EARNINGS RELEASE

3Q20

Investor Relations

Michael Findlay
CFO and IRO

Renato Braun
IR Director

ri.grupoelfa.com.br
ri@grupoelfa.com.br
+55 (11) 4890-2030

elfa

www.grupoelfa.com.br

Elfa announces its results for the third quarter of 2020

São Paulo, November 16, 2020 - Elfa Medicamentos S.A. announces its consolidated results for the third quarter of 2020 (3Q20). 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, 2020 (9M20) 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$1.797,2 million in 9M20,** 40,0% higher than the previous year and with an organic growth of 11,4%. Our NOR totaled R$788,0 million in 3Q20 with an organic growth of 17,9%
- **Gross Profit of R$211,5 million in 9M20, 56,1% higher** above than the previous year
- **Adjusted EBITDA of R$72.5 million in 9M20, 23,2% higher** than the previous year
- **Net Income of R$30,5 million in 9M20, 33,6% higher** than the previous year
- **We moved forward with our acquisition agenda to strengthen our products and services portfolio**, announcing the acquisition of **Biohosp** in August and completing four acquisitions during the months of October and November: **Fenergy, Surya Dental, Mostaert and Onco Rio**

(R$ million)	9M19	9M20			Growth		3Q19	3Q20			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	1.284,2	329,3	183,7	1.797,2	*11,4%*	*40,0%*	488,5	179,8	119,7	788,0	*17,9%*	*61,3%*
Gross Profit	135,5	66,8	9,2	211,5	*4,6%*	*56,1%*	62,5	41,4	(4,4)	99,5	*-4,2%*	*59,2%*
Gross Margin (% Net Revenues)	*10,6%*	*+1,7p.p.*	*-0,4p.p.*	*11,8%*		*1,2 p.p.*	*12,8%*	*+1,8p.p.*	*-2,0p.p.*	*12,6%*		*-0,2 p.p.*
Adjusted EBITDA	58,9	19,3	(5,7)	72,5	*-7,3%*	*23,2%*	47,1	6,0	(16,6)	36,5	*-31,2%*	*-22,4%*
% Adjusted EBITDA Margin (% NR)	*4,6%*	*5,9%*	*-3,1%*	*4,0%*		*-0,5 p.p.*	*9,6%*	*3,3%*	*-13,8%*	*4,6%*		*-5,0 p.p.*
Net Income	22,8			30,5		*33,6%*	21,5			14,7		*-31,6%*
Net Margin (% Net Revenues)	*1,8%*			*1,7%*		*-0,1 p.p.*	*4,4%*			*1,9%*		*-2,5 p.p.*

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:

- Medical Specialties:
    - Reference Medications: high added value products (mainly for hospital use), manufactured by the largest laboratories in the world in several specialties, including oncological, hematological and immunobiological fields.
    - 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)

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

After being negatively impacted in some of our business lines during the first semester due to the COVID-19, we observed an acceleration in revenues during the 3rd quarter, with a gradual recovery in elective surgeries and procedures that increased demand for products in the “Pharmaceutical Specialties” segment, with emphasis on the dermatological, growth hormones and fertility treatment sectors. The “Hospital Medical Supplies” segment continues to prove its resilience with the strong demand for essential products (such as gloves, syringes and masks) as a consequence of the pandemic.

In the first nine months of 2020, net revenues reached R$1.797,2 million with a total growth of 40,0% and an organic growth of 11,4%, demonstrating the resilience of our portfolio during a period in which medical clinics where shut down and a drop in elective surgeries. Additionally, this growth was impacted with the effects from acquisitions carried out in 2019 (Agilfarma and CDM), as well as the acquisition of Medcom and the merger with Atrial in 2020. We reported an Adjusted EBITDA of R$72,5 million, up by 23,2%, and a Net Income of R$30,5 million.

We successfully expanded the project carried out in partnership with Hospital Sírio-Libanês in Brasília for its operation in São Paulo, in addition to replicating this model at another institution, at the Hospital Moinhos de Vento in Porto Alegre. This initiative included the creation of an Integrated Distribution Center with technology that links information regarding the hospital's consumption and inventory levels of our distribution center. This solution offers hospitals many benefits, such as: (a) maximizing their productive area; (b) increasing operational efficiency by focusing on treating patients; and (c) reducing investments for operating working capital (savings in inventory investments), thus optimizing the hospital's cash flow management.

We also moved forward in our growth agenda through acquisitions. Since the beginning of October, we have concluded four acquisitions after CADE[2] approval. These companies were:

- Mostaert: offers greater penetration in the distribution of medications in the Northeast region of Brazil. The company's experience in generic medications strengthens our business unit within out “Medical Specialties” operating segment.
- Surya Dental: marks our entry into the distribution of dental products. The company operates in the South and Southeast of Brazil, with the capacity to serve other regions in the country through the e-Commerce and telemarketing sales channels.
- Fenergy: allows us to enter the distribution of high value-added hospital supplies in the South region of Brazil, where Fenergy is one of the largest players.
- Onco Rio: operates in the distribution of generic cancer medication in the South and Southeast regions of Brazil, serving cancer hospitals and clinics. This acquisition will strengthen our presence in these regions.

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

[2] CADE – Conselho Administrativo de Defesa Econômica (Brazilian antitrust agency)

The results of these acquisitions will be reflected in our financial statements as of the fourth quarter of 2020.

In addition to these transactions, we also announced the acquisition of BioHosp, a distributor of specialized medicines, medical-hospital supplies and nutrition products in the Southeast region, with a focus on the Minas Gerais and Rio de Janeiro markets, and will strengthen our presence in the region. This transaction is subject to compliance with the common preceding conditions for acquisitions of this nature, including approval by the CADE.

Regarding the Dupatri acquisition, a medical and hospital products distributor that operates in the Southeast region of which we signed the purchase and sale agreement in December 2017 and an arbitration proceeding was instituted in October 2018, a partial ruling was handed down by the Arbitrator Court of the Brazil-Canada Chamber of Commerce on September 19, 2020. This court recognized that the precedent conditions were met by the parties and the Company had the right to conclude the transaction. The conclusion of the transaction was determined by said decision and we are currently in the stage of providing specific clarifications to the Arbitration Court.

We use a structured approach to integrate our acquired companies through a 'Post-Merger Integration' (PMI) model developed by our team and partner consultants. All acquired companies go through the same integration process, which briefly consists of:

- Evaluation prior to conclusion
- Operational takeover plan
- 100-day Plan
- Growth Action Plan

We currently have four acquired companies undergoing the ‘Operational Takeover Plan’ and the ‘100 Day Plan’.

We were recognized, for the 5th consecutive year, by the Great Place to Work[3] Award, where we ranked 32nd in the Brazilian ranking of the 150 best companies to work for. This is a consequence of our effort to build a strong work environment based on respect, innovation and commitment with results.

In addition, we initiated another cycle of the ‘Young Talents’ Program, which already has more than 1.800 applications. This program, which is similar to a 'trainee' program, offers a job rotation experience among several areas within Elfa, in addition to training of technical and behavioral skills. It is aimed at senior college students who have the potential to become managers.

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 our operations. This committee developed a strategy to plan, implement and verify the contingency measures tailored for the different criticalities expected in our operations. This strategy has different fronts, such as:

- Defining situational levels and related actions
- Confrontation actions
- Defining circumstantial operation plans
- Management, communication and monitoring of blocking, preventive and reassuring actions
- Establishing a ‘Tactical Committee’ responsible for the daily monitoring of employees, the progression of the pandemic and decision-making
- Implementing a home office work regime for the sales and administrative areas
- Hiring of a specialized consultancy to adapt our facilities

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

- Monitor the medical conditions of employees suspected of having COVID-19 on a daily basis
- Provide free psychological and emotional support
- Strengthen sanitary measures of circulation areas in order to reduce virus transmission risk
- Offer protective equipment to all employees (such as masks, alcohol gel and gloves)
- Cancellation of in-person events
- Vaccination for the H1N1 flu to avoid misdiagnosis of COVID-19 and overload the health system.

Our initiatives to face the pandemic have been in action for eight months and we have not identified any transmission cases at the Company. Despite the challenges, we have maintained our operations functioning on a regular basis.

Compliance continues as a strategic department at Elfa, despite the challenges brought by the pandemic. We follow a periodic training and monitoring routine, in addition to addressing any complaints received through the "Elfa Ombudsman" channel (https://grupoelfa.com.br/ouvidoria). In 3Q20, we had 42 audits carried out by national and international pharmaceutical industries in our program.

Due to the pandemic, we launched the Compliance Talks, an 'online' version of our annual "Compliance Roundtable" event. At the Talks event, we joined senior Compliance and Commercial executives from a specific industry with whom we work with to discuss the issues faced at our operations.

2020 was an important milestone year in our history, as we decided to prepare for our IPO. Among other positive impacts on our operation, such as increasing our governance and compliance levels, the IPO will allow us access to the capital market as a new source of funds to finance our inorganic growth agenda. Although we postponed the IPO since market conditions are not ideal at the moment, we remain engaged in our preparation for this event. Therefore, we decided to proceed with the CVM registration request as a Category "A" company and implement the necessary requirements to comply with the B3 rules in order to expedite the listing process in the future.

We increased our governance level during this past quarter, mainly to meet the requirements of the 'Novo Mercado' listing segment (the highest level of governance on the Brazilian stock exchange). As of August, we remodeled our Board of Directors structure, which now consists of two experienced independent members, and created a non-statutory audit committee and an internal audit department. We approved several policies in line with CVM and B3 (Novo Mercado) requirements, such as the Related Party Transactions, Nomination and Compensation of Directors and the Risk Management policies.

The end of 2020 is approaching and as we are working hard to end this last quarter on a positive note, we are also preparing for 2021. We are happy with our achievements in 2020, despite the challenges, and we are optimistic that 2021 will bring great opportunities to further consolidate our Company as a leading healthcare solutions provider in Brazil.

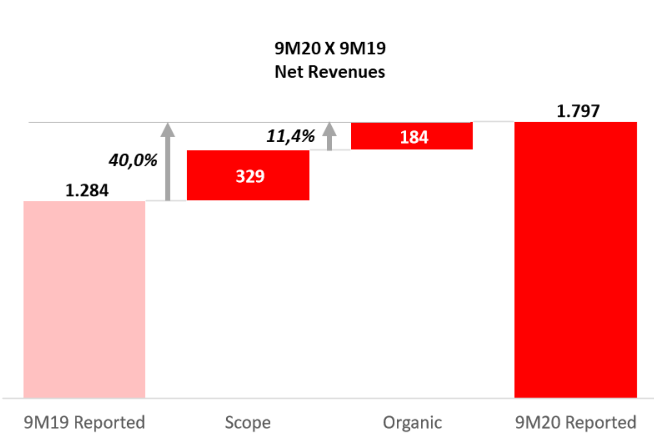
We have three key priorities to generate value in 2021: (i) accelerate the organic growth of our sales across Brazil, mainly through services; (ii) deliver this growth efficiently, mainly focusing on the integration of the companies acquired in 2020, not only to leverage on a greater presence in some regions of the country, but also to capture synergies; and (iii) maintain the accelerated pace of inorganic growth, always in a disciplined manner in relation to strategic fit and expected returns.

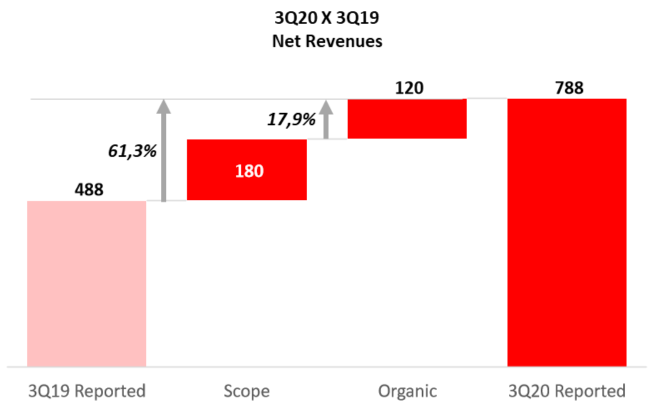
Our team has always been our great competitive advantage and we are confident that we managed to further strengthen this great team in 2020 with the arrival of the professionals from Grupo Medcom, Atrial and subsidiaries, and more recently, Fenergy, Surya, Mostaert and Onco Rio. With this prepared and engaged team, we believe that 2021 will be a year of even more achievements for Elfa.

Consolidated Income Statement

(R$ million)	9M19	9M20			Growth		3Q19	3Q20			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	1.284,2	329,3	183,7	1.797,2	*11,4%*	*40,0%*	488,5	179,8	119,7	788,0	*17,9%*	*61,3%*
COGS	(1.148,7)	(262,5)	(174,5)	(1.585,7)	*12,4%*	*38,0%*	(426,0)	(138,5)	(124,1)	(688,5)	*22,0%*	*61,6%*
Gross Profit	135,5	66,8	9,2	211,5	*4,6%*	*56,1%*	62,5	41,4	(4,4)	99,5	*-4,2%*	*59,2%*
Gross Margin (% Net Revenues)	*10,6%*	*+1,7p.p.*	*-0,4p.p.*	*11,8%*		*1,2 p.p.*	*12,8%*	*+1,8p.p.*	*-2,0p.p.*	*12,6%*		*-0,2 p.p.*
Operating Expenses	(86,3)	(51,5)	(15,0)	(152,9)	*10,9%*	*77,1%*	(23,7)	(36,8)	(10,6)	(71,1)	*17,4%*	*199,6%*
Other Operating	9,8	4,1	0,1	14,0	*1,0%*	*43,2%*	8,3	1,5	(1,7)	8,1	*-17,1%*	*-2,2%*
Adjusted EBITDA	58,9	19,3	(5,7)	72,5	*-7,3%*	*23,2%*	47,1	6,0	(16,6)	36,5	*-31,2%*	*-22,4%*
% Adusted EBITDA Margin (% NR)	*4,6%*	*5,9%*	*-3,1%*	*4,0%*		*-0,5 p.p.*	*9,6%*	*3,3%*	*-13,8%*	*4,6%*		*-5,0 p.p.*
Non-Recurring	(8,3)	(7,9)	(4,8)	(21,0)	*29,3%*	*153,2%*	(3,5)	(4,4)	0,8	(7,2)	*-9,8%*	*103,9%*
Depreciation and Amortization	(15,8)	(12,3)	(4,0)	(32,1)	*14,3%*	*103,1%*	(6,8)	(7,3)	(0,7)	(14,8)	*5,3%*	*119,2%*
Operating Profit (EBIT)	34,8	(0,9)	(14,4)	19,5	*-42,5%*	*-43,9%*	36,8	(5,7)	(16,5)	14,5	*-53,3%*	*-60,6%*
Financial Result	(14,9)			(9,8)		*-34,2%*	(10,0)			(3,0)		*-70,4%*
IR/CSSL	2,8			20,7		*628,3%*	(5,3)			3,2		*-159,3%*
Net Income	22,8			30,5		*33,6%*	21,5			14,7		*-31,6%*
Net Margin (% Net Revenues)	*1,8%*			*1,7%*		*-0,1 p.p.*	*4,4%*			*1,9%*		*-2,5 p.p.*

Net Revenues





(R$ million)	9M19	9M20			Growth		3Q19	3Q20			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	**1.284,2**	**329,3**	**183,7**	**1.797,2**	***11,4%***	***40,0%***	**488,5**	**179,8**	**119,7**	**788,0**	***17,9%***	***61,3%***
Pharmaceutical Specialties	1.258,5	189,7	164,7	1.612,9	*11,4%*	*28,2%*	477,8	55,4	101,5	634,6	*19,0%*	*32,8%*
Hospital Medical Supplies	25,6	139,6	19,0	184,3	*11,5%*	*619,1%*	10,7	124,5	18,2	153,4	*13,5%*	*1332,2%*

Net revenues reached R$1.797,2 million in the nine-month period of 2020, increasing by 40,0% over the same period of the previous year. This growth was positively impacted by acquisitions carried out in 2019 and 2020 (see the 'Scope' above) but was also impacted by our 11,4% organic growth. We recorded double-digit organic growth in both 'Pharmaceutical Specialties' and 'Hospital Medical Supplies', by 11,4% and 11,5% respectively. Our operating segments proved to be resilient during the COVID-19 pandemic despite the impact on elective surgeries and procedures, which were mostly suspended from March to June.

Net revenues in 3Q20 reached R$788,0 million, up by 61,3% over the same period of last year. Therefore, as commented for the 9M20 period, the growth of this quarter was positively impacted by acquisitions, however, we accelerated our organic growth in the period by 17,9%. 'Pharmaceutical Specialties' reported an organic growth of 19,0%, driven by the good performance of clinics that resumed activities as the restrictions imposed by the COVID-

19 pandemic reduced (this includes dermatological procedures, growth hormones and fertility treatment segments, for example). ‘Hospital Medical Supplies’ reported an organic growth of 13,5% due to strong demand for ‘Essentials’ (pandemic consequence).

Gross Profit

(R$ million)	9M19	9M20			Growth		3Q19	3Q20			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	**135,5**	**66,8**	**9,2**	**211,5**	***4,6%***	***56,1%***	**62,5**	**41,4**	**(4,4)**	**99,5**	***-4,2%***	***59,2%***
Pharmaceutical Specialties	131,8	35,3	4,3	171,4	*2,6%*	*30,0%*	60,3	12,1	(7,6)	64,8	*-10,5%*	*7,4%*
Hospital Medical Supplies	3,6	31,5	4,9	40,1	*14,1%*	*999,3%*	2,2	29,3	3,3	34,7	*10,4%*	*1470,8%*
Gross Profit	**10,6%**	**+1,7p.p.**	**-0,4p.p.**	**11,8%**		1,2 p.p.	**12,8%**	**+1,8p.p.**	**-2,0p.p.**	**12,6%**		**-0,2 p.p.**
Pharmaceutical Specialties	10,5%	+0,8p.p.	-0,7p.p.	10,6%		0,2 p.p.	12,6%	+0,2p.p.	-2,6p.p.	10,2%		-2,4 p.p.
Hospital Medical Supplies	14,2%	+6,6p.p.	+0,9p.p.	21,8%		7,5 p.p.	20,6%	+0,3p.p.	+1,7p.p.	22,6%		2,0 p.p.

Gross profit reached R$211,5 million in 9M20, increasing by 56,1% over the same period in the previous year. This growth reflects the contribution made by the acquisitions carried out in 2019-20 and an organic growth of 4,6% in the period. Gross margin reached 11,8%, 1,2 p.p. higher than the same period of the previous year due to acquisitions with more attractive margins. The gross profit of the ‘Pharmaceutical Specialties’ segment increased by 30,0%, with a margin increase of 0,2 p.p. despite an organic contraction in the margin, mainly due to: (i) pressure in the generic margin due to reductions in discounts practiced by laboratories during the pandemic; (ii) effects from the segment mix of our clinic operations, which has higher-than-average margins and was the most impacted by the pandemic; and (iii) restrictions in our logistics network due to the pandemic, negatively affecting our margins to protect the service level of our clients. As for ‘Hospital Medical Supplies’, which was not very representative in the previous year, gross profit increased by approximately 10x, mainly due to the merger with Atrial in June 2020. This segment reported an improvement in organic margin of 0,9 p.p. during the period, mainly due to the positive impact of the pandemic on our product mix.

In 3Q20, gross profit reached R$99,5 million, increasing by 59,2% over the same period in the previous year, with a gross margin of 12,6%, 0,2 p.p. lower than in 3Q19. The increase in gross profit was benefited by acquisitions and negatively impacted by an organic margin reduction in the ‘Pharmaceutical Specialties’ segment. This reduction is mainly explained by the margin of this segment being at its highest level of the year during 3Q19 (12,6% in 3Q19 compared to 10,5% in 9M19) due to certain margin adjustment agreements with laboratories in previous quarters that were recognized at that time. This effect ends up “normalized” in the 9M19 result, which we suggest should be analyzed for comparison purposes. 'Hospital Medical Supplies' in 3Q20, similar to the one mentioned in 9M20, was not very representative in the previous year and reported strong growth due to the merger with Atrial, which allowed for a positive margin expansion in the period.

Operating Expenses and Others

(R$ million)	9M19	9M20			Growth		3Q19	3Q20			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	**(86,3)**	**(51,5)**	**(15,0)**	**(152,9)**	***10,9%***	***77,1%***	**(23,7)**	**(36,8)**	**(10,6)**	**(71,1)**	***17,4%***	***199,6%***
% Net Revenues	***-6,7%***	***-15,6%***	***-8,2%***	***-8,5%***		***-1,8 p.p.***	***-4,9%***	***-20,5%***	***-8,8%***	***-9,0%***		***-4,2 p.p.***
Selling Expenses	(47,4)	(16,3)	(6,4)	(70,0)	*10,0%*	*47,7%*	(15,9)	(14,1)	(3,7)	(33,7)	*12,1%*	*111,7%*
Allowance for Doubtful Accounts	(4,3)	(0,6)	(2,7)	(7,6)	*54,6%*	*75,0%*	5,6	(0,3)	(5,3)	(0,1)	*-101,8%*	*-101,7%*
General and Administrative	(34,7)	(34,7)	(6,0)	(75,4)	*8,6%*	*117,4%*	(13,4)	(22,3)	(1,6)	(37,3)	*4,4%*	*178,7%*
Other Operating	**9,8**	**4,1**	**0,1**	**14,0**	***1,0%***	***43,2%***	**8,3**	**1,5**	**(1,7)**	**8,1**	***-17,1%***	***-2,2%***
% Net Revenues	***0,8%***	***1,2%***	***0,1%***	***0,8%***		***0,0 p.p.***	***1,7%***	***0,8%***	***-1,4%***	***1,0%***		***-0,7 p.p.***

Operating expenses totaled R$152,9 million in 9M20, or 8,5% of net revenue, representing an increase of 77,1% over the same period in the previous year and an increase of 1,8 p.p. as a percentage of net revenues. In addition to the expected effect from acquisitions that are still in the process of being integrated and capturing synergies, the evolution in the organic segment was due to:

- Selling Expenses: 10,0% organic growth, mainly explained by the growth in net revenues in the period and the costs associated with the creation of a new sales team for the Generics Business Unit at Elfa (part of the 'Pharmaceutical Specialties' operating segment) in October 2019.
- Allowance for Doubtful Accounts: organic growth of 54,6%, mainly explained by the 2019 annualization, which was positively impacted by the recovery in the public sector compared to 2018. This effect ended up being diluted in the results for 2019. It is worth mentioning that in 3Q19, allowance for doubtful accounts came in as revenues of R$5,6 million.
- General and Administrative: up by 8,6%, mainly explained by the increase in corporate structures to support our growth.

In 3Q20, G&A expenses totaled R$71,1 million (9,0% of net revenues) and was nearly twice the amount of 3Q19, or 4,2 p.p. higher as a percentage of net revenue, mostly explained by the effect of acquisitions in the period and an organic growth of 20,1%, arising from:

- Selling Expenses: a 12,1% organic growth, mainly explained by the growth in net revenues in the period and personnel expenses (creation of a new Generics Business Unit, which is part of the 'Pharmaceutical Specialties' operating segment, in October 2019).
- Allowance for Doubtful Accounts: Despite being practically zero in 3Q20, it explains 44,5% of the organic growth in operating expenses in the quarter. As mentioned above, this is due to a one-off recovery in the allowance for doubtful accounts for the public sector in 3Q19.
- General and Administrative: 4,4% organic growth in 3Q20 explained by the creation of new structures to support our growth.

In 9M20, the growth in Other Expenses is substantially due to the identification of late tax credits. The same effect occurred in the third quarter, however, but in 3Q19 we had a reversal of R$6,5 million referring to an unrealized provision.

Adjusted EBITDA

(R$ million)	9M19	9M20			Growth		3Q19	3Q20			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	**135,5**	**66,8**	**9,2**	**211,5**	***4,6%***	***56,1%***	**62,5**	**41,4**	**(4,4)**	**99,5**	***-4,2%***	***59,2%***
Gross Margin (% Net Revenues)	*10,6%*	*+1,7p.p.*	*-0,4p.p.*	*11,8%*		*1,2 p.p.*	*12,8%*	*+1,8p.p.*	*-2,0p.p.*	*12,6%*		*-0,2 p.p.*
Operating Expenses	(86,3)	(51,5)	(15,0)	(152,9)	*10,9%*	*77,1%*	(23,7)	(36,8)	(10,6)	(71,1)	*17,4%*	*199,6%*
Other Operating	9,8	4,1	0,1	14,0	*1,0%*	*43,2%*	8,3	1,5	(1,7)	8,1	*-17,1%*	*-2,2%*
Adjusted EBITDA	**58,9**	**19,3**	**(5,7)**	**72,5**	***-7,3%***	***23,2%***	**47,1**	**6,0**	**(16,6)**	**36,5**	***-31,2%***	***-22,4%***
Adjusted EBITDA Margin (% NR)	*4,6%*	*5,9%*	*-3,1%*	*4,0%*		*-0,5 p.p.*	*9,6%*	*3,3%*	*-13,8%*	*4,6%*		*-5,0 p.p.*

In 9M20, Adjusted EBITDA reached R$72,5 million, corresponding to a 23,2% increase over the same period of the previous year. This growth is a reflection of acquisitions made in 2019 and 2020, as well as an organic reduction of 7,3% in the period, explained by a 0,4 p.p. organic contraction in gross margin and operating expenses increasing more than revenues (mainly due to allowances for doubtful accounts), as previously explained.

In 3Q20, Adjusted EBITDA totaled R$36,5 million and fell by 22,4% in relation to the same period of the previous year. EBITDA in 3Q19 was exceptionally high, representing 48,7% of the total amount in 2019, due to one-off effects such as reversal of allowance for doubtful accounts and adjustment agreements with laboratories in previous quarters that impacted gross profit. At the end of this document we illustrate the evolution of our Income Statement since 1Q19 where this effect can be seen (Exhibit 'Income Statement - Quarterly Evolution').

Operating Profit (EBIT)

(R$ million)	9M19	9M20			Growth		3Q19	3Q20			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	**58,9**	**19,3**	**(5,7)**	**72,5**	***-7,3%***	***23,2%***	**47,1**	**6,0**	**(16,6)**	**36,5**	***-31,2%***	***-22,4%***
Adjusted EBITDA Margin (% NR)	*4,6%*	*5,9%*	*-3,1%*	*4,0%*		*-0,5 p.p.*	*9,6%*	*3,3%*	*-13,8%*	*4,6%*		*-5,0 p.p.*
Non-recurring	(8,3)	(7,9)	(4,8)	(21,0)	*29,3%*	*153,2%*	(3,5)	(4,4)	0,8	(7,2)	*-9,8%*	*103,9%*
Depreciation and Amortization	(15,8)	(12,3)	(4,0)	(32,1)	*14,3%*	*103,1%*	(6,8)	(7,3)	(0,7)	(14,8)	*5,3%*	*119,2%*
Operating Profit (EBIT)	**34,8**	**(0,9)**	**(14,4)**	**19,5**	***-42,5%***	***-43,9%***	**36,8**	**(5,7)**	**(16,5)**	**14,5**	***-53,3%***	***-60,6%***

Operating Profit in 9M20 totaled R$19,5 million, 43,9% lower than the same period of the previous year. In 3Q20, Operating Profit reached R$14,5 million and fell by 60,6% over the same quarter of 2019. These reductions reflect, in addition to the Adjusted EBITDA performance discussed above, the following:

- Increase in non-recurring expenses because of a higher number of acquisitions (legal advisors and due diligence expenses) and integrations (support from consultants). We made two acquisitions in 2019 (Agilfarma and CDM), while five were made in 2020 (Medcom, Atrial, Mostaert, Surya Dental and Fenergy and Onco Rio), in addition to two signed acquisitions (Dupatri and Biohosp).
- Increase in amortized capital gains from acquisitions.

Financial Result

(R$ million)	9M19 Reported (a)	9M20 Reported (d)	Growth Reported (f)= (d÷a)-1	3Q19 Reported (a)	3Q20 Reported (d)	Growth Reported (f)= (d÷a)-1
Financial Expenses	(16,6)	(15,9)	*-4,3%*	(10,6)	(7,5)	*-29,0%*
Financial Income	1,7	6,1	*257,2%*	0,6	4,5	*692,8%*
Financial Result	**(14,9)**	**(9,8)**	***-34,2%***	**(10,0)**	**(3,0)**	***-70,4%***

In 9M20, financial result came in as a net expense of R$9,8 million, decreasing by 34,2% over the same period of the previous year. This reduction was due to: (1) an improvement in debt profile (we exchanged short-term debt with higher interest rates of the acquired companies to long-term debt at Elfa's lower rates); (2) reduction in the CDI (Interbank Deposit) rate in the period (6,5% in January 2019 to 2,0% in September 2020); and (3) cash remuneration for Atrial (as of July 2020).

The same behavior was observed in the third quarter of this year, when our financial result was a net expense of R$3,0 million, 70,4% lower than in 3Q19.

Part of the integration activities of the acquired companies is to optimize their debt profile. These companies are often smaller than Elfa and only have access to more expensive credit lines.

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

(R$ million)		9M19	9M20	3Q19	3Q20
Operating profit before taxes	(a)	20,0	9,7	26,8	11,5
Legal combined tax rate		34,0%	34,0%	34,0%	34,0%
IR/CSLL over legal tax rates	**(b)**	**(6,8)**	**(3,3)**	**(9,1)**	**(3,9)**
Adjustments (tax effect; multiplied by 34%)					
Grants on investments		17,6	22,4	8,1	8,6
Goodwill amortization for acquired companies		0,5	0,5	0,5	0,5
Compensation for tax losses		-	1,5	-	1,5
Other additions and exclusions, net		(8,5)	(0,3)	(4,9)	(3,5)
Additions and exclusions, net	(c)	9,6	24,0	3,8	7,1
income tax and social constribution, net	**(d) = (b) + (c)**	**2,8**	**20,7**	**(5,3)**	**3,2**
Effective tax rate	(d) ÷ (a)	-14,3%	-213,0%	19,8%	-27,3%

The Company benefits from a special ICMS[4] regime with a lower calculation base and, in accordance with Brazilian tax legislation, the ICMS tax benefits validated by CONFAZ (National Council for Treasury Policy) are excluded from the base used to calculate IR/CSLL taxes.

The increase in this benefit in 9M20 and 3Q20 over the same periods in 2019 is due to our revenues growth as well as initiatives aimed at optimizing taxes on our logistics network.

[4] 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.

Net Income

(R$ million)	9M19 Reported (a)	9M20 Reported (d)	Growth Reported (f)= (d÷a)-1	3Q19 Reported (a)	3Q20 Reported (d)	Growth Reported (f)= (d÷a)-1
Operating Profit (EBIT)	34,8	19,5	*-43,9%*	36,8	14,5	*-60,6%*
Financial Result	(14,9)	(9,8)	*-34,2%*	(10,0)	(3,0)	*-70,4%*
IR/CSLL	2,8	20,7	*628,3%*	(5,3)	3,2	*-159,3%*
Net Income	**22,8**	**30,5**	***33,6%***	**21,5**	**14,7**	***-31,6%***
Net Margin (% Net Revenues)	***1,8%***	***1,7%***	***-0,1 p.p.***	***4,4%***	***1,9%***	***-253,1%***

Net Income reached R$30,5 million in 9M20, 33,6% higher than the same period in the previous year. This increase reflects the improvement in our financial result and the effective IR/CSLL rate, partially offset by the 43,9% reduction in our operating profit in the same period.

In 3Q20, net income totaled R$14,7 million, 31,6% lower than the same period of the previous year. This reflects the 60,6% reduction in operating profit, which was partially offset by lower net financial expenses and a positive result for IR/CSLL.

Debt

(R$ million)		2019	9M20
Loans and financings		319,9	306,5
Short term		208,1	88,1
Long term		111,8	218,4
Gross Debt	**(a)**	**319,9**	**306,5**
Cash and cash equivalents		(120,6)	(146,6)
Securities		0,0	(173,0)
Financial investments		(0,1)	(0,1)
Derivatives		0,0	(4,4)
Cash	**(b)**	**(120,7)**	**(324,3)**
Net Debt	**(a) + (b)**	**199,2**	**(17,8)**

In the quarter ended September 30, 2020, Elfa reported a gross debt of R$306,5 million. We significantly changed our debt profile throughout 2020, having approximately 70% of it in long-term maturities. In the same period, our cash position reached R$324,3 million, which we expect will be used to conclude the acquisitions already announced (Fenergy, Surya Dental, Mostaert, Onco Rio and Biohosp) during the fourth quarter of 2020.

Elfa's debt instruments have the highest level of leverage limits to which the Company can be exposed to. The strictest covenant level currently used by Management is calculated at the end of each fiscal year and must have a maximum leverage ratio of 2,75x Net Debt/Accounting EBITDA. We monitor our covenants closely and are well positioned for the closing of the 2020 fiscal year.

Cash Flow

(R$ million)	9M19	9M20	Growth	3Q19	3Q20	Growth
Cash flow from operating activities	(62,2)	(92,0)	*48,0%*	16,8	21,1	*26,0%*
Cash from from investment activities	(78,5)	(31,3)	*-60,1%*	(10,3)	4,8	*-146,7%*
Cash flow from financing activities	44,7	149,4	*233,9%*	(13,3)	(132,0)	*892,4%*
(Reduction) Increase in cash, net	**(95,9)**	**26,1**	***-127,2%***	**(6,8)**	**(106,1)**	***1449,1%***
(Reduction) Increase in cash and cash equivalents, net						
Cash at the beginning of the period	154,0	120,6	*-21,7%*	65,0	252,7	*288,8%*
Cash at the end of the period	58,1	146,6	*152,2%*	58,1	146,6	*152,2%*
(Reduction) Increase in cash and cash equivalents, net	**(95,9)**	**26,1**	***-127,2%***	**(6,8)**	**(106,1)**	***1449,1%***

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

Despite having an operating cash consumption of R$92,0 million in 9M20, partly explained by higher sales growth versus 2019 but also by a negative impact on the payment capacity of certain clients from April to June, we noticed a strong recovery during the third quarter and we delivered an operating cash generation of R$21,1 million, which was higher than the same period of the previous year.

During 2020, our shareholders contributed R$250,0 million to support our inorganic growth agenda. In addition to the acquisition of Medcom in Apr/20, we merged with Atrial in Jun/20 and we are in the process of concluding five more acquisitions during 4Q20.

Reconciliation of Net Income and EBITDA

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

(R$ million)	9M19	9M20			Growth		3Q19	3Q20			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	**22,8**	**(2,6)**	**10,3**	**30,5**	***50,8%***	***33,6%***	**21,5**	**(8,8)**	**2,0**	**14,7**	***15,8%***	***-31,6%***
IR/CSLL	(2,8)	3,6	(21,5)	(20,7)	*-2818,1%*	*628,3%*	5,3	1,1	(9,5)	(3,2)	*-149,3%*	*-159,3%*
Financial Result	14,9	(1,9)	(3,2)	9,8	*-24,7%*	*-34,2%*	10,0	2,0	(9,0)	3,0	*-75,2%*	*-70,4%*
Operating Profit (EBIT)	34,8	(0,9)	(14,4)	19,5	*-42,5%*	*-43,9%*	36,8	(5,7)	(16,5)	14,5	*-53,3%*	*-60,6%*
Depreciation and Amortization	15,8	12,3	4,0	32,1	*14,3%*	*103,1%*	6,8	7,3	0,7	14,8	*5,3%*	*119,2%*
Accounting EBITDA	**50,6**	**11,4**	**(10,4)**	**51,6**	***-16,8%***	***1,9%***	**43,6**	**1,6**	**(15,8)**	**29,3**	***-35,0%***	***-32,6%***
% Net Revenues	***3,9%***	***3,5%***	***-5,7%***	***2,9%***		***-0,3 p.p.***	***8,9%***	***0,9%***	***-13,2%***	***3,7%***		***-0,6 p.p.***
Non-recurring	8,3	7,9	4,8	21,0	*29,3%*	*153,2%*	3,5	4,4	(0,8)	7,2	*-9,8%*	*103,9%*
Adjusted EBITDA	**58,9**	**19,3**	**(5,7)**	**72,5**	***-7,3%***	***23,2%***	**47,1**	**6,0**	**(16,6)**	**36,5**	***-31,2%***	***-22,4%***
% Net Revenues	***4,6%***	***5,9%***	***-3,1%***	***4,0%***		***-0,1 p.p.***	***9,6%***	***3,3%***	***-13,8%***	***4,6%***		***-0,5 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).

Exhibits

Balance Sheet

(R$ '000)	2019	Sept. 2020		2019	Sept. 2020
Assets			**Liabilities**		
Current Assets			**Current Liabilities**		
Cash and cash equivalents	120.560	146.646	Suppliers and other accounts payable	380.269	561.181
Securities	-	173.043	Loans and financings	208.093	88.115
Trade accounts receivable	447.476	655.157	Labor obligations	11.123	38.048
Inventory	214.992	417.810	Taxes payable	16.778	36.693
Taxes to recover	48.286	57.069	Dividends payable	665	-
Income tax and social contribution	19.516	35.008	Accounts payable on the acquisition of	16.176	36.533
Other receivables	43.073	59.382	**Total Current Liabilities**	**633.104**	**760.570**
Total Current Assets	**893.903**	**1.544.115**			
			Non-current Liabilities		
			Loans and financings	111.835	218.365
Non-current Assets			Taxes payable	2.108	3.188
Financial investments	127	146	Accounts payable to related parties	-	1.276
Derivatives	-	4.438	Provision for contingencies	7.400	9.524
Contingencies receivable from former	6.877	8.763	Deferred IR and CSSL taxes	-	373
Deferred IR and CSSL taxes	88.411	116.807	Accounts payable on the acquisition of	64.079	151.581
Other receivables	2.149	12.020	**Total Non-current Liabilities**	**185.422**	**384.307**
Total Non-current Assets	**97.564**	**142.174**			
			Shareholders' Equity		
Fixed Assets			P&L of controlling shareholders	462.211	1.590.963
PP&E	36.421	70.857	Stake of non-controlling shareholders	-	5.481
Intangible assets	252.848	984.175			
Total Fixed Assets	**289.269**	**1.055.032**	**Total Shareholders' Equity**	**462.211**	**1.596.444**
Total Assets	**1.280.736**	**2.741.321**	**Total Liabilities and Shareholders' Equity**	**1.280.736**	**2.741.321**

Income Statement

Income Statement *(R$ '000)*	9M19	9M20	3Q19	3Q20
Net operating revenues	1.284.154	1.797.199	488.480	788.027
Cost of goods sold	(1.148.673)	(1.585.724)	(425.960)	(688.511)
Gross profit	**135.481**	**211.475**	**62.520**	**99.516**
Selling expenses	(47.353)	(69.959)	(15.934)	(33.725)
(Losses) / reversion of accounts receivable to recover	(4.335)	(7.586)	5.580	(96)
General and administrative expenses	(58.727)	(128.376)	(23.663)	(59.285)
Other revenues	13.912	19.607	9.893	7.173
Other expenses	(4.159)	(5.644)	(1.610)	921
Operating profit before financial income and taxes	**34.819**	**19.517**	**36.786**	**14.504**
Financial income	1.700	6.072	573	4.543
Financial expenses	(16.557)	(15.853)	(10.575)	(7.506)
Financial expenses, net	**(14.857)**	**(9.781)**	**(10.002)**	**(2.963)**
Profit / (loss) before income tax and social contribution	**19.962**	**9.736**	**26.784**	**11.541**
Income tax and social constribution				
Current	(5.972)	(10.302)	(1.157)	(6.367)
Deferred	8.820	31.040	(4.157)	9.520
	2.848	**20.738**	**(5.314)**	**3.153**
Net income in the period	**22.810**	**30.474**	**21.470**	**14.694**
Attributed to:				
Controlling shareholders	22.810	30.246	21.470	14.466
Non-controlling shareholders	-	228	-	228

(R$ '000)	9M19	9M20	3Q19	3Q20
Cash flow from operating activities				
Net profit/(loss) in the period	**22,8**	**30,2**	**21,5**	**14,5**
Adjustments to reconcile net income with cash:				
Depreciation and amortization	15,8	32,1	6,8	14,9
Income tax and social contribution, net	(2,8)	(20,7)	5,3	(3,2)
Provision for impairment	4,3	7,6	(5,6)	0,1
Other	-		-	0,1
Provision for contingencies	-	(0,3)	-	(0,1)
Provision for inventory losses	0,4	0,1	-	-
Share-based compensation	4,2	3,6	1,4	1,2
Write-off on acquisitions	-	-	-	-
Interest, monetary variations, net - Loans	10,9	12,1	4,9	5,4
(Increase)/decrease in assets:				
Trade account receivables	(14,3)	(90,8)	1,7	(64,6)
Inventory	(0,4)	(62,7)	26,6	(40,1)
Taxes to recover	(13,4)	1,7	(4,5)	0,6
Related parties	(18,1)	1,3	(18,1)	(3,1)
Other assets	4,9	(21,7)	5,8	(23,5)
(Decrease)/increase in liabilities:			-	-
Suppliers and other accounts payable	(66,1)	36,9	(20,7)	121,1
Labor obligations	3,2	10,4	1,6	8,3
Taxes payable	7,3	(7,6)	3,5	0,2
Cash generated by (used in) operating activities	**(41,2)**	**(67,9)**	**30,1**	**31,7**
Payment of interest on loans and financings	(14,9)	(13,9)	(8,6)	(4,5)
Income tax and social contribution paid	(6,0)	(10,3)	(4,7)	(6,1)
Net cash flow generated by (used in) operating activities	**(62,2)**	**(92,0)**	**16,8**	**21,1**
Investing activities:				
Acquisition of PP&E and intangible assets, net	(5,3)	(6,4)	(10,3)	(3,8)
Advances for future capital increase	-	-	-	-
Acquisition of subsidiaries, net of cash	(73,2)	(76,3)	-	-
Cash from the acquisition of subsidiaries	-	42,7	-	-
Redemption/financial investments	-	8,7	-	8,7
Net cash flow from (used in) investing activities	**(78,5)**	**(31,3)**	**(10,3)**	**4,8**
Financing activities:				
Increase in share capital	-	250,0	-	-
Loans, financings and leases	429,8	310,8	234,5	45,6
Payment of installments for acquired companies	(14,2)	(14,9)	(14,2)	(1,0)
Payment of principal on loans and financing	(367,7)	(395,8)	(233,6)	(176,6)
Dividends paid	(3,1)	(0,7)	-	(0,0)
Cash flow from financing activities	**44,7**	**149,4**	**(13,3)**	**(132,0)**
Increase/(reduction) in cash and cash equivalents, net	**(95,9)**	**26,1**	**(6,8)**	**(106,1)**
Cash and cash equivalents at the beginning of the period	154,0	120,6	65,0	252,7
Cash and cash equivalents at the end of the period	58,1	146,6	58,1	146,6
Increase/(reduction) in cash and cash equivalents, net	**(95,9)**	**26,1**	**(6,8)**	**(106,1)**

(R$ '000)	9M19 Pharmaceutical Specialties	9M19 Hospital Medical Supplies	9M19 Consolidated	9M20 Pharmaceutical Specialties	9M20 Hospital Medical Supplies	9M20 Consolidated
Net revenues	1.258.527	25.627	1.284.154	1.612.914	184.285	1.797.199
Cost of goods sold	(1.126.693)	(21.979)	(1.148.673)	(1.441.535)	(144.189)	(1.585.725)
Gross Profit	**131.834**	**3.647**	**135.481**	**171.380**	**40.096**	**211.475**
Gross margin	***10,5%***	***14,2%***	***10,6%***	***10,6%***	***21,8%***	***11,8%***
Selling expenses	(46.533)	(820)	(47.353)	(55.132)	(14.827)	(69.959)
Contribution margin	**85.301**	**2.827**	**88.128**	**116.247**	**25.269**	**141.516**
% Net Revenues	***6,8%***	***11,0%***	***6,9%***	***7,2%***	***13,7%***	***7,9%***

	3Q19 Pharmaceutical Specialties	3Q19 Hospital Medical Supplies	3Q19 Consolidated	3Q20 Pharmaceutical Specialties	3Q20 Hospital Medical Supplies	3Q20 Consolidated
Net revenues	477.768	10.711	488.479	634.628	153.399	788.027
Cost of goods sold	(417.460)	(8.499)	(425.959)	(569.852)	(118.658)	(688.510)
Gross Profit	**60.308**	**2.212**	**62.520**	**64.775**	**34.741**	**99.516**
Gross margin	***12,6%***	***20,6%***	***12,8%***	***10,2%***	***22,6%***	***12,6%***
Selling expenses	(15.663)	(268)	(15.931)	(19.332)	(14.393)	(33.725)
Contribution margin	**44.645**	**1.943**	**46.588**	**45.443**	**20.348**	**65.791**
% Net Revenues	***9,3%***	***18,1%***	***9,5%***	***7,2%***	***13,3%***	***8,3%***

elfa

Income Statement - Quarterly Results

(R$ '000)	1Q19	2Q19	3Q19	4Q19	2019
Net Revenues	**351.065**	**444.609**	**488.480**	**547.308**	**1.831.462**
Cost of goods sold	(317.262)	(405.451)	(425.960)	(486.920)	(1.635.593)
Gross Profit	**33.803**	**39.158**	**62.520**	**60.388**	**195.869**
% Net Revenues	*9,6%*	*8,8%*	*12,8%*	*11,0%*	*10,7%*
Operating Expenses	(37.831)	(38.567)	(34.017)	(48.158)	(158.573)
Selling	(14.814)	(16.605)	(15.934)	(16.224)	(63.577)
Allowance for doubtful accounts	(9.569)	(346)	5.580	726	(3.609)
General and administrative	(13.448)	(21.616)	(23.663)	(32.660)	(91.387)
G&A	(10.945)	(15.107)	(16.893)	(22.163)	(65.108)
Depreciation and amortization	(2.503)	(6.509)	(6.770)	(10.497)	(26.279)
Other operating	6	1.464	8.283	11.141	20.894
Operating Profit (EBIT)	**(4.022)**	**2.055**	**36.786**	**23.371**	**58.190**
Financial result	(3.378)	(1.477)	(10.002)	(12.465)	(27.322)
Earnings Before Taxes (EBT)	**(7.400)**	**578**	**26.784**	**10.906**	**30.868**
IR/CSSL	4.685	3.477	(5.314)	5.844	8.692
Current	(858)	(3.957)	(1.157)	(4.653)	(10.625)
Deferred	5.543	7.434	(4.157)	10.497	19.317
Net Income	**(2.715)**	**4.055**	**21.470**	**16.750**	**39.560**
% Net Revenues	*-0,8%*	*0,9%*	*4,4%*	*3,1%*	*2,2%*
Accounting EBITDA	(1.519)	8.564	43.556	33.868	84.469
% Net Revenues	*-0,4%*	*1,9%*	*8,9%*	*6,2%*	*4,6%*
Non-recurring	1.540	3.231	3.512	3.831	12.113
Adjusted EBITDA	**21**	**11.795**	**47.068**	**37.699**	**96.582**
% Net Revenues	*0,0%*	*2,7%*	*9,6%*	*6,9%*	*5,3%*

(R$ '000)	1Q20	2Q20	3Q20	9M20
Net Revenues	**452.263**	**556.909**	**788.027**	**1.797.199**
Cost of goods sold	(406.672)	(490.541)	(688.511)	(1.585.724)
Gross Profit	**45.591**	**66.368**	**99.516**	**211.475**
% Net Revenues	*10,1%*	*11,9%*	*12,6%*	*11,8%*
Operating Expenses	(42.992)	(69.823)	(93.106)	(205.921)
Selling	(16.898)	(19.336)	(33.725)	(69.959)
Allowance for doubtful accounts	(4.284)	(3.206)	(96)	(7.586)
General and administrative	(21.810)	(47.281)	(59.285)	(128.376)
G&A	(15.417)	(36.492)	(44.414)	(96.323)
Depreciation and amortization	(6.393)	(10.789)	(14.871)	(32.053)
Other operating	(1.334)	7.203	8.094	13.963
Operating Profit (EBIT)	**1.265**	**3.748**	**14.504**	**19.517**
Financial result	(2.243)	(4.575)	(2.963)	(9.781)
Earnings Before Taxes (EBT)	**(978)**	**(827)**	**11.541**	**9.736**
IR/CSSL	4.972	12.613	3.153	20.738
Current	(1.358)	(2.577)	(6.367)	(10.302)
Deferred	6.330	15.190	9.520	31.040
Net Income	**3.994**	**11.786**	**14.694**	**30.474**
% Net Revenues	*0,9%*	*2,1%*	*1,9%*	*1,7%*
Accounting EBITDA	7.658	14.537	29.375	51.570
% Net Revenues	*1,7%*	*2,6%*	*3,7%*	*2,9%*
Non-recurring	1.628	12.179	7.160	20.968
Adjusted EBITDA	**9.286**	**26.716**	**36.535**	**72.538**
% Net Revenues	*2,1%*	*4,8%*	*4,6%*	*4,0%*

elfa

Cash Flow - Quarterly Results

(R$ '000)	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	9M20
Cash flow from operating activities									
Net profit/(loss) in the period	(2,7)	4,1	21,5	16,8	39,6	4,0	11,8	14,5	30,2
Adjustments to reconcile net income with cash:									
Depreciation and amortization	2,5	6,5	6,8	10,5	26,3	6,4	10,8	14,9	32,1
Income tax and social contribution, net	(4,7)	(3,5)	5,3	(5,8)	(8,7)	(5,0)	(12,6)	(3,2)	(20,7)
Provision for impairment	25,0	(15,1)	(5,6)	(1,5)	2,9	4,2	3,3	0,1	7,6
Other	-	-	-	3,0	3,0	-	(0,1)	0,1	
Provision for contingencies	-	-	-	0,5	0,5	(0,3)	0,0	(0,1)	(0,3)
Provision for inventory losses	0,5	(0,0)	-	(1,8)	(1,4)	0,2	(0,1)	-	0,1
Share-based compensation	1,4	1,4	1,4	1,4	5,6	1,2	1,2	1,2	3,6
Write-off on acquisitions	-	-	-	-	-	-	-	-	-
Interest, monetary variations, net - Loans	2,6	3,4	4,9	9,0	19,9	6,3	0,3	5,4	12,1
(Increase)/decrease in assets:									
Trade account receivables	8,8	(24,7)	1,7	(16,2)	(30,5)	15,1	(41,2)	(64,6)	(90,8)
Inventory	(28,2)	1,1	26,6	(8,5)	(9,0)	8,2	(30,8)	(40,1)	(62,7)
Taxes to recover	(4,8)	(4,1)	(4,5)	(14,4)	(27,8)	5,8	(4,8)	0,6	1,7
Related parties	-	-	(18,1)	18,1	-	-	4,4	(3,1)	1,3
Other assets	(15,1)	14,3	5,8	(22,4)	(17,5)	3,4	(1,5)	(23,5)	(21,7)
(Decrease)/increase in liabilities:	-	-	-	-	-	-	-	-	
Suppliers and other accounts payable	(43,2)	(2,1)	(20,7)	107,3	41,2	(75,6)	(8,6)	121,1	36,9
Labor obligations	0,3	1,3	1,6	3,2	6,4	(1,6)	3,7	8,3	10,4
Taxes payable	(1,1)	5,0	3,5	(10,3)	(3,0)	(8,4)	0,7	0,2	(7,6)
Cash generated by (used in) operating activities	**(58,7)**	**(12,6)**	**30,1**	**88,8**	**47,6**	**(36,1)**	**(63,5)**	**31,7**	**(67,9)**
Payment of interest on loans and financings	(3,8)	(2,5)	(8,6)	(7,3)	(22,2)	(5,4)	(3,9)	(4,5)	(13,9)
Income tax and social contribution paid	0,5	(1,7)	(4,7)	0,6	(5,4)	(1,7)	(2,5)	(6,1)	(10,3)
Net cash flow generated by (used in) operating activities	**(62,1)**	**(16,9)**	**16,8**	**82,1**	**19,9**	**(43,2)**	**(69,9)**	**21,1**	**(92,0)**
Investing activities:									
Acquisition of PP&E and intangible assets, net	(3,7)	8,7	(10,3)	(5,1)	(10,4)	(0,2)	(2,3)	(3,8)	(6,4)
Advances for future capital increase	3,4	(3,4)	-	-	-	-	-	-	-
Acquisition of subsidiaries, net of cash	-	(73,2)	-	-	(73,2)	-	(76,3)	-	(76,3)
Cash from the acquisition of subsidiaries	-	-	-	-	-	-	42,7	-	42,7
Redemption/financial investments	-	-	-	-	-	-	-	8,7	8,7
Net cash flow from (used in) investing activities	**(0,3)**	**(67,9)**	**(10,3)**	**(5,1)**	**(83,6)**	**(0,2)**	**(35,9)**	**4,8**	**(31,3)**
Financing activities:									
Increase in share capital	-	-	-	-	-	239,7	10,3	-	250,0
Loans, financings and leases	134,9	60,3	234,5	62,4	492,2	135,2	130,0	45,6	310,8
Payment of installments for acquired companies	-	-	(14,2)	(15,9)	(30,1)	-	(13,9)	(1,0)	(14,9)
Payment of principal on loans and financing	(116,6)	(17,5)	(233,6)	(61,1)	(428,8)	(142,6)	(76,7)	(176,6)	(395,8)
Dividends paid	-	(3,1)	-	-	(3,1)	-	(0,7)	(0,0)	(0,7)
Cash flow from financing activities	**18,3**	**39,7**	**(13,3)**	**(14,6)**	**30,1**	**232,3**	**49,1**	**(132,0)**	**149,4**
Increase/(reduction) in cash and cash equivalents, net	**(44,0)**	**(45,0)**	**(6,8)**	**62,4**	**(33,5)**	**188,8**	**(56,7)**	**(106,1)**	**26,1**
Cash and cash equivalents at the beginning of the period	154,0	110,0	65,0	58,1	154,0	120,6	309,4	252,7	120,6
Cash and cash equivalents at the end of the period	110,0	65,0	58,1	120,6	120,6	309,4	252,7	146,6	146,6
Increase/(reduction) in cash and cash equivalents, net	**(44,0)**	**(45,0)**	**(6,8)**	**62,4**	**(33,5)**	**188,8**	**(56,7)**	**(106,1)**	**26,1**

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

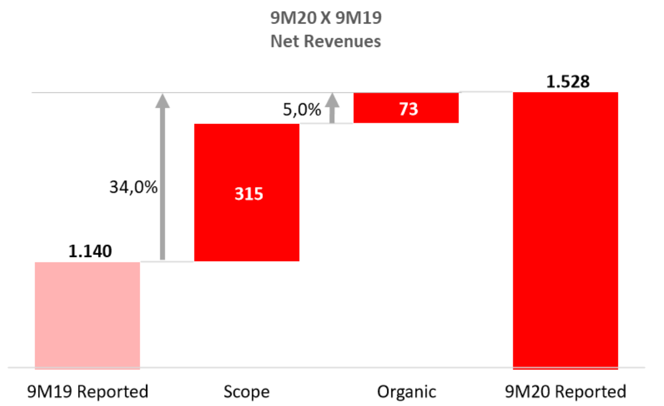
For accounting purposes, the results of these acquisitions are reported as of the date in which they were acquired.

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

elfa

www.grupoelfa.com.br