EARNINGS RELEASE

4Q20

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Elfa announces its results for 2020

São Paulo, February 28th, 2020 - Elfa Medicamentos S.A. announces its consolidated results for 2020. 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 Securities and Exchange Commission (CVM). The information contained herein must be analyzed together with the financial reports for the twelve-month period ended December 31, 2020 (2020) filed with the CVM and available on the Company's Investor Relations website (https://ir.grupoelfa.com.br).

Operating and Financial Highlights

- **Net Revenues (NOR) of R$2.876,0 million in 2020, 57,0%** above the previous year with **18,5% organic growth**. **Our 4Q20 NOR was R$1.078,8 million, 97,1%** higher in the same quarter of 2019 and **32,7% organic growth.**
- **Gross Profit of R$341,9 million** in 2020, **74,6% above** the previous year
- **2020 Adjusted EBITDA** of **R$118,8 million**, **23,0% above** the previous year
- **2020 Adjusted Net Income of R$70,8 million**, **36,9% above** the previous year
- **During 4Q20, we completed five acquisitions** (Fenergy, Surya Dental, Mostaert, Oncorio e Biohosp). **Totaling seven acquisitions in 2020.** In addition, we completed the acquisition of **Dupatri Hospitalar in January 2021** and announced the signing of **Anbioton Group** acquisition **in February**.

(R$ million)	2019	2020			Growth		4Q19	4Q20			Growth	
	Reported	Scope	Organic	Reported	Organic	Reported	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Net Revenues (NOR)	1.831,5	594,7	449,8	2.876,0	*18,5%*	*57,0%*	547,3	265,4	266,1	1.078,8	*32,7%*	*97,1%*
Gross Profit	195,9	124,4	21,7	341,9	*6,8%*	*74,6%*	60,4	57,6	12,4	130,4	*10,5%*	*116,0%*
Gross Margin (% NOR)	*10,7%*	*+2,1 p.p.*	*-0,8p.p.*	*11,9%*		*1,2 p.p.*	*11,0%*	*+2,6p.p.*	*-1,4p.p.*	*12,1%*		*1,1 p.p.*
Adjusted EBITDA	96,6	42,5	(20,3)	118,8	*-14,6%*	*23,0%*	37,7	13,9	(5,3)	46,3	*-10,2%*	*22,8%*
% Adjusted EBITDA Margin (% NOR)	*5,3%*	*7,2%*	*-4,5%*	*4,1%*		*-1,1 p.p.*	*6,9%*	*5,2%*	*-2,0%*	*4,3%*		*-2,6 p.p.*
Adjusted Net Income	51,7			70,8		*36,9%*	20,6			19,3		*-6,1%*
Adjusted Net Margin (% NOR)	*2,8%*			*2,5%*		*-0,4 p.p.*	*3,8%*			*1,8%*		*-2,0 p.p.*

About Elfa Medicamentos

Elfa Medicamentos has over 30 years of experience in the national health sector and is a reference partner in the hospital value chain, offering high value services and distribution of highly complex medications and hospital medical materials. The Company is controlled by Patria Investimentos, one of the most relevant private equity funds in Brazil.

Elfa Medicamentos ranks as 32nd in the Great Place to Work ranking[1]. In addition, the Company received the ABRH Human Development award, was ranked in the Valor 1000 ranking of the Valor Econômico newspaper, and in the 'Melhores e Maiores' ranking of the Revista Exame magazine.

Message from Management

2020 was a year of great challenges and achievements for Elfa. While we faced the complexity of the COVID-19 pandemic, we observed advances on several fronts that took us to a new level. We highlight our double-digit organic growth, regularity of our operations during the pandemic, completion of seven acquisitions with respective integration efforts, advances in our governance and greater transparency with the capital market.

In mid-March, Brazil began to suffer the most severe impacts of the pandemic and, through our Crisis Committee, we took the necessary actions to ensure the safety of our employees and the continuity of operations. This committee developed the strategy to plan, implement and check the contingency measures designed for different criticisms expected in our operations. We felt the impact of the pandemic by reducing the number of elective surgeries in different regions of the country as well as the clinics closing, especially between April and June, which impacted our Delivery business. Fortunately, we observed sales resumption in various parts of our portfolio to levels prior to the pandemic beginning in August.

In 2020, net revenues reached R$2.876,0 million with a total growth of 57,0% and 18,5% organic growth, reflecting diversified portfolio strength despite the challenges that the pandemic imposed throughout the year. The total growth shown captures the effects of the two acquisitions made in the previous year (CDM closed in June 2019 and Agilfarma completed in May 2019), in addition to the seven companies in 2020 (Grupo Medcom - April 2020; Atrial - June 2020; Fenergy - October 2020; Surya Dental - October 2020; Mostaert - November 2020; Oncorio - November 2020; Biohosp - December 2020). We had an adjusted EBITDA of R$118,8 million, which represents a 23,0% increase over the previous year and Adjusted Net Income of R$70,8 million, 36,9% above 2019.

In terms of mergers and acquisitions, we overcame our plans with the conclusion of seven operations that diversify our product portfolio, differentiate our service delivery solutions, and expand our presence in Brazil, in addition to strengthening our suppliers' relationship. This strategic move reinforces Elfa's transformation into a 'one stop shop' of solutions for the healthcare logistics chain. Find below a summary of rationale for operations completed in 2020:

- Grupo Medcom: One of the most important distributors in the Midwest region with distribution and delivery units in Goiânia, Cuiabá and Brasília, and marked Elfa's entry into the nutrition segment. Acquisition completed in April 2020.
- Atrial: Specialized in the distribution of hospital medical supplies and in differentiated solutions for the provision of services with units in São Paulo, Rio de Janeiro, Espírito Santo, Minas Gerais, Federal District, Bahia and Ceará. This merger - concluded in June 2020 - added a complementary portfolio of products and services.
- Fenergy: Operates in the distribution of hospital medical supplies - especially in consumables for highly complex surgeries - primarily in the southern region and headquartered in Santa Catarina. This acquisition was completed in October 2020 and strengthens our presence in this segment.

[1] Great Place to Work (24th Edition; Best Companies to Work for in Brazil in 2020; National Average Ranking)

- Surya Dental: It is one of the largest distributors of dental materials in Brazil, headquartered in Paraná, with over 25 years of experience and with a national presence. This acquisition marks our entry into the dental segment and was completed in October 2020.
- Mostaert: With over 40 years in the market and headquartered in Pernambuco, it specializes in the distribution of highly complex hospital drugs such as antibiotics and injectables. This acquisition was completed in November 2020 and strengthens our presence in this segment of the Northeast region.
- Oncorio: Distributor of oncological medicines with a leading position in São Paulo, Paraná and Santa Catarina. This acquisition was completed in November 2020 and strengthens our presence in generic cancer drugs in southern and southeastern Brazil.
- Biohosp: With more than 20 years of experience and units in Minas Gerais and Rio de Janeiro, it is a distributor with a strong presence in specialty generics in the southeast region. This acquisition strengthens our presence in this region and was completed in December 2020.

In addition to these, we have already achieved successes in 2021 with the conclusion of the acquisition of Dupatri in January and the signing announcement of Anbioton Group acquisition in February. Below is a brief strategic rationale of these:

- Dupatri: Distributor of hospital medicines and medical supplies with units in São Paulo, Goiás and Minas Gerais with a presence in several states in Brazil. This acquisition strengthens our presence in the southeast and midwest.
- Anbioton Group: Drug distributor with a focus on the generic and nutrition markets in the southeast. This company will strengthen our presence in this region in its main lines of business.

As a result of these acquisitions, we assumed labor and tax contingencies that are former shareholders responsibility, and their balances are guaranteed by contractual clauses that define the former management's responsibility for any materialized risks.

As we mentioned in this letter last quarter, our acquisitions are integrated by a structured approach that was developed with our team and partner consultancies. Now, all closed acquisitions are in the process of integrating and extracting synergies.

At the end of 2020, Elfa had R$28,3 million in judicial deposits referring to writ of mandamus on the DIFAL unconstitutionality (ICMS Rate Differential) between interstate sales. This subject was object of direct unconstitutionality actions in the Supreme Federal Court (STF) and its general applicability was recognized. The Company awaits the STF final decision to collect the amounts already deposited in court, as well as to interrupt new deposits.

Elfa was a pioneer in starting a partnership with the Hospital Sírio-Libanês (HSL) in Brasília through a disruptive service model: The Integrated Hospital Distribution Center. This center aims to maximize the efficiency of hospital logistics management and ensure that the hospital focuses on its core business, patient care. In its first phase, the project implemented advanced HSL inventory within our warehouse in Brasilia, where we are responsible for product managing, handling, and automated supply, optimizing processes and reducing costs. This ensures products availability, reduces the hospital's working capital, improves information quality, and reduces losses and inefficiencies.

The integrated hospital distribution center project contains three phases:

- Phase 1 - Warehousing: Logistic operation for receiving products from the laboratories, storage and distribution to the hospital.
- Phase 2 - Integrated management: Integration of processes and systems.
- Phase 3 - Unitarization: Medications Fractionation according to the patient's need (“bedside”)

This center is the first in the country integrated with a hospital and has cutting-edge technologies such as Warehouse Management Automation (WMS), Integrated Inventory Management Automation (VMI) and Vertical Semi-Automatic Storage Machinery ("LOGIMAT"). We also have Good Distribution Practices certification and a complete Supply Chain Management (SCM) model, bringing the following benefits:

- Logistic strategy: holistic design with cost optimization
- Planning: implementation of collaborative S&OP with inventory optimization considering capacity levers and order delivery deadlines
- Distribution: Holistic view of purchases and logistics network
- Inventory optimization: 99% service level and freeing up working capital for customers

At the end of 2020, we were responsible for more than half of HSL Brasília medicines distribution and expanded it to HSL São Paulo. In addition, we have also expanded this model to new business partners, such as Hospital Moinhos de Ventos (Rio Grande do Sul).

Our governance evolution was remarkable, and we believe that it will bring greater strength to our Company and meets the requirements of the 'Novo Mercado' (the most rigorous level of B3). We highlight the remodeling of our Board of Directors (with two experienced independent members), strengthening of two existing companies' committees (Risk, Compliance and Ethics), and three committees creation (Auditing, People and Compensation, and Innovation and Digital Transformation) and an internal audit area, in addition to several policies that will ensure greater solidity for several of our processes (such as transactions with related parties, appointment and compensation of administrators and risk management).

In 2020, we worked hard to prepare a company that was ready to go public. We proceeded with the CVM registration process in Category "A" – obtained on December 2, 2020 – and in implementing the necessary measures to comply with the B3 rules. We made this decision to further strengthen our competitive position in the market by combining transparency with high standards of corporate governance.

This year we will continue to focus on prioritizing our generation of value for our customers, employees and shareholders: (i) accelerating organic sales growth throughout Brazil, mainly with innovative services with high added value for customers; (ii) integrating new acquisitions with capture of previously mapped synergies; and (iii) maintaining the pace of inorganic growth with discipline in the strategic "fit", respect for expected returns and speed of integration in our organization; (iv) exploring new ways of engaging our employees in order to keep Elfa among the best companies to work for in Brazil.

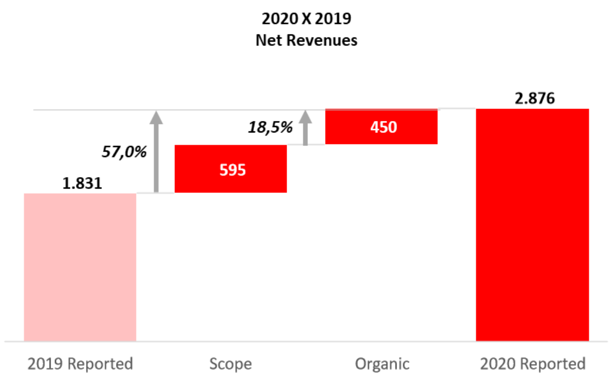
The past year brought great challenges for our businesses, families, and society. We are grateful to health professionals and clients (such as hospitals and clinics) who work at the forefront of this pandemic in the relentless effort to preserve lives, and to our teams - an essential link to support the Brazilian health system - who have demonstrated commitment and resilience to maintain regularity in our operations in such a troubled environment. Our success is the result of a committed team and, as we have already mentioned, it is our great competitive advantage. We started 2021 even stronger with the arrival of the Biohosp and Dupatri teams, which we would like to welcome.

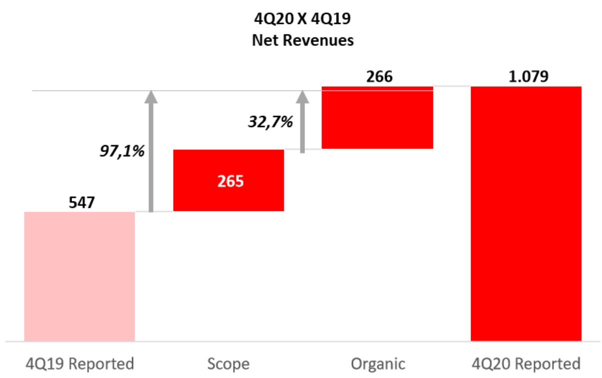
We ended the year with the sense of mission accomplished and happy. We started 2021 optimistic with our business prospects and certain that it will bring opportunities to consolidate Elfa as the Brazilian leader in the healthcare solutions sector.

Consolidated Income Statement

(R$ million)	2019	2020			Growth		4Q19	4Q20			Growth	
	Reported	Scope	Organic	Reported	Organic	Reported	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Net Revenues (NOR)	1.831,5	594,7	449,8	2.876,0	*18,5%*	*57,0%*	547,3	265,4	266,1	1.078,8	*32,7%*	*97,1%*
COGS	(1.635,6)	(470,3)	(428,1)	(2.534,1)	*20,3%*	*54,9%*	(486,9)	(207,8)	(253,6)	(948,3)	*36,5%*	*94,8%*
Gross Profit	195,9	124,4	21,7	341,9	*6,8%*	*74,6%*	60,4	57,6	12,4	130,4	*10,5%*	*116,0%*
Gross Margin (% NOR)	*10,7%*	*+2,1 p.p.*	*-0,8p.p.*	*11,9%*		*1,2 p.p.*	*11,0%*	*+2,6p.p.*	*-1,4p.p.*	*12,1%*		*1,1 p.p.*
Operating Expenses	(120,2)	(84,8)	(37,2)	(242,2)	*18,1%*	*101,5%*	(33,8)	(44,8)	(10,7)	(89,3)	*13,6%*	*164,0%*
Other Operating	20,9	3,0	(4,8)	19,1	*-20,0%*	*-8,5%*	11,1	1,1	(7,0)	5,2	*-57,7%*	*-53,6%*
Adjusted EBITDA	96,6	42,5	(20,3)	118,8	*-14,6%*	*23,0%*	37,7	13,9	(5,3)	46,3	*-10,2%*	*22,8%*
% Adusted EBITDA Margin (% NOR)	*5,3%*	*7,2%*	*-4,5%*	*4,1%*		*-1,1 p.p.*	*6,9%*	*5,2%*	*-2,0%*	*4,3%*		*-2,6 p.p.*
Non-Recurring	(12,1)	(14,0)	(3,7)	(29,8)	*14,0%*	*146,2%*	(3,8)	(6,1)	1,1	(8,9)	*-10,8%*	*131,1%*
Depreciation and Amortization	(26,3)	(21,8)	(4,7)	(52,8)	*9,8%*	*100,8%*	(10,5)	(9,5)	(0,7)	(20,7)	*3,5%*	*97,3%*
Operating Profit (EBIT)	58,2	6,7	(28,7)	36,2	*-44,2%*	*-37,7%*	23,4	(1,7)	(4,9)	16,7	*-22,7%*	*-28,4%*
Financial Result	(27,3)			(16,6)		*-39,4%*	(12,5)			(6,8)		*-45,6%*
IR/CSSL	8,7			21,3		*144,6%*	5,8			0,5		*-91,1%*
Net Income	39,6			40,9		*3,5%*	16,8			10,5		*-37,5%*
Net Margin (% NOR)	*2,2%*			*1,4%*		*-0,7 p.p.*	*3,1%*			*1,0%*		*-2,1 p.p.*
Non-recurring	12,1			29,8		*146,2%*	3,8			8,9		*131,1%*
Adjusted Net Income	51,7			70,8		*36,9%*	20,6			19,3		*-6,1%*
Adjusted Net Margin (% NOR)	*2,8%*			*2,5%*		*-0,4 p.p.*	*3,8%*			*1,8%*		*-2,0 p.p.*

Net Revenues





(R$ million)	2019	2020			Growth		4Q19	4Q20			Growth	
	Reported	Scope	Organic	Reported	Organic	Reported	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Net Revenues	**1.831,5**	**594,7**	**449,8**	**2.876,0**	***18,5%***	***57,0%***	**547,3**	**265,4**	**266,1**	**1.078,8**	***32,7%***	***97,1%***
Pharmaceutical Specialties	1.797,9	306,5	392,1	2.496,4	*18,6%*	*38,9%*	539,3	116,8	227,3	883,5	*34,6%*	*63,8%*
Hospital Medical Supplies	33,6	288,2	57,7	379,6	*17,9%*	*1029,6%*	8,0	148,6	38,7	195,3	*24,7%*	*2348,2%*

Net revenues reached R$2.876,0 million in 2020, an increase of 57,0% compared to the previous year. This growth was driven by acquisitions completed in 2019 and 2020 (see 'Scope') and organic growth of 18,5%. We recorded double-digit organic growth in both 'Pharmaceutical Specialties' and 'Hospital Medical Supplies', 18,6% and 17,9% respectively. Our operating segments proved to be resilient during the COVID-19 pandemic despite the impact on elective procedures, such as surgeries, which were mostly suspended between March and June and resumed in the second half of the year. It is worth mentioning that 'Hospital Medical Supplies' was a minor segment in 2019 and gained relevance with Atrial merger.

4Q20 net revenues reached R$1.078,8 million, an increase of 97,1% over last year. Similar to the observed in the 2020, this quarter was also positively impacted by acquisitions, but we observed a marked acceleration in our organic growth, which reached 32,7%. 'Pharmaceutical Specialties' showed organic growth of 34,6%, driven by the good performance of clinics that resumed activities with the limitations relief of the COVID-19 pandemic (for example, resumption of dermatological procedures, sale of growth hormones and treatment fertility). ‘Hospital Medical Supplies’ showed organic growth of 24,7% due to the expressive demand for ‘Essentials’ (driven by the pandemic).

Gross Profit

(R$ million)	2019	2020			Growth		4Q19	4Q20			Growth	
	Reported (a)	Scope (b)	Organic (c)= (d-b-a)	Reported (d)	Organic (e)= (c)÷(a+b)	Reported (f)= (d÷a)-1	Reported (a)	Scope (b)	Organic (c)= (d-b-a)	Reported (d)	Organic (e)= (c)÷(a+b)	Reported (f)= (d÷a)-1
Gross Profit	**195,9**	**124,4**	**21,7**	**341,9**	***6,8%***	***74,6%***	**60,4**	**57,6**	**12,4**	**130,4**	***10,5%***	***116,0%***
Pharmaceutical Specialties	189,5	53,0	13,8	256,3	*5,7%*	*35,3%*	57,6	17,8	9,5	84,9	*12,6%*	*47,4%*
Hospital Medical Supplies	6,4	71,3	7,9	85,6	*10,1%*	*1237,1%*	2,8	39,8	2,9	45,5	*6,8%*	*1551,9%*
Gross Profit	**10,7%**	**+2,1 p.p.**	**-0,8p.p.**	**11,9%**		1,2 p.p.	**11,0%**	**+2,6p.p.**	**-1,4p.p.**	**12,1%**		**1,1 p.p.**
Pharmaceutical Specialties	10,5%	+0,7 p.p.	-0,9p.p.	10,3%		-0,3 p.p.	10,7%	+0,6p.p.	-1,4p.p.	9,6%		-1,1 p.p.
Hospital Medical Supplies	19,1%	+3,7 p.p.	+0,3p.p.	22,6%		3,5 p.p.	34,5%	-9,6p.p.	-0,5p.p.	23,3%		-11,2 p.p.

2020 gross profit reached R$341,9 million, an increase of 74,6% over the previous year. Such behavior is a consequence of acquisitions concluded in 2019-20 and 6.8% organic growth in the year. Gross margin reached 11,9%, 1,2 p.p. over 2019, reflecting acquisitions with attractive margins. ‘Pharmaceutical Specialities' showed a 35,3% gross profit increase with a margin evolution of -0,3 p.p. despite an organic margin retraction, mainly due to: (i) margin pressure due to discounts reductions practiced by pharmaceutical laboratories during the pandemic; (ii) mix effect on our clinic business, most impacted by the pandemic, which has above average margins; and (iii) logistical restrictions by COVID-19, which negatively affected margins to protect the service level. As for ‘Hospital Medical Supplies’, a not very representative segment last year, it showed gross profit growth of around 12x mainly due to the merger of Atrial in June 2020 with its good commercial performance in the year. This segment showed an organic margin improvement of 0,3 pp. during the period, mainly due to the pandemic positive impact on our product mix.

In 4Q20, gross profit reached R$130,4 million, an 116,0% increase over the previous year and 12,1% margin, 1,1 p.p. over last year. The gross profit increase was benefited by acquisitions and negatively impacted by an organic reduction in the margin of the ‘Pharmaceutical Specialties’ segment, reflecting a tougher competitive environment. 'Hospital Medical Supplies' in this quarter, similar to the one mentioned in the year, was a little representative segment in the same quarter of the previous year (net revenues of R$8,0 million in 4Q19 versus R$195,3 million in 4Q20), therefore margin at the time it should not be compared to the current product mix.

Operating Expenses and Others

(R$ million)	2019	2020			Growth		4Q19	4Q20			Growth	
	Reported (a)	Scope (b)	Organic (c)= (d-b-a)	Reported (d)	Organic (e)= (c)÷(a+b)	Reported (f)= (d÷a)-1	Reported (a)	Scope (b)	Organic (c)= (d-b-a)	Reported (d)	Organic (e)= (c)÷(a+b)	Reported (f)= (d÷a)-1
Operating Expenses	**(120,2)**	**(84,8)**	**(37,2)**	**(242,2)**	***18,1%***	***101,5%***	**(33,8)**	**(44,8)**	**(10,7)**	**(89,3)**	***13,6%***	***164,0%***
% NOR	***-6,6%***	***-14,3%***	***-8,3%***	***-8,4%***		***-1,9 p.p.***	***-6,2%***	***-16,9%***	***-4,0%***	***-8,3%***		***-2,1 p.p.***
Selling Expenses	(63,6)	(33,8)	(16,9)	(114,3)	*17,4%*	*79,7%*	(16,2)	(17,5)	(10,6)	(44,3)	*31,4%*	*173,1%*
Allowance for Doubtful Accounts	(3,6)	(1,3)	(2,9)	(7,8)	*60,3%*	*116,6%*	0,7	(0,7)	(0,3)	(0,2)	*-821,1%*	*-131,7%*
General and Administrative	(53,0)	(49,8)	(17,3)	(120,1)	*16,9%*	*126,7%*	(18,3)	(26,6)	0,2	(44,8)	*-0,4%*	*144,2%*
Other Operating	**20,9**	**3,0**	**(4,8)**	**19,1**	***-20,0%***	***-8,5%***	**11,1**	**1,1**	**(7,0)**	**5,2**	***-57,7%***	***-53,6%***
% NOR	***1,1%***	***0,5%***	***-1,1%***	***0,7%***		***-0,5 p.p.***	***2,0%***	***0,4%***	***-2,6%***	***0,5%***		***-1,6 p.p.***

2020 operating expenses totaled R$242,2 million or 8,4% of net revenues, representing an 101,5% increase compared to last year and an evolution of -1,9 p.p. on net revenues. As already mentioned in the past, in addition to the effect expected by the seven acquisitions in integration process and capture of synergies, and greater weight in the 'Medical Hospital Supplies' segment (which has a higher gross margin but also a specialized sales force with a higher cost as percentage of sales), the evolution in organic results mainly from:

- Selling Expenses: organic growth of 17,4%, mainly explained by the growth in net revenue in the period, the impact of the cost of creating a commercial team for the new Generics BU at Elfa (part of the 'Pharmaceutical Specialties' operating segment) in October 2019 and increase in variable transportation expenses due to the difficulties caused by the pandemic.
- Allowance for Doubtful Accounts: 60,3% organic growth, mainly explained by the 2019 PDD schedule, which was positively impacted by the one-off recovery in the public sector versus 2018.
- General and Administrative: 16,9% growth, mainly due to the increase in corporate structures to support our growth.

In 4Q20, these expenses reached R$89,3 million (8,3% of net revenues) with an 164,0% increase over the same period of the previous year and a 2,1 p.p. raise over net revenues, explained in its vast majority because of acquisitions, the structure need to support the ‘Hospital Medical Supplies’ segment and an organic growth of 13,6%. The behavior of organic evolution is mainly due to:

- Selling Expenses: 31,4% organic growth, mainly due to 32,7% revenues organic growth, losses of investees' inventories in the quarter and the effect of the rental reversal due to IFRS 16 compliance in 2019.
- Allowance for Doubtful Accounts: Expense of R$0,3 million in the quarter, while the same quarter last year there was a provision reversal due to successful one-time efforts to recover receivables from previous periods.
- General and Administrative: organic growth of -0,4% in the quarter, mainly explained by the reduction in Atrial's management structure (merger carried out in June 2020).

The Other Expenses evolution in 2020 is substantially due to the identification of untimely tax credits. The same effect is observed in the 4th quarter, but with a better distribution throughout the year.

Adjusted EBITDA

(R$ million)	2019	2020			Growth		4Q19	4Q20			Growth	
	Reported	Scope	Organic	Reported	Organic	Reported	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Gross Profit	**195,9**	**124,4**	**21,7**	**341,9**	***6,8%***	***74,6%***	**60,4**	**57,6**	**12,4**	**130,4**	***10,5%***	***116,0%***
Gross Margin (% NOR)	*10,7%*	*+2,1 p.p.*	*-0,8p.p.*	*11,9%*		*1,2 p.p.*	*11,0%*	*+2,6p.p.*	*-1,4p.p.*	*12,1%*		*1,1 p.p.*
Operating Expenses	(120,2)	(84,8)	(37,2)	(242,2)	*18,1%*	*101,5%*	(33,8)	(44,8)	(10,7)	(89,3)	*13,6%*	*164,0%*
Other Operating	20,9	3,0	(4,8)	19,1	*-20,0%*	*-8,5%*	11,1	1,1	(7,0)	5,2	*-57,7%*	*-53,6%*
Adjusted EBITDA	**96,6**	**42,5**	**(20,3)**	**118,8**	***-14,6%***	***23,0%***	**37,7**	**13,9**	**(5,3)**	**46,3**	***-10,2%***	***22,8%***
Adjusted EBITDA Margin (% NOR)	*5,3%*	*7,2%*	*-4,5%*	*4,1%*		*-1,1 p.p.*	*6,9%*	*5,2%*	*-2,0%*	*4,3%*		*-2,6 p.p.*

2020 adjusted EBITDA reached R$118,8 million, which represents an 23,0% increase in relation to last year. Such growth reflects the combination of the seven acquisitions made in 2019-20 and an 14,6% organic reduction in the period, explained by an evolution in the gross organic margin of -0,8p.p. and the increase in selling, general and administrative expenses, as discussed above.

4Q20 presented a Adjusted EBITDA of R$46,3 million and an 22,8% expansion in relation to the same period of the previous year. As observed in the year, this behavior is a reflection of acquisitions and organic evolution of -10,2% in this quarter.

Operating Profit (EBIT)

(R$ million)	2019		2020		Growth		4Q19		4Q20		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Adjusted EBITDA	**96,6**	**42,5**	**(20,3)**	**118,8**	***-14,6%***	***23,0%***	**37,7**	**13,9**	**(5,3)**	**46,3**	***-10,2%***	***22,8%***
Adjusted EBITDA Margin (% NOR)	*5,3%*	*7,2%*	*-4,5%*	*4,1%*		*-1,1 p.p.*	*6,9%*	*5,2%*	*-2,0%*	*4,3%*		*-2,6 p.p.*
Non-recurring	(12,1)	(14,0)	(3,7)	(29,8)	*14,0%*	*146,2%*	(3,8)	(6,1)	1,1	(8,9)	*-10,8%*	*131,1%*
Depreciation and Amortization	(26,3)	(21,8)	(4,7)	(52,8)	*9,8%*	*100,8%*	(10,5)	(9,5)	(0,7)	(20,7)	*3,5%*	*97,3%*
Operating Profit (EBIT)	**58,2**	**6,7**	**(28,7)**	**36,2**	***-44,2%***	***-37,7%***	**23,4**	**(1,7)**	**(4,9)**	**16,7**	***-22,7%***	***-28,4%***

The 2020 operating profit observed was R$36,2 million, which represented a 37,7% contraction in relation to the same period of the previous year. While in 4Q20, operating profit reached R$16,7 million and an evolution of -28,4% compared to the same period of the previous year. Such contractions are a consequence, in addition to the Adjusted EBITDA performance discussed above, of:

- Increase in non-recurring expenses resulting from a greater number of acquisitions (expenses with lawyers and 'due diligence') and integrations (support from consultants). We made two acquisitions in 2019 (Agilfarma and CDM), while in 2020 seven were made (Medcom, Atrial, Mostaert, Surya Dental, Fenergy, Oncorio and Biohosp), in addition to Dupatri (closed in January / 2021) that at this moment was about to be completed.
- Increase in amortization of capital gains on acquisitions.

Financial Result

(R$ million)	2019	2020	Growth	4Q19	4Q20	Growth
	Reported	Reported	Reported	Reported	Reported	Reported
	(a)	(d)	(f)= (d÷a)-1	(a)	(d)	(f)= (d÷a)-1
Financial Expenses	1,7	5,1	*198,7%*	0,0	(0,9)	*-5031,6%*
Financial Income	(29,0)	(21,7)	*-25,3%*	(12,5)	(5,8)	*-53,2%*
Financial Result	**(27,3)**	**(16,6)**	***-39,4%***	**(12,5)**	**(6,8)**	***-45,6%***

The financial result for 2020 presented a net expense of R$16,6 million, representing a 39,4% decrease over the same period of the previous year. This reduction is due to (1) an improvement in the indebtedness profile (exchange of short-term debt at higher interest rates than those acquired by longer-term debt and with better rates from Elfa), (2) reduction in the CDI - Interbank Deposit Certificate - in the period (6,7% p.a. in January 2019 versus 1,9% p.a. in December 2020) and (3) Atrial's cash remuneration (from July 2020 onwards).

The same behavior is observed in the 4th quarter of this year, when the financial result presented a net expense of R$6,8 million, 45,6% below the same quarter of 2019.

As already mentioned in the past, part of the integration activities of acquired companies is to optimize their debt profile. Such companies are often smaller than Elfa and have access to more expensive credit lines.

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

(R$ million)		2019	2020	4Q19	4Q20
Operating profit before taxes	(a)	30,9	19,7	10,9	9,9
Legal combined tax rate		34,0%	34,0%	34,0%	34,0%
Income tax and social contribution over legal tax rates	**(b)**	**(10,5)**	**(6,7)**	**(3,7)**	**(3,4)**
Adjustments (tax effect; multiplied by 34%)					
Grants on investments		24,9	27,7	7,3	5,3
Other additions and exclusions, net		(5,7)	0,3	2,3	(1,4)
Additions and exclusions, net	(c)	19,2	28,0	9,6	3,9
Income tax and social contribution, net	**(d) = (b) + (c)**	**8,7**	**21,3**	**5,8**	**0,5**
Effective tax rate	(d) ÷ (a)	-28,2%	-108,0%	-53,6%	-5,2%

The Company benefits from a special ICMS[2] regime with a reduction in the calculation basis, and in accordance with Brazilian tax legislation, the ICMS tax benefits validated by CONFAZ (National Council for Farm Policy) are excluded from the calculation base of Income Tax and Social Contribution.

The increase in this benefit in 2020 when compared to the same period in 2019 is due to the sales growth as well as from tax optimization initiatives in our logistics network.

Net Income and Adjusted Net Income

(R$ million)	2019 Reported (a)	2020 Reported (d)	Growth Reported (f)= (d÷a)-1	4Q19 Reported (a)	4Q20 Reported (d)	Growth Reported (f)= (d÷a)-1
Operating Profit (EBIT)	58,2	36,2	*-37,7%*	23,4	16,7	*-28,4%*
Financial Result	(27,3)	(16,6)	*-39,4%*	(12,5)	(6,8)	*-45,6%*
IR/CSLL	8,7	21,3	*144,6%*	5,8	0,5	*-91,1%*
Net Income	**39,6**	**40,9**	***3,5%***	**16,8**	**10,5**	***-37,5%***
Net Margin (% NOR)	***2,2%***	***1,4%***	***-0,7 p.p.***	***3,1%***	***1,0%***	***-209,0%***

Net income reached R$40,9 million in 2020, 3,5% higher than last year, because of the improvement in our financial result and the effective IR/CSLL rate, partially offset by the 37,7% contraction in operating profit in the year. Excluding the effect of non-recurring expenses – arising from acquisitions and integrations – the adjusted net income for 2020 reached R$70,8 million, 36,9% above 2019.

In 4Q20, the net profit presented was R$10,5 million, representing a -37,5% evolution over the previous year, because of the -28,4% operating profit evolution, a reduction in net financial expenses and a lower positive result of IR/CSLL. Excluding the effect of non-recurring expenses, net income for the quarter was reported at R$19,3 million, 6,1% below the same period last year.

[2] ICMS – abbreviation for "Imposto sobre Operações Relativas à Circulação de Mercadorias e Serviços de Transporte Interestadual e Intermunicipal e de Comunicações", is a value-added tax on sales and services and applies to the movement of goods, transportation and communication services, and to the supplying of any goods.

Debt

(R$ million)		2019	2020
Loans and financings			
Short term		208,1	142,0
Long term		111,8	267,8
Gross Debt	**(a)**	**319,9**	**409,9**
Cash and cash equivalents		(120,6)	(228,5)
Securities		0,0	(75,1)
Financial investments		(0,1)	(0,1)
Cash	**(b)**	**(120,7)**	**(303,7)**
Net Debt	**(a) + (b)**	**199,2**	**106,1**

At the end of 2020, Elfa had a gross debt of R$409,9 million. As mentioned in this document in the past, we extended its profile in 2020. At the end of the year, 65,0% of our indebtedness was in the long term. Our cash position was R$303,7 million and part of this has already been used to pay for the acquisition of Dupatri Hospitalar in January 2021.

Elfa holds debt instruments with maximum leverage limitations to which the Company must be exposed. The 'covenant' currently considered stricter by Management is calculated at the end of the year and must meet a leverage of a maximum of 2.5x net debt / Accounting EBITDA.

Cash Flow

(R$ million)	2019	2020	Growth	4Q19	4Q20	Growth
Cash flow from operating activities	19,9	32,6	*63,6%*	82,1	124,6	*51,8%*
Cash from from investment activities	(83,6)	(121,8)	*45,8%*	(5,1)	(90,5)	*1682,7%*
Cash flow from financing activities	30,1	197,1	*553,8%*	(14,6)	47,7	*-426,7%*
(Reduction) Increase in cash, net	**(33,5)**	**107,9**	***-422,3%***	**62,4**	**81,8**	***31,1%***
(Reduction) Increase in cash and cash equivalents, net						
Cash at the beginning of the period	154,0	120,6	*-21,7%*	58,1	146,6	*152,2%*
Cash at the end of the period	120,6	228,5	*89,5%*	120,6	228,5	*89,5%*
(Reduction) Increase in cash and cash equivalents, net	**(33,5)**	**107,9**	***-422,3%***	**62,4**	**81,8**	***31,1%***

We had a cash flow from operating activities of R$32,6 million in 2020, 63,6% above the previous year, or R$19,9 million in 2019. This performance is a reflection of good management capital employed which resulted in cash from operating activities before the payment of interest and income tax and social contribution of R$69.487 million in 2020, compared to R$47.566 million in 2019, and a reduction in amount of interest on debt paid in 2020 of R$17,6 million compared to R$22,2 million in 2019, partially offset by the increase in the amount of income tax and social contribution paid in 2020 of R$19,2 million compared to R$5,4 million in 2019.

The Cash Flow from Investment Activities consumed R$121,8 million in 2020 mainly due to the amounts paid for the subsidiary's acquisitions of R$256.524,00 million, partially offset by bonds and securities redemption (financial investments) of R$106.563 million and cash from subsidiaries acquisition of R$42.741 million.

The Cash Flow from Financing Activities of 2020 generated R$197.110 million, mainly due to the shareholders contribution of R$250.000 million and loans, financing and leasing of R$415.205 million, partially offset by payment of loans and financing of R$446.190 million, and payment of installments of acquired companies of R$15.749 million.

Considering the above, there was an increase of cash and cash equivalents in 2020 of R$107.901 million; materially higher than the previous year, which consumed R$33,5 million.

As we commented in this document in the 3rd quarter of 2020, our activities generate cash, but require capital to support its growth, and operating cash generation is highly seasonal, with significant cash consumption in the first half of the year and strong cash generation. on the second semester.

In the 4th quarter of 2020, operating cash generation was R$124,6 million, 51,8% above the R$82,1 million observed in the same quarter of 2019. This effect is a consequence of an increase of 54,7% in cash from operating activities before payment of interest and income tax and social contribution (R$137.354 million in 4Q20 against R$ 88.812 million in 4Q19) and reduction in interest payments on loans and financing (R$3.791,00 million in 4Q20 versus R$ 7.275,00 million in the same period of 2019), partially offset by an increase in the income tax and social contribution paid (R$8.933,00 million paid in 4Q20 versus R$550 million positive in 4Q19).

Cash Flow from Investment Activities in 4Q20 consumed R$90.510,00 million mainly due to the payment of acquisitions of R$ 180.176,00 million, partially offset by the redemption of financial investments in the amount of R$90.510,00 million.

The Cash Flow from Financing Activities of this quarter generated R$47.695 million, mainly due to the loans, financing and leasing of R$104.439 million, partially offset by the payment of loans and financing of R$50.364,00 million.

Thus, the increase in cash and cash equivalents in the quarter was R$81.815 million; 31,1% higher than 4Q19, which generated R$62.412 million.

Reconciliation of Net Income and EBITDA

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

(R$ million)	2019	2020			Growth		4Q19	4Q20			Growth	
	Reported	Scope	Organic	Reported	Organic	Reported	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Net Income	**39,6**	**6,7**	**(5,3)**	**40,9**	***-11,5%***	***3,5%***	**16,8**	**(1,7)**	**(4,5)**	**10,5**	***-30,3%***	***-37,5%***
IR/CSLL	(8,7)	-	(12,6)	(21,3)	*144,6%*	*144,6%*	(5,8)	-	5,3	(0,5)	*-91,1%*	*-91,1%*
Financial Result	27,3	-	(10,8)	16,6	*-39,4%*	*-39,4%*	12,5	-	(5,7)	6,8	*-45,6%*	*-45,6%*
Operating Profit (EBIT)	58,2	6,7	(28,7)	36,2	*-44,2%*	*-37,7%*	23,4	(1,7)	(4,9)	16,7	*-22,7%*	*-28,4%*
Depreciation and Amortization	26,3	21,8	4,7	52,8	*9,8%*	*100,8%*	10,5	9,5	0,7	20,7	*3,5%*	*97,3%*
Accounting EBITDA	**84,5**	**28,5**	**(24,0)**	**89,0**	***-21,2%***	***5,4%***	**33,9**	**7,8**	**(4,2)**	**37,4**	***-10,1%***	***10,5%***
% NOR	*4,6%*	*4,8%*	*-5,3%*	*3,1%*		*-0,3 p.p.*	*6,2%*	*2,9%*	*-1,6%*	*3,5%*		*-0,4 p.p.*
Non-recurring	12,1	14,0	3,7	29,8	*14,0%*	*146,2%*	3,8	6,1	(1,1)	8,9	*-10,8%*	*131,1%*
Adjusted EBITDA	**96,6**	**42,5**	**(20,3)**	**118,8**	***-14,6%***	***23,0%***	**37,7**	**13,9**	**(5,3)**	**46,3**	***-10,2%***	***22,8%***
% NOR	*5,3%*	*7,2%*	*-4,5%*	*4,1%*		*-0,2 p.p.*	*6,9%*	*5,2%*	*-2,0%*	*4,3%*		*-0,4 p.p.*

We consider 'non-recurring expenses' essentially as expenses related to (1) acquisitions (such as legal advisors and due diligence) and (2) integration of the acquired companies (such as support from consultants).

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Exhibits

Balance Sheet

Balance Sheet
(R$ '000)

	2019	2020		2019	2020
Assets			**Liabilities**		
Current Assets			**Current Liabilities**		
Cash and cash equivalents	120.560	228.461	Suppliers and other accounts payable	380.269	954.467
Securities	-	75.137	Loans and financings	208.093	142.029
Trade accounts receivable	447.476	907.060	Labor obligations	11.123	40.381
Inventory	214.992	571.950	Taxes payable	16.778	86.605
Taxes to recover	48.286	82.417	Dividends payable	665	-
Income tax and social contribution	19.516	33.066	Accounts payable on the acquisition of	16.176	75.673
Other receivables	43.073	67.030	**Total Current Liabilities**	**633.104**	**1.299.155**
Total Current Assets	**893.903**	**1.965.121**		#REF!	#REF!
			Non-current Liabilities		
			Loans and financings	111.835	267.825
Non-current Assets			Taxes payable	2.108	4.413
Financial investments	127	146	Accounts payable to related parties	#REF!	#REF!
Derivatives	-	-	Provision for contingencies	7.400	104.628
indemnity assets	6.877	103.852	Deferred IR and CSSL taxes	-	9
Deferred IR and CSSL taxes	88.411	125.710	Accounts payable on the acquisition of	64.079	259.802
Judicial deposits	2.150	28.317	**Total Non-current Liabilities**	**185.422**	**636.677**
Total Non-current Assets	**97.565**	**258.025**		#REF!	#REF!
			Shareholders' Equity		
Fixed Assets			P&L of controlling shareholders	462.211	1.622.431
PP&E	36.421	84.435	Stake of non-controlling shareholders	-	15.139
Intangible assets	252.848	1.265.821		**#REF!**	**#REF!**
Total Fixed Assets	**289.269**	**1.350.256**	**Total Shareholders' Equity**	**462.211**	**1.637.570**
Total Assets	**1.280.737**	**3.573.402**	**Total Liabilities and Shareholders' Equity**	**1.280.737**	**3.573.402**

Income Statement

Income Statement
(R$ '000)

	2019	2020	4Q19	4Q20
Net operating revenues	1.831.462	2.875.973	547.308	1.078.774
Cost of goods sold	(1.635.593)	(2.534.069)	(486.920)	(948.345)
Gross profit	**195.869**	**341.904**	**60.388**	**130.429**
Selling expenses	(63.577)	(114.262)	(16.224)	(44.303)
(Losses) / reversion of accounts receivable to recover	(3.609)	(7.816)	726	(230)
General and administrative expenses	(91.387)	(202.712)	(32.660)	(74.336)
Other revenues (expenses)	20.894	19.127	11.141	5.164
Operating profit before financial income and taxes	**58.190**	**36.242**	**23.371**	**16.725**
Financial expenses, net	**(27.322)**	**(16.559)**	**(12.465)**	**(6.778)**
Profit / (loss) before income tax and social contribution	**30.868**	**19.683**	**10.906**	**9.947**
Income tax and social constribution				
Current	(10.625)	(17.475)	(4.653)	(7.173)
Deferred	19.317	38.734	10.497	7.694
	8.692	**21.259**	**5.844**	**521**
Net income in the period	**39.560**	**40.942**	**16.750**	**10.468**
Attributed to:				
Controlling shareholders	39.560	40.339	16.750	10.093
Non-controlling shareholders	-	603	-	375

(R$ '000)	2019	2020	4Q19	4Q20
Cash flow from operating activities				
Net profit/(loss) in the period	**39.560**	**40.942**	**16.750**	**10.696**
Adjustments to reconcile net income with cash:				
Depreciation and amortization	26.279	52.766	10.497	20.713
Income tax and social contribution, net	(8.692)	(21.259)	(5.844)	(521)
Provision for impairment	2.855	7.816	(1.480)	230
Other	3.034	-	3.034	-
Provision for contingencies	523	125	523	453
Provision for inventory losses	(1.353)	502	(1.792)	400
Share-based compensation	5.572	5.804	1.393	2.251
Write-off on acquisitions	-	-	-	-
Interest, monetary variations, net - Loans	19.864	18.522	8.964	6.472
(Increase)/decrease in assets:				
Trade account receivables	(30.494)	(152.493)	(16.187)	(61.734)
Inventory	(8.950)	(75.907)	(8.501)	(13.241)
Taxes to recover	(27.779)	(8.561)	(14.415)	(10.235)
Related parties	-	-	18.117	(1.276)
Other assets	(17.466)	(43.506)	(22.363)	(21.813)
(Decrease)/increase in liabilities:				
Suppliers and other accounts payable	41.211	221.067	107.279	184.175
Labor obligations	6.388	3.072	3.172	(7.374)
Taxes payable	(2.986)	20.597	(10.335)	28.158
Cash generated by (used in) operating activities	**47.566**	**69.487**	**88.812**	**137.354**
Payment of interest on loans and financings	(22.215)	(17.645)	(7.275)	(3.791)
Income tax and social contribution paid	(5.422)	(19.235)	550	(8.933)
Net cash flow generated by (used in) operating activities	**19.929**	**32.607**	**82.087**	**124.630**
Investing activities:				
Acquisition of PP&E and intangible assets, net	(10.388)	(14.596)	(5.077)	(8.240)
Acquisition of subsidiaries, net of cash	(73.168)	(256.524)	-	(180.176)
Cash from the acquisition of subsidiaries	-	42.741	-	-
Marketable Securities	-	106.563	-	97.906
Net cash flow from (used in) investing activities	**(83.556)**	**(121.816)**	**(5.077)**	**(90.510)**
Financing activities:				
Increase in share capital	-	250.000	-	-
Loans, financings and leases	492.172	415.205	62.378	104.439
Payment of installments for acquired companies	(30.083)	(15.749)	(15.857)	(889)
Payment of principal on loans and financing	(325.119)	(446.190)	42.568	(50.364)
Payment of principal on debentures	(100.000)	-	(100.000)	-
Leases payhment	(3.687)	(5.491)	(3.687)	(5.491)
Dividends paid	(3.135)	(665)	-	-
Cash flow from financing activities	**30.148**	**197.110**	**(14.598)**	**47.695**
Increase/(reduction) in cash and cash equivalents, net	**(33.479)**	**107.901**	**62.412**	**81.815**
Cash and cash equivalents at the beginning of the period	154.039	120.560	58.148	146.646
Cash and cash equivalents at the end of the period	120.560	228.461	120.560	228.461
Increase/(reduction) in cash and cash equivalents, net	**(33.479)**	**107.901**	**62.412**	**81.815**

(R$ '000)	2019 Pharmaceutical Specialties	2019 Hospital Medical Supplies	2019 Consolidated	2020 Pharmaceutical Specialties	2020 Hospital Medical Supplies	2020 Consolidated
Net revenues	1.797.858	33.604	1.831.462	2.496.391	379.581	2.875.973
Cost of goods sold	(1.608.391)	(27.202)	(1.635.593)	(2.240.088)	(293.981)	(2.534.069)
Gross Profit	**189.467**	**6.402**	**195.869**	**256.303**	**85.600**	**341.904**
Gross margin	***10,5%***	***19,1%***	***10,7%***	***10,3%***	***22,6%***	***11,9%***
Selling expenses	(62.558)	(1.020)	(63.578)	(81.045)	(39.012)	(120.058)
Contribution margin	**126.909**	**5.382**	**132.291**	**175.258**	**46.588**	**221.846**
% NOR	***7,1%***	***16,0%***	***7,2%***	***7,0%***	***12,3%***	***7,7%***

(R$ '000)	4Q19 Pharmaceutical Specialties	4Q19 Hospital Medical Supplies	4Q19 Consolidated	4Q20 Pharmaceutical Specialties	4Q20 Hospital Medical Supplies	4Q20 Consolidated
Net revenues	539.331	7.977	547.308	883.477	195.296	1.078.773
Cost of goods sold	(481.698)	(5.223)	(486.920)	(798.553)	(149.792)	(948.345)
Gross Profit	**57.633**	**2.755**	**60.388**	**84.924**	**45.504**	**130.428**
Gross margin	***10,7%***	***34,5%***	***11,0%***	***9,6%***	***23,3%***	***12,1%***
Selling expenses	(16.025)	(200)	(16.225)	(25.913)	(24.185)	(50.098)
Contribution margin	**41.608**	**2.555**	**44.163**	**59.011**	**21.319**	**80.330**
% NOR	***7,7%***	***32,0%***	***8,1%***	***6,7%***	***10,9%***	***7,4%***

Income Statement - Quarterly Results

(R$ '000)	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
NOR	**351.065**	**444.609**	**488.480**	**547.308**	**1.831.462**	**452.263**	**556.909**	**788.027**	**1.078.774**	**2.875.973**
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)
Gross Profit	**33.803**	**39.158**	**62.520**	**60.388**	**195.869**	**45.591**	**66.368**	**99.516**	**130.429**	**341.904**
% NOR	*9,6%*	*8,8%*	*12,8%*	*11,0%*	*10,7%*	*10,1%*	*11,9%*	*12,6%*	*12,1%*	*11,9%*
Operating Expenses	(37.831)	(38.567)	(34.017)	(48.158)	(158.573)	(42.992)	(69.823)	(93.106)	(118.869)	(324.790)
Selling	(14.814)	(16.605)	(15.934)	(16.224)	(63.577)	(16.898)	(19.336)	(33.725)	(44.303)	(114.262)
Allowance for doubtful accounts	(9.569)	(346)	5.580	726	(3.609)	(4.284)	(3.206)	(96)	(230)	(7.816)
General and administrative	(13.448)	(21.616)	(23.663)	(32.660)	(91.387)	(21.810)	(47.281)	(59.285)	(74.336)	(202.712)
G&A	(10.945)	(15.107)	(16.893)	(22.163)	(65.108)	(15.417)	(36.492)	(44.414)	(53.623)	(149.946)
Depreciation and amortization	(2.503)	(6.509)	(6.770)	(10.497)	(26.279)	(6.393)	(10.789)	(14.871)	(20.713)	(52.766)
Other operating	6	1.464	8.283	11.141	20.894	(1.334)	7.203	8.094	5.164	19.127
Operating Profit (EBIT)	**(4.022)**	**2.055**	**36.786**	**23.371**	**58.190**	**1.265**	**3.748**	**14.504**	**16.725**	**36.242**
Financial result	(3.378)	(1.477)	(10.002)	(12.465)	(27.322)	(2.243)	(4.575)	(2.963)	(6.778)	(16.559)
Earnings Before Taxes (EBT)	**(7.400)**	**578**	**26.784**	**10.906**	**30.868**	**(978)**	**(827)**	**11.541**	**9.947**	**19.683**
IR/CSSL	4.685	3.477	(5.314)	5.844	8.692	4.972	12.613	3.153	521	21.259
Current	(858)	(3.957)	(1.157)	(4.653)	(10.625)	(1.358)	(2.577)	(6.367)	(7.173)	(17.475)
Deferred	5.543	7.434	(4.157)	10.497	19.317	6.330	15.190	9.520	7.694	38.734
Net Income	**(2.715)**	**4.055**	**21.470**	**16.750**	**39.560**	**3.994**	**11.786**	**14.694**	**10.468**	**40.942**
% NOR	*-0,8%*	*0,9%*	*4,4%*	*3,1%*	*2,2%*	*0,9%*	*2,1%*	*1,9%*	*1,0%*	*1,4%*
Accounting EBITDA	(1.519)	8.564	43.556	33.868	84.469	7.658	14.537	29.375	37.438	89.008
% NOR	*-0,4%*	*1,9%*	*8,9%*	*6,2%*	*4,6%*	*1,7%*	*2,6%*	*3,7%*	*3,5%*	*3,1%*
Non-recurring	1.540	3.231	3.512	3.831	12.113	1.628	12.179	7.160	8.852	29.820
Adjusted EBITDA	**21**	**11.795**	**47.068**	**37.699**	**96.582**	**9.286**	**26.716**	**36.535**	**46.290**	**118.827**
% NOR	*0,0%*	*2,7%*	*9,6%*	*6,9%*	*5,3%*	*2,1%*	*4,8%*	*4,6%*	*4,3%*	*4,1%*
Adjusted Net Income	**(1.175)**	**7.286**	**24.982**	**20.581**	**51.673**	**5.622**	**23.965**	**21.854**	**19.320**	**70.761**
% NOR	*-0,3%*	*1,6%*	*5,1%*	*3,8%*	*2,8%*	*1,2%*	*4,3%*	*2,8%*	*1,8%*	*2,5%*

Cash Flow - Quarterly Results

(R$ '000)	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
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
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
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)
Provision for impairment	25.047	(15.132)	(5.580)	(1.480)	2.855	4.214	3.276	96	230	7.816
Other	-	-	-	3.034	3.034	-	(92)	92	-	-
Provision for contingencies	-	-	-	523	523	(311)	48	(65)	453	125
Provision for inventory losses	456	(17)	-	(1.792)	(1.353)	180	(78)	-	400	502
Share-based compensation	1.394	1.394	1.391	1.393	5.572	1.183	1.188	1.182	2.251	5.804
Write-off on acquisitions	-	-	-	-	-	-	-	-	-	-
Interest, monetary variations, net - Loans	2.579	3.403	4.918	8.964	19.864	6.323	337	5.390	6.472	18.522
(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)
Inventory	(28.195)	1.103	26.643	(8.501)	(8.950)	8.196	(30.777)	(40.085)	(13.241)	(75.907)
Taxes to recover	(4.778)	(4.085)	(4.501)	(14.415)	(27.779)	5.840	(4.798)	632	(10.235)	(8.561)
Related parties	-	-	(18.117)	18.117	-	-	4.392	(3.116)	(1.276)	-
Other assets	(15.144)	14.257	5.784	(22.363)	(17.466)	3.385	(1.546)	(23.532)	(21.813)	(43.506)
(Decrease)/increase in liabilities:					-					-
Suppliers and other accounts payable	(43.203)	(2.143)	(20.722)	107.279	41.211	(75.621)	(8.569)	121.082	184.175	221.067
Labor obligations	310	1.282	1.624	3.172	6.388	(1.629)	3.743	8.332	(7.374)	3.072
Taxes payable	(1.081)	4.956	3.474	(10.335)	(2.986)	(8.392)	651	180	28.158	20.597
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**
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)
Income tax and social contribution paid	463	(1.712)	(4.723)	550	(5.422)	(1.679)	(2.504)	(6.119)	(8.933)	(19.235)
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**
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)
Advances for future capital increase	3.406	(3.406)	-	-	-	-	-	-	-	-
Acquisition of subsidiaries, net of cash	-	(73.168)	-	-	(73.168)	-	(76.348)	-	(180.176)	(256.524)
Cash from the acquisition of subsidiaries	-	-	-	-	-	-	42.741	-	-	42.741
Redemption/financial investments	-	-	-	-	-	-	-	8.657	97.906	106.563
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)**
Financing activities:										
Increase in share capital	-	-	-	-	-	239.678	10.322	-	-	250.000
Loans, financings and leases	134.938	60.341	234.515	62.378	492.172	135.205	130.000	45.561	104.439	415.205
Payment of installments for acquired companies	-	-	(14.226)	(15.857)	(30.083)	-	(13.887)	(973)	(889)	(15.749)
Payment of principal on loans and financing										
Dividends paid	-	(3.135)	-	-	(3.135)	-	(664)	(1)	-	(665)
Cash flow from financing activities	18.310	39.737	(13.301)	(14.598)	30.148	232.300	49.110	(131.995)	47.695	197.110
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**
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
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
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**

Reporting Criteria

Segregation of the Effects from Acquisitions

It is part of our strategy to acquire companies that complement our operations. To facilitate the understanding of our results, we will separate our results between Net Revenues and EBITDA in:

(1) Scope: capture the change in Elfa's performance with acquisitions that were concluded and reflected in the financial statements. This also includes discontinued product lines, and

(2) Organic: reflects the organic growth under Elfa's management.

At the end of this document, we provide an example to illustrate the mechanism for this separation (See the Exhibit 'Illustrative Example - Segregation of Results'). Our Investor Relations team is available to clarify any questions you may have.

Segmentation of Operating Segments

We will disclose the segregated net revenues and gross profit between our two operating segments:

- Pharmaceuticals Specialties:
    - Reference Medications: high added value products (mainly for hospital use), manufactured by the largest laboratories in the world in several therapeutic classes, including oncological, hematological and immunobiological fields.
    - Generics and Branded Generics: highly complex generic medication and similar drugs with attractive prices for hospitals, clinics, and doctors, complementing the portfolio for the institutional market.
    - Hospital logistics services: providing logistics services that allow hospitals to optimize spaces and their internal logistics structure.
- Hospital Medical Supplies:
    - Specialties: high value-added hospital medical solutions that require a highly specialized sales force for various hospital procedures and demands, including materials for surgical procedures (such as bariatric, digestive, and oncological), breast prostheses, blood glucose monitoring equipment and treatment for cardiac arrhythmia.
    - Essentials: gloves, syringes, masks, gases, sterilization solutions, bandages, among others.
    - Nutrition: enteral feeding (such as special milks)

Illustrative Example - Segregation of Results

Elfa made two acquisitions, one in June 2019 and the other in April 2020.

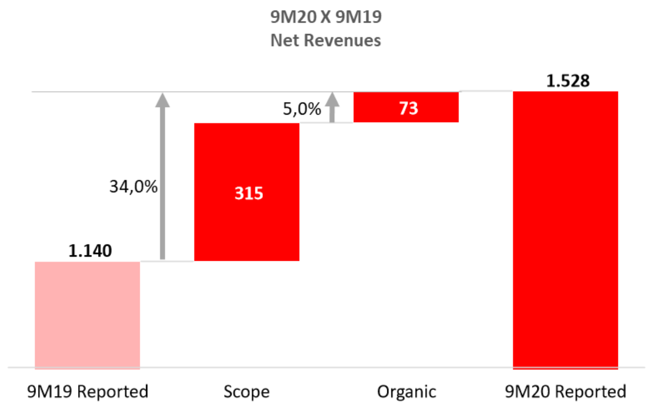
For accounting purposes, the results of these acquisitions are reported as of the date in which they were acquired.

Net Revenues *(R$ million)*	jan/19	fev/19	mar/19	apr/19	may/19	jun/19	jul/19	aug/19	sep/19	9M19 Reported	Scope
Elfa	100,0	100,0	100,0	105,0	105,0	105,0	105,0	105,0	105,0	930,0	-
Acquistion 1	50,0	50,0	50,0	52,5	52,5	52,5	52,5	52,5	52,5	210,0	255,0
Acquistion 2	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	-	60,0
Total										**1.140,0**	**315,0**

(R$ million)	jan/20	fev/20	mar/20	abr/20	mai/20	jun/20	jul/20	ago/20	set/20	9M20 Reported
Elfa	105,0	105,0	105,0	110,3	110,3	110,3	110,3	110,3	110,3	976,5
Acquistion 1	52,5	52,5	52,5	55,1	55,1	55,1	55,1	55,1	55,1	488,3
Acquistion 2	10,0	10,0	10,0	10,5	10,5	10,5	10,5	10,5	10,5	63,0
Total										**1.527,8**

Variation *(R$ million)*	9M20-19 Reported (a)	Scope (b)	Organic (a) - (b)
Elfa	46,5	-	46,5
Acquistion 1	278,3	255,0	23,3
Acquistion 2	63,0	60,0	3,0
Total	**387,8**	**315,0**	**72,8**

We will present the results as follows:



(R$ million)	9M19 Reported (a)	9M20 Scopo (b)	9M20 Organic (c)= (d-b-a)	9M20 Reported (d)	Growth Organic (e)= (c)÷(a+b)	Growth Reported (f)= (d÷a)-1
Net Revenues	1.140,0	315,0	72,8	1.527,8	5,0%	34,0%

The “9M19 Reported” and “9M20 Reported” columns are the amounts reported in our consolidated financial statements.

The “9M20 Scope” column reflects the change in performance that the Company underwent as a result of the acquisitions.

The “9M20 Organic” column represents the total organic growth under Elfa's management on the same basis of comparison.

This example is for illustrative purposes and the Company will present its results on a consolidated basis.

Disclaimer

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.

Although such statements reflect what our management believes, they are naturally subject to risks and uncertainties, being influenced by external factors that cannot be controlled or foreseen by Elfa Medicamentos S.A.

Elfa Medicamentos S.A. cannot guarantee the implementation of future events and thus they should not be interpreted as guarantees. Elfa Medicamentos S.A.'s financial situation, operating results, market share and competitive position, among other expectations and future results, may differ substantially from those expressed or suggested in the forward-looking statements contained herein.

Eventual statements made by Elfa Medicamentos S.A. regarding future projects may change significantly due to variations in market conditions, changes in legislation or government policies and/or changes in the project's operating conditions and their respective costs, timing, operational performance, commercial negotiations or other technical and economic factors. Elfa Medicamentos S.A.'s projects may be modified in whole or in part without prior notice.

Elfa Medicamentos S.A. is not obliged to publicly update or revise any statement or expectation provided herein, whether due to new information or future events, or for any other reason that may arise.

The reader/investor should not rely solely on the information contained in this document to make decisions regarding the trading of securities.

For more information, please consult the Financial Statements, the Reference Form and other relevant information available on the Investor Relations website of Elfa Medicamentos S.A.: ir.grupoelfa.com.br www.grupoelfa.com.br