Elfa Medicamentos S.A.

Individual and consolidated interim financial information as of
March 31, 2021

KPDS 627557

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Assets	Note	Parent Company 03/31/2021	Parent Company 12/31/2020	Consolidated 03/31/2021	Consolidated 12/31/2020
Cash and cash equivalents	7	262,045	65,918	329,267	228,461
Bonds and Securities	7	-	-	-	75,137
Trade receivables	8	351,065	328,340	1,073,394	907,060
Inventories	9	147,335	165,350	594,134	571,950
Recoverable taxes	10	14,236	10,538	120,491	82,417
Income tax and social security contribution	10	24,210	24,455	31,961	33,066
Other credits		44,783	30,047	84,883	67,030
Total current assets		**843,674**	**624,648**	**2,234,130**	**1,965,121**
Financial investments		33	98	40	146
Advance for future capital increase	13	182,358	168,813	-	-
Other credits	13	5,895	9,896	-	-
Deferred income tax and social security contribution		90,579	90,725	130,886	125,710
Judicial deposits	17	35,181	19,721	43,545	28,317
Indemnity assets	17	470	371	104,275	103,852
Investments	11	2,175,535	1,907,144	-	-
Property, plant and equipment		26,413	24,830	105,693	84,435
Intangible assets	12	6,594	6,503	1,390,638	1,265,821
Total non-current assets		**2,523,058**	**2,228,101**	**1,775,077**	**1,608,281**
Total assets		**3,366,732**	**2,852,749**	**4,009,207**	**3,573,402**

The notes are an integral part of the individual and consolidated interim financial statements.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma Empresa suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

	Note	Parent Company		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Liabilities and Equity					
Trade and other accounts payable	14	277,065	310,645	948,248	954,467
Loans and financing	15	154,184	107,679	189,392	142,029
Labor obligations		8,347	9,390	42,647	40,381
Taxes payable		7,257	30,886	73,218	86,605
Payables for investments purchased	16	46,781	60,214	97,640	75,673
Total current liabilities		**493,634**	**518,814**	**1,351,145**	**1,299,155**
Loans and financing	15	294,000	235,830	329,484	267,825
Taxes payable		1,153	1,207	4,351	4,413
Trade and other accounts payable	14	407,585	286,609	-	-
Provision for contingencies	17	610	511	106,050	104,628
Deferred income tax and social security contribution		-	-	83	9
Payables for investments purchased	16	300,941	187,347	340,158	259,802
Total non-current liabilities		**1,004,289**	**711,504**	**780,126**	**636,677**
Shareholders' Equity	18				
Capital		1,062,221	839,640	1,062,221	839,640
Capital reserve		628,573	642,245	628,573	642,245
Retained earnings		178,015	140,546	178,015	140,546
Shareholders' equity attributed to the controlling shareholder of the Parent Company		**1,868,809**	**1,622,431**	**1,868,809**	**1,622,431**
Non-controlling interests		-	-	9,127	15,139
Total shareholders' equity		**1,868,809**	**1,622,431**	**1,877,936**	**1,637,570**
Total liabilities and shareholders' equity		**3,366,732**	**2,852,749**	**4,009,207**	**3,573,402**

The notes are an integral part of the individual and consolidated interim financial statements.

Elfa Medicamentos S.A.

Statement of profit or loss
Periods ended March 31, 2021, and 2020

(In thousands of Reais, except earnings per share)

		Parent Company		Consolidated	
	Note	**03/31/2021**	**03/31/2020**	**03/31/2021**	**03/31/2020**
Net operating revenue	19	429,269	278,521	1,331,489	452,263
Cost of goods sold	20	(380,132)	(254,675)	(1,139,724)	(406,672)
Gross Profit		**49,137**	**23,846**	**191,765**	**45,591**
Selling expenses	20	(15,074)	(10,596)	(57,583)	(16,898)
Impairment losses	8 and 20	(2,084)	(2,902)	(5,713)	(4,284)
General and administrative expenses	20	(25,390)	(12,123)	(94,112)	(21,810)
Income using Equity Method	11	13,721	2,447	-	-
Other revenues	20	26,821	5,431	32,308	3,434
Other expenses	20	(1,192)	(3,958)	(4,222)	(4,768)
Operating income before financial results		**45,939**	**2,145**	**62,442**	**1,265**
Financial income	21				
Financial revenues		2,536	311	2,856	524
Financial expenses		(8,125)	(2,751)	(13,755)	(2,767)
Net financial expenses		**(5,589)**	**(2,440)**	**(10,899)**	**(2,243)**
Profit / (loss) before income tax and social security contribution		**40,350**	**(295)**	**51,543**	**(978)**
Income tax and social security contribution	22				
Current		(2,488)	-	(17,419)	(1,358)
Deferred		(394)	4,289	3,455	6,330
		(2,882)	4,289	(13,964)	4,972
Net income for the period		**37,468**	**3,994**	**37,579**	**3,994**
Attributable to:					
Controlling shareholders				37,468	-
Non-controlling shareholders				111	-
Earnings per share - BRL	23			0.08	0.02
Earnings per share - diluted BRL				0.08	0.02

The notes are an integral part of the individual and consolidated interim financial statements.

Elfa Medicamentos S.A.

Comprehensive Income Statements
Periods ended March 31, 2021, and 2020

(In thousands of Reais, except earnings per share)

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Net profit for the period	**37,468**	**3,994**	**37,579**	**3,994**
Comprehensive income for the period	**37,468**	**3,994**	**37,579**	**3,994**
Attributable to:				
Controlling shareholders	-	-	37,468	-
Non-controlling shareholders	-	-	111	-

The notes are an integral part of the individual and consolidated interim financial statements.

Elfa Medicamentos S.A.
Statements of Changes in Equity
Periods ended March 31, 2021, and 2020

(In thousands of Reais)

		Capital			Capital reserve		Retained earnings							
	Note	**Subscribed**	**To be paid in**	**Total**	**Capital reserve**	**Granted options**	**Legal reserve**	**Retained earnings**	**Tax incentive reserve**	**Accumulated profits (losses)**	**Resources for capital increase**	**Total**	**Non-controlling interest**	**Total**
Balances as of January 1, 2020		**312,016**	**-**	**312,016**	**25,994**	**23,993**	**5,712**	**9,303**	**85,193**	**-**	**-**	**462,211**	**-**	**462,211**
Net profit for the period		-	-	-	-	-	-	-	-	3,994	-	3,994	-	3,994
Share-based compensation	**24**	-	-	-	-	1,183	-	-	-	-	-	1,183	-	1,183
Capital increase	**17**	250,000	-	250,000	-	-	-	-	-	-	-	250,000	-	250,000
Transfer to retained earnings		-	-	-	-	-	-	3,994	-	(3,994)	-	-	-	-
Capital to be paid in		-	(10,322)	(10,322)	-	-	-	-	-	-	-	(10,322)	-	(10,322)
Balances as of March 31, 2020		**562,016**	**(10,322)**	**551,694**	**25,994**	**25,176**	**5,712**	**13,297**	**85,193**	**-**	**-**	**707,066**	**-**	**707,066**
Balances as of January 1, 2021		**839,640**	**-**	**839,640**	**608,438**	**33,807**	**7,729**	**9,303**	**123,515**	**-**	**-**	**1,622,431**	**15,139**	**1,637,570**
Capital increase in the issue of shares	**18**	222,581	-	222,581	-	-	-	-	-	-	-	222,581	-	222,581
Acquisition of non-controlling interests	**18**	-	-	-	(15,120)	-	-	-	-	-	-	(15,120)	(6,123)	(21,243)
Recognized granted options	**24**	-	-	-	-	1,448	-	-	-	-	-	1,448	-	1,448
Profit Allocation:														
Net profit for the period		-	-	-	-	-	-	-	-	37,468	-	37,468	111	37,579
Tax Incentive Reserve		-	-	-	-	-	-	-	37,468	(37,468)	-	-	-	-
Balances as of March 31, 2021		**1,062,221**	**-**	**1,062,221**	**593,318**	**35,255**	**7,729**	**9,303**	**160,983**	**-**	**-**	**1,868,809**	**9,127**	**1,877,936**

The notes are an integral part of the individual and consolidated financial statements.

Elfa Medicamentos S.A.

Statements of Cash Flows

Periods ended March 31, 2021, and 2020
(In thousands of Reais)

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Cash flow from operating activities				
Net profit/(loss) for the period	37,468	3,994	37,579	3,994
Adjustments to reconcile net income to cash:				
Depreciation and amortization	1,155	1,337	24,559	6,393
Income tax and social security contribution, net	394	(4,289)	13,964	(4,972)
Allowance for impairment losses	2,084	2,816	5,713	4,214
Share-based compensation	1,448	1,183	1,448	1,183
Provision for contingencies	99	(352)	1,422	(311)
Allowance for inventory losses	555	145	2,023	180
Interest, monetary variations, net	8,630	7,076	11,301	6,323
Equity method	(13,721)	(2,447)	-	-
(Increase) decrease in assets:				
Trade accounts receivable	(20,808)	(8,184)	(95,970)	15,096
Inventories	17,460	(6,294)	8,466	8,196
Recoverable taxes	(3,662)	6,146	(17,399)	5,840
Other credits	(30,294)	2,976	(36,691)	3,385
(Decrease) Increase in liabilities:				
Trade and other accounts payable	87,396	(31,048)	(84,604)	(81,237)
Labor obligations	(1,043)	(1,454)	(2,291)	(1,629)
Taxes payable	(23,683)	(418)	(28,645)	(8,392)
Other Obligations	(13,545)	283	-	5,616
Cash generated from (used in) operating activities	**49,933**	**(28,530)**	**(159,125)**	**(36,121)**
Payment of interest on loans and financing	(7,186)	(5,447)	(8,215)	(5,447)
Income tax and social security contribution paid	-	(1,614)	(9,001)	(1,679)
Net cash flow from (used in) operating activities	**42,747**	**(35,591)**	**(176,341)**	**(43,247)**
Investment Activities:				
Bonds and Securities	65	-	75,243	-
Considerations paid for acquisitions, net of cash acquired	(95,526)	-	(84,235)	-
Considerations paid for non-controlling acquisitions	-	-	(21,243)	-
Acquisition of property, plant and equipment and intangibles, net	(814)	(311)	(8,088)	(216)
Dividends received	-	58,368	-	-
Capital contribution to subsidiaries	(74,398)	-	-	-
Advance for future capital increase	-	(16,734)	-	-
Net cash flow (used in) investing activities	(170,673)	41,323	(38,323)	(216)
Financing Activities:				
Capital increase	222,581	239,678	222,581	239,678
Borrowing, financing and leasing	190,268	135,205	190,268	135,205
Payment of principal of loans and borrowings	(83,340)	(141,736)	(89,965)	(142,583)
Payment of installments related to previous acquisitions	(4,523)	-	(4,523)	-
Lease payments	(933)	-	(2,891)	-
Net cash flow from financing activities	324,053	233,147	315,470	232,300
Net increase in cash and cash equivalents	**196,127**	**238,879**	**100,806**	**188,837**
Net increase in cash and cash equivalents:				
Cash and cash equivalents as of January 1	65,918	50,357	228,461	120,560
Cash and cash equivalents as of March 31	262,045	289,236	329,267	309,397
Net increase in cash and cash equivalents	**196,127**	**238,879**	**100,806**	**188,837**

Elfa Medicamentos S.A.

Statements of Cash Flows

Periods ended March 31, 2021, and 2020
(In thousands of Reais)

The notes are an integral part of the individual and consolidated financial statements.

Elfa Medicamentos S.A.

Statements of Value Added

Periods ended March 31, 2021, and 2020
(In thousands of Reais)

	Parent Company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues	**444,688**	**304,102**	**1,455,206**	**495,399**
Sale of goods and services	446,772	307,004	1,460,918	499,683
Allowance for doubtful accounts	(2,084)	(2,902)	(5,713)	(4,284)
Inputs purchased from third parties	**(405,073)**	**(260,950)**	**(1,202,642)**	**(417,242)**
Costs of goods sold and services provided	(380,132)	(254,675)	(1,139,724)	(406,672)
Materials, energy, third party services, and others	(21,209)	(3,882)	(47,735)	(6,437)
Freight	(3,731)	(2,393)	(15,183)	(4,133)
Gross added value	**39,615**	**43,152**	**252,564**	**78,157**
Depreciation and amortization	(1,155)	(1,337)	(24,559)	(6,393)
Net added value produced by the entity	**38,460**	**41,815**	**228,005**	**71,764**
Value added received as transfer	**41,656**	**6,102**	**29,894**	**2,410**
Financial revenues	2,634	311	2,956	524
Equity method	13,721	2,447	-	-
Other	25,301	3,344	26,938	1,886
Total value added to distribute	**80,115**	**47,917**	**257,899**	**74,174**
Distribution of added value	**(80,115)**	**(47,917)**	**(257,899)**	**(74,174)**
Personnel	**(14,332)**	**(14,329)**	**(56,881)**	**(20,255)**
Direct compensation	(7,828)	(10,046)	(37,204)	(14,071)
Benefits	(4,549)	(2,682)	(15,129)	(4,324)
FGTS (Guarantee Fund for Length of Service)	(508)	(418)	(3,099)	(677)
Share-based compensation	(1,448)	(1,183)	(1,448)	(1,183)
Taxes, fees and contributions	**(20,168)**	**(23,536)**	**(140,022)**	**(43,197)**
Federal	(2,882)	5,009	(11,014)	4,402
State	(17,186)	(28,489)	(128,767)	(47,443)
Municipal	(100)	(56)	(241)	(156)
Remuneration of third party capital	**(8,147)**	**(6,058)**	**(23,417)**	**(6,728)**
Interest	(3,851)	(2,751)	(6,142)	(2,767)
Rent	(2)	-	(436)	(90)
Fines	(23)	(57)	(494)	(154)
Others	(4,271)	(3,250)	(16,345)	(3,717)
Compensation on equity	**(37,468)**	**(3,994)**	**(37,579)**	**(3,994)**
Creation of retained earnings	(37,468)	(3,994)	(37,468)	(3,994)
Creation of retained earnings - Non-controlling interest	-	-	(111)	-

The notes are an integral part of the individual and consolidated financial statements.

Notes to the individual and consolidated interim financial statements

(In thousands of reais)

1 Operating context

Elfa Medicamentos S.A. ("Company" or "Parent') is a publicly-held corporation focused on the wholesale trade of medicines, headquartered in Brasília, Federal District. The Company's interim financial information covers the Company and its subsidiaries (collectively referred to as "Elfa" or "Group").

The Group has a nationwide coverage of healthcare solutions, which distributes and sells specialty pharmaceutical drugs and medical-hospital materials and equipment to the private (hospitals, clinics and health plans) and public (federal, state and municipal) sectors.

As of June 30, 2020, with the acquisition of Salus Latam Holding S.A. ("Atrial") (Note 3) and, indirectly, of its subsidiaries, with a predominant focus on hospital medical equipment and materials and health services, Elfa increased its presence in this segment, from less than 2% of the Group's revenues in 2019 to 13.2% in 2020 (Note 26).

As a result, the Group started to report new operating segments, that is, it combined its two operating segments existing until June 30, 2020 (which are "Specialties" and "Generics") into a single segment of "Specialty Pharmaceuticals" and created the "Hospital and Medical Supplies" segment, comprising hospital materials, nutrition and medical equipment.

2 List of subsidiaries

	2021	**2020**
Direct subsidiaries:		
Prescrita Medicamentos Ltda. ("Prescrita")	100%	100%
Cirúrgica Jaw Comércio de Material Médico Hospitalar Ltda. ("Cirúrgica Jaw")	100%	100%
Cristal Pharma Ltda. ("Cristal")	100%	100%
Majela Medicamentos Ltda.("Majela")	100%	100%
Central Distribuidora de Medicamentos Ltda. (CDM PE) (a)	100%	100%
Central Distribuidora de Medicamentos Ltda. (CDM CE) (a)	100%	100%
Central Distribuidora de Medicamentos Ltda. (CDM Norte) (a)	100%	100%
Prime Distribuidora de Medicamentos Ltda. (Prime) (a)	100%	100%
Medcom Comércio de Medicamentos Ltda (b)	100%	100%
G.B. Distribuidora de Medicamentos e Produtos Hospitalares Ltda. (b)	100%	100%
Salus Latam Holding S.A. (c)	100%	100%
Comercial Mostaert Ltda ("Mostaert")	100%	100%
Biohosp Produtos Hospitalares S.A.("Biohosp")	100%	100%
Dupatri Hospitalar Comércio, Importação e Exportação Ltda.	100%	-

	2021	2020
Indirect subsidiaries:		
Agilfarma Medicamentos Ltda.	100%	100%
Nacional Comercial Hospitalar S.A(“NCH”). (c)	100%	100%
Artmédica Comércio e Representações Ltda (c)	100%	100%
MCM Comercial Ltda. - EPP(c)	100%	100%
Tino Participações S.A(c)	100%	100%
Makau Participações e Empreendimentos S.A. (c)	100%	100%
Comercial Commed Produtos Hospitalares Ltda (c)	100%	100%
Kauman Produtos Hospitalares Ltda (c)	100%	100%
Medical Alliance Produtos Médico Hospitalares Ltda (c)	100%	100%
Logicom Logística e Transporte Ltda (c)	100%	100%
Procifar Distribuidora Ltda. (c)	100%	71.87%
Vital Materiais Especiais Eireli ME (c)	100%	70.3%
Fenergy Indústria e Comércio Ltda (c)	100%	100%
Surya Dental Ltda (c)	71.87%	71.87%
Oncorio Distribuidora de Medicamentos Ltda (“Oncorio”)	100%	100%

(a) These companies compose the CDM Group.
(b) These companies compose the Medcom Group.
(c) These companies compose the Atrial Group

The percentages above consider the total interest held by the group. For corporate reasons, a subsidiary needs to have a minority interest in another subsidiary to compose the Company, however, the entire interest belongs to the group. In this context, the interest of other subsidiaries in the investees is less than 0.01%.

The activity of the subsidiaries is presented below:

- **Prescrita Medicamentos Ltda. (“Prescrita”)**

Limited liability company whose corporate purpose is the retail trade of pharmaceutical products for human use and dermatological products, and may use electronic means to sell its products, in particular, the Internet; and equity interest in other companies, in the country and abroad, headquartered in João Pessoa, Paraíba.

- **Cirúrgica Jaw Comércio de Material Médico Hospitalar Ltda. (“Cirúrgica Jaw”)**

Limited liability company headquartered in the city of Palhoça, Santa Catarina, operating in the distribution of medicines and hospital supplies, serving the public and private markets in the southern region for over three decades.

On November 13, 2020, Cirúrgica Jaw acquired all the shares of Oncorio, as detailed in note 3.

- **Cristal Pharma Ltda. (“Cristal”)**

Limited liability company headquartered in Contagem, Minas Gerais. The company has been operating for over ten years and sells and distributes reference and generic medicines throughout the state of Minas Gerais and southern Bahia.

- **Majela Medicamentos Ltda. (“Majela”)**

Limited liability company headquartered in Cabedelo, Paraíba. The company is a leading distributor for the Brazilian pharmaceutical market in the Northeast region.

- **Central Distribuidora de Medicamentos Ltda. and Prime Distribuidora de Medicamentos Ltda. (“CDM Group”)**

The CDM Group distributes medicines throughout Brazil, with a focus on Generics and similar segment, and also carries out wholesale trade in medical and hospital supplies. The CDM Group has service units in the states of Pernambuco, Bahia, Ceará, and Pará.

- **Medcom Comércio de Medicamentos Ltda and G.B. Distribuidora de Medicamentos e Produtos Hospitalares Ltda (“Medcom Group”)**

On April 9, 2020, the Company acquired all the shares of Medcom Group. Medcom Group operates in the distribution of medicines and hospital products primarily in the Midwest region and has drug stores in the cities of Goiânia, Brasília, and Cuiabá.

- **Salus Latam Holding S.A. ("Atrial")**

On June 30, Elfa acquired Grupo Atrial, composed of Salus Latam Holding S.A. and its subsidiaries (“Atrial”). Atrial is headquartered in the city of São Paulo, state of São Paulo, and operates in the segment of hospital, medical health products and services, with a presence in several regions of Brazil, such as: São Paulo, Rio de Janeiro, Espírito Santo, Minas Gerais, Federal District, Bahia and Ceará.

- **Comercial Mostaert Ltda. ("Mostaert")**

On November 3, 2020, the Company acquired all shares of Mostaert, a company with a presence of more than 40 years in the market, headquartered in the city of Recife, Pernambuco, specialized in the distribution of hospital medicines, antibiotics, injectables and oncology medicines, to strengthen the presence of the group in the Northeast region.

- **Biohosp Produtos Hospitalares S.A. ("Biohosp")**

On December 18, 2020, the Company acquired all shares of Biohosp, a company with more than 20 years in the market, headquartered in the city of Contagem, Minas Gerais, and a branch in Rio de Janeiro. Its focus is on serving hospitals, clinics and government agencies throughout the country, offering a broad portfolio of medicines, medical, hospital and nutrition products. The company comes to strengthen the presence of the Elfa Group in the Southeast region.

- **Dupatri Hospitalar Comércio, Importação e Exportação Ltda. ("Dupatri")**

On January 12, 2021, the Company acquired all shares of Dupatri, a company with more than 40 years in the market, headquartered in the city of Santos, São Paulo and branches in Catalão – GO, Betim – MG, and Sumaré - SP. Its focus is on serving hospitals, clinics and government agencies throughout the country, offering a broad portfolio of medicines and medical-hospital products. The company comes to strengthen the presence of the Elfa Group in the Southeast and Midwest.

3 Business combination

As part of our inorganic growth strategy in addition to our organic growth, during 2021, we acquired direct control of 1 company (2020: 7 companies), as detailed below.

3.1. Identifiable assets acquired and liabilities assumed

	Consolidated
	Dupatri
Purchase date	**01/12/2021**
Assets (liabilities) at net fair value on acquisition date	**52,884**
Fair value of other identified assets:	
Customer portfolio	113,309
Licenses	116
Fixed Assets	1,640
Indemnity assets (Note 17)	-
Total net assets at fair value	**167,949**
Purchased portion	100%
Total net assets at fair value acquired	**167,949**
Consideration transferred at fair value	195,841
Contingent consideration	-
Share-based plan replacement	-
Total consideration transferred	**195,841**
Goodwill on acquisition	**27,892**

	Consolidated						
	Medcom Group	**Atrial Group**	**Fenergy**	**Surya**	**Mostaert**	**Oncorio**	**Biohosp**

Purchase date	**04/09/2020**	**06/30/2020**	**10/16/2020**	**10/27/2020**	**11/03/2020**	**11/13/2020**	**12/18/2020**
Assets (liabilities) at net fair value on acquisition date	**17,238**	**230,624**	**(30,451)**	**18,018**	**(3,462)**	**(15,703)**	**32,693**
Fair value of other identified assets:							
Customer portfolio	105,582	67,816	7,139	9,538	38,519	21,514	115,905
Licenses	581	-	-	-	-	-	-
Indemnity assets (Note 17)	-	-	36,400	12,171	42,014	8,685	-
Total net assets at fair value	**123,401**	**298,440**	**13,088**	**39,727**	**77,071**	**14,496**	**148,598**
Purchased portion	100%	100%	100%	71.87%	100%	100%	100%
Total net assets at fair value acquired	**123,401**	**298,440**	**13,088**	**28,552**	**77,071**	**14,496**	**148,598**
Consideration transferred at fair value	344,675	623,375	18,000	37,000	95,303	34,356	217,043
Contingent consideration	-	-	-	-	9,600	-	-
Share-based plan replacement	-	4,010	-	-	-	-	-
Total consideration transferred	**344,675**	**627,385**	**18,000**	**37,000**	**104,903**	**34,356**	**217,043**
Goodwill on acquisition	**221,274**	**328,945**	**4,912**	**8,448**	**27,832**	**19,860**	**68,445**

3.2 Acquisition of subsidiaries

The fair value of identifiable assets and liabilities are calculated through the preparation of a valuation report on the acquisition date, and were measured on a provisional basis up to a period of one year, when the measurement becomes definitive.

- **Acquisition of Dupatri**

On January 12, 2021, the Company acquired all shares of Dupatri for the total acquisition price of BRL195,842, of which (i) BRL95,014 was paid in cash, (ii) BRL100,828 as retained installment, which may be paid in full or in part after compliance with the clauses set forth in the purchase and sale agreement. This acquisition strengthens Elfa's position in the Southeast region in its main business lines (specialty and generic drugs and medical and hospital supplies).

- **Acquisition of the non-controlling interest of Procifar**

On January 29, 2021, the indirect subsidiary Nacional completed the supplementary acquisition of 28.13% of the remaining shares of Procifar Distribuidora de Material Hospitalar S.A. ("Procifar") for the total amount of BRL21,243, of which (i) BRL16,243 was paid in cash; and (ii) BRL5,000 as retained installment. With the transaction, the Group holds 100% of the capital of Procifar, and 100% of Vital, indirectly. The transaction is in line with the Company's strategic objective of strengthening its distribution of hospital supplies in the Northeast Region.

- **Acquisition of the Medcom Group**

On April 9, 2020, the Company acquired all shares of the Medcom Group for the acquisition price of BRL344,675, of which (i) BRL82,185 was paid in cash and BRL217,338 in Company shares at fair value on the date and (ii) BRL45,153 as retained installment, which may be paid in full or in part after compliance with the clauses set forth in the purchase and sale agreement. This acquisition strengthened our position in the Midwest region, and the possibility to expand the delivery channel to this region.

- **Acquisition of Atrial**

On June 30, 2020, the Company acquired all shares of Salus Latam Holding S.A., the parent company of Atrial Group, through the issuance of 78,166,378 new shares in favor of Atrial shareholders, equivalent on the transaction date to the full amount of BRL623,375, considering the fair value of the shares delivered. The fair value of equity instruments issued (common shares) was based on an independent valuation report commissioned for the purpose of this acquisition. No other consideration was paid on the acquisition and there is no expected payment on future dates.

This acquisition enables the Group to offer a more complete solution for the healthcare sector, expanding the product portfolio through the Atrial Group's know-how in medical-hospital materials and equipment.

Replacement of share-based payment plan

Pursuant to the terms and conditions of the acquisition agreement, the Group replaced the share-based payment plan, payable in shares, maintained by Atrial employees (acquired company's plan) by a share-based payment plan, also payable in shares, of the Group (new plan). Details of the acquired company's plan and the new plan are below:

an of acquired company	**w Plan**
anted on January 31, 2019 and 2020	anted on June 30, 2020
sting date January 10, 2023	sting date by June 2024
sting date January 10, 2024	
ir value BRL 4,010	ir value BRL 4,010

- **Acquisition of Fenergy**

On October 16, 2020, the Company acquired, through its subsidiary Atrial, all shares of Fenergy for the acquisition price of BRL18,000, of which (i) BRL8,401 was paid in cash and (ii) BRL9,599 on account of retained installment, which may be paid in full or in part after compliance with the clauses set forth in the purchase and sale agreement. This acquisition strengthens our portfolio of hospital and medical supplies in consumables for highly complex surgeries, mainly in the South region.

- **Acquisition of Surya**

On October 27, 2020, the Company acquired, through its subsidiary Atrial, 71.87% of Surya's shares, for the total amount of BRL37,000, being (i) BRL33,000 paid in cash; and (ii) BRL4,000 as a retained installment, which may be paid in full or in part after compliance with the clauses set forth in the purchase and sale agreement. This acquisition positions Elfa in the distribution of products aimed at dental clinics, with a presence throughout Brazil. For this investment, the Company recognized a non-minority interest in the acquisition of BRL8,493.

- **Acquisition of Mostaert**

On November 3, 2020, the Company acquired all shares of Mostaert for the total purchase price of BRL104,902, of which (i) BRL51,481 was paid in cash and the remainder (ii) BRL43,821 as retained installment, which may be paid in full or in part after compliance with the clauses set forth in the purchase and sale agreement; and (iii) a contingent consideration in the amount of BRL9,600, called “earn-out”, conditional on the achievement of certain result metrics of Mostaert. This acquisition strengthens Elfa's presence in the Northeast region, mainly in the distribution of hospital medicines, antibiotics, injectables and oncology medicines.

- **Acquisition of Oncorio**

On November 13, 2020, the indirect subsidiary Jaw acquired all shares of Oncorio for the total acquisition price of BRL34,356, of which (i) BRL20,613 was paid in cash; and (ii) BRL13,743 as retained installment, which may be paid in full or in part after compliance with the clauses set forth in the purchase and sale agreement. This acquisition strengthens Elfa's position in the Southeast region, mainly in the oncology medication segment.

- **Acquisition of Biohosp**

On December 18, 2020, the Company acquired all Biohosp shares for the total acquisition price of BRL217,043, of which (i) BRL113,499 was paid in cash, (ii) BRL19,354 in shares (valued at fair value on the date); and (iii) BRL84,190 as retained installment, which may be paid in full or in part after compliance with the clauses set forth in the purchase and sale agreement. This acquisition strengthens Elfa's position in the Southeast region in its main business lines (specialty and generic drugs and medical and hospital supplies).

3.3 Measurement of fair value

The table below summarizes the allocation of identifiable assets acquired on the acquisition date, which were recorded by the Company at their fair value.

Acquisition Date	Dupatri 01/12/2021	Total
Customer portfolio	113,309	113,309
Licenses	116	116
Fixed Assets	1,640	1,640
Indemnity assets (Note 17)	-	-
Total identifiable assets	**115,065**	**115,065**
Customer portfolio useful life	7 years	
Operating licenses		

	Medcom Group	Atrial	Fenergy	Surya	Mostaert	Oncorio	Biohosp	
Acquisition Date	**04/09/2020**	**06/30/2020**	**10/16/2020**	**10/27/2020**	**11/03/2020**	**11/13/2020**	**12/18/2020**	**Total**
Customer portfolio	105,582	67,816	7,139	9,538	38,519	21,514	115,905	366,013
Licenses	581	-	-	-	-	-	-	581
Indemnity assets (Note 17)	-	-	36,400	12,171	42,014	8,685	-	99,270
Total identifiable assets	**106,163**	**67,816**	**43,539**	**21,709**	**80,533**	**30,199**	**115,905**	**465,864**
Customer portfolio useful life	7 years	7.7 years	8 years	7 years	9 years	8 years	9 years	
Operating licenses	2 years	-	-	-	-	-	-	

The evaluation methods used to measure fair value of significant assets acquired were as follows:

Intangible assets - Customer portfolio
The Multi-Period Excess Earnings Method – MPEEM was used, which considers the present value of the net cash flows expected from customer relations, excluding any cash flow related to contributing assets.

Intangible assets - Licenses
The regulatory agency approval time and all the direct costs involved were considered.

Indemnity assets
It was measured by reflecting the fair value of any losses arising from probable contingent liabilities arising from taxable events incurred in periods prior to the closing date of each acquisition by the Company's subsidiaries. Pursuant to the purchase and sale agreements of said acquisitions, such contingencies are the responsibility of the former shareholders and must be indemnified by them to the company of the group that suffered the loss. The indemnity may also occur through the use of resources from the installments withheld from the payment of the price, any other guarantees or own resources of the former shareholders.

Intangible assets – Non-compete agreement ("non-compete")
The method used to evaluate the non-compete agreement was the *With and Without.* This methodology is based on the calculation of the difference between the cash flow generated by the asset, taking into account the effect of the existing non-compete agreement and if the same agreement did not exist.

Fixed assets
The method consists of obtaining the value of new, same or similar machinery and equipment through market survey with manufacturers, suppliers, and added, when applicable, with assembly and transport expenses.

4 Basis for preparation

Statement of compliance

The consolidated interim financial information was prepared and presented in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standard ("IFRS"), issued by the International Accounting Standards Committee ("IASB"), specifically CPC 21 (R1) - Interim Statements and IAS 34 - Interim Information, applicable to the filing of quarterly information, and presented in a manner consistent with the standards issued by the Brazilian Securities Commission ("CVM"). All relevant information related to the interim financial information, and only this information, is being highlighted and corresponds to that used by Elfa's Management in its administration.

The parent company's financial information was prepared in accordance with accounting practices adopted in Brazil.

These individual and consolidated interim financial statements were authorized by the Management on May 17, 2021. After issuance, only shareholders have the power to change the interim financial information.

All relevant information in the individual and consolidated interim financial statements, and only that, is being evidenced, and corresponds to that used by Management in its administration.

Basis for preparation

The interim financial information was prepared to update users on the relevant events and transactions that took place in the period and should be analyzed together with the financial statements for the year ended December 31, 2020.

Accounting policies, accounting estimates and judgments, risk management and measurement methods are the same as those adopted in preparing the last annual financial statements.

We list below the notes that were presented in the annual financial statements as of December 31, 2020, which are not being included or presented in the same level of detail in these individual and consolidated quarterly information, given the absence of relevant changes in this quarter:

	Reference
Basis for preparation and presentation of the financial statements	Note 4
Accounting policies	Note 8

These financial statements are presented in thousands of Reais, which is the functional currency of the Company and its subsidiaries. All balances have been rounded up to the nearest thousand, except where otherwise indicated.

Significant Events of the Period - Coronavirus Outbreak

Elfa has implemented several control measures to maintain its operations, preserve its employees, monitor developments related to COVID 19 and coordinate its operational response based on existing business continuity plans and guidance from global healthcare organizations, governments and best practices in the response to the pandemic. We have no forecast of when the social distancing measures - still in force in several locations - will no longer be necessary, and the return to administrative activities in the offices should happen gradually, once such social distancing measures are reduced and gradually become non-existent.

Below is a summary of the measures in force:

- Compliance with the Ministry of Health's determinations, such as release of in-person work (Migration to remote) of employees, in addition to protocols for coexistence, behavior and other guidelines related to prevention and hygiene;
- Establishment of a Crisis Committee for resolutions on actions to contain the disease both in administrative and operational areas;
- Restrictions on travel, meetings, events and in-person training;
- Intensive internal campaign about Covid-19, involving all employees who are working remotely or at the units (e.g., use of chartered transport, distancing rules in cafeterias, locker rooms, common areas and production);
- Reinforcement of safety procedures and use of PPE, availability of gel alcohol and masks, anticipation of the H1N1 vaccination campaign, and information on physical health and emotional balance;
- Reinforcement of inventory level management and production reorganization.

Elfa understands that it is taking the appropriate measures to prevent the spread of COVID-19, as well as to ensure business continuity during the period that the pandemic lasts. Although the Company's operations, sales or financial situation have not been significantly affected so far, considering that the Company's operating segment is considered of essential nature, Management is unable to estimate or predict the occurrence of future events related to the pandemic, being certain that it continues to constantly assess the impacts on its operations and is committed to informing possible new scenarios and necessary measures to be adopted, as well as following the determinations of the authorities in the regions where it operates.

5 Changes in the main accounting policies

The amendments to IFRS standards made by the IASB and in effect for the year beginning on January 1, 2020 had no impact on the Company's interim financial information. Additionally, the IASB issued/revised some IFRS standards, which have been adopted for the year 2021 or thereafter, and the Company is assessing the impacts of the adoption of these standards on its financial statements:

- Amendment to IAS 1 - Classification of liabilities as current or non-current: Clarifies aspects to be considered for the classification of liabilities as current liabilities or non-current liabilities. This amendment to the standard is effective for fiscal years beginning on/or after January 1, 2022.

The Company does not expect significant impacts on its financial statements.

6 Measurement basis and main accounting policies

Measurement basis

The interim financial information was prepared based on historical cost, unless otherwise indicated.

Main accounting policies

Elfa applied the accounting policies described below in a manner consistent with those adopted in the preparation of the financial statements as of December 31, 2020, unless otherwise indicated:

a. Consolidation basis
b. Foreign Currency
c. Revenue from Contract with Client
d. Employee benefits
e. Government subsidy
f. Financial revenues and expenses
g. Income tax and social security contribution
h. Inventories
i. Property, plant and equipment
j. Intangible assets and goodwill
k. Financial instruments
l. Impairment
m. Provisions
n. Earnings per share, basic and diluted
o. Leases
p. Measurement of the Fair Value

7 Cash and cash equivalents and bonds and securities

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash	6	9	1,058	1,056
Banks	7,688	6,590	40,474	106,908
Financial investments with immediate liquidity (a)	254,351	59,319	287,736	120,497
Total cash and cash equivalents	**262,045**	**65,918**	**329,267**	**228,461**
Bonds and Securities (b)	-	-	-	75,137
Total cash and cash equivalents and bonds and securities	**262,045**	**65,918**	**329,267**	**303,598**

(a) On March 31, 2021, these investments were substantially in Bank Deposit Certificates (CDB), repurchase agreements and funds, all with immediate liquidity and with yields indexed to the Interbank Deposit Certificate (CDI), progressively according to the period that the amount is kept in the investment account.

(b) On December 31, 2020, the bonds and securities refer to the shares acquired from Fundo Santander Argo Cash Management Fixed Income Referenced DI Fundo de Investimento, correspond to investments in a private credit multimarket investment fund duly registered with the CVM. The shares have no maturity date and are redeemable at any time in accordance with the Group's liquidity needs. The fund's portfolio consists of Bank Deposit Certificates (“CDB”), Repurchase Agreements, Financial Bills, Treasury Bonds and other funds as provided for in its investment policy. The bonds were settled during the 2021 period.

8 Trade accounts receivable

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Private customers	289,797	263,363	960,589	747,780
Public customers	79,424	83,504	159,986	203,182
Accounts receivable from related parties (note 13)	11,619	8,724	12,298	9,181
	380,840	355,591	1,132,873	960,143
(-) PECLD (a)	(29,775)	(27,251)	(59,479)	(53,083)
	351,065	**328,340**	**1,073,394**	**907,060**

Balances of receivables according to its maturity are as follows:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
To fall due	286,661	262,407	891,512	745,701
Overdue up to 30 days	20,247	19,810	69,569	53,057
Overdue from 31 to 90 days	25,192	26,630	55,018	58,328
Overdue from 91 to 180 days	9,978	7,376	38,919	26,462
Overdue for more than 181 days	38,762	39,368	77,855	76,595
Total	**380,840**	**355,591**	**1,132,873**	**960,143**
(-) PECLD (a)	(29,775)	(27,251)	(59,479)	(53,083)
	351,065	**328,340**	**1,073,394**	**907,060**

Changes in the provision for impairment of amounts receivable are shown below:

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Opening Balance	(27,251)	(22,493)	(53,083)	(47,151)
Breakdown	(2,524)	(4,758)	(6,396)	(5,932)
Closing balance	(29,775)	(27,251)	(59,479)	(53,083)

The net losses debited/credited during the periods/years are shown below:

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Recognition of provision for impairment losses	(2,524)	(4,758)	(6,396)	(5,932)
Receivables losses in the period	440	-	684	(1,970)
Expenses/reimbursements related to the recovery of receivables	-	86	-	86
Total (debited)/credited to the result for the period/year	**(2,084)**	**(4,672)**	**(5,713)**	**(7,816)**

9 Inventories

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Goods for Resale	144,423	160,691	592,024	566,880
Consignment Goods	3,661	4,853	5,102	6,039
	148,084	165,544	597,126	572,919
(-) Allowance for inventory losses	(749)	(194)	(2,992)	(969)
Total	**147,335**	**165,350**	**594,134**	**571,950**

The change in the provision for inventory losses is shown below:

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Opening Balance	(194)	(172)	(969)	(467)
Breakdown	(555)	(22)	(2,023)	(502)
Closing balance	(749)	(194)	(2,992)	(969)

10 Recoverable taxes and income tax and social security contribution

	Parent Company		**Consolidated**	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Tax on Distribution of Goods and Services (ICMS) (a)	10,608	6,214	91,693	54,293
PIS (Social Integration Program) and COFINS (Social Security Financing Contribution)	3,301	4,030	11,705	13,332
Others	327	294	17,093	14,792
Recoverable taxes	**14,236**	**10,538**	**120,491**	**82,417**
Income tax and social security contribution	**24,210**	**24,455**	**31,961**	**33,066**

(a) The consolidated amount mainly refers to: BRL15,717 (BRL15,169 in 2020) of ICMS-ST, related to the reimbursement of interstate sales and the difference between the amount of tax paid through tax substitution and the amount that would be due at the time of sale and BRL48,193 (BRL37,971 in 2020) referring to tax credits arising from purchases of goods. Additionally, the subsidiary Dupatri has a credit balance, in June, before SEFAZ SP, in the amount of BRL22,239, due to transactions with government agencies, and sale to non-taxpayers in other states. The subsidiary is currently preparing a reimbursement request through the “e-Credac” portal for future use.

11 Investments (parent)

b. Investment breakdown

	Interest percentage		Shareholders' Equity		Indemnifiable Assets		Added value		Goodwill		Total investments	
Investee	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Forfeited	100%	100%	98,866	61,209	-	-	-	-	-	-	98,866	61,209
Jaw	100%	100%	135,386	110,034	-	-	2,027	2,117	5,207	5,207	142,620	117,358
Cristal	100%	100%	46,585	42,473	-	-	3,756	3,939	8,569	8,569	58,910	54,981
Majela	100%	100%	119,741	119,565	-	-	19,708	21,835	87,235	87,235	226,684	228,635
CDM Group	100%	100%	69,067	53,254	-	-	42,675	44,668	46,091	46,091	157,833	144,013
Medcom Group	100%	100%	40,785	37,976	-	-	90,289	94,197	221,274	221,274	352,348	353,447
Atrial	100%	100%	210,047	231,048	-	-	60,442	62,864	328,945	328,945	599,434	622,857
Mostaert	100%	100%	9,977	171	42,014	42,014	36,776	37,584	27,832	27,832	116,599	107,601
Biohosp	100%	100%	40,169	32,693	-	-	113,093	115,905	68,445	68,445	221,707	217,043
Dupatri	100%	-	59,949	-	-	-	112,693	-	27,892	-	200,534	-
		Total	**830,572**	**688,423**	**42,014**	**42,014**	**481,459**	**383,109**	**821,490**	**793,598**	**2,175,535**	**1,907,144**

c. Financial information summary

Investee	**Current Assets**		**Non-current assets**		**Current liabilities**		**Non-current liabilities**		**Shareholders' Equity**		**Net Income**	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Forfeited	107,484	125,577	52,172	40,804	44,038	66,782	16,752	38,390	98,866	61,209	4,512	9,268
Jaw	128,277	114,843	115,772	108,206	77,923	69,342	30,740	43,673	135,386	110,034	2,652	6,829
Cristal	42,039	31,079	30,041	28,972	23,567	13,421	1,928	4,157	46,585	42,473	249	307
Majela	9,380	13,151	144,067	143,191	3,154	6,225	30,552	30,552	119,741	119,565	(1,951)	(6,145)
CDM Group	94,093	96,728	30,240	23,104	43,699	50,441	11,567	16,137	69,067	53,254	(1,160)	1,260
Medcom Group	208,413	215,860	22,845	21,206	122,801	130,917	67,672	68,173	40,785	37,976	(1,099)	8,772
Atrial	281,563	378,764	235,288	143,865	198,189	182,257	108,615	109,324	210,047	231,048	(8,303)	(4,528)
Mostaert	103,247	93,108	6,867	44,946	58,164	52,389	41,973	86,429	9,977	(764)	8,998	2,698
Biohosp	202,644	204,078	8,034	6,748	152,227	162,153	18,282	15,980	40,169	32,693	4,664	-
Dupatri	150,253	-	15,288	-	97,623	-	7,969	-	59,949	-	5,159	-
Total	**1,327,393**	**1,273,188**	**660,614**	**561,042**	**821,385**	**733,927**	**336,050**	**412,815**	**826,472**	**687,488**	**13,721**	**18,461**

d. Changes in investments

	Forfeited	Sanlog	Jaw	Cristal	Majela	CDM Group	Medcom Group	Atrial	Mostaert	Biohosp	Dupatri	Total
Balance as of 01/01/2020	**51,941**	**328**	**110,529**	**54,674**	**234,780**	**142,753**	**-**	**-**	**-**	**-**	**-**	**595,005**
Net acquired assets (liabilities), including client portfolio	-	-	-	-	-	-	123,401	298,440	35,057	148,598	-	605,496
Goodwill arising from the acquisition	-	-	-	-	-	-	221,274	328,945	27,832	68,445	-	646,496
Indemnity assets	-	-	-	-	-	-	-	-	42,014	-	-	42,014
Equity method	9,268	-	6,829	307	(6,145)	1,260	8,772	(4,528)	2,698	-	-	18,461
Write-off by incorporation	-	(328)	-	-	-	-	-	-	-	-	-	(328)
Balance as of 12/31/2020	**61,209**	**-**	**117,358**	**54,981**	**228,635**	**144,013**	**353,447**	**622,857**	**107,601**	**217,043**	**-**	**1,907,144**
Balance as of 01/01/2021	**61,209**	**-**	**117,358**	**54,981**	**228,635**	**144,013**	**353,447**	**622,857**	**107,601**	**217,043**	**-**	**1,907,144**
Net acquired assets (liabilities), including added value	-	-	-	-	-	-	-	-	-	-	167,949	167,949
Goodwill arising from the acquisition	-	-	-	-	-	-	-	-	-	-	27,892	27,892
Distribution of dividends	-	-	-	-	-	-	-	-			(466)	(466)
Adjustment of acquisition of non-controlling interests	-	-	-	-	-	-	-	(15,120)	-	-	-	(15,120)
Capital increase	33,145	-	22,610	3,680	-	14,980	-	-	-	-	-	74,415
Equity method	4,512	-	2,652	249	(1,951)	(1,160)	(1,099)	(8,303)	8,998	4,664	5,159	13,721
Balance as of 03/31/2021	**98,866**	**-**	**142,620**	**58,910**	**226,684**	**157,833**	**352,348**	**599,434**	**116,599**	**221,707**	**200,534**	**2,175,535**

12 Intangible Assets

	Parent Company			
			03/31/2021	12/31/2020
	Cost	Accumulated amortization	Net	Net
Defined useful life				
Software use rights	7,133	(539)	6,594	6,503
	7,133	**(539)**	**6,594**	**6,503**

	Consolidated			
			03/31/2021	12/31/2020
	Cost	Accumulated amortization	Net	Net
Defined useful life				
Customer portfolio	595,355	(84,188)	511,167	415,550
Non-compete	6,753	(2,516)	4,237	4,575
software and other intangible assets	18,088	(2,797)	15,291	13,855
Indefinite useful life				
Goodwill	859,915	-	859,915	831,814
Trademarks and patents	28	-	28	28
	1,480,139	**(89,501)**	**1,390,638**	**1,265,821**

The change of intangible assets is shown below:

	Parent Company		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Opening Balance	**6,503**	**4,376**	**1,265,821**	**252,848**
Additions				
Software and other intangible assets	211	2,165	1,731	2,070
Added value (a)	-	-	115,065	363,330
Goodwill (b)	-	-	27,892	679,716
Balance acquired through acquisitions				
Software and other intangible assets	-	-	24	6,313
Amortization				
Software	(120)	(38)	(419)	(658)
Customer portfolio	-	-	(19,138)	(36,425)
Non-compete agreement	-	-	(338)	(1,373)
Closing balance	**6,594**	**6,503**	**1,390,638**	**1,265,821**

(a) The transactions in the period are composed of the accounting of the added value of the client portfolio calculated on the acquisition of Dupatri (BRL115,065). The fair value of this asset was set by the Management based on an economic appraisal report issued by experts. This agreement allows access to the client portfolio of the acquired companies and, for this reason, it is appreciated in the added value of the economic report.

(b) Transactions in the period/year are comprised of the recording of goodwill on acquisitions of direct investee Dupatri (BRL27,892). Goodwill is calculated as the difference between the acquisition value and the fair value of acquired assets and liabilities.

Goodwill paid for expected future profitability

The goodwill balance calculated on the acquisition of equity interests is based on the expected future profitability of the acquired transactions and amounts to BRL 859,915, on March 31, 2021 (2020: BRL831,814).

Goodwill allocated by business industry is described below:

Goodwill	Total
Pharmaceutical specialties	612,771
Hospital and medical supplies	247,144
Total	859,915

The Group performed a sensitivity analysis of the last recoverable amount test performed and concluded that there are no new indications that would require the performance of an interim test, on March 31, 2021.

As of December 31, 2020, the future cash flows were discounted based on the representative rate of weighted average cost of capital (WACC). In a consistent manner with the economic assessment techniques, the assessment of the value in use effected for a period of five (5) years and, thereafter, it was considered the perpetuity of the assumptions after that period, with growth, in view of the capacity of the continuation of the business for an undefined term.

For discounting future cash flows, the WACC of 10.40% per year was used for both reportable segments, before taxes (in the nominal local currency, including inflation). The main assumptions used to estimate the recoverable amount of reportable segments are defined below:

	Consolidated	
As a percentage	**2021**	**2020**
Discount rate (Both segments)	10.4	10.4
Perpetuity growth rate (Both segments)	3.30	3.30
Estimated growth rate (average for the next five years) - Specialties	14%	14%
Estimated growth rate (average for the next five years) - Materials	15.2%	15.2%

The Management identified that the projected value in use would be equivalent to its book value if the discount rate used was 15.9%.

13 Transactions with related parties

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Current assets				
Trade accounts receivable - Note 8 / (a)				
Med Imagem S/C	771	264	917	416
Hospital Memorial Nossa Senhora das Neves	7,692	5,328	8,201	5,619
Hospital Oftalmológico de Brasília Ltda.	216	205	216	205
VJ Farma Ltda.	1	59	12	73
Brazil Senior Living S.A.	2,939	2,868	2,952	2,868
	11,619	**8,724**	**12,298**	**9,181**
Non-current assets				
Distribution of the shared service center (b)				
Forfeited	1,243	1,777	-	-
Cirúrgica Jaw	1,733	3,124	-	-
Majela	624	1,743	-	-
CDM Group	1,274	2,320	-	-
Agilfarma	1,022	932	-	-
	5,895	**9,896**	**-**	**-**
Advance for future capital increase (c)				
Forfeited	15,260	36,835	-	-
Cirúrgica Jaw	12,443	22,610	-	-
Cristal	1,165	3,680	-	-
CDM Group	9,350	14,963	-	-
Majela	29,925	29,925	-	-
Atrial	27,345	1,000	-	-
Medcom Group	50,774	59,800	-	-
GB Distrib. De Med. E Prod. Hosp.	20,926	-	-	-
Mostaert	11,170	-	-	-
Biohosp	4,000	-	-	-
	182,358	**168,813**	**-**	**-**
Current liabilities				
Trade payables to related parties - Note 14				
Gestão e Transformação Consultoria S.A.(e)	-	540	-	-
Egallo Participações Ltda – Epp	15	-	15	-
Lle Participações Ltda	12	-	12	-
Thúlio Coelho Moraes Guerra	-	-	19	-
	27	**540**	**46**	**-**
Non-current liabilities				
Trade payables to related parties - Note 14 (d)				
Forfeited.	17,759	11,996	-	-
Cristal	20,771	20,409	-	-
Atrial	130,000	50,000	-	-
Majela Medicamentos Ltda.	129,848	129,599	-	-
Cirúrgica Jaw	66,417	62,133	-	-
CDM Group	17,190	12,472	-	-
MEDCOM	5,800	-	-	-
GB Distrib. De Med. E Prod. Hosp.	3,500	-	-	-
Mostaert	16,300	-	-	-
	407,585	**286,609**	**-**	**-**

	Parent Company		Consolidated	
Income				
Net sales revenue (a)	**03/31/2021**	**03/31/2020**	**03/31/2021**	**03/31/2020**
Cirúrgica Jaw	28,311	4,327	-	-
Cristal Pharma Ltda.	13,360	525	-	-
Prescrita Medicamentos Ltda.	81	-	-	-
CDM Group	2,025	-	-	-
Majela Medicamentos Ltda.	11	9	-	-
Med Imagem S/C (a subsidiary of Athena Saúde) (Fund V)	841	838	1,018	838
Hospital Memorial Nossa Senhora das Neves	6,808	2,485	7,236	2,485
Hospital Oftalmológico de Brasília Ltda. (Fund V)	402	10	402	10
VJ Farma Ltda. (Fund V)	54	10	69	10
Brazil Senior Living S.A. (Fund IV)	4,732	-	4,743	-
	56,625	**8,204**	**13,468**	**3,343**
Purchase of goods(e)				
Cirúrgica Jaw	(28,091)	(4,318)	-	-
Cristal	(13,459)	(332)	-	-
Forfeited	(206)	(167)	-	-
CDM Group	(2,010)	-	-	-
Majela	(11)	(9)	-	-
	(43,777)	**(4,826)**	**-**	**-**
Payment of real estate leases (f)				
Antônio Carlos Ferreira De Souza	-	-	(29)	-
Egallo Participações Ltda - Epp	(249)	-	(249)	-
Gershenson Participacoes Societarias Ltda	-	-	(26)	
Lle Participações Ltda	(44)	(180)	(44)	(180)
Shirley Gershenson Administradora De Bens Eireli	-	-	(26)	-
Thúlio Coelho Moraes Guerra	-	(57)	-	(57)
Wilson Gil Filho and Alessandra Moreno de Aguiar		(9)		(9)
	(293)	**(246)**	**(374)**	**(246)**
Expenses with service provision				
Pátria Investimentos Ltda	-	(46)	-	(46)
Gestão e Transformação Consultoria S.A. (e)	(1,465)	-	(1465)	-
Gran Coffee Comércio, Locação e Serviços S/A (f)	(11)	(1)	(12)	(1)
	(1,476)	**(47)**	**(1,477)**	**(47)**

(a) Sale of goods made to the mentioned companies with terms of 2 to 3 months.
(b) It regards the apportionment charged due to the sharing of corporate costs, as they are Elfa’s subsidiaries, the Company's intention is that payments would occur in a period exceeding 12 months.
(c) It regards advances made for capital increase in future periods. As they are Elfa’s subsidiaries, the Company's intention is that payments or capitalization would occur in a period exceeding 12 months.
(d) It regards remittances sent to the parent company as an advance of future dividends without a set term, which, however, the Management that controls the party and counterparty understands that they shall not be paid within 24 months.
(e) It regards management and consulting services performed in the processes of prospecting for new business with terms of 2 to 3 months.
(f) It regards the lease of coffee machines and equipment used in the group's facilities for a period of 30 days.

All outstanding balances with those related parties reported in the parent company and consolidated are priced based on conditions usually applicable to transactions between unrelated parties. None of the balances is secured.

No expense was recognized in the year or the previous year for bad debts or doubtful debts in relation to the amounts owed by related parties.

Management Compensation

The key management personnel includes statutory and non-statutory officers. Compensation for key personnel during the fiscal year ended March 31, 2021, was BRL4,559 (BRL13,790, as of December 31, 2020), considering the following breakdown:

Total compensation of key management personnel for each of the following categories:

(a) Fixed and variable short-term benefits for employees and managers: BRL3,111 (December 31, 2020: BRL9,376)
(b) Share-based compensation: BRL1,448 (December 31, 2020:BRL4,414)

14 Trade and other accounts payable

The transactions that the Company and its subsidiaries maintain with domestic and foreign suppliers are substantially represented by drug purchase transactions.

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Goods suppliers	248,884	293,120	887,679	903,051
Property, plant, and equipment suppliers	122	315	136	482
Suppliers of consumer goods	113	85	264	410
Services provided payable	11,226	2,989	12,235	3,875
Trade payables to related parties (Note 13)	407,585	286,609	-	-
Other accounts payable	16,721	14,136	47,933	46,649
Total	**684,651**	**597,254**	**948,247**	**954,467**
Current	**277,065**	**310,645**	**948,247**	**954,467**
Non-current	**407,585**	**286,609**	**-**	**-**

15 Loans and financing, leases payable

			Parent Company		Consolidated	
Type	**Interest rates**	**Currency**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Working capital	CDI + 1.91% to 4.28% per year	Actual	434,913	334,048	471,575	377,333
Derivatives	CDI + 2.70% per year	USD/BRL	4,531	1,803	4,531	1,803
Leases payable	IGPM	Actual	8,740	7,658	42,770	30,718
Total			**448,184**	**343,509**	**518,876**	**409,854**
Current liabilities			**154,184**	**107,679**	**189,392**	**142,029**
Non-current liabilities			**294,000**	**235,830**	**329,484**	**267,825**

CDI - Bank Deposit Certificates
IGPM - Disclosed General Market Price Index

Funding is mostly in Brazilian reais or in accordance with Central Bank Resolution 4131. The Company has a loan in foreign currency, as provided below, and is protected in this operation from foreign currency fluctuations through swaps contracted at the same time of funding, under the same terms and conditions as the original loan agreement. The average financial charges are equivalent to approximately 119% of the CDI rate in the parent company and consolidated.

Loans and financing are guaranteed by fiduciary assignment of credit rights owned by the Company and its subsidiaries arising from the issuance of trade bills.

Borrower	Bank	Type	Index	Final maturity	Face value	Book value 03/31/2021
Elfa	Santander	4131	CDI+ 1.91% per year	06/26/2024	100,000	100,824
Elfa	Santander	CCB	CDI+ 2.70% per year	06/29/2023	50,000	50,513
Elfa	Santander	4131	CDI + 2.20% per year	11/20/2023	50,000	50,686
Elfa	Santander	4131	CDI + 2.20% per year	06/18/2021	18,000	18,221
Elfa	Santander	4131	CDI + 2.85% per year	02/09/2024	64,000	64,200
Elfa	Itau	CCB	CDI + 2.30% per year	12/20/2021	32,000	32,384
Elfa	Citi	4131 + Swap	USD+Libor+CDI + 2.59 per year	02/08/2024	126,286	118,085
Parent Total					**440,286**	**434,913**
Medcom	Itau	CDC	0.74% per year	12/03/2021	64,308	23
Biohosp	Safra	Working capital	CDI+3.50% per year	02/22/2023	9,000	5,169
Biohosp	Sicoob	Working capital	CDI+3.65% per year	07/15/2024	17,663	13,612
Biohosp	Alfa	Working capital	CDI+4.28% per year	07/03/2023	4,000	3,519
Atrial	Itau	Working capital	TX 9.12% per year	07/12/2021	81,900	15
Oncorio	Santander	Working capital in installments	Fixed at 8.66% per year	12/28/2021	11,500	2,077
Oncorio	Itau	Working capital	CDI+11.75% per year	10/27/2022	7,260	2,230
Oncorio	Itau	FGI	CDI+9.38%. per year	08/26/2024	3,200	3,124
Oncorio	BB	Working capital	CDI+3.75% per year	08/30/2021	7,570	1,565
Oncorio	Safra	Working capital	Fixed at 10.03% per year	07/20/2024	9,145	5,328
Total Consolidated					**655,832**	**471,575**

Elfa	Citi	Derivative	CDI +2.7% per year + USD	07/24/2023	-	**4,531**

The change in loans and financing and derivatives is shown below:

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Opening Balance	**335,851**	**302,453**	**379,135**	**303,300**
Additions by acquisition of new subsidiaries	-	-	-	109,733
Fundraising	190,268	415,205	190,268	415,205
Interest on loans and financing	3,851	13,404	4,882	14,732
Payment of principal loans and financing	(83,340)	(379,807)	(89,965)	(446,190)
Payment of interest on loans and financing	(7,186)	(15,404)	(8,215)	(17,645)
Total loans, financing, and derivatives	**439,444**	**335,851**	**476,106**	**379,135**
Leases payable	8,740	7,658	42,771	30,719
Total working capital and derivatives	**448,184**	**343,509**	**518,876**	**409,854**

As of March 31, 2021, the repayment schedule for installments of long-term loans and financing are as follows:

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
2022	85,790	112,832	86,959	129,452
2023	157,695	106,331	173,070	121,706
2024	50,414	16,667	69,454	16,667

a. Guarantees

The Company has BRL281,639 in trade bills pledged as guarantees for loan and financing agreements, as of March 31, 2021 (BRL156,849, as of December 31, 2020).

16 Payables for investments purchased

It regards installments payable to former shareholders of the companies acquired by the Group, and those amounts are restated as defined in each agreement and the payment shall occur within up to 6 years after the date of each acquisition. Those installments also work as retention and guarantee of possible liabilities within the pre-acquisition period and are measured at current value.

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Payables for investments purchased	**347,722**	**247,561**	**437,798**	**335,475**
Current liabilities	46,781	60,214	97,640	75,673
Non-current liabilities	300,941	187,347	340,158	259,802

The list of acquisitions in 2020 (with the corresponding retained portion balance) that contributed to the increase in this account is shown in Note 3 – Business combination.

The Group made payments of installments regarding acquisitions from previous years, in the amounts of BRL4,523 (2020: BRL 11,656) and BRL 4,523 (2019:BRL 15,749), parent company and consolidated, respectively.

As of March 31, 2021, the repayment schedule of the installments payable arising from the acquisitions made by the Group are as follows:

	03/31/2021	**12/31/2020**
2021	-	75,673
2022	140,958	97,477
2023	106,224	82,650
2024	92,976	79,675
	340,158	**335,475**

17 Provision for contingencies

The Group is exposed to tax, civil, and labor contingencies arising from the regular course of its operations. The provision policy adopted by the Group takes into account the likelihood of loss in the cases. When the likelihood of loss is probable, a provision is made for 100% of the amount due in those lawsuits, according to the Group's assessment, supported by the opinion of its legal advisors.

The Group has lawsuits and contingencies arising, in whole or in part, from periods prior to the acquisition by Elfa, which are the liability of the former shareholders, pursuant to the purchase and sale agreements (see Note 3 and Note 16). For this reason, the Group recognizes the provision for the fair value of contingent liabilities, as well as the assets receivable from former shareholders for these processes and contingencies provided under the title “Indemnification assets”. There was no cash effect on this transaction.

The composition of the provision for contingencies and reimbursement rights, according to their nature, are presented below:

	Parent Company		**Consolidated**	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Civil (a)	97	2	790	682
Labor (b)	140	140	41,396	40,096
Tax (c)	374	370	63,864	63,850
Total provision for contingencies	**610**	**512**	**106,050**	**104,628**
Indemnity asset (d)	**470**	**371**	**104,276**	**103,852**

(a) Civil liabilities classified as probable arise from actions for damages, as a rule, with a low amount involved, and mostly under the liability of former members.
(b) Labor liabilities classified as probable are composed of materialized and non-materialized contingencies. Materialized contingencies mostly refer to requests for recognition of employment relationships, made by commercial representatives, as well as an action in which differences in commissions are discussed, given that, to a large extent, the amounts are the liability of the former members.
(c) Tax liabilities classified as probable are comprised of material and non-material contingencies and are fully the responsibility of the former members. The materialized contingencies refer substantially to disputes about the application of ICMS.
(d) Those balances are mainly guaranteed by accounts payable to former shareholders described in note 16.

Among actions with a probable likelihood, the following lawsuit should be emphasized:

A labor claim requesting differences in commissions due on the sale of products, referring to the period from June 2015 to May 2020, in the updated amount of BRL 1,082, and the liability of former members regarding that amount is approximately 60%.

On March 31, 2021, the Company and its subsidiaries had lawsuits with a likelihood of loss assessed as possible in the amount of BRL 48,043 (December 31, 2020: BRL 36,773), of which BRL 39,084 are guaranteed by former controlling shareholders. Among actions with a possible likelihood and, therefore, not subject to the provision, the actions identified below should be emphasized:

- A labor claim was filed by a commercial representative requesting employment bond and repercussions, and a 25-year guarantee fund, in the amount of BRL 9,407. Action without a decision on the merits.
- Enforcement action filed by the State of Bahia for collection of ICMS debt. Guaranteed by Performance Bond, in the amount of BRL 9,194, under the liability of the former member.
- Annulment action filed aiming at the annulment of IRPJ and CSLL entries, for recording expenses not related to operating activity, as well as for recording exclusions without legal protection, in the amount of BRL 2,300, under the liability of the former member.

Activity of provision for contingencies is shown below:

	Parent Company				**Consolidated**			
	Civil	**Labor**	**Tax**	**Total**	**Civil**	**Labor**	**Tax**	**Total**
Balance as of December 31, 2020	1	140	370	511	682	40,096	63,850	104,628
Additions	96		3	99	110	1,300	14	1,424
Write-offs	-	-	-	-	-	-	-	-
Reversals	-	-	-	-	-2	-	-	-2
Balance as of March 31, 2021	**97**	**140**	**374**	**610**	**790**	**41,396**	**63,864**	**106,050**

Judicial deposits

As of March 31, 2021, the Group had a total of BRL 43,545 (2020: BRL 28,317) referring to judicial deposits which are mostly (BRL 40,853) related to writs of mandamus filed during the period from 2020 to 2021, in 14 States of the Federation, regarding the dispute about the unconstitutionality of the Rate Differential (DIFAL) of the ICMS levied on part of Grupo Elfa's interstate sales. The issue was the subject of a direct action of unconstitutionality (ADIN) in the STF (5469) and its general repercussion (Subject 1093) was also recognized by the STF.

The Company and its subsidiaries dispute the matter through Writs of Mandamus and, since July 2020, have made judicial deposits of amounts related to DIFAL. In this context, the Company's accounting practice was to provision the amount of DIFAL deposited in court, recorded under the heading of taxes payable.

On February 24, 2021, the Federal Supreme Court (STF), when ruling RE No. 1.287.019/DF, established the theory of unconstitutionality of DIFAL (Theme 1093 - General Repercussion): “The charging of the ICMS rate differential, as introduced by Constitutional Amendment No. 87/2015, presupposes the enactment of a supplementary law conveying general rules.”

Considering the general repercussion of the subject and the discussions held with its legal advisors, the Company concluded the reversal of liabilities constituted in the amount of BRL 42,949 and BRL 49,678, parent company and consolidated respectively, on the base date of this interim financial information, under the technical statement CPC 25/IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets. Consequently, the amount of the reversal under the heading of taxes payable as mentioned above had as a counter entry the recognition of income under "Other income" for the amounts with a provision was constituted until December 31, 2020, totaling BRL 25,156 and BRL 29,760, parent company and consolidated respectively, (Note 20) and tax reversal timely recognized in the first quarter of 2021 and disclosed as "Sales taxes", in the amount of BRL 17,793 and BRL 19,918, parent company and consolidated, respectively (Note 19).

18 Shareholders' Equity

a. Capital

On March 31, 2021, the subscribed and paid-in share capital was BRL 1,062,221, represented by 490,758,392 common shares with no par value (2020: 468,099,631 shares with no par value).

Find below the table with the main shareholders of the Company:

	03/31/2021	**12/31/2020**
Shareholders/Treasury	**Shares**	**Shares**
Pátria Brazilian Private Equity Fund IV – FIP	308,470,651	308,470,651
Brazilian Private Equity IV – FIP	6,810,064	6,810,064
Brazilian Private Equity V – FIP	78,166,378	78,166,378
Branquinho Family	27,351,376	27,351,376
Gadelha Family	19,558,458	19,558,458
Assis e Felix Family	14,154,729	14,154,729
Stepstone K IV SPV, LLC	22,658,761	-
Other shareholders	3,587,975	3,587,975
Treasury shares	10,000,000	10,000,000
	490,758,392	**468,099,631**

(i) Capital increase in cash

On March 13, 2020, the shareholders resolved to increase the share capital through the issuance of 106,382,979 new shares, in the total amount of BRL 250,000, paid in cash.

(ii) Capital increase

On August 7, 2020, the shareholders resolved on a capital increase, through the use of the capital reserve balance, the issuance of ten million (10,000,000) of new common shares, registered, and with no par value of the Company, identical to the existing common shares, at the issue price of three Brazilian reais and six cents (BRL 3.06) per share. Those shares were subscribed by all shareholders proportionaly to their interests in the share capital.

(iii) Capital increase acquisition - Medcom Group

On April 9, 2020, 28,270,157 new shares were issued as part of the acquisition of the Medcom Group, as mentioned in note 3.3.

The fair value of the shares issued was set by an independent expert report issued on the date, as required by the Brazilian Corporations Law. The difference between the contribution amount and fair value was allocated as a share premium reserve, classified as capital reserve

(iv) Capital increase acquisition - Atrial

On June 30, 2020, 78,166,378 new shares were issued in consideration for 100% of Atrial's shares, as mentioned in note 3.3.

The fair value of the shares issued was set by an independent expert report issued on the date, as required by the Brazilian Corporations Law. The difference between the contribution amount and fair value was allocated as a share premium reserve, classified as capital reserve.

(v) Capital increase acquisition - Biohosp

On December 21, 2020, 2,404,917 new shares were issued, in the total amount of BRL 5,131, paid in through the contribution of 9% of Biohosp's shares.

The fair value of the shares issued was set by an independent expert report issued on the date, as required by the Brazilian Corporations Law. The difference between the contribution amount and fair value was allocated as a share premium reserve, classified as capital reserve.

(vi) Capital increase - Stepstone

On February 26, 2021, the private subscription of new shares by the Company was approved, thus, 23,173,733 new shares were issued, in the total amount of BRL 227,640, which were paid on March 31, 2021, and April 1, 2021, in the amounts of BRL 222,581 and BRL 5,059, respectively.

The fair value of the shares issued was set by an independent expert report issued on the date, as required by the Brazilian Corporations Law. The difference between the contribution amount and fair value was allocated as a share premium reserve, classified as capital reserve.

b. Legal reserve

According to the Articles of Incorporation, 5% of the net income for the fiscal year shall be allocated to the legal reserve provided in Article 193 of Law 6.404/76, until it reaches 20% of the share capital.

c. Retained earnings

It represents the allocated portion of the profit, after the constitution of the legal reserve and allocation tax incentive reserves and the mandatory minimum dividend, which should be resolved in a definitive manner through a corporate act, during the approval of the Financial Statements.

d. Tax incentive reserve

The Company recorded as tax incentive reserve the amount of BRL 6,612 (BRL 38,322, in 2020), related to the grants received. Tax incentives are allocated after the end of the fiscal year to the tax incentive reserve account, pursuant to Article 195-A of Law No. 6.404/76, with wording given by Law No. 11.638/2F007.

The Company and its subsidiaries benefit from the special tax regime for reducing the tax base in Paraíba, Goiás, Distrito Federal, and Minas Gerais.

The taxation regimes were recognized as a tax benefit by the respective States and reinstated pursuant to Clause One of ICMS Agreement No. 190/2017, of 12.15.2017.

In addition to the above regimes, the group benefits from the possibility of paying taxes under a differentiated regime (tax substitute) in the States of Minas Gerais, Pernambuco, Bahia, Pará, and Ceará, with a different payment calculation for each regime.

According to the applicable Brazilian tax legislation, the ICMS tax benefit validated by CONFAZ is excluded from the IRPJ and CSLL calculation basis, provided that it is registered in a profit reserve, which may only be used for:

(i) Absorption of losses, provided that the other retained earnings, with the exception of the legal reserve, have already been fully absorbed;

(ii) Share capital increase. If that allocation is not followed, the Company may be subject to taxation by IRPJ and CSLL.

e. Capital reserve

The capital reserve balance, in the amount of BRL 628,573, as of March 31, 2021 (BRL 642,245, as of December 31, 2020) is comprised of:

i. BRL 25,994 arising from the reverse merger of its parent company, on the date, as provided for in Article 227 of Law No. 6.404/76;
ii. BRL 384,156 regarding the goodwill reserve on the issue of shares for the sellers of Grupo Atrial;
iii. BRL 214,665 regarding the goodwill reserve on the issue of shares for the sellers of Medcom Group;
iv. BRL 14,222 regarding the goodwill reserve on the issue of shares for the sellers of Bishop;
v. BRL 35,255 regarding options granted in relation to share-based payments; and
vi. During the fiscal year of 2020, BRL 30,600 were compensated for the capital increase

On January 29, 2021, indirect subsidiary NCH concluded the supplementary acquisition of 28.13% of the remaining shares for the total amount of BRL 21,243. In line with the change of interest in which there was no change in control, the difference between the consideration paid and the equity value of Procifar as of the transaction (BRL 6,123) was considered as goodwill in a capital transaction as an acquisition of non-controlling interest, in the amount of BRL 15,120, and, thus, recorded directly in equity.

f. Distribution of profits and payment of additional dividends

The allocation of the Company's profits, according to its Articles of Incorporation, shall be:

(a) five percent (5%) shall be invested, before any other allocation, to constitute the legal reserve, which shall not exceed twenty percent (20%) of the Company's share capital, pursuant to Article 193 of the Brazilian Corporations Law;

(b) a portion of the net income, as proposed by the management bodies, may be allocated to the formation of a reserve for contingencies, pursuant to Article 195 of the Brazilian Corporations Law;

(c) the portion of net income arising from government investment subsidies, which may be excluded from the calculation basis of the mandatory dividend, may be allocated to the tax incentive reserve;
(d) in the year in which the amount of the mandatory dividend, calculated pursuant to item (f) below, exceeds the actual portion of the profit for the year, the Shareholders' Meeting may, upon a proposal of the management bodies, allocate the excess to the constitution of a reserve for unrealized profits, subject to the provisions of Article 197 of the Brazilian Corporations Law;

(e) a portion not exceeding the difference between (i) seventy-five percent (75%) of the annual net income adjusted as provided for in Article 202 of the Brazilian Corporations Law (including, therefore, any allocation of a portion of the net income to constitute a reserve for contingencies) and (ii) the reserve indicated in item (c) above, may be used to create a reserve for investments and working capital, which shall have the purpose of defraying investments for growth and expansion and financing working capital of the Company, with the exception that the accumulated balance of this reserve may not exceed one hundred percent (100%) of the Company's share capital; and

(f) the remaining balance shall be distributed to the shareholders as dividends, ensuring the distribution of the minimum mandatory dividend of not less than, in each fiscal year, twenty-five percent (25%) of the adjusted annual net income, as provided for in Article 202 of the Brazilian Corporations Law.

19 Net operating revenue

	Parent Company		**Consolidated**	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Gross revenue				
Sale of goods - private clients	404,181	275,391	1,241,296	461,526
Sale of goods - public customers	49,627	31,613	245,638	38,157
Total gross revenue	**453,808**	**307,004**	**1,486,934**	**499,683**
Deduction from gross revenue				
Sales Return - private clients	(5,915)	(3,442)	(20,890)	(6,619)
Sales Return - public clients	(1,120)	(428)	(5,126)	(621)
Discounts granted	(328)	(290)	(859)	(474)
Taxes on sales (a)	(17,176)	(24,323)	(128,570)	(39,706)
Total deductions of revenue	**(24,539)**	**(28,483)**	**(155,445)**	**(47,420)**

Net operating revenue	**429,269**	**278,521**	**1,331,489**	**452,263**

Revenue is measured based on the consideration specified in the transaction with the client. Elfa recognizes revenue when it transfers the control over the product or service to the client.

Invoices issued usually must be paid within a 30-day term. No additional discounts are offered to the value of the bill and returns are only accepted when the defect or error in the delivery of the product is evidenced. The industry's return percentage is considered low.

(a) The item indicates sales taxes recorded in the quarter, as well as the impact of the reversal in the period, as mentioned in Note 17.

20 Costs and expenses by function and nature

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
By function				
Cost of goods sold	(380,132)	(254,675)	(1,139,724)	(406,672)
Commercial	(15,074)	(10,596)	(57,583)	(16,898)
General and administrative	(25,390)	(12,123)	(94,112)	(21,810)
Reversal of impairment losses on trade receivables	(2,084)	(2,902)	(5,713)	(4,284)
Other revenues (a)	26,821	5,431	32,308	3,434
Other expenses	(1,192)	(3,958)	(4,222)	(4,768)
	(397,051)	**(278,823)**	**(1,269,046)**	**(450,998)**
By nature				
Cost of resale of goods	(380,132)	(254,675)	(1,139,724)	(406,672)
Salaries and social charges	(12,529)	(10,268)	(59,982)	(14,723)
Commissions on sales	(354)	(230)	(888)	(538)
Freights and carriages	(3,731)	(2,393)	(15,386)	(4,133)
Amortization and depreciation	(1,156)	(1,337)	(24,559)	(6,393)
Share-based compensation	(1,448)	(1,183)	(1,448)	(1,183)
Condominium fees and other occupation expenses	(171)	(197)	(1,042)	(435)
Services provided - Legal entity	(16,404)	(3,851)	(23,593)	(5,609)
Impairment losses on trade receivables	(2,084)	(2,902)	(5,713)	(4,284)
Other revenues (a)	26,821	5,430	32,308	3,427
Other expenses	(5,963)	(7,217)	(29,019)	(10,455)
	(397,051)	**(278,823)**	**(1,269,046)**	**(450,998)**

(a) As mentioned in note 17, the Company allocated the provision for payment of DIFAL. The amounts of BRL 25,156 and BRL 29,760, parent company and consolidated, respectively, were recorded under "Other Income" corresponding to provisions recorded in prior periods.

21 Financial income

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Financial expenses				
Interest on loans	(3,854)	(3,411)	(4,886)	(3,428)
Other financial expenses	(4,271)	660	(8,869)	661
	(8,125)	**(2,751)**	**(13,755)**	**(2,767)**

Financial revenues				
Interest receivable	2,494	-	2,689	-
Earnings from financial investments	39	311	150	524
Other financial revenues	3	-	17	-
	2,536	**311**	**2,856**	**524**
Financial income	**(5,589)**	**(2,440)**	**(10,899)**	**(2,243)**

22 Income tax and social security contribution

The breakdown of the expense with income tax and social contribution on profit is shown below:

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Current:				
Corporate income tax	(1,816)	-	(12,878)	(902)
Social Security Contribution on net income	(672)	-	(4,843)	(456)
	(2,488)-	**-**	**(17,721)**	**(1,358)**
Deferred:				
Corporate income tax	(1,819)	3,074	2,587	5,195
Social Security Contribution on net income	1,425	1,215	1,170	1,135
	(394)	**4,289**	**3,757**	**6,330**

Reconciliation of effective income tax and social security contribution expenses

Income tax and social security contribution on profit provided in the Statement of profit or loss show the following reconciliation at the nominal rate:

	Parent Company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Accounting profit (Loss) before income tax and social security contribution	(40,350)	(295)	51,543	(978)
Legal combined tax rate	34%	34%	34%	34%
Net effect of income (expense) of current and deferred IRPJ/CSLL at legal tax rates	(13,719)	100	(17,525)	333
Adjustments to net income that affect tax income:				
Equity method	4,665	832	-	-
Subvention for investments	6,536	6,104	12,375	6,979
Other additions and exclusions, net	(364)	(2,747)	(8,814)	(2,340)
Additions and exclusions, net	10,837	4,189	3,561	4,639
Total credited/debited to the result	(2,882)	4,289	(13,964)	4,972
Effective rate on the net effect of current and deferred IRPJ/CSLL	7%	1,454%	27%	508%

Deferred income tax and social security contribution on temporary differences

The Company and its subsidiaries, based on the expectation of generating future taxable income, recognized deferred tax credits on temporary differences and tax loss balance and negative social security contribution base.

The calculation bases for net assets are comprised of as follows:

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Balances:				
Provision for impairment	3,021	6,340	8,418	11,434
Provision for inventory losses	255	66	744	175
Miscellaneous provisions	5,320	2.901	32,919	25,820
Goodwill	9,490	9,669	9,490	9,669
Share-based compensation	12,698	12,698	12,698	12,695
Tax loss and negative basis	59,795	59,051	66,617	65,917
	90,579	**90,725**	**130,886**	**125,710**

Technical feasibility studies prepared by the Management indicate the full recovery capacity, in subsequent years, of the recognized deferred tax amounts and correspond to Management's best estimates on the future evolution of the Company and its subsidiaries, and the market in which it operates, whose expectation of realization of tax credits is presented below:

Year	**Parent Company**	**Consolidated**
2021	323	3,372
2022	4,696	5,078
2023	(7,501)	(7,466)
2024 to 2028	62,277	65,632
	59,795	**66,617**

23 Earnings (loss) per share

The calculation of net income (loss) per share for the fiscal years ended March 31, 2021, and 2020 is shown below:

	03/31/2021	**03/31/2020**
Net profit (loss) for the fiscal year	37,579	3,994
Number of shares	468,162	242,875
Earnings per share - basic - BRL	**0.080**	**0.02**
Stock option adjustments (weighted average)	17,520	10,860
Number of shares for diluted earnings per share	485,682	253,735
Diluted earnings per share - BRL	**0.077**	**0.02**

24 Financial instruments

Information related to Elfa's financial instruments and their respective analyzes are listed in the items below:

a. Accounting grading and fair values

The table below shows the book values of financial assets and liabilities and their classifications. The carrying amounts of those financial instruments are close to their respective fair values.

		Parent Company		Consolidated	
	Classification	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Assets, according to the balance sheet					
Cash and cash equivalents	(i)	262,045	65,918	329,267	228,461
Bonds and Securities	(ii)	-	-	-	75,137
Trade receivables	(i)	351,065	328,340	1,073,394	907,060
Other assets	(i)	44,783	30,047	82,274	67,030
Indemnity assets	(i)	470	371	104,275	103,852
Advance for future capital increase and related parties	(i)	188,253	178,709	-	-
Liabilities, according to the balance sheet					
Trade and other accounts payable	(iii)	277,065	310,645	948,248	954,467
Loans and financing	(iii)	448,184	343,509	518,876	409,854
Payables for investments purchased	(iii)	347,722	247,561	437,796	335,475
Trade payables to related parties	(iii)	407,585	286,609	-	-

Classification:
(i) Assets at amortized cost
(ii) Assets measured at fair value through profit or loss
(iii) Liabilities at amortized cost

Financial risk management

The Company is exposed to the following risks arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk.

Structure of risk management

The Company's Board of Directors has global responsibility for the establishment and overview of the Company's risk management structure.

The Company's risk management policies are established in order to identify and analyze the risks to which the Company is exposed, to define appropriate risk limits and controls, and to monitor the risks and compliance with the limits imposed. The risk management policies and systems are frequently revised to reflect changes in market conditions and in the activities of the Company. The Company, through its training and management standards and procedures, aims to keep a disciplined and controlled environment in which all employees understand their roles and obligations.

Credit risk
Credit risk is the risk of the Company incurring financial losses if a customer or counterparty in a financial instrument fails to perform its contractual obligations. This risk is mainly due to trade receivables and financial instruments of the Company.

Carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets and contracts recognized in the statement of profit or loss are disclosed in Note 8.

Trade receivables
The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. However, the Management also takes into account factors that may influence the credit risk of its customer base, including the risk of non-payment by the industry in which the customer operates.

The Management has established a credit policy in which each new customer is individually evaluated for his/her/its financial condition before the Company submits a proposed credit limit and payment methods. The Company's review includes the assessment of external ratings, when available, financial statements, information from credit agencies, industry information, and, in some cases, bank references. Credit limits are set for each customer and are reviewed annually.

The Company limits its exposure to the credit risk of accounts receivable, establishing an average payment term of 1 and 4 months for clients in the public and private sectors, respectively.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entities, resellers or end customers, their geographical area, industry, history of trading with the Company, and the existence of financial difficulties in the past.

The Company does not require guarantees regarding trade receivables from clients and other receivables, and it does not use guarantees for not setting up a provision for losses.

As of March 31, 2021, the Company does not have any client representing more than five percent (5%) of the balance of trade receivables.

Evaluation of the expected credit loss for corporate customers as of January 1 and March 31, 2021.

An expected credit loss rate is calculated for each type of customer (public or private) based on previously observed characteristics and credit loss default conditions. Specifically, the provision for the reduction to the realization value of trade receivable was constituted in accordance with the discretion of the Company's Management, considering the loss background of the last three years, adjusted to reflect current and expected economic conditions, as well as other factors of determination of credit risk to calculate expected losses, including individual analysis of outstanding trade bills.

The following table provides information on the exposure to credit risk and expected credit losses on trade receivables as of March 31, 2021.

March 31, 2021 In thousands of Reais	**Weighted-average loss rate**	**Gross Sales**	**Provision for estimated loss**	**Credit-impaired**
Public customers	0.34%	245,638	835	**No**
Private customers	0.46%	1,241,296	5,710	**No**
Total	0.44%	1,486,934	6,545	

March 31, 2020 *In thousands of Reais*	**Weighted-average loss rate**	**Gross Sales**	**Provision for estimated loss**	**Credit-impaired**
Public customers	0.57%	38,157	217	**No**
Private customers	0.67%	461,526	3,092	**No**
Total	0.62%	499,683	3,309	

Cash and cash equivalents

The Company had a consolidated balance of "Cash and cash equivalents" of BRL 329,267, as of March 31, 2021 (BRL 203,598, in 2020). "Cash and cash equivalents" are maintained with banks and financial institutions that have a rating rated by Fitch between AA- and AA+, based on the main rating agencies and, therefore, considered to have low credit risk.

The Company retains derivative financial instruments with financial institutions of the same rating.

(ii) Liquidity risk

Liquidity risk is the risk related to the fulfillment of obligations associated with financial liabilities that are settled with payments in cash and/or with other financial assets. The Company's approach for Management of the liquidity is of ensuring that it will always have sufficient liquidity to meet its obligations as they mature, under normal and stressful conditions, without causing losses that are unacceptable or pose the risk of being detrimental to the Company's reputation.

The Company seeks to maintain the level of its "Cash and cash equivalents" and other investments with an active market in an amount greater than the cash outflows for the settlement of financial liabilities (except "Suppliers") for the next 60 days and monitors the expected level of cash inflows from "Accounts receivable from clients and other receivables" together with expected cash outflows related to "Suppliers and other accounts payable".

Liquidity risk exposure

Below are the contractual maturity dates of financial liabilities on the date of the financial statement. These amounts are gross, without deductions, including estimated interest payouts and excluding the effects of set-off agreements.

March 31, 2021		**Consolidated**				
		Contractual cash flows				
	Carrying amount	**Total**	**2 - 12 months**	**1 to 2 years**	**2 - 5 years**	**More than 5 years**

Non-derivative financial liabilities						
Bank loans	476,105	513,400	123,666	325,468	64,266	-
Lease	42,771	42,771	14,606	13,888	14,277	-
Trade and other accounts payable	948,248	948,248	948,248	-	-	-
Payables for investments purchased	437,798	437,798	73,938	270,885	92,975	-
	1,904,922	**1,942,217**	**1,160,458**	**610,241**	**171,518**	**-**

December 31, 2020		**Consolidated**				
		Contractual cash flows				
	Carrying amount	**Total**	**2 - 12 months**	**1 to 2 years**	**2 - 5 years**	**More than 5 years**
Non-derivative financial liabilities						
Bank loans	379,135	399,021	147,619	110,446	140,956	-
Lease	30,719	30,719	7,919	11,523	11,277	-
Trade and other accounts payable	954,467	954,467	954,467	-	-	-
Payables for investments purchased	335,475	335,475	75,673	180,127	79,675	
	1,699,796	**1,719,682**	**1,185,678**	**302,096**	**231,908**	

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - affecting the Company's earnings or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Exchange risk

The Company is not materially exposed to exchange risk in this way and chose not to present the exchange rate sensitivity analysis table.
Foreign exchange risk arises from future and current commercial transactions, generated mainly by the importation of goods denominated in US dollars. All loans contracted by the Company in foreign currency are hedged through derivative agreements that mitigate the Company's exposure to exchange variation. The Company does not have hedge accounting.

Interest rate risk

The profile of interest rates of the Company’s interest-bearing financial instruments, as reported to the Management, is as follows:

	Consolidated	
	Par value	
	03/31/2021	12/31/2020
Instruments with post-fixed interest rate		
Cash and cash equivalents and financial investments	329,267	303,598
Bank loans, derivatives, and leases payable	(518,877)	(425,160)
Net exposure	**(189,610)**	**(121,562)**

Sensitivity analysis for instruments with interest and exchange rates

The Company does not have any financial assets or liabilities at fair value, with an interest rate fixed through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments using the fair value hedge accounting model for this type of protection.

In order to verify the sensitivity of the balance of highly liquid financial investments and securities of the Group in the financial statements for the fiscal year ended March 31, 2021, plus the CDI projected for March 31, 2021, two very different scenarios were set. Scenario I assumes a 25% drop in the CDI and scenario II assumes a 50% drop in the CDI. Considering the stress rates, the estimated accounting balances would be:

Transaction	**CDI risk**	Probable Scenario	Scenario I 25% deterioration	Scenario II 50% deterioration
Financial investments with immediate liquidity	CDI percentage decrease (25%)	293,164	291,807	290,450
Financial investments		**293,164**	**291,807**	**290,450**

In order to verify the sensitivity of the index of the loans to which the Group was exposed on the base date of March 31, 2021, two different scenarios were set. Based on projections published by the Central Bank of Brazil (BACEN), the projection of foreign currency and rate that backs the interbank operations for each of the analyzed transactions was obtained, which is set as variations in the rate worsening by 25% (scenario 1) and 50% (scenario 2). Considering the stress rates, the estimated accounting balances would be:

Data:		Probable Scenario		Scenario I 25% deterioration		Scenario II 50% deterioration	
Exchange rate on 03/31/2021 USD		BRL	5,6973	BRL	5,6973	BRL	5,6973
Estimated USD exchange rate for fiscal year 2021 [1]		BRL	5,400	BRL	6,750	BRL	8,100
CDI projected for the end of the fiscal year [2]			1.89%		2.4%		2.8%
Loan Amount in USD			41,060		41,060		41,060
Transaction:			Amounts in BRL		Amounts in BRL		Amounts in BRL
Future	Increase of CDI [2]		4,412		5,515		6,618
	Debt (Risk of USD Increase)		12,207		(43,224)		(98,655)
Hedge Debt in USD	Derivative (Risk of USD Increase)		(12,207)		43,224		98,655
Net Effect			4,412		5,514		6,618

[1] According to the projected rate for the end of the fiscal year disclosed in the Focus Bacen report of April 16, 2021.
[2] Calculated considering the impact until the end of the period if the indicator changes.

25 Share-based payment

The accounting policy on share-based payment is presented in note 8(d)(ii) of the financial statements as of December 31, 2020.

As of March 31, 2021, the Company has long-term incentives that grant employees stock options, which may be settled through shares.

Under this incentive, the options may be exercised at preset prices on the grant date when the conditions for exercise are met. The conditions for the exercise are: (i) liquidity event for the controlling shareholder; (ii) minimum expected return from the controlling shareholder, and (iii) minimum length of service. These criteria were not cumulatively met, therefore, no options have been exercised to date. If the employee decides to leave the Company before the three conditions above are met, their options shall be canceled

Plan	**Date of grant**	**Number of options (in thousands)**	**Total in thousands of BRL**	**Option contractual term**
Incentive 2014	December 1, 2014	6,929	12,612	48 months after the grant
Incentive 2015	December 1, 2015	1,474	3,896	48 months after the grant
Incentive 2017	August 24, 2017	410	945	48 months after the grant
Incentive 2018	February 9, 2018	46	5,013	48 months after the grant
Incentive 2019	January 9, 2019	1,613	4,073	48 months after the grant
Incentive 2020	January 9, 2020	2,211	4,796	48 months after the grant
Atrial merger Incentive	June 30, 2020	2,275	4,010	Up to 42 months after the grant(*)
Total stock options		14,958	35,345	

(*) The options kept their original vesting of the acquiree, therefore, the plan is different in contractual term from the others.

Measurement of fair values

The fair value of stock option plans that have share-based payment, which may be settled in shares, was measured at fair value based on the Black-Scholes formula. Non-market performance and service conditions were not considered in the fair value measurement.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

Long-term Incentive Plans	**2014**	**2015**	**2017**	**2018**	**2019**	**2020**
Fair value on grant date	1.78	2.85	2.52	6.54	7.15	5.93
Share price on the grant date	2.61	4.09	4.37	8.79	10.37	11.58
Price for the fiscal year	1.46	2.15	2.44	2.91	3.84	6.17
Expected volatility (weighted average)	23%	26%	19%	22%	18%	18%
Option term (in years)	4	4	4	4	4	4
Risk-free interest rate (CDI)	11.57%	14.14%	6.9%	6.4%	4.4%	2.15%

Expected volatility was estimated considering the historical market volatility metric of the Bovespa index, in a period proportional to the expected term. The expected term of the instruments was based on historical experience and the general behavior of the option holder.

The valuation method used was Black-Scholes.

Expenses recognized in the result

Regarding the plans mentioned above, the Company recognized in the income statement as expenses with salaries and charges, the total amount against expenses recorded in expenses with payment based on shares, as shown in the table below:

Plan	**03/31/2021**	**03/31/2020**
Incentive 2014	-	-
Incentive 2015	-	-
Incentive 2017	67	65
Incentive 2018	125	223
Incentive 2019	273	309
Incentive 2020	983	587
Expense recognized in the period	1,448	1,183

26 Information by segment

The following segment information is used by Elfa's management to evaluate the performance of the operating segments and to make decisions regarding the allocation of funds, with the Gross Margin being the measure used in the performance of its operating segments. As mentioned in Note 1.

The Company analyzes its results based on two segments: *Specialties and Pharmaceuticals*, which encompasses all medicines, whether specialties, generics, or similar, and Hospital and Medical Supplies, which encompasses hospital materials and equipment and nutrition.

All of the Company's operations are carried out in Brazil and there are no clients that represent more than 10% of the revenue of each segment.

03/31/2021	**Pharmaceutical Specialties**	**Hospital and Medical Supplies**	**Corporate not allocated**	**Consolidated**
Net Operating Revenue	1,092,898	238,591	-	1,331,489
Cost of goods sold	(953,920)	(185,804)	-	(1,139,724)
Gross Profit	**138,977**	**52,787**	**-**	**191,765**
	12.72%	22.12%	-	14.10%
Selling expenses	(35,821)	(21,762)	-	(57,583)
Contribution Margin	**103,155**	**31,026**	**-**	**134,181**
Contribution Margin % /Net operating revenue	**9.44%**	**13.00%**	**-**	**10.08%**
Impairment losses (reversal) of trade accounts receivable	-	-	(5,713)	(5,713)
General and administrative expenses	-	-	(94,112)	(94,112)
Other revenues	-	-	32,308	32,308
Other expenses	-	-	(4,223)	(4,223)
Operating income before financial results and taxes	**103,155**	**31,026**	**(71,740)**	**62,442**

03/31/2020	Specialties Pharmaceuticals	Hospital and Medical Supplies	Corporate not allocated	Consolidated
Net Operating Revenue	446,071	6,192	-	452,263
Cost of goods sold	(401,534)	(5,137)	-	(406,672)
Gross Profit	**44,537**	**1,054**	**-**	**45,591**
	9.98%	17.03%	-	10.08%
Selling expenses	(16,468)	(430)	-	(16,898)
Contribution Margin	**28,069**	**624**	**-**	**28,693**
Contribution Margin % /Net operating revenue	**6.29%**	**10.08%**	**-**	**6.34%**
Impairment losses (reversal) of trade accounts receivable	-	-	(4,284)	(4,284)
General and administrative expenses	-	-	(21,810)	(21,810)
Other revenues	-	-	3,434	3,434
Other expenses	-	-	(4,768)	(4,768)
Operating income before financial results and taxes	**28,069**	**624**	**(27,428)**	**1,265**

27 Subsequent events

On May 7, 2021, the Company's subsidiary Cirúrgica Jaw Comércio de Material Médico Hospitalar Ltda. completed the acquisition of all shares issued by Ambioton Importadora Ltda. (“Ambioton”) e da Natbio Importadora Ltda (“Natbio”). The acquired companies operate in the distribution of medicines, primarily in the Southeast region, with a preponderant role in the generic and nutrition markets, with their principal place of business in the City of Guarulhos, State of São Paulo

The Transaction is in line with the Company's strategic objective of strengthening the presence in the Southeast and Midwest of its main business lines (specialties, generics/similars, and nutrition).

The acquisition price of Ambioton and Natbio was BRL 47,141, of which (i) BRL 28,284 paid in cash; and (ii) BRL 18,857 as retained installment, which may be paid in full or in part after compliance with the clauses set forth in the purchase and sale agreement. Additionally, the former owners may be entitled to an additional installment to the acquisition price of up to BRL 16,743, which shall be calculated after 1 year of completion of the transaction.

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Michael Gordon Findlay
Chief Financial Officer

Derick de Melo Godoy
Controller/Accountant
CRC 1SP289135