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EARNINGS RELEASE

Investor Relations

Antônio Carlos Tochetto Napp

CFO and IRO

Roger Nickhorn

IR Executive Manager

Ismael Rohrig

IR Analyst

Phone: +55 (51) 3481.9999 / 3481.9588

relinvest@grupodimed.com.br

ri.grupodimed.com.br

4Q20

Eldorado do Sul, RS, March 24th, 2021 – **A Dimed S.A. Distribuidora de Medicamentos** (B3 S.A. - BRASIL, BOLSA, BALCÃO: PNVL3; PNVL4), one of the country's leading retailers and distributors of pharmaceutical products, announces the results of the fourth quarter of 2020 (4Q20). The Company's financial statements are prepared in reais (R\$), as per the Brazilian corporate law and international financial reporting standards (IFRS). 4Q20 results are compared to 4Q19, and 2020 results are compared to 2019. For comparability purposes with previous periods, the numbers in this report are shown according to IAS 17 / CPC 06.

HIGHLIGHTS

Gross Retail Revenue

4Q20 R\$ 773.6 M

+10.3% over 4Q19
+14.8% Ex-Malls
+18.0% Street Stores

Gross Retail Margin

4Q20 29.0%

Adjusted Net Income

4Q20 R\$ 26.6 M

3.1% Net Margin

Digital Share

4Q20 15.9%

of sales
71.8% Growth
on 4Q19

Adjusted EBITDA

4Q20 R\$ 42.8 M

5.0% Margin

Store Openings

2020 44 stores

4Q20 21 stores

SUMMARY

Description	4Q19	1Q20	2Q20	3Q20	4Q20	2019	2020
Number of Stores	444	450	450	459	473	444	473
Headcount	6,913	6,895	6,271	6,447	7,493	6,913	7.493*
In thousands of reais							
Cons. Gross Revenue**	787,140	729,956	662,482	741,538	853,152	2,873,038	2,987,128
Cons. Gross Margin	222,499	199,774	181,971	205,963	235,987	808,913	823,695
% Gross Revenue	28.3%	27.4%	27.5%	27.8%	27.7%	28.2%	27.6%
Gross Retail Revenue	701,596	656,728	594,818	666,942	773,567	2,541,039	2,692,055
Gross Retail Margin	208,431	191,090	171,033	196,188	224,214	750,675	782,525
% Gross Retail Revenue	29.7%	29.1%	28.8%	29.4%	29.0%	29.5%	29.1%
Cons. Adjusted EBITDA	48,756	33,908	19,269	32,309	42,790	159,823	128,276
% of Gross Revenue	6.2%	4.6%	2.9%	4.4%	5.0%	5.6%	4.3%
Cons. Adjusted Net Income	24,155	16,357	7,065	19,843	26,571	82,005	69,836
% of Gross Revenue	3.1%	2.2%	1.1%	2.7%	3.1%	2.9%	2.3%

* Headcount includes 602 outsourced in 4Q20. Other periods do not have temporary employees.

** Cons. = Consolidated, considering all the Group's business segments.

INTRODUCTION

2020 brought huge challenges in all aspects of our personal and professional lives. Looking back, it is clear how society, in general, had to transform itself, relearning and even creating new habits before unimagined to fight and live in a pandemic. This is also true for companies, which had to quickly adjust their processes and products to take care of their teams and make available new services and deliveries for their customers. In this context, our Company took advantage of the opportunity that came from the crisis in a unique way, reinforcing its Mission to "Provide Health and Well-Being" to people, speeding up projects related to our main strategic strengths, such as Digital and Health Hub.

Throughout the pandemic, the Company focused its efforts on meeting two basic goals: Safeguarding the health of its employees and ensuring that its operations continue as usual to meet the needs of its customers in an agile and safe manner. Within the actions to ensure the health and safety of our employees, we made personal protective equipment (PPE) available to all employees in stores, distribution centers, industry, call centers and offices; we established and disclosed protocols and manuals to ensure that the right actions are taken in case of suspected cases in our work environments; we reinforced hygiene procedures in all locations; a significant part of our workforce started working from home in record time; we displace employees in risk groups; we made telemedicine appointments available to all employees and we vaccinated all our employees free of charge.

**Telemedicine
Appointments and
Free Vaccination for
all our Employees.**

It should also be noted that on July 22nd, 2020, the Company successfully carried out a **Re-IPO totaling over R\$ 1 billion**. The offer was 46% primary, and the use of proceeds is linked to investment in new stores, Information Technology and logistics infrastructure. This project reinforces Dimed Group's commitment to growth for coming years and makes room for this to happen sustainably, through a robust capital structure, with the acceleration of its expansion project, as well as the evolution of its business model that understands the pharmacy as a health hub, while also maintaining its

status as a benchmark on digital platforms. In addition, in January 2021, the Company was approved at B3's Level 2 of Corporate Governance, thus providing more benefits and rights to shareholders, such as a mandatory minimum of 20% of independent board members and Tag-Along rights to shareholders in case of sale of control.

4Q20 clearly showed the resumption of growth in our sales, after two quarters in which our operating markets suffered from restrictions above the Brazilian average. An unmistakable sign of this was the resumption of the flow of customers in our physical stores, as well as Digital remaining at a high level.

Panvel's sales at **Street Stores** (377 stores, excluding stores at Shopping Malls and other establishments, such as Hospitals, Supermarkets and Universities) grew **18.0%** in the quarter compared to 4Q19, accelerating when compared to 3Q20 growth (12.9% over 3Q19). Although our base of shopping mall stores has been affected by the restrictive measures, this effect should be overcome over the next quarters and diluted due to the new Expansion profile, focused on street stores, as well as the evolution and continuous improvement of the Company's operations.

Street Stores

grew 18%

in 4Q20.

**Record number of
stores opened:
21 in 4Q20
44 in 2020**

Another highlight of the last quarter was the record opening of **21 stores**. We resumed our **Expansion** plan in an accelerated manner from the end of 3Q20, opening 44 new stores throughout 2020, another record in line with our pipeline forecast for the year.

In November 2020, we had the **Black Friday** campaign as Panvel's promotional event of the year, highlighting the sales through digital channels, up by 75% over the 2019 campaign. Throughout the campaign, the average customer ticket grew by 54%, and the number of customers increased by 33% in comparison to the previous year.

And speaking of **Digital**, a pillar that made Panvel become a benchmark for Brazilian pharmaceutical retail for many years, it is key to highlight that it proved solid and capable of absorbing the demand of the new consumption habits due to the restriction and social isolation measures, going from 10.0% of sales in 2019, to 17.8% in 2Q20 and closing the last quarter at 15.9% of Retail sales. This fast evolution with quality in deliveries and high levels of satisfaction was only possible thanks to the maturity of our digital platforms, as well as the strong know-how of our operating teams.

**Digital with an
average share of
15.4% in 2020,
reaching a peak of
17.8%.**

2020 also brought a very important change in the perception of customers in relation to the services within pharmacies. With the pandemic, more and more people came to our stores seeking vaccines and Covid-19 lab tests, significantly expanding the addressable market for retail drug stores beyond the pandemic itself. Once again, Panvel stood out through an unique **Health Hub** represented by **Panvel Clinic**, becoming a real health promotion agent, not only for the sale of medicines and hygiene items. We expanded our position as one of the biggest vaccination players in the Country's South, and we have more than 200 rooms for Covid-19 tests. These two elements have ensured to Panvel an increasing flow of customers in stores, leveraging sales and reinforcing the role of the pharmacy as the hub for health solutions in the communities where we are present.

All these trends and results bring us even closer to our pillars and values, which is why, in 2020, the Company started to accelerate not only its operations but also its strategy to contribute to the environment and society and improve its Corporate Governance practices (**ESG**). Important elements of this strategy throughout 2020 can be mentioned, such as a) pioneering implementation of renewable energy sources, which today supply more than 30% of our stores and which are expected to supply 100% of our stores by the end of 2022; b) record contribution to *Troco Amigo* project, with the creation of a specific program to fight the Covid-19 pandemic;

c) migration to B3's Governance Level 2 to raise the Company's governance standards, becoming part of ITAG (Special Tag-Along Stock Index) and IGC (Special Corporate Governance Stock) indexes.

We would like to thank and congratulate all our employees and business partners who supported us tirelessly this year, allowing the Company to end this fiscal year stronger than when it started.

STRATEGIC PILLARS

Throughout 4Q20, we had the opportunity to reinforce all our strategic pillars.

Digital remains one of our main operational highlights. Panvel's digital sales reached 15.9% of retail sales in 4Q20, a benchmark in the Brazilian pharmaceutical market, up by 71.8% YoY, with an average share of 15.4% in 2020, up by 60.0% over 2019. Our digital platform, besides being recognized by consumers as one of the best in the country, allows us to increase our product offering and capture new customers in our markets, which is why Panvel's Products Marketplace will be launched in 2021, and we will have actions related to health ecosystems like HealthPlus¹ through Panvel Labs.

**Digital Sales
grew 71.8%
in 2020**

**Covid-19 Tests grew
more than 11x in four
months**

Our Health Ecosystem is already a reality through **Panvel Clínica**, in physical or digital channels. In addition to the services provided in stores (such as vaccination, exams selling and other procedures), we have already made available tests, vaccine scheduling, in-store procedures and much more in our digital platforms. Throughout the quarter, we were able to expand our partnerships with other companies and expand our service capacity, contributing to the 11x growth in Covid-19 quick tests carried out in our over 150 stores (200 stores until Mar/21) able to carry out this type of test (from 5,100 tests in Oct/20 to 56,500 in Feb/21), as well as over 70,000 vaccines applied and 100,000 other procedures carried out, showing a new behavior by customers, who now see our stores as a health hub.

Through investments made in **CRM & Analytics**, we increased the customer base of our *Bem Panvel* relationship program, reaching over 10.0 million individuals. With a fully omnichannel platform, our customer base is unified for all sales channels, making it possible to identify ten different consumer audiences (personas) and offer personalized conditions for these customers, which is why the Company is launching its PBM, focused on chronic and continuous profile, entirely omnichannel.

Accelerating our **Expansion** plan, and in line with management's forecast for 2020, we opened 21 stores in the fourth quarter alone, a record number for a single quarter of the Company. Thus, we ended 2020 with the record opening of 44 new stores, totaling 473 stores. Besides, we were able to see a fast maturation process of new stores, which in some cases reached the average sale of the chain in a few months. The POP format focused on the expanded middle-class consumer audience brought flexibility to the Company, along with the ability to attract an even larger audience.

Sales of **Panvel Products** were particularly prominent throughout the quarter, reaching record highs of 8.3% over the chain's total sales in 4Q20 and 9.4% in December. As for Hygiene and Beauty sales, PP's share reached 18.7% in 4Q20 and 22.7% in December. Focused on quality and innovation, we are opening new product

¹ HealthPlus is one of the main health innovation clusters in Brazil. For more information, please access <https://healthplus.com.br/> (in Portuguese only)

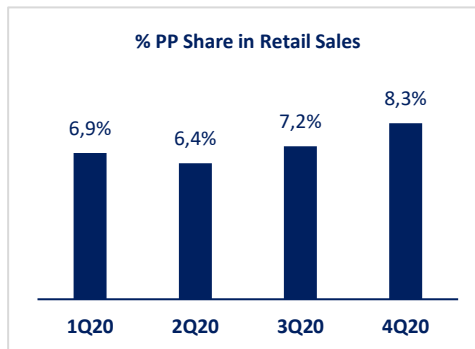
categories with Panvel Vita (Vitamins and Supplements Category) standing out and already the leader in the category in our stores, besides our new vegan and ecologically sustainable lines such as Vert, Dermativ focused on affordable dermatological treatment, in addition to other new products in Hygiene and Beauty, ending the year with over 860 SKUs. Important to highlight that around one-third of Panvel Products are produced by Lifar, which is a subsidiary of Dimed Group and, therefore, has even better margins. Lifar owns great expertise in dermatological and make-up products, as well as other products focused on hygiene and beauty, focusing on innovation and sustainability.

Regarding **Logistics**, Panvel has the fastest delivery of medicines and hygiene and beauty products in Brazil. In the 4Q20 the service level (deliveries made on time) was 95%, and more than 50% of deliveries were made in up to 2 hours (express delivery), offering a high level of convenience and comfort to customers. In the end of Jan/21 we completed the new Distribution Center in



New DC in São José dos Pinhais/PR

the city of São José dos Pinhais, in Paraná state. This new DC will be key to support Panvel's physical and digital expansion in the South Region and São Paulo, besides bringing important gains by reducing in-bound (transportation of products from DCs to stores) freight costs. We ended 2020 with 7 Mini DCs (dark stores), an essential model to support our digital expansion. In São Paulo, we launched a mini DC in the capital, which has proven to be an important lever to grow our digital operation in the region and was a decision in line with our expansion strategy for this market. In 2021 was opened another mini DC, this time in Caxias do Sul/RS, totaling 8 mini DCs.



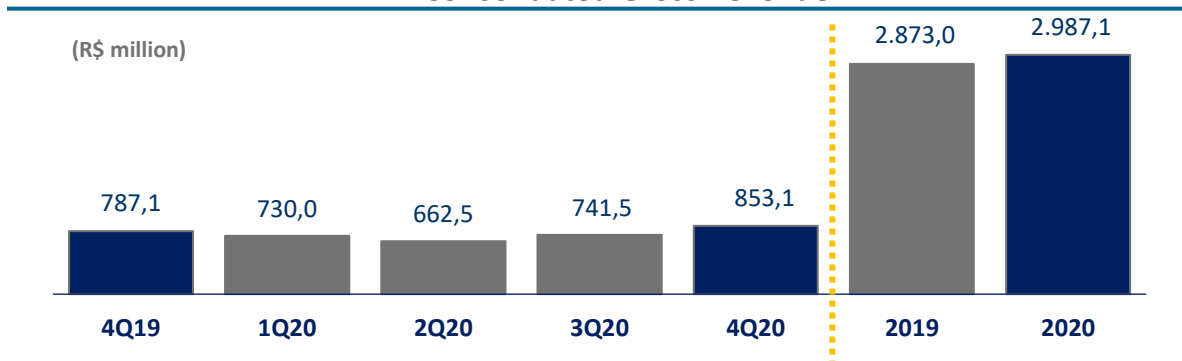
INVESTMENTS

4Q20 was marked by a strong level of investments made by the Company, focused on Expansion, Information Technology and Logistics. In a year with a record number of stores opened (44 stores in 2020), investments in Opening and Renovating Stores totaled R\$ 38.2 million, with R\$ 15.9 million in 4Q20 alone. Investments in technology are in line with the Company's digital strategy and with its benchmark position in e-commerce, totaling R\$ 18.5 million in the year and R\$ 6.0 million in the 4Q20. Finally, the Company had an important milestone in Logistics, opening its new DC in São José dos Pinhais/PR, closing the year with investments in this area totaling R\$ 21.0 million in the year and R\$ 12.6 million in the 4Q20, a significant growth year-over-year. Total investments were R\$ 37.1 million in 4Q20 and R\$ 84.6 million in 2020.

GROSS REVENUE

Consolidated gross revenue in 4Q20 totaled R\$ 853.1 million, up by 8.4% over 4Q19 and R\$ 3.0 billion in 2020, up by 4.0% over 2019. *Consolidated Gross Revenue* includes retail, wholesale and other business units of the Company.

Consolidated Gross Revenue

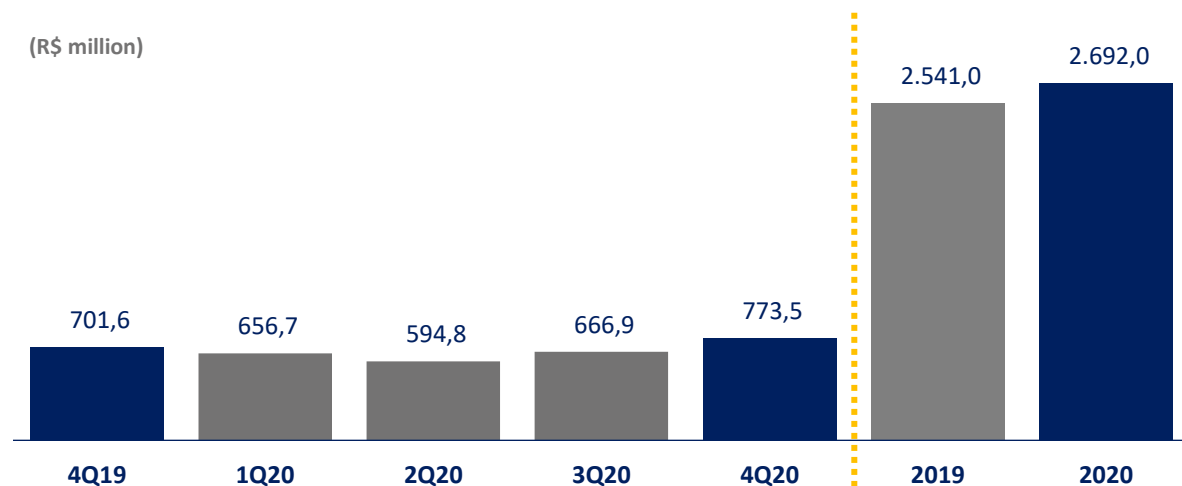


RETAIL

Gross retail revenue in 4Q20 reached R\$ 773.6 million, up by 10.3% over 4Q19. Year-on-year, there was a 5.6% growth, in line with the Company's expectation, given the pandemic scenario of the year. In 2020 the gross retail revenue totaled R\$ 2,692.0 million, 5.9% higher than the revenue presented in 2019.

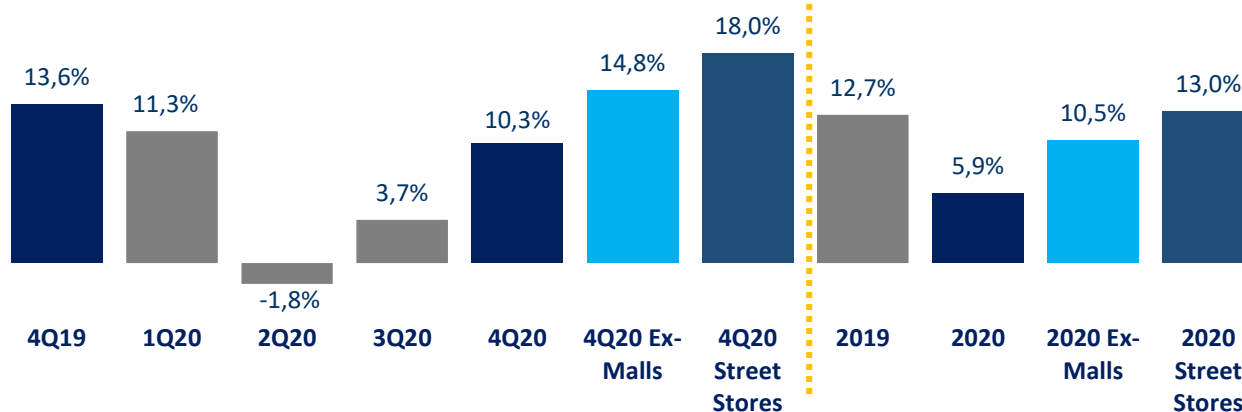
When analyzing in detail our sales performance, it becomes even clearly the consistent improvement in our indicators. **Ex-malls²** sales reached 14.8% in the quarter, the highest growth in the year. If we consider only our street stores (377 stores), we had an 18.0% growth in the 4Q20. These are growth rates above the market average, reflecting the success of our strategy.

Gross Retail Revenue



² Excluding stores located in shopping malls

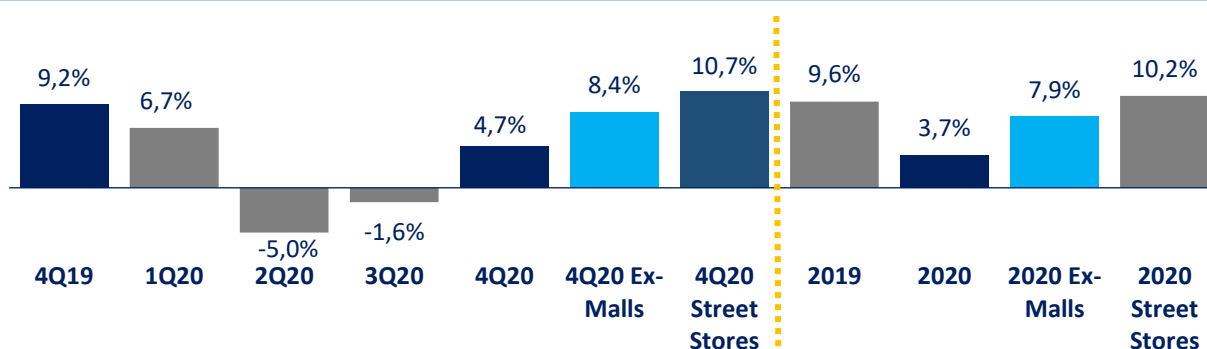
Sales Growth - Retail



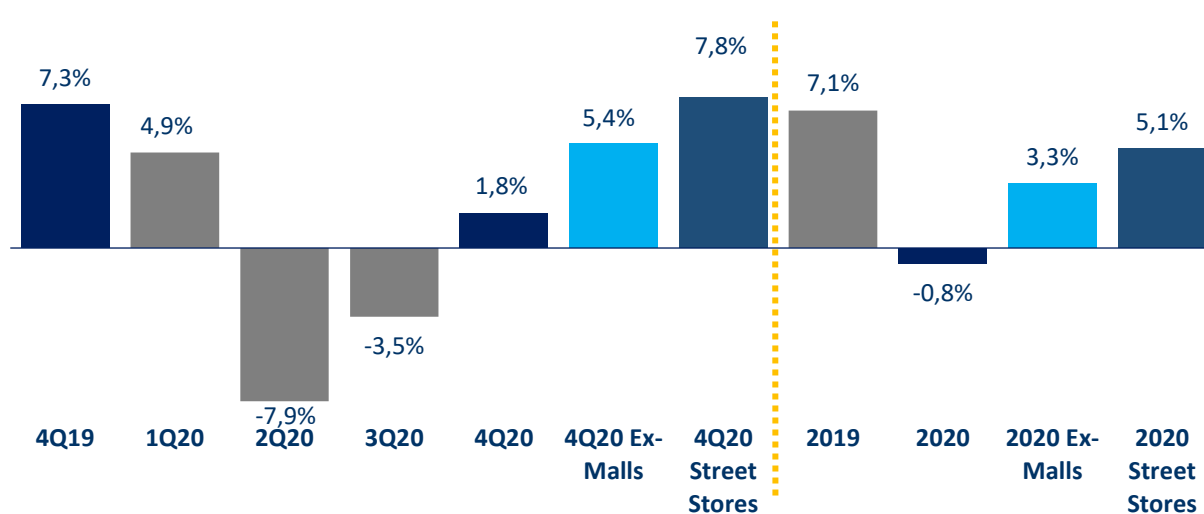
Same-Store Sales (SSS) grew above inflation, by 4.7% in 4Q20 over 4Q19 and 3.7% in 2020 vs. 2019. When focus in the street stores, same-store sales grew 10,7% in 4Q20 vs. 4Q19 and 10,2% in 2020 vs. 2019.

Mature Same Store Sales (MSSS) grew by 1.8% in 4Q20 over 4Q19 and fell by 0.8% in 2020 vs. 2019. When focus in the street stores, the sale of mature stores grew by 7,8% in 4Q20, above inflation, and 5,1% in 2020.

Same Store Growth - Retail



Mature Stores Growth - Retail

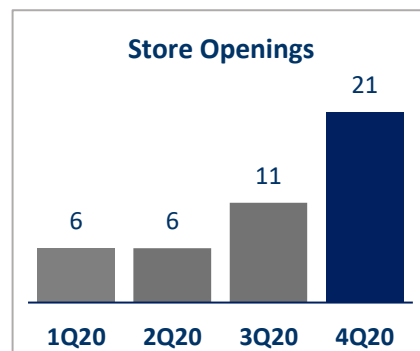


STORES PORTFOLIO

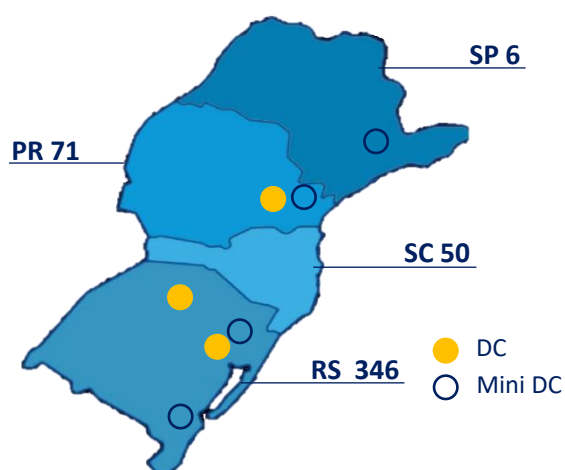
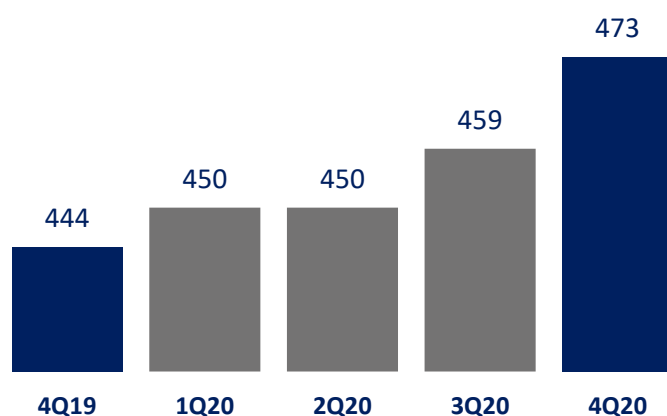
The Company opened a total of 21 stores in 4Q20 alone, totaling 44 stores opened in the last 12 months and a record number in Panvel's history, with 30 stores in RS, 6 in SC, 6 in PR and 2 in SP. The Company's expansion plan is in line with the regional densification strategy in the country's southern region, mainly outside capitals and increasing digital capacity, ending 2020 with a total of 473 stores.

The stores portfolio now also has a new format: POP Store (Popular), which now totals 8 stores, allowing the Company to meet the needs of the expanded middle class and allowing the entrance in other regions. We understand that Panvel already has a strong position in classes A and B in the regions where the Company operates and that we will also grow through a greater penetration in class C, an understanding that has been reinforced by the performance of POP stores opened in the year.

The Company continues to accelerate the pace of store openings. In 2021, we will seek to open 65 more stores, focusing on countryside stores, street stores (with the consequent reduction of the relevance of shopping mall stores) and increasingly better service for digital channels.



Number of Stores



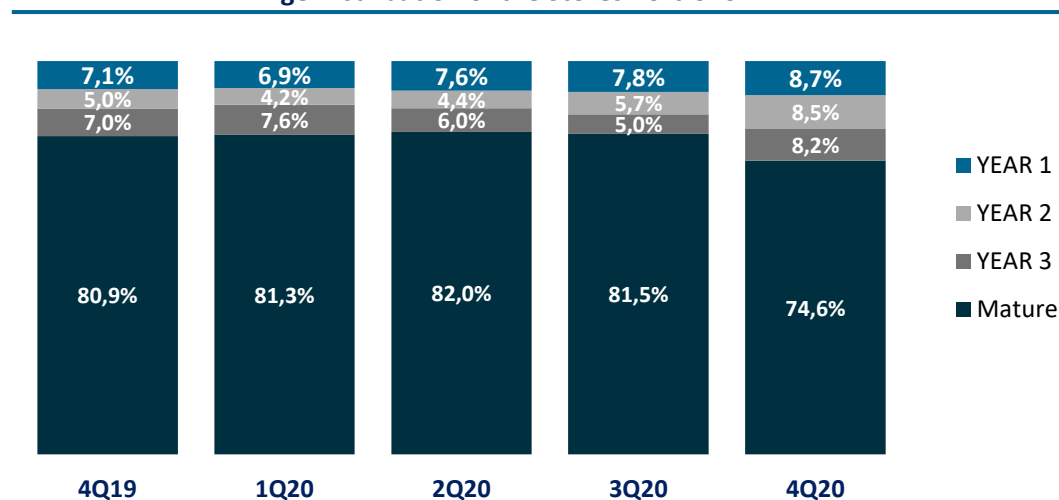
Stores	4Q19	1Q20	2Q20	3Q20	4Q20
Open	14	6	6	11	21
Transferred/Closed	(4)	-	(6)	(2)	(7)

In addition to the openings carried out, the Company transferred 5 branches (mature stores), which were transferred to points with greater sales potential. In addition, 10 other (mature stores) branches were closed, located in universities, gas stations and places of restricted circulation whose profile and potential did not meet the new standards of the Company's operations and its objective of increasing the average sale per store.

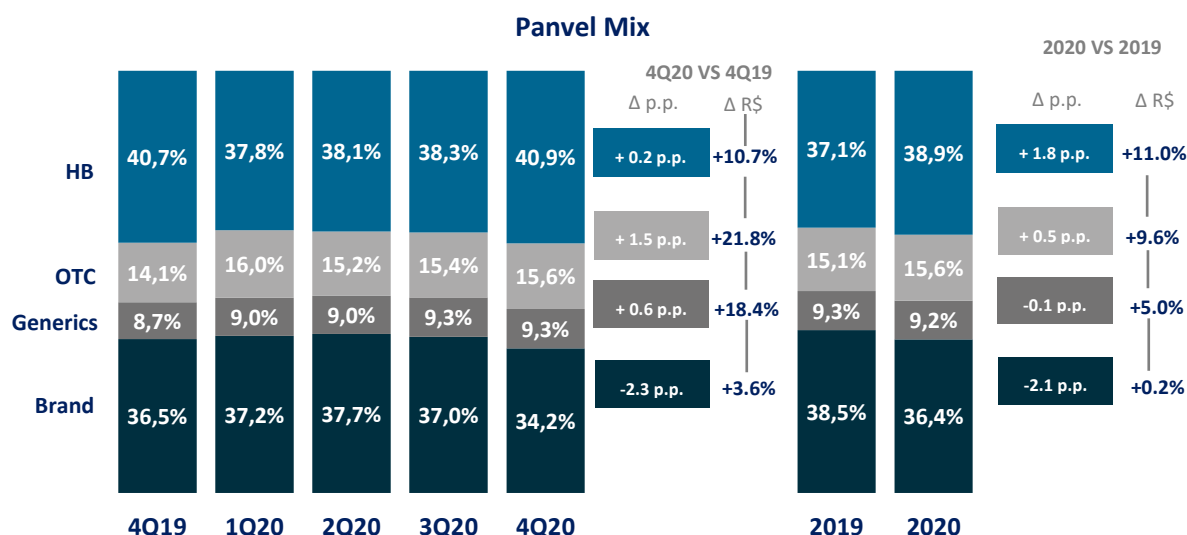
It should be noted that, according to IQVIA, Panvel's market share grew throughout 2020, reaching its highest penetration in the South in 4Q20. These numbers result directly from the successful implementation of our strategy.

At the end of the period, the Company totaled 74.6% mature stores and 25.4% stores under maturation, reflecting its expansion acceleration in the 4Q20.

Age Distribution of the Stores Portfolio



RETAIL SALES MIX



The **OTC** category grew significantly, both in 4Q20 and in the year. Highlighting the growth in sales of categories such as Vitamins and Covid-19 Tests, more than enough to mitigate the drop in categories such as Colds and Flu.

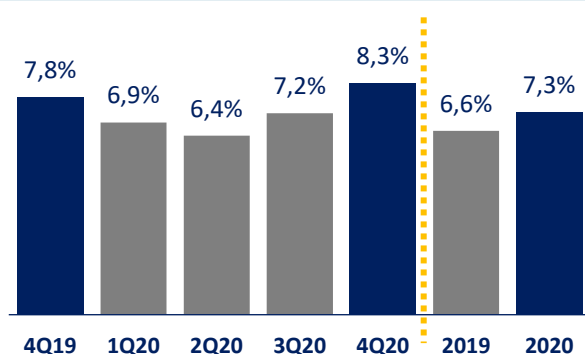
In **Generics**, we were successful in our strategy in the 4Q20 to improve the service level of these items and explore a more balanced commercial policy in each location, growing 18.4% YoY. The strong demand for medicines related to Covid-19 also contributed to this growth.

The growth in sales in the quarter and the year of **Hygiene and Beauty (HB)** is also a highlight. Besides the high share of items related to Covid-19, such as masks and hand sanitizer, which more than offset the drop in sales of items such as make-up, the performance of **Panvel Products** stood out throughout the year, remaining a very important pillar for our brand strategy, customer loyalty and gross margin.

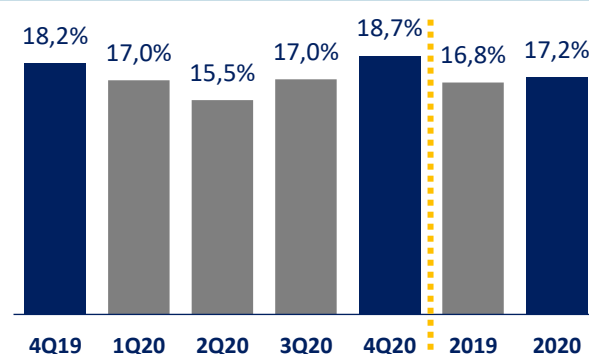
The sale of **Panvel Products** grew 14.7% over 4Q19 and 14.0% over 2019, representing 8.3% of total Retail sales and 18.7% of total sales of Hygiene and Beauty products in the quarter (up by 0.5 p.p. over 4Q19 and 1.7 p.p. over 3Q20). In Dec/20, the share reached a record level of 9.4% of the chain's total sales and 21.1% the share in the hygiene and beauty sales. This high share keeps Panvel as a benchmark in the pharmaceutical market in the Private Label strategy.

Important to highlight that a significant part of the Panvel Brand products is manufactured by Lifar Lab (30.0% of the total in 4Q20), ensuring quality to the products and excellent cost / benefit ratio, besides generating margin in the entire chain for these items.

% Share of Panvel Products in Retail Sales



% Share of Panvel Products in HB



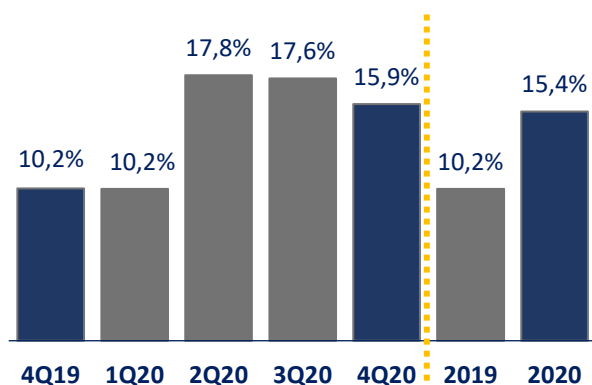
E-COMMERCE AND DIGITAL INITIATIVES

Panvel is a benchmark in digital innovation. We have invested for a long time in technology and quality of the delivery to the final customer. Since the 1980's, we have made deliveries from our stores, in sales made by telephone. Our e-commerce is operating since 1998, meeting the needs of our customers and, in 2015, we were the first chain to integrate all the stores' inventory online within the Omnichannel strategy.

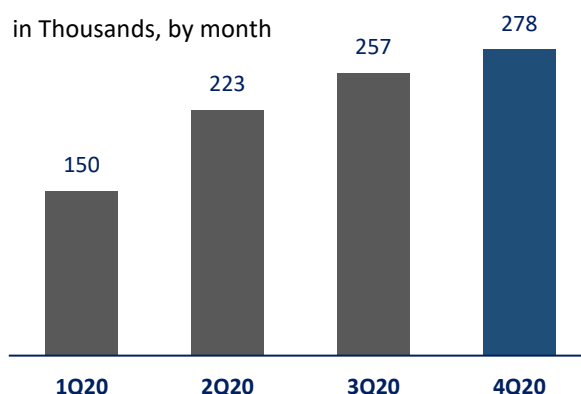
Within our business model, it is worth noting that we have a very mature and unique last-mile delivery structure in Brazil. Investments in this physical and digital structure translate into strong KPIs, such as:

- **Coverage Delivery in up to 2h:** All cities where we operate;
- **Delivery Structure:** 127 hybrid stores + 7 Mini DCs (dark stores) (4Q20);
- **4Q20 Digital's Share in Retail Sales:** 15.9% (+71.8% over 4Q19).
 - **2020 YTD:** 15.4% (+60.0% over 2019);
- **Number of Deliveries in 4Q20:** +834,000 (up by 7.7% over 3Q20);
 - **Monthly Deliveries:** +278,000 on average (+7.3% increase over 3Q20);
- **Integrated Inventories and Digital Features:** 100% of the stores;
- **Service level:** 97% of deliveries on time (Mar/21).

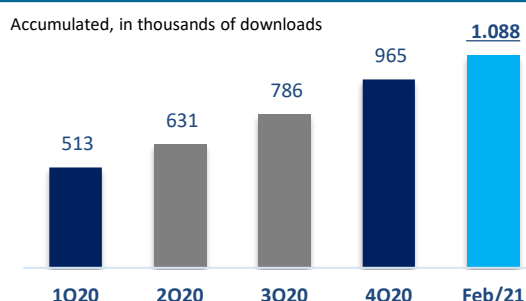
Digital - % Share in Retail Sales



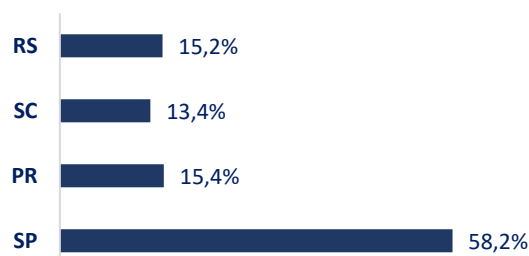
Average Deliveries



App Downloads



% over total sales by state



When analyzing the share of **Digital** in the states where we operate, we can see the maintenance of these high percentages of share throughout the country's South Region (RS/SC/PR). In São Paulo, it should be noted the share well above the network's average, a number that shows the Company's strategy for the region and the right decision to open the Mini DC (dark store) in the city in Nov/20.

2020 brought important deliveries and improvements to our services and digital platforms, such as the **new App Panvel** launched; the **PBM**s fully integrated **into our Digital Channels**; Electronic Prescription Form integrated into all our platforms; the **D+N delivery** created, allowing our customers to directly access products in the stocks of our DCs; **order tracking** implemented in over 80% of our sales; **Virtual Mirror** created, which is a Totem that uses concepts of Augmented Reality and allows customers to try Panvel make-up products without touching them (+4,000 uses).

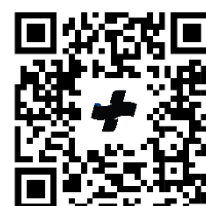
And much more news are set to come in 2021, with highlight to our **Products Marketplace**. Through this project, Panvel will bring products and services that match the purpose of the brand to offer health and well-being. The product offering, which will include healthy food, vegan food, hygiene products, children's products, perfumery, orthopedic products, wearable gadgets, among others, will be expanded exponentially, with new brands and a wide variety of options for the consumer.

Through these investments and deliveries, Panvel continues offering a fluid experience through which the customer can use his favorite purchasing method (at Physical Stores, by Phone, Social Networks, App and Site) and receive/pick-up the products as choosing to do so (Click & Collect, Home Delivery, Locker, etc.), without giving up the quality of the customer's experience and journey, the reason why Panvel is recognized by its consumers as having the best experience in the retail pharmacy, according to the indicators below:



PANVEL LABS

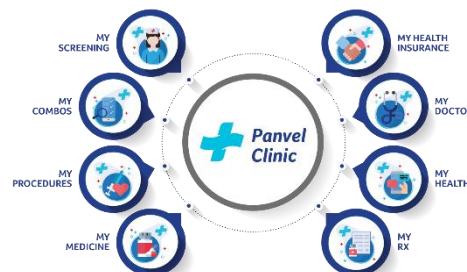
Entirely focused on innovation, the Company created in 2020 **Panvel Labs**, a department dedicated to connecting with Startups in Brazil and the world. Through Panvel Labs, we are exploring solutions to our daily challenges, whether in the search for new algorithms or different and better services for our health ecosystem. This structure is part of the Company's digital strategy, seeking new solutions and services, taking advantage of the easy connection with external solutions with our omnichannel platform.



[Click here](#) or read the QR Code to go to Panvel Labs website

PANVEL CLINIC AND HEALTH ECOSYSTEM

Panvel's health ecosystem has been constantly evolving, adding new products, services and customers. In 2020, we saw the beginning of a process to change the understanding of the role of our pharmacies, with customers starting to identify them as a place to solve and address several health-related issues.



PANVEL CLINIC NUMBERS

- **Panvel Clinic:** 114 stores in Dec/20 offering these services (up by 14.0% over 4Q19);
- **Vaccination Rooms:** 50 in Mar/21 (up by 138.0% over 4Q19);
- **Vaccines Applied in 2020:** +72,700 (up by 22.3% over 2019);
- **Branches with Quick Covid-19 Tests:** 200 branches in Mar/2021;
- **Other Services in 2020:** +100,000 other services provided;
- **Coverage:** All states where we operate.

Through this structure, we have become one of the largest vaccination service companies in Brazil's southern region. We applied over 72,000 vaccines throughout the year, up by 22.3% over 2019.

4Q20's highlight was due to the quick tests in our service rooms, which are now offered by the Company, after proving their greater effectiveness, reaching a high growth rate, growing +300% between October and December, which shows the maturation of the concept and understanding of the pharmacy as a **health hub** by consumers.

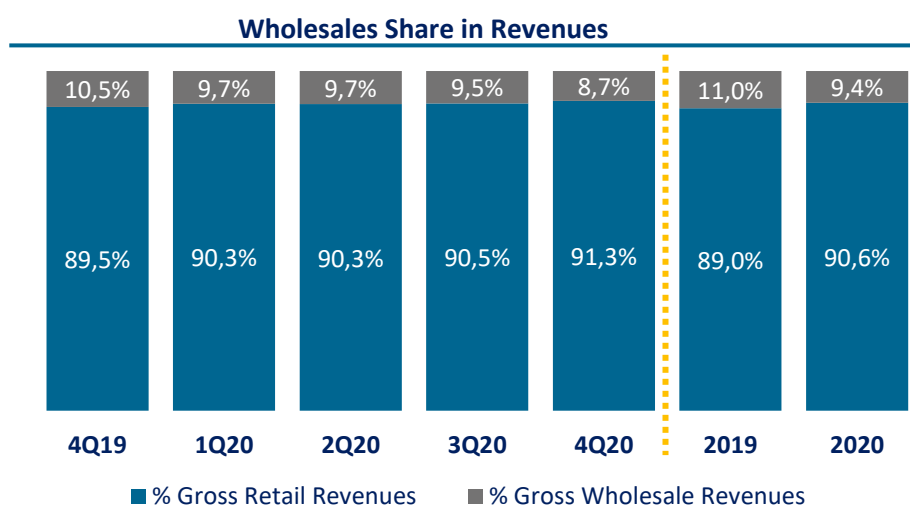
The **Services Marketplace** is already a reality at Panvel. On the website and App, customers can access a complete portfolio of health services, with telemedicine, tests (Covid Quick Tests included), scheduling vaccines in person, besides psychological counseling. One of the main focuses of the team responsible for developing this hub is the ongoing search for strategic partners in this health services marketplace, *focused on regional partners, as customers expect services to be delivered locally*, in Brazil we were pioneers in a partnership model with laboratories to offer Covid-19 labs tests. We believe that, with technology and our geographical presence, we can integrate many services and health products in one place, creating value and generating loyalty for our customers through this ecosystem.



WHOLESALE

In the 4Q20 Wholesale's share decreased in the Company's total sales in comparison to previous year, in line with the strategy to prioritize the retail segment. Throughout 2020, the Company opted to preserve the stock of goods primarily to supply Panvel stores, temporarily reducing the Wholesale service level and, thus, reducing sales, a strategy that was still reflected in 4Q20's performance.

It should be noted that in 4Q19, 45.1% of Wholesale sales orders went through Digital Channels, reinforcing the positioning of this business within the Company's digital strategy.

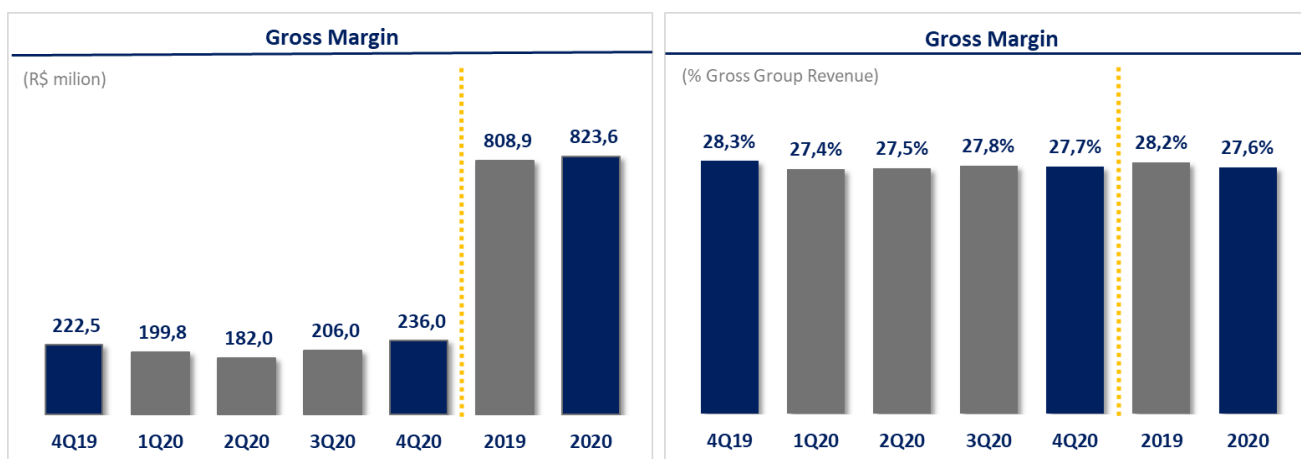


GROSS MARGIN

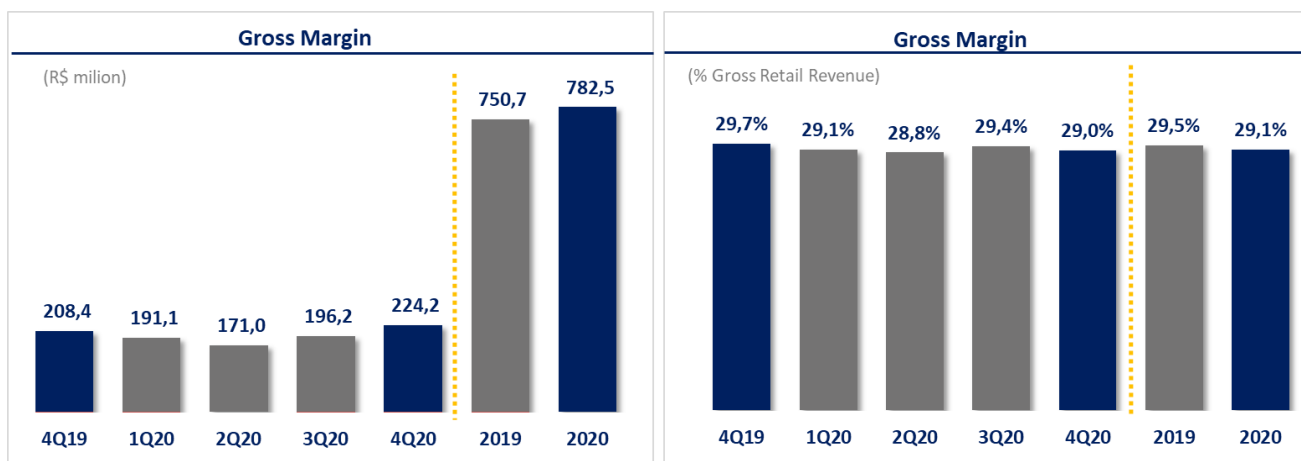
The Company's gross margin reached R\$ 236.0 million in 4Q20, representing 27.7% of the gross revenue, down by 0.6 p.p. over 4Q19.

Gross Retail Margin reached 29.0% in the period, down by 0.6 p.p. over 4Q19, reflecting the sales mix change. The OTC category was affected by the drop in the sale of products for the flu, colds, pain and fever. In hygiene and beauty, besides the reduction in solar protection products we invested in reducing products prices focused on accelerating sales and reducing the risk of loss due to expiration, affecting the margin in the period.

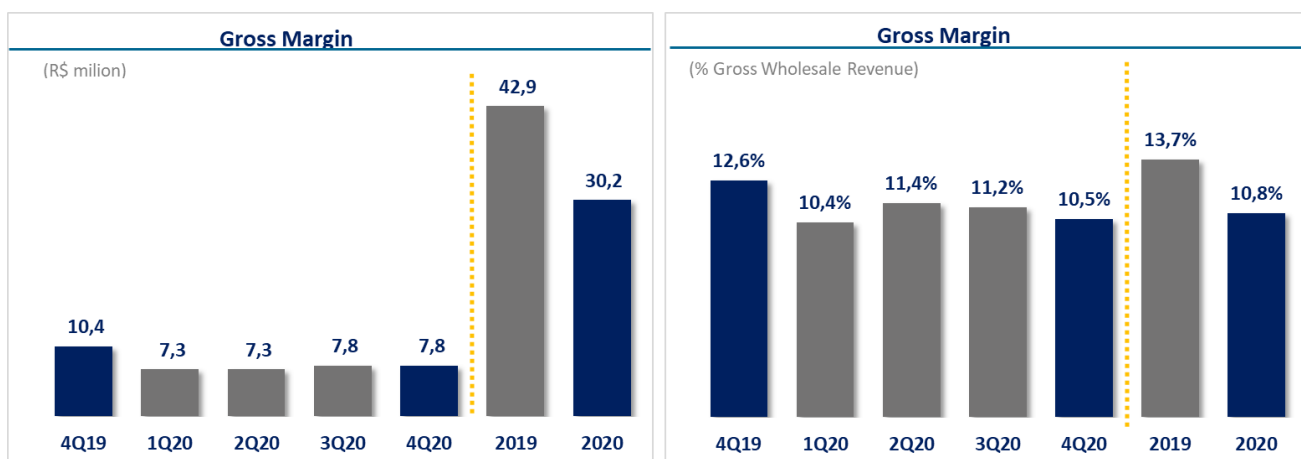
GROUP



RETAIL



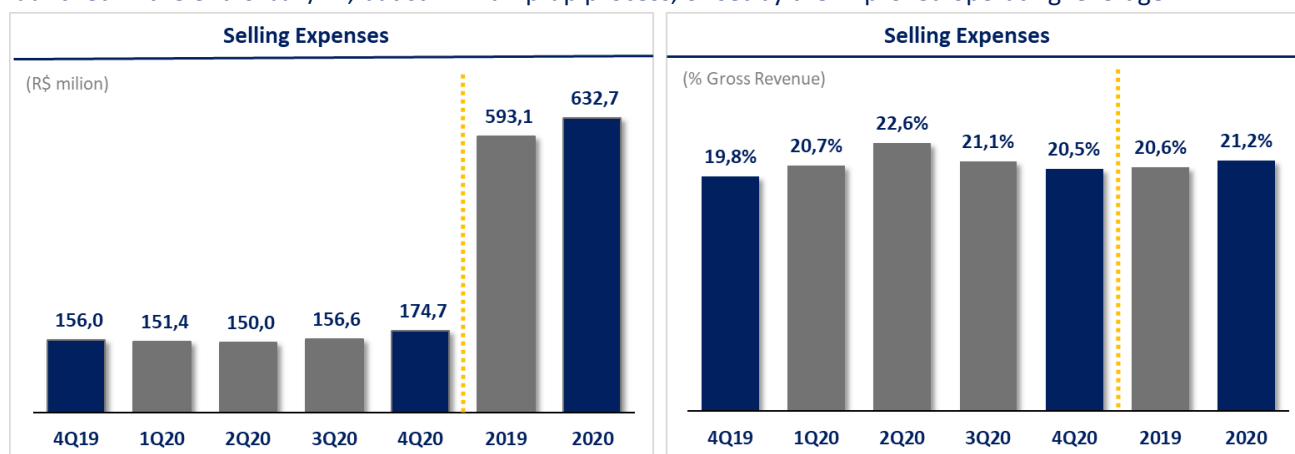
WHOLESALE



SELLING EXPENSES

Total Selling Expenses in 4Q20 reached R\$ 174.7 million, representing 20.5% of the Gross Revenue, the best result of the year, despite representing a 0.7 p.p. growth over 4Q19. In 2020, selling expenses totaled 632.7 million, representing 21.2% of the Gross Revenue, up by 0.6 p.p. YoY. This growth is directly due to additional expenses related to Covid-19, totaling R\$ 7.7 million (0.3 p.p. of the Gross Revenue), the strong expansion pace (44 openings

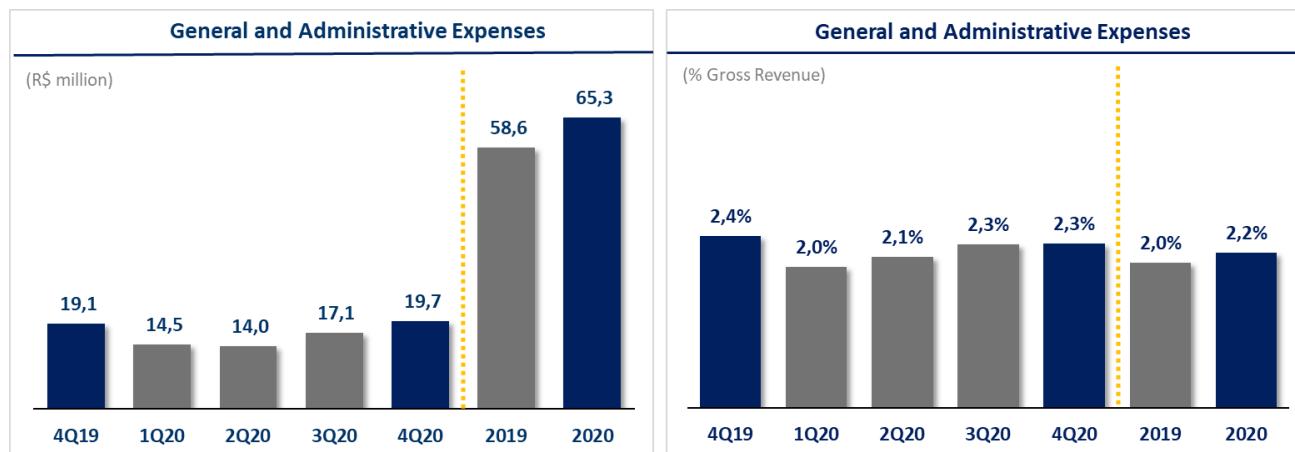
in the year, with 21 in 4Q20 alone, and the opening of new distribution Center in the São José dos Pinhais/PR, launched in the end of Jan/21, but still in ramp-up process, offset by the improved operating leverage.



GENERAL AND ADMINISTRATIVE EXPENSES

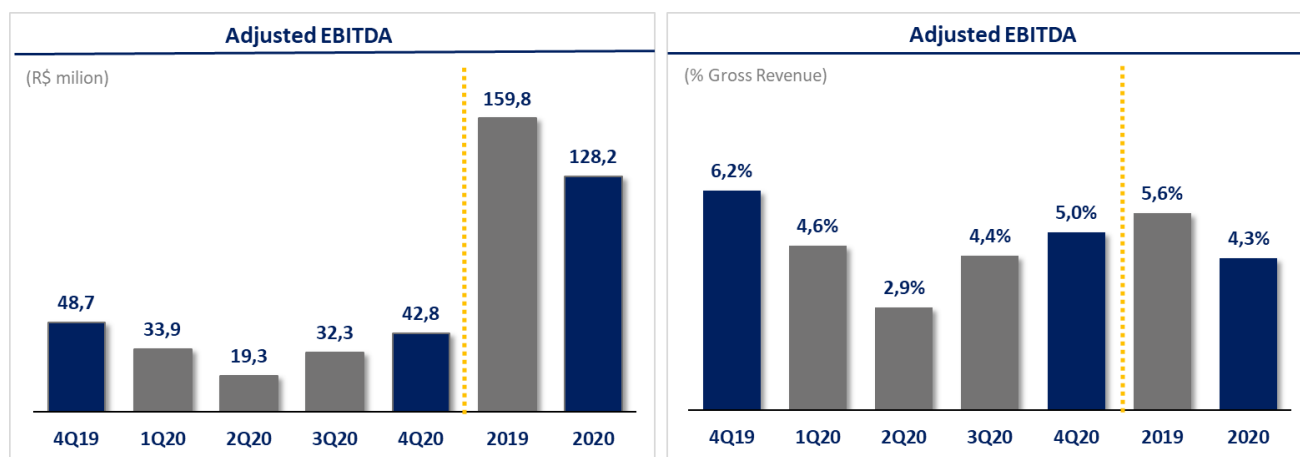
Administrative Expenses totaled R\$ 19.7 million in the 4Q20, representing 2.3% of the Gross Revenue, down by 0.1 p.p. YoY, showing the Company's financial discipline in managing expenses.

The 0.2 p.p. growth in the year is related to the lower operating leverage and higher expenses in strategic areas such as Information Technology, which aims to accelerate projects and digital initiatives already mentioned throughout this report.



EBITDA

In the 4Q20 adjusted EBITDA reached R\$ 42.8 million, representing 5.0% of Gross Revenues and the best EBITDA in 2020, reinforcing the recovery scenario. Compared to 4Q19, the drop in our EBITDA Margin was due to factors previously explained, such as the lower gross margin, related to the effects in sales mix and higher expenses in connection with our expansion (stores and new DC), which will certainly be an important growth driver for the next years.



In the table below, we have the reconciliation of EBITDA and non-recurring expenses for the period.

EBITDA Reconciliation	4Q19	4Q20	Var. %	2019	2020	Var. %
(R\$ million)						
Net Income	24.2	24.5	1.2%	82.0	64.0	(22.0%)
(+) Income Tax	-4.1	-6.2	51.2%	6.7	1.1	(83.6%)
(+) Financial Result	5.0	3.2	(36.0%)	22.2	12.4	(44.1%)
EBIT	25.1	21.5	(14.3%)	110.9	77.5	(30.1%)
(+) Depreciation and Amortization	8.0	9.0	12.5%	31.0	34.6	11.6%
EBITDA	33.1	30.4	(8.2%)	141.9	112.1	(21.0%)
(+) Profit sharing / Distributions	15.6	10.2	(34.6%)	15.6	10.2	(34.6%)
(+) Expenses with Re IPO (Follow on)	0.0	0.0	-	0.0	2.4	-
(+) Covid-19 Effects	0.0	0.0	-	0.0	1.3	-
(+) Assets Write-off	0.0	1.2	-	0.0	1.2	-
(+) Other Adjustments	0.0	0.9*	-	0.0	0.9*	-
Adjusted EBITDA	48.7	42.8	(12.1%)	159.8	128.3	(19.7%)
Adjusted EBITDA Margin	6.2%	5.0%	-1.2 p.p.	5.6%	4.3%	-1.3 p.p.

* Hiring a Strategic Planning Consultancy in 4Q20.

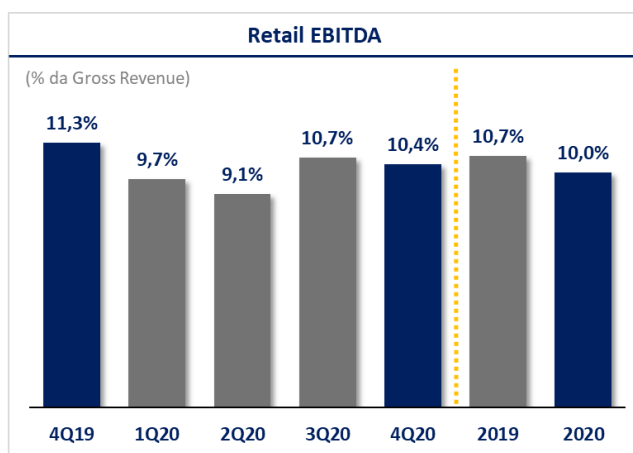
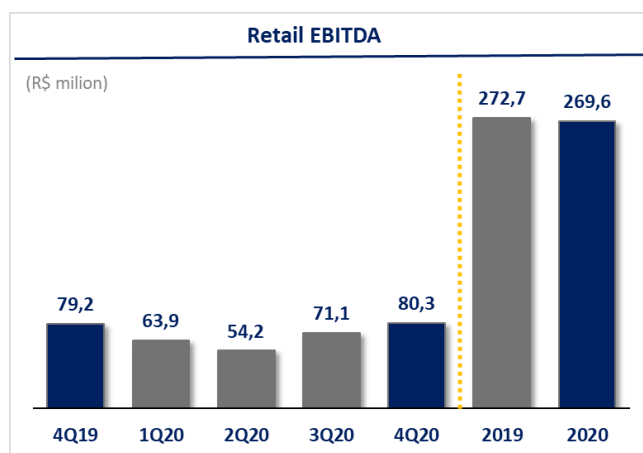
RETAIL EBITDA

Retail EBITDA represents the results generated by stores, excluding expenses from other areas, and is calculated through the formula below:

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

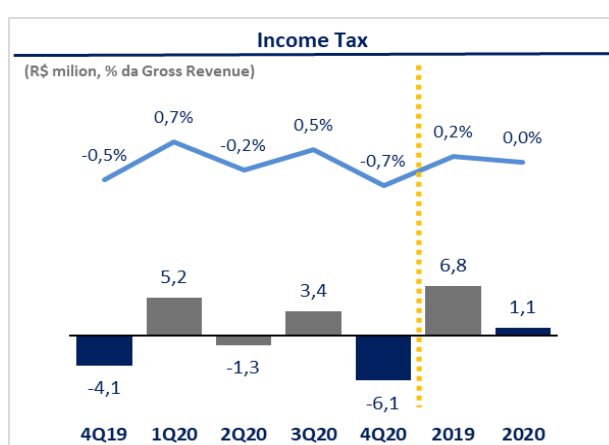
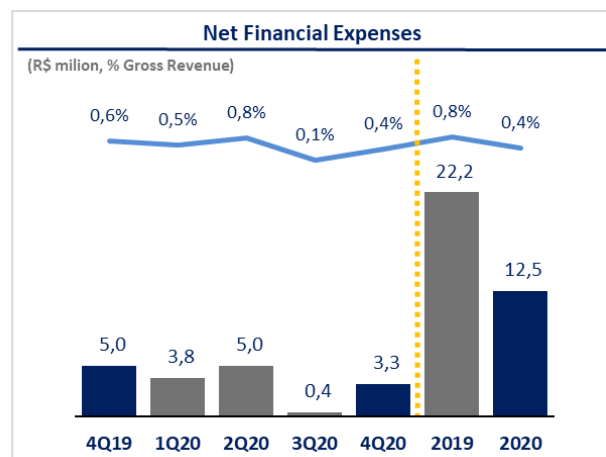
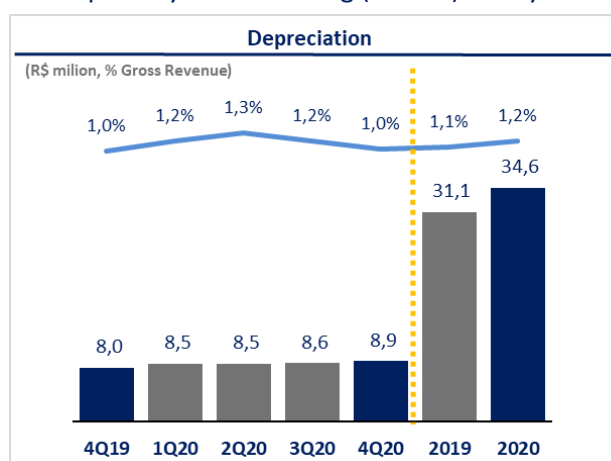
4Q20's Retail EBITDA reached R\$ 80.3 million, representing 10.4% of the Gross Revenue. Compared the 4Q19, there was a 0.9 p.p. drop, mainly due to the lower gross margin, as stated above, and the strong opening of stores in the last quarter of the year.

The quality of this indicator proves the strength of our core business, which was able to quickly adapt to the pandemic and return to historical levels of high performance.



DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAX

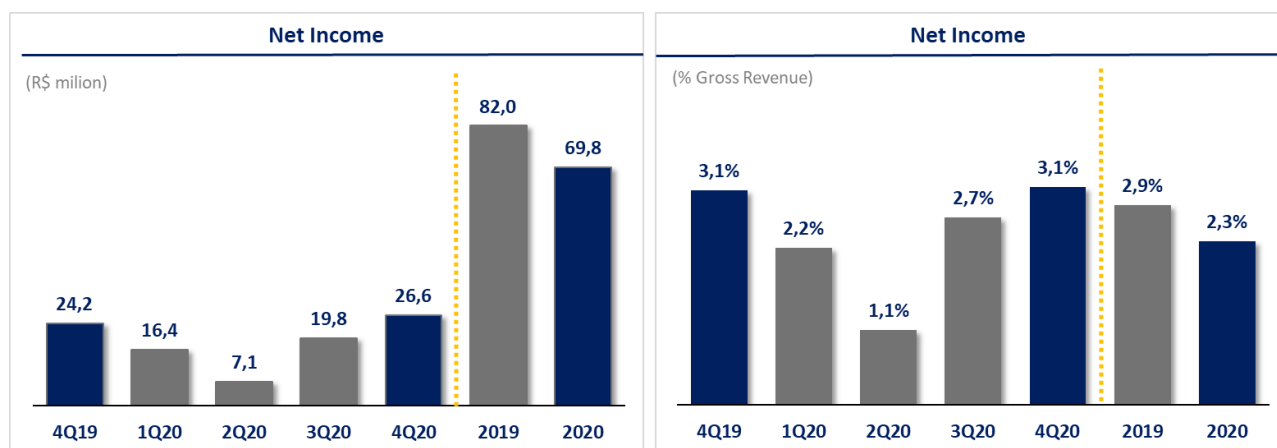
It's worth mentioning the 0.4 p.p. drop in financial expenses in 2020 in comparison to the previous year, due to the primary share offering (Re-IPO) in July 2020.



NET INCOME

Adjusted net income the 4Q20 reached R\$ 26.6 million, representing a net margin of 3.1%, the best result for 2020 and flat in comparison to 4Q19.

The year's net income reached 69.8 million, representing a net margin of 2.3%, down by 0.6 p.p. over 2019.



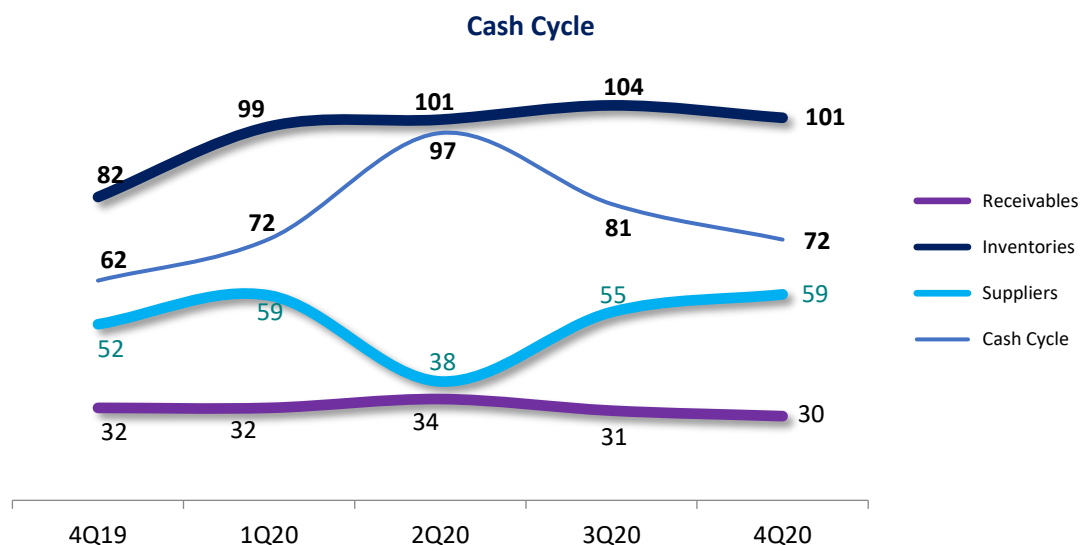
In the table below, we have reconciled Net Income and non-recurring expenses in the period.

Net Income Reconciliation	4Q19	4Q20	Var. %	2019	2020	Var. %
(R\$ million)						
Net Income	24.1	24.5	1.7%	82.0	63.9	(22.1%)
(+) Expenses with Re IPO (Follow on)	0.0	0.0	-	0.0	2.4	-
(+) Covid-19 Effects	0.0	0.0	-	0.0	1.3	-
(+) Assets Write-off	0.0	1.2	-	0.0	1.2	-
(+) Other Adjustments	0.0	0.9	-	0.0	0.9	-
= Adjusted Net Income	24.1	26.6	10.4%	82.0	69.8	(14.9%)

CASH CYCLE

The Company increased its cash cycle by 10 days when compared to 4Q19. Inventories increased 19 days quarter over quarter due to the preparation to start operating the new DC in São José dos Pinhais/PR, as well as the higher investments in medicine stocks to increase the protection against disruptions and increase sales in this category. On the other hand, we had a 7-day increase in suppliers, partially offsetting the inventories' increase.

As shown below, our cash cycle is gradually returning to usual levels after the strong growth in 2Q20. We believe that this cycle will go back to usual levels in 2021.



CASH FLOW

The Company had a negative free cash flow of R\$ 17.9 million in the 4Q20 and of R\$ 66.6 million in 2020. This result reflects the strong investment in the year, including opening a new distribution center in São José dos Pinhais/PR (affecting inventories and CAPEX) and a faster pace of store openings.

Cash Flow (in thousand of R\$)	4Q20	4Q19	Var.	2020	2019	Var.
Net Income for the Period	24.409	24.155	254	63.899	82.005	(18.106)
Depreciation and Amortization	8.931	8.150	781	34.644	31.535	3.109
Others	(3.741)	(3.637)	(104)	9.379	11.940	(2.561)
Resources from Operations	29.599	28.668	931	107.922	125.480	(17.558)
Receivables from Customers	(27.644)	(31.105)	3.461	(8.741)	(78.309)	69.568
Inventories	(63.817)	9.625	(73.442)	(145.804)	(4.652)	(141.152)
Suppliers	71.608	48.038	23.570	68.608	23.383	45.225
Other Variations in Assets and Liabilities	9.662	(7.066)	16.728	(3.795)	(9.976)	6.181
Operating Cash Flow	19.408	48.160	(28.752)	18.190	55.926	(37.736)
Investments	(37.359)	(17.631)	(19.728)	(84.797)	(53.870)	(30.927)
Free Cash Flow	17.951	30.529	(48.480)	(66.607)	2.056	(68.663)
Interest on Shareholders' Equity	(5.479)	(1.137)	(4.342)	(18.241)	(20.788)	2.547
Treasury Shares	(8.960)	-	(8.960)	(16.356)	-	(16.356)
Total Cash Flow	(32.390)	29.392	(61.782)	(101.204)	(18.732)	(82.472)

INDEBTEDNESS

Dimed's gross indebtedness at the end of 4Q20 reached R\$ 189.7 million and, excluding cash and cash equivalents (R\$ 435.8 million), Net Cash ended the period at R\$ 246.1 million. The change in the Company's net debt profile is directly related to the Re-IPO in July 2020, whose primary portion represented a R\$ 455.8 million inflow, net of commissions and expenses.

Net Debt	4Q19	1Q20	2Q20	3Q20	4Q20
Short-Term Debt	2,8	104,9	136,7	140,9	54,9
Long-Term Debt	189,1	188,8	162,7	161,6	134,8
Gross Debt	191,9	293,7	299,4	302,6	189,7
(-) Cash, Cash Equivalents and Financial Investments	71,4	140,7	79,9	579,8	435,8
Net Debt/Net Cash	120,4	153,0	219,5	-277,2	-246,1
Net Debt/EBITDA	0,75x	0,94x	1,53x	n/a	n/a

CAPITAL MARKETS

The Company carried out a capital increase in Jul/20 (re-IPO) to have financial resources to speed up its projects over the next five years, investing in expanding its drugstore network, improving digital systems and logistics.

Additionally, this operation's purpose is to increase the volume of shares traded on the stock exchange and, for that, part of the offer was secondary. The results of this movement, along with the stock split in the first

quarter, resulted in higher average daily traded volume (ADTV) for common shares, going from R\$ 6.8 million/day before the Offering³ to an average of R\$ 19.5 million/day after the Offering⁴.

Also, to raise its Corporate Governance standard, in the 4Q20 the Company started its migration process to B3's Level 2, having successfully concluded this process on January 22nd, 2021, when the Company's shares started being traded in the special segment and, consequently, on ITAG (Special Tag-Along Stock Index) and IGC (Special Corporate Governance Stock Index) indexes.

The Company also has an active Buyback Program, with a limit of 2 million shares, having already repurchased approximately 800 thousand shares by the end of 2020, since understands that the current value of the shares does not reflect their fair value.

PNVL3 (ON) - ADTV R\$ 19.5MM (after Re-IPO)



PNVL 4 - ADTV R\$ 863,4k (after Re-IPO)



³ From January to July 2020

⁴ From July to December 2020

SHAREHOLDERS' COMPENSATION

The Company, based on 2020's results, decided to pay interest on shareholders' equity totaling R\$ 20.7 million, as shown in the table below:

Distribution	Event	Resolution	Base Date	Payment	Amount (R\$ '000)	Price per Share Common Shares	Price per Share Preferred Shares
ISE	Board Meeting	September 30 th , 2020	October 30 th , 2020	March 31 st , 2021	3,500	0.022962013	0.025258215
ISE - 1 st Installment	Board Meeting	December 23 rd , 2020	December 30 th , 2020	March 31 st , 2021	3,400	0.022340890	0.024574978
ISE - 2 nd Installment	Board Meeting	December 23 rd , 2020	December 30 th , 2020	April 30 th , 2021	6,900	0.045338864	0.049872751
ISE - 3 rd Installment	Board Meeting	December 23 rd , 2020	December 30 th , 2020	May 31 st , 2021	6,900	0.045338864	0.049872751
Total					20,700	0.135980631	0.149578695

ISE = Interest on Shareholders' Equity

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY (ESG)

The Company always had the sustainability premise to focus on social work and initiatives in projects in line with the Environment, Social and Corporate Governance principles.

We are evolving this process by hiring a strategic sustainability consultancy to integrate these practices into our organizational culture, reinforcing the principles that have guided us thus far and adding even more value to the business strategies and all stakeholders. We started 2021 with the definition of our sustainability platform, where were defined guidelines, commitments and targets until 2026. The platform is supported by a four-pillar concept, namely: Our People, Our Customers, Our Partners and Our Home. These pillars include our employees, customers, partners and how the performance of all these agents must preserve the environment and the world we live in, always acting based on ethics.

We ended 2020 with important deliveries in projects such as Implementation of Renewable Energy, *Troco Amigo*, Dimed University (UNI.D), *Pescar Project* and *Destino Certo*.

RENEWABLE ENERGY

Focused on sustainable growth and development, the Company currently operates three Photovoltaic Power Plants located in the cities of Montenegro/RS, Vacaria/RS and Mondai/SC.

The Company plans to end 2021 with two more operating plants, distributed in the cities of Rosário do Sul/RS and Santo Antônio do Sudoeste/PR. The 5 Plants will have 14,900 solar panels and should reach a generation capacity of 7 million kWh/year, absorbing a considerable part of the store network's consumption, therefore bringing the reduction of 872 tons of CO² per year.

For 2022, the Company's goal is for all its operations to be powered by renewable energy sources.



TROCO AMIGO

Panvel's *Troco Amigo* Program raised a total of R\$ 2,653,445.35 in the last year, up by 40% over 2019. In 2020, to help fight the Coronavirus, the network launched a special edition of the campaign, '*Troco Amigo* - Covid-19', with online donations including an R\$ 1 million contribution made by the Company. Over its 12 years, the project has raised over R\$ 14.1 million.

Bringing customers and Panvel together, it was possible to benefit 91 hospitals in the states of RS, SC and PR. The institutions will be able to carry out upgrades, renovations, acquisitions of new equipment and other improvements. The funds raised through '*Troco Amigo* Covid-19' were distributed last year to hospitals on the front lines in the fight against Covid-19.

DESTINO CERTO

Pioneer in the collection of expired or out-of-use medicines with **Destino Certo** program, Panvel advances in its reverse logistics initiative. Besides the existing 163 collectors, the Company will install new collectors with anti-return storage to disposal of medicines and their packages. Will be installed 20 new equipments in the network branches until April 2021. The goal is that all stores of the network have collectors in 2 years.

Destino Certo was launched by Panvel in 2010 and in the past year alone collected and correctly discarded 19 tons of medicines. The collected medicines are taken by a company specialized in the correct disposal to avoid environmental contamination.

PESCAR PROJECT

The Company has always focused on the health and development in the communities where it operates. The Company either develops its own projects or participates in third-party projects, such as the Pescar Project, focused on the education of vulnerable minors.

The project has had over 200 young people, and in 2020 our 15th class graduated. We currently have more than 15 young people who are part of our 16th class.

PEOPLE AND CULTURE

Throughout 2020, we carried out several actions to improve and train our employees.

We concluded the first edition of the Trainee Manager Program, qualifying young talents to work on expanding the business and developing the internal audience, with 32 new Managers, out of which 25% were promoted in the following two months.

We continue to get ready to expand the Clinic with Vaccines, training 51 new vaccinators, 25 of them for new stores.

INITIATIVES



446

ATTENDANCE



15,290

HOURS



17,073

Distance Learning - Given the changes brought by the Covid-19 pandemic, we are strengthening distance learning by remodeling the user experience and link between online and offline, providing learning journeys that leverage soft and hard business skills.

See below the distance-learning indicators (asynchronous) for 2020:



GRUPO DIMED UNIVERSITY

The knowledge promotion as a business and human development tool has been of the main landmarks in Grupo Dimed's history. The Company reaches a new level by launching in the 1Q21 its Corporate University (Uni.D). These new arrives to improve several training initiatives, benefiting more than 6 thousand employees, from all levels of the organization. Among the highlights, we can mention a modern artificial intelligence platform that allows sharing experiences and knowledge, besides promoting greater autonomy in the professional journey inside the organization.



The Grupo Dimed's Corporate University is formed by 4 schools: Leadership, Pharma, Sales and Processes. In each of them, will be provided specific content and capacitation methods including distance learning and/or presence trainings. The proposal is to support the Company's expansion strategy, supporting employees to trace their career plan based on constant learning and development. The Group is confident in this structure as a way to value and prepare internal talents to fulfil strategic positions.

Uni.D stimulates the autonomy and protagonism of the employees as essential competences for evolution. According to the position and/or area, a road map was prepared with specific trainings to be made. Besides, the professional must participate actively in this construction, adding skills as per his/her areas of interest.

IFRS 16: IMPACTS

The IFRS 16/CPC 06 (R2) standard establishes new procedures regarding the accounting method for some lease agreements. Those that fall under the new rule will be accounted in the Company's assets (right of use) and liabilities (future commitments), resulting in changes in the accounting records in lease and depreciation expenses and interest.

To keep the historical comparability, the figures here are presented with the former methodology (IAS 17). The financial information and statements under IFRS 16 are available on Dimed's and CVM's websites.

Income Statement	IAS 17	4Q20 Reclassification	IFRS 16
(R\$ million)			
Gross Revenue	853.152	-	853.152
Gross Income	235.987	-	235.987
% GR	27,7%		27,7%
Selling Expenses	(205.923)	28.228	(177.695)
Administrative Expenses	(21.076)	-	(21.076)
Total Expenses	(226.999)	28.228	(198.771)
% GR	26,6%	3,3%	23,3%
Adjusted EBITDA	42.790	28.228	71.018
% GR	5,0%	3,3%	8,3%
Depreciation and Amortization	(8.931)	(23.157)	(32.088)
Profit-Sharing / Distributions	(10.199)	-	(10.199)
Other Adjustments	(2.162)	-	(2.162)
Financial Result	(3.238)	(7.692)	(10.930)
Income Tax/Social Contribution	6.149	891	7.040
Net Income	24.409	(1.730)	22.679
% GR	2,9%	-0,2%	2,7%
Balance Sheet	IAS 17	4Q20 Reclassification	IFRS 16
(R\$ million)			
Assets	1.744.054	450.319	2.194.373
Non-Current Assets	367.552	450.319	817.871
Deferred Assets	25.132	6.696	31.828
Property, Plant & Equipment	280.065	433.623	723.688
Liabilities and Shareholders' Equity	1.730.080	450.319	2.180.399
Current Liabilities	571.175	106.549	677.724
Leases	1.453	106.549	108.002
Non-Current Liabilities	135.268	356.767	492.035
Leases	2.680	356.767	359.447
Shareholders' Equity	1.023.637	(12.997)	1.010.640
Accumulated Profit	122.873	(12.997)	109.876

BALANCE SHEET

	Former Standard (IAS17)		
ASSETS	4Q19	4Q20	Var. %
(in thousands)			
Current Assets	851.138	1.376.502	61,7%
Cash and Cash Equivalents	71.437	130.107	82,1%
Financial Investments	-	305.701	100,0%
Accounts Receivable	276.521	285.753	3,3%
Inventory	429.029	574.821	34,0%
Income Tax and Social Contribution to Recover	1.964	4.396	123,8%
Taxes to Recover	5.585	9.912	77,5%
Other Accounts Receivable	66.602	65.812	-1,2%
Non-Current Assets	300.871	367.552	22,2%
Deferred Taxes	10.188	25.132	146,7%
Taxes to Recover	3.209	5.858	82,5%
Escrow Deposits	6.943	6.424	-7,5%
Credits with Related Companies	-	3.030	100,0%
Other Assets	1.075	891	-17,1%
Investments	284	284	0,0%
Property, Plant & Equipment	246.087	280.065	13,8%
Intangible assets	33.085	45.868	38,6%
Total Assets	1.152.009	1.744.054	51,4%

	Former Standard (IAS 17)		
LIABILITIES	4Q19	4Q20	Var. %
(in thousands)			
Current Liabilities	425.743	571.175	34,2%
Suppliers	303.155	371.763	22,6%
Loans and Financing	1.278	53.400	4.078,4%
Lease	1.472	1.453	-
Salaries and Social Charges	39.650	39.481	-0,4%
Interests Payable	11.879	7.121	-40,1%
Taxes Payable	25.226	29.900	18,5%
Dividends and Interest on Shareholders' Equity	1.662	2.305	38,7%
Other Accounts Payable	38.995	63.490	62,8%
Loyalty Program	82	-	-100,0%
Other Provisions	2.344	2.262	-3,5%
Non-Current Liabilities	196.840	149.242	-24,2%
Loans and Financing	185.000	132.143	-28,6%
Lease	4.127	2.680	-35,1%
Tax, Social Security, Labor and Civil Provisions	7.713	14.419	86,9%
Shareholders' Equity	529.426	1.023.637	93,3%
Stock Capital	410.000	912.000	122,4%
Expenses on Shares Issuance	-	(14.448)	-100,0%
Profit Reserve	42.671	56.937	33,4%
Accumulated Profits	76.755	69.148	-9,9%
Liabilities and Shareholders' Equity	1.152.009	1.744.054	51,4%

INCOME STATEMENT

Income Statement	Former Standard (IAS 17)					
	4Q19	4Q20	Var. %	2019	2020	Var. %
(in thousands)						
Gross Revenue	787,140	853,152	8.4%	2,873,038	2,987,128	4.0%
Taxes and Returns	(38,862)	(49,617)	27.7%	(148,358)	(168,018)	13.3%
Net revenue	748,278	803,535	7.4%	2,724,680	2,819,110	3.5%
Cost of Goods Sold	(525,779)	(567,548)	7.9%	(1,915,767)	(1,995,415)	4.2%
Gross Income	222,499	235,987	6.1%	808,913	823,695	1.8%
Expenses	(197,418)	(214,489)	8.6%	(698,211)	(746,199)	6.9%
With Sales	(180,285)	(190,490)	5.7%	(640,076)	(676,031)	5.6%
General and Administrative	(20,432)	(23,551)	15.3%	(64,030)	(74,100)	15.7%
Other Operating Revenues	3,299	(448)	-113.6%	5,895	3,932	-33.3%
Financial Result	(5,031)	(3,252)	-35.4%	(21,907)	(12,454)	-43.2%
Financial Expenses	(5,722)	(8,094)	41.5%	(25,695)	(30,636)	19.2%
Financial Revenue	691	4,842	600.7%	3,788	18,182	380.0%
Earnings before Income Tax, Social Contribution and Interests	20,050	18,246	-9.0%	88,795	65,042	-26.8%
Income Tax and Social Contribution	4,105	6,163	50.1%	(6,790)	(1,144)	-83.2%
Net Income for the Period	24,155	24,409	1.1%	82,005	63,898	-22.1%

DISCLAIMER

The statements in this document related to business prospects, forecasts on operating and financial results and those related to DIMED's growth outlook are merely forecasts and, as such, are based solely on the Managements's estimates on the future of the business. These estimates substantially depend on market conditions, laws, the Brazilian economy, the segment and international markets and, therefore, are subject to changes without prior notice.

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DIMED **PanVel** **LIFAR**
distribuidora FARMÁCIAS

Baixe o app



Conference Calls

March 25th, 2021 - Thursday

10 a.m. (EDT) / 11 a.m. (Brasília time)

The call will be held in Portuguese

with simultaneous translation into English.

Call in English

Access Phone

+1 786 837-9597 (USA)

+44 20 3318-3776 (UK)

Call in Portuguese

Access Phone

+55 11 3137-8095

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