

**PAGUE MENOS
EARNINGS CONFERENCE CALL – 2Q25**

Operator:

Good morning, ladies and gentlemen. Welcome to the videoconference of Pague Menos and Extrafarma to discuss the results for 2Q24.

This videoconference is being recorded and the *replay* can be accessed on the Company's website in ri.paguemenos.com.br. The presentation is also available for download. Please be advised that all participants will only be watching the video conference during the presentation, and then we will start the Q&A session when further instructions will be provided.

We also inform you that this conference will be conducted in Portuguese by *the* Company's management and that the option of simultaneous translation is available by clicking on the *Interpretation button*. For those listening to the conference in English, there is the option to mute the original audio in Portuguese by clicking on *Mute Original Audio*. The presentation will be projected in Portuguese and the English version is available for download in ri.paguemenos.com.br.

Before proceeding, I would like to take this opportunity to emphasize that the forward-looking statements are based on the beliefs and assumptions of Pague Menos' management and the current information available to the Company. These statements may involve risks and uncertainties as they relate to future events and therefore depend on circumstances that may or may not occur.

Investors, analysts and journalists should take into account that events related to the macroeconomic environment, industry and other factors could cause results to differ materially from those expressed in the respective forward-looking statements.

Present at this videoconference are Mr. Jonas Marques, CEO, and Mr. Luiz Novais, CFO and investor relations officer of the company. I would now like to give the floor to Mr Jonas Marques, who will begin the presentation. Please, Mr. Jonas, you can continue.

Jonas Marques:

Good morning everyone, it is with great happiness and energy that we start this results call. I have received many comments that I always arrive with a lot of energy, with a lot of enthusiasm, after all, enthusiasm is having God inside you. I'm on vacation, because no one is made of iron either, I also take vacations, I have to lead for example, so I'm in these 5 days there, in a period of great fun, but I could never not attend this call today here with you. Out of respect that I have mainly for our employees, our shareholders, because here I am just a spokesperson. And speaking of employees, today I wanted you to see here on this screen, here the photo of Irvina Duarte, she is our attendant at the Beach Park store. After all, as no one is made of iron and everyone likes vacations, when you visit the largest water park in Latin America, now you have our store there with all the assortment and also has a clinic farma. Sometimes we take the child, the child gets hurt, now you are also taken care of there in the largest water park in Latin America.

I would like to send a hug initially to all our 26 thousand employees, on behalf of Irvina as I said, to their families. Guys, it's very important. It was then, some reports came out that happiness generates profits, we really believe in them, because in the end everyone

was born to be happy. And I also have the pleasant surprise that I was told ten minutes ago, that our entire extended leadership team, he is in a room there at our headquarters, in Fortaleza, watching the call together. This is an energy that you send to me and we are all united by a single purpose, which is to bring health with love to all Brazilians. But I think that you investor who is looking at this screen, what you really want to see is the number, right? And the numbers follow the behaviors. So, Renan, put the numbers there to prove that what we are doing is something extremely consistent.

Guys, another quarter of records. A really historic result in several variables there. You can even say Jonah, but isn't eight points a lot? No, he should have been 18. We only put 8 so as not to confuse. So I'm going to try to get straight to the point and mention some things that are in the release and are not here on this chart. But the first thing that makes us very proud is the market share. We have been growing for more than 13 months in market share consistently in all regions of Brazil. A special highlight. Go there in the result, you will see, Novais will talk about the north and northeast, where we won an absurd number of points. You will see, this growth is very important and expressive. Why? Because it comes from active customers. We have grown the number of customers, we have grown the average ticket and we have grown the frequency that these customers go to our stores. Why do I say behavior? Because we embrace the customer. At Pague Menos, a customer will never be a number. It has a name, a surname, it carries a story and if no one goes to the pharmacy, as I have already said here, to buy a shoe, the mindset is not to buy a shoe or an outfit, no one wakes up happy to go to the pharmacy. So our service, it is really breaking a record. This brought in more customers.

Participation of digital channels, a beautiful job by Priscila, Renato, the entire digital team reaching 18.7% of our sales. We had a growth of over 50%. If you remember, this growth has been going on for more than six months and there is more to come. Vaccination growth, more than 500%, folks. We had a derisory share in vaccination and vaccination is very important to also bring credibility to our customers. Because the vaccine is something extremely necessary and that has changed the life of civilization. So if we want to be complete, we have to have vaccination. Average sales per store, you like that, especially the people who work in the funds and banks.

Average sales per store, we are closing that famous alligator mouth. But it's not an alligator's mouth, it's a steel bar. We're reversing really, really fast. And one thing I wanted to say to you that is not here on the chart, but is in the release is that we have grown the number of millionaire stores by more than four times. Four times. Comparing the second quarter of 2024 with the second quarter of 2025, we grew four times the number of millionaire stores. And not only that, we set up a telemetry to recover and also invest in stores that had negative EBITDA. So you will see a lot of news, I'm not giving guidance, it's no use putting words in my mouth, but that we will continue to close this gap and much faster. The EBITDA margin, 6.1%, the highest since the second quarter of 2021. Jonas, can you repeat it? Of course, the highest since the second quarter of 2021. People, 6.1%. You remember that when I arrived almost two years ago, this was the main skepticism, but your EBITDA is still very low. Thank you very much for your feedback, you see that we listen, we work hard so that we can deliver the number. The ROIC of 22.9%. How are we doing this? Exactly the magic of growth. Growth solves a

large part of things. We are growing, diluting expenses and improving the use of our capital. And the PME, which is the average inventory period, also broke a record. It is better, just not better, than the second quarter of 2019. So 100 days. You remember that a year ago we managed unproductive stocks. Guys, retail is a detail and there is no silver bullet here. Here are several things that are happening and our obsession with retail, retail starts with the letter V, for life. Retail is alive, there are several details. So what we have to have is a team that has a keen eye for detail and that doesn't settle. There is no complacency here.

Let's go to the second chat there, Renan. That this chat really moves me and has really caused problems, even vision. People think they're getting strabous. Right. Look how beautiful it is when we see real growth on the left. Guys, that made the headline in the newspaper. We are growing five times above inflation. Five, five times above inflation, reaching a wonderful, spectacular same store sales of 18.1%. Then you say, Jonas, are you going to keep growing? Look, we are working on it. We cannot give Gaul. But if you look at it, it's been nine months that we've been above 17%. And you will see that a large part of this growth, people, is volume. Make no mistake. When you see companies presenting same store sales, you will look at the composition of this. What is mix, what is sales coming from volume. Ours is volume. Just leaving a message, no focus on competitors. The competitors only bring us this muscle tone so that we can continue to fight. You see there in the left lane the growth of same-store stores.

In the center we see here the Ebitda LTM margin, *last 12 months*. So you see here that in the second quarter, at 5.1% in the accumulated. Also a growth curve, the PME falling, the net profit really having an exponential growth. You saw that in 2023 we had a loss. And since we started delivering profit, we haven't stopped growing, although we recognize that the macro scenario really martyrs all companies because the interest rate is very high and you know that this increases financial expenses. But if you want to do it, you find a way. If you don't want to, make an excuse. So come on, let's work on the expense and make it grow. And the Roic that I had already talked about. So these are the foreplay that I wanted to give you guys with a lot of energy. I give the floor to him, Luiz Novais. Come on, Luiz Novais.

Luiz Novais

Good morning, Jonas. Good morning, everyone. Thanks for the introduction. Jonas is really energy up there. It's hard to keep all this energy, but I'll try here to follow the same example as Jonas. So a lot of good news to share as Jonas has already introduced in the second quarter of 2025. So we start here on page 7 giving more details about gross revenue. Revenue grew 18% leveraged by some elements that we placed on the right side of the slide. Branded medicines, the category that is most important to us, the destination of a pharmacy represents a super important advance here in serving the base of those customers that we call continuous care customers. Reflection of the improvement of service, reflection of the improvement of the assortment and execution of the store. Commercial campaigns, the entire commercial team really supporting us a lot with commercial campaigns. An example here in May of this year, the anniversary campaign of Pague Menos, we grew 22%, very much based on all the commercial campaigns that the team brought and executed together with the industry.

Digital channels also putting on a show, we reached 18.7% share of digital channels in the second quarter in the company's total sales. Growth in all components of the sale, in the customer base, the frequency and size of the basket, balanced growth of all these components and operational levers. All the telemetry work that Jonas commented, CRM work, marketing, store execution. All the components of the sale evolving very, very, very well.

On the next page there is still a little more details about sales growth. In the first graph, the same store by region, we have a low dispersion in growth between regions, all regions growing more than 17% and all states growing above 15%. We have not had any state where sales grew less than 15%, it shows that our growth is superstructural and not localized. In the second graph, the components of growth, it is quite balanced, more or less half, 8.7% growth in average ticket and 8.6% in service. And in the average ticket, the two components of the average ticket are also balanced, growth of items per basket, very important and more or less half here of inflation, something close to 4%. And in the services, also very balanced in the frequency of purchase of our customers, it grew a lot in the frequency of purchase of the same customers and we grew a lot the base of customers served as well, a relevant proportion of customers started to frequent our stores.

In the third chart, the product categories, an important highlight here for the brand and generic categories, grew 23.7% and 18.7%, very high growth, prescription drugs representing 54% of the company's share, a record for us. Slimming did have an important highlight in the quarter, we executed very well the launches that took place in this quarter as well, here all congratulations to the commercial store execution team. The hygiene and beauty category was the one that had the lowest growth of 11%, but 11% of us also consider it a very strong growth in this category, already a recovery compared to the first quarter of the year, where we grew 7%, so we started to grow more here in this hygiene and beauty category as well.

On the next page here, as a reflection of all this growth in sales, the market share, as Jonas said at the beginning, another quarter of super strong growth in market share, we reached 6.6% of national share, 44 bips of growth compared to the second quarter in the past, growing in all regions of Brazil and a very important highlight for the Northeast, we grew 110 points, we went from 19.5% to 20.6% of share, it's a lot, considering that we opened few stores, we opened 12 stores in the period, it's a much smaller proportion and on the right side here compared to Abrafarma and the general market, our performance was far above these two blocks of comparison here.

On the next page, the components of market share growth, here there is also a super glaring element that we will highlight, so in the first column, based on IQVIA's measurement, the market grew 10.5%, composed of 5.5% of new store share, 6.8% of average price and 1.8% of closing, and there is a small column, a small proportion of volume that it reduced 0.5%, the entire market lost half a percent of volume compared to the second quarter in the past, and the second column, Pague Menos and Extrafarma, we grew 18.4% in IQVIA's measurement, almost double the entire market, composed of 1% of new stores, 6.4% of price and 11.5% of volume, the difference in volume is very

striking here, when we look at the other peers here, none grew in volume, only Pague Menos and Extrafarma and it was a very high growth, 11.5%, it is quite striking. In the third and fourth columns here, the chains and associations grew in line with each other, but lost volume, and the independents lost the most, the group losing almost 4% in volume and 3.8% in store base closing.

Next page, gross profit and gross margin, another good news of the quarter, we grew gross margin by 30 bips compared to the second quarter last year, a growth in gross profit of 19.2%, so two items pressured the margin in the quarter, we had a lower inflationary gain, in the quarter we had a readjustment of medicines close to 3.7%, while last year it was 4.5%, and Mix, we have a share as we saw in the previous slides, a relevant growth in the RX category, gaining a lot of share and this category has a slightly lower margin than the entire portfolio.

However, we managed to more than offset and grow the margin with three elements, the relevant reduction in the rate of losses with inventories, we have been here stabilizing and improving this index after the Extrafarma integration, we have a relevant improvement in commercial conditions, so the entire industry supporting our campaigns and consequently we are able to maintain and still improve the margin a little, and the AVP, which is a non-cash effect, but is a combination here of average interest rates and terms, also contributing positively to the quarter's margin.

On the next page, another excellent news, dilution of expenses, we diluted 60 bips to our company, it's a lot, we went from 25.1% to 24.5%, as a result of the growth in sales that is very relevant, the growth in expenses much lower, so a super high operating leverage. We did have some pressures also on expenses in the quarter, some variable expenses, such as sales are growing a lot, variable expenses are also growing. We also made a relevant investment in store employees, given that we are greatly improving the quality of service and operational efficiency. In addition, as we are growing a lot in those categories that depend on greater assisted sales, continuous care customers, customers with more participation of PBMs, we also have a relevant growth in the sale of popular pharmacies, which is a slightly more complex process in the store, all of which requires a slightly larger base of employees, that happened in the quarter.

In the back office, we have also been reinforcing and qualifying our corporate team a lot to sustain and advance the company's growth, in addition to this we also had an increase here in variable compensation reserves, given that we are exceeding the company's operational goals.

As a result of sales growth, margin growth, dilution of expenses, our EBITDA grew almost 40% in the quarter, we went from 177 million to 244 million, our margin was also a record for us of 6.1%, we grew almost one percentage point of margin, as also happened in the first quarter of this year, We grew 80 beeps here in the second quarter. So contributions to margin improvement, improvement in dilution of expenses and a small increase here in administrative expenses.

On the next page, also as a consequence of all this, a super relevant improvement in our net income, we went from 44 million to 60 million, a growth of 36%, in the last 12 months

we have accumulated more than 200 million in net profit. On the right side, the net income bridge, very positive sales effects, 32 million and margin effect, 35 million and we also had in the second quarter an important pressure on the financial result of 50.6 million, a combination here of an interest rate in this quarter, 4 percentage points above the same quarter last year and we also have a growth pain here, a larger working capital financing, then a slightly higher financial expense.

On the next page more details here about working capital, also another good news, we continue to improve the company's working capital, we reduced it three days compared to the same period in the past, from 56 to 53 days and this improvement concentrated in inventory management, so a lot has been done to reduce low-turnover inventories in stores, in the DCs, review of the launch policy and improvement in the efficiency of reverse logistics. In the average payment term, we have a greater share in the RX category, consequently it is a category that has a slightly longer payment term, so we marginally increase the average payment term by one day.

In the average period of receipt, we have the same proportion as the same quarter last year, but here there is the effect of anticipations, if we exclude the effects of anticipations, we also have a marginal increase in the average period of receipt due to the greater participation of the sale of popular pharmacies, as we commented, which has a longer payment term and the RX category, which we are also financing a little more our customers in this regard.

Next page, indebtedness, we follow our deleveraging trajectory, on the left side we go from a net debt plus anticipations of 3.4x in the second quarter last year to 2.6x it is a reduction of almost one EBITDA in one year, 0.8x EBITDA reduction compared to the second quarter last year and in this quarter. In addition to this important reduction in the net debt to EBITDA ratio, we had an important reprofiling of the debt, so our entire financial team worked very hard here to make a historic fundraising for the company, we raised 830 million reais in the second quarter, with a reduction in the spread, we reduced our spread from 1.65 to 1.55, when we compare our spread with other companies with the same rating as Pague Menos, we are more than 20 bips away, so our financial team did a very strong job here in working with banks to achieve this funding. In addition, we extended the debt, we have a duration from 1.44 years to 2.38 years, so we extended our debt well, so we are very comfortable here in the management of the company's financing.

On the last page here of my chapter, as a consequence of this important improvement, operating results, cash cycle management, we have a very strong improvement in the company's ROIC as Jonas highlighted at the beginning, so growth in average sales, growth in operating margin, improvement in turnover, with all of this we reached an ROIC of almost 23% in this second quarter, There are practically 10 points of increase compared to the second quarter of 2023, two years ago. With all this good news here I finish my part, and then it's up to you Jonas.

Jonas Marques

Cool, guys, here's the thing, from the beginning, I'm referring to January 2024, that is, 19, 20 months ago, we started talking to the team about a mantra, and the mantra is every day, in all stores, for all customers. What seemed like three isolated sentences, it is a very strong statement of our purpose to execute in the best possible way. And then we receive many questions, and Jonas says, but how does the execution change? Look, it's easy, there are 25 thousand people, there are 26 thousand employees, but of which 25 thousand are in stores, you just have to convince them that you have a purpose, what they have to do every day, what the script is, how they will treat it, and all this to serve from the heart. It's obvious that this is a herculean task, right, but one thing that draws my personal attention is the following, all this operational improvement that we are having, all this operational excellence, it only comes from one source and one job, it's people, it's working on people, it's understanding their needs, after all, Everyone was born to be happy, it's not a psychologist's story, when our parents, when you see parents wishing things for their children, you never see someone come and say, look my son, your life is going to be a misery, you won't have a job, you won't be able to learn, No, the parents' desires are the best, we unfortunately learn that the world is very selfish, but if we are looking at the other and give place to the other, be who he is and really engage in a greater purpose and that we give him tools to work, it is obvious that an execution has to have a process, There has to be technology, but above all, there has to be listening, there has to be affection and you have to explain, so what I'm doing is making this execution happen every day in all stores and for all customers in a special way.

So as you have seen, there is no silver bullet, you will have plenty of time there for Q&A, but I would really like to thank you very much for the support of you, shareholders, you have all our respect, it doesn't matter if you have one share or you have millions of shares, you deserve the greatest respect from us so that we work with the owner's mind, so that we deliver our results, because after all, everyone makes a living with a lot of sacrifice, so if you chose to invest in payments and we expect you to invest more and believe in what we are doing, in this rescue of people, in this rescue of humanity that we can bring into the business and bring extremely solid results, But I really wanted to thank you so much, not only our team, not only our families, but you who believe in us. So give us feedback, send feedback, go to our stores, buy, let us know what's working, what's not working, but that's it, there's no silver bullet, there are several aspects that we see of our business and don't think that there is no work, there is a lot of work, even off-hours. We are passing by the stores, seeing parking lots, entering the store, talking to people, because after all it's nothing about us, you know, it's always about the other, the impact we have, the listening, it's not what we said, it's what he heard, so I'm very happy to be on this call with you, right, Novais, and see beautiful numbers, not only from the top line, but from the bottom line.

I heard there that we really overcame the consensus from top to bottom, and now here come the questions so that we can receive you and give you all the answers, maybe some of them will be for our Pague Menos Day that I'll do the commercial there at the end, so please, Novais, let's go to the Q&A.

Operator

We will now start the Q&A session for investors and analysts, if you wish to ask any questions, please click raise your hand, if your question is answered, you can leave the queue by clicking on lower your hand, our first question comes from Ruben Couto from Santander, please you can proceed.

Ruben Couto

Good morning, Jonas, Novais, how are you? I wanted to ask a question here about sales growth, which is still very strong and accelerating, and looking specifically by category, the pre-prescribed drug here had an important acceleration in the Tri, Novais even commented that it had an effect of the slimming products, how much they contributed, I wanted to hear a little about this specific dynamic of the slimming products, If they have had an effect here a little above normal in terms of contribution, this quarter had an important launch, changes in the issue of revenues, in short, I wanted to hear from you, if possible, to identify here the storage movement that boosted this growth in the second quarter, beyond normal, or it was not so relevant, And if you can comment on how the sale of this category of slimming behaved at the beginning of the third quarter, after the changes, it would be cool too. Thank you, guys.

Jonas Marques

Perfect, I start and Novais continues, because the numbers are with him that I'm on vacation, so I'm going to the first part, the last numbers from yesterday came from him, but thank you very much for your question. The first thing is to connect with what we said back in January, we said in the March call, in the fourth quarter results call and we also talked about in the first quarter call.

The growth of medicine, it comes from our strategy of CCC or PCC, PCC is not good, but it is just like that, which is a patient of continuous care or a consumer of continuous care, so it is these Rubens people who really need more attention, so they are the chronic customers and this has really made our strategy implemented since January 1st with the help of telemetry and knowing exactly where it is that we needed to improve the assortment, we had the beginning of this iron bar that I talked about the average sale per store, after all 70% of the sale comes from medicines and you will see, you will see Rubens, that we have grown even with slimming, but that we do not depend only on that, right Novais? Tell us about the more micro numbers.

Luiz Novais

Exactly, well in addition, thank you for the question Rubens, so Jonas already anticipated it well, but I think that the great highlight here for us Rubens in this category of slimming is the execution and the approximation that our commercial team has with the industry, so we were until some time ago undershare in these categories and with this approximation, better supply and so on, we already have a share compatible with our size and I think another thing we did, a super relevant highlight in this quarter was the execution of the launch of Mounjaro, so the execution was impeccable, the company was the first company to offer this type of product to the consumer here in Brazil and the

sales volume was very relevant, Supply, as I said, greatly supported the company's growth in the second quarter in particular.

I think that the whole market followed the need for prescription for this type of product from June onwards, we had some fear that this could slow down, we did not see a slowdown, we saw in the month of June itself a sale equivalent to the previous months and in the month of July itself also a maintenance in the sale of these categories, So we are very happy with the execution and with how much this category has contributed to the growth, I think not only for us, but for the market as a whole, but we have executed this category much better and we are betting on these evolutions that the market is observing in this category as a whole.

Our next question comes from Mr. Rodrigo Gastin from Itaú BBA, please proceed.

Rodrigo Gastim

Good morning, good morning Jonas, good morning Novais, two doubts here on my side, the first of them, to talk a little about the gross margin, which was one of the things that most caught my attention in the quarter, and then in the gross margin what I wanted to try to understand is to isolate what you had as a *headwind effect* in the industry, whether it is a slightly lower pre-rise, it is precisely the higher penetration of semaglutide, that is, when I look at this margin that grew 30 beeps, if I take the AVP there from 30 bips a practically flat margin was year against year, how much came from sectoral headwind pressure, just to give us an idea of how much you managed to deliver on the other side with operational and commercial efficiency, So that's the first question if they could help build this gross margin bridge. The second Jonas, you mentioned a lot in the initial comments precisely this point of closing the gap, of productivity for Abrafarma, for the other peers, if you could make a mental pareto, list the three main levers for maintaining the closing of this gap, what would they be? These are two guys, thank you.

Luiz Novais

Wonderful, thank you Rodrigo. I start here Jonas, with the topic of gross margin. Well, fortunately we have been evolving very well in the gross margin, we are improving the rates of losses with inventories a lot, as we had already mentioned in previous calls, we are still stabilizing inventory management after the incorporation of Extrafarma, this item contributes a lot. The commercial conditions, as we said, the improvement, the approach to the industry, the industry financing the commercial campaigns that we have now carried out in the month of Pague Menos' anniversary and all the campaigns that we have been running so far, and that has been enough, all these operational improvements have been enough to compensate for that higher proportion of branded medicines, semaglutides and slimming drugs that have a smaller proportional margin, which did press.

In addition, this year we also had this effect that you mentioned of lower inflation, but inflation of 3.7% this year compared to 4.5% last year, it did put pressure, but it was not such a big pressure, I would say that the participation of X-ray drugs and semaglutides put a little more pressure on it, Here in the house there were maybe 20 beeps, but we,

all these other operational improvements as I mentioned, improving loss rates, improving commercial conditions were enough to neutralize this effect and consequently we managed to improve the quarter's margin.

On the topic of the productivity gap, well, we reached a super important mark here Rodrigo in the quarter of an average monthly sale of 800 thousand reais per year per store. We still have a very relevant opportunity in Extrafarma's stores, it has been growing, Extrafarma's same store sales in this quarter was close to 19.3%, 19.4% while Pague Menos there was 17.8%, 17.9%, so it grows a little more. Extrafarma's stores grow a little more than Pague Menos like everything, but the level of growth is very balanced. But Extrafarma's stores still have the average sales level per store much lower than 800, it is closer to 600 thousand, so there is a very large space to bring the stores from Extrafarma to the same level as the Pague Menos stores, as Jonas said, already more than 400 of our stores selling more than one million reais.

A lot still to happen in terms of store operation, so the entire operational team, the telemetry that Jonas commented, the operational team and the technology team helping us a lot to do this work of organizing stores by productivity indicators, to improve productivity indicators, there is a sea of opportunities here for improvement, there are a lot of cool things happening, we are going to convert another 42 stores, the Extrafarma brand to Pague Menos now in the second half of the year. Digital is flying as we commented during the call, so there are several other levers being worked on for us to further reduce this gap, pricing work, assortment work, we will tell a little more about our Investor Day, as Jonas said, but there is a lot of room here to go. Rodrigo.

Jonas Marques

But as my name is vulnerability, you see, Novais, I'm glad Gastim asked the question and you went first, that I had time to think, because having an illustrious presence like that is a blow, but the question was excellent. Gastim, I'll tell you this, it's a heartfelt service and with resolution, right? Everyone wants to be well attended, wants to be welcomed, wants to be listened to, but deep down, my friend, everyone wants to leave with their prescription taken care of or with their doubt regarding the problem that has lesser evils, an IPM, with the best advice, so that's point 1. The second point I was going to go to was assortment, we corrected the assortment, and you can see this up close, when we focused on the continuous care customer, the continuous care patient, this patient, this customer, he goes to the pharmacy much more often and he buys different multiples of medicines, so if I had two boxes he would buy three, He was probably going to change pharmacies and take all the prescription to the next.

One thing that was created a long time ago is the infinite shelf, if you go to one of our stores and even with our care to have everything there, you don't have it, we will deliver it to your home, second point, I think this point was crucial, and the third is an execution without complacency, here there is no comfort zone and the feedback is never personal, you see, there is no silver bullet, there are several things, and how do we make this execution measured, we have telemetry that we take and plug into the stores, so we can understand from those KPIs which are the ones that really generate the most results and where we are misaligned, store opening, for example, we can know in the first half hour

which stores were opened on time, at the time it should, punctually or not, and with that we can already intervene.

I think that retail is life, retail is extremely dynamic and when we treat people with respect and show that mistakes are tolerated, people, mistakes here are tolerated, Fernando Alonso used to say, if you're not driving at the limit, if I'm not eating the zebra, I'm not doing my best, so I think it's this psychological security in the team, to be able to, they really accuse, I need help, it needs to improve and that we have this *two way communication* in a very dynamic way, so I think these are the three things that really made us capture this SSS, I think it doesn't stop there, Why? Because the scheme that we set up, it is so solid and it really follows the behaviors, the numbers follow the behaviors, and I see that the behaviors are still there, to meet in this way with the resolution, the assortment and also the issue of perfect execution there, as also mentioned by Novais.

Operator

Our next question comes from Mr. Joseph Giordano of JP Morgan, please proceed.

Joseph Giordano

Hello, good morning everyone, good morning Jonas, Novais, thank you for taking my question, I wanted to explore two points here, you mentioned a little bit about the productivity issue, a relevant gap between Extrafarma and Pague Menos stores, I wanted to understand today when you make a conversion, what is the revenue uplift in the first months of this store converted into productivity? And the second question that you are talking about a lot about the digital channel, how has this behaved in terms of margin, how much do you promote sales in this channel to gain more customer loyalty, that is, what would be the margin gap in this category? These would be my questions, thank you.

Luiz Novais

Thank you, Joseph, for the question, I'll start here, Jonah. Well, about productivity, when we realize that when we converted an Extrafarma store to the Pague Menos brand, the growth in sales so far, there have already been 120 stores converted, it has been very, very favorable, the return on investment in these conversions, these stores they have grown there on average, the first, 30% more or less, compared to the same quarter of the previous year, While we have an average growth here in the company close to 18%, then growth really above the average of the company as a whole. And obviously now we enter a group of stores where they are states where the Extrafarma brand already has a slightly larger presence, perhaps here the level of growth is a little less distant compared to the average of the entire company, but it is still very favorable, it has been very favorable. As I said, we are now going to convert another batch of 42 stores in the second half of this year, so we are very hopeful that these stores will also contribute a lot to the company's growth.

In the digital channel, the channel's total margin has been improving a lot, here to give you a reference, comparing 2Q24 with 2Q25, we improved gross margin by about 4 percentage points, and the channel's 4-wall margin, it is very close to the 4-wall margin of the entire company, so the channel has been contributing. In addition, an important part of the customers that we have been capturing, those customers who have not bought from us in the last 12 months or who have increased their frequency, their shopping basket via digital channel, is very relevant. If I'm not mistaken, more or less 15% of the capture of new customers has been through our digital channel base, so we are very happy with it, it is bringing an increase in the customer base, margin for a very relevant company, and what we have done is improving usability, improving OTD, *on-time delivery*, has improved drastically, it is a relevant part of our customers, they have been served with less than two hours from their order, so the level of satisfaction that we perceive from that customer base has increased a lot and consequently the participation of the channel has increased a lot, we are very optimistic about the future of the channel.

Jonas Marques

Joseph, it's an honor to have you here on our call, the last time we had Guilherme and I sent him a hug, we are very honored by your question and your attention to our company, because we have really been working to improve this data, I just wanted to complement what Novais said, there are squares, for example, that are very important to us, that we had an OTD, we are not ashamed to say, of 65%, and now we are at 95%, so it is that obsession with improving every detail. In addition, digital sales can never be a margin detractor, that's not what we want, we are not and we don't believe in the strategy of growing to download the app inside the store and ask to buy cheaper, that's not it, we believe in *omnichannel* and we are taking the main performance KPIs and trying to improve each one of them, As you know, the challenge of the last mile continues and with the team that we have assembled and with all the humility that we have to work on every detail of it, we are really wanting to be a very important player in this channel, we have been growing for more than 50%, so it is really taking a very important part of our sales, But we want to grow with quality, thank you again for your presence and your question.

Joseph Giordano

Jonas, if I can ask one more question here, you mentioned an interesting issue in relation to the chronic, that you are managing to gain a larger share in the sale, so let's use for example, the guy uses 12 boxes a year, you are managing to sell I don't know, 3, 4 at once because of better stock availability, My question goes to you, even looking at your graph a little, we have a question maybe of *affordability*, of this greater volume, so how have you done it for you to be able to push 4 boxes instead of one, if you are financing, if it is a question of having a more competitive price, So what would be the strategy here for you to get a larger share in this category of chronicles? Thank you.

Jonas Marques

We don't push, they are the ones who pull, the pun leaves, but the consumer, what do we do? We saw, without giving much either, a lot of information, is that we know that our

competitor is watching, but if you look at it, there is a quantity, hundreds of thousands of people who go to our stores 48 times a year, so even if they buy the medicine, this chronic care customer himself, chronic care patient, He comes back, but why? What do you have to have the idea of the assortment? You have to understand, we use AI tools for this, how many times will it come back? Because we have the sale identified, so we put all these algorithms together there, we understand what the predictability is, how this frequency will work, and one thing you mentioned, you are completely right, it is not enough for us to have the product available, we have to have the best price, Because what do we call it? Pague Menos and make the guy pay more, there is no condition, so we really have our CI, which is the competitiveness index, it is measured every day and we have to have the lowest price, and that is what makes our growth extremely consistent, it gives pleasure to the whole team, because our growth is not in price, It is in volume, as you have seen, above 12%, and we make a price that the consumer really feels treated, not only with affection, but with respect, because money is difficult, our Brazilian families are in debt, 73% of them, so we think that more and more, when we get and receive a customer like this, We have to treat him differently, because he has part of his prescription committed to the medicine, that he has to really have this benefit, that if he buys more, he pays less.

Operator

Our next question comes from Mr. Ian Seskin, from BTG Pactual. Please proceed. Our next question comes from Mrs. Danniela Eiger, from XP. Please proceed.

Danniela Eiger

Good morning, thank you for taking my question and congratulations on the results, for you and your team, that this state was certainly built by many hands. I have two questions here on my side. The first is in relation to productivity, I think we've talked a lot about it, but I wanted to explore a little bit this issue of how to think ahead. You commented there on the issue that 25% of the park is already selling over R\$1 million, looking at the benchmark, that's the level, and then understand if you think it is possible to seek this level for the park, as a whole, or if it has some types of regional characteristics, in short, of some cities that can be some structural limits for productivity to reach this level in an amplitude for the park as a whole. And then also understand if productivity gains are the main lever to recover the margin of these less profitable stores than you, Jonas, commented at the beginning of the call.

My second is more in relation to competition, we have seen a slightly more intense competitive dynamic, perhaps for the sector, both from players in the sector in fact in medicines, as well as from other channels, and then specifically talking about Hygiene and Beauty and then the digital channel. So I think it would be nice for you to bring a little bit of your vision of how you have seen the dynamics of these two angles, both on the side of pharmacies and other channels, and already connect with an eventual player that may come if the approval of the sale of medicine in supermarkets happens, right, if you see this as a great risk for the sector. So I think it's these two. Thanks.

Jonas Marques

It's good to have you here, Dani, a pleasure. Novais, how are we going to divide the questions? How do you want to do it?

Luiz Novais

I can start here with the productivity theme, the competition theme maybe, then you feel free to complete it. Dani, thank you for the question too. So, productivity, as we said, right, 25% of our store base already reaching one million average sales per month. We did not see any structural difference between the other 75 stores and these 25, that is, we have plenty of room to continue increasing this store base with average sales of approximately one million. There are a lot of really cool things happening in the company, as Jonas highlighted, right, the team's engagement, all the telemetry that has been happening, right, and consequently we have been able to improve productivity in the store. We will tell you a little more again at Investor Day, but there are several things happening, I'll give some examples, right, the banner changes continue to evolve, that is, the Extrafarmas stores have no reason not to reach the same level of average sales per store as Pague Menos, that is, there are 350 stores there that we can bring from more or less 600 thousand to 800 thousand, As a result, the company's average will rise. We are working a lot on digital channels, as we mentioned, and this also helps to improve the average sale per store, all the dispensation of these medicines takes place in stores.

There are two very large work fronts that the commercial and supply team have been working on, which is the store supply algorithms and the distribution rules, this should help us to improve price positioning, consequently increase the sales volume and improve sales as a whole. We have a new distribution center being inaugurated in Pernambuco, that is, there are several levers being worked on for us to continue improving the average sale per store, so we are super optimistic, in two years we went from a level of 600 thousand to 800 thousand, it is a very large growth, almost 34%, 35%, and there are a lot of cool things to happen.

About competition, what I can say is that I think our sector has always been very competitive, and I think it's not much different now compared to previous periods. The hygiene and beauty category, as you said, yes, we notice a level of appetite from other non-traditional competitors, more marketplaces, etc., penetrating the category a little more, but for us, we grew 11% in this category, it was a very important growth and despite this additional competition, we have performed very well, so it is a sign that we have a lot of room to continue growing. We see a weakening of the independent ones and we have performed much better compared to the other Abrafarma chains, the market moment for us is very positive, as we saw, we opened 16 stores, if I'm not mistaken, in the last 12 months, we grew 109 Bips of Market Share in the northeast region alone, So there is a huge space to continue growing.

The sale of medicines in supermarkets is also such an old subject, it may or may not evolve, what we have to work on is undoubtedly our internal execution, being increasingly proactive and better serving our customers so that they continue with us, if this additional competition comes, we already compete with supermarkets in diapers, in

deodorants, etc., and our performance in these categories is very good, we only ask that if this happens, so that supermarkets have the same regulatory conditions and the same conditions for storing products, the same conditions of having a pharmacist there to answer questions so that we do not incur in self-medication, which is a super delicate issue for the health of the population as a whole. So those are my comments on the elements here Jonas, do you want to complete anything?

Jonas Marques

Novais, you are even more eloquent today, congratulations, I liked to see. Only one thing is that the CD is not in Pernambuco, it is in Paraíba. Dani, what I would say is this, our biggest competitor is ourselves, you know? I think it has a lot of value to capture, we have already shown there in the last nine months this growth above 17, we still have many details to change and continue to improve our operational excellence, and we want to leave the choice to the consumer, because we will be focused on what we control, We don't control the free markets of life, we don't control other competitors that come online, because we control what we can do, this customer base that only grows, the average ticket only grows, the frequency only grows, so from what these customers they become, they see that they are treated differently, I want to see that they are also very bought in our omnichannel, that we are growing above 50% always in digital, in online sales, so I think that if we really work very well and continue with our discipline of all stores, every day for all customers, I think we can close this gap that we have from other competitors.

Daniela Eiger

It's great, thank you and congratulations again for the results.

Operator

Our next question comes from Mr. Yan Cesquim of BTG Pactual, please proceed.

Yan Cesquim

Good morning, Jonas, Novais, Others, Directors, there are two questions here on my side, the first is about GLP-1, I wanted to understand what you expect here from the opportunity with the patent drops, which will happen next year, given the good execution you have shown in the category, and the second question is still about productivity, Following up on Gastin's question, could you choose what the company's aspirational goal is, where do you plan to go in the next one, two years in terms of productivity per store? Thank you.

Luiz Novais

Come on, well, about the GLP-1 patents, we see these movements as an opportunity without a doubt, today the price of these products is relatively high for an important portion of the population that cannot access these products for the average ticket that is practiced in this category as a whole, so with patent breaks, With the drugs that come,

with the national solutions that have been launched and so on, we tend to have a much lower average ticket for these launches, for these products than traditional medicines, Ozempic, Mounjauro and etc., and consequently a much larger portion of the population would have access to this type of product, So we see it with good eyes, I think we have an opportunity here to continue growing, the entire sector to continue growing.

About productivity, here we have not signaled not to become a guidance for the company, but we are very optimistic about the growth of average sales per store, very much, we have said a lot about the topic of telemetry and the topic of store operation, but this has really made a lot of difference for us and we have been much better trained and all the elements that Jonas talked about, team engagement, store execution, commercial campaigns, etc., digital channels and everything that is to come, mapped out now. We have a very detailed mapping, we hired a strategic consultancy a year ago or so and it helped us map how much value there is to be captured in each of these levers and we have a very robust team internally to direct each of the levers, what are the indicators that we need to pursue, the levers and implementations that we have to make to continue improving sales and improving margin, so this is very detailed here internally in the company. We are following this evolution, making us very optimistic about the average sale per store for the future, but we have not signaled how far it can go, but here there is still a lot of room, you see, Yan.

Jonas Marques

Yan, thank you for coming, the colleagues from BTG, here's the thing, I said something at the beginning, a few calls ago, which was the story of the tripod that guides our work, that the first is to have an insurgent mission, the second is to be obsessed with the front line and the third would be the protagonism in the owner's head, in the story of the obsession with the front line, we really visit Brazil, you know, last month we had it in six states in three days, for example, it was one of the trips, we visited the DC and visited the stores, it's very interesting when we enter the store and talk to the store manager, The second thing he says besides his name is I'm going to be a millionaire store or I'm a millionaire store, so we created the million club, we have six foundations that today we won't have time to talk about, but one of them is this, it's the million club, it's explaining to people all the DRE and we do this literacy with them, training, we are investing a lot in training this year, a lot, in training, a lot, we have multiplied several times what we invest in training, so when he understands the DRE he understands the magic, because it is important, The millionaire is a collective conscience, of the history of being a millionaire, of having a millionaire store, but what comes behind this is dilution of expenses, it is acceleration, he is aware of the loss, he wants his loss to be lower, I participate in the loss meetings every month, every month the loss meeting I'm there, Because loss is the magic that you lose in detail, so just to give you a little more color that we have foundations, we follow this a lot, we do live with all the stores every month and we are creating this culture that people are really recognized, We celebrate their recognition, their bringing a much more solid, much healthier company and that we can really continue to close this gap.

Yan Cesquim

Perfect, Jonas, Novais, thank you. Thank you.

Operator

Our next question comes from Thales Granello from Safra, please can proceed.

Tales Granelo

Good morning, Jonas, good morning, Novas, congratulations on the result, I wanted to address some points here, I think most have already been elucidated here, but there are still some doubts, how much of this growth in branded medicine is from LPG, from this 23%? And I wanted to understand how much of the sales today that come from this category have changed a lot from what we had three months ago with the entry of the mounjauro and also if this issue of theft in São Paulo has improved recently with some initiatives that the industry in general is having. And the other point that was still in doubt here, I don't know if you can open this, but how soon do you expect to close the gap from Extrafarma to Pague Menos, I think that now you no longer open the sales break between the banners, I think we have to look at everything consolidated, but I think Jonas commented just now, It took me two years to go from 600 to 800, two years is a time, it is a feasible period to close the gap thinking that one improvement at the same time as another also improves, or not, maybe we can expect this in a faster way, I think these are the questions.

Luiz Novais

I can start here too Jonas, thank you Thales for the questions, Well, the GLP-1 category as you said it already represented in the past something close to 3% of sales at least ours and we believe that in the market some players may have an even greater share of this category. Today we are already closer to 5%, 5 and a bit percent, maybe as I said, in the past we had an undershare, we did not have the participation of a category compatible with the participation of Pague Menos in the market as a whole, today it is much closer and we attribute it again, approximation with the industry, supply, execution of these products in store. And as a consequence of this, as we went from 3% to about 5% share, these two percentage points is more or less what contributed to the company's total growth. We did realize how the market also has a higher volume of incidents here, unfortunately, our loss prevention area has been very active, the entire security team working together with the industry to reduce these indicators, but in this case, fortunately, from what we see here, we may have suffered less than some players with whom we have a lot of contact on this subject because we suffer from the same problem, we do share and work together to attack this problem. We are apparently suffering a little less in this indicator than other players in our sector.

Regarding the productivity gap of Pague Menos and Extrafarma, it took us about two years to go from an average sale close to 400, 420, 430 to 620, 630. I believe that it should take us less time to close the gap of the next 200 that we have between the 600 and a little at Extrafarma to the 800 and a little at Pague Menos. Obviously we can't guarantee it, but we are very optimistic. Again, the brand conversions are performing very well, we still have a lot to improve in the operation of stores at Extrafarma, the

furniture, the stores were without investment for a long time, they are lacking. We have already carried out many interventions in these stores last year, we are carrying out others this year. There is a lot of room for improvement and we are very optimistic that in the short period of time we should equalize this productivity per store. Thales, thank you for the questions.

Jonas Marques

Thales, this theft business is important, note that we are far below our fair share in terms of theft, we can give you more details in Pague Menos Day, we are working with intelligence, past data, future projections and being very careful because this will really make a difference in the loss. Our loss number has really performed excellently, maybe in Pague Menos Day we should open this data.

Tales Granelo

Thank you Jonas, thank you Novais.

Operator

Our next question comes from Marcio Osako from Bradesco, please proceed.

Marcio Osako

Good morning Jonas, Novais, two quick questions then. The first in relation to the HB category, if there is an evolution from the first quarter to the second, the growth gap versus consolidated growth, it decreased from 10 percentage points in the first quarter to seven, here do you attribute this reduction of the gap, if it was the issue of the anniversary promotional event and how do you see it going forward? Do you think that this gap tends to decrease to zero? How long?

The second question regarding the margin gain you had in the part of better commercial conditions with the industry, if this was something punctual, was it something more related to the promotional campaign there for the anniversary in May? These are both questions, thank you.

Luiz Novais

Thank you Marcio for the question, for the questions. The growth of the HB category is very healthy for us at this level of 11% and it differs from the total growth of the company because the whole company is really focused on that continuous care customer as Jonas said, so those more core categories of a pharmacy, prescription drugs, so we have focused a lot on the counter, quality of service, team, training, PBM operation, assortment, etc, etc, so we are going up in these categories and growing well in the HPC category, which is 11%, but without a doubt this quarter there was a little push from the commercial categories that the team did work together with the execution of the store there in our anniversary month, but not only in the anniversary month, we have been

performing much better in these categories that make up the HPC as a whole and we have good expectations that this will continue to advance in these categories.

About the improvements in commercial conditions, it is not a one-off of the second quarter, the commercial team has been working very hard with the industry as I said, improving, approaching and we also have good prospects for the second half in this regard, Marcio. Just a clarification Novais, do you see this maintenance of 11% of the HPC category, do you think it should remain then? We should continue to grow less than the prescription categories, as we said. It will continue to grow less, but the level of growth will be quite healthy as it was in the second quarter, at this level of 11%, I cannot guarantee that it will continue to grow at this level, because the company's basis of comparison as it is already growing 17%, 13%, 15%, the bases of comparison are stronger now than they once were, But we are happy with the category, we have room to work and improve and we should continue to grow in a very healthy way, yes.

Jonas Marques

Guys, look at just a few words out of respect for those who have stayed so far, thank you very much for your trust, believe in this team, it's not about me anymore, honestly or about Novais or about the VP's, right, when I talked about our extended leadership are the directors, executive managers, managers and all employees, suddenly the magic happened, They felt part of a very big business, of growth, of an extremely complete delivery that we are doing all together and that is what we will continue, is working day in and day out every day so that we can offer a better quality service, so that we can make all our life energy count, Because this is the great asset that we all have, it is the here, it is the now, it is our life, it is how we are going to write our history and legacy, because the legacy is what we leave in people. So I wanted to say to you, without going on too long, have a wonderful day, a blessed day, a wonderful week and see you very soon at our Pague Menos Day, which will be on September 4, at 9 am, we will open several dice, it will give you a bonus, because we will also show you how and there will be much more time for you to see our entire team there and can address your questions directly. Our house is open, if you are an investor, if you have decided to believe in us, this is the least we can do. We are Hexa and we are going to HEPTA. That's what I wanted to say to you. It's not guidance, huh Novais? It's not guidance, let's work because, I mean, you're going to work, I'm on vacation, now I'm going to rest, you know Novais? A hug to all, thank you very much Novais, congratulations, best wishes to you. Bye guys!