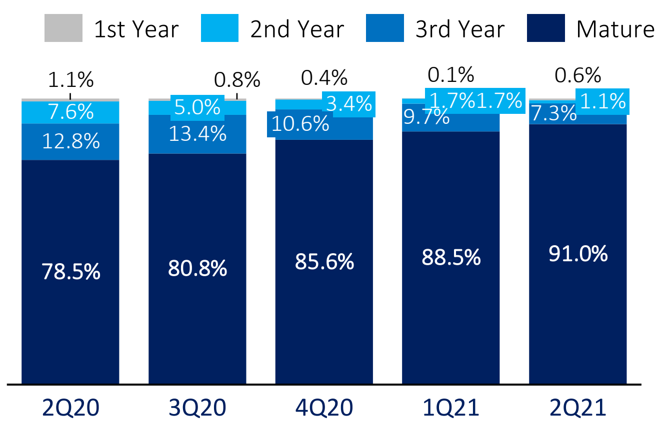
The new cycle of organic expansion evolves as planned, 6 stores were inaugurated in the quarter, and are located mostly in the Northeast region. The initial performance of these branches is encouraging, with average sales higher than planned. In 2Q21, 6 stores were closed, and 48 others refurbished.

The pace of openings will gain traction in 3Q21. We have more than 130 new locations approved in committee, of which 80 already have contracts signed and are in the implementation phase, scheduled to open in the coming quarters. It is important to note that, even with the acquisition of Extrafarma's portfolio of stores, we continue with many opportunities mapped out for organic expansion, and therefore the pace of store openings will not be affected.

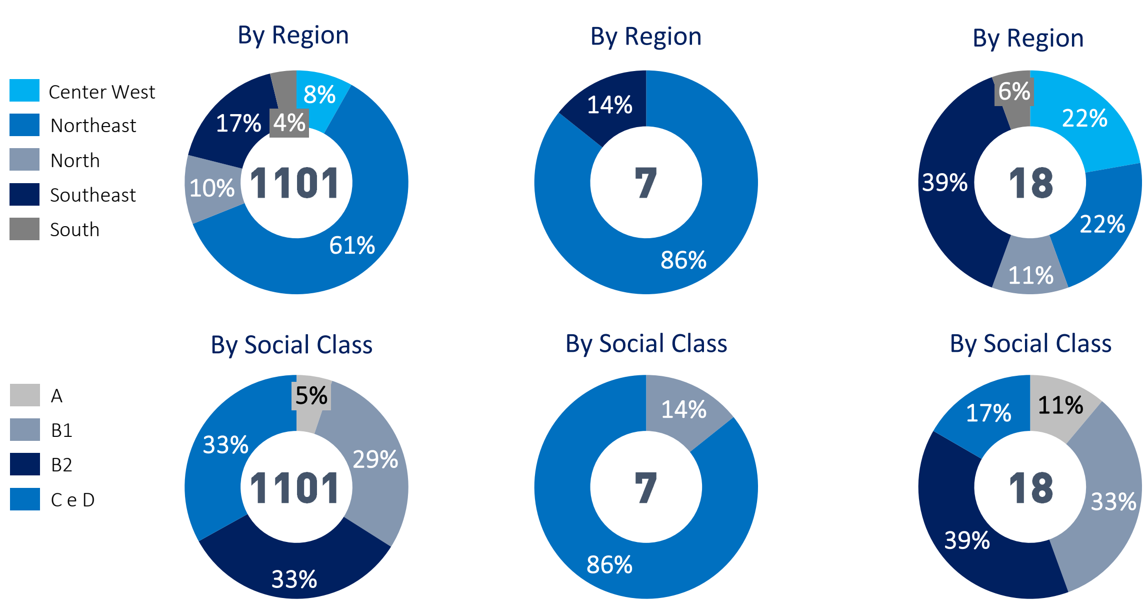
Evolution of Store Base



Store Age Profile



Store Base (2Q21) | **LTM Openings¹** | **LTM Closures¹**



¹LTM: Last twelve months

Note: Predominant social class near each store (within 5 minutes). Segmentation follows IBGE criteria, where Class A comprises households with an average monthly family income of R$ 22.7 thousand, Class B1 of R$ 10.7 thousand, Class B2 of R$ 5.5 thousand, and C/D of up to R$ 3.0 thousand.

EXTRAFARMA ACQUISITION

On May 18, 2021, Pague Menos formalized the acquisition of Imifarma Produtos Farmacêuticos e Cosméticos S.A. (Extrafarma) for R$700 million (Enterprise Value). The transaction is an important milestone in our recent history, consolidating the beginning of a new phase of growth for the Company. Extrafarma ended the first quarter of 2021 with 402 stores, distributed over 10 states, with total revenues of R$ 2.1 billion in 2020. With the acquisition, which is under review by *CADE* (Brazilian Anti-Trust Agency), Pague Menos will become the second largest pharmacy chain in the country in number of stores.

The strategic rationale of the transaction was based on the following pillars:

1. <u>Growth Acceleration:</u> The acquisition of Extrafarma takes place at a very opportune time. In addition to finalizing the company's transformation process, with progress in corporate governance, strengthening of the management team, implementation of new processes and systems and optimization of the portfolio of products and stores, we resumed the organic expansion plan and the acceleration in our pace of growth. The portfolio of stores acquired is well aligned with the ongoing organic expansion plan, with 212 stores positioned in neighborhoods where we already wanted to open at least one store, with a target audience mostly concentrated in the expanded middle class and located mainly in the North and Northeast regions, where we have great expertise in the operation.

2. <u>Strengthening Strategic Positioning</u>: The presence of Pague Menos in the North and Northeast regions, responsible for a quarter of the Brazilian pharmaceutical market, has always been one of our competitive advantages. With the acquisition of Extrafarma, which has 90% of its stores located in these regions, we strategically reinforce our positioning in these markets. We estimate[1] that our market share will double in the North and advance by 20% in the Northeast region, consolidating our leadership in 12 of the 16 states in these regions.

3. <u>Expansion of Our Health Hub</u>: Pague Menos' business model goes far beyond pharmaceutical retailing, offering a holistic and comprehensive health and wellness solution to our customers. Our Health Hub has multiple fronts, which will be enhanced with this acquisition. We intend to use Extrafarma's more than 400 stores as a platform to expand our digital channels, expand the supply of pharmaceutical services, increase the participation of private label products, increase the reach of the network of agreements (*convênios*) and partnerships and strengthen our CRM ecosystem. The gain in scale obtained by the acquisition, will enhance all fronts of our Health Hub.

4. <u>Logistics Optimization:</u> On our investment roadmap for the next 3 years, we had already contemplated at least two new Distribution Centers, one in the North and another in the state of São Paulo. With the acquisition, we incorporate two CDs aligned with this plan, in addition to a third, also complementary, in the state of Maranhão. With the reinforcement of the logistics network, we estimate a relevant reduction in the average CD>Store distance, leading to a reduction in the cost of freight and increased frequency of supply, which we expect to contribute to a lower level of stockouts in the stores.

5. <u>Potential for Relevant Synergies</u>: We have mapped out a series of operational synergies for capture over the initial 2 ½ years of integration. Several levers related to increased store productivity, leveling of commercial conditions, logistics optimization and organizational restructuring, which could generate from R$150 million to R$250 million annually in increased EBITDA, after the complete implementation of the initiatives.

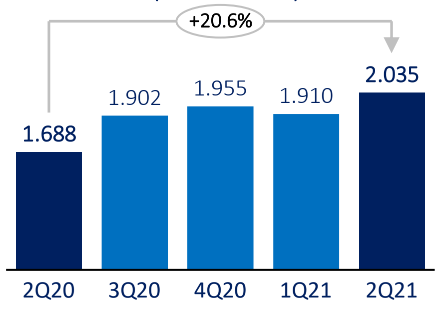
Currently, we are planning the process of future integration of Extrafarma assets, in order to maximize the capture of synergies as soon as possible after the approval of the *CADE* and finalization of the operation. Respecting the conditions imposed by Brazilian competition defense legislation, we have structured an integration office, which has a team of senior executives dedicated full time to the project, as well as specialized consulting and working groups in the main business areas. By the time of the the closing of the operation we intend to complete the mapping and detailed planning of the integration for the generation of value mentioned above, once *CADE* approval has been granted.

[1] Market share estimation based on IQVIA's data for Pague Menos in 2020 and for Extrafarma, considering sales per region.

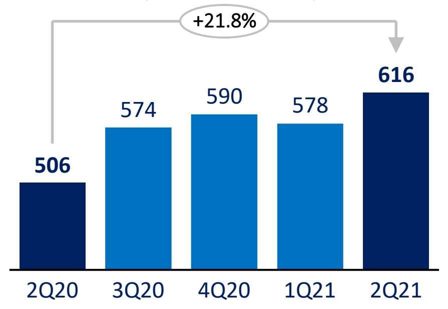
SALES

In 2Q21 we accelerated the sales growth observed in recent quarters in all different metrics. We achieved record gross revenue of R$ 2.0 billion, up 20.6% from 2Q20, same-store growth of 19.7% and mature store sales of 18.9%.

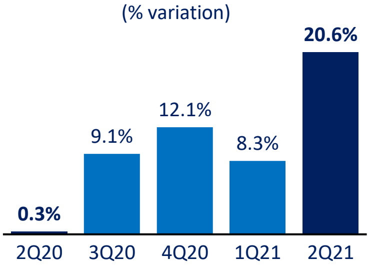
Gross Revenue
(in R$ million)



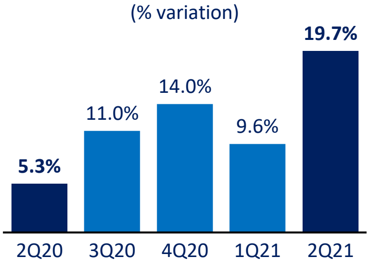
Average Store Sales/Month
(in R$ thousand)



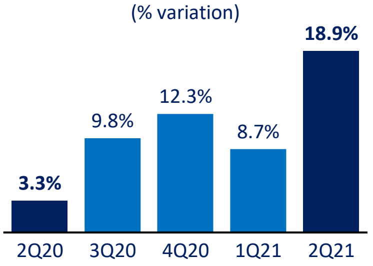
All Stores
(% variation)



Same Store Sales
(% variation)



Mature Stores
(% variation)

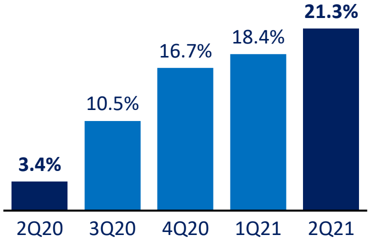


The positive sales performance is the result of the continuous improvement of operational indicators, with emphasis on: i) a 40% reduction in the stockout rate; ii) a 6.6% increase in the assortment of items sold; iii) increase in the NPS of customers by 8 p.p., reaching 74 points; iv) increase in the participation of digital channels by 2.2 p.p., reaching 7.4% of total sales; v) increasing customer adoption of Clinic Farma, reaching 6.8% of the total customer base; vi) growth in the volume of unique customers by 14.3% and vii) incremental sales, generated by CRM actions, representing 2.7% of sales.

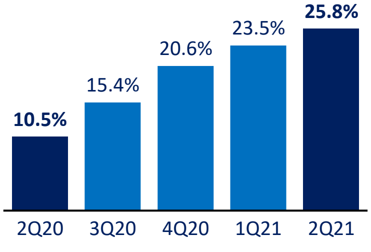
The sales performance of 2Q21 was also positively influenced by two factors: i) the annual adjustment in the price of medicines, which in 2021 occurred on April 1st, while in 2020, it took effect on June 1st, and ii) by the basis of comparison with April 2020, which had been negatively impacted by the beginning of the Covid-19 pandemic. These two effects made the comparison basis (2Q20) weaker.

In order to minimize the effects of the pandemic and price adjustments on different dates and provide a better view of Pague Menos's sales evolution, we present below the accumulated growth over 2 years, where the evolution of sales quarter after quarter is clear.

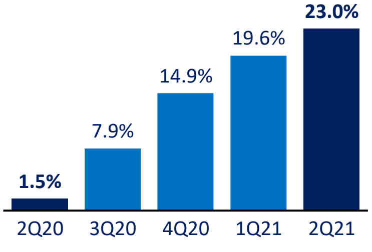
All Stores
(% accumulated variation 2 years)



Same Stores
(% accumulated variation 2 years)

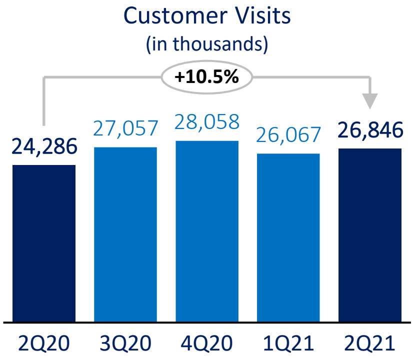


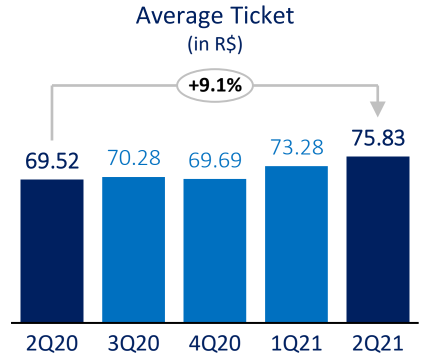
Mature Stores
(% accumulated variation 2 years)



Note: The same store concept does not consider temporarily closed stores, when lasting more than seven calendar days. Including those stores that were temporarily closed on that basis, the same store growth of 2Q20, 3Q20, 4Q20, 1Q21 and 2Q21 was 1.7%, 10.9%, 13.5%, 9.3% and 20.6% respectively.

For the first time since the beginning of the pandemic, we observed an increase in the number of in-store visits, both in comparison with the previous year (+10.5%) as well as with the previous quarter (+3.0%), signaling the beginning of the resumption in the flow of customers in stores. However, this metric remains below the pre-pandemic level, indicating room for growth in the coming quarters. The average ticket grew 9.1%, 6.9% due to price inflation and 2.2% due to changes in the mix of products sold and the number of items per ticket, positively influenced by the expansion of assortment offered in stores, which has been improving since 2018.

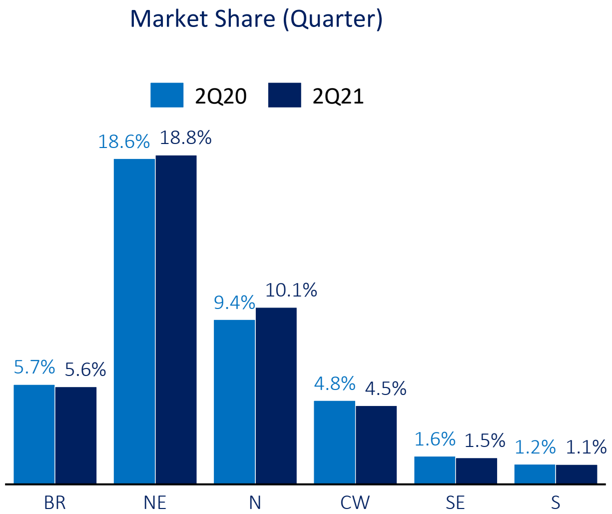


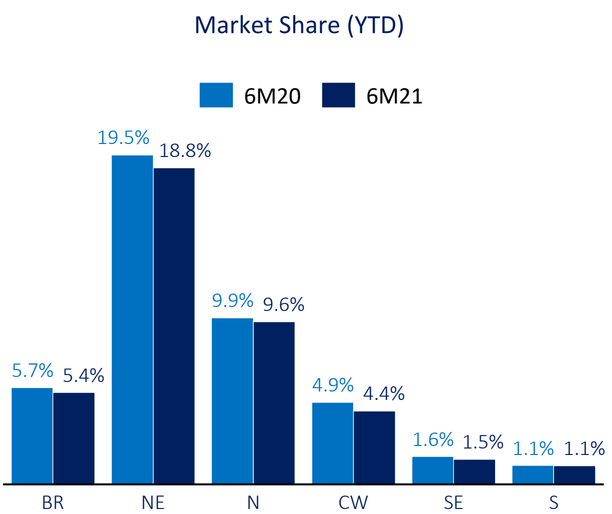


MARKET SHARE

Our national market share was 5.6% in the quarter, a slight decline of 0.1p.p. compared to 2Q20. In the regional cut, we resumed the path of market share growth in the North and Northeast, with growth of 0.7p.p. and 0.2p.p., respectively, in relation to 2Q20. The indicator is especially positive because it reinforces the robustness of our same store growth, since in the period we maintained the same number of stores in those regions, while large chains and independent/associative chains expanded by 8.1% and 8.9%, respectively. In the Center West, Southeast and South regions, the decline is related to the 1.8% reduction in the store base, while large chains expanded their portfolio by 7.8%.

In the year-on-year measurement, we reached a national market share of 5.4%, a reduction of 0.3p.p. compared to the same period of the previous year. As we accelerate our pace of organic expansion and the new stores advance in the maturation process, we expect a resumption of the market share growth trajectory.



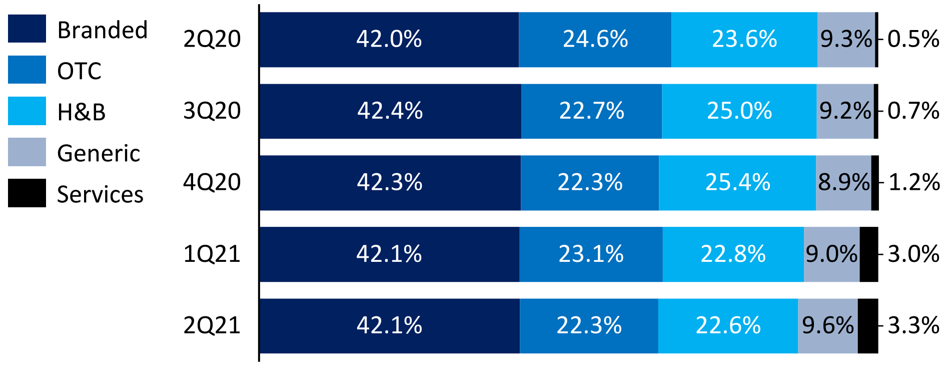


Source: IQVIA

SALES MIX

In 2Q21 we observed an increase in the participation of generic drugs, due to more intense promotional activity, commercial negotiations and optimized CRM actions, always focusing on the target audience, respecting the medical prescription and preference of our customers. This category reached 9.6% of sales, with growth of 0.6p.p. vs. 1Q21 and 0.3p.p. vs. the 2Q20.

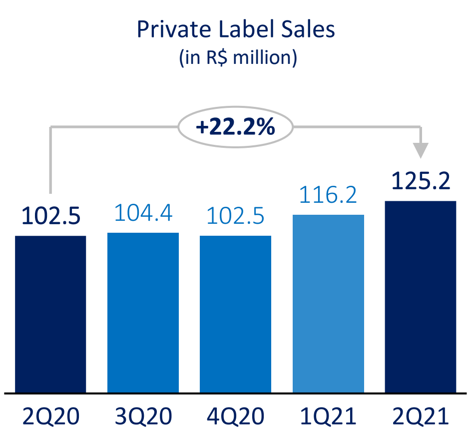
Services revenues continue to gain participation, reaching 3.3% of total sales, mainly leveraged by revenue from Covid-19 tests, demonstrating the strength of the Clinic Farma channel as an agent of public health. The non-drug category represented 32.7% of total sales in 2Q21 vs. 34.2% in 2Q20.

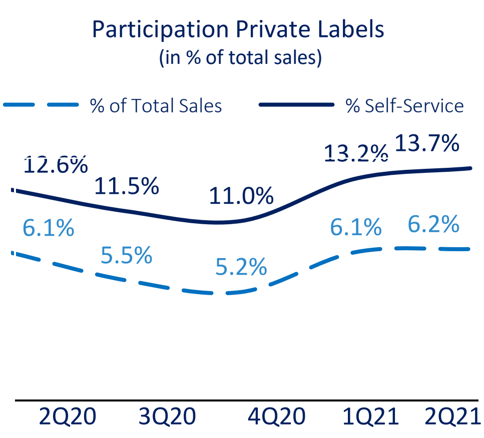


PRIVATE LABEL

The category of private label products totaled R$125.2 million in sales in the quarter, a growth of 22.2% compared to 2Q20. The category share in total sales reached 6.2%, an increase of 0.1p.p. compared to 2Q20 and 1Q21. The total share of self-service was 13.7%, an increase of 1.1p.p. compared to 2Q20 and 0.5p.p. compared to 1Q21.

We continue to expand and diversify the product portfolio. The items released in the last 2 years concentrated more than 30% of total sales of private label brands in the quarter, signaling a high level of success in launches.



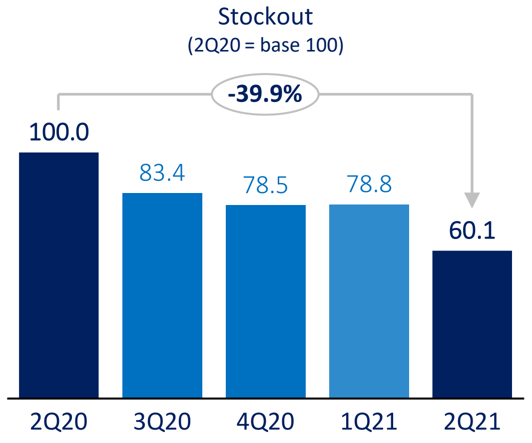


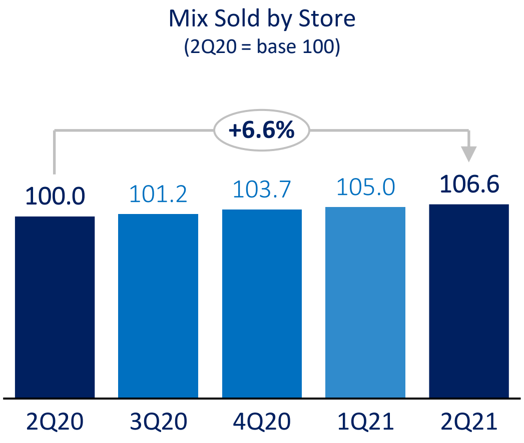
PRODUCT AVAILABILITY

2Q21 was an emblematic quarter in terms of the efficiency of our supply chain, with assortment metrics, stockouts and in-store product availability reaching the best levels of recent years and contributing directly to good sales performance.

The stockout rate decreased by 40% compared to 2Q20, reaching the lowest level in 3 years. The result of the continuous improvement of the product replacement algorithm and increase in the frequency of supply of stores, in addition to the diversification of the supplier and distributor base. We continue to see room for improvement in this indicator, especially considering the optimization of our logistics network designed for the coming years, with the incorporation of the Extrafarma distribution centers.

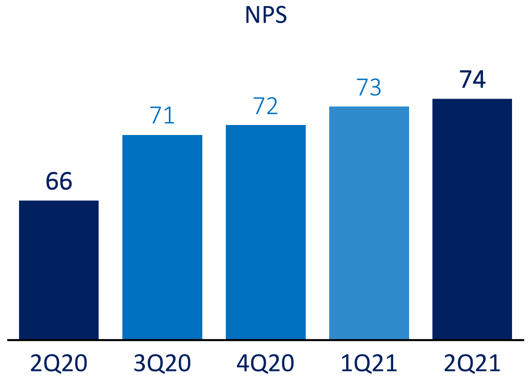
We continue to expand the assortment of products offered in stores, activating new items and allowing an increasingly complete shopping journey. We averaged 9.2 thousand SKUs per store, an increase of 14% over 2Q20. The number of different items sold per store increased by 6.6%, evidencing the correctness of these activations.

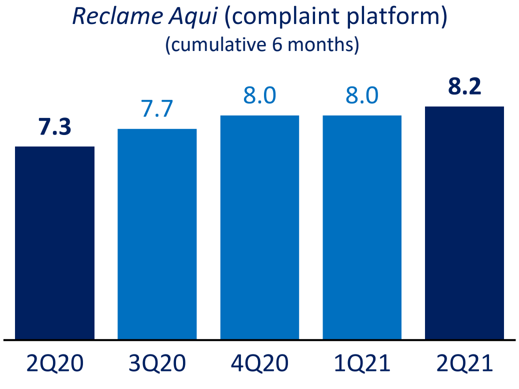




CUSTOMER SATISFACTION

With the implementation of an increasingly customer-centric culture, we continue to see consistent improvements in in-store service level indicators. The NPS, the main and most comprehensive customer satisfaction metric, remained at the level of excellence, reaching 74 points, an increase of 8 points compared to 2Q20. On the *Reclame Aqui* platform, we continue to improve our reputation, achieving a score of 8.2, one of the best among national retailers.





HEALTH HUB

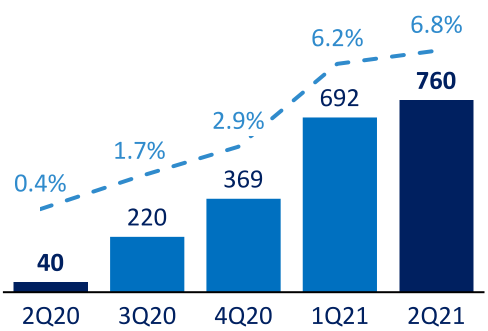
The Pague Menos Health Hub continues to develop, becoming an increasingly comprehensive solution for promoting health and well-being for our customers. In 2Q21, we made important advances in the proposal to consolidate our stores as primary care stations, with the Point of Care Testing (POCT) concept, offering a growing list of low complexity diagnostic services and monitoring of chronic pathologies in store.

Clinic Farma reached a new record, 760 thousand consultations in 2Q21, reaching 6.8% of the total customer base. In the first half of the year, we exceeded 1.4 million visits, a 74% increase over the number recorded in all of 2020. The portfolio of services was expanded to include 46 health protocols, with the inclusion of new rapid tests of influenza, anemia, and cardiovascular parameters, among others. We also expanded our offering of Home Care services, with home application of injectable drugs and rapid tests, from 2 to 8 states.

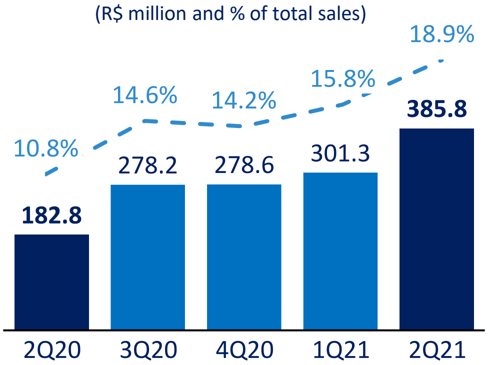
The offer of rapid tests for Covid-19 was expanded, with the inclusion of the RT-PCR test in the portfolio, making Pague Menos the first pharmacy chain in the North and Northeast regions to offer this type of in-store examination. We reached the mark of more than 600 thousand Covid-19 tests applied in the quarter, with an 18% share among the chains that are Abrafarma members. The application of Covid-19 tests has contributed greatly as an attraction for new customers.

Clients who used our clinics had an average spend of 2.8x higher than other clients, evidencing the importance of this line of services to our business.

Clinic Farma Consultations and Services
(thousands and % of total customers)



Sales via Agreements and Partnerships
(R$ million and % of total sales)



We continue to leverage our Health Hub through agreements *(convênios)* and partnerships with companies, health plans, class entities and sports fans group programs, increasingly expanding the scope of contracts beyond drug discounts. In 2021, more than 100 new partnerships were signed, expanding the beneficiary customer base to 8.9 million. In 2Q21, this channel concentrated 18.9% of total sales, an increase of 8.1 p.p. compared to 2Q20.

AME, our specialty drugs channel, continues to develop at a healthy pace. In 2Q21, we began to offer in our stores, in a pioneering initiative among national pharmaceutical retailers, the botulinum toxin, directed exclusively to health professionals and medical clinics, in a B2B format. Thus, the medical class now has the capillarity of Pague Menos for the distribution of this product that has increasing demand. This and other launches led the channel to record growth of 273% vs. 2Q20. In the quarter, we also expanded the reach of the Patient Support Program (PSP AME), doubling the number of customers with treatment monitoring and personalized service in this channel.

The offer of telemedicine in our stores and website was expanded in 2Q21, with the inclusion of new modalities of tele-consultation, such as tele-counseling, tele-nutrition and pharmaceutical teleservice on our platforms. In addition, we have partnered with Saúde ID, a subsidiary of Fleury group, for the use of TytoCare technology in telemonitoring, assisted by the store pharmacist. The technology allows physicians access to high quality images and sounds, in addition to the use of complementary equipment to measure physiological parameters, facilitating the clinical outcomes sought by the doctor. For now, this modality is in a pilot program in the state of São Paulo.

OMNICHANNEL PLATFORM

In 2Q21, our omnichannel platform continued to reach new records, advancing the proposal to offer our customers increasingly agile and convenient solutions in their shopping journeys, with a complete integration between our multiple sales channels.

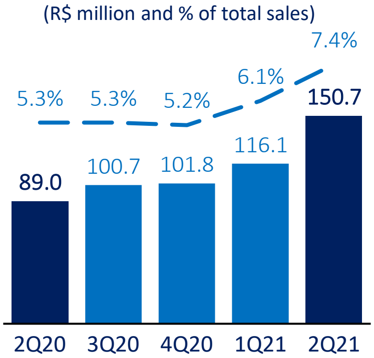
Sales of digital channels expanded 71.1% in the quarter, reaching 7.4% of total sales, an increase of 2.2p.p. compared to 2Q20. In the South and Southeast regions, where e-commerce is in a more mature stage, digital sales participation reached 13.2% and 14.4%, respectively. It is important to note that the strong growth is accompanied by consistent improvement in the service level, being reflected mainly in our reputation on the *Reclame Aqui* (Complain Here) consumer complaint platform. In June 2021, we reached a score of 8.2 on the platform, maintaining the RA1000 seal of excellence.

We have expanded our express delivery network to 225 stores in 158 municipalities, allowing the delivery of orders online from stores within 4 hours. With this, we were able to reduce delivery times, increasing the level of service and making the Ship From Store modality the most relevant among digital channels, concentrating 29% of sales.

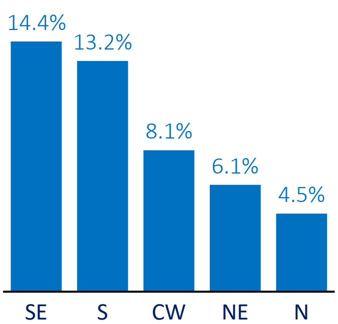
The Infinite Shelf, an innovation launched in 2020, continues to grow and gain participation in sales. With this initiative, the store operation now can work not only the inventory of its own unit, but with the integrated inventory of an entire city or state. This expanded mix even includes special medicines. In 2Q21, we incorporated new features into this sales channel, such as the sale of prescription drugs and the possibility of buying in one store and picking up your purchase in another store.

The Telephone Sales Center, implemented in 4Q20, was expanded to 169 stores, and has been contributing to the growth of digital sales mainly in the North and Northeast regions. The initiative has generated great productivity gains for stores and improvement in the service level of this channel, helping the rate of lost calls reach a historic low in 2Q21. In the quarter, we started a pilot program using artificial intelligence, in partnership with Google and BlueLab, further improving the experience on our digital journey.

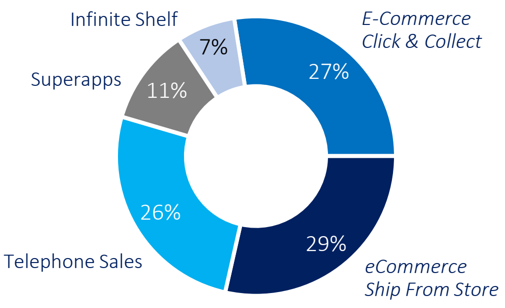
Digital Sales
(R$ million and % of total sales)



Participation by Region
(% of total sales in 2Q21)



Sales by Digital Channel
(Digital Sales Participation)



Our locker program is being expanded. Through partnerships and our network, we currently use more than 190 locker installations located in five states, allowing customers to withdraw products with agility and discretion, in addition to optimizing the operation of stores.

In online traffic metrics, we registered records for sessions and unique users. In addition, the improvements implemented on our website in recent months related to user experience (UX) have been reflected in consistently improved results in the quality of navigation. We recorded better recurrence and duration of visits, pages visited and bounce rate indicators when compared to our main competitors[1], according to SimilarWeb data. In addition, we continue to record an improvement in the conversion rate, with an increase of 1.5p.p. compared to 2Q20.

[1] Considering e-commerce sites of Abrafarma's 5 principal chains. Data collected from April/21 to June/21.

CONTENT PLATFORM AND CRM

One of the drivers of sales growth in the quarter was the expansion of the customer base, leveraged by the increasingly accurate CRM and targeted marketing strategy. The active customer base, with purchases in the last 12 months, reached 14.8 million, of which 7.5 million made purchases in the quarter, a growth of 14.3% compared to 2Q20. In the year-to-date, incremental sales generated by CRM actions totaled 2.7% of sales, more than doubling compared to the same period a year earlier. We also started using CRM strategies in an increasingly integrated way with category management, through communications segmented by customer and by SKU, contributing to the expansion of strategic categories such as generics and Clinic Farma services.

In addition to attracting new customers, we were also able to increase the retention rate of high-value customers, those with recurring purchase profiles and high average ticket. Through campaigns focused on customers who presented disengagement, aggressive offers and increasingly granular monitoring of NPS, we were able to increase the retention rate of this group of customers significantly, when compared to the same period in 2020.

In 2Q21, we increased investments in marketing, mainly due to institutional campaigns related to the 40th anniversary of Pague Menos and activities related to the sponsorship of the Brazilian national football team, enhanced by the realization of the Copa América 2021. Through the RCQ (Reach-Cost-Quality) methodology, we calculated an increase of 36% in the quality of expenditures compared to the previous quarter, which contributed directly to the acquisition of new customers.

TECHNOLOGY AND TRANSFORMATION

In 2Q21 we carried out the 1st Pague Menos Hackathon, coordinated by *PmenosLab*, our digital innovation and transformation arm. The event brought together 7 teams that, over the course of a weekend, developed solutions aimed at improving customer loyalty. The jury, made up of executives from the technical and business areas, gave awards to the two teams that developed the best innovative solutions, which will soon be implemented in the CRM strategy.

We also promoted the 3rd FastDating, meeting between executives of the business areas with 10 startups, selected from the more than 200 registered in our platform. Six of them were chosen to move forward with different areas of the business, and with one of them – the Analytics solution – we have already started a pilot project.

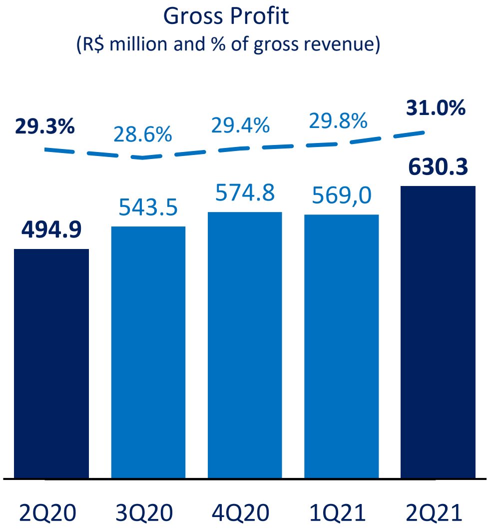
We have successfully and quickly implemented the new version of SAP - S/4 Hana - in just 5 months . The project, started in February 2021, had strong planning and was based on modern methodologies such as the use of Artificial Intelligence to reduce the total migration time and training period. We have already closed our accounts for the month of June 2021 using this new platform. This technical migration is strategic because it opens a range of possibilities for us to use the full potential of the tool.

In this quarter we also completed another important stage of the transformation journey - Data Driven Journey. It started with the implementation of the new platform - SAP S/4 Hana and SAP Data Intelligence - that modernized and increased processing capacity through a new, more robust data model. New sources of information were incorporated, which expanded analytical capacity and ensure greater information integrity, a determining factor in decision making and data-based management.

GROSS PROFIT

In 2Q21, gross profit reached R$630.3 million, an increase of 27.4% when compared to 2Q20. Gross margin reached 31.0%, an increase of 1.7p.p. compared to 2Q20 and 1.2p.p. compared to 1Q21. In addition to the margin increase associated with the impact of the drug price adjustment on inventories (pre-increase strategy), we continue to capitalize on the positive effects related to gross margin increment projects, among which we highlight: i) vendor management project (new format for the negotiation of commercial conditions with suppliers); ii) increased participation of generic drugs; iii) sales growth of private label items; and iv) reduction of the rate of inventory losses.

It is important to highlight that the strong margin increase occurs despite the negative effect of the Present Value Adjustment (AVP), which due to reduced interest rates pressured gross margin.

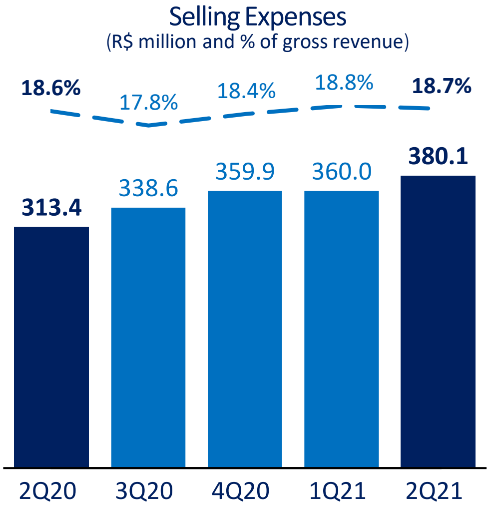


SELLING EXPENSES

In 2Q21, selling expenses totaled R$380.1 million, equivalent to 18.7% of gross revenue, representing a dilution of 0.1p.p. vs. 1Q21 and an increase of 0.1p.p. vs the 2Q20.

Compared to the previous year, the increase in expenditures is mainly related to the spending reduction measures implemented in 2020 because of the pandemic, such as suspension of employment contracts and anticipation of paid-leaves.

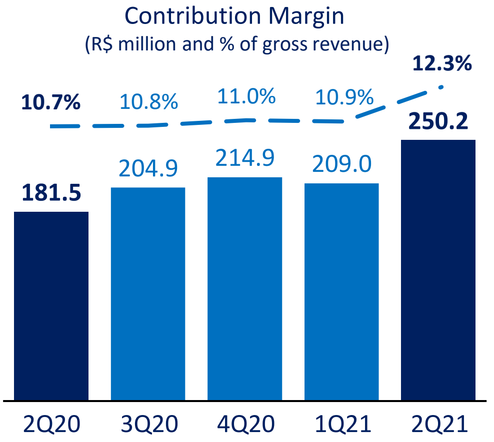
Compared to the previous quarter, the dilution of expenses is related to operational leverage, partially offset by increased investments in marketing and increased variable expenses with sales, such as rents and payment systems. Personnel expenses and average employees per store remained stable.



CONTRIBUTION MARGIN

The contribution margin, measured by the difference between gross profit and selling expenses, reached 12.3%, an increase of 1.6p.p. compared to 2Q20 and 1.4p.p. when compared to 1Q21. In nominal terms, the contribution margin reached R$250.2 million, an increase of 38.1% compared to 2Q20.

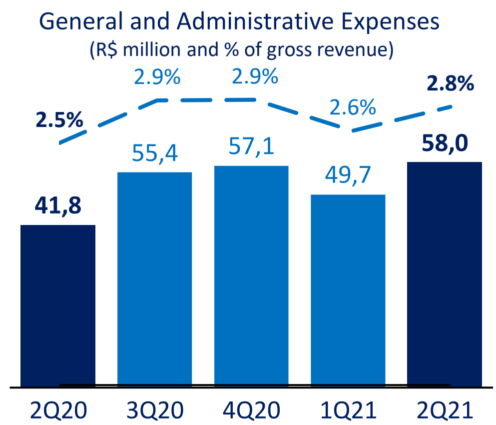
The result reflects sales growth combined with gross margin gains and operational efficiency.



GENERAL AND ADMINISTRATIVE EXPENSES

In 2Q21, general and administrative expenses totaled R$58.0 million, representing 2.8% of gross revenue. The increase in expenses is related to improvements in the organizational structure, hiring of strategic consultants, restricted stock plans for management and reinforcements for the technology team.

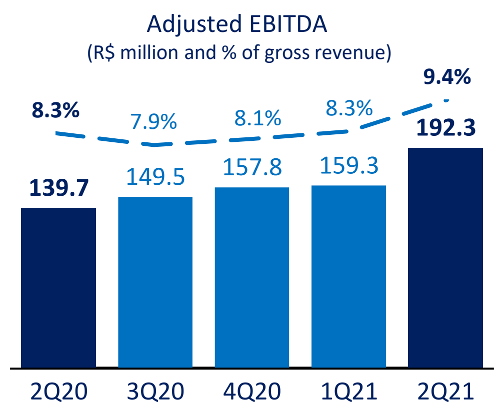
The increase in staff observed in the quarter was concentrated in administrative areas, mainly related to the expansion of the Call Center and the hiring of developers allocated in new technology projects.



ADJUSTED EBITDA

We ended 2Q21 with an adjusted EBITDA of R$192.3 million, an increase of 37.7% compared to 2Q20. The EBITDA margin was 9.4%, an increase of 1.1p.p. compared to 2Q20 and 1Q21.

The consistent profitability growth observed in the quarter reinforces the trend observed since 2019, of a healthy combination of accelerated sales growth and EBITDA margin.

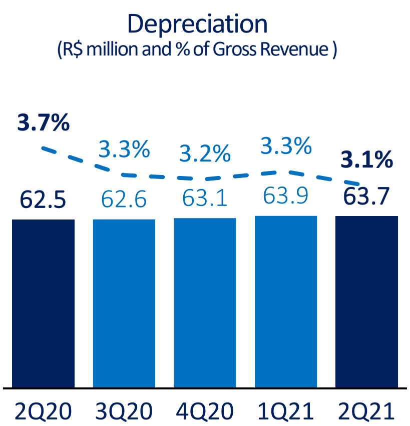


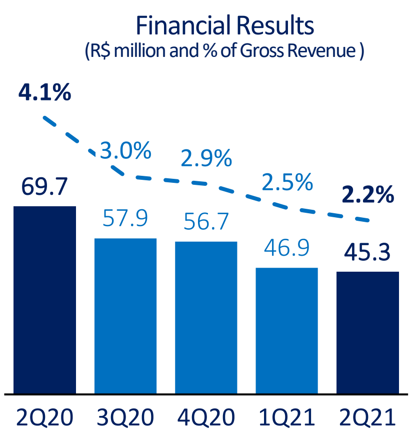
DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAX

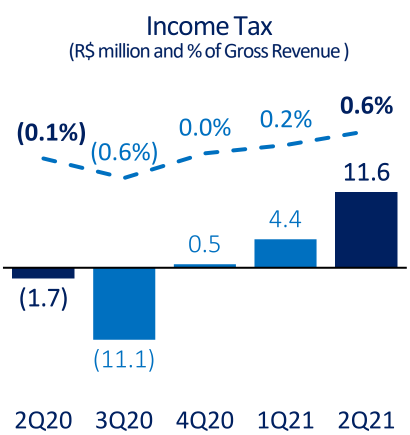
In 2Q21 depreciation totaled R$ 63.7 million, an increase of 1.9% compared to 2Q20.

Financial results totaled net expenses of R$ 45.3 million in the quarter, down 34.9% from 2Q20 and 3.3% compared to 1Q21. The savings were generated as a result of the optimization of the capital structure and re-profiling debt, in addition to the accounting effect of the Present Value Adjustment *(AVP).*

Income tax expenses were R$ 11.6 million in 2Q21, an increase of R$ 13.3 million compared to 2Q20, due to the increase in taxable profit in the period.

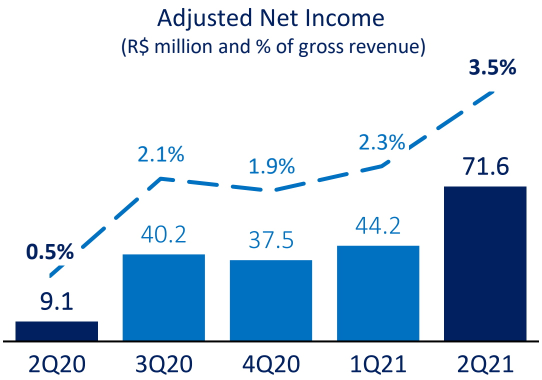






ADJUSTED NET INCOME

We ended 2Q21 with an adjusted net income of R$ 71.6 million, the largest quarterly profit in the Company's history. The result represented a significant growth of 683% compared to 2Q20, with net margin growing by 3.0p.p., reaching 3.5%. In the year, net income reached R$ 115.8 million, 20.6% higher than in the whole of 2020, showing the increase in the level of profitability achieved by the Company in recent quarters.



RECONCILIATION OF EBITDA AND NON-RECURRING ADJUSTMENTS

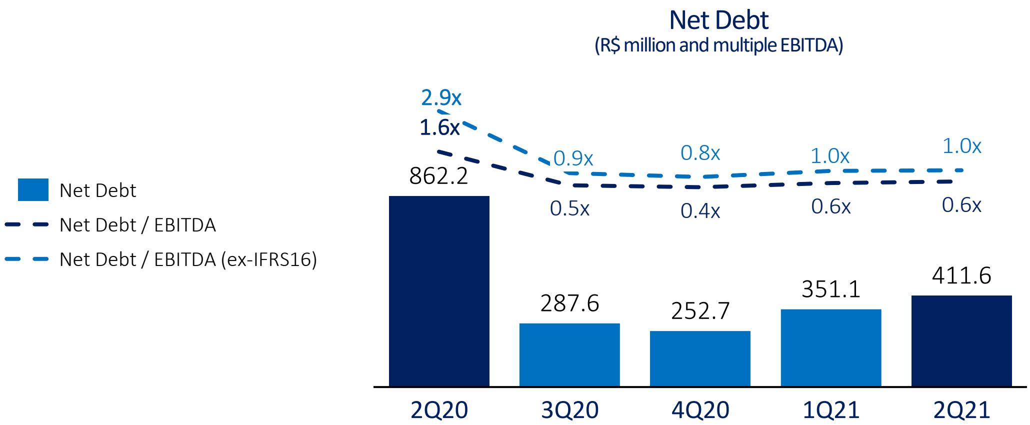
In 2Q21, we recorded R$ 2.2 million in non-recurring expenses related to consultant and advisory expenses related to the acquisition of Imifarma Produtos Farmacêuticos e Cosméticos S.A. (Extrafarma). Below is presented the EBITDA reconciliation table and non-recurring adjustments to reported results.

Adjusted EBITDA Reconciliation (R$ millions)	2Q20	3Q20	4Q20	1Q21	2Q21
Net Accounting Income	9.1	40.2	37.5	44.2	69.4
(+) Net Financial Results	69.7	57.9	56.7	46.9	45.3
(+) Income Tax and Social Contribution	(1.7)	(11.1)	0.5	4.4	11.6
(+) Depreciation and Amortization	62.5	62.6	63.1	63.9	63.7
EBITDA	139.7	149.5	157.8	159.3	190.0
(+) Expenses related to Extrafarma acquisition	-	-	-	-	2.2
Total adjustments	-	-	-	-	2.2
Adjusted EBITDA	139.7	149.5	157.8	159.3	192.3
Adjusted Net Income	9.1	40.2	37.5	44.2	71.6

INDEBTEDNESS

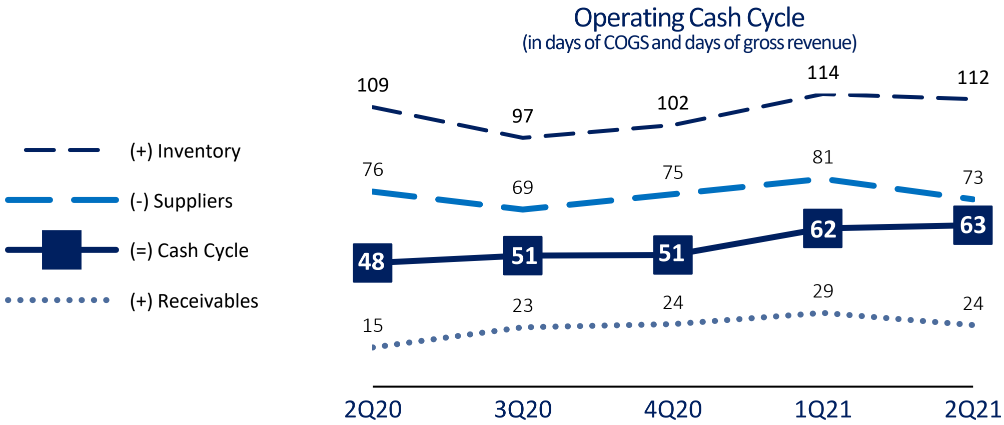
Gross debt at the end of 2Q21 totaled R$803.6 million, down 3.1% from 1Q21 and 16.5% compared to 2Q20. In addition to the reduction in debt, we continue to optimize funding, with reduced average cost of debt and lengthening of repayment terms, which directly reflected in savings in financial expenses in recent quarters.

We ended 2Q21 with net debt of R$411.6 million, keeping the multiple of net debt/EBITDA stable at 0.6x and 1.0x in the ex-IFRS16 and IFRS16 views, respectively.



CASH CYCLE

In 2Q21, the cash cycle was 63 days, an increase of 15 days compared to 2Q20, of which 9 days are related to the volume of receivables and 6 days are related to assortment expansion and costs for part of the inventory purchased in 1Q21, with the strategy of capturing the benefits related to pre-price increase purchases, directly reflected in the positive dynamics of gross margin of the quarter. In 3Q21, the level of inventories should be normalized, contributing positively to the cash cycle.



Notes:
The calculation of the Average Inventory Days and the Average Payment Terms of Suppliers does not consider the effects of the PVA.
The calculation of the Average Period for Receivables considers the effects of advances of receivables.

INVESTMENTS

In 1H21, R$67.9 million was invested, as shown in the table below, with most of the investment directed to our organic expansion strategy and store renovations.

Capex (R$ million)	1H20	%	1H21	%
Expansion	-	0%	18.2	27%
Store Refurbishment	5.3	65%	22.5	33%
Technology	1.9	24%	13.2	20%
Infrastructure of stores, DCs and offices	0.9	11%	13.9	21%
Total	8.1	100%	67.9	100%

CASH FLOW

In 2Q21 we recorded negative free cash flow of R$ 45.3 million. Cash consumption is mainly explained by the variation in the operating cycle, related to the investment in inventory made in 1Q21, increased investments in the opening of new stores and variation in the balance of current asset accounts, accompanying the pace of sales growth.

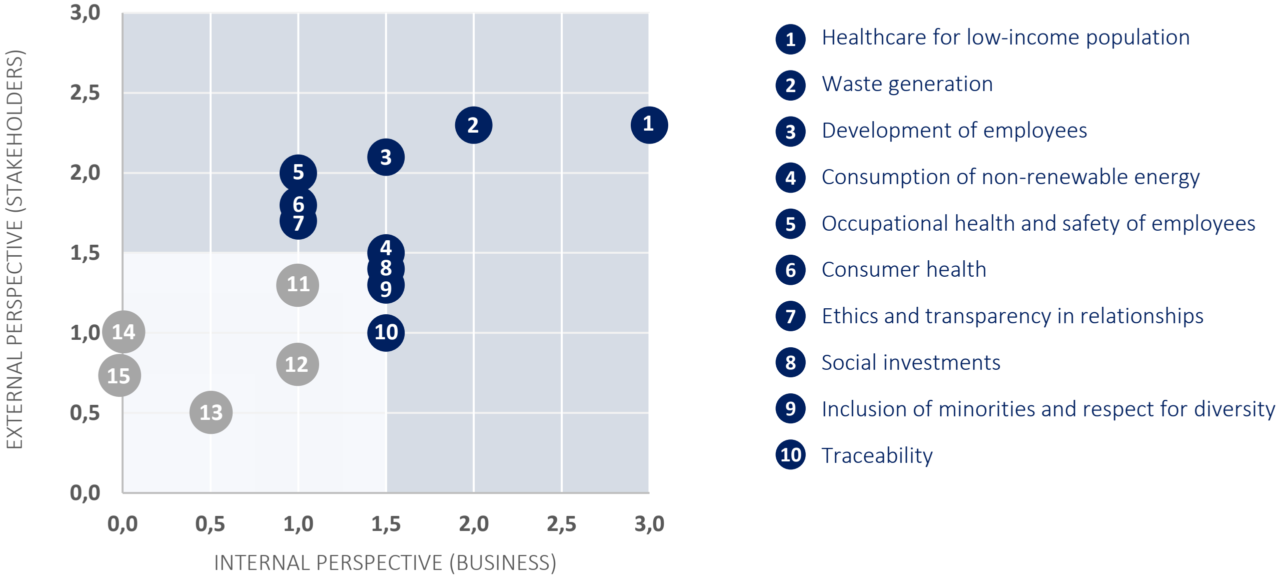
Managerial Cash Flow (R$ millions)	2Q20	2Q21	1H20	1H21
EBITDA	**139.7**	**192.3**	**265.1**	**351.6**
(-) Rental payments (IFRS 16)	(61.6)	(60.7)	(122.4)	(121.0)
(Δ) Accounts Receivable	32.1	48.7	11.4	(18.5)
(Δ) Inventory	(62.6)	(47.4)	(92.1)	(141.4)
(Δ) Suppliers	(65.7)	(77.5)	(54.0)	(72.1)
(Δ) Taxes - recoverable	(37.6)	(16.2)	(57.7)	7.4
(+/-) Changes in other assets and liabilities/Non-cash effects	31.0	(39.8)	28.8	(62.3)
(=) Cash flow from operations	**(24.8)**	**(0.6)**	**(21.0)**	**(56.4)**
(-) Capital investments	(3.0)	(45.3)	(8.1)	(67.9)
(=) Investment cash flow	**(3.0)**	**(45.3)**	**(8.1)**	**(67.9)**
Free cash flow	**(27.8)**	**(46.0)**	**(29.1)**	**(124.4)**
(+) Gross debt funded	219.0	-	219.0	160.0
(-) Gross debt payments	(219.2)	(29.8)	(247.3)	(229.3)
(-) Debt service	(8.5)	(10.4)	(20.6)	(23.9)
(-) Derivative transactions	53.7	-	56.7	-
(-) Share repurchases	-	-	-	(10.4)
(+) Net funds raised in the IPO	-	-	-	-
(=) Cash flow from Financing	**45.1**	**(40.3)**	**7.8**	**(103.6)**
Initial cash balance, equivalents and financial investments	85.9	478.2	124.5	620.0
Final cash balance, equivalents and financial investments	103.2	392.0	103.2	392.0
Variation in Cash and Cash Equivalents	**17.3**	**(86.2)**	**(21.3)**	**(228.0)**

INDEPENDENT AUDITORS

The Company informs that it’s independent auditors, Ernst & Young Auditores Independentes S.S., did not provide non-audit services in the period ended June 30, 2021.

CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (ESG)

We continue to advance in our ESG "journey". In 2Q21, we finished the Company's ESG materiality matrix. Through sector studies, interviews and consultations with thousands of stakeholders, we mapped out the topics of greatest impacts to the business below.



Our ESG agenda is being built based on three pillars: i) Health for People, ii) Health for the Environment and iii) Health for the Business. We present below the major themes in each pillar and the advances implemented in 2Q21.

Health for People

Major issues: Health of the low-income population, consumer health, occupational safety of employees and social investment.

Health promotion for the low-income population is directly connected with our proposal to increase the provision of health and well-being services to the expanded middle class through our Health Hub. In 2Q21 the number of health protocols offered in stores grew to 46. We intend to progressively advance in supporting the Brazilian population in primary health care and contribute to reducing pressure on the public health system.

Health for the Environment

Major issues: Generation of residues, traceability and consumption of renewable energy.

We are moving forward in the readjustment of our energy matrix. In 2Q21, we expanded the supply of solar energy to our stores in the states of Roraima, Piauí and Pernambuco. By the end of the quarter, stores in 11 states, representing 55% of the total store portfolio were already supplied by renewable energy generated from 28 solar farms. Another 31 solar farms are contracted and under construction with the capacity to increase power generation to 100% of stores by the end of the first quarter of 2022.

Health for the Business

Major issues: development of employees, inclusion of minorities and respect for diversity, ethics and transparency in relationships.

With the help of specialized consultants, we reassessed our corporate risk matrix in 2Q21, resulting in the improvement of our instruments of control. In addition, we have included anti-corruption training on our Distance Learning platform (UP Farma), expanding mandatory training for all employees.

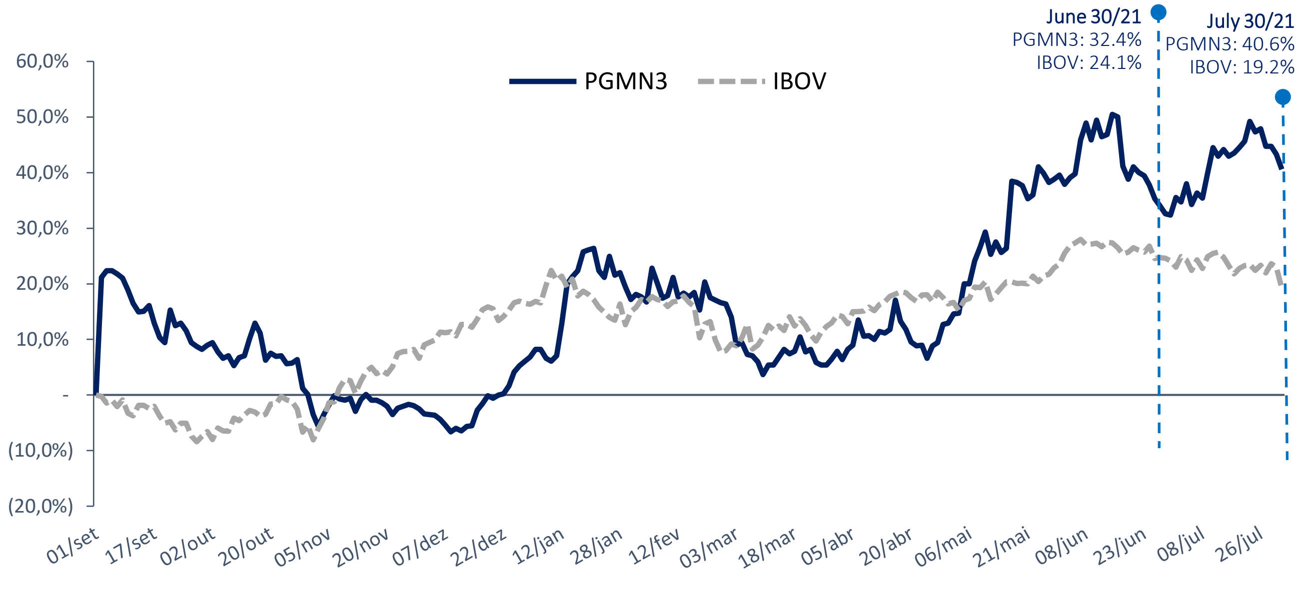
PEOPLE: DEVELOPMENT, PRODUCTIVITY, CULTURE AND CORPORATE ENVIRONMENT

In 2Q21, we received for the second consecutive year the national certification GPTW as one of the best companies to work. We also achieved more than 171 thousand training hours in methods of sale and technical product training for our team. Additionally, we provided to 20% of our store managers full scholarships from Kroton. Another milestone was the beginning of our classes, through UP Farma, our Corporate University, of our first group of system developers.

In the productivity pillar, we evolved with the implementation of the Work Force Management project, which seeks, through customer flow data, average ticket, store size, among other, to identify the best allocation of people and the ideal staff per store and role, to each weekday and time slot, thus allowing for intelligent schedules that provides better productivity and greater availability to further improve the service provided to our customers. We currently have 253 stores implemented and, by the end of the third quarter, all our stores will have this process in progress.

CAPITAL MARKETS

At the end of 2Q21, Pague Menos's common shares (PGMN3) recorded accumulated appreciation since the IPO of 32.4%. As of July 30, 2021, the accumulated appreciation was 40.6%, more than 2 times higher than Ibovespa index, which appreciated 19,2% in the same period. The liquidity of the stock continues an upward trajectory. In 2Q21, the average daily volume traded was R$12.8 million, 66.2% above the 1Q21 average



INCOME STATEMENT

On January 1, 2019, CPC 6-R2 (IFRS 16) went into effect, which changed the accounting recognition model of lease agreements. To preserve the historical comparability, we present below a conciliation with the previous standard (IAS 17/CPC 06).

Statement of Income for the Year (R$million)	IAS 17			IFRS16		
	2Q20	2Q21	Δ	2Q20	2Q21	Δ
Gross Revenue	**1,688.3**	**2,035.8**	**20.6%**	**1,688.3**	**2,035.8**	**20.6%**
Deductions	(104.8)	(139.0)	32.6%	(104.8)	(139.0)	32.6%
Net Revenue	**1,583.5**	**1,896.7**	**19.8%**	**1,583.5**	**1,896.7**	**19.8%**
Cost of Goods Sold	(1,088.6)	(1,266.4)	16.3%	(1,088.6)	(1,266.4)	16.3%
Gross Profit	**494.9**	**630.3**	**27.4%**	**494.9**	**630.3**	**27.4%**
Gross Margin	*29.3%*	*31.0%*	*1.7p.p.*	*29.3%*	*31.0%*	*1.7p.p.*
Selling Expenses	(375.0)	(440.8)	17.6%	(313.4)	(380.1)	21.3%
Contribution Margin	**119.9**	**189.5**	**58.1%**	**181.5**	**250.2**	**37.9%**
Contribution Margin (%)	*7.1%*	*9.3%*	*2.2p.p.*	*10.7%*	*12.3%*	*1.6p.p.*
General and Administrative Expenses	(41.8)	(58.0)	38.7%	(41.8)	(58.0)	38.7%
Adjusted EBITDA	**78.1**	**131.5**	**68.4%**	**139.7**	**192.3**	**37.7%**
Adjusted EBITDA Margin	*4.6%*	*6.5%*	*1.9p.p.*	*8.3%*	*9.4%*	*1.1p.p.*
Depreciation and Amortization	(21.9)	(22.3)	2.0%	(62.5)	(63.7)	1.9%
Financial Results	(40.5)	(18.3)	(54.8%)	(69.7)	(45.3)	(34.9%)
Pre-Tax Profit	**15.7**	**90.9**	**479.7%**	**7.5**	**83.2**	**1,014.7%**
Income Tax and Social Contribution	(1.1)	(14.2)	1,175.6%	1.7	(11.6)	-
Adjusted Net Income	**14.6**	**76.7**	**426.4%**	**9.1**	**71.6**	**683.1%**
Adjusted Net Margin	*0.9%*	*3.8%*	*2.9p.p.*	*0.5%*	*3.5%*	*3.0p.p.*

Statement of Income for the Year (R$million)	IAS 17			IFRS16		
	1H20	1H21	Δ	1H20	1H21	Δ
Gross Revenue	**3,451.5**	**3,946.0**	**14.3%**	**3,451.5**	**3,946.0**	**14.3%**
Deductions	(204.2)	(272.9)	33.7%	(204.2)	(272.9)	33.7%
Net Revenue	**3,247.4**	**3,673.0**	**13.1%**	**3,247.4**	**3,673.0**	**13.1%**
Cost of Goods Sold	(2,245.0)	(2,473.7)	10.2%	(2,245.0)	(2,473.7)	10.2%
Gross Profit	**1,002.4**	**1,199.3**	**19.6%**	**1,002.4**	**1,199.3**	**19.6%**
Gross Margin	*29.0%*	*30.4%*	*1.4p.p.*	*29.0%*	*30.4%*	*1.4p.p.*
Selling Expenses	(775.9)	(861.0)	11.0%	(653.5)	(740.0)	13.2%
Contribution Margin	**226.5**	**338.3**	**49.3%**	**348.9**	**459.3**	**31.6%**
Contribution Margin (%)	*6.6%*	*8.6%*	*2.0 p.p.*	*10.1%*	*11.6%*	*1.5p.p.*
General and Administrative Expenses	(83.8)	(107.6)	28.4%	(83.8)	(107.6)	28.4%
Adjusted EBITDA	**142.7**	**230.6**	**61.6%**	**265.1**	**351.6**	**32.7%**
Adjusted EBITDA Margin	*4.1%*	*5.8%*	*1.7p.p.*	*7.7%*	*8.9%*	*1.2p.p.*
Depreciation and Amortization	(44.0)	(44.7)	1.7%	(124.9)	(127.6)	2.1%
Financial Results	(80.0)	(37.7)	(52.9%)	(138.6)	(92.2)	(33.5%)
Pre-Tax Profit	**18.7**	**148.2**	**692.4%**	**1.5**	**131.8**	**639.6%**
Income Tax and Social Contribution	11.0	(21.6)	(296.5%)	16.8	(16.0)	-
Adjusted Net Income	**29.7**	**126.6**	**326.3%**	**18.3**	**115.8**	**531.0%**
Adjusted Net Margin	*0.9%*	*3.2%*	*2.3p.p.*	*0.5%*	*2.9%*	*2.4p.p.*

BALANCE SHEET

Balance Sheet (R$ millions)	IFRS16		
	12/31/20	6/30/21	Δ
Total Assets	**5,753.8**	**5,696.3**	**(1.0%)**
Current Assets	**3,147.4**	**3,130.4**	**(0.5%)**
Cash and Cash Equivalents	589.1	392.0	(33.5%)
Financial Investments	30.9	-	-
Clients Accounts Receivable	522.9	541.5	3.6%
Inventory	1,702.1	1,853.5	8.9%
Taxes to Recover	198.3	187.5	(5.5%)
Other Current Assets	104.1	155.9	49.8%
Non-Current Assets	**2,606.4**	**2,565.9**	**(1.6%)**
Long-Term Realizable Assets	611.5	613.3	0.3%
Investiments	70.8	71.3	0.7%
Fixed Assets	541.3	560.1	3.5%
Rights of use under lease	1,344.9	1,279.7	(4.9%)
Intangible Assets	37.9	41.6	9.9%
Total Liabilities	**5,753.8**	**5,696.3**	**(1.0%)**
Current Liabilities	1,889.1	1,893.5	0.2%
Social and Labor Obligations	89.2	126.1	41.3%
Suppliers	1,244.5	1,174.5	(5.6%)
Tax Obligations	106.4	105.7	(0.7%)
Loans and Financing	241.6	280.7	16.2%
Other Obligations	35.1	31.6	(9.8%)
Leasing	172.3	174.9	1.5%
Long Term Liabilities	**1,923.8**	**1,759.1**	**(8.6%)**
Loans and Financing	636.8	523.0	(17.9%)
Other Obligations	8.2	7.9	(3.2%)
Leasing	1,251.5	1,200.0	(4.1%)
Provisions	27.2	28.2	3.4%
Shareholder's Equity	**1,940.9**	**2,043.8**	**5.3%**
Realized Share Capital	1,200.7	1,199.6	(0.1%)
Capital Reserves	383.4	381.6	(0.5%)
Profit Reserves	356.8	356.8	0.0%
Treasury Stock	-	(7.7)	-
Accumulated Profits/Losses	-	113.5	-

ANNEX: DISTRIBUTION OF STORES BY STATE

State / Region (# Stores)	2Q20	Openings	Closings	2Q21
Total	1,112	7	(18)	1,101
Northeast	**667**	**6**	**(4)**	**669**
Alagoas	30	-	-	30
Bahia	113	3	(1)	115
Ceará	181	1	(1)	181
Maranhão	60	-	-	60
Paraíba	51	1	-	52
Pernambuco	117	-	-	117
Piauí	35	1	-	36
Rio Grande Do Norte	43	-	-	43
Sergipe	37	-	(2)	35
North	**112**	**-**	**(2)**	**110**
Acre	12	-	-	12
Amapá	6	-	-	6
Amazonas	22	-	-	22
Pará	35	-	(1)	34
Rondônia	13	-	-	13
Roraima	9	-	-	9
Tocantins	15	-	(1)	14
Southeast	**196**	**1**	**(7)**	**190**
Espírito Santo	27	-	(1)	26
Minas Gerais	64	-	(4)	60
Rio De Janeiro	20	-	(1)	19
São Paulo	85	1	(1)	85
Center West	**94**	**-**	**(4)**	**90**
Distrito Federal	18	-	(1)	17
Goiás	30	-	(3)	27
Mato Grosso	23	-	-	23
Mato Grosso Do Sul	23	-	-	23
South	**43**	**-**	**(1)**	**42**
Paraná	15	-	-	15
Rio Grande Do Sul	8	-	(1)	7
Santa Catarina	20	-	-	20

GLOSSARY

- Abrafarma: association of the 26 largest pharmacy chains in the country.
- AME (Special Medicine Service): line of special medicines marketed by *Pague Menos*. They are produced with high technology and used in complex and high-cost treatments, usually in the fields of fertility, oncology and hormones.
- Classe Média Expandida: social class of B2/C/D consumers, with average monthly family income below 4.5 thousand reals.
- EBITDA: operating income before interest, taxes, depreciation and amortization.
- HNB (Hygiene, Nutrition and Beauty): classification of non-drug products belonging to the categories of personal hygiene, nutrition and beauty.
- Mature Stores: stores opened for more than three years. They are stores that have already gone through the maturation period and therefore tend to have a less inclined sales growth curve than those in maturation.
- Market-share: market share, based on data from IQVIA, a global data intelligence company applied to the healthcare industry.
- NPS (Net Promoter Score): metric used for measuring satisfaction and loyalty of customers to the Company.
- Omnichannel: the concept describing the integration of different channels in retailing, such as physical stores, e-commerce, telephone sales and social media sales, allowing the customer multiple shopping journeys.
- OTC (Over-The-Counter): classification of products sold via self-service, which includes nonprescription medications as well as convenience, health and well-being items.
- PBM: *Programa de Benefício em Medicamentos*. Discount programs created and administered by the pharmaceutical industry (laboratories) in order to facilitate, stimulate and promote use of treatments by patients and physicians.
- PME: *Prazo médio de estocagem*. Refers to the average storage time of goods, being calculated by the quotient between inventory balance and CMV of the quarter, multiplied by 90.
- PMP: *Prazo médio de pagamento*. It refers to the average payment period for suppliers, being calculated by the quotient between supplier balance and CMV of the quarter, multiplied by 90 days.
- Pré-alta: Pre-Increase. period prior to the annual price adjustment of medicines, which usually occurs in April.
- Stockout: metric used to measure the lack of specific products in the store.
- SSS (Same Store Sales): sales growth in the "same stores" concept. Refers to the relationship of sales of goods and services carried out by stores opened for more than twelve months of the current period compared to the same stores' sales in the same period of the previous year. Excludes stores temporarily closed for longer than seven calendar days and considers digital sales dispensed through stores.

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

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The financial information was prepared in accordance with the International Financial Reporting Standards (IFRS), in accordance with the accounting practices adopted in Brazil (BR GAAP) and were reviewed by the independent auditors in accordance with Brazilian and international auditing standards.

EARNINGS
VIDEO CONFERENCE

Video Conference in Portuguese

August 3, 2021
10:00 (BRT) | 09:00 (US ET)

Access in Portuguese

Numbers for Connection:
+55 (11) 3181-8565
+55 (11) 4210-1803
Code: Pague Menos

Video Conference in English (simultaneous translation)

August 3, 2021
10:00 (BRT) | 09:00am (US ET)

Access in English

Numbers for Connection:
+1 844 204-8942
+1 412 717-9627
Code: Pague Menos

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