

EARNINGS RELEASE



1Q22

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Elfa Group announces its results for the first quarter of 2022

São Paulo, May 13, 2022 - Elfa Medicamentos S.A. announces its consolidated results for the first quarter of 2022 (1Q22). The operational and financial information, unless otherwise indicated, is presented in Brazilian reais, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM). The information contained herein must be analyzed together with the financial reports for the three-month period ended March 31, 2022 filed with the CVM and available on the Company's Investor Relations website (<https://ri.grupoelfa.com.br>).

Operating and Financial Highlights

- **Net Revenues (NOR) of R\$1,314.2 million** in 1Q22, a -1.3% reduction compared to the same quarter in the previous year and an **organic reduction of -7.5%**.
- **Gross Profit of R\$206.5 million** in 1Q22, 7.7% higher than in the same quarter of the previous year.
- **Adjusted EBITDA of R\$58.6 million** in 1Q22, reducing by -41.8% over the same quarter of the previous year.
- **Adjusted Net Income of R\$20.7 million** in 1Q22, reducing by -59.7% over the same quarter of the previous year.
- On May 2, 2022, we completed the acquisition of **Descarpack, which adds strategic sourcing resources and brings its own brand** to the Company, **focused on high-quality disposable products** and growth.

(R\$ million)	1Q21		1Q22		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Net Revenues (NOR)	1,331.5	88.5	(105.8)	1,314.2	-7.5%	-1.3%
Gross Profit	191.8	35.6	(20.9)	206.5	-9.2%	7.7%
Gross Margin (% NOR)	14.4%	+ 1.7 p.p.	- 0.4 p.p.	15.7%		1.3 p.p.
Adjusted EBITDA	100.7	12.3	(54.4)	58.6	-48.1%	-41.8%
% Adjusted EBITDA Margin (% NOR)	7.6%	13.9%	51.4%	4.5%		-3.1 p.p.
Adjusted Net Income	51.3			20.7		-59.7%
Adjusted Net Margin (% NOR)	3.9%			1.6%		-2.3 p.p.

About Elfa Group

With over 30 years of experience in the national healthcare market, Grupo Elfa is one of the leading providers of healthcare logistics solutions and services in Brazil, being a reference as a partner in the hospital market value chain through the provision of high value services aggregation and distribution of highly complex medicines and medical hospital materials. It is controlled by funds managed by Patria Investments, one of the most relevant private equity firms in the country.

In 2021, we were ranked among the 1000 Largest Companies in the country by Valor Econômico, reaching 268th place in the ranking - moving up 99 positions when compared to last year. In addition, we were ranked 2nd in the Ranking of Best Companies to Work For by GPTW Saúde 2021, in the Drugstore and Supply Chain category - Medium and Large Companies - and we were also certified by GPTW as the best company to work for in the state of Paraíba.

Message from Management

We began 2022 optimistic about society returning to normal, with the expressive adherence of the population to the vaccine as numbers of coronavirus cases increasingly reduce. Regarding the macroeconomic scenario, we understand this year will impose certain challenges, but we remain confident in the resilience of our sector and business, and in our ability to continue to grow and increase the offering of healthcare solutions to our customers.

At the beginning of 2022, the institutional healthcare market showed similar behavior to what we witnessed during the second half of 2021, mainly in the Pharmaceutical Specialties ('Generics and Similar' line) and the Hospital Medical Materials and Equipment ('Essentials' line) segments. The slowdown in Covid cases during the second half of 2021 resulted in a drop in prices and volume of medications used to treat Covid in hospitals.

With the exception of March, which was directly benefited from the 10.9% increase in medication prices scheduled for April 1st of this year (CMED), we observed quarter with similar trends to 4Q21: organic contraction in sales in 1Q22, mainly due to the combination of a strong comparison period (NOR grew by 35% in 1Q21 compared to 20% in FY21) and a drop in volume and prices in specific segments, such as Generics and Similar and Essentials rising from the Covid-19 effect. In the first quarter of 2022, we observed an important fact. Since January 1st, 2022, the collection of DIFAL (differential ICMS tax rate system) for interstate sales has been suspended throughout Brazil. Combined with the expectation of CMED's price increase of 10.89%, we saw a greater aggressiveness of prices practiced by our main competitors, especially in Pharmaceutical Specialties.

We remain focused on balancing optimizing our sales growth with the discipline of managing our margin. During 1Q22, this discipline combined with the high organic growth of the previous year resulted in an organic contraction in our Specialty Pharmaceuticals business of -3.9% in NOR and -0.5pp in our gross margin. Excluding the impact of Covid-19 items, our NOR grew organically by +3.7% in the period. It is worth noting that despite this, our Gross Margin% of the segment grew +1.3pp vs 1Q21 and +0.4pp vs 4Q21.

We will continue to monitor the market's behavior after the implementation of the CMED price increases and the return of the DIFAL collection from April 1st to optimize the relationship between sales growth and gross margin and continue delivering healthy results to our shareholders.

This same impact occurred in our two segments: NOR in Pharmaceutical Specialties increased 25% in FY21 and 41% in 1Q21, while NOR in Medical Hospital Materials fell -1% in FY21 and increased 13% in 1Q21, both are above the market during 1Q21.

The positive highlights of 1Q22 were our Clinics channel and our service delivery unit, both with double-digit growth in 1Q22.

We remain committed to our strategy of seeking opportunities to strengthen our products and service portfolio, and to expand our national presence in selected segments and channels in which we have relevant competitive

advantages that can generate value for our shareholders, always thinking of ways in which we can add value to our customers and shareholders.

Our acquisition pipeline remains active with the support of our own and experienced team. We seek for potential targets that complement our presence in Brazil (products and regions) or that add new knowledge and services to make offer our Company important competitive differentials.

Allied to its strategy of combining organic and inorganic growth, the Company remains focused on integrating these acquisitions and capturing the identified synergies. We have a team that is fully dedicated to this integration process, supported by all business areas. The integrations and synergies captured from our acquisitions are strictly on schedule.

We made many accomplishments and advances in our agenda in 1Q22, which is to become an increasingly digital company and to transform our organizational culture through innovation.

We are seeking to build an ambitious digital agenda in order to attract talent and develop our internal teams. We also aim to build a solid base of digital resources and platforms, with a single integrated ecosystem, connecting clinics and integrating hospitals.

Our Digital and Innovation directorate - responsible for the 'Elfa Digital Journey' and Ágil feature - is accelerating expansion on three work fronts:

Innovation:

- We strengthened the Intrapreneurship program with challenges related to customer experience;

'Customer Experience':

- We launched the 'Customer Service' department (post-sale Customer Service) at three investees of Grupo Elfa;
- We developed a new version of our Customer Portal: after-sales self-service;
- We implemented an NPS for E-commerce and Customer Service;

Digital:

- We implemented "Salesforce" in two additional companies, reaching a total of seven, enabling a 360 view of the customer, and the support of our sales teams in pricing and order entry;
- We launched the "Salesforce" application for external sales representatives, improving our relationship and positively impacting customer experience;
- We structured a new "Analytics" area, artificial intelligence and digital architecture to strengthen the data driven culture;
- We created an E-commerce Center of Excellence for the Group.

We still believe in a resilient market growth in which Elfa is included, guided by the continuous growth of the population's average age (aging), focus of the large pharmaceutical companies' long-term investment in innovations in the segment of high value-added Reference medicines, greater access of the Brazilian population to healthcare, and the offer of high value-added services to our customers and business partners, with Elfa becoming one of the most relevant and prepared players with its management and logistics solutions for the Brazilian healthcare market.

We are aware about the relevance of everyone involved along the healthcare chain: without everyone's dedication we would not have strengthened our presence with customers, suppliers, and hospitals, positively impacting the lives of patients.

DIFAL (Differential ICMS tax rate system) – Update

As we commented during 2021, on February 24, 2021, the Federal Supreme Court (STF), established the thesis of unconstitutionality for the DIFAL, The Company has deposited the DIFAL amounts in court in the event of a writ of mandamus and paid the usual amounts in its absence.

In response to the STF decision, rules for the DIFAL were finally introduced by Complementary Law 190/2022. The new legislation solved the gap, but it was only published on January 5, 2022, and therefore the previous annual precedence must be observed, that is, collection should only start in 2023. Most of the states expressed their opposition to this understanding and began to require DIFAL to be applicable as of April 2022, respecting not the previous annual precedence, but only a 90-day holding period. In view of this scenario, the Company stopped paying DIFAL in the 90 days following the publication of the Complementary Law and, in the meantime, filed lawsuits to discuss the need to apply the annual precedence (the Company's right not to collect the DIFAL until December 31, 2022). As a result, since April 2022, the Company has stopped paying DIFAL in the states where it obtained a favorable preliminary decision, and in the states where it has not obtained injunctions authorizing the non-payment of DIFAL, the Company has made legal deposits for said tax.

Gains arising from the non-payment of DIFAL, in the first quarter of 2021 and 2022, are reported in the corresponding sales tax line under Net Operating Revenue. Additionally, in the first quarter of 2021, Elfa reversed R\$29.8 million in "Other Income" referring to DIFAL credits for the year of 2020.

Subsequent Events

In March 2022, **the Moody's Local rating agency** assigned us, for the first time, as well as for our 2nd Issue of Secured Debentures, in a single series, **the Corporate Rating (CFR) 'AA-br**, reflecting the Company's growth in recent years, in addition to its positioning as one of the largest healthcare solutions companies in Brazil. The Outlook of this rating is Stable

On **April 18, 2022**, the Company concluded its 2nd issue of simple debentures, in the total amount of R\$ 700 million proceeds will be used for payment of the amount due for the acquisition of Descarpack and the reprofiling of the Company's debt.

On April 27, 2022, the Company's shareholders approved the increase in the Company's share capital, in the total amount of R\$37,802,278.30, through a private issue of 18,980,314 new registered, book-entry, common shares with no par value ("Private Capital Increase") and, on May 2, 2022, the shares object of the increase were subscribed and paid in by the selling partners of Descarpack within the scope of the acquisition.

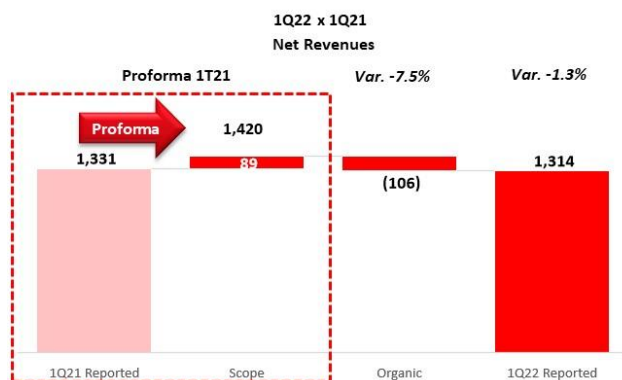
On April 29, 2022, in compliance with the resolution by the Board of Directors' on April 8, 2022, the Company hired two bank guarantees for the payment installments established in the Descarpack acquisition agreements, namely: (i) a bank guarantee with Banco BTG Pactual S.A., in the amount of R\$154,300,000.00, maturing on October 27, 2022; and (ii) bank guarantee with Banco Safra S.A., in the amount of R\$43.340.329,07, maturing on July 17, 2023.

On May 2, 2022, the Company concluded the acquisition of 100% of the share capital of Descarpack, which had been announced on October [xx], 2021. With the conclusion of the Transaction, the Company starts a new independent vertical, in addition to its distribution and logistics services business.

Consolidated Income Statement

(R\$ million)	1Q21		1Q22		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)+(a+b)	(f)= (d+a)-1
Net Revenues (NOR)	1,331.5	88.5	(105.8)	1,314.2	-7.5%	-1.3%
COGS	(1,139.7)	(52.9)	84.9	(1,107.7)	-7.1%	-2.8%
Gross Profit	191.8	35.6	(20.9)	206.5	-9.2%	7.7%
Gross Margin (% NOR)	14.4%	+ 1.7 p.p.	- 0.4 p.p.	15.7%		1.3 p.p.
Operating Expenses	(119.1)	(23.3)	(19.6)	(162.1)	13.8%	36.1%
Other Operating	28.1	(0.0)	(13.9)	14.2	-49.4%	-49.4%
Adjusted EBITDA	100.7	12.3	(54.4)	58.6	-48.1%	-41.8%
% Adjusted EBITDA Margin (% NOR)	7.6%	13.9%	51.4%	4.5%		-3.1 p.p.
Non-Recurring	(13.7)	-	22.3	8.6	-162.7%	-162.7%
Depreciation and Amortization	(24.6)	(0.6)	(7.5)	(32.7)	30.0%	33.2%
Operating Profit (EBIT)	62.4	11.7	(39.6)	34.5	-53.5%	-44.8%
Financial Result	(10.9)			(24.9)		128.2%
IR/CSSL	(14.0)			19.7		-240.9%
Net Income	37.6			29.3		-22.1%
Net Margin (% NOR)	2.8%			2.2%		-0.6 p.p.
Non-recurring	13.7			(8.6)		-162.7%
Adjusted Net Income	51.3			20.7		-59.7%
Adjusted Net Margin (% NOR)	3.9%			1.6%		-2.3 p.p.

Net Revenue



(R\$ million)	1Q21		1Q22		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)+(a+b)	(f)= (d+a)-1
Net Revenues	1,331.5	88.5	-105.8	1,314.2	-7.5%	-1.3%
Pharmaceutical Specialties	1,092.9	71.8	-46.0	1,118.8	-3.9%	2.4%
Hospital Medical Supplies	238.6	16.7	-59.8	195.5	-23.4%	-18.1%

Net revenues reached R\$1,314.2 million in 1Q22, a reduction of -1.3% and an organic reduction of -7.5% over 1Q21. This contraction is mainly explained by the strong comparison period, as Elfa delivered a 35.2% organic growth in 1Q21 (120,1 % organic growth in FY21).

In 'Pharmaceutical Specialties', we had an organic contraction of -3.8% in 1Q22, due to the strong organic growth delivered in 1Q21 (41.4%). Since the second half of 2021, we have seen a reduction in price and demand for medications to treat COVID-19 (mainly in the 'Generics and Similar' line). It is worth noting the comparative effect between the quarters during 2021. We saw an organic growth of 25.4% in FY21, while organic growth in 1Q21 was 41.4%. Excluding the impact of Covid-19 items, NOR from Pharmaceutical Specialties grew organically by +3.7% in the period.

Our 'Medical Hospital Supplies' segment had an organic contraction of -23.4% due to the strong comparison period (organic growth of 12.5% in 1Q21 while in FY21, we had an organic retraction of -0.7%), mainly in the Essentials segment, which, similarly to the Pharmaceuticals – Generics and Similar segment, also had important price adjustments since mid-2021.

Gross Profit

(R\$ million)	1Q21		1Q22		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)+(a+b)	(f)= (d+a)-1
Gross Profit	191.8	35.6	(20.9)	206.5	-9.2%	7.7%
Pharmaceutical Specialties	139.0	28.3	-11.1	156.2	-6.6%	12.4%
Hospital Medical Supplies	52.8	7.3	-9.8	50.3	-16.3%	-4.6%
Gross Margin	14.4%	+1.7 p.p.	-0.4 p.p.	15.7%		1.3 p.p.
Pharmaceutical Specialties	12.7%	+1.7 p.p.	-0.5 p.p.	14.0%		1.2 p.p.
Hospital Medical Supplies	22.1%	+1.9 p.p.	+1.8 p.p.	25.8%		3.6 p.p.

Gross profit reached R\$206.5 million in 1Q22, an increase of 7.7% compared to the same quarter of the previous year, due to margin growth in the period (+1.3 p.p.), partially offset by an organic retraction in revenue, of -1.3%.

Gross profit had an organic reduction of -9.2%, due to the organic drop in sales (-7.5%) and an organic retraction in margins in the period, by -0.4 p.p.

Gross margin reached 15.7% in 1Q22, +1.3 p.p. higher than in 1Q21. This margin expansion was due to the combination of acquisitions with attractive margins (+1.7 p.p.) and a positive impact from the mix in segments and channels. 'Pharmaceutical Specialties' increased gross profit by 12.4%, as a result of the mix in segments from our acquisitions, and an organic retraction of -6.6% due to the price effect, mainly in the Generics and Similar line and more aggressive prices by certain competitors. 'Medical Hospital Materials' had a margin growth of +3.6 p.p. in 1Q22 (organic contribution of +1.8 p.p.), reflecting the acquisitions in segments with higher gross margins, such as the Dental segment, and the effects from a positive performance mix in Dental and Specialties vs. Essentials.

Operating Expenses and Others

(R\$ million)	1Q21		1Q22		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)+(a+b)	(f)= (d+a)-1
Operating Expenses	(119.1)	(23.3)	(19.6)	(162.1)	13.8%	36.1%
% NOR	-8.9%	-1.2 p.p.	-2.2 p.p.	-12.3%		-3.4 p.p.
Selling Expenses	(57.6)	(8.0)	(14.3)	(79.9)	21.8%	38.8%
Allowance for Doubtful Accounts	(5.7)	(0.1)	1.2	(4.6)	-21.2%	-19.4%
General and Administrative	(55.9)	(15.2)	(6.5)	(77.6)	9.2%	38.9%
Other Operating	28.1	(0.0)	(13.9)	14.2	-49.4%	-49.4%
% NOR	2.1%	0.0%	13.1%	1.1%		-1.0 p.p.

In 1Q22, operating expenses totaled R\$162.1 million (12.3% of net operating revenue), an increase of 36.1% (reducing by -3.4 p.p. over net operating revenue) compared to 1Q21. This was due to (i) the expected effect from the acquisitions made during 2021 (-1.2 p.p.), (ii) an organic growth in expenses, by 13.8% in 1Q22, and (iii) organic reduction of -1.3% of NOR in the period explained as follows:

- Selling Expenses: an organic expansion of 21.8%, driven by: (i) price inflation in the period (10%); (ii) price effect on shipping costs due to the effect of the pandemic on the airline network; and (ii) the effect caused on packaging prices, during 2021, from the devaluation of the Brazilian real;
- General and Administrative: an organic growth of 9.2% due to (i) inflation in the period; (ii) greater corporate structure to support the integration of acquired companies; (iii) adjustment in staff and employee benefits, partially offset by initiatives that captured efficiency. Expenses with long-term incentives (stock option plans and restricted shares) totaled R\$2.9 million in 1Q22 (R\$1.4 million in 1Q21).

We see the growth in our operating expenses as a percentage of NOR in 1Q22 as a combination of factors that will be normalized during the year. We do not expect an increase in this "ratio" for the 2022 financial year.

Other Operating Results totaled R\$14.2 million in 1Q22, reducing by -49.4% over 1Q21, when we recognized gains arising from the decision of the Federal Supreme Court regarding the unconstitutionality of DIFAL payments.

Adjusted EBITDA

(R\$ million)	1Q21		1Q22		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Gross Profit	191.8	35.6	(20.9)	206.5	-9.2%	7.7%
Gross Margin (% NOR)	14.4%	+ 1.6 p.p.	- 0.3 p.p.	15.7%		1.3 p.p.
Operating Expenses	(119.1)	(23.3)	(19.6)	(162.1)	13.8%	36.1%
Other Operating	28.1	(0.0)	(13.9)	14.2	-49.4%	-49.4%
Adjusted EBITDA	100.7	12.3	(54.4)	58.6	-48.1%	-41.8%
Adjusted EBITDA Margin (% NOR)	7.6%	13.9%	51.4%	4.5%		-3.1 p.p.

Adjusted EBITDA totaled R\$58.6 million, reducing by -41.8% compared to the same quarter in the previous year. The -48.1% reduction in the organic result was mainly due to (i) the -9.2% reduction in gross profit; (ii) growth in operating expenses (-13.8% vs. 1Q21) for the reasons previously mentioned; and (iii) the non-recurring gain of R\$28 million from DIFAL, recognized in 1Q21, which does not exist in 1Q22.

Excluding the effect from the non-recurring gain from DIFAL in 1Q21, EBITDA reduced by -19.4% in 1Q22, with an organic reduction of -31.1% in the quarter.

Operating Income (EBIT)

(R\$ million)	1Q21		1Q22		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Adjusted EBITDA	100.7	12.3	(54.4)	58.6	-48.1%	-41.8%
Adjusted EBITDA Margin (% NOR)	7.6%	13.9%	51.4%	4.5%		-3.1 p.p.
Non-recurring	(13.7)	0.0	22.3	8.6	-162.7%	-162.7%
Depreciation and Amortization	(24.6)	(0.6)	(7.5)	(32.7)	30.0%	33.2%
Operating Profit (EBIT)	62.4	11.7	(39.6)	34.5	-53.5%	-44.8%

In 1Q22, Operating Income (EBIT) was R\$34.5 million, a reduction of -44.8% and an organic reduction of -53.5% over 1Q21.

In addition to the -41.8% reduction in Adjusted EBITDA, Operating Income considers the effects of (i) non-recurring expenses resulting from acquisitions (expenses such as lawyers and due diligence) and integrations (consulting support), and; (ii) increase in depreciation and amortization, mainly due to the amortization of capital gains from acquisitions in the period. In 1Q22, we recognized as non-recurring results, a gain of R\$18 million arising from the price adjustment of the acquisition of previous years.

Financial Result

(R\$ million)	1Q21	1Q22	Growth
	Reported	Reported	Reported
Financial Expenses	(13.8)	(27.7)	101.6%
Financial Income	<u>2.9</u>	<u>2.9</u>	<u>0.0%</u>
Financial Result	(10.9)	(24.9)	128.2%

Financial result for 1Q22 came in as a net expense of R\$24.9 million, an increase of 128.2% over 1Q21. This growth was mainly driven by the increase in the Group's debt to finance the acquisitions completed during 2021 (bank loans and accounts payable of the acquired companies), in addition to an increase in interest rate.

Income Tax (IR) and Social Contribution on Net Income (CSLL)

(R\$ million)		1Q21	1Q22
Operating profit before taxes	(a)	51.5	9.6
Legal combined tax rate		<u>34.0%</u>	<u>34.0%</u>
Income tax and social contribution over legal tax rates	(b)	(17.5)	(3.3)
Adjustments (tax effect; multiplied by 34%)			
Grants on investments		12.4	18.7
Other additions and exclusions, net		<u>(8.8)</u>	<u>4.3</u>
Additions and exclusions, net	(c)	3.6	22.9
Income tax and social contribution, net	(d) = (b) + (c)	(14.0)	19.7
Effective tax rate	(d) ÷ (a)	27.1%	-205.0%

The Company benefits from a special ICMS regime with a lower calculation base. In accordance with Brazilian tax legislation, ICMS tax benefits validated by CONFAZ (National Council of Fiscal Policy) are also excluded from the base used to calculate IR/CSLL taxes, as seen in the "Investment subsidy" item.

IR/CS came in as a revenue of R\$19.7 million in 1Q22, compared to an expense of -R\$14 million in 1Q21. This improvement is explained by the reduction in earnings before taxes combined with a higher gain in government subsidies compared to 1Q21.

Net Income and Adjusted Net Income

(R\$ million)	1Q21	1Q22	Growth
	Reported	Reported	Reported
	(a)	(d)	(f) = (d÷a)-1
Operating Profit (EBIT)	62.4	34.5	-44.8%
Financial Result	(10.9)	(24.9)	128.2%
IR/CSLL	<u>(14.0)</u>	<u>19.7</u>	<u>-240.9%</u>
Net Income	37.6	29.3	-22.1%
<i>Net Margin (% NOR)</i>	<i>2.8%</i>	<i>2.2%</i>	<i>-0.6 p.p.</i>
Non-recurring	<u>13.7</u>	<u>(8.6)</u>	<u>-162.7%</u>
Adjusted Net Income	51.3	20.7	-59.7%
<i>Adjusted Net Margin (% NOR)</i>	<i>3.9%</i>	<i>1.6%</i>	<i>-2.3 p.p.</i>

Net income reached R\$29.3 million in 1Q22, reducing by 22.1% over 1Q21, mainly due to the reduction in operating income (EBIT) and the increase in financial result, which was partially offset by the positive result of in IR/CSLL. When adjusting the effect of non-recurring expenses (R\$8.6 million), the adjusted net income in 1Q22 fell by -59.7%, reaching R\$20.7 million.

Debt

(R\$ million)	2020	1Q22
Loans and financings		
Short term	349.5	621.5
Long term	<u>422.7</u>	<u>312.9</u>
Gross Debt	(a) 772.2	934.4
Cash and cash equivalents	(456.2)	(251.2)
Securities	-	-
Financial investments	<u>-</u>	<u>-</u>
Cash	(b) (456.2)	(251.2)
Net Debt	(a) + (b) 316.1	683.3

At the end of 1Q22, Elfa reported a gross debt of R\$934.4 million. The increase in debt at the beginning of the year was mainly due to the seasonality of our cash generation, in addition to the payment of accounts payable from acquired companies during 1Q22.

The changes for the 2021 and 1Q22 periods were as follows.

	2020	1Q22
Initial Balance	<u>379.1</u>	<u>717.5</u>
Additions due to the acquisition of Financing	41.6	-
Interest incurred on loans and	501.5	219.0
Payment of principal loans and	52.8	15.9
Payment of interest on loans and	<u>(232.1)</u>	<u>(73.0)</u>
	<u>(25.4)</u>	<u>(13.1)</u>
Total loans, financing, and derivatives	717.5	866.4
Leases payable	54.7	68.0
Total working capital and derivatives	772.2	934.4

At the end of 1Q21, long-term debt accounted for 33.1% of total debt. Our cash position was R\$251.2 million on March 31, 2022.

Elfa's debt instruments have the highest level of leverage limits to which the Company can be exposed to. The strictest covenant level currently used by Management is calculated at the end of each fiscal year and must have a net debt/accounting EBITDA ratio between 2.5x and 2.75x.

Cash Flow

(R\$ '000)	1T21	1Q22
Cash flow from operating activities		
Net profit/(loss) in the period	37,579	29,271
Adjustments to reconcile net income with cash:	60,430	49,276
(Increase)/decrease in assets:		
Trade account receivables	(95,970)	(54,691)
Inventory	8,466	42,157
Taxes to recover	(17,399)	(20,398)
Related parties	-	-
Other assets	(36,691)	(20,642)
Judicial deposits	-	5,764
(Decrease)/increase in liabilities:		
Suppliers and other accounts payable	(84,604)	(267,793)
Labor obligations	(2,291)	(3,469)
Taxes payable	(28,645)	(5,067)
Cash generated by (used in) operating activities	(159,125)	(245,592)
Payment of interest on loans and financings	(8,215)	(13,052)
Income tax and social contribution paid	(9,001)	(1,333)
Net cash flow generated by (used in) operating activities	(176,341)	(259,977)
Investing activities:		
Acquisition of PP&E and intangible assets, net	(8,088)	(9,379)
Subsidiaries acquisitions, net of cash	(84,235)	(1,743)
Subsidiaries acquisitions of non-controlling shareholders	(21,243)	-
Marketable Securities	75,243	-
Net cash flow from (used in) investing activities	(38,323)	(11,122)
Financing activities:		
Increase in share capital	222,581	-
Loans, financings and leases	190,268	219,000
Payment of installments for acquired companies	(4,523)	(72,962)
Payment of principal on loans and financing	(89,965)	(73,457)
Payment of principal on debentures	-	-
Leases payment	(2,891)	(6,485)
Dividends paid	-	-
Cash flow from financing activities	315,470	66,097
Increase/(reduction) in cash and cash equivalents, net	100,806	(205,002)
Cash and cash equivalents at the beginning of the period	228,461	456,156
Cash and cash equivalents at the end of the period	329,267	251,154
Increase/(reduction) in cash and cash equivalents, net	100,806	(205,002)

We had an operating cash consumption of R\$245.6 million in 1Q22 (R\$159.1 million in 1Q21), mainly due to the increase in "Suppliers and Other Payables" line, by R\$267.8 million.

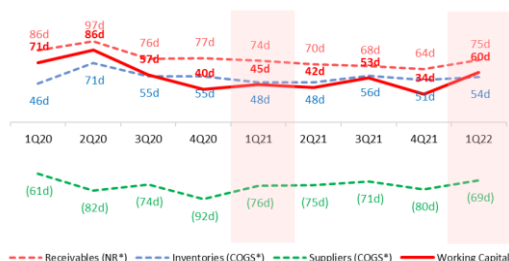
As mentioned in the past, Elfa's activities generate cash, but require capital to support its growth. Additionally, our operating cash generation is highly seasonal, with significant cash consumption in the first half of the year and strong cash generation in the second half.

Cash Flow from Investing activities consumed R\$11.2 million in 1Q22 (R\$38.3 million in 1Q21), mainly due to the a lower "Consideration paid for acquisitions".

Cash Flow from Financing activities contributed with R\$66.2 million (R\$315.5 million in 1Q21) through the raising of loans and financings, in the amount of R\$219.0 million, partially offset by the payment of debt instruments, of R\$73.5 million, and payment of installments for acquired companies, in the amount of R\$72.9 million.

Considering the above, at the end of 1Q22, our cash and cash equivalents reduced by R\$205.0 million .

Working Capital



(R\$ Million)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Receivables	428	594	655	907	1,073	1,182	1,101	1,028	1,078
Inventories	207	381	418	572	594	676	774	701	657
Suppliers	(273)	(440)	(561)	(954)	(948)	(1,067)	(976)	(1,107)	(839)
Working Capital	362	535	512	525	719	792	899	622	896
Annualized Net Revenues	1,809	2,228	3,152	4,315	5,326	6,203	5,935	5,897	5,257
Annualized COGS	1,627	1,962	2,754	3,793	4,559	5,170	5,036	5,029	4,431
Receivables (NR*)	86d	97d	76d	77d	74d	70d	68d	64d	75d
Inventories (COGS*)	46d	71d	55d	55d	48d	48d	56d	51d	54d
Suppliers (COGS*)	(61d)	(82d)	(74d)	(92d)	(76d)	(75d)	(71d)	(80d)	(69d)
Working Capital	71d	86d	57d	40d	45d	42d	53d	34d	60d
Working Capital (%NR)	20.0%	24.0%	16.2%	12.2%	13.5%	12.8%	15.2%	10.5%	17.0%

The working capital used in our operations in 1Q22 increased by approximately 15 days compared to the previous quarter. In 1Q22, the cash cycle reported was 60 days, compared to 45 days in 1Q21. This effect is mainly explained by the increase in 1 day in receivables and 6 days in inventories, partially offset by a 7 day reduction in suppliers.

Reconciliation of Net Income and EBITDA

Below we present the reconciliation of Net Income to Accounting EBITDA.

(R\$ million)	1Q21		1Q22		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Net Income	37.6	11.7	(20.0)	29.3	-40.6%	-22.1%
IR/CSLL	14.0	-	(33.6)	(19.7)	-240.9%	-240.9%
Financial Result	10.9	-	14.0	24.9	128.2%	128.2%
Operating Profit (EBIT)	62.4	11.7	(39.6)	34.5	-53.5%	-44.8%
Depreciation and Amortization	24.6	0.6	7.5	32.7	30.0%	33.2%
Accounting EBITDA	87.0	12.3	(32.1)	67.2	-32.3%	-22.8%
% NOR	6.5%	13.9%	30.3%	5.1%		-0.2 p.p.
Non-recurring	13.7	-	(22.3)	(8.6)	-162.7%	-162.7%
Adjusted EBITDA	100.7	12.3	(54.4)	58.6	-48.1%	-41.8%
% NOR	7.6%	13.9%	51.4%	4.5%		-0.4 p.p.

Appendix

Balance Sheet

(R\$ '000)	2021	1Q22	2021	1Q22
Assets			Liabilities	
Current Assets			Current Liabilities	
Cash and cash equivalents	456,156	251,154	Suppliers and other accounts payable	1,107,182
Securities	-	-	Loans and financings	349,458
Trade accounts receivable	1,027,677	1,077,763	Labor obligations	68,490
Inventory	701,100	657,297	Taxes payable	77,683
Taxes to recover	196,774	213,577	Accounts payable on the acquisition of investments	148,077
Income tax and social contribution	29,080	35,014	Dividends Payable	-
Other receivables	130,833	151,503	Total Current Liabilities	1,750,890
Total Current Assets	2,541,620	2,386,308		
Non-current Assets			Loans and financings	
Financial investments	-	-	Taxes payable	411,928
Deferred IR and CSSL taxes	241,059	263,224	Derivatives	10,820
Judicial deposits	44,892	39,128	Accounts payable to related parties	3,317
indemnity asset	183,495	183,468	Provision for contingencies	188,015
			Deferred IR and CSSL taxes	-
Total Non-current Assets	469,446	485,820	Accounts payable on the acquisition of investments	330,878
			Total Non-current Liabilities	944,958
			Shareholders' Equity	
Fixed Assets	154,345	173,756	P&L of controlling shareholders	2,017,056
PP&E	1,564,730	1,541,770	Stake of non-controlling shareholders	17,237
Intangible assets	1,719,075	1,715,526	Total Shareholders' Equity	2,034,293
Total Assets	4,730,141	4,587,654	Total Liabilities and Shareholders' Equity	4,730,141

Income Statement

(R\$ '000)	1Q21	1Q22
Net operating revenues	1,331,489	1,314,213
Cost of goods sold	(1,139,724)	(1,107,713)
Gross profit	191,765	206,500
Selling expenses	(57,583)	(79,929)
(Losses) / reversion of accounts receivable to recover	(5,713)	(4,605)
General and administrative expenses	(94,112)	(101,695)
Other revenues (expenses)	28,086	14,203
Operating profit before financial income and taxes	62,443	34,474
Financial expenses, net	(10,899)	(24,876)
Profit / (loss) before income tax and social contribution	51,544	9,598
Income tax and social contribution		
Current	(17,419)	(4,831)
Deferred	3,455	24,504
	(13,964)	19,673
Net income in the period	37,580	29,271
Attributed to:		
Controlling shareholders	37,468	28,593
Non-controlling shareholders	111	678

<i>(R\$ '000)</i>	1Q21	1Q22
Cash flow from operating activities		
Net profit/(loss) in the period	37,579	29,271
Adjustments to reconcile net income with cash:		
Depreciation and amortization	24,559	32,707
Income tax and social contribution, net	13,964	(19,674)
Provision for impairment	5,713	4,605
Other	-	-
Provision for contingencies	1,422	(6)
Provision for inventory losses	2,023	1,646
Share-based compensation	1,448	2,923
Write-off on acquisitions	-	-
Interest, monetary variations, net - Loans	11,301	27,075
Interest, monetary variations, net - Debentures	-	-
(Increase)/decrease in assets:		
Trade account receivables	(95,970)	(54,691)
Inventory	8,466	42,157
Taxes to recover	(17,399)	(20,398)
Related parties	-	-
Other assets	(36,691)	(20,642)
Judicial deposits	-	5,764
(Decrease)/increase in liabilities:		
Suppliers and other accounts payable	(84,604)	(267,793)
Labor obligations	(2,291)	(3,469)
Taxes payable	(28,645)	(5,067)
Other Obligations	-	-
Cash generated by (used in) operating activities	(159,125)	(245,592)
Payment of interest on loans and financings	(8,215)	(13,052)
Income tax and social contribution paid	(9,001)	(1,333)
Net cash flow generated by (used in) operating activities	(176,341)	(259,977)
Investing activities:		
Acquisition of PP&E and intangible assets, net	(8,088)	(9,379)
Advances for future capital increase	-	-
Subsidiaries acquisitions, net of cash	(84,235)	(1,743)
Subsidiaries acquisitions of non-controlling shareholders	(21,243)	-
Cash from the acquisition of subsidiaries	-	-
Marketable Securities	75,243	-
Net cash flow from (used in) investing activities	(38,323)	(11,122)
Financing activities:		
Increase in share capital	222,581	-
Loans, financings and leases	190,268	219,000
Payment of installments for acquired companies	(4,523)	(72,962)
Payment of principal on loans and financing	(89,965)	(73,457)
Payment of principal on debentures	-	-
Leases payment	(2,891)	(6,485)
Dividends paid	-	-
Cash flow from financing activities	315,470	66,097
Increase/(reduction) in cash and cash equivalents, net	100,806	(205,002)
Cash and cash equivalents at the beginning of the period	228,461	456,156
Cash and cash equivalents at the end of the period	329,267	251,154
Increase/(reduction) in cash and cash equivalents, net	100,806	(205,002)

<i>Pharmaceutical Specialties (R\$ '000)</i>	1Q21	1Q22
Net revenues	1,092,898	1,118,758
Cost of goods sold	<u>(953,920)</u>	<u>(962,597)</u>
Gross Profit	138,977	156,161
Gross margin	12.7%	14.0%
Selling expenses	<u>(35,822)</u>	<u>(49,753)</u>
Contribution margin	103,155	106,408
% NR	9.4%	9.5%
<i>Hospital Medical Supplies (R\$ '000)</i>	1Q21	1Q22
Net revenues	238,591	195,455
Cost of goods sold	<u>(185,804)</u>	<u>(145,116)</u>
Gross Profit	52,787	50,339
Gross margin	22.1%	25.8%
Selling expenses	<u>(21,762)</u>	<u>(30,176)</u>
Contribution margin	31,026	20,163
% NR	13.0%	10.3%
<i>Consolidated (R\$ '000)</i>	1Q21	1Q22
Net revenues	1,331,489	1,314,213
Cost of goods sold	<u>(1,139,724)</u>	<u>(1,107,713)</u>
Gross Profit	191,765	206,500
Gross margin	14.4%	15.7%
Selling expenses	<u>(57,583)</u>	<u>(79,929)</u>
Contribution margin	134,181	126,571
% NR	10.1%	9.6%

Income Statement - Quarterly Results

(R\$ '000)	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22
NOR	351,065	444,609	488,480	547,308	1,831,462	452,263	556,909	788,027	1,078,774	2,875,973	1,331,489	1,550,869	1,483,732	1,474,285	5,840,375	1,314,213
Cost of goods sold	(317,262)	(405,451)	(425,960)	(486,920)	(1,635,593)	(406,672)	(490,541)	(688,511)	(948,345)	(2,534,069)	(1,139,724)	(1,292,526)	(1,258,889)	(1,257,323)	(4,948,462)	(1,107,713)
Gross Profit	33,803	39,158	62,520	60,388	195,869	45,591	66,368	99,516	130,429	341,904	191,765	258,343	224,843	216,962	891,913	206,500
% NOR	9.6%	8.8%	12.8%	11.0%	10.7%	10.1%	11.9%	12.6%	12.1%	11.9%	14.4%	16.7%	15.2%	14.7%	15.3%	15.7%
Operating Expenses	(37,831)	(38,567)	(34,017)	(48,158)	(158,573)	(42,992)	(69,823)	(93,106)	(118,868)	(324,789)	(157,408)	(184,930)	(180,058)	(234,718)	(757,114)	(186,229)
Selling	(14,814)	(16,605)	(15,934)	(16,224)	(63,577)	(16,898)	(19,336)	(33,725)	(44,303)	(114,262)	(57,583)	(70,904)	(69,014)	(81,461)	(278,962)	(79,929)
Allowance for doubtful accounts	(9,569)	(346)	5,580	726	(3,609)	(4,284)	(3,206)	(96)	(230)	(7,816)	(5,713)	(5,868)	(4,147)	(3,208)	(18,936)	(4,605)
General and administrative	(13,448)	(21,616)	(23,663)	(32,660)	(91,387)	(21,810)	(47,281)	(59,285)	(74,335)	(202,711)	(94,112)	(108,158)	(106,897)	(150,049)	(459,216)	(101,695)
G&A	(10,945)	(15,107)	(16,893)	(22,163)	(65,108)	(15,417)	(36,492)	(44,414)	(53,622)	(149,945)	(69,553)	(80,200)	(78,940)	(117,211)	(345,904)	(68,988)
Depreciation and amortization	(2,503)	(6,509)	(6,770)	(10,497)	(26,279)	(6,393)	(10,789)	(14,871)	(20,713)	(52,766)	(24,559)	(27,958)	(27,957)	(32,838)	(113,312)	(32,707)
Other operating	6	1,464	8,283	11,141	20,894	(1,334)	7,203	8,094	5,164	19,127	28,086	6,159	5,714	10,142	50,101	14,203
Other income	1,350	2,669	9,893	16,984	30,896	3,434	9,000	7,173	8,871	28,478	32,308	12,578	7,229	8,055	60,170	13,070
Other expenses	(1,344)	(1,205)	(1,610)	(5,843)	(10,002)	(4,768)	(1,797)	921	(3,707)	(9,351)	(4,222)	(6,419)	(1,515)	2,087	(10,069)	1,133
Operating Profit (EBIT)	(4,022)	2,055	36,786	23,371	58,190	1,265	3,748	14,504	16,725	36,242	62,443	79,572	50,499	(7,614)	184,900	34,474
Financial result	(3,378)	(1,477)	(10,002)	(12,465)	(27,322)	(2,243)	(4,575)	(2,963)	(6,778)	(16,559)	(10,899)	(17,328)	(21,391)	(35,915)	(85,533)	(24,876)
Financial income	654	473	573	19	1,719	524	1,005	4,543	(937)	5,135	2,856	1,612	2,988	399	7,855	2,857
Financial expenses	(4,032)	(1,950)	(10,575)	(12,484)	(29,041)	(2,767)	(5,580)	(7,506)	(5,841)	(21,694)	(13,755)	(18,940)	(24,379)	(36,314)	(93,388)	(27,733)
Earnings Before Taxes (EBT)	(7,400)	578	26,784	10,906	30,868	(978)	(827)	11,541	9,947	19,683	51,544	62,244	29,108	(43,529)	99,367	9,598
IR/CSSL	4,685	3,477	(5,314)	5,844	8,692	4,972	12,613	3,153	521	21,259	(13,964)	41,623	21,770	27,945	77,374	19,673
Current	(858)	(3,957)	(1,157)	(4,653)	(10,625)	(1,358)	(2,577)	(6,367)	(7,173)	(17,475)	(17,419)	(2,955)	(4,045)	(8,756)	(33,175)	(4,831)
Deferred	5,543	7,434	(4,157)	10,497	19,317	6,330	15,190	9,520	7,694	38,734	3,455	44,578	25,815	36,701	110,549	24,504
Net Income	(2,715)	4,055	21,470	16,750	39,560	3,994	11,786	14,694	10,468	40,942	37,580	103,867	50,878	(15,584)	176,741	29,271
% NOR	-0.8%	0.9%	4.4%	3.1%	2.2%	0.9%	2.1%	1.9%	1.0%	1.4%	2.8%	6.7%	3.4%	-1.1%	3.0%	2.2%
Accounting EBITDA	(1,519)	8,564	43,556	33,868	84,469	7,658	14,537	29,375	37,438	89,008	87,002	107,530	78,456	25,224	298,212	67,181
% NOR	-0.4%	1.9%	8.9%	6.2%	4.6%	1.7%	2.6%	3.7%	3.5%	3.1%	6.5%	6.9%	5.3%	1.7%	5.1%	5.1%
Non-recurring	1,540	3,231	3,512	3,831	12,113	1,628	12,179	7,160	8,852	29,820	13,701	5,077	4,685	29,548	53,011	(8,593)
Adjusted EBITDA	21	11,795	47,068	37,699	96,582	9,286	26,716	36,535	46,290	118,828	100,703	112,607	83,141	54,772	351,224	58,588
% NOR	0.0%	2.7%	9.6%	6.9%	5.3%	2.1%	4.8%	4.6%	4.3%	4.1%	7.6%	7.3%	5.6%	3.7%	6.0%	4.5%
Adjusted Net Income	(1,175)	7,286	24,982	20,581	51,673	5,622	23,965	21,854	19,320	70,762	51,281	108,944	55,563	13,964	229,752	20,678
% NOR	-0.3%	1.6%	5.1%	3.8%	2.8%	1.2%	4.3%	2.8%	1.8%	2.5%	3.9%	7.0%	3.7%	0.9%	3.9%	1.6%

(R\$ '000)	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	
Cash flow from operating activities																	
Net profit/(loss) in the period	(2,715)	4,055	21,470	16,750	39,560	3,994	11,786	14,466	10,696	40,942	37,579	103,867	50,877	(15,582)	176,741	29,271	
Adjustments to reconcile net income with cash:																	
Depreciation and amortization	2,503	6,509	6,770	10,497	26,279	6,393	10,789	14,871	20,713	52,766	24,559	27,958	27,957	32,838	113,312	32,707	
Income tax and social contribution, net	(4,685)	(3,477)	5,314	(5,844)	(8,692)	(4,972)	(12,613)	(3,153)	(521)	(21,259)	13,964	(41,621)	(21,771)	(27,947)	(77,375)	(19,674)	
Provision for impairment	25,047	(15,132)	(5,580)	(1,480)	2,855	4,214	3,276	96	230	7,816	5,713	5,868	4,147	3,208	18,936	4,605	
Provision for contingencies	-	-	-	523	523	(311)	48	(65)	453	125	1,422	(403)	0	(125)	894	(6)	
Provision for inventory losses	456	(17)	-	(1,792)	(1,353)	180	(78)	-	400	502	2,023	(844)	330	769	2,278	1,646	
Share-based compensation	1,394	1,394	1,391	1,393	5,572	1,183	1,188	1,182	2,251	5,804	1,448	1,449	3,251	2,594	8,742	2,923	
Interest, monetary variations, net - Loans	2,579	3,403	4,918	8,964	19,864	7,685	337	5,390	6,472	18,522	11,301	17,766	20,911	39,901	89,879	27,075	
Interest, monetary variations, net - Debentures	-	-	-	-	-	(1,362)	-	-	-	-	-	-	-	-	-	-	
(Increase)/decrease in assets:																	
Trade account receivables	8,773	(24,742)	1,662	(16,187)	(30,494)	15,096	(41,225)	(64,630)	(61,734)	(152,493)	(95,970)	(89,170)	103,125	71,220	(10,795)	(54,691)	
Inventory	(28,195)	1,103	26,643	(8,501)	(8,950)	8,196	(30,777)	(40,085)	(13,241)	(75,907)	8,466	(66,576)	(73,051)	72,667	(58,494)	42,157	
Taxes to recover	(4,778)	(4,085)	(4,501)	(14,415)	(27,779)	5,840	(4,798)	632	(10,235)	(8,561)	(17,399)	(27,677)	(28,822)	(11,070)	(84,968)	(20,398)	
Other assets	(15,144)	14,257	5,784	(22,363)	(17,466)	3,385	2,846	(26,648)	3,078	(17,339)	(36,691)	(46,008)	17,622	10,597	(54,480)	(20,642)	
Judicial deposits	-	-	-	-	-	-	-	-	(26,167)	-	-	-	-	(35,101)	18,526	5,764	
(Decrease)/increase in liabilities:																	
Suppliers and other accounts payable	(43,203)	(2,143)	(20,722)	107,279	41,211	(81,237)	(8,569)	121,082	184,175	221,067	(84,604)	94,112	(106,880)	130,139	32,767	(267,793)	
Labor obligations	310	1,282	1,624	3,172	6,388	(1,629)	3,743	8,332	(7,374)	3,072	(2,291)	32,372	12,539	(3,362)	19,238	(3,469)	
Taxes payable	(1,081)	4,956	3,474	(10,335)	(2,986)	(8,392)	651	180	28,158	20,597	(28,645)	(2,826)	4,245	(16,197)	(43,423)	(5,067)	
Other Obligations	-	-	-	-	-	5,616	-	-	-	-	-	-	-	-	-	-	
Cash generated by (used in) operating activities	(58,739)	(12,637)	30,130	88,812	47,566	(36,121)	(63,488)	31,742	137,354	69,487	(159,125)	(11,734)	(20,619)	308,155	116,677	(245,592)	
Payment of interest on loans and financings	(3,794)	(2,510)	(8,636)	(7,275)	(22,215)	(5,447)	(3,911)	(4,496)	(3,791)	(17,645)	(8,215)	(3,675)	(9,695)	(3,769)	(25,354)	(13,052)	
Income tax and social contribution paid	463	(1,712)	(4,723)	550	(5,422)	(1,679)	(2,504)	(6,119)	(8,933)	(19,235)	(9,001)	(10,951)	(18,672)	(2,537)	(41,161)	(1,333)	
Net cash flow generated by (used in) operating activities	(62,070)	(16,859)	16,771	82,087	19,929	(43,247)	(69,903)	21,127	124,630	32,607	(176,341)	(26,360)	(48,985)	301,849	50,162	(259,977)	
Investing activities:																	
Acquisition of PP&E and intangible assets, net	(3,689)	8,694	(10,316)	(5,077)	(10,388)	(216)	(2,300)	(3,840)	(8,240)	(14,596)	(8,088)	(3,010)	(5,238)	(13,264)	(29,600)	(9,379)	
Advances for future capital increase	3,406	(3,406)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subsidiaries acquisitions, net of cash	-	(73,168)	-	-	(73,168)	-	(76,348)	-	(180,176)	(256,524)	(84,235)	(26,244)	(88,917)	(43,232)	(242,628)	(1,743)	
Subsidiaries acquisitions of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(21,243)	-	6,123	-	(15,120)	-	
Marketable Securities	-	-	-	-	-	-	-	8,657	97,906	106,563	75,243	-	40	-	75,283	-	
Net cash flow from (used in) investing activities	(283)	(67,880)	(10,316)	(5,077)	(83,556)	(216)	(35,907)	4,817	(90,510)	(121,816)	(38,323)	(29,254)	(87,991)	(56,496)	(212,065)	(11,122)	
Financing activities:																	
Increase in share capital	-	-	-	-	-	239,678	10,322	(0)	-	250,000	222,581	5,059	(0)	-	227,640	-	
Loans, financings and leases	134,938	60,341	234,515	62,378	492,172	135,205	130,000	45,561	104,439	415,205	190,368	-	223,190	88,000	501,458	219,000	
Payment of installments for acquired companies	-	-	(14,226)	(15,857)	(30,083)	-	(13,887)	(973)	(889)	(15,749)	(4,523)	(33,530)	(7,384)	(40,500)	(85,837)	(72,962)	
Payment of principal on loans and financing	(116,628)	(17,469)	(233,590)	42,568	(325,119)	(142,583)	(76,661)	(176,582)	(50,364)	(446,190)	(89,965)	(27,683)	(68,972)	(45,460)	(232,080)	(73,457)	
Leases payment	-	-	-	(3,687)	(3,687)	-	-	-	(5,491)	(5,491)	(2,891)	(2,799)	(2,845)	(13,048)	(21,583)	(6,485)	
Cash flow from financing activities	18,310	39,737	(13,301)	(14,598)	30,148	232,300	49,111	(131,995)	47,695	197,110	315,470	(58,954)	144,088	(11,007)	389,598	66,097	
Increase/(reduction) in cash and cash equivalents, net	(44,043)	(45,002)	(6,846)	62,412	(33,479)	188,837	(56,700)	(106,051)	81,815	107,901	100,806	(114,568)	7,111	234,346	227,695	(205,002)	
Cash and cash equivalents at the beginning of the period	154,039	109,996	64,994	58,148	154,039	120,560	309,397	252,697	146,646	120,560	228,461	329,267	214,699	221,810	228,461	456,156	
Cash and cash equivalents at the end of the period	109,996	64,994	58,148	120,560	120,560	309,397	252,697	146,646	228,461	228,461	329,267	214,699	221,810	456,156	456,156	251,154	
Increase/(reduction) in cash and cash equivalents, net	(44,043)	(45,002)	(6,846)	62,412	(33,479)	188,837	(56,700)	(106,051)	81,815	107,901	100,806	(114,568)	7,111	234,346	227,695	(205,002)	

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This document may contain forward-looking statements about future results or events, which reflect the expectations of the management team of Elfa Medicamentos S.A. based on the information currently available. These considerations can be identified by the words "anticipate, wish, hope, predict, intend, plan, project, objectify" and other similar terms, as well as by indicating future dates.

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