EARNINGS
RELEASE
3Q23

PagueMenos

extrafarma

Fortaleza, Ceará, November 6, 2023.

Empreendimentos Pague Menos S.A. ("Company" or "Pague Menos"), the main Health Hub for the expanded middle class in Brazil, present in every state in the country and more 390 municipalities, announces its results for the 3rd quarter of 2023.

3Q23 HIGHLIGHTS

SALES GROWTH
Consolidated growth of 16.2% and 11.5% in Pague Menos standalone

MARKET SHARE
Organic market share growth, for the third quarter in a row

OMNICHANNEL SALES
12.1% share of total sales (+2.6 p.p. vs 3Q22)

EXTRAFARMA SYNERGIES
Capture of R$28.2 million in 3Q23 (R$113 million on an annual basis)

ADJUSTED EBITDA
Consolidated growth of 41.4% and 16.4% in Pague Menos standalone

CASH CYCLE
Reduction of 4 days vs 2Q23, with improvement in inventory turnover

CASH FLOW
BRL 176.8 million in cash flow from operations (+62.4% vs 3Q22)

DEBT
Net Debt / Adjusted EBITDA ratio of 2.4x (0.7x reduction vs 2Q23)

Note: As of this quarter, we present the numbers of this earnings release in accordance with accounting standard IAS 17 / CPC 06. Reconciliation to IFRS 16 can be found in Annex 1 of this report.

DISCLOSURE CRITERIA

On August 1, 2022, the acquisition process of Imifarma Produtos Farmacêuticos e Cosméticos S.A. (Extrafarma) was completed with Ultrapar Participações S.A. (Ultrapar). With the completion of the precedent conditions and incorporation of the equity balances, Extrafarma was consolidated and became part of the consolidated financial statements of Empreendimentos Pague Menos S.A. (The Company) in that same month.

To facilitate the analysis of the results, in this release we will present segregated operational data for Pague Menos and Extrafarma, while the financial information is presented as Pague Menos "standalone" (ex-Extrafarma) and Consolidated (Pague Menos including Extrafarma).

Since 2019 our financial Statements have been prepared in accordance with IFRS 16, which changed the criteria for the recognition of rental contracts. To better represent the economic reality of the business, the numbers in this report are presented under the previous standard, IAS 17 / CPC 06. Reconciliation to IFRS 16 can be found in a dedicated section of this document, on pages 18 and 19.

PAGUE MENOS STANDALONE FINANCIAL HIGHLIGHTS

in BRL million and % of Gross Revenue	3Q22	3Q23	Δ	9M22	9M23	Δ
Gross Revenue	**2,279.0**	**2,541.7**	**11.5%**	**6,600.9**	**7,324.0**	**11.0%**
Gross Profit	**677.4**	**735.4**	**8.6%**	**1,998.9**	**2,161.1**	**8.1%**
% Gross Margin	*29.7%*	*28.9%*	*(0.8 p.p.)*	*30.3%*	*29.5%*	*(0.8 p.p.)*
Contribution Margin	**176.0**	**188.3**	**7.0%**	**526.5**	**520.7**	**(1.1%)**
% Contribution Margin	*7.7%*	*7.4%*	*(0.3 p.p.)*	*8.0%*	*7.1%*	*(0.9 p.p.)*
Adjusted EBITDA	**115.1**	**134.0**	**16.4%**	**330.5**	**339.0**	**2.6%**
% Adjusted EBITDA Margin	*5.0%*	*5.3%*	*0.3 p.p.*	*5.0%*	*4,6%*	*(0.4 p.p.)*
Adjusted Net Income	**43.7**	**9.1**	**-**	**137.2**	**(12.3)**	**-**
% Adjusted Net Margin	*1.9%*	*0.4%*	*(1.5) p.p.*	*2.1%*	*(0.2%)*	*(2.3 p.p.)*

CONSOLIDATED FINANCIAL HIGHLIGHTS

in R$ million and % of Gross Revenue	3Q22	3Q23	Δ	9M22	9M23	Δ
Gross Revenue	**2,653.4**	**3,081.9**	**16.2%**	**6,975.3**	**8,898.8**	**27.6%**
Gross Profit	**779.3**	**903.8**	**16.0%**	**2,100.9**	**2,651.9**	**26.2%**
% Gross Margin	*29.4%*	*29.3%*	*(0.1 p.p.)*	*30.1%*	*29.8%*	*(0.3 p.p.)*
Contribution Margin	**185.0**	**215.8**	**16.6%**	**535.5**	**592.8**	**10.7%**
Contribution Margin %	*7.0%*	*7.0%*	*-*	*7.7%*	*6.7%*	*(1.0 p.p.)*
Adjusted EBITDA	**101.7**	**143.8**	**41.4%**	**317.2**	**351.3**	**10.8%**
Adjusted EBITDA Margin %	*3.8%*	*4.7%*	*0.9 p.p.*	*4.5%*	*3.9%*	*(0.6 p.p.)*
Adjusted Net Income	**14.4**	**(0.4)**	**-**	**107.8**	**(48.6)**	**-**
Adjusted Net Margin %	*0.5%*	*(0.0%)*	*(0.5 p.p.)*	*1.5%*	*(0.5%)*	*(2.0 p.p.)*

OPERATING HIGHLIGHTS

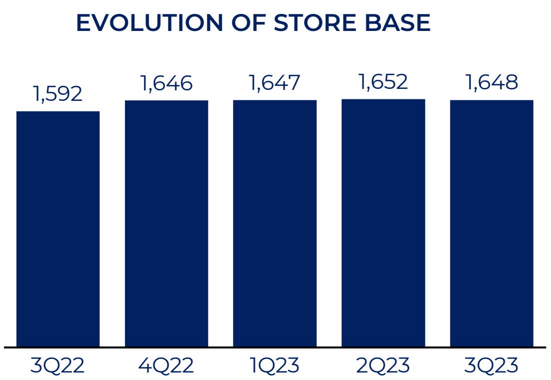
	PagueMenos			extrafarma		
Indicator	**3Q22**	**3Q23**	**Δ**	**3Q22**	**3Q23**	**Δ**
# of stores	1,210	1,284	6.1%	382	364	(4.7%)
Average Sale/store/month (BRL thousand)	632	660	4.3%	468	491	5.0%
Average Ticket (BRL)	77.49	83.03	7.1%	68.51	72.95	6.5%
# of Employees per store	13.3	12.8	(4.0%)	12.0	11.5	(3.8%)
Digital channels	11.0%	12.8%	1.8 p.p.	2.1%	9.1%	7.0 p.p.
Private Labels	6.6%	7.1%	0.5 p.p.	2.8%	6.6%	3.8 p.p.
# Pharmaceutical Clinics	939	1,000	6.5%	66	77	16.7%

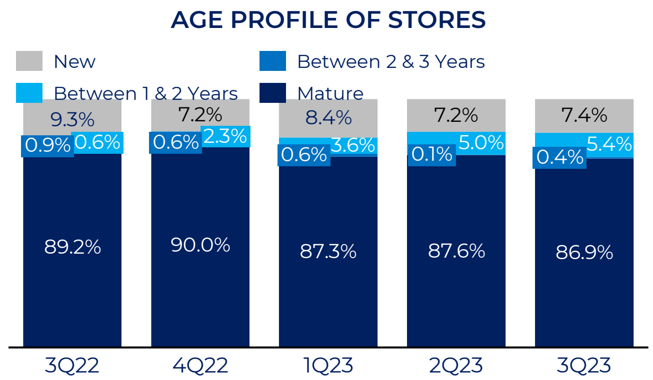
STORE PORTFOLIO

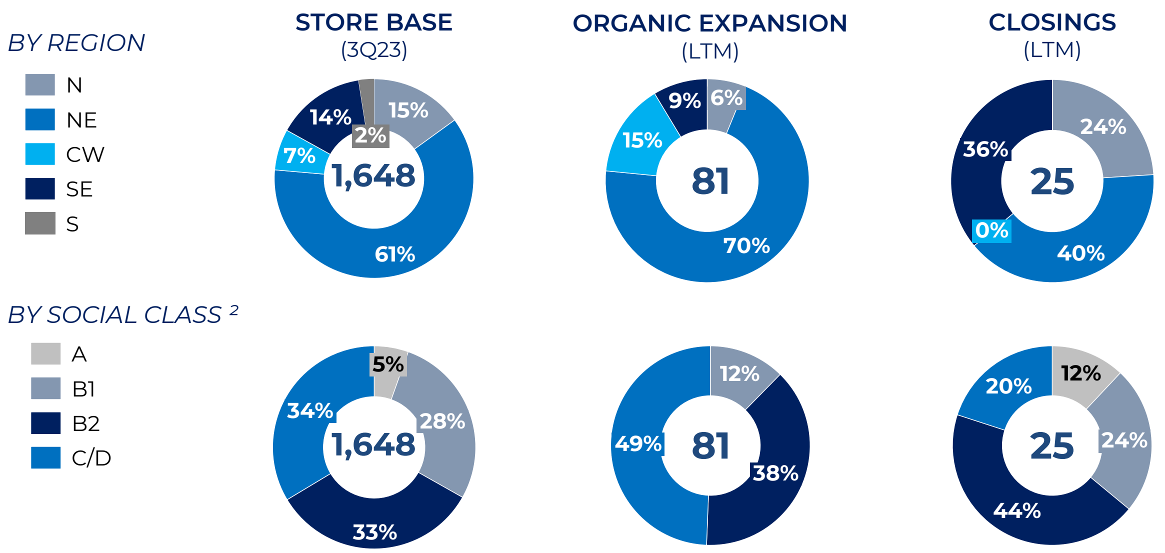
We finished 3Q23 with 1,648 stores, with 4 closings in the period and no openings. The closings were of Extrafarma stores, following the store base optimization as part of the integration plan. Since the beginning of the integration, 27 stores have been closed (about 7% of the original store base), in addition to 8 divestitures related to the remedies defined by CADE (Brazilian antitrust regulator).

With the completion of the projected expansion plan in the first half of the year, the focus has been directed to the opportunity in store brand conversions. In addition to the 11 stores already converted, another 44 are scheduled for brand changeovers in 4Q23. If the uplift in sales of these stores, post cannibalization, are as promising as the first conversions have been, we will continue with this initiative in 2024. These stores, which are switching from Extrafarma to Pague Menos, continue to operate under their original CNPJ's (taxpayer ID) and will continue to be considered as part of the Extrafarma portfolio in our reports, since they are part of the synergy capture process.

The cohorts of new stores opened in the last three years continue to perform well. Stores operating for more than two years have already reached, on average, 84% of their potential sales volume after 24 months. In addition, the evolution of the stores' 4-wall[1] margins has advanced positively, indicating that these new stores should stabilize with higher margins at maturity when compared to the current portfolio.







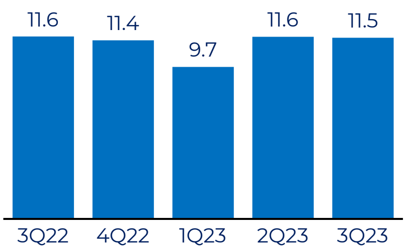
[1] Refers to the operating results of the store, considering direct expenses, including rent.
[2] Predominant social class in the vicinity of each store (isochronous for 5 minutes travelling by car). Segmentation follows the IBGE criteria, where Class A comprises households with an average monthly family income above BRL 16.6 thousand, B1 above BRL 7.9 thousand, B2 above BRL 4.2 thousand and C and D below BRL 4.2 thousand

SALES PERFORMANCE

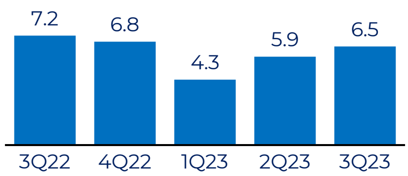
The sales growth pace for Pague Menos stores has continued to accelerate since 1Q23. In 3Q23, total growth was 11.5% year-over-year, with same-store sales (SSS) of 6.5%, and mature stores sales growth of 5.5%. The good performance was driven by growth in the customer base, increased share of digital channels, improvement in stockout indicators and the maturation of recently opened stores.

In Extrafarma, same-store sales decelerated to 3.4% in the period, 1.1 p.p. below that recorded in 2Q23. The weaker performance of the brand is attributed to a stronger comparison basis in 3Q22, when SSS was 13.8%. In addition, although Extrafarma stores are operating with improved levels of assortment, private label, stockouts, operations, digital, etc. than in previous years, efforts to recover lost customers are still ongoing, mainly with CRM actions and changeovers in branding.

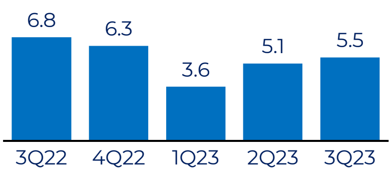
TOTAL GROWTH (%)



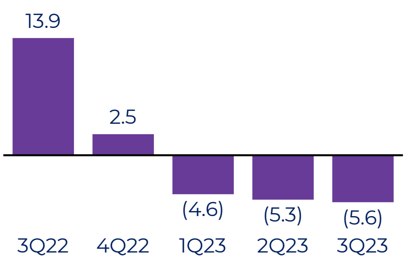
SAME STORE SALES (%)



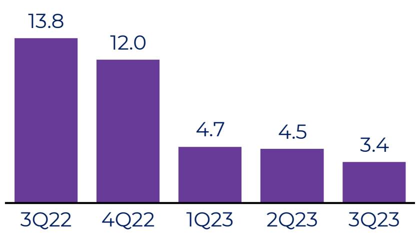
MATURE STORES (%)



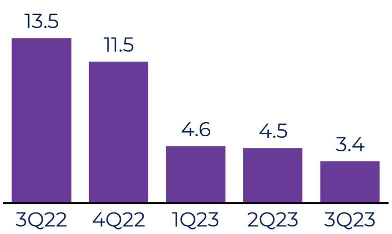
TOTAL GROWTH (%)



SAME STORE SALES (%)

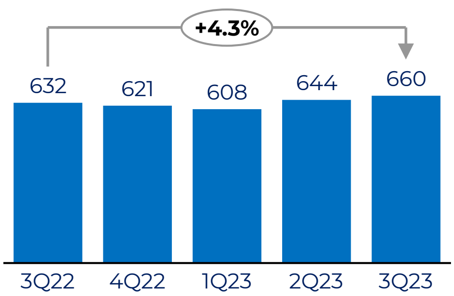


MATURE STORES (%)

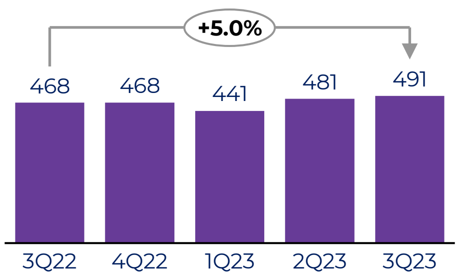


Average monthly sales per store sequentially improved in both brands. In Pague Menos stores, it reached BRL 660 thousand in 3Q23, while Extrafarma reached BRL 491 thousand. Considering only mature stores, the Pague Menos portfolio reached the mark of BRL 704 thousand per month, per store.

AVERAGE SALES / STORE/ MONTH
(BRL thousand)

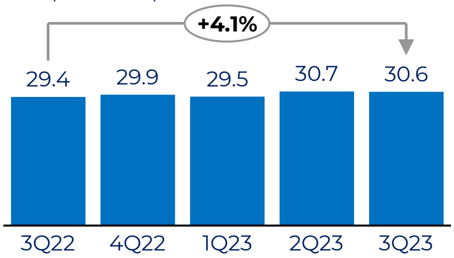


AVERAGE SALES /STORE /MONTH
(BRL thousand)

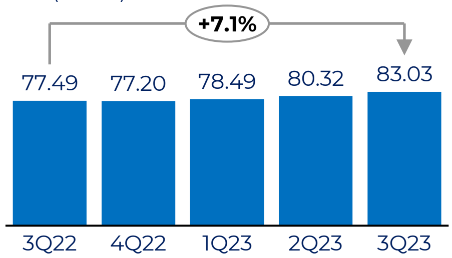


The main driver of growth in the quarter was the average ticket, which increased by 7.1% for Pague Menos and 6.5% for Extrafarma. In Pague Menos, we recorded a 4.1% increase in volume of customers served, following the growth in both the customer and store bases. For Extrafarma, the volume of customers served decreased by 8.7%, mainly reflecting the reduction in the store base.

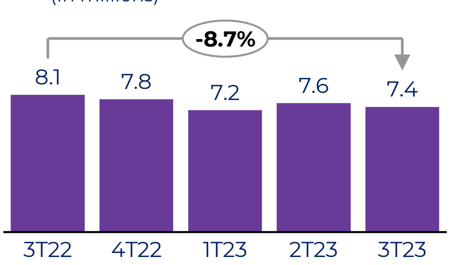
CUSTOMERS SERVED
(In millions)



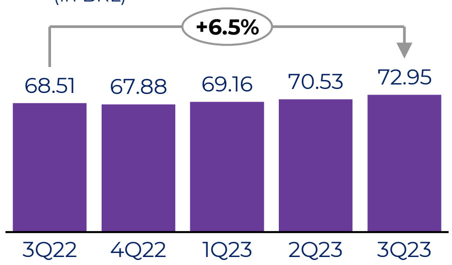
AVERAGE TICKET
(in BRL)



CUSTOMERS SERVED
(In millions)



AVERAGE TICKET
(in BRL)

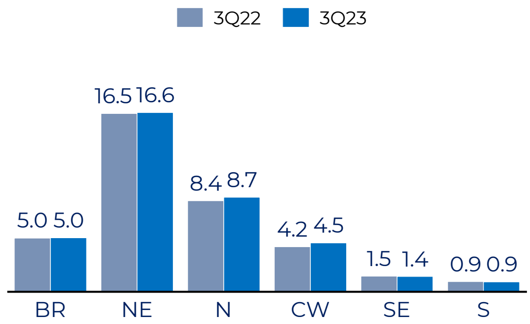


MARKET **SHARE**

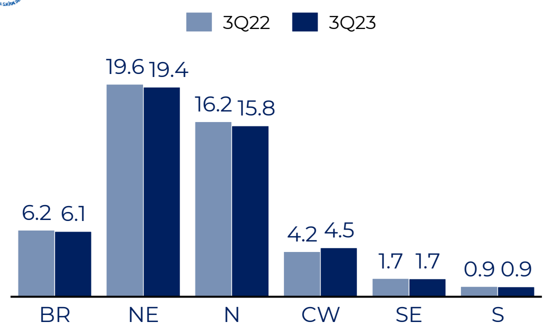
Despite the slowdown in the pace of store openings, we continued to increase our market share, with organic growth above the market for the third consecutive quarter. We highlight the performance in the Center West region, where we reached 4.5% market share (+0.3 p.p. vs 3Q22), growing twice as much as the market during the period.

On a consolidated basis, we recorded a market share of 6.1% in 3Q23. The percentage represents a reduction of 0.1 p.p. in relation to the same period of the previous year, caused by the reduction in the Extrafarma store base, which decreased by 9% in the last 12 months due to post acquisition optimization and the implementation of CADE remedies.

SHARE BY REGION - STANDALONE



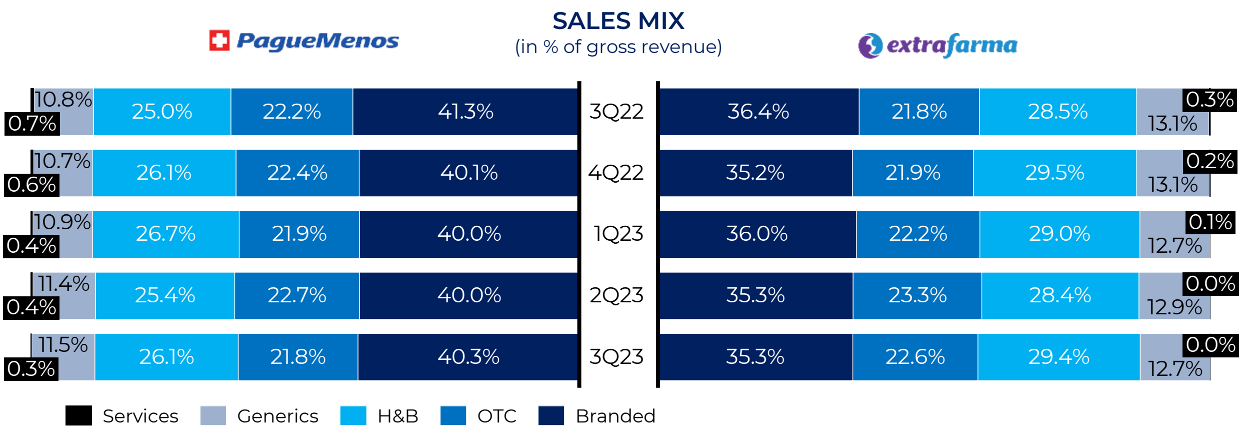
SHARE BY REGION - CONSOLIDATED



Source: IQVIA

CATEGORY MANAGEMENT AND SUPPLY CHAIN

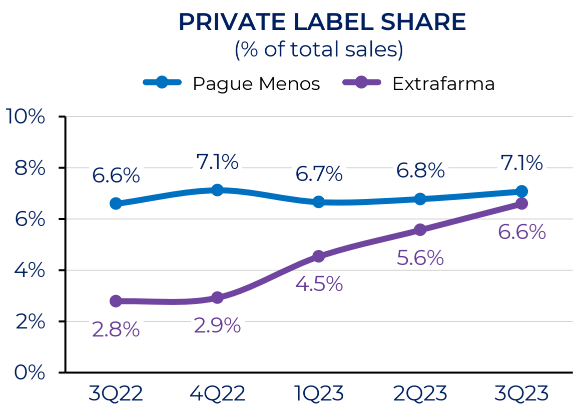
The sales mix continues to evolve positively for both brands, contributing to improving profitability. In Pague Menos, generic drugs stood out, registering year-over-year growth of 18.5%, reaching a share of 11.5% of total sales. In Extrafarma, we observed good performance in the hygiene and beauty category, reaching 29.4% of total sales, driven by the increased participation of digital channels.

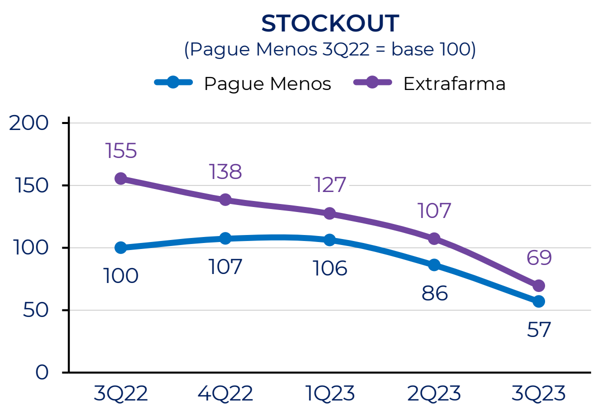


Consistency in our private label strategy led to another quarter of good results. In Pague Menos, we recorded a 19.7% year-over-year growth in sales volume in 3Q23, reaching 7.1% of total sales and 14.8% of self-service sales. In Extrafarma, we observed a significant increase in the share of this category, reaching 6.6% of total sales, more than doubling in comparison to 3Q22.

In 3Q23, the stockout rate reached the lowest level in the last two years. Considering the increase in assortment, which reached an average of 10.6 thousand distinct items per store in the quarter, we reached a record level of product availability in stores.

An important point to highlight is the solid improvement in logistics efficiency of Extrafarma, which is now at the same level as Pague Menos. In 3Q23, the stockout rate for the brand decreased by 55% compared to the same period of the previous year, when the logistics structure was not yet integrated.



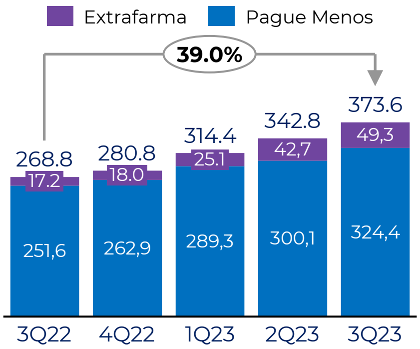


OMNICHANNEL PLATFORM

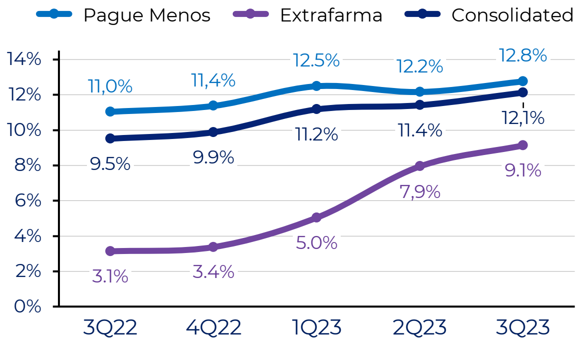
In 3Q23, we recorded 39.0% growth in our digital channels, reaching 12.1% of consolidated sales. In Pague Menos, the share of digital sales reached 12.8% in the quarter, an increase of 1.8 p.p. year-over-year, while for Extrafarma the share reached 9.1%, almost three times higher than in the previous year.

Once again, we recorded above the market growth, according to IQVIA, with in a market share of 12.1% in the quarter, 0.9 p.p. above the same period of the previous year.

OMNICHANNEL SALES
(in BRL million)

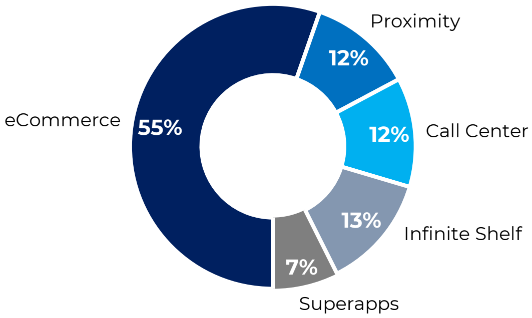


OMNICHANNEL SALES
(% retail revenue)

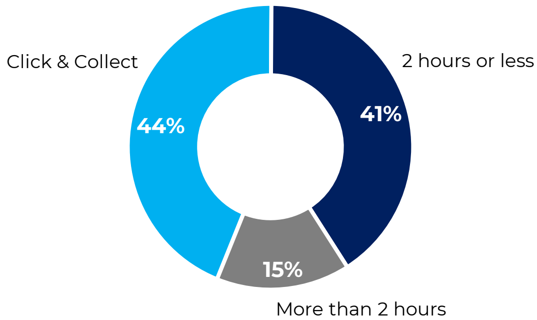


The e-commerce channel registered 46% year-over-year growth, reaching 55% of omnichannel sales. The good performance has been driven mainly by the app, which, with continuous improvements and updates, has been gaining share with continuous improvements and updates. The channel with the highest growth in the quarter was the Infinite Shelf, growing 51% compared to 3Q22, leveraged by the Extrafarma execution, where this driver was not previously being taken full advantage of. The channels with the lowest levels of growth were Superapps and the Call Center.

DIGITAL CHANNELS
(% of omnichannel sales 3Q23)



DELIVERY MIX
(% of omnichannel orders 3Q23)



In 3Q23, about 85% of orders were made available to customers in less than 2 hours, illustrating the logistics capacity of a 100% integrated omnichannel platform. It is important to highlight that in the quarter both Pague Menos and Extrafarma achieved the RA1000 seal, on *Reclame Aqui* (an online consumer review platform). This mean that, according to customers, our brands are positioned among those with the best reputations in the industry.

In recent quarters, we have been able to combine high levels of growth with improved profitability in digital channels. In 3Q23, direct expenses from digital channels as a percentage of revenue decreased 1.4 p.p. year-over-year. In addition, the gross margin of the channel has improved continuously with better category mix, which should continue in coming quarters.

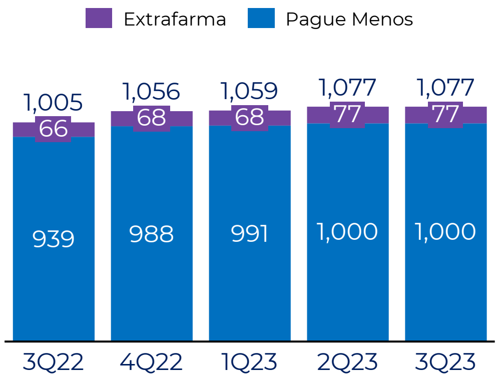
Our omnichannel platform continues to be one of the major drivers for increased store productivity. We observed a strong correlation between the growth of same store sales and the increase in the share of digital channels, with the digitalization of customers directly contributing to an increase in their average spending and loyalty. In 3Q23, the penetration of omnichannel customers reached 8% of the total base, and this group of customers, with better economics, represented approximately 30% of sales in the quarter.

HEALTH HUB

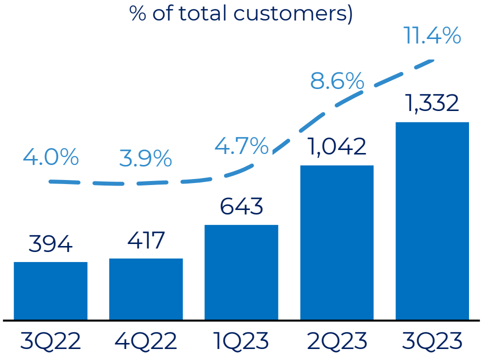
In 3Q23, Clinic Farma reached a record volume of customers served, with 11.4% of the customer base adhering to its health services, an increase of 3.6p.p. compared to the previous quarter. In the quarter, more than 1.3 million appointments were conducted in our pharmaceutical clinics.

Basic health services, which are granted as benefits to "gold customers" in our loyalty program, have driven the growth of this platform. This strategy has contributed positively to improving CRM indicators in the high-value customer group, with increased frequency, average ticket and retention. In addition to the record adherence rate, Clinic Farma's conversion rate, which measures the percentage of customers who purchased products in the store on the same day of the consultation, also reached a record level of 78%.

PHARMACEUTICAL CLINICS



CUSTOMER ADHERENCE TO HEALTH SERVICES
(in thousands of consultations and % of total customers)



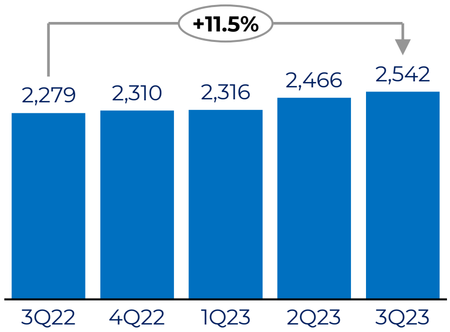
This strategy has also contributed to the growing demand for point-of-care-testing (POCT), which were recently definitively regulated by Anvisa (Brazilian health regulator), through its RDC 786 standard. In the months of August and September, we observed a 16% growth in the application of POCT (ex-covid), when compared to the monthly average of the other months of the year. In addition, the new regulation allowed us to expand the offer of rapid tests to more than 20 different procedures, available in over 200 stores. Although still in early stages, we believe that the offer of POCT has the potential to be increasingly relevant in our business, as they provide customers with great convenience at competitive prices, thus contributing to increased levels of efficiency in primary health care.

GROSS **REVENUE**

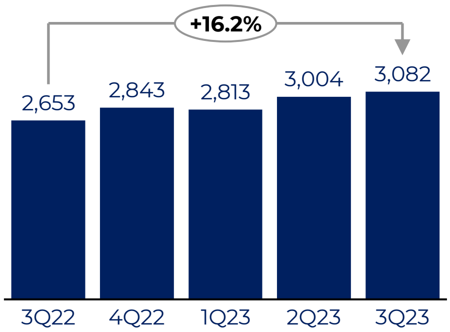
Consolidated gross revenue grew by 16.2% compared to 3Q22, reaching BRL 3.1 billion. It is important to note that the basis of comparison only includes two months of Extrafarma sales, and also reflects the wholesale operation, which was discontinued in October 2022.

In the standalone view, we recorded a growth of 11.5%, reaching BRL 2.5 billion in sales. Thus, we maintained a similar growth rate to 2Q23, even without new stores openings in the period.

STANDALONE GROSS REVENUE
(BRL million)



CONSOLIDATED GROSS REVENUE
(BRL million)

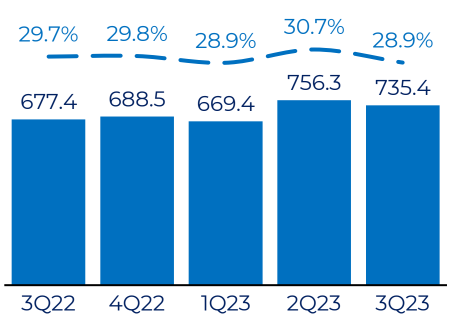


GROSS **PROFIT**

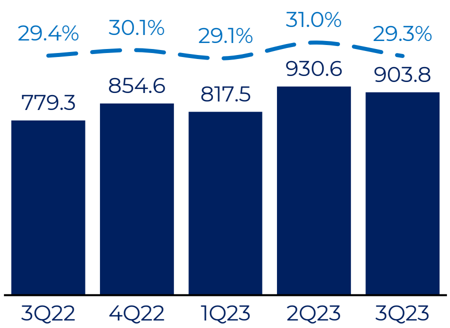
Consolidated gross profit totaled BRL 903.8 million in 3Q23, an increase of 16.0% compared to 3Q22. Consolidated gross margin was 29.3%, down 0.1 p.p. compared to the same period of the previous year, with synergy gains from Extrafarma offset by a margin reduction for Pague Menos. Compared to 2Q23, the decrease of 1.7 p.p. is explained by a lower inflationary gain on inventories, due to the adjustment of medicine prices in April 2023.

In the standalone view, gross profit totaled BRL 735.4 million, an increase of 8.6% compared to 3Q22. There was a margin reduction of 0.8 p.p. year-over-year, reflecting lower inflationary gains on inventories, and increase in the participation of digital channels. These effects were partially offset by the increase in share of private label and generic brands, in addition to the non-cash effect of the adjustment to present value (APV).

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



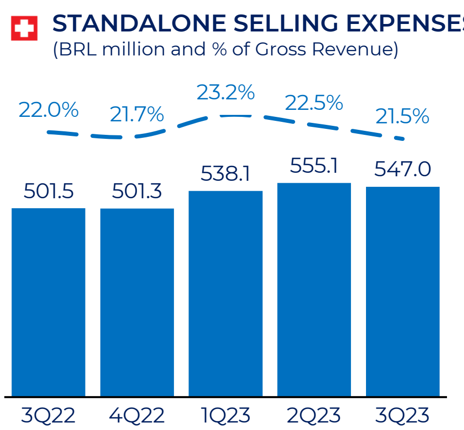
CONSOLIDATED GROSS PROFIT
(BRL million and % of Gross Revenue)

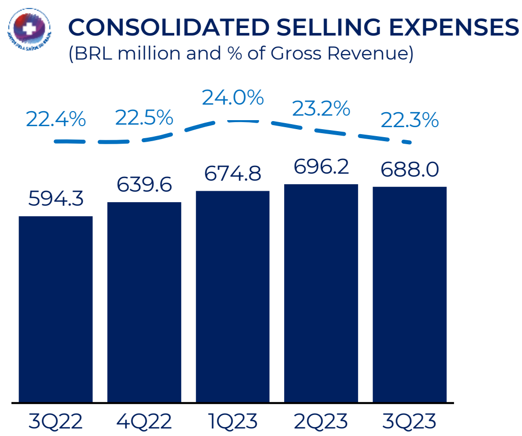


Extrafarma's gross margin reached 31.2% in the quarter, an increase of 3.0 p.p. compared to 3Q22, due to tax synergies, improved commercial conditions and growth in the share of private labels. Compared to the previous quarter, the margin decreased by 1.2 p.p., mainly due to lower inflationary gains from inventories.

SELLING EXPENSES

Consolidated selling expenses totaled BRL 688.0 million in 3Q23, equivalent to 22.3% of gross revenue. As such, we observed a positive dilution of expenses in the quarter, resulting in a decrease of 0.1 p.p. in relation to 3Q22 and a significant 0.9 p.p. decrease in relation to 2Q23.





This positive performance was mainly driven by the higher operational efficiency of the Pague Menos brand, which totaled BRL 547.0 million in selling expenses in the quarter, equivalent to 21.5% of gross revenue. Compared to 3Q22, there was a reduction of 0.5 p.p., mainly related to the reduction in the average number of employees per store (down from 13.3 to 12.8), operating leverage (same store growth higher than the average inflation in expenses) and the phasing of marketing expenses (in 2023, these were more concentrated in the first half of the year due to the Company's sponsorship calendar). Compared to 2Q23, the reduction is related to the acceleration in the pace of same-store growth, inflationary deceleration, reduction in marketing expenses and optimization of logistics expenses, as a result of operational synergies with Extrafarma.

In addition, it is important to highlight the improvement in the profitability of the new stores, which continue to advance in their maturation. The new stores generally have a lower expense structure than the current portfolio, and as they mature, they contribute to a reduction in selling expenses as a proportion of revenue.

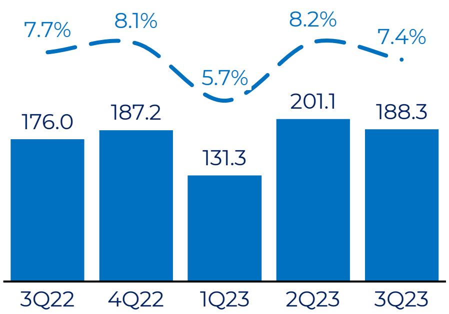
In Extrafarma, sales expenses totaled BRL 141.3 million, equivalent to 26.2% of revenue, an increase of 0.1 p.p. compared to 2Q23, due to the same-store deceleration.

CONTRIBUTION MARGIN

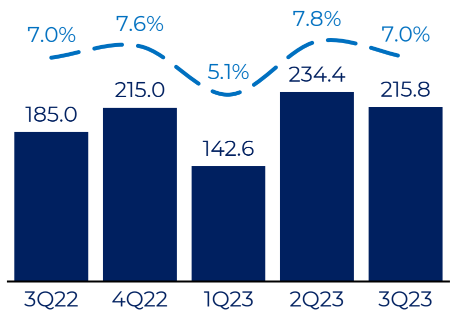
In 3Q23, the consolidated contribution margin was 7.0%, stable compared to the same period of the previous year. We observed a positive trend in both brands, following the trajectory of closing the profitability gap between the two operations.

The contribution margin for Pague Menos was 7.4% in the quarter, a decrease of 0.3 p.p. compared to 3Q22, caused by pressure on gross margin, partially offset by the dilution of expenses. In Extrafarma, we recorded a contribution margin of 5.0% in 3Q23, a significant expansion of 1.9 p.p. compared to the same period of the previous year. Thus, the operating margin gap between the brands was 2.4 p.p., a clear reduction from the 4.6 p.p. gap observed prior to integration.

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



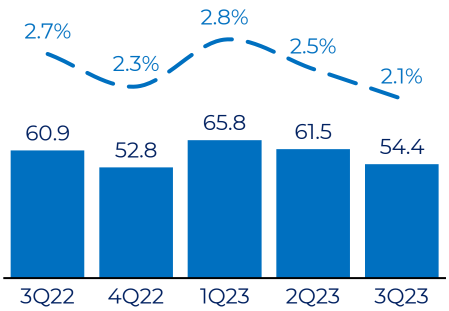
CONSOLIDATED MARGIN CONTRIBUTION
(BRL million and % of Gross Revenue)



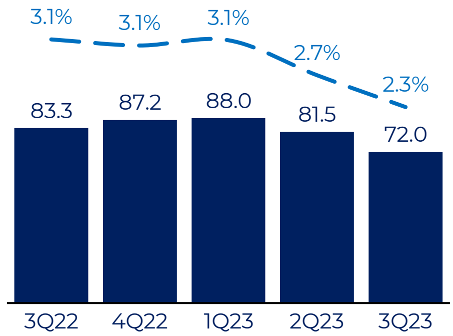
GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

In 3Q23, we continued to capture relevant organizational synergies resulting from the integration with Extrafarma, in addition to increasing the control of indirect expenses. As a result, there was a significant reduction in consolidated general and administrative expenses. In the quarter, this group of expenses totaled BRL 72.0 million, equivalent to 2.3% of gross revenue, down 0.8 p.p. compared to 3Q22, and an improvement of 0.4 p.p. when compared to 2Q23.

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



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



With the unification of the Pague Menos and Extrafarma corporate structures, we have resized the backoffice teams over the last few quarters, thus alleviating the main component of G&A expenses, which is personnel and benefits expenses. We believe that currently, approximately one year after the start of the integration plan, we are already close to the ideal corporate structure, with practically all the synergies mapped in this lever already captured.

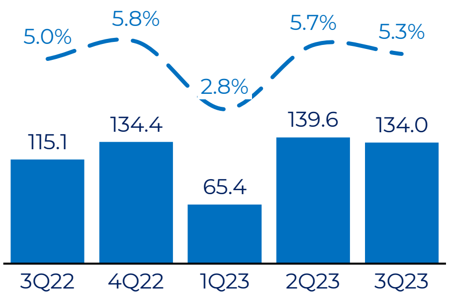
In the short term, the Company continues to focus on financial deleveraging. Therefore, in the quarter, we expanded the control of expenses related to organic expansion, technology, consultancies and third-party services. As the deleveraging plan evolves, these areas should return to the previous expense level.

ADJUSTED **EBITDA**

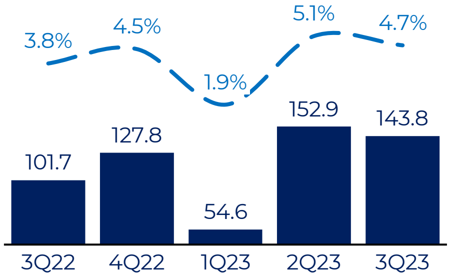
Consolidated adjusted EBITDA in 3Q23 totaled BRL 143.8 million, an increase of 41.4% compared to 3Q22. The adjusted EBITDA margin reached 4.7%, an increase of 0.9 p.p. year-over-year. The main driver of growth was the operational evolution of Extrafarma during the period, as will be commented in the next section of this release.

Pague Menos standalone Adjusted EBITDA reached BRL 134.0 million in 3Q23, an increase of 16.4% compared to the same period of the previous year. The adjusted EBITDA margin was 5.3%, an increase of 0.3 p.p. compared to 3Q22, driven by the dilution of expenses.

STANDALONE ADJUSTED EBITDA
(BRL million and % of Gross Revenue)



CONSOLIDATED ADJUSTED EBITDA
(BRL million and % of Gross Revenue)



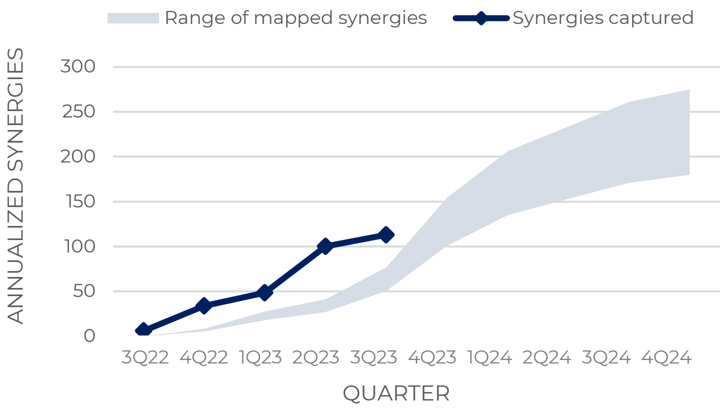
EXTRAFARMA INTEGRATION AND SYNERGIES CAPTURE

We continued to make progress in capturing synergies with Extrafarma, totaling BRL 28.2 million in incremental EBITDA in the quarter (BRL 113 million on an annual basis). As a result, the adjusted EBITDA margin of the Extrafarma portfolio reached 1.8% in the quarter, a strong evolution vs. the -2.5% recorded in 3Q22.

The main synergy levers continue to be SG&A (51% of the total) and gross margin (28%). The synergies of increased sales, generated by the growth of digital channels, expansion of the assortment and stockout reductions, reached 15% of the total synergies identified.

We believe that the most critical phase of integration has already been completed, with the capture of synergies of organizational structure and logistical efficiency close to the mapped potential. For the coming quarters, we believe there is a relevant opportunity to improve sales performance and dilute store expenses.

SYNERGY CAPTURE CURVE
(BRL million)



After a year of integration, our conviction that the acquisition of Extrafarma was a strategic move generating great value for the Company has been reinforced.

From a competition point of view, the acquisition placed us in a privileged position in the North and Northeast markets, with a leadership that is more than consolidated, unparalleled in other regions of the country. In addition, the objective of expanding the scale of our Health Hub was also achieved, with consistent growth in omnichannel sales, adherence to Clinic Farma and participation of private label products, making our business platform, today, unmatched by competitors.

From a financial perspective, the volume of synergies generated has been the main driver of the Company's margin growth. Even considering that the Extrafarma asset continues to operate below its potential, we have already registered a significant increase in margins in just 1 year, moving from a deficit scenario to a cash generation scenario and a progressive contribution to the consolidated Company's financial deleveraging.

DEPRECIATION, FINANCIAL RESULT AND INCOME TAX

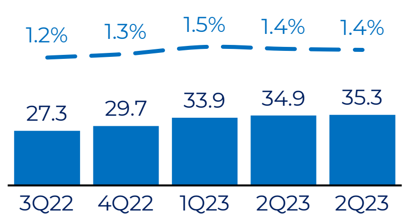
In 3Q23, depreciation and amortization totaled BRL 48.1 million, a slight decrease compared to 2Q22, due to the store closings in the period. Compared to 3Q22, there was an increase of 21.0%, due to the fact that the comparison base includes only two months of Extrafarma.

The financial result totaled BRL 120.4 million in the quarter, an amount similar to the previous quarter, with the reduction in expenses from improvements in receivables being offset by higher interest expenses, due to the funding obtained at the end of the previous quarter. It is important to note that the recent capital increase only took place in September and had little impact on the financial results for the quarter, but will have a relevant impact from 4Q23 onwards.

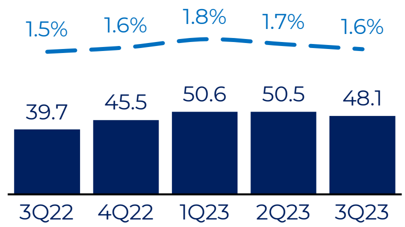
Deferred income tax totaled BRL 24.1 million in the quarter, due to the reduction in taxable income and tax benefits generated by the investment subsidy.

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

STANDALONE

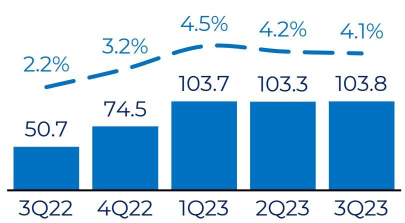


CONSOLIDATED



FINANCIAL RESULTS
(BRL million and % of Gross Revenue)

STANDALONE



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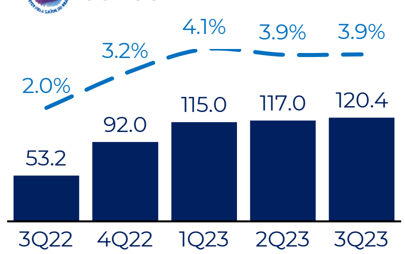
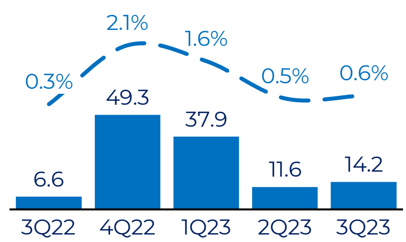


INCOME TAX
(BRL million and % of Gross Revenue)

STANDALONE



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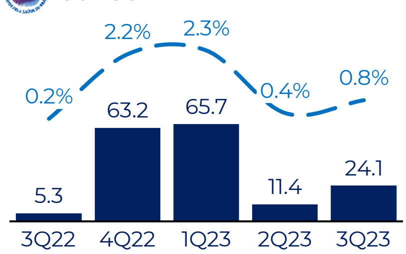
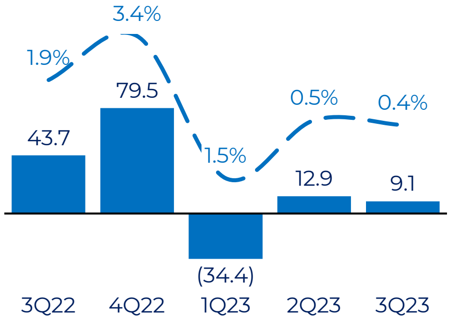


ADJUSTED **NET INCOME**

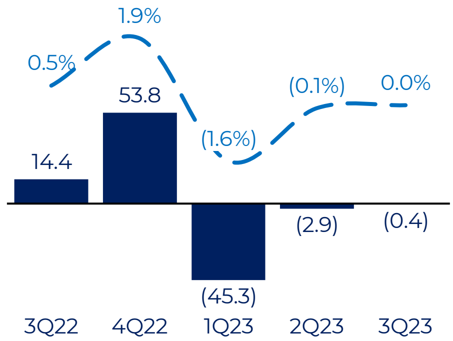
In 3Q23, we recorded consolidated net income close to breakeven and marginally better than 2Q23. Compared to the same period of the previous year, there was a reduction of BRL 14.8 million. Despite the significant operational improvement observed in the quarter, financial expenses continue to cancel out the gains generated by the growth in sales and margins.

We believe that the reduction in net income observed in 2023 is a one-off, an effect of the growing financial expenses generated by the strategic investment in Extrafarma combined with the high interest rate scenario. The ongoing debt reduction trajectory and consequent optimization of the Company's capital structure will contribute to reversing this scenario in the coming quarters.

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



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



ADJUSTED NET INCOME **RECONCILIATION**

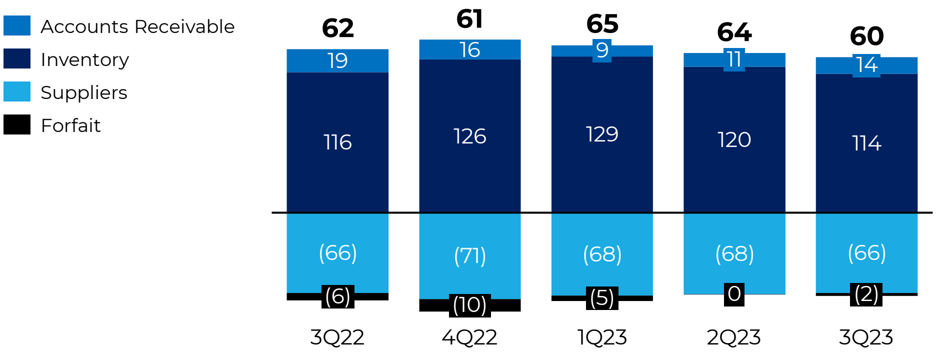
For a better understanding and comparability with previous periods, the result of 3Q23 was adjusted to purge non-recurring events related to the acquisition of Extrafarma. We present below the details of the adjustments made, as well as their respective impacts on results. The complete reconciliation of the accounting and adjusted result is presented in Annex 1 of this release.

Description of Adjustment	Statement Line Affected	STANDALONE		CONSOLIDATED	
		3Q22	3Q23	3Q22	3Q23
Accounting Net Income (Loss) (IFRS 16)		**84.8**	**(23.7)**	**84.8**	**(23.7)**
IFRS Effects 16		6.4	6.2	7.1	5.6
Accounting Net Income (Loss) (IAS 17)		**91.2**	**(17.5)**	**91.8**	**(18.1)**
Write off of fixed assets	Selling Expenses	-	3.8	2.2	12.0
Extraordinary expenses form Extrafarma acquisition	G&A Expenses	4.0	-	5.4	-
Organizational restructuring	G&A Expenses	-	-	-	0.8
Reversal of gain from advantageous purchase	G&A Expenses	(137.8)	-	(137.8)	-
Depreciation of the capital gain generated by the advantageous purchase of Extrafarma	G&A Expenses	-	3.4	-	3.4
Installment interest provisions payable for the transaction	Financial Earnings	12.8	8.8	12.8	8.8
Exclusion of the equity equivalence of Extrafarma	Equity Accounting	32.5	14.9	-	-
Effect of adjustments on Income Tax and Social Contribution	IR / CSLL	41.2	(4.3)	39,9	(7.4)
Total - Effect on Net Income (Loss)		**(47.4)**	**26.6**	**(77.4)**	**17.6**
Adjusted Net Income		**43.7**	**9,1**	**14.4**	**(0.4)**

CASH CYCLE

We continue to focus on the normalization of Extrafarma's post-integration working capital, with strong evolution in the last 9 months. In 3Q23, the operating cash cycle was 60 days, a reduction of 4 days compared to 2Q23. The process of normalization of the Average Inventory Term is almost completed, with the reduction from 129 days in 1Q23 (period of change in the logistics network, part of the Extrafarma integration process) to 114 days in 3Q23. The process of normalization of the Average Payment Term and Average Receivables Term is still in progress.

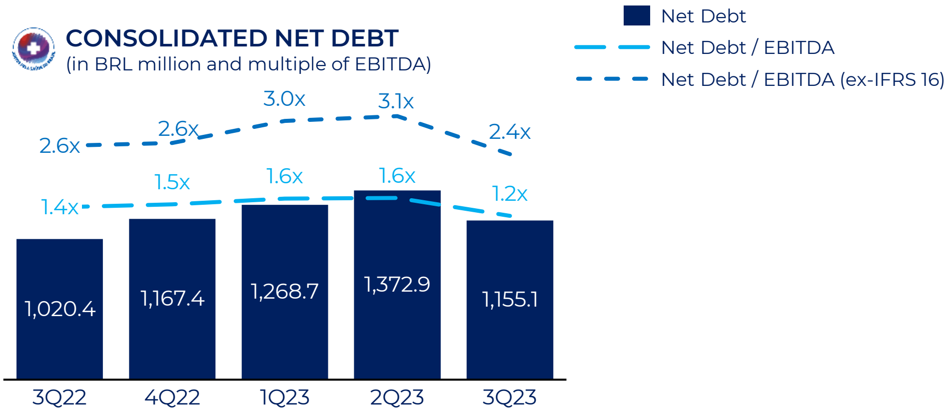
CONSOLIDATED CASH CYCLE [3]
(in days of COGS and days of Gross Revenue)



DEBT

We closed 3Q23 with net debt of BRL 1,155.1 million, equivalent to 2.4x the adjusted EBITDA of the last 12 months (excluding the effects of IFRS 16). As a result, our financial leverage decreased significantly compared to the peak reached in 2Q23, mainly due to the generation of operating cash, EBITDA growth and the capital increase, concluded in September 2023, with an injection of BRL 332 million. In the quarter, we paid the second installment of the acquisition of Extrafarma, in the amount of BRL 197.8 million. In August 2024, the last installment of the acquisition will be paid.

CONSOLIDATED NET DEBT
(in BRL million and multiple of EBITDA)



Over the next quarters, the Company's focus will be directed to deleverage the balance sheet through different initiatives such as expenses and investments control, cash cycle normalization and tax credits monetization.

[2] The calculation of the Average Inventory Term and the Average Supplier Payment Term disregards the effects of APV, commercial agreements and recoverable taxes.

CASH FLOW

Cash flow from operations reached BRL 176.8 million in 3Q23, an increase of 62.4% compared to 3Q22. Free cash flow was negative by BRL 32.1 million, impacted by the payment of the second installment for Extrafarma. Excluding this effect, free cash flow would have been BRL 165.7 million in the quarter, the best historical cash generation of the Company in one quarter, as a result of operational improvement, normalization of the cash cycle and deceleration of investments.

Management Cash Flow (BRL million)	3Q22	3Q23	9M22	9M23
Consolidated EBITDA ex-IFRS 16	**231.8**	**127.7**	**441.2**	**313.4**
Gain from advantageous purchase	(137.8)	-	(137.8)	-
(Δ) Accounts receivable	39.5	(44.5)	72.8	57.2
(Δ) Inventories	(228.2)	2.5	(329.7)	98.0
(Δ) Suppliers	128.3	(10.0)	82.2	35.5
(Δ) Forfait	73.4	49.3	38.0	(185.2)
(Δ) Recoverable taxes	(9.8)	(20.7)	(26.1)	(31.6)
(+/-) Change in other assets and liabilities/Non-cash effects	11.7	72.5	55.9	100.7
(=) Cash flow from operations	**108.9**	**176.8**	**196.4**	**186.6**
(-) Capital investments	(84.9)	(11.0)	(216.3)	(78.2)
Company Acquisitions	(365.4)	(197.8)	(365.4)	(197.8)
(+) Cash from the business combination	20.1	-	20.1	-
(=) Investment Cash Flow	**(430.2)**	**(208.8)**	**(561.6)**	**(276.0)**
Free cash flow	**(321.3)**	**(32.1)**	**(365.3)**	**(89.5)**
(+) Gross debt raised	500.0	-	500.0	583.7
(-) Payment of gross debt	(248.2)	(14.8)	(448.2)	(237.2)
(-) Debt service	(14.9)	(71.0)	(75.6)	(216.5)
(-) Repurchase of shares / Payment of capital	(8.1)	332.1	(13.6)	400.7
(+) Dividends and interest on capital paid (received)	0.2	-	1.3	(79.1)
(=) Financing Cash Flow	**229.0**	**246.3**	**(36.1)**	**451.6**
Opening balance of cash, cash equivalents and financial investments	345.1	316.0	654.1	168.1
Closing balance of cash, cash equivalents and financial investments	252.8	530.2	252.8	530.2
Change in cash and cash equivalents	**(92.3)**	**214.2**	**(401.3)**	**362.1**

INVESTMENTS

Year-to-date capex reached BRL 78.2 million in 3Q23, a 64% reduction compared to the same period of the previous year. With the completion of the expansion plan for the first half of the year, the investments planned for the second half involve renovations and brand conversions, as well as technology projects.

Capex (BRL million)	9M22	%	9M23	%
Expansion	142.6	66%	48.8	62%
Store renovations	22.1	10%	9.3	12%
Technology	42.0	19%	11.8	15%
Infrastructure of stores, DCs and offices	9.6	4%	8.3	11%
Total	**216.3**	**100%**	**78.2**	**100%**

APPENDIX 1: **INCOME STATEMENT FOR THE YEAR**

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

PAGUE MENOS STANDALONE INCOME STATEMENT

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	3Q22	3Q23	Δ	3Q22	3Q23	Δ
Gross Revenue	**2,279.0**	**2,541.7**	**11.5%**	**2,279.0**	**2,541.7**	**11.5%**
Deductions	(148.9)	(169.7)	14.0%	(148.9)	(169.7)	14.0%
Net Revenue	**2,130.2**	**2,372.0**	**11.4%**	**2,130.2**	**2,372.0**	**11.4%**
Cost of Goods Sold	(1,452.7)	(1,636.6)	12.7%	(1,452.7)	(1,636.6)	12.7%
Gross Profit	**677.4**	**735.4**	**8.6%**	**677.4**	**735.4**	**8.6%**
Gross Margin	*29.7%*	*28.9%*	*(0.8 p.p.)*	*29.7%*	*28.9%*	*(0.8 p.p.)*
Selling Expenses	(501.5)	(547.0)	9.1%	(421.6)	(448.3)	6.3%
Contribution Margin	**176.0**	**188.3**	**7.0%**	**255.9**	**287.1**	**12.2%**
Contribution Margin (%)	*7.7%*	*7.4%*	*(0.3 p.p.)*	*11.2%*	*11,3%*	*0.1 p.p.*
General and administrative expenses	(60.9)	(54.4)	(10.7%)	(60.9)	(54.4)	(10.7%)
Adjusted EBITDA	**115.1**	**134.0**	**16.4%**	**195.0**	**232.7**	**19.4%**
Adjusted EBITDA Margin	*5.0%*	*5.3%*	*0.3 p.p.*	*8.6%*	*9.2%*	*0.6 p.p.*
Depreciation and Amortization	(27.3)	(35.3)	29.4%	(81.5)	(101.3)	24.3%
Financial Earnings	(50.7)	(103.8)	104.8%	(86.1)	(145.9)	69.5%
Earnings before Income Tax	**37.1**	**(5.1)**	**-**	**27.4**	**(14.5)**	**-**
Income Tax and Social Contribution	6.6	14.2	116.3%	9.9	17.4	76.4%
Adjusted Net Profit	**43.7**	**9.1**	**(79.1%)**	**37.3**	**2.9**	**(92.1%)**
Adjusted Net margin	*1.9%*	*0.4%*	*(1.5 p.p.)*	*1.6%*	*0.1%*	*(1.5 p.p.)*

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	9M22	9M23	Δ	9M22	9M23	Δ
Gross Revenue	**6,600.9**	**7,324.0**	**11.0%**	**6,600.9**	**7,324.0**	**11.0%**
Deductions	(427.5)	(469.8)	9.9%	(427.5)	(469.8)	9.9%
Net Revenue	**6,173.4**	**6,854.2**	**11.0%**	**6,173.4**	**6,854.2**	**11.0%**
Cost of Goods Sold	(4,174.5)	(4,693.1)	12.4%	(4,174.5)	(4,693.1)	12.4%
Gross Profit	**1,998.9**	**2,161.1**	**8.1%**	**1,998.9**	**2,161.1**	**8.1%**
Gross Margin	*30.3%*	*29.5%*	*(0.8 p.p.)*	*30.3%*	*29.5%*	*(0.8 p.p.)*
Sales Expenses	(1,472.5)	(1,640.3)	11.4%	(1,235.1)	(1,360.4)	10.1%
Contribution Margin	**526.5**	**520.7**	**(1.1%)**	**763.8**	**800.6**	**4.8%**
Contribution Margin (%)	*8.0%*	*7.1%*	*(0.9 p.p.)*	*11.6%*	*10.9%*	*(0.7 p.p.)*
General and administrative expenses	(195.9)	(181.7)	(7.3%)	(195.9)	(181.7)	(7.3%)
Adjusted EBITDA	**330.5**	**339.0**	**2.6%**	**567.9**	**618.9**	**9.0%**
Adjusted EBITDA Margin	*5.0%*	*4.6%*	*(0.4 p.p.)*	*8.6%*	*8.5%*	*(0.1 p.p.)*
Depreciation and Amortization	(81.2)	(104.1)	28.2%	(242.9)	(292.8)	20.5%
Financial Earnings	(137.0)	(310.9)	126.9%	(241.2)	(431.1)	78.8%
Earnings before Income Tax	**112.3**	**(75.9)**	**-**	**83.8**	**(104.9)**	**-**
Income Tax and Social Contribution	24.9	63.7	156.0%	34.6	73.5	112.7%
Adjusted Net Profit	**137.2**	**(12.3)**	**-**	**118.3**	**(31.4)**	**-**
Adjusted Net margin	*2.1%*	*(0.2%)*	*(2.3 p.p.)*	*1.8%*	*(0.4%)*	*(2.2 p.p.)*

PAGUE MENOS CONSOLIDATED FINANCIAL STATEMENT

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	3Q22	3Q23	Δ	3Q22	3Q23	Δ
Gross Revenue	**2,653.4**	**3,081.9**	**16.2%**	**2,653.4**	**3,081.9**	**16.2%**
Deductions	(169.0)	(202.5)	19.8%	(169.0)	(202.5)	19.8%
Net Revenue	**2,484.4**	**2,879.5**	**15.9%**	**2,484.4**	**2,879.5**	**15.9%**
Cost of Goods Sold	(1,705.0)	(1,975.7)	15.9%	(1,705.0)	(1,975.7)	15.9%
Gross Profit	**779.3**	**903.8**	**16.0%**	**779.3**	**903.8**	**16.0%**
Gross Margin	*29.4%*	*29.3%*	*(0.1 p.p.)*	*29.4%*	*29.3%*	*(0.1 p.p.)*
Selling Expenses	(594.3)	(688.0)	15.8%	(496.6)	(565.1)	13.8%
Contribution Margin	**185.0**	**215.8**	**16.6%**	**282.7**	**338.7**	**19.8%**
Contribution Margin (%)	*7.0%*	*7.0%*	-	*10.7%*	*11.0%*	*0.3 p.p.*
General and administrative expenses	(83.3)	(72.0)	(13.6%)	(83.3)	(72.0)	(13.6%)
Adjusted EBITDA	**101.7**	**143.8**	**41.4%**	**199.5**	**266.7**	**33.7%**
Adjusted EBITDA Margin	*3.8%*	*4.7%*	*0.9 p.p.*	*7.5%*	*8.7%*	*1.2p.p.*
Depreciation and Amortization	(39.7)	(48.1)	21.0%	(107.1)	(132.0)	23.3%
Financial Earnings	(53.2)	(120.4)	126.2%	(94.0)	(167.8)	78.6%
Earnings before Income Tax	**8.8**	**(24.6)**	**-**	**(1.6)**	**(33.1)**	**1978.1%**
Income Tax and Social Contribution	5.3	24.1	352.4%	8.6	27.0	212.8%
Minority Interest	0.3	0.1	(54.0%)	0.3	0.1	(54.0%)
Adjusted Net Profit	**14.4**	**(0.4)**	**-**	**7.3**	**(6.0)**	**-**
Adjusted Net margin	*0.5%*	*(0.0%)*	*(0.5 p.p.)*	*0.3%*	*(0.2%)*	*(0.5 p.p.)*

Income Statement for the Year (BRL million)	IAS 17			IFRS16		
	9M22	9M23	Δ	9M22	9M23	Δ
Gross Revenue	**6,975.3**	**8,898.8**	**27.6%**	**6,975.3**	**8,898.8**	**27.6%**
Deductions	(447.7)	(546.5)	22.1%	(447.7)	(546.5)	22.1%
Net Revenue	**6,527.6**	**8,352.2**	**28.0%**	**6,527.6**	**8,352.2**	**28.0%**
Cost of Goods Sold	(4,426.8)	(5,700.4)	28.8%	(4,426.8)	(5,700.4)	28.8%
Gross Profit	**2,100.9**	**2,651.9**	**26.2%**	**2,100.9**	**2,651.9**	**26.2%**
Gross Margin	*30.1%*	*29.8%*	*(0.3 p.p.)*	*30.1%*	*29.8%*	*(0.3 p.p.)*
Selling Expenses	(1,565.4)	(2,059.0)	31.5%	(1,310.2)	(1,703.6)	30.0%
Contribution Margin	**535.5**	**592.8**	**10.7%**	**790.7**	**948.2**	**19.9%**
Contribution Margin (%)	*7.7%*	*6.7%*	*(1.0 p.p.)*	*11.3%*	*10.7%*	*(0.6 p.p.)*
General and administrative expenses	(218.3)	(241.5)	10.6%	(218.3)	(241.5)	10.6%
Adjusted EBITDA	**317.2**	**351.3**	**10.8%**	**572.4**	**706.7**	**23.5%**
Adjusted EBITDA Margin	*4.5%*	*3.9%*	*(0.6 p.p.)*	*8.2%*	*7.9%*	*(0.3 p.p.)*
Depreciation and Amortization	(93.6)	(149.2)	59.3%	(268.5)	(394.4)	46.9%
Financial Earnings	(139.6)	(352.4)	152.5%	(249.1)	(496.9)	99.5%
Earnings before Income Tax	**83.9**	**(150.3)**	**-**	**54.8**	**(184.7)**	**-**
Income Tax and Social Contribution	23.6	101.2	328.8%	33.3	112.9	239.1%
Minority Interest	0.3	0.4	40.2%	0.3	0.4	40.2%
Adjusted Net Profit	**107.8**	**(48.6)**	**-**	**88.4**	**(71.3)**	**-**
Adjusted Net margin	*1.5%*	*(0.5%)*	*(2.0 p.p.)*	*1.3%*	*(0.8%)*	*(2.1 p.p.)*

APPENDIX 2: **BALANCE** SHEET

PAGUE MENOS CONSOLIDATED BALANCE SHEET

Balance Sheet	IFRS16		
(BRL million)	12/31/2022	09/30/2023	Δ
Total Assets	**8,597.4**	**8,703.2**	**1,2%**
Current Assets	**4,127.9**	**4,413.7**	**6.9%**
Cash and Cash Equivalents	168.1	530.2	215.4%
Accounts receivable from Clients	505.5	479.8	(5.1%)
Inventories	3,029.2	2,919.0	(3.6%)
Recoverable Taxes	244.0	256.2	5.0%
Other Current Assets	181.1	228.5	26.2%
Non-Current Assets	**4,469.5**	**4,289.5**	**(4.0%)**
Long-term receivables	1,073.7	1,216.5	13.3%
Investments	76.3	78.5	2.9%
Fixed Assets	1,044.8	955.7	(8.5%)
Right of use under lease	2,054.5	1,838.0	(10.5%)
Intangible assets	220.2	200.8	(8.8%)

Total Liabilities	**8,597.4**	**8,703.2**	**1,2%**
Current Liabilities	**2,935.8**	**2,988.5**	**1,8%**
Social and labor obligations	158.5	226.3	42.8%
Suppliers	1,590.4	1,659.2	4.3%
Forfait	237.9	55.1	(76.8%)
Tax Obligations	167.2	116.3	(30.4%)
Loans, financing and debentures	234.9	372.0	58.4%
Other Obligations	233.6	241.6	3.4%
Leasing	313.3	318.1	1.5%
Non-Current Liabilities	**3,318.6**	**3,150.3**	**(5.1%)**
Loans, financing and debentures	1,100.6	1,313.4	19.3%
Deferred taxes	6.0	5.1	(15.0%)
Commercial leasing	1,926.2	1,739.4	(9.7%)
Provisions	90.9	80.7	(11.3%)
Other Accounts Payable	194.9	11.8	(94.0%)
Equity	**2,343.0**	**2,564.4**	**9.4%**
Paid-up Share Capital	1,199.2	1,605.1	33.8%
Capital Reserves	391.9	385.8	(1.6%)
Profit Reserves	764.4	702.9	(8.0%)
Treasury Shares	(21.0)	(12.7)	(39.6%)
Non-controlling interests	8.4	6.9	(18.6%)

APPENDIX 3: **RECONCILIATION OF ADJUSTED RESULTS**

Adjusted Financial Statement Reconciliation (BRL million)	STANDALONE					CONSOLIDATED			
	3Q23 Accounting	IFRS 16 Effects	Inter-company	Management Adjustments	3Q23 Adjusted	3Q23 Accounting	IFRS 16 Effects	Management Adjustments	3Q23 Adjusted
Gross Revenue	**2,638.5**	-	**(96.8)**	-	**2,541.7**	**3,081.9**	-	-	**3,081.9**
Deductions	(171.7)	-	2.0	-	(169.7)	(202.5)	-	-	(202.5)
Net Revenue	**2,466.8**	-	**(94.8)**	-	**2,372.0**	**2,879.5**	-	-	**2,879.5**
Cost of Goods Sold	(1,731.4)	-	94.8	-	(1,636.6)	(1,975.6)	-	-	(1,975.7)
Gross Profit	**735.4**	-	-	-	**735.4**	**903.8**	-	-	**903.8**
Selling Expenses	(452.1)	(98.7)	-	3.8	(547.0)	(577.1)	(122.9)	12.0	(688.0)
General and administrative expenses	(72.7)	-	-	18.3	(54.4)	(76.1)	-	4.2	(72.0)
Depreciation and Amortization	(101.3)	66.0	-	-	(35.3)	(132.0)	84.0	-	(48.1)
Operating Results	**109.4**	**(32.8)**	-	**22.0**	**98.7**	**118.5**	**(38.9)**	**16.2**	**95.8**
Financial Earnings	(154.8)	42.1	-	8.8	(103.8)	(176.7)	47.4	8.8	(120.4)
Income Before Income Tax	**(45.4)**	**9.4**	-	**30.9**	**(5.1)**	**(58.1)**	**8.5**	**25.0**	**(24.6)**
Income Tax and Social Contribution	21.7	(3.2)	-	(4.3)	14.2	34.3	(2.9)	(7.4)	24.1
Minority Interest	-	-	-	-	-	0.1	-	-	0.1
Net Income	**(23.7)**	**6.2**	-	**26.6**	**9.1**	**(23.7)**	**5.6**	**17.6**	**(0.4)**

APPENDIX 4: **EBITDA RECONCILIATION**

EBITDA Reconciliation (BRL million)	Standalone 3Q23	CONSOLIDATED 3Q23
Net Income	**(23.7)**	**(23.7)**
Financial Results	154.8	176.7
Income tax and Social Contribution	(21.7)	(34.3)
(+) Depreciation and Amortization	101.3	132.0
Minority Interest	-	(0.1)
EBITDA (IFRS 16)	**210.7**	**250.6**
(+/-) IFRS Effects 16	(98.7)	(122.9)
(+/-) Management Adjustments	22.0	16.2
Adjusted EBITDA (IAS 17)	**134.0**	**143.8**

APPENDIX 5: **STORE DISTRIBUTION BY STATE**

State / Region (# Stores)	3Q22	Expansion	Closings	3Q23
Total	**1,592**	**81**	**25**	**1,648**
Northeast	**966**	**57**	**10**	**1,013**
Alagoas	35	2	-	37
Bahia	154	7	2	159
Ceará	272	14	5	281
Maranhão	131	6	1	136
Paraíba	59	9	-	68
Pernambuco	169	10	1	178
Piauí	41	2	-	43
Rio Grande Do Norte	68	2	1	69
Sergipe	37	5	-	42
North	**247**	**5**	**6**	**246**
Acre	14	1	-	15
Amapá	18	-	-	18
Amazonas	22	-	1	21
Pará	152	1	4	149
Rondônia	13	-	-	13
Roraima	11	1	-	12
Tocantins	17	2	1	18
Southeast	**240**	**7**	**9**	**238**
Espírito Santo	25	-	1	24
Minas Gerais	66	3	-	69
Rio De Janeiro	19	-	3	16
São Paulo	130	4	5	129
Center-West	**98**	**12**	**-**	**110**
Federal District (Brasília)	15	-	-	15
Goiás	28	1	-	29
Mato Grosso	27	9	-	36
Mato Grosso do Sul	28	2	-	30
South	**41**	**-**	**-**	**41**
Paraná	15	-	-	15
Rio Grande Do Sul	7	-	-	7
Santa Catarina	19	-	-	19

Juntos pela Saúde do Brasil

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