grupo panvel

2Q23
Earnings Release

Call PNVL3

Results Conference Calls
August 11, 2023 - Friday
09:30 am (Brasília time) / 08:30 am (EDT)
The call shall be held in Portuguese with simultaneous translation into English.
Link: Click here

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Eldorado do Sul, RS, August 10, 2023

A Dimed S.A. Distribuidora de Medicamentos (B3 S.A. - BRASIL, BOLSA, BALCÃO: PNVL3), one of the main retailers and distributors of pharmaceutical products in the Country, announces the results for the 2nd quarter of 2023 (2Q23). The Company's financial statements are prepared in Brazilian reais (BRL), pursuant to the Brazilian corporate law and international financial reporting standards (IFRS). 2Q23 result comparison is based on 2Q22 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.

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2Q23 Results

Highlights/Summary:

Group Gross Revenue
BRL 1,167M (+10.4%)

Retail Gross Revenue
BRL 1,057M (+9.5%)

Group Gross Margin
29.5% (-0.3 p.p.)

Retail Gross Margin
31.0% (-0.1p.p.)

Adjusted EBITDA
BRL 57.8M (+3.0%)
5,0% Margin

Digital
19.4% share of
Retail sales in 2Q23

Market Share
+0.1 p.p. in the
Southern Region vs 2Q22

Cash Cycle
Improvement of 11 days

Description	2Q22	3Q22	4Q22	1Q23	2Q23	1H22	1H23
No. of Stores	538	548	556	565	574	538	574
No. of employees	9,026	9,414	9,300	9,121	9,522	9,026	9,522
In thousands of Brazilian							
TT Gross Revenue	1,057,661	1,087,775	1,165,011	1,105,719	1,166,969	2,026,995	2,272,680
TT Gross Margin	315,342	315,143	336,580	313,758	343,743	590,816	657,501
% of Gross Revenue	29.8%	29.0%	28.9%	28.4%	29.5%	29.1%	28.9%
Gross Retail Revenue	965,395	995,322	1,070,306	1,002,361	1,056,748	1,842,806	2,059,109
Gross Retail Margin	300,664	303,502	321,089	300,494	327,643	562,168	628,137
% of Gross Retail Revenue	31.1%	30.5%	30.0%	30.0%	31.0%	30.5%	30.5%
Adjusted EBITDA TT	56,098	48,458	58,647	49,971	57,795	95,763	107,766
% of Gross Revenue	5.3%	4.5%	5.0%	4.5%	5.0%	4.7%	4.7%
Adjusted Net Income TT	27,986	23,610	24,294	22,647	26,781	53,611	49,428
% of Gross Revenue	2.6%	2.2%	2.1%	2.0%	2.3%	2.6%	2.2%

A Message from Management

CAGR growth of Panvel reaches 17.4% over the last three fiscal years (2Q21-2Q23).

We concluded the second quarter of 2023 by delivering excellent results, once again demonstrating our ability to execute our strategic plan. After a cycle of record investments and accelerated expansion, which began after our follow-on offering in 2020, we are now in a phase of reaping the benefits of increased productivity. This is manifested through the growth in average store revenue and the dilution of sales expenses, primarily at our retail stores and distribution centers.

The second quarter of 2023 encountered a robust comparison base across nearly all performance metrics: Revenue, Gross Margin, EBITDA, and Income. It's important to note that the results in the same period last year were positively impacted by the effects of a two-digit re-pricing of drugs, which benefited both revenue and business margin, as well as by strong sales of items and services related to the Covid-19 pandemic and other types of flu. Therefore, our performance in this period (Retail Gross Revenue grew by 9.5% in quarterly comparison, in line with our expectations) is better interpreted when considering the Compound Annual Growth Rate (CAGR) over the past three years, which reached 17.4%.

Reiterating the above, it's worth highlighting that this sales growth translated into another consecutive quarter of **market share gains in the Southern Region**, reaching a market share of 11.7% in 2Q23, a 0.1 p.p. increase compared to the same period in 2022. This result confirms that Panvel continued to outpace the average growth of the pharmaceutical retail sector in its region throughout the period.

Digital sales were once again a major highlight in Retail, achieving a record level of participation in total network sales **(19.4% in the quarter)** and continually improving its last-mile delivery capabilities. We continue to evolve our social commerce tools, enhancing our ability to engage customers and drive new digital sales.

Another significant highlight of the quarter was the success of our product mix and pricing management strategy, which greatly helped offset the impact of last year's re-pricing and the reduction in the contribution of services and other items related to the flu season in terms of sales and gross margin. As a result, **Panvel achieved a Gross Margin of 31.0% in 2Q23**, a decrease of only 0.1 p.p. from the previous year. Coupled with this, and in line with the trend observed in recent quarters, we are capturing efficiency gains in our sales expenses, both in store maturation and logistics expenses. It's worth noting that after two years of investments in the Company's distribution centers, we expect the dilution of these expenses to continue playing a significant role in expanding our margins throughout the entire year of 2023.

Within this context, **the adjusted EBITDA margin represented 5% of Gross Revenue, a mere retraction of 0.3 p.p. compared to 2Q22, with a growth of 3.0% compared to the previous year, reaching a total of R$ 57.8 million in the quarter**. Once again, we consider this to be a satisfactory result in line with our planned trajectory, given the strong baseline for comparison.

Cash management quality was another highlight of the quarter. Despite **growing sales, opening new stores, investing in logistics and technology, we continue to maintain one of the lowest financial leverages in the retail sector**. We concluded the first quarter with low debt and leverage, equivalent to 0.9x EBITDA, and **improved the cash cycle by 11 days**. This cash position provides us with the flexibility to continue investing and growing, even in a high-interest rate environment.

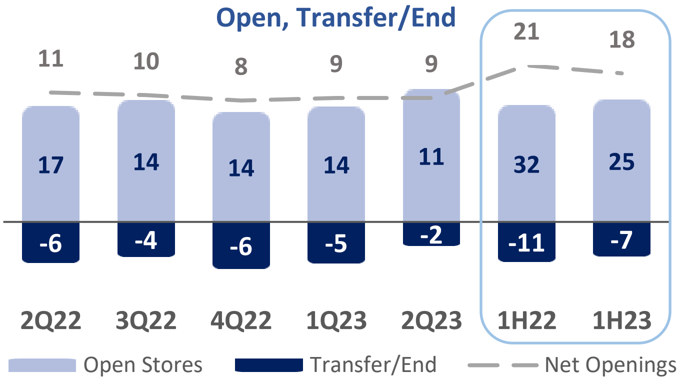
It's worth noting that this sales growth was accompanied by excellent customer service indicators, with the **Net Promoter Score (NPS) remaining virtually stable at 79 points, one of the highest in the industry**. This is the best possible translation of our purpose to "Promote Health and Well-being," with the customer always at the center of our decisions.

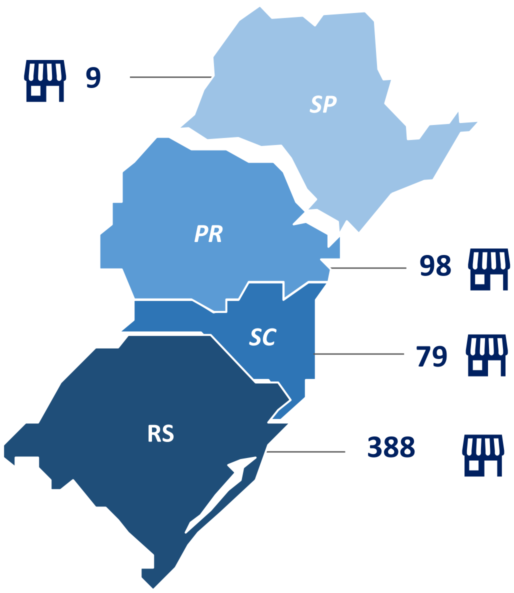
Store Portfolio

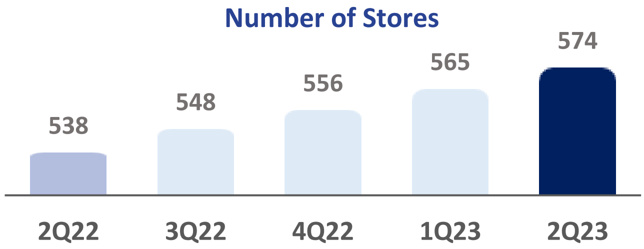
In 2Q23, the Company inaugurated 11 stores, with 5 units in Rio Grande do Sul (RS), 3 units in Santa Catarina (SC), 2 in Paraná (PR), and 1 in São Paulo (SP), reaching a total of 574 operational stores. This demonstrates the Company's consistent and effective of its expansion strategy. It's important to highlight that despite a temporary reduction in the number of gross openings, the net openings remained consistent with previous quarters due to a decrease in closures/transfers.

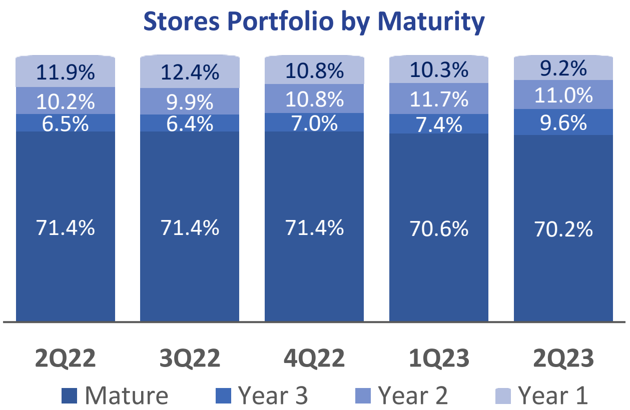
During this period, the Company transferred one mature branch to a location with higher sales potential. Another one mature branch was closed as it no longer met the profile or sales and profitability potential defined by the Company's current operational standards. Factors such as location, parking spaces, and size were considered in this decision. The closure of branches that don't align with the Company's strategy serves as a tool for optimizing asset utilization, freeing up resources, and increasing the return rates on investments.

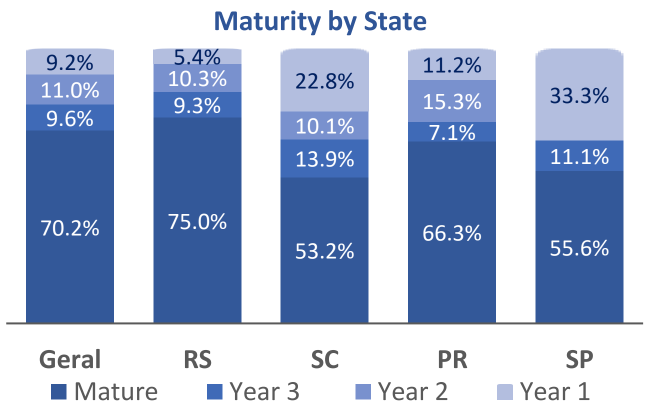
The expansion strategy continues to align with the company's focus on strengthening its presence in the Southern Region, particularly in non-capital areas, while also enhancing the capacity of its digital channels.











At the end of the period, the Company had 70.2% of mature stores and 29.8% in the process of maturation, marking the highest percentage of stores in maturation in Panvel's history.

Market Share

In this second quarter of 2023, the Company continued to achieve consecutive gains in market share in the Southern Region, in alignment with its expansion strategy across each state within the region. These market share gains are a result of a successful expansion strategy and the operational quality of existing stores.

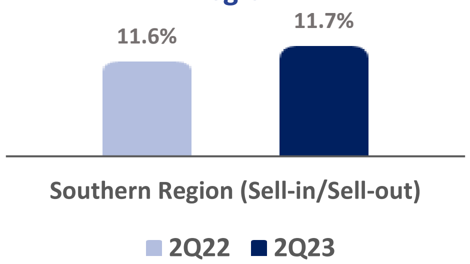
Panvel achieves a 0.1 percentage point increase in Market Share in the Southern Region during a quarter with a strong basis of comparison, driven primarily by gains in SC and PR, consistent with its expansion strategy.

In 2Q23, Panvel reached a market share of 11.7% in the Southern Region, an increase of 0.1 percentage point compared to the same period of the previous year. Notably, in the state of Santa Catarina, we gained 0.5 percentage points compared to 2Q22, reaching a 5.8% market share. In Paraná, we gained 0.2 percentage points, marking yet another consecutive quarter of market share growth.

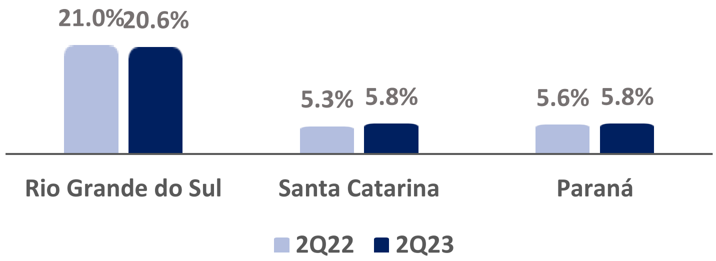
The Company continues to identify numerous opportunities within the Southern Region, particularly in the interior of the states. These opportunities will continue to be explored in the upcoming periods.

Another highlight of the quarter was the gain in market share in the Drugs category, with a specific emphasis on Generics. This result is in line with the strategic approach taken to monitor the journey of patients with chronic diseases and continuous-use drugs, as well as to increase the share of Generic drugs.

Market Share - Southern Region

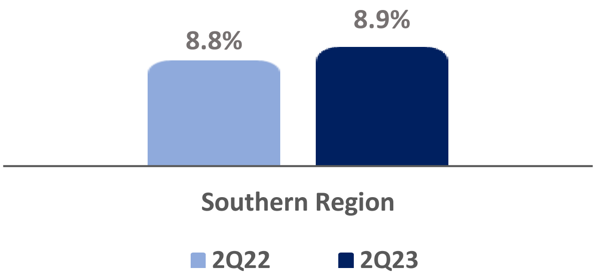


Market Share by State



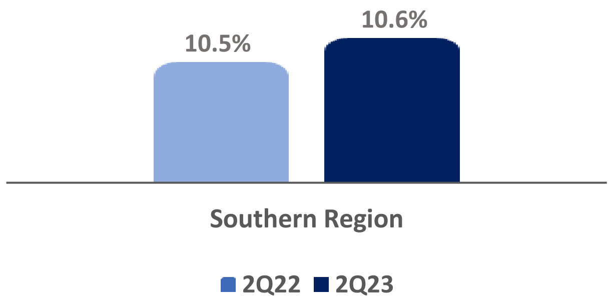
Source: IQVIA - *Sell-in / sell-out concept = distributor sales plus retail sales

Market Share - Generic Drugs



Market Share - Drugs

* Total RX Drugs data from IQVIA



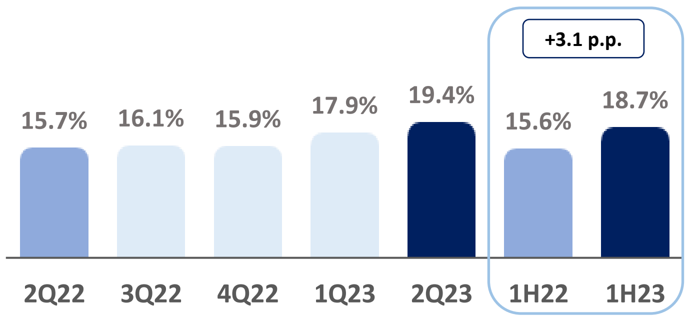
E-commerce and Digital Initiatives

In another quarter of strong digital performance, we maintained our position as a benchmark in the Brazilian pharma retail sector, boasting the highest digital channel participation in retail sales. We recognize this as one of Panvel's competitive differentiators, stemming from a seamless and fully omni-channel experience offered across all our non-presential sales channels (App, Website, Marketplaces, Alô Panvel, and Social Commerce)

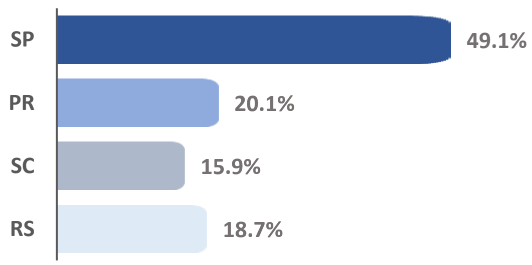
Digital sales were a standout feature of this period, reaching a record-breaking share of 19.4% of retail sales. This achievement is a result of the maturation of various Company projects completed in the past year, notably the implementation of Social Commerce tools, which significantly contributed to the growth of digital sales.

In the area of Social Commerce, we developed a highly significant project known as "Gerentes Digitais." This initiative involves the digital transformation of our employees, turning our Store Managers into digital influencers within their communities through various platforms. Presently, more than 350 stores are part of this initiative, generating over 22,000 posts and more than 32 million impressions. This greatly enhances the communication capabilities of each store, enabling the dissemination of products, services, coupons, and promotions.

Digital (Share in Retail Gross Revenue)



% of Total Sales/State



These results continue to showcase the quality of our business model and our last-mile delivery structure. In this aspect, Panvel also stands out for having the fastest last-mile delivery in the Brazilian pharma retail sector and offering the best omnichannel experience. The investments made in these structures are reflected in solid and consistent performance indicators. It's important to note that this growth doesn't have a negative impact on the Company's margins, as it serves as a lever for increasing store productivity.

Digital Highlights

Delivery within 1 hour coverage: All cities where we are present

2Q23 Delivery Structure: 150 hybrid stores + 9 Mini CDs (dark stores)

2Q23 Number of Deliveries: 512,000 (average of 170,000 deliveries per month)

Service Level: 97% of deliveries within the deadline (2Q23)

In line with our strategy for each of the locations where we are present, we executed another quarter with balanced Digital participation across the states in the Southern Region. As for the city of São Paulo, Panvel continues its strategy for the region, aiming to provide the best online experience with the fastest pharma retail delivery in Brazil, all while maintaining the profitability of the operation.

Health Ecosystem

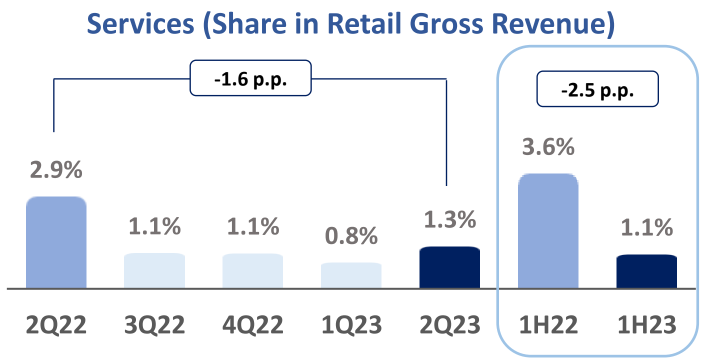
Panvel continues to be a benchmark in healthcare services in the Southern Region of the country, a fact reflected in the high market share in providing services such as tests, vaccines, and other offerings within our portfolio. As a result, customers increasingly view Panvel stores as a destination for addressing and resolving a wide range of health-related matters.

Panvel Clinic

Panvel Clinic	Vaccination Rooms	Services Provided:
343 stores	90	More than 174 thousand
(+15 rooms vs 2Q22)	(+5 rooms vs 2Q22)	(2Q23)

With a robust structure and expertise in service provision, coupled with quality customer care, Panvel maintained its role as a sector reference, securing a market share of 38.1% in vaccination in the Southern Region during 2Q23, as per IQVIA.

In line with the Company's expectations, services achieved a lower share of Retail sales during 2Q23, with a penetration of 1.3%. This decrease in participation was offset by the growth of other categories within our sales mix, primarily hygiene and beauty products, along with the sustained performance of generic drugs.



Rapid Tests

At Panvel, the Health Hub is already a reality. Through Panvel Clinic, we have served over 2.0 million customers, always striving to maintain a high standard of care and innovation in service provision.

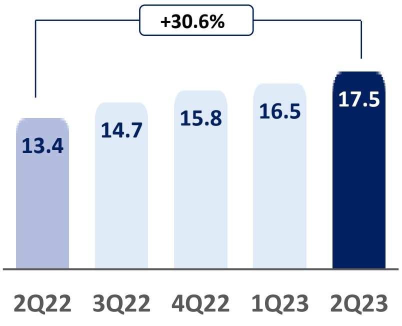
Starting from August 1, 2023, with the regulation RDC 786/23 (issued by Anvisa), clinical testing in pharmacies has gained additional validation. This development makes preventive measures and early diagnosis more accessible to the population, while also aiding in the convenient, comfortable, and secure management of treatments for customers.

Currently, we have more than 57 testing rooms and over 90 vaccination rooms, covering the entire Southern Region and the city of São Paulo/SP. All of these branches now offer over 15 types of rapid tests through Panvel Clinic, with most of the results available in under 30 minutes.

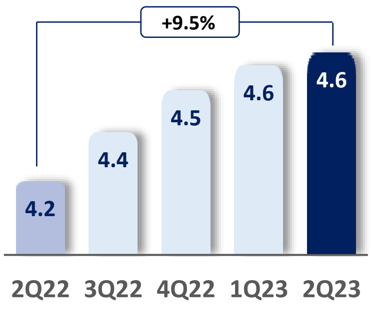
The offered tests include pregnancy, fertility, thyroid, hepatitis, or respiratory virus tests, which require a small sample volume. The method allows for the execution, reading, and interpretation of the test in a single visit, providing instant results, all conducted by specialized pharmacists.

CRM

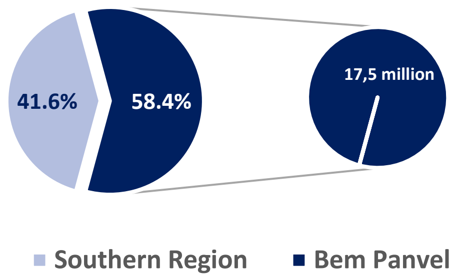
Customer Evolution Bem Panvel (in million)



Active Customer* Evolution (in million)



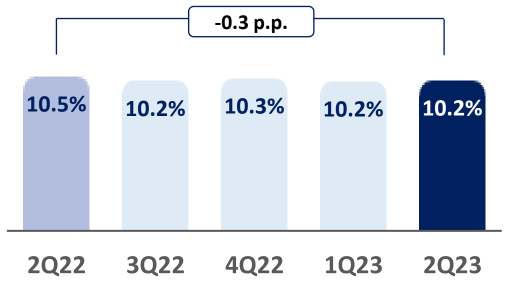
Bem Panvel - Population in the Southern Region (IBGE 2022)



*Active Customer = made at least one Purchase in 6 months.

The unified base of the Bem Panvel Program experienced an annual growth of 30.6% (+4.1 million new customers), concluding 2Q23 with 17.5 million registered customers. Currently, this base represents 58% of the population in the Southern Region of the country (IBGE data, 2022), as shown in the graph above. In the last quarter, our active customer base grew by 9.5% compared to the previous year.

Omni Customers Evolution

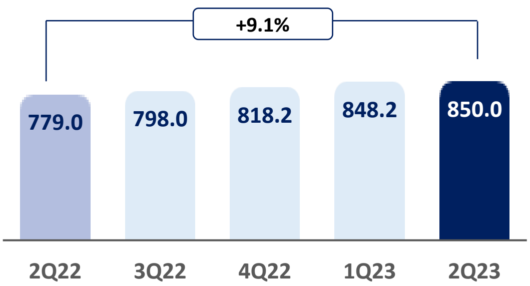


Omni Customer = Customer who purchases through both physical and digital channels.

We remain focused on the digitalization process of both our customers and operations. To support this Omni strategy, we have worked on actions to stimulate digitalization by providing stores with more tools to facilitate both store and customer digitalization. Examples include activating coupons on the App for in-store use and the Digital Managers project. In 2Q23, the participation of Omni customers (customers who purchase through more than one of our channels) remained at 10.2% of the total customer base. This number demonstrates the robustness of this strategy (considering the customer base grew by 30.6% this quarter), as well as the potential for further consolidation of this indicator.

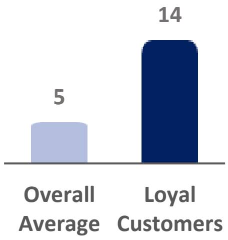
In line with the digitalization and loyalty strategy, the number of loyal customers at Panvel grew by 9.1% in 2Q23 compared to 2Q22, maintaining a growth trend that aligns with our mission to provide an increasingly comprehensive and personalized experience for Panvel's customers. Additionally, it's important to note that loyal customers have a frequency three times higher than that of a regular customer.

Loyal Customers (thousand)

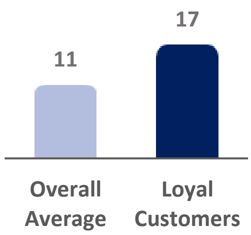


Loyal Customer = customer who frequents/consumes Every 15 days.

Semestral Attendance (Loyal Customer)



Semestral Attendance (Omni Loyal Customer)



Service Quality

Panvel continues to provide its customers with a seamless journey of satisfaction, quality, and experience, regardless of the channel where the purchase takes place. For this reason, Panvel is recognized by consumers for delivering the best pharmacy retail experience, as evidenced by the indicators below:

79	79	81	82	73
NPS - Panvel	NPS - Loja	NPS - App	NPS - Site	NPS – Alô Panvel

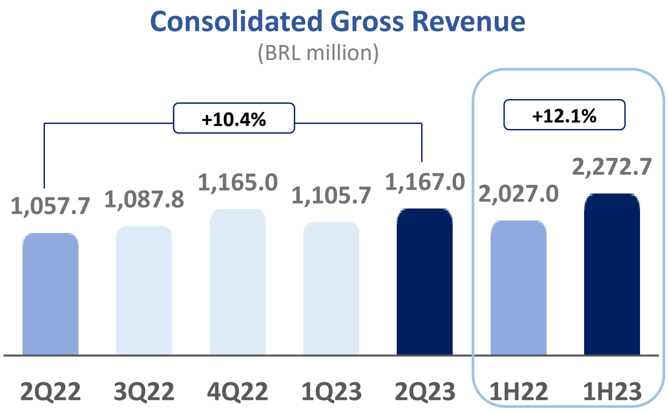
4,8	4,8	8,7	ebit TOP FIVE
App	Play	Reclame Aqui	

Panvel's Net Promoter Score (NPS) remained at a high level in 2Q23, at 79 points. Panvel is the only pharmacy retail network in Brazil that combines a high penetration of digital channels with the fastest product delivery in the segment, along with a high NPS.

Gross Revenue

The consolidated gross revenue (which includes retail sales, wholesale, and other business units of the Company) reached BRL 1,167.0 million in 2Q23, representing a growth of 10.4% compared to 2Q22.

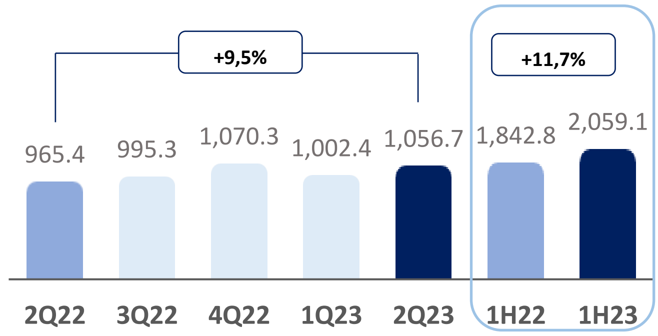
It's worth noting that this growth is achieved against a strong basis of comparison, where there was still a significant influence from Covid-19 and Influenza, as well as a substantial adjustment in drug prices.



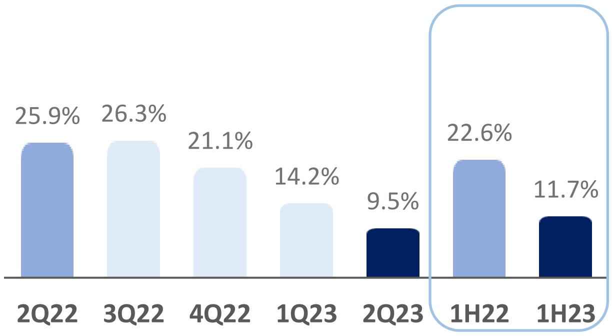
Retail

In the second quarter of 2023, Panvel achieved a sales growth of 9.5% compared to the same period of the previous year, aligning with the Company's expectations for the period. This growth is against a strong basis of comparison, as the previous year was influenced by seasonal factors such as products related to Covid-19 and other flu-related items, as well as a drug price adjustment that was significantly above the historical average.

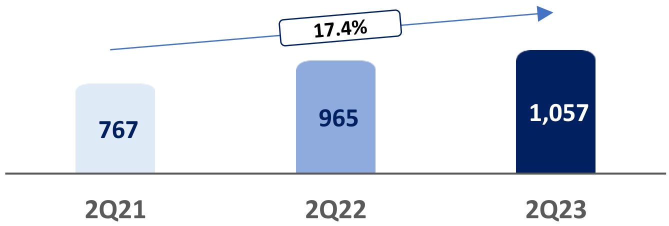
Retail Gross Revenue



Retail Sales Growth



Retail Gross Revenue (CAGR 2Q21-2Q23)



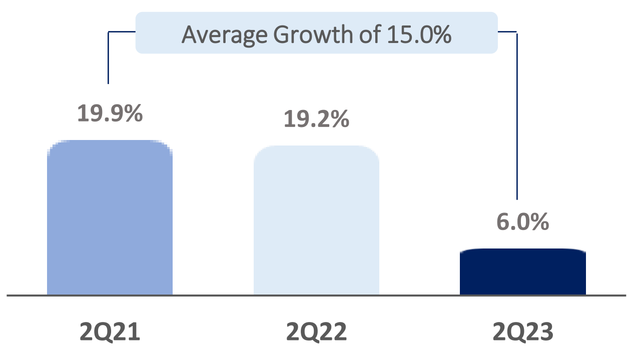
When analyzing the compound annual growth rate (CAGR) from 2Q21 to 2Q23, we find an growth rate of 17.4% over the period, a robust figure that reinforces the strong performance of the Company's operations (as shown in the accompanying chart), regardless of the basis of comparison.

The positive results achieved in the sales for the period are directly related to efficient mix management, absorbing the impacts of reduced categories such as services and Covid-related products. The Hygiene and Beauty category deserves special mention, once again showing above-average growth compared to the network's average, driven by the resurgence of key categories.

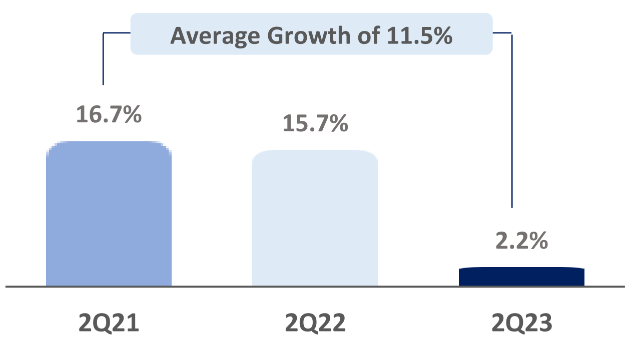
It's important to note that once again, new stores made a positive contribution to this outcome, with accelerated maturation rates, reinforcing the success of our expansion strategy.

Same Store Sales (SSS) recorded a growth of 6.0% in 2Q23 compared to 2Q22. The performance of Mature Same Store Sales (MSSS) saw a growth of 2.2% in comparison to 2Q22, in line with the Company's planned expectations for the period, given the strong basis of comparison. The chart below provides a view of 2Q21 as well, underscoring the message of a robust basis of comparison.

Sales Store Sales Growth

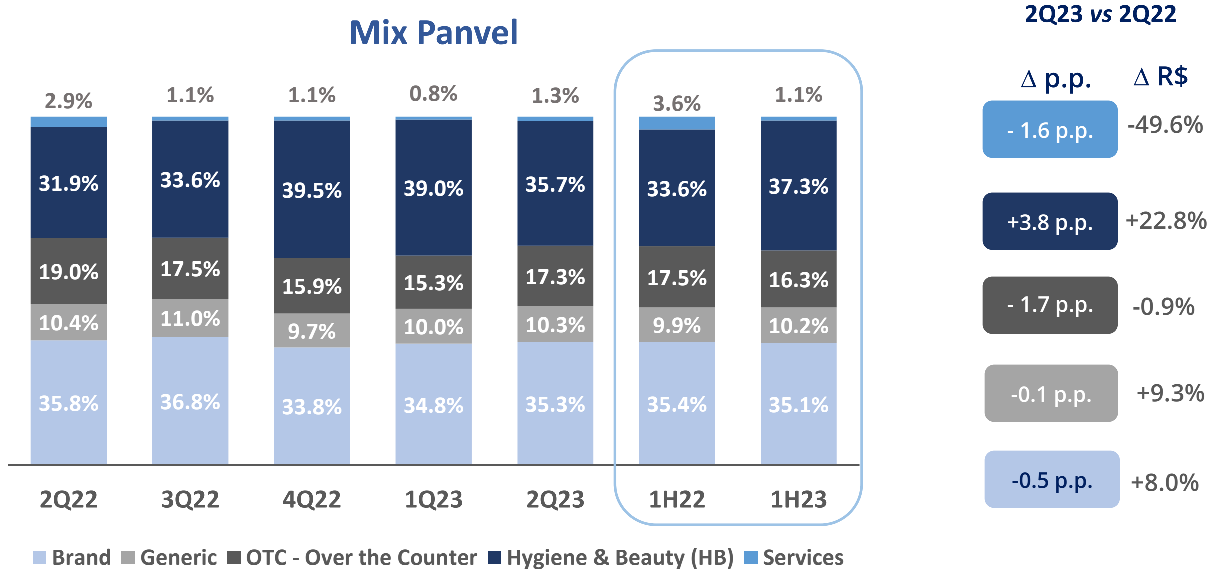


Mature Store Sales Growth



Throughout 2Q23, we achieved an average sale of BRL 614,000 per store, marking a 2.6% increase compared to the same period of the previous year. Considering that the Company currently holds the highest rate of maturing stores in its history, we interpret the average sales results delivered by our operation as a demonstration of the effectiveness of our expansion project and the productivity gains within our existing store base.

Retail Sales Mix



In 2Q23, we continued to observe a significant change in the mix composition, continuing the trend seen in the first quarter of the year. The Hygiene and Beauty category, which experienced strong growth compared to 2Q22, expanded its share in the product mix by 3.8 percentage points, while the Generic category maintained its representation in the mix during the period, decreasing only by 0.1 percentage points.

In a quarter where consumer behavior significantly deviated from the comparison period of 2Q22, the efficiency of our category and mix management strategy was the main factor mitigating the impact of reduced sales of services and Covid-related products (such as tests and masks) and other flu-related items. This demonstrates the solidity of Panvel's operations and its ability to adapt to the market through a comprehensive and well-balanced mix.

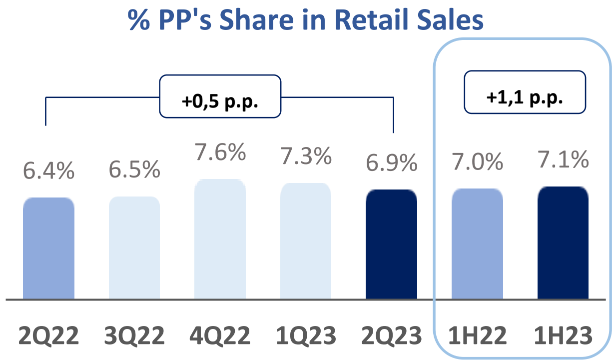
The **Over-The-Counter (OTC)** category retracted by 0.9% compared to 2Q22, influenced by a strong basis of comparison. Within this category, notable highlights included Gastrointestinal (+9.9%), Wounds and Bruises (+17.7%), Diabetes (+19.6%), and Eye Care (+13.9%).

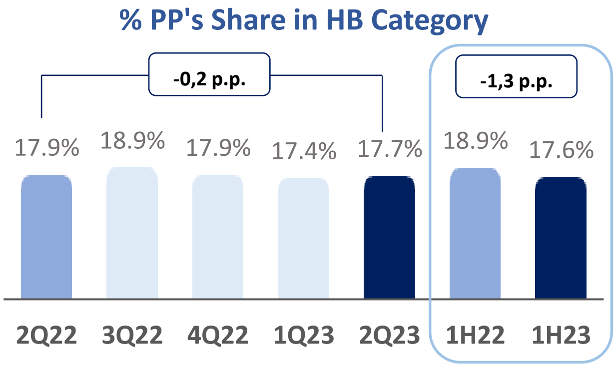
The **Generic** category achieved a growth of 9.3% compared to 2Q22, maintaining its representation nearly stable within the mix in 2Q23. This category plays a crucial role in bringing more customers to the stores, in addition to being a key lever for maintaining a healthy gross margin.

The **Hygiene and Beauty (HB)** category was the main highlight of the quarter, experiencing a growth of 22.8% compared to 2Q22 and an expansion of 3.8 percentage points in share within the mix. This growth was primarily driven by subcategories such as Baby (+40.0%), Makeup (+20.0%), Food (+55.6%), Facial Treatment (+22.9%), and Dermocosmetics (+19.0%).

The **Services** pillar represented 1.3% of Retail sales in 2Q23, in line with the Company's expectations. Despite this reduction, services continue to be an important strategic pillar for Panvel, which in this quarter provided over 174,000 health services to its customers.

Panvel Products





Panvel's private label product sales grew by 17.7% compared to 2Q22, reaching a share of 6.9% of total Retail sales in 2Q23. In relation to the Hygiene and Beauty (HB) category mix, the private label achieved a representation of 17.7%, reinforcing Panvel Products' position as a benchmark in the Brazilian pharmacy retail sector.

If we analyze the performance of Panvel Products while excluding Covid-related items (such as masks) from the base, the category shows a growth of 28.7% in 2Q23. Throughout 2023, the comparison base will become increasingly free from these seasonal effects, allowing the share of Private Label products in Panvel's sales to resume its growth trajectory.

Panvel Products grew by 28.7% compared to the previous year, in the ex-masks concept.

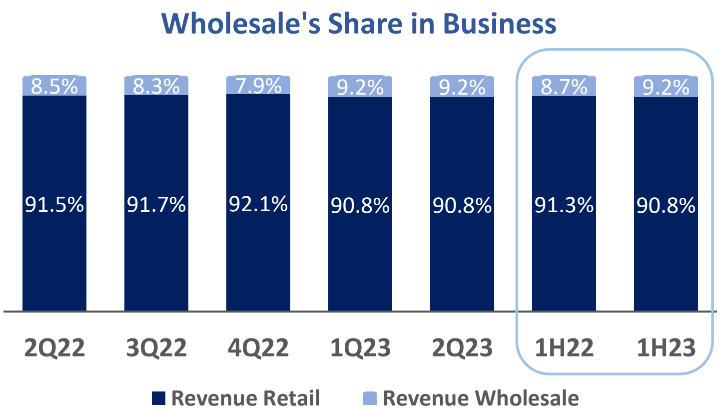
Reflecting the increased demand for skincare and beauty products, the Panvel Make Up brand saw a growth of 26.7% in sales compared to 2Q22, solidifying its leadership in the makeup category once again. Products related to skincare also showed excellent results and demonstrated consistent growth. Among the standout categories is the Panvel Faces line (+21.0%).

The Panvel Baby brand, a line of products for baby care and one of the main brands within the group, achieved robust growth of 37.7% compared to 2Q22. Additionally, the Panvel Accessories line showed growth of 18.9% in 2Q23, indicating that the strength of our private label products extends beyond personal care and hygiene.

Furthermore, as the brand aligns with the trend of more conscious consumption (vegan) by offering a line of current products, the Vert line, composed of natural and vegan items, saw growth of 30.5% during the period.

Wholesale

In 2Q23, Wholesale operations accounted for 9.2% of the Company's total sales, with a revenue growth of 19.9%. As seen in the past few quarters, Wholesale has been performing well and plays a significant role in expense reduction. Throughout the year, Wholesale's contribution is expected to remain consistent with the average observed in recent periods.



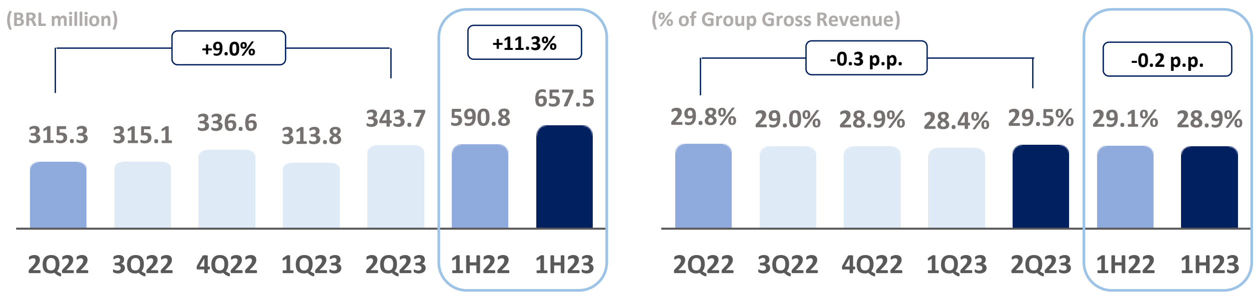
Gross Margin

The Company achieved a Consolidated Gross Margin (including retail, wholesale, and other business units) of R$ 343.7 million in 2Q23, which represents 29.5% of the gross revenue for the period, maintaining a healthy gross margin level, like the same period of the previous year.

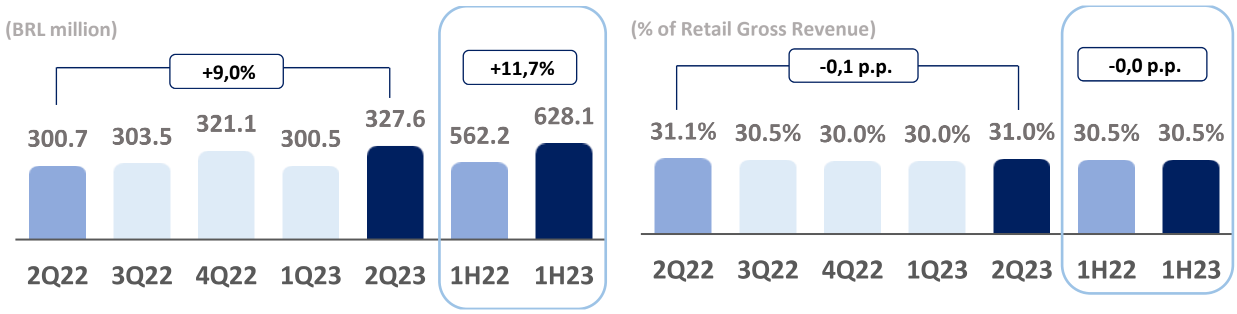
The Retail Gross Margin was R$ 327.6 million, equivalent to 31.0% of the Retail Gross Revenue in 2Q23, with a growth of 9.0% and a slight pressure of 0.1 percentage point compared to 2Q22. Maintaining this high level of retail gross margin is a significant highlight of the period and can be attributed to the strong growth in the Hygiene and Beauty category (+22.7%), Panvel Products (+17.7%), and Generics (+9.3%). The performance of these categories, along with efficient pricing management, offset a significant portion of the medication price adjustment, which was lower this year compared to the previous year.

The Wholesale Gross Margin was R$ 13.0 million, representing 12.1% of the Wholesale Gross Revenue in 2Q23, a decrease of 1.6 percentage points compared to 2Q22. This reduction is due to the Wholesale segment having a higher representation of medications in its sales mix, making it more affected by the reduced percentage of medication price adjustments.

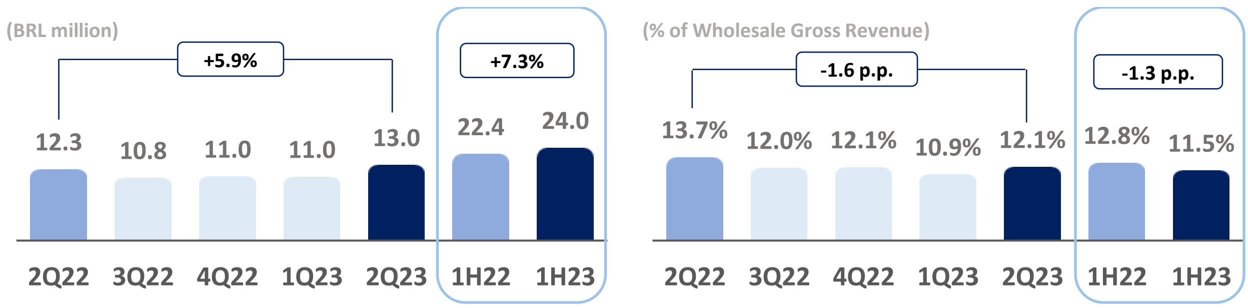
GROUP GROSS MARGIN



RETAIL GROSS MARGIN

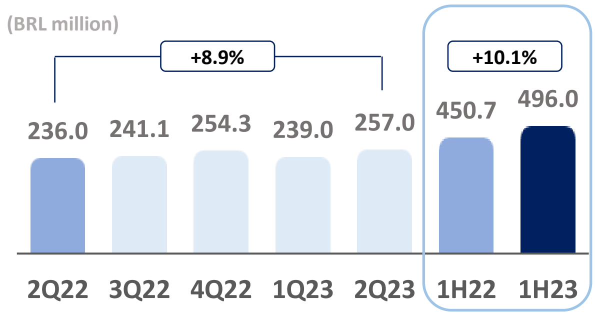


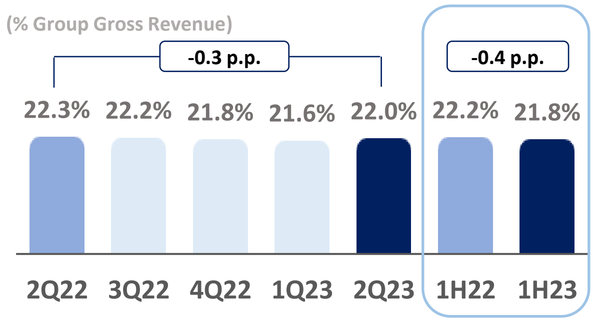
WHOLESALE GROSS MARGIN



Selling Expenses

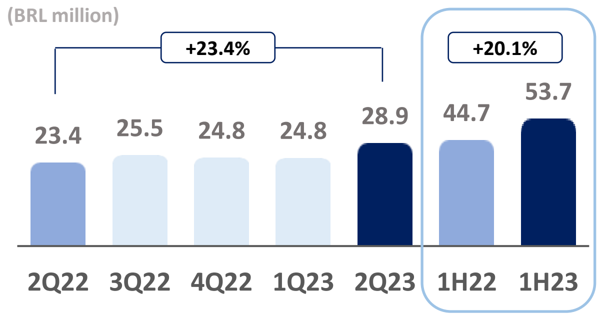
The total Selling Expenses in 2Q23 amounted to R$ 257.0 million, representing 22.0% of Gross Revenue, a decrease of 0.3 p.p. compared to 2Q22. This movement demonstrates the Company's ability to gradually reduce sales expenses, quarter after quarter, as one of our main commitments for the year. Thus, we continue the process of harvesting and gaining productivity in store expenses, especially in personnel, energy, materials, stock losses, and logistics expenses.

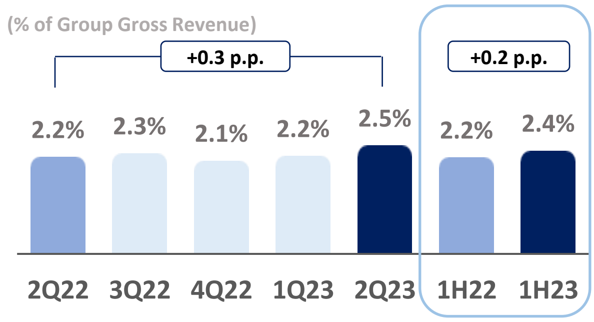




General and Administrative Expenses

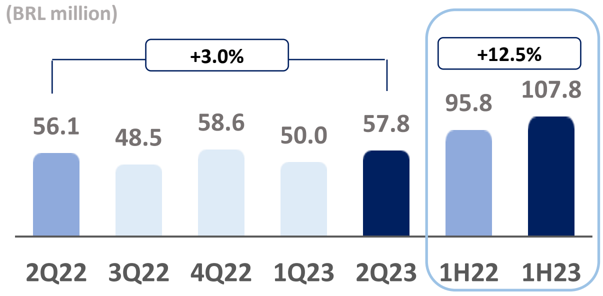
General and Administrative Expenses totaled R$ 28.9 million in 2Q23, representing 2.5% of Gross Revenue, an increase of 0.3 p.p. compared to the same period in the previous year. In line with the Company's expectation, the lower operational leverage provided by the sale resulted in a reduction in the ability to dilute administrative expenses in this quarter. We should return to the historical standard in the coming periods, maintaining the Company at the lowest level of expenses of this nature in the industry it operates in.

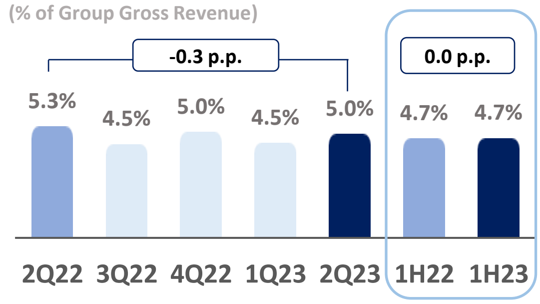




EBITDA

In 2Q23, we achieved an adjusted EBITDA of R$ 57.8 million (+3.0% compared to 2Q22), with a margin equivalent to 5.0% of Gross Revenue, and a 0.3 p.p. pressure. Faced with a strong comparison base, the good performance in gross margin and sales expenses was essential to mitigate the effects of last year's significant re-labeling. We reaffirm our commitment to continue seeking to expand our margins through scale gains in stores and logistics.





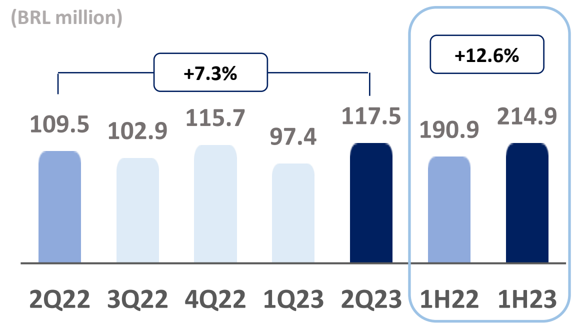
ADJUSTED EBITDA RECONCILIATION

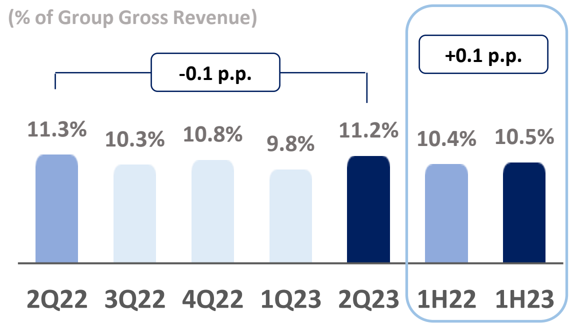
EBITDA Reconciliation	2Q22	2Q23	Var. %
(BRL million)			
Net Income	**26.8**	**25.2**	**(6.1%)**
(+) Income Tax	3.2	0.6	(79.8%)
(+) Financial Income	6.0	7.0	16.0%
EBIT	**36.1**	**32.8**	**(9.2%)**
(+) Depreciation and amortization	14.1	16.6	18.0%
EBITDA	**50.2**	**49.4**	**(1.6%)**
Interests/Distributions	4.8	6.8	41.2%
Asset Write-offs	0.5	0.6	16.6%
Other Adjustments	0.6	1.0	73.3%
Adjusted EBITDA	**56.1**	**57.8**	**3.0%**
Adjusted EBITDA Margin	**5.3%**	**5.0%**	**-0.3 pp**

Retail EBITDA

The EBITDA of the retail segment represents the generated results from the stores and is calculated using the formula described below1.

In 2Q23, the EBITDA of the Retail segment amounted to R$ 117.5 million, equivalent to 11.2% of the Gross Revenue of the Retail segment, with a 0.1 p.p. decrease compared to the previous year. This decrease is a result of the reduction in the gross margin of the retail segment during the period. For the first half of the year, there was a 0.2 p.p. improvement compared to the same period of the previous year, which is a positive point and demonstrates a trend of expansion for this indicator throughout the year.



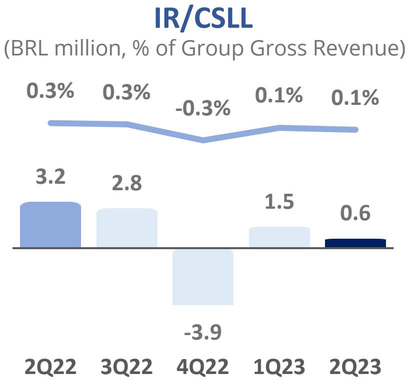


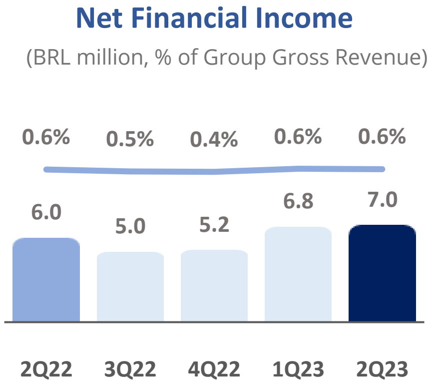
[1]Retail Gross Revenue (-) COGS/Taxes/Discounts/Returns = Retail Gross Margin (-) Expenses with Store Sales (+) Depreciation of Stores = Retail EBITDA.

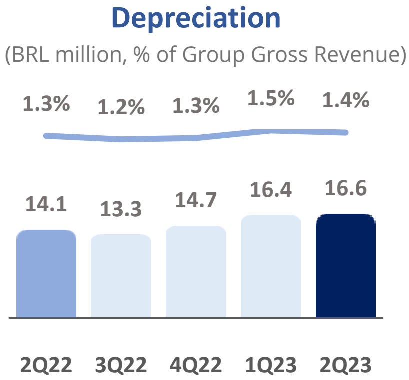
Depreciation, Net Financial Income, and IR/CLSS

Depreciation showed a 0.1 p.p. increase in the quarterly comparison, an effect expected due to the investments already made in expansion and logistics. Net Financial Expenses remained stable at 0.6% of the Group's Gross Revenue in the quarterly comparison. This movement is a direct result of the net cash position, also in line with the Company's expectations for the period.

Income Tax and Social Contribution on Net Income (IR/CSLL), in the quarterly comparison, had a positive impact of 0.2 p.p. on the result, due to the decision to distribute R$ 8,000 million as Interest on Equity in the period.







Net Income

The Adjusted Net Income in 2Q23 was R$ 26.8 million, equivalent to a net margin of 2.3%. We understand that the 0.3 pp pressure on profit is directly related to the strong comparison base of the previous year, as well as the expected impacts on interest expenses, depreciation, and income tax/CSLL expenses.

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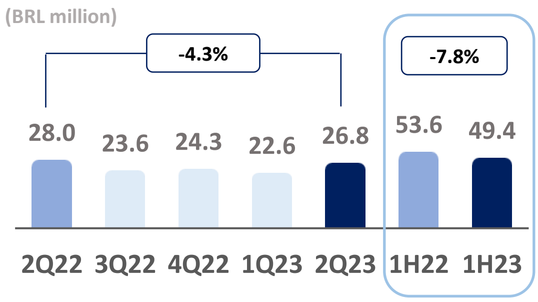
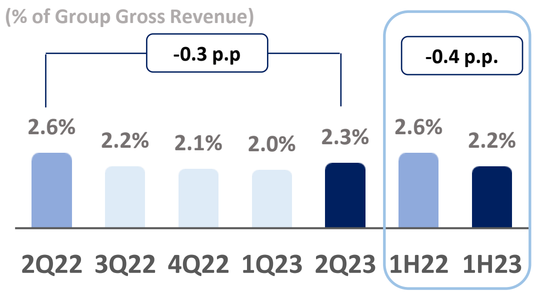
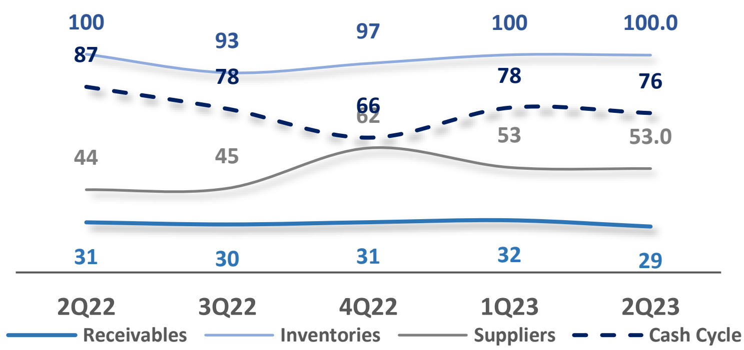




Net Income Reconciliation	2Q22	2Q23	Var. %
(BRL million)			
Net Income	**26.8**	**25.2**	**(6.2%)**
Asset Write-offs	0.5	0.6	16.6%
Other Adjustments	0.6	1.0	73.3%
Adjusted Net Income	**28.0**	**26.8**	**(4.4%)**
Adjusted Net Margin	**2.6%**	**2.3%**	**-0.3 pp**

Cash Cycle



The Company significantly reduced its cash cycle by 11 days compared to 2Q22. This improvement is a direct result of the successful strategy to extend payment terms to suppliers and maintain a balanced and consistent inventory. We continue to aim for further cash efficiency improvements throughout the year 2023.

Cash Flow

The Company generated a positive free cash flow of R$12.3 million in 2Q23, attributed to the improved efficiency of its working capital. This cash generation, occurring during a period when the company typically experiences resource consumption, highlights Panvel's commitment to maintaining a conservative approach in managing its debt.

Cash Flow	2Q22	2Q23
Net Income for The Period	26,821	25,159
Corporate Income Tax (IRPJ)/Social Contribution Tax on Net	3,201	646
Financial Income	6,041	6,960
EBIT	**36,063**	**32,764**
Depreciations and Amortizations	14,058	16,699
EBITDA	**50,121**	**49,463**
Cash Cycle	(133,453)	(8,282)
Other variations in assets and liabilities	44,256	3,540
Operating cash Flow	**(39,076)**	**44,721**
Investments	(40,435)	(32,509)
Free Cash Flow	**(79,511)**	**12,212**
Interest on Equity	**(11,687)**	**(13,648)**
Treasury shares	1,448	2,073
Total Cash Flow	**(89,750)**	**637**

Indebtedness

Net Debt (in BRL million)	2Q22	3Q22	4Q22	1Q23	2Q23
Short-Term Debt	88.3	97.9	118.4	302.3	293.7
Long-Term Debt	172.9	172.9	116.4	116.4	60.0
Gross Debt	**261.2**	**270.7**	**234.8**	**418.8**	**353.7**
(-) Cash, Equivalents, and Financial Investments	127.0	164.3	157.4	257.6	193.2
Net Debt / Net Cash	**134.2**	**106.5**	**77.5**	**161.1**	**160.5**
Net Debt / EBITDA (LTM)	**0.7x**	**0.5x**	**0.4x**	**0.8x**	**0.9x**

The Company's gross indebtedness level at the end of 2Q23 amounted to R$ 353.7 million, and after deducting the cash balance (R$ 193.2 million), the Net Debt closed the period at R$ 160.5 million. The higher indebtedness in the first half of the year is a seasonal effect that was anticipated, and the Company maintains the expectation of ending the year 2023 with lower leverage than observed in 4Q22.

We believe that the Company's capital structure remains solid and with low leverage, even in a scenario of investments and accelerated expansion. We understand that this low level of indebtedness represents a competitive advantage within the current macroeconomic environment of the country.

Investments

After two years of significant investments, in 2Q23, we carried out investments totaling R$ 32.4 million, representing a reduction of -20.0% compared to 2Q22.

BRL thousands	2Q22	2Q23	Δ	1H22	1H23	Δ
Opening Stores	20,686,949	18,156,525	-12.2%	37,666,450	34,375,574	-8.7%
Renovation of Stores	3,169,385	5,102,440	61.0%	5,580,430	6,868,368	23.1%
IT	7,275,208	5,476,627	-24.7%	14,423,537	11,216,840	-22.2%
Logistics and Others	9,303,458	3,773,408	-59.4%	35,040,583	9,316,107	-73.4%
Total	**40,435,000**	**32,509,000**	**-19.6%**	**92,711,000**	**61,776,889**	**-33.4%**

ESG

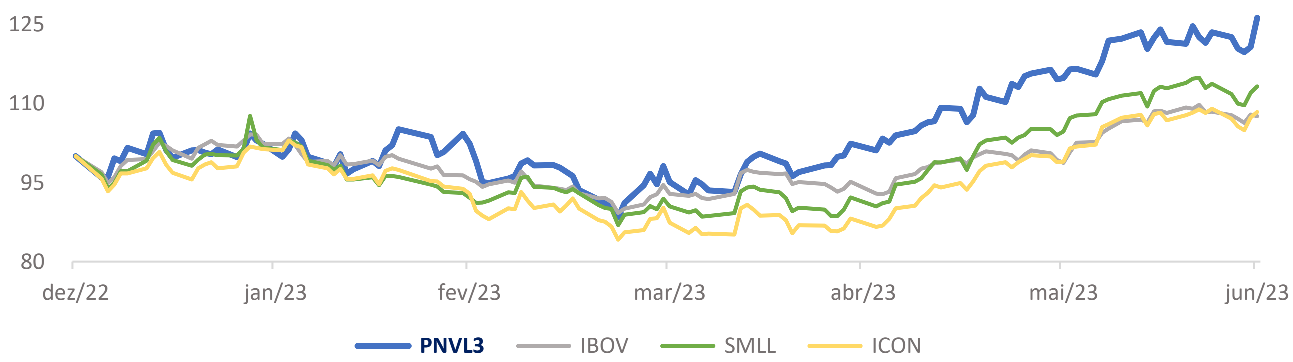
Recently, Panvel took another important step regarding the ESG (Environmental, Social, and Governance) topic. We are proud to announce that on August, the Company will release its Sustainability Report, based on data from 2022. To access more information about our "Todos Bem" (Everyone Well) platform, click here.

It is a great pleasure for us to share in a structured and market-standard manner all the initiatives that have been part of Panvel's DNA for many years, focusing on all pillars of our sustainability platform launched in 2021 ("Todos Bem"). In addition to well-known market initiatives such as the "Troco Amigo" (Friendly Change) project (of which we were pioneers), photovoltaic power plants for renewable energy utilization, among others, it is now possible to understand and explore Panvel's ESG initiatives in a much more detailed way.

Capital Market

In 2Q23, the Company's stock followed the movement of companies in the retail sector, as well as companies categorized as small caps. Year-to-date (YTD), the Company's stock experienced a 26.23% appreciation, outperforming the IBOVESPA, which had a 7.61% appreciation during the same period.

Currently, the Company is included in the following B3 indices: IBRA (Broad Brazil Index), ICON (Consumer Index), IGCT (Corporate Governance Trade Index), IGCX (Differentiated Corporate Governance Index), IGNM (Corporate Governance Index - Novo Mercado), ITAG (Differentiated Tag Along Share Index), and SMLL (Small Cap Index).



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).

		2Q23	
Income Statement	**IAS 17**	**Reclassification**	**IFRS 16**
(BRL million)			
Gross Revenue	**1,166,975**	**-**	**1,166,975**
Gross Profit	**343,744**	**-**	**343,745**
% GR	29.5%	0.0%	29.5%
Selling Expenses	(257,015)	**40,229**	(216,786)
Administrative Expenses	(28,935)	-	(28,935)
Total Expenses	**(285,950)**	**40,229**	**(245,721)**
% GR	24.5%	-3.4%	21.1%
Adjusted EBITDA	**57,795**	**40,230**	**98,024**
% GR	5.0%	3.4%	8.4%
Depreciation and amortization	(16,632)	(32,696)	(49,328)
Part. Adm/PLR	(6,776)	-	(6,776)
Other adjustments	(960)	-	(960)
Financial Income	(6,960)	(12,185)	(19,145)
Corporate Income Tax (IRPJ)/Social Contribution Tax on Net Profit (CSLL)	(646)	1,612	966
Net Income	**26,781**	**(3,039)**	**22,782**
% GR	2.3%	-0.3%	2.0%

		2Q23	
Balance Sheets	**IAS 17**	**Reclassification**	**IFRS 16**
(BRL million)			
Assets	**2,176,859**	**606,876**	**2,783,735**
Current Assets	**1,584,831**	**607**	**1,585,438**
Customers	375,635	607	376,242
Non-current Assets	**592,028**	**606,269**	**1,198,297**
Deferred Assets	27,112	18,688	45,800
Property, plant and equipment	471,364	587,580	1,058,945
Liabilities and equity	**2,176,859**	**606,876**	**2,783,735**
Current Liabilities	**941,974**	**158,598**	**1,100,572**
Leases	-	158,598	158,598
Non-current Liabilities	**70,406**	**486,911**	**557,317**
Leases	-	486,911	486,911
Equity	**1,164,480**	**(38,634)**	**1,125,846**
Retained Earnings	70,879	(38,634)	32,245

Balance Sheet

	Former Standard (IAS 17)		
ASSETS	**2Q22**	**2Q23**	**Var. %**
(in thousands)			
Current Assets	**1,411,566**	**1,584,831**	**12.3%**
Cash and cash equivalents	11,680	11,779	0.8%
Financial Investments	115,290	181,430	57.4%
Customers	361,871	375,635	3.8%
Inventory	809,419	907,352	12.1%
Recoverable income tax and social security contribution	27,831	25,197	-9.5%
Recoverable taxes	27,281	11,857	-56.5%
Other accounts receivables	58,194	71,582	23.0%
Non-Current Assets	**511,243**	**592,028**	**15.8%**
Deferred taxes	27,506	27,112	-1.4%
Taxes recoverable	8,466	10,784	27.4%
Court deposits	3,956	2,301	-41.8%
Credits with related parties	2,030	1,330	-34.5%
Other assets	652	290	-55.5%
Investments	4	4	-1.1%
Property, plant and equipment	401,323	471,364	17.5%
Intangible assets	67,307	78,842	17.1%
Total Assets	**1,922,809**	**2,176,859**	**13.2%**

LIABILITIES	**2Q22**	**2Q23**	**Var. %**
(in thousands)			
Current Liabilities	**616,868**	**941,974**	**52.7%**
Suppliers	348,952	466,801	33.8%
Borrowing and financing	88,331	293,671	232.5%
Lease - IFRS 16	-	-	-
Salaries and social charges	71,584	76,992	7.6%
Interests payable	5,114	-	-100.0%
Taxes, fees, and contributions	42,755	32,477	-24.0%
Dividends and interest on equity	1,595	8,791	451.1%
Other accounts payable	56,233	60,982	8.4%
Other Provisions	2,304	2,260	-1.9%
Non-Current Liabilities	**197,151**	**70,406**	**-64.3%**
Borrowing and financing	172,857	60,000	-65.3%
Lease - IFRS 16	-	-	-
Other Obligations	6,793	6,944	100.0%
Tax provisions for civil, labor, and social security	17,501	3,462	-80.2%
Equity	**1,108,790**	**1,164,480**	**5.0%**
Share capital	943,000	970,116	2.9%
Capital transactions with members	(14,448)	(14,448)	0.0%
Capital reserve	(30,606)	(25,959)	-15.2%
Retained Earnings	137,662	163,892	19.1%
Retained Earnings	73,182	70,879	-3.1%
Total Liabilities and Shareholders' equity	**1,922,809**	**2,176,859**	**13.2%**

Income Statement

Income Statemant	Former Standard (IAS 17) 2Q22	2Q23	Var. %
(in thousands)			
Gross revenue	**1,057,225**	**1,166,975**	**10.4%**
Taxes and returns	(70,949)	(85,600)	20.6%
Net revenue	**986,276**	**1,081,375**	**9.6%**
Cost of goods sold	(670,932)	(737,630)	9.9%
Gross profit	**315,344**	**343,745**	**9.0%**
Expenses	**(279,281)**	**(310,981)**	**11.4%**
With sales	(259,255)	(278,201)	7.3%
General and administrative	(26,158)	(33,166)	26.8%
Other operating revenue	6,132	386	-93.7%
Financial income	**(6,041)**	**(6,960)**	**15.2%**
Financial expenses	(9,527)	(15,364)	61.3%
Financial revenues	3,486	8,404	141.1%
Profit before IR, social contribution, and interests	**30,023**	**25,804**	**-14.1%**
Income tax and social security contribution	(3,201)	(646)	-79.8%
Net income for the fiscal year	**26,822**	**25,159**	**-6.2%**