

EARNINGS RELEASE



3Q21

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Elfa announces its results for 3Q21

São Paulo, November 16th, 2021 - Elfa Medicamentos S.A. announces its consolidated results for the third quarter of 2021. 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 nine-month period ended September 30, 2021 (3Q21) filed with the CVM and available on the Company's Investor Relations website (<https://ir.grupoelfa.com.br>).

Highlights

- **Net Revenues (NOR) of R\$1.483,7 million in 3Q21**, 88,3% above the same period last year and **organic growth of 15,8%**
- **Gross Profit of R\$ 224,8 million in 3Q21**, 125,9% above the same quarter of the previous year
- **Adjusted EBITDA of R\$ 83,1 million in 3Q21**, 127,6% above the same quarter of the previous year
- **Adjusted Net Income of R\$ 55,6 million in the 3Q21**, 154,2% above the same period of the previous year
- Closing of the acquisition of the **DRS Group** in September 2021, marking the entry into **complex logistical services to support clinical research in the pharmaceutical industry**
- Signing of the acquisition of **Descarpack Group** in October 2021, adding **strategic sourcing capabilities and in-house brand focused on high quality disposable products**. The completion of this acquisition is subject to the verification of certain conditions, as usual, including the approval by the Administrative Council for Economic Defense ("CADE")
- Closing of the acquisition of **TLS Group** in November 2021, expanding **hospital logistics services aiming at greater efficiency for hospitals in the management of useful area and inventories**

(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		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)	788,0	493,2	202,5	1.483,7	15,8%	88,3%	1.797,2	1.572,1	996,7	4.366,1	29,6%	142,9%
Gross Profit	99,5	91,4	33,9	224,8	17,8%	125,9%	211,5	315,4	148,1	675,0	28,1%	219,2%
Gross Margin (% NOR)	12,6%	196,2%	56,3%	15,2%		2,5 p.p.	11,8%	+ 3,9 p.p.	- 0,2 p.p.	15,5%		3,7 p.p.
Adjusted EBITDA	36,5	48,6	(2,0)	83,1	-2,3%	127,6%	72,5	146,7	77,2	296,5	35,2%	308,7%
% Adjusted EBITDA Margin (% NOR)	4,6%	9,8%	-1,0%	5,6%		1,0 p.p.	4,0%	9,3%	7,7%	6,8%		2,8 p.p.
Adjusted Net Income	21,9			55,6		154,2%	51,4			215,8		319,5%
Adjusted Net Margin (% NOR)	2,8%			3,7%		1,0 p.p.	2,9%			4,9%		2,1 p.p.

About Elfa

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.

Elfa ranks as 32nd in the Great Place to Work ranking¹. 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

During the pandemic, Elfa fulfilled its commitments and delivered significant organic and inorganic growth. We continue to show strong progress and performance in 2021, even considering the impact of the pandemic on elective procedures and the tough comparison period of 3Q20. Through a combination of commercial and operational efforts, tax initiatives and SG&A optimization, we are constantly exploring different avenues for organic growth. Our M&A agenda continues to be assertive in delivering inorganic growth through acquisitions with positive margin contribution and a comprehensive synergy schedule that maximizes the generation of value for our shareholders.

In the three-month period ended September 30, 2021, Net Operating Revenue reached R\$ 1.483,7 million, with total growth of 88,3% and organic growth of 15,8%. This growth stems from a combination of a robust M&A agenda that included (i) the acquisition of six companies during the fourth quarter of 2020; and (ii) the acquisition of Dupatri, Anbioton, Biodente and Grupo DRS during 9M21, and the strong organic growth of Elfa, driven mainly by the 'Pharmaceutical Specialties' segment ('generics and similar' and 'reference medicines') and sales in the segment of 'clinics'. In this period, we presented an adjusted EBITDA of R\$ 83,1 million, a total growth of 127,6% over the same period last year and an adjusted net income of R\$ 55,6 million, , 154,2% higher than the same period of 2020.

As we mentioned throughout the year, Elfa has been challenging in court the constitutionality of the DIFAL (ICMS Rate Differential) between interstate sales. The Company deposits the amounts of DIFAL in court in case of injunction and collects the amounts normally in their absence. As of September 30, 2021, such deposits totaled R\$63,4 million. DIFAL gains for fiscal year 2021 are reported in the corresponding sales tax line in Net Operating Revenue. In the first quarter of 2021, Elfa reversed R\$ 29,8 million in "Other Income" from credits referring to DIFAL credits referring to the year 2020.

With respect to acquisitions, we remain committed to our strategy of seeking opportunities to strengthen our portfolio of products and services and expand our national presence in certain segments and channels. We seek to reinforce our role as an essential link in the healthcare segment, supported by our team that pursues potential targets to expand our presence and add new services and knowledge that we see as relevant competitive advantages.

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

During the nine-month period ended September 30, 2021, Elfa completed four acquisitions: (i) Dupatri (January), strengthening our presence in the Southeast region of Brazil; (ii) Anbioton (May), adding to our 'Generics' Business Unit in the same region; (iii) Biodente (July), increasing our presence in the Brazilian dental market - one of the largest dental product markets in the world; and (iv) Grupo DRS (September), reinforcing our strategy of providing innovative and high added value logistics solutions for the Brazilian healthcare sector.

In October, Elfa signed a Purchase and Sale Agreement for the acquisition of Grupo Descarpac, our largest M&A to date, for the amount of R\$942.8 million. The transaction is of great strategic importance to Elfa, as Descarpac adds strategic sourcing capabilities and brings its own brand at national leadership position in the sale of high quality disposable products to hospitals, professionals and pharmaceutical areas.

During the month of November, we completed the acquisition of TLS, which complements our hospital logistics capabilities with a efficiency related and unique value proposition for hospitals - allowing for the maximization of the hospital's usable area and better inventory management.

Integrations and capture of synergies from our acquisitions are strictly within the planned deadlines. Below, we show the current integration phases in which our acquisitions are:

- Evaluation prior to closing: Descarpac;
- Operations-Take-Over Plan: -
- 100-Day Plan: Biodente, DRS and TLS;
- Growth Action Plan: BioHosp, Dupatri, Fenenergy, Surya, Mostaert, Oncorio and Anbioton;

Our Digital and Innovation Department – responsible for the 'Elfa Digital Journey' and Agile framework – is expanding rapidly on three work fronts:

- Innovation:
 - Elfa Labs, together with Startse and Captable, held 2 pitch-days, with 6 startups doing pitches for partnerships and investments;
 - Our intrapreneurship program: Elfa Ideias, was launched and already has over 200 registered ideas;
 - We held the innovation week, which had major players in Brazil.
- "Customer Experience":
 - We started the development of a digital after-sales platform to better manage our customers and orders;
 - We created the 'Customer Service' area, responsible for taking care of our customers after-sales and their experience with the company;
- Digital:
 - We launched Atrial's B2B e-commerce for all costumers in our client-base;
 - We implemented Salesforce, enabling a 360 view of the customer, and the support of our commercial teams in quotations and order placement;
 - We implemented a new digital platform for managing public market bids.

Elfa is a publicly held company registered with the CVM since December 2020. In June 2021, its listing was accepted by B3, the Brazilian Stock Exchange, in the Novo Mercado segment reserved for companies with the highest standards of governance. The listing is an important step towards a future IPO, making it easier for investors to access information and raising the company's governance standards. As a subsequent event, in September, the company announced (through a Notice to the Market) the hiring of financial institutions (in

Brazil and abroad) to provide financial advice in a potential primary and secondary initial public offering of common shares (issued by company).

We are nearing the end of a transformational and challenging year for our families, society and business. We continue to deliver expressive results, proving the resilience of our operations and the assertiveness of our decisions. We are aware of the importance of everyone involved throughout the healthcare chain: without the dedication of everyone, we would not have strengthened our presence with customers, suppliers, and hospitals, positively impacting patients' lives.

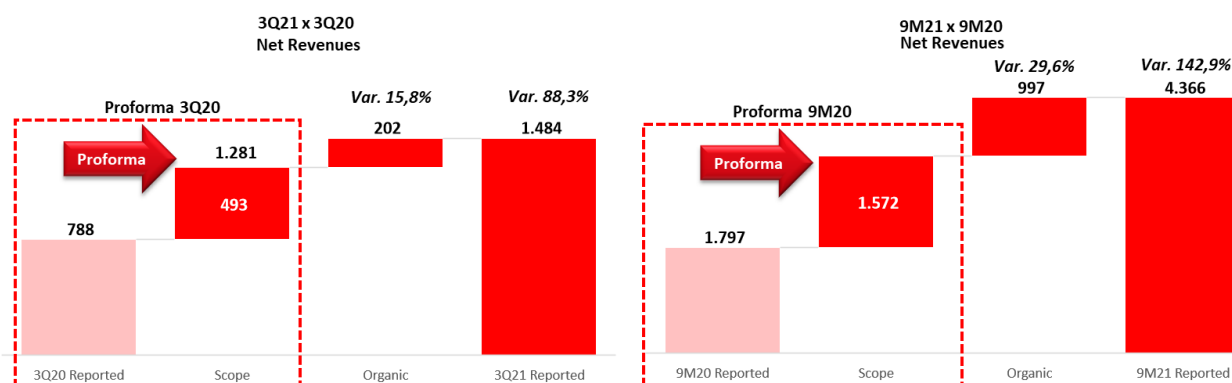
We would like to take this opportunity to welcome the teams of Biodente, DRS Group and TLS Group.

We are motivated by the results and prospects for 2021 and confident that the pandemic will pass.

Consolidated Income Statement

(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		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)	788,0	493,2	202,5	1.483,7	15,8%	88,3%	1.797,2	1.572,1	996,7	4.366,1	29,6%	142,9%
COGS	(688,5)	(401,8)	(168,6)	(1.258,9)	15,5%	82,8%	(1.585,7)	(1.256,8)	(848,7)	(3.691,1)	29,9%	132,8%
Gross Profit	99,5	91,4	33,9	224,8	17,8%	125,9%	211,5	315,4	148,1	675,0	28,1%	219,2%
Gross Margin (% NOR)	12,6%	+ 2,0 p.p.	+ 0,6 p.p.	15,2%		2,5 p.p.	11,8%	+ 3,9 p.p.	- 0,2 p.p.	15,5%		3,7 p.p.
Operating Expenses	(71,1)	(45,2)	(31,1)	(147,4)	26,8%	107,4%	(152,9)	(177,8)	(87,7)	(418,5)	26,5%	173,7%
Other Operating	8,1	2,4	(4,7)	5,7	-45,4%	-29,4%	14,0	9,1	16,9	40,0	73,3%	186,2%
Adjusted EBITDA	36,5	48,6	(2,0)	83,1	-2,3%	127,6%	72,5	146,7	77,2	296,5	35,2%	308,7%
% Adjusted EBITDA Margin (% NOR)	4,6%	9,8%	-1,0%	5,6%		1,0 p.p.	4,0%	9,3%	7,7%	6,8%		2,8 p.p.
Non-Recurring	(7,2)	0,4	2,1	(4,7)	-30,8%	-34,6%	(21,0)	(6,4)	3,9	(23,5)	-14,3%	11,9%
Depreciation and Amortization	(14,9)	(11,9)	(1,2)	(28,0)	4,3%	88,0%	(32,1)	(46,6)	(1,9)	(80,5)	2,4%	151,1%
Operating Profit (EBIT)	14,5	37,0	(1,0)	50,5	-2,0%	248,2%	19,5	93,7	79,3	192,5	70,0%	886,4%
Financial Result	(3,0)			(21,4)		621,9%	(9,8)			(49,6)		407,3%
IR/CSSL	3,2			21,8		590,5%	20,7			49,4		138,3%
Net Income	14,7			50,9		246,3%	30,5			192,3		531,1%
Net Margin (% NOR)	1,9%			3,4%		1,6 p.p.	1,7%			4,4%		2,7 p.p.
Non-recurring	7,2			4,7		-34,6%	21,0			23,5		11,9%
Adjusted Net Income	21,9			55,6		154,2%	51,4			215,8		319,5%
Adjusted Net Margin (% NOR)	2,8%			3,7%		1,0 p.p.	2,9%			4,9%		2,1 p.p.

Net Revenues



(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		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	788,0	493,2	202,5	1.483,7	15,8%	88,3%	1.797,2	1.572,1	996,7	4.366,1	29,6%	142,9%
Pharmaceutical Specialties	634,1	381,5	189,0	1.204,7	18,6%	90,0%	1.612,9	1.063,7	1.007,6	3.684,2	37,6%	128,4%
Hospital Medical Supplies	153,9	111,7	13,4	279,1	5,1%	81,3%	184,3	508,4	-10,9	681,9	-1,6%	270,0%

Net operating revenue reached R\$ 1.483,7 million in the third quarter of 2021, a total growth of 88,3% and an organic growth of 15,8% compared to the same period of 2020. This performance includes the 9 acquisitions completed since July 1, 2020: Fenergy, Surya Dental, Mostaert, Oncorio, Biohosp, Dupatri, Anbioton, Biodente (two months) and DRS Group (one month). The 15.8% organic growth was supported by the 'Pharmaceutical Specialties' segment, reflecting the good commercial performance of 'generics and similar' and 'reference medicines', with a significant contribution from 'Clinics'.

In 'Pharmaceutical Specialties' there was an organic growth of 18,6% in the quarter over the same period in 2020, which presented an organic growth of 19,0%. We saw the return of cancer treatments that were impacted in 2020,

strong growth in our customer base in 'Clinics' (specifically in dermatology and dental eCommerce) and better performance in our 'Delivery' channel, partially offset by a reduction in price and in the demand for drugs related to the treatment of COVID-19 ('reference drugs' and 'generics and similar') in the period. Our 'Hospital Medical Supplies' segment posted 5,1% organic growth despite the strong comparison period for the segment in 2020 (13,5% organic growth in 3Q20 as a result of high demand for 'Essentials' such as masks, gloves and syringes) due to the recovery in demand for 'Specialties' (such as prosthetics and orthotics) that had been impacted during the pandemic, partially offset by the normalization of demand for 'Essentials' prices in the period.

Regarding 9M21, net operating revenue totaled R\$ 4.366,1 million, an increase of 142,9% when compared to 9M20. The result for the year so far, as for the quarter, was leveraged by mergers and acquisitions and by the good organic growth of 29,6%. 'Pharmaceutical Specialties' delivered organic growth of 37,6%, driven by the good performance in all businesses. 'Hospital Medical Materials' contracted -1,6% due to the strong comparison period - mainly due to the price and demand for 'Essentials'.

Gross Profit

(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		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	99,5	91,4	33,9	224,8	17,8%	125,9%	211,5	315,4	148,1	675,0	28,1%	219,2%
Pharmaceutical Specialties	66,7	62,5	26,2	155,5	20,3%	133,1%	171,4	181,0	152,1	504,4	43,2%	194,3%
Hospital Medical Supplies	32,8	28,9	7,7	69,4	12,5%	111,4%	40,1	134,4	-4,0	170,5	-2,3%	325,2%
Gross Margin	12,6%	+ 2,0 p.p.	+ 0,6 p.p.	15,2%		2,5 p.p.	11,8%	+ 3,0 p.p.	+ 0,7 p.p.	15,5%		3,7 p.p.
Pharmaceutical Specialties	10,5%	+ 1,9 p.p.	+ 0,5 p.p.	12,9%		2,4 p.p.	10,6%	+ 1,8 p.p.	+ 1,2 p.p.	13,7%		3,1 p.p.
Hospital Medical Supplies	21,3%	+ 1,8 p.p.	+ 1,7 p.p.	24,9%		3,5 p.p.	21,8%	+ 3,5 p.p.	- 0,2 p.p.	25,0%		3,2 p.p.

Gross profit in the third quarter of 2021 reached R\$ 224,8 million, 125,9% upon the same period of the previous year. This behavior is a consequence of the aforementioned mergers and acquisitions, and organic growth of 17,8% over 3Q20. Gross margin reached 15,2% in the quarter, + 2,5 p.p. above 3Q20. This margin expansion was due to the combination of acquisitions with attractive margins (+ 2,0 p.p.) and positive impact of the mix of segments and channels, and tax efficiencies in the operation (organic contribution of + 0,6 p.p.). 'Pharmaceutical Specialties' presented an increase in gross profit of 133,1% and 20,3% organically, with margin expansion of 2,4 p.p. (organic contribution of + 0,5 p.p.), due to the higher mix of segments of our acquisitions, greater tax efficiency in the period and positive results of commercial initiatives in 'generics and similar'. 'Hospital Medical Materials' presented margin growth of + 3,5 p.p. as a result of the Company entry into segments with higher gross margins, such as the 'Dental' market (with the acquisition of Surya and Biodente). The organic margin expansion of + 1,7 p.p. when compared to 3Q20 is mainly due to the mix effect focused on high added value materials ('Specialties'² and 'Nutrition') with higher margins.

In 9M21, Gross Profit totaled R\$ 675,0 million, with a reported growth of 219,2% and an organic growth of 28,1% over the same period of the previous year. Gross margin reached 15,5%, an expansion of + 3,7 p.p. compared to 9M20, due to acquisitions with attractive margins and good organic performance (organic contribution of + 0,7 p.p.) despite the strong comparison period.

² "Specialties" is a sub-segment of "Hospital Medical Supplies" offering high value-added solutions that require specialized sales team, such as materials for surgical procedures (bariatric, oncological and digestive system surgeries), breast prostheses, blood glucose monitoring equipment and treatment of cardiac arrhythmia.

Operating Expenses and Others

(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		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
Operating Expenses	(71,1)	(45,2)	(31,1)	(147,4)	26,8%	107,4%	(152,9)	(177,8)	(87,7)	(418,5)	26,5%	173,7%
% NOR	-9,0%	-0,0 p.p.	-0,9 p.p.	-9,9%		-0,9 p.p.	-8,5%	-1,0 p.p.	-0,1 p.p.	-9,6%		-1,1 p.p.
Selling Expenses	(33,7)	(18,6)	(16,6)	(69,0)	31,8%	104,6%	(70,0)	(78,4)	(49,2)	(197,5)	33,1%	182,3%
Allowance for Doubtful Accounts	(0,1)	0,2	(4,3)	(4,1)	-3590,9%	4219,8%	(7,6)	(2,7)	(5,5)	(15,7)	53,6%	107,3%
General and Administrative	(37,3)	(26,8)	(10,2)	(74,3)	16,0%	99,3%	(75,4)	(96,8)	(33,1)	(205,2)	19,2%	172,3%
Other Operating	8,1	2,4	(4,7)	5,7	-45,4%	-29,4%	14,0	9,1	16,9	40,0	73,3%	186,2%
% NOR	1,0%	0,5%	-2,3%	0,4%		-0,6 p.p.	0,8%	0,6%	1,7%	0,9%		0,1 p.p.

In 3Q21, operating expenses totaled R\$ 147,4 million (9,9% of net operating revenue), representing an increase of 107,4% or 26,8% organically (a 0,9 p.p. increase over net operating revenue) compared to the same period last year. In addition to the expected effect of acquisitions, it should be considered that the increase in the share of the 'Hospital Medical Materials' segment with higher gross margin (24,9% vs. 12,9% in 'Pharmaceutical Specialties' in 3Q21) but demands a specialized sales team (highest expense as a percentage of sales - see section 'Information by Segment'). The 26,8% organic evolution of operating expenses is mainly due to:

- Selling Expenses: organic expansion of 31,8% driven by (i) organic growth of 15,8% in Net Operating Revenue in 3Q21; (ii) price effect on freight due to the effect of the pandemic on the airline network, (iii) price effect on packaging due to the increase in the price of associated 'commodities' such as cardboard and Styrofoam,
- General and Administrative: organic growth of 16,0% due to the larger corporate team to support the integration of acquired companies, and staff adjustment and employee benefits. Expenses with long-term incentives (stock option plans and restricted shares) totaled R\$3.3 million in 3Q21 (R\$1.2 million in 3Q20),

In the nine-month period, operating expenses totaled R\$ 418,5 million (9,6% of net operating revenue), an increase of 173,7% (1,1 p.p. evolution over net operating revenue) compared to 9M20. The 26,5% organic growth of operating expenses (below 29,6% of the organic revenue growth) reflects the greater efficiency in the management of these expenses and is mainly a consequence of:

- Selling Expenses: organic growth of 33,1% explained by the price effect on freight and packaging resulting from the pandemic (as described above), partially offset by the success of operational efficiency initiatives and the logistics network in the period.
- General and Administrative: 19,2% organic growth driven by (i) higher expenses related to integrations and strategic projects to support the Company's growth, and (ii) the impact of Profit Sharing (PLR) linked to good performance commercial in the period. Expenses with long-term incentives (stock option plans and restricted shares) totaled R\$6,2 million in 9M21 (R\$3,6 million in 9M20)

In the nine months of 2021, Other Operating Results reflects the reversal, carried during the first quarter of the year of provisions for taxes payable from 2020 due to the Federal Supreme Court decision to the unconstitutionality of payment of DIFAL in the amount of BRL 29,8 million.

Adjusted EBITDA

(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		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	99,5	91,4	33,9	224,8	17,8%	125,9%	211,5	315,4	148,1	675,0	28,1%	219,2%
Gross Margin (% NOR)	12,6%	+ 2,0 p.p.	+ 0,6 p.p.	15,2%		2,5 p.p.	11,8%	+ 3,9 p.p.	- 0,2 p.p.	15,5%		3,7 p.p.
Operating Expenses	(71,1)	(45,2)	(31,1)	(147,4)	26,8%	107,4%	(152,9)	(177,8)	(87,7)	(418,5)	26,5%	173,7%
Other Operating	8,1	2,4	(4,7)	5,7	-45,4%	-29,4%	14,0	9,1	16,9	40,0	73,3%	186,2%
Adjusted EBITDA	36,5	48,6	(2,0)	83,1	-2,3%	127,6%	72,5	146,7	77,2	296,5	35,2%	308,7%
Adjusted EBITDA Margin (% NOR)	4,6%	9,8%	-1,0%	5,6%		1,0 p.p.	4,0%	9,3%	7,7%	6,8%		2,8 p.p.

Adjusted EBITDA for the third quarter of 2021 amounted to R\$83,1 million, an increase of 127,6% compared to the same period last year. The expansion is a result of acquisitions in the period, partially offset by the phasing of operating expenses that grew more than Gross Profit in the period.

In 9M21, Adjusted EBITDA reached R\$296,5 million, an expansion of 308,7% compared to 9M20. Such growth is due to the mergers and acquisitions mentioned above, and to the organic growth of 35,2% in the period. The organic result is mainly due to (i) growth in gross profit (28,1% vis-à-vis 9M20) for reasons detailed above; (ii) greater efficiency in the management of operating expenses and (iii) the reversal of provisions for taxes payable (DIFAL) during 1Q21.

Operating Profit (EBIT)

(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		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	36,5	48,6	(2,0)	83,1	-2,3%	127,6%	72,5	146,7	77,2	296,5	35,2%	308,7%
Adjusted EBITDA Margin (% NOR)	4,6%	9,8%	-1,0%	5,6%		1,0 p.p.	4,0%	9,3%	7,7%	6,8%		2,8 p.p.
Non-recurring	(7,2)	0,4	2,1	(4,7)	-30,8%	-34,6%	(21,0)	(6,4)	3,9	(23,5)	-14,3%	11,9%
Depreciation and Amortization	(14,9)	(11,9)	(1,2)	(28,0)	4,3%	88,0%	(32,1)	(46,6)	(1,9)	(80,5)	2,4%	151,1%
Operating Profit (EBIT)	14,5	37,0	(1,0)	50,5	-2,0%	248,2%	19,5	93,7	79,3	192,5	70,0%	886,4%

Operating profit in 3Q21 was R\$ 50,5 million, representing a reported growth of 248,2% and an organic reduction of -2,0% vis-à-vis 3Q20 - reflecting the phasing of operating expenses in Adjusted EBITDA, partially offset by the reduction in non-recurring expenses in the period. In addition to the 127.6% increase in Adjusted EBITDA, Operating Profit includes the effects of (i) non-recurring expenses resulting from acquisitions (expenses with lawyers and 'due diligence') and integrations (consultancy support), and (ii) increase in the amortization of capital gains from acquisitions. Expenses with amortization of capital gains on acquisitions totaled R\$23.4 million in 3Q21 (R\$10.0 million in 3Q20).

In 9M21, Operating Income reached R\$ 192,5 million, representing an expansion of 886,4% over 9M20, with an organic growth of 70,0%. In addition to the 308,7% increase in Adjusted EBITDA, Operating profit includes the effects of non-recurring expenses and an increase in the amortization of capital gains. Expenses with amortization of capital gains on acquisitions totaled R\$69,5 million in 9M21 (R\$24,5 million in 9M20).

Financial Result

(R\$ million)	3Q20	3Q21	Growth	9M20	9M21	Growth
	Reported	Reported	(f)= (d÷a)-1	Reported	Reported	(f)= (d÷a)-1
	(a)	(d)		(a)	(d)	
Financial Expenses	(7,5)	(24,4)	224,8%	(15,9)	(57,1)	260,0%
Financial Income	4,5	3,0	-34,2%	6,1	7,5	22,8%
Financial Result	(3,0)	(21,4)	621,9%	(9,8)	(49,6)	407,3%

The financial result for the third quarter reported a net expense of R\$ 21,4 million, an increase of 621,9% compared to 3Q20. This evolution is mainly driven by the acquisitions in the period, which resulted in (i) use of the Company's cash; (ii) increase in bank indebtedness and (iii) increase in liabilities from accounts payable of acquired companies in the period.

The Company's net debt was R\$ 0,9 million on June 30, 2020, R\$106,1 million on December 31, 2020 and totaled R\$481,7 million on September 30, 2021. payable for the acquisition of investments' increased from R\$189,2 million on June 30, 2020 to R\$335,5 million on December 31, 2020 and R\$483,6 million on September 30, 2021. There were nine acquisitions in this period, totaling R\$793,5 million (See Note 3 to the Quarterly Financial Statements).

The financial result for 9M21 was a net expense of R\$ 49,6 million, representing an increase of 407,3% over the same period in 2020. This result is due to the same factors observed in the quarter (increase in debt and accounts payable of acquisitions).

Part of the integration activities is to optimize the debt profile of acquired companies. Such companies are usually smaller than Elfa and have access to credit at higher costs.

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

(R\$ million)		3Q20	3Q21	9M20	9M21
Operating profit before taxes	(a)	11,5	29,1	9,7	142,9
Legal combined tax rate		34,0%	34,0%	34,0%	34,0%
Income tax and social contribution over legal tax rates	(b)	(3,9)	(9,9)	(3,3)	(48,6)
Adjustments (tax effect; multiplied by 34%)					
Grants on investments		8,6	17,4	22,4	73,5
Goodwill amortization for acquired companies		0,5	-	0,5	-
Compensation for tax losses		1,5	-	1,5	-
Other additions and exclusions, net		(3,5)	14,7	(0,3)	25,0
Additions and exclusions, net	(c)	7,1	32,1	24,0	98,4
Income tax and social contribution, net	(d) = (b) + (c)	3,2	22,2	20,7	49,9
Effective tax rate	(d) ÷ (a)	-27,3%	-76,4%	-213,0%	-34,9%

The Company benefits from a special ICMS regime with a reduction in the calculation basis. In accordance with Brazilian tax legislation, ICMS tax benefits validated by CONFAZ (National Council of Treasury Policy) are also excluded from the calculation basis of IR / CSLL - as can be observed in the line "Grants on Investment".

Net Income and Adjusted Net Income

(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		Growth	
	Reported	Reported	Reported	Reported	Reported	Reported	Reported	Reported	Reported	Reported	Reported	Reported
	(a)	(d)	(f)= (d÷a)-1	(a)	(d)	(f)= (d÷a)-1	(a)	(d)	(f)= (d÷a)-1	(a)	(d)	(f)= (d÷a)-1
Operating Profit (EBIT)	14,5	50,5	248,2%	19,5	192,5	886,4%	19,5	192,5	886,4%	19,5	192,5	886,4%
Financial Result	(3,0)	(21,4)	621,9%	(9,8)	(49,6)	407,3%	(9,8)	(49,6)	407,3%	(9,8)	(49,6)	407,3%
IR/CSLL	3,2	21,8	590,5%	20,7	49,4	138,3%	20,7	49,4	138,3%	20,7	49,4	138,3%
Net Income	14,7	50,9	246,3%	30,5	192,3	531,1%	30,5	192,3	531,1%	30,5	192,3	531,1%
Net Margin (% NOR)	1,9%	3,4%	1,6 p.p.	1,7%	4,4%	2,7 p.p.	1,7%	4,4%	2,7 p.p.	1,7%	4,4%	2,7 p.p.
Non-recurring	7,2	4,7	-34,6%	21,0	23,5	11,9%	21,0	23,5	11,9%	21,0	23,5	11,9%
Adjusted Net Income	21,9	55,6	154,2%	51,4	215,8	319,5%	51,4	215,8	319,5%	51,4	215,8	319,5%

In 3Q21, net income totaled R\$ 50,9 million, an increase of 246,3% compared to 3Q20, mainly due to the expansion of operating income (EBIT) and the positive result of IR/CSLL, smoothed by the increase in net financial expenses. Adjusting for the effect of non-recurring expenses (R\$ 4,7 million), adjusted net income in 3Q21 increased 154,2% and reached R\$ R\$ 55,6 million.

In relation to 9M21, net income amounted to R\$ 192,3 million, an increase of 531,1% above the same period last year. This growth is mainly due to the expansion of operating profit (EBIT), offset in parts net financial expense. Excluding the effect of non-recurring expenses (R\$ 23,5 million), adjusted net income in 9M21 increased by 319,5%, reaching R\$ 215,8 million.

Debt

(R\$ million)	2020	3Q21
Loans and financings		
Short term	142,0	287,4
Long term	267,8	416,1
Gross Debt	(a) 409,9	703,5
Cash and cash equivalents	(228,5)	(221,8)
Securities	(75,1)	0,0
Financial investments	(0,1)	-
Cash	(b) (303,7)	(221,8)
Net Debt	(a) + (b) 106,1	481,7

At the end of the quarter, Elfa had gross debt of R\$ 703,5 million, compared to R\$ 409,9 million on December 31, 2020. The main purpose of the increase in indebtedness was to finance acquisitions completed during 2021 (Dupatri, Anbioton, Biodente and DRS Group), as well as the debts arising from the acquired companies.

At the end of the period, 59,1% of the debt was in the long term. The cash position was R\$ 221,8 million on September 30, 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 between 2,5x and 2,75x net debt / Accounting EBITDA.

Cash Flow

(R\$ '000)	3Q20	3Q21	9M20	9M21
Cash flow from operating activities				
Net profit/(loss) in the period	14.466	50.877	30.246	192.323
Adjustments to reconcile net income with cash:	18.413	34.826	34.278	105.429
(Increase)/decrease in assets:				
Trade account receivables	(64.630)	103.125	(90.759)	(82.015)
Inventory	(40.085)	(73.051)	(62.666)	(131.161)
Taxes to recover	632	(28.822)	1.674	(73.898)
Other assets	(26.648)	17.622	(20.417)	(65.077)
Judicial deposits	-	(35.101)	-	(35.101)
(Decrease)/increase in liabilities:				
Suppliers and other accounts payable	121.082	(106.880)	36.892	(97.372)
Labor obligations	8.332	12.539	10.446	22.620
Taxes payable	180	4.245	(7.561)	(27.226)
Cash generated by (used in) operating activities	31.742	(20.619)	(67.867)	(191.478)
Payment of interest on loans and financings	(4.496)	(9.695)	(13.854)	(21.585)
Income tax and social contribution paid	(6.119)	(18.672)	(10.302)	(38.624)
Net cash flow generated by (used in) operating activities	21.127	(48.985)	(92.023)	(251.687)
Investing activities:				
Acquisition of PP&E and intangible assets, net	(3.840)	(5.238)	(6.356)	(16.336)
Subsidiaries acquisitions, net of cash	-	(88.917)	(76.348)	(199.396)
Subsidiaries acquisitions of non-controlling shareholders	-	6.123	-	(15.120)
Marketable Securities	8.657	40	8.657	75.283
Net cash flow from (used in) investing activities	4.817	(87.991)	(31.306)	(155.569)
Financing activities:				
Increase in share capital	(0)	(0)	250.000	227.640
Loans, financings and leases	45.561	223.190	310.766	413.458
Payment of installments for acquired companies	(973)	(7.284)	(14.860)	(45.337)
Payment of principal on loans and financing	(176.582)	(68.972)	(395.826)	(186.620)
Payment of principal on debentures	-	-	-	-
Leases payment	-	(2.845)	-	(8.535)
Dividends paid	-	-	(665)	-
Cash flow from financing activities	(131.995)	144.088	149.415	400.605
Increase/(reduction) in cash and cash equivalents, net	(106.051)	7.111	26.086	(6.651)
Cash and cash equivalents at the beginning of the period	252.697	214.699	120.560	228.461
Cash and cash equivalents at the end of the period	146.646	221.810	146.646	221.810
Increase/(reduction) in cash and cash equivalents, net	(106.051)	7.111	26.086	(6.651)

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

In the third quarter of 2021, there was a consumption of cash from operating activities of R\$ 20,6 million, mainly due to the deterioration in "Suppliers and other accounts payables" (R\$ 106,9 million) and the increase in "Inventory" (R\$ 73,1 million) and smoothed by the contribution of "Trade Accounts Receivable" (R\$ 103,1 million). This cash consumption is mainly due to the Company's strong organic growth during the second quarter of 2021, which created a need to rebuild our inventories during the third quarter.

Cash Flow from Investing consumed R\$ 88,0 million in 3Q21, largely due to the R\$ 88,9 million paid for the acquisitions.

The 3Q21 Cash Flow from Financing contributed R\$ 144,1 million, by raising loans and financing in the amount of R\$ 223,2 million and partially offset by the payment of the principal of loans in the amount of R\$ 69,0 million – as mentioned in the 'Financial Result' section.

By the end of the third quarter of 2021, there was an increase in cash of R\$ 7,1 million.

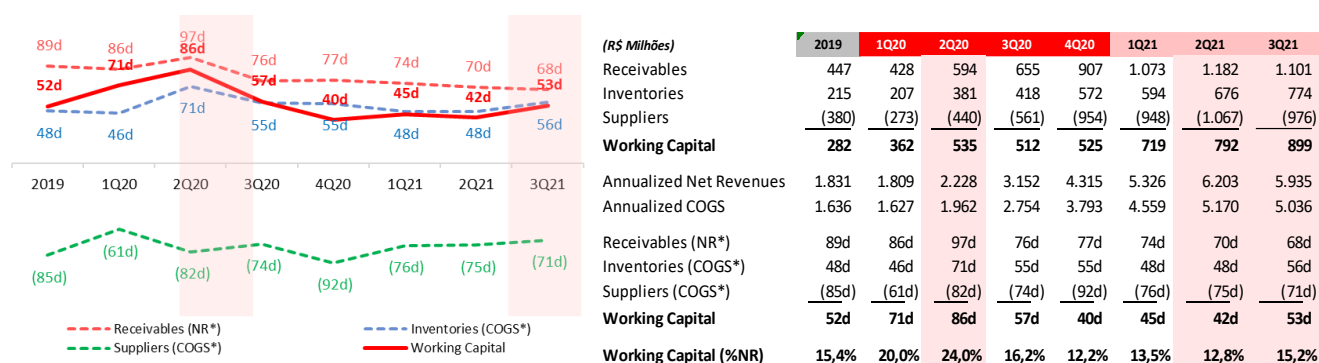
In 9M21, we observed cash consumption from operating activities of R\$ 191,5 million, mainly due to the increase in "Inventory" (R\$ 131,2 million), "Suppliers and other accounts payable" (R\$ 97,4 million) and "Trade Accounts Receivable" (R\$82.0 million), and partially offset by "Labor Obligations" (R\$ 22,6 million)

Cash Flow from Investments consumed R\$ 155,6 million in the period, mainly due to the R\$ 199,4 million paid for the acquisitions, partially offset by the redemption of R\$ 75,3 million in bonds and securities (financial investments).

The Cash Flow from Financing contributed R\$ 400,6 million by raising loans and financing in the amount of R\$ 413,5 million and the capital increase of R\$ 227,6 million, partially offset by the payment of debt instruments of R\$ 186,6 million.

Considering the above, there was a cash consumption of R\$ 6,7 million in the year so-far.

Working Capital



	2019	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Receivables	447	428	594	655	907	1.073	1.182	1.101
Inventories	215	207	381	418	572	594	676	774
Suppliers	(380)	(273)	(440)	(561)	(954)	(948)	(1.067)	(976)
Working Capital	282	362	535	512	525	719	792	899
Annualized Net Revenues	1.831	1.809	2.228	3.152	4.315	5.326	6.203	5.935
Annualized COGS	1.636	1.627	1.962	2.754	3.793	4.559	5.170	5.036
Receivables (NR*)	89d	86d	97d	76d	77d	74d	70d	68d
Inventories (COGS*)	48d	46d	71d	55d	55d	48d	48d	56d
Suppliers (COGS*)	(85d)	(61d)	(82d)	(74d)	(92d)	(76d)	(75d)	(71d)
Working Capital	52d	71d	86d	57d	40d	45d	42d	53d
Working Capital (%NR)	15,4%	20,0%	24,0%	16,2%	12,2%	13,5%	12,8%	15,2%

The simplified working capital used in our operations in 3Q21 was reduced by approximately 4 days compared to the same period last year. The cash cycle presented in 3Q21 was 53 days, compared to 57 days a year ago. This effect is mainly explained by an 8-day decrease in receivables, partially offset by a 1-day increase in Inventories and a 3-day decrease in suppliers.

Reconciliation of Net Income and EBITDA

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

(R\$ million)	3Q20		3Q21		Growth		9M20		9M21		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	14,7	37,0	(0,8)	50,9	-1,6%	246,3%	30,5	93,7	68,1	192,3	54,9%	531,1%
IR/CSLL	(3,2)	-	(18,6)	(21,8)	590,5%	590,5%	(20,7)	-	(28,7)	(49,4)	138,3%	138,3%
Financial Result	3,0	-	18,4	21,4	621,9%	621,9%	9,8	-	39,8	49,6	407,3%	407,3%
Operating Profit (EBIT)	14,5	37,0	(1,0)	50,5	-2,0%	248,2%	19,5	93,7	79,3	192,5	70,0%	886,4%
Depreciation and Amortization	14,9	11,9	1,2	28,0	4,3%	88,0%	32,1	46,6	1,9	80,5	2,4%	151,1%
Accounting EBITDA	29,4	48,9	0,1	78,5	0,2%	167,1%	51,6	140,3	81,1	273,0	42,3%	429,4%
% NOR	3,7%	9,9%	0,1%	5,3%		0,4 p.p.	2,9%	8,9%	8,1%	6,3%		1,2 p.p.
Non-recurring	7,2	(0,4)	(2,1)	4,7	-30,8%	-34,6%	21,0	6,4	(3,9)	23,5	-14,3%	11,9%
Adjusted EBITDA	36,5	48,6	(2,0)	83,1	-2,3%	127,6%	72,5	146,7	77,2	296,5	35,2%	308,7%
% NOR	4,6%	9,8%	-1,0%	5,6%		0,2 p.p.	4,0%	9,3%	7,7%	6,8%		0,7 p.p.

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

Appendix

Balance Sheet

(R\$ '000)	2020	3Q21	2020	3Q21
Assets			Liabilities	
Current Assets			Current Liabilities	
Cash and cash equivalents	228.461	221.810	Suppliers and other accounts payable	954.467
Securities	75.137	-	Loans and financings	142.029
Trade accounts receivable	907.060	1.100.736	Labor obligations	40.381
Inventory	571.950	774.436	Taxes payable	86.605
Taxes to recover	82.417	183.489	Accounts payable on the acquisition of investments	75.673
Income tax and social contribution	33.066	35.647	Dividends Payable	-
Other receivables	67.030	134.433	Total Current Liabilities	1.299.155
Total Current Assets	1.965.121	2.450.551		1.635.508
Non-current Assets			Loans and financings	
Financial investments	146	-	Taxes payable	267.825
Deferred IR and CSSL taxes	125.710	201.938	Accounts payable to related parties	4.413
Judicial deposits	28.317	63.418	Provision for contingencies	104.628
indemnity asset	103.852	137.505	Deferred IR and CSSL taxes	9
Total Non-current Assets	258.025	402.861	Accounts payable on the acquisition of investments	259.802
			Total Non-current Liabilities	636.677
				824.520
			Shareholders' Equity	
Fixed Assets	84.435	127.795	P&L of controlling shareholders	1.622.431
PP&E	1.265.821	1.512.232	Stake of non-controlling shareholders	15.139
Intangible assets	1.350.256	1.640.027	Total Shareholders' Equity	1.637.570
				2.033.411
Total Assets	3.573.402	4.493.439	Total Liabilities and Shareholders' Equity	3.573.402
				4.493.439

(R\$ '000)	3Q20	3Q21	9M20	9M21
Net operating revenues	788.027	1.483.732	1.797.199	4.366.090
Cost of goods sold	<u>(688.511)</u>	<u>(1.258.889)</u>	<u>(1.585.724)</u>	<u>(3.691.139)</u>
Gross profit	99.516	224.843	211.475	674.951
Selling expenses	(33.725)	(69.014)	(69.959)	(197.501)
(Losses) / reversion of accounts receivable to recover	(96)	(4.147)	(7.586)	(15.728)
General and administrative expenses	(59.285)	(106.897)	(128.376)	(309.167)
Other revenues (expenses)	8.094	5.714	13.963	39.959
Operating profit before financial income and taxes	14.504	50.499	19.517	192.514
Financial expenses, net	(2.963)	(21.391)	(9.781)	(49.619)
Profit / (loss) before income tax and social contribution	11.541	29.108	9.736	142.895
Income tax and social contribution				
Current	(6.367)	(4.045)	(10.302)	(24.420)
Deferred	<u>9.520</u>	<u>25.815</u>	<u>31.040</u>	<u>73.848</u>
	3.153	21.770	20.738	49.428
Net income in the period	14.694	50.878	30.474	192.323
Attributed to:				
Controlling shareholders	14.466	50.254	30.246	189.820
Non-controlling shareholders	228	623	228	2.503

(R\$ '000)	3Q20	3Q21	9M20	9M21
Cash flow from operating activities				
Net profit/(loss) in the period	14.466	50.877	30.246	192.323
Adjustments to reconcile net income with cash:				
Depreciation and amortization	14.871	27.957	32.053	80.474
Income tax and social contribution, net	(3.153)	(21.771)	(20.738)	(49.428)
Provision for impairment	96	4.147	7.586	15.728
Other	92	-	-	-
Provision for contingencies	(65)	0	(328)	1.019
Provision for inventory losses	-	330	102	1.509
Share-based compensation	1.182	3.251	3.553	6.148
Interest, monetary variations, net - Loans	5.390	20.911	12.050	49.978
(Increase)/decrease in assets:				
Trade account receivables	(64.630)	103.125	(90.759)	(82.015)
Inventory	(40.085)	(73.051)	(62.666)	(131.161)
Taxes to recover	632	(28.822)	1.674	(73.898)
Related parties	-	-	-	-
Other assets	(26.648)	17.622	(20.417)	(65.077)
Judicial deposits	-	(35.101)	-	(35.101)
(Decrease)/increase in liabilities:				
Suppliers and other accounts payable	121.082	(106.880)	36.892	(97.372)
Labor obligations	8.332	12.539	10.446	22.620
Taxes payable	180	4.245	(7.561)	(27.226)
Cash generated by (used in) operating activities	31.742	(20.619)	(67.867)	(191.478)
Payment of interest on loans and financings	(4.496)	(9.695)	(13.854)	(21.585)
Income tax and social contribution paid	(6.119)	(18.672)	(10.302)	(38.624)
Net cash flow generated by (used in) operating activities	21.127	(48.985)	(92.023)	(251.687)
Investing activities:				
Acquisition of PP&E and intangible assets, net	(3.840)	(5.238)	(6.356)	(16.336)
Subsidiaries acquisitions, net of cash	-	(88.917)	(76.348)	(199.396)
Subsidiaries acquisitions of non-controlling shareholders	-	6.123	-	(15.120)
Cash from the acquisition of subsidiaries	-	-	42.741	-
Marketable Securities	8.657	40	8.657	75.283
Net cash flow from (used in) investing activities	4.817	(87.991)	(31.306)	(155.569)
Financing activities:				
Increase in share capital	(0)	(0)	250.000	227.640
Loans, financings and leases	45.561	223.190	310.766	413.458
Payment of installments for acquired companies	(973)	(7.284)	(14.860)	(45.337)
Payment of principal on loans and financing	(176.582)	(68.972)	(395.826)	(186.620)
Leases payment	-	(2.845)	-	(8.535)
Dividends paid	-	-	(665)	-
Cash flow from financing activities	(131.995)	144.088	149.415	400.605
Increase/(reduction) in cash and cash equivalents, net	(106.051)	7.111	26.086	(6.651)
Cash and cash equivalents at the beginning of the period	252.697	214.699	120.560	228.461
Cash and cash equivalents at the end of the period	146.646	221.810	146.646	221.810
Increase/(reduction) in cash and cash equivalents, net	(106.051)	7.111	26.086	(6.651)

<i>Pharmaceutical Specialties (R\$ '000)</i>	3Q20	3Q21	9M20	9M21
Net revenues	634.080	1.204.653	1.612.914	3.684.219
Cost of goods sold	<u>(567.376)</u>	<u>(1.049.163)</u>	<u>(1.441.534)</u>	<u>(3.179.775)</u>
Gross Profit	66.704	155.490	171.380	504.444
Gross margin	10,5%	12,9%	10,6%	13,7%
Selling expenses	<u>151.525</u>	<u>(39.385)</u>	<u>(55.133)</u>	<u>(122.762)</u>
Contribution margin	218.229	116.105	116.247	381.682
% NR	34,4%	9,6%	7,2%	10,4%

<i>Hospital Medical Supplies (R\$ '000)</i>	3Q20	3Q21	9M20	9M21
Net revenues	153.947	279.079	184.285	681.871
Cost of goods sold	<u>(121.134)</u>	<u>(209.725)</u>	<u>(144.189)</u>	<u>(511.364)</u>
Gross Profit	32.813	69.354	40.096	170.507
Gross margin	21,3%	24,9%	21,8%	25,0%
Selling expenses	<u>26.225</u>	<u>(29.628)</u>	<u>(14.827)</u>	<u>(74.739)</u>
Contribution margin	59.038	39.726	25.269	95.768
% NR	38,3%	14,2%	13,7%	14,0%

<i>Consolidated (R\$ '000)</i>	3Q20	3Q21	9M20	9M21
Net revenues	788.027	1.483.732	1.797.199	4.366.090
Cost of goods sold	<u>(688.510)</u>	<u>(1.258.888)</u>	<u>(1.585.723)</u>	<u>(3.691.139)</u>
Gross Profit	99.517	224.843	211.476	674.951
Gross margin	12,6%	15,2%	11,8%	15,5%
Selling expenses	<u>177.750</u>	<u>(69.013)</u>	<u>(69.960)</u>	<u>(197.501)</u>
Contribution margin	277.267	155.830	141.516	477.450
% NR	35,2%	10,5%	7,9%	10,9%

Income Statement - Quarterly Results

(R\$ '000)	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21
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
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)
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
% 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%
Operating Expenses	(37.831)	(38.567)	(34.017)	(48.158)	(158.573)	(42.992)	(69.823)	(93.106)	(118.869)	(324.790)	(157.408)	(184.930)	(180.058)
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)
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)
General and administrative	(13.448)	(21.616)	(23.663)	(32.660)	(91.387)	(21.810)	(47.281)	(59.285)	(74.336)	(202.712)	(94.112)	(108.158)	(106.897)
G&A	(10.945)	(15.107)	(16.893)	(22.163)	(65.108)	(15.417)	(36.492)	(44.414)	(53.623)	(149.946)	(69.553)	(80.200)	(78.940)
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)
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
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
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)
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
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)
Financial income	654	473	573	19	1.719	524	1.005	4.543	(937)	5.135	2.856	1.612	2.988
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)
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
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
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)
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
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
% 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%
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
% 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%
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
Adjusted EBITDA	21	11.795	47.068	37.699	96.582	9.286	26.716	36.535	46.290	118.827	100.703	112.607	83.141
% 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%
Adjusted Net Income	(1.175)	7.286	24.982	20.581	51.673	5.622	23.965	21.854	19.320	70.761	51.281	108.944	55.563
% 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%

Cash Flow - Quarterly Results

(R\$ '000)	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21
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
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
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)
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
Other	-	-	-	3.034	3.034	-	(92)	92	-	-	-	-	-
Provision for contingencies	-	-	-	523	523	(311)	48	(65)	453	125	1.422	(403)	0
Provision for inventory losses	456	(17)	-	(1.792)	(1.353)	180	(78)	-	400	502	2.023	(844)	330
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
Write-off on acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-
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
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
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)
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)
Related parties	-	-	(18.117)	18.117	-	-	-	-	-	-	-	-	-
Other assets	(15.144)	14.257	5.784	(22.363)	(17.466)	3.385	2.846	(26.648)	(23.089)	(43.506)	(36.691)	(46.008)	17.622
Judicial deposits	-	-	-	-	-	-	-	-	-	-	-	-	(35.101)
(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)
Labor obligations	310	1.282	1.624	3.172	6.388	(1.629)	3.743	8.332	(7.374)	3.072	(2.291)	12.372	12.539
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
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)
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)
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)
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)
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)
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)
Subsidiaries acquisitions of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(21.243)	-	6.123
Cash from the acquisition of subsidiaries	-	-	-	-	-	-	42.741	-	-	42.741	-	-	-
Marketable Securities	-	-	-	-	-	-	-	8.657	97.906	106.563	75.243	-	40
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)
Financing activities:													
Increase in share capital	-	-	-	-	-	239.678	10.322	(0)	-	250.000	222.581	5.059	(0)
Loans, financings and leases	134.938	60.341	234.515	62.378	492.172	135.205	130.000	45.561	104.439	415.205	190.268	-	223.190
Payment of installments for acquired companies	-	-	(14.226)	(15.857)	(30.083)	-	(13.887)	(973)	(889)	(15.749)	(4.523)	(33.530)	(7.284)
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)
Payment of principal on debentures	-	-	-	(100.000)	(100.000)	-	-	-	-	-	-	-	-
Leases payment	-	-	-	(3.687)	(3.687)	-	-	-	(5.491)	(5.491)	(2.891)	(2.799)	(2.845)
Dividends paid	-	(3.135)	-	-	(3.135)	-	(664)	-	(0)	(665)	-	-	-
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
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
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
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
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

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