

ITR - Quarterly Information

d1000 Varejo Farma Participações S.A.

June 30, 2021
with Independent Auditor Report

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Company Information/Capital Division

Number of Shares (in thousands)	Current quarter 06/30/2021
paid-in capital	-
common	50.602
favourite	-
total	50.602
Treasury Stocks	-
common	-
favourite	-
total	-

Individual Financial Statements/Balance Sheet - Assets

R\$ (in thousands)

code	description	Last Fiscal Year 06/30/2021	One before the end 31/12/2020
1	Total Assets	829,309	840,661
1.01	Current Assets	48,709	73,792
1.01.01	Cash and Cash Equivalents	48,118	73,778
1.01.03	Commercial receivables	501	5
1.01.03.02	Other receivables	501	5
1.01.06	Recoverable taxes	90	9
1.01.06.01	Current recoverable taxes	90	9
1.02	Non-Current Assets	780,600	766,869
1.02.02	investments	780,600	766,869
1.02.02.01	equity ownership	780,600	766,869
1.02.02.01.02	Participation in Subsidiaries	780,600	766,869

Individual Financial Statements/Balance Sheet - Liabilities

R\$ (in thousands)

code	description	Last Fiscal Year 06/30/2021	One before the end 12/31/2020
2	Total Liabilities	829,309	840,661
2.01	current liabilities	4,544	4,502
2.01.02	Commercial payments	231	11
2.01.02.01	National Suppliers	231	11
2.01.03	taxes	148	173
2.01.03.01	Federal Tax	148	173
2.01.03.01.03	Social security contribution (INSS) payable	148	173
2.01.05	Other Liabilities	4,165	4,318
2.01.05.02	other	4,165	4,318
2.01.05.02.04	Payroll and related taxes	187	212
2.01.05.02.05	Other Payments	3,978	4,106
2.03	equidade	824,765	836,159
2.03.01	paid-in capital	1,004,004	1,004,004
2.03.05	Accumulated Profit/Loss	-179,239	-167,845

Individual Financial Statements/Income Statement

R\$ (in thousands)

code	description	Current Quarter 06/30/2021	Last Fiscal Year 06/30/21	Same Quarter as Last Year 06/30/20	Previous Year Accumulated 06/30/20
3.04	Operating Expenses/Revenues	-3,308	-12,024	-13,031	-19,320
3.04.02	General and Administrative Expenses	-1,570	-2,574	-243	-248
3.04.02.01	General and Administrative	-1,570	-2,574	-243	-248
3.04.05	Other Operating Income	-86	-122	-	-15
3.04.05.03	Other Operating Income	-86	-122	-	-15
3.04.06	Equity	-1,652	-9,328	-12,788	-19,057
3.05	Income before Net Income (Costs) and Taxes	-3,308	-12,024	-13,031	-19,320
3.06	Financial Income (Costs)	378	630	-8	-13
3.06.01	Financial Income	470	818	-	-
3.06.02	Financial costs	-92	-188	-8	-13
3.07	Profit/(Loss) Before Income Tax	-2,930	-11,394	-13,039	-19,333
3.09	Profit/(Loss) from Continuing Operations	-2,930	-11,394	-13,039	-19,333
3.11	Profit (Loss) for the Period	-2,930	-11,394	-13,039	-19,333
3.99	Earnings per Share - (Real/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	common	0.058	-0.482	-0.039	-0.029
3.99.02	Diluted earnings per share				
3.99.02.01	common	0.058	-0.482	-0.039	-0,029

Individual Financial Statements/Statement of Comprehensive Income

R\$ (in thousands)

code	description	Current Quarter 06/30/2021	Last Fiscal Year 06/30/21	Same Quarter as Last Year 06/30/20	Previous Year Accumulated 06/30/20
4.01	Profit for the Period	-2,930	-11,394	-13,039	-19,333
4.03	Full Income for the Period	-2,930	-11,394	-13,039	-19,333

Individual Financial Statements/Cash Flow Statement - Indirect Method

R\$ (in thousands)

code	description	Last Fiscal Year 06/30/2021	Previous Year Accumulated 06/30/2020
6.01	Net Cash provided by (used in) Operating Activities	-2,601	572
6.01.01	Money Provided by Operational Activities	-1,969	--275
6.01.01.01	Profit/Loss before Income Tax and Social Contribution	-11,394	-19,333
6.01.01.08	Variable Income	9,328	19,058
6.01.01.10	Other profit adjustments	97	-
6.01.02	Changes in Assets and Liabilities	-632	847
6.01.02.03	Recoverable taxes	-82	-
6.01.02.05	Other operating assets	-720	-502
6.01.02.06	Payroll and related taxes	220	265
6.01.02.07	Salary	-25	-
6.01.02.09	Taxes payable	-25	41
6.01.02.10	Other Operating Liabilities	-	1,043
6.02	Net Cash provided by (used in) Investment Activities	-23,059	-2,644
6.02.03	Investment Increase	-23,059	-2,644
6.03	Net Cash Provided by (Used in) Financing Activities	-	2,306
6.03.02	Advance for future capital increase	-	1,113
6.03.04	Capital Increase	-	1,193
6.05	Increase (Decrease) in Cash and Cash Equivalents	-25,660	234
6.05.01	Cash and Cash Equivalents at The Beginning of the Period	73.778	105
6.05.02	Cash and Cash Equivalents at The End of the Period	48,118	339

Individual Financial Statement/Statement of Changes in Shareholders' Equity - 1/1/2020 to 06/30/2021

R\$ (in thousands)

code	description	paid-in capital	Capital Reserves, Granted Options and Treasury Shares	Income Reserve	undistributed profits	Other Comprehensive Revenues	equidade
5.01	Opening Balances	1,004,004	-	-	-167,845	-	836,159
5.03	Adjusted opening balances	1,004,004	-	-	-167,845	-	836,159
5.05	Total full income/(loss)	-	-	-	-11,394	-	-11,394
5.05.01	Profit for the Period	-	-	-	-11,394	-	-11,394
5.07	Closing Balances	1,004,004	-	-	-179,239	-	824,765

Individual Disclaimer/Statement of Changes in Shareholders' Equity- 1/1/2020 to 06/30/2020

R\$ (in thousands)

code	description	paid-in capital	Capital Reserves, Granted Options and Treasury Shares	Income Reserve	undistributed profits	Other Comprehensive Revenues	equidade
5.01	Opening Balances	634,017	-	-	-167,968	-	466,049
5.03	Adjusted opening balances	634,017	-	-	-167,968	-	466,049
5.04	Operations of Shares with Shareholders	1,193	1,113	-	-	-	2,306
5.04.01	Capital Increase	1,193	-	-	-	-	1,193
5.04.08	Advance for future capital increase	-	1,113	-	-	-	1,113
5.05	Total full income/(loss)	-	-	-	-19,333	-	-19,333
5.05.01	Profit for the Period	-	-	-	-19,333	-	-19,333
5.07	Closing Balances	635,210	-1,113	-	-187,301	-	449,022

Individual Financial Statements/Statement of Added Value

R\$ (in thousands)

code	description	Last Fiscal Year 06/30/2021	Previous Year Accumulated 06/30/2020
7.02	Purchased from third parties	-783	-258
7.02.01	Supplies, Electricity, Outsourced Services and Others	-783	-258
7.03	Gross Value Added	-783	-258
7.05	Wealth produced	-783	-258
7.06	Wealth received through transfer	-8,510	-19,057
7.06.01	Variable Income	-9,328	-19,057
7.06.03	other	818	-
7.07	Total Wealth for Distribution	-9,293	-19,315
7.08	Wealth Distribution	-9,293	-19,315
7.08.01	staff	1,648	-
7.08.01.01	Direct Compensation	1,648	-
7.08.02	Taxes, Fees and Contributions	452	13
7.08.02.01	federal	452	13
7.08.03	Value distributed to capital providers	1	5
7.08.03.01	Interest Rates	1	5
7.08.04	Distributed Value to Shareholders	-11,394	-19,333
7.08.04.03	Accumulated Losses/Retained Earnings for the Period	-11,394	-19,333

Consolidated Financial Statements/Balance Sheet - Assets

R\$ (in thousands)

code	description	Last Fiscal Year 06/30/2021	One before the end 12/31/2020
1	Total Assets	1,447,221	1,454,977
1.01	Current Assets	416,395	483,022
1.01.01	Cash and Cash Equivalents	136,976	206,491
1.01.03	Commercial receivables	83,876	71,396
1.01.03.01	Commercial receivables	83,876	71,396
1.01.04	Inventories	129,754	131,905
1.01.06	Recoverable taxes	37,676	37,407
1.01.06.01	Current recoverable taxes	37,676	37,407
1.01.08	Other Current Assets	28,113	35,823
1.01.08.01	Other Current Assets	7,673	17,243
1.01.08.01.01	Financial Instruments	7,673	17,243
1.01.08.03	other	20,440	18,580
1.01.08.03.03	other	20,440	18,580
1.02	Non-Current Assets	1,030,826	971,955
1.02.01	Long-term assets	95,197	99,839
1.02.01.04	Commercial receivables	524	524
1.02.01.04.02	Other Receivables	524	524
1.02.01.07	Deferred taxes	66,511	62,354
1.02.01.07.01	Deferred Income Tax and Social Contribution	66,511	62,354
1.02.01.10	Other Non-Current Assets	28,162	36,961
1.02.01.10.03	Custody deposits	4,720	5,904
1.02.01.10.05	Financial Instruments	3,992	8,153
1.02.01.10.06	Recoverable taxes	19,450	22,904
1.02.03	Property, Plant and Equipment	321,162	257,112
1.02.04	Intangible Assets	614,467	615,004

Consolidated Financial Statements/Balance Sheet - Liabilities

R\$ (in thousands)

code	description	Last Fiscal Year 06/30/2021	One before the end 12/31/2020
2	Total Liabilities	1,447,221	1,454,977
2.01	current liabilities	316,757	317,674
2.01.02	Commercial payments	148,879	133,177
2.01.04	Loans and Financing	51,837	84,498
2.01.04.01	Loans and Financing	51,837	84,498
2.01.05	Other Liabilities	116,041	99,999
2.01.05.02	other	116,041	99,999
2.01.05.02.04	Payroll and related taxes	29,756	23,080
2.01.05.02.06	Other Commercial Payments	4,085	4,061
2.01.05.02.08	Taxes and fees	9,085	9,500
2.01.05.02.09	other	9,742	9,664
2.01.05.02.10	Rent payable	63,373	53,694
2.02	Non-Current Liabilities	305,699	301,144
2.02.01	Loans and Financing	23,932	46,925
2.02.01.01	Loans and Financing	23,932	46,925
2.02.01.01.01	In Domestic Currency	23,932	46,925
2.02.03	Deferred Tributes	30,427	27,384
2.02.03.01	Deferred Income Tax and Social Contribution	30,427	27,384
2.02.04	provisions	251,340	226,835
2.02.04.01	Provisions for private pension and labor risks	32,545	41,876
2.02.04.01.05	Provision for Civil Hazards	32,545	41,876
2.02.04.02	Other Provisions	218,795	184,959
2.02.04.02.06	Other Commercial Payments	6,000	8,000
2.02.04.02.07	Taxes and Fees	7,285	8,744
2.02.04.02.08	Rent payable	205,510	168,215
2.03	Consolidated Equity	824,765	836,159
2.03.01	paid-in capital	1,004,004	1,004,004
2.03.05	Accumulated Profit/Loss	-179,239	-167,845

Consolidated Financial Statements/Income Statement**R\$ (in thousands)**

code	description	Current Quarter 06/30/2021	Last Fiscal Year 06/30/21	Same Quarter as Last Year 06/30/20	Previous Year Accumulated 06/30/20
3.01	Revenue from Sales and/or Services	274,827	531,087	215,427	498,266
3.02	Cost of Sales and/or Services	-180,363	-350,996	-145,163	-342,053
3.02.02	Cost of Sales and/or Services	-180,363	-350,996	-145,163	-342,053
3.03	gross profit	94,464	180,091	70,264	156,213
3.04	Operating Expenses/Revenues	-89,813	-181,722	-74,925	-160,580
3.04.02	General and Administrative Expenses	-70,977	-141,351	-61,837	-129,142
3.04.02.01	General and Administrative	-9,449	-18,508	-9,686	-16,831
3.04.02.02	Sale and Marketing	-62,365	-122,893	-51,441	-110,923
3.04.02.03	Logistics and Distribution	837	50	-710	-1,388
3.04.04	Other operating income	4,072	3,580	6,087	6,464
3.04.04.02	Other operating income	4,072	3,580	6,087	6,464
3.04.05	Other operating expenses	-22,908	-43,951	-19,175	-37,902
3.04.05.01	Depreciation and Amortization	-22,908	-43,951	-19,175	-37,902
3.05	Earning before tax and interest	4,651	-1,631	-4,661	-4,367
3.06	Financial Income (Costs)	-5,895	-10,482	-10,468	-19,959
3.06.01	Financial Income	844	1,844	256	421
3.06.02	Financial costs	-6,739	-12,326	-10,724	-19,959
3.07	Income before Income Tax	-1,244	-12,113	-15,129	-23,905
3.08	Income Tax and Social Contribution	-1,686	719	2,090	4,572
3.08.01	current	-233	-295	-	-
3.08.02	deferred	-1,453	1,114	2,090	4,572
3.09	Profit/(Loss) from Continuing Operations	-2,930	-11,394	-13,039	-19,333
3.11	Consolidated Profit/Loss for the Period	-2,930	-11,394	-13,039	-19,333
3.11.01	Attributable to Company Owners	-2,930	-11,394	-13,039	-19,333
3.99	Earnings per Share - (Real/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	common	-0.058	-0.225	-0.039	-0.029
3.99.02	Diluted earnings per share				
3.99.02.01	common	-0.058	-0.225	-0.039	-0.029

Consolidated Financial Statements/ Comprehensive Income Statement

R\$ (in thousands)

code	description	Current Quarter 06/30/2021	Last Fiscal Year 06/30/21	Same Quarter as Last Year 06/30/20	Previous Year Accumulated 06/30/20
4.01	Consolidated Profit for the Period	-2,930	-11,394	-13,039	-19,333
4.03	Consolidated Full Income for the Period	-2,930	-11,394	-13,039	-19,333
4.03.01	Attributable to Company Owners	-2,930	-11,394	-13,039	-19,333

Consolidated Financial Statements/Cash Flow Statement - Indirect Method

R\$ (in thousands)

code	description	Last Fiscal Year 06/30/2021	One before the end 06/30/2020
6.01	Net Cash provided by (used in) Operating Activities	42,264	12,656
6.01.01	Money Provided by Operational Activities	35,749	23,193
6.01.01.01	Profit/Loss before Income Tax and Social Contribution	-12,113	-23,905
6.01.01.02	Provision for Risks	-9,331	-11,460
6.01.01.04	Depreciation and Amortization	12,494	11,388
6.01.01.07	Baixa - Property, Plant and Equipment	-	762
6.01.01.09	Interest on Loans	3,183	7,601
6.01.01.10	Other Profit Adjustments	1,603	5,425
6.01.01.11	Allowance for Doubtful Debts	81	197
6.01.01.17	Depreciation right to use real misus	31,457	26,515
6.01.01.18	Financial charges right to use	8,375	6,670
6.01.02	Changes in Assets and Liabilities	6,515	-10,537
6.01.02.01	Commercial notes to be received	-12,682	-6,056
6.01.02.02	Inventories	2,443	1,527
6.01.02.03	Recoverable taxes	3,185	-2,873
6.01.02.05	Other Operating Assets	-375	-486
6.01.02.06	Commercial payments	15,823	-8,610
6.01.02.07	Payroll and related taxes	1,622	10,191
6.01.02.09	Taxes payable	-1,876	-5,529
6.01.02.10	Other Operating Liabilities	-1,625	1,299
6.02	Net Cash provided by (used in) Investment Activities	-32,314	-13,725
6.02.01	Additions to Property, Plant and Equipment	-24,949	-9,817
6.02.02	Low - Property, Plant and Equipment and Intangible Assets	47	20
6.02.03	Payments for subsidiary acquisitions	-1,976	-1,193
6.02.05	Additions to Intangible Assets	-5,436	-2,735
6.03	Net Cash Provided by (Used in) Financing Activities	-79,465	31,016
6.03.01	Loans and Financing - Financing	-	131,318
6.03.02	Advance for future capital increase	-	1,113
6.03.04	Capital Increase	-	1,193
6.03.07	Interest Payment	-3,238	-4,929
6.03.08	Loans and Financing - Repayment	-40,996	-66,959
6.03.09	Rental payment - Right of Use	-35,231	-30,720
6.05	Increase (Decrease) in Cash and Cash Equivalents	-69,515	29,947
6.05.01	Cash and Cash Equivalents at The Beginning of the Period	206,491	49,166
6.05.02	Cash and Cash Equivalents at The End of the Period	136,976	79,113

Consolidated Financial Statement/Statement of Changes in Shareholders' Equity - 1/1/2021 to 31/03/2021**R\$ (in thousands)**

code	description	paid-in capital	Capital Reserves, Granted Options and Treasury Shares	Income Reserve	undistributed profits	Other Comprehensive Revenues	equidade	Non- controlling interest	Consolidated Equity
5.01	Opening Balances	1,004,004	-	-	-167,845	-	836,159	-	836,159
5.03	Adjusted opening balances	1,004,004	-	-	-167,845	-	836,159	-	836,159
5.05	Total full income/(loss)	-	-	-	-11,394	-	-11,394	-	-11,394
5.05.01	Profit for the Period	-	-	-	-11,394	-	-11,394	-	-11,394
5.07	Closing Balances	1,004,004	-	-	-179,239	-	824,765	-	824,765

Consolidated Financial Statement/Statement of Changes in Shareholders' Equity - 1/1/2020 to 06/30/2020**R\$ (in thousands)**

code	description	paid-in capital	Capital Reserves, Granted Options and Treasury Shares	Income Reserve	Retained earnings or accumulated losses	Other Comprehensiv e Revenues	equidade	Non- controlling interest	Consolidated Equity
5.01	Opening Balances	634,017	-	-	-167,968	-	466,049	-	466,049
5.03	Adjusted opening balances	634,017	-	-	-167,968	-	466,049	-	466,049
5.04	Operations of Shares with Shareholders	1,193	1,113	-	-	-	2,306	-	2,306
5.04.01	Capital Increase	1,193	-	-	-	-	1,193	-	1,193
5.04.08	Advance for future capital increase	-	1,113	-	-	-	1,113	-	1,113
5.05	Total Comprehensive Result	-	-	-	-19,333	-	-19,333	-	-19,333
5.05.01	Net Income in the Period	-	-	-	-19,333	-	-19,333	-	-19,333
5.07	Closing Balances	636,210	-	-	-187,301	-	449,022	-	449,022

Consolidated Financial Statements/Statement of Added Value

R\$ (in thousands)

code	description	Last Fiscal Year 06/30/2021	One before the end 06/30/2020
7.01	Yield	562,909	526,829
7.01.01	Sale of Goods, Products and Services	562,990	527,026
7.01.04	Reversal/Recognition of The Allowance for Doubtful Debts	-81	-197
7.02	Purchased from third parties	-403,088	-380,571
7.02.01	Cost of Sales and Services	-350,996	-342,053
7.02.02	Supplies, electricity, external services and others	-52,092	-38,557
7.02.04	Other	-	39
7.03	Gross Value Added	159,821	146,258
7.04	Retentions	-43,951	-37,902
7.04.01	Depreciation, Amortization and Exhaustion	-43,951	-37,902
7.05	Wealth produced	115,870	108,356
7.06	Wealth received in transfer	4,507	512
7.06.02	Financial Income	1,844	421
7.06.03	Other	2,663	91
7.07	Total Wealth for Distribution	120,377	108,868
7.08	Wealth Distribution	120,377	108,868
7.08.01	Staff	78,709	75,797
7.08.01.01	Direct Compensation	68,216	64,247
7.08.01.02	Benefits	5,701	7,062
7.08.01.03	F.G.T.S. (Government Indemnity Fund)	4,792	4,488
7.08.02	Taxes, Fees and Contributions	54,719	48,140
7.08.02.01	Federal	27,909	23,988
7.08.02.02	State	20,960	18,995
7.08.02.03	Municipal	5,850	5,157
7.08.03	Value distributed to capital providers	-1,657	4,264
7.08.03.01	Interest Rates	3,198	8,942
7.08.03.02	Rent	-4,855	-4,678
7.08.04	Distributed Value to Shareholders	-11,304	-19,333
7.08.04.03	Accumulated Losses/Retained Earnings for the Period	-11,304	-19,333

EARNINGS RELEASE 2021



DMVF
B3 LISTED NM

IGC B3 IGC-NM B3 ITAG B3



Rede d1000 | 2Q21 RESULTS

Rio de Janeiro, August 11, 2021 – d1000 Varejo Farma S.A. (“Rede d1000” or “Company”, B3: DMVF3), one of the largest pharmaceutical companies in Brazil, announces its results for the second quarter of 2021 (2Q21). The Company's financial statements are prepared in Brazilian reais (R\$), in compliance with the Brazilian Corporate Law, meeting the technical pronouncements of CPC (Accounting Pronouncements Committee) and requirements of CVM, the Brazilian Securities and Exchange Commission. The financial and operating information herein is presented on a consolidated basis and in accordance with the accounting practices adopted in Brazil.

The comparisons of results refer to the second quarter of 2021 (2Q21). As from January 2019, the Company's Financial Statements have been prepared in accordance with IFRS 16 and, the Company will be following that standard when presenting all its figures. Pre-IFRS 16 data can be found in Annex.

Rede d1000

HIGHLIGHTS 2Q21

- **Gross Revenues:** R\$ 292.9 million, an increase of 27.4% or R\$ 62.9 million vs 2Q20.
- **Gross Margin:** 32.3%, 1.7 p.p. higher vs. 2Q20.
- **Ebitda:** R\$ 27.5 million, with 9.4% EBITDA margin, evolution of 3.1 p.p. vs. 2Q20.
- **Net loss:** R\$ 2.9 million, vs. R\$ 13.0 million Net loss in 2Q20.
- **Free Cash Flow:** positive by R\$ 7.0 million.
- **206 stores** in operation. We opened 6 stores in 2Q21, totaling 15 new stores in 1H21 or 50% of guidance promised for 2021.
- **Celebrating Profarma's 60th anniversary** and revisiting our organizational culture – through the Cultura Viva program – we created, in May, a Profarma Group's identity and updated the brands and visual expressions for Profarma Distribuição and Rede d1000. With this movement, we reaffirm our purpose: Deliver Health. *(Want more information? Watch our new brands videos in our IR website)*



WEBCAST

Thursday, August 12, 2021.
11 am (Brazil) | 10 am. (NY)
Access via Zoom [click here](#)



IR CONTACTS

Sammy Birmarcker
Daniel Uderman
Email: ri@d1000varejofarma.com.br



	2Q20	3Q20	4Q20	1Q21	2Q21
Financial Data (R\$ Million)					
Gross Revenues	230,0	263,2	278,5	274,5	292,9
Gross Profit	70,3	84,2	84,4	85,6	94,4
Ebitda Margin (Gross Revenue)	30,6%	32,0%	30,3%	31,2%	32,3%
Ebitda ⁽¹⁾	14,5	23,6	26,5	14,8	27,5
Ebitda Margin (% Gross Revenue)	6,3%	9,0%	9,5%	5,4%	9,4%
Net Income	-13,0	1,5	18,0	-8,5	-2,9
Net Margin (% Gross Revenue)	-5,7%	0,6%	6,5%	-3,1%	-1,0%
Free Cash Flow	8,1	-20,1	-41,9	-33,3	7,0
Operating Data					
# Stores	188	192	197	202	206
Ebitda - Net profit (loss) plus income tax and social contribution, net financial result, depreciation and amortization					

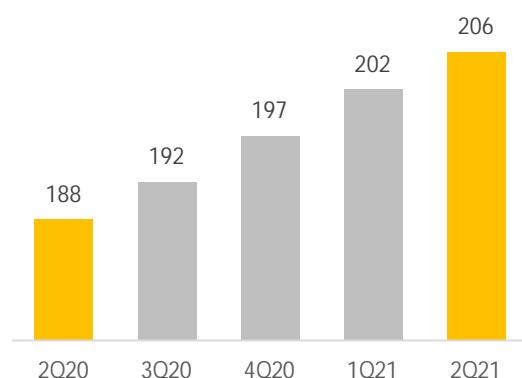


Our Stores

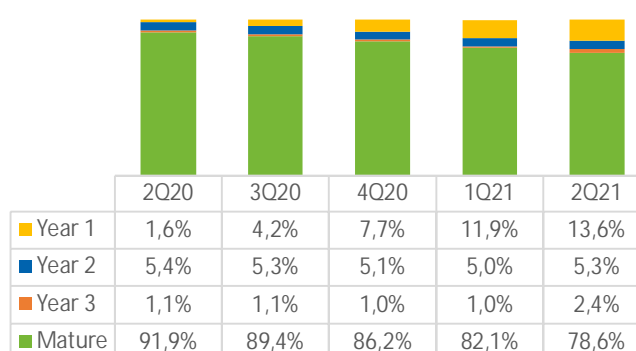
As of June 31, 2021, we had 206 stores in operation, 4 more than in the previous quarter. It is worth noting that during 2Q21 we opened 6 new stores, mainly with a popular profile, expanded 1, and closed 2 loss-making stores.

Our pace of expansion is in line with what we had initially planned. Of the 30 stores that we undertook to open in 2021, 15 are already in operation and we already have rental agreement for over 100% of the total guidance.

Store Quantity

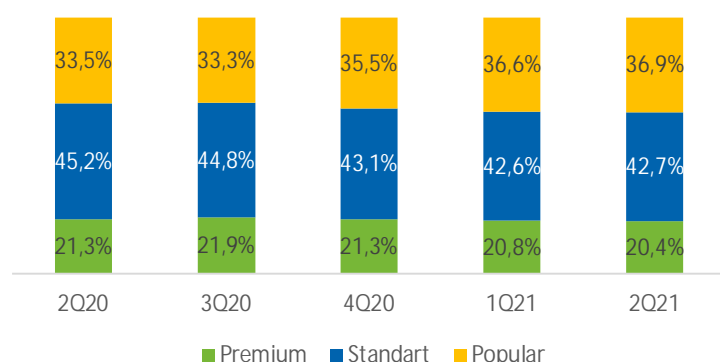


Stores Aging



With the progress of our expansion plan, 2Q21 now has a total of 21.4% of stores in the maturation process, representing a potential for sales growth.

Chain Composition by Profile



Geographic Footprint



Our expansion is focused on our popular model, which proves to be more profitable and with higher growth potential in the regions where we operate. As a result, we ended 2Q21 with 36.9% of our store portfolio made up by popular model, which represented an increase of 3.6 p.p. in the share of this model in our network vs. 2Q20. Our geographic footprint covers the Midwest region and the state of Rio de Janeiro.

Gross Revenue

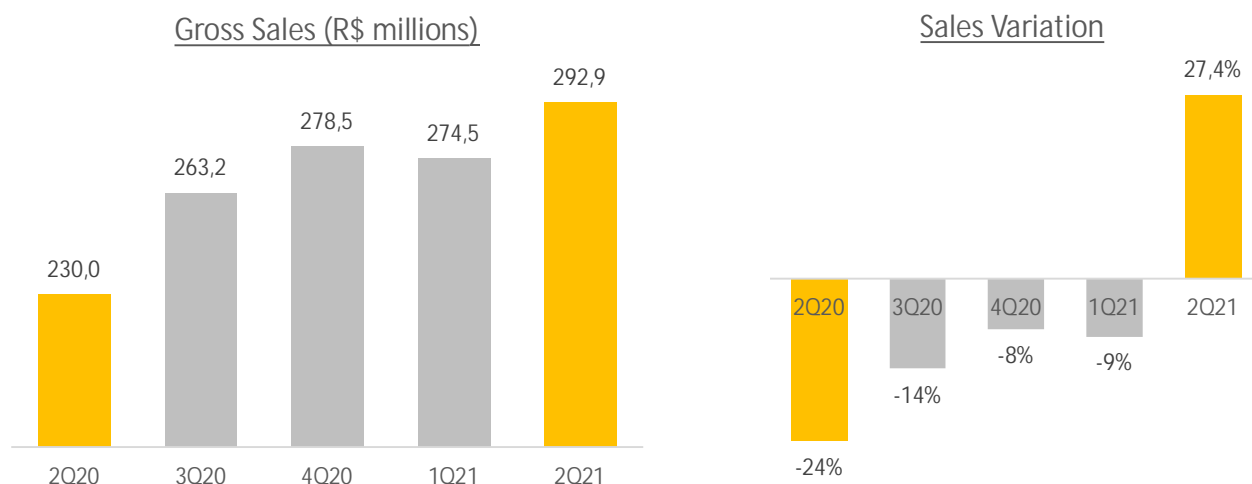


Rede d1000 | 2Q21 RESULTS

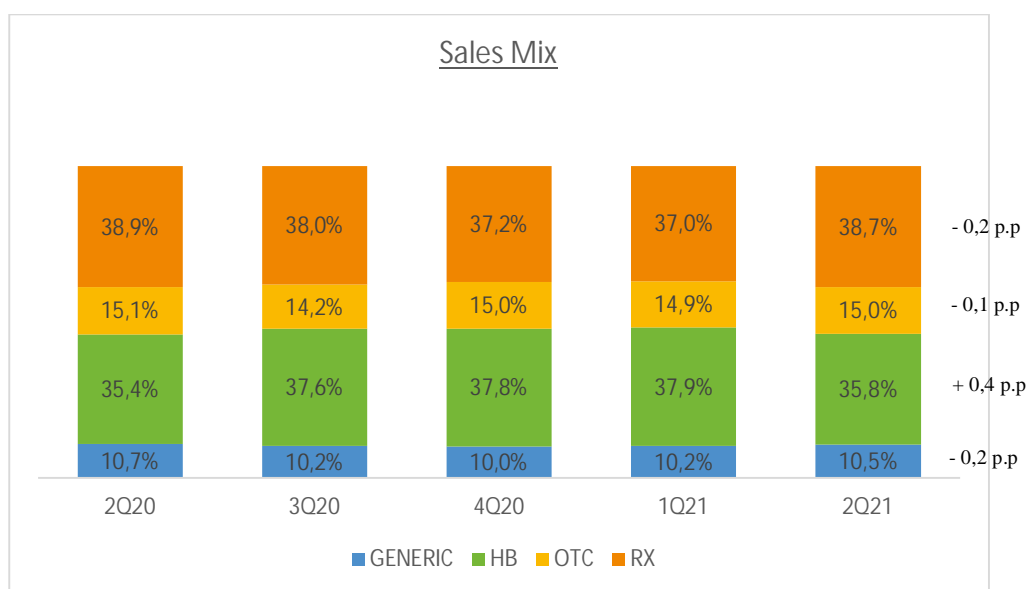
In 2Q21, total Gross Revenue was R\$ 292.9 million, representing an increase of 27.4% or R\$ 62.9 million compared to 2Q20, the most acute period of the pandemic.

Sales in 2Q21 were positively impacted by the partial return to the performance of mall stores. It is worth mentioning that this result could have been even greater, as in April we were still experiencing restrictions in malls.

When comparing 2Q21 vs 2Q20, we can see that the sale of high street stores increased by 17%, while the sale of mall stores grew by 210%. Comparing June/21 with April/21, we can see an evolution of 22% in mall store sales, much because April was still affected by restrictions on opening hours.



When comparing 2Q21 and 2Q20, there were no major highlights between the product categories. We noticed a greater variation in the Non-Drugs category, which grew 0.4 p.p.



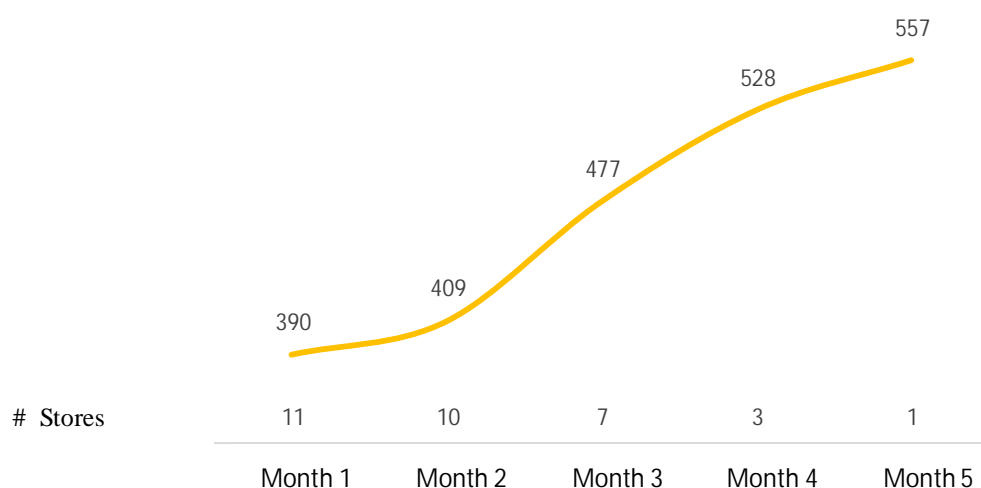
New stores



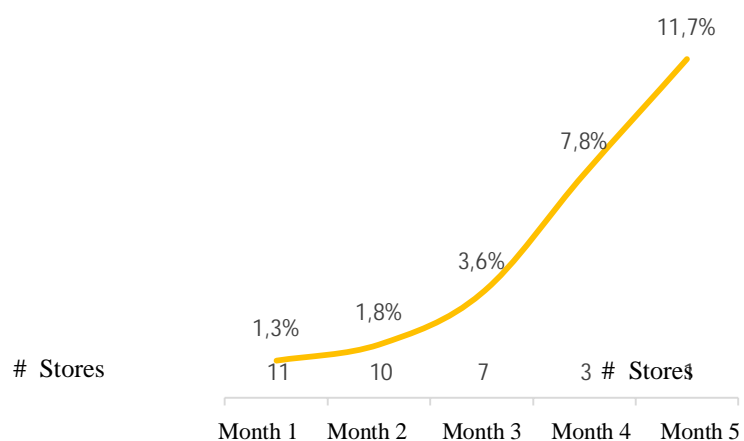
Rede d1000 | 2Q21 RESULTS

Our guidance is to open 30 new stores throughout 2021 and we reached the end of the semester with 15 new stores in operation. Of the openings, 85% perform above expectations, with steep sales maturation curves resulting in good operating results. Below we present the indicators of this group of stores, as long as they have complete sales periods according to the months after their respective openings.

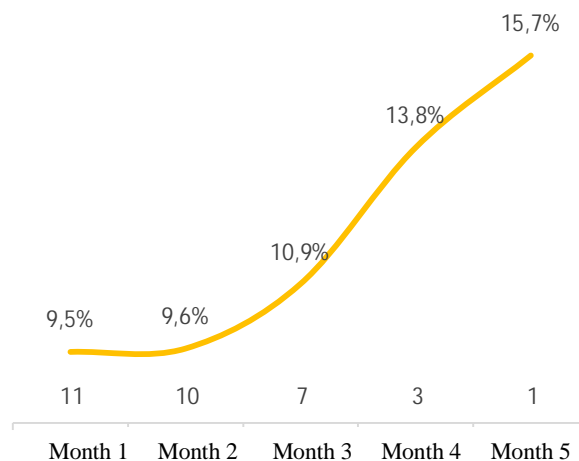
Average Sales per Store (R\$)



Contribution Margin (%)
with IFRS16



Contribution Margin (%)
without IFRS16

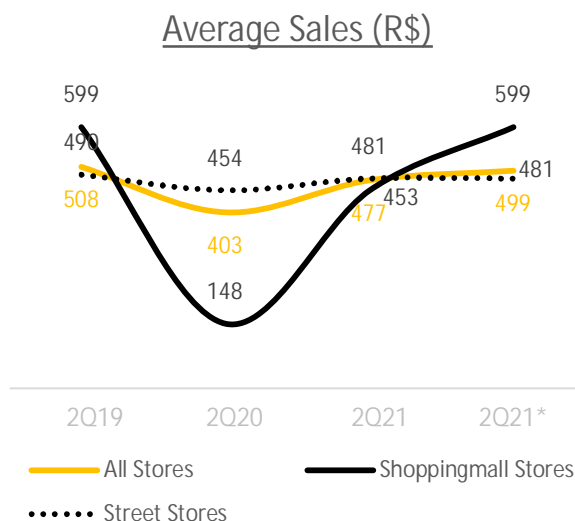
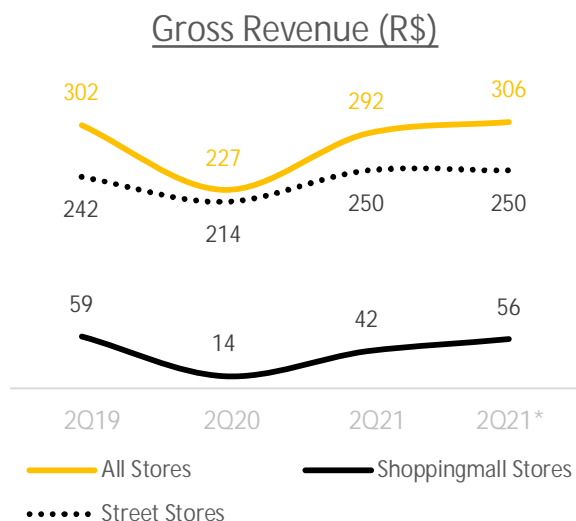




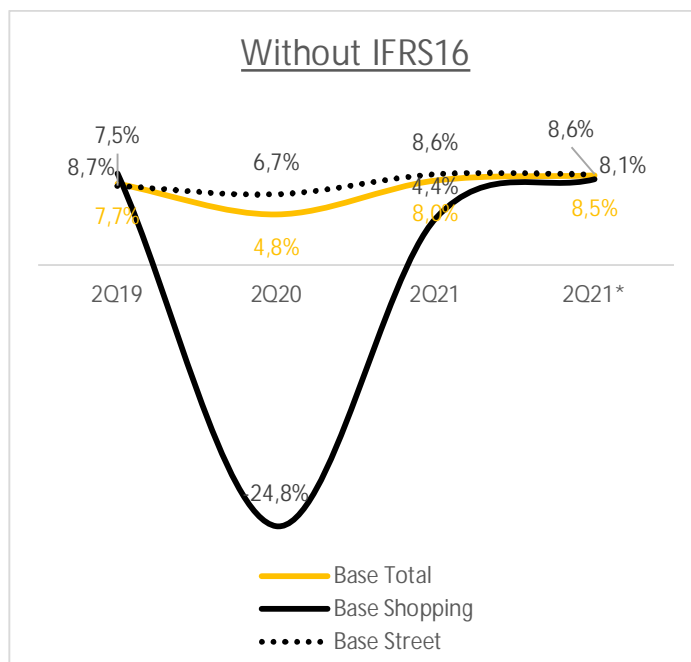
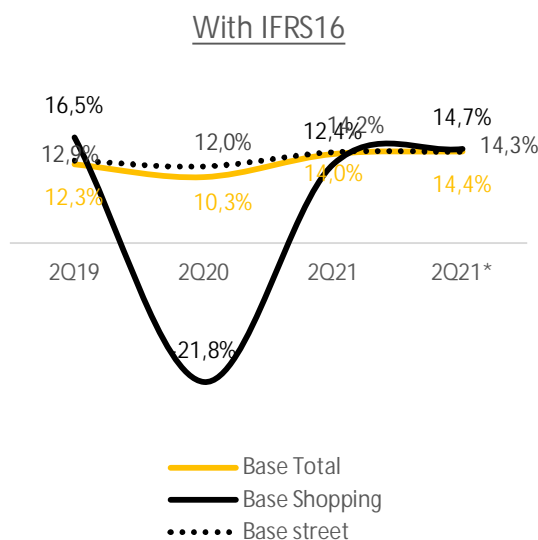
Rede d1000 | 2Q21 RESULTS

Sales Potential

As an exercise of our sales potential, we simulated mall store revenue with 100% of the 2019 result, while currently operating at 76%. As a result of this normalization, we would have an increase of R\$ 14 million, leading to the potential to reach R\$ 306 million in gross revenue in the second quarter.



Potential Contribution Margin (%)

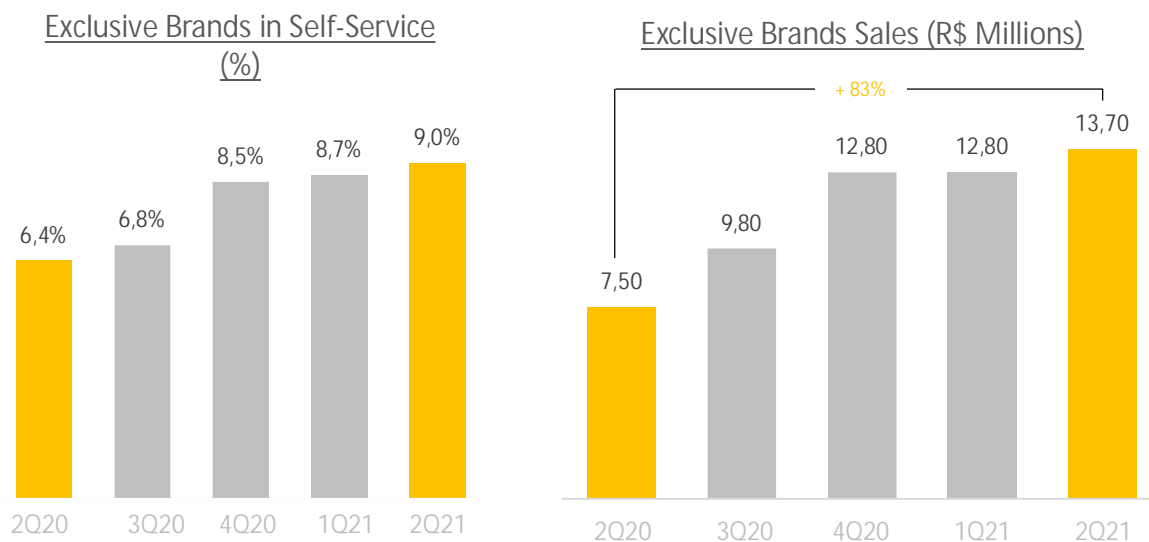




Rede d1000 | 2Q21 RESULTS

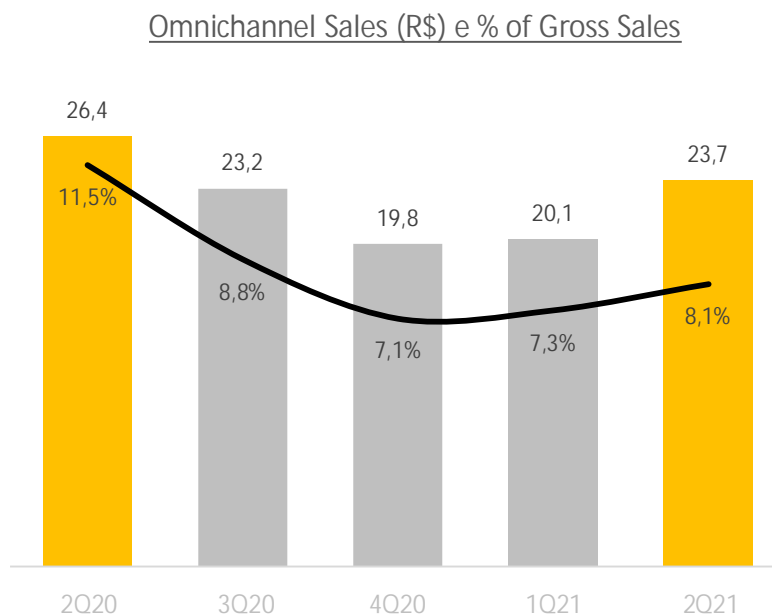
Exclusive Brands

Exclusive brands represented 9.0% of self-service in 2Q21, an increase of 2.6 p.p. vs 2Q20 and a sales growth of 83% compared to the same period last year. We currently have 248 SKUs, of which 8 were launched this quarter.



Omnichannel Sales

During 2Q21, our omnichannel sales reached R\$ 23.7 million and accounted for 8.1% of our sales.

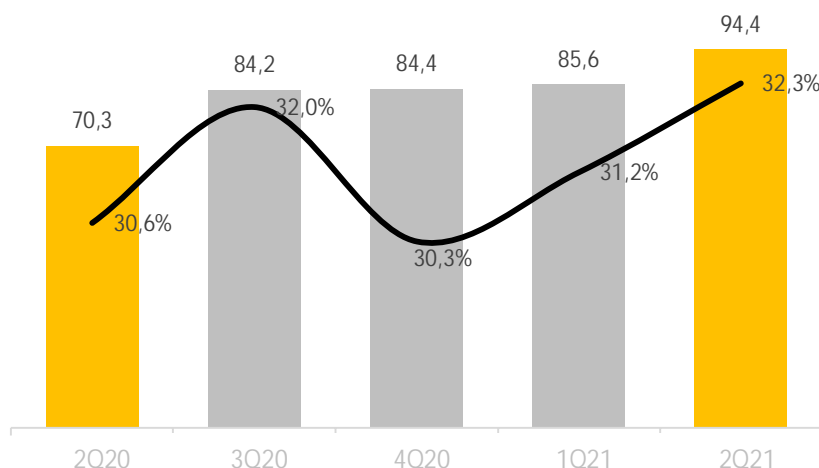




Gross Profit

In the second quarter of 2021, Gross Profit totaled R\$ 94.4 million, with a Gross Margin of 32.3%, which meant an improvement of 1.7.p.p. vs. the same period last year. It is worth remembering that this quarter we had the impact of the increase in drug prices.

Gross Profit (R\$ Millions) e Gross Margin (% Gross Sales)

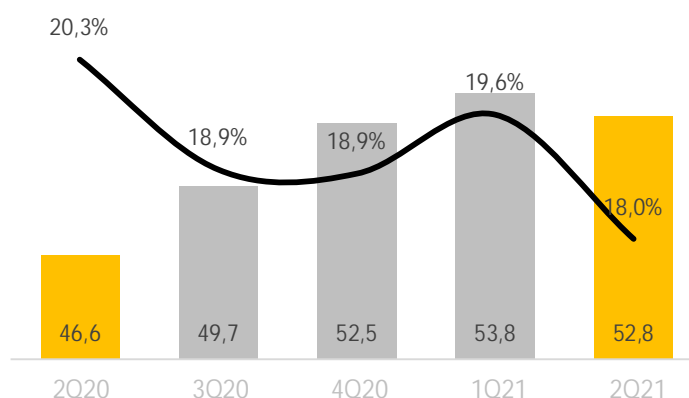


Store Expenses

We closed 2Q21 with a Total Store Expense of R\$ 52.8 million compared to R\$ 46.6 million in 2Q20. This variation is mainly due to the adoption of the temporary suspension of the employment contract by employees (MP 936), carried out in 2Q20, due to the pandemic, which did not occur in 2Q21. When compared to 1Q21, Total Store Expenses are stable.

In this quarter, Total Store Expenses represented 18% Gross Revenue for the period versus 20.3% in 2Q20 and 19.6% in 1Q21, a positive reflection of scale due to the increase in sales.

Total Store Expense (R\$ Millions e % Gross Sales)

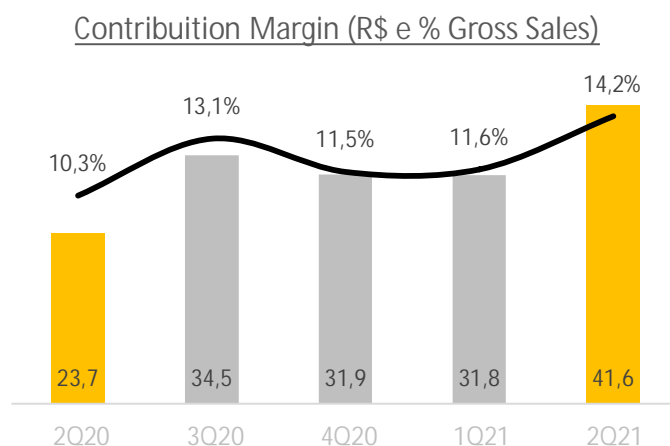


Contribution Margin



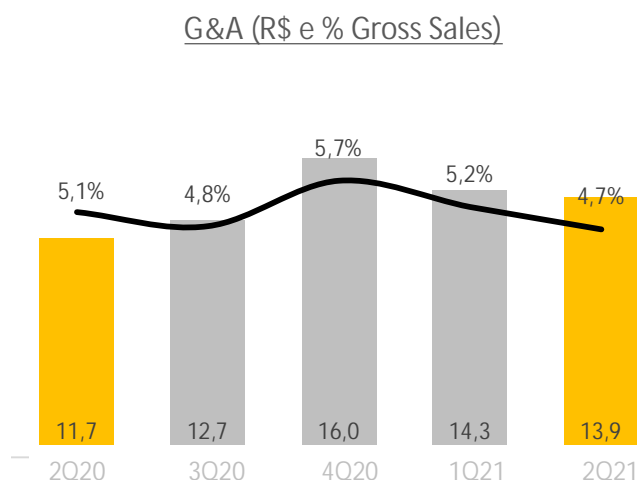
Rede d1000 | 2Q21 RESULTS

The 2Q21 Contribution Margin reached R\$ 41.6 million or 14.2% of Gross Revenue, representing a growth of 3.9 p.p. over 2Q20. When compared to 3Q20, a period in which the annual drug price increase took place, we still have an expansion of 1.1 p.p. in the Contribution Margin.



General and Administrative Expenses

Corporate Expenses totaled R\$ 13.9 million, an increase of R\$ 2.2 million compared to the previous year, a period in which there was still no post-IPO structure and MP 936 benefited us. These expenses represented 4.7% of Gross Revenue, a reduction of 0.4 p.p. when compared to 2Q20.



Other Revenues and Expenses

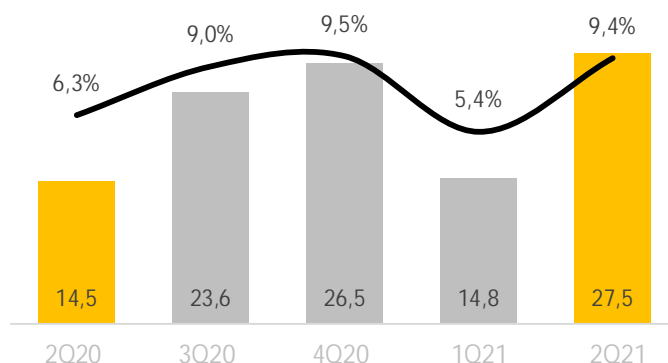
Also during 2Q21, we had the recognition of Other Revenues and Expenses, which totaled R\$ 4.0 million, which refer mainly to the reversal of the provision referring to lease renewals that we were able to negotiate for lower amounts than previously forecast.

Ebitda

Considering the above, we ended 2Q21 with R\$ 27.5 million Ebitda, and 9.4% Ebitda Margin, up 3.1 p.p. vs. the same period of the previous year; This performance represented an increase of 89.7% in our Ebitda.



Ebitda (R\$) e Ebitda Margin (% Gross Sales)



	2Q20	2Q21	Δ 2Q21/2Q20
Net Income (Loss)	-13,0	-2,9	-78%
IT / SC	2,1	-1,6	-470%
Financial Results	-10,5	-5,8	370%
Depreciation & Amortization	-19,2	-22,9	-470%
Ebitda	14,5	27,5	90%
Ebitda Margin (% gross revenue)	6,3%	9,4%	3,1 p.p.

Financial Result, Depreciation and Income Tax

Depreciation Expenses totaled R\$ 22.9 million in 2Q21, equivalent to 7.8% of Gross Revenue, and its increase is related to the growing investment in the opening and expansion of our stores.

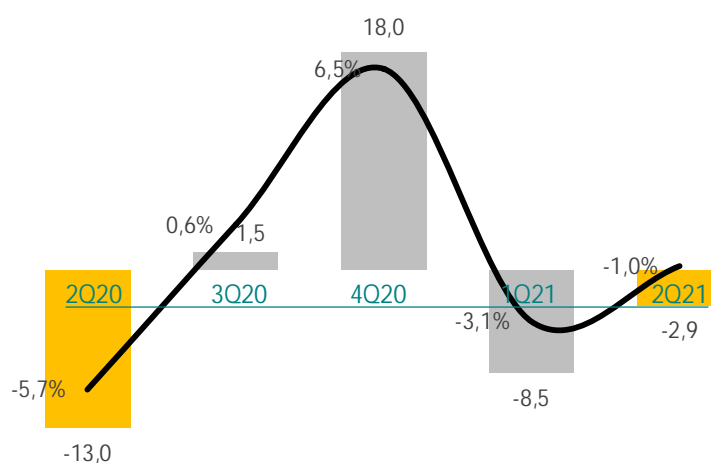
The Financial Result was negative R\$ 5.8 million in 2Q21, a decrease of R\$ 4.7 million vs 2Q20. This is due to the maintenance of the reduction in the company's debt, the lower basic interest rate and the remuneration of the investment of the available cash balance.

Net Income

In the second quarter of 2021, we had a Net Loss of R\$ 2.9 million and a Net Margin of -1.0%, which represented an improvement of R\$ 10.1 million and 4.7 p.p., respectively, when compared to 2Q20.



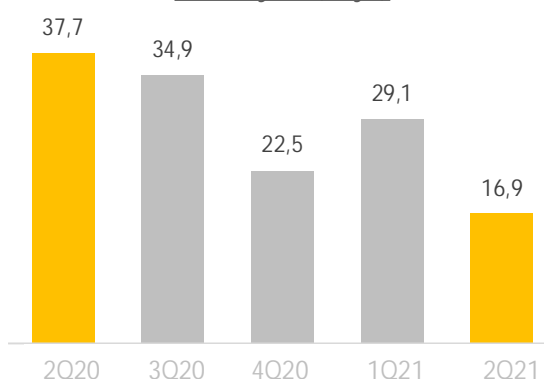
Net Income (R\$) e Net Margin (%Gross Sales)



Cash Cycle

Our Cash Cycle in 2Q21 was 16.9 days, influenced especially by the reduction in the number of days of inventory. This is due to the closure of Rosário's exclusive HB DC, which migrated to Profarma's DC, in Brasília.

Cash Cycle (days)



	2Q20	3Q20	4Q20	1Q21	2Q21
Days of Accounts Receivable	23,7	23,8	23,1	25,2	25,8
(1)* Inventory days (2)	77,0	65,4	62,4	72,6	60,2
Days of Accounts Payable (3)	63,0	54,3	63,0	68,7	69,1
Cash Cycle	37,7	34,9	22,5	29,1	16,9

* Excluding prepayment of receivables made in the first 3 quarters of 2020.

Cash Flow

In the second quarter of 2021, we had a positive Free Cash Flow of R\$ 7.0 million. Total funds from operations generated in the period were positive by R\$ 1.7 million, working capital was R\$ 27.2 million versus R\$ 17.2 million in 2Q20. We invested R\$ 20.2 million



Rede d1000 | 2Q21 RESULTS

in expansion and opening of stores. These factors, added to the financial result of R\$ 1.2 million, led us to a Total Cash Flow of R\$ 5.7 million.

	2Q20	2Q21		Δ 2Q21/2Q20
EBIT	-4,7	4,7		-200%
Depreciation and Amortization	19,2	22,9		19%
Lease Payment - Right to Use	-15,4	-18,2		18%
Other Adjustments	0,9	-7,6		-944%
Proceedings from Operations	-0,1	1,7		-3500%
Cash Cycle	10,2	20,6		102%
= Other Assets (Liabilities)	7,0	4,9		-30%
Operational Cash Flow	17,2	27,2		58%
Investments	-9,0	-20,2		124%
Operations Cash Flow	8,2	7,0		-15%
Financial result	-8,5	-1,2		-86%
Financial Contribution	2,3	0,0		0%
Total Cash Flow	2,1	5,7		171%

Indebtedness

We have followed through on our commitment, made at the IPO, to reduce the Company's debt paying down R\$ 18.9 million during 2Q21. Thus, we ended the quarter with R\$ 64.1 million of Gross Debt and R\$ 136.9 million in cash, leading us to a Net Cash position of R\$ 72.8 million. We highlight a positive result of R\$ 5.7 million in Net Cash.

	2Q20	3Q20	4Q20	1Q21	2Q21
Short-term debt*	-219,9	-126,6	-67,3	-56,1	-44,2
Long-term debt*	-62,2	-48,5	-38,8	-26,9	-19,9
Gross Debt*	-282,1	-175,0	-106,0	-83,0	-64,1
Cash and cash equivalents	79,1	317,6	206,5	150,2	136,9
Net Cash / Net Debt*	-203,0	142,5	100,5	67,1	72,8

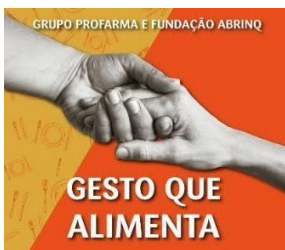
*Including financial instruments

ESG

(Environmental, Social and corporate Governance)



Our Company has structured commitments coupled with positive social impact initiatives and high-level corporate governance. Aiming to increasingly embody ESG principles in our business model, we have created an Executive Board and a Committee dedicated to the topic.



Gesture that feeds

Sensitized and aware of the need to minimize the impacts of the pandemic, Grupo Profarma, a company Child Friend, carried out in May this year, the "Gesture that feeds" Campaign. In partnership with the Abrinq Foundation, the initiative made it possible to donate more than 100 tons of food, benefiting almost 9,000 families of social organizations that are partners with the Profarma Social Responsibility Institute and the Abrinq Foundation. The food baskets were delivered to 54 social organizations spread across 16 Brazilian states.



Partnership UNICEF

The Profarma Group, in partnership with UNICEF, raised R\$2.9 million by 2Q21. This collection is made through micro-donations campaigns at the checkouts of the Rede d1000 stores – Drogasmil, Farmalife, Rosário and Tamoio.



UNICEF Seal

Starting in June of this year, the Profarma Group has supported the UNICEF Seal initiative, which encourages and recognizes real and positive advances in the promotion, realization and guarantee of the rights of children and adolescents in municipalities in the Semi-arid and Brazilian Legal Amazon. The Seal contributes to the achievement of 8 of the 17 Sustainable Development Goals (SDGs), a global agenda agreed by all United Nations Member States by 2030.



Renewable Energy

In partnership with GreenYellow we signed an agreement that will supply the Profarma Group with 5,4 GWh annually for 20 years. That is enough to supply 73% of our stores with clean energy.



Attachments

DRE	Post IFRS		Pre IFRS	
	2Q20	2Q21	2Q20	2Q21
Gross Revenue	230,0	292,9	230,0	292,9
RX	89,4	113,4	89,4	113,4
HB	81,4	104,9	81,4	104,9
OTC	34,7	43,9	34,7	43,9
Generic drugs	24,5	30,8	24,5	30,8
Net Operating Revenue	215,4	274,8	215,4	274,8
Costs of products sold	-145,2	-180,4	-145,2	-180,4
Gross Profit	70,3	94,5	70,3	94,5
	32,6%	34,4%	32,6%	34,4%
Gross Margin	30,6%	32,3%	30,6%	32,3%
Operating Expenses	-74,9	-89,8	-77,0	-94,1
General and Administrative	-9,7	-9,4	-9,7	-9,6
Selling and Marketing	-51,4	-62,4	-63,4	-79,5
Logistics and Distribution	-0,7	0,8	-0,7	-1,2
Depreciation and Amortization	-19,2	-22,9	-5,7	-6,6
Provision for expected credit loss	0,0	0,0	0,0	0,0
Other Operating Revenue (Expenses)	6,1	4,1	2,5	2,7
Operating Results prior to Financial Results	-4,7	4,6	-6,7	0,4
Financial Results	-10,5	-5,9	-10,5	-1,7
Financial Revenues	0,3	0,8	0,3	0,8
Financial Expenses	-10,7	-6,7	-10,7	-2,5
Operating Income (Loss)	-15,1	-1,2	-17,2	-1,3
Provision for Corporate Income Tax and Social Contribution	2,1	-1,7	2,0	-2,2
Net/Loss Income	-13,0	-2,9	-15,2	-3,5
Net Margin (% Net Revenues)	-5,7%	-1,0%	-6,6%	-1,2%
Ebitda	14,5	27,6	-1,0	7,0
Ebitda Margin (% Gross Revenues)	6,3%	9,4%	-0,4%	2,4%



	Post IFRS		Pre IFRS	
	2Q20	2Q21	2Q20	2Q21
BALANCE SHEET				
Cash and Cash Equivalents	79.113	136.976	79.113	136.976
Financial Instruments	43.100	7.673	43.100	7.673
Accounts Receivable	18.910	83.876	18.910	83.876
Inventories	127.921	129.754	127.921	129.754
Taxes Recoverable	29.753	37.676	29.753	37.676
Advances	5.231	2.836	5.231	2.836
Other Accounts Receivable	16.165	17.604	16.165	17.604
Total Current Assets	320.193	416.395	320.193	416.395
Deposits in Court	5.877	4.720	5.877	4.720
Financial Instruments	17.530	3.992	17.530	3.992
Deferred Income Taxes	35.448	66.511	24.520	53.775
Taxes Recoverable	9.094	19.450	9.094	19.450
Other Accounts Receivable	523	524	523	524
Tangible Fixed Assets	199.938	321.162	59.367	89.528
Intangible Fixed Assets	619.466	614.467	619.466	614.467
Total non-current assets	887.876	1.030.826	736.377	786.456
Total Assets	1.208.069	1.447.221	1.056.570	1.202.851
Suppliers	104.924	148.879	104.924	148.879
Loans and Financings	262.993	51.837	262.993	51.837
Salaries and Payroll Taxes	34.801	29.756	34.801	29.756
Accrued Taxes and Fees	8.516	9.085	8.516	9.085
Leases	45.603	63.373	6.037	0
Other Accounts Payable	6.315	9.743	278	9.743
Accounts payable - acquisition of subsidiary	4.112	4.085	4.112	4.085
Total Current Liabilities	467.264	316.758	421.661	253.385
Loans and Financings	79.724	23.932	79.724	23.932
Accrued Taxes and Fees	10.494	7.285	10.494	7.285
Taxes Deferred	15.451	30.427	15.451	30.427
Provision for Contingencies	43.977	32.545	43.977	32.545
Accounts payable - acquisition of subsidiary	10.001	6.000	10.000	6.000
Leases	132.136	205.510	0	0
Total Noncurrent Liabilities	291.783	305.699	159.647	100.189
Capital Stock	636.323	1.004.004	636.323	1.004.004
Accumulated losses/Retained Earnings	-187.301	-179.240	-161.061	-154.727
Stockholders' Equity	449.022	824.764	475.262	849.277
Total Shareholders' Equity and Liabilities	1.208.069	1.447.221	1.056.570	1.202.851



Rede d1000 | 2Q21 RESULTS

	Pre IFRS		Post IFRS	
	2Q20	2Q21	2Q20	2Q21
CASH FLOW - indirect method				
Cash flows from operating activities				
Income (Loss) Before Corporate Income Tax and Social Contribution	- 15.128	- 2.549	- 13.868	- 1.245
Adjustments to reconcile the result to cash and cash equivalents generated by operating activities:				
Depreciation and Amortization	9.864	4.689	26.584	21.605
Depreciation right to use real estate	5.736	6.552	5.736	6.552
Provision / reversal for contingency	0	-	13.440	16.357
Interest on provisioned loans	- 4.590	- 6.927	- 4.590	- 6.927
Provision / reversal for expected credit losses	4.022	1.140	4.022	1.140
Gain / loss on write-off of fixed and intangible assets	140	37	140	37
	457	64	457	64
	-	-	-	-
Direct use financial charges	0	-	3.311	4.237
Other	4.099	3.823	4.068	145
Decrease (increase) in assets	21.698	18.392	21.698	18.392
accounts receivable	6.405	- 7.204	6.405	- 7.204
Stocks	14.214	20.938	14.214	20.938
Taxes to be recovered	- 2.330	4.204	- 2.330	4.204
Other	3.409	454	3.409	454
Increase (decrease) in liabilities	4.440	7.051	- 6.219	7.051
Suppliers (Trade Accounts Payable)	- 10.379	6.825	- 10.379	6.825
Salaries and Payroll Taxes	5.930	2.195	5.930	2.195
Taxes Recoverable	- 1.902	- 896	- 1.902	- 896
Other	1.911	- 1.073	132	- 1.073
Net cash generated by (invested in) operating activities	28.745	27.583	13.220	45.803
Cash flow from investment activities				
Investment Increase	- 1.193	-	-	-
	-	-	- 1.193	-
Additions to fixed assets	- 6.232	- 15.463	- 6.232	(15.463)
Additions to intangible assets	- 1.613	- 4.755	- 1.613	(4.755)
Write-offs of fixed assets	14	-	14	-
Net cash used in investing activities	- 9.024	- 20.218	- 9.024	- 20.218
Cash flow from financing activities				
Capital increase / advance for future capital increase	2.306	-	2.306	-
Obtaining loans and financing - Main	42.000	-	42.000	-
Payment of loans and financing - Amortization	- 26.313	- 19.486	- 26.313	- 19.486
Loans and financing payments - Interest	- 2.843	- 1.087	- 2.843	- 1.087
Rental Payment Right to Use	-	-	- 15.525	- 18.220
Net cash provided by (invested in) financing activities	- 375	- 20.573	15.150	- 38.793
Net increase in cash and cash equivalents	19.346	- 13.208	19.346	- 13.208
Cash and cash equivalents at the beginning of the year	59.767	150.184	59.767	150.184
Cash and cash equivalents at year-end	79.113	136.976	79.113	136.976



WEBCAST

12/08, quinta-feira, às 11h

CLIQUE AQUI PARA SE INSCREVER

CONTATOS RI

Sammy Birmarcker e Daniel Uderman
ri@d1000varejofarma.com.br



DMVF
B3 LISTED NM

IGC B3 IGC-NM B3 ITAG B3

Notes to the financial statements

1. Operations

D1000 Varejo Farma Participações SA ("d1000" or "Group" or "Company") is a publicly-held corporation headquartered at Av. Ayrton Senna, 2150 Bloco P 3rd floor, in the City and State of Rio de Janeiro, engaged in holding equity interests in other companies, as partner or shareholder, and may represent domestic or foreign companies. The Group's parent company is Profarma Distribuidora de Produtos Farmacêuticos S.A. ("Profarma").

The Group's individual and consolidated financial statements for the quarter ended June 30, 2021 cover d1000 and its subsidiaries, as highlighted in note 4, collectively referred to as "the Group" and individually as "entities of the Group". The Group's operating entities operate mainly in the retail sale of pharmaceuticals and cosmetics, as detailed below:

The Group is present in the states of Rio de Janeiro with the brands Drogasnil and Farmalife (57 stores) and Tamoio (77 stores), Goiás, Mato Grosso, Tocantins and in the Federal District with the brand Rosário (72 stores), totaling 206 stores.

With our diversified platform and our far-reaching operation area, we are able to serve consumers from the most varied social classes of the country (from A+ to C). Our Drogarias Tamoio chain, for example, is mainly focused on serving the popular public, encompassing classes B and C, with a larger mix of generic medicines and CF&T (cosmetics, fragrances, and toiletries) products. Farmalife, on the other hand, is focused on consumers with higher purchasing power, covering classes A+ and A. Additionally, our brands are selected according to the region in which we operate and the products we offer are suitable for the target audience. Thus, the Company is well positioned to serve consumers in the pharmaceutical retail sector, which places it in a unique position in relation to our competitors.

2. Basis of preparation

Statement of compliance

This quarterly financial statements have been prepared and are presented in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and also in compliance with accounting practices adopted in Brazil ("BR GAAP"), materialized through pronouncements referred to as CPC.

Parent company's quarterly financial statements were prepared in compliance with accounting practices adopted in Brazil.

Notes to the financial statements

These quarterly financial statements should be read together with the financial statements as of December 31, 2020, prepared in compliance with Brazilian standards, including the provisions of Brazilian corporate law and the disclosure rules and procedures issued by the Brazilian Securities and Exchange Commission (CVM) and CPC, and with the consolidated financial statements prepared according to IFRS and accounting practices adopted in Brazil.

Thus, the relevant information applicable to the financial statements (and only such information) is evidenced and corresponds to that used by the Company's Management in its management. The issuance of the individual and consolidated quarterly information was authorized by the Company's Management on August 4, 2021.

Initial Public Offering of Shares (IPO)

On August 10, 2020, the Company promoted a public offering for primary distribution of twenty-three million, five hundred thirty-six thousand, two hundred and five (23,536,205) new registered, book-entry common shares, with no par value, all free and clear of any burdens or encumbrances ("Shares" and "Offer", respectively), for the price of R\$17.00 per share ("Price per Share"), totaling R\$400,115

Management reassessed the Company's business plan taking into account the proceeds from the public offering of shares, as well as certain relevant macroeconomic and sectorial assumptions. With the public offering of shares, we implemented strategies for growth of our revenue, seeking higher operational efficiency:

- (i) Leverage sales through organic growth;
- (ii) Expansion of the sales area of the stores;
- (iii) Invest in the expansion of our already recognized private labels;
- (iv) Assess growth opportunities via selected acquisitions;
- (v) Improve our consumers' shopping experience.

2.1. Analysis of COVID-19 Impact

In compliance with CVM Circular Letter SNC/SEP No. 02/2020 in view of the new current scenario of the Covid-19 pandemic, the Company analyzed the potential impacts on the financial statements for this period.

It is worth noting that during the quarter most stores were in regular operation, despite the lower flow of consumers, notably in stores located in malls, due to the adoption of the necessary measures to protect our employees and customers. As a way to minimize the impacts of the Covid-19 pandemic on our business, we have adopted the following measures:

Cash preservation

- Reduction of costs and administrative expenses;
- Operational changes in order to increase the coverage and logistics of sales delivery;
- Review and negotiation of store rental agreements, either to apply a correction index lower than IGP-M, or to reduce the flow of people in some stores, especially those located in malls.

Notes to the financial statements

Employees

- Adequacy of the number of store employees, according to the hours of higher flow of consumers.

Health

- Creation of an exclusive channel for monitoring suspected cases of the disease, with a medical team and social workers to support employees and family members;
- Frequent communications and training on prevention, hygiene and health care;
- Distribution of prevention kits (alcohol gel, gloves and masks) to our employees;
- Monitoring of suspected and confirmed cases and employees who had direct contact with positive cases;
- Implementation of biosafety protocols at premises;
- Physical adequacy of stores to promote security in customer service.
- Isolation from workplace of employees belonging to risk groups;
- Implementation of remote work for the corporate area;
- Meetings between employees and leaders held through digital platforms;
- Suspension of travel for all employees; and
- Controlling the movement of people in stores, with an isolation corridor, in order to maintain the recommended distance.

Community

- Reinforcing the solidarity campaign in partnership with UNICEF, through Instituto Profarma de Responsabilidade Social, to help the most vulnerable communities to COVID-19;
- Distribution of hygiene kits;
- Dissemination of protocols to guide employees and customers, based on the recommendations of the World Health Organization ("WHO"), the Ministry of Health, the National Health Surveillance Agency ("Anvisa") and the Brazilian Association of Pharmacy and Drugstore Chains ("Abrafarma").

In the assessment of accounts receivable as of June 30, 2021, the largest share is concentrated in credit cards (90%). Including the assessment of receivables related to agreements, we did not see any significant increase in credit risk that could justify any impact on the provision for expected credit losses, as well as any impact of the Covid-19 pandemic in relation to the liquidity risk of its receivables.

The recoverable amount of goodwill related to acquisitions in the amount of R\$436,251 was tested in 2020, taking into account the impacts arising from the new pandemic scenario. With estimates supported mainly by the resilience of the pharmaceutical market in view of its essential nature and the going public that enabled an increase in cash, aiming at the expansion of stores, with a consequent increase in revenues, the Management did not identify evidence that would require any adjustment regarding the goodwill recoverability at the end of the quarter.

Notes to the financial statements

As for short- and long-term bank debts (loans and financing plus financial instruments), in the total amount of R\$64,104 as of June 30, 2021 (R\$106,027 as of December 31, 2020), the Group has been lowering the debt balance according to the contracted maturities, with no need for renegotiations or extension of terms, following its debt management strategy. The Company is hedged against exposure to exchange rate changes in its financial assets and liabilities, by using financial instruments agreements, so there is no requirement to review or make additional provisions related to the Covid-19 scenario, in view of the exchange rate volatility recorded in this quarter.

No significant disruptions were seen in the supply chain of products for resale, and customer service levels were the same this quarter, as compared to previous quarters.

As we are witnessing a period of uncertainty, in which it is not possible to accurately estimate its impacts, as well as the extension of the pandemic, in the Management's opinion, these measures are intended to maintain the Company's growth our during this period. In view of the above, no relevant accounting impacts have been verified in the financial statements so far.

3. Functional and reporting currency

The individual and consolidated financial statements were prepared in Brazilian Reais (R\$), which is the functional currency of the Group. All balances have been rounded to the nearest thousand.

4. Consolidated financial statements

The consolidated financial statements include information covering the Group and the following subsidiaries:

Direct subsidiaries	Equity Interest (%)	
	06/30/2021	12/31/2020
Nice RJ Participações S.A. ("Nice")	100.00%	100.00%
Drogaria Cipriano de Santa Rosa Ltda ("Cipriano")	100.00%	100.00%
Indirect subsidiaries	Equity Interest (%)	
	06/30/2021	12/31/2021
CSB Drogarias S.A. ("CSB") (i)	100.00%	100.00%
Drogaria Rosário S.A. ("Rosário") (i)	100.00%	100.00%
Centro Oeste Farma Distribuidora de Medicamentos Ltda. ("COF") (i)	100.00%	100.00%
Casa Saba Brasil Holdings Ltda. ("CSBH") (i)	100.00%	100.00%

(i) Direct subsidiaries of Nice RJ Participações S.A.

Description of the main consolidation procedures

- Elimination of intragroup asset and liability balances between consolidated companies;
- Elimination of equity interests, reserves and retained earnings (losses) of subsidiaries;
- Elimination of intragroup income and expenses, and unrealized profits derived from intragroup transactions. Unrealized losses are eliminated in the same way, but only when there is no indication of impairment of the respective assets;

Notes to the financial statements

- (d) Elimination of taxes on the portion of unrealized profit, stated as deferred taxes in the consolidated statement of financial position; and
- (e) Accounting policies have been consistently applied to all Group entities and are consistent with those used in the comparative year.

5. Cash and cash equivalents

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and banks	-	107	11,219	11,481
Short-term investments	48,118	73,671	125,757	195,010
	48,118	73,778	136,976	206,491

Short-term investments are highly liquid, readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

As of June 30, 2021, short-term investments refer to bank deposit certificates from Santander, Itaú, Safra, and Caixa Econômica Federal ("CEF"), yielding rates of 83% to 100,5% of the Interbank Deposit Certificate ("CDI") (82% to 103% as of December 31, 2020).

The Group's exposure to interest rate risks and a sensitivity analysis for financial assets and liabilities are disclosed in note 26.

6. Trade accounts receivable

	Consolidated	
	06/30/2021	12/31/2020
Trade accounts receivable	83,957	71,396
Expected credit losses	(81)	-
	83,876	71,396

The position of the balances is as follows:

	Consolidated	
	06/30/2021	12/31/2020
Current (not past due)	83,284	71,076
1 to 30 days past due	406	225
31 to 60 days past due	35	38
61 to 90 days past due	22	12
91 to 180 days past due	48	45
Over 181 days past due	81	-
	83,876	71,396

Following is the change in expected credit losses ("ECL"):

	Consolidated	
	06/30/2021	12/31/2020
Opening balance	-	(513)
Additions	(81)	(572)
Reversals	-	1,085
Final balance	(81)	-

Notes to the financial statements

7. Inventories

	Consolidated	
	06/30/2021	12/31/2020
Medicines	80,039	82,038
CF&T products (cosmetics, fragrances, and toiletries)	47,943	50,159
Inventories in transit (i)	1,772	-
Provision for losses	-	(292)
	129,754	131,905

(i) Amounts related to returns of goods in transit with Profarma

Changes in the provision for losses on inventories as of June 30, 2021 and December 31, 2020 are as follows.

Change	Consolidated
As of December 31, 2019	-
Additions	(4,272)
Reversals	3,980
As of December 31, 2020	(292)
Additions	(2,521)
Reversals	2,813
As of June 30, 2021	-

Losses are estimated based on historical levels and are only realized upon the performance of inventory counts, which will reflect the Company's operating model and will be used as a basis for updating the estimate. We analyzed possible impacts on the inventory loss estimates resulting from COVID-19 and did not identify the need for changes in the Company's policy for setting up provisions.

8. Taxes recoverable

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current				
ICMS	-	-	10,673	11,639
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income)	88	6	16,726	14,951
PIS and COFINS (Taxes on Revenues)	-	-	9,812	9,878
Other	2	3	465	939
	90	9	37,676	37,407
Non-current				
PIS and COFINS	-	-	19,450	22,904
	-	-	19,450	22,904

Final Decision - Exclusion of ICMS in PIS/COFINS Calculation Base

Subsidiaries of Tamoio and Drogasmil brands obtained final and favorable decisions, in res judicata, in proceedings in which they discussed the right to exclude ICMS from PIS and COFINS calculation basis, assuring the right to the recognition of the tax credit since the statutory period of 2010 and 2012.

Notes to the financial statements

It is worth noting that the exclusion of ICMS from calculation basis of PIS and COFINS contribution was subject to judgment by the Supreme Federal Court ("STF"), with general repercussion recognized in RE No. 574.706/PR, which declared, on March 15, 2017 the unconstitutionality of including ICMS in the calculation basis of PIS and COFINS contribution, establishing the following thesis: "ICMS does not compose the calculation basis for the incidence of PIS and COFINS" (Theme nº 69 of General Repercussion).

In January 2021, the Federal Revenue of Brazil ("RFB") promoted the qualification of these credits in the amount of R\$18,913, and the Company has already started offsetting these amounts with federal taxes due.

As of June 30, 2021, the adjusted and recorded amount for these proceedings, including ICMS and ICMS-ST, was R\$20,846 (R\$23,898 as of December 31, 2020), being R\$2,211 offsets made in the quarter.

9. Other accounts receivable

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current				
Advances	6	5	2,836	2,641
Prepaid expenses of point-of-sales (b)	-	-	39	-
Prepaid expenses of land tax (IPTU)	-	-	867	203
Prepaid expenses of labor benefits	-	-	1,165	1,155
Prepaid expenses of licenses	-	-	1,263	1,094
Prepaid expenses of insurance	-	-	242	364
Other prepaid expenses	495	-	1,901	1,811
Commercial agreements (a)	-	-	12,916	12,404
Allowance for expected credit losses	-	-	(789)	(1,092)
	501	5	20,440	18,580
Non-current				
Registered Warrants	-	-	524	524
	-	-	524	524

(a) Refer to contractual reimbursements arising from expenses incurred by the Group to promote marketing and sales actions for the products of its suppliers.

(b) Refer to payments for points-of-sales for new stores or expansions to be executed by Company throughout 2021.

10. Related parties

The Group comprises Profarma Distribuidora de Produtos Farmacêuticos S.A., which holds control of d1000 through a 53.49% equity interest in its equity, d1000's parent company and direct and indirect subsidiaries - see note 4.

The main balances of assets and liabilities as of June 30, 2021, as well as transactions that affected the results for the quarter, related to transactions with related parties, arise from transactions between subsidiaries and parent companies.

The Agreement for Exclusivity in Supply with Opening of Credit Line between the Company, Profarma Distribuidora de Produtos Farmacêuticos S.A. and the Company's operating subsidiaries for a period of 10 years was approved, with renewal allowed.

Notes to the financial statements

The trading transactions involving the purchase and sale of products (due in the short term and not subject to interest) are shown below:

	06/30/2021					12/31/2020
	CSB	Cipriano	COF	Rosário	Total	Total
Trade account receivables (Profarma)	-	-	1,131	-	1,131	1,155
Inventory of goods in transit (Profarma)	503	385	402	482	1,772	-
Trade accounts payable (Profarma)	(37,391)	(59,434)	(1,528)	(41,386)	(139,739)	(125,768)

	06/30/2021					06/30/2020
	CSB	Cipriano	COF	Rosário	Total	Total
Net revenue (Profarma)	-	-	(1,730)	-	(1,730)	(5,216)
Expenses (Profarma)	101,538	159,215	4,756	107,747	373,256	335,212

11. Compensation of key management staff

For the quarter ended June 30, 2021, management compensation amounted to R\$1,383 (R\$657 as of June 30, 2020). Social charges on this compensation totaled R\$379 (R\$200 as of June 30, 2020). In addition to the compensation, the Group granted its management health and life insurance in the amount of R\$13 (R\$12 as of June 30, 2020).

12. Investments

a) Information on subsidiaries

	Share capital		Number of shares (in thousands)		Equity		Income (loss) for the period		Shareholding Interest (%)		Share on Equity	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Subsidiaries												
Nice RJ Participações S.A. (*)	645,669	634,610	896,968	883,774	487,662	489,956	(13,353)	(6,707)	100.00%	100.00%	487,662	489,956
Drogarias Cipriano	280,816	268,816	281,316	268,816	292,938	276,913	4,026	8,079	100.00%	100.00%	292,938	276,913
Total Investments											780,600	766,869

(*) Holding with an indirect 100% interest in CSB Drogarias S.A. (Rede Drogasimil) and Rosário/COF (Drogaria Rosário chain).

Changes in investments as of June 30, 2021 and December 31, 2020.

	Nice	Cipriano	CSB	Rosário	COF	CSBH	Deletion	Total
Balance as of December 31, 2019	211,877	254,172	(2,526)	(72,435)	(3,973)	(565)	79,499	466,049
Equity income	(6,707)	8,079	(750)	1,790	(3,619)	634	1,945	1,372
Capital increase	284,786	15,000	100,002	180,000	-	-	(280,002)	299,786
Dividends paid	-	(338)	-	-	-	-	-	(338)
Balance as of December 31, 2020	489,956	276,913	96,726	109,355	(7,592)	69	(198,558)	766,869
Equity income	(13,353)	4,025	(1,811)	(8,341)	(1,295)	-	11,447	(9,328)
Capital increase	11,059	12,000	10,000	-	-	-	(10,000)	23,059
Balance as of June 30, 2021	487,662	292,938	104,915	101,014	(8,887)	69	(191,111)	780,600

Notes to the financial statements

13. Property, Plant & equipment (PPE)

Consolidated									
		12/31/2020	06/30/2021			12/31/2020			
	Rate	Cost	Additions	Write-Offs	Transfers	Cost	Accumulated depreciation	Book value	Book value
Leasehold improvements	10%	100,963	19,195	(77)	(103)	119,978	(57,627)	62,351	46,712
Computers and peripherals	20%	27,754	3,121	(293)	6	30,588	(22,498)	8,090	6,121
Furniture and fixtures	10%	29,545	407	(5)	(2)	29,945	(20,372)	9,573	10,305
Machinery and equipment	10%	15,689	1,962	(52)	97	17,696	(8,533)	9,163	7,872
Vehicles	20%	601	-	-	-	601	(516)	85	137
Projects in progress	-	-	264	-	2	266	-	266	-
Right of use assets	20%	283,026	89,693	(23,814)	-	348,905	(117,271)	231,634	185,965
		457,578	114,642	(24,241)	-	547,979	(226,817)	321,162	257,112

Consolidated									
		12/31/2019	12/31/2020			12/31/2019			
	Rate	Cost	Additions	Write-Offs	Transfers	Cost	Accumulated depreciation	Book value	Book value
Leasehold improvements	10%	82,809	20,957	(2,804)	1	100,963	(54,251)	46,712	31,503
Computers and peripherals	20%	26,081	2,034	(366)	5	27,754	(21,633)	6,121	6,228
Furniture and fixtures	10%	29,154	911	(501)	(19)	29,545	(19,240)	10,305	11,896
Machinery and equipment	10%	12,055	3,826	(188)	(4)	15,689	(7,817)	7,872	5,265
Vehicles	20%	584	-	-	17	601	(464)	137	231
Right of use assets	20%	174,577	124,044	(15,595)	-	283,026	(97,061)	185,965	126,279
		325,261	151,772	(19,454)	-	457,578	(200,466)	257,112	181,403

No indication of impairment was identified in the Group's property, plant and equipment items during the quarter ended June 30, 2021 and the year ended December 31, 2020.

13.1. Depreciation

Consolidated						
		12/31/2020	06/30/2021			
	Rate	Opening balance	Additions	Write-Offs	Transfers	Final balance
Leasehold improvements	10%	(54,251)	(3,378)	1	1	(57,627)
Computers and peripherals	20%	(21,633)	(1,228)	365	(2)	(22,498)
Furniture and fixtures	10%	(19,240)	(1,137)	5	-	(20,372)
Machinery and equipment	10%	(7,817)	(726)	9	1	(8,533)
Vehicles	20%	(464)	(52)	-	-	(516)
Right of use assets	20%	(97,061)	(31,457)	11,247	-	(117,271)
		(200,466)	(37,978)	11,627	-	(226,817)

Consolidated						
		12/31/2019	12/31/2020			
	Rate	Opening balance	Additions	Write-Offs	Transfers	Final balance
Leasehold improvements	10%	(51,306)	(4,619)	1,674	-	(54,251)
Computers and peripherals	20%	(19,853)	(2,055)	275	-	(21,633)
Furniture and fixtures	10%	(17,258)	(2,339)	355	2	(19,240)
Machinery and equipment	10%	(6,790)	(1,156)	131	(2)	(7,817)
Vehicles	20%	(353)	(111)	-	-	(464)
Right of use assets	20%	(48,298)	(53,934)	5,171	-	(97,061)
		(143,858)	(64,214)	7,606	-	(200,466)

Notes to the financial statements

14. Intangible Assets

Consolidated								
	12/31/2020	06/30/2021			12/31/2020			
	Rate	Cost	Additions	Write-Offs	Transfer	Cost	Accumulated Amortization	Net value
Trademarks and patents	-	116,880	-	-	-	116,880	-	116,880
Software	20%	11,660	709	-	-	12,369	(10,488)	1,881
Points of sale	20%	142,125	4,727	-	-	146,852	(87,397)	59,455
Goodwill	-	436,251	-	-	-	436,251	-	436,251
		706,916	5,436	-	-	712,352	(97,885)	614,467

Consolidated								
	12/31/2019	12/31/2020			12/31/2019			
	Rate	Cost	Additions	Write-Offs	Cost	Accumulated amortization	Book value	Book value
Trademarks and patents	-	116,880	-	-	116,880	-	116,880	116,880
Software	20%	10,585	1,096	(21)	11,660	(10,152)	1,508	1,454
Points of sale	20%	142,722	3,840	(4,437)	142,125	(81,760)	60,365	68,746
Goodwill	-	436,251	-	-	436,251	-	436,251	436,251
		706,438	4,936	(4,458)	706,916	(91,912)	615,004	623,331

14.1. Amortization

Consolidated				
	12/31/2020	06/30/2021		
	Rate	Opening balance	Additions	Write-Offs
Software	20%	(10,152)	(336)	-
Points of sale	20%	(81,760)	(5,637)	-
		(91,912)	(5,973)	-

Consolidated				
	12/31/2019	12/31/2020		
	Rate	Opening balance	Additions	Write-Offs
Software	20%	(9,131)	(1,022)	1
Points of sale	20%	(73,976)	(11,720)	3,936
		(83,107)	(12,742)	3,937

a) Goodwill on the acquisition of Tamoio chain

The balance of R\$178,540 as of June 30, 2021 (R\$178,540 as of December 31, 2019) refers to the acquisition of 100% of Drogarias Tamoio chain on December 23, 2015.

b) Goodwill on the acquisition of CSB / Farmalife chain

The balance of R\$108,714 as of June 30, 2021 (R\$108,714 as of December 31, 2019) refers to the acquisition of CSB Drogarias S.A on September, 2013.

c) Goodwill on the acquisition of Rosário chain

The balance of R\$148,997 as of June 30, 2021 (R\$148,997 as of December 31, 2019) refers to the acquisition of 100% of Rosário and COF chains completed on November 2016.

Notes to the financial statements

d) Impairment test of goodwill and intangible assets with indefinite useful life test

Management defined each drugstore chain on a standalone basis as a cash-generating unit ("CGU"). Since all operations were integrated after the acquisition process (management, systems, processes, etc.) and benefit from synergies arising from the combinations, the full balance of goodwill in the amount of R\$436,251 (R\$436,251 in 2020) and intangible assets with indefinite useful lives were allocated to the group of CGUs for the purpose of impairment.

The impairment test for goodwill and intangible assets with indefinite useful life was carried out on December 31, 2020, considering the discounted cash flow (ten years and a terminal growth rate thereafter) at the rate of 10.3% per year (11.6% as of December 31, 2019) and estimated growth of 3.2% (4.2% as of December 31, 2019) on perpetuity. The Company considers cash flows for 10 years in compliance with its store expansion plan that are supported by its financial capacity.

Sales revenues and expenses

Revenue growth was estimated taking into account: (I) the average growth levels experienced by the Company in the past five years; (II) the estimated growth of the pharmaceutical retail sector (in sales volume and prices) for the next ten years; and (III) the growth derived from the expansion of new stores, forecasted with cash increased by the IPO.

Gross margins

Gross margins are based on the quarter assessed as of December 31, 2020, in which the Company has been experiencing and forecasting margin gains for the coming years based on better price and category management.

Discount rates

Discount rates reflect the current market valuation, referring to the risks related to the management of proceeds provided by the respective cash-generating units.

Sensitivity analysis

If the gross margin used in the calculation were 1 p.p. lower than Management's estimates, as of December 31, 2020, no impairment amounts would be recorded in the goodwill recoverability analyses.

Likewise, if the discount rate applied to the discounted cash flows were 1 p.p. higher than Management's estimates, even then, no impairment amounts would be recorded in the goodwill recoverability analyses.

Based on the calculation made on December 31, 2020, the carrying amount of goodwill and these CGUs was determined to be lower than their recoverable value.

We have assessed intangible assets and we have not identified any significant changes that may have led to a devaluation in the quarter ended December 31, 2020.

e) Trademarks and patents

Refers mainly to the brands related to the acquired store chains, of which R\$50,562 in CSB (brands Drogasmil and Farmalife), R\$44,273 in Itamaraty (brand Tamoio) and R\$22,045 in Rosário (brand Rosário).

Notes to the financial statements

15. Trade Accounts Payable

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Trade accounts payable - resale products	-	-	74	1,169
Trade accounts payable - related parties	-	-	139,739	125,768
Trade accounts payable - non-resale products	231	11	9,066	6,240
	231	11	148,879	133,177

Subsidiaries CSB, Cipriano and COF carry out trading transactions involving the purchase of goods with their indirect parent company, as mentioned in note 10.

The Group has a financial risk management policy to ensure that trade accounts payable are settled on due date.

The Group's exposure to liquidity risks related to trade accounts payable and other accounts payable is disclosed in note 26.4.

The position of trade payables related to resale products, non-resale products and related parties by maturity is as follows:

	Consolidated	
	06/30/2021	12/31/2020
1 to 60 days	148,804	132,953
61 to 90 days	73	8
91 to 360 days	2	216
	148,879	133,177

16. Loans and financing

Institutions	Indexer	Interest	Consolidated	
			06/30/2021	12/31/2020
Banco Guanabara	CDI	100% of CDI + 3% p.a.	6,622	8,704
Banco Bradesco	CDI	100% of CDI + 3,9573% p.a.	6,350	7,648
Banco Santander	CDI	100% of CDI + 2.43% p.a.	1,004	6,540
Banco CCB	CDI	100% of CDI + 2.4386% p.a.	1,321	1,758
Banco IBM	CDI	0.38% per month	-	252
Banco BBM (*)		4.3340% pa. (US\$)	-	949
Banco Safra (*)		4.4329% p.a. (US\$)	34,616	52,995
Banco Itaú (*)		5.2663% p.a. (US\$)	-	7,733
HSBC (*)		3.4995% p.a. (US\$)	16,373	28,233
Banco CCB (*)		100.00% LIBOR-03 + 0.70% p.a. (US\$)	9,483	16,611
			75,769	131,423
Current			51,837	84,498
Non-current			23,932	46,925

(*) Fair value option

As these are costs for obtaining funds to finance the acquisition of investments and assets, interest paid is classified as cash flow from financing activities.

Notes to the financial statements

For foreign currency loans, the Group applies *fair value option*. Accordingly, all foreign currency loans and hedge instruments related to the swap transactions, classified as derivatives, are recognized at fair value, in order to better manage volatility in profit or loss.

Swaps are recognized at fair value. In all swaps contracted, the Group will receive the foreign exchange variation plus a fixed rate ("Long") and in return it will pay the variation of a percentage of DI ("Short").

Of the consolidated loans and financing transactions described above, 43% are guaranteed by receivables, totaling R\$32,532. Other transactions have no guarantees.

None of the loan transactions include covenant ratios established in the contract.

The payment schedule of long-term loans and financing is as follows:

Year	Consolidated 06/30/2021
2022	18,995
2023	4,937
	23,932

Reconciliation of asset and liability balances with cash flows from financing activities:

	Liabilities					Total
	Loans and financing	Financial Instruments	Total Loans + Financial instruments	Capital/ Advance for future capital increase	Lease Payment - right of use	
<i>In thousands of Brazilian reais</i>						
Balances as of January 1, 2021	131,423	(25,396)	106,027	1,004,004	(121,845)	988,186
Changes in cash flows from financing activities						
Lease Payment - right of use	-	-	-	-	(35,231)	(35,231)
Settlement of loans and financial instruments	(53,635)	12,639	(40,996)	-	-	(40,996)
Interest paid	(3,238)	-	(3,238)	-	-	(3,238)
Total changes in cash flows from financing activities	(56,873)	12,639	(44,234)	-	(35,231)	(79,465)
Other changes	(755)	(117)	(872)	-	-	(872)
Interest expense	1,974	1,209	3,183	-	-	3,183
Total other changes in liabilities	1,219	1,092	2,311	-	-	2,311
Balance as of June 30, 2021	75,769	(11,665)	64,104	1,004,004	(157,076)	911,032

Notes to the financial statements

	Liabilities					Total
	Loans and financing	Financial Instruments	Total Loans + Financial instruments	Capital/ Advance for future capital increase	Lease Payment - right of use	
<i>In thousands of Brazilian reais</i>						
Balances as of January 1, 2020	218,699	(4,575)	214,124	634,017	(58,996)	789,145
Changes in cash flows from financing activities						
Proceeds from the capital contribution from shareholders	-	-	-	2,306	-	2,306
Lease Payment - right of use	-	-	-	-	(30,720)	(30,720)
Proceeds from loans and financing	131,318	-	131,318	-	-	131,318
Settlement of loans and financial instruments	(77,593)	10,634	(66,959)	-	-	(66,959)
Interest paid	(4,929)	-	(4,929)	-	-	(4,929)
Total changes in cash flows from financing activities	48,796	10,634	59,430	2,306	(30,720)	31,016
Other changes	932	-	932	-	-	932
Interest expense	74,290	(66,689)	7,601	-	-	7,601
Total other changes in liabilities	75,222	(66,689)	8,533	-	-	8,533
Balance as of June 30, 2020	342,717	(60,630)	282,087	636,323	(89,716)	828,694

17. Right-of-use assets and lease payable

As a lessee, the Group has assets and liabilities for its operating leases basically of stores and distribution centers. The nature of the expenses related to such leases requires a depreciation cost of right-of-use assets and interest expense on lease liabilities.

Changes in right-of-use assets are as follows:

Right-of-use assets	
	Consolidated
Balance as of December 31, 2019	126,279
New agreements	113,197
Contractual adjustments	10,847
Contract terminations	(10,424)
Amortizations	(53,934)
Balance as of December 31, 2020	185,965
New agreements	75,580
Contractual adjustments	14,113
Contract terminations	(12,567)
Amortizations	(31,457)
Balance as of June 30, 2021	231,634

Notes to the financial statements

Lease payable	Consolidated
Balance as of December 31, 2019	(162,242)
New agreements	(113,197)
Contractual adjustments	(10,847)
Contract terminations	14,936
Payments	57,167
Discounts (*)	5,682
Provision for financial charges	(13,408)
Balance as of December 31, 2020	(221,909)
New agreements	(75,580)
Contractual adjustments	(14,113)
Contract terminations	15,863
Payments	33,190
Discounts (*)	2,041
Provision for financial charges	(8,375)
Balance as of June 30, 2021	(268,883)
Current	(63,373)
Non-current	(205,510)
Total	(268,883)

(*) Discounts on the lease payment, received due to Covid-19 pandemic, the Group opted for the adoption of the practical procedure, where no revaluation is made in the value of the right-of-use assets and lease liabilities. Accordingly, the amount of the benefit received through discount on lease payments was recorded as operating income, this methodology is in line with the revision of technical pronouncement CPC 06 (R2).

Amount recognized in profit or loss	Consolidated
Depreciation of right-of-use	26,515
Financial charges	6,670
Discounts	(3,559)
Balance as of June 30, 2020	29,626
Depreciation of right-of-use assets	31,457
Financial charges	8,375
Discounts	(2,041)
Balance as of June 30, 2021	37,791

18. Taxes and fees

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current				
ICMS	-	-	1,349	1,044
IR and CSLL	-	-	82	80
PIS and COFINS	-	-	1,523	1,602
Installment payment - REFIS	-	-	52	49
Installment payment - ICMS	-	-	3,412	3,887
Other	148	173	2,667	2,838
	148	173	9,085	9,500
Non Current				
Installment payment - ICMS	-	-	5,383	6,832
Installment payment - REFIS	-	-	1,902	1,912
	-	-	7,285	8,744

Notes to the financial statements

19. Provision for contingencies

The Group and its subsidiaries are parties to judicial and administrative proceedings with various courts and government agencies, arising from the normal course of operations, including tax, labor and civil matters.

Management, based on information from its legal counsel, analysis of pending lawsuits and, with respect to labor claims, based on prior experience related to the amounts claimed, recognized a provision in an amount considered sufficient to cover estimated losses on the outcome of the lawsuits, as follows:

	Consolidated	
	06/30/2021	12/31/2020
Tax	12,625	13,962
Civil	3,127	6,575
Labor	16,793	21,339
	32,545	41,876

Changes on the provision are as follows:

	Consolidated			
	Tax	Civil	Labor	Total
As of December 31, 2019	24,125	5,394	25,918	55,437
Additions	1,285	1,711	6,735	9,731
Reversals	(10,314)	-	-	(10,314)
Payments	(1,134)	(530)	(11,314)	(12,978)
As of December 31, 2020	13,962	6,575	21,339	41,876
Additions	884	200	1,234	2,318
Reversals	(2,212)	(3,648)	(160)	(6,020)
Payments	(9)	-	(5,620)	(5,629)
As of June 30, 2021	12,625	3,127	16,793	32,545

The main labor lawsuits provided for in the consolidated involve different matters and arise from requests for overtime and pain and suffering.

The main tax lawsuits provided for in the consolidated are derived from the acquisition of the Rosário chain and refer to differences in the payment of ICMS, Income Tax and Social Contribution of subsidiaries, originating in years prior to the acquisition.

As of June 30, 2021, there are other lawsuits assessed by the Group as risk of possible loss in the approximate amount of R\$32,339 in the consolidated (R\$30,824 as of December 31, 2020), for which no provision was recorded. Possible contingencies involve different matters, related mainly to: civil - lawsuit claiming compensation for pain and suffering, property damage and expired products; labor - overtime, additional night shift premium, salary differences and commission; tax - non-payment of ICMS and ICMS ST.

Notes to the financial statements

20. Income tax and social contribution

a) Breakdown of deferred taxes assets and liabilities

Deferred IRPJ and CSLL are recorded to reflect the attributable future tax effects:

	Consolidated		
	12/31/2020	Additions / Reversals	06/30/2021
Provisions for contingencies	12,787	(3,200)	9,587
Deferred income tax and social contribution on tax losses	119,529	8,821	128,350
Surplus value of net assets of acquired companies	(66,411)	906	(65,505)
Tax amortization of goodwill	(34,839)	(5,807)	(40,646)
Leases - CPC06 (R2)	11,320	1,416	12,736
Other	(7,416)	(1,022)	(8,438)
Total income tax and social contribution - non-current	34,970	1,114	36,084

	12/31/2020	06/30/2021
Breakdown of balances		
Deferred income tax and social contribution assets	62,354	66,511
Deferred income tax and social contribution liabilities	(27,384)	(30,427)
Deferred Assets/Liabilities	34,970	36,084

The Group assesses that there are no risks of recovery of the balances recorded as deferred income tax and social contribution, in view of the recoverability study based on the forecast of future results considering the proceeds from the public offering of shares, as well as certain relevant assumptions such as growth rate and gross margin.

According to existing estimates of future taxable income, the Group estimates to recover the existing deferred tax assets over a period of approximately 10 years:

Year	Consolidated
2021	3,656
2022	6,719
2023	9,831
2024	13,309
2025	17,107
2026	16,798
2027	17,699
2028	18,635
2029	17,838
2030	6,758
Total	128,350

b) Non-recognized deferred tax asset

Deferred tax assets have not been recognized in relation to the total balance of tax losses, as it is not certain that future taxable profits will be available for the Company to fully use its benefits.

With the proceeds from the IPO held on August 10, 2020, we reassessed our estimates of capital structure and store openings. Accordingly, an additional deferred income tax asset of R\$14,681 on tax loss was recognized in the last fiscal year.

The tax loss not recorded as of June 30, 2021 is R\$365,201 (R\$362,564 on December 31, 2020).

Notes to the financial statements

Management considered that the ability to recover the remaining tax losses of R\$365,201 is still uncertain, as the pace of growth in the Company's results cannot be confirmed. In the future, according to the evolution of results, this remaining unrecognized balance may be recognized, resulting in an additional income tax and social contribution gain.

c) Reconciliation of effective rate

The reconciliation between the expense calculated at the combined statutory rates and the income tax and social contribution expenses charged to profit or loss is presented below:

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Loss before income tax and social contribution	(11,394)	(19,333)	(12,113)	(23,905)
Combined statutory tax rate	34%	34%	34%	34%
Income tax and social contribution:				
At the combined statutory tax rate	3,874	6,573	4,119	8,128
Additions and Deletions:				
Equity income	(3,172)	(6,480)	-	-
Income tax effect of subsidiaries' unrecognized tax losses	(702)	(93)	(1,832)	(2,371)
Other permanent additions/deletions	-	-	(1,568)	(1,185)
Current income tax and social contribution	-	-	(395)	-
Deferred income tax and social contribution	-	-	1,114	4,572
Income tax and social contribution in profit or loss for the period	-	-	719	4,572
Effective tax rate	-	-	6%	19%

D1000 Varejo Farma S.A. (parent company) and its direct subsidiaries opted for the taxable income regime calculated through monthly suspension trial balance sheets.

21. Payables for acquisition of subsidiary

	Consolidated	
	06/30/2021	12/31/2020
Current		
Acquisition of Rosário chain	4,085	4,061
	4,085	4,061
Non-current		
Acquisition of Rosário chain	6,000	8,000
	6,000	8,000

As of December 31, 2020, the debt in the amount of R\$12,061 is being paid in 12 equal and consecutive quarterly installments, in the amount of R\$1,000, subject to conventional interest equivalent to 110% of the CDI.

Notes to the financial statements

22. Equity

a) Share capital

The paid-up share capital is R\$1,035,325 as of June 30, 2021 (R\$1,035,325 as of December 31, 2020), divided into 50.602.842 registered, book-entry common shares, with no par value (50,602,842 as of December 31, 2020).

In August, the Company made a reverse split of common shares from 676,665,928 to 27,066,637 common shares. Subsequently, the Company carried out a public offering for the primary distribution of twenty-three million, five hundred thirty-six thousand, two hundred and five (23,536,205) new registered book-entry common shares with no par value, all free and clear of any burdens liens or encumbrances ("Shares" and "Offer", respectively), for the price of R\$17.00 per share ("Price per Share"), totaling R\$400,115.

23. Earnings per share

Basic Earnings per Share

As of June 30, 2021, basic earnings per share was calculated by dividing the net income for the period attributable to the holders of common shares of the parent company by the weighted average number of common shares available during the period, compared with the period ended June 30, 2020, as shown in the table below:

	3-month period ended	
	Consolidated	
	06/30/2021	06/30/2020
Profit (loss) for the period attributable to shareholders	(2,930)	(13,039)
Weighted average number of shares (in thousands)	50,603	27,043
Basic Earnings per share (R\$)	(0,058)	(0,482)

	6-month period ended	
	Consolidated	
	06/30/2021	06/30/2020
Profit (loss) for the period attributable to shareholders	(11,394)	(19,333)
Weighted average number of shares (in thousands)	50,603	27,043
Basic Earnings per share (R\$)	(0,225)	(0,715)

Diluted earnings

There are no dilutive effects on earnings per share, so basic earnings are equal to diluted earnings.

Notes to the financial statements

24. Net operating revenue

	3-month period ended	
	Consolidated	
	06/30/2021	06/30/2020
Gross operating revenue		
Sales of products	292,862	229,958
Taxes	(15,555)	(12,649)
Returns	(2,480)	(1,882)
Net operating revenue	274,827	215,427

	6-month period ended	
	Consolidated	
	06/30/2021	06/30/2020
Gross operating revenue		
Sales of products	567,336	530,488
Taxes	(31,904)	(28,513)
Returns	(4,345)	(3,709)
Net operating revenue	531,087	498,266

Revenue from the sale of products refers entirely to the Group's core activity (pharmaceutical retailer), substantially represented by cash sales over the counter and consumer credit and debit cards, all of which are carried out in Brazil.

25. Finance income (costs)

	3-month period ended			
	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	03/31/2020
Finance costs				
Interest on loans and financing	(92)	(6)	(1,131)	(4,731)
Interest on installment payment of taxes	-	-	(86)	(326)
Swap MtM result	-	-	1,172	(411)
Lease charges	-	-	(4,237)	(3,311)
Other	-	-	(2,457)	(1,943)
	(92)	(6)	(6,739)	(10,722)
Finance income				
Interest	470	-	690	107
Inflation adjustment gains	-	-	154	149
	470	-	844	256
Finance income (costs)	378	(6)	(5,895)	(10,466)

	6-month period ended			
	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Finance costs				
Interest on loans and financing	(139)	(8)	(3,183)	(9,375)
Interest on installment payment of taxes	(1)	-	(98)	(836)
Swap MtM result	-	-	872	(932)
Lease charges	-	-	(8,375)	(6,670)
Other	(48)	(5)	(1,542)	(2,146)
	(188)	(13)	(12,326)	(19,959)
Finance income				
Interest	818	-	1,326	159
Inflation adjustment gains	-	-	518	262
	818	-	1,844	421
Finance income (costs)	630	(13)	(10,482)	(19,538)

Notes to the financial statements

26. Financial instruments and risk management

The Group and its subsidiaries enter into transactions with financial instruments. These financial instruments are managed through operating strategies and internal controls, which are aimed at ensuring liquidity, profitability and security. The contracting of financial instruments for hedging purposes are contracted based on a periodic analysis of the risk exposure that Management intends to hedge (exchange rate, interest rate, etc.), which is approved by the Board of Directors. The control consists of ongoing monitoring of the contracted conditions against prevailing market conditions. The Group and its subsidiaries do not make investments for speculative purposes in derivatives or any other risk assets. Gains and losses on these transactions are consistent with the policies defined by Group's Management.

The estimated realizable values of the Group's financial assets and liabilities have been determined using available market information and appropriate estimates and methodologies. However, judgments and interpretations were applied to produce the most appropriate realization value. The estimated amounts based on this methodology may not necessarily be materialized on the market.

The management and monitoring of these instruments are carried out through systematic monitoring, aiming to ensure liquidity, profitability and security.

26.1. Capital management

The Group maintains a solid capital base to obtain the confidence of the investor, creditor and market and the future development of the business. The return on invested capital considering the results of economic activities and dividends to shareholders is also monitored.

Management seeks to maintain a balance between the highest returns possible with more appropriate financing level and the advantages and security provided by a healthy capital position.

26.2. Fair value versus carrying amount

Management understands that financial assets and liabilities not presented in this Note are stated at their carrying amounts, which approximates their fair values. The fair values of the financial assets and liabilities, together with the carrying amounts stated in the balance sheet, are as follows:

	Consolidated				Level
	06/30/2021		12/31/2020		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Assets measured at amortized cost					
Cash and cash equivalents	136,976	136,976	206,491	206,491	
Trade accounts receivable	83,876	83,876	71,396	71,396	2
Assets measured at fair value					
Derivative - swap	11,665	11,665	25,396	25,396	2
Liabilities measured at value through profit or loss					
Loans and financing	60,472	60,472	106,521	106,521	2
Liabilities measured at amortized cost					
Loans and financing	15,297	15,584	24,902	24,892	2
Trade accounts payable	148,879	148,879	133,177	133,177	2
Accounts payable - acquisition of subsidiary	10,085	10,085	12,061	12,061	2
Lease payable	268,883	268,883	221,909	221,909	2
Other accounts payable	9,742	9,742	9,664	9,664	2

Notes to the financial statements

The tables above also present the fair value hierarchy according to the valuation method used by the Group. The different levels have been defined as follows:

- Level 1 - data from active market (unadjusted quoted price), so as it is possible to be obtained daily, including on the fair value measurement date;
- Level 2 - data other than active market data (unadjusted quoted price) included in Level 1, extracted from a pricing model based on observable market data; and
- Level 3 - data extracted from a pricing model based on non-observable market data.

26.3. Measurement of financial instruments

a) Cash and cash equivalents

The interest rates on the Group's cash equivalents as of June 30, 2021 and December 31, 2020 approximate the market rates for transactions of similar nature, term and risk and, therefore, the carrying amounts of cash equivalents approximate the fair values.

b) Loans and financing

Loans are recognized at amortized cost (local currency) and at market fair value (foreign currency). Changes between interest rates on contracted loans and market rates for instruments of a similar nature, term, and risks cause the carrying amount of loans to differ from their market value.

Fair value is calculated using discounted cash flow methodologies.

c) Financial instruments - swaps

Measured at fair value, intended to hedge against fluctuations in foreign currencies.

Outstanding swap transactions were contracted simultaneously with foreign currency loan transactions, comprising equivalent terms, rates and amounts, exchanging foreign currency exposure of loans for exposure to CDI, however, being characterized as hedge accounting. The gains and losses arising from interest allocation and mark-to-market adjustments are recognized in profit or loss.

Swaps are recognized at fair value. In all swaps contracted, the Group will receive the foreign exchange variation plus a fixed rate ("Long") and in return it will pay the variation of a percentage of DI ("Short").

The Long fair value is calculated as follows: the amount in US dollars at the transaction's maturity date is discounted to present value by the pro rata temporis factor of the US dollar exchange coupon corresponding to the maturity date at the calculation date. The Long fair value is equal to the present value in dollars multiplied by the closing USD PTAX quote at the base date.

The Short fair value is calculated as follows: the value in Brazilian reais is calculated through the daily allocation of the CDI percentage factor for each contract. From this amount, the estimated amount at the maturity date is calculated by multiplying the Brazilian market fixed rate by the percentage of the contracted CDI. The Short fair value is equal to the amount estimated at the maturity date discounted to present value by the pro rata temporis factor of the Brazilian fixed rate.

Notes to the financial statements

The amount to be settled at maturity will be the difference between Long and Short. The amounts of the US dollar coupon and the fixed rate are obtained from independent market sources such as B3S.A. - Brasil, Bolsa, Balcão ("B3") and financial information providers while the USD PTAX is obtained from BACEN.

Swap transactions used to hedge loans are summarized below:

	Consolidated			
	Notional Value		Fair value (*)	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Indexer:				
USD + 4.6198% p.a. Safra				
Maturity: 10/2022				
Total Itaú	5,750	10,224	1,500	2,409
Indexer:				
USD + 6.2973% p.a. Bradesco (HSBC)				
Maturity: 03/2021	-	5,236	-	1,563
Total Bradesco (HSBC)	-	5,236	-	1,563
Indexer:				
USD + 4.0547% p.a. Bradesco (HSBC)				
Maturity: 10/2022	13,333	22,996	3,005	4,981
Total Bradesco (HSBC)	13,333	22,996	3,005	4,981
Indexer:				
USD + 7.6682% p.a. Safra				
Maturity: 09/2021	567	1,726	153	368
Total Safra	567	1,726	153	368
Indexer:				
USD + 6.25% p.a. Safra				
Maturity: 02/2021	-	2,334	-	631
Total Safra	-	2,334	-	631
Indexer:				
USD + 6.2619% p.a. Safra				
Maturity: 03/2021	-	1,121	-	272
Total Safra	-	1,121	-	272
Indexer:				
USD + 4.6897% p.a. Safra				
Maturity: 11/2022	2,850	5,104	613	1,015
Total Safra	2,850	5,104	613	1,015
Indexer:				
USD + 6.00% p.a. BBM				
Maturity: 03/2021	-	949	-	266
Total BBM	-	949	-	266
Indexer:				
USD + 7.2796% p.a. Safra				
Maturity: 07/2021	1,083	3,448	350	825
Total Safra	1,083	3,448	350	825
Indexer:				
USD + 6.3391% p.a. Safra				
Maturity: 01/2021	-	1,879	-	489
Total Safra	-	1,879	-	489
Indexer:				
USD + 6.30% p.a. Itaú				
Maturity: 06/2021	-	5,402	-	1,384
Total Itaú	-	5,402	-	1,384
Indexer:				
USD + 5.9420% p.a. Itaú				
Maturity: 05/2021	-	2,331	-	716
Total Itaú	-	2,331	-	716
Indexer:				
USD + 3.10% p.a. CCB				
Maturity: 01/28/2022	3,600	8,295	1,122	2,197
Total CCB	3,600	8,295	1,122	2,197
Indexer:				
USD + 4.57% p.a. Safra				
Maturity: 08/30/2022	3,000	5,242	733	1,210
Total Safra	3,000	5,242	733	1,210
Indexer:				
USD + 3.10% p.a. CCB				
Maturity: 01/14/2022	3,600	8,316	1,165	2,273
Total CCB	3,600	8,316	1,165	2,273
Indexer:				
USD + 3.80% p.a. Safra				
Maturity: 08/30/2022	6,000	10,488	1,467	2,419
Total Safra	6,000	10,488	1,467	2,419
Indexer:				
USD + 2.62% base 252				
Maturity:	6,667	11,425	1,556	2,378
Total Safra	6,667	11,425	1,556	2,378
Total Long/Short	46,450	106,516	11,665	25,396
Current Assets			7,673	17,243
Non-current Assets			3,992	8,153

Notes to the financial statements

26.4. Risk management

a) Credit Risk

The Group's sales and credit granting policies are under strict credit guidelines of Management, which consist of constant monitoring of customer balances and transactions, taking into account the timely payment and risk spreading, seeking to minimize any losses resulting from default.

The Group recognized a provision for expected losses of trade receivables, whose balance as of June 30, 2021 is R\$870 (R\$1,092 as of December 31, 2020), as described in notes 6 and 9.

	Note	Parent Company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and Cash Equivalents	5	48,118	73,778	136,976	206,491
Trade accounts receivable	6	-	-	83,876	71,396
Other accounts receivable	9	501	5	20,964	19,104
		48,619	73,783	241,816	296,991

b) Liquidity risk

The Group's general policy is to maintain adequate liquidity levels to ensure that it is able to comply with present and future obligations and seize commercial opportunities as they arise. With the proceeds from the IPO, d1000 has moved to a net cash position, which avoids liquidity risk. Management believes that the Group has an appropriate balance between the maturity of its assets and liabilities, a satisfactory operating cash generation, significant reduction in net debt with banks, in addition to a forecast improvement in operating performance.

Initial Public Offering of Shares (IPO)

On August 10, 2020, the Company promoted a public offering for primary distribution of twenty-three million, five hundred thirty-six thousand, two hundred and five (23,536,205) new registered, book-entry common shares, with no par value, all free and clear of any burdens or encumbrances ("Shares" and "Offer", respectively), for the price of R\$17.00 per share ("Price per Share"), totaling R\$400,115.

The position of financial liabilities by maturity is as follows:

June 30, 2021	Carrying amount	Contractual cash flow	Consolidated			
			06 months or less	6 to 12 months	01 to 02 years	02 to 05 years
Non-derivative financial liabilities						
Loans and financing	75,769	78,898	29,149	23,405	22,772	3,572
Trade accounts payable	148,879	148,879	148,879	-	-	-
Accounts payable - acquisition of subsidiary	10,085	10,085	2,085	2,000	4,000	2,000

December 31, 2020	Carrying amount	Contractual cash flow	Consolidated			
			06 months or less	6 to 12 months	01 to 02 years	02 to 05 years
Non-derivative financial liabilities						
Loans and financing	131,423	134,930	28,828	43,520	48,109	14,473
Trade accounts payable	133,177	133,177	133,177	-	-	-
Accounts payable - acquisition of subsidiary	12,061	12,061	2,061	2,000	3,000	5,000

Notes to the financial statements

c) Market Risk

Interest Rate Risk

This risk derives from the impact of fluctuations in interest rates, not only on finance costs associated with loans, but also on finance income arising from its financial investments. This risk arises from the possibility of significant fluctuations in CDI.

The Group's financial index for its transactions is the CDI variation. As of June 30, 2021, the gross debt indexed to CDI plus the position assumed in swaps amounted to R\$75,769 (R\$131,423 as of December 31, 2020).

The Group considers the risk of variations in CDI rate as a relevant market risk factor.

In the probable scenario, considering the market expectation according to BACEN data published on June 25, 2021, it indicated an average effective rate estimated at 6,5% for 2021. Additionally, in sensitivity tests for more rigorous scenarios, we consider increases in the average CDI rate at around 25% and 50%.

The table below shows the sensitivity analysis in the 3 proposed scenarios considering the negative impact on profit or loss before taxes, arising from by the outstanding debt indexed to CDI as of June 30, 2021:

Transaction	Calculation base	Probable Scenario	Scenario I - 25% stress	Scenario II - 50% stress
CDI-linked financial investments	125,757	8,174	10,218	12,261
CDI-linked loans	(15,297)	(994)	(1,243)	(1,491)
CDI-linked SWAPs	(60,472)	(3,931)	(4,913)	(5,896)
CDI-linked interest expense on net debt	49,988	3,249	4,062	4,874
Estimated annual CDI rate		6.50%	8.13%	9.75%

d) Foreign exchange risk

The Group considers exposure to the variation of the US dollar and Euro to be a relevant market risk and in order to mitigate this risk, it contracted swap transactions with the banks Itaú, Safra, BBM, Bradesco, ABC and CCB with the same dates, maturities and notional values of its foreign currency liability exposures contracted with the same institution, in order to offset the exchange risk, replacing it with the percentage variation of the CDI.

The Group calculated the variations in the carrying amounts of financial instruments with foreign exchange risk in three different scenarios, considering the possible variation of the USD PTAX. The Group used the future US dollar and Euro in the construction of the probable scenario for each maturity of its financial instruments, obtained from BM&F Bovespa on June 30, 2021.

The swap has no initial cost. Swap transaction is matched with foreign currency funding in terms of notional value, term and interest rate, with no effect on maturity.

Swap result between Long (US dollar and Euro) and Short (CDI) is recorded in assets or liabilities, according to the nature of the balance.

Notes to the financial statements

The Group's policy is to settle long-term contracts only at maturity. The net effect shown in the sensitivity analysis table as of June 30, 2021 arises from the difference in the measurement of financial instruments indexed to exchange rate variations. While local currency loans are recognized at amortized cost, foreign currency loans and swaps are recognized at their fair value in compliance with CVM Resolutions 566 and 603. At the maturity dates of loans, their amortized cost will be equal to their fair value, fully eliminating the effect of foreign exchange variation on the Group's cash.

The Group does not carry out transactions involving risky financial instruments or which are speculative in nature.

As shown below, in none of the scenarios, considering the risk of fluctuation in US dollar and Euro, the Group would incur an accounting loss. See the following table:

US Dollar sensitivity analysis

	Calculation base	Probable Scenario	Scenario I 25% stress	Scenario II 25% stress
U.S. Dollar				
Exchange rate on 30/06/2021		5.00	5.00	5.00
Estimated exchange rate for 30/06/2021		5.00	6.25	7.50
Foreign currency loans	(60,472)	-	(15,118)	(30,236)
Swaps	59,305	-	14,826	29,653
	(1,167)	-	(292)	(583)

(i) Source: <https://www.bcb.gov.br/estabilidadefinanceira/historicocotacoes>

e) Capital risk

The Group manages its capital in order to ensure that its companies continue to operate in such a way to provide the maximum return to its shareholders through the optimization of its capital structure. The Group's capital structure consists of raising funds through new loans and short term investments.

Notes to the financial statements

27. Operating expenses

	3-month periods ended			
	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
General and administrative expenses				
Expenses related to employees and third party services	(1,570)	(243)	(8,910)	(6,362)
Structure expenses	-	-	(539)	(3,324)
	(1,570)	(243)	(9,449)	(9,686)
Selling and marketing expenses				
Expenses related to employees and third party services	-	-	(52,912)	(46,828)
Structure expenses	-	-	(9,453)	(4,613)
	-	-	(62,365)	(51,441)
Logistic and distribution expenses				
Expenses related to employees and third party services	-	-	(564)	(356)
Structure expenses	-	-	1,401	(354)
	-	-	837	(710)
Infrastructure expenses				
Depreciation and amortization expenses	-	-	(22,908)	(19,175)
	-	-	(22,908)	(19,175)
Other operating expenses / revenues				
Other	(86)	(2)	3,868	6,250
	(86)	(2)	3,868	6,250
Other operating expenses / revenues				
ECL - Trade accounts receivable	-	-	(37)	(188)
ECL - Other accounts receivable	-	-	241	25
	-	-	204	(163)
Equity income				
Equity income	(1,652)	(12,788)	-	-
	(1,652)	(12,788)	-	-
Total operating expenses	(3,308)	(13,033)	(89,813)	(74,925)
	6-month periods ended			
	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
General and administrative expenses				
Expenses related to employees and third party services	(2,574)	(248)	(17,526)	(13,187)
Structure expenses	-	-	(982)	(3,643)
	(2,574)	(248)	(18,508)	(16,830)
Selling and marketing expenses				
Expenses related to employees and third party services	-	-	(104,519)	(98,171)
Structure expenses	-	-	(18,374)	(12,753)
	-	-	(122,893)	(110,924)
Logistic and distribution expenses				
Expenses related to employees and third party services	-	-	(1,022)	(651)
Structure expenses	-	-	1,072	(737)
	-	-	50	(1,388)
Infrastructure expenses				
Depreciation and amortization expenses	-	-	(43,951)	(37,902)
	-	-	(43,951)	(37,902)
Other operating expenses / revenues				
Other	(122)	(15)	3,358	6,637
	(122)	(15)	3,358	6,637
Other operating expenses / revenues				
ECL - Trade accounts receivable	-	-	(81)	(197)
ECL - Other accounts receivable	-	-	303	24
	-	-	222	(173)
Equity income				
Equity income	(9,328)	(19,057)	-	-
	(9,328)	(19,057)	-	-
Total operating expenses	(12,024)	(19,320)	(181,722)	(160,580)

Notes to the financial statements

28. Insurance coverage

The Group adopts the policy of contracting insurance coverage for assets subject to risks in amounts considered sufficient to cover any losses, taking into account the nature of the activities.

As of June 30, 2021, insurance coverage was distributed as follows:

Insured items	Beginning of effectiveness	Type of coverage	Maximum indemnity limit
Facilities, equipment and inventories	Sept 30	Fire/lightning/explosion	453,242
Loss of profits (fixed expenses, loss of net profit)	Sept 30	Loss of profits	455,520
Total			908,762

Insurance agreements are valid for 12 months.

29. Endorsements, sureties and guarantees

As of June 30, 2021, the Group has no bank guarantees related to its operations with suppliers and lawsuits.

Members of the Executive Board

Chief Executive Officer

Sammy Bimarcker

Executive and Investor Relations Officer

Sammy Bimarcker

Chief Operations Officer

Lívio Barboza

Chairman of the Board of Directors

Fernando Perrone

Members of the Board of Directors

Armando Sereno
 Claudia Quintella Woods
 Fernando Gameleira
 Rafael Teixeira
 Ricardo Bomeny
 Sammy Bimarcker

Accountant

Thiago Mont Serrat Rodrigues Costa Santos
 CRC-RJ 115.824/O-7

A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34, applicable to the preparation of quarterly financial information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission

Independent auditor's review report on quarterly information

The Shareholders, Board of Directors and Officers of
d1000 Varejo Farma Participações S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form d1000 Varejo Farma Participações S.A. ("Company") as at June 30, 2021, comprising the statement of financial position as at June 30, 2021 and the related statements of profit or loss, of comprehensive income for the three and six month periods then ended, and of changes in equity and of cash flows for the six month period then ended, including explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial, individual and consolidated, information in accordance with Brazilian Accounting Standard NBC TG 21 (R1) Interim Financial Reporting, and IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with specific rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly financial information referred to above was not prepared fairly, in all material respects, in accordance with NBC TG 21 and IAS 34, applicable to the preparation of quarterly financial information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission.



Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of added value (SVA) for the six month period ended June 30, 2021, prepared under the responsibility of the Company management and presented as supplementary information for purposes of IAS 34. These statements have been subject to the same review procedures performed together with quarterly information review, in order to conclude whether they have been reconciled to the interim accounting information and accounting records, as applicable, and whether their form and content are in accordance with NBC TG 09 Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in the referred to Standard, and consistently with the overall individual and consolidated interim financial information

Rio de Janeiro, August 4, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

A handwritten signature in blue ink, consisting of several loops and a horizontal line at the bottom.

Leonardo Amaral Donato
Accountant CRC-1RJ090794/O-0

Statement of the board of directors on the financial statements

Sammy Birmarcker, Brazilian, married, entrepreneur, ID card No. 07.023.989-2, CPF/ME No. 810.719. 737-20, resident and domiciled in the city and state of Rio de Janeiro, with business address at 2150 Ayrton Senna Avenue, Building N, Room 306, in Barra da Tijuca, Zip Code 22775-003 and Marcus Vinicius P. H. Santos, Brazilian, married, director, ID card No. 11.666. 460-8, issued by SSP/RJ, CPF/ME no. 079.412.837-86, resident and domiciled in the city and state of Rio de Janeiro, with business address at 2.150 Ayrton Senna Avenue, Building N, Room 306, Barra da Tijuca, Zip Code 22775-003, hereinafter referred to simply as "Declarants" respectively, in their capacities as Chief Executive Officer and Administrative-Financial and Investor Relations Officer of d1000 Varejo Farma Participações S.A., a corporation headquartered at 2.150 Ayrton Senna Avenue, Building N, Room 306, in Barra da Tijuca, Zip Code 22775-003, enrolled with the National Registry of Legal Entities of the Ministry of Economy ("CNPJ/ME") under No. 12.108. 897/0001-50, hereinafter referred to as "Company", declare, under the terms of items V and VI of article 25 of CVM Instruction 480, of December 7, 2009, as amended ("CVM Instruction 480"), that they have reviewed, discussed and agree with the financial statements related to the quarter ended June 30, 2021.

Rio de Janeiro, August 04, 2021.

Sammy Birmarcker
CEO and Investor Relations Officer

Executive Officers' Statement on the Independent Auditor's Report

Sammy Birmarcker, Brazilian, married, entrepreneur, ID card No. 07.023.989-2, CPF/ME No. 810.719. 737-20, resident and domiciled in the city and state of Rio de Janeiro, with business address at 2150 Ayrton Senna Avenue, Building N, Room 306, in Barra da Tijuca, Zip Code 22775-003 and Marcus Vinicius P. H. Santos, Brazilian, married, director, ID card No. 11.666. 460-8, issued by SSP/RJ, CPF/ME no. 079.412.837-86, resident and domiciled in the city and state of Rio de Janeiro, with business address at 2.150 Ayrton Senna Avenue, Building N, Room 306, Barra da Tijuca, Zip Code 22775-003, hereinafter referred to simply as "Declarants" respectively, in their capacities as Chief Executive Officer and Administrative-Financial and Investor Relations Officer of d1000 Varejo Farma Participações S.A., a corporation headquartered at 2.150 Ayrton Senna Avenue, Building N, Room 306, in Barra da Tijuca, Zip Code 22775-003, enrolled with the National Registry of Legal Entities of the Ministry of Economy ("CNPJ/ME") under No. 12.108. 897/0001-50, hereinafter referred to as "Company", declare, under the terms of items V and VI of article 25 of CVM Instruction 480, of December 7, 2009, as amended ("CVM Instruction 480"), that it has reviewed and agrees with the opinions expressed in the independent auditors' report on the financial statements for the quarter ended June 30, 2021.

Rio de Janeiro, August 04, 2021.

Sammy Birmarcker
CEO and Investor Relations Officer