grupo panvel

1Q24
Earnings Release

Call PNVL3

Results Conference Calls
May 16, 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

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B3 LISTED NM

PanVel DIMED distribuidora LIFAR

Eldorado do Sul, RS, May 15th, 2024

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 1st quarter of 2024 (1Q24). The Company's financial statements are prepared in Brazilian reais (R$), pursuant to the Brazilian corporate law and international financial reporting standards (IFRS). 1Q24 result comparison is based on 1Q23 unless stated otherwise. For comparison with previous periods, figures in this report are indicated pursuant to standard IAS 17/CPC 06. Mentioned financial values refer to amounts in Brazilian reais (R$).

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Flood in Rio Grande do Sul

The state of Rio Grande do Sul is going through a very difficult time due to floods that caused deaths and extensive losses, leaving thousands displaced. Panvel Group stands in solidarity with every affected individual. Since the onset of the calamity, the company has been working on various fronts to assist in the relief efforts for the victims. In Eldorado do Sul, where its headquarters are located, it assisted employees and their families in meeting their immediate needs, relocating them to safe locations. The company is in contact with the Civil Defense and assistance organizations in the Metropolitan Region and the Interior, aiming to address people's needs, and is donating medicines, food, and hygiene products.

Our Distribution Center in Eldorado do Sul was not affected, but its access is impaired due to flooding. Therefore, the supply to our stores in Rio Grande do Sul is supported by our Distribution Center in São José dos Pinhais (PR) and other distributors. Despite this dramatic situation, we are stocked with products and serving the population.

Below are the actions taken to date to provide more comfort for our employees and the general population. Many more actions will come to support the state of Rio Grande do Sul:

Our People

- **Provision of a Health Kit** for all affected employees;
- **Early payment of the 13th salary** for all employees in Rio Grande do Sul;
- Distribution of **food baskets** to affected employees;
- Issuance of **mattress vouchers** for affected employees.

Our Communities

- **Total freeze** on medication prices;
- **Donation of hygiene and first aid items** through our stores, directly benefiting the affected communities;
- Discounts on all Panvel brand hygiene and first aid items;
- **Panvel Kit**: thousands of hygiene kits donated to shelters;
- **Medications**: donation of 3 thousand boxes of leptospirosis medications for distribution to those impacted by the floods;
- **Donation of 200,000 diapers**;
- **Troco Amigo:** We launched S.O.S Rio Grande do Sul, a modality of Troco Amigo where the Company commits to doubling the amounts donated by our customers.

1Q24

Group Gross Revenue
R$ 1,323M (+19.6% *vs* 1Q23)
Ex Asset Sale
R$ 1,283M (+16.1% *vs* 1Q23)

Retail Gross Revenue
R$ 1,167M (+16.4% *vs* 1Q23)

Adjusted EBITDA
R$ 60.3M (+20.7% *vs* 1Q23)
4.6% Margin

Indebtedness
Low leverage of
0.86x EBITDA

Group Net Income
R$ 26.6M (+17.3% *vs* 1Q23)
2.0% Margin

Digital
19.3% share in retail sales
(+25.3% *vs* 1Q23)

Market Share
+0.6 p.p. in
Southern Region *vs* 1Q23

Description	1T23	2T23	3T23	4T23	1T24
No. of Stores	565	574	585	600	606
No. of employees	9,121	9,522	9,666	10,284	9,944
In thousands of Brazilian reais					
TT Gross Revenue	1,105,711	1,166,969	1,216,126	1,315,106	1,322,900
TT Gross Margin	313,758	343,743	342,805	376,901	394,010
% of Gross Revenue	28.4%	29.5%	28.2%	28.7%	29.8%
Retail Gross Revenue	1,002,361	1,056,748	1,102,043	1,205,413	1,166,528
Retail Gross Margin	300,494	327,643	330,432	359,203	344,592
% of Retail Gross Revenue	30.0%	31.0%	30.0%	29.8%	29.4%
Adjusted EBITDA TT	49,971	57,795	56,595	68,657	60,317
% of Gross Revenue	4.5%	5.0%	4.7%	5.2%	4.6%
Adjusted Net Income TT	22,647	26,084	27,175	33,047	26,558
% of Gross Revenue	2.0%	2.3%	2.2%	2.5%	2.0%
Free Cash Flow	(74,793)	12,212	(6,144)	38,514	(58,830)
Indebtedness	0.76x	0.75x	0.78x	0.59x	0.86x

A Message from Management

We closed another quarter with excellent results, demonstrating the ability to execute our strategic planning. After a cycle of record investments and acceleration of expansion, which began after our follow-on in 2020, we continue in a phase of harvesting productivity gains, in the form of an increase in average revenue per store and dilution of selling expenses, especially from our stores.

In a quarter that found a strong basis for comparison with last year, **the Group Gross Revenue showed a growth of 19.6% compared to 1Q23**. It is important to emphasize that we must exclude from this Revenue the effect of the sale of a of land owned by a Controlled company (Dimesul Administradora de Imóveis Ltda.), in the amount of **R$ 39 million**. Making this adjustment, the Group's Gross Revenue growth remains robust, reaching 16.1% versus 1Q23. This growth was pulled by Panvel, whose sales grew 16.4% in the period, accompanied by an excellent performance of SSS (12.0% vs 1Q23) and MSSS (8.1% vs 1Q23).

It is also worth highlighting the **opening of 12 new stores in 1Q24**, maintaining the pace and consistency observed in previous quarters. This robust sales growth was translated into the sixteenth consecutive quarter of **market share gains in all states of the Southern Region**, reaching in 1Q24 a market share of 12.3%, a strong growth of 0.6 p.p. over the same period in 2023. This sales performance is based on the focus that the Company is giving to the **growth of the sale of medicines in its physical and digital stores**, which translates into more investments in technological tools to reduce friction in the service and training of our people to take care more and more of customers, especially those classified as chronic and of continuous use. This without neglecting the categories of Hygiene and Beauty, especially Panvel Products, which continue to be important competitive differentials.

Panvel's Digital grows 25.3% compared to 1Q23, driven by App downloads.

Digital was also a major highlight for Panvel, reaching a share in the total sales of the chain of **19.3% in the quarter**, with a growth of 25.3% over last year. During the first quarter of 2024, more than **530,000 deliveries** were made, with great emphasis on the turbo delivery modality (in up to 30 minutes), which already represents a relevant portion of our total home deliveries. We also continue to evolve in social commerce tools, which increase our ability to impact customers and make new digital sales.

Adjusted EBITDA grows 20.7% with a margin of 4.6% (+0.1 p.p. vs 1Q23)

The growth of the sale was accompanied by the expansion of the EBITDA margin. On the one hand, as previously mentioned, the growth in the sale of medicines and digital channels brought additional pressure to Panvel's Gross Margin, which reached 29.5% in 1Q24 (a reduction of 0.5 p.p. compared to 1Q23). On the other hand, the strong operational leverage brought about by the sale allowed us to capture relevant efficiency gains in our selling expenses, which were more than enough to compensate for the effects of Gross Margin. Within this context, **the adjusted EBITDA margin represented 4.6% of Gross Revenue, with a growth of 20.7% compared to the previous year, reaching the mark of R$ 60.3 million in the quarter**.

Panvel grows while maintaining one of the lowest financial leverages in

The quality of cash management was another highlight of the quarter. We grow sales, open stores, invest in logistics and technology, and continue to present one of the lowest financial leverages in retail. We closed the first quarter with low debt and leverage, equivalent to 0.9x EBITDA. This cash situation gives breath to continue investing and growing, even in a scenario of high interest rates.

It is worth remembering that this growth in sales has also been accompanied by excellent customer service indicators, whose main KPI is NPS (*Net Promoter Score*). This indicator remained at 80 points, being one of the highest in the sector. 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.

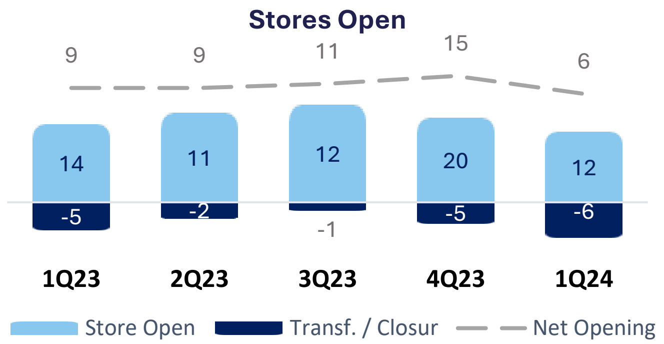
Store Portfolio

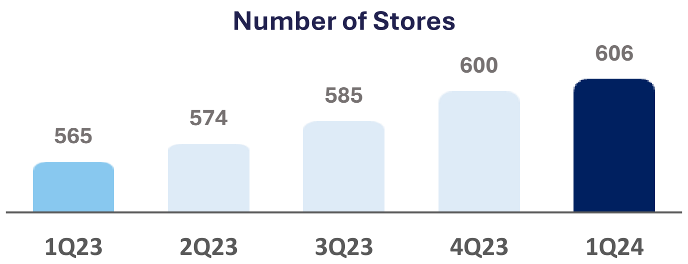
In 1Q24, we opened 12 stores, 10 units in Rio Grande do Sul, 1 in Santa Catarina and 1 unit in Paraná, reaching the mark of 606 stores in operation, maintaining the consistency and execution capacity of our pace of expansion. Over the last 12 months, we have opened 55 stores.

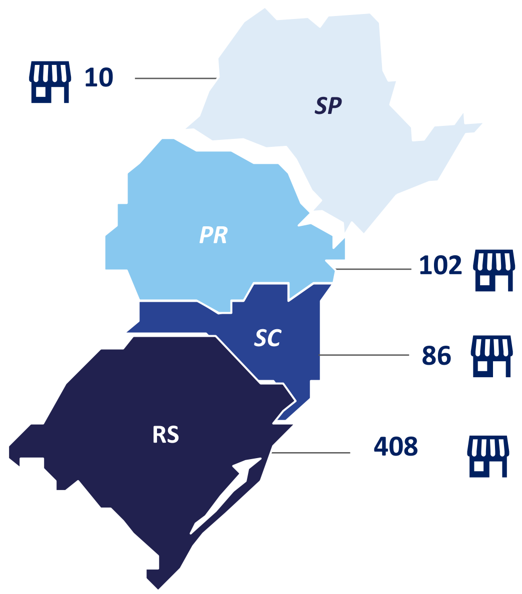
In the period, we made the transfer 3 branches, 2 mature and 1 in maturation to points with higher sales potential. 3 other mature branches were closed because they no longer met the profile, nor the potential for sale and profitability determined by the Company's operating standards, considering indicators such as location, parking spaces and footage. The closure/transfer of branches misaligned with the Company's current strategy is a tool for optimizing the use of our assets, freeing up resources and increasing the rates of return on our investments.

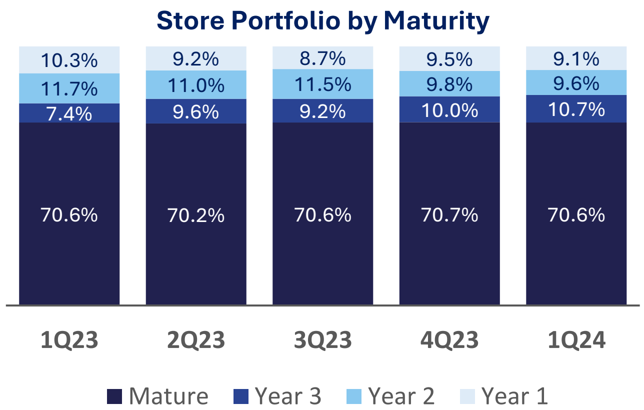
The pace of expansion follows in line with the strategy of the Company of densification in the Southern Region, mainly outside the capitals, added to the increase in capacity of service of digital channels.

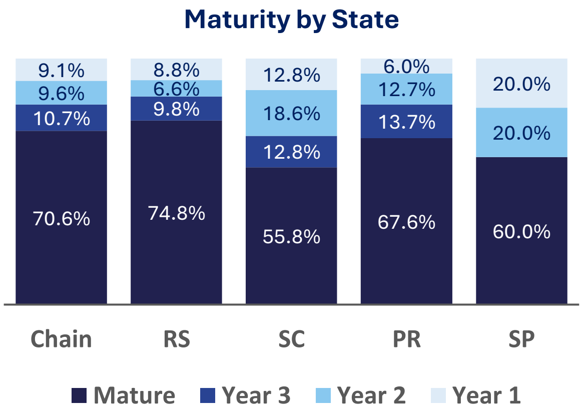
At the end of the period, the Company had 70.6% of mature stores and 29.4% in the process of maturation.











Market Share

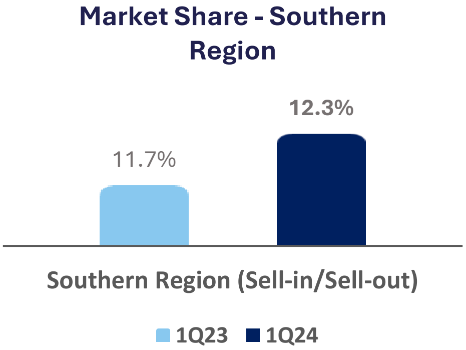
In 1Q24, the Company reached the sixteenth consecutive quarter of market share gain in the Southern Region. This market share gain is the result of an assertive expansion strategy and the quality of the operation of the existing stores, focusing on the interior of the states of the Region.

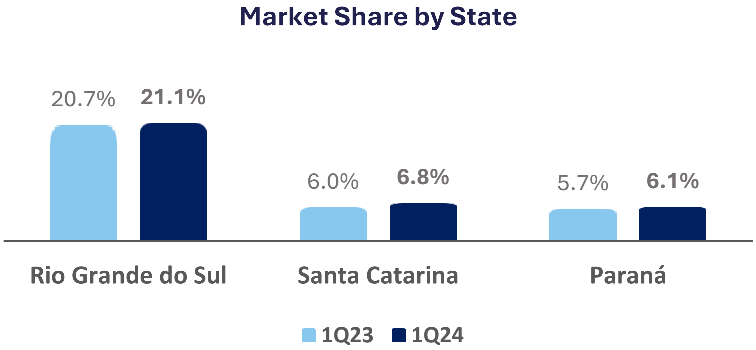
Panvel presents a record gain of 0.6 p.p. in market share in the Southern Region, with gains in all states, in line with the Company's expansion strategy.

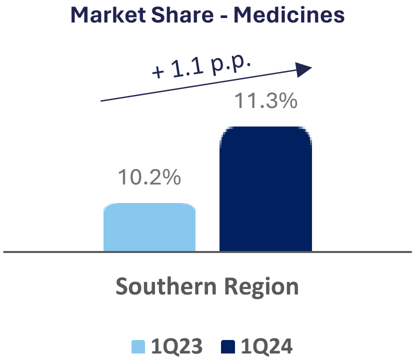
In 1Q24, Panvel reached a market share of 12.3% in the Southern Region, an evolution of 0.6 p.p. over the same period of the previous year, with emphasis on the State of Santa Catarina, where we earned 0.8 p.p. vs 1Q23 and reached the mark of 6.8% of share. In Paraná, we obtained a gain of 0.4 p.p., reaching a 6.1% of share.

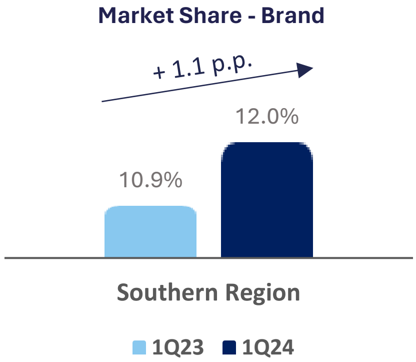
Highlight for the performance of the category of Medicines that presented a record gain of +1.1 p.p. in relation to 1Q23, a result driven mainly by branded medicines (RX).

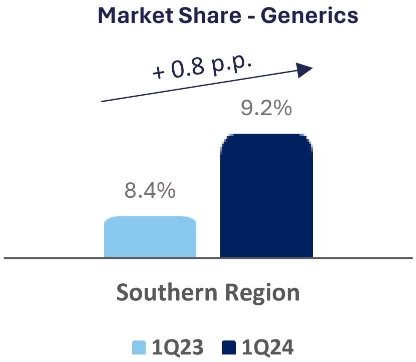
The Company continues to see many opportunities for the Southern Region, especially in the interior of the states of that region. These opportunities will continue to be explored over the next few periods.











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

E-commerce and Digital Initiatives

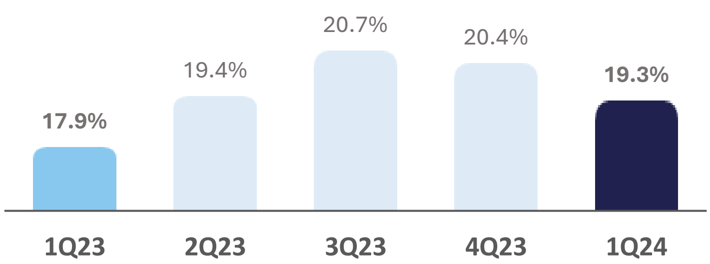
Again, Panvel's digital channels were highlighted, consolidating our position as a benchmark in Brazilian pharmaceutical retail with the largest participation of digital channels in the sector's transactions.

Digital sales reached 19.3% of retail sales in 1Q24, with a growth of 25.3% compared to the same period of the previous year and an expansion of 1.4 p.p.

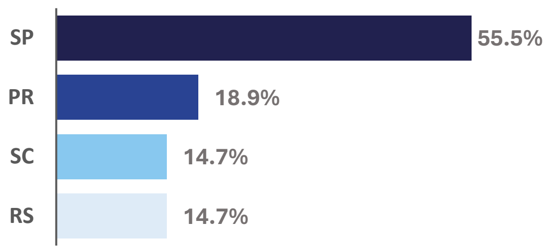
Panvel's Digital grows 25.3% compared to 1Q23, driven by the downloads of the app, with a MAU of 45%.

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.

Digital (Share in Retail Gross Revenue)



% of Total Sales/State



In line with our strategy for each of the locations in which we are present, we run another quarter with balance in the participation 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.

Digital Structure

Click & Collect
606 stores

1Q24 Deliveries
+530,000

Delivery Stores
189

Service Level
97% (1Q24)

Fast Delivery
Up to 1 hour

Mini DC/
Darkstore 9

In keeping with our commitment to excellence and the best experience for our customers, we are evolving several strategic fronts for digital channels. Here it is worth highlighting the projects that involve **Artificial Intelligence.** Panvel has directed a lot of efforts to a variety of initiatives aimed at increasing the productivity of its processes and improving the service of its customers. This has been possible through the exploration of opportunities provided by the development of artificial intelligence, such as the creation of virtual assistants for in-store service, assisting our employees in all the questions raised by our customers in face-to-face service, as well as the implementation of Generative AI tools in our search engines and personalized storefronts. This is a journey that is just beginning, and Panvel is very well positioned to capture more opportunities.

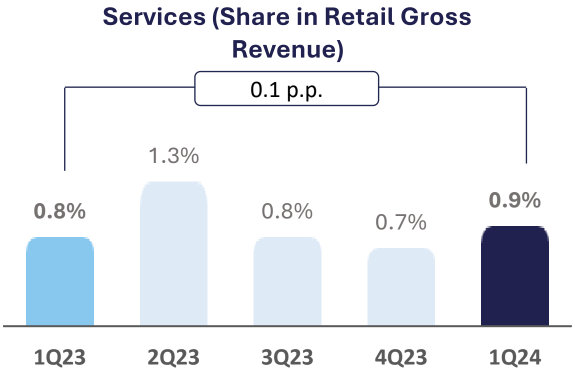
Health Ecosystem

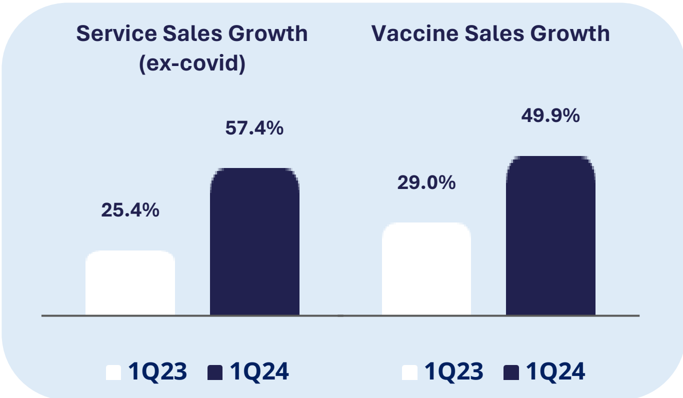
Panvel maintains its leadership position as a reference in health services in the Southern Region of Brazil, consolidating its presence with a substantial market share in the provision of services, including tests, vaccines and other essential services that make up our portfolio. During 1Q24, the Company achieved an impressive market share of 47.9% in vaccination in the Southern Region, according to IQVIA data. This fact has increasingly led consumers to identify Panvel stores as a place of trust to address and solve a wide variety of health-related issues.

Panvel Clinic

Through the Panvel Clinic, Panvel is consolidated 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.

Panvel Clinic	Vaccination Rooms	Services Provided:
377 stores	**92**	**More than 133 thousand**
(+33 rooms vs 1Q23)	(+3 rooms vs 1Q23)	(1Q24)





The beginning of 2024 showed that customers recognize the pharmacy as a place to perform tests, vaccines, and other health services. The sale of services (ex-covid) increased 57.4% in this quarter, with emphasis on dengue tests, which had high demand in the period. Thus, Panvel Clinic raised its share in Gross Revenue by 0.1 p.p. *vs* 1Q23, representing 0.9%.

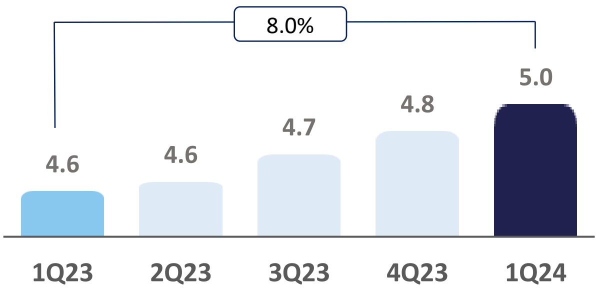
Another fundamental role of this pillar has been the increase of recurrence. Customers who perform some service have a frequency 3x higher than a customer who does not perform services. In addition, these customers also consume a greater number of items per invoice, which strengthens the strategic role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

CRM

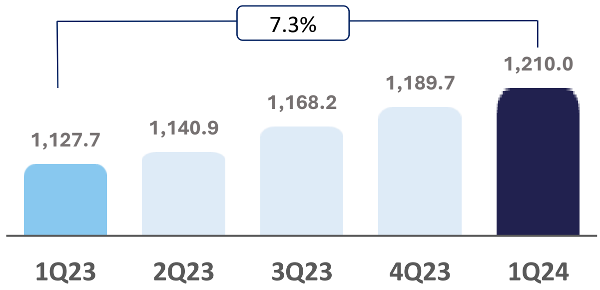
In 1Q24, the Bem Panvel Program maintained its tendency to capture and increase our customer base. Thus, our unified showed a growth of 42.4% compared to 1Q23 (+6.9 million new customers in 12 months), reaching a total of 23.4 million registered customers. This increase is a reflection of the physical expansion carried out over the last few years, as well as the success of the communication strategies, partnerships and agreements adopted by Panvel.

In this universe of customers who are in our base, we have identified a total of 5.0 million Active Customers, a group that showed a growth of 8.0% in the last 12 months (+400 thousand new customers) in line with our strategy of increasing the active customer base. This group of customers, which currently represents 16% of our total base, has a key role in Panvel's loyalty strategy and increased recurrence, because it represents the initial stage of the conversion of new customers and the recovery of inactive customers.

Active Customer Evolution



Loyal Customers (Thousand)

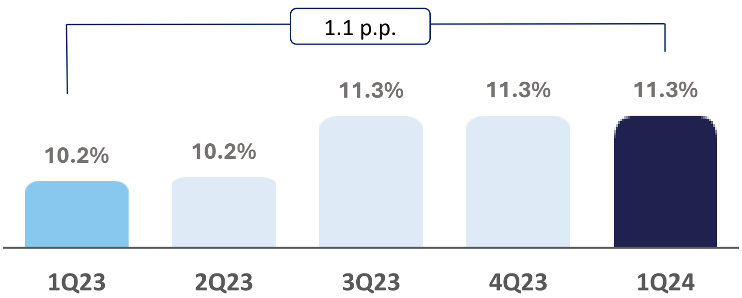


Active Customer = made at least one purchase in 6 months; Loyal Customer = Customer who frequents/consumes every 15

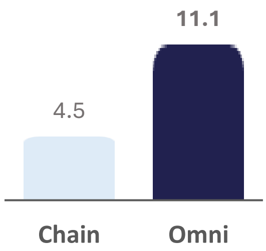
Meanwhile, Panvel's loyalty strategy showed positive results, with the number of Loyal Customers growing by 7.3% in the same period, reaching 1.2 million customers. This evolution reinforces Panvel's competitive advantages, such as the level of service, quality customer service, and the variety of product offerings, along with a truly omnichannel and personalized experience. These factors are crucial for Panvel, which, from a robust and engaged customer base, can look inward to its operation and identify even more growth potential.

Thus, we continue to advance in loyalty strategies, especially for customers who use chronic and continuous medications. These customers are 5 times more valuable than other customers due to their 4 times higher frequency and 1.3 times higher spending per visit (25%). The Company expects this growth lever to increasingly contribute to the productivity gains of the stores, especially in average sales per store.

Omni Customers Evolution



Semestral Attendance (Omni Customer)



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

One of the main tools for this loyalty process is the digitalization of our customers. We once again grew the share of *Omni customers* (customers who buy through physical and digital channels) in our base, reaching 11.3% share.

Service Quality

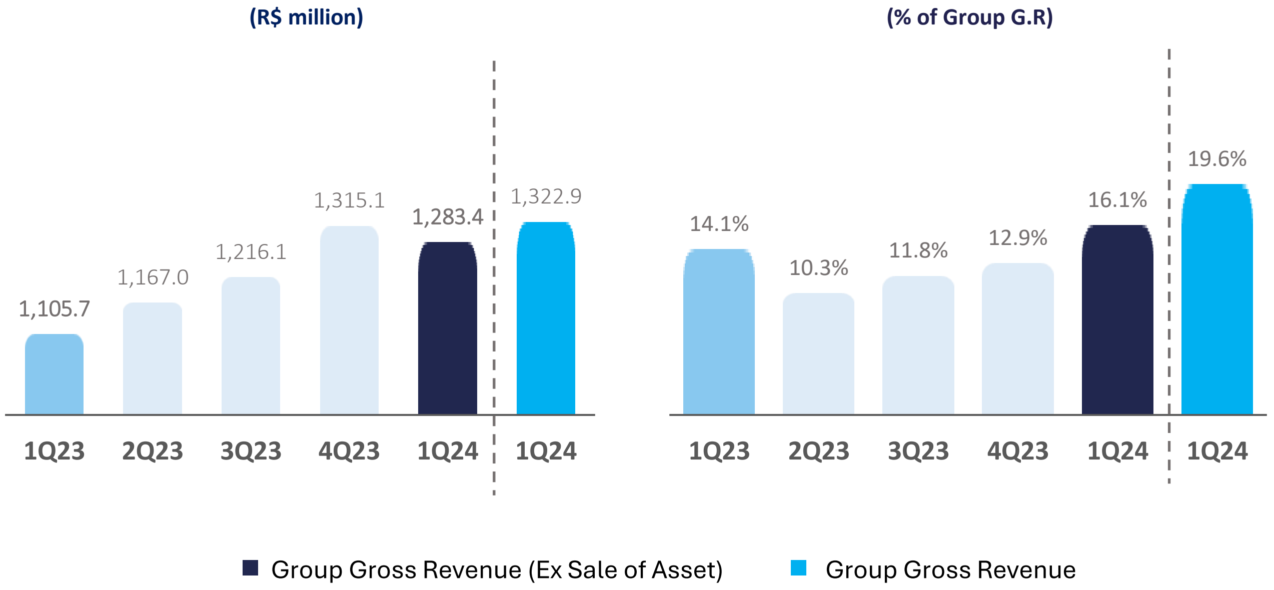
Panvel continues to offer its customers a unique journey of satisfaction, quality, and experience, regardless of the channel where the purchase takes place. For this reason, Panvel is recognized by consumers for offering the best pharma retail experience, according to the indicators below:

80	80	80	83	4,8	4,8	8,7	Ebit TOP FIVE
NPS - Panvel	*NPS* – Store	*NPS* – App	*NPS* – Site	App	Play	Reclame Aqui	

Panvel's NPS remained high in 1Q24, reaching 80 points, according to Bain Company methodology. Panvel stands out in Brazilian pharma retail with a high digital presence, fast delivery, and excellent NPS.

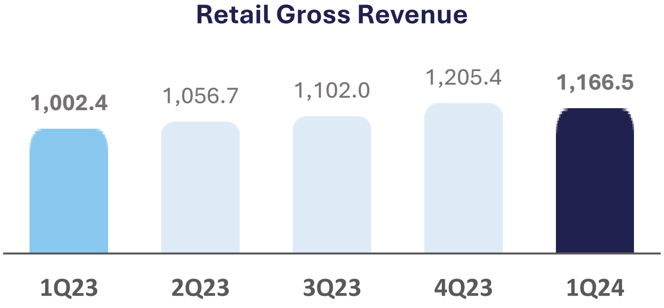
Gross Revenue

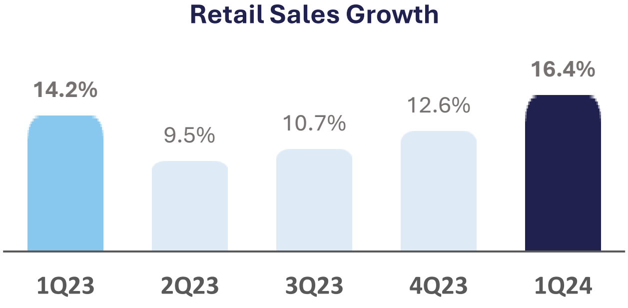
The consolidated gross revenue (which includes the sales of retail, wholesale, and other business units of the Company) was R$1,322.9 million in 1Q24, which represents a growth of 19.6% compared to 1Q23. It is important to note that the amount includes the amount from the disposal of an asset (land), whose property belongs to the controlled company called Dimesul, which totaled R$ 39.0 million. Excluding this non-recurring amount, the Company showed a growth of 16.1%.



Retail

In 1Q24, Panvel showed a sales growth of 16.4% compared to the same period of the previous year, with Gross Revenue of R$ 1,166.5 million.



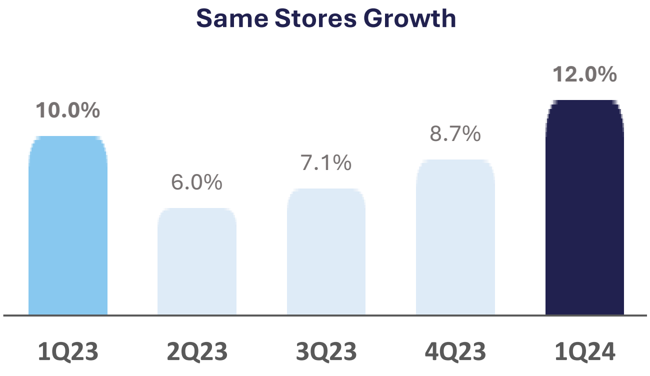


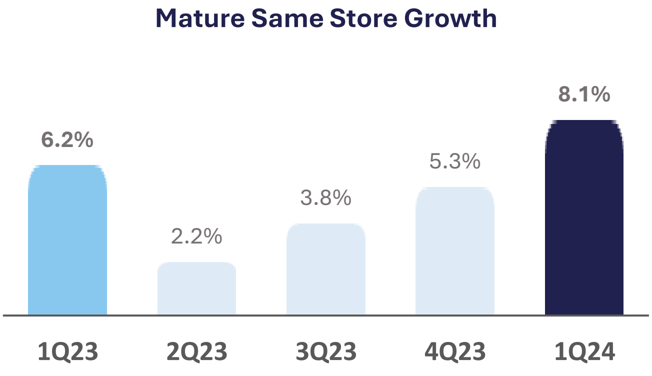
When analyzing the compound growth rate from 1Q21 to 1Q24, we will find an average rate (CAGR) of 16.6% over the period, a very robust number that reinforces the consistency of Panvel's operations.

The results obtained in sales of the period are directly related to the growth in the category of medicines, driving the recurrence of the customer in the pharmacy, through actions of CRM, Digital and Services, important tools of competitive differentiation and loyalty of the customer base.

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.

The Same-store sales (SSS) showed a growth of 12.0% in 1Q24 compared to 1Q23. The performance of Mature Same Store Sales (MSSS) showed a growth of 8.1% compared to 1Q23, growth above the inflation rate of the period. In the chart below we present a historical view of the growth of the period.

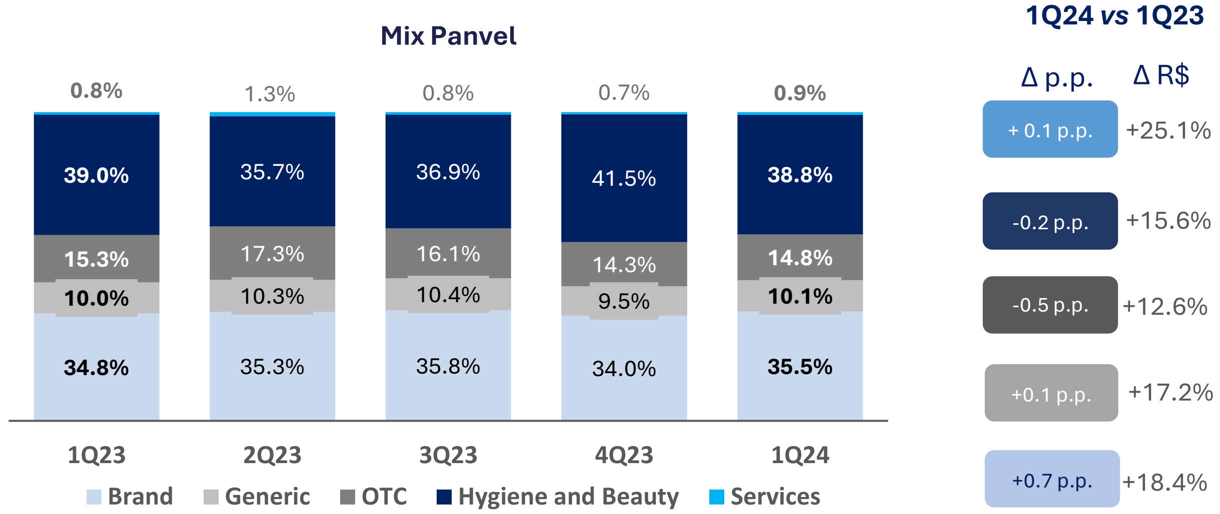




Panvel's Average Sale reach R$ 642 thousand/month (+8.5% vs 1Q23).

Throughout 1Q24, we reached an average sale of R$ 642 thousand/store, growth of 8.5% vs. 1Q23. Considering that the Company currently has a large volume of stores in maturation, especially 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 on the basis of existing stores.

Retail Sales Mix



In 1Q24, the category of Brand-Name Medicines (RX) showed a strong growth rate, expanding 0.7 p.p. in relation to 1Q23, with an evolution of 18.4%. These results are the result of a strategy that seeks to expand the Company's focus on customers of medicines of Chronic and Continuous use.

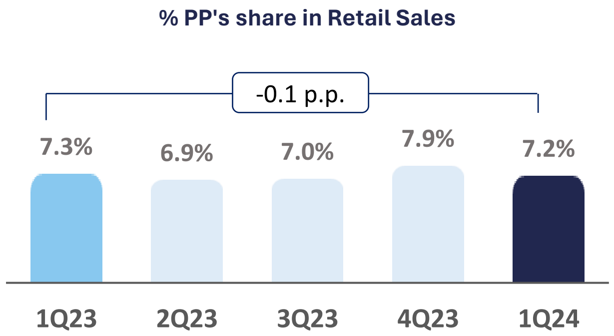
The **OTC** category is growing again (+12.2%). Within this category the positive highlights were the groups of *Diabetes* (+28.3), *Colds and Flu* (+21.0%) and *Vitamins and Supplements* (+20.5%).

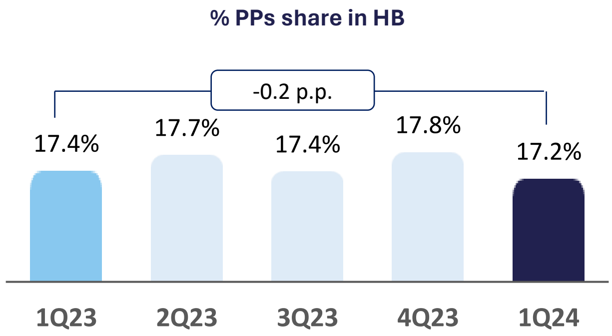
The category of **Generics** showed a growth of 17.2% in relation to 1Q23, keeping its representativeness practically stable within the mix in 1Q24. This category plays a key role in bringing more customers to stores, in addition to being a key lever for maintaining a healthy gross margin.

The **Hygiene and Beauty (HB)** category maintains the performance presented in the last quarters, presenting an evolution of 15.6% in relation to 1Q23. This growth was driven mainly by groups such as *Facial Treatment* (+26.7%), *Special Lines* (+30.0%), *Food* (+23.4%) and *Adult Care* (+17.3%).

The **Services** pillar accounted for 0.9% of retail sales in 1Q24. By analyzing this category excluding the effect of covid tests, we will find a growth of 57.4% in relation to 1Q23, data that reinforces the relevance of the category in new habits of consumer, as well as confirms services in pharmacy as a strong growth lever to be explored.

Panvel Products & Exclusive Brands





Panvel products grew 14.2% compared to 1Q23, reaching a 7.2% share of total retail sales. In relation to the Hygiene and Beauty mix, the private label reached a representativeness of 17.2%, numbers that reinforce the positioning of Panvel Products as a *benchmark* in Brazilian pharma retail.

Reflecting the increased demand for care and beauty products, the *Panvel Make Up* brand posted a 25.6% growth in sales compared to 1Q23, 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* (+17.7%).

The *Panvel Baby* brand, a line of baby care products and one of the group's main brands, posted robust growth of 27.7% compared to 1Q23. In addition, the *Panvel Casa* line grew by 27.3% in 1Q24, demonstrating that the strength of our private label products goes beyond the care and personal hygiene categories.

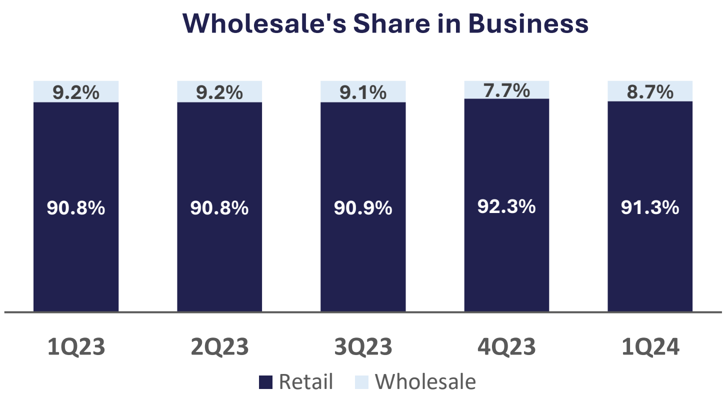
Also, with the brand's move to offer products in line with a more conscious consumption trend, the *Vert* line, composed of natural and vegan items, grew by 42.6% in the period.

The total number of Exclusive Brands of the Grupo Panvel accounted for 8.9% of Retail sales in 1Q24.

Starting this quarter, we will start sharing the results not only of Panvel Products, but also of the other exclusive brands of the Panvel Group that are sold in our stores. This other category includes brands such as *Lifar*, *Sanitas and Vivaz*. In 1Q24, the Panvel Group's other exclusive brands accounted for 1.7% of Gross Retail Revenue, which together with the share of Panvel Products makes up an 8.9% share of total retail sales. This share further makes Panvel stand out from the rest of the market.

Wholesale

In 1Q24, Wholesale represented 8.7% of the Company's total sales, with a growth of 10.7% in its revenue. Over the last few quarters, Wholesale continues to perform well, being an important ally in the dilution of expenses.



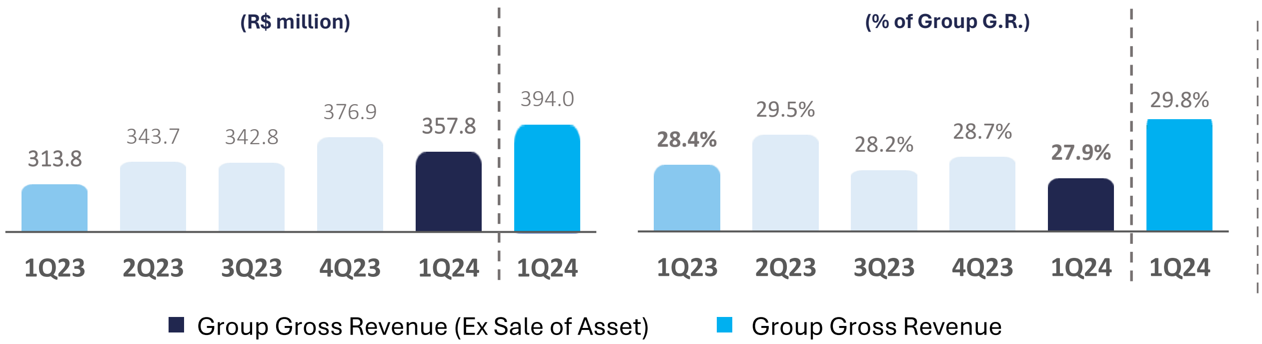
Gross Margin

The Company found a Consolidated Gross Margin (including retail, wholesale, and other business units) of R$ 394.0 million in 1Q24 (+25.6% vs 1Q23), which represents 29.8% of gross revenue for the period, with a growth of 1.4 p.p. Excluding the effect of the sale of the asset, the Company showed a margin of 27.9%, a pressure of 0.5 p.p. in relation to 1Q23.

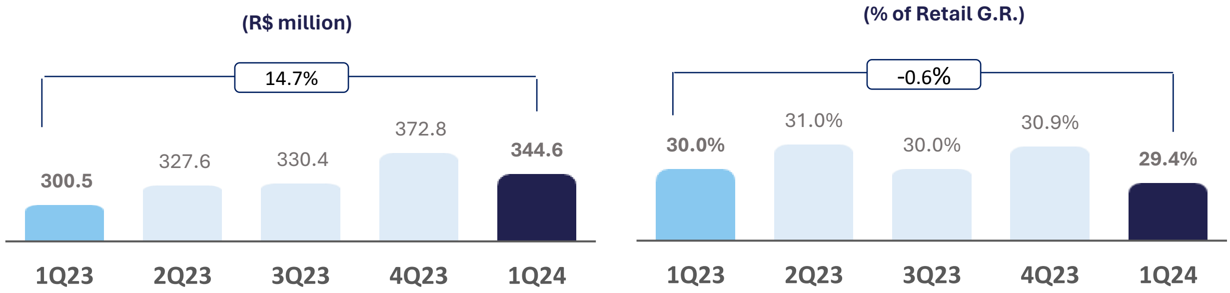
The Retail Gross Margin was R$ 344.6 million, which is equivalent to 29.4% of Gross Revenue in 1Q24, with a growth of 14.7%, suffering a pressure of 0.6 p.p. against 1Q23. This pressure on profitability is the result of a faster growth in the sale of branded medicines, as well as the growth of digital channels. However, these effects were more than compensated by the dilution of selling expenses.

The Wholesale Gross Margin was R$ 14.0 million, which represents 12.5% of the Gross Revenue of this business unit in 1Q24, an expansion of 1.6 p.p. in relation to 1Q24, due to the growth of participation in the sales mix of the Hygiene and Beauty category, bringing a better performance in the margin.

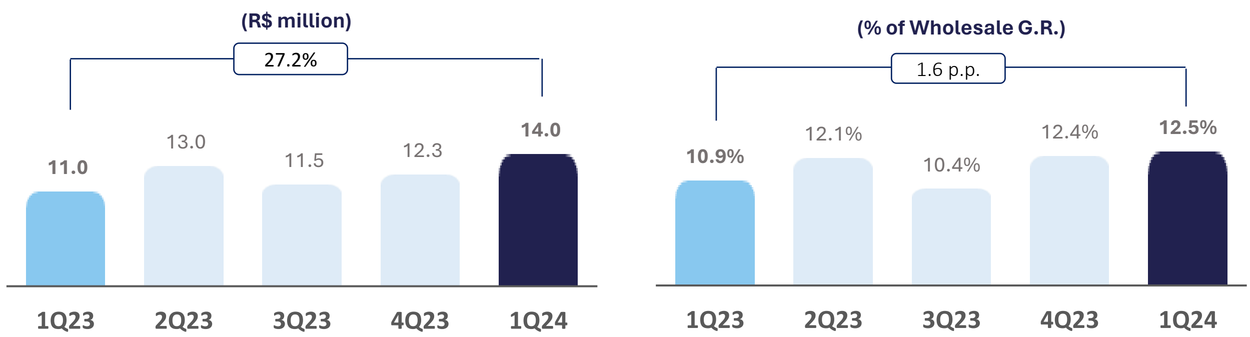
GROUP GROSS MARGIN



RETAIL GROSS MARGIN



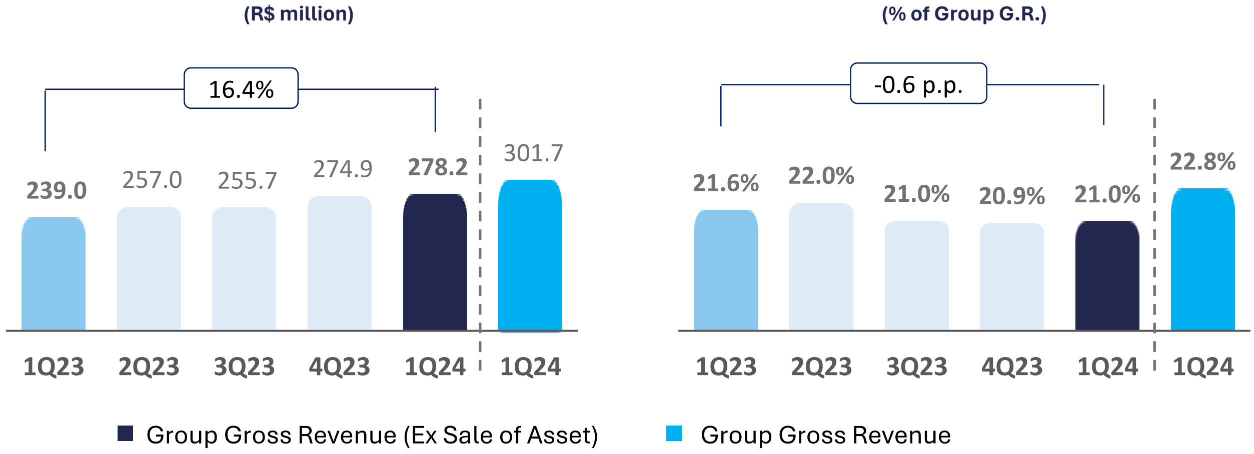
WHOLESALE GROSS MARGIN



Selling Expenses

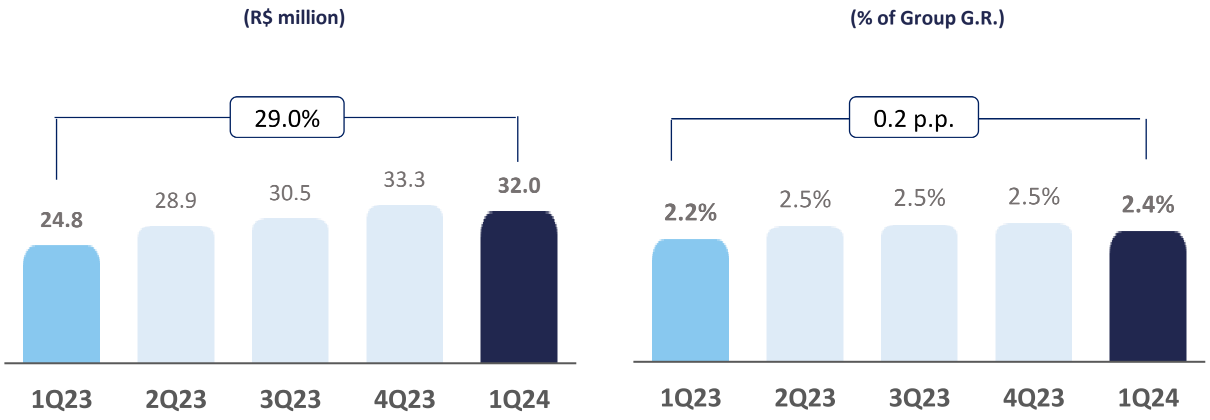
Total Sales Expenses in 1Q24 totaled 278.2 million, which represented 21.0% of Gross Revenue, a dilution of 0.6 p.p. compared to 1Q23. This dilution is related to productivity gains in stores, especially in personnel, rent, inventory losses, and materials accounts.

It's worth noting that in 1Q24, the Company divested an asset from one of its subsidiaries. As mentioned earlier, the effects of this transaction had a positive impact on the Revenue and Gross Margin lines, but at the same time, it incurred non-recurring expenses for this quarter. These effects are appropriately adjusted in this report to facilitate analysis.



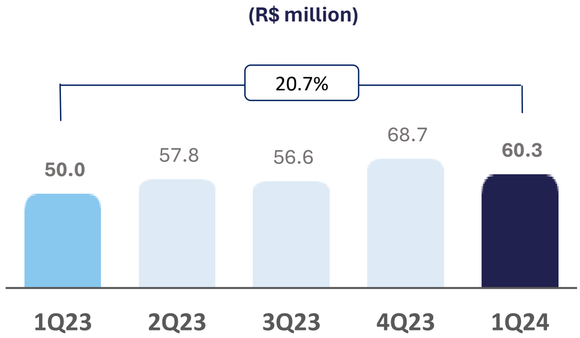
General and Administrative Expenses

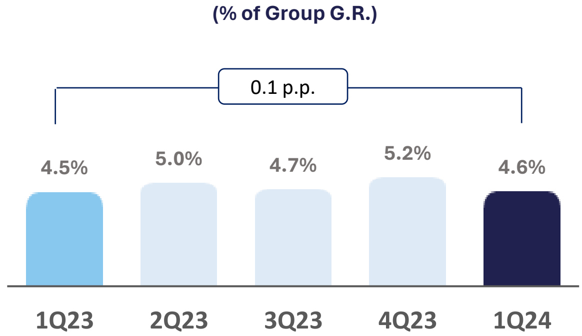
General and Administrative Expenses totaled R$ 32.0 million in 1Q24, representing 2.4% of Gross Revenue, an increase of 0.2 p.p. compared to 1Q23. After three consecutive quarters, we have begun the cycle of dilution of administrative expenses, as expected.



EBITDA

In 1Q24, we calculated an *adjusted EBITDA* of R$ 60.3 million, a growth of 20.7% compared to 1Q23, with a margin equivalent to 4.6% of Gross Revenue (+0.1 p.p.). It is important to remember that this expansion of the margin is the result of productivity gains that resulted in the dilution of selling expenses. We maintain an optimistic view of the margin expansion for the next quarters.





ADJUSTED EBITDA RECONCILIATION

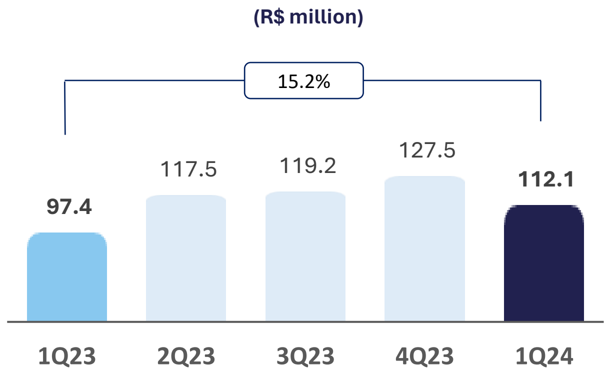
EBITDA Reconciliation	1Q23	1Q24	Var. %
(R$ million)			
Net Income	**20.3**	**35.2**	**73.6%**
(+) Income Tax	2.0	(3.6)	(278.4%)
(+) Financial Income	6.8	7.9	15.6%
EBIT	**29.2**	**39.5**	**35.4%**
(+) Depreciation and amortization	16.4	19.1	16.5%
EBITDA	**45.6**	**58.6**	**28.6%**
Interests/Distributions	2.0	3.8	90.0%
Sale of Asset[1] (land)	-	(25.6)	-
Asset Write-offs	0.7	0.8	8.1%
Other Adjustments	1.6	1.7	6.3%
Non-Recurring Provisions	-	17.5	-
PCLD Wholesale[2]	-	3.4	-
Adjusted EBITDA	**50.0**	**60.3**	**20.7%**
Adjusted EBITDA Margin	**4.5%**	**4.6%**	**0.1 p.p.**

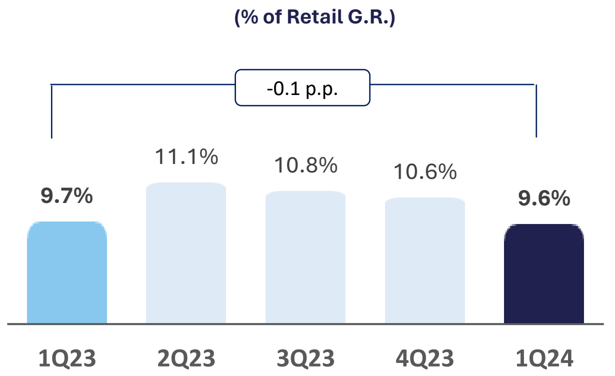
[1] Net value of the effect, which considers revenues and expenses related to the sale transaction of the asset.

[2] In accordance with CPC 48 - Financial Instruments, the company assessed the risk or probability of losses occurring on customer receivables, determining the amount exposed to risk on the balance sheet date based on past events, current conditions and projections of future economic conditions.

Retail EBITDA

In 1Q24, Retail *EBITDA* was R$ 112.1 million, an evolution of 15.2% against the first quarter of the previous year, with pressure of 0.1 p.p. against 1Q23. This pressure was influenced by the product mix, with a strong growth in the category of branded medicines, which led to a lower gross margin. However, this reduction was mitigated by the dilution of selling expenses, either by the greater operational leverage, or by the accelerated maturation of new stores.





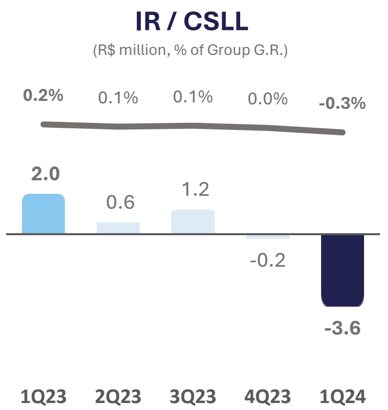
[1] *Retail Gross Revenue (-) COGS/Taxes/Discounts/Returns = Retail Gross Margin (-) Expenses with Store Sales (+) Depreciation of Stores = Retail EBITDA.*

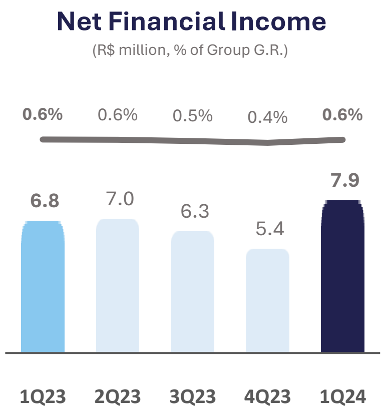
Depreciation, Net Financial Income, and IR/CLSS

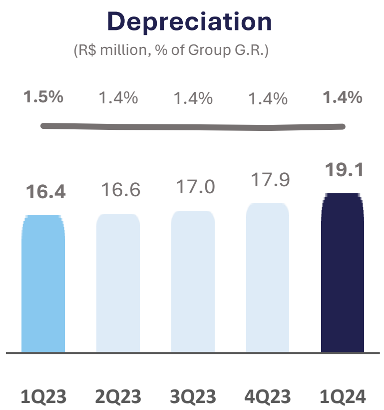
Depreciation showed a dilution of 0.1 p.p. in the quarterly comparison, due to greater operational leverage.

Net Financial Expenses remained stable, representing 0.6% of the Group Gross Revenue. These expenses are a direct result of the net cash position, in line with the Company's expectations for the period. Throughout the year, the Company's expectation is to improve this indicator.

The IR/CSLL, in the quarterly comparison, brought a positive impact of 0.5 p.p. on the result, due to the higher volume of deferred income tax, as well as the effect derived from the distribution of interest on equity in the period (there was no distribution in 1Q23).

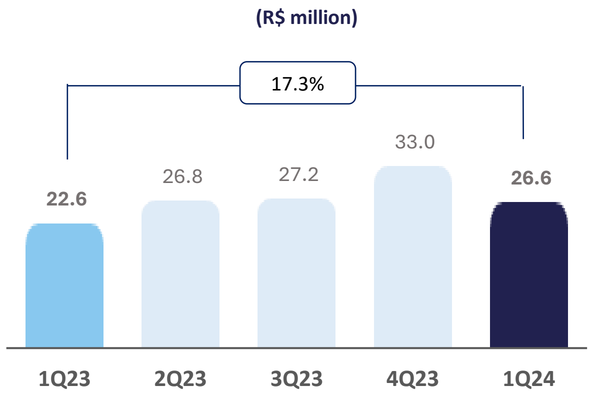


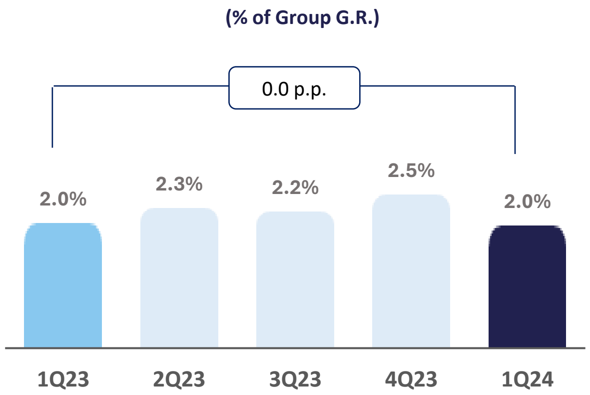




Net Income

Adjusted Net Income in 1Q24 was R$ 26.6 million, a growth of 17.3%, equivalent to a net margin of 2.0% (stable in relation to 1Q23). We understand that this good result is related to the operational gains already mentioned and to efficient cash management, which has eliminated new pressures on financial expenses. It is important to mention that Net Income before adjustments made showed a record growth of 73.6% compared to 1Q23.



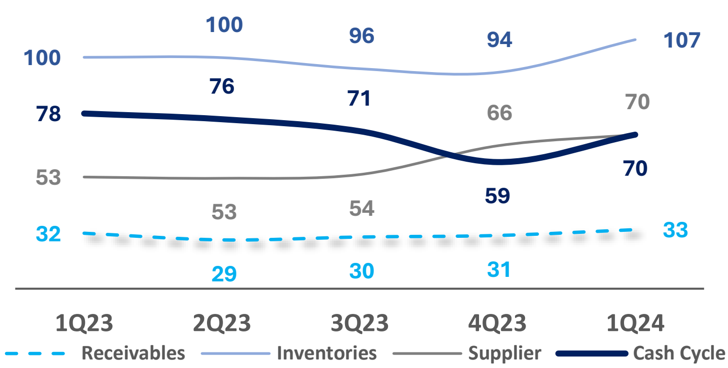


Net Income Reconciliation	1Q23	1Q24	Var.%
(R$ million)			
Net Income	**20.3**	**35.2**	**73.6%**
Sale of Asset[3] (land)	0.0	(25.6)	-
Asset Write-offs	0.7	0.8	8.1%
Other Adjustments	1.6	1.7	6.3%
Non-Recurring Provisions	0.0	17.5	-
PCLD Wholesale[4]	0.0	3.4	-
Effect imposed on non-recurring events	0.0	(6.6)	-
Adjusted Net Income	**22.6**	**26.6**	**17.3%**
Adjusted Net Margin	**2.0%**	**2.0%**	**0.0 p.p.**

[3] Net value of the effect, which considers revenues and expenses related to the sale transaction of the asset.

[4] In accordance with CPC 48 - Financial Instruments, the company assessed the risk or probability of losses occurring on customer receivables, determining the amount exposed to risk on the balance sheet date based on past events, current conditions and projections of future economic conditions.

Cash Cycle



In 1Q24, the Company maintained the trend of improvement in its Cash Cycle, presenting a reduction of 8 days compared to 1Q23. This improvement is a direct reflection of the success in the strategy of lengthening suppliers' payment deadlines and maintaining a balanced and consistent stock. We continue with the aim of improving our cash efficiency.

Cash Flow

The Company showed a negative free cash flow of R$ 58.8 million in 1Q24, a significant improvement of 21.3% over the same period of previous year.

CASH FLOW	1Q23	1Q24	Var %
Net Income for The Period	20,877	35,243	68.8%
Corporate Income Tax (IRPJ)/Social	1,468	(3,639)	-
Financial Income	6,842	7,904	15.5%
EBIT	**29,187**	**39,508**	**35.4%**
Depreciations and Amortizations	16,486	19,081	15.7%
EBITDA	**45,674**	**58,589**	**28.3%**
Cash Cycle	(69,372)	(91,162)	31.4%
Other variations in assets and liabilities	(21,794)	(1,655)	(92.4%)
Operating cash Flow	**(45,492)**	**(34,228)**	**(24.8%)**
Investments	(29,300)	(24,602)	(16.0%)
Free Cash Flow	**(74,792)**	**(58,830)**	**(21.3%)**
Interest on Equity	(8,126)	(10,644)	31.0%
Treasury shares	(705)	-	-
Total Cash Flow	**(83,263)**	**(69,474)**	**(16.9%)**

Indebtedness

Net Debt (in R$ million)	1Q23	2Q23	3Q23	4Q23	1Q24
Short-Term Debt	302.3	293.7	128.9	102.5	188.9
Long-Term Debt	116.4	60.0	310.0	280.0	280.0
Gross Debt	**418.8**	**353.7**	**438.9**	**382.5**	**468.9**
(-) Cash, Equivalents, and Financial Investments	257.6	193.2	265.0	245.4	262.3
Net Debt / Net Cash	**161.1**	**160.5**	**173.9**	**137.1**	**206.6**
Net Debt / EBITDA (LTM)	**0.76x**	**0.75x**	**0.78x**	**0.59x**	**0.86x**

The Company's capital structure remains solid and with low leverage (0.86x *EBITDA LTM*), even in a scenario of strong investments and accelerated expansion. We understand that this low level of indebtedness represents a competitive differential within the current macroeconomic scenario of the country and the retail segment.

Investments

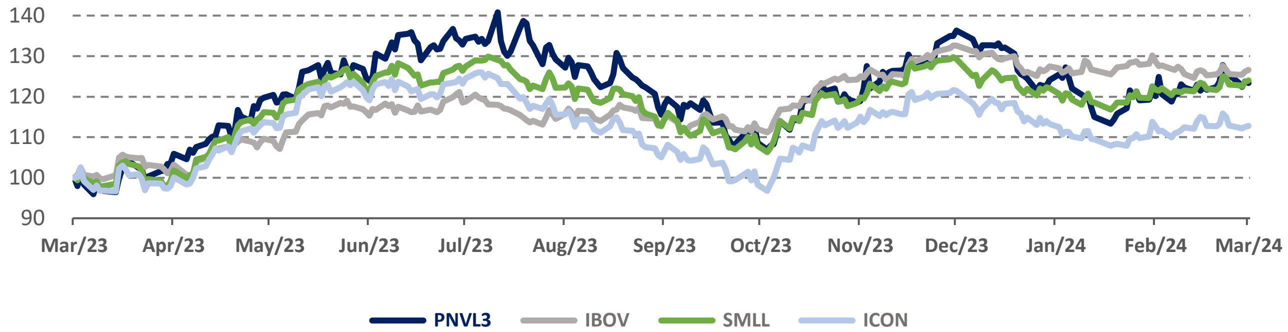
R$	1T23	1T24	∆
Opening Stores	16,219	12,617	-22.2%
Renovation of Stores	1,766	1,771	0.3%
IT	5,740	7,639	32.1%
Logistics and Others	5,575	2,574	-53.8%
Total	**29,300**	**24,602**	**-16.0%**

We made investments in 1Q24 that totaled R$ 24.6 million, a reduction of 16.0% compared to 1Q23. This movement is justified by the strong levels of investment of the last three years (2021-2023), where the Company has invested more than R$ 450 million in expanding its logistics capacity, accelerating the expansion, opening of new stores and investments in technology.

Capital Market and Return to Shareholders

In the period of 12 months accumulated (LTM) from 1Q23 to 1Q24, the Company's shares showed an appreciation of 24.8%. In addition, in 1Q24 we approved the distribution of R$ 11.6 million in Dividends paid as Interest on Equity.

The Company has been consistently working to enhance shareholder returns, primarily monitoring the evolution of the consolidated ROIC indicator. In 1Q24 LTM, the indicator stood at 10.1% compared to 9.7% in 1Q23 LTM, representing an expansion of 0.4 p.p. Over the past three years, this indicator has shown a growth trend following the impact of significant investments made during the same period, subsequent to our 2020 Follow-On.



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	1Q24		
	IFRS	Impacts	IAS 17
(in thousands)			
Gross Revenue	1,322,900	-	1,322,900
Gross Profit	**394,011**	**-**	**394,011**
% GR	29.8%	0.0%	29.8%
Selling Expenses	(258,5754)	(42,976)	(301,710)
Administrative Expenses	(31,985)	-	(31,985)
Total Expenses	**(290,719)**	**(42,976)**	**(333,694)**
% GR	22.0%	-3.2%	25.2%
Adjusted EBITDA	**103,292**	**(42,976)**	**60,317**
% GR	7.8%	-3.2%	4.6%
Depreciation and amortization	(51,242)	32,191	(19,051)
Part. Adm/PLR	(3,842)	-	(3,842)
Other adjustments	2,084	-	2,084
Financial Income	(21,253)	13,349	(7,904)
IRPJ/CSLL	4,511	(872)	3,639
Net Income	**33,550**	**1,693**	**35,243**
% GR	2.5%	0.1%	2.6%

Balance Sheet

ASSET	IFRS 1Q23	IFRS 1Q24	Var. %	IFRS Impacts 1Q23	IFRS Impacts 1Q24	Former Standart (IAS 17) 1Q23	Former Standart (IAS 17) 1Q24	Var. %
(in thousand)								
Current Assets	**1,622,645**	**1,948,367**	**20.1%**	**79**	**1,544**	**1,622,724**	**1,949,911**	**20.2%**
Cash and cash equivalents	14,367	22,126	54.0%			14,367	22,126	54.0%
Financial Investments	243,280	240,196	(1.3%)			243,2880	240,196	(1.3%)
Customers	390,493	469,608	20.3%	79	1,544	390,572	471,152	20.6%
Inventory	874,483	1,078,053	23.3%			874,483	1,078,053	23.3%
Recoverable income tax and social security contribution	24,754	9,670	(60.9%)			24,754	9,670	(60.9%)
Recoverable taxes	13,192	23,171	75.6%			13,192	23,171	75.6%
Other accounts receivables	62,076	105,129	69.4%			62,076	105,129	69.4%
Properties available for sale	-	414	-			-	414	-
Non-Current Assets	**1,193,922**	**1,255,931**	**5.2%**	**(614,668)**	**(600,020)**	**579,254**	**655,911**	**13.2%**
Deferred taxes	47,141	59,565	26.4%	(18,290)	(22,770)	28,851	36,795	27.5%
Taxes recoverable	10,165	12,544	23.4%			10,165	12,544	23.4%
Court deposits	3,066	2,247	(26.7%)			3,066	2,247	(26.7%)
Credits with related parties	1,330	-	-			1,330	-	-
Other assets	404	7,753	-			404	7,753	-
Prepaid Expenses	-	4,017	-			-	4,017	-
Investments	4	-	-			4	-	-
Property, plant and equipment	1,053,584	1,083,588	2.8%	(596,378)	(577,250)	457,206	506,338	10.7%
Intangible assets	78,228	86,217	10.2%			78,228	86,217	10.2%
Total Assets	**2,816,567**	**3,204,298**	**13.8%**	**(614,589)**	**(598,475)**	**2,201,978**	**2,605,822**	**18.3%**

LIABILITIES	1Q23	1Q24	Var. %	1Q23	1Q24	1Q23	1Q24	Var. %
(in thousand)								
Current Liabilities	**1,066,097**	**1,190,938**	**11.7%**	**(157,376)**	**(122,928)**	**908,721**	**1,068,010**	**17.5%**
Suppliers	456,113	690,036	51.3%			456,113	690,036	51.3%
Loans and financing	302,337	188,887	(37.5%)			302,337	188,887	(37.5%)
Financial Instruments	-	218	-			-	218	-
Lease – IFRS 16	157,376	122,928	-	(157,376)	(122,928)	-	-	-
Salaries and welfare charges	66,529	78,529	18.0%			66,529	78,529	18.0%
Interests payable	1,617	3,137	94.0%			1,617	3,137	94.0%
Taxes, fees, and contributions	28,216	29,062	3.0%			28,216	29,062	3.0%
Dividends and interest on equity	(2,608)	6,020	-			(2,608)	6,020	-
Other Liabilities	56,517	72,121	27.6%			56,517	72,121	27.6%
Non-Current Liabilities	**623,644**	**816,536**	**30.9%**	**(492,718)**	**(519,748)**	**130,926**	**296,788**	**126.7%**
Loans and financing	116,429	280,000	140.5%			116,429	280,000	140.5%
Lease – IFRS 16	492,718	519,748	5.5%	(492,718)	(519,748)	-	-	-
Other obligations	6,820	7,343	100.0%			6,820	7,343	100.0%
Provisions	7,677	9,445	23.0%			7,677	9,445	23.0%
Shareholder's Equity	**1,126,826**	**1,196,824**	**6.2%**	**35,505**	**44,200**	**1,162,331**	**1,241,024**	**6.8%**
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	(28,920)	(21,698)	(25.0%)			(28,920)	(21,698)	(25.0%)
Income reserve	208,978	240,905	15.3%			208,978	240,905	15.3%
Retained Income	18,216	21,949	20.5%	35,505	44,200	53,721	66,149	23.1%
Total Liabilities and Shareholders' equity	**2,816,567**	**3,204,298**	**13.8%**	**(614,589)**	**(598,475)**	**2,201,978**	**2,605,822**	**18.3%**

Income Statement

DRE QUARTER	IFRS 1Q23	IFRS 1Q24	IFRS Var. %	IFRS Impacts 1Q23	IFRS Impacts 1Q24	Former Standart (IAS 17) 1Q23	Former Standart (IAS 17) 1Q24	Former Standart (IAS 17) Var. %
(In thousand)								
Gross revenue	**1,105,711**	**1,322,900**	**19.6%**			**1,105,711**	**1,322,900**	**19.6%**
Taxes and returns	(78,299)	(96,797)	23.6%			(78,299)	(96,797)	23.6%
Net revenue	**1,027,411**	**1,226,103**	**19.3%**			**1,027,411**	**1,226,103**	**19.3%**
Cost of goods sold	(713,653)	(832,092)	16.6%			(713,653)	(832,092)	16.6%
Gross profit	**313,758**	**394,011**	**25.6%**			**313,758**	**394,011**	**25.6%**
Expenses	**(276,195)**	**(343,719)**	**24.4%**	**(8,377)**	**(10,784)**	**(284,572)**	**(354,503)**	**24.6%**
With sales	(255,222)	(306,506)	20.1%	(8,377)	(10,784)	(263,599)	(317,290)	20.4%
General and administrative	(27,350)	(37,982)	38.9%			(27,350)	(37,982)	38.9%
Other operating revenue	6,377	769	(87.9%)			6,377	769	(87.9%)
Financial income	**37,563**	**(21,253)**	**15.6%**	**11,544**	**13,349**	**(6,842)**	**(7,904)**	**15.5%**
Financial expenses	(28,848)	(30,187)	21.5%	11,544	13,349	(13,304)	(16,838)	26.6%
Financial revenues	6,462	8,934	38.3%			6,462	8,934	38.3%
Income before IR, social contribution, and interests	**19,177**	**29,039**	**51.4%**	**3,167**	**2,565**	**22,344**	**31,604**	**41.4%**
Income tax and social security contribution	(961)	4,511	-	(1,077)	(872)	(2,038)	(3,639)	(278.6%)
Net income for the fiscal year	**18,216**	**33,550**	**84.2%**	**2,090**	**1,693**	**20,306**	**35,243**	**73.6%**

Corporate Cash Flow

Cash Flow of Operational Activities	1Q23	1Q24	Var %
Net Income for the fiscal year	**18,216**	**33,550**	**84.2%**
Adjustments by:			
Depreciation/amortization fixed and intangibles assets	49,606	51,472	3.8%
Provision for contingent liabilities	(1,336)	2,814	-
Result of Equity equivalence	-	-	-
Cost of fixes assets and intangibles	1,828	807	(55.9%)
Provision for doubtful debtors	211	4,604	-
Provision for stock losses	(446)	(510)	14.3%
Option to buy or subscribe to shares	1,153	1,458	26.5%
Deferred income tax and social contribution	1,457	6,679	-
Interest expense on loans and financing	10,299	12,497	21.3%
Rental interest expense	11,544	13,349	15.6%
Current income tax and social contribution	(496)	(2,168)	-
Interest revenue from financial investments	(5,656)	(6,450)	14.0%
Derivative financial instruments	-	218	-
Others	295	-	-
Total adjustments	**68,459**	**84,770**	**23.8%**
Variation in assets and liabilities			
Accounts receivable from costumers	8,174	(22,199)	-
Stocks	22,498	(78,138)	-
Supliers	(99,339)	10,273	-
Tax and contributions to be paid	4,553	10,037	-
Judicial deposits	58	(183)	-
Taxes to be recovered	1,440	(10,417)	-
Other groups of the asset	4,309	(1,869)	-
Other groups of liabilities	(27,799)	(18,210)	(34.5%)
Income tax and social contribuition paid	(1,060)	(2,188)	-
Net Cash generated (used) in operational activities	**(491)**	**5,426**	**-**
Cash flow of investment activities			
Acquisition of fixed assets	(23,061)	(16,432)	(28.7%)
Acquisition of intangible assets	(6,239)	(8,292)	32.9%
Financial Investments	(105,984)	(16,310)	(84.6%)
Net cash used in investment activities	**(135,284)**	**(41,034)**	**(69.7%)**
Cash flow of financing activities			
Payment of dividends and interest on equity	(8,126)	-	-
Acquisition of own shares	(705)	-	-
Borrowing/financing (principal)	175,000	90,000	(48.6%)
Payment of commercial leases	(40,385)	(44,074)	9.1%
Amortization of principal financing	(1,357)	(16,145)	-
Net cash generated (used) in financing activities	**124,427**	**29,781**	**(76.1%)**
Net increase (reduction) in the balance/cash equivalent	**(11,348)**	**(5,827)**	**(48.7%)**
Cash balance and cash equivalent at the beginning of the period	25,715	27,953	8.7%
Cash balance and cash equivalent at the end of the period	14,367	22,126	54.0%