

EARNINGS RELEASE



4Q21

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Ela announces its results for 4Q21

São Paulo, March 11th, 2022 - Elfa Medicamentos S.A. announces its consolidated results for fourth quarter of 2021 (4Q21). The operational and financial information, unless otherwise indicated, is presented in Brazilian Reals, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission (CVM). The information contained herein must be analyzed together with the financial reports for the twelve-month period ended December 31, 2021 (2021) 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\$ 5,840.4 million** in 2021, 103.1% above the previous year with **20.1% organic growth**.
- **Gross Profit of R\$ 891.9 million** in 2021, 160.9% above the previous year.
- **2021 Adjusted EBITDA of R\$ 351.2 million**, 195.6% above the previous year.
- **2021 Adjusted Net Income of R\$ 229,8 million**, 224.7% above the previous year.
- Closing of the acquisition of the TLS in November 2021, marking the entry into complex logistical services to support clinical research in the pharmaceutical industry.
- With the TLS acquisition, we completed 5 acquisitions in 2021: Dupatri Hospitalar, Anbioton Group, Biodente, -DRS and TLS.
- 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.

(R\$ million)	4Q20		4Q21		Growth		2020		2021		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)÷(a+b)	(f)= (d÷a)-1
Net Revenues (NOR)	1,078.8	413.5	(18.0)	1,474.3	-1.2%	36.7%	2,876.0	1,985.7	978.7	5,840.4	20.1%	103.1%
Gross Profit	130.4	82.1	4.5	217.0	2.1%	66.3%	341.9	397.5	152.5	891.9	20.6%	160.9%
Gross Margin (% NOR)	12.1%	217.5%	45.1%	14.7%		2.6 p.p.	11.9%	+ 3.3 p.p.	+ 0.1 p.p.	15.3%		3.4 p.p.
Adjusted EBITDA	46.3	25.1	(16.6)	54.8	-23.2%	18.3%	118.8	171.7	60.7	351.2	20.9%	195.6%
% Adjusted EBITDA Margin (% NOR)	4.3%	6.1%	91.9%	3.7%		-0.6 p.p.	4.1%	8.6%	6.2%	6.0%		1.9 p.p.
Adjusted Net Income	19.3			14.0		-27.7%	70.8			229.8		224.7%
Adjusted Net Margin (% NOR)	1.8%			0.9%		-0.8 p.p.	2.5%			3.9%		1.5 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.

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

Message from Management

2021 was a very challenging year for the entire healthcare ecosystem in Brazil and worldwide. The pandemic has caused social and economic impacts with unprecedented global repercussions in recent history. Even in this difficult scenario caused by the pandemic of COVID-19, all our experience and the robustness of our business model allowed us to overcome this year with good results and sustainable growth.

Elfa has complied with its commitments and delivered both organic and inorganic growth above expectations. We continue to deliver strong organic performance in 2021, even considering the impact of the pandemic on elective procedures, price slowdown especially in 'Medical Hospital Materials' and 'Generic Drugs' in the second half of 2021, and the robust comparison period of the second half of 2020.

We remained committed to our strategy of searching for opportunities to strengthen our portfolio of products and services and expand our national coverage in some segments and channels we consider to be relevant competitive advantages for generating value to our shareholders, and 2021 was an important year in this regard.

During 2021, we concluded the following strategic acquisitions: (i) Dupatri, (ii) Anbioton, (iii) Biodente, (iv) Grupo DRS and (v) Grupo TLS. In addition, we signed the acquisition of Descarpac in October, the largest acquisition in the history of Elfa. These acquisitions have strengthened our presence in the 'Generics and Similar' segment in the Southeast region and allowed us to expand in the dental clinic sector as well as broaden our service delivery unit, consistent with our strategy of being a one-stop shop.

The strategic acquisitions we made during 2021 strengthened our presence in the 'Generics and Similar' in the Southeast region, allowed our expansion in the dental clinics sector and expand our service delivery unit, consistent with our strategy of being a complete healthcare solutions provider, or a one-stop shop.

A summary of the operations rationale concluded in 2021 follows below:

- Dupatri: headquartered in Santos, SP and with branches in Catalão, GO, Betim, MG, Sumaré, SP operates in the wholesale and distribution of medicines for human use and medical hospital supplies, headquartered in several Brazilian states. This acquisition reinforced our coverage in the Southeast and Midwest in our main business lines;
- Anbioton: operates in the distribution of medicines, primarily in the Southeast region, mainly in the generic and nutrition segments, and is headquartered in the city of Guarulhos, state of São Paulo. This operation is aligned with Elfa's strategic goal of consolidating its coverage in the Southeast of its main business lines;
- Biodente: headquartered in the City of Chapecó, State of Santa Catarina, and operates in the dental materials segment, being one of the leaders in the distribution of dental products in Brazil. This acquisition

is in line with the Company's strategic objective of expanding activities in this sector, and reinforcing its position in the South region of its main business lines;

- DRS Group: holds a leading position in complex logistics services to support clinical research in the pharmaceutical industry, assisting in the development and launch of new drugs. The Transaction reinforces the Company's strategy to provide innovative and high value-added logistics solutions for the Brazilian healthcare chain and includes global leaders in its customer portfolio; and
- TLS: provides hospital management solutions such as warehousing, transportation, packaging, and unitization of more than 2 million pharmaceutical products per month, with logistic centers in the cities of São Paulo and Recife. The TLS reinforces the Company's strategy to provide innovative and high value-added logistics solutions for the Brazilian healthcare chain and includes global leaders in its customer portfolio.

In October, Elfa signed the Share Purchase Agreement (SPA) for the acquisition of the Grupo Descarpack, our largest M&A until now, for the amount of R\$942.8 million. This transaction is strategically relevant, as Descarpack adds strategic sourcing resources and brings its own brand and the position of national leadership in selling high quality disposable products to hospitals, professionals and pharmaceutical areas.

Descarpack is a Brazilian leader in the market of high-quality disposable products, aimed at the hospital, professional, and pharmaceutical areas. Descarpack reached a net revenue of R\$1.1 billion in 2020 and features an asset light business model, focused on innovation, a wide customer portfolio (+5,500 distributors), a solid relationship with global suppliers, and a recognized private label.

In addition to its strategy of combining organic and inorganic growth, the Company continues to focus on integrating these acquisitions and capturing the identified synergies. We have a fully committed team for this integration process, supported by all business areas. Integrations and synergy capture from our acquisitions are following strictly on schedule.

From a market perspective, 2021 was a challenge year, and the Elfa Group continues to benefit from its diversified product and service portfolio, consolidated commercial partnerships with customers, laboratories, and medical hospital equipment and material manufacturers.

We note that in 2021, our 'Specialty Pharmaceuticals' segment had an expressive growth of 94.8%, 25.3% of which was organic, but this growth was lower in the second half of 2021, with a downturn in demand and prices mainly in our generics segment.

This similar phenomenon affected our 'Medical Hospital Supplies' segment in the second half of 2021, especially in the material (consumables) area. The orthotics, prosthetics, and special materials (OPME) sector was affected by the pandemic on elective surgeries for most of the year.

2021 was also a year of many accomplishments and advances in our agenda to become an increasingly digital company and to transform our organizational culture through innovation.

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

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

Innovation:

- In 2021, Grupo Elfa was elected among the 100+ Innovators in the Use of IT. The recognition, designated by IT Mídia, gathers and evaluates that they brought real impacts to the business of Brazilian organizations during 2021;

- Elfa Labs jointly with Startse and Captable, we held pitch-day events, with 8 startups pitching for partnerships and investments;
- Our intrapreneurship program: 'Elfa Ideas', aimed at fostering a culture of innovation and ideas which may generate results and disruption to the business;
- We held the innovation week, which included major references in Brazil.

'Customer Experience':

- We initiated the development of a digital post-sales platform for better management of our customers and orders;
- We held the 1st Elfa customer week, to effectively demonstrate the customer's value in our work, in which more than 4,000 customers were impacted with engagement communication.
- We have established the 'Customer Service' department, accountable for attending to our customers in the post-sale and their experience with the company;
- NPS Implementation: NPS is implemented in 18 companies of the group, corresponding to 8,918 surveys answered;

Digital:

- We launched Surya and Atrial's B2B e-commerce for customers in our base, with customizations to meet customer needs, mobile friendly usability, and use of Artificial Intelligence for product search and recommendation;
- We implemented Salesforce in five companies, enabling a 360 view of the customer, and the support of our sales teams in pricing and order entry;
- Business Intelligence Implementation: we added 15 more companies to our portfolio in order to obtain integrated and centralized information, more agility and greater efficiency for decision making in fifteen integrated companies;
- We developed the 1st Pharmaceutical Care App, Elfa Care, where you can monitor patients' treatment journey, deliver their medications, receive treatment guidance, and check their symptom history;
- We have implemented a new digital platform for managing bids for public markets.

As we mentioned throughout the year, Elfa has legally contested the constitutionality of the DIFAL (Differential ICMS Rate) between interstate sales. The Company has deposited the DIFAL amounts in court in the event of a writ of mandamus and paid the usual amounts in its absence. On December 31, 2021, deposits totaled R\$44.9 million. DIFAL gains for fiscal 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 Revenues" of credits referring to DIFAL credits related to fiscal year 2020.

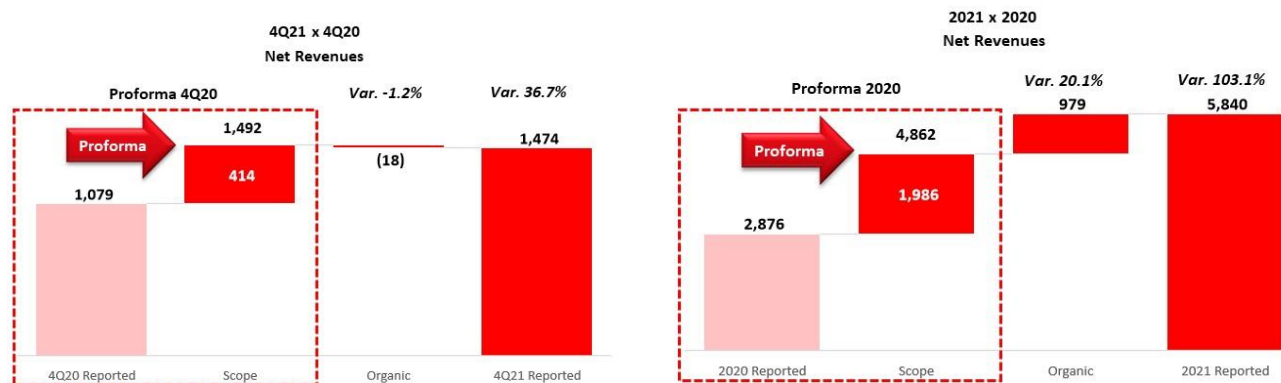
We still believe in a resilient market growth in which Elfa is included, guided by the continuous growth of the population's average age (aging), focus of the large pharmaceutical companies' long-term investment in innovations in the segment of high value-added Reference medicines, greater access of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

2021 was 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 about the relevance of everyone involved along the healthcare chain: without everyone's dedication we would not have strengthened our presence with customers, suppliers, and hospitals, positively impacting the lives of patients.

Consolidated Income Statement

(R\$ million)	4Q20		4Q21		Growth		2020		2021		Growth	
	Reported	Scope	Organic	Reported	Organic	Reported	Reported	Scope	Organic	Reported	Organic	Reported
	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)+(a+b)	(f)= (d+a)-1	(a)	(b)	(c)= (d-b-a)	(d)	(e)= (c)+(a+b)	(f)= (d+a)-1
Net Revenues (NOR)	1,078.8	413.5	(18.0)	1,474.3	-1.2%	36.7%	2,876.0	1,985.7	978.7	5,840.4	20.1%	103.1%
COGS	(948.3)	(331.5)	22.5	(1,257.3)	-1.8%	32.6%	(2,534.1)	(1,588.2)	(826.2)	(4,948.5)	20.0%	95.3%
Gross Profit	130.4	82.1	4.5	217.0	2.1%	66.3%	341.9	397.5	152.5	891.9	20.6%	160.9%
Gross Margin (% NOR)	12.1%	+ 2.2 p.p.	+ 0.5 p.p.	14.7%		2.6 p.p.	11.9%	+ 3.3 p.p.	+ 0.1 p.p.	15.3%		3.4 p.p.
Operating Expenses	(89.3)	(53.3)	(29.8)	(172.3)	20.9%	93.0%	(242.2)	(231.1)	(117.5)	(590.8)	24.8%	143.9%
Other Operating	5.2	(3.8)	8.7	10.1	617.3%	96.4%	19.1	5.3	25.6	50.1	104.7%	161.9%
Adjusted EBITDA	46.3	25.1	(16.6)	54.8	-23.2%	18.3%	118.8	171.7	60.7	351.2	20.9%	195.6%
% Adjusted EBITDA Margin (% NOR)	4.3%	6.1%	91.9%	3.7%		-0.6 p.p.	4.1%	8.6%	6.2%	6.0%		1.9 p.p.
Non-Recurring	(8.9)	(0.8)	(19.9)	(29.5)	205.7%	233.8%	(29.8)	(7.2)	(16.0)	(53.0)	43.1%	77.8%
Depreciation and Amortization	(20.7)	(14.3)	2.2	(32.8)	-6.3%	58.5%	(52.8)	(60.9)	0.3	(113.3)	-0.3%	114.7%
Operating Profit (EBIT)	16.7	9.9	(34.3)	(7.6)	-128.6%	-145.5%	36.2	103.6	45.0	184.9	32.2%	410.2%
Financial Result	(6.8)			(35.9)		429.9%	(16.6)			(85.5)		416.5%
IR/CSSL	0.5			27.9		5263.7%	21.3			77.4		264.0%
Net Income	10.5			(15.6)		-248.9%	40.9			176.7		331.7%
Net Margin (% NOR)	1.0%			-1.1%		-2.0 p.p.	1.4%			3.0%		1.6 p.p.
Non-recurring	8.9			29.5		233.8%	29.8			53.0		77.8%
Adjusted Net Income	19.3			14.0		-27.7%	70.8			229.8		224.7%
Adjusted Net Margin (% NOR)	1.8%			0.9%		-0.8 p.p.	2.5%			3.9%		1.5 p.p.

Net Revenues



(R\$ million)	4Q20		4Q21		Growth		2020		2021		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	1,078.8	413.5	-18.0	1,474.3	-1.2%	36.7%	2,876.0	1,985.7	978.7	5,840.4	20.1%	103.1%
Pharmaceutical Specialties	883.5	321.9	-21.8	1,183.7	-1.8%	34.0%	2,496.4	1,385.6	985.8	4,867.9	25.4%	95.0%
Hospital Medical Supplies	195.3	91.6	3.7	290.6	1.3%	48.8%	379.6	600.1	-7.1	972.5	-0.7%	156.2%

Net revenues reached R\$ 5,840,4 million in 2021, a total growth of 103.1% and organic growth of 20.1% compared to the previous year. This growth was driven by the ten acquisitions concluded since October 1st, 2020: Fenergy, Surya Dental, Mostaert, Oncorio, Biohosp, Dupatri, Anbioton Group (eight months), Biodente (six months), DRS Group (four months) and TLS (two months). Organic growth of 20.1% was driven by the 'Pharmaceutical Specialties' segment, resulting from the good business performance of 'Generics and Similar' and 'Reference Drugs', with a significant contribution from 'Clinics'.

'Pharmaceutical Specialties' showed organic growth of 25.4% in 2021, despite the strong organic growth delivered in 2020 (18.6%). We observed the return and normalization of dermatological treatments that were impacted in

2020, strong growth in our base in dermatology and dental eCommerce ('Clinics'), and improved performance in our 'Delivery' channel, partially offset by a reduction in price and demand for drugs for COVID-19 treatment ('Reference Drugs' and 'Generics and Similar'), mainly in the second half of the year. In the 'Hospital Medical Materials' segment, presented an organic decrease of 0.7% due to the robust comparison period (17.9% organic growth by 2020) - mainly per price and demand for 'Essentials', as well as the postponement of elective surgeries throughout 2021.

Net operating revenue totaled R\$ 1,474.3 million compared to 4Q21, a 36.7% growth when compared to 4Q20, mainly leveraged by mergers and acquisitions, partially offset by an organic contraction of 1.2% in the period. This organic contraction is mainly explained by the strong comparison period, as Elfa delivered an organic growth of 32.7% in 4Q20 compared to a growth of 18.5% in 2020. 'Pharmaceutical Specialties' presented organic contraction of 1.8 (organic growth of 34.6% in 4Q20), and 'Hospital Medical Materials' registered growth of 1.3% despite the strong comparison period for the segment in 2020 (organic growth of 24.7% in 4Q20 resulting from high demand for 'Essentials' such as surgical masks, gloves and syringes), due to the recovery in demand for 'Specialties' (such as prosthetics and orthoses) that were previously impacted during the pandemic, partially offset by the recovery in demand for 'Essentials' prices in the period.

Gross Profit

(R\$ million)	4Q20		4Q21		Growth		2020		2021		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	130.4	82.1	4.5	217.0	2.1%	66.3%	341.9	397.5	152.5	891.9	20.6%	160.9%
Pharmaceutical Specialties	84.9	52.7	20.6	158.3	15.0%	86.4%	256.3	233.7	172.7	662.7	35.2%	158.6%
Hospital Medical Supplies	45.5	29.3	-16.1	58.7	-21.6%	29.0%	85.6	163.7	-20.1	229.2	-8.1%	167.8%
Gross Margin	12.1%	+2.2 p.p.	+0.5 p.p.	14.7%		2.6 p.p.	11.9%	+2.8 p.p.	+0.6 p.p.	15.3%		3.4 p.p.
Pharmaceutical Specialties	9.6%	+1.8 p.p.	+1.9 p.p.	13.4%		3.8 p.p.	10.3%	+1.9 p.p.	+1.5 p.p.	13.6%		3.3 p.p.
Hospital Medical Supplies	23.3%	+2.8 p.p.	-5.9 p.p.	20.2%		-3.1 p.p.	22.6%	+2.9 p.p.	-1.9 p.p.	23.6%		1.0 p.p.

Gross profit in 2021 fiscal year reached R\$ 891.9 million, an increase of 160.9% compared to the previous year. This performance is due to the abovementioned merger and acquisitions, and organic growth of 20.6% in 2021. Gross margin reached 15.2%, +3,4 p.p. over 2020. This expansion in margin was driven by the combined effect of acquisitions with attractive margins (+2.8 p.p.) and the positive impact of the mix of segments and channels, and tax efficiencies that combined in an organic expansion of +0.6 pp. 'Pharmaceutical Specialties' gross profit increased 158.6% and 35.2% organically with margin expansion of 3.3 p.p. (organic contribution of +1.5 p.p.), due to the segment mix of our acquisitions, higher tax efficiency in the period and positive results from commercial initiatives in 'Generics and Similar'. 'Medical Hospital Materials' presented margin growth of +1.0 p.p. in 2021, as a result of the Company's penetration in higher gross margin segments, such as the 'Dental' market (with the acquisition of Surya and Biodente). Organic margin retraction of -1.9 p.p., when compared to the year 2020, mainly arises from the mix effect resulting from the pandemic which reduced the number of elective surgeries that demand on high value-added materials ('Specialties'¹) with higher margins and a price reduction in 'Essentials' when compared to the previous year.

In 4Q21, Gross Profit totaled R\$ 217.0 million with a reported growth of 66.3% and organic decrease of 2.1% over the previous year. The increase in gross profit was benefited by acquisitions and negatively impacted by an organic margin of the 'Medical Hospital Materials' segment reflects a more competitive environment. Gross margin

¹ '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.

totaled 14.7%, an expansion of +2.6 p.p. compared to 4Q20, due to acquisitions at attractive margins despite the strong comparison period.

Operating Expenses and Others

(R\$ million)	4Q20		4Q21		Growth		2020		2021		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	(89.3)	(53.3)	(29.8)	(172.3)	20.9%	93.0%	(242.2)	(231.1)	(117.5)	(590.8)	24.8%	143.9%
% NOR	-8.3%	-1.3 p.p.	-2.1 p.p.	-11.7%		-3.4 p.p.	-8.4%	-1.1 p.p.	-0.6 p.p.	-10.1%		-1.7 p.p.
Selling Expenses	(44.3)	(19.9)	(17.2)	(81.5)	26.8%	83.9%	(114.3)	(98.3)	(66.4)	(279.0)	31.2%	144.1%
Allowance for Doubtful Accounts	(0.2)	(0.8)	(2.1)	(3.2)	199.6%	1294.8%	(7.8)	(3.5)	(7.6)	(18.9)	67.5%	142.3%
General and Administrative	(44.8)	(32.5)	(10.4)	(87.7)	13.5%	95.8%	(120.1)	(129.3)	(43.5)	(292.9)	17.4%	143.8%
Other Operating	5.2	(3.8)	8.7	10.1	617.3%	96.4%	19.1	5.3	25.6	50.1	104.7%	161.9%
% NOR	0.5%	-0.9%	-48.4%	0.7%		0.2 p.p.	0.7%	0.3%	2.6%	0.9%		0.2 p.p.

Operating expenses in 2021 totaled R\$ 590.8 million (10.1% of net operating revenue), representing an increase of 143.9% (evolution of 1.7 p.p. over net operating revenue) compared the same period last year. Organic evolution of 24.8% of operating expenses is mainly due to:

- Selling Expenses: organic growth of 31.2% due to the price effect on freight and packaging arising from the pandemic (as described above), partially offset by operational efficiency and logistics network initiatives in the period; and
- General and Administrative: organic growth of 17.4% driven by (i) higher expenses related to integrations and strategic projects to support the Company's growth, and (ii) the effect of Profit Sharing (PLR) related to the good business performance in the period. Long-term incentive expenses (share option plans and restricted shares) totaled R \$8.7 million in 2021 (R\$ 5.8 million in 2020).

Operating expenses in 4Q21 totaled R\$ 172.3 million (11.7% of net operating revenue), an increase of 93.0% (evolution of 3.4 p.p. over net operating revenue) over 4Q20. In addition to the expected effect of acquisitions, it should be also noted that the increased significance of the 'Medical Hospital Materials' segment with higher gross margin (20.2% vs. 13.4% in Pharmaceutical Specialties in 4Q21) but requires a specialized sales force (higher expenses as a percentage of sales - refer to the 'Information by Segment' section). Organic evolution of 20.9% of operating expenses is mainly due to:

- Selling Expenses: organic expansion of 26.8% driven by: (i) price effect in freight because of the pandemic on the airline network, and (ii) price effect in packaging due to the increase in the price of associated commodities such as cardboard and Styrofoam; and
- General and Administrative: organic growth of 13.5% due to larger corporate team to support acquired integration, and workforce and benefits adjustment. Long-term incentive expenses (share option plans and restricted shares) totaled R\$2.6 million in 4Q21 (R\$2.3 million in 4Q20).

Other Operating Results totaled R\$50.1 million in 2021 and reflect the reversal in the first quarter of the year of provisions for taxes payable due in 2020, given the decision of the Federal Supreme Court regarding the unconstitutionality of payment on ICMS differences.

Adjusted EBITDA

(R\$ million)	4Q20		4Q21		Growth		2020		2021		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	130.4	82.1	4.5	217.0	2.1%	66.3%	341.9	397.5	152.5	891.9	20.6%	160.9%
Gross Margin (% NOR)	12.1%	+ 2.2 p.p.	+ 0.5 p.p.	14.7%		2.6 p.p.	11.9%	+ 3.3 p.p.	+ 0.1 p.p.	15.3%		3.4 p.p.
Operating Expenses	(89.3)	(53.3)	(29.8)	(172.3)	20.9%	93.0%	(242.2)	(231.1)	(117.5)	(590.8)	24.8%	143.9%
Other Operating	5.2	(3.8)	8.7	10.1	617.3%	96.4%	19.1	5.3	25.6	50.1	104.7%	161.9%
Adjusted EBITDA	46.3	25.1	(16.6)	54.8	-23.2%	18.3%	118.8	171.7	60.7	351.2	20.9%	195.6%
Adjusted EBITDA Margin (% NOR)	4.3%	6.1%	91.9%	3.7%		-0.6 p.p.	4.1%	8.6%	6.2%	6.0%		1.9 p.p.

Adjusted EBITDA for 2021 totaled R\$351.2 million, an increase of 195.6% over the previous year. This growth is due to the mergers and acquisition, and organic growth of 20.9% in the period. Organic result is mainly due to (i) the growth of gross profit (20.6% vs. 2020) for abovementioned reasons and (ii) untimely DIFAL gain during 1Q21, partially offset by (iii) organic growth in operating expenses as described above.

In 4Q21, Adjusted EBITDA totaled R\$ 54.8 million, a 18.3% expansion compared to 4Q20. The expansion is due to the acquisitions in the period, partially offset by the organic contraction of EBITDA in 4Q21, driven by the expansion of organic sales growth and other organic revenues not offset by the expansion of gross margin and other revenues.

Operating Profit (EBIT)

(R\$ million)	4Q20		4Q21		Growth		2020		2021		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	46.3	25.1	(16.6)	54.8	-23.2%	18.3%	118.8	171.7	60.7	351.2	20.9%	195.6%
Adjusted EBITDA Margin (% NOR)	4.3%	6.1%	91.9%	3.7%		-0.6 p.p.	4.1%	8.6%	6.2%	6.0%		1.9 p.p.
Non-recurring	(8.9)	(0.8)	(19.9)	(29.5)	205.7%	233.8%	(29.8)	(7.2)	(16.0)	(53.0)	43.1%	77.8%
Depreciation and Amortization	(20.7)	(14.3)	2.2	(32.8)	-6.3%	58.5%	(52.8)	(60.9)	0.3	(113.3)	-0.3%	114.7%
Operating Profit (EBIT)	16.7	9.9	(34.3)	(7.6)	-128.6%	-145.5%	36.2	103.6	45.0	184.9	32.2%	410.2%

2021 Operating Income amounted to R\$ 184.9 million representing an expansion of 410.2% over the previous year, with an organic growth of 32.2. In addition to the 195.6% growth in Adjusted EBITDA, Operating Income includes the effects of non-recurring expenses and increased capital gains amortization from the acquisitions. Expenses with amortization of capital gains from acquisitions totaled R\$92.3 million in 2021 (R\$38.5 million in 2020).

Operating Income for 4Q21 amounted to -R\$ 7.6 million, which represents a reported decrease of -145.5% and an organic decrease of -128.6% compared to 4Q20. In addition to the 18.3% growth in Adjusted EBITDA, Operating Income considers the effects of (i) non-recurring expenses resulting from acquisitions (expenses such as lawyers and due diligence) and integrations (consulting support), and (ii) increased amortization of capital gains from acquisitions. In 4Q21, we recognized in the non-recurring expenses line, R\$ 20.2 million of expenses incurred with the IPO process (banks, lawyers and consultants) that did not occur due to market conditions. Expenses with amortization of capital gains from acquisitions totaled R\$23.0 million in 4Q21 (R\$14.0 million in 4Q20).

Financial Result

(R\$ million)	4Q20	4Q21	Growth	2020	2021	Growth
	Reported	Reported	Reported	Reported	Reported	Reported
Financial Expenses	(5.8)	(36.3)	521.7%	(21.7)	(93.4)	330.5%
Financial Income	(0.9)	0.4	-142.6%	5.1	7.9	53.0%
Financial Result	(6.8)	(35.9)	429.9%	(16.6)	(85.5)	416.5%

2021's financial result presented a net expense of R\$ 85.5 million, an increase of 416.5% compared to 2020. This growth was mainly driven by the increase in the interest rate in 2021 when compared to 2020, as well as the increase in the Company's indebtedness to finance the acquisitions in 2021 (accounts payable liability and bank debt of those acquired in the period).

The same behavior was observed in the fourth quarter of this year, when our financial result was a net expense of R\$35.9 million, 429.9% higher than in 4Q20.

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

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

(R\$ million)		4Q20	4Q21	2020	2021
		Operating profit before taxes	(a)	9.9	(43.5)
Legal combined tax rate		34.0%	34.0%	34.0%	34.0%
Income tax and social contribution over legal tax rates	(b)	(3.4)	14.8	(6.7)	(33.8)
Adjustments (tax effect; multiplied by 34%)					
Grants on investments		5.3	34.1	27.7	107.5
Other additions and exclusions, net		0.6	(21.4)	0.3	3.6
Additions and exclusions, net	(c)	3.9	12.7	28.0	111.2
Income tax and social contribution, net	(d) = (b) + (c)	0.5	27.5	21.3	77.4
Effective tax rate	(d) ÷ (a)	-5.2%	63.2%	-108.0%	-77.9%

The Company benefits from a special ICMS regime with a lower calculation base. According to the Brazilian tax legislation, the ICMS tax benefits validated by CONFAZ (National Council for Farm Policy) are excluded from the base used to calculate IR/CSLL taxes – as abovementioned in the "Investment subsidy" item.

Net Income and Adjusted Net Income

(R\$ million)	4Q20			4Q21			Growth		
	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
Operating Profit (EBIT)	16.7	(7.6)	-145.5%	36.2	184.9	410.2%			
Financial Result	(6.8)	(35.9)	429.9%	(16.6)	(85.5)	416.5%			
IR/CSLL	0.5	27.9	5263.7%	21.3	77.4	264.0%			
Net Income	10.5	(15.6)	-248.9%	40.9	176.7	331.7%			
Net Margin (% NOR)	1.0%	-1.1%	-2.0 p.p.	1.4%	3.0%	1.6 p.p.			
Non-recurring	8.9	29.5	233.8%	29.8	53.0	77.8%			
Adjusted Net Income	19.3	14.0	-27.7%	70.8	229.8	224.7%			
Adjusted Net Margin (% NOR)	1.8%	0.9%	-0.8 p.p.	2.5%	3.9%	1.5 p.p.			

Net income amounted to R\$ 176.7 million in 2021, a growth of 331.7% compared to 2020, mainly due to operating income (EBIT) and the positive Income Tax/CSLL result, offset by the increase in net financial expenses. When adjusting the effect of non-recurring expenses (R\$ 53.0 million), the adjusted net income in 2021 increased 224.7% and totaled R\$ 229.8 million.

Net income presented was a loss of -R\$ 15.6 million in 4Q21, a contraction of 248.9% compared to the previous year. The decrease is mainly due to the lower operating income (EBIT) and the increase in net financial expenses, partially offset by the positive result for income tax and social contribution. Excluding the non-recurring expenses effect (R\$ 29.5 million), the adjusted net income in 4Q21 registered a 27.7% reduction, amounting to R\$ 14.0 million.

Debt

(R\$ million)	2020	2021
Loans and financings		
Short term	142.0	349.5
Long term	267.8	422.7
Gross Debt (a)	409.9	772.2
Cash and cash equivalents	(228.5)	(456.2)
Securities	(75.1)	-
Financial investments	(0.1)	-
Cash (b)	(303.7)	(456.2)
Net Debt (a) + (b)	106.1	316.1

By the end of 2021, Elfa reported a gross debt of R\$772.2 million, compared to R\$ 409.9 million on December 31, 2020. This increased debt was mainly aimed at financing acquisitions concluded during 2021 (Dupatri, Abioto, Biodente, DRS Group, and TLS).

We present the changes for fiscal year 2021 and 4Q21 as follows.

	4Q20	4Q21	2020	2021
Initial Balance	306.5	703.5	303.3	379.1
Additions due to the acquisition of new Financing	51.2	(0.0)	109.7	41.6
Interest incurred on loans and financing	100.0	88.0	415.2	501.5
Payment of principal loans and financing	2.7	22.6	14.7	52.8
Payment of interest on loans and financing	(50.4)	(45.5)	(446.2)	(232.1)
	(3.8)	(3.8)	(17.6)	(25.4)
Total loans, financing, and derivatives	406.2	764.9	379.1	717.5
Leases payable	3.6	7.3	30.7	54.7
Total working capital and derivatives	409.9	772.2	409.9	772.2

By the end of 2021, 54.7% of the debt were in long-term. Cash position totaled R\$ 456.2 million on December 31, 2021.

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

Cash Flow

(R\$ '000)	4Q20	4Q21	2020	2021
Cash flow from operating activities				
Net profit/(loss) in the period	10,696	(15,582)	40,942	176,741
Adjustments to reconcile net income with cash:	29,998	51,237	64,276	156,666
(Increase)/decrease in assets:				
Trade account receivables	(61,734)	71,220	(152,493)	(10,795)
Inventory	(13,241)	72,667	(75,907)	(58,494)
Taxes to recover	(10,235)	(11,070)	(8,561)	(84,968)
Related parties	-	-	-	-
Other assets	3,078	10,597	(17,339)	(54,480)
Judicial deposits	(26,167)	18,526	(26,167)	(16,575)
(Decrease)/increase in liabilities:				
Suppliers and other accounts payable	184,175	130,139	221,067	32,767
Labor obligations	(7,374)	(3,382)	3,072	19,238
Taxes payable	28,158	(16,197)	20,597	(43,423)
Cash generated by (used in) operating activities	137,354	308,155	69,487	116,677
Payment of interest on loans and financings	(3,791)	(3,769)	(17,645)	(25,354)
Income tax and social contribution paid	(8,933)	(2,537)	(19,235)	(41,161)
Net cash flow generated by (used in) operating activities	124,630	301,849	32,607	50,162
Investing activities:				
Acquisition of PP&E and intangible assets, net	(8,240)	(13,264)	(14,596)	(29,600)
Subsidiaries acquisitions, net of cash	(180,176)	(43,232)	(256,524)	(242,628)
Subsidiaries acquisitions of non-controlling shareholders	-	-	-	(15,120)
Marketable Securities	97,906	-	106,563	75,283
Net cash flow from (used in) investing activities	(90,510)	(56,496)	(121,816)	(212,065)
Financing activities:				
Increase in share capital	-	-	250,000	227,640
Loans, financings and leases	104,439	88,000	415,205	501,458
Payment of installments for acquired companies	(889)	(40,500)	(15,749)	(85,837)
Payment of principal on loans and financing	(50,364)	(45,460)	(446,190)	(232,080)
Payment of principal on debentures	-	-	-	-
Leases payment	(5,491)	(13,048)	(5,491)	(21,583)
Dividends paid	(0)	-	(665)	-
Cash flow from financing activities	47,695	(11,007)	197,110	389,598
Increase/(reduction) in cash and cash equivalents, net	81,815	234,346	107,901	227,695
Cash and cash equivalents at the beginning of the period	146,646	221,810	120,560	228,461
Cash and cash equivalents at the end of the period	228,461	456,156	228,461	456,156
Increase/(reduction) in cash and cash equivalents, net	81,815	234,346	107,901	227,695

Elfa's activities generate cash but require capital to support its growth. Additionally, the operational cash generation presents strong seasonality: with a relevant consumption in the first half of the year and a strong generation in the second half of the year.

We reported an operational cash generation of R\$50.2 million in 2021, R\$17.6 million higher than the previous year (R\$32.6 million). Such performance reflects the sales and margins growth versus the previous year, in addition to the good capital allocation management which led to an increase in cash generated from operating

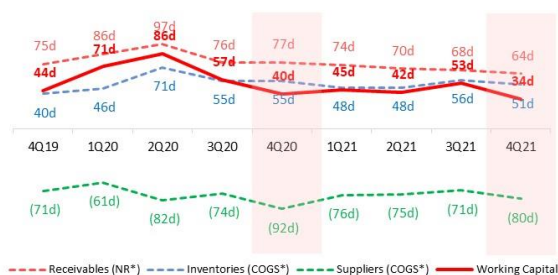
activities before interest and income tax of 67.9%, partially offset by an increase in the amount of income tax and social contribution paid in 2021 of R\$ 41.2 million compared to R\$ 19.2 million in 2020 and an increase in the amount of interest on debt paid in 2021 of R\$ 25.4 million compared to R\$ 17.6 million in 2020.

Cash Flow from Investments accounted for R\$ 212.1 million in the year, mainly due to the R\$ 242.6 million paid for acquisitions, partially offset by the redemption of R\$ 75.3 million in marketable securities (financial investments).

Financing Cash Flow accounted for R\$ 389.6 million by raising loans and financing in the amount of R\$ 501.5 million and the capital increase of R\$ 227.6 million and, partially offset by the payment of debt obligations of R\$ 232.1 million and payment of installments for acquired companies totaling R\$ 85.8 million.

Based on the abovementioned, there was an increase in cash and cash equivalents of R\$ 227.7 million in the year-to-date 2021, which is significantly higher than the previous year's amount of R\$107.9 million.

Working Capital



(R\$ Million)	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Receivables	447	428	594	655	907	1,073	1,182	1,101	1,028
Inventories	215	207	381	418	572	594	676	774	701
Suppliers	(380)	(273)	(440)	(561)	(954)	(948)	(1,067)	(976)	(1,107)
Working Capital	282	362	535	512	525	719	792	899	622
Annualized Net Revenues	2,189	1,809	2,228	3,152	4,315	5,326	6,203	5,935	5,897
Annualized COGS	1,948	1,627	1,962	2,754	3,793	4,559	5,170	5,036	5,029
Receivables (NR*)	75d	86d	97d	76d	77d	74d	70d	68d	64d
Inventories (COGS*)	40d	46d	71d	55d	55d	48d	48d	56d	51d
Suppliers (COGS*)	(71d)	(61d)	(82d)	(74d)	(92d)	(76d)	(75d)	(71d)	(80d)
Working Capital	44d	71d	86d	57d	40d	45d	42d	53d	34d
Working Capital (%NR)	12.9%	20.0%	24.0%	16.2%	12.2%	13.5%	12.8%	15.2%	10.5%

The working capital used in our operations in 4Q21 has been reduced to approximately 6 days compared to the previous fiscal year. In 4Q21 the cash cycle reported was 34 days, compared to 40 days a year ago. This effect is mainly explained by a 13-day reduction in receivables, 4 days in inventories, partially offset by a 12-day reduction in suppliers.

Reconciliation of Net Income and EBITDA

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

(R\$ million)	4Q20		4Q21		Growth		2020		2021		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	10.5	9.9	(36.0)	(15.6)	-176.4%	-248.9%	40.9	103.6	32.2	176.7	22.2%	331.7%
IR/CSLL	(0.5)	-	(27.4)	(27.9)	5263.7%	5263.7%	(21.3)	-	(56.1)	(77.4)	264.0%	264.0%
Financial Result	6.8	-	29.1	35.9	429.9%	429.9%	16.6	-	69.0	85.5	416.5%	416.5%
Operating Profit (EBIT)	16.7	9.9	(34.3)	(7.6)	-128.6%	-145.5%	36.2	103.6	45.0	184.9	32.2%	410.2%
Depreciation and Amortization	20.7	14.3	(2.2)	32.8	-6.3%	58.5%	52.8	60.9	(0.3)	113.3	-0.3%	114.7%
Accounting EBITDA	37.4	24.2	(36.5)	25.2	-59.1%	-32.6%	89.0	164.5	44.7	298.2	17.6%	235.0%
% NOR	3.5%	5.9%	202.2%	1.7%	-0.5 p.p.		3.1%	8.3%	4.6%	5.1%		0.6 p.p.
Non-recurring	8.9	0.8	19.9	29.5	205.7%	233.8%	29.8	7.2	16.0	53.0	43.1%	77.8%
Adjusted EBITDA	46.3	25.1	(16.6)	54.8	-23.2%	18.3%	118.8	171.7	60.7	351.2	20.9%	195.6%
% NOR	4.3%	6.1%	91.9%	3.7%	-0.1 p.p.		4.1%	8.6%	6.2%	6.0%		0.5 p.p.

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

Appendix

Balance Sheet

Assets			Liabilities		
Current Assets			Current Liabilities		
Cash and cash equivalents	228,461	456,156	Suppliers and other accounts payable	954,467	1,107,182
Securities	75,137	-	Loans and financings	142,029	349,458
Trade accounts receivable	907,060	1,027,677	Labor obligations	40,381	68,490
Inventory	571,950	701,100	Taxes payable	86,605	77,683
Taxes to recover	82,417	196,774	Accounts payable on the acquisition of investments	75,673	148,077
Income tax and social contribution	33,066	29,080	Dividends Payable	-	-
Other receivables	67,030	130,833	Total Current Liabilities	1,299,155	1,750,890
Total Current Assets	1,965,121	2,541,620			
Non-current Assets			Loans and financings		
Financial investments	146	-	Taxes payable	266,022	411,928
Deferred IR and CSSL taxes	125,710	241,059	Derivatives	1,803	10,820
Judicial deposits	28,317	44,892	Accounts payable to related parties	4,413	3,317
indemnity asset	103,852	183,495	Provision for contingencies	104,628	188,015
			Deferred IR and CSSL taxes	9	-
Total Non-current Assets	258,025	469,446	Accounts payable on the acquisition of investments	259,802	330,878
			Total Non-current Liabilities	636,677	944,958
Fixed Assets			Shareholders' Equity		
Fixed Assets	84,435	154,345	P&L of controlling shareholders	1,622,431	2,017,056
PP&E	1,265,821	1,564,730	Stake of non-controlling shareholders	15,139	17,237
Intangible assets	1,350,256	1,719,075	Total Shareholders' Equity	1,637,570	2,034,293
Total Assets	3,573,402	4,730,141	Total Liabilities and Shareholders' Equity	3,573,402	4,730,141

Income Statement

<i>Income Statement</i> (R\$ '000)	4Q20	4Q21	2020	2021
Net operating revenues	1,078,774	1,474,285	2,875,973	5,840,375
Cost of goods sold	(948,345)	(1,257,323)	(2,534,069)	(4,948,462)
Gross profit	130,429	216,962	341,904	891,913
Selling expenses	(44,303)	(81,461)	(114,262)	(278,962)
(Losses) / reversion of accounts receivable to recover	(230)	(3,208)	(7,816)	(18,936)
General and administrative expenses	(74,335)	(150,049)	(202,711)	(459,216)
Other revenues (expenses)	5,164	10,142	19,127	50,101
Operating profit before financial income and taxes	16,725	(7,614)	36,242	184,900
Financial expenses, net	(6,778)	(35,915)	(16,559)	(85,533)
Profit / (loss) before income tax and social contribution	9,947	(43,529)	19,683	99,367
Income tax and social contribution				
Current	(7,173)	(8,756)	(17,475)	(33,175)
Deferred	7,694	36,701	38,734	110,549
	521	27,945	21,259	77,374
Net income in the period	10,468	(15,584)	40,942	176,741
Attributed to:				
Controlling shareholders	10,093	(15,298)	40,339	174,522
Non-controlling shareholders	375	(284)	603	2,219

(R\$ '000)	4Q20	4Q21	2020	2021
Cash flow from operating activities				
Net profit/(loss) in the period	10,696	(15,582)	40,942	176,741
Adjustments to reconcile net income with cash:				
Depreciation and amortization	20,713	32,838	52,766	113,312
Income tax and social contribution, net	(521)	(27,947)	(21,259)	(77,375)
Provision for impairment	230	3,208	7,816	18,936
Other	-	-	-	-
Provision for contingencies	453	(125)	125	894
Provision for inventory losses	400	769	502	2,278
Share-based compensation	2,251	2,594	5,804	8,742
Write-off on acquisitions	-	-	-	-
Interest, monetary variations, net - Loans	6,472	39,901	18,522	89,879
Interest, monetary variations, net - Debentures	-	-	-	-
(Increase)/decrease in assets:				
Trade account receivables	(61,734)	71,220	(152,493)	(10,795)
Inventory	(13,241)	72,667	(75,907)	(58,494)
Taxes to recover	(10,235)	(11,070)	(8,561)	(84,968)
Related parties	-	-	-	-
Other assets	3,078	10,597	(17,339)	(54,480)
Judicial deposits	(26,167)	18,526	(26,167)	(16,575)
(Decrease)/increase in liabilities:				
Suppliers and other accounts payable	184,175	130,139	221,067	32,767
Labor obligations	(7,374)	(3,382)	3,072	19,238
Taxes payable	28,158	(16,197)	20,597	(43,423)
Other Obligations	-	-	-	-
Cash generated by (used in) operating activities	137,354	308,155	69,487	116,677
Payment of interest on loans and financings	(3,791)	(3,769)	(17,645)	(25,354)
Income tax and social contribution paid	(8,933)	(2,537)	(19,235)	(41,161)
Net cash flow generated by (used in) operating activities	124,630	301,849	32,607	50,162
Investing activities:				
Acquisition of PP&E and intangible assets, net	(8,240)	(13,264)	(14,596)	(29,600)
Advances for future capital increase	-	-	-	-
Subsidiaries acquisitions, net of cash	(180,176)	(43,232)	(256,524)	(242,628)
Subsidiaries acquisitions of non-controlling shareholders	-	-	-	(15,120)
Cash from the acquisition of subsidiaries	-	-	42,741	-
Marketable Securities	97,906	-	106,563	75,283
Net cash flow from (used in) investing activities	(90,510)	(56,496)	(121,816)	(212,065)
Financing activities:				
Increase in share capital	-	-	250,000	227,640
Loans, financings and leases	104,439	88,000	415,205	501,458
Payment of installments for acquired companies	(889)	(40,500)	(15,749)	(85,837)
Payment of principal on loans and financing	(50,364)	(45,460)	(446,190)	(232,080)
Payment of principal on debentures	-	-	-	-
Leases payment	(5,491)	(13,048)	(5,491)	(21,583)
Dividends paid	(0)	-	(665)	-
Cash flow from financing activities	47,695	(11,007)	197,110	389,598
Increase/(reduction) in cash and cash equivalents, net	81,815	234,346	107,901	227,695
Cash and cash equivalents at the beginning of the period	146,646	221,810	120,560	228,461
Cash and cash equivalents at the end of the period	228,461	456,156	228,461	456,156
Increase/(reduction) in cash and cash equivalents, net	81,815	234,346	107,901	227,695

<i>Pharmaceutical Specialties (R\$ '000)</i>	4Q20	4Q21	2020	2021
Net revenues	883,477	1,183,659	2,496,391	4,867,878
Cost of goods sold	(798,554)	(1,025,404)	(2,240,088)	(4,205,179)
Gross Profit	84,923	158,255	256,303	662,699
Gross margin	9.6%	13.4%	10.3%	13.6%
Selling expenses	(20,097)	(50,480)	(75,229)	(173,242)
Contribution margin	64,826	107,775	181,074	489,457
% NR	7.3%	9.1%	7.3%	10.1%
<i>Hospital Medical Supplies (R\$ '000)</i>	4Q20	4Q21	2020	2021
Net revenues	195,297	290,626	379,582	972,497
Cost of goods sold	(149,792)	(231,919)	(293,981)	(743,283)
Gross Profit	45,505	58,707	85,601	229,214
Gross margin	23.3%	20.2%	22.6%	23.6%
Selling expenses	(24,205)	(30,981)	(39,033)	(105,720)
Contribution margin	21,300	27,726	46,568	123,494
% NR	10.9%	9.5%	12.3%	12.7%
<i>Consolidated (R\$ '000)</i>	4Q20	4Q21	2020	2021
Net revenues	1,078,774	1,474,285	2,875,973	5,840,375
Cost of goods sold	(948,346)	(1,257,323)	(2,534,069)	(4,948,462)
Gross Profit	130,428	216,962	341,904	891,913
Gross margin	12.1%	14.7%	11.9%	15.3%
Selling expenses	(44,302)	(81,461)	(114,262)	(278,962)
Contribution margin	86,126	135,501	227,642	612,951
% NR	8.0%	9.2%	7.9%	10.5%

Income Statement - Quarterly Results

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

Cash Flow - Quarterly Results

(R\$ '000)	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
Cash flow from operating activities															
Net profit/(loss) in the period	(2,715)	4,055	21,470	16,750	39,560	3,994	11,786	14,466	10,696	40,942	37,579	103,867	50,877	(15,582)	176,741
Adjustments to reconcile net income with cash:															
Depreciation and amortization	2,503	6,509	6,770	10,497	26,279	6,393	10,789	14,871	20,713	52,766	24,559	27,958	27,957	32,838	113,312
Income tax and social contribution, net	(4,685)	(3,477)	5,314	(5,844)	(8,692)	(4,972)	(12,613)	(3,153)	(521)	(21,259)	13,964	(41,621)	(21,771)	(27,947)	(77,375)
Provision for impairment	25,047	(15,132)	(5,580)	(1,480)	2,855	4,214	3,276	96	230	7,816	5,713	5,868	4,147	3,208	18,936
Other	-	-	-	3,034	3,034	-	(92)	92	-	-	-	-	-	-	-
Provision for contingencies	-	-	-	523	523	(311)	48	(65)	453	125	1,422	(403)	0	(125)	894
Provision for inventory losses	456	(17)	-	(1,792)	(1,353)	180	(78)	-	400	502	2,023	(844)	330	769	2,278
Share-based compensation	1,394	1,394	1,391	1,393	5,572	1,183	1,188	1,182	2,251	5,804	1,448	1,449	3,251	2,594	8,742
Interest, monetary variations, net - Loans	2,579	3,403	4,918	8,964	19,864	7,685	337	5,390	6,472	18,522	11,301	17,766	20,911	39,901	89,879
Interest, monetary variations, net - Debentures	-	-	-	-	-	(1,362)	-	-	-	-	-	-	-	-	-
(Increase)/decrease in assets:															
Trade account receivables	8,773	(24,742)	1,662	(16,187)	(30,494)	15,096	(41,225)	(64,630)	(61,734)	(152,493)	(95,970)	(89,170)	103,125	71,220	(10,795)
Inventory	(28,195)	1,103	26,643	(8,501)	(8,950)	8,196	(30,777)	(40,085)	(13,241)	(75,907)	8,466	(66,576)	(73,051)	72,667	(58,494)
Taxes to recover	(4,778)	(4,085)	(4,501)	(14,415)	(27,779)	5,840	(4,798)	632	(10,235)	(8,561)	(17,399)	(27,677)	(28,822)	(11,070)	(84,968)
Related parties	-	-	(18,117)	18,117	-	-	-	-	-	-	-	-	-	-	-
Other assets	(15,144)	14,257	5,784	(22,363)	(17,466)	3,385	2,846	(26,648)	3,078	(17,339)	(36,691)	(46,008)	17,622	10,597	(54,480)
Judicial deposits	-	-	-	-	-	-	-	-	(26,167)	(26,167)	-	-	(35,101)	18,526	(16,575)
(Decrease)/increase in liabilities:															
Suppliers and other accounts payable	(43,203)	(2,143)	(20,722)	107,279	41,211	(81,237)	(8,569)	121,082	184,175	221,067	(84,604)	94,112	(106,880)	130,139	32,767
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	(3,382)	19,238
Taxes payable	(1,081)	4,956	3,474	(10,355)	(2,986)	(8,392)	651	180	28,158	20,597	(28,645)	(2,826)	4,245	(16,197)	(43,423)
Other Obligations	-	-	-	-	-	5,616	-	-	-	-	-	-	-	-	-
Cash generated by (used in) operating activities	(58,739)	(12,637)	30,130	88,812	47,566	(36,121)	(63,488)	31,742	137,354	69,487	(159,125)	(11,734)	(20,619)	308,155	116,677
Payment of interest on loans and financings	(3,794)	(2,510)	(8,636)	(7,275)	(22,215)	(5,447)	(3,911)	(4,496)	(3,791)	(17,645)	(8,215)	(3,675)	(9,695)	(3,769)	(25,354)
Income tax and social contribution paid	463	(1,712)	(4,723)	550	(5,422)	(1,679)	(2,504)	(6,119)	(8,933)	(19,235)	(9,001)	(10,951)	(18,672)	(2,537)	(41,161)
Net cash flow generated by (used in) operating activities	(62,070)	(16,859)	16,771	82,087	19,929	(43,247)	(69,903)	21,127	124,630	32,607	(176,341)	(26,360)	(48,985)	301,849	50,162
Investing activities:															
Acquisition of PP&E and intangible assets, net	(3,689)	8,694	(10,316)	(5,077)	(10,388)	(216)	(2,300)	(3,840)	(8,240)	(14,596)	(8,088)	(3,010)	(5,238)	(13,264)	(29,600)
Advances for future capital increase	3,406	(3,406)	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiaries acquisitions, net of cash	-	(73,168)	-	-	(73,168)	-	(76,348)	-	(180,176)	(256,524)	(84,235)	(26,244)	(88,917)	(43,232)	(242,628)
Subsidiaries acquisitions of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(21,243)	-	6,123	-	(15,120)
Cash from the acquisition of subsidiaries	-	-	-	-	-	-	42,741	-	-	42,741	-	-	-	-	-
Marketable Securities	-	-	-	-	-	-	-	8,657	97,906	106,563	75,243	-	40	-	75,283
Net cash flow from (used in) investing activities	(283)	(67,880)	(10,316)	(5,077)	(83,556)	(216)	(35,907)	4,817	(90,510)	(121,816)	(38,323)	(29,254)	(87,991)	(56,496)	(212,065)
Financing activities:															
Increase in share capital	-	-	-	-	-	239,678	10,322	(0)	-	250,000	222,581	5,059	(0)	-	227,640
Loans, financings and leases	134,938	60,341	234,515	62,378	492,172	135,205	130,000	45,561	104,439	415,205	190,268	-	223,190	88,000	501,458
Payment of installments for acquired companies	-	-	(14,226)	(15,857)	(30,083)	-	(13,887)	(973)	(889)	(15,749)	(4,523)	(33,530)	(7,284)	(40,500)	(85,837)
Payment of principal on loans and financing	(116,628)	(17,469)	(233,590)	42,568	(325,119)	(142,583)	(76,661)	(176,582)	(50,364)	(446,190)	(89,965)	(27,683)	(68,972)	(45,460)	(232,080)
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)	(13,048)	(21,583)
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	(11,007)	389,598
Increase/(reduction) in cash and cash equivalents, net	(44,043)	(45,002)	(6,846)	62,412	(33,479)	188,837	(56,700)	(106,051)	81,815	107,901	100,806	(114,568)	7,111	234,346	227,695
Cash and cash equivalents at the beginning of the period	154,039	109,996	64,994	58,148	154,039	120,560	309,397	252,697	146,646	120,560	228,461	329,267	214,699	221,810	228,461
Cash and cash equivalents at the end of the period	109,996	64,994	58,148	120,560	120,560	309,397	252,697	146,646	228,461	228,461	329,267	214,699	221,810	456,156	456,156
Increase/(reduction) in cash and cash equivalents, net	(44,043)	(45,002)	(6,846)	62,412	(33,479)	188,837	(56,700)	(106,051)	81,815	107,901	100,806	(114,568)	7,111	234,346	227,695

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