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3Q23
Earnings Release

<u>Results Conference Calls</u>
November 10, 2023 - Friday
09:30 am (Brasília time) / 07:30 am (EST)
The call shall be held in Portuguese with simultaneous translation into English.
Link: Click here

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Eldorado do Sul, RS, November 09, 2023

A Dimed S.A. Distribuidora de Medicamentos (B3 S.A. - BIL, BOLSA, BALCÃO: PNVL3), one of the main retailers and distributors of pharmaceutical products in the Country, announces the results for the 3nd quarter of 2023 (3Q23). The Company's financial statements are prepared in Brazilian reais (BRL), pursuant to the Brazilian corporate law and international financial reporting standards (IFRS). 3Q23 result comparison is based on 3Q22 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).

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3Q23 Results

Highlights/Summary:

Group Gross Revenue
BRL 1,216M (+11.8% vs 3Q22)

Retail Gross Revenue
BRL 1,102M (+10.7% vs 3Q22)

Adjusted EBITDA
BRL 56.6M (+16.8% vs 3Q22)
4.7% Margin

Indebtedness
low leverage of 0.8x EBITDA

Group Net Income
BRL 27.2M (+15.1% vs 3Q22)

Digital
20.7% of share in
Retail sales in 3Q23

Market Share
+0.1 p.p. in the
Southern Region vs 3Q22

Cash Cycle
Improvement of 7 days vs 3Q22

Description	3Q22	4Q22	1Q23	2Q23	3Q23	9M22	9M23
No. of Stores	548	556	556	565	585	548	585
No. of employees	9,414	9,300	9,300	9,121	9,666	9,414	9,666
In thousands of Brazilian							
TT Gross Revenue	1,087,775	1,165,011	1,105,719	1,166,969	1,216,126	3,114,770	3,488,806
TT Gross Margin	315,143	336,580	313,758	343,743	342,805	905,959	1,000,306
% of Gross Revenue	29.0%	28.9%	28.4%	29.5%	28.2%	29.1%	28.7%
Gross Retail Revenue	995,322	1070,306	1,002,361	1,056,748	1,102,043	2,838,128	3,161,152
Gross Retail Margin	303,502	321,089	300,494	327,643	330,432	865,670	958,569
% of Gross Retail Revenue	30.5%	30.0%	30.0%	31.0%	30.0%	30.5%	30.3%
Adjusted EBITDA TT	48,458	58,647	49,971	57,795	56,595	144,220	164,360
% of Gross Revenue	4.5%	5.0%	4.5%	5.0%	4.7%	4.6%	4.7%
Adjusted Net Income TT	23,610	24,294	22,647	26,781	27,175	77,221	76,604
% of Gross Revenue	2.2%	2.1%	2.0%	2.3%	2.2%	2.5%	2.2%
Free Cash Flow	35,727	29,575	(74,793)	12,212	(6.144)		
Indebtedness	0.5x	0.4x	0.8x	0.9x	0.8x		

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PanVel DIMED distribuidora LIFAR

A Message from Management

We closed the third quarter of 2023 with outstanding results, once again demonstrating our ability to execute our strategic plan. After a period of record investments and accelerated expansion, which began following our follow-on in 2020, we are now in a phase of reaping productivity gains, particularly in the form of sales expense dilution, especially from our stores and distribution centers.

During this period, Retail Gross Revenue grew by 10.7% compared to 3Q22, accelerating compared to the second quarter of the year. It's important to highlight that **Panvel has been showing a very robust compound annual growth rate (CAGR) over the last three years, reaching 18.3% between 3Q21 and 3Q23**. This strong sales performance in the quarter occurred even against a strong comparison base, as the third quarter of the previous year still had the effects of double-digit drug repricing and strong sales of items and services related to the flu. We also need to consider that **heavy rains in the Southern Region during the period caused numerous damages to local communities** and reduced sales potential during this period.

Reinforcing the above comment, it's worth noting that this sales growth translated into another consecutive quarter of **market share gains in the Southern Region, reaching a market share of 12.1% in 3Q23**, a growth of 0.1 percentage point compared to the same period in 2022. It's important to highlight the growth in the states of Santa Catarina and Paraná (+0.8 percentage points and +0.2 percentage point, respectively). This result once again confirms the quality of Panvel's expansion execution in its region over the period.

The **Digital** segment was once again a major highlight of Retail, reaching a record level of contribution to total network sales (**20.7% in the quarter**) and continually improving its last-mile delivery capability. We continue to evolve in social commerce tools, which increase our ability to impact customers and generate new digital sales while bringing greater conversion power from physical customers to the Omni profile, enhancing metrics such as recurrence and loyalty.

Another significant highlight of the quarter was the success in expense management strategy, which offset the seasonal pressure on gross margin (due to the strong repricing last year and the reduction in the share of services and other items related to the flu category). As a result, **Panvel achieved a -1.2 percentage point dilution in sales expenses in 3Q23, unlocking EBITDA margin growth potential**. Thus, we continue a trend observed in recent quarters, capturing efficiency gains in our sales expenses through store maturation and logistics expenses.

Within this context, **Adjusted EBITDA Margin represented 4.7% of Gross Revenue, an expansion of 0.2 percentage points compared to 3Q22, with a growth of 16.8% compared to the previous year, reaching R$ 56.6 million in the quarter**.

Cash management quality was another high point of the quarter. **We improved the cash cycle by 6 days, even in a scenario of store openings, investments in logistics and technology, all while maintaining one of the lowest financial leverages in retail. Thus, we ended the third quarter with low debt and leverage, equivalent to 0.8x EBITDA**. This cash position provides the flexibility to continue investing and growing, even in a scenario of still-high interest rates.

Thanks to strong operational performance and strict cash control, the **Company's Adjusted Net Income grew by 15.1% in the quarter**, representing 2.2% of Gross Revenue.

It's worth noting that this sales growth was accompanied by excellent customer service indicators, with the main KPI being **NPS** (Net Promoter Score), which **showed growth compared to the previous period, reaching 82 points, one of the highest in the sector**. 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.

We would like to thank all our stakeholders for another quarter of progress in our results and in all our strategic pillars. As mentioned earlier, our execution capability was severely tested by the weather conditions in the Southern Region, and we had the opportunity to overcome the constraints and, at the same time, support needy communities through donations and service provisions to those in need.

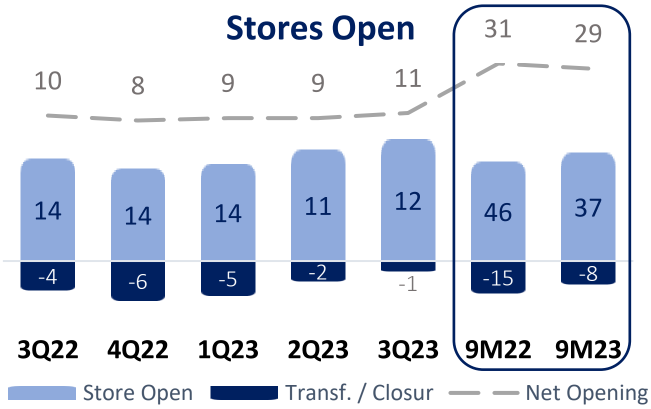
Store Portfolio

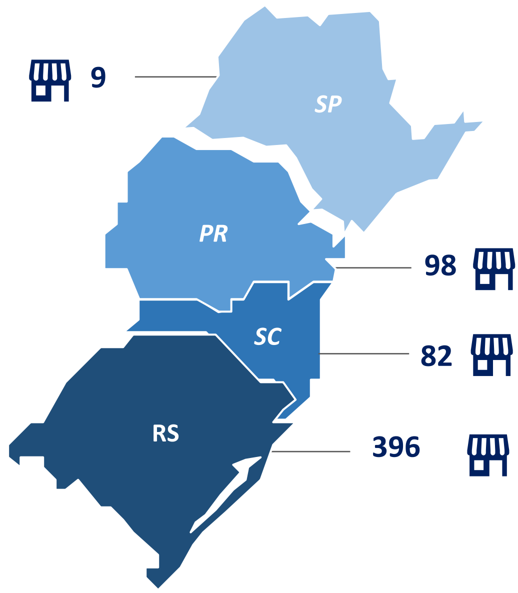
In 3Q23, we inaugurated 12 stores, with 9 units in Rio Grande do Sul and 3 units in Santa Catarina, reaching a total of 585 operational stores, maintaining the consistency and execution capacity of our expansion pace. It's worth highlighting that even with a temporary reduction in the number of gross openings, the number of net openings remained in line with recent quarters, due to the reduction in closures/transfers.

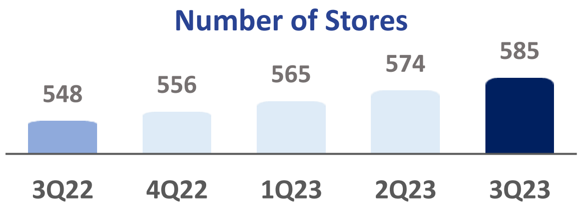
During this period, we transferred a mature branch to a location with greater sales potential. The closure/transfer of branches that are not aligned with the company's current strategy is a tool for optimizing the use of our assets, freeing up resources, and increasing the return on our investments.

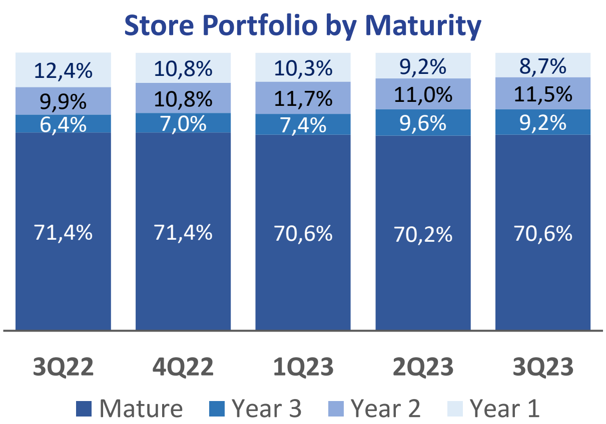
The pace of expansion continues in line with the company's strategy of densification in the Southern Region, particularly outside the capitals, combined with an increase in the capacity of digital channels.

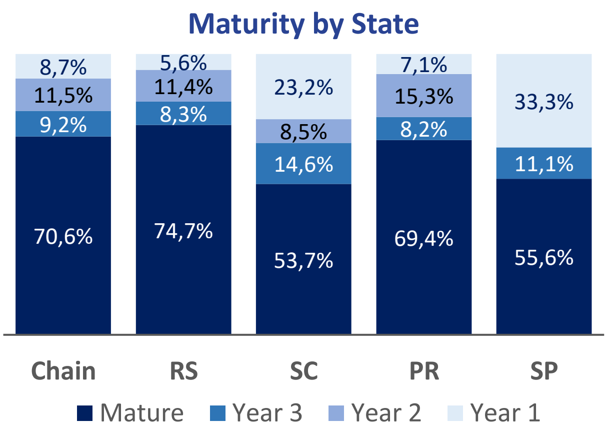
At the end of the period, the company had 70.6% of mature stores and 29.4% in the process of maturation.











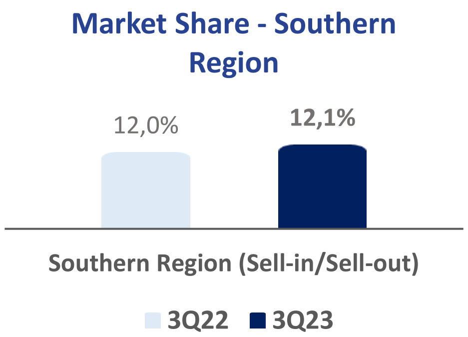
Market Share

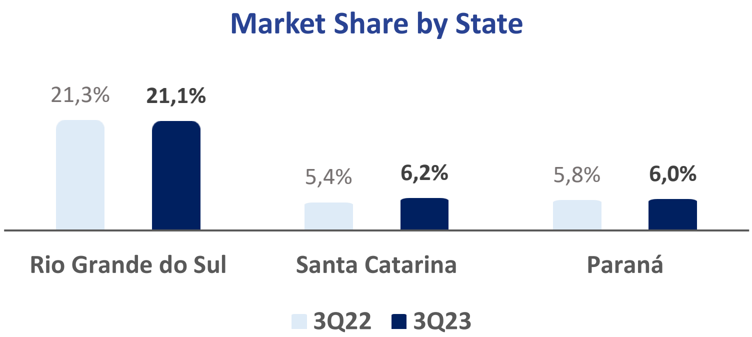
In 3Q23, the company continued to achieve consecutive gains in market share in the Southern Region, in line with its expansion strategy for each of the states in the region. These market share gains are the result of a proactive expansion strategy and the quality of the operation of existing stores, with a focus on the interior of the states in the region.

Panvel has gained 0.1 percentage point of market share in the Southern Region in a quarter with a strong comparison base, with gains coming from Santa Catarina and Paraná, in line with its expansion strategy.

In 3Q23, Panvel reached a market share of 12.1% in the Southern Region, an increase of 0.1 percentage point compared to the same period of the previous year, with a notable performance in the state of Santa Catarina, where we gained 0.8 percentage point compared to 3Q22, reaching a 6.2% market share. In Paraná, we gained 0.2 percentage point, marking another consecutive quarter of market share growth.

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





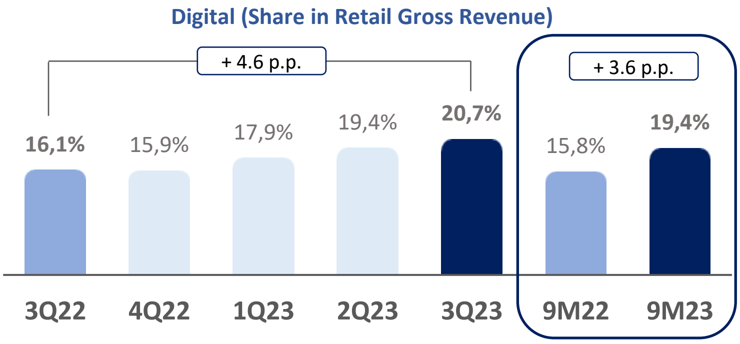
Source: IQVIA - *Sell-in / sell-out concept = distributor sales plus retail sales

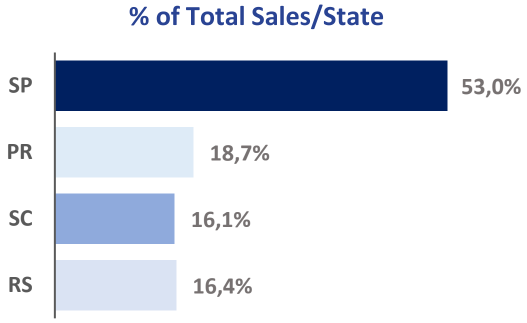
E-commerce and Digital Initiatives

In another quarter of strong digital performance, we maintained our position as the benchmark in the Brazilian pharmacy retail industry, with the highest share of digital channels in retail sales. We believe this is one of Panvel's competitive advantages, stemming from a seamless and fully omni experience provided across all our non-presential sales channels (App, Website, Marketplaces, *Alô Panvel*, and Social Commerce).

Digital sales were a major highlight of the period, reaching a record share of 20.7% in retail sales, representing a 43.0% growth compared to 3Q22 and a 36.9% increase when looking at the year-to-date period compared to the previous year.

Regarding Social Commerce, we remain optimistic about the results of store and customer digitization projects, such as the Digital Managers, an initiative to digitize our employees who, through the platforms, transform our Store Managers into digital influencers in their communities. Currently, there are more than 400 stores, with over 90,000 posts and more than 61 million impressions, greatly expanding the communication capabilities of each of our stores, offering products, services, coupons, and promotions.





These results continue to demonstrate the quality of our business model and last-mile delivery structure, as well as our commitment to innovation and the ongoing improvement of our customer experience. In addition to our platforms, Panvel also stands out for having the fastest last-mile delivery in the Brazilian pharmacy retail industry and the best omnichannel experience. Investments in these structures translate into solid and consistent metrics that generate healthy growth without affecting the Company's profitability, as it serves as a growth lever for store productivity.

In line with our strategy for each of the locations where we are present, we executed another quarter with a balanced digital presence among the states in the Southern Region. Regarding the city of São Paulo, Panvel continues its strategy for the region, aiming to provide the best online experience with the fastest pharmacy retail delivery in Brazil without compromising the operation's profitability.

Digital Highlights

Click & Collect
585 stores

3Q23 Deliveries
+540,000

Delivery Stores
161

Service Level
97% (3Q23)

Fast Delivery
Up to 1 hour

Mini DC/
Darkstore 9

Health Ecosystem

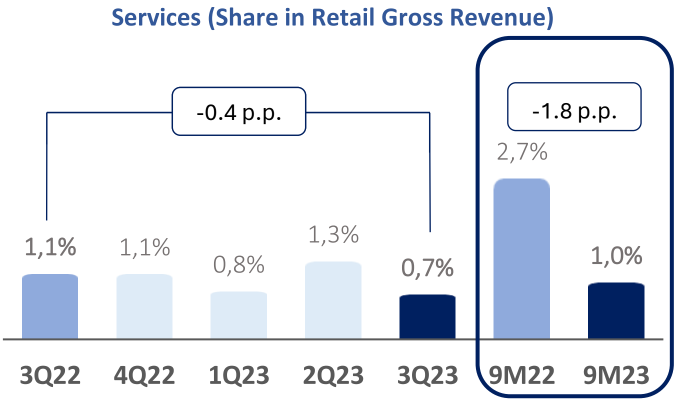
Panvel continues to be a reference in healthcare services in the Southern Region of the country, as reflected in the high market share in providing services such as tests, vaccines, and other services that are part of our portfolio. As a result, customers increasingly identify Panvel stores as a place to address and resolve various health-related matters.

Panvel Clinic

Panvel Clinic	Vaccination Rooms	Services Provided:
359 stores	**91**	**More than 84 thousand**
(+12 rooms vs 3Q22)	(+5 rooms vs 3Q22)	(3Q23)

With a robust infrastructure and expertise in service provision, combined with quality customer service, Panvel has maintained its role as a reference in the sector, with a market share of **49.9% in vaccination in the Southern Region in 3Q23, according to IQVIA.**

In line with the Company's expectations, during 3Q23, services accounted for a smaller share of retail sales, with a penetration of 0.8%. This decrease in share was offset by the growth of other categories within our sales mix, especially hygiene and beauty products.

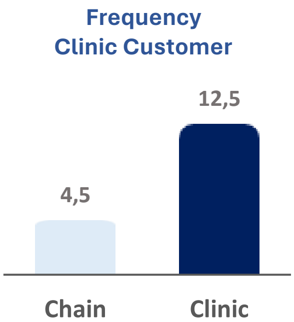


Rapid Tests

At Panvel, the Health Hub is already a reality. Through Panvel Clinic, we serve more than 2.0 million customers, always aiming to maintain a high standard of service and innovation in service delivery.

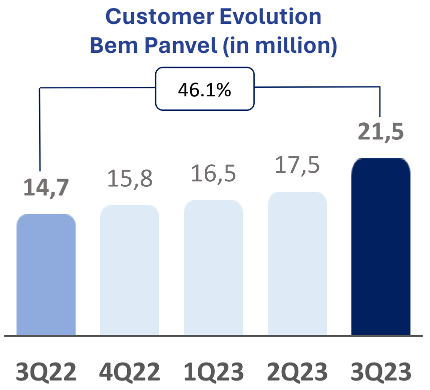
In line with the new regulation issued by Anvisa (RDC 786/23), which allows pharmacies to play a more active role in disease prevention and screening for the benefit of society, Panvel positions itself as the pharmacy with the largest portfolio of Rapid Tests available. This aligns with the goal of ***providing health solutions to our customers***.

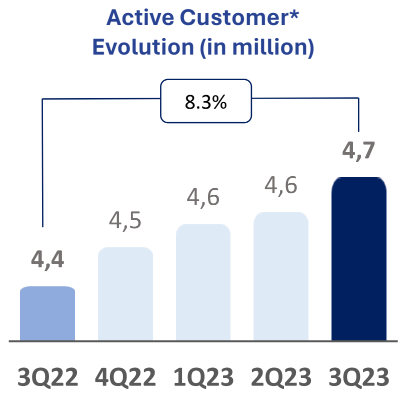
Currently, we have over 50 rooms for conducting these tests, as well as a structure with more than 91 vaccination rooms, covering the entire Southern Region and the city of São Paulo/SP. All these branches now offer more than 16 types of rapid tests through Panvel Clinic, with most results available in just 30 minutes. Among the tests offered are pregnancy, fertility, thyroid, hepatitis, cholesterol, hemoglobin, glycated hemoglobin, and dengue, all from a small sample, with methods that allow for test execution, reading, and interpretation in a single visit, providing instant results and always administered by a specialized pharmacist.

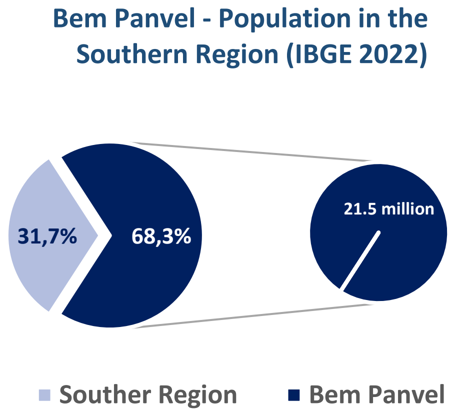


Once again, the service pillar of Panvel proves to be an important resource for customers to have increasing personalization and convenience in their healthcare journey, all while providing quality service and a wide range of resources to address all their needs in one place at Panvel. It also serves as a driver of customer loyalty.

CRM



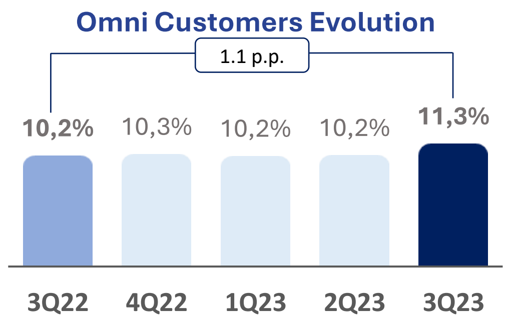




Active Customer = made at least one Purchase in 6 months.

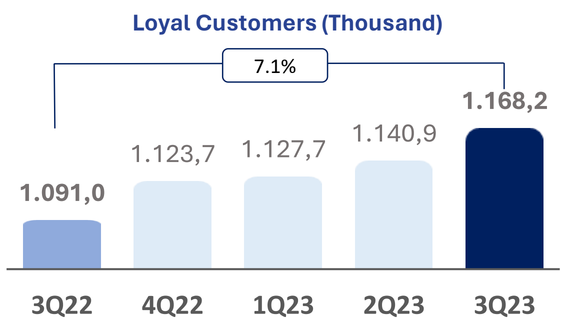
In 3Q23, the number of registered customers in the unified base of the Bem Panvel Program saw remarkable growth, with a 46.1% increase (adding 6.8 million new customers) compared to 3Q22, reaching a total of 21.5 million registered customers. This growth reflects the success of the partnerships and agreements executed by Panvel, enabling better customization of our customers' journeys and improved engagement opportunities within this customer base.

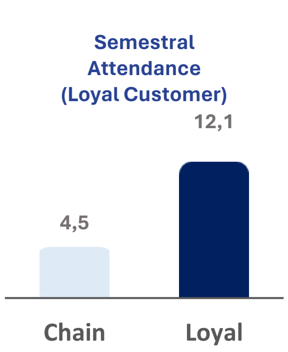
We remain focused on the process of digitizing our customers and our operations. To support this Omni strategy, we have been implementing initiatives that encourage digitalization and personalization of our customers' experiences. In 3Q23, the share of Omni customers (those who purchase through more than one of our channels) reached a record level of 11.3% of the total customer base, representing a growth of 19.9% compared to 3Q22. This figure demonstrates our ability to digitize the journey of Panvel and its customers.

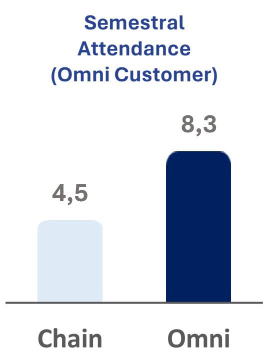


Omni Customer = Customer who purchases through both physical and digital channels.

Another important area of focus is customer loyalty, and we have seen the number of loyal customers at Panvel grow by 7.1% in 3Q23 compared to 3Q22. We believe that service level differentials, quality service, a diverse product mix, combined with a truly omni and personalized experience, are significant differentiators for Panvel. With a robust and engaged customer base, we can increasingly work on improving our internal operations, demonstrating the potential within our own customer base. It's worth noting that loyal customers have a frequency of 3 times higher than a regular customer.







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

Service Quality

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

82.1	82.1	83.7	84.5	90.6
NPS - Panvel	NPS - Loja	NPS - App	NPS - Site	NPS – Alô Panvel

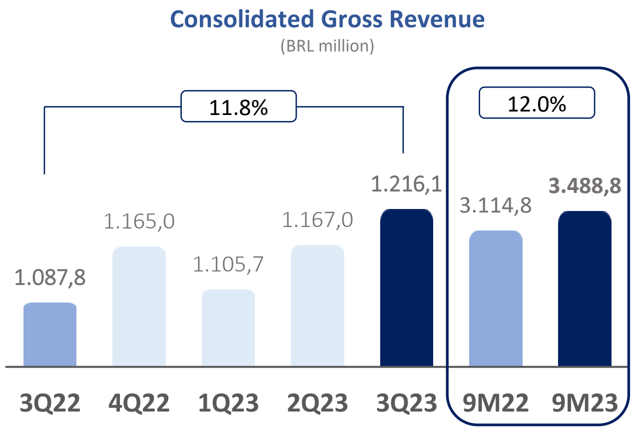
4.8	4.8	9.1	ebit TOP FIVE
App	Play	Reclame Aqui	

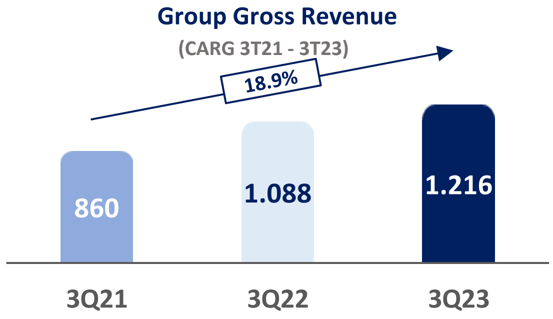
Panvel's NPS remained at a high level in 3Q23, with a score of 82.1. Panvel is the only pharmacy retail network in Brazil that combines a high digital channel presence with the fastest product delivery in the segment and a high NPS level.

Gross Revenue

The consolidated gross revenue (which includes retail, wholesale, and other business units of the Company) reached R$ 1,216.1 million in 3Q23, representing a growth of 11.8% compared to 3Q22.

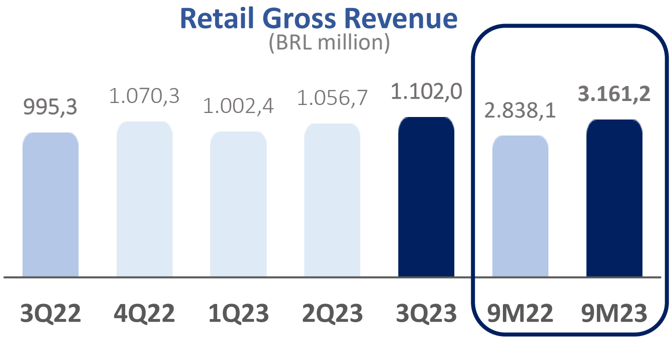
If we analyze the Company's compound growth rate for the period from 2021 to 2023, it will be 18.9%. These results demonstrate the quality, consistency, and discipline of the Company in executing its growth strategy.

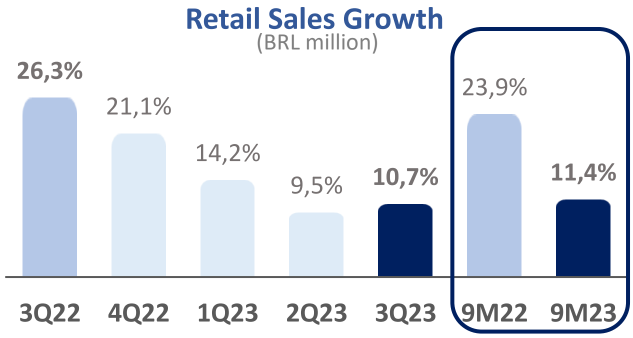


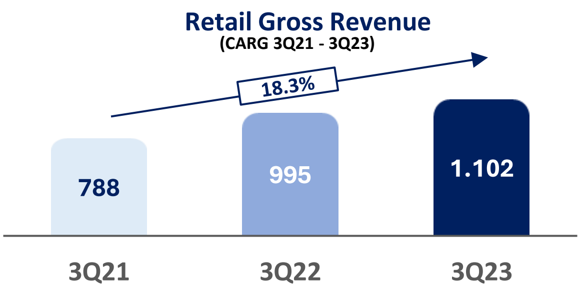


Retail

In 3Q23, Panvel achieved a sales growth of 10.7% compared to the same period of the previous year, in line with the Company's expectations for the period. This growth is achieved against a strong comparison base, which was impacted by seasonal factors in the previous year, such as products related to Covid-19, as well as flu and cold-related items, in addition to a medication price adjustment well above the historical average.





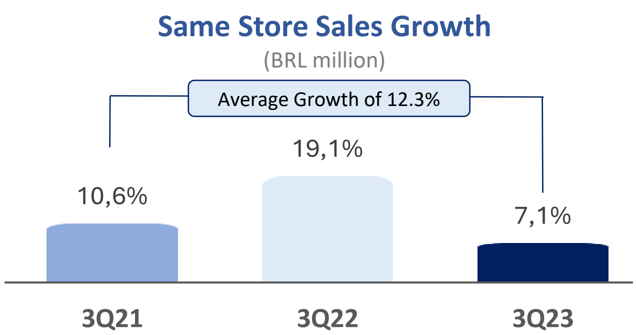


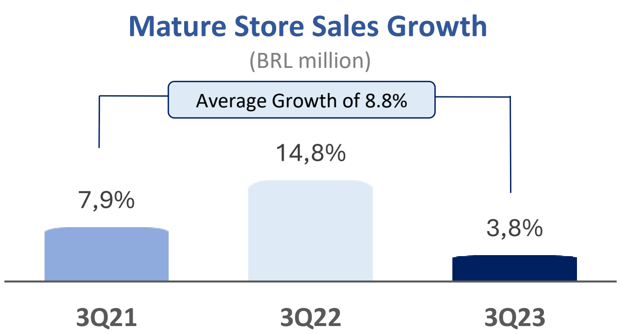
When analyzing the compound annual growth rate (CAGR) from 3Q21 to 3Q23, we find an impressive average rate of 18.3% over the period, a robust number that underscores the strong performance of the Company's operations (as shown in the accompanying chart).

The results achieved in the sales for the period are directly related to efficient mix management, absorbing the impacts of the reduction in categories such as services and products related to Covid and other flu-related items. The Hygiene and Beauty category deserves special mention, as it once again showed growth above the network's average, with the recovery of important categories within the mix.

It's also worth highlighting that once again, the new stores made a positive contribution to this result, with accelerated maturation rates, reinforcing the success of our expansion strategy.

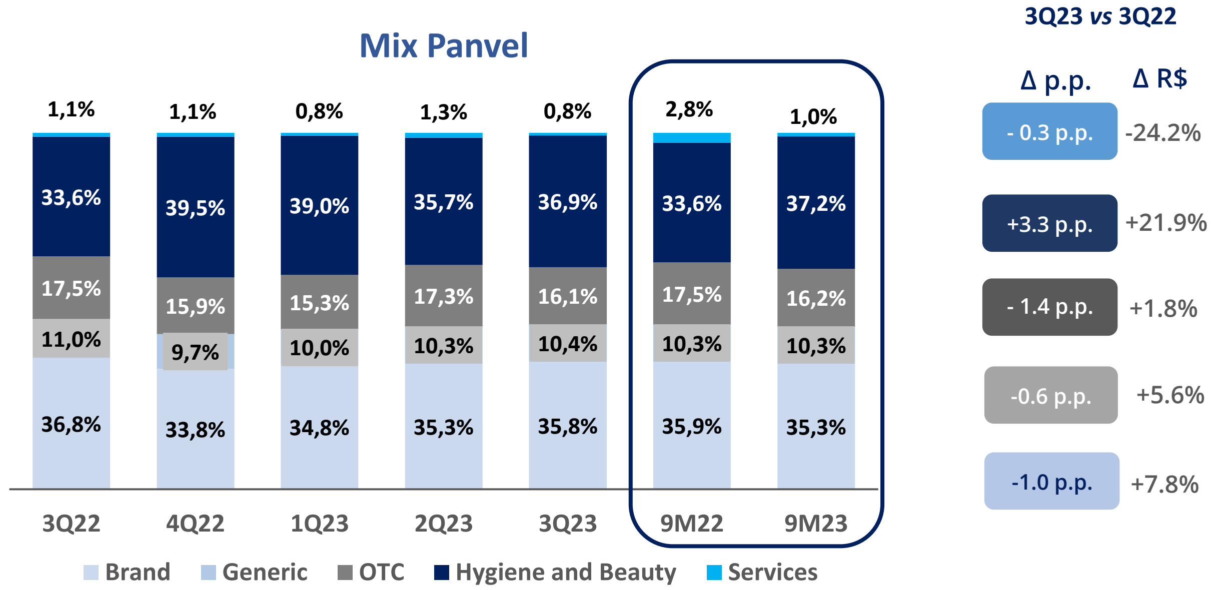
The same-store sales (SSS) showed a growth of 7.1% in 3Q23 compared to 3Q22. The performance of mature stores (Mature Same Store Sales or MSSS) demonstrated a growth of 3.8% compared to 3Q22, in line with the Company's planned performance for the period, considering the strong comparison base. The chart below provides a historical perspective on the growth over the period.





Throughout 3Q23, we achieved an average sales of BRL 628,000 per store, which is 3.7% higher than the same period of the previous year. Considering that the Company currently has a significant number of stores in the maturation phase, especially in the states of Santa Catarina and Paraná, we understand that the average sales results delivered by our operation demonstrate the efficiency of our expansion project and the productivity gains in our existing store base.

Retail Sales Mix



In 3Q23, we continued to observe a shift in the composition of the product mix, following the trend seen throughout the year. The Hygiene and Beauty category maintained a strong growth rate, expanding by 3.3 percentage points compared to 3Q22, with a 21.9% increase, while the other categories were naturally diluted by the strong growth of Hygiene and Beauty.

In a quarter where consumer behavior significantly changed compared to the previous year, the efficiency of our category and mix management strategy was the main factor in adapting to the market, providing a complete and well-balanced mix.

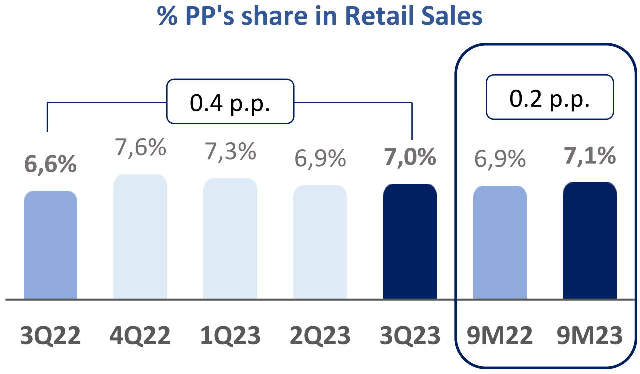
The **OTC** (Over-the-Counter) category contracted by 1.4 percentage points compared to 3Q22, impacted by a strong comparison base. Within this category, positive highlights include the Diabetes group (+21.0%), Adult Nutrition (+12.4%), and Gastrointestinal (+9.1%). On the other hand, there was significant pressure on relevant groups such as Cold and Flu (-2.7%) and Pain and Fever (+0.2%) due to the comparison base.

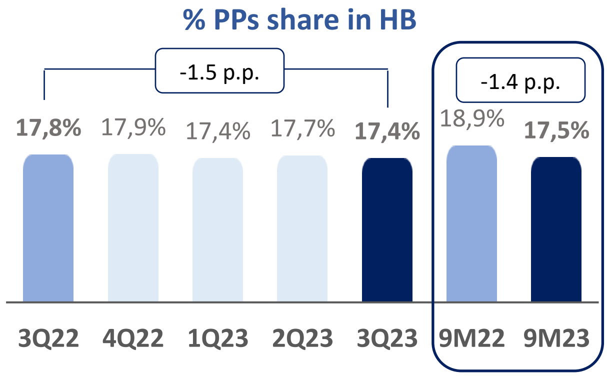
The **Generic** category achieved a growth of 5.6% compared to 3Q22, maintaining its representation almost stable within the mix in 3Q23. This category plays an important role in attracting more customers to the stores and serves as a key lever for maintaining a healthy gross margin.

The **Hygiene and Beauty** (HB) category was the standout in the quarter, with a 21.9% growth compared to 3Q22 and a 3.3 percentage point expansion of its share within the mix. This growth was mainly driven by groups such as Infant (+36.5%), Makeup (+18.6%), Food (+39.3%), Facial Treatment (+41.7%), and Hair Care (+25.7%).

The **Services** pillar represented 0.8% of retail sales in 3Q23, in line with the Company's expectations. Despite a decrease, services continue to be an important strategic pillar for Panvel, which provided more than 80,000 healthcare services to its customers in this quarter and remains a significant driver for increasing customer retention.

Panvel Products





The sale of Panvel Products grew by 18.2% compared to 3Q22, achieving a 7.0% share of total retail sales in 3Q23. In terms of the Hygiene and Beauty mix, the private label reached a representation of 17.4%, reinforcing the positioning of Panvel Products as a benchmark in the Brazilian pharmacy retail sector.

Starting in the fourth quarter of this year, the comparison base will no longer be affected by the seasonal effects caused by the strong sales of Covid-19 related products in 2022, making the increasing presence of Private Label products in Panvel's sales more evident.

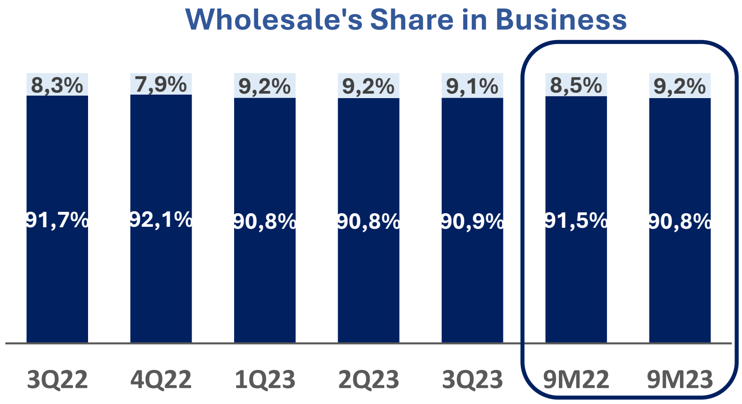
Reflecting the growing demand for care and beauty products, the Panvel Make Up brand showed a 32.3% growth in sales compared to 3Q22, consolidating its leadership in the makeup category once again. Products related to skincare also delivered excellent results and demonstrated consistent growth. Among the standout categories is the Panvel Faces line (+13.2%).

The Panvel Baby brand, a product line for baby care and one of the group's main brands, recorded robust growth of 46.3% compared to 3Q22. Additionally, the Panvel Accessories line saw a 21.5% growth in 3Q23, showing that the strength of our private label products goes beyond personal care and hygiene.

Furthermore, as the brand moves towards offering a line of current products in line with the trend of more conscious consumption (vegan), the Vert line, consisting of natural and vegan items, showed a 25.7% growth in the period.

Wholesale

In 3Q23, the Wholesale segment accounted for 9.1% of the Company's total sales, with a revenue growth of 22.7%. Over the past quarters, the Wholesale segment has shown good performance, serving as an important ally in expense reduction.



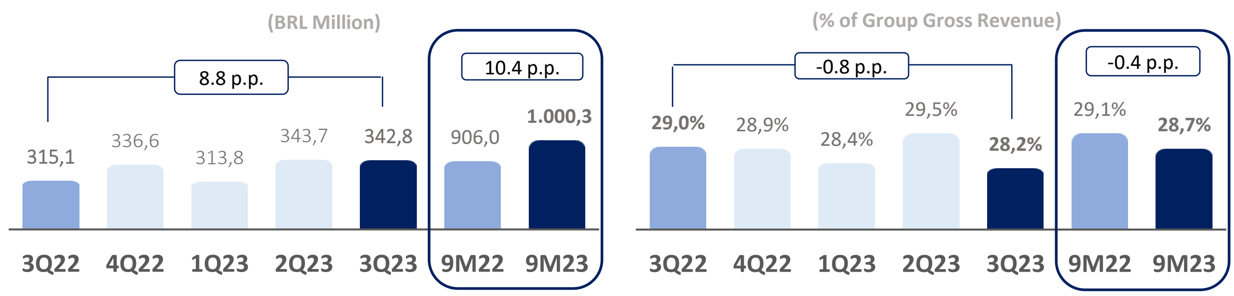
Gross Margin

The Company achieved a Consolidated Gross Margin (including retail operations, wholesale, and other business units) of R$ 342.8 million in 3Q23 (+8.8% vs. 3Q22), representing 28.2% of the gross revenue for the period, with a 0.8 p.p. margin pressure compared to the same period last year.

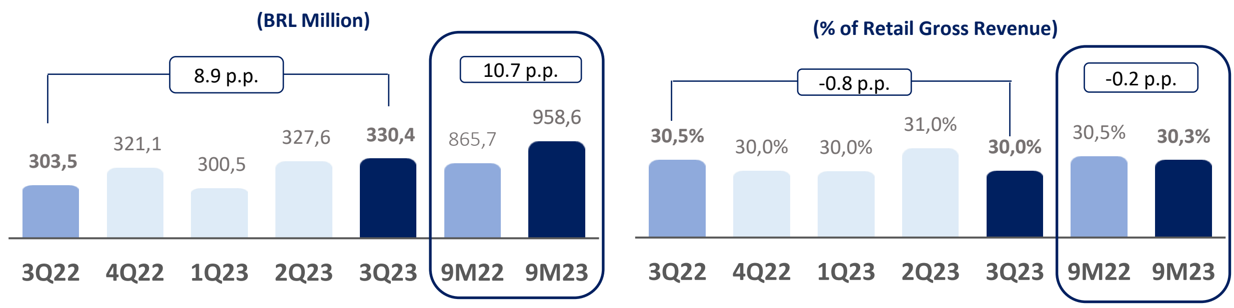
The Retail Gross Margin was R$ 330.4 million, equivalent to 30.0% of the Retail Gross Revenue in 3Q23, with a growth of 8.9% and a 0.5 p.p. margin pressure compared to 3Q22. On the one hand, this gross margin pressure is directly related to the comparison base, as with a lower medication price adjustment than in the previous year, we invested less in purchasing medications in the pre-high period, so the positive effects of this re-labeling were restricted to 2Q23. On the other hand, we accelerated the sale of important categories within Hygiene and Beauty that have lower margins, such as the children's line. However, it is important to note that Panvel's margin remains at healthy levels, and we have excellent levers to resume growth in the coming quarters.

The Wholesale Gross Margin was R$ 11.5 million, representing 10.4% of the Gross Revenue of this business unit in 3Q23, a decrease of 1.6 p.p. compared to 3Q22, mainly due to this operation having a higher representation of medications in its sales mix, and therefore being more affected by the reduction in the percentage of medication price adjustment and the lower sales volume of categories such as generics.

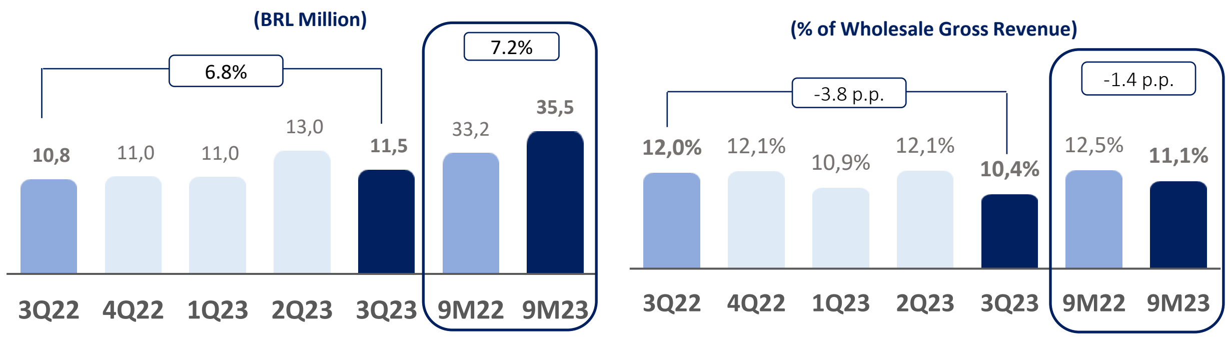
GROUP GROSS MARGIN



RETAIL GROSS MARGIN

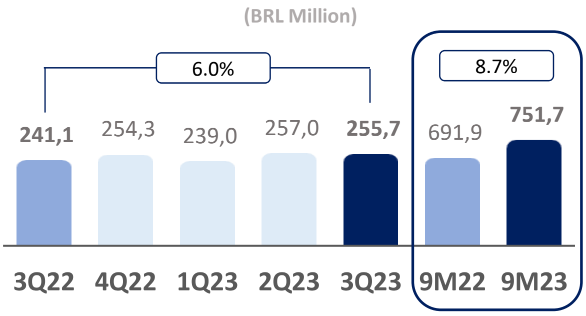


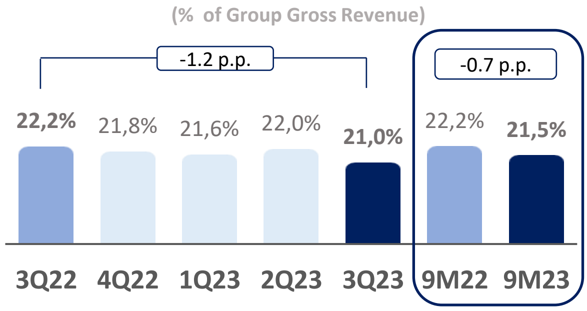
WHOLESALE GROSS MARGIN



Selling Expenses

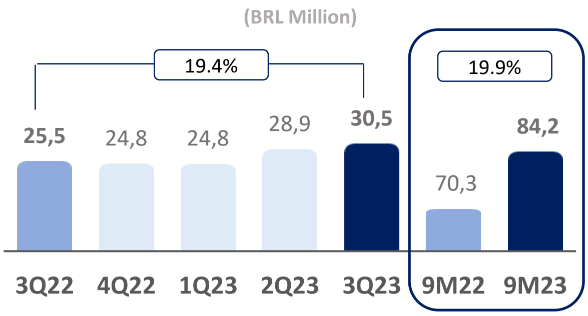
The total Selling Expenses in 3Q23 amounted to R$ 255.7 million, representing 21.0% of the Gross Revenue, a reduction of 1.2 p.p. compared to 3Q22. This significant reduction in expenses more than compensated for the pressure on the gross margin, in line with one of our main commitments for the year. This result is the outcome of the process of harvesting productivity gains in store expenses, especially in the categories of Personnel, Energy, Materials, Inventory Losses, and logistics expenses.

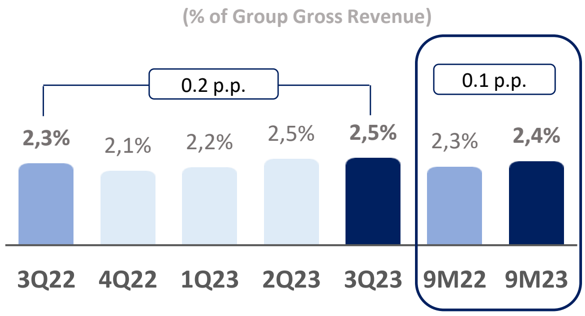




General and Administrative Expenses

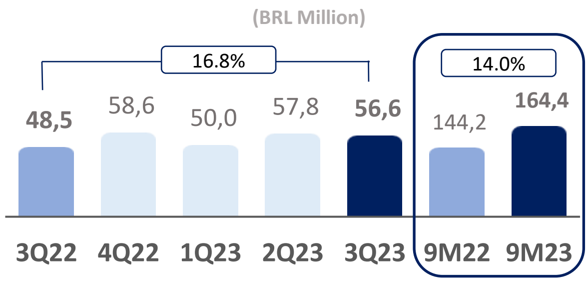
General and Administrative Expenses totaled R$ 30.5 million in 3Q23, representing 2.5% of the Gross Revenue, an expansion of 0.2 p.p. compared to the same period in the previous year. The lower operational leverage provided by sales, as well as the structuring of strategic areas in the Company throughout this year, reduced the ability to dilute administrative expenses in this quarter. However, the Company continues to have the lowest level of expenses of this nature in the sector in which it operates and maintains a perspective of returning this indicator to historical average levels.

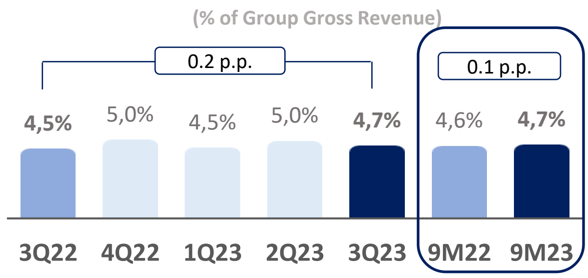




EBITDA

In 3Q23, we achieved an adjusted EBITDA of R$ 56.6 million (+16.8% compared to 3Q22), with a margin equivalent to 4.7% of Gross Revenue (+0.2 p.p.), the result of excellent work in diluting sales expenses, which were crucial in mitigating the seasonal pressure on gross margin. In the accumulated figures, we achieved a margin expansion of 0.1 p.p. Expanding the margin over these nine months against a strong comparison base in 2022, which had a double-digit re-labeling, and facing a completely atypical weather situation in 2023, clearly underscores the success of our strategy. Therefore, we reaffirm our commitment to continue expanding our margins through economies of scale in stores and logistics.



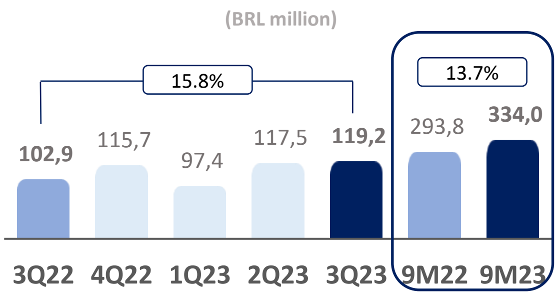


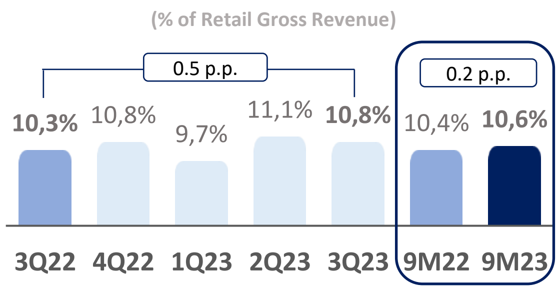
ADJUSTED EBITDA RECONCILIATION

EBITDA Reconciliation	3Q22	3Q23	Var. %
(BRL million)			
Net Income	**22.7**	**26.1**	**15.0%**
(+) Income Tax	2.8	1.2	55.6%
(+) Financial Income	5.0	6.3	26.5%
EBIT	**30.5**	**33.7**	**10.4%**
(+) Depreciation and amortization	14.3	17.0	19.0%
EBITDA	**44.8**	**50.7**	**13.2%**
Interests/Distributions	2.7	4.8	77.6%
Asset Write-offs	0.3	0.2	(43.8%)
Other Adjustments	0.6	0.9	36.6%
Adjusted EBITDA	**48.5**	**56.6**	**16.8%**
Adjusted EBITDA Margin	**4.5%**	**4.7%**	**0.2 pp**

Retail EBITDA

The EBITDA for the retail segment represents the result generated by the stores and is calculated using the formula described below[1]. In 3Q23, the Retail EBITDA was BRL 119.2 million, equivalent to 10.8% of Gross Retail Revenue, with a gain of 0.5 p.p. in annual comparison. Year-to-date, the margin expanded by 0.2 p.p. compared to the same period last year. These gains are the result of effective expense dilution, efficient mix management, and increased store productivity. It's important to note that this excellent result is achieved against a strong comparison base in 2022 and during a period when operations in the Southern Region were affected by heavy rains.





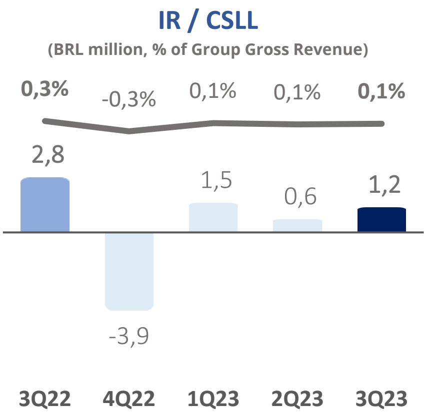
[1]Retail Gross Revenue (-) COGS/Taxes/Discounts/Returns = Retail Gross Margin (-) Expenses with Store Sales (+) Depreciation of Stores = Retail EBITDA.

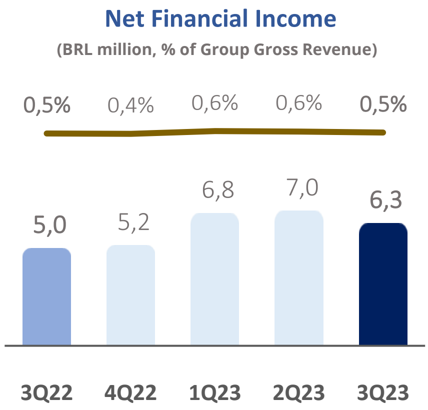
Depreciation, Net Financial Income, and IR/CLSS

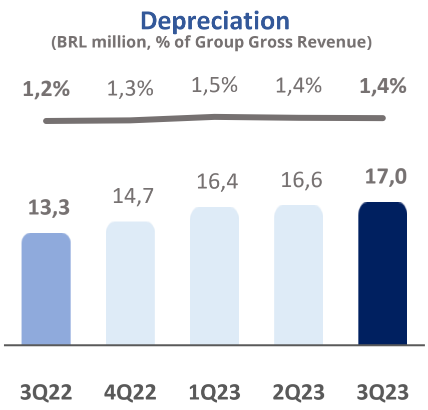
Depreciation showed a 0.2 p.p. growth in the quarterly comparison, maintaining its upward trend for the year due to investments in store expansion and logistics.

Net Financial Expenses remained stable, representing 0.5% of the Group's Gross Revenue. These expenses are directly related to the net cash position, in line with the Company's expectations for the period.

In the quarterly comparison, Income Tax (IR) and Social Contribution on Net Profits (CSLL) had a positive impact of 0.2 p.p. on the result, due to the decision to distribute R$ 11.9 million in the form of Interest on Equity in the period.

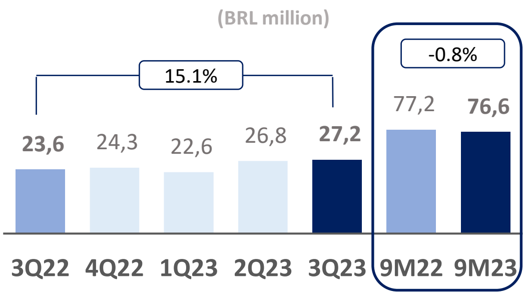


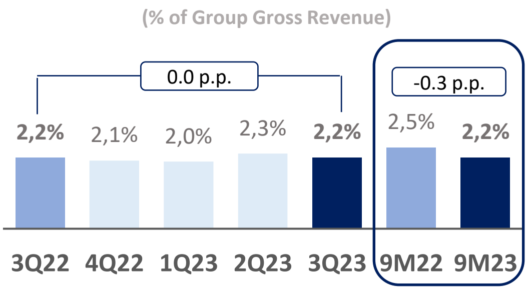




Net Income

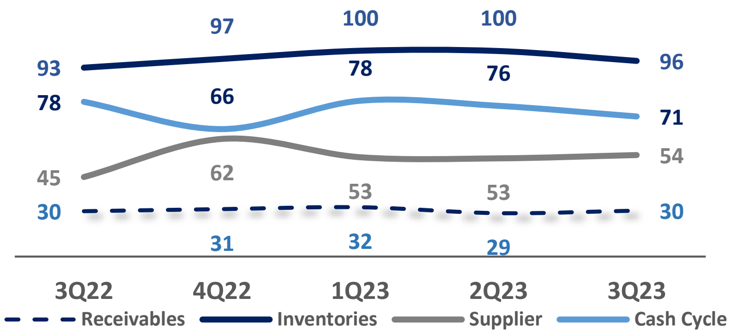
The Adjusted Net Income in 3Q23 was R$ 27.2 million, a growth of 15.1%, equivalent to a net margin of 2.2%, stable compared to the same period of the previous year. The positive profit result is directly related to the operational impacts mentioned earlier, as well as efficient cash management, which eliminated new pressures on financial expenses.





Net Income Reconciliation	3Q22	3Q23	Var. %
(BRL million)			
Net Income	**22.7**	**26.1**	**15.1%**
Asset Write-offs	0.3	0.2	-43.8%
Other Adjustments	0.6	0.9	45.7%
Adjusted Net Income	**23.6**	**27.2**	**15.1%**
Adjusted Net Margin	**2.2%**	**2.2%**	**0 p.p.**

Cash Cycle



In 3Q23, the Company continued the trend of improving its Cash Cycle, showing a reduction of 7 days compared to 3Q22. This improvement is a direct result of the success in the strategy to extend supplier payment terms and maintain a balanced and consistent inventory. We aim to further enhance our cash efficiency in the coming quarters.

Cash Flow

The Company generated a positive free cash flow of R$ 6.1 million in 3Q23.

Cash Flow	3Q22	3Q23
Net Income for The Period	22,661	26,110
Corporate Income Tax (IRPJ)/Social Contribution Tax on Net Profit (CSLL)	2,750	1,243
Financial Income	5,035	6,364
EBIT	**30,446**	**33,717**
Depreciations and Amortizations	14,331	17,865
EBITDA	**44,777**	**51,582**
Cash Cycle	38,304	(8,874)
Other variations in assets and liabilities	(239)	(12,834)
Operating cash Flow	**82,842**	**29,875**
Investments	(47,115)	(36,019)
Free Cash Flow	**35,727**	**(6,144)**
Interest on Equity	(8,004)	(7,237)
Treasury shares	(3)	(8)
Total Cash Flow	**27,720**	**(13,389)**

Indebtedness

Net Debt (in BRL million)	3Q22	4Q22	1Q23	2Q23	3Q23
Short-Term Debt	97.9	118.4	302.3	293.7	128.9
Long-Term Debt	172.9	116.4	116.4	60.0	310.0
Gross Debt	**270.7**	**234.8**	**418.8**	**353.7**	**438.9**
(-) Cash, Equivalents, and Financial Investments	164.3	157.4	257.6	193.2	265.0
Net Debt / Net Cash	**106.5**	**77.5**	**161.1**	**160.5**	**173.9**
Net Debt / EBITDA (LTM)	**0.5x**	**0.4x**	**0.8x**	**0.9x**	**0.8x**

The Company's gross debt level at the end of 3Q23 was R$ 438.9 million, and after deducting available cash (R$ 265 million), Net Debt closed the period at R$ 173.9 million. We consider the Company's capital structure to remain strong with low leverage, even in a scenario of accelerated investments and expansion. We believe that this low debt level represents a competitive advantage within the current macroeconomic context of the country and the retail segment.

Investments

After two years of significant levels of investment, we carried out investments in 3Q23 totaling R$ 36.0 million, representing a 24.6% reduction compared to 3Q22.

BRL thousands	3Q22	3Q23	Δ	9M22	9M23	Δ
Opening Stores	25,106,354	18,871,916	-24.8%	67,769,804	53,247,490	-15.2%
Renovation of Stores	2,822,040	4,447,075	57.6%	8,402,469	11,315,443	34.7%
IT	8,899,641	6,953,543	-21.9%	24,003,368	18,213,062	-24.1%
Logistics and Others	10,984,508	5,746,259	-47.7%	45,344,420	15,052,020	-66.8%
Total	**47,812,543**	**36,018,794**	**-24.6%**	**140,520,062**	**97,828,015**	**-30.4%**

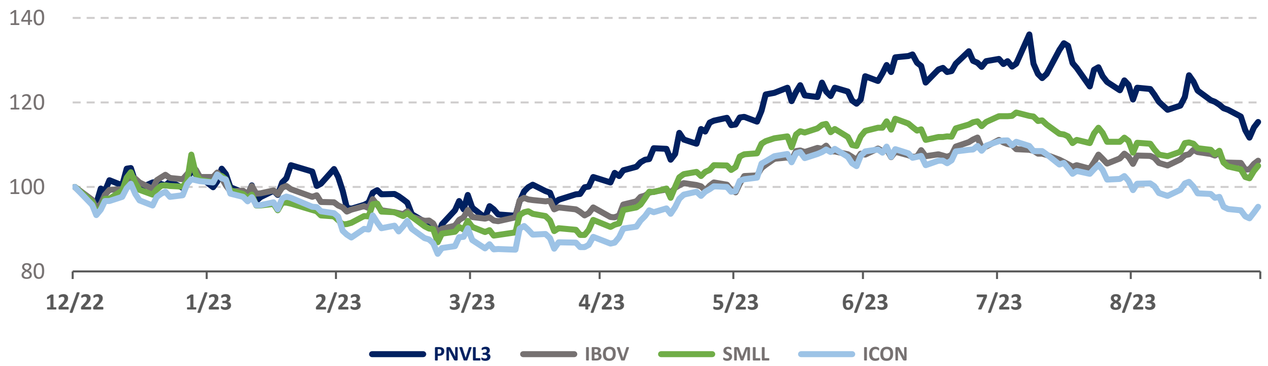
ESG

In the context of ESG practices, the company achieved significant milestones throughout the year 2023, reflecting our commitment to sustainability. On August 18, we launched the company's 1st Sustainability Report, providing a comprehensive view of our initiatives and achievements in this area. We also highlight the positive impact of our approach to renewable energy, with nine plants operating and providing clean energy to 71% of our street branches, as well as to our administrative facilities and distribution center in Eldorado do Sul. Furthermore, we plan to expand this commitment and serve 96% of our street branches by the end of 2023. To learn more about our sustainability platform, simply point your phone's camera at the QR code next to this text.

In addition to our focus on renewable energy, the company demonstrated its social responsibility by supporting the local community in difficult times. After the floods caused by an extratropical cyclone in the Taquari Valley, the company donated 12,114 items of medicines and hygiene products worth R$ 205,000 to the flood-affected regions, as well as R$ 103,000 and 4,746 items of medicines and hygiene provided by our suppliers. Customer solidarity also played a crucial role, as over R$ 1 million was raised through the "Troco Amigo SOS Vale do Taquari" campaign, in which customers could make donations of any amount through digital channels or at Panvel stores. These resources are being directed to the operation of the Hospital de Roca Sales and the Hospital Beneficente Nossa Senhora Aparecida in Muçum.

Capital Market

In 3Q23, the company's stock followed the movement of retail sector companies, as well as companies classified as small caps. Year-to-date (YTD), the company's stock showed an appreciation of 15.38%, outperforming the Ibovespa and Small Caps indices, which had appreciations of 6.22% and 5.0%, respectively, during the same period.



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).

	3Q23		
Income Statement	**IAS 17**	**Reclassification**	**IFRS 16**
(BRL million)			
Gross Revenue	**1,216,126**	**-**	**1,216,126**
Gross Profit	**342,805**	**-**	**342,805**
% GR	28.2%	0.0%	28.2%
Selling Expenses	(255,701)	**41,390**	(214,311)
Administrative Expenses	(30,508)	-	(30,509)
Total Expenses	**(286,210)**	**41,390**	**(244,820)**
% GR	23.5%	-3.4%	20.1%
Adjusted EBITDA	**56,595**	**41,390**	**97,985**
% GR	4.7%	3.4%	8.1%
Depreciation and amortization	(17,018)	(32,503)	(49,520)
Part. Adm/PLR	(4,795)	-	(4,795)
Other adjustments	-	-	-
Financial Income	(6,364)	(12,619)	(18,983)
Corporate Income Tax (IRPJ)/Social Contribution Tax on Net Profit (CSLL)	(1,243)	1,269	26
Net Income	**27,176**	**(2,463)**	**24,712**
% GR	2.2%	-0.2%	2.0%

	3Q23		
Balance Sheets	**IAS 17**	**Reclassification**	**IFRS 16**
(BRL million)			
Assets	**2,351,053**	**594,652**	**2,945,704**
Current Assets	**1,736,558**	**(1,402)**	**1,735,156**
Customers	409,032	(1,402)	407,630
Non-current Assets	**614,495**	**596,054**	**1,210,549**
Deferred Assets	26,264	21,171	47,435
Property, plant and equipment	487,144	574,882	1,062,027
Liabilities and equity	**2,351,053**	**594,652**	**2,945,704**
Current Liabilities	**851,102**	**160,954**	**1,012,056**
Leases	-	160,954	160,954
Non-current Liabilities	**319,794**	**474,796**	**794,590**
Leases	-	474,796	474,796
Equity	**1,180,156**	**(41,097)**	**1,139,059**
Retained Earnings	85,089	(41,097)	43,992

Balance Sheet

	Former Standard (IAS 17)		
ASSETS	**3Q22**	**3Q23**	**Var. %**
(in thousands)			
Current Assets	**1,432,342**	**1,736,558**	**21.2%**
Cash and cash equivalents	9,362	10,067	7.5%
Financial Investments	154,888	254,964	64.6%
Customers	361,863	409,032	13.0%
Inventory	796,732	931,111	16.9%
Recoverable income tax and social security contribution	25,433	22,219	-12.6%
Recoverable taxes	22,779	11,612	-49.0%
Other accounts receivables	61,285	97,554	59.2%
Non-Current Assets	**542,513**	**614,495**	**13.3%**
Deferred taxes	25,810	26,264	1.8%
Taxes recoverable	9,260	11,398	23.1%
Court deposits	3,865	2,453	-36.5%
Credits with related parties	1,530	1,330	-13.1%
Other assets	534	264	-50.5%
Prepaid Expenses	-	4,752	100.0%
Investments	4	4	-1.8%
Property, plant and equipment	429,279	487,144	13.5%
Intangible assets	72,234	80,888	12.0%
Total Assets	**1,974,855**	**2,351,054**	**19.0%**

LIABILITIES	**3Q22**	**3Q23**	**Var. %**
(in thousands)			
Current Liabilities	**661,071**	**851,102**	**28.7%**
Suppliers	373,646	512,595	37.2%
Borrowing and financing	97,870	128,915	31.7%
Salaries and social charges	80,496	86,021	6.9%
Taxes, fees, and contributions	39,637	35,311	-10.9%
Dividends and interest on equity	666	12,203	1,732.3%
Other accounts payable	65,606	73,195	11.6%
Other Provisions	3,105	2,864	-9.0%
Non-Current Liabilities	**189,157**	**319,794**	**69.1%**
Borrowing and financing	172,857	310,000	79.3%
Other Obligations	6,793	7,087	4.3%
Tax provisions for civil, labor, and social security	9,507	2,707	-71.5%
Equity	**1,124,626**	**1,180,156**	**4.9%**
Share capital	943,000	970,116	2.9%
Capital transactions with members	(14,448)	(14,448)	0.0%
Capital reserve	(29,429)	(24,492)	-16.8%
Income reserve	137,662	163,892	19.1%
Retained Income	87,841	85,088	-3.1%
Total Liabilities and Shareholders' equity	**1,974,854**	**2,351,054**	**19.0%**

Income Statement

Income Statemant	Former Standard (IAS 17) 3Q22	3Q23	Var. %
(in thousands)			
Gross revenue	**1,087,787**	**1,216,126**	**11.8%**
Taxes and returns	(70,743)	(85,977)	21.5%
Net revenue	**1,017,044**	**1,130,149**	**11.1%**
Cost of goods sold	(701,903)	(787,344)	12.2%
Gross profit	**315,141**	**342,805**	**8.8%**
Expenses	**(284,696)**	**(309,088)**	**8.6%**
With sales	(258,249)	(278,666)	7.9%
General and administrative	(28,695)	(34,003)	18.5%
Other operating revenue	2,248	3,580	59.3%
Financial income	**(5,035)**	**(6,364)**	**26.4%**
Financial expenses	(11,574)	(19,150)	65.5%
Financial revenues	6,539	12,786	95.5%
Profit before IR, social contribution, and interests	**25,410**	**27,353**	**7.6%**
Income tax and social security contribution	(2,750)	(1,243)	-54.8%
Net income for the fiscal year	**22,660**	**26,110**	**15.1%**