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Branch 733 – Porto Alegre/RS

## 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

reinvest@grupodimed.com.br

ri.grupodimed.com.br

# 1Q21

Eldorado do Sul, RS, May 17<sup>th</sup>, 2021 – **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 first quarter of 2021 (1Q21). The Company's financial statements are prepared in reais (R\$), as per the Brazilian corporate law and international financial reporting standards (IFRS). Comparisons of 1Q21 results are based on 1Q20. For comparability purposes with previous periods, the numbers in this report are shown according to IAS 17/CPC 06.

## 1Q21 HIGHLIGHTS

### Gross Retail Revenue

1Q21 **R\$ 735.8 M**

+12.0% over 1Q20  
+16.7% Ex-Malls  
+ 20.3% Street Stores

### Gross Retail Margin

1Q21 **30.4%**

+17.0% over 1Q20

### Adjusted Net Income

1Q21 **R\$ 19.6 M**

2.4% Net Margin  
+20.5% over 1Q20

### Digital Share

1Q21 **15.3%**

of sales  
68.0% Growth  
on 1Q20

### Adjusted EBITDA

1Q21 **R\$ 37.3 M**

4.6% Margin  
+10.0% over 1Q20

### NPS

**76** ▲

+ 2 points  
over 4Q20

## SUMMARY

| Description               | 1Q20    | 2T20    | 3Q20    | 4Q20    | 1Q21    |
|---------------------------|---------|---------|---------|---------|---------|
| Number of Stores          | 450     | 450     | 459     | 473     | 477     |
| Headcount                 | 6,895   | 6,271   | 6,447   | 7.493*  | 7.622*  |
| In thousands of reais     |         |         |         |         |         |
| Gross Revenue Cons. **    | 729,956 | 662,482 | 741,538 | 853,152 | 811,830 |
| Cons. Gross Margin        | 199,774 | 181,971 | 205,963 | 235,987 | 233,074 |
| % of Gross Revenues       | 27.4%   | 27.5%   | 27.8%   | 27.7%   | 28.7%   |
| Gross Retail Revenue      | 656,728 | 594,818 | 666,942 | 773,567 | 735,760 |
| Gross Retail Margin       | 191,090 | 171,033 | 196,188 | 224,214 | 223,495 |
| % Gross Retail Revenue    | 29.1%   | 28.8%   | 29.4%   | 29.0%   | 30.4%   |
| Cons. Adjusted EBITDA     | 33,908  | 19,269  | 32,309  | 42,790  | 37,478  |
| % of Gross Revenues       | 4.6%    | 2.9%    | 4.4%    | 5.0%    | 4.6%    |
| Cons. Adjusted Net Income | 16,357  | 7,065   | 19,843  | 26,571  | 19,714  |
| % of Gross Revenues       | 2.2%    | 1.1%    | 2.7%    | 3.1%    | 2.4%    |

\* Number of employees includes temporary employees. Other periods do not include temporary employees.

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

## INTRODUCTION

The first quarter of 2021 confirmed the trend seen in the last quarter of 2020, with a sharp growth in retail sales. The quarter also had more restrictions due to the Covid-19 pandemic, especially in February and March. However, drug stores were more ready to meet the customers needs despite the new restrictions, with a broad offering of health products and services. As such, the customer flow in the stores remained high. Besides the resilient flow in our stores, we had a high penetration in our digital channels and an exponential growth in Panvel Clinic's sales. All these elements combined allowed Panvel's sales to grow 12.0% in the quarter. Considering only street stores, the growth was even higher, reaching 20.3%, a sign of the successful strategy adopted by the Company.

This growth in sales was followed by growth in results as well. Our Adjusted EBITDA reached R\$ 37.5 million in the quarter, corresponding to

**Net Income grew 29,9%**

4.6% of the Gross Revenue, up by 10.5% YoY. The result was not even better due to the ongoing high investments in new stores, logistics and technology, fundamental to ensure the Company's future growth. Adjusted Net Income reached R\$ 19.7 million, corresponding to 2.4% of the Gross Revenue, up by 20.1% over 1Q20. Non-adjusted Net Income was R\$ 21.3 million, 29.9% higher than in the previous year.



[Click here](#) to go to  
the video

Besides the good operational performance, Panvel is also proud to help with the vaccination campaign against Covid-19 in partnership with the local government. We were Brazil's first drugstore retail chain to partner for vaccination (with the City Hall of Porto Alegre/RS). [Read the QR Code and watch the video about the partnership \(in Portuguese only\).](#) This initiative reinforces our mission of "Providing Health and Well-Being" to people.

The Company also reaffirmed its commitment to migrate to the Novo Mercado, B3's highest Corporate Governance level. Through an innovative proposal, Extraordinary Shareholders' Meetings were called for May 24<sup>th</sup>, 2021, to resolve a voluntary conversion at the rate of 0.8 common shares for each preferred share – directed to controlling shareholders, to meet the provisions of the



Shareholders' Agreement - and conversion of the shares that are not converted voluntarily, directed to all minority shareholders, at the ratio of one common share to each preferred share held by the shareholders.

Finally, we finished an important work, reviewing our Strategic Planning with the support of a first-class external consultancy, which reinforced our strengths and helped us build new growth paths for the coming years.

We take this opportunity to thank all our employees, suppliers, and partners for this quarter's results. The Company's Management remains confident in the strategy and performance of its operations throughout 2021.

## STRATEGIC PILLARS

Throughout 1Q21, we evolved all the Company's strategic pillars:

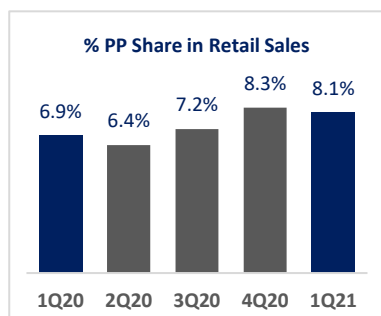
**Digital** remains one of our main operational highlights. Panvel's digital sales represented **15.3%** of retail sales in 1Q21, a benchmark in the Brazilian pharmaceutical market, up by 67.6% YoY. This fast evolution with quality in deliveries and high levels of satisfaction was only possible thanks to the maturity of our digital platforms, as well as the strong know-how of our operating teams. Besides being recognized by consumers as one of the best in the country, our digital platform allows us to increase our product offering and capture new customers in our markets.

**Digital sales grew  
67.6% in 1Q21,  
reaching 15.3% of  
retail sales**

**Over 200,000 quick  
tests for Covid-19 in  
the quarter**

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, tests sold and other procedures), we have already made available tests, vaccine scheduling, in-store procedures and much more in our digital platforms. We managed to expand our service capacity during the quarter, mainly in Covid-19 tests (237 branches offering this, vs 92 in 4Q20), making it possible to quickly increase the number of tests, totaling over 120,000 in March this year and over 200,000 tests in 1Q21.

Through investments made in **CRM & Analytics**, in 1Q21, we matured our own PBM development project focused on our chronic customers, with exclusive and personalized prices, and tools such as continuous care reminders and other amenities, including offering products for continuous use at the checkout, when its time to buy them again. Besides, we continue to grow our customer base in our Bem Panvel relationship program, reaching over 10.0 million Individual Taxpayer's ID (CPFs), with a unified customer base, thus identifying ten different consumer profiles (personas) and offering personalized conditions for these customers.



Sales of **Panvel Products (PP)** were a highlight throughout the quarter, reaching 8.1% of the retail sales in the quarter, much higher than in 1Q20, presenting a growth of 30.9%. As for Hygiene and Beauty sales, PP's share reached 19.8% in 1Q21. We continue as a benchmark for the Brazilian pharmaceutical market in private label products and, throughout 2021, many new products will be launched to increase the sales of these products.

In **Logistics**, Panvel has the fastest delivery of medicines, hygiene, and beauty products in Brazil. In 1Q21, the service level (on-time deliveries) reached 97%, with over 50% of deliveries made within 2 hours (fast delivery) and 30% made within 1 hour, providing a high level of convenience and comfort to customers, as can be seen in our digital channels' NPS, currently at 83 and 77, for the website and app, respectively.



New DC in São José dos Pinhais/PR

We are already operating our new Distribution Center in the city of São José dos Pinhais, in Paraná, generating over 120 direct jobs and ensuring important gains in productivity (cost reduction) and service level (deliveries) for our stores in the states of Santa Catarina, Paraná, and São Paulo.

In line with the strategy set, at the end of April 2021, the Company made an important change in its logistics network, reducing the operation of the Distribution Center in the city of Passo Fundo/RS, with branches now served by the distribution centers located in Eldorado do Sul/RS and São José dos Pinhais/PR. Passo Fundo's DC continues as a general store, and most employees were transferred or relocated to other companies in the region with the Company's support in this relocation process.

## INVESTMENTS

Focusing on Expansion, Information Technology, and Logistics, 1Q21 had a high level of investments made by the Company, totaling R\$ 27.8 million (up by 98.1% YoY).

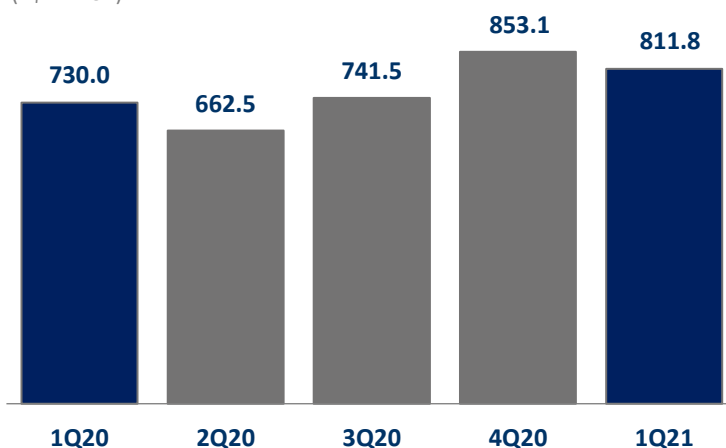
Investments in technology follow in line with the Company's digital strategy and its benchmark position in e-commerce, totaling R\$ 5.1 million in the quarter. In expansion, R\$ 10.4 million were invested to open new stores. Investments in Logistics totaled R\$ 4.0 million in the quarter.

## GROSS REVENUE

Consolidated gross revenue reached R\$ 811.8 million in 1Q21, up by 11.2% over 1Q20. *Consolidated Gross Revenue* includes retail, wholesale and other business units of the Company.

### Consolidated Gross Revenue

(R\$ million)

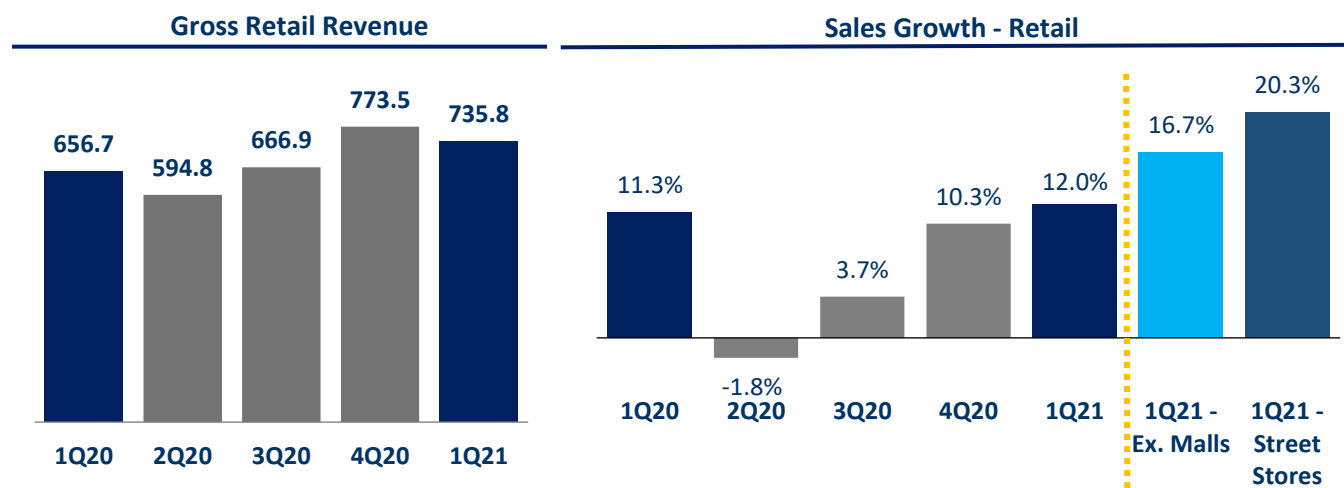


## RETAIL

Gross retail revenue in 1Q21 reached R\$ 735.8 million, up by 12.0% over 1Q20. When detailing our sales performance, we see an even clearer and consistent improvement in our indicators. **Ex-malls<sup>1</sup>** sales reached 16.7% in the quarter. If we consider only our street stores (383 stores), we had a 20.3% growth in 1Q21. These are growth rates above the market average, reflecting the success of our strategy.

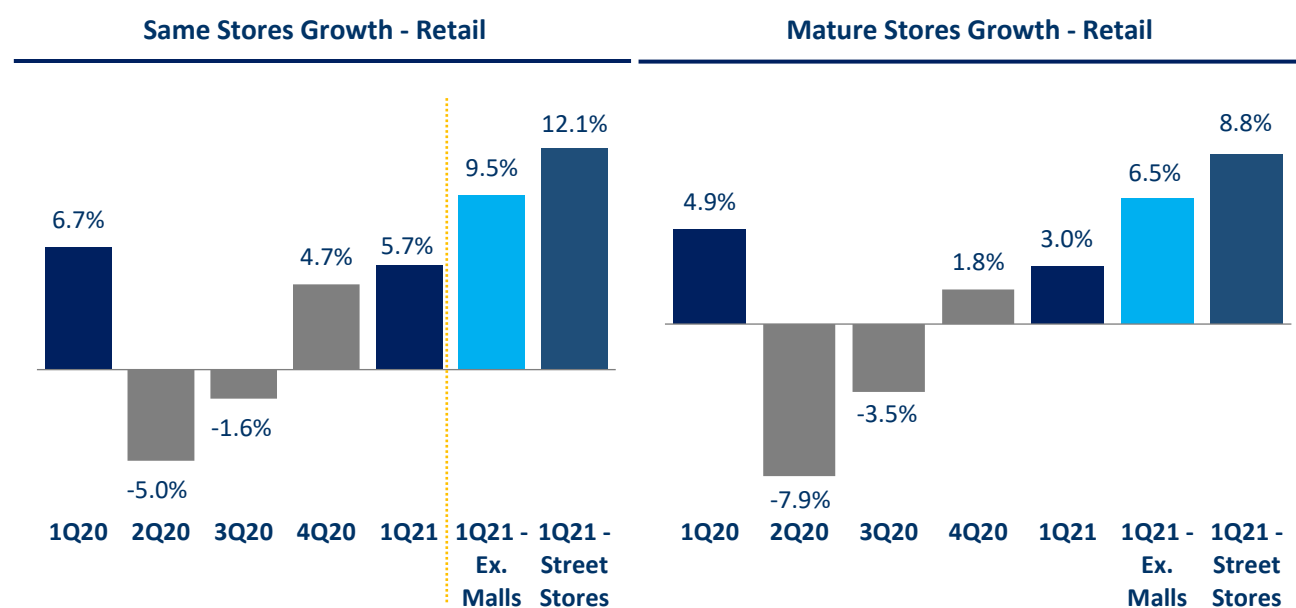
**Sales grow  
29,2% in April**

It should be noted that the comparison is made on 1Q20's strong sales base, reinforcing the consistency of the numbers.



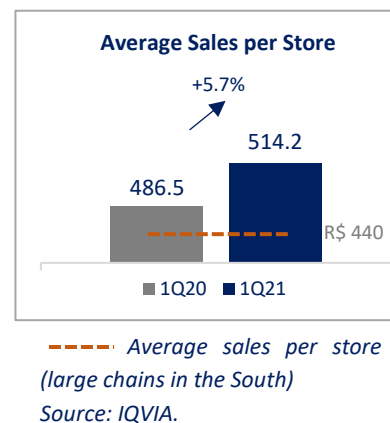
Same-Store Sales (SSS) grew by 5.7% in 1Q21 vs. 1Q20. When considering only street stores, same-store sales grew 12.1% in 1Q21 vs. 1Q20, a very robust growth over a strong sales quarter.

Mature Same Store Sales (MSSS) followed the same path, with a 3.0% growth in 1Q21 vs. 1Q20. Considering only street stores, the sale of mature stores grew by 8.8% in 1Q21, significantly higher than the inflation in the period.



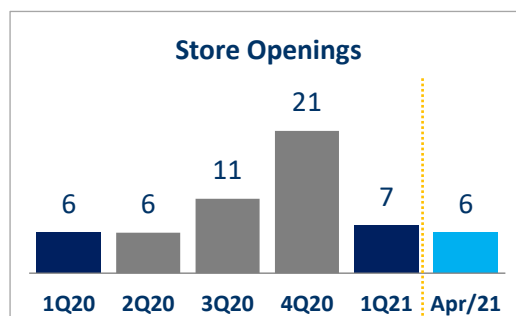
<sup>1</sup> Excluding shopping mall stores

Another point worth noting is the higher average sales per store in the quarter, rising from R\$ 486.5 thousand/month to R\$ 514.2 thousand/month. The improvement of this indicator is one of the Company's main goals, as it brings important productivity gains in store. Besides the operational efficiency in stores, the high penetration of digital channels and the strong growth of services in stores contributed to this indicator, with a higher average sales per store when compared to large chains in the South Region, according to IQVIA, which were less than R\$ 440.0 thousand in the Southern states (average of R\$ 338.6 thousand in RS, R\$ 428.5 thousand in SC, and R\$ 438,0 thousand in PR). We also highlight that the performance presented by new stores has been extremely positive, reaching around 80% of the chain's average sale in less than 12 months.

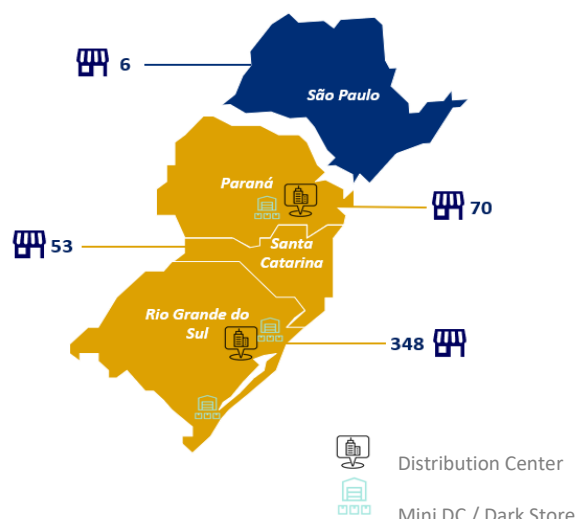
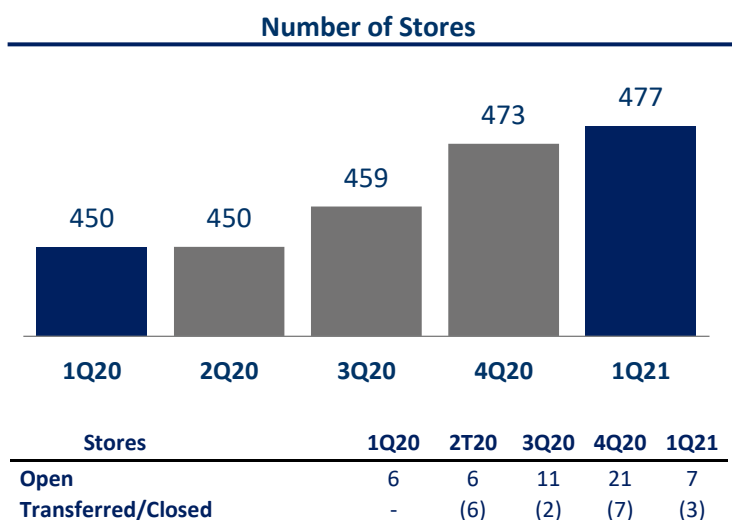


## STORE PORTFOLIO

The Company opened seven stores in 1Q21, totaling 477 stores at the end of the period. The store opening pace was impacted by the pandemic's new restrictions, affecting the time needed by public authorities to provide permits and releases. However, 6 stores were opened in April alone, showing the resumption of fast store opening pace, with 20 stores forecast to open in 2Q21 alone.



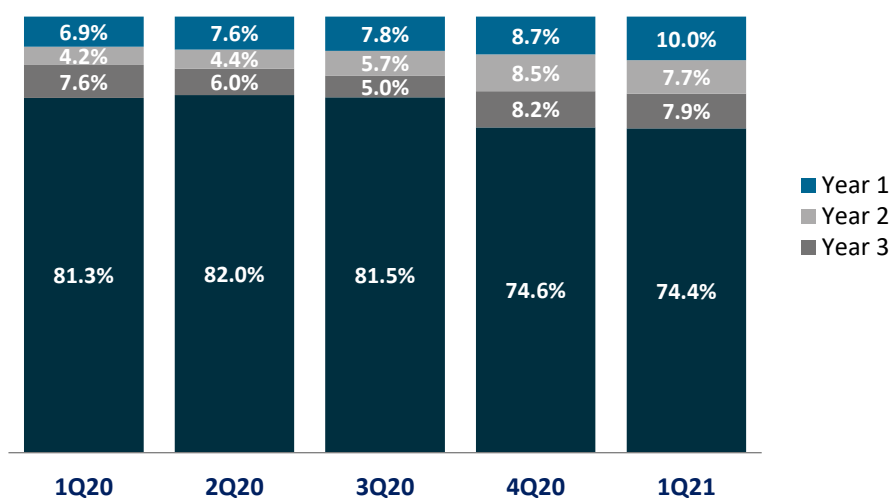
For 2021, the Company's goal remains to open 65 new stores, in line with our long-term expansion plan and regional densification strategy in the country's southern region, mainly outside the state's Capitals.



Besides the openings in the period, the Company transferred one branch (mature) to a place with greater sales potential. Other two (mature) branches were closed, with profile and sales potential that did not meet the Company's new operational standards and its purpose of increasing the average sale per store.

At the end of the period, the Company totaled 74.4% mature stores and 25.6% stores under maturation, reflecting its expansion acceleration in the last 12 months.

## Distribution of the Store Portfolio by Maturity

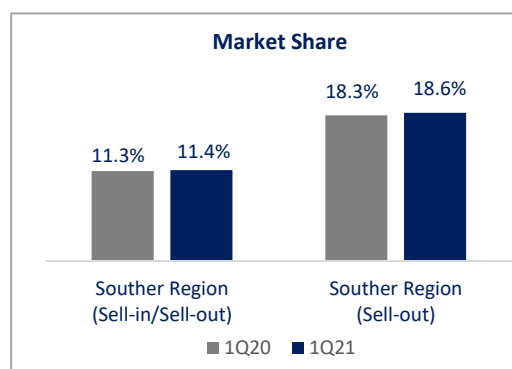


## MARKET SHARE

In 1Q21, Panvel's share in the South Region reached 11.4%, up by 0.1 p.p. YoY, with consistent growth in all its operating States. This higher market share is even more significant when considering that, by the IQVIA methodology, the share of independent pharmacies was greatly benefited by the sales volume by distributors (also called sell-in). Explaining: based on this year's price readjustment, market players significantly increased their purchases and stocks of medicines, creating a mismatch between sell-in and retail sales (sell-out).

In this sense, considering only the South Region's network market (sell-out), the higher share was even more relevant, reaching an 18.6% market share (+ 0.3 p.p. over 1Q20).

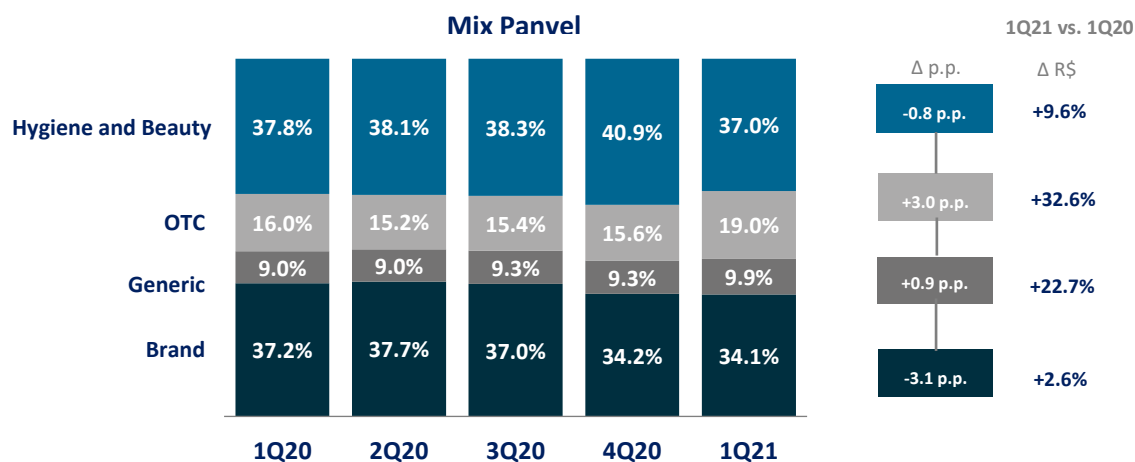
Furthermore, we highlight that the behavior presented by the new stores has been extremely positive, and that in less than 12 months, they reached 80% of the chain's average sale.



\* Sell-in = distributor sales

\*\* Sell-in / sell-out = distributor sales plus retail sales

## RETAIL SALES MIX

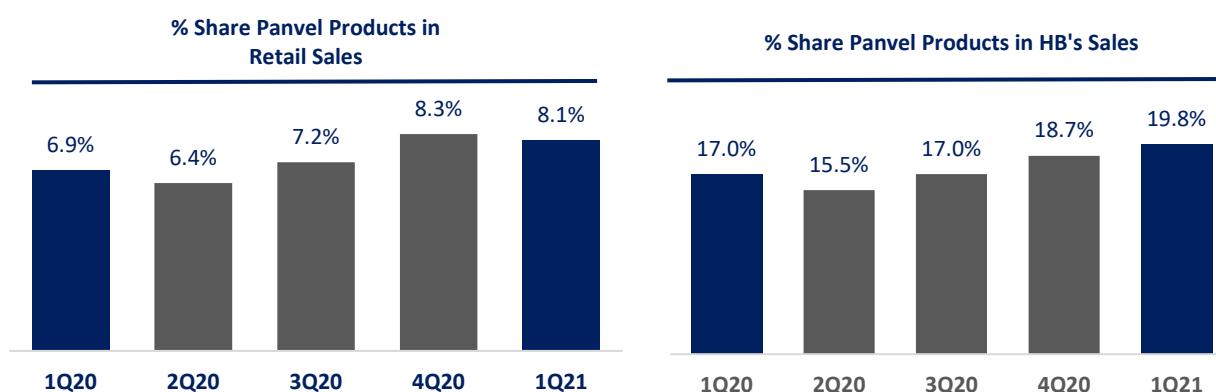


The **OTC** category grew by 32.6% in 1Q21, driven by the excellent results from the sale of Covid-19 quick tests. Adding to this category, during the quarter, we continue with a high demand for vitamins. These results were more than enough to offset the drop in the Flu & Colds category.

In **Generics**, we were successful in our strategy in 1Q21 to improve the service level of these items and explore a more balanced commercial policy according to the operating place, growing 22.7% YoY. The strong demand for medicines related to Covid-19 also contributed to this growth.

**Hygiene and Beauty (HB)** category, despite the 9.6% growth in 12 months, had a 0.8 p.p. pressure over 1Q20 in sales share, mainly due to the early purchase of products such as hand sanitizers in March 2020 due to the Covid-19 pandemic, but also due to the drop in categories such as body products (especially sunscreens) and makeup due to measures to restrict people's circulation. However, the category remains with a high share, with **Panvel Products** standing out, continuing to be key for our brand strategy, customer loyalty, and gross margin.

The sale of **Panvel Products** grew 30.9% over 1Q20, representing 8.1% of total Retail sales and 19.8% of total sales of Hygiene and Beauty products in 1Q21 (up by 2.9 p.p. over 1Q20). This high share keeps Panvel a benchmark in the pharmaceutical market in the Private Label strategy through a historically profitable operation that has shown constant growth (17% CAGR<sup>2</sup> in the last ten years). It should be noted that a significant portion of Panvel Brand's products are manufactured by Laboratório Lifar, ensuring quality, an excellent cost-benefit, and even higher margins due to the entire chain's profitability.



## E-COMMERCE AND DIGITAL INITIATIVES

Panvel is a reference in digital innovation. For a long time, we have invested in technology and delivery quality to the final customer. Since the 1980s, we have made deliveries from our stores, in sales made by phone. 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.

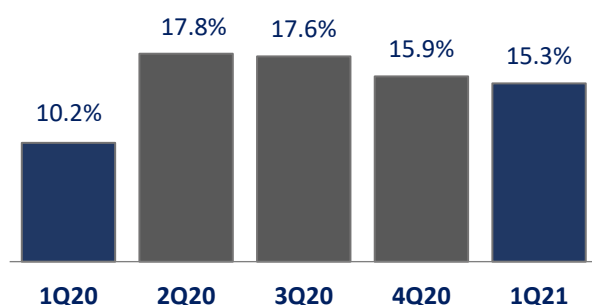
Within our business model, it is worth noting that we have a very mature and unique last-mile delivery structure in Brazil. Investments in this physical and digital structure translate into strong indicators, such as:

- **Delivery in up to 2h coverage:** All cities where we operate;
  - **Deliveries within 1 hour:** 30% (1Q21)
- **1Q21 Delivery Structure:** 134 hybrid stores + 8 Mini DCs (dark stores).
- **1Q21 Digital's Share in Retail Sales:** 15.3% (+67.6% over 1Q20).
- **Number of Deliveries in 1Q21:** 607 thousand (up by 76.9% over 1Q20);
  - **Monthly Deliveries:** 202.3 thousand on average;
- **Integrated Inventories and Digital Features** (such as Click & Collect): 100% of the stores;

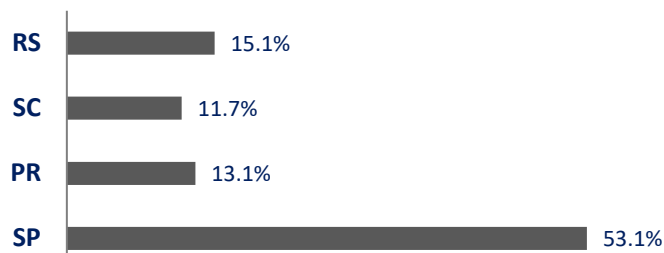
<sup>2</sup> CAGR = Compound Annual Growth Rate.

- **Service Level:** 97% of deliveries on time (1Q21).

**Digital - % Share in Retail**



**% of Total Sales by State- 1Q21**

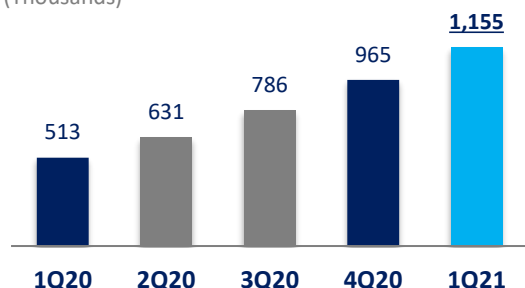


When analyzing the share of **Digital** in the states where we operate, we can see the maintenance of these high percentages of share throughout the country's South Region (RS/SC/PR). In São Paulo, it should be noted that the share is well above the network's average, a number that shows the Company's strategy for the region.

Throughout 1Q21, we matured strategic projects to further strengthen our position as a benchmark in digital operations after concluding the project to fully integrate PBMs into our digital channels.

**Download App (Accumulated)**

(Thousands)

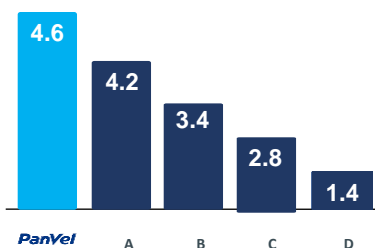


In 1Q21, the project of our **Products Marketplace** started gaining traction. Through this project, Panvel will bring products and services that match the purpose of the brand to offer health and well-being. The product offering, which will include healthy food, vegan food, hygiene products, children's products, perfumery, orthopedic products, wearables<sup>3</sup>, among others, will be expanded exponentially, with new brands and wide options for the consumers.

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 or Website) 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, reason why Panvel is recognized by its consumers as having the best experience in the retail pharmacy, according to the indicators below:

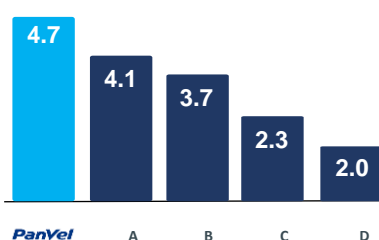
**Play Store - Google**



Scores assigned to apps from large networks

**App Store - Apple**

Mar/2021



**eBit**



**TOP FIVE**



**CERTIFICADO RA1000 RedameAQUI**

**NPS**



<sup>3</sup> Technological devices that can be used by people in their daily lives, such as glasses or watches.

Panvel's NPS, which had already shown a very positive indicator, rose 2 points in the quarter, from 74 in 4Q20 to 76 in 1Q21.

## PANVEL CLINIC AND HEALTH ECOSYSTEM

Panvel's health ecosystem has been consolidating itself as a true health agent, constantly evolving and including new products and services. More and more customers identify Panvel stores as a place to solve and treat many health-related issues.

### PANVEL CLINIC NUMBERS

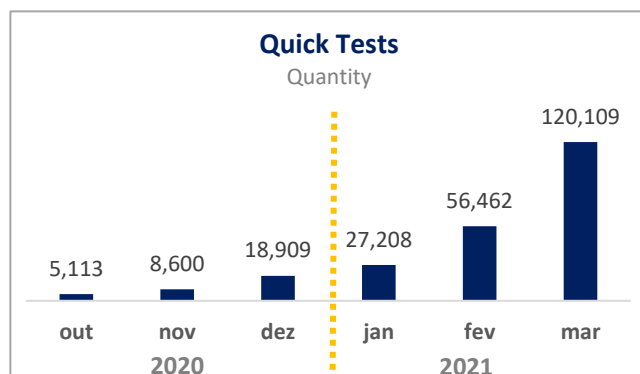
- **Panvel Clinic:** 125 stores offering these services (as of Apr/21, up by 54.3% over Mar/20);
- **Vaccination Rooms:** 56 rooms (as of Apr/21, up by 154.5% over Mar/20);
- **YTD Vaccines:** +78k (YTD Apr/21, up by 66.7% over YTD Apr/20);
  - **YTD Flu Vaccines:** +66k flu vaccines YTD Apr/21 (+95.3% vs YTD Apr/20);
- **Branches with Quick Covid-19 Tests:** 237 branches (Apr/21);
- **Other Services:** 31k other services (YTD Apr/21);
- **Coverage:** all states where we operate.

Through this structure, we have become one of the largest vaccination service companies in Brazil's southern region. Until April, we administered over 78,000 vaccines, with 66,000 influenza vaccines.

Using this expertise, we were the first retail drugstore chain to sign an agreement with the government (City Hall of Porto Alegre) to assist the Covid-19 vaccination campaign at no cost. To date, we have administered over 25,000 Covid-19 vaccines, thus helping to accelerate vaccination in the State of Rio Grande do Sul.



Drive-thru Covid-19 vaccination - partnership of Panvel and Porto Alegre/RS City Hall



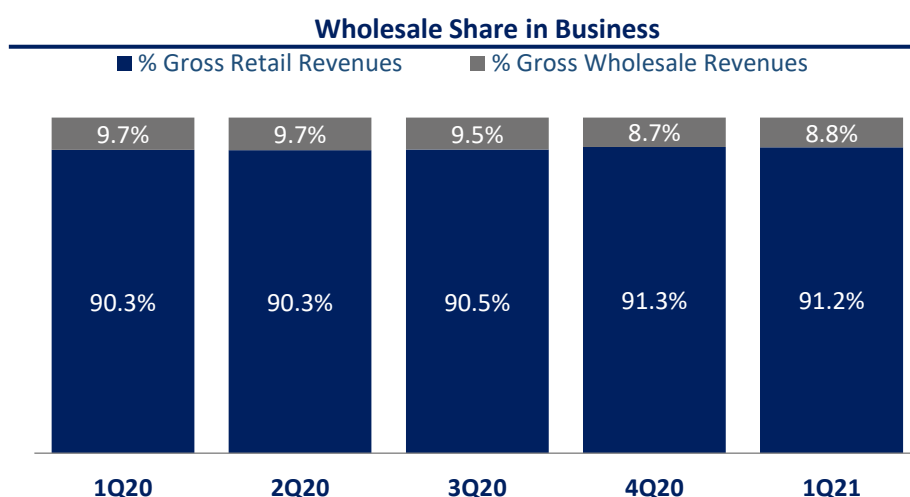
1Q21's highlight was the quick tests in our service rooms, which are now offered by the Company, in October 2020, after proving their greater effectiveness, reaching a high growth rate. Between the beginning of the offer (Oct/2020) and March, the YTD numbers add up to over 230,000 tests sold, with 120,000 in March alone, up by 112,7% YoY. The numbers growth and advance show the maturation of the concept and understanding of the drugstore 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, telemedicine, tests (including Covid-19 quick tests), scheduling vaccines in person, and genetic tests.

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 this line, we were pioneers in Brazil in a partnership model with laboratories to offer Covid-19 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

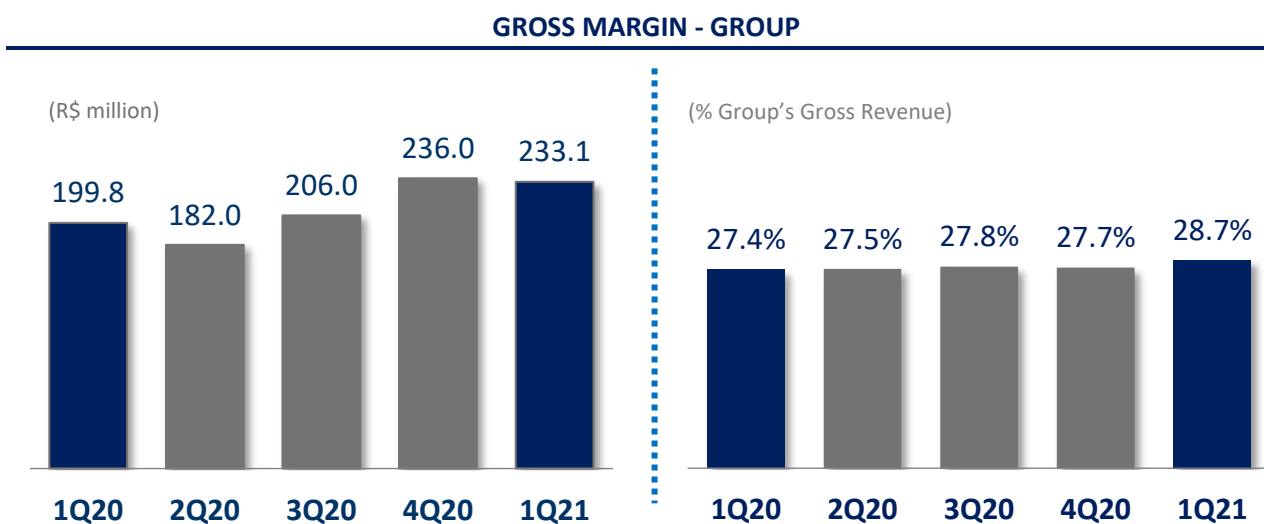
In 1Q21, Wholesale accounted for 8.8% of the Company's total sales. It should be noted that in 1Q21, 85.7% of Wholesale sales orders went through Digital Channels, reinforcing the positioning of this business within the Company's digital strategy.



## GROSS MARGIN

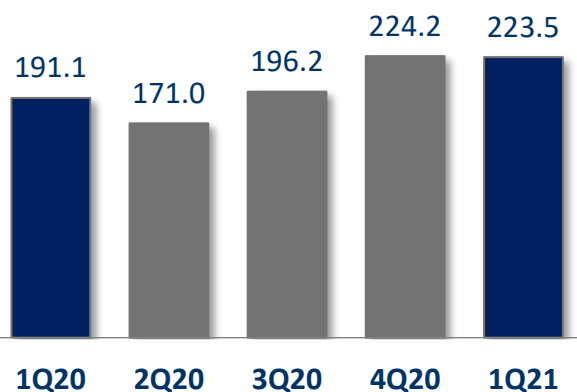
The Company's Consolidated Gross Margin (including retail, wholesale, and other business units) reached R\$ 233.1 million in 1Q21, representing 28.7% of the gross revenue, up by 1.3 p.p. over 1Q20.

1Q21's Retail Gross Margin reached R\$ 223.5 million, corresponding to 30.4% of the segment's Gross Revenue, up by 1.3 p.p. over 1Q20, reflecting the changes in the sales mix. The OTC category was highlighted through the sale of Covid-19 tests, and the higher share of Generics, up by 3 p.p. over 1Q20, was also very important in the higher gross margin. Finally, it is also worth noting as positive factor the growth in the share of Panvel Products in 1Q21 sales.

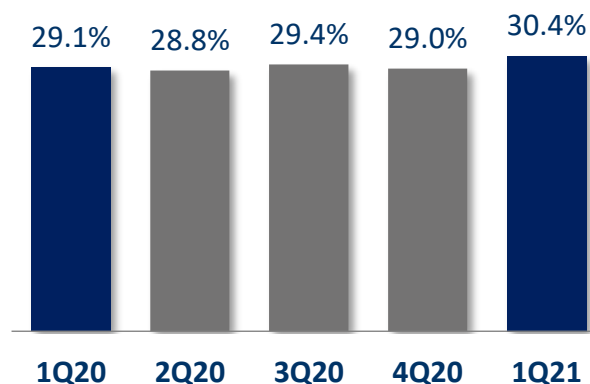


## GROSS RETAIL MARGIN

(R\$ million)

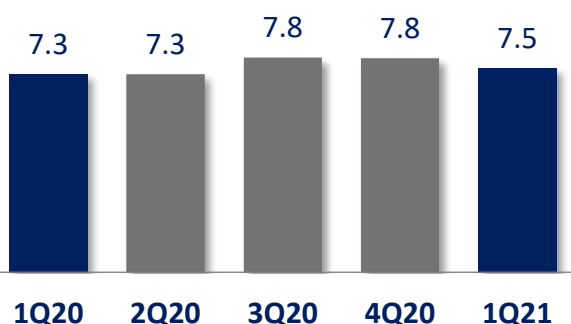


(% Gross Retail Revenue)

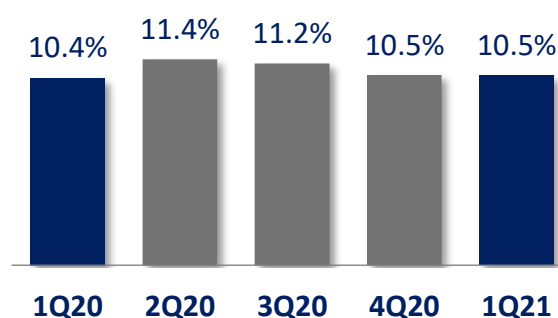


## GROSS WHOLESALE MARGIN

(R\$ million)



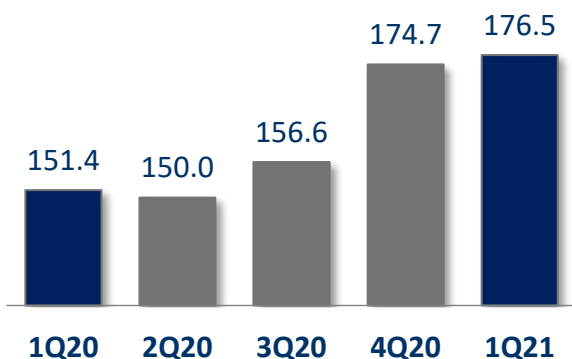
(% of Gross Wholesale Revenue)



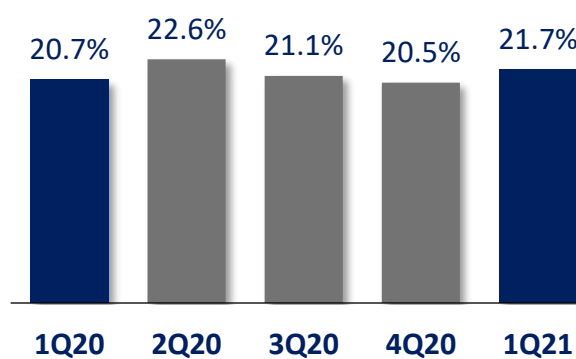
## SELLING EXPENSES

Total Selling Expenses in 1Q21 reached R\$ 176.5 million, representing 21.7% of the Gross Revenue. This growth is directly linked to investments in logistics (0.5 p.p), such as opening the new Distribution Center in São José dos Pinhais/PR at the end of January 2021 but still in ramp-up process, growth in e-commerce (0.3 p.p), fundamental for long term growth, and also the strong growth in the number of stores in the last 12 months.

(R\$ Million)



(% Gross Revenue)

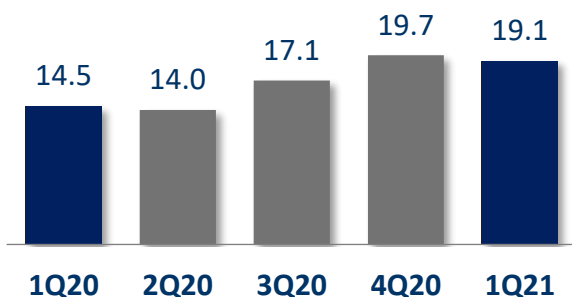


## GENERAL AND ADMINISTRATIVE EXPENSES

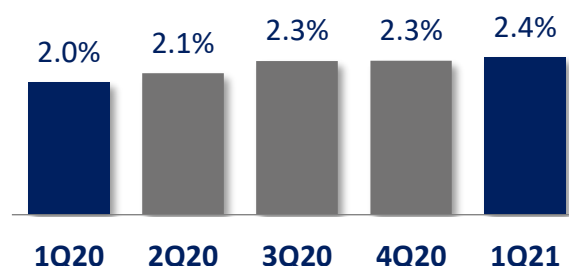
General and Administrative Expenses totaled R\$ 19.1 million in 1Q21, representing 2.4% of the Gross Revenue, up by 0.4 p.p. YoY, but in line with the last quarters.

The 0.4 p.p. growth in 1Q21 is due to higher investments in strategic areas, considering the growth outlook for the Company and its operations.

(R\$ millions)



(% Gross Revenue)



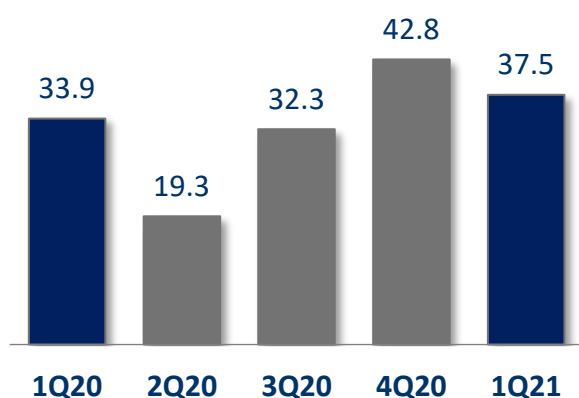
## EBITDA

In 1Q21 adjusted EBITDA reached R\$ 37.5 million, corresponding to 4.6% of the Gross Revenue, in line with 1Q20, compared to a strong base with little impact from Covid-19 in terms of customers' flow in stores, but positively impacted by purchases in the second half of the month of Mar/20.

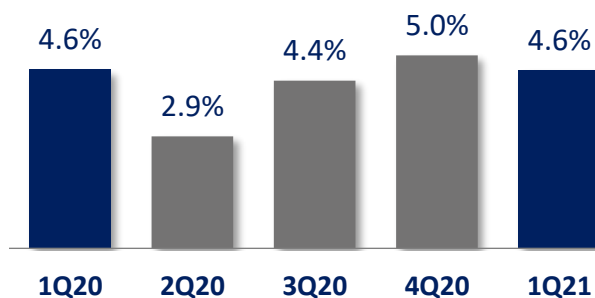
It should be noted that the margin in the short term was affected by recent investments in stores openings, as well as the new DC in São José dos Pinhais/PR, which was still in the ramp-up process during the 1Q21.

### ADJUSTED EBITDA

(R\$ milion)



(% Gross Revenue)



The final and unappealable decision to exclude ICMS from PIS/COFINS base was recognized in the quarter, generating a non-recurring gain. The exclusion of credits and their counterparts are shown in the Adjusted EBITDA reconciliation table, which is shown below:

| EBITDA Reconciliation  | 1Q20        | 1Q21        |
|--|-------------|-------------|
| (R\$ million)  |             |             |
| <b>Net Income</b>  | <b>16.4</b> | <b>21.3</b> |
| (+) Income Tax   | 5.2         | 6.6         |
| (+) Financial Result   | 3.8         | (6.5)       |
| <b>EBIT</b>  | <b>25.4</b> | <b>21.4</b> |
| (+) Depreciation and Amortization                              | 8.5         | 10.2        |
| <b>EBITDA</b>  | <b>33.9</b> | <b>31.6</b> |
| (+) Tax Credit - ICMS Exclusion on COFINS and PIS basis        | 0.0         | (10.8)      |
| (+) Fees – Tax Credit - ICMS Exclusion on COFINS and PIS basis | 0.0         | 2.3         |
| (+) Consultancy / Strategic Planning                           | 0.0         | 2.5         |
| (+) Covid-19 Additional Expenses                               | 0.0         | 0.7         |
| (+) Assets Write-off   | 0.0         | 0.3         |
| (+) Provisions for Non-Recurring Contingencies                 | 0.0         | 10.8        |
| <b>Adjusted EBITDA</b>   | <b>33.9</b> | <b>37.5</b> |
| <b>Adjusted EBITDA Margin</b>                                  | <b>4.6%</b> | <b>4.6%</b> |

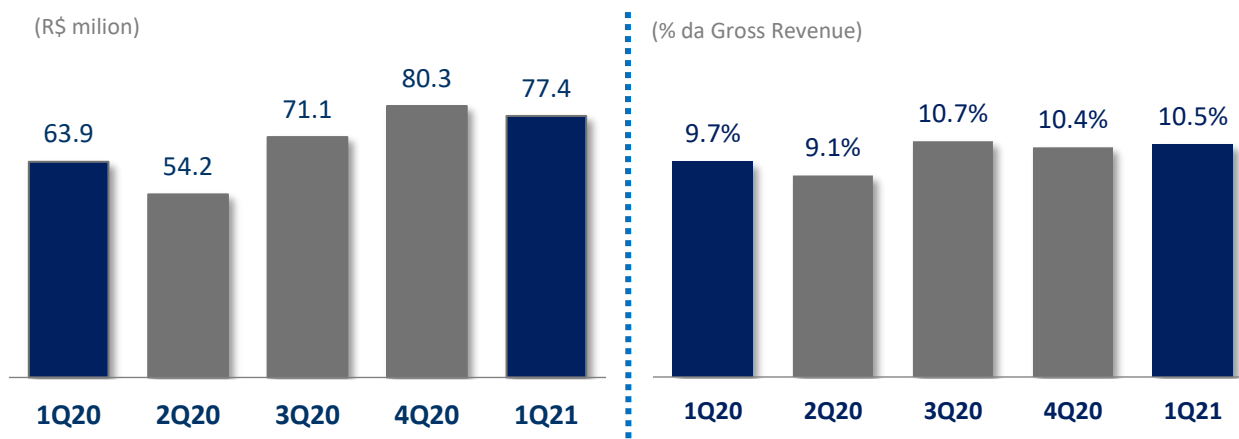
## RETAIL EBITDA

Retail EBITDA represents the results generated by stores, without considering expenses from other areas (corporate expenses), and is calculated through the formula below:

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

1Q21's Retail EBITDA reached R\$ 77.4 million, representing 10.5% of the Gross Revenue. Compared to 1Q20, it grew by 21.1% or 0.8 p.p., mainly driven by the higher Gross Margin.

### RETAIL EBITDA



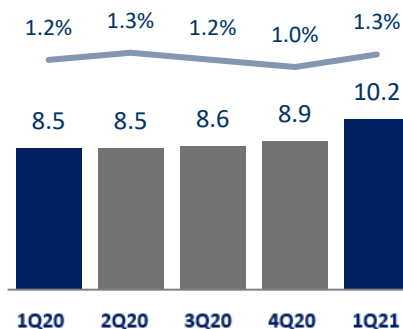
The quality of this indicator proves the strength of our core business, which was able to quickly adapt to the pandemic and return to historical levels of high performance.

## DEPRECIATION, NET FINANCIAL EXPENSES AND INCOME TAX/SOCIAL CONTRIBUTION

It should be noted that the 1.3 p.p. drop in financial expenses in 1Q21 vs. 1Q20, mainly due to the positive impact of R\$ 7.4 million related to the inflation correction over the amount of a tax credit, as well as the result of primary share offering (Re-IPO) in July 2020.

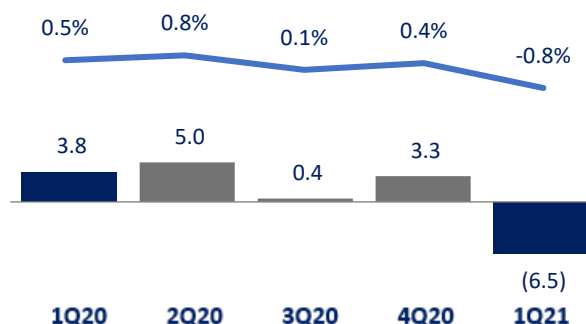
### Depreciation

(R\$ million, % Gross Revenue)



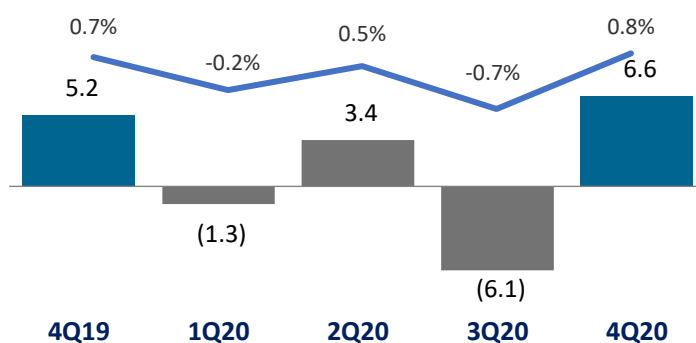
### Net Financial Expenses

(R\$ million, % of Gross Revenue)



### Income Tax and Social Contribution

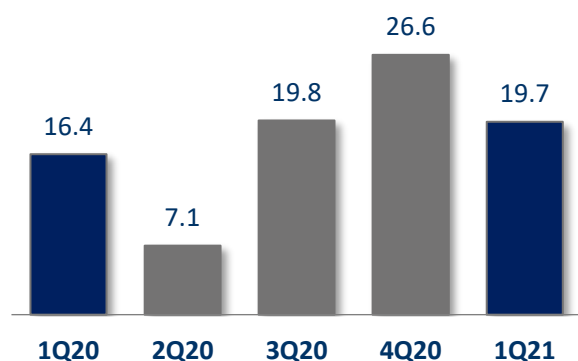
(R\$ million, % of Gross Revenue)



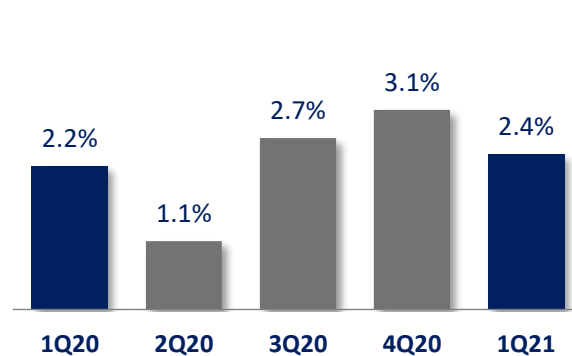
## NET INCOME

Adjusted net income in 1Q21 reached R\$ 19.7 million, representing a 2.4% net margin, up by 0.2 p.p. or 20.1% over 1Q20. The non-adjusted Net Income was R\$ 21.3 million, 29.9% higher than in the previous year.

(R\$ million)



(% Gross Revenue)



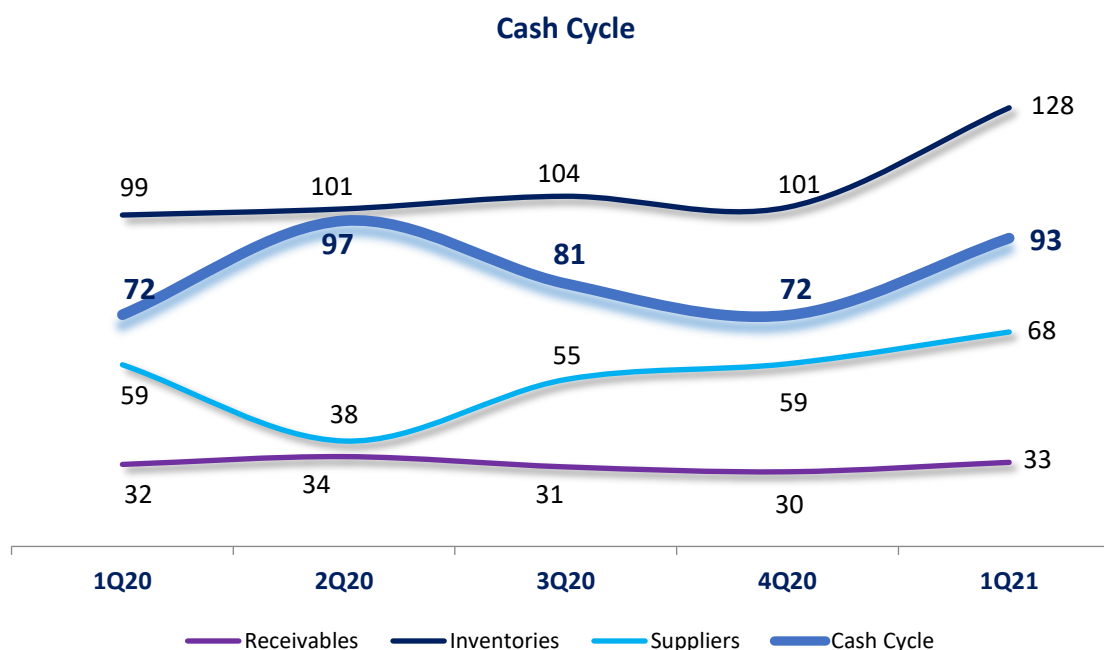
In the table below, we have reconciled Net Income and non-recurring expenses for the period.

| Net Income Reconciliation   | 1Q20        | 1Q21        |
|---|-------------|-------------|
| (R\$ million)   |             |             |
| <b>Net Income</b>   | <b>16.4</b> | <b>21.3</b> |
| (+) Tax Credit - ICMS Exclusion on COFINS and PIS basis                           | 0.0         | (10.8)      |
| (+) Inflation correction over Tax Credit - ICMS Exclusion on COFINS and PIS basis | 0.0         | (7.4)       |
| (+) Consultancy / Strategic Planning  | 0.0         | 2.5         |
| (+) Provisions for Non-Recurring Contingencies                                    | 0.0         | 10.8        |
| (+) Fees - Tax Credit - ICMS Exclusion on COFINS and PIS basis                    | 0.0         | 2.3         |
| (+) Covid-19 Additional Expenses  | 0.0         | 0.7         |
| (+) Assets Write-off  | 0.0         | 0.3         |
| <b>Adjusted Net Income</b>  | <b>16.4</b> | <b>19.7</b> |
| <b>Adjusted Net Margin</b>  | <b>2.2%</b> | <b>2.4%</b> |

## CASH CYCLE

The Company increased its cash cycle by 21 days when compared to 1Q20. The stock level was high in the period due to two strategic movements. First, there was a strong acceleration in purchasing medicines given the significant price adjustment, well above the average in the previous year. This strategy will allow the Company to reap important results in the second quarter of the year, with a robust Gross Margin and a high service level. Second, the ramp-up of the new DC in São José dos Pinhais and the drop in the operation of the DC in Passo Fundo required additional investment in stock to avoid jeopardizing the service level of the stores served.

With the transfer of excess stock in the Passo Fundo DC to other units (around R\$40 million), a drop in medicines purchased and strong operational leverage, stock days and the cash cycle should return to their historical level in the second semester of 2021.



## CASH FLOW

The Company had a negative free cash flow of R\$ 143.4 million in 1Q21. This result reflects the strong level of investment level in stocks, considering the annual price adjustment above the usual.

| Cash Flow<br>R\$ '000                      | 1Q20            | 1Q21             | Var.             |
|--|-----------------|------------------|------------------|
| Net Income for the Period                  | 16,356          | 21,345           | 4,989            |
| Income Tax / Social Contribution           | 5,210           | 6,613            | 1,403            |
| Financial Results                          | 3,796           | (6,539)          | (10,335)         |
| <b>EBIT</b>                                | <b>25,362</b>   | <b>21,419</b>    | <b>(3,943)</b>   |
| Depreciation and Amortization              | 8,531           | 10,226           | 1,695            |
| Other Adjustments                          | -               | 5,833            | 5,833            |
| <b>EBITDA</b>                              | <b>33,893</b>   | <b>37,478</b>    | <b>3,585</b>     |
| Others                                     | 325             | (8,416)          | (8,741)          |
| <b>Resources from Operations</b>           | <b>34,218</b>   | <b>29,062</b>    | <b>(5,156)</b>   |
| Receivables from Customers                 | 30,117          | (7,023)          | (37,140)         |
| Inventories                                | (65,220)        | (184,135)        | (118,915)        |
| Suppliers                                  | 18,773          | 39,035           | 20,262           |
| Other Variations in Assets and Liabilities | (28,372)        | 27,294           | 55,666           |
| <b>Operating Cash Flow</b>                 | <b>(10,484)</b> | <b>(95,767)</b>  | <b>(85,283)</b>  |
| Investments                                | (14,059)        | (27,844)         | (13,785)         |
| <b>Free Cash Flow</b>                      | <b>(24,543)</b> | <b>(123,611)</b> | <b>(99,068)</b>  |
| Interest on Shareholders' Equity           | (4,402)         | (6,010)          | (1,608)          |
| Treasury Shares                            | -               | (12,689)         | (12,689)         |
| <b>Total Cash Flow</b>                     | <b>(28,945)</b> | <b>(142,310)</b> | <b>(113,365)</b> |

## INDEBTEDNESS

Dimed's gross indebtedness at the end of 1Q21 was R\$ 190.3 million and, excluding cash and cash equivalents (R\$ 293.9 million), Net Cash ended the period at R\$ 103.7 million. The change in the Company's net debt profile is directly due to the Re-IPO occurred in July 2020, whose primary portion represented a R\$ 455.8 million inflow, net of commissions and expenses.

| Net Debt   | 4Q19         | 1Q20         | 2T20         | 3Q20           | 4Q20           | 1Q21           |
|--|--------------|--------------|--------------|----------------|----------------|----------------|
| Short-Term Debt                                      | 2.8          | 104.9        | 136.7        | 140.9          | 54.9           | 55.8           |
| Long-Term Debt                                       | 189.1        | 188.8        | 162.7        | 161.6          | 134.8          | 134.4          |
| <b>Gross Debt</b>                                    | <b>191.9</b> | <b>293.7</b> | <b>299.4</b> | <b>302.6</b>   | <b>189.7</b>   | <b>190.3</b>   |
| (-) Cash, Cash Equivalents and Financial Investments | 71.4         | 140.7        | 79.9         | 579.8          | 436.9          | 293.9          |
| <b>Net Debt / Net Cash</b>                           | <b>120.4</b> | <b>153.0</b> | <b>219.5</b> | <b>(277.2)</b> | <b>(247.2)</b> | <b>(103.7)</b> |
| <b>Net Debt / EBITDA</b>                             | <b>0.75x</b> | <b>0.94x</b> | <b>1.53x</b> | <b>n/a</b>     | <b>n/a</b>     | <b>n/a</b>     |

## CAPITAL MARKETS

The Company carried out a capital increase in July 2020 (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 stock split in the first quarter also resulted in higher average financial volumes traded for common shares, going from R\$ 6.8 million/day before the Offering to an average of R\$17.7 million/day after the Offering. Currently, the volume of shares outstanding (float) is around 48%.

Also seeking to raise its Corporate Governance standard, after migrating the Company to B3's Level 2 (concluded on January 22, 2021), through an innovative solution, we started migrating to **Novo Mercado**, B3's highest corporate governance level, after approved by the Company's Board of Directors in April this year. The meetings to resolve on converting preferred shares into common shares and going to the Novo Mercado are scheduled for May 24<sup>th</sup>, 2021.

We also became part of several B3 indexes: IBRA (Brazil Broad Index), ICON (Consumer Index), IGCT (Trade Corporate Governance Index) and SMLL (Small Cap Index).

The Company also has an active Buyback Program, with a limit approved by the Board of Directors of 2 million shares, and by the end of 1Q21, around 1.5 million shares had already been repurchased, as the Company understands that the current share price does not reflect its fair value.

### PNVL3 (Common Shares) - Average Daily Traded Volume (ADTV) R\$ 17.7M (after Re-IPO)



### PNVL4 (Preferred Shares) - Average Daily Traded Volume (ADTV) R\$ 650k (after Re-IPO)



## ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY (ESG)

Grupo Dimed always looked at social and environmental issues, as well as corporate governance principles with responsibility, working to develop projects aligned to these practices.

To evolve in this process and integrate these practices into our organizational culture, reinforcing the principles that guided us so far and adding even more value to the business strategies and all the stakeholders, we started in 2020 the definition of sustainability guidelines. For 2021, we will have the consolidation of this platform, with the definition of commitments and targets until 2026.

The sustainability platform, working as a guidance for the strategy and our way of doing business, is organized in four pillars: Our People, Our Customers, Our Partners, and Our Home. Based on these pillars, sustainability efforts will be directed.



## Environment

### RENEWABLE ENERGY



Always at the forefront of technological and sustainable initiatives, in 2020, the Company started to adopt an even more active stance on its interaction with the environment, structuring and launching its first Photovoltaic Power Plants.

Currently, the Company operates with 5 (five) plants, located in the cities of Montenegro/RS, Vacaria/RS, Rosário do Sul/RS, Mondai/SC, and

Santo Antônio do Sudoeste/PR, which add around 14,900 solar panels reaching a generation capacity of around 7 million kWh/year, which currently serve 138 street stores of the Panvel chain (39% of the street stores), absorbing a considerable part of the consumption of chain stores, with the due decrease of around 584 tons of CO<sup>2</sup> per year.



In 2021, we started building our **sixth photovoltaic power plant**, to be located in the city of Eldorado do Sul/RS, further expanding our capacity to generate clean and renewable energy. The construction of this plant should be concluded in the coming months and will have an annual generation capacity of around 1.2 million kWh and 2,300 solar panels, the largest carport plant in the Rio Grande do Sul state and the fourth in Brazil.

Besides these units, two more photovoltaic plants will be built, both in the municipality of Sentinela do Sul/RS. About 570 tons of additional CO<sub>2</sub> will no longer be emitted into the atmosphere, corresponding to planting 4,070 trees in the period. The energy generated through over 5,040 photovoltaic panels will be delivered to the CEEE energy distributor. The new plants are added to five other units already in operation. Together, they have a generation capacity of 12 GWh/year, corresponding to the consumption of 218 stores and will no longer emit 1,254 tons of CO<sub>2</sub>/year.

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

#### ▪ DESTINO CERTO



A pioneer in collecting expired or disused medicines with the Destino Certo program, Panvel advances its reverse logistics practice. Besides the existing 180 collectors, in 2021, the Company will install new collectors in the Panvel chain's stores, with an anti-return dispenser customized for the disposal of medicines and their packaging. Destino Certo was launched by Panvel in 2010 and only in 2020 correctly collected and disposed of 19 tons of medicines. The Company expects to reach until September, 2025, when will finish the process of changing and installing new collectors in stores, the mark of 50 tons of medicines collected.

## Social Responsibility

#### ▪ DATA PROTECTION



With a project started in 2019 to adapt to the *General Data Protection Law (LGPD)*, we currently have a high level of information security and data protection for our customers and employees. Besides creating a Privacy Policy, Cookies Acceptance Agreement, and creating a module to manage Data Privacy in our app, we went further and once again innovated.

We are the first drugstore retail chain *omni* in terms of data protection. Currently, the customer can update and change their preferences through our app, contact center (Alô Panvel) and even in our stores (POS), with the preferences synchronized and updated simultaneously.

#### ▪ Uni.D – GRUPO DIMED UNIVERSITY

Uni.D was launched this quarter, and with it a new way to learn. A learning journey based on skills we want to develop, according to the challenges and aspirations we have for the career. This way we intend to support the leadership and work of our teams, supporting the business growth.



In the virtual environment of Uni.D, we have access to broad variety of content, available to all, in a connected network, which has brought our employees together through learning.

With our actions, we reached 1,962 users in the first month, 26% of employees and their most common skills developed were Committing to Results, Leadership, Continuous Improvement, People Development, and Serving with Excellence.

#### ▪ PHARMA SCHOOL - VACCINATION QUALIFICATION

Panvel currently has 219 pharmacists qualified to administer vaccines. In the first quarter alone we trained 79 employees, increasing by 35% the availability of professionals to work in the expanding stores and vaccination campaigns that have grown strongly during this period.

#### ▪ DIVERSITY

Grupo Dimed has been encouraging female participation for a long time, as can be seen in the distribution of professionals, especially considering the group of Senior Management, Managers and Specialists, where a significant number of women. This share has grown, especially in Senior Management positions, currently at 31%. In the group of Managers and Specialists we have an even higher female participation, reaching 68%, level extremely higher than market average.

| Level                    | Men   | Women | % of Women |
|--------------------------|-------|-------|------------|
| Senior Management        | 11    | 5     | 31.3%      |
| Managers and Specialists | 199   | 420   | 67.9%      |
| Administrative           | 1,708 | 4,814 | 73.8%      |
| Total                    | 1,918 | 5,239 | 73.2%      |

\* Numbers do not consider outsourced.

## 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 the Company's and CVM's websites.

| Income Statement               | IAS 17           | 1Q21<br>Reclassification | IFRS 16          |
|--------------------------------|------------------|--------------------------|------------------|
| (R\$ million)                  |                  |                          |                  |
| <b>Gross Revenue</b>           | <b>811,830</b>   | -                        | <b>811,830</b>   |
| <b>Gross Income</b>            | <b>233,074</b>   | -                        | <b>233,074</b>   |
| % GR                           | 28.7%            |                          | 28.7%            |
| Selling Expenses               | (225,839)        | 29,527                   | (196,312)        |
| Administrative Expenses        | (23,270)         | -                        | (23,270)         |
| <b>Total Expenses</b>          | <b>(249,109)</b> | <b>29,527</b>            | <b>(219,582)</b> |
| % GR                           | -30.7%           | 3.6%                     | -27.0%           |
| <b>Adjusted EBITDA</b>         | <b>37,478</b>    | <b>29,527</b>            | <b>67,005</b>    |
| % GR                           | 4.6%             | 3.6%                     | 8.3%             |
| Depreciation and Amortization  | (10,226)         | (25,837)                 | (36,063)         |
| Other Adjustments              | (7,464)          | -                        | (7,464)          |
| Financial Results              | 6,539            | (5,302)                  | 1,237            |
| Income Tax/Social Contribution | (6,613)          | 548                      | (6,065)          |
| <b>Net Income</b>              | <b>19,714</b>    | <b>(1,064)</b>           | <b>18,650</b>    |
| % GR                           | 2.4%             | -0.1%                    | 2.3%             |

| Balance Sheet                               | IAS 17           | 1Q21<br>Reclassification | IFRS 16          |
|---|------------------|--------------------------|------------------|
| (R\$ million)                               |                  |                          |                  |
| <b>Assets</b>                               | <b>1,818,308</b> | <b>435,151</b>           | <b>2,231,019</b> |
| <b>Non-Current Assets</b>                   | <b>382,177</b>   | <b>435,151</b>           | <b>817,328</b>   |
| Deferred Assets                             | 22,722           | 7,244                    | 29,966           |
| Property, Plant and Equipment               | 294,403          | 427,907                  | 722,310          |
| <b>Liabilities and Shareholder's Equity</b> | <b>1,818,308</b> | <b>435,151</b>           | <b>2,231,019</b> |
| <b>Current Liabilities</b>                  | <b>632,868</b>   | <b>109,062</b>           | <b>719,023</b>   |
| Leases                                      | 1,453            | 109,062                  | 110,515          |
| <b>Non-Current Liabilities</b>              | <b>155,215</b>   | <b>340,150</b>           | <b>495,365</b>   |
| Leases                                      | 2,295            | 340,150                  | 342,445          |
| <b>Shareholders' Equity</b>                 | <b>1,030,225</b> | <b>(14,061)</b>          | <b>1,016,164</b> |
| Accrued Income                              | 34,342           | (14,061)                 | 20,281           |

## BALANCE SHEET

| Former Standard (IAS 17)                      |                  |                  |              |
|---|------------------|------------------|--------------|
| ASSETS  | 1Q20             | 1Q21             | Var. %       |
| (in thousands)                                |                  |                  |              |
| <b>Current Assets</b>                         | <b>963,573</b>   | <b>1,436,131</b> | <b>49.0%</b> |
| Cash and Cash Equivalents                     | 140,683          | 43,071           | -69.4%       |
| Financial investments                         | -                | 250,877          | -            |
| Customers                                     | 246,485          | 292,119          | 18.5%        |
| Inventory                                     | 493,624          | 759,184          | 53.8%        |
| Income Tax and Social Contribution to Recover | 3,807            | 4,443            | 16.7%        |
| Taxes to Recover                              | 4,769            | 28,744           | 502.7%       |
| Other Accounts Receivable                     | 74,205           | 57,693           | -22.3%       |
| <b>Non-Current Assets</b>                     | <b>304,881</b>   | <b>382,177</b>   | <b>25.4%</b> |
| Deferred Taxes                                | 9,069            | 22,722           | 150.5%       |
| Taxes to Recover                              | 3,209            | 6,370            | 98.5%        |
| Court Deposits                                | 7,026            | 6,372            | -9.3%        |
| Credits with Related Companies                | -                | 3,030            | -            |
| Other Assets                                  | 1,029            | 414              | -59.8%       |
| Investments                                   | 284              | 284              | 0.0%         |
| Property, Plant and Equipment                 | 247,458          | 294,403          | 19.0%        |
| Intangible Assets                             | 36,806           | 48,582           | 32.0%        |
| <b>Total Assets</b>                           | <b>1,268,454</b> | <b>1,818,308</b> | <b>43.3%</b> |

| Former Standard (IAS 17)                          |                  |                  |               |
|---|------------------|------------------|---------------|
| LIABILITIES                                       | 1Q20             | 1Q21             | Var. %        |
| (in thousands)                                    |                  |                  |               |
| <b>Current Liabilities</b>                        | <b>529,785</b>   | <b>632,868</b>   | <b>15.2%</b>  |
| Suppliers   | 321,928          | 412,075          | 21.0%         |
| Loans and Financing                               | 104,871          | 54,377           | -48.1%        |
| Leases  | -                | 1,453            | -             |
| Salaries and Social Charges                       | 41,062           | 45,709           | 11.3%         |
| Interests Payable                                 | 4,263            | 4,153            | -2.6%         |
| Taxes Payable                                     | 25,808           | 57,414           | 122.5%        |
| Dividends and Interest on Shareholders' Equity    | 1,660            | 1,367            | -17.7%        |
| Other Accounts Payable                            | 29,027           | 51,593           | 77.7%         |
| Loyalty Program                                   | 9                | -                | -             |
| Other Provisions                                  | 1,157            | 4,727            | 308.6%        |
| <b>Non-Current Liabilities</b>                    | <b>197,290</b>   | <b>155,215</b>   | <b>-21.3%</b> |
| Loans and Financing                               | 188,795          | 132,143          | -30.0%        |
| Leases  | -                | 2,295            | -             |
| Tax, Social Security, Labor and Civil Provisions  | 8,495            | 20,777           | 144.6%        |
| <b>Shareholders' Equity</b>                       | <b>541,379</b>   | <b>1,030,225</b> | <b>90.3%</b>  |
| Stock Capital                                     | 410,000          | 912,000          | 122.4%        |
| Expenses on Shares Issuance                       | -                | (14,448)         | -             |
| Capital Reserve                                   | -                | (29,045)         | -             |
| Profit Reserve                                    | 109,774          | 127,376          | 16.0%         |
| Accumulated Profits                               | 21,605           | 34,342           | 59.0%         |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>1,268,454</b> | <b>1,818,308</b> | <b>41.6%</b>  |

## INCOME STATEMENT

| Former Standard (IAS 17)   |                  |                  |                |
|--|------------------|------------------|----------------|
| Income Statement   | 1Q20             | 1Q21             | Var. %         |
| (in thousands)   |                  |                  |                |
| <b>Gross Revenue</b>   | <b>729,956</b>   | <b>811,830</b>   | <b>11.2%</b>   |
| Taxes and Returns  | (37,065)         | (59,492)         | 60.5%          |
| Loyalty  | 73               | -                | -              |
| <b>Net revenue</b>   | <b>692,964</b>   | <b>752,338</b>   | <b>8.6%</b>    |
| Cost of Goods Sold   | (493,190)        | (519,264)        | 5.3%           |
| <b>Gross Income</b>  | <b>199,774</b>   | <b>233,074</b>   | <b>16.7%</b>   |
| <b>Expenses</b>  | <b>(174,397)</b> | <b>(211,655)</b> | <b>21.4%</b>   |
| With Sales   | (161,053)        | (200,002)        | 24.2%          |
| General and Administrative   | (15,945)         | (23,270)         | 45.9%          |
| Other Operating Revenues   | 2,601            | 11,617           | 346.6%         |
| <b>Financial Results</b>   | <b>(3,796)</b>   | <b>6,539</b>     | <b>-272.3%</b> |
| Financial Expenses   | (4,287)          | (2,761)          | -35.6%         |
| Financial Revenue  | 491              | 9,300            | n.m            |
| <b>Earnings before Income Tax, Social Contribution and Interests</b> | <b>21,581</b>    | <b>27,958</b>    | <b>29.5%</b>   |
| Income Tax and Social Contribution                                   | (5,224)          | (6,613)          | 26.6%          |
| <b>Net Income for the period</b>                                     | <b>16,357</b>    | <b>21,345</b>    | <b>30.5%</b>   |

## 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 Management's estimates on the future of the business. These estimates substantially depend on market conditions, laws, the Brazilian economy, the industry and international markets and are subject to changes without prior notice.

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## Earnings Call

May 18<sup>th</sup>, 2021 - Tuesday

9 a.m. (EDT) / 10 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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