

grupo panvel

2023/4Q23 Earnings Release

Results Conference Calls


March 15, 2024 - Friday

09:30 am (Brazil Time) / 08:30 am (EDT)

The call shall be held in Portuguese with simultaneous translation into English.

Link: [Click here](#)



 Call PNVL3

A Dimed S.A. Distribuidora de Medicamentos (B3 S.A. - BIL, BOLSA, BALCÃO: PNVL3), one of the main retailers and distributors of pharmaceutical products in the Country, announces the results for the 4th quarter of 2023 (4Q23). The Company's financial statements are prepared in Brazilian reais (R\$), pursuant to the Brazilian corporate law and international financial reporting standards (IFRS). 4Q23 result comparison is based on 4Q22 unless stated otherwise. For comparison with previous periods, figures in this report are indicated pursuant to standard IAS 17/CPC 06. Mentioned financial values refer to amounts in Brazilian reais (BRL).



Legal notice: Statements contained in this document related to business perspectives, projections on operating and financial results, and those related to growth perspectives of Panvel Group are merely projections and, as such, are based exclusively on Management's expectations about the future of the business. Those expectations depend materially on market conditions, legislation, the performance of the Brazilian economy, the segment, and international markets and, therefore, are subject to change without notice.

Investor Relations

Antônio Carlos Tocchetto Napp

CFO and IRO

Ismael Rohrig

IR Head

Lucas Martini

IR Analyst

Pedro Bernardes

IR Assistant

Pedro Gazzana

IR Assistant

Phone.: 51 3481-9588 / E-mail: reinvest@grupopanvel.com.br / Site: <https://ri.grupopanvel.com.br/en/>

2023



Group Gross Revenue

BRL 4,803M (+12.2% vs 2022)



Retail Gross Revenue

BRL 4,367M (+11.7% vs 2022)



Adjusted EBITDA

BRL 233.0M (+14.9% vs 2022)
4.9% Margin (+0.2 p.p.)



Adjusted Net Income

BRL 109.7M (+8.0% vs 2022)
2.3% Margin

4Q23



Group Gross Revenue

BRL 1,315M (+12.9% vs 4Q22)



Retail Gross Revenue

BRL 1,205M (+12.6% vs 4Q22)



Adjusted EBITDA

BRL 68.7M (+17.1% vs 4Q22)
5.2% Margin



Indebtedness

Low leverage of
0.6x EBITDA



Adjusted Net Income

BRL 33.0M (+36.0% vs 4Q22)



Digital

20.4% of share in
Retail sales in 4Q23



Market Share

+0.4 p.p. in the
Southern Region vs 4Q22

Description	4Q22	1Q23	2Q23	3Q23	4Q23	2022	2023
No. of Stores	556	565	574	585	600	556	600
No. of employees	9,300	9,121	9,522	9,666	10,284	9,300	10,284
In thousands of Brazilian reais							
TT Gross Revenue	1,165,011	1,105,711	1,166,969	1,216,126	1,315,106	4,279,781	4,803,912
TT Gross Margin	336,580	313,758	343,743	342,805	376,901	1,245,539	1,377,207
% of Gross Revenue	28.9%	28.4%	29.5%	28.2%	28.7%	29.0%	28.7%
Gross Retail Revenue	1,070,306	1,002,361	1,056,748	1,102,043	1,205,413	3,908,434	4,366,566
Gross Retail Margin	321,089	300,494	327,643	330,432	359,203	1,186,758	1,317,772
% of Gross Retail Revenue	30.0%	30.0%	31.0%	30.0%	29.8%	30.4%	30.2%
Adjusted EBITDA TT	58,647	49,971	57,795	56,595	68,657	202,867	233,018
% of Gross Revenue	5.0%	4.5%	5.0%	4.7%	5.2%	4.7%	4.9%
Adjusted Net Income TT	24,294	22,647	26,781	27,175	33,047	101,515	109,651
% of Gross Revenue	2.1%	2.0%	2.3%	2.2%	2.5%	2.4%	2.3%
Free Cash Flow	29,575	(74,793)	12,212	(6,144)	38,514		
Indebtedness	0.4x	0.8x	0.9x	0.8x	0.6x		

A Message from Management

In 2023, we challenged ourselves to surpass the sales and results obtained in previous years. And once again, we succeeded in our strategy, thanks to the commitment of all Grupo Panvel stakeholders.

We closed another full year of a new growth cycle, which began with our follow-on, held in July 2020. Last year, we made investments of around R\$ 139 million, which added to the investments made in 2021 and 2022, total more than R\$ 450 million in this period. These investments, focused on store operations, logistics and technology, were directly responsible for the delivery of key pillars of our long-term strategy, such as:

- a. **Expansion: there were 57 new stores opened in the year, which added to the stores opened since 2020, represent more than 200 new stores, in different stages of maturation.** This historical level of maturing stores (about 30% of the total base) reinforces the consistency achieved by our expansion process, as we continue to increase our margin even with many stores not yet reaching their maximum level of results. In addition, having this foundation in maturation also means that we have a lot of potential for results to be captured in the next exercises.
- b. **Digital: we achieved a record share of Panvel's sales of 19.7% in 2023, reaching 20.4% in 4Q23.** These numbers are the result of a fully omni experience that, combined with the faster delivery of Brazilian pharma retail, place Panvel as the benchmark in Digital experience. With modern and personalized proprietary channels, we once again kept the focus on service and personalization of our customers' journey. The digitalization of our customers and our employees is a journey that does not stop, and that helps to differentiate Panvel from its competition.
- c. **CRM: We expanded Panvel's customer base by 43% compared to the previous year, reaching the mark of 22.5 million customers.** This customer base is undoubtedly a great differential for us to increasingly work on frequency and loyalty, especially for customers who buy medicines for chronic diseases and continuous use. This will be an important revenue growth vector for the coming periods.

Panvel accelerates sales growth in 4Q23 and reaches the highest average sales in its history, reaching the mark of R\$ 670 thousand per store/month.

Thus, the Group Gross Revenue reached R\$ 4,804 million in 2023, a growth of 12.2% in the year. In the quarter, this growth was even higher, reaching 12.9% versus 4Q22. At Panvel, Gross Revenue for the year reached R\$ 4,367 million, a growth of 11.7% compared to 2022, with this growth accelerating to 12.6% in the last quarter. Here it should be noted that, when analyzing the average compound growth (CAGR) of Panvel's sales between the years 2021 and 2023, we find a rate of 17.3% per year, a very robust percentage that

demonstrates the good performance of our expansion and mature stores in the period. As it could not be otherwise. **Once again, we gained market share in the Southern Region, in all our states where we operate, with a share of 12.7% in 4Q23 and with the highest growth of the year (0.4 p.p. versus 4Q22);**

The growth in Gross Revenue and the maturation of important initiatives in all our strategic pillars were accompanied by the evolution of the Company's Adjusted EBITDA Margin, which represented 4.9% of Gross Revenue, an expansion of 0.2 p.p. compared to 2022, with a growth of 14.9% compared to the previous year, reaching R\$ 233 million in the year. In 4Q23, EBITDA Margin reached 5.2% (+0.2 p.p. vs 4Q22) with a growth of 17.1% over the same period of 2022. This excellent result was the result of productivity gains in mature stores and distribution centers, as well as the maturation of new stores, following the strong investments made. This translated into a dilution of Sales Expenses throughout the year, in the order of 0.7 p.p. versus 2022, in line with our commitment to increase operational efficiency.

Cash Cycle improves in 7 days and the Company ends the year with low leverage, equivalent to 0.6x EBITDA.

The quality of cash management was also highlighted in 2023. We improved the cash cycle by 7 days, even in a scenario of store openings, investments in logistics and technology, all combined with one of the lowest financial leverages in retail. As a result, we ended the fourth quarter with low debt and leverage, equivalent to 0.6x EBITDA. This cash situation gives breathing space to

continue investing and growing, even in a scenario of still high interest rates.

Combining the excellent operating result with conservative cash management, we closed the year delivering an Adjusted Net Income of R\$ 109.6 million, equivalent to a Net Margin of 2.3%. Special emphasis was placed in the last quarter of the year, when we reached a Net Margin of 2.5%, an increase of 36.0% over the previous year (+0.4 p.p. versus 4Q22).

Adjusted Net Income grows 36% in 4Q23, compared to the same period in 2022.

It is worth remembering that this growth in sales and results was built without forgetting the care for customers, employees and the entire community that accompanies us. Our customer service indicators, whose main KPI is the NPS (Net Promoter Score) grew compared to 2022 and reached the record level of 81 points in 2023, being one of the highest in the industry. This is the best possible translation of our purpose of "Providing Health and Well-being", with the customer always at the center of our decisions.

On the other hand, our ESG journey has delivered very important deliveries throughout the year. Since the publication of our 1st Sustainability Report, which made our actions in this pillar tangible, through the collective effort to support the communities in the Southern Region that suffered the serious consequences caused by the intense rains and floods, the Grupo Panvel has continued tirelessly in the search for solutions that reduce people's suffering, the waste of resources and the maintenance of a healthy environment for all.

All these important deliveries reinforce our consistency and confidence for the coming years. We are very proud to say that we are delivering, without exception, all the commitments made in our *follow-on* carried out in 2020. We will continue to invest and innovate in our business, and we will reap the rewards of past projects and investments. We are fully aware that to achieve our long-term goals we still have a lot of work ahead of us and that all of this has only been possible and will continue to be built through our people. With this, we would like to thank all the *stakeholders* who contribute to the continuous surpassing of results in each of the quarters.

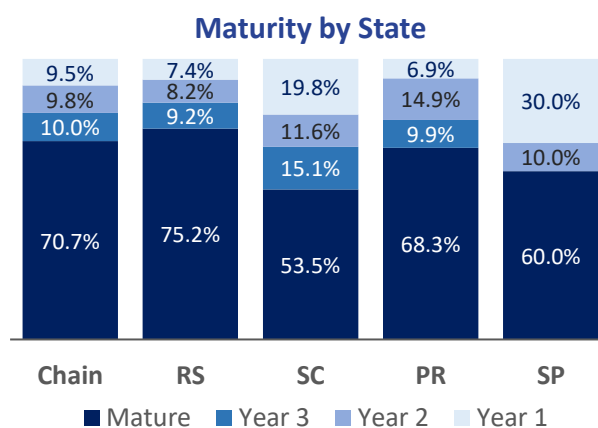
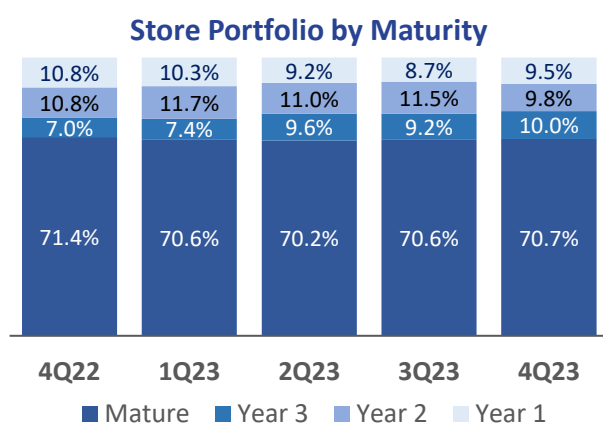
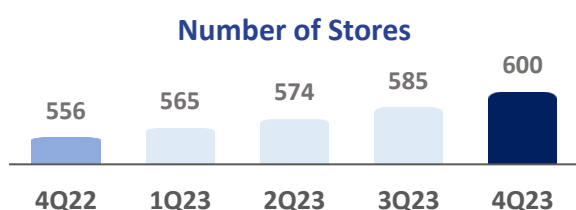
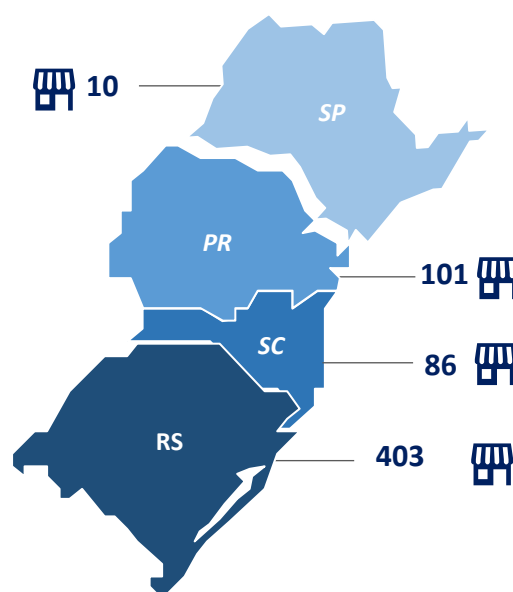
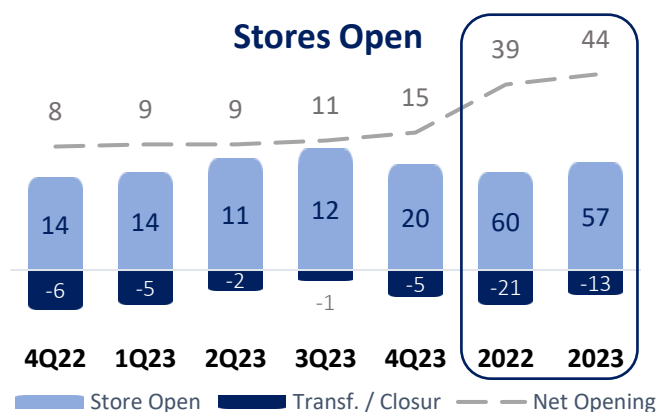
Store Portfolio

In 4Q23, we opened 20 stores, 12 units in RS, 4 in SC, 3 in PR and 1 unit in SP, reaching the mark of 600 stores in operation, maintaining the consistency and execution capacity of our expansion pace. Throughout the year, we opened 57 stores, highlighted by the record number of net openings, which reached the level of 44 new stores in 2023.

During this period, we transferred 2 mature branches to points with greater sales potential. Another 3 mature branches were closed because they no longer met the profile, sales potential and profitability determined by the Company's operating standards, considering indicators such as location, parking spaces and square footage. The closure/transfer of branches that are not aligned with the Company's current strategy is a tool to optimize the use of our assets, freeing up resources and increasing the rates of return on our investments.

The pace of expansion is in line with the Company's strategy of densification in the South Region, especially outside the capitals, in addition to the increase in the service capacity of digital channels.

At the end of the period, the Company had 70.7% of mature stores and 29.3% in the process of maturing.



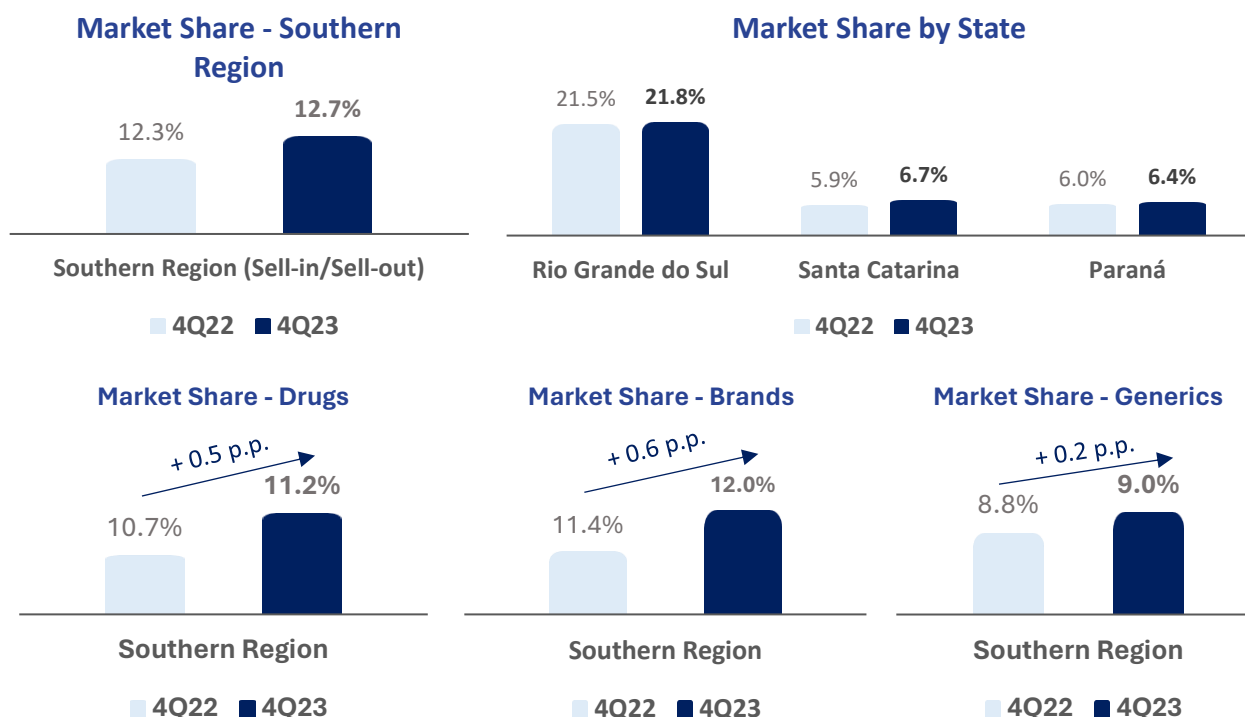
Market Share

In 4Q23, the Company achieved the fifteenth consecutive quarter of market share gains in the Southern Region. This gain in market share is the result of an assertive expansion strategy and the quality of the operation of the existing stores, with a focus on the interior of the states of the Region.

Panvel shows a 0.4 p.p. gain in market share in the Southern Region, with gains coming mainly from SC and PR, in line with its expansion strategy.

In 4Q23, Panvel achieved a *market share* of 12.7% in the South Region, an increase of 0.4 p.p. over the same period of the previous year, with emphasis on the State of Santa Catarina, where we gained 0.8 p.p. vs 4Q22 and reached the mark of 6.7% share. In Paraná, we recorded a gain of 0.4 p.p., reaching a 6.4% share.

The Company continues to see many opportunities for the Southern Region, especially in the interior of the states of this region. These opportunities will continue to be explored over the coming periods.



Source: IQVIA - *Sell-in / sell-out concept = distributor sales plus retail sales

E-commerce and Digital Initiatives

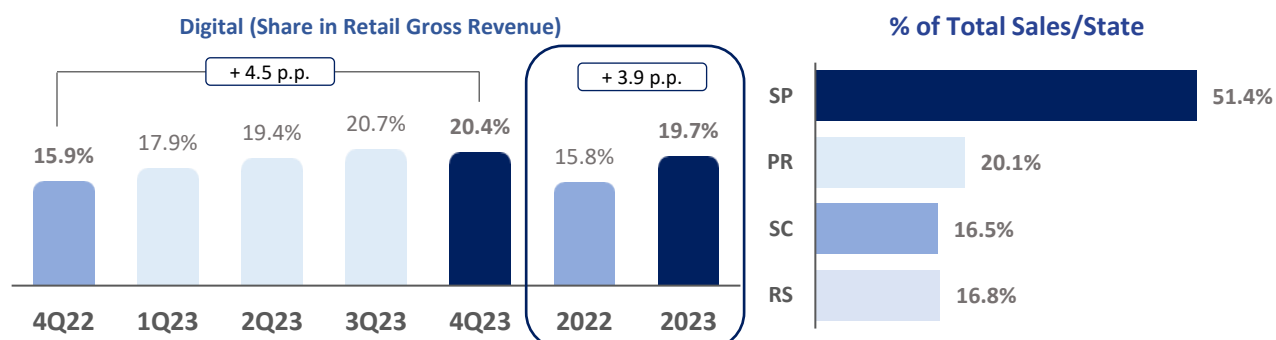
Once again, Panvel's digital channels were highlighted, consolidating our position as a reference in Brazilian pharmaceutical retail with the largest share of digital channels in the sector's transactions.

Panvel's Digital reaches 53.7% market share in the South Region in 4Q23, consolidating the Company's E-Commerce leadership in the region.

Digital sales reached 20.4% of retail sales in 4Q23, with a growth of 43.8% compared to the same period of the previous year. In the cumulative period of 2023, the share of digital was 19.7%, with an evolution of 38.8% and an expansion of 3.9 p.p.







This performance demonstrates the efficiency of our business model and the quality of our last-mile delivery structure. At Panvel, we offer a fluid and completely omnichannel experience in all our non-face-to-face sales channels, such as app, website, marketplace, telephone service

and Social Commerce, reinforcing our commitment to innovation and continuous improvement of the customer experience. In addition, we stand out for having the fastest last-mile delivery in Brazilian pharmaceutical retail and the best omnichannel experience.



In line with our strategy for each of the locations in which we are present, we executed another quarter with a balance in the share of Digital among the states of the Southern Region. Regarding the city of São Paulo, Panvel follows its strategy for the region, which aims to provide the best *online experience*, with the fastest delivery of pharma retail in Brazil without renouncing the profitability of the operation. Thus, we ended 4Q23 with a *market share* of 53.7% in the South Region.

Digital Structure

 Click & Collect 600 stores	 4Q23 Deliveries +570,000	 Delivery Stores 177
 Service Level 97% (4Q23)	 Fast Delivery Up to 1 hour	 Mini DC/ Darkstore 9

In keeping with our commitment to excellence and the best experience for our customers, throughout 2023 we developed and evolved several strategic fronts for digital channels:

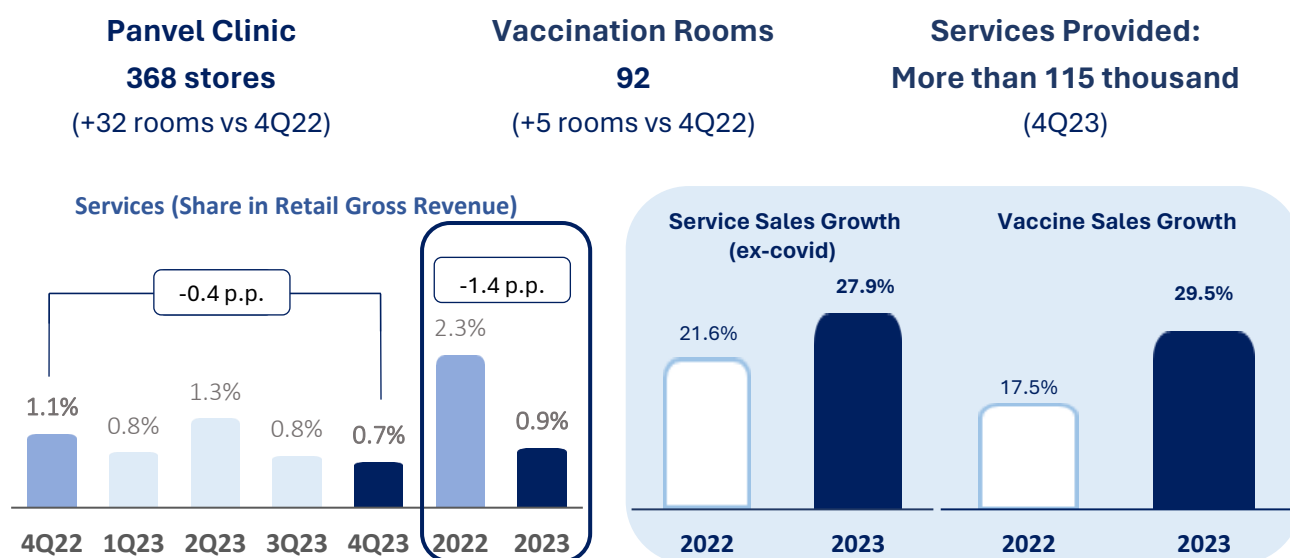
- **Turbo Delivery:** we launched this new delivery modality, with a maximum time of up to 30 minutes, and it is already available in the capitals of the South Region. In addition, we are the only pharmacy enabled in "turbo" modalities of SuperApps.
- **Digital Managers:** an initiative that aims to train our employees to become digital influencers in their respective communities through digital platforms. There are currently more than 410 stores, with more than 125 thousand posts and more than 89 million impressions, which greatly expand the communication capacity of each of our stores, offering products, services, coupons and promotions.
- **Personalized Showcases:** in addition to providing the fastest delivery in Brazilian pharma retail, the personalization of the journey is also one of Panvel's main differentials. Thus, in 2023 we launched the window customization feature on our channels, enabling consumers to navigate directly with their journey, as well as with their purchase history, ensuring more agility and ease in the digital experience.

Health Ecosystem

Panvel maintains its leadership position as a reference in health services in the Southern Region of Brazil, consolidating its presence with a substantial *market share* in the provision of services, including tests, vaccinations and other essential services that make up our portfolio. During 4Q23, the Company achieved an impressive market share of 49.6% in vaccination in the South Region, according to data from IQVIA. This fact has led more and more consumers to identify Panvel's stores as a trusted place to address and resolve a wide variety of health-related issues.

Panvel Clinic

Through Panvel Clinic, Panvel consolidates itself as a true Health Hub, maintaining the highest standards of care and innovation in the provision of services to the communities in which it operates.



Throughout 2023, the Services pillar demonstrated that the pharmacy came to be understood by the customer as a place to carry out tests, vaccines and other health services. This new habit has been consolidated, thus, in 4Q23 Panvel Clinic represented 0.7% of Retail Gross Revenue, however, when we analyze the performance of this pillar, completely excluding services related to Covid-19, a very robust growth becomes evident, marked by an evolution of 27.9%.

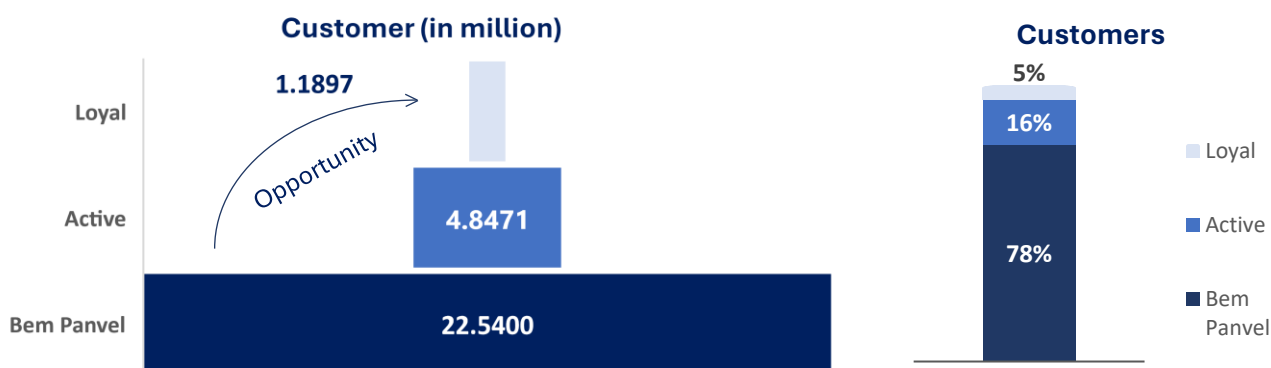
Another key role of this pillar has been to increase recurrence. Customers who perform a service have a frequency 3x higher than a customer who does not perform services. In addition, these customers also consume a greater number of items per note, which strengthens the strategic role of services in pharmacies as a vector of recurrence and loyalty.

Currently, our network includes more than 368 rooms dedicated to performing services, and this structure also includes 92 vaccination rooms, covering the entire South Region and the city of São Paulo/SP. Among the tests offered are those related to pregnancy, fertility, thyroid, hepatitis, cholesterol, glycated hemoglobin and dengue. We expanded our portfolio with important items, such as the dengue vaccine, HPV9 vaccine and pneumo-15 vaccine, in addition to the PCR test, demonstrating our commitment to expanding and diversifying the services offered.

Thus, Panvel presents itself as an excellent resource for providing consumers with a personalized and convenient healthcare experience. This is in tandem with excellent customer service and a wide range of resources to meet all your needs in one place. We understand that the pillar of services will gain more and more importance for customer loyalty, as well as there is a trail of new services that should follow in the coming periods.

CRM

In 4Q23, the Bem Panvel Program maintained its trend of capturing and increasing our customer base, thus, our unified base showed a growth of 42.4% compared to 4Q22 (+6.7 million new customers in 12 months), reaching a total of 22.5 million registered customers. This increase is a reflection of the physical expansion carried out over the last few years, as well as the success of the communication strategies, partnerships and agreements adopted by Panvel.

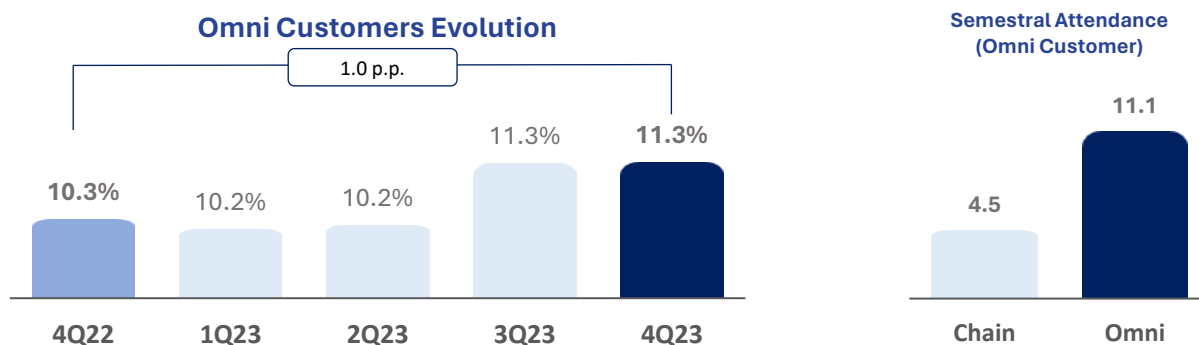


Active Customer = made at least one purchase in 6 months; Loyal Customer = Customer who frequents/consumes every 15

In this universe of clients that are currently in our base, we have identified a total of 4.8 million Active Customers, a group that showed a growth of 6.7% in the last 12 months (+300 thousand new customers) in line with our strategy of increasing the Company's active customer base. This group of customers, which currently represents 21% of our total base, plays a key role in Panvel's loyalty and recurrence strategy, as it represents the initial stage of converting new customers and recovering inactive customers.

At the same time, Panvel's loyalty strategy showed positive results, with the number of Loyal Customers growing 5.9% in the same period and reaching 1.2 million customers. This evolution reinforces Panvel's competitive differentials, such as the level of service, quality service and the variety of the product mix, as well as a truly omnichannel and personalized experience. These factors are crucial for Panvel, which, from a robust and engaged customer base, can look inside its operation and identify even more growth potentials.

When we look at our customer base, we identify a great potential for growth in the conversion rates of our customers to the *Loyal Customers* modality, indicating a strong avenue of revenue increase for the Company through a greater recurrence of purchases by this category of customers. Loyal customers already demonstrate a frequency of purchases three times higher than normal customers, reinforcing the importance of loyalty-focused strategies to further leverage Panvel's performance.

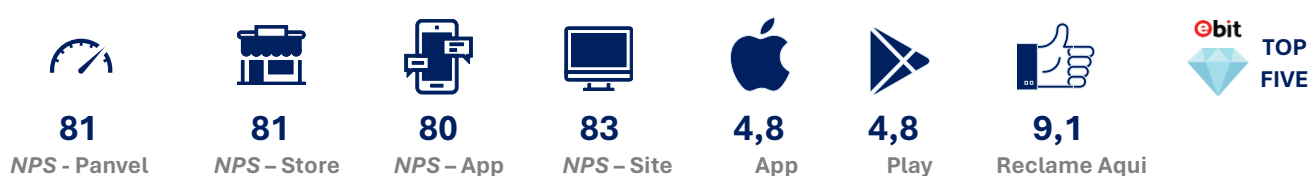


Omni Customer = Customer who purchases through both physical and digital channels.

One of the main fronts in this process of loyalty and recurrence is the digitalization of our customers. Thus, we remain focused on the digitalization process of our customers and our operations to sustain our Omni strategy. In 4Q23, the share of Omni customers (customers who buy from more than one of our channels) reached the level of 11.3% of the total customer base, a record share that represented a growth of 19.9% compared to 4Q22, a number that demonstrates our ability to digitize Panvel's journey and that of its customers.

Service Quality

Panvel continues to provide its customers with a unique journey of satisfaction, quality and experience, regardless of the channel where the purchase takes place. This is why Panvel is recognized by consumers for offering the best pharmacy retail experience, as indicated by the metrics below:

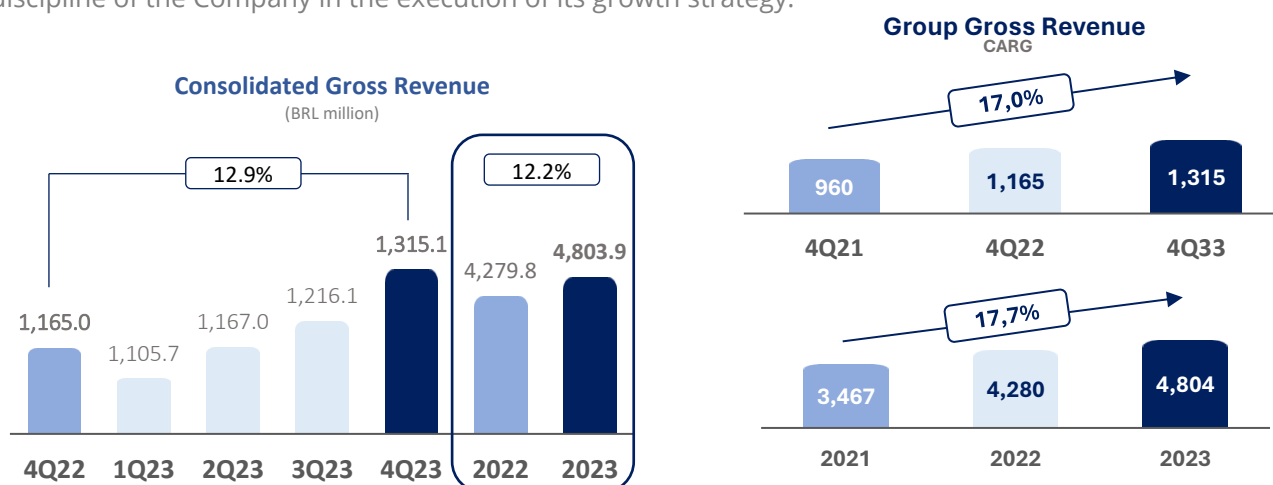


O Panvel's NPS remained at a high level in Q23, with a score of 80.7. Panvel is the only pharmacy retail network in Brazil that combines a high digital channel presence with the fastest product delivery in the segment and a high NPS level.

Gross Revenue

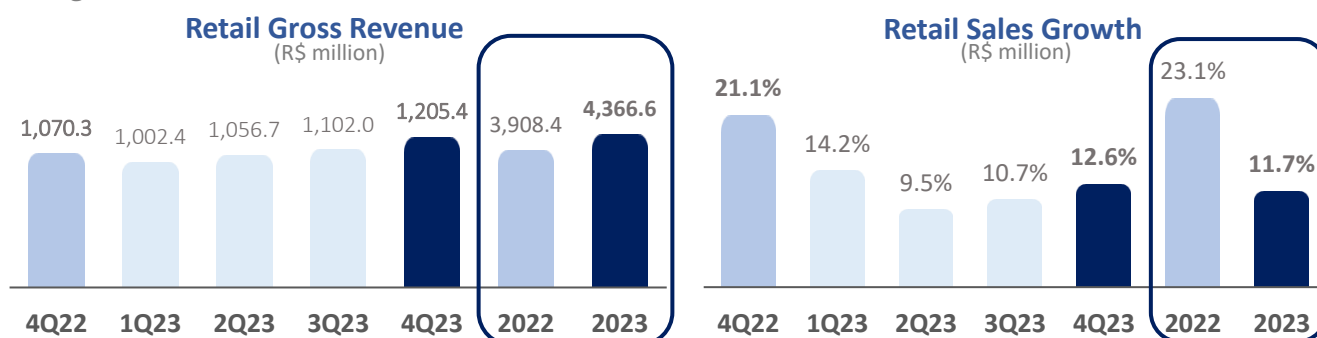
Consolidated gross revenue (which includes retail, wholesale and other sales of the Company's business units) was R\$1,315.1 million in 4Q23, representing a growth of 12.9% compared to 4Q22. In the year, the Company recorded a Gross Revenue of R\$ 4,804 million, an increase of 12.2% compared to 2022.

If we analyze the Company's quarterly compound growth rate for the period from 2021 to 2023, it will be 17.0%, a very robust number. We understand that these results demonstrate the quality, consistency and discipline of the Company in the execution of its growth strategy.

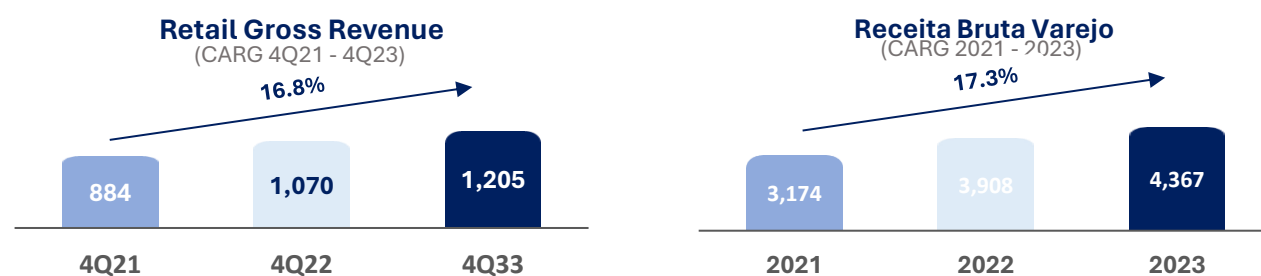


Retail

In 4Q23, Panvel posted a sales growth of 12.6% compared to the same period of the previous year, in line with the Company's expectations for the period. In the year, Panvel recorded a Gross Revenue of R\$ 4,367 million, a growth of 11.7% over the previous year. This growth was based on a strong basis of comparison affected by seasonal factors, such as an adjustment in the price of medicines well above the historical average in 2022.



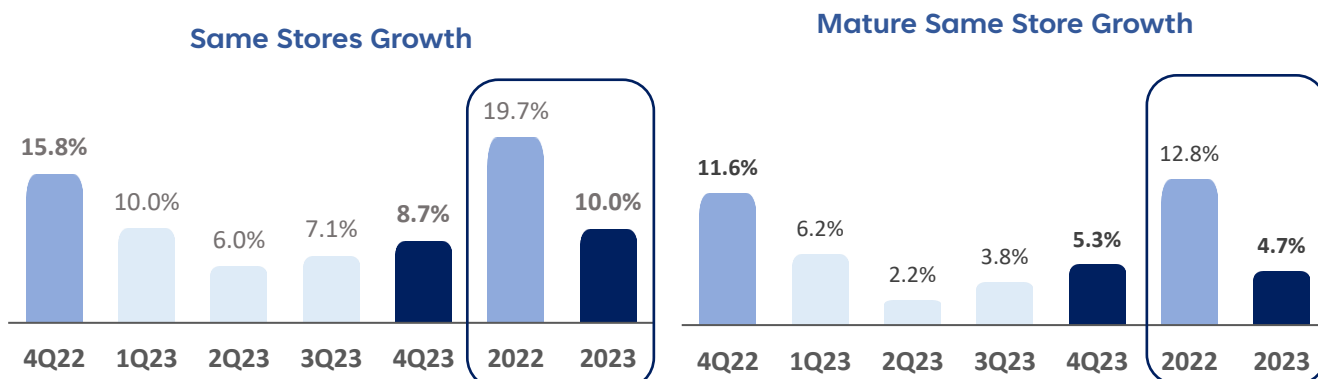
When analyzing the compound growth rate from 4Q21 to 4Q23, we will find an average rate (CAGR) of 16.8% over the period, a very robust number that reinforces the consistency of the Company's operations (as shown in the chart below).



The results obtained in sales in the period are directly related to an effective management of the mix. It is worth highlighting in the fourth quarter the remarkable performance observed in November during Black Week, which showed a growth in sales of 20% in the period, setting a new historical record for Panvel and once again differentiating the Company in relation to pharmaceutical retail.

It is also worth mentioning that once again the new stores contributed positively to this result, with accelerated maturation rates, reinforcing the success of our expansion strategy.

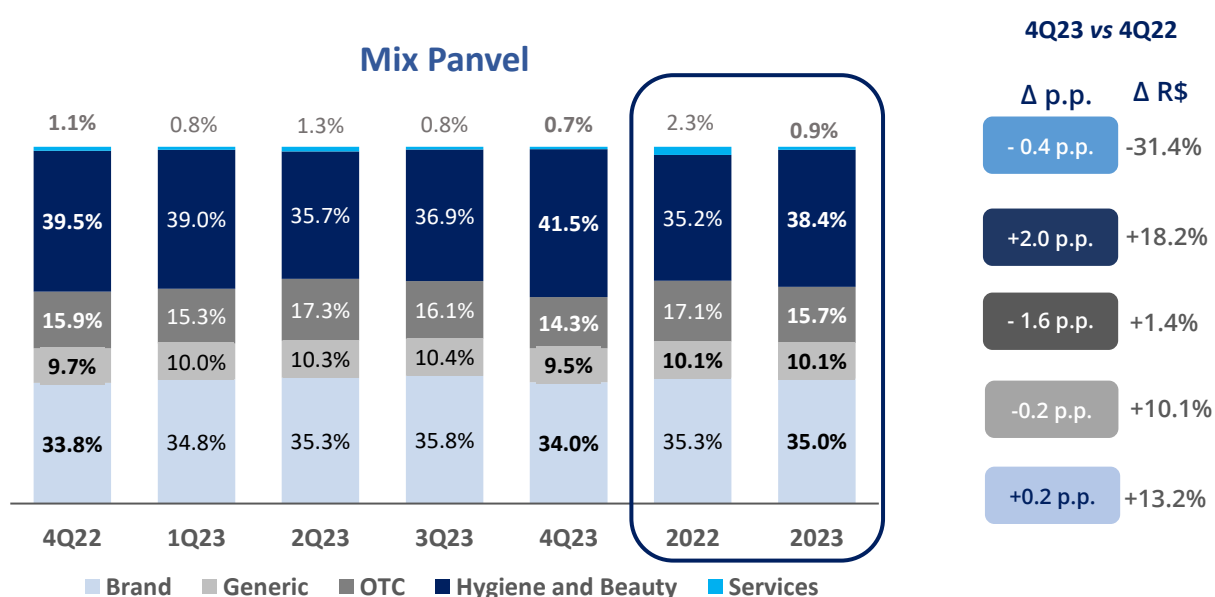
Same-store sales (SSS) grew 8.7% in 4Q23 compared to 4Q22. The performance of Mature Same Store Sales (MSSS) grew by 5.3% compared to 4Q22, above the inflation rate for the period. The chart below presents a historical view of the growth of the period.



Year-to-date, SSS grew by 10.0% compared to 2022. The performance of MSSS showed a growth of 4.7% vs 2022, ending the year surpassing the accumulated inflammation of the period.

Throughout 4Q23, we reached the highest average sales in the Company's history, reaching the mark of R\$ 670 thousand/store, an increase of 4.4% vs 4Q23. Considering that the Company currently has a large volume of stores in maturation, mainly in the states of Santa Catarina and Paraná, we understand that the average sales results delivered by our operation demonstrate the efficiency of our expansion project and the productivity gains in the existing store base.

Retail Sales Mix



In 4Q23, we continue to see a change in the composition of the mix. The Hygiene and Beauty category maintained a strong growth rate, expanding 2.0 p.p. compared to 4Q22, with an increase of 18.2%.

During a quarter in which the consumption pattern changed considerably compared to the previous year, the effectiveness of our approach to category management was critical to the balance of the mix and growth of retail sales.

The **OTC category** decreased by 1.6 p.p. compared to 4Q22, reflecting a strong base of comparison with 2022. Within this category, the positive highlights were the groups of *Diabetes* (+34.8%), *Eye Care* (+15.1%) and *Gastrointestinal* (+10.6%). On the other hand, two important groups in this category were directly pressured by this base, such as: *Pain and Fever* (+1.6%) and *Colds and Flu* (-1.9%). From 2024 onwards, the OTC group will find a normalized basis of comparison, generating good growth rates.

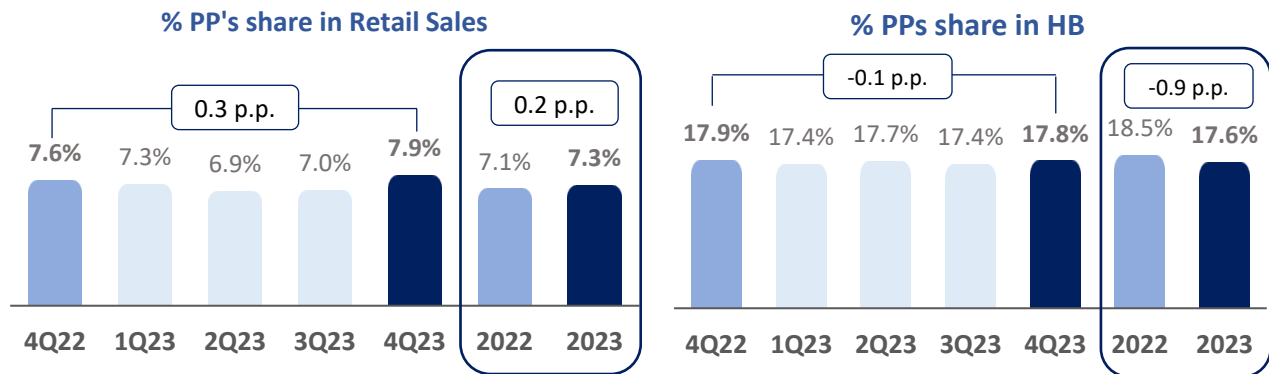
The **Generics** category grew 10.1% compared to 4Q22, keeping its representativeness practically stable within the mix in 4Q23. This category plays a key role in bringing more customers to the stores, as well as being a key lever for maintaining a healthy gross margin.

The **Hygiene and Beauty (HB)** category was the main highlight of the quarter, with a growth of 17.4% compared to 4Q22 and an expansion of 2.0 p.p. in share, growth that was mainly driven by groups such as *Facial Treatment* (+31.3%), *Children* (+28.8%), *Food* (+42.2%), *Oral Care* (+18.2%) and *Mothers and Children* (+18.1%).

The **Services** pillar accounted for 0.7% of retail sales in 4Q23. When analyzing this category excluding the effect of covid tests, we will find a growth of 27.9% compared to 4Q22, which reinforces the relevance of

the category in new consumer habits, as well as confirms pharmacy services as a strong growth lever to be explored. Thus, services remain an important strategic pillar of Panvel, which in this quarter performed more than 115 thousand health services and continues to be an important *driver* of increased recurrence of our customers, showing a growth of +41.6% (quantity) in the vaccine category in 4Q23 vs 4Q22.

Panvel Products



Sales of Panvel Products grew 16.9% compared to 4Q22, reaching a 7.9% share of total retail sales in 4Q23. In relation to the Hygiene and Beauty mix, the private label reached a representativeness of 17.8%, numbers that reinforce the positioning of Panvel Products as a *benchmark* in Brazilian pharma retail.

In 4Q23, we started to observe a basis of comparison without seasonal effects of Covid-19 related products (such as masks), thus enabling an even faster growth in the share of *Private Label* products than previously presented.

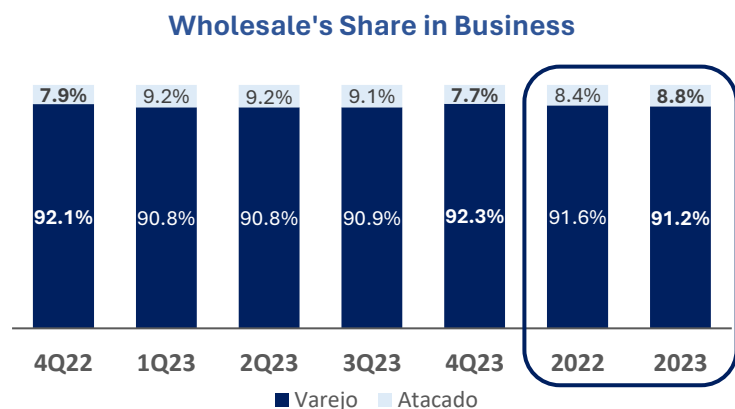
Reflecting the increased demand for care and beauty products, the *Panvel Make Up* brand posted a 21.7% growth in sales compared to 4Q22, consolidating its position as the leader in the makeup category once again. Skin care-related products also showed excellent results and again demonstrated consistent growth. Among the categories that stood out is the *Panvel Faces line* (+14.6%).

The *Panvel Baby* brand, a line of baby care products and one of the group's main brands, posted robust growth of 49.1% compared to 4Q22. In addition, the *Panvel Casa* line grew by 51.1% in 4Q23, demonstrating that the strength of our private label products goes beyond the personal care and hygiene categories.

Also, with the brand's move to offer products in line with a more conscious consumption trend, the *Vert* line, composed of natural and vegan items, grew by 26.9% in the period.

Wholesale

In 4Q23, Wholesale accounted for 7.7% of the Company's total sales, with a 10.2% growth in its revenue. Over the last few quarters, Wholesale has continued to perform well, being an important ally in the dilution of expenses. In the year, it kept its share practically unchanged, reaching 8.8% share of sales.



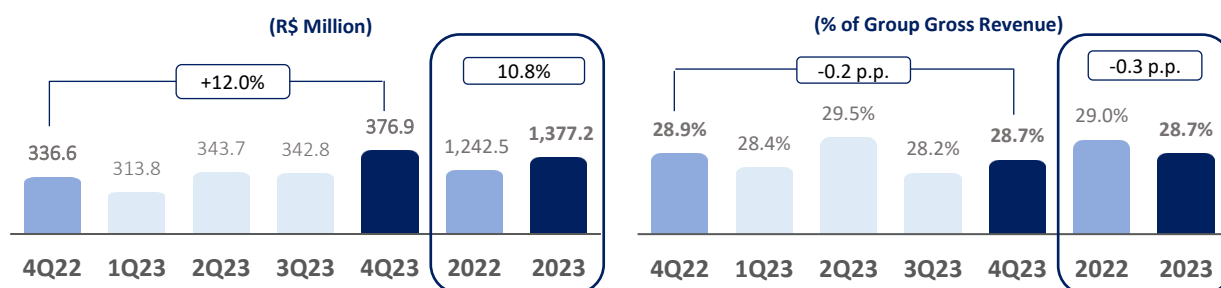
Gross Margin

The Company recorded a Consolidated Gross Margin (including retail, wholesale and other business unit operations) of R\$ 376.9 million in 4Q23 (+12.0% vs 4Q22), which represents 28.7% of gross revenue for the period, with pressure of 0.2 p.p. compared to the same period of the previous year.

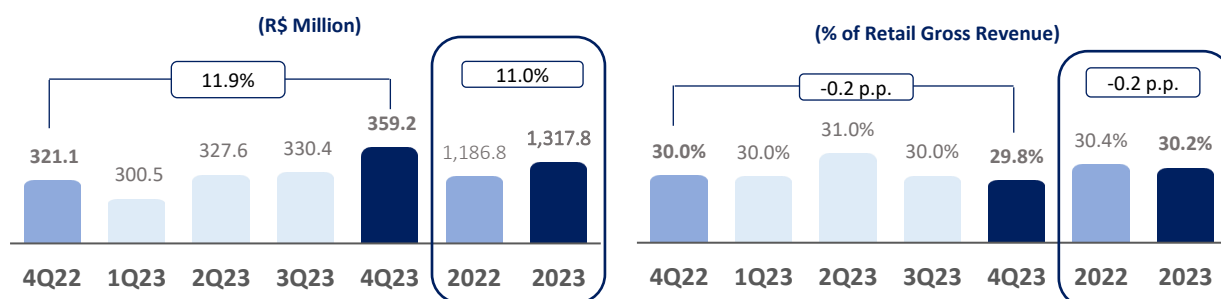
Retail Gross Margin was R\$ 359.2 million, equivalent to 29.8% of Gross Revenue in 4Q23, with a growth of 11.9%, under pressure of 0.2 p.p. against 4Q22. This achievement reflects the significant effort dedicated to improving the product mix, with acceleration of important categories within Hygiene and Beauty, thus making it possible to maintain the margin presented in the comparative period.

The Wholesale Gross Margin was R\$ 12.3 million, which represents 12.2% of the Gross Revenue of this business unit in 4Q23, an increase of 0.1 p.p. compared to 4Q22, due to the growth in the share of the sales mix of the Hygiene and Beauty category, bringing a better performance at the margin.

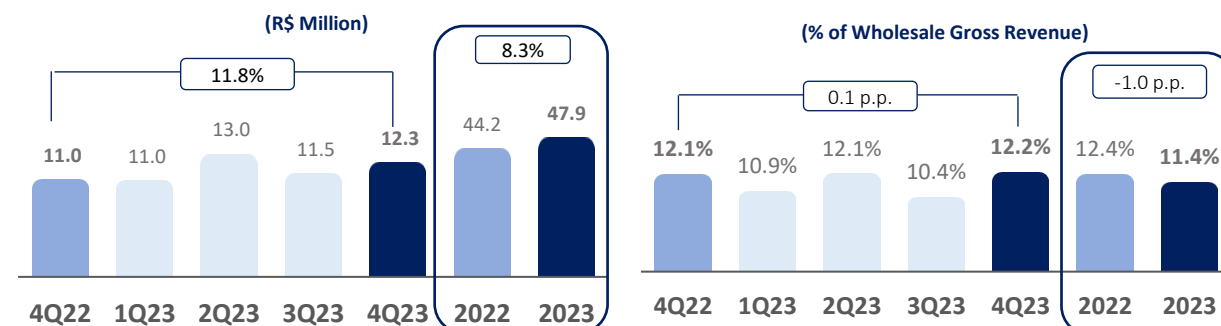
GROUP GROSS MARGIN



RETAIL GROSS MARGIN



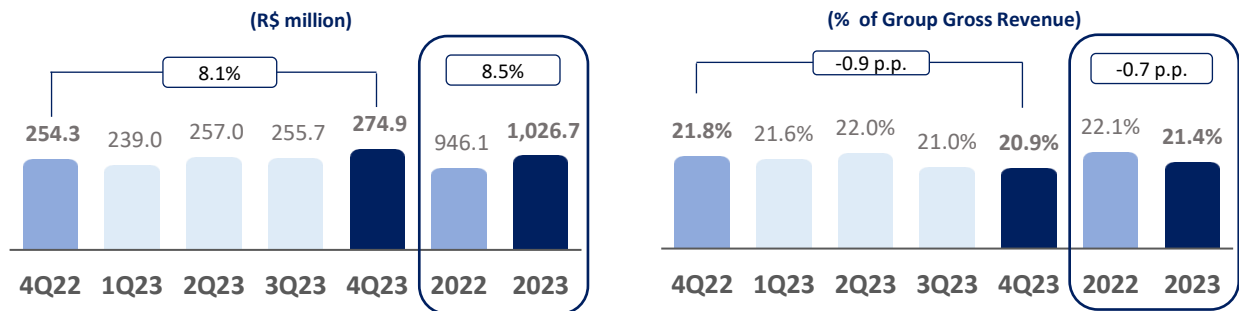
WHOLESALE GROSS MARGIN



Selling Expenses

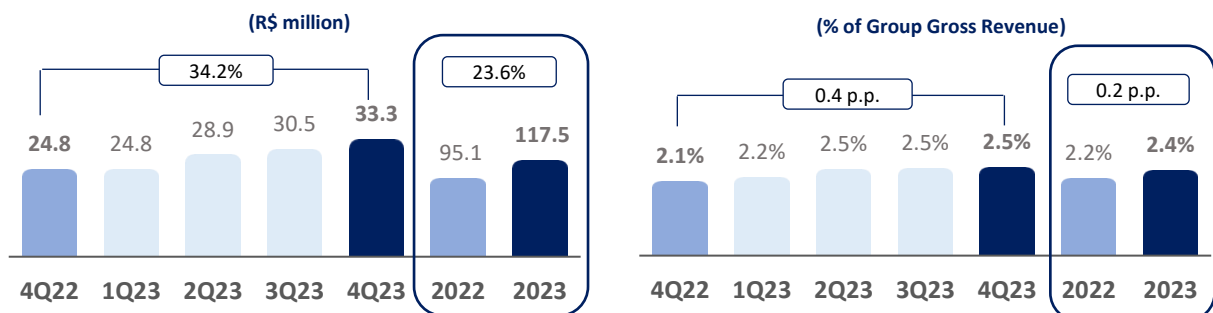
Total Sales Expenses in 4Q23 totaled R\$274.9 million, which represented 20.9% of Gross Revenue, a decrease of 0.9 p.p. compared to 4Q22. This strong dilution of expenses more than offset the pressure on gross margin, a move in line with one of our key commitments for the year.

As a result, we ended 2023 with a dilution of 0.7 p.p. in expenses compared to 2022. This result is the result of the process of harvesting productivity gains in store expenses, especially in the accounts of Personnel, Energy, Materials, Inventory Losses and logistics expenses.



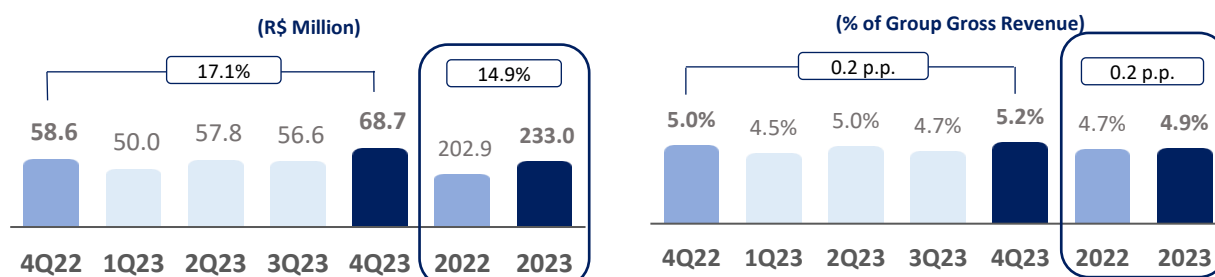
General and Administrative Expenses

General and Administrative Expenses totaled R\$33.3 million in 4Q23, representing 2.5% of Gross Revenue, the same level as in previous quarters, reflecting the structuring of strategic areas in the Company throughout this year. In the year, administrative expenses reached R\$117.5 million, representing 2.4% of Gross Revenue for the period. Even with this temporary pressure, the Company continues to have the lowest level of expenses of this nature in the sector in which it operates and maintains a perspective of returning this indicator to historical levels in 2024.



EBITDA

In 4Q23, we recorded an adjusted EBITDA of R\$ 68.7 million, an increase of 17.1% compared to 4Q22, with a margin equivalent to 5.2% of Gross Revenue (+0.2 p.p.). This robust growth is the result of productivity gains obtained in the period. Likewise, in the accumulated we reached an EBITDA of R\$ 233 million, a growth of 14.9%, reaching a margin of 4.9% of Gross Revenue. It is important to remember that this year-to-date margin expansion was against a very robust basis of comparison in 2022, which relied on a double-digit percentage relabeling of drug prices. In addition, we faced a totally atypical weather situation in the South Region in 2023, with heavy rains and storms that greatly impacted Panvel's sales throughout the third quarter of the year. Based on our achievements to date, we reiterate our commitment to continue expanding our margins through productivity gains in the coming years.

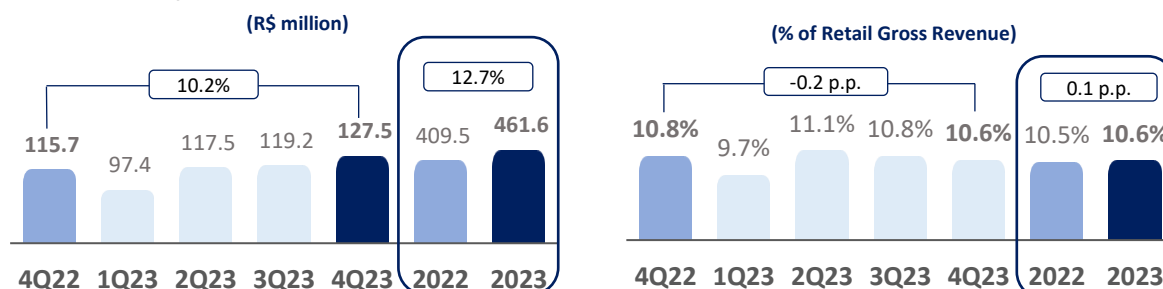


ADJUSTED EBITDA RECONCILIATION

EBITDA Reconciliation	4Q22	4Q23	Var. %	2022	2023	Var. %
(R\$ million)						
Net Income	23.9	31.1	30.5%	97.7	102.7	5.1%
(+) Income Tax	(3.9)	(0.2)	(94.8%)	(2.0)	3.7	(286.1%)
(+) Financial Income	5.2	5.4	3.5%	18.1	25.5	40.6%
EBIT	25.1	36.3	44.6%	113.9	131.9	15.8%
(+) Depreciation and amortization	15.0	17.9	19.1%	56.9	67.9	19.4%
EBITDA	40.1	54.2	35.0%	170.8	199.9	17.0%
Interests/Distributions	18.1	12.6	(30.2%)	28.2	26.2	(7.2%)
Asset Write-offs	0.3	0.6	74.5%	1.4	2.1	44.3%
Other Adjustments	0.1	1.3	-	2.3	4.9	108.4%
Adjusted EBITDA	58.6	68.7	17.1%	202.8	233.0	14.9%
Adjusted EBITDA Margin	5.0%	5.2%	0.2 p.p.	4.7%	4.9%	0.2 p.p.

Retail EBITDA

In 4Q23, retail EBITDA was R\$127.5 million, 10.6% of Gross Revenue, with pressure of 0.2 p.p. in the quarterly comparison. In the year, EBITDA was R\$ 461.6 million, an expansion of 0.1 p.p. vs 2022. The 2023 annual performance highlights the growth of mature and maturing stores, representing around 30% of the total park.



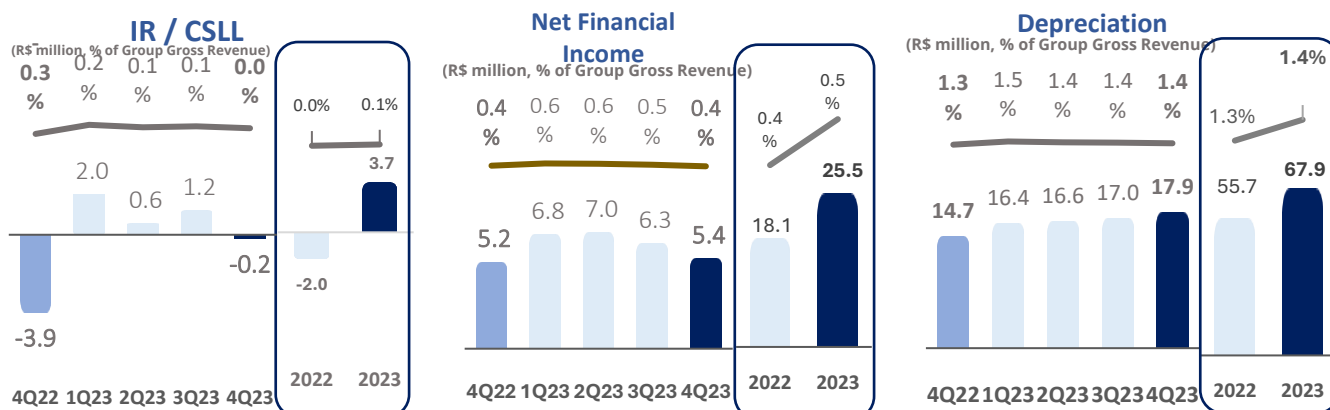
¹Retail Gross Revenue (-) COGS/Taxes/Discounts/Returns = Retail Gross Margin (-) Expenses with Store Sales (+) Depreciation of Stores = Retail EBITDA.

Depreciation, Net Financial Income, and IR/CLSS

Depreciation grew by 0.1 p.p. quarter-on-quarter, maintaining its growth trend for the year, due to investments made in store expansion and logistics.

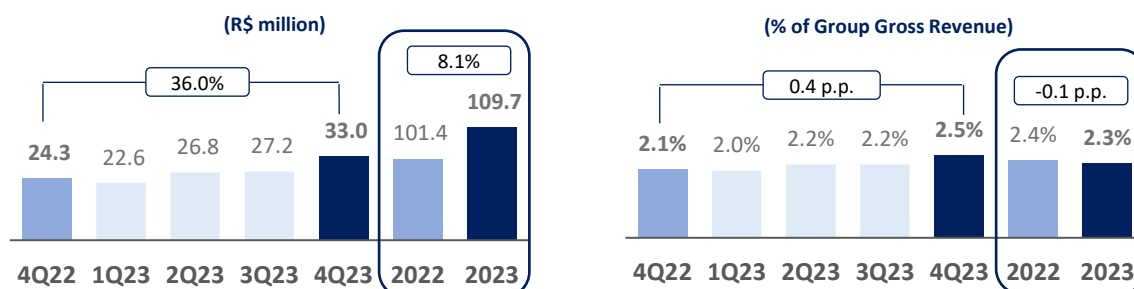
Net Financial Expenses remained stable, representing 0.4% of the Group's Gross Revenue. These expenses are a direct result of the net cash position, in line with the Company's expectations for the period.

In the quarterly comparison, the IR/CSLL had a negative impact of 0.3 p.p. on the result, due to the lower volume of tax credits in relation to the basis of comparison.



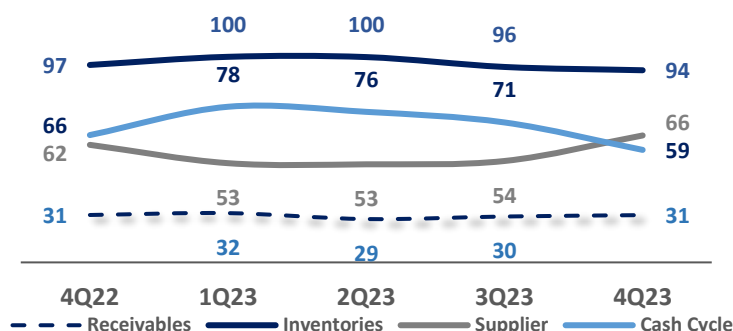
Net Income

Adjusted Net Income in 4Q23 was R\$33.0 million, an increase of 36.0%, equivalent to a net margin of 2.5% (+0.4 p.p. compared to the previous year). The strong net income result is related to the operational impacts already mentioned, with efficient cash management, which eliminated new pressures on financial expenses and with the reduction in the payment of profit sharing and participations. Year-to-date, adjusted Net Income was R\$ 109,7, an increase of 8,1% equivalent to a net margin of 2.3% in the period.



Net Income Reconciliation	4Q22	4Q23	Var. %	2022	2023	Var. %
(R\$ million)						
Net Income	23.9	31.1	30.5%	97.7	102.7	5.1%
Asset Write-offs	0.3	0.6	74.5%	1.4	2.1	44.3%
Other Adjustments	0.1	1.3	-	2.3	4.9	116.8%
Adjusted Net Income	24.3	33.0	36.0%	101.4	109.7	8.1%
Adjusted Net Margin	2.1%	2.5%	0.4 p.p.	2.4%	2.3%	-0.1 p.p.

Cash Cycle



In 4Q23, the Company maintained the trend of improvement in its Cash Cycle, with a reduction of 7 days compared to 4Q22. This improvement is a direct reflection of the success in the strategy of extending suppliers' payment terms and maintaining a balanced and consistent inventory. We continue to aim to improve our cash efficiency over the next few years.

Cash Flow

The Company posted a positive free cash flow of R\$36.3 million in 4Q23.

Fluxo de caixa	4Q22	4Q23	Var %	2022	2023	Var %
Net Income for The Period	23,859	31,121	30.4%	97,750	102,698	5.1%
Corporate Income Tax (IRPJ)/Social Contribution Tax	(3,923)	(204)	(94.9%)	(1,952)	3,662	(287.6%)
Financial Income	5,177	5,384	4.0%	18,123	25,508	40.7%
EBIT	25,113	36,305	44.6%	113,921	130,868	15.8%
Depreciations and Amortizations	13,701	17,992	31.3%	55,655	67,943	22.1%
EBITDA	38,814	54,297	39.9%	169,577	199,811	17.8%
Cash Cycle	41,661	54,132	29.9%	(146,345)	(32,395)	(77.9%)
Other variations in assets and liabilities	(9,087)	(28,240)	210.8%	46,345	(59,328)	(279.5%)
Operating cash Flow	71,388	80,190	12.3%	56,278	108,888	92.1%
Investments	(41,813)	(41,676)	(0.3%)	(181,637)	(139,504)	(23.2%)
Free Cash Flow	29,575	38,514	30.2%	(125,359)	(31,416)	(74.9%)
Interest on Equity	748	290	(61.2%)	(125,359)	(28,721)	16.0%
Treasury shares	(1,023)	-	-	(160)	1,360	(950.0%)
Total Cash Flow	29,300	36,804	32.4%	(150,271)	(58,777)	(60.9%)

Indebtedness

Net Debt (in R\$ million)	4T22	1T23	2T23	3T23	4T23
Short-Term Debt	118.4	302.3	293.7	128.9	102.5
Long-Term Debt	116.4	116.4	60.0	310.0	280.0
Gross Debt	234.8	418.8	353.7	438.9	382.5
(-) Cash, Equivalents, and Financial Investments	157.4	257.6	193.2	265.0	245.4
Net Debt / Net Cash	77.5	161.1	160.5	173.9	137.1
Net Debt / EBITDA (LTM)	0.4x	0.8x	0.7x	0.8x	0.6x

The Company's capital structure remains solid and with low leverage (0.6 x EBITDA LTM), even in a scenario of strong investments and accelerated expansion, and we understand that this low level of debt represents a competitive differential within the current macroeconomic scenario of the country and the retail segment.

Investments

In 4Q23, we made investments totaling R\$41.8 million, an increase of 4.0% compared to 4Q22.

R\$	4T22	4T23	Δ	2022	2023	Δ
Opening Stores	15,226,582	26,804,867	76.0%	77,996,386	80,052,357	2.6%
Renovation of Stores	3,567,236	2,210,041	(38.0%)	11,969,705	13,525,484	13.0%
IT	8,623,881	7,347,101	(14.8%)	32,627,249	25,560,163	(21.7%)
Logistics and Others	14,396,188	5,314,041	(57.6%)	59,043,660	20,365,926	(65.8%)
Total	40,813,887	41,676,050	(0.3%)	181,637,000	139,503,930	(23.3%)

ESG

ESG



Renewable energy

+5 New photovoltaic plants inaugurated in 2023, totaling **12 plants** in operation

71% From our current high street stores operate with the use of solar energy

100% Of our stores already operate With LED bulbs



Waste Disposal

44.59 ton of expired/damaged drugs

4.76 ton of batteries

**Both come from the population.*

Grupo Panvel ESG Platform

Todos bem

Cuidar de todos é cuidar de cada um.



Solidarity That Inspires

troco amigo

Since 2012
R\$ 19 million

Year 2023
R\$ 4.2 million

SOS Vale do Taquari
R\$ 1 Million



Gender Diversity

In the Grupo Panvel, Women are:

70% of employees

68% of management positions

33% of senior management positions



Ethnic-Racial Diversity

In the Grupo Panvel, black or brown people are:

29% of employees

11% of leadership positions

BemPlurais

At the end of 2023, we restructured our Affinity Groups, which are now subdivided into: Gender Diversity, Ethnic-Racial Diversity, LGBTQIAPN+ and People with Disabilities

Pública

During the year, we achieved notable milestones that underline our commitment to sustainability. In August 2023, we launched our first Sustainability Report, an important tool that provides a detailed overview of our initiatives and achievements in this area. We especially highlight the positive impact of our approach to renewable energy, with twelve plants operating and supplying clean energy to 71% of our street branches, as well as powering our administrative facilities and distribution center in Eldorado do Sul. Looking ahead, we are committed to further expanding this commitment, with a goal of serving 96% of our high street branches by the end of 2030. We invite all interested parties to explore more information about our sustainability platform ([click here](#)).

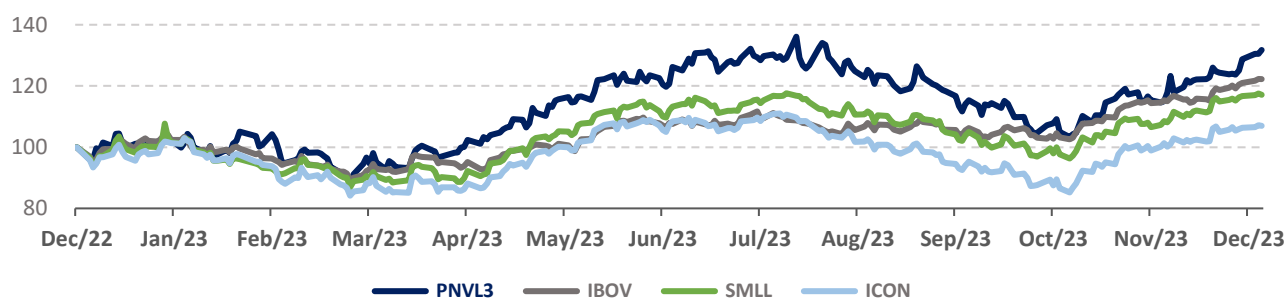
In addition to its focus on renewable energy, the Company has played a crucial role in its social responsibility by supporting local communities in challenging times. After the devastating floods caused by an extratropical cyclone in the Taquari Valley, our company donated a total of 12,114 items, including medicines and hygiene products, which represented a value of R\$ 637 thousand. In addition, our suppliers contributed R\$ 103 thousand and 4,746 additional items. We also highlight the fundamental role of solidarity of our customers, who actively participated in the "Troco Amigo SOS Vale do Taquari" campaign, raising more than R\$ 1 million. The resources from this campaign are being directed to support the

operationalization of the Roca Sales Hospital and the Nossa Senhora Aparecida Beneficent Hospital, in Muçum. Throughout its history, Troco Amigo has raised more than R\$ 19 million.

We concluded the year with a sense of accomplishment and gratitude, reaffirming our ongoing commitment to sustainability, corporate responsibility, and promoting the well-being of all. By aligning our long-term sustainability strategy, we are confident that we will continue to demonstrate that care is present in our daily lives and in all of our practices.

Capital Market

In a challenging year for the retail sector, marked by a challenging macroeconomic scenario, mainly due to high interest rates, the Company's shares demonstrated a remarkable performance, standing out from the general trend observed in the retail sector. Over the course of the year, the Company significantly outperformed the average performance of the market and the *Small Caps Index (SMLL)*, with its shares achieving a 31.4% appreciation.



Shareholder Remuneration

Based on the results obtained in 2023, the Company decided to pay interest on equity of R\$ 37.445 million, an amount 13.47% higher than the amount decided in 2022. This evolution is in line with the Company's commitment to constantly evolve the return to its shareholders.

Distribution	Event	Resolution	Base Date	Payment	Amount (R\$ '000)	Price per Share Common Shares
ISE	Board Meeting	06/30/2023	08/22/2023	08/31/2023	8,000	0.05374218
ISE	Board Meeting	09/29/2023	11/30/2023	03/29/2024	11,900	0.07994150
ISE – 1st Installment	Board Meeting	12/15/2023	12/22/2023	04/30/2024	8,333	0.0559876
ISE – 2nd Installment	Board Meeting	12/15/2023	12/22/2023	05/31/2024	8,333	0.0559876
ISE – 3rd Installment	Board Meeting	12/15/2023	12/22/2023	08/30/2024	889	0.0059801
Total					37,455	0.25163895

IFRS 16: Impacts

The standard introduced by IFRS 16/CPC 06 (R2) establishes new procedures regarding the accounting treatment of certain lease contracts. For those that fall under the new rule, accounting entries are made to recognize the amounts in the Company's Assets (right-of-use assets) and Liabilities (future lease obligations), resulting in changes in the accounting treatment between lease expenses, depreciation, and interest.

To maintain historical comparability, the values presented here are based on the old methodology (IAS 17). Data and financial statements under the IFRS 16 rules are available on the Company's website and the CVM (Brazilian Securities and Exchange Commission).

DRE	4Q23			2023		
	IFRS	Impacts	IAS 17	IFRS	Impacts	IAS 17
<i>(in thousands)</i>						
Gross Revenue	1,315,106	-	1,315,106	4,803,926	-	4,803,926
Gross Profit	376,900	-	376,900	1,377,209	-	1,380,208
% GR	28.7%	0.0%	28.7%	28.7%	0.0%	28.7%
Selling Expenses	(232,226)	(42,675)	(274,901)	(860,748)	(165,791)	(1,026,539)
Administrative Expenses	(33,311)	-	(33,311)	(117,641)	-	(117,641)
Total Expenses	(265,537)	(42,675)	(308,212)	(978,389)	(165,791)	(1,144,180)
% GR	20.2%	-3.2%	23.4%	20.4%	-3.5%	23.8%
Adjusted EBITDA	111,363	(42,675)	68,688	398,819	(165,791)	233,028
% GR	8.5%	-3.2%	5.2%	8.3%	-3.5%	4.9%
Depreciation and amortization	(50,599)	32,736	(17,863)	(198,996)	131,055	(67,941)
Part. Adm./PLR	(12,639)	-	(12,639)	(26,205)	-	(26,205)
Other adjustments	-	-	-	-	-	-
Financial Income	(18,475)	13,132	(5,343)	(74,989)	49,480	(25,509)
IRPJ/CSLL	1,291	(1,085)	206	1,322	(4,473)	(3,721)
Net Income	30,941	2,107	33,048	96,652	11,230	109,652
% GR	2.4%	0.1%	2.5%	2.0%	0.3%	2.3%

Balance Sheet

ATIVO	IFRS			IFRS Impacts		Former Standard (IAS 17)		
	4Q22	4Q23	Var. %	4Q22	4Q23	4Q22	4Q23	Var. %
<i>(in thousand)</i>								
Current Assets	1,558,547	1,840,064	18.1%	-	446	1,559,738	1,840,510	18.0%
Cash and cash equivalents	25,715	27,953	8.7%			25,715	27,953	8.7%
Financial Investments	131,640	217,436	65.2%			131,640	217,436	65.2%
Customers	399,173	452,013	13.2%		446	400,364	452,459	13.0%
Inventory	896,535	999,405	11.5%			896,535	999,405	11.5%
Recoverable income tax and social security contribution	26,587	9,293	(65.0%)			26,587	9,293	(65.0%)
Recoverable taxes	13,339	24,500	83.7%			13,339	24,500	83.7%
Other accounts receivables	65,558	108,340	65.3%			65,558	108,340	65.3%
Properties available for sale	-	1,124	-			-	1,124	-
Non-Current Assets	1,174,579	1,237,406	5.3%	(604,493)	(598,090)	570,086	639,316	12.1%
Deferred taxes	48,598	52,885	8.8%	(17,214)	(21,898)	31,384	30,987	(1.3%)
Taxes recoverable	9,625	12,366	28.5%			9,625	12,366	28.5%
Court deposits	3,124	2,064	(33.9%)			3,124	2,064	(33.9%)
Credits with related parties	1,530	1,330	(13.1%)			1,530	1,330	(13.1%)
Other assets	525	263	(49.9%)			525	263	(49.9%)
Prepaid Expenses	-	4,387	-			-	4,387	-
Investments	4	-	-			4	-	-
Property, plant and equipment	1,034,437	1,080,794	4.5%	(587,279)	(576,193)	447,158	504,601	12.8%
Intangible assets	76,736	83,317	8.6%			76,736	83,317	8.6%
Total Assets	2,733,126	3,077,470	12.6%	(604,493)	(597,644)	2,129,825	2,479,826	16.4%
LIABILITIES								
	4Q22	4Q23	Var. %	4Q22	4Q23	4Q22	4Q23	Var. %
<i>(in thousand)</i>								
Current Liabilities	1,008,234	1,134,412	12.5%	(152,093)	(164,361)	856,141	970,051	13.3%
Suppliers	555,452	679,763	22.4%			555,452	679,763	22.4%
Loans and financing	118,395	102,535	(13.4%)			118,395	102,535	(13.4%)
Lease – IFRS 16	152,093	164,361	8.1%	(152,093)	(164,361)	-	-	-
Salaries and welfare charges	60,105	67,443	12.2%			60,105	67,443	12.2%
Interests payable	16,879	11,247	(33.4%)			16,879	11,247	(33.4%)
Taxes, fees, and contributions	30,583	32,299	5.6%			30,583	32,299	5.6%
Dividends and interest on equity	5,518	6,406	16.1%			5,518	6,406	16.1%
Other accounts payable	66,465	66,553	0.1%			66,465	66,553	0.1%
Lease – IFRS 16	2,744	3,805	38.7%			2,744	3,805	38.7%
Non-Current Liabilities	616,730	769,642	24.8%	(484,623)	(475,791)	132,107	293,851	122.4%
Loans and financing	116,429	280,000	140.5%			116,429	280,000	140.5%
Lease – IFRS 16	484,623	475,791	(1.8%)	(484,623)	(475,791)	-	-	-
Other obligations	6,665	7,220	8.3%			6,665	7,220	8.3%
Provisions	9,013	6,631	(26.4%)			9,013	6,631	(26.4%)
Shareholder's Equity	1,108,162	1,173,416	5.9%	33,415	42,507	1,141,576	1,215,923	6.5%
Share capital	943,000	970,116	2.9%			943,000	970,116	2.9%
Capital transactions with members	(14,448)	(14,448)	0.0%			(14,448)	(14,448)	-
Capital reserve	(29,368)	(23,157)	(21.1%)			(29,368)	(23,157)	(21.1%)
Income reserve	208,978	240,905	15.3%			208,978	240,905	15.3%
Retained Income	-	-	-	33,415	42,507	33,415	42,507	27.2%
Total Liabilities and Shareholders' equity	2,733,126	3,077,470	12.6%	(603,301)	(597,644)	2,129,824	2,479,825	16.4%

Income Statement

DRE QUARTER	IFRS			IFRS Impacts		Former Standard (IAS 17)		
	4Q22	4Q23	Var. %	4Q22	4Q23	4Q22	4Q23	Var. %
(In thousand)								
Gross revenue	1,165,011	1,315,106	12.9%			1,165,011	1,315,106	12.9%
Taxes and returns	(79,406)	(93,023)	17.1%			(79,406)	(93,023)	17.1%
Net revenue	1,085,605	1,222,082	12.6%			1,085,605	1,222,082	12.6%
Cost of goods sold	(749,026)	(845,182)	12.8%			(749,026)	(845,182)	12.8%
Gross profit	336,579	376,900	12.0%			336,579	376,900	12.0%
Expenses	(300,246)	(330,702)	10.1%	(11,220)	(9,940)	(311,466)	(340,642)	9.4%
With sales	(268,991)	(306,934)	14.1%	(11,220)	(9,940)	(280,211)	(316,874)	13.1%
General and administrative	(31,023)	(38,389)	23.7%			(31,023)	(38,389)	23.7%
Other operating revenue	(232)	14,621	-			(232)	14,621	-
Financial income	(16,073)	(28,444)	14.9%	10,896	13,132	5,177	(5,343)	3.2%
Financial expenses	(22,116)	(28,444)	28.6%	10,896	13,132	(11,220)	(15,312)	36.5%
Financial revenues	6,043	9,969	65.0%			6,043	9,969	65.0%
Income before IR, social contribution, and interests	22,260	27,723	36.8%	(324)	3,193	19,936	30,916	55.1%
Income tax and social security contribution	3,871	1,291	-66.6%	110	(1,085)	3,981	206	-94.8%
Net income for the fiscal year	24,131	29,014	20.2%	(214)	2,107	23,917	31,121	30.1%

DRE YEAR	IFRS			IFRS Impacts		Former Standard (IAS 17)		
	2022	2023	Var. %	2022	2023	2022	2023	Var. %
(In thousand)								
Gross revenue	4,279,781	4,803,912	12.2%			4,279,781	4,803,912	12.2%
Taxes and returns	(289,306)	(342,895)	21.2%			(289,306)	(342,895)	18.5%
Net revenue	3,990,475	4,461,017	11.8%			3,990,475	4,461,017	11.8%
Cost of goods sold	(2,747,937)	(3,083,809)	12.2%			(2,747,937)	(3,083,809)	12.2%
Gross profit	1,242,538	1,377,208	10.8%			1,242,538	1,377,208	10.8%
Expenses	(1,105,253)	(1,210,636)	9.5%	(23,364)	(35,704)	(1,128,617)	(1,245,340)	10.3%
With sales	(1,009,354)	(1,102,691)	9.2%	(23,364)	(35,704)	(1,032,718)	(1,137,395)	10.1%
General and administrative	(109,750)	(132,908)	21.1%			(109,750)	(132,908)	21.1%
Other operating revenue	13,851	24,963	80.2%			13,851	24,963	80.2%
Financial income	58,855	74,989	27.4%	40,732	49,481	(18,123)	(25,508)	40.7%
Financial expenses	(79,284)	(112,610)	42.0%	40,732	49,481	(38,552)	(63,129)	63.7%
Financial revenues	20,429	37,621	84.2%			20,429	37,621	84.2%
Income before IR, social contribution, and interests	78,430	91,583	16.8%	17,368	13,777	95,798	106,360	11.0%
Income tax and social security contribution	7,915	1,322	-83.3%	(5,905)	(4,684)	2,010	(3,662)	(282.2%)
Net income for the fiscal year	86,345	92,905	7.6%	11,463	9,093	97,808	102,698	5.1%